

Nigeria Mortgage Refinance Company Plc

Unaudited Interim Financial Statements

31 December 2025

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Corporate information

Board of Directors

Yemi Adeola*	Chairman
Kehinde Ogundimu	Chief Executive Officer
Olufemi Johnson, DBA*	Non-Executive Director
Olabanjo Obaleye, DBA	Non-Executive Director
Aminu Umar-Sadiq	Non-Executive Director
Armstrong Takang, PhD	Non-Executive Director
Markie Idowu, PhD	Independent Non-Executive Director
Funke Aboyade, SAN, FCIArb	Independent Non-Executive Director
Bolaji Agbede	Non-Executive Director

* Retired from the Board with effect from 02 December 2025

Corporate Office 17, Sanusi Fafunwa Street
Victoria Island
Lagos

Auditors PricewaterhouseCoopers
FF Millenium Towers
Plot 13/14 Ligali Ayorinde Street
Victoria Island
Lagos
www.pwc.com/ng

Company Secretary Temitope Sodipo
Company secretary
17, Sanusi Fafunwa Street
Victoria Island
Lagos

Registration Number RC1123944

Tax Identification Number 17836949-0001

Chief Executive Officer's certification of periodic financial report

To comply with the provisions of Section 88 (2) of the Investments and Securities Act 2025, I hereby make the following statements regarding the unaudited quarterly financial statements of Nigeria Mortgage Refinance Company for the period ended 31 December 2025.

I, Kehinde Ogundimu, certify that:

- a) I have reviewed this unaudited quarterly report of Nigeria Mortgage Refinance Company.
- b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact, which may make the statement misleading in the light of the circumstances under which such statement was made.
- 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 established such internal controls to ensure that material information relating to the company is made known to such officers by others within the entity particularly during the period in which the periodic reports are being prepared,
 - 3) have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the report, and
 - 4) have presented in the report our conclusions about the effectiveness of internal controls based on our evaluation as of that date.
- e) 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/PRO/00000011195

27 January 2026

Chief Financial Officer's certification of periodic financial report

To comply with the provisions of Section 88 (2) of the Investments and Securities Act 2025, I hereby make the following statements regarding the unaudited quarterly financial statements of Nigeria Mortgage Refinance Company for the period ended 31 December 2025.

I, Kanayo Mba, certify that:

- a) I have reviewed this unaudited quarterly report of Nigeria Mortgage Refinance Company.
- b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact, which may make the statement misleading in the light of the circumstances under which such statement was made.
- 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 established such internal controls to ensure that material information relating to the company is made known to such officers by others within the entity particularly during the period in which the periodic reports are being prepared,
 - 3) have evaluated the effectiveness of the company's internal controls as of date within 90 days prior to the report, and
 - 4) have presented in the report our conclusions about the effectiveness of internal controls based on our evaluation as of that date.
- e) 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/PRO/00000019030


27 January 2026

Statement of financial position

As at 31 December 2025

		Audited	
		31 December 2025	31 December 2024
<i>In thousands of Naira</i>	Notes		
Assets			
Cash and cash equivalents	5	1,593,777	427,282
Placements with banks	6	259,038	1,621,130
Mortgage refinance loans	7	22,056,718	23,892,428
Investment securities			
- FVOCI	8	3,395,977	2,821,072
- Amortised cost	8	54,689,627	55,031,274
Property and equipment	9	739,544	619,228
Intangible assets	10	47,401	33,829
Other assets	11	968,084	747,557
Total assets		83,750,165	85,193,799
Liabilities			
Debt securities issued	12(a)	15,256,935	17,973,980
Borrowings	12(b)	36,059,147	36,806,320
Current tax liabilities	20(b)	104,673	109,106
Other liabilities	13	3,253,269	3,116,837
Total liabilities		54,674,024	58,006,243
Capital and reserves			
Share capital	14(a)(ii)	2,125,444	2,125,444
Share premium	14(a)(iii)	5,925,232	5,925,232
Retained earnings	14(b)	15,455,511	14,340,480
Statutory reserves	14(c)	5,553,095	5,048,249
Statutory credit risk reserve	23	110,509	128,866
Fair value reserve	14(d)	(93,650)	(380,715)
Total equity		29,076,141	27,187,556
Total liabilities and equities		83,750,165	85,193,799


Kehinde Ogundimu
Chief Executive Officer
FRC/2015/PRO/00000011195


Kanayo Mba
Chief Financial Officer
FRC/2019/PRO/00000019030

The notes on pages 9 to 31 are an integral part of these financial statements.

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2025

		Quarter ended 31 December 2025	Quarter ended 31 December 2024	Year ended 31 December 2025	Audited Year ended 31 December 2024
<i>In thousands of Naira</i>					
Gross earnings		2,538,998	2,625,495	10,247,299	10,450,347
Interest income	15	2,544,497	2,620,284	10,246,749	10,436,421
Interest expense	16	(921,232)	(1,010,652)	(3,784,612)	(4,127,138)
Net interest income		1,623,265	1,609,632	6,462,137	6,309,283
Other income	17	(5,499)	5,211	550	13,926
Total income		1,617,766	1,614,844	6,462,687	6,323,209
(Impairment)/write back for loans and advances	7(a)	-	-	-	47,728
(Impairment)/write back of investment securities:	8(a)(i)	-	-	-	1,470
Personnel expenses	18	(288,233)	(266,500)	(1,185,488)	(1,088,738)
Depreciation & amortization	9,10	(51,439)	(32,884)	(165,324)	(98,796)
Other operating expenses	19	(456,199)	(393,743)	(1,660,504)	(1,412,512)
Profit before income tax		821,895	921,717	3,451,370	3,772,361
Income tax expense	20(a)	(20,941)	(22,912)	(85,731)	(90,172)
Profit for the year		800,954	898,805	3,365,639	3,682,189
Items that are or may be reclassified to profit or loss					
- Changes in fair values of FVOCI debt instruments	14(d)	(2,878)	6,969	287,065	(411,251)
Other comprehensive income, net of income tax		(2,878)	6,969	287,065	(412,750)
Total comprehensive income for the year		798,076	905,773	3,652,704	3,269,439
Profit attributable to:					
Equity holders of the Company		800,954	898,805	3,365,639	3,682,189
Profit for the year		800,954	898,805	3,365,639	3,682,189
Total comprehensive income attributable to:					
Equity holders of the Company		798,076	905,773	3,652,704	3,269,439
Total comprehensive profit for the year		798,076	905,773	3,652,704	3,269,439
Earnings per share (Basic and diluted) - kobo	21	38	42	158	173

The notes on pages 9 to 31 are an integral part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2025

<i>In thousands of Naira</i>	Share capital	Share premium	Retained earnings	Statutory reserve	Fair value reserve	Statutory credit risk reserve	Total
Balance at 1 January 2025	2,125,444	5,925,232	14,340,480	5,048,249	(380,715)	128,866	27,187,556
Profit for the period	-	-	3,365,639	-	-	-	3,365,639
Transfer to statutory reserve	-	-	(504,846)	504,846	-	-	-
Transfer to statutory credit risk reserve	-	-	18,357	-	-	(18,357)	-
Dividend paid	-	-	(1,764,119)	-	-	-	(1,764,119)
Other comprehensive income for the period	-	-	-	-	287,065	-	287,065
Net impairment loss/(write back)	-	-	-	-	-	-	-
Total comprehensive income	-	-	1,115,031	504,846	287,065	(18,357)	1,888,585
Transactions with owners of the Company recognised directly in equity:							
Bonus dividend shares issued during the year	-	-	-	-	-	-	-
Balance at 31 December 2025	2,125,444	5,925,232	15,455,511	5,553,095	(93,650)	110,509	29,076,141

<i>In thousands of Naira</i>	Share capital	Share premium	Retained earnings/ (loss)	Statutory reserve	Fair value reserve	Statutory credit risk reserve	Total
Balance at 1 January 2024	2,125,444	5,925,232	13,008,738	4,495,921	32,035	94,866	25,682,236
Profit for the period	-	-	3,682,189	-	-	-	3,682,189
Transfer to statutory reserve	-	-	(552,328)	552,328	-	-	(0)
Transfer to statutory credit risk reserve	-	-	(34,000)	-	-	34,000	-
Dividend paid	-	-	(1,764,119)	-	-	-	(1,764,119)
Other comprehensive income for the period	-	-	-	-	(411,251)	-	(411,251)
Net impairment loss/(write back)	-	-	-	-	(1,499)	-	(1,499)
Total comprehensive income	-	-	1,331,742	552,328	(412,750)	34,000	1,505,320
Transactions with owners of the Company recognised directly in equity:							
Bonus dividend shares issued during the period	-	-	-	-	-	-	-
Balance at 31 December 2024	2,125,444	5,925,232	14,340,480	5,048,249	(380,715)	128,866	27,187,556

The notes on pages 9 to 31 are an integral part of these financial statements.

Statement of cash flows
for the year ended 31 December 2025

<i>In thousands of Naira</i>	Note	31 December 2025	31 December 2024
Cash flows from operating activities			
Profit for the year		3,365,639	3,682,189
Tax expense	20(a)	85,731	90,172
Profit before tax		3,451,370	3,772,361
Adjustments for:			
Interest income	15	(10,246,749)	(10,436,421)
Interest expense	16	3,784,612	4,127,138
Depreciation and amortization	9,10	165,324	98,796
Gain on sale of financial instrument	17	(5,184)	(8,860)
Foreign exchange (Gain)/Loss	17	4,635	(5,066)
Impairment loss/(writeback) on mortgage refinance loans	8(a)	-	(49,198)
		(2,845,993)	(2,501,249)
Changes in:			
Pledged assets	-	-	1,148,187
Mortgage refinance loans	24(a)	1,821,897	1,313,402
Placements with banks	24(b)	1,354,232	185,310
Other assets	24(c)	(220,527)	(502,542)
Other liabilities	24(d)	136,432	470,508
		246,042	113,617
Interest received	24(e)	10,604,587	10,693,728
Tax paid	20(b)	(90,164)	(88,225)
Net cash flows from operating activities		10,760,464	10,719,120
Proceeds from disposal of property and equipment		-	-
Purchase of investment securities	9(b)	(301,608)	(1,854,510)
Proceeds from matured investments	9(b)		1,798,666
Acquisition of property and equipment	10	(278,727)	(266,796)
Acquisition of intangible assets	10	(26,746)	-
Proceeds from disposal of property and equipment	24(g)	-	20,862
Net cash flows used in investing activities		(607,081)	(301,778)
Interest paid on debt securities issued	24(f)	(2,165,907)	(2,223,646)
Interest paid on borrowings	24(f)	(1,551,443)	(1,577,423)
Dividend paid		(1,764,119)	(1,764,119)
Repayment of debt security issued	24(f)	(2,752,977)	(2,701,986)
Repayment of borrowings	24(f)	(747,807)	(1,821,692)
Proceeds from borrowings and issuance of debt securities	24(f)	-	-
Net cash flows from financing activities		(8,982,254)	(10,088,866)
Net increase in cash and cash equivalents		1,171,129	328,477
Cash and cash equivalents, beginning of year	6	427,282	93,739
Impact of foreign exchange on cash and cash equivalents		(4,635)	5,066
Cash and cash equivalents, end of year	5	1,593,777	427,282

The notes on pages 9 to 31 are an integral part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2025

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 address of the Company's corporate office is 17, Sanusi Fafunwa Street, Victoria Island, Lagos. The Company is primarily involved in provision of long term funds to eligible mortgage lenders by issuing long term bonds in the Nigerian financial market and refinancing mortgage loans.

2 Basis of preparation

(a) Statement of compliance

The interim condensed financial statements for the year ended 31 December 2025 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2024.

(b) The financial statements have been prepared under the historical cost convention except for the following:-

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 recognised in the financial statements are described in Note 4(e).

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) Recognition

All financial instruments are initially recognized at fair value, which includes directly attributable transaction costs.

(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;
- 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);

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:

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

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the
- 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
- 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*

Reclassification of financial assets is permitted only in rare circumstances and is required if the objective of the business model in which the financial assets are held changes after initial recognition, and if the change is significant to the Company's operations.

(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) 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.

(d) 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.

(e) 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 has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

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.

(ii) Financial liabilities

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

3.2 Property 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 items. 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.

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 over the expected useful lives of the assets concerned.

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

(c) Derecognition

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

(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

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.

3.5 Other liabilities

The Company recognises and measures other liabilities at amortized cost.

3.6 Share capital

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.

3.8 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 contribution 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 salary 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.

3.9 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 substantively 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
- 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.

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 2025	31 December 2024
Cash and cash equivalents	5	1,593,777	427,282
Placements with banks	6	259,038	1,621,130
Mortgage refinance loans	8	22,056,718	23,892,428
Investment securities	8	58,085,604	57,852,345
Other financial assets	11	28,314	100,949

Collateral

<i>In thousands of Naira</i>	31 December 2025	31 December 2024
Total loan exposure (gross)	22,056,718	23,892,428
Secured against real estate	22,056,718	23,892,428
Unsecured loan	-	-

The cash and cash equivalents are held with the 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.

(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 Management Credit Committee, 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 participating mortgage banks 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 bank.

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.

(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.

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 interest 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.

(d) Capital management

The Nigeria Mortgage Refinance Company Plc is required to hold a minimum capital of N5 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.

The Nigeria Mortgage refinance Company shall maintain at all times a minimum ratio of qualifying capital to the value of its risk-weighted assets of not less than 10%.

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 Company's capital adequacy ratio was 106% as at 31 December 2025 (31 December 2024: 96%) 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

IFRS 9 replaces the existing incurred loss model required in IAS 39 with a forward-looking ECL model. 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 forward-looking 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 2018, 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.

(iii) Valuation of financial instruments

The Company's accounting policy on fair value measurements is discussed under note 3.

The Company measures fair values using the following fair value hierarchy that reflects the nature and process used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques based on significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument being valued and the similar instrument.

(iv) *Determination of impairment of property and equipment*

Management is required to make judgments concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Company applies the impairment assessment to its separate cash generating units. This requires management to make significant judgments and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realizable values. Management's judgment is also required when assessing whether a previously recognised impairment loss should be reversed.

(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.

(vi) *Depreciation and carrying value of property and equipment*

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

5 Cash and cash equivalents

	31 December 2025	31 December 2024
<i>In thousands of Naira</i>		
Balances with banks	160,309	427,282
Money market placements	1,433,467	-
Cash and cash equivalents	1,593,777	427,282

6 Placements with banks

	31 December 2025	31 December 2024
<i>In thousands of Naira</i>		
Placements with banks	259,038	1,621,130
Impairment loss allowance (see note (a) below)	-	-
	259,038	1,621,130
<i>Current</i>	259,038	1,621,130
<i>Non-current</i>	-	-
	259,038	1,621,130

(a) Impairment loss allowance

	31 December 2025	31 December 2024
<i>In thousands of Naira</i>		
Balance, beginning of year	-	750
Impairment during the year	-	(750)
Balance, end of year	-	-

7 Mortgage refinance loans

	31 December 2025	31 December 2024
<i>In thousands of Naira</i>		
Loans and advances	22,167,887	24,003,598
IFRS 9 Impairment loss allowance (see note (a) below)	(111,170)	(111,170)
loans and advances at amortized cost	22,056,718	23,892,428
<i>Current</i>	3,863,190	4,284,891
<i>Non-current</i>	18,193,528	19,607,537
	22,056,718	23,892,428

(a) Impairment loss allowance

	31 December 2025	31 December 2024
<i>In thousands of Naira</i>		
Balance, beginning of the year	111,170	158,898
Impairment/(Write back) during the year	-	(47,728)
Balance, end of the year	111,170	111,170

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

	31 December 2025	31 December 2024
<i>In thousands of Naira</i>		
Secured against real estate	22,167,887	24,003,598
Unsecured	-	-
Balance, end of the year	22,167,887	24,003,598

8 Investment securities

(a) Analysis of investments

	31 December 2025	31 December 2024
<i>In thousands of Naira</i>		
<i>FVOCI investment securities:</i>		
Federal Government of Nigeria Bonds	2,936,478	2,636,013
Treasury bills	449,499	175,059
Unquoted equity instrument	10,000	10,000
	3,395,977	2,821,072
<i>Investment securities at amortised cost:</i>		
Federal Government of Nigeria Bonds	54,770,940	55,112,588
Treasury bills	-	-
Impairment loss allowance (see note (i) below)	(81,314)	(81,314)
	54,689,627	55,031,274
	58,085,604	57,852,346
<i>Current</i>		
<i>In thousands of Naira</i>		
FVOCI securities	2,408,976	578,119
Investment securities at amortised cost	-	7,802,634
	2,408,976	8,380,753
<i>Non-current</i>		
<i>In thousands of Naira</i>		
FVOCI securities	987,001	2,242,953
Investment securities at amortised cost	54,689,627	47,228,640
	55,676,627	49,471,593
	58,085,604	57,852,346

(i) Impairment loss allowance

	31 December 2025	31 December 2024
<i>In thousands of Naira</i>		
Balance, beginning of the year	81,313	79,017
Impairment during the year	-	2,296
Balance, end of the year	81,313	81,313

(b) Movement in investment securities

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

	FVOCI instruments	31 December 2025 Instruments at amortised cost	Total
At 1 January, 2025	2,821,072	55,031,274	57,852,345
Impairment loss	-	-	-
Interest income	416,746	6,646,745	7,063,491
Interest received	(430,514)	(6,988,392)	(7,418,906)
Net (sale)/purchase of investment	301,608	-	301,608
Fair value gain on debt instruments recognised in OCI (see note 14(d))	287,065	-	287,065
	3,395,977	54,689,627	58,085,603

	FVOCI instruments	31 December 2024 Instruments at amortised cost	Total
At 1 January, 2024	3,168,379	55,231,867	58,400,246
Impairment loss	-	(2,296)	(2,296)
Interest income	521,515	6,553,791	7,075,306
Interest received	(513,415)	(6,752,088)	(7,265,503)
Purchase of investment securities	1,854,510	-	1,854,510
Matured/disposed investment	(1,798,666)	-	(1,798,666)
Fair value loss on debt instruments recognised in OCI (see note 14(d))	(412,750)	-	(412,750)
	2,819,573	55,031,274	57,850,847

9 Property and equipment

<i>In thousands of Naira</i>	Computer Equipment	Office Equipment	Freehold Improvement	Furniture and Fittings	Motor Vehicle	Plant and Machinery	Building	Land	Capital Work- in-progress	Total
Cost										
At 1 January 2025	472,266	18,897	75,081	32,585	86,609	13,226	39,000	293,720	31,449	1,062,833
Additions	15,735	3,467	1,095	3,718	13,163	-	-	-	241,549	278,727
Disposals	-	-	-	-	-	-	-	-	-	-
Reclassifications	216,167	-	26,007	5,992	17,884	-	-	-	(272,308)	(6,259)
At 31 December 2025	704,168	22,364	102,182	42,295	117,657	13,226	39,000	293,720	691	1,335,302
At 1 January 2024	279,476	18,897	75,081	32,101	215,857	13,226	39,000	293,720	38,700	1,006,058
Additions	94,417	-	-	484	33,525	-	-	-	138,369	266,795
Disposals	(8,547)	-	-	-	(162,773)	-	-	-	-	(171,320)
Reclassifications	106,920	-	-	-	-	-	-	-	(145,620)	(38,700)
At 31 December 2024	472,266	18,897	75,081	32,585	86,609	13,226	39,000	293,720	31,449	1,062,834
Depreciation										
At 1 January 2025	285,807	17,160	67,317	28,502	26,789	13,226	4,806	-	-	443,607
Charge for the year	103,727	1,512	14,204	5,950	25,978	-	780	-	-	152,150
Disposals	-	-	-	-	-	-	-	-	-	-
At 31 December 2025	389,535	18,672	81,521	34,452	52,767	13,226	5,586	-	-	595,757
At 1 January 2024	248,744	15,827	48,666	20,572	160,806	13,226	4,026	-	-	511,867
Charge for the period	42,138	1,333	18,651	7,930	20,227	-	780	-	-	91,058
Disposals	(5,074)	-	-	-	(154,244)	-	-	-	-	(159,318)
At 31 December 2024	285,807	17,160	67,317	28,502	26,789	13,226	4,806	-	-	443,605
Net book value										
At 31 December 2025	314,633	3,692	20,661	7,843	64,890	0	33,414	293,720	691	739,544
At 31 December 2024	186,461	1,737	7,764	4,084	59,819	(0)	34,194	293,720	31,449	619,228

- (ii) The Company had no capital commitments and no assets pledged as security for borrowings as at 31 December 2025 (31 December 2024: Nil)
- (iii) There were no capitalized borrowing costs related to the acquisition of property and equipment during the period (31 December 2024: Nil)

10 Intangible assets

<i>In thousands of Naira</i>	Computer Software
Cost	
At 1 January 2025	129,887
Additions	26,746
At 31 December 2025	156,633
At 1 January 2024	91,187
Additions	38,700
At 31 December 2024	129,887
Amortization	
At 1 January 2025	96,058
Charge for the year	13,174
At 31 December 2025	109,232
At 1 January 2024	88,320
Charge for the year	7,738
At 31 December 2024	96,058
Net book value	
At 31 December 2025	47,401
At 31 December 2024	33,829

- (i) The Company had no commitments relating to the acquisition of intangible assets as at 31 December 2025 (31 December 2024: Nil)
- (ii) There were no capitalized borrowing costs related to the acquisition of intangible assets during the year (31 December 2024: Nil)

11 Other assets

<i>In thousands of Naira</i>	31 December 2025	31 December 2024
<i>Non financial assets:</i>		
Prepaid staff benefits	18,157	44,276
Other prepaid expenses	96,090	80,040
Other borrowing cost (see (a) below)	759,810	445,984
WHT Receivable	65,713	76,309
	939,770	646,608
<i>Financial assets:</i>		
Staff loans and advances	28,855	19,589
Deposit for shares	0	26,746
Other receivables	0	55,155
	28,855	101,490
Impairment on other assets	(541)	(541)
	28,314	100,949
	968,084	747,558
<i>Current</i>	968,084	747,558
<i>Non-current</i>	0	-
	968,084	747,558

- (a) This represents acquisition cost for a long term funding facility from a development finance institution.

12 (a) Debt securities issued

<i>In thousands of Naira</i>	31 December 2025	31 December 2024
Fixed rate debt security issued at amortized cost (see note (i) below)	15,256,935	17,973,980
	15,256,935	17,973,980
<i>Current</i>	3,150,323	1,341,478
<i>Non-current</i>	12,106,612	16,632,502
	15,256,935	17,973,980

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

Series	Issue size	Rate	Issue date	Maturity date
1	N8 billion	14.90%	29-Jul-15	29-Jul-30
2	N11 billion	13.80%	21-May-18	15-Mar-33
3	N10 billion	7.20%	2-Nov-20	2-Nov-27

The bonds were issued under the Company's N440 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 2025	31 December 2024
Borrowings from FGN (see note (i) below)	36,059,147	36,806,320
	36,059,147	36,806,320
<i>Current</i>	945,032	2,341,252
<i>Non-current</i>	35,114,115	34,465,068
	36,059,147	36,806,320

(i) 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. This was received by Nigeria Mortgage Refinance Company Plc through the Central Bank of Nigeria (CBN) in three tranches, the first was received on 27 June 2014, the second on 3 July 2015 and the third on 12 October 2018. The purpose of the loan is to establish a mortgage liquidity facility. The loan is tenured 40 years (maturity on 13 May, 2053) from the date of commencement at an interest rate of 0.75% per annum plus the forex hedge rate of 3.5% for the duration of the loan. The facility had a ten-year moratorium on principal which expired in November 2024. Interest is accrued daily and is payable semi-annually in arrears on each payment date during the tenor of the loan (May 13 and November 13). The Company recognizes the loan at amortized cost.

13 Other liabilities

<i>In thousands of Naira</i>	31 December 2025	31 December 2024
<i>Non-financial liabilities</i>		
Accrued professional fees	41,239	46,509
Withholding tax payable	3,250	9,922
Accrued guarantee fee (see note 12(a)(ii))	2,905,591	2,560,536
ITF payable	9,462	9,543
	2,959,543	2,626,509
<i>Financial liabilities</i>		
Sundry Creditors	6,923	110,791
Performance bonus payable to employees	173,557	167,360
Other account payable	113,246	212,177
	293,726	490,328
	3,253,269	3,116,837
<i>Current</i>	3,253,269	3,116,837
<i>Non- Current</i>	-	-
	3,253,269	3,116,837

14 Capital and reserves

(a) Share capital and share premium

<i>In thousands of Naira</i>	31 December 2025	31 December 2024
(i) <i>Authorised:</i>		
2,125,444,427 ordinary shares of N1.00 each	2,125,444	2,125,444
(ii) <i>Issued and fully paid:</i>		
2,125,444,427 ordinary shares of N1.00 each	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.

	31 December 2025	31 December 2024
<i>In thousands of Naira</i>		
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*

	31 December 2025	31 December 2024
<i>In thousands of Naira</i>		
Balance, beginning of the year	14,340,480	13,008,738
Transfer from statement of comprehensive income	3,365,639	3,682,189
Transfer to statutory reserve	(504,846)	(552,328)
Transfer to regulatory risk reserve	18,357	(34,000)
Payment of dividend (see (i) below)	(1,764,119)	(1,764,119)
Balance, end of year	15,455,511	14,340,480

(i) At the Annual General Meeting held on 5 June 2024, a dividend of N0.83k for every ordinary share of N1 was approved. Payment of the declared dividend to shareholders has since been made.

(c) *Statutory reserve*

	31 December 2025	31 December 2024
<i>In thousands of Naira</i>		
Balance, beginning of the year	5,048,249	4,495,921
Transfer from retained earnings (see note (i) below)	504,846	552,328
Balance, end of the period/year	5,553,095	5,048,249

(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).

(d) *Fair value reserve*

	31 December 2025	31 December 2024
<i>In thousands of Naira</i>		
Balance, beginning of the year	(380,715)	32,035
Fair value gain/(loss) for the year (see note (i) below)	287,065	(411,251)
Net remeasurement of ECL loss allowance on FVOCI debt instruments	-	(1,499)
Balance, end of the year	(93,650)	(380,715)

(i) Fair value reserve represents 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.

15 *Interest income*

	Quarter ended 31 December 2025	Quarter ended 31 December 2024	Year ended 31 December 2025	Year ended 31 December 2024
<i>In thousands of Naira</i>				
Cash and cash equivalents	-	-	4,551	5,634
Placements with banks	103,117	115,496	393,019	385,692
Mortgage refinance loans	675,704	730,124	2,785,688	2,969,789
Treasury bills	28,071	13,147	162,014	101,265
Federal government of Nigeria bonds	1,737,605	1,761,516	6,901,477	6,974,041
	2,544,497	2,620,284	10,246,749	10,436,421

16 Interest expense

<i>In thousands of Naira</i>	Quarter ended 31 December 2025	Quarter ended 31 December 2024	Year ended 31 December 2025	Year ended 31 December 2024
Interest expense on borrowings	386,918	397,960	1,549,932	1,619,065
Interest expense on debt securities issued	534,313	612,692	2,234,680	2,508,073
	921,232	1,010,652	3,784,612	4,127,138

17 Other income

<i>In thousands of Naira</i>	Quarter ended 31 December 2025	Quarter ended 31 December 2024	Year ended 31 December 2025	Year ended 31 December 2024
Profit on disposal of property, plant and equipment	-	-	-	8,860
Gain on sale of financial instrument	-	-	5,184	-
Foreign exchange (loss)/gain	(5,499)	5,211	(4,635)	5,066
	(5,499)	5,211	550	13,926

18 Personnel expenses

<i>In thousands of Naira</i>	Quarter ended 31 December 2025	Quarter ended 31 December 2024	Year ended 31 December 2025	Year ended 31 December 2024
Salaries and allowances	183,772	168,433	766,929	685,899
Defined contribution plan	5,967	4,556	34,668	28,085
Group Life Assurance	2,943	2,999	12,658	11,996
Other staff cost (See note (a) below)	95,551	90,511	371,233	362,759
	288,233	266,500	1,185,488	1,088,738

(a) Other staff cost is made up of other short term employee costs such as health insurance, overtime allowances, statutory payroll contributions and accruals for the company's performance incentive plan.

19 Other operating expenses

<i>In thousands of Naira</i>	Quarter ended 31 December 2025	Quarter ended 31 December 2024	Year ended 31 December 2025	Year ended 31 December 2024
Service charge/Legal fees	220	4,099	1,146	15,267
ITF Levy	2,767	2,459	10,807	10,047
NSITF	933	870	5,165	7,315
General admin expenses	22,047	16,666	73,072	68,547
Audit fee	10,750	16,524	43,000	43,000
Custody fees	13,923	6,765	34,631	37,369
Bank charges	3,097	3,916	7,754	8,757
Utility and electricity	13,853	14,651	42,506	39,699
Advertisement	3,255	10,261	29,631	29,241
Insurance	2,553	1,658	12,148	9,314
IT cost	82,103	62,941	268,387	200,865
Professional fees	54,239	15,460	130,599	81,337
Stationery and printing	181	437	3,305	1,031
Recruitment expense	903	65	1,113	507
Corporate Gifts and Branding	12,409	6,427	84,928	44,370
Subscription expenses	1,553	10,821	40,926	42,685
Annual general meeting expenses	3,541	-	21,979	19,206
Business and Product development expenses	-	-	-	-
Corporate Social Responsibility	(2,255)	(5,478)	23,995	22,317
Directors fees	17,542	17,496	70,168	64,309
Business travel expenses	7,401	31,890	50,055	75,478
Hotel accommodation expenses	270	158	533	543
Conferences	25,295	26,360	43,462	39,391
Other directors expenses	80,126	45,680	276,915	143,064
Staff welfare and training	5,995	4,913	10,224	10,889
Sponsorship	11,310	7,000	29,000	22,038
Guarantee fee (see note 12(a)(ii))	82,189	91,704	345,056	375,926
	456,199	393,743	1,660,504	1,412,512

20 Taxation

(a) Income tax expense

(i) Recognised in profit or loss

<i>In thousands of Naira</i>	Quarter ended 31 December 2025	Quarter ended 31 December 2024	Year ended 31 December 2025	Year ended 31 December 2024
Company income tax and information technology tax	20,941	22,912	85,731	89,983
Police trust fund levy	-	-	-	189
Total income tax expense	20,941	22,912	85,731	90,172

(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 2025	31 December 2024
Balance, beginning of year	109,106	107,159
Charge for the year	85,731	90,172
Tax paid	(90,164)	(88,225)
Balance, year end	104,673	109,106

21 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

<i>In thousands of units of shares</i>		Shares Outstanding	Period Covered	Weighted shares
Number of Shares at the beginning of each period	15(a)	2,125,444	1.00	2,125,444
Number of Shares at the end of the period	15(a)	2,125,444	1.00	2,125,444

	Quarter ended 31 December 2025	Quarter ended 31 December 2024	Year ended 31 December 2025	Year ended 31 December 2024
Profit attributable to equity holders				
Profit attributable to equity holders	800,954	898,805	3,365,639	3,682,189
Earnings per share (kobo)	38	42	158	173

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

22 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 2024 (31 December 2023: Nil)

23 Statement of prudential adjustments

(i) Loans and advances to customers

<i>In thousands of Naira</i>	31 December 2025	31 December 2024
ECL impairment allowance on mortgage refinance loans	7 (b)	111,170
Total impairment allowance on mortgage refinance loans (a)	111,170	111,170
Total impairment based on prudential guidelines (b)	221,679	240,036
Difference (c) = a - b	(110,509)	(128,866)

In accordance with Central Bank of Nigeria Prudential Guidelines, the Company did not make any transfer to the regulatory risk reserve during the period because IFRS 9 impairment allowance is higher than impairment based on prudential guidelines.

24 Statement of Cashflow workings

(a) Changes in Mortgage refinance loans

<i>In thousands of Naira</i>	31 December 2025	31 December 2024
Gross mortgage refinance loans at the end of the year	(22,056,718)	(23,892,428)
Interest income	2,785,688	2,969,789
Interest received	(2,799,501)	(3,029,185)
Impairment (loss)/writeback	-	47,728
Gross Mortgage refinance loans at the beginning of the year	23,892,428	25,217,498
Gross movement in Mortgage refinance loans	1,821,897	1,313,402
Amount recognized in cash flow	1,821,897	1,313,402

(b) Net change in placements with banks

<i>In thousands of Naira</i>		31 December 2025	31 December 2024
Placements at the beginning of the year	6	1,621,130	1,813,404
Interest income		393,019	385,692
Interest received		(400,879)	(393,406)
Impairment charge		-	750
Placements at the end of year	6	(259,038)	(1,621,130)
Cash (outflow)/inflow		1,354,232	185,310

(c) Changes in other assets

<i>In thousands of Naira</i>		31 December 2025	31 December 2024
Balance at the end of the year	11	(968,084)	(747,558)
Impairment of receivables	12	-	-
Balance at the beginning of the year	11	747,557	245,016
Net cash received on other assets		(220,527)	(502,542)

(d) Changes in other liabilities

<i>In thousands of Naira</i>		31 December 2025	31 December 2024
Balance at the end of the year	13	3,253,269	3,116,837
Balance at the beginning of the year	13	(3,116,837)	(2,646,329)
Net cash paid on other liabilities		136,432	470,508

(e) Interest received

<i>In thousands of Naira</i>		31 December 2025	31 December 2024
Total interest receivable in prior year		135,010,625	113,880,476
Interest income in current year	16	10,246,749	10,436,421
		145,257,374	124,316,897
Total interest receivable in current year		(155,861,961)	(135,010,625)
Interest received		(10,604,587)	(10,693,728)

(f) Repayment of borrowings and debt securities

<i>In thousands of Naira</i>		31 December 2025	31 December 2024
Total payable in prior year		17,973,980	20,391,537
- Debt securities		36,806,320	38,586,370
- Borrowings		-	-
Proceeds from debt securities issued during the year		-	-
Interest paid in current year		(3,717,351)	(3,801,069)
Principal repaid in current year		(2,752,977)	(4,523,680)
Interest expense in current year		3,784,612	4,127,138
		52,094,584	54,780,300
Total payable in current year		(15,256,936)	(17,973,980)
- Debt securities		(36,059,147)	(36,806,320)
- Borrowings		-	-
Amount (received)/paid		-	-
Principal repaid		(2,752,977)	(2,701,986)
- Debt securities		(747,807)	(1,821,694)
- Borrowings		(3,500,784)	(4,523,680)
Total principal repaid		(3,500,784)	(4,523,680)
Interest paid		(2,165,907)	(2,223,646)
- Debt securities		(1,551,443)	(1,577,423)
- Borrowings		(3,717,351)	(3,801,069)
Total interest paid		(3,717,351)	(3,801,069)

(g) Profit/(Loss) on disposal of property and equipment

<i>In thousands of Naira</i>		31 December 2025	31 December 2024
Cost	9	-	171,320
Accumulated depreciation	9	-	(159,318)
NBV		-	12,002
Sales proceed		-	20,862
Profit/(Loss) on disposal		-	8,860

25 Events after the reporting date

There are no events that require disclosure or recognition in the financial statement of the Company.