AG HOMES
SAVINGS & LOANS PLC
RC602252

Annual Report & Accounts 31st December 2013

Our Value Statement

We strive to honour God
and be respectful of each other,
our customers and other stakeholders.

Our Vision Statement

To be the preferred Primary Mortgage Institution
with a commanding presence nation-wide.

Our Mission Statement

To consistently create value to stakeholders
by providing excellent services through
creative and caring employees using innovative
technology applications in a
first class ambience.

Contents

CORPORATE INFORMATION

Directors

Rev. Dr. Vincent Alaje - Acting Chairman
Mr. Tony Okechukwu Ewelike - Managing Director/CEO
Barr. Patrick Chinweike Abuka - Director
Barr. Danjuma Suleman -Director
Rev. Dr. Paul Emeka - Director
Ngozi Anyogu - Executive Director

Company Secretary:

Barr. Anthony Okonmah

Registered Number: RC 602252

Date of Registration: 21 July, 2004

Operating License Number: 000000005

Date Licensed: 31 December, 2004

Registered Office: 96, Opebi Road, Ikeja, Lagos.

Head Office/Opebi Branch:
96 Opebi Road, Ikeja, Lagos.

Auditors:
Baker Tilly Nigeria,
(Chartered Accountants),
Kresta Laurel Complex (4th Floor),
376, Ikorodu Road, Maryland,Lagos.

Correspondent Banks:
United Bank for Africa Plc
Access Bank Plc

Registrars
CardinalStones Registrars Limited
358, Herbert Macaulay Way,
Yaba, Lagos

...a partner you can trust

The Board

Rev. Dr. Vincent Alaje
Acting Chairman

Anthony Okechukwu Ewelike
Managing Director/CEO

Ngozi Anyogu
Executive Director/COO

Barr. Danjuma Suleman
Director

Rev. Dr. Paul Emeka
Director

Barr. Patrick Chinweike Abuka
Director

...a partner you can trust

AG HOMES SAVINGS & LOANS PLC

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 9th Annual General Meeting of AG HOMES SAVINGS & LOANS PLC will hold at Renaissance Hotels, 172 Awolowo Way, Alausa, Ikeja, Lagos by 11 am on the 6th day of May 2015 to transact

1. ORDINARY BUSINESS

1.1 To receive the Audited Finance Statements for the Year ended 31st December 2013, the reports of the Directors and Auditors thereon and the Audit Committee Reports.

1.2 To elect/re-elect Directors.

1.3 To renew the appointment of the independent auditors, Baker Tilly Nigeria, for the 2015 financial year and to authorize the Directors to fix the remuneration of the Auditors.

1.4 To elect members of the Audit Committee for the ensuing financial year.

1.5 To declare dividends.

2. SPECIAL BUSINESS

To consider and if thought fit pass the following as SPECIAL RESOLUTIONS:

2.1 That the name of the Company be changed from AG Homes Savings & Loans Plc to AG MORTGAGE BANK PLC.

2.2 That the Directors of the Company be authorized to take such incidental consequential and supplemental actions, including amendment of the Memorandum and Articles of Association as may be necessary to give effect to the change of name of the Company.

Dated this 2nd April 2015

NOTES

COMPANIES MAY ACT THROUGH REPRESENTATIVES AT THE MEETING. Companies may, by resolution of their directors or other governing body, authorize such persons(s) as they may think fit to act as their representative(s) at the meeting and any person so authorized shall be entitled to exercise the same persons on behalf of the Company as the Company could exercise if it were an individual member of the company.

PROXY

A member of the Company entitled to attend and vote at the general meeting can appoint a proxy in his stead. All instructions of proxy should be completed, stamped and deposited at the Head Office of the Company, 96 Opebi Road, Ikeja, Lagos, not later than 48 hours before the time of holding the meeting.

A proxy need not be a member of the Company. A blank proxy form is attached to the Annual Report.

CLOSURE OF REGISTER

For the purpose of attendance at the meeting, the Register shall close at the end of business on 18th April 2015.

AUDIT COMMITTEE

The Audit Committee of the Company consists of two (2) shareholders and two (2) directors. As stipulated by Section 359(5) of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004, any member may nominate a shareholder for election to the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least twenty one (21) days before the Annual General Meeting.

Signed by

Barr. Anthony Okonmah
Company Secretary

CHAIRMAN'S STATEMENT

Fellow Shareholders, invited guests, ladies and gentlemen, I am pleased to welcome you to the 9th Annual General Meeting of your company for the financial year ended December 31, 2013.

The year witnessed tremendous development in the mortgage industry which had hitherto been plagued with dearth of long term capital for both development of Housing Stock and on-lending to prospective house owners. However, with the introduction of the Nigerian Mortgage Refinancing Company, we hope that the problem will be ameliorated and thereby improve the cash flow of Mortgage Banks.

THE HOUSING MARKET

The last official figure of housing deficit in Nigeria stood at 16million and that requires a massive fund injection both to develop and create mortgages that will enable the average Nigerian own his/her own house. This is the challenge of the mortgage industry. Secondly, the operations of the Land Use Act remain a disincentive to housing delivery in the country. We hope that the National Assembly will expedite action on the repeal/amendment of the Act for more flexibility in acquisition of titles to land.

The proposed injection of funds in the Federal Mortgage bank of Nigerian (FCMB) by the Federal Government to provide on-lending facilities to the mortgage banks and the re-financing of loans through the Nigerian Refinancing Company is a welcome development that will improve the liquidity of the banks and vibrancy of the mortgage sector.

CAPITAL RAISE:

The Bank was able to raise its shareholders' funds to **N**2.5billion within the financial year and thereby obtained a state mortgage banking authorization under the new policy guidelines for Mortgage Banks. Your Bank is not relenting in its effort to upgrade to a National authorization by a proposed further injection of **N**2.5billion to the Capital base of the company to bring it to **N**5billion in the coming year.

OPERATING RESULTS:

Our operating income increased by **N**100million from **N**307million in 2012 to **N**407million in 2013 while operating expense grew by **N**90million to **N**318million.

Profit before tax increased to **N**63.9million in 2013 from **N**27million in 2012 representing approximately 137% improvement.

Interest income represents 82% of our total income. Our current focus is to diversify the income source by increasing fee based activities in the coming years.

Our statement of financial position shows a significant increase in our total assets from **N**6.1billion to **N**7.1billion. Mortgage and other loans represent **N**1.75billion, an increase of 75% while investment properties increased to **N**2.58billion.

Our strategic priority to drive improvement through service delivery has continued to shape our operations during the review period. We have made a commitment to grow and diversify our income in the coming years in order to reduce interest risk.

APPRECIATION

My gratitude goes to our shareholders for their support and our staff who have worked hard to enable us produce this result. We are deeply indebted to our loyal customers and the Assemblies of God constituency who have continued to support our operations through the years.

Thank you and God Bless.

Rev. Dr. Vincent Alaje
Acting Chairman of the Board

MANAGING DIRECTOR'S REVIEW

Distinguished Shareholders, Ladies and Gentlemen, it is with great pleasure that I on behalf of the Board of Directors welcome you to the 9th Annual General Meeting of AG Homes Savings and Loans Plc and present to you our Financial Statements for the year ended December 31, 2013.

INTRODUCTION:

The year 2013 was an important one for us. It was a year that came with a lot of challenges and changes in the mortgage banking industry. It also witnessed the beginning of intervention of the Federal Government in the Housing development sector with the establishment of the Nigerian Mortgage Refinancing Company.

In spite of the challenges in the financing system, your bank continued to make significant progress.

We received approval from the Federal Mortgage Bank on behalf of a total of seventy eight applicants for housing units at Evangel Estate Ofada, totaling **N**492.8million.

We continued with our plan to obtain **$**7million loan for on-lending to Evangel Properties Ltd for the development of 44units of four bedroom terrace houses at Isheri North, Lagos. In order to enhance access to a wider segment of the public we are working on various types of investment instruments aimed at generating long term deposits. Similarly, our mortgage products are being upgraded for more flexibility to help our customers own their own houses.

BUSINESS PERFORMANCE:

Our operating income increased by **N**100million from **N**307million in 2012 to **N**407million in 2013 while operating expense grew by **N**90million to **N**318million.

Profit before tax moved to **N**63.9million in 2013 from **N**27million in 2012 representing 137% increase.

Interest income represents about 82% of our total income and our current focus is to diversify our income source by increasing fee based activities in the coming years. We are discussing with service providers to acquire electronic banking channels to achieve this objective.

PROJECT FINANCING:

The bank is focused to pursue a strategy of escalating our operation of providing mortgage financing for prospective house owners and thereby ensure adequate returns to our stakeholders.

We are currently financing the following projects:

ABUJA, FCT:

Evangel/Lezim Estate, Kubwa
Shungrilla Estate, Apo
Lezim Estate, Gwarimpa
Habitat 4 ECOWAS Estate Abuja

NIGER STATE:

Col. Sani Bello Estate, Kontagora

ENUGU STATE

Evangel Estate-Pocket Layout

OGUN STATE

Evangel Estate Ofada, Ogun State

These Estates are at various levels of development and we are confident they will enhance our opportunities for income generation by the next financial year.

CONCLUSION:

Although the operating environment still appears challenging we look forward to better and more rewarding years ahead.

Thank you.

Tony Ewelike
Managing Director/CEO

AG HOMES
SAVINGS & LOANS PLC

RESULTS AT A GLANCE

	12 months Ended 31/12/2013	9 months ended 31/12/2012	% change
	N'm	N'm	
Major Profit and Loss Account Items			
Gross Income	658	513	28
Interest Expenses	183	119	(54)
Overhead Expenses	345	244	(41)
Profit after Taxation and other comprehensive income	54	982	(94)
	===	====	===
Major Statement of Financial Position Items:			
Mortgage and other Loans and Advances	2,590	2,192	18
Deposits	1,751	1,670	5
Share Capital	1,550	500	210
Shareholders' Fund	3,683	2,814	31
Total Assets	7,185	6,175	16
	====	====	
Per 50k share data	k	k	
Basic: (Based on 3,100,000,000 ordinary shares)			
Earnings	2	3	
Net Assets	119	281	
Total Assets	232	617	
	=====	====	
Diluted: Earnings	2	1	
Net assets	119	91	
Total assets	232	199	
	=====	=====	
Number of Branches and Cash Centres	5	5	
Number of Employees	66	57	
	=====	====	

AG HOMES
SAVINGS & LOANS PLC

REPORT OF THE DIRECTORS

The Directors hereby submit their report and the financial statements of the Company for the period ended 31 December, 2013.

1. **Result for the Period**

	N'000
Profit after Taxation	63,996
Transfer to statutory reserve	(12,799)
	51,197
Other Comprehensive Income	3,224
Total Comprehensive Income	**54,421**

2. **Legal Form**
The Company was incorporated on 21 July, 2004 as a private liability company limited by shares and commenced operations on 5th January, 2005.

3. **Principal Activities**
The Company is licensed by the Central Bank of Nigeria to carry on mortgage banking business, with license No. 000000005 dated 31 December, 2004.

4. **Branches and Cash Centres**
As at the balance sheet date, the Company had a branch at the Head Office, 2 other branches at Enugu and Abuja and 2 Cash Centres at Surulere and Festac Town, all in Lagos.

5. **Directors' Shareholding**
The interest of the Directors in the issued share capital of the Company is as follows:-

	Number of shares held	
	At 31 December 2013	At 31 December 2012
Rev. Prof. Paul Emeka	**10,000,000**	10,000,000
Mr. Anthony O. Ewelike	**28,000,000**	28,000,000
Mr. Ngozi O. Anyogu	**22,000,000**	22,000,000
Rev. Vicent Alaje	**6,000,000**	6,000,000
Barr. Patrick C. Abuka	**2,734,000**	2,734,000

REPORT OF THE DIRECTORS

6. **Directors**

The names of the current Directors are listed on page 2.

6.1. **Directors Retiring by Rotation**

In accordance with Articles 84, 85, 86, 87, and 88 of the Company's Articles of Association, one-third of the directors of the Company shall retire from office. The directors to retire every year shall be those who have been longest in office since their last election, but as between persons who become directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. The director retiring by rotation is Rev. Dr. Paul Emeka and being eligible offers himself for re-election.

6.2. **Fresh Appointments**

The Board hereby proposes Rev. Chidi Okoroafor PHD, Rev. Ejikeme Ejim and Mr. Sally Biose appointment to the Board as non-executive directors. They shall be presented for election in course of the day's meeting in accordance with Article 88 of the Company's Articles of Association.

6.3. None of the directors has notified the Company, for the purpose of Section 277 of the Companies and Allied Matters Act, Cap C20, LFN 2004, of any disclosable interest in the contracts with which the Bank was involved during the year under review.

7. **Directors' Responsibility**

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act Cap C20 LFN 2004, the Directors of the Company are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the company at the end of each financial year, and of the profit or loss for that year, and comply with the provisions of the Companies and Allied Matters Act, CAP C20 LFN 2004. In doing so, they ensure that:-

- proper accounting records are maintained;
- applicable accounting standards are followed;
- suitable accounting policies are adopted and consistently applied;
- the going concern basis is used, unless it is inappropriate to presume that the company will continue in business; and
- adequate internal control procedures are instituted which, as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities.

8. **Analysis of Shareholding**

The Ordinary Shares of the Company as at 31 December, 2013were held as follows: -

No. of	Percentage ordinary shares held	share holding
Assemblies of God Ministers Benefit Scheme	490,000,000	15.8
AG Nigeria	160,000,000	5.2
Others	350,000,000	11.3
	1,000,000,000	**32.3**
Allotment filed with Securities and Exchange Commission (SEC) for approval	2,100,000,000	67.7
	3,100,000,000	100
	===========	=====

The allotment of 2,100,000,000 ordinary shares of 50k each has been filed with SEC for approval. As at the year end, the allotment had however, not been approved and had not been filed with the Corporate Affairs Commission (CAC) even though the company had received payment in respect of the allotted shares after the Board completed the allotment.

9. **Corporate Governance**

1. Introduction

AG Homes Savings & Loans Plc has remained true to its reputation built within its seven years of mortgage banking practice as an organization founded on integrity, professionalism and exemplary corporate governance practices. Our strong values remain an important ingredient in sustaining shareholder value, while ensuring that behavior is ethical, legal and transparent. Ag Homes is governed by a framework which, in line with the Central Bank's Code of Conduct for Board of Directors of Banks and financial institutions, ensures that checks and balances are facilitated and that appropriate controls are put in place. The corporate governance principles of the Company are designed to promote high standards of corporate governance as we benchmark ourselves against best practices as the Board recognizes the importance of best corporate governance principles, its invaluable accountability to its shareholders.

The Shareholders at the General Meeting remain the highest decision making body of AG Homes Savings & Loans Plc. Effect is given to the Memorandum & Articles of Association of the Company as well as any laws for the time being in force in Nigeria. Members are given opportunity to take part in decisions affecting the strategic direction of the Company.

Board Committees

The Board's functions are dispensed through the five (5) standing committees each of which has clearly defined composition, duties, purpose and reporting lines to the Board. The standing committees are as listed hereunder:

- Board Credit Committee
- Board Audit Committee Board Establishment and General Purpose Committee
- Shareholders Audit Committee
- IT Steering Committee

Board Credit Committee

The Board Credit Committee is responsible for approval of loans above Executive authority limits as defined by the Board of directors from time to time. The Committee ensures that internal control procedures in the area of risk assets remain high to safeguard the quality of the Company's risk assets.

Board Credit Committee

Before the setup of the Statutory Audit Committee, the Bank as a public company exercised its oversight functions on credit through its Board Audit Committee which has the responsibility of ensuring that the Bank complies with all relevant policies and procedures from the regulators and as laid down by the Board of Directors. The four man Statutory Audit Committee consists of two executive and two non-executive directors. Although the Statutory Audit Committee is now in place considering the Company's plc status, the Board has retained its Audit Committee because of the importance attached to audit functions. The Internal Auditor has access to the Audit Committee and presents quarterly reports.

Board Establishment and General Purpose Committee

The Establishment and General Purpose Committee is strategically positioned for its functions which includes human resource issues, investments and general operational matters. This Committee provides governance and strategic oversight for considering remunerations, human resources activities and senior management development.

IT Steering Committee

The Committee was established to ensure that the Bank meets, at every point in time, the IT need of modern banking. The Committee exercises oversight functions over the IT Unit through the instrumentality of the Internal Control Unit of the Bank. It ensures the IT policy of the Bank is tailored to meet regulatory requirements.

Risk Management

We recognize that the new dispensation has introduced a fresh approach to risk management which must be reflected in the operational principles of organisations such as ours. The Company shall be repositioned to accommodate innovative techniques in credit administration and remedial services. We raised the bar in our risk management standards to enable us remain in tune with developments at all times. Our risk management framework and team were put in place within the financial year to ensure an adequate risk management.

2. RECORD OF DIRECTORS ATTENDANCE

In accordance with Section 258(2) of the Companies and Allied Matters Act, Cap C20, LFN 2004, the record of Directors' attendance at Directors meetings during the financial year under review is as follows:

Name	No. of Board Meetings	No. Attended	No. Absent
Rev. Vincent Alaje	3	2	1
'Tony O. Ewelike	3	3	Nil
Ngozi Onyemuwa Anyogu	3	3	Nil
Barr. Parick C. Abuka	3	3	Nil
Barr. Danjuma Suleman	3	3	Nil
Ree. Dr. Paul Emeka	3	2	1

10. Property, plant and equipment Assets

Movements in **Property, plant and equipment** are shown in Note 12 on page 38. In the opinion of the Directors, the value of the company's properties is not less than the book value.

REPORT OF THE DIRECTORS

11. **Declaration of Fraud and Forgeries**
There were no reported cases of fraud and forgeries during the period under review.

12. **Events after Reporting Date**
There are no events after reporting date which could have had a material effect on the state of affairs of the company as at 31 December, 2013 which have not been provided for or disclosed in these financial statements.

13. **Employment and Employees**

(i) ***Employment of Physically Challenged Persons***
The company does not discriminate in considering applications for employment including those from disabled persons. All employees are given equal opportunities for self development.

(ii) ***Employees Involvement and Training***
The company is committed to keeping employees fully informed as far as possible regarding its performance and progress and seeking their views wherever practicable on matters, which particularly affect them as employees.

Management, professional and technical expertise are the Company's major assets and investment in their further development continues.

The Company's expanding skill base has increased by a range of training programmes provided to its employees whose opportunities for career development within the company have thus been enhanced.

(iii) ***Health, Staff Welfare and Safety at Work***
Health and safety regulations are in force within the company's premises, and employees are aware of safety regulations. The Company provides subsidies to all employees for medical, transportation, housing and lunch. Incentive schemes designed to meet the circumstances of each individual are implemented wherever appropriate and some of these include bonuses, salary reviews, promotions, etc.

14. **Auditors**
Messrs Baker Tilly Nigeria (Chartered Accountants) have indicated their willingness to continue as Auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004. A resolution will be proposed at the Annual General Meeting to authorise the Directors to fix their remuneration.

By order of the Board

Barr. Anthony Okonmah
Company Secretary

Lagos, Nigeria
28 April, 2014

REPORT OF THE AUDIT COMMITTEE

TO THE MEMBERS OF AG HOMES SAVINGS AND LOANS PLC

In compliance with Section 359 sub section 6 of the Companies and Allied Matters Act Cap C20 LFN 2004, we have:

- reviewed the scope and planning of the audit requirements.
- reviewed the External Auditors' management report for the period ended 31 December, 2013 as well as the Management responses thereon.
- ascertained that the accounting and reporting policies of the Company for the period ended 31 December, 2013 are in accordance with legal requirements and agreed ethical practices.

The External Auditors had discharged their duties conscientiously and without fear or favour whilst th management responded with due sense of responsibility and cooperation to the audit points raised.

Dated this 25 March, 2014

Mr. Godwin Mbatu
Chairman Audit Committee

Members of the Audit Committee:
Mr. Godwin Mbatu - Chairman
Engr. Eme Tasie
Mr. Ngozi Anyogu
Barr. Patrick C. Abuka

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF AG HOMES SAVINGS AND LOANS PLC

Report on the financial statements

We have audited the accompanying financial statements of AG Homes Savings & Loans Plc, for the year ended 31 December, 2013, set out on pages 11 to 51 which have been prepared on the basis of significant accounting policies on pages 15 to 27 and other explanatory notes on pages 28 to 49.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of both the Financial Reporting Council of Nigeria Act No.6 of 2011, the Companies and Allied Matters Act, Cap C20 LFN, 2004 and the Banks and Other Financial Institutions Act Cap B3 LFN 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian Standards on Auditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company's financial position as at 31 December, 2013 and of its financial performance and cash flows for the year then ended, in compliance with the requirements of the Financial Reporting Council of Nigeria Act, No 6 of 2011, the Companies and Allied Matters Act, CAP C20 LFN, 2004 and the Banks and Other Financial Institutions Act Cap B3 LFN 2004.

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF AG HOMES SAVINGS AND LOANS PLC

Report on other legal requirements

The Companies and Allied Matters Act, CAP C20 LFN, 2004 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that: -

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii) in our opinion, proper books of account have been kept by the Company; and

iii) the Company's balance sheet and profit and loss account are in agreement with the books of account.

....

M. E. Ariemuduigho
FRC/2013/ICAN/00000002724
on behalf
of
Baker Tilly Nigeria
(Chartered Accountants)

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 743363

Lagos, Nigeria
28 April, 2014

AG HOMES
SAVINGS & LOANS PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER, 2013

	Note	12 months ended 31 December 2013	9 months ended 31 March 2012
		N'000	**N'000**
Interest income	4	558,328	388,496
Interest expense	5	(183,107)	(118,836)
Net interest income		**375,221**	**269,660**
Fee and commission income	6	31,860	37,519
Fee and commission expense		-	-
Net fee and commission income		**31,860**	**37,519**
Operating income		407,081	**307,179**
Operating expenses	7	(318,759)	(228,691)
Depreciation and amortization charges	8	(25,750)	(15,315)
Impairment loss	13.1	(51,447)	(52,365)
Share of profit/loss of associate	15	4,176	(917)
Operating profit		**15,301**	**9,891**
Other income	9	67,590	61,993
Profit for the year		**82,891**	**71,884**
Information Technology Development Levy	24.1	(829)	(971)
Tax expense	23.1	(18,066)	(43,839)
Profit after tax		63,996	**27,074**
Transfer to statutory reserve	29	(12,799)	(10,467)
		51,197	**16,607**
Other comprehensive income:			
Net gain on investment securities	14.1	3,574	45,394
Revaluation Surplus on Investment Properties	30	(350)	874,371
Share of revaluation surplus of the associate company	15	-	45,907
		3,224	**965,672**
Profit after tax and other comprehensive income for the year		**54,421**	**982,279**
Basic earnings per share	33	**2k**	**3k**

The notes on pages 14 to 51 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER, 2013

	Note	31 Dec, 2013	31 Dec, 2012
Assets		**N'000**	**N'000**
Cash and Cash Equivalents	10	109,353	129,306
Government Securities	11	10,318	23,680
Due from other Banks	12	1,749,760	1,018,520
Mortgage, Other Loans and Advances	13	2,589,904	2,191,884
Investment Securities available for sale	14	50,734	167,588
Investment in Associate	15	74,541	70,365
Other Assets	16	300,276	268,857
Investment Properties	17	1,606,140	2,206,493
Deferred tax asset	23	30,622	-
Property, Plant and Equipment	18	656,741	92,140
Intangible Assets	19	7,058	6,218
Total Assets		**7,185,447**	**6,175,051**
Liabilities			
Deposits from Customers	20	1,750,917	1,669,888
Borrowings from FMBN	21	1,504,971	1,484,402
Employee Benefit	22	5,133	3,431
Income Tax	23	54,843	54,182
Deferred Tax Liabilities	23	45,243	11,501
Other Liabilities	24	141,081	137,408
Total Liabilities		**3,502,188**	**3,360,812**
Capital and Reserves			
Share Capital	25	1,550,000	500,000
Share Premium	26	223,210	13,210
Deposits for Shares	27	793,237	1,251,437
General Reserve	28	40,335	(4,098)
Statutory Reserve	29	76,631	63,832
Revaluation Reserve	30	921,715	940,411
Regulatory Credit Risk Reserve	31	78,131	49,447
Available to Equity Holders of the Bank		**3,683,259**	**2,814,239**
Total Liabilities and Equity		**7,185,447**	**6,175,051**

These financial statements were approved by the Board of Directors of the company on 28 April, 2014 and signed on its behalf by:

Mr. 'Tony Ewelike	**Barr. Patrick C. Abuka**	**Mrs. Anthonia Lloyd-Okereafor**
Managing Director	**Director**	**Chief Financial Officer**
FRC/2014/CIBN/00000008616	**FRC/2014/NBA/00000008910**	**FRC/2014/ACA/0000000**

The notes on pages 20 to 56 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER, 2013

	Deposit for share	Share Capital	Share Premium	Regulatory Credit Risk Reserve	Revaluation Reserve	Statutory Reserve	General Reserves	Total
Balance as at 31 March 2012	1,437	500,000	13,210	65,719	(25,261)	53,365	(36,977)	571,493
Profit for the period	-	-	-	-	-	10,467	16,607	27,074
Other Comprehensive income	-	-	-	-	965,672	-	-	965,672
Transfer	-	-	-	(16,272)	-	-	16,272	-
Balance as at 31 December 2012	1,251,437	500,000	13,210	49,447	940,411	63,832	(4,098)	2,814,239
Balance as at 1 January, 2013	1,251,437	500,000	13,210	49,447	940,411	63,832	(4,098)	2,814,239
Deposit for shares	801,800	-	-	-	-	-	-	801,800
Profit for the year		-	-	-	-	12,799	51,197	63,996
Other comprehensive income		-	-	-	3,224	-	-	3,224
Disposal of investment	-	-	-	-	(20,133)	-	20,133	-
Transfers	(1,260,000)	1,050,000	210,000	28,684	(1,787)	-	(26,897)	-
Balance as at 31 December, 2013	793,237	1,550,000	223,210	78,131	921,715	76,631	40,335	3,683,259

As at the year end, approval had been granted by the Central Bank of Nigeria (CBN) to allot additional 2,100,000,000 ordinary shares of 50k each of the company.

The notes on pages 20 to 56 form part of these financial statements

AG HOMES
SAVINGS & LOANS PLC

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER, 2013

	Note	12 months ended 31 December, 2013 N'000	9 months ended 31 December,2012 N'000
Cash Flow from Operating Activities -			
Interest and Other Incomes	4	624,354	512,698
Interest Payments	5	(183,107)	(118,836)
Cash Payments to Employees and Suppliers		(318,759)	(225,260)
Operating Profit before Changes in Operating Assets/Liabilities		122,488	168,602
Movement in Operating Assets and Liabilities			
Mortgage and Other Loans and Advances		(449,467)	(844,205)
Other Assets		(31,419)	(113,834)
Customers' Deposits		81,029	(229,509)
Staff Pension		(6,102)	(3,361)
Other Liabilities		3,979	16,189
Information Technology Levy		(1,135)	-
Cash used in Operating Activities		(280,627)	(1,006,118)
Income and Education Taxes Paid		(14,285)	(15,147)
Net Cash used in Operating Activities		(294,912)	(1,021,265)
Cash Flow from Investing Activities			
Purchase of Investments Properties		(156,149)	(183,099)
Purchase of Fixed Assets and intangible assets		(41,191)	(55,130)
Proceeds from realization of Government Securities		13,362	26,313
Proceeds from disposal of investment properties		206,500	-
Proceeds from disposal of Fixed Assets		9,195	585
Proceeds from disposal of investments		152,113	-
Net Cash used in Investing Activities		183,830	(211,331)
Cash Flow from Financing Activities			
Additional borrowing from FMBN less repayments	21	20,569	482,610
Deposits for Shares	27	801,800	500,000
Net cash inflow from financing activities		822,369	982,610
Net (decrease)/increase in cash and cash equivalent		711,287	(249,986)
Cash and Cash Equivalent at beginning		1,147,826	1,397,812
Cash and Cash Equivalent at end		1,859,113	1,147,826
Cash and Short Term Funds	10	109,353	129,306
Due from Banks and Other Financial Institutions	12	1,749,760	1,018,520
		1,859,113	1,147,826

The notes on pages 20 to 56 form part of these financial statements

1. Reporting entity

AG Homes Savings and Loans Plc (the "Bank") is a public liability company incorporated and domiciled in Nigeria. The Bank's registered office is 96, Opebi Road, Ikeja, Lagos. The bank primarily provides mortgage banking services in Nigeria.

2. Basis of preparation

(A) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"), and in compliance with the requirements of the Financial Reporting Council Act No. 6 of 2011.

The financial statements were authorized for issue by the Board of Directors of AG Homes Savings and Loans Plc on 28 April, 2014.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value through profit or loss and investment properties measured 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 estimates is revised and in any future periods affected.

d) Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Bank's financial statements are listed below. This listing is of standards and interpretations issued, which the Bank reasonably expects to be applicable at a future date. The Bank intends to adopt those standards when they become effective. The Bank expects the adoption of these standards, amendments and interpretations in most cases not to have any significant impact on the Bank's financial position or performance in the period of initial application but additional disclosures will be required. In cases where it is likely to have an impact, the Bank is still assessing the possible impact.

IAS 19 Post employee benefits (Amendment)

The amendments are effective for annual periods beginning on or after 1 January, 2015.

The amendments are effective for annual periods beginning on or after 1 January, 2015. These are changes to post employee benefits in that pension surpluses and deficits are to be recognised in full (no more deferral mechanisms) and all actuarial gains and losses recognised in other comprehensive income as they occur with no recycling to profit or loss. Past service costs as a result of plan amendments are to be recognized immediately.
Short and long-term benefits will now be distinguished based on the expected timing of settlement, rather than employee entitlement.

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)
As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 9 Financial Instruments: Classification and Measurement
IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January, 2013. The adoption of the first phase of IFRS 9 will primarily have an effect on the classification and measurement of the Bank's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Bank is currently assessing the impact of adopting IFRS 9, however, the impact of adoption depends on the assets held by the Bank at the date of adoption, it is not practical to quantify the effect.

IFRS 13 Fair Value Measurement
IFRS 13 establishes a single framework for all fair value measurement (financial and non-financial assets and liabilities) when fair value is required or permitted by IFRS. IFRS 13 does not change when an entity is required to use fair value but rather describes how to measure fair value under IFRS when it is permitted or required by IFRS. There are also consequential amendments to other standards to delete specific requirements for determining fair value. The Bank will need to consider the new requirements to determine fair values going forward. IFRS 13 will be effective for the Bank 1 July, 2013.

Early adoption of standards.

The Bank did not early-adopt any other new or amended standards.

2. **Significant accounting policies**

2.1 Foreign currency translation

(a) Functional and presentation currency

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

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

(B) Transactions and balances

Foreign currency transactions 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 at the closing rate as at the reporting date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translations at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

All foreign exchange gains and losses recognised in the profit or loss are presented net within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

2.2 Financial assets and liabilities

Date of recognition

All financial assets and liabilities are initially recognised at the trade date, i.e., the date that the bank becomes a party to the contractual provisions of the instrument.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the purpose and the management's intention of acquiring the financial instruments and their characteristics.

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

All financial assets and liabilities - have to be recognised in the statement of financial position and measured in accordance with their assigned category.

2.2.1 Financial assets

The Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Bank as at fair value through profit or loss.

A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to the profit or loss. Gains and losses arising from changes in fair value are included directly in profit or loss. Interest income and expense and dividend income and expenses on financial assets held for trading are included in 'Net interest income' or 'Dividend income', respectively.

The Bank designates certain financial assets upon initial recognition as at fair value through profit or loss (fair value option).

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

(i) those that the Bank intends to sell immediately or in the short term, which are classified as held for trading, and those that the Bank, upon initial recognition, designates as at fair value through profit or loss;

(ii) those that the Bank upon initial recognition designates as available for sale; or

(iii) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value - which is the cash consideration to originate or purchase the loan including any transaction costs, and measured subsequently at amortised cost using the effective interest method. Loans and receivables are reported in the statement of financial position as loans and advances to banks or customers. Interest on loans is included in the statement of comprehensive income and is reported as 'Interest and similar income'. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the statement of comprehensive income as 'loan impairment charges'.

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity, other than:

i. those that the Bank upon initial recognition designates as at fair value through profit or loss;

ii. those that the Bank designates available for sale; and

iii. those that meet the definition of loans and receivables.

These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

Interest on held-to-maturity investments is included in the statement of comprehensive income and reported as 'Interest and similar income'. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the investment and recognised in the statement of comprehensive income. Held-to-maturity investments are Government Securities.

2.2.2 Financial liabilities

The Bank's holding in financial liabilities is in financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value) and financial liabilities at amortised cost. Financial liabilities are derecognised when extinguished.

(A) Financial liabilities at fair value through profit or loss

This category comprises two sub-categories: financial liabilities classified as held for trading and financial liabilities designated by the Bank as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

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

(b) Other liabilities measured at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are deposits from banks or customers, debt securities etc.

2.2.3 Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on the Nigerian Stock Exchange.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry bank, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment. The fair value for loans and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

2.2.4 Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay
- The received cash flows is in full without material delay to a third party under a 'pass-through' arrangement; and either;
- the bank has transferred substantially all the risks and rewards of the asset, or
- the bank has neither transferred nor retained substantially all the risks and rewards of the

asset, but has transferred control of the asset.

When the bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the bank's continuing involvement in the asset. In that case, the bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the bank has retained.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new

Liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

2.2.5 Reclassification of financial assets

The Bank may choose to reclassify a non-derivative financial asset held for trading out of the held-for trading category if the financial asset is no longer held for the purpose of selling it in the near-term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Bank may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Bank has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

2.3 Offsetting financial instruments

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

2.4 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' and 'interest expense' in the statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.5 Fee and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or has retained a part at the same effective interest rate as the other participants. Commission and fees arising from negotiating or participating in the negotiation of, a transaction for a third party - such as the arrangement of the acquisition of shares or other securities are recognised on completion of the underlying transaction.

2.6 Dividend income

Dividends are recognised in the statement of comprehensive income in 'Dividend income' when the entity's right to receive payment is established.

2.7 Impairment of financial assets

The Bank assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

(a) significant financial difficulty of the issuer or obligor;

(b) a breach of contract, such as a default or delinquency in interest or principal payments;

(c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

(d) it becomes probable that the borrower will enter financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and

(ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The estimated period between a loss occurring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between 3 and 12 months; in exceptional cases, longer periods are warranted.

The Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Bank's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current

Conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Bank to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to customers are classified in loan impairment charges.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the profit or loss.

2.8 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The impairment test also can be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non-restricted current accounts with the central bank and amounts due from banks on demand or with an original maturity of three months or less.

2.10 Property and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	%
- Buildings	2
- Computers	20
- Furniture and Equipment	20
- Motor Vehicle	25
- Office Equipment	20
- Plant and Machinery	20
- Leasehold Improvement	20

The assets' residual values and useful lives are reviewed and prospectively adjusted if appropriate, at the end of each reporting period. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Increases in the carrying amount arising on revaluation of buildings are credited to other comprehensive income and shown as Revaluation surplus in the shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against Revaluation surplus directly in equity; all other decreases are charged to the profit or loss.

Property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' in the income statement in the year the asset is derecognised.

2.2 Income tax

(a) Current income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is realised.

Deferred income tax is provided on temporary differences except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Bank and it is probable that the temporary difference will not reverse in the forseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

2.3 Provisions

Provisions for restructuring costs and legal claims are recognised when: the Bank has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.4 Ordinary capital

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the bank's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the bank. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position date.

2.5 Employee Benefits

Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The company has a defined contribution scheme. The defined contribution scheme is funded by contributions from the company and employees. Funding under the scheme is 7.5% each by staff and the company based on annual basic salary, housing and transport allowances in line with the Pension Reform Act 2004.

Liabilities in respect of the defined contribution scheme are charged against the profit of the period in which they become payable. Payments are made to Pension Fund Administration Companies, who are appointed by respective staff of the Bank.

2.6 Investment in Associate

An associate is an entity over which the company has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights.

Investments in associate are accounted for by the equity method of accounting and are initially recognized at cost.

Intra group gains on transactions between the company and its associate are eliminated to the extent of the company's interest in the associate. Intra group losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.7 Investment Properties

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value.

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

Investment properties are land and buildings which are not occupied substantially for use in the operations of the Company. They are revalued periodically by external professional valuers.

The professional valuer holds the Financial Reporting Council (FRC) of Nigeria Registration Certificate.

3. FINANCIAL RISK MANAGEMENT

3.1 Introduction

AG Homes Savings & Loans Plc uses its financial skills to provide mortgage banking business to a broad range of customers.

Risk management is essential to help ensure business sustainability thereby providing customers and the shareholders with a long-term value proposition.

Key elements of risk management are:

- Strong corporate governance including relevant and reliable management information and internal control processes;
- Ensuring significant and relevant skills and services are available consistently to the company;
- Keeping abreast of technology and consumer trends and investing capital and resources where required.

The overall company focus within an appropriate risk framework is to give value to the customers through effective and efficient execution of trades.

The board of directors acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies.

3.2 Significant risks

The Company has exposure to significant risks which are categorised as follows:

- Regulatory (capital adequacy, legal, accounting and taxation);
- Business environment (reputation and strategic);
- Operational (people, information technology and internal control processes);
- Market (equity prices, interest rate and currency);
- Liquidity; and
- Concentration.

3.3 Discussion of significant risks

3.3.1 Regulatory risk

Regulatory risk is the risk arising from a change in regulations in any legal, taxation and accounting pronouncements or specific industry regulations that pertain to the business of the Company. In order to manage this risk, the Company is an active participant in industry and preferred bodies, such as The Chartered Institute of Bankers of Nigeria, and the Mortgage Bankers Association of Nigeria. (MBAN) and engages in discussions with policy makers and regulators.

3.3.1.1 Regulatory capital risk

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

Central Bank of Nigeria sets and monitors capital requirements for the Company. The Company is required to maintain a prescribed minimum level of risk adjusted capital of N100,000,000 calculated in accordance with such requirements as the Central Bank of Nigeria may from time to time prescribe.

The company's objectives in managing capital are:

- To safeguard the company's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for other stakeholders; and
- To provide an adequate return to the shareholder commensurately with the level of risk.

	2013	2012
	N	N
Regulatory minimum capital requirement	100,000,000	100,000,000
Actual qualifying capital	2,890,022,000	1,562,802,000
Actual capital ratio (times)	**29**	**16**

The Central Bank has increased the minimum capital requirement of Primary Mortgage Institutions (PMIs) to N2.5billion for PMIs operating at state level and N5billion for nationwide operational licence with effect from April 2013. The bank has commenced the process of raising additional capital by way of offer of Private Placement of 2,100,000,000 ordinary shares of 50 kobo each at N0.60. The completion board meeting of the Private Placement held on 19 March, 2013.
There is a balance of N793,237,900 on the deposit for shares account, which is not part of the actual qualifying capital stated above.

3.3.1.2 Legal risk
Legal risk is the risk that the company will be exposed to contractual obligations which have not been provided for.

The company has a policy of ensuring all contractual obligations are documented and appropriately evidenced to agreements with the relevant parties to the contract.

All significant contracted claims are reviewed by independent legal resources and amounts are provided for if there is consensus as to any possible exposure. At 31 December 2012, the directors are not aware of any significant obligation not provided for.

3.3.1.3 Taxation risk

Taxation risk is the risk of suffering a loss, financial or otherwise, as a result of an incorrect interpretation and application of taxation legislation or due to the impact of new taxation legislation on existing products.

Taxation risk occurs in the following key areas:
- Transactional risk;
- Operational risk;
- Compliance risk; and
- Financial accounting risk.

Transactional risk

The risk which concerns specific transactions entered into by the company, including restructuring projects and re-organisations.

Operational risk

The underlying risks of applying tax laws, regulations and decisions to the day-to-day business operations of the company.

Compliance risk

The risk associated with meeting the company's statutory obligations.

Financial accounting risk

The risk relates to the inadequacy of proper internal controls over financial reporting, including tax provisioning. In managing the company's taxation risk, the company's tax policy is as follows:
The company will fulfill its responsibilities under tax law in each of the jurisdictions in which it operates, whether in relation to compliance, planning or client service matters. Tax law includes all responsibilities which the company may have in relation to company taxes, personal taxes, capital gains taxes, indirect taxes and tax administration.

Compliance with this policy is aimed at ensuring that:

- All taxes due by the company are correctly identified, calculated, paid and accounted for in accordance with the relevant tax legislation;
- The company continually reviews its existing operations and planned operations in this context; and
- The company ensures that, where clients participate in company products/services, these clients are either aware of the probable tax consequences, or are advised to consult with independent professionals to assess these consequences, or both.

The identification and management of tax risk is the primary objective of the company tax function, and this objective is achieved through the application of a formulated tax risk approach, which measures the fulfillment of tax responsibilities against the specific requirements of each category of tax to which the company is exposed, in the context of the various types of activities the company conducts.

3.4.1.4 Accounting risk

Accounting risk is the risk that the company fails to explain the current events of the business in the financial statements.

Accounting risk can arise from the failure of management to:

- Maintain proper books and records, accounting systems and to have proper accounting policies;

- Establish proper internal controls system;
- Prepare periodic financial statements that reflect an accurate financial position; and
- Be transparent and fully disclose all important and relevant matters.

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

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

3.5.1 Business environment

3.5.1.1 Reputational risk

Reputational risk is the risk of loss caused by a decline in the reputation of the company or any of its specific business units from the perspective of its stakeholders, customers, staff, business partners or the general public.
Reputational risk can both cause and result from losses in all risk categories such as market or credit risk.
Customers expectations regarding service delivery is managed by regular communication and on-going reviews.

3.5.1.2 Strategic risk

Strategic risk is the risk of an unexpected negative change in the company value, arising from the adverse effect of executive decisions on both business strategies and their implementation.

This risk is a function of the compatibility between strategic goals, the business strategies developed to achieve those goals and the resources deployed to achieve those goals. Strategic risk also includes the ability of management to effectively analyse and react to external factors, which could impact the future direction of the relevant business unit.

3.5.2 Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. These controls are augmented by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning. The internal control systems and procedures are also subjected to regular internal audit reviews.

3.5.3 Market risk

Market risk includes asset liability matching risk, currency risk, interest rate risk and equity price risk.

Asset liability matching risk

Asset liability mismatches and market risks are assessed by means of a number of stress tests each designed to examine a different component of market and mismatch risk.

Liquidity requirements and cash resources are reviewed on a monthly basis by the asset liability matching and capital management committees.

The company's assets are relatively liquid with placement, listed equities and cash being easily realisable.

The company is exposed to market risk through its financial assets and financial liabilities. The most important components of this risk are interest rate risk, market price risk and currency risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

Interest rate and market price risk

These risks have very different impacts on the various categories of business used in the company's Assets and Liabilities Management framework. Interest rate and market price risk have been discussed together since they interact on certain types of liabilities.

Interest rate risk

Interest rate risk is the risk that the value and cash flow of a financial instrument will fluctuate due to changes in market interest rates.

Equity price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

Investments in all equities are valued at fair value and are therefore susceptible to market fluctuations.

3.5.4 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss to the other party by failing to discharge an obligation.

Key areas where the company is exposed to credit risk are:

- Certain classes of financial assets such as loan and advances, government securities, term deposits and cash and cash equivalents

Financial assets

Various debt instruments are entered into by the company in order to invest surplus shareholder funds. The company is exposed to the issuer's credit standing on these instruments. Exposure to outside financial institutions concerning financial instruments is monitored in accordance with parameters which have been approved by the company's Audit Committee and the company's board as mandated by the board of AG Homes Savings & Loans Plc.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments.

AG Homes Savings & Loans Plc is a registered financial service company and is required to hold minimum liquid capital. Central Bank of Nigeria is the regulatory authority that regularly reviews compliance with these minimum capital requirements.

AG HOMES
SAVINGS & LOANS PLC

NOTES TO THE FINANCIAL STATEMENTS

	31 Dec, 2013 N000	31 Dec, 2012 N000
4. Gross Income		
Interest Income	558,328	388,496
Net fees and commissions	31,860	37,539
Other operating incomes	67,590	87,235
	------------	------------
Gross earnings	**657,778**	**513,270**
Interest on staff loan	(59)	(150)
Profit on disposal of investments	(31,684)	-
Profit on disposal of fixed assets	(1,180)	(422)
Per cash flow statement	**624,675**	**512,698**
	=======	=======
4.1 Interest and Similar Income		
Analysis by Nature:		
Interest on term loans and overdrafts	390,125	230,684
Interest on mortgage loans	34,560	21,128
Interest on placements	133,584	136,534
Interest on staff loan	59	150
	------------	-----------
	558,328	**388,496**
	=======	=======
4.2 Analysis by Source:		
Interest income mortgage sources	424,685	251,812
Interest income non mortgage sources	133,584	136,534
Interest income staff loan	59	150
	------------	--------------
	558,328	**388,496**
	=======	=========
4.	**Interest Expenses**	
Savings accounts	11,170	6,504
Fixed deposit	106,942	66,433
FMBN Loan	64,995	45,899
	------------	------------
	183,107	**118,836**
	=======	=======

AG HOMES SAVINGS & LOANS PLC

NOTES TO THE FINANCIAL STATEMENTS

	N000	N000
5.1 Analysis by sources		
Interest expenses mortgage sources	86,375	40,309
Interest expenses non-mortgage sources	96,732	78,527
	-------------	------------
	183,107	**118,836**
	========	========
6. Other Income -Net Fees and Commissions		
Commissions	23,486	9,438
Fees	8,374	28,081
	------------	-----------
Net Fees & Commission Income	**31,860**	**37,519**
	=======	========
6.1 Analysis by sources		
Credit related commission	8,374	9,438
Commission on turnover	21,900	22,699
Non credit related commission	1,586	5,382
	------------	-----------
	31,860	**37,519**
	=======	=======
6. Operating Expenses		
Staff cost (note 7.1)	135,419	91,151
Subscription	2,510	1,587
Travelling	13,229	13,874
Motor Vehicle Operating and Maintenance	16,069	6,691
Repairs and Maintenance of Equipment	16,198	6,294
Other Professional Fees	20,359	7,529
Security Expenses	8,257	2,966
Insurance	4,756	1,993
Postage Telephone & Telex	5,956	3,291
Advertisement & Business Promotion	7,762	9,008
Staff Training	5,847	5,037
Audit Fee	5,000	5,000
Entertainment	5,057	3,959
Bank charges	7,568	8,432
Printing & Stationery	2,831	2,906
Newspaper & Periodicals	555	43
Water & Electricity	2,918	8,817
Hotel& Accommodation	7,840	9,508
Office Expenses	30,978	23,602
NDIC Premium	4,500	8,166
Medical	446	125
Rent	14,354	8,667
Penalty	350	45
	-------------	-----------
	318,759	**228,691**
	=======	========

NOTES TO THE FINANCIAL STATEMENTS

7.1 Staff Costs

	31 Dec, 2013 N000	31 Dec, 2012 N000
Staff costs (including directors) comprise:		
Wages and Salaries	131,458	88,410
Defined Contribution pension cost	3,902	2,591
Interest on staff loan	59	150
	135,419	**91,151**

8. Depreciation and amortisation charges

	31 Dec, 2013 N000	31 Dec, 2012 N000
Depreciation	24,491	14,964
Amortisation	1,259	351
	25,750	**15,315**

9. Other Operating Income

	31 Dec, 2013 N000	31 Dec, 2012 N000
Profit on Disposal of assets	31,684	422
Commission	1,841	1,534
Income on Real Estate Investment	34,065	60,037
	67,590	**61,993**

10.Cash and Cash Equivalent

	31 Dec, 2013 N000	31 Dec, 2012 N000
Cash	33,620	25,651
Balances with Banks & Other Financial Institutions	75,733	103,655
	109,353	**129,306**

11. Government Securities

	31 Dec, 2013 N000	31 Dec, 2012 N000
Treasury bills: - Held to maturity	**10,318**	**23,680**

12. Due from other banks

	31 Dec, 2013 N000	31 Dec, 2012 N000
Placement with Banks	**1,749,760**	**1,018,520**

	31 Dec, 2013 N000	31 Dec, 2012 N000
13. Mortgage, Other Loans and Advances		
Loans and Advances	2,795,687	2,328,472
Provision for impairment	(205,783)	(136,588)
	2,589,904	**2,191,884**
13.1 Impairment Loss		
As at January	83,671	31,306
Additions for the period	51,447	52,365
As at December	135,118	83,671
Interest in suspense	70,665	52,917
	205,783	**136,588**
13.2 Analysis by Security		
Secured against real estate	1,524,369	1,388,289
Otherwise secured	1,267,694	680,849
Unsecured	3,624	259,334
	2,795,687	**2,328,472**

13.3 Analysis by Type:	**31 Dec, 2013 N000**	**31 Dec, 2012 N000**
Mortgage loans	1,524,369	1,388,289
Other advances	1,271,318	940,183
	2,795,687	**2,328,472**
13.4 Analysis by Maturity		
Under 1 month	-	-
3 to 6 months	229,886	607,801
6 to 12 months	1,267,694	423,916
Over 12 months	1,298,107	1,296,755
	2,795,687	**2,328,472**

		31 Dec, 2013 N000	31 Dec, 2012 N000
13.5 **Analysis by performance**			
Performing		1,875,539	1,805,626
Watchlist		95,660	176,370
Substandard		645,726	234,567
Doubtful		130,648	44,590
Lost		48,114	67,319
		2,795,687	**2,328,472**
		========	========

14. Investment Securities- available for sale

		31 Dec, 2013 N000	31 Dec, 2012 N000
Equity securities: Listed		**50,734**	**167,588**
		========	======

14.1 Movement in investment securities

		31 Dec, 2013 N000	31 Dec, 2012 N000
At beginning of year/period		167,588	122,194
Value of asset disposed cost	98,509		-
Fair value gain	21,920		-
		(120,429)	-
At end of year/period		47,159	122,194
Fair value gain		3,574	45,394
		50,734	**167,588**
		======	=======

15. Investments in Associate Company

	31 Dec 2013	31 Dec 2012
At beginning of year/period	70,365	25,375
Share of profit/(loss) of associate	4,176	(917)
Share of revaluation surplus of the associate	-	45,907
	-----------	-----------
At end of year/period	**74,541**	**70,365**
	=======	=======

The company holds 30% interest in Evangel Properties Limited, a property development company based in Lagos. On conversion to IFRS reporting framework, AG Homes accounted for this investment Using equity method as stipulated by International Accounting Standard (IAS) 28 Investment in Associate.

16. **Other Assets**

Accrued interest receivable	130,363	24,456
Other prepayments	13,799	17,089
Inter branch account system	737	1,023
Head office inter branch	59,622	130,449
Deposit with branches	35,136	-
NHF repayments	14,354	14,221
Bank Charges	7,089	7,089
Interest receivables- mortgage loans	14,127	64,976
Share offer expenses (16.1)	19,520	4,025
Other investments	5,529	5,529
	300,276	**268,857**

16.1 The balance on the share offer expenses is in respect of expenses incurred on the proposed private placement of the Bank. The expenses will be charged upon the completion of the private placement.

17. **Investment Properties**

At 1 April	2,206,493	399,023
Additions	156,147	933,099
Disposal/transfer	(756,500)	-
Revaluation surplus	-	874,371
	1,606,140	**2,206,493**

Two properties valued at N750,000,000 were transferred to the company by Assemblies of God Ministers' Benefit Scheme in 2012 and Messrs. Monday Ubani & Co had been instructed to register the executed deed of assignment as at the end of that year.

AG HOMES SAVINGS & LOANS PLC
SCHEDULE OF REVALUATION AS AT 31 DECEMBER, 2012

Location	Cost ₦	Date of Valuation	Market Value ₦	Revaluation Surplus ₦
River view Estate Isheri North Lagos	114,758,101	29-Jun-12	200,000,000	85,241,898
Plot 14 & 15 Extension, Trans Ekulu Pocket Layout Enugu North LGA, Enugu State.	58,471,300	29-Jun-12	350,000,000	291,528,700
Ogbeke Ibagwa Estate Enugu East LGA, Enugu State	16,196,250	29-Jun-12	150,000,000	133,803,750
Plot of Land at Ajiran Lekki, Eti-Osa LGA, Lagos State.	83,292,170	29-Jun-12	324,000,000	240,707,830
Evangel Estate Ofada, Papalanto Road	237,694,508	23 Oct, 2012	329,000,000	91,305,492
Evangel Estate Ikorodu	10,216,664	29-Jun-12	42,000,000	31,783,336
Admiralty Way Lekki	200,000,000	v	200,000,000	-
96, Opebi Road Lagos	550,000,000	v	550,000,000	-
Satelite Properties	15,000,000	v	15,000,000	-
CBN Properties Lagos	27,930,827	17-Sept-12	27,930,827	-
FHA Lugbe Abuja	6,500,000		6,500,000	-
Ajao Estate	12,062,100	19-Sept-12	12,062,100	-
Total	**1,332,121,920**		**2,206,492,927**	**874,371,007**

However, during the financial year ended 31 December, 2013, Admiralty Way, Lekki valued at N200,000,000 which was deposited for the purchase of shares was returned to the depositors in exchange for cash while AG Homes Savings and Loans Plc purchased No.96, Opebi Road, Lagos for cash of N550,000,000. The property at FHA Lugbe Abuja (N6,500,000) was disposed off during the year.

18. Property, Plant and Equipment

	Leasehold Improvement	Land and Buildings	Plant and Machinery	Office Equipment and Computers	Furniture and Fittings	Motor Vehicles	Total
Cost/Valuation	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
At 1 January, 2013	32,962	43,046	13,945	21,535	42,801	70,378	224,667
Additions	1,954	550,445	4,497	2,218	5,693	24,285	589,092
Adjustment/Disposal	-	-		-	-	(9,195)	(9,195)
At 31/12/2013	**34,916**	**593,491**	**18,442**	**23,753**	**48,494**	**85,468**	**804,564**
Accumulated depreciation							
At 1 January, 2013	23,670	3,275	13,761	14,968	34,759	42,094	132,527
Charge for the year	2,241	1,785	224	1,937	3,140	15,164	24,491
Disposal	-	-	-	-	-	(9,195)	(9,195)
At 31/12/2013	**25,911**	**5,060**	**13,985**	**16,905**	**37,899**	**48,063**	**147,823**
Net Book Value:							
At 31 December, 2013	**9,005**	**588,431**	**4,457**	**6,848**	**10,595**	**37,405**	**656,741**
At 31 December, 2012	**9,292**	**39,771**	**184**	**6,567**	**8,042**	**28,284**	**92,140**

19. **Intangible Assets Purchased computer software**

Cost		
At beginning of year/period	11,808	5,250
Additions	2,099	6,558
At end of the year/period	**13,907**	**11,808**
Amortization		
At beginning of year/period	5,590	5,239
Charged for the period	1,259	351
At end of the year/period	6,849	**5,590**
Net book value	**7,058**	**6,218**

20. Customers' Deposits

Analysis by Category		
Current	594,015	607,801
Savings	331,120	297,504
Time	825,782	764,583
	1,750,917	**1,669,888**
Analysis by Maturity		
Under 1 month	925,135	905,305
1 - 3 Months	-	-
3 - 6 Months	-	-
6 - 12 Months	825,782	764,583
Over 12 Months	-	-
	1,750,917	**1,669,888**

	31 Dec, 2013 N000	31 Dec, 2012 N000
21.Borrowings from FMBN		
At beginning of year/period	1,484,402	1,001,792
Additions	67,450	535,130
Repayments	(46,881)	(52,520)
	1,504,971	**1,484,402**

Amount represents long term loan secured from the Federal Mortgage Bank of Nigeria (FMBN) for onward disbursement to customers under the National Housing Scheme.

	31 Dec, 2013 N000	31 Dec, 2012 N000
22. Employees Benefits		
Movement in the defined contribution liability recognised in the balance sheet:		
At start of year/period	3,431	1,610
Charge to income statement	7,804	5,182
Contributions remitted	(6,102)	(3,361)
At end of year/period	**5,133**	**3,431**
23.Taxation (23.1)	**18,066**	**43,839**
23.1 Current Taxation		
Income tax charge	12,755	37,062
Education tax	2,191	2,781
	14,946	39,843
Deferred tax liabilities	33,742	3,996
Deferred tax assets	(30,622)	-
Charge for the year	**18,066**	**43,839**

23.2 The tax charged on the profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate. This is explained as follows: -

	31 Dec, 2013	31 Dec, 2012
	N000	N000
Profit before tax	**86,465**	**71,884**
Tax calculated at the statutory rate of 32%	27,669	23,003
Tax effect of:		
Disallowable expenses	8,734	21,487
Capital allowances	(21,457)	(4,647)
Tax expense	**14,946**	**39,843**
Effective tax rate	**17%**	**41%**

23.3 Statement of Financial Position

	31 Dec, 2013	31 Dec, 2012
Balance brought forward	54,182	29,486
Based on the profit the year/period	14,946	39,843
Paid during the year/period	(14,285)	(15,147)
	54,843	**54,182**

23.4 Deferred Tax Liabilities	31 Dec, 2013	31 Dec, 2012
	N000	N000
Balance brought forward	11,501	6,235
Charged during the year/period	33,742	3,996
Previous adjustment	-	1,270
	45,243	**11,501**

23.5 **Deferred tax assets**

	31 Dec, 2013	31 Dec, 2012
Balance brought forward	-	-
Arise during the year	30,622	-
	30,622	-

	31 Dec, 2013 N000	31 Dec, 2012 N000
24.**Other Liabilities**		
Accounts payable	21,931	27,308
Interest accrued	30,918	12,520
Unidentified deposit	5,883	7,915
Provision for infrastructures	19,604	19,822
Deposit from Head office	-	50,000
Provision for rent	-	1,500
Deposit for real estate	36,426	39,029
Statutory deductions	15,066	12,312
Information Technology Levy (note 24.1)	3,714	4,020
Cash overage	15	8
Others	7,524	7,974
	141,081	**137,408**

24.1 Information Technology Levy		
At start of the year/period	4,020	3,049
Additions	829	971
Payment	(1,135)	-
	3,714	**4,020**

The Nigerian Information Technology Development Agency (NITDA) Act was signed into law on 24 April, 2007. Section 12(2a) of the Act stipulates that specified companies contribute 1% of profit before tax to the Nigerian Information Technology Development Agency. In line with the Act, the, company.

25. **Authorized Share Capital**	31 December, 2012 N'000	31 March, 2012 N'000
10,000,000,000 Ordinary Shares of 50k each	**5,000,000**	**5,000,000**

Issued and fully paid	31 Dec, 2013 N000	31 Dec, 2012 N000
At start of year/period	500,000	500,000
Issued during the year	1,050,000	-
3,100,000 ordinary shares of 50k each	**1,550,000**	**500,000**

During the year, a special placement of 2,100,000,000 ordinary shares of 50k at 60k per share was made to sundry shareholders. The allotment had been filed with the Securities and Exchange Commission (SEC). Although the allotment had been approved by the Board, it was, yet to be filed with the Corporate Affairs Commission as at the year end.

26. Share Premium

At start of year/period	13,210	13,210
Addition during the year	210,000	-
At 31 December	**223,210**	**13,210**
	======	========

A special placement of 2,100,000 ordinary shares of 50k was made at a premium of 10k per Share during the year.

27. Deposit for shares	**31 Dec. 2013 N'000**	**31 Dec. 2012 N'000**
At start of year/period	1,251,437	1,437
Additional deposit	801,800	1,250,000
Allotted during the year	(1,260,000)	-
	--------------	-------------
At end of period	**793,237**	**1,251,437**
	========	========

As at 27 December, 2013, relevant resolution had been passed by the Board to further increase the paid up share capital of the company. The Central Bank of Nigeria had also verified and accepted by its letter of 27 December, 2013 to Securities and Exchange Commission (SEC), a total share capital increase of N2,052,637,407 f or the bank.

28. General Reserve

At beginning of year/period	(4,098)	(36,977)
Transfer from statement of comprehensive income	51,197	16,607
Transfer from regulatory risk reserve	(28,684)	16,272
Transfer from revaluation reserve (note 30) disposal of investment	21,920	-
	-----------	------------
At end of year/period	**40,335**	**(4,098)**
	=======	========

29.**Statutory Reserve**

At start of year/period	63,832	53,365
Additions during the year	12,799	10,467
	------------	----------
At end of year/period	**76,631**	**63,832**
	=======	======

Transfer to statutory reserve is made at 20% of profit after tax in line with prudential Guidelines issued by the Central Bank of Nigeria (CBN).

30.

		Revaluation reserve		
	Investment Properties	**Available for sale investment securities**	**Associate company**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Brought forward	874,371	20,133	45,907	940,411
Fair value adjustment	(350)	3,574	-	3,224
Disposal of investment (note 28)	-	(21,920)	-	(21,920)
As at 31 December	874,021	1,787	45,907	921,715
	======	======	======	======

Fair value adjustment on investment properties relates to some costs incurred on the Isheri North property previously credited to revaluation reserves now reversed.

31. Regulatory Credit Risk Reserve

Balance brought forward	49,447	65,719
Movement	43,684	(16,272)
	93,131	**49,447**
Less recoveries	(15,000)	-
	78,131	**49,447**

	31 Dec, 2013	**31 Dec, 2012**
	N000	**N000**
32. Directors' emoluments		
Fees	1,100	825
Sitting Allowance	10,453	4,844
Other emoluments	31,042	22,213
	42,595	**27,882**
Chairman	**1,520**	**1,025**
Highest paid director	**17,118**	**12,107**

The number of Directors excluding the Chairman whose emoluments were within the Following ranges were

	31 Dec, 2013	**31 Dec, 2012**
	Number	**Number**
500,000 - 1,000,000	1	-
1,000,001 - 1,200,000	-	1
1,200,001 - 1,400,000	1	1
3,000,000- 5,000,000	1	1
11,900,001 - 32,000,000	2	2
	5	**5**

Employees Remuneration at higher rates and staff costs

The number of employees in receipt of emoluments excluding allowances and pension within the following ranges were:

Below 60,000	-	-
60,001 - 120,000	-	-
120,001 - 200,000	4	2
200,001 - 250,000	6	4
250,001 - 300,000	3	3
300,001 - 400,000	3	3
400,001 - 500,000	12	9
500,001 - 750,000	20	18
750,001 - 1,000,000	3	3
1,000,001 - 1,150,000	3	3
1,150,001 and above	12	12
	-------	------
	66	**57**
	====	====

	31 Dec, 2013 N000	31 Dec, 2012 N000
The average number of persons employed during the year was as follows		
Managerial	15	15
Senior	21	16
Junior	30	26
	------	-------
	66	**57**
	====	====

33.Earnings Per Share

Net profit attributable to shareholders (N'000)	67,534	27,074
Number of ordinary share in issue as at year End (thousands)	3,100,000	1,000,000
Time weighted average number of ordinary shares in issue (thousands)	3,100,000	1,000,000
Basic Earnings Per Share (kobo)	2	3

34. Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash and non-restricted balances with central banks, eligible treasury bills, operating account balances with other banks, amount due from other banks and short-term government securities

	31 Dec, 2013 N000	31 Dec, 2012 N000
Cash and balances with other banks	109,353	129,306
Other banks	1,749,760	1,018,520
	-------------	-------------
	1,859,113	**1,147,826**
	=======	========

35. Guarantees and Other Financial Commitments

The Directors are of the opinion that there are no known commitments and liabilities which are relevant in assessing the state of affairs of the company during the period under review.

36. Contravention

The company did not contravene any aspects of the Central Bank of Nigeria rules, regulations and guidelines during the period and no penalty was paid.

37. Contingent Liabilities

The Directors are of the opinion that there are no known contingent liabilities as at the end of the period.

38. Related Party Transactions

The company has related party transactions where one or more of its directors are also directors of company whose facilities were outstanding at year end.

39. Foreign Currency Transactions

The company has no transaction denominated in foreign currency within the reporting period.

40. Comparative figures

Certain figures in the 2012 financial statements were regrouped to conform with the current year's presentation.

41. Approval of financial statements

These financial statements were approved by the Board of Directors on 28 April, 2014.

STATEMENT OF VALUE ADDED

FOR THE YEAR ENDED 31 DECEMBER, 2012

	2013 N'000	%	2012 N'000	%
Gross earnings	663,473		513,270	
Other Comprehensive income	(350)		940,410	
Interest expenses	(183,107)		(118,836)	
	480,016		1,334,844	
Overhead and payment for other services	(235,956)		(1,156,494)	
Value added	244,060	100	178,350	100
	======	===	======	===
Applied as follows:				
In payments to employees:				
Salaries and benefits	135,419	56	91,151	51
In payment to Government				
Current taxation	14,946	6	39,843	22
ITDF	829	-	971	1
Retained for future maintenance of Assets and expansion of business:				
Deferred taxation	3,120	1	3,996	2
Depreciation and amortization	25,750	11	15,315	9
Statutory reserves	12,799	5	10,467	6
Profit retained for the year	51,197	21	16,607	9
Value added	244,060	100	178,350	100
	======	====	======	===

AG HOMES
SAVINGS & LOANS PLC

FIVE-YEAR FINANCIAL SUMMARY

YEAR ENDED 31 DECEMBER, 2013

	IFRS 31 Dec 2013 N'000	IFRS 31 Dec 2012 N'000	IFRS 31 March 2012 N'000	IFRS 31 March 2011 N'000	NGAAP 31 March 2010 N'000	NGAAP 31 March 2009 N'000
Assets						
Cash and Short Term Funds	109,353	129,306	268,641	386,016	1,182,547	1,451,102
Government securities	10,318	23,680	49,993	-	-	-
Due from other Banks	1,749,760	1,018,520	1,129,171	622,990	-	-
Loans and Advances	2,589,904	2,191,884	1,423,412	677,467	406,371	537,094
Investments	50,734	167,588	121,884	147,145	586,355	480,481
Investment in Associate	74,541	70,365	25,375	26,953	-	-
Other Assets	300,276	268,857	155,023	71,028	59,217	261,613
Investment properties	1,606,140	2,206,493	399,023	377,860	-	-
Deferred tax asset	30,622	-	-	-	-	-
Property and equipment	656,741	92,140	58,699	72,430	83,267	145,118
Intangible assets	7,058	6,218	11	11	-	-
	7,185,447	6,175,051	3,631,232	2,381,900	2,317,757	2,875,408
Liabilities						
Deposit and other accounts	1,750,917	1,669,888	1,899,397	1,626,642	1,455,908	1,817,605
Borrowings from FMBN	1,504,971	1,484,402	1,001,792	102,820	-	-
Employee benefit	5,133	3,431	1,610	1,424	-	-
Income tax	54,843	54,182	29,486	33,210	41,218	40,896
Deferred tax liabilities	45,243	11,501	6,235	4,943	5,925	7,506
Other liabilities	141,087	137,408	121,219	177,783	459,125	381,753
	3,502,188	3,360,812	3,059,739	1,946,822	1,962,176	2,247,760
Capital and reserves						
Share capital	1,550,000	500,000	500,000	500,000	500,000	500,000
Share premium	223,210	13,210	13,210	13,210	13,210	13,210
Deposit for shares	793,237	1,251,437	1,437	1,437	-	1,524
General reserves	40,335	(4,098)	(36,977)	(107,458)	(180,548)	89,995
Statutory reserves	76,631	63,832	53,365	22,919	22,919	22,919
Revaluation reserve	921,715	940,411	(25,261)	-	-	-
Regulatory credit risk reserve	78,131	49,447	65,719	4,970	-	-
Shareholders' fund	3,683,259	2,814,239	571,493	435,078	355,581	627,648
	7,185,447	6,175,051	3,631,232	2,381,900	2,317,757	2,875,408
Profit and loss account						
Gross earnings	657,778	513,270	567,548	396,908	432,597	393,239
Net interest margin	375,221	269,660	298,014	173,001	173,812	161,081
Profit/(loss) before taxation	82,891	70,913	154,974	18,888	(86,963)	9,542
Exceptional item	-	-	-	-	(182,839)	-
Taxation	(18,066)	(43,839)	(1,193)	(1,332)	(741)	(5,340)
Transfer to statutory reserve	(12,799)	(10,467)	(30,446)	-	-	-
Other comprehensive income	3,224	965,672	(25,261)	-	-	-
Profit/(loss) after tax and comp. income	51,197	982,279	96,524	17,556	(270,543)	4,202
Per share information						
Basic earnings / (loss) per share (kobo)	2k	3k	15k	1.8k	(27.05k)	0.42k
Net asset per share (kobo)	118k	281k	57k	43k	36k	63k
Diluted: Earnings/loss per share (kobo)	2k	1k	3k	1k	(8.7k)	-
Net asset per share (kobo)	118k	91k	18k	14k	11k	20k

Basic earnings/(loss) per share is calculated based on profit/(loss) after tax and the number of issued shares at the end of each financial year.
Net asset per share is based on the number of issued shares at the end of each financial year.

PROXY FORM

**ANNUAL GENERAL MEETING TO BE HELD AT 11.00 A.M.
ON WEDNESDAY, THE 6TH DAY OF MAY 2015 AT RENAISSANCE HOTEL,
172, OBAFEMI AWOLOWO WAY, ALAUSA, IKEJA, LAGOS STATE.**

I/WE ________________________________

(Name of shareholder in block letters)

Being a member/members of the above named company, hereby appoint

________________________________ or failing him, the Chairman of the meeting as my/our proxy to act and vote for me/us and on my/our behalf at the 9th Annual General Meeting of the company to be held on 6th May, 2015 and at any adjourned date thereof.

Dated this _____ day of ___________ 2015

Shareholder's Signature ____________________

IF YOU ARE UNABLE TO ATTEND THE MEETING

A member (Shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by proxy. The above proxy form has been prepared to enable you exercise your right to vote, in case you cannot personally attend the meeting.

Please sign this proxy form and forward it so as to reach the office of the Secretary, 96 Opebi Road, Ikeja, Lagos, not later than 48 hours before the time fixed for the meeting. If executed by a Corporation, the proxy form should be duly executed by the appointor.

It is a requirement of the law under the Stamp Duties Act CAP S8, Laws of the Federation of Nigeria, 2004 that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must be stamped by the Commissioner for Stamp Duties.

	The manner in which the proxy is to vote should be indicated by inserting "X" in the appropriate box space.		
	Number of Shares		
	ORDINARY RESOLUTIONS	FOR	AGAINST
1	That the audited financial statements of the Company for the year ended 31st December 2013 and the reports of the Directors and Auditors thereon and the Audit Committee Reports	……..	…………………
2	To elect as Directors: 1.Rev. Chidi Okoroafor PHD 2.Rev. Ejikeme Ejim 3.Mr. Sally Biose	……..	…………………
3	That the appointment of the independent auditors, Baker Tilly Nigeria, for the 2014 financial year be renewed and that the Directors be authorized to fix the remuneration of the Auditors	……..	…………………
4	That members of the Audit Committee be re-elected for the year 2014	……..	…………………
5	To declare a dividend	……..	…………………
	SPECIAL RESOLUTIONS		
6	That the name of the Company be changed from AG Homes Savings & Loans Plc to AG MORTGAGE BANK PLC	……..	…………………
7	That the Directors of the Company be authorized to take such incidental consequential and supplemental actions, including amendment of the Memorandum and Articles of Association as may be necessary to give effect to the change of name of the Company	……..	…………………
	Please indicate with an "X" how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, your proxy will vote or abstain from voting at his discretion		

The proxy must produce the Admission Card below to obtain entrance to the meeting.

***AG HOMES SAVINGS & LOANS PLC
9TH ANNUAL GENERAL MEETING
ADMISSION CARD***

Please admit the shareholder named on this card or his duly appointed proxy to the 9th Annual General Meeting of the Company to be held on 6th May, at Renaissance Hotel, Awolowo Way, Alausa Ikeja, Lagos State.

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This admission card must be presented By the shareholder in order to obtain entrance to the Annual General Meeting

____
Name of Shareholder

____
Name of Proxy

____
Number of shares held

____
Signature