

## **SIGNIFICANT ACCOUNTING POLICIES**

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

### **1 Interest**

Interest income and expense are recognised 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 amortised 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

### **2 Fees and Commission**

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

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

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

### **3 Net Trading Income**

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

### **Net Income from Other Financial Instruments at Fair Value Through Profit or**

### **4 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 realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

## **5 Dividends**

Dividend income is recognised 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 Lease Payments**

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

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

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

## **7 Tax Expense**

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

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 realised simultaneously.

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

A deferred tax asset is recognised 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 utilised. 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 realised.

## **8 Financial Assets and Financial Liabilities**

### **(i) Recognition and Initial Measurement**

The bank initially recognises 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 recognised on the trade date at which the bank becomes a party to the contractual provisions of the instrument.

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

### **(ii) Classification**

#### **Financial Assets:**

At inception a financial asset is classified as measured at amortised cost or fair value.

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

If a financial asset does not meet both of these conditions, then it is measured at fair value.

The bank makes an assessment of a business model at a portfolio level as this reflects best the way the business is managed and information is provided to management.

In making an assessment of whether an asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows, the bank considers:

- management's stated policies and objectives for the portfolio and the operation of those policies in practice;
- how management evaluates the performance of the portfolio;
- whether management's strategy focus on earning contractual interest revenues;
- the degree of frequency of any expected asset sales;
- the reason for any asset sales; and
- whether assets that are sold are held for an extended period of time relative to their contractual maturity or are sold shortly after acquisition or an extended time before maturity.

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

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

#### Financial Liabilities:

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

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

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

#### (iii) Derecognition

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

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

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

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

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

Retained interests are measured at amortised cost or fair value with fair value changes recognised profit or loss.

(iv) Offsetting

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

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

(v) Amortised Cost Measurement

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

(vi) Fair Value Measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

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

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

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

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

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

(vii) Identification and Measurement of Impairment

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

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

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

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

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

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

## **9 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 amortised cost in the statement of financial position.

## **10 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 recognised as part of net trading income in profit or loss.

## **11 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 recognised 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 recognised in the bank's financial statements.

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

## **12 Investment Securities**

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

Investment securities are measured at amortised 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.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in other comprehensive income. Cumulative gains and losses recognised in other comprehensive income are transferred to retained earnings on disposal of an investment.

Other investment securities are measured at fair value through profit or loss.

## **13 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 for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised 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 capitalised 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 recognised in other income/other expenses in profit or loss.

(ii) Reclassification to Investment Property

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

(iii) Subsequent Costs

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

(iv) Depreciation

Depreciation is recognised 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                     | 100 years |
| Plant & Machinery            | 5 years   |
| Leasehold Improvement        | 5years    |
| Furniture & Fittings         | 5 years   |
| Computer and office quipment | 5years    |

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

## **14 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 rationalisation 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 recognised 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.

## **15 Intangible Assets ( Computer Software)**

### **Software**

Software acquired by the bank is stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised 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 capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

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

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it 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.

Amortisation 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 recognised in the bank's statement of financial position.

## **17 Impairment of Non-Financial Assets**

The carrying amounts of the bank's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised 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 utilised 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 recognised in profit or loss. Impairment losses recognised 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 recognised 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 amortisation, if no impairment loss had been recognised.

## **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 recognised 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, debt securities issued and subordinated liabilities are measured at their amortised 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 through 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 recognised 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 recognised 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.

## **Financial**

### **20 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 recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The financial guarantee liability is subsequently carried at the higher of this amortised 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 recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value at the reporting date.

#### **(ii) Termination Benefits**

Termination benefits are recognised 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 recognised 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 reporting date, then they are discounted to their present value.

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#### **(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 recognised 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 service provided by the employee and the obligation can be estimated reliably.

## **22 Share Capital and Reserves**

### **(i) 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.

### **(ii) Share Issue Costs**

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

## **23 Earnings Per Share**

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

## **24 Non Current Assets Held for Sale**

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

**INFINITY TRUST MORTGAGE BANK PLC**  
**Statement of Comprehensive Income**  
for the Six Months Ended 30 June, 2014

|                                        | NOTES | 30 JUNE<br>2014<br>N | 30 JUNE<br>2013<br>N | 31 DECEMBER<br>2013 |
|----------------------------------------|-------|----------------------|----------------------|---------------------|
| Turnover                               |       | <b>371,600,568</b>   | <b>236,740,341</b>   | <b>584,384,123</b>  |
| Interest and similar income            | 1     | <b>185,618,313</b>   | 112,803,637          | 299,122,020         |
| Interest and similar expense           | 2     | <b>(18,209,836)</b>  | (12,651,793)         | (33,203,772)        |
| Net interest income                    |       | <b>167,408,477</b>   | <b>100,151,844</b>   | <b>265,918,248</b>  |
| Fee and commission income              | 3     | <b>25,903,428</b>    | 28,173,614           | 48,313,414          |
| Fee and commission expense             | 4     | -                    | -                    | -                   |
| Net fee and commission income          |       | <b>25,903,428</b>    | <b>28,173,614</b>    | <b>48,313,414</b>   |
| Other operating income                 | 5     | <b>160,078,828</b>   | 95,763,090           | 236,948,689         |
|                                        |       | <b>160,078,828</b>   | <b>95,763,090</b>    | <b>236,948,689</b>  |
| Total operating income                 |       | <b>353,390,733</b>   | <b>224,088,547</b>   | <b>551,180,351</b>  |
| Credit loss expense                    |       | -                    | -                    | (10,055,030)        |
| Impairment losses                      |       | -                    | -                    | -                   |
| Net operating income                   |       | <b>353,390,733</b>   | <b>224,088,547</b>   | <b>541,125,321</b>  |
| Personnel expenses                     | 7     | <b>28,297,957</b>    | 25,871,816           | 71,835,198          |
| Depreciation of property and equipment | 15b   | <b>44,742,228</b>    | 37,471,897           | 66,597,023          |
| Amortisation of intangible assets      | 16b   | <b>1,487,187</b>     | -                    | 3,068,125           |
| Other operating expenses               | 8     | <b>110,333,073</b>   | 82,821,476           | 173,045,700         |
| Total operating expenses               |       | <b>184,860,445</b>   | <b>146,165,189</b>   | <b>314,546,046</b>  |
| (Loss)/Profit before tax               |       | <b>169,012,619</b>   | 77,923,358           | 226,579,275         |
| Income tax credit/(expense)            |       | <b>(25,351,893)</b>  | (11,688,504)         | (37,785,499)        |
| Total Comprehensive Income             |       | <b>143,660,726</b>   | <b>66,234,854</b>    | <b>188,793,776</b>  |
| Other Comprehensive Income             |       |                      |                      |                     |
| Revaluation surplus                    |       | -                    | -                    | 204,597,313         |
|                                        |       | <b>143,660,726</b>   | <b>66,234,854</b>    | <b>393,391,089</b>  |
| Basic earnings per share (Kobo)        |       | <b>3.44</b>          | 1.59                 | <b>9.43</b>         |

**STATEMENT TO THE NIGERIAN STOCK EXCHANGE AND THE SHAREHOLDERS ON THE EXTRACT OF THE UNAUDITED RESULTS FOR THE HALF YEAR ENDED 30 JUNE, 2014.**

The Board of Directors of Infinity Trust Mortgage Bank Plc is pleased to present an extract of the unaudited financial statements for the Half Year ended 30 June, 2014

**Statement of Financial Position**

As at 30 June, 2014

|                                            | NOTES | <b>30 June<br/>2014<br/>N</b> | <b>31 December<br/>2013<br/>N</b> |
|--------------------------------------------|-------|-------------------------------|-----------------------------------|
| <i>Assets</i>                              |       |                               |                                   |
| Cash and balances with FMBN                | 10    | <b>16,242,785</b>             | 14,699,110                        |
| Due from banks                             | 11    | <b>1,789,174,685</b>          | 1,531,034,937                     |
| Loans and advances to customers            | 12    | <b>1,120,887,587</b>          | 1,267,079,500                     |
| Financial investments – available-for-sale | 13    | <b>102,000,000</b>            | 2,000,000                         |
| Other assets                               | 14    | <b>125,775,844</b>            | 138,612,204                       |
| Property and equipment                     | 15    | <b>2,854,284,426</b>          | 2,781,321,570                     |
| Intangible assets                          | 16    | <b>6,332,604</b>              | 3,665,938                         |
| Deferred tax assets                        | 17    | <b>96,040,321</b>             | 96,040,321                        |
| Non current assets held for sale           | 18    | <b>1,121,050,000</b>          | 1,568,480,000                     |
| <b>Total Assets</b>                        |       | <b>7,231,788,252</b>          | <b>7,402,933,579</b>              |
| <i>Liabilities and Equity</i>              |       |                               |                                   |
| <i>Liabilities</i>                         |       |                               |                                   |
| Due to customers                           | 19    | <b>1,190,128,631</b>          | 1,318,236,015                     |
| Debt issued and other borrowed funds       | 20    | <b>443,111,745</b>            | 475,233,561                       |
| Current tax liabilities                    | 21    | <b>64,443,540</b>             | 76,823,528                        |
| Other liabilities                          | 22    | <b>219,639,969</b>            | 92,987,709                        |
| Employee benefit liabilities               | 23    | <b>-</b>                      | 75,028                            |
|                                            |       | <b>1,917,323,885</b>          | <b>1,963,355,841</b>              |
| <b>Total liabilities</b>                   |       |                               |                                   |
| <i>Equity</i>                              |       |                               |                                   |
| Issued share capital                       | 24    | <b>2,085,222,860</b>          | 2,085,222,860                     |
| Preference Shares                          | 25    | <b>600,000,000</b>            | 600,000,000                       |
| Share premium                              |       | <b>1,229,404,465</b>          | 1,229,404,465                     |
| Statutory reserve                          |       | <b>310,534,320</b>            | 310,534,320                       |
| Revaluation Reserve                        |       | <b>204,597,313</b>            | 204,597,313                       |
| Retained earnings                          | SCE   | <b>884,705,408</b>            | 1,009,818,780                     |
| <b>Total equity</b>                        |       | <b>5,314,464,366</b>          | <b>5,439,577,738</b>              |
| <b>Total liabilities and equity</b>        |       | <b>7,231,788,252</b>          | <b>7,402,933,579</b>              |

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Company Secretary

## Statement of Cash Flows

for the Six Months Ended 30 June, 2014

|                                                       | <b>30 June<br/>2014<br/>N</b> | <b>31 December<br/>2013<br/>N</b> |
|-------------------------------------------------------|-------------------------------|-----------------------------------|
| Profit before tax                                     | <b>169,012,619</b>            | 226,579,275                       |
| Adjustment for non cash items                         |                               |                                   |
| Prior year adjustment                                 | -                             | (16,826,323)                      |
| Depreciation and amortisation of intangibles          | <b>46,229,415</b>             | 69,665,148                        |
| Profit on disposal of assets held for sale            | <b>(111,787,500)</b>          | -                                 |
| Cashflow before changes in working capital            | <b>103,454,534</b>            | 279,418,100                       |
| <b>CHANGES IN WORKING CAPITAL</b>                     |                               |                                   |
| Decrease/(Increase) in Loans and Advances             | <b>82,553,424</b>             | (578,717,658)                     |
| Decrease/(Increase) in Other Assets                   | <b>(36,836,454)</b>           | (32,857,053)                      |
| (Decrease)/Increase in Deposits                       | <b>(128,107,384)</b>          | 999,145,823                       |
| (Decrease)/Increase in Longterm and Other Liabilities | <b>119,807,309</b>            | 41,928,101                        |
| Tax Paid                                              | <b>(39,038,028)</b>           | (30,747,046)                      |
| Cash generated from operations                        | <b>(1,621,133)</b>            | 398,752,167                       |
| <b>CASHFLOW FROM INVESTING ACTIVITIES</b>             |                               |                                   |
| Purchase of Property, Plant and Equipment             | <b>(118,876,607)</b>          | (520,501,258)                     |
| Purchase of available for sale Investments            | <b>(100,000,000)</b>          | -                                 |
| Proceeds from assets held for sale                    | <b>556,290,000</b>            | -                                 |
| Payment for assets held for sale                      | <b>(54,450,000)</b>           | (365,689,400)                     |
|                                                       | <b>282,963,393</b>            | (886,190,658)                     |
| <b>CASHFLOW FROM FINANCING ACTIVITIES</b>             |                               |                                   |
| Dividend Paid                                         | <b>(125,113,372)</b>          | (81,849,935)                      |
| Issue of shares                                       | -                             | 951,578,000                       |
| Deposit for shares                                    | -                             | (752,167,120)                     |
| Share Premium                                         | -                             | 387,876,325                       |
|                                                       | <b>(125,113,372)</b>          | 505,437,270                       |
| Increase in cash and cash equivalent                  | <b>259,683,423</b>            | 297,416,879                       |
| Cash and cash equivalent as at 1 January              | <b>1,545,734,047</b>          | 1,248,317,168                     |
| Cash and cash equivalent as at 31 December            | <b>1,805,417,470</b>          | 1,545,734,047                     |

**INFINITY TRUST MORTGAGE BANK PLC**  
**Statement of Changes in Equity**  
**As at 30 June 2014**

| <b>As at 30 June 2014</b>     | <b>Issued<br/>Capital<br/>N</b> | <b>Share<br/>Premium<br/>N</b> | <b>Preference<br/>Shares<br/>N</b> | <b>Statutory<br/>Reserves<br/>N</b> | <b>Retained<br/>Earnings<br/>N</b> | <b>Revaluation<br/>Reserves<br/>N</b> | <b>Total equity</b>  |
|-------------------------------|---------------------------------|--------------------------------|------------------------------------|-------------------------------------|------------------------------------|---------------------------------------|----------------------|
| <b>At 1 January 2014</b>      | 2,085,222,860                   | 1,229,404,465                  | 600,000,000                        | 310,534,320                         | 1,009,818,780                      | 204,597,313                           | 5,439,577,738        |
| Profit for the period         | -                               | -                              | -                                  | -                                   | -                                  | -                                     | -                    |
| Transfer to retained earnings | -                               | -                              | -                                  | -                                   | -                                  | -                                     | -                    |
| Dividend paid                 | -                               | -                              | -                                  | -                                   | (125,113,372)                      | -                                     | (125,113,372)        |
| Other comprehensive income    | -                               | -                              | -                                  | -                                   | -                                  | -                                     | -                    |
| <b>At 30 June , 2014</b>      | <b>2,085,222,860</b>            | <b>1,229,404,465</b>           | <b>600,000,000</b>                 | <b>310,534,320</b>                  | <b>884,705,408</b>                 | <b>204,597,313</b>                    | <b>5,314,464,366</b> |

**As at 31 December 2013**

|                               |                      |                      |                    |                    |                      |                    |                      |
|-------------------------------|----------------------|----------------------|--------------------|--------------------|----------------------|--------------------|----------------------|
| <b>At 1 January 2013</b>      | 1,733,644,860        | 841,528,140          | -                  | 272,775,565        | 973,532,891          | -                  | 3,821,481,456        |
| Increase in Equity            | 351,578,000          | 387,876,325          | 600,000,000        | -                  | -                    | -                  | 1,339,454,325        |
| Transfer to retained earnings | -                    | -                    | -                  | -                  | 188,793,776          | -                  | 188,793,776          |
| Transfer( Statutory)          | -                    | -                    | -                  | 37,758,755         | (37,758,755)         | -                  | -                    |
| Dividend paid                 | -                    | -                    | -                  | -                  | (81,849,935)         | -                  | (81,849,935)         |
| Revaluation Surplus           | -                    | -                    | -                  | -                  | -                    | 204,597,313        | 204,597,313          |
| Other comprehensive income    | -                    | -                    | -                  | -                  | (32,899,197)         | -                  | (32,899,197)         |
| <b>At 31 December 2013</b>    | <b>2,085,222,860</b> | <b>1,229,404,465</b> | <b>600,000,000</b> | <b>310,534,320</b> | <b>1,009,818,780</b> | <b>204,597,313</b> | <b>5,439,577,738</b> |

| Notes to the Management Accounts           | 30 JUNE            | 30 JUNE            | 31 DECEMBER        |
|--------------------------------------------|--------------------|--------------------|--------------------|
|                                            | 2014               | 2013               | 2013               |
|                                            | N                  | N                  | N                  |
| <b>1 Interest and similar income</b>       |                    |                    |                    |
| Cash Reserve Deposit                       | -                  | -                  |                    |
| Placements with Banks                      | 85,069,099         | 44,344,688         | 94,748,278         |
| Mortgage Loans to customers                | 57,875,573         | 50,066,384         | 70,685,260         |
| Other Loans and advances to customers      | 42,673,640         | 18,392,565         | 133,688,482        |
| Financial investments – available-for-sale |                    |                    |                    |
| Financial investments – held-to-maturity   |                    |                    |                    |
|                                            | <b>185,618,313</b> | <b>112,803,637</b> | <b>299,122,020</b> |
| <b>2 Interest and similar expense:</b>     |                    |                    |                    |
| Due to banks                               | -                  | -                  |                    |
| Mortgage Loans to customers                | 9,197,374          | 8,736,775          | 71,268             |
| Other Loans and advances to customers      | 9,012,462          | 3,915,018          | 33,132,504         |
|                                            |                    |                    |                    |
|                                            | <b>18,209,836</b>  | <b>12,651,793</b>  | <b>33,203,772</b>  |
| <b>3 Net fees and commission income</b>    |                    |                    |                    |
| <b>Fees and commission income</b>          |                    |                    |                    |
| Credit related fees and commission         | 5,354,567          | 7,448,940          | 12,773,787         |
| Commission on turnover                     | 9,708,902          | 9,952,414          | 17,066,859         |
| Facilities management fees                 | 10,711,960         | 10,683,260         | 18,320,147         |
| Other commissions                          | 128,000            | 89,000             | 152,621            |
|                                            | <b>25,903,428</b>  | <b>28,173,614</b>  | <b>48,313,414</b>  |
| <b>4 Fees and commission expenses</b>      |                    |                    |                    |
| Brokerage fees                             | -                  | -                  | -                  |
| Other fees                                 | -                  | -                  | -                  |
|                                            |                    |                    |                    |
| <b>Net fees and commission income</b>      | <b>25,903,428</b>  | <b>28,173,614</b>  | <b>48,313,414</b>  |
| <b>5 Other operating income</b>            |                    |                    |                    |
| Investment Income                          | 122,627,500        | 76,247,200         | 188,660,099        |
| Gains from sale of financial investments   | -                  | -                  | -                  |
| Non-trading foreign exchange income        | -                  | -                  | -                  |
| Operating lease income                     | -                  | -                  | -                  |
| Others                                     | 37,451,328         | 19,515,890         | 48,288,590         |
|                                            | <b>160,078,828</b> | <b>95,763,090</b>  | <b>236,948,689</b> |
| <b>6 Impairment losses</b>                 |                    |                    |                    |
| Credit loss expense                        |                    |                    |                    |
|                                            |                    |                    |                    |
| Financial investments – available for sale |                    |                    |                    |
| Debt securities                            |                    |                    |                    |
| Quoted                                     |                    |                    |                    |
| Unquoted                                   |                    |                    |                    |
|                                            |                    |                    |                    |
| Equities                                   |                    |                    |                    |
| Quoted                                     |                    |                    |                    |
| Unquoted                                   |                    |                    |                    |
|                                            |                    |                    |                    |
| Others assets                              |                    |                    |                    |
|                                            |                    |                    |                    |
|                                            |                    |                    |                    |

| <b>Notes to the Management Accounts</b> |                                                                          | <b>30 JUNE<br/>2014<br/>N</b> | <b>30 JUNE<br/>2013<br/>N</b> | <b>31 DECEMBER<br/>2013<br/>N</b> |
|-----------------------------------------|--------------------------------------------------------------------------|-------------------------------|-------------------------------|-----------------------------------|
| 7                                       | <b>Personnel expenses</b>                                                |                               |                               |                                   |
|                                         | Salaries and Wages                                                       | 21,118,893                    | 20,768,765                    | 68,737,315                        |
|                                         | Other staff costs                                                        | 5,123,267                     | 3,694,873                     | -                                 |
|                                         | Pension costs – Defined contribution plan                                | 2,055,796                     | 1,408,178                     | 3,097,883                         |
|                                         |                                                                          | -                             | -                             | -                                 |
|                                         |                                                                          | <b>28,297,957</b>             | <b>25,871,816</b>             | <b>71,835,198</b>                 |
| 8                                       | <b>Other operating expenses</b>                                          |                               |                               |                                   |
|                                         | Advertising and marketing                                                | 2,642,907                     | 477,981                       | 998,685                           |
|                                         | Administrative                                                           | 11,871,260                    | 9,841,207                     | 20,562,041                        |
|                                         | Professional fees                                                        | 3,682,166                     | 2,058,970                     | 4,301,975                         |
|                                         | Rental charges payable under operating leases                            | -                             | -                             | -                                 |
|                                         | Others                                                                   | 92,136,740                    | 70,443,318                    | 147,182,999                       |
|                                         |                                                                          | <b>110,333,073</b>            | <b>82,821,476</b>             | <b>173,045,700</b>                |
| 11                                      | <b>Dividends paid and proposed<br/>Declared and paid during the year</b> |                               |                               |                                   |
|                                         | Equity dividends on ordinary shares:                                     |                               |                               |                                   |
|                                         | Final dividend for 2013:                                                 | -                             | 125,113,372                   | 81,849,935                        |
|                                         |                                                                          | -                             | 125,113,372                   | 81,849,935                        |
| 10                                      | <b>Cash and balances with central bank</b>                               |                               |                               |                                   |
|                                         | Cash on hand                                                             | 15,902,785                    | 21,821,055                    | 14,359,110                        |
|                                         | Deposits with the Federal Mortgage Bank                                  | 340,000                       | 340,000                       | 340,000                           |
|                                         | Less: Allowance for impairment losses                                    |                               |                               |                                   |
|                                         |                                                                          | <b>16,242,785</b>             | <b>22,161,055</b>             | <b>14,699,110</b>                 |
| 11                                      | <b>Due from banks</b>                                                    |                               |                               |                                   |
|                                         | Placements with banks and discount houses                                | 1,528,777,300                 | 728,777,300                   | 1,278,777,300                     |
|                                         | Balances with banks within Nigeria                                       | 247,931,823                   | 531,527,037                   | 252,257,637                       |
|                                         | Disc Hou/Bank Plcmnts - Interest Receivable                              | 12,465,563                    | 8,253,148                     |                                   |
|                                         |                                                                          | 1,789,174,685                 | 1,268,557,484                 | 1,531,034,937                     |
|                                         | Less: Allowance for impairment losses                                    | -                             | -                             | -                                 |
|                                         |                                                                          | <b>1,789,174,685</b>          | <b>1,268,557,484</b>          | <b>1,531,034,937</b>              |
|                                         | <b>Cash Collateral on Bank's Clearing Position</b>                       |                               |                               |                                   |
| 12                                      | <b>Loans &amp; Advances</b>                                              |                               |                               |                                   |
| a                                       | <b>By Product Type</b>                                                   |                               |                               |                                   |
|                                         | Loans & Advances - Mortgage                                              | 1,206,608,195                 | 1,283,415,399                 | 1,329,531,389                     |
|                                         | Loans & Advances - Overdrafts                                            | 16,093,384                    | 38,535,392                    | 39,912,698                        |
|                                         | Loans & Advances - Term Loans                                            | 7,579,214                     | 18,284,878                    | 686,256                           |
|                                         | Loans & Advances- Interest Receivable                                    |                               |                               |                                   |
|                                         | Less: Allowance for impairment losses                                    | (109,393,207)                 | (97,792,021)                  | (103,050,843)                     |
|                                         |                                                                          | <b>1,120,887,587</b>          | <b>1,242,443,648</b>          | <b>1,267,079,500</b>              |
| 13                                      | <b>Financial investments</b>                                             |                               |                               |                                   |
| a                                       | <b>Available for sale investments</b>                                    |                               |                               |                                   |
|                                         | <b>Quoted investments</b>                                                |                               |                               |                                   |
|                                         | Debt securities - bills                                                  | -                             | -                             | -                                 |
|                                         | Debt securities - bonds                                                  | -                             | -                             | -                                 |
|                                         | Equities                                                                 |                               |                               |                                   |

## Notes to the Management Accounts

|                                          | 30 JUNE<br>2014<br>N | 30 JUNE<br>2013<br>N | 31 DECEMBER<br>2013<br>N |
|------------------------------------------|----------------------|----------------------|--------------------------|
| <b>Unquoted investments</b>              |                      |                      |                          |
| Debt securities                          | -                    | -                    | -                        |
| Equities                                 | 102,000,000          | 2,000,000            | 2,000,000                |
| Less: Allowance for impairment           | -                    | -                    | -                        |
|                                          | <b>102,000,000</b>   | <b>2,000,000</b>     | <b>2,000,000</b>         |
|                                          | <b>102,000,000</b>   | <b>2,000,000</b>     | <b>2,000,000</b>         |
| 14 <b>Other assets</b>                   |                      |                      |                          |
| Prepayments                              | 2,145,534            | 2,529,799            | 2,498,835                |
| stationery stocks                        | 708,735              | 737,979              | 725,789                  |
| Other stocks                             | 182,000              | 182,000              | 182,000                  |
| Account receivables                      | 4,964,995            | 15,788,080           | -                        |
| Interest Receivable                      | 67,524,006           | 22,411,741           | 60,696,359               |
| Interbranch balances                     | -                    | -                    | -                        |
| Suspense accounts                        | -                    | -                    | -                        |
| Other debits balances                    | 50,250,574           | 316,000              | 74,509,221               |
|                                          | 125,775,844          | 41,965,598           | 138,612,204              |
| Less:                                    |                      |                      |                          |
| Allowance for impairment on other assets | -                    | -                    | -                        |
|                                          | <b>125,775,844</b>   | <b>41,965,598</b>    | <b>138,612,204</b>       |
| 15a <b>Property and equipment</b>        |                      |                      |                          |
| <b>Land</b>                              |                      |                      |                          |
| Cost                                     | 124,000,000          | -                    | 124,000,000              |
| Accumulated Depreciation                 | -                    | -                    | -                        |
| Net Book value                           | 124,000,000          | -                    | 124,000,000              |
| <b>Buildings</b>                         |                      |                      |                          |
| Cost                                     | 2,675,692,815        | 2,351,859,393        | 2,648,792,623            |
| Accumulated Depreciation                 | (168,229,931)        | (121,387,855)        | (138,519,518)            |
| Net Book value                           | 2,507,462,884        | 2,230,471,537        | 2,510,273,105            |
| <b>Work in Progress</b>                  |                      |                      |                          |
| Cost                                     | 124,768,433          | -                    | 79,241,048               |
| Accumulated Depreciation                 | -                    | -                    | -                        |
| Net Book value                           | 124,768,433          | -                    | 79,241,048               |
| <b>Plant &amp; Equipment</b>             |                      |                      |                          |
| Cost                                     | 91,665,150           | 53,695,483           | 55,377,483               |
| Accumulated Depreciation                 | (34,330,926)         | (23,648,919)         | (29,052,065)             |
| Net Book value                           | 57,334,224           | 30,046,564           | 26,325,418               |
| <b>Computer and Equipment</b>            |                      |                      |                          |
| Cost                                     | 27,756,819           | 30,233,306           | 26,447,455               |
| Accumulated Depreciation                 | (18,357,724)         | (18,309,250)         | (15,405,549)             |
| Net Book value                           | 9,399,095            | 11,924,056           | 11,041,907               |
| <b>Furn &amp; Fittings:</b>              |                      |                      |                          |
| Cost                                     | 36,192,957           | 32,395,957           | 32,395,957               |
| Accumulated Depreciation                 | (29,170,874)         | (23,898,617)         | (26,568,781)             |
| Net Book value                           | 7,022,082            | 8,497,340            | 5,827,176                |
| <b>Motor Vehicles</b>                    |                      |                      |                          |
| Cost                                     | 61,545,000           | 48,990,000           | 59,490,000               |
| Accumulated Depreciation                 | (37,247,292)         | (30,591,667)         | (34,877,084)             |
| Net Book value                           | 24,297,708           | 18,398,333           | 24,612,916               |
| <b>Total Property and Equipment</b>      |                      |                      |                          |

| <b>Notes to the Management Accounts</b> |                                             | <b>30 JUNE</b>       | <b>30 JUNE</b>       | <b>31 DECEMBER</b>   |
|-----------------------------------------|---------------------------------------------|----------------------|----------------------|----------------------|
|                                         |                                             | <b>2014</b>          | <b>2013</b>          | <b>2013</b>          |
|                                         |                                             | <b>N</b>             | <b>N</b>             | <b>N</b>             |
|                                         | Cost                                        | 3,141,621,173        | 2,517,174,138        | 3,025,744,566        |
|                                         | Accumulated Depreciation                    | (287,336,746)        | (217,836,308)        | (244,422,997)        |
|                                         | Property and equipment                      | <u>2,854,284,426</u> | <u>2,299,337,830</u> | <u>2,781,321,570</u> |
| 15b                                     | <b>Current Depreciation Charge</b>          |                      |                      |                      |
|                                         | Furn & Fittings                             | 2,602,094            | 2,705,999            | 5,376,162            |
|                                         | Buildings                                   | 29,352,805           | 23,385,822           | 40,517,485           |
|                                         | Computer Equipment                          | 2,280,654            | 2,320,912            | 1,955,648            |
|                                         | Motor Vehicles                              | 4,759,375            | 4,767,500            | 9,052,917            |
|                                         | Plant & Equipment                           | 5,747,301            | 4,291,665            | 9,694,811            |
|                                         |                                             | <u>44,742,228</u>    | <u>37,471,897</u>    | <u>66,597,023</u>    |
| 16a                                     | <b>Intangible assets</b>                    |                      |                      |                      |
|                                         | <b>Computer Software</b>                    |                      |                      |                      |
|                                         | Cost                                        | 12,272,500           |                      | 9,272,500            |
|                                         | Accumulated Amortisation                    | (5,939,896)          |                      | (5,606,563)          |
|                                         | Net Book value                              | <u>6,332,604</u>     | <u>-</u>             | <u>3,665,938</u>     |
| 16b                                     | <b>Amortisation charge for the year</b>     |                      |                      |                      |
|                                         | Computer Software                           | 1,487,187            |                      | 3,068,125            |
|                                         |                                             | <u>1,487,187</u>     | <u>-</u>             | <u>3,068,125</u>     |
| 17                                      | <b>Deferred tax</b>                         |                      |                      |                      |
|                                         | Deferred tax assets                         | 96,040,321           | 96,040,321           | 96,040,321           |
|                                         | Deferred tax liabilities                    | -                    | -                    | -                    |
|                                         |                                             | <u>96,040,321</u>    | <u>96,040,321</u>    | <u>96,040,321</u>    |
| 18                                      | <b>Non current Assets Held for sale</b>     |                      |                      |                      |
|                                         | Net Movement in the period                  | 1,568,480,000        | -                    | 1,361,645,600        |
|                                         |                                             | <u>447,430,000</u>   | <u>-</u>             | <u>206,834,400</u>   |
|                                         |                                             | <u>1,121,050,000</u> | <u>1,361,645,600</u> | <u>1,568,480,000</u> |
| 19                                      | <b>Due to customers</b>                     |                      |                      |                      |
|                                         | <b>Analysis by type of account:</b>         |                      |                      |                      |
|                                         | Demand                                      | 856,255,790          | 981,751,052          | 1,054,393,587        |
|                                         | Savings                                     | 103,431,084          | 141,045,976          | 96,649,766           |
|                                         | Time deposits                               | 227,788,896          | 157,802,035          | 167,192,662          |
|                                         | Special product                             | 2,652,861            | 2,636,592            | -                    |
|                                         | Domiciliary                                 | -                    | -                    | -                    |
|                                         | Due to other banks                          | -                    | -                    | -                    |
|                                         |                                             | <u>1,190,128,631</u> | <u>1,283,235,654</u> | <u>1,318,236,015</u> |
| 20                                      | <b>Debt issued and other borrowed funds</b> |                      |                      |                      |
|                                         | Other Long Term Loans FMBN                  | 443,111,745          | 424,412,159          | 475,233,561          |
|                                         |                                             | <u>443,111,745</u>   | <u>424,412,159</u>   | <u>475,233,561</u>   |
| 21                                      | <b>Current tax liabilities</b>              |                      |                      |                      |
|                                         | Balance at 1 January                        | 76,823,528           | 29,860,733           | 48,663,486           |
|                                         | Charge for the year                         | 25,351,893           | 11,688,504           | 37,785,500           |
|                                         | Underprovision/(Overprovision)              | 1,306,147            | 7,114,249            | 21,121,588           |
|                                         | Paid in the year                            | (39,038,028)         | -                    | (30,747,046)         |
|                                         |                                             | <u>64,443,540</u>    | <u>48,663,486</u>    | <u>76,823,528</u>    |
| 22                                      | <b>Other liabilities</b>                    |                      |                      |                      |
|                                         | Interest payable                            | 2,973,271            | 2,290,188            | -                    |
|                                         | Accounts payable                            | 1,930,230            | 1,276,412            | -                    |
|                                         | Deferred fees                               | -                    | -                    | -                    |

| <b>Notes to the Management Accounts</b> |                                                                                                                                                                                                                        | <b>30 JUNE</b>     | <b>30 JUNE</b>     | <b>31 DECEMBER</b> |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|
|                                         |                                                                                                                                                                                                                        | <b>2014</b>        | <b>2013</b>        | <b>2013</b>        |
|                                         |                                                                                                                                                                                                                        | <b>N</b>           | <b>N</b>           | <b>N</b>           |
|                                         | Provision and accrual                                                                                                                                                                                                  | 29,406,557         | 13,702,484         | -                  |
|                                         | Sundry Creditors                                                                                                                                                                                                       | 3,974,295          | 3,716,252          | -                  |
|                                         | Other Payables                                                                                                                                                                                                         | 37,694,890         | 28,084,242         | 92,987,709         |
|                                         | Unappropriated Profit                                                                                                                                                                                                  | -                  | 288,361,491        | -                  |
|                                         | Current Year Profit/ loss to date                                                                                                                                                                                      | 143,660,726        | 66,234,854         | -                  |
|                                         |                                                                                                                                                                                                                        | <u>219,639,969</u> | <u>403,665,925</u> | <u>92,987,709</u>  |
| <b>23</b>                               | <b>Retirement benefit plan</b>                                                                                                                                                                                         |                    |                    |                    |
|                                         | Opening defined contribution obligation                                                                                                                                                                                | 75,028             |                    | 1,247,568          |
|                                         | Contribution for the period                                                                                                                                                                                            | 1,546,442          |                    | 3,092,883          |
|                                         | Payment to Fund administrator                                                                                                                                                                                          | (1,621,470)        |                    | (4,265,423)        |
|                                         |                                                                                                                                                                                                                        | <u>-</u>           |                    | <u>75,028</u>      |
| <b>24</b>                               | <b>Issued capital and reserves</b>                                                                                                                                                                                     |                    |                    |                    |
|                                         | 10,000,000,000 ordinary shares of 50 kobo each                                                                                                                                                                         | 5,000,000,000      | 5,000,000,000      | 5,000,000,000      |
|                                         | <b>Ordinary shares</b>                                                                                                                                                                                                 |                    |                    |                    |
|                                         | Issued and fully paid:                                                                                                                                                                                                 |                    |                    |                    |
|                                         | 4,170,445,720 ordinary shares of 50k each                                                                                                                                                                              | 2,085,222,860      | 2,085,222,860      | 2,085,222,860      |
| <b>25</b>                               | <b>Preference Shares</b>                                                                                                                                                                                               |                    |                    |                    |
|                                         | 7% Irredeemable Convertible Preference Shares                                                                                                                                                                          | 600,000,000        | -                  | 600,000,000        |
| <b>26</b>                               | <b>STATEMENT OF COMPLIANCE</b>                                                                                                                                                                                         |                    |                    |                    |
|                                         | The financial statements and accompanying notes have been drawn up in compliance with IAS 34                                                                                                                           |                    |                    |                    |
| <b>27</b>                               | <b>OTHER DISCLOSURES</b>                                                                                                                                                                                               |                    |                    |                    |
| a                                       | The same accounting policies and methods of computation are followed in the interim financial statements of the bank                                                                                                   |                    |                    |                    |
| b                                       | The Bank prepares interim financial statements for publication and submission to securities to the securities the securities and Exchange Commission (SEC) and the Nigerian Stock Exchange (NSE) on a quarterly basis. |                    |                    |                    |
| c                                       | There are no events after the reporting date which could have had a material effect on the interim statements as at 30 June 2014.                                                                                      |                    |                    |                    |