LIVINGTRUST MORTGAGE BANK PLC

FINANCIAL STATEMENTS
DECEMBER 31st 2022

LIVINGTRUST MORTGAGE BANK PLC
DECEMBER 31ST 2022 AUDITED FINANCIAL STATEMENT

OUR VISION

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

OUR MISSION

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

LIVINGTRUST MORTGAGE BANK PLC
FOR THE YEAR ENDED 31 DEECMBER 2021

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Corporate Information

Location

Corporate Office: Km 2 Gbongan Road P.M.B 4488 Osogbo, Osun State
Branch Location: Osogbo, Ejigbo & Ilesha.
Website: www.livingtrustng.com
Email: info@livingtrustng.com

Registrar:

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

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

Independent Auditors: PKF Professional Services Tel: +234(01)8042074 / 7734940 / 7748366
E-mail: lagos@pkf-ng.com info@pkf-ng.com
PKF House/205A Ikorodu Road, Obanikoro, Lagos

RC No: 217889
Licence No: 000317

Bankers:	**Address**
First Bank of Nigeria Plc	– Station Road Branch, Osogbo Osun State.
Providus Bank	– 16, Diya Street, Ifako-Gbagada, Lagos State
Access Bank Plc.	– Post Office Branch, Osogbo Osun State.
Sterling Bank	– Osogbo Branch, Ogo-Oluwa, Osogbo, Osun State.
Stanbic IBTC Bank	– Osogbo Branch, Aregbesola Bus-Stop, Osogbo Osun St.
First City Monument Bank Plc.	- Osogbo Branch, Ogo-Oluwa, Osogbo, Osun State.
Zenith Bank Plc.	– Fakunle Branch, Osogbo, Osun State.
Wema Bank	- Igbonna Branch, Osogbo, Osun State.

Awards

2022 - Most Innovative Mortgage Banking Brand, Nigeria- Global Brands, Britain
2022 - Africa's Most Reliable Mortgage Bank - Africa Fintech Brands
2022 - Most Improved Mortgage Bank - Africa Fintech Brands
2022 - Mortgage Bank of the year 2022- Independent Newspaper
2022 - Service Ambassador Award : Highest Impact on MSME Accessing: DBN
2022 - Service Ambassador Award : Highest Impact on Start-up :DBN
2022 - The Mortgage Bank of the Year : Independent Finance Award
2022 - Adekunle Adewole, PhD. - Top Professionals who made impact in 2022- Business Day
2021 - Company of the Year by: Commercial Banking Group
2021- Mortgage Bank of the Year by: Africa Housing Award
2020 – Company of the Year by: CITITRUST Holdings Plc
2021 – Customer Appreciation Award by: Interswitch
2021 – Chief Executive of the Year by: CITITRUST Holdings Plc
2020 –Sustainability and Growth award by: CitiTrust Financial Services
2020 – Most Innovative Company of the Year by: CITITRUST Holdings Plc
2020 – Best Performing Company of the Year by: CITITRUST Holdings Plc
2020 – Adekunle Adewole, Ph.D : Managing Director of the Year by: CITITRUST Holdings Plc
2020 – Best Product of the Year by: CITITRUST Holdings Plc

MANAGEMENT STAFF

S/N	FIRST-NAME	LAST-NAME	JOB FUNCTION	GENDER
1	Charles	Babajide	RELATIONSHIP MANAGER	M
3	Timothy	Gbadeyan	HEAD LEGAL & COMPANY SCERETARY	M
2	Olugbenga	Fatanmi	TREASURY	M
4	Babatunde	Tadese	HEAD CREDIT RISK	M
5	Mayowa	Fayiga	RELATIONSHIP MANAGER	F
6	Afisat	Adebola	BUSINESS MANAGER	F
7	Yemisi	Adesina	FINANCIAL CONTROLLER	F
8	Bolaji	Kolawole	BUSINESS MANAGER	M
9	Adewole	Aderanti	HEAD OPERATION	M
10	Kikelomo	Adesina	HEAD HR/ADMIN	F
11	Seun	Adetoro	RELATIONSHIP MANAGER	M
12	Abimbola	Olagunju	HEAD, E-BUSINESS	F
13	Olabode	Owoeye	RELATIONSHIP MANAGER	M
14	Ademola	Yusuf	RELATIONSHIP MANAGER	M
15	Olusegun	Akinradewo	HEAD INTERNAL CONTROL & AUDIT	M
16	Faheem	Aileru	HEAD, COMPLIANCE	M
17	Olarotimi	Amuda	HEAD, I.T	M
18	Victor	Ibitoye	RELATIONSHIP MANAGER	M
19	Johnson	Abugan	RELATIONSHIP MANAGER	M
20	Anthonia	Oyedemi	RELATIONSHIP MANAGER	F
21	Yinka	Badru	RELATIONSHIP MANAGER	F
22	Clement	Oyedeji	RELATIONSHIP MANAGER	M
23	Adijat	Babalola	RELATIONSHIP MANAGER	F
24	Ayoola	Olayemi	RELATIONSHIP MANAGER	M

Brief Profile

LivingTrust Mortgage Bank Plc was incorporated in 1993 initially as Osun Building Society Limited. The Bank's name was changed to Living Springs and Loans Limited and later to Omoluabi Savings Limited to reflect the virtues of the people of the state. As required by the CBN regulations, the Company name was changed to Omoluabi Mortgage Bank Limited having been licensed by the Federal Mortgage Bank of Nigeria in March 1999.

The Bank began operations in April 1999 and has since been under the supervision of the Other Financial Institutions Department (OFID) of the Central Bank of Nigeria (CBN). In November 2014, the name of the Bank was changed to Omoluabi Mortgage Bank Plc and the bank became listed on the Alternative Securities Market (ASeM) of The Nigerian Stock Exchange (NSE); while it further changed its name to Living Trust Mortgage Bank Plc in 2020. The Bank was established to provide Mortgage banking services, Mortgage Financing, Real Estate Construction Financing and General Financial Services.

The authorized and issued share capital of the Bank as at 31 December 2022 was as follows:
Authorized shares: 11,000,000,000 ordinary shares of 50 kobo each
Issued shares: 5,000,000,000 ordinary shares of 50 kobo each

The Bank is headed by the Managing Director with the banking operations segregated into respective units. The Mortgage Bank maintains its head office in Osogbo and two branches within the state for its operations.

Historical Timeline

- **1999** - Incorporation to carry out banking activities and formal commencement of operations
- **2013** - Privatization of the bank from Osun State Government and raising of additional N1.65 billion capital
- **2014** - Listing on the Alternative Securities Market (ASM) of the Nigeria Stock) Exchange (NSE
- **2015** - New Management team takes over, Restructuring and Re-Organizing
- **2016** - Official Change of name from Omoluabi Savings & Loans Plc. to Omoluabi Mortgage Bank Plc.
- **2020** - New Management "CitiTrust Financial Services Plc. "take over; Thereby;
  - (a) Strategic Re-organizing and transformation of the Bank.
  - (b) Migration to the Growth Board on Nigeria Stock Exchange
  - (c) Change of Name from Omoluabi Mortgage Bank to LivingTrust Mortgage Bank Plc.
- **2021 –** CitiTrust Financial Services Plc transferred the their shares to the Parent company CITITRUST HOLDINGS PLC
- **2022 –** The Bank commence re-capitalization to metamorphose into a national mortgage bank in Nigeria

Current Ownership

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

LIVINGTRUST MORTGAGE BANK PLC

FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED 31 DECEMBER, 2022

	[redacted]	[redacted]
	₦'000	**₦'000**
Major items in statement of financial position		
Loans and advances to customers	**10,679,375**	7,807,374
Property and equipment	**378,368**	286,564
Assets held for sale	**149,317**	183,351
Deposit from customers	**5,491,601**	5,296,312
Borrowed funds	**2,841,457**	2,222,103
Share capital	**2,500,000**	2,500,000
Shareholders fund	**3,745,950**	3,224,156
Total assets	**12,913,690**	11,341,789
Major items in statement of profit or loss and other comprehensive income		
Gross earnings	**2,538,906**	1,627,777
Impairment loss (charge)/writeback	**(94,112)**	53,674
Profit before taxation	**1,005,734**	768,209
Taxation	**(184,056)**	(261,248)
Profit after taxation	**821,678**	506,961
Ratios	**%**	%
Cost to income	**46.18**	48.81
Return on assets	**6.36**	4.47
Return on shareholders fund	**21.94**	15.72
Capital adequacy	**54.88**	95.52
Liquidity	**32.89**	60.90
Earnings per share (kobo)	**16.43**	10.14
Others	**Number**	Number
Number of branches	**3**	3
Number of staff	**85**	86
Number of shares in issue	**5,000,000**	5,000,000
Dividend paid	**300,000**	50,000
Ratings	**BBB+**	BBB-

BOARD OF DIRECTORS DETAILS

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

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

In May 2005, he was appointed Group Managing Director/CEO of Odua Investment Company Limited, the investment basket of the five South Western states in Nigeria. He served for a period of nine years and retired in October 2014.

Alh. Adebayo Jimoh currently runs a cotton export business under the name Synergy Cotton and Agro Allied Company in partnership with Plexus Cotton, UK. He is the Chairman of the Company. He is a fellow of the National Institute of Marketing of Nigeria, and e member of the Institute of Directors.

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

He holds a Bachelors of Technology degree in Applied Meteorology from the Federal University of Technology, Akure, two Master in Business Administration degrees in Marketing and Finance from University of Ado Ekiti and Metropolitan School of Business & Management, UK respectively. He also holds a Master in Business Law (LLM) from the Metropolitan School of Business & Management, UK and a Certificate in Global Management (CGM) from the Institut Européen d'Administration des Affaires (INSEAD), Fontainebleau, France. He has attended several executive management courses in risk management, leadership, general management and management entrepreneurship in Nigeria, Ghana, Cameroon, South Africa, UK, and UAE. He has also attended executive courses in leading international institutions including Harvard Business School, INSEAD (Singapore), INSEAD (Abu Dhabi) and INSEAD (Fontainebleau, France).

He is a member of the Nigeria Institute of Management, Honorary Senior Member of the Chartered Institute of Bankers of Nigeria, Alumnus of the prestigious INSEAD

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

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

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

He holds two Masters degrees in Business Administration from Ladoke Akintola University and Metropolitan School of Business and Management, United Kingdom. A Fellow of Microfinance Association UK, National Institute of Marketing of Nigeria and Institute of Management Consultants. He is also a member of the Nigerian Institute of Management (Chartered), Institute of Directors Nigeria and Nigerian Economic Summit Group (NESG). He has attended several Executive Management and Board training programs at IESE Business School Barcelona, Spain, Lagos Business School, the Wharton School of the University of Pennsylvania, USA, The Housing Finance, Canada and Strathmore University Business School, Kenya. He seats on the Board of over 15 Companies across Africa. He currently serves as the Group Chief Executive of CITITRUST Holdings Plc.

Hon. Bola Oyebamiji - Non-Executive Director
Hon. Bola Oyebamiji is a fellow of the Chartered Institute of Economists of Nigeria, an Associate of the Nigeria Institute of Management, a Chartered Banker and a member of Nigeria Economic Summit Group [NESG]. He has over 28 years' experience as a banker in Wema Bank Plc, Trans international Bank Plc, Spring Bank Plc and Enterprise Bank Ltd. He was the Managing Director of Osun State Investment Company Limited, Osun- State from 2012 to 2017 before his appointment as the Finance Commissioner of the State of Osun.

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

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

Ade Adewole is an avid reader and a masterful speaker and more so a seasoned business development guru. His expertise in Entrepreneurial development has channelled him towards public speaking as he conducts trainings and seminars all over Nigeria. He is also a sought-after board member and management consultant across the country and also a Pan-African leader.

Ade Adewole is self-driven and has an unapologetically desire for success, his business acumen and strategy prowess has given him the privilege to serve as the Group Managing Director of a top-notch company named Commerce Alliance Limited

Mr. Michael Omolaja - Independent Director

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

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

He was one time a member of Osun Tourism Board under Governor Aregbesola and currently a member of the Board of LivingTrust Mortgage Bank Plc under Alhaji Gboyega Oyetola's administration.

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

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

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

Mrs. Fehintola Olatunde-Agbeja - Independent Director

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

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

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

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

Mr. Olufemi Adesina - Independent Director

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

He started his career with KPMG before moving to the business group of a top Nigerian bank. He later moved to the Financial Control and Strategic Planning unit of the bank. He has worked with a number of other firms. In 2005, he became the pioneer Managing Director of Fluffy Enhancing lives Funds Limited, a private equity firm.

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

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

Mrs Olaitan Aworonke – Executive Director

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

She is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA) 2019, qualified as a chartered accountant in 2006. Fellow, Institute of Chartered Economists of Nigeria (FCE) 2017 and Associate member, Chartered Institute of Taxation of Nigeria, 2018. Holds a Bachelor of Science degree in Accounting (Second Class Upper Division) from University of Ado-Ekiti, 2001 and Masters in Managerial Psychology (MMP) from the University of Ibadan, 2010.

Olaitan has attended various training courses in the last two decades, some of which are, Corporate Governance, Leadership Management, Enterprise Risk

Management, Motivation and Leadership, Performance monitoring, Business Development, Relationship Management, Business Management, Sales, Customer Services, Retail Business and Strategic Marketing in developing economies. She also attended some short courses such as Strategic Leadership and Change Management, London School of Business and Finance (LSBF), Business Research, Herriot Watt University, Edinburgh, Scotland and Turning Strategy to Action at Lagos Business School (LBS).

Prior to her appointment as the Ag. MD/CEO, She is the first Executive Director of the Bank, in charge of Operations, Human Resources and Business Development and formerly, Group Head, Operations and Business Development and Formerly, Group Head, Operations and Business Development. She had previously worked with Stanbic IBTC. Bank, Fidelity Bank Plc., and Access Bank Plc. in various capacities.

Dr. Olumide Adedeji

Olumide Adedeji is a highly recognised banker and has 25 years' experience cutting across Retail Banking, Commercial Banking, Corporate Banking, Telecoms, Hospitality and Real Estate. He is a Fellow of the Institute of Chartered Accountants of Nigeria and an Associate of Chartered Institute of Taxation of Nigeria, a Certified Risk Manager, a Chartered Manager and a Forensic expert with Certified Forensic Investigation Professionals.

Olumide is a Deloitte-trained finance expert with demonstrated skills in driving highly competitive businesses, having maintained stellar track record of strong drive for new clients' acquisition, coverage, revenue growth, increased market share, innovative strategies, profitability and customer-centric product offerings in Botswana, Ghana and Nigeria.

Olumide was at various times in charge of Consumer Banking as Deputy General Manager at Equitorial Trust Bank (now Sterling Bank Plc), Assistant Vice President (FCMB), Standard Chartered Bank, Diamond Bank Plc (now Access Bank Plc) and Fidelity Bank Plc. He has served on various banking committees such as Enterprise Risk Management Committee, Asset and Liabilities Committee, Operational Risk Management Committee and Information Technology Steering Committee, providing strategic leadership for outstanding results. He holds a Doctorate Degree, a Master of Science Degree and a Bachelor of Science Degree in Physics from the University of Ibadan, Oyo State.

CHAIRMAN'S STATEMENT
Fellow Shareholders,
Distinguished Colleagues,
Esteemed Customers,
Management and Staff,
Regulators and Guests,
Leaders and People in the Communities we serve,
Gentlemen of the Press,

It is my pleasure to share with you, the Annual Report of our Bank, LivingTrust Mortgage Bank Plc. for the 2022 financial year.

It is with great delight that I welcome you all to our Bank's 9th Annual General Meeting (AGM) and present to you the Annual Report and Financial Statements for the financial year ended December 31, 2022. Your fidelity to our Bank has played a huge role in our ascendancy as a leader in the Nigerian Mortgage sub-sector and we thank you for this. You kept faith with us throughout the period of limited corporeal engagement and never wavered in your commitment to our growth and today, we are excited to have you physically present at this gathering.

The clouds of COVID-19 lifted in the 2022 financial year. Once again, human resilience has prevailed over a pandemic that did not only threaten lives; but businesses, civilizations, human interactions and the world as we have known it for decades. It is doubtless that some mundane and workplace changes which evolved during the pandemic have come to stay. Although there are now new definitions of normalcy in respect of some things especially in the workplace, many things are now returning to familiar normalcy. As a responsible institution, we cannot forget the lessons of the COVID-19 pandemic. In a post-COVID era, Business Continuity Plans, Disaster Preparedness, Management and Recovery Plans and in fact, Technological deployments cannot focus on mundane matters alone. They must be robust enough to address complex situations and circumstances not yet defined. Both now and in the future, this realization will continue to guide the strategies and business models we adopt.
Now that we can regard ourselves as survivors of the pandemic, I thank the Almighty God for the preservation of our lives, our families and loved ones.

I am excited to report that over the past year, your company has yet again achieved the purpose of enabling sustainable housing finance in Nigeria and ensuring delivery of superior performance, leveraging technology and a motivated team. But even better, your company did so in a manner that delighted customers, employees, shareholders and our host communities. Despite the challenges of the operating environment, we continued on a sustainable growth trajectory. Our Bank closed the year with an unprecedented level of profitability in the Mortgage Sub-sector, especially among publicly quoted peers.

Dear shareholders, we recognize your support for our current and future plans and acknowledge that this has given us the courage to forge ahead. As a Board, we have continued to drive growth through effective policy decisions and oversight. The Executive Management has also continued in a stride of excellent strategy execution, acceptable market offerings and delightful customer experience and as a result, the market has rewarded us. Please be assured, that the Board will not relent in ensuring continuous growth trajectory, despite the volatile operating environment.

OPERATING ENVIRONMENT

In 2022, the Nigerian economic growth rate slowed down when compared with the previous year's position, though out-performing earlier predictions. According to the National Bureau of Statistics (NBS), Gross Domestic Product (GDP) grew by 3.11%, 3.54%, 2.25% and 3.53% in Q1, Q2, Q3 and Q4, respectively. In total, the annual real GDP growth rate in 2022 stood at 3.10%, which was slightly lower than the 3.40% recorded in 2021. The Country's inflation rate also rose to 21% in 2022, which was far higher than the average of 10.6% for emerging economies. As a result, the Monetary Policy Committee increased the Monetary Policy Rate (MPR) from 11.5% to 16.5% in four consecutive rate hikes in 2022. The hikes in benchmark interest rate had minimal effect on curbing inflation, as the National Bureau of Statistics reported that prices decelerated to 21.34% in December 2022, from the 21.47% recorded in the previous month. As expected, the hike in MPR increased the prime and the maximum lending rates. This inherently impacts credit flow to the productive sectors of the economy and the three consecutive rate hikes between May and August 2022 is not unrelated to the dip in real GDP growth rate in the third quarter which stood at 2.25%, the lowest since first quarter of 2021.

Although the Nigerian economy grew by 3.5% in the first three quarters of 2022, many Nigerians were adversely affected. Apart from the erosion of the purchasing power of Nigerians by growing inflation and local currency depreciation, oil production and services which does not benefit the average Nigerian continue to remain the dominant driver of growth. The Nigerian youth population suffered the most, as youth unemployment rose to 42.5%, significantly higher than the national unemployment rate which stood at 33.3% in 2021. Nigeria's economic growth has slowed due to declining oil output and moderated non-oil activities. The downward trend of Nigeria's crude oil production, due in part to crude oil theft and the teething effects of the commercialization of State-owned Oil Corporation had material impact on the Country's revenue. Although, it appears that there was decoupling of the country's growth performance from high oil prices, there is need to urgently address the key drivers of the decoupling and strengthen the macro-fiscal framework. Nigeria's budget deficit is reported to have reached 5% of GDP, which is higher than the 3% recommended by the Fiscal Responsibility Act, 2007 which was enacted to ensure prudent management of the Country's financial resources and long-term macro-economic stability. Considering the Country's low revenue generation which stood at about 9% of GDP, the Federal Government of Nigeria continued to seek measures to increase its revenue through the introduction of the Finance Act of 2021, a measure which is gradually becoming an annual tradition. The National Assembly also passed the Finance Bill 2022 on 28th of December, 2022 which is expected to increase the tax burden on businesses and individuals when it is signed into law.

During the outgone year, the Central Bank of Nigeria announced a naira redesign policy for the top three naira notes and set December 15, 2022 as the start date for the circulation of the new notes. Largely, Mortgage Banks have had to depend on correspondent commercial banks to be able to dispense the new notes to their customers. While the situation remained hard-hitting till the end of the 2022 financial year, it is hoped that the newly redesigned currency will adequately circulate in 2023. Insecurity continued to threaten lives and business activities in the year 2022. This has mostly affected all means of transportation within Nigeria, except air transportation.

CORPORATE GOVERNANCE

At the Board, we continue to focus on sound corporate governance practices. Beyond regulatory compliance, we have continued to hold all segments of the Bank accountable to higher level of performance and governance policies. In effect, we have given similar attention to compliance with both external and internal policies and regulations. This has helped the Bank to continue to conduct its business without violating extant norms. As you would see from the attendance, the Directors continue to remain dedicated to the business of the Bank. The Board and its Committees met as and when due, and received adequate information from Management, which helped in effectively performing the requisite oversight function.

The Bank remained listed on the Growth Board of the Nigerian Exchange Limited and by implication, the Bank is bound to comply with certain stringent corporate governance and disclosure requirements. We have continued to comply with these requirements. As you are aware, the Bank was given a two years period by the NGX Regulations Limited to address its free float requirement. As part of the approved remedial plan, the Bank was mandated to hold a mandatory facts-behind-the-figures. I am pleased to inform you that the Bank held its facts-behind-the-figures on July 18, 2022. Although, the Bank has not achieved the required free float percentage of 15%, we have met the free float value required in the 2022 financial year. The performances of the Bank has also attracted members of the investing public and apart from the significant appreciation of our share price, the number of our shareholders has grown by more than one hundred percent since we began the implementation of the free float remedial plan.

During the outgone year, Prince Adeniran Adewole and Mr. Michael Omolaja resigned their roles on the Board as Non-Executive Director and Independent Non-Executive Director, respectively, after years of meritorious service. Both Directors resigned to enable them undertake other personal endeavours. Also in 2022, we added Prof. Charles Ukeje and Arc. (Mrs.) Mamman-Da Umma Dambo to the Board as Independent Non-Executive Directors. Prof. Charles Ukeje is a Professor of International Relations with the Obafemi Awolowo University, Ile-Ife while Arc. (Mrs.) Mamman-Da Umma Dambo is an ex-Banker who also served as the Chairperson of the National Commission for Museums and Monuments. In line with the growth plans of the Bank and the need for diversity and inclusion, the new Directors who are of eastern and northern extraction have now given the Board a national outlook. In the short time of their appointment, they have added value to the Board.

Your Bank has governance reporting obligations to the Securities and Exchange Commission (SEC) and The Central Bank of Nigeria (CBN). A statement on the Company's compliance with the Corporate Governance Principles and recommendations is included in this Annual Report. Apart from these external regulatory guidelines, the bank has approved internal governance charters and policies. The Board ensured that these policies were complied with during the year. The Bank currently has three (3) Board committees namely the Board Nomination and Governance Committee, Board Credit and Investment committee and Board Audit and Risk Committee comprising of subject-matter experts to ensure the Bank carries out its business in line with regulatory guidelines, best practices and highest ethical standards.

Apart from the Board Committees, the Bank has a very active Statutory Audit Committee, chaired by a Shareholder. In compliance with the Companies and Allied Matters Act 2020, the representation of the Board on the Audit Committee has been reduced to two members while shareholders are represented on the Committee by three members. Also premised on statutory changes, the Board now has three (3) Independent Directors. In 2022, Mr. Olufemi Adesina, who previously served as Independent Director was converted to a Non-Executive Director. The Board remains composed of ten (10) members and they have continued to contribute to the stability and growth of the Bank.

FINANCIAL PERFORMANCE

Our performance for the year ended December 31, 2022 was epoch. For the first time in the history of our Bank, our profitability was over a billion naira, as we closed the 2022 financial year with a **Profit-Before Tax** of ₦1,005,734,000, representing a 23.8% increase over the previous year position. We also recorded remarkable growth across key performance indicators. Our **Total Assets** grew by 12.32% (year-on-year) to ₦12,985,863,000, while Loans and Advances grew remarkably by 26.95% to ₦10,748,937,000. Deposits grew marginally by 3.56% to N5, 491,601,000 while **Gross Earnings** grew impressively by 55% to N2, 538,906,000. This depicts significant improvement in the Bank's earning capacity. The Bank's profitability grew impressively.

As a result, the **Earnings per Share** of the Bank grew by 43.07% to N16.43, compared to N10.14 in the previous year. The Market Price of the Bank's share rose from N1.04k to N1.60k as at December 31, 2022 which invariably increased the Bank's Market Capitalization to N8, 000,000,000. Let me assure you that the Board is focused on a responsible growth strategy. The Board considers sustainability in its decision-making process. The Board ensured that the Credit Policy and the risk management system put in place were observed in the creation of quality risk assets. The loan monitoring and recovery mechanisms in place also proved effective, as the Bank closed the 2022 financial year with a **Non-Performing Loan ratio** of 4%. Copies of the statement and other relevant matters are available on our website at www.livingtrustng.com.

Our Bank's remarkable performance in 2022 earned us several accolades both within and outside Nigeria.

- **The award for Chief Executive of the year – Year 2022**
- **The award for the Overall Best Company of the year – Year 2022**
- **Mortgage Bank of the year 2022- by Independent Newspaper**
- **Most Improved Mortgage Bank 2022- by Africa Fintech Brands**
- **Africa's Most Reliable Mortgage Bank 2022- Africa Fintech Brands**
- **OFI with Highest Impact on Start-Ups- Development Bank of Nigeria (DBN)**
- **OFI with Highest Impact on MSME accessing Credit for 1st time- DBN**
- **Most Innovative Mortgage Banking Brand, Nigeria- Global Brands, Britain**
- **Adekunle Adewole, PhD. - Top Professionals who made impact in 2022- BusinessDay**

These international and domestic awards are testament to the fact that your Bank has become a leader in the Nigerian Mortgage industry. The Board members, working with the Executive Management are re-committing themselves to ensuring that the Bank remains on a growth trajectory. We do not interpret these awards to mean that we have reached the destination. On the contrary, they signify that while we are on the right track, the journey has just commenced. We are mindful of the changing market dynamics and we are not only responding to them, but we are identifying the opportunities in the market complexities and positioning your Bank to take advantage of them. As we have done in previous years, we assure you our esteemed shareholders that we will work with the Executive Management to continue to provide you with delightful returns, while providing superior value to all our stakeholders. At this point, I wish to express gratitude to all our stakeholders and the general public for their collective contributions towards our success. We are grateful to the Osun State Government, for the consistent support provided to our Bank. I also thank all our employees for their invaluable contributions to the growth of the Bank. Indeed, the people of LivingTrust are our greatest asset.

During the outgone year, our strategic partnership with institutions such as the Federal Mortgage Bank of Nigeria (FMBN), Development Bank of Nigeria (DBN) and Nigeria Mortgage Refinance Company (NMRC) assisted us in serving our teeming customers in all our operational footprints. Going forward, we will work to expand our strategic collaboration with other Development Finance Institutions while deepening the existing relationships, towards growing our business and expanding access to affordable mortgage.

Let me at this point, applaud the members of the Board and the Executive Management for their consistent commitment to the realization of the Bank's objectives. It is a great privilege to lead these remarkable men and women of caliber and acumen.

DIVIDEND

Based on the enormous progress we have made, we have in recent years held ourselves to a tradition of paying dividend at the end of every financial year. Beyond capital appreciation, we are committed to delivering exciting returns on investment to our shareholders. As we witness sustained growth, we intend to maintain the culture without any interregnum. Notwithstanding that we have an ongoing recapitalization program, we are desirous of paying dividend to shareholders for the third consecutive year.

Considering our outstanding performances in the 2022 financial year, the Board has approved that 7.5% of the Profit-After-Tax be paid as gross dividend. This is subject to the approval of the members at the Annual General Meeting.

RECAPITALIZATION

It is noteworthy, that the electioneering campaign began earnestly in 2022 together with its attendant impacts. Generally, investors are often cautious in approach in an election period until the election is over and a new government sworn in. This is of particular concern, as the Bank continued to pursue its recapitalization program which you, our esteemed shareholders approved at an extra-ordinary general meeting held in October, 2022. I wish to inform our esteemed Shareholders that the recapitalization program is on course and we hope to conclude the exercise in the 2023 financial year.

CORPORATE SOCIAL RESPONSIBILITY

In 2022, the Bank maintained its three branches at Osogbo, Ilesha and Ejigbo. The Board also approved the opening of a new branch at Ila-Orangun and regulatory steps are being taken to enable commencement of operations at the new location. The Bank continues to impact its host communities in diverse ways. During the outgone year, the Bank financed the refurbishment of certain infrastructure in selected public schools in Osogbo, Osun State.

2023 OUTLOOK

For the fourth consecutive year, Nigeria's Federal parliament has passed a new finance law known as the Finance Bill, 2022. Amongst notable provisions of the new Bill are telecoms tax, increase in education tax and removal of certain waivers. These are in addition to existing taxations at the Federal, State and Local Governments. As budget deficit increases and debt servicing takes a large chunk of the national budget, taxation would likely continue to remain in focus, notwithstanding that the purchasing power of Nigerians has been on a decline. Although, Nigeria currently has one of the highest corporate tax in the world, corporate citizens will bear the heavy brunt of additional taxation, until and unless the tax authority is able to significantly capture more persons and businesses in the tax net, especially in the informal sector.

The Nigerian general election held in February 2023. The expected changes are usually accustomed by a lull in investment activities until the new direction of the socio-political space is clear. The stance of the new national administration on removal of fuel subsidy, curtailment of crude oil theft, improved production capacity, handling of insecurity and general economic disposition will likely affect market activities in the second half of 2023.

The impact of the CBN naira redesign and cashless policy on the economy will depend on the manner of implementation, performance of the electronic channels of financial institution, rural orientation and the effectiveness of agency banking. The domestic card scheme of CBN is also a novel idea that will impact payments in Nigeria. Expectedly, there will be a significant increase in electronic transactions and as financial institutions endeavor to provide seamless service, huge investments in cybersecurity would also be required. There have been regulatory directives in this regard and our Bank is taking measures to ensure full compliance.

Until there is a significant deceleration in inflation rate and moderation of general prices, the Monetary Policy Committee may likely keep tightening its monetary policy. Regardless, inflation is expected to remain at double digits. As youth unemployment rate remains very high, the ongoing massive brain drain permeating all sectors of the Nigerian economy will likely continue and may spike, depending on happenings in the political space and the market reactions thereto. Although the rate of brain drain being experienced is unprecedented, our Bank will put in place measures first and foremost, to retain its talents and also, to ensure smooth succession at all levels.

The International Monetary Fund earlier in October 2022, predicted a GDP growth rate of 3% for Nigeria in 2023. However, it upgraded its 2023 economic growth projection rate for Nigeria to 3.2% in January 2023. On its part, the Central Bank of Nigeria has forecasted that the country's economy would grow at a rate of 2.88% in 2023. There is hope that the Nigerian economy will grow faster than the projections. As a Bank, we recognize that opportunities are cloaked in challenges. We will continue to identify opportunities and take advantage of them, towards delivering value to our stakeholders.

CONCLUSION

The year 2022 was a successful year for us at LivingTrust. Despite our current shareholders funds limitations, our agile banking model, efficiency, commitment of our workforce, strategic plan execution and the support of our esteemed shareholders have undoubtedly earned us a spot at the top of the Nigerian Mortgage Subsector. We intend to build on the superior performance recorded in 2022, grow into our future plans and blitz-scale our market impact. One thing is clear, our strategy is working. We understand sectoral challenges and we are responding adequately. Recognizing the need to build a sustainable planet, we seriously consider the environment in the transactions we finance. We have continued to advance diversity and inclusion at every level of recruitment. After a record year, we look forward to entering the next level of our growth strategy. We remain committed to ethical and mutually beneficial engagement with stakeholders in our local environs and we believe this would help us in retaining existing cooperation.

On behalf of the Board of Directors, I would like to thank our valued customers for their continued patronage and unflinching loyalty. We also thank our shareholders whose trust in us has remained unwavering. We appreciate you for your continued investment in our Bank. Once again, we wish to express our profound gratitude to the staff of our Bank, the People of LivingTrust, for their smart-work and creativity.

We recognize that there is a strong nexus between the quality of our people and our performances and once again, the Board pledges to continue to ensure the improvement of your welfare. Lastly, I thank the Board of Directors for dedicating their time and vast experience to the advancement of the Bank. I am excited to serve with you on the Board and I look forward to the great things we will achieve in 2023.

Thank you.

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

MANAGING DIRECTOR'S STATEMENT:

I am incredibly delighted to welcome you to the 9th Annual General Meeting of our Bank and present to you, our distinguished shareholders, our performances for the 2022 financial year (FYE 2022).

There is no doubt that 2022 was a remarkable year. It was challenging for all our stakeholders – our customers, our people and the communities we serve. As the threat of COVID-19 became decimated on the global scene, the Russian invasion of Ukraine sustained the stress on global economy. Considering the elevated levels of socioeconomic stress in the aftermath of the COVID-19 public health crisis, there were already several indicators capable of triggering collapse of developing economies, particularly in the form of debt distress, food and energy shortages. The impact of the Russo-Ukrainian war on global commodity and financial markets were mostly transmitted to developing economies, such as Nigeria through – rising food prices, increased energy prices and tightening financial conditions. Ordinarily, one of these factors- rising energy prices, ought to have benefitted Nigeria as an oil producing country. However, the Nigerian dynamics present an unusual situation where any vertical swing in energy prices result in serious difficulty. When energy prices trend southward, the nation's revenue suffers and when it trends northward, the effects of fuel subsidy on the national budget becomes unbearable, thereby significantly increasing budget deficit which have in recent past been funded by additional borrowing.

Undoubtedly, Ukraine and Russia materially contributes to food and energy supplies around the world. Considering that the ongoing conflict continues to adversely impact both food production and supply chains, the immediate effect has been sharp rises in the cost of food items, which invariably suppresses the disposable income of the people and by extension, their ability to service existing financial obligations. Businesses around the globe also continue to experience severe disruptions in respect of the supply of raw materials which are critical for industrial production. The Climate has been one of its biggest victim's of the conflict, as it significantly halted Green transition, sometimes in the most unlikely places. Big and small nations alike, have had to rethink their energy plans and some had to step up the use of coal, the dirtiest of fossil fuels.

Notwithstanding the challenges of 2022, your Bank has again shown resilience in a tough operating environment. The Bank grew across all key performance indicators. The Bank recorded strong earnings, and despite significant increase in expenditure as a result of astronomical surge in general prices, there was a significant improvement in profitability. The 2022 performance has once again demonstrated the sustainability of the growth trajectory of the Bank and our business model. Although, we still see ample room for growth, the consistency of our growth indicates that our growth strategy is working and that our strategy execution framework is excellent.

During the outgone year, your Bank achieved novel industry record, in terms of profitability. The performance of the Bank has continued to attract members of the investing public, leading to significant capital appreciation with positive effect on the Bank's market capitalization. We have continued to expand the Bank's operational footprints using technology and as a result, we have been growing in customer-base and market penetration. In line with the Bank's mission, we have continued to prioritize service excellence towards ensuring customer satisfaction. Sound governance practice has been at the heart of our business processes and in all our activities throughout 2022, our goal has been to deliver superior value to our stakeholders. In the process, we earned both local and international recognitions. Apart from the several awards garnered, we were also recognized for our work by the Development Bank of Nigeria as the **Other Financial Institution** with the highest impact on Start-Ups and MSMEs accessing credit for the first time. In the market segment where we operate, we are reputed to have provided notable credit support to our customers and they have rewarded us with loyalty.

The Executive Management is mindful of the disruptions in our environment. We continued to ensure market-fit products and in a strained economy, we continuously review our credit appraisal strategies towards strengthening originating processes, knowing fully well that risk assets performance are directly linked to proper credit origination. During the outgone year, we made further significant investment in technology. Not only did we boost our cybersecurity capabilities, we also significantly enhanced **TrustMobilePlus**- our banking application. This is in furtherance of our goal to ensure that our customers can get quality services from remote locations. Beyond this, we retained a motivated workforce. At necessary times in 2022, we have modified the working arrangements of our staff, improved their welfare in response to prevalent socioeconomic factors and provided requisite tools for optimal performance. While we are not immune from the pervasive brain drain in Nigeria, we have so far managed the impacts and are prepared to enter the next growth phase in the ensuing year.

OUR CORPORATE TRANSFORMATION PLAN

At an Extra-Ordinary General Meeting held in October 2022, our esteemed shareholders approved the recapitalization of our Bank by way of Private placement towards becoming a Regional Commercial Bank or in the interim, a National Mortgage Bank. We immediately swung into action by assigning FSDH Capital Limited as <u>Lead Arranger</u>, to lead the recapitalization exercise. Similarly, we appointed Messrs. PricewaterhouseCoopers as Consultant for the proposed transition to commercial banking. We would like to report that we are making progress and hope to conclude the exercise in the 2023 financial year. This step is very crucial to our growth plan, as it would provide the premise to achieve the following objectives:

- Improved liquidity for greater market impact and penetration
- Expansion of operational footprints
- Increased visibility towards growing public trust in our brand
- Increased market share
- Transactional ease for Customers across the country
- Expansion of our core business and market offerings
- Improved profitability

In recent years, our Bank has thrived at the lower middle market, driving financial inclusion and providing our services to the hitherto Unserved and Under-served segments. We presently have branches situated in locations where there are no prior presence of a financial institution. In fact, we commenced the opening of a new branch at Ila-Orangun in Osun State during the outgone year, having recieved necessary approvals. In this market, we have perfected mechanisms for verification, credit appraisal, monitoring, loan collections and recovery. We have tested products and processes in this market and have attained expertise in serving the players in the real micro, small and medium enterprises (MSMEs) sector of the economy. The market is so vast with latent opportunities, realizable only upon discovering how the market imperfections and information assymmetry can be managed. Considering the vast nature of the lower middle market in Nigeria, there is a commensurate need for liquidity to make real impact in the sector. Upon successful completion of our recapitalization program, we hope to significantly support more MSMEs, as they provide platforms on which the national economy thrives. MSMEs contribute in no small measure to job creation, revenue generation and economic diversification.

As a complementary offering to our MSME lending, our Bank cannot neglect Agency Banking. Agency Banking is crucial to financial inclusivity, especially in rural areas and urban sprawl. Upon our successful transition to a commercial bank, we expect this to influence our investment in Technology. I am particularly excited to introduce our newly upgraded banking application to you and I am proud to say TRUSTMOBILEPLUS can now do much more, as much as you can do with other offerings by Commercial Banks. During the 2022 year, we continued to deepen our IT capabilities and to automate our processes. As we grow, we will continue to invest in technology to enable us improve efficiency and serve our customers better.

It is noteworthy to note that happenings in the operating environment continue to lend credence to the decision of our shareholders to recapitalize the Bank. In the third quarter of the outgone year, the National Pension Commission (PENCOM) announced plans to allow pension contributors use 25% of their Retirement Savings Accounts (RSA) as equity contribution for Residential mortgage's. I am delighted to inform you, our esteemed

Shareholders, that your Bank was approved as one of the 34 mortgage banks allowed to participate in the scheme. However, the newly introduced scheme by PENCOM only addresses the perennial challenge of equity contributions to mortgage facilities. In fact, it appears that there is a policy mis-alignment in this regard. While it remains laudable that PENCOM has identified housing as a major challenge of Nigerian retirees and has taken steps to address the issue while workers are in employment, PENCOM is yet to approve the investment of pension funds in the Mortgage industry which is expected to boost the ability of Mortgage Banks to meet up with the requisite counterpart funding, considering that pension funds are invested in other financial institutions sharing similar capital requirements with Mortgage Banks.

For the scheme to be effective, Mortgage Banks should be able to provide counterpart funding that would enable the vast number of pension contributors in Nigeria to acquire a residential property. The mission of firms is to fix a market friction and the ability of a firm to address a challenge in the society will impact its sustainability. There is no doubt that the recapitalization program you approved in 2022 is cucial to the Bank's future growth and the Bank's ability to make requisite impact where it matters.

As a socially responsible corporate citizen with effective stakeholder management approach, your Bank continues to maintain an amiable relationship with its host communities. In 2022, we refurbished and equipped some educational infrastructure at a public school in Osogbo. This is to encourage growth and development in the communities we serve. Your Bank will continue to make positive impacts in the society, especially in its host communities.

In 2022, we engaged representatives of the World Bank on green housing initiatives. In view of this, your Bank will be considering the financing of green housing estates across Nigeria in the future noting ongoing efforts of governments and organizations around the world to reduce environmental degradation. Presently, our personnel are acquiring the requisite skills in this regard, to enable us support projects that could be certified as Green projects. We believe such initiatives lend our contribution to other efforts been taken across the world.

Your Bank has sustained the growth momentum in the year 2022. We recorded growth in customer-base, total assets, profitability, market capitalization and in many other metrics. We ran our business ethically and responsibly without sanctions and penalties, yet delivering impressive performance, which translated to good returns for you, our shareholders. Please be assured that the Executive Management remains committed to the Bank's values and objectives, towards ensuring overall sustainable value to all stakeholders.

ECONOMIC PRESSURE AND FINANCIAL PERFORMANCE

We cannot ignore the fact that COVID-19 ceased to be at the front-burner of our existential concerns in 2022. Although, some pundits had earlier predicted that it would stay with us much longer, human resilience and will-power once again prevailed over the virulent virus which threatened every aspect of human existence. However, the Nigerian economic growth slowed in 2022, with an annual GDP growth rate of 3.10%, which was slightly lower than the 3.40% recorded in the preceding year.

Inflationary pressure was a common denominator in global economies in 2022, although there were significant variances in severity across nations. This prompted a widespread hike of interest rates by the central banks of many countries. The Monetary Policy Committee of the Central Bank of Nigeria raised the Monetary Policy Rate by 500 basis points in 2022 and this was done on four different occasions. However, the inflationary pressure did not decelerate until the end of the 2022 financial year.

It was reported by The International Monetary Fund (IMF) which stated that the index weights and basket usually deployed by the National Bureau of Statistics (NBS) to arrive at the monthly consumer price index are extremely outdated, as the NBS stated that headline inflation rates in Nigeria at the end of 2022 stood at 21.34%. As the Nigerian populace struggled with decline in purchasing power, the productive sector also suffered the unintended consequences of rate hikes including increases in the cost of borrowing, dis-incentivization of new investments and high product prices which led to plummeting demand of products and services.

A struggling productive sector has adverse effects on national revenue, which are accompanied by reduced production, growing unemployment rates due to redundancy and general decline in profitability which are bound to have negative effect on Taxation. Beyond Tax, these factors also have direct nexus to performances of loans and advances. As a result, there was a struggle in the domestic financial environment in 2022, to balance the competing consequences of galloping inflation and hike in interest rates. This was amid both regulatory and market-driven devaluation of the naira.

In the Nigerian Mortgage Industry, the familiar challenges remained throughout the 2022 financial year. Dearth of reliable property titles, reluctance in passage of modern and effective foreclosure laws, prohibitive cost of titling, bureaucratic land registries and slow judicial process continued to stifle the growth of the Nigerian Mortgage Sub-sector and to disincentivize investment in the sub-sector. Apart from these perennial challenges, the inability of the government to grant forbearances to mortgagors at the height of COVID-19 continued to affect the mortgage industry. The impacts of job losses, loss of obligors and/or corporate promoters, distressed / slow recovery of businesses and such other impacts of the pandemic were still being felt in the mortgage industry in 2022.

Notwithstanding the tough operating environment in 2022, your Bank responded to market factors with innovative agility, put in place measures to ensure asset performance, created additional quality assets, leveraged on existing strategic partnerships to ensure inflow of liquidity and grew profitability to an unprecedented level in the Nigerian Mortgage Sub-sector. We keenly monitored the emerging risks in the operating environment and responded professionally through our robust risk management framework. In doing this, we constantly recieved timeous support of the Board of Directors for requisite policy response to new developments in the market.

I am delighted to report to you, our esteemed shareholders, that your Bank recorded growth in almost all the key performance indicators in 2022. For the first time in the history of our Bank, our profitability was in excess of a billion naira, as we closed the 2022 financial year with a **Profit-Before Tax** of ₦1, 005,734, 000, representing a 23.8% increase over the previous year position. The Bank's **Total Assets** grew by 12.32% (year-on-year) to ₦12,985,863,000, while Loans and Advances grew remarkably by 26.95% to ₦10,748,937,000. Deposits grew marginally by 3.56% to N5, 491,601,000 while **Gross Earnings** grew impressively by 55% to N2, 538,906,000. This depicts significant improvement in the Bank's earning capacity.

Similarly, the Bank's **Earnings per Share** grew by 43.07% to N16.43, compared to N10.14 in the previous year. The Market Price of the Bank's share rose from N1.04k to N1.60k as at December 31, 2022 which consequently increased the Bank's **Market Capitalization** to N8, 000,000,000. Please be rest assured that Management has put in place a sustainable growth strategy, which has guided our activities since 2020 and has continued to prove effective. Throughout the course of the year 2022, we remained within the confines of all regulatory ratios and ensured that all our processes and decisions were subject to regulatory and internal governance instruments. Also, our mortgage facilities are asset-backed and our loan monitoring, collections and recovery mechanisms continue to prove adequate, as the Bank closed the 2022 financial year with a **Non-Performing Loan ratio** of 4%.

Premised on our outstanding performance in 2022, I am very confident that we are on the right path. We intend to leverage the achievement of the previous year to step into the next growth phase. I want to assure you on behalf of the Executive Management Team of your Bank, that we are committed to continuous improvement of profitability, sound corporate governance practices and achievement of the Bank's growth strategy, towards delivering impressive returns to you, our shareholders and value to all our stakeholders.

OPPORTUNITIES ABOUND

The opportunities in the Nigerian Mortgage Sub-sector remains untapped. With over twenty million housing deficits, the funding required to make impact is enormous. The Nigerian population growth at 2.6% per annum currently outpaces annual housing development in Nigeria. This is more severe in urban cities where the population has continued to grow astronomically. Although, this does not necessarily reflect the market opportunities, as the increasing cost of construction, declining household income which is

further depressed by reduction in disposable income due to a rise in the price of FMCG goods and an increase in interest rates, have all contributed to a decline in mortgage affordability, thereby frustrating both demand and supply in the real estate sector.
However, it is our expectation that with adequate financial intervention, the bank with its array of bespoke products can play a vital role in expanding the mortgage qualification metrics towards ensuring mortgage inclusion. We welcome the decision of the National Pension Commission to allow RSA holders access 25% of their pension contributions towards raising equity contribution for housing loans. This decision will address one of the key factors disqualifying employees and pension contributors from having access to mortgage, due to an inability to raise adequate sums required as equity contribution. With steps been taken to address the affordability deficit, we expect an increase in the quality demand for residential housing in 2023. By implication, there will be increased mortgage lending in the new financial year noting the effects of quality demands for real estate, which will in turn improve the opportunities for supply through mortgage financing.
For Nigeria, the year 2023 is an important one with reference to the oncoming elections (Gubernatorial, Legislative and Presidential) which will witness changes at the different levels of governance. Expectedly, new policies and growth agenda may emerge during the course of the year. We will continue to observe the market for emerging opportunities and take early advantage when we find them beneficial. As more attention is given to the housing sector, we intend to expand our strategic partnerships, especially with institutions willing to partner with the private sector towards addressing housing deficit in Nigeria. In 2023, we will increase our operational footprints, maximize our liquidity, grow our gross earnings and ensure effective cost management, in line with our principle of responsible and sustainable growth.

APPRECIATION

On behalf of the Executive Management of our Bank, I would like to thank our esteemed customers for their continued patronage and unflinching loyalty. We are also grateful to our shareholders for the confidence reposed in us. Your unwavering support continues to spur us to tenaciously pursue the Bank's growth. I will also like to thank my colleagues, the Executive Management Team and our Staff, who join me every day at our Bank to fulfill our purpose of enabling sustainable housing in Nigeria. Their dedication and smart-work has in no small measure contributed to the results we are celebrating.

To the Chairman and members of the Board of Directors, I am filled with gratitude for your counsel, support and commitment to the Bank's objectives.

CONCLUSION

We have now remained profitable for the 7th consecutive year in 2022. In 2023, we will win in the marketplace without excuses. Our growth will be premised on the right risk philosophy. More importantly, we look forward to representing the needs of our customers and stakeholders thereby leading to sustainable growth. With the people of LivingTrust, our agile and smart working staff whose dedication to duty is unparalleled, we will do these and much more!

Thank you.

Adekunle Adewole, PhD.
Managing Director

DIRECTORS REPORT
The Directors have the pleasure in presenting the annual report for the year ended December 31, 2022, which disclose the State of Affairs of the LivingTrust Mortgage Bank Plc. ("the Bank").

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

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

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

Legal Form
The Bank was incorporated on March 9, 1999 as Osun Building Society Limited and changed its name to Living Spring Savings & Loans Limited in 2002. The Bank was converted to a Public Limited Liability Company on January 25, 2013 and subsequently changed its name from Omoluabi Savings and Loans Plc. to Omoluabi Mortgage Bank Plc. The Bank obtained its listing on the Nigerian Stock Exchange on December 11, 2013 where its shares are being publicly traded. Omoluabi Mortgage Bank Plc has changed its name to LivingTrust Mortgage Bank Plc

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

Operating Results
Gross earnings increased by 55%. Highlights of the Bank's operating results for the year under review are as follows:

Name	**31 – Dec-2022**	**31-Dec-21**
	N 000	**N 000**
Gross Earnings	**2,538,906**	1,627,781
Impairment Charge	**(94,112)**	53,674
Profit/(Loss) Before	**1,005,734**	768,209
Income Tax Expense	**(184,056)**	(261,248)
Profit After Taxation	**821,678**	506,961

Shareholding Analysis and Register

- Authorized Share Capital: The Authorized share capital of the bank remains at 5,500,000,000 made up of 11,000,000,000 ordinary shares of 50k each.
- Paid Up Share Capital: The 5,000,000,000 has been fully paid up.
- The shareholding pattern of the Bank as at 31st December, 2022 is as stated below:

Shareholding Band

Range	No of Shareholders	No of Holdings	% of Shareholdings
1 - 5,000,000	328	12,585,379	0.67%
5,000,001 - 10,000,000	0	0	0
10,000,001 - 250,000,000	33	1,090,133,708	24.18%
250,000,001 - 1,000,000,000	2	909,706,292	23.28%
1,000,000,001 - 2,500,000,000	1	2,987,574,621	51.87%
TOTAL	**364**	**5,000,000,000**	**100%**

Share Capital History

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

AUTHORIZED SHARE CAPITAL

DATE	UNIT PRICE	INCREASE	CUMULATIVE UNIT	N
2014	0.5	11,000,000,000	11,000,000,000.00	5,500,000,000.00
2015	0.5	-	11,000,000,000.00	5,500,000,000.00
2016	0.5	-	11,000,000,000.00	5,500,000,000.00
2017	0.5	-	11,000,000,000.00	5,500,000,000.00
2018	0.5	-	11,000,000,000.00	5,500,000,000.00
2019	0.5	-	11,000,000,000.00	5,500,000,000.00
2020	0.5	-	11,000,000,000.00	5,500,000,000.00
2021	0.5	-	11,000,000,000.00	5,500,000,000.00
2022	0.5	-	11,000,000,000.00	5,500,000,000.00
			11,000,000,000	**5,500,000,000**

ISSUED AND FULLY PAID SHARE CAPITAL HISTORY

Year	Increase	unit price	Unit	N
2014	5,000,000,000	0.50	5,000,000,000	2,500,000,000.00
2015			5,000,000,000	-
2016			5,000,000,000	-
2017			5,000,000,000	-
2018			5,000,000,000	-
2019			5,000,000,000	-
2020			5,000,000,000	-
2021			5,000,000,000	-
2022			5,000,000,000	-
			5,000,000,000	**2,500,000,000.00**

SUBSTANTIAL INTEREST IN SHARES
According to the register of members as at 31st December 2022, no shareholder held more than 5% of the issued share capital of the Bank except the following:

S/N	NAME OF SHAREHOLDERS	HOLDINGS	PERCENTAGE
1	CITITRUST HOLDINGS PLC	2,593,390,984	51.87%
2	OSUN STATE GOVERNMENT	901,466,695	18.03%
3	ADEKUNLE ADEWOLE, PhD.	262,476,239	5.25
		3,897,280,913	**77.94%**

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

S/N	NAME OF SHAREHOLDERS	HOLDINGS	PERCENTAGE
1	CITITRUST HOLDINGS PLC	2,593,390,984	51.87%
2	OSUN STATE GOVERNMENT	901,466,695	18.03%
3	OSUN STATE LOCAL GOVERNMENTS	1,090,133,708	21.80%
4	ADEKUNLE ADEWOLE, PhD.	262,476,239	5.25%
5	OTHERS	152,532,374	3.05%
		5,000,000,000	**100.00%**

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

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

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

Memberships of the Board of Directors during the year ended 31 December, 2022

Name	**Position**
Alhaji Adebayo Jimoh	Chairman
Adekunle Adewole, PhD.	Managing Director/ CEO
Hon. Bola Oyebamiji	Non-Executive Director
Mr Michael Omolaja	Independent Non-Executive Director
Mr. Yemi Adefisan	Non-Executive Director
Mr. Olufemi Adesina	Independent Non-Executive Director
Mr. Adeniran Adewole	Non-Executive Director
Mrs Fehintola Olatunde-Agbeja	Independent Non-Executive Director
Mrs. Olaitan Aworonke	Executive Director
Dr. Olumide Adedeji	Executive Director

The representation of the Board members across the shareholders of the Bank is as follows:

Representatives of the State Government
Alhaji Adebayo Jimoh

Representatives of Cititrust Holdings
Mr. Yemi Adefisan

Independent directors
Mr Michael Omolaja
Mr. Olufemi Adesina
Mrs Fehintola Olatunde-Agbeja

DIRECT AND INDIRECT HOLDINGS OF DIRECTORS
The direct and indirect interests of directors in the issued share capital of the Bank as recorded in the register of directors' shareholding and/or as notified by the directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange is as stated.

DIRECTORS INTEREST IN SHARES AND CONTRACTS

LIVINGTRUST MORTGAGE BANK PLC					
	DIRECTORS HOLDINGS AS AT DECEMBER 31, 2021				
		31 DECEMBER, 2022		31 DECEMBER, 2021	
S/N	NAME OF DIRECTORS	DIRECT HOLDINGS	INDIRECT HOLDINGS	DIRECT HOLDINGS	INDIRECT HOLDINGS
1	**Alhaji Adebayo Jimoh**	510,000	901,466,695	Nil	909,706,292
2	**Adekunle Adewole, Ph.D**	262,476,239	Nil	2,000,000	Nil
3	**Mrs. Olaitan Aworonke**	2,152,222	Nil	Nil	Nil
4	**Dr. Olumide Adedeji**	2,043,500	Nil	Nil	Nil
5	**Mr. Michael Omolaja**	Nil	Nil	Nil	Nil
6	**Mr. Bola Oyebamiji**	Nil	1,090,133,708	Nil	1,090,133,708
7	**Mr. Yemi Adefisan**	Nil	2,593,390,984	Nil	2,987,574,621
8	**Mr. Olufemi Adesina**	4,488,850	Nil	4,488,850	Nil
9	**Mr. Adeniran Adewole**	Nil	Nil	Nil	Nil
10	**Mrs. Fehintola Agbeja**	Nil	Nil	Nil	Nil

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

Dividend Payment
As a result of the profitable operations, the Bank would reward its shareholders with return on their investment by paying dividend for 2022 financial year.

Events After Reporting Date
There were no post balance sheet events that could have had a material effect on the affairs of the Bank as at 31st December 2022 which have not been adequately provided for or disclosed.

Donations
The following were given by gift and donations during the year (2022)

	2022 DONATIONS
SN	**DESCRIPTION**
	Donation of gift to outstanding student of Olutimehin Grammar School and cash support to the school.

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

2022 ANALYSIS OF STAFF EMPLOYMENT BY GENDER

Employees	**Employed During the Year**	**% of Employed During the Year**
Male	16	51.61%
Female	15	48.39%
Total	**31**	**100%**

ANALYSIS OF STAFF IN EMPLOYMENT

Employees	**Total Number**	**% of Staff**
Male	70	58.82%
Female	49	41.18%
Total	**119**	**100%**

ANALYSIS OF DIRECTOR BY GENDER

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

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

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

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

Employee Involvement and Training
The Bank is committed to keeping employees fully informed as much as possible regarding the Bank's performance and progress and seeking their opinion where practicable on matters which particularly affect them as employees.

In accordance with the Bank's policy of continuous development, training is carried out at various levels and employees are nominated to attend both local and international courses. These are equally complimented by on-the–job training.

Formal and informal channels are also employed in communicating with employees with an appropriate two-way feedback mechanism. Incentive schemes designed to encourage involvement of employees in the Bank's performance are implemented whenever appropriate.

Auditor's Re-appointment
In accordance with Section 401(2) of the Companies and Allied Matters Act 2020 Messrs. PKF Professional Services have expressed their willingness to continue in office as Auditors of the Bank. A resolution will be proposed at the Annual General Meeting authorizing the Directors to determine their remuneration.

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

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

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

BY ORDER OF THE BOARD

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

CORPORATE GOVERNANCE REPORT

The Central Bank of Nigeria in its Circular BSD/04/2006 of March 2, 2006 released a new Corporate Governance Code, which includes the protection of equity ownership, enhancement of sound organizational structure and promotion of industry transparency. The Code requires Banks to include in their annual report and accounts, compliance report to the Code of Corporate Governance. In compliance therefore, we state below our Compliance Report as at December 31st 2022:

Compliance Status

In line with the provisions of the new Code, the Bank has put in place a robust internal control and risk management framework that will ensure optimal compliance with internationally acceptable corporate governance indices in all its operations. In the opinion of the Board of Directors, the Bank has substantially complied with the new Code of Corporate Governance during the 2022 financial year.

Bribery and Corruption Policy

LivingTrust is committed to conducting her business fairly, honestly and lawfully. The Bank has a zero tolerance approach to bribery and corruption and insists on the same standard for those with whom it does business. The anti-corruption procedures are encapsulated in the Bribery and Corruption policy. The whistle blowing mechanisms are available for any person who wishes to lodge a report on bribery and corruption.

Complaint Management Policy

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

Employment and Labour Relations

LivingTrust continues to strive to entrench fair labour practices. Workers are given adequate training to assist them in the performance of their duties. LivingTrust complies with extant labour laws. There is no discrimination against women in any form. Men and women on the same level enjoy equal remuneration. The Bank applies the acceptable rules governing the treatment of female workers during pregnancy and maternity leave.

FREE FLOAT

LTMB Plc with a free float percentage of 2.87% as at 31 December 2022 is not compliant with The Exchange's free float requirements for companies listed on the Growth Board. However, The Bank with a free float value of N229,340,483.20 as at 31 December 2022 is compliant with the Exchange's free float requirements for companies listed on the Growth Board.

The Bank is already making effort to address the free float percentage of 2.87%

BOARD EVALUATION

During the year under review, a Board Performance Evaluation was carried out. The performance of the Board and individual members was adjudged satisfactory.

BOARD REMUNERATION

The Bank's Remuneration Policy provides a guide for compensation of Board members. It provides clarity on the metrics to be adopted in determining compensation at the various levels.

Remuneration of Non- Executive Directors

The Non- Executive Directors are entitled to an annual fee and sitting allowance for Board and Board committee meetings.

Remuneration of Executive Directors

Executive Directors are remunerated by way of fixed salaries, allowance and performance bonuses in appropriate cases. They are not entitled to sitting allowance for Board and Board committee meetings

Human Rights

In consonance with the provision of the Nigerian Constitution and the Universal Declaration of Human Rights, LivingTrust respects the fundamental human rights of its workers. Fair work practices and policies have been entrenched.

Sustainability and Environmental Issues

The Sustainability Report for the year 2022 identifies the Environmental, Social and Governance (ESG) matters in the last one year which highlights the performance of the Company in the environment. Also the highlights of the report considers the relationships of management with employees, customers, as well as all the communities concerned with companies' operations.

The Sustainability standards identified by management includes:

- Accessibility of the Bank's services and creating affordable services.
- The impact of work force in achieving strategic business objectives;
- The importance of data security and customer privacy;
- Promoting the core values of business ethics to employees.
- Strong Enterprise Risk Management Unit by the Bank

Statutory Bodies

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

Shareholders' Meeting

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

Ownership Structure

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

Board of Directors and Membership
The Board members consists of the Chairman, the MD/CEO, two Executive Directors, three (3) Non-Executive Directors (NEDs) and three (3) Independent Non-Executive Directors (INEDS). The Board of Directors ensures the probity of the executive management of the Bank in the current year. This is in compliance with section 2.2.5 of the CBN Code of Corporate Governance for Finance Companies in Nigeria.

The Directors have diverse background covering Economics, Management, Accounting, Psychology, Information Technology, Public Administration, Law, Engineering, and Business Administration.
These competences have impacted on the Bank's stability and growth. The office of the Chairman of the Board is distinct and separate from that of the Managing Director/Chief Executive Officer and the Chairman does not participate in running the daily activities of the Bank. There are no family ties within the Board.

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

The Board Composition
As at the year ended 31 December 2022, the Board of Directors consists of 10 members, who were re-elected by the shareholders at the 2022 Annual General Meeting.

In relation to the composition of the Board of Directors, the guiding principle is that it should be composed of individuals whose particular knowledge and experience enables the Board of Directors as a whole to attend to the interests of the all stakeholders, including shareholders and employees.

The current members of the Board and their membership on the board committees of the Bank are as follows:

S/No.	BOARD MEMBERS	POSITIONS	COMMITTEES
1.	Alh. Adebayo Jimoh	Board Chairman/	None
2.	Hon. Bola Oyebamiji	Non-Executive Director	Chairman-Board Governance & Nomination Committee
3.	Mr. Michael Omolaja	Independent Non-Executive Director	1.Chairman-Board Investment & Credit Committee
4.	Mr. Yemi Adefisan	Non-Executive Director	1.Chairman-Board Audit & Risk C'ttee 2.Member-Board Investment & Credit C'ttee
5.	Mr. Olufemi Adesina	Independent Non-Executive Director	1.Member-Board Audit & Risk C'ttee 2.Member-Statutory Audit Committee
6.	Mr. Adeniran Adewole	Non-Executive Director	1.Member-Board Governance & Nomination 2. Member-Board Investment & Credit C'ttee
7.	Mrs. Fehintola Olatunde-Agbeja	Independent Non-Executive Director	1.Member-Board Governance & Nomination 2. Member-Board Audit & Risk C'ttee 3.Member-Statutory Audit Committee
8.	Adekunle Adewole, PhD.	Managing Director	Member-Board Investment & Credit
9.	Mrs. Olaitan Aworonke	Executive Director	Member-Board Investment & Credit
10.	Dr. Olumide Adedeji	Executive Director	Member-Board Investment & Credit

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

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

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

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

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

Statutory Audit Committee
It is the practice of the Bank that the Statutory Audit Committee members are partly shareholder representatives and Board of directors' members who serve for a one-year term and can be re-elected. All previous shareholder representatives of the statutory audit committee members have completed their terms and would be subject to re-election at the next Annual General Meeting.

General

The Committee shall:

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

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

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

Regulatory Reports
The Committee shall also:
Examine CBN/NDIC examination Reports and make recommendations thereof.

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

Consider and review the process for risk management annually to ensure adequate oversight of risk faced by the Bank and the system of internal controls and reporting of those risks within the Bank.

Receive regular Reports on significant litigation and financial commitments and potential liability (including tax) issues involving the Bank.

Statutory Audit committee

The audit committee is composed of 5 members drawn from both the shareholders and the non-executive directors of the Bank. In the current year the statutory committee members held four (4) meetings to discuss the management reports of the Bank. The audit committee reviewed the following during the year:

- Annual audited financial statements presented to the shareholders.
- Ensure that there is an open avenue of communication between external auditors and the Board and confirm the auditors' respective authority and responsibilities.
- Oversee and appraise the scope and quality of the audits conducted by the internal and external auditors.
- the integrity of the financial statements of the Bank and any other information on the Bank's financial performance;
- significant financial reporting judgements contained in the financial reports and management accounts;
- the Bank's internal financial controls and internal audit functions;
- Approval of the Audit Planning Memorandum.
- Quarterly financial reports and quarterly internal audit reports;
- Quarterly IT internal report;
- CBN reports issued to the Bank; and
- New regulatory requirements.

Recommendations were made to the Board in relation to identifying matters considered requiring action and improvement; and making recommendations as to the actions to be taken.

The members of the Statutory Audit Committee are as follows:

Statutory Audit Committee

Mr. Ariyo Olugbosun - Chairman Shareholder's representative
Mr. Suraju Yaya Ajagbe - Shareholders' representative
Otunba Adeboye Mukaila Oladejo - Shareholder's representative
Mr. Olufemi Adesina - Independent Director
Mrs Fehintola Olatunde-Agbeja - Independent Director

The attendance for the Statutory Audit Committee meetings in the year are as follows:

SN	COMMITTEE MEMBERS	POSITIONS	07/03/2022	12/04/2022	04/07/2022	12/10/2022
1.	Mr Ariyo Olugbosun	Chairman (Representing the shareholders)	√	√	√	√
2.	Mrs. Fehintola Olatunde-Agbeja	Member (Representing the board)	√	√	√	√
3.	Mr. Olufemi Adesina	Member (Representing the board)	√	√	√	√
4.	Mr. Suraju Yaya Ajagbe*	Member (Representing the shareholders)	√	√	√	√
5.	Otunba Adeboye Oladejo Mukaila	Member (Representing the shareholders)	√	√	√	√

Key:

Present - √
Absent- X
Retired –'Ω
Recently appointed - ®

Board Investment and Credit committee

The Credit Committee is responsible for carrying out a robust assessment of the credit risks facing the Bank, especially those that would threaten its liquidity and going concern. Specifically, their responsibilities are as follows:

a. Evaluation and approval of credit facilities above ₦40 million.
b. Review quarterly treasury and investment reports;
c. Review quarterly loan booking;
d. Review bank's non-performing loans; and
e. Review credit policies.
f. Review of compliance report;

The Committee held a total of four (4) meetings during the year under review with the following as members.

Mr. Michael Omolaja - Chairman
Mr. Yemi Adefisan - Non- Executive Director
Mr. Adewole Adeniran - Non- Executive Director
Mrs. Olaitan Aworonke - Executive Director
Mr. Olumide Adedeji - Executive Director

The attendance for the Investment and Credit Committee meetings in the year are as follows:

SN	BOARD MEMBERS	POSITIONS	18/01/2022	11/04/2022	04/07/2022	11/10/2022
1.	Mr. Michael Omolaja	Chairman	√	√	√	√
2.	Mr. Yemi Adefisan	Member	√	√	√	√
3.	Mr. Adewole Adeniran	Member	√	√	X	Ώ
4.	Adekunle Adewole, PhD.	Managing Director	√	√	√	√
5.	Mrs. Olaitan Aworonke	Executive Director	√	√	√	√
6.	Dr. Olumide Adedeji	Executive Director	√	√	√	√
	In Attendance					
1.	Mr. Timothy Gbadeyan	Company Secretary	√	√	√	√

Key:

Present - √
Resigned – Ώ
Recently appointed - ®

Nomination and Governance Committee

The Nomination Committee (NC) leads the process for Board appointments and makes recommendations to the Board. The two members of the Nomination Committee are Independent Non-Executive Directors. The Committee held a total of four (4) meetings during the year under review with the following as members.

Mr. Bola Oyebamiji - Chairman
Mrs. Fehintola Olatunde-Agbeja - Independent Director
Mr. Adeniran Adewole - Non- Executive Director

The representative of the Honorable Commissioner for Finance in Osun state is yet to be appointed. Hence, the position on the Nomination Committee is vacant.

The attendance for the Nomination and Governance Committee meetings in the year are as follows:

SN	BOARD MEMBERS	POSITIONS	19/01/2022	12/04/2022	05/07/2022	12/10/2022
1.	Mr. Bola Oyebamiji	Chairman	√	√	√	√
2.	Mr. Adeniran Adewole	Member	√	√	√	Ω
3.	Mrs. Fehintola Olatunde-Agbeja	Member	√	√	√	√
	In attendance					
1.	Adekunle Adewole, PhD.	Managing Director	√	√	√	√
2.	Mrs. Olaitan Aworonke	Executive Director	√	√	√	√
3.	Dr. Olumide Adedeji	Executive Director	√	√	√	√
4.	Mr. Timothy Gbadeyan	Company Secretary	√	√	√	√

Key:
Present - √
Resigned – Ω
Recently appointed - ®

Board Audit and Risk Committee

In order to ensure effective risk governance framework, the Risk Management Committee was established to oversee the adequacy and effectiveness of the Bank's risk management framework and policies.

The Board Audit and Risk Committee is responsible for reviewing the following:

a. Quarterly financial reports and quarterly internal audit reports;
b. Quarterly IT internal report;
c. CBN reports issued to the Bank;
d. New regulatory requirements;
e. Quarterly internal audit report; and
f. Quarterly risk report review.

This Committee oversees the activities/reports of the Internal Audit and Whistle Blowing Unit which reports directly to the Committee and the Chairman. The Committee comprises Non-Executive members of the Board in accordance with the requirements of CAMA which took effect in December 2020. The Committee held a total of four (4) meetings during the year under review with the following as members.

Mr. Yemi Adefisan - Chairman
Mrs. Fehintola Olatunde-Agbeja - Independent Director
Mr. Olufemi Adesina - Independent Director

The attendance for the Board Audit and Risk Committee meetings in the year are as follows:

S/No.	BOARD MEMBERS	POSITIONS	18/01/2022	11/04/2022	05/07/2022	11/10/2022
1.	Mr. Yemi Adefisan	Chairman	√	√	√	√
2.	Mr. Olufemi Adesina	Member	√	√	√	X
3.	Mrs. Fehintola Olatunde-Agbeja	Member	√	√	√	√
	In attendance					
1.	Adekunle Adewole, PhD.	Managing Director	√	√	√	√
2.	Mrs. Olaitan Aworonke	Executive Director	√	√	√	√
3.	Dr. Olumide Adedeji	Executive Director	√	√	√	√
4.	Mr. Timothy Gbadeyan	Company Secretary	√	√	√	√

Key:
Present - √
Resigned – Ω

RECORD OF DIRECTORS ATTENDANCE

The Board meetings held during the year confirmed the responsibilities of the directors towards reviewing the strategic plans and performance objectives. The meetings were held in accordance with the meeting chart planned for the year.

There was appreciable attendance for the quarterly meetings held in the year, except one member who was excused from one meeting in 2022. The attendance of Board meetings for the year is as follows:

SN	BOARD MEMBERS	POSITIONS	21/01/2022	14/04/2022	07/07/2022	14/10/2022
1.	Alh. Adebayo Jimoh	Board Chairman	√	√	√	√
2.	Hon. Bola Oyebamiji	Non-Executive Director	√	√	X	√
3.	Mr. Michael Omolaja	Independent Non-Executive Director	√	√	√	√
4.	Mr. Yemi Adefisan	Non-Executive Director	√	√	√	√
5.	Mr. Olufemi Adesina	Independent Non-Executive Director	√	√	√	√
6.	Mr. Adeniran Adewole	Non-Executive Director	√	√	√	'Ω
7.	Mrs. Fehintola Olatunde-Agbeja	Independent Non-Executive Director	√	√	√	√
8.	Adekunle Adewole, PhD.	Managing Director	√	√	√	√
9.	Mrs. Olaitan Aworonke	Executive Director	√	√	√	√
10.	Dr. Olumide Adedeji	Executive Director	√	√	√	√
	In Attendance					
1.	Mr. Timothy Gbadeyan	Company Secretary	√	√	√	√

Key:
Present - √
Apology- X
Resigned – 'Ω

Resignation, Election or Re-election of Directors
Mr. Adeniran Adewole resigned during the course of 2022. He resigned on September 15, 2022 while the Board accepted his resignation in October 2022. Similarly, Hon. Bola Oyebamiji exited the Board at the time his tenure ended as the Honourable Commissioner for Finance, Osun State in November 2022.

Directors re-elected at the 2022 AGM are:
- Yemi Adefisan
- Michael Omolaja
- Olufemi Adesina

The appointment of Dr. Olumide Adedeji was also ratified at the 2022 AGM

BY ORDER OF THE BOARD

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

bakertilly

2 March, 2022

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

Dear Sirs/Madam,

Report on the Corporate Governance Audit of LivingTrust Mortgage Bank Plc for the year ended 31 December, 2022

In conformity with regulatory requirements and to improve Corporate Governance practices, the Board of Directors of LivingTrust Mortgage Bank Plc (hereinafter referred to as the "Bank") appointed Bakertilly Nigeria (Chartered Accountants) to review the performance of the Board of Directors of the Bank in respect of the year ended 31 December, 2022. The exercise was guided by the provisions of the Central Bank of Nigeria's (CBN) Code of Corporate Governance for other financial institutions in Nigeria and Regulations for Boards of Financial Institutions.

Our approach on the assignment has been to:

i. Agree the scope of the assignment;
ii. Review the minutes of meetings of the Board and its Committees;
iii. Review the attendance records of the Directors of the Bank at both the level of the Board and Board Committees;
iv. Obtain and review the Bank's organogram and the job schedule of key officers;
v. Review the Evaluation Report on the Bank and on the Directors;
vi. Review the Directors' compliance with the Code of Conduct issued by CBN, the Nigerian Code of Corporate Governance and the Companies and Allied Matters Act 2020;
vii. Inquire about the trainings attended by the Directors on the platform of the Bank;
viii. Review the strategic plan of the Bank;
ix. Check the Bank's compliance with the CBN code;

x. Check the Bank's filing status with the Corporate Affairs Commission (CAC);

xi. Obtain and review the profile of the Bank's Directors; and

xii. Discuss with the Bank Secretary on the contributions of Directors at Board and Board Committees meetings.

Our report is for the use of the Directors of LivingTrust Mortgage Bank Plc and is therefore not intended for any other purpose or by any other parties without our prior written consent. Our firm, Bakertilly Nigeria (***hereinafter referred to as BT***) has issued the report without any responsibility to third parties. Nothing in this report shall render Bakertilly liable for any loss, damage, cost or expenses whatsoever incurred, caused or sustained by third parties, or arising from fraudulent acts, misrepresentations or wilful default on the part of LivingTrust Mortgage Bank Plc, its Directors, Agents, Representatives or Servants.

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

Yours faithfully,

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

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

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

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

The bank's principal significant risks are assessed and mitigated under three broad headings:
Strategic risks – This specifically focused on the economic environment, the products offered and market. The strategic risks arises from the bank's ability to make appropriate decisions or implement appropriate business plans, strategies, decision making , resource allocation and its inability to adapt to changes in its business environment.
Operational risks – These are risks associated with inadequate or failed internal processes, people and systems, or from external events.
Financial risks – Risk associated with the financial operation of the bank, including underwriting for appropriate pricing of plans, provider payments, operational expenses, capital management, investments, liquidity and credit.

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

Strategic risks
Capital management policies, objectives and approach.
The following capital management objectives, policies and approach to managing the risks which affect the capital position are adopted by the bank.
-To maintain the required level of financial stability thereby providing a degree of security to clients and plan members.
-To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.
- To retain financial flexibility by maintaining strong liquidity.
-To align the profile of assets and liabilities taking account of risks inherent in the business and regulatory requirements.
-To maintain financial strength to support new business growth and to satisfy the requirements of the regulators and stakeholders.

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

Operational risks

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

The bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

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

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

Financial risks

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

- Credit risks
- Liquidity risks
- Market risks

Credit risks

Credit risks arise from a customer delays; inability to fully meet contractual obligations by customers. Exposure to this risk results from financial transactions with customers.
The bank has policies in place to mitigate its credit risks.

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

Liquidity risks

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

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

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

Board and Management Committee

Board and Management Committees Risk Management Control Structure Taken as a whole, risk appetite provides a basis for the allocation of risk capacity across the Bank's business lines. The Board has ultimate responsibility for the Bank's risk organization and for ensuring satisfactory internal control. It carries out its oversight function through its standing committees. Each has a charter that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure, and reporting lines to the Board.

The Management committees which exist in the Bank include: The Executive Committee (EXCO), Management Risk Committee (MRC), Management Credit Committee (MCC), Assets & Liabilities Committee (ALCO), Management Performance Review (MPR), Criticized Asset Committee (CAC), Senior Management Committee (SMC), and Information Technology Steering Committee (ITSC). Without prejudice to the roles of these committees, the full Board retains ultimate responsibility for risk management.

COMMITTEE ATTENDANCE

MANAGEMENT COMMITTEE	**JAN**	**FEB**	**MAR**	**APR**	**MAY**	**JUN**	**JUL**	**AUG**	**SEPT**	**OCT**	**NOV**	**DEC**
The Executive Committee (EXCO)	√	√	√	√	√	√	√	√	√	√	√	√
Management Credit Committee (MCC)	√	√	√	√	√	√	√	√	√	√	√	√
Assets & Liabilities Committee (ALCO)	√	√	√	√	√	√	√	√	√	√	√	√
Critical Asset Committee (CAC)	√	√	√	√	√	√	√	√	√	√	√	√
Management Performance Review (MPR)	√	√	√	√	√	√	√	√	√	√	√	√
Senior Management Committee (SMC)	√	√	√	√	√	√	√	√	√	√	√	√
	QUATERLY											
Information Technology Steering Committee (ITSC)		√			√			√			√	
Management Risk Committee (MRC)		√			√			√			√	

Key:
Present - √
Apology- X

Executive Committee (Exco) – This is the highest executive decision making body of the bank, responsible for implementation of board policies, steering of strategic plans, day-to-day administration of the Bank and operational decisions. This committee shall be chaired by the MD with Executive Directors as members and the Company Secretary as Secretary to the Committee. Frequency of meetings shall be every fortnight. Emergency meetings may however be called by the Chairman.

Asset & Liability Committee (ALCO)– ALCO is saddled with the responsibility of managing the risks associated with the bank's assets and liabilities, and also ensures adequate liquidity and spread. The ALCO shall be chaired by the MD. ALCO is responsible for the management of a variety of risks arising from the Bank's business including, Market and Liquidity Risk Management, Loan to Deposit Ratio analysis, Cost of Funds analysis, establishing guidelines for pricing on deposit and credit facilities, Exchange Rate risk analysis, Balance Sheet structuring, regulatory considerations and monitoring of the status of implemented assets and liability strategies.
The members of the committee include the Managing Director, Executive Directors, Divisional Head, the Treasurer, the Head of the Financial Control Group, the Risk Officers as well as a representative of the Assets and Liability Management Unit/Treasury. The Representative of the Assets & Liabilities Mgt. Unit/Treasury shall be the Secretary to the Committee.

Management Performance Review (MPR). This committee shall review the bank's performance. The committee shall be chaired by the MD or his appointee. Members shall be all HODs, All SBU heads. A representative of the FINCON Unit shall be the Secretary. Meeting frequency shall be monthly.

Criticized Assets Committee (CAC) - This Committee is responsible for the assessment of the Risk Asset portfolio of the Bank. It highlights the status of the Bank's assets in line with the Internal and External regulatory framework, and directs appropriate actions in respect of delinquent assets. The Committee ensures that adequate provisions are taken in line with the regulatory guidelines. The committee shall be chaired by an ED. Members include all marketing staff, Head of Credit Risk and HODs. A representative of the Credit Risk Unit shall be the Secretary to the Committee. Meeting frequency shall be minimum quarterly, and maximum weekly, based on the health of the loan book and prevailing economic conditions.

Management Credit Committee -This Committee is responsible for ensuring that the Bank complies fully with the Credit Policy Guide as laid down by the Board of Directors. The Committee also provides inputs for the Board Credit Committee. This Committee reviews and approves credit facilities to individual obligors not exceeding an aggregate sum to be determined by the Board from time to time. The Management Credit Committee is responsible for reviewing and approving all credits that are above the approval limit of the Managing Director as determined by the Board. The Committee reviews the entire credit portfolio of the Bank and conducts periodic assessment of the quality of risk assets in the Bank. It also ensures that adequate monitoring of credits is carried out. The Committee meets weekly depending on the number of credit applications to be considered. The Committee will be chaired by the MD and members will include the EDs, Divisional Head, Company Secretary, Treasurer, Financial Controller, Head of Credit Risk, Head of Internal Control and Head of Compliance. The Secretary of the Committee is the Head of the Credit Administration Unit or his nominee.

Management Risk Committee: This Committee is responsible for regular analysis and consideration of risks in the Bank. The Committee meets from time to time and at least quarterly. However, additional meetings may be held if required. The Committee reviews and analyses environmental issues and policies impacting either directly or remotely on the Bank, brainstorms on such issues and recommends steps to be taken by the Bank. The Committee's approach is risk based. The Committee provides inputs for the Board Risk Management Committee and also ensures that the decisions and policies emanating from the Committee's meetings are implemented. The Committee will be chaired by the MD. Members include EDs, Head of Legal, Head of Credit Risk and Head of Compliance & Risk. The Head of Risk & Compliance shall be the Secretary to the Committee.

The mandate of the Committee includes:

(a) Reviewing the effectiveness of the bank's overall risk management strategy at the enterprise level;
(b) Following-up on management action plans based on the status of implementation compiled by the Management Risk Committee;
(c) Identifying and evaluating emerging strategic risks including corporate matters involving regulatory, business development issues, e.t.c., and agree on suitable mitigants; and
(d) Reviewing the Enterprise Risk scorecard and determining the risks to be escalated to the Board on a quarterly basis.

IT Steering /Risk Assurance Committee-The Committee is responsible for assisting Management with the implementation of IT strategy approved by the Board. The roles and responsibilities of the Committee include:

A. Planning, Budgeting and Monitoring

(a) The review and approval of the Bank's IT plan and budget (short and long term).
(b) The review of IT performance against plans and budgets, and recommend changes, as required.
(c) The review, prioritization and approval of IT investment initiatives.
(d) Establishment of a balance in overall IT investment portfolio in terms of risk, return and strategy.

B. Ensuring Operational Excellence

(a) Providing recommendations to Management on strategies for new technology and systems.
(b) The review and approval of changes to IT structure, key accountabilities, and practices.
(c) Ensuring project priorities and success measures are clearly defined, and effectively monitored.
(d) Conducting a review of exceptions and projects on selected basis.
(e) Performing service catalogue reviews for continued strategic relevance.
(f) The review and approval of current and future technology architecture for the Bank.
(g) Monitoring service levels, improvements and IT service delivery.
(h) Assessing and improving the Bank's overall IT competitiveness.

A. IT Risk Assurance

(a) The review and approval of governance, risk and control framework.
(b) Monitoring compliance with defined standards and agreed performance metrics.
(c) Ensuring that vulnerability assessments of new technology are performed.
(d) Reviewing and ensuring the effectiveness of the IT Risk Management and Security plan.
(e) Ensuring the effectiveness of disaster recovery plans and review reports on periodic disaster recovery testing.
(f) Reviewing key IT risk and security issues relevant to the Bank's IT processes / systems.
(g) Ensuring that the Bank complies with relevant laws and regulations.

The committee is headed by the MD and has ED (Ops &IT), Head,-IT, Head-Compliance & Risk, Head- Internal Control, Head- Legal and Head- Finance as members. The Head of IT or his nominee shall be the Secretary to the Committee.

Senior Management Committee: The Senior Management Committee shall comprise all HODs and SBU Heads. The committee shall be chaired by the most senior staff member to review the bank's processes, customer engagements, policies etc. and make recommendations for the executive committee. Meeting frequency shall be monthly. The Head of HR shall be the Secretary to the Committee.

LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

(b) the Bank keeps accounting records which disclose with reasonable accuracy the financial position of the Bank and which ensure that the financial statements comply with requirements of International Financial Reporting Standards and the Companies and Allied Matters Act, 2020, Banks and Other Financial Institutions 2020, the Financial Reporting Council Act No. 6, 2011, Revised Prudential Guidelines and relevant circulars issued by the Central Bank of Nigeria;

(c) the Bank has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed; and

(d) it is appropriate for the financial statements to be prepared on a going concern basis unless it is presumed that the Bank will not continue in business.

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

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

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

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

Signed on behalf of the Directors by:

Alhaji Adebayo Jimoh	**Adekunle Adewole,PhD.**
Chairman	**Managing Director/CEO**
FRC/2014/NIM/00000008047	**FRC/2020/002/00000022316**
Dated: 7 March 2023	**Dated: 7 March 2023**

Independent Auditor’s Report

To the Shareholders of LivingTrust Mortgage Bank Plc

Opinion

We have audited the financial statements of LivingTrust Mortgage Bank Plc (the Bank) which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, 2020, the Banks and Other Financial Institutions Act, 2020, the Financial Reporting Council of Nigeria Act, No 6, 2011 and relevant Central Bank of Nigeria Guidelines and Circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

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

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

Key audit matters

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

Key Audit Matter	How the matter was addressed in the audit
Impairment allowance on loans and advances to Customers Loans and advances to customers constitute significant portion of the Bank's total assets, as a major component of the Bank's financial intermediation function revolves round financial assets. The determination of impairment allowance using the Expected Credit Loss (ECL) model requires the application of certain financial indices estimated from historical financial data outside the Bank in determining the level of impairment allowance required. The ECL model involves the application of considerable level of judgement and estimation in determining inputs for ECL calculation such as: • determining criteria for assigning Probability of Default (PD) rates. • assessing the relationship between the quantitative factors such as default and qualitative factors such as macro-economic variables. • incorporating forward looking information in the model building process. • factors incorporated in determining the Probability of Default (PD), the Loss Given Default (LGD), the Recovery Rate and the Exposure at Default (EAD). • factors considered in cash flows estimation including timing and amount. Given the level of complexity and judgement involved in determining of the ECL, and also the material nature of the balance. We considered the impairment of the loans and advances to customers' to be a key audit matter in the financial statements. The Bank's accounting judgement and estimates, accounting policy on impairment and loans and advances to customers are disclosed in notes 2c, 4.12 and 19 respectively.	Our procedures included the following: • We reviewed the ECL model prepared by management for the computation of impairment on loans and advances to customers. • Obtained an understanding of the default definition(s) used in the ECL calculation, and focused on the most significant model assumptions including PD and LGD. • Tested the underlying data behind the determination of the probability of defaults and loss given defaults by agreeing same to underlying supporting documentation. • Critically evaluated the determination of the expected cash flows used in assessing and estimating impairments and the reasonableness of any assumptions. • Evaluated whether the model used to calculate the recoverable amount complies with the requirements of IFRS 9. • Examined the criteria used to allocate loans and advances to customers under stages 1, 2 and 3. • For loans and advances to customers classified under stages 1 and 2, we selected material balances and reviewed the repayment history for possible repayment default. • For loans and advances to customers classified under stage 3, we tested all the assumptions considered in the estimation of recovery cash flows, the discount factor, and timing of realization. • Reviewed the disclosures for reasonableness to ensure conformity with the IFRSs Based on the work we have performed, we consider the level of impairment allowance acceptable.

Other Matter

We draw your attention to note 40 for the impact analysis on the restatement of the 2021 figures.

Other Information

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

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

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

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

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

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, 2020, the Banks and Other Financial Institutions Act, 2020, the Financial Reporting Council of Nigeria Act, No 6, 2011 and relevant Central Bank of Nigeria Guidelines and Circulars and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

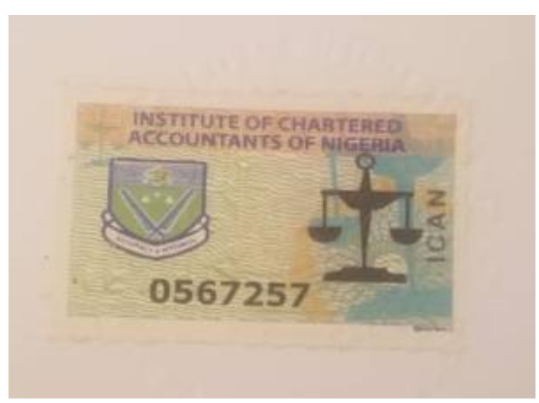
In compliance with the Banks and Other Financial Institutions Act, 2020 and circulars issued by Central Bank of Nigeria, we confirm that:

i) As disclosed in Note 36, to the financial statements, no contravention of the provisions of the Banks and Other Financial Institutions Act, 2020 and Central Bank of Nigeria circulars was brought to our attention.

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

Olatunji Ogundeyin, **FCA**
FRC/2013/ICAN/02224
For: **PKF Professional Services**
Chartered Accountants
Lagos, Nigeria

Dated: 10 March 2023



LIVINGTRUST MORTGAGE BANK PLC

REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 DECEMBER 2022

In compliance with the provisions of section 404(4) of the companies and Allied matters Act, 2020, we confirm that the accounting and reporting policies of the Bank were in accordance with statutory requirement and agreed ethical practices.

In our opinion, the scope and planning of both the internal and external audits for the year ended 31st December 2022 were adequate. We have also received, reviewed and discussed the audit report on Management matters and were satisfied with the departmental responses thereon.

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

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

Dated this 7th day of March 2023.

Mr. Ariyo Olugbosun
FRC/2021/002/00000024831
For: Chairman, Statutory Audit Committee

Members of the Audit Committee

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

LIVINGTRUST MORTGAGE BANK PLC

CERTIFICATION PURSUANT

To Section 60(2) of the investments and securities Act No. 29 2007 for the year ended 31st December, 2022

We the undersigned hereby certify the following with regard to Audited Accounts for the year ended 31st December, 2022 that:

1 1. We have reviewed the report and to the best of our knowledge, the report does not contain:
a. Any untrue statement of material fact, or
b. Any omission of material fact, which would make the statement, misleading in the light of the circumstances under which such statements were made.

2 1. To the best of our knowledge, the financial statement and the other financial information included in the report fairly present in all material respects the financial state and result company as at and for the periods presented in the report.

3 We are responsible for:
a. Establishing and maintain internal controls
b. The design of such internal controls and to ensure that material information relating to the company is made known to the officers in the company particularly during the period in which the periodic reports are being prepared.
c. Evaluating the effectiveness of the company's internal controls within 90 days prior to the report.
d. Presenting in the report our conclusions about the effectiveness of the company's internal control based on our evaluation as of that date.

4 We have disclosed to the auditors of the company and Audit committee:
a. All significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record process, summarize and report financial data and have identified for the company's Auditor any material weakness in internal controls, and
b. Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls.

5 We have identified in the report whether or not there were significant changes in the internal controls or other factors that could significantly affect internal control subsequent to the date of our evaluation, including any corrective actions with regards to significant deficiencies and material weakness.

Dated this 7th day of March 2023

YEMISI ADESINA	ADEKUNLE ADEWOLE, PhD.
FINANCIAL CONTROLLER	**MANAGING DIRECTOR/CEO**

LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 ₦'000	2021 ₦'000 Restated
Assets			
Cash and balances with the Central Bank of Nigeria	17	**141,492**	159,427
Due from banks	18	**970,819**	2,722,755
Loans and advances to customers	19	**10,679,375**	7,807,374
Investment securities	20	**96,920**	96,803
Other assets	21	**447,866**	63,274
Property and equipment	22	**378,368**	286,564
Intangible assets	23	**49,533**	22,241
		12,764,372	11,158,438
Non-current assets held for sale	24	**149,317**	183,351
Total assets		**12,913,690**	11,341,789
Liabilities and equity			
Liabilities			
Deposit from customers	25	**5,491,601**	5,296,312
Borrowings	26	**2,841,457**	2,222,103
Current income tax liability	15.3	**170,150**	197,636
Deferred tax liability	15.5	**69,685**	61,787
Other liabilities	27	**594,847**	339,795
Total liabilities		**9,167,739**	8,117,633
Equity			
Ordinary share capital	28	**2,500,000**	2,500,000
Retained earnings	29.1	**794,768**	388,163
Statutory reserve	29.2	**377,496**	213,161
Regulatory risk reserve	29.3	**90,800**	140,062
Fair value reserve	29.4	**(17,113)**	(17,230)
Total equity		**3,745,950**	3,224,156
Total liabilities and equity		**12,913,690**	11,341,789

The financial statements were approved by the Board of Directors on 7 March 2023 and signed on its behalf by:

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

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

LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 ₦'000	2021 ₦'000
Gross earnings		**2,538,906**	1,627,777
Interest and similar income calculated using effective interest rate	7	**1,937,466**	1,269,403
Interest and similar expense calculated using effective interest rate	8	**(495,272)**	(231,816)
Net interest income		**1,442,194**	1,037,587
Net fee and commission income	9	**192,045**	176,188
Other operating income	10	**409,395**	182,186
Total operating income		**2,043,634**	1,395,961
Impairment loss (charge)/writeback	11	**(94,112)**	53,674
Net operating income		**1,949,522**	1,449,635
Personnel expenses	12	**(424,167)**	(310,469)
Depreciation of property and equipment	13.1	**(71,911)**	(50,468)
Amortisation of intangible assets	13,2	**(11,722)**	(10,163)
Other operating expenses	14	**(435,989)**	(310,325)
Total operating expenses		**(943,789)**	(681,425)
Profit before tax		**1,005,734**	768,209
Income tax expense	15.1	**(184,056)**	(261,248)
Profit for the year after tax		**821,678**	506,961
Other comprehensive loss			
Items that may be subsequently reclassified to profit or loss		**-**	-
Items that will not be subsequently reclassified to profit or loss			
Changes in the fair value of equity investments designated at FTVOCI	29.4	**116**	(9,913)
Total other comprehensive loss		**116**	(9,913)
Total comprehensive profit		**821,794**	497,048
Earnings per share - Basic (Kobo)	15	**16.43**	10.14

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

LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Attributable to equity holders					
	Ordinary Share Capital ₦'000	Retained Earnings ₦'000	Statutory Reserves ₦'000	Regulatory Risk Reserves ₦'000	Fair value Reserves ₦'000	Total ₦'000
At 1 January 2021	**2,500,000**	**107,591**	**111,769**	**65,065**	**(7,317)**	**2,777,108**
Changes in equity for the year 2021:	-	506,961	-	-	-	506,961
Profit for the year						
Amount attributable to equity holders	-	506,961	-	-	-	506,961
Transactions with owners directly in equity:						
Transfer between reserves	-	(176,389)	101,392	74,997	-	-
Dividend paid	-	(50,000)	-	-	-	(50,000)
Other comprehensive reserve:						-
Changes in the fair value of equity investments designated at FTVOCI	-	-	-	-	(9,913)	(9,913)
At 31 December, 2021	**2,500,000**	**388,163**	**213,161**	**140,062**	**(17,230)**	**3,224,156**
At 1 January 2022	**2,500,000**	**388,163**	**213,161**	**140,062**	**(17,230)**	**3,224,156**
Changes in equity for the year 2022:						
Profit for the year	**-**	**821,678**	**-**	**-**	**-**	**821,678**
Amount attributable to equity holders	**-**	**821,678**	**-**	**-**	**-**	**821,678**
Transactions with owners directly in equity:						
Transfer between reserves	**-**	**(115,073)**	**164,336**	**(49,262)**	**-**	**-**
Dividend paid	**-**	**(300,000)**	**-**	**-**	**-**	**(300,000)**
Other comprehensive reserve:						
Changes in the fair value of equity investments designated at FTVOCI	**-**	**-**	**-**	**-**	**116**	**116**
At 31 December, 2022	**2,500,000**	**794,768**	**377,496**	**90,800**	**(17,113)**	**3,745,950**

Statutory reserve

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

Regulatory risk reserve

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

Fair value reserve

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

LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 ₦'000	2021 ₦'000
Cash flows from operating activities			
Profit after tax		**821,678**	506,961
Adjustment for non-cash items			
Impairment charge/(write back) on loans and advances to customers	11	**80,931**	(53,632)
Impairment written off on loans and advances to customers		**(96,386)**	-
Impact of Interest in suspense		**24,866**	-
Impairment write back on other assets		**5,201**	-
Impairment write back on bank placements		**-**	(4)
Investments securities		**-**	(38)
Loss on disposal of fixed assets		**-**	(116)
Impact of adjustment to property and equipment		**2,553**	-
Depreciation of property and equipment	13.1	**71,911**	50,468
Amortisation of intangible assets	13,2	**11,722**	10,163
Impact adjustment to intangible assets		**1,289**	-
Income tax expense	15.1	**184,056**	261,248
Cashflows before changes in working capital		**1,107,821**	775,051
Changes in working capital			
Loans and advances to customers	19	**(2,881,411)**	(3,720,271)
Other assets	21	**(389,793)**	27,410
Deposit from customers	25	**195,289**	2,677,010
Other liabilities	27	**255,053**	154,356
		(2,820,862)	(861,495)
Tax paid		**(193,169)**	(25,078)
Withholding tax credit utilised	15.3	**(10,476)**	-
Net cash used in operating activities		**(1,916,686)**	(111,522)
Cash flows from investing activities;			
Purchase of property and equipment		**(194,667)**	(77,184)
Purchase of intangible assets		**(31,821)**	(250)
Additions to non-current assets held for sale		**-**	(18,817)
Disposal of non-current assets held for sale		**34,033**	103,517
Proceeds from disposal of property and equipment		**19,917**	698
Net cash (used in)/from investing activities		**(172,537)**	7,964
Cash flows from financing activities			
Additions to borrowed funds	26	**1,510,973**	2,029,429
Repayment of borrowed funds	26	**(891,619)**	(453,441)
Dividend Paid to registrar		**(300,000)**	(50,000)
Net cash from financing activities		**319,354**	1,525,988
(Decrease)/increase in cash and cash equivalents		**(1,769,870)**	1,422,430
Cash and cash equivalents at 1 January		**2,882,186**	1,459,756
Cash and cash equivalents as at 31 December		**1,112,316**	2,882,186
Additional cash flow information			
Cash and cash equivalents			
Cash on hand	17	**34,155**	69,883
Deposit with the Central Bank of Nigeria (CRR)	17	**107,337**	89,544
Balances with banks within Nigeria	18	**384,038**	1,558,361
Placements with banks and other financial institutions	18	**586,781**	1,164,394
		1,112,311	2,882,182

STATEMENT OF PRUDENTIAL ADJUSTMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

	2022	2021
	₦'000	₦'000
Analysis of Prudential Guidelines provision		
Performing	**103,861**	75,975
Non-performing:		
Watchlist	**885**	2,109
Substandard	**20,949**	21,209
Doubtful	**30,260**	24,189
Lost	**2,294**	54,773
Interest-in-suspense	**69,556**	44,700
Total prudential impairment provision	**227,804**	222,955
IFRS impairment allowance		
Stage 1 (See note 19.8)	**55,188**	71,200
Stage 2 (See note 19.8)	**12,139**	9,497
Stage 3 (See note 19.8)	**69,677**	2,196
Total ECL impairment	**137,004**	82,893
IFRS impairment allowance (above)/lower prudential provision	**90,800**	140,062
Regulatory risk reserve		
At 1 January	**140,062**	65,065
Transfer from retained earnings	**(49,262)**	74,997
At 31 December	**90,800**	140,062

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

1.1 Reporting entity

LivingTrust Mortgage Bank Plc (formerly Omoluabi Mortgage Bank Plc) is a public limited liability company domiciled in Nigeria. The address of the Bank's registered office is Km2, Gbongon Road, Osogbo, Osun State. The Bank obtained its license to operate as a Mortgage Bank on the 24 February 1993 and commenced operations in March 1993. The Bank became a public limited liability company on 13 January 2014. The Bank changed its name from Omoluabi Mortgage Bank Plc to LivingTrust Mortgage Bank Plc on 7 October 2020.

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

1.2 Basis of preparation

a) Statement of compliance

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

b) Basis of measurement

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

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

c) Functional and presentation currency

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

2. Significant accounting judgments, estimates and assumptions

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

a) Going concern

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

b) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

c) Changes to the impairment calculation

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

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

Impairment model on loans and advances to customers

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

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

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

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

A summary of the assumptions underpinning the Bank's expected credit loss model is as follows:

(a) Loans and advances to customers

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

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

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

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

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

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

Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk
When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank’s historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:
- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where relevant for changes in prepayment expectations).

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

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

Corporate and other entities exposures	Individual exposures	All exposures
- Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes. - Data from credit bureau agencies. - Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities.	- Internally collected data on customer behaviour - Ability to repay the loan as at when due	- Payment record - Requests for and granting forbearance - Existing and forecast changes in business, financial and economic conditions

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

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

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

Dividend paid

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

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

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

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:
- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (stage 1) and lifetime PD (stage 2).

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

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:
- its remaining lifetime PD at the reporting date based on the modified terms; with
- with 'the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms.

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

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

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

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 18e / in default). A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/ in default or the PD is considered to have decreased such that the loss allowance reverts to being measured at an amount equal to 12-month ECL.

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

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

• Internal rating of the borrower indicating default or near-default;
• The borrower requesting emergency funding from the Bank;

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

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

Incorporation of forward-looking information

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

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

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses. Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 4 years. The following tables set out the key drivers of expected loss and the assumptions used for the Bank's base case estimate, ECLs based on the base case, as at 31 December 2022.

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

31 December 2022

Key drivers	ECL Scenario	Assigned probabilities	2019	2020	2021	2022	2023	Subsequent years
		%	%	%	%	%	%	%
GDP growth %								
	Upside	30	x	x	2.3	x	x	x
	Base case	40	x	x	2.3	x	x	x
	Downside	30	x	x	2.3	x	x	x
Unemployment rates %								
	Upside	40	x	x	4.8	x	x	x
	Base case	40	x	x	4.8	x	x	x
	Downside	20	x	x	4.8	x	x	x
Foreign exchange rates %								
	Upside	40	x	x	2.2	x	x	x
	Base case	30	x	x	2.2	x	x	x
	Downside	30	x	x	2.2	x	x	x
Inflation rates %								
	Upside	20	x	x	2.7	x	x	x
	Base case	45	x	x	2.7	x	x	x
	Downside	35	x	x	2.7	x	x	x
Interest rates %								
	Upside	40	x	x	2.1	x	x	x
	Base case	30	x	x	2.1	x	x	x
	Downside	30	x	x	2.1	x	x	x

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables: -
probability of default
- loss given default
- exposure at default

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

Probability of default (PD)

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

Loss given default (LGD)

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

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

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

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

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

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

Collective assessment
Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics that include:
- instrument type;
- credit risk gradings;
- collateral type;
- LTV ratio for retail mortgages;
- date of initial recognition;
- remaining term to maturity;
- industry; and
- geographic location of the borrower.

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

Debt instruments measured at FVOCI
The write-off of a portfolio of securities following the collapse of the local market.

Impairment of investments at fair value through other comprehensive income
The bank reviews its debt securities classified as investments at fair value through other comprehensive incomes at each statement of financial position date to assess whether they are impaired. This requires similar judgment as applied to the individual assessment of loans and advances.

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

Deferred tax assets

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

Determination of collateral value

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

3. Changes in accounting policies and disclosures and Standards Issued

3.1 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Bank’s annual financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2022.

Several standards amendments and interpretations apply for the first time in 2022 but did not have an impact on the financial statements of the Bank.

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

3.2 New and revised IFRS Standards in issue but not yet effective (but allow early application) for the year ending 31 December 2022

3.2.1 IFRS 17 Insurance contracts

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

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

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

3.2.5 Amendments to IFRS 3 - Reference to the conceptual framework

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

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

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

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

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

The Annual Improvements include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

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

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

IFRS 9 Financial Instruments

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

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

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

IFRS 16 Leases

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

IAS 41 Agriculture

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

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

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

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

3.2.7 Narrow Scope Amendments deferred until further notice

a) IFRS 10 consolidated financial statements

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

b) IAS 28 Investments in Associates and Joint Ventures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Statement of significant accounting policies

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

4.1 Revenue recognition

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

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

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

4.2 Fees and commission

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

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

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

4.3 Net trading income

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

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

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

4.5 Dividends

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

4.6 Lease payments

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

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

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

4.7 Tax expense

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

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

4.8 Deferred taxation

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

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

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

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

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

4.9 Financial assets and financial liabilities

i) Recognition and initial measurement

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

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

ii) Classification

Financial assets:

At inception a financial asset is classified as measured at amortized cost or fair value. A financial asset qualifies for amortized cost measurement only if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the bank considers:
- Management's stated policies and objectives for the portfolio and the operation of those policies in practice;
- How management evaluates the performance of the portfolio;
- Whether management's strategy focus on earning contractual interest revenues; -
The degree of frequency of any expected asset sales;
- The reason or any asset sales; and
- Whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

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

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

Financial liabilities

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

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

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

iii) De-recognition

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

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

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

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

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

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

iv) Off-setting

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

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the bank's trading activity.

v) Amortized cost measurement

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

vi) Fair value measurement

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

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

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

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

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

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

vii) Identification and Measurement of Impairment

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

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

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

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

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

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

4.10 Cash and cash equivalents

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

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

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

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

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

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

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

Investment securities are measured at amortized cost using the effective interest method, if:
- They are held within a business model with an objective to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest; and
- They have not been designated previously as measured at fair value through profit or loss.

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

4.14 Property and equipment
i) Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

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

ii) Reclassification to investment property

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

iii) Subsequent costs

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

iv) Depreciation

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

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

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

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

4.15 Investment property

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

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

.16 Intangible assets (computer software)

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

Expenditure on internally developed software is recognized as an asset when the bank is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software and capitalized borrowing costs, and are amortized over its useful life. Internally developed software is stated at capitalized cost less accumulated amortization and impairment.

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

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

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

4.17 Leased assets – lessee

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

4.18 Impairment of non-financial assets

The carrying amounts of the bank's non-financial assets, other than investment property and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its Cash Generating Unit exceeds its estimated recoverable amount.
The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

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

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

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

Impairment losses recognized in prior periods (on assets other than good will) are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.19 Deposits, debt securities issued and subordinated liabilities

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

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

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

4.20 Provisions

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

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

4.21 Financial guarantees

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

4.22 Employee benefits

i) Defined contribution plans

The bank makes use of defined contribution plans.

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

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

ii) Termination benefits

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

iii) Short-term employee benefits

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

4.23 Share capital and reserves

i) Ordinary share capital

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

ii) Share premium

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

iii) Share Issue costs

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

4.24 Earnings per share

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

4.25 Non-current assets held for sale

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

4.26 Segment reporting

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

4.27 Segment Information

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

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

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

4.28 Amendment to IFRS 3 - Business Combinations

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

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

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

- Clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create
- Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.

- Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired.
- Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs.
- Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

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

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

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

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

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

The amendment expands the definition to include:

Obscuring

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

Could reasonably be expected to influence

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

Primary users

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

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

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

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

These amendments are effective for annual reporting periods beginning on or after 1 January 2020.
The adoption of phase 1 of the IBOR reform did not lead to a change in the Bank's accounting policies and do not have any interest hedge accounting. The Bank is currently assessing the impact of the phase 2 amendments.

Amendments to IFRS 9
The amendments include a number of reliefs, which apply to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

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

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

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

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

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

Amendments to IAS 39
The corresponding amendments are consistent with those for IFRS 9, but with the following differences:

- For the prospective assessment of hedge effectiveness, it is assumed that the benchmark on which the hedged cash flows are based (whether or not it is contractually specified) and/or the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform.

- For the retrospective assessment of hedge effectiveness, to allow the hedge to pass the assessment even if the actual results of the hedge are temporarily outside the 80%-125% range, during the period of uncertainty arising from IBOR reform.
- For a hedge of a benchmark portion (rather than a risk component under IFRS 9) of interest rate risk that is affected by IBOR reform, the requirement that the portion is separately identifiable need be met only at the inception of the hedge.

4.31 Revised Conceptual Framework for Financial Reporting

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. Capital management

i) Objectives

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

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

ii) Regulatory capital

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

The Bank's regulatory capital is analyzed into two tiers:
Tier 1 Capital: This includes ordinary share capital, share premium, retained earnings, deductions for intangibles and other regulatory adjustment relating to items that are included in equity but are treated differently for capital purposes.
Tier 2 Capital: Which includes qualifying subordinated liabilities, preference shares, revaluation reserves and the element of the fair value reserve relating to unrealized gains on equity instruments classified as available for sale.

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

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

	2022 ₦'000	2021 ₦'000
Regulatory capital		
Tier 1 capital		
Share capital	**2,500,000**	2,500,000
Statutory reserves	**377,496**	213,161
Retained earnings	**794,768**	388,163
Intangible assets	**(49,533)**	(22,241)
Total qualifying Tier 1 capital	**3,622,731**	3,079,083
Tier 2 capital		
Long term loans	**2,841,457**	2,222,103
Fair value through other comprehensive income - FVTOCI	**(17,113)**	(17,230)
Total qualifying Tier 2 capital	**2,824,343**	2,204,874
Total qualifying capital	**6,447,074**	5,283,957
Risk-weighted assets:		
On-balance sheet	**11,747,113**	5,531,706
Ratio	**54.88**	95.52
During the year, the highest and lowest peaks of the Bank's computed CAR are shown below:		
Highest	**56.75%**	68.92%
Lowest	**44.00%**	53.11%
Average	**50.58%**	61.02%

6. Risk management framework

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

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

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

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

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

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

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

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

6.1 Strategic risks

Capital management policies, objectives and approach.

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

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

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

6.2 Operational risks

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

The bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:
- requirements for appropriate segregation of duties, including independent authorisation of transactions. - requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- documentation of controls and procedures.
- training and professional development.
- ethical and business standards.

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

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

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

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

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

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

	2022	2021
	₦'000	₦'000
Financial assets		
Cash and balances with CBN	**141,492**	159,427
Due from banks	**970,819**	2,722,756
Loans and advances to customers	**10,679,375**	7,807,373
-At amortised cost	**-**	-
-At Fairvalue through other comprehensive income	**96,920**	96,803
Other assets	**(5,201)**	-
	11,883,405	10,786,359

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6.3.2a Liquidity risks
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

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

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

6.3.2b Liquidity risks
Below is the contractual maturities of financial liabilities in Nigerian naira presented in the financial statements.

	Current	Non-current	Total
	₦'000	₦'000	₦'000
31 December 2022			
Deposit from customers	**5,491,601**	**-**	**5,491,601**
Borrowings/on-lending facilities	**-**	**2,841,457**	**2,841,457**
Other liabilities	**593,869**	**-**	**593,869**
	6,085,469	**2,841,457**	**8,926,926**
31 December 2021			
Due to customers	5,296,312	-	5,296,312
Borrowings/on-lending facilities	-	2,222,103	2,222,103
Other liabilities	339,527	-	339,527
	5,635,839	2,222,103	7,857,942

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
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6.3.5 Interest rate risk

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

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

6.3.6 Market price risk

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

6.4. Interest rate risk

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

	Up to 1 Month ₦'000	1 to 3 Months ₦'000	3 to 6 Months ₦'000	6 to 12 Months ₦'000	1 to 3 Years ₦'000	Total ₦'000
a) At 31 December 2022						
Assets						
Due from Banks	**970,819**	**-**	**-**	**-**	**-**	**970,819**
Loans and advances to customers	**426,059**	**604,259**	**210,575**	**917,052**	**8,521,430**	**10,679,375**
	1,396,879	**604,259**	**210,575**	**917,052**	**8,521,430**	**11,650,194**
Liabilities						
Deposit from customers	**2,973,295**	**1,259,153**	**755,492**	**503,661**	**-**	**5,491,601**
Borrowings/on-lending facilities	**-**	**-**	**-**	**-**	**525,481**	**525,481**
	2,973,295	**1,259,153**	**755,492**	**503,661**	**525,481**	**6,017,082**
Gap	**(1,576,416)**	**(654,894)**	**(544,917)**	**413,390**	**7,995,949**	**5,633,112**

	Up to 1 Month ₦'000	1 to 3 Months ₦'000	3 to 6 Months ₦'000	6 to 12 Months ₦'000	Over 12 Months ₦'000	Total ₦'000
b) At 31 December 2021						
Assets						
Due from Banks	226,980	1,807,233	129,218	458,844	100,480	2,722,755
Loans and advances to customers	312,560	443,288	154,479	672,755	6,224,292	7,807,374
	539,540	2,250,521	283,698	1,131,599	6,324,772	10,530,129
Liabilities						
Deposit from customers	3,840,631	702,378	451,982	301,322	-	5,296,313
Borrowings/on-lending facilities	-	-	-	-	2,222,103	2,222,103
	3,840,631	**702,378**	**451,982**	**301,322**	**2,222,103**	**7,518,416**
Gap	**(3,301,091)**	**1,548,143**	**(168,285)**	**830,277**	**4,102,669**	**3,011,713**

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6.5. Maturity analysis
6.5.1 Maturity profile of assets and liabilities

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

a) At 31 December 2022

	Up to 1 Month ₦'000	1 to 3 Months ₦'000	3 to 6 Months ₦'000	6 to 12 Months ₦'000	Over 12 Months ₦'000	Total ₦'000
Assets						
Cash and balances with CBN	34,155	-	-	-	107,337	141,492
Due from Banks	970,819	-	-	-	-	970,819
Loans and advances to customers	426,059	604,259	210,575	917,052	8,521,430	10,679,375
- At fair value through other comprehensive income	-	-	-	-	96,920	96,920
Other assets	223,933	134,360	89,573	-	-	447,866
Property and equipment	-	-		-	378,368	378,368
Intangible assets	-	-	-	-	49,533	49,533
Deferred tax assets	-	-	-	-	-	-
Non-current assets held for sale	-	-	149,317		-	149,317
Total assets	1,654,966	738,618	449,465	917,052	9,153,588	12,913,690
Liabilities						
Deposit from customers	2,973,295	1,259,153	755,492	503,661	-	5,491,601
Borrowings/on-lending facilities	-	-	-	-	2,841,457	2,841,457
Current income tax liabilities	-	-	-	170,150	-	170,150
Deferred income tax liability	-	-	-	-	61,787	61,787
Other liabilities	594,847	-	-	-	-	594,847
Total liabilities	3,568,142	1,259,153	755,492	673,811	2,903,244	9,159,842
Gap	(1,913,176)	(520,535)	(306,027)	243,241	6,250,344	3,753,848

b) Maturity profile of assets and liabilities

At 31 December 2021

	Up to 1 Month ₦'000	1 to 3 Months ₦'000	3 to 6 Months ₦'000	6 to 12 Months ₦'000	Over 12 Months ₦'000	Total ₦'000
Cash and balances with CBN	69,883	-	-	-	89,544	159,427
Due from Banks	226,980	1,807,233	129,218	458,844	100,480	2,722,755
Loans and advances to customers	312,560	443,288	154,479	672,755	6,224,292	7,807,374
- At fair value through other comprehensive income	-	-	-	-	96,803	96,803
Other assets	31,637	18,982	12,655	-	-	63,274
Property and equipment	-	-		-	286,565	286,565
Intangible assets	-	-	-	-	22,241	22,241
Deferred tax assets	-	-	-	-	-	-
Non-current assets held for sale	-	-	183,351		-	183,351
Total assets	641,060	2,269,503	479,703	1,131,599	6,819,925	11,341,790
Liabilities						
Deposit from customers	3,840,631	702,378	451,982	301,322	-	5,296,313
Borrowings/on-lending facilities	-	-	-	-	2,222,103	2,222,103
Current income tax liabilities	-	-	-	197,636	-	197,636
Deferred income tax liability	-	-	-	-	61,787	61,787
Other liabilities	384,495	-	-	-	-	384,495
Total liabilities	4,225,125	702,378	451,982	498,957	2,283,890	8,162,333
Gap	(3,584,066)	1,567,125	27,721	632,642	4,536,035	3,179,456

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	2022	2021
	₦'000	₦'000
7. Interest and similar income calculated using effective interest rate		
7.1 Loans and advances to customers		
National Housing Fund loans	**40,553**	32,608
Other mortgage loans	**1,824,616**	1,097,638
7.2 Cash and balances with other banks and financial institutions		
Placements with other banks and financial institutions	**72,297**	139,157
-Financial assets at FVOCI	**-**	-
	1,937,466	1,269,403
8. Interest and similar expense calculated using effective interest rate		
8.1.Interest bearing borrowings and other borrowed funds		
National Housing Fund loans-NHF (Note 26.2.1)	**30,224**	22,248
Nigeria Mortgage Refinance Company loans-NMRC (Note 26.1.1)	**41,155**	95,354
Development Bank of Nigeria loans-DBN (Note 26.2.2)	**146,668**	-
8.2.Deposit from customers		
Fixed deposits	**270,507**	110,895
Savings deposits	**4,416**	2,853
Current accounts	**2,302**	467
	495,272	231,816
9. Fees and commission income		
Credit related fees and commission (Note 9.1)	**133,362**	130,416
Account maintenance charge and handling commission	**29,264**	21,775
Channels and other e-business income	**25,506**	21,252
Commission on other financial services	**3,913**	2,746
	192,045	176,188

9.1 Credit related fees and commissions above exclude amounts included in determining the effective interest rate on financial assets that are not at fair value through profit or loss.

	2022	2021
10. Other operating income		
Dividend income on securities	**7,360**	6,560
Foreign exchange gain	**1,958**	459
Other e-business income	**22,993**	8,255
Gain on disposal of property and equipment	**-**	116
Miscellaneous income (Note 10.1)	**377,084**	166,796
	409,395	182,186

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

	2022	2021
11. Impairment loss charge/(write back)		
Placement with other banks and other financial institutions (Note 18.3)	**7,980**	(4)
Loans and advances to customers (19.8)	**80,931**	(53,632)
Investments securities (Note 20.2)	**-**	(38)
Other assets (Note 21)	**5,201**	-
	94,112	(53,674)

	2022	2021
	₦'000	₦'000
12. Personnel expenses		
Salaries and wages	**368,469**	231,091
Pension contribution and gratuity	**25,598**	20,369
PAYE,NHF and NSITF	**329**	153
Contract staff,13th months, and bonus	**29,772**	58,856
	424,167	310,469
13.Depreciation and amortisation expenses		
13.1.Depreciation of property and equipment		
Building	**2,604**	2,404
Computer equipment	**3,564**	3,193
Office equipment	**6,840**	4,906
Furniture & Fittings	**6,698**	6,375
Motor vehicles	**40,022**	18,586
Household assets	**2,556**	806
Plant and equipment	**9,626**	14,199
	71,911	50,468
13.2.Amortisation of intangible assets		
Purchased Software	**11,722**	10,163
	83,633	60,631
14. Other operating expenses		
Directors' emoluments	**53,128**	59,030
NDIC premium	**20,962**	10,277
Insurance	**12,476**	9,272
Bank charges	**51,480**	55,837
Rent, lease and rates	**15,272**	8,289
Diesel for IT Department	**23,550**	26,738
Auditor's remuneration	**5,500**	5,500
Legal and professional fees	**6,429**	6,730
Repairs and maintenance	**28,586**	16,996
Information technology	**33,369**	20,740
Security services	**15,966**	11,292
Printing and stationery	**7,523**	4,150
Electricity, fuel and lubricants	**19,766**	13,165
Diesel expense	**34,841**	14,827
Travel, Hotel and accommodation	**63,458**	7,775
Telephone and communication	**8,327**	3,726
Subscriptions	**15,416**	6,654
VAT expenses	**8,661**	-
Loss on disposal of property and equipment	**-**	-
Office consumables	**11,277**	29,327
	435,989	310,325

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	2022	2021
	₦'000	₦'000
15. Taxation		
15.1 Income tax expense		
Income tax	**149,523**	179,102
Education tax	**16,528**	15,383
Information technology levy	**10,057**	3,105
Police fund levy	**50**	38
Total current tax charge	**176,158**	197,628
Deferred tax liability charge	**7,898**	(18,108)
Deferred tax assets charge	**-**	81,728
Total income tax expense	**184,056**	261,248
15.2 Reconciliation of effective		
Profit before income tax	**1,005,734**	768,209
Tax thereon at 30% (2021: 30%)	**301,720**	230,463
Non-deductible expenses		-
Non-taxable Income		-
Accelerated capital allowance	**-**	-
Effect of education tax levy	**16,528**	15,383
Effect of information technology levy	**10,057**	3,105
Effect of Police fund levy	**50**	38
Effect of deferred tax	**7,898**	63,620
	336,253	312,609
Effective tax rate	**33%**	41%
15.3 Current income tax liability		
At 1 January	**197,636**	25,085
Charge for the year	**176,158**	197,628
Over provision in prior years	**-**	**-**
Education tax paid	**(19,223)**	-
Payments during the year	**(173,946)**	(25,078)
Witholding tax credit notes	**(10,476)**	-
At 31 December	**170,150**	197,636
15.4 Deferred tax assets		
At 1 January	**(45,685)**	36,043
Charge in the year (Note 15.1)	**-**	(81,728)
At 31 December	**(45,685)**	(45,685)
15.5 Deferred tax liability		
At 1 January	**16,102**	34,210
Charge in the year (Note 15.1)	**7,898**	(18,108)
At 31 December	**24,000**	16,102
Deferred tax (liability)/assets	**(69,685)**	(61,787)

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	2022	2021
	₦'000	₦'000
15.6 Deferred tax liability are attributable to the following:		
Property and equipment	**39,623**	79,895
Computer software	**9,830**	-
Impairments on financial assets	**20,231**	(18,108)
	69,685	61,787

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

16. Earnings per share

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

	2022	2021
Profit attributable to ordinary shareholders	**821,678**	506,961
Weighted average number of ordinary shares	**5,000,000**	5,000,000
Basic earnings per ordinary share (kobo)	**16.43**	10.14

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

17. Cash and balances with CBN

	2022	2021
Cash on hand	**34,155**	69,883
Deposit with the Central Bank of Nigeria (CRR) (Note 17.1)	**107,337**	89,544
	141,492	159,427

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

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	2022	2021
	₦'000	₦'000
18. Due from banks		
Balances with banks within Nigeria (Note 18.1)	**384,038**	1,558,361
Placements with banks and other financial institutions (Note 18.2)	**594,765**	1,164,394
	978,803	2,722,755
ECL on placements with banks and other financial institutions (Note 18.3)	**(7,984)**	-
	970,819	2,722,755

18.1. Analysis of balances with banks within Nigeria

	2022	2021
Access Bank Plc	**10,707**	77,258
Ecobank Plc	**699**	5,544
Fidelity Bank Plc	**1**	1
First Bank Plc	**10,613**	11,413
First City Monument Bank Plc	**21,353**	1,279
First Option Microfinance Bank	**6,681**	3,528
Guaranty Trust Bank Plc	**2,481**	8,185
Heritage Bank Plc	**85**	290
Polaris Bank Limited	**1,753**	3,666
Providus Bank Limited	**207,708**	743,756
Stanbic Bank Plc	**79,334**	210,677
Sterling Bank Plc	**593**	10,096
Union Bank Plc	**42**	42
United Bank For Africa Plc	**3,290**	3,971
Unity Bank Plc	**271**	268
Wema Bank Plc	**35,898**	270,343
Zenith Bank Plc	**2,528**	208,045
	384,038	1,558,361

18.2. Analysis of placements with banks and other financial institutions

	2022	2021
Core Asset Management Limited	**27,544**	84,708
First Bank Plc	**30,132**	30,000
First Option Microfinance Bank	**50,828**	50,000
Providus Bank Limited	**486,261**	350,000
Sterling Asset Management & Trustees (SAMTL)	**-**	514,425
Wema Bank Plc	**-**	102,001
Interest receivable on placements	**-**	33,260
	594,765	1,164,394

18.3. Impairment loss on placements with financial Institutions

An analysis of changes in the gross carrying amount of and the corresponding ECL allowances is, as follows:

	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Gross carrying amount as at 1 January 2022	**1,164,390**	**-**	**4**	**1,164,394**
New assets originated or purchased	**-**	**-**	**-**	**-**
Assets derecognised or repaid	**(569,629)**	**-**	**-**	**(569,629)**
Transfer to stage 2	**-**	**-**	**-**	**-**
At 31 December 2022	**594,761**	**-**	**4**	**594,765**
ECL impairment allowance as at 1 January 2022	**-**	**-**	**-**	**-**
New assets originated or purchased	7,980	-	-	7,980
Assets derecognised or repaid	-	-	-	-
Transfer to stage 2	-	-	-	-
Credit loss charge for the year	7,980	-	-	7,980
At 31 December 2022	**7,980**	**-**	**-**	**7,980**

	Stage 1 ₦'000	Stage 2 ₦'000	Stage 3 ₦'000	Total ₦'000
Gross carrying amount as at 1 January 2021	**783,884**	**-**	**4**	**783,888**
New assets originated or purchased	380,506	-	-	380,506
Assets derecognised or repaid	-	-	-	-
Transfer to stage 2	-	-	-	-
At 31 December 2021	**1,164,390**	**-**	**4**	**1,164,394**
ECL impairment allowance as at 1 January 2021	**-**	**-**	**4**	**4**
New assets originated or purchased	-	-	(4)	(4)
Assets derecognised or repaid	-	-	-	-
Amount written off	-	-	-	-
Credit loss charge for the year	-	-	(4)	(4)
At 31 December 2021	**-**	**-**	**-**	**-**

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	2022 ₦'000	2021 ₦'000
19. Loans and advances to customers		
19.1 Analysis by product type		
Mortgage loans (Note 19.2)	**3,482,930**	3,410,568
On-lending facilities (National Housing Fund)	**1,632,401**	2,028,881
Estate development loans (Note 19.3)	**2,444,297**	1,293,248
Other loans (Note 19.4)	**3,256,751**	1,202,271
Gross loans and advances to customers	**10,816,378**	7,934,968
Impairment allowance on loans and advances (Note 19.5)	**(137,004)**	(127,594)
Net carrying amount	**10,679,375**	7,807,374
19.2 Analysis of mortgage loans		
Residential	**1,930,180**	2,092,341
Commercial	**1,496,094**	1,270,632
Interest receivable	**56,656**	47,594
	3,482,930	3,410,568
19.3 Analysis of estate development loans		
Estate development loans	**2,397,435**	1,267,588
Interest receivable	**46,862**	25,660
	2,444,297	1,293,248
19.4 Analysis of other loans		
Term loans	**2,539,582**	549,219
Staff loans	**229,974**	230,468
Personal loan	**199,961**	375,400
Unauthorised overdrafts	**74,155**	10,628
Authorised overdrafts	**148,460**	
Interest receivable	**64,618**	36,556
	3,256,751	1,202,271
19.5 Analysis by maturity		
Under 1 month	**426,059**	312,560
1-3 months	**604,259**	443,288
3-6 months	**210,575**	154,479
6-12 months	**917,052**	672,755
Over 12 months	**8,658,434**	6,351,885
	10,816,378	7,934,968
19.6 Analysis by performance		
Performing	**10,386,062**	7,597,487
Non-performing:		
Watchlist	**88,459**	210,864
Substandard	**209,488**	23,465
Doubtful	**60,519**	48,379
Lost	**2,294**	10,073
Interest in suspense	**69,556**	44,700
	10,816,378	**7,934,968**
19.7 Loan and Advances analysis by IFRS buckets		
Commercial	**4,656,537**	2,978,790
Micro	**3,061,058**	2,006,022
Residential	**2,060,540**	2,218,580
Social residential	**1,038,243**	731,575
	10,816,378	7,934,968

LIVINGTRUST MORTGAGE BANK PLC

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The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 19.9 and policies about whether ECL allowances are calculated on an individual or collective basis is set out in Note 19.8.

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

	Stage 1	Stage 2	Stage 3	Total
	₦'000	₦'000	₦'000	₦'000
Gross carrying amount as at 1 January 2022	7,808,351	71,844	54,773	7,934,968
New assets originated or purchased	323,449	2,276,287	378,066	2,977,802
Assets derecognised or repaid	-	-	-	-
Transfer to stage 1	-	-	-	-
Transfer to stage 3	-	-	-	-
Write off in the year	(96,395)	-	-	(96,395)
At 31 December 2022	8,035,405	2,348,131	432,839	10,816,375
ECL impairment allowance as at 1 January 2022	71,200	9,497	46,896	127,593
New assets originated or purchased	67,468	10,239	3,224	80,931
Assets derecognised or repaid	-	-	-	-
Transfer to stage 1	12,906	(7,597)	(5,309)	-
Transfer to stage 3	-	-	-	-
Credit loss charge for the year	80,374	2,642	(2,085)	80,931
Write off in the year	(96,386)	-		(96,386)
Interest in suspense opening balance adjusted	-	-	(44,700)	(44,700)
Interest in suspense (Note 19.8.1)	-	-	69,566	69,566
At 31 December 2022	55,188	12,139	69,677	137,004

	Stage 1	Stage 2	Stage 3	Total
	₦'000	₦'000	₦'000	₦'000
Gross carrying amount as at 1 January 2021	3,896,293	232,870	85,492	4,214,655
New assets originated or purchased	3,912,058	-	-	3,912,058
Assets derecognised or repaid	-	(161,026)	(30,719)	(191,745)
Transfer to stage 2	-	-	-	-
At 31 December 2021	7,808,351	71,844	54,773	7,934,968
ECL impairment allowance as at 1 January 2021	129,394	24	7,107	136,525
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid	(58,194)	9,473	(4,911)	(53,632)
Amount written off	-	-	-	-
Credit loss charge for the year	(58,194)	9,473	(4,911)	(53,632)
Interest in suspense (Note 19.8.1)	-	-	44,700	44,700
At 31 December 2021	71,200	9,497	46,896	127,593

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

	2022	2021
	₦'000	₦'000
19.9 Analysis by internal rating		
AA	**9,125,685**	6,694,666
A	**1,039,606**	762,662
BB	**296,742**	217,692
C	**151,606**	111,219
D	**202,740**	148,729
	10,816,378	7,934,968
19.10 Analysis by security		
Secured against real estate	**9,521,738**	6,985,213
Otherwise secured	**1,230,306**	902,559
Unsecured	**64,334**	47,196
	10,816,378	7,934,968
	-	-

19.11 Concentration of credit risk

Mortgage Banks in Nigeria as follows:

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

	2022	2021
	%	%
Residential Mortgages (75% floor)	**28.65**	37.18
Real Estate Construction finance (25% cap)	**22.60**	16.30
Single obligor - Individual (5% cap)	**4.20**	0.86
Single obligor - Corporate (20% cap)	**19.50**	7.92

	2022	2021
	₦'000	₦'000
20. Investment Securities		
At Fair value through other comprehensive income (FVTOCI) (Note	**96,920**	96,803
20.1. At Fair value through other comprehensive income (FVTOCI)		
Quoted equities (Note 20.1.1)	**3,764**	3,648
Unquoted equities (Note 20.1.2)	**93,156**	93,156
	96,920	96,804
20.1.1. Quoted equity instrument		
At 1 January	**3,648**	3,250
Additions/bonus	**-**	-
	3,648	3,250
Fair value gain (loss) (Note 29.4)	**-**	398
At 31 December	**3,764**	3,648
20.1.2 Unquoted equity instrument-		
Nigeria Mortgage Refinancing company		
At 1 January	**103,467**	103,467
Additions/bonus	**-**	-103,467
	103,467	(10,311)
Fair value loss (Note 29.4)	**-**	-
At 31 December	**93,156**	**93,156**
21. Other assets		
Account receivables	**37,699**	25,129
E-cards and other settlement accounts	**211,183**	(6,216)
Stationeries and consumables	**3,579**	3,806
Prepayments	**200,606**	40,555
	453,067	63,274
ECL Impairment on other assets	**(5,201)**	-
	447,866	63,274
21.1 Analysis by maturity		
Under 1 month	**-**	-
1-3 months	**442,618**	25,129
3-6 months	**-**	38,145
6-12 months	**10,449**	-
Over 12 months	**-**	-
	453,067	63,274

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22. Property and equipment

	Land ₦'000	Building ₦'000	Computer Equipment ₦'000	Office Equipment ₦'000	Furniture & Fittings ₦'000	Motor Vehicle ₦'000	Household Asset ₦'000	Plant and Equipment ₦'000	Work in progress ₦'000	Total ₦'000
Cost										
At 1 January 2021	**41,082**	**120,918**	**31,524**	**41,099**	**36,651**	**70,876**	**3,879**	**65,570**	**30,883**	**442,482**
Additions	-	-	4,630	1,080	6,371	42,843	355	21,905	-	77,184
Commissioned	-	3,356	749	6,226	-	12,069	-	-	(22,400)	-
Disposal	-	-	-	(2,728)	-	-	(294)	(528)	-	(3,550)
At 31 December 2021	**41,082**	**124,274**	**36,903**	**45,677**	**43,022**	**125,788**	**3,940**	**86,947**	**8,483**	**516,116**
At 1 January 2022	**41,082**	**124,274**	**36,903**	**45,677**	**43,022**	**125,788**	**3,940**	**86,947**	**8,483**	**516,116**
Additions	**-**	**16,530**	**5,962**	**10,537**	**17,914**	**107,422**	**17,454**	**18,848**	**-**	**194,667**
Reclassified to intangible (Note 2	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(8,483)**	**(8,483)**
Adjustments (Note 22.3)				**8,133**	**467**		**305**	**(6,713)**	**-**	**2,192**
Disposal	**-**	**-**	**-**		**(80)**		**(40,027)**	**-**	**-**	**(40,708)**
					(601)					
At 31 December 2022	**41,082**	**140,804**	**42,865**	**64,347**	**61,323**	**193,183**	**21,098**	**99,082**	**-**	**663,785**
Accumulated depreciation/ impairment										
At 1 January 2021	**-**	**15,813**	**24,761**	**26,351**	**24,587**	**41,536**	**2,010**	**46,993**	**-**	**182,051**
Charged for the year	-	2,404	3,193	4,906	6,375	18,586	806	14,199	-	50,468
Disposal	-	-		(2,263)	-	-	(212)	(493)	-	(2,968)
At 31 December 2021	-	18,217	27,954	28,994	30,962	60,122	2,604	60,699	-	229,552
At 1 January 2022	**-**	**18,217**	**27,954**	**28,994**	**30,962**	**60,122**	**2,604**	**60,699**	**-**	**229,552**
Charged for the year	**-**	**2,604**	**3,564**	**6,840**	**6,698**	**40,022**	**2,556**	**9,626**	**-**	**71,911**
Adjustments (Note 22.3)		**650**	**(338)**	**7,264**	**1,547**	**(1,011)**	**341**	**(3,708)**	**-**	**4,745**
Disposal	**-**				**(36)**	**(20,265)**	**(490)**			**(20,791)**
At 31 December 2022	**-**	**21,471**	**31,181**	**43,098**	**39,171**	**78,868**	**5,011**	**66,617**	**-**	285,417
Carrying amount:										
At 31 December 2022	**41,082**	**119,333**	**11,685**	**21,249**	**22,152**	**114,315**	**16,088**	**32,465**	**-**	**378,368**
At 31 December 2021	41,082	106,057	8,949	16,683	12,060	65,666	1,336	26,248	8,483	286,564

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

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

22.3. This represents an adjustment to align with the assets register.

	2022 ₦'000	2021 ₦'000
23. Intangible assets-(Purchased Software)		
Cost		
At 1 January	**113,568**	113,318
Additions	**31,821**	250
Reclassified from property and equipment (Note 22)	**8,483**	-
At 31 December	**153,872**	113,568
Accumulated amortisation and impairment		
At 1 January	**91,327**	81,164
Adjustment (Note 23.2)	**1,289**	-
Amortised for the year	**11,722**	10,163
At 31 December	**104,339**	91,327
Carrying amount	**49,533**	22,241

23.1 This represents the cost of a new bank website, mobile application, and human resources application.

23.2. This represents an adjustment to align with the assets register.

	2022 ₦'000	2021 ₦'000
24. Non-current assets held for sale		
At 1 January	**183,351**	268,051
Additions in the year	**-**	18,817
Disposals in the year	**(34,033)**	(103,517)
At 31 December	**149,317**	183,351

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

	2022 ₦'000	2021 ₦'000
25. Deposits from customers		
25.1 Analysis by type		
Demand accounts	**2,542,631**	3,551,164
Savings accounts	**430,663**	289,467
Time deposits	**2,518,306**	1,455,681
	5,491,601	5,296,312

	2022 ₦'000	2021 ₦'000
25.2 Analysis by maturity		
Under 1 month	**2,973,295**	3,840,631
1-3 months	**2,518,306**	1,455,681
3-6 months	**-**	-
6-12 months	**-**	-
Over 12 months	**-**	-
	5,491,601	5,296,312
26. Borrowings		
26.1.Other facilities		
Nigeria Mortgage Refinancing Company (Note 26.1.1)	**525,481**	339,939
26.2.On-lending facilities:		
Federal Mortgage Bank of Nigeria (Note 26.2.1)	**746,502**	640,914
Development Bank of Nigeria (Note 26.2.2.)	**1,569,474**	1,241,250
	2,841,457	2,222,103
26.1.1. Nigeria Mortgage Refinancing Company		
At 1 January	**339,939**	63,035
Receipts during the year	**212,975**	287,025
Repayments in the year	**(68,588)**	(105,475)
	484,326	244,585
Interest capitalised and paid (Note 8.1)	**41,155**	95,354
At 31 December	**525,481**	339,939
Analysis by maturity		
Current	**-**	-
Non-current	**525,481**	339,939
	525,481	339,939
26.2.1 Federal Mortgage Bank of Nigeria		
At 1 January	**640,914**	583,081
Receipts during the year	**159,950**	79,802
Repayments in the year	**(84,586)**	(44,216)
	716,278	618,667
Interest capitalised and paid (Note 8.1)	**30,224**	22,248
At 31 December	**746,502**	640,914
Analysis by maturity		
Current	**-**	-
Non-current	**746,502**	640,914
	746,502	640,914

	2022	2021
	₦'000	₦'000
26.2.2 Development Bank of Nigeria		
At 1 January	**1,241,250**	-
Receipts during the year	**920,000**	1,545,000
Repayments in the year	**(738,444)**	(303,750)
	1,422,806	1,241,250
Interest capitalised and paid (Note 8.1)	**146,668**	-
At 31 December	**1,569,474**	1,241,250
Analysis by maturity		
Current	**-**	-
Non-current	**1,569,474**	1,241,250
	1,569,474	1,241,250

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

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

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

26.2.2.Development Bank of Nigeria: The balance relates to the outstanding balance of N600 million MSME/Small corporate loan granted during the year on 7 July 2022 and N320 million on 14 December 2022 while the remaining has been carried forward. The total limit with the bank is now N1,612,078,500.

	2022	2021
27. Other liabilities		
Account payables (Note 27.1)	**369,797**	236,412
Accrued expenses	**5,500**	5,500
E-cards and other settlement accounts	**160,518**	39,242
Unclaimed dividend payable	**14,162**	6,766
Taxes and statutory collection payables	**43,641**	51,357
Unearned incomes	**250**	250
Contribution to pension fund (Note 27. 3)	**979**	268
	594,847	339,795

27.1 Included in the figure above is N332.1 million representing the amount payable as awaiting approval for deed of assignments.

	2022 ₦'000	2021 ₦'000
27.3 Defined contribution plan		
Retirement benefit plan		
At 1 January	**268**	97
Contribution for the year (Note 12)	**19,944**	14,973
Payment to fund administrators	**(19,232)**	(14,803)
At 31 December	**979**	268

27.3.1. A defined contribution plan is a pension plan under which the Bank pays fixed contributions; There is no legal or constructive obligation to pay further benefits. This is in compliance with the Pension Reform Act, 2014. Both employees and employer contribute to the plan based on specified rates as stated in the Act. The employees contribute 8% of basic, housing and transport allowances, while the Bank contributes 10% of same making a total contribution of 18%, into employees RSA, maintained with Pension Fund Administrators.

	2022 ₦'000	2021 ₦'000
28. Share capital		
Ordinary shares		
a) Authorised		
11,000,000,000 ordinary shares of 50 kobo each	**5,500,000**	5,500,000
b) Issued and fully paid:		
5,000,000,000 ordinary shares of 50k each	**2,500,000**	2,500,000
29. Reserves		
29.1 Retained earnings		
At 1 January	**388,163**	107,591
Profit for the year	**821,678**	506,961
Dividend paid to registrar	**(300,000)**	(50,000)
Transfer to statutory reserve (Note: 29.2)	**(164,336)**	(101,392)
Transfer to regulatory risk reserve (Note 29.3)	**49,262**	(74,997)
At 31 December	**794,768**	388,163
29.2 Statutory reserve		
At 1 January	**213,161**	111,769
Transfer from retained earnings (Note 29.1)	**164,336**	101,392
At 31 December	**377,497**	213,161

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

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	2022 ₦'000	2021 ₦'000
29.3. Regulatory risk reserve		
At 1 January	**140,062**	65,065
Arising in the year (Note 29.1)	**(49,262)**	74,997
At 31 December	**90,800)**	140,062

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

	2022 ₦'000	2021 ₦'000
29.4. Fair value reserve		
At 1 January	**(17,230)**	(7,317)
Net loss on fair value through other comprehensive income in the year (Note 29.4.1.)	**116**	(9,913)
At 31 December	**(17,114)**	(17,230)
29.4.1. Analysis of net loss on fair value through other comprehensive income into investments		
Quoted equities (Note 20.1.1)	**-**	398
Unquoted equities (Note 20.1.2)	**-**	(10,311)
	-	(9,913)
29.4.2. Analysis of net loss on fair value through other comprehensive income in the year		
Quoted equities	**116**	(109)
Unquoted equities	**-**	(9,804)
	116	(9,913)

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

30. Fair value of financial instruments
30.1.Financial instruments recorded at fair value

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

30.2.Financial investments – FVTOCI

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

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

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30.3.Determination of fair value and fair value hierarchy

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

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

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

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

The Bank has no transactions fitting into these categories.

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

	2022		2021	
	Carrying amount ₦'000	**Fair value ₦'000**	Carrying amount **₦'000**	Fair value **₦'000**
Financial assets				
Cash and balances with Central Bank	**141,492**	**141,492**	159,427	159,427
Due from banks	**970,819**	**970,819**	2,722,755	2,722,755
Loans and advances to customers	**10,679,375**	**10,679,375**	7,807,374	7,807,374
	11,791,686	**11,791,686**	10,689,556	10,689,556
Financial investments				
FVTOCI	**96,920**	**96,920**	96,803	96,803
	11,888,605	**11,888,605**	10,786,359	10,786,359
Financial liabilities				
Deposit from customers	**5,491,601**	**5,491,601**	5,296,312	5,296,312
Borrowings	**2,841,457**	**2,841,457**	2,222,103	2,222,103
	8,333,058	**8,333,058**	7,518,415	7,518,415

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

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

i) Assets for which fair value approximates carrying value

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

ii) Fixed rate financial instruments

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

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

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

31. Contingent liabilities, commitments and lease arrangements

a) Legal claims

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

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

b) Capital commitments

As at 31 December 2022, the Bank has no capital commitments at the end of the year (2021 : Nil) in respect of authorized and contracted capital projects.

32. Lease arrangements

Operating lease commitments – Bank as lessee

The Bank did not enter into commercial leases for premises and equipment during the financial year (2021 : Nil).

33. Related party disclosures

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

	2022	2021
	₦'000	₦'000
33.1 The directors remuneration below relates to payment to non-executive directors and charged as expense in the year. The non-executive directors do not receive pension entitlements from the Bank.		
Fees and sitting allowances	**29,651**	23,906
Other director expenses	**23,477**	35,124
	53,128	59,030
33.2 The following table provides the total amount of transactions, which have been entered into with key management personnel and their related parties for the relevant financial years.		
Loans and advances	**73,148**	155,571,209
Deposit liabilities	**117,376**	267,045,207

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33.3 Insider related credits outstanding as at 31 December 2022
Further disclosure of related party's loans is shown in the table below in compliance with Central Bank of Nigeria circular BSD/1/2004.

31 December, 2022

Name of Borrower	Relationship to reporting Institution	Date granted	Expiry Date	Outstanding Balance	Status	Interest Rate	Nature of security
				₦'000			
1. Adewole Adekunle Adewumi	**MD/CEO**	**26/01/2021**	**26/06/2028**	**40,255**	**Performing**	**7.0**	Legal mortgage
3. Aworonke Olaitan Omotara	**Executive Director**	**01/02/2018**	**01/02/2033**	**32,893**	**Performing**	**7.0**	Legal mortgage
				73,148			

31 December, 2021

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

	2022 Number	2021 Number
34. Employees		
The average number of persons employed by the Bank during the year was as follows:		
Directors	**3**	3
Management	**25**	12
Non-management	**57**	71
	85	86

35. Distribution proposed

The Directors proposed a dividend of N0.012 per share (2021:N0.06) from the retained earnings account based on the 2022 financial year results. The dividend amount of N61.6million (2021: N304.1million) which is liable to withholding tax at a rate of 10% is subject to approval by the shareholders at the Annual General Meeting. Consequently, the dividend has not been included as a liability in these financial statements.

36. Contraventions

There was no penalty paid in the current year and no other contravention occurred during the year of such regulatory bodies like Banks and Other Financial Institutions Act, CAP B3, LFN 2020, and Central Bank of Nigeria circulars (2021: Nil).

37. Comparative figures

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

38. Events after the reporting date

There are no events after reporting date which could have a material effect on the financial statements of the Bank as at 31 December 2022 or the financial performance for the year ended that have not been adequately provided for or disclosed.

39. Material disclosure on the impact of COVID-19

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

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

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

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

Going Concern Assessment

Based on current assessment and result for the year just concluded, the Directors are confident that the Going Concern of the Company will not be threatened and would be able to continue to operate in the foreseeable future.

Statement of Fraud and Forgery

In the 2022 audited financial statement, there is no incidence of fraud and forgery in the Bank “LivingTrust Mortgage Bank Plc.” for the year ended Dec 31st 2022.

LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

40. Impact of restatement on statement of financial position- 2021

	Notes	Previously reported ₦'000	Restatement adjustments ₦'000	Restated ₦'000 Restated
Assets				
Cash and balances with the Central Bank of Nigeria		**159,427**	-	**159,427**
Due from banks		**2,722,755**	-	**2,722,755**
Loans and advances to customers	**{a}**	**7,852,074**	(44,700)	**7,807,374**
Investment securities		**96,803**	-	**96,803**
Other assets		**63,274**	-	**63,274**
Property and equipment		**286,565**	-	**286,565**
Intangible assets		**22,241**	-	**22,241**
Deferred tax assets		**-**	-	**-**
		11,203,139	**(44,700)**	**11,158,439**
Non-current assets held for sale		**183,351**	**-**	**183,351**
Total assets		**11,386,490**	(44,700)	11,341,790
Liabilities and equity				
Liabilities				
Deposit from customers		**5,296,312**	-	**5,296,312**
Borrowings	**{b}**	**339,939**	1,882,164	**2,222,103**
On-lending facility	**{b}**	**1,882,164**	(1,882,164)	**-**
Current income tax liability		**197,636**	-	**197,636**
Deferred tax liability		**61,787**	-	**61,787**
Other liabilities	**{a}**	**384,496**	**(44,701)**	**339,795**
Total liabilities		**8,162,334**	**(44,701)**	**8,117,633**
Equity				
Ordinary share capital		**2,500,000**	**-**	**2,500,000**
Retained earnings		**388,164**	**-**	**388,164**
Statutory reserve		**213,161**	**-**	**213,161**
Regulatory risk reserve		**140,062**	**-**	**140,062**
Fair value reserve		**(17,230)**	**-**	**(17,230)**
Total equity		**3,224,157**	-	3,224,157
Total liabilities and equity		**11,386,491**	(44,701)	11,341,790

Explanatory notes

{a} Reclassification of N44,701,000 interest in suspense previously reported as parts of other liabilities now corrected

{b} Required to report to borrowing made by the bank during the reported period.

Other national disclosures

LIVINGTRUST MORTGAGE BANK PLC

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 ₦'000	%	2021 ₦'000	%
Gross earnings	**2,538,906**		1,627,777	
Interest expense	**(495,272)**		(231,816)	
	2,043,634		1,395,961	
Net impairment	**94,112**		(53,674)	
Bought-in-materials and services - local	**(106,165)**		(35,376)	
	2,031,581	**100**	1,306,911	100
Applied as followed:				
To pay employees				
Employees as salaries, wages and pensions	**424,167**	**21**	310,469	24
To pay government				
Government taxes	**184,056**	**9**	261,248	20
To pay provider of capital				
Interest on borrowings	**218,047**	**11**	117,602	9
-'Dividend paid	**300,000**	**15**	50,000	4
To provide for assets replacements and future expansion:				
-'Depreciation and amortisation	**83,633**	**4**	60,631	5
- Profit for the year	**821,678**	**40**	506,961	39
	2,031,581	**100**	1,306,911	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

31 DECEMBER	2022	2021	2020	2019	2018
	₦'000	₦'000	₦'000	₦'000	₦'000
Assets					
Cash and balances with CBN	**141,492**	159,427	112,892	88,942	77,848
Due from banks	**970,819**	2,722,755	1,346,860	1,291,081	860,699
Loans and advances to customers	**10,679,375**	7,807,374	4,078,130	1,801,288	1,567,802
Investment securities	**96,920**	96,803	106,717	710,794	902,905
Other assets	**447,866**	63,274	90,684	149,250	207,609
Property and equipment	**378,368**	286,564	260,430	226,895	250,408
Intangible assets	**49,533**	22,241	32,154	25,919	24,451
Deferred tax assets	**-**	-	1,833	5,575	-
Non-current assets held for sale	**149,317**	183,351	268,051	295,251	332,589
Total assets	**12,913,690**	11,341,789	6,297,750	4,594,994	4,224,311
Liabilities and equity					
Liabilities					
Deposit from customers	**5,491,601**	5,296,312	2,619,302	1,209,132	1,110,439
Borrowings	**2,841,457**	2,222,103	646,116	550,945	324,745
Current income tax liability	**170,150**	197,636	25,085	12,888	20,597
Deferred tax liability	**69,685**	61,787	-	-	2,770
Other liabilities	**594,847**	339,795	230,139	173,162	179,472
Total liabilities	**9,167,739**	8,117,633	3,520,641	1,946,127	1,638,022
Equity					
Ordinary share capital	**2,500,000**	2,500,000	2,500,000	2,500,000	2,500,000
Retained earnings	**794,768**	388,163	107,591	65,975	4,237
Statutory reserve	**377,496**	213,161	111,769	85,297	72,748
Regulatory risk reserve	**90,800**	140,062	65,065	796	12,551
Fair value reserve	**(17,113)**	(17,230)	(7,317)	(3,201)	(3,246)
Total equity	**3,745,950**	3,224,156	2,777,109	2,648,867	2,586,289
Total liabilities and equity	**12,913,690**	11,341,789	6,297,750	4,594,994	4,224,311
Statement of comprehensive income					
Gross earnings	**2,538,906**	1,627,777	652,616	502,406	460,933
Total operating income	**2,043,634**	1,395,961	599,854	452,057	425,909
Operating expenses	**(943,789)**	681,425	(408,860)	(429,407)	(388,860)
Impairment (losses)/write-back	**(94,112)**	53,674	(39,570)	34,668	58,881
Profit before tax	**1,005,734**	2,131,060	151,424	57,318	95,930
Income tax	**(184,056)**	(261,248)	(19,065)	5,214	(16,400)
Profit after tax	**821,678**	1,869,812	132,359	62,531	79,530
Other comprehensive income loss	**116**	(9,913)	(4,116)	44	(1,310)
	821,794	1,859,899	128,244	62,576	78,220

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The Registrar
Africa Prudential Plc
220B, Ikorodu Road, Palmgrove, Lagos.

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

Bank Verification Number (BVN):

Bank Name:

Bank Account Number:

Account Opening Date: DD MM YYYY

SHAREHOLDER ACCOUNT INFORMATION

Gender: Male ☐ Female ☐

Surname/Company's Name First Name Other Name

Address

City State Country

Previous Address (if any)

Clearing House Number (CHN) (if any) C

Name of Stockbroking Firm

Mobile Telephone 1

Mobile Telephone 2

E-mail Address

Signature:

Signature:
Joint/Company's Signatories

Company Seal *(if applicable)*

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

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

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