This document is important and should be read carefully. If you are in any doubt about its content or the action to be taken, please consult your Stockbroker, Accountant, Banker, Solicitor or any other professional adviser for guidance immediately. For information concerning certain risk factors which should be considered by prospective investors, see "risk factors" on page 16 hereof.

AG MORTGAGE BANK PLC

Offer by Way of Rights Issue

4,319,466,668

Ordinary Shares of 50 Kobo At 60 Kobo Per Share

On the basis of fourteen (14) new ordinary share for every ten (10) ordinary shares of 50 Kobo each held as at the close of business on August 29, 2016

Payable In Full On Application

Application List Opens on November 8, 2016
Application List Closes on December 5, 2016

Issuing House

KEDARI Capital RC 761231

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This Rights Circular is dated November 1, 2016

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DEFINITIONS

In this document, unless otherwise stated or clearly indicated by the context, the following words have the meanings stated opposite them.

"AG Mortgage" or "the Company"	AG Mortgage Bank Plc
"Brokerage"	Commission payable to Receiving Agents in respect of returns bearing stamps and duly allotted
"Directors"	The members of the Board of Directors of AG Mortgage Bank Plc, who at the date of this document, comprise those persons whose names are set out on page 10 of this Rights Circular
"Issuing House"	Kedari Capital Limited
"Kedari"	Kedari Capital Limited
"LFN"	Laws of the Federation of Nigeria 2004
"NSE" or "The Exchange"	Nigerian Stock Exchange
"PariPassu"	Equally in all respects
"Parties to the Issue"	Professionals engaged, whose roles will ensure the success of the Rights Issue
"PAT"	Profit After Tax
"PBT"	Profit before Tax
"Receiving Banker"	Access Bank Plc
"Registrars"	Cardinal Stone Registrars Limited
"Rights Circular"	The legal document through which the Rights Issue are being made to the existing shareholders of the Company.
"SEC" or "The Commission"	Securities & Exchange Commission
"The Issue"	The Rights Issue of 4,319,466,668 ordinary shares of 50 kobo each at N0.60kobo per share on the basis of Fourteen (14) new ordinary shares for every Ten (10) ordinary shares held as at August 29, 2016.
"Working Day"	Any day other than a Saturday, Sunday or official public holiday in Nigeria
"NASD OTC Market"	National Association of Securities Dealers Over The Counter Market – The OTC Securities Exchange

CORPORATE DIRECTORY

HEAD OFFICE
AG Mortgage Bank Plc
96, Opebi Road,
Ikeja,
Lagos.

Enugu Branch
2 Okpara Avenue
Enugu
Enugu State.

Abuja Branch
Federal Mortgage Bank of Nigeria
District, Wuse,
Abuja

Surulere Cash Center
12A Ogunlana Drive
Surulere,
Lagos.

Apapa Cash Center
Festac Tower
2nd Avenue, 22 Road
Beside Mr. Biggs
Festac Town,
Lagos.

ABRIDGED TIMETABLE

Date	Activity	Responsibility
November 8 2016	Acceptance List Opens	Kedari/Registrars
December 5, 2016	Acceptance List Closes	Kedari/Registrars
December 9, 2016	Receiving Agents make Return	Kedari/Registrars
December 12, 2016	Forward allotment proposal and draft newspaper advertisement to SEC	Kedari
December 30, 2016	Receive SEC clearance of Allotment Proposal	Kedari
January 2, 2016	Payment of Net proceeds of the Offer to the Issuer	Kedari
January 5, 2016	Allotment Announcement	Kedari
January 12, 2016	Return Rejected application monies	Kedari
January 18, 2017	Distribution of Share Certificates	Registrars
January 30, 2017	Forward Summary Report of Issue to SEC	Kedari/Registrars

SUMMARY OF THE ISSUE

The following information should be read in conjunction with the full text of the Rights Circular from which it is derived.

Issuer: AG Mortgage Bank Plc ("AG Mortgage")

Issuing House: Kedari Capital Limited ("Kedari")

Share Capital:

Authorized: N5,000,000,000.00 made up of 10,000,000,000 Ordinary Shares of 50 Kobo each

Issued and fully paid: N1,542,666,667.00 made up of 3,085,333,334 Ordinary Shares of 50 Kobo each

Now being offered: 4,319,466,668 Ordinary shares of **N**0.50 Kobo each at **N**0.60 Kobo per share by Way of Rights Issue.

Gross Issue Proceeds: N2,591,680,001.00

Method of Issue: By way of Rights Issue

Offer Price: N0.60 Kobo

Payment: In full on Acceptance

Purpose:

The Rights Issue is undertaken to enable AG Mortgage shore up its capital base to meet the minimum capital requirement of the Central Bank of Nigeria for operation as a National Primary Mortgage Bank. The minimum capital requirement is N5,000,000,000.00.

Utilization of Offer Proceeds: The estimated net proceeds of N2,538,517,019.00 from this Rights Issue after deduction of the gross issue costs estimated at **N**53,162,982.00 (representing 2.05% of the gross offer proceeds) will be utilized as follows:

S/N	*Activities*	N	%	Gestation Period
1	**Additional Investment Mortgage Assets1.**	**1,774,000,000.00**	**70%**	**36months**
2	**Working Capital**	**764,517,019.00**	**30%**	**Continuous**
	Total	**2,538.517,019.00**	**100%**	

[1]Investment in Mortgage Assets represents mortgages to be funded in Marvel Height Estate Isheri Lagos, Evangel Estate Gwarinpa Abuja, The Shopper Arcade Abuja and Sam Nujoma Estate Abuja.

SUMMARY OF THE ISSUE

Provisional Allotment:	Fourteen (14) new ordinary shares for every ten (10) ordinary shares of 50 kobo each held as at August 29, 2016. Rights not taken up (and which have not been traded by shareholders) will be allotted to shareholders who have applied for additional shares above their provisional allotment, on a basis determined by the Directors. The NASD OTC Platform is available for shareholders to trade their Rights commencing when the Issue opens.
Opening Date:	November 8, 2016
Closing Date:	December 5, 2016
Market Capitalization: Rights Issue Price (Pre-Offer)	N1,851,200,000.40
Market Capitalization: Rights Issue Price (Post-Offer)	N4,442,880,000.96
Quotation:	Application has been made to NASD OTC platform for listing of the shares of the Bank.
Status:	The new shares will rank *pari-passu* in all respects with the existing Ordinary Shares of AG Mortgage Bank Plc but shall qualify for any dividend declared for the year ending 31st December, 2016. The shares also qualify as Securities in which Trustees may invest under the Trustees Investment Act Cap 449 LFN 2004.
Claims & Litigations:	AG Mortgage Bank Plc is currently involved in Four (4) pending suits. Two (2) of the cases were instituted by the Bank and the other two (2) instituted against the Bank. A review of these cases was conducted with a view to confirming their status and ascertaining the "Contingent Liability" of the Bank. The total amount involved in the Bank's Claims and Litigation, sums up to the tune of N62,190,400.31 (Sixty-Two Million, One Hundred and Ninety Thousand, Four Hundred Naira, Thirty One Kobo). However, the eventual quantum of the liabilities will be determined by the courts. The Solicitors to the Offer are of the opinion that the Claims and Litigation are not likely to have any material adverse effect on AG Mortage Bank Plc, or the Rights Issue and are not aware of any pending and/or threatened Claims or Litigation involving the Bank other than those disclosed above.

SUMMARY OF THE ISSUE

Financial Summary:

Year Ending	IFRS 31 Dec 2015	IFRS 31 Dec 2014	IFRS 31 Dec 2013	IFRS 31 Dec 2012	IFRS 31 Mar 2012
	N'000	N'000	N'000	N'000	N'000
Gross earnings	637,032	688,070	657,778	513,270	567,548
Profit Before Tax	114,622	84,858	82,891	70,913	154,974
Profit After Tax	75,162	72,018	51,197	982,279	96,524
Paid-Up Share Capital	1,542,667	1,542,667	1,542,667	500,000	500,000
Net Assets	2,987,420	3,773,281	3,683,259	2,814,239	571,493
Total Assets	9,592,431	7,475,814	7,185,447	6,175,051	3,631,232
Earnings per share (Kobo)	2k	3k	2k	3k	15k

Indebtedness: As at the date of this Rights Circular, AG Mortgage Bank Plc had no outstanding debentures, mortgages, loans, charges or similar indebtedness other than those incurred in the ordinary course of business.

DIRECTORS, SECRETARY & OTHER PARTIES TO THE ISSUE

Directors:

Rev. Vincent Alaje (Ag. Chairman)
AG Mortgage Bank Plc
96, Opebi Road,
Ikeja,
Lagos.

Ngozi Anyogu

Mr. 'Tony Okechukwu Ewelike (Managing/CEO)
AG Mortgage Bank Plc
96, Opebi Road,
Ikeja,
Lagos.

Rev. Chidi Okoroafor (Director)
AG Mortgage Bank Plc
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Ngozi Anyogu

Barr. Patrick Chinweike Abuka (Director)
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Ikeja,
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Barr. Danjuma Suleman (Director)
AG Mortgage Bank Plc
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Ngozi Anyogu

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AG Mortgage Bank Plc
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Ngozi Anyogu

Mr. Biose Sally (Director)
AG Mortgage Bank Plc
96, Opebi Road,
Ikeja,
Lagos.

Ngozi Anyogu

Mr. Ngozi Anyogu (Executive)
AG Mortgage Bank Plc
96, Opebi Road,
Ikeja,
Lagos.

Company Secretary:

Anthony Okonmah
AG Mortgage Bank Plc
96, Opebi Road,
Ikeja,
Lagos.

DIRECTORS, SECRETARY & OTHER PARTIES TO THE ISSUE

Registered Address:	**AG Mortgage Bank Plc** 96, Opebi Road, Ikeja, Lagos. Tel: 234 1 2704634, 4973823, 4703474 Website: www.agmortgagebankplc.com
Issuing House:	**Kedari Capital Limited** 8A, Ojora Close, Off Idowu Martins Street, Victoria Island, Lagos.
Auditors:	**Baker Tilly Nigeria (Chartered Accountants)** 4th Floor Kresta Laurel Complex 375 Ikorodu Road Maryland, Ikeja Lagos
Solicitors to the Issue:	**Tokunbo Orimobi LP** 5th Floor, 72, Broad Street, Lagos Michael Orimobi
Registrars:	**Cardinal Stone Registrars Limited** 358, Herbert Macaulay Way, Yaba, Lagos. Judith Adebomi
Receiving Bank:	**Access Bank Plc** Plot 1665 Oyin Jolayemi Street Victoria Island, Lagos. Omolade Osibo

CHAIRMAN'S LETTER

The following is a text of a letter received by Kedari Capital Limited from Rev. Vincent Alaje, **Chairman**, Board of Directors of AG Mortgage Bank Plc:

30th October, 2015
To: All Shareholders

Dear Sir/Madam,

AG MORTGAGE BANK PLC ("AG MORTGAGE" OR "THE BANK") RIGHTS ISSUE OF 4,319,466,668 ORDINARY SHARES OF 50KOBO EACH AT N0.60 PER SHARE "THE ISSUE)

INTRODUCTION

As you are aware, AG Mortgage has commenced the execution of its long-term strategy that will drive the Bank's business forward, ensuring that in the years to come, AG Mortgage remains a dominant player in the mortgage banking Sector. You will recall that at our Bank's Annual General Meeting ("AGM") held on 17th October, 2012, you had authorized the Company to raise additional capital by way of Rights Issue and that the Board of directors decide terms of the capital raising exercise.

Further to this, I am pleased to inform you that the Board of Directors has approved a Rights Issue; all necessary arrangements regarding the Rights Issue have been made. The requisite approvals have been received from the Securities & Exchange Commission for the registration of the shares now being offered. It is important to note that the shares now being offered will rank pari passu in all respects with the existing issued shares of the Company.

On behalf of the Directors of AG Mortgage Bank Limited, I am pleased to provide you with the following information in connection with the Rights Issue of 4,319,466.668 Ordinary Shares of 50 kobo each in AG Mortgage at 60 kobo per share.

MACRO ECONOMIC ENVIRONMENT

In April 2014, Nigeria rebased its nominal GDP from the 1990 base year to 2010. As a result of the rebasing, Nigeria became the largest economy in Africa (surpassing South Africa) and the 26th largest economy in the world, with a nominal GDP of US$568.5 billion in 2014. In addition, real GDP growth post rebasing was 6.3% in 2014. The economy has enjoyed sustained economic growth for a decade, with annual real GDP increasing by about 7% in 2015. The non-oil sector has been the major driver of growth, with services contributing about 57%; manufacturing and agriculture, respectively contributed about 9% and 21%. Despite the decline in oil output as a result of oil theft and pipeline vandalism, Nigeria has recorded steady growth in GDP in recent years due to the strong performance of the non-oil sector. The economy is thus diversifying and is becoming more services-oriented, in particular through retail and wholesale trade, real estate, information and communication. Nigeria is also a significant exporter of cocoa, rubber and cassava, in addition to other significant natural resources.

The outlook for 2016 is moderate, with an estimated growth rate of 5% due to vulnerability given slow global economic recovery, oil-price volatility and global financial developments. The low oil price will lead to a sharp decline in fiscal revenues. However, the overall impact on non-oil sector GDP will be relatively muted. The sector is, thus, expected to remain the main driver of growth over the medium term and, in the light of the recent macroeconomic challenges, the government has adopted an adjustment strategy that hinges on tightening government spending and shoring-up non-oil revenues to compensate for dwindling oil revenues.

Addressing security issues remains a key challenge. Insurgency in the north-east and other parts of the country has negative implications for investment; it also may hamper the fight against poverty as well as increase crime. An increased number of both internally displaced persons and refugees in neighboring Cameroon and Niger have created a grave humanitarian situation. However, the current regional coalition force against Boko Haram appears to be making headway in subduing the insurgency. Overcoming geographical and socio-economic barriers is central to achieving inclusive growth and sustainable development. Addressing rural-urban differences to ensure more balanced development through job creation and societal transformation will be critical for Nigeria's future. This will need to be done within all the six geo-political zones, in addition to addressing inequalities across these zones. Though, there have been several policy initiatives aimed at territorial development in Nigeria, limited success has been achieved in addressing the fundamental causes of unevenness. The problem often lies with a structure of governance that gives room for developmental policy implementation at the federal, state and local levels of governance but not at the regional level.

Estimated Population (Million)	180.00
Policy Rate (%) August 2016	14.00
GDP Growth Rate (%) Q2, 2016	(2.06)
Inflation Rate (%) August 2016	17.61
Foreign Reserve ($' billion) August 2016	24.87
Exchange Rate August 2016	N305/$

Economic Indicators	2017	2018	2019	2020
GDP at market exchange rates (US$ billions)	680.20	740.00	805.10	879.20
Nominal GDP growth (%)	2.90%	8.80%	9.20%	8.50%
GDP per capita (US$ market exchange rates)	2,268	2,402	2,553	2,697
Average Consumer Price Index (CPI) (%)	8.50%	8.30%	8%	7.50%
Monetary policy rate (%; year-end)	12%	10%	10%	10%
Current account/GDP (%)	-0.10%	-0.10%	-0.80%	-0.80%
Population (million)	193.8	199.2	204.6	210.2
Total external debt (US$ billions)	14.8	15.2	15.9	16.6
Total external debt (% of GDP)	3.40%	3.20%	3.00%	2.90%
Exchange rate US$/N (average)	261.5	274	286	298

Source: Business Monitor International, World Bank

According to NBS, Services sector contributed the largest percentage to Nigeria's GDP as at Q1 2015. The contribution of Finance to real GDP totaled 3.52%, greater than the contributions recorded both in the opening quarter of 2014 and Q4 of the same year, which stood at 3.35% and 2.65% respectively.

Nigeria's fiscal deficit declined from ₦1,159 billion (1.8% of GDP) in 2011 to ₦976 billion (1.4% of GDP) in 2015. The deficit increased to ₦1,205 billion (1.8% of GDP) in 2014 from N1,153 in 2013 as a result of production shortfalls and increases in recurrent expenditure. The Federal government estimated fiscal deficit of N755 billion (0.79% of GDP) in its 2015 Annual budget as a result of declining oil prices and currency fluctuations.

Inflation

Inflation rate, as measured by the Consumer Price Index ("CPI"), currently stands at 15.58% as at May 2016. Inflation has remained in single digits, since August 2013 when it was 8.3% until February 2016 when it rose to 11.38% as a result of increase in prices driven by fuel scarcity and unavailability of foreign exchange.

Interest rates

The Monetary Policy Committee ("MPC") of the CBN kept the Monetary Policy Rate ("MPR") at 12.0% since October 2011. However, this was reviewed to 11% in 2015 by the MPC and subsequently 14% in July 2016.

In a bid to curb excess liquidity, the MPC further increased the CRR on public sector deposits to 75% in January 2014 while also raising the CRR on private sector deposits to 22.5%. The immediate effect of these increases was noticeable as cost of funds rose sharply in the Banking Industry leading to a consequent increase in bank debt financing across all sectors. The MPC recently revised the Monetary Policy Rate from 12% to 14% with asymmetric corridor at+200 basis points and -700 basis points in consideration of the underlying fundamentals of the economy, the evolving international political, economic and financial environment, developments in oil prices with the attendant effects on the foreign exchange market, as well as need to allow for unveiling of the economic agenda of the federal government.

Foreign Exchange

The Central Bank of Nigeria recently announced the re-introduction of a market driven two-way quote single Interbank Foreign Exchange (FX) Market. The new policy effectively removes controls on the naira, allowing increased dollar supply that would help strengthen the country's economy. The impact of this policy is expected attract foreign investments and eradicate the difference between the official and parallel market.

The present administration, led by President Mohammadu Buhari, is committed to creating a liberal, market-oriented economy driven mainly by the private sector, while focusing on the need to alleviate poverty and advance local production as well as eradicating corruption in the country. Nigeria's reform initiatives from the era of the former President Goodluck Jonathan have been primarily centered on the following:

- *Economic Stability* – Fiscal stimulus was created through draw downs from the Excess Crude Account to increase monthly revenue for the 3 tiers of government. In addition to the measures taken by the Nigerian SEC and the NSE to tighten regulation and reduce transaction costs, the CBN has introduced a number of measures towards stabilising the banking sector.
- *Oil and Gas / Extractive Minerals Sector Reform* – Steps taken include deregulation of the downstream sub-sector; increased supply of local inputs in the upstream sub-sector through the enactment of the Nigerian Oil and Gas Industry Content Development Act; de-regulation and development of the solid minerals sector.
- *Institutional Reform* – Civil service reforms (monetization of public sector benefits) and increasing public services; privatisation of key state-owned institutions; and deregulation of strategic economic sectors.
- *Accelerated Infrastructural Development* – The Government has committed to an ambitious investment programme to address needs in critical areas such as power, transportation, and telecommunications through private/public partnerships initiatives.
- *Financial Sector Reform* – The Pension Reform Act; the banking and insurance sector reforms; and capital market reforms.
- *Tax Reforms* – Establishment of an effective and disciplined tax management regime to support the government's drive for improved internal revenue creation.

CHAIRMAN'S LETTER

NIGERIAN MORTGAGE BANKING INDUSTRY

The Nigerian Mortgage Banking Industry came into existence in 1956 with the establishment of the Nigeria Building Society; now known as the Federal Mortgage Bank of Nigeria (FMBN). Until the Mortgage Institutions Decree No.53 of 1989 which provided the regulatory framework for the establishment of Primary Mortgage Institutions (PMIs) by private entrepreneurs was promulgated, FMBN was the primary institution specialized in retail mortgage banking in Nigeria.

With an estimated population of 180 million, Nigeria's housing deficit is glaring, particularly in the urban centers. The FMBN estimates the housing deficit at 16 million housing units requiring over N56 trillion to finance at a conservative N3.5 million per unit. This implies that Nigeria needs to produce 800,000 housing units annually for the next 20 years in order to close her housing gap. Data from the Federal Housing Authority (FHA) reveals that only 30,000 housing units has been delivered by FHA between 1973 and 2006, it is therefore obvious that there is a critical housing deficit in Nigeria. This puts into perspective the market for mortgage finance in the country and the immense potential for mortgage banking.

Despite this huge potential, the Nigerian Mortgage Banking Industry remains relatively underdeveloped and has failed to contribute significantly to closing the country's housing deficit. One of the main reasons for this is that the industry lacks the financial capacity to meet the country's mortgage requirements. The Nigerian Mortgage Banking Industry has a remarkable development impact, both in terms of providing affordable housing and in promoting economic development. However, mortgage penetration remains low. This level of penetration is lower than estimated rates in other select emerging markets and continues to provide opportunities for growth for current and potential players.

The Nigerian mortgage market has recently undergone significant reforms following revised guidelines issued by the Central Bank of Nigeria and the implementation of the Nigeria Housing Finance Programme (NHFP). The NHFP is expected to address long-term funding, constraints through the Nigeria Mortgage Refinance Company (NMRC) a Public-Private Partnership mortgage liquidity facility launched in January 2014.

The CBN, in collaboration with other stakeholders is developing uniform underwriting standards to provide best practices in mortgage lending and prescribe eligibility criteria for access to NMRC refinancing. The standards would promote efficiency and mitigate the legal and operational risk in the sector.

Challenges:

There are a number of challenges facing the Nigerian Mortgage Industry which are constraining the industry's growth. Notable among the challenges are:

- Lack of financial capacity to meet the country's mortgage requirement
- High transaction costs in land registration and foreclosure.
- Poor human capital.

Growth Drivers:

The key drivers of growth in the Nigerian Mortgage Industry include:

- Increasing population growth
- Strong financial and claim settlement system which will boost insured confidence in the industry
- Investment in human capital development by players in the industry.

Key Players:

- ASO Savings and loans Plc
- FBN Mortgage Limited
- Trust Bond Mortgage Bank
- FMBN

CHAIRMAN'S LETTER

In July 2014, after the recapitalization exercise of the PMIs in the country, 36 mortgage firms got the Central Bank of Nigeria's license to administer mortgage in Nigeria. 10 Mortgage firms have been approved to remain in business with national licenses; the other 26 banks are approved to operate with state license.

Recent reforms of the Mortgage Banking in Nigeria by Central Bank of Nigeria (CBN) provides for transformation of PMI to PMBs, refocus the PMBs on Mortgage and Real Estate Finance and recapitalization to adequately fund them to meet Housing Finance gap.

HISTORY AND BUSINESS OF THE COMPANY

AG Mortgage Bank Plc (AG Mortgage) was incorporated on 21st July, 2004 as private limited liability company and obtained mortgage banking license from the Central Bank of Nigeria (CBN) in December 2004. It commenced business in January 2005 as a Primary Mortgage Bank (PMB). Following a Private Placement of its shares which resulted in having about 5,000 shareholders at the end of the exercise, the PMB was converted to a Public Limited Liability Company in April, 2007. In May 2015, the Company's name was changed from AG Homes Savings & Loans Plc to AG Mortgage Bank Plc. The company is not yet quoted on the Stock Exchange.

The company is a member of the Mortgage Banking Association of Nigeria (MBAN). As a PMB, the principal business of AG Mortgage is the provision of mortgage lending, real estate construction finance, drawing from the mortgage funds (e.g. National Housing Fund Facility) for on-lending, mortgage based retail banking services, loans and advances and financial advisory services. Recently, the Company reviewed the purpose of its existence and came up with the vision "To be the preferred Primary Mortgage Institution with a commanding presence nation-wide." The company, right from inception had a vision of nation-wide presence and intends to sustain that vision. It has thus opted to be licensed as a National PMB under the Revised CBN Guidelines for Primary Mortgage Banks in Nigeria. Currently, the Authorized Share Capital of the company is N5,000,000,000 (N5 Billion) made up of 10,000,000,000 Ordinary shares of 50 kobo each. The Issued and Fully Paid–up is N1,542,666,667.00 made up of 3,085,333,334 Ordinary Shares of 50 Kobo each. The minimum capital base prescribed by the CBN for a PMB in the "National" category is N5 Billion. The company therefore intends to shore up its share capital to meet the required N5billion for a PMB national license.

VISION AND MISSION

Our Vision
The preferred Primary Mortgage Institution with a commanding presence nationwide" We aspire to provide full-scale financial services to our customers with emphasis on Mortgages. The company will position itself as a one-stop shop for all financial services in the area of mortgage finance to our customers nationwide.

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

OVERVIEW OF PRODUCTS & SERVICES

Our principal business is the provision of primary mortgage banking services. AG Mortgage offers a number of banking products and services including the following:

a) Flexi Accounts which is a Special Cheque operated Mortgage focused demand deposit account.
   - o Regular Savings Account - Deposit Account that attracts interest payment on existing balances.

b) Save-4-it Account - Target Savings Account with premium yield on interest higher than regular savings accounts.

c) NHTF Account - Purpose Savings Account for the purpose of accessing National Housing Fund Loan. It has the characteristics of regular savings accounts.

d) Mortgage Finance – Help with buying or home improvement or for land purchase.

e) Thrift Savings Account - Daily contribution savings account product directed at petty traders that has cycles of one calendar month. The savings are withdrawn at the end of each month

f) Fixed Deposit accounts - Term deposit accounts for larger sums at fixed tenures and agreed interest rates, based on money market considerations.

RISKS AND MITIGATING FACTORS:

a) Primary Mortgage Institution-Specific Risk

The mandated increase in minimum capital base to N5billion for national Primary Mortgage Institutions business poses sectoral competition and pressure of capital injection and meeting Investors expectation. AG Mortgage is determined to meet and surpass the threshold capitalization of N5billion for a national PMI business and has identified profitable areas to exploit so as to deploy its capital adequately and ensure appreciable return to its Investors.

b) Sectoral Risk

The fundamental constraint of our operation in the mortgage sector remains the paucity of long term funds to sustain the demand for mortgages. This is aggravated by the absence of rediscounting facilities that would have enabled Mortgage Banks liquefy their assets to create more mortgages.

The Federal Mortgage Bank of Nigeria (FMBN) has however, made significant strides within its funding constraint in providing long term funding for mortgages and raising the maximum loan limit from N5million to N15million for eligible borrowers under the National Housing Fund window. The FMBN also continue to support the production of affordable houses across the country through its Estate Development Loans (EDL) window. We are grateful for their sustained support to our Bank.

c) Political and Economic Risk

This risk is associated with likely upheaval in the political environment and the risk that current reform programs in putting the financial sector and the economy in general on a path of sustainable growth may be truncated. Although the economic and political outlook appear positive at the moment, the Company aims to continually diversify its operations and network across different parts of the country and abide by best practices.

d) Currency Risk

This is the risk caused by frequent changes in the exchange rate of the Naira to other currencies. The policy thrust of the Central Bank of Nigeria has been in the direction of stabilizing the exchange rate of the naira to other currencies. The Naira was devalued in February 2015 and has since been relatively stable on the official window however this does not reflect the position in the parallel market. It is hoped that the ongoing reform in the economy will stimulate further economic growth and sustain appreciation of local currency. The Company has also put in place policies that will ensure effective matching and hedging of its liabilities in other currencies.

e) Environmental Risk

AG Mortgage operates in compliance with all applicable environmental standards. The Head Office and all the branches and cash centers have adequate safety devices to combat fire and other environmental threats that could arise in the ordinary course of business. The employees are also given necessary safety tips to assist them in case of any emergency.

f) Compliance Risk

This is the risk of AG Mortgage infringing on statutory and regulatory guidelines and requirements. The company holds in high esteem the matters of good Corporate Governance and compliance with statutory and regulatory requirements. It has therefore subscribed to the Code of Corporate Governance and adopted best management practices at all times. It will continue to improve on its risk management and compliance monitoring and management practices.

FUTURE PLANS

The company, right from inception had a vision of nation-wide presence and intends to sustain that vision. It has thus opted to be licensed as a National PMB under the Revised CBN Guidelines for Primary Mortgage Bank in Nigeria. The company will thus:

- Continue promoting its brand as a renowned player in the mortgage banking subsector of the financial services industry.
- Expand its branch network in key high demand urban centers to take advantage of growing opportunities for mortgage sector focused financial services.
- Continue to add value to existing real estate tradable investments for increased liquidity and profitability.
- Expand and diversify the stock of real assets to compete on the basis of strong asset base and increased financial strength.
- Increase and diversify its portfolio of risk assets to enhance growth, profitability and asset quality.
- Continue to develop innovative mortgage products focused on meeting the needs of its clients.

The company is poised to transform the new AG Mortgage into a totally IT-based PMB with first class services interconnecting all parts of our country with a nationwide branch network.

CORPORATE GOVERNANCE

AG Mortgage is dedicated to the protection and promotion of shareholders' interest thus regularly updating and reviewing its structures and processes in order to implement the best business practice at all times and in turn exhibiting a value based performance.

The Company recognizes the importance of adoption of best practice principles, its valuable contribution to long-term business prosperity and accountability to its shareholders. The Company is managed in a way that maximizes long-term shareholder value and takes into account the interests of all its stakeholders.

AG Mortgage' operations are conducted in an open and transparent manner in accordance with good corporate governance and best practices. The Company is in compliance with the Securities & Exchange Commission's Code of Corporate Governance.

CONCLUSION

The Company will continue to offer excellent services that exceed customers' expectation using appropriate technology, highly motivated Staff and customized products. This will guarantee enhanced patronage, brand loyalty and increased market share. With enhanced capital, it is our intention to improve our market presence, and also fortify our Management and Staff skills to world-class standards by exposing them to high quality training programs in Nigeria and Overseas.

Finally, the Board and Management of AG Mortgage are confident that in the absence of unforeseen circumstances, the Company will continue to exist as a going concern and record significant growth and improvements in its operations over the coming years.

Consequently, I strongly believe that the future of the Company remains very bright and full of opportunities which we will harness. I hereby encourage all existing shareholders and prospective investors to participate fully in this Issue as AG Mortgage Bank Plc is being positioned for greater achievements which will obviously translate into significant economic benefits.

Yours faithfully,

Rev. Vincent Alaje
Ag. Chairman

LETTER FROM AUDITORS ON GOING CONCERN STATUS

BAKERTILLY
NIGERIA
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9 October, 2015

The Managing Director,
Lighthouse Asset Management Limited,
Kingsway Building (3rd Floor),
2/4 Davies Street,
Marina,
Lagos.

AND

The Managing Director,
Kedari Capital Limited,
Kedari House,
8a, Ojora Close,
Off Idowu Martins Street,
Victoria Island,
Lagos.

Dear Sirs,

Confirmation of the going concern status of AG Mortgage Bank Plc

Based on the confirmation received from the Directors of AG Mortgage Bank Plc ("the Company") and our audit of the past results of the company, we do not have any reason to doubt that the Company will continue in operation in the foreseeable future.

Yours faithfully,
for: **Baker Tilly Nigeria**

M. E. Ariemuduigho
Partner

an independent member of
BAKER TILLY
INTERNATIONAL

LYNDA O. ONEFELI
Notary Public Federal Republic Of Nigeria
Suite B425 Ikeja Plaza,
81, Mobolaji Bank Anthony Way
Ikeja Lagos.
Tel: 2348098161177, 08160878910

07/07/2016

ACCOUNTING POLICIES

Statement of Significant Accounting Policies: The following are the significant accounting policies adopted by the Company in the preparation of its financial statements.

1. 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.

(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. 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.

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, 2018. 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.

Early adoption of standards

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

HISTORICAL FINANCIAL INFORMATION

1. Significant accounting policies

1.1 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.

1.2 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.

(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.

2.2.1 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 amortized cost

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

2.2.2 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.

2.2.3 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.

2.2.1 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.4 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognized 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 amortized 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 recognized 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 recognized 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 recognized as an adjustment to the effective interest rate on the loan. Loan syndication fees are recognized 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 recognized on completion of the underlying transaction.

2.6 Dividend income

Dividends are recognized 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 reorganization;
(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 recognized 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 recognized 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 collateralized 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 recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized 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 recognized 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 recognized 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 derecognized. 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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 Mortgage Bank 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 categorized 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.

HISTORICAL FINANCIAL INFORMATION

	2015	2014
	N	N
Regulatory minimum capital requirement	5,000,000,000	5,000,000,000
Actual qualifying capital	2,987,420,000	2,973,941,000
Actual capital ratio (times)	1.67	1.68

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 2014. The bank has commenced the process of raising additional capital by way of offer of Private Placement of 5,000,000,000 ordinary shares of 50 kobo each at N0.60.

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 2015, 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 MORTGAGE BANK 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 Mortgage Bank 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.

HISTORICAL FINANCIAL INFORMATION

Statement Of Financial Position

The following is a summary of the Company's Audited Balance Sheet as at December 31st, 2015 and 2014:

Assets	**Note**	**31 Dec, 2015**	**31 Dec, 2014**
		N'000	N'000
Cash and Cash Equivalents	10	1,809,505	326,520
Due from other Banks	11	-	231,587
Mortgage, Other Loans and Advances	12	3,926,317	3,108,546
Investment Securities –available for sale	13	50,734	50,734
Investment in Associate	14	72,433	73,629
Other Assets	15	45,265	574,068
Investment Properties	16	3,031,949	2,434,680
Deferred tax asset	21.5	30,622	30,622
Property, Plant and Equipment	17	616,768	639,285
Intangible Assets	18	8,838	6,143
Total Assets		9,592,431	7,475,814
Liabilities			
Deposits from Customers	19	1,819,279	1,808,087
Borrowings from FMBN	20	1,828,546	1,722,166
Income Tax	21.3	36,978	42,309
Deferred Tax Liabilities	21.4	48,797	26,898
Other Liabilities	22	2,871,411	905,110
Total Liabilities		6,605,011	4,504,570
Capital and Reserves			
Share Capital	23	1,542,667	1,542,667
Share Premium	24	192,757	221,743
General Reserve	25	210,103	164,840
Statutory Reserve	26	109,667	94,635
Revaluation Reserve	27	836,823	921,715
Regulatory Credit Risk Reserve	28	95,403	25,644
Available to Equity Holders of the Bank		2,987,420	2,971,244
Total Liabilities and Equity		**9,592,431**	**7,475,814**

HISTORICAL FINANCIAL INFORMATION

Statement Of Comprehensive Income

The following is a summary of the Company's Audited Profit And Loss Account as at December 31st, 2015 and 2014:

	Note	31 December 2015	31 December 2014
		N'000	N'000
Interest income	4	637,032	621,781
Interest expense	5	(264,178)	(249,495)
Net interest income		372,854	372,286
		---------------	--------------
Fee and commission income	6	18,184	29,877
Fee and commission expense		-	-
Net fee and commission income		**18,184**	**29,877**
		--------------	------------
-			
Operating income		**391,038**	**402,163**
Operating expenses	7	(344,322)	(336,016)
Depreciation and amortization charges	8	(41,878)	(39,082)
Impairment gain	12.1	21,911	22,293
Share of profit/loss of associate	14	(1,196)	(912)
Operating profit		25,553	48,446
Other income	9	89,069	36,412
Profit for the year		114,622	84,858
Information Technology Development Levy	22.1	(1,146)	(849)
Current taxation	21.1	(16,415)	(12,332)
Deferred tax	21.1	(21,899)	18,345
Profit after tax		75,162	90,022
Transfer to statutory reserve	26	(15,032)	(18,004)
Net profit transferred to general reserves	25	60,130	72,018
		------------	---------------
Other comprehensive income		-	-
		------------	---------------
Profit after tax and other comprehensive income for the year		**60,130**	**72,018**
		======	=======
Basic earnings per share	32	2.0k	2.3k
		======	=======

HISTORICAL FINANCIAL INFORMATION

Statement of Cash flows

The following is a summary of the Company's Audited Statement of Cash flows as at December 31st, 2015 and 2014:

	Note	2015 N'000	2014 N'000
Cash Flow from Operating Activities -			
Interest and Other Incomes	29	743,055	687,794
Interest Payments	5	(264,178)	(249,495)
Cash Payments to Employees and Suppliers		(306,444)	(326,972)
Operating Profit before Changes in Operating Assets/Liabilities		**172,433**	**111,327**
Movement in Operating Assets and Liabilities			
Mortgage and Other Loans and Advances	12	(826,002)	(496,349)
Other Assets	15	528,805	(273,794)
Customers' Deposits	19	11,192	57,170
Staff Pension	22.2	(13,892)	(10,087)
Other Liabilities	22	29,544	(42,338)
Information Technology Levy	22.1	(1,097)	(570)
Cash used in Operating Activities		**(99,017)**	**(654,641)**
Income and Education Taxes Paid	21.3	(21,746)	(24,886)
Net Cash used in Operating Activities		**(120,763)**	**(679,527)**
Cash Flow from Investing Activities			
Purchase of Investments Properties	16	(872,139)	(828,540)
Purchase of Fixed Assets and intangible assets	17 & 18	(22,058)	(24,430)
Proceeds from realization of Government Securities		-	10,318
Proceeds from disposal of investment properties	16	189,978	-
Proceeds from disposal of Fixed Assets		-	3,978
Net Cash used in Investing Activities		**(704,219)**	**(838,674)**
Cash Flow from Financing Activities			
Additional borrowing from FMBN less repayments	20	106,380	217,195
Deposits for Shares	22.3	2,000,000	-
Dividend paid	25	(30,000)	-
Net cash inflow from financing activities		**2,076,380**	**217,195**
Net (decrease)/increase in cash and cash equivalent		1,251,398	(1,301,006)
Cash and Cash Equivalent at beginning		558,107	1,859,113
Cash and Cash Equivalent at end	**10**	**1,809,505**	**558,107**

Notes to the Financial Statement

		31 Dec, 2015 N000	31 Dec, 2014 N000
4.	**Interest Income**		
	Analysis by Nature:		
	Interest on term loans and overdrafts	330,742	417,406
	Interest on mortgage loans	211,925	31,526
	Interest on placements	93,135	172,832
	Interest on staff loan	1,230	17
		637,032	621,781
4.1	**Analysis by Source:**		
	Interest income – mortgage sources	542,667	448,932
	Interest income – non mortgage sources	93,135	172,832
	Interest income – staff loan	1,230	17
		637,032	621,781
5.	**Savings accounts**	14,064	13,881
	Fixed deposit	154,030	172,096
	FMBN Loan	96,084	63,518
		264,178	249,495
	Analysis by Sources		
	Interest expenses – mortgage sources	168,094	185,977
5.1	Interest expenses – non-mortgage sources	96,084	63,518
		264,178	249,495

	2015 N'000	2014 N'000
6. Other Income -Net Fees and Commissions		
Commissions	14,498	16,376
Fees 3,686 13,501		
	------------	-----------
Net Fees & Commission Income	18,184	29,877
	=======	======
6.1 Analysis by sources		
Credit related commission	3,686	13,501
Commission on turnover	13,748	14,985
Non credit related commission	750	1,391
	------------	-----------
	18,184	29,877
	======	=====

7. Operating Expenses

	2015 N'000	2014 N'000
Staff cost (note 7.1)	155,530	147,755
Office Expenses	34,582	40,842
Staff Training	30,186	7,542
Motor Vehicle Operating and Maintenance	13,694	17,262
Repairs and Maintenance of Equipment	12,887	16,172
Travelling	12,098	13,085
Rent	7,767	14,550
Entertainment	9,290	11,768
Hotel& Accommodation	9,290	9,590
NDIC Premium	8,841	8,000
Security Expenses	8,263	8,170
Other Professional Fees	5,984	10,763
Advertisement & Business Promotion	5,658	5,799
Postage Telephone & Telex	5,262	5,762
Audit Fee	5,000	5,000
Water & Electricity	4,361	2,818
Bank charges	4,277	1,816
Printing & Stationery	4,018	2,379
Subscription	3,643	3,400
Insurance	2,450	3,295
Newspaper & Periodicals	181	138
Penalty	1,000	80
Medical	60	30
	-----------	-----------
	344,322	336,016
	=====	=====

7.1 Staff Costs

	31 Dec, 2015 N000	31 Dec, 2014 N000
Staff costs (including directors) comprise:		
Wages and Salaries	150,147	142,944
Defined Contribution pension cost	5,383	4,811
	155,530	147,755

8. Depreciation and amortisation charges

Depreciation	39,259	37,167
Amortisation	2,619	1,915
	41,878	39,082

9. Other Operating Income

Profit on disposal of assets	-	259
Commission	1,341	1,179
Income on Real Estate Investment	87,728	34,974
	89,069	36,412

10. Cash and Cash Equivalent

Cash	7,333	35,177
Balances with Banks & Other Financial Institutions	1,802,172	291,343
	1,809,505	326,520

11. Due from other banks

Placement with Banks	-	231,587

		31 Dec, 2015 N000	31 Dec, 2014 N000
12.	**Mortgage, Other Loans and Advances**		
	Loans and Advances	4,157,117	3,331,115
	Provision for impairment (note 12.1)	(230,800)	(222,569)
		3,926,317	3,108,546
12.1	**Provision for Impairment**		
	As at January	112,825	135,118
	Additions for the year	(21,911)	(22,293)
	As at December	90,914	112,825
	Interest in suspense	139,886	109,744
		230,800	222,569
12.2	**Analysis by Security**		
	Secured against real estate	3,380,490	1,900,117
	Otherwise secured	6,044	1,428,787
	Unsecured	770,583	2,211
		4,157,117	3,331,115
12.3	**Analysis by Type:**		
	Mortgage loans	3,380,490	1,900,117
	Other advances	776,627	1,430,998
		4,157,117	3,331,115
12.4	**Analysis by Maturity**		
	Under 1 month	-	-
	3 to 6 months	374,142	276,483
	6 to 12 months	1,870,702	1,508,995
	Over 12 months	1,912,273	1,545,637
		4,157,117	3,331,115

		31 Dec, 2015 N000	31 Dec, 2014 N000
12.5	**Analysis by performance**		
	Performing	3,781,493	1,849,065
	Watchlist	45,930	679,285
	Substandard	98,894	474,520
	Doubtful	156,809	195,212
	Very doubtful	-	32,869
	Lost	73,991	100,164
		4,157,117	3,331,115
		======	======
	Investment Securities- available for sale		
13	Equity securities: Listed	50,734	50,734
		======	======
	Movement in investment securities		
13.1	At beginning of year	50,734	50,734
	Value of asset disposed – cost	-	-
	Fair value gain	-	-
	At end of year	50,734	50,734
	Fair value gain	-	-
		50,734	50,734
		======	======
	Investments in Associate Company		
14	At beginning of year	73,629	74,541
	Share of profit of associate	(1,196)	(912)
		-----------	-----------
	At end of year	72,433	73,629
		======	======

The bank holds 30% interest in Evangel Properties Limited, a property development company based in Lagos. This investment is accounted for using equity method as stipulated by International Accounting Standard (IAS) 28 – Investment in Associate

		31 Dec, 2015 N000	31 Dec, 2014 N000
15.	**Other Assets**		
	Accrued interest receivable	-	132,791
	Other prepayments	20,012	23,374
	Inter branch account system	737	10,188
	Head office inter branch	-	102,827
	Deposit with branches	-	-
	NHF repayments	-	8,917
	Bank Charges	-	7,089
	Interest receivables- mortgage loans	9,358	21,134
	Share offer expenses (16.1)	7,813	23,879
	Other investments	5,529	5,529
	Due to Evangel properties	-	238,340
	Stock of stationery	606	-
	Prepaid interest TBC	5	-
	Harp receivables	1,205	-
		45,265	574,068

15.1 The balance on the share offer expenses is in respect of expenses incurred on the private placement of the bank in 2015. The expenses will be charged upon the completion of the private placement.

16.	**Investment Properties**		
	At 1 January	2,434,680	1,606,140
	Additions	872,139	828,540
	Fair value adjustment (note 27.1)	(84,892)	-
	Disposal/transfer	(189,978)	-
	At 31 December	3,031,949	2,434,680

Investment properties are revalued periodically and the last revaluation was done in September, 2012. The details of investments properties and their carrying amounts as at 31 December, 2015 is as follows: -

HISTORICAL FINANCIAL INFORMATION

	Carrying amount as at 1 January N	Addition N	Disposal	Fair value adjustment N	Carrying amount as at 31/12/2015
River view Estate Isheri North Lagos (16.1)	200,869,999	-	(115,978,107)	(84,891,898)	-
Plot 14 & 15 extension, Trans Ekulu Pocket layout Enugu North LGA, Enugu State	444,981,605	1,281,000	-	-	446,262,605
Ogbeke Ibagwa Estate Enugu LGA, Enugu State	256,686,089	1,326,970	-	-	258,013,059
Plot of land at Ajiran Lekki, Eti-Osa LGA, Lagos	324,000,000	5,600,000	-	-	329,600,000
Evangel Estate Ofada, Papalanto Road	461,904,194	4,421,780	-	-	466,325,974
Evangel Estate Ikorodu	42,075,000	-	-	-	42,075,000
Satelite properties	15,000,000	-	-	-	15,000,000
CBN Properties Lagos	27,930,827	-	(14,000,000)	-	13,930,827
Ajao Estate	12,062,100	-	-	-	12,062,100
Plot 1130 Chikakore Kubwa Layout Abuja	141,984,000	121,647,500	-	-	263,631,500
Plot 1132 Chikakore Kubwa layout Abuja	153,093,000	112,997,910	-	-	266,090,910
Plot 1131 Chikakore Kubwa layout Abuja	151,093,000	-	-	-	151,093,000
Plot 1038 A Close Gwarinpa II Estate Abuja	76,000,000	554,807,471	-	-	630,807,471
Lawason shop	-	20,000,000	-	-	20,000,000
Cooperative Garden City Lugbe Abuja	127,000,000	50,056,850	(60,000,000)	-	117,056,85
	2,434,679,814	872,139,481	(189,978,101)	(84,891,898)	3,031,949,296

		31 Dec, 2015 N000	31 Dec, 2014 N000
18.	**Intangible Assets – Purchased computer software**		
	Cost		
	At beginning of year	14,907	13,907
	Additions	5,314	1,000
	At end of the year	20,221	14,907
	Amortization		
	At beginning of year	8,764	6,849
	Charged for the year	2,619	1,915
	At end of the year	11,383	8,764
	Net book value	8,838	6,143
19.	**Customers' Deposits**		
	Analysis by Category		
	Current	558,060	445,473
	Savings	345,026	336,222
	Time	916,193	1,026,392
		1,819,279	1,808,087
	Analysis by Maturity		
	Under 1 month	903,086	781,695
	1 - 3 Months	-	-
	3 - 6 Months	-	-
	6 - 12 Months	916,193	1,026,392
	Over 12 Months	-	-
		1,819,279	1,808,087

	31 Dec, 2015 N000	31 Dec, 2014 N000
20. Borrowings from FMBN		
At beginning of year/period	1,722,166	1,504,971
Addition	151,160	254,601
Repayments	(44,780)	(37,406)
	1,828,546	1,722,166
	======	======

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

21. Taxation

21.1 For the year

	31 Dec, 2015 N000	31 Dec, 2014 N000
Current Taxation		
Income tax charge	13,679	10,190
Education tax	2,736	2,142
	16,415	12,332
Deferred tax	=====	=====
Liabilities (note 21.4)	21,899	(18,345)
Assets (note 21.5)	-	-
	21,899	(18,345)
	=====	=====

HISTORICAL FINANCIAL INFORMATION

21.2 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, 2015 N000	31 Dec, 2014 N000
Profit before tax	114,622	84,009
	======	======
Tax calculated at the statutory rate of 32%	36,679	26,883
Tax effect of:		
Disallowable expenses	13,721	39,162
Other levies	(6,628)	-
Capital allowances	(27,357)	53,713)
Tax expense	16,415	12,332
	-------------	--------------
Effective tax rate	14%	15%
	======	======

21.3 Statement of Financial Position

Balance brought forward	42,309	54,843
Based on the profit the year	16,415	12,332
Paid during the year	(21,746)	(24,866)
	------------	-----------
	3 6,978	42,309
	======	=====

21.4 Deferred Tax Liabilities

Balance brought forward	26,898	45,243
Charged/(released) during the year (note 22.1)	21,899	(18,345)
	-----------	-----------
	48,797	26,898
	======	=======

21.5 Deferred tax assets

Balance brought forward	30,622	30,622
Arising during the year (note 22.1)	-------------	---------------
	30,622	30,622
	======	======

HISTORICAL FINANCIAL INFORMATION

		31 Dec, 2015 N000	31 Dec, 2014 N000
22.	**Other Liabilities**		
	Accounts payable	19,971	5,658
	Unidentified deposit	4,112	5,437
	Provision for infrastructures	9,970	19,651
	Deposit for real estate	15,581	37,610
	Statutory deductions	7,969	21,000
	Information Technology Levy (note 22.1)	4,042	3,993
	Pension (22.2)	464	4,668
	Cash overage	15	15
	Others	7,250	5,041
	Deposit for shares (22.3)	2,802,037	802,037
		2,871,411	905,110
22.1	**Information Technology Levy**		
	At start of the year	3,993	3,714
	Additions	1,146	849
	Payment	(1,097)	(570)
		4,042	3,993

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.

		31 Dec, 2015 N000	31 Dec, 2014 N000
22.2	**Pension**		
	Movement in the defined contribution liability recognised in the balance sheet:		
	At start of year	4,668	5,133
	Charge to income statement:		
	Employees	4,305	4,811
	Employer	5,383	4,811
	Contributions remitted	(13,892)	(10,087)
	At end of year	464	4,668
22.3	Deposit for shares		
	At start of year	802,037	802,037
	Additional deposit	2,000,000	-
	Allotted during the year	-	-
		2,802,037	802,037

23. Authorized Share Capital

	31 Dec, 2015 N000	31 Dec, 2014 N000
10,000,000,000 Ordinary Shares of 50k each	**5,000,000**	**5,000,000**
	========	========
Issued and fully paid		
At start of year	1,542,667	1,542,667
Issued during the year (24.1)	-	-
3,085,333,334 ordinary shares of 50k each	1,542,667	1,542,667
	=======	========

24. Share Premium

At start of year	221,743	221,743
Share offer expenses	(28,986)	-
At 31 December	192,757	221,743
	=======	=======

25. General Reserve

At beginning of year	164,840	40,335
Profit for the period	60,130	72,018
Dividend 2014	(30,000)	-
Transfer (to)/from regulatory risk reserve	(69,759)	52,487
Transfer from revaluation reserve (note 27) – disposal of investment properties	84,892	-
	-----------	-----------
At end of year/period	210,103	164,840
	======	=====

26. Statutory Reserve

At start of year	94,635	76,631
Additions during the year	15,032	18,004
	------------	----------
At end of year	109,667	94,635
	======	=====

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).

27. Revaluation reserve

	Investment Properties N'000	Available for sale investment securities N'000	Associate company N'000	Total N'000
As at 31 December	789,129	1,787	45,907	836,823
	======	======	======	======

	31 Dec, 2015 N000	31 Dec, 2014 000
27.1 Revaluation reserve		
At 1 January	921,715	921,715
Fair value adjustment On investment property (note 16)	(84,892)	-
	836,823	921,715
	======	======
28. Regulatory Credit Risk Reserve		
Balance brought forward	25,644	78,131
Movement	69,759	(52,487)
	95,403	25,644
	=====	=====
29. Cash flow reconciliation		
Interest and other income is reconciled to the cash flow statement as follows: -		
Interest Income	637,032	621,781
Net fees and commissions	18,184	29,877
Other operating incomes	89,069	36,412
Gross earnings	744,285	688,070
Interest on staff loan	(1,230)	(17)
Profit on disposal of investments	-	-
Profit on disposal of fixed assets	-	(259)
Per cash flow statement	**743,055**	**687,794**
	======	======

30. 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

Cash and balances with other banks	1,809,505	326,520
Other banks	-	231,587
	-------------	-------------
	1,809,505	558,107
	======	======

	31 Dec, 2015 N000	31 Dec, 2014 N000
31. Directors' emoluments		
Fees	1,100	900
Sitting Allowance	14,921	13,915
Other emoluments	32,759	30,775
	----------	----------
	48,780	45,590
	=====	=====
Chairman	1,520	1,520
	=====	=====
Highest paid director	17,323	17,021
	=====	=====

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

	31 Dec, 2015 Number	31 Dec, 2014 umber
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:

	31 Dec, 2015 N000	31 Dec, 2014 N000
120,001 - 200,000	-	-
200,001 - 250,000	-	-
250,001 - 300,000	-	-
300,001 - 400,000	3	10
400,001 - 500,000	5	2
500,001 - 750,000	13	13
750,001 - 1,000,000	10	15
1,000,001 - 1,150,000	8	3
1,150,001 and above	18	25
	-------	-----
	57	68
	===	===

The average number of persons employed during the year was as follows		
Managerial	15	15
Senior	20	23
Junior	22	30
	------	------
	57	68
	====	====

32. Earnings Per Share

Net profit attributable to shareholders (N'000)	60,130	72,018
Number of ordinary share in issue as at year end (thousands)		
Time weighted average number of ordinary shares in issue (thousands)	3,085,333	3,085,333
	3,085,333	3,085,333
Basic Earnings Per Share (kobo)	2.0	2.3
	=======	=======

33. 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.

34. **Contravention**

The company did not comply with the minimum capital requirement for a National License and paid a penalty of N1, 000,000.00 during the year in respect of infraction for the continued existence of Enugu and Abuja branches.

35. **Contingent Liabilities**

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

36. **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. Such loans are secured and have the same interest rate as mortgage loans. This is detailed as follows: -

Type of loan	outstanding balance 2015	2014
	N	N
Mortgage loan	65,999	50,858
	=====	=====

37. **Foreign Currency Transactions**

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

38. **Comparative figures**

Certain prior year balances have been reclassified to conform with current year presentation format.

39. **Approval of financial statements**

These financial statements were approved by the Board of Directors on .... April, 2016

STATUTORY AND GENERAL INFORMATION

1. Incorporation and Share Capital History

AG Mortgage Bank Plc was incorporated on 21st July, 2004 as private limited liability company under the name AG Homes Savings & Loans Plc and obtained mortgage banking license from the Central Bank of Nigeria (CBN) in December 2004. It commenced business with an Authorized and fully Paid up Capital of N200 million divided into Ordinary Shares of N1.00 each., 100% owned by Nigerian Institutional and individual Investors.

Following a Private Placement of its shares which resulted in having about 5,000 shareholders at the end of the exercise, AG Mortgage Bank Plc was converted to a public limited liability company in April, 2007 and currently has Authorized Share Capital of N5billion divided into 10billion Ordinary shares of 50 Kobo each and Paid up Share Capital of N1, 542,666,667.00 made up of 3,085,333,334 Ordinary Shares of 50 Kobo each.

The changes in the share capital of the Company since inception are as summarized below:

Year	Authorized (N)'000		Issued & Fully Paid-up (N)'000		Consideration
	Increase	Cumulative	Increase	Cumulative	
2004	200,000	200,000	200,000	200,000	Cash
2007	300,000	500,000		200,000	
2008		500,000	300,000	500,000	Cash
2008	4,500,000	5,000,000		500,000	
2013		5,000,000	1,042,667	1,542,667	Cash

2. Shareholding Structure

As at 31st of December, 2015, the fully paid Ordinary share capital of the Company N1,542,666,667.00 made up of 3,085,333,334 Ordinary Shares of 50 Kobo each and were wholly held by Associations and Nigerian Citizens as follows:

Shareholder	No. of Ordinary shares held	% Holding
Assemblies of God Ministers' Benefit Scheme	2,275,696,970	73.7
AGMBS Nominee Account	363,000,000	11.8
AG Nigeria	160,000,000	5.2
Others	286,636,364	9.3
Total	**3,085,333,334**	**100**

3. Directors' Beneficial Interests

The direct and indirect interests of the Directors of AG Mortgage in the issued share capital of the Company as recorded in the register of Members as at August 29, 2016 is stated in the table below:

S/N	NAME	SHAREHOLDING		% HOLDING	
		DIRECT	*INDIRECT*	*TOTAL*	*%*
1.	Mr. Tony Ewelike M D/CEO	28,000,000	-	28,000,000	0.908
2.	Mr. Ngozi Anyogu (Executive)	22,000,000	-	22,000,000	0.713
3.	Barr. Patrick C. Abuka	2,734,000	-	2,784,000	0.090
4.	Barr. Suleman Danjuma	2,000,000	-	2,000,000	0.065
5.	Rev. Ejim Ejikeme	500,000	-	500,000	0.016
6.	Rev. Vincent Alaje (Chairman)	6,000,000	-	6,000,000	0.19
7.	Rev. Chidi Okoroafor	20,000	-	20,000	0.001
8.	Mr. Biose Sally		-	-	
	Total	**61,254,000**		**61,254,000**	**1.99**

4. Indebtedness

As at the date of this Placement memorandum, the Company had no debentures, mortgages, loans, charges, material contingent liabilities or other similar indebtedness, other than those arising in the ordinary course of business.

5. Subsidiary and Associated Companies

The Company does not have any Subsidiary company. It is, however, associated with Evangel Properties Limited, in which it owns 30% shares.

6. Extracts from the Memorandum and Articles of Association of AG Mortgage Bank Plc

6. The share capital of the company is N500, 000, 000 (Five Hundred Million Naira) divided into 500,000,000 (Five Hundred Million) ordinary shares of N1.00 each and subdivided into one (1) Billion ordinary shares of 50 Kobo each by a special resolution of the company dated 28th September, 2006 with power for the company to increase the said capital from time to time whenever thought necessary.

RIGHTS OF THE SHAREHOLDERS OF THE COMPANY

4 The company shall allot any new or unissued shares to all the members or to all the shareholders of the class or classes being issued in proportion as nearly as may be to their existing holdings

5 The offer to existing shareholders shall be by notice specifying the number of shares to which the shareholders is entitled to subscribe and limiting a time , not being less than 28days after the service of the notice , after the expiration of which the offer , if not accepted, will be deemed to be declined . on receipt of an intimation from the shareholders that he declines to accept the shares offered or after the expiration of the stipulated time as the case may be , the board of directors may , subject to the terms of any resolution of the company ,dispose of the shares at a price not less that specified in the offer, in such manner as they think most beneficial to the company .

The regulations in 4 and 5 above are not alterable except by the unanimous consent of all the members of the company

7 (1) If at any time the share capital is divided into three different classes of shares the rights attached to any class (otherwise provided by the terms of issue of that class) may, whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourth of the issued shares of the class or with the sanction of an extra-ordinary resolution passed at a separate general meeting of the holders of the shares of the class

(2) To every such general meeting the provision of these regulations relating to general meetings shall apply, so however that the necessary quorum shall be two persons at least holding or representing by proxy one –third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll

8 The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of that class, be deemed to be varied by the creation or issue of further shares ranking paripassu therewith.

SHARE CERTIFICATE

11. Every person whose name is entered as a member in the register of members shall be entitled without payment to receive within two months after allotment or lodgment of transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares or several certificates each for one or more of his shares upon payment of fifty naira for every certificate after the first or such less sum as the directors shall from time to time determine. Every certificate shall be under the Company's seal and shall specify the shares to which it relates and the amount paid up thereon:

Provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

CALLS ON SHARES

18. The directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of the shares made payable at fixed times, provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call, and each member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment), pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the directors may determine.

TRANSFER OF SHARES

24. **Execution of transfer**
The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered into the register of members in respect thereof.

25. **Closing of register**
The registration of transfer may be suspended at such times and for such periods as the directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty days in any year.

26. **Fee on registration of probate, etc.**
The Company shall be entitled to charge a fee not exceeding fifty naira on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, notice in lieu of distringas, or other instrument.

FORFEITURE, SURRENDER AND LIEN

31. **Calls unpaid**
If a member fails to pay any call or installment of a call on the day appointed for payment thereof, the directors may, at any time thereafter during such time as any part of the call or installment remains unpaid serve a notice on him requiring payment of so much of the call of the installment as is unpaid, together with any interest which have accrued.

32. **Form of notice**
The notice shall name a further day (not earlier than the expiration of fourteen days from the day of service of the notice) on or before which the payment required by the notice is to be made, and it shall state that in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

33. **Forfeiture for non-payment**
If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the directors to that effect.

34. **Disposal of forfeited shares**
A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the directors think fit, and at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the directors think fit.

35. **Liability on forfeiture**
A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares but his liability shall cease if and when the Company receives payment in full of all such moneys in respect of the shares.

36. **Title of purchaser of forfeited shares**
A statutory declaration in writing that the declarant is a director or the secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The company may receive the consideration if any, given for the share on any sale or disposition thereof, and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered, as the holder of the share and shall not be bound to see that the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

37. **Application of forfeiture provisions**
The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

CONVERSION OF SHARES INTO STOCK

38. **Power to convert**
The Company may by ordinary resolution convert any paid-up shares into stock, and reconvert any stock into paid-up shares of any denomination subject to the prior approval of the Central Bank of Nigeria (CBN).

39. **Transfers of Stock**
The holders of stock may transfer the same, or any part thereof, in the same manner, and subject to the same regulations, as and subject to which the shares from which the stock arose might previous to conversion have been transferred, or as near thereto as circumstances admit; and the directors may from time to time fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose

40. **Rights of stockholders**
The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privileges or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

41. **Application of Articles to Stock**
Such of the regulations of the Company as are applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

ALTERATION OF CAPITAL

42. **Increase of Capital**
The Company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution prescribes provided the prior approval of the Central Bank of Nigeria (CBN) has been obtained.

43. **Subdivision and Cancellation of Shares**
The Company may be ordinary resolution –

a. Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
b. Sub-divide its existing shares, or any or them, into shares of smaller amount than is fixed by the memorandum of association subject, nevertheless, to the provisions of section 101 (1) (c) of the Act; cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

GENERAL MEETINGS

44. **Annual General Meeting**
a. The Company shall in each year, hold a general meeting as its annual general meeting in addition to any other meetings in that year, shall specify the meeting as such in the notices

calling it and not more than fifteen months shall elapse between the date of one annual general meeting and that of the next.

Provided that so long as the Company holds its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year.

b. The annual general meeting shall be held at such time and place as the directors shall appoint.

45. **Extra-Ordinary General Meetings**
All general meetings other than annual general meetings shall be called extraordinary general meetings.

46. **Calling Extra-Ordinary Meeting**
The directors may, whenever they think fit, convene an extraordinary general meeting, and extraordinary general meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists, as provided by section 215 of the Act. If at any time there are not within Nigeria sufficient directors capable of acting to form a quorum, any director or any two members of the Company may convene an extraordinary general meeting in the same manners as nearly as possible as that in which meetings may be convened by the directors.

NOTICE OF GENERAL MEETINGS

47. **Notice of Meeting**
An annual general meeting and a meeting called for the passing of a special resolution shall be called by twenty-one days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and hour of meeting and, in case of special business, the general nature of that business, and shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under the regulations of the Company, entitled to receive such notices from the Company.

Provided that a meeting of the Company shall, notwithstanding that it is called by shorter notice than specified in this regulation, be deemed to have been duly called if it is so agreed:-

a. in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat; at

b. in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right.

48. **Failure to give notice**
The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

49. **Special Business**
All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the directors and auditors, the election of directors in the place of those retiring and the appointment of, and the fixing of the remuneration of the auditors.

50. **Quorum**
Save as herein otherwise provided, five persons at least holding or representing by proxy 30% of the paid up shares of the Company eligible to vote at the annual general meeting shall be a quorum; and no business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

51. **Adjournment for want of quorum**
If within half an hour from the time specified for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

52. **Chairman**
The chairman, if any, of the board of directors shall preside as chairman at every general meeting of the Company or, if there is no such chairman, or if he is not present within fifteen minutes after the time appointed for the holding of the meeting, or is unwilling to act, the directors present shall elect one of their number to be chairman of the meeting.

53. **Election of chairman by members**

If at any meeting no director is willing to act as chairman or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their member to be chairman of the meeting.

54. **Adjournments**

The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjournment shall be given as in the case of an original meeting; but otherwise it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

55. **Voting on resolutions**

1. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll, the demand for which may be withdrawn, is (before or on the declaration of the result of the show of hands) demanded –

   a. by the chairman; or

   b. by at least three members present in person or by proxy; or

   c. by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

   d. by a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

2. Unless a poll is so demanded, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, the resolution.

56. **Taking of poll**

Except as provided in regulation 61 hereof, it a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

57. **Chairman's casting vote**

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.

VOTES OF MEMBERS

58. **Number of votes**

Subject to any rights or restrictions for the time being attached to any class of shares, on a show of hands every member present in person shall have one vote, and on a poll every member shall have one vote for each share of which he is holder.

60. **Joint holders**

60. **Joint holders**
In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

61. **Member of unsound mind**
A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other person in the nature of a committee, receiver, curator bonis or other person may, on a poll, vote by proxy.

DIRECTORS

72. **Number**
The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the Memorandum of Association or a majority of them.

73. **Remuneration**
The remuneration of the directors shall from time to time be determined by the Company in general meeting. Such remuneration shall be deemed to accrue from day to day. The director may also be paid all traveling, hotel and other expenses properly incurred by them in attending and returning from meetings of the directors or any committee of the directors or general meetings of the Company or in connection with the business of the Company.

74. **Qualification**
The share-holding qualification for additional directors is fixed at not less than 10% of the paid up share capital of the company at any given time, subject always to the prior approval of the Board of Directors and General Meeting; provided that any person having less than 10% with intrinsic value may be considered.

75. **Director also officer of associated Company**
A director of the Company may be or become a director or other officer of, or otherwise interested in, any Company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in such other Company unless the Company otherwise directs.

BORROWING POWERS

76. **Directors' borrowing powers**
The directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligations of the company or any third party.

Provided that the amount for the time being remaining un-discharged of moneys borrowed or secured by the directors as aforesaid (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not at any time, without the previous sanction

of the Company in general meeting, exceed the nominal amount of the share capital of the Company for the time being issued. Nevertheless, no lender or other person dealing with the Company shall be concerned to see or inquire whether this limit is observed. No debt incurred or security giving that the limit hereby imposed had been or was thereby exceeded.

POWERS AND DUTIES OF DIRECTORS

77. **Powers and duties**

The business of the Company shall be managed by the directors, who may pay all expenses incurred in promoting and registering the Company, and may exercise all such powers of the Company as are not, by the Company in general meeting, subject, nevertheless, to any of these regulations, to the provisions of the Act and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in general meeting; but no regulation made by the Company in general meeting; but no regulation made by the Company in general meeting shall invalidate any prior act of the directors which would have been valid if that regulation had not been made.

78. **Appointment of attorney**

The directors may from time to time and at any time by power of attorney appoint any Company, firm or person or body of persons, whether nominated directly or indirectly by the directors, to be the attorney or attorneys of the company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the directors under these regulations), and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with such attorney as the directors may think fit and may also authorize any such attorney to delegate all or any of the powers, authorities and discretion vested in him.

79. **Use of seal abroad**

The Company may exercise the powers conferred by section 75 of the Act with regard to having an official seal for use abroad, and such powers shall be vested in the directors.

DISQUALIFICATION OF DIRECTORS

84. **Vacation of office**

The office of director shall be vacated if the director –

a. ceases to be a director by virtue of section 251 of the Act;

b. becomes bankrupt or makes any arrangement or composition with his creditors generally; or

c. is prohibited from being a director by the provision of any enactment or by reason of any order made under section 254 of the Act; or

d. resigns his office by notice in writing to the Company; or

e. shall for more than six months have been absent without permission of the directors from meetings of the directors held during that period.

ROTATION OF DIRECTORS

85. **Retirement of directors**

At the first annual general meeting of the company all the directors shall retire from office, and at the annual general meeting in every subsequent year one-third of the directors for the time being, or, if their number is one-third, shall retire from office.

86. **Determination of directors to retire**

The directors to retire in 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.

87. **Eligibility for re-election**

87. **Eligibility for re-election**
A retiring director shall be eligible for re-election.

88. **Filling the vacancy**
The Company at the meeting at which a director retires in the manner aforesaid may fill the vacated office by electing a person thereto and in default, the retiring director shall, if offering himself for re-election, be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office unless a resolution for the re-election of such director shall have been put to the meeting and lost.

89. **Notice in case of person proposed by person other than the directors.**
No person other than a director retiring at the meeting shall unless recommended by the directors be eligible for election to the office of director at any general meeting unless not less than three nor more than twenty-one days before the date appointed for the meeting there shall have been left at the registered office of the Company notice in writing, signed by a member duly qualified to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election, and also notice in writing signed by that person of his willingness to be elected.

90. **Increase or reduction of number**
The Company may from time to time by ordinary resolution increase or reduce the number of directors, and may also determine in what rotation the increase or reduced number is to go out of office subject to the prior approval of the Central Bank of Nigeria (CBN).

91. **Casual vacancy or additional appointment**
The directors shall have power at any time, and from time to time, to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors shall not at any time exceed the number fixed in accordance with these regulations. Any director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the directors who are to retire by rotation at such meeting.

92. **Removal of director**
The Company may by ordinary resolution, of which special notice has been given in accordance with section 262 of the Act, remove any director before the expiration of his period of office notwithstanding anything in these regulations or in any agreement between the Company and such director. Such removal shall be without prejudice to any claim the director may have for damages for breach of any contract of service between him and the Company.

PROCEEDINGS OF DIRECTORS

94. **Meetings**
The directors shall meet regularly together for the dispatch of business, adjourn and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman shall have a second or casting vote. A director may, and the secretary on the requisition of a director shall, at any time summon a meeting of directors to any director for the time being absent from Nigeria: Provided that if he had given an address in Nigeria, the notice shall be sent to such an address.

95. **Quorum**
The quorum necessary for the transaction of the business of the directors shall not be less than two-thirds (2/3) of the directors.

MANAGING DIRECTOR

103. **Appointment**
The directors may from time to time appoint one or more of their body to the office of managing director/executive director(s) for such period and on such terms as they think fit, and subject to the terms of any agreement entered into in any particular case, may revoke such appointment. A director so appointed shall not whilst holding that office, be subject to retirement by rotation or be taken into account in determining the rotation of retirement of directors, but his appointment shall be automatically determined if he ceases for any cause to be a director.

104. **Remuneration**
A managing director shall receive such remuneration (whether by way of salary, commission or participation in profits, partly in one way and partly in another) as the directors may determine.

105. **Powers**
The directors may entrust to and confer upon a managing director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers may from time to time revoke, withdraw, alter or vary all or any of such powers.

SECRETARY

106. **Appointment**
The secretary shall be appointed by the directors for such term, on such remuneration and upon such conditions as they may think fit; and any secretary so appointed may be removed by them

THE SEAL

109. **Affixing seal**
The directors shall provide for the safe custody of the seal, which shall only be used by the authority of the directors or of a committee of the directors authorised by the directors in that behalf and every instrument to which the seal is affixed shall be signed by a director, and countersigned by the secretary or by a second director or by some other person appointed by the directors for the purpose.

DIVIDENDS AND RESERVE

110. **Declaration**
The Company in general meeting may declare dividends, but no dividends shall exceed the amount recommended by the directors.

111. **Interim dividend**
The directors may from time to time pay to the members such interim dividends as appear to the directors to be justified by the profits of the Company.

112. **Dividends only from profits**
No dividend shall be paid otherwise than out of profits.

ACCOUNTS

119. **Proper accounts to be kept**

1. The directors shall cause proper books of account to be kept with respect to:-

   a. all sums of money received and expended by the Company and the matters in respect of which receipt and expenditure take place; and

   b. all sales and purchases of goods by the Company; and

   c. the assets and liabilities of the Company.

2. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

CAPITALIZATION OF PROFITS

124. **Capitalization on recommendation of directors**

The Company in general meeting may upon the recommendation of the directors resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly that such sum be set free for distribution amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amount for the time being unpaid on any shares held by such members respectively or paying up in full unissued shares or debentures of the Company to be allotted and distributed credited as fully-paid up to and amongst such members in the proportion aforesaid, or partly in the one way and partly in the other, and the directors shall give effect to such resolution:

Provided that a share premium account and a capital redemption reserve fund may, for the purpose of this regulation, only be applied in the paying up of unissued shares to be issued to members of the company as fully-paid bonus shares.

125. **Appropriations and allotments.**

Where a resolution under regulation 126 hereof is passed the directors shall make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully-paid up shares or debentures, if any, and generally do all acts and things required to give effect thereto, with full power to the directors to make such provision by the issue of thereto, with full power to the directors to make such provision by the issue of fractional certificates or by payment in cash or otherwise as they think fit for the class of shares

or debentures becoming distributable in infractions, and also to authorize any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully-paid up, of any further shares or debentures to which they may be entitled upon such capitalization, or (as the case may required) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members.

AUDIT

126. **Auditors**

Auditors shall be appointed and their duties regulated in accordance with sections 357 to 368 of the Act.

NOTICES

127. **Service of notices**

A notice may be given by the Company to any member either personally or by sending it by post to him or to his registered address, or (if he has no registered address within Nigeria) to the address, if any, within Nigeria supplied by him to the Company for the giving of notice to him. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and to have been effected in the case of a notice of a meeting at the expiration of 24 hours after the letter containing the same is posted, and in any other case at the time at which the letter would be delivered in the ordinary course of post.

WINDING UP

131. **Distribution in specie**

If the Company shall be wound up the liquidator may, with the sanction of an extraordinary resolution of the Company, and any other sanction required by the Act, divide amongst the members in specie or kind the whole or any part of the assets of the (Company whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there in any liability.

INDEMNITY

132. **Indemnity to officers**

Every officer, managing Director, agent, auditor, secretary and other officers for the time being of the Company, shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under section 641 of the Act in which relief is granted to him by the court.

PROFITS

133. **Application of profits of the Company**

The profits of the Company shall be used and/or applied solely and exclusively for the furtherance of the objects of the Company and its Directors, shareholders and such other persons the Directors and shareholders may from time to time designate.

7. **Consents**

The following have given and have not withdrawn their written consents to the issue of this Placement Memorandum with the inclusion of their names and reports (where applicable) in the form and context in which they appear:

Directors	Rev. Vincent Alaje	Chairman
	Mr. Tony Ewelike	MD/CEO
	Mr. Ngozi Anyogu	ED/COO
	Rev. Ejim Ejikeme	Director
	Barr. Patrick C. Abuka	Director
	Barr. Danjuma Suleman	Director
	Rev. (Dr.) Chidi Okoroafor	Director
	Mr. Biose Sally	Director
Company Secretary	Anthony Okonmah	
Issuing House	Kedari Capital Ltd	
Auditors	Baker Tilly Nigeria (Chartered Accountants)	
Solicitors to the Issue	Tokunbo Orimobi LP.(Solicitors)	
Registrars to the Offer	CardinalStone Registrars Limited	
Receiving Bank	Access Bank Plc	

8. **Material Contracts**

The following is the contract entered into by the Company for the time being which may be material to the Issue:

A Vending Agreement dated November 1, 2016, between AG Mortgage Bank Plc ("the Company") and Kedari Capital Limited, Issuing House on the other part under which the Issuing House have agreed to offer on behalf of the Company, 4,319,466,668 Ordinary shares of **N**0.50 Kobo each at **N**0.60 Kobo per share by way of Rights Issue and 1,336,728,333 Ordinary shares of 50 Kobo each at 60 Kobo per share by way of Special Placing.

Other than as stated above, the Company has not entered into any material contract except in the ordinary course of business.

9. **Claims and Litigations**

AG Mortgage Bank Plc is currently involved in Four (4] pending suits. [Two (2) of the cases were instituted by the Bank and the other two (2) instituted against the Bank. A review of these cases was conducted with a view to confirming their status and ascertaining the "Contingent Liability" of the Bank.

The total amount involved in the Bank's Claims and Litigation, sums up to the tune of N62,190,400.31 (Sixty Two Million, One Hundred and Ninety Thousand, Four Hundred Naira, Thirty One Kobo). However, the eventual quantum of the liabilities will be determined by the courts.

The Solicitors to the Offer are of the opinion that the Claims and Litigation are not likely to have any material adverse effect on AG Mortage Bank Plc, or the Rights Issue and are not aware of any pending and/or threatened Claims or Litigation involving the Bank other than those disclosed above.

10. **Relationship between the Issuer and its Advisers**

There is no known relationship between the Issuer and its Advisers other than in the ordinary course of business.

11. **Cost and Expenses**

The costs, charges and expenses of and incidental to the Rights Issue including fees payable to the Securities and Exchange Commission, professional parties, brokerage commission, and printing and distribution expenses are estimated at N53,162,982.00 representing 2.05% of the gross offer proceeds.

12. **Declarations**

Except as otherwise disclosed in this Private Placement

(i) The Company is not aware of any prosecution for any offence committed within the last 12 (twelve months) against it, in respect of any breach of any securities laws or the CAMA; or

(ii) Aside as disclosed herein, the directors of the Company have not been informed of any holding representing more than 5% of the issued share capital of the Company.

(iii) There are no long term service agreements between AG Mortgage and any of its directors and employees except agreements relating to their pension entitlements;

(iv) No director of the Company has had any interest, direct or indirect, in any property purchased or proposed to be purchased by the Company in the five years prior to the date of this Memorandum; and

(v) None of the Company's directors or key management staff is or has been involved in any of the following:

(i) A petition under any bankruptcy or insolvency laws filed (and not struck out) against him/her or any partnership in which he/she is or was a partner or any company of which he/she is or was a director or key personnel.

(ii) A conviction in a criminal proceeding or is named subject of pending criminal proceedings relating to fraud or dishonesty.

(iii) The subject of any order, judgment or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty, restraining him/her from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business or activity.

13. **Mergers or Takeovers**

As at the date of this Rights Circular, the Directors were not aware of:
(i) a merger or takeover offer by third parties in respect of the Company's securities; and

(ii) a merger or takeover by the Company in respect of another Company's securities during the preceding financial year or current financial year.

14. **Statement On Unpaid/Unclaimed Dividend**

There is no unpaid dividend in the records of the Company as at 31th December 2015. All the dividends declared by the Company prior to this date were duly paid on the specified dates of payment.

15. **Training, Research & Development**

The Bank devotes appreciable resources to staff training, research and development through both local and foreign facilitation. The Bank expended N7,762,000.00, N5,799,000.00 and N5,658,000.00 in training, research and development in 2013, 2014 and 2015 respectively.

16. Documents Available for Inspection

Copies of the following documents may be inspected at the office of the Lead Issuing House during normal business hours on any weekday (except public holidays) while the Offer remains open.

a) Copy of the Mortgage Banking License
b) Copy of the Shareholders Resolution authorizing the Offer.
c) Copy Board Resolution Authorizing the Offer.
d) Copy of the Memorandum and Articles of Association, originally certified by the Corporate Affairs Commission ("CAC").
e) Copy of Certificate of Incorporation, originally certified by CAC.
f) Copy of the Form CAC2 (Formerly C02) originally certified by CAC.
g) Copy of the Form CAC7 (Formerly C07) originally certified by CAC.
h) Copy of Certificate of Registration of Increase in Share Capital originally certified by CAC.
i) The Company's Audited Accounts for the five years ended 31st December, 2015.
j) Claims and litigation referred to above.
k) The written consents referred to above.
l) The material contracts referred to in the Rights Circular.
m) The Rights Circular issued in connection with the Rights Issue.
n) The Letter of declaration from the Issuer.
o) Letter from the Company Secretary on the outstanding Claims and Litigations on the Company.
p) Letter from the Auditors confirming the Company's going concern status.

PROVISIONAL ALLOTMENT LETTER

November 8, 2016

Dear Sir/Madam,

AG MORTGAGE BANK PLC ("AG MORTGAGE" OR "THE BANK") RIGHTS ISSUE OF 4,319,466,668 ORDINARY SHARES OF 50KOBO EACH AT N0.60 PER SHARE "THE ISSUE)

1. Provisional Allotment

The letter dated 30th October, 2015 from the Chairman of your Company, which is on pages 11-17 of this Rights Circular, contains particulars of the Rights Issue now being made. The Directors of your Company have provisionally allotted to you the number of new ordinary shares set out on the first page of the Acceptance/Renunciation Form, representing fourteen (14) new ordinary shares for every ten (10) ordinary shares of 50 Kobo each held as at the close of business on August 29, 2016.

You may accept all or some of the shares allotted to you or renounce your Rights to all or some of them. Shareholders who elect to accept the provisional allotment in full should complete box A of the Acceptance/Renunciation Form, while those who elect to renounce their Rights partially or in full should complete box B of the form. You may also apply for additional shares over and above your provisional allotment as described in 2(B) below.

2. Acceptance and Payment

The receipt of any payment with your Acceptance/Renunciation Form will constitute an acceptance of all or part of this Allotment on the terms of this letter, subject to the Memorandum and Articles of Association of the Company and to the clearance of the Securities & Exchange Commission. If payment is not received by 5th day of December, 2016, the provisional allotment will be deemed to have been declined and will be cancelled. The Central Bank of Nigeria has placed a maximum limit on cheque payments at N10million. Any payment value exceeding N10 million should be made through the e-payment mode. Kindly consult further with your Bankers/Receiving Agents in this regard.

You may participate in the Issue through any of the following methods:

(A) Full Acceptance

If you wish to accept this provisional allotment in full, please complete box A of the enclosed Acceptance/Renunciation Form. The completed Acceptance/Renunciation Form together with a cheque or bank draft for the full amount payable must be submitted to any of the Receiving Agents listed in this document not later than 5th day of December 2016. The cheque or draft must be made payable to the Receiving Agent, drawn on a bank in the same town or city in which the Receiving Agent is located and crossed "AG Mortgage Bank Plc Rights Issue" with your name, address and day time telephone number (if any) written on the back of the cheque or draft. All cheques and drafts will be presented upon receipt and all Acceptance/Renunciation Forms in respect of which cheques are returned unpaid will be rejected and returned through the post.

(B) Applying for Additional shares

This may be done by completing item (2) of box A of the Acceptance/Renunciation Form. Payment should be made in accordance with (A) above. Shareholders who apply for additional number of shares using the Acceptance/ Renunciation Form will be subject to the allotment process and may therefore be allotted less than the number of additional shares applied for (please see item 4 below).

(C) Partial Acceptance

To accept your provisional allotment partially, please complete item (i) of box C and submit your Acceptance/Renunciation Form to any of the Receiving Agents listed on Page of this document together with a cheque or bank draft made payable to the Receiving Agent for the full amount payable in respect of the number of shares you have decided to accept.

If you wish to renounce your provisional allotment partially or in full, please complete item (i) of box C.

3. Allotment of Additional Shares

Rights which are not taken up or traded on the NASD OTC market platform available for such trading in 'Rights' by 5 day of December 2016, will be allotted on a basis to be determined by the Directors of AG Mortgage and cleared by SEC, to existing shareholders who have applied and paid for additional shares by completing item (ii) of box B. Ordinary shares not taken up by shareholders after allotment shall revert to the unissued authorized share capital of the Company.

4. Surplus Subscription Monies

If any subscription for additional shares is not accepted or is accepted for fewer shares than the number applied for, a cheque for the value of the additional shares will be returned by registered post within 5 (five) working days after the date of allotment.

5. Rounding Principle

The allocation of rights offer shares will be such that shareholders will not be allocated a fraction of a rights offer share and as such any shareholding giving rise to a fraction of less than one of a rights offer share will be rounded down to the nearest whole number.

Yours faithfully,

Tony Okonmah
Company Secretary

ACCEPTANCE/RENUNCIATION

Care should be taken to comply with the instructions set out on the front of this form. If you are in doubt as to what action to take, you should immediately consult your Stockbroker, Bank Manager, Solicitor, Accountant or any other professional adviser for guidance.

DETAILS OF SHAREHOLDER'S PROVISIONAL ALLOTMENT		

A. FULL ACCEPTANCE OF RIGHTS

I/We accept in full, the provisional allotment shown on the front of this Acceptance/Renunciation Form

DETAILS OF SHAREHOLDER'S PROVISIONAL ALLOTMENT

Signature:.. Date: 2016

Name (in block letters): ....

OFFICIAL SEAL (FOR CORPORATE ALLOTTEES ONLY)RC NO:..................................

Signature (for Joint Allottee): ....

Name (in block letters): ....

Daytime Telephone No.: ....

Name of Stockbroker: ....

OFFICIAL SEAL (FOR CORPORATE ALLOTTEES ONLY)
RC NO:..................................

B. REQUEST FOR ADDITIONAL ORDINARY SHARES

I) I/We also apply for the following additional shares:

This section should be completed if you wish to apply for additional shares

Number of Additional Ordinary Shares Applied for	Additional amount payable at 60Kobo Per Share
	N

ii) I/We agree to accept the same or smaller number of additional shares in respect of which allotment may be made to me/us, in accordance with the Provisional Allotment Letter contained in the Rights Circular.

iii) I/We enclose my/our cash/cheque/bank draft for N.............. being the total of the amount payable as shown on the front of this form, and the additional amount payable as shown in item (ii) above.

Cheque details: Name of bank/branch:.................Cheque number:..

1 Number of Ordinary Shares Accepted	2 Amount payable at 60Kobo Per Share	3 Number of Shares Renounced N

I/We accept only the number of Ordinary shares shown in Column 1 above and enclose my/our cheque/bank draft for the value shown in Column 2 above.

Cheque details: Name of bank/branch:..................... Cheque number:
....

ii) I/We hereby renounce my/our rights to the Ordinary shares shown in Column 3, being the balance of the ordinary shares allotted to me/us.