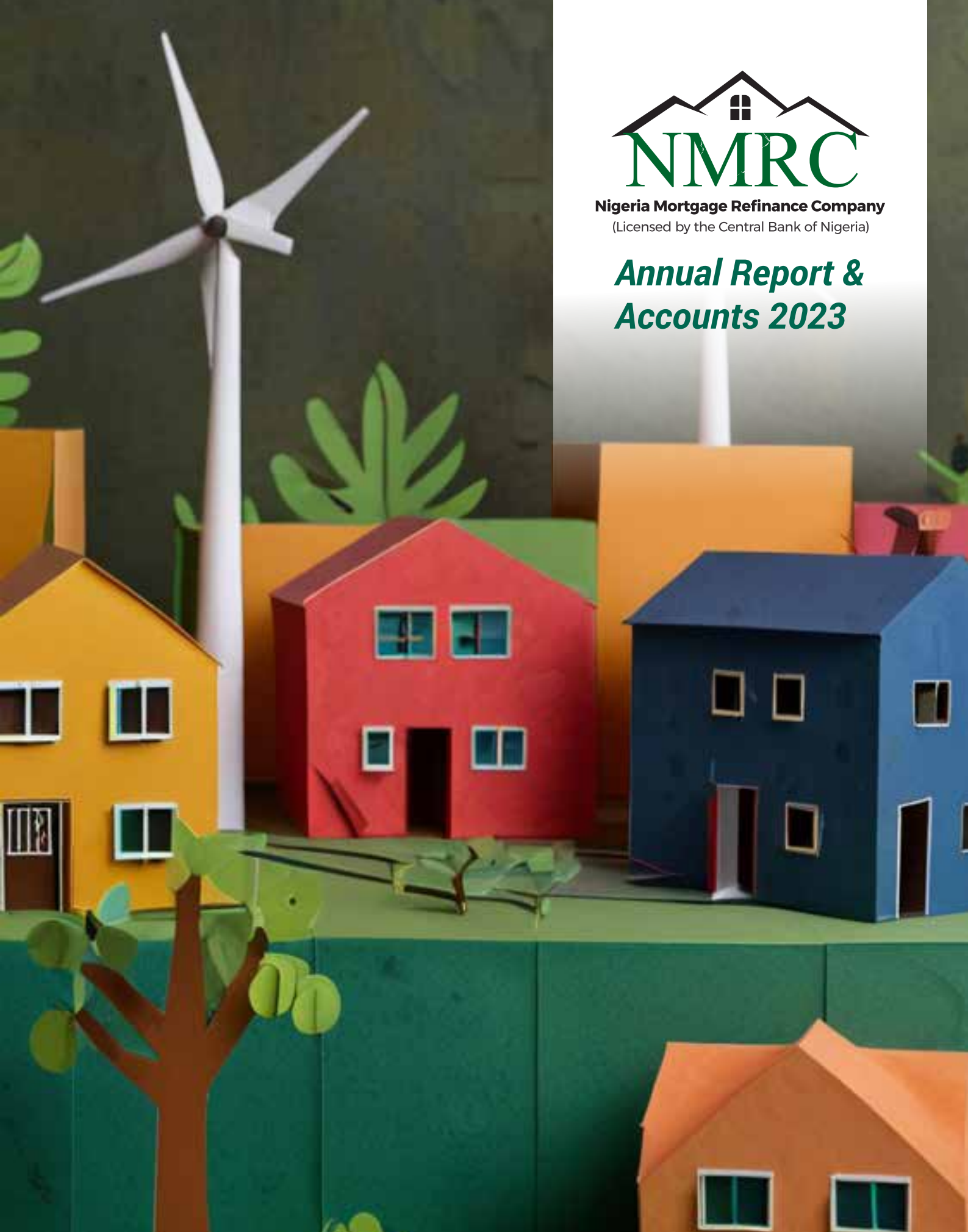




Nigeria Mortgage Refinance Company
(Licensed by the Central Bank of Nigeria)

Annual Report & Accounts 2023





Vision

To be the dominant housing partner in Nigeria.

Mission

To remove barriers to home ownership, provide liquidity, affordability, accessibility and stability to the housing market in Nigeria.



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CORPORATE INFORMATION

Directors

Yemi Adeola	Chairman	
Charles Candide-Johnson (SAN, FCI Arb)	Independent Director	- Tenure expired effective 21 January 2024
Kehinde Ogundimu	Managing Director	
Fatima Wali-Abdurrahman	Independent Director	- Tenure expired effective 21 January 2024
Aminu Umar-Sadiq	Non-Executive Director	
Herbert Wigwe, CFR	Non-Executive Director	- Deceased 9 February 2024
Olufemi Johnson, DBA	Non-Executive Director	
Olabanjo Obaleye, DBA	Non-Executive Director	
Armstrong Takang, PhD	Non-Executive Director	
Olufunke Aboyade, SAN	Independent Director	- Appointed 18 February 2024
Markie Idowu, PhD	Independent Director	- Appointed 18 February 2024

Corporate Office

17, Sanusi Fafunwa Street,
Victoria Island, Lagos

Registration Number

RC1123944

Tax Identification Number

17836949-0001

Company Secretary

Tochukwu Kelly Mogbo
17, Sanusi Fafunwa Street,
Victoria Island, Lagos

Contact Information

Website: www.nmrc.com.ng
Email: info@nmrc.com.ng
Tel: +2349087628273

Bankers

Access Bank
Stanbic IBTC Bank
Standard Chartered Bank
Sterling Bank

Auditor

PricewaterhouseCoopers
Landmark Towers
5B Water Corporation Road,
Oniru, Lagos
Tel +234 1 271700
www.pwc.com/ng



We are here to make your

HOME OWNERSHIP DREAMS COME TRUE





NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 10th Annual General Meeting (“AGM”) of Nigeria Mortgage Refinance Company PLC (the “Company”) will hold at Abora Hall, Eko Hotel and Suites, Adetokunbo Ademola Street, Victoria Island, Lagos on Wednesday, 5th June 2024 at 10.00 a.m. to transact the following:

ORDINARY BUSINESS

1. To lay before the Company in general meeting, the Audited Financial Statements for the period ended December 31st 2023 and the Reports of the Auditors, the Directors and the Statutory Audit Committee thereon
2. To declare a dividend
3. To re-elect Mr. Yemi Adeola, as a Director
4. To approve the appointment of Ms. Olufunke Aboyade, (SAN) as Director
5. To approve the appointment of Dr. Markie Idowu, as Director
6. To disclose the remuneration of managers
7. To re-appoint PricewaterhouseCoopers (PwC) as External Auditors to the Company from the end of the Annual General Meeting until the end of the next Annual General Meeting
8. To authorise the Directors to fix the remuneration of the Auditors
9. To elect members of the Statutory Audit Committee

SPECIAL BUSINESS

10. To consider and if thought fit, pass the following as an ordinary resolution of the Company:

“That the Directors’ compensation package presented by the Board be and is hereby approved”.

NOTES

1. PROXY

A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote in its stead. A proxy form is attached to this Annual Report & Accounts and can also be downloaded from the Company’s website at www.nmrc.com.ng. All proxy forms should be deposited at the office of the Registrars, Meristem Registrars & Probate Services Limited, 213 Herbert Macaulay Way, Adekunle Yaba, Lagos, or forwarded via email to info@meristemregistrars.com, copying tmogbo@nmrc.com.ng not later than 48 hours prior to the time of the meeting. The Company undertakes to bear the responsibility for stamping the proxy form at the Stamp Duties Office.

2. ELECTRONIC INFORMATION

Relevant documents in connection with the meeting are available to all Shareholders from the date of this notice on the Company’s website www.nmrc.com.ng.

3. DIVIDEND

If the proposed dividend recommended by the Directors is approved by the members at the Annual General Meeting (“AGM”), the dividend will be payable by Thursday, 6th June 2024 or soon thereafter, at the rate of 83 kobo for every ordinary share of ₦1.00, to Shareholders whose names appear in the Register of Members at the close of business on Wednesday, 29th May 2024. Shareholders who have completed the e-Dividend Mandate forms will receive a direct credit of the dividend into their bank accounts.



4. CLOSURE OF REGISTER OF MEMBERS

In accordance with section 114 of the Companies and Allied Matters Act, 2020, please note that the Register of Members of the Company will be closed on Thursday, 30th May 2024 to Monday, 3rd June 2024 (both dates inclusive) to enable the Registrars update the records in preparation for the payment of dividend.

5. E-DIVIDEND MANDATE

Shareholders are hereby advised to use the link below to upload e-mandate request to make outstanding and subsequent dividend payments seamless.

*e-Dividend Mandate Management System (e-DMMS) portal:
<https://docuhub3.nibss-plc.com.ng/edmms/self-service>.*

6. VOTING

On a show of hands, every member present in person or proxy shall have one vote and, on a poll, every member shall have one vote for every share that it holds.

7. AUDIT COMMITTEE

The Audit Committee consists of three Shareholders' and two Directors' representatives respectively. In accordance with section 404(6) of the Companies and Allied Matters Act, 2020, any Shareholder may nominate a Shareholder representative for appointment to the Audit Committee. Such nomination should be in writing and should reach the Company Secretary at least twenty-one (21) days before the AGM. The Companies and Allied Matters Act 2020 requires that members of the Audit Committee have financial literacy and at least one member shall be a member of

a professional accounting body in Nigeria established by an Act of the National Assembly. Consequently, a detailed resume of candidates should be submitted with each nomination.

8. RETIREMENT/RE-ELECTION OF DIRECTORS

Mr. Yemi Adeola is retiring at the AGM in line with section 285 of the Companies and Allied Matters Act, 2020. The retiring Director, being eligible, is offering himself for re-election as a Director at the AGM.

9. RIGHT TO ASK QUESTIONS

Members have a right to ask questions on their observations or concerns arising from the 2023 Annual Report and Accounts, not only at the meeting, but also in writing prior to the meeting, provided that such questions in writing are submitted not later than 3rd June 2024.

Dated the 6th day of May 2024

BY THE ORDER OF THE BOARD

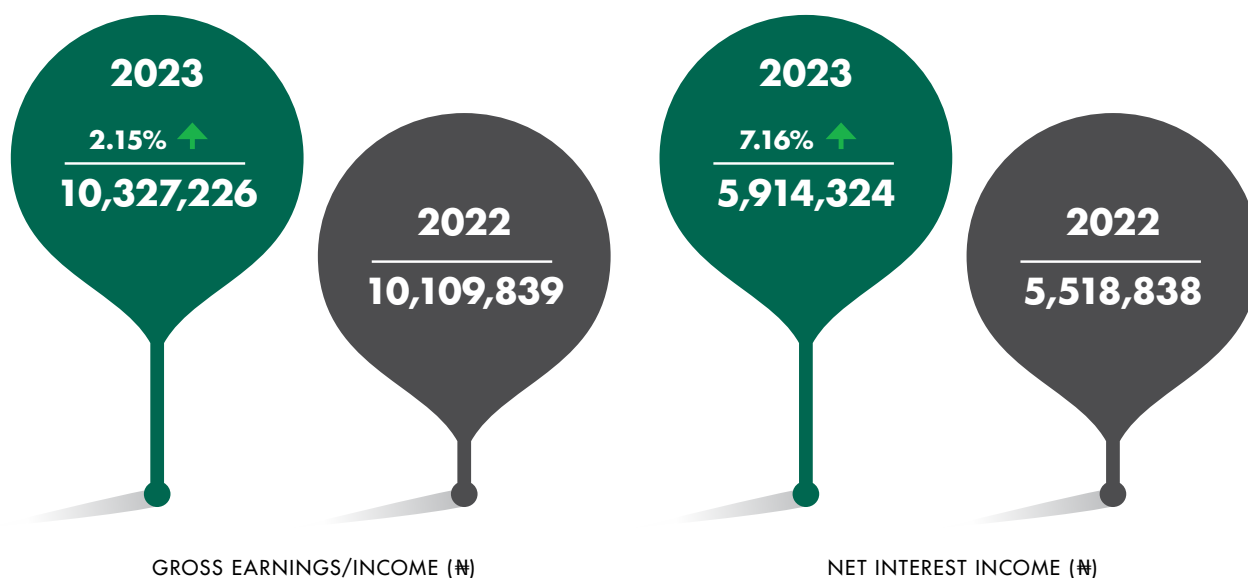
TOCHUKWU MOGBO

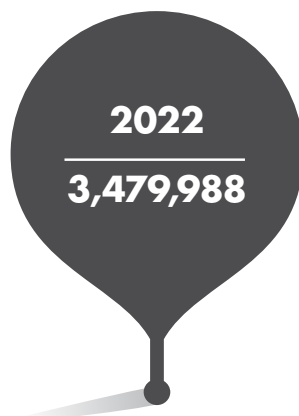
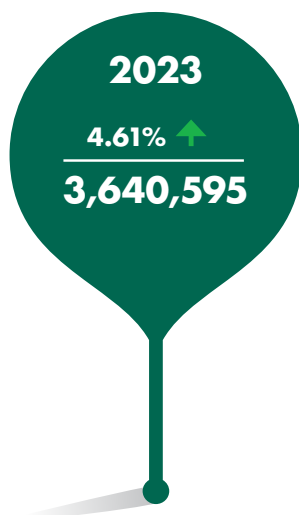
Company Secretary

17, Sanusi Fafunwa Street
Victoria Island
Lagos

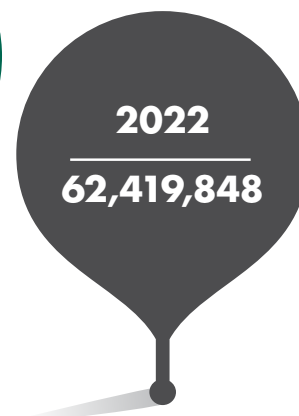
RESULTS AT A GLANCE

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Gross Earnings	10,327,226	10,109,839
Net Interest Income	5,914,324	5,518,838
Profit Before Tax	3,640,595	3,479,988
Total Liabilities	61,731,395	62,419,848
Refinanced Loans	25,217,498	24,021,645
Shareholders' Funds	25,682,236	23,237,960
Total Assets	87,413,631	85,657,808

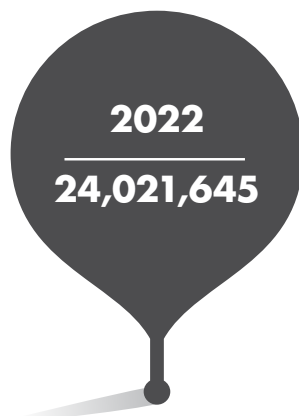
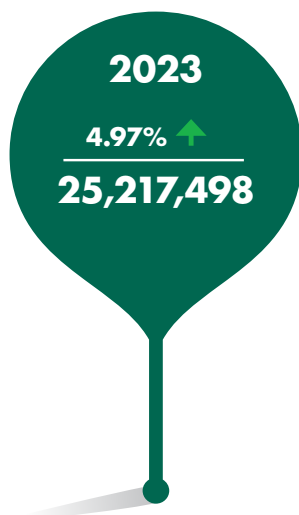




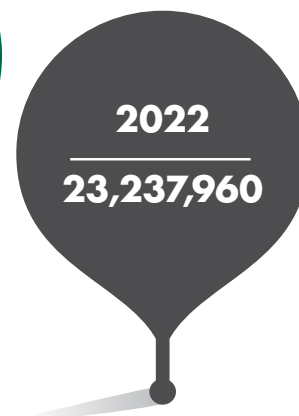
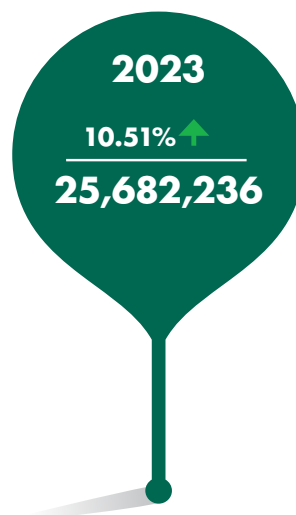
PROFIT BEFORE TAX (₺)



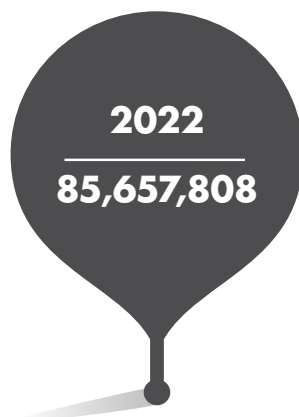
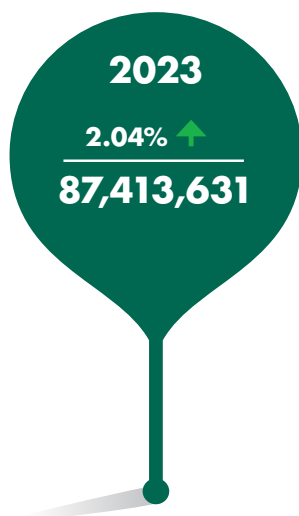
TOTAL LIABILITIES (₺)



REFINANCED LOANS (₺)



SHAREHOLDERS' FUNDS (₺)



TOTAL ASSETS (₺)



CHAIRMAN'S STATEMENT



YEMI ADEOLA
Chairman



Esteemed Shareholders,

I am delighted to welcome you to the 10th Annual General Meeting of Nigeria Mortgage Refinance Company PLC. I am honoured to serve as the Chairman of the Board of Directors of our Company and would like to express sincere appreciation to all of you for the steadfast support and confidence in the leadership of your Company.

Despite the challenging operating environment, NMRC weathered the headwinds in 2023 and fared better than in the prior year across many key performance indices. The Balance Sheet grew year on year, spurred by an increase in our refinanced loans portfolio which grew by 4.61%. All major financial indices remained strong, thus positioning the Company on the path of sustained growth and profitability.

REVIEW OF THE MACROECONOMY

In 2023, the world appeared to have finally turned the corner of recovery in the aftermath of the COVID-19 pandemic. Global oil prices stabilised in a second straight year of appreciation and equities in major capital markets rebounded. Economic growth in major emerging markets and developing economies turned out to have been stronger than expected in the second half of 2023. The smooth flow of supply chains was restored in time to support a supply-side expansion for the United States, Southeast Asia, and parts of Europe, with a broad-based increase in labour force participation. The acute manpower shortages experienced by many organisations immediately after COVID-19 plateaued, thanks to global migration of skilled labour mainly from developing nations to the more developed economies.

The rising momentum was however not experienced everywhere, particularly in the Eurozone, where the aftershocks of high energy prices, coupled with the persisting Russia-Ukraine conflict smothered economic expansion. The prevailing unease in Eastern Europe stalled growth in the region and resulted in weak consumer sentiments.

On the domestic front, the year started on a disruptive note with the implementation of the currency redesign

policy announced by the Federal Government. Many cash-dependent businesses in the MSME sector struggled to survive. As a result, the economy was severely impacted. GDP grew by 3.10% in 2023, slightly lower than the 3.40% recorded in the prior year. This growth was largely driven by crop production, trade and telecommunications. Construction and real estate slid slightly down the pecking order as the fourth and sixth largest contributors respectively, to the nation's GDP growth.

With the conclusion of national elections earlier in February 2023, followed by a successful transition of political administration three months later, the new leadership embarked on bold reforms, most notably, the removal of the subsidy on petrol, and the elimination of the multiple exchange rates regime, with the attendant consequences of high inflation and further weakening of the Naira.

NMRC'S FINANCIAL PERFORMANCE REVIEW

For the full year ended December 31, 2023, Gross Earnings increased by 2% from ₦10.1 billion in 2022 to ₦10.9 billion in 2023. The improved earnings were attributable to a combination of higher interest income and lower interest expenses in 2023 as compared with the prior year. Inflationary pressures across the business environment caused Operating Expenses to be slightly elevated, closing at ₦2.27 billion - a marginal increase from the ₦2.03 billion recorded in the prior year. This was however not enough to dampen profitability figures as the Profit Before Tax increased by 4.61% from ₦3.5 billion in 2022 to ₦3.6 billion in 2023 primarily due to improved operational efficiency. Shareholder value was further boosted as evidenced by the Earnings Per Share (EPS) of ₦1.67, higher than the ₦1.59 achieved in 2022. Total Assets also increased by 2% from ₦85.6 billion as at December 31, 2022, to ₦87.4 billion as at December 31, 2023.

Overall, NMRC showed a resilient performance in 2023 and remains on the trajectory of growth. The Board and Management are unrelenting on the core mandate of



ensuring liquidity to the Nigerian mortgage market is achieved while rewarding shareholders' commitment with optimal return on their investment.

GOVERNANCE MATTERS

The Company's business philosophy is underpinned by strong governance principles. As stewards charged with the affairs of the Company, the Board remains focused on adherence to best governance practices. The annual Board evaluation exercise conducted by DCSL Corporate Services Limited returned with a compelling report card, indicating that the Board stayed true to sound risk management principles and a strong governance ethos.

On February 9, 2024, we lost a director, Dr. Herbert Wigwe, in a tragic helicopter crash that occurred in the United States of America. Until his death, Dr. Wigwe was an active member of the Board and the chairman of the Risk Management Committee. He was also a member of the Finance and General Purpose Committee and contributed tirelessly to the growth of the Company. We wish the family of the deceased uncommon fortitude to bear the loss.

Having completed the maximum tenure in office, Mr. Charles Candide-Johnson (SAN) and Mrs. Fatima Wali-Abdurrahman retired from the Board. Mr. Candide-Johnson was, until his retirement, the chairman of the Board, while Mrs. Wali-Abdurrahman chaired the Board Audit and Governance & Remuneration committees. As Independent Directors, they both played pivotal roles in the governance of the Company and brought a much-needed balance of skill and perspective into the boardroom. On behalf of the Board, Management, and shareholders of our Company, I thank them for their stewardship and wish them success in their future endeavours.

As is required by best corporate governance practice, the vacancies created by the expiration of the tenures of the Independent Directors were promptly filled. At the end of a rigorous process designed to ensure that the right fits were identified, the Board appointed Ms. Olufunke Aboyade (SAN) and Dr. (Mrs.) Markie Idowu as Independent Directors. Ms. Aboyade complements the experience on the Board with over three decades of distinguished legal practice spanning arbitration, litigation, and corporate law. She is a Senior Advocate of Nigeria and has been on the frontline of expanding the intersection of Nigerian law and banking. Previously, she worked in the legal departments of two financial institutions and has contributed numerous papers to the national discourse on topical legal issues.

Dr. Idowu comes with over 34 years of experience in the banking payments technology space. She honed her skills in various top-tier financial institutions and currently serves as Group Managing Director of a prominent financial technology company. She joins the Board at a most auspicious time when the Company is at the cusp of a major technological transformation. I have no doubt that she will enrich the Board in no small measure.

The approval of the CBN for these appointments have been obtained. Our esteemed shareholders will also have the opportunity to ratify these appointments at the 2024 Annual General Meeting.

At the last Annual General Meeting, the shareholders appointed Messrs. PricewaterhouseCoopers (PwC) as the Company's external auditors following the expiration of the tenure of KPMG. I am pleased to report that the change of batons was seamless. PwC will be presenting the financial performance to the shareholders at this AGM.

LOOKING AHEAD

The International Monetary Fund (IMF) projected a global growth rate of 3.1% in 2024. This forecast takes account of a stronger rebounding of the United States economy and fiscal support in China. The world appears to have stabilized from the disruption of the Russia-Ukraine conflict and interruptions in the shipping route via the Red Sea – the latter situation formented by extreme elements around the horn of Africa. Global inflation figures are expected to trend downwards, as the major economies continue the journey towards economic recovery.

In the last few months, our country has been through major economic and fiscal reforms. The growing investor confidence in Nigeria testifies to the general perception that better times lie ahead of our beloved country. Currently, the IMF's 2024 growth projection for Nigeria is about ten basis points below the global average. However, as the gains from the audacious reforms undertaken by the Federal Government begin to manifest, there is growing optimism that the nation will surpass this growth projection.

Following the smooth transition in the country's leadership and the appointment of a new Governor of the Central Bank of Nigeria (CBN) last year, we expect increased economic activities in the second half of the year as the government goes into full execution mode. Already, the fruits of the economic reforms embarked on by the government have begun to yield results.



The CBN recently announced a directive on the recapitalization of commercial banks, a move intended to engender the emergence of more resilient financial institutions to support the Federal Government's aspiration for a \$1 trillion economy by 2030. In a radical move to stem the galloping inflation and the haemorrhage of the local currency, the apex bank adjusted the monetary policy rate to 24.75% and raised the Cash Reserve Ratio to 45%. The immediate implication of the tightening liquidity is that interest rates on both sides of the Balance Sheet are expected to remain elevated in the short- to medium-term, while inflation should moderate towards the end of 2024 and onward.

Overall, we are confident in the future of our Company and will continue to make the necessary investments to sustain our growth while remaining alert to the changes in

macroeconomic conditions as Nigeria continues the search for a sweet spot for economic growth.

ACKNOWLEDGEMENT

In closing, I would like to take this opportunity to thank our shareholders and customers for their unwavering loyalty and support. I sincerely appreciate my fellow directors, the management, and the staff of NMRC for their hard work and dedication. I also wish to extend my sincere appreciation to our regulators, the Central Bank of Nigeria and the Securities and Exchange Commission as well as other government agencies and regulatory bodies with whom we interact, for their invaluable guidance and support.

Thank you.



CEO'S STATEMENT



KEHINDE OGUNDIMU
Chief Executive Officer



Dear Shareholders, esteemed customers, and regulators, I am delighted to present our 2023 Annual Report to you.

Let me start by paying tribute to one of our illustrious Directors, Dr. Herbert Wigwe (CFR), who passed away on February 9, 2024, along with his wife Doreen and his son Chizi. Dr. Wigwe's immense contribution to the growth and development of our Company is deeply cherished and we will miss his kind spirit, creative mindset, and can-do attitude.

2023 IN RETROSPECT

The world witnessed increased political and economic tensions in 2023. Resurging nationalism continued to precipitate global decoupling, reversing the integration of preceding decades. The effects are reflected in increasingly restrictive trade policies, subsidies, mistrust even among allies, and the resurgence of real conflict. Despite the challenging economic environment, the global economy performed better than expected in 2023, but growth remained sluggish. Although inflation fell globally, core inflation levels and interest rates remained elevated. There was also significant variability in growth from market to market and increased volatility within the financial sector. Among others, the collapse of Silicon Valley Bank in the U.S. and the forced sale of Credit Suisse to rival UBS in Europe, laid to bare that banking business models were poor, risk management procedures were woefully inadequate, and governance was lacking.

In Nigeria, the year started with a precarious mix of fiscal, monetary, and exchange rate policies, including the Naira redesign program that did not deliver the desired improvements in growth, inflation, and economic resilience. The new pro-market administration of President Bola Ahmed Tinubu was inaugurated on May 29, 2023. The administration quickly rolled out its economic reform agenda which included, the removal of subsidy on petroleum and unification of the foreign exchange rate, in a move towards liberalizing the foreign exchange market. The resulting impact was a welcome reduction in government subsidy

expenditure, negated by massive devaluation of the Naira and astronomical increase in inflation, with inflation printing at 28.9% at year-end. Despite these adverse conditions, it is hoped that the reforms combined with other fiscal measures will benefit the country in the long-term. These reforms were welcomed by financial analysts and rating agencies like Moody's, which upgraded Nigeria's credit outlook from "stable" to "positive" in December 2023.

2023 FINANCIAL PERFORMANCE REVIEW

Despite the mortgage-hostile high-interest rate environment, we grew Gross Earnings by 2.1% from ₦10.1 billion in 2022 to ₦10.3 billion in 2023. Net Interest Income increased by 7.16% from ₦5.51 billion in 2022 to ₦5.91 billion in 2023. Expenses increased by 11.2% from ₦2.04 billion in 2022 to ₦2.27 billion in 2023 owing primarily to inflation in the cost of goods and services. Profit Before Tax increased by 4.6% from ₦3.49 billion in 2022 to ₦3.64 billion in 2023. Similarly, Earnings Per Share increased by 5.04% from ₦1.59 in 2022 to ₦1.67 in 2023. Mortgage refinance loan balance increased by 5% from ₦24.02 billion in 2022 to ₦25.22 billion in 2023. Total Equity increased by 10.5% from ₦23.2 billion in 2022 to ₦25.68 billion in 2023. Capital Adequacy Ratio improved from 86% in 2022 to 90% in 2023, significantly higher than the regulatory requirement of 10%.

MARKET DEVELOPMENT

We strengthened our annual collaboration with the Industrial Training Fund (ITF) to empower more women and unemployed youths with technical skills in interior decoration, masonry, plumbing, carpentry, tiling, and electrical works as part of our 2023 Corporate Social Responsibility Program. The exercise marked the eighth batch of trainees delivered by NMRC's annual skills acquisition program. The vocational and entrepreneurship training is designed to achieve the dual purpose of enhancing the livelihoods



of the youth while tackling the skills gap in the housing construction industry in Nigeria.

BOARD CHANGES

Earlier in 2024, the tenure of two of our directors ended. Mr. Charles Candide-Johnson, SAN, was Chairman of the Company and Mrs. Fatima Wali-Abdurrahman was the Chairperson of the Governance & Remuneration and Audit Committees. Over the last eight years, they made important, extensive, and lasting contributions to the growth of our Company during their time as Independent Non-Executive Directors. I would like to thank them warmly for their consistent counsel and guidance.

LOOKING FORWARD

2024 is likely to be another eventful year. The slowing down of inflation in advanced economies in the second half of 2023 means the end of monetary tightening is imminent. However, current inflation levels in many economies remain above their targets, thereby complicating the job of Central

Banks in maintaining price stability. Voters head to the polls in a significant number of countries across the globe. The timing and outcomes of these elections will impact the decision making of governments and have geopolitical, as well as fiscal, implications for us in Nigeria.

The Nigerian economy is projected by the International Monetary Fund to expand by 3.3% in 2024 and to end the year with an average annual inflation of 26.3%. We will monitor the economy closely, and take a long-term view of strategy, purpose, and capital allocation, while being cognisant of any short-term challenges.

CONCLUSION

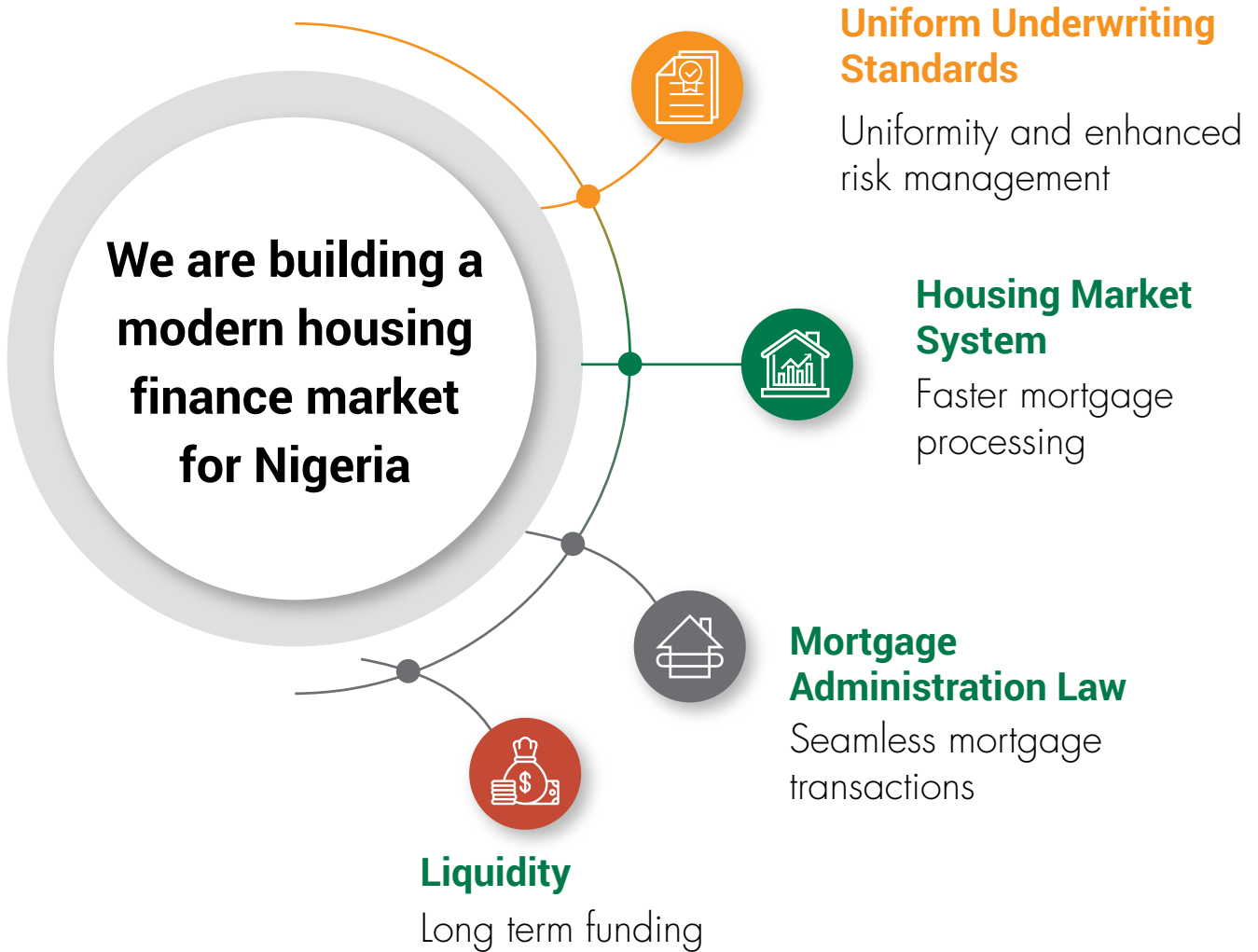
Notwithstanding the current macro-economic challenges that further exacerbate access to affordable housing, we remain committed to providing liquidity to the Nigerian housing market while managing the elevated risks. I would like to express my deep gratitude and appreciation to all our stakeholders for their continued support and trust in NMRC.



Nigeria Mortgage Refinance Company
(Licensed by the Central Bank of Nigeria)



IMPACT



THE BOARD



YEMI ADEOLA
Chairman

Mr. Adeola is a seasoned professional with over 40 years of experience in banking, finance, law, arbitration, and corporate consultancy. He holds a Master of Laws (LLM) degree, and an Oxford University/CI Arb UK Diploma in International Commercial Arbitration.

His banking career started at Citibank Nigeria, where he rose to become an Executive Director, and culminated as the MD of Sterling Bank PLC.

Prior to his foray into Banking and Finance, he had a stint as a consultant at PricewaterhouseCoopers. He also taught law at the University of Benin and Lagos State University.

He is presently the Chairman of the following organizations: Sterling Financial Holdings Company, Nigeria Mortgage Refinance Company (NMRC), Lenox and Blair Group, and the Board of Trustees, Association of Banks' Legal Advisers and Company Secretaries (ABLACS). He is the Founder and Managing Partner of Adeyemi Adeola & Co., a law Firm with a special focus on International Commercial Arbitration, Banking, and Finance.

Mr. Adeola is a Fellow of The Chartered Institute of Arbitrators (UK), the Chartered Institute of Bankers of Nigeria, and the Institute of Credit Administration. He is also a Member of the Nigerian National Disciplinary Tribunal, Chartered Institute of Bankers.

Mr. Adeola is also a JFK Scholar.



KEHINDE OGUNDIMU
Managing Director/
Chief Executive Officer

Mr. Ogundimu is an award-winning professional with over 30 years of corporate work experience spanning financial advisory services, oil & gas and diversified banking in Africa and America. He has held senior leadership positions at various blue-chip companies including PricewaterhouseCoopers and Chevron in Nigeria and, at Pepco Energy Services, Freddie Mac, Fannie Mae, and Capital One Bank in the United States of America.

Kehinde joined NMRC in 2015 as the pioneer Executive Director and Chief Financial Officer and was appointed as the CEO in 2018. He is passionate about the economic empowerment of citizens to advance development around the world. Energetically involved in real estate finance and advocacy, Mr. Ogundimu is the Chairman of the Board of Directors of the African Union for Housing Finance (AUHF), a not-for-profit organization based in South Africa.

Mr. Ogundimu holds a Bachelor of Science (B.Sc Honors) degree in Electrical Engineering from University of Ibadan and obtained a Master of Business Administration (MBA) from University of Lagos, Nigeria. He is a fellow of the Institute of Chartered Accountants of Nigeria (FCA), a member of the American Institute of Certified Public Accountants (CPA), a Chartered Financial Analyst (CFA) Charterholder, a fellow of the Chartered Institute of Taxation of Nigeria (FCTI) and Member, Institute of Directors of Nigeria (M.IoD).

Mr. Ogundimu has attended several executive management programs in leading educational institutions including Harvard Business School, University of Cambridge, University of Cape Town, Stellenbosch University and University of Pretoria, South Africa.



OLUFUNKE ABOYADE, (SAN, FCI Arb)
Independent Director



Ms. Abojade is an experienced legal professional of over four decades. She gained her LL.M from the University of Cambridge (Jesus College) in 1985. Prior to this, she had been admitted to the Nigerian Bar in 1983 after obtaining her LL.B from the University of Ife where she graduated in the top 1% of her class.

Ms. Abojade's career journey has spanned legal practice, banking and journalism. Her solid legal background has seen her handling diverse legal matters, ranging from complex corporate transactions, project finance, high profile litigation and commercial arbitration. Her expertise attests to her admission to the Inner Bar as a Senior Advocate of Nigeria in 2013.

A seasoned Arbitrator, she is a Fellow of the Chartered Institute of Arbitrators UK (Nigeria Branch). She is also a Notary Public.

In the public space she served as Chairperson of the Lagos State Prerogative of Mercy Council set up under the Nigerian Constitution to advise State Governors on the grant of pardon, respite, substitution or remission of sentences on convicts. More recently, she was also a member of the team set up by the Federal Ministry of Environment to review and amend the Climate Change Act, 2021.



MARKIE IDOWU, PhD
Independent Director



Dr. (Mrs.) Markie Idowu has over 35 years of experience in Banking and IT, with 28 years spent in the banking industry. She has worked for several banks including GTBank, Fidelity Bank and Polaris Bank, where she left as Executive Director. As Group Managing Director/CEO, Xpress Payment Solutions Limited, a leading financial technology company in Nigeria, she is leading major strategic initiatives and the transformation of the company to be Africa's preferred choice for e-payments.

A life-long learner, she holds an MSc in Software Engineering with Distinction and Best Result from Aston University, UK. This was after graduating at 19 with first class in Computer Science from the University of Benin, where she finished as the Faculty of Science's Best Graduating Student. She holds a master's degree in business administration from Lagos Business School and a PhD in Credit Management. As an avid learner, she attends executive education programmes at Harvard, MIT, LSE, INSEAD, Euromoney, LBS, among others, to stay in the forefront of 21st-century knowledge.

Recently named Chair of Women in Technology in Nigeria (WITIN) Advisory Board 2023 – 2024 for her numerous contributions in the technology space, she was crowned Best Female Fintech CEO in 2022. She was honoured as one of "Africa's Most Inspirational Women in Leadership" in 2022 and 2023. She is a member of Institute of Directors (M.IoD), Fellow of National Institute of Credit Administration, where she is also Vice Chairman of council, and an Honorary Senior Member (HCIB) of Chartered Institute of Bankers. She is a recipient of the prestigious British Chevening Scholar Award (1992), Distinguished Leadership in National Development Gold Award (2005), Africa's Best Payment Solution Personality of the Year (2020) and Payment Solution Personality of the Year (2023).



OLUFEMI JOHNSON, DBA
Non-Executive Director



Dr. Johnson is the Managing Director/CEO Homebase Mortgage Bank, a Non-Executive Director of Mortgage Warehouse Funding Limited (MWFL), and a past president of the Mortgage Banking Association of Nigeria (MBAN), where he has served on the executive committee in various capacities for 17 years, and currently serves as a member of the Board of Trustees. He also served for 4 years on the Governing Council of the Chartered Institute of Bankers of Nigeria (CIBN), and as Chairman of Corona School Lekki.

He is a graduate of the Harvard Business School Advanced Management Program, and he holds a DBA (Doctor of Business Administration) degree from the Cranfield University, United Kingdom in Economics and Finance. He also holds an MBA degree from the Lagos Business School.

He is a Fellow (FCA) of the Institute of Chartered Accountants of Nigeria (ICAN), a Fellow (FCTI) of the Chartered Institute of Taxation of Nigeria (CITN), a Fellow (FICA) of the Institute of Credit Administration, an Honorary Senior Chartered Banker (HCIB) of the Chartered Institute of Bankers of Nigeria (CIBN), and also an Associate of the New York State Society of Certified Public Accountants, (NYSSCPA). In the course of his career, he has had varied experience in banking, covering areas like Credits and Marketing, Financial Control, Strategy and Planning, Treasury, Banking Operations, Branding and Communications, Mortgage Banking, etc.

He has attended several training courses, including courses at the Cranfield University, Cambridge University, INSEAD University, IESE Business School of the University of Navarra, Spain, Shanghai Jiao Tong University, China, National University of Singapore, Wharton School, University of Pennsylvania, USA, IMD Switzerland, Frankfurt School of Finance & Management, Germany, World Bank, USA, as well as Canada Mortgage & Housing Corporation, Canada.



ARMSTRONG TAKANG, PhD
Non-Executive Director



Before his current role as CEO of Nigeria's Ministry of Finance Incorporated (MoFI), Dr. Takang served as the Special Adviser to the Honourable Minister of Finance, Budget and National Planning where he led a number of transformative initiatives in the investment and technology management space. Notably, he led the transformation of the Ministry of Finance Incorporated (MoFI) into a full-fledged government-owned private equity and venture capital entity with AUM of over \$40 billion. Additionally, he spearheaded Project Lighthouse, a big data analytics system used to support the revenue generation agenda of the Federal Government.

His decades-long career in investment consultancy and public reforms traverses the public and private sectors across Africa, and in the US, where he worked at the New York office of KPMG. He was Team-Lead for a Private Banking Group, managed the Integrated Financial and Economic Management Information System (IFEMIS) Project in Nigeria, and led the Voluntary Asset and Income Declaration Scheme (VAIDS).

A strong collaborator, Dr. Takang was pivotal in designing and implementing several national initiatives like the Integrated Payroll and Personnel Information System (IPPIS), the Office for Nigerian Content Development in ICT under NITDA, and the ICT component of the Economic and Financial Crimes Commission (EFCC)/Nigeria Financial Intelligence Unit (NFIU).

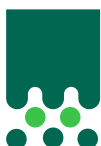
Dr. Takang chaired the Nigeria National ICT Strategic Action Plan Committee, and the Nigeria National Software Development Task Force, and was a member of many federal committees, including those for the restructuring of the Ministry of Finance Incorporated; development of Policy on Nigerian Content Development in ICT, and development of Nigeria's 50-year Development Plan.

An alumnus of the University of Hull, the Imperial College Business School, London, and the Harvard Business School, Dr. Takang is a consummate, multi-faceted professional, exemplary thinker, and astute inventor.

He sits on the boards of a number of companies in Nigeria and the United States. He holds B.Sc and Ph.D. degrees in Computer Science from the University of Hull, UK.



OLABANJO OBALEYE, DBA
Non-Executive Director



Dr. Obaleye is the President, Angel Partners Limited (APL). APL is a business angel investment company also into consulting, business turnaround management, investment, real estate partnership, and project finance.

He is the Group Executive Director, Adkan Services Nigeria Limited. Adkan Services Nigeria Limited is a parent company to 18 other wholly owned subsidiary companies with interests cutting across Real Estate, Financial Institution, Agro-Allied and Fast-Moving Consumer Goods (FMCG). Infinity Trust Mortgage Bank PLC is one of the subsidiary companies.

Dr. Obaleye was the Managing Director/Chief Executive Officer of Infinity Trust Mortgage Bank PLC (ITMB) from 2004 - 2021. He was one of the pioneer shareholders of ITMB as he took part in its conceptualization and development since inception in 2002 leveraging on his banking experience since 1990. He had worked with Afribank Nig. Limited, Midas Bank and Societe Bancaire before he joined ITMB in 2004 as the CEO.

He holds a Doctoral Degree in Business Administration (DBA) from Walden University, Baltimore, USA - a member of Laureate International Universities. He also holds a Master's Degree in Business Administration with specialization in financial management from the University of Abuja. He is a graduate of Accounting from the Obafemi Awolowo University, Ile-Ife.

Dr. Obaleye is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), an Honorary Senior Member of the Chartered Institute of Bankers of Nigeria (HCIB), an Associate of the Chartered Institute of Taxation of Nigeria, and a Member, Institute of Directors. He is also a member of the Mentoring Committee, Chartered Institute of Bankers of Nigeria (CIBN).

Dr. Obaleye is an Alumnus of Wharton Business School, Philadelphia and was a delegate to the World Housing Congress in Germany, Canada and USA. He is also an alumnus of Lagos Business School, Strathmore University Business School, Nairobi, Kenya, and Yale University, New Haven, Connecticut, USA. He is a member of the team that conceived the establishment of Nigeria Mortgage Refinance Company PLC.

Dr. Obaleye is the Captain of IBB International Golf and Country Club, and a member of many other social and professional associations.



AMINU UMAR-SADIQ
Non-Executive Director



Mr. Umar-Sadiq is the Managing Director and Chief Executive Officer of the Nigeria Sovereign Investment Authority (NSIA). Mr. Umar-Sadiq has significant experience in the global financial services sector - spanning public finance management, mergers & acquisitions, private equity and asset management.

Prior to his appointment as MD/CEO of NSIA in October 2022, Mr. Umar-Sadiq was an Executive Director and Head of Direct Investments (from February 2019) at NSIA, leading NSIA's multi-product, cross-sector domestic infrastructure fund. He was also responsible for corporate governance management and performance reporting for NSIA's over 10 subsidiary entities.

Mr. Umar Sadiq has strong antecedent from Morgan Stanley, where he initiated his professional journey in the mergers & acquisitions division, subsequently proceeding to Denham Capital Management, a natural resource focused private equity fund, and then to the mergers and acquisitions division at Société Générale.

He also serves on the following Boards in a non-executive capacity: the Infrastructure Credit Guarantee Company Limited (InfraCredit), Development Bank of Nigeria (DBN), NSIA Advanced Medical Services Limited (MedServe), Green Guarantee Company and Carbon Vista.

Beside NMRC, he serves as a member of the EU High Level Expert Group on Sustainable Finance for Emerging Economies, contributing his vast experience to shape sustainable financial strategies in developing markets. Additionally, his role on the Sustainable Investment Advisory Council for the United Nations Conference on Trade and Development highlights his dedication to aligning global trade and investment practices with sustainable development goals.

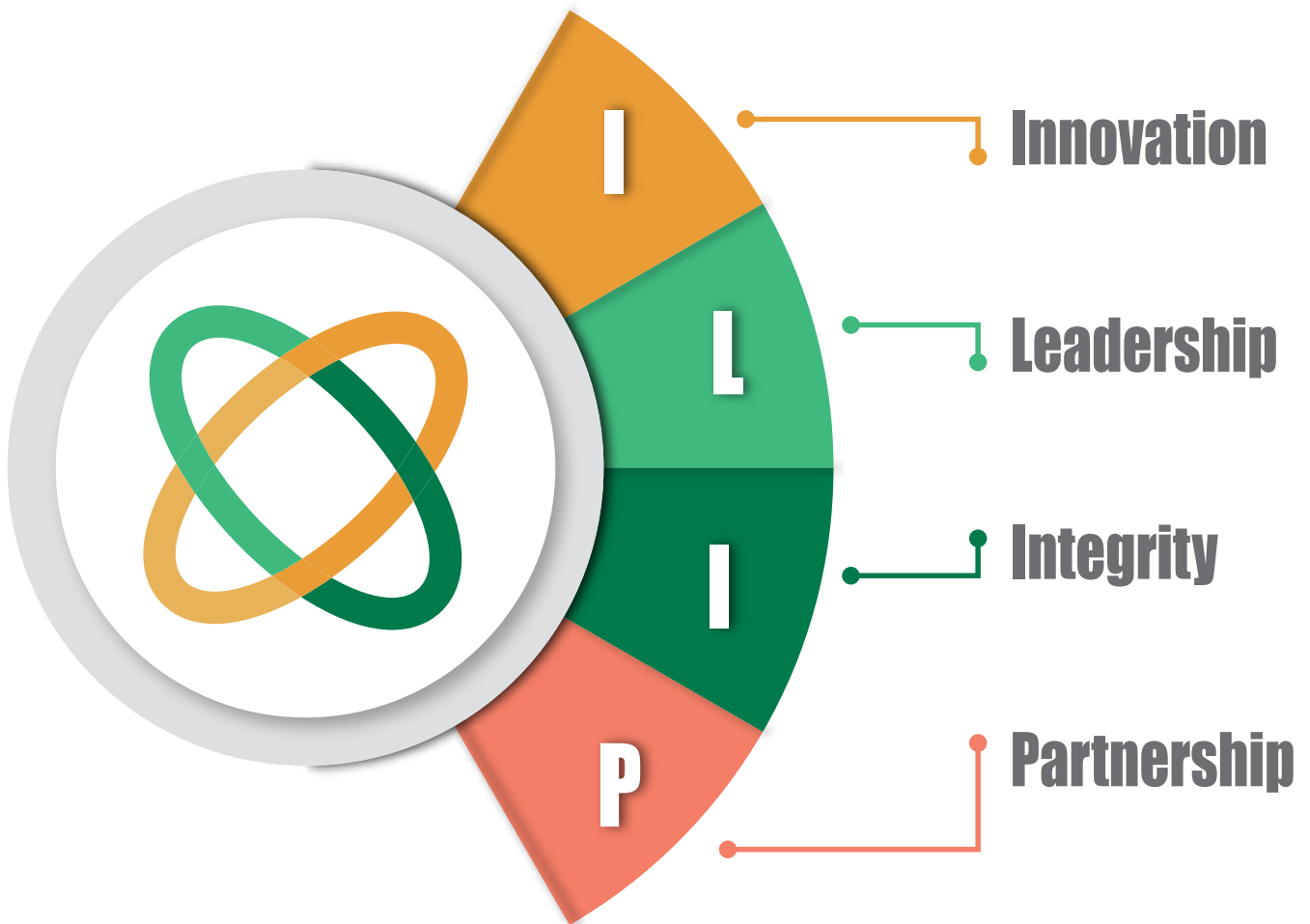
Mr. Umar-Sadiq attained his Bachelor's and Master's degrees in Engineering Sciences from the University of Oxford (St Johns College). He has also attended a plethora of advanced management programs for senior management executives.



Nigeria Mortgage Refinance Company
(Licensed by the Central Bank of Nigeria)



OUR CORE VALUES





DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors are pleased to present to members, their report together with the financial statements and auditors' report of Nigeria Mortgage Refinance Company PLC for the year ended 31 December 2023.

(A) LEGAL FORM AND PRINCIPAL ACTIVITY

Nigeria Mortgage Refinance Company PLC (the "Company") was incorporated on 24 June 2013 as a public limited liability company and commenced operations on 1 March 2015. The Company is registered with the Securities and Exchange Commission (SEC) and regulated by the Central Bank of Nigeria (CBN) as a mortgage refinance company.

The principal activity of the Company is to provide long term funds to eligible mortgage lenders through refinancing of mortgage loans originated by mortgage and commercial banking institutions by issuing long term bonds in the capital market.

(B) OPERATING RESULTS

The highlights of the Company's operating results for the year under review are as follows:

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Gross Earnings	10,327,226	10,109,839
Profit Before Income Tax and Minimum Tax	3,640,595	3,479,988
Income Tax Expense	(36,564)	(43,400)
Minimum Tax	(51,636)	(51,570)
Profit After Taxation	3,552,395	3,385,018
Other Comprehensive Income for the Year, Net of Income Tax	(109,160)	(94,663)
Total Comprehensive Income for the Year	3,443,235	3,290,355
Earnings Per Share (Basic and diluted) - kobo	167k	159k

(C) DIVIDEND

The Directors have recommended for approval, the payment of a dividend of ₦1,764,118,874 (divided into 83 kobo per share of the 2,125,444,427 shares) on the issued share capital for the year ended 31 December 2023. In 2022, the shareholders approved the payment of ₦998,958,880 (47 kobo per share of the 2,125,444,427 shares) on the issued share capital for the year ended 31 December 2022.



(D) DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

Mr. Charles Candide-Johnson, SAN*	- Chairman (Independent)
Mr. Kehinde Ogundimu	- Chief Executive Officer
Mr. Yemi Adeola**	- Non-Executive Director
Mr. Aminu Umar-Sadiq	- Non-Executive Director
Dr. Olufemi Johnson	- Non-Executive Director
Dr. Olabanjo Obaleye	- Non-Executive Director
Mr. Alexander Adeyemi***	- Non-Executive Director
Mrs. Fatima Wali-Abdurrahman*	- Non-Executive Director (Independent)
Dr. Herbert Wigwe****	- Non-Executive Director

* Tenure on the Board expired on January 21, 2024

** Current Board Chairman

*** Resigned May 22, 2023

**** Deceased on February 9, 2024

(E) DIRECTORS' INTEREST IN CONTRACTS

None of the Directors have notified the Company for the purpose of section 303 of the Companies and Allied Matters Act, 2020, of any declarable interest in contracts in which the Company is involved.

(F) RECORD OF DIRECTORS' ATTENDANCE

The register showing Directors' attendance at Board Meetings is available for inspection at the Annual General Meeting in line with Section 284 (2) of the Companies and Allied Matters Act, 2020 (CAMA).



(G) ANALYSIS OF SHAREHOLDING

According to the register of members, the following shareholders held more than 5% of the issued share capital of the Company as follows:

Shareholders	31 December 2023		31 December 2022	
	Number of holdings	Percentage of holdings (%)	Number of holdings	Percentage of holdings (%)
Nigeria Sovereign Investment Authority	444,444,444	20.91	444,444,444	20.91
Ministry of Finance Incorporated	333,333,333	15.68	333,333,333	15.68
Homebase Mortgage Bank Limited	277,777,777	13.07	277,777,777	13.07
First Trust Mortgage Bank PLC	191,555,554	9.01	191,555,554	9.01
FHA Homes Limited	138,888,888	6.53	138,888,888	6.53

The shareholding pattern of the Company as at the reporting dates are as stated below:

Range of Shares	Number of Shareholders	% of Shareholders	31 December 2023	
			Number of Holdings	% of Shareholdings
1,000,000 - 50,000,000	16	61.6	408,333,321	19
50,000,001 - 100,000,000	5	19.2	331,111,109	16
100,000,001 - 500,000,000	5	19.2	1,385,999,997	65
TOTAL	26	100	2,125,444,427	100

Range	Number of Shareholders	% of Shareholders	31 December 2022	
			Number of Holdings	% of Shareholdings
1,000,000 - 50,000,000	16	61.6	408,333,321	19
50,000,001 - 100,000,000	5	19.2	331,111,109	16
100,000,001 - 500,000,000	5	19.2	1,385,999,997	65
TOTAL	26	100	2,125,444,427	100

(ii) NMRC's Risk Governance Structure

The Board is primarily and ultimately responsible for setting the overall strategic direction for NMRC. The Board provides oversight to ensure that Management has appropriate risk management systems and practices established to manage risks associated with the Company's operations and activities. The Board achieves this through:

- a) setting the overall tone of the Company's risk appetite and ensuring that this is well enshrined in its corporate culture;
- b) approving firm-wide standards for different types of risks including credit risk, market risk and operational risk;
- c) identifying, understanding and assessing the types of risks inherent in NMRC's business activities or new major products or services to be launched; laying down the risk management strategies;
- d) approving a risk management framework consistent with NMRC's business strategies and risk appetite; determining that the risk management framework is properly implemented and maintained;



- e) reviewing the risk management framework periodically to determine its adequacy in comparison to the prevailing business conditions;
- f) determining that there are clear reporting lines and responsibilities for the risk management function;
- g) approving the allocation of resources to business units or divisions in accordance with NMRC's risk appetite;
- h) maintaining continued awareness of any changes in the company's risk profile; and
- i) approving the provision of adequate resources (e.g. financial, technical expertise and systems technology) for risk management purposes.

The Board Risk Management Committee assists the Board in ensuring that there is effective oversight and development of strategies, policies and infrastructure to manage the Company's risks. The Board Risk Management Committee is supported by management committees in addressing any key risks identified. The Management Credit Committee, Management Risk Committee, and Asset and Liability Management Committee which are constituted by the senior management of NMRC and chaired by its CEO, undertake the oversight function for capital allocation and prescription of overall risk limits, aligning them to the risk appetite set by the Board.

(H) PROPERTY AND EQUIPMENT

The information relating to property and equipment is given in Note 11 to the financial statements. In the opinion

of the directors, the net realizable value of the property and equipment is not less than the value shown in the financial statements.

(I) DONATIONS AND CHARITABLE GIFTS

During the year, the Company collaborated with the Industrial Training Fund (ITF) to empower 40 unemployed youths with technical skills in housing construction and entrepreneurship. This marked the eighth batch of NMRC's annual skills acquisition programme designed to achieve the dual purpose of enhancing the livelihoods of youth and contributing to tackling the skills gap in the housing construction industry in the country.

(J) HUMAN RESOURCES

As at December 2023, the Company had 22 employees. The Company operates a non-discriminatory policy on recruitment. Applications by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues, and that appropriate training is provided. It is the policy of the Company that the training, career development and promotion of disabled persons should as far as possible, be identical with those of other employees.

The Company had no disabled person in its employment as at 31 December 2023 (December 2022: nil).

Analysis of males and females employed during the year under review.

Description	Number	% of Total staff	December 2023
			% of Total new hire
Female hire	1	4.55	50
Male hire	1	4.55	50
Total hire	2	9.09	100
Females as at December 2023	8	36.36	
Males as at December 2023	14	63.64	
Total Staff	22	100	



Description	Number	% of Total staff	December 2022
			% of Total new hire
Female hire	3	13.64	60
Male hire	2	9.09	40
Total hire	5	22.73	100
Total Staff	22	N/A	N/A
Females as at December 2022	8	36.36	
Males as at December 2022	14	63.64	
	22	100	

(K) EVENTS AFTER THE REPORTING DATE

There are no other subsequent events that need to be accounted for or disclosed in the financial statements.

(L) AUDITORS

The Auditors, PricewaterhouseCoopers Nigeria, have indicated their willingness to continue in office as auditors in accordance with section 401(2) of the Companies and Allied Matters Act 2020.

BY ORDER OF THE BOARD,

Tochukwu Mogbo, ACIS

Company Secretary

FRC/2017/NBA/00000016357

17 Sanusi Fafunwa Street,

Victoria Island

Lagos



STATEMENT OF CORPORATE RESPONSIBILITY & CERTIFICATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

In line with the provisions of Section 405 of CAMA 2020 and Section 60(2) of the Investment and Securities Act, we have reviewed the audited financial statements of the Company for the year ended 31st, December, 2023 and based on our knowledge confirm as follows:

- i. The audited financial statements do not contain any untrue statements of material fact or omit to state a material fact, which would make the statements misleading considering the circumstance under which such statements were made.
- ii. The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for the period ended 31 December 2023.
- iii. The Company's internal controls have been designed to ensure that all material information relating to the Company is received and provided to the Auditors in the course of the audit.
- iv. The Company's internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 December 2023.
- v. We have disclosed to the Company's Auditors and the Audit Committee the following information:
 - a. there were no significant deficiencies in the design or operation of the Company's internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have discussed with the auditors any weaknesses in internal controls observed in the cause of the audit.
 - b. there is no fraud involving management or other employees which could have any significant role in the Company's internal control.
- vi. There are no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

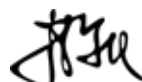


Kehinde Ogundimu

Chief Executive Officer

FRC/2015/ICAN/00000011195

21 March 2024



Kanayo Mba

Chief Financial Officer

FRC/2019/ICAN/00000019030

21 March 2024

CORPORATE GOVERNANCE REPORT

Nigeria Mortgage Refinance Company PLC. ("NMRC" or the "Company") is committed to the best corporate governance practices. The Company believes this is critical to the creation and delivery of long-term sustainable value in a manner consistent with its obligations as a responsible corporate organisation. NMRC is a highly regulated entity and we pride ourselves in having effective corporate governance practices in line with relevant regulations and international best practices.

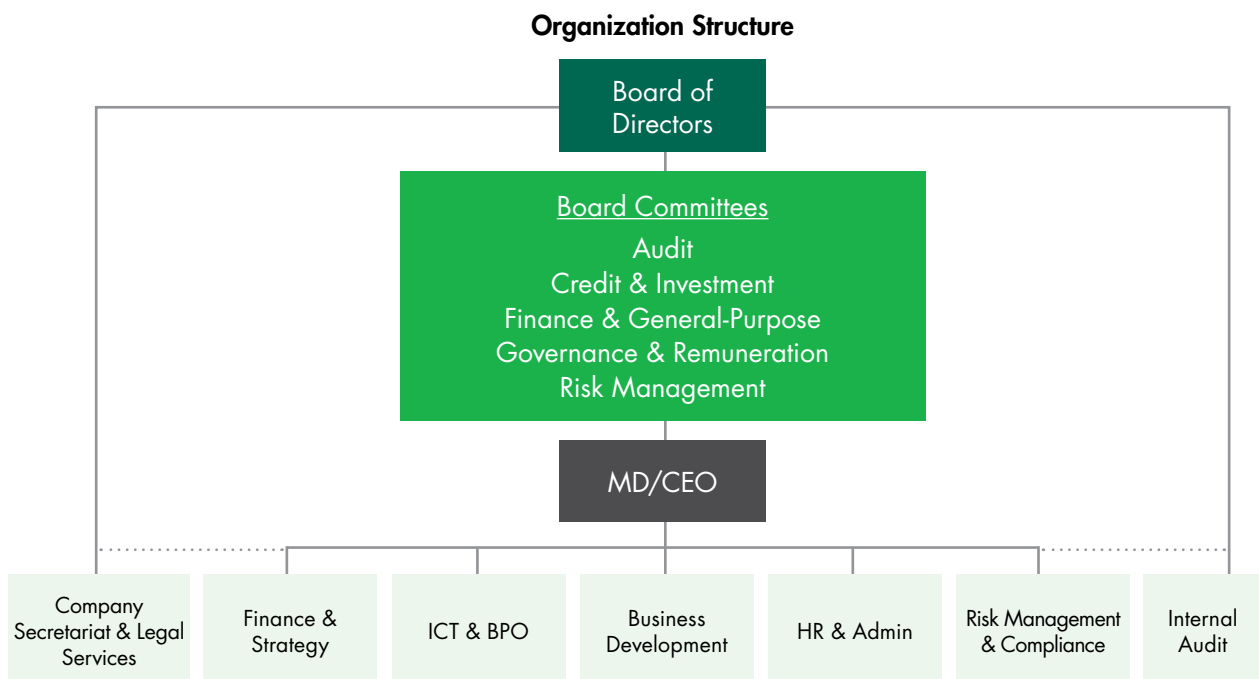
COMPLIANCE WITH CORPORATE GOVERNANCE PRACTICES

NMRC ensures that sound corporate governance practices are embedded in all areas of its operations. In this regard, the Company emphasizes strict adherence to the Central Bank of Nigeria (CBN) Code of Corporate Governance for Mortgage Refinance Companies in Nigeria issued in October 2018, the Financial Reporting Council issued Nigerian Code of Corporate Governance 2018, the provisions of the Banks and Other Financial Institutions

Act (BOFIA) 2020, and international best practices. The Company's operations are also guided by the CBN Regulatory and Supervisory Framework for the Operations of a Mortgage Refinance Company.

GOVERNANCE STRUCTURE

The Company has a Corporate Governance Strategy which has been developed to promote the effective governance of the Company. The Board of Directors provides oversight of the Internal Control and Risk Management policies and practices of NMRC. The Board is supported in its oversight function by the various Board Committees. The Committees' roles and responsibilities are set out in their respective charters. The charters are reviewed and updated periodically to ensure consistency with current market realities. The charters also define the roles, responsibilities, scope of authority, composition and procedures for reporting to the Board. The governance structure of the Company as at 31st December 2023 was as follows:





THE BOARD OF DIRECTORS

The Board is responsible for the oversight of the business, long-term strategy and objectives, and the oversight of the Company's risks while evaluating and directing the implementation of the Company's controls and procedures, including maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets.

As at 31st December 2023, the affairs of the Company were superintended by its Board, comprised of two Independent Non-Executive Directors (whose tenures on the Board came to an end on January 21, 2024), six (6) Non-Executive Directors (one director resigned during the period under review and another is now deceased), and one (1) Executive Director. Outlined below are the directors that served in the course of the year under review.

Mr. Charles Candide-Johnson, SAN*	- Chairman (Independent)
Mr. Kehinde Ogundimu	- Chief Executive Officer
Mr. Yemi Adeola#	- Non-Executive Director
Mr. Aminu Umar-Sadiq	- Non-Executive Director
Dr. Olufemi Johnson	- Non-Executive Director
Dr. Olabanjo Obaleye	- Non-Executive Director
Mr. Alexander Adeyemi**	- Non-Executive Director
Mrs. Fatima Wali-Abdurrahman*	- Non-Executive Director (Independent)
Dr. Herbert Wigwe, CFR***	- Non-Executive Director

* Tenure on the Board expired on January 21, 2024

** Resigned May 22, 2023

*** Deceased on February 9, 2024

Current Board Chairman

The Board meets every quarter but may hold extraordinary sessions to address urgent matters requiring the attention of the Board.

BOARD COMMITTEES

The Board carries out its oversight functions through its various Board committees. This enables the Directors to properly assess management reports, proposals and make recommendations thereon to the full Board. This is both efficient and in compliance with applicable corporate governance regulations as well as global standards.

The Board is made up of members who are professionals and businesspeople with vast experience and credible track record. They all have the requisite integrity, skill, and experience to bring independent judgment to bear on Board deliberations and decision making. The Company has two Independent Directors who are neither shareholders of the Company nor representatives of shareholders.

The Board is responsible for ensuring due compliance and alignment with acceptable Corporate Governance standards.

APPOINTMENTS TO THE BOARD

Appointments to the Board are governed by the Company's Articles of Association as well as the relevant laws, regulations and the Company's internal policies. The Company has detailed the procedure for nominations to the Board in its Code of Corporate Governance as well as its policy on the Procedures and Processes for Appointment to the Board. The ultimate power to appoint directors is vested in the shareholders and may be exercisable on their behalf by the Board in line with the applicable laws. Factors to be considered in appointments to the Board include, the suitability of the candidate in terms of knowledge, skill, experience and the value he or she is likely to bring onboard. The Board also considers the need for diversity including gender. The Board may delegate the recruitment process to its Governance and Remuneration Committee, which ensures a transparent, fair and objective procedure is followed, and in appropriate cases, with the support of reputable external consultants. Each appointment is subject to the approval of the Central Bank of Nigeria and the shareholders at the subsequent annual general meeting.



SEPARATION OF THE POSITIONS OF CHAIRMAN AND MANAGING DIRECTOR

The positions of the Managing Director/CEO and the Chairman of the Board are occupied by different persons and the Managing Director/CEO is responsible for implementation of the Company's business strategy and the day-to-day management of the business. The Chairman is not involved in the day-to-day operations of the Company and is not a member of any committee of the Board.

PROCEEDINGS AND FREQUENCY OF MEETINGS

The Board meets at least once every quarter or as frequently as the Board's attention may be required on any situation which may arise. Sufficient notices with clear agenda/reports are usually given prior to convening such meetings. All Directors have access to the Company Secretary who can only be appointed or removed by the Board and is also responsible to the Board.

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors possess strong knowledge of the Company's business and contribute actively to Board's meetings.

REPORTING AND CONTROL

The Board is responsible for and ensures proper financial reporting as well as the establishment of strong internal control procedures. There is a Statutory Audit Committee, a Board Audit Committee and a Head of Internal Audit in the Company.

RETIREMENT AND ROTATION

In compliance with the provisions of section 285(1) of the Companies and Allied Matters Act, 2020 which requires one-third of the Directors, or if their number is not a multiple of three, the number nearest to one third, to retire from office at each Annual General Meeting, Mr. Yemi Adeola will retire at the 10th Annual General Meeting and being eligible, is offering himself for re-election.

Profile of Mr. Yemi Adeola

Mr. Yemi Adeola is the former Managing Director/Chief Executive of Sterling Bank PLC. His banking career started at Citibank Nigeria Ltd, where he worked between August 1988 and June 2003 in various capacities including Chief Legal Counsel and Executive Director, Commercial Banking, Public Sector and Infrastructure. He later moved on to Trust Bank of Africa Ltd, where he served as Deputy

Managing Director between June 2003 and December 2005. Following the merger of Trust Bank with four other banks, he became Executive Director, Corporate and Commercial Banking of Sterling Bank PLC in January 2006.

Prior to his foray into Banking and Finance, he had worked as a consultant in PricewaterhouseCoopers, a Lecturer at the Faculty of Law, Lagos State University and had a stint of law practice.

Mr. Adeola holds a Bachelor of Laws (LLB) degree from the University of Ife and Master of Laws (LLM) degree (with specialisation in law of secured credit transactions and international economic law) from the University of Lagos, Nigeria. He is an alumnus of Harvard Business School, Stanford Business School, Saïd Business School, Oxford University and Wharton School, University of Pennsylvania. He is also a John F. Kennedy Scholar.

The Following Directors will be proposed for appointment to the Board: (1) Ms. Olufunke Aboyade, SAN (2) Dr. Markie Idowu.

APPOINTMENTS

Profile of Ms. Olufunke Aboyade, SAN

Ms. Olufunke Aboyade is an experienced legal professional with over three decades of legal practice. After completing her LL.B from the University of Ife and her B.L. from the Nigerian Law School, she furthered her education with an LL.M from the University of Cambridge. She has a solid background in various areas of law, including arbitration, litigation and corporate law.

Ms. Aboyade's career journey has seen her handle diverse legal matters, ranging from complex corporate disputes to arbitration cases. Her expertise attests to her appointment as a Senior Advocate of Nigeria in 2013. She is also a Notary Public and a Fellow of the Chartered Institute of Arbitrators UK (Nigeria Branch).

Profile of Dr. Markie Idowu

Dr. Markie Idowu who is currently the chairperson of Women in Technology in Nigeria (WITIN) Advisory Board has over 34 years of experience in the tech space, primarily in Banking and Information Technology. She honed her skills in various institutions including GTBank, Fidelity Bank, and Polaris Bank. She currently serves as Group Managing Director/CEO of Xpress Payment Solutions Limited, a prominent fintech company in Nigeria.



Dr. Idowu holds a BSc in Computer Science from the University of Benin, an MSc in Software Engineering from Aston University, UK, an MBA from Lagos Business School and a PhD in Credit Management. Continuously pursuing knowledge, she has participated in executive education programs at esteemed institutions like Harvard, MIT, and INSEAD.

The profile of all the Directors including the Director for election/re-election are on the Company's website www.nmrc.com.ng.

BOARD APPRAISAL

An annual performance review is carried out by independent consultants to assess the performance of the Board. The service of DCSL Corporate Services Limited was retained for the fifth year to conduct an appraisal of the performance of the Board and individual Directors for 2023. The Board Evaluation Report issued by the consultants covered Board structure and composition; strategy and planning, Board operations and effectiveness, measuring and monitoring of Directors' performance, risk management and compliance, corporate citizenship as well as transparency and disclosure. The key findings from the Board Evaluation Report was on the shortfall in the membership of a board committee due to the occurrence of a casual vacancy on the Board. This issue has since been addressed by the appointment of new Directors to the Board.

ACCOUNTABILITY AND AUDIT

The Board has presented a balanced assessment of the Company's position and prospects. The Board is mindful of its responsibilities and is satisfied in the preparation of its financial report, it has met with its obligation under the applicable Codes of Corporate Governance.

The Directors make themselves accountable to shareholders through regular publication of the Company's financial performance and annual reports. The Board keeps tabs on the Company's financial performance by reviewing the Management's reports and monitoring corporate performance throughout the financial year. The Board has ensured that the Company's financial report is audited by independent auditors to provide third-party assurance of its reliability.

PricewaterhouseCoopers Nigeria acted as external auditors to the Company during the 2023 financial year.

INTERNAL CONTROL

The Company has consistently improved its internal control system to ensure effective management of risks. The Directors review the effectiveness of the system of internal control through regular reports and reviews at Board and Audit Committee meetings.

SHAREHOLDERS

The Company ensures the existence of adequate interaction among the shareholders, Management and the Board. The Company's general meetings provide shareholders with the platform to contribute to the governance of the Company. Annual General Meetings (AGMs) are held in accessible locations and are open to shareholder representatives. They are conducted in a manner that facilitates shareholders' participation in accordance with relevant regulatory and statutory requirements. The Company encourages shareholders to attend these meetings (both physically and virtually), whilst ensuring that notices of meetings and other information required by shareholders to make informed decisions are dispatched in a timely manner. The office of the Company Secretary also provides shareholders with a channel of communication to the Board and the Management.

It is the responsibility of the shareholders to approve the appointment of Directors and to grant other approvals that are required by law or the Articles of Association of the Company.

The shareholders, through their representatives on the Statutory Audit Committee in line with section 404 of the Companies and Allied Matters Act, 2020 assume responsibility for the integrity of the Company's audited accounts. The role of the Statutory Audit Committee includes ensuring that the audit and risk management policies of the Company adhere to appropriate legal standards. The Committee also provides oversight functions regarding the activities of the Company's Internal and External Auditors.

STATUTORY AUDIT COMMITTEE

The Company has a Statutory Audit Committee set up in accordance with the provisions of the Companies and Allied Matters Act, 2020. It comprises a mix of shareholders and Non-Executive Directors elected at the Annual General Meeting, with the shareholder-representatives being in the majority. It evaluates, annually, the independence and performance of external auditors, receives the interim and final audit presentation from the external auditors and



reviews with Management and the external auditors, the annual audited financial statements before its submission to the Board.

During the year, the Committee approved the audit plan and scope of the external auditors' work for the financial year and reviewed the audited financial results before presentation to the Board.

The Committee also received reports from Management on the accounting system and internal controls framework of the Company. As of 31st December 2023, the Committee was comprised of three (3) shareholder representatives and two (2) Non-Executive Directors as follows:

S/N	COMMITTEE MEMBERS
a.	Mr. Ayo Olowookere (Chairman)*
b.	Mr. George Oko-Oboh*
c.	Mrs. Ruby Okoro *
d.	Dr. Olufemi Johnson ⁺
e.	Dr. Olabanji Obaleye ⁺

* Shareholder representative

+ Non-Executive Director

The responsibilities of the Committee include:

- a. Ensuring that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- b. Reviewing the scope and planning of audit requirements;
- c. Reviewing findings of the Management in conjunction with the external auditors;
- d. Reviewing the effectiveness of the Company's system of accounting and internal control;
- e. Making recommendations to the Board regarding the appointment, removal and remuneration of the external auditors of the company; and
- f. Authorizing the internal auditor to carry out investigations into any activities of the Company which may be of interest or concern to the Committee.

BOARD COMMITTEES

The Board carries out its oversight functions through its standing committees. The purpose, composition, structure, functions and scope of authority for each committee are

as determined by its terms of reference. The Board, in line with governance best practices, has delegated some of its statutory powers to its committees which have been constituted in consideration of the skills and competencies of each member and mandated to carry out such role/ functions assigned by the Board in a manner that enables the Board to focus on more strategic matters. The committees render regular reports at the Board meetings and make recommendations to the Board who makes the final decisions on all matters relating to the Company's affairs. In line with best practice, the chairman of the Board is not a member of any of the Board committees. The Board had five (5) standing committees, namely:

1. Audit Committee
2. Credit and Investment Committee
3. Finance and General-Purpose Committee
4. Governance and Remuneration Committee
5. Risk Management Committee

The standing committees of the Board and their respective members for the period under review were as follows:

BOARD AUDIT COMMITTEE

The members of the Board Audit Committee were:

S/N	COMMITTEE MEMBERS
1.	Mrs. Fatima Wali-Abdurrahman (Chairperson)*
2.	Dr. Olufemi Johnson
3.	Mr. Alexander Adeyemi**
4.	Dr. Olabanjo Obaleye

* Tenure expired January 21, 2024

** Resigned on May 22, 2023

The committee is tasked with the following responsibilities:

- a. Reviewing the financial reporting process, the internal control system, and management of financial risks, audit process and the process for monitoring the Company's compliance with statutory and regulatory guidelines;
- b. Reviewing the scope and planning of audit requirements;
- c. Reviewing the effectiveness of the Company's accounting systems, compliance with reporting standards and internal control;



- d. Submission of recommendations to the Board in relation to the appointment, removal and remuneration of the external auditors of the Company;
- e. Monitoring the integrity of the Company's internal controls over financial reporting;
- f. Monitoring the qualifications, independence and performance of the Company's external auditors and internal audit function;
- g. Reviewing the annual audited financial statements and half yearly unaudited statements with the Management and the external auditors;
- h. Reviewing whistle-blowing reports submitted by the Head of Internal Audit; and
- i. Any other duty as may be assigned by the Board.

BOARD CREDIT & INVESTMENT COMMITTEE

The members of the Board Credit & Investment Committee were:

S/N	COMMITTEE MEMBERS
1.	Mr. Aminu Umar-Sadiq (Chairman)
2	Mrs. Fatima Wali-Abdurrahman*
3.	Mr. Alexander Adeyemi**

*Tenure expired January 21, 2024

**Resigned on May 22, 2023

The Committee is tasked with the following responsibilities:

- a. Reviewing the credit and investment policies for the Company;
- b. Evaluating the Company's refinancing performance bi-annually;
- c. Reviewing applications for loans and making decisions upon such applications within the authority delegated to the committee;
- d. Periodically reviewing the Management's strategies and activities for managing credit risk;
- e. Reviewing applicable stress testing results periodically;
- f. Monitoring the performance and quality of the Company's credit portfolio;

- g. Monitoring and ensuring adherence to and compliance with limits set out in the Company's policy statements;
- h. Reviewing and monitoring the effectiveness and application of credit risk management policies, standard and procedures;
- i. Any other duty as may be assigned by the Board.

BOARD FINANCE AND GENERAL-PURPOSE COMMITTEE

The members of the Finance and General-Purpose Committee were:

S/N	COMMITTEE MEMBERS
1.	Mr. Yemi Adeola
2.	Dr. Herbert Wigwe*
3.	Dr. Olufemi Johnson
4.	Dr. Olabanjo Obaleye

*Deceased February 9, 2024

The Committee is tasked with the following responsibilities:

- a. Reviewing the integrity of the Company's financial reporting system;
- b. Ensuring that an appropriate internal control framework is established and maintained over the financial reporting process;
- c. Reviewing significant corporate finance, solvency and tax compliance;
- d. Reviewing the Company's financial projections on an annual basis. The annual reviews are preceded by quarterly performance reviews by the Executive Management. The reviews would entail quarterly review of capital and operating budgets and actual performances;
- e. Reviewing contract awards for significant expenditure;
- f. Approving a comprehensive framework for the delegation of authority on financial matters;
- g. Reviewing and recommending for Board approval, the Company's dividend policy, including amount, nature and timing;
- h. Any other duty as may be assigned by the Board.



BOARD GOVERNANCE AND REMUNERATION COMMITTEE

The members of the Governance and Remuneration Committee during the period under review were:

S/N	COMMITTEE MEMBERS
1.	Mrs. Fatima Wali-Abdurrahman (Chairperson)*
2.	Mr. Yemi Adeola
3.	Mr. Aminu Umar-Sadiq

* Tenure expired January 21, 2024

This Committee is tasked with the following responsibilities:

- a. Considering and recommending any proposed amendments to the Company's Memorandum and Articles of Association;
- b. Recommending amendments to NMRC's Code of Corporate Governance and other governance policies;
- c. Periodically reviewing the orientation processes for newly appointed members of the Board. The Committee also ensures Directors' continuing education programs;
- d. Reviewing all legislative, regulatory and corporate organisational practices that might affect NMRC's operations, and making recommendations to the Board;
- e. Making recommendations to the Board on corporate governance guidelines for NMRC.
- f. Considering reports on any views expressed by shareholders and other interested parties in relation to corporate governance;
- g. Ensuring that a peer review or other evaluation mechanism is in place for Directors' evaluation, and that written reports on evaluation results are submitted to the Board;
- h. Determining the policy for the remuneration (including benefits, pension arrangements and termination payments) of the chief executive officer, executive directors and senior management staff of the Company;
- i. Reviewing human resource management policies that may impact employee compensation and welfare;
- j. Reviewing the design of all share incentive plans for approval by the Board and the shareholders;

- k. Approving the design of, and determining targets for any performance related pay schemes for the Company;
- l. Overseeing any major changes in employee benefit structure throughout the Company; and
- m. Any other duty as may be assigned by the Board.

BOARD RISK MANAGEMENT COMMITTEE

The members of the Risk Management Committee during the period under review were:

S/N	COMMITTEE MEMBERS
1.	Dr. Herbert Wigwe (Chairman)*
2.	Mrs. Fatima Wali-Abdurrahman**
3.	Dr. Olufemi Johnson
4.	Mr. Kehinde Ogundimu

* Deceased February 9, 2024

**Tenure expired January 21, 2024

The responsibilities of the Committee include:

- a. Reviewing and recommending for Board approval, the Company's Enterprise Risk Management framework;
- b. Reviewing and making recommendations for the approval of the Board, the NMRC's risk philosophy, risk appetite, and overall risk management principles;
- c. Reviewing and recommending for Board approval, policies and procedures for identifying, measuring and controlling risk;
- d. Reviewing risk reports on a regular and timely basis;
- e. Monitoring the Company's adherence to the requirements of the regulatory risk-based supervision and subsequent migration to Basel II compliance;
- f. Recommending appropriate internal control systems/framework;
- g. Conducting quarterly reviews of the Company's risk management, risk profile, and risk mitigation policies;
- h. Reviewing and recommending solutions to the Company's identified inherent and residual risks; and
- i. Any other duty as may be assigned by the Board.



BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE

Provided below are details of Board and Board Committee meetings held in 2023 showing the frequency of the meetings and attendance of members.

BOARD MEETINGS

S/N	Name of Director	Role	24th March 2023	15th June 2023	8th August 2023	23rd November 2023
1	Mr. Charles Candide - Johnson SAN*	Chairman	■	■	■	■
2.	Mr. Kehinde Ogundimu	MD	■	■	■	■
3	Mr. Yemi Adeola	NED	■	■	■	■
4	Dr. Olabanjo Obaleye	NED	■	■	■	■
5	Dr. Olufemi Johnson	NED	■	■	■	■
6	Mrs. Fatima Wali – Abdurrahman*	Independent NED	■	■	■	■
7	Dr. Herbert Wigwe**	NED	■	■	■	■
8	Mr. Alexander Adeyemi***	NED	■	NM	NM	NM
9	Mr. Aminu Umar-Sadiq	NED	■	■	■	■

LEGEND

■ - Present

■ - Absent with apology

* Tenure expired January 21, 2024

** Deceased on February 9, 2024

*** Resigned May 22, 2023

MD- Managing Director

NM – Not a member at the time of the meeting

NED- Non-Executive Director

BOARD COMMITTEE MEETINGS

AUDIT COMMITTEE

S/N	Names	Roles	20/03/2023	24/05/2023	26/07/2023	09/11/2023
1	Mrs. Fatima Wali- Abdurrahman*	Chairperson	■	■	■	■
2	Dr. Olufemi Johnson	Member	■	■	■	■
3	Mr. Alexander Adeyemi**	Member	■	NM	NM	NM
4	Dr. Olabanjo Obaleye	Member	■	■	■	■

*Tenure Expired January 21, 2024

** Resigned on May 22, 2023

NM – Not a member at the time of the meeting



CREDIT AND INVESTMENT COMMITTEE

S/N	Names	Roles	15/03/2023	30/05/2023	31/07/2023	16/11/2023
1	Mr. Aminu Umar-Sadiq*	Chairman	NM	■	■	■
2	Mrs. Fatima Wali-Abdurrahman**	Member	■	■	■	■
3	Mr. Alexander Adeyemi***	Member	■	NM	NM	NM

* Appointment approved by the CBN on March 20, 2023

** Tenure expired January 21, 2024

***Resigned on May 22, 2023

NM Not a member at the time of the meeting

FINANCE AND GENERAL-PURPOSE COMMITTEE

S/N	Names	Roles	21/03/2023	01/06/2023	01/08/2023	14/11/2023
1	Mr. Yemi Adeola	Chairman	■	■	■	■
2	Dr. Herbert Wigwe*	Member	■	■	■	■
3	Dr. Olufemi Johnson	Member	■	■	■	■
4	Dr. Olabanjo Obaleye	Member	■	■	■	■

*Deceased on February 09, 2024

GOVERNANCE AND REMUNERATION COMMITTEE

S/N	Names	Roles	21/03/2023	01/06/2023	01/08/2023	14/11/2023
1	Mrs. Fatima Wali-Abdurrahman*	Chairperson	■	■	■	■
2	Mr. Yemi Adeola	Member	■	■	■	■
3	Mr. Aminu Umar-Sadiq	Member	■	■	■	■

* Tenure on the Board expired January 21, 2024

RISK MANAGEMENT COMMITTEE

S/N	Names	ROLES	15/03/2023	30/05/2023	02/08/2023	16/11/2023
1	Dr. Herbert Wigwe*	Chairman	■	■	■	■
2	Mrs. Fatima Wali – Abdurrahman**	Member	■	■	■	■
3	Dr. Olufemi Johnson	Member	■	■	■	■
4	Mr. Kehinde Ogundimu	Member	■	■	■	■

*Deceased on February 9, 2024

** Tenure expired January 21, 2024



STATUTORY AUDIT COMMITTEE

Names	Roles	16/03/2023	02/11/2023
Mr. Ayo Olowookere	Chairman*	■	■
Dr. Olufemi Johnson	Member+	■	■
Dr. Olabanjo Obaleye#	Member+	NM	■
Mr. Alexander Adeyemi##	Member+	■	NM
Mr. George Oko-Oboh#	Member*	NM	■
Mrs. Ruby Okoro	Member*	■	■

* Shareholder Representative

+ Non-Executive Director

Appointed on August 9, 2023

Ceased to be a member of the Committee on May 22, 2023

NM Not a member at the time of the meeting

COMPANY'S BUSINESS PRINCIPLES AND CODES OF PRACTICE

The Company's business principles and codes of practice are enunciated in various policies approved by the Board. These include among others, the Code of Ethics and Business Conduct; Conflict of Interest; Anti-bribery and Corruption Policy, Related Party Transactions and the Code of Corporate Governance.

The policies define behaviour and conduct expected of the Board, Management and staff of NMRC. The policies are aimed at promoting among employees, a culture consistent with the Company's core values and establishing acceptable standards of ethical behaviour for staff. Employees of the Company are required to act in accordance with all applicable laws and regulations.

Some of the major Business Principles and codes of practice of Nigeria Mortgage Refinance Company include the following:

- Directors and employees are expected to adopt utmost professional care and conduct in the exercise of their duties and to exhibit proficiency and knowledge in their work.
- They are strictly prohibited from giving or accepting bribes in the performance of their official duties, even if such actions result in a loss of business for the Company.
- The Company prohibits any form of sexual harassment and victimisation or discrimination on the grounds of age, disability, gender, marital status, religion, or ethnicity.

- Directors are to promptly disclose to the Board any real or potential conflict of interest that they may have regarding any matter that may come before the Board or its committees.
- NMRC personnel shall not offer, give or receive gifts from persons or entities that deal with NMRC in situations where any such gift may be considered as being made to influence the directors' actions as members of the Board, or where acceptance of the gifts could create the appearance of a conflict of interest or be construed as a bribe or payoff, or violates any existing law, rule or regulation.

The Company's policies commit NMRC, its Board, management and other employees to the highest standards of professional behaviour, business conduct and sustainable business practices. Directors and employees are all expected to sign a yearly undertaking to abide by the provisions of the policies. Employees are also encouraged to report unlawful/unethical behaviour and actively promote ethical behaviour. Protection is provided for those who report violations in good faith, through the whistle blowing channels. There are established mechanisms for monitoring compliance with NMRC's business principles by both Directors and employees.

CODE OF BUSINESS ETHICS

The Company has in place a Code of Ethics and Business Conduct for its employees. This Code aims at promoting among employees, a culture consistent with the Company's core values and establishing acceptable standards of ethical behaviour for staff. Employees of the Company are



required to act in accordance with all applicable laws and regulations as the Company will not condone employees who violate the law or ethical standards whether specifically provided for in the Code or otherwise. All employees undertake to abide by the provisions of this Code and new employees are required to read and agree to the terms of the code during the course of their employment. The Internal Audit is responsible for full compliance with the provisions of this Code.

WHISTLE BLOWING POLICY

The Company in observance of sound corporate governance principles has an established Whistle Blowing Policy. This Policy provides a confidential avenue for reporting cases of fraud and other forms of misconduct which are inimical to the Company's ethos. The Company has a dedicated phone number and an e-mail address through which complaints/reports can be received. The email address is whistleblower@nmrc.com.ng. The Policy is also hosted on the Company's website - www.nmrc.com.ng

EQUAL OPPORTUNITY EMPLOYMENT POLICY

NMRC is committed to a policy and practice of ensuring that all matters relating to employment and career progression within the Company are anchored on qualification and merit. The Company does not discriminate on the basis of gender, race, sex, disability or any such considerations. As much as possible, the Company seeks to maintain gender balance in its staff and board composition, without compromising merit. The Company has made progress in terms of gender diversity, as it is currently presenting two female directors for appointment to the board. The Company will continue to implement its gender diversity goals as set by the Board in accordance with its relevant policies. The Company is also working towards increasing female participation in its management.

Applications by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues, and that appropriate training is provided. It is the policy of the Company that the training, career development and promotion of disabled persons should as far as possible, be identical with those of other employees.

HEALTH, SAFETY AND WELFARE AT WORK

The Company enforces strict health and safety rules and practices within the work environment, which are reviewed and tested regularly. The Company retains top-class private hospitals where medical facilities are provided for staff and their immediate families at the Company's expense under the Health Insurance Scheme.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Company's premises, while occasional fire drills are conducted to create awareness amongst staff.

The Company operates both the Group Personal Accident and the Employees' Compensation Insurance covers for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act. No health and safety related incident was recorded in the year under review.

The Company has established a Health and Safety culture that seeks to protect and promote the health of its workforce, while also ensuring there are no injuries to any third-party employee working within the Company's premises. To achieve these, the Company subjects itself to scrutiny from the local Health & Safety Authorities and ensures it remains compliant to all applicable HSE regulations.

COMPANY'S POLICIES, PLANS AND STRATEGIES TO ADDRESS THE IMPACT OF DISEASES ON STAFF AND THEIR FAMILIES

The health and overall wellbeing of staff and their families are accorded top priority by NMRC. The Company therefore provides comprehensive health insurance cover for its staff and their families. Our health insurance plans cover staff, their spouses and up to four (4) children. The plans provide care for conditions ranging from malaria, antenatal care, delivery costs, vaccinations and management of chronic conditions including HIV/ AIDS which require continuous medication.

EMPLOYEE TRAINING AND DEVELOPMENT

The Company ensures, through various fora, that employees are informed on matters concerning them. Formal and informal channels are also employed in communicating with employees, with an appropriate two-way feedback mechanism.



Employee development is seen as the avenue for equipping employees with requisite competencies that will enable them to effectively perform their duties and fit into future roles, as well as for building an empowered and knowledgeable workforce. In the light of this, the Company's Human Resources function maintains a competency framework which indicates the minimum competency requirement for employees per job grade.

In accordance with the Company's policy of continuous development, training facilities are provided in well-equipped training centers. Training programmes are delivered through a combination of on-the-job learning, in-house knowledge building sessions, e-learning and off-site training programmes facilitated by reputable training providers.

DIRECTORS' TRAINING AND INDUCTION

NMRC attaches great importance to the training of Directors, and therefore organises training for its Directors both on the specifics of the Company's business as well as on their leadership roles as Directors of the Company. The goals of the trainings are usually to support the Board in delivering its strategy, and the specific development of each Director on the Board. Such trainings which are organised by the Company Secretariat could be domestic or take place offshore and are facilitated by seasoned faculty members who are experienced in providing trainings of this nature.

The last Directors' training during the period under review took place at the Mauritius University of Technology, School of Business, Management and Finance. The training session covered topics in housing finance, using the Mauritius Housing Company as case study. Additionally, the training explored the financial service sector's Environmental and Social Risk Management Programme, underscoring its role in advancing environmental sustainability objectives.

The Company has an onboarding process manual which provides guidelines for conducting a formal orientation and induction for all persons appointed to the Board of Directors of the Company. The induction programme is usually personalised for each new Director and helps them identify how their background, knowledge, experience, and skills can contribute to the activities of the Board, and the achievement of the mandate of the Company in general.

As part of the induction process, new Directors will be required to meet with the Chairman, the Chief Executive Officer, and other members of the Board of Directors. Thereafter, new Directors are provided with an NMRC Governance Handbook containing the constitutional documents of the Company, and the major policies of the Company.

REMUNERATION POLICY

In recognition of the fact that its ability to attract and retain the right talent is critical to its success, the Company has a compensation policy in place which ensures that it delivers competitive remuneration to its employees. The goal of this policy is to ensure that the Company's compensation structures motivate sustained high performance and are linked to corporate performance. The Company conducts compensation surveys from time to time to determine market trends and benchmark the Company's pay against those of similar organisations in the industry.

Total compensation payable to employees will typically include guaranteed pay, variable pay, and benefits-in-kind. While the guaranteed pay is inclusive of the base pay and other allowances which are payable at periodic intervals, the variable pay is linked to performance and incorporates features of both short and long-term incentives. NMRC also provides non-monetary compensation such as medical insurance, professionals and club memberships, mobile phones with air time and data, to its employees to supplement their cash remuneration. NMRC also complies with the Pension Reform Act on the provision of retirement benefits to employees at all levels.

The Company also has a Directors' compensation policy in place which sets out the framework for remuneration and other forms of compensation that will be available to members of its Board of Directors. The policy was established in line with NMRC's commitment to the observance of best practice in its corporate governance processes and compliance with relevant laws, regulations and standards. The Board Governance and Remuneration Committee is responsible for making recommendations on Directors' compensation structure to the Board of Directors. The Directors' compensation recommended to the Board is subject to shareholder approval in a general meeting. The remuneration of the Executive Directors is as far as possible, structured to link rewards to corporate and individual



performance and where possible, the remuneration of Directors is benchmarked with organisations of similar size and standards in the financial industry.

POLICY ESTABLISHED DURING THE YEAR:

Hedging Policy

The Hedging Policy is designed to provide a framework for non-speculative management of financial risk using derivative instruments. It was prepared in line with regulatory requirements prohibiting NMRC from engaging in speculative transactions using hedging instruments

FRAUD AND FORGERIES REPORT

There was no incident of fraud or forgery during the year ended December 31, 2023. The internal control environment continues to provide strong safeguards against fraud and irregularities. Proactive measures are put in place to provide further assurance on the safety and security of the Company's assets. Nil returns on fraud and forgeries were rendered to the Central Bank of Nigeria (CBN) during the year. The Board and management of NMRC continue

to set the right tone at the top, through their zero tolerance for fraud, forgery or any irregularity.

TENURE OF DIRECTORS

To ensure continuity, the tenure of the Non-Executive Directors is a fixed term of four (4) years renewable twice i.e. a maximum of twelve (12) years, while the tenure of Independent Directors is for a fixed term of four (4) years renewable once i.e a maximum of eight (8) years. This is in accordance with Paragraphs 2.4.6 and 2.4.7 of the CBN Code of Corporate Governance for Mortgage Refinance Companies in Nigeria. The tenure of the CEO is for a fixed term of 5 years renewable once i.e. a maximum of 10 years, subject to the provisions of the CEO's Contract of Service. This is in accordance with Paragraph 2.4.8 of the CBN Code of Corporate Governance for Mortgage Refinance Companies in Nigeria.

The cumulative tenure of service of each director as at the period under review is as follows:

S/N	Names	Type of Directorship	Tenure Utilised
1	Mr. Charles Candide-Johnson SAN	Independent Non-Executive Director	7 years, 11 months*
2	Mr. Kehinde Ogundimu	Chief Executive Officer / Managing Director	5 years
3	Dr. Herbert Wigwe	Non-Executive Director	10 years **
4	Mr. Yemi Adeola	Non-Executive Director	10 years
5	Mr. Alexander Adeyemi	Non-Executive Director	Resigned
6	Dr. Olufemi Johnson	Non-Executive Director	10 years
7	Mrs. Fatima Wali-Abdurrahman	Independent Non-Executive Director	7 years, 11 months*
8	Dr. Olabanjo Obaleye	Non-Executive Director	3 years, 7 months
9	Dr. Armstrong Takang	Non-Executive Director	6 months
10	Mr. Aminu Umar-Sadiq	Non-Executive Director	1 year, 1 month

* Tenure expired on January 21, 2024

** Deceased February 9, 2024

The computation period is from the date on the resolution appointing the Director as filed at the CAC



THE COMPANY SECRETARY AND ITS ROLE

The Company Secretary is a point of reference and support for all Directors of the Company; and regularly consults with the Directors to ensure that they receive prompt information.

The Company Secretary ensures adequate dissemination of information among Board members and between the Board and the management of the Company. In respect of Board and Committee meetings, the Company Secretary undertakes the preparation of the relevant papers and other documents required for successful deliberations.

The Company Secretary is responsible for the induction of new Directors and the provision of ongoing training for the Non-Executive and Independent Directors. The Company Secretary is a source through which the shareholders of the Company access information on the Company.

The Company Secretary also ensures that the Company complies with the relevant regulatory laws including the CBN Regulatory and Supervisory Framework for the Operations of a Mortgage Refinance Company, the Central Bank of Nigeria Code of Corporate Governance for Mortgage Refinance Companies in Nigeria and the Companies and Allied Matters Act. The Company Secretary assists the Board with the implementation of the NMRC Code of Corporate Governance, organises Board meetings and ensures that the minutes of the Board clearly capture the discussions and decisions of the Board. It is also the responsibility of the Company Secretary to ensure that all regulations and policies of the Company including the Memorandum and Articles of Association are complied with.

The procedure for the appointment and removal of the Company Secretary is governed by the principles of the Companies and Allied Matters Act 2020.



RISK MANAGEMENT

Nigeria Mortgage Refinance Company (NMRC) adopts an enterprise-wide approach to the oversight and management of risks across its business and operations. The foundation of the Company's risk management is centred on sustainable finance. NMRC aligns with local regulatory and International best practises in managing risks in an enterprise-wide basis. The Company is conservative and practical in the application of risk oversight and management which form the foundation of its business model and choice of activities.

The Risk Management function in NMRC is proactive, up-to-date, effective and technology driven. The Company's risk function anticipates risks inherent and residual in the Company's business and operations and ensures that adequate controls, reporting and effective monitoring are being done to manage these risks. Risks exposures/limits are planned and articulated through documented Risk Appetite Statement, Risk Acceptance Criteria and a Target Market Plan. The Uniform Underwriting Standards (UUS), Enterprise Risk Management Framework, and Risk Policies which are approved by the Board of Directors articulate the Company's risk choices and limits in practical and applicable terms. The Risk Management function ensures that strategies and policies that drive risks controls are comprehensive and robust. Risks policies are approved by the Board and are reviewed and renewed periodically to ensure they remain anticipatory, current, and responsive to emerging developments in the operating and global risk environment.

Risk management activities are driven using technology in order to achieve standardisation and enforcement of policies, controls and mitigants. NMRC regularly reviews risk exposure limits and conducts risk control and self-assessment, key risk indicator monitoring to identify new risks in order to position itself against adverse conditions. NMRC deploys these tools to predict and successfully manage both the local and global shocks and their impacts on the macroeconomy and mortgage business.

Market volatilities and economic uncertainties are typically contained as NMRC regularly subjects its exposures and capital to a range of stress tests. The Company monitors credit risk exposures through regular extensive reviews of refinanced banks and the underlying refinanced portfolio performances. NMRC uses internal bespoke risk scoring and monitoring models to implement these. The Company also reviews profiles of new borrowers and their potential portfolios on a comparative risk-adjusted basis. The risk reviews are comprehensive and usually cover historical, current, forecast, and stress test of the macroeconomy (both internationally and country based), obligors, the underlying portfolios and the mortgage sub-sector itself.

During the year, NMRC maintained its defined risk standard and culture while also ensuring capacity building of its staff and staff of partner banks. Training on AML/CFT/CPF was conducted for staff of NMRC and partner banks. Mortgage portfolios of banks were refinanced during the year. The Company continued with the use of the Mortgage Market System (MMS) for mortgage transactions administration. NMRC as part of its capacity building initiative conducted series of trainings on the use of MMS and mortgage underwriting for its partner banks. MMS provides a standard operating system for mortgage creation, mortgage refinancing and managing NMRC's refinanced mortgage portfolios until the loans are fully repaid. The Mortgage Market System is the first of its kind in the Nigeria mortgage market, designed to function as an ecosystem for housing finance activities. MMS provides the technology for mortgage finance activities encompassing the pre-finance stage (housing supply and construction), primary mortgage creation stage, and mortgage refinancing stage.

NMRC complied with the requirements on AML/CFT/CPF regulations and reporting. ESG requirements and reporting as prescribed by CBN were also implemented, monitored and reported to ensure the Company abides by the principle of sustainable financing.



NMRC's Risk Management Framework

Enterprise Risk Management Framework forms part of NMRC's culture that is embedded in the Company's business processes and practices. NMRC's Risk Management Framework is comprehensive and robust, it details how risk management will be governed in the Company alongside other critical risk processes including risks identification, reporting, measurement and mitigation. The framework lists the Board and relevant committees under the Board that would manage the risks of the Company. The responsibilities and accountabilities of the Board of Directors (the "Board"), Board Risk Management Committee, Board Credit and Investment Committee, Board Audit Committee, Management Credit Committee, Management Risk Committee, Asset and Liability Management Committee, Chief Executive Officer, Risk Management Department, Internal Audit Department and NMRC employees relating to risk management are duly outlined in the Risk Management Framework.

NMRC's enterprise risk management framework articulates the Risk Management philosophy and the Risk Acceptance Criteria (RAC) of NMRC which are aligned with the Company's business strategy of responsible and sustainable finance and profitability. The framework specifies the Uniform Underwriting Standards (UUS) as the set of standards for granting mortgage loans that will qualify for NMRC's refinancing.

The Uniform Underwriting Standards (UUS) helps NMRC and other stakeholders to:

- I. Establish mortgage lending standards and procedures within the Nigerian mortgage market, thereby facilitating improved access to housing finance; and
- II. Develop and institutionalize criteria for acceptable mortgage loans, including payment performance, financial terms, legal contract terms, mortgage loan



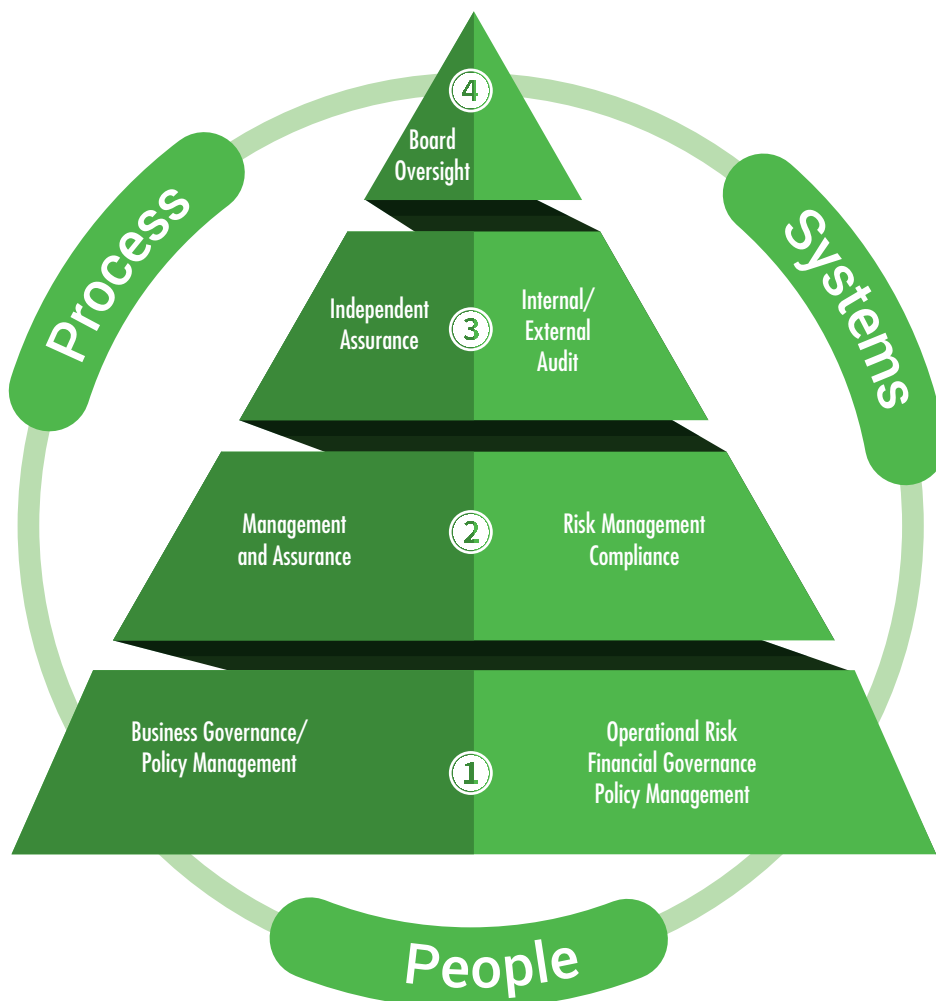
product designs, mortgage loan underwriting criteria, and the contents of mortgage loan documents.

Lending standards promote efficiency and mitigate the legal and operational risks inherent in mortgage lending by ensuring quality collateral, adequate property title, proper registration, enforcement of legal mortgages, and maintenance of efficient collection processes. Such standards balance the requirements of responsible finance with the lenders' needs to enforce loan contracts. NMRC's goal is to act as a catalytic and focused advocate to address the issues of standardization and effective risk management.

NMRC has also put in place adequate internal control systems to manage its business and operations.

NMRC's Risk Management Framework has been designed to drive the achievement of the Company's strategic objectives as follows:

- I. To encourage financial institutions to increase mortgage lending by providing them with long term funding;
- II. To increase the maturity structure of mortgage loans and assist to reduce mortgage default rates;
- III. To increase the efficiency of mortgage lending by taking a lead role in proposing changes to the enabling environment for mortgage lending through standardization of mortgage lending practices of financial institutions; and,





- IV. To introduce a new class of high quality long-term assets to the pension funds and other investors.

NMRC's Risk Management Framework provides for four lines of defence in managing risks within the Company:

- I. Business units/departments are the first line of defence, and have the primary responsibility of identifying, mitigating and managing risks within their scope of operation. They also ensure that their day-to-day activities are carried out within established risk policies, procedures and limits.
- II. An independent Risk Management Department plays the role of second line of defence by providing specialized resources to anticipate and manage risks. These include the assessment of risk exposures and the coordination of risk management on an enterprise-wide basis. The Risk Management Department is also responsible for ensuring that risk policies are implemented effectively. The Compliance Unit forms part of the second line of defence and is responsible for ensuring compliance with applicable laws, regulations and standards.
- III. The Internal Audit Department is the third line of defence and is responsible for independently overseeing the adequacy and effectiveness of risk management processes, system of internal controls and compliance with policies. The third line of defence is also supported by reviews of supervisory/regulatory bodies and external auditors.
- IV. The fourth line of defence is the Company's Board oversight. The Board through its risk committees namely the Board Risk Management Committee and Board Credit and Investment Committee provides oversight functions on risks in the Company. Committees' meetings are held at least quarterly, where risk reports are presented and deliberated upon. The committees also approve policies and risk exposure/transaction limits in line with their respective Terms of Reference.

NMRC'S RISK GOVERNANCE STRUCTURE

The Board is primarily and ultimately responsible for setting the overall strategic direction for NMRC. The Board provides oversight to ensure that Management has appropriate risk management systems and practices established to manage risks associated with the Company's operations and activities. The Board achieves this through:

- a) setting the overall tone of the Company's risk appetite and ensuring that this is well enshrined in its corporate culture;
- b) approving firm-wide standards for different types of risk including e.g. credit risk, market risk and operational risk;
- c) identifying, understanding and assessing the types of risk inherent in the NMRC's business activities or major new products or services to be launched; laying down the risk management strategies;
- d) approving a risk management framework consistent with NMRC's business strategies and risk appetite; determining that the risk management framework is properly implemented and maintained;
- e) reviewing the risk management framework periodically to determine their adequacy in comparison to the prevailing business conditions;
- f) determining that there are clear reporting lines and responsibilities for the risk management function;
- g) approving the allocation of resources to business units or divisions in accordance with NMRC's risk appetite;
- h) maintaining continued awareness of any changes in the Company's risk profile; and
- i) approving the provision of adequate resources (e.g. financial, technical expertise and systems technology) for risk management purposes.

The Board Risk Management Committee assists the Board by ensuring that there is effective oversight and development of strategies, policies and infrastructure to manage the Company's risks. The Board Risk Management Committee is supported by management committees in addressing any key risks identified.

The Management Credit Committee, Management Risk Committee, and Asset and Liability Management Committee which are constituted by senior management of NMRC and chaired by its CEO, undertakes the oversight function for capital allocation and prescription of overall risk limits, aligning them to the risk appetite set by the Board. Management is also responsible for the implementation of policies laid down by the Board and ensuring there are adequate and effective operational procedures, internal controls and systems to support these policies.



THE RISK MANAGEMENT DEPARTMENT

The Risk Management Department is responsible for identifying, measuring, analysing, controlling, monitoring and reporting of risk exposures and coordinating the management of risks on an enterprise-wide basis. The risk management function in NMRC carries out the following key functions:

- Identify, manage and report existing and emerging risks to the Management and Board of Directors
- Enhance credit ratings, external and regulatory evaluations of the Company
- Institute a risk culture that empowers and encourages staff at all levels to be risk sensitive and risk managers
- Protect against expected and unexpected losses in the Company
- Reduce earnings volatilities
- Maximise stakeholders' value and stakeholders' protection.



SCOPE OF RISKS

NMRC adopts an integral risk management model where all aspects of risk management are considered and managed. Risks managed by NMRC include:

- Credit Risk
- Market and liquidity Risk
- Operational Risk
- Legal Risk
- Compliance Risk
- Business Risk
- Capital Risk
- Strategic Risk
- Reputational Risk
- Environmental & Social Risk

CREDIT RISK MANAGEMENT

Credit risk is defined as the potential for financial loss resulting from the failure of a borrower or counterparty to fulfil its financial or contractual obligations. Credit risk within NMRC arises from its mortgage refinancing (Purchase with Recourse (PWR)) business, investments and treasury activities. The primary objective of credit risk management is to proactively manage risk and credit limits to ensure that all exposures to credit risks are kept within parameters approved by the Board to mitigate and withstand any potential losses. Investment activities are guided by internal credit policies and guidelines that are approved by the Board.



MARKET & LIQUIDITY RISK MANAGEMENT

Market risk is defined as potential loss arising from movements of market prices and rates. Liquidity risk arises when NMRC does not have sufficient funds to meet its financial obligations when they fall due. NMRC manages market and liquidity risks by imposing limits which are approved by management within the parameters approved by the Board based on a risk-return relationship. It also adheres to a strict match-funding policy where all asset purchases are funded by bonds of closely matched size, duration, and are self-sufficient in terms of cash flow. A forward-looking liquidity mechanism is in place to promote efficient and effective cash flow management while avoiding excessive concentrations of funding. NMRC plans its cash flow and monitors closely every business transaction to ensure that available funds are sufficient to meet its business requirements at all times. Reserve liquidity, which comprises marketable debt securities, are also set aside to meet any unexpected shortfall in cash flow or adverse economic conditions in the financial market.

OPERATIONAL RISK MANAGEMENT

Operational risk is the potential loss resulting from inadequate or failed internal processes, people and systems, or from external events. Each department undertakes self-assessment of its own risk and control environment to identify, assess and manage its operational risks. NMRC has established comprehensive internal controls, systems and procedures that are subject to regular review by both internal and external auditors. Business Continuity Plans are in place to minimize unexpected disruption and reduce time to restore operations.

STRATEGIC RISK MANAGEMENT

Strategic risk is the risk of not achieving the Company's corporate strategy and goals, which may be caused by internal factors such as deficiency in performance planning, execution and monitoring, and external factors such as the market environment. Strategic risk management is addressed by the Board's involvement in the setting of the Company's strategic goals. The Board is regularly updated on matters affecting corporate strategy implementation and corporate transactions. The Company also conducts regular business review/strategy sessions to track business performance against its strategic goals.

REPUTATIONAL RISK MANAGEMENT

NMRC's reputation and image as perceived by clients, investors, regulators and the general public is of utmost importance to the continued growth and success of the Company's business and operations. Invariably, reputational risk is dependent on the nature/model of business, selection of clients and, counterparties and reliability and effectiveness of business processes. Stringent screening of potential clients and partnerships and design of business in accordance with high standards and regulatory compliance are incorporated to safeguard the Company's business reputation and image.

COMPLIANCE RISK MANAGEMENT

Compliance risk is the risk to earnings, capital or reputation occurring from violation of or non-conformity with laws, regulations, prescribed practices or ethical standards and may result in fines, penalties, payment of damages and voiding of contracts. The Board has an oversight function of the compliance risk framework for NMRC. In managing Compliance Risk, NMRC engages mortgage lenders directly, constantly monitoring their obligations in fulfilling their due diligence activities. These include ensuring that the Primary Mortgage Lenders (PMLs):

- i. Have adequate compliance policies and procedures;
- ii. Have designated Compliance Departments;
- iii. Have a Chief Compliance Officer in accordance with regulatory specifications;
- iv. Render compliance regulatory returns and reports in strict accordance with specifications by the regulatory bodies;
- v. Conduct AML/CFT/CPF trainings for staff of PMLs.

ANTI-MONEY LAUNDERING/COMBATING FINANCING OF TERRORISM/COUNTERING PROLIFERATION FINANCING (AML/CFT/CPF)

NMRC is committed to cooperating with the Government and its agencies in coordinating the implementation of Anti Money Laundering laws and combating financing of terrorism with a view to preventing the Company from being used as a channel for such activities. NMRC's policies and procedures are established to ensure compliance with the applicable laws of the country. NMRC supports its staff



to achieve the highest standard of compliance integrity. The employees of NMRC undergo periodic trainings to help them to be fully aware of both NMRC's commitment to preventing Money Laundering and Terrorism Financing, and their personal responsibilities and obligations in achieving this goal. The training is also extended to staff of partner banks to build their capacities in AML/CFT/CPF compliance management.

INFORMATION SECURITY AND IT RISK MANAGEMENT

Information security is the process by which NMRC protects and secures systems, media and facilities that process and maintain information vital to its business operations. NMRC has put in place an adequate assessment system that identifies the value and sensitivity of information and system components as well as the exposure from threats and vulnerabilities. All computerized confidential information stored on computers, laptops or the centralized NMRC server and to which access is obtained via communications facilities are protected using the latest firewall software. Periodic evaluations of the adequacy of the controls are carried out to ensure up to date protection. Awareness programs are also done for all staff to ensure staff members appreciate and protect the Company's systems from Cyber attacks.

LEGAL RISK MANAGEMENT

Legal risk is the risk of real or threatened litigation against NMRC. Legal risks can represent significant costs to NMRC, disrupt the operation of NMRC and reduce the earnings and capital of NMRC. Legal risk may arise from unenforceable contracts; law suits; adverse judgments; and loss of corporate focus. NMRC has established a legal risk policy to address any potential legal risks within the Company.

WHISTLE BLOWING STRUCTURES

The Whistle Blowing Policy provides for dedicated phone lines as well as email addresses for the communication of any act that violates sound ethics and the corporate governance code of the Company. The Policy also provides protection for the whistle blower and incentives for whistle blowers who report issues that are found to be true and could negatively impact on the Company's operations where not promptly reported.

INTERNAL CONTROL SYSTEMS

NMRC's internal control system encompasses the following key processes:

Authority and Responsibility

An organisational structure, job descriptions and Key Results Areas (KRA), which clearly define lines of responsibility and accountability aligned to business and operational requirements.

- a) Clearly defined lines of responsibility and delegation of authority to the Committees of the Board, Management and staff.
- b) Management has also set up key Management Committees to ensure effective management and supervision of the areas under the respective Committees' purview.

Planning, Monitoring and Reporting

- a) An Annual Business Plan and Budget is developed, presented and approved by the Board before implementation. In addition, actual performances are reviewed against the targeted results on a monthly basis allowing timely responses and corrective actions to be taken to mitigate risks. The result of such performance review is reported to the Board on a quarterly basis. Where necessary, Business Plan and Budget are revised mid-year, taking into account any changes in business conditions.
- b) Regular reporting to the Board and the Board Committees. Reports on the financial position, status of loans and debts purchased, bonds and notes issued are provided to the Board at least once a quarter. Where necessary, other issues such as legal, accounting and other relevant matters are also reported to the Board.
- c) Regular and comprehensive information are provided to Management covering financial and operational reports at least on a monthly basis.

Policies and Procedures

Clear, formalized and documented internal policies and procedure manuals are in place to ensure compliance with internal controls and relevant laws and regulations. Regular reviews are performed to ensure that the documents remain current and relevant.



Independent Review by Internal Audit Department

- a) The Internal Audit Department provides assurance to the Board by conducting an independent review on the adequacy, effectiveness and integrity of the system of internal controls. It adopts a risk-based approach in accordance with the annual audit plan approved by the Committee. The results of audits are presented to the Board Audit Committee.
- b) The audit plan and audit reports are also submitted to the Board and the relevant Board committees to inform them of any weaknesses in the internal controls system.

Business Continuity Planning

A Business Continuity Plan (BCP), including a Disaster Recovery Plan is in place to ensure continuity of business operations.



SUSTAINABILITY REPORT



Environmental and social sustainability is a core part of NMRC's commitment to responsible financing. Sustainability is embedded into the core business strategy of the Company. NMRC aligns with the Central Bank of Nigeria's Sustainability Principles and International best practices in managing Environmental and Social risks, and applies these principles in the day to day running of its businesses and operations.

At NMRC, Sustainability is implemented, managed, monitored, and reported through its Environmental, Social and Governance (ESG) Framework. NMRC'S sustainability practices is guided by its ESG framework which assesses organization's business practices and performance on various sustainability and ethical issues. The ESG framework is centred on three pillars: Environment, Social and Governance. The Company's Board is primarily and ultimately responsible for setting the overall sustainability direction for the Company. The Board performs oversight responsibilities to ensure that Management puts in place

appropriate practices to manage ESG risks associated with the Company's operations and activities.

NMRC has an ESG policy approved by the Board. The policy outlines NMRC's commitment to sustainable finance in its business relationships and sets the pace for suitable procedures and workflows which will ensure NMRC's compliance with applicable environmental and social legislation and regulatory requirements, as well as those of international financial institutions providing support to NMRC such as the World Bank/IFC.

NMRC's ESG practices focuses on people and culture, investing in our communities, supporting the achievement of a sustainable and inclusive economy, managing environmental and social impacts, and advancing responsible business practices. These put together help ensure that NMRC continues to achieve sustainable success and growth for the benefit of its stakeholders.





NMRC's Three Pillars of ESG

SUSTAINABILITY IN NMRC REFINANCING TRANSACTIONS

NMRC provides liquidity to mortgage lenders for mortgage origination through the refinancing of banks mortgage portfolios. NMRC recognizes that mortgage refinancing exposes the Company to some level of Environmental and Social (E&S) risk through the mortgage lending activities of mortgage lenders (MLs).

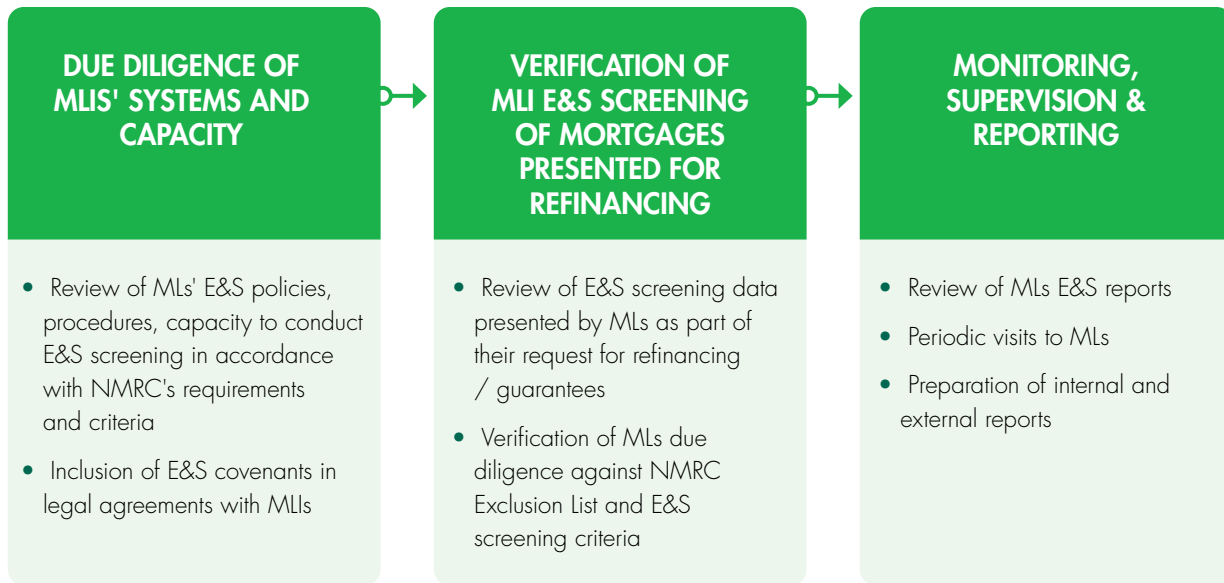
E&S risks associated with NMRC's lending activities through MLs depends on factors such as the specific E&S circumstances associated with the MLs businesses and operations.

NMRC drives and supports primary mortgage lending institutions to institutionalize and implement adequate policies, procedures, and practical tools for environmental and social risk screening of mortgages originated by the lenders which includes mortgages that would be

subsequently presented to NMRC for refinancing. The process starts with ensuring that the banks are adopting ESG principles and practices, and they have ESG policies approved by their Board.

NMRC's approach acknowledges that identification and management of E&S risks is a shared responsibility between NMRC and MLs, as such, the Company clearly defines the scope, applicable requirements, and actions to be taken by MLs to support the objectives of effective E&S risk management in its ESG Policy.

NMRC designed an E&S Screening Checklist that is being used by its partner banks for mortgage underwriting and screening. The checklist embeds the screening requirements of The World Bank/IFC and CBN Sustainability requirements. The Company takes steps to ensure screening and assessment of the partner banks and their underlying mortgage portfolios are done periodically.



NMRC'S COLLABORATION WITH STAKEHOLDERS ON SUSTAINABILITY

NMRC is interested in ESG matters at the local and international stage. NMRC is a willing partner in driving and achieving sustainability goals with other players. The Company keenly follows updates and requirements on sustainability, including climate change awareness and control, as they continue to evolve and gain traction in the globe.

NMRC maintains relationships with the World Bank and IFC on ESG issues, including green financing. NMRC adopts the World Bank Exclusion List in its operations and engages IFC for the training of its staff and staff of partner banks on ESG and green financing periodically. The Company also participates actively in trainings and workshops organised by the CBN on ESG, and is currently partnering with the CBN, banks, and other Development Finance Institutions (DFIs) in the development of a revised Sustainability framework for the financial sector. Reports on ESG (sustainability) assessments are submitted to the CBN on an annual basis.

NMRC also actively cooperates with its shareholders on ESG initiatives. During the year, NMRC participated in an ESG assessment exercise organised by Nigeria Sovereign Investment Authority (NSIA), a shareholder of NMRC. NMRC also attended trainings on ESG facilitated by PwC under NSIA's sponsorship.

NMRC also engages the community on sustainability goals. The Company runs a corporate social responsibility program

annually which is targeted at providing entrepreneurial skills acquisition training for unemployed youths and internally displaced persons. This is usually achieved through partnership provided by the Industrial Training Fund (ITF). NMRC has trained and equipped over 350 persons through the program and some of the beneficiaries are now self-employed, business owners and employers.

During the year, NMRC organised the year's CSR program with the target to increase the participation of females. The number of female participants increased significantly compared to previous years and the goal is to achieve more participation from women in the coming years.

NMRC WORKPLACE SUSTAINABILITY INITIATIVES

Every NMRC staff is "Green Aware" and compliance-driven, as there are deliberate and dedicated actions put in place by the Company to ensure staff are focused on reducing the carbon footprint at our workplace. All our employees are encouraged and trained to imbibe sustainable lifestyles both at work and in their personal lives.

NMRC's green initiatives in the workplace include:

Resource Efficiency

To promote environmental protection, NMRC's core business processes and operations are automated to improve efficiency both for NMRC and its partner banks. Mortgage underwriting is being done using the NMRC Mortgage Market System (MMS). The MMS ensures higher efficiency, processing cost reduction, and standardisation of mortgage processing for both NMRC and Banks.



NMRC also implements the 'No Paper Initiative', which demands the reduction of paper consumption. Some activities under this initiative include paper-saving tips, the use of systems for approvals, electronic memo approval system, electronic reporting and presentation slides for meetings.

Waste Management

NMRC actively tracks its waste management. The outcome of the measurement forms part of the Company's sustainability report to regulators and other stakeholders. NMRC is taking steps to improve on its waste management initiatives year on year.

Alternative Energy

NMRC is committed to the use of alternative energy in the running of its operations, in order to reduce its electricity consumption levels and save the environment as fossil fuels are among the major causes of global warming due to the large amounts of GHGs, including carbon dioxide (CO₂), which they emit. NMRC is taking steps to reduce the use of such fuels as its primary source of energy. The Company is increasingly making use of renewable energy sources, such as solar power system, energy efficient LED bulbs, energy saving air-conditioners, and other energy-efficient technologies to reduce its carbon footprint and minimise the consumption of resources, thereby reducing our climate impact.

Water Efficiency

NMRC is mindful of the discipline that should be employed in the use of water both for consumption and non-drinking purposes. The Company admonishes its staff on the need for the economic use of water being a valuable and finite resource. Staff members, including the office cleaners, are trained to be responsible custodians of clean water. NMRC uses water-efficient flush systems and employs other water efficiency devices to make it easy for staff to use water mindfully. Reports on water usage are being monitored and reported quarterly.

Inclusion

Inclusion is one of the four pillars of NMRC. NMRC is inclusion friendly and is taking steps to ensure that the Company continues to implement inclusion initiatives. Recruitment of females is considered in the Company's

recruitment exercises without compromising on the quality of people recruited.

NMRC also refinances mortgage loans of individuals in the informal sector who meet the Uniform Underwriting Standards for the Informal Sector.

The Company actively engages players in the Non-Interest Banking sector for capacity building of NMRC and partner bank staff on non-interest mortgage financing. NMRC partnered with Mortgage Bankers Association of Nigeria (MBAN) to organise a training on non-interest mortgage products for all players in the financial sector and regulators. Participants in the training included executive management and staff of mortgage banks, Securities and Exchange Commission (SEC), and the Central Bank of Nigeria (CBN).

NMRC'S OUTLOOK ON SUSTAINABILITY

Economic, social and demographic factors are key determinants for ensuring continued provision of acceptable housing standards to a wide range of stratified groups within populations. NMRC's sustainability approach will continue to recognise the demands and challenges faced by low-income earners and marginalised populations in their attempts to gain access to adequate and affordable housing.

NMRC's product innovations alongside stakeholder engagements continue to provide opportunities to birth mortgage underwriting standards for diverse economic groups in the society in order to ensure meaningful and measurable impact on access to housing for all.

NMRC will continue to participate and advocate for sustainable housing finance through the application of technology and a targeted approach at standardisation in ensuring reduction in the growth of unplanned settlements, increased promotion of land tenure security and overall increase in homeownership.

Following the ongoing initiative by the Securities and Exchange Commission (SEC) to introduce a sustainability reporting standard in financial statements of companies, NMRC is standing ready to fully adopt the requirements of the reporting standard as will be communicated by the SEC. NMRC is also actively participating with other Development Finance Institutions and Banks in the ongoing review of the CBN Sustainability Principles.



MARKET DISCLOSURES AND ENGAGEMENTS

NMRC LEADS MULTI-AGENCY TEAM IN HOUSING INITIATIVES

NMRC led a multi-agency team (NMRC, FMBN, FHA, and FHF) to meet the Minister of Housing and Urban Development in October 2023. Furthermore, in November 2023, NMRC made presentations at the National Council on Housing to educate the commissioners and the directors of lands from various states on the need for their states to adopt the Model Mortgage Foreclosure Law MMFL as well as the Nigeria Housing Data Initiative.

NMRC'S CREDIT RATING REAFFIRMED

GCR affirmed Nigeria Mortgage Refinance Company PLC's national scale long and short-term issuer ratings of AA+(NG)/A1+(NG) with the outlook designated as "Stable". NMRC's rating is supported by good profitability, strong capitalisation, good asset quality and a strong liquidity and funding profile.

NMRC HOSTS TEAM FROM THE DEVELOPMENT BANK OF RWANDA

NMRC hosted a team from the Development Bank of Rwanda. The delegation was on a 3-day study tour/knowledge-sharing visit to NMRC as part of the Bank's effort to understand the pillars for establishing a mortgage refinance system in Rwanda. NMRC held extensive knowledge-sharing sessions with the team covering NMRC's governance structure, risk management framework, market development initiatives, operations, and impact since inception.

NMRC PARTICIPATES IN THE AFRICAN UNION HOUSING FINANCE CONFERENCE

In November 2023, NMRC joined stakeholders across Africa to deliberate on innovative approaches to advancing the affordable housing agenda at the African Union Housing Finance (AUHF) Conference held in Namibia. It was a 3-day public and private sector stakeholder event focused on the scalability of affordable housing programs for all countries in Africa. NMRC's MD/CEO, Mr. Kehinde Ogundimu, chairs the AUHF board.

NMRC AT THE ABUJA INTERNATIONAL HOUSING SHOW 2023

NMRC was once again a major sponsor of the annual housing event held in Abuja. At the 16th edition of the event, NMRC had the opportunity to engage with other stakeholders in the housing sector to discuss innovative solutions for tackling the issues in the housing sector.

NMRC HOSTS NIPROTECH 2023

In line with its commitment to supporting stakeholder initiatives that stimulate housing market development in Nigeria, the Nigeria Mortgage Refinance Company (NMRC) in November 2023, hosted the Pitch Session of the Nigeria Property Technology capacity-building conference (NIPROTECH 2023). The conference sought to provide incubation opportunities for PropTech start-ups in Nigeria. The conference featured business presentations by over ten (10) Nigerian PropTech start-up companies covering different aspects of the housing value chain.

NMRC'S MORTGAGE LITERACY CAMPAIGN

NMRC conducted a national mortgage literacy programme, utilising radio campaigns and television advertisements. This is in line with the Company's continued commitment to stimulating the demand side by driving awareness about mortgages, the potential benefits, and the role of NMRC in enhancing market liquidity. The radio campaign was aired on stations across the six geopolitical zones in Nigeria along with advertisements on the NTA international.

NMRC'S CORPORATE SOCIAL RESPONSIBILITY PROGRAMME

As part of the Company's objectives of deepening the housing market, NMRC continued its collaboration with the Industrial Training Fund (ITF) to deepen skill acquisition in housing construction and entrepreneurship. In its 8th edition, 40 youths were put through a 10-week programme of both theory (4 weeks) and practical (6 weeks) training from experienced industry professionals in diverse trade areas covering events and interior decoration, tiling, Plaster of Paris (PoP) installation, plumbing, and electrical installations.



Participants were given tools of their respective trades to help kickstart their journeys as qualified artisans in the housing construction sector.

NMRC & MORTGAGE BANKING ASSOCIATION OF NIGERIA(MBAN)

NMRC continues to leverage on its relationship with MBAN to achieve synergy in its drive to grow the mortgage sub-sector. NMRC partnered with MBAN to deliver a training on non-interest mortgage financing to mortgage banks during the year. The Company also worked with MBAN and mortgage banks to review the Uniform Underwriting Standards. NMRC participated at the MBAN retreat where issues relating to the sub-sector were discussed and NMRC's CEO delivered a presentation on Asset Tokenisation and its benefits to the mortgage industry.

NMRC EXTENDS REFINANCING TO BANKS

NMRC as a secondary mortgage lender and liquidity provider for mortgage origination continues to extend financing to primary mortgage lenders that is, commercial banks and mortgage banks and also supports capacity building initiatives of staff of the banks. NMRC refinanced mortgages for some mortgage lenders in the year. The Company also organised training on Anti-Money Laundering and the Combatting of Terrorism financing especially in relation to mortgage-related transactions to employees of banks and non-bank financial institutions. Training on mortgage underwriting was also done for staff of banks during the year.

NMRC & CAHF

NMRC has maintained its ongoing engagement with the Centre for Affordable Housing Finance (CAHF) to develop the data landscape for the Nigerian housing market. The objective of CAHF's data agenda is to catalyze the provision and dissemination of housing-related data. NMRC has a vision to be a one-stop shop for key data indicators relating to housing in Nigeria. The ongoing engagement has yielded positive results in highlighting the importance of data amongst stakeholders. Some outputs thus far include the data landscape reports, data custodian factsheets, and the tidy data workshop. This collaboration has also helped to drive the Nigeria Housing Data Centre (NHDC) initiative, which seeks to bring together major stakeholders in the real estate and housing sector to drive data gathering. This

initiative enjoys the full support of the Minister for Housing and Urban Development.

NMRC & CSCS

In line with our aspirations to deepen the mortgage sub-sector, NMRC advanced its collaboration with the Central Securities Clearing System PLC (CSCS), the foremost Central Securities Depository in Nigeria, towards developing an Electronic Mortgage Asset Registry (EMARS). This unique partnership leverages the experience of CSCS which will be valuable in the dematerialisation of land titles alongside NMRC's knowledge of the mortgage landscape to digitise key processes. This collaboration also seeks to complement and add value to the digitalisation of Geographic Information Systems across key states in Nigeria. The Steering Committee along with the Technical Working Group have moved from defining the roadmap to the implementation of the EMARS. Engagement sessions with key stakeholders will follow in year 2024.

NMRC & LEARNHUB INSTITUTE

In line with our aspiration to promote equitable access to opportunities for women within the industry, NMRC participated in the second edition of the Wealth, Women and Real Estate (WWR) Conference themed "*Confronting the Biases and Bridging Financial Inequalities Through Technology and Innovation*". The event which held at the Four Points by Sheraton on March 30th 2023, featured successful female thought leaders who discussed the state of play for women in the real estate sector in Africa as well as opportunities to bridge the gap including through asset optimisation, estate planning and technology.

NMRC & LASRERA

NMRC participated at the 4th edition of the Lagos State Real Estate Regulatory Authority (LASRERA) Real Estate Market Place Conference and Exhibitions. The event took place on the 13th and 14th of December 2023 at Eko Hotel and Suites, Victoria Island, Lagos under the theme "*Real Estate Regulation: A Panacea for Disaster Mitigation and Recovery in the Built Industry*". The conference featured seasoned speakers and discussions on the role of real estate regulation and enforcement in minimizing and mitigating the incidence of disaster and attendant losses in the Lagos State Real Estate Sector.

INDEPENDENT BOARD APPRAISAL REPORT



DCSL CORPORATE SERVICES LIMITED	
235 Ikorodu Road Ilupeju, Lagos	Abuja Office: 1st Floor, The Statement Hotels, Plot 1002, 1st Avenue
P. O. Box 965, Marina Lagos, Nigeria	Off Shehu Shagari Way Central Business District By Abia House and Federal High Court, Abuja
Tel: +234 809 0381 864 info@dcs.com.ng www.dcs.com.ng	RC NO. 352393

The Chairman
Board of Directors
Nigeria Mortgage Refinance Company PLC
17 Sanusi Fafunwa
Victoria Island Lagos

Dear Sir,

REPORT ON THE PERFORMANCE OF THE BOARD OF DIRECTORS OF NIGERIA MORTGAGE REFINANCE COMPANY PLC FOR THE YEAR-ENDED 31ST DECEMBER 2023

In accordance with the provisions of Section 2.8 of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Mortgage Refinance Companies in Nigeria ("CBN Code"), Guideline 9 of the Securities and Exchange Commission (SEC) Corporate Governance Guidelines, and Principle 14.1 of the Nigerian Code of Corporate Governance, 2018 ("NCCG Code"), DCSL Corporate Services Limited (DCSL) was engaged by Nigeria Mortgage Refinance Company PLC to carry out an evaluation of the performance of its Board of Directors for the year-ended December 31, 2023.

The essence of the review was to ascertain the level of the Board's compliance with corporate governance practices with reference to the provisions of the CBN Code, SEC Guidelines, and the NCCG and covered the following seven key corporate governance themes:

- Board Structure and Composition
- Strategy and Planning
- Board Operations and Effectiveness
- Measuring and Monitoring Performance
- Risk Management and Compliance
- Corporate Citizenship; and
- Transparency and Disclosure.

Our review of Nigeria Mortgage Refinance Company PLC's corporate governance practices shows that the Board is dedicated to complying with the CBN Code, SEC Guidelines, NCCG, relevant laws and international best practices. We believe that the Board and the Company are following corporate governance best practice, and the individual Directors are committed to boosting the Company's growth.

Whilst commending the Board for ensuring that the principles of sound corporate governance practice are embedded in all aspects of the Company's activities and operations, we have identified some areas of improvement and made recommendations which, if implemented, will further assist in strengthening the corporate governance culture and practice in the Company and better position it towards achieving its strategic objectives in the long term.

Details of our key findings and recommendations are contained in our Report.

We are grateful for the opportunity to be of service and look forward to working with you in the future. Please accept the assurances of our highest regards and esteem.

For: DCSL Corporate Services Ltd



Bisi Adeyemi

Managing Director

FRC/2013/NBA/00000002716



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors accept responsibility for the preparation of the annual financial statements that give a true and fair view of the financial position of the Company as at 31 December 2023 and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act of Nigeria (BOFIA) 2020, and relevant Central Bank of Nigeria (CBN) guidelines and circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the Company will not remain a going concern in the year ahead.

Signed on behalf of the Board of Directors by:



Yemi Adeola

Director

FRC/2013/CIBN/00000001257

21 March 2024



Kehinde Ogundimu

Chief Executive Officer

FRC/2015/ICAN/00000011195

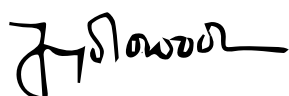
21 March 2024

REPORT OF THE AUDIT COMMITTEE

To the members of Nigeria Mortgage Refinance Company PLC:

In accordance with the provisions of Section 404(4) of the Companies and Allied Matters Act, 2020, the members of the Audit Committee of Nigeria Mortgage Refinance Company PLC hereby report on the financial statements for the year ended 31 December 2023 as follows:

- We have exercised our statutory functions under section 404(7) of the Companies and Allied Matters Act of Nigeria and acknowledge the co-operation of management and staff in the conduct of these responsibilities.
- We are of the opinion that the accounting and reporting policies of the Company are in agreement with legal requirements and agreed ethical practices and that the scope and planning of both the external and internal audits for the year ended 31 December 2023 were satisfactory and reinforce the Company's internal control systems.
- We have deliberated on the findings of the external auditors who have confirmed that necessary cooperation was received from management in the course of their year end audit and we are satisfied with management's responses thereon and with the effectiveness of the Company's system of accounting and internal control.



Ayo Olowookere

Chairman, Audit Committee

FRC/2016/ICAN/00000014172

21 March 2024

Members of the Audit Committee are:

1	Ayo Olowookere	Shareholder	Chairman
2	Ruby Okoro	Shareholder	Member
3	Olufemi Johnson, DBA	Non-Executive Director	Member
4	Olabanjo Obaleye, DBA	Non-Executive Director	Member
5	George Oko-Obob	Shareholder	Member



CERTIFICATION OF MANAGEMENT'S ASSESSMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To comply with the provisions of Section 1.1 of SEC Guidance on Implementation of Sections 60-63 of Investments and Securities Act 2007, I hereby make the following statements regarding the Internal Controls of Nigeria Mortgage Refinance Company PLC for the year ended 31 December 2023.

I, **Kehinde Ogundimu**, certify that:

- a) I have reviewed this management assessment on internal control over financial reporting of Nigeria Mortgage Refinance Company PLC.
- b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
- c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report.
- d) The entity's other certifying officer and I:
 - 1) are responsible for establishing and maintaining internal controls.
 - 2) have designed such internal controls and procedures or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the entity, and its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
 - 3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
 - 4) have evaluated the effectiveness of the entity's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- e) The entity's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the entity's auditors and the audit committee of the entity's board of directors:
 - 1) All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the entity's ability to record, process, summarize and report financial information; and
 - 2) Any fraud, whether or not material, that involves management or other employees who have a significant role in the entity's internal control system.
- f) The entity's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.



Kehinde Ogundimu

Chief Executive Officer

FRC/2015/ICAN/00000011195

21 March 2024



CERTIFICATION OF MANAGEMENT'S ASSESSMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To comply with the provisions of Section 1.1 of SEC Guidance on Implementation of Sections 60-63 of Investments and Securities Act 2007, I hereby make the following statements regarding the Internal Controls of Nigeria Mortgage Refinance Company PLC for the year ended 31 December 2023.

I, **Kanayo Mba**, certify that:

- a) I have reviewed this management assessment on internal control over financial reporting of Nigeria Mortgage Refinance Company PLC.
- b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
- c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report.
- d) The entity's other certifying officer and I:
 - 1) are responsible for establishing and maintaining internal controls.
 - 2) have designed such internal controls and procedures or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the entity, and its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
 - 3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
 - 4) have evaluated the effectiveness of the entity's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- e) The entity's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the entity's auditors and the audit committee of the entity's board of directors:
 - 1) All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the entity's ability to record, process, summarize and report financial information; and
 - 2) Any fraud, whether or not material, that involves management or other employees who have a significant role in the entity's internal control system.
- f) The entity's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.




Kanayo Mba

Chief Financial Officer

FRC/2019/ICAN/00000019030

21 March 2024



MANAGEMENT'S ANNUAL ASSESSMENT OF, AND REPORT ON, NIGERIA MORTGAGE REFINANCE COMPANY'S INTERNAL CONTROL OVER FINANCIAL REPORTING

To comply with the provisions of Section 1.3 of SEC Guidance on Implementation of Sections 60-63 of Investments and Securities Act 2007, we hereby make the following statements regarding the Internal Controls of Nigeria Mortgage Refinance Company (NMRC) for the year ended 31 December 2023:

- i. Nigeria Mortgage Refinance Company's management is responsible for establishing and maintaining a system of internal control over financial reporting ("ICFR") that provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.
- ii. NMRC's management used the Committee of Sponsoring Organization of the Treadway Commission (COSO) Internal Control-Integrated Framework to conduct the required evaluation of the effectiveness of the entity's ICFR;
- iii. NMRC's management has assessed that the entity's ICFR as of the end of 31 December 2023 is effective.
- iv. Nigeria Mortgage Refinance Company's external auditor Messrs. PricewaterhouseCoopers that audited the financial statements, included in the annual report, has issued an attestation report on management's assessment of the entity's internal control over financial reporting.

The attestation report of Messrs. PricewaterhouseCoopers that audited its financial statements will be filed as part of Nigeria Mortgage Refinance Company's annual report.



Yemi Adeola

Director

FRC/2013/CIBN/00000001257



Kehinde Ogundimu

Chief Executive Officer

FRC/2015/ICAN/00000011195



INDEPENDENT PRACTITIONER'S REPORT

To the Members of Nigeria Mortgage Refinance Company PLC

Report on an assurance engagement performed by an independent practitioner to report on management's assessment of controls over financial reporting

OUR OPINION

In our opinion, nothing has come to our attention that the internal control procedures over financial reporting put in place by management of Nigeria Mortgage Refinance Company PLC ("the company's") are not adequate as of 31 December 2023, based on the SEC Guidance on Implementation of Section 60 – 63 of The Investments and Securities Act 2007 issued by The Securities and Exchange Commission.

WHAT WE HAVE PERFORMED

We have performed an assurance engagement on Nigeria Mortgage Refinance Company PLC's internal control over financial reporting as of December 31, 2023, based on FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria. The company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Assessment of, and Report on, Nigeria Mortgage Refinance Company PLC's Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our assurance engagement,

BASIS FOR OPINION

We conducted our assurance engagement in accordance with the Guidance, which requires that we plan and perform the assurance engagement and provide a limited assurance report on the entity's internal control over financial reporting based on our assurance engagement. As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

DEFINITION AND LIMITATIONS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and

dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OTHER MATTER

We also have audited, in accordance with the International Standards on Auditing, the financial statements of Nigeria Mortgage Refinance Company PLC and our report dated 21 March 2024 expressed an unqualified opinion.

For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Chidi Ojechi

FRC/2017/PRO/1CAN/004/00000015955



March 21, 2024



INDEPENDENT AUDITOR'S REPORT

To the Members of Nigeria Mortgage Refinance Company PLC

Report on the audit of the financial statements

OUR OPINION

In our opinion, Nigeria Mortgage Refinance Company PLC's ("the company's") financial statements give a true and fair view of the financial position of the company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

What we have audited

Nigeria Mortgage Refinance Company PLC's financial statements comprise:

- the statement of financial position as at 31 December 2023;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of material accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment on mortgage refinance loans - ₦158.9million (refer to notes 3.1d, 4e and 8)</p> <p>We focused on this area because the directors exercise significant judgements, using subjective assumptions when determining both the timing and the amount to recognise as impairment.</p> <p>IFRS 9 "Financial Instrument" requires significant judgement in measuring expected credit loss (ECL). Areas where significant judgement is exercised include:</p> <ul style="list-style-type: none"> the definition of default adopted by the company; determining the criteria for assessing significant increase in credit risk (SICR); the methodologies adopted by the company in modelling the probability of default (PD) used in the ECL model; the estimation of the loss given default (LGD) and the assumptions applied in estimating the LGD in the model; Incorporating forward-looking information and the determination of multiple economic scenarios used in the ECL model. 	<p>We adopted a substantive approach in assessing the allowance for impairment made by the directors. We performed the following procedures;</p> <ul style="list-style-type: none"> checked that the company applied a default definition that is consistent with IFRS 9 default criteria; applied a risk-based target testing approach for detailed review of credit files in order to evaluate management's conclusion on SICR; checked the reasonableness and accuracy of the PD methodology and computations by performing independent calculations of the PD; evaluated the reasonableness of the LGD against the methodology applied, including the appropriateness of the collateral values and assumptions applied in the ECL model and the accuracy of the final LGD; checked the reasonableness of the forward-looking information applied in the ECL model and the multiple economic scenarios considered; evaluated the IFRS 9 disclosures for reasonableness.

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, Directors' Report, Statement of Corporate Responsibility, Corporate Governance Report,

Statement of Directors' Responsibilities, Report of the Audit Committee, Management's Annual Assessment of, and Report on, Nigeria Mortgage Refinance Company' PLC's Internal Control over Financial Reporting, Value Added Statement and Five Year Financial Summary (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the Nigeria Mortgage Refinance Company PLC 2023 Annual Report, which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other sections of the Nigeria Mortgage Refinance Company PLC 2023 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters, We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) the company has kept proper books of account, so far as appears from our examination of those books;
- iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

In accordance with the requirements of the Financial Reporting Council, we performed a limited assurance engagement and reported on management's assessment of Nigeria Mortgage Refinance Company PLC's internal control over financial reporting as of 31 December 2023. The work performed was done in accordance with FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria, and we have issued an unqualified opinion in our report dated 21 March 2024.

Chidi Ojechi



For: PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria

March 21, 2024

Engagement Partner: Chidi Ojechi
FRC/2017/PRO/ICAN/004/00000015955

STATEMENT OF FINANCIAL POSITION

<i>In thousands of Naira</i>	Note	31 December 2023	31 December 2022
Assets			
Cash and cash equivalents	6	93,739	337,585
Placements with banks	7	1,813,404	1,755,644
Mortgage refinance loans	8	25,217,498	24,021,645
Pledged assets	9	1,146,669	-
Investment securities - FVOCI	10	3,168,379	2,543,939
Investment securities - Amortised cost	10	55,231,867	56,342,656
Other assets	13	245,016	176,306
Property, Plant and equipment	11	494,192	475,890
Intangible assets	12	2,867	4,143
Total assets		87,413,631	85,657,808
Liabilities			
Debt securities issued	14(a)	20,391,537	22,530,685
Borrowings	14(b)	38,586,370	37,532,959
Other liabilities	15	2,646,329	2,251,722
Current tax liabilities	23(b)	107,159	104,482
Total liabilities		61,731,395	62,419,848
Capital and reserves			
Share capital	16(a)(ii)	2,125,444	2,125,444
Share premium	16(a)(iii)	5,925,232	5,925,232
Retained earnings	16(b)	13,008,738	11,057,663
Statutory reserves	16(c)	4,495,921	3,963,062
Statutory credit risk reserve	16(b)	94,866	25,364
Fair value reserve	16(d)	32,035	141,195
Total equity		25,682,236	23,237,960
Total liabilities and equities		87,413,631	85,657,808

The financial statements were approved by the Board of Directors on 21 March 2024 and signed on its behalf by:

Additionally certified by:



Yemi Adeola

Director

FRC/2013/CIBN/00000001257



Kehinde Ogundimu

Chief Executive Officer

FRC/2015/ICAN/00000011195



Kanayo Mba

Chief Financial Officer

FRC/2019/ICAN/00000019030

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>In thousands of Naira</i>	Note	31 December 2023	31 December 2022
Gross earnings		10,327,226	10,109,839
Interest income at effective interest rate	17	10,326,562	10,109,026
Interest expense at effective interest rate	18	(4,412,238)	(4,590,188)
Net interest income		5,914,324	5,518,838
Other income	19	664	813
Total income		5,914,988	5,519,651
Impairment writeback/(loss) of loans and advances	21a	58,125	(21,375)
Impairment writeback/(loss) of investment securities	21b	10,734	(40,337)
Personnel expenses	20	(1,029,875)	(861,833)
Depreciation & amortization	11,12	(70,715)	(84,779)
Other operating expenses	22	(1,242,662)	(1,031,339)
Profit before income tax		3,640,595	3,479,988
Income tax expense	23(a)	(36,564)	(43,400)
Minimum tax	23(a)	(51,636)	(51,570)
Profit for the year		3,552,395	3,385,018
Items that are or may be reclassified to profit or loss			
- Changes in fair values of FVOCI debt instruments	16(d)	(109,160)	(94,663)
Other comprehensive income, net of income tax		(109,160)	(94,663)
Total comprehensive profit for the year		3,443,235	3,290,355
Profit attributable to:			
Equity holders of the Company		3,552,395	3,385,018
Profit for the year		3,552,395	3,385,018
Total comprehensive profit attributable to:			
Equity holders of the Company		3,443,235	3,290,355
Total comprehensive profit for the year		3,443,235	3,290,355
Earnings per share (Basic and diluted)	24	167 k	159 k

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

STATEMENT OF CHANGES IN EQUITY

<i>In thousands of Naira</i>	Note	Share capital	Share premium	Statutory Credit Risk Reserve*	Retained earnings	Statutory reserves	Fair value reserves	Total
Balance at 1 January 2023		2,125,444	5,925,232	25,364	11,057,663	3,963,062	141,195	23,237,960
Profit for the year		-	-	-	3,552,395	-	-	3,552,395
Transfer to statutory reserve		-	-	69,502	(602,361)	532,859	-	-
Other comprehensive income for the year		-	-	-	-	-	(109,160)	(109,160)
Total comprehensive income		-	-	69,502	2,950,034	532,859	(109,160)	3,443,235
Dividend paid during the year	16(b)	-	-	-	(998,959)	-	-	(998,959)
Transfer to statutory reserves		-	-	-	-	-	-	-
Balance at 31 December 2023		2,125,444	5,925,232	94,866	13,008,738	4,495,921	32,035	25,682,236
<i>In thousands of Naira</i>								
Balance at 1 January 2022		2,125,444	5,925,232	17,356	9,166,104	3,455,309	235,858	20,925,303
Profit for the year		-	-	-	3,385,018	-	-	3,385,018
Transfer to statutory reserve		-	-	8,008	(515,761)	507,753	-	-
Other comprehensive income for the year		-	-	-	-	-	(94,663)	(94,663)
Total comprehensive income		-	-	8,008	2,869,257	507,753	(94,663)	3,290,355
Dividend paid during the year		-	-	-	(977,698)	-	-	(977,698)
Balance at 31 December 2022		2,125,444	5,925,232	25,364	11,057,663	3,963,062	141,195	23,237,960

*Statutory Credit Risk Reserve refers to the regulatory risk reserve during the year in accordance with Prudential Guidelines.

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

STATEMENT OF CASH FLOWS

<i>In thousands of Naira</i>	Note	31 December 2023	31 December 2022
Cash flows from operating activities			
Profit for the year		3,552,395	3,385,018
Add tax expense	23(a)	88,200	94,970
Profit before tax		3,640,595	3,479,988
Adjustments for:			
Interest income at effective interest rate	17	(10,326,562)	(10,109,026)
Interest expense at effective interest rate	18	4,412,238	4,590,188
Depreciation and amortization	11,12	70,715	84,779
Gain on disposal of Property and Equipment	19/22	-	(535)
(Writeback)/ Impairment loss on mortgage refinance loans	21	(58,125)	21,375
(Writeback)/ Impairment loss on investment securities at amortized cost	21	(5,028)	59,362
Impairment loss on investment securities at FVOCI	21	646	3,710
(Writeback)/Impairment loss on placement with banks	7	(6,353)	(22,735)
Cash used in operations		(2,271,875)	(1,892,894)
Changes in operating assets and liabilities:			
Pledged Assets		(1,146,669)	-
Mortgage refinance loans	28(a)	(1,157,431)	(1,284,822)
Placements with banks	28(b)	240,682	(1,009,663)
Other assets	28(c)	(68,710)	(24,917)
Other liabilities	28(d)	394,607	347,209
Interest received	28(e)	11,186,335	14,661,523
Tax paid	23(b)	(85,523)	(58,797)
Net cash flows generated from operating activities		7,091,417	10,737,639
Cash flows from investing activities			
Purchase of financial investment	10(b)	(750,587)	(5,547,926)
Acquisition of intangible assets	12	-	(5,105)
Acquisition of property and equipment	11	(87,741)	(62,765)
Proceeds from disposal of property and equipment	29(g)	-	907
Net cash flows used in investing activities		(838,328)	(5,614,889)
Cash flows from financing activities			
Interest paid on debt securities issued	29(f)	(2,792,236)	(2,870,478)
Interest paid on borrowings	29(f)	(1,620,002)	(1,598,226)
Dividend paid	16(b)	(998,959)	(977,698)
Repayment of debt security issued	29(f)	(1,085,737)	(2,158,203)
Net cash flows used in financing activities		(6,496,934)	(7,604,605)
Net decrease in cash and cash equivalents		(243,846)	(2,481,855)
Cash and cash equivalents, beginning of year	6	337,585	2,819,440
Cash and cash equivalents, end of year	6	93,739	337,585

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



NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

Nigeria Mortgage Refinance Company PLC ("the Company") is a public liability Company incorporated in Nigeria on 24 June, 2013 under the Companies and Allied Matters Act (CAMA).

The Company's registered address is at 17 Sanusi Fafunwa Street, Victoria Island, Lagos.

The principal activities of the Company are the provision of long term funds to eligible mortgage lenders by issuing long term bonds in the Nigerian financial market and refinancing and purchasing mortgage loans.

2 (i) Statement of Compliance

The financial statements of Nigeria Mortgage Refinance Company PLC is a general purpose financial report which has been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, 2011, the Banks and other Financial Institutions Act, 2020, the Mortgage Refinance Company Regulatory and Supervisory Framework, 2013, and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

ii Basis of accounting

These financial statements have been prepared in accordance with IFRS Standards. They were authorised for issue by the Company's board of directors on 21 March, 2024.

These financial statements are prepared on the historical cost basis except for:-

- financial assets and liabilities measured at amortised cost
- financial assets measured at fair value through other comprehensive income (FVOCI)

iii Functional and presentation currency

These financial statements are presented in Naira, which is the Company's functional currency. Except as otherwise indicated, financial information presented in Naira has been rounded to the nearest thousand.

iv Use of estimates and judgments

The preparation of financial statements in conformity to the International Financial Reporting Standards requires Management to make judgements, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in Note 4(e) of the financial statements.

v Changes in Accounting Policies

The following amended standards and interpretations were effective during the year but are not expected to have a significant impact on the financial statements.

Standards, amendments and interpretations effective during the reporting period

a) IFRS 17 Insurance Contracts

The standard requires that insurance liabilities are to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as



the amount recognised in profit or loss arising from the rent concessions.

The Company has considered the guidance included within the interpretation and concluded that the prescribed approach does not have a material impact on it.

b) Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right of use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Company has considered the guidance included within the interpretation and concluded that the prescribed approach does not have a material impact on it.

c) Disclosure of Accounting Policies Amendments to IAS 1 and IFRS Practice Statement 2

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

d) Definition of Accounting Estimates Amendment to IAS 8

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

3 MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

3.1 NON-DERIVATIVE FINANCIAL INSTRUMENTS

(a) Initial recognition

(i) All financial instruments are initially recognized at fair value. The fair value of a financial instrument at initial recognition is generally its transaction price.

(ii) Classification Financial assets

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 at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI).

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

On initial recognition of an equity investment that is not held for trading, the Company 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 are classified as measured at FVTPL.

In addition, on initial recognition, the Company 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 Company 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 performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and 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 Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

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.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI).

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;



- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse loans);
- features that modify consideration of the time value of money (e.g. periodical reset of interest loans)

Non-recourse loans

Loans made by the Company that are secured by collateral of the borrower may limit the Company's claim to cash flows of the underlying collateral (non-recourse loans). The Company applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The Company typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- the Company's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the Company will benefit from any upside from the underlying assets.

(iii) Reclassifications

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

(b) Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value (with changes directly recorded in equity) or amortised cost, depending on their classification:

(i) Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments. These include Cash and cash equivalents, Mortgage

Refinance loans, Staff loans, other receivables, treasury bills and a portfolio of investments in bonds.

The carrying amounts of these assets are measured at amortised cost using the effective interest method, less any impairment losses. Transaction costs that are integral to the effective rate are capitalised to the value of the loan and receivable and amortised through interest income as part of the effective interest rate.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, fixed placements and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Cash and cash equivalents are recorded in accordance with the accounting principles of assets at amortized cost.

(iii) Financial assets at fair value through other comprehensive income (FVOCI)

FVOCI financial assets are non-derivative financial assets. The Company's investments in a portfolio of bonds, treasury bills and equity instruments are classified as FVOCI financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and presented within equity in the fair value reserve. No allowance account is created for FVOCI financial assets as expected credit losses are recognized in the fair value reserves. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss except for those gains or losses on equity instruments."

(iv) Other financial liabilities

Other financial liabilities are measured at amortised cost subsequent to initial recognition. The Company's borrowings and debt securities and other liabilities are included in this category.

(c) 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 company has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the company 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 company 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 company 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 company 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 company 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 company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

(d) Impairment of financial assets

The Company recognises loss allowances for expected credit losses (ECL) on financial assets that are debt instruments and that are not measured at fair value through profit or loss (FVTPL).

No impairment loss is recognised on equity investments

The Company 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 on which credit risk has not increased significantly since their initial recognition

The Company 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 Company does not apply the low credit risk exemption to any other financial instruments.

12-month ECL are the portion of 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 a 12-month ECL is recognised are referred to as 'Stage 1 financial instruments'.

Life-time ECL are the ECL that result from all possible default events over the expected life of the financial instrument. Financial instruments for which a lifetime ECL is recognised but which are not credit-impaired are referred to as 'Stage 2 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 Company expects to receive); and

- 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;

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 (see (e)) and 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 asset 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 asset is treated as the final cash flow from the existing financial asset at the time of its derecognition.

This 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 interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI 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 Company on terms that the Company 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 credit-impaired even when the regulatory definition of default is different.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Company considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Inputs into ECL measurement

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.



The methodology of estimating PDs is discussed in Note 4(a)(v) under the heading 'Generating the term structure of PD'.

Loss Given Default (LGD) is the measure of the proportion of the outstanding balance that the Company stands to lose in the event of a default. The LGD as a percentage of EAD is then a combination of the losses associated with the debt instrument. Multi-year LGD is a collection of LGD values referring to different time periods over the lifetime of a financial asset. The LGD model considers the collateral value and class, unsecured recovery rate, collateral hair cut, recovery costs and time to recovery of any collateral that is integral to the financial asset. For loans secured by real estate property, loan to value (LTV) ratios are a key parameter in determining LGD.

Exposure at Default (EAD) is the measure of the expected outstanding balance on a facility at a given time of default. Multi-year EAD is a collection of the monthly EAD values referring to different time periods over the lifetime of a financial asset. The outstanding balance on financial assets at every time period depends primarily on the nature of its cash flows. All financial assets in the scope of IFRS 9 can be classified into assets with deterministic cash flows and assets with stochastic cash flows. However, all assets with the Company possess deterministic cash flows, therefore they can be modelled based on their repayment types in the following categories:

- Bullet repayment
- Annuity repayment
- Linear repayment
- Unstructured repayment

However, the loans and advances of the Company are computed on an annuity repayment basis.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Company measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Company considers a longer period. The maximum contractual period extends to the date at which the Company has the right to require repayment of an advance.

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; 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 Company 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 included in impairment losses on financial instruments' in the statement of profit or loss and OCI.

(e) Offsetting financial instruments

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs or for gains and losses arising from a group of similar transactions.

(f) Derecognition

(i) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or in which the company neither transfers nor retains



substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

On derecognition of a 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.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

(g) Modification of financial assets and liabilities

(i) Financial assets

If the terms of a financial asset are modified, then the company evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate

a new asset with substantially different terms. If the company plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below for write-off policy). This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the company first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, 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 or fees incurred and modification fees received adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

From 1 January 2018 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.

(ii) Financial liabilities

The Company 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. 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.

(h) Loans and advances

The 'loans and advances to banks' caption in the statement of financial position includes loans and advances 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.

(i) 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 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;
- ECL and reversals; and
- foreign exchange gains and losses.

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. The Company elects to present changes in the fair value of certain investments in equity

instruments that are not held for trading in OCI. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable. 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."

3.2 PROPERTY, PLANT AND EQUIPMENT

(a) Recognition and measurement

Property and equipment are stated at cost of acquisition less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located and;
- capitalised borrowing costs.

If significant parts of a property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment. Land is measured at cost. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Any gain or loss on disposal of an item of property and equipment is recognised within other income in profit or loss. Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the the Company. Ongoing repairs and maintenance are expensed as incurred.

(b) Depreciation

Depreciation is charged on a straight line basis, at the following annual rates that are designated to write off the cost of the assets less their estimated residual value over the estimated useful lives of the assets concerned.



Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted if appropriate.

Class of Assets	Rate
Office equipment	25%
Furniture and fittings	25%
Computer equipment	33.33%
Motor vehicle	25%
Leasehold improvement	25%
Plant and machinery	25%
Building	2%
Land	Land is not depreciated.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each date of the statement of financial position. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

(c) Derecognition

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 the statement of profit or loss in the year the asset is derecognised

(d) Work-in-progress

Work-in-progress consists of items of property and equipment that are not yet available for use. Work-in-progress is carried at cost less any required impairment. Depreciation starts when assets are available for use. An impairment loss is recognised if the asset's recoverable amount is less than cost. The asset is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Once the items are available for use, they are transferred to relevant classes of property and equipment as appropriate.

3.3 INTANGIBLE ASSETS

Software

Software acquired by the Company is measured at cost less accumulated amortisation and accumulated impairment losses. Expenditure on internally developed software is recognised as an asset when the Company is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and 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 are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment. 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 expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life of software is four years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Upon disposal of any item of software or when no future economic benefits are expected to flow from its use, such items are derecognized from the books. Gains and losses on disposal of intangible assets are determined by comparing proceeds with their carrying amounts and are recognized in profit or loss in the year of de-recognition.

3.4 INTEREST INCOME AND EXPENSE

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest method' is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate for financial instruments



other than purchased or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.

For purchased or originated credit impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Where the estimated cash flows on financial assets are subsequently revised, other than impairment losses, the carrying amount of the financial assets is adjusted to reflect actual and revised estimated cash flows.

Interest income and expense presented in profit or loss include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest rate basis.
- interest on available-for-sale investment securities calculated on an effective interest basis.

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.

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes:

- interest on financial assets and financial liabilities measured at amortised cost;
- interest on debt instruments measured at FVOCI;

Interest expense presented in the statement of profit or loss and OCI includes:

- financial liabilities measured at amortised cost;
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flows affect interest income/expense;
- negative interest on financial assets measured at amortised cost; and
- interest expense on lease liabilities.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Company's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in net income and from other financial instruments at FVTPL.

Cash flows related to capitalised interest are presented in the statement of cash flows consistently with interest cash flows that are not capitalised.

3.5 OTHER LIABILITIES

The Company recognises and measures other liabilities at amortized cost.

3.6 SHARE ISSUE COST

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



3.7 EARNINGS PER SHARE

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share (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.

3.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the Company's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of other assets, 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.

3.9 EMPLOYEE BENEFITS/PERSONNEL EXPENSES

(a) Short-term benefits

Short-term employee benefit obligations include wages, salaries and other benefits which the Company has a present obligation to pay, as a result of employees' services provided up to the reporting date. Short term 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 bonus

or profit sharing plans if the Company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(b) Defined contribution plan

The Company operates a defined contributory pension scheme in line with the provisions of the Pension Reform Act 2014, with contributions based on the sum of employees' basic salary, housing and transport allowances in the ratio of 8% by the employee and 10% by the employer.

The contributions of 10% by the Company is recognised in the profit or loss in the period to which they relate, while Employees' contributions are funded through payroll deductions.

(c) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(d) Other long-term employee benefits

The Company's long term employee benefits relates to the long service awards scheme instituted for all employees. Under the scheme, employees are given cash award equivalent to a percentage of their basic salaries depending on their length of service.

(e) Accounting for employee benefits/personnel expenses

All expenses are either accounted for on an accrual basis, or paid for as incurred.

3.10 TAXATION

Income tax expense represents the sum of the tax charge for the period and deferred tax movement.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.



Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Deferred income tax

Deferred income tax is provided in full using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of any asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor the taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor the taxable profit ; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognised deferred income tax assets are reassessed at each balance date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

The principal temporary differences arise from depreciation on property and equipment and tax losses carried forward.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

3.11 NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

A number of new Standards, Amendments to Standards, and Interpretations are effective for annual periods beginning after 1 January 2023 and have not been applied in preparing these financial statements. Those Standards, Amendments to Standards, and Interpretations which may be relevant to the Company are set out below.

The Company does not plan to adopt these standards early. The standards will be adopted in the period that they become mandatory unless otherwise indicated:

(a) Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). This will be effective from January 2024.



(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate. This will be effective from January 2024.

(c) Supplier finance arrangements – Amendments to IAS 7 and IFRS 7:

The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures falls short of meeting user information needs. The objective of the new disclosures is to provide information about SFAs that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. This will be effective from January 2024.

(d) Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28:

The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold

or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.

In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

The directors are of the opinion these standards and interpretations would not have a material impact on the Company's future financial statements

4 FINANCIAL RISK MANAGEMENT

(a) Credit risk

Credit risk is defined as the potential for financial loss resulting from the failure of a borrower or counterparty to fulfil its financial or contractual obligations.

Credit risk within the NMRC arises from Purchase with Recourse (PWR) business, investments and treasury/trading activities. The primary objective of credit risk management is to proactively manage risk and credit limits to ensure that all exposures to credit risks are kept within parameters approved by the Board to mitigate and withstand any potential losses. Investment activities are guided by internal credit policies and guidelines that are approved by the Board. Specific procedures for managing credit risks are determined at business levels based on risk environment and business goals.

The Company's major exposure to credit risk emanates from its cash and cash equivalents, placements with banks, mortgage refinance loans, collateral on mortgage refinance loans, investment securities and other receivables.



(i) Exposure to credit risk

<i>In thousands of Naira</i>	Note	31 December 2023	31 December 2022
Cash and cash equivalents	6	93,739	337,585
Placements with banks	7	1,813,404	1,755,644
Mortgage refinance loans	8	25,217,498	24,021,645
Investment securities	10	58,400,246	58,886,595
Other financial assets	13	78,705	61,264
Collateral			
<i>In thousands of Naira</i>			
Total loan exposure (gross)		25,217,498	24,021,645
Secured against real estate		25,217,498	24,021,645
Unsecured loan		-	-

The cash and cash equivalents are held with commercial banks and mortgage banks in Nigeria. The mortgage refinance loans are with the participating banks and the investment securities are from the Federal Government of Nigeria.

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Total Value of collaterals held against loans	334,045,642	329,360,215

(ii) Management of credit risk

The Board has delegated responsibility for the oversight of credit risk to its Board Credit Committee. The Board Credit Committee is responsible for managing the Company's credit risk, including the following:-

- Formulating credit policies in consultation with the Company's credit and risk department, covering collateral requirements, credit assessment, risk grading and reporting documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval of refinance loans. Authorisation limits are allocated to the Board Credit Committee or the full Board of Directors, as appropriate.
- Reviewing and assessing all credit exposures in excess of designated limits (as prescribed by the Mortgage Refinance Company Regulatory framework), and limiting concentrations of exposure to counterparties.

(iii) Credit risk on mortgage refinance loans

The Company is exposed to credit risk on its mortgage refinance loans. To mitigate the credit risk the Company enters into contractual arrangements with the

participating mortgage banks, which typically contain the following structure:

- Under the arrangement, the participating mortgage bank is required to make agreed periodic minimum payments to the Company. These minimum payments need to be paid from proceeds that the participating mortgage banks receive on the refinanced portfolio from their clients and consist of the agreed interest between the Company and the participating mortgage banks and the (early) repayments the participating mortgage banks receive from their clients.
- If the proceeds from the clients of the participating mortgage bank on the refinanced portfolio are not sufficient to pay the agreed minimum payments, due to default or any other reason, the participating mortgage bank are required to pay the shortfall from their other available assets.
- In case the mortgage lenders cannot or do not pay the agreed minimum payments, the Company is allowed to obtain the amounts due by, amongst others, executing the collateral as held by trustees or seize in another manner (cash) assets of the relevant participating mortgage lender.



The credit risk department monitors the Company's loan portfolio and ensures that participating mortgage banks comply with the requirements of the Refinancing Agreement and other supplementary contracts.

(iv) Collateral held and other credit enhancements

Collateral on all refinanced loans are held in trust. Participating mortgage banks have to ensure that the refinanced loan portfolio contains only performing loans backed by sufficient collateral. In the event that a default occurs, the Company retains the right to take ownership of the underlying collateral, or re-assign part or all of the loan facility to another mortgage bank.

The quality of collateral held is periodically reviewed by the Company.

(v) Credit quality analysis

The following table sets out information about the credit quality and ratings of financial assets measured at amortised cost and FVOCI debt investments. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. There were no purchased or originated credit impaired (POCI) financial assets during the year.

Explanation of the terms 'Stage 1', 'Stage 2' and 'Stage 3' is included in Note 3.1(d).

<i>In thousands of Naira</i>		31 Dec 2023				31 Dec 2022			
12 month PD ranges		Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans to commercial banks at amortized cost									
Low - fair risk (rated B-)	0-0.59	13,151,277		-	13,151,277	13,992,535	-	-	13,992,535
Satisfactory	0.60- 11.34	-	1,014,460	-	1,014,460	-	1,085,989	-	1,085,989
Higher risk	11.35- 99.99	-	-	-	-	-	-	-	-
Lost	100	-	-	-	-	-	-	-	-
		13,151,277	1,014,460	-	14,165,737	13,992,535	1,085,989	-	15,078,524
Loss allowance		(56,098)	(5,762)	-	(61,860)	(118,988)	(23,890)	-	(142,878)
Carrying amount		13,095,179	1,008,698	-	14,103,877	13,873,547	1,062,099	-	14,935,646



<i>In thousands of Naira</i>		31 Dec 2023				31 Dec 2022			
	12 month PD ranges	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans to mortgage banks at amortized cost									
Low - fair risk (rated B-)	0- 0.59	11,210,659	-	-	11,210,659	9,160,144	-	-	9,160,144
Satisfactory	0.60- 11.34	-	-	-	-	-	-	-	-
Higher risk	11.35- 99.99	-	-	-	-	-	-	-	-
Lost	100	-	-	-	-	-	-	-	-
		11,210,659	-	-	11,210,659	9,160,144	-	-	9,160,144
Loss allowance		(97,038)	-	-	(97,038)	(74,145)	-	-	(74,145)
Carrying amount		11,113,622	-	-	11,113,622	9,085,999	-	-	9,085,999

<i>In thousands of Naira</i>		31 Dec 2023				31 Dec 2022			
	12 month PD ranges	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Debt investment securities at amortized cost									
Low - fair risk (rated B-)	0-0.59	56,372,967	-	-	56,372,967	56,428,218	-	-	56,428,218
Satisfactory	0.60- 11.34	-	-	-	-	-	-	-	-
Higher risk	11.35- 99.99	-	-	-	-	-	-	-	-
Lost	100	-	-	-	-	-	-	-	-
		56,372,967	-	-	56,372,967	56,428,218	-	-	56,428,218
Loss allowance		(79,017)	-	-	(79,017)	(85,562)	-	-	(85,562)
Carrying amount		56,293,950	-	-	56,293,950	56,342,656	-	-	56,342,656



In thousands of Naira		31 Dec 2023				31 Dec 2022			
		12 month PD ranges	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
Debt investment securities at FVOCI									
Low - fair risk (rated B-)	0-0.59	3,158,379	-	-	3,158,379	2,533,939	-	-	2,533,939
Satisfactory	0.60-11.34	-	-	-	-	-	-	-	-
Higher risk	11.35-99.99	-	-	-	-	-	-	-	-
Lost	100	-	-	-	-	-	-	-	-
		3,158,379	-	-	3,158,379	2,533,939	-	-	2,533,939
Loss allowance		-	-	-	-	-	-	-	-
Carrying amount		3,158,379	-	-	3,158,379	2,533,939	-	-	2,533,939

In thousands of Naira	31 Dec 2023			31 Dec 2022		
	Life time ECL not credit impaired	Credit impaired	Total	Life time ECL not credit impaired	Credit impaired	Total
Other financial assets						
Low - fair risk	79,246	-	79,246	61,805	-	61,805
Higher risk	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-
	79,246	-	79,246	61,805	-	61,805
Loss allowance	(541)	-	(541)	(541)	-	(3,041)
Carrying amount	78,705	-	78,705	61,264	-	58,764

Amounts arising from ECL

Inputs, assumptions and techniques used for estimating impairment

For inputs, assumptions and techniques used for estimating impairment, see Note 3.1(c).

Significant increase in credit risk (SICR)

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition,

the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:



- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

The Company uses four criteria for determining whether there has been a significant increase in credit risk:

- **movement in PD based on internal and external rating parameters**

The Company monitors changes in internal and external ratings of obligors to assess significant increase/decrease in credit risk. Evidence of SICR depends on rating at initial recognition and the extent of movement (number of notches downgrade/upgrade) as at reporting date.

The Company applies different notches movement across each rating grade as evidence of SICR. Generally, obligors with higher credit rating would require more notches downgrade to evidence SICR, when compared with obligors with lower credit rating. The logic is that PD exponentially increases with movement down the rating grades. For instance, while a one-notch movement is deemed significant for a loan rated "High Risk" at origination, a two-notch movement is deemed significant for a "Moderate Risk" rated loan. In addition, while a one-notch movement is deemed significant for a loan rated CCC at origination, a three-notch movement is deemed significant for an AAA rated loan.

- **probationary period**

The Company monitors changes in the 'significant increase in credit risk' of its financial instruments during their transition from one stage to another.

The changes in the allocated stage of the assets will only be applied after the following requirements are met. That:

- Where there is evidence that there is significant reduction in credit risk, the Company would continue to monitor such financial instruments for

a probationary period of 90 days to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12-months ECL (Stage 1).

- In addition to the 90 days probationary period above, the Company will observe a probationary period of 90 days to upgrade from Stage 3 to 2.

- **qualitative indicators**

The Company uses a wide range of qualitative criteria for staging purposes, leveraging on IFRS 9 recommendations and a range of other factors.

The Company overrides the stage allocation using quantitative assessment if the financial asset(s) meets a specific qualitative criteria for different impairment stages.

- **a backstop of 30 days past due**

The Company uses the backstop indicator otherwise known as "30 days past due presumption" to assess significant decrease/increase in credit risk in all its loans. Evidence of Significant Increase in Credit Risk (SICR) depends on the loan performance status and the number of days for which contractual payments are past due.

A credit facility is deemed non-performing when interest or principal is due and unpaid for 90 days or more.

Generating the term structure of PD

Probability of Default is a measure of the likelihood that the borrower of a loan will move from a performing status to a non – performing status over a given time horizon.

A loan is non – performing when interest or principal is due and unpaid for 90 days or more, or when such interest have been capitalized, rescheduled or rolled over into a new loan. Multi-year PDs are a collection of monthly PD values referring to different time periods over the lifetime of a financial asset.

In the absence of historic data, the Company has resorted to the use of external mapping approach in deriving its PD. Deriving PDs for the Company's obligors using the external mapping approach involves obtaining an external rating scale with assigned PDs for each rating grade, mapping



the obligors to external rating grades and using the annual PDs assigned to the rating grade for the obligor.

The External Mapping Approach is used in estimating the marginal, monthly PD's for loans and advances for obligors. The rating from external rating agencies are mapped to the associated PD from Standard & Poor's (S & P's) Annual Global Corporate Average Cumulative Probability of Default. The annual PD is then converted to the Marginal Monthly PD.

This mapping is done using the National (Nigeria) Mapping Table published by S & P. The table below indicates the relationship that exists between the National and International local currency ratings. It shows the median international rating that had been assigned to each Nigerian national scale rating. Below is the table showing the mapping of Nigeria national rating scale to S & P Global. The external benchmark input into measurement of ECL are as follows:

Augusto Rating Scale	National-scale long-term rating	National-scale short-term rating	Implied Global-scale long-term local-currency rating	Adjusted Global-scale long-term local-currency rating
AAA	ngAAA	ngA-1	BB+ and above	B
AA+	ngAA+	ngA-1	BB	B
AA	ngAA, ngAA-	ngA-1	BB	B
AA-	ngAA, ngAA-	ngA-1, ngA-2	BB-	B
A+	ngA+, ngA, ngA-	ngA-1, ngA-2	B+	B
A	ngA+, ngA, ngA-	ngA-1, ngA-2	B+	B
*A-	ngA+, ngA, ngA-	ngA-1, ngA-2	B+	B
BBB+	ngBBB+, ngBBB, ngBBB-	ngA-2, ngA-3	B	B-
BBB	ngBBB+, ngBBB, ngBBB-	ngA-2, ngA-3	B	B-
BBB-	ngBBB+, ngBBB, ngBBB-	ngA-2, ngA-3	B	B-
BB+	ngBB+, ngBB	ngB	B-	B-
BB	ngBB+, ngBB	ngB	B-	B-
BB-	ngBB-, ngB+	ngB	B-	B-
B+	ngBB-, ngB+	ngB	CCC+	CCC+
B	ngB, ngB-, ngCCC+	ngC	CCC+	CCC+
B-	ngB, ngB-, ngCCC+	ngC	CCC+	CCC+
CCC/C	ngCCC, ngCCC-	ngC	CCC-	CCC-
N/A	ngCC	ngC	CC	CC
N/A	NgC	ngC	C	C
N/A	R**	R**	R**	R**
N/A	SD***	SD***	SD***	SD***
N/A	D****	D****	D****	D****



Incorporation of forward-looking information (FLI)

The Company incorporates forward-looking information into the measurement of ECL.

The Company formulates three economic scenarios: a base case, which is the median scenario assigned a 50% probability of occurring, and two less likely scenarios, one upside and one downside, each assigned a 25% probability of occurring. The base case is aligned with information used by the Company for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the country where the Company operates and selected private-sector and academic forecasters.

The Company has opted to use the variable scalar approach in a top-down manner for the purpose of incorporating FLI into Multi-year ECL Estimation. The top-down approach entails adjusting the ECL for FLI rather than adjusting the components of ECL (EAD, LGD, and PD).

The purpose of the variable scalar is to provide an objective way to adjust the base case ECL term structure to reflect the relevant macroeconomic forecasts for each year. In determining the variable scalar, the Company:

1. Identifies the relevant macroeconomic variables affecting the ECL.
2. Obtains historical data on the Non-Performing Loan (NPL) ratio and the macroeconomic variables identified. Where there are more than 3 variables identified, obtain historical data for the 3 most significant variables.

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The key drivers for credit risk are: GDP growth and prime lending rates.

The economic scenarios used as at 31 December 2023 included the following key indicators for Nigeria for the years ending 31 December 2024 to 2025.

	2024	2025
Prime Lending rate	Base 17.75%	Base 17%
GDP growth	Base 2.94%	Base 2.89%

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 5 years.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention, prepayments and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in Note 3.1(f).

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

- its remaining lifetime PD at the reporting date based on the modified terms; with
- the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Company may renegotiate loans to customers in financial difficulties to maximise collection opportunities and minimise the risk of default. The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants.

For financial assets modified as a result of renegotiation, the estimate of PD reflects whether the modification has improved or restored the Company's ability to collect interest and principal and the Company's previous experience of similar forbearance action. As part of this process, the Company evaluates the borrower's payment performance



against the modified contractual terms and considers various behavioural indicators.

Generally, renegotiation/forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired. A customer needs to demonstrate consistently good payment behaviour over a

period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to Stage 1.

The following table provides information on financial assets that were modified while they had a loss allowance measured at 12 months ECL.

<i>In thousands of Naira</i>	31 Dec 2023	31 Dec 2022
Financial assets modified during the year		
Amortized cost of loans and advances before modification	1,152,474	-
Net modification (gain)/loss	75,098	-

(b) Currency risk

The Company is minimally exposed to the financial risk related to the fluctuation of foreign exchange rates. This is so because all transactions are based in Naira. A significant change in the exchange rates between the Naira (functional and presentation currency) relative to the US dollar would have an insignificant effect on the Company's financial position. The Company does not enter into any forward exchange contracts to manage the currency risk fluctuations.

(c) Market and liquidity risk

Market risk is defined as potential loss arising from movements of market prices and rates.

NMRC's market risk exposure is limited to interest rate risk on its financial assets, particularly investments in Federal Government bonds and treasury bills. Liquidity risk arises when the NMRC does not have sufficient funds to meet its financial obligations when they fall due. The Company manages market and liquidity risks by imposing threshold limits which are approved by management within the parameters approved by the Board based on a risk-return relationship. It also adheres to a strict match-funding policy where all asset purchases are funded by bonds of closely matched size and duration, and are self-sufficient in terms of cash flow.

A forward looking liquidity mechanism is in place to promote efficient and effective cash flow management while avoiding excessive concentrations of funding in any one financial institution. Most of the Company's funds are tied up in investment securities issued by the Federal Government of Nigeria and money market placements with commercial banks, however the Company monitors every business transaction relating to its investments to

ensure that available funds are sufficient to meet its business requirements at all times. Reserve liquidity, which comprises marketable debt securities, are also set aside to meet any unexpected shortfall in cash flow or adverse economic conditions in the financial market.

Price risk

The Company's exposure to securities price risk arises from investments held by the company and classified in the statement of financial position either as at fair value through other comprehensive income (FVOCI). To manage its price risk arising from investments in debt securities, the company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Board. The company's FVOCI investments are publicly traded and are included in the FMDQ Securities Exchange Market

Interest rate risk

Interest rate risk arises from the possibility of a change in the value of assets and liabilities in response to changes in market rates. Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no financial instruments linked to variable interests, the risk that the Company will realise a loss as a result of any change in the fair value of financial assets or liabilities is thus immaterial. The Company has not entered into any derivative financial instrument to manage this risk.

Interest rate profile

At the end of the reporting period, the interest rate profile of the Company's interest bearing financial instruments as reported to the Management of the Company are as follows:



<i>In thousands of Naira</i>	Note	31 December 2023	31 December 2022
Financial assets			
Cash and cash equivalents	6	93,739	337,585
Placements with banks	7	1,813,404	1,755,644
Mortgage refinance loans	8	25,217,498	24,021,645
Investment securities	10	58,400,246	58,886,595
		85,524,887	85,001,469
Financial liabilities			
Debt securities issued	14(a)	20,391,537	22,530,685
Borrowings	14(b)	38,586,370	37,532,959
		58,977,907	60,063,644

Fair value sensitivity analysis for fixed rate instruments

The table below shows the impact on the Company's profit before tax if interest rates on financial instruments had increased or decreased by 100 basis points, with all other variables held constant. This is equal to the impact on equity as there is no tax applicable given the situation that the Company is in a taxable loss position.

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Increase in interest rate by 100 basis points (+1%)	265,470	249,378
Decrease in interest rate by 100 basis point (-1%)	(265,470)	(249,378)

Fair value sensitivity analysis for FVOCI financial assets

The table below shows the impact on the Company's other comprehensive income if interest rates on FVOCI securities had increased or decreased by 100 basis points, with all other variables held constant.

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Increase in interest rate by 100 basis points (+1%)	31,684	25,439
Decrease in interest rate by 100 basis point (-1%)	(31,684)	(25,439)



The contractual maturity profiles of financial instruments at the reporting periods were as follows:

31 December 2023

<i>In thousands of Naira</i>	Note	Carrying amount	Gross nominal inflow/ (outflow)	Less than 3 months	6 months	12 months	5 years	More than 5 years
<i>Non-derivative assets</i>								
Cash and cash equivalents	6	93,739	93,739	93,739	-	-	-	-
Placements with banks	7	1,813,404	1,814,154	806,206.22	826,247	181,700.82	-	-
Mortgage refinance loans	8	25,217,498	40,592,387	1,217,772	3,247,391	7,712,554	12,177,716	16,236,955
Investments securities	10	58,400,246	134,227,818	3,276,209	1,122,634	3,421,744	35,219,724	91,187,507
Other financial assets	12	78,705	61,264	61,264	-	-	-	-
Total financial assets		85,603,592	176,789,363	5,455,190	5,196,273	11,315,998	47,397,440	107,424,462
<i>Non-derivative liabilities</i>								
Debt securities	14(a)	20,391,537	32,249,824	1,229,721	1,229,721	2,459,442	20,474,439	6,856,501
Borrowings	14(b)	38,586,370	65,725,534	1,029,260	1,540,176	785,054	11,131,662	51,239,381
Other financial liabilities	15	418,940	418,940	418,940	-	-	-	-
Total financial liabilities		59,396,847	98,394,298	2,677,921	2,769,897	3,244,497	31,606,101	58,095,883
Gap -assets/(liabilities)		26,206,745	78,395,065	2,777,269	2,426,375	8,071,501	15,791,339	49,328,579
Cumulative liquidity gap		-	-	2,777,269	5,203,644	13,275,146	29,066,485	78,395,065

31 December 2022

<i>In thousands of Naira</i>	Note	Carrying amount	Gross nominal inflow	Less than 3 months	6 months	12 months	5 years	More than 5 years
<i>Non-derivative assets</i>								
Cash and cash equivalents	6	337,585	958,910	958,910	-	-	-	-
Placements with banks	7	1,762,747	1,192,744	-	1,192,744	-	-	-
Mortgage refinance loans	8	24,021,645	45,827,877	1,084,037	1,083,368	2,168,074	16,930,203	24,562,195
Investments securities	10	58,886,595	142,777,621	2,408,976	1,108,646	3,512,771	34,977,638	100,769,590
Other financial assets	13	61,264	61,264	61,264	-	-	-	-
Total financial assets		85,069,836	190,818,416	4,513,187	3,384,759	5,680,845	51,907,841	125,331,785
<i>Non-derivative liabilities</i>								
Debt securities	14(a)	22,530,685	37,168,407	1,229,721	1,229,721	2,459,442	19,217,728	13,031,795
Borrowings	14(b)	37,532,959	67,598,336	-	788,015	801,076	9,208,537	56,800,709
Other financial liabilities	15	376,965	-	-	-	-	-	-
Total financial liabilities		60,440,609	104,766,744	1,229,721	2,017,736	3,260,518	28,426,265	69,832,504
Gap -assets/(liabilities)		24,629,227	86,051,673	3,283,466	1,367,023	2,420,327	23,481,576	55,499,281
Cumulative liquidity gap		-	-	3,283,466	4,650,489	7,070,816	30,552,392	86,051,673

The non-derivative financial assets and liabilities in the table above have been compiled using undiscounted cash flows, which include estimated interest payments.



(d) Capital management

The Nigeria Mortgage Refinance Company PLC is required to hold a minimum capital of ₦5 billion as determined by its regulator. The Mortgage Refinance Company is directly supervised by the Central Bank of Nigeria (CBN). Central Bank of Nigeria sets and monitors capital requirements for the Company. In implementing current capital requirements, Central Bank of Nigeria requires the Mortgage Refinance Company to maintain a ratio of 10% of total capital to total risk-weighted assets.

The Nigeria Mortgage Refinance Company's regulatory capital includes:

- (i) Tier 1 capital, which includes paid-up share capital, share premium reserves, retained earnings, other reserves, published current earnings after deduction of goodwill, intangible assets and identified gains/

losses or as otherwise defined by the Central Bank of Nigeria for licensed financial institutions.

- (ii) Tier 2 capital, which includes other comprehensive income items. Tier 2 capital as defined by the Central Bank of Nigeria also includes subordinated debts and hybrid capital instruments.

Risk weighted assets are derived based on a two level pre-defined risk weights for different asset classes, specifically:

- 0% for cash and near cash equivalents and Federal Government securities
- 100% for all on-balance sheet exposures

The table below shows the break-down of the Company's regulatory capital for the year ended 31 December 2023. The capital adequacy ratio has been computed in line with Basel II rule.

Capital Adequacy Computation

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Tier 1 Capital		
Share capital	2,125,444	2,125,444
Share premium	5,925,232	5,925,232
Retained earnings	13,008,738	11,057,663
Statutory reserves	4,495,921	3,963,062
Other reserves	32,035	141,195
Total qualifying Tier 1 capital	25,587,370	23,071,401
Less:		
Intangible assets	(2,867)	(4,143)
Adjusted total qualifying Tier 1 capital	25,584,503	23,067,258
Tier 2 Capital		
Subordinated term debt	58,977,907	60,063,644
Other Comprehensive Income	(109,160)	(94,663)
Total qualifying Tier 2 capital	58,868,747	59,968,981
Adjusted total qualifying Tier 2 capital (limited to 33.33% of total Tier 1 capital)	8,528,168	7,689,086
Investment in the capital of banking and financial institutions	(10,000)	(10,000)
Total Regulatory Capital	34,102,671	30,746,344



Risk weighted assets	31 December 2023	31 December 2022
Risk-weighted amount for credit risk	27,554,837	26,334,824
Risk-weighted amount for operational risk	10,378,649	9,696,025
Risk-weighted amount for market risk	-	-
Total weighted risk assets	37,933,486	36,030,849
Capital Adequacy Ratio (CAR)	90%	86%

The Company's capital adequacy ratio was 90% as at 31 December 2023 (31 December 2022: 86%) which was above CBN capital adequacy requirements of 10%.

(e) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management discusses with the Audit Committee the development, selection and disclosure of the Company's critical accounting policies and their application and assumptions made relating to major estimation uncertainties. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year and about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is disclosed below.

These disclosures supplement the commentary on financial risk management.

Key sources of judgments

(i) Classification of financial assets

IFRS 9 requires that financial assets are classified as assets carried at amortized cost, fair value through profit or loss and fair value through other comprehensive income.

Under IFRS 9, equity instruments are to be classified as fair value through profit or loss unless the entity makes an irrevocable election to carry the equity instruments

at fair value through other comprehensive income.

The classification decision for non-equity financial assets under IFRS 9 is dependent on two key criteria:

- The business model within which the asset is held (the business model test), and
- The contractual cash flows of the asset (the SPPI test).

Assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding requires judgment by the Company.

(ii) Determination of credit risk

The Company is required to consider historic, current and forward-looking information (including macro-economic data).

The Company must determine whether a financial asset is in one of three stages in order to determine both the amount of ECL to recognise as well as how interest income should be recognised.

Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL require significant judgment.

Key sources of estimation uncertainty

(i) Determining expected credit losses (ECL)

Measurement uncertainty reflects those assumptions that are incorporated into the estimation of ECL. The key elements of estimation uncertainty relate to the forwardlooking assumptions within the central macro-economic scenario together with how the impact



of non-linearity has been reflected using multiple economic scenarios.

Following the initial transition to IFRS 9, changes in expected credit loss provisions will be reported in the income statement within the impairment caption. The amounts reported may experience more volatility from period to period than that previously experienced under IAS 39 due to factors such as:

- Transfers to/from stage 1 and 2;
- Changes in portfolio mix, both in terms of clients and tenor of instruments offered;
- Changes in forward-looking macroeconomic variables.

In respect of the SICR thresholds, based on the portfolios as at 1 January 2020, the percentage of assets identified as stage 2 as well as the value of ECL for stage 2 was relatively insensitive to a change in thresholds.

A forecast macroeconomic downturn will have several impacts on ECL, including:

- Increasing PD, driving higher stage 1 and 2 ECL and potentially leading to a transfer of assets from stage 1 to stage 2.
- Changes in portfolio mix, both in terms of clients and tenor of instruments offered;
- Reducing collateral values will increase LGD.

This will particularly impact the ECL charge for long dated assets in stage 2. It is expected that the impact

on ECL due to changing macro-economic environment will bring more volatility than the selection of the SICR thresholds.

(ii) Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in the accounting policy on fair value. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(v) Income Taxes

Significant estimates are required in determining the provision for income taxes. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Income taxes also include the judgement on whether to recognise deferred tax assets. This is based on the assessment of if and when future taxable profits will be realized to utilise the tax losses carried forward.



5 FINANCIAL ASSETS AND LIABILITIES

(a) The table below sets out the Company's classification of financial assets and liabilities, and their fair values:

							31 December 2023	
<i>In thousands of Naira</i>	Notes	Amortised cost	FVOCI - Debt instruments	FVOCI - Equity instruments	Mandatorily at FVTPL	Fair Value	Fair Value Hierachy	Total carrying amount
Cash and cash equivalents	6	93,739	-	-	-	93,739	2	93,739
Placements with banks	7	1,813,404	-	-	-	1,813,404	2	1,813,404
Mortgage refinance loans	8	25,217,498	-	-	-	25,217,498	3	25,217,498
Investment securities	10	55,231,867	2,948,939	10,000	-	52,007,740	1	58,190,806
Other financial assets	13	78,705	-	-	-	78,705	3	78,705
		82,435,213	2,948,939	10,000	-	79,211,085		85,394,152
Debt securities issued	14(a)	20,391,537	-	-	-	20,391,537	3	20,391,537
Borrowings	14(b)	38,586,370	-	-	-	38,586,370	3	38,586,370
Other financial liabilities	15	2,184,610	-	-	-	2,184,610	3	2,184,610
		61,162,517	-	-	-	61,162,517		61,162,517

							31 December 2022	
<i>In thousands of Naira</i>	Notes	Amortised cost	FVOCI - Debt instruments	FVOCI - Equity instruments	Mandatorily at FVTPL	Fair Value	Fair Value Hierachy	Total carrying amount
Cash and cash equivalents	6	337,585	-	-	-	337,585	2	337,585
Placements with banks	7	1,755,644	-	-	-	1,755,644	2	1,755,644
Mortgage refinance loans	8	24,021,645	-	-	-	24,021,645	3	24,021,645
Investment securities	10	56,342,656	2,533,939	10,000	-	51,592,739	1	58,886,595
Other financial assets	13	61,264	-	-	-	61,264	3	61,264
		82,518,794	2,533,939	10,000	-	77,768,877		85,062,733
Debt securities issued	14(a)	22,530,685	-	-	-	22,530,685	3	22,530,685
Borrowings	14(b)	37,532,959	-	-	-	37,532,959	3	37,532,959
Other financial liabilities	15	1,820,486	-	-	-	1,820,486	3	1,820,486
		61,884,130	-	-	-	61,884,131		61,884,131

6 CASH AND CASH EQUIVALENTS

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Balances with banks	93,739	15,378
Money market placements	-	322,207
Cash and cash equivalents	93,739	337,585



7 PLACEMENTS WITH BANKS

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Placements with banks	1,814,154	1,762,747
Impairment loss allowance (see note (a) below)	(750)	(7,103)
	1,813,404	1,755,644
Current	1,813,404	1,755,644
Non-current	-	-
	1,813,404	1,755,644

(a) Impairment loss allowance

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Balance, beginning of year	7,103	29,838
(Writeback)/Impairment during the year	(6,353)	(22,735)
Balance, end of year	750	7,103

8 MORTGAGE REFINANCE LOANS

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Loans and advances	25,376,396	24,238,668
IFRS 9 Impairment loss allowance (see note (a) below)	(158,898)	(217,023)
Loans and advances at amortised cost	25,217,498	24,021,645
Loans and advances at amortised cost comprises of:		
Loans to commercial banks	14,165,737	15,080,843
Loans to mortgage banks	11,210,659	9,157,825
	25,376,396	24,238,668
Current	4,465,163	4,308,065
Non-current	20,752,336	19,713,580
	25,217,498	24,021,645

(a) Impairment loss allowance

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Balance, beginning of year	217,023	195,649
Impairment loss during the year	(58,125)	21,374
Balance, end of year	158,898	217,023

(b) Nature of security in respect of mortgage refinance loans

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Secured against real estate	25,376,396	24,238,668
Unsecured	-	-
Balance, end of year	25,376,396	24,238,668



9 PLEDGED ASSETS

<i>In thousands of Naira</i>	31 December 2023		
	FVOCI Instruments	Instrument at Amortised	Total
Asset exchanged under repurchase agreement			
FGN Bonds	86,103	1,062,083	1,148,186
ECL allowance on assets under repo (see (a) below)	-	(1,517)	(1,517)
	86,103	1,060,566	1,146,669

<i>In thousands of Naira</i>	31 December 2022		
	FVOCI Instruments	Instrument at Amortised	Total
FGN Bonds	-	-	-
ECL allowance on assets under repo (see (a) below)	-	-	-
	-	-	-

Assets exchanged under repurchase agreement as at 31 December 2023 were with the following counterparty:

	Carrying value of asset	Carrying value of liability
Stanbic IBTC Bank	1,146,669	1,029,589
Current	1,146,669	1,029,589
Non Current	-	-
Total	1,146,669	1,029,589

(a) Impairment loss allowance

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Balance, beginning of year	-	-
(Writeback)/Impairment during the year	1,517	-
Total	1,517	-

Pledged asset are asset exchanged in a repurchase agreement with counterparties. Under the arrangement, ownership of the asset do not transfer to the counterparty during the period of the transaction.

10 INVESTMENT SECURITIES

(a) Analysis of investments

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
FVOCI investment securities:		
Federal Government of Nigeria Bonds	2,948,939	2,533,939
Treasury bills	209,439	-
Unquoted equity instrument	10,000	10,000
	3,168,379	2,543,939
<i>Investment securities at amortised cost:</i>		
Federal Government of Nigeria Bonds	55,310,884	56,428,218
Impairment loss allowance (see note (i) below)	(79,017)	(85,562)
	55,231,867	56,342,656
	58,400,246	58,886,595

Included in these investments are securities held with respect to accrued guarantee fee (See note 14(a)(ii)).



Current

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
FVOCI securities	209,439	326,160
Investment securities at amortised cost	-	-
	209,439	326,160

Non-current

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
FVOCI securities	2,958,939	2,543,939
Investment securities at amortised cost	55,231,867	56,016,496
	58,190,806	58,560,435
	58,400,246	58,886,595

(i) Impairment loss allowance

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Balance, beginning of year	85,562	26,200
Impairment (writeback)/loss during the year	(5,028)	59,362
Cash and cash equivalents	80,534	85,562

*Included in this movement is the impairment on pledged assets

(b) Movement in investment securities

The movement in investment securities for the Company may be summarised as follows:

	2023		
	FVOCI instruments	Instruments at amortised cost	Total
At 1 January, 2023	2,543,939	56,342,656	58,886,595
Impairment loss	(646)	5,028	4,382
Interest income	420,250	6,617,393	7,037,643
Interest received	(335,074)	(7,834,726)	(8,169,800)
Net (sale)/purchase of investment	649,070	101,517	750,587
losses from changes in fair value recognised in other comprehensive income (see note 15(d))	(109,160)	-	(109,160)
	3,168,379	55,231,867	58,400,247

	2022		
	FVOCI instruments	Instruments at amortised cost	Total
At 1 January, 2022	2,415,495	57,334,806	59,750,301
Impairment loss	(3,710)	(59,362)	(63,072)
Interest income	6,936,352	12,012	6,948,364
Interest received	(509,598)	(12,692,663)	(13,202,261)
Purchase of investment	-	11,747,863	11,747,863
Sale of investment	(6,199,937)	-	(6,199,937)
Losses from changes in fair value recognised in other comprehensive income (see note 15(d))	(94,663)	-	(94,663)
	2,543,939	56,342,656	58,886,595

11 PROPERTY PLANT AND EQUIPMENT

<i>In thousands of Naira</i>	Computer Equipment	Office Equipment	Leasehold Improvements	Furniture and Fittings	Motor Vehicle	Plant and Machinery	Building	Land	Capital Work-in- progress	Total
At 1 January 2023	263,595	17,604	75,081	31,583	194,439	13,226	39,000	293,720	-	928,248
Additions	15,964	1,210	0.37	517.74	31,349	(0)	-	-	38,700	87,741
Disposals	-	-	-	-	(9,931)	-	-	-	-	(9,931)
Reclassifications	(84)	84	-	-	-	-	-	-	-	-
At 31 December 2023	279,476	18,897	75,081	32,101	215,857	13,226	39,000	293,720	38,700	1,006,058
At 1 January 2022	249,425	14,686	75,081	31,583	158,335	13,226	39,000	287,820	-	869,156
Additions	4,006	836	-	-	11,401	-	-	5,900	40,622	62,765
Disposals	(3,673)	-	-	-	-	-	-	-	-	(3,673)
Reclassifications	13,837	2,082	-	-	24,703	-	-	-	(40,622)	-
At 31 December 2022	263,595	17,604	75,081	31,583	194,439	13,226	39,000	293,720	-	928,248
Accumulated Depreciation										
At 1 January 2023	224,073	14,196	30,349	13,020	154,248	13,226	3,246	-	-	452,358
Charge for the year	24,671	1,631	18,317	7,552	16,489	-	780	-	-	69,439
Disposals	(0)	0	0	0	(9,931)	-	-	-	-	(9,931)
At 31 December 2023	248,744	15,828	48,666	20,572	160,806	13,226	4,026	-	-	511,866
At 1 January 2022	202,924	13,182	11,664	5,250	129,539	11,719	2,466	-	-	376,744
Charge for the year	24,447	1,016	18,685	7,771	24,709	1,507	780	-	-	78,915
Disposals	(3,298)	(2)	-	(1)	-	-	-	-	-	(3,301)
At 31 December 2022	224,073	14,196	30,349	13,020	154,248	13,226	3,246	-	-	452,358
Net book value										
At 31 December 2023	30,732	3,070	26,416	11,529	55,051	-	34,974	293,720	38,700	494,192
At 31 December 2022	39,522	3,408	44,732	18,563	40,191	-	35,754	293,720	-	475,890



- (i) The Company had no capital commitments and no assets pledged as security for borrowings as at 31 December 2023 (31 December 2022: Nil)
- (ii) There were no capitalized borrowing costs related to the acquisition of property and equipment during the year (31 December 2022: Nil)
- (iii) There were no leased assets during the year (31 December 2022: Nil)

12 INTANGIBLE ASSETS

<i>In thousands of Naira</i>	Computer Software
Cost	
At 1 January 2023	91,187
Additions	-
At 31 December 2023	91,187
At 1 January 2022	86,082
Additions	5,105
At 31 December 2022	91,187
Accumulated Amortization	
At 1 January 2023	87,044
Charge for the year	1,276
At 31 December 2023	88,320
At 1 January 2022	81,180
Charge for the year	5,864
At 31 December 2022	87,044
Net book value	
At 31 December 2023	2,867
At 31 December 2022	4,143

- (i) The Company had no commitments relating to the acquisition of intangible assets as at 31 December 2023 (31 December 2022: Nil)
- (ii) There were no capitalized borrowing costs related to the acquisition of intangible assets during the year (31 December 2022: Nil)



13 OTHER ASSETS

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Non financial assets:		
Prepaid staff benefits	14,926	29,784
Other prepaid expenses	41,631	19,179
Other borrowing cost (see (a) below)	22,500	-
WHT Receivable	87,254	66,079
	166,311	115,042
Financial assets:		
Staff loans and advances	29,955	12,514
Deposit for Shares (see (b) below)	26,746	26,746
Other receivables	22,545	22,545
	79,246	61,805
Impairment on other assets	(541)	(541)
	78,705	61,264
	245,016	176,306
Current	245,016	176,306
Non-current	-	-
	245,016	176,306

(a) This represents commitment fee for a long term funding facility from a development finance institution.

(b) This represents NMRC's seed capital contribution towards the establishment of the Nigeria Mortgage Guarantee Company. The establishment of the company is a key component of the National Housing Finance Program which is being coordinated by the Central Bank of Nigeria.

14 BORROWINGS AND DEBT SECURITIES

(a) Debt securities issued

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Fixed rate debt security issued at amortized cost (see note (i) below)	20,391,537	22,530,685
Current	4,918,884	4,661,295
Non-current	15,472,653	17,869,390
	20,391,537	22,530,685

(i) Debt securities issued comprises of the following fixed rate bond issuances:

Series	Issue size	Rate	Issue date	Maturity date
1	₦8 billion	14.90%	29-Jul-15	29-Jul-30
2	₦11 billion	13.80%	21-May-18	15-Mar-33
3	₦10 billion	7.20%	02-Nov-20	02-Nov-27

The bonds were issued under the Company's ₦440 billion Medium Term Note programme. Interest and principal are payable on a quarterly basis.



- (ii) The debt securities issued by the Company are backed by the unconditional guarantee of the Federal Government of Nigeria. According to the guarantee agreement, 10% of the company's profit after tax will be set aside for market development programs to be agreed by both parties.

(b) Borrowings

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Short term borrowings (see note (i) below)	1,029,589	-
Borrowings from FGN (see note (ii) below)	37,556,781	37,532,959
	38,586,370	37,532,959
Current	1,982,822	1,788,430
Non-current	36,603,549	35,744,529
	38,586,370	37,532,959

- (i) Short term borrowing represents the amount payable on the repurchase facility with Stanbic IBTC Bank. (See Note 9)
- (ii) Borrowings from FGN represents an International Development Agency (IDA) facility granted to the Federal Republic of Nigeria for the funding of the Housing Finance Programme. The loan, which purpose is the establishment of a mortgage liquidity facility, was received in Naira by Nigeria Mortgage Refinance Company PLC through the Central Bank of Nigeria (CBN) in three tranches on 27 June 2014, 3 July 2015, and 12 October 2018. The loan is tenured 40 years from the date of commencement at an interest rate of 0.75% per annum plus a forex hedge rate of 3.5%. Interest is payable semi-annually in arrears on each payment date.

The loan is recognized at amortized cost.

15 OTHER LIABILITIES

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
<i>Non-financial liabilities</i>		
Accrued contribution towards market development (see note 14(a)(iii))	2,184,610	1,820,486
Provisions	-	-
Accrued professional fees	29,877	46,071
NHF payable	-	-
NSITF payable	-	8,200
Withholding tax payable	3,108	-
ITF payable	9,795	-
	2,227,389	1,874,757
<i>Financial liabilities</i>		
Performance bonus payable to employees	213,266	198,040
Other account payable	200,189	177,446
Sundry Creditors	5,485	1,479
	418,940	376,965
	2,646,329	2,251,722
Current	2,646,329	2,251,722
Non- Current	-	-
	2,646,329	2,251,722



- (i) VAT is not applicable on mortgages, hence VAT and VAT Payable do not apply to the company

16 CAPITAL AND RESERVES

(a) Share capital and share premium

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
(i) Authorised:		
2,125,444,427 ordinary shares of ₦1.00 each	2,125,444	2,125,444
(ii) Issued and fully paid:		
Balance at beginning of the year	2,125,444	2,125,444
	2,125,444	2,125,444

(iii) Share premium

Share premium is the excess paid by shareholders over the nominal value of their shares.

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Balance at beginning of the year	5,925,232	5,925,232
	5,925,232	5,925,232
Share capital and share premium	8,050,676	8,050,676

(b) Retained earnings

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Balance, beginning of year	11,057,663	9,166,104
Transfer from statement of comprehensive income	3,552,395	3,385,018
Transfer to statutory reserve	(532,859)	(507,753)
Transfer to statutory credit risk reserve (See note 28 below)	(69,502)	(8,008)
Dividend Paid (See note (ii) below)	(998,959)	(977,698)
Balance, end of year	13,008,738	11,057,663

- (i) Included in the retained earnings is ₦8.5 billion (2022: ₦7 billion) which is the non-redistributable portion of retained earnings attributable to the utilization of the IDA facility.
- (ii) The company paid dividend of ₦998 million in 2023 (2022: ₦977 million)

(c) Statutory reserve

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Balance, beginning of year	3,963,062	3,455,309
Transfer from retained earnings (see note (i) below)	532,859	507,753
Balance, end of year	4,495,921	3,963,062

- (i) In line with the Central Bank's regulatory framework for Mortgage refinance companies, the Company is required to maintain a reserve fund and transfer a minimum of 30% of its net profits into the reserve account (where the reserve fund is less than the paid up share capital) or a minimum of 15% of its net profits (where the reserve fund is equal to or more than the paid up share capital). In 2023, having met the requirement, the company transferred 15% of its net profit to statutory reserves (2022: 15%)



(d) Fair value reserves

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Balance, beginning of year	141,195	235,858
Fair value gain for the year (see note (i) below)	(109,160)	(94,663)
Balance, end of year	32,035	141,195

- (i) Fair value reserves represent the difference between the amortized cost of the Company's FVOCI financial assets and the market value of those assets, as well as the impairment allowance on FVOCI financial assets. The difference is recognized in the statement of other comprehensive income and transferred to profit or loss upon derecognition of the financial asset. The transactions are not subject to tax and so there was no tax impact.

17 INTEREST INCOME AT EFFECTIVE INTEREST RATE

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Cash and cash equivalents	3	128,904
Placements with banks	292,089	48,064
Mortgage refinance loans	2,978,844	2,959,343
Treasury bills	17,986	24,351
Federal Government of Nigeria bonds	7,037,641	6,948,364
Total interest income calculated using effective interest method	10,326,562	10,109,026

- (a) Interest income can further be broken down as follows:

<i>In thousands of Naira</i>	31 December 2023		
	Amortised cost	FVOCI	Total
Cash and cash equivalents	3	-	3
Placements with banks	292,089	-	292,089
Mortgage refinance loans	2,978,844	-	2,978,844
Treasury bills	-	17,986	17,986
Federal Government of Nigeria bonds	6,617,391	420,250	7,037,641
	9,888,327	438,236	10,326,562

<i>In thousands of Naira</i>	31 December 2022		
	Amortised cost	FVOCI	Total
Cash and cash equivalents	128,904	-	128,904
Placements with banks	48,064	-	48,064
Mortgage refinance loans	2,959,343	-	2,959,343
Treasury bills	-	24,351	24,351
Federal government of Nigeria bonds	6,642,774	305,590	6,948,364
	9,779,085	329,941	10,109,026



18 INTEREST EXPENSE

Interest expense at amortised cost comprises of:

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Interest expense on borrowings	1,620,002	1,589,091
Interest expense on debt securities issued	2,792,236	3,001,097
	4,412,238	4,590,188

19 OTHER INCOME

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Gain on asset disposal	-	535
Other income	664	278
	664	813

20 PERSONNEL EXPENSES

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Salaries and allowances	663,955	524,287
Defined contribution plan	23,235	21,426
Group Life Assurance	10,699	7,145
Other staff cost (See note (a) below)	331,987	308,975
	1,029,875	861,833

(a) Other staff cost is made up of other short term employee costs such as health insurance, overtime allowances, statutory payroll contributions and performance incentives.

(b) The average number of persons employed during the year by category were as follows:

	31 December 2023	31 December 2022
Executive	1	1
Management	8	9
Non-management	13	12
	22	22



(c) The table below shows the number of employees (excluding non-executive directors), whose earnings during the year fell within the ranges shown below:-

	31 December 2022	31 December 2021
₦300,001 - ₦2,000,000	-	-
₦2,000,001 - ₦3,000,000	-	-
₦3,000,001 - ₦4,000,000	-	-
₦4,000,001 - ₦5,000,000	-	-
₦5,000,001 - ₦6,000,000	-	-
₦6,000,001 - ₦7,000,000	-	-
₦7,000,001 - ₦8,000,000	2	2
₦8,000,001 - ₦9,000,000	3	3
₦9,000,001 - ₦10,000,000	-	-
₦10,000,001 and above	17	17
	22	22

21 IMPAIRMENT (WRITEBACK)/LOSS

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Impairment losses on loans and advances	(58,125)	21,374
Impairment of investment securities at FVOCI, including pledged assets	646	3,710
Impairment of investment securities at amortised cost, including pledged assets	(5,028)	59,362
(Writeback)/Impairment of placements with banks	(6,353)	(22,735)
Impairment on other financial assets	(10,734)	40,337
Total Impairment	(68,859)	61,712



22 OTHER OPERATING EXPENSES

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Service charge/Legal fees	316	277
ITF Levy	2,282	9,419
NSITF	6,422	6,049
General admin expenses	51,846	38,317
Net loss on disposal of property and equipment	-	-
Audit fee (See note (b) below)	33,325	24,000
Custody fees	38,274	30,686
Bank charges	9,803	7,296
Utility and electricity	22,095	16,943
Advertisement	28,321	12,304
Insurance	7,164	8,073
IT cost	140,570	99,264
Professional fees (see note (a) below)	92,377	115,289
Stationery and printing	250	2,712
Recruitment expense	1,057	5,155
Corporate gifts and branding	17,547	39,153
Subscription expenses	54,328	35,923
Annual general meeting expenses	18,459	13,279
Business and product development expenses	60	798
Donations	14,285	9,189
Directors fees	48,750	55,250
Flight & transportation cost	45,339	50,356
Hotel accommodation expenses	1,928	-
Conferences	40,689	6,820
Other directors expenses	144,376	51,531
Staff welfare and training	36,415	36,181
Sponsorship	22,261	19,655
Guarantee fee (see note 14(a)(ii))	364,124	337,420
	1,242,662	1,031,339



(a) The Company paid professional fees during the year as follows:-

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Financial consultancy services	4,300	15,910
Tax consultancy services	11,589	6,009
Bond rating/related services	51,131	41,973
Project management, compliance and market advisory services	17,913	23,218
Other advisory services	7,444	28,179
	92,377	115,289

(b) The external auditors, Messrs PwC, was paid ₦11.6 million during the year for tax compliance services. Other than this, PwC did not engage in any other services for NMRC, apart from the audit for which the PwC earned a fee of ₦31m.

23 TAXATION

(a) Income tax expense

(i) Recognised in profit or loss

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Major component of the tax expense:		
Minimum tax	51,636	51,570
	51,636	51,570
Income tax expense:		
Information technology tax	36,382	34,720
NASENI levy	-	8,680
Police Trust Fund Levy	182	-
	36,564	43,400
Total income tax expense	88,200	94,970



(ii) Reconciliation of effective tax rate

<i>In thousands of Naira</i>		31 December 2023		31 December 2022
Profit before tax		3,640,595		3,479,988
Adjustment for information technology tax		-		-
		3,640,595		3,479,988
Tax using domestic corporation tax rate	30%	1,092,179	30%	1,043,996
Non-deductible expenses	1%	44,910	22%	782,762
Tax exempt income	-58%	(2,122,207)	-89%	(3,080,691)
Education tax	0%	-	0%	-
Information technology tax	1%	36,382	1%	34,720
Police trust fund levy	0%	182	0%	-
Minimum tax	1%	51,636		
Naseni levy	0%	-	0%	8,680
Balancing charge	0%	346	0%	-
Unrecognised deductible temporary differences	27%	984,772	36%	1,253,933
Other permanent differences	0%	-	0%	-
	2%	88,200	1%	43,400

(b) Current tax liabilities

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

<i>In thousands of Naira</i>		31 December 2023		31 December 2022
Balance, beginning of year		104,482		68,309
Charge for the year		88,200		94,970
Tax paid		(85,523)		(58,797)
Balance, year end		107,159		104,482

(c) Unrecognised deferred tax asset

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The deferred tax assets of Nigeria Mortgage Refinance Company which relates primarily to temporary difference in the recognition of depreciation and capital allowances on property and equipment, unrelieved tax losses and collective impairment on loans were not recognized in these financial statements. This is due to the uncertainty about the availability of future taxable profits against which deferred tax assets can be utilized.



The unrecognized deferred tax asset during the year is attributable to the following:

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Property and equipment	251,516	288,820
Unrelieved tax losses	5,380,360	4,503,406
Collective impairment	75,364	99,273
	5,707,240	4,891,499

The movement in the unrecognized deferred tax asset during the year was as follows:

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Balance, beginning of the year	4,891,499	5,583,067
(Debit)/Credit for the year	815,741	(691,568)
Balance, end of the year	5,707,240	4,891,499

24 EARNINGS PER SHARE (BASIC AND DILUTED)

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Weighted average number of ordinary shares		31 December 2023		
<i>In thousands of units of shares</i>		Shares Outstanding	Period Covered	Weighted shares
Number of Shares at the beginning of the year	16(a)	2,125,444	1.00	2,125,444
Number of Shares at the end of the year	16(a)	2,125,444	1.00	2,125,444
Weighted average number of ordinary shares				2,125,444
Profit attributable to equity holders				3,552,395
Earnings per share (kobo)				167

Weighted average number of ordinary shares		31 December 2022		
<i>In thousands of units of shares</i>		Shares Outstanding	Period Covered	Weighted shares
Number of Shares at the beginning of the year	16(a)	2,125,444	1.00	2,125,444
Number of Shares at the end of the year	16(a)	2,125,444	1.00	2,125,444
Weighted average number of ordinary shares				2,125,444
Profit attributable to equity holders				3,385,018
Earnings per share (kobo)				159

(b) The Company does not have any dilutive potential ordinary shares. Therefore, basic earnings per share and diluted earnings per share are the same for the Company.



25 CONTRAVENTION OF LAWS AND REGULATIONS

The Company did not pay any penalties in respect of contraventions of the provisions Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act of Nigeria and relevant Central Bank of Nigeria circulars during the year ended 31 December 2023 (31 December 2022: Nil)

26 CONTINGENT LIABILITIES

There were two litigations and claims as at 31 December 2023 with an estimate of ₦458 million (31 December 2022: ₦208 million). These litigations and claims arose in the normal course of business and are being contested by the Company. The directors are of the opinion that the aforementioned cases are not likely to have a material adverse effect on the Company and are not aware of any other pending and/or threatened claims or litigations which may be material to the financial statements.

27 RELATED PARTY TRANSACTIONS

(a) (i) Key management personnel compensation

Key management personnel are those persons having authority and responsibility, whether directly or indirectly, for planning, directing, and controlling the activities of the Company. This includes executive and non-executive directors, and senior management personnel.

Compensation of the Company's key management personnel comprises:

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Short-term employee benefits	377,646	299,632
Pension cost	23,235	12,896
	400,880	312,528

(ii) Directors' emoluments

The remuneration paid to directors (excluding executive directors) were as follows:

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Fees	48,750	52,250
Sitting and other allowances	17,465	20,502
	66,215	72,752

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

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
₦1,000,000 and above	8	9

(iii) Chairman and Highest paid director

	31 December 2023	31 December 2022
Chairman	9,750	9,750
Highest paid director	136,288	117,749



(b) Transactions with shareholders

During the year ended 31 December 2023, the following transactions occurred between the Company and some of its shareholders.

(i) Money market placements

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Access Bank PLC		
- Current accounts	52,899	9,660
- Money market placements	220,000	160,650
Sterling Bank PLC		
- Current accounts	35,392	288
- Money market placements	-	-
Homebase Mortgage Bank		
- Money market placements	531,946	734,697
Delta Trust Mortgage Bank		
- Money market placements	100,000	50,000
Gateway Mortgage bank		
- Money market placements	350,000	100,000
Infinity Trust Mortgage Bank		
- Money market placements	100,000	500,000
LivingTrust Mortgage Bank		
- Money market placements	350,000	400,000
FHA Mortgage Bank		
- Money market placements	100,000	100,000
	1,840,237	2,055,295



(ii) Mortgage refinance loans

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Abbey Mortgage Bank PLC	983,119	-
First Trust Mortgage Bank PLC	502,091	664,187
Suntrust Bank Nigeria Limited	1,014,460	1,085,989
Homebase Mortgage Bank Limited	4,315,812	3,921,374
Stanbic IBTC Bank Limited	3,073,868	3,307,735
Sterling Bank PLC	1,361,698	1,644,436
Infinity Trust Mortgage Bank PLC	1,998,177	1,590,101
Access Bank PLC	5,138,425	5,366,458
Brent Mortgage Bank	210,935	219,885
LivingTrust Mortgage Bank	875,692	527,651
Gateway Mortgage Bank	1,231,792	1,081,603
	20,706,068	19,424,164

(iii) Interest income

<i>In thousands of Naira</i>	31 December 2023	31 December 2022
Access Bank PLC		
-Interest income on money market placements	23,823	23,823
Sterling Bank PLC		
-Interest income on money market placements	24,435	24,435
Homebase Mortgage Bank		
-Interest income on money market placements	57,723	57,723
Gateway Mortgage bank		
-Interest income on money market placements	24,789	24,789
Delta Trust Mortgage Bank		
-Interest income on money market placements	2,921	2,921
Infinity Trust Mortgage Bank		
-Interest income on money market placements	15,005	15,005
FHA Mortgage Bank		
-Interest income on money market placements	3,866	3,866
LivingTrust Mortgage Bank		
-Interest income on money market placements	26,278	26,278
	178,840	178,840



28 STATEMENT OF PRUDENTIAL ADJUSTMENTS

(i) Loans and advances to customers

<i>In thousands of Naira</i>		31 December 2023	31 December 2022
ECL impairment allowance on mortgage refinance loans 8 (b)		158,898	217,023
Total impairment allowance on mortgage refinance loans (a)		158,898	217,023
Total impairment based on prudential guidelines (b)		253,764	242,387
Difference (c) = a - b		(94,866)	(25,364)

In accordance with Central Bank of Nigeria Prudential Guidelines, the Company has made transfer to the regulatory risk reserve during the year because IFRS 9 impairment allowance is lower than impairment based on prudential guidelines.

29 STATEMENT OF CASHFLOW WORKINGS

(a) Changes in Mortgage refinance loans

(i) <i>In thousands of Naira</i>	Note	31 December 2023	31 December 2022
Mortgage refinance loans at the beginning of the year		24,021,645	21,104,863
Interest income	17	2,978,844	2,959,343
Interest received	29(ii)	(2,998,547)	(1,306,008)
Impairment expense		58,125	(21,375)
Mortgage refinance loans at the end of the year		(25,217,498)	(24,021,645)
Gross movement in Mortgage refinance loans		(1,157,431)	(1,284,822)
Amount recognized in cash flow		(1,157,431)	(1,284,822)

(ii) <i>In thousands of Naira</i>	Note	31 December 2023	31 December 2022
Interest receivable at the beginning of the year		178,600	(64,073,182)
Interest income during the year	17	2,978,844	2,959,343
Interest receivable at the end of the year		(158,898)	62,419,847
Interest received during the year		2,998,547	1,306,008

(b) Net change in placements with banks

(i) <i>In thousands of Naira</i>	Note	31 December 2023	31 December 2022
Placements at the beginning of the year	7	1,755,644	675,182
Interest income		292,089	48,064
Impairment (charge)/writeback	7	6,353	22,735
Placements at the end of year	7	(1,813,404)	(1,755,644)
Cash inflow/(outflow)		240,682	(1,009,663)

(c) Changes in other assets

<i>In thousands of Naira</i>	Note	31 December 2023	31 December 2022
Balance at the beginning of the year	13	176,306	151,389
Impairment (charge)		-	-
Balance at the end of the year	13	(245,016)	(176,306)
Cash outflow		(68,710)	(24,917)



(d) Changes in other liabilities

<i>In thousands of Naira</i>	Note	31 December 2023	31 December 2022
Balance at the end of the year	15	2,646,329	2,251,722
Balance at the beginning of the year	15	(2,251,722)	(1,904,513)
Cash inflow		394,607	347,209

(e) Interest received

<i>In thousands of Naira</i>	Note	31 December 2023	31 December 2022
Total interest receivable in prior year		92,367,580	67,597,031
Interest income in current year	17	10,326,562	10,109,026
		102,694,142	77,706,057
Total interest receivable in current year		(113,880,477)	(92,367,580)
Interest received		(11,186,335)	(14,661,523)
Interest income received on mortgage refinance loans	29(a)	2,998,547	1,306,008
Interest income received on cash and cash equivalents	17	3	128,904
Interest income received on treasury bills	17	17,986	24,351
Interest income received on investment securities - FVOCI	10(b)	335,074	509,598
Interest income received on investment securities - Amortised cost	10(b)	7,834,726	12,692,663
Total interest income received		11,186,335	14,661,523

(f) Repayment of borrowings and debt securities

<i>In thousands of Naira</i>		31 December 2023	31 December 2022
Total payable in prior year			
- Debt securities		22,530,685	24,506,298
- Borrowings		37,532,959	37,532,959
Proceeds from debt securities issued during the year		-	-
Interest paid in current year		(4,412,238)	(4,468,704)
Principal repaid in current year		(1,085,737)	(2,158,203)
Interest expense in current year		4,412,238	4,590,188
		58,977,907	60,063,644
Total payable in current year			
- Debt securities		(20,391,537)	(22,530,685)
- Borrowings		(38,586,370)	(37,532,959)
		-	-
Principal repaid			
- Debt securities		(1,085,737)	(2,158,203)
- Borrowings		-	-
Total principal repaid		(1,085,737)	(2,158,203)
Interest paid			
- Debt securities		(2,792,236)	(2,870,478)
- Borrowings		(1,620,002)	(1,598,226)
Total interest paid		(4,412,238)	(4,468,704)



(g) Profit on disposal of property and equipment

<i>In thousands of Naira</i>	Note	31 December 2023	31 December 2022
Cost	11	9,931	3,673
Accumulated depreciation	11	(9,931)	(3,301)
NBV		0	372
Sales proceed		0	907
Profit on disposal	19	-	535

30 EVENTS AFTER THE REPORTING DATE

There are no subsequent events that need to be accounted for or disclosed in the financial statement.



VALUE ADDED STATEMENT

	December 2023		December 2022	
		%		%
Gross earnings	10,327,226		10,109,839	
Loan loss expenses/diminution in risk assets	58,125		(21,375)	
Bought-in materials and services - Local	(1,231,928)		(1,071,676)	
Value added	9,153,423	100	9,016,788	(100)
Applied to pay:				
To providers of finance				
Interest expense on borrowings	1,620,002	17	1,589,091	17
Interest expense on debt securities issued	2,792,236	31	3,001,097	33
To employees				
Personnel expenses	1,029,875	11	861,833	10
To the Government				
Taxation	88,200	1	94,970	1
Retained in the business:				
Depreciation and amortisation	70,715	1	84,779	1
Profit for the year	3,552,395	39	3,385,018	38
Value added	9,153,423	100	9,016,788	100

FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION

<i>In thousands of Naira</i>	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019
Assets					
Assets Cash & Cash Equivalents	93,739	337,585	2,819,440	16,406,918	5,859,280
Placements with banks	1,813,404	1,755,644	675,182	447,774	1,494,950
Mortgage refinance loans	25,217,498	24,021,645	21,104,863	17,478,531	18,339,488
Pledged Assets	1,146,669	-	-	-	-
Investment securities - FVOCI	3,168,379	2,543,939	2,415,495	4,481,285	5,360,556
Investment securities - Amortised cost	55,231,867	56,342,656	57,334,806	45,564,118	41,149,334
Other assets	245,016	176,306	151,389	137,161	121,220
Intangible assets	2,867	4,143	4,901	12,954	22,535
Property and equipment	494,192	475,890	492,412	515,978	519,944
Total assets	87,413,631	85,657,808	84,998,488	85,044,719	72,867,307
Liabilities					
Other liabilities	2,646,329	2,251,722	1,904,513	1,632,946	1,198,908
Current tax liabilities	107,159	104,482	68,309	53,320	78,603
Debt securities issued	20,391,537	22,530,685	24,506,298	26,275,287	17,264,522
Borrowings	38,586,370	37,532,959	37,594,065	37,598,419	37,598,419
Total liabilities	61,731,395	62,419,848	64,073,185	65,559,972	56,140,452
Net assets	25,682,236	23,237,960	20,925,304	19,484,747	16,726,855
Capital and reserves					
Share capital and share premium	8,050,676	8,050,676	8,050,676	8,050,676	8,050,676
Retained earnings	13,008,738	11,057,663	9,166,104	7,234,232	5,610,014
Statutory reserves	4,495,921	3,963,062	3,455,309	2,957,545	2,509,635
Statutory credit risk reserve	94,866	25,364	17,356	-	-
Fair value reserve	32,035	141,195	235,858	1,242,294	556,530
Total equity	25,682,236	23,237,960	20,925,304	19,484,747	16,726,855
Total liabilities and equities	87,413,631	85,657,808	84,998,488	85,044,719	72,867,307



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>In thousands of Naira</i>	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019
Interest income at effective interest rate	10,326,562	10,109,026	9,759,205	9,163,807	9,610,997
Interest expense at effective interest rate	(4,412,238)	(4,590,188)	(4,734,632)	(4,255,164)	(4,198,011)
Net interest income	5,914,324	5,518,838	5,024,573	4,908,643	5,412,986
Other income	664	813	146,627	13,718	7,093
Total income	5,914,988	5,519,651	5,171,200	4,922,361	5,420,079
Impairment of loans and advances	68,859	(61,712)	11,864	83,752	(141,065)
Personnel expenses	(1,029,875)	(861,833)	(798,750)	(783,970)	(901,201)
Depreciation & amortization	(70,715)	(84,779)	(83,709)	(111,708)	(172,412)
Other operating expenses	(1,242,662)	(1,031,339)	(913,850)	(1,070,582)	(1,108,027)
Profit before income tax	3,640,595	3,479,988	3,386,755	3,039,853	3,097,374
Income tax expense	(88,200)	(94,970)	(68,331)	(53,783)	(78,917)
Profit for the year	3,552,395	3,385,018	3,318,425	2,986,071	3,018,457
Items that are or may be reclassified to profit or loss					
- Changes in fair values of FVOCI debt instruments	(109,160)	(94,663)	(1,006,436)	685,764	514,745
Other comprehensive income, net of income tax	(109,160)	(94,663)	(1,006,436)	685,764	514,745
Total comprehensive profit for the year	3,443,235	3,290,355	2,311,989	3,671,835	3,533,202
Profit attributable to:					
Equity holders of the Company	3,552,395	3,385,018	3,318,425	2,986,071	3,018,457
Profit for the year	3,552,395	3,385,018	3,318,425	2,986,071	3,018,457
Total comprehensive profit attributable to:					
Equity holders of the Company	3,443,235	3,290,355	2,311,989	3,671,835	3,533,202
Total comprehensive profit for the year	3,443,235	3,290,355	2,311,989	3,671,835	3,533,202
Earnings per share (Basic and diluted)- kobo	167 k	159 k	156 k	140 k	142 k

SHAREHOLDER'S INFORMATION UPDATE FORM

Date (DD/MM/YYYY)

I/We wish to request that my/our details as (a) Shareholder(s) of Nigeria Mortgage Refinance Company PLC be amended to reflect the following information:

Company Name:

Present Postal Address

Previous Postal Address

E-Mail

Mobile (GSM) Phone Number

--	--

BVN

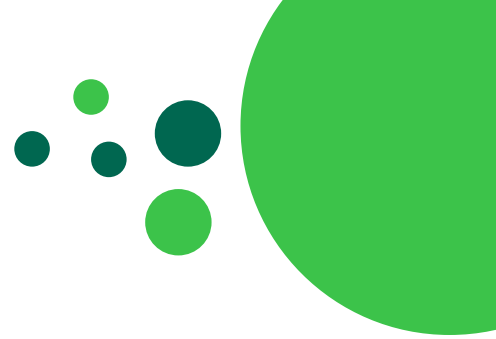
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I/We confirm that all information supplied is to the best of my/our knowledge correct and hereby indemnify United Securities Limited against any loss that may arise from their adoption of the details as supplied.

<p style="text-align: center;">Company Seal/ Incorporation number (Corporate Shareholder)</p> <hr style="width: 80%; margin: 0 auto;"/>	
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<p style="text-align: center;">AUTHORISED SIGNATURE & STAMP OF BANKERS</p>	
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Kindly return the duly completed form to the Registrar, Meristem Registrars And Probate Services Limited 213, Herbert Macaulay Way Adekunle-Yaba Lagos State



PROXY FORM

The 10th Annual General Meeting of Nigeria Mortgage Refinance Company PLC (NMRC) will hold at the Abora Hall, Eko Hotel and Suites, Adetokunbo Ademola Street, Victoria Island, Lagos on Wednesday, June 5, 2024 at 10:00a.m.

I/We, of being a member/members of Nigeria Mortgage Refinance Company PLC hereby appoint

(Please tick the box beside the name of the proxy being appointed)

1.	Dr. Olabanjo Obaleye	<input type="checkbox"/>
2.	Mr. Ayo Olowookere	<input type="checkbox"/>
3.	Mr. Kehinde Ogundimu	<input type="checkbox"/>
4.	Mr. Arinze Adigwe	<input type="checkbox"/>
5.	Ms. Oluwatosin Vincent-Adeyemo	<input type="checkbox"/>
6.	Mr. Olashore Rotimi Moses	<input type="checkbox"/>

or failing any of the names above, the Chairman as my/our proxy to act and vote on behalf of me/us at the Annual General Meeting to be held on 5th June 2024 at 10:00 a.m at the Abora Hall, Eko Hotel and Suites, Adetokunbo Ademola Street, Victoria Island, Lagos or at any adjournment thereof.

Dated this day of 2024.

Signature of Shareholder

Name of Shareholder

S/N	Resolutions	FOR	AGAINST
	<p>ORDINARY BUSINESS:</p> <ol style="list-style-type: none"> 1. To lay before the Company in general meeting, the Audited Financial Statements for the period ended December 31st 2023 and the Reports of the Auditors, the Directors and the Statutory Audit Committee thereon 2. To declare a dividend 3. To re-elect Mr. Yemi Adeola, as a Director 4. To approve the appointment of Ms. Olufunke Aboyade, SAN, as Director 5. To approve the appointment of Dr. Markie Idowu, as Director 6. To disclose the remuneration of managers 7. To re-appoint PricewaterhouseCoopers (PwC) as External Auditors to the Company from the end of the Annual General Meeting until the end of the next Annual General Meeting 8. To authorise the Directors to fix the remuneration of the Auditors 9. To elect members of the Statutory Audit Committee 		
	<p>SPECIAL BUSINESS:</p> <ol style="list-style-type: none"> 10. To consider and if thought fit, pass the following as an ordinary resolution of the Company: "THAT the Directors' compensation package as presented by the Board be and is hereby approved". 		

NOTES:

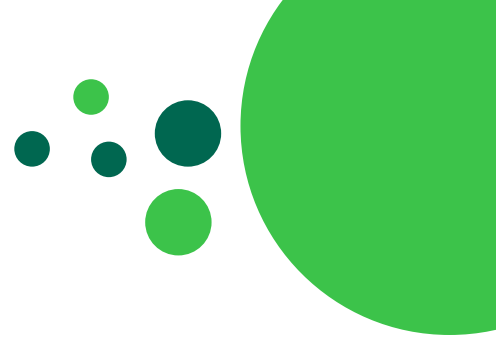
To be valid, this proxy form must be filled, signed and lodged (together with any power of attorney or other authority under which it is signed) at the office of the Company's Registrars, Meristem Registrars & Probate Services Limited, or sent via email to info@meristemregistrars.com, copying tmogbo@nmrc.com.ng not later than 48 hours before the time of holding the meeting. In the case of a corporation, this proxy form should be completed either by affixing the common seal or by the signature of a duly authorized officer.

.....

Authorised Officer

.....

Authorised Officer



ADMISSION CARD

10th Annual General Meeting of Nigeria Mortgage Refinance Company PLC (NMRC) will hold at the Abora Hall, Eko Hotel and Suites, Adetokunbo Ademola Street, Victoria Island, Lagos on Wednesday, 5th of June 2024 at 10:00a.m.

Name of Shareholder (in BLOCK LETTERS)

