RC: 226959

INFINITY HOMES

INFINITY TRUST MORTGAGE BANK PLC.

(MORTGAGE BANKERS)

2015 ANNUAL REPORT AND ACCOUNTS


MONARCH GARDENS
ADKAN
LIFE - CAMP
TAXI NOT ALLOWED


VINTAGE CITY
ADKAN


WELCOME TO
SUN CITY

OUR VISION

To be the pivotal primary Mortgage Bank
Renowned for High Professionalism,
Innovativeness and Value Creation
in all our areas of endeavour.

OUR MISSION

To be the reference point in all spheres of Mortgage business through the usage of time tested professionals, the best use of technology and adequate capital in creating wealth for all stakeholders- customers, staff, shareholders and community at large.

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OVERVIEW

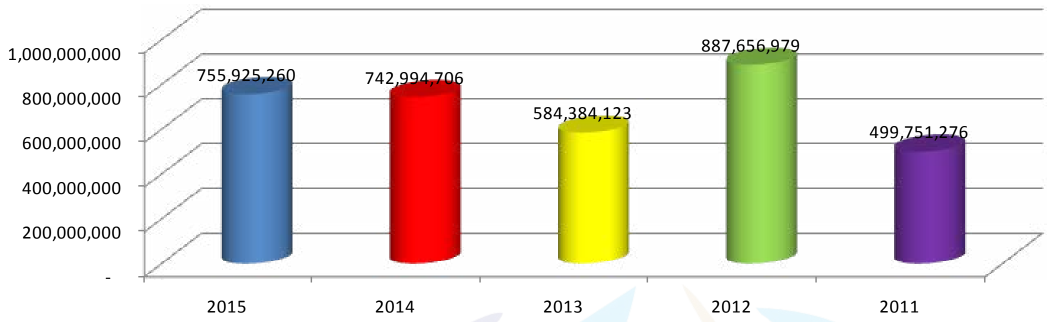
FINANCIAL HIGHLIGHTS

	31 December 2015	31 December 2014
	N	N
MAJOR ITEMS IN STATEMENT OF FINANCIAL POSITION		
Loans and Advances	**1,672,759,368**	1,244,175,834
Property, Plant & Equipment	**2,951,037,599**	2,915,955,777
Assets Held for Sale	**294,840,000**	806,816,000
Due to customers	**1,415,733,380**	1,064,340,455
Borrowed Funds	**380,106,796**	422,538,884
Share Capital	**2,685,222,860**	2,685,222,860
ShareHolders Fund	**5,622,197,131**	5,557,462,919
Total Assets	**7,556,099,468**	7,168,644,190
MAJOR ITEMS IN STATEMENT OF COMPREHENSIVE INCOME		
Gross Earnings	**755,925,260**	742,994,706
Impairment Charge	**(14,605,525)**	(3,660,629)
Profit Before Taxation	**262,430,085**	296,472,795
Taxation	**(30,282,501)**	(51,739,244)
Profit After Taxation	**232,147,584**	244,733,551
RATIOS	**%**	%
Cost to Income	**61.06**	56.70
Return on Assets	**3.07**	3.41
Return on Shareholders Fund	**4.13**	4.40
Capital Adequacy	**124.02**	95.91
Liquidity	**192.69**	101.92
Earnings Per Share (Kobo)	**4.56**	4.86
Dividend Per Share(kobo)	**3.00**	3.00
OTHERS	**Number**	**Number**
Number of Locations	**4**	4
Number of Staff	**79**	76
Number of Shares in Issue	**4,170,445,720**	4,170,445,720
Dividend Paid	**125,113,372**	125,113,372
Ratings	**BB+ Positive**	BB+ Positive
	A3, Stable	A3, Stable

FINANCIAL PERFORMANCE

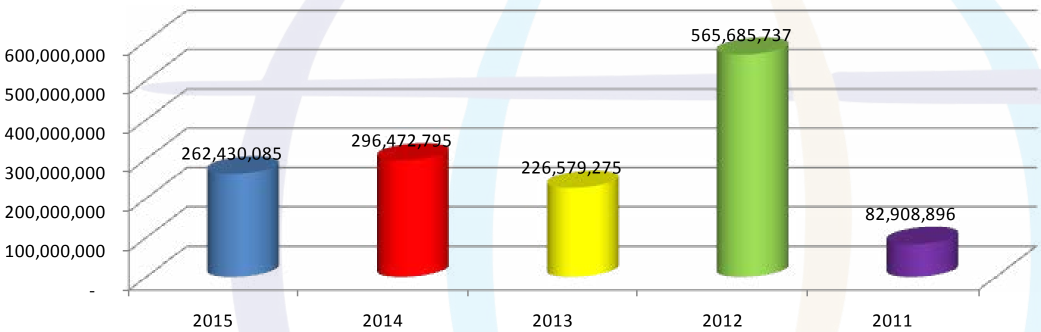
GROSS EARNINGS

Gross earnings has increased consistently over the years. This year, despite the harsh operating environment, the Bank recorded an increase of 1.74% in its gross earnings. Interest, Commisions and investment incomes were major drivers of the growth over the years.



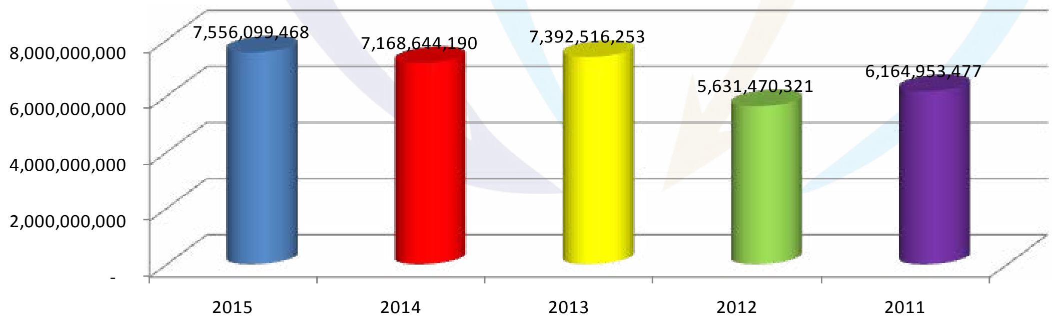
PROFIT BEFORE TAX

Our profit before tax for year 2015 for the bank is a testament to our ability to stay true to our visions, as the bank's has consistently remained profit able over the past ten (10) years.



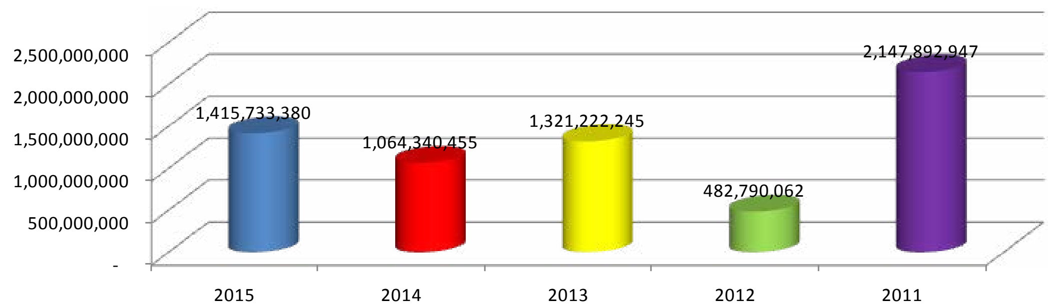
TOTAL ASSETS

Total Bank assets increased by 5% in the year. This is majorly as a result of the growth in the banks, loans, deposits and shareholders funds.



DEPOSITS

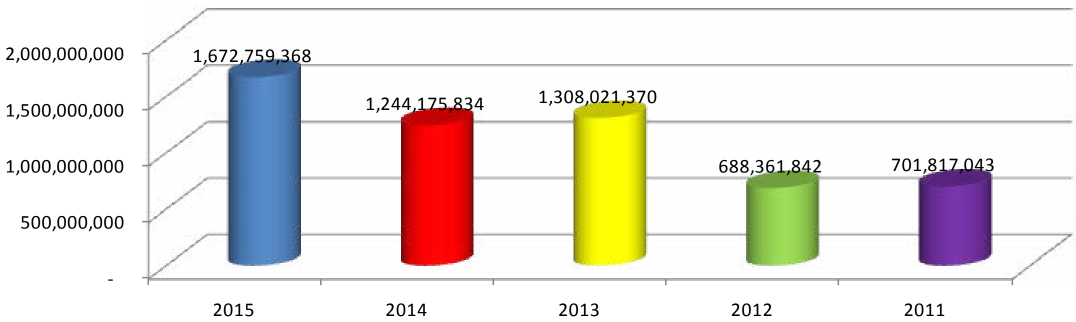
Deposits increased during the year by 25% from previous year. This is a reflection of the Bank's commitment to staying afloat despite the increasingly competitive operating environment.



FINANCIAL PERFORMANCE

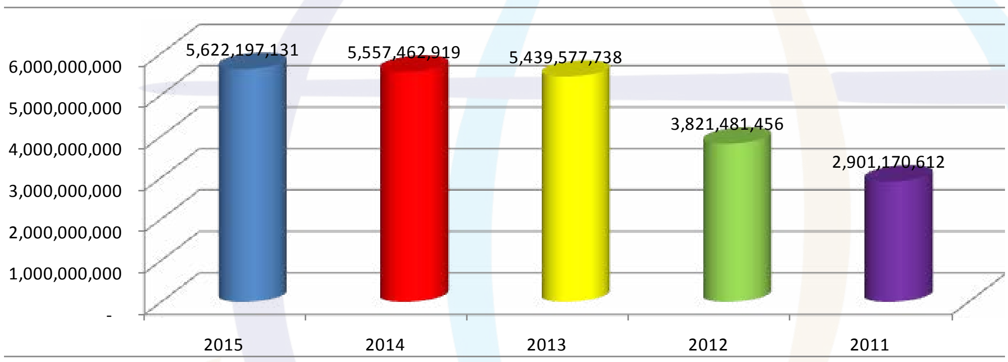
LOANS AND ADVANCES

Loans and advances has increased over time, an increase of 35% was recorded during the year. This is as a result of the Bank's increased tenacity and passionate attachment to delivering houses to Nigerians.



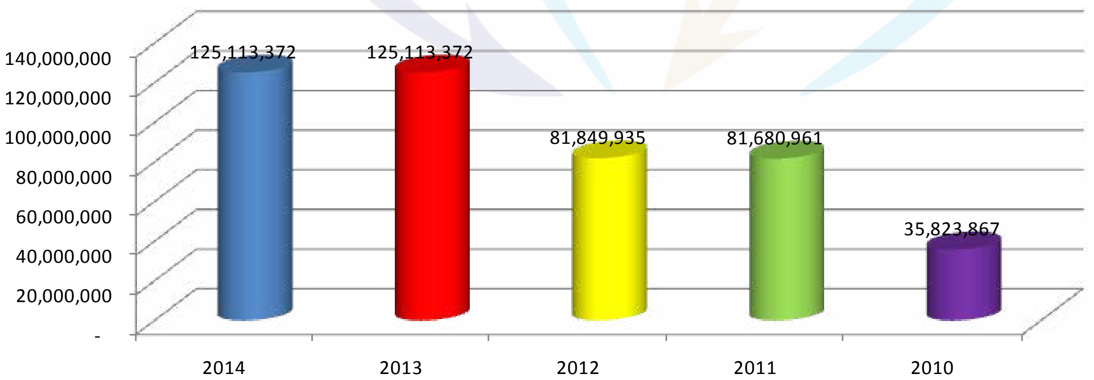
SHAREHOLDERS FUNDS

Despite the the mounting business challenges, we have remained focused in meeting our regulatory capital and building the wealth of our stakeholders as evidenced by the growth in our shareholders funds.



DIVIDEND PAYOUT

We have continued to increase the wealth of our share holders by consistently paying dividends. The bank has maintained its dividend payout for nine years. In a time when no mortgage bank is paying dividend, we have remained resolute in our commitment to give reasonable returns to our owners.



BOARD OF DIRECTORS

DR. ADEYINKA BIBILARI
Chairman

OLABANJO OBALEYE
Managing Director
and Chief Executive Officer

BARR. PATRICK IKWUETO
Non Executive Director

OYEKUNLE DADA ADEMOKOYA
Non Executive Director

MAJOR GENERAL ISHAKU DANLADI PENNAP (RTD)
Non Executive Director

AKIN ARIKAWE
Non Executive Director

ALHAJI ABUBAKAR MOHAMMED
Independent Director

BOARD OF DIRECTORS

Dr. Adeyinka Bibilari – Chairman

Dr. Adeyinka Bibilari is a seasoned administrator, an entrepreneur per excellence, project consultant and an astute businessman. He holds a Bachelor of Science and a Master's Degree in Civil Engineering from the University of Lagos and Nsukka respectively plus a PhD in Business Administration from the American University of London. He has been a key player in the Nigerian construction industry for over 25 years.

Dr Bibilari pioneered the construction and development of the "Abuja Model City" project in Gwarinpa II, Abuja – a Three Hundred and Fifty One (351) housing unit for middle and high income earners. The project which cost N7billion has received accolades both nationally and internationally. He is also the mastermind behind the ultra-modern "Abuja Sun City" Galadimawa, Abuja. The multibillion project which is meant for mixed income earners is replete with modern infrastructures and recreational facilities. The first phase of the Estate was commissioned by the former President Chief Olusegun Obasanjo in 2006.

Olabanjo Obaleye
Managing Director and Chief Executive Officer

Olabanjo Obaleye studied Management and Accounting at the Obafemi Awolowo University, Ile-Ife. He holds a Master Degree in Business Administration from the University of Abuja, with specialization in Financial Management.
He is an Associate Member of the Institute of Chartered of Accountants of Nigeria (ICAN), Nigeria Institute of Management (NIM), the Nigeria Institute of Cost Management (NIMC) and the Chartered Institute of Taxation of Nigeria (CITN).

He started his banking career with Afribank in 1991 and later proceeded to Midas Bank Plc and Societe Bancaire Nigeria Limited. He, at various times has worked and headed different sections of banking operations. Obaleye's passion for details and his untiring quest for efficient and value added service delivery has won him accolades from different quarters.

He has attended various seminars, workshops, conferences, courses both nationally and internationally; and presented papers on diverse fields (Finance, Banking, Mortgages, Leadership, Capacity Building and Housing delivery). He was the Publicity Secretary of MBAN (Mortgage Bankers Association of Nigeria) and now an ex-officio member. He is an alumnus of Wharton Business School, Philadelphia, USA. He plays golf.

Barrister Patrick Ikwueto -Non Executive Director

Barrister Patrick Ikwueto is a graduate of Law from the University of Nigeria, Nsukka. He is the Managing Solicitor/Principal Partner, Nwankwo - Ikwueto Law Firm in Abuja. As an experienced lawyer, Barrister Ikwueto has participated

BOARD OF DIRECTORS

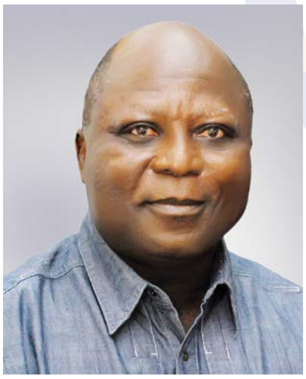
in the negotiation, preparation and execution of several International and Multinational Commercial agreements in the mould of Alpenmobels.r.l of Italy, Arro Shelters Nigeria Limited; European Machine Trading BV of Netherlands, Supa Engineering Limited, Continental Microwave Limited of United Kingdom and Bolingo Holdings Nigeria Limited.

Barrister Ikwueto has successfully prosecuted several high profile cases at the High Court of Justice, the Court of Appeal and the Supreme Court of Nigeria.

He is a registered solicitor to the Securities and Exchanges Commission (SEC) and a member of the Capital Market Solicitors Association.

OYEKUNLE DADA ADEMOKOYA -Non-Executive Director

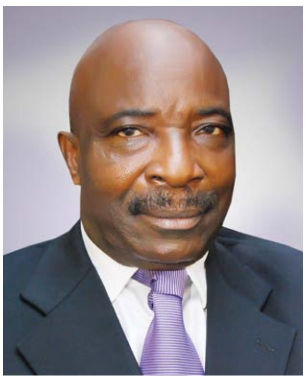
Mr. Oyekunle Dada Ademokoya is an experienced banker with wide range of experience in both commercial and merchant banking. He has held middle and top management positions for over 20 years in merchant and commercial banks before he retired into consultancy. He is currently the chairman of Adocas Nigeria Limited.



MAJOR GENERAL ISHAKU DANLADI PENNAP (RTD) – Non-Executive Director

Major General Pennap is an accomplished army officer and administrator with over forty years' experience. He was commissioned into the Nigerian Army in 1977 as a second Lieutenant. There he served in the Nigerian Army as Chief of Administration; Chief of Defence Research and Development and as Chief of Training and Operations.

He holds Bachelor's degree in Quantity Survey and a Master's degree in International Affairs and Diplomacy from the Ahmadu Bello University Zaria. General Pennap also has Master's degrees in Defence and Strategic Studies and in Peace and Conflict Studies.



AKIN ARIKAWE –Non- Executive Director

Akin Arikawe is an accomplished and multi-disciplinary technocrat whose sterling experience spans over three decades in both the public and private sectors.

Prior to his retirement in 2007, he was a Permanent Secretary at the Federal Ministry Finance. He was the Pioneer Director General the Debt Management Office (DMO) between 2000-2003. He also served as the Co-ordinator of the Nigeria Vision 2020

BOARD OF DIRECTORS

- the Economic Transformation Blueprint. He was also on the Governing Board of Federal Roads Maintenance Agency (FERMA) from 2009 to 2011.

Arikawe holds a Bachelor's degree in Political Science. He has an LL in Law from the University of Lagos and a BL from the Nigerian Law School.

In recognition of his distinguished and outstanding civil service career, he was conferred with one of the highest title of the land - the Officer of the Order of the Niger (OON), in 2006.

Alhaji Abubakar Mohammed - Independent Director

Alhaji Abubakar Mohammed is an independent director of the Bank. He is a retired Deputy Director of the Central Bank of Nigeria (CBN). He brings on board a rich experience after having a distinguished career spanning over 35 years in Banking, the Academia, and Public Service.

He holds a Bsc Business Administration with specialization in Banking and Finance from the Ahmadu Bello University (ABU) Zaria in 1977 and a master of Business Administration (MBA) in 1979 from ABU. He is a member of the Nigerian Institute of Management Chartered (NIM). He holds a certificate in Curriculum Innovation in Technical Education from the Hudderfield Polytechnic in the United Kingdom.

He stated his career as an Administrative Officer in the Federal Civil service in 1978. He later joined the Federal Polytechnic Bida in Niger state in 1979 and rose to become a Principal Lecturer and the Dean School of Business and Management. He also served as the Sole Administrator of Bida Local Government Niger State in 1991. He joined the services of the CBN in 1993 as a Senior Manager in the Human Resources Department. He worked in various Departments including Banking Supervision, and the Other Financial Institutions Department (OFID). He retired from the CBN voluntarily in 2014.

TOLU OSHO - Company Secretary

Tolulope Osho is a 1996 graduate of Law from the University of Abuja. She was called to Bar in February, 1998. She started her career at the Code of Conduct Bureau in 1998. She later worked as an Associate in the law firm of Koya and Kuti Solicitors.

PROFESSIONAL ADVISERS

AUDITORS

Aminu Ibrahim & Co.
(Chartered Accountants)
Suite 11B, City Plaza, 3rd Floor
Plot 596, Ahmadu Bello Way
Garki 2, Abuja.

REGISTRAR AND TRANSFER OFFICE

African Prudential Registrars
220B, Ikorodu Road
Palmgrove,
Lagos

SETTLEMENT BANKS

Fidelity Bank Plc.
2, Kofo Abayomi Street,
Victoria Island, Lagos
P. O. Box 72439
Victoria Island, Lagos

Stanbic IBTC Bank
IBTC Place
Walter Carrington Crescent
Victoria Island

SOLICITORS

Adekunle Omotola and Co.
55E, Adebisi Omotola Close,
Off Ajose Adeogun Street,
Victoria Island,
Lagos.

Randle Croft Chambers
Landmark Plaza
Plot 3124, IBB Way, Cadastral Zone A6
Maitama, Abuja

Mike Ugwanyi and Co.
Plot 576, Independence Avenue,
Beside Honda Place
Central Business District, Abuja

REPORTS OF BOARD AND MANAGEMENT

CHAIRMAN'S STATEMENT

INTRODUCTION

Distinguished fellow shareholders, members of the Board of Directors, invited guests, Gentlemen of the press, Distinguished Ladies and Gentlemen, it is my pleasure to welcome you all to the third Annual General Meeting of the Bank as a public company. (Though this is the tenth AGM of the Bank since it commenced operations.)

The meeting will enable us among other things present and consider the Audited Financial Statements of the Bank for the year ended 31 December 2015. I wish to review the business environment and significant developments that impacted on the performance of the bank within the period under review and the future outlook before presenting our financial statements to you.

THE GLOBAL ECONOMY

The year 2015 presented a "mixed grill" in global economic conditions as global growth declined from 3.4% in 2014 to a projected 3.1% in 2015. The performance of the global economy in 2015 was largely affected by growth concerns in China, tumbling commodity prices and monetary policy normalization in the US. Growth slowed down significantly in emerging and developing economies, primarily in natural resource-dependent countries which were adversely affected by falling commodity prices. However, current monetary policy normalization in the US and its implication for higher interest rates and strengthening of the dollar may become a source of instability for emerging countries financial markets and trade going forward.

THE NIGERIAN ECONOMY

The year started with huge political uncertainty in anticipation of the general elections. There was a low business climate in the economy before the election. However, the Country experienced a peaceful and successful general elections. This was a positive development.

On the economic front there was decline in oil prices. The impact of lower crude oil prices made domestic output to slow down in substantial ways. This reflected in the pace of GDP growth which slowed from 6.22% in 2014 to 2.84% in 2015. Headline inflation also moved upward from 9.2% in June to 9.6% in December, 2015. The persistent decline in oil prices given the level of contribution of oil receipts to the country's external reserve, led to the decline of the external reserves. The reserves declined from $34.25 billion as at end-December, 2014 to $28.41 billion at end-December 2015. In the North East, Boko Haram remains a threat, causing loss of lives and millions of displaced persons that require assistance.

FINANCIAL AND MORTGAGE BANK INDUSTRY OVERVIEW

In the year under review the benchmark rate (Monetary Policy Rate, MPR) was reviewed down ward to 11% from 13%. There were asymmetric corridors of +200 basis points and -700 points. The cash reserve ratio (CRR) and liquidity ratio remained at 2% and 20% respectively.

There was a bearish trend in the Nigerian stock market in 2015. This is traceable to the fall in oil prices. This is attested to by the sustained decline in All Share Index (ASI) from 34,657 in January 2015 to

CHAIRMAN'S STATEMENT

28,642.25 as at end of December 2015. Also Market Capitalization trended downwards from N10.1 trillion in January 2015 to N9.8trillion as at end of December 2015, thus shedding 1.6 % during the year.

The pressure on the foreign exchange market also led to the widening spread between the interbank rate and Bureau De Change (BDC) segment of the forex market in recent times. While the interbank rates widened from N165/ $US to N197/$US, the BDC rates depreciated to close at N267/US$, as at December 2015. This was as a result of the exchange rate management strategy of the CBN.

In the mortgage sub-sector, the Nigerian Mortgage Refinance Company (NMRC) commenced operations to provide secondary mortgage market services to mortgage lenders with their first issuance of N8 billion Bond. This was under the N140 billon Medium-Term Note Programme. This was to refinance eligible legacy loans with the mortgage lenders.

PERFORMANCE REVIEW

In line with regulation, our 2015 financial statements were prepared under the provisions of the applicable International Financial Reporting Standards (IFRS).

In 2015 the bank remained profitable despite the harsh economic and operating environment. It achieved a profit before taxation (PBT) of N262,430,085. This means that the Bank has made profit consistently for the past ten years. This is a feat in the mortgage banking industry unrivalled and unprecedented.
Gross earnings increased by 1.75% from N743million in 2014 to N755million while total operating expenses increased by 10.5% from N393million in 2014 to N434million in 2015.

Our strategies in terms of the aggressive mobilization of customer deposits paid off even with the harsh environment with deposit growing from N1.1billion in 2014 to N1.4billion in 2015, an increase of 27%. Our commitment and passionate attachment to increasing house owners led to our loan and advances also growing from N1.2billion in 2014 to N1.7billion in 2015, an increase of 41%.

Total assets also grew from N7.2billion in 2014 to N7.6 billion in 2015, a growth of 5.4% over 2014. Our shareholders funds also grew from N5.5billion in the preceding year to N5.6billion in 2015.

DIVIDEND

In line with our objective of maximizing and increasing wealth to our stakeholders especially the owners of business, we propose a final dividend of 3k per share based on the results for the year ended 31 December 2015. This will make the ninth time the Bank is declaring dividend consecutively.

BOARD COMPOSITION

During the year we obtained approval from the Central Bank to admit an Independent Director to the Board. He is Alhaji Abubakar Muhammed (a former deputy director with the CBN). This brings the total number of Board members to eight (8) made up of the Chairman, the Managing Director, five (5) non- executive Directors and one (1) Independent Director. His coming on board has helped the

CHAIRMAN'S STATEMENT

Bank to achieve a more resounding oversight, enhance corporate governance and comply with CBN directives.

OUTLOOK

Nigeria faces a challenging short and medium term macroeconomic outlook. The major thrust of the 2016 budget is to stimulate and diversify the economy. We believe that our current economic challenges have thrown up fresh opportunities that our Bank will explore for growth. To ensure high returns to our investors, we plan to enhance our capacity in human resources, risk management as well as information and communication technology. The Bank has set its vision at being the first and best in all aspects of its business.

The mortgage sector has attracted renewed Federal Government attention based on the untapped investment potentials and the huge unmet demand for housing from the populace. We will increase our market share by commencing on the second phase of our branch expansion. We intend to play a role in the new Federal Government drive to deliver homes to Nigerians in using affordable and mass housing schemes and accessible mortgage finance. We also intend to maximize the NMRC outlet to refinance our mortgages.

CONCLUSION

Clearly, the future is promising but not devoid of challenges. We are however comforted by the unalloyed support and loyalty we have continued to receive from our esteemed shareholders, customers and staff. We will continue to count on your prayers.

APPRECIATION

On behalf of the entire Board of Directors and fellow shareholders, I express my deep appreciation to our valued customers and other stakeholders for their unwavering support during the year. Let me also thank my fellow Board members for their continued support and confidence in Infinity Trust Mortgage Bank Plc. Please accept my deepest appreciation for your unwavering commitment to the full realization of our Bank's vision which is "being the pivotal primary mortgage bank". I am confident that we shall record greater success in 2016 and beyond as we continue our quest of being the reference point in all spheres of mortgage business in Nigeria. Thank you for making out time to come for this meeting.

God bless you all.

Dr Adeyinka Bibilari
Chairman Board of Directors
FRC/2015/COREN/000000010996

MANAGING DIRECTOR'S REVIEW

INTRODUCTION

Distinguished Shareholders, the Board of Directors, ladies and gentlemen, it is my honour to welcome you, in my capacity as Managing Director /CEO of this notable and enduring institution, to the 2015 Annual General Meeting of our Bank.

The financial year ended December 2015 was a challenging period for the Mortgage Banking Industry in Nigeria. The year saw Mortgage Banks repositioning themselves for relevance, consolidation and market segmentation after the conclusion of the recapitalization exercise started by the Central Bank of Nigeria in 2012. As one of the emergent 10 licensed national Mortgage Banks, we have retained our status by enshrining sound corporate governance practices, business ethics and astute policies that have ensured the continuous growth of our financial position, delivering wealth to all our stakeholders while operating within the confines of legislative and statutory regulation.

PERFORMANCE REVIEW

In this year 2015 the Bank achieved yet another significant milestone asthe Bank remained profitable for the tenth consecutive year. This is an unprecedented feat unequalled and unrivaled by any Mortgage Bank in Nigeria. The continuous profitability trend is a clear demonstration of the Bank's commitment to becoming a perennial institution continuously increasing its wealth and brand; the increasingly competitive, harsh business and highly regulated operating environment, notwithstanding.

A strong demonstration of the Bank's financial stability was occasioned by its ability to meet all regulatory imposed prudential ratios and internally stressed ratios. With a Capital Adequacy Ratio of 124% and liquidity of 191%, the Bank is well poised to meet all its maturing obligations. Harsh operating conditions pushed cost to income ratio to 61%. However this did deter the Bank from making a profit before tax of N262.4 million.

The Bank maintained its short term rating of A3 with a long term Rating of BB+ (NG); positive outlook by Global Credit Ratings (GCR) for the 2nd successive time (2012 and 2013; A3 with stable outlook). It is important to note that this rating exercise was voluntary and it is part of the management objectives to having an independent third party opinion on the operations on the Bank. The Bank was also awarded a Distinctive Competency Award by Institute of Information and Strategy Management for its role in promoting mortgage financing while entrenching sound business and corporate governance practices.

In 2015, Infinity Trust Mortgage Bank Plc redefined service delivery to our esteemed customers by developing enhanced products, services, policies and procedures with a renewed focus to suit the needs of her customers. Our Lagos regional office which commenced business in November 2014, in line with our national bank status was also repositioned for greater performance in line with our strategy of improved year on year performance.

The Enterprise Risk Management framework of the Bank was also redefined to address specific risk elements unique to our operating style and processes. Risk criteria, appetites, stimulus, triggers, responses and mitigants were set to cater for each operating function of the Bank. This allows us to balance the level of risk taken with our business objectives to achieve sustainable and consistent performance over the short and long term.

MANAGING DIRECTOR'S REVIEW

INDUSTRY REVIEW

With the full take off of the Nigeria Mortgage Refinancing Company, the Bank is preparing to take advantage of the refinancing scheme by creating loans that meet the minimum underwriting standards of the NMRC. The NMRCprovides long-term refinance to mortgage lenders, which reduces interest rates by more closely matching long-term loans with long-term sources of capital. Since participation in the NMRC refinancing scheme is restricted to only shareholders, the Bank has sought approval from the Central Bank to increase its equity participation so as to benefit optimally.

OUTLOOK

Nigeria still represents a potentially huge market for housing development and mortgage lending as there still exists a deficit housing gap of over 17 million. A key constraint to the development of the mortgage market, which the NMRC should catalyze is the ability to foreclose in the event of mortgage default. The Bank is positioned to tap into opportunities that will arise in the sector with NMRC in full operations now.

We intend to increase our branches in selected major cities to tap the huge potential in the mortgage sector in locations where we do not have presence. To achieve this plan, the Bank might seek to raise additional capital from external sources in order to meet its financial requirement for expansion and drive our business, which requires significant amount of long term funding. We believe that we will remain the mortgage bank of choice for Nigerians. I am fully confident that there will be significant improvements in all areas of our business, which will ultimately result in better earnings and viable returns on investment for all stakeholders.

On behalf of the Board and Management, I would like to thank all staff for their dedicated efforts and contributions towards the Bank's achievements in 2015 financial year. I urge them to always give their best and indisputably make ITMB PLC to remain the most resilient mortgage Bank in the industry and a Bank we are always proud to be a part of.

Thank You

Olabanjo Obaleye
Managing Director /CEO
FRC/2014/ICAN/00000008786

REPORT OF THE DIRECTORS

The Directors present their annual report on the affairs of Infinity Trust Mortgage Bank Plc ("the Bank") together with the financial statements and Auditor's report for the twelve months ended 31st December, 2015.

1. Representation

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

2. Legal Form

The Bank was incorporated on 28th of November 2002 as INFINITY TRUST SAVINGS & LOANS LIMITED. It commenced operations in 2003. The Bank was converted to a Public Limited Liability Company on 25th January, 2013 and changed its name to INFINITY TRUST MORTGAGE BANK PLC. The Bank obtained its listing on the Nigerian Stock Exchange on 11th December 2013 where its shares are being publicly traded.

3. 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.

4. Business Review and Future Development

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

5. Property, Plant & Equipment

Information relating to the movements in 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.

6. Operating Results

Gross earnings increased by 1.75%. Highlights of the Bank's operating results for the year under review are as follows:

	31 December 2015	31 December 2014
	N	N
Gross Earnings	755,925,260	742,994,706
Impairment Charge	(14,605,525)	(3,660,629)
Profit Before Taxation	262,430,085	296,472,795
Taxation	(30,282,501)	(51,739,244)
Profit After Taxation	232,147,584	244,733,551

7. Shareholding Analysis

i) Authorized Share Capital: The Authorized share capital of the bank remains at N5,000,000,000 made up of 10,000,000,000 ordinary shares of 50k each.

REPORT OF THE DIRECTORS

ii) Paid Up Share Capital: Of the 10,000,000,000 shares, 4,170,445,720 has been fully paid up.

iii) The shareholding pattern of the Bank as at 31st December, 2015 is as stated below:

RANGE	No of Shareholders	% of Shareholders	Number of holdings	% of Shareholdings
1 – 9,000,000	320	96.1	20,016,746	0.5
9,000,001 -10,000,000	3	0.9	30,000,000	0.7
10,000,0001 – 250,000,000	6	1.8	1,400,000,000	33.6
250,000,0001- 2,000,000,000	4	1.2	2,720,428,974	65.2
TOTAL	**333**	**100**	**4,170,445,720**	**100**

iv) Share Capital History

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

S/N	Date Issued	Authorized Increased	Cumulative	Shares Issued and Fully Paid	Consideration
		N	N	N	
1	2002	100,000	100,000	100,000	Cash
2	2005	62,000	162,000	162,0000	Cash
3	2006	338,000	500,000	500,000	Cash
4	2007	500,000	1,000,000,000	1,000,000,000	Cash
5	2008	1,000,000,000	2,000,000,000	2,000,000,000	Cash
6	2011	2,000,000,000	4,000,000,000	4,000,000,000	Cash
7	2012	1,000,000,000	5,000,000,000	4,170,445,720	Cash
8	2013		5,000,000,000	4,170,455,720	Cash

8. Substantial interest in shares

According to the register of members as at 31st December 2015, no shareholder held more than 5% of the issued share capital of the Bank except the following:

S/N	Shareholder	Number of Shares	% of Share holding
1	Engr. AdeyinkaBibilari	1,278,219,720	31.00%
2	Adkan Services Nig. Ltd	692,211,254	16.60%
3	Labid Investment Ltd	450,000,000	10.79%
4	Royal Mills Foods	300,000,000	7.19%
	Mr. OlabanjoObaleye	250,000,000	6.00%
5	Decimal Links Limited	250,000,000	6.00%
6	Notec Ventures Limited	250,000,000	6.00%
7	Veritas Packaging Company Limited	250,000,000	6.00%

REPORT OF THE DIRECTORS

9. Acquisition of own shares

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

10. Directors

The names of the Directors during the year ended 31st December, 2015 are as follows:

S/N	Names	Position
1	Engr. Adeyinka Bibilari	Chairman
2	Mr. Olabanjo Obaleye	Managing Director
3	Barrr. Patrick Ikwueto	Non-Executive Director
4	Engr. Tunde Olaleke	Non-Executive Director
5	Mr. Dada Ademokoya	Non-Executive Director
6	Mr. Akin Arikawe	Non-Executive Director
7	Gen. Danladi Pennap	Non-Executive Director
8	Alhaji. Abubakar Muhammed	Independent Director

11. Director's shareholding

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 below:

DIRECTORS HOLDINGS AS AT DECEMBER 31, 2015.					
NAME OF DIRECTORS	DIRECT HOLDINGS		INDIRECT HOLDINGS		TOTAL
	Number	%		%	Number
Engr. Adeyinka Bibilari	1,278,219,720	30.6	2,592,211,254	62.1	3,870,430,974
Mr. Olabanjo Obaleye	250,000,000	6.0	-		250,000,000
Barrister Patrick Ikwueto	100,000	0.0	-		100,000
Engr. Tunde Olaleke	10,000,000	0.2	-		10,000,000
Mr. Dada Ademokoya	100,000	0.0	-		100,000
Mr. Akin Arikawe	100,000	0.0	-		100,000
Gen. DanladiPennap	1,000,000	0.1	-		1,000.000
	1,539,519,720	36.9	2,592,211,254	62.1	4,131,730,974

12. Donations and Charitable Gifts

The Bank continues its tradition of making contributions to charitable and non-political organizations.

13. Post Balance Sheet Events

There were no post balance sheet events that could have had a material effect on the affairs of the Bank as at 31st December, 2015 which have not been adequately provided for or disclosed.

REPORT OF THE DIRECTORS

14. Human Resources: Commitment to Equal Employment Opportunity

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

ANALYSIS OF EXECUTIVE MANAGEMENT AND BOARD BY GENDER					
NUMBER				PERCENTAGE	
Grade	**Male**	**Female**	**Total**	**Male**	**Female**
ED to MD	1	0	1	100%	0%
Other Directors	7	0	7	100%	0%
AGM to GM	2	0	2	100%	0%

ANALYSIS OF STAFF BY GENDER				
Employees	**Total Number**	**%**	**Employed during the year**	**%**
Male	55	70	8	80
Female	24	30	2	20
Total	79	100	10	100

Employment of Disabled Persons

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

Health, Safety and Welfare at Work

The Bank enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly and employees are aware of existing regulations. The Bank provides subsidies to all levels of employees for transportations, housing, lunch and also medical expenses both for staff and their immediate families.

Fire prevention and fire-fighting equipment are installed in strategic locations within the company'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.

REPORT OF THE DIRECTORS

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.

15. 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:

1.	Mr. Akin Arikawe (Director)	-	Chairman
2.	Mr. Tunde Olaleke (Director)	-	Member
3.	Barrister Patrick Ikwueto (Director)	-	Member
4.	Mr. BolajiApelegun (Shareholder)	-	Member
5.	Mr. Emmanuel Mshelia (Shareholder)	-	Member
6.	Mr. EzekeilOloronsogo (Shareholder)	-	Member

16. Auditors

The board approved the engagement of Messrs Aminu Ibrahim & Co (Chartered Accountants) as the Bank's new auditors in 2014, which was ratified in the Annual General Meeting held in 2015 in accordance with Section 357 (2) of the Companies and Allied Matters Act 1990. They have expressed their willingness to continue in office.

BY ORDER OF THE BOARD

TOLU OSHO
Company Secretary
Infinity Trust Mortgage Bank Plc
11 KauraNamoda Street,
Area 3,
Garki, Abuja.

Dated this 25th day of February, 2016

OTHER STATUTORY REPORTS

CORPORATE GOVERNANCE

Corporate Governance

The Central Bank of Nigeria in its Circular BSD/04/2006 of March 2, 2006 released a new Corporate Governance Code which includes the protection of equity ownership, enhancement of sound organizational structure and promotion of industry transparency. The Code requires Banks to include in their annual report and accounts, compliance report to the Code of Corporate Governance. In compliance therefore, we state below our Compliance Report as at December 31st 2015:

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 2015 financial year.

Statutory Bodies

Apart from the CBN Code of Corporate Governance, which the Bank has striven 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 body of Infinity Trust 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 AGMs 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

There is no public sector participation in the ownership of the Bank. The Bank is owned by shareholders in the private sector. The list of shareholders consist of both individual and institutional investors.

Board of Directors

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

Membership of the Board of Directors

Membership of the Board of Directors during the year ended 31 December, 2015 were as follows:

CORPORATE GOVERNANCE

S/N	NAME	POSITION HELD
1	Engr. AdeyinkaBibilari	Chairman
2	Mr. OlabanjoObaleye	Managing Director/CEO
3	Mr. Dada Ademokoya	Director (Non-Executive)
4	Engr. Tunde Olaleke	Director (Non-Executive)
5	Mr. Akin Arikawe	Director (Non-Executive)
6	Bar. Patrick Ikwueto (SAN)	Director (Non-Executive)
7	Rtd. Gen. DanladiPennap	Director (Non-Executive)
8	Alhaji Abubakar Muhammed	Director (Independent)

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

Delegation of Powers
The Board of Directors delegates any of their powers to Committees consisting of such members of their body as they think fit and have oversight functions on the Committees.The Board also delegates authority to 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) Executive Management Staff.

Standing Board Committees
The Board carries out its oversight responsibilities through Six (6) standing Committees whose terms of references 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 Credit Committee;
- Board Risk Management Committee;
- Board Information Technology Steering Committee;
- Board Establishment Committee;
- Board Assets- Liabilities Committee.

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

General
The Committee shall:

- Ensure that there is an open avenue of communication between the External Auditors and the Board and confirm the Auditors' respective authority and responsibilities.

CORPORATE GOVERNANCE

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

- As global best practice, ensure 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.

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.

Membership

The Committee comprises of a total number of six (6) members made up of three (3) Non-Executive Directors and three (3) Shareholders as follows:

Non - Executive Directors

1) Mr. Akin Arikawe - Chairman
2) Engr. Tunde Olaleke - Member
3) Mr. Dada Ademokoya - Member

Shareholders

4) Mr. Bolaji Apelega - Member
5) Mr. Emmanuel Msheha - Member
6) Mr. Ezekiel Olorunsogo - Member

Quorum: Four (4) members, 2 (Two) Non-executive directors and 2 (Two) shareholders.

Board Credit Committee

CORPORATE GOVERNANCE

The Board Credit Committee is charged with the responsibility of evaluating and or approving all credits beyond the powers of Executive Management from N20 Million to N1 Billion for fund based facilities. The following are its terms of references.

Roles
The Roles of the Committee are:

i. Oversee Management's establishment of policies and guidelines, to be adopted by the Board

ii. Articulate the Bank's tolerances with respect to credit risk, and oversee Management's administration of, and compliance with, these policies and guidelines.

iii. Oversee Management's establishment of appropriate systems (including policies, procedures, management and credit risk stress testing) that support measurement and control of credit risk.

iv. Periodic review of Management's strategies, policies and procedures for managing credit risk, including credit quality administration, underwriting standards and the establishment and testing of provisioning for credit losses.

v. Overseeing the administration of the Bank's credit portfolio, including Management's responses to trends in credit risk, credit concentration and asset quality.

vi. Coordinate as appropriate its oversight of credit risk with the Board Risk Management Committee in order to assist the Committee in its task of overseeing the Bank's overall management and handling of risk.

vii. Evaluate and or approve all credits beyond the powers of the Executive Management.

viii. Ensure that a qualitative and profitable Credit Portfolio exist for the Bank.

ix. Evaluate and recommend to the Board all credits beyond the Committee's powers.
x. Review of credit portfolio within its limit in line with set objectives.

xi. Review of classification of credit advances of the Bank based on prudential guidelines on quarterly basis.

xii. Approving the restructuring and rescheduling of credit facilities within its powers;

xiii. Write-off and grant of waivers within powers delegated by the Board;

xiv. Review and monitor the recovery of non-performing insider related loans.

Membership
The Committee has 3 (Three) members comprising of 2 (Two) Non-Executive Directors,the Managing Director/CEO and Secretary (Head of Business Development Department). The committee members are as follows:

1. Mr. Dada Ademokoya - Chairman
2. Engr. Tunde Olaleke - Member

CORPORATE GOVERNANCE

3. Mr.OlabanjoObaleye - "

Quorum

2 (Two) members with one (1) Non-Executive Director and the Managing Director.

Board Risk Management Committee (BRMC)

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

ROLES

The roles and responsibilities of the Committee are:

i) Overseeing the overall Risk Management of the Bank;

ii) Reviewing periodically, Risk Management objectives and other specific risk policies for consideration of the full Board;

iii) Evaluating the risk rating agencies, Credit Bureau and other related Service Providers to be engaged by the Bank;

iv) Approving the internal risk rating mechanism.

v) Reviewing the risk compliance reports for regulatory authorities;

vi) Reviewing and approving exceptions to the Bank's risk policies;

vii) Review of policy violations on risk issues at senior management level;

viii) Certifying risk reports for Credits, Operations, Market/Liquidity subject to limits set by the Board;

ix) Evaluating the risk profile and risk management plans for major projects and new ventures to determine the impact on the Bank's risk profile.

x) Ensuring compliance with global best practice standards as required by the regulators.

xi) Monitoring the market, operational, reputational, liquidity, compliance, strategic, legal and other risks as determined by the Board.

xii) Any other oversight functions as may, from time to time, be expressly requested by the Board.

Membership

The Committee has 3 (Three) members; 2 (Two) Non-Executive Directors, the Managing Director and the Secretary (Head of Strategy and Risk Management). The committee members are as follows:

1. Mr. Dada Ademokoya - Chairman
2. Engr. Tunde Olaleke - Member
3. Mr. OlabanjoObaleye - "

Quorum

2 (Two) members with a member each of the Non-Executive and Executive Director status

CORPORATE GOVERNANCE

The Board Establishment Committee:
The Board Establishment Committee is made up of Two Non-Executive Directors, the Managing Director and the Company Secretary as Secretary to the Committee

Roles

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

ii) To consider and make recommendations to the Board on acquisition of fixed assets, review and recommend nomination of directors to the Board based on a proper selection process.

iii) To ensure adequate succession planning for Board of Directors and Chief Executive Officers.

iv) To ensure the orientation and continuous education of Directors.

v) To monitor the procedures established for compliance with regulatory requirements for related party transactions.

vi) To monitor staff compliance with the Code of Ethics and Business Conduct of the Bank.

vii) To ensure compliance with regulatory standards of Corporate Governance and regularly identify international best practices of corporate governance and close any identified gaps.

viii) Recruitment/ promotion of staff to Assistant General Manager level and above and to approval of the remuneration.

ix) To decide on the benefits and other terms and conditions of the service contracts of such officers recommend to the Board.

x) To determine the terms and conditions of the service contract including remuneration of the bank's policies committed by staff of Assistant General Manager level and above and apply appropriate sanctions where necessary.

xi) To review and approve policies on staff welfare and fringe benefits; annual review of the Board Charter.

xii) To ensure the annual review of the Board and board committees' performance.

Membership
The membership of the Committee is 3 (Three) made up of 2 (Two) Non-Executive Directors and 1 (One) Executive Director and has as secretary (Head, Human Resources/Admin Department).

3 (Three) members with the Executive and Non-Executive Director status.

1.	Rtd. Gen DandaliPennap	-	Chairman
2.	Mr. Dada Ademokoya	-	Member
3.	Mr. Banjo Obaleye	-	"

CORPORATE GOVERNANCE

Quorum
1 (one) executive and 1 (one) non-executive director with the secretary.

Board Information Technology (I.T.) Steering Committee
The IT Steering Committee, on behalf of the Board, drives the Bank's computerization process and ensures value is derived from expenditure on computerization. Specifically, the Committee has the following functions:

Roles

i. Ensuring that IT strategies are aligned with bank as well as the bank's strategic and corporate objectives, Service Delivery Plans and Results and Services Plan (RSP), budget funding and Asset Strategy.

ii. Improving the quality, management and value of information, business systems and information and communication technology.

iii. Prioritizing strategies and projects as High, Medium and Low, in consultation with the Management Team and responsible Business Unit Managers, so as to provide a true indication of the areas that need to be addressed first.

iv. Ensuring strategies and projects are realistic and achievable during the life of the IT Strategic Plan.

v. Developing the IT Strategic Plan for approval by the MD/CEO.

vi. Ensuing that the IT Strategic Plan is delivered within the agreed budget and timeframe.

vii. Ensuring that the bank adopts a structured project management methodology that is used for all IT initiatives and projects. There should also be a standard process adopted which guides Project Managers through the process of customizing the methodology to suit individual projects

viii. Ensuring that all IT strategies and projects have a responsible Business Unit Manager fulfilling the role of Project Sponsor.

ix. Considering new projects that emerge outside the IT Strategic Planning cycle and investigate the impact of their implementation on other projects, priorities, budget etc. in the ICT Strategic Plan.

x. Reviewing and approving major Information Management and Information Technology policies, procedures and standards for use by the bank, including the IT and IT project governance frameworks.

xi. Ensuring that the information architecture, systems architecture and technology platforms proposed in new projects are consistent with the strategic architecture and plans of the bank.

xii. Establishing the priority of projects, and resolving competing demands for resources and funds.

CORPORATE GOVERNANCE

xiii. Monitoring and reporting on the implementation of IT projects against approved project plans, with particular emphasis on quality, risk management, benefits realization and change management.

xiv. Ensuring that every project proposal and implementation plan achieves appropriate levels of user and stakeholder consultation and satisfaction.

xv. Assessing the quality and value of business cases prepared for new IT project proposals. Provide advice and recommendations to the bank CEO and Management Team on the merits of new project proposals.

xvi. Reviewing and approving the detailed IT project implementation plans and project management documents such as risk management, change management, benefits realization register, benefits management plan, information security.

Membership

The Committee's membership is 3 (Three) made up of 2 (Two) Non-Executive Directors, 1(One) Executive Director and the secretary (The Group Head, Operations and IT). The committee members are as follows:

1.	Engr. Tunde Olaleke	-	Chairman
2.	Rtd. Maj. Gen. DandaliPennap	-	Member
3.	Mr. OlabanjoObaleye	-	"

Quorum

2 (Two), one Non-Executive director and Executive Director.

Board Assets and Liability Committee (ALCO)

Roles

i) Ensuring the optimum deployment of the Bank's liquidity
ii) Efficient deployment of the assets and liabilities balancing risk and returns.
iii) Periodic capital adequacy review.
iv) Manage exposure to market risks generally.

Membership

The Committee's membership is 4 (Four) made up of 3 (three) Non-Executive Directors, 1(One) Executive Director and the secretary (The Chief Financial Officer). The Committee consist of the following members:

1.	Alh. Abubakar Muhammed	-	Chairman
2.	Mr. Dada Ademokoya	-	Member
3.	Engr. Tunde Olaleke	-	Member
4.	Rtd. Maj. Gen Dandali Pennap	-	Member

CORPORATE GOVERNANCE

Quorum
2 (Two) Non-Executive Directors.

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

Attendance of Board and Committee Meetings
The table below shows the frequency of meetings of the Board of Directors and Board Committees, as well as Members' attendance from 2nd of January, 2015 to December 31, 2015.

		Board of Directors	Board Credit Committee	Board Risk Management Committee	Board Audit Committee	Board Establishment Committee	Board Information Technology Steering Committee	Board Assets & Liability Company
S/N	Directors							
		24/02/15	23/01/15	25/08/15	17/02/15	12/02/15	02/02/15	15/09/15
	Date of Meetings	21/04/15	12/02/15	17/09/15	06/07/15	17/04/15	22/05/15	
		22/09/15	27/04/15		14/08/15	17/09/15	15/09/15	
		10/12/15	16/06/15		27/10/15			
			08/07/15					
			27/08/15					
			07/12/15					
	Number of Meetings	4	7	2	4	3	3	1
1	Engr. Adeyinka Bibilari	4	N/A	N/A	N/A	N/A	N/A	N/A
2	Mr. Olabanjo Obaleye	4	7	2	N/A	3	3	1
3	Mr. Dada Ademokoya	4	7	2	4	N/A	N/A	
4	Engr. Tunde Olaleke	4	7	N/A	2	N/A	3	
5	Mr. Akin Arikawe (OON)	4	N/A	2	4	N/A	N/A	
6	Bar. Patrick Ikwueto (SAN)	1	N/A	N/A	N/A	3	N/A	
7	Rtd General Dandali Pennap	3	N/A	1	N/A	3	3	
8	Alhaji. Abubakar Mohammad	3	1	2	N/A	N/A	N/A	1

Internal Control
The Bank has separate staff within the internal audit function from operational and management staff.

CORPORATE GOVERNANCE

Internal control has a Charter for its internal audit exercise. The Charter isolates and insulates the Internal Audit Division from the control and influence of the Executive Management so as to independently review the Bank's operations. Under the Charter, the Internal Auditors' report is submitted directly to the Board Audit Committee.

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

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

Membership of the Executive Management Committee (EXCO) is made up of the Managing Director/ Chief Executive Officer as Chairman with all Executive Management Staff

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

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

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

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

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

CORPORATE GOVERNANCE

Laundering requirements.

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

Breaches of the Code
The Bank is not aware of any violation to the Code of Corporate Governance.

DIRECTORS RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act, require the directors to prepare financial statements for each financial year that gives a true and fair view of the state of financial affairs of the Bank at the end of the year and of its profit or loss. The responsibilities include ensuring that the Bank:

i. Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the bank and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act ;

ii. Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

iii. Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates that are consistently applied.

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;
- Prudential Guidelines for Licensed Mortgage Banks;
- Relevant circulars issued by the Central Bank of Nigeria;
- The requirements of the Banks and Other Financial Institutions Act; and
- The requirements of the Companies and Allied Matters Act.

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 profit for the year. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal and 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.

OLABANJO OBALEYE	**ADEYINKA BIBILARI**
MANAGING DIRECTOR/CEO	CHAIRMAN
FRC/2014/ICAN/00000008786	FRC/2015/COREN/000000010996

REPORT OF THE INDEPENDENT AUDITORS

Aminu Ibrahim & Co
Chartered Accountants

3rd Floor, City Plaza
Plot 596, Ahmadu Bello Wa
P. O. Box 971, Garki II,
Abuja, Nigeria
Tel: 09 2908625, 08065671
www.aminuibrahim.com

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF INFINITY TRUST MORTGAGE BANK PLC FOR THE YEAR ENDED 31 DECEMBER 2015

Report on the financial statements

We have audited the accompanying financial statements of Infinity Trust Mortgage Bank Plc, which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the provisions of the Companies and Allied Matters Act, the Banks and Other Financial Institutions Act, the Financial Reporting Council Act, and relevant Central Bank of Nigeria circulars, and for such internal controls as the Directors determined are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

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

REPORT OF THE INDEPENDENT AUDITORS

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF INFINITY TRUST MORTGAGE BANK PLC FOR THE YEAR ENDED 31 DECEMBER 2015 CONT'D

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Infinity Trust Mortgage Bank Plc as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, provisions of the Companies and Allied Matters Act, Banks and Other Financial Institutions Act, the Financial Reporting Council Act, and relevant Central Bank of Nigeria circulars and guidelines.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, 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. in our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books;

Report on Compliance with Banking Regulations

i. We confirm that our examination of the loans and advances was carried out in accordance with the Prudential Guidelines for licensed banks issued by the Central Bank of Nigeria.

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

iii. Customer complaints are disclosed.

Contraventions

No contravention of the provision of the Banks and Other Financial Institutions Act, was brought to our attention during the audit of the financial statements for the year ended 31 December 2015.

Adekunle Lasisi
FRC/2013/ICAN/0000000945
For : Aminu Ibrahim & Co
(Chartered Accountants)

25 February 2016
Abuja, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 0761660

REPORT OF THE AUDIT COMMITTEE

In compliance with the provisions of Section 359(6) of the Companies and Allied matters Act, Cap C20 LFN 2004, we confirm that the accounting and reporting policies of the Bank were in accordance with statutory requirements and agreed ethical practices

In our opinion, the scope and planning of both the internal and external audits for the year ended 31 December 2015 were adequate. We have also received, reviewed and discussed the audit report on Management matters and were satisfied with the Management responses thereon.

The Committee reviewed the Audit Report on related party transactions and are satisfied with their status as required by the 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 is also being constantly and effectively monitored.

Dated 25 February, 2016

Mr. Akin Arikawe
(Chairman, Audit Committee)

Members of the Audit Committee

Mr. Akin Arikawe	-	(Director)
Engr. Tunde Olaleke	-	(Director)
Mr. Dada Ademokoya	-	(Director)
Mr. Bolaji Apelegan	-	(Shareholder)
Mr. Emmanuel Mshelia	-	(Shareholder)
Mr. Ezekiel Olorunsogo	-	(Shareholder)

CERTIFICATION PURSUANT

To Section 60(2) of the Investments and Securities Act No. 29 of 2007

FOR THE YEAR ENDED 31ST DECEMBER, 2015

We the undersigned hereby certify the following with regard to Audited Accounts for the year ended 31st December, 2015 that:

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

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

3. We are responsible for:
   a. Establishing and maintaining internal controls
   b. The design of such internal controls and to ensure that material information relating to the company is made known to the officers within 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 Bank 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 regard to significant deficiencies and material weaknesses.

DATED THIS 25TH DAY OF FEBRUARY, 2016

SAMSON AGBAKA
CHIEF FINANCIAL OFFICER

BANJO OBALEYE
MANAGING DIRECTOR/CEO

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the Year Ended 31 December, 2015	NOTES	31 DECEMBER 2015 N	31 DECEMBER 2014 N
Turnover		**755,925,260**	742,994,706
Interest and similar income	6	**531,491,575**	412,951,741
Interest and similar expense	7	**(44,443,261)**	(49,851,941)
Net interest income		**487,048,313**	363,099,800
Net fee and commission income	8	**41,285,678**	34,343,753
Other operating income	9	**183,148,007**	295,699,213
Total operating income		**711,481,999**	693,142,765
Credit loss expense	10	**(14,605,525)**	(3,660,629)
Net operating income		**696,876,474**	689,482,137
Personnel expenses	11	**123,388,811**	69,906,974
Depreciation of property, plant and equipment	21	**95,323,867**	88,475,008
Amortisation of intangible assets	22	**4,104,255**	2,328,116
Other operating expenses	12	**211,629,455**	232,299,243
Total operating expenses		**434,446,388**	393,009,342
Profit before tax		**262,430,085**	296,472,795
Income tax expense	13	**(30,282,501)**	(51,739,244)
Profit for the year		**232,147,584**	244,733,551
Total Comprehensive Income		**232,147,584**	244,733,551
Earnings per share - Basic (Kobo)	14	**4.56**	**4.86**

The notes on pages 48 to 116 are an integral part of these financial statements.

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

as at 31 December, 2015	NOTES	**31 December 2015**	31 December 2014
		N	N
Assets			
Cash and Bank balances	16	**49,627,438**	47,105,979
Due from banks	17	**2,354,594,907**	1,925,063,971
Loans and advances to customers	18	**1,672,759,368**	1,244,175,834
Financial investments	19	**100,000,000**	100,000,000
Other assets	20	**49,168,272**	43,339,590
Property and equipment	21	**2,951,037,599**	2,915,955,777
Intangible assets	22	**9,959,339**	9,719,791
Deferred tax assets	23	**74,112,546**	76,467,249
		7,261,259,468	6,361,828,190
Non current assets held for sale	24	**294,840,000**	806,816,000
Total Assets		**7,556,099,468**	7,168,644,190
Liabilities and Equity			
Liabilities			
Due to customers	25	**1,415,733,380**	1,064,340,455
Debt issued and other borrowed funds	26	**380,106,796**	422,538,884
Current tax liabilities	27	**42,110,658**	32,166,172
Other liabilities	28	**95,325,331**	91,690,340
Employee benefit liabilities	29	**626,173**	445,421
		1,933,902,338	1,611,181,271
Total liabilities			
Equity			
Issued ordinary share capital	30	**2,085,222,860**	2,085,222,860
Preference Shares	31	**600,000,000**	600,000,000
Share premium	32	**1,227,369,465**	1,227,669,465
Statutory reserve		**405,910,548**	359,481,031
Retained earnings		**1,084,939,241**	1,039,494,276
Revaluation Reserve		**204,597,313**	204,597,313
Regulatory Risk Reserve		**14,157,704**	40,997,973
Total equity		**5,622,197,131**	5,557,462,919
Total liabilities and equity		**7,556,099,468**	7,168,644,190

The notes on pages 49 to 113 are an integral part of these financial statements.
The accounting policies on pages 49 to 67 and the financial statements on pages 43 to 118 were approved by the Board of Directors on 25th February, 2015 and signed on its behalf by:

OLABANJO OBALEYE
MANAGING DIRECTOR/CEO
FRC/2014/ICAN/00000008786

ENGR. ADEYINKA BIBILARI
CHAIRMAN
FRC/2015/COREN/000000010996

SAMSON AGBAKA
CHIEF FINANCIAL OFFICER
FRC/2013/ICAN/00000002601

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

As at 31 December 2014	Issued Capital N	Share Premium N	Preference Shares N	Statutory Reserves N	Retained Earnings N	Revaluation Reserves N	Regulatory Reserves N	Total equity
At 1 January 2014	2,085,222,860	1,229,404,465	600,000,000	310,534,321	1,009,818,780	204,597,313	- -	5,439,577,739
At 1 January 2014								
Transfer to retained earnings	-	-	-		244,733,551	-		244,733,551
Transfer (Statutory)	-	-	-	48,946,710	(48,946,710)	-		-
Dividend paid	-	-	-	-	(125,113,372)	-		(125,113,372)
Share issue cost		(1,735,000)						(1,735,000)
Transfer (Risk reserve)					(40,997,973)		40,997,973	-
At 31 December 2014	**2,085,222,860**	**1,227,669,465**	**600,000,000**	**359,481,031**	**1,03,494,276**	**204,597,313**	**40,997,973**	**5,557,462,918**

As at 31 December 2015	Issued Capital N	Share Premium N	Preference Shares N	Statutory Reserves N	Retained Earnings N	Revaluation Reserves N	Regulatory Reserves N	Total equity
At 1 January 2015	2,085,222,860	1,227,669,465	600,000,000	359,481,031	1,039,494,276	204,597,313	40,997,973	5,557,462,918
Transfer to retained earnings	-	-	-		232,147,584	-		232,147,584
Transfer (Statutory)	-	-	-	46,429,517	(46,429,517)	-		-
Dividend paid					(167,113,372)			(167,113,372)
Share issue cost		(300,000)						(300,000)
Transfer (Risk reserve)					26,840,269		(26,840,269)	-
At 31 December, 2015	**2,085,222,860**	**1,227,369,465**	**600,000,000**	**405,910,548**	**1,084,939,241**	**204,597,313**	**14,157,704**	**5,622,197,131**

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 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)

Revaluation Reserve
The Land & buildings of the bank were revalued in June 2013 by Messrs Shola Abeji & Partners and Uche Ezegwu & Co. The sum of N204.597 million was transferred to revalutaion reserve and was incorporated into the accounts of the bank. The revalued amounts is now the deemed cost of the assets.

FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER, 2015

	NOTES	31 December 2015	31 December 2014
		N	N
Profit before tax		262,430,085	296,472,795
Adjustment for non cash items			
Impairment on loans and advances	9	14,605,525	3,660,629
Depreciation of Property, Plant & Equipment	21	95,323,869	88,475,008
Amortisation of intangibles	22	4,104,255	2,328,116
Cashflow before changes in working capital		376,463,734	390,936,548
CHANGES IN WORKING CAPITAL			
Decrease/(Increase) in Loans and Advances		(428,583,534)	73,537,377
Decrease/(Increase) in Other Assets		(5,828,683)	38,844,294
Decrease/(Increase) in Non Current Assets		511,976,000	691,054,388
(Decrease)/Increase in Deposits		351,392,925	(256,881,790)
(Decrease)/Increase Other Liabilities		3,145,192	2,784,740
Tax Paid	25	(32,166,172)	(37,785,500)
Cash generated from operations		399,935,728	511,553,508
CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	21	(130,405,689)	(226,233,685)
Purchase of Intangible Assets	22	(4,343,803)	(5,267,500)
Purchase of Investments		-	(100,000,000)
Redemption of Investments		-	2,000,000
		(134,749,492)	(329,501,185)
CASHFLOW FROM FINANCING ACTIVITIES			
Dividend Paid	14	(167,113,372)	(125,113,372)
Share Premium	31	(300,000)	(1,735,000)
Repayments on borrowed funds	25	(42,432,088)	(52,041,119)
		(209,845,460)	(178,889,491)
Increase in cash and cash equivalent		431,804,511	394,099,381
Cash and cash equivalent as at beginning of period		1,948,830,591	1,554,731,210
Cash and cash equivalent as at end of period		2,380,635,102	1,948,830,591
Additional cash flow information			
Cash and cash equivalent			
Cash on hand (Note 16)		26,040,195	23,766,620
Balances with Banks within Nigeria		300,360,041	182,681,468
Placements with Banks		2,054,234,866	1,742,382,503
		2,380,635,102	1,948,830,591

The deposits with the Central Bank of Nigeria are not available to finance the bank's day to day operations and therefore,are not part of cash and cash equivalents. (See Note 16)

FINANCIAL STATEMENTS

STATEMENT OF PRUDENTIAL ADJUSTMENTS

As at 31 December 2015

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 as follows:

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

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

	31 DECEMBER 2015	31 DECEMBER 2014
Prudential Impairment Provision	**103,835,448**	116,070,193
Total Prudential Impairment Provision	**103,835,448**	116,070,193
IFRS Impairment Provision		
Individual Impairment on loans and advances	**-**	-
Collective Impairment on loans and advances	**89,677,744**	75,072,219
	89,677,744	75,072,219
Difference in impairment provision balances	**14,157,704**	40,997,973
Movement in regulatory reserve		
Balance at 1 January	**40,997,973**	-
Transfer to (from) regulatory risk reserve	**(26,840,269)**	40,997,973
Balance at 31 December	**14,157,704**	40,997,973

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Infinity Trust Mortgage Bank Plc (the Bank) is a public limited liability company domiciled in Nigeria. The address of the Bank's registered office is No. 11, Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja. The Bank obtained its licence to operate as a Mortgage Bank in 2002 and commenced operations in March 2003. The Bank became a public limited liability company on 25th January, 2013 and was listed on the floor of the Nigeria Stock Exchange on 11 December 2013.

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

1. 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).

The financial statements were authorized for issue by the Board of Directors on 25/02/2016.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the followingmaterial 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 aremeasured 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 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.

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.

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.

Impairment losses on loans and advances
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.

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3
ACCOUNTING DEVELOPMENT AND IMPACT
STANDARDS ISSUED BUT NOT YET EFFECTIVE

i) IFRS 9 Financial Instruments: Classification and Measurement

IFRS9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39.

The standard is effective for annual periods beginning on or after 1 January 2018.

In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have effect on the classification and measurement of the Bank's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Bank will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

ii) Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

The amendment clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the assets. As a result, a revenue based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2017, with early adoption permitted. These amendments are not expected to have any impact on the Bank given that the Bank has not used revenue based method to depreciate its non- current assets.

iii) Other amendments and improvements.

Amendments resulting from improvements to IFRSs to the following standards did not have any material impact on the accounting policies, financial position or performance of ITMB Plc.

IAS 32 Offsetting Financial Assets and Liabilities
IAS 36 Recoverable Amounts Disclosure on Non- financial assets
IAS 39 Novation of Derivatives and continuation of hedge accounting

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4
SIGNIFICANT ACCOUNTING POLICIES

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

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.

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 f ees 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.

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. 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

NOTES TO THE FINANCIAL STATEMENTS

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.

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 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.

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.

7. Tax Expense

Tax expense comprise current and deferred taxes. 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

Deferred taxation

8. 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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;

NOTES TO THE FINANCIAL STATEMENTS

- 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

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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) Offsetting

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

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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

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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.

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.

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.

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.

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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 ofprincipal 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.

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.

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(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.

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. 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.

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

NOTES TO THE FINANCIAL STATEMENTS

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.

16. 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.

17. 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

NOTES TO THE FINANCIAL STATEMENTS

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.

18. 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 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 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.

19. 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.

20. 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

NOTES TO THE FINANCIAL STATEMENTS

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.

21. 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.

22. Share Capital and Reserves

i) Ordinary Share Capital

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

ii) Share Premium

NOTES TO THE FINANCIAL STATEMENTS

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

iii) Convertible Preference Shares

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

(iv) Share Issue costs

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

23. 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.

24. 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.

25. 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5
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 adjustmenst are reflected in the performance of each segment units.

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

The Bank's operations are in Nigeria only and thus operates in just one geographical segment.
The risks and reward of carrying on business in different locations in Nigeria 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.

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		31 DECEMBER 2015 N	31 DECEMBER 2014 N
6	**Interest and similar income**		
	National Housing Fund Loans	**8,614,122**	11,516,803
	Estate Mortgage Income	**61,546,584**	63,362,259
	Other Mortgage Loans and Advances to customers	**195,592,626**	154,352,567
	Treasury Operations and Placements	**265,738,243**	183,720,111
		531,491,575	412,951,741
7	**Interest and similar expense:**		
	Mortgage Loans from FMBN and Borrowed Funds	**16,159,925**	22,215,427
	Customers accounts	**28,283,336**	27,636,514
		44,443,261	49,851,941
8	**Net fees and commission income**		
	Fees and commission income		
	Credit related fees and commission	**16,886,334**	13,545,148
	Commission on turnover	**11,940,545**	17,309,144
	Facilities management fees	**11,850,300**	3,360,460
	Other commissions	**608,500**	129,000
		41,285,678	34,343,753

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.

		31 DECEMBER 2015 N	31 DECEMBER 2014 N
9	**Other operating income**		
	Investment Income	**165,286,500**	201,195,000
	Rental Income	**-**	63,277,600
	Other income	**17,861,507**	31,226,613
		183,148,007	295,699,213

Other income include non interest and non commission incomes earned in the deployment of banking services. These include incomes from SMS alerts, E- business, chequebook issuance, etc.

		31 DECEMBER 2015 N	31 DECEMBER 2014 N
10	**Impairment losses**		
	Credit loss expense	**14,605,525**	3,660,629
11	**Personnel expenses**		
	Salaries and Wages	**99,050,655**	44,983,537
	Other staff costs	**13,677,267**	21,102,018
	Pension costs – Defined contribution plan	**10,660,889**	3,821,419
		123,388,811	69,906,974

Other staff costs include training expenses and other welfare costs

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12 Other operating expenses

Advertising and marketing	**51,546,565**	56,670,574
Administrative	**33,792,110**	27,201,146
Professional fees	**4,435,000**	10,097,616
Annual general meeting expenses	**2,067,853**	1,096,359
Directors fees and expenses	**13,850,000**	7,120,000
Bank charges	**4,515,696**	6,709,074
Subscriptions	**18,875,623**	8,089,645
Rates	**1,248,225**	3,956,930
Local running	**13,158,378**	11,251,322
Travelling expenses	**10,516,203**	10,125,696
Courier and Postages	**306,798**	152,618
Diesel expenses	**9,572,165**	8,244,350
Newspapers and Periodicals	**1,139,179**	358,775
Stationery and Printing	**3,088,606**	3,879,936
Entertainment	**787,955**	1,410,734
Others	**42,729,099**	75,934,469
	211,629,455	232,299,243

Professional fees includes fees payable to auditors in relation to the statutory audit of N3 million (2014: N3million).

13 Income tax

The components of income tax expense for the years ended 31 December, 2015 and 31 December 2015 are:	**31 DECEMBER 2015**	31 DECEMBER 2014
	N	N
Current tax		
Company Income tax	**18,200,905**	21,502,472
Education tax	**7,102,593**	7,698,967
Information technology levy	**2,624,301**	2,964,733
Total current tax	**27,927,798**	32,166,172
Deferred tax		
Origination/ reversal) of temporary differences	**2,354,703**	19,573,072
Total income tax expense	**30,282,501**	51,739,244

i. The basis of income tax is 30% of taxable profit. This is as provided by the Company Income Tax Act Cap (C21,LFN 2004 as ammended)

ii. The basis of the Education tax is 2% of adjusted profit as provided in the Tertiary Education Trust Fund (Establishment) Act LFN 2011

iii. The National Information Technology Agency (NITDA) 2007, stipulates that specified companies contribute 1% their profit before tax to the National Information Technology Development Agency. In line with the Act,

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the Bank has provided for Information Technology levy at the specified rate.

iv Reconciliation of tax charge		
Profit before income tax	**262,430,085**	296,472,795
Tax at Nigerian's statutory income tax rate of 30%	**78,729,026**	88,941,839
Disallowable expenses	**99,428,124**	90,803,124
Investment allowance	-	
Tax effect of capital allowance	**(143,169,044)**	(141,250,127)
Education tax @ 2% of assessable profit	**7,102,593**	7,698,967
Information technology levy @ 1% of PBT	**2,624,301**	2,964,733
Tax rate differential on fair value gains	-	
Tax effect of IFRS adjustments to investment income	-	
Tax rate differential on tax calculated based on local GAAP profit	-	
Tax effect of IFRS adjustments to other operating and administrative expenses	-	
Effect of taxes withheld	**(16,787,201)**	(16,992,364)
Total tax charge for the year	**27,927,799**	**32,166,172**

14. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the reporting date.

The following reflects the income and share data used in the basic earnings per share computations:

	31 DECEMBER 2015 N	31 DECEMBER 2014 N
Net profit attributable to ordinary shareholders for basic earnings	**190,147,584**	202,733,551
Weighted average number of ordinary shares for basic earnings per share	**4,170,445,720**	4,170,445,720
Basic earnings per ordinary share (kobo)	**4.56**	4.86

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.

	31 DECEMBER 2015 N	31 DECEMBER 2014 N
15 Dividends paid and proposed		
Declared and paid during the year		
Equity dividends on ordinary shares:		
Final dividend	**125,113,372**	125,113,372
	125,113,372	125,113,372

NOTES TO THE FINANCIAL STATEMENTS

a. On 15 May 2015, the Annual General Meeting of shareholders of the Bank declared dividend amounting to N125,113,372 comprising 3.0 kobo per ordinary share based on 2014 audited financial result, This was fully paid on 16 May, 2015. A dividend of N42,000,000 was also paid based on the 7% irredeemable preference shares.

b. On 13 May 2014, the Annual General Meeting of shareholders of the Bank declared dividend amounting to N125,113,372 comprising 3.0 kobo per ordinary share based on 2013 audited financial result, This was fully paid on 15 May, 2014.

c. For 2015, the Directors proposed that a dividend of 3.0 kobo per ordinary share will be paid to existing shareholders. This dividend is subject to approval at the Annual General Meeting and has not been included as a liability in these financial statements until approved and declared by the shareholders. The proposed dividend is subject to withholding tax at the appropriate rate and is payable to shareholders whose names appear in the register of members at the closure date.

d. The dividend payable above exludes the N7.00 per share dividend payable on the preference shares.

	31 DECEMBER 2015	31 DECEMBER 2014
16 Cash and Bank balances	**N**	N
Cash on hand	**26,040,195**	23,766,620
Cash reserves with the Central Bank of Nigeria(CRR)	**23,587,243**	23,339,359
Less: Allowance for impairment losses	**-**	-
	49,627,438	47,105,979

Deposits with Central Bank of Nigeria(CBN) and Federal Mortgage Bank of Nigeria (FMBN) are restricted balances and are not available for use in the Bank's day to day operations.

	31 DECEMBER 2015	31 DECEMBER 2014
	N	N
17 Due from banks		
Placements with Banks	**2,054,234,866**	1,742,382,503
Balances with banks within Nigeria	**300,360,041**	182,681,468
	2,354,594,907	1,925,063,971
Less: Allowance for impairment losses	**-**	-
	2,354,594,907	1,925,063,971

Included in Placements with Banks are Bank Guarantees executed and domiciled with Nigerian Banks in respect of the On lending facilities given to the Bank by Federal Mortgage Bank of Nigeria. Such Bank Guarantees are fully cash backed. The value of such Bank Guarantees for year ended 2015 and 2014 are:

	31 DECEMBER 2015	31 DECEMBER 2014
	N	N
Bank Guarantees held against FMBN Loan	**208,777,300**	116,021,100

NOTES TO THE FINANCIAL STATEMENTS

18 Loans & Advances

		31 DECEMBER 2015	31 DECEMBER 2014
a	**By Product Type**	**N**	N
	Mortgage Loans	**1,697,827,179**	1,252,680,122
	Other Loans	**64,609,933**	66,567,931
	Gross Loans	**1,762,437,112**	1,319,248,053
	Impairment	**(89,677,744)**	(75,072,219)
		1,672,759,368	1,244,175,834

		31 DECEMBER 2015	31 DECEMBER 2014
b	**Analysis of Mortgage Loans**	**N**	N
	Mortgage Loans - NHF	**172,518,537**	201,273,224
	Mortgage Loans - Commercial	**1,119,801,799**	667,009,990
	Mortgage Loans - Estate Development	**394,493,756**	381,232,317
	Interest Receivable	**11,013,086**	3,164,591
			-
		1,697,827,179	1,252,680,122
c	**Analysis of Other Loans**		
	Overdrafts	**10,341,495**	17,515,396
	Term Loans	**26,280,685**	18,332,671
	Staff Loans	**24,148,118**	27,070,304
	Interest Receivable	**3,839,634**	3,649,560
			-
		64,609,933	66,567,931
d	Individual impairment	**-**	-
	Collective impairment	**89,677,744**	75,072,219
		89,677,744	75,072,219

e Impairment allowance for loans and advances to customers

A reconciliation of the allowance for impairment losses for loans and advances, by class, is as follows:

	31 DECEMBER 2015	31 DECEMBER 2014
Individual Impairment Allowance		
At 1 January	**-**	37,446,729
Impairment charge for the year		
Written off	**-**	(37,446,729)
At 31 December	**-**	-
Collective Impairment Allowance		
At 1 January	**75,072,219**	65,604,114
Impairment charge for the year	**14,605,525**	9,468,105
Written off	**-**	-
At 31 December	**89,677,744**	75,072,219

NOTES TO THE FINANCIAL STATEMENTS

f Analysis by Past Due

Individually Impaired	**-**	-
Past due but not Impaired	**281,164,207**	243,812,153
Neither impaired nor past due	**1,463,729,157**	1,075,435,900
	1,762,437,112	1,309,556,213

g Age Analysis of Past Due

Under 1 Month	**117,846,523**	71,783,165
1-3 Months	**64,692,320**	102,238,996
3-6 Months	**62,545,863**	29,091,157
6-12 Months	**36,079,501**	40,698,835
	281,164,207	243,812,153

h Analysis by Internal Rating

AA	**1,463,729,157**	1,075,435,900
A	**117,846,523**	71,783,165
CC	**64,692,320**	102,238,996
C	**62,545,863**	29,091,157
D	**36,079,501**	40,698,835
	1,762,437,112	1,319,248,053

i Analysis by Security

Secured Against Real Estate	**1,720,867,095**	1,243,012,011
Otherwise secured	**41,570,017**	76,236,042
Unsecured	**-**	-
	1,762,437,112	1,319,248,053

	31 DECEMBER 2015	31 DECEMBER 2014
j Analysis by Maturity	**N**	N
Under 1 Month	**18,771,967**	33,608,202
1-3 Months	**2,728,377**	19,128,605
3-6 Months	**8,347,201**	8,820,667
6-12 Months	**44,995,783**	44,912,591
Over 12 Months	**1,687,593,784**	1,212,777,987
	1,762,437,112	1,319,248,053

k Analysis by IFRS Buckets	**N**	N
Residential	**929,315,642**	684,008,656
Micro	**15,668,449**	18,679,006
Social	**193,906,301**	201,273,801
Commercial	**229,052,964**	34,054,272
Estate Development	**394,493,756**	381,232,317
	1,762,437,112	1,319,248,053

l Impairment Analysis by IFRS Buckets

Residential	**70,283,701**	38,964,666
Micro	**1,460,113**	5,435,122
Social	**15,985,887**	12,292,065
Commercial	**1,691,637**	6,165,683
Estate Development	**256,406**	12,214,683
	89,677,744	75,072,219

NOTES TO THE FINANCIAL STATEMENTS

m Concentration of credit risk

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

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

	31 DECEMBER 2015	31 DECEMBER 2014
	%	%
Residential Mortgages (75% floor)	**76.12**	69.85
Real Estate Construction finance (25% cap)	**5.22**	5.33
Single obligor - Individual (5% cap)	**0.70**	0.64
Single obligor - Corporate (20% cap)	**5.75**	5.33

	31 DECEMBER 2015	31 DECEMBER 2014
	N	N
19 Financial Investments- Available for sale		
Unquoted investments		
Equities	**100,000,000**	100,000,000
Less: Allowance for impairment	**-**	-
	100,000,000	100,000,000

The Balance on unquoted equities represents the Bank's investment in the Nigeria Mortgage Refinancing Company (NMRC) of which the Bank is a member. The NMRC was set up as a Public Private Partnership(PPP) arrangement between the Federal Government, the Federal Ministry of Finance, Central Bank, local investors and the World Bank. The World Bank has created a concesssional longterm credit of USD300 Million for NMRC for 40 years through liquidity facility. In addition N6Billion will be provided by the private sector and the Federal Ministry of Finance.

NMRC acts as a liquidity vehicle at injecting funds into the Nigerian Mortgage Sector. The objectives of the NMRC are to support Mortgage Originators such as Primary Mortgage Banks (PMBs) and Deposit Money Banks (DMBs) to increase Mortgage Lending by refinancing their mortgage loan portfolios and capital market investors who typically are looking for long dated high equity securities.

The fair value of the unquoted equity security has not been disclosed, as the fair value cannot be reliably measured. There is no similar investment that the price can be reliably benchmarked against because there is no active market. The investement is likely to be recouped through redemption rather than disposal.

NOTES TO THE FINANCIAL STATEMENTS

		31 DECEMBER 2015	31 DECEMBER 2014
20	**Other assets**	**N**	N
	Prepayments	**20,005,189**	33,323,570
	stationery stocks	**946,988**	967,575
	Other stocks	**3,623,875**	2,707,450
	Account receivables	**20,129,221**	1,877,995
	Other debit balances- (Refundable deposit)	**4,463,000**	4,463,000
		49,168,272	43,339,590
	Less:		
	Allowance for impairment on other assets	**-**	-
		49,168,272	43,339,590
	Analysis by Maturity		
	Under 1 Month	**-**	-
	1-3 Months	**-**	-
	3-6 Months	**946,988**	967,575
	6-12 Months	**43,758,284**	37,909,015
	Over 12 Months	**4,463,000**	4,463,000
		49,168,272	43,339,590

FINANCIAL STATEMENTS

NOTE 21 PROPERTY, PLANT AND EQUIPMENT

	LAND	WORK IN PROGRESS	BUILDINGS	COMPUTER EQUIPMENT	PLANT & MACHINERY	OFFICE EQUIPMENT	FURNITURE & FITTINGS	MOTOR VEHICLES	TOTAL
COST	N	N	N	N	N	N	N	N	N
As at 1/1/2015	165,137,063	34,666,667	2,813,874,613	20,669,033	-	98,617,663	40,901,042	66,740,000	3,240,606,080
Addition	70,177,965	-	8,359,026	1,178,000	10,161,270	20,355,928	2,673,500	17,500,000	130,405,689
Reclassification	-	(34,666,667)		-		34,666,667	-		-
Disposals								(2,300,000)	(2,300,000)
As at 31/12/2015	235,315,028	-	2,822,233,639	21,847,033	10,161,270	153,640,258	43,574,542	81,940,000	3,368,711,769
DEPRECIATION									
As at 1/1/2015	-	-	197,523,994	13,986,433	-	39,699,897	31,477,167	41,962,813	324,650,303
Charge for the year	-	-	56,444,673	2,741,322	1,238,171	21,489,187	3,055,516	10,355,000	95,323,869
Disposals	-	-	-	-	-	-	-	(2,300,000)	(2,300,000)
As at 31/12/2015	-	-	253,968,666	16,727,754	1,238,171	61,189,084	34,532,683	50,017,813	417,674,170
CARRYING VALUE									
12/31/2015	235,315,028	-	2,568,264,973	5,119,279	8,923,100	92,451,174	9,041,858	31,922,187	2,951,037,599
12/31/2014	165,137,063	34,666,667	2,616,350,620	6,682,600	-	58,917,767	9,423,875	24,777,187	2,915,955,777

The Head Office building at 11, Kaura Namoda Street Area 3 and the Mararaba Branch Office, Keffi Express Road, Karu, Nasarawa State were revalued on 15 June, 2013 and 23 June, 2013 respectively from the carrying value of N2,166,710 to 2,648.792,623 by both Messrs Shola Abeji and Partners and Uche Ezegwu & Co.

Valuation of the properties were carried out based on OPEN MARKET APPROACH, that is, the price which the interest subsisting in the subject property might reasonably be expected to realize in a sale by private treaty, that is, a situation where a willing and well informed buyer and seller bargain under no restrictive terms.

NOTES TO THE FINANCIAL STATEMENTS

		31 DECEMBER 2015	31 DECEMBER 2014
22	**Intangible assets**		
	Purchased Software	**N**	N
a	**Cost**		
	Balance at 1 January	**23,412,171**	18,144,671
	Additions	**4,343,803**	5,267,500
	Balance at 31 December	**27,755,974**	23,412,171
b	**Amortisation and Impairments**		
	Balance at 1 January	**13,692,380**	11,364,264
	Charge for the year	**4,104,255**	2,328,116
	Balance at 31 December	**17,796,635**	13,692,380
	Carrying amounts	**9,959,339**	9,719,791
23	**Deferred tax**		
	Deferred tax assets	**74,112,546**	76,467,249
	Deferred tax liabilities	**-**	-
		74,112,546	76,467,249

The movement on the deferred tax payable account during the year was as follows:

Property, Plant & Equipment	**1,646,300,427**	1,643,297,094
Tax loss carried forward	**1,893,342,250**	1,898,187,927
Others	**-**	-
	247,041,822	254,890,832
Unrecognized deferred tax	**(172,929,276)**	(178,423,583)
deferred tax assets at 31 December	**74,112,546**	76,467,250

Deferred tax of the full amount was not recognised in the financial statements. The amount recognised was limited to management's best estimate of the amount that is expected to be recovered through future profitability. The Bank expects that there will be sufficient taxable profits in future to fully utilise the recognised tax asset.

24	**Non Current Assets Held for sale**		
	At 1 January	**806,816,000**	1,568,480,000
	Additions	**-**	-
	Disposals	**(511,976,000)**	(761,664,000)
		294,840,000	806,816,000
	Less Impairment	**-**	-
	At 31 December	**294,840,000**	806,816,000

The balance on non-current asset held for sale represent the stock of houses previously held by the Bank as investment properties. In line with CBN regulation on permissable 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 financial year end.

However, the Bank is still committed to disposing them off. They are held at cost.

No impairment have been recognised in the properties since the market value is much higher than the cost.

The Market value of the properties as at 31 December, 2015 stood at N400,452,500

NOTES TO THE FINANCIAL STATEMENTS

		31 DECEMBER 2015 N	31 DECEMBER 2014 N
25	**Due to customers**		
a	**Analysis by type**		
	Demand	**539,017,419**	337,733,140
	Savings (Mortgage and Others)	**811,904,257**	457,758,251
	Time deposits	**64,811,704**	268,849,064
		1,415,733,380	1,064,340,455
b	**Analysis by Maturity**		
	Under 1 Month	**587,721,086**	846,980,154
	1-3 Months	**826,552,445**	217,360,301
	3-6 Months	**1,459,848**	-
	6-12 Months	**-**	-
	Over 12 months	**-**	-
		1,415,733,380	1,064,340,455

		31 DECEMBER 2015 N	**31 DECEMBER 2014 N**
26	**Debt issued and other borrowed funds**		
	FMBN on lending account		
	Balance at 1 January	422,538,884	475,233,561
	Additions	-	-
	Payments	42,432,088	52,694,677
	Balance at 31 December	380,106,796	422,538,884

The balance on the FMBN on lending account represents balance owed to the Federal Mortgage Bank of Nigeria for amounts disbursed to the Bank for on lending for duly prequalified and approved National Housing Fund beneficiaries.

At the reporting date, the Bank had received a total of 18 batches (2014- 18 Batches) of the National Housing Fund loans for beneficiaries for which repayment is constantly being made on a monthly basis.

All loans from the Federal Mortgage Bank are secured by Bank Guarantees.

		31 DECEMBER 2015	31 DECEMBER 2014
27	**Current tax liabilities**		
	Balance at 1 January	**32,166,172**	76,823,528
	Amounts recorded in the income statements	**27,927,798**	32,166,172
	Payments made on-account during the year	**(32,166,172)**	(32,166,172)
	Underprovision/(Overprovision)	**14,182,860**	(39,038,028)
	Balance at 31 December	**42,110,658**	32,166,172

NOTES TO THE FINANCIAL STATEMENTS

		31 DECEMBER 2015	31 DECEMBER 2015
28	**Other liabilities**		
	Provision and accrual	**3,000,000**	3,000,000
	Sundry Creditors	**3,265,177**	5,734,709
	Other Payables	**69,754,583**	73,263,791
	Unearned Incomes	**19,305,572**	9,691,840
		95,325,331	91,690,340

29 **Employee Benefits**

Defined contribution plan

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 of 2004. Both employees and employer contribute to the plan based on specified rates in rules of 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.

The total expense charged to income of N5.958 million represents contributions payable to these plans by the Bank.

The balance of N626,173 as at 31/12/2015 (2014 - N445,421) represents unremitted contributions for staff who have not opened RSA accounts.

Retirement benefit plan	31 DECEMBER 2015	31 DECEMBER 2014
Opening defined contribution obligation	**445,421**	75,028
Contribution for the period	**5,957,568**	6,041,988
Payment to fund administrators	**(5,776,816)**	(5,671,595)
	626,173	445,421

30	**SHARE CAPITAL**		
	Ordinary shares		
a	**Authorised**		
	10,000,000,000 ordinary shares of 50 kobo each	**5,000,000,000**	5,000,000,000
b	**Issued and fully paid:**		
	At 1 January	**2,085,222,860**	2,085,222,860
		-	-
	4,170,445,720 ordinary shares of 50k each	**2,085,222,860**	2,085,222,860
31	**Preference Shares**		
	7% 600,000,000 Irredeemable Convertible Preference Shares of N1.00 each	**600,000,000**	600,000,000

In 2013, the company issued 7% irredeemable preference shares of N1.00 each. The instrument was classified as equity having satisfied all the requirements under IAS 32 which states inter alia: A financial instrument is an equity if:

a The instrument includes no structural obligation to deliver cash or another financial assets to the investing entity.

b The instrument can be settled in the issuer's own equity.

NOTES TO THE FINANCIAL STATEMENTS

The preference share is non cumulative, convertible and shall rank for dividend before ordinary shares of which dividend payment shall be from the Bank's profit after tax and all statutory and regulatory appropriations.

32 **SHARE PREMIUM**	**31 DECEMBER 2015**	**31 DECEMBER 2014**
Balance at 1 January	**1,227,669,465**	1,229,404,465
Additions	**-**	-
Less: Recapitalization Expenses	**(300,000)**	(1,735,000)
Balance at 31 December	**1,227,369,465**	1,227,669,465

The sum of N300,000 recapitalization expenses is in respect of fees paid to the Securities and Exchange Commission for the Bank's preference shares.

33 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Financial investments – available for sale
Available for sale financial assets valued using valuation techniques or pricing models primarily consist of unquoted equities.
These assets are valued using models that use both observable and un-observable data.
The un-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

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

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

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

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.
The Bank has no transactions fitting into these categories.

34 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.

	31 December 2015		**31 December 2014**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	N	**N**	**N**	**N**
Financial assets				
Cash and balances with central bank	49,627,438	49,627,438	47,105,979	47,105,979
Due from banks	2,354,594,907	2,354,594,907	1,925,063,971	1,925,063,971
Loans and advances to customers	1,672,759,368	1,653,453,796	1,244,175,834	1,234,483,994
	4,076,981,712	4,057,676,141	3,216,345,783	3,206,653,943
Financial investments – Available for sale	100,000,000	100,000,000	100,000,000	100,000,000
	4,176,981,712	4,157,676,141	3,316,345,783	3,306,653,943

NOTES TO THE FINANCIAL STATEMENTS

Financial liabilities				
Due to customers	1,415,733,380	1,415,733,380	1,064,340,455	1,064,340,455
Debt issued and other borrowed funds	380,106,796	380,106,796	422,538,884	422,538,884
	1,795,840,175	1,795,840,175	1,486,879,338	1,486,879,338

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 (0-6months) 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 inancial 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.

RISK MANAGEMENT FRAMEWORK

NOTE 35

Introduction

Infinity Trust Mortgage Bank's (ITMB) or the Bank activities are the provision of both residential, commercial mortgage loans and real estate construction finance that involves taking risks. The challenge is to manage these risks as much as possible and reduce their impact. The increasing complexities of transactions, the sophistication of customers and the branch expansion, business growth and the uncertainties in the operating environment have made it necessary to use risk management as an important basis for taking strategic and business decisions. During the year we reviewed our Enterprise Risk Framework (ERM)

Enterprise Risk Framework

ITMB PLC has adopted an enterprise wide integrated approach to risk management. The key objectives are as follows:

1. To meet and exceed best practice global standards by adhering to the principle of Enterprise Risk Management Framework (ERM) as adopted by the Central Bank of Nigeria (CBN);

2. To ensure sustainable profitability and enterprise value protection by maintaining growth within appropriate risk-control boundaries; and

3. To enhance corporate governance by involving the Board and Senior Management in setting the tone for the risk

The key elements of the ERM framework are intended to enhance risk identification, measurement, control and reporting. These are diagrammatically represented as follows.

KEY ACTIVITIES				OUTPUTS
Risk Governance	Risk Assessment	Risk Monitoring	Risk Mitigation	Optimized Risk Profile
framework • Set risk appetite • Corporate Governance • Strategy and Risk Management Unit • Board of Directors Oversight	• Credit default measurement • Operational risk assessment • Policy compliance self-assessment •	• Effective Reporting • Early warning • Event tracking • Compliance dashboard • Testingand scenario planning.	• Maximized recoveries • Limit concentration • Risk appetite management • Hedging • Data recovery management and alternate site arrangement. • Pre and Post disbursement	• Strategic Risk • Credit Risk • Operational Risk • Legal Risk **Minimized Compliance Cost** • Effective Compliance Process • Reduced Non-compliance costs • Reduced Reputational Risk.

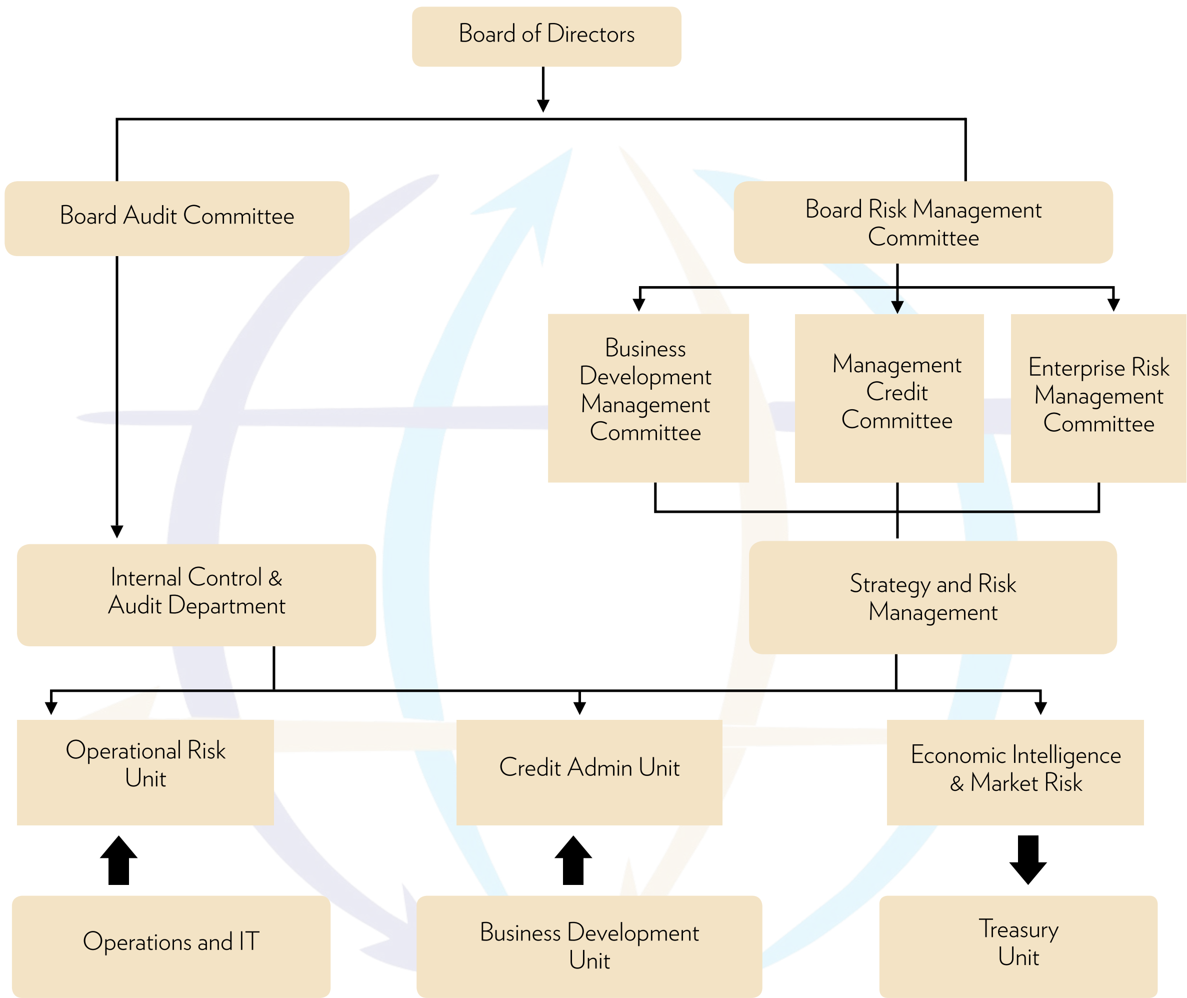
Roles and Responsibilities

The Bank's risk management framework deals with the roles and responsibilities of the Board of Directors, Board Committees, Management and various departments. The risk management governance structure ensures that the Board of Directors has oversight functions through its standing Board Committees each of which has a charter that clearly defines its purpose, composition and structure, frequency of meetings, duties and reporting lines to the Board.

RISK MANAGEMENT FRAMEWORK

In line with best practice, the Chairman of the Board does not sit on any of the Board Committees. The day-to-day risk management function in ITMB is effectively anchored through the machinery of subsisting risk management governance structures as depicted in the following table.

RISK GOVERNANCE STRUCTURE



Board of Directors

Board of Directors representing the interests of all stakeholders, has the ultimate responsibility for risk management. The Board monitors the risk governance and compliance process through its committees. The Audit Committee provides oversight on the systems of internal control, financial reporting and compliance. The Board Credit Committee ("BCC") reviews the credit policies and approves all loans above the defined limits for executive management.The Board Risk Management Committee (the "BRMC") sets the Banks risk philosophy, policies and strategies and provides guidance on the various risks faced by the Bank and how they can be managed. The Board's risk control functions are supported by the Management Risk Committee (the "MRC") which helps the Board develop and implement various risk strategies. The MRC manages all risks; market, liquidity, credit risks, operational risks, as well as strategic and reputational risks. The MRC, which reports to the BRC it is responsible for risk management in the Bank and also provide information to the BRC on a regular basis for risk review.

RISK MANAGEMENT FRAMEWORK

The Roles and Responsibilities of the BRMC are:

- Primary role of the BRMC is to effectively coordinate the efforts of Risk Committees to provide an integrated view of risks faced by the firm to the BOD at regular intervals and to effectively implement the BOD's strategy for risk management
- Based on the reports received, BRMC will take decisions and provide guidance / mandate to risk committees and relevant functions of the Bank on management of risks.
- Make suitable recommendations to the BOD as it deems fit and examine any other matters referred to it by the BOD.
- BRMC will review issues raised by Internal Audit that impact risk management and make suitable recommendations to the BOD.
- The Committee, by virtue of powers delegated to it by the BOD, will approve any changes in risk policies. The necessity for changes to the policy shall be due to genuine reasons viz regulatory changes and unexpected changes in business scenario. Changes to the policy approvedby BRMC have to be ratified by the BOD within an acceptable timeframe set by the BOD.
- Approval of exceptions to the risk policies upon thorough enquiry into circumstances leading to exceptions, nature, size and genuineness of exceptions. Repetition of exceptions of similar nature should lead to changes in the policy of risk management nature. Repeated instances ofsimilar exceptions should be handled through changes in the policies rather than approved as exceptions.

Board Credit Committee (BCC)

The Board Credit Committee is charged with the responsibility of evaluating and or approving all credits beyond the powers of the Management and below the powers of the Board. The following are some of the responsibilities of the Committee:

- Evaluating and approving all credits within its powers delegated by the Board;
- Evaluating and recommending all credits beyond its powers to the Board;
- Review of credit portfolio in line with set objectives.
- Review of classification of Advances of the Bank based on Prudential guidelines on quarterly basis;
- Approving the restructuring and rescheduling of credit facilities within its powers;
- Write-off and grant of waivers within powers delegated by the Board; and
- Periodic review of Credit Manuals and Guidelines.

Roles & Responsibilities of Risk Management Committee (RMC)

This committee consists of MD/CEO, Head Strategy and Risk Management, Head Compliance, Head Internal Control, Head Financial Cconrol and Group Head Operations and its roles and responsibilities are:

- Address all categories of key risks, and their components, to which the Bank is exposed;
- Manage significant/material risk exposures (individually or in the aggregate) at a much higher level than the individual business units;
- Place the interests of what is best for the Bank ahead of individual business unit interests;
- Provide for and champion enterprise-wide risk management (as earlier defined) and achievement of ITMB's risk philosophy, culture andobjectives;
- Provide for consolidated supervision of the Bank's different activities and legal entities, alliances and joint ventures;
- Overseeing the establishment of a formal written policy on ITMB's overall risk management framework. The policy shall define risks and risk limits that are acceptable to ITMB.

RISK MANAGEMENT FRAMEWORK

- Ensuring compliance with established policy through periodic review of reports provided by the risk management unit, internal auditors, external auditors and the regulatory authorities;
- Approving the appointment of qualified officers for the risk management function;
- Overseeing the management of all other risks in the Bank except for market, investment risk, operational risk and liquidity risks;
- Evaluating the adequacy of ITMB's risk management systems and the adequacy of the Bank's control environment with management, and the internal and external auditors;
- Evaluating ITMB's risk profile, developing action plans to manage risks, and monitor progress against plan;
- Approving the provision of risk management services by external service providers;
- Reviewing risk reports for presentation to the Board and/or Board committees;
- Developing policies and procedures for identifying, measuring, controlling, monitoring and reporting risk;
- Reviewing risk reports on a regular and timely basis; Providing all reports required by the Board and its committees for the effective performance of their risk management oversight functions;
- Ensuring that adequate policies are in place to manage and mitigate the adverse effects of business and control risks in its operations and accommodate major changes in internal or external factors;
- Provide for formal interaction between business units and the sharing of specialized knowledge/ research for the mutual benefit of all and the promotion of risk management and corporate governance; and
- Provide assurance to shareholders, policy holders, investors, rating agencies, analysts, regulators and others that sound corporate governance and effective risk management prevail throughout the organization.

Roles& Responsibilities of Strategy and Risk Management Department (SRMD)

- Champion the implementation of the enterprise-wide risk management framework across ITMB for the management of risks namely market risk,reputation risk, legal and compliance risk, credit risk, investment risk and operational risk etc. Given the need for integration of risks, HRM,would play a significant role in coordinating the efforts of risk committees leading towards risk aggregation;
- Develop risk policies, principles, process and reporting standards that define ITMB's risk strategy and appetite in line with ITMB's overall business objectives;
- Ensure that controls, skills and systems are in place to enable compliance with ITMB's policies and standards;
- Ensure that processes are in place to facilitate the identification, measurement, controlling, monitoring and reporting of risks in ITMB;
- Establishing an integrated risk management framework for all aspects of risks across the Bank in order to achieve this, SRMD should concentrate on the various aspects of Enterprise wide Risk Management, gaining appropriate insight across all functions where risks may threaten the Bank

Chief Risk Officer (CRO)

The Bank has an independent senior executive with responsibility for the risk management function. The CRO is responsible for the ERM framework, the underlying policies, major procedures, risk reporting, and overall management of the framework. Managing and controlling risk is the responsibility of line or business unit personnel. The CRO will work with business unit managers to establish effective risk management practices. Each business function within an institution is accountable for risk management. Business units need to have resident expertise on the processes performed while ERM provides the

RISK MANAGEMENT FRAMEWORK

operating framework.

Other CRO responsibilities include:
a) Establishing ERM policies.
b) Overseeing the development of entity-wide and specific business unit risk tolerance thresholds.
c) Recommending or evaluating corrective actions.
d) Managing the activities of the ERM function.
e) Evaluating ERM personnel

Risk Management Departments and their Key Functions
Credit Monitoring Department (CMD)
Credit monitoring runs as a separate unit of risk management to improve oversight of loan performance. Its primary function is to continuously monitor the bank's loan portfolio to ensure on going portfolio performance and achievement of portfolio quality targets.

CMD's responsibilities include:
- Evaluating performance of credits to ensure that they are managed in accordance with the dynamics, terms and conditions of their approval.
- The unit also identify exceptions which may prevent the loan from being paid in a timely manner
- The unit takes proactive steps to ensure follow up on accounts showing signs of delinquency
- Monthly review and classification of risk assets portfolio in line with the provisions of the Prudential Guidelines.
- Reviewing the Bank's credit process; identifying credit process lapses and recommending corrective measures.
- Monitoring and ensuring compliance with the Credit and Monetary Policy Guidelines as well as the Bank's portfolio plans.
- Evaluating and recommending of disbursement of approved credits.
- Approving requests for the release of security documents.
- Reviewing and certifying all credit requests before approval by the relevant approving authorities.
- Reviewing issues affecting credit process efficiency and/or effectiveness.
- Reviewing and recommending changes to the risk assets Pricing Policy.
- Issuing of credit circulars approved by Management.
- Appraising and recommending the appointment of professional service agents such as Estate Valuers.
- Proposal of annual list of insurance underwriters for Management approval
- Compiling data for the measurement of credit risk for the Bank.
- Listing and reviewing of credit events for consideration in credit risk Assessment.
- Preparing monthly portfolio credit risk ratings and limits reports showing risks and rewards.
- Ensure appropriate pricing of risk assets.
- Compliance with the Bank's risk appetite definitions and RAAC.
- Coordinating recovery efforts on accounts in lost category and initiate recovery plans.
- Processing of interest waivers and write-off requests in respect of accounts classified Lost.
- Liaise with Legal Services Department on accounts under recovery.
- Processing restructuring/workout arrangement of lost credits.
- Monthly review and rendition of reports on accounts under lost category

Compliance Department
This is a regulartory department. The functions among others are to:

RISK MANAGEMENT FRAMEWORK

- Ensure compliance with regulatory laws, policies and circulars
- Ensure compliance with anti-money laundering laws
- Prepare anti-money laundering returns to NFIU and other Regulatory Bodies
- Ensure compliance with Know-Your-Customers (KYC) regulations
- Ensure compliance with the Bank's approved policies and procedures
- Report exceptions promptly to Management for appropriate action.
- Provide Management with processed information or statistics about trend of exceptions and events for strategic decision making e.g. for policy review.
- Provide information for Operational Risk Management.

Legal Services Department

The LSD responsibilities shall include:

- Vetting of security documents for disbursement of approved credits.
- Providing opinion as to legal suitability of security arrangement for approved credits.
- Appointment and monitoring of Solicitors engaged by the Bank for perfection of securities, recovery of loans, litigations, searches etc.
- Provides technical support in identifying and managing exposure to legal risks.
- Conducting searches at State Land Registries and the Corporate Affairs Commission (CAC)
- Preparing and vetting of all credit- related Agreements/Contracts to be entered into by the Bank.

Corporate Communication Department

This Department principally champions the management of the Bank's exposure to reputational risk. It is responsible for providing technical support for Management in managing the Bank's brand capital.

Internal Control Environment

The Bank creates a strong and efficient internal control environment through the implementation of the following policies:-

i. Continuous audit function
ii. Segregation of duties
iii. Dual or multi-level controls
iv. System control of processes
v. Independence checks of back office functions
vi. Independent review of risk management
vii. Data validation and provision
viii. Documented roles of Units/Departments
ix. Duplication or overlapping functions/job Roles
x. Clearly defined authority levels
xi. Implementation of code of corporate governance
xii. Compliance with laws and regulations

Human Relations Department

The Department ensures the optimal level of staffing in all its functional units. To this end, job evaluation shall be carried out for every job role to determine the quantum of man-hour and skill level required to handle the roles.

RISK MANAGEMENT STRATEGY

ITMB's Risk management strategy is to evaluate business opportunities vis a vis the Bank's risk s bringing them up-to-date with changes in strategy, business environment and trends in risk management. The

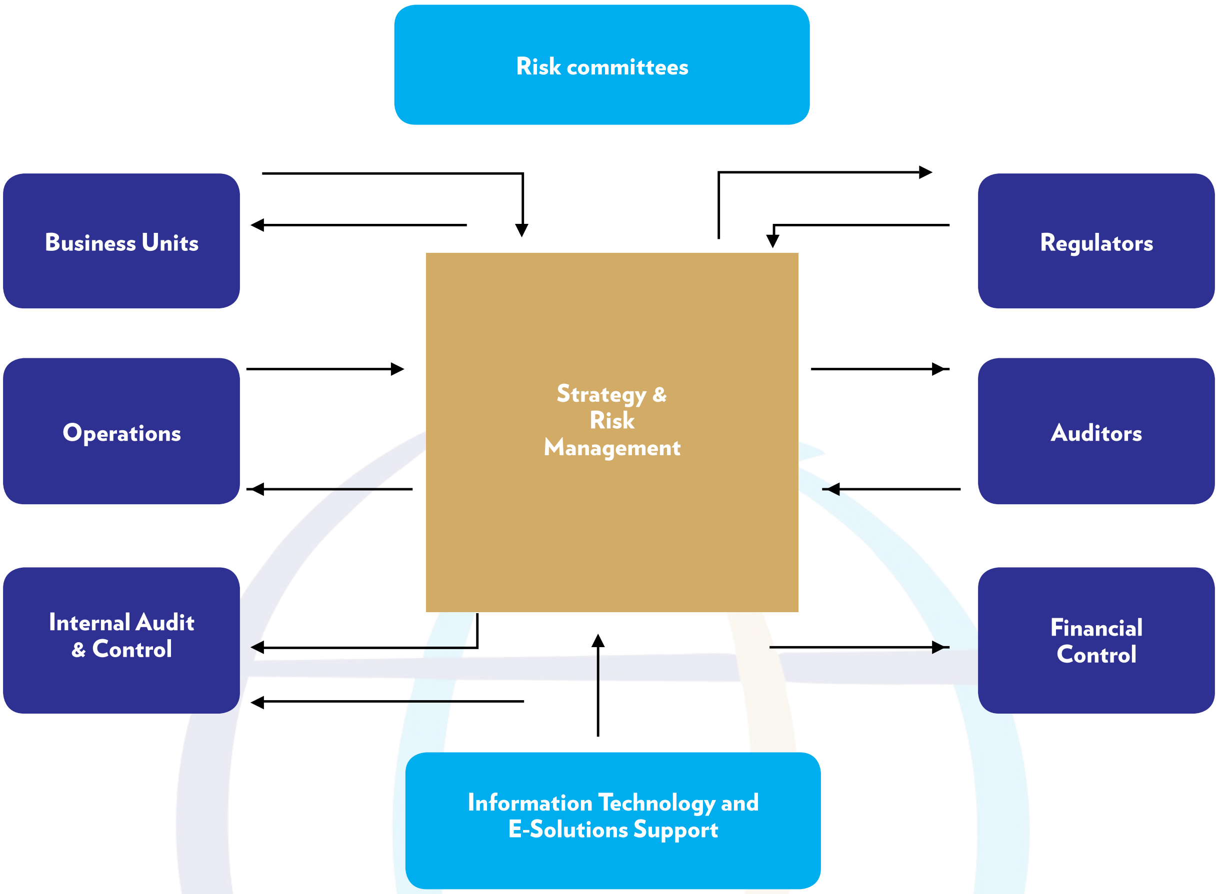
RISK MANAGEMENT FRAMEWORK

CBN's risk management guidelines prescribe quantitative and qualitative criteria for the identification of significant risk's taking activities and sets applicable thresholds for determining significant risk taking activities within the bank. The bank therefore adopted quantitative and qualitative criteria for its risk management strategy

Generally our risk strategies are:

- To embed enterprise-wide risk management principles in our processes, with emphasis on protecting the company's shareholders and other stakeholders from risks
- To institute a robust risk management governance structure for managing all major aspects of our activities through an integrated planning and review process that includes strategic, financial, customer and risk planning;
- To empower all staff to proactively identify, control, monitor, and regularly report risk issues to management;
- To strengthen the Risk Management Framework to fully support the strategic business units and the overall business strategy, the Risk Management Strategy is to develop an integrated approach to risk assessments, measurement, monitoring and control that captures all risks in all aspects of the firm's activities;
- To formally document the risk management policies and procedures, which are clearly communicated to all members of staff;
- To avoid products, businesses and markets that we do not fully understand or for which we cannot reasonably and objectively measure and manage their associated risks;
- To maintain a balance between risk / opportunities and revenue consideration with our risk appetite. Thus, risk-related issues will be considered in all our business decisions;
- The risk management strategy will be driven by the overall corporate objective with emphasis on protecting the firm from risks while increasing its market share;
- Ensure the existence and appropriate implementation of a risk management process that is well articulated to identify, assess/measure, monitor and control all the identified risk elements;
- To empower risk officers to perform their duties professionally and independently within clearly defined authority;
- To encourage staff to disclose inherent risks and actual losses openly, fully and honestly;
- To create a process for institutionalizing the lessons learned from a risk event and to penalize reoccurrence.

RISK MANAGEMENT FRAMEWORK



Risk Appetite

ITMB's risk appetite describes the quantum of risk that it would assume in pursuit of its business objectives at any point in time. The Bank's risk appetite is defined at quantitative and qualitative levels. The quantitative approach is based on earnings at risk methodology, which reflects credit risk, market risk and operational risk. The Bank defines its risk appetite quantitatively at two levels: enterprise level and business/support unit level.

Risk Appetite Statement

This statement of Risk Appetite seeks to identify and formally communicate the strategies for the effective management of the key drivers of value in the attainment of the key strategies outlined in ITMB's corporate strategy plan.

The Board of Directors has categorized the Risk Appetite into the following:

- Low
- Moderate
- Above Average
- High

ITMB would accept all moderate risk in every activity it undertakes to achieve its strategic objectives. The Bank sets tolerance limits for identified key risk indicators ("KRIs"), which serve as proxies for the risk appetite for each risk area and business/support unit. Tolerance levels for KRIs are jointly defined and agreed upon by the business/support units and are subject to annual reviews.

RISK MANAGEMENT FRAMEWORK

The criteria used in estimating the materiality of each activity is based on the following:

- The strategic importance of the activity and business unit;
- The contribution of the activity to the total assets of the Bank, sub-bank or segment within the Bank;
- The net income of the activity or business unit; and
- The risk inherent in the activity or business unit.

The Bank defines its risk appetite qualitatively by considering the non-measurable risks (risks that are difficult to quantify). In order to achieve its overall strategy, the Bank has defined risk appetite limits and thresholds. These are:
Non-performing loan ("NPL") ratio Maximum 10 per cent
Cost to Income ratio per cent ratio Maximum 65 Percent
Liquidity Ratio Minimum 75 percent
Capital Adequacy Minimum of 60 percent

Credit Risk
Credit risk is defined as the likelihood that a customer or counterparty is unable to meet its contractual financial obligations, resulting in a default situation and/or financial loss. Credit exposures arise principally in credit related risk that is embedded in loans, advances and investments.

The Bank operates a centralized credit approval and disbursement process with all credit approval handled by the Bank's head office through the Management Credit Committee (MCC). Credits are originated from the branches and subjected to reviews at various levels before presentation to the MCC for approval. All credits presented for approval are required to be in conformity with the documented and communicated risk acceptance criteria. None of the branches have the delegated authority to make credit decisions.

The Bank's exposures are monitored through a system of triggers and early warning signals aimed at detecting adverse symptoms which could result in deterioration of credit risk quality. The triggers and early warning systems are supplemented by facility utilization and collateral valuation monitoring together with a review of upcoming credit facility expiration and market intelligence to enable timely corrective action by the Bank's management.

The results of the monitoring process are reflected in the internal rating process in a quarterly review, which is supervised by senior management. Credit risk is monitored on an ongoing basis with formal weekly, monthly and quarterly reporting to ensure that the Bank's senior management are aware of shifts in credit quality and portfolio performance.

The Bank's credit review team, an independent and central credit risk assurance unit, is responsible for monitoring and reviewing all transactions on loan accounts and reports directly to the Managing Director /CEO. A specialized and focused loan recovery and workout team, which functions as an independent loan remediation unit, is responsible for salvaging delinquent loans or any other loan account referred to it and handles the management and collection of challenged credit facilities.

The Bank has dedicated credit standards, policies and procedures, which are set out in the Bank's credit risk policy manual (the "Credit Policy Manual"). Substantive procedural manuals and policies in respect of credit risk are held by the Credit Administration unit which govern the Bank's credit selection, underwriting and operational processes. The Bank's Credit Portfolio function is guided by a

RISK MANAGEMENT FRAMEWORK

credit portfolio plan to control and monitor intrinsic and concentration risks through all credit levels of selection, underwriting, administration and control. Some of these policies include:

Authority level Approval limit

Approval limits are designated for various approval levels in the credit process. There are different limits for the Management Credit Committee and the Board Credit Committee. The full Board has no limit.

Credit Granting

- Credit is only extended to suitable and well identified customers and not when there is any doubt as to the record of the prospective borrower;
- Credit is not extended to customers where the source of repayment is unknown or speculative The primary source of repayment for all credit must be from an identifiable cash flow from the customers normal employment income or business income and enforcement of security is viewed as a fall back option
- Credit is not given to a customer where the ability of the customer to meet obligations is based on the most optimistic forecast of events. Risk considerations will always have priority over business and profit considerations;
- Loans to related parties are subject to regulatory and internal limits and are disclosed as required.

The consequences for non-compliance with the Credit Risk Policy Manual and credit indiscipline are communicated to all staff.

The Bank considers evidence of impairment for loans and advances both at specific and collective levels. All individually significant loans and advances are assessed for specific impairment. All individually significant loans and advances found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics. In assessing collective impairment the Bank uses statistical modelling of historical trends of the probability of default, the 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 trends. Probability of Default and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate

If the terms of a loan are renegotiated or modified due to financial difficulties of the borrower then an assessment is made whether the loan should be de-recognised. If the cash flows of the renegotiated asset are substantially different, then the contractual rights to cash flows from the original financial loans are deemed to have expired. In this case the original loan is de-recognised and the new loan is recognised at fair value.

The impairment loss is measured as follows:
If the expected restructuring does not result in de-recognition of the existing asset, the estimated cash flows arising from the modified loans are included in the measurement of the existing asset based on their expected timing and amounts discounted at the original effective interest rate of the existing financial asset.

If the expected restructuring results in de-recognition of the existing loan , then the expected fair value

RISK MANAGEMENT FRAMEWORK

of the new asset is treated as the final cash flow from the existing financial asset at the time of its de-recognition. This amount is discounted from the expected date of de-recognition to the reporting date using the original effective interest rate of the existing loan. Impairment losses are recognised in profit or loss. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. The Bank writes off certain loans and advances when they are determined to be uncollectible.

Maximum exposure to credit risks

The amount that best represents the Bank's exposure to credit risk at the end of the reporting period is as shown in the following table:

31-Dec-15		Fair Value of collateral and credit enhancements held							
	Maximum Exposure to credit	Cash	Securities	Letters of Credit/ Gaurantees	Property	Others	Netting agreements	Net collateral	Net Exposure
	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm
Due from banks	2,355	-	-	-	-	-	-	-	2,355
Loans & Advances	1,673	-	-	87	7,821	-	-	7,908	-
Financial Investments - Available for sale	100	-	-	-	-	-	-	-	100
	4,127	-	-	87	7,821	-	-	7,908	2,455

31-Dec-14		Fair Value of collateral and credit enhancements held							
	Maximum Exposure to credit	Cash	Securities	Letters of Credit/ Gaurantee	Property	Others	Netting agreements	Net collateral	Net Exposure
	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm
Due from banks	1,910	-	-	-	-	-	-	-	1,910
Loans & Advances	1,234	-	-	10	5,418	24	-	5,452	-
Financial Investments - Available for sale	100	-	-	-	-	-	-	-	100
	3,244	-	-	10	5,418	24	-	5,452	2,010

Collateral and Other Credit Enhancement

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. Management monitors the market value of collateral, and will request additional collateral in accordance with the underlying agreement. It is the bank's policy to dispose of repossessed properties in an orderly

RISK MANAGEMENT FRAMEWORK

fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

Risk rating methodology

We operate internal risk rating and credit scoring models which were designed to facilitate effective assessment of risk involved in lending to various categories of customers. The objective of the internal ratings methodology in ITMB PLC includes:

- To conduct obligor risk rating
- To conduct portfolio risk rating
- To enable the Bank evaluate and predict the likelihood that an obligor will default; and
- Evaluate the impact of such default on the Bank

The internal rating methodology is integrated into the Bank's overall portfolio risk management providing the basis for credit risk measurement, monitoring and reporting thereby supporting Management's and Board's decision making. Our Bank's rating methodology incorporates:

(a) Obligor risk rating: risk that a borrower will not be able to meet required obligations as and when due

(b) Facility risk rating: risk of loss in the event that a borrower defaults on a specific transaction. The risk of loss is usually linked to the availability (recourse), reliability and coverage of pledged collateral

(c) The Bank maintains obligor/counter party risk rating systems for the different market segments based on the unique characteristics of each of the following market categorization:

i. Individual Mortgage Residential
ii. Individual Mortgage Commercial
iii. Construction

Internal rating scale

The internal rating methodology incorporates ten (10) rating grades. This is to ensure that risk levels are adequately differentiated. Four (4) grades are classified as investment
grades (i.e. AAA – BBB), three (3) as speculative grade (i.e. BB –CCC) and three (3) as Default grade (i.e. CC – D) as shown in the table below:

Risk Grade

S/N	Grade Description	Grade Remark
1	AAA	Extremely Low Risk Investment
2	AA	Very Low Risk Lending Grade
3	A Good. Low Risk	
4	BBB	Below Average Risk
5	BB	Average Risk. Speculative
6	B	Above Average Risk. Grade
7	CCC	High Risk
8	CC	Very High Risk/Substandard Default
9	C	Extremely High Risk/Doubtful Grade
10	D	Bad and Lost

RISK MANAGEMENT FRAMEWORK

Liquidity Risk and funding management

Liquidity risk is the potential loss arising from the Bank's inability to meet its obligations as they fall due or to fund increases in assets without incurring unacceptable costs or losses.

Liquidity risk also arises from the failure to recognise or address changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value. Liquidity risk is not viewed in isolation, as financial risks are not mutually exclusive and it is often triggered by consequences of other risks such as credit, market and operational risks.

There are two sources of liquidity risk to the bank:

i. Internal sources: Risk implication as a result of pursuance of profitability
ii. External sources: Risk as a result of macro-economic environment.

The Bank has a robust asset and liquidity risk management policy framework manual that details the policies, processes and procedures adopted by the Bank to ensure that sufficient liquidity is maintained at all times to enable the Bank to withstand a range of stress events, including those that might involve loss or impairment of funding sources.

ITMB's exposure to Liquidity Risk is quantified using the following methodologies:

- Cash flow projection approach
- Maturity Ladder
- Scenario Analysis
- Simple Stress Testing
- Ratio Analysis

The Bank's liquidity risk exposure is monitored and managed by the Asset and Liability Committee (ALCO). The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. The net liquid assets include cash and cash equivalent and placement to Banks. The Bank maintains adequate liquid assets to manage foreseeable liquidity stress situations i.e liquidity ratio remains always above the regulatory and internally set limits.

The table below shows the undiscounted cash flows on the Bank's financial assets and financial liabilities and on the basis of their earliest possible contractual maturity. The gross nominal inflow/(outflow) disclosed in the table is the contractual undiscounted cash flow on the financial liability or commitment.

31 December 2015	Up to 1	1 to 3	3 to 6	6 to 12	Over 12	Carrying
	Month	Months	Months	Months	Months	Amount
	N	N	N	N	N	N
Financial Assets	N,000	N,000	N,000	N,000	N,000	N'000
Cash and balances with central banks	26,040	-	-	-	23,587	49,627
Due from banks	1,250,001	1,052,693	51,902	-	-	2,354,595
Loans and advances to customers	18,772	2,728	8,347	44,996	1,597,916	1,672,759
Financial investments – available-for-sale	-	-	-	-	100,000	100,000
Total assets	**1,294,813**	**1,055,421**	**60,249**	**44,996**	**1,721,503**	**4,176,982**
Financial Liabilities						
Due to customers	587,721	826,552	1,460	-	-	1,415,733

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Debt issued and other borrowed funds	-	-	-	-	380,107	380,107
Current tax liabilities	-	-	-	42,111	-	42,111
Other liabilities	-	-	-		95,325	95,325
Total Financial liabilities	**587,721**	**826,552**	**2,086**	**42,111**	**475,432**	**1,933,902**
Gap	**707,092**	**228,869**	**58,163**	**2,885**	**1,246,071**	**2,243,080**

As at 31 December 2014	**Up to 1**	**1 to 3**	**3 to 6**	**6 to 12**	**Over 12**	**Carrying**
	Month	**Months**	**Months**	**Months**	**Months**	**Amount**
Financial Assets	N'000	N'000	N'000	N'000	N'000	N'000
Cash and balances with central banks	23,767	-	-	-	23,339	47,106
Due from banks	1,755,826	117,336	51,902	-	-	1,925,064
Loans and advances to customers	33,608	19,129	8,821	44,913	1,137,705	1,244,176
Financial investments – available-for-sale	-	-	-	-	100,000	100,000
	-	-	-	-	-	-
Total financial assets	**1,813,201**	**136,465**	**60,723**	**44,913**	**1,261,044**	**3,316,346**
Financial Liabilities						
Due to customers	846,980	217,360	-	-	-	1,064,340
Debt issued and other borrowed funds	-	-	-	-	422,539	422,539
Current tax liabilities	-	-	-	32,166	-	32,166
Other liabilities	-	-	-		91,690	91,690
Employee benefit liabilities	-	-		-	445	445
Total financial liabilities	846,980	217,360	-	32,166	514,674	1,611,180
Gap	**966,221**	**(80,895)**	**60,723**	**12,747**	**746,370**	**1,705,166**

The maturity profile of all of the bank's assets and liabilities are shown in note 43 to the financial statements.

Treasury Marketing Department

Liquidity risk management is centralized in the Bank with the Treasury Management Department and oversight residing with Financial Control Department. The Treasury function is responsible for implementing the Bank's funding policies. The Business Units have their role clearly spelt out with respect to volumes and mixture of assets and liabilities.

Market Risk

Market risk includes interest rate risk and market price risk. Interest rate and market price risk have been discussed together since they interact on certain types of liabilities. Interest rate risk is the risk that the

RISK MANAGEMENT FRAMEWORK

value and cash flow of a financial instrument will fluctuate due to changes in market interest rates.

The Bank is exposed to a considerable level of interest rate risk. Changes in the Monetary Policy Rate (MPR), if not managed properly, tend to impact negatively on net interest income of a bank, due to the fact that the MPR is the benchmark rate for lending and borrowing. A movement in this benchmark rate also affects deposit and lending rates to individuals and companies. If deposit rates increase in response to an increase in the MPR and there is no corresponding increase in a bank's lending rate, the net interest margin will shrink and vice-versa. The Bank also has some flexibility in adjusting both lending and deposit rates to help deal with various scenarios. Various debt instruments are entered into by the Bank in order to invest surplus shareholder funds. The company is exposed to the issuer's credit standing on these instruments. Exposure to outside financial institutions concerning financial instruments is monitored in accordance with parameters which have been approved and mandated by the board.

The table below shows the gap on the interest bearing assets and liabilities of the Bank.

	31 December 2015	**31 December 2015**
Assets	**N**	**N**
Due from Banks	2,354,594,907	1,925,063,971
Loans and advances to customers	1,672,759,368	1,244,175,834
	4,027,354,275	**3,169,239,805**
Liabilities		
Due to customers	1,415,733,380	1,064,340,455
Debt issued and other borrowed funds	380,106,796	422,538,884
	1,790,840,175	**1,486,879,338**
	2,231,514,099	1,682,360,467

The table below shows a sensitivity analysis on the profitability of the Bank based on 200 and 300 basis point increase or decrease in the market rate of interest bearing assets and liabilities.

31 December 2015		
Assets	**+ 200 Basis points**	**+ 300 basis points**
Due from Banks	3,924,325	5,886,487
Loans and advances to customers	2,787,932	4,181,898
	6,712,257	**10,068,385**
Liabilities		
Due to customers	2,359,556	3,539,333
Debt issued and other borrowed funds	633,511	950,267
	2,993,067	**4,489,600**
Net Impact	**3,719,190**	**5,578,785**

RISK MANAGEMENT FRAMEWORK

31 December 2014		
Assets	**+ 200 Basis points**	**+ 300 basis points**
Due from Banks	3,207,611	4,811,416
Loans and advances to customers	2,039,522	3,059,284
	5,247,133	**7,870,700**
Liabilities		
Due to customers	1,765,630	2,648,445
Debt issued and other borrowed funds	704,231	1,056,347
	2,469,862	**3,704,792**
Net Impact	**2,777,272**	**4,165,908**

Regulatory Capital Risk

Regulatory capital risk is the risk that the company does not have sufficient capital to meet either minimum regulatory or internal amounts.

The Central Bank of Nigeria (CBN) sets and monitors capital requirement for the Mortgage Banks in Nigeria. The Bank is required to maintain a prescribed minimum level of risk adjustment capital of N5billion (Five Billion Naira only) calculated in accordance with such requirements as CBN may from time to time prescribe.

Capital levels are determined either based on internal assessments or regulatory requirements. The Bank reviews its capital adequacy on a monthly basis, to ensure it meets regulatory requirements and standards of international best practices such as the Basel frameworks.

ITMB Plc has consistently met and surpassed the minimum capital adequacy requirements set by the CBN. Most of the Bank's capital is Tier 1 (core capital), which mainly consists of share capital and reserves created by appropriations of retained earnings. Tier 1 capital of the Bank is made up of fully paid share capital, share premium and retained earnings which together constitute over 85 per cent of the total capital as at 31 December 2015.

The table below summarizes the minimum required capital and the regulatory capital held.

Operational Risk

Operational risk is the current and prospective risk to earnings and capital arising from inadequate and/or failed internal processes, staff or from external events. Operational risk exists in all products and business activities of the Bank and is considered by the Board as a critical risk faced by the Bank. The Bank identifies, assesses and manages all operational risks by aligning its people, technology and processes with best risk management practices. Operational risk objectives which are approved by the Board are to provide clear and consistent direction in all operations of the Bank, to provide a standardized framework and appropriate guidelines for creating and managing operational risk exposure and to enable the Bank to identify and analyze events (both internal and external) that impact its business.

Key risk management tools employed by the Bank include:

- Risk and Control Self-Assessments

RISK MANAGEMENT FRAMEWORK

- Key Risk Indicators
- Loss and Loss Events Database
- Risk Review Workshops
- Scenario Sessions

The Banks thrust for operational risk management includes:

1. Proactive management of risks to ensure these do not become catastrophic risk events
2. Facilitate sound risk-based business decisions of the Bank
3. Ensure the bank takes calculated risk at every decision point to increase the bottom line of the Bank on the medium and long run.

The following risks have been identified as operational risks in the .Bank

i. Fraud by insiders
ii. Fraud by outsiders
iii. Relationships and products management risk.
iv. Process errors and failure risk
v. Business disruption and system failures risk.
vi. Damage to physical assets

Management has set up appropriate measures and policies to control and manage these risks.

Strategic Risk

Strategic risk examines the impact of design and implementation of business models and decisions on earnings and capital as well as the responsiveness to industry changes. The Board has drawn up a short-to medium-term development plan to ensure that the right models are employed and appropriately communicated to all decision makers in the Bank and detailed review of the development plan is ongoing.

Legal Risk

Legal risk is defined as the risk of loss due to defective contractual arrangements, legal liability (both criminal and civil) incurred during operations through the inability of the Bank to enforce its rights, or by failing to address identified concerns to the appropriate authorities where changes in the law are proposed. The Bank manages this risk by monitoring new legislation, creating awareness of legislation amongst employees through quarterly compliance and policy awareness programmes, identifying significant legal risks as well as assessing their potential impact. Legal risk management in the Bank is also enhanced by appropriate product risk review and management of contractual obligations via documented service level agreements and other contractual documents. The Bank has a team of in-house counsel and legal professionals who make up the legal unit and examine legal issues across the Bank.

Reputational Risk

The Bank's reputation may suffer adversely due to bad publicity and non-compliance with regulatory rules and legislation, which may lead to a significant drop in new business and/or a significant increase in the number of internal compliance lapses and/or withdrawals. The Bank promotes sound business ethics among its employees by implementing an ethics and code of conduct policy and strives to maintain quality customer service, procedures and business operations that enable compliance with regulatory rules and legislation in order to reduce the risk of the Bank's reputation being damaged.

RISK MANAGEMENT FRAMEWORK

Compliance Risk

Compliance risk is the risk of damage to the Bank's integrity as a result of failure, or perceived failure, to comply with relevant laws, regulations, internal policies and procedures or ethical standards. The Bank manages its compliance risk by monitoring new regulatory rules and applicable laws, and the identification of significant regulatory risks. The Bank strives to maintain appropriate procedures, processes and policies that are monitored and reviewed by the Bank's Compliance department which liaises with regulatory authorities and files mandatory returns in addition to ad-hoc reports with the Bank's regulators. The strengthening of the Compliance function through training, increased staffing, management support, and by direct reporting to the Bank's executive management has further enhanced regulatory risk management processes across the Bank.

Accounting risk

Accounting risk is the risk that the company fails to explain the current events of the business in the financial statements. Accounting risk can arise from the failure of management to:

- Maintain proper books and records, accounting systems and to have proper accounting policies
- Establish proper internal accounting controls;
- Prepare periodic financial statements that reflect an accurate financial position; and
- Be transparent and fully disclose all important and relevant matters.

Measures to control accounting risk are the use of proper accounting systems, books and records based on proper accounting policies as well as the establishment of proper internal accounting controls. Proposed accounting changes are researched by accounting resources, and if required external resources, to identify and advise on any material impact on the Bank.

Financial statements are prepared in a transparent manner that fully discloses all important and relevant matters as well as accurately the reflecting the financial position results and cash flows of the company.
Systems Risk

Information Technology Risk

Information technology and the impact of potential systems failures have become increasingly significant with the growth in the volume of transactions involving computers and telecommunications networks and the importance of on line management information systems. Accordingly, the Bank has devoted resources toward the development and reliability of its computer and related systems.

The Bank's IT system is segmented, with an external firewall, which prevents outsiders from accessing the Bank's IT system, and an internal firewall, which segments the servers into Database Activity Monitoring to send alerts when sensitive information has been accessed. The IT security unit, which is responsible for the Bank's IT security, carries out a regular vulnerability assessment of the Bank's IT infrastructure .The Bank's physical servers are located in strategic locations, to protect against damage.

The Bank has sound Business Continuity and Disaster Recovery Plans for unexpected critical risk events

Taxation Risk

Taxation risk refers to the risk that new taxation laws will adversely affect the Bank and/or cause the Bank a loss as a result of non-compliance with tax laws. Tax law includes all responsibilities which the company may have in relation to company taxes, personnel taxes, capital gains taxes, indirect taxes and tax administration.
The company will fulfill its responsibilities under tax law in each of the jurisdiction in which it operates

RISK MANAGEMENT FRAMEWORK

.Taxation risk is managed by monitoring applicable tax laws, maintaining operational policies which help enable the Bank to comply with taxation laws and, where required, seeking the advice of external tax specialists.

Risk Concentration.
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Management determines risk concentration using specific criteria. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location. In order to avoid excessive concentrations of risk, the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective approval is used within the bank to manage risk concentrations at both the relationship and industry levels. Risk concentration in the Bank is measured in line with the provisions of the revised guidelines for mortgage banks. The criteria used are as shown below.

Residential Mortgages (75% floor)
Real Estate Construction finance (25% cap)
Single obligor - Individual (5% cap)
Single obligor - Corporate (25% cap)

The specific performances of the Bank in each of these areas in shown in Note 18j.
Risk concentration under IFRS is measured under the following buckets.

Residential
Micro
Social
Commercial
Estate Development

The specific performances of the Bank in each of these areas in shown in Note 18 i.

Risk Mitigation
AS part of its overall risk management, the Bank continuously uses various methods to control and manage its risk exposures. These include:

i) Existence and Use of well documented credit policies.
ii) Existence and Use of credit risk analysis and documentation processes.
iii) Existence and use of hierarchical credit process
iv) Use of perfected collaterals
v) Existence of efficient credit ratings, reviews, monitoring and reporting systems

EnterpriseRisk Management Methodologies

Risk Identification
The Bank employed efficient and multiple approaches to identify and evaluate its enterprise risk exposure by gathering data, through various methods such as risk workshops or administration of

RISK MANAGEMENT FRAMEWORK

questionnaires and control self-assessment, Key Risk Indicators settings, past data from various records such as fraud returns, internal control reports, inspection reports, regulatory review reports amongst others.

Risk Assessment

The following methodologies are adopted to assess and evaluate enterprise risk exposures bank wide:

1. Risk and Control Self-Assessment (RCSA)

This was carried out in the year by each functional area of the Bank. The template for was responsibility in maintaining and ensuring the currency of their RCSA and employ it as a strategic tool to manage performance.

2. Risk Mapping Exercise:

The Bank shall carry out risk mapping exercise once every six months to evaluate and prioritize its significant risks. It shall be driven bottom up cutting across every unit.

3. Risk Register

The Bank maintains a central data base with a decentralized access for all Units to record observed risks or update risk status previously registered in the data base. It is the responsibility of Risk Management Department to coordinate the maintenance of this register. It should be able to capture all material operational risks faced by the Bank to a high degree of granularity.

4. Process Mapping

The Bank shall carry out process re-engineering periodically, at least on annual basis, through process mapping exercise. The objective of this exercise is to ensure that the Bank's processes and procedures are nimble and efficient and they are embedded with adequate controls within the Bank's risk appetite and risk tolerance limits. The following detail objectives shall be achieved through this process:-

- Efficiency
- Speed
- Control adequacy
- Customer/user friendliness
- Currency –in line with changes in the internal and external environment
- Alignment with strategy
- Alignment/consistency with main application and or other interfacing applications/ policies

This process shall be coordinated by Strategy and Risk Management Department

RISK MANAGEMENT FRAMEWORK

IDENTITY

- Identify the risk inherent in achieving the Bank's goals and objectives.
- Establish risk appetite across the entire risk spectrum.
- Establish and communicate risk management framework.

ASSETS

- Build accurate and consistent risk assessment.
- Establish risk and implement measurement reporting standards/ method.
- Build a risk profile for the Banks.

CONTROL

- Establish key control processes, practices and reporting requirements.
- Ensure all the Bank's exposures are adequately identified, measured and managed in accordance with the Board approved frameworks.

REPORT

- Report areas of stress where crystallization of risk is imminent.
- Present remedial actions to reduce and/or mitigate such risk.
- Communicate with relevant parties.

MANAGE AND CHALLENGE

- Review and challenge all aspects of the Bank's risk profile.
- Advise on optimizing and improving the Bank's risk profile.
- Review and challenge risk management practice.

RISK POLICIES AND PROCESSES	RESPONSIBILITY
SETTING AND APPROVAL OF • Risk Philosophy • Risk Management Principles • Risk Appetite and Tolerance	• UBA Board • Board Committees – Credit. Risk Management. Fin and General Purpose. Nomination and Governance. Audit and Statutory Audit.
IMPLEMENTATION OF • Risk Management Principles	GMD/CEO, EMC, GCRO
APPROVAL OF • Risk Policies • Risk Limits	MANAGEMENT COMMITTEES GALCO, EMC, ECC.
OVERSIGHT OF • Risk Profile of the group • Risk Limits per business unit/subsidiaries and risk type • Control and Compliance Environment.	• GCRO • Business Unit Heads.

RISK MANAGEMENT FRAMEWORK

36 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 3 litigation suits: 2 cases instituted by the Bank and 1 case instituted against the bank, none of which is likely to give rise to any material contingent liability. The Directors are of the opinion that none of the aforementioned cases is likely to have a material effect on the Bank and are not aware of any other pending or threatened claims and litigations.

b Capital Commitments

At 31 December 2015, the Bank had capital commitments amounting to N6.811 million (2014:N7.981) in respect of authorized and contracted capital projects.

37 Lease arrangements

Operating lease commitments – Bank as lessee

The Bank did not enter into commercial leases for premises and equipment during the financial year (31 December, 2014: NIL).

38 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.

Compensation of Key Management Personnel of the Bank

	31 December 2015	31 December 2014
Short–term employee benefits (Executive Compensation)	**15,750,000**	15,750,000
Termination benefits	**-**	-
	15,750,000	15,750,000

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.

NOTES TO THE FINANCIAL STATEMENTS

	31 December 2015	31 December 2014
Fees and sitting allowances	**13,750,000**	8,200,000
Other director expenses	**100,000**	689,300
	13,850,000	8,889,300

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.

	31 December 2015	31 December 2013
Loans and advances	**437,713,711**	384,654,384
Deposits	**832,927,763**	648,990,985

d **Insider related credits outstanding as at 31 December 2015**

i) Included in loans and advances is an amount of N437.713 million (2014: N384.654 million) representing credit facilities to companies in which certain directors and shareholders have interest.

Further disclosure of related party's transactions is shown in note 38e in compliance with Central Bank of Nigeria circular circular BSD/1/2004.

FINANCIAL STATEMENTS

NOTE 38E

31 December, 2015

	Name of Borrower	Account Number	Relationship to reporting Institution	Date granted	Expiry Date	Authorised Credit N	Nature of Credit	Outstanding Balance N	Status	Interest Rate %	Security Value N
1	Adkan Services Nig. Ltd	0000071078	Shareholder	5/21/2013	5/21/2020	500,000,000	Estate Development Loan	344,493,756	Performing	15	800,000,000
2	Veritas Plastic And Packaging Ltd	0000097012	Shareholder	30/09/2015	30/09/2017	20,000,000	Mortgage	17,803,176	Performing	18	40,000,000
3	Paramount Wood Works Ltd	0000096833	Shareholder	28/09/2015	28/09/2017	20,000,000	Mortgage	17,783,236	Performing	18	40,000,000
4	Alpha Ceiling And Pipe Ltd	0000096280	Shareholder	30/09/2015	30/09/2018	60,000,000	Mortgage	54,745,315	Performing	18	120,000,000
5	Obaleye Oluseyi	0000063484	MD's/Spouse	12/7/2007	12/7/2022	5,000,000	NHF	2,888,229	Performing	6	25,000,000
								437,713,711			1,025,000,000

31 December, 2014

	Name of Borrower	Account Number	Relationship to reporting Institution	Date granted	Expiry Date	Authorised Credit N	Nature of Credit	Outstanding Balance N	Status	Interest Rate %	Security Value N
1	Banjo Obaleye	0000063051	Managing Director	11/3/2006	11/3/2021	5,000,000.00	NHF Mortgage	211,392.73	Performing	6%	10,000,000.00
2	Obaleye Oluseyi	0000063484	MD's/Spouse	12/7/2007	12/7/2022	5,000,000.00	NHF Mortgage	3,210,674	Performing	6%	25,000,000.00
3	Adkan Services Nig. Ltd	0000071078	Chairman's Interest	5/21/2013	5/21/2020	500,000,000.00	Estate Development Loan	381,232,317	Performing	15%	1,000,000,000.00
								384,654,384			1,035,000,000.00

NOTES TO THE FINANCIAL STATEMENTS

39 Events after the reporting date

There were no significant events after the reporting date which could have had a material effect on the financial position of the Bank as at 31 December 2015 and profit attributable to shareholders on that date which have not been adequately adjusted or disclosed.

40. Caital Management

Objectives

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

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

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 are made 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 surbordinated 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

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.

NOTES TO THE FINANCIAL STATEMENTS

Regulatory capital	31 December 2015 N'000	31 December 2014 N'000
Tier 1 capital		
Share capital	**2,085,222,860**	2,085,222,860
Share premium	**1,227,369,465**	1,227,669,465
Statutory Reserves	**405,910,548**	359,481,031
Retained earnings	**1,084,939,241**	1,039,494,276
Less: intangible assets	**(9,959,339)**	(9,719,791)
Less: Deferred Tax Assets	**(74,112,546)**	(76,467,249)
Total qualifying Tier 1 Capital	**4,719,370,229**	4,625,680,592
Tier 2 capital		
Preference Share	**600,000,000**	600,000,000
Revaluation Reserves	**204,597,313**	204,597,313
Long Term Loan	**380,106,796**	422,538,884
Total qualifying Tier 2 Capital	**1,184,704,109**	1,227,136,197
Total Qualifying Capital	**5,904,074,338**	5,852,816,789
Risk - weighted assets:		
On balance sheet	**4,760,536,899**	6,108,266,591
Ratio	**124.02**	95.82

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

			2015	2014
	Highest		**124.02**	135.00
	Lowest		**101.45**	98.32
	Average		**104.75**	106.51

FINANCIAL STATEMENTS

NOTE 41 MATURITY PROFILE OF ASSETS AND LIABILITIES

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

a

	As at 31 December 2015					
	Up to 1 Month	**1 to 3 Months**	**3 to 6 Months**	**6 to 12 Months**	**Over 12 Months**	**Total**
	N	**N**	**N**	**N**	**N**	**N**
Assets						
Cash and balances with central banks	26,040,195	-	-	-	23,587,243	49,627,438
Due from banks	1,250,000,800	1,052,692,607	51,901,500	-	-	2,354,594,907
Loans and advances to customers	18,771,967	2,728,377	8,347,201	44,995,783	1,597,916,040	1,672,759,368
Financial investments – available-for-sale	-	-	-	-	100,000,000	100,000,000
Other assets	-	-	946,988	43,758,284	4,463,000	49,168,272
Property and equipment	-	-		-	2,951,037,599	2,951,037,599
Intangible assets	-	-	-	-	9,959,339	9,959,339
Deferred tax assets	-	-	-	-	74,112,546	74,112,546
Non current assets held for sale		-	-	294,840,000	-	294,840,000
						-
Total assets	**1,294,812,962**	**1,055,420,984**	**61,195,689** -	**383,594,067**	**4,761,075,767**	**7,556,099,468**
Liabilities						
Due to customers	587,721,086	826,552,445	1,459,848	-	-	1,415,733,380
Debt issued and other borrowed funds	-	-	-	-	380,106,796	380,106,796
Current tax liabilities	-	-		42,110,658	-	42,110,658
Other liabilities	-	-		95,325,331	-	95,325,331
Employee benefit liabilities	-	-	626,173	-	-	626,173
Equity					5,622,197,131	5,622,197,131
Total liabilities	**587,721,086**	**826,552,445**	**2,086,021**	**137,435,989**	**6,002,303,927**	**7,556,099,468**
Gap	**707,091,876**	**228,868,539**	**59,109,667**	**246,158,078**	**(1,241,228,160)**	-

41B MATURITY PROFILE OF ASSETS AND LIABILITIES

As at 31 December 2014

	Up to 1 Month N	1 to 3 Months N	3 to 6 Months N	6 to 12 Months N	Over 12 Months N	Total N N
Cash and balances with central banks	23,766,620	-	-	-	23,339,359	47,105,979
Due from banks	1,755,826,670	117,335,800	51,901,500	-	-	1,925,063,970
Loans and advances to customers	33,608,202	19,128,605	8,820,667	44,912,591	1,137,705,768	1,244,175,834
Financial investments – available-for-sale	-	-	-	100,000,000	-	100,000,000
Other assets	-	-	967,575	37,909,015	4,463,000	43,339,590
Property and equipment	-	-	-	-	2,915,955,777	2,915,955,777
Intangible assets	-	-	-	-	9,719,791	9,719,791
Deferred tax assets	-	-	-	-	76,467,249	76,467,249
Non current assets held for sale	-	-	-	-	806,816,000	806,816,000
Total assets	**1,813,201,492**	**136,464,405**	**61,689,742**	**182,821,606**	**4,974,466,945**	**7,168,644,191**
Liabilities						
Due to customers	846,980,154	217,360,301	-	-	-	1,064,340,455
Debt issued and other borrowed funds	-	-	-	-	422,538,884	422,538,884
Current tax liabilities	-	-	-	32,166,172		32,166,172
Other liabilities	-	-	-	-	91,690,340	91,690,340
Employee benefit liabilities	-	-	-	-	445,421	445,421
Equity	-	-	-	-	5,557,462,919	5,557,462,919
Total liabilities	**846,980,154**	**217,360,301**	**-**	**32,166,172**	**6,072,137,564**	**7,168,644,191**
Gap	966,221,338	(80,895,896)	61,689,742	150,655,434	(1,097,670,619)	-

42 CURRENCY RISK

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

43 INTEREST RATE RISK

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

a

As at 31 December 2015

	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	1 to 3 Years	Total
	N	N	N	N	N	N
Assets						
Due from Banks	1,250,000,800	1,052,692,607	51,901,500	-	-	2,354,594,907
Loans and advances to customers	18,771,967	2,728,377	8,347,201	44,995,783	1,597,916,040	1,672,759,368
	1,268,772,767	**1,055,420,984**	**60,248,701**	**44,995,783**	**1,597,916,040**	**4,027,354,275**
Liabilities						
Due to customers	587,721,086	826,552,445	1,459,848	-	-	1,415,733,380
Debt issued and other borrowed funds	-	-	-	-	380,106,796	380,106,796
	587,721,086	**826,552,445**	**1,459,848**	**-**	**380,106,796**	**1,795,840,175**
Gap	**681,051,681**	**228,868,539**	**58,788,852**	**44,995,783**	**1,217,809,244**	**2,231,514,099**

b

As at 31 December 2014

	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Over 12 Months	Total
	N	N	N	N	N	N
Assets						
Due from Banks	1,755,826,670	117,335,800	51,901,500	-	-	1,925,063,970
Loans and advances to customers	33,608,202	19,128,605	8,820,667	44,912,591	1,137,705,768	1,244,175,834
	1,789,434,872	**136,464,405**	**60,722,167**	**44,912,591**	**1,137,705,768**	**3,169,239,805**
Liabilities						
Due to customers	846,980,154	217,360,301	-	-	-	1,064,340,455
Debt issued and other borrowed funds	-	-	-	-	422,538,884	422,538,884
	846,980,154	**217,360,301**	**-**	**-**	**422,538,884**	**1,486,879,338**
Gap	**942,454,718**	**(80,895,896)**	**60,722,167**	**44,912,591**	**715,166,885**	**1,682,360,466**

NOTES TO THE FINANCIAL STATEMENTS

44 EMPLOYEES

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

	31 December 2015	31 December 2014
	Number	Number
Executive Directors	1	1
Management	4	4
Non-management	74	71
	79	76

45 CONTRAVENTIONS

The bank did not contravene any regulatory provisions of BOFIA, CBN, NDIC, SEC or any such other body during the year. (2014 NIL)

46 CUSTOMER COMPLIANTS

DESCRIPTION	**NUMBER**		**AMOUNT CLAIMED**		**AMOUNT REFUNDED**	
	2015	2014	2015	2014	2015	2014
	Nos	**Nos**	**N**	**N**	**N**	**N**
Pending Complaints B/F	-	-	-	-	-	-
Received Complaints	**243**	220	**2,907,148**	2,397,607	**2,907,148**	2,397,607
Resolved Complaints	**243**	220	**2,907,148**	2,397,607	**2,907,148**	2,397,607
Unresolved Complaints escalaed to CBN for intervention	-	-	-		-	-
Unresolved Compaints pending with the Bank C/F	-	-	-	-	-	-

47 COMPARATIVE FIGURES

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

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2015

	31 December 2015		31 December 2014	
	N	%	N	%
Gross Earnings	**755,925,260**		742,994,706	
Interest Expense	**(44,443,261)**		(49,851,941)	
	711,481,999		693,142,765	
Net Impairment	**(14,605,525)**		(3,660,629)	
Bought -in-materials and services-local	**(60,548,053)**		(173,045,700)	
Value Added	**636,328,421**	100	516,436,437	100
Applied to pay				
Providers of Capital				
Dividend	**167,113,372**	26	125,113,372	23
Employees				
Employees as salaries, wages and pensions	**109,711,544**	17	48,804,956	9
Government				
Government taxes	**27,927,798**	4	32,166,172	6
Retained in Business				
-Depreciation and amortisation	**99,428,123**	16	90,803,124	17
-Profit for the year	**232,147,584**	36	244,733,551	45
	636,328,421	100	541,621,175	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.

NOTES TO THE FINANCIAL STATEMENTS

	31 December 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011
Assets					
Cash and balances with Central Bank	**49,627,438**	47,105,979	14,699,110	10,239,357	5,620,248
Due from banks	**2,354,594,907**	1,925,063,971	1,540,372,100	1,238,077,811	2,606,815,601
Loans and advances to customers	**1,672,759,368**	1,244,175,834	1,308,021,370	688,361,842	701,817,043
Financial investments	**100,000,000**	100,000,000	2,000,000	2,000,000	7,000,000
Other assets	**49,168,272**	43,339,590	77,915,845	105,755,151	134,251,059
Property and equipment	**2,951,037,599**	2,915,955,777	2,778,207,100	2,288,205,239	2,305,900,131
Intangible assets	**9,959,339**	9,719,791	6,780,407	-	-
Deferred tax assets	**74,112,546**	76,467,249	96,040,321	96,040,321	38,753,395
Non current assets held for sale	**294,840,000**	806,816,000	1,568,480,000	1,202,790,600	364,796,000
TOTAL ASSETS	**7,556,099,468**	7,168,644,190	7,392,516,253	5,631,470,321	6,164,953,477
Liabilities and Equity					
Liabilities					
Due to customers	**1,415,733,380**	1,064,340,455	1,321,222,245	482,790,062	2,147,892,947
Debt issued and other borrowed funds	**380,106,796**	422,538,884	475,233,561	479,333,327	448,723,289
Current tax liabilities	**42,110,658**	32,166,172	76,823,528	48,663,486	48,865,569
Deposit for share	**-**	91,690,340	-	752,167,120	500,000,000
Other liabilities	**95,951,504**	445,421	79,659,181	47,034,870	118,301,060
Total liabilities	**1,933,902,338**	1,611,181,271	1,952,938,515	1,809,988,865	3,263,782,865
Equity					
Issued share capital	**2,085,222,860**	2,085,222,860	2,085,222,860	1,733,644,860	1,500,000,000
Preference Shares	**600,000,000**	600,000,000	600,000,000	-	-
Share premium	**1,227,369,465**	1,227,669,465	1,229,404,465	841,528,140	627,675,000
Statutory reserve	**405,910,548**	359,481,031	310,534,320	272,775,565	169,371,115
Retained earnings	**1,084,939,241**	1,039,494,276	1,009,818,780	973,532,891	604,124,497
Revaluation Reserve	**204,597,313**	204,597,313	204,597,313	-	-
Regulatory Risk Reserve	**14,157,704**	40,997,973		-	-
Total equity	**5,622,197,131**	5,557,462,919	5,439,577,738	3,821,481,456	2,901,170,612
Total liabilities and equity	**7,556,099,468**	7,168,644,190	7,392,516,253	5,631,470,321	6,164,953,477

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

	31 December 2015	31 December 2014	31 December 2013	31 December 2012	31 December 2011
	N		N	N	N
Gross Earnings	**755,925,260**	742,994,706	584,384,123	887,656,979	499,751,276
Total operating income	**711,481,999**	693,142,765	551,180,351	850,075,976	199,284,825
Operating expenses	**(434,446,388)**	(393,009,342)	(314,546,046)	(284,390,239)	(116,375,929)
Impairment losses	**(14,605,525)**	(3,660,629)	(10,055,030)	-	-
Profit before taxation	**262,430,085**	296,472,795	226,579,275	565,685,737	82,908,896
Taxation for the year	**(30,282,501)**	(51,739,244)	(37,785,499)	(48,663,486)	(14,483,104)
Profit/(Loss)after taxation	**232,147,584**	244,733,551	188,793,776	517,022,251	68,425,792
Other Comprehensive Income	**-**	-	-	-	-
	232,147,584	244,733,551	188,793,776	517,022,251	68,425,792

Note that financial statements for 2011 was prepared under local GAAP

CORPORATE INFORMATION

CORPORATE INFORMATION

AWARDS

In recognition of its sterling performances and passionate commitment to its vision and mission statements, the Bank has attracted numerous awards over the years. The most current is the award by the Institute of Information and Strategy Management for Distinctive Competency, presented to the Bank in December, 2015.

CORPORATE INFORMATION

PRINCIPAL INFORMATION

	NAME	GRADE	ROLES
1	Sunday Olumorun	Assistant General Manager	Group Head, IT and Operations
2	Abiodun Akanbi	Assistant General Manager	Group Head, Risk Management and Investment
3	Samson Agbaka	Assistant General Manager	Chief Financial Officer
4	Ijaola Michael	Senior Manager	Group Head, Head, Business Development and Acting Head, Ilupeju Branch
5	Anu Falade	Senior Banking Officer	Acting Head, Legal Services Department
6	Michael Abah	Deputy Manager	Head, Internal Control
7	Funmilayo Olatunji	Senior Banking Officer	Head, Human Resources and Administration
8	Ruth Ubah	Deputy Manager	Branch Manager- Head Office Branch
9	Glory Chukwu	Assistant Manager	Head, Special Business Unit
10	David Matthew	Senior Banking Officer	Branch Manager- Sun City Cash Centre
11	Friday Okpe	Senior Banking Officer	Branch Manager- Mararaba Branch

CORPORATE INFORMATION

PRODUCTS INFORMATION

	PRODUCTS	FEATURES	BENEFITS
1	CURRENT ACCOUNT (Conventional)	Flexible opening balance of N5000.00 for individuals and N10,000.00 for Corporate with minimum operating balance of N500.00. • cash/cheque lodgements and payment • Clearing of banking and financial instruments • Unlimited Withdrawals on demand • Flexible third party transactions	• ATM card • Internet banking access • Mobile Banking access. • SMS Alerts • Funds transfer • Personalized cheque booklet, • Attractive interest payment.
2	Infinity Young Savers Account(I-YSA)	It is an account for children (0-18 years). You can save any amount Parents will be administrators of the account.	The parent/guardian is entitled to request for a loan for the child's school fees or medicare. The security for loans between N100,000.00 to N300,000.00 will be post dated cheques and personal guarantee while loans above N300,000(Three Hundred Thousand Naira only) will required additional security. The tenure for school fees loan should be for a period of 3 (Three) to 6 (six) months. The bank will be able to give a loan of up to 50% of the child's school fees. A special birthday gift for each child who maintains a minimum balance of N300,000 for a period of 1 (one) year as at the time of the child's birthday. Welcome back to school package for every child who maintains a minimum balance of N100,000(One Hundred Thousand Naira only) in his/her account.
3	Infinity Homes Ownership Solution (I-HOST) Now Infinity Homes Ownership Solution (I-HOST)	It is a targeted savings account towards home ownership Interest is paid on savings	Free Insurance cover on the house. Interest will be paid on deposits. Qualification for home ownership loan after a minimum period of 12 months of consistent savings.

CORPORATE INFORMATION

		Loan to be accessed depends on the class of product chosen Tenure is up to 10 years Loan at a concessionary rate lower than the prevailing market rate.	Attractive interest rate on mortgage loan. Easy acquisition of homes. Easy repayment plans. Reduced interest rate on mortgage loan (lower than the prevailing market rate). Tenure up to 10 years.
4	I-SCHOOL MORTGAGE	It is a mortgage loan for schools. Loans must be secured. Minimum opening balance of N20,000 (Corporate Account). Access to loan after 6 months domiciliation of school proceeds with the bank.	Access to mortgage loan. Access to overdraft. Encourages customers to perfect their title document. School will be able to upgrade their infrastructure. School earnings will be increased. Capacity to upgrade standard of educational services. The Bank can partner with school in the area of meeting social corporate responsibilities.
5	Fixed Term Deposit	It's a fixed deposit products Any amount can be fixed. Interest is at market rate Withdrawals are not allowed	Depositors earns high attractive interest rate of 10% pa
6	Infinity Mortgage Finance	This is a commercial loan scheme Obligor satisfactorily operates a current account. Rate is in accordance with government cost regulation and the company cost of fund. Minimum equity contribution is 40% on our property and 60% on other outside properties Maximum tenor is 5 years Valid titles of the property to be purchased or constructed/renovated is used as collateral for the loan	Easy access to house: through IMFS, the customer can acquire his/her dream house and become a Landlord. Flexible repayment plan: Customer's repayment can be structured to suit his/her income plan. For example, a customer who earns quarterly income can choose to repay his loan quarterly and the one who earns a yearly income can also tie his principal to annual repayment while the interest is serviced monthly.

CORPORATE INFORMATION

		Two guarantors are required Repayment can be monthly, quarterly or annual 2.25% of loan amount is charged as fees.	It creates investment opportunities for customers: customers can buy properties through IMFS for investment purposes. They can buy and rent, thereby earning rental income or buy to resell at higher amounts to make a profit.
	National Housing Fund (NHF)	This is a Federal Mortgage Bank of Nigeria (FMBN) on-lending product. It is aimed at providing mortgage finance to Nigerians who are contributors to the National Housing fund Scheme at 6% p.a. Funds are disbursed by Federal Mortgage Bank of Nigeria through a PMI in this case, Infinity Trust Mortgage Bank Plc for onward lending to the applicant. The loan may be accessed to develop, buy or renovate a property provided it has a valid title. Infinity homes can offer advisory services on how to become a contributor either as an individual or organisation. Features: • The contributors can access loans up to N15, 000, 000.00 with an equity contribution depending on the loan amount as follows: ▸ N5M – 10% contribution ▸ N10M – 20% contribution ▸ N15M – 30% contribution • The tenure can be up to 30 years depending on the age and length of service of the customer. • Fixed interest rate is 6% p.a • Only contributors to the scheme can access the loan • Loan can only be accessed once in a life time • Savings mortgage account is initially opened for this product where customers are expected to save up their equity while a current account is opened at the point of disbursement.	• Contributors to the scheme can own a home • Interest rate is low currently 6% p.a • It has long tenure and therefore low repayment amount.

CORPORATE INFORMATION

8	Infinity Bridging Mortgage Finance (IBMF)	• It is packaged as a bridging mortgage loan pending the disbursement of the NHF loan. • The IMF will be liquidated with the proceeds of NHF when disbursed • Monthly obligations are expected to be met in line with IMF ex ecuted offer • Interest rate is currently 20% on our properties and 22% on other properties. • Tenure is available to a maximum of 5yrs.	• It gives customers opportunity to acquire the houses of their choice while waiting for disbursement of the NHF loan. • Customers will enjoy a low interest rate upon disbursement of the NHF.
9	Real Estate Finance	• This product provides construction finance to individuals and small – medium real estate developers. We also offer sales facilitation and mortgage facilities to intending buyers under this platform	Access to Estate Development Loan Effective project monitoring Free financial advisory services
10	Overdraft	This is a short tenured facility usually for 30 days. • Interest rate is 20% • Available to current account customers who have run their account overtime	• Meeting of working capital requirements.
11	Infinity NHF Equity Finance (I- NEF	• Available for NHF contributors only • 12 Months Tenor • 9% Interest Rate • 10% Equity Contribution	• No security/ collateral is required. • Makes a customer eligible to access NHF at low interest rate. • Makes equity contribution process easier.

CORPORATE INFORMATION

	Infinity High Yield	• One year lock in period • Interest can be paid upfront • Offers high interest rate above market benchmark • Minimum of N1m • Multiples of N500,000 • It is not a mutual	• Investment is fully secured and guaranteed • It can be used as collateral • Enjoy upfront interest payment. • Helps customer build savings which can be used as equity • Guaranteed regular and predictable income stream
		• Accessible to staff of premium organizations for purchase of land, houses, or renovation of existing property. • As low as 20% Equity Contribution • 10 years tenor • Minimum loan amount of N5m • Attractive interest rate • Flexible payment plans • Registrable title • Minimum six months banking relationship with the bank.	• Easy access to home ownership • Minimal equity contribution • Low interest rate • Longer tenor • Profitable investment opportunities for customers.

CORPORATE INFORMATION

BRANCH NETWORK

S/N	Branch Name	Branch Address
1	Head Office Branch, Abuja	11, Kaura Namoda Street, Off Faskari Street, Area 3, Garki, FCT, Abuja
2	Mararaba Branch	86, Abuja Keffi Expressway, Karu LGA, Nasarawa State
3	Ilupeju Branch	28, Ilupeju Byepass, Ilupeju, Lagos State
4	Sun City Cash Center	3, Mainstreet, Sun City Estate, Galadimawa, FCT Abuja

Telephone: 01-2906894

Web: www.itmbplc.com
info@itmbplc.com

SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 10TH Annual General Meeting of members of INFINITY TRUST MORTGAGE BANK PLC will be held on the 10th of May at at 10.00 a.m. at Barcelona Hotels, No 23 Blantyre Street, Wuse II, Abuja to transact the following:

ORDINARY BUSINESS

1. To receive the audited accounts for the year ended 31st December, 2015 together with the reports of the Directors, Auditors and Audit Committee thereon.
2. To authorize the Directors to fix the remuneration of the Auditors.
3. To elect/re-elect Directors.
4. To approve the remuneration of Directors.
5. To elect members of the Audit Committee.

SPECIAL BUSINESS

6. To consider and if thought fit, pass the following resolution as Special Resolution:

i) To approve a final dividend of 3k per ordinary share where if approved shall be payable on May 16, 2016.

PROXY

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy to attend and vote in his stead. A proxy need not also be a member. A proxy form is attached at the end of the financial statements. All instruments of proxy should be duly stamped at the Stamp Duties Office and deposited at the registered office of the Company or the office of the Registar, 220B, Ikorodu road, Palmgrove Lagos, not later than 48 hours before the time of holding the meeting.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members and Transfer Books of the Bank shall close on 22nd of April, 2016.

AUDIT COMMITTEE

In accordance with Section 359(3) of the Companies & Allied Matters Act CAP C20 LFN 2004, any shareholder may nominate another shareholder for appointment to the Audit Committee. Such nomination should be in writing and must reach the Company Secretary not less than 21 days before the Annual General Meeting.

By Order of the Board

Tolu Osho
Company Secretary

Dated this ..25th.. day of ..February.., 2016
11, Kaura Namoda Street,
Area 3, Garki – Abuja, FCT

SHAREHOLDER INFORMATION

Proxy Form

Being member/members of Infinity Trust Mortgage Bank Plc hereby appoint.......................or failing him .... as my/our proxy to act and vote for me/us and on my/our behalf at the 10th Annual General Meeting of the Bank to be held on 10th May, 2016 at 10.00 a.m. and at any adjournment thereof.

As witness my/our hand this......day of ...2016.

Signed:....................................

NOTE:
A member to attend and vote at the GeneralMeeting is entitled to appoint a proxy in his stead. All proxy forms should be deposited at the Office of the Registrar, African Prudential Registrars, 220B, Ikorodu Road,Palmgrove, Lagos not less than 48 hours before the time for holding the meeting.
A proxy need not be a member of the Company.

In the case of joint shareholders, any one of smay complete the form but the name of all joint shareholders must be stated.

It is required by law under the Stamp Duties Act, Cap 41 Law of the Federation of Nigeria 1990, that any adjustment of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must bear Stamp Duty at the appropriate rate, not adhesive postage stamps.

If the shareholder is a corporation, this form must be under its common seal or under the hand of some officers or attorney duly authorised in that behalf.

I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside (strike out which ever is note desired).		**ORDINARY /SPECIAL BUSINESS**	**FOR**	**AGAINST**
	1	To receive the audited accounts for the year ended 31st December, 2015 together with the Reports of the Directors, Auditors and the Audit Committee thereon.		
	2	To authorize the Directors to fix the remuneration of the Auditors;		
	3	To elect/re-elect Directors;		
	4	To approve the remuneration of Directors.		
	5	To elect members of the Audit Committee.		
	6	To approve Dividend		
	Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolution set out above. Unless otherwise instructed, the proxy votes or abstains from voting at his/her discretion.			

Before depositing the above card, tear off this part and retain it.

SHAREHOLDER INFORMATION

ADMISSION CARD
INFINITY TRUST MORTGAGE BANK PLC
10TH ANNUAL GENERAL MEETING

PLEASE ADMIT ONLY THE SHAREHOLDERS NAMED ON THIS CARD OR HIS DULY APPOINTED

PROXY TO THE TENTH ANNUAL GENERAL MEETING BEING HELD AT BARCELONA HOTELS, 23, BLANTYRE STREET, ABUJA ON 10TH MAY, 2016

SHAREHOLDERS/PROXY..SIGNATURE..

ADDRESS..

THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRAR.


INFINITY HOUSE


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