LIVINGTRUST
MORTGAGE BANK PLC
RC 217889

LIVINGTRUST MORTGAGE BANK PLC

FINANCIAL STATEMENTS
DECEMBER 31st 2021

OUR VISION

To be the foremost Mortgage Bank enabling sustainable housing in our market.

OUR MISSION

Enabling customer satisfaction by delivering superior performance, leveraging technology and a motivated team.

LIVINGTRUST MORTGAGE BANK PLC
FOR THE YEAR ENDED 31 DEECMBER 2021

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Corporate Information

Location

Corporate Office: Km 2 Gbongan Road P.M.B 4488 Osogbo, Osun State

Branch Location: Osogbo, Ejigbo & Ilesha.

Website: www.livingtrustng.com

Email: info@livingtrustng.com

Registrar:

Africa Prudential Registrar Plc, Registrar's Department, 220B, Ikorodu Road, Palmgroove, Lagos Email:info@africaprudential.com

Company Secretary Timothy Gbadeyan Esq.
Mob: +234 806 024 4691
timothygbadeyan@livingtrustng.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:

Access Bank Plc.

First Bank of Nigeria Plc.

First City Monument Bank Plc.

Providus Bank

Stanbic IBTC Bank

Sterling Bank

Zenith Bank Plc.

Awards

2021 - Company of the Year by: Commercial Banking Group
2021- Mortgage Bank of the Year by: Africa Housing Award
2020 – Company of the Year by: CITITRUST Holdings Plc
2021 – Customer Appreciation Award by: Interswitch
2021 – Chief Executive of the Year by: CITITRUST Holdings Plc
2020 –Sustainability and Growth award by: CitiTrust Financial Services
2020 – Most Innovative Company of the Year by: CITITRUST Holdings Plc
2020 – Best Performing Company of the Year by: CITITRUST Holdings Plc
2020 – "Adekunle Adewole" Managing Director of the Year by: CITITRUST Holdings Plc
2020 – Best Product of the Year by: CITITRUST Holdings 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;

- (a) Strategic Re-organizing and transformation of the Bank.
- (b) Migration to the Growth Board on Nigeria Stock Exchange
- (c) Change of Name from Omoluabi Mortgage Bank to LivingTrust Mortgage Bank Plc.

2021 – CitiTrust Financial Services Plc transferred the their shares to the Parent company CITITRUST HOLDINGS PLC

Current Ownership

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

FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED 31 DECEMBER, 2021

	2021	2020
	₦'000	**₦'000**
Major items in statement of financial position		
Loans and advances to customers	**7,852,074**	4,078,130
Property, plant & equipment	**286,565**	260,430
Assets held for sale	**183,351**	268,051
Due to customers	**5,296,312**	2,619,302
Borrowed funds	**339,939**	63,035
On-lending facility	**1,882,164**	583,081
Share capital	**2,500,000**	2,500,000
Shareholders fund	**3,224,157**	2,777,109
Total assets	**11,386,490**	6,297,750
Major items in statement of profit or loss and other comprehensive income		
Gross earnings	**1,627,781**	652,616
Impairment loss (charge)/writeback	**53,632**	(39,570)
Profit before taxation	**768,209**	151,424
Taxation	**(261,248)**	(19,065)
Profit after taxation	**506,961**	132,359
Ratios	**%**	%
Cost to income	**48.81**	68.16
Return on assets	**4.45**	2.10
Return on shareholders fund	**15.72**	4.77
Capital adequacy	**49.51**	60.13
Liquidity	**60.90**	162.83
Earnings per share (kobo)	**10.14**	2.56
Others	**Number**	Number
Number of branches	**3**	3
Number of staff	**86**	85
Number of shares in issue	**5,000,000**	5,000,000
Proposed dividend	**304,177**	50,000
Ratings		BBB-

BOARD OF DIRECTORS DETAIL

The Chairman - Alh. Adebayo Jimoh

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 Oodua 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 and Chief Executive Officer

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 Européan 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.

Hon. 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. 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. 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 Realties 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 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.

Mr. Michael Omolaja - Independent 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. Femi Adesina - Independent 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 Brazillian 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, Wheely Logistics Limited and Livingsprings Helicopters Limited.

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 (Resigned)
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 10years before joining the banking sector.

He is a versatile Mortgage banker with over 15years 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.

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is my pleasure to present to you, my esteemed fellow shareholders, the financial reports of our Bank, Livingtrust Mortgage Bank Plc, for the 2021 financial year.

I wish to also welcome you all, our distinguished shareholders, members of the Board of Directors, Management and Staff, Regulators and Guests, Gentlemen of the Press, Ladies and Gentlemen, to the occasion of our Bank's 8th Annual General Meeting (AGM).

Without doubt, the challenges faced by individuals and businesses around the world continued to rage throughout the year. New and more virulent strains of COVID-19 are still being discovered, leading to reinstatement of restrictions and ancillary limitations, which are challenging for all of us.

Permit me to commence by thanking the Almighty God for the preservation of your lives, your families and loved ones. It is my hope that you will continue to stay safe, as we navigate this unprecedented period in the annals of world history.

I am delighted to report that the business continuity and sustainability of our Bank has been effective during this unusual year. We have learnt to thrive amidst challenges and to recognize opportunities in difficulties. These have enabled us to significantly grow revenue and total assets during the year. We also witnessed a paradigm leap in our market capitalization. As our financial reports show, we had a positive growth in most of the key performance indicators and the Bank was positioned as one of the unarguable leaders of the Nigerian mortgage industry. Our Bank closed the year with epoch profitability and this is a clear sign that our Customers have rewarded us for quality services and good customer experience.

Dear shareholders, we recognize that your continued support and contributions as good brand ambassadors have aided the growth we are experiencing. At the Board, we have continued to formulate strategies which engender further growth, corporate sustainability amidst uncertainties and sound corporate governance. The Executive Management has also continued to ensure clinical execution, popular product offerings, efficient service delivery, customer satisfaction and all of these are consequently delivering value to you, our shareholders. Let me assure you that the Board remains committed to the continued growth of our Bank, regardless of the volatility and complexity of the operating environment.

OPERATING ENVIRONMENT

After a preceding tumultuous year, the year 2021 was expected to be a year of recovery and respite. The availability of COVID-19 vaccine was expected lessen the effects of the pandemic on people and businesses. However, the pandemic tested the potency of the vaccines to such extent that extra jabs were required as boosters. Many countries including Nigeria experienced a fourth wave of the pandemic and travel restrictions were re-imposed. Without doubt, COVID-19 continued to impact how we relate, engage and do business. Apparently learning from the preceding year, businesses are now institutionalizing workplace changes induced by the pandemic, thereby accepting the permanent nature of some of the disruptions experienced.

On the global stage, gradual recovery was experienced. However, the global recovery experienced shocks as a result of intermittent COVID-19 flare-ups, reduction in policy support and government intervention, unyielding supply chain challenges and emerging risks. The global economy experienced slow growth and rising risks. Such emerging risks include likelihood and actual discovery of new virus variants, unanchored inflation projections and financial stress. Trade disruptions and income losses amidst humanitarian challenges are making less buoyant States to engage in more borrowings, despite the cloudy possibility of feasible recovery in the short term. Recovery would even be more challenging, if such countries were to require debt restructuring.

In Nigeria, the year 2021 was characterized by slow/marginal economic recovery, fluctuating increment in crude oil prices, depreciation of the local currency, oscillating inflation rate, tight foreign exchange policy, very high unemployment rate and dwindling purchasing power. The social tensions leading to civil unrest in the preceding year have refused to decelerate, as the socio-economic inequality has continued to increase. This has occasioned significant increase in insecurity and crime rates.

At Livingtrust Mortgage Bank Plc, we successfully navigated the global and national terrain by re-inventing our business model to adapt to extant realities and by reinforcing our business continuity plans. We also leveraged on collaboration with Development Finance institutions towards bolstering our ability to serve wider markets. Realizing the future of banking and the inclinations of the new and next generation of customers, the Board has continued to work with Executive Management to fashion a digital strategy and to invest in electronic banking platforms towards enhancing contactless banking. We also committed to improving the welfare of our staff towards ensuring their comfortability and dedication to the corporate objectives. We also put in place performance driven incentives for staff. In all our branches, we ensured continued compliance with COVID-19 non-pharmaceutical interventions in order to ensure the safety of our staff and customers. The steps taken by us are rewarding, as the operational efficiency of our staff and the satisfaction of our customers resulted in a year of significant growth.

CORPORATE GOVERNANCE

Sound corporate governance practices is a cornerstone of our business, as we have come to belief that it has direct nexus to maintaining an effective risk management system and the overall sustainability of our Bank. We have continued to ensure compliance with and improvement on our corporate governance model, especially in the way we make decisions, implement strategy and the manner in which the Board conducts its oversight functions. Regardless of the challenges of the pandemic, the Board and all the Board Committees met as and when due, and attendance at Board meetings continue to remain impressive.

At the moment, the Bank is listed on the Growth Board of the Nigerian Exchange Limited and this imposes on us certain stringent corporate governance and disclosure requirements. The Bank has continued to comply with these requirements. In furtherance of this, the Board has also taken steps to ensure the Bank complies with the free float requirements of the NGX Regulations Ltd. The Board, working with majority shareholders have ensured that adequate shares are ceded for this purpose and I am pleased to inform you that the investing public has begun to purchase the shares of our Bank, as a result of our outstanding performance. We are confident that the free float requirements would be met within the period allowed by the NGX Regulations Limited.

During the year, we added Dr. Olumide Adedeji to the Board, as Executive Director, Customer Experience and Business Development. Dr. Olumide Adedeji obtained a Ph.D in Geophysics Option from the University of Ibadan. He is a business development expert with 25years cumulative experience, spanning consultancy, business and corporate banking, real estate and telecommunication. Until his appointment, he was the Managing Director of BWC Group.

LivingTrust Mortgage Bank Plc has governance reporting obligations to the Securities and Exchange Commission (SEC) 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 external regulatory guidelines, the bank has approved internal governance charters and policies. The Board ensured that these policies were complied with during the year.

The Bank currently has three (3) Board committees namely the Board Nomination and Governance Committee, Board Credit and Investment committee and Board Audit and Risk Committee comprising of subject-matter experts to ensure the Bank carries out its business in line with regulatory guidelines, best practices and highest ethical standards.

Apart from the Board Committees, the Bank has a very active Statutory Audit Committee, chaired by a Shareholder. In compliance with the Companies and Allied Matters Act 2020, the representation of the Board on the Audit Committee has been reduced to two members while shareholders are represented on the Committee by three members. Also premised on statutory changes, the Board now has three (3) Independent Directors. The Board remains composed of ten (10) members and they have continued to contribute to the stability and growth of the Bank.

FINANCIAL PERFORMANCE

Our Bank recorded remarkable growth across key performance indicators for the 2021 financial year. Our Total Assets grew by 82.10% (year-on-year) to ₦11,348,023,258, while Loans and Advances grew remarkably by 89.98% to N7,760,011,125. Deposits grew by 127.64% to N7,227,306,053 while Gross Earnings grew impressively by 143.38% to N1,627,322,334. This depicts significant improvement in the Bank's earning capacity. The Bank's profitability grew impressively. The Bank closed the 2021 financial year with a Profit-Before-Tax of N686,609,197 representing a staggering 217.53% increase when compared against the previous year.

As a result, the Earnings Per Share of the Bank grew by 255.25% to N11.47, compared to N3.23 in the previous year. The Market Price of the Bank's share rose from 0.67kobo to N1.04k as at December 31, 2021 which invariably increased the Bank's Market Capitalization to N5,200,000,000. I wish to assure you that the Board is focused on a responsible growth strategy. Considering the significant growth in loans and advances, the Board ensured that effective Risk Management System is put in place, especially regarding monitoring of the Bank's risk assets. As a result, the Bank closed the year with a Non-Performing Loan ratio of 4.72%. Copies of the statement and other relevant matters are available on our website at www.livingtrustng.com.

Our Bank's remarkable performance in 2021 earned us several accolades within the Cititrust group which were:

- The award for Chief Executive of the year – Year 2021
- The award for the Overall Best Company of the year – Year 2021

Outside of the Cititrust Group, our Bank also won the following awards:

- Africa Mortgage Bank of the year 2021- by Africa Housing Award
- Customer Appreciation Award- by Interswitch

These awards are an indication of the emergence of the Bank as an industry leader. The Board, working with the Executive Management will neither rest on its oars nor relish these laurels for long, as we would continue to grow our business in a manner suitable for the market redesigns in these ever-changing times, towards providing delightful returns and superior value to our stakeholders. We wish to appreciate all our stakeholders and the general public for their collective contributions towards our success. In particular, we are grateful to the Osun State Government, ably led by His Excellency, Governor Gboyega Oyetola for the consistent support provided to the Bank. I also thank all our employees for their collective efforts in supporting the bank's objectives. We could not have come this far without the people of Livingtrust.

In 2021, the recognitions we received in mortgage financing was due in part to our collaborations with Development Finance Institutions, such as Federal Mortgage Bank of Nigeria (FMBN), Development Bank of Nigeria (DBN) and Nigeria Mortgage Refinance Company (NMRC) in boosting the housing sector in Nigeria. We are aware that we need to do more in terms of collaboration, especially with organizations such as Family Homes Fund. Our Bank will continue to pursue mutually beneficial partnerships in growing its business and towards deepening mortgage affordability and inclusion.

I commend the Board and Management of the Bank for their tireless dedication to the actualization of the vision and goals of the Bank. By empirical and experiential working engagements with them, I testify that they are indeed men and women of caliber and acumen.

DIVIDEND

As part of our bid to re-position the Bank and as an integral part of our stakeholder ideology, we are committed to delivering exciting returns on investment to our shareholders. As we witness robust growth, we will continue to implement the Dividend Policy of the Bank. It is therefore our plan and hope that payment of Dividends will be consistent, going forward.

Premised on our outstanding performances in the 2021 financial year, we are pleased to propose a final dividend of 6kobo per ordinary share. This is subject to the approval of the Annual General Meeting.

CORPORATE SOCIAL RESPONSIBILITY

During the year, the Bank maintained its three branches at Osogbo, Ilesha and Ejigbo and continued to make its presence felt in the surrounding environs by its impact financing. One of the major social impact of the Bank during the year was the donation of an independent power plant to the Osun State College of Technology, Esa-Oke, Osun State.

The Bank continued to sponsor and participates in activities in its communities. One of such was the full participation of Livingtrust Mortgage Bank Plc at the Osun State Trade Fair which held in Osogbo from November 16 to November 28, 2021. The trade fair which was the first in the state in 15years and had about 200 South-west Local Governments in attendance was tagged “Aje Lawa”. It was strategically held at Aje International Market, which is a state infrastructure supported by the Bank for stimulation of economic activities in the state capital.

2022 OUTLOOK
For the third year in a row, Nigeria has enacted a new finance law known as the Finance Act, 2021. Amongst notable provisions of the new Statute is the increment of Education Tax from 2% to 2.5%. Others are science and engineering levy of 0.25% of Profit Before Tax payable by banking, telecommunication, oil & gas, maritime, aviation and ICT firms with turnover of N100m and above; enforcement of 0.005% Police Fund Levy on net profit of companies; imposition of ₦10 excise duty per litre on non-alcoholic, carbonated and sweetened drinks; and capital gains tax at 10% on disposal of shares worth N100m and above. These are in addition to existing taxations at Federal, State and Local Governments. It has also been reported that there would be a mid-term review with a possibility of another Finance Bill in mid-year 2022 to bring in more amendments. As earnings dip and borrowing increases, taxation would likely come into focus and the corporate citizens would bear the larger impact.

2022 is the year of electioneering campaign in Nigeria. This is expected to have effect on economic activities and growth, as the stability of the political environment is an essential factor in ascertaining and forecasting the level of economic growth in a democracy, such as ours. Historically, the political activities would likely have effect on insecurity and crime rate. Unless we attain herd immunity, we may see another wave of COVID-19 as political activities are often too intense beyond health considerations.

The challenging macroeconomic environment continues to hamper ability to achieve corporate objectives. Inflation is expected to remain at double digits while unemployment rate remains at its highest in a decade. To be sustainable, our Bank will invest in IT infrastructure in order to be able to respond to the market needs of the next demography; the digital natives. However, this also presents another layer of risk, as cybercrimes continue to loom large.

Notwithstanding, our Bank has put in place measures to adapt to its environment and continue in the path of growth. We hope to build on the achievements of the 2021 financial year towards improved profitability and expansion of our footprints. In 2021, our shareholders approved a recapitalization of the Bank by way of Rights Issue, towards obtaining a National Mortgage Banking License. We look forward to implementing these resolutions in 2022. In furtherance of our vision to expand access to mortgage and deepen mortgage inclusion, we hope to open more branches both within and outside of South-west in 2022, upon obtaining the national license. Towards scaling our operations and capturing values in other parts of the country, we will intensify our collaboration with Development Finance Institutions and Secondary Mortgage Market Operators.

While International Monetary Fund have predicted a GDP growth rate of 2.7% for Nigeria in 2022, the Central Bank of Nigeria has forecasted that the country’s economy would grow at a rate of 3.2%. According to the National Bureau of Statistics, the Nigerian economy grew by 3.4% in 2021. That would be the first time the country's economy would grow beyond an annual average of 3% since 2015. There is therefore optimism that the Nigerian economy would recover faster in 2022. We will continue to identify and capture opportunities in the marketplace, towards justifying the confidence of our stakeholders.

CONCLUSION

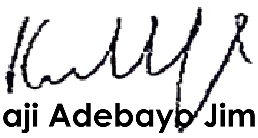
We entered the 2022 financial year with a recognizable brand, sound business model and a healthy balance sheet. We look forward to consolidating the gains of the preceding years. We understand the challenges in our operating environment and particularly, those confronting the Nigerian Mortgage Industry. However, we have a robust strategy that would enable us navigate the difficulties and return value to our shareholders. Our strategy was tested in the preceding year and the result was impressive. I wish to assure our shareholders, that the Board, working with the Executive Management is building a resilient and profitable bank. We remain committed to ethical and mutually beneficial engagement with stakeholders in our local environs and we believe this would help us in retaining existing cooperation.

As highlighted above, our Bank looks forward to assuming a more visible role in the Nigerian Mortgage Space during the 2022 financial year. We have no doubt, that we would capture value in the process. I assure you that the Board would continue to act in the best interests of all our shareholders.

On behalf of the Board of Directors, I would like to thank valued customers for their continued patronage and loyalty. Without you, we would not be in business and realizing this, you will continue to be our chief concern in everything we do. Our appreciation also goes to our shareholders whose commitment and confidence in us have remained unwavering, even during difficult times. We thank you for your continued investment in our Bank. At this point, we wish to express our profound gratitude to the staff of our Bank, the People of Livingtrust, for their hardwork and dedication to the corporate objectives. You are behind our growth and we wish to assure you of our commitment to your welfare and career development. Lastly, we thank the Board of Directors for deploying their time and vast experience to the implementation of the Bank's goals and strategy. It is a joy for me to serve on the Board with such distinguished men and women at these exciting times, when the Bank is being repositioned for greatness.

While we continue to tirelessly grow Livingtrust Mortgage Bank into a global brand, it is our desire that you, our stakeholders, would continue to support and cooperate with us towards making the Bank the undisputable industry leader in the Nigerian Mortgage Sector. We are confident in the grace of God that the Bank would soar continually.

Thank you.



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

MANAGING DIRECTOR'S STATEMENT:

Distinguished Shareholders,

I am glad to welcome you to the 8th Annual General Meeting of our Bank and present to you, our esteemed shareholders, our performances for the 2021 financial year (FYE 2021).

Throughout the year 2021, the effects of the COVID-19 pandemic remained globally. Flashes of upsurge of the public health crisis were witnessed, with Nigeria closing the year with a fourth wave. New variants were also discovered, leading to further travel restrictions. However, the absence of any further lockdown has put the economy on a steady, but slow recovery. While it appears that distribution of vaccines has improved, opposition to vaccination has also been on the rise. For the foreseeable future, it appears that the world would have to live with COVID-19 and its effect. Already, the pandemic has accelerated the future of work, reshaping existing trends and catalyzing new ones. Without doubt, the pandemic has nudged the modern workforce into uncomfortable territory, thereby necessitating quick adjustments for business continuity, and this does not exclude your Bank. Despite the economic recovery witnessed in 2021, unemployment rate, savings and purchasing power have not returned to pre-pandemic levels.

Regardless of the challenges of 2021, your Bank recorded an outstanding growth, delivering strong earnings and significantly improving profitability with cost curtailment initiatives, despite the adjustments required to cope with the complex period. We did not only show resilience, but we thrived in a harsh operating environment. This is a testament to the fact that our strategy and business continuity plans are adequated and well executed.

Your Bank ended the year with record profitability and significant market share gains, across all our operating geographies, which is a demonstration of the high trust our customers and other stakeholders have in the quality of our services, as well as a result of the successful implementation of the strategy we conceived. This strategy propels us as a Bank to continue to set the bar for the highest standards of business success, adherence to the principles of corporate governance, and execution precision to achieve unmatched customer satisfaction, deliver operational efficiency and ultimately enhance return on investment to you, our shareholders. It will please you to note that our performances in 2021 won us the coveted Africa Mortgage Bank of the Year Award (2021), CitiTrust Group Company of the Year Award and CitiTrust Chief Executive of the Year Award.

At the Executive Management level, we remain committed to the mandate to ensure the continued growth of our Bank, in the midst of an ever-changing business environment. We have strengthened our business continuity plans and in the realization that adaptability is key to sustainability in times such as this, we have continued to re-engineer our business operating model. We have also spearheaded strategic invetments in our digital banking and technology platforms, to further promote self-service and contactless banking. We optimized our sales force, for increased agility and market impact. Similarly, we made adjustments to the working arrangements of staff in line with the new normal and redefined our health and safety policies to ensure our customers and staff continue to remain safe, especially in our workplaces. Drawing from the lessons of the preceding year especially in terms of resilience and sustainability, we have enhanced our risk management policies towards ensuring proper risk assessment in the light new variables and ultimately, in order to ensure the performance of our risk assets. Our 2021 scorecard is an indication that we are proceeding in the right direction.

OUR CORPORATE TRANSFORMATION PLAN

Our Corporate transformation plan which commenced with a corporate rebranding, towards being more recognizable and competitive as a national player in the mortgage sub-sector, has reached a new level. In October 2021, our Shareholders approved the recapitalization of our Bank by way of Rights Issue at an Extra-Ordinary General Meeting. We have since commenced the recapitalization process and are hopeful of completing same in the first half of 2022. In furtherance of our objectives to evolve from a regional-power house to a national leader in the Nigerian mortgage industry, our shareholders have further mandated us to seek a national mortgage banking license upon conclusion of our recapitalization. We believe that these steps would actualize our objectives of:

- Branch expansion
- Deepening mortgage penetration
- Increasing in market share
- Improving customer experience
- Diversification of revenue base
- Improved profitability

Apart from our strategy to drive growth and serve our teeming customer through our corporeal presence in strategic locations, we have continued to invest in digital transformation and IT infrastructure to enable us serve our customers, regardless of location. This is also in line with our objective to ensure transactional ease and preservation of access to banking services, in the event of unprecedented disruptions. To this end, we have enhanced the existing features on our Banking App, **TRUSTMOBILEPLUS** to perform services such as Funds transfer, Utility bill payments, Airtime recharge, account statement and balance inquiry. Our USSD, ATM and POS channels continue to remain operational. During the 2021 year, we also deployed internally built payment applications to some of our Customers with large receivables, to enable ease of payment for their services. We will continue to invest in IT infrastructure towards ensuring better customer experience.

While deploying technology platforms for the use of our customers, the Bank is also investing in internal digital solutions for employees, towards boosting operational efficiencies and as part of business continuity strategy and disaster readiness plans. In 2021, the Bank deployed a business management application which automated several internal processes across all the units in the Bank. The Executive Management is focused on ensuring that the Bank's workforce is able to work effectively in the event of any future unforeseen circumstances. As such, the Bank would continue to deploy digital solutions which would automate the various employee activities and enable remote operations to the extent that does not pose cyber threats to the Bank.

The bank also completed her new website upgrade, 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 which comes with enhanced capabilities for account opening, loan application and online repayment simulations has significantly inmproved our loan applications and customer acquisition processes.

As part of the Bank's sustainability strategy, your Bank will continue to ensure cordial engagement with its operating environments. During the year, your Bank provided a 10 KVA power inverter to the Osun State College of Technology Esa-Oke in support of the State Government's drive in providing enabling educational environment and facilities towards improving academic excellence in the State. The Bank will continue to have positive social impact in its local communities.

As a responsible global corporate citizen, we have put in place a robust Social and Environmental Policy to ensure that our operations does not hurt the planet. The Policy Guide ensures that the Bank is dedicated to reducing its carbon footprint and actively manages its environmental and social risks. Similarly, the Policy guides the Bank in determining the nature of businesses or projects it finances. This has integrated environmental considerations into our business decisions because we believe that a sustainaible business must contribute to environmental sustainability.

So far, our strategy has yielded results leading to growth in customer base and total assets, increased profitability and improved brand perception, to mention just a few. We are committed to maintaining transparency in our financial disclosures and to upholding strong legacy that focuses on delivering outstanding performance and rewarding shareholders. Let me assure you that the Executive Management will continue to pursue these ideals, towards delighting the stakeholders of the Bank.

ECONOMIC PRESSURE AND FINANCIAL PERFORMANCE

In 2021, economic recovery in Africa was driven largely by the pace of reopening of global economies, rebound in commodity prices and the attendant impact on logistics and supply chain. The recovery was also aided by moderate implementation of domestic vaccination programmes to curtail the spread of Covid-19 and subsequent deadly variants. The modest vaccination success led to the rollback of some pandemic induced restrictions. Trade and financial flows to Africa recovered within the year with infrastructure development projects resuming across the continent.

Notwithstanding the foregoing, economy recovery in Africa and Nigeria in particular was slow in 2021 due to periodic surge in COVID-19 rate of infection, discovery of new variants leading incessant travel restrictions, limited governmental liquidity and elevated debt levels. Following a 2.1% economic contraction in the preceding year, the African Development Bank (AfDB) predicted a 3.4% GDP growth in 2021. As rightly predicted by AfDB, Nigeria posted an actual GDP growth of 3.4% in 2021 (highest growth since 2014), according to the National Bureau of Statistics. However, unemployment rate remains high and purchasing power remains weak, amid both regulatory and market driven devaluation of the naira. Apart from these, debt burden on African States remained critical through 2021, as AfDB predicted a 10% to 15% short to medium term rise in Debt-to-GDP ratio. This has drawn calls from various quarters, including the President of African Development Bank that the developed world should consider one last debt relief for Africa.

The economic recovery in Africa has not doused the threat of increasing poverty, as estimated 39 million Africans were expected to slip into extreme poverty in 2021. AfDB report shows that populations with lower levels of education, few assets, and working informal jobs are the most affected by the pandemics. Government's ability to introduce mitigating measures were impacted by limited liquidity. In the Nigerian Mortgage Sub-sector, the absence of government-serviced mortgage forbearance was seriously felt and was challenging for the industry. Job losses, loss of obligors and/or corporate promoters, extended ailments, collapsed or slowly recovering businesses and such other impacts of the pandemic had to be managed on case by case basis through redesigned risk management procedures by the Bank.

Despite the challenges of 2021, the Bank deployed strategies to salvage asset performance, ensure new assets quality, overcome liquidity squeeze and prevent profitability erosion. We constantly monitored the changing dynamics of the operating environment and adapted as necessary. Working with the Board of Directors for necessary policy response to the fast changing market variables, I am please to note that our strategy proved effective.

It is with excitement that I report to you, our esteemed shareholders, that your Bank recorded growth in almost all the key performance indicators in 2021. Our Total Assets grew by 82.10% (year-on-year) to ₦11,348,023,258, while Loans and Advances grew remarkably by 89.98% to N7,760,011,125. Deposits grew by 127.64% to N7,227,306,053 while Gross Earnings grew impressively by 143.38% to N1,627,322,334. The Bank's growth rate was remarkable, as profitability grew in many folds. The Bank closed the 2021 financial year with a Profit-Before-Tax of N686,609,197, representing a staggering 217.53% increase when compared against the previous year.

Premised on the Bank's 2021 performance, the Earnings Per Share of the Bank grew by 255.25% to N11.47, compared to N3.23 in the previous year. The Market Price of the Bank's share rose from 0.67kobo to N1.04k as at December 31, 2021 which invariably increased the Bank's Market Capitalization to N5,200,000,000. Following our sterling performance in 2021, I am very optimistic and have no doubt that we are on the right path to maintain the industry leadership that we have envisioned for LivingTrust Mortgage Bank Plc, in Nigeria and Africa.

Your Bank entered 2022 with strong balance sheet and advantageous positioning, to consolidate the gains of the previous year. We are well aware of the challenges in the operating environment, including the effects of insecurity and the impacts of the electioneering campaign period on markets and businesses. However, I want to assure you on behalf of the Executive Management Team of your Bank, that we have put measures in place to ensure that we do better, ensure operational resilience and improved profitability, towards delivering good returns for our shareholders and value to all our stakeholders.

OPPORTUNITIES ABOUND

Often times, investments in the real estate sector are concentrated in the metropolitan areas. This is due in parts to the absence of infrastructure in other other areas, as Developers may have to put in place both primary and secondary infrastructure. However, the Federal Government has voted N1.45tn for infrastructure development in the 2022 Budget. It is expected that such huge infratsructural spending would connect cities with communities and lead to more investments in real estate. Impliedly, improvement of transit premium of suburbs would make them more attractive for affordable housing. We look forward to financing both the Developers and the lower-middle income earners and while doing so, addressing our concentration risk by taking advantage of the locations which would be opened up as a result of infrastructure development. This is also in line with the goal of the Bank to expand its branch network, market share and coverage.

Similarly, the Federal Ministry of Works and Housing has announced the delivery of N5,000 houses and has called on interested members of the public to apply. Already, the houses have been over-subscribed. The Federal Mortgage Bank of Nigeria which is the institution saddled with coordination of the sales of the houses under the National Housing Programme has graciously enlisted our Bank as one of the participant in the financing of the Subscribers.

The Family Homes Fund (FHF) has also highlighted some of its initiatives which are being supported by the Central Bank of Nigeria. Some of these initiatives include 70,000 homes to be built in 2022 under National Social Housing Program; 1,800 Incremental Housing Program for Low Income Earner; 4000 Student Accommodations and others. In the year 2022, our Bank will be collaborating with Family Homes Fund towards financing the subscribers to these laudable projects.

The regulatory policies of the Central Bank of Nigeria such as the introduction of the Global Standing Instructions and Direct Debit Authorization are also steps which would assist in driving the performance of assets. The Banks and Other Financial Institutions Act 2020 also contained certain innovations which would assist in de-risking the financial services sector. The anticipated implementation of these provisions, especially in relation to establishment of specialized tribunals for recovery, would reduce non-performing loans and recovery timeframe, including the regular technicalities impairing ability of financial institutions to realize pledged assets.

It is also delightful that many State Houses of Assemblies are passing the Nigerian Model Mortgage Foreclosure Laws. This will reduce risk and invariably boost mortgage penetration. For Mortgage Banks, this will widen the market and improve market share.

We understand the opportunities in our market and we are vigilant to ensure that we take early advantage of emerging opportunities. As we pursue responsible growth, we will continue to assess opportunities and take advantage where they are in tandem with our risk appetite. In 2022, we are committed to growing our gross earnings, extending our market share, maximizing our liquidity and be efficient in our cost management, towards delivering value to all our stakeholders.

APPRECIATION

On behalf of the Executive Management, I would like to thank our esteemed customers for their continued patronage. We also appreciate the shareholders of the Bank for their continued confidence in us. Your support has enabled us to further commit ourselves to the relentless pursuit of the Bank's growth. I wish to commend my colleagues, the Executive Management Team and our Staff, as the results we celebrate today are due in large to their critical contributions.

To the Board of Directors, I am grateful for your constant guidance, support and dedication to the Bank's objectives.

CONCLUSION

As we look ahead, I am honored to be part of a resilient business that has remained profitable for the 6th consecutive year in 2021 and leading the charge in the mortgage space in which we operate.

We remain resolute in our quest to make the Bank one of the most resilient, sustainable and profitable businesses, towards becoming Africa's foremost Mortgage bank.

Thank you.

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

REPORT OF THE DIRECTORS

The Directors have the pleasure in presenting to annual report for the year ended December 31, 2021, which disclose the State of Affairs of the LivingTrust Mortgage Bank Plc. ("the Bank").

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.

Principal Activities

The principal activity of the Bank is the provision of mortgage banking, construction finance and other financial intermediation services to corporate and individual customers.

Business Review

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.

Legal Form

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

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.

Operating Results

Gross earnings increased by 149%. Highlights of the Bank's operating results for the year under review are as follows:

Name	31 – Dec-2021 ₦	31-Dec-2020 ₦
Gross Earnings	1,627,781,000	652,615,797
Impairment (Charge)/Write-back	53,674,000	(39,569,677)
Profit/(Loss) Before Taxation	768,209,000	151,423,934
Income Tax Expense	261,248,000	19,064,729
Profit After Taxation	506,961,000	132,359,205

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, 2021 is as stated below:

Shareholding Band

Range	No of Shareholders	No of Holdings	% of Shareholdings
1 - 5,000,000	124	12,585,379	0.25%
5,000,001 - 10,000,000	0	0	0
10,000,001 - 250,000,000	31	1,090,133,708	21.80%
250,000,001 - 1,000,000,000	1	909,706,292	18.19%
1,000,000,001 - 2,500,000,000	1	2,987,574,621	59.75%
TOTAL	**157**	**5,000,000,000**	**100%**

iv) Share Capital History

The movement in the Bank's authorized and paid up ordinary share capital from commencement to date is shown below:

AUTHORIZED SHARE CAPITAL

DATE	UNIT PRICE	INCREASE	CUMULATIVE UNIT	N
2014	0.5	11,000,000,000	11,000,000,000.00	5,500,000,000.00
2015	0.5	-	11,000,000,000.00	5,500,000,000.00
2016	0.5	-	11,000,000,000.00	5,500,000,000.00
2017	0.5	-	11,000,000,000.00	5,500,000,000.00
2018	0.5	-	11,000,000,000.00	5,500,000,000.00
2019	0.5	-	11,000,000,000.00	5,500,000,000.00
2020	0.5	-	11,000,000,000.00	5,500,000,000.00
2021	0.5	-	11,000,000,000.00	5,500,000,000.00
			11,000,000,000	**5,500,000,000**

ISSUED AND FULLY PAID SHARE CAPITAL HISTORY

Year	Increase	unit price	Unit	N
2014	5,000,000,000	0.50	5,000,000,000	2,500,000,000.00
2015			5,000,000,000	-
2016			5,000,000,000	-
2017			5,000,000,000	-
2018			5,000,000,000	-
2019			5,000,000,000	-
2020			5,000,000,000	-
2021			5,000,000,000	-
			5,000,000,000	**2,500,000,000.00**

SUBSTANTIAL INTEREST IN SHARES

According to the register of members as at 31st December 2021, no shareholder held more than 5% of the issued share capital of the Bank except the following:

S/N	NAME OF SHAREHOLDERS	HOLDINGS	PERCENTAGE
1	CITITRUST HOLDINGS PLC	2,987,574,621	59.75%
2	OSUN STATE GOVERNMENT	909,706,292	18.19%
		3,897,280,913	**77.94%**

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

S/N	NAME OF SHAREHOLDERS	HOLDINGS	PERCENTAGE
1	CITITRUST HOLDINGS PLC	2,987,574,621	59.75%
2	OSUN STATE GOVERNMENT	909,706,292	18.19%
3	OSUN STATE LOCAL GOVERNMENTS	1,090,133,708	21.80%
4	OTHERS	12,585,379	0.25%
		5,000,000,000	**100.00%**

DIRECT AND INDIRECT HOLDINGS OF DIRECTORS
The direct and indirect interests of directors in the issued share capital of the Bank as 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 is as stated.

LIVINGTRUST MORTGAGE BANK PLC					
	DIRECTORS HOLDINGS AS AT DECEMBER 31, 2021				
		31 DECEMBER, 2021		31 DECEMBER, 2020	
S/NO	NAME OF DIRECTORS	DIRECT HOLDINGS	INDIRECT HOLDINGS	DIRECT HOLDINGS	INDIRECT HOLDINGS
1	**Alhaji Adebayo Jimoh**	Nil	909,706,292	Nil	909,706,292
2	**Adekunle Adewole**	2,000,000	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	2,987,574,621	Nil	1,533,100,000
8	**Mr. Olufemi Adesina**	4,488,850	Nil	Nil	Nil
9	**Mr. Adeniran Adewole**	Nil	Nil	Nil	1,039,453,653
10	**Mrs. Fehintola Agbeja**	Nil	Nil	Nil	Nil

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

Director's Name
The names of the Directors during the year ended 31st December, 2021 are as follows:

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

Dividend Payment
As a result of its profitable operations, the Bank would reward its shareholders with return on their investment by paying dividend for 2021 financial year.

Events After Reporting Date
There were no post balance sheet events that could have had a material effect on the affairs of the Bank as at 31st December 2021 which have not been adequately provided for or disclosed.

Donations
The following were given by gift and donations during the year (2021)

	2021 DONATIONS
SN	DESCRIPTION
	10 KVA Power inverter as CSR initiative to Osun State College of Technology Esa-Oke

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	Employed During the Year	% of Employed During the Year
Male	9	37.50%
Female	15	62.50%
Total	24	100%

Employees	Total Number	% of Staff
Male	60	57.70%
Female	44	42.30%
Total	104	100%

ANALYSIS OF DIRECTOR BY GENDER

Grade	Number			Percentage	
	Male	Female	Total	Male	Female
Executive Director to Managing Director	2	1	3	67%	33%
Non-Executive Directors	4	0	4	100%	0%
Independent Non-Executive Directors	2	1	3	67%	33%
Senior Manager to General Manager	3	0	3	100%	0

1. 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.

2. 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.

Employee Involvement and Training
The Bank is committed to keeping employees fully informed as much as possible regarding the Bank's performance and progress and seeking their opinion where practicable on matters which particularly affect them as employees.
In accordance with the Bank's policy of continuous development, training is carried out at various levels and employees are nominated to attend both local and international courses. These are equally complimented by on-the–job training.
Formal and informal channels are also employed in communicating with employees with an appropriate two-way feedback mechanism. Incentive schemes designed to encourage involvement of employees in the Bank's performance are implemented whenever appropriate.

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.

Compliant Management Policy
In compliance with Rule 13.4 Client's Compliant Management Rulebook of the Exchange 2015 (Issuers Rule). LivingTrust Mortgage Bank Plc. Maintains a Compliant 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.

Audit Committee
Pursuant to Section 359 (3) of the Companies and Allied Matters Act, CAP C20 LFN 2004, the Bank has in place an Audit Committee comprising three Directors and three Shareholders as follows:

	Shareholders		
1	Mr. Yaya Ajagbe Suraju	Shareholder representative	Chairman
2	Mr. Olugbosun Ariyo	Shareholder representative	Member
3	Mr. Oladejo Adeboye	Shareholder representative	Member
	Non-Executive Directors		
4	Mrs Olatunde Agbeja-Fehintola	Independent Director	Member
5	Mr. Olufemi Adesina	Independent Director	Member

BY ORDER OF THE BOARD

Timothy Gbadeyan Esq.
FRC/2022/NBA/004/00000023970
Company Secretary

CORPORATE GOVERNANCE REPORT

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 2021:

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 2021 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.

These competences have impacted on the Bank's stability and growth. The office of the Chairman of the Board is distinct and separate from that of the Managing Director/Chief Executive Officer and the Chairman does not participate in running the daily activities of the Bank. There are no family ties within the Board.

We confirm that the Chairman of the Board is not a member of any Board Committee and appointment to the Board is made by the shareholders at the Annual General Meeting upon the recommendation of the Board of Directors.

Memberships of the Board of Directors during the year ended 31 December, 2021

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 (resigned)
5	Hon. Bola Oyebamiji	Non-Executive Director
6	Mr. Adeyemi Adefisan Adewole	Non-Executive Director
7	Mr. Adeniran Adewole	Non-Executive Director
8	Mrs Fehintola Olatunde-Agbeja	Independent Non- Executive Director
9	Mr. Michael Omolaja	Independent Non-Executive Director
10	Mr. Olufemi Adesina	Independent Non-Executive Director

Tenure of Office – Election/Re-election of Directors

The tenure of office of an Executive and a Non-Executive Director is a renewable term of four (4) years each for three (3) terms. The tenure of office of an Independent Director is a renewable term of five (5) years each for two (2) terms. The tenure of the Managing Director/CEO is limited to two terms of five (5) 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.

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

As global best practice however that 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.

Statutory Audit Committee
This is a joint shareholders/Board Committee that comprises of 3 (Three) shareholders and 2 (Two) Directors with the Managing Director and 2 (Two) Executive Directors. The Committee has oversight function on Internal Control system and Financial Reporting.

COMMITTEE MEMEBRS

	Director	
1	Mrs. Olatunde-Agbeja Fehintola	Member
2	Mr. Olufemi Adesina	Member

	Shareholders	
1	Mr. Yaya Ajagbe Suraju	Chairman
2	Mr.Olugbosun Ariyo Ayo	Member
3	Mr. Oladejo Adeboye	Member

Quorum: The quorum is formed when two/third of the members are available.

Committee Roles
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.

MEETING ATTENDANCE

S/N	MEMBER	POSITION	Meeting Dates			
			25/02/2021	19/4/2021	14/07/2021	13/10/2021
1	Mr. Yaya Ajagbe Suraju	Chairman	√	√	√	√
2	Mr. Olugbosun Ariyo Ayo	Member	√	√	√	√
3	Mr. Oladejo Adeboye	Member	√	√	√	√
4	Mrs. Olatunde-Agbeja Fehintola	Member	√	√	√	√
5	Mr. Olufemi Adesina	Member	√	√	√	√
IN ATTENDANCE						
6	Mr. Adekunle Adewole	Managing Director	√	√	√	√
7	Mrs. Olaitan Aworonke	Executive Director	√	√	√	√
8	Mr. Oyewole Olowu	Executive Director	√	√	√	Ω

Key:
Present - √
Absent- X
Retired – 'Ω

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.

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

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

Quorum: The quorum is formed when two/third of the members are available.

Committee Roles:

- 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 management's 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.
- Periodic review of Management strategies, policies and procedures for managing credit risk, including credit quality administration, underwriting standards and the establishment and testing of provisioning for credit losses.
- Overseeing the administration of the Bank's credit portfolio, including Management responses to trends in credit risk, credit concentration and asset quality.
- Coordinate as appropriate its oversight of credit risk with Board risk Management Committee in order to assist the committee in its task of overseeing the Bank's overall management and handling of 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 committee's 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.

MEETING ATTENDANCE

S/N	MEMBER	POSITION	Meeting Dates			
			20/01/2021	19/4/2021	13/07/2021	12/10/2021
1	Mr. Omolaja Michael	Chairman	√	√	√	√
2	Mr. Yemi Adefisan	Member	√	√	√	√
3	Mr Adewole Adeniran	Member	√	√	√	√
4	Mr. Adekunle Adewole	Member	√	√	√	√
5	Mrs. Olaitan Aworonke	Member	√	√	√	√
6	Mr. Oyewole Olowu	Member	√	√	√	Ω

Key:

Present - √
Absent- X
Retired – 'Ω

Nomination and Governance Committee

The committee is responsible for the overall governance and personnel function of the Board. Their role includes the following:

Membership

	MEMBERS	
1	Mr. Oyebamiji Bola	Chairman
2	Mrs. Feyintola Agbeja	Independent Non-Executive Director
3	Mr Adewole Adeniran	Non-Executive Director
4	Mr. Adekunle Adewole	Managing Director
5	Mrs. Olaitan Aworonke	Executive Director
6	Mr. Oyewole Olowu	Executive Director (resigned)

MEETING ATTENDANCE

S/N	MEMBER	POSITION	Meeting Dates			
			20/01/2021	21/04/2021	13/07/2021	12/10/2021
1	Mr. Oyebamiji Bola	Chairman	√	√	√	√
2	Mrs. Feyintola Agbeja	Member	√	√	√	√
3	Mr Adewole Adeniran	Member	√	√	√	√
IN ATTENDANCE						
	Mr. Adekunle Adewole	Member	√	√	√	√
	Mrs. Olaitan Aworonke	Member	√	√	√	√
	Mr. Oyewole Olowu	Member	√	√	√	Ω

Key:
Present - √
Absent- X
Retired – Ω

BOARD AUDIT AND RISK COMMITTEE
The Board Risk Management Committee has the oversight function of insulating the Bank from operational and lending risks and is charged with the following responsibilities:

COMMITTEE MEMEBRS

	MEMBERS	
1	Mr. Yemi Adefisan	Chairman
2	Mrs. Feyintola Agbeja	Independent Non-Executive Director
3	Mr. Olufemi Adesina	Independent Non-Executive Director
4	Mr. Adekunle Adewole	Managing Director
5	Mrs. Olaitan Aworonke	Executive Director
6	Mr. Oyewole Olowu	Executive Director (resigned)

Committee Roles

i. Overseeing the overall Risk Management of the Bank
ii. Reviewing periodically, Risk Management objectives and other specific Risk Policies for consideration of the full Board
iii. Evaluating the Risk Rating Agencies, Credit Bureau and other related Service Providers to be engaged by the Bank
iv. Approving the internal Risk Rating Mechanism.
v. Reviewing the Risk Compliance reports for Regulatory Authorities
vi. Reviewing and approving exceptions to The Bank's Risk Policies
vii. Review of policy violations on Risk issues at Senior Management Level
viii. Certifying Risk Reports for Credits, Operations, Market/Liquidity subject to limits set by the Board
ix. Evaluating the risk profile and risk management plans for major projects and new ventures to determine the impact on the Bank's risk profile
x. Ensuring compliance with global best practice standards as required by the Regulators.
xi. Monitoring the market, Operational, Reputational, Liquidity, Compliance, Strategic, Legal and other Risks as determined by the Board.
xii. Any other oversight functions as may, from time to time, be expressly requested by the Board.

MEETING ATTENDANCE

S/N	MEMBER	POSITION	Meeting Dates			
			20/01/2021	21/4/2021	13/07/2021	12/10/2021
1	Mr. Yemi Adefisan	Chairman	√	√	√	√
2	Mrs. Feyintola Agbeja	Member	√	√	√	√
3	Mr. Olufemi Adesina	Member	√	√	√	√
4	Mr. Adekunle Adewole	Member	√	√	√	√
5	Mrs. Olaitan Aworonke	Member	√	√	√	√
6	Mr. Oyewole Olowu	Member	√	√	√	Ω
IN ATTENDANCE						
	Mr. Adekunle Adewole	Managing Director	√	√	√	√
	Mrs. Olaitan Aworonke	Executive Director	√	√	√	√
	Mr. Oyewole Olowu	Executive Director (retired)	√	√	√	Ω

FULL BOARD MEETING

S/No.	BOARD MEMBERS	POSITIONS	23/04/2021	16/07/2021	15/10/2021
1	Alh. Adebayo Jimoh	Board Chairman	√	√	√
2	Hon. Bola Oyebamiji	Non-Executive Director	X	√	√
3	Mr. Michael Omolaja	Non-Executive Director	√	√	√
4	Mr. Yemi Adefisan	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	√	√	Ω

BY ORDER OF THE BOARD

Timothy Gbadeyan Esq.
FRC/2022/NBA/004/00000023970
Company Secretary

BOARD EVALUATION REPORT FOR THE BOARD OF LIVINGTRUST MORTGAGE BANK PLC.

9 March, 2022

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, 2021

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, 2021. 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, the Nigerian Code of Corporate Governance and the Companies and Allied Matters Act 2020;
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
FRC/2013/ICAN/000000003486
***F*or: Bakertilly Nigeria (Chartered Accountants)**

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.

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.

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 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.

Financial risks

The bank's operation 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

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.

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.

LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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:

(d) appropriate internal controls are established both to safeguard the assets of the Bank and to prevent and detect fraud and other irregularities;

(e) 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 2020, the Financial Reporting Council Act No. 6, 2011, Revised Prudential Guidelines and relevant circulars issued by the Central Bank of Nigeria;

(f) 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

(g) 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:7th March 2022

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

Dated:7th March 2022

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 2021, 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 2021, 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 requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of financial statements in Nigeria.

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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List of Partners and Partner equivalents are available at 205A Ikorodu Road • Obanikoro • Lagos.

Offices in: Abuja• Jos • Kaduna• Kano • Port Harcourt

Key Audit Matter	How the matter was addressed in the audit
Impairment allowance on loans and advances to customers 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. The ECL model involves the application of considerable level of judgement and estimation in determining inputs for ECL calculation such as: • determining criteria for assigning Probabiliy 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. 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. The Bank's accounting judgement and estimates, acounting policy on impairment and loans and advances to customers are disclosed in notes 2c, 4.12 and 18 respectively.	Our procedures included the following: • 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. Based on the work we have performed, we consider the level of impairment allowance acceptable.

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 Company 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.

- 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:

i) 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;
ii) Proper books of account have been kept by the Bank, in so far as it appears from our examination of those books
iii) 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:

i) 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.

ii) Related party transactions and balances are disclosed in Note 33 to the financial statements in compliance with Central Bank of Nigeria circular BSD/1/2004.

Olatunji Ogundeyin, FCA
FRC/2013/ICAN/00000002224
For: **PKF Professional Services**
Chartered Accountants
Lagos, Nigeria

Dated: 7 March 2022

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
1184539

REPORT OF THE AUDIT COMMITTEE

FOR THE YEAR ENDED 31ST DECEMBER 2021

In compliance with the provisions of section 359(6) of the companies and Allied matters Act, Cap C20 LFN 2004, 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 2021 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 7TH DAY OF MARCH 2022.

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

Members of the Audit Committee

1.	Mr. Suraju Ajagbe Yaya	Shareholder, Chairman
2.	Mrs. Olatunde-Agbeja Fehintola	Independent Director, Member
3.	Mr. Olufemi Adesina	Independent Director, Member
4.	Mr. Ariyo Olugbosun	Shareholder, Member
5.	Mr. Oladejo Adeboye	Shareholder, Member

CERTIFICATION PURSUANT

To Section 60(2) of the investments and securities Act No. 29 2007 FOR THE YEAR ENDED 31ST DECEMBER, 2021

We the undersigned hereby certify the following with regard to Audited Accounts for the year ended 31st December, 2021 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 maintain 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 weakness.

DATED THIS 7TH DAY OF MARCH 2022.

YEMISI ADESINA
FINANCIAL CONTROLLER

ADEKUNLE ADEWOLE
MANAGING DIRECTOR/CEO

LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	2021 ₦'000	2020 ₦'000
Assets			
Cash and balances with CBN	16	**159,427**	112,892
Due from banks	17	**2,722,755**	1,346,860
Loans and advances to customers	18	**7,852,074**	4,078,130
Investment securities	19	**96,803**	106,717
Other assets	20	**63,274**	90,684
Property and equipment	21	**286,565**	260,430
Intangible assets	22	**22,241**	32,154
Deferred tax assets	14.5	**-**	1,833
		11,203,139	6,029,699
Non-current assets held for sale	23	**183,351**	268,051
Total assets		**11,386,490**	6,297,750
Liabilities and equity			
Liabilities			
Deposit from customers	24	**5,296,312**	2,619,302
Borrowings	25	**339,939**	63,035
On-lending facility	26	**1,882,164**	583,081
Current income tax liability	14.3	**197,636**	25,085
Deferred tax liability	14.5	**61,787**	-
Other liabilities	27	**384,495**	230,139
Total liabilities		**8,162,333**	3,520,641
Equity			
Ordinary share capital	28	**2,500,000**	2,500,000
Statutory reserve	29.1	**213,161**	111,769
Retained earnings	29.2	**388,164**	107,591
Fair value reserve	29.3	**(17,230)**	(7,317)
Regulatory risk reserve	29.4	**140,062**	65,065
Total equity		**3,224,157**	2,777,109
Total liabilities and equity		**11,386,490**	6,297,750

The financial statements were approved by the Board of Directors on 7th March 2022 and signed on its behalf by:

Alhaji Adebayo Jimoh	**Adewole Adekunle**	**Adesina Yemisi Funmilayo**
Chairman	**Managing Director/CEO**	**Financial Controller**
FRC/2014/NIM/00000008047	**FRC/2020/002/00000022316**	**FRC/2021/001/00000023640**

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 2021

	Notes	2021 ₦'000	2020 ₦'000
Gross earnings		**1,627,781**	652,616
Interest and similar income	7	**1,130,247**	374,139
Interest and similar expense	8	**(231,816)**	(52,762)
Net interest income		**898,430**	321,378
Net fee and commission income	9	**155,479**	68,024
Other operating income	10	**342,055**	210,452
Total operating income		**1,395,965**	599,854
Impairment loss (charge)/writeback	11	**53,632**	(39,570)
Net operating income		**1,449,597**	560,284
Personnel expenses	12	**310,469**	187,947
Depreciation of property and equipment	21	**50,468**	44,427
Amortisation of intangible assets	22	**10,163**	6,484
Other operating expenses	13	**310,287**	170,002
Total operating expenses		**681,387**	408,860
Profit before tax		**768,209**	151,424
Income tax (expense)/credit	14.1	**(261,248)**	(19,065)
Profit for the year		**506,961**	132,359
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	**(9,913)**	(4,116)
Total comprehensive income		**497,048**	128,244
Earnings per share - Basic (Kobo)	15	**10.14**	2.65

LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Attributable to equity holders						
	Ordinary Share Capital ₦'000	Share Premium ₦'000	Statutory Reserves ₦'000	Retained Earnings ₦'000	Fair Value Reserves ₦'000	Regulatory Risk Reserves ₦'000	Total equity ₦'000
At 1 January 2020	2,500,000	-	85,297	65,975	(3,201)	794	2,648,865
Profit for the year	-	-	-	132,359	-	-	132,359
Changes in the fair value of equity investments designated at FTVOCI	-	-	-	-	(4,116)	-	(4,116)
Transfer between reserves	-	-	26,472	(90,743)	-	64,271	-
At 31 December, 2020	2,500,000	-	111,769	107,591	(7,317)	65,065	2,777,109
At 1 January 2021	2,500,000	-	111,769	107,591	(7,317)	65,065	2,777,109
Profit for the year	-	-	-	506,961	-	-	506,961
Changes in the fair value of equity investments designated at FTVOCI	-	-	-	-	(9,913)	-	(9,913)
Transfer between reserves	-	-	101,392	(176,388)	-	74,996	-
Dividend paid	-	-	-	(50,000)	-	-	(50,000)
At 31 December, 2021	**2,500,000**	**-**	**213,161**	**388,164**	**(17,230)**	**140,062**	**3,224,157**

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.

Regulatory risk reserve
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
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.

LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 ₦'000	2020 ₦'000
Cash flows from operating activities			
Profit after tax		**506,961**	132,359
Adjustment for non-cash items			
Impairment charge/(write back) on loans and advances	11	**(53,632)**	39,612
Write-off of non-current assets held for sale	13	**-**	2,959
(Profit)/loss on disposal of fixed assets	10	**(116)**	2,496
Impairment write back on bank placements	17.5	**-**	(4)
Depreciation of property and equipment	21	**50,468**	44,427
Amortisation of intangible assets	22	**10,163**	6,484
Income tax expense	14.1	**261,248**	19,065
Cashflows before changes in working capital		**775,093**	247,398
Changes in working capital			
Increase in loans and advances		**(3,720,313)**	(2,316,453)
Decrease in other assets		**27,410**	58,566
Increase in due to customers		**2,677,010**	1,410,170
Increase/(decrease) other liabilities		**154,356**	56,976
		(861,536)	(790,740)
Tax paid	14.2	**(25,078)**	(3,127)
Net cash from operating activities		**(111,521)**	(546,468)
Cash flows from investing activities;			
Purchase of property and equipment	21	**(77,185)**	(89,984)
Purchase of intangible assets	22	**(250)**	(12,720)
Disposal/(additions) of investment in treasury bills		**-**	599,962
Additions to non-current assets held for sale		**(18,817)**	(17,514)
Disposal of non-current assets held for sale		**103,518**	41,755
Proceeds from disposal of property and equipment		**698**	9,533
Net cash from/(used) investing activities		**7,963**	531,032
Cash flows from financing activities			
Repayment of borrowed funds	25	**(10,121)**	(67,180)
Additional on-lending facility	26	**1,911,827**	187,247
Repayment of on-lending facility	26	**(325,723)**	(24,897)
Dividend Paid to registrar	29.2	**(50,000)**	-
Net cash from financing activities		**1,525,984**	95,171
Increase in cash and cash equivalents		**1,422,426**	79,734
Cash and cash equivalents as at 1 January		**1,459,756**	1,380,022
Cash and cash equivalents as at 31 December		**2,882,182**	1,459,756
Additional cash flow information			
Cash and cash equivalents			
Cash on hand	16	**69,883**	74,712
Cash deposit with CBN	16	**89,544**	38,181
Balances with banks within Nigeria	17	**1,558,361**	783,888
Placements with banks	17	**1,164,394**	562,976
		2,882,182	1,459,756

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 2021

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.

	2021	2020
	₦'000	₦'000
Analysis of Prudential Guidelines provision		
Performing	**73,939**	38,116
Non-performing:		
Watchlist	**1,229**	801
Substandard	**11,999**	37,566
Doubtful	**30,334**	12,807
Very doubtful	**-**	-
Lost	**60,753**	85,492
Interest-in-suspense	**44,700**	26,808
Total prudential impairment provision	**222,955**	201,591
IFRS impairment allowance		
Stage 1 (See note 18.8)	**71,200**	129,394
Stage 2 (See note 18.8)	**9,497**	24
Stage 3 (See note 18.8)	**2,197**	7,107
Total ECL impairment	**82,893**	136,525
IFRS impairment allowance lower/(above) prudential provision	**140,062**	65,065
Regulatory risk reserve		
At 1 January	**65,065**	794
Transfer to/(from) retained earnings	**74,996**	64,271
At 31 December	**140,062**	65,065

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 2021

1. General information

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 2021.

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.

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 includes 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 A	12 month expected losses	Gross carrying amount
Substandard	BB B C	Lifetime expected losses	Amortised cost
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 have 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.

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:

Corporate and other entities exposures	Individual exposures	All exposures
- 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.	- Internally collected data on customer behaviour - Ability to repay the loan as at when due	- Payment record - Requests for and granting forbearance - Existing and forecast changes in business, financial and economic conditions

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.

Dividend paid

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.

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 maximize collection opportunities and minimize 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.

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 unlikeliness 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 2021.

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 2021

			2019	2020	2021	2022	2023	Subsequent years
		%	%	%	%	%	%	%
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.

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.

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 2020, except for the adoption of new standards effective as of 1 January 2021.

Several standards amendments and interpretations apply for the first time in 2021 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.

3.2 New and revised IFRS Standards in issue but not yet effective (but allow early application) for the year ending 31 December 2021

3.2.1 IFRS 17 Insurance contracts

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 17 (including the June 2020 amendments to IFRS 17) - Insurance Contracts
- Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate OT Joint Venture
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
- Amendments to IFRS 3 - Reference to the Conceptual Framework
- Amendments to IAS 16 - Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 - Onerous Contracts — Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020 Cycle - Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

3.2.2 Amendments to IAS 1 Presentation of Financial Statements — Classification of Liabilities as Current or Non- current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

The Directors of the company do not anticipate that the application of the amendments in the future will have an impact on the company's financial statements.

3.2.3 Amendments to IAS 16 - Property, Plant and Equipment — Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments

The entity shall recognises the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

3.2.4Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets — Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and 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 amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

3.2.5 Amendments to IFRS 3 - Reference to the conceptual framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

3.2.6 Annual Improvements to IFRS Standards 2018 - 2020 — Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The Annual Improvements include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.
As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

3.2.7 Narrow Scope Amendments deferred until further notice a) IFRS 10 consolidated financial statements

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

b) IAS 28 Investments in Associates and Joint Ventures

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

3.2.8 New standards, amendments and interpretations issued but without an effective date

At the date of authorisation of these financial statements the following standards, amendments to existing standards and interpretations were in issue, but without an effective: This includes:

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

3.2.9 Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

3.3.0 Amendments to IAS 12 Income Taxes — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The Board also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
- Right-of-use assets and lease liabilities
- Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset

The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

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.

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.

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:
- Management's stated policies and objectives for the portfolio and the operation of those policies in practice;
- How management evaluates the performance of the portfolio;
- Whether management's strategy focus on earning contractual interest revenues;
- 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.

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.

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 form 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 date 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 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 s either amortized cost, fair value through profit or loss or fair value through other comprehensive income.

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-ay 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.

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.

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 though 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.

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 contributes 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.

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) 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.

4.28 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
- 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.

4.29 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 emphasizes 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.

4.30 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.

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 cease are applied separately to each individual item within the designated group of items. The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are 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.

4.31 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:

6. increasing the prominence of stewardship in the objective of financial reporting;
7. reinstating prudence as a component of neutrality;
8. defining a reporting entity, which may be a legal entity , or a portion of an entity;
9. revising the definitions of an asset and a liability;
10. removing the probability threshold for recognition and adding guidance on derecognition;
11. adding guidance on different measurement basis; and
12. 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.

4.32 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.

4.33 Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021-Amendment to IFRS 16

In the prior year, the Company early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.

In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022. In the current financial year, the Company has applied the amendment to IFRS 16 (as issued by the Board in May 2021) in advance of its effective date.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID- 19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

b) Any reduction in lease payments affects only payments originally due on or before 30 June 202Z (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022).
c) There is no substantive change to other terms and conditions of the lease.

The Directors of the Company assessed that the application of the amendments has an immaterial impact on the Company's financial statements.

4.34 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 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 operate 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 maximize 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 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.

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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.

	2021 ₦'000	2020 ₦'000
Regulatory capital		
Tier 1 capital		
Share capital	**2,500,000**	2,500,000
Statutory reserves	**213,161**	111,769
Retained earnings	**388,164**	107,591
Intangible assets	**(22,241)**	(32,154)
Total qualifying Tier 1 capital	**3,079,084**	2,687,206
Tier 2 capital		
Long term loans	**2,222,103**	646,116
Fair value through other comprehensive income - FVTOCI	**(17,230)**	(7,317)
Total qualifying Tier 2 capital	**2,204,873**	638,799
Total qualifying capital	**5,283,958**	3,326,005
Risk-weighted assets:		
On-balance sheet	**10,671,633**	5,531,706
Ratio	**49.51**	60.13

During the year, the highest and lowest peaks of the Bank's computed CAR are shown below:

	2021	2020
Highest	**68.93**	76.02
Lowest	**53.11**	51.83
Average	**61.02**	63.93

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 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 operation 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.

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:

	2021 ₦'000	2020 ₦'000
Financial assets		
Cash and balances with CBN	**159,427**	112,892
Due from banks	**2,722,755**	1,346,861
Loans and advances to customers	**7,852,074**	4,078,129
-At amortised cost	**-**	-
-At Fair value through other comprehensive income	**96,803**	106,717
Other assets	**18,913**	69,953
	10,849,972	5,714,552

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 it's exposure to liquidity risk. The bank complies with minimum regulatory requirements.

6.3.2b Liquidity risks

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

	Current	Non-current	Total
	₦'000	₦'000	₦'000
31 December 2021			
Deposit from customers	**5,296,312**	**-**	**5,296,312**
Borrowings	**-**	**339,939**	**339,939**
On-lending facility	**-**	**1,882,164**	**1,882,164**
Other liabilities	**378,995**	**-**	**378,995**
	5,675,307	**2,222,103**	**7,897,410**
31 December 2020			
Due to customers	2,619,302	-	2,619,302
Borrowings	-	63,035	63,035
On-lending facility		583,081	583,081
Other liabilities	227,139	-	227,139
	2,846,440	646,116	3,492,556

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.

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.

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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.

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 ₦'000	1 to 3 Months ₦'000	3 to 6 Months ₦'000	6 to 12 Months ₦'000	1 to 3 Years ₦'000	Total ₦'000
a) As at 31 December 2021						
Assets						
Due from Banks	**226,980**	**1,807,233**	**129,218**	**458,844**	**97,633**	**2,719,908**
Loans and advances to customers	**312,560**	**443,288**	**154,479**	**672,755**	**6,268,992**	**7,852,074**
	539,540	**2,250,521**	**283,698**	**1,131,599**	**6,366,625**	**10,571,982**
Liabilities						
Deposit from customers	**3,840,631**	**702,378**	**451,982**	**301,322**	**-**	**5,296,313**
Borrowings	**-**	**-**	**-**	**-**	**339,939**	**339,939**
On-lending facility	**-**	**-**	**-**	**-**	**1,882,164**	**1,882,164**
	3,840,631	**702,378**	**451,982**	**301,322**	**2,222,103**	**7,518,416**
Gap	**(3,301,091)**	**1,548,143**	**(168,285)**	**830,277**	**4,144,521**	**3,053,566**

	Up to 1 Month ₦'000	1 to 3 Months ₦'000	3 to 6 Months ₦'000	6 to 12 Months ₦'000	Over 12 Months ₦'000	Total ₦'000
b) As at 31 December 2020						
Assets						
Due from Banks	113,405	925,279	103,000	127,353	77,823	1,346,860
Loans and advances to customers	166,016	235,452	82,052	357,334	3,237,276	4,078,130
	279,421	1,160,732	185,052	484,686	3,315,099	5,424,990
Liabilities						
Deposit from customers	2,150,250	426,137	25,749	17,166	-	2,619,302
Borrowings	-	-	-	-	63,035	63,035
On-lending facility	-	-	-	-	583,081	583,081
	2,150,250	**426,137**	**25,749**	**17,166**	**646,116**	**3,265,417**
Gap	**(1,870,829)**	**734,595**	**159,303**	**467,520**	**2,668,983**	**2,159,572**

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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 2021

	Up to 1 Month ₦'000	1 to 3 Months ₦'000	3 to 6 Months ₦'000	6 to 12 Months ₦'000	Over 12 Months ₦'000	Total ₦'000
Assets						
Cash and balances with CBN	**69,883**	**-**	**-**	**-**	**89,544**	**159,427**
Due from Banks	**226,980**	**1,807,233**	**129,218**	**458,844**	**97,633**	**2,719,908**
Loans and advances to customers	**312,560**	**443,288**	**154,479**	**672,755**	**6,268,992**	**7,852,074**
- At fair value through other comprehensive income	**-**	**-**	**-**	**-**	**96,803**	**96,803**
Other assets	**31,637**	**18,982**	**12,655**	**-**	**-**	**63,274**
Property and equipment	**-**	**-**		**-**	**286,565**	**286,565**
Intangible assets	**-**	**-**	**-**	**-**	**22,241**	**22,241**
Deferred tax assets	**-**	**-**	**-**	**-**	**-**	**-**
Non-current assets held for sale	**-**	**-**	**183,351**		**-**	**183,351**
Total assets	**641,060**	**2,269,503**	**479,703**	**1,131,599**	**6,861,778**	**11,383,642**
Liabilities						
Deposit from customers	**3,840,631**	**702,377.92**	**451,982**	**301,322**	**-**	**5,296,313**
Borrowings	**-**	**-**	**-**	**-**	**339,939**	**339,939**
On-lending facility	**-**	**-**	**-**	**-**	**1,882,164**	**1,882,164**
Current income tax liabilities	**-**	**-**	**-**	**197,636**	**-**	**197,636**
Deferred income tax liability	**-**	**-**	**-**	**-**	**-**	**-**
Other liabilities	**384,495**	**-**	**-**	**-**	**-**	**384,495**
Total liabilities	**4,225,125**	**702,378**	**451,982**	**498,957**	**2,222,103**	**8,100,546**
Gap	**(3,584,066)**	**1,567,125**	**27,721**	**632,642**	**4,639,675**	**3,283,096**

b) Maturity profile of assets and liabilities
As at 31 December 2020

	Up to 1 Month ₦'000	1 to 3 Months ₦'000	3 to 6 Months ₦'000	6 to 12 Months ₦'000	Over 12 Months ₦'000	Total ₦'000
Cash and balances with CBN	74,712	-	-	-	38,181	112,892
Due from banks	113,405	925,279	103,000	127,353	77,823	1,346,860
Loans and advances to customers	166,016	235,452	82,052	357,334	3,237,276	4,078,130
- At amortised cost	-	-	-	-		-
- At fair value through other comprehensive income				-	106,717	106,717
Other assets	45,342	27,205	18,137	-		90,684
Property and equipment	-	-	-	-	260,430	260,430
Intangible asset	-	-	-	-	32,154	32,154
Deferred tax assets					1,833	1,833
Non current assets held for sale	-	-	268,051		-	268,051
Total assets	399,474	1,187,937	471,239	484,686	3,754,414	6,297,750
Liabilities						
Deposit from customers	2,150,250	426,137	25,749	17,166	-	2,619,302
Borrowings	-	-	-	-	63,035	63,035
On-lending facility			-	-	583,081	583,081
Current income tax liabilities	-	-	-	25,085	-	25,085
Deferred income tax liability	-	-	-	-	-	-
Other liabilities	230,139	-	-	-	-	230,139
Total liabilities	2,380,389	426,137	25,749	42,251	646,116	3,520,641
Gap	(1,980,914)	761,800	445,490	442,435	3,108,298	-

	2021 ₦'000	2020 ₦'000
7. Interest and similar income		
National Housing Fund loans	**32,608**	28,219
Other mortgage loans and advances to customers	**1,097,638**	345,921
	1,130,247	374,139
8. Interest and similar expense		
Borrowings	**117,602**	35,146
Fixed deposits accounts	**110,895**	16,066
Savings deposit	**2,853**	1,348
Current account	**467**	203
	231,816	52,762
9. Fees and commission income		
Credit related fees and commission (Note 9.1)	**130,416**	53,687
Commissions and account maintenance charges	**25,063**	14,337
	155,479	68,024

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.

	2021 ₦'000	2020 ₦'000
10. Other operating income		
Investment Income:		
- Government treasury bills	**-**	55,364
- Other investment income	**-**	357
Interest from bank placement	**139,157**	56,462
Other income (Note 10.1)	**202,783**	98,270
Gain on disposal of property and equipment	**116**	-
	342,055	210,452

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.

	2021 ₦'000	2020 ₦'000
11. Impairment loss charge/(write back)		
Loans and advances to customers (Note 18.6)	**(53,632)**	39,612
Other assets (Note 20.1)	**-**	-
Treasury bills (Note 19.1)	**-**	(38)
Placement with other banks (Note 17)	**-**	(4)
Financial investments (Note 19.2)	**-**	-
	(53,632)	39,570

The Forced Sales Value (FSV) of the collateral pledged on each credit transaction is higher than the value of the loan granted to credit customers which results to the Exposure At Default (EAD) being lesser than the collateral amount and the Expected Credit Loss (ECL) equals zero which led to a write back of N53.6m.

	2021 ₦'000	2020 ₦'000
12. Personnel expenses		
Salaries and wages	**247,336**	151,212
Other staff costs	**48,160**	28,137
Pension costs – defined contribution plan	**14,973**	8,597
	310,469	187,947

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

	2021 ₦'000	2020 ₦'000
13. Other operating expenses		
Office expenses	**19,946**	2,759
Light and power	**5,230**	4,178
Office rent	**7,038**	5,089
Other expenses	**1,468**	376
Travelling expenses	**2,554**	1,155
Hotel accommodation	**5,221**	1,564
Telephone expenses	**3,726**	2,305
Advert and promotions	**16,582**	1,739
Legal and other professional fees	**5,550**	4,219
Audit fee expenses	**5,500**	3,000
Tax Consultancy Charge	**1,000**	-
Printing and stationery expenses	**4,151**	2,821
Diesel, fuel and lubricant	**13,489**	6,928
Loss on disposal of asset held for sale	**-**	-
Loss on disposal of fixed assets	**-**	2,496
Registrations and subscriptions	**6,654**	7,565
Postage and courier services expenses	**246**	179
Other IT related expenses	**20,740**	19,645
Donation	**7,571**	6,947
Diesel for IT department	**11,858**	8,259
Fines from other regulatory agencies	**-**	378
Technology levy expenses	**-**	-
Bank and other non interest charges	**55,837**	7,164
Security services expenses	**11,292**	11,171
Other assets written off	**-**	-
Assets held for sale written off	**-**	2,959
Bad debts written off	**4,415**	6,573
Insurance expenses	**9,272**	3,950
NDIC premium	**10,277**	4,487
Annual general meeting expenses	**4,645**	1,642
Repairs and maintenance expenses	**16,996**	11,992
Recapitalisation expenses	**-**	4,039
Directors' fee	**12,219**	12,000
Directors' sitting allowance	**11,688**	10,410
Other Directors' expenses	**35,124**	12,014
	310,287	170,002

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	2021	2020
	₦'000	₦'000
14. Taxation		
14.1 Income tax expense		
Income tax	**179,102**	19,636
Minimum tax	**-**	-
Education tax	**15,383**	3,927
Information technology levy	**3,105**	1,514
Police fund levy	**38**	8
Total current tax charge	**197,628**	25,085
Over provision in prior years	**-**	(9,761)
Deferred tax liability (write back)/charge	**63,620**	(5,772)
Deferred tax assets charge/(write back)		9,512
Total income tax expense/(credit)	**261,248**	19,065
14.2 Reconciliation of effective tax rate		
Profit before income tax	**768,209**	151,424
Tax thereon at 30% (2020: 30%)	**230,463**	45,427
Non-deductible expenses		100,302
Non-taxable Income		(55,364)
Accelerated capital allowance	**-**	-
Effect of Minimum Tax	**-**	-
Effect of education tax levy	**15,383**	3,927
Effect of information technology levy	**3,105**	1,514
Effect of Police fund levy	**38**	8
Effect of deferred tax	**63,620**	3,741
	312,609	99,554
Effective tax rate	**41%**	66%
14.3 Current income tax liability		
At 1 January	**25,085**	12,888
Charge for the year	**197,628**	25,085
Over provision in prior years	**-**	(9,761)
Education tax paid		
Payments	**(25,078)**	(3,127)
At 31 December	**197,636**	25,085

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	2021	2020
	₦'000	₦'000
14.4 Deferred tax assets		
At 1 January	**36,043**	45,555
(Charge)/write back in the year (Note 14.1)	**(81,728)**	(9,512)
At 31 December	**(45,685)**	36,043
14.5 Deferred tax liability		
At 1 January	**34,210**	39,981
(Write back)/charge in the year (Note 14.1)	**(18,108)**	(5,772)
At 31 December	**16,102**	34,210
Deferred tax (liability)/assets	**(61,787)**	1,833
14.6 Deferred tax liability are attributable to the following:		
Property and equipment	**81,728**	34,210
Impairment	**(18,108)**	-
	63,620	34,210
14.7 Deferred tax assets are attributable to the following:		
Un-utilised capital allowance	**-**	24,172
Impairment	**-**	11,871
	-	36,043

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:

	2021	2020
Net profit attributable to ordinary shareholders	**506,961**	132,359
Weighted average number of ordinary shares	**5,000,000**	5,000,000
Basic earnings per ordinary share (kobo)	**10.14**	2.65

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.

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	2021	2020
	₦'000	₦'000
16. Cash and balances with CBN		
Cash on hand	**69,883**	74,712
Deposit with the Central Bank of Nigeria (CRR) (Note 16.1)	**89,544**	38,181
	159,427	112,892

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 requirements.

	2021	2020
17. Due from banks		
Placements with banks and other financial institutions (Note 17.1)	**1,164,394**	562,976
Balances with banks within Nigeria (Note 17.2)	**1,558,361**	783,888
	2,722,755	1,346,864
Allowance for impairment losses (Note 17.3)	**-**	(4)
	2,722,755	1,346,860

	2021	2020
17.1 Analysis of placements with banks and other financial institutions		
First Bank Plc	**30,000**	30,000
Heritage Bank Plc	**-**	220,981
Sterling Asset Management & Trustees (SAMTL)	**514,425**	-
First Option Microfinance Bank	**50,000**	-
Wema Bank Plc	**102,001**	-
Core Asset Management Limited	**84,709**	250,000
Providus Bank Limited	**350,000**	50,000
Interest receivable on placements	**33,260**	11,995
	1,164,394	562,976

LIVINGTRUST MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS
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	2021	2020
	₦'000	₦'000
17.2 Analysis of balances with banks within Nigeria		
Access Bank Plc	**77,258**	5,379
Ecobank Plc	**5,544**	545
Heritage Bank Plc	**290**	173
Fidelity Bank Plc	**1**	1
First Bank Plc	**11,413**	22,999
First City Monument Bank Plc	**1,279**	4,099
Sterling Bank Plc	**10,096**	90
Polaris Bank Limited	**3,666**	14,595
United Bank For Africa Plc	**3,971**	5,181
Union Bank Plc	**42**	42
Unity Bank Plc	**268**	229
Wema Bank Plc	**270,343**	8
Zenith Bank Plc	**208,045**	2,660
Stanbic Bank Plc	**210,677**	77,165
Guaranty Trust Bank Plc	**8,185**	43,314
First Option Microfinance Bank	**3,528**	161
Providus Bank Limited	**743,756**	607,245
	1,558,361	783,888
17.3 Impairment allowance on due from banks		
Gross carrying amount	**-**	8
At 1 January		
Impairment writeback	**-**	(4)
At 31 December	**-**	4
18. Loans and advances to customers		
18.1 Analysis by product type		
Mortgage loans (Note 18.2)	**3,410,568**	2,061,206
On-lending facilities (National Housing Fund)	**2,028,881**	597,580
Estate development loans (Note 18.3)	**1,293,248**	957,295
Other loans (Note 18.4)	**1,202,271**	598,573
Gross loans and advances to customers	**7,934,968**	4,214,655
ECL impairment allowance (Note 18.5)	**(82,893)**	(136,525)
Net carrying amount	**7,852,074**	4,078,130
18.2 Analysis of mortgage loans		
Residential	**2,092,341**	1,542,637
Commercial	**1,270,632**	479,168
Interest receivable	**47,594**	39,401
	3,410,568	2,061,206

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 ₦'000	2020 ₦'000
18.3 Analysis of estate development loans		
Estate development loans	**1,267,588**	941,511
Interest receivable	**25,660**	15,784
	1,293,248	957,295
18.4 Analysis of other loans		
Term loans	**549,219**	65,261
Staff loans	**230,468**	115,545
Personal loan	**375,400**	405,289
Unauthorised overdrafts	**10,628**	6,920
Interest receivable	**36,556**	5,558
	1,202,271	598,573
18.5 Impairment allowance for loans and advances to customers as analysed below:		
Impairment allowance on stage 1-12 months ECL (Note 18.8)	**71,200**	129,394
Impairment allowance on stage 2 -lifetime ECL not credit impaired (Note 18.8)	**9,497**	24
Impairment allowance on stage 3 -Non-performing loans (Note 18.8)	**2,197**	7,107
	82,893	136,525
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 (Note	**(58,194)**	97,319
Impairment writeback on stage 2 -lifetime ECL not credit impaired (Note 18.8)	**9,473**	(55)
Impairment (write-back)/charge on stage 3 -Non-performing loans (Note 18.8)	**(4,911)**	(57,653)
Total	**(53,632)**	39,612
18.7 Analysis of ECL by IFRS Bucket		
Commercial Mortgages	**2,972,368**	24,742
Micro-Finance	**1,997,762**	509
Residential	**2,252,081**	110,188
Social residential	**712,756**	1,087
	7,934,968	136,525

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

For the year 2021	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	129,394	24	7,107	136,525
Changes due to modification not derecognised	-	-		-
Impairment charge/(write back) for the year (Note 11)	(58,194)	9,473	(4,911)	(53,632)
At 31 December	**71,200**	**9,497**	**2,197**	**82,893**

For the year 2020	Stage 1 N	Stage 2 N	Stage 3 N	Total N
At 1 January	32,074	79	64,760	96,913
Changes due to modification not derecognised	-	-		-
Impairment charge/(write back) for the year (Note 11)	97,319	(55)	(57,653)	39,612
At 31 December	129,394	24	7,107	136,525

	2021 ₦'000	2020 ₦'000
18.9 Analysis by internal rating		
AA	**6,694,666**	3,144,501
A	**762,662**	347,491
BB	**217,692**	409,643
C	**111,218**	108,450
D	**148,729**	204,571
	7,934,968	4,214,655
18.10 Analysis by security		
Secured against real estate	**6,985,213**	2,578,151
Otherwise secured	**902,559**	1,573,170
Unsecured	**47,196**	63,335
	7,934,968	4,214,655

LIVINGTRUST MORTGAGE BANK PLC

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	2021	2020
	₦'000	₦'000
18.11 Analysis by maturity		
Under 1 month	**312,560**	166,016
1-3 months	**443,288**	235,452
3-6 months	**154,479**	82,052
6-12 months	**672,755**	357,334
Over 12 months	**6,351,885**	3,373,801
	7,934,968	4,214,655
18.12 Analysis by performance		
Performing	**7,597,487**	3,816,216
Non-performing:		
Watchlist	**210,864**	80,077
Substandard	**23,465**	207,255
Doubtful	**48,379**	25,615
Lost	**54,773**	85,492
	7,934,968	4,214,655
18.13 Loan and Advances analysis by IFRS buckets		
Commercial	**2,978,063**	575,944
Micro	**2,006,022**	7,158
Residential	**2,218,580**	2,998,461
Social residential	**731,575**	633,091
	7,934,241	4,214,655

18.14 Concentration of credit risk

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.

	2021	2020
	%	%
Residential Mortgages (75% floor)	**120.84**	80.50
Real Estate Construction finance (25% cap)	**11.13**	15.14
Single obligor - Individual (5% cap)	**0.86**	1.62
Single obligor - Corporate (20% cap)	**7.92**	8.30

	2021	2020
	₦'000	₦'000
19. Investment Securities		
At FVTOCI (Note 19.1)	**96,803**	106,717
	96,803	106,717
19.1 At Fair value through other comprehensive income (FVTOCI):		
Quoted equities (Note 19.1.1)	**3,648**	3,250
Unquoted equities (Note 19.1.2)	**93,156**	103,467
	96,803	106,717
19.1.1. Quoted equity instrument		
At 1 January	**3,250**	2,743
Fair value gain/(loss) transferred to FVTOCI (Note 29.3)	**398**	507
At 31 December	**3,648**	3,250
19.1.2 Unquoted equity instrument-		
Nigeria Mortgage Refinancing company		
At 1 January	**103,467**	108,089
Fair value gain/(loss) transferred to FVTOCI	**(10,311)**	(4,622)
At 31 December	**93,156**	103,467
20. Other assets		
Prepayments	**40,555**	18,436
Stationery and other stocks	**3,806**	2,294
Account receivables	**18,913**	69,953
	63,274	90,684
20.1 Analysis by maturity		
Under 1 month	**-**	73,798
1-3 months	**-**	15,250
3-6 months	**-**	9,189
6-12 months	**-**	-
Over 12 months	**-**	-
	-	98,237

21. Property and equipment

	Land	Building	Computer Equipment	Office Equipment	Furniture & Fittings	Motor Vehicle	Household Asset	Plant and Equipment	Work In Progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost										
At 1 January 2020	41,082	126,624	27,502	41,102	33,166	39,870	3,738	54,340	-	367,423
Additions	-	7,294	4,023	1,922	3,485	31,007	141	11,231	30,883	89,984
Disposal	-	(13,000)	-	(1,925)	-	-	-	-	-	(14,925)
At 31 December 2020	41,082	120,918	31,524	41,099	36,651	70,876	3,879	65,570	30,883	442,481
At 1 January 2021	41,082	120,918	31,524	41,099	36,651	70,876	3,879	65,570	30,883	442,481
Additions	-	(0)	4,630	1,080	6,371	42,843	355	21,905	-	77,185
Commissioned	-	3,356	749	6,226	-	12,068	-	-	(22,400)	(0)
Disposal	-	-	-	(2,728)	-	-	(294)	(528)	-	(3,550)
At 31 December 2021	41,082	124,274	36,903	45,677	43,022	125,787	3,941	86,947	8,482	516,116
Accumulated depreciation/ impairment										
At 1 January 2020	-	13,966	22,392	22,290	18,345	27,395	1,250	34,891	-	140,528
Charged for the year	-	2,584	2,369	6,228	6,242	14,141	760	12,102	-	44,427
Disposal	-	(737)	-	(2,168)	-	-	-	-	-	(2,905)
At 31 December 2020	-	15,813	24,761	26,351	24,587	41,536	2,010	46,993	-	182,051
At 1 January 2021	-	15,813	24,761	26,351	24,587	41,536	2,010	46,993	-	182,051
Charged for the year	-	2,404	3,193	4,906	6,375	18,586	806	14,199	-	50,468
Disposal	-	-	-	(2,263)	-	-	(212)	(493)	-	(2,968)
At 31 December 2021	-	18,217	27,954	28,993	30,962	60,122	2,604	60,699	-	229,551
Carrying amount:										
At 31 December 2021	**41,082**	**106,057**	**8,949**	**16,684**	**12,060**	**65,665**	**1,338**	**26,247**	**8,482**	**286,565**
At 31 December 2020	41,082	105,105	6,763	14,748	12,063	29,340	1,869	18,577	30,883	260,430

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.

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	2021 ₦'000	2020 ₦'000
22. Intangible assets		
Purchased Software		
Cost		
At 1 January	**113,318**	100,599
Additions (Note 22a)	**250**	12,720
At 31 December	**113,568**	113,318
Accumulated amortisation and impairment		
At 1 January	**81,164**	74,680
Charge for the year	**10,163**	6,484
At 31 December	91,327	81,164
Carrying amount	**22,241**	32,154

22a Addition to intangible assets of ₦0.250million (2020: ₦12.72 million) million represent amount incurred on a new bank website, mobile application and human resources application.

	2021 ₦'000	2020 ₦'000
23. Non-current assets held for sale		
At 1 January	**268,051**	295,250
Additions	**18,817**	17,514
Written off during the year	**-**	(2,959)
Disposals	**(103,518)**	(41,755)
At 31 December	**183,351**	268,051

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.

	2021 ₦'000	2020 ₦'000
24. Deposits from customers		
24.1 Analysis by type		
Demand accounts	**3,551,164**	1,979,858
Savings accounts	**289,467**	170,392
Time deposits	**1,455,681**	469,052
	5,296,312	2,619,302

	2021	2020
	₦'000	₦'000
24.2 Analysis by maturity		
Under 1 month	**3,840,631**	2,150,250
1-3 months	**1,455,681**	469,052
3-6 months	-	-
6-12 months	-	-
Over 12 months	-	-
	5,296,312	2,619,302
25. Borrowings		
Nigeria Mortgage Refinancing Company	**339,939**	63,035
25.1 Nigeria Mortgage Refinancing Company		
At 1 January	**63,035**	130,215
Receipts during the year	**287,025**	-
Repayments in the year	**(10,121)**	(67,180)
At 31 December	**339,939**	63,035
Analysis of Nigeria Mortgage Refinancing Company		
Current	**-**	-
Non-current	**339,939**	63,035
	339,939	63,035

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.

	2021	2020
26 On-lending facility		
26.1 Federal Mortgage Bank of Nigeria		
At 1 January	**583,081**	420,730
Receipts during the year	**79,802**	187,247
Repayments in the year	**(21,969)**	(24,897)
At 31 December	**640,914**	583,081

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.

	2021	2020
26.2 Development Bank of Nigeria		
Receipts during the year	**1,545,000**	0
Repayments in the year	**(303,750)**	0
At 31 December	**1,241,250**	-

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	2021 ₦'000	2020 ₦'000
27. Other liabilities		
Accrued expenses	**5,500**	3,000
Other payables	**333,777**	199,981
Unearned incomes (Note 27.1)	**250**	252
Interest in suspense (Note 27.2)	**44,700**	26,808
Defined contribution plan (Note 27. 3)	**268**	97
	384,495	230,139

27.1 Unearned income represent unrealized 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	2021 ₦'000	2020 ₦'000
At 1 January	**97**	7
Contribution for the period	**15,144**	8,687
Payment to fund administrators (Note 10)	**(14,973)**	(8,597)
At 31 December	**268**	97

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, 2014. 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.

28. Share capital
Ordinary shares

	2021 ₦'000	2020 ₦'000
a) Authorised		
11,000,000,000 ordinary shares of 50 kobo each	**5,500,000**	5,500,000
b) Issued and fully paid:		
5,000,000,000 ordinary shares of 50k each	**2,500,000**	2,500,000

29 Reserves
29.1 Statutory reserve

	2021 ₦'000	2020 ₦'000
At 1 January	**111,769**	85,297
Transfer from retained earnings (Note 29.2)	**101,392**	26,472
At 31 December	**213,161**	111,769

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.

	2021 ₦'000	2020 ₦'000
29.2 Retained earnings		
At 1 January	**107,591**	65,975
Profit for the year	**506,961**	132,359
Transfer to statutory reserve (Note: 29.1)	**(101,392)**	(26,472)
Transfer to regulatory risk reserve (Note 29.4)	**(74,996)**	(64,271)
Dividend Paid to registrar	**(50,000)**	-
At 31 December	**388,164**	107,591
29.3 Fair value reserve		
At 1 January	**(7,317)**	(3,201)
Net gains/(loss) on Fair Value Through Other Comprehensive Income (Note 19.2)	**(9,913)**	(4,116)
At 31 December	**(17,230)**	(7,317)

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.

	2021 ₦'000	2020 ₦'000
29.3.1 Analysis of Fair Value Through Other Comprehensive Income		
Quoted equities	**398**	507
Unquoted equities	**(10,311)**	(4,622)
	(9,913)	(4,116)
29.4 Regulatory risk reserve		
At 1 January	**65,065**	794
Arising in the year (Note 29.2)	**74,996**	64,271
At 31 December	**140,062**	65,065

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.

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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.

	2021		2020	
	Carrying amount ₦'000	**Fair value ₦'000**	Carrying amount ₦'000	Fair value ₦'000
Financial assets				
Cash and balances with Central Bank	**159,427**	**159,427**	112,892	112,892
Due from banks	**2,722,755**	**2,722,755**	1,346,860	1,346,860
Loans and advances to customers	**7,852,074**	**7,852,074**	4,078,130	859,280,927
	10,734,256	**10,734,256**	5,537,882	860,740,679
Financial investments				
FVTOCI	**96,803**	**96,803**	106,717	106,717
	10,831,060	**10,831,060**	5,644,598	860,847,396
Due to customers	**5,296,312**	**5,296,312**	2,619,302	2,619,302
Borrowings	**339,939**	**339,939**	63,035	63,035
On-lending facility	**1,882,164**	**1,882,164**	583,081	583,081
	7,518,415	**7,518,415**	3,265,417	3,265,417

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

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 2021, the Bank has no capital commitments at the end of the year (2020: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 (2020: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 includes 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.

	2021	2020
	₦'000	₦'000
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	**23,906**	22,410
Other director expenses	**35,124**	12,014
	59,030	34,424
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	**155,571,209**	138,117,028
Deposit liabilities	**267,045,207**	18,785,868

33.3 Insider related credits outstanding as at 31 December 2021

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, 2021

Name of Borrower	Relationship to reporting Institution	Date granted	Expiry Date	Outstanding Balance	Status	Interest Rate	Nature of security
				₦'000			
1. Adewole Adekunle Adewumi	MD/CEO	26/01/2021	26/06/2028	53,438	Performing	4.5	Legal mortgage
2. Olowu Oyewole Olaleye	Executive Director	04/11/2021	04/03/2022	9,670	Performing	4.5	Legal mortgage
3. Aworonke Olaitan Omotara	Executive Director	01/02/2018	01/02/2033	35,241	Performing	4.5	Legal mortgage
4. Adewole Adeniran Oludare	Non-Executive Director	27/08/2020	27/08/2030	42,648	Performing	18.0	Legal mortgage
5. Yaya Ajagbe Suraju	Member of Statutory Audit Committee	31/10/2017	31/10/2027	14,574	Performing	12.0	Legal mortgage
				155,571			

	2021 Number	2020 Number
34. Employees		
The average number of persons employed by the Bank during the year was as follows:		
Directors	**3**	3
Management	**12**	19
Non-management	**71**	63
	86	85

35. Distribution proposed

The Directors proposed a dividend of N0.06 per share (2020:N0.01) from the retained earnings account based on the 2021 financial year results. The dividend amount of N304.1 million (2020: N50million) 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 (2020: Nil).

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 2021 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.

Statement of Fraud and Forgery

In the 2021 audited financial statement, there is no incidence of fraud and forgery in the Bank "LivingTrust Mortgage Bank Plc." for the year ended Dec 31st 2021.

Other national disclosures

LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 ₦'000	%	2020 ₦'000	%
Gross earnings	**1,627,781**		652,616	
Interest expense	**(231,816)**		(52,762)	
	1,395,965		599,854	
Net impairment	**(53,632)**		39,570	
Bought-in-materials and services - local	**(251,183)**		(271,258)	
	1,091,150	**100**	368,165	100
Applied to pay:				
Employees as salaries, wages and pensions	**262,309**	**24**	159,809	54
Government taxes	**261,248**	**24**	25,085	7
Retained in business:				
Depreciation and amortisation	**60,631**	**6**	50,912	14
- Profit for the year	**506,961**	**46**	132,359	36
	1,091,150	**100**	368,165	110

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

	2021	2020	2019	2018	2017
	₦'000	₦'000	₦'000	₦'000	₦'000
Assets					
Cash and balances with CBN	**159,427**	112,892	88,942	77,848	37,235
Due from banks	**2,722,755**	1,346,860	1,291,081	860,699	1,996,399
Loans and advances to customers	**7,852,074**	4,078,130	1,801,288	1,567,802	861,052
Investment Securities	**96,803**	106,717	710,794	902,905	104,223
Other assets	**63,274**	90,684	149,250	207,609	546,746
Property and equipment	**286,565**	260,430	226,895	250,408	232,647
Intangible assets	**22,241**	32,154	25,919	24,451	30,475
Deferred tax assets	**-**	1,833	5,574	-	-
Non-current assets held for sale	**183,351**	268,051	295,250	332,589	349,396
Total assets	**11,386,490**	6,297,750	4,594,992	4,224,311	4,158,174
Liabilities and equity					
Liabilities					
Deposits from customers	**5,296,312**	2,619,302	1,209,132	1,110,439	1,229,795
Borrowings	**339,939**	63,035	130,215	21,749	117,867
On-lending facility	**1,882,164**	583,081	420,730	302,996	-
Current income tax liability	**197,636**	25,085	12,888	20,597	36,348
Deferred income tax liability	**61,787**	-	-	2,770	-
Other liabilities	**384,495**	230,139	173,162	179,472	165,843
Total liabilities	**8,162,333**	3,520,641	1,946,127	1,638,022	1,549,853
Equity					
Issued share capital	**2,500,000**	2,500,000	2,500,000	2,500,000	2,500,000
Statutory reserve	**213,161**	111,769	85,297	72,748	63,419
Retained earnings	**388,164**	107,591	65,975	4,237	46,837
Fair value reserve	**(17,230)**	(7,317)	(3,201)	(3,246)	(1,936)
Regulatory risk reserve	**140,062**	65,065	796	12,551	-
Total equity	**3,224,157**	2,777,109	2,648,867	2,586,289	2,608,320
Total liabilities and equity	**11,386,490**	6,297,750	4,594,994	4,224,311	4,158,174
Statement of comprehensive income					
Gross earnings	**1,627,781**	652,616	502,406	460,933	518,379
Total operating income	**1,395,965**	599,854	452,057	425,909	494,083
Operating expenses	**(681,387)**	(408,860)	(429,407)	(388,860)	(346,926)
Impairment write-back /(losses)	**53,632**	(39,570)	34,668	58,881	40,379
Profit before tax	**768,209**	151,424	57,318	95,930	187,537
Income tax	**(261,248)**	(19,065)	5,214	(16,400)	(14,074)
Profit after tax	**506,961**	132,359	62,531	79,530	173,462
Other comprehensive income/(loss)	**(9,913)**	(4,116)	44	(1,310)	1,618
	497,048	128,244	62,576	78,220	175,081

PROXY FORM

8TH 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 **Banquet Hall, Aenon Suites, No. 1, Femi Adefila Crescent, GRA, Osogbo, Osun State** on Thursday, the 2nd day of June 2022 at 11:00am or at any adjournment thereof.

Dated this……………….day of 2022

…..…………………

Shareholder's Signature

S/N	**ORDINARY BUSINESS**	FOR	AGAINST
1.	To lay the Audited Financial Statements for the year ended 31st December 2021, 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 Mr. Yemi Adefisan, a Non-Executive Director retiring by rotation		
	b) To re-elect Mr. Michael Omolaja, an Independent Non-Executive Director retiring by rotation		
	c) To re-elect Mr. Mr. Olufemi Adesina, an Independent Non-Executive Director retiring by rotation		
4.	To authorize the Directors to fix the remuneration of the Auditors for the 2022 financial year		
5.	To disclose the remuneration of Managers of the Company		
6.	To elect the members of the Statutory Audit Committee		
	SEPCIAL BUSINESS		
1	To approve the appointment of Dr. Olumide Adedeji to the Board of Directors of the Company with effect from 01 January, 2022 as an Executive Director in accordance with Section 274(2) of the Companies and Allied Matters Act 2020		

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:

xiii. 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

xiv. A duly executed proxy form should be deposited with African Prudential Plc., African Prudential plc. Palmgrove bus stop, 220B, Ikorodu Road, Shomolu, Lagos State not later than 3 working days before the time fixed for the meeting or cxc@africaprudential.com.

xv. 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
8th 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 2nd day of June 2022 at 11:00am.

Name of Shareholder/Proxy	**Address**	**Signature**

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

Africa Prudential
RC 649007

Affix Recent Passport Photograph

USE GUM ONLY
NO STAPLE PINS

(to be stamped by your banker)
ONLY CLEARING BANKS ARE ACCEPTABLE

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
220B, 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: DD MM YYYY

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

C

Mobile Telephone 1 Mobile Telephone 2

E-mail Address

Signature: Signature: Company Seal *(if applicable)*

Joint/Company's Signatories

DISCLAIMER
"In no event shall Africa Prudential Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, inciden tal, 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 advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

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

CLIENTELE	☑
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. CAPPA AND D'ALBERTO PLC	☐
13. CEMENT COY. OF NORTHERN NIG. PLC	☐
14. CSCS PLC	☐
15. CHAMPION BREWERIES PLC	☐
16. CWG PLC	☐
17. CORDROS MONEY MARKET FUND	☐
18. EBONYI STATE GOVERNMENT BOND	☐
19. GOLDEN CAPITAL PLC	☐
20. INFINITY TRUST MORTGAGE BANK PLC	☐
21. INVESTMENT & ALLIED ASSURANCE PLC	☐
22. JAIZ BANK PLC	☐
23. KADUNA STATE GOVERNMENT BOND	☐
24. LAGOS BUILDING INVESTMENT CO. PLC	☐
25. MED-VIEW AIRLINE PLC	☐
26. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)*	☐
27. NEXANS KABLEMETAL NIG. PLC	☐
28. OMOLUABI MORTGAGE BANK PLC	☐
29. PERSONAL TRUST & SAVINGS LTD	☐
30. P.S MANDRIDES 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 EUROBOND 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 GLASS IND PLC	☐

OTHERS:

HEAD OFFICE: 220B, 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: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2. Tel: 084-303457
E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud