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ABBEY MORTGAGE BANK PLC
LAGOS, NIGERIA

UNAUDITED IFRS FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2025
CONDENSED REPORTS

ABBEY MORTGAGE BANK PLC

REPORT FOR THE PERIOD ENDED 31 MARCH, 2025

CONTENTS

ABBEY MORTGAGE BANK PLC

Introduction

Abbey Mortgage Bank's Financial Statements complies with the applicable legal requirements of the Nigerian Securities and Exchange Commission regarding interim financial statements for the period ended 31 March 2025. These financial statements contain extract of the unaudited financial statements prepared in accordance with 'Internarional Financial Reporting Standards' and its interpretation issued by the International Accounting Standards and adopted by the Financial Reporting Council of Nigeria. For better understanding, certain disclosures and some prior period figures have been presented in line with the reporting periods' figures. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

ABBEY MORTGAGE BANK PLC

RESULT AT A GLANCE - 31 March, 2025

GROSS EARNINGS	PROFIT BEFORE TAX	PROFIT AFTER TAX
N3,776.67 million	**N359.34 million**	**N340.46 million**

MAJOR INCOME STATEMENT ITEMS	**2025 March N'000**	**2024 March N'000**	INCREASED/ (DECREASED) %
Gross Earnings	3,776,673	2,239,483	68.64
Net Operating Income	1,019,789	841,335	21.21
Profit Before Tax	359,342	270,063	33.06
Profit After Tax	340,459	258,866	31.52
EarningsPer Share:			
-Basic(Kobo)	13.41	10.20	31.52
MAJOR STATEMENT OF FINANCIAL POSITION ITEMS	**2025 March** N'000	**2024 December** N'000	INCREASED/ (DECREASED) %
Loans and advances to customers	11,187,907	12,070,585	(7.31)
Deposits from customers	51,659,504	53,900,757	(4.16)
Total Assets	85,981,705	84,251,461	2.05
Total Equity	9,572,196	9,231,737	3.69

ABBEY MORTGAGE BANK PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH, 2025

	Notes	UNAUDITED 3 Months Mar-25 ₦'000	UNAUDITED 3 Months Mar-24 ₦'000
Interest income	3	3,682,380	2,085,598
Interest expense	4	(2,756,884)	(1,398,148)
Net interest income		925,496	687,450
Fees and commision income	5	43,595	111,890
Other operating income	6	50,698	41,995
Total operating income		1,019,789	841,335
Credit loss expense	7	-	-
Net operating income		**1,019,789**	**841,335**
Personnel expenses	8	(218,882)	(210,167)
Depreciation	9	(49,825)	(43,794)
Amortisation	21	(7,985)	(5,679)
Other operating expenses	10	(383,755)	(311,632)
Total operating expenses		**(660,447)**	**(571,272)**
Profit or (Loss) before income tax expense		**359,342**	**270,063**
Income tax expense	11	(18,883)	(11,197)
Profit or (Loss) for the period		**340,459**	**258,866**
Other comprehensive Income		-	-
Total comprehensive Income for the year net of tax		**340,459**	**258,866**
Earnings per share attributable to ordinary equity holders (Kobo) - Basic and Diluted	12	**13.41**	**10.20**

The accompanying notes form part of these financial statements.

ABBEY MORTGAGE BANK PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2025

	Notes	UNAUDITED Mar-25 ₦'000	AUDITED Dec-24 ₦'000
Assets			
Cash on hand	13	27,861	15,297
Cash balances with central bank	14	1,020,000	1,020,000
Due from banks and other financial institutions	15	16,854,254	13,929,534
Loans and advances	16	11,187,907	12,070,585
Financial investments - equity instrument at FVTPL	17	883,642	883,642
Financial Investments- securities at amortised cost	18	52,883,394	53,695,739
Other assets	19	1,369,548	841,999
Property and equipment	20	1,447,588	1,479,168
Intangible assets	21	262,260	270,246
		85,936,454	84,206,210
Non-current assets held for sale	22	45,251	45,251
Total Assets		**85,981,705**	**84,251,461**
Liabilities and equity			
Deposits from customers	23	51,659,504	53,900,757
Due to other banks	24	14,393,083	10,964,820
Current income tax payable	11.2	144,564	125,681
Other liabilities	25	460,679	661,834
Differred Tax Liabilities	25.1	35,077	35,077
Borrowings	26	5,460,464	5,068,555
Deposit for Shares	27	4,000,000	4,000,000
Due to National Housing Fund	28	256,139	263,001
		76,409,510	**75,019,725**
Equity			
Share capital	29	5,076,923	5,076,923
Share premium	30	1,576,504	1,576,504
Retained Earnings	31	1,468,222	1,127,763
Statutory reserve	32	686,335	686,335
Regulatory risk reserve		764,212	764,212
Total Equity		**9,572,196**	**9,231,737**
Total liabilities and equity		**85,981,705**	**84,251,461**

The financial statements were approved by the Board of Directors on April 22,2025 and signed on its behalf by:

HIGH CHIEF SAMUEL ONI
Chairman
FRC/2024/PRO/DIR/003/868224 ---

MOBOLAJI ADEWUMI
Managing Director/CEO
FRC/2021/PRO/DIR/003/00000022431 ---

OLUWATOMI OLURINOLA
Financial Controller
FRC/2021/PRO/ICAN/001/00000025175 ---

The accompanying notes form part of these financial statements.

ABBEY MORTGAGE BANK PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH, 2025

	Share capital	Share Premium	Statutory Reserve	Regulatory risk reserve	Retained Earnings	Total Equity
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Balance as at 1 January 2024	5,076,923	1,576,504	472,697	820,049	217,371	**8,163,544**
Additional capital issued and fully paid	-	-				**-**
Profit for the year	-	-	-	-	1,068,193	**1,068,193**
Other comprehensive income for the year	-	-	-	-	-	**-**
Transfer to statutory reserve	-	-	213,638	-	(213,638)	**-**
Transfer to regulatory risk reserve	-	-	-	(55,837)	55,837	**-**
Balance as at 31 December 2024	**5,076,923**	**1,576,504**	**686,335**	**764,212**	**1,127,763**	**9,231,737**
Additional capital issued and fully paid						**-**
Profit for the Period	-	-	-	-	340,459	**340,459**
Other comprehensive income for the year	-	-	-	-	-	**-**
Transfer to statutory reserve	-	-	-	-	-	**-**
Dividend paid						**-**
Transfer to regulatory risk reserve	-	-	-	-	-	**-**
Balance as at 31 March 2025	**5,076,923**	**1,576,504**	**686,335**	**764,212**	**1,468,222**	**9,572,196**

ABBEY MORTGAGE BANK PLC

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH, 2025

	Notes	UNAUDITED 3 Months Mar-25 ₦'000	AUDITED 12 Months Dec-24 ₦'000
Cash flows from operating activities:			
Profit/(loss) before income tax		359,342	1,228,951
Adjustment for non-cash items	33.5	(867,686)	(3,157,840)
Cash flows from operating activities before changes in working capital		(508,344)	(1,928,889)
Change in operating assets	33.2	(311,876)	(21,475,295)
Change in operating liabilities	33.3	(2,549,392)	13,239,979
Income tax paid	11.2	(35,076)	(45,182)
Interest received		5,197,003	8,121,044
Interest paid		(2,656,761)	(7,827,299)
Net cash flows used in operating activities		(864,444)	(9,915,642)
Cash flows from investing activities:			
Purchase of intangible assets	21	-	(224,956)
Proceeds on disposal of non-current asset held for sale		-	-
Proceeds on disposal of property and equipment		-	1,486
Purchase of property and equipment	20	(18,247)	(319,468)
Dividend received		-	41,500
Net cash flows generated from investing activities		(18,247)	(501,438)
Cash flows from financing activities:			
Deposit for share		-	-
Dividend Paid		-	(406,153)
Proceeds of Long-term borrowings		1,000,000	3,500,000
Repayments of Long-term borrowings		(608,294)	(2,454,728)
Net cash flows used in financing activities		391,706	639,119
Net increase/(decrease) in cash and cash equivalents		(490,985)	(9,777,962)
Cash and cash equivalents at beginning of year		3,012,214	12,790,176
Cash and cash equivalents at end of period	33	**2,521,229**	**3,012,214**

The accompanying notes form part of these financial statements.

1 General information

These financial statements are the financial statements of Abbey Mortgage Bank Plc. (the "Bank"), a public limited liability Bank incorporated and domiciled in Nigeria on 26 August 1991. The Bank obtained its licence to operate as a mortgage bank on 20 January 1992 and commenced business on 11 March 1992. It was later converted to a public limited liability Bank in September 2007. On 21 October 2008, the Bank became officially listed on the Nigerian Exchange Group.

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

For the earlier years of its operations, the Bank specialized in funding small and medium size businesses. In the last few years, the Bank has started to implement a mortgage financing strategy in line with its strategic vision to become "the number one mortgage service provider in Africa". The Bank currently has 143 (2024: 142) staff in eight (8) branches and the Head Office.

2.1 *Basis of preparation*

a Statement of Compliance

These financial statements of the Bank are general purpose financial statements which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). Additional information required by the provisions of the Companies and Allied Matters Act 2020, the Banks and Other Financial Institutions Act 2020, the Financial Reporting Council of Nigeria ("FRCN") Act No. 6, 2011 and relevant Central Bank of Nigeria circulars, is included where appropriate.

b Basis of Measurement

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

c Use of Estimates and Judgments

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2023. The Bank has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.2.1 Standards, amendments and interpretations effective during the reporting period

i. IFRS 17, Insurance Contracts

IFRS 17 was issued by the IASB in 2017 and replaces IFRS 4 for annual reporting period beginning on or after 1 January 2023.
IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous accounting approaches to be followed.
Since IFRS 17 applies to all insurance contracts issued by an entity (with limited scope exclusions), its adoption may have an effect on non-insurers. The Company carried out an assessment of its contracts and operations and concluded that the adoption of IFRS 17 has had no effect on the financial statements of the bank.

ii. Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors)

The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors.
These amendments had no effect on the financial statements of the bank.

iii. Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)

In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.
These amendments had no effect on the financial statements of the bank.

iv. Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)

The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.
These amendments have no effect on the measurement or presentation of any items in the financial statements of the bank, but affects the disclosure of accounting policies.

v. International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 Income Taxes)

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework for a global minimum tax that is expected to be used by individual jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another in order to reduce global tax obligations in corporate structures. In March 2022, the OECD released detailed technical guidance on Pillar Two of the rules.
Stakeholders raised concerns with the IASB about the potential implications on income tax accounting, especially accounting for deferred taxes, arising from the Pillar Two model rules. The IASB issued the final Amendments (the Amendments) International Tax Reform – Pillar Two
Model Rules, in response to stakeholder concerns on 23 May 2023.

The Amendments introduce a mandatory exception to entities from the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two model rules. The exception is effective immediately and retrospectively. The Amendments also provide for additional disclosure requirements with respect to an entity's exposure to Pillar Two income taxes.
Management has determined that the bank is not within the scope of OECD's Pillar Two Model Rules and the exception to the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes is not applicable to the bank.

2.3 Standards issued and effective in 2024

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2024:

• Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
• Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
• Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
• Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

The following ammendments are effective for the period beginning 1 January 2025

• Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The bank is currently assessing the impact of these new accounting standards and amendments. Management does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the bank.

2.4 Significant accounting judgements, estimates and assumptions

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

Critical judgments in applying the Bank's accounting policies

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

i. Going Concern

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

ii. Estimates and assumptions

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

iii. Determination of collateral Value

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

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

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

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

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

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

vi. Fair value measurement of financial instruments

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

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

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

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

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

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

2.4 Significant accounting judgements, estimates and assumptions

vii. *Deferred tax assets*

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

viii. *Owner-occupied properties*

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

ix. *Impairment under IFRS 9*

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

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

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

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

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

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

Expected lifetime:

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

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

2.5 Foreign currency transactions

(a) Functional and presentation currency

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

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

(b) Transactions and balances

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

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

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

Summary of significant accounting policies

2.6 Financial assets and liabilities

2.6.1 Initial recognition

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

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

Day 1 profit or loss

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

Amortised cost and gross carrying amount

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

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

Effective interest method

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

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

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

Interest income and expenses

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

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

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

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability. Recoveries of interest that was previously not recognized needs to be recognized as a gain in the credit loss expense.

Summary of significant accounting policies

2.6.2 Financial assets - Classification of financial instruments

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

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

2.6.3 Financial assets - Subsequent measurement

a) Debt instruments

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

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

Business Model assessment

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

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

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

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

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

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

Solely payments of principal and interest (SPPI) assessment

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

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

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

b) **Equity instruments**

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

Summary of significant accounting policies

_2.6.4_ Reclassifications

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

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

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

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

_2.6.5_ Modifications

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

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

2.6.6 Impairment of financial assets

Overview of the ECL principles

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

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

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

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

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

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

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

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

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

Summary of significant accounting policies
The calculation of ECLs

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

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

PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. The concept of PDs is further explained in Note 3.3.3.

EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 3.3.3.

LGD: The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is further explained in Note 3.3.3.

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

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

The mechanics of the ECL method are summarised below:

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

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

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

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

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily. Details of the impact of the Bank's various credit enhancements are disclosed in Note 3.

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

Summary of significant accounting policies
Collateral repossessed

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

Write-off

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

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

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

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

Forward looking information

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

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

Derecognition of financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such derecognised financial asset that is created or retained by the Bank is recognised as a separate asset or liability. Impaired debts are derecognised when they are assessed as uncollectible.

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

Offsetting financial instruments

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

Summary of significant accounting policies

2.6.7 Financial liabilities

Initial and subsequent measurement

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

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

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

Modifications

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

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

Derecognition

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

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

Reclassification

Financial liabilities are not reclassified after initial classification.

2.7.1 Income and expenses

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

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

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

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

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

Summary of significant accounting policies

2.7.2 Fees and commission

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

Other fees and commission income including account servicing fees, investment management fees, sales commission, placement fees and syndication fees are recognised as the related services are performed. When a loan commitment is not expected to result in the 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.

2.7.3 Other operating income

Included in other operating income are other income, profit on sale of property and equipment rental income and fair value gain on financial instruments at FVTPL .

Rental income

Rental income arising from operating leases on properties is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss due to its operating nature.

2.7.4 Income tax expense

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

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

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

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

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

2.7.5 Valuation of Financial Instruments

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

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

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

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

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

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

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

Summary of significant accounting policies

Fair value measurement

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

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

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

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

2.7.6 Cash and cash equivalents

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

2.7.7 Property and equipment

i Recognition and measurement

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

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

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

ii Subsequent costs

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

iii Depreciation

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

The estimated useful lives are as follows:

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

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

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

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

Summary of significant accounting policies

iv De-recognition

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

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

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

2.7.8 Intangible assets

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

Impairment of tangible and intangible assets excluding goodwill

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

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

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

2.8.1 Employee benefits

i Post employment benefits

The Bank operates a defined contribution pension plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as personnel expense in profit or loss in the periods during which services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value at the reporting date.

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

ii Short term employee benefits

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

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

2.8.2 Share Capital

Share issue costs

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

Share premium

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

Dividends on ordinary shares.

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

Summary of significant accounting policies

2.8.3 Equity reserve

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

Regulatory risk reserve details the difference between the impairment on loans and advances computed based on the Central Bank of Nigeria Prudential Guidelines compared with the expected credit loss model used in calculating the impairment under IFRS 9.

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

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

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

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

2.8.4 Earnings per share

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

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

2.8.5 Leases

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

Bank as a lessee

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

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

Bank as a lessor

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

2.8.6 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, management has committed to the sale, and the sale is expected to have been completed within one year from the date of classification.

The Bank makes use of valuation experts to determine the fair value less cost to sell of these properties.

ABBEY MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS - Continued

For the Period Ended 31 March, 2025

		UNAUDITED 3 Months Mar-25	UNAUDITED 3 Months Mar-24
3	**Interest income**	**₦'000**	**₦'000**
	Interest income calculated using effective interest rate:		
	Loans and advances	663,827	659,800
	Cash and short term funds	2,370,542	1,033,267
	Investment securities- at amortised cost	648,011	392,531
		3,682,380	2,085,598
	Interest Income on Financial Assets FVTPL:		
	Investment securities at FVTPL	-	-
		3,682,380	**2,085,598**

4	**Interest expense calculated using effective interest rate:**		
	Due to customers	2,194,593	1,098,334
	Borrowings	562,291	299,814
		2,756,884	1,398,148

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

		3 Months Mar-25	3 Months Mar-24
5	**Fees and commission income**	**₦'000**	**₦'000**
	Mortgage fees	43,595	111,885
		43,595	111,890

Fees and commission were earned from services provided overtime.

		3 Months Mar-25	3 Months Mar-24
6	**Other Operating income**	**₦'000**	**₦'000**
	Rental Income	527	756
	Other income	50,171	40,749
	Profit or (loss) on sale of property, plant and equipment	-	490
		50,698	41,995
7	**Credit loss expense**		
	Credit loss expense/(write back)- balances due from CBN	-	-
	Credit loss expense/(write back)- balances due from banks	-	-
	Credit loss expense/(write back)- loans and advances	-	-
	Credit loss expense/(write back)- securities at amortised cost	-	-
	Credit loss expense/(write back)- Other Assets	-	-
		-	-

ABBEY MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS - Continued

For the Period Ended 31 March, 2025

		UNAUDITED 3 Months Mar-25 ₦'000	UNAUDITED 3 Months Mar-24 ₦'000
8	**Personnel expenses**		
	Wages, salaries and other staff costs	190,369	190,422
	Retirement contribution plan	9,064	8,943
	Medical expenses	19,449	10,802
		218,882	210,167
9	**Depreciation**		
	Depreciation of property plant and equipment (Note 20)	49,825	43,794
		49,825	43,794
10	**Other operating expenses**	**29,442**	**21,702**
	Directors remuneration	31,020	27,845
	Subscriptions, publications, stationeries, and communications	87,490	65,788
	Property and equipment repairs and maintenance	46,335	38,009
	Other assets written off	-	-
	Insurance expenses	17,916	14,389
	Electricity and gas	49,850	20,408
	Deposit insurance commission	30,000	34,395
	Auditors remuneration	9,500	7,000
	Professional fees	35,045	40,946
	Lease payments recognised as an operating lease expense	-	-
	Security costs	12,759	8,649
	Advertising expenses	914	1,572
	Bank charges	3,038	968
	Bad debt written off	-	-
	Fine	-	-
	Donation	4,000	2,000
	Lease charges - short term	625	2,000
	Other director related expenses	-	-
	Other expenses	55,263	47,663
		383,755	**311,632**

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

		UNAUDITED 3 Months Mar-25 ₦'000	UNAUDITED 3 Months Mar-24 ₦'000
11	**Income tax expense**		
11	**Current income tax for the year**		
	Income tax	18,883	11,197
	Education tax	-	-
	Technology levy	-	-
	Capital gains tax	-	-
	Tax assessment of prior year	-	-
	Total current income tax expense	18,883	11,197

ABBEY MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS - Continued

For the Period Ended 31 March, 2025

		UNAUDITED	AUDITED
		Mar-25	Dec-24
		₦'000	₦'000
11	**Current income tax payable**		
	At beginning of the period	125,681	83,843
	Income tax expense	18,883	125,681
	Withholding tax credit received	0	(38,661)
	Payments during the year	-	(45,182)
	At end of the period	144,564	125,681

11 Reconciliation of effective tax rate

The effective income tax rate for 2024 is 10% (2023: 8%).

Where in any year of assessment the ascertainment of total assessable profits from all sources of a Bank results in a loss or where a Bank's ascertained total profits results in no tax payable or tax payable which is less than the minimum tax there shall be levied and paid by the Bank, the minimum tax as prescribed in the subsection (2) of this sections. In compliance with Finance Act 2020, the minimum tax to be levied and paid is computed as 0.5% of gross turnover of the company less franked investment income.

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

Basic

Basic earnings per share has been calculated based on profit after tax attributable to the shareholders during the period and the weighted average number of issued share capital of 10,153,846,154 for the period.

	UNAUDITED	AUDITED
	3 Months	12 Months
	Mar-25	Dec-24
	₦'000	₦'000
Profit/(loss) after income tax attributable to the shareholders (₦'000)	1,361,835	1,068,193
Weighted average number of shares ('000)	10,153,846	10,153,846
(in kobo)	**13.41**	**10.52**

Diluted

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

		UNAUDITED Mar-25 ₦'000	AUDITED Dec-24 ₦'000
13	**Cash on hand**		
	Cash	27,853	15,297
		27,853	15,297

14	**Cash balances with central bank**		
	Deposits with CBN	1,020,000	1,020,000
	Allowance for impairment on cash balances with CBN	-	-
		1,020,000	1,020,000

See Note 15 for nature of deposits with CBN.

15	**Due from banks and other financial institutions**		
	Balances with Federal Mortgage Bank of Nigeria ("FMBN")	250	250
	Fixed placements with banks and other financial institutions	13,821,702	3,616,396
	Other balances with banks	3,064,757	10,345,342
		16,886,709	13,961,988
	Allowance for impairment on due from Banks	(32,455)	(32,454)
		16,854,254	13,929,534

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

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

		UNAUDITED Mar-25 ₦'000	AUDITED Dec-24 ₦'000
16	**Loans and advances**		
	Mortgages	8,603,309	8,537,196
	Advances	2,579,935	3,520,518
	National Housing Fund	251,331	259,539
		11,434,575	12,317,253
	Less ECL allowance	(246,668)	(246,668)
	Total	**11,187,907**	**12,070,585**

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

	UNAUDITED Mar-25 ₦'000	AUDITED Dec-24 ₦'000
Expected credit loss allowance		
At beginning of the year	246,668	444,365
Charged for the period/(Writeback)	-	(24,792)
Bad debt written off/(Provision no longer required)	-	(172,905)
At end of the period	246,668	246,668

ABBEY MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS - Continued

For the Period Ended 31 March, 2025

		UNAUDITED Mar-25 ₦'000	AUDITED Dec-24 ₦'000
17	**Financial investments - equity instrument at FVTPL**		
	Quoted equities	308,855	308,856
	Unquoted equities	574,787	574,786
		883,642	**883,642**

Quoted equity investment represents shares in Universal Insurance Plc, the Nigeria Mortgage Refinancing Company (NMRC) an the Mortgage Warehouse of Company Ltd. These shares are quoted on the Nigerian Exchange Group (NGX) and the National Association of Security Dealers (NASD).

18	**Financial Investments- securities at amortised cost**		
	Securities at amortised cost- Treasury bills	1,073,520	1,016,299
	Securities at amortised cost- Bonds	12,895,577	12,555,696
	Fixed Deposit Placements	39,035,264	40,244,711
		53,004,361	53,816,706
	Expected credit loss	(120,967)	(120,967)
		52,883,394	53,695,739

The securities measured at amortised cost as disclosed here consist of investment in fixed income securities which are intended be held till maturity and fixed placement for periods between three to twelve months.

		UNAUDITED Mar-25 ₦'000	AUDITED Dec-24 ₦'000
19	**Other assets**		
	Financial assets:		
	Sundry receivables	154,401	23,997
	Non financial assets:		
	Prepayments	472,692	128,355
	Witholding tax receivable	730,175	679,444
	Stationery and stocks	14,658	12,581
		1,371,926	844,377
	Allowance for impairment of other assets - (note 19.1)	(2,378)	(2,378)
		1,369,548	841,999

		UNAUDITED Mar-25 ₦'000	AUDITED Dec-24 ₦'000
19.1	Movement of allowance for impairment of other assets		
	Balance at the beginning of year	2,378	2,378
	Reclassification	-	-
	Provision for the period	-	-
	Amount recovered	-	-
	End of the period	2,379	2,378

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

20 Property and Equipment

	Land and building ₦'000	Office furniture and equipment ₦'000	Computer equipment ₦'000	Motor vehicles ₦'000	Total ₦'000
Cost					
At 1 January 2025	1,176,873	394,204	465,580	377,370	2,414,029
Additions	-	3,802	-	14,445	18,247
Disposal	-	-	-	(26,900)	(26,900)
At 31 March 2025	1,176,873	398,006	465,580	364,915	2,405,374
Accumulated depreciation					
At 1 January 2025	280,258	186,700	189,055	278,845	934,858
Charge for the period	6,467	6,743	19,912	16,703	49,825
Disposals	-	-	-	(26,900)	(26,900)
At 31 March 2025	286,725	193,443	208,967	268,648	957,783
Cost					
At 1 January 2024	1,166,654	332,920	249,211	366,870	2,115,655
Additions	15,546	66,856	218,786	13,795	314,985
Disposal	(5,329)	(5,573)	(2,417)	(3,295)	(16,614)
At 31 December 2024	1,176,873	394,204	465,580	377,370	2,414,029
Accumulated depreciation					
At 1 January 2024	254,253	173,645	125,851	210,372	764,121
Charge for the period	26,005	23,494	72,997	68,473	190,969
Disposals	-	(10,439)	(9,793)	-	(20,232)
At 31 December 2024	280,258	186,700	189,055	278,845	934,858
NBV at 31 March 2025	**890,148**	**204,563**	**256,613**	**96,267**	**1,447,591**
NBV at 31 December 2024	**896,615**	**207,505**	**276,525**	**98,525**	**1,479,170**

There were no restrictions on title and no asset pledge as security for liabilities during the period.

21 Intangible Assets- Computer Software

	UNAUDITED Mar-25 ₦'000	AUDITED Dec-24 ₦'000
Cost:		
At 1 January	437,099	212,143
Addition	-	224,956
At the end of the period	437,099	437,099
Accumulated Amortisation:		
At 1 January	166,853	138,153
Amortisation charge	7,985	28,700
At the end of the period	174,839	166,853
Carrying amount	262,260	270,246

The Bank performed its annual impairment test as at 31 March 2025 and 31 December 2024, and there were no indicators of impairment of assets held as at these dates.

22 Non-current assets-held for sale

In the year ended 31 December 2013, the CBN stipulated that the Bank should commence disposal of all real estate developments in its books. Consequently, the Bank commenced plans to dispose of these assets. The criteria to classify the assets as non-current assets held for sale were first met as at 31 December 2013. Sale of all the assets have not been completed at the year end due to circumstances beyond the Bank's control, however significant portion of the assets have been sold and the Bank is committed to dispose -off the remaining assets within the next 12 months.

	UNAUDITED Mar-25 ₦'000	AUDITED Dec-24 ₦'000
As at 1 January	45,251	45,251
Returned assets	-	-
Additions	-	-
Disposal	-	-
At the end of the period	45,251	45,251

ABBEY MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS - Continued

For the Period Ended 31 March, 2025

		UNAUDITED Mar-25 ₦'000	AUDITED Dec-24 ₦'000
23	**Due to Customers**		
	Demand Deposits	5,304,363	4,537,945
	Savings Deposits	10,176,743	11,599,620
	Term Deposits	36,178,398	37,763,192
		51,659,504	53,900,757
	Within one year	51,549,223	53,157,751
	More than one year	110,281	743,006
		51,659,504	53,900,757
24	**Due to other banks**		
	Overdrawn balances with banks	14,393,083	10,964,820
	Loans from banks and other financial institutions	-	-
		14,393,083	10,964,820
25	**Other liabilities**		
	Accounts payable	263,251	507,205
	Lease liability	1,042	416
	Information technology levy	-	-
	Other liabilities	144,679	109,031
	Staff pension contribution	6,650	1,111
	Rent received in advance	45,057	44,071
		460,679	661,834

Terms and Conditions of other liabilities

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

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

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

		UNAUDITED Mar-25 ₦'000	AUDITED Dec-24 ₦'000
	Defined contribution scheme		
	Pension liability	6,650	1,111
25.1	**Defferred Tax Liabilities**		
	Defferred Taxation-Liability	35,077	35,077

		UNAUDITED Mar-25 ₦'000	AUDITED Dec-24 ₦'000
26	**Borrowings**		
	Opening Balance	5,068,555	3,998,567
	Additional Disbursement	1,000,000	3,500,000
	Principal repaid	(608,294)	(2,454,728)
	Interest expense	303,828	861,806
	Interest paid	(303,625)	(837,090)
		5,460,464	5,068,555

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

		UNAUDITED Mar-25 ₦'000	AUDITED Dec-24 ₦'000
27	**Deposit for Shares**		
	Opening Balance	4,000,000	-
	Additional Capital Contributiom	-	4,000,000
		4,000,000	4,000,000
28	**Due to National Housing Fund**		
	On -lending Funds	256,139	263,001

The funds are obtained from the Federal Mortgage Bank of Nigeria (“FMBN”) for the purpose of on-lending of this fund to qualifying members of the National Housing Fund loan scheme. The funds are obtained at 4% per annum from FMBN and issued to customers at 6% per annum.

		UNAUDITED Mar-25	AUDITED Dec-24
29	**Share capital**	**₦'000**	**₦'000**
29.1	**Authorised**		
	Ordinary shares of 50 kobo each	6,000,000	6,000,000

The authorised share capital is made up of twelve billion ordinanry shares of 50 kobo each

		UNAUDITED Mar-25	AUDITED Dec-24
29.2	**Issued and fully paid share capital of 50 kobo each**		
	Balance at the beginning of the period	5,076,923	5,076,923
	Addition	-	-
	Balance at the end of the period	5,076,923	5,076,923
30	**Share premium**		
	Balance at the beginning of the period	1,576,504	1,576,504
	Addition/(Transfer)	-	-
	Balance at the end of the period	1,576,504	1,576,504
31	**Retained Earnings:**		
	Balance at beginning of year	1,127,763	623,525
	Prior Year Adjustments		
	Profit/(Loss) for the Period	340,459	1,068,193
	Transfer to Statutory Reserve	-	(213,638)
	Transfer from Share Premium	-	
	Transfer to regulatory risk reserve	-	55,837
	Dividend Paid	-	(406,153)
	Balance at end of year	1,468,222	1,127,763

32 **Statutory Reserve:**

Undistributable earnings required to be kept in line with the central bank of Nigeria's Prudential guideline.

	UNAUDITED Mar-25	AUDITED Dec-24
At the beginning of the year	686,335	472,697
Transfer from profit or loss account	-	213,638
At the end of the year	686,327	686,335

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

ABBEY MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS - Continued

For the Period Ended 31 March, 2025

		UNAUDITED 3 Months Mar-25 ₦'000	AUDITED 12 Months Dec-24 ₦'000
33	**Additional cash flow information**		
33.1	**Cash and cash equivalents**		
	Cash on hand (note 13)	27,853	15,297
	Balances with other Banks	3,064,757	10,345,342
	Fixed Placement with Banks	13,821,702	3,616,396
	Bank Overdraft	(14,393,083)	(10,964,820)
		2,521,229	3,012,215

		UNAUDITED 3 Months Mar-25 ₦'000	AUDITED 12 Months Dec-24 ₦'000
33.2	**Change in Operating assets**		
	Net change in loans and advances to customers	882,678	2,477,185
	Net change in other assets	(527,549)	191,844
	Purchase financial assets- securities desginated at amortised cost	(2,381,628)	(96,634,780)
	Disposal financial assets- securities desginated at amortised cost	200,000	76,577,226
	Net change in interest receivable	1,514,623	(3,833,139)
	Net change in cash reserve with CBN	-	(253,631)
		(311,876)	(21,475,295)
33.3	**Change in operating liabilities**		
	Net change in due to customers	(2,241,253)	13,875,866
	Net change in due to National Housing Fund	(6,861)	(26,622)
	Net change in other liabilities	(201,155)	120,963
	Net change in interest payables	(100,123)	(730,228)
		(2,549,392)	13,239,979
33.4	**Operational cashflows from interest**		
	Interest expense	2,756,884	8,557,527
	movement in interest payable	(100,123)	(730,228)
		2,656,761	7,827,299
	Interest received	3,682,380	11,954,183
	Movement in Interest Receivable	1,514,623	(3,833,139)
		5,197,003	8,121,044
33.5	**Adjustment for non-cash items**		
	Depreciation of property and equipment	49,825	190,971
	Amortisation of other intangible assets	7,985	28,700
	Impairment charge on cash balances with central bank	-	-
	Impairment charge on due from banks	-	-
	Impairment charge on loans and advances	-	(24,792)
	Impairment charge on financial assets at amortised cost	-	108,992
	Interest income using effective interest rate	(3,682,380)	(11,954,179)
	Interest expense using effective interest rate	2,756,884	8,557,527
	Dividend income received	-	(41,500)
	Other assets written off	-	33,711
	Fair value gain on equity instruments at FVPL	-	(56,647)
	Loss/(profit) on sale of property and equipment	-	(623)
	Loss/(profit) on sale of non-current assets held for sale	-	-
	Accrued interest on financial assets		
		(867,686)	(3,157,840)

ABBEY MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS - Continued

For the Period Ended 31 March, 2025

34 Related party disclosures

An analysis of insider related credit granted to companies and individuals with whom the key management of the Bank are related or in which the key management have related interests are as stated below. Credit facilities were provided by the Bank to related parties on commercial terms. Loans and advances to related parties at the reporting date, which are all performing amounted to ₦283.4 million (December 2024: ₦313.59 million).

Name of Borrower	Relationship to Bank	Amount outstanding Mar-25	Amount outstanding Dec-24	Interest paid Mar-25	Interest paid Dec-24	Facility type	Status	Nature of security
		₦'000	₦'000	₦'000	₦'000			
Atiat Limited	The Bank's Director (Mr. Dipo Adeoye) is a Director of the Company	-	-	-	8,936	Working capital	Performing	Cash Backed
Infant Jesus Academy	The Bank's former MD/CEO is a major shareholder of the School	-	-	-	-	Mortgage loan	Performing	Legal mortgage
Artsplit Limited	The Bank's former Director (Mr. Nonso Okpala) is a Director of the Company	-	-	-	23,370	Mortgage loan	Performing	Cash Backed
VFD Group	The Bank's Director (Mr. Bolaji Adewumi) is a Director of the Company	116,019	138,657	8,201	45,592	Mortgage loan	Performing	Cash Backed
Osnon Capital Limited	The Bank's former Director (Mr. Nonso Okpala) is a Director of the Company	167,382	170,386	11,858	37,828	Housing loan	Performing	Legal mortgage
Oculus Pharmacare Ltd	The Bank's former Chairman is a Director and a major shareholder of the Company	-	4,543	116	7,883	Housing loan	Performing	Legal mortgage
		283,401	**313,586**	**20,175**	**123,609**			

ABBEY MORTGAGE BANK PLC

NOTES TO THE FINANCIAL STATEMENTS - Continued

For the Period Ended 31 March, 2025

		Mar-25	Dec-24
35	**Key management compensation**	**₦'000**	**₦'000**
	Salaries and other short term employee benefits	15,818	63,271
	Post -employment benefits	1,465	4,607
		17,283	67,878

36 Employees

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

	Number	Number
Executive directors	2	2
Management	6	6
Non-management	135	134
	143	142

The number of employees of the company other than the directors , who received emoluments in the following ranges (excluding pension contributions and certain benefits) were:

Below -1,000,000	-	
1,000,001-2,000,000	23	18
2000001-3,000,000	7	7
3,00,001-4,000,000.	44	44
4,000,001-5,000,000	28	29
Above-5,000,000	39	42
	141	140

In accordance with the provision of the Pension Act 2004, the Company commenced a contributory pension scheme in January 2005. The contribution by employees and the Company are 8% and 10% respectively of the employees' basic salary ,housing and transport allowances

37 Directors emoluments

Fees	8,625	32,666
Executive Compensation	15,818	63,271
Defined contribution scheme	1,465	4,607
Other directors expenses	5,400	20,160
	31,308	120,704

38 Events after reporting date

There were no subsequent event which could have had a material effect on the financial position and performance of the bank for the third quarter ended March 31,2025 which had not been adequately provided for or disclosed.

Funding and Liquidity

The Bank has a robust liquidity management framework and contingency funding plan that builds in adequate buffers to support liquidity run-off in a stress scenario. The liquidity ratio of the bank as at March 31,2025 is far above the the regulatory limit 20% and the banks projects that the ratio will continue to to be higher than the regulatory minimum. Also the Bank will be less impacted by foreign exchange risk as its exposure to foreign assets is insignificant.

Analysis of balance sheet

The Bank has performed a line-by-line analysis of its balance sheet and has done an assessment of whether the current uncertainty may impact any of the amounts presented as at March 31,2025. The Bank has performed an analysis and reviewed the portfolio and the impact the spread would have on the Bank’s credit portfolio. Management has concluded however that the amounts recognised in the financial statement do not require further adjustment but will continue to monitor situation as new information becomes available and adjustment thereof will be reflected in the appropriate reporting period.

39 Dividend payable

This is in view and to be decided (Dec 2024: 6kobo).

40 Compliance with banking regulations

The bank complied with all CBN regulations during the period, there were no contraventions to be reported during the period.

41 Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers’ Shares, Rulebook of the Exchange 2015 (Issuers Rule) Abbey Mortgage Bank Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company’s securities. The Policy is periodically reviewed by the Board and updated. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period under review.

ABBEY MORTGAGE BANK PLC

Notes to the Financial Statements - Continued

For the Period Ended 31 March, 2025

41 Free Float Computation and Declaration

Comapany Name:	Abbey Mortgage Bank Plc
Board Listed:	Main Board
Year End	December
Reporting Period	Period Ended 31 March 2025
Share Price at End of Reporting Period	₦4.73 (2024: ₦3.00)

Shareholding Structure and Free Float Status

Description	Mar-25		Dec-24	
	Units	Percentage	Units	Percentage
Issued Share Capital	10,153,846,154	100%	10,153,846,154	100%
Substantial Shareholding (5% and above)				
VFD Group Plc	3,835,181,810	37.77%	3,835,181,810	37.77%
Madonna Ashib Comm. Enterprise Ltd	1,445,270,971	14.23%	1,445,270,971	14.23%
Forte Properties & Investment Ltd	-	0.00%	-	0.00%
Abbey Staff Share Trust Scheme	8,375,000	0.08%	8,375,000	0.08%
Total Sustantial Shareholdings	**5,288,827,781**	**52.09%**	**5,288,827,781**	**52.09%**
Directors' Shareholdings				
High Chief Samuel Oni	NIL	NIL	NIL	NIL
Mr. Mobolaji Adewumi	NIL	NIL	NIL	NIL
Mr. Oladipupo Adeoye	NIL	NIL	NIL	NIL
Prof. Marius Umego	NIL	NIL	NIL	NIL
Brig-Gen John Obasa (rtd.)	NIL	NIL	NIL	NIL
Mr Obinna Ufudo	6,949,246	0.07%	6,949,246	0.07%
Miss. Okwechime Jewel Nkechi	134,064,146	1.32%	134,064,146	1.32%
Mrs Christabel Onyejekwe	50,000	0.00%	50,000	0.00%
Mrs Adenike Kuti	NIL	NIL	NIL	NIL
Miss. Chika Ochonogor	427,334,872	4.21%	427,334,872	4.21%
Total Directors' Shareholdings	**568,398,264**	**5.60%**	**568,398,264**	**5.60%**
Promoters and Their Close Relatives				
*Chief Ifeanyichukwu Boniface Ochonogor (Direct)	3	0.00%	3	0.00%
*Mrs. Rose Ada Okwechime (Direct)	321,132,082	3.16%	321,132,082	3.16%
Okwechime Dumebi	88,302,460	0.87%	88,302,460	0.87%
Ochonogor Ngozi	427,334,872	4.21%	427,334,872	4.21%
Okwechime Lolita	47,142,857	0.46%	47,142,857	0.46%
Ochonogor Chukwuma	427,334,872	4.21%	427,334,872	4.21%
Ochonogor Ifeanyi Jnr	339,721,279	3.35%	339,721,279	3.35%
Ochonogor Nnamdi	427,334,872	4.21%	427,334,872	4.21%
Total Promoters and Their Close Relatives	**2,078,303,297**	**20.47%**	**2,078,303,297**	**20.47%**
Free Float in Units and Percentage	**2,218,316,812**	**21.85%**	**2,218,316,812**	**21.85%**
Free Float in Value	**₦ 10,492,638,520.76**		**₦ 6,654,950,436.00**	

Declaration:

(A) Abbey Mortgage Bank Plc with a free float percentage of 21.85% as at 31 March 2025, is compliant with The Exchange's free float requirements for companies listed on the Main Board.
(B) Abbey Mortgage Bank Plc with a free float value of ₦10,492,638,520.76 as at 31 March 2025, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

ABBEY MORTGAGE BANK PLC

STATEMENT OF VALUE ADDED

For the Period Ended 31 March, 2025

	3 Months Mar-25 ₦'000	%	12 Months Dec-24 ₦'000	%
Gross income	3,776,673		12,433,915	
Interest expense	(2,756,884)		(8,557,527)	
	1,019,789		3,876,388	
Impairment charge	-		(84,200)	
Brought-in-materials and services-local	(383,755)		(1,388,551)	
Value added/ (consumed)	636,034	100	2,403,639	100
Applied to pay:				
Employee as wages, salaries and pensions	218,882	33	955,015	40
Income tax	18,883	3	160,758	7
Retained in business:				
Depreciation and amortisation	57,810	9	219,671	9
Profit/(Loss) for the period	340,459	51	1,068,193	44
	35,077			
Value added/ (consumed)	671,111	95	2,403,639	100

Value added / (consumed) represents the additional wealth which the company has been able to create by its own and employees efforts . This statement shows the allocation of that wealth among the employees, shareholders, government and that retained for the future creation of more wealth.

This information is presented for the purpose of the requirements of the Companies and Allied Matters Acts 2020

ABBEY MORTGAGE BANK PLC

FIVE-YEAR FINANCIAL SUMMARY

STATEMENT OF FINANCIAL POSITION

AS AT	Unaudited		Audited		
	31-Mar-25	**31-Dec-24**	**31-Dec-22**	**31-Dec-21**	**31-Dec-20**
Assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cash on hand	27,861	15,297	26,501	15,035	2,020
Due from banks and other financial institutions	16,854,254	13,929,534	27,813,952	24,378,380	8,793,209
Cash balances with central bank	1,020,000	1,020,000	629,891	467,891	289,774
Loans and advances	11,187,907	12,070,585	5,159,962	6,161,141	4,788,092
Financial investments - equity instrument at FVTPL	883,642	883,642	497,111	497,111	329,334
Financial Investments- securities at amortised cost	52,883,394	53,695,739	3,731,668	1,334,882	2,826,364
Other assets	1,369,548	841,999	554,320	309,683	117,742
Property and equipment	1,447,588	1,479,168	1,324,111	1,127,868	1,092,515
Intangible assets	262,260	270,246	65,466	12,006	16,619
Non-current assets held for sale	45,251	45,251	55,251	156,436	264,681
Total Assets	**85,981,705**	**84,251,462**	**39,858,232**	**34,460,433**	**18,520,350**
Liabilities and equity					
Deposits from customers	51,659,504	53,900,757	27,627,752	21,276,904	14,629,440
Due to other banks	14,393,083	10,964,820	3,738,255	5,577,842	-
Current income tax liability	144,565	125,681	63,988	49,327	21,606
Other liabilities	460,679	661,834	414,670	405,971	244,963
Borrowings	5,460,464	5,068,555	-	-	-
Deposit for Shares	4,000,000	4,000,000	-	-	-
Deferred Tax Liability	35,077	35,077	-	-	
Due to National Housing Fund	256,139	263,001	315,153	218,135	269,300
	76,409,510	**75,019,725**	**32,159,818**	**27,528,179**	**15,165,309**
Equity					
Share capital	5,076,923	5,076,923	5,076,923	5,076,923	3,230,769
Share premium	1,576,504	1,576,504	5,117,138	5,117,138	4,008,277
Retained earnings/(Accumulated losses)	1,468,222	1,127,763	(3,540,633)	(4,916,732)	(5,029,743)
Statutory reserve	686,335	686,335	298,440	298,440	298,440
Regulatory risk reserve	764,212	764,212	746,546	1,356,485	847,298
Total equity	**9,572,196**	**9,231,737**	**7,698,414**	**6,932,255**	**3,355,041**
Total liabilities and equity	**85,981,705**	**84,251,462**	**39,858,232**	**34,460,433**	**18,520,350**

ABBEY MORTGAGE BANK PLC

FIVE-YEAR FINANCIAL SUMMARY

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited		**Audited**		
FOR THE PERIOD ENDED	**3 Months 31-Mar-25 ₦'000**	**12 Months 31-Dec-24 ₦'000**	**12 Mths 31-Dec-23 ₦'000**	**12 Mths 31-Dec-22 ₦'000**	**12 Mths 31-Dec-21 ₦'000**
Net operating income	1,019,789	3,876,388	3,186,655	3,038,118	1,999,200
Allowances for loans and other assets	-	(84,200)	108,484	143,971	180,120
Operating expenses	(660,447)	(2,563,237)	(2,343,796)	(2,354,821)	(1,518,258)
(Loss) / profit before income tax	**359,342**	**1,228,951**	**951,343**	**827,268**	**661,062**
Income tax benefit / (expense)	(18,883)	(160,758)	(80,059)	(61,109)	(38,865)
(Loss) / profit for the year	**340,459**	**1,068,193**	**871,284**	**766,160**	**622,198**
Other comprehensive income					
Other comprehensive income that will not be reclassified to profit or loss in subsequent period:					
Reclassification of net loss to income statement	-	-		-	-
	-	-		-	-
Total comprehensive (loss) / income for the year	**340,459**	**1,068,193**	**871,284**	**766,160**	**622,198**
Profit/(Loss) per share (Kobo)-Basic and diluted	**13**	**11**	**8**	**9**	**(63)**

Profit/(Loss) per share (basic) are based on the Profit/(loss)after tax and weighted number of ordinary shares in issue and paid up at the end of every accounting year.