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LIVINGTRUST MORTGAGE BANK PLC OSOGBO, NIGERIA

UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2026 CONDENSED REPORTS

LIVINGTRUST MORTGAGE BANK PLC

REPORT FOR THE PERIOD ENDED 30 SEPTEMBER, 2026

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LIVINGTRUST MORTGAGE BANK PLC

Introduction

Livingtrust Mortgage Bank's Financial Statements for the period ended 30 September 2026 comply with applicable regulatory requirements regarding interim financial statements. These financial statements contain extract of the unaudited financial statements prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and adopted by the Financial Reporting Council of Nigeria.

LIVINGTRUST MORTGAGE BANK PLC

RESULT AT A GLANCE – 30 SEPTEMBER, 2026

GROSS EARNINGS	PROFIT BEFORE TAX	PROFIT AFTER TAX
₦4,833.89 million	**₦246.85 million**	**₦212.75 million**

MAJOR INCOME STATEMENT ITEMS	2026 September ₦'000	2025 September ₦'000	INCREASED %
Gross Earnings	4,833,886	5,118,616	-5.56
Net Interest Income	(465,431)	712,260	-165.35
Profit Before Tax	246,851	800,028	-69.14
Profit After Tax	212,749	755,009	-71.82
Earnings Per Share:			
-Basic (Kobo)	4.25	15.10	-71.85

MAJOR STATEMENT OF FINANCIAL POSITION ITEMS	2026 September ₦'000	2025 December ₦'000	INCREASED %
Loans and Advances to Customers	16,789,884	16,959,319	-1.00
Deposits from Customers	27,289,965	22,736,491	20.02
Total Assets	37,032,372	32,207,660	14.98
Total Equity	5,187,593	5,275,494	-1.67

LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 SEPTEMBER 2026

	Notes	UNAUDITED 9 Months Sept-26 ₦'000	UNAUDITED 3 Months July-sept-26 ₦'000	UNAUDITED 9 Months Sept-25 ₦'000	UNAUDITED 3 Months July-Sept-25 ₦'000
Interest income	3	2,477,132	940,600	3,591,033	1,551,914
Interest expense	4	(2,942,563)	(1,059,792)	((2,878,773)	(1,294,269)
Net interest income		(465,431)	(119,192)	712,260	257,644
Fees and commision income	5	84,864	41,531	151,629	64,754
Other operating income	6	2,271,889	841,009	1,375,954	480,185
Total operating income		1,891,322	763,348	2,239,843	812,583
Credit loss expense	7	(170,490)	(159,304)	(7,429)	(2,900)
Net operating income		**1,720,831**	**604,044**	**2,232,414**	**809,683**
Personnel expenses	8	(776,590)	(259,074)	(485,645)	(151,077)
Depreciation	9	(136,269)	(44,420)	(74,866)	(31,406)
Amortisation	21.1	(21,066)	(7,181)	(22,903)	(6,928)
Other operating expenses	10	(540,056)	(179,850)	(848,972)	(364,576)
Total operating expenses		**(1,473,980)**	**(490,526)**	**(1,432,386)**	**(553,987)**
Profit before income tax expense		**246,851**	**113,518**	**800,028**	**255,696**
Income tax expense	11.1	(34,102)	(11,126)	(45,019)	(33,764)
Profit after tax for the period		**212,749**	**102,392**	**755,009**	**221,932**
Other comprehensive Income		-	-	-	-
Total comprehensive Income for the year net of tax		**212,749**	**102,392**	**755,009**	**221,932**
Earnings per share attributable to ordinary equity holders (Kobo) - Basic and Diluted	12.1	**4.25**	**2.05**	**15.10**	**4.44**

The accompanying notes form part of these financial statements.

LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2026

	Notes	UNAUDITED SEPT-26 ₦'000	AUDITED Dec-25 ₦'000
Assets			
Cash on hand	13	113,668	35,504
Cash balances with the Central Bank	14	181,722	181,722
Due from banks and other financial institutions	15	14,707,343	11,574,182
Loans and advances	16	16,789,884	16,959,319
Deferred tax Assets	17	7,143	-
Financial Investments- securities at amortized cost	18	98,821	1,289,639
Other assets	19	2,861,379	1,279,399
Property and equipment	20	636,364	723,399
Intangible assets	21	62,525	83,097
Non- current assets held for sale	22	76,399	81,399
		36,532,372	32,207,660
Total Assets		**37,032,372**	**32,207,660**
Liabilities and equity			
Deposits from customers	22	27,289,965	22,736,491
Due to other banks		-	-
Current income tax payable	11	98,941	275,178
Other liabilities	24	2,535,497	1,570,682
Deferred tax liabilities	25	(53,035)	13,563
Borrowings	25	1,973,411	2,336,251
		31,844,779	**26,932,166**
Equity			
Share capital	28	2,500,000	2,500,000
Available for Sale Reserve	29	(6,641)	1,576,504
Unappropriated Profit		89,066	(14,937)
Retained earnings		(5,637,281)	(5,452,019)
Statutory reserve	31	708,367	708,367
Regulatory risk reserve		7,534,082	7,534,083
Total Equity		**5,187,593**	**5,275,494**
Total Liabilities and Equity		**37,032,372**	**32,207,660**

The financial statements were approved by the Board of Directors on 30 October 2026 and signed on its behalf by:

Dr. ADEKILEKUN KAMAL-DEEN AKINPELU
Chairman
FRC/2025/PRO/NBA/002/319785 ---------- ----------

Dr. ADEDEJI OLUMIDE
Managing Director/CEO
FRC/2020/004/00000020523 ----------

AILERU FAHEEM ADELANI
Financial Controller
FRC/2025/PRO/ICAN/001/663468 ----------

The accompanying notes form part of these financial statements.

LIVINGTRUST MORTGAGE BANK PLC

STATEMEN OF CHANGES IN EQUITY FOR THE

PERIOD ENDED 30 SEPTEMBER 2026

	Share capital	Fair value reserve	Statutory Reserve	Regulatory risk reserve	Retained Earnings	Total Equity
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Balance as at 1 January 2025	2,500,000	(6,642)	662,052	492,444	1,404,358	**5,052,212**
Profit for the year	-	-	-	-	-	**-**
Dividend paid	-	-	-	-	-	**-**
Transfer to statutory reserve	-	-	-	-	-	**-**
Transfer to regulatory risk reserve	-	-	-	-	-	**-**
Balance as at 31 December 2025	**2,500,000**	**(6,642)**	**662,052**	**492,444**	**1,404,358**	**5,052,212**
Profit for the period	-	-	-	-	-	**-**
Other comprehensive income for the year	-	-	-	-	-	**-**
Transfer to statutory reserve	-	-	-	-	-	**-**
Dividend paid					-	**-**
Transfer to regulatory risk reserve	-	-	-	-	-	**-**
Balance as at 30 September 2026	**2,500,000**	**-**	**708,367**	**7,534,082**	**(5,637,281)**	**5,187,593**

LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 SEPTEMBER 2026

	Notes	UNAUDITED 9 Months Sept-26 ₦'000	AUDITED 12 Months Dec-25 ₦'000
Cash flows from operating activities:			
Profit before income tax		212,749	231,577
Adjustment for non-cash items	32.6	(361,928)	1,092,094
Cash flows from operating activities before changes in working capital		(149,179)	1,323,671
Change in operating assets	32.3	645,956	(333,321)
Change in operating liabilities	32.4	621,481	898,660
Loans and advances to customers	11.2	(2,101,764)	(3,095,648)
Deposit from customers		7,304,984	7,541,569
Tax paid			(161,824)
Net cash flows used in operating activities		6,471,657	6,173,107
Cash flows from investing activities:			
Purchase of intangible assets	21.1	22,958	(7,916)
Proceeds on disposal of property and equipment		-	837
Purchase of property and equipment	20.1	(84,655)	(529,011)
Purchase of treasury bills		12,227	1,296,548
Disposal of non-current assets held for sale			18,227
Net cash flows used in investing activities		(49,471)	778,685
Cash flows from financing activities:			
Additions to borrowed funds		-5,282	308,161
Repayment of borrowed funds		(760,204)	(916,967)
Additions to deposit with CBN (CRR)		-	-
Net cash flows from financing activities		(754,922)	(608,806)
Net increase in cash and cash equivalents		5,518,084	6,342,986
Cash and cash equivalents at beginning of year		11,609,686	5,266,700
Cash and cash equivalents at end of period	32.1	**17,127,770**	**11,609,686**

The accompanying notes form part of these financial statements.

1 General information

These financial statements are the financial statements of LIVINGTRUST MORTGAGE BANK PLC. (the "Bank"), a public limited liability company incorporated on 26 August 1991 and

domiciled in Nigeria. The Bank obtained its license to operate as a mortgage bank on 20 January 1992 and commenced business on 11 March 1992. It was later converted to a public limited liability company in September 2007. On 21 October 2008, the Bank became officially listed on the Nigerian Exchange Group.

The principal activities of the Bank are the provision of mortgage services, financial advisory, and real estate construction finance.

For the earlier years of its operations, the Bank specialized in funding small and medium size businesses. In the last few years, the Bank has started to implement a mortgage financing strategy in line with its strategic vision to become "the number one mortgage service provider in Africa". The Bank currently has 203 staff (2025: 170) in eight (8) branches and the Head Office.

2.1 *Basis of preparation*

a Statement of Compliance

These financial statements of the Bank are general purpose financial statements which have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by the provisions of the Companies and Allied Matters Act, 2020, the Banks and Other Financial Institutions Act, 2020, the Financial Reporting Council of Nigeria ("FRCN") Act, 2023 and relevant Central Bank of Nigeria circulars, is included where appropriate.

b Basis of Measurement

The financial statements have been prepared on the historical cost basis except for equity instruments which are carried at fair value.

c Use of Estimates and Judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.2 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 period ended 31 March 2026. The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.2.1 Standards, amendments and interpretations effective during the reporting period

i Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', effective for annual reporting periods beginning on, or after, 1 January 2026. In addition to guidance as to when certain financial liabilities can be deemed settled when using an electronic payment system, the amendments also provide further clarification regarding the classification of financial assets that contain contractual terms that change the timing or amount of contractual cash flows, including those arising from ESG-related contingencies, and financial assets with certain non-recourse features.

This does not have a significant impact on the Bank.

ii Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7), effective for annual reporting periods beginning on or after, 1 January 2026. The amendments:
- Update the 'own-use' requirements for in-scope contracts. Under the amendments, the sale of unused nature-dependent electricity will be in accordance with an entity's expected purchase or usage requirements, if specified criteria are met.
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments will allow an entity to designate a variable nominal volume of forecast electricity transactions as a hedged item, if specified criteria are met.
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows. IFRS 7 has been amended to require specific disclosures relating to contracts that have been excluded from the scope of IFRS 9 as a result of the amendments.

The amendments only apply to contracts that reference nature-dependent electricity. These are contracts that expose an entity to variability in an underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions, typically associated with renewable electricity sources such as sun and wind.

This does not have a significant impact on the Bank.

2.3 Standards issued but not yet effective

i IFRS 18 'Presentation and Disclosure in Financial Statements'

In April 2024, the IASB issued IFRS 18 'Presentation and Disclosure in Financial Statements', effective for annual reporting periods beginning on or after 1 January 2027. The new accounting standard aims to give users of financial statements more transparent and comparable information about an entity's financial performance. It will replace IAS 1 'Presentation of Financial Statements' but carries over many requirements from that IFRS Accounting Standard unchanged. In addition, there are three sets of new requirements relating to the structure of the income statement, management-defined performance measures and the aggregation and disaggregation of financial information.

While IFRS 18 will not change recognition criteria or measurement bases, it might have a significant impact on presenting information in the financial statements, in particular the income statement. The Bank is currently assessing any impacts as well as data readiness before developing a more detailed implementation plan.

ii IFRS 19 - Subsidiaries without Public Accountability: Disclosures

In May 2024, the Board issued IFRS 19 Subsidiaries without Public Accountability: Disclosures, which allows eligible entities to elect to apply reduced disclosure requirements effective for annual reporting periods beginning on or after, 1 January 2027, while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards.

An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS accounting standards compliance statement. IFRS 19 requires an entity whose financial statements comply with IFRS accounting standards including IFRS 19 to make an explicit and unreserved statement of such compliance.

The Bank is neither a subsidary of another company nor does it have its own subsidiary.

iii Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21

In November 2025, the Board issued Translation to a Hyperinflationary Presentation Currency – Amendments to IAS 21, effective for annual periods beginning on or after 1 January 2027. The amendments require translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate.

If an entity's functional currency is the currency of a non-hyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the date of the most recent statement of financial position.

An entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29, to the foreign operation's comparative figures.

The amendments also introduce certain additional disclosure requirements.

The Bank is undertaking an assessment of the potential impact.

2.4 Significant accounting judgments, estimates and assumptions

In the application of the Bank's accounting policies, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the Bank's accounting policies

The following are the critical judgments, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Bank's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

i. Going Concern

The financial statements have been prepared on the going concern basis and there is no intention to curtail business operations. The Directors have made assessment of the Bank's ability to continue as a going concern and have no reason to believe that the Bank will not remain a going concern in the next 12 months ahead.

ii. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

iii. Determination of collateral Value

Management monitors market value of collateral on a regular basis. Management uses experienced judgment to adjust the fair value to reflect the current circumstances. The amount and collateral required depend on the assessment of credit risk of the counterpart.

The Management believes that the underlying assumptions are appropriate and that the Bank's financial statements therefore present the financial position and results fairly.

iv. Useful lives and carrying value of property and equipment and intangible assets

The estimation of the useful lives of assets is based on management's judgment. Any material adjustment to the estimated useful lives of items of property and equipment and intangibles will have an impact on the carrying value of these items. Areas where significant estimate are significant are disclosed in Note 20 and 21.

v. Determination of impairment of property and equipment, and intangible assets

Management is required to make judgments concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Bank applies the impairment assessment to its separate cash generating units. This requires management to make significant judgments and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realizable values. Management's judgment is also required when assessing whether a previously recognised impairment loss should be reversed. No property and equipment, and intangible asset was impaired at the period end- See Note 20 and 21.

vi. Fair value measurement of financial instruments

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

The Bank measures fair values using the following hierarchy of methods.

- Level 1: Quoted market price in an active market for an identical instrument.

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

- Level 3: This includes financial instruments, the valuation of which incorporate significant inputs for the asset or liability that is not based on observable market data (unobservable inputs). Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product.

These inputs are generally determined based on inputs of a similar nature, historic observations on the level of the input or analytical techniques.

2.4 Significant accounting judgments, estimates and assumptions - continued

vii. ***Deferred tax assets***

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that future 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 recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. Unrelieved tax losses can be used indefinitely.

viii. ***Owner-occupied properties***

The Bank classifies owner-occupied properties as property and equipment when the Bank evaluate the terms and conditions of the arrangements, such as lease term not constituting a major part of the economic life of the property, the present value of the minimum lease payments not amounting to substantially all of the carrying value of the property and that it retains all the significant risks and rewards of ownership of the property.

ix. ***Impairment under IFRS 9***

The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortised cost. Expected credit losses are recognised upon initial recognition of the financial asset based on expectation of potential credit losses at the time of initial recognition.

The Bank does not originate or purchase credit impaired loans or receivables.

The determination of whether a financial asset is credit impaired focuses exclusively on default risk, without taking into consideration the effect of credit risk mitigates such as collateral or guarantees. Specifically, the financial asset is credit impaired and in stage 3 when: the Bank considers the obligor is unlikely to pay its credit obligations to the Bank. The termination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that a qualitative indicators of credit impairment; or contractual payments of either principal or interest by the obligor are pass due by more than 90 days.

For financial assets considered to be credit impaired, the ECL allowance covers the amount of loss the Bank is expected to suffer. The estimation of ECLs is done on a case by case basis for non-homogenous portfolios, or by applying portfolio based parameters to individual financial assets in this portfolios by the Bank's ECL model for homogenous portfolios.

Forecast of future economic conditions when calculating ECLs are considered. The lifetime expected losses are estimated based on the probability – weighted present value of the difference between:
1) The contractual cash flows that are due to the Bank under the contract; and
2) The cash flows that the Bank expects to receive.

Elements of ECL models that are considered accounting judgments and estimates include:
• The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
• The development of ECL models, including the various formulas and the choice of inputs. Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.
• Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

Expected lifetime:
The expected life time of a financial asset is a key factor in determine the life time expected credit losses. Lifetime expected credit losses represents default events over the expected life of a financial asset. The Bank measures expected credit losses considering the risk of default over the maximum contractual period (including any borrower's extension option) over which it is exposed to credit risk.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied by the Bank and to all periods presented in the financial report.

2.5 Foreign currency transactions

(a) Functional and presentation currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The financial statements are presented in Naira, which is the Bank's presentation currency.

(b) Transactions and balances

Foreign currency transactions (i.e. transactions denominated, or that require settlement, in a currency other than the functional currency) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Monetary items denominated in foreign currency are translated with the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

2.6 Financial assets and liabilities

2.6.1 Initial recognition

All financial assets and liabilities are initially recognized on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. The Bank uses trade date accounting for regular way contracts when recording financial assets transactions.

A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, direct and incremental transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in profit or loss at initial recognition.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Bank recognises the difference between the transaction price and fair value in Net gains on financial assets at fair value through profit or loss. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Amortised cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Effective interest method

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

For purchased or originated credit-impaired (`POCI') financial assets — assets that are credit-impaired at initial recognition — the Bank calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the Bank revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income and expenses

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired financial assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes 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 financial liability. Recoveries of interest that was previously not recognized needs to be recognized as a gain in the credit loss expense.

2.6.2 Financial assets - Classification of financial instruments

The Bank classifies its financial assets under IFRS 9, into the following measurement categories:
- those to be measured at fair value through profit or loss (FVTPL) (equity instrument); and
- those to be measured at amortised cost (debt instrument).

The classification depends on the Bank's business model (i.e. business model test) for managing financial assets and the contractual terms of the financial assets cash flows (i.e. solely payments of principal and interest – SPPI test). The Bank also classifies its financial liabilities at amortized cost. Management determines the classification of the financial instruments at initial recognition.

2.6.3 Financial assets - Subsequent measurement

a) Debt instruments

The classification and subsequent measurement of debt instruments depend on the Bank's business model for managing the financial assets and the contractual terms of the cash flows. Based on these factors, the Bank classifies its debt instruments into one of the following measurement categories:

Amortised cost: Financial assets such as loans and advances that are held within a business model whose objective is collection of contractual cash flows and where such cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss due to impairment or upon derecognition of a debt investment that is subsequently measured at amortised cost is recognised in profit or loss. Interest income from these financial assets is included in "Interest income calculated using the effective interest rate method"

Business Model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Bank's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected.

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing financial assets is achieved and how cash flows are realized.

Solely payments of principal and interest (SPPI) assessment

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

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

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money - e.g. periodical rate of interest

b) **Equity instruments**

The Bank subsequently measures all its equity investments at fair value through profit or loss (FVTPL). Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the right to receive payments is established. Included in this classification are quoted financial investments.

Summary of significant accounting policies - continued

2.6.4 Reclassifications

The Bank reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and must be significant to the Bank's operations.

When reclassification occurs, the Bank reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. Gains, losses or interest previously recognised are not restated when reclassification occurs.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets that are debt instruments. A change in the objective of the Bank's business occurs only when the Bank either begins or ceases to perform an activity that is significant to its operations (e.g., via acquisition or disposal of a business line).

The following are not considered to be changes in the business model:
- A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
- A temporary disappearance of a particular market for financial assets
- A transfer of financial assets between parts of the entity with different business models

2.6.5 Modifications

If the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value. Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit or loss.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The amount arising from adjusting the gross carrying amount is recognised in profit or loss.

2.6.6 Impairment of financial assets

Overview of the ECL principles

The Bank assesses on a forward looking basis the expected credit losses (ECL) associated with its loans and other debt financial assets not held at FVPL. In this section all referred to as 'financial instruments'. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition.

The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering if it is 30 days past due. Based on the above process, the Bank groups its loans into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12 months expected credit losses (12mECLs). Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the lifetime expected credit losses (LTECLs). Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

- Stage 3: These are loans considered as credit-impaired. The Bank records an allowance for the LTECLs.

POCI: The Bank does not have purchased or originated credit impaired (POCI) assets in its portfolio.

Summary of significant accounting policies - continued
The calculation of ECLs

The Bank calculates ECLs based on three economic scenario (base case, best case and worst case) to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Bank considers three economic scenario which are considered to be the upturn economic scenario, downturn economic scenario and base case economic scenario. The assessment also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier, with the exception of revolving facilities which could extend beyond the contractual life.

The mechanics of the ECL method are summarised below:

Stage 1
• The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date.
• These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2
• When a financial instruments has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3
• For financial instruments considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

POCI
• POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECLs since initial recognition, discounted by the credit-adjusted EIR.

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily. Details of the impact of the Bank's various credit enhancements.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

Summary of significant accounting policies - continued
Collateral repossessed

The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy.

Write-off

After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):

- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- amount obtained from realization of credit collateral security leaves a balance of the debt; or
- it is reasonably determined that no further recovery on the facility is possible.

All credit facility write-offs require endorsement by the Board Credit and Risk Committee, as defined by the Bank. Credit write-off approval is documented in writing and properly initialed by the Board Credit and Risk Committee. The gross carrying amount of an asset is written off (either fully or partially) to the extent that there is no realistic prospect of recovery. This is generally the case when the Bank determines that the counterparty does not have assets or sources of income that could generate sufficient cashflows to repay the amount subject to write off. However, the financial assets that are subjected to write off could still be subject to enforcement activities in other to comply with the Bank's procedures for recovery of amount due.

A write-off constitutes a derecognition event. The write-off amount is used to reduce the carrying amount of the financial asset. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only.

Forward looking information

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:
- GDP growth
- Unemployment rates
- Inflation rates
- Foreign exchange rates
- Market growth rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Derecognition of financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the 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 such derecognised financial asset that is created or retained by the Bank is recognised as a separate asset or liability. Impaired debts are derecognised when they are assessed as uncollectible.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.6.7 Financial liabilities

Initial and subsequent measurement

Financial liabilities are initially measured at their fair value, except in the case of financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or at FVPL when they are held for trading and derivative instruments or the fair value designation is applied.

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. The Bank classifies financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading liabilities are recorded and measured in the statement of financial position at fair value.

In both the current and prior period, all financial liabilities are classified and subsequently measured at amortised cost.

Modifications

The Bank derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. This occurs when the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment (i.e. the modified liability is not substantially different), any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Derecognition

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).
The exchange between the Bank and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Reclassification
Financial liabilities are not reclassified after initial classification.

2.7.1 Income and expenses

Interest income and expenses are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- The gross carrying amount of the financial asset; or
- The amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses. The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Bank recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in profit or loss.

a. Amortised cost and gross carrying amount
The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 January 2018). The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

b. Calculation of interest income and expenses
The Bank calculates interest income and expense by applying the effective interest rate to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.
However, for financial asset that have become credit-impaired subsequent to initial recognition and is, therefore, regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, then the Bank reverts to calculating interest income on a gross basis.

2.7.2 Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or 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 recognised as the related services are performed. When a loan commitment is not expected to result in the drawdown01
of a loan, the related loan commitment fees are recognised 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.

2.7.3 Other operating income

Included in other operating income are other income, profit on sale of property and equipment rental income and fair value gain on financial instruments at FVTPL
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Rental income
Rental income arising from operating leases on properties is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its operating nature.

2.7.4 Income tax expense

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

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

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

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

2.7.5 Valuation of Financial Instruments

The best evidence of fair value is a quoted price in an actively traded market. In the event that the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employ only observable market data and so the reliability of the fair value measurement is high. However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant market inputs that are unobservable. Valuation techniques that rely to a greater extent on unobservable inputs require a higher level of management judgment to calculate a fair value than those based wholly on observable inputs.

The main assumptions and estimates which management consider when applying a model with valuation techniques are:

· The likelihood and expected timing of future cash flows on the instrument. These cash flows are usually governed by the terms of the instrument, although judgment may be required when the ability of the counterparty to service the instrument in accordance with the contractual terms is in doubt. Future cash flows may be sensitive to changes in market rates;

· Selecting an appropriate discount rate for the instrument. The determination of this is based on the assessment of what a market participant would regard as the appropriate spread of the rate for the instrument over the appropriate rate; and

· Judgment to determine what model to use to calculate fair value in areas where the choice of valuation model is particularly subjective, for example, when valuing complex derivative products.

When applying a model with unobservable inputs, estimates are made to reflect uncertainties in fair values resulting from a lack of market data inputs, for example, as a result of illiquidity in the market. For these instruments, the fair value measurement is less reliable. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available from which to determine the level at which an arm's length transaction would occur under normal business conditions. However, in most cases there is some market data available on which to base a determination of fair value, for example historical data, and the fair values of most financial instruments are based on some market observable inputs even when unobservable inputs are significant.

Given the uncertainty and subjective nature of valuing financial instruments at fair value, it is possible that the outcomes in the next financial year could differ from the assumptions used, and this could result in a material adjustment to the carrying amount of financial instruments measured at fair value.

Summary of significant accounting policies - continued

Fair value measurement

The Bank measures financial instruments, such as, quoted equities, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Bank. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.7.6 Cash and cash equivalents

For the statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with other financial institutions, other short-term, highly liquid investments with original terms to maturity of three months or less that are readily convertible to cash and which are subject to an insignificant risk of changes in value. Restricted cash are not part of cash and cash equivalents.

2.7.7 Property and equipment

i Recognition and measurement

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

The cost of the relevant property, plant and equipment includes and is made up of expenditures that are directly attributable to the acquisition of the assets. Additions and subsequent expenditures are capitalised only to the extent that they enhance the future economic benefits expected to be derived from the assets and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the profit and loss statement during the period in which they were incurred.

Construction cost in respect of offices is carried at cost as work in progress. On completion of construction, the related amounts are transferred to the appropriate category of property, plant and equipment. Payments in advance for items of property, plant and equipment are included as prepayments in other assets and upon delivery are reclassified as additions in the appropriate category of property, plant and equipment. No depreciation is charged until the assets are available for use.

ii Subsequent costs

The cost of replacing a part of an item of property or equipment is recognised 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 derecognised. The cost of the day to-day servicing of property and equipment are recognised in profit or loss as incurred.

iii Depreciation

Depreciation is provided on the depreciable amount of items of property, plant and equipment on a straight-line basis over their estimated useful economic lives. The depreciable amount is the gross carrying amount, less the estimated residual value at the end of its useful economic life. Work in progress is not depreciated.

The estimated useful lives are as follows:

Motor vehicles	4 years
Office furniture and equipment	10 years
Buildings	50 years
Computer equipment	5 years

Land is not depreciated. Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are kept under review to take account of any change in circumstances.

When deciding on depreciation rates and methods, the principal factors the Bank takes into account are the expected rate of technological developments and expected market requirements for, and the expected pattern of usage of, the assets. When reviewing residual values, the Bank estimates the amount that it would currently obtain for the disposal of the asset after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful economic life.

Property, plant and equipment is subject to an impairment review if there are events or changes in circumstances which indicate that the carrying amount may not be recoverable.

Summary of significant accounting policies - continued

iv De-recognition

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

v Gain or loss on sale of property, plant and equipment

The gain or loss on the disposal of premises and equipment is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, and is recognized as an item of other income in the year in which the significant risks and rewards of ownership are transferred to the buyer.

2.7.8 Intangible assets

Intangible assets consist of computer software and costs associated with the development of software for internal use. Computer software is stated at cost, less amortisation and accumulated impairment losses, if any. Costs that are directly associated with the production of identifiable and unique software products, which are controlled by the Bank and which will probably generate economic benefits exceeding costs are recognized as intangible assets. These costs are amortised on the basis of expected useful lives of the software which range from three to five years. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Costs associated with maintaining software programs are recognized as expenses when incurred.

Impairment of tangible and intangible assets excluding goodwill

At each reporting date, or more frequently where events or changes in circumstances dictate, tangible and intangible assets excluding goodwill, are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. For the purpose of conducting impairment reviews, cash-generating units are the lowest level at which management monitors the return on investment on assets. The impairment review includes the comparison of the carrying amount of the asset with its recoverable amount.

The recoverable amount of the asset is the higher of the assets or the cash-generating unit's fair value less cost to sell and its value in use. Fair value less cost to sell is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arm's length transaction evidenced by an active market or recent transactions for similar assets.

The carrying values of tangible and intangible assets, excluding goodwill, are written down by the amount of any impairment and this loss is recognised in the profit or loss in the period in which it occurs. In subsequent years, the Bank assesses whether indications exist that impairment losses previously recognized for tangible and intangible assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is recalculated and, if required, its carrying amount is increased to the revised recoverable amount. The increase is recognized in other operating income as an impairment reversal. An impairment reversal is recognized only if it arises from a change in the assumptions that were used to calculate the recoverable amount. The increase in an asset's carrying amount due to an impairment reversal is limited to the depreciated amount that would have been recognized had the original impairment not occurred.

2.8.1 Employee benefits

i Post employment benefits

The Bank operates a defined contribution pension plan. 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 recognised as personnel expense in profit or loss in the periods during which services are rendered by employees.

Prepaid contributions are recognised 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.

For defined contribution schemes, the Bank recognises contributions due in respect of the accounting period in the profit or loss. Any contributions unpaid at the reporting date are included as a liability.

ii Short term employee benefits

Short-term employee benefits, such as salaries, paid absences, and other benefits, are accounted for on an accruals basis over the period which employees have provided services in the year. Bonuses are recognised to the extent that the Bank has a present obligation to its employees that can be measured reliably.

All expenses related to employee benefits are recognised in the profit or loss as personnel expenses.

2.8.2 Share Capital

Share issue costs

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds reflected in the share premium.

Share premium

Premiums from the issue of shares are reported in share premium.

Dividends on ordinary shares.
Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Bank's shareholders. Dividends declared after the reporting date are recognized in the subsequent period.

2.8.3 Equity reserve

The reserves recorded in equity on the Bank's statement of financial position include:

Regulatory risk reserve details the difference between the impairment 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 9.

Statutory reserve details un-distributable earnings required to be kept by the nation's central bank in accordance with the national law. The national law requires every Primary Mortgage Bank (PMB) to maintain a reserve fund and shall, out of its net profit after taxation and before any dividend is declared, transfer to the statutory reserve as follows:

a. Where the reserve fund is less than the paid-up share capital, a minimum of 20% of the net profit; or

b. Where the reserve fund is equal to or in excess of the paid-up share capital, a minimum of 10% of net profit;

c. No transfer to the reserve fund shall be made until all identifiable losses have been made good.

2.8.4 Earnings per share

Basic earnings per share is calculated by dividing net profit after tax applicable to equity holders of the Bank, excluding any costs of servicing other equity instruments, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effective interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.8.5 Leases

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Bank as a lessee

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The bank has adopted the short term lease exemption for its leases and recognizes short term lease rentals on a straight line basis in the profit or loss statement.

The Bank subsequently measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.
The corresponding lease liabilities, where applicable, are included in other liabilities.

Bank as a lessor

Leases where the Bank does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

	UNAUDITED 9 Months Sept-26 ₦'000	UNAUDITED 3 Months Sept-26 ₦'000	UNAUDITED 9 Months Sept-25 ₦'000	UNAUDITED 3 Months Sept-25 ₦'000
3 Interest income				
Interest income calculated using effective interest rate:				
Mortgage Loans to customers	1,122,457	367,151	910,740	582,394
Other Loans and advances	1,354,675	573,449	2,689,293	2,914,364
	2,477,132	940,600	3,600,033	1,551,914
4 Interest expense calculated using effective interest rate:				
Mortgage Loans to customers	35,250	13,906	29,509	11,041
Other Loans and advances to customers	2,907,313	1,045,886	2,849,264	1,283,228
	2,942,563	1,059,792	2,878,773	1,294,269

The interest on borrowings relates to advances obtained from other banks in Nigeria

	9 Months Sept-26 ₦'000	3 Months Sept-26 ₦'000	9 Months Sept-25 ₦'000	3 Months Sept-25 ₦'000
5 Fees and commission income				
Credit related fees	59,545	33,273	120,290	53,589
Commission on turnover	23,356	7,570	29,352	10,433
Other commissions	1,964	687	1,986	731
	84,864	41,531	151,629	64,753,

Fees and commission were earned from services provided overtime.

	9 Months Sept-26 ₦'000	3 Months Sept26 ₦'000	9 Months Sept-25 ₦'000	3 Months Sept-25 ₦'000
6 Other Operating income				
Investment Income	192,725	90,545	464,461	121,676
Placements with Banks	1,733,632	628,343	99,781	290,332
Other Income	345,532	122,121	383,968	78,176
Profit or (loss) on sale of property, plant and equipment	-	-	-	-
Foreign Exchange gain	-	-	-	-
	2,271,889	841,009	1,375,954	490,185

Other income includes account maintenance fees, recoveries, card maintenance fees and other e-channel fees etc.

7 Credit loss expense				
Credit loss expense/(write back)- balances due from CBN	-	-	-	-
Credit loss expense/(write back)- balances due from banks	-	-	-	-
Credit loss expense/(write back)- loans and advances	170,491	159,304	7,429	2,900
Credit loss expense/(write back)- securities at amortised cost	-	-	-	-
Credit loss expense/(write back)- other assets	-	-	-	-
	170,491	159,304	7,429	2,900

		UNAUDITED 9 Months Sept-26 ₦'000	UNAUDITED 3 Months Jun-26 ₦'000	UNAUDITED 9 Months Sept-25 ₦'000	UNAUDITED 3 Months Jun-25 ₦'000
8	**Personnel expenses**				
	Wages, salaries and other staff costs	241,095	79,630	228,230	78,530
	Retirement contribution plan	453,540	162,711	217,137	57,681
	Pension costs-Defined contribution	16,209	6,019	17,343	5,340
	Pension costs –Defined benefit plan	5,185	434	4,810	956
		716,030	248,795	467,521	142,506
9	**Depreciation**				
	Depreciation of property plant and equipment (Note 20.1)	(136,269)	(44,420)	551,708	244,098
		(136,269)	(44,420)	551,708	244,098
10	**Other operating expenses**				
	Advertising and marketing	17,647	2,016	16,784	4,260
	Administrative	173,660	65,342	216,353	90,254
	Professional fees	25,430	12,675	22,663	8,025
	Others	357,421	110,943	628,991	295,802
		574,158	**190,976**	**884,791**	**398,340**

Other expenses are made up of other operating expenses such as rates, staff training and travelling expenses.

		UNAUDITED 9 Months Sept-26 ₦'000	UNAUDITED 3 Months Sept-26 ₦'000	UNAUDITED 9 Months Sept-25 ₦'000	UNAUDITED 3 Months Sept-25 ₦'000
11.1	**Income tax expense**				
	Current income tax for the year				
	Income tax	34,102	11,126	45,019	33,764
	Education tax	-	-	-	-
	Technology levy	-	-	-	-
	Capital gains tax	-	-	-	-
	Tax assessment of prior year	-	-	-	-
	Total current income tax expense	34,102	11,126	45,019	33,764
	Deferred tax (Net)				
	Relating to origination and reversal of temporal differences	-			-
					-
	Income tax expense	34,102	11,126	45,019	33,764
	Deferred Taxation	-			
	Total current income tax expense	**34,102**	**11,126**	**45,019**	**33,764**

		UNAUDITED Sept-26 ₦'000	UNAUDITED Sept-25 ₦'000
11	**-**		
	At beginning of the period	-	-
	Income tax expense	-	-
	Payments during the period	-	-
	At end of the period	-	-

11 Reconciliation of effective tax rate

The effective income tax rate is 10%.

Where, in any year of assessment, the computation of total assessable profits from all sources results in a loss, or where the total profits give rise to no tax payable, or tax payable is less than the applicable minimum tax, the Bank shall be subject to minimum tax in accordance with the provisions of the NTA Act 2025.

In line with the Act, minimum tax is computed at 0.5% of gross turnover less franked investment income, and is payable where it exceeds the tax otherwise computed under the normal basis.

12 Earnings per share attributable to ordinary equity holders (Kobo) - Basic and Diluted

Basic

Basic earnings per share has been calculated based on profit after tax attributable to the shareholders during the period and the weighted average number of issued share capital of 5,000,000,000 for the period.

	UNAUDITED 9 Months Sept-26 ₦'000	UNAUDITED 6 Months Jun-25 ₦'000
Profit/(loss) after income tax attributable to the shareholders (₦'000)	-	-
Weighted average number of shares ('000)	-	-
(in kobo)	**-**	**-**

Diluted

There was no diluting instrument as at the reporting date. Hence, diluted earnings per share is the same as basic Earnings per share.

		UNAUDITED Sept-26 ₦'000	AUDITED Dec-25 ₦'000
13	**Cash on hand**		
	Cash	113,668	35,504
		113,668	35,504
14	**Cash balances with Central Bank**		
	Deposits with CBN	181,722	181,722
	Allowance for impairment on cash balances with CBN	-	-
		181,722	181,722

See Note 15.1 for nature of deposits with CBN.

15	**Due from banks and other financial institutions**		
	Placements with banks and discount houses	12,711,769	10,315,943
	Balances with banks within Nigeria	2,006,757	1,258,240
	Disc Hou/Bank Plcmnts - Interest Receivable	616,728	
		15,335,255	11,574,182
	Allowance for impairment on due from Banks	(627,912)	-
		14,707,343	11,574,182

The balance with FMBN is a mandatory specified deposit required for the National Housing Fund on-lending loan. Balance with other banks earns interest at floating rates based on daily bank deposit rates. Fixed placements with banks are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Bank, and earn interest at the respective fixed placement rates.

The Bank has restricted cash balances with the Central Bank of Nigeria and the FMBN. This balance is made up of CBN and FMBN cash reserve requirements. The cash reserve ratio represents a mandatory cash deposit which should be held with the Central Bank of Nigeria as a regulatory requirement. Restricted deposits with Central Bank and Federal Mortgage Bank are not available for use in the Bank's day-to-day operations.

		UNAUDITED Sept-26 ₦'000	AUDITED Dec-25 ₦'000
16	**Loans and advances**		
	Mortgage loans	8,200,335	7,360,258
	Overdraft	441,411	1,897,015
	Terms loan	8,158,259	5,036,426
	Interest Receivable	170,942	2,960,837
	Less ECL allowance	16,970,948	17,254,535
	Total	(181,064)	(295,216)
		16,789,884	**16,959,319**

16.1 The movement in ECL allowance on loans and advances was as follows:

	UNAUDITED Sept-26 ₦'000	AUDITED Dec-25 ₦'000
Expected credit loss allowance		
At beginning of the period	181,064	295,216
Charged for the period/(Write back)	-	-
Bad debt written off/(Provision no longer required)	-	-
At end of the period	181,064	295,216

		UNAUDITED Sept-26 ₦'000	AUDITED Dec-25 ₦'000
17	**Financial investments - equity instrument at FVTPL**		
	Quoted equities	1,043	1,043
	Unquoted equities	97,778	97,778
		98,821	**98,821**

		UNAUDITED Sept-26 ₦'000	AUDITED Dec-25 ₦'000
19	**Other assets**		
	Financial assets:		
	Prepayments	685,498	1,254,299
	stationery stocks	170	6,354
	Other stocks	1,441	-
	Account receivables	2,163,889	79,587
	Other debits balances	10,380	84,031
		2,861,379	1,424,271
	Allowance for impairment of other assets - (note 19.2)	-	(144,871)
		2,861,379	1,279,399

		UNAUDITED Sept-26 ₦'000	AUDITED Dec-25 ₦'000
19	Movement of allowance for impairment of other assets		
	Balance at the beginning of period	-	144,871
	Reclassification	-	-
	Provision for the period	-	-
	Amount recovered	-	-
	End of the period	-	144,871

There was no movement in allowance for impairment of other assets during the period.

20.1 Property and equipment

	Land and building	Office furniture and equipment	Computer equipment	Motor vehicles	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Cost					
At 1 January 2026	184,606	302,771	252,517	539,873	1,279,767
Additions		38,266	25,511	-	63,777
Disposal	-	-	-	-	-
At 30 September 2026	184,606	341,037	278,028	539,873	1,343,544
Accumulated depreciation					
At 1 January 2026	29,813	244,761	52,277	229,518	556.369
Charge for the period	2,424	26,933	39,135	82,319	150,811
Disposals	-	-	-	-	-
-At 30 September 2026	32,237	271,694	91,412	311,837	707,180
Cost					
At 1 January 2025	184,606	319,245	65,000	209,743	778,597
Additions		11,363	187,517	330,130	529,010
Disposal	-	(27,840)	-	-	(27,840)
At 31 December 2025	184,606	302,771	252,517	539,873	1,279,767
Accumulated depreciation					
At 1 January 2025	27,176	217,339	40,227	177,838	462,580
Charge for the period	2,637	27,422	12,050	51,680	93,789
Disposals	-	-	-	-	-
At 31 December 2025	29,813	244,761	52,277	229,518	556.369
NBV at 30 September 2026	**152,534**	**35,199**	**175,474**	**273,156**	**636,363**
NBV at 31 December 2025	**154,794**	**58,009**	**200,240**	**310,355**	**723,399**

21 **Intangible assets- computer software**	**UNAUDITED Sept-26 ₦'000**	**AUDITED Dec-25 ₦'000**
Cost:		
At 1 January	83,097	246,489
Addition	-	7,916
At the end of the period	83,097	254,405
Accumulated Amortisation:		
At 1 January	-	120,553
Amortisation charge	21,066	23,209
At the end of the period	21,066	143,762
Carrying amount	**62,525**	**83,097**

The Bank performed an impairment test as at 30 September 2026 and 31 December 2025, and there were no indicators of impairment of assets held as at these dates.

		UNAUDITED Sept-26 ₦'000	AUDITED Dec-25 ₦'000
22	**Due to Customers**		
	Demand deposits	10,875,266	8,369,401
	Savings deposits	1,752,316	2,511,082
	Term deposits	14,662,384	11,856,008
		27,289,965	22,736,491
	Within one year	-	10,880,483
	More than one year	-	11,856,008
			22,736,491
23	**Due to other banks**		
	Overdrawn balances with banks	1,973,412	2,336,251
		1,973,412	2,336,251
24	**Other liabilities**		
	Interest payable	532,216	2,069
	UID and Advance payments	610,499	16,557
	Accounts payable	6,424	683,353
	Provision and accrual	(13,750)	148,778
	Sundry Creditors	944,162	163,005
	Other Payables	243,245	556,922
	Current Year Profit/ loss to date	212,749	-
		2,535,497	1,570,682

Terms and conditions of other liabilities

Accounts payable and other liabilities are made up of various expenses such as audit fee, rates, etc. which have been incurred during the year but remained unpaid as at the year end. The Bank normally settles such expenses within one to three months from the day of receipt of service to which it relates.

The Bank and its employees make a joint contribution of 10% and 8%, respectively, on each of the qualifying employee's salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated pension fund administrators.

The Bank's liabilities in respect of the defined contribution scheme are charged against the profit or loss of the year in which they become payable. Payments are made to pension fund administration companies who are financially independent of the Bank.

	UNAUDITED Sept-26 ₦'000	AUDITED Dec-25 ₦'000
Defined contribution scheme		
Pension liability	-	2,069

		UNAUDITED Sept-26 ₦'000	AUDITED Dec-25 ₦'000
25	**Deferred tax liability**		
	Deferred taxation-liability	53,035	13,563

		UNAUDITED Sept-26 ₦'000	AUDITED Dec-25 ₦'000
26	**Borrowings**		
		1,973,412	2,336,251

The Bank has not had any defaults of principal, interest or other breaches with respect to its borrowings during the year.

		UNAUDITED Sept-26 ₦'000	AUDITED Dec-25 ₦'000
27	**Funds for on-lending**		
	On-lending funds	84,259	1,315,652

The funds are obtained from the Federal Mortgage Bank of Nigeria ("FMBN") & Ministry of Finance Real Estate Investment Fund (MREIF) for the purpose of on-lending. The funds are obtained at 4% per annum and 6.75% from FMBN & MREIF and issued to customers at 6% and 9.75% per annum respectively.

		UNAUDITED Sept-26	AUDITED Dec-25
28	**Share capital**	**₦'000**	**₦'000**
	Issued and fully paid share capital of 50 kobo each		
	Balance at the beginning of the period	2,500,000	2,500,000
	Addition	-	-
	Balance at the end of the period	2,500,000	2,500,000

29	**Retained Earnings:**		
	Balance at beginning of period	(5,452,020)	1,404,357
	Profit for the period	212,749	231,577
	Transfer to Statutory Reserve	-	(46,315)
	Transfer to regulatory risk reserve	398,010	(7,041,639
	Dividend paid	-	-
	Balance at end of period	(5,637,281)	(5,452,020)

30	**Statutory Reserve:**		
	Undistributable earnings required to be kept in line with the Central Bank of Nigeria's Prudential Guideline.		
	At the beginning of the period	708,367	662,052
	Transfer from profit or loss account	-	46,315
	At the end of the period	708,367	708,367

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by section 16(1) of the Banks and Other Financial Institutions Act, an appropriation of 20% of profit after tax is made if the statutory reserve is less than paid-up share capital and 10% if the statutory reserve is greater than the paid-up capital.

31 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.

34 **Key management compensation**	**Sept-26 ₦'000**	**Dec-25 ₦'000**
Salaries and other short term employee benefits	241,095	123,070
Post -employment benefits	5,185	7,715
	246,281	130,785

35 Employees

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

	Number	Number
Executive directors	4	4
Management	27	27
Non-management	55	55
	86	86

36 Directors emoluments

Fees and sitting allowances	60,560	38,216
Other directors expenses	-	-
	60,560	38,216

37 Events after reporting date

There were no subsequent event which could have had a material effect on the financial position and performance of the Bank for the second quarter ended 30 September 2026 which had not been adequately provided for or disclosed.

Funding and Liquidity

The Bank has a robust liquidity management framework and contingency funding plan that builds in adequate buffers to support liquidity run-off in a stress scenario. The liquidity ratio of the Bank as at 30 September 2026 is far above the regulatory limit of 20% and the Bank projects that the ratio will continue to be higher than the regulatory minimum. Also the Bank will be less impacted by foreign exchange risk as its exposure to foreign assets is insignificant.

Analysis of balance sheet

The Bank has performed a line-by-line analysis of its balance sheet and has done an assessment of whether the current uncertainty may impact any of the amounts presented as at 30 September 2026 . The Bank has performed an analysis and reviewed the portfolio and the impact the spread would have on the Bank's credit portfolio. Management has concluded however that the amounts recognised in the financial statement do not require further adjustment but will continue to monitor situation as new information becomes available and adjustment thereof will be reflected in the appropriate reporting period.

38 Compliance with banking regulations

The Bank complied with all CBN regulations during the period. There are no contraventions during the period that should be reported.

39 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 Bank's securities. The Policy is periodically reviewed by the Board and updated. The Bank has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period under review.

LIVINGTRUST MORTGAGE BANK PLC

40 Free Float Computations and Declaration

24. FREE FLOAT				
NAME:	LIVINGTRUST MORTGAGE BANK PLC			
BOARD LISTED	GROWTH BOARD			
YEAR END	DECEMBER			
REPORTING PERIOD	QUARTER 3 ENDED SEPTEMBER 30, 2026			
SHARE PRICE AT END OF REPORTING PERIOD	N3.14 (N6.09)			
	Sep-26		Sep-25	
	Unit	Percentage	unit	Percentage
Description				
Issued Share Capital	5,000,000,000	100	5,000,000,000	100
Substantial Shareholdings (5% and above)				
Cititrust Holdings Plc	2,041,087,747	40.82%	2,041,087,747	40.82%
Osun State Government	901,466,695	18.03%	901,466,695	18.03%
Osun State Local Government Areas	1,090,133,708	21.80%	1,090,133,708	21.80%
Adekunle Adewole	369,506,532	7.39%	369,506,532	7.39%
Total Substantial Holdings	4,402,194,682	88.04%	4,402,194,682	88.04%
Directors Shareholdings				
Mr. Olanrewaju Afolabi (Indirect)	2,041,087,747	40.82%	2,041,087,747	40.82%
Dr. Kamaldeen Adekilekun(Indirect)	901,466,695	18.03%	901,466,695	18.03%
Mr. Sola Ogungbile (Indirect)	1,090,133,708	21.80%	1,090,133,708	21.80%
Dr. Olumide Adedeji (direct)	24,695,500	0.49%	24,695,500	0.49%
Mrs. Olaitan Aworonke (direct)	24,858,015	0.49%	24,858,015	0.49%
Mr. Timothy Gbadeyan (direct)	1,665,705	0.03%	1,665,705	0.03%
Total Directors Holding	4,083,907,370	81.66%	4,083,907,370	81.66%
Free Float in Units and Percentage	546,586,098	10.93%	546,586,098	10.93%
Free Float in Value	N1,716,280,347.72		N3,328,709,336.82	
LTMB Plc with a free float percentage of 10.93% as at 30 September 2026 is not compliant with The Exchange's free float requirements for companies listed on the Growth Board.				
LTMB Plc with a free float value of N1,716,280,347.72 as at 30 September 2026 is compliant with the Exchange's free float requirements for companies listed on the Growth Board.				

LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 30 SEPTEMBER 2026

	2026 ₦'000	%	2025 ₦'000	%
Gross earnings	4,833,886		6,666,724	
Interest expense	(2,942,563)		(3,724,184)	
	1,891,322		2,942,540	
Net impairment	170,491		614,991	
Bought-in-materials and services - local	(906,347)		(1,989,604)	
Value added	1,155,466	100	1,567,928	100
Applied as followed:				
To pay employees				
Employees as salaries, wages and pensions	716,030	62.0	594,377	38
To pay government				
Government taxes	34,102	3.0	308,056	20
To pay provider of capital				
Interest on borrowings	35,250	3.1	308,161	20
To provide for assets replacements and future expansion:				
- Depreciation and amortisation	157,335	13.6	125,756	8
- Profit for the year	212,749	18.4	231,577	15
Value added	1,155,466	1000	1,567,928	100

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

FIVE-YEAR FINANCIAL SUMMARY 31 DECEMBER	2026 ₦'000	2025 ₦'000	2024 ₦'000	2023 ₦'000	2022 ₦'000
Assets					
Non-current assets					
Property and equipment	636,364	723,399	316,016	374,591	378,368
Intangible assets	62,525	83,097	102,728	52,080	49,533
Deferred tax assets	7,143	-	60,178	39,471	-
Assets held for sale	76,399	81,399	99,626	114,297	149,317
Total non-current assets	**782,431**	**887,895**	**578,548**	**580,439**	**577,218**
Current assets					
Other assets	2,861,379	1,279,399	946,079	647,219	447,866
Investment securities	98,821	1,289,639	2,593,185	98,822	96,920
Loans and advances to customers	16,789,884	16,959,319	14,017,322	12,790,784	10,679,375
Due from banks	14,707,343	11,574,182	5,720,741	3,564,827	970,819
Cash and balances with the Central Bank of Nigeria	1,792,515	217,226	190,318	114,069	141,492
Total current assets	**36,249,942**	**31,319,766**	**23,467,645**	**17,215,721**	**12,336,472**
Total assets	**37,032,372**	**32,207,660**	**24,046,193**	**17,796,160**	**12,913,690**
Liabilities					
Non-current liabilities					
Borrowings	1,973,412	2,035,135	2,626,816	2,797,675	2,841,457
Deferred tax liabilities	(53,035)	13,563	-	-	69,685
Total non-current liabilities	**1,920,377**	**2,048,699**	**2,626,816**	**2,797,675**	**2,911,142**
Current liabilities					
Deposit from customers	27,289,965	22,736,491	15,194,922	9,143,651	5,491,601
Borrowings	-	301,116	318,240	288,200	-
Other liabilities	2,535,497	1,570,682	672,022	1,193,175	594,846
Current income tax liabilities	98,940	275,178	181,982	118,959	170,150
Total current liabilities	**29,924,403**	**24,883,468**	**16,367,166**	**10,743,985**	**6,256,597**
Total liabilities	**31,844,780**	**26,932,166**	**18,993,982**	**13,541,660**	**9,167,739**
The financial statements were approved					
Ordinary share capital	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Retained earnings	(5,637,281)	(5,452,019)	1,404,358	698,890	794,768
Statutory reserve	708,367	708,367	662,052	491,152	377,497
Regulatory risk reserve	7,534,082	7,534,083	492,444	579,671	90,800
Fair value reserve	(6,642)	(14,937)	(6,642)	(15,213)	(17,114)
Total equity	**5,187,593**	**5,275,494**	**5,052,212**	**4,254,500**	**3,745,951**
Total liabilities and equity	**37,032,373**	**32,207,660**	**24,046,193**	**17,796,160**	**12,913,690**
Statement of comprehensive income					
Gross earnings	4,833,886	6,666,724	3,758,160	2,891,657	1,627,777
Total operating income	1,891,322	2,942,540	2,294,907	2,037,601	2,043,634
Operating expenses	(1,473,980)	(1,787,916)	(1,442,842)	(1,151,177)	(943,789)
Impairment (losses)/write-back	(170,491)	(614,991)	129,136	(220,764)	(94,112)
Profit before tax	246,851	539,633	981,200	665,660	1,005,733
Income tax expense	(34,102)	(308,056)	(192,059)	(97,386)	(184,056)
Profit after tax	212,741	231,577	789,141	568,274	506,962
Other comprehensive (loss)/income	212,741	(8,295)	8,571	1,901	116
Other comprehensive income for the year	**212,741**	**223,282**	**797,711**	**570,176**	**507,078**