OUR VISION

To be the ideal customer focused bank.

OUR MISSION

To be the role model for mortgage business through excellent customer service, leveraging the best in technology, abiding ethical and professional standards while creating shelter and wealth for all our stakeholders

INFINITY TRUST MORTGAGE BANK PLC
2019 ANNUAL REPORT & ACCOUNTS

TABLE OF CONTENTS

	PAGE
Notice of Annual General Meeting	3
OVERVIEW	
Financial Highlights & Performance	5
Professional Advisers	8
Board of Directors	9

REPORTS OF THE BOARD AND MANAGEMENT	
Directors report	14
Chairman's Statement	22
Managing Directors/CEO Review	28
OTHER STATUTORY REPORTS	
Sustainability Report	33
Corporate Governance	67
Report of the Independent Consultant on Board Evaluation and Corporate Governance	82
Directors responsibility	83
Report of the Independent Auditors	84
Report of the Audit Committee	89
Certification Pursuant	90
FINANCIAL STATEMENTS	
Statement of Comprehensive Income	91
Statement of Financial Position	93
Statement of Changes in Equity	93
Statement of Cash Flows	94
Statement of Prudential Adjustments	95
Notes to the Financial Statements	
Significant Accounting Judgments, Estimates and Assumptions	96
Other Supporting Notes to the Financial Statements	131
Fair Value Disclosures	142
Risk Management Disclosures	143
Other Disclosures	
Legal, Contingents & Capital Commitments Disclosures	202
Related Party (Insiders)	203
Capital Management	204
Maturity Profile of Assets and Liabilities	205
Interest Rate Risk	207
OTHER NATIONAL DISCLOSURES	
Employees Information	208
Contraventions and Customer Complaints Data	208
Value Added Statement	209
Five Years Financial Summary	210
CORPORATE INFORMATION	
Corporate Events	211
Corporate Social Responsibility	215
Awards	216
Principal Officers	218
Product Information	219
Branch Network	225

SHAREHOLDER INFORMATION	
Proxy Form	226
Admission Card	227

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Infinity Trust Mortgage Bank Plc will hold as follows:

Date: 7th May, 2020

Venue: 4th Floor, Infinity House, 11 Kaura Namoda Street, Area 3, Abuja

Time: 10.00 am prompt

The following businesses will be transacted at the meeting:

AGENDA

Ordinary Business

1. To receive and consider the Audited Financial Statements for the year ended 31 December, 2019 together with the Report of the Directors, Auditors, and the Audit Committee thereon.
2. To declare dividend
3. To reappoint Directors
4. To reappoint Auditors
5. To authorize the Directors to fix the remuneration of the Auditors.
6. To elect members of the Audit Committee.

Special Business

7. To fix the Directors' fees for the year ending 31 December, 2020.

Notes:

1. **Proxy**

   The person entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the company. A proxy form is attached to the notice of the meeting posted to the Shareholders. To be valid, the proxy form must be duly signed by the Shareholders and stamped at the Stamp Duties office and returned to the Registrars/Company's Secretary not less than 48 hours before the date and time scheduled for the meeting.

2. **Audit Committee**

   In accordance with Section 359 (5) of The Companies and Allied Matters Act CAP C20 LFN 2004, any member may nominate a Shareholder for election as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

The Central Bank of Nigeria's Code of Corporate Governance has indicated that some members of the Audit Committee should be knowledgeable in internal control processes. We would therefore request that nominations be accompanied by a copy of the nominee's Curriculum Vitae.

1. **Dividend**

If approved, dividend of 3.5k per share is payable to shareholders whose names are registered in the register of members as at close of business on 6th March, 2020. Dividend warrant will be posted on 14th May, 2020.

If approved, dividend of 7k per share is payable to Preference Shareholders whose names are registered in the register of members at close of business on 6th March, 2020. Dividend warrant will be posted on 14th May, 2020.

2. **Closure of Register of Members**

The Register of members and transfer books will be closed on 9th March, 2020.

By order of the Board

Tola Osho (Mrs.)
FRC/2017/NBA/00000016418
Company Secretary
11, Kaura Namoda Street
Area 3, Garki, Abuja

OVERVIEW

FINANCIAL PERFORMANCE

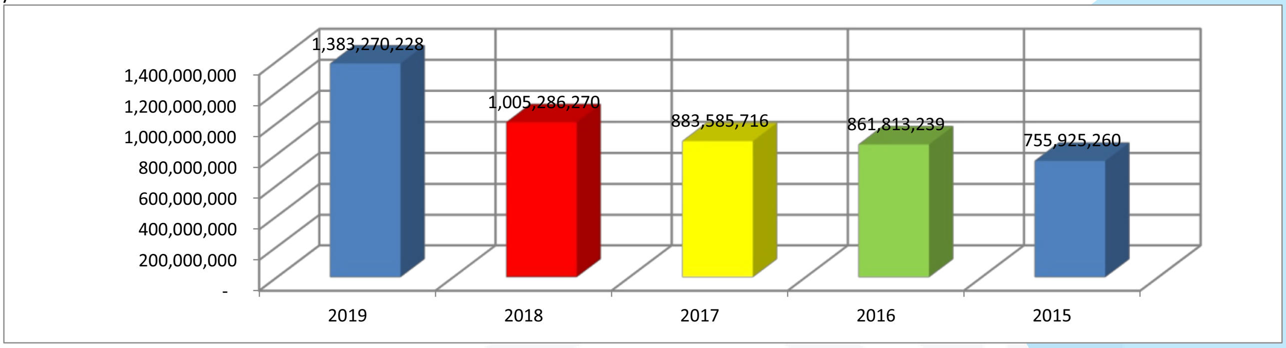
Infinity Trust Mortgage Bank Plc
2019 Annual Report and Accounts
Financial Highlights

	31 December 2019 N	31 December 2018 N
MAJOR ITEMS IN STATEMENT OF FINANCIAL POSITION		
Loans and Advances	**5,338,457,241**	3,801,652,073
Property, Plant & Equipment	**2,669,206,553**	2,734,040,439
Investment Securities	**1,226,181,953**	2,303,869,245
Assets Held for Sale	**31,896,000**	63,837,000
Due to customers	**1,937,109,045**	2,467,677,036
Borrowed Funds	**2,148,968,858**	1,650,739,434
Share Capital	**2,685,222,860**	2,685,222,860
ShareHolders Funds	**6,202,154,764**	5,969,130,857
Total Assets	**10,644,545,285**	10,351,042,094
MAJOR ITEMS IN STATEMENT OF COMPREHENSIVE INCOME	**N**	N
Gross Earnings	**1,383,270,228**	1,005,286,270
Impairment Charges	**(9,115,700)**	51,175,623
Profit Before Taxation	**444,381,725**	366,756,131
Taxation	**(44,244,447)**	(39,536,360)
Profit After Taxation	**400,137,278**	327,219,771
Other Comprehensive Income	**-**	56,249,998
Total Comprehensive Income	**400,137,278**	383,469,769
SOME OPERATING RATIOS	**%**	%
Cost to Income	**62.0**	64.6
Return on Assets	**3.8**	3.2
Return on Shareholders Fund	**6.5**	5.5
	kobo	kobo
Earnings Per Share (Kobo)	**8.59**	6.84
Dividend Per Share(kobo)	**3.5**	3.0
PRUDENTIAL RATIOS	**%**	%
Capital Adequacy	**68.7**	77.1
Liquidity	**98.8**	122.0
Minimum Cash Reserve Ratio	**2.41**	1.52
Minimum Mortgage Assets to Total Assets	**51.3**	37.6
Minimum Mortgage Assets to Loanable Funds	**133.6**	94.5
Maximum Estate Construction to Total Assets	**4.1**	5.8
Maximum Equity Investment Holding	**5.8**	6.1
Minimum Assets in Residential Mortgages	**85.1**	83.9
Minimum Capital Funds to Net Credit Ratio Limit	**116.2**	157.0
Maximum Single Obligor Limit_ Individual	**1.38**	1.71
Maximum Single Obligor Limit_ Corporate	**2.96**	5.15
Maximum Non-Performing Loans to Total Loans	**6.65**	9.78
OTHERS	**Number**	Number
Number of Locations	**4**	4
Number of Staff	**95**	95
Number of Shares in Issue	**4,170,445,720**	4,170,445,720
	N	N
Dividend Paid (Ordinary)	**125,113,372**	83,408,914
Preference Dividend Paid	**42,000,000**	42,000,000
RATINGS		
Servicer rating (Agusto)	**SR 3**	SR 3
Entity rating (Agusto)	**Bbb+**	Bbb+
NDIC/CBN Composite Risk Rating	**Moderate risk**	Moderate risk

Infinity Trust Mortgage Bank Plc
2019 Annual Report and Accounts
Financial Highlights

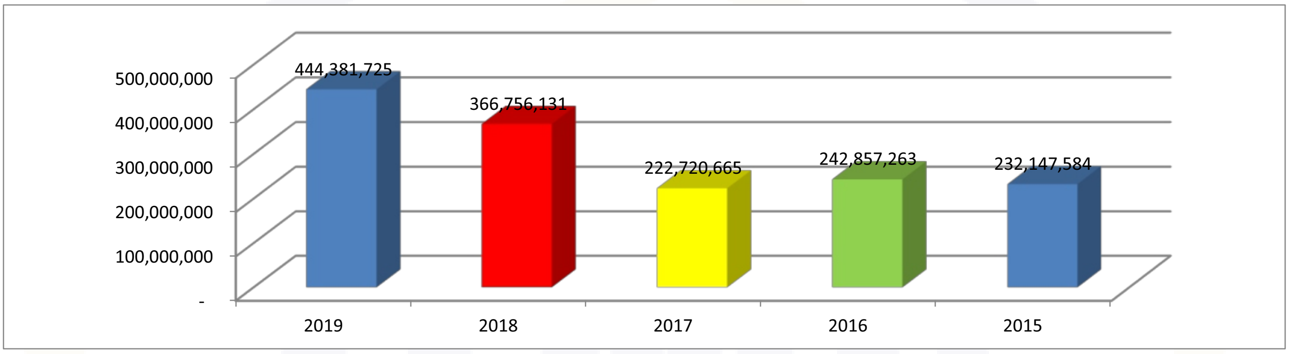
GROSS EARNINGS

Gross earnings has increased consistently over the years. This year, despite the harsh operating environment, the Bank recorded an increase of 38% in its gross earnings. Interest, Commissions and investment incomes have been major drivers of the growth over the years



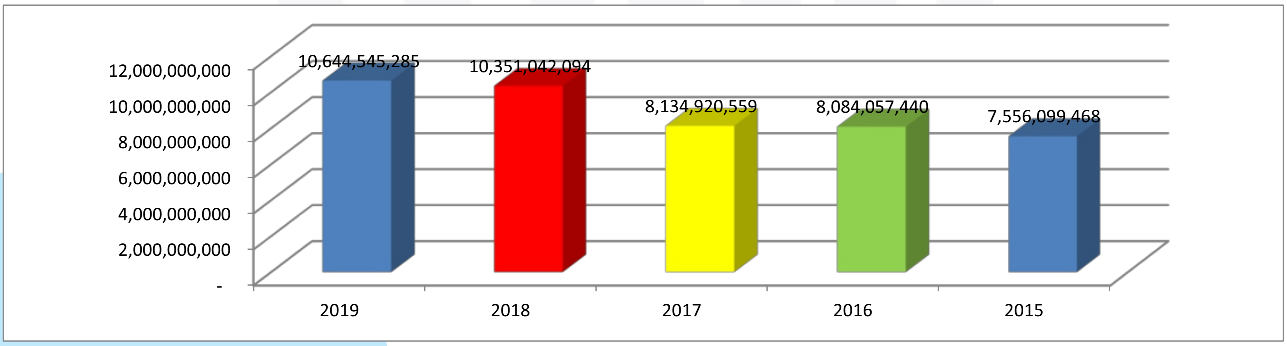
PROFIT BEFORE TAX

Profit before tax for year 2019 is a testament to our ability to stay true to our strategic objective, as the bank's has consistently remained profitable over the past fourteen (14) years



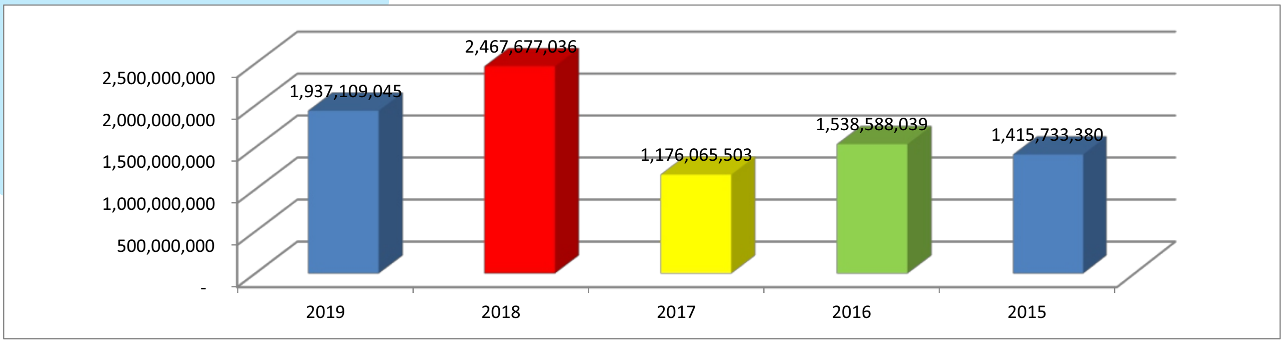
TOTAL ASSETS

Total Bank assets increased by 3% in the year. This is majorly as a result of the growth in the banks loans, investments, deposits and shareholders funds.



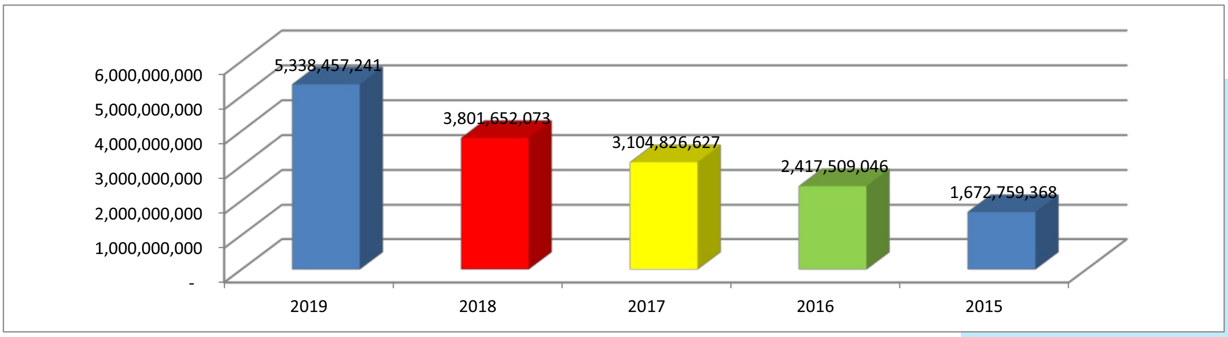
DEPOSITS

Deposits decreased during the year by 21% from previous year. This was due largely to the harsh operating environment



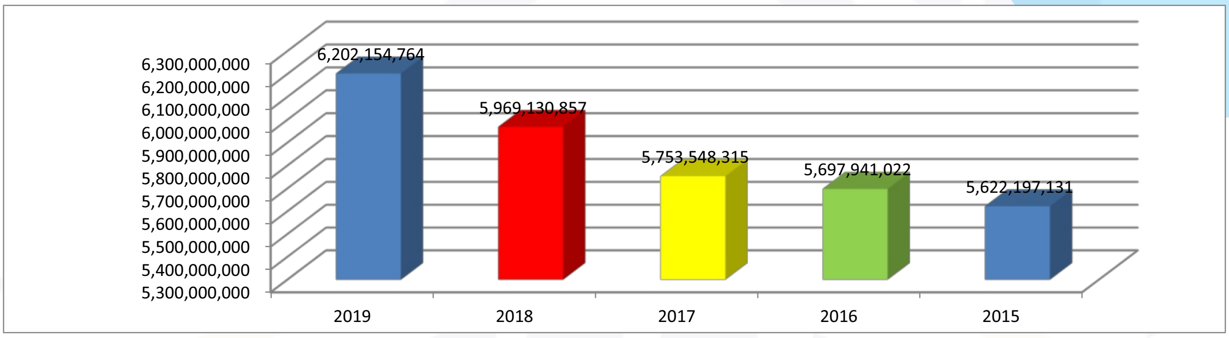
LOANS AND ADVANCES

An increase of 40% was recorded during the year in loans and advances. This is as a result of the Bank's increased tenacity and passion in delivering houses to Nigerians.



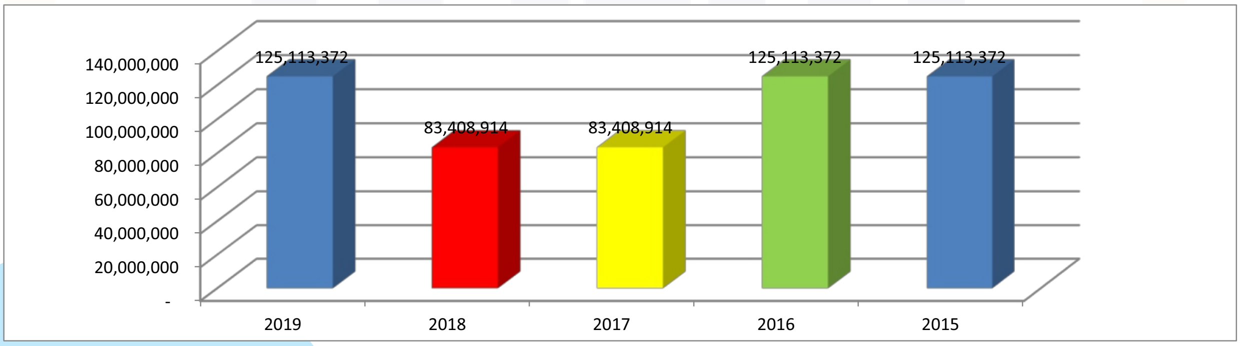
SHAREHOLDERS FUNDS

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.



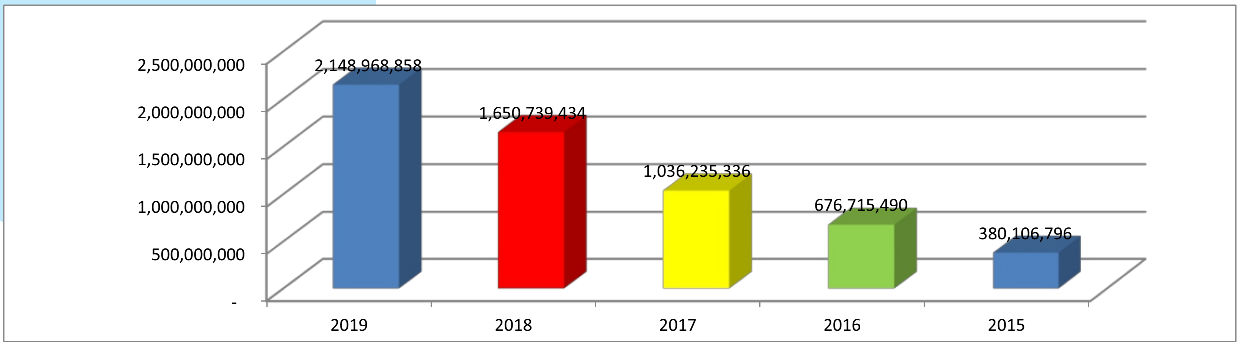
DIVIDEND PAYOUT

We have continued to increase the wealth of our share holders by consistently paying dividends. The bank has maintained its dividend payout for thirteen 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.



BORROWED FUNDS

The increase in our borrowed funds by 30% is as a result of continuous effort to match our lending with long term funds from the secondary markets.



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
Africa 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 & Co.
Plot 55E, Adebisi Omotola Close
Victoria Island
Lagos, Nigeria

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

BOARD OF DIRECTORS

Dr. Adeyinka Bibilari
(Chairman)

Dr. Olabanjo Obaleye
(MD/CEO)

Mr. Dada Ademokoya

Maj. Gen. Danladi Pennap

Mr. Akin Arikawe

Mr. Tunde Olaleke

Alh. Abubakar Muhammad

Mrs Ene Okwa

BOARD OF DIRECTORS

ENGR. 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 about 30 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 estate 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.

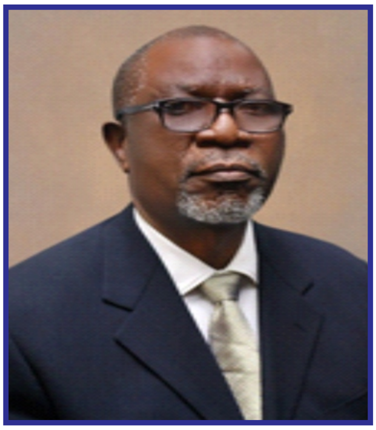
DR. OLABANJO OBALEYE -
Managing Director and Chief Executive Officer

Dr. 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 Fellow of the Institute of Chartered of Accountants of Nigeria (ICAN), a member of the Nigeria Institute of Management (NIM), the Nigeria Institute of Cost Management (NICM) and the Chartered Institute of Taxation of Nigeria (CITN). He also hold a Doctorate in Business Administration (DBA) with specialization in Finance from the prestigious Walden University, USA.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 is currently the Publicity Secretary of MBAN (Mortgage Bankers Association of Nigeria. He is an alumnus of Wharton Business School, Philadelphia, USA. He plays golf.

BOARD OF DIRECTORS



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 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 of the Debt Management Office (DMO) between 2000- 2003. He also served as the Co-ordinator of the Nigeria Vision 2020 - 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 LLB 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.

ENGR. BABATUNDE OLALEKE - Non-Executive Director

Babatunde Olaleke is a graduate of Civil Engineering from the University of Ilorin. He joined Adkan Services Nig. Ltd in 1996 as a pupil Engineer. Professional and extremely hardworking, Olaleke soon became the Site Engineer in 2001 and General Manager in 2006. He became the Group General Manager 2007. Over the years, Olaleke has been instrumental to the successful completion of projects like the Naval Shipyard, Port Harcourt; the Vintage Estate; Abuja Model City and Sun City Abuja.
He is a member of both the Nigeria Society of Engineers (MNSE) and the prestigious Council for Regulation of Engineering in Nigeria (COREN.)
He is result oriented, positive thinking and stickler for excellence.

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 B.sc 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.

MRS. OKWA ENE IYANA
Independent Director

Mrs. Okwa Ene Iyana is a versatile consultant and academician who brings on board 30 years of distinguished career experience cutting across public and private sectors.

A graduate of Accounting from the prestigious Ahmadu Bello University Zaria in 1986, she holds a Master's degree in Finance from University of Calabar, Nigeria. She is fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and Chartered Institute of Taxation of Nigeria (CITN) . She is also an Associate of the Nigerian Institute of Management and holds a Certification in Internal financial reporting standards (IFRS) from the Institute of Chartered Accountants of Nigeria.

Mrs. Okwa started her accounting career in 1988 with the firm of Egwu Ogah & Co. (Chartered Accountants), Makurdi as Audit Trainee. Thereafter she joined Tonabok Management Service as Training Management Consultant. From 1991 she worked with Nicon Hilton Hotel (now Transcorp Hilton) as Assistant Financial Controller until July 2005 when she joined Visiere Consulting Services Abuja where she worked in leading capacity as Managing Partner. In October 2012 she ventured into lecturing at Kwararafa University Wukari and in 2013 joined the Federal University, Wukari lecturing various accounting subjects at various levels and has served as student Adviser in the Department of Accounting till date.

REPORT OF BOARD & MANAGEMENT

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, 2019.

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 in 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 Chairman's and Managing Director's reports.

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.

INFINITY TRUST MORTGAGE BANK PLC
2019 ANNUAL REPORT AND ACCOUNTS

REPORT OF THE DIRECTORS

6. Operating Results

Gross earnings increased by 38%. Highlights of the Bank's operating results for the year under review are as follows:

	31 December 2019	31 December 2018
	N	N
Gross Earnings	**1,383,270,288**	**1,005,286,270**
Profit Before Taxation	**444,381,725**	**366,756,131**
Taxation	**44,244,447**	**(39,536,360)**
Profit After Taxation	**400,137,278**	**327,219,771**
Other Comprehensive Income	**-**	**56,249,998**
Total Comprehensive Income	**400,137,278**	**383,469,769**

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.

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, 2019 is as stated below:

RANGE	No of Shareholders	% of Shareholders	Number of holdings	% of Shareholdings
1 – 9,000,000	469	97.4	20,467,326	0.5
9,000,001 -10,000,000	3	0.6	30,000,000	0.7
10,000,0001 – 250,000,000	6	1.2	1,400,000,000	33.6
250,000,0001-2,000,000,000	4	0.8	2,719,978,394	65.2
TOTAL	**482**	**100**	**4,170,445,720**	**100**

REPORT OF THE DIRECTORS

iv) Share Capital History

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

YEAR	Authorized		Issued and Fully Paid				
					Units	N	
	Increase	Cumulative	Increase	**Unit Price**			Consideration
2002	100,000,000	100,000,000	100,000,000	1	100,000,000	100,000,000	Cash
2003	-	100,000,000		1	100,000,000	100,000,000	
2004		100,000,000		1	100,000,000	100,000,000	
2005	62,000,000	162,000,000	62,000,000	1	162,000,000	162,000,000	Cash
2006	338,000,000	500,000,000	338,000,000	1	500,000,000	500,000,000	Cash
2007	500,000,000	500,000,000	500,000,000	0.5	1,000,000,000	500,000,000	Cash
2008	1,500,00,000	2,000,000,000	-	0.5	2,000,000,000	1,000,000,000	
2009		2,000,000,000	-	0.5	2,000,000,000	1,000,000,000	
2010	1,000,000,000	3,000,000,000	500,000,000	0.5	3,000,000,000	1,500,000,000	
2011	1,000,000,000	4,000,000,000	-	0.5	3,000,000,000	1,500,000,000	
2012	6,000,000,000	10,000,000,000	233,644,860	0.5	3,467,289,720	1,733,644,860	Cash
2013		10,000,000,000	351,578,000	0.5	4,170,445,720	2,085,222,860	Cash
2014		10,000,000,000		0.5	4,170,445,720	2,085,222,860	
2015		10,000,000,000		0.5	4,170,445,720	2,085,222,860	
2016		10,000,000,000		0.5	4,170,445,720	2,085,222,860	
2017		10,000,000,000		0.5	4,170,445,720	2,085,222,860	
2018		10,000,000,000		0.5	4,170,445,720	2,085,222,860	
2019		10,000,000,000		0.5	4,170,445,720	2,085,222,860	
			2,085,222,860				

8. Substantial interest in shares

According to the register of members as at 31st December 2019, 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. Adeyinka Bibilari	1,278,219,720	30.65%
2	Adkan Services Nig. Ltd	691,758,674	16.59%
3	Labid Investment Ltd	450,000,000	10.79%

REPORT OF THE DIRECTORS

4	Royal Mills Foods	300,000,000	7.19%
5	Mr. Olabanjo Obaleye	250,000,000	6.00%
6	Decimal Links Limited	250,000,000	6.00%
7	Notec Ventures Limited	250,000,000	6.00%
8	Veritas Packaging Company Limited	250,000,000	6.00%

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, 2019 are as follows:

S/N	Names	Position
1	Engr. Adeyinka Bibilari	Chairman
2	Mr. Olabanjo Obaleye	Managing Director
3	Engr. Tunde Olaleke	Non-Executive Director
4	Mr. Dada Ademokoya	Non-Executive Director
5	Mr. Akin Arikawe	Non-Executive Director
6	Maj. Gen. Danladi Pennap (Rtd)	Non-Executive Director
7	Alhaji. Abubakar Muhammad	Independent Director
8	Mrs. Okwa Ene Iyana	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:

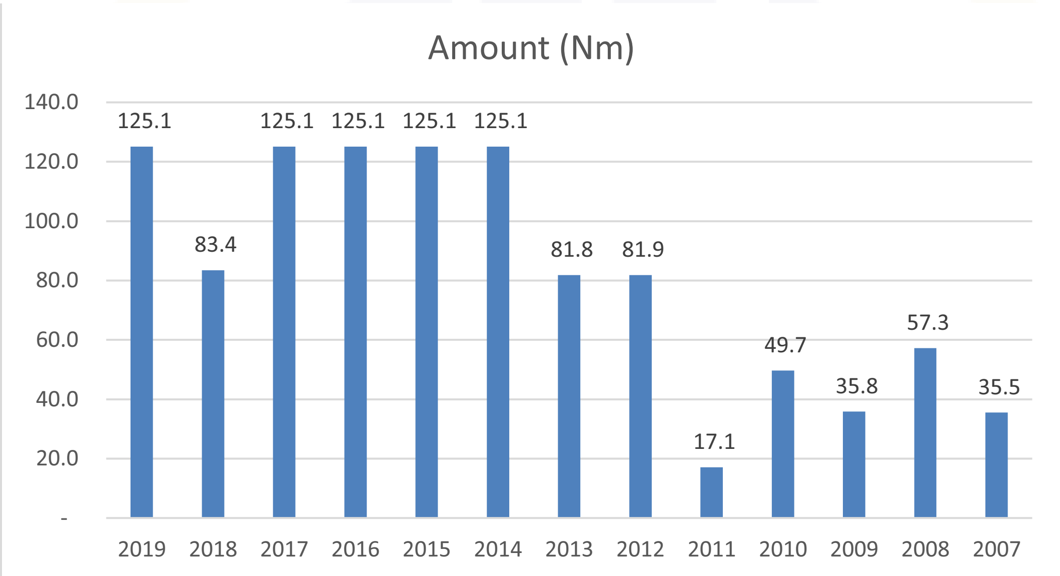
DIRECTORS HOLDINGS AS AT DECEMBER 31, 2019.					
NAME OF DIRECTORS	**DIRECT HOLDINGS**		**INDIRECT HOLDINGS**		**TOTAL**
	Number	**%**		%	**Number**
Engr. Adeyinka Bibilari	1,278,219,720	30.65	2,591,758,674	62.14	3,869,978,394
Mr. Olabanjo Obaleye	250,000,000	6.00	-		250,000,000
Engr. Tunde Olaleke	10,000,000	0.20	-		10,000,000
Mr. Dada Ademokoya	100,000	0.00	-		100,000

REPORT OF THE DIRECTORS

Mr. Akin Arikawe	100,000	0.00	-		100,000
Maj. Gen. Danladi Pennap (Rtd)	1,000,000	0.24	-		1,000.000
	1,539,419,720	37.09	2,592,211,254	62.14	4,131,630,974

12. Dividend Payment-Update

As a result of its profitable operations, the Bank has consistently rewarded its shareholders with return on their investment by paying dividend. 2019 financial year marked the 13th year the Bank paid dividend to its shareholders. The graph below shows the history of the Bank's dividend payment over the years.



13. Corporate Social Responsibility

The Bank continues its tradition of making contributions to charitable and non-political organizations. The donations and corporate social responsibility projects embarked upon by the Bank during the year are shown on page 204.

REPORT OF THE DIRECTORS

14. 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, 2019 which have not been adequately provided for or disclosed.

15. 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	8.3%	0%
Other Directors	7	1	8	58.4%	8.3%
SM to GM	3	0	3	25%	0%

ANALYSIS OF STAFF BY GENDER				
Employees	**Total Number**	**%**	**Employed during the year**	**%**
Male	68	72	7	71
Female	27	28	2	29
Total	95	100	9	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.

REPORT OF THE DIRECTORS

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 Bank's premises.

The Bank operates Group Life Insurance and Workmen Compensation Insurance covers for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2004.

Employee Involvement and Training

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

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

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

16. 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:

	Non - Executive Directors		
1.	Mrs. Okwa Ene Iyana	Independent Director	Chairman
2	Mr. Dada Ademokoya	Non- Executive Director	Member
3	Mr. Akin Arikawe	Non- Executive Director	Member

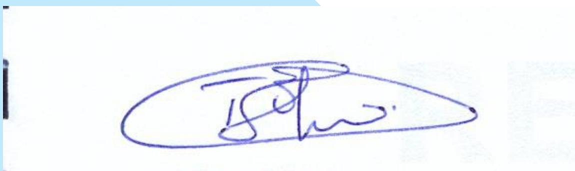
REPORT OF THE DIRECTORS

	Shareholders		
1.	Mr. Lawrence Welle	Shareholder representative	Member
2	Dr. Franklin Akinyosoye	Shareholder representative	Member
3	Mr. Segun Awoeye	Shareholder representative	Member

17. 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
FRC/2017/NBA/00000016418
Company Secretary
Infinity Trust Mortgage Bank Plc
11 Kaura Namoda Street,
Area 3, Garki, Abuja.

Dated this 30th day of January, 2020

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Introduction

Highly esteemed shareholders, members of the Board of Directors, our invited guests, Gentlemen of the press, Staff, Ladies and Gentlemen, with deep sense of responsibility, pride and joy, I welcome you all to the fourteenth Annual General Meeting of our Bank.

In this meeting, us among other things, we shall consider the Audited Financial Statements of the Bank for the year ended 31 December 2019. I will also briefly articulate a review of the operating environment and significant developments that shaped the performance of our bank with in 2019 and the future outlook before presenting our financial statements to you.

The Global Economy

Global growth in 2019 was been downgraded below previous forecasts, reflecting weaker-than expected international trade and investment. Emerging market and developing economies (EMDEs) growth remained constrained by subdued investment, which dampened prospects and impeded progress toward achieving development goals. Risks were also firmly on the downside, in part reflecting the possibility of destabilizing policy developments, including a further escalation of trade tensions between major economies; renewed financial turmoil in EMDEs; and sharper-than-expected slowdowns in major economies.

Trade tensions between China and the United States re-escalated in August 2019, following the announcement by the United States that it will impose further tariffs on Chinese imports. In retaliation, China introduced additional tariffs on some imports from the United States. These developments triggered sharp movements in global equity markets, a decline in global oil prices and higher capital outflows from the emerging economies. As the trade disputes threatened to become even more pervasive, the global growth outlook darkened. The protracted period of high trade tensions exacerbated a cyclical slowdown in global economic activity. In tandem with slowing industrial productions, world trade growth decelerated sharply over the past year. For most developed and developing regions, trade growth has not only weakened compared to 2018, but has also fallen well below historic average growth rate. Alongside recent monetary policy shifts by major central banks, persistent uncertainty surrounding trade actions has induced heightened investor risk aversion and financial market volatility. In many countries, there are signs that the deterioration in business confidence has started to dent investment growth.

The Nigerian Economy

The economy of Nigeria advanced 2.28 percent year-on-year in the third quarter of 2019 compared to an upwardly revised 2.12 percent rise in the previous period. It was the fastest expansion since the fourth quarter of 2018, as oil output grew the most in over three years.

The Central Bank maintained its Monetary Policy stance in the review period, as the Monetary Policy Rate remained at 13.50 per cent. The development reflected the respective growth of 6.0 per cent and 7.3 per cent in aggregate credit (net) and other assets (net) of the banking system. Developments in the money market were mixed, as liquidity fluctuated during the year. Activities that boosted liquidity were mainly inflow from repayment of matured CBN bills, maturing Federal Government (FGN) Bonds and Nigerian Treasury Bills (NTBs), as well as fiscal disbursements to the three tiers of Government, while provisioning and settlement of foreign exchange purchases, auctioning of CBN bills, FGN Bonds and Nigerian Treasury Bills (NTBs) moderated liquidity. Open market operations (OMO) remained the primary instrument for liquidity management, complemented by repo transactions, standing facilities, discount window operations and interventions in the foreign exchange market. The Bank also sustained its supervision and surveillance of the banking system to preserve the health of financial institutions and promote financial system stability.

Interest rates moved in tandem with the level of banking system liquidity during the year as developments in banks' deposit and lending rates were mixed in the third quarter of 2019.

Aggregate foreign exchange inflow into the CBN amounted to US$11.69 billion, showing decline 9.5 per cent, compared with the levels in the corresponding period of 2018. The US dollar exchanged at N358 as at 31 December, 2019.

Activities on the Nigerian Stock Exchange (NSE) were mixed during the year, as the All Share Index (ASI) fell, while the aggregate market capitalization rose at the end of the fourth quarter. The aggregate market capitalization for all listed securities (equities and debts) rose from N11.337 to N12.753 trillion at the end of the fourth quarter of 2019 while the All-Share Index, which opened at 31,037.72 at the beginning of the year, declined by 14.9 per cent to close at 26,416.48 at the end of the fourth quarter (December 31) 2019.

Financial and Mortgage Bank Industry Overview

Notwithstanding these challenges in the operating environment, the Nigerian Real Estate Sector is growing fast and has attained a status as the sixth largest sector in the economy, contributing about 7% to GDP. The Sector is also expected to experience a boost with the plan of the current Government to produce 1 million standardized affordable housing units yearly, under its housing agenda.

However, the plethora of challenges facing the Nigerian Housing Sector has hindered realization of its true potentials. It is however clear that a sustainable partnership between the public and private sectors is required to overcome the challenges and re-focus the sector for growth. Currently, policy directions indicate that the Public Sector (Government) will provide an enabling environment while there is a reliance on the Private Sector to drive housing delivery. Real Estate development is capital intensive, therefore the need for long-term financing is a necessity. Financing is however not the only challenge the sector faces as others include legal and regulatory, institutional and macroeconomic issues.

NMRC and FMBN have continued to reposition themselves for greater impact and relevance while the commencement of operations of the Mortgage Warehouse Fund Limited in 2019 is expected to improve mortgage origination, coverage and penetration. Also, the take-off of the Nigeria Mortgage Guarantee Company (NMGC) will also provide a veritable vehicle to positively impact the mortgage business, sector and industry in Nigeria.

Performance review

In line with existing regulations and extant guidelines, our Bank has continued to prepare its financial statements under the provisions of the applicable International Financial Reporting Standards (IFRS).

Weathering the challenging and hostile business environment in 2019, our Bank achieved a profit before taxation (PBT) of N444.4 million. This means that the Bank has remained consistently profitable for fourteen (14) straight years.

Gross earnings increased by 37.6% from N1.005 billion in 2018 to N1.383 billion, sustaining its performance in the billion arena. Total operating expenses increased by 28.2% from N577 million in 2018 to N740 million in 2019. This culminated in a PBT of N444.4million, an increase of 21.2% over last year's N366.8million. Though customer deposits reduced by N530.5 million or 21.5%, the core mandate of the Bank witnessed a significant boost with loans growing from N3.802 billion in 2018 to N5.338 billion in 2019, an increase of 40%. Houses recognized as held for sale also witnessed a decrease of 50% from N63.8 million to N31.9 million over the period under review. Our secondary market operations characterized by our on lending and refinancing activities grew from N1.650 billion to N2.149 billion, an increase of 30.2%. Total assets also grew from N10.351 billion in 2018 to N10.644 billion in 2019, a growth of 3% while shareholders' funds grew from by 4% from N5.969 billion in 2018 to N6.202 billion in 2019.

Dividend

In line with our objective of maximizing and increasing the wealth of our shareholders and growing their confidence in the Board, Management and Staffs ability to preserve and increase their wealth, we propose a final dividend of 3.5k for every ordinary share held bringing to thirteen consecutive years, the Bank's payment of dividends to its investors.

Board Composition

There was no addition to the Board of Directors during the year. The Board of Directors still consists of eight (8) members who are the Chairman, Managing Director/Chief Executive Officer (MD/CEO), four (4) Non-Executive Directors (Non-EDs) and two (2) Independent Directors. The Directors have diverse background covering several disciplines. These competences have continued to impact on the Bank's stability, profitability and growth.

Outlook

We shall continue to seek new strategies to reposition the bank for greater relevance, impact and service delivery in the future years. We remain resolute in our commitment to be an industry leader in the banking sub sector through innovation, focus and excellent service delivery.

For the financial year 2020, we shall strive to continuously drive our growth and success story, and improve our efficiency & profitability as we pursue and execute our current and expansionary goals. In keeping with this objective, the Bank has articulated a five year strategic plan covering years 2020 to 2024 to streamline, guide and reposition the Bank in its quest for increased national and global relevance. We shall continue to take moderate risks in viable business identification and closure and our strategies on product development, deposit mobilization, mortgage risk assets origination and refinancing, expenditure control and revenue assurance shall continuously be streamlined for greater impact. We shall also continue to leverage on corporate rebranding, existing regulatory support and industry drivers to achieve our corporate objectives.

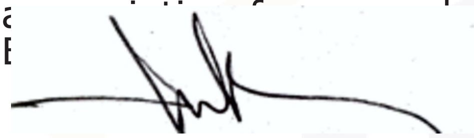
We shall continue to give our support to public interventions and participate in private initiatives aimed at making mortgage more accessible and inclusive. By consolidating our partnerships with the Federal Mortgage Bank of Nigeria, Nigeria Mortgage Refinance Company Plc, Mortgage Warehouse Fund Limited and Mortgage Guarantee Company Limited, we hope to improve liquidity for mortgage financing.

Conclusion

The challenges are too numerous to count, and we may have no control over their emergence or progression, but by leveraging on the unrivaled loyalty, unparalleled support and patronage that we have continued to receive from our esteemed shareholders, regulators, business partners, customers and staff, we shall rise above the tide and sour. United, we shall continue to take giant strides in weathering the storms, consolidating our gains and taking hold of new opportunities.

Appreciation

On behalf of the Board of Directors and fellow shareholders, I express my profound and deep appreciation to all our highly esteemed customers and other stakeholders for their continued patronage, partnership and unwavering support during the year. I also thank my indefatigable fellow Board members for their commitment and confidence in Infinity Trust Mortgage Bank Plc. Kindly accept my deepest regards and warmest a[illegible] solute dedication to the full realization of our E[illegible] or listening and God bless you all.



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

MANAGING DIRECTOR'S/CEO REVIEW

MANAGING DIRECTOR'S/CEO REVIEW

As a Bank, we have continued to meet all regulatory imposed prudential and internally operating ratios. With a Capital Adequacy Ratio of 69% and Liquidity Ratio of 99%, the Bank is well poised to take advantage of profitable business opportunities as well as meet its maturing obligations. Despite the growing cost of doing business, we were able to improve operational efficiency by reducing the Bank's cost to income to 62% in 2019 from the 65% that it was in 2018. With a turnover of almost N1.4 billion, profit after tax came to N400.1 million which represents a 22% increase over 2018 figure of N327.2 million.

We have continued to develop products, services, policies and procedures designed primarily to meet our ever evolving business environment. This coupled with our Enterprise Risk Management Framework has allowed us to balance the level of risks taken with our short and long term business objectives in order to achieve sustainable and consistent results.

During the year, the Bank retained its entity and servicer ratings of Bbb+ and SR3 respectively (Agusto & Co.). The ratings showcases the Bank's strong capitalization, adequate liquidity and funding profile, qualified management team, satisfactory asset quality, efficient risk management processes, succession planning at the leadership level, ample business continuity framework, sound collection and

recovery procedures and strong commitment to staff development. The Central Bank of Nigeria of Nigeria 2019 risk based examination of the Bank also retained the Bank's Moderate Composite Risk rating for 2019. These ratings are strong indicators of the Bank's continuing stability, efficiency and profitability.

Industry Review

The regulatory, supervisory and oversight functions and framework of the Central Bank of Nigeria as well as the Nigeria Deposit Insurance Corporation continues to play a significant role in the vibrancy and health of the sub sector. The annual routine risk based assessment of both institutions as well as various circulars and guidelines serve to keep Banks on their toes as well as guide them in the right direction.

The Nigeria Mortgage Refinance Company Limited (NMRC) has continued to refinance qualifying mortgages, deepening participation and in the sub sector. This year, the Bank refinanced N116.5 million mortgages with the NMRC.

The Federal Mortgage Bank of Nigeria (FMBN) has also lived up to its statutory responsibility by churning out more batches of national housing fund loans to beneficiaries pre- qualified by the Bank with a view to promoting affordable housing. During the year, the Bank received a total of eight (8) batches which amounted to N469 million from the FMBN for on lending to beneficiaries.

The Mortgage Warehouse Fund Limited (MWFL) has begun operations this year. The activities of MWFL which are aimed at complementing those of NMRC, will enable PMBs to expand their origination capacity and ultimately enable them to run their businesses more efficiently and profitably, whilst ensuring the steady growth of the mortgage sub-sector.

Outlook

The gap in the housing supply in Nigeria continues to exist and expand. This is because all the institutional and other initiatives so far deployed has but scratched the surface. More still needs to be done to breach this ever widening gap. Our bank will continue to deploy products and partner with developers and other housing stakeholders to ensure we fulfil our own part in this onerous task. We still call upon our lawmakers to look at the registry and foreclosure legislations as these will catalyze the development of the mortgage market and help bridge the gap.

The Bank has opened a relationship office at Kaduna in a bid to take advantage of the conducive mortgage environment created by the commencement of the Kaduna geographical information system which makes the creation of legal mortgages more efficient in driving refinance-able mortgages. The Bank has already on boarded many customers from that location to be beneficiaries of various mortgage products. As part of our strategic expansion strategy, the Bank is exploring the possibility of opening more branches in selected major cities to tap the huge potential in the mortgage sector in those locations. Efforts at partnering with local and international development, venture capital organizations and forming joint ventures are all avenues the Bank is exploring in achieving this objectives.

With all these strategies and plans, let me re-assure you that there will be significant improvements in all areas of our business this year which will definitely translate to improved ratings, increased earnings and returns on investment for all stakeholders.

Corporate Social Responsibility

In keeping with the tradition of giving back to our immediate environment and society at large, the Bank has continuously been involved in many philanthropic activities. In the year under review, the Bank was involved in several projects cutting across sports, community, professional and educational development to the tune of over N8 million. The Bank shall continue to be involved in such projects that will contribute to the social welfare and development of people and institutions in its sphere of operations.

Awards

In recognition of its sterling performance in the sector, the Bank has won numerous awards over the years. The year 2019 was not an exception. During the year the Bank won three awards namely:

- 2019 – Best Mortgage Bank - Award of recognition given by Inlaks.
- 2019 – Sectoral Leadership award - Given by the Nigeria Stock Exchange for leadership in the financial services sector (Pearls).

- 2019 – Africa Mortgage Bank of the year – Given by the Africa Finance Awards (Mortgage Development Category).

Conclusion

On behalf of the Board, I thank all the staff for their unwavering commitment in ensuring the achievement of the corporate objectives of the Bank. Our concerted efforts will continue to take Infinity Trust Mortgage Bank Plc to greater heights and consolidate our position as the industry leader in the mortgage subsector.

Thank You and God Bless.

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

OTHER STATUTORY REPORTS

ABOUT THIS REPORT

As part of our sustainability strategy, we are committed to issuing an annual sustainability report that follows the Global Reporting Initiative's (GRI) standards. This is our fourth sustainability report, and the report has been prepared in accordance with the GRI Standards: Comprehensive option.

This report provides information on our social, environmental and governance achievements and commitments until December 31, 2019, and covers data and activities from Infinity Trust Mortgage Bank's operations in Nigeria, the main operating market of Infinity Trust Mortgage Bank PLC.

The 2019 Infinity Trust Mortgage Bank Sustainability Report presents our sustainability performance for the period ranging from the 1st of January 2019 to the 31st of December 2019. Material events after this date and up to the 30th of January 2020 have also been included. We consider an issue to be material if it is likely to impact our ability to achieve our strategy, to remain commercially sustainable and socially relevant.
A comprehensive overview of our impact and engagement across economic, social and environmental sectors are covered in the different chapters of this report, with a special emphasis on the role of stakeholders in our sustainability management program.

OUR PROFITABILITY CENTERED FINANCIAL RESULT

Economic Value Added

Economic Performance Below is an analysis of how value was created and distributed to relevant stakeholders during the period:

	31-Dec-19 N	31-Dec-18 N	31-Dec-17 N
Economic Value Generated	**1,070,179,508**	**825,884,738**	666,207,403
Economic Value Distributed			
Employees			
Salaries, wages and pensions	**218,412,452**	148,977,358	120,633,073
Providers of Capital			
Dividend	**167,113,372**	125,408,914	167,113,372
Government			
Government taxes, levies, dues	**42,244,447**	51,511,758	45,251,119
Corporate Social Impact			
Community Investments & Charitable Donations	**8,537,000**	4,375,000	2,342,150
Providers of Finance			
Institutional Lenders	**120,013,029**	61,145,480	44,207,034
Retained in Business			
Maintenance of assets and growth	**513,859,208**	434,466,228	330,867,689
Economic Value Generated	**1,070,179,508**	825,884,738	710,414,437

AWARDS AND RECOGNITIONS

In recognition of its sterling performances and passionate commitment to its vision and mission statements, the Bank through the year received several awards and recognitions from leading national organizations. Some of these awards are:

i. 2019 Sectoral Leadership Award (Financial Services-Mortgage) by Nigeria Stock Exchange PEARL Awards
ii. 2019 Best Mortgage Bank award by Inlaks limited

iii. 2019 African Mortgage Bank of the Year Award (Mortgage Development Services Category- Diamond Award by African Finance Awards

CORPORATE GOVERNANCE

The Bank's performance on Corporate Governance is continuously being monitored and reported. We carry out quarterly and annual reviews of our compliance with the CBN Code and the SEC Code respectively, and render reports to the regulators. The Board has also established a system of independent annual evaluation of its performance, that of its committees and individual directors. The evaluation is done by an independent consultant approved by the Board. In 2019, Messrs. Banwo & Ighodalo was engaged to conduct the performance evaluation. The independent consultant does not have any connection with the Bank or any of its directors. The Board believes that the use of an independent consultant not only encourages directors to be more candid in their evaluation of the Board performance, but also enhances the objectivity and transparency of the evaluation process. The result of the Board performance evaluation was presented by the independent consultant to the Board.

The evaluation was a 360 degree exercise covering directors' self-assessment, peer assessment and evaluation of the Board and the Committees. The effectiveness of the Independent Directors vis-à-vis the CBN Guidelines on Independent Directors of Banks was also evaluated. The result confirmed that the individual directors and the Board continue to operate at a very high level of effectiveness and efficiency. The review also covered the effectiveness of the corporate governance structure in place in the Bank.

Appointment, Retirement and Re-election of Directors

The Board has put in place a formal process for the selection of new directors to ensure the transparency of the nomination process. The process is documented in the Fit and Proper Person policy and is led by the Board Governance and Nominations Committee. The Committee identifies candidates for appointment as director in consultation with the Chairman, the Group Managing Director and/or any other director, or through the use of search firms or such other methods as the Committee deems helpful to identify candidates. Once candidates have been identified, the Committee shall confirm that the candidates meet the minimum qualifications for director nominees set forth in the policy. The Committee may gather information about the candidates through interviews, questionnaires, background checks, or any other means that the Committee deems helpful in the evaluation process. The Committee meets to discuss and evaluate the qualities and skills of each candidate, taking into account the overall composition and needs of the Board. Based on the results of the evaluation process, the Committee shall recommend candidates to the Board for appointment as a director subject to shareholders and Central Bank of Nigeria's approval.

Given their experience and background, the Board believes that they will continue to add value to the Bank. The Board recommended the re-election of all the Directors to maintain the needed balance of skill, knowledge and experience on the Board.

ENGAGING OUR STAKEHOLDERS

At Infinity Trust Mortgage Bank Plc, we engage our stakeholders and respond to their expectations and priorities as a cornerstone to enhancing our strategy and operations by creating a two-way channel for communicating stakeholder needs and the Bank's impact.

To better understand our stakeholders' needs, we regularly map their needs to capture our methods of engagement, identify priority issues for both the Bank and the stakeholders, and track the Bank's response to these issues. The results guide the Bank's efforts in fulfilling stakeholders' needs through the strategic objectives and initiatives we implement.

Stakeholders Group and Dialogue Platform	Our Approach	Impact
Shareholders, Investors and Analysts Annual General Meetings and Minutes, Face-to-Face and, Presentations and Briefings via Press), Public Disclosure Platform, Annual Report, Press Releases, Investor Presentations	The dialogue mechanism that was developed to ensure continuous communication between Infinity Trust Mortgage Bank Plc's management and stakeholders is based upon the principles of transparency, accountability, and regular information disclosure.	ITMB's Investor Relations Department informs investors regularly on the Bank's environmental, social and economic sustainability performance both in writing and verbally.
Employees Regular Meetings, ITMB Intranet portal, Emails, Annual reports and sustainability, reports, Face-to-face awareness training on several topics, Meetings and workshops Award ceremonies, Internal newsletters and circulars, Internal committees	Infinity Trust Mortgage Bank Plc is aware that high motivation and satisfaction levels among its employees are determinant in ensuring long-standing business performance. Infinity Trust Mortgage Bank is aware that high motivation and satisfaction levels among its employees are determinant in ensuring long-standing business performance. The Bank takes heed of regularly eliciting its employees' opinions and	Infinity Trust Mortgage Bank Plc established effective channels of communication to ensure effective internal communication. Messages of the senior management and the Bank's quarterly performance results are communicated first-hand to employees via the quarterly-newsletter. This aims to keep internal synergy dynamic, improve bilateral communication, and increase all employee's motivation to reach common goals. Important information is

	expectations and tries to bring related practices to life.	disseminated to staff through the intranet and email on a regular basis.
Customers Contact Us via our website, Social Media, E-Mail Notifications, Customer Business Development Meetings, the Media, Advertising and Promotional Campaigns, E-Mail Messages, and Corporate TVs features and advertisements, Service channels, Customer care	Customer satisfaction is ITMB's top priority. Customer satisfaction is ITMB's first priority. Opinions and expectations of customers guide the Bank in developing products and services. In order to sustain customer satisfaction, ITMB implements numerous practices: information security, responsible marketing communications, innovative and environmentally friendly products, and supporting customers in business development.	ITMB is in constant contact with customers via all our active social media accounts. Our personnel, specially trained for this media and offering services 24/7, respond to customers query instantly, offer solutions to complaints, and record suggestions by customers.
Public Authority and Regulators Workshop, meetings, forums, conferences, reports, press	ITMB is committed to thoroughly complying with all related laws and policies in all its activities. Infinity Trust Mortgage Bank Plc is	ITMB has abided with all the stated policies and regulations and did not have or record any infraction or sanction in 2019.

releases, verbal and written communications	committed thoroughly complying with all related laws and regulations in all its activities. ITMB participates in forums, conferences and workshops with the aim of closely following the agenda, identifying trends, and developing and adapting its products and services in line with expectations of customers and legislators in a timely manner. Furthermore, the Bank closely monitors developments related to the mortgage banking industry and present its opinions on legislative and regulatory amendments to related authorities.	
Suppliers Supplier Identification Forms, Meetings, Internal code of ethics for suppliers	ITMB expects the suppliers to cooperates in the scope of its operations to act in accordance with the Bank's principles and values. The Bank also supports their development through continuous information transfer.	ITMB informs the companies in its supplier portfolio of our Ethical Principles and Sustainability Policies.

Local Community Infinity Trust Mortgage Bank Organizes and Participates in, Local Sponsorship, women empowerment, sport activities, Press Releases, financial literacy initiatives	ITMB strives to support numerous activities that offer social benefits and to reach local communities in areas where it operates.	We were able to touch over 15,000 lives with social responsibility efforts in the year.
Media Press Conferences, Press Releases, Daily News highlight	ITMB aims to maintain continuous dialogue with national and international media, to inform them promptly and accurately through press releases, and to share opinions with opinion leaders at press conferences and corporate events	ITMB's senior management and relevant spokespersons regularly meet with prominent figures of the media community and exchange opinions at press conferences organized to discuss industry trends and the Bank's products and services

SHAREHOLDERS ENGAGEMENT

The Board recognizes the importance of ensuring the flow of complete, adequate and timely information to shareholders to enable them make informed decisions. The Bank is committed to maintaining high standards of corporate disclosure.

Shareholders meetings are convened and held in an open manner in line with the Bank's Articles of Association and existing statutory and regulatory regimes, for the purpose of deliberating on issues affecting the Bank's strategic direction. The Annual General Meeting is a medium for promoting interaction between the board, management and shareholders. Attendance at the Annual General Meeting is open to shareholders or their proxies, while proceedings at such meetings are usually monitored by members of the press, representatives of the Nigerian Stock Exchange, the Central Bank of Nigeria and the Securities and Exchange Commission. The Board ensures that shareholders are provided with adequate notice of meetings.

The Bank has a dedicated Investors Relations Personnel, who focuses on facilitating communication with shareholders and analysts on a regular basis and addressing their queries and concerns. Investors and stakeholders frequently are provided with information about the Bank through various channels, including the General Meeting, the website, the Annual Reports and Accounts, the Sustainability Report and the Investors Forum at the Stock Exchange.

The Bank has a robust Investors Communication and Disclosure Policy. As provided in the policy, the Board and management ensure that communication with the investing public about the Bank is timely, factual, broadly disseminated and accurate in accordance with all applicable legal and regulatory requirements. The Bank's reports and communication to shareholders and other stakeholders are in plain, readable and understandable format. The Bank's website www.infinitytrustmortgagebank.com is regularly updated with both financial and non-financial information.

The Board ensures that shareholders' statutory and general rights are protected at all times, particularly their right to vote at general meetings. The Board also ensures that all shareholders are treated equally regardless of the size of their shareholding and social conditions.

Our shareholders are encouraged to share in the responsibility of sustaining the Bank's corporate values by exercising their rights as protected by law.

PART II
DETERMINING MATERIALITY
Materiality

Material issues are those that reflect our organization's most significant environmental, social and governance impacts, or those that influence the assessments and decisions of our internal and external stakeholders. Comprehensive assessment of the Bank's material issues takes place on an annual basis. As we have done in previous years, we have analyzed all the relevant material issues and examined them with our sustainability champions. As a result of our materiality process, we have revised our materiality issues and succeeded in identifying 18 material sustainability issues;

- Governance and Accountability
- Transparent Disclosure of Performance
- Customer Experience and Satisfaction
- Training and Development
- Human Rights
- Anti-Corruption Processes
- Responsible and Ethical Behavior
- Competitive Benefits
- Process Digitization
- Supporting Local Communities
- Engaging with Community Based Organizations
- Accessibility to Products and Services
- Communicate Transparently with Customers
- Offering Sustainable Products and Services
- Diversity and Equal Opportunity
- Risk Behavior and Culture

- Employees Wellbeing Employees Engagement
- Emission Reduction
- Energy Usage

Macroeconomic stability

ITMB conducts stress tests and scenario analyses to reposition the Bank against likely exposure to macroeconomic pressure

Regulatory headwinds

The Bank operates an internal watch system, tasked with consistently ensuring that we stay above regulatory limits by having adequate capital (both financial and human) to support our growth in an increasingly turbulent environment

Financial disclosures

- Adherence to regulatory (local and international) standards of disclosures
- Timely and organized disclosure voluntary information
- Ensure Management is accessible to relevant stakeholders

APPROACH TO SUSTAINABILITY

The Premise

OUR VISION: To be the ideal customer focused Mortgage Bank

OUR MISSION: To be the role model for mortgage businesses through **excellent customer service**, leveraging the **best in technology**, abiding by **ethical and professional standards** while **creating shelter and wealth** for all stakeholders

OUR CORE VALUES

SWATT

Service Excellence – to our clients - Surpassing regular expectations, to be the best in all that we do;

We live to serve our customers

Setting the standards for what it means to be outstanding;

We are unrepentantly committed to excellence, even when the going gets tough;

Keeping in mind that excellence requires dedication and commitment; and

Our approach is not 'excellence at all costs' but 'excellence on all fronts' so that we deliver outcomes that are economically, environmentally and socially responsible.

Wealth Creation Through Shelter - for all stakeholders internal and external - Economic empowerment: Enabling people to achieve more through provision of finance, lifting people up throughout the value chain;

– Financial/Mortgage education: Helping people clearly understand how our products and services work;

– Financial/Mortgage inclusion: Providing finance to those individuals and communities that traditionally have limited or no ITMB to finance for housing; and

– Treating customers fairly: Building long-term relationships based on trust, fairness and transparency.

Ace – Industry leader, bringing to bear the highest standards of professionalism and ethics
Leading by example, leading with guts;
Being first, being the best, sometimes being the only;
Setting the standard;
Challenging the status quo; and
Market making

Technology – employing the best of resource in technology to drive optimum service
Going from concept to market/ reality; and
Anticipating and responding quickly to market needs with the right technology, products and services to achieve customer objectives.

Team Work – we know that as a united work-force, we are limitless – Infinity
Recruiting and retaining the right people and teams based on shared values and vision;
Developing our people to become world-class professionals;
Encouraging a sense of ownership at the individual level whilst fostering team spirit and loyalty to a shared vision;
Promoting a sense of belonging and community;
Facilitating continuous learning by providing the training, tools and coaching to help our people grow;
Helping them take care of their health;
Pursuing a positive work/life balance for increased productivity and improved employee satisfaction; and
Encouraging a diverse workforce; respect for and appreciation of differences in ethnicity, gender, age, national origin, disability and religion.

PART III: SUSTAINABILITY AT INFINITY TRUST MORTGAGE BANK PLC

RESPONSIBLE BUSINESS, VALUABLE BUSINESS

OUR STRATEGY

As a Bank, we are not only in business to maximize shareholders' value; we consider the social and environmental impact of every aspect of our banking operations. The Bank's Management has a high level of focus on sustainability and the Bank's strategy is to integrate sustainability into our operations for the long term success of our

business. ITMB's Board of Directors, through an established CSR/ Sustainability Policy, provides the highest level of governance oversight for sustainability management. The CSR/ Sustainability Policy ensures proper oversight of the delivery of the Bank's sustainable business strategy, to ensure the Bank's sustainability ambitions in each of its strategic priorities are achieved. We adopt global best practice principles, frameworks and standards, to support the effective mainstreaming of sustainability in the Bank.

In 2019, our sustainability approach focused on responsible business practice, community investment and strategic positioning on sustainability. Our banking philosophy promotes economic development and sustainable social and environmental causes across a range of stakeholders. Our responsible business practice encompasses economic development and advocacy; employee and stakeholder relations; treating customers fairly; the environment; and employee empowerment. In the period under review, we made progress in our sustainability performance with regards to our environmental, social and economic impacts.

Our strategic result areas include:

Environment: By focusing and applying our resources and experience, we have become a powerful force in managing operational impact of business on the environment by mainstreaming environmentally friendly policies into our business.

Supply Chain: In our journey to becoming a truly sustainable enterprise, our Bank has taken a look beyond direct operations and deep into supply chain. We continue to influence the behaviour of suppliers by enforcing policies covering human rights, labour, and environment. We also entrench best practice policy in our procurement activities.

People and culture: We have continued to attain business unit buy-in for a broad Environmental and Social Risk Management (ESRM) Policy which is applied in our lending decision. We also continue to pursue our aspiration to be the employer of choice in the communities where we operate.

Community: Putting the community at the center of everything we do is critical to our success. Our business is focused on listening to the needs of the communities in which we operate and provide genuine solutions that help improve such communities.

RISK/OPPORTUNITIES ASSESSMENT

Sustainability opportunities are identified through growth of the business and implementation of sustainability solutions at business unit level, as well as the Bank's participation in sustainability and environmental fora. These fora provide platforms to actively pursue sustainability opportunities and, where necessary, incubate new projects until they mature enough to be fully integrated into the operations of the business unit concerned.

We ensure that our risk management systems cover governance, regulatory, compliance and reputational risks associated with direct and indirect environmental and social impacts.

These risk reporting systems have been informed by the Environmental, Social and Governance (ESG) framework.

The Bank's environmental, social and governance risks are addressed by a policy guideline, which assesses environmental and social risk issues in credit and lending.

This forms part of the Bank's wide framework for addressing the Equator Principles (EP), and provides for internal monitoring and management of ESG performance.

Prudent Risk Management of ESG Issues

As a leading Nigerian financial institution, we recognize that our lending activities can have an impact on the environment and society. As such, we use sound risk management practices to identify, evaluate and mitigate, to the extent practical, the environmental and social impacts of our lending and financing lending activities, and we avoid dealing with borrowers who have poor environmental and social risk management track records.

As part of the Bank's risk governance structure, the Risk Management Department (RMD) is responsible for ensuring that the Bank has a robust system for identifying and managing lending and financing risks that the Bank is exposed to through our financial activities. This is done by the Credit Risk Management Department through addressing environmental and social risks at the Bank Credit Policies. For further details about our Risk Management approach, see page 143 of this report.

Responsible Lending

Our responsible financing in lending is twofold; selling the right products and services to the right person, and working on enhancing their financial literacy.

ITMB continues to adopt a responsible lending approach to ensure that credit provided to individuals doesn't place a burden on customers in the future. This is achieved by providing customers with the necessary information to help them make the right decision when it comes to their borrowing needs, and then this is matched with product risks to ensure our customers receive the right products with minimal risks through implementing the relevant credit approval policies. These policies, which are reviewed on an annual basis, consider the customers' ability to repay in a manner that reduces risk to the individual and the Bank. They also focus on maintaining the Debt Burden Ratio (DBR) in line with Central Bank Regulations and minimum required salary at acceptable thresholds.

Emerging from the Transparency and Dealing with Customers Fairly policy, the Bank's products and services, including loans and facilities, are built to cater to the needs and reasonable expectations of customers. The customers are then informed about the financial components of the facilities (e.g. repayment, interest rate, tenor) with the aim of assisting them to make an informed and educated decision. The Bank applies a quality assurance process to ensure that lending products and services do what they are intended to do. As a result, the Bank ensures that all new products are designed to be appropriate to their target group and test driven, while customer feedback is taken into account in the design and implementation phases.

EXCEEDING CUSTOMERS EXPECTATIONS

The Bank's customers represent the core of our business as it is our vision; to be an ideal customer focused bank, so we ensure that we align our operations to meet their evolving needs and expectations through the extensive range of banking services we offer them, along with other non-banking activities. Ultimately, this enables the Bank to attract new customers in line with our mission of becoming the leading financial institution in the Arab world.

Infinity Trust Mortgage Bank is achieving this through:

- Continuously developing our products and services to meet the evolving needs of our customers.

- Exceling in our customer services across our banking channels.

Continuously Developing our Products
Our philosophy revolves around providing our customers with responsive banking solutions. This philosophy is manifested through offering a wide range of value propositions supported by seamless channels to optimize their banking experience. We are constantly developing products that meets up with customers' expectations. We constantly review our product categories to ensure that it exceeds the expectation of customers.
We have developed variety of mortgage products for the categories of customers, this is to ensure that our tagline of 'creating shelter for all' isn't just a phrase but what we are truly committed to.

Excel in Customer Service
Providing excellent customer service is at the heart of our business model, which is why we strive to continuously improve efficiency across our operations, and aim to excel in satisfying our customers by actively monitoring a set of service standards that were created according to industry best practices.

Provide Customers with a Seamless Banking Experience
At Infinity Trust Mortgage Bank Plc, we are committed to improving our service proposition through the constant development of our banking channels, thus we invest considerable resources in identifying ways to better serve our customers and adapt to their evolving needs. In the process, we ensure that our customers enjoy a seamless banking experience at the different touch points. The Bank utilizes an array of banking channels to engage with customers. These tools provide our customers with different convenient banking options.

Empowering Our Employees to Deliver Outstanding Customer Experience
The Bank believes that having empowered, motivated and professional employees who can meet our customers' financial and non-financial needs is key to achieving service excellence. Our approach to achieve this is through having knowledgeable and experienced employees, who understand our customers' needs and expectations.

Knowledgeable and Experienced Employees
To ensure that we increase the level of knowledge and experience of our branch staff, Infinity Trust Mortgage Bank continuously conduct training courses in order to pave the way for employee career growth and excellent service delivery to our customers

Customer Experience Monitoring Tools
The Bank continued to implement monitoring to measure and boost the level of knowledge and awareness about specific products, services, campaigns, policies and procedures among frontline employees.

Customer Engagement and Fair Treatment
Clear and transparent engagement is an essential component of providing excellent services to our customers, maintaining their trust and loyalty, and

empowering them to make the right financial decisions.

Infinity Trust Mortgage Bank utilizes its social media channels to engage with its stakeholders on all levels. This includes informing them about important updates and news from the Bank, helpful tips about maintaining information security and how to make the most of the Bank's services. The Bank also actively engages with the youth segment from a lifestyle perspective in line with the Bank's commitment to reaching out and engaging with young people in Nigeria. Currently on our social media platforms, we have achieved the following:

Facebook: over 1,200 followers
Instagram: over 1,000 followers
Twitter: over 1,500 followers
The Bank also have presence in LinkedIn and YouTube.

A special policy was developed to ensure that transparent, ethical and fair treatment and engagement with customers is a core value of our operations. The fairness policy requires us to design products and services to meet the needs of each identified customer group, and provide them with professional advice appropriate to their circumstances. This also involves making information fully and clearly available before, during and after every point of sale.

OUR FIVE-YEAR STRATEGIC FOCUS

Areas of Focus	Key Strategic drivers
Expansion: Geographic and organic growth	• Geographic expansion to enable the bank access to new markets • Identifying locations for specific expansion • Upgrading the direct and electronic channels • Product innovation • Developing products and services with higher levels of risk-adjusted profitability. • Increasing in market share: New customers
Profit and Balance Sheet Growth	• Increasing market share • Increased Profitability Reduced Cost to income ratio • Increasing Income Margins • Reduced finance costs

Strengthening and Optimizing Capital	• Capital Increase • Investor base development • Organic capital Generation • Active liquidity portfolio management and cost efficiency in mobilizing short and long-term funding Refinancing • Drawing Special Funds • Syndication participation
Enhanced Information Technology Process, Human Resources and Reputation Management	• • Create value by delivering IT services, products, and innovative solutions to enable business growth and meet future challenges. • Cybersecurity Digital Banking • Attract, engage and retain a highly skilled work force • Top bottom succession planning across all cadre • Capacity Building • Corporate culture • Compensation and Promotion policies • Performance measurement • Brand Awareness • Corporate Social Impact
Enterprise Risk Management (ERM**)**	• Risk ownership • Risk management competency • Periodic risk monitoring, reporting and communication

INFINITY TRUST'S UPDATE ON UNITED NATIONS GLOBAL COMPACT

UNGC Principles		**ITMB's Corresponding Initiatives in 2019**
Human Rights	**Principle 1:** Businesses should	ITMB is cognizant of our stance on human right protection. Through improved awareness to our

	support and respect the protection of internationally proclaimed human rights; **Principle 2:** Make sure that they are not complicit in human rights abuses.	stakeholders, we ensure that our lending activities do not go into projects with a potentially adverse human rights impact. ITMB's human rights policy also upholds the protection of the rights of our employees against discrimination, segregation, and oppression. We uphold fairness in our dealings with our staff, striving in all ways possible to provide and maintain a safe and healthy work environment, which provides ITMB to ancillary amenities and recreational facilities to improve the quality of life of our workforce. Through our Human Resources Unit, the Bank continues to monitor and raise internal human rights awareness through formal and informal awareness creation amongst employees and management. We also maintain a Bank-wide grievance process through which staff and even outsiders can report, amongst other issues, human rights abuses. During the reporting year, our Bank received no internal or external grievance relating to human rights abuse.
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. Principle 4: The elimination of all	ITMB is a responsible employer of labour. Our clearly documented human resources policies have been built upon the foundations of the Nigerian Labour Laws and, where applicable, international best practices such as the International Labour Organization (ILO) conventions. **The Bank communicates and makes these policies available to all staff.** Thus, we keep our people aware of their rights, privileges and responsibilities within the

	forms of forced and compulsory labour. Principle 5: The effective abolition of child labour Principle 6: The elimination of discrimination in respect of employment and occupation.	provisions of these local and international labour best practices. In addition, our whistle-blower lines provide our employees with confidence to report all cases of labour and employee relations abuses experienced. ITMB did not receive any such complaints during the year. Our human resources policies are well furnished with conditions of service that truly recognize and allow for, continuous dialogue between the management and employees whenever key decisions, which concern employees are to be made. These commitments are indeed acknowl-edged by line managers, team-leads and supervisors Bank-wide. This enables a system of mutual respect thrive amongst employees. ITMB strongly upholds a positive corporate culture, which respects all employees and as such forced and compulsory labour is eliminated. In addition, ITMB frowns strongly on child labour, neither does the Bank approve business with vendors or borrowers who engage in the use of underage workers or any form of coerced labour. The Bank is also making significant progress in its diversity agenda. We have continued to demonstrate our superior commitment to policies and practices related to supporting the empowerment of women and advancing gender equality in our workplaces. The Bank subscribes to the Women's Empowerment Principles and has gradually begun to eliminate traditional banking stereotypes in which women for example, were excluded from certain roles and opportunities. This progress can be seen, for example, in the status of female employment, whereby there is an

		uptrend for women in senior management, as well as women on the Bank's Board. In addition, the Bank makes equal remuneration to both men and women who work at the same level, and promotes continued support, employment and non-discrimination of women during cases of pregnancy and after childbirth. For example, the Bank makes provision for maternity leaves, and more flexible work options during periods after child birth, such that retention rates after such parental leaves stand at about 100%.
Environment	**Principle 7:** Businesses should support a precautionary approach to environmental challenges. **Principle 8:** Undertake initiatives to promote greater environmental responsibility. **Principle 9:** Encourage the development and diffusion of environmentally-friendly technologies.	The rapidly-increasing urgency and need for action to alleviate global environmental challenges continue to increase the Bank's climate change awareness. Several other initiatives are also ongoing in the Bank to ensure that the businesses we lend to and finance do not have adverse environmental impacts, or at least have impacts that can be mitigated. Amongst others, key instruments we use to do this, have primarily included environmental impact assessments and due diligence audits of prospective projects, clients and suppliers.
Anti-corruption	**Principle 10:** Businesses should	ITMB has a corporate framework in place for this purpose, establishing the basic guiding principles

	work against corruption in all its forms, including extortion and bribery	and policies concerning this matter and the minimum standards that must be adhered to by all units responsible for managing and coordinating the systems and procedures for the prevention of all forms of extortion, bribery, and money laundering. Our framework also entails investigating and dealing with any reports of suspicious activities and any requests for information from our anti-bribery compliance officers. These officers help to instill the highest ethical and legal standards amongst the Banks employees, and track compliance by screening our operations practices against relevant and applicable local and international laws relating to corruption, bribery and anti-competitive behaviour. A good proportion of our staff have been trained in Anti-Money Laundering and Combating the Financing of Terrorism and the training is ongoing as being expanded to more staff. In addition, the Bank has imbibed a strict culture towards corruption and bribery defaulters in which the Bank adopts disciplinary/punitive approaches, which may, for instance, lead to dismissal of staff and perhaps blacklisting, in case of non-complying suppliers. No legal action was taken against ITMB in 2019 with respect to corruption, bribery, anti-competitive behaviour or violations of any related local and/or international laws.

PART IV

ITMB'S KEY RESPONSES IN 2019

COMMUNITY ENGAGEMENT

In line with our key focus areas – community, workplace, marketplace and environment - we have responded to the issues that matter most to our stakeholders and to our operations.

Community

The communities where we operate are crucial to our quest for sustainable development. We understand that our presence and operations have direct and indirect effects on the livelihoods of these communities, and we have pledged to operate in a manner that promotes peaceful and mutual coexistence to ensure undisrupted business continuity.

As part of our sustainable community investments, we initiated several projects through which we were brought closer to our communities and we responded to their need for capacity building & awareness creation, and enhanced communication. Some areas of involvement during the year are:

External

- Education/ Capacity Building
- Sports Development
- Professional and Industry Development
- Hospitality and Community Development

A more detailed description of engagement under each heading above can be found in page 215 of the annual report and accounts.

The Impact

Education

In commemoration of the Children's day celebration, the bank provided notebooks and mathematical tool sets for selected school children in order to enhance the learning process. A total of 100 school children benefitted from this initiative.

Orphanage and Widow Support Programme

The Bank provides support to organizations that improve the quality of lives with the required tools needed to prepare them to be integrated into society and become self-reliant and productive members of their communities. An orphanage home and a widow's foundation benefited from our outreach in 2019.

Financial/Mortgage Literacy Programme and Advocacy Initiatives

Over 10,000 persons were reached in the course of 2019 in our mortgage literacy and advocacy programmes. The Second edition of the Infinity Mortgage and Housing Chronicle was published in September 2019. This magazine is an enlightenment and advocacy tool in the industry. Copies of the first edition were circulated to all stakeholder groups (Embassies, Regulatory Institutions, Primary Mortgage Banks) and most importantly to tertiary institutions in Lagos, Nassarawa states and FCT Abuja, reaching over 10,000 people.

Market Relationships

Better mortgage market penetration was encouraged and championed by the Bank as it participated in the Mortgage Banking Association of Nigeria (MBAN) industry activities, conferences and training in the course of 2019. The bank also participated, collaborated and sponsored related industry events including the 13th Abuja International Housing Show, African Economic Congress, Business Day Business Roundtable among others.

Environment

As an ethical and responsible company, we operate with strong respect for our environment and focus on reducing our environmental impact.

Health & Safety

Safety is a priority to us at the ITMB Plc. The ITMB security unit conducts on-the- job training and refreshers as well as other regular training sessions. Areas covered include security role and expectations, guard duties, emergency response, relationship with staff and stakeholders HSE thrust. We also engage third parties to provide pre-deployment training which cover topics like the requirements of the security function, security procedures, ethics/conduct and personal hygiene to deployed guards. Following our strategic measure, we did not record any major workplace disaster.

Workplace Recycling

To reduce our waste and impact on the environment, ITMB has maintained and improved its already established Workplace Recycling Initiative to ensure safe and reliable disposal and recycling of waste generated on its premises. This initiative is implemented in partnership with the Abuja Environmental Protection Board AEPB. ITMB currently recycles paper and plastics, which make up 10% of its total waste.

Energy Efficiency/Green Energy

Infinity Trust Mortgage Bank has installed solar power infrastructure to further expand the green energy initiative of the bank. The installed capacity powered about 20% of the energy need at the Head Office Building especially the IT infrastructure and has improved operational efficiency.

EMPLOYEE EMPOWERMENT

Our vision, mission and core values guide the code of conduct of our employees and create a workforce that supports productivity. At ITMB, our employees can communicate their concerns and questions confidentially. We understand and value

diversity and inclusion, and, therefore, maintain a workplace free from harassment, and report potential violations to the company without fear of retaliation. Fortunately, we did not have any reported grievances about labor practices during the reporting period and no reported incidence of discrimination. ITMB does not practice collective
bargaining and as such, none of our employees are bound by collective bargaining agreement.

We also offer our employees attractive jobs with sound work-life balance, comprehensive development and training opportunities and a good long-term career prospect. We strategically manage and motivate our employees because we believe that the more satisfied, motivated, and engaged they are, the more passionate and productive they would be in delivering unique, high quality services to our customers and stakeholders.

Diversity and Equal Opportunities

At ITMB, we believe in the art of thinking independently together; hence, there is strength in our diversity. Our business practices and commitment to diversity of all kinds – including gender, age, race, religion, state of origin, – is a strategic action area for us and it is reflected in every aspect of our business. Our diversity drives innovation and it is integral to the success of our business. Therefore, it is vital that all employees understand the importance of diversity in the workplace and appreciate each other's contribution to the bank.

The Bank considers enhancement of intercultural understanding as a strategic issue for success. We know that our ability to build an inclusive environment with diverse skills and expertise is critical to meeting our customers' needs, and attracting, developing and retaining talent. We strive to create a workplace in which our employees are empowered and engaged, providing them with opportunities and platforms to grow. Compensation level is also based on merit and is determined by qualification, experience level, special skills, if available, and performance.

We held 4 editions of 'National Day Celebration' during the course of 2019. On National days, staff members are encouraged to dress up in national attires to reflect their ethnic nationalities and share cultural exchanges of food, refreshments and other information at the workplace, fostering intercultural understanding and respect.

Enabling Conducive Work Environment

At ITMB, our employees are important to us. Their safety and satisfaction is our responsibility hence, we operate according to the UNGC and GRI principles regarding human rights and labor. We have a work environment that fosters inclusiveness, diversity and equal opportunities for all; an environment where highest standards of behavior are established, demonstrated and maintained.

Competitive Benefits

The Bank provides competitive salary packages and benefits, with a standard entry wage significantly above the national minimum wage. Salary packages are commensurate with know-how, experience and skills.

Salaries are determined independently of gender, as pay scales are based on market studies conducted by renowned consultancy companies on a regular basis. The Bank also discretionally grants its employees annual increases, cost of living and performance bonuses to reward performance, and adjust salaries with cost of living in each local market.

With at least over 90% of employees working on a full-time basis, the Bank continually introduces additional benefits including, but not limited to, upgrading health insurance coverage, educational loans, and loans for employees with preferential interest rates.

Health, Safety and Wellbeing

The Bank Plc is committed to providing a work environment that is safe, secure and productive, and where all employees are treated fairly and with respect, upholding the highest standards of integrity and trust, with the ultimate objective of achieving high levels of satisfaction.

While the risk of major health and safety incidents is relatively low in the service industry, Infinity Trust Mortgage Bank is committed to continuously minimizing this risk to ensure zero workplace-related injuries and fatalities.

Automatic emergency alarm has been installed at our offices in the case of events that can lead to fire or major disaster.

EMPLOYEE ENGAGEMENT AND TRANSPARENT COMMUNICATIONS

The Bank believes that proactive engagement with all employees contributes to enhanced productivity, creativity and satisfaction.

The Bank's internal regulations are comply with Nigeria's labor laws. The Bank operates under a set of internal policies that ensure a respectful work environment that does not tolerate any form of discrimination, bullying or harassment.

Annual Performance Review

All ITMB employees have a career development plan, and receive annual performance reviews with their supervisor or line manager to identify personal achievements and areas for improvement. This facilitates openness and dialogue between employees and their supervisors, and enables the Bank to provide appropriate and targeted training opportunities.

Intranet

This internal communication portal (intranet) includes the Bank's information, news, circulars, divisions, phone directory, special offers for employees and the

Bank's policy center. The ITMB's home page features special banners that present a unique employee engaging tool used in campaigns and internal communications,

Internal Newsletter

Since 2017, Infinity Trust Mortgage Bank has been publishing an electronic internal newsletter to keep employees updated with the Bank's latest news and programs.

EMPLOYEE TRAINING AND DEVELOPMENT

We operate in a skill-centered and fast-moving industry where our strongest competitive advantage lies in the knowledge and skills of our employees. Thus, investing in the learning and development of employees is our foremost sustainability objective.

Training courses are designed and developed internally or in collaboration with training vendors based on assessment of employees' training and development needs.

The aim of our training programs is to provide employees with skills and capacity building opportunities that meet the needs and expectations of our operations. Our training programs include internal and external training opportunities. Employee career development is also ensured through several tools including talent management and succession planning.

GENDER DIVERSITY/EMPLOYEE DISTRIBUTION REPORT

	MALE	FEMALE	TOTAL
TOTAL NUMBER OF EMPLOYEES	67	28	94
PERCENTAGE	71	29	100

	SENIOR STAFF	JUNIOR STAFF	TOTAL
MALE	39	28	67
FEMALE	17	11	28
TOTAL	55	39	95

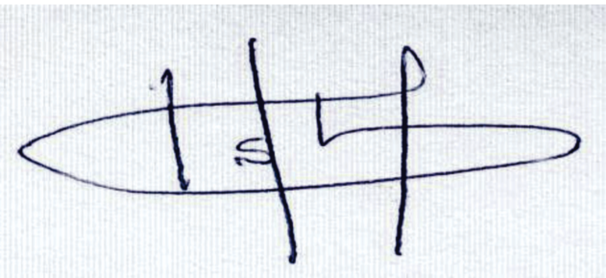
EMPLOYEES IN FUNCTIONAL ROLE	**MALE**	**FEMALE**	**TOTAL**
	67	28	95
Operations	14	5	19
Business Development Department	10	8	18
Administration/Human Resource	2	8	10
Communication	1	1	2
E-Business	2	1	3
Treasury	1	1	2
Information Technology	4	0	4
Internal Audit	2	1	3
Secondary Market	2	0	2
Strategy & Risk Management	2	1	3
Legal	2	1	3
Mobility	18	0	18
Security	3	0	3
Financial Control	2	0	2
MD's Office	2	1	3

OTHER MGT ROLE/UNIT/TEAM LEADS	MALE	FEMALE
	17	5
Operations	1	-
Business Development Department	4	3
Administration/Human Resources	-	1
Communication	1	
E- business	1	-
Treasury	-	1
Information Technology	1	-
Internal Audit	1	-
Compliance	1	
Secondary Market Operations	1	-
Strategy & Risk Management	1	-
Legal Department	1	-
Mobility	1	-
Security	1	-
Financial Control	1	-
MD'S OFFICE	1	-

PROMOTIONS IN 2019

MALE	3
FEMALE	1

RETENTION IN 2019	2019	2018	CHURN
MALE	67	67	0
FEMALE	28	28	0
TOTAL RETAINED		95	
TOTAL NO OF STAFF	95		



Akinwale Ishola

Head, Corporate Communications & Brand (CSR Lead)

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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 31 December 2019. The new code of corporate governance issued by the CBN was effective 1st of April, 2019. However, the Bank did a gap analysis between the current and new one and put machinery in place to comply with all requirements of the new policy.

Compliance Status

In line with the provisions of the new Code, the Bank has put in place, robust internal control and risk management frameworks that will ensure optimal compliance with the new code of corporate governance as well as 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 2019 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, the Bank's statutory auditors and key business partners.

Ownership Structure

There is no public sector or foreign 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), Non-Executive Directors (Non-EDs) and Independent Directors. The Directors have diverse background covering Academics, 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, 2019 were as follows:

S/N	NAME	POSITION HELD
1	Engr. Dr. Adeyinka Bibilari	Chairman
2	Dr. Olabanjo Obaleye	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	Rtd. Gen. Danladi Pennap	Director (Non-Executive)
7	Alhaji Abubakar Muhammed	Director (Independent)
8	Mrs. Okwa Ene Iyana	Director (Independent)

Tenure of Office

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

Standing Board Committees

The Board carries out its oversight responsibilities through Six (6) standing Committees whose terms of reference it reviews regularly. All the Committees have clearly defined terms of references, which set out their roles, responsibilities and functions, scope of authority and procedures for reporting to the Board.

In Compliance with the code 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 Governance and Nominations 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.

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

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 risks faced by the Bank and the system of internal controls and reporting of those risks within the Bank.

- Receive regular reports on significant litigations 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.	Mrs Okwa Ene Iyana	Chairman
2	Mr. Dada Ademokoya	Member
3	Mr Akin Arikawe	Member
	Shareholders	
1.	Mr. Lawrence Welle	Member
2	Dr. Franklin Akinyosoye	Member
3	Mr. Segun Awoeye	Member

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

Board Credit Committee

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

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. Oversee 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. Approve 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 Four (4) members comprising of Two (2) Non-Executive Directors, One (1) Independent Director and the Managing Director/CEO. The committee members are as follows:

1.	Mr. Dada Ademokoya	Chairman
2	Engr. Tunde Olaleke	Member
3	Alh. Abubakar Muhammad	Member
5	Mr. Olabanjo Obaleye	Member

Quorum

Three (3) members with two (2) Non-Executive Directors and the Managing

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 five (5) members; Two (2) Non-Executive Directors, Two (2) Independent Directors and the Managing Director/CEO. The committee members are as follows:

1.	Mr. Akin Arikawe	Chairman
2	Mr. Dada Ademokoya	Member
3	Alh. Abubakar Muhammad	Member
4	Mr. Okwa Ene Iyana	Member
5	Mr. Olabanjo Obaleye	Member

Quorum

Three (3) members with two (2) Non-Executive Director and the Managing Director

The Board Governance and Nominations 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 establish the criteria for Board and Committee membership, review candidates' qualifications and any other potential conflict of interest.

iv) To establish a clearly defined, formal, rigorous and transparent procedure for the appointment of Directors to the Board.

v) The Committee is to conduct background checks on Board nominees to determine to a reasonable extent that the nominee is a fit and proper person

vi) To ensure adequate succession planning for Board of Directors and the Chief Executive Officer.

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

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

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

x) Overseeing the Board's annual evaluation of its performance and the performance of other Committees

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

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

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

xiv) To review and approve of policies on staff welfare and fringe benefits;

xv) Annual review of the Board Charter.

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

Membership
The membership of the Committee is Four (4) made up of Four (4) Non-Executive Directors.

1.	Rtd. Gen. Dandali Pennap	Chairman
2	Alhaji Abubakar Mohammed	Member
3	Mr. Akin Arikawe	Member

Quorum.

Two (2) members.

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. Providing oversight to ensure that the IT Strategic Plan is delivered within the agreed budget and timeframe.

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

vii. 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.

viii. 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.

ix. 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.

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

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

xii. 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 4 (Four) made up of 3 (Three) Non-Executive Directors, the Managing Director. The committee members are as follows:

1.	Engr. Tunde Olaleke	Chairman
2	Rtd. Maj. Gen. Dandali Pennap	Member
3	Mr. Akin Arikawe	Member
4	Mr. Olabanjo Obaleye	Member

Quorum

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

Board Assets and Liability Committee (BALCO)

Roles

I) Reviews the performance of the bank vis a vis budgets, regulatory and internally stressed ratios.

ii) Reviews the optimum deployment of the Bank's liquidity.

iii) Reviews capital adequacy.

iv) Review compliance to prudential operating ratios

v) Reviews efficient deployment and matching of assets and liabilities, balancing risk and returns.

vi) Reviews the funding opportunities and gaps in the bank.

vii) Reviews exposures to market risks generally.

Membership

The Committee's membership is Six (6) made up of 5 (Four) Non-Executive Directors, and the Managing Director. It has as secretary the Chief Financial Officer. The Committee consist of the following members:

1.	Alh. Abubakar Mohammad	Chairman
2	Rtd. Maj. Gen. Dandali Pennap	Member
3	Mr. Dada Ademokoya	Member
4	Engr. Tunde Olaleke	Member
5	Mr. Olabanjo Obaleye	Member

Quorum

Three (3) Non-Executive Directors and the Managing Director

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, 2019 to December 31, 2019

1. BOARD AUDIT COMMITTEE

S/N	MEMBERS	22/02/2019	01/07/2019	14/10/2019	29/11/2019	11/12/2019
1.	Mrs. Okwa Iyana	✓	✓	✓	✓	✓
2.	Mr. Dada Ademokoya	✓	✓	✓	✓	✓
3.	Mr. Akin Arikawe	✓	✓	✓	✓	✓

2. BOARD GOVERNANCE AND NOMINATION COMMITTEE

S/N	MEMBERS	22/02/2019	01/07/2019	15/10/2019	10/12/2019
1.	Maj. Gen. Pennap	✓	Absent with apology	✓	✓
2.	Mr. Akin Arikawe	✓	✓	✓	✓
3.	Alh. Muhammad Abubakar	✓	✓	✓	✓

3. BOARD RISK MANAGEMENT COMMITTEE

S/N	MEMBERS	25/02/2019	02/07/2019	16/10/2019	11/12/2019
1.	Alh. Muhammad Abubakar	✓	✓	✓	✓
2.	Mr. Olabanjo Obaleye	✓	✓	✓	✓
3.	Mr. Akin Arikawe	✓	✓	✓	✓
4.	Mrs. Okwa Iyana	✓	✓	✓	✓
5.	Mr. Dada Ademokoya	✓	✓	✓	✓

4. BOARD ASSETS AND LIABILITY COMMITTEE

S/N	MEMBERS	25/02/2019	02/07/2019	16/10/2019	09/12/2019
1.	Alh. Muhammad Abubakar	✓	✓	✓	✓
2.	Mr. Olabanjo Obaleye	✓	✓	✓	✓
3.	Mr. Akin Arikawe	✓		✓	✓
4.	Engr. Tunde Olaleke	✓	✓	✓	Absent with apology
5.	Mr. Ademokoya	✓	✓	✓	✓
6.	Maj. Gen. Pennap	✓	Absent with apology	✓	✓

5. BOARD CREDIT COMMITTEE (BCC)

MEMBERS	25/02/19	02/07/19	15/10/19	10/12/19	08/01/19	21/1/19	13/03/19
Alh. Muhammad Abubakar	✓	✓	✓	✓	✓	✓	✓
Mr. Olabanjo Obaleye	✓	✓	✓	✓	✓	✓	✓
Engr. Tunde Olaleke	✓	✓	✓	Absent with apology	✓	✓	✓
Mr. Dada Ademokoya	✓	✓	✓	✓	✓	✓	✓

6. BOARD IT STEERING COMMITTEE

S/N	MEMBERS	22/02/2019	01/07/2019	14/10/2019	09/12/2019
1.	Engr. Olaleke	✓	✓	✓	Absent with apology
2.	Mr. Obaleye	✓	✓	✓	✓
3.	Mr. Arikawe	✓	✓	✓	✓
4.	Maj. Gen. Pennap	✓	Absent with apology	✓	✓

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 January 2019 to December 2019.

S/N		**Board of Directors**	**Board Credit Comm.**	**Board Risk Mgt Comm.**	**Board Audit Comm.**	**Board Gov. & Nom. Comm.**	**Board I.T. Comm.**	**Board ALCO Comm.**
	Dates of Meetings	26/02/19 04/07/19 17/10/19 12/12/19	08/01/19 21/01/19 25/02/19 13/03/19 03/06/19 02/07/19 10/12/19 12/12/19	25/02/19 02/07/19 16/10/19 11/12/19	22/02/19 01/07/19 14/10/19 11/12/19	22/02/19 01/07/19 15/10/19 10/12/19	22/02/19 01/07/19 14/10/19 09/12/19	25/02/19 02/07/19 16/10/19 09/12/19
	Name of Directors	**No. of meetings attended**	**No. of meetings attended**	**No. of meetings attended**	**No. of meetings attended**	**No. of meetings attended**	**No. of meetings attended**	**No. of meetings attended**
1	Engr. Adeyinka Bibilari	4	N/A	N/A	N/A	N/A	N/A	N/A
2	Mr. Olabanjo Obaleye	4	8	4	N/A	4	4	4
3	Mr. Dada Ademokoya	4	8	4	4	N/A	N/A	4
4.	Engr. Tunde Olaleke	4	7	N/A	N/A	N/A	3	3
5	Mr. Akin Arikawe	4	N/A	4	4	4	4	4
6	Gen. Danladi Ishaku Pennap	3	N/A	N/A	N/A	3	3	3
7	Alh. Abubakar Muhammad	4	8	4	N/A	4	N/A	4
8	Mrs. Okwa Ene Iyana	4	N/A	4	4	N/A	N/A	N/A

Internal Control

The Bank has separate staff within the internal audit function from operation and management. There is an internal control 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 Enterprise 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, the Bank has a Compliance Department with responsibilities of implementing Code of Corporate Governance in addition to monitoring compliance of the Money Laundering requirements.

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

Breaches of the Code

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

BANWO & IGHODALO

BOARD EVALUATION REPORT FOR 2018

EXECUTIVE SUMMARY

Banwo & Ighodalo was invited to conduct an independent evaluation/assessment of the Board of Infinity Trust Mortgage Bank Plc for the year 2018.

Below is a summary of our findings:

Infinity Trust Mortgage Bank Plc is one of the most capitalized Primary Mortgage Banks in Nigeria. It was incorporated in January 28, 2001 as Infinity Trust Savings and Loans Limited and was converted into a Public Limited Liability Company on January 25, 2013 after which its name changed to Infinity Trust Mortgage Bank Plc. In 2014, it became a Mortgage Bank with National license and coverage and has evolved into a leading Mortgage Bank in Nigeria.

Scope

The scope of the evaluation covered the following areas;

- Board Structure
- Dynamics and Function of the Board
- Business Strategy Governance
- Financial Reporting Process
- Internal Audit and Controls
- Supporting and Advisory Role
- Chairman's role

The Board consists of eight (8) eminent and experienced professionals comprising one (1) executive, five (5) non-executive, and two (2) Independent directors. The Board Chairman has a strong personality and is well respected by members of the Board. His leadership style encourages active participation at board level as decisions are taken in a friendly and conducive atmosphere. The position of Chairman and Managing Director are held by separate individuals which shows a clear separation of powers between both offices.

The Board comprises directors with diverse backgrounds such as Academics, Economics, Management, Information Technology, Public Administration, Law, Engineering and Business Administration. These competencies enhance the quality of Board deliberations and have positively impacted on the stability and growth of the Bank.

The policies of the board were assessed for content and relevance and were found to be way above average.

BOARD EVALUATION REPORT

BANWO & IGHODALO

Based on the analysis of the result, the Board of Directors has demonstrated that it is proactive and possesses a strong desire to remain compliant with the relevant codes of corporate governance. The Board scored 89.6%, indicating its level of effectiveness in carrying out its fiduciary and oversight duties.

The Bank has in place the following Committees and reporting structures through which its oversight functions are performed:

i. Statutory Audit Committee;
ii. Board Credit Committee;
iii. Board Risk Management Committee;
iv. Board Information Technology Steering Committee;
v. Board Governance and Nominations Committee; and
vi. Board Assets- Liabilities Committee.

Based on our assessment, we recommend the following;

- The Chairman of the Board Audit Committee should be added as a contact person on the Whistle-Blowing platform.
- Each policy of the Bank should be reviewed periodically and the period within which such review must take place should be clearly stated in the policy.
- New Directors should be put through a board induction/orientation programme.

Regardless of the fact that there is still room for improvement and continuous board development, we are pleased to affirm that the board of Infinity Trust Mortgage Bank plc conducted its affairs in an acceptable and satisfactory manner in 2018.

Banwo & Ighodalo

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.

DR. OLABANJO OBALEYEENGR.
MANAGING DIRECTOR/CEO
FRC/2014/ICAN/00000008786

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

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REPORT OF THE INDEPENDENT AUDITORS
TO THE SHAREHOLDERS OF INFINITY TRUST MORTGAGE BANK PLC

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of **Infinity Trust Mortgage Bank Plc** as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, Companies and Allied Matters Act, the Banks and Other Financial Institutions Act and relevant Circulars issued by the Central Bank of Nigeria.

What we audited

We have audited the financial statements of Infinity Trust Mortgage Bank Plc, which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Mortgage Bank in accordance with Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Nigeria, and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information included in the financial statements

The Directors are responsible for the other information. The other information comprises the Directors' report, Chairman's statement, Governance report, Risk Management report, Audit Committee's report and any other reports excluding the financial statements as defined in our opinion paragraph above and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Key Audit Matters

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

Key Audit Matter

Loan impairment

Why it was a key audit matter
We focused on this area due to the size of the loans and advances balance net of impairment (N5.34billion) and because it requires significant judgement in measuring credit risk in line with the Expected Credit Loss (ECL) Model.

Areas where significant judgment were required include:

i. Identifying and determining the criteria for assessing significant increase in credit risk (SICR);
ii. Classification into the three-stage impairment process;
iii. Incorporating forward looking information in building the economic scenario used in the model valuation of collaterals;
iv. techniques that are used in the calculation of probability of default, loss given default and exposure at default.

Loans are measured at amortised cost less any impairment charges. On initial recognition of a loan, a 12-month expected loss allowance is recognized (stage 1), and a lifetime expected loss allowance is recognized when there has been a significant increase in credit risk since initial recognition (stage 2). Stage 3 requires objective evidence that an asset is credit impaired.

How the matter was addressed in the audit
We performed combined controls and substantive test in assessing the adequacy of the Mortgage banks allowance for impairment charge. These audit procedures consist of understanding and testing the controls designed and applied by the mortgage bank for its credit risk management, impairment process and ECL model.
We also reviewed individual loan files to evaluate the reasonableness of the internal rating model. These

procedures included selecting a number of individual loan files (representing 69% of total loan balances) taking into consideration, outstanding balance, sector concentration risk and focusing on those loans with a higher credit risk profile and/or an actual event of default in the year under consideration. We analysed and compared credit classification over the last three years for further assurance on management classification. We challenged the appropriateness of management's key judgements in the ECL impairment model (including valuation reports of collateral, scenario analysis and techniques used in calculating the probability of default and loss given default). We assessed the adequacy of the model by re-performing some model calculation to confirm the risk parameter output. The result of the impairment testing is as stated in Notes 18 (d – f) of the financial statements.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Mortgage Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- ✓ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ✓ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- ✓ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- ✓ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Mortgage Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Mortgage Bank to cease to continue as a going concern.

- ✓ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

The Companies and Allied Matters act and the Banks and Other Financial Institutions Act require that in carrying out our audit we consider and report to you on the following matters. 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) The Mortgage Bank has kept proper books of accounts, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

Aminu Ibrahim & Co
Chartered Accountants

iii) The Mortgage Bank's statements of financial position and comprehensive income are in agreement with the books of accounts;

iv) The information required by Central Bank of Nigeria Circular BSD/12004 on insider related credits is disclosed in Note 38 to the financial statements; and

v) There were no penalties paid for contraventions of Bank and Other Financial Institutions Act during the year.

Abuja, Nigeria
30 January 2020

For: Aminu Ibrahim & Co
Chartered Accountants
Engagement Partner: Adekunle Lasisi
FRC/2013/ICAN/00000000945

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 2019 were adequate. We have also received, reviewed and discussed the audit report on Management matters and were satisfied with the 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 29 January, 2020.

Mrs Okwa Ene Iyana
FRC/2019/ICAN/00000019097
(Chairman, Audit Committee)

Members of the Audit Committee

1.Mrs. Okwa Ene Iyana	Independent Director, Chairman
2.Mr. Dada Ademokoya	Non-Executive Director, Member
3.Mr. Akin Arikawe	Non-Executive Director, Member
4.Mr. Lawrence Welle	Shareholder, Member
5.Dr. Franklin Akinyosoye	Shareholder, Member
6.Mr. Segun Awoeye	Shareholder, Member

CERTIFICATE PURSUANT

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

FOR THE YEAR ENDED 31ST DECEMBER, 2019

We the undersigned hereby certify the following with regard to Audited Accounts for the year ended 31st December, 2019 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 company and Audit Committee:
   a. All significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record process, summarize and report financial data and have identified for the Company's Auditor any material weakness in internal controls, and

   b. Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls.

1. 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 30th January, 2020

SAMSON AGBAKA
CHIEF FINANCIAL OFFICER

DR. OLABANJO OBALEYE
MANAGING DIRECTOR/CEO

FINANCIAL STATEMENT

STATEMENT OF COMPREHENSIVE INCOME

Infinity Trust Mortgage Bank Plc
2019 Annual Report and Accounts

Statement of Profit or Loss for the Year Ended 31 December 2019	NOTES	**31 DECEMBER 2019 N**	31 DECEMBER 2018 N
Turnover		**1,383,270,228**	1,005,286,270
Interest and similar income	6	**1,081,037,590**	737,305,791
Interest and similar expense	7	**(189,680,021)**	(112,329,109)
Net interest income		**891,357,569**	624,976,682
Net fee and commission income	8	**120,271,316**	71,008,312
Other operating income	9	**181,961,323**	196,972,166
Total operating income		**1,193,590,207**	892,957,161
Credit loss gain/(expense)	10	**(9,115,700)**	50,986,713
Net operating income		**1,184,474,507**	943,943,873
Impairment on financial and other assets	10	**-**	188,910
Personnel expenses	11	**235,556,424**	165,883,708
Depreciation of property, plant and equipment	21	**108,095,713**	102,651,624
Amortisation of intangible assets	22	**5,626,216**	4,594,833
Other operating expenses	12	**390,814,429**	303,868,667
Total operating expenses		**740,092,782**	577,187,742
Profit before tax		**444,381,725**	366,756,131
Income tax expense	13	**(44,244,447)**	(39,536,360)
Profit for the year		**400,137,278**	327,219,771
Profit attributable to:			
Equity holders of the company		**400,137,278**	327,219,771
Earnings per share for the profit from continuing operations attributable to the equity holders of the company during the year (expressed in kobo)			
Earnings per share - Basic (Kobo)	14	**8.59**	**6.84**
Diluted	14	**8.59**	**6.84**

The notes on pages 96 to 208 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Infinity Trust Mortgage Bank Plc
2019 Annual Report and Accounts

Statement of Other Comprehensive Income for the Year Ended 31 December, 2019	NOTES	**31 DECEMBER 2019 N**	31 DECEMBER 2018 N
Profit for the year		**400,137,278**	327,219,771
Other Comprehensive income			
Net change in fair value of equity investments			
FVOCI relating to net change in fair value of equity investments		**-**	56,249,998
Total comprehensive income for the period		**400,137,278**	383,469,769
Total comprehensive income atrributable to :			
Equity holders of the Bank		**400,137,278**	383,469,769
Total comprehensive income for the period		**400,137,278**	**383,469,769**

STATEMENT OF FINANCIAL POSITION

Infinity Trust Mortgage Bank Plc
2019 Annual Report and Accounts
Statement of Financial Position
As at 31 December, 2019

	NOTES	**31 December 2019 N**	31 December 2018 N
Assets			
Cash at hand and at Central Bank	16	**79,365,405**	69,803,404
Due from banks	17	**1,052,819,688**	958,992,562
Loans and advances to customers	18	**5,338,457,241**	3,801,652,073
Investment Securities			
- FVOCI	19a	**361,249,998**	361,249,998
- Held at amortised cost	19b	**864,931,955**	1,942,619,247
Other assets	20	**161,042,610**	338,491,720
Property and equipment	21	**2,669,206,553**	2,734,040,439
Intangible assets	22	**19,935,382**	12,715,198
Deferred tax assets	23	**65,640,453**	67,640,453
		10,612,649,285	10,287,205,094
Non current assets held for sale	24	**31,896,000**	63,837,000
Total Assets		**10,644,545,285**	10,351,042,094
Liabilities and Equity			
Liabilities			
Due to customers	25	**1,937,109,045**	2,467,677,036
Debt issued and other borrowed funds	26	**2,148,968,858**	1,650,739,434
Current tax liabilities	27	**42,244,447**	38,362,346
Other liabilities	28	**314,068,170**	225,132,420
		4,442,390,521	4,381,911,237
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**	1,227,369,465
Statutory reserve		**644,497,544**	564,470,088
Retained earnings		**1,346,457,271**	1,164,579,785
Revaluation Reserve		**204,597,313**	204,597,313
Fair Value Reserve		**56,249,998**	56,249,998
Regulatory Risk Reserve		**37,760,313**	66,641,348
Total equity atrributable to owners of the Bank		**6,202,154,764**	5,969,130,857
Total liabilities and equity		**10,644,545,285**	10,351,042,094

The notes on pages 96 to 208 are an integral part of these financial statements.

The accounting policies on pages 96 to 130 and the financial statements on pages 91 to 210 were approved by the Board of Directors on 30 January, January 2020 and signed on its behalf by:

DR. OLABANJO OBALEYE
MANAGING DIRECT0R/CEO
FRC/2014/ICAN/00000008786

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

Also signed by:

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

STATEMENT OF CHANGES IN EQUITY

Infinity Trust Mortgage Bank Plc
2019 Annual Report and Accounts
Statement of Changes in Equity

	Issued Capital N	Share Premium N	Preference Shares N	Statutory Reserves N	Fair Value Reserves N	Retained Earnings N	Revaluation Reserves N	Regulatory Reserves N	Total equity
At 1 January 2018	2,085,222,860	1,227,369,465	600,000,000	499,026,134	-	1,098,455,145	204,597,313	38,877,398	5,753,548,315
IAS 39 regulatory reserve retired	-	-	-	-	-	38,877,398	-	(38,877,398)	-
ECL Impact on loans (Note 47)	-	-	-	-	-	(42,476,653)	-	-	(42,476,653)
ECL Impact on due from banks (Note 47)	-	-	-	-	-	(1,660)	-	-	(1,660)
Fair Value Adjustment	-	-	-	-	56,249,998	-	-	-	56,249,998
Restated At 1 January 2018	**2,085,222,860**	**1,227,369,465**	**600,000,000**	**499,026,134**	**56,249,998**	**1,094,854,230**	**204,597,313**	**-**	**5,767,320,000**
Transfer to retained earnings	-	-	-	-	-	327,219,771	-	-	327,219,771
Transfer (Statutory)	-	-	-	65,443,954	-	(65,443,954)	-		-
Dividend paid	-	-	-	-	-	(125,408,914)	-	-	(125,408,914)
Transfer (Regulatory Risk)	-	-	-	-	-	-	-	-	-
Regulatory reserve IFRS 9	-	-	-	-	-	(66,641,348)	-	66,641,348	-
Fair Value Adjustment	-	-	-	-	-	-	-	-	-
At 31 December, 2018	**2,085,222,860**	**1,227,369,465**	**600,000,000**	**564,470,088**	**56,249,998**	**1,164,579,785**	**204,597,313**	**66,641,348**	**5,969,130,857**

	Issued Capital N	Share Premium N	Preference Shares N	Statutory Reserves N	Fair Value Reserves N	Retained Earnings N	Revaluation Reserves N	Regulatory Reserves N	Total equity
At 1 January 2019	**2,085,222,860**	**1,227,369,465**	**600,000,000**	**564,470,088**	**56,249,998**	**1,164,579,785**	**204,597,313**	**66,641,348**	**5,969,130,857**
	-	-	-	-	-		-		-
Transfer to retained earnings	-	-	-	-	-	400,137,278	-	-	**400,137,278**
Transfer (Statutory)	-	-	-	80,027,456	-	(80,027,456)	-		-
Dividend paid	-	-	-	-	-	(167,113,372)	-	-	**(167,113,372)**
Transfer (Regulatory Risk)	-	-	-	-	-	28,881,034	-	(28,881,034)	-
At 31 December, 2019	**2,085,222,860**	**1,227,369,465**	**600,000,000**	**644,497,544**	**56,249,998**	**1,346,457,271**	**204,597,313**	**37,760,313**	**6,202,154,764**

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.

Fair Value Reserves
Fair value Reserves is created as a result of the valuation of investment in NMRC which though quoted was valued based on observable events.

STATEMENT OF CASH FLOW

Infinity Trust Mortgage Bank Plc
2019 Annual Report and Accounts
Statement of Cash Flows
for the Year Ended 31 December, 2019

	NOTES	31 December 2019 N	31 December 2018 N
Profit before tax		**444,381,725**	366,756,131
Adjustment for non cash items			
Impairment on loans and advances	**9**	**9,115,700**	(50,797,803)
Depreciation of Property, Plant & Equipment	**21**	**108,095,713**	102,651,624
Amortisation of intangibles	**22**	**5,626,216**	4,594,833
Cashflow before changes in working capital		**567,219,355**	423,204,786
CHANGES IN WORKING CAPITAL			
Decrease/(Increase) in Loans and Advances		**(1,377,168,298)**	(696,825,446)
Decrease/(Increase) in Other Assets		**177,449,109**	37,484,617
Decrease/(Increase) in Non Current Assets		**31,941,000**	4,410,000
(Decrease)/Increase in Deposits		**(530,567,991)**	1,291,611,533
(Decrease)/Increase Other Liabilities		**(88,935,750)**	(104,737,982)
Tax Paid	**27**	**(38,362,346)**	(48,676,967)
Cash generated from operations		**(1,825,644,276)**	483,265,755
CASHFLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	**21**	**(43,261,827)**	(54,163,355)
Purchase of Intangible Assets	**22**	**(12,846,400)**	(4,974,440)
Purchase of Treasury Bills	**19b**	**(7,407,312,708)**	(4,714,337,768)
Redemption of Investments		**8,485,000,000**	3,182,109,000
Cash flow from investing activities		**1,021,579,065**	(1,591,366,563)
CASHFLOW FROM FINANCING ACTIVITIES			
Dividend Paid	**14**	**(167,113,372)**	(125,408,914)
Receipt of borrowed funds	**26**	**687,488,614**	678,876,907
Repayments and refunds on borrowed funds	**25**	**(189,259,189)**	(64,372,809)
Casflow from financing activities		**331,116,053**	489,095,184
Increase /(decrease) in cash and cash equivalent		**94,270,197**	(195,800,839)
Cash and cash equivalent as at beginning of period		**991,236,311**	1,187,037,150
Cash and cash equivalent as at end of period		**1,085,506,508**	991,236,311
Additional cash flow information			
Cash and cash equivalent			
Cash on hand	**16**	**32,684,250**	32,241,180
Balances with Banks within Nigeria	**17**	**349,048,998**	295,075,200
Placements with Banks	**17**	**703,773,260**	663,919,931
		1,085,506,508	991,236,311

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)

Infinity Trust Mortgage Bank Plc
2019 Annual Report and Accounts
Statement of Prudential Adjustments
As at 31 December 2019

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 impairment 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 provision 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 provision 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 2019	31 DECEMBER 2018
	N	N
Prudential Provision	187,693,888	207,459,221
Total Prudential Impairment Provision	187,693,888	207,459,221
IFRS Impairment Provision		
ECL on Loans & Advances	149,743,004	140,627,304
ECL on financial assets	2,570	2,570
ECL on Other Assets	188,000	188,000
	149,933,574	140,817,874
Difference in impairment provision balances	37,760,313	66,641,348
Movement in regulatory reserve		
Balance at 1 January	66,641,348	38,877,398
IAS 39 Reserve retired	-	(38,877,398)
Adjusted Balance at 1 January	66,641,348	-
Transfer to (from) regulatory risk reserve based on IFRS 9 ECL allowance	(28,881,034)	66,641,348
Balance at 31 December	37,760,313	66,641,348

NOTE 1
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. 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.

2. BASIS OF PREPARATION

(a) **Statement of Compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), the requirements of the Companies and Allied matters Act and with the Bank's and other financial institutions Act.

The financial statements were authorized for issue by the Board of Directors on 30/01/2020.

3. Significant Accounting Policies

(a) Functional and Presentation Currency

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

(b) Basis of Measurement

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

- Assets and liabilities held for trading are measured at fair value;
- Assets and liabilities held to maturity are measured at amortised cost.
- Financial instruments designated at fair value through profit or loss are measured at fair value;
- investments in equity instruments are measured at fair value;
- Other financial assets not held in a business model whose objective is to hold assets to collect contractual cash flows or whose contractual terms do not give rise solely to payments of principal and interest are measured at fair value;

- Liabilities for cash-settled share-based payment arrangements are measured at fair value;

- Loans and receivables are measured at amortised cost.

(c) **Use of 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.

(d) 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.

(e) 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.

(d) Changes in Accounting Policies

The Bank has adopted IFRS 9 with a transition date of 1 January 2018. This resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Bank did not early adopt any of IFRS 9 in previous periods.

Standards and interpretations effective during the reporting period

Amendments to the following standard(s) became effective in the annual period starting from 1st January, 2018. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognizing revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable

standards (e.g. IFRS 9, and IFRS 16 Leases).
Revenue under IFRS 15 will need to be recognized as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The following five step model in IFRS 15 is applied in determining when to recognize revenue, and at what amount:
a) Identify the contract(s) with a customer
b) Identify the performance obligations in the contract
c) Determine the transaction price
d) Allocate the transaction price to the performance obligations in the contract
e) Recognize revenue when (or as) the entity satisfies a performance obligation

The standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and the corresponding cash flows with customers. This standard does not have any significant impact on the Bank.

Amendments to IFRS 2 - Share Based Payment - Classification and measurement of share based payment transactions
This standard clarifies classification and measurement of share based payment transactions with net settlement features for withholding tax obligations (i.e. equity settled share based payment for employees and cash settled share based payment for withholding taxes). It grants an exemption to alleviate operational issues encountered in dividing the share based payment into cash-settled and equity-settled component. The amendments also clarify modifications to terms and conditions that change classifications from cash-settled to equity-settled as well as application of non-market vesting conditions and market non-vesting conditions. These amendments do not have any material impact on the Bank.

IFRS 9 - Financial instruments
As permitted by the transitional provisions of IFRS 9, the Bank elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings and other reserves of the current period. Consequently, for notes disclosures, the consequential amendments to IFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.
The adoption of IFRS 9 has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 introduces a new approach for classification and measurement of financial instruments, a more forward looking Impairment methodology and a new general hedge accounting requirement.

Classification and Measurement

IFRS 9 requires financial assets to be classified into one of three measurement categories: fair value through profit or loss, fair value through other comprehensive income and amortised cost. Financial assets will be measured at amortised cost if they are held within a business model with the objective of which is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest. Financial assets will be measured at fair value through other comprehensive income if they are held within a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principal and interest. Financial assets not meeting either of these two business models; and all equity instruments (unless designated at inception to fair value through other comprehensive income); and all derivatives are measured at fair value through profit or loss. An entity may, at initial recognition, designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch. The Bank has undertaken an assessment to determine the potential impact of changes in classification and measurement of financial assets. Our assessment revealed that the adoption of IFRS 9 is unlikely to result in significant changes to existing asset measurement bases.

IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at fair value through profit or loss, gains or losses attributable to changes in own credit risk shall be presented in Other Comprehensive Income.

Impairment Methodology

The IFRS 9 impairment model will be applicable to all financial assets at amortised cost, debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantees not measured at fair value through profit or loss. IFRS 9 replaces the existing 'incurred loss' impairment approach with an Expected Credit Loss ('ECL') model, resulting in earlier recognition of credit losses compared with IAS 39. Expected credit losses are the unbiased probability weighted average credit losses determined by evaluating a range of possible outcomes and future economic conditions. The ECL model has three stages. Entities are required to recognize a 12 month expected loss allowance on initial recognition (stage 1) and a lifetime expected loss allowance when there has been a significant increase in credit risk since initial recognition (stage 2). Stage 3 requires objective evidence that an asset is credit-impaired, which is similar to the guidance on incurred losses in IAS 39.

The requirement to recognize lifetime ECL for loans which have experienced a significant increase in credit risk since origination, but which are not credit impaired, does not exist under IAS 39. The assessment of whether an asset is in stage 1 or 2 considers the relative change in the probability of default occurring over the expected life of the instrument, not the change in the amount of expected credit losses. Reasonable and supportable forward looking information will also be used in determining the stage allocation. In general, assets more than 90 days past due, but not credit impaired, will be classed as stage 2.

IFRS 9 requires the use of more forward looking information including reasonable and supportable forecasts of future economic conditions. The Bank has developed the capability to model a number of economic scenarios and capture the impact on credit losses to ensure the overall ECL represents a reasonable distribution of economic outcomes. Appropriate governance and oversight has been established around the process.

An assessment of the ECL in the Bank's balance sheet reflects an increase in the provisions for credit losses. However, this increase will not have a significant impact

Standard	Content	Effective Date
IFRS 16	Leases	1-Jan-19
IFRS 17	Insurance Contracts	1-Jan-21

IFRS 16 – Leases

The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2016. The new standard does not significantly change the accounting for leases for lessors. However it requires lessees to recognize most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognized leases, but will have the option not to recognize 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognized leases will be similar to today's finance lease accounting, with interest and depreciation expense recognized separately in the statement of profit or loss. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided the new revenue standard, IFRS 15, is applied on the same date. Lessees must adopt IFRS 16 using either a full retrospective or a modified retrospective approach. This standard does not impact the Bank in anyway as the Bank does not engage in leases business.

IFRS 17 - Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. This standard does not impact the Bank in anyway as the Bank does not engage in insurance business.

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

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

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 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 as at fair value through other comprehensive income are presented in other revenue in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment, in which case it is presented in other comprehensive income.

6. **Tax Expense**

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

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

Deferred taxation

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

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

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

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

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

8. **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 and Measurement**

Initial measurement of a financial asset or liability is at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs are recognized immediately in profit or loss. Financial assets include both debt and equity instruments.

Financial assets are classified into one of the following measurement categories:

- Amortised cost
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit or Loss (FVTPL) for trading related assets

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics.

Business Model Assessment

Business model assessment involves determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Bank assesses business model at a portfolio level reflective of how Banks of assets are managed together to achieve a particular business objective. For the assessment of business model the Bank takes into consideration the following factors:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets
- How the performance of assets in a portfolio is evaluated and reported to Bank's heads and other key decision makers within the Bank's business lines;
- The risks that affect the performance of assets held within a business

model and how those risks are managed;
- How compensation is determined for the Bank's business lines' management that manages the assets; and
- The frequency and volume of sales in prior periods and expectations about future sales activity.

Management determines the classification of the financial instruments at initial recognition. The business model assessment falls under three categories:

- Business Model 1(BM1): Financial assets held with the sole objective to collect contractual cash flows;
- Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling; and
- Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These are basically financial assets held with the sole objective to trade and to realize fair value changes.

The Bank may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

- When the Bank sells financial assets to reduce credit risk or losses because of an increase in the assets' credit risk. The Bank considers sale of financial assets that may occur in BM1 to be infrequent if the sales is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.
- Where these sales are infrequent even if significant in value. A Sale of financial assets is considered infrequent if the sale is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.
- Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.
- When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets has a tenor to maturity of not more than one (1) year and/or the difference between the remaining contractual cash flows expected from the financial asset does not exceed the cash flows from the sales by ten (10) percent.
- Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:
- Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
- Selling the financial asset to manage credit concentration risk (infrequent).
- Selling the financial assets as a result of changes in tax laws (infrequent).
- Other situations also depends upon the facts and circumstances which need to be judged by the management

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

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

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

The Bank holds a portfolio of long-term fixed rate loans for which it has the option to propose a revision of the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The right to reset the rates of the loans based on the revision in market rates are part of the contractually agreed terms on inception of the loan agreement, therefore the borrowers are obligated to comply with the reset rates without any option of repayment of the loans at par at any reset date. The Bank has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies with the interest rate in a way that is considered a consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

a**) Financial assets measured at amortised cost**

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization is included in Interest income in the Consolidated Statement of Income. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach.

Loans and debt securities measured at amortized cost are presented net of the allowance for credit losses (ACL) in the statement of financial position.

b) Financial assets measured at FVOCI

Financial assets are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive Income (OCI), unless the instrument is designated in a fair value hedge relationship. When designated in a fair value hedge relationship any changes in fair value due to changes in the hedged risk is recognized in Non-interest income in the Consolidated Statement of Income. Upon de-recognition, realized gains and losses are reclassified from OCI and recorded in Non-interest income in the Consolidated Statement of Income. Foreign exchange gains and losses that relate to the amortized cost of the debt instrument are recognized in the Consolidated Statement of Income. Premiums, discounts and related transaction costs are amortized over the expected life of the instrument to Interest income in the Consolidated Statement of Income using the effective interest rate method.

c) Financial assets measured at FVTPL

Debt instruments measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments are measured at fair value in the Consolidated Statement of Financial Position, with transaction costs recognized immediately in the Consolidated Statement of Income as part of Non-interest income. Realized and unrealized gains and losses are recognized as part of Non-interest income in the Consolidated Statement of Income.

d) **Equity Instruments**

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value are recognized as part of Non-interest income in the Consolidated Statement of Income. The Bank can elect to classify non-trading equity instruments at FVOCI. This election will be used for certain equity investments for strategic or longer term investment purposes. The FVOCI election is made upon initial recognition, on an instrument-by-instrument basis and once made is irrevocable. Gains and losses on these instruments including when derecognized/sold are recorded in OCI and are not subsequently reclassified to the Consolidated Statement of Income. Dividends received are recorded in Interest income in the Consolidated Statement of Income. Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the Consolidated Statement of Income on sale of the security.

Financial liabilities are classified into one of the following measurement categories:

- Amortised cost
- Fair Value through Profit or Loss (FVTPL)

e) Financial Liabilities at fair value through profit or loss

Financial liabilities accounted for at fair value through profit or loss fall into two categories: financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception.

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in the income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

Financial Liabilities are designated at FVTPL when either the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value are recognized in Non-interest income in the Consolidated Statement of Income, except for changes in fair value arising from changes in the Bank's own credit risk which are recognized in OCI. Changes in fair value of liabilities due to changes in the Bank's own credit risk, which are recognized in OCI, are not subsequently reclassified to the Consolidated Statement of Income upon de-recognition/extinguishment of the liabilities.

f) Financial Liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost using the effective interest rate method. Financial liabilities measured at amortised cost are deposits from banks or customers, other borrowed funds, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

iii. Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets. A change in the Bank's business model will occur only when the Bank either begins or ceases to perform an activity that is significant to its operations such as:

- Significant internal restructuring or business combinations; for example an acquisition of a private asset management company that might necessitate transfer and sale of loans to willing buyers, this action will constitute changes in business model and subsequent reclassification of the Loan held from BM1 to BM2 Category
- Disposal of a business line i.e. disposal of a business segment
- Any other reason that might warrant a change in the Bank's business model as determined by management based on facts and circumstances

The following are not considered to be changes in the business model:

- A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
- A temporary disappearance of a particular market for financial assets.
- A transfer of financial assets between parts of the Bank with different business models.

When reclassification occurs, the Bank reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. For example, if the Bank decides to shut down the commercial mortgage business on 31st January 2018, the reclassification date will be 1 April, 2018 (i.e. the first day of the entity's next reporting period), the Bank shall not engage in activities consistent with its former business model after 31st January, 2018. Gains, losses or interest previously recognized are not be restated when reclassification occurs.

iv. Modification of financial assets and liabilities

a. Financial assets

When the contractual terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value. Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on de-recognition is recorded as a separate line item in profit or loss as 'gains and losses arising from the de-recognition of financial assets measured at amortized cost'.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in de-recognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss as part of impairment charge for the year.

In determining when a modification to terms of a financial asset is substantial or not to the existing terms, the Bank will consider the following non-exhaustive criteria.

Quantitative criteria

A modification would lead to de-recognition of existing financial asset and recognition of a new financial asset, i.e. substantial modification, if:

- The discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using

the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.
- In addition to the above, the bank shall also consider qualitative factors as detailed below.

Qualitative criteria

Scenarios where modifications will lead to de-recognition of existing loan and recognition of a new loan, i.e. substantial modification, are:
- The exchange of a loan for another financial asset with substantially different contractual terms and conditions such as the restructuring of a loan to a bond; conversion of a loan to an equity instrument of the borrower
- Roll up of interest into a single bullet payment of interest and principal at the end of the loan term
- Conversion of a loan from one currency to another currency

Other factor to be considered:
- Extension of maturity dates

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be de-recognized (see above) and ECL are measured as follows:
- If the expected restructuring will not result in de-recognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset
- If the expected restructuring will result in de-recognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its de-recognition.

b. Financial Liabilities

A financial liability is de-recognized when the obligation under the liability is discharged, cancelled or expires. The Bank de-recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

De-recognition of financial instruments

The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial assets that are transferred to a third party but do not qualify for de-recognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or re-

pledge them.
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 the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.
The Bank de-recognizes a financial liability when its contractual obligations are discharged or cancelled or expire.
V. Impairment of Financial Assets
In line with IFRS 9, the Bank assesses the under listed financial instruments for impairment using Expected Credit Loss (ECL) approach:
 Amortized cost financial assets;
 Debt securities classified as FVOCI;
 Off-balance sheet loan commitments; and
 Financial guarantee contracts.

Equity instruments and financial assets measured at FVTL are not subjected to impairment under the standard.

Expected Credit Loss Impairment Model
The Bank's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.
The Bank adopts a three-stage approach for impairment assessment based on changes in credit quality since initial recognition.
 Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.
 Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
 Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.
The guiding principle for ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance is based on credit losses expected to arise over the life of the asset (life time expected credit loss), unless there has been no significant increase in credit risk since origination.

Measurement of Expected Credit Losses

The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Details of these statistical parameters/inputs are as follows:

PD – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.

- 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs.
- Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This is used to calculate lifetime for 'stage 2' and 'stage 3' exposures. PDs are limited to the maximum period of exposure required by IFRS 9.

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

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

To estimate expected credit loss for off balance sheet exposures, credit conversion factor (CCF) is usually computed. CCF is a modelled assumption which represents the proportion of any undrawn exposure that is expected to be drawn prior to a default event occurring. It is a factor that converts an off balance sheet exposure to its credit exposure equivalent. In modelling CCF, the Bank considers its account monitoring and payment processing policies including its ability to prevent further drawings during periods of increased credit risk. CCF is applied on the off balance sheet exposures to determine the EAD and the ECL impairment model for financial assets is applied on the EAD to determine the ECL on the off balance sheet exposures.

Forward-looking information

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

Macroeconomic factors

The Bank relies on a broad range of forward looking information as economic inputs, such as: GDP growth, unemployment rates, central bank base rates, crude oil prices, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays may be made as temporary adjustments using expert credit judgement.

Multiple forward-looking scenarios

The Bank determines allowance for credit losses using three probability-weighted forward looking scenarios. The Bank considers both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Bank prepares the scenarios using forecasts generated by credible sources such as Business Monitor International (BMI), International Monetary Fund (IMF), Nigeria Bureau of Statistics (NBS), and World Bank, Central Bank of Nigeria (CBN), Financial Markets Dealers Quotation (FMDQ), and Trading Economics.

The Bank estimates three scenarios for each risk parameter (LGD, EAD, CCF and PD) – Normal, Upturn and Downturn, which in turn is used in the estimation of the multiple scenario ECLs. The 'normal case' represents the most likely outcome and is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.

Assessment of significant increase in credit risk (SICR)

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors. The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward looking macroeconomic factors are a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region.

The Bank adopts a multi factor approach in assessing changes in credit risk. This approach considers: Quantitative (primary), Qualitative (secondary) and Back stop indicators which are critical in allocating financial assets into stages.

The quantitative models considers deterioration in the credit rating of obligor/counterparty based on the Bank's internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors considers information such as expected forbearance, restructuring, exposure classification by licensed credit bureau etc.

A backstop is typically used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 90 days past due criteria for SICR and 180 days past due criteria for default is transferred to stage 2 or stage 3 as the case may be except there is a reasonable and supportable evidence available without undue cost to rebut the presumption.

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for a security because of financial difficulties.
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.
- Others include death, insolvency, breach of covenants, etc.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, loans that are more than 90 days past due are considered impaired except for certain specialized loans (Project Finance, Object Finance and Real Estate Loans as specified by the Central Bank of Nigeria) in which the bank has rebutted the 90 DPD presumptions in line with the CBN Prudential Guidelines.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors.

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position Loan allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

- Loan commitments and financial guarantee contracts: generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

VI. **Write-off**

The Bank writes off an impaired financial asset (and the related impairment allowance), either partially or in full, no reasonable expectation of recovery as set out in IFRS 9, paragraph 5.4.4. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):

- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- The bank's recovery method is foreclosing collateral and the value of the collateral is such that there is reasonable expectation of recovering the balance in full.
- All credit facility write-offs shall require endorsement at the appropriate level, as defined by the Bank. Credit write-off approval shall be documented in writing and properly initialed by the approving authority. A write-off constitute a de-recognition event. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognized as income on a cash basis only.

VII. Offsetting financial instruments

Master agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the company or the counterparty.

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

9. **PROVISIONING FOR NON-PERFORMING CREDITS**

The Central Bank of Nigeria, the regulatory body for Banks in the country has set out guidelines for computing prudential provision on performing and impaired risk assets. Any difference between the amounts calculated using the ECL model and the prudential provision is adjusted in the retained earnings of the bank thus:

i) Where the ECL model impairment is less than the prudential provision, the difference is to be debited to the retained earnings reserve and a non-distributable regulatory reserve created.

ii) Where the Prudential Provision is greater than the ECL impairment, the difference is credited back to the retained earnings from the non-distributable regulatory reserve to the extent of the amount previously recognized.

In line with the approved prudential requirements for banks and other financial institutions (which took effect on July 1, 2010), the nature and tenor of specialised loans will be key factors in providing for non-performing facilities. To this end, the loans of a PMB may be broken into three (3) main classes namely; mortgage loans, commercial real estate financing and other loans. The rules for calculating classification, treatment of income and provisioning are implemented as contained in the revised guidelines.

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.

13. **Investment Securities**

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

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

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

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

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.

(i) **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.

(ii) **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.

(iii) **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.

iv) **De-recognition**

An item of property and equipment is de-recognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is de-recognized.

15. **Investment property**

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

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

16. **Intangible Assets (Computer Software)**

Software

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

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.
Amortization is recognized in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life of software is three to five years.
Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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, inclusive of investment property and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its Cash Generating Unit exceeds its estimated recoverable amount.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

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

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

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

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

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

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 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**

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**
Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, subject to terms that are usual and customary for sales of such assets.

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.

26. **Levies.**

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:

- Those outflows of resources that are within the scope of other Standards (such as income taxes that are within the scope of IAS 12 Income Taxes);
- Fines or other penalties that are imposed for breaches of the legislation

The Bank recognizes a levy when the obligating event that gives rise to a liability as identified by the legislation, occurs. This triggers the obligation to pay the levy and recognize the expense for the period.

Infinity Trust Mortgage Bank Plc
2019 Annual Report and Accounts
Notes to the financial Statements

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.

Infinity Trust Mortgage Bank Plc
2019 Annual Report and Accounts
Notes to the financial statements

		31 DECEMBER 2019 N	31 DECEMBER 2018 N
6	**Interest and similar income**		
	National Housing Fund Loans	**66,354,523**	44,447,607
	Estate Mortgage Income	**115,019,119**	116,284,794
	Other Mortgage Loans and advances to customers	**592,529,226**	343,726,447
	Placements with Banks	**68,480,134**	97,228,513
	Treasury Bills	**238,654,589**	135,618,430
		1,081,037,590	737,305,791
7	**Interest and similar expense:**		
	Mortgage Loans from FMBN and Borrowed Funds	**120,013,029**	61,145,480
	Customers accounts	**69,666,992**	51,183,629
		189,680,021	112,329,109
8	**Net fees and commission income**		
	Fees and commission income		
	Credit related fees and commission	**30,541,473**	19,307,678
	Commission on turnover	**11,031,121**	7,234,326
	Facilities management fees	**78,174,222**	44,014,258
	Other commissions	**524,500**	452,050
		120,271,316	71,008,312

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 2019 N	31 DECEMBER 2018 N
9	**Other operating income**		
	Investment Income	**93,521,500**	129,870,000
	Rental Income	**48,294,399**	26,776,867
	Other income	**40,145,423**	40,325,299
		181,961,323	196,972,166

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 2019 N	31 DECEMBER 2018 N
10	**Impairment losses**		
	Credit loss (gain)/expense	**9,115,700**	(50,986,713)
	Impairment on financial assets	**-**	910
	Impairment on other assets	**-**	188,000
		9,115,700	(50,797,803)
11	**Personnel expenses**		
	Salaries and Wages	**202,857,466**	143,181,485
	Other staff costs	**17,143,971**	9,704,061
	Pension costs – Defined contribution plan	**15,554,986**	12,998,162
		235,556,424	165,883,708

Other staff costs include training expenses and other welfare costs

		31 DECEMBER 2019 N	31 DECEMBER 2018 N
12	**Other operating expenses**		
	Advertising and marketing	**26,736,002**	19,537,368
	Administrative	**67,414,780**	40,525,448
	Professional fees	**26,150,000**	9,165,100
	Annual general meeting expenses	**3,384,329**	4,780,409
	Directors fees and expenses	**21,610,000**	17,950,000
	Bank charges	**4,249,707**	4,504,079
	Subscriptions	**19,963,236**	21,351,600
	Rates	**2,935,747**	3,947,523
	Local running	**6,135,358**	11,609,705
	Travelling expenses	**33,319,493**	23,264,172
	Courier and Postages	**2,833,300**	1,886,200
	Diesel expenses	**10,890,500**	9,448,025
	Newspapers and Periodicals	**424,350**	352,000
	Stationery and Printing	**5,226,491**	5,728,804
	Entertainment	**2,486,840**	1,788,660
	NSITF & ITF	**2,758,803**	-
	Others	**154,295,493**	128,029,573
		390,814,429	303,868,667

Professional fees includes fees payable to auditors in relation to the statutory audit of N4.5million (2018: N4.5million).

13 **Income tax**

The components of income tax expense for the years ended 31 December, 2019 and 31 December 2018 are:

	31 DECEMBER 2019 N	31 DECEMBER 2018 N
Current tax		
Company Income tax	31,500,525	29,266,307
Education tax	6,300,105	5,853,261
Information technology levy	4,443,817	3,242,778
Underprovision	-	-
Total current tax	42,244,447	38,362,346
Deferred tax		
Origination/ reversal) of temporary differences	2,000,000	1,174,014
Total income tax expense	44,244,447	39,536,360

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

iv **Reconciliation of tax charge**

	31 DECEMBER 2019 N	31 DECEMBER 2018 N
Profit before income tax	444,381,725	324,280,388
Tax at Nigerian's statutory income tax rate of 30%	133,314,518	97,284,117
Disallowable expenses	113,721,930	107,246,457
Exempted Income		-
Tax effect of capital allowance	(210,003,499)	(164,632,972)
Education tax @ 2% of assessable profit	6,300,105	5,853,261
Information technology levy @ 1% of PBT	4,443,817	3,242,804
Effect of taxes withheld	(5,532,423)	(10,631,321)
Total tax charge for the year	42,244,447	38,362,346

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 2019 N	31 DECEMBER 2018 N
Net profit attributable to ordinary shareholders for basic earnings	358,137,278	242,744,028
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)	8.59	5.82

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.

15 **Dividends paid and proposed**
Declared and paid during the year

	31 DECEMBER 2019 N	31 DECEMBER 2018 N
Equity dividends on ordinary shares:		
Final dividend	125,113,372	83,408,914
	125,113,372	83,408,914

a On 24 May 2018, the Annual General Meeting of shareholders of the Bank declared dividend amounting to N83,408,914 comprising 2 kobo per ordinary share based on 2017 audited financial result, This was fully paid on 30 May, 2018. A dividend of N42,000,000 was also paid based on the 7% irredeemable preference shares.

b On 23 May 2019, the Annual General Meeting of shareholders of the Bank declared dividend amounting to N125,113,372 comprising 3 kobo per ordinary share based on 2018 audited financial result, This was fully paid on 30 May, 2019. A dividend of N42,000,000 was also paid based on the 7% irredeemable preference shares.

c For 2019, the Directors proposed that a dividend of 3.5kobo 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.

e As at 31 December 2019, unclaimed dividend liability with the Bank stood at N4,635,735 Only. (2018- N46,600)

		31 DECEMBER 2019 N	31 DECEMBER 2018 N
16	**Cash and Bank balances**		
	Cash on hand	**32,684,250**	32,241,180
	Cash reserves with the Central Bank of Nigeria(CRR)	**46,681,155**	37,562,224
	Less: Allowance for impairment losses	-	-
		79,365,405	69,803,404

Cash reserves with Central Bank of Nigeria(CBN) are restricted balances and are not available for use in the Bank's day to day operations. The Bank is expected to maintain an amount of 2% of its adjusted deposit liabilities with the CBN as cash reserve at all times.

		31 DECEMBER 2019 N	31 DECEMBER 2018 N
17	**Due from banks**		
	Placements with Banks	**703,773,260**	663,919,931
	Balances with banks within Nigeria	**349,048,998**	295,075,200
		1,052,822,258	958,995,131
	Less: Allowance for impairment losses	**(2,570)**	(2,570)
		1,052,819,688	958,992,562
18	**Loans & Advances**		
a	**By Product Type**		
	Mortgage Loans	**5,460,663,718**	3,890,482,184
	Other Loans	**27,536,528**	51,797,193
	Gross Loans	**5,488,200,246**	3,942,279,377
	Impairment	**(149,743,004)**	(140,627,304)
		5,338,457,241	3,801,652,073

NOTE TO THE FINANCIAL STATEMENTS

		31 DECEMBER 2018	31 DECEMBER 2018
b	**Analysis of Mortgage Loans**	**N**	N
	Mortgage Loans - NHF	**1,348,535,328**	976,068,707
	Mortgage Loans - Commercial	**3,629,069,241**	2,286,403,483
	Mortgage Loans - Estate Development	**432,542,374**	604,096,682
	Interest Receivable	**50,516,776**	23,913,312
		5,460,663,718	3,890,482,184
c	**Analysis of Other Loans**		
	Staff Loans	**330,807**	3,650,153
	Others	**22,811,990**	43,969,076
	Interest Receivable	**4,393,731**	4,177,964
		27,536,528	51,797,193
d	**Analysis of Loan and Advances by ECL Amounts**		
	ECL - Stage 1	**5,148,177,989**	3,550,959,498
	ECL - Stage 2	**195,883,955**	254,855,931
	ECL - Stage 3	**144,138,303**	136,463,949
		5,488,200,246	3,942,279,377
e	**Impairment**		
	ECL - Stage 1	**85,715,812**	71,142,467.21
	ECL - Stage 2	**15,389,905**	9,276,932.07
	ECL - Stage 3	**48,637,286**	60,207,904.37
		149,743,004	140,627,304
f	**Impairment allowance for loans and advances to customers**		
	Expected Credit Losses		
	At 1 January	**140,627,304**	-
	ECL charge for the year	**9,115,700**	140,627,304
	Written off	**-**	-
	At 31 December	**149,743,004**	140,627,304

Prior to 2018, The Bank computed impairments using the incurred losss model and impairment was segregated to individual and collective impairments

g	**Analysis by Internal Rating**		
	AA	**5,119,861,204**	3,550,959,498
	A	**113,319,879**	133,876,050
	CC	**130,820,458**	56,555,487
	C	**30,625,206**	64,424,394
	D	**93,573,499**	136,463,949
		5,488,200,246	3,942,279,377
h	**Analysis by Security**		
	Secured Against Real Estate	**5,460,663,718**	3,890,482,184
	Otherwise secured	**27,536,528**	51,797,193
	Unsecured	**-**	-
		5,488,200,246	3,942,279,377

		31 DECEMBER 2019	31 DECEMBER 2018
i	**Analysis by Maturity**	**N**	N
	Under 1 Month	**115,691,646**	83,103,526
	1-3 Months	**9,863,218**	7,084,938
	3-6 Months	**48,932,648**	35,149,259
	6-12 Months	**225,314,090**	161,847,427
	12-24 Months	**317,371,213**	227,973,823
	24-60 Months	**1,796,742,978**	1,290,634,903
	Above 60 Months	**2,974,284,452**	2,136,485,502
		5,488,200,246	3,942,279,377

j	**Analysis by Bucket Characteristics**	**N**	N
	Estate Development	**433,980,333**	607,831,000
	Non Social Residential Mortgages	**3,314,998,528**	2,029,764,452
	Social Residential Mortgages	**1,352,834,043**	982,102,429
	Commercial Mortgages	**354,568,524**	272,313,130
	Micro loans	**31,818,818**	50,268,365
		5,488,200,246	3,942,279,377

k	**Exected Credit Loss Analysis by IFRS Buckets**		
	Estate Development	**2,502,151**	16,594,524
	Non Social Residential Mortgages	**82,709,775**	64,010,252
	Social Residential Mortgages	**58,571,538**	40,335,992
	Commercial Mortgages	**2,888,152**	2,265,007
	Micro loans	**3,071,387**	17,421,529
		149,743,004	140,627,304

l **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
iii	Real Estate Construction finance	-Not more than 25% of total assets
iii	Single obligor - Individual	-Not more than 5% of shareholders funds unimpaired by losses
iv	Single obligor - Corporate	-Not more than 20% of shareholders funds unimpaired by losses

	31 DECEMBER 2019	31 DECEMBER 2018
	%	%
Residential Mortgages (75% floor)	**85.1**	83.9
Real Estate Construction finance (25% cap)	**7.9**	5.8
Single obligor - Individual (5% cap)	**1.4**	1.7
Single obligor - Corporate (20% cap)	**3.0**	5.1

19 INVESTMENT SECURITIES

19a	**Fair Value through Other Comprehensive Income**		
	Equity Investment in Nigeria Mortgage Refinance Co. Plc	**356,249,998**	356,249,998
	Equity Investment in Mortgage Warehouse Funding Limited	**5,000,000**	5,000,000
		361,249,998	361,249,998

i	**Fair Value through Other Comprehensive Income**		
	Equity Investment in Nigeria Mortgage Refinance Co. Plc		
	Balance at 1 January	**356,249,998**	300,000,000
	Fair value adjustment	**-**	56,249,998
	Less: Allowance for impairment	**-**	-
	Balance at 31 December	**356,249,998**	356,249,998

The Balance on (i) above represents the Bank's investment in the quoted equities of NMRC of which the Bank is a member. The NMRC was set up as a Public Private Partnership between the Federal Government, The Federal Ministry of Finance, Central Bank, Local investors and the World Bank. The World Bank has created a concessional long term credit of USD300 Million for NMRC for 40 years through liquidity facility. In addition, N6 Billion was 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 shall be 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.

In 2017, NMRC announced a bonus dividend of one ordinary share for every nine held. This brings the total investment in NMRC to a total holding to 63,333,333 Units.

Though the NASD market quotation as at 31 December 2018 is N4.55, but that price has not moved since the stock was listed in June 2014. And despite its quotation at N4.55, the last purchase by the Bank in December 2016 was at N6.25. This same rate was used to value the bonus share issued in the company's financial statement for the year ended 31 December 2017. However the company gave a bonus issue of 1:9, therefore this price was adjusted for the bonus issue to derive the price of N5.65 used to value the shares for the year ended 31 December, 2018 which gave rise to the fair value gain.
As at 31 December, 2019 the NASD market price had not changed, hence no further valuation was done.

		31 DECEMBER 2019	31 DECEMBER 2018
ii	**Fair Value through Other Comprehensive Income Equity Investment in Mortgage Warehouse Funding Limited**	**N**	N
	Balance at 1 January	**5,000,000**	5,000,000
	Additions during the year		
	Fair Value adjustment	**-**	-
	Less: Allowance for impairment		
	Balance at 31 December	**5,000,000**	5,000,000

The balance in (ii) above represents the Bank's investment in the unquoted equities of MWFL. With the support of the Central Bank of Nigeria (CBN), the National Pension Commission, Mortgage Bankers Association of Nigeria (MBAN), Nigeria Mortgage Refinance Company Plc (NMRC), Dunn Loren Merrifield Advisory Partners Limited and other key stakeholders, Mortgage Warehouse Funding Limited (MWFL) was set up to support the housing programme in Nigeria. The activities of MWFL are aimed at complementing those of NMRC, such that whilst NMRC is licenced to match funding and provide liquidity to the mortgage sector through long term secondary market re-financing MWFL will serve to provide an equally reliable and parallel source of short term funding for primary mortgage originations.This short term finance will enable PMBs expand their origination capacity and ultimately enable them to run their businesses more efficiently and profitably, while ensuring steady growth of the mortgage housing sector.

The company has commenced operation but do not have any financial statement to enable us carry out a valuation of the shares. Moreover, the shares are not listed in an active market hence no market valuation can be done. It has been carried at cost.

19b	**Held at Amortised Cost**		
	Nigerian Treasury Bills		
	Baalance at 1 January	**1,942,619,247**	197,679,314.81
	Invested during the year	**7,407,312,708**	4,927,048,933
	Redemption	**(8,485,000,000)**	(3,182,109,000)
	Less: Allowance for impairment	**-**	-
	Balance at 31 December	**864,931,955**	1,942,619,247

IFRS 9 permits that a financial instrument, which is considered to have low credit risk on the reporting date, needs not be assessed for significant increase in credit risk since its initial recognition. CBN expects OFIs to exercise this simplification in limited circumstances. Accordingly, the Bank has used this simplification for only risk free and gilt edged securities. Hence no ECL allowance is recognized for Nigeria Treasury Bills held at amortised cost

Analysis by Maturity		
Current		
Held at Amortised Cost	**864,931,955**	1,942,619,247
	864,931,955	1,942,619,247
Non Current		
FVOCI	**356,249,998**	356,249,998
	356,249,998	356,249,998

		31 DECEMBER 2019 N	31 DECEMBER 2018 N
20	**Other assets**		
	Prepayments	**30,567,994**	21,010,131
	Stationery stocks	**1,026,729**	1,130,000
	Other stocks	**2,288,941**	2,408,381
	Account receivables	**115,140,807**	306,751,101
	Other debit balances	**12,206,139**	7,380,107
		161,230,610	338,679,720
	Less:		
	Allowance for impairment on other assets	**(188,000)**	(188,000)
		161,042,610	338,491,720
	Analysis by Maturity		
	Current	**155,175,610**	337,351,720
	Non-Current	**6,055,000**	1,328,000
		161,230,610	338,679,720

Infinity Trust Mortgage Bank Plc
Annual Report and Accounts
for the Year Ended 31 December, 2019
Notes to the financial Statements

NOTE 21

PROPERTY, PLANT AND EQUIPMENT

AS AT 31 DECEMBER 2019	LAND	BUILDINGS	COMPUTER EQUIPMENT	PLANT & MACHINERY	OFFICE EQUIPMENT	FURNITURE & FITTINGS	MOTOR VEHICLES	TOTAL
COST	N	N	N	N	N	N	N	N
As at 1/1/2019	235,315,028	2,824,769,150	40,752,136	10,396,870	186,215,342	48,530,792	104,890,000	3,450,869,318
Addition	-	-	18,759,117	5,402,583	14,336,827	4,763,300	-	43,261,827
	-							
As at 31/12/2019	235,315,028	2,824,769,150	59,511,253	15,799,453	200,552,169	53,294,092	104,890,000	3,494,131,145
DEPRECIATION								
As at 1/1/2019	-	426,697,996	23,868,132	7,416,643	137,077,892	43,120,142	78,648,074	716,828,878
Charge for the year	-	56,495,383	6,597,612	2,212,793	26,013,446	3,088,979	13,687,500	108,095,713
As at 31/12/2019	-	483,193,379	30,465,744	9,629,436	163,091,338	46,209,120	92,335,574	824,924,592
CARRYING VALUE								
12/31/2019	235,315,028	2,341,575,771	29,045,509	6,170,017	37,460,831	7,084,971	12,554,426	2,669,206,553
AS AT 31 DECEMBER 2018	N	N	N	N	N	N	N	N
COST	N	N	N	N	N	N	N	N
As at 1/1/2018	235,315,028	2,823,990,350	28,163,336	10,396,870	166,399,588	45,550,792	86,890,000	3,396,705,963
Addition	-	778,800	12,588,800	-	19,815,754	2,980,000	18,000,000	54,163,355
As at 31/12/2018	235,315,028	2,824,769,150	40,752,136	10,396,870	186,215,342	48,530,792	104,890,000	3,450,869,318
DEPRECIATION								
As at 1/1/2018	-	370,212,997	19,840,339	5,337,269	111,671,611	40,196,392	66,918,647	614,177,254
Charge for the year	-	56,484,999	4,027,793	2,079,374	25,406,281	2,923,750	11,729,427	102,651,624
As at 31/12/2018	-	426,697,996	23,868,132	7,416,643	137,077,892	43,120,142	78,648,074	716,828,878
CARRYING VALUE								
12/31/2018	235,315,028	2,398,071,154	16,884,004	2,980,227	49,137,450	5,410,650	26,241,926	2,734,040,439

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. The Lagos building has not been revalued.

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.

All loans from the Federal Mortgage Bank are temporarily secured by C of O of the Corporate Head Office Building which is valued at N2.2 billion. Submitted title documents to properties financed are used to reduce the encumberance on the Bank's property.

Infinity Trust Mortgage Bank Plc
2019 Annual Report and Accounts
Notes to the Financial Statements

		31 DECEMBER 2019 N	31 DECEMBER 2018 N
22	**Intangible assets**		
	Purchased Software		
a	**Cost**		
	Balance at 1 January	**42,423,438**	37,448,997
	Additions	**12,846,400**	4,974,440
	Balance at 31 December	**55,269,837**	42,423,438
b	**Amortisation and Impairments**		
	Balance at 1 January	**29,708,240**	25,113,407
	Charge for the year	**5,626,216**	4,594,833
	Balance at 31 December	**35,334,456**	29,708,240
	Carrying Amounts	**19,935,382**	12,715,198
23	**Deferred tax**		
	Deferred tax assets	**65,640,453**	67,640,453
	Deferred tax liabilities	**-**	-
		65,640,453	67,640,453

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

	31 DECEMBER 2019 N	31 DECEMBER 2018 N
Property, Plant & Equipment	**1,652,241,077**	1,647,477,777
Tax loss carried forward	**1,799,273,895**	1,801,273,895
Others	**-**	-
	147,032,817	153,796,117
Unrecognized deferred tax	**(83,175,665)**	(83,175,665)
deferred tax assets at 31 December	**65,640,453**	67,640,453

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.

		31 DECEMBER 2019 N	31 DECEMBER 2018 N
24	**Non Current Assets Held for sale**		
	At 1 January	**63,837,000**	68,247,000
	Disposals	**(31,941,000)**	(4,410,000)
		31,896,000	63,837,000
	Less Impairment	**-**	-
	At 31 December	**31,896,000**	63,837,000

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 the lower of carrying amount and fair value less cost of sales in line with the measurement principle of IFRS 5.
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, 2019 stood at N49,200,000

		31 DECEMBER 2019 N	31 DECEMBER 2018 N
25	**Due to customers**		
a	**Analysis by type**		
	Demand	**868,979,977**	1,828,170,311
	Savings (Mortgage and Others)	**416,544,755**	142,945,223
	Time and Call	**651,584,313**	496,561,503
		1,937,109,045	2,467,677,036
	Analysed into:		
	Current	**1,881,657,424**	2,260,634,459
	Non current	**55,451,621**	207,042,578
		1,937,109,045	2,467,677,036

		31 DECEMBER 2019 N	31 DECEMBER 2018 N
26	**Debt issued and other borrowed funds**		
a	Federal Mortgage Bank of Nigeria	**1,643,870,647**	1,253,604,221
b	Nigeria Mortgage Refinance Company Plc	**505,098,211**	397,135,213
		2,148,968,858	1,650,739,434
a	**Federal Mortgage Bank of Nigeria**		
	Balance at 1 January	**1,253,604,221**	937,588,230
	Additions	**571,050,000**	377,817,000
	Refunds	**(102,150,000)**	-
	Payments	**(78,633,574)**	(61,801,009)
	Balance at 31 December	**1,643,870,647**	1,253,604,221

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 45 batches (2018- 38 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 temporarily secured by C of O of the Corporate Head Office . Submitted title documents of properties financed are used to reduce the encumberance on the Bank's property.

		31 DECEMBER 2019 N	31 DECEMBER 2018 N
b	**Nigeria Mortgage Refinance Company Plc**		
	Balance at 1 January	**397,135,213**	98,647,106
	Additions	**116,438,614**	301,059,907
	Payments	**(8,475,615)**	(2,571,800)
	Balance at 31 December	**505,098,211**	397,135,213

On 19th of October, 2016, the Bank received the sum of N100,766,923.08 as refinancing liquidity for 13 customers. The loan is for 15 years tenor at an interest rate of 15.5%. Two more batches of N228,615,291 and N72,444,615.64 were received during in 2018 at 14.5% for 15 years each. A fourth batch of N116,438,613.60 was received during the year for 15 years.
The balance of N397,135,213 represents the unpaid balance on the tranches.
There has been no changes in the credit rating of the organisation during the period

	31 DECEMBER 2019 N	31 DECEMBER 2018 N
Analysed into:		
Current		
Federal Mortgage Bank of Nigeria	**81,791,302**	50,172,000
Nigeria Mortgage Refinance Company Plc	**9,642,663**	7,655,120
	91,433,965	57,827,120
Non Current		
Federal Mortgage Bank of Nigeria	**1,562,079,345**	1,203,432,221
Nigeria Mortgage Refinance Company Plc	**495,455,548**	389,480,093
	2,057,534,893	1,592,912,314

		31 DECEMBER 2019 N	31 DECEMBER 2018 N
27	**Current tax liabilities**		
	Balance at 1 January	**38,362,346**	48,676,967
	Tax provision for the year	**42,244,447**	38,362,346
	Payments made on-account during the year	**(38,362,346)**	(48,676,967)
	Balance at 31 December	**42,244,447**	38,362,346
28	**Other liabilities**		
	Provisions and accruals	**4,775,000**	5,000,000
	Sundry Creditors	**7,388,779**	8,275,852
	Unclaimed Dividend	**4,685,735**	46,600
	Other Payables	**288,112,052**	166,173,160
	Rent Received in Advance	**8,691,684**	44,971,083
	Pension Payable (See 29)	**414,920**	665,725
		314,068,170	225,132,420
	Other liabilities are analysed into:		
	Current	**165,326,409**	142,045,840
	Non Current	**148,741,761**	83,086,580
		314,068,170	225,132,420

29 **Pension Payable**
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 Bank maintains an in house gratuity scheme for its staff that have stayed in employment for up to five years and above. This gratuity is paid when the staff leaves the employment of the Bank due to reasons other than dismissal. The liability of the Bank in respect of the gratuity scheme as at 31/12/19 has been estimated and adequate provision made in the financial statements and is included in other payables.

There is no further liability on the Bank in respect of employee retirement benefits once contributions have been remitted to Pension Fund Administrators and gratuity paid to qualified employees.
The Bank does not pay employees lifetime pension.

The total amount of N25. 8m represents contributions paid to these plans by the Bank.
The balance of N414,920 as at 31/12/2019 (2018 - N665,725) represents unremitted contributions for exited staff whose RSA details the Bank is yet to receive.

Defined contribution plan	**31 DECEMBER 2019**	31 DECEMBER 2018
Opening defined contribution obligation	**665,725**	588,661
Contribution for the period	**25,878,591**	20,938,457
Payment to fund administrators	**(26,959,235)**	(20,861,394)
	414,920	665,725

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.

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 2019 N**	31 DECEMBER 2018 N
Balance at 1 January	**1,227,369,465**	1,227,369,465
Additions	**-**	-
Balance at 31 December	**1,227,369,465**	1,227,369,465

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 that 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.

31-Dec-19	Level 1 N	Level 1 **N**	Level 3 **N**	Total **N**
FVOCI_NMRC		356,249,998	-	356,249,998
FVOCI_MWFL	-	-	5,000,000	5,000,000
	-	356,249,998	5,000,000	361,249,998

31-Dec-18	Level 1 N	Level 1 **N**	Level 3 **N**	Total **N**
FVOCI_NMRC		356,249,998		356,249,998
FVOCI_MWFL	-	-	5,000,000	5,000,000
	-	356,249,998	5,000,000	361,249,998

Infinity Trust Mortgage Bank Plc
2019 Annual Report and Accounts
Notes to the financial statements

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 2019		31 December 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	N	N	N	N
Financial assets				
Cash and balances with central bank	79,365,405	79,365,405	69,803,404	69,803,404
Due from banks	1,052,819,688	1,052,819,688	958,992,562	958,992,562
Loans and advances to customers	5,338,457,241	5,338,457,241	3,801,652,073	3,801,652,073
	6,470,642,334	6,470,642,334	4,830,448,038	4,830,448,038
Financial investments	864,931,955	864,931,955	1,942,619,247	1,942,619,247
	7,335,574,290	7,335,574,290	6,773,067,286	6,773,067,286
Financial liabilities				
Due to customers	1,937,109,045	1,937,109,045	2,467,677,036	2,467,677,036
Debt issued and other borrowed funds	2,148,968,858	2,148,968,858	1,650,739,434	1,650,739,434
	4,086,077,903	4,086,077,903	4,118,416,470	4,118,416,470

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 (0-12months) it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits, and savings accounts without a specific maturity.

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

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

RISK MANAGEMENT FRAMEWORK

(a) Introduction

Infinity Trust Mortgage Bank's Plc (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 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.

The Bank has a robust risk culture and embrace the best practice in Enterprise wide Risk Management (ERM), which aligns people, strategy, policies, processes, technology and business intelligence in order to evaluate, manage and optimize the opportunities and threats it may face in its efforts to maximize sustainable stakeholders' value within its defined risk appetite.

To continually sustain this strong risk culture, the Bank implements its ERM as a process driven by the Board of Directors, Management and other personnel, across the enterprise, to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of the entity's objectives.

This involves the application of risk management principles and processes in every business activity to determine potential threats, and adopt appropriate control measures and to contain risks in achieving the cherished objectives.

The Bank has recognized its major risk areas to include Credit, Operational, Information Technology, Market and Liquidity Risks. Risk identification in these areas is carried out by the relevant risk owners, in collaboration with the Enterprise Risk Management.

(b) Risk Management Philosophy

The Bank's risk management philosophy describes its attitude to risk taking. It is the driving force behind all the decisions made in the conduct of business activities and operations from a risk perspective.

This philosophy is further cascaded into working statements through the following risk principles:

- The Bank's decisions will be based on careful analysis of its operating environment as well as the implications of the identified risks to the achievement of its strategic goals.
- The Bank will not take any action that will compromise its integrity
- Risk control will serve to enhance the achievement of strategic objectives.
- The Bank will always comply with all government regulations and continually espouse global best practice.
- Risk management will form a key part of the Bank's strategy setting process
- The Bank will only assume risks that fall within its risk appetite with appropriate returns.
- The Bank shall adhere to the risk management cycle of identifying, measuring, controlling and reporting risks.

- The Bank shall continually review its activities to determine the level of inherent risks and deploy appropriate risk responses at all time.

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 the 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.

The bank recognizes that there are inherent risks associated with the pursuit of growth opportunities in achieving its strategic objectives. While the risk philosophy articulates how inherent risks are considered when making decisions, the Board and Management of the bank determine the risks that are acceptable based on its capabilities in terms of people, capital and technology.

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. 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). Identified risk factors include:

- Capital Adequacy
- Earnings Growth (Profit Before Tax)

- Earnings Quality (Net Interest Margin)
- Return on Asset
- Issuer Debt Rating
- Return on Equity
- Cost-to-Income
- Asset quality (Non-Performing Loan) and Coverage,
- Liquidity and Coverage Ratio
- Risk Asset Funding
- Obligor and Sector Concentration
- Staff Attrition

Risk Tolerance
To achieve the desired impact of the risk appetite statement across all business divisions, the bank defined the risk tolerances applicable to the risk factors for measurement and monitoring purposes to enhance decision making. The tolerances are measured via a three-leg limit system which measures an extreme upper region signifying high risk or unacceptable risk level, a middle range region known as trigger point and a lower region signifying a low risk or acceptable risk level. These classifications establish the acceptable levels of variation relative to the bank's desired objective.
The set risk tolerances levels are subject to the approval of the Board of Directors and can be changed when there are compelling regulatory or operating factors.
The risk tolerance limits are monitored periodically using a dashboard which estimates the status of each risk factor. The result of the dashboard is made available to the Management and Board of Directors for decision making.

(c) RISK MANAGEMENT FRAMEWORK
The Bank's Risk Management Framework is built on a well-defined organizational structure and established policies to guide in the function of identifying, analyzing, managing and monitoring the various risks inherent in the business as well as setting appropriate risk limits and controls to align the risks with the strategic objectives.
The risk management policies are subject to review at least once a year. However more frequent reviews may be conducted at the instance of the Board, when changes in laws, regulations, market conditions or the Bank's activities are material enough to impact on the continued adoption of the existing policies. The Bank, through its trainings and management standards and procedures, aims to develop a disciplined, engaging and controlled environment, in which all employees understand their roles and obligations.
The Board of Directors has overall responsibility for the establishment of the Bank's Risk Management framework and exercises its oversight function over all the Bank's prevalent risks via its various committees; Board Risk Committee, Board Credit Committee, and Board Audit Committee. These committees are responsible for developing and monitoring risk policies in their specific areas and report regularly to the Board of Directors. All Board committees have both executive and non-executive members.
The Board Committees are assisted by the various Management Committees in identifying and assessing risks arising from day to day activities of the Bank.
ITMB PLC adopts an enterprise wide integrated approach to risk

management. The key objectives are as follows:

- To meet and exceed best practice global standards by adhering to the principle of Enterprise Risk Management (ERM) Framework as adopted by the Central Bank of Nigeria (CBN);
- To ensure sustainable profitability and enterprise value protection by maintaining growth within appropriate risk-control boundaries; and
- 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 framework	**Risk Assessment**	**Risk Monitoring**	**Risk Mitigation**	**Optimized Risk Profile**
• 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 • Testing and 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.

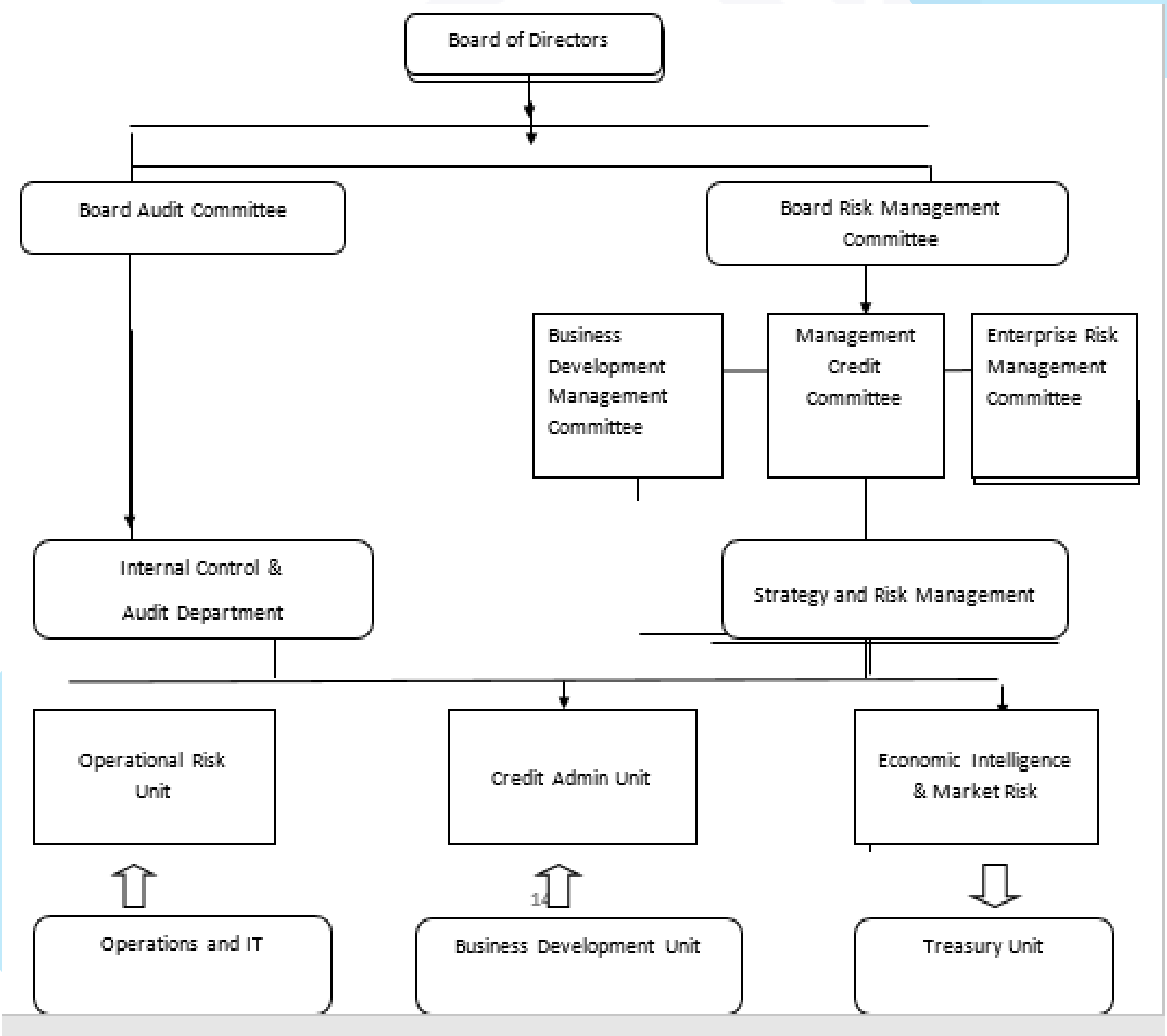
RISK MANAGEMENT FRAMEWORK

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.

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 Risk Management Department (the "**RMD**") which helps the Board develop and implement various risk strategies. The RMD manages all risks (market, liquidity and credit risks), operational risks, as well as strategic and reputational risks. The RMD, which reports to the BRC it is responsible for risk management the Bank and also provide information to the BRC on a regular basis for risk review.

The Roles and Responsibilities of the BRMC are:

- To effectively coordinate the efforts of Risk Committees to provide an integrated view of risks faced by the Bank to the BOD at regular intervals and to effectively implement the BOD's strategy for risk management.
- Take decisions and provide guidance/ mandates to risk committees and relevant functions of the firm 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 approved by 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 of similar 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 as 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.

Risk Management Committee (RMC)
This committee consists of MD/CEO, Head Strategy and Risk Management, Head Compliance and internal control, Group Head, Finance and Treasury, Group Head Operations and Information technology and Group Head Business Development. Its roles and responsibilities are to:

- 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 and objectives;
- Provide for consolidated supervision of the Bank's different activities and legal entities, alliances and joint ventures;
- Oversee 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.
- Ensure compliance with established policy through periodic review of reports provided by the risk management unit, internal auditors, external auditors and the regulatory authorities;
- Approve the appointment of qualified officers for the risk management function;
- Oversee the management of all other risks in the Bank except market risk, investment risk, operational risk and liquidity risks;
- Evaluate 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;
- Evaluate ITMB's risk profile, develop action plans to manage risks, and monitor progress against plan;
- Approve the provision of risk management services by external service providers;
- Review risk reports for presentation to the Board and/or Board committees;
- Develop policies and procedures for identifying, measuring, controlling, monitoring and reporting risk;
- Review risk reports on a regular and timely basis; Provide all reports required by the Board and its committees for the effective performance of their risk management oversight functions;
- Ensure 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.

- Champion the implementation of the enterprise-wide risk management framework across ITMB for the management of risks namely market risk, reputational 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;
- Establish an integrated risk management framework for all aspects of risks across 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 operating framework. Other CRO responsibilities includes:

- Establishing ERM policies.
- Overseeing the development of entity-wide and specific business unit risk tolerance thresholds.
- Recommending or evaluating corrective actions.
- Managing the activities of the ERM function.
- Evaluating ERM personnel

Risk Management Department and their Key Functions
Credit Monitoring Unit (CMU)

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 ongoing portfolio performance and achievement of portfolio quality targets. CMU's responsibilities include:

- Evaluating performance of credits to ensure that they are managed in accordance with the dynamics, terms and conditions of their approval.
- Identify exceptions which may prevent the loan from being paid in a timely manner
- Take 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.
- Executes the Assets Remediation functions which
- 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.
- 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 non performing accounts.

Compliance Department

This functions among others are to:

- 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.
- Monitor compliance to the whistle blowing policy

Legal Services Department (LSD)

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.
- Provide 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
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

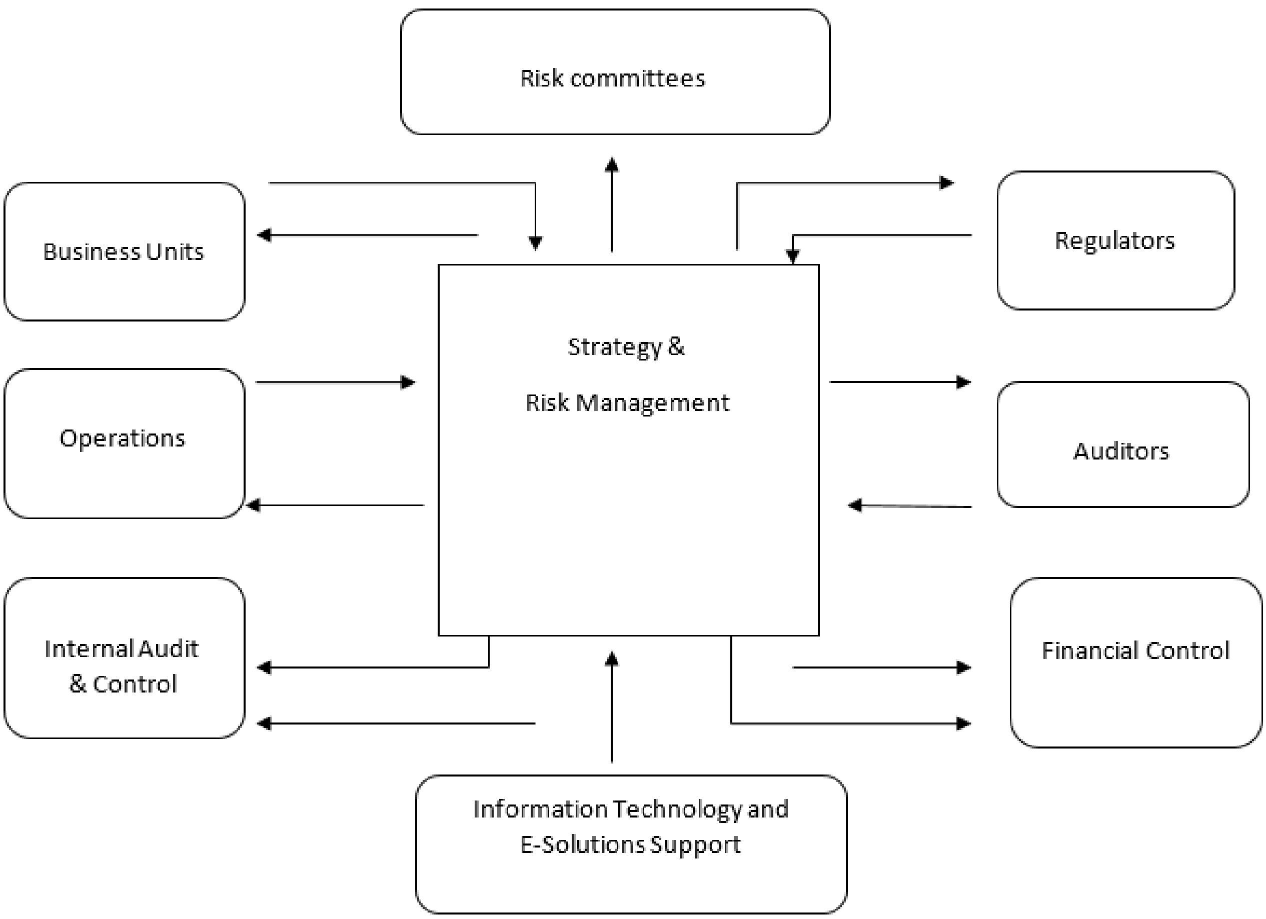
Human Relations Department
The Department ensures the optimal level of staffing in all its functional units. To this end, job evaluation shall be carried out for every job role to determine the quantum of man-hour and skill level required to handle the roles. Securities & Investment Management Bank.

Risk Management Strategy
ITMB's Risk management strategy is to evaluate business opportunities vis a vis the Bank's risks bringing them up-to-date with changes in strategy, business environment and trends in risk management. The CBN's risk management guidelines prescribe quantitative and qualitative criteria for the identification of significant risks 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.

The relationship between the Strategy and Risk Management department is depicted in the following diagram.



(d) Risk Management Methodology

The Bank recognizes that it is in the business of managing inherent risks to derive optimal value for all the stakeholders. It has therefore, over the years detailed its approach to risk management through various policies and procedures, which include the following:

- ERM Policy
- Credit Policy Guide
- Human Resources Policy Manual
- Quality Manual
- Standard Operating Procedures
- IT Policy

To ensure adherence to the policies and procedures, several exception reports on activities are generated by the various audit/control function units for management decision making. These include:

- Monthly Performance Review (MPR) for the business development unit teams
- Monthly Operations and IT Performance Reports
- Quarterly Business Performance Review
- Semi- Annual Bank-wide performance appraisal systems
- Monthly Expenditure Control Monitoring Report
- Critical Assets Recovery Committee Report

(e) 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 Banks 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 by the 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 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 level in the credit process. There are different limits for the Management Credit Committee, Board Credit Committee. The Board has no approval 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.

(i) Management of Credit Risk

The Board of Directors has delegated responsibility for the management of credit risk to its Board Credit Committee. The Management Credit Committee reporting to the Board Credit Committee is responsible for oversight of the Bank's credit risk, including:

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentation and legal procedures, and compliance with regulatory and statutory requirements.

- Establishing the authorization structure for the approval and renewal of credit facilities. Facilities require approval by the Management Credit Committee, and the Board Credit Committee/Board of Directors as appropriate.

- Reviewing and assessing credit risk. Management Credit Committee assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

- Developing and maintaining the Bank's risk rating in order to categorize exposures according to the degree of risk of financial loss faced and to attention management on the attendant risks. The current risk rating framework consists of nine grades reflecting varying degrees of risk of default with rating "1" as the best and "9" as lost. The risk ratings are subject to regular reviews by Credit Risk Management Unit.

- Reviewing compliance of business units with agreed exposure limits. Regular review and reports are provided by the Risk Management Unit on the credit quality and appropriate corrective actions are taken.

- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Bank in the management of credit risk.

There were no changes in the Bank's risk management policies. Business units are required to implement the Bank's credit policies and procedures, with credit approval authorized by the Board Credit Committee.

(ii) **Credit Risk Measurement**

In line with IFRS 9, the bank has adopted Expected Credit Loss (ECL) approach effective January 1, 2018. IFRS 9 adopts dual measurement approach to determining expected credit loss. The 12 month ECL is applicable to credit exposure in Stage 1 where there is no significant deterioration in credit quality. It is computed as loss allowance. The lifetime ECL is the loss allowance computed for credit exposures in Stage 2 and 3. As part of the evolving risk culture, the bank developed internal rating models along with risk bucket characteristics (Residential, Commercial, Social and Estate Development and Micro) consistent with historical data of over five years. This has enabled the bank to successfully implement the Internal Rating Based Approach as well as the implementation of Expected Credit Loss measurement.

IFRS 9 Expected Credit Loss measurement approach is a proactive way of determining the extent of future losses associated with risk exposures in the bank's portfolio. Key aspect of ECL approach is the incorporation of the macroeconomic indicators (forecast) into the computation of the future credit loss. The credit impairment under IFRS 9 is determined using a forward looking method of impairment evaluation by assuming that every risk exposures have inherent credit loss.

The Bank undertakes lending activities after careful analysis of the borrowers' character, capacity to repay, cash flow, credit history, industry conditions and other factors. In the analysis, the applied parameters are determined by each business segment because of the differences in the inherent risks.

The Bank's rating grades reflect the range of parameters internally developed to predict the default probabilities of each rating class in line with international best practices and in compliance with BASEL II requirements. The grades reflect granularities and are handled by Account Officers and Relationship Managers with validation by Credit Risk Management Group.

Rating Grade Description Characteristics

S/N	Grade Description	Grade Remark	Characteristics
1	AA	Very Low Risk Lending Grade	• Very high credit quality • Exceptionally high cash flow coverage (historical and projected) • Very strong balance sheets with high liquid assets • Excellent asset quality • Access to global capital markets • Typically large national corporate in stable industries and with significant market share
2	A Good. Low Risk	Good. Low Risk	• High quality borrowers • Good asset quality and liquidity position • Strong debt repayment capacity and coverage • Very good management • Though credit fundamentals are strong, it may suffer some temporary setback if any of them are adversely affected • Typically in stable industries
3	BBB	Below Average Risk	• Good asset quality and liquidity • Very good debt capacity but smaller margins of debt service coverage • Good management in key areas • Temporary difficulties can be overcome to meet debt obligations • Good management but depth may be an issue • Good character of owner • Typically good companies in cyclical industries
4	BB	Average Risk. Speculative	• Satisfactory asset quality and liquidity • Good debt capacity but smaller margins of debt service coverage • Reasonable management in key areas

			• Temporary difficulties can be overcome to meet debt obligations • Good management but depth may be an issue • Satisfactory character of owner • Typically good companies in cyclical industries
5	B	Above Average Risk. Grade	• Limited debt capacity and modest debt service coverage • Could be currently performing but susceptible to poor industry conditions and operational quality • Management and owners are good or passable • Typically borrowers in declining markets or with small market share and operating in cyclical industries
6	CCC	High Risk	• Eliciting signs of deterioration as a result of well-defined weaknesses that may impair repayment • Typically start- ups / declining markets/deteriorating industries with high industry risk • Financial fundamentals below average • Weak management • Poor information disclosure
7	CC	Very High Risk/Substandard Default	• Well-defined weaknesses though significant loss unlikely; orderly liquidation of debt under threat • Continued strength is on collateral or residual repayment capacity of obligor • Partial losses of principal and interest possible if weaknesses are not promptly rectified • Questionable management skills
8	C	Extremely High Risk/Doubtful Grade	• High probability of partial loss • Very weak credit fundamentals which make full debt repayment in serious doubt

			• Factors exist that may mitigate the potential loss but awaiting appropriate time to determine final status • Demonstrable management weaknesses, poor repayment weaknesses and poor repayment profile
9	D	Bad and Lost	• A definite loss of principal and interest • Lack of capacity to repay unsecured debt • Bleak economic prospects • Though it is still possible to recover sometime in the future, it is imprudent to defer write - offs

Risk ratings models form the building blocks for the determination of default risk of counter parties. The models are back tested to ascertain the predictive capabilities relative to actual performance and make necessary amendments as necessary to enhance their effectiveness.

Because significant increase in credit risk is the main factor that determines movement of a financial asset from Stage 1 to Stage 2, all obligors with downward movement of credit rating of more than 3 notches or any movement into rating 5 are migrated to Stage 2. An obligor is moved into Stage 3 when there is rating migration to rating grade 9.

A facility in Stage 3 can subsequently be deemed "cured". A facility is deemed to be "cured" when there is a significant reduction in the credit risk of the financial instrument. "Cured" facilities within Stage 2 are monitored for a probationary period of 90 days to confirm if the credit risk has decreased sufficiently before they can be migrated from Stage 2 to Stage 1 while "Cured" facilities within Stage 3 are monitored for a probationary period of 180 days before migration from Stage 3 to Stage 1. The decrease in risk of default is reflected in the obligor's Risk Rating which is a critical input for Staging.

In computing the credit loss at the counterparty level, the bank considers four components listed below:

In computing the credit loss at the counterparty level, the bank considers four components listed below:

(1) **Probability of Default (PD) -** This is an estimate of the likelihood of default over a given time horizon (e.g. 12 months or lifetime). The bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty. The tools have been developed with the help of external financial and modeling experts using rigorous statistical analysis and the professional judgement of credit analysts.

The rating tool combines both qualitative and quantitative factors comparable to internationally available standards. The rating methods are subject to back test to ensure that they reflect the latest projection in the light of all actually observed defaults.

(2) Exposure at Default (EAD) - This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdown on committed facilities.

(3) **Loss Given Default (LGD) –** This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. It typically varies by type of counterparty, type of exposure and seniority of claim and availability of collateral or other credit support.

(4) **Discount Rate –** This is used to discount an expected loss to a present value at the reporting date using the effective interest rate (EIR) (or where applicable, other rate permitted by IFRS 9) determined at initial recognition.

(iii) Risk Limit Control and Mitigation Policies

The Bank applies limits to control credit risk concentration and diversification of its risk assets portfolio. Limits are maintained for individual borrowers and groups of related borrowers.

The obligor limit as set by the regulators and it is currently at 20% of the Bank's shareholders' funds unimpaired by losses for estate development and 5% of shareholders' funds unimpaired by losses for individual obligors. These covers exposures to counterparties and related parties.

In addition to the regulatory limit, other parameters are applied internally to determine the suitable limits that an individual borrower should have.

Economic sector limits are imposed to guide against concentration risk as a result of exposures to set of counterparties operating in a particular industry. The industry limits are arrived at after rigorous analysis of the risks inherent in the industries/economic sectors.

These limits are usually recommended by Risk Management Department and approved by the Management and Board. The limits set for each industry or economic sector depend on the historical performance of the sector as well as the intelligence report on the outlook of the sector gathered from industry watchers.

During a review period, limits can be realigned (by way of outright removal, reduction or increase) to meet the exigencies of the prevailing macroeconomic events.

Approval decisions are guided by strategic focus as well as the stated risk appetite and other limits established by the Board of Directors or Regulatory authorities such as Aggregate Large Exposure Limits, Single Obligor Limits, Geographical Limits, Industry/ Economic sector limits etc. Internal credit approval limits are set for various levels of officers in the credit approval process to enhance turnaround time.

The lending authority in the Bank flows through the management hierarchy with the final authority residing with the Board of Directors as indicated below:

Designation	Limit
Board of Directors	Up to the single obligor limit as advised by the regulatory authorities from time to time but currently put at 20% of shareholders' funds (total equity) for Estate Development and 5% of shareholders' funds (total equity) for individual lending.
Management Credit Committee	Up to N20m

Offsetting Arrangements

Master netting arrangements are entered into to manage exposure to credit losses, where applicable, with counterparties with which it undertakes a significant volume of transactions. The right to set off is triggered at default. By so doing, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

Loans and advances have been classified into Mortgage Loans and Others throughout the Financials Statements.

- Mortgage Loans include non-revolving facilities given to finance acquisition, construction or renovation of property or real estate.
- Others Loans are Term loans to staff and overdrawn balances.

Maximum exposure on Loans and advances to customers is analyzed below:

	2019		2018
	N		N
Loans to Individuals			
Mortgage Loans	4,667,832,571		3,011,866,881
Others	31,818,818		50,268,365
	4,699,651,388		3,062,135,246
Loans to Non Individuals			
Mortgage Loans	788,548,857		880,144,130
Others	-		-
	788,548,857		880,144,130
TOTAL LOANS	5,488,200,246		3,942,279,377

Credit Quality of Financial Assets

IFRS 7 requires information about the credit quality of financial assets. This information is provided below for balances held with counterparty, money market placements, and investment securities.

Balances held with other banks, Money Market placements, Investment Securities

Restricted balances with central banks

The credit quality of restricted balances with central banks are assessed by reference to external credit ratings information about counterparty default rates.

Sovereign Ratings	**Credit Quality**		**Credit Quality**
	2018		**2017**
	N		N
Nigeria (B) S& P	46,681,155		37,562,223

Balances Held with banks			2019		2018
			N		N
Fitch	AAA		254,040,428		29,343,780
	AA		30,324,956		
	A+		2,540,474		
	A-		-		106,068,893
	BBB				53,683,610
	BB+		5,939,324		
	B+				42,767,828
GCR	A-		619,644		62,387,595
	BBB+		54,602,294		
	Unrated		981,877		981,877
			349,048,999		295,233,585

Money Market placements

The credit quality of Money Market placements are assessed by reference to external credit ratings information about counterparty default rates.

			2019		2018
			N		N
FITCH	AAA		50,249,315		51,344,863
	AA				311,506,575
	BBB		-		-
GCR	A-				301,068,493
	BBB+		351,140,384		
	BBB-		302,383,562		
			703,773,260		663,919,932

Investment Securities

The credit quality of investment securities are assessed by reference to external credit ratings information about counterparty default rates.

Investment Securities
Counter-parties with external ratings

			2019		2018
			N		N
FITCH	BBB		-		1,942,619,247
	B+		**864,931,955**		-
			864,931,955		1,942,619,247

Rating Legend

External credit ratings (FITCH)		External Credit Rating (GCR):
AAA: Highest credit quality. 'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events		A1+ (high grade): Highest certainty of timely payment. Short-term liquidity, including internal operating factors and/or access to alternative sources of funds is high. Risk factors are extremely low.
AA+,AA, AA- Very high credit quality. 'AA' ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.		A1 (high grade): Very high certainty of timely payment. Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.
A+,A,A- High credit quality. 'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.		A1-(high grade): High certainty of timely payment. Liquidity factors are strong and supported by good fundamental protection factors. Risk factors are very small.

BBB+, BBB ,BBB- Good credit quality. 'BBB' ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.		A2 (Good grade): Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital markets is good. Risk factors are small.
BB+,BB, BB- An obligor is LESS VULNEREABLE in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which would lead to the obligor's inadequate capacity to meet its financial commitments.		A3 (Satisfactory): Satisfactory liquidity and other protection factors qualify issues as to investment grade. However, risk factors are larger and subject to more variation.
B+, B, B- Highly speculative. 'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.		B (Low grade): Speculative investment characteristics. Liquidity is not sufficient to insure against disruption in debt service. Operating factors and market access may be subject to a high degree of variation.
CCC An obligor is CURRENTLY VULNERABLE, and is dependent upon favourable business, financial, and economic conditions to meet its financial commitments.		C (Low grade) Default is a real possibility
CC: Very high levels of credit risk. Default of some kind appears probable. **C**: Near default A default or default-like process has begun, or the issuer is in standstill, or for a closed funding vehicle, payment capacity is irrevocably impaired. Conditions that are indicative of a 'C' category rating for an issuer include:		LD/DD: (Default) Defaulted on one or more of its obligations, failing to meet scheduled principal and/or Interest payments (LD). Defaulted on *all obligations*, or is likely to default on *all or substantially all* of its obligations as they fall due, thus failing to meet *all or substantially all* scheduled principal and/or Interest payments (DD).

RD: Restricted default. 'RD' ratings indicate an issuer that in Fitch's opinion has experienced a) an uncured payment default or distressed debt exchange on a bond, loan or other material financial obligation, but b) has not entered into bankruptcy filings, administration, receivership, liquidation, or other formal winding-up procedure, and c) has not otherwise ceased operating		
D: Default. D' ratings indicate an issuer that in Fitch's opinion has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedure or that has otherwise ceased business.		

Credit Concentration

Credit Concentration IFRS 7 requires disclosures on credit 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.

(i). **Geographical Sector**

Concentration of risks of financial assets with credit risk exposure

The following table breaks down the Bank's credit exposure (without taking into account any collateral held or other credit support), as at the reporting date. The Bank exposures are currently domiciled within one geographic area (Nigeria). Changes in economic or other conditions will have a homogenous effect or impact on financial instruments with similar characteristics.

Credit exposure relating to On-balance sheet items.

	2019		2018
	N		N
Restricted Balances with Central Bank	**46,681,155**		37,562,223
Balances held with other Banks	**349,048,999**		295,075,200
Money market placements	**703,773,260**		663,919,931
Loans & Advances to Customers			
Social Residential Mortgage Loans	**1,352,834,043**		982,102,429
Non Social Residential Mortgage Loans	**3,314,998,528**		2,029,764,452
Estate Construction Loans	**433,980,333**		607,831,000
Commercial Mortgage Loans	**354,568,524**		272,313,130
Micro Loans	**31,818,818**		50,268,365
Investment Securities			
Treasury Bills	**864,931,955**		1,942,619,247
TOTAL	**7,452,635,615**		6,881,455,978

Credit exposure relating to Off-balance sheet items.
The Bank does not have off balance sheet items.

ii) Industry sectors
The following table breaks down the Banks's credit exposure at gross amounts (without taking into account any collateral held or other credit support), as categorized by the industry sectors of the Bank's counterparties.

iii.) Regulatory assessments

Risk concentration in the Bank is also measured in line with the provisions of the revised guidelines for mortgage banks. The criteria used and the performance of the Bank are as shown below.

	Indicator		2019	2018
		%	%	%
Residential Mortgages	Minimum	75	85.1	83.9
Real Estate Construction finance	Maximum	25	4.0	5.8
Single obligor - Individual	Maximum	5	2.96	5.2
Single obligor - Corporate	Maximum	20	6.65	9.8

The following tables show the analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognized. The gross carrying amount of financial assets below also represents the Bank's maximum exposure to credit risk on these assets:

31 December 2019

Rating	Stage 1	Stage 2	Stage 3	TOTAL
	N	N	N	N
AA	5,119,861,204	-	-	5,119,861,204
A		113,319,879	-	113,319,879
CC		130,820,458	-	130,820,458
C	-	30,625,206	-	30,625,206
D	-	-	93,573,499	93,573,499
TOTAL	5,119,861,204	274,765,543	93,573,499	5,488,200,246

31 December 2018

Maximum exposure to credit risk - Loans and advances

Rating	Stage 1	Stage 2	Stage 3	TOTAL
	N	N	N	N
AA	3,550,959,498	-	-	3,550,959,498
A	-	133,876,050	-	133,876,050
CC	-	56,555,487	-	56,555,487
C	-	64,424,394	-	64,424,394
D	-	-	136,463,949	136,463,949
TOTAL	3,550,959,498	254,855,931	136,463,949	3,942,279,377

Credit Risk Exposure to on-balance sheet items

31 December, 2019

	Fin. Institutions	Govt.	Agro Allied	Education	Real Estate	Individuals	Others	TOTAL
	N	N	N	N	N	N	N	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Restricted Balances with Central Bank	-	46,681	-	-	-	-	-	46,681
Balances held with other Banks	349,049	-	-	-	-	-	-	0
Money market Placements	703,773	-	-	-	-	-	-	0
								0
Loans & Advances to Customers	992,890		43,669	181,174	669,299	3,531,852	69,316	5,488,200
	-	-	-	-	-	-	-	0
Investment Securities	-	-	-	-	-	-	-	0
Treasury Bills		864,932						864,932
TOTAL	2,045,712	911,613	43,669	181,174	669,299	3,531,852	69,316	6,399,813

Others include faith based organizations and cooperative societies.

Credit Risk Exposure to on-balance sheet items

31 December 2018

	Fin. Institutions	Govt.	Agric.	Agro Allied	Education	Hotel Tourism	Real Estate	Individuals	Others	TOTAL
	N	N	N	N	N	N	N	N	N	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Restricted Balances with Central Bank	-	37,562	-	-	-	-	-	-	-	37,562
Balances held with other Banks	295,075	-	-	-	-	-	-	-	-	295,075
Money market Placements	663,920	-	-	-	-	-	-	-	-	663,919
Loans & Advances to Customers	-	-	26,514	548,508	65,247	100,618	268,698	2,911,684	21,010	3,942,279
	-	-	-	-	-	-	-	-	-	-
Investment Securities	-	-	-	-	-	-	-	-	-	-
Treasury Bills		1,942,619								1,942,619
TOTAL	958,995	1,980,181	26,514	548,508	65,247	100,618	268,698	2,911,684	21,010	6,881,456

Maximum exposure to credit risk – Money Market Placements

31 December, 2019

Rating	Stage 1	Stage 2	Stage 3	TOTAL
	N	N	N	
AA	**703,773,260**	-	-	663,919,931
A	-	-	-	-
CC	-	-	-	-
C	-	-	-	-
D	-	-	-	-
TOTAL	**703,773,260**	-	-	663,919,931

31 December, 2018

Rating	Stage 1	Stage 2	Stage 3	TOTAL
	N	N	N	
AA	663,919,931	-	-	663,919,931
A	-	-	-	-
CC	-	-	-	-
C	-	-	-	-
D	-	-	-	-
TOTAL	663,919,931	-	-	663,919,931

Transition of Loan Exposures across 12 months and lifetime ECL between December 2018 and December 2017.

We presented in the tables below the transition of loan exposures across the 12 Months, ECL Life time not Credit Impaired and ECL Life time Credit Impaired i.e Stages 1, 2 & 3 between December 2018 and December 2019.

As at December 2019

Rating	Stage 1	Stage 2	Stage 3	TOTAL
	N	N	N	N
Stage 1		171,122,131	2,100,632	173,222,764
Stage 2	13,708,302		5,400,332	19,108,635
Stage 3	13,078,027		35,837,478	48,915,505
	26,786,329	171,122,131	43,338,443	241,246,903

Transition from December 2018

	Stage 1	Stage 2	Stage 3	TOTAL
		N	N	
Stage 1	97,912,698	-	-	97,912,698
Stage 2	-	66,654,317	-	66,654,317
Stage 3	-	-	97,850,018	97,850,018
	97,912,698	66,654,317	97,850,018	262,417,033

As at 31 December 2019, Loan Exposures amounting to N171,122,131 which was within Stage 1 as at Dec 2018, migrated to Stage 2 and stage 3 (N2,100,632) due to changes in credit ratings of the obligors.

As at 31 December 2019, Loan Exposures amounting to N5,400,322 which was within Stage 2 as at Dec 2018, migrated to Stage 3 and stage 1 (N13,708,302) due to changes in credit ratings of the obligors.

As at 31 December 2019, Loan Exposures amounting to N35,837,478 which was within Stage 2 as at Dec 2018, migrated to Stage 3 and stage 1 (N13,078,027) due to changes in credit ratings of the obligors

Disclosures of various factors that impact the ECL Model as at 31 December 2019.

These Factors revolves around:

1) Discounting of the expected future cash flows from individual Obligors with their respective Effective Interest Rate (EIR) on the set future dates to present value.

2) Application of varying haircut to underlying collateral and further discounting with their respective EIR.

3) Application of varying Forward Looking Information in relation to Underlying Macroeconomic assumptions and the degree of responsiveness of the Obligors to the assumptions at different degree of Normal, Downturn and Upturn Scenarios.

The various assumptions under the different scenarios are as presented below:

S/N	Date	NPL%	Inflation	GDP Growth rate	Unemployment rate
1	2015	15.80%	9%	2%	15%
2	2016	12.50%	13%	1%	13%
3	2017	8.27%	17%	5%	9%
4	2018	9.78%			
5	2019	6.76%			

BASE CASE SCENARIO

Base Case Scenerio	Inflation	GDP Growth rate	Unemployment rate	Forecast NPL
2020	11.7300%	2.5200%	30.0000%	17.2110%
2021	11.3100%	2.5200%	28.0000%	15.0762%
2022	11.4000%	2.7300%	26.0000%	13.0245%
2023	11.1400%	2.6100%	24.0000%	10.7605%
2024	11.0000%	2.6400%	22.0000%	8.6000%

OPTIMISTIC CASE SCENARIO

Optimistic Case Scenerio	Inflation	GDP Growth rate	Unemployment rate	Forecast NPL
2020	8.7300%	5.5200%	27.0000%	17%
2021	8.3100%	5.5200%	25.0000%	15%
2022	8.4000%	5.7300%	23.0000%	13%
2023	8.1400%	5.6100%	21.0000%	10%
2023	8.0000%	5.6400%	19.0000%	8%

PESSIMISTIC CASE SCENARIO

Pessimistic Case Scenerio	Inflation	GDP Growth rate	Unemployment rate	Forecast NPL
2020	14.7300%	2%	33.0000%	19%
2021	14.3100%	2%	31.000%	17%
2022	14.400%	2%	29.000%	15%
2023	14.140%	1.6100%	27.0000%	13%
2023	14.000%	1.6400%	25.0000%	11%

(vii) **Impairment and provisioning policies**

The following policies guide the Bank's provisioning and impairment:

(1) Loan Categorization

All loans and advances are categorized as follows during the current period:

- **Stage 1 Loans and Advances:**

These are loans and advances that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (where the optional simplification is applied) at the reporting date. The credit quality of the Stage 1 loans and advances are assessed by reference to the internal rating system adopted by the Bank

In addition to the above, Stage 1 loans and advances are loans that have experienced movement of credit rating of less than 3 notches migration of the obligors over the period of 2 years.

- **Stage 2 Loans and Advances:**

These are loans and advances that have deteriorated significantly in credit quality since initial recognition but do not have objective evidence of a credit loss event. The credit quality of the Stage 2 loans and advances are assessed by reference to the internal rating system adopted by the Bank.

In addition to the above, Stage 2 loans and advances are loans that have experienced movement of credit rating of more than 3 notches migration of the obligors over the period of 2 years.

- **Stage 3 Loans and Advances:**

These are loans and advances that have objective evidence of a credit loss event. Stage 3 allocation is driven by either the identification of credit impairment or an exposure being classified as defaulted. The credit quality of the Stage 3 loans and advances are assessed by reference to the internal rating system adopted by the Bank.

Categorization of Loans & Advances

(2) Allowances for impairment

Current period:

The Bank establishes an allowance for impairment losses that represents its estimate of expected credit losses in its loan portfolio. IFRS 9 requires the recognition of 12 months expected credit losses (the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date) if credit risk has not significantly increased since initial recognition (stage 1), and lifetime expected credit losses for financial instruments for which the credit risk has increased significantly since initial recognition (stage 2) or which are credit impaired (stage 3).

Stage 1 – This is where credit risk has not increased significantly since initial recognition. For loans in stage 1, the Bank recognizes 12 month ECL and interest income is recognized on a gross basis – this means that interest will be calculated on the gross carrying amount of the loan before adjusting for ECL.

Stage 2 - This is where credit risk has increased significantly since initial recognition (stage 1). When a loan is transferred to stage 2, the Bank recognizes lifetime ECL but interest income will continue to be recognized on a gross basis.

Stage 3 – At stage 3, the loan is credit impaired. This is effectively the point at which there has been an incurred loss event. For loans in stage 3, the Bank continues to recognize lifetime ECL but interest income is recognized on a net basis. This means that interest income will be calculated based on the gross carrying amount of the loan less ECL.

Realizable collaterals are important component of cash flows.

(3) Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. Once the loan is restructured, it remains in this category independent of satisfactory performance after restructuring.

(4) Write-off policy

The Bank writes off a loan / security balance (and any related allowances for impairment losses) when the Bank's Management Credit Committee determines that the loans / securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower / issuer's financial position such that the borrower / issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardized loans, charge off decisions are generally based on a product specific past due status.

(5) Governance structure around the ECL model:

The governance around the ECL model centers on the monitoring of performance of obligors in accordance with the term and conditions of the underlying facilities and ensures that the ratings assigned to each counterparty reflects the outcome of the internal rating model of the Bank, tailored to the various categories and sectors of the counterparties. For this purpose the Bank has set up 3 level of structures with oversights on the review of credit performance and assign credit ratings. The three levels of governance structure are:

i) Chief Risk Officer: The Chief Risk Officer (CRO) works with the group head, business development, heads of business units and relationship managers to monitor and provide feedback on the performance of all the facilities in the loan portfolio. This gives him insight into what the appropriate rating migration for each facility in this band should be.

ii) Management Credit Committee (MCC). The MCC works with the CRO, divisional heads and the relationship managers to monitor the facilities in each. He ensures that adequate information as to the level of performance of these facilities is promptly retrieved and the counterparties are correctly rated.

iii) The Managing Director (MD): The Managing Director presides over the review of all the facilities.

Every decision made with respect to the performance of these facilities must be approved by the MD.

All the above approving authorities in respect of credit ratings consider number of days past due as one of the quantitative variables in the determination of the credit ratings to be assigned to credit facilities. Facilities that are more than 90 days past due are assigned a credit rating of A except appropriate rebuttals are in place to justify a better credit rating while facilities that are more than 180 days past due are assigned a rating of CC except appropriate rebuttals are in place to justify a better credit rating. Facilities that are more than 365 days past due are assigned a rating of C except appropriate rebuttals are in place to justify a better credit rating while facilities more than 2 years and 3 years for individual and estate development loans respectively are assigned a rating of D.

(6) Policy around rebuttal:

When backstop is used and an account that has breached the 90 days past due criteria for SICR and 730 days past due criteria for default is transferred to stage 2 or stage 3 respectively, the presumption can be rebutted only on the basis of the following:

i) The relationship manager and group head must provide reasonable and supportable evidence for the rebuttal. In doing this, the evidence must be provided to the CRO and credit risk management team within 10 working days failure of which the transfer will be made.

ii) For accounts that are moved to stage 2, the CRO and credit risk management team will review the evidence provided by the relationship manager and provide feedback to the relationship manager as regards the acceptability of the evidence.

iii) For accounts that are moved to stage 3, the CRO and credit risk management team will review the evidence provided by the relationship manager. The account is then scheduled to be presented to the Recovery Committee (RC).

iv) The RC takes decision with respect to the acceptability of the evidence presented to it.

v) Where the evidence is deemed acceptable as stated in (ii) and (iv) above, the account is immediately transferred back to the previous stage. Where the evidence

is not acceptable, the account is left in the new stage except the relationship manager is able to provide fresh evidence which will follow the same step above.

Categorization of Loans and advances

The table below analyses the Bank's Loans and advances based on the categorization by Performance of the Loans and the allowances taken on them.

31 December, 2019

	Social Residential	Non Social Residential	Estate	Commercial	Micro	
	Mortgage Loans	Mortgage Loans	Construction Loans	Mortgage Loans	Loans	TOTAL
	N	N	N	N	N	
12 Months ECL	1,270,480,204	3,103,846,213	330,075,633	433,980,333	9,795,605	5,148,177,989
Lifetime ECL Not Credit Impaired	47,337,574	9,176,111	-	-	-	56,513,684
Lifetime ECL Credit Impaired	35,016,265	201,976,204	24,492,891	-	22,023,212	283,508,573
GROSS LOANS	1,352,834,043	3,314,998,528	354,568,524	433,980,333	31,818,818	5,488,200,246
Less Allowance for Impairment						
12 Months ECL	34,411,047	46,074,928	2,502,151	2,678,395	49,291	85,715,812
Lifetime ECL Not Credit Impaired	8,538,660	139,116	-	-	-	8,677,777
Lifetime ECL Credit Impaired	15,621,831	36,495,731	-	209,757	3,022,097	55,349,415
	58,571,538	82,709,775	2,502,151	2,888,152	3,071,387	149,743,004
NET LOANS	1,294,262,504	3,232,288,753	352,066,373	431,092,181	28,747,430	5,338,457,242

31 December, 2018

	Social Residential	Non Social Residential	Estate	Commercial	Micro	
	Mortgage Loans	Mortgage Loans	Construction Loans	Mortgage Loans	Loans	TOTAL
	N	N	N	N	N	
12 Months ECL	939,665,812	1,783,502,158	571,367,203	247,456,437	8,967,889	3,550,959,498
Lifetime ECL Not Credit Impaired	22,103,313	156,731,723	36,463,797	24,856,694	14,700,403	254,855,931
Lifetime ECL Credit Impaired	20,333,305	89,530,571	-	-	26,600,073	136,463,949
GROSS LOANS	982,102,429	2,029,764,452	607,831,000	272,313,130	50,268,365	3,942,279,377
Less Allowance for Impairment						
12 Months ECL	22,954,089	29,583,307	16,477,233	2,083,135	44,704	71,142,467
Lifetime ECL Not Credit Impaired	4,254,285	4,587,848	117,291	181,871	135,636	9,276,932
Lifetime ECL Credit Impaired	13,127,618	29,839,097	-	-	17,241,189	60,207,904
	40,335,992	64,010,252	16,594,524	2,265,007	17,421,529	140,627,304
NET LOANS	**941,766,437**	**1,965,754,200**	**591,236,476**	**270,048,124**	**32,846,836**	**3,801,652,073**

(i) Credit Quality of Stage 1 Loans

The credit quality of the portfolio of Stage 1 loans and advances can be assessed by reference to the int;ernal rating system adopted by the Bank.

31 December 2019

	Social Residential	Non Social Residential	Estate	Commercial	Micro	
	Mortgage Loans	Mortgage Loans	Construction Loans	Mortgage Loans	Loans	TOTAL
Rating	N	N	N	N	N	
A	1,270,480,204	3,103,846,213	330,075,633	433,980,333	9,795,605	5,148,177,989

31 December 2018

	Social Residential	Non Social Residential	Estate	Commercial	Micro	
	Mortgage Loans	Mortgage Loans	Construction Loans	Mortgage Loans	Loans	TOTAL
Rating	N	N	N	N	N	
A	939,665,812	1,783,502,158	571,367,203	247,456,437	8,967,889	3,550,959,498

(ii) Stage 2 Loans & Advances

31 December 2019

	Social Residential	Non Social Residential	Estate	Commercial	Micro	
	Mortgage Loans	Mortgage Loans	Construction Loans	Mortgage Loans	Loans	TOTAL
Rating	N	N	N	N	N	N
A	47,337,574	9,176,111	-	-	-	56,513,684

31 December, 2018

	Social Residential	Non Social Residential	Estate	Commercial	Micro	
	Mortgage Loans	Mortgage Loans	Construction Loans	Mortgage Loans	Loans	TOTAL
Rating	N	N	N	N	N	N
A	15,493,045	81,919,207	36,463,797	-	-	133,876,050

(I)Stage 3 Loans and Advances to Customers

31 December, 2019

The breakdown of gross amount of Stage 3 Loans, along with the fair value of related collateral held by the Bank as security, are as follows:

31 December 2019

	Social Residential	Non Social Residential	Estate	Commercial	Micro	
	Mortgage Loans	Mortgage Loans	Construction Loans	Mortgage Loans	Loans	TOTAL
	N	N	N	N	N	
Gross Loans	46,864,783	215,700,528		24,492,891	22,023,212	309,081,415
Credit Loss	15,621,831	36,495,731		209,757	3,022,097	55,349,415
Net Loans	31,242,952	179,204,797		24,283,134	19,001,116	253,731,999

FV of Collateral	90,690,000	758,145,667		90,000,000	491,499,333	1,430,335,000
Under CollateriZation	-	-	-	-	-	-

31 December 2018

	Social Residential	Non Social Residential	Estate	Commercial	Micro	
	Mortgage Loans	Mortgage Loans	Construction Loans	Mortgage Loans	Loans	TOTAL
	N	N	N	N	N	
Gross Loans	20,333,305	89,530,571	-	-	26,600,073	136,463,949
Impairment	13,127,618	29,839,097			17,241,189	60,207,904
Net Loans	33,460,923	119,369,668	-	-	43,841,262	196,671,853

FV of Collateral	42,354,500	275,120,825			77,357,183	394,832,508
Under Collaterization	-	-	-	-	-	-

(i) Credit Collateral

The Bank ensures that each credit is reviewed and granted based on the strength of the borrowers' cash flow. However, the Bank also ensures its credit facilities are well secured as a second way out. The policies that guide collateral for facilities are embedded within the Bank's credit policy guide. These include the following policy statements amongst others:

Loans to mortgagors must be secured by tangible, marketable collateral that has a market value that is supported by a valuation report from a registered estate valuer who is acceptable to the Bank. The collateral must also be easy to check and easy to dispose off. This collateral must be in the possession of, or pledged to, the Bank. Client's account balances must be within the scope of cover provided by its collateral.

All collaterals offered must have the following attributes:

- There must be good legal title
- The title must be easy to transfer
- It should be easy and relatively cheap to value
- The value should be appreciating or at least stable
- The security must be easy to sell.

All collaterals must be protected by insurance. Exceptions include cash collateral, securities in safe keeping, or where our interest is general (for instance in a negative pledge). The insurance policy has to be issued by an insurer acceptable to the Bank. All cash collateralized facilities shall have a 20% margin to provide cushion for interest and other charges i.e. only 80% of the deposit or cash collateral may be availed to an obligor.

The main collateral types acceptable to the Bank for its loans and advances include:

1. Certificate of occupancy
2. Right of occupancy (In few states, excluding Abuja)
3. Registered Deed of Assignment/Conveyance
4. Registered Deed of Sublease
5. Letter of Allocation (Selected Estates)
6. Customary Titles undergoing Registration at Land Registry (of which the registration process is transferred to the Bank's Solicitor)
7. Unexpired letter of Intent supported by Development Lease Agreement
8. Federal Housing Authority Allocation Letter
9. FMBN Funded Estates Allocation Letter

The fair values of collaterals are based upon last annual valuation undertaken by independent valuers on behalf of the Bank. The valuation techniques adopted for properties are based upon fair values of similar properties in the neighborhood taking into cognizance the advantages and disadvantages of the comparatives over the subject property and any other factor which can have effect on the valuation e.g.

subsequent movements in house prices, after making allowance for dilapidations. The bank does not accept non property collaterals.

The same fair value approach is used in determining the collaterals value in the course of sale or realization. The Bank uses external agents to realize the value as soon as practicable, to settle indebtedness. Any surplus funds are returned to the borrower.

Summary of collaterals pledged by customers against loans and advances

An estimate of the fair value of any collateral and other security enhancements held against loans and advances to customers and banks is shown below:

31 December 2019

	Social Residential	Non Social Residential	Estate	Commercial	Micro	
	Mortgage Loans	Mortgage Loans	Construction Loans	Mortgage Loans	Loans	TOTAL
	N	N	N	N	N	
Against Stage 1 Loans	2,451,333,140	8,071,972,073	1,977,333,333	1,049,166,667	781,932,237	14,331,737,450
Against Stage 2 Loans	82,330,000	99,518,400	0	0	0	181,848,400
Against Stage 3 Loans	90,690,000	758,145,667	0	90,000,000	491,499,333	1,430,335,000
TOTAL	2,624,353,140	8,929,636,140	1,977,333,333	1,139,166,667	1,273,431,570	15,943,920,850
Property	2,624,353,140	8,929,636,140	1,977,333,333	1,139,166,667	1,273,431,570	15,943,920,850
Others	-	-	-	-	-	
Total	2,624,353,140	8,929,636,140	1,977,333,333	1,139,166,667	1,273,431,570	15,943,920,850

31 DECEMBER, 2018						
	Social Residential	Non Social Residential	Estate	Commercial	Micro	
	Mortgage Loans	Mortgage Loans	Construction Loans	Mortgage Loans	Loans	TOTAL
	N	N	N	N	N	
Against Stage 1 Loans	1,976,980,470	5,062,818,417	835,084,000	693,766,710	434,550,500	9,003,200,097
Against Stage 2 Loans	98,870,744	466,409,088	-	54,027,000	214,390,475	833,697,307
Against Stage 3 Loans	42,354,500	275,120,825	-	-	677,357,183	994,832,508
TOTAL	2,118,205,714	5,804,348,330	835,084,000	747,793,710	1,326,298,158	10,831,729,912

Property	2,118,205,714	5,804,348,330	835,084,000	747,793,710	1,326,298,158	10,831,729,912
Others						
TOTAL	2,118,205,714	5,804,348,330	835,084,000	747,793,710	1,326,298,158	10,831,729,912

(b) Debt Securities

Investment Securities

	2019		2018
	N		N
Treasury Bills	**864,931,955**		1,942,619,247

The Bank's investment in risk-free Government securities constitutes 100% of debt instruments portfolio (December 2018: 100%).

Liquidity Risk

The Bank continues to develop and improve its liquidity risk management system with the aim of effectively identifying, measuring, monitoring and controlling liquidity risk across its operations, seeking at all times to balance safety, liquidity, profitability and regulatory requirements.

A brief overview of the bank's liquidity management processes during the period includes the following:

- Control of liquidity risk by the setting of in in house stressed limits on metrics such as liquidity ratio, reserve ratio, asset and liability gap measures, amongst others. Internal limits are typically more stringent than regulatory limits across all jurisdictions of the Bank's operation.
- The limits are monitored regularly with exceptions reported to the Management and the Board Risk Committee (BRC).
- Based on its judgement of financial market trends, the Bank actively adjusts its business strategies to prevent and control liquidity risk.
- Control of non-earning assets proportion to the overall financial position.
- Performing regular liquidity stress tests.
- Ensuring proper diversification of funding sources in order to control concentration risk.
- Monitoring the level of undrawn commitments.
- Maintaining a contingency funding plan.
- Regular conduct of the Board Asset and Liability Committee (BALCO) meetings.

The Bank's Board Asset and Liability Committee (BALCO) is charged with the following responsibilities.

- Establishing policies and tolerance levels for liquidity, interest and valuation management.
- Ensure the Bank operates within the guidelines and limits set.
- Strategic financial position planning from both risk and return perspective.

- Coordinate the management of the Bank's financial position in consideration of changing economic conditions.

Liquidity risk also arises from the failure to recognize 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

(i) Funding approach

The Bank's overall approach to funding is as follows:

- Consistently grow funding pool at the lowest possible cost.
- Maintain an appropriate funding structure that enables the Bank operate under a variety of adverse circumstance, including potential firm-specific and/or market liquidity events.
- Maintain appropriate capital to support the Bank's risk level and strategic intent.

The bank was able to meet all its financial commitments and obligations without any liquidity risk exposure during the year under review.

(ii) Exposure to Liquidity Risk

One of the key measure used by the Bank for managing liquidity risk is the ratio of liquid assets to short term liabilities. For this purpose, liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market. Short term liabilities include local currency deposits from banks and customers. A similar calculation is used to measure the Bank's compliance with the liquidity limit established by the Bank's lead regulator (The Central Bank of Nigeria).

		2019		2018
		%		%
At the end of the period		99		122
Average for the period		105		131
Maximum for the period		123		150
Minimum for the period		88		116
Regulatory requirement		20		20

Liquidity ratio which is a measure of liquidity risk is calculated as a ratio of naira liquid assets to local currency deposits and it is expressed in percentages.

The following tables show the undiscounted cash flows on the Bank's financial assets and 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 assets and liabilities

31 December, 2019

	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	13 to 24 Months	25 to 60 Months	Over 60 Months	Total
Assets	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash and balances with central banks	32,684	-	-	46,681	-	-	-	79,365
Due from banks	349,049	703,771	-	-	-	-	-	1,052,820
Loans to customers	115,692	9,863	48,933	225,314	317,371	1,796,743	2,824,541	5,338,457
Financial Investments	-	-	-	-	-	-	-	-
FVOCI	-	-	-	-	-	356,250	5,000	361,250
At Amortised Cost	-	-	-	864,932	-	-	-	864,932
Other assets	29	201	133,278	21,481	6,055	-	-	161,043
Property and equipment	-	-	-	-	-	-	2,669,207	2,669,207
Intangible assets	-	-	-	-	-	-	19,935	19,935
Deferred tax assets	-	-	-	-	65,640	-	-	65,640
Non current assets held for sale	-	-	-	31,896	-	-	-	31,896
Total assets	497,454	713,835	182,210	1,190,304	389,067	2,152,993	5,518,683	10,644,545
Liabilities								
Due to customers	380,997	642,901	56,772	800,988	55,452	-	-	1,937,109
Debt issued and other borrowed funds	7,619	22,858	45,717	91,434	182,868	457,170	1,341,302	2,148,969
Current tax liabilities	-	-	-	42,244	-	-	-	42,244
Other liabilities	-	-	-	165,326	148,742	-	-	314,068
Equity	-	-	-	-	-	-	6,202,155	6,202,155
Total liabilities	388,616	665,759	102,489	1,099,992	387,061	457,170	7,543,457	10,644,545
Gap	108,837	48,076	79,721	90,311	2,005	1,695,823	(2,024,774)	(0)

31 December, 2018

	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	13 to 24 Months	25 to 60 Months	Over 60 Months	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Assets								
Cash and balances with central banks	32,241	-	-	37,562	-	-	-	69,803
Due from banks	295,075	663,917	-	-	-	-	-	958,993
Loans to customers	83,104	7,085	35,149	161,847	227,974	1,290,635	1,995,858	3,801,652
Financial Investments	-	-	-	-	-	-	-	-
FVOCI	-	-	-	-	-	356,250	5,000	361,250
At Amortised Cost	-	-	-	1,942,619	-	-	-	1,942,619
Other assets	29	201	3,196	21,481	312,657	929	-	338,492
Property and equipment	-	-	-	-	-	-	2,734,040	2,734,040
Intangible assets	-	-	-	-	-	-	12,715	12,715

Deferred tax assets	-	-	-	-	68,814	-	-	68,814
Non current assets held for sale	-	-	-	63,837	-	-	-	63,837
Total assets	410,449	671,203	38,345	2,227,346	609,445	1,647,814	4,747,614	10,352,216
Liabilities								
Due to customers	310,718	402,127	-	1,547,789	207,043	-	-	2,467,677
Debt issued and other borrowed funds	6,230	13,192	19,577	39,348	79,696	250,011	1,242,685	1,650,739
Current tax liabilities	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	142,046	83,087	-	-	225,132
Equity	-	-	-	-	-	-	6,008,667	6,008,667
Total liabilities	316,949	415,319	19,577	1,729,183	369,825	250,011	7,251,352	10,352,216
Gap	93,500	255,884	18,768	498,163	239,620	1,397,803	(2,503,739)	(0)

iii. Repricing period of financial assets and liabilities

Repricing maturities take into account the fact that the terms of the underlying financial assets or liabilities of the Bank can be varied, which in turn affects its liquidity risk exposure. However, the Bank believes that varying the terms of the underlying financial asset or liabilities and an analysis the Bank's interest rate risk exposure on assets and liabilities may not give rise to significant gaps different from the ones shown above

Settlement Risk

The Treasury Department's activities with counterparties may give rise to settlement risk at the time of settlement of trade transactions. Settlement risk is the risk of loss due to the failure of a counterparty to honour its obligations i.e. deliver cash, securities or other assets, as contractually agreed.

In order to ensure that these risks are mitigated and controlled, the Risk Management has put in place settlement Limits. These limits are sought periodically using various criteria based on the counterparty's financial statement and some other non-financial parameters. Stress tests are also carried out to gauge the settlement risk by pre liquidating the principal before maturity.

Market Risk

Market risk is the risk of loss in balance sheet positions, as a result of adverse movement in foreign exchange rate (not applicable), interest rate, and equity or commodity prices. Whilst the Bank may be faced with myriads of market risks, the Risk Management Department ensures these risks are managed and controlled within the bank's acceptable parameters, while optimizing returns on risk.

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.

(i) Management of Market Risk

The Risk Management Department separates its market risk exposures into the trading and non-trading activities. Due to the various macro-economic indices and unanticipated market happenings, it has become more imperative for the Bank to engage in continuous but proactive monitoring of market risks inherent in both trading and non-trading activities.

The overall authority of the Market & Liquidity Risk Management is vested in the Board Risk Committee.

(i) Exposure to Interest Rate Risk

The principal risk to which non-trading portfolios are exposed to, is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally using interest rate gaps. The Financial Control Department is responsible for managing and monitoring mismatches between the bank's assets and liabilities. The Board Asset & Liability Management Committee (BALCO) is responsible for ensuring compliance with these limits while the limits are independently verified by Risk Management Department.

The Bank makes use of limit monitoring, earnings-at-risk and gap analyses to measure and control the market risk exposures within its banking book.

The Bank also performs regular stress tests on its banking books. In performing this, the bank ensures there are quantitative criteria in building the scenarios. The bank determines the effect of changes in interest rates on interest income and changes in funding sources and uses on the bank's liquidity.

During the period, interest rate risk and price, were the key risks the bank was exposed to. However, all potential risk exposures in the course of the period were successfully mitigated as mentioned above.

(ii) Other market risks: Sensitivity analysis of non-trading portfolios to various scenarios

The management of interest rate risk against interest rate gap limits is supplemented with monitoring the sensitivity of the Bank financial assets and liabilities to various scenarios. Credit spread risk (not relating to changes in the obligor / issuer's credit standing) on debt securities held by the Bank and equity price risk is subject to regular monitoring by Bank Management Risk Department, but is not currently significant in relation to the overall results and financial position of the Group.

Interest rate movement have both cash flow and fair value effect depending on whether interest rate is fixed or floating. The impact resulting from adverse or favourable movement flows from either retained earnings or OCI and ultimately ends in equity in the following manner:

- Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.
- Fair value reserves arising from increases or decreases in fair value of available-for-sale financial instruments reported directly in other comprehensive income.

At 31 December 2018, the Bank's interest rate risk arose principally from risk assets and borrowings i.e. (deposit liabilities and long-term borrowings).

Borrowings issued at fixed rates expose the Bank to fair value interest rate risk. The Bank therefore analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Bank calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all instruments. The scenarios are run only for assets and liabilities that represent the major interest-earning and bearing positions.
The table below shows the gap on the interest bearing assets and liabilities of the Bank.

	2019	2018
	N'000	N'000
Assets		
Due from Banks	1,053	959
Loans and advances to customers	5,338	3,802
Investment Held at Amortised Cost	865	1,943
	7,256	6,704
Liabilities		
Due to customers	1,937	2,468
Debt issued and other borrowed funds	2,149	1,651
	4,086	4,119
Gap	3,170	2,585

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, 2019		
	200	300
	N'000	N'000
Assets		
Due from Banks	1,370	2,054
Loans and advances to customers	15,478	23,217
Investment Held at Amortised Cost	4,773	7,159
	21,621	32,430
Liabilities		
Due to customers	1,393	2,090
Debt issued and other borrowed funds	2,400	3,600
	3,793	5,690
Gap	17,827	26,740

31 DECEMBER, 2018	+200 Basis Points	+300 Basis Points
	N	N
Assets	1,598	2,397
Due from Banks	6,336	9,504

Loans and advances to customers	3,238	4,857
Investment Held at Amortised Cost	11,172	16,758
Liabilities	4,113	6,169
Due to customers	2,751	4,127
Debt issued and other borrowed funds	6,864	10,296
NET IMPACT	4,308	6,462

Sensitivity analysis of level 3 equity Instruments and its impact on OCI

The estimated fair value per share of each of the unquoted equity instruments will be determined using the relevant valuation models (where applicable/suitable). IFRS 13 outlines three approaches to fair value measurements. We have adopted the income approach in determining the fair values of these investments. Among the significant inputs into the models are the following:

- Risk free rate (Rf)
- Beta (B) coefficient
- Market return (Rm)
- Free cash flow (FCF)
- Cost of debt/equity etc.

The inputs will be used to determine appropriate weighted cost of capital which subsequently will be used to discount the free cash flow of the company before arriving at the appropriate fair value of the share of the unquoted equity.

The unquoted equity not been sensitized as the Bank is of the opinion that no the sensitivity will not have any significant impact considering that Mortgage Warehouse funding Limited (our unquoted shareholding) has just commenced operations and there no data to do a proper valuation and sensitivity.

Sensitivity analysis on ECL Model

The following are the most significant assumptions affecting the ECL allowance:

1. Inflation, given its significant impact on collateral valuations.
2. GDP, given its impact on companies' performance and collateral valuations
3. Unemployment, given the impact it has on individual borrowers' ability to meet contractual payment.

In sensitizing the variables above to determine their impact on Expected Credit Losses (ECL), the Bank adjusted its Forward Looking Information forecast as follows

- 3% Increase / Decrease in GDP growth rate over forecasted GDP growth rate

- 2% Decrease / Increase in inflation rate over Inflation rate forecast
- 2 % Decrease/Increase in unemployment, given the impact it has on individual borrowers' ability to meet contractual payment.

Set out below are the changes to the ECL that would result from the possible changes.

31 DECEMBER ' 2019	Improvement	Worsening
	N	N
Social_Residential_Mortgage	1,560,975	3,614,518
Non_Social_Residential_Mortgage	1,974,080	4,571,085
Estate_Development_Loan	962,741	2,229,277
Commercial_Mortgages	131,209	303,822
Micro_Loans	10,463	24,227
	4,639,468	10,742,928

31 DECEMBER ' 2018	Improvement	Worsening
	N	N
Social_Residential_Mortgage	1,040,649.83	2,409,678.60
Non_Social_Residential_Mortgage	1,316,053.43	3,047,389.93
Estate_Development_Loan	641,827.34	1,486,184.46
Commercial_Mortgages	87,472.80	202,547.80
Micro_Loans	6,975.02	16,151.03
	3,092,978.42	7,161,951.83

CAPITAL MANAGEMENT AND OTHER RISKS

Regulatory capital

Objectives

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

The bank manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issues 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.

1. **Regulatory capital**

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

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

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

Tier 2 Capital: which includes qualifying subordinated liabilities, preference share, 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.

Regulatory capital risk is the risk that the Bank 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. The Bank throughout the review period, operated above its targeted capitalization range and well over the CBN mandated regulatory minimum of 10%.

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

	Required Regulatory Capital	Capital Held as at 31 December 2019
	N'000	N'000
Capital	5,000,000	**6,202,155**

A fundamental part of the Bank's overall business strategy is its sound capital management practices. It adopts a capital planning process that ensures that regulatory capital remains within approved ranges or above target levels across economic and business cycles. The Bank is appropriately capitalized under normal and severe scenarios as well as a range of stress events.
Stress-testing models are used to gauge vulnerability of the bank to exceptional yet possible events. The result of stress-testing reveals the minimum capital requirements of the bank in the event that unforeseen negative events crystallize. The critical objective underpinning the stress-testing exercise is to identify as early as possible, any shortfall in capital requirements of the Bank and take corrective actions which may be direct or indirect. The table below captures the summary of the capital adequacy performance of the Bank for the period under review.

		2019		2018
		%		%
At the end of the period		69		75
Average for the period		72		93
Maximum for the period		75		110
Minimum for the period		69		75
Regulatory requirement		20		20

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
- Key Risk Indicators
- Loss and Loss Events Database

- Risk Review Workshops
- Scenario Sessions

The Bank's thrust for operational risk management includes:

- Proactive management of risks to ensure these do not become catastrophic risk events;
- Facilitate sound risk-based business decisions of the Bank;
- 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:

- Fraud by insiders
- Fraud by outsiders
- Relationships and products management risk
- Process errors and failure risk
- Business disruption and system failures risk
- 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 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. The Bank's corporate communication department is charged with the management of its reputational risk.

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 reflecting the financial position results and cash flows of the company.

Systems Risk

Information technology and the impact of potential systems failure 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. 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.

Enterprise Risk 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 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 Risk Management Department was responsible for maintaining and ensuring the currency of their RCSA and employ it as a strategic tool to manage performance.

2. Risk Mapping Exercise:
The Bank carries out risk mapping exercise once every six months to evaluate and prioritize its significant risks. It is 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 carries 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 detailed objectives are 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 is coordinated by Strategy and Risk Management Department.

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

44 Employees

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

	31 December 2019	31 December 2018
	Number	**Number**
Executive Director	**1**	1
Executive Management	**4**	3
Management	**43**	44
Non-management	**47**	47
	95	95

45 The table below shows the number of employees (excluding non executive directors) whose earnings during the year fell within the ranges shown below:

	31 December 2019	31 December 2018
N100,000 - N500,000	**15**	15
N500,001 - N1,000,000	**28**	28
N1,000,001 -N1,500,000	**10**	10
N1,500,501 -N2,000,000	**9**	9
N2,000,001 - N3,000,000	**14**	14
N3,000,001 - N4,000,000	**10**	10
N4,000,001 - N5,000,000	**4**	5
N5,000,001 - N10,000,000	**4**	3
Above N10,000,000	**1**	1
	95	95

46 Contraventions

During the year, the bank did not contravene any sections of the Banks and Other Financial Institutions Act or any other extant regulation

47 Customer Complaints

DESCRIPTION	NUMBER		AMOUNT CLAIMED		AMOUNT REFUNDED	
	2019	2018	**2019**	2018	**2019**	2018
	Nos	**Nos**	**N**	**N**	**N**	**N**
Pending Complaints B/F	-	-	-	-	-	-
Received Complaints	1,299	1,150	8,738,210	8,918,298	8,738,210	8,918,298
Resolved Complaints	1,299	1,150	8,738,210	8,918,298	8,738,210	8,918,298
Unresolved Complaints escalaed to CBN for intervention	-	-	-		-	-
Unresolved Compaints pending with the Bank C/F	-	-	-	-	-	-

OTHER NATIONAL DISCLOSURES

	31 December 2019		31 December 2018	
	N	%	N	%
Gross Earnings	**1,383,270,228**		1,005,286,270	
Interest Expense	**(189,680,021)**		(112,329,109)	
	1,193,590,207		892,957,161	
Net Impairment	**(9,115,700)**		50,986,713	
Bought -in-materials and services-local	**(242,845,028)**		(189,526,738)	
Value Added	**941,629,479**	100	754,417,136	100
Applied to pay				
Providers of Capital				
Dividend	**167,113,372**	18	125,408,914	17
Employees				
Employees as salaries, wages and pensions	**218,412,452**	23	156,179,647	21
Government				
Government taxes	**42,244,447**	4	38,362,346	5
Retained in Business				
-Depreciation and amortisation	**113,721,930**	12	107,246,457	14
-Profit for the year	**400,137,278**	42	327,219,771	43
	941,629,479	100	754,417,136	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.

NOTE TO THE FINANCIAL STATEMENT

Infinity Trust Mortgage Bank Plc					
2019 Annual Report and Accounts					
Five Years Financial Summary					
STATEMENT OF FINANCIAL POSITION					
	31 December 2019	**31 December 2018**	**31 December 2017**	**31 December 2016**	**31 December 2015**
Assets					
Cash and balances with Central Bank	**79,365,405**	69,803,404	66,072,689	69,056,459	49,627,438
Due from banks	**1,052,819,688**	958,992,562	1,153,439,825	1,406,786,911	2,354,594,907
Loans and advances to customers	**5,338,457,241**	3,801,652,073	3,104,826,627	2,417,509,046	1,672,759,368
Investment securities	**1,226,181,953**	2,303,869,245	502,679,315	838,012,123	100,000,000
Other assets	**161,042,610**	338,491,720	375,976,337	307,162,535	49,168,272
Property and equipment	**2,669,206,553**	2,734,040,439	2,782,528,709	2,875,700,315	2,951,037,599
Intangible assets	**19,935,382**	12,715,198	12,335,591	8,025,558	9,959,339
Deferred tax assets	**65,640,453**	67,640,453	68,814,467	70,580,493	74,112,546
Non current assets held for sale	**31,896,000**	63,837,000	68,247,000	91,224,000	294,840,000
TOTAL ASSETS	**10,644,545,285**	10,351,042,095	8,134,920,559	8,084,057,440	7,556,099,468
Liabilities and Equity					
Liabilities					
Due to customers	**1,937,109,045**	2,467,677,036	1,176,065,503	1,538,588,039	1,415,733,380
Debt issued and other borrowed funds	**2,148,968,858**	1,650,739,434	1,036,235,336	676,715,490	380,106,796
Current tax liabilities	**42,244,447**	38,362,346	48,676,967	46,345,921	42,110,658
Other liabilities	**314,068,170**	225,132,420	120,394,438	124,466,968	95,951,504
Total liabilities	**4,442,390,521**	4,381,911,237	2,381,372,244	2,386,116,418	1,933,902,338
Equity					
Issued share capital	**2,085,222,860**	2,085,222,860	2,085,222,860	2,085,222,860	2,085,222,860
Preference Shares	**600,000,000**	600,000,000	600,000,000	600,000,000.00	600,000,000
Share premium	**1,227,369,465**	1,227,369,465	1,227,369,465	1,227,369,465	1,227,369,465
Statutory reserve	**644,497,544**	564,470,088	499,026,134	454,482,001	405,910,548
Retained earnings	**1,346,457,271**	1,164,579,785	1,098,455,145	1,042,762,695	1,084,939,241
Revaluation Reserve	**204,597,313**	204,597,313	204,597,313	204,597,313	204,597,313
Fair Value Reserve	**56,249,998**	56,249,998	-	-	-
Regulatory Risk Reserve	**37,760,313**	66,641,348	38,877,398	83,506,688	14,157,704
Total equity	**6,202,154,764**	5,969,130,857	5,753,548,315	5,697,941,022	5,622,197,131
Total liabilities and equity	**10,644,545,285**	10,351,042,095	8,134,920,559	8,084,057,440	7,556,099,468
STATEMENT OF COMPREHENSIVE INCOME					
	31 December 2019	**31 December 2018**	**31 December 2017**	**31 December 2016**	**31 December 2015**
	N	**N**	**N**	**N**	**N**
Gross Earnings	**1,383,270,228**	1,005,286,270	883,585,716	861,813,239	755,925,260
Total operating income	**1,193,590,207**	892,957,161	800,648,286	805,832,213	711,481,999
Operating expenses	**(740,092,782)**	(577,187,742)	(523,975,422)	(491,893,443)	(434,446,388)
Impairment losses	**(9,115,700)**	50,986,713	(15,750,398)	(1,232,568)	(14,605,525)
Profit before taxation	**444,381,725**	366,756,131	260,922,465	312,706,202	262,430,085
Taxation for the year	**(44,244,447)**	(39,536,360)	(38,201,800)	(69,848,939)	(30,282,501)
Profit/(Loss)after taxation	**400,137,278**	327,219,771	222,720,665	242,857,263	232,147,584
Other Comprehensive Income	**-**	56,249,998	-	-	-
	400,137,278	383,469,769	222,720,665	242,857,263	232,147,584

CORPORATE INFORMATION

INFINITY AT THE AFRICAN ECONOMIC CONGRESS

CORPORATE EVENTS

INFINITY AT THE 13TH INTERNATIONAL ABUJA HOUSING SHOW

INFINITY AT ORPHANAGE HOME AND ELIZABETH FOUNDATION

CORPORATE SOCIAL RESPONSIBILITY

In keeping with the tradition giving back to its immediate environment in particular and society at large, the Bank has been involved over the years in many philanthropic activities. During the year, the Bank was involved in several projects cutting across sports, community, professional and educational development to the tune of over **N8,537,000.00 (Eight Million, Five Hundred and Thirty Seven Thousand Naira Only)** (2018 N4,275,000).

Below are various sponsorships and services in line with the company's corporate social responsibility objectives done during the year.

EDUCATION/ CAPACITY BUILDING

		N
1	Donation towards E- library Primary Schools	100,000
2	Donation of branded notebooks and mathematical sets to school pupils	27,000

SPORTS DEVELOPMENT

		N
1	Sponsorship/Donations of towards various sports tournaments	600,000

PROFESSIONAL AND INDUSTRY DEVELOPMENT

		N
1	Sponsorship of African Economic Summit	198,000
2	Sponsorship of Abuja Housing Show	1,000,000
3	Business Day Roundtable	250,000
4	Sponsorship of Nigeria Stock Exchange	600,000
5	Sponsorship of Mortgage Banking Association of Nigeria	1,000,000
6	Real Estate Expo on facilitating diaspora mortgages	3,780,000

HOSPITALITY AND COMMUNITY DEVELOPMENT

		N
1	Donations to Orphanages	181,000
2	Donations towards Women Empowerment	221,000
2	Donation to Rotary Club Financing Literacy Programme	200,000
4	Facelift for Nigeria Police Hospital, Garki, Abuja	380,000

AWARDS

The Bank has won several awards over the years as a result of its passionate attachment to housing delivery, excellent services and industry leadership. The year 2019 was not an exception. Some of the awards won by the Bank over the years are:

- 2015 - Distinctive Competency award by the Institute of Information and Strategy Management.
- 2016 - Service Excellence Award -Given to the bank by the Institute of Service Excellence and Good Governance,
- 2016- Mortgage Bank of the year Award - Given to the bank by Business Day and
- 2016- MBAN recognition Award - Given to the bank by the Mortgage Banking Association of Nigeria.
- 2017 - Award of Excellence - Given to the bank by the Federal Mortgage Bank of Nigeria in recognition of the effective packaging and timely disbursement of NHF loans and minimal customer complaints.
- 2017 - Sectoral Leadership Award (Financial Services-Mortgage) - Given to the Bank by Nigeria Stock Exchange PEARL Awards
- 2017 - Mortgage Bank of the Year Award - Given to the bank by Business Day
- 2018 - Africa's Best Mortgage Bank of the Year which was given by the Developments in Africa Merit Awards (DAMA) under the corporate seal of the Delta Business School; and
- 2018 - Best Mortgage Banker in West Africa, Gold award for leadership excellence given by the West Africa Innovation Awards under the auspices of the Africa Canada-Trade Alliance.
- 2019 – Best Mortgage Bank - Award of recognition given by Inlaks.
- 2019 – Sectoral Leadership award - Given by the Nigeria Stock Exchange for leadership in the financial services sector (Pearls).
- 2019 – Africa Mortgage Bank of the year – Given by the Africa Finance Awards (Mortgage Development Category).

AWARDS


INLAKS
Award of Recognitio
presented to
Infinity Trust Mortgage Bank Plc
As the Best
Mortgage Bank
18th October, 2019


Award for Excellence
Presented to
Winner of the
2019 SECTORAL LEADERSHIP AWARD
in the
FINANCIAL SERVICES (Mortgage) SECTOR
of the
NIGERIAN STOCK MARKET
By


The PEARL Awards
Certificate of Excellence
Presented to
Infinity Trust Mortgage Bank Plc
Winner of the
2019 SECTORAL LEADERSHIP (Financial Services - Mortgage Companies) Award
The PEARL Awards
Dated this 24TH Day of NOV., 2019

PRINCIPAL OFFICERS

PRINCIPAL OFFICERS

S/N	Name	Rank	Function
1	Sunday Olumorun	General Manager	Group Head, IT and Operations
2	Abiodun Akanbi	Deputy General Manager	Group Head, Strategy & Risk Management
3	Samson Agbaka	Deputy General Manager	Chief Financial Officer
4	Glory Chukwu	Manager	Group Head- Business Development
5	Ibrahim Adeyanju	Manager	Head, Information Technology
6	Anthony Akaya	Deputy Manager	Branch Manager - Ilupeju Branch
7	Joseph Olakunle	Deputy Manager	Head, Internal Control
8	Funmilayo Olatunji	Deputy Manager	Head, Human Resources and Administration
9	Timothy Gbadeyan	Deputy Manager	Head, Legal Services Department
10	Victor Abalaka	Senior Banking Officer	Head, Compliance
11	Wole Joyesemi	Senior Banking Officer	Head, Head Office Business Development Unit
12	Eric Okafor	Senior Banking Officer	Head, Special Business Unit - Head Office Branch
13	Olufunmi Odunuga	Senior Banking Officer	Branch Manager- Sun City
14	Friday Okpe	Assistant Manager	Branch Manager- Mararaba Branch
15	Abimbola Ojo	Senior Banking Officer	Head, Special Business Unit - Ilupeju Branch
16	Ishola Akinwale	Banking Officer	Head, Corporate Communications

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 Current Plus	• Minimum account opening balance of N200,000 • Minimum balance of N500,000 to be maintained to enjoy all benefits.	• Zero account maintenance fees. • Free Cheque book • Interest yielding • POS Available
3	Infinity Premium Savings Account (IPSA)	• Minimum opening balance of N100,000 • Customer cannot withdraw more than once a quarter • Interest higher than regular savings • Minimum balance of N100,000 is required for 6 months to be eligible to enjoy all benefits.	• Loyalty rewards for account holders without withdrawals within the year. • Issuance of cheque book to third party

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	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

		purchased or constructed/renovated is used as collateral for the loan Two guarantors are required Repayment can be monthly, quarterly or annual 2.25% of loan amount is charged as fees.	principal to annual repayment while the interest is serviced monthly. 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.
7	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%	• 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.

		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.	
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	Infinity NHF Equity Finance (I- NEF)	• Available for NHF contributors only • 12 Months Tenor • 6% 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.
11	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 fund.	• 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
12	1nfinity Premium Home Acquisition Loan (I-PHAL)	• Accessible to staff of premium organizations for purchase of land, houses, or renovation of existing property. • As low as 20% Equity Contribution	• Easy access to home ownership • Minimal equity contribution • Low interest rate • Longer tenor

		• 10 years tenor • Minimum loan amount of N5m • Attractive interest rate • Flexible payment plans • Registrable title • Minimum six months banking relationship with the bank.	• Profitable investment opportunities for customers.
13	Infinity Save and Own a Home (I-SOH)	• Opening balance of N20,000 • Minimum equity to be saved over a minimum of 12 months	• Loan tenor up to 15 years • Attractive rates on deposits • Attractive rates on mortgage loan • Easy and flexible payment plans

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	09087121716

	Website	www.infinitytrustmortgagebank.com
	Email	info@itmbplc.com

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 14th Annual General Meeting of the Bank to be held o 7th May, 2020 at 10.00 a.m. and at any adjournment thereof.

As witness my/our hand this……day of …2020.

Signed:…………………………….

NOTE:
A member to attend and vote at the General Meeting is entitled to appoint a proxy in his stead. All proxy forms should be deposited at the Office of the Registrar, Africa 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 them may 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, 2019 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.

ADMISSION CARD
INFINITY TRUST MORTGAGE BANK PLC
FOURTEENTH ANNUAL GENERAL MEETING

PLEASE ADMIT ONLY THE SHAREHOLDERS NAMED ON THIS CARD OR HIS DULY APPOINTED PROXY TO THE FOURTEENTH ANNUAL GENERAL MEETING BEING HELD AT

INFINITY HOUSE
11 KAURA NAMODA STREET, AREA 3, GARKI, ABUJA
ON 7TH MAY, 2020.

SHAREHOLDERS/PROXY..SIGNATURE.....................

ADDRESS...

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