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ANNUAL REPORT



LIVINGTRUST
MORTGAGE
BANK PLC

A member of **CITITRUST GROUP**



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DID YOU KNOW?

The only RISK in
REAL ESTATE
is NOT owning
A PROPERTY



A member of **CITITRUST GROUP**

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CORPORATE Information

DIRECTORS

Alh. Adebayo Jimoh	Chairman
Hon. Bola Oyabamiji	Non-Executive Director
Mr. Michael Omolaja	Non-Executive Director
Mr. Adeyemi Adefisan Adewole	Non-Executive Director
Mr. Olufemi Adesina	Non-Executive Director
Mr. Adeniran Adewole	Non-Executive Director
Mrs. Fehintola Olatunde-Agbeja	Independent Director
Mr. Adekunle Adewole	Managing Director
Mrs. Olaitan Aworonke	Executive Director
Mr. Oyewole Olowu	Executive Director
Prince Gbadebo Adekunle	Non-Executive Director (resigned)
Mrs. Eyitayo Adu	Non-Executive Director (resigned)
Prof. Olalekan Yinusa	Non-Executive Director (resigned)

Registrar:

Africa Prudential Registrar Plc,
Registrar's Department,
220B, Ikorodu Road,
Palmgroove,
Lagos.

Email: info@africaprudential.com

Company Secretary

Grace & Honey Solicitors
Audit Hub 108, Liberty Road,
Oke-Ado Ikorodu Road, Ibadan
Tel: +234 803 305 1123

olabisifayombo@yahoo.com

olabisi.fayombo@yahoo.com

Independent Auditors:

PKF Professional Services
Tel: +234(01)8042074 /
7734940 / 7748366

E-mail: lagos@pkf-ng.com
info@pkf-ng.com

PKF House/205A Ikorodu Road,
Obanikoro, Lagos

Bankers:

- First Bank of Nigeria Plc.
- Providus Bank
- Access Bank Plc.
- Stanbic IBTC Bank
- First City Monument Bank Plc.
- Zenith Bank Plc.

Brief Profile

The Bank was incorporated on March 9, 1999 as Osun Building Society Limited and changed its name to Living Spring Savings & Loans Limited in 2002. The Bank was converted to a Public Limited Liability Company on January 25, 2013 and subsequently changed its name from Omoluabi Savings and Loans Plc. to Omoluabi Mortgage Bank Plc. The Bank obtained its listing on the Nigerian Stock Exchange on December 11, 2013 where its shares are being publicly traded. Omoluabi Mortgage Bank Plc has changed its name to LivingTrust Mortgage Bank Plc by virtue of the Central Bank of Nigeria's approval and the Corporate Affairs Commission's approval and certification dated August 4, 2020 and October 6, 2020 respectively.

The change of name was approved by the Bank's shareholders at its Annual General Meeting held on July 2, 2020.

The principal activity of the Bank is the provision of mortgage financing, Real Estate Construction finance amongst other mortgage banking services to individual, group or corporate bodies to enable them finance residential housing, corporate housing and provide a reasonable shelter for their activities.

Historical Timeline

1999	* Incorporation to carry out banking activities and formal commencement of operations
2013	* Privatization of the bank from Osun State Government and raising of additional N1.65 billion capital
2014	* Listing on the Alternative Securities Market (ASM) of the Nigeria Stock Exchange (NSE)
2015	* New Management team takes over, Restructuring and re-organizing
2016	* Official Change of name from Omoluabi Savings & Loans Plc. to Omoluabi Mortgage Bank Plc.
2020	* New Management "CitiTrust Financial Services Plc. " take over; Thereby; i. Strategic Re-organizing and transformation of the Bank. ii. Migration to the Growth Board on Nigeria Stock Exchange iii. Change of Name from Omoluabi Mortgage Bank to LivingTrust Mortgage Bank Plc.

Current Ownership

The company has in issue 5,000,000,000 ordinary shares of N0.50k each. The banks' shares are held majorly by institutional investors, the public sector made up of Osun state government and local governments in the state.

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER, 2020

	2020	2019
	₦	₦
Major items in statement of financial position		
Loans and advances to customers	4,078,129,669	1,801,288,480
Property, plant & equipment	260,430,241	226,894,614
Assets held for sale	268,050,761	295,250,134
Due to customers	2,619,301,655	1,209,131,736
Borrowed funds	63,034,993	130,214,627
On-lending facility	583,080,755	420,730,433
Share capital	2,500,000,000	2,500,000,000
Shareholders fund	2,777,108,861	2,648,865,157
Total assets	6,297,749,987	4,594,991,715
Major items in statement of profit or loss and other comprehensive income		
Gross earnings	652,615,797	502,405,848
Impairment loss (charge)/writeback	(39,569,677)	34,667,940
Profit before taxation	151,423,934	57,317,765
Taxation	(19,064,729)	5,213,678
Profit after taxation	132,359,205	62,531,443
Ratios	%	%
Cost to income	68.16	94.99
Return on assets	2.10	1.36
Return on shareholders fund	4.77	2.36
Capital adequacy	60.13	105.62
Liquidity	162.83	169.43
Earnings per share (kobo)	2.56	1.25
Others	Number	Number
Number of branches	3	3
Number of staff	85	68
Number of shares in issue	5,000,000,000	5,000,000,000
Dividend proposed	50,000,000	-
Ratings	BBB-	BBB-

MEET OUR BOARD OF DIRECTORS



Alh. Adebayo Jimoh
- *Chairman*

Mr Adebayo Jimoh joined the services of John Holt Plc (A British Multinational Company) as a Management Trainee in 1983 from where he rose through the ranks in quick succession to become the Deputy General Manager in charge of Operations for the company in 1993.

He served as a General Manager for John Holt Ventures from 1994-1996 and thereafter moved to Yamaha Almarine Company as General Manager in 1997. He was later promoted as Chief Executive in Charge of Trade and Export for John Holt Group in Nigeria and West Africa before his appointment as Executive Director in charge of Group operations of John Holt Plc. in 2003.

In May 2005, he was appointed Group

Managing Director/CEO of Odua Investment Company Ltd, the Investment Basket of the five South Western States in Nigeria. He served for a period of nine years and retired in October 2014.

Alh. Adebayo Jimoh is a fellow of the National Institute of Marketing of Nigeria and a member of the Institute of Directors. He currently runs a cotton export business under the name Synergy Cotton and Agro Allied Company in partnership with Plexus cotton, UK. He is the Chairman of the Company. He is also the Chairman, University of Ibadan Bookshop Ltd; Chairman, Golden Age Universal services Ltd; Vice Chairman, Federal University of Technology Akure advancement board; National Vice Chairman, Nigeria Chamber of Commerce, Industry Mines and Agriculture (NACCIMA) and Board Member, National Orientation Agency, Abuja.



Mr. Adekunle Adewole
– *Managing Director*

Adekunle is a thorough-bred banking professional with over 22 years' experience cutting across Retail, Commercial, Corporate banking, Public sector, Corporate Strategy, Corporate & Structured Finance, Risk management, Credit Collections & Recoveries and Legal. He was at various times Head of branch operations, Profit Center Manager, Branch Manager, Regional Director and Group Head in Omega Bank (now Keystone bank), Standard Trust Bank (now UBA), Broad bank (now Union Bank) and Sterling bank where he left in 2018 on General Management Cadre. He has honed relevant skills in building and leading high performing teams and brings on board a deep knowledge of the market, personal acumen, team leadership skills and business fundamentals relevant to Mortgage Banking.

He holds a Bachelors of Technology degree in Applied Meteorology from the Federal University of Technology, Akure, two Master in Business Administration degrees in Marketing and Finance from University of Ado Ekiti and Metropolitan School of Business & Management, UK respectively. He also holds a Master in Business Law (LLM) from the Metropolitan School of Business & Management, UK and a Certificate in Global Management (CGM)

from the Institute Européen d'Administration des Affaires (INSEAD), Fontainebleau, France. He has attended several executive management courses in risk management, leadership, general management and management entrepreneurship in Nigeria, Ghana, Cameroon, South Africa, UK, and UAE. He has also attended executive courses in leading international institutions including Harvard Business School, INSEAD (Singapore), INSEAD (Abu Dhabi) and INSEAD (Fontainebleau, France).

He is a member of the Nigeria Institute of Management, Honorary Senior Member of the Chartered Institute of Bankers of Nigeria, Alumnus of the prestigious INSEAD Global Management Program and Lagos Business School's Advanced Management Program. Adekunle is passionate about building the next generation of business leaders, a passion he has been fulfilling progressively as an adjunct faculty of leading business schools in Nigeria, UAE and Europe where he teaches strategic management and leadership.

At his leisure, Adekunle enjoys reading, watching science and engineering documentaries, travelling, watching heavy weight boxing and airplane spotting. He is married with children.

Board of Directors (Continued)



Prince Bola Oyebamiji
- Non-Executive Director

Mr. Bola Oyebamiji is a fellow of the Chartered Institute of Economists of Nigeria, an Associate of the Nigeria Institute of Management, a Chartered Banker and a member of Nigeria Economic Summit Group [NESG]. He has over 28 years' experience as a banker in Wema Bank Plc, Trans international Bank Plc., Spring Bank Plc. and Enterprise Bank Ltd. He was the Managing Director of Osun State Investment Company Limited, Osun - State

from 2012 to 2017 before his appointment as the Finance Commissioner of the State of Osun.



Mr. Michael Omolaja
- Non-Executive Director

Mr. Michael Omolaja - Non-Executive Director

A product of Iganmode Grammar School, Ota, Ogun State, Mike Omolaja is a retired General Manager of First Bank of Nigeria Plc.

He holds a Diploma on Law from the Lagos State University, Advanced Diploma in Banking and Finance from Lautech Ogbomoso, Bachelor of Law (LLB) with Honors from the University of London and topping it up with a Post Graduate Master's degree in Intelligence and Strategic Studies (MISS), Osun State University, Osogbo.

He was one time a member of Osun Tourism Board under Governor Aregbesola and currently a member of the Board of

LivingTrust Mortgage Bank Plc. under Alhaji Gboyega Oyetola's administration.

He is a member of the Institute of Bankers of Nigeria.

Full member Nigeria Computer Society and full member of Computer Professional Registration Council of Nigeria.

He is a life member, Ikoyi Club 1938, Lagos.



Mr. Yemi Adefisan
- *Non-Executive Director*

Yemi has been widely exposed to business formation, strategy and planning in the course of his career spanning over twenty (20) years, traversing through banking, Oil and Gas, Real Estate, Manufacturing and Logistics Industry. Yemi is a consummate Banker and Financial Expert having previously worked with Seven Up Bottling Co. Plc., Pacific Bank Limited (Unity Bank Plc.), Crystal Microfinance Bank Limited, Skye Bank Plc. and Fast Credit Limited.

He holds two Master in Business Administration degrees from Ladoke Akintola University and Metropolitan School of Business and Management, United Kingdom. He is a Fellow of Microfinance Association UK, National Institute of Marketing of Nigeria and Institute of

Management Consultants. He is also a member of the Nigerian Institute of Management (Chartered), Institute of Directors Nigeria and Nigerian Economic Summit Group (NESG). He has attended several Executive Management and Board training programs at IESE Business School Barcelona, Spain, Lagos Business School, The Wharton School of the University of Pennsylvania, USA, The Housing Finance, Canada and Strathmore University Business School, Kenya. He seats on the Board of over 15 Companies across Africa. He currently serves as the Group Chief Executive of CITITRUST Holdings Plc.



Mr. Femi Adesina
- *Non-Executive Director*

Mr. Olufemi A. Adesina is a Financial, Marketing and Management professional with over 20 years of extensive and diverse experience in, Finance, Private Equity, Banking, and Venture Capital Marketing, Marketing Communication, Sales and Administration.

He started his career with KPMG before moving to the business group of a top Nigerian bank. He later moved to the Financial Control and Strategic Planning unit of the bank. He has worked with a number of other firms. In 2005, he became the pioneer

Managing Director of Fluffy Enhancing lives Funds Limited, a private equity firm. He consults for a lot of businesses, including

Oasis Shefa Int'l Limited, Jineda Global Limited (both Oil brokerage firms) and Consultoria Foresighta Limitada, a Brazilian firm. He is a fellow of the National Institute of Marketing of Nigeria, fellow of the Certified Institute of Purchasing & Supply of Nigeria.

He holds MBA from Kensington University, Glendale, California. He also sits on the board of Fluffy Funds Limited, WheelyWheely Logistics Limited and Livingsprings Helicopters Limited.



Mr. Adeniran Adewole
- *Non-Executive Director*

Ade Adewole is a Nigerian business man with over fifteen (15) years industry experience in the real estate sector. He has been a key member of diverse business formations and strong player in strategy formulation.

Ade Adewole is an Estate Management graduate of Obafemi Awolowo University, Ile-Ife, Osun state. He began his corporate career with Zain Nigeria and then moved on to Portal Realities Limited where with diligence and hard work, he rose to the position of the General Manager, Sales Division. He co-founded Capital Metropolis Synergy Limited, a real estate development and consultancy outfit in Abuja, where he leads the operation of the firm.

Ade Adewole is an avid reader and a

masterful speaker and more so a seasoned business development guru. His expertise in Entrepreneurial development has channeled him towards public speaking as he conducts trainings and seminars all over Nigeria. He is also a sought-after board member and management consultant across the country and also a Pan-African leader. Ade Adewole is self-driven and has an unapologetically desire for success, his business acumen and strategy prowess has given him the privilege to serve as the Group Managing Director of a top-notch company named Commerce Alliance Limited.



Mrs. Fehintola Olatunde-Agbeja
- *Independent Director*

A Fellow of the Institute of Chartered Accountants of Nigeria who graduated in 1980 with a Bachelor of Science Degree in Computer Science and Mathematics from the University of Lagos, Lagos State. Thereafter, she became an Audit Trainee at the accounting firm of Peat, Marwick, Ani, Ogunde & Co. (now KPMG) and qualified as a Chartered Accountant in 1987.

She joined the services of the Central Bank of Nigeria (CBN) as a Senior Supervisor in 1986 and her experience spanned over thirty-two (32) years in the key areas such as Banking Operations, Internal Audit, Banking and Other Financial Institutions Supervision amongst

others. She has attended various leadership, management and professional courses in Nigeria, United Kingdom, Canada and the USA.

She became an Executive that is; appointed as an Assistant Director of the CBN in 2006, and further appointed as the Branch Controller of CBN Abeokuta Branch, Ogun State where she retired as a Director in September 2018. She joined Boff & Company as Executive Director, Finance and Administration in February 2019.



Mrs Olaitan Aworonke
– Executive Director

Olaitan Aworonke has over 18 years wealth of experience in Commercial, Consumer, Retail and Mortgage Banking. Her experience cuts across various aspects of Compliance, Short and Long-term Financial Sustainability, Leadership, Operations, Business development, Brand Management, Relationship Management, Sales, Banking, Accounting, Marketing, Human Resources and Mortgage Banking. She has demonstrated strong business and technical skills and ability to lead diverse team with outstanding success.

She is a Fellow of the Institute of Chartered Accountants of Nigeria. (FCA) 2019, qualified as a chartered accountant in 2006. Fellow, Institute of Chartered Economists of Nigeria (FCE) 2017, Fellow of the Association of Enterprise Risk Managers (AERMP), and Associate member, Chartered Institute of Taxation of Nigeria (ACIT) 2018. Holds a Bachelor of Science degree in Accounting (Second Class Upper Division) from University of Ado-Ekiti, 2001 and holds a Master's Degree in Managerial Psychology (MMP) from the University of Ibadan, 2010. She is also a member of the Institute of Directors of Nigeria (IOD).

Olaitan has attended several executive management courses in Strategic Leadership and Change Management, London School of Business and Finance (LSBF), Business Research, Herriot Watt University, Edinburgh, Scotland and Turning Strategy to action at Lagos Business School (LBS).

She also attended executive courses in the last two decades in Nigeria, United Kingdom and UAE, some of which are, Corporate Governance, Leadership Management, Enterprise Risk Management, Motivation and Leadership, Performance monitoring, Business Development, Relationship Management, Business Management, Sales, Customer Services, Retail Business and Strategic Marketing in developing economies.

She is the first Executive Director of the Bank, in charge of Operations, Human Resources and Business Development and formerly, Group Head, Operations and Business Development. She is currently the Executive Director, Public Sector and Home Branches. She acted in the capacity of the Managing Director between October, 2019 to May, 2020. She had previously worked with Stanbic IBTC. Bank, Fidelity Bank Plc. and Access Bank Plc. in various capacities.

Olaitan Is married with Children.



Mr Oyewole Olowu
– Executive Director

Wole Olowu is a graduate of Accounting from the Lagos State University. His experience cuts across both the public sector and the banking industry.

He worked with the Raw Materials Research Development Council (RMRDC), Federal Ministry of Science & Technology as a State Accountant in the Lagos State Liaison Office for 10 years before joining the banking sector.

He is a versatile Mortgage banker with over 15 years experience in Banking Operations,

e-banking, Credit, Business Development and Retail banking. He had worked with Lagoon Homes Savings and Loans Limited (Mortgage Bankers), Resort Savings and Loans Plc. (Mortgage Bankers) and Jubilee-Life Mortgage Bank Plc., from where he joined LivingTrust Mortgage Bank Plc.

He holds an MBA (Finance) and an Honorary Fellow Institute of Corporate Administration (FCAI)

He has attended several Management and Leadership courses.

MEET OUR MANAGEMENT



Adekunle Adewole
– *Managing Director*

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He is a member of the Nigeria Institute of Management, Honorary Senior Member of the Chartered Institute of Bankers of Nigeria, Alumnus of the prestigious INSEAD Global Management Program and Lagos Business School's Advanced Management Program. Adekunle is passionate about building the next generation of business leaders, a passion he has been fulfilling progressively as an adjunct faculty of leading business schools in Nigeria, UAE and Europe where he teaches strategic management and leadership.

At his leisure, Adekunle enjoys reading, watching science and engineering documentaries, travelling, watching heavy weight boxing and airplane spotting. He is married with children.



Mrs Olaitan Aworonke
– *Executive Director*

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She is a Fellow of the Institute of Chartered Accountants of Nigeria. (FCA) 2019, qualified as a chartered accountant in 2006. Fellow, Institute of Chartered Economists of Nigeria (FCE) 2017, Fellow of the Association of Enterprise Risk Managers (AERMP), and Associate member, Chartered Institute of Taxation of Nigeria (ACIT) 2018. Holds a Bachelor of Science degree in Accounting (Second Class Upper Division) from University of Ado-Ekiti, 2001 and holds a Master Degree in Managerial Psychology (MMP) from the University of Ibadan, 2010. She is also a member of the Institute of Directors of Nigeria (IOD).

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Olaitan is married with Children.



Mr Oyewole Olowu
- *Executive Director*

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He is a versatile Mortgage banker with over 15 years experience in Banking Operations, e-banking, Credit, Business Development and Retail banking. He had worked with Lagoon Homes Savings and Loans Limited

(Mortgage Bankers), Resort Savings and Loans Plc. (Mortgage Bankers) and Jubilee-Life Mortgage Bank Plc., from where he joined LivingTrust Mortgage Bank Plc.

He holds an MBA (Finance) and an Honorary Fellow Institute of Corporate Administration (FCAI)

He has attended several Management and Leadership courses.



Mr. Olusola Afolabi
- *Head, Finance & Risk*

Olusola Levi Afolabi is a Fellow of the Association of Chartered Certified Accountant (ACCA), UK 2009, an Associate Member of the Institute of Chartered Accountants of Nigeria (ICAN) 2011, Chartered Fraud Examiner (CFE) 2011 and International Financial Analyst (LIFA). He Obtained a Bachelor of Science— B.Sc. (Hons) Accounting (2002) from University of Ado-Ekiti and an Executive MBA from Metropolitan School of Business and Management (UK). He has worked in finance in diverse sectors of the economy. He started his career in the Nigerian Army before venturing into the private sector starting with an audit firm, Emmanuel Oloke and Co. (Chartered Accountants) from 2007 – 2010. He was the Head, Finance & Admin at Covenant Securities & Asset Management Limited, a Brokerage and Investment firm where he became a registered individual to

practice under the Securities and Exchange Commission (SEC). before later joining the services of Infinity Trust Mortgage Bank Plc from 2014 where he was in Financial Control. He was also a Senior Partner at Olusola Levi & Co with Overall fiduciary and Supervisory responsibilities on Audit functions, Financial Management, External Audit functions, Tax, Financial Consulting and special duties. Olusola is the current Chief Financial and Risk Officer at LivingTrust Mortgage Bank since 2016.

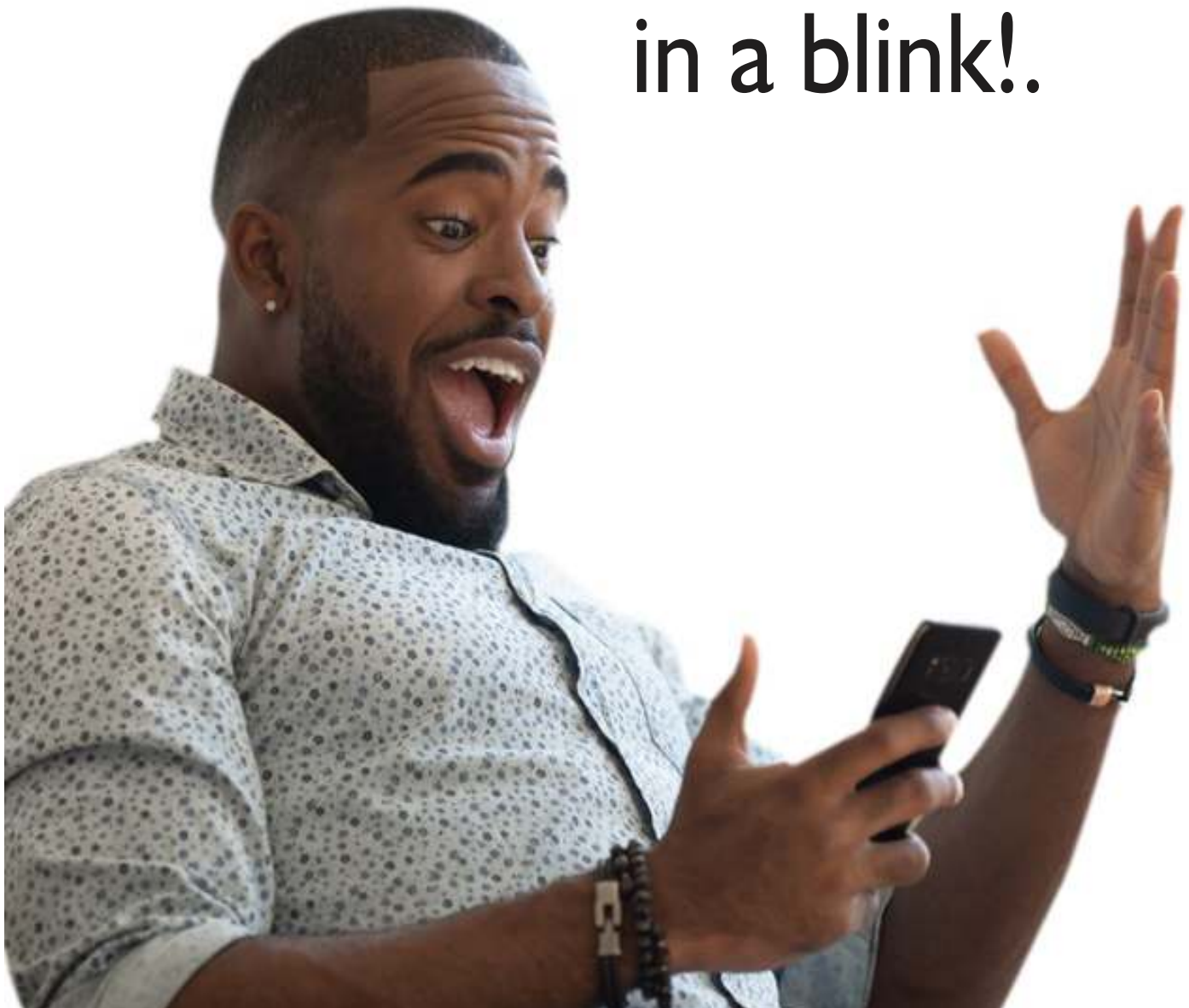


Mr. Tunde Kudaisi
- *Head, IT*

Mr. Tunde Kudaisi holds a HND from The polytechnic, Ibadan in 1993 and a Master In Business Administration (2008) from University of Ado Ekiti, Ekiti state. He bagged a BSC degree in Accounting from Houdegbe North American University Benin Republic. As a computer professional, he worked in various ICT companies as a programmer between 1995- 1998 before joining the services of the erstwhile Cooperative Bank Plc in 1998 as a computer Analyst/Programmer. At

Cooperative Bank, he joined the team that developed the bank's core banking application which was developed internally. In 2006, he joined Skye Bank Plc's computer department team to support the bank's Oracle Flexcube Computer Science certification while in the services of Skye Bank Plc between 2006-2017. He is currently the Head of IT Department of LivingTrust Mortgage Plc.

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Ownership Structure

The table below shows the company's shareholding structure and percentage holding of each shareholder:

S/N	NAME OF SHAREHOLDERS	SHAREHOLDING	PERCENTAGE HOLDING
1	CITITRUST FINANCIAL SERVICES GROUP PLC	1,533,100,000	30.66%
2	OSUN STATE GOVERNMENT	909,706,292	18.19%
3	MAPPLEFIELD POWER LTD	796,453,653	15.93%
4	FIRST GUARANTY HEALTHCARE PLC	144,750,000	2.90%
5	CDP INSURANCE BROKERS LTD	142,000,000	2.84%
6	CCL CORPORATE SERVICES LTD	130,000,000	2.60%
7	MAPPLEFIELD CAPITAL LTD	122,500,000	2.45%
8	MAPPLEFIELD ENERGY RESOURCES LTD	120,500,000	2.41%
10	OSUN LOCAL GOVERNMENT AREAS	1,090,133,708	21.80%
11	OTHERS	10,856,347	0.22%
TOTAL		5,000,000,000	100.00%

DIRECT AND INDIRECT HOLDINGS

LIVINGTRUST MORTGAGE BANK PLC					
DIRECTORS HOLDINGS AS AT DECEMBER 31, 2020					
S/NO.	NAME OF DIRECTORS	31 DECEMBER, 2020		31 DECEMBER, 2019	
		DIRECT HOLDINGS	INDIRECT HOLDINGS	DIRECT HOLDINGS	INDIRECT HOLDINGS
1	Alhaji Adebayo Jimoh	Nil	909,706,292	Nil	909,706,292
2	Adekunle Adewole	Nil	Nil	Nil	Nil
3	Mrs. Olaitan Aworonke	Nil	Nil	Nil	Nil
4	Mr. Oyewole Olowu	Nil	Nil	Nil	Nil
5	Mr. Michael Omolaja	Nil	Nil	Nil	Nil
6	Mr. Bola Oyebamiji	Nil	1,090,133,708	Nil	1,090,133,708
7	Mr. Yemi Adefisan	Nil	1,533,100,000	Nil	Nil
8	Mr. Olufemi Adesina	Nil	Nil	Nil	Nil
9	Mr. Adenira Adewole	Nil	1,039,453,653	Nil	243,000,000
10	Mrs. Fehintola Agbeja	Nil	Nil	Nil	Nil

HISTORY OF SHARE CAPITAL

DATE	AUTHORIZED SHARE CAPITAL	PAID UP SHARE CAPITAL
2014	5,000,000,000.00	2,500,000,000.00
2015	5,000,000,000.00	2,500,000,000.00
2016	5,000,000,000.00	2,500,000,000.00
2017	5,000,000,000.00	2,500,000,000.00
2018	5,000,000,000.00	2,500,000,000.00
2019	5,000,000,000.00	2,500,000,000.00
2020	5,000,000,000.00	2,500,000,000.00

Director's Report

The Directors have the pleasure in presenting the annual report for the year ended December 31, 2020, which disclose the State of Affairs of the LivingTrust Mortgage Bank Plc. ("the Bank").

1. Representation

The Board of Directors represents all shareholders and acts in the best interest of the company. Each Director represents the company's shareholders regardless of the manner in which he/she was appointed. Each Director undertakes not to seek, nor to accept, any benefit liable to compromise his/her independence.

2. Legal Form and Principal Activity

The Bank was incorporated on March 9, 1999 as Osun Building Society Limited and changed its name to Living Spring Savings & Loans Limited in 2002. The Bank was converted to a Public Limited Liability Company on January 25, 2013 and subsequently changed its name from Omoluabi Savings and Loans Plc. to Omoluabi Mortgage Bank Plc. The Bank obtained its listing on the Nigerian Stock Exchange on December 11, 2013 where its shares are being publicly traded. Omoluabi Mortgage Bank Plc has changed its name to LivingTrust Mortgage Bank Plc by virtue of the Central Bank of Nigeria's approval and the Corporate Affairs Commission's approval and certification dated August 4, 2020 and October 6, 2020 respectively.

The change of name was approved by the Bank's shareholders at its Annual General Meeting held on July 2, 2020.

It also migrated from the Alternative Securities Market (AseM) Board to the Standard segment of the Growth Board of the Nigerian Stock Exchange.

3. Business Review and Future Development

The Bank carried out Mortgage Banking activities in accordance with its Memorandum and Articles of Association as prescribed by the CBN Guidelines. A comprehensive review of the business for the year and the prospects for the ensuing year is contained in the Chairman's and Managing Director's reports.

4. Property, Plant & Equipment

Information relating to the movements in the Property, Plant & Equipment of the Bank during the year is provided in the notes to the accounts. In the opinion of the Directors, the market value of the Bank's properties is not less than the value shown in the accounts.

5. Operating Results

Gross earnings increased by 30%. Highlights of the Bank's operating results for the year under review are as follows:

Name	31 – Dec-2020 ₦	31-Dec-2019 ₦
Gross Earnings	652,615,797	502,487,738
Impairment Charge	39,569,677	26,527,180
Profit/(Loss) Before Taxation	151,423,934	57,317,765
Income Tax Expense	19,064,729	5,213,678
Profit After Taxation	132,359,205	62,531,443

6. Shareholding Analysis and Register

- Authorized Share Capital: The Authorized share capital of the bank remains at 5,500,000,000 made up of 11,000,000,000 ordinary shares of 50k each.
- Paid Up Share Capital: The 5,000,000,000 has been fully paid up.
- The shareholding pattern of the Bank as at 31st December, 2020 is as stated below:

- According to the register of members as at 31st December 2020, no shareholder held more than 5% of the issued share capital of the Bank except the following:

Shareholding Band	Qty	Total Shares	%
1-5,000,000	59	3,856,347	0.08%
5,000,001 – 10,000,000	1	7,000,000	0.14%
10,000,001 – 250,000,000	36	1,749,883,708	35.00%
250,000,001 – 1,000,000,000	2	1,706,159,945	34.12%
1,000,000,001 – 2,500,000,000	1	1,533,100,000	30.66%
TOTAL	99	5,000,000,000	100.00%

8. Acquisition of own shares

The Bank did not purchase its own shares during the period.

9. Director's Name

The names of the Directors during the year ended 31st December, 2020 are as follows:

S/N	NAME	POSITION HELD
1.	Alh. Adebayo Jimoh	Chairman
2.	Mr. Adekunle Adewole	Managing Director
3.	Mrs. Olaitan Aworonke	Executive Director
4.	Mr. Oyewole Olowu	Executive Director
5.	Mr. Adeyemi Adefisan Adewole	Director (Non-Executive)
6.	Mr. Bola Oyebamiji	Director (Non-Executive)
7.	Mr. Michael Omolaja	Director (Non-Executive)
8.	Mr. Olufemi Adesina	Director (Non-Executive)
9.	Mr. Adeniran Adewole	Director (Non-Executive)
10.	Mrs. Fehintola Olatunde-Agbeja	Independent Director

10. Director's shareholding

No company's directors held direct shares and therefore has none recorded in the register of directors shareholding and/or as notified by the directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange.

11. Post Balance Sheet Events

There were no post balance sheet events that could have had a material effect on the affairs of the Bank as a 31st December 2020 which have not been adequately provided for or disclosed.

12. Donations

The following were given by gift and donations during the year (2020) NGN

2020 DONATIONS		
SN	DESCRIPTION	AMOUNT
1	supply of Palliatives to the Osun State Government under the Save Africa, Save Nigeria initiative of the Cititrust Group during the Covid-19	6,946,500.00

13. Human Resources

Commitment to Equal Employment Opportunity

The Bank is committed to maintaining positive work environment and to conduct business in a positive professional manner by consistently ensuring equal employment opportunity to all irrespective of gender. Directors and staff analysis by gender are given in the tables below:

ANALYSIS OF STAFF BY GENDER

Employees	Total Number	%	Employed during the year	%
Male	53	58.2	14	60.9
Female	38	41.8	9	39.1
Total	91	100	23	

14. Employment of Disabled Persons

The Bank continues to maintain a policy of giving fair consideration to the application for employment made by disabled persons with due regard to their abilities and aptitudes. The company's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the Bank continues and appropriate training is arranged to ensure that they fit into the Bank's working environment.

15. Health, Safety and Welfare at Work

The company enforces strict health and safety rules and practices at work environment which are reviewed and tested regularly. The Bank retains top class private hospitals where medical facilities are provided for staff at the Bank's expense. Fire-fighting and prevention equipment are installed in strategic locations within the Bank's premises.

The Bank operates a Group Personal Accident Insurance cover for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2004.

16. Securities Trading Policy

In compliance with Rule 17.15, disclosure of dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) LivingTrust Mortgage Bank Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy undergoes periodic reviews by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the year.

17. Complaint Management Policy

In compliance with Rule 13.4 Clients Compliant Management Rule book of the Exchange 2015 (Issuers Rule). LivingTrust Mortgage Bank Plc. Maintains a Complaint Management Policy which is designed to provide guidance on how the Bank manages customers complaints, to achieving excellence and will strive services in a professional, consistent, coordinated and timely manner. Any investors compliant are required to be sent to: info@livingtrustng.com and we will respond within 10 days.

18. Auditors

Messrs. PKF Associates (Chartered Accountants), having satisfied the relevant corporate governance rules on their tenure in office has indicated their willingness to continue in office as auditors of the Bank. In accordance with Section 357 (2) of the Companies and Allied Matters Act 1990, therefore, the auditors will be re-appointed at the next annual general meeting of the Bank without any resolution being passed.

BY ORDER OF THE BOARD


OLABISI FAYOMBO

For: Grace and Honey Solicitors

FRC/2013/ICAN/0000002883

Company Secretary,

Dated this 17th day of May, 2021



15 March, 2021

The Directors,
LivingTrust Mortgage Bank Plc,
Old Governor's Office,
Gbogan Road
Oshogbo,
State of Osun

Dear Sirs/Madam,

Report on the Corporate Governance Audit of LivingTrust Mortgage Bank Plc for the year ended 31 December, 2020

In conformity with regulatory requirements and to improve Corporate Governance practices, the Board of Directors of LivingTrust Mortgage Bank Plc (hereinafter referred to as the "Bank") appointed Bakertilly Nigeria (Chartered Accountants) to review the performance of the Board of Directors of the Bank in respect of the year ended 31 December, 2020. The exercise was guided by the provisions of the Central Bank of Nigeria's (CBN) Code of Corporate Governance for other financial institutions in Nigeria and Regulations for Boards of Financial Institutions.

Our approach on the assignment has been to:

- i. Agree the scope of the assignment;
- ii. Review the minutes of meetings of the Board and its Committees;
- iii. Review the attendance records of the Directors of the Bank at both the level of the Board and Board Committees;
- iv. Obtain and review the Bank's organogram and the job schedule of key officers;
- v. Review the Evaluation Report on the Bank and on the Directors;
- vi. Review the Directors' compliance with the Code of Conduct issued by CBN;
- vii. Inquire about the trainings attended by the Directors on the platform of the Bank;
- viii. Review the strategic plan of the Bank;
- ix. Check the Bank's compliance with the CBN code;
- x. Check the Bank's filing status with the Corporate Affairs Commission (CAC); xi. Obtain and review the profile of the Bank's Directors; and
- xii. Discuss with the Bank Secretary on the contributions of Directors at Board and Board Committees meetings.

Our report is for the use of the Directors of LivingTrust Mortgage Bank Plc and is therefore not intended for any other purpose or by any other parties without our prior written consent. Our firm, Bakertilly Nigeria (*hereinafter referred to as BT*) has issued the report

without any responsibility to third parties. Nothing in this report shall render Bakertilly liable for any loss, damage, cost or expenses whatsoever incurred, caused or sustained by third parties, or arising from fraudulent acts, misrepresentations or wilful default on the part of LivingTrust Mortgage Bank Plc, its Directors, Agents, Representatives or Servants.

Finally, we wish to express our appreciation to the Directors of LivingTrust Mortgage Bank Plc for the opportunity afforded us to be of service to the Bank. Please let us know if you require clarification on any aspect of this report.

Yours faithfully,

Marcus K. Akobi For: Bakertilly Nigeria (Chartered Accountants)
FRC/2013/ICAN/000000003486

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 7th Annual General Meeting of LivingTrust Mortgage Bank Plc will be held by proxy at **Banquet Hall, Aenon Suites, No. 1, Femi Adefila Crescent, GRA, Osogbo, Osun State** on Thursday, the 10th day of June 2021 at 11:00am to transact the following business:

ORDINARY BUSINESS

1. To lay the Audited Financial Statements for the year ended 31st December 2020, the Reports of the Directors, Auditors, and the Statutory Audit Committee thereon.
2. To declare Dividend
3. To re-elect the following Directors retiring by rotation:
 - Alhaji Adebayo Jimoh
 - Mr. Bola Oyebamiji
 - Mr. Adeniran Adewole
4. To authorize the Directors to fix the remuneration of the Auditor
5. To disclose the remuneration of Managers of the Company in accordance with section 238 and 257 of the Companies and Allied Matters Act 2020
6. To elect the Shareholders representatives of the Statutory Audit Committee

NOTES

1. Proxy

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy from the proxies listed in the Notice to attend and vote in his/her/its stead per the Corporate Affairs Commission Guidelines on holding Annual General Meetings using proxies. To be valid, a completed proxy form must be deposited at the office of the Registrar, African Prudential Plc, Palmgrove bus stop, 220B Ikorodu Road, Somolu, Lagos State cxc@africaprudential.com Lagos not later than 3 working days before the time of the meeting. A blank proxy form is attached to the Annual Report and can also be downloaded on the Bank's website <https://livingtrustng.com>

2. Attendance and Voting by Proxy

Given the COVID-19 pandemic and the consequential restriction on large gatherings in Nigeria, the Corporate Affairs Commission (CAC), has approved that attendance at the Annual General Meeting shall only be by proxy.

In the light of the above and the interest of public health and safety, only persons nominated as designated proxies on the Proxy Form would attend the Meeting physically. All other Shareholders would be required to attend the Meeting and participate in the proceedings online via real-time streaming on the Bank's website and social media platforms.

The meeting shall be streamed online and members can view or connect via zoom.

The meeting ID and password shall be communicated to all members via mail. Shareholders are therefore advised to appoint a proxy of their choice from the following individuals (Designated Proxies):

- (a) Alhaji Adebayo Jimoh
- (b) Mr. Yemi Adefisan
- (c) Mr. Michael Omolaja
- (d) Mr. Yaya Ajagbe
- (e) Otunba Adeboye Oladejo

The Designated Proxies are to attend the Meeting and vote on their behalf as well as on behalf of the Shareholders who selected them as proxies. The Designated Proxies are advised to comply with the relevant public health directives to protect themselves and the health of others.

3. Stamping of Proxy

The cost of stamping the instruments of proxy would be borne by the Company.

4. Dividend

If approved, a dividend in the sum of 1 kobo for every share of 50 kobo subject to withholding tax will be paid on June 14, 2021 to shareholders, whose names are registered in the Register of Members at the close of business on 21st day of May, 2021. Shareholders are advised to complete the e-dividend registration and mandated the Registrar to pay their dividends directly into their Bank Account.

5. Closure of Register

The Register of Members and Transfer Books of the Company will be closed From May 24th to May 28th 2021 (both dates inclusive), to enable the Registrar prepare for 2021, payment of dividend.

6. E-Dividend Mandate

Shareholders are requested to update their records and advise African Prudential Plc of their relevant bank Accounts for the payment of their dividends. Shareholders are advised to download the Registrar's E-Dividend Mandate Activation Form available on their website: <https://africaprudential.com/claim-your-dividend-here/>. The forms can also be downloaded from African Prudential Plc's website at cxo@africaprudential.com. The duly completed forms should be returned to African Prudential Plc, African Prudential Plc, Palmgrove bus stop, 220B Ikorodu Road, Somolu, Lagos State or to the Bank.

7. E-Annual Report

The electronic version of the Annual Report is available at <https://livingtrustng.com>. Shareholders who have provided their email addresses to the Registrar will receive the electronic version of the Annual Report via email.

8. Statutory Audit Committee

The Statutory Audit Committee consists of three Shareholders and two Directors. Any member may nominate a Shareholder as a member of the Statutory Audit Committee by giving notice in writing of such nomination to the Company Secretary at least twenty-one (21) days before the Annual General Meeting. The Securities & Exchange Commission's Code of Corporate Governance provides that members of the Statutory Audit Committee should have basic financial literacy and should be able to read financial statements. We therefore request that nominations be accompanied by a copy of the nominee's curriculum vitae.

9. Re-election of Directors

In accordance with the Provisions of the Company's Articles of Association, the Directors to retire by rotation at the 7th Annual General Meeting are Alhaji Adebayo Jimoh, Mr. Bola Oyebamiji and Mr. Adeniran Adewole.

The retiring Directors, being eligible, offer themselves for re-election.

The profiles of the Directors retiring by rotation are available in the Annual Report and on the Bank's website at <https://livingtrustng.com>

10. Shareholders' Right to ask Questions

Shareholders reserve the right to ask questions not only at the meeting, but also in writing prior to the meeting on any item contained in the Annual Report and Financial Statements. Please send questions to <https://livingtrustng.com> not later than 30th May 2021.

Dated this 17th day of May, 2021

BY ORDER OF THE BOARD

Olabisi Fayombo Esq.
For: Grace and Honey Solicitors
FRC/2013/ICAN/0000002883
Company Secretary

Chairman's Statement

Distinguished Shareholders,

It is my pleasure to welcome you all, our esteemed shareholders, members of the Board of Directors and Guests, Gentlemen of the Press, Distinguished Ladies and Gentlemen, to the occasion of our Bank's 7th Annual General Meeting (AGM).

Our esteemed shareholders, we recognize that your continued support over the years has kept us in business. This is the reason why we work relentlessly to ensure that we give you returns for your worthy investments. Despite the prevalent economic downturn and extremely tough operating environment, we still grew revenue and total assets and have remained at the vanguard in market capitalization in the mortgage banking industry. Today, with your approval, we shall be one of the few publicly quoted institutions in Nigeria to declare dividend for the 2020 financial year. These achievements indeed call for celebration. We could not, however have attained this remarkable feat without your immense support.

Please give yourselves a befitting round of applause.

I want to express our sincere appreciation to God on the successful completion of the Financial Year ended 31st December 2020. The year 2020 was challenging for the economy and the mortgage sub-sector. with the grappling effect of the COVID-19 pandemic, end-SARS protest and economic recession; the Mortgage banking subsector witnessed effects of contracted purchasing power, savings as well as suspended investment decisions.

However, we successfully navigated both global and national trends, by improving and strengthening our business continuity plans, seeking ways to bolster our business operating model. Closely working with the executive team of the bank, strategic investments were made on our digital banking and technology platforms, to further promote mobile banking, affording our burgeoning client base easy and convenient channels of banking at their fingertips on their devices.

During the year, another remarkable milestone saw the completion of the acquisition of 60% holdings of the bank by CITITRUST group, the assumption of office of a new Managing Director and an Executive Director, the subsequent reconstitution of the Board of Directors and also a change of name from Omoluabi Mortgage Bank Plc to LivingTrust Mortgage Bank Plc. This is a feat worth applauding!

Our Bank's remarkable performance in 2020 earned us several accolades within the Cititrust group which were:

- The award for Managing Director of the year – Year 2020
- The award for the most Innovative Company – Year 2020
- The award for Best performing Company – Year 2020
- The award for the product of the year (Trustmobile Smartphone Application) – Year 2020.

These awards have committed the Bank to better service delivery and social responsibility.

We shall consistently align our processes to provide delightful returns and superior value to our stakeholders. We remain grateful to all our stakeholders and the general public for their collective contributions towards our success. I also thank all our employees for their collective efforts in supporting the bank's objectives. We could not have come this far without their dedication.

In 2020, the Bank was fortunate to be considered among the best, due to our outstanding performance in the areas of mortgage financing and partnership with reputable developers and the Federal Mortgage Bank of Nigeria (FMBN) in boosting the housing sector in Nigeria.

I commend the Board and Management of the Bank for their tireless commitment to the actualization of the vision and goals of the Bank. They are indeed men and women of caliber and acumen.

The AGM provides me the opportunity to give an overview report as regards the affairs of the Bank, which also includes our current position and our future outlook. Copies of the statement and other relevant matters are available on our website at www.livingtrustng.com.

The Bank remained exemplary in its commitment to the ideals of good corporate governance and exceptional risk management in every aspect of operations. As part of our focus on service excellence, we revitalized our ATM performance and successfully moved our ATM uptime from 38% to an outstanding 95% and reengineered our credit approval processes to enable quick service delivery.

General Overview

The operating environment faced further challenges in 2020, with continued uncertainty around the Global Economy. It started on a bullish note, buoyed by further in-roads achieved from global manufacturing and trade through 2020 and ended with widespread lockdown as a result of the Covid-19 pandemic and end-SARS protest that dimmed investors' confidence.

Although, these challenges were inevitable, we however needed to work cooperatively with all stakeholders to achieve our objective of bringing the Bank to the top of the industry where it belongs.

African nations are likely to start increasing their interest rates as several African countries are taking advantage of the G20 debt relief program due to low revenue. African countries do not yet have resilient buffers and are grappling with significantly low revenues. The economy is expected to grow but at a slow pace in 2021 as the slow roll out of Covid-19 vaccines still threatens the pace of economic recovery. Oil production is also expected to gradually pick up as OPEC eases production cuts.

Locally, market liquidity is expected to reduce as CBN mops up excess liquidity with the IFEX window activity whilst naira interest rates will likely maintain an upward trend as liquidity reduces. The pace of economic recovery will depend largely on the robustness of fiscal, investment and monetary policies as gradual recovery is expected in manufacturing, trade and real estate. The mortgage sector recorded a positive growth of 2.81% which was largely driven by increased construction activities, land and house ownership packages with installment payment plans. The rate of increase in commercial buildings is expected to pick up in the near term driven by the increase in malls and retail outlets and an increase in serviced apartments and condominiums thereby boosting the number of residential buildings. The Federal Government appears decisive about diversifying earnings by also focusing on non-oil and gas fiscal earnings hence the 50% VAT rate increment in 2019. The African Continental Free Trade Agreement (ACFTA) signed by Nigeria in 2019 also allows goods to move between member states in Africa without tariffs. This agreement favors African nations that have lower costs of production, as they can export cheaper goods and gain market share.

Globally, The U.K. has voted to leave the E.U. while Africa represents 2% of British trade activity, with Nigeria accounting for a tenth of that trade activity, according to the Nigerian trade ministry. Brexit means Nigeria can sign a bilateral agreement with the U.K., which would improve our comparative advantage with them and reduce trade deficit. The U.S. and China are in a battle of tariffs. The effect of this has been a slowdown of economic activity in China. Nigeria is the most prominent Chinese investment destination in Africa, while China is the second-largest export market for Nigeria.

Economy, Financial and Mortgage Banking Industry Overview

Despite the challenging economic environment; we managed to continue the positive trend of maintaining our revenue levels in the region of above N500m while increasing our share of business and operations within the mortgage banking sub-sector. The Bank's Strategy of differentiation, through the provision of quality service, innovative solutions, and high corporate governance standards has begun to yield the required growth in our customer acquisition and market coverage.

Nigeria has a rapidly growing mortgage market through the significant increase witnessed in the last few years as the cultural and environmental factors previously restricting business is gradually improving. There is a substantial level of untapped potentials waiting to be harnessed in the industry. The Federal Government has, through various programs, encouraged and supported the growth in the Mortgage Banking Industry. The Nigerian Mortgage Refinance Company (NMRC) which earlier commenced operations has continued to provide secondary market services to mortgage lenders.

Modest positive signals emerge from the base scenario showing some strengthening in qualitative growth factors, such as more advanced technology, improved labor-force skills, and higher productivity. Not only will

businesses like ours need to prepare for disruptions from geopolitical tensions, policy uncertainty, financial market volatility, and rapid changes in technology but also, they need to stay focused on leveraging the qualitative sources of growth with investment in technology and business productivity especially in times of stagnation.

The Nigerian economy, in particular, was not left out of the crisis, with implications for businesses and various sectors; Mortgage Banking Sector was not an exception. Despite the arduous environment, our Management team and employee worked under intense pressure to deal with the business complexities. The Bank made some significant changes within the year to reposition it for greater impact for the future. We strengthened ourselves through a change in structure and improvement in capacity to reflect the current best practices in the industry, thereby enhancing it with more experience and capability.

The growing importance of services bolstered the Macroeconomic performance of Nigeria's Economy as Real GDP growth was estimated at 2.9% in 2020, marginally higher than 2.3% in 2019. Growth was mainly in transport, oil sector, and information communications technology. Agriculture was hurt by sporadic flooding and by conflicts between herdsman and local farmers. Manufacturing continues to suffer from a lack of financing and infrastructure collapse.

The growth in the economy also depends on implementing the Economic Recovery and Growth Plan (2017–20), which emphasizes economic diversification. The Central Bank of Nigeria's recent decree that banks hold loan–deposit ratios of 60% bodes well for increasing lending to the real sector. Simultaneously, the retrenchment of government borrowing and easing of the risks of lending to small business could lower interest rates and unlock bank lending to the private sector.

An increase in the value-added tax from 5% to 7.5% to shore up domestic non-oil revenues is welcome, though organized labor and businesses have raised concerns of a potential rise in costs. The government also plans to revisit investment tax breaks.

Oil exports have improved, driving up foreign exchange reserves and creating an impetus for the Central bank to intervene in the foreign exchange market. The current account remained in surplus in 2020, benefiting from improved oil revenues.

It can be seen that Nigeria has many opportunities to transform its economy, particularly in agroprocessing. Special agroprocessing zones could promote agro-industrial development and employment. But insecurity could deter foreign investors, shrivel the domestic economy, and ultimately dampen prospects for economic growth. High unemployment could create social tensions. Rising public debt and associated funding costs could pose fiscal risks if proposed adjustments are not implemented.

Nigeria's oil exports could be affected by developments in the Middle East. Trade tensions between the United States and China could weaken global growth and lower demand for Nigeria's products, including oil. Protracted delays in concluding the Brexit deal could accentuate investors' aversion to emerging markets, including Nigeria, reversing the current upward trend in foreign portfolio flows. Prolonged closure of borders by Nigeria to curb smuggling may affect trade with other countries in West Africa and raise the prices of imported products, especially rice. These risks underscore the need to accelerate structural reforms to promote economic diversification and industrialization to minimize vulnerability to external shocks.

The pandemic has triggered a sudden uptick in inflation. The pandemic has already triggered an increase in inflation in the continent, in some cases by more than 5 percent in the first quarter of 2020. This has mainly been caused by disruptions in the supply of food and energy, the bulk of which are imported. But for many other countries, the drastic fall in aggregate demand due to the lockdown and other containment measures has eased inflationary pressures, especially among non-resource-intensive economies. Overall, although headline inflation, which includes food and basic energy prices, would be expected to rise, core inflation might remain stable until demand picks up after the pandemic. Expansionary fiscal spending could double already high fiscal deficits. The pandemic and its economic consequences are expected to trigger expansionary fiscal policy responses across all categories of economies in Africa. The implied expansionary fiscal stance would further widen fiscal deficits in the continent.

The Nigerian Stock Exchange (NSE) experienced a bullish run in Q4'2020 that ended with its All Share Index emerging as the best performing index in the world. The market rally was propelled by better-than-expected corporate earnings, sooner-than-expected hopes of a COVID-19 vaccine and stability in global markets following the formal declaration of the US-President elect. Trading activities increased significantly in Q4 2020 when compared with the corresponding period in 2019. The total volume and value of securities traded increased by 110.44% and 78.34% respectively. The average daily volume traded in the quarter was 631.66 million units, while the average daily value traded was N6.74 billion (\$16.43 million). During the quarter, the NSE hit a 5-year record high of 6.23% gains in a single trading session which triggered a 30-minute halt of trading on all stocks. Equity turnover velocity was 7.20% while the average Private Equity ratio was 17.91%.

Meanwhile, the commitment of the Federal Government to housing improved considerably with the various programs embarked upon, which includes the N500 billion fund to be injected into the Federal Mortgage Bank (FMBN) to meet the housing deficits needs and also a 5000unit housing scheme vide the Family Homes Fund (FHF) scheme, an initiative of the Federal Ministry of Finance commenced in the year. Alongside this, the previously established NMRC and FMBN have been repositioned to improve the existing industry standards. While the sector welcomes the commencement of operations of the **Mortgage Warehouse Fund Limited** and take-off of the **Nigeria Mortgage Guarantee Company (NMGC)**, it is believed that these companies would address some of the major challenges of the subsector and improve mortgage inclusion and affordability.

Financial Performance Review

In line with existing regulations and extant guidelines, the Bank has continued to prepare its financial statements under the provisions of the applicable International Financial Reporting Standards (IFRS) especially after a successful transition from IAS 39 to IFRS 9 in 2018.

The Bank recorded a profit before taxation (PBT) of N151,423,934 compared to N57,317,765 in 2019, and Gross Earnings improved by 30% from N502 million in 2019 to N652,615,797 million while total operating expenses reduced by 59.7% from N421 million in 2019 to N170,002,009 million in 2020. Customer's deposit increased by 119% from N1.20 billion in 2019 to N2.63 billion in 2020. In the period, our Risk Asset portfolio rose from N1.8 billion in 2019 to N4.1 billion in 2020, representing an increase of 128%.

Total assets grew from N4.6 billion to N6.3 Billion in 2020, a growth of 37% over 2019, while our shareholders' funds grew by 4.9% to N2.78 billion.

The indices improved generally despite the harsh economic and operating environment prevalent in the mortgage banking industry; an indication that strategies of expansion and increasing customer base are paying off. Our commitment and passion for increasing the number of homeowners remain evident in the improving strategic indices reflected in 2020 report.

Community Engagement

The Bank maintains a strong presence in Osogbo, Ilesha and Ejigbo environs with a dedicated team instrumental in delivering a wide range of Community projects and Corporate Social responsibilities during the year 2020. The social impact of the bank during the year under review include the supply of Palliatives to the Osun State Government under the Save Africa, Save Nigeria initiative of the Cititrust Group during the Covid-19 lockdown as was replicated in other States of the Federation.

The Board

The composition of the Board has changed again since the last Annual General Meeting from eight (8) to Ten (10) members. As we continually aim to achieve best practices and a better mix of Director's competencies to enrich and create an immediate impact on the Bank's profitability, stability, and growth.

Notably, the year witnessed the assumption of office of a new Managing Director and an Executive Director, the reconstitution of the Board of Directors and also a change of name from Omoluabi Mortgage Bank Plc to LivingTrust Mortgage Bank Plc.

Four additional Directors from CITITRUST Group (Majority investors) came on board.

Hence, The Board of Directors currently consists of Ten (10) members: The Chairman, One (1) Managing Director, Two Executive Directors (ED), Five Non-Executive Directors (NEDs) and One (1) Independent Director (INED).

Governance

LivingTrust Mortgage Bank Plc has several governance reporting obligations to the Securities and Exchange Commission (SEC), Nigerian Stock Exchange (NSE) and The Central Bank of Nigeria (CBN). A statement on the Company's compliance with the Corporate Governance principles and recommendations is included in the Annual Report. Apart from these, the bank has developed and complied with a comprehensive set of charters and policies.

The Bank currently has four (4) Board committees namely the Board Establishment and General Purpose Committee, Board Credit and Investment committee, Board Nominations & Governance Committee and an Board Audit and Risk Committee comprising of knowledgeable members which reviews enterprise risks and monitors risk mitigations to ensure LivingTrust adheres to the highest ethical standards in all its activities.

Health and Safety

Covid 19 non pharmaceutical measures are taken at all our branches as the bank believes that a safe and healthy workforce is essential to its success and sustainability.

Conclusion

As we progress, we will not lose sight of our priority to be a reliable, strong and financially sustainable Mortgage Bank that ensures endearing value addition to all its stakeholders. LivingTrust Mortgage Bank Plc remains committed to respectful and ethical engagement with stakeholders in its environs in its commitment to retain healthy levels of support amongst all stakeholders as the Bank prepares to position itself in a more advanced role in the industry, the society and Nigeria's economic development.

The Bank is embarking on a critical review to update itself and exploring opportunities with prospective development partners and investors which best align with our redevelopment and growth proposal. Your Bank assures you that it would continue to act in the best interests of all our shareholders.

My sincere appreciation goes to our valued customers, both internal and external stakeholders for their unalloyed commitment, support, and loyalty. Special recognition goes to the Management and the entire staff for standing out and doing an excellent job, against all odds in 2020 ensuring the Bank maintains her steady rise in prosperity and stability.

As we progress in the path of dynamic evolution to a global brand, I hope that we shall continue to count on your cooperation and support to make LivingTrust Mortgage Bank Plc truly the mortgage bank of choice in Nigeria and beyond.

With God on our side, we would keep marching triumphantly into a promising future.

I appreciate your continuous support and wish you and our Bank the best.

Thank you very much.



Alhaji Adebayo Kadiri Jimoh
Chairman Board of Directors
FRC/2014/NIM/00000008047

MANAGING DIRECTOR'S SPEECH:

To Our highly esteemed Shareholders,

I am delighted to welcome you to the 7th **Annual General Meeting** of LivingTrust Mortgage Bank Plc and present to you our bank's scorecard for the 2020 financial year (FYE 2020).

The year 2020 was challenging for the economy and the mortgage banking sub-sector. For an economy grappling with the effects of the COVID-19 pandemic and civil unrest whilst also neck-deep in recession, the Mortgage banking sub-sector witnessed negative effects of depressed purchasing power, savings, mortgage forbearance as well as a diminishing purchasing power.

Despite these odds in 2020, it was a very significant one in the life of our organization. The year saw the completion of the acquisition of 60% holdings of the bank by CITITRUST group, the assumption of office of a new Managing Director and Executive Director, the reconstitution of the Board of Directors and also a change of name from Omoluabi Mortgage Bank Plc to LivingTrust Mortgage Bank Plc.

We also focused on consolidating on the gains of previous years in the following areas: building a stronger balance sheet, deepening our core mortgage business, maintaining strategic investments and partnership with businesses complementary to our core services, strengthening customer relationships, digital transformation in the form of broadening of electronic services and driving our strategy of being a market-facing adhocratic organisation.

OUR CORPORATE TRANSFORMATION PLAN

Our Corporate transformation plan is targetted at:

- Increasing customer coverage
- Diversification of service channels
- Diversification of revenue base and hedge against mortgage repayment volatility
- Deepening retail market penetration using digital platforms
- Creating innovative solutions to grow market share
- Brand repositioning to gain competitive advantage

The bank's major step in this direction was the launch of a new name, **LIVINGTRUST MORTGAGE BANK PLC**, thereby setting the stage for the bank to be more competitive with a wider coverage in our market. The Corporate rebranding reflects the evolution of the bank over the past 27 years from a regional power-house to an emerging national player in the mortgage finance sub-sector of the economy, and aims at delivering superior quality products and services to all customers, regardless of their status, locations and in line with the increasing cultural diversity of our fast growing customer base.

We continued to make excellent progress through digital transformation and enhancement of IT infrastructures and technology platforms with the relaunch of all e-channel platforms and delivering innovations that allow us impact the lives of our customers which led to the launch of a new mobile banking smart phone application, **TRUSTMOBILE**; a first of its kind in the history of the bank.

The TrustMobile banking app brings a whole new experience to the digital space and provides convenient access to both financial and non-financial transactions to LivingTrust account holders via their mobile phones/devices. The App is sleek and comes with features that enable easy banking such as Funds transfer, Utility bill payments, Airtime recharge, account statement and balance inquiry etc. It is highly secure, easy and convenient to use.

The bank also unveiled a new website adopting an image which correctly reflects its current outlook and strategic focus. This is to keep our customers informed on new products and services, updates on upcoming events and also reach a wider audience. The new website comes with enhanced capabilities for account opening, loan application and online repayment simulations. This has significantly increased our loan applications and customer acquisition processes. This has also bolstered our business continuity plan in the event of a lockdown or movement restriction as witnessed in the year 2020.

It is also my pleasure to inform you that our Bank, LivingTrust Mortgage Bank Plc has been admitted to the Standard segment of the Growth Board of the Nigerian Stock Exchange following the approval of the bank's request to migrate from the Alternative Securities Market (AseM) Board. This is another major milestone in the life of our Bank.

As members of the Standard segment of the Growth Board, we are positioned to leverage on the exchange listings, raise long term capital and facilitate liquidity in the trading of our shares, providing us with a cost effective platform to raise the capital needed to scale, attract investors and enhance corporate visibility that fosters growth.

The value proposition of also being a member of the NSE Standard segment of the growth board includes:

- Improved Value added services
- Expanded designated advisers
- Increased approval turnaroundtime and time to market
- Attracting strategic Institutional partners

LivingTrust Mortgage bank Plc will continually maintain transparency in its financial disclosures and uphold strong legacy that focuses on delivering outstanding performance and rewards shareholders.

The Bank will continue to work relentlessly to grow the numbers as there has been significant improvements in all performance indices; growth in our customer base and total assets, increasing trends in profitability and improved perception ratings, to mention just a few.

We commenced our plan to recapitalize and obtain national banking license, which will see us relocating our head office to Lagos, and opening full-fledged branches in Abuja, Lagos Island, Lagos Mainland, Ibadan, Akure and Port-Harcourt. We plan to conclude this in the year 2021.

ECONOMIC PRESSURE AND FINANCIAL PERFORMANCE

The Covid-19 pandemic, increase in the spate of insecurity and socio-economic inequity all contributed immensely to the various challenges experienced during the outgone year.

COVID-19 has negatively affected Nigeria's economy while unemployment has increased sharply. The decline in economic growth has been attributed to the crash in the manufacturing sector, instability of the naira and infrastructure deficit. In response, the Federal Government of Nigeria has formulated the Economic

Sustainability Plan (ESP) to ensure the country is self-sustainable in the production and consumption of goods especially agricultural products.

Another problem facing Africa's largest economy is Inflation; which is eroding the true value of its minimum wage as the minimum wage in Nigeria 9\$63) is low compared to peer countries like South Africa (\$232.03) and Egypt (\$128.22). Disposable income in Nigeria is falling which ultimately reduces purchasing power and ability to access and service loans.

Like Nigeria, the lockdown and movement restrictions also impacted greatly on the global economy.

It is important to note that despite the seeming insurmountable challenges of the past year, Livingtrust Mortgage bank met all regulatory imposed prudential and internal stability and efficiency ratios. With a Capital adequacy ratio (CAR) of 60.13% and Liquidity ratio of 162.83%, the bank is adequately poised to meet all its maturing obligations.

The bank posted impressive performances, as Revenue went up from N502 million in FYE 2019 to N653 million in 2020. The bank also reported an impressive leap in profits in 2020, as profit after tax increased from N62.5 million in 2019 to N132 million in 2020 (a 147% increase in the previous year's records); the bank also witnessed improvement in its operations, owing to an effective mix of revenue optimization and cost minimization strategies.

The bank witnessed a growth in Total balance sheet size of 37% to close at N6.3 billion for FYE 2020. The loan book of the bank witnessed a 127% growth, from N1.8 billion in 2019 to N4.08 billion in 2020, and healthier as well with NPL reduced to 5.2% in 2020 as compared to 14% in 2019 based on internally set criteria.

OPPORTUNITIES ABOUND

Despite the gaping needs, Nigeria ranked low amongst countries in the area of home ownership and mortgage penetration in Africa. The lack of an efficient property title administration mortgage system in Nigeria has made the rate of home ownership in the country one of the lowest in Africa.

Affordability continues to be another major limiting factor to home ownership at the bottom of the income pyramid in Nigeria. While the Federal Mortgage Bank of Nigeria (FMBN) remains the most affordable housing finance window in the country, through its National Housing Fund program, the time frame for accessing these funds can be improved. The pandemic has significantly affected the supply of housing as the construction sector was not considered an essential one during the lockdown. The Central Bank of Nigeria has since intervened through the creation of a fund that targets developers in support of housing construction. Various State Governments are undertaking Rent-to-own schemes to provide housing for citizens.

The Nigerian Mortgage Refinance Company Plc. (NMRC) in the recent past has been advocating for the adoption of the Model Mortgage Foreclosure Bill by State Governments to support the regulatory environment. Some states have passed the bill into law through their various houses of Assembly but majority of States are yet to do so.

There are several opportunities to support the growth of Nigeria's housing sector. This includes continued partnerships by private and public stakeholders in the sector to drive and advance the affordable housing agenda. In addition, as part of its Economic Sustainability Plan, there is significant opportunity for the Federal Government of Nigeria to support local manufacturers and development of the essential building material's industry to stimulate housing delivery and job opportunities for local artisans and other construction/engineering professionals.

With Nigeria's housing deficit which stands at approximately **22 million** units and the consequence of a fast-growing population, it is expected that there will be an injection of about N2.5 trillion into the housing sector through a multi-initiative approach.

2021 OUTLOOK

Our 2021 outlook is expected to be robust for the following reasons:

- Expected increase in net interest income as a result of rising interest rates and lower deposit re-pricing to support growth in net interest income.
- Expected reduction in non-performing loans driven by a mix of recovery strategies.
- Extension in our retail market share.
- Aggressive maximization of our liquidity whilst focusing on our core activities.
- Diversification of revenue base in line with our core focus as a mortgage bank
- Cost efficiency

CONCLUSION

In the year 2020, the bank remained profitable for the 5th consecutive year. This continuous profitability trend is a clear demonstration of the bank's unwavering resolve to continuously create wealth for its shareholders.

We will continue to remain focused in our quest to be a stronger, better and financially sustainable Mortgage banking Institution of choice for Nigerians at home and in diaspora.

Thank you.



Adekunle Adewole

Managing Director

FRC/2020/002/00000022316

Corporate Governance

The Central Bank of Nigeria in its Circular BSD/04/2006 of March 2, 2006 released a new Corporate Governance Code, which includes the protection of equity ownership, enhancement of sound organizational structure and promotion of industry transparency. The Code requires Banks to include in their annual report and accounts, compliance report to the Code of Corporate Governance. In compliance therefore, we state below our Compliance Report as at December 31st 2020:

Compliance Status

In line with the provisions of the new Code, the Bank has put in place a robust internal control and risk management framework that will ensure optimal compliance with internationally acceptable corporate governance indices in all its operations. In the opinion of the Board of Directors, the Bank has substantially complied with the new Code of Corporate Governance during the 2020 financial year.

Statutory Bodies

Apart from the CBN Code of Corporate Governance, which the Bank has strived to comply with since inception, it further relies on other regulatory bodies to direct its policy thrust on Corporate Governance.

Shareholders' Meeting

The shareholders remain the highest decision making of LivingTrust Mortgage Bank Plc., subject however to the provisions of the Memorandum and Articles of Association of the Bank, and other applicable legislation. At the Annual General Meetings (AGM), decisions affecting the Management and strategic objectives of the Bank are taken through a fair and transparent process. Such AGM are attended by the shareholders or their proxies and proceedings at such meetings are monitored by members of the press and representatives of the Nigerian Stock Exchange, Central Bank of Nigeria, Nigeria Deposit Insurance Commission, Corporate Affairs Commission, Securities and Exchange Commission and the Bank's statutory auditors.

Ownership Structure

Osun State Government and Osun State Local Government Councils represent public sector participation in the ownership of the Bank however they are not majority shareholders in the bank. The lists of shareholders consist of individuals, Public Sector and institutional investors.

Board of Directors and Membership

The Board of Directors consists of the Chairman, Managing Director/Chief Executive Officer (MD/CEO) and Non- Executive Directors (Non- EDs). The Directors have diverse background covering Economics, Management, Accounting, Psychology, Information Technology, Public Administration, Law, Engineering, and Business Administration.

Memberships of the Board of Directors during the year ended 31 December, 2020 were as follows:

S/N	NAME	POSITION HELD
1.	Alh. Adebayo Jimoh	Chairman
2.	Hon. Bola Oyebamiji	Non-Executive Director
3.	Mr. Michael Omolaja	Non-Executive Director
4.	Mr. Adeyemi Adefisan Adewole	Non-Executive Director
5.	Mr. Olufemi Adesina	Non-Executive Director
6.	Mr. Adeniran Adewole	Non-Executive Director
7.	Mrs Fehintola Olatunde-Agbeja	Independent Director
8.	Mr. Adekunle Adewole	Managing Director
9.	Mrs. Olaitan Aworonke	Executive Director
10.	Mr.Oyewole Olowu	Executive Director
11.	Prince Gbadebo Adekunle	Non-Executive Director (resigned)
12.	Mrs. Eyitayo Adu	Non-Executive Director (resigned)
13.	Prof. Olalekan Yinusa	Non-Executive Director (resigned)

Tenure of Office

The tenure of office of a Non-Executive Director is a renewable term of 4 (Four) years each.

Delegation of Powers

The Board of Directors delegates any of their powers to Committees consisting of such members of their body as they think fit and have oversight functions on the Committees. The Board also delegates authority to the Management in line with best practices, for the day-to- day Management of the Bank through the MD/CEO, who is supported in this task by the Four (4) Management Staff.

Standing Board Committees

The Board carries out its oversight responsibilities through four (4) standing Committees whose terms of reference it reviews regularly. All the Committees have clearly defined terms of references, which set out their roles, responsibilities and functions, scope of authority and procedures for reporting to the Board.

In Compliance with Code No. 6 on industry transparency, due process, data integrity and disclosure requirement, the Board has in place the following Committees and reporting structures through which its oversight functions are performed:

- Statutory Audit Committee;
- Board Investment and Credit Committee;
- Nomination and Governance Committee
- Audit and Risk Committee

Statutory Audit Committee

This is a joint shareholders/Board Committee that comprises of an equal number of 3 (Three) shareholders and 3 (Three) Directors. The Committee has oversight function on Internal Control system and financial reporting. The Committee's terms of reference are:

General

The Committee shall:

- Ensure that there is an open avenue of communication between the External Auditors and the Board and confirm the Auditors' respective authority and responsibilities.
- Oversee and appraise the scope and quality of the audits conducted by the Internal and External Auditors.
- Review annually, and if necessary propose for formal Board adoption, amendments to the Committee's terms of reference.

STATUTORY AUDIT COMMITTEE ATTENDANCE LIVINGTRUST MORTGAGE BANK PLC

S/N	Name of Director	Position	Meeting dates		
			11/03/2020	21/07/2020	22/10/2020
1.	Mr. Ariyo Olugbosun	Chairman/Shareholders' representative (resigned as Chairman)	√	√	√
2.	Mr. Suraju Ajagbe Yahaya	Shareholder's representative (Appointed Chairman)	√	√	√
3.	Prof. Olalekan Yinusa	Non-Executive Director (resigned)	√	Ω	Ω
4.	Prince Gbadebo Adekunle	Non-Executive Director (resigned)	√	Ω	Ω
5.	Mr. Olufemi Adesina	Non-Executive Director	√	√	√
6.	Mr. Michael Omolaja	Non-Executive Director	X	√	√
7.	Mrs. Fehintola Olatunde-Agbeja	Independent Director	®	®	√
8.	Otunba Adeboye Oladejo Mukaila	Shareholder's representative	√	√	√
In Attendance					
1.	Mrs Olaitan Aworonke	Executive Director	√	√	√
2.	Mr. Afolabi Olusola	Chief Financial Officer	√	√	√
3.	Mr. Ayodeji Sonukan		√	√	√

Key Indicators

Present - √

Absent- X

Retired – Ω

Recently appointed - ®

Whistle Blowing

Review arrangement by which staff of the Bank may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

As global best practice however, a direct channel of communication is established between the whistle blower and the authority to take action, investigate or cause to be investigated the matter being blown, the Committee shall ensure that arrangements are in place for the proportionate and independent investigation and follow-up of such matters.

E-mail: whistleblower@livingtrustng.com

Regulatory Reports

The Committee shall also:

Examine CBN/NDIC examination Reports and make recommendations thereof.

Monitor and review the standards of risk management and internal control, including the processes and procedures for ensuring that material business risks, including risks relating to IT security, fraud and related matters, are properly identified and managed, the effectiveness of internal control, financial reporting, accounting policies and procedures, and the Bank's statements on internal controls before they are agreed by the Board for each year's Annual Report.

Consider and review the process for risk management annually to ensure adequate oversight of risk faced by the Bank and the system of internal controls and reporting of those risks within the Bank. Receive regular Reports on significant litigation and financial commitments and potential liability (including tax) issues involving the Bank.

Board Investment and Credit Committee;

The Board Investment and Credit Committee is charged with the responsibility of evaluating and or approving all credits beyond the power of management from 40 Million to 150 Million for fund-based facilities. The following are its terms of reference.

The Roles of the Committee are:

- Oversee Management's establishment of policies and guidelines, to be adopted by the Board
- Articulating the Bank's tolerance with respect to credit risk, and overseeing managements administration of, and compliance with, these policies and guidelines.
- Overseeing Management's establishment of appropriate systems (including policies, procedures, management and credit risks stress testing) that support measurement and control of credit risk.
- Evaluate and approve all credit beyond the power of the Executive Management.
- Ensure that a qualitative and profitable credit portfolio exist for the Bank.
- Evaluate and recommend to the board all credits beyond the committees powers.
- Review of credit portfolio within its limit in line with set objectives.
- Any other over sight function as may, from time to time, be expressly requested by the Board.

Membership

The Committee has 6 (Six) members comprising of 3 (Three) Non-Executive Directors and the Managing Director/CEO and 2 (Two) Executive director. The committee members are as follows:

1.	Mr. Michael Omolaja	Chairman
2.	Mr. Yemi Adefisan	Non- Executive Director
3.	Mr. Adeniran Adewole	Non- Executive Director
4.	Mr. Adekunle Adewole	Managing Director
5.	Mrs. Olaitan Aworonke	Executive Director
6.	Mr. Oyewole Olowu	Executive Director

**INVESTMENT, RISK AND CREDIT COMMITTEE ATTENDANCE LIVINGTRUST
MORTGAGE BANK PLC**

S/No.	BOARD MEMBERS	POSITIONS	27/01/2020	06/05/2020	22/07/2020	21/10/2020
1.	Mr. Michael Omolaja	Chairman	√	√	√	√
2.	Mr. Yemi Adefisan	Member	√	√	√	√
3.	Prof. Olalekan Yinusa	Member	Ω	Ω	Ω	Ω
4.	Prince Gbadebo Adekunle	Member	Ω	Ω	Ω	Ω
5.	Mr. Adewole Adeniran	Member	®	®	√	√
6.	Mr. Adekunle Adewole	Member	®	®	√	√
In Attendance						
1.	Mrs. Olaitan Aworonke	Executive Director	√	√	√	√
2.	Mr. Gbenga Fatanmi	Treasury Officer	√	√	X	X
3.	Mr. Oyewole Olowu	Executive Director	---		√	√

Key Indicators

Present - √

Absent - X

Retired - Ω

Recently appointed - ®

The Board Investment, Risk and Credit Committee meet at least once in every quarter.

Nomination and Governance Committee:

Roles:

The committee is responsible for the overall governance and personnel function of the Board.

- To consider and make recommendations to the Board on acquisition of Fixed Assets.
- Review and recommend nomination of directors to the Board based on a proper selection process.
- To ensure adequate succession planning for Board of Directors and Chief Executive Officer.
- To ensure the orientation and continuous education of Directors.
- To monitor the procedures established for compliance with regulatory requirements for related party transactions.
- To monitor staff compliance with the Code of Ethics and Business Conduct of the Bank.
- To ensure compliance with regulatory standards of Corporate Governance and regularly identify international best practices of corporate governance and close any identified gaps
- Recruitment promotion of staff to Assistant General Manager level and above, along with approve remuneration.
- To determine benefits and other terms and conditions of the service contracts of such office to the Board.
- To review and approve the conditions of the service contract including remuneration of the staff from Assistant General Manager Level and above and apply where necessary.
- To review and approve policies on staff welfare and fringe benefits: annual review of the Board Charter
- To ensure the annual review of the Board and board committees' performance.

Nomination and Governance Committee

The Nomination and Governance Committee met at least once every quarter.

S/N	Name of Director	Position	Meeting dates			
			28/01/20	05/05/20	21/07/20	21/10/20
1.	Mr. Bola Oyebamiji	Chairman	√	√	√	√
2.	Mr. Michael Omolaja	Member	√	√	x	x
3.	Mr. Adeniran Adewole	Member	√	√	√	√
4.	Mrs. Eyitola Adu	Member	√	Ω	Ω	Ω
5.	Mrs. Fehintola Olatunde-Agbeja	Member	Ⓢ	Ⓢ	x	√
6.	Mr. Adekunle Adewole	Member	Ⓢ	Ⓢ	√	√
In Attendance						
1.	Mrs. Olaitan Aworonke	Executive Director	√	√	√	√
2.	Mr. Afolabi Olusola	Chief Financial Officer	√	X	x	√
3.	Mr. Oyewole Olowu	Executive Director	Ⓢ	Ⓢ	x	x

Key Indicators

Present - √

Absent- X

Retired – Ω

Recently appointed - Ⓢ

ATTENDANCE AT BOARD AUDIT AND RISK COMMITTEE

The Board Audit Committee meets at least once in every quarter. However, additional meetings are convened as required. The committee met four (4) times during the 2020 financial year.

	BOARD MEMBERS	POSITIONS	27/01/20	6/05/20	22/07/20	22/10/20
1.	Mr. Yemi Adefisan	Chairman	√	√	√	√
2.	Prince Gbadebo Adekunle	Member	√	√	Ω	Ω
3.	Mr. Olufemi Adesina	Member	√	√	√	√
4.	Mr. Adeniran Adewole	Member	√	√	√	X
5.	Mrs. Fehintola Olatunde-Agbeja	Member	®	®	X	√
6.	Mr. Adekunle Adewole	Member	®	®	®	√
In Attendance						
1.	Mrs. Olaitan Aworonke	Executive Director	√	√	√	√
2.	Mr. Olusegun Akinradewo	Head, Internal Audit	√	√	√	
3.	Mr Tunde Kudaisi	Head, IT	√	√	√	
4.	Mr Sunday Omotosho (resigned)	Financial Controller	√	√	X	
5.	Mrs. Yemisi Adesina	Compliance Department	√	√	X	
6.	Mr. Gbenga Fatanmi	Treasury Officer	√	X	X	
7.	Mr. Faheem Aileru	Head, Risk & Mgt. Compliance Dept.	X	X	√	
8.	Mr. Afolabi Olusola	Chief Finance Officer	X	X	√	
9.	Mr. Oyewole Olowu	Executive Director	X	X	√	

Key Indicators

Present - √

Absent- X

Retired – Ω

Recently appointed - ®

Internal Control

The bank has separate staff within the internal audit function from operational and management internal control charter for its internal audit exercise. The charter isolates and insulates the internal Audit Division from the Management so as to independently review the Bank's operations. Under the Charter, the internal Auditors' report is submitted directly to the Board Audit Committee.

Compliance

The Bank has in place a compliance department in line with regulatory provisions. The compliance department is responsible for monitoring and regulatory provisions, circulars and pronouncements. It is also responsible for monitoring compliance of the Bank's operations, processes and procedures to internal policies. The compliance department is independent of the internal control function and reports directly to the Managing Director.

Executive Management Committee

The Executive Management Committee (EXCO) reviews and approves credit facilities up to its limit and on amount above it limit goes to the Board Credit Committee for review and approval. The Committee meets once a month or as need arises.

Membership of the Executive Management Committee (EXCO) is made up of the Managing Director/Chief Executive Officer as Chairman with all Executive Management staff and two other members of staff.

Risk Management

The Board of Directors and Management of LivingTrust Mortgage Bank Plc. are committed to establishing and sustaining best practices in Risk Management in line with international practice. For this purpose, the Bank operates a centralized Risk Management and Control Division, with responsibility to ensure that the Risk Management processes are implemented in compliance with Policies approved by the Board of Directors.

The Board of Directors determines the Bank's goals, in terms of risk, by issuing a Risk Policy. The Policy both defines acceptable levels of risk for day-to-day operations as well as the Bank's willingness to incur risk, weighed against the expected rewards. The Risk Policy is detailed in the Enterprise Risk Management (ERM) Framework, which is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and managing these risks proactively in a cost-effective manner. It is a top-level integrated approach to events identification, analysis, assessment, monitoring and identification of business opportunities. Specific policies are also in place for managing risks in the different risk area of Credit, Market and Operational Risks.

The evolving nature of Risk Management practices and the dynamic character of the banking industry necessitate regular review of the effectiveness of each Enterprise Risk Management component. In the light of this, the Bank's Enterprise Risk Management Framework is subject to continuous review to ensure effective Risk Management. The review is done in either or both of the following ways:

- Continuous self-evaluation and monitoring by the Risk, Management Division in conjunction with Internal control.
- Independent valuation by external Auditors and Examiners.

Implementation of Code of Corporate Governance

In compliance with No.6.1.11, the Bank has a Compliance Department with responsibilities of implementing Code of Corporate Governance in addition to monitoring compliance of the Money Laundering requirements.

The Chairman of the Board does not serve as Chairman/Member of any of the Board Committees; The Bank's organizational chart approved by CBN reflects clearly defined lines of responsibility and hierarchy; The Bank also has in place, a system of internal control, designed to achieve efficiency, effectiveness of operations, reliability of and regulations at all levels of financial reporting and compliance with applicable laws.

Remuneration of Directors

The shareholders, at the Bank's Annual General Meeting, set and approved the annual remuneration of members of the Board of Directors. The annual emoluments of the Directors are stated in the Annual Report. Attendance of Board and committee Meetings

The table shows the frequency of meeting of the Board of Directors and Board committees, as well as Members' attendance from 2nd January, 2020 to December 31, 2020.

S/N

BOARD OF DIRECTORS ATTENDANCE LIVINGTRUST MORTGAGE BANK PLC

S/N	Name of Director	Position	Meeting Date			
			28/01/20	07/05/20	30/07/20	27/10/20
1.	Alh. Adebayo Jimoh	Chairman	√	√	√	√
2.	Hon. Bola Oyebamiji	Non-Executive Director	√	√	√	√
3.	Mr. Michael Omolaja	Non-Executive Director	√	√	√	√
4.	Mr. Adeyemi Adefisan Adewole	Non-Executive Director	√	√	√	√
5.	Mr. Olufemi Adesina	Non-Executive Director	√	√	√	√
6.	Mr. Adeniran Adewole	Non-Executive Director	√	√	√	√
7.	Mrs Fehintola Olatunde-Agbeja	Independent Director	®	®	X	√
8.	Mr. Adekunle Adewole	Managing Director	®	®	√	√
9.	Mrs. Olaitan Aworonke	Executive Director	√	√	√	√
10.	Mr.Oyewole Olowu	Executive Director	®	®	√	√
11.	Prince Gbadebo Adekunle	Non-Executive Director (resigned)	√	√	Ω	Ω
12.	Mrs. Eytayo Adu	Non-Executive Director (resigned)	√	√	Ω	Ω
13.	Prof. Olalekan Yinusa	Non-Executive Director (resigned)	X	√	Ω	Ω

Key Indicators

Present - √

Absent - X

Retired - Ω

Recently Appointed - ®

Certification Pursuant

To Section 60(2) of the investments and securities Act No. 29 2007 FOR THE
YEAR ENDED 31ST DECEMBER, 2020

We the undersigned hereby certify the following with regard to Audited Accounts for the year ended 31st December, 2020 that:

1. We have reviewed the report and to the best of our knowledge, the report does not contain:
 - a. Any untrue statement of material fact, or
 - b. Any omission of material fact, which would make the statement, misleading in the light of the circumstances under which such statements were made.
2. To the best of our knowledge, the financial statement and the other financial information included in the report fairly present in all material respects the financial state and result company as at and for the periods presented in the report.
3. We are responsible for:
 - a. Establishing and maintaining internal controls
 - b. The design of such internal controls and to ensure that material information relating to the company is made known to the officers in the company particularly during the period in which the periodic reports are being prepared.
 - c. Evaluating the effectiveness of the company's internal controls within 90 days prior to the report.
 - d. Presenting in the report our conclusions about the effectiveness of the company's internal control based on our evaluation as of that date.
4. We have disclosed to the auditors of the company and Audit committee:
 - a. All significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record process, summarize and report financial data and have identified for the company's Auditor any material weakness in internal controls, and
 - b. Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls.
5. We have identified in the report whether or not there were significant changes in the internal controls or other factors that could significantly affect internal control subsequent to the date of our evaluation, including any corrective actions with regards to significant deficiencies and material weaknesses.

DATED THIS 12TH DAY OF APRIL 2021.

OLUSOLA AFOLABI
CHIEF FINANCIAL OFFICER
FRC/2014/ICAN/00000008652

ADEKUNLE ADEWOLE
MANAGING DIRECTOR/CEO
FRC/2020/002/00000022316

Report of the Audit Committee

FOR THE YEAR ENDED 31ST DECEMBER 2020

In compliance with the provisions of section 404 (7) companies and Allied matters Act 2020, we confirm that the accounting and reporting policies of the Bank were in accordance with statutory requirement and agreed ethical practices.

In our opinion, the scope and planning of both the internal and external audits for the year ended 31st December 2020 were adequate. We have also received, reviewed and discussed the audit report on Management matters and were satisfied with the departmental responses thereon.

The Members of the Audit Committee reviewed the Audit report on related party transactions and are satisfied with their status as required by Central Bank of Nigeria (CBN). The Committee also reviewed the IFRS disclosure requirements and is satisfied with the disclosures thereon.

The internal control system of the bank was also being constantly effectively monitored.

DATED THIS 12TH DAY OF APRIL 2021.



Yaya Ajagbe Suraju
FRC No: 2020/004/00000020808
For: **Chairman, Statutory Audit Committee**

S/N	NAME OF DIRECTOR	POSITION
1.	Mr. Suraju Ajagbe Yaya	Chairman/Shareholders' Representative
2.	Mr. Ariyo Olugbosun	Shareholders' Representative
3.	Mr. Olufemi Adesina	Non-Executive Director
4.	Mrs Fehintola Olatunde-Agbeja	Independent Director
5.	Otunba Adeboye Oladejo Mukaila	Shareholders' Representative

LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

In accordance with the provisions of the Companies and Allied Matters 2020, Sections 23 and 27 of the Banks and Other Financial Institutions Act, 2020 and the Financial Reporting Council Act No. 6, 2011, the Directors are responsible for the preparation of annual financial statements which give a true and fair view of the state of affairs of the Bank, and of the financial performance for the year. The responsibilities include ensuring that:

- (a) appropriate internal controls are established both to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities;
- (b) the Bank keeps accounting records which disclose with reasonable accuracy the financial position of the Bank and which ensure that the financial statements comply with requirements of International Financial Reporting Standards and the Companies and Allied Matters Act, 2020, Banks and Other Financial Institutions Act, 2020, the Financial Reporting Council Act No. 6, 2011, Revised Prudential Guidelines and relevant circulars issued by the Central Bank of Nigeria;
- (c) the Bank has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and
- (d) it is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the Bank will not continue in business.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, 2020, Banks and Other Financial Institutions Act, 2020, the Financial Reporting Council Act No. 6, 2011, Revised Prudential Guidelines, and relevant circulars issued by the Central Bank of Nigeria.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of the financial performance for the year.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of financial control.

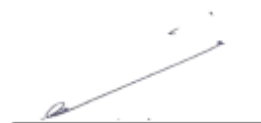
Nothing has come to the attention of the Directors to indicate that the Bank will not remain a going concern for at least twelve months from the date of this statement.

Signed on behalf of the Directors by:



Alhaji Adebayo Jimoh
Chairman
FRC/2014/NIM/00000008047

Dated: 25 February 2021



Adekunle Adewole
Managing Director/CEO
FRC/2020/002/00000022316

Dated: 25 February 2021

PKF Professional Services



Independent Auditor's Report

To the Shareholders of LivingTrust Mortgage Bank Plc

Opinion

We have audited the financial statements of LivingTrust Mortgage Bank Plc (the Bank) which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, 2020, the Banks and Other Financial Institutions Act, 2020, the Financial Reporting Council of Nigeria Act, No 6, 2011 and relevant Central Bank of Nigeria Guidelines and Circulars.

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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated 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. The key audit matters below relate to the audit of the financial statements.

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Key Audit Matter	How the matter was addressed in the audit
<p>Impairment allowance on loans and advances to customers</p> <p>Loans and advances to customers constitute significant portion of the Bank's total assets, as a major component of the Bank's financial intermediation function revolves round financial assets. The determination of impairment allowance using the Expected Credit Loss (ECL) model requires the application of certain financial indices estimated from historical financial data outside the Bank in determining the level of impairment allowance required.</p> <p>The ECL model involves the application of considerable level of judgement and estimation in determining inputs for ECL calculation such as:</p> <ul style="list-style-type: none"> • determining criteria for assigning Probability of Default (PD) rates. • assessing the relationship between the quantitative factors such as default and qualitative factors such as macro-economic variables. • incorporating forward looking information in the model building process. • factors incorporated in determining the Probability of Default (PD), the Loss Given Default (LGD), the Recovery Rate and the Exposure at Default (EAD). • factors considered in cash flows estimation including timing and amount. <p>Given the level of complexity and judgement involved in determining of the ECL, and also the material nature of the balance. We considered the impairment of the loans and advances to customers' to be a key audit matter in the financial statements.</p> <p>The Bank's accounting judgement and estimates, accounting policy on impairment and loans and advances to customers are disclosed in notes 2c, 4.12 and 18 respectively.</p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • We reviewed the ECL model prepared by management for the computation of impairment on loans and advances to customers. • Obtained an understanding of the default definition(s) used in the ECL calculation, and focused on the most significant model assumptions including PD and LGD. • Tested the underlying data behind the determination of the probability of defaults and loss given defaults by agreeing same to underlying supporting documentation. • Critically evaluated the determination of the expected cash flows used in assessing and estimating impairments. And the reasonableness of any assumptions. • Evaluated whether the model used to calculate the recoverable amount complies with the requirements of IFRS 9. • Examined the criteria used to allocate loans and advances to customers under stages 1, 2 and 3. • For loans and advances to customers classified under stages 1 and 2, we selected material balances and reviewed the repayment history for possible repayment default. • For loans and advances to customers classified under stage 3, we tested all the assumptions considered in the estimation of recovery cash flows, the discount factor, and timing of realization. • Reviewed the disclosures for reasonableness to ensure conformity with the IFRSs. <p>Based on the work we have performed, we consider the level of impairment allowance acceptable.</p>

Other Information

The directors are responsible for the other information. The other information comprises the Chairman's statement, Directors' Report; Audit Committee's Report, Corporate Governance Report and Bank Secretary's report and Other National Disclosures (i.e. statement of value added and five-year financial summary as required by the Companies and Allied Matters Act, 2020 and the Financial Reporting Council Act No. 6, 2011) but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 appeared 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 auditors 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.

Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, 2020, the Banks and Other Financial Institutions Act, 2020, the Financial Reporting Council of Nigeria Act, No 6, 2011 and relevant Central Bank of Nigeria Guidelines and Circulars 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 Bank'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 Bank or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank'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 judgment and maintain professional skepticism 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors

PKF

- Conclude on the appropriateness of the director's 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 Bank'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 consolidated 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 Bank 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 the Audit Committee 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 the Audit Committee 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 the Audit Committee, 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

In accordance with the requirement of the fifth schedule of the Companies and Allied Matters Act, 2020, we confirm that:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- Proper books of account have been kept by the Bank, in so far as it appears from our examination of those books;
- The Bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

In compliance with the Banks and Other Financial Institutions Act, 2020 and circulars issued by Central Bank of Nigeria, we confirm that:

- As disclosed in Note 36, to the financial statements, no contravention of the provisions of the Banks and Other Financial Institutions Act, 2020 and Central Bank of Nigeria circulars was brought to our attention.
- Related party transactions and balances are disclosed in Note 33 to the financial statements in compliance with Central Bank of Nigeria circular BSD/1/2020.



Ayodeji K. Sonukan, FCA
FRC/2013/CAN/00000002431
 For: PKF Professional Services
 Chartered Accountants
 Lagos, Nigeria

Dated: 01 March 2021



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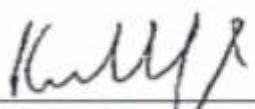
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#StaySafe


LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	2020 N	2019 N
Assets			
Cash and balances with CBN	16	112,892,165	88,941,652
Due from banks	17	1,346,859,860	1,291,080,532
Loans and advances to customers	18	4,078,129,669	1,801,288,480
Investment securities	19	106,716,594	710,793,871
Other assets	20	90,683,643	149,250,017
Property and equipment	21	260,430,241	226,894,614
Intangible assets	22	32,154,050	25,918,795
Deferred tax assets	14.4	1,833,004	5,573,620
		6,029,699,226	4,299,741,581
Non current assets held for sale	23	268,050,761	295,250,134
Total assets		6,297,749,987	4,594,991,715
Liabilities and equity			
Liabilities			
Deposit from customers	24	2,619,301,655	1,209,131,736
Borrowings	25	63,034,993	130,214,627
On-lending facility	26	583,080,755	420,730,433
Current income tax liability	14.2	25,085,204	12,887,708
Other liabilities	27	230,138,519	173,162,054
Total liabilities		3,520,641,126	1,946,126,558
Equity			
Ordinary share capital	28	2,500,000,000	2,500,000,000
Statutory reserve	29.1	111,768,808	85,296,967
Retained earnings	29.2	107,591,409	65,975,321
Fair value reserve	29.3	(7,316,777)	(3,201,276)
Regulatory risk reserve	29.4	65,065,421	794,145
Total equity		2,777,108,861	2,648,865,157
Total liabilities and equity		6,297,749,987	4,594,991,715

The financial statements were approved by the Board of Directors on 25 February 2021 and signed on its behalf by:


Alhaji Adebayo Jimoh
 Chairman
 FRC/2014/NIM/00000008047


Adewole Adekunle
 Managing Director/CEO
 FRC/2020/002/00000022316


Levi Afolabi
 Chief Financial Officer
 FRC/2014/ICAN/00000008652

The accompanying notes and significant accounting policies form an integral part of these financial statements.

LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 N	2019 N
Gross earnings		652,615,797	502,405,848
Interest and similar income	7	374,139,409	223,866,331
Interest and similar expense	8	(52,761,824)	(50,348,909)
Net interest income		321,377,585	173,517,422
Net fee and commission income	9	68,023,903	29,622,961
Other operating income	10	210,452,485	248,916,556
Total operating income		599,853,973	452,056,939
Impairment loss (charge)/writeback	11	(39,569,677)	34,667,940
Net operating income		560,284,296	486,724,879
Personnel expenses	12	187,946,627	159,344,328
Depreciation of property and equipment	21	44,427,361	45,615,662
Amortisation of intangible assets	22	6,484,365	14,040,398
Other operating expenses	13	170,002,009	210,406,726
Total operating expenses		408,860,362	429,407,114
Profit before tax		151,423,934	57,317,765
Income tax (expense)/credit	14.1	(19,064,729)	5,213,678
Profit for the year		132,359,205	62,531,443
Other comprehensive (loss)/income			
Items that may be subsequently reclassified to profit or loss		-	-
Items that will not be subsequently reclassified to profit or loss			
Changes in the fair value of equity investments designated at FTVOCI	29.3	(4,115,501)	44,388
Total comprehensive income		128,243,704	62,575,831
Earnings per share - Basic (Kobo)	15	2.56	1.25

The accompanying notes and significant accounting policies form an integral part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

Statutory reserve

The revised guidelines for Primary Mortgage Banks in Nigeria require mortgage banks to make an annual appropriation to a statutory reserve. As stipulated by section 5.4 of the revised guidelines, an appropriation of 20% of profit after tax is made, if the statutory reserve is less than the paid up share capital and 10% of profit after tax if the statutory reserve is equal to or in excess of the paid up capital.

The Central Bank of Nigeria stipulates that provisions for loans recognized in the profit or loss account be determined based on the requirements of IFRS. The IFRS provision should then be compared with provision determined using the Prudential Guidelines and the expected impact/changes treated in the retained earnings (See Statement of Prudential Adjustments).

Fair value reserve (FVR) assets are measured at fair value in the statement of financial position. Fair value changes on FVR assets are recognised directly in equity, through the statement of changes in equity, except for interest on FVR assets (which is recognised in income on an effective yield basis), impairment losses and (for interest-bearing FVR debt instruments) foreign exchange gains or losses. The cumulative gain or loss that was recognised in equity is recognised in the statement of profit or loss when a fair value reserve financial asset is derecognised.



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Our Winning Strategy

our expertise and promptness in responding to our customers' needs makes us preferred when it comes to providing innovative and affordable Mortgage product and services which has won us several accolades and industry awards across all our business areas. We are also accredited by the Federal Mortgage Bank of Nigeria (FMBN) for the National Housing Fund (NHF) scheme and a subscriber to the Nigerian Mortgage Refinance Company Plc. (NMRC)

MORTGAGE FUND | MANAGEMENT | TREASURY SERVICES

Liability Products

Regular Savings Account
Gold Account/ Personal Current Account
Gold Corporate Account
Star Kiddies Account
Target Savings Account
EasySave Account

Loan Products

Residential Mortgage Loan
National Housing Fund (NHF) Loan
Home Enhancement Loan
Estate Development Loan
Personal Loan
Sowjere Quick Access Loan
Government Employee Loan

Contact Details

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LIVINGTRUST MORTGAGE BANK PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Notes	₦	₦
Cash flows from operating activities			
Profit after tax		132,359,205	62,531,443
Adjustment for non-cash items			
Impairment charge/(write back) on loans and advances	11	39,611,682	(16,909,774)
Impairment write back on other assets	11	-	(18,001,365)
Write-off of non-current assets held for sale	13	2,958,774	21,202,700
Loss on disposal of fixed assets	13	2,496,048	2,034,546
Impairment write back on bank placements	17.6	(3,781)	(1,205)
Impairment charge on investment securities-amortised cost	19.1	-	38,224
Depreciation of property and equipment	21	44,427,361	45,615,662
Amortisation of intangible assets	22	6,484,365	14,040,398
Income tax expense	14.1	19,064,729	(5,213,678)
		<u>247,398,383</u>	<u>105,336,951</u>
Cashflows before changes in working capital			
Changes in working capital			
Increase in loans and advances		(2,316,452,871)	(216,576,340)
Increase in balance with CBN		(12,813,100)	(8,779,316)
Decrease in other assets		58,566,374	48,542,739
Increase in due to customers		1,410,169,919	96,102,252
Increase/(decrease) other liabilities		56,976,465	(3,718,949)
		<u>(803,553,213)</u>	<u>(84,429,614)</u>
Tax paid	14.2	(3,126,617)	(10,838,341)
Net cash from operating activities		<u>(559,281,447)</u>	<u>10,068,996</u>
Cash flows from investing activities;			
Purchase of property and equipment	21	(89,983,810)	(22,657,401)
Purchase of intangible assets	22	(12,719,620)	(15,508,000)
Proceeds from financial investments		-	191,903,038
Disposal/(additions) of investment in treasury bills		599,961,776	(11,871,493)
Additions to non current assets held for sale		(17,514,288)	(35,302,846)
Disposal of non-current assets held for sale		41,754,887	72,646,798
Proceeds from disposal of property and equipment		9,524,774	636,640
Net cash from/(used) investing activities		<u>531,023,719</u>	<u>179,846,736</u>
Cash flows from financing activities			
Additional borrowings	25	-	113,175,279
Repayment of borrowed funds	25	(67,179,634)	(4,709,653)
Additional on-lending facility	26	187,247,000	140,102,000
Repayment of on-lending facility	26	(24,896,678)	(22,367,917)
Net cash from financing activities		<u>95,170,688</u>	<u>226,199,709</u>
Increase in cash and cash equivalents		66,912,960	416,115,441
Cash and cash equivalents as at 1 January		1,354,662,457	938,547,016
Cash and cash equivalents as at 31 December		<u>1,421,575,417</u>	<u>1,354,662,457</u>
Additional cash flow information			
Cash and cash equivalents			
Cash on hand	16	74,711,657	63,574,244
Balances with banks within Nigeria	17	783,887,918	209,436,814
Placements with banks	17	562,975,842	1,081,651,399
		<u>1,421,575,417</u>	<u>1,354,662,457</u>

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

LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF PRUDENTIAL ADJUSTMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Central Bank of Nigeria (CBN) stipulates that provisions for loans recognized in the statement of profit or loss be determined based on the requirements of IFRS. The IFRS provisions should then be compared with provision determined under the CBN prudential guidelines and the expected impact/changes treated in the retained earnings as follows:

- i) Where the prudential provision is greater than IFRS impairment allowance: the difference should be transferred from the retained earnings to a non-distributable regulatory risk reserve.
- ii) Where the prudential provision is less than IFRS impairment allowance: The difference should be transferred from the regulatory risk reserve to the retained earnings to the extent of the non-distributable reserve previously recognized.

	2020 N	2019 N
Analysis of Prudential Guidelines provision		
Performing	38,116,427	16,976,915
Non-performing:		
Watchlist	800,769	688,020
Substandard	37,565,753	2,237,633
Doubtful	12,807,329	9,556,828
Very doubtful	-	401
Lost	85,492,039	34,675,026
Interest-in-suspense	26,808,256	21,022,188
Total prudential impairment provision	<u>201,590,573</u>	<u>85,157,011</u>
IFRS impairment allowance		
Stage 1 (See note 18.8)	129,393,875	32,074,413
Stage 2 (See note 18.8)	23,960	79,012
Stage 3 (See note 18.8)	<u>7,107,317</u>	<u>64,760,045</u>
Total ECL impairment	<u>136,525,152</u>	<u>96,913,470</u>
IFRS impairment allowance lower/(above) prudential provision	<u>65,065,421</u>	<u>(11,756,459)</u>
Regulatory risk reserve		
At 1 January	794,145	12,550,604
Transfer to/(from) retained earnings	<u>64,271,276</u>	<u>(11,756,459)</u>
At 31 December	<u>65,065,421</u>	<u>794,145</u>

The regulatory risk reserve accounts for the difference between the impairment allowance on loans and advances computed based on the Central Bank of Nigeria Prudential Guidelines compared with the expected credit loss model used in calculating the impairment under IFRS.

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

1.0 principal Activity of the Bank

LivingTrust Mortgage Bank Plc is primary mortgage institution incorporated in Nigeria. The Bank is mainly involved in mortgage activities. The address of the registered office is Old Governor's office Osogbo Osun state.

1.1 Reporting entity

LivingTrust Mortgage Bank Plc (formerly Omoluabi Mortgage Bank Plc) is a public limited liability company domiciled in Nigeria. The address of the Bank's registered office is Old Governor's Office, Gbongan Road, Osogbo, Osun State. The Bank obtained its license to operate as a Mortgage Bank on the 24 February 1999 and commenced operations in March 1999. The Bank became a public limited liability company on 13 January 2014. The Bank changed its name from Omoluabi Mortgage Bank Plc to LivingTrust Mortgage Bank Plc on 7 October 2020.

The Bank is primarily involved in business of Residential and Commercial Mortgage financing as well as construction finance among other financial services.

1.2 Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) in the manner required by the Companies and Allied Matters Act, 2020, the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, and relevant Central Bank of Nigeria circulars. The IFRS accounting policies have been consistently applied to all periods presented.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Assets and liabilities held for trading are measured at fair;
- Financial instruments designated at fair value through profit or loss are measured at fair value; investments in equity instruments are measured at fair value;
- Other financial assets not held in a business model whose objective is to hold assets to collect contractual cash flows or whose contractual terms do not give rise solely to payments of principal and interest are measured at fair value;
- Recognized financial assets and financial liabilities designated as hedged items in qualifying fair value hedge relationships are adjusted for changes in fair value attributable to the risk being hedged;
- Liabilities for cash-settled share-based payment arrangements are measured at fair value;
- Available-for-sale financial assets are measured at fair value.

c) Functional and presentation currency

These financial statements are presented in Naira, which is the Bank's functional currency.

2. Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in conformity with IFRSs 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 recognized in the period in which the estimate is revised and in any future periods affected.

a) Going concern

The Bank's Management has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, Management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, Management will continue to prepare the financial statements on the going concern basis.

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

b) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques

that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

c) Changes to the impairment calculation

The adoption of IFRS 9 has fundamentally changed the Bank's accounting for loan loss impairments by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Bank to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the ECLs associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination. If the financial asset meets the definition of purchased or originated credit impaired (POCI), the allowance is based on the change in the ECLs over the life of the asset.

Details of the Bank's impairment method are disclosed below:

Impairment model on loans and advances to customers

The Bank divides its loan portfolio into significant and insignificant loans based on Management approved materiality threshold. The Bank also groups its risk assets into buckets with similar risk characteristics for the purpose of collective impairment of insignificant loans and unimpaired significant loans.

The Probability of Default (PD) and the Loss Given default (LGD) are then computed using historical data from the loan buckets.

The Bank reviews its individually significant loans and advances at each statement of financial position date to assess whether an impairment loss should be recorded in the income statement. In particular, Management judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. The Present Value of such cash flows as well as the present value of the fair value of the collateral is then compared to the Exposure at Default.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively in buckets of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment of impaired insignificant loans is done with a PD of 100% and the historical LGD while the collective assessment of unimpaired insignificant loans and significant loans is done with the historical PD and LGD.

A summary of the assumptions underpinning the Bank's expected credit loss model is as follows:**(a) Loans and advances to customers**

The Bank uses Four IFRS buckets & Three categories for loans which reflect their credit risk and how the loan loss allowance is determined for each of those categories.

Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Substandard	Interest and/or principal repayments are 30 days past due	Lifetime expected losses, credit impaired.
Lost	Interest and/or principal repayments are 90 days past due and there is no reasonable expectation of recovery.	Asset is written off.

Over the term of the loans, the Bank accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Bank considers historical loss rates for each category of customers, and adjusts for forward looking macroeconomic data.

The Bank provides for credit losses against loans to customers as follows:

Performing	AA	12 month expected losses	Gross carrying amount
	A		
Substandard	BB	Lifetime expected losses	Amortised cost
	B		
	C		
Write-off	D	Asset is written off through profit or loss to the extent of expected losses	None

(b) Accounts receivables

The Bank applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The expected credit losses has also incorporated forward looking information. See Note 18e for the credit losses recognised during the year.

Inputs, assumptions and techniques used for estimating impairment Significant increase in credit risk

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

Credit risk grades

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

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Each exposure is allocated to a credit risk grade at initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data:

<ul style="list-style-type: none"> - Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes. - Data from credit bureau agencies. - Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities. 	<ul style="list-style-type: none"> - Internally collected data on customer behaviour - Ability to repay the loan as at when due 	<ul style="list-style-type: none"> - Payment record - Requests for and granting forbearance - Existing and forecast changes in business, financial and economic conditions
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Generating the term structure of PD

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower as well as by credit risk grading.

The Bank employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

This analysis includes the identification and calibration of relationships between changes in default rates and changes in key macro-economic factors as well as in-depth analysis of the impact of certain other factors (e.g. forbearance experience) on the risk of default. For most exposures, key macro-economic indicators include: GDP growth, oil prices, benchmark interest rates and unemployment.

For exposures to specific industries and/or regions, the analysis may extend to relevant commodity and/or real estate prices.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly vary by portfolio and include quantitative changes in PDs and qualitative factors, including a backstop based on delinquency. The credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Bank's quantitative modelling, the remaining lifetime PD is determined to have increased by more than [a predetermined percentage/range]. (e.g. when the IFRS 9 lifetime PD has doubled since initial recognition and has increased by more than 20 bps a year).

Using its expert credit judgement and, where possible, relevant historical experience, the Bank may determine that an exposure has undergone a significant increase in credit risk based on particular qualitative indicators that it considers are indicative of such and whose effect may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 90 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

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The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention 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.

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
- with 'the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

The Bank renegotiates loans to customers in financial difficulties (referred to as „forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Audit Committee regularly reviews reports on forbearance activities.

For financial assets modified as part of the Bank's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Bank's ability to collect interest and principal and the Bank's previous experience of similar forbearance action. As part of this process, the Bank evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, 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 (see Note 18e / in default). 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 12-month ECL.

Definition of default and cure

The Bank considers a financial asset to be in default and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 180 days past due on its contractual payments. The Bank considers treasury and interbank balances defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements.

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As a part of a qualitative assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikelihood to pay. When such events occur, the Bank carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Internal rating of the borrower indicating default or near-default;
- The borrower requesting emergency funding from the Bank;
- The borrower having past due liabilities to public creditors or employees;
- The borrower is deceased;
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral;
- A material decrease in the borrower's turnover or the loss of a major customer;
- A covenant breach not waived by the Bank;
- The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection;
- Debtor's listed debt or equity suspended at the primary exchange because of rumours or facts about financial difficulties;
- Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; and
- Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. It is the Bank's policy to consider a financial instrument as „cured“ and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least three six consecutive months (i.e. a probationary period of 90 days to upgrade from Stage 3 to 2 and a further probationary period of 90 days to upgrade from Stage 2 to 1). The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

Incorporation of forward-looking information

The Bank incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on advice from the Bank Risk Committee and economic experts and consideration of a variety of external actual and forecast information, the Bank formulates a „base case“ view of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome.

To ensure completeness and accuracy, the Bank obtains the data used from third party sources. The external information includes economic data and forecasts published by governmental bodies and monetary authorities in the countries in Nigeria, supranational organisations such as the OECD and the International Monetary Fund, and selected private-sector and academic forecasters (e.g. Rating Agency, The Economist Society, Bureau of Statistics, etc.). A team of economists within the Bank's Risk Department verifies the accuracy of inputs to the Bank's ECL models including determining the weights attributable to the multiple scenarios. The base case represents a most-likely outcome and is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of these other representative scenarios.

The Bank 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. 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 4 years. The following tables set out the key drivers of expected loss and the assumptions used for the Bank's base case estimate, ECLs based on the base case, as at 31 December 2020.

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The tables show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

31 December 2020

		%	%	%	%	%	%
GDP growth %							
	Upside	30					2.3
	Base case	40					2.3
	Downside	30					2.3
Unemployment rates %							
	Upside	40					4.8
	Base case	40					4.8
	Downside	20					4.8
Foreign exchange rates %							
	Upside	40					2.2
	Base case	30					2.2
	Downside	30					2.2
Inflation rates %							
	Upside	20					2.7
	Base case	45					2.7
	Downside	35					2.7
Interest rates %							
	Upside	40					2.1
	Base case	30					2.1
	Downside	30					2.1

Measurement of ECL

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

- probability of default
- loss given default
- exposure at default

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information as described above.

Probability of default (PD)

PD estimates are estimates at a certain date, which are calculated based on statistical rating models, and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD for large corporate counterparties. If a counterparty or exposure migrates between rating classes, then this will lead to a change in the estimate of the associated PD. PDs are estimated considering the contractual maturities of exposures and estimated prepayment rates.

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Loss given default (LGD)

LGD is the magnitude of the likely loss if there is a default. The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

The Bank segments its lending products into smaller homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The applied data is based on historically collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types) as well as borrower characteristics.

For loans secured by retail property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for real estate lending, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

Exposure at default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. For lending commitments and financial guarantees, the EAD includes the amount drawn, as well as potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts.

To calculate the EAD for a Stage 1 loan, the Bank assesses the possible default events within 12 months for the calculation of the 12 months ECL. However, if a Stage 1 loan that is expected to default in the 12 months from the reporting date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The Bank determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of Bank's models.

Collective assessment

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:

- instrument type;
- credit risk gradings;
- collateral type;
- LTV ratio for retail mortgages;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

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Debt instruments measured at FVOCI

The write-off of a portfolio of securities following the collapse of the local market.

Impairment of available-for-sale investments

The bank reviews its debt securities classified as available-for-sale investments at each statement of financial position date to assess whether they are impaired. This requires similar judgment as applied to the individual assessment of loans and advances.

The bank also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is „significant“ or „prolonged“ requires judgment. In making this judgment, the bank evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

Deferred tax assets

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

Determination of collateral value

The monitoring of market value of collateral is done on a regular basis. Fair value is adjusted to reflect current market conditions. The amount of collateral required depends on the assessment of the counterparty credit risk.

3. Changes in accounting policies and disclosures and Standards Issued

3.1 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020.

Several standards amendments and interpretations apply for the first time in 2020 but did not have an impact on the financial statements of the Bank.

The Bank has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

3.1.1 Amendment to IFRS 3 - Business Combinations

The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting periods beginning on or after 1 January, 2020 and to asset acquisitions that occur on or after the beginning of that period. Earlier application is permitted.

The Standards outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date.

The amendment relates to the definition of a "business" and they:

- Clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.
- Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs,
- Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired.
- Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs.
- Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

These amendments did not have any impact on the Bank's financial statements.

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3.1.2 Amendment to IAS 1 - Presentation of financial statements and IA6 8 Accounting policies, changes in accounting estimates and errors

The amendments are effective for annual reporting periods beginning on or after 1 January 2020, although earlier application was permitted. The purpose for the amendment is to expand on the definition of materiality and bring more clarity to its characteristics.

The revised definition of "Material" is quoted below:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendment emphasises five ways material information can be obscured:

- If the language regarding a material item, transaction or other event is vague or unclear.
- If information regarding a material item, transaction or other event is scattered in different places in the financial statements.
- If dissimilar items, transactions or other events are inappropriately aggregated.
- If similar items, transactions or other events are inappropriately disaggregated.
- If material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The amendment expands the definition to include:

Obscuring

Obscuring material information with information that can be omitted can have a similar effect. Although the term obscuring is new in the definition, it was already part of IAS 1.

Could reasonably be expected to influence

The existing definition referred to 'could influence' which the IASB felt might be understood as requiring too much information as almost anything 'could' influence the decisions of some users even if the possibility is remote.

Primary users

The existing definition referred only to 'users' which again the IASB feared might be understood too broadly as requiring to consider all possible users of financial statements when deciding what information to disclose.

The amendments to the definition of material did not have a significant impact on the Bank's financial statements.

3.1.3 Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR).

These amendments are effective for annual reporting periods beginning on or after 1 January 2020.

The adoption of phase 1 of the IBOR reform did not lead to a change in the Bank's accounting policies and do not have any interest hedge accounting. The Bank is currently assessing the impact of the phase 2 amendments.

Amendments to IFRS 9

The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

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Application of the reliefs is mandatory. The first three reliefs provide for:

- The assessment of whether a forecast transaction (or component thereof) is highly probable.
- Assessing when to reclassify the amount in the cash flow hedge reserve to profit and loss.
- The assessment of the economic relationship between the hedged item and the hedging instrument.

For each of these reliefs, it is assumed that the benchmark on which the hedged cash flows are based (whether or not contractually specified) and/or, for relief three, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. The fourth relief provides that, for a benchmark component of interest rate risk that is affected by IBOR reform, the requirement that the risk component is separately identifiable need be met only at the inception of the hedging relationship.

Where hedging instruments and hedged items may be added to or removed from an open portfolio in a continuous hedging strategy, the separately identifiable requirement need only be met when hedged items are initially designated within the hedging relationship.

To the extent that a hedging instrument is altered so that its cash flows are based on an RFR, but the hedged item is still based on IBOR (or vice versa), there is no relief from measuring and recording any ineffectiveness that arises due to differences in their changes in fair value. The reliefs continue indefinitely in the absence of any of the events described in the amendments.

When an entity designates a group of items as the hedged item, the requirements for when the reliefs each cease are applied separately to individual item within the designated group of items. The disclosure amendments also introduce requirements for hedging relationships to which the reliefs are specific applied.

Amendments to IAS 39

The corresponding amendments are consistent with those for IFRS 9, but with the following differences:

- For the prospective assessment of hedge effectiveness, it is assumed that the benchmark on which the hedged cash flows are based (whether or not it is contractually specified) and/or the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform.
- For the retrospective assessment of hedge effectiveness, to allow the hedge to pass the assessment even if the actual results of the hedge are temporarily outside the 80%-125% range, during the period of uncertainty arising from IBOR reform.
- For a hedge of a benchmark portion (rather than a risk component under IFRS 9) of interest rate risk that is affected by IBOR reform, the requirement that the portion is separately identifiable need be met only at the inception of the hedge.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

3.1.4 Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting;
- reinstating prudence as a component of neutrality;
- defining a reporting entity, which may be a legal entity, or a portion of an entity;
- revising the definitions of an asset and a liability;
- removing the probability threshold for recognition and adding guidance on derecognition;
- adding guidance on different measurement basis; and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020.

The conceptual framework did not have any material impact on the Bank's financial statements.

3.1.5 Amendments to IAS 1 and IAS 8 - Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of „material“ across the standards and to clarify certain aspects of the definition. The new definition states that, „Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.“

The amendments to the definition of material did not have a significant impact on the Bank's financial statements.

3.2 Standards issued and effective on or after 1 January 2020

3.2.1 IFRS 17 Insurance contracts

A comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. Retrospective application is required.

However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

IFRS 17 is a comprehensive standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment-related service contracts, and the premium allocation approach mainly for short-duration which typically applies to certain non-life insurance contracts.

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The main features of the new accounting model for insurance contracts are, as follows:

- The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cash flows).
- A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts. The CSM represents the unearned profitability of the insurance contracts and is recognised in profit or loss over the service period (i.e., coverage period).
- Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining contractual service period.
- The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice.
- The recognition of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period.
- Amounts that the policyholder will always receive, regardless of whether an insured event happens (non-distinct investment components) are not presented in profit or loss, but are recognised directly on the statement of financial position.
- Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense.
- Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts.

IFRS 17 will have no impact on the Bank, as it does not issue insurance

3.2.2 Amendments to IAS 1 - Classification of liabilities as current or non-current

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

The effective date is 1 January 2022 (possibly deferred to 1 January 2023).

The impact of this amendment on the Bank financial statements is currently under assessment.

3.2.3 Amendments to IAS 16 - Proceeds before intended use

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Early application is permitted. It amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The Bank does not expect these amendments to have impact on its financial statements when it becomes effective.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

3.2.4 Amendments to IAS 37 - Onerous contracts - Cost of fulfilling a contract

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Early application is permitted.

The changes in Onerous Contracts - Cost of Fulfilling a Contract specify that the „cost of fulfilling a contract comprises the „costs that relate directly to the contract . Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The Bank will not be affected by these amendments on the date of transition.

3.2.5 Amendments to IFRS 16 - COVID-19-related rent concessions

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorised for issue at 28 May 2020. The amendment is also available for interim reports. The changes in Covid-19-Related Rent Concessions (Amendment to IFRS 16) amend IFRS 16 to:

- provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification;
- require lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications;
- require lessees that apply the exemption to disclose that fact; and require lessees to apply the exemption retrospectively in accordance with IAS 8, but not require them to restate prior period figures.

The main change from the proposal in the exposure draft is that the IASB had proposed that the practical expedient should only be available for lease payments originally due in 2020. However, after having considered the feedback to the exposure draft, the IASB decided to extend this period to June 2021 to also capture rent concessions granted now and lasting for 12 months.

The Bank does not expect these amendments to have impact on its financial statements when they become effective.

3.2.6 Amendments to IFRS 3 - Reference to the conceptual framework

Minor amendments were made to IFRS 3 Business Combinations to update the reference to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provision. Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

The effective date is 1 January 2022.

The amendment will have no material effect on the Bank's financial statements.

3.2.7 Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

The Bank will apply these amendments when they become effective.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

3.2.8 Annual Improvement to IFRS Standards 2018 - 2020

The following Improvements were finalised in May 2020:

- IFRS 9 Financial Instruments - clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases - To remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
The effective date is 1 January 2022.

4. Statement of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

4.1 Revenue recognition

Interest income is recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Interest income and expense presented in the statement of comprehensive income include interest on financial assets and financial liabilities measured at amortized cost calculated on an effective interest basis. Interest income and expense on all trading assets and liabilities are considered to be incidental to the bank's trading operations and are presented together with all other changes in the fair value.

4.2 Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or a liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees, are recognized as the related services are performed. When a loan commitment is not expected to result in the draw-down of a loan, the related loan commitment fees are recognized on a straight-line basis over the commitment period.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

4.3 Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realized and unrealized fair value changes, interest, dividends and foreign exchange differences.

4.4 Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at fair value through profit or loss relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships, financial assets mandatorily measured at fair value through profit or loss other than those held for trading, and financial assets and liabilities designated at fair value through profit or loss. It includes all realized and unrealized fair value changes, interest, dividends and foreign exchange differences.

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4.5 Dividends

Dividend income is recognized when the right to receive income is established. Usually this is the ex-dividend date for equity securities. Dividends are presented in net trading income or net income from other financial instruments at fair value through profit or loss based on the underlying classification of the equity investment. Dividends on equity instruments designated as at fair value through other comprehensive income are presented in other revenue in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment, in which case it is presented in other comprehensive income.

4.6 Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

4.7 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss of the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

4.8 Deferred taxation

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Additional taxes that arise from the distribution of dividends by the Bank are recognized at the same time as the liability to pay the related dividend is recognized.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

4.9 Financial assets and financial liabilities

i) Recognition and initial measurement

The bank initially recognizes loans and advances, deposits, debt securities issued and subordinated liabilities on the date at which they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognized on the trade date at which the bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

ii) Classification

Financial assets:

At inception a financial asset is classified as measured at amortized cost or fair value. A financial asset qualifies for amortized cost measurement only if the asset is held within a business model whose objective is to hold assets in order 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 on the principal amount outstanding.

If a financial asset does not meet both of these conditions, then it is measured at fair value. The Bank makes an assessment of a business model at a portfolio level as this reflects best the way the business is managed and information is provided to management.

In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the bank considers:

- How management evaluates the performance of the portfolio;
- The degree of frequency of any expected asset sales;
- The reason or any asset sales; and
- Whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

Financial assets held for trading are not held within a business model whose objective is to hold the asset in order to collect contractual cash flows.

The Bank has designated certain financial assets at fair value through profit or loss because the designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise. Financial assets are not reclassified subsequent to their initial recognition, except when the bank changes its business model or managing financial assets.

Financial liabilities

The bank classifies its financial liabilities as measured at amortized cost or fair value through profit or loss.

The bank designates financial liabilities at fair value through profit or loss when liabilities contain embedded derivatives that significantly modify the cash flows that would otherwise be required under the contract.

Financial guarantees and commitments to provide a loan at a below-market interest rate are subsequently measured at the higher of the amount determined in accordance with IAS 37 provisions, Contingent Liabilities and Contingent Assets and the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18 Revenue.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

iii) De-recognition

The bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers 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 bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in transferred financial assets that qualify for de-recognition that is created or retained by the bank is recognized as a separate asset or liability in the statement of financial position. On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss.

The bank enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

In transactions in which the bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the bank continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions the bank retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the de-recognition criteria. An asset or liability is recognized for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

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

Retained interests are measured at amortized cost or fair value with fair value changes recognized profit or loss.

iv) Off-setting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the bank has a legal right to set off the recognized amounts and it 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 such as in the bank's trading activity.

v) Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

vi) Fair value measurement

Fair value is price received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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When available, the bank measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the bank establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analysis and option pricing models. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the bank, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The bank calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument, i.e. without modification or repackaging, or based on a valuation technique whose variables include only data from observable markets. When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Any difference between the fair value at initial recognition and the amount that would be determined at that date using a valuation technique in a situation in which the valuation is dependent on unobservable parameters is not recognized in profit or loss immediately but is recognized over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value become observable.

Assets and long positions are measured at a bid price; liabilities and short positions are measured at an asking price.

vii) Identification and Measurement of Impairment

At each reporting date the bank assesses whether there is objective evidence that financial assets carried at amortized cost are impaired. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s), and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of a loan or advance by the bank on terms that the bank would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers, or economic conditions that correlate with defaults.

The bank considers evidence of impairment for loans and advances and investment securities measured at amortized costs at both a specific asset and collective level. All individually significant loans and advances and investment securities measured at amortized cost found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and investment securities measured at amortized cost that are not individually significant are

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collectively assessed for impairment by grouping together loans and advances and investment securities measured at amortized cost with similar risk characteristics.

In assessing collective impairment the bank uses statistical modeling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modeling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in profit or loss and reflected in an allowance account against loans and advances. Interest on impaired assets continues to be recognized through the unwinding of the discount. When a subsequent event cause the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

The bank writes off loans and advances and investment securities when they are determined to be uncollectible.

4.10 Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with banks and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the bank in the management of its short term commitments. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

4.11 Trading assets and liabilities

Trading assets and liabilities are those assets and liabilities that the bank acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking. Trading assets and liabilities are measured at fair value with changes in fair value recognized as part of net trading income in profit or loss.

4.12 Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments, other than investment securities that are not held for trading.

When the bank is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognized and presented within loans and advances.

When the bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognized in the Bank's financial statements.

Subsequent to initial recognition loans and advances are measured at amortized cost using the effective interest method, except when the bank recognizes the loans and advances at fair value through profit or loss.

4.13 Investment securities

Subsequent to initial recognition investment securities are accounted for depending on their classification as either amortized cost, fair value through profit or loss or fair value through other comprehensive income.

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Investment securities are measured at amortized cost using the effective interest method, if:

- They are held within a business model with an objective to hold assets in order 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; and
- They have not been designated previously as measured at fair value through profit or loss.

The bank elects to present changes in fair value of certain investments in equity instruments held for strategic purposes in other comprehensive income. The election is irrevocable and is made on an instrument-by-instrument basis at initial recognition.

4.14 Property and equipment

i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition or their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property and equipment. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. The gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment, and is recognized in other income/other expenses in profit or loss.

ii) Reclassification to investment property

When the use of property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in revaluation reserve in equity. Any loss is recognized immediately in profit or loss.

iii) Subsequent costs

The cost of replacing a component of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the bank and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in profit or loss as incurred.

iv) Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

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The estimated useful lives for the current and comparative years are as follows:

Building	50 years
Plant & machinery	5 years
Leasehold improvement	5 years
Furniture & fittings	5 years
Computer and office equipment	5 years
Motor vehicles	4 years

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate.

4.15 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. The bank holds some investment property as a consequence of the ongoing rationalization of its retail branch network. Other property has been acquired through the enforcement of security over loans and advances. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognized in profit or loss as part of other revenue.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

4.16 Intangible assets (computer software)

Software

Software acquired by the Bank is stated at cost less accumulated amortization and accumulated impairment losses and depreciated over 5 years.

Expenditure on internally developed software is recognized as an asset when the bank 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 capitalized costs of internally developed software include all costs directly attributable to developing the software and capitalized borrowing costs, and are amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and impairment.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is three to five years.

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.17 Leased assets – lessee

Leases in terms of which the bank assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and are not recognized in the Bank's statement of financial position.

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4.18 Impairment of non-financial assets

The carrying amounts of the bank's non-financial assets, other than investment property and 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 recognized if the carrying amount of an asset or its Cash Generating Unit exceeds its estimated 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 or cash generating unit.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating unit.

The bank's corporate assets do not generate separate cash inflows and are utilized by more than one cash generating unit. Corporate assets are allocated to cash generating units on a reasonable and consistent basis and tested for impairment as part of the testing of the cash generating unit to which the corporate asset is allocated.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of the assets in the cash generating unit on a pro rata basis.

Impairment losses recognized in prior periods (on assets other than good will) 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 amortization, if no impairment loss had been recognized.

4.19 Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are the bank's sources of debt funding. When the bank sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (repo or stock lending), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognized in the bank's financial statements.

The bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The bank's convertible preference shares are classified as equity. Subsequent to initial recognition deposits, debts securities issued and subordinated liabilities are measured at their amortized cost using the effective interest method, except where the bank designates liabilities at fair value through profit or loss.

When the bank designates a financial liability as at fair value through profit or loss, the amount of change in the fair value of such liability that is attributable to its changes in credit risk is presented in other comprehensive income. At inception of a financial liability designated as at fair value through profit or loss, the bank assesses whether presentation of the amount of change in the fair value of the liability that is attributable to credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The assessment is first made qualitatively, on an instrument-by-instrument basis, as to whether there is an economic relationship between the characteristics of the liability and the characteristics of another financial instrument that would cause such an accounting mismatch. No such mismatch has been identified in respect of the financial liabilities entered into by the bank and therefore no further detailed analysis has been required.

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4.20 Provisions

A provision is recognized if, as a result of a past event, the bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognized when the bank has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

4.21 Financial guarantees

Financial guarantees are contracts that require the bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are recognized initially at their fair value, and the initial fair value is amortized over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortized amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities.

4.22 Employee benefits

i) Defined contribution plans

The bank makes use of defined contribution plans.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Employees contribute 8% their basic, housing and transport allowances while the Bank contributes 10% of same. The total contribution is remitted to the Retirement Savings Accounts of the employees in line with Pension Reform Act 2004 (as amended). Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value at the reporting date.

ii) Termination benefits

Termination benefits are recognized as an expense when the bank is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized if the bank has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the end of the reporting date, then they are discounted at their present value.

iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the bank has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee and the obligation can be estimated reliably.

4.23 Share capital and reserves

i) Ordinary share capital

The Bank has issued ordinary shares that are classified as equity instruments.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

ii) Share premium

This represents the excess of the proceeds from the issue of shares over the nominal value (par value) of the share.

iii) Convertible preference shares

The Bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The bank's convertible preference shares are not redeemable by holders. Accordingly, they are presented as a component of issued capital within equity.

iv) Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments. Other costs are applied against the Bank's share premium reserves.

4.24 Earnings per share

The bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted 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, which comprise issued and fully paid convertible preference shares.

4.25 Non-current assets held for sale

Property, plant and equipment and intangible asset classified as Held for sale are not depreciated or amortized. The Bank recognizes all impairment losses for any initial or subsequent write down of the asset to fair value less cost to sell, a gain is recognized in any subsequent increase in fair value less cost to sell of an asset held for sale, up to the cumulative impairment loss that has been recognized. A gain or loss not previously recognized by the date of the sale of a non-current asset shall be recognized at the date of de-recognition. An impairment loss recognized will reduce the carrying amount of the non-current asset held for sale.

4.26 Segment reporting

An operating segment is a component of the Bank that engages in business activity from which it can incur expenses and earn revenues and expenses including those that relate to transactions with any of the Bank's other components, whose operating results are reviewed regularly by the Bank's Management Committee to make decisions about resources allocated to each segment and assess its performance, and for which specific information is available.

4.27 Segment Information

Segment information is based on geographical segments or business segments as primary reporting segments. A geographical segment is engaged in providing products and/or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

The operating results of segments are monitored separately with the aim of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits and losses which in certain respects are measured differently from operating profits or losses in the financial statements. Reliance is placed primarily on growth in Deposit, Loans and Profit before taxes as measures of performance.

All transactions between segments are conducted on an arms length basis; the internal charges and transfer pricing adjustments are reflected in the performance of each segment units.

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The activities of the segments are centrally financed, thus the cash flow is presented in the statement of cash flows for the whole entity.

The Bank's operations are in Osun State only and thus operates in just one geographical segment. The risks and reward of carrying on business in different locations in Osun State for the purpose of these financial statements are considered equitable.

The Bank is also engaged in one major line of business which is Mortgage Banking hence all its results are mortgage related.

5. Capital management i)

Objectives

The primary objectives of the bank's capital management policy are to ensure that the bank complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Bank manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

ii) Regulatory capital

The Bank maintains an actively managed capital base to cover risks inherent in the business and meet the capital adequacy requirements of the local banking supervisor, Central Bank of Nigeria. The adequacy of the Bank's capital is monitored using among other measures, the rules and ratios established by the Basel Committee on Banking Supervision (BIS rules/ratios) and adopted by the Central Bank of Nigeria in supervising Banks. The Central Bank of Nigeria requires the Bank to maintain a prescribed ratio of total capital to total risk weighted assets.

The Bank's regulatory capital is analyzed into two tiers:

Tier 1 Capital: This includes ordinary share capital, share premium, retained earnings, deductions for intangibles and other regulatory adjustment relating to items that are included in equity but are treated differently for capital purposes.

Tier 2 Capital: Which includes qualifying subordinated liabilities, preference shares, revaluation reserves and the element of the fair value reserve relating to unrealized gains on equity instruments classified as available for sale.

Regulatory limits are applied to the capital base. The qualifying tier 2 cannot exceed tier 1 capital. There are also restrictions on the amount of collective impairment that may be included as part of tier 2 capital.

iii) Capital Adequacy Ratio (CAR)

This is the quotient of the capital base of the Bank and its risk weighted asset base. In compliance with the Central Bank of Nigeria regulations, a minimum ratio of 10% is to be maintained.

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FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 ₤	2019 ₤
Regulatory capital		
Tier 1 capital		
Share capital	2,500,000,000	2,500,000,000
Statutory reserves	111,768,808	85,296,967
Retained earnings	107,591,409	65,975,321
Intangible assets	(32,154,050)	(25,918,795)
Total qualifying Tier 1 capital	2,687,206,167	2,625,353,492
Tier 2 capital		
Preference share	-	-
Long term loans	646,115,748	550,945,060
Fair value true other comprehensive income- FVTOCI	(7,316,777)	(3,201,276)
Total qualifying Tier 2 capital	638,798,971	547,743,784
Total qualifying capital	3,326,005,138	3,173,097,276
Risk-weighted assets:		
On-balance sheet	5,531,706,123	3,004,170,346
Ratio	60.13	105.62
During the year, the highest and lowest peaks of the Bank's computed CAR are shown below:		
Highest	76.02	87.37
Lowest	51.83	77.93
Average	63.93	82.65



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6. Risk management framework

The primary objective of LivingTrust Mortgage Bank Plc's risk management framework is to protect the bank's stakeholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Management recognises the critical importance of having efficient and effective risk management systems in place.

The bank has established a risk management function with clear terms of reference from the board of directors, its committees and the executive management committees.

This is supplemented with a clear organizational structure with documented delegated authorities and responsibilities from the board of directors to executive management committees and senior managers. Lastly, the Internal Audit unit provides independent and objective assurance on the robustness of the risk management framework, and the appropriateness and effectiveness.

The bank's principal significant risks are assessed and mitigated under three broad headings:

Strategic risks – This specifically focused on the economic environment, the products offered and market. The strategic risks arises from the bank's ability to make appropriate decisions or implement appropriate business plans, strategies, decision making , resource allocation and its inability to adapt to changes in its business environment.

Operational risks – These are risks associated with inadequate or failed internal processes, people and systems, or from external events.

Financial risks – Risk associated with the financial operation of the bank, including underwriting for appropriate pricing of plans, provider payments, operational expenses, capital management, investments, liquidity and credit.

The board of directors approves the bank's risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the bank's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting to the corporate goals, and specify reporting requirements to meet.

6.1 Strategic risks

Capital management policies, objectives and approach.

The following capital management objectives, policies and approach to managing the risks which affect the capital position are adopted by the bank.

- To maintain the required level of financial stability thereby providing a degree of security to clients and plan members.
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- To retain financial flexibility by maintaining strong liquidity.
- To align the profile of assets and liabilities taking account of risks inherent in the business and regulatory requirements.
- To maintain financial strength to support new business growth and to satisfy the requirements of the regulators and stakeholders.

The Bank's operations are subject to regulatory requirements of Central Bank Nigeria (CBN) and Nigeria Deposit Insurance Corporation (NDIC), Nigerian Stock Exchange (NSE) in addition, annual returns must be submitted to Corporate Affairs Commission (CAC) on a regular basis.

6.2 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the bank's processes, personnel, technology and infrastructure, and from external factors. Others are legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the bank's operations.

The bank's objective is to manage operational risk so as to balance the avoidance of financial losses and

LIVINGTRUST MORTGAGE BANK PLC

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damage to the bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including independent authorisation of transactions.
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- documentation of controls and procedures.
- training and professional development.
- ethical and business standards.

6.3 Financial risks

The bank's operations exposes it to a number of financial risks. Adequate risk management procedures have been established to protect the bank against the potential adverse effects of these financial risks. There has been no material change in these financial risks since the prior year. The following are the risks the bank is exposed to due to financial instruments:

- Credit risks
- Liquidity risks
- Market risks

6.3.1 Credit risks

Credit risks arise from a customer delays; inability to fully meet contractual obligations by customers. Exposure to this risk results from financial transactions with customers.

The bank has policies in place to mitigate its credit risks.

The bank's risk management policy sets out the assessment and determination of what constitutes credit risk for the bank. Compliance with the policy is monitored and exposures and breaches are reported to the bank's Board of Directors. The policy is regularly reviewed for pertinence and for changes in the risk environment.

The carrying amount of the bank's financial instruments represents the maximum exposure to credit risk.

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Exposure to risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	2020 N	2019 N
Financial assets		
Cash and balances with CBN	112,892,165	88,941,652
Due from banks	1,346,859,860	1,291,080,532
Loans and advances to customers	4,078,129,669	1,801,288,480
-At amortised cost	-	599,961,776
-At Fairvalue through other comprehensive income	106,716,594	710,793,871
Other assets	69,953,348	145,200,570
	<u>5,714,551,636</u>	<u>4,637,266,881</u>

6.3.2a Liquidity risks

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

The bank maintains sufficient amount of cash for its operations. Management reviews cashflow forecasts on a regular basis to determine whether the bank has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

The bank employs policies and procedures to mitigate its exposure to liquidity risk. The bank complies with minimum regulatory requirements.

6.3.2b Liquidity risks

Below is the contractual maturities of financial liabilities in Nigerian naira presented in the financial statements.

	Current N	Non-current N	Total N
31 December 2020			
Deposit from customers	2,619,301,655	-	2,619,301,655
Borrowings	-	63,034,993	63,034,993
On-lending facility	-	583,080,755	583,080,755
Other liabilities	227,138,519	-	227,138,519
	<u>2,846,440,174</u>	<u>646,115,748</u>	<u>3,492,555,922</u>
31 December 2019			
Due to customers	1,209,131,736	-	1,209,131,736
Borrowings	-	130,214,627	130,214,627
On-lending facility	-	420,730,433	420,730,433
Other liabilities	170,162,054	-	170,162,054
	<u>170,162,054</u>	<u>550,945,060</u>	<u>721,107,114</u>

The bank's focus on the maturity analysis of its financial liabilities is as stated above, the bank classifies their financial liabilities into those due within one year (current) and those due after one year (non-current).

The contractual cashflows disclosed in the maturity analysis are the contractual undiscounted cash flows. Such undiscounted cash flows differ from the amount stated in the financial statements which is based on the discounted cash flows using the effective interest rate.

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The financial liabilities affected by discounting are the long term borrowings (including the current portion), all other financial liabilities stated are assumed to approximate their carrying values due to their short term nature and are therefore not discounted.

6.3.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

6.3.4 Currency risk

All transactions of the company have been carried out and consummated in the local currency which is Naira. Hence the Bank is not exposed to any currency risk

6.3.5 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that are used by the bank. Interest bearing assets comprise cash and cash equivalents and loans to subsidiaries which are considered short term liquid assets. The bank's interest rate liability risk arises primarily from borrowings issued at variable interest rates which exposes the bank to cash flow interest rate risk. It is the bank's policy to settle trade payables within the credit limit terms allowed, thereby not incurring interest on overdue balances. Borrowings are sourced from local financial markets, covering short and long term funding.

The bank manages interest rate risk on borrowings by ensuring access to diverse sources of funding, reducing risks of refinancing by establishing and managing in accordance with target maturity profiles.

6.3.6 Market price risk

Exposure to this risk is minimal as the bank has no investment in listed securities.

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***723*312*0#**

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

6.4. Interest rate risk

The table below shows an analysis of interest bearing assets and liabilities analysed according to when they are expected to be settled.

	Up to 1 Month N	1 to 3 Months N	3 to 6 Months N	6 to 12 Months N	1 to 3 Years N	Total N
a) As at 31 December 2020						
Assets						
Due from Banks	113,404,568	925,279,316	103,000,000	127,352,828	77,823,148	1,346,859,860
Loans and advances to customers	166,016,127	235,452,331	82,051,520	357,333,631	3,237,276,060	4,078,129,669
	<u>279,420,695</u>	<u>1,160,731,647</u>	<u>185,051,520</u>	<u>484,686,459</u>	<u>3,315,099,208</u>	<u>5,424,989,529</u>
Liabilities						
Deposit from customers	2,150,250,114	426,136,585	25,748,974	17,165,982	-	2,619,301,655
Borrowings	-	-	-	-	63,034,993	63,034,993
On-lending facility	-	-	-	3,187,319	579,893,436	583,080,755
	<u>2,150,250,114</u>	<u>426,136,585</u>	<u>25,748,974</u>	<u>20,353,301</u>	<u>642,928,429</u>	<u>3,265,417,403</u>
Gap	(1,870,829,419)	734,595,062	159,302,546	464,333,158	2,672,170,779	2,159,572,126
	Up to 1 Month N	1 to 3 Months N	3 to 6 Months N	6 to 12 Months N	Over 12 Months N	Total N
b) As at 31 December 2019						
Assets						
Due from Banks	515,420,187	723,198,263	52,462,082	-	-	1,291,080,532
Loans and advances to customers	8,571,853	150,086,056	42,994,593	238,693,956	1,349,699,146	1,790,045,604
	<u>523,992,040</u>	<u>873,284,319</u>	<u>95,456,675</u>	<u>238,693,956</u>	<u>1,349,699,146</u>	<u>3,081,126,136</u>
Liabilities						
Deposit from customers	1,051,616,772	157,514,964	-	-	-	1,209,131,736
Borrowings	-	-	-	-	130,214,627	130,214,627
On-lending facility	-	-	-	-	420,730,433	420,730,433
	<u>1,051,616,772</u>	<u>157,514,964</u>	<u>-</u>	<u>-</u>	<u>550,945,060</u>	<u>1,760,076,796</u>
Gap	(527,624,732)	715,769,355	95,456,675	238,693,956	798,754,086	1,321,049,340

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

6.5. Maturity analysis

6.5.1 Maturity profile of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

a) As at 31 December 2020

	Up to 1 Month £	1 to 3 Months £	3 to 6 Months £	6 to 12 Months £	Over 12 Months £	Total £
Assets						
Cash and balances with CBN	74,711,657	-	-	-	38,180,508	112,892,165
Due from Banks	113,404,568	925,279,316	103,000,000	127,352,828	77,823,148	1,346,859,860
Loans and advances to customers	166,016,127	235,452,331	82,051,520	357,333,631	3,237,276,060	4,078,129,669
-At Fairvalue through other comprehensive						
Income	-	-	-	-	106,716,594	106,716,594
Other assets	45,341,822	27,205,093	18,136,729	-	-	90,683,643
Property and equipment	-	-	-	-	260,430,241	260,430,241
Intangible assets	-	-	-	-	32,154,050	32,154,050
Deferred tax assets	-	-	-	-	5,573,620	5,573,620
Non current assets held for sale	-	-	268,050,761	-	-	268,050,761
Total assets	399,474,174	1,187,936,740	471,239,010	484,686,459	3,758,154,221	6,301,490,603
Liabilities						
Deposit from customers	2,150,250,114	426,136,585	25,748,974	17,165,982	-	2,619,301,655
Borrowings	-	-	-	-	63,034,993	63,034,993
On-lending facility	-	-	-	3,187,319	579,893,436	583,080,755
Current income tax liabilities	-	-	-	9,761,091	-	9,761,091
Deferred income tax liability	-	-	-	-	-	-
Other liabilities	230,138,519	-	-	-	-	230,138,519
Total liabilities	2,380,388,633	426,136,585	25,748,974	30,114,392	642,928,429	3,505,317,013
Gap	(1,980,914,460)	761,800,155	445,490,036	454,572,067	3,115,225,792	2,796,173,590

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b) Maturity profile of assets and liabilities

As at 31 December 2019

	Up to 1 Month N	1 to 3 Months N	3 to 6 Months N	6 to 12 Months N	Over 12 Months N	Total N
Cash and balances with CBN	63,574,244	-	-	-	25,367,408	88,941,652
Due from banks	515,420,187	723,198,263	52,462,082	-	-	1,291,080,532
Loans and advances to customers	8,571,853	150,086,056	42,994,593	238,693,956	1,349,699,146	1,790,045,604
-At amortised cost	-	-	-	-	599,961,776	599,961,776
-At Fairvalue through other comprehensive income	-	-	-	-	-	-
Income	-	-	-	-	110,832,095	110,832,095
Other assets	-	-	-	75,250,018	74,000,000	149,250,018
Property and equipment	-	-	-	-	226,894,615	226,894,615
Intangible assets	-	-	-	-	25,918,795	25,918,795
Non current assets held for sale	-	-	-	295,250,136	-	295,250,136
Total assets	587,566,284	873,284,319	95,456,675	609,194,110	2,412,673,835	4,578,175,223

Liabilities

Deposit from customers	1,051,616,772	157,514,964	-	-	-	1,209,131,736
Borrowings	-	-	-	-	130,214,627	130,214,627
On-lending facility	-	-	-	-	420,730,433	420,730,433
Current income tax liabilities	-	-	-	12,887,708	-	12,887,708
Deferred income tax liability	-	-	-	-	-	-
Other liabilities	-	-	6,593	173,155,461	-	173,162,054
Total liabilities	1,051,616,772	157,514,964	6,593	186,043,169	550,945,060	1,946,126,558
Gap	(464,050,488)	715,769,355	95,450,082	423,150,941	1,861,728,775	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
7. Interest and similar income		
National Housing Fund loans	28,218,909	19,521,508
Other mortgage loans and advances to customers	345,920,500	204,344,823
	<u>374,139,409</u>	<u>223,866,331</u>
8. Interest and similar expense		
Borrowings	35,145,834	30,177,849
Fixed deposits accounts	16,065,778	19,248,401
Savings deposit	1,347,561	647,704
Current account	202,651	274,955
	<u>52,761,824</u>	<u>50,348,909</u>
9. Fees and commission income		
Credit related fees and commission (Note 9.1)	53,686,501	15,391,297
Commissions and account maintenance charges	14,337,402	14,231,664
	<u>68,023,903</u>	<u>29,622,961</u>
9.1 Credit related fees and commissions above exclude amounts included in determining the effective interest rate on financial assets that are not at fair value through profit or loss.		
10. Other operating income		
Investment Income:		
- Government treasury bills -	55,364,262	110,136,713
Other investment income	356,502	-
Interest from bank placement	56,461,577	79,792,960
Other income (Note 10.1)	98,270,144	58,986,883
	<u>210,452,485</u>	<u>248,916,556</u>

10.1 Other income include non interest and non commission incomes earned in the deployment of banking services. These include income from SMS alerts, E-business, cheque book issuance and other electronic income.

	2020 £	2019 £
11. Impairment loss charge/(write back)		
Loans and advances to customers (Note 18.6)	39,611,682	(16,909,774)
Other assets (Note 20.1)	-	(18,001,365)
Treasury bills (Note 19.1)	(38,224)	30,150
Placement with other banks (Note 17)	(3,781)	(1,204)
Financial investments (Note 19.2)	-	214,253
	<u>39,569,677</u>	<u>(34,667,940)</u>

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FOR THE YEAR ENDED 31 DECEMBER 2020

12. Personnel expenses Salaries and wages Other staff costs
Pension costs – defined contribution plan

12.1. Other staff costs include training expenses and other welfare costs

2020 £	2019 £
151,212,236	135,875,788
28,137,267	16,006,795
8,597,124	7,461,745
187,946,627	159,344,328

13. Other operating expenses

Office expenses	2,758,663	1,882,258
Light and power	4,178,420	4,455,489
Office rent	5,088,995	4,043,077
Other expenses	375,870	925,543
Travelling expenses	1,155,300	1,892,177
Hotel accommodation	1,564,450	1,924,812
Telephone expenses	2,305,000	2,347,700
Advert and promotions	1,739,300	1,127,648
Legal and other professional fees	4,219,167	5,886,500
Audit fee expenses	3,000,000	3,000,000
Printing and stationery expenses	2,820,667	2,303,795
Diesel, fuel and lubricant	6,927,748	7,256,628
Loss on disposal of asset held for sale	-	12,661,425
Loss on disposal of fixed assets	2,496,048	2,034,546
Registrations and subscriptions	7,564,607	6,350,599
Postage and courier services expenses	179,000	224,977
Other IT related expenses	19,644,931	20,880,754
Donation	6,946,500	6,934,500
Business development expenses	8,259,056	3,801,995
Fines from other regulatory agencies	378,000	-
Technology levy expenses	-	-
Bank and other non interest charges	7,164,194	2,513,040
Security services expenses	11,171,000	10,687,000
Other assets written off	-	11,932,627
Assets held for sale written off	2,958,774	21,202,700
Bad debts written off	6,573,198	-
Insurance expenses	3,950,150	8,588,396
NDIC premium	4,486,997	4,225,741
Annual general meeting expenses	1,641,643	3,564,716
Repairs and maintenance expenses	11,991,621	10,696,076
Recapitalisation expenses	4,038,945	8,140,760
Directors' fee	12,000,000	6,999,700
Directors' sitting allowance	10,410,000	7,862,000
Other Directors' expenses	12,013,765	24,059,547
	170,002,009	210,406,726

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
14. Taxation		
14.1 Income tax expense		
Income tax	19,636,162	-
Minimum tax	-	2,512,439
Education tax	3,927,232	38,808
Information technology levy	1,514,239	575,320
Police fund levy	7,571	2,877
Total current tax charge	25,085,204	3,129,444
Over provision in prior years	(9,761,091)	-
Deferred tax liability (write back)/charge	(5,771,707)	37,211,877
Deferred tax assets charge/(write back)	9,512,323	(45,554,999)
Total income tax expense/(credit)	19,064,729	(5,213,678)
14.2 Reconciliation of effective tax rate		
Profit before income tax	151,423,934	57,317,765
Tax thereon at 30% (2019: 30%)	45,427,180	17,195,330
Non-deductible expenses	100,301,951	18,293,848
Non-taxable Income	(55,364,262)	(33,041,014)
Accelerated capital allowance	-	-
Effect of Minimum Tax	-	-
Effect of education tax levy	3,927,232	38,808
Effect of information technology levy	1,514,239	575,320
Effect of Police fund levy	7,571	2,877
Effect of deferred tax	3,740,616	(8,343,122)
	99,554,527	(5,277,953)
Effective tax rate	66%	-9%
14.3 Current income tax liability		
At 1 January	12,887,708	20,596,605
Charge for the year	25,085,204	3,129,444
Over provision in prior years	(9,761,091)	-
Payments	(3,126,617)	(10,838,341)
At 31 December	25,085,204	12,887,708

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 N	2019 N
14.4 Deferred tax assets		
At 1 January	45,554,999	-
(Charge)/write back in the year (Note 14.1)	(9,512,323)	45,554,999
At 31 December	36,042,676	45,554,999
14.5 Deferred tax liability		
At 1 January	39,981,379	2,769,502
(Write back)/charge in the year (Note 14.1)	(5,771,707)	37,211,877
At 31 December	34,209,672	39,981,379
Net deferred tax assets	1,833,004	5,573,620
14.6 Deferred tax liability are attributable to the following:		
Property and equipment	34,209,672	34,908,447
Loans and advances	-	5,072,932
	34,209,672	39,981,379
14.7 Deferred tax assets are attributable to the following:		
Unutilised capital allowance	24,171,773	45,554,999
Impairment	11,870,903	-
	36,042,676	45,554,999

The Company has adopted the International Accounting Standard (IAS) 12 Income tax.

15. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the reporting date. The following reflects the income and share data used in the basic earnings per share computations:

Net profit attributable to ordinary shareholders	128,243,704	62,575,831
Weighted average number of ordinary shares	5,000,000,000	5,000,000,000
Basic earnings per ordinary share (kobo)	2.56	1.25

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 ₦	2019 ₦
16. Cash and balances with CBN		
Cash on hand	74,711,657	63,574,244
Deposit with the Central Bank of Nigeria (CRR) (Note 16.1)	38,180,508	25,367,408
	<u>112,892,165</u>	<u>88,941,652</u>

16.1 This represents restricted bank balances with the Central Bank of Nigeria (CBN) and is not available for use in the Bank's day to day operations. The cash reserve ratio represents a mandatory cash deposit which should be held with the CBN as a regulatory requirement.

17. Due from banks

Placements with banks and other financial institutions (Note 17.1)	562,975,842	1,081,651,399
Balances with banks within Nigeria (Note 17.2)	783,887,918	209,436,814
	<u>1,346,863,760</u>	<u>1,291,088,213</u>
Allowance for impairment losses (Note 17.3)	(3,900)	(7,681)
	<u>1,346,859,860</u>	<u>1,291,080,532</u>

17.1 Analysis of placements with banks and other financial institutions

Access Bank Plc	-	200,000,000
First Bank Plc	30,000,000	30,000,000
First City Monument Bank Plc	-	203,079,961
Guaranty Trust Bank Plc	-	54,470,417
Heritage Bank Plc	220,981,148	50,000,000
Polaris Bank Limited	-	207,450,596
Sterling Bank Plc	-	100,000,000
United Bank For Africa Plc	-	52,881,049
Wema Bank Plc	-	168,518,815
Core Asset Management Limited	250,000,000	-
Providus Bank Limited	50,000,000	-
Interest receivable on placements	11,994,694	15,250,561
	<u>562,975,842</u>	<u>1,081,651,399</u>

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 N	2019 N
17.2 Analysis of balances with banks within Nigeria		
Access Bank Plc	5,378,714	76,387,154
Ecobank Plc	545,496	545,496
Heritage Bank Plc	173,120	592,653
Fidelity Bank Plc	860	860
First Bank Plc	22,998,929	38,694,050
First City Monument Bank Plc	4,098,771	17,181,728
Sterling Bank Plc	89,726	923,413
Polaris Bank Limited	14,595,395	6,244,848
United Bank For Africa Plc	5,181,445	54,962,944
Union Bank Plc	41,923	41,922
Unity Bank Plc	229,365	1,131
Wema Bank Plc	8,380	46,647
Zenith Bank Plc	2,660,437	2,706,477
Stanbic Bank Plc	77,164,731	4,437,584
Guaranty Trust Bank Plc	43,314,324	6,669,907
First Option Microfinance Bank	161,435	-
Providus Bank Limited	607,244,867	-
	<u>783,887,918</u>	<u>209,436,814</u>
17.3 Impairment allowance on due from banks		
Gross carrying amount as at 1 January	7,681	8,886
Impairment writeback	(3,781)	(1,205)
At 31 December	<u>3,900</u>	<u>7,681</u>
18. Loans and advances to customers		
18.1 Analysis by product type		
Mortgage loans (Note 18.2)	2,658,786,807	1,461,053,491
Estate development loans (Note 18.3)	957,295,079	223,734,920
Other loans (Note 18.4)	598,572,935	213,413,539
Gross loans and advances to customers	<u>4,214,654,821</u>	<u>1,898,201,950</u>
ECL impairment allowance (Note 18.5)	<u>(136,525,152)</u>	<u>(96,913,470)</u>
Net carrying amount	<u>4,078,129,669</u>	<u>1,801,288,480</u>
18.2 Analysis of mortgage loans		
National Housing Fund (on-lending facilities)	597,580,391	379,158,854
Residential	1,542,637,452	842,833,464
Commercial	479,168,397	202,686,617
Interest receivable	39,400,567	36,374,556
	<u>2,658,786,807</u>	<u>1,461,053,491</u>

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 N	2019 N
18.3 Analysis of estate development loans		
Estate development loans	941,511,446	220,997,784
Interest receivable	15,783,633	2,737,136
	<u>957,295,079</u>	<u>223,734,920</u>
18.4 Analysis of other loans		
Term loans	65,260,833	86,215,630
Staff loans	520,833,803	114,641,231
Unauthorised overdrafts	6,919,820	11,242,876
Interest receivable	5,558,479	1,313,802
	<u>598,572,935</u>	<u>213,413,539</u>
18.5 Impairment allowance for loans and advances to customers as analysed below:		
Impairment allowance on stage 1-12 months ECL (Note 18.8)	129,393,875	32,074,413
Impairment allowance on stage 2 -lifetime ECL not credit impaired (Note 18.8)	23,960	79,012
Impairment allowance on stage 3 -Non-performing loans (Note 18.8)	7,107,317	64,760,045
	<u>136,525,152</u>	<u>96,913,470</u>
18.6 Analysis of Impairment loss (charge)/writeback in the statement of profit or loss and other comprehensive income		
Impairment charge/(write-back) on stage 1-12 months ECL	97,319,462	(42,258,530)
Impairment writeback on stage 2 -lifetime ECL not credit impaired (Note 18.8)	(55,052)	(8,714,990)
Impairment (write-back)/charge on stage 3 -Non-performing loans (Note 18.8)	(57,652,728)	34,063,746
Total	<u>39,611,682</u>	<u>(16,909,774)</u>
18.7 Analysis of ECL by IFRS Bucket		
Commercial Mortgages	24,741,929	12,357,902
Micro-Finance	508,771	30,318,674
Residential	110,187,903	49,010,101
Social residential	1,086,549	5,226,793
	<u>136,525,152</u>	<u>96,913,470</u>

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

18.8 Reconciliation of impairment allowances on loans and advances to customers as follows:

For the year 2020	Stage 1 12 months ECL N	Stage 2 Lifetime ECL- not credit impaired N	Stage 3 Lifetime ECL- credit impaired N	Total N
At 1 January	32,074,413	79,012	64,760,045	96,913,470
Changes due to modification not derecognised	-	-	-	-
Impairment charge/(write back) for the year (Note 11)	97,319,462	(55,052)	(57,652,728)	39,611,682
Written off	-	-	-	-
At 31 December	129,393,875	23,960	7,107,317	136,525,152

For the year 2019	Stage 1 N	Stage 2 N	Stage 3 N	Total N
At 1 January	74,332,943	8,794,002	30,696,299	113,823,244
Changes due to modification not derecognised	-	-	-	-
Impairment charge/(write back) for the year (Note 11)	(42,258,530)	(8,714,990)	34,063,746	(16,909,774)
Written off	-	-	-	-
At 31 December	32,074,413	79,012	64,760,045	96,913,470

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
18.8 Analysis by internal rating		
AA	3,144,500,582	1,015,546,508
A	347,490,543	271,682,637
BB	409,642,931	157,409,582
C	108,450,113	253,052,681
D	204,570,652	189,267,666
	<u>4,214,654,821</u>	<u>1,886,959,074</u>
18.9 Analysis by security		
Secured against real estate	2,578,150,512	1,524,027,757
Otherwise secured	1,573,169,659	200,856,861
Unsecured	63,334,650	162,074,456
	<u>4,214,654,821</u>	<u>1,886,959,074</u>
18.10 Analysis by maturity		
Under 1 month	166,016,127	94,242,448
1-3 months	235,452,331	150,086,056
3-6 months	82,051,520	54,237,468
6-12 months	357,333,631	238,693,956
Over 12 months	3,373,801,212	1,349,699,146
	<u>4,214,654,821</u>	<u>1,886,959,074</u>
18.11 Analysis by performance		
Performing	3,816,215,924	1,697,691,542
Non-performing:		
Watchlist	80,076,860	68,802,000
Substandard	207,255,339	66,676,315
Doubtful	25,614,659	19,114,191
Lost	85,492,039	34,675,026
	<u>4,214,654,821</u>	<u>1,886,959,074</u>
18.12 Loan and Advances analysis by IFRS buckets		
Commercial	575,943,904	281,879,645
Micro	7,158,458	92,294,547
Residential	2,998,461,084	1,133,626,028
Social residential	633,091,375	379,158,854
	<u>4,214,654,821</u>	<u>1,886,959,074</u>

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 N	2019 N
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18.13 Concentration of credit risk

Credit Risk concentration is measured in line with the provisions of the revised guidelines for Primary Mortgage Banks in Nigeria as follows:

Residential Mortgages	- Not less than 75% of mortgage assets.
Real Estate Construction finance	- Not more than 25% of total assets.
Single obligor	- Individual - Not more than 5% of shareholders funds unimpaired by losses.
Single obligor	- Corporate - Not more than 20% of shareholders funds unimpaired by losses.

	2020 %	2019 %
Residential Mortgages (75% floor)	80.50	83.64
Real Estate Construction finance (25% cap)	14.95	4.81
Single obligor - Individual (5% cap)	1.62	1.97
Single obligor - Corporate (20% cap)	8.30	4.71

19. Investment Securities

At amortised cost (Note 19.1)	-	599,961,776
At FVTOCI (Note 19.2)	106,716,594	110,832,095
	<u>106,716,594</u>	<u>710,793,871</u>

19.1 -At amortised cost:

Treasury bills (Note 19.1.1)	-	599,961,776
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19.1.1 Treasury bills

At 1 January	-	600,000,000
Allowance for impairment (ECL)	-	(38,224)

At 31 December	-	599,961,776
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19.2 -At Fairvalue through other comprehensive income (FVTOCI):

Quoted equities (Note 19.2.1)	3,249,931	2,743,207
Unquoted equities (Note 19.2.2)	103,466,663	108,088,888
	<u>106,716,594</u>	<u>110,832,095</u>

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 N	2019 N
19.2.1. Quoted equity instrument		
At 1 January	2,743,207	2,913,072
Fair value gain/(loss) transferred to FVTOCI (Note 29.3)	506,724	44,388
Impairment allowance	-	(214,253)
At 31 December	3,249,931	2,743,207
19.2.2 Unquoted equity instrument- Nigeria Mortgage Refinancing company		
At 1 January	108,088,888	100,000,000
Fair value gain/(loss) transferred to FVTOCI	(4,622,225)	-
Bonus received	-	8,088,888
At 31 December	103,466,663	108,088,888
20. Other assets		
Prepayments	18,436,186	629,711
Stationery and other stocks	2,294,109	3,419,736
Account receivables	69,953,348	145,200,570
	90,683,643	149,250,017
20.1 Impairment allowance		
At 1 January	-	18,001,365
Write back in the year	-	(18,001,365)
Charge in the year	-	-
At 31 December	-	-
20.2 Analysis by maturity		
Under 1 month	73,798,055	74,000,000
1-3 months	15,249,651	-
3-6 months	9,189,031	-
6-12 months	-	-
Over 12 months	-	75,250,017
	98,236,737	149,250,017

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

21. Property and equipment

	Land N	Building N	Computer Equipment N	Office Equipment N	Furniture & Fittings N	Motor Vehicle N	Household Assets N	Plant and Equipment N	Work In Progress N	Total N
Cost										
At 1 January 2019	41,082,000	120,905,711	26,954,336	39,987,714	36,390,615	40,812,200	2,845,305	53,537,179	-	362,315,080
Additions	-	5,718,433	547,500	5,919,070	2,020,198	6,557,400	1,092,300	802,500	-	22,657,401
Disposal	-	-	-	(4,804,850)	(5,244,712)	(7,500,000)	-	-	-	(17,549,562)
At 31 December 2019	41,082,000	126,624,144	27,501,836	41,101,934	33,166,101	39,869,600	3,737,605	54,339,679	-	367,422,899
At 1 January 2020	41,082,000	126,624,144	27,501,836	41,101,934	33,166,101	39,869,600	3,737,605	54,339,679	-	367,422,899
Additions	-	7,293,779	4,022,500	1,922,067	3,484,734	31,006,500	141,000	11,230,730	30,882.500	89,983,810
Disposal	-	(13,000,000)	-	(1,925,466)	-	-	-	-	-	(14,925,466)
At 31 December 2020	41,082,000	120,917,923	31,524,336	41,098,535	36,650,835	70,876,100	3,878,605	65,570,409	30,882.500	442,481,243
Accumulated depreciation/impairment										
At 1 January 2019	-	11,434,733	19,632,218	20,278,206	16,477,115	19,539,826	504,038	24,041,299	-	111,907,435
Charged for the year	-	2,531,003	2,760,011	6,574,414	7,112,629	15,042,181	745,488	10,849,936	-	45,615,662
Disposal	-	-	-	(4,562,600)	(5,244,712)	(7,187,500)	-	-	-	(16,994,812)
At 31 December 2019	-	13,965,736	22,392,229	22,290,020	18,345,032	27,394,507	1,249,526	34,891,235	-	140,528,285
At 1 January 2020	-	13,965,736	22,392,229	22,290,020	18,345,032	27,394,507	1,249,526	34,891,235	-	140,528,285
Charged for the year	-	2,583,899	2,369,094	6,228,459	6,242,356	14,141,319	760,221	12,102,013	-	44,427,361
Disposal	-	(736,666)	-	(2,167,978)	-	-	-	-	-	(2,904,644)
At 31 December 2020	-	15,812,969	24,761,323	26,350,501	24,587,388	41,535,826	2,009,747	46,993,248	-	182,051,002
Carrying amount:										
At 31 December 2020	41,082,000	105,104,954	6,763,013	14,748,034	12,063,447	29,340,274	1,868,858	18,577,161	30,882.500	260,430,241
At 31 December 2019	41,082,000	112,658,408	5,109,607	18,811,914	14,821,069	12,475,093	2,488,079	19,448,444	-	226,894,614

Depreciation charged is included in the statement of profit or loss and other comprehensive income.

The Bank's property and equipment was not pledged as collateral for borrowings.

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 N	2019 N
22. Intangible assets		
Purchased Software		
Cost		
At 1 January	100,598,539	85,090,539
Additions (Note 22a)	12,719,620	15,508,000
Disposal	-	-
At 31 December	113,318,159	100,598,539
Accumulated amortisation and impairment		
At 1 January	74,679,744	60,639,346
Charge for the year	6,484,365	14,040,398
Disposal	-	-
At 31 December	81,164,109	74,679,744
Carrying amount	32,154,050	25,918,795

22a Addition to intangible assets of N12.72million (2019: N15.51 million) million represent amount incurred on a new bank website, mobile application and human resources application.

23. Non-current assets held for sale

At 1 January	295,250,134	332,589,100
Additions	17,514,288	35,307,832
Written off during the year	(2,958,774)	(21,202,700)
Disposals	(41,754,887)	(51,444,098)
At 31 December	268,050,761	295,250,134

The balance on non-current assets held for sale represents the stock of houses previously held by the Bank as investment properties while additions represents necessary improvement on the properties to make it sellable to willing buyers as well as assets repossessed from customers as a result of consistent default in repayment. In line with CBN regulations on permissible business of PMBs, they were derecognised as investment properties and classified as held for sale in line with IFRS 5. They were expected to have been sold before the year end, but due to market conditions, some of them are still unsold at the year end. However, the Bank is still committed to disposing them off. They are held at cost. No impairment have been recognised on the properties since the market value is much higher than the cost.

	2020 N	2019 N
24. Deposits from customers		
24.1 Analysis by type		
Demand accounts	1,979,858,210	972,154,827
Savings accounts	170,391,904	79,461,945
Time deposits	469,051,541	157,514,964
	2,619,301,655	1,209,131,736

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 N	2019 N
24.2 Analysis by maturity		
Under 1 month	2,150,250,114	1,051,616,772
1-3 months	469,051,541	157,514,964
3-6 months	-	-
6-12 months	-	-
Over 12 months	-	-
	<u>2,619,301,655</u>	<u>1,209,131,736</u>
25. Borrowings		
Nigeria Mortgage Refinancing Company	<u>63,034,993</u>	<u>130,214,627</u>
25.1 Nigeria Mortgage Refinancing Company		
At 1 January	130,214,627	21,749,001
Receipts during the year	-	113,175,279
Repayments in the year	<u>(67,179,634)</u>	<u>(4,709,653)</u>
At 31 December	<u>63,034,993</u>	<u>130,214,627</u>
Current	-	-
Non-current	<u>63,034,993</u>	<u>130,214,627</u>
	<u>63,034,993</u>	<u>130,214,627</u>

The balance relates to outstanding balance of refinancing loan granted by Nigeria Mortgage Refinancing Company on 9 April 2018. The principal and interest are repayable over 15 years on a monthly basis effective October 2018. The interest rate is 14.5% per annum.

26 On-lending facility

26.1 Federal Mortgage Bank of

Nigeria At 1 January	420,730,433	302,996,350
Receipts during the year	187,247,000	140,102,000
Repayments in the year	<u>(24,896,678)</u>	<u>(22,367,917)</u>
At 31 December	<u>583,080,755</u>	<u>420,730,433</u>

The balance on the Federal Mortgage Bank of Nigeria (FMBN) represents outstanding balance due to FMBN for amount disbursed to the Bank for on-lending for duly prequalified and approved National Housing Fund beneficiaries.

All loans from the Federal Mortgage Bank are secured by Bank Guarantees with the exception of loans with Legal Mortgages.

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 N	2019 N
27. Other liabilities		
Accrued expenses	3,000,000	3,000,000
Other payables	199,981,165	93,766,655
Unearned incomes (Note 27.1)	252,355	55,366,618
Interest in suspense	26,808,256	21,022,188
Defined contribution plan (Note 27. 3)	96,743	6,593
	<u>230,138,519</u>	<u>173,162,054</u>

27.1 Unearned income represent unrealised interest on Nigerian Government treasury bills.

27.2 Interest in suspense represents interest on past due loan facilities.

27.3 Defined contribution plan

Retirement benefit plan

At 1 January	6,593	1,647,360
Contribution for the period	8,687,274	5,820,978
Payment to fund administrators (Note 10)	(8,597,124)	(7,461,745)
At 31 December	<u>96,743</u>	<u>6,593</u>

A defined contribution plan is a pension plan under which the Bank pays fixed contributions; There is no legal or constructive obligation to pay further benefits. This is in compliance with the Pension Reform Act, 2004. Both employees and employer contribute to the plan based on specified rates as stated in the Act. The employees contribute 8% of basic, housing and transport allowances, while the Bank contributes 10% of same making a total contribution of 18%, into employees RSA, maintained with Pension Fund Administrators.

	2020 N	2019 N
28. Share capital		
Ordinary shares		
a) Authorised		
11,000,000,000 ordinary shares of 50 kobo each	<u>5,500,000,000</u>	<u>5,500,000,000</u>
b) Issued and fully paid:		
5,000,000,000 ordinary shares of 50k each	<u>2,500,000,000</u>	<u>2,500,000,000</u>

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 ₦	2019 ₦
29 Reserves		
29.1 Statutory reserve		
At 1 January	85,296,967	72,747,828
Transfer from retained earnings (Note: 29.2)	26,471,841	12,549,139
At 31 December	111,768,808	85,296,967

The revised guidelines for Primary Mortgage Banks in Nigeria require mortgage banks to make an annual appropriation to a statutory reserve. As stipulated by section 5.4 of the revised guidelines, an appropriation of 20% of profit after tax is made if the statutory reserve is less than the paid up share capital and 10% of profit after tax if the statutory reserve is equal to or in excess of the paid up capital.

29.2 Retained earnings		
At 1 January	65,975,321	4,236,558
Profit for the year	132,359,205	62,531,443
Transfer to statutory reserve (Note: 29.1)	(26,471,841)	(12,549,139)
Transfer to regulatory risk reserve (Note 29.4)	(64,271,276)	11,756,459
At 31 December	107,591,409	65,975,321
29.3 Fair value reserve		
At 1 January	(3,201,276)	(3,245,664)
Net gains/(loss) on Fair Value Through Other Comprehensive Income (Note 19.2)	(4,115,501)	44,388
At 31 December	(7,316,777)	(3,201,276)

Fair value reserve are measured at fair value through other comprehensive income in statement of profit or loss and other comprehensive income. The fair value changes are recognised through other comprehensive income.

29.3.1 Analysis of Fair Value Through Other Comprehensive Income

Quoted equities	506,724	44,388
Unquoted equities	(4,622,225)	-
	(4,115,501)	44,388

29.4 Regulatory risk reserve

At 1 January	794,145	12,550,604
Arising in the year (Note 29.2)	64,271,276	(11,756,459)
At 31 December	65,065,421	794,145

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

30. Fair value of financial instruments

Financial instruments recorded at fair value

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the bank's estimate of assumptions that a market participant would make when valuing the instruments.

Financial investments – FVTOCI

Financial assets at FVTOCI valued using valuation techniques or pricing models primarily consist of unquoted equities.

These assets are valued using models that use both observable and un-observable data. The un-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

Determination of fair value and fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Bank has no transactions fitting into these categories.

Set out below is a comparison, by class, of the carrying amounts and fair values of the bank's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

	Carrying amount £	Fair value £	Carrying amount £	Fair value £
Financial assets				
Cash and balances with Central Bank	112,892,165	112,892,165	88,941,652	88,941,652
Due from banks	1,346,859,860	1,346,859,860	1,291,080,532	1,291,080,532
Loans and advances to customers	4,078,129,669	4,051,321,413	1,801,288,480	859,280,927
	5,537,881,694	5,511,073,438	3,181,310,664	2,239,303,111
Financial investments				
FVTOCI	106,716,594	106,716,594	110,832,095	110,832,095
	5,644,598,288	5,617,790,032	3,292,142,759	2,350,135,206
Financial liabilities				
Due to customers	2,619,301,655	2,619,301,655	1,209,131,736	1,209,131,736
Borrowings	63,034,993	63,034,993	130,214,627	130,214,627
On-lending facility	583,080,755	583,080,755	420,730,433	420,730,433
	3,265,417,403	3,265,417,403	1,760,076,796	1,760,076,796

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

i) Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity (0 - 6 months) it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits, and savings accounts without a specific maturity.

ii) Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments.

iii) Fair value of financial assets attributable to changes in credit risk

In respect of any net gain on Available for Sale Financial Assets (Debt Securities), recognised in equity, the fair value changes are attributable to changes in market interest rate and not the credit risk of the issuer.

31. Contingent liabilities, commitments and lease arrangements a) Legal claims

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing.

The Bank in the ordinary course of business is presently involved in 5 litigation suits. All 5 cases were instituted by the Bank against defaulting customers, which is not likely to give rise to any material contingent liability, or have any material effect on the Bank. The Directors are not aware of any other pending or threatened claims and litigations.

b) Capital commitments

As at 31 December 2020, the Bank has no capital commitments at the end of the year (2019: Nil) in respect of authorized and contracted capital projects.

32. Lease arrangements

Operating lease commitments – Bank as lessee

The Bank did not enter into commercial leases for premises and equipment during the financial year (2019 : Nil).

33. Related party disclosures

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition include directors and key management personnel among others. Key management personnel is defined to include executive and non executive directors of the Bank. The bank enters into transactions, arrangements and agreements involving directors, and their related concerns in the ordinary course of business at commercial interest and commission rates.

33.1 The directors remuneration below relates to payment to non-executive directors and charged as expense in the year. The non-executive directors do not receive pension entitlements from the Bank.

Fees and sitting allowances
Other director expenses

	2020 N	2019 N
	22,410,000	14,861,700
	12,013,765	24,059,547
	<u>34,423,765</u>	<u>38,921,247</u>

33.2 The following table provides the total amount of transactions, which have been entered into with key management personnel and their related parties for the relevant financial years.

Loans and advances
Deposit liabilities

	138,117,028	113,291,865
	<u>18,785,868</u>	<u>12,626,512</u>

LIVINGTRUST MORTGAGE BANK PLC**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020****33.3 Insider related credits outstanding as at 31 December 2020**

Further disclosure of related party's loans is shown in the table below in compliance with Central Bank of Nigeria circular BSD/1/2004.

31 December, 2020

Name of Borrower	Relationship to reporting Institution	Date granted	Expiry Date	Outstanding Balance	Status	Interest Rate	Nature of security
1. Adewole Adeniran	Non-Executive Director	8/27/2020	8/27/2030	43,221,869	Performing	18%	Legal mortgage over property
2. Oyebamiji Bola	Non-Executive Director	7/29/2020	7/29/2024	12,593,037	Performing	14.8%	Legal mortgage over property
3. Aworonke Olaitan	Executive Director	2/1/2018	2/1/2033	37,598,170	Performing	4.50%	Legal mortgage over property
4. Ajayi Dorcas	Staff	10/16/2017	10/16/2032	5,236,932	Performing	4.50%	
5. Abugan Johnson	Staff	12/23/2020	12/23/2028	5,000,000	Performing	4.50%	
6. Oyedemi Anthonia	Staff	12/23/2020	12/23/2028	5,000,000	Performing	4.50%	
7. Kudaisi Tunde Azeez	Staff	8/6/2020	8/6/2024	4,520,323	Performing	4.50%	
	Executive						
8. Olowu Oyewole	Director	12/18/2020	6/18/2022	4,000,000	Performing	4.50%	
9. Akinbode Taiwo	Staff	10/16/2017	10/16/2032	3,848,269	Performing	4.50%	
10. Adesina Yemisi	Staff	10/13/2017	10/13/2032	3,438,089	Performing	4.50%	
11. Other Staff				13,660,339	Performing		
				<u>138,117,028</u>			

**2020
Number**

**2019
Number**

34. Employees

The average number of persons employed by the Bank during the year was as follows:

Directors	3	1
Management	19	18
Non-management	63	49
	<u>85</u>	<u>68</u>

34.1. Key Management Compensation

Key management includes Executive Directors and members of the Management Committee. The compensation paid or payable to key management for employee service is shown below:

	2020	2019
	N	N
Salaries and other short term benefit	51,812,500	43,312,500
Post-employment benefit	<u>42,593,750</u>	<u>36,656,250</u>
	<u>96,406,250</u>	<u>79,968,750</u>

35. Distribution proposed

The Directors proposed a dividend of N0.01 per share (2019: Nil) from the retained earnings account based on the 2020 financial year results. The dividend amount of N50 million (2019: Nil) which is liable to withholding tax at a rate of 10% is subject to approval by the shareholders at the Annual General Meeting. Consequently, the dividend has not been included as a liability in these financial statements.

36. Contraventions

There was no penalty paid in the current year and no other contravention occurred during the year of such regulatory bodies like Banks and Other Financial Institutions Act, CAP B3, LFN 2020 and Central Bank of Nigeria circulars (2019 : Nil).

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

37. Comparative figures

Certain comparative figures have been reclassified in order to have a more meaningful comparison.

38. Events after the reporting date

There are no events after reporting date which could have a material effect on the financial statements of the Bank as at 31 December 2020 or the financial performance for the year ended that have not been adequately provided for or disclosed.

39. Material disclosure on the impact of COVID-19

The COVID-19 pandemic which started in China in December 2019 and rapidly spread across the world is impacting all aspects of life in a manner that is unprecedented. The impact cuts across businesses, the economy and social interactions. These impacts seem like they will remain for the foreseeable future. In a bid to curtail the spread the virus, the Federal Government of Nigeria imposed movement restrictions while various state governments established protocols to combat the spread of the virus.

In adapting to the government's response to COVID-19, the Group responded appropriately by activating its Business Continuity Plan to ensure continuous service to customers and safety of employees and other stakeholders. This was mostly achieved through the deployment of necessary secured technology for remote working and the observance of universally accepted Covid 19 protocols.

Impact of COVID-19 on Impairment (Expected Credit Loss) of Financial Assets

The Bank does not see a significant impairment impact on its financial assets as a result of COVID-19. The Bank's financial assets are predominantly loans and advances to customers and cash and cash equivalents in nature and are subsequently classified appropriately between stage 1, 2 and 3. The stage allocation remains unchanged as there is no significant increase in credit risk. The impact of forward looking information has also been considered in assessing the impact of COVID-19 on impairment of financial assets. These include GDP growth, exchange rate, country rating, bank rating, inflation and oil price. Whilst COVID-19 could potentially negatively impact all of the forward looking information, other variables in the computation ensured that the impact remains minimal.

Going Concern Assessment

The Bank will continue to assess the status of the fight against the pandemic and its impact on the Bank's business. However, based on current assessment and result for the year just concluded, the Directors are confident that the Going Concern of the Company will not be threatened and would be able to continue to operate post COVID-19 and in the foreseeable future.

Start a home **OWNERSHIP** process with us now

“Often it’s the deepest pain
which empowers you to grow
into your highest self”

The pain of Investment today
is the financial joy of
tomorrow.



LIVINGTRUST MORTGAGE BANK PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Other national disclosure

LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	%	2019 £	%
Gross earnings	652,615,797		502,405,848	
Interest expense	(52,761,824)		(50,348,909)	
	599,853,973		452,056,939	
Net impairment	39,569,677		(34,667,940)	
Bought-in-materials and services - local	(271,258,155)		(148,734,519)	
	<u>368,165,495</u>	<u>100</u>	<u>268,654,480</u>	<u>100</u>
Applied to pay:				
Employees as salaries, wages and pensions	159,809,360	43	143,337,533	54
Government taxes	25,085,204	7	3,129,444	1
Retained in business:				
- Depreciation and amortisation	50,911,726	14	59,656,060	22
- Profit for the year	<u>132,359,205</u>	<u>36</u>	<u>62,531,443</u>	<u>23</u>
	<u>368,165,495</u>	<u>100</u>	<u>268,654,480</u>	<u>100</u>

Value added is the wealth created by the efforts of the Bank and its Employees. The statement shows the allocation of the wealth amongst employees, government, capital providers and that retained in the business for expansion and future wealth creation.

LIVINGTRUST MORTGAGE BANK PLC**FIVE-YEAR FINANCIAL SUMMARY****31 DECEMBER**

	2020 N	2019 N	2018 N	2017 N	2016 N
Assets					
Cash and balances with CBN	112,892,165	88,941,652	77,847,661	37,235,120	14,437,902
Due from banks	1,346,859,860	1,291,080,532	860,699,355	1,996,398,590	1,681,629,689
Loans and advances to customers	4,078,129,669	1,801,288,480	1,567,802,366	861,051,528	548,813,500
Investment Securities	106,716,594	710,793,871	902,904,998	104,223,123	102,604,902
Other assets	90,683,643	149,250,017	207,608,972	546,745,750	110,373,613
Property and equipment	260,430,241	226,894,614	250,407,626	232,646,945	226,564,049
Intangible assets	32,154,050	25,918,795	24,451,193	30,475,240	35,785,774
Deferred tax assets	1,833,004	5,573,620	-	-	-
Non current assets held for sale	268,050,761	295,250,134	332,589,100	349,396,405	584,947,509
Total assets	6,297,749,987	4,594,991,715	4,224,311,271	4,158,172,700	3,305,156,938
Liabilities and equity					
Liabilities					
Deposits from customers	2,619,301,655	1,209,131,736	1,110,438,933	1,229,794,828	388,914,723
Borrowings	63,034,993	130,214,627	21,749,001	117,866,652	8,122,069
On-lending facility	583,080,755	420,730,433	302,996,350	-	-
Current income tax liabilities	25,085,204	12,887,708	20,596,605	36,348,318	20,100,362
Deferred income tax liability	-	-	2,769,502	-	-
Other liabilities	230,138,519	173,162,054	179,471,554	165,842,692	454,780,281
Total liabilities	3,520,641,126	1,946,126,558	1,638,021,945	1,549,852,490	871,917,435
Equity					
Issued share capital	2,500,000,000	2,500,000,000	2,500,000,000	2,500,000,000	2,500,000,000
Statutory reserve	111,768,808	85,296,967	72,747,828	63,418,627	28,558,281
Retained earnings	107,591,409	65,975,321	4,236,559	46,837,197	(91,764,943)
Fair value reserve	(7,316,777)	(3,201,276)	(3,245,664)	(1,935,613)	(3,553,834)
Regulatory risk reserve	65,065,421	794,145	12,550,604	-	-
Total equity	2,777,108,861	2,648,865,157	2,586,289,327	2,608,320,211	2,433,239,503
Total liabilities and equity	6,297,749,987	4,594,991,715	4,224,311,272	4,158,172,702	3,305,156,938
Statement of comprehensive income					
Gross earnings	652,615,797	502,405,848	460,932,915	518,378,573	304,930,527
Total operating income	599,853,973	452,056,939	425,908,674	494,082,935	304,609,102
Operating expenses	(408,860,362)	(429,407,114)	(388,859,524)	(346,925,689)	(274,631,623)
Impairment write-back / (losses)	(39,569,677)	34,667,940	58,881,011	40,379,270	48,892,017
Profit before tax	151,423,934	57,317,765	95,930,161	187,536,516	78,869,496
Income tax	(19,064,729)	5,213,678	(16,400,010)	(14,074,029)	(7,992,524)
Profit after tax	132,359,205	62,531,443	79,530,151	173,462,487	70,876,972
Other comprehensive income/(loss)	(4,115,501)	44,388	(1,310,051)	1,618,221	(3,553,834)
	128,243,704	62,575,831	78,220,100	175,080,708	67,323,138

PROXY FORM

7TH ANNUAL GENERAL METING

I/WE, being a member/members of LivingTrust

Mortgage Bank Plc hereby appoint Mr. as my/our proxy,
to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Bank to be held at with
Banquet Hall, Aenon Suites, No. 1, Femi Adefila Crescent, GRA, Osogbo, Osun State on Thursday,
the 10th day of June 2021 at 11:00am or at any adjournment thereof.

Dated this day of 2021

..... Shareholder's Signature

S/N	ORDINARY BUSINESS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the year ended December 31, 2020 together with the reports of the Directors, Auditors and the Statutory Audit Committee thereon		
2.	To declare a Dividend		
3.	To elect/re-elect Directors		
	a) To re-elect Alhaji Adebayo Jimoh, a Non-Executive Director retiring by rotation		
	b) To re-elect Mr. Bola Oyebamiji, a Non-Executive Director retiring by rotation		
	c) To re-elect Mr. Adeniran Adewole, a Non-Executive Director retiring by rotation		
4.	To authorize the Directors to fix the remuneration of the Auditors for the 2021 financial year		
5.	To disclose the remuneration of Managers of the Company		
6.	To elect the Shareholders representatives of the Statutory Audit Committee		
		Please indicate with an 'X' in the appropriate square how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion	

NOTE:

- i. Further to the directives on physical distancing and the restriction of large public gatherings due to COVID- 19 pandemic, the Corporate Affairs Commission (CAC) has approved that the AGM be conducted through the use of proxies by Shareholders of the Bank. In view of the above, members should appoint a proxy of their choice from the following selected proxies to represent them at the meeting: (a) Alhaji Adebayo Jimoh (b) Mr. Yemi Adefisan, (c) Mr. Michael Omolaja (d) Mr. Yaya Ajagbe and (e) Otunba Adeboye Oladejo
- ii. A duly executed proxy form should be deposited with African Prudential Plc, African Prudential Plc, Palmgrove bus stop, 220B, Ikorodu Road, Somolu, Lagos State not later than 3 working days before the time fixed for the meeting or cxc@africaprudential.com.
- iii. For the appointment of a proxy to be valid for the purposes of the meeting, the Company has made arrangements, at its cost, for the stamping of the instruments of proxy.

Before posting this form, please tear off and retain this part

LIVINGTRUST MORTGAGE BANK PLC

7th Annual General Meeting

Please admit the Shareholder named on this card or his duly appointed proxy to the Annual General Meeting of the Company to be held at **Banquet Hall, Aenon Suites, No. 1, Femi Adefila Crescent, GRA, Osogbo, Osun State** on Thursday, the 10th day of June 2021 at 11:00am.

Name of Shareholder/Proxy

Address

Signature

=====

This card is to be signed at the venue in the presence of the Registrars



Affix
Recent Passport
Photograph
**USE GUM ONLY
NO STAPLE PINS**

Do not stamp over your company
and company details and seal/stamp

E-DIVIDEND MANDATE ACTIVATION FORM

INSTRUCTION

Please complete all section of this form to make it eligible for processing and return to the address below.

The Registrar

Africa Prudential Plc
2208, Ikorodu Road, Palmgrove, Lagos.

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me/us from my/our holdings in all the companies ticked at the right hand column be credited directly to my/our bank detailed below:

Bank Verification Number (BVN):

Bank Name:

Bank Account Number:

Account Opening Date:

SHAREHOLDER ACCOUNT INFORMATION

Gender: Male ☐ Female ☐

Surname/Company's Name First Name Other Name

Address:

City State Country

Previous Address (if any):

Clearing House Number (CHN) (if any) Name of Stockbroking Firm

Mobile Telephone 1 Mobile Telephone 2

E-mail Address:

Signature: Signature: Company Seal (if applicable)

DISCLAIMER

"In no event shall Africa Prudential Plc be liable for any damages, losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advise us of the possibility of such damages, losses or liabilities, whether express or implied in respect of such information."

Please tick against the company(ies)
where you have shareholdings

CUSTOMER

1. AFRICA PRUDENTIAL PLC ☐
2. ABBEY MORTGAGE BANK PLC ☐
3. AFRILAND PROPERTIES PLC ☐
4. ALUMACO PLC ☐
5. A & G INSURANCE PLC ☐
6. A.R.M LIFE PLC ☐
7. ADAMAWA STATE GOVERNMENT BOND ☐
8. BECO PETROLEUM PRODUCTS PLC ☐
9. BUA GROUP ☐
10. BENUE STATE GOVERNMENT BOND ☐
11. CAP PLC ☐
12. CAPP AND D'ALBERTO PLC ☐
13. CEMENT COY. OF NORTHERN NIG. PLC ☐
14. CISC PLC ☐
15. CHAMPION BREWERIES PLC ☐
16. CWO PLC ☐
17. CORROD MONEY MARKET FUND ☐
18. EBONYI STATE GOVERNMENT BOND ☐
19. GOLDEN CAPITAL PLC ☐
20. INFINITY TRUST MORTGAGE BANK PLC ☐
21. INVESTMENT & ALLIED ASSURANCE PLC ☐
22. JAZZ BANK PLC ☐
23. KADUNA STATE GOVERNMENT BOND ☐
24. LAGOS BUILDING INVESTMENT CO. PLC ☐
25. MED-VIEW AIRLINE PLC ☐
26. MIXTA REAL ESTATE PLC (formerly J&M Properties Plc) ☐
27. NEXANS KABLEMETAL NIG. PLC ☐
28. OMOLUABI MORTGAGE BANK PLC ☐
29. PERSONAL TRUST & SAVINGS LTD ☐
30. P.S MANORDES PLC ☐
31. PORTLAND PAINTS & PRODUCTS NIG. PLC ☐
32. PREMIER BREWERIES PLC ☐
33. RESORT SAVINGS & LOANS PLC ☐
34. ROADS NIGERIA PLC ☐
35. SCOA NIGERIA PLC ☐
36. TRANSCORP HOTELS PLC ☐
37. TRANSCORP PLC ☐
38. TOWER BOND ☐
39. THE LA CASERA CORPORATE BOND ☐
40. UACN PLC ☐
41. UNITED BANK FOR AFRICA PLC ☐
42. UNITED CAPITAL PLC ☐
43. UNITED CAPITAL BALANCED FUND ☐
44. UNITED CAPITAL BOND FUND ☐
45. UNITED CAPITAL EQUITY FUND ☐
46. UNITED CAPITAL MONEY MARKET FUND ☐
47. UNITED CAPITAL NIGERIAN EURO BOND FUND ☐
48. UNITED CAPITAL WEALTH FOR WOMEN FUND ☐
49. UNIC DIVERSIFIED HOLDINGS PLC ☐
50. UNIC INSURANCE PLC ☐
51. UAC PROPERTY DEVELOPMENT COMPANY PLC ☐
52. UTC NIGERIA PLC ☐
53. WEST AFRICAN CLASS IND PLC ☐

OTHERS:

HEAD OFFICE: 2208, Ikorodu Road, Palmgrove, Lagos. Tel: 0813 984 0850-4

ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja. Tel: 09-2900873

PORT-HARCOURT: Okien Suite Building (2nd Floor), No. 1A, Eko Road, GRA Phase 2. Tel: 084-303457

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Whatever your destination, we can help you get there faster and safer.



Livingtrust Mortgage Bank Plc

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