

# INFORMATION MEMORANDUM

## INFINITY TRUST MORTGAGE BANK PLC



Prepared by



**Lead Securities and Investments Limited**

August 2013

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## Corporate Information

Registered Head Office:	Inifinity House 11, Kaura Namoda Street, Off Faskari Crescent Area 3, Garki, FCT Abuja
Telephone : Website:	+234-7041769957 info@infinityhomes.com
<b>Branches:</b>	<p>Sun City Branch Sun City Estate Galadimawa District Abuja +234-7025100681 info@infinityhomes.com</p> <p>Mararaba Branch Keffi Road Mararaba Nassarawa State Telephone: +234- 70251000686 Website: info@infinityhomes.com</p> <p>Lagos Branch No 28, Ilupeju Bye Pass Lagos, Nigeria info@infinityhomes.com</p>
<b>INCORPORATION</b>	1992
<b>PARTIES TO THE LISTING:</b>	
<b>STOCKBROKERS</b>	Lead Securities and Investment Limited Plot 281 Ajose Adeogun Street Victoria Island, Lagos 234(1)4627053, 4628840, 4628841
<b>AUDITORS</b>	Lanre Abidakun And Co. (Chartered Accountants) Lagos
<b>SOLICITORS TO THE COMPANY</b>	Patrick Ikuweto and Co 6B Senanga Street off Accra Street Zone 5 Wuse Abuja.
<b>REGISTRARS</b>	African Prudential Registrars Plc, 220B, Ikorodu Road Palmgrove, Lagos Nigeria

## Summary of the Offer

Issuer:	Infinity Trust Mortgage Bank Plc
Stockbroker:	Lead Securities and Investment Limited, Plot 281 Ajose Adeogun Street, Victoria Island, Lagos
Authorized Share capital:	<b>10,000,000,000</b>
Issued and Fully paid:	<b>4,170,445,720</b>
Offered:	4,170,445,720 fully issued and paid shares at N.50kobo
Purpose:	Listing of shares on the Nigerian Stock Exchange
Method of Listing	Introduction
Listing Price	N1.50kobo

## Chairman Statement

### MACRO ECONOMIC ENVIRONMENT

#### *Global*

The Global economy has witnessed a progressive recovery from the 2008 lingering recession, characterized by stalled economic growth, low output levels, huge budget deficits, debt crisis, weak financial systems, and high unemployment. According to the International Monetary Fund "IMF" the global economy is expected to grow at a rate of 3.3% in 2013 and 4% in 2014, a marginal increase compared to 3.2% in 2012. However, the growth is been driven by increased economic activities in the Emerging markets, such as the Asia and Africa regions, which have become a haven of investment opportunities with very attractive returns for multinationals and private equity firms. Economic outlook continues to remain stable in the United States with GDP growth rate for first quarter of 2013 at 2.40% compared with the 0.4% in the previous quarter. Though the country's rising external debt continues to pose a major threat to this trend. China has experienced a slowdown in its economy measured by the growth in Gross Domestic Product, which stood at 7.7% in March 2013 as a result of declining demand from its strongest trade partners-the Euro zone members. The Euro zone continues to struggle to record significant growth, due to the protracted debt crisis of some of its members, despite the stimulus plans implemented by Economic Central bank (ECB). GDP growth rate year on year recorded for first quarter 2013 was at -1.10% compared to -1.0% in the corresponding quarter in 2012. African economies continue to trend on a positive note, with the recovery of its equity market recouping the largest gains in the world in 2012-Egypt 49.5%, Kenya 39.2% and Nigeria 35.5%. The global economy will continue to trend positively, with sustained growth in emerging markets supported by favourable monetary and fiscal policies.

#### **Nigerian Economy**

The period under review saw the Nigerian Economy making impressive recovery from the financial crisis which plagued the global market from the start of 2008. This growth is been driven by contributions from the non oil sectors as a result of business expansions supported by rising demand- Agriculture, Wholesale & retail and Services. The Nigerian Bureau of Statistics reports that the Real Gross Domestic Product, a measure of the economic growth, rose up to 6.56 per cent in the first quarter of 2013 compared to 6.34 per cent in the corresponding quarter of 2012, partly as a result of growth in some of non-oil sectors. The Central Bank of Nigeria through its monetary policies and other regulatory activities has been able to ensure price stability, control inflation and increase lending facilities to boost economic development and encourage both private and foreign investments. The economy has been able to sustain a single digit inflation rate consecutively for three months in a row, with Headline inflation rate year on year at 9%, 9.5%, 8.6%, 9.1% and 9% for the first five months of 2013

compared to an average of 12% in the corresponding period for 2012. The nation's external reserves have been on a steady rise since the start of 2012, standing at US\$49.49 billion as at mid May, 2013, representing an increase of US\$4.6billion (10.63%) over US\$43.83billion reached at the end of December, 2012.

The ongoing reforms in the power sector is expected to encourage private sector investment, provide stable and efficient power supply which would further boost to a large extent economic activities, reduce unemployment and ultimately GDP growth. There was a successful bidding for power assets in 2012, a significant move in the right direction even though power generation has remained largely the same at 4,000MW. The Federal Government also continues to ensure that the current security situation facing the country is appropriately handled without disrupting economic developments and FDIs. With these reforms and other monetary and fiscal policies strategically executed, the economy is expected to continue on a positive trend over the years, positioning Nigeria as one of the 20 leading economies in the world, with a fast growing financial system along with other emerging markets by 2020. In addition the deregulation of the Petroleum sector , to be facilitated by the passage of the Petroleum Industry bill (PIB) is expected to further boost supply, competition and transparency in the industry.

The Nigerian Capital Market experienced a recovery in 2012 as the NSE ASI (Nigerian Stock Exchange All Share Index) outperformed most global indices with a 32% return YTD. The All Share Index is one of the best performing frontier markets with returns (inclusive of dividends) of over 40%. However, the market is still about 50% shy of the 2008 peak making the Nigerian market one of those yet to recover globally. However, steps being taken by regulators may be an indication of a recovery in the offing. Some steps taken by regulators include the introduction of market making, proposed forbearance packages for the stock brokers and introduction of custodians in the market. Performance of key organizations in the previous year was positive and Nigerian bonds were included in the JP Morgan index. Generally, it is expected that there will be an improvement in the Nigerian investment horizon in 2013.

The robust economic growth trend is expected to continue, which will be largely driven by activities in the non-oil sector and supported by the impact of the sector reforms. Given moderating inflationary pressure, exchange rate stability and the much expected gradual easing in the monetary policy environment, interest rate and yield on fixed income instruments are expected to compress further in the short to medium term. However, depressed oil production as a result of growing incidence of oil theft activities in the Niger-Delta and lingering security challenge pose a downside risk to economic growth.

## **INDUSTRY OVERVIEW**

Housing finance plays a major part for individuals and households to own their homes, despite the size of the Nigerian economy. Mortgage debt to GDP is about 0.4 % only about 5 % of the 13.7 million housing units in Nigeria currently financed with a mortgage.

Significant proportion of the population in the Nigeria can be classified as sub-prime for lending purposes, earning below N1500 OR\$ 10 per day. In addition to this high subprime market base, the country's housing markets are also characterized by lack of depth of the mortgage market, especially in the area of lack of credit information systems and low levels of legal rights for lenders.

The Bank has a very clear vision to be the national leader in mortgages and a leading financial service provider. In achieving this we aim to build a great place for our customers to do business; a great place for our people to work; and to generate good returns for our shareholders.

We also acknowledge the role that we at ITMB must play in that process. We can only earn that trust by addressing the fundamentals, for all our stakeholders, and by being open, transparent and engaged in the broader debate about the role of Mortgages and real estate in Nigeria.

We need to demonstrate that we are meeting our obligations to customers and society by proactively – and responsibly – channeling the deposits we gather into productive enterprises and households.

The financial industry has a central role in promoting and fuelling the economic recovery. We will continue to play our part in supporting Nigeria's growth by extending a significant amount of new lending to businesses and households. We have so far originated mortgages for over 2,000 customers.

## **INDUSTY REGULATION**

The level of industry regulation and its speed of change have never been greater. A number of strategic initiatives and regulatory reforms from CBN are likely to change the shape of our industry. Robust and stable regulation will be an important component in rebuilding confidence and trust and creating a healthy and sound financial system. However, we need to ensure that we fulfill our core purpose in delivering a smooth flow of credit to the economy. This means meeting our obligations to businesses, by helping individuals to invest, up-skill our workforce, focus on our customers and stakeholders.

We intend to remain committed and focused on our business model and are committed to meeting our responsibilities to stakeholders, customers, employee, government, regulators and society in general.

## CRITICAL SUCCESS FACTORS

The following factors are important to the success of the industry:

### 1. **Effective Loan and Deposit management:**

- Quality lending policy to avoid huge nonperforming loans
- Strategic Investment decisions
- Efficient matching deposits to loans to avoid overburdening on deposits and enhance liquidity
- Growing loan portfolio to improve interest income
- Quality credit policies and procedure to reduce advent of bad loans

2. **Strong IT Platform:** A good IT platform will further support effective and efficient implementation of the bank's business model and operations.

3. **Strong Branch Network:** Availability and Accessibility to the banks infrastructure will enhance proximity to service offerings and brand reach.

4. **Competent personnel:** Skilled and experienced workforce is important to the growth and performance of the bank.

5. **Excellent Customer Relationship Management:** Outstanding service delivery is very essential to ensuring better customer satisfaction, retain and grow customer base, improve brand equity which will trickle down to stronger financial performance.

## RISK ANALYSIS

### Political Risk

Nigeria used to rank probably among the most volatile and unstable countries in the sub-Sahara Africa. But this has gradually given way to a more stable nation since the return to civil rule in 1999. This continued unabatedly till 2003 when a milestone was recorded with the successful transition from one civilian government to another. This seemingly stable polity is beginning to create confidence in the minds of foreign investors to invest more in Nigeria that has the market and then potential for transformation. This stable trend is expected to continue and sustain the thriving momentum witnessed in the financial sector and overall market.

### Macroeconomic risk

Macroeconomic condition is influenced by the various monetary and fiscal policies put in place by the government and its agencies to control inflation and stabilize prices, for the purpose of enhancing economic growth and improving standard of living of the populace. Recent infrastructural programs, sector reforms and other fiscal and monetary measures put in place of the Federal Government and other regulatory agencies is expected to continue to boost economic activities ,strengthen investment horizon in the

Nigerian system, as well as drive foreign direct investment. This trend is expected to be maintained to the foreseeable future.

### **Sector risk**

The banking sector is one of the most developed industries in Nigeria, which is positioned to driving economic expansion through quality credit facilities to government and corporate. The mortgage banking subsector is strategically positioned to support the huge demand deficit in housing infrastructure, driven by the rising population, urbanization and better income levels. Although, performance in this sector correlates with the level of activities in the macroeconomic environment as well as government fiscal policies.

## CORPORATE HISTORY

**Infinity Trust Mortgage Bank PLC" (ITMB)" or "The Bank"** was incorporated in 1992 and was licensed in 2002. The Mortgage Bank started business operations in 2003. Its registered trade mark - **Infinity Homes** is a reflection of the strong desire of the Bank to create endless opportunities for shelter for every category of Nigerians.

**Infinity Homes** is well capitalised with shareholders funds in excess of N 4.5 billion unimpaired by losses as at December 2012 making it one of the most capitalised Primary Mortgage Banks in Nigeria.

**Infinity Homes** is profitably run with very substantial and impactful value addition and great potentials. For 7 years running, the Mortgage Bank has been consistent in increasing returns on investment and paying dividends to the shareholders, while not renegeing on its social and corporate responsibilities.

### Infinity Trust Mortgage Plc Milestones Achievements

- ❖ Self financing and syndication Phase I and Phase II of Sun-city Estate Abuja
- ❖ Self financing of 900 Housing Units in Vintage Estate, Karu FCT
- ❖ Self financing of Monarch Gardens Estate in Life Camp ,Abuja
- ❖ Created mortgages for over 2000 Housing units.
- ❖ Sale of over 1500 Housing units.
- ❖ Created mortgages for many beneficiaries under the National Housing Fund Scheme.
- ❖ Balance sheet over N6billion.
- ❖ Year- in -Year out dividends pay-out for 7 years
- ❖ Relocated from a rented apartment to a wholly owned magnificent building with guaranteed rental income.
- ❖ All the Business offices are wholly owned.
- ❖ Lagos office (now under construction) will commence business in 2013
- ❖ Recruitment of young and dynamic work force.

## VISION & MISSION

### Our Vision

To be the pivotal Primary Mortgage Bank renowned for high professionalism, innovativeness and value creation in all our areas of endeavour.

### Our Mission

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

## OUR BUSINESS

Our business policy is to run a highly professional Primary Mortgage Bank that is firmly committed to providing the enabling environment for various segments of the society desirous of owning homes and other forms of properties. In taking our decisions, emphasis is placed on keenness of purpose and effectiveness of service delivery at delighting our customers at all times

With a view to lending our support to the quest of our customers, we are poised to offering the following facilities that are tailor – made to meet the ever – changing financial needs of our esteemed customers.

## OUR MORTGAGE BRANDS

Mortgage Finance – We offer varying Mortgage services under 3 brands:

1. Infinity Mortgage Finance Scheme (IMFS) - a mortgage fully funded by the bank with appealing interest rates.
2. National Housing Funds Scheme (NHFS) - a mortgage fully funded by FBMN.
3. Infinity Bridging Mortgage Finance (IBMF) - a hybrid of IMFS and NHFS

## PRODUCTS AND SERVICES

### 1. MORTGAGE FINANCE

#### A. Infinity Home - Ownership Investment Solution (I-Hoist)

This is a carefully packaged product aimed at lifting our customer's burden of achieving their dreams of becoming a landlord. It encourages saving towards home ownership. The desire and ability to pay will be subject to the available housing types, price, location and their verifiable income streams. With this product, we also assist our customer in sourcing houses in any location of their choice.

#### Features

- Open an account with a minimum of N20, 000.00
- Save up to 20% cost of the house.
- Access up to N10 million mortgage loan.
- Monthly or quarterly repayment
- Tenor may be up to 10 years.

#### Benefits

- Free insurance cover on the house.
- Attractive interest rate on the deposit.
- Automatic qualification for home ownership loans after 12 months at a special interest rate.
- Easy acquisition of homes
- Easy Repayment Plans.

## B. The National Housing Fund (NHF)

This is a Federal Mortgage Bank of Nigeria (FMBN) on-lending product. It is aimed at providing mortgage finance to Nigerians who are contributors to the National Housing fund at 6% P.A.

### Features

The contributors can access loans up to N15,000,000.00 with an equity contribution depending on the loan amount as follows:

- $\leq$ N5M – 10% contribution
- $>5M \leq 10M$  – 20 % contribution
- $10M \leq 15M$  – 30% contribution

The Tenor can be up to 30 years depending on the age of the customer.

Funds are disbursed by Federal Mortgage Bank of Nigeria to **Infinity Trust Mortgage Bank Plc** for onward lending to the individual customers.

## C. Infinity Mortgage Finance Scheme – IMFS

This is tailored to meet the ever changing needs of our esteemed customers.

### Features

- 50% equity contribution, balance of 50% payable within a period of 3 to 10yrs decided on a case by case basis.
- 60% equity contribution, balance of 40% payable within a period of 2 to 5yrs decided on a case by case basis.

## D. Infinity Bridging Mortgage Finance- IBMF

This is a hybrid of IMFS and NHF above.

### Features

It is packaged to serve as a bridging Mortgage Loan pending when the National Housing Fund (NHF) Loan is disbursed.

- The IMFS will be liquidated with the NHF proceeds anytime it is consummated.
- This affords our esteemed customers the opportunity to take possession of their choice houses while NHF processing is on and final approvals and disbursements are given.

**E. Real Estate Finance**

This product provides Construction Finance to individuals and small medium real estate developers.

**2. FUND MANAGEMENT**

We ensure that our customers optimize their yield by offering competitive rates on investment options. We have competent fund managers to manage our customers' fund. Some of the products are:

- YS Account - Young Savers Account
- Fixed Deposit Account
- Savings Account

**3. ELECTRONIC BANKING**

Our E-Banking solutions give customers control over their banking needs and interaction with us:

**FEATURES**

- ATM/Debit Cards
- SMS/Mobile Alert
- Email Alert
- Point of Sale (POS)
- Downloadable Forms Online
- Checking Account(s) Balances Online
- View and print mini online statement (s)
- Track transactions on account(s).
- Make request for some bank instruments such as cheque books, SMS Alert etc online.
- Exchange correspondences with the Bank online.

## **Board of Directors**

The general policies of the Bank are governed by the Board of Directors. The Board is made of eight Nigerians who have distinguished themselves in various fields and area of endeavours. In the Board the Managing Director/CEO is the only executive director. The Board has people of proven integrity and of different background and experience. All members of the Board are committed to highest ideals of professionalism.

### **Dr. Adeyinka Bibilari - Chairman of the Board.**

Dr Adeyinka Bibilari is a seasoned administrator, an entrepreneur a Project Consultant and an astute businessman. He is a holder of B.Sc/M.Sc Civil Engineering degrees from the University of Lagos and Nsukka respectively, and a PhD in Business Administration from the American University of London. He has been a key player in the Construction industry in various parts of Nigeria in the past twenty five (25) years.

He pioneered the construction and development of "Abuja model City" Gwarinpa II, Abuja – a three Hundred and Fifty One (351) housing unit- N7billion project under the Public Private Partnership Program (PPP) of MFCT, this project has received accolades both nationally and internationally. Model City was substantially built for the middle and high income earners. He is also the mastermind behind the ultra modern "Abuja Sun City" Galadimawa, Abuja, which is over N20billion mixed income earners estate. This exquisite estate is replete with modern infrastructures and recreational facilities that make life better for the resident. The first phase of the Estate was commissioned by the former President Chief Olusegun Obasanjo in 2006– a multibillion Naira Project.

Aside being the Chairman of Infinity Trust Mortgage Bank Plc, Dr Adeyinka Bibilari also chair the board of Adkan Services Nigeria Limited, Zuma Paints & Chemical Company Limited, Crest Aluminium (Nig.) Limited, Regal Telecommunication (Nig.) Limited and Royal Mills and Foods Limited.

### **Obaleye Olabanjo (BSC; MBA; ACA, ACIT AMNIM, ANICM) – Managing Director**

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

He started his banking career with Afribank in 1991 and later proceeded to Midas Bank Plc and Societe Bancaire Nigeria Limited. He, at various times has worked and headed all aspects of Banking Operations from Teller, Reconciliation, Clearing, Customer Services, Internal Control, Marketing to Branch Management. His passion for details and untiring quest for efficient and value added service delivery has won him accolades from his employers.

He has attended various seminars, workshops, conferences, courses both nationally and

internationally; and presented papers on diverse fields (Finance, Banking, Mortgages, Leadership, Capacity Building, Housing delivery etc). He is the Publicity Secretary of MBAN (Mortgage Bankers Association of Nigeria) and an MBAN delegate to the International conference on Collaborative Mortgage Finance in Canada in the spring of 2009. He is an alumnus of Wharton Business School, Philadelphia, USA.

Mr. Obaleye plays golf. He is a member of IBB International Golf & Country Club.

#### **Barrister Patrick Ikwueto (LLB; BL, S.A.N) - Director**

He is a Senior Advocate of Nigeria (SAN) and a Law graduate of the University of Nigeria, Nsukka. Barrister Ikwueto is the Managing Solicitor/Principal Partner, Nwankwo - Ikwueto Law Firm in Abuja. As an experienced lawyer, Barrister Ikwueto has participated in the negotiation, Preparation and execution of several international and Multinational Commercial agreement in the mold of Alpenmobel s.r.l of Italy, Arro shelters Nigeria Limited; European machine Trading BV of Netherlands, Supa Engineering Limited, Continental Microwave Limited of United Kingdom and Bolingo Holdings Nigeria Limited. He is a registered Solicitor by the Securities and Exchanges Commission (SEC) and a member of the Capital Market Solicitors Association, Barrister Ikwueto has distinguished himself in his chosen career by prosecuting successfully several high Profile cases at the High Court of Justice, Court of Appeal and the Supreme Court of Nigeria.

#### **Engr. Babatunde Olaleke Dapo (B.ENG; MNSE, C.ENG)**

Engr Babatunde is a graduate of Civil Engineering from the University of Ilorin and he joined ADKAN SERVICE N in 1996 as a pupil Engineer. By dint of hard work and knack for professionalism, he has had a meteoric rise in the organisation first as a site engineer in 1999, Project Manager in 2001, General Manager in 2006 and the icing on the cake was his promotion in 2007 to his present position of the Group General Manager. Over the years, he has been instrumental to the successful completion of such project like the Naval Shipyard, Port Harcourt, the Nasarawa Estate, Lafia, Abuja Model City and Sun City Abuja. He is a member of both the Nigeria Society of Engineer (MNSE) and the prestigious council for regulation of Engineering in Nigeria (COREN). He is result orientated, positive thinking and a sticker for excellence.

#### **Mr. Oyekunle Dada Ademokoya (B.sc) - Director**

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

#### **Major General Ishaku Danladi Pennap (RTD) (B.sc; MILD; M.sc) - Director**

Major General Pennap is a highly seasoned, accomplished army officer and administrator whose sterling experiences spans over four decades. He served in the Nigerian Army in

many capacities which includes Chief of Administration, Chief of Defence Research and Development, Chief of Training and Operations.

He was commissioned into the Nigerian Army in 1977 as a Second Lieutenant. He holds a B.sc in Quantity Survey and Masters in International Affairs and Diplomacy from the Ahmadu Bello University Zaria. He also obtained an M.sc in Defence and Strategic Studies and M.sc in Peace and Conflict Studies.

#### **Mr.Akin Arikawe (B.sc; LLB; BL; OON) - Director**

Mr Arikawe is a highly seasoned, accomplished and multi disciplinary technocrat whose sterling experience spans over three decades in both the Public and Private Sectors. He rose to the position of Permanent Secretary of the Federal Ministry Finance, he retired in 2007. He was the Pioneer Director General of the Debt Management Office (DMO) between 2000- 2003. He also headed the Secretariat and served as the Co-ordinator of the Nigeria Vision 20:2020, the Economic Transformation Blueprint. He was also on the Governing Board of Federal Roads Maintenance Agency (FERMA) from 2009 - 2011.

Mr Arikawe holds a B.sc in Political Science and LLB degree in Law from the University of Lagos. He was also at the Nigerian Law School where he obtained a BL. In recognition of his distinguish and outstanding Civil Service career he was conferred with the National honour of the Order of the Niger (OON) in 2006.

#### **Mrs. Tolu Osho – (LLB; BL) - Company Secretary**

Mrs. Tolu Osho obtained a law degree at the University of Abuja in 1996 and BL in 1997 at the Nigerian Law School. She started her career at the Code of Conduct Bureau in Abuja in 1998 and later worked as an Associate in the law firm, Koya and Kuti Solicitors in Lagos till 2000.

She joined Adkan Services in October 2002 as the Legal officer and rose through the ranks to become the Group Company Secretary.

#### **Corporate Governance**

The Bank compliance with the code of corporate governance is imperative. In view of this, there is a high level of observance of ethical standards in the Bank's operations and activities at all levels.

#### **Board Committee**

To enhance corporate governance, Board sub-committees are constituted to help the Board properly assess management reports, proposals and oversight functions and make recommendations to the main Board. Currently, the Board has (3) standing committees namely; the Board Establishment Committee, the Board Credit Committee and the Board Audit committee

#### **The Board Establishment Committee:**

The Governance and Personnel Committee is made up of two Non-Executive Directors and the Managing Director and the Company Secretary. As the name suggests, this committee

is responsible for the overall governance and personnel function of the Board. Some functions of the committee are as follows: To consider and make recommendations to the Board on acquisition of Fixed Assets, Review and recommend nomination of directors to the Board based on a proper selection process; ensure adequate succession planning for Board of Directors and Chief Executive Officer; Ensure the orientation and continuous education of Directors; monitor the procedures established for compliance with regulatory requirements for related party transactions; monitor staff compliance with the Code of Ethics and Business Conduct of the Bank; Ensure compliance with regulatory standards of Corporate Governance and regularly identify international best practices of corporate governance and close any identified gaps; Recruitment or promotion of staff to Assistant General Manager level and above and to approval of the remuneration, benefits and other terms and conditions of the service contracts of such officers recommend to the Board, the terms and conditions of the service contract including remuneration of the bank's policies committed by staff of Assistant General Manager level and above and apply appropriate sanctions where necessary; review and approval of policies on staff welfare and fringe benefits; annual review of the Board Charter; and ensuring the annual review of the Board and board committees' performance.

Members of the Board Establishment Committee are: Egnr. Dr Adeyinka Bibilari, Mr. Banjo Obaleye, Barrister Patrick Ikwueto (SAN)

#### **The Board Credit Committee**

The Board Credit Committee comprises non-executive directors and Executive Directors. The functions of this committee include: understanding the principal risks to achieving the Group's strategy; establishing the bank's risk appetite and ensuring that the business profile and plans are consistent with the risk appetite; establish and communicate the risk management framework including responsibilities, authorities and key controls; establishing key control processes and practices, including limit structures, impairment, allowance criteria and reporting requirements; monitoring the operation of the controls and adherence to risk direction and limits; interpret and report on risk exposures, concentrations and risk taking outcomes as well as on sensitivities and key risk indicators; reviewing the challenging all aspects of the Group's risk profile; review the financial reporting process with a view to ensuring the company's compliance with accounting and reporting standards, other financial matters and the applicable laws and regulations; and reviewing and challenging risk management processes.

Members of the Board Credit Committee are: Mr. Dada Ademokoya, Engr. Tunde Olaleke and Mr. Banjo Obaleye.

#### **The Board Audit Committee:**

This Committee is established in accordance with the provisions of section to the companies and Allied Matters Act and in compliance with the provision of the CBN Code of Corporate Governance for Banks. The Committee consists of three three non-executive directors. The Chairman of the Committee is an ex banker. All members of the committee

are independent of the bank's management. The committee's primary functions are, to review and ensure the effectiveness of accounting systems and internal controls; review the scope and planning of audit requirements; make recommendations to the Board regarding the appointment, removal and remuneration of the external auditors; and to ensure that the accounting policies of the Bank are in accordance with legal requirements and agreed ethical principles.

Members of the Board Audit and Risk Management Committee are: Mr. Dada Ademokoya, Egnr. Tunde Olaleke and Barrister Patrick Ikwueto (SAN)

### **Chairman and CEO Positions**

Responsibilities at the top level are well defined and the Bank has separated the roles of the Managing Director and Chairman in compliance with corporate governance rules on the roles and responsibilities of the Board members. The Chairman is not involved in the day-to day operations of the Bank.

### **Proceedings and frequency of meetings**

The Board meets as frequently as the Board's attention may be required on any situation which may arise. Sufficient notices with clear agenda/report are usually given prior to convening such meetings. All Directors have access to the Company Secretary who can only be appointed or removed by the Board and is also responsible to the Board.

### **Non-Executive Directors**

The non-executive Board members possess strong knowledge of the Bank's business and usually contribute actively to Board's meetings. The non-executive Directors retire by rotation at Annual General Meetings and are eligible for re election according to the relevant provisions of CAMA.

### **Management Team**

The Management of Infinity Trust Mortgage Bank Plc is carefully selected to comprise a crop of experienced and highly competent professionals who have distinguished themselves in their chosen fields. With this, the bank hopes to meet the expectation of its customers as well as its shareholders.

## Management Team

### **Obaleye Olabanjo (Bsc; MBA; ACA, ACIT, AMNIM; ANICM) - MD/CEO**

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

He started his banking career with Afribank in 1991 and later proceeded to Midas Bank Plc and Societe Bancaire Nigeria Limited. He, at various times has worked and headed all aspects of Banking Operations from Telling, Reconciliation, Clearing, Customer Services, Internal Control, Marketing to Branch Management. His passion for details and untiring quest for efficient and value added service delivery has won him accolades from his employers.

He has attended various seminars, workshops, conferences, courses both nationally and internationally; and presented papers on diverse fields (Finance, Banking, Mortgages, Leadership, Capacity Building, Housing delivery etc). He is the Publicity Secretary of MBAN (Mortgage Bankers Association of Nigeria) and an MBAN delegate to the International conference on Collaborative Mortgage Finance in Canada in the spring of 2009. He is an alumnus of Wharton Business School, Philadelphia, USA.

Mr. Obaleye plays golf. He is a member of IBB International Golf & Country Club.

### **Abiodun Akanbi (B.sc; M.sc; MBA; ACS, ACSI AMNIM) - Head Investment and Securities**

Mr. Abiodun is an Investment banker and registered with the Securities and Exchange Commission as a capital market professional. His experiences span from Banking operations, Credit, Asset Management, Securities Trading, Financial Advisory to Public Financial Management. He started his career at UBA PLC in 1998 and he later moved to the defunct Broad Bank limited (now part of Union Bank PLC). He joined APT Securities and Funds limited as Deputy Head Capital market. He joined Lead Capital Plc as a Senior Associate and Head of Abuja Office. Mr. Abiodun has worked as the Chief Operating Officer of Northbridge Investment and Trust Limited and as the Team leader Research and Market Intelligence unit of Debt Management Office of the Federal Republic of Nigeria.

He holds B.sc in Economics from Bayero University Kano, an M.sc in Banking and Finance, and M.B.A. Mr Abiodun is an Associate of the Chartered Institute of Stockbrokers (CIS), the Chartered Institute for Securities and Investment U.K (CISI), the Nigerian Institute of Management (NIM) and he is an Authorized Dealing Clerk of the Nigerian Stock Exchange. He has attended several courses within and outside Nigeria.

### **Fola Adejumo (B.sc; MBA; M.Sc ACA, ACIT, PIOR, ACSI) – Head, Financial Control**

Mr. Adejumo is responsible for the development and maintenance of the financial reporting system of the bank. He is an alumnus of the prestigious Obafemi Awolowo University, Ile-Ife where he studied Management and Accounting. He holds a Master Degree in Business Administration with specialization in Business Process Re-engineering and M.sc in Economics from the University of Ibadan.

He is an Associate Member of the Institute of Chartered Accountants of Nigeria (ICAN),

Chartered Institute for Securities and Investment UK (CISI), Chartered *Institute* Taxation (CITN). He is also a professional member of the Institute of Operational Risk (IOR), UK. He has a broad appreciation of the entire Nigerian economic landscape. He started his banking career with the United Bank for Africa in 1998 and later proceeded to the academia. He had a stint in the crucial Oil and Gas industry. He, at various times in his working career has been saddled with the responsibilities for Internal Control, Internal audit, Project Management and Financial Control. He has attended various local and international seminars, workshops, conferences, and courses and presented scholarly papers with focus on financial strategy, International financial reporting, and credit and treasury operations.

**Mr. Sunday Olumorin (Bsc .MBA) - Group Head Operations and Information Technology**

Mr. Olumorin studied Accounting in University of Lagos and holds a Masters Degree in Business Administration from University of Ilorin. He belongs to a number of professional bodies (ICAN, CIBN, and ANIM). He has over 20 years working experience in the banking industry and 7 years experience in consultancy.

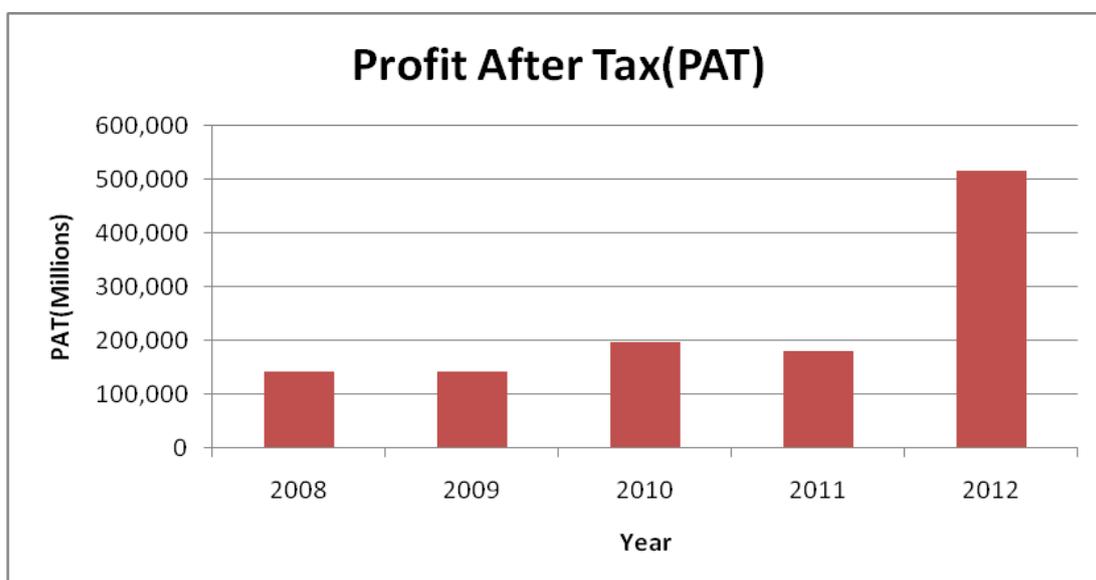
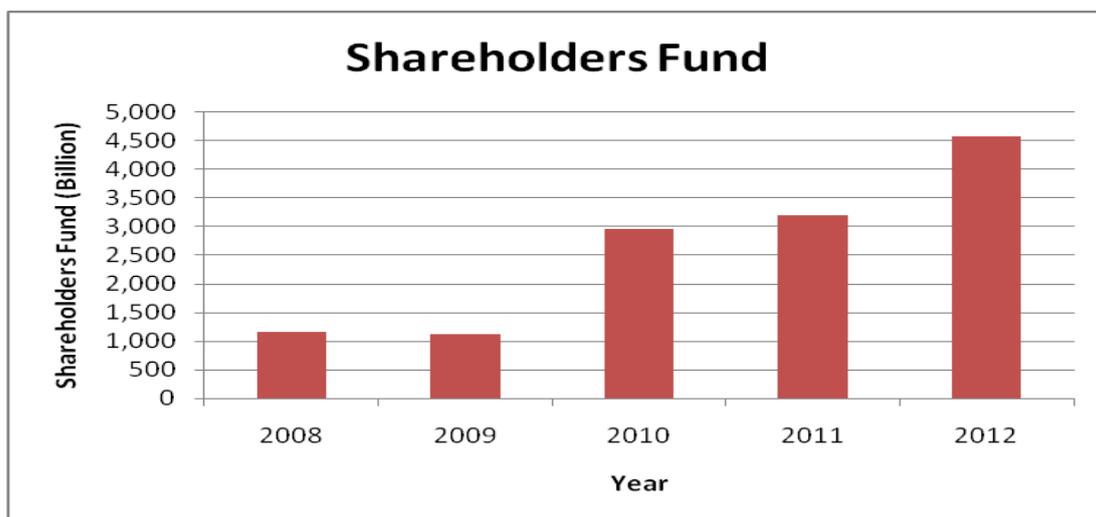
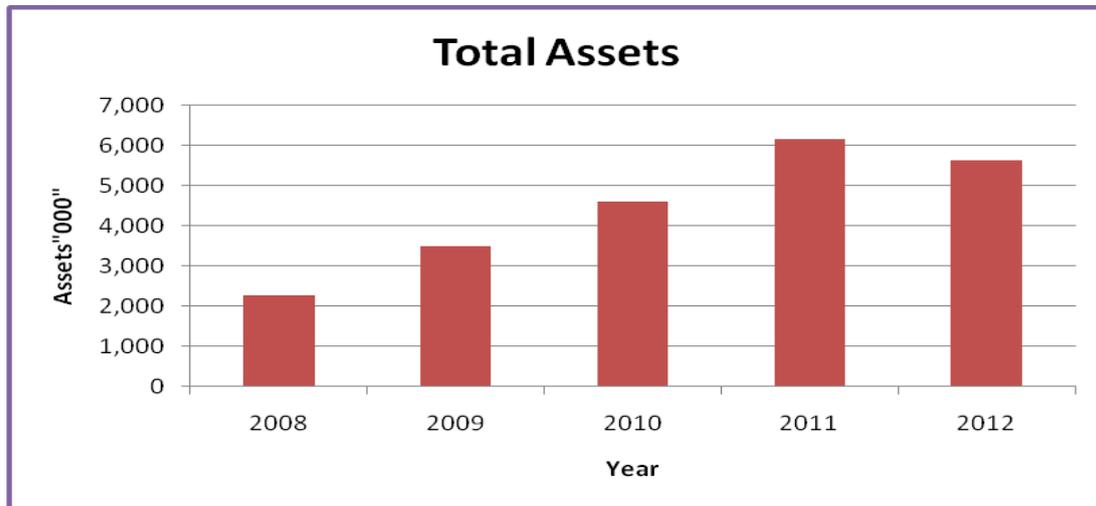
**Mr. Babatunde Adeola Abifarin, (HND; PGDM) - Head, Business Development**

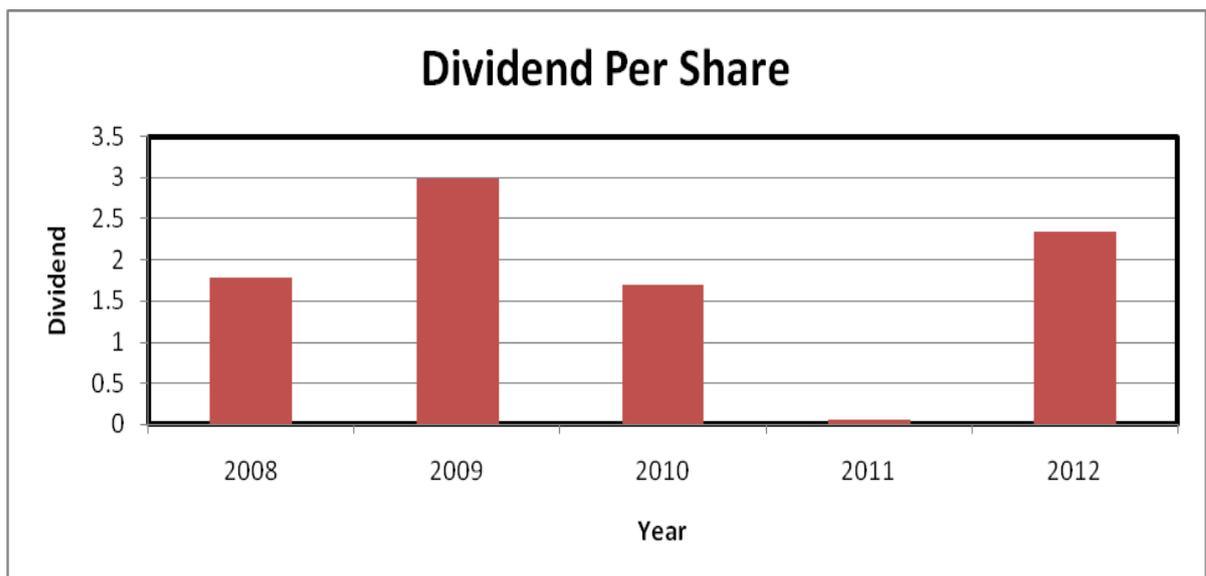
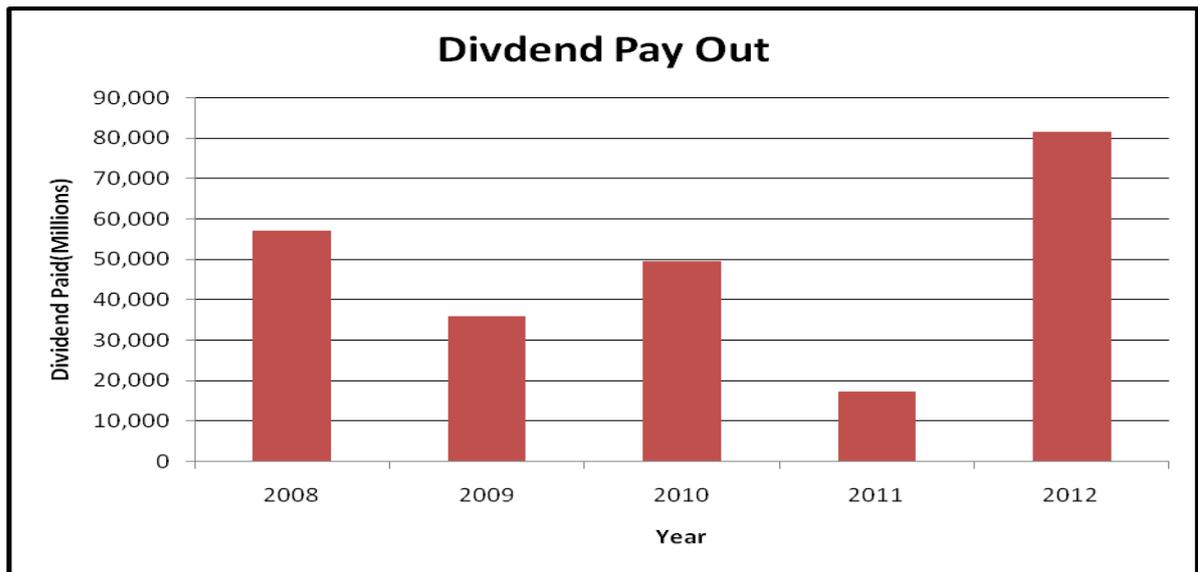
Mr. Adeola is in charge of the Business Development unit of the Bank. He studied Building Technology from Kwara State Polytechnic and obtained Higher National Diploma in 1990. He started his career with Construction and Design Engineering Company limited in 1992 where he worked as Project Manager and Cost Controller on renovation, refurbishment, Construction and general maintenance of Buildings.

He joined Federal Mortgage Bank of Nigeria as a Project Analyst, a crucial section in Mortgage Financing in 1994. He later worked in the loans and advances department of the Federal Mortgage Bank. He was in FMBN till 2004 when he joined First Generation Homes as a pioneer head of mortgage and marketing in Abuja. He joined Infinity Homes in July 2005. He has a wide range of experience in Project Analysis, Construction, Mortgage packaging and Marketing.

## Historical Financial Performance

### FIVE YEAR FINANCIAL SUMMARY





Our approach is to reinforce our position in by growing the Bank significantly across key metrics, i.e. scale, profitability and market share and harnessing inherent opportunities available in the sector. The Bank has continued to be ahead of our competitors despite the harsh economic environment in our country.

### **Operating Financial Result 2012**

With the industry just recovering marginally from the lull in the preceding year largely characterized by substantial loan loss provisioning, we have posted better-than-anticipated full year figures for the financial year end 31st December, 2011. The results reflect a robust improvement upon the previous performance and the indicators are well above those posted by our peers.

In 2012, the bank achieved an emphatic growth in profitability compared to the previous year. Profit before taxation (PBT) of N565.6 m and Profit after taxation (PAT) of N517.m. Gross earnings increased from N459.5m in 2011 to N850.5m translating to an improvement of 180% year-on-year (y-o-y). Earnings per share increased from 6k to 15k .while Dividend per share rose from 0.57k to 2.71k representing year-on-year improvement of 225% and 171% respectively.

However at 57.0% cost-to-income ratio, and Return on shareholders' funds at 8.88%, ITMB still faces operating efficiency challenges to overcome.

## FINANCIAL PROJECTIONS/RATIOS

<b>FINANCIAL PROFIT FORECAST FOR 3 YEARS - INFINITY TRUST MORTGAGE BANK PLC</b>			
	2013	2014	2015
	Naira	Naira	Naira
<b>Fees</b>	91,100,000	100,210,000	110,231,000
<b>Investment &amp; Securities Trading Income</b>	152,000,000	167,200,000	183,920,000
<b>Commissions</b>	52,594,815	57,854,297	63,639,726
<b>Interest Income</b>	574,657,373	632,123,110	695,335,421
<b>Other Operating Income</b>	330,752,658	363,827,924	400,210,716
<b>Total Income</b>	<b>1,201,104,846</b>	<b>1,321,215,331</b>	<b>1,453,336,864</b>
<b>Operating Expenses</b>	<b>581,290,019</b>	<b>639,419,021</b>	<b>703,360,924</b>
<b>Profit Before Tax</b>	<b>619,814,827</b>	<b>681,796,309</b>	<b>749,975,940</b>
<b>Taxation</b>	<b>198,340,745</b>	<b>218,174,819</b>	<b>239,992,301</b>
<b>Profit After Tax</b>	<b>421,474,082</b>	<b>463,621,490</b>	<b>509,983,639</b>
<b>Proposed Dividend</b>	<b>168,589,633</b>	<b>231,810,745</b>	<b>254,991,820</b>
<b>Transfer to Reserve</b>	<b>252,884,449</b>	<b>231,810,745</b>	<b>254,991,820</b>
<b>Number of Ordinary Shares</b>	<b>3,400,000,000</b>	<b>4,400,000,000</b>	<b>4,400,000,000</b>
	<b>0.123962965</b>	<b>0.105368521</b>	<b>0.115905373</b>
<b>Forecast Earnings Per Share(kobo) Basic</b>	13	24	35
<b>Forecast Earnings Per Share(kobo) Diluted</b>	13	19	35
<b>Forecast Dividend Per Share</b>	5	8	14

## **Future Plans**

Our approach to governance is predicated on the belief that there is a link between high quality governance and the creation of shareholder value. The abolition of Universal Banking model supports our specialization within the mortgage space and allows for true leadership. The Central Bank of Nigeria has successfully implemented policies and reforms within the Commercial banking

In line with the CBN reform on the Mortgage banking which stipulate that Mortgage Banks with state license must have capital N2.5B and for National License N 5B by December 2013. We intend to have a national license in line with our vision statement "To be the reference point in all spheres of mortgage business through the usage of time - tested professionals, the best in technology and adequate capital in creating wealth for all stakeholders - customer, staff, shareholders and the community at large". We are very confident to meet the minimum capital requirement for a National License hence to become a National Mortgage Bank. We have various options and strategies to achieve this goal and these options have positive outlook. We intend to follow an organic growth pattern which has been our strategy since inception; is to have more presence in many other cities in Nigeria. However we will still look and exploit other options of acquisitions, if these acquisitions will add value and create a better synergy with our business model and corporate culture

Our branch in Lagos situated in ilupeju Bye Pass will commence business before the end of third quarter, 2013. We have the Central Bank of Nigeria( CBN ) approval to open 2 branches in Kubwa and Lugbe in Abuja.

The CBN released the draft operating guidelines for the Mortgage Refinance Company (MRC) in March 2013. We are well positioned to optimize the opportunities that will emerge when the MRC eventually takes off.

We will list our company on the Nigerian Stock Exchange by Introduction. Listing by Introduction is the listing of securities already widely held. A company's shares are "introduced" to the market by offering a percentage of its share capital for public float through a stockbroker, having complied with the Exchange's Listing Requirements. This will give us the impetus to have a wider shareholder base, access the capital market for additional capital when necessary. In addition, we will embark on capital raising through debt and equity instruments to grow our business.

Finally, we will continue to work with our foreign partners, and other international fund managers to raise funds for real estate development and mortgages.

## **Conclusion**

Over the years the Bank has been ran professionally and profitably. ITMB has consistently paid dividend to shareholders for eight consecutive years; this is by all means a laudable achievement considering the harsh economic environment

Over time our focus in our long term objective is to remain the national leader in mortgage Banking sector and the dominant driver for actualization of the Government's national housing vision. We will continue to entrench ourselves across cities of the

Federation; provide exceptional services and outreach to our customers thereby commanding profitable and dominant market share. Our goal is to stay focused on the mortgage business as we anchor our strength to stimulate the growth of the secondary market, and further deepen the mortgage industry in Nigeria.

***COST PROFILE OF PROJECT***

<b>Cost Detail</b>	<b>Basis as stated by the regulators</b>	<b>Amount</b>
Assumed Listing Price		N1.50
Number of Shares to be Listed		4,170,445,720
Total Value of Security		
Application Fees	0.3% (flat) of the total security value	N6,557,668.58
Listing Fees	Graduated as per NSE table	N945,000.00
CSCS Eligible Fee	0.0125% of the total security value	N781,958.60
VAT on Application & Listing Fees		N375,133.43
Stockbroker to the Issue		N 5,000,000.00
<b>TOTAL FEES</b>		<b>N13,659,760.61</b>

## Statutory and General Information

### Incorporation and Share Capital History

Infinity Trust Mortgage Bank PLC (ITMB) was incorporated in 1992 and was licensed in 2002. The share capital history is illustrated in the schedule below:

S/N	Date Issued	Authorized Increase	Cumulative	Nominal Value	Issued and Fully Paid - Increase	Cumulative	Consideration
1	2002	100,000	100,000	100,000	1,000,000	100,000	Cash
2	2005	620,000	162,000	1,620,000	162,000	1,620,000	Cash
3	2006	382,000	500,000	500,000	382,000	500,000	Cash
4	2007	500,000	1,000,000,000	2,000,000	10,000,000	1,000,000	Cash
5	2008	1,000,000	2,000,000,000	4,000,000	20,000,000	2,000,000	Cash
6	2012	3,000,000	5,000,000,000	10,000,000	4,170,455,720	4,170,455,720	Cash

### Shareholding Structure

The company is owned 100% by Nigerians and Nigerian companies

### Directors Beneficial Interest

S/N	Name	Share Qualification	No of Shares held as % of Share Capital
1	Adeyinka Bibilari	1,278,219,719	30.00
2	Olabanjo Obaleye	250,000,000	6.00
3	Tunde Olaleke	10,000,000	0.20
4	Dada Ademokoya	100,000	0.00
5	Patrick Ikwweto	100,000	0.00
6	Akin Arikawe	100,000	0.00
7	Gen Danladi Pennap	1,000,000	0.02
8	Tolulope Osho	10,000,000	0.20
			<b>36.43</b>

## Names of Institutions and Individuals holding more than 5%

S/N	Shareholder Name	Units Held	Percentage of Holding (%)
1	ADKAN SERVICES	695,000,000	16.00
2	LABID INVESTMENT	450,000,000	11.00
3	ROYAL MILLS AND FOODS LIMITED	300,000,000	7.00
4	VERITAS PACKAGING COMPANY LIMITED	250,000,000	6.00
5	NOTEK VENTURES	250,000,000	6.00
6	DECIMAL LINKS LIMITED	250,000,000	6.00
7	PARAMOUNT WOODWORKS AND MANUFACTURING LIMITED	200,000,000	5.00
8	ZUMA PAINTS AND MANUFACTURING COMPANY LIMITED	200,000,000	5.00
9	ADEYINKA BIBILARI	1,278,219,719	30.00
10	OLABANJO OBALEYE	250,000,000	6.00
			98.00

### Material Contract

There are no material contracts between the company and any other party or parties as at the date of Memorandum.

### Claims and Litigation

As at the date of this Memorandum, is in its ordinary course of business involved in 2 court cases as a defendant

These are:

- Industrial Training Fund (ITF) Governing Council versus Infinity Trust Savings and Loans Limited
- Ibrahim D El Ladan versus Infinity Trust Savings and Loans Limited

The Bank's external solicitors are of the opinion that the aforementioned cases are not likely to have any material adverse effect on the Bank.

### Statement of Indebtedness

As at the date of this Memorandum the Bank had no outstanding debentures, Mortgages, charges or similar indebtedness or material contingent liabilities other than in the ordinary course of business.

### Subsidiaries and Associated Companies

As at the date of this Memorandum the Bank has no subsidiary company

### Related Party Transactions

All related party transaction are carried out at arm's length

### **Cost and Expenses**

The cost, charges and expenses of and incidental to the issue s including fees payable to the Securities & Exchange Commission, the Nigerian Stock Exchange, the Central Securities Clearing Systems Plc, professional parties, expenses are estimated at **N13,659,760.61** and are payable by IMTB PLC .

### **Unclaimed Dividends**

As at the date of this Memorandum the Bank has no unclaimed dividends.

### **Documents Available For Inspection**

Copies of the following documents are available inspected at the office of our Stockbroker; Lead Securities and Investment Limited, Plot 281, Ajose Adeogun Street, Victoria Island, Lagos during normal business hours on any Business Day

- Certificate of Incorporation;
- Memorandum and Articles of Association;
- Shareholders Resolution approving the listing ;
- Board Resolution authorizing the listing;
- The audited financial statements of the Bank for the five years ended December 31, 2012;
- The financial forecasts for the period ending December 31, 2013, 2014 and 2015;
- List of outstanding claims and litigation by the Banks Solicitors. to the Offer;
- The written consent by parties;
- SEC approval letter for Registration of the Securities

### **Relationship between the Bank and the Financial Adviser /Stockbroker**

As at the date of this Memorandum, there was no relationship between Infinity Trust Mortgage Bank Plc and Lead Securities and Investment Limited except in the ordinary course of business.

## Consent

The under listed parties have given formal consents to the issue of this Memorandum with their names being included in the form and context in which they appear:

The Directors	Adeyinka Bibilari Olabanjo Obaleye Tunde Olaleke Dada Ademokoya Patrick Ikwweto Akin Arikawe Gen Danladi Pennap Tolulope Osho
Financial Adviser and Stockbrokers	Lead Securities and Investment Limited
Auditors	Lanre Abidakun & Co Chartered Accountants
Registrars	African Prudential Registrars Plc
Solicitors to the Offer	Patrick Ikwweto

## Declaration

As at the date of this Information Memorandum, the Company hereby declares that to the best of its knowledge, none of its Directors or management staff is subject to any of the following (whether in or outside the Federal Republic of Nigeria):

1. A petition brought under any bankruptcy or insolvency laws filed (and not struck out), either against his person or against any partnership or company of which he is a partner, director or key personnel;
2. A conviction in a criminal proceeding or is a named subject of pending criminal proceedings relating to fraud or dishonesty; and
3. The subject of any order, judgement or ruling of any court of competent jurisdiction or a regulatory body relating to fraud or dishonesty restraining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.