

Annual Report
&
Account 2013





Corporate Head Office

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VISION

“A leading and reputable mortgage banking services provider”

MISSION

“Rending seamless mortgage banking services that ensure customer satisfaction and impressive return to stake holders in a technology driven environment”

OUR CORE VALUES

- P - Professionalism
- R - Responsiveness
- I - Integrity
- T - Team Spirit
- E - Excellence

Bank Profile

Resort Savings & Loans Plc is duly licensed to carry on mortgage banking business and has operated for over a decade, having commenced business on November 29, 1993, and grown steadily in achievements, acceptability and reputation.

Whilst these formative years have been used to lay a very solid foundation for business development with great emphasis on building public confidence and acceptability, the company thereby successfully pulled through the difficult years of mortgage banking and subsequently has been achieving modest income that continues to increase steadily.

The vision of the Bank is to be a leading and reputable mortgage banking services provider.

Mission Statement

Rendering seamless mortgage banking services that ensure customer satisfaction and impressive return to stakeholders in a technology driven environment.

Core Values

P - Professionalism

R - Responsiveness

I - Integrity

T - Team Spirit

E - Excellence

Description of Business

Resort Savings & Loans is a Primary Mortgage Institution (PMI). In accordance with the revised Guidelines issued by the Central Bank of Nigeria, PMIs are authorized to receive Deposits and maintain accounts for their customers for the purpose of providing service, creating mortgage assets and other credit facilities. By this function Resort Savings & Loans is a financial intermediary that reviews the creditworthiness of a borrower, provides the funds for the loan and quickly sells mortgages into the secondary mortgage market.

To date, the Bank has done active business in the following areas:

- Leasing and Credit Facilities - This has been extended to a lot of Small and Medium scale companies and high net worth individuals to grow their businesses.
- Property Acquisition Management - Acting as intermediary, the company links sellers and buyers to consummate transactions, offers financial advisory and management services on property use and fund, all for fee income.
- Mortgage Finance - This is provision of loan on short and medium term for property acquisition and development.
- Fund Management - This is liability management, through the company's products including Resort Insurance-Linked Mortgage Fund (RILMFUND), Savings and Tenor Deposits.

Products

Resort Savings and Loans provides full mortgage services, commercial and investment banking through her various products. In line with rendering seamless mortgage services, our products are tailor-made for the different cadre of customers that we cater to. The Bank have products geared towards wealth acquisition from cradle (in form of RIMPLAN Endowment), for the low-income earner, and even for the huge investor. So no matter what category our customers fall into, there is always something for them. And even better, is the introduction of our debit card which allows our customers to withdraw money from any of our ATM points or any ATM point of their choice or conduct transactions at different POS electronically.

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RESULT AT A GLANCE

	2013	2012
	N'000	N'000
Profit & Loss:		
Gross Earning	1,600,075	1,293,144
Profit before Taxation	(1,547,559)	238,455
Profit After Taxation	(1,566,559)	163,480
Balance Sheet:		
Loans & Advances	4,041,867	3,199,078
Deposit Liabilities	3,414,103	1,676,529
Shareholder's Funds	3,651,442	3,009,357
Per Share		
Earning Per Share (kobo)	(13.32)	1.44

CORPORATE INFORMATION

DIRECTORS

FRANCIS ADEFARATI	-	CHAIRMAN
ABIMBOLA OLAYINKA	-	MANAGING DIRECTOR/CEO
JOSEPH CHUKWUOCHA	-	DIRECTOR
SUNDAY FAJINMI	-	DIRECTOR
NOSIKE AGOKEI	-	DIRECTOR
DANLADI TIJO BAIDO	-	DIRECTOR
USMAN KARAYE UMARU	-	DIRECTOR

MANAGEMENT TEAM

ABIMBOLA OLAYINKA	-	MANAGING DIRECTOR/CEO
OLAYEMI RABIU	-	DEPUTY GENERAL MANAGER
OSHOKE ALIU	-	DIVISIONAL HEAD, BUSINESS DEVELOPMENT, NORTH
JOSEPH JIBUNOH	-	DIVISIONAL HEAD, LEGAL & PERSONNEL
KOLA ADESINA	-	HEAD INTERNAL CONTROL
SHEHU TIJANI	-	HEAD, RISK MANAGEMENT & DEBT RECOVERY
VICTORY OLUMUYIWA	-	HEAD, TREASURY & INVESTMENT
OLUYEMI POPOOLA	-	HEAD, BUSINESS DEVELOPMENT

SECRETARY

LPC SOLICITORS
STONE HOUSE
9, OYO CLOSE, OFF NIGER STREET,
PARKVIEW ESTATE,
IKOYI, LAGOS.

CORPORATE OFFICE

5TH FLOOR, ST' NICHOLA'S HOUSE
6, CATHOLIC MISSION STREET
LAGOS, NIGERIA.

AUDITORS

GRANT THORNTON INTERNATIONAL
(FORMERLY SPIROPOULOS, ADIELE, OKPARA & CO.)
(CHARTERED ACCOUNTANTS)
NIGERIA MEMBER FIRM OF GRANT THORNTON
3RD & 4TH FLOORS
294, HERBERT MACAULAY WAY,
SABO - YABA, LAGOS, NIGERIA

BANKERS

ACCESS BANK PLC
KEYSTONE BANK LIMITED
FIDELITY BANK PLC
ZENITH BANK PLC
ECOBANK PLC
GUARANTY TRUST BANK PLC

REGISTRARS

AFRICA PRUDENTIAL REGISTRARS PLC
220B, IKORODU ROAD, PALMGROVE,
LAGOS.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 8th Annual General Meeting of Resort Savings & Loans Plc will hold at the Rockview Hotel Classic, Plot 196 CAD Zone A8, Adetokunbo Ademola Crescent, Wuse II in FCT, Abuja on Thursday, January 14, 2016 at 9.00 am to transact the following business.

ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the year ended December 31, 2013 and the reports of the Directors, Auditors and Audit Committee thereon.
2. To elect/re-elect Directors.
3. To authorize the Directors to fix the remuneration of the Auditors.
4. To elect members of the Audit Committee.

Dated this day 30th day of November 2015

BY ORDER OF THE BOARD



**LPC SOLICITORS
COMPANY SECRETARY**

REGISTERED OFFICE:

5th Floor, St. Nicholas House
6, Catholic Mission Street
Lagos

NOTES:

1. **PROXY**
A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company. A proxy form is attached to the Annual Report and to be effective, all instruments of proxy should be completed, duly stamped by the Commissioner of Stamp Duties and deposited at the office of the Registrar of the Company, Africa Prudential Registrars Plc, 220B, Ikorodu Road, Palmgrove, Lagos not later than 48 hours before the time fixed for the meeting. A corporate member of the Company is required to execute a proxy under seal.
2. **CLOSURE OF REGISTER & TRANSFER BOOKS**

The Register of Members and Transfer Books of the Company shall be closed from January 4, 2016 to January 8, 2016 (both days inclusive).
3. **AUDIT COMMITTEE**

In accordance with Section 359(5) of the Companies and Allied Matters Act, 2004 any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

CHAIRMAN'S STATEMENT

Fellow distinguished shareholders, fellow directors on the Board, invited guest, gentlemen of the press, ladies and gentlemen, it is my singular honour and privilege to welcome you the 7th Annual General Meeting (AGM) of our Bank, Resort Savings & Loans Plc. The Bank's strategy of being a leader in the industry is still on course and the challenges are not insurmountable as we are charged towards achieving this feat. Notwithstanding the challenges posed by impact of unforeseen regulatory guidelines in the year 2013, our Bank has more than ever before seen the need to reevaluate our business models due to the changing Nigerian banking landscape sequel to global trend in the financial system.

I gracefully wish to seek your indulgences to permit me to give you an insight into the key events that transpired within the global and domestic business environment and how these events shaped the performance of our bank in 2013.

GLOBAL ECONOMY

The global economy in the year 2013 experienced some downturns arising from setbacks that challenged investments and production output in major economies of the world. The advanced economies started off on a slow gear but improved slightly in the second half of the year as increase in private consumption stimulated production activities, while falling commodity prices, weak credit creation, poor domestic demand and political instability slowed down output growth in emerging markets and developing economies.

The economy of euro zone posed great threat to the global economy arising from being in recession during the year. The European Central Bank (ECB) adopted a number of policy initiatives late 2012 the impact of which are expected to be felt in 2013. The euro region still remains significant risk factor for the world economy. The policy did not reduce the banking and fiscal risks as a number of banking institutions in the region are being constrained by weak balance sheet made up of sovereign debt with consequence on their going concern applicability being vulnerable to future sovereign instability.

In Europe, the economic situation improved arising from improved investors' confidence which stimulated savings and investment. The economy grew by an estimated 1.9 percent in 2013 while growth in investment was put at 14.0 percent which mirrors savings deposit growth of 11.3 percent from 10.9 percent in 2012.

The United State of America economy grew by a meager 1.6% in 2013 as against 2.8% growth recorded in 2012, with planned tightening of monetary easing measures and a series of political gridlocks over budgetary issues weighing heavily on the country's growth during the year. While expansionary monetary policies adopted has been extremely accommodative, the effect has been more pronounced on boosting equity prices than on stimulating the real economy.



CHIEF FRANCIS BABATUNDE ADEFARATI (Chairman)

The Asia Pacific economy coming from economic downturn of 2011/2012 experienced improvement in the year 2013. The region continues to be adversely affected by relatively weak external demand from developed economies possible as a result of the need to strengthen their own economic system too as well as an adjustment to slower growth in China. The average growth of the region is estimated to be 6.0% in 2013, almost the same pace as 2012, with a moderate pickup to 6.1% forecast for 2014. The Chinese economy, which slowed down from 9.3% in 2011 to 7.8% in 2012, is estimated to grow by about 7.7% in the year, riding on strong economic reforms and increased domestic demand which has helped to sustain current growth momentum.

The Sub-sahara African economies remained on the growth path reflecting renewed political and stronger trade ties after a long period of economic stagnation, especially in North Africa where the combination of public protest and hostile confrontation, led to the removal of duly elected governments. Regional economic blocks in the continent of Africa embarked on strategies towards strengthening their economic integration with the aim of reducing product dumping and free trade flows. Regional economic blocs in Africa like Economic Community of West African States (ECOWAS) and East African Community (EAC) deepened their campaign for closer economic links through free trade, custom duty unification and common markets.

NIGERIA ECONOMY IN 2013

The financial system instruments performance increased during the year 2013. Banks' deposit and lending rates generally trended upward during the year. The value of money market assets outstanding increased, due largely to the rise in FGN Bonds and NTBs. The volume of foreign assets reduced during the year arising from the need to fund foreign exchange demand and low inflow of foreign investment due to wrong perception of peaceful environment in the country. Money market rates were influenced by the liquidity conditions in the banking system. Monetary Policy stance of the Bank remained, largely, restrictive as the Monetary Policy Rate (MPR) was maintained at 12.0 per cent during the year.

Capital market activities fared better in the year 2013 with total market capitalization growing to =N=19.1 trillion by fourth quarter of the year 2013 with listed equities representing about 66% of market capitalization. Aggregate output measured by real Gross Domestic Product (GDP) grew by average of 7 per cent in the year 2013. The development was driven, largely, by the growth in the non-oil sector.

The country faced some challenges in the major driver of the economy the oil and gas sector during the year 2013 bordering on production, security of supporting facilities, international pricing politics etc. Aside the challenges faced in the oil and gas sector, government efforts to enhance revenue generation fell short of target as internally generated revenues and other non-oil revenue, with the exception of company income tax, became susceptible to changes in government policies. The decomposition and the final handover of Power Holding Company of Nigeria (PHCN) to investors depict the preparedness of the current administration in stimulating activities in the real sector of the economy. The Federal Government also introduced the Graduate Internship Scheme (GIS) under the Subsidy Reinvestment and Empowerment Programme (SURE-P), to check the growing count of unemployed graduates. The scheme creates entrepreneurial cum employment opportunities for graduates by attaching qualified applicants to reputable public and private firms to be trained and mentored for a year on a monthly minimum wage of N18,000.00 payable by the Federal Government.

CORPORATE SOCIAL RESPONSIBILITY

Our objective is to give back to environment where we are creating wealth for the stakeholders within the confines of operational constraints. During the year under review, our Bank provided assistance to needling organizations like old people homes, challenged people in our society and public schools. The Bank participated in sponsoring of schools inter-house sport competition first to aid the schools and introducing the concept of mortgage Banking and investments to the children at early age.

OUTLOOK

Notwithstanding slow growth witnessed in 2013, economic activities in the developed economies is expected to improve in the year 2014, contributing significantly to improved global economic growth rate in 2014. This assertion will however be determined by the local framework, international confidence and the direction of policy makers in wealth creation. In the Euro zone, concerted efforts by policy makers across the region, which has largely reduced the sovereign risks across the Euro-area is expected to start yielding commendable results in the coming year, even as individual countries within the zone are already beginning to record marked improvements in their economic activities.

FINANCIAL PERFORMANCE

Our good intention is to consistently deliver value to our dear shareholders and other stakeholders. This objective is still in focus notwithstanding the operating environment within which we found ourselves.

As stated during the last operating period in passing, the Bank is still reorganizing her operating assets towards returning the Bank to good profitability. The Bank is blessed with the high investments in mixture of real estate and other investments. The total value of investments (at costs) as at 31st December, 2013 is N2.5 billion from the total asset size of N8.5 billion. The investments are being held for sale for purpose of generating new business for the bank with attendant profitability in the foreseeable future. Arising from macro economic factors limiting liquidity availability in the economy, Management has been unable to realize good liquidity from the investments. This is a continuous exercise and it is believed the efforts put in place by the Management will soon record positive result.

The bank would have made a loss of =N=1.56 billion as a result of provision on classified account of =N=1.95 billion that has to be made in the interest of prudence and objectivity in financial reporting. This provision will surely come to profitability when the assets are realized as stressed above. The management is being challenged by the need to recapitalize the Bank, to boost her operational base. The efforts of the Management are on to get credible investors on Board.

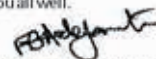
The Bank recorded impressive growth in earnings during the year 2013 with interest income growth of 21%, fee and commission growth of 29% and other income growth of 142%. This is expected to continue in the emerging period. It is believed the bank is better poised to deliver better performance in 2014 as the underlying momentum of the Bank's business continues to be robust given the asset base and structure.

Our bank has to be a proactive Bank given the nature of our business, we have adequately resourced and re-aligned our structures to optimize emerging opportunities arising across all the operational terrains of emerging mortgage markets, while also adopting appropriate risk management frameworks to mitigate likely exposures in our operations both within the local and global environment.

APPRECIATION

I wish to express my sincere appreciation to all our stakeholders including our great customers who had put great trust in us despite the operating challenges. I also want to appreciate our esteemed shareholders for their unwavering support. To our employees, your dedication and utmost commitment to the vision of the Bank is highly commendable and we appreciate you. To my fellow board members, your strong leadership competence in overseeing the affairs of the Bank and keeping management focused on the shared vision cannot be over-emphasised.

I wish you all well.



CHIEF FRANCIS BABATUNDE ADE-ARATI
CHAIRMAN OF THE BOARD

CHIEF EXECUTIVE REVIEW

I am highly pleased to welcome our valued customers, distinguished shareholders, fellow directors, dear colleagues, ladies and gentlemen to our 7th Annual General Meeting of our Bank.

INTRODUCTION

Financial institutions operated under challenging operating environment in the year 2013 considering the various regulatory targets and the need to create wealth for the teeming stakeholders. Banking industry operated in a contractionary monetary system combined with multiple regulatory guidelines, deteriorating earnings and increasing costs.

As a notable mortgage Bank in Nigeria, our vision remains in focus during the year 2013 and we hope to consolidate our position as a leading mortgage banker in the country.

STRATEGIC MOVES IN 2013

The Bank set out in the year 2013 with ultimate aim of being among the 1st three leaders in the industry. This is done using the following tools among others:

- Raising of new capital to boost the operational base;
- Significant improvement on deposit base;
- Leveraging on our balance sheet structure to boost mortgage assets;
- Focusing on mortgage banking operation;
- Image re-launching

The Bank went into all these with serious vigour but the rest is now history. The success that could have been recorded from the raising of new capital was seriously affected by state of economy majorly due to loss of interest of people in the capital market. Notwithstanding this position, the Bank was able to grow her deposit base by over 100% moving from N1.6 billion to N3.6 billion. The Bank balance sheet by the year 2013 has high level of investment in real estate which gives the management the advantage of conversion of real estate investment to mortgage assets. The Central Bank of Nigeria, released a new guide on bank charges in the early part of the year 2013 with consequent effect on income earning capacity of the financial institutions. Financial



ABIMBOLA OLAYINKA
Managing Director / Chief Executive Officer

institutions are now challenged by the need to fashion out ways and means of generating income. It is our great relieve that the income earning of the Bank is not seriously affected by this guideline due to the nature and specialty of our operations.

The Bank improves the asset base during the year by over 44%, deposit by over 100% and gross earnings by over 24%. The profitability was affected by the need to make further provisions on other loan losses due to take over some assets from captive customers in the sum of about N2.0 billion. This is expected to reverse upon realisation of the assets for cash. These achievements were made possible by the dedication and resilience of our employees.

FINANCIAL PERFORMANCE

Our balance sheet recorded a good growth of 44% during the year 2013. The growth is accounted for by growth in deposit by over 100%. Net risk assets grew by 24% while investment majorly in the category of investment in real estate grew by 5%. These investments in properties are being held for sale as we have no intention of having more than 5% of this as our portfolio. The strategy to offload them to credible and able developers who will you them create mass housing project which can ultimately be used to create mortgages for customers. The bank made further provision on classified account in the region of N2.0 billion Naira as directed by the regulators since most of the investment in

properties was recoveries from customers. This will revert back to profit when the properties are disposed off. But for this provision the Bank made a loss of N 1.56 billion loss after tax despite the growth in earning of 23%.

OPERATIONAL STRATEGIES

The Bank has branch network in seven states of the federation but the customer spread all over the country. We are constrained in opening of more branches by the need to watch costs, reducing operational risks and optimising returns on the existing ones. In this regard, we made Abuja an area office to take care of northern region of the country while Port-Harcourt takes care of Eastern region of the country. Our strategy is to open new branch office in any location on the basis of having good customer base from the noticed areas and presence of mass housing projects for which we have direct influence on.

The Bank is employing aggressive approach to marketing with serious focus on strategic objective of making the Bank envy of her peer in the mortgage banking industry. This we are doing through improving on our deposit base, mortgage assets and improved equity. Our key priorities in the years to come are:

- Growth of low cost fund in category of savings and current accounts
- Harnessing the potentials of our business outlets thereby creating synergy in value adding
- Becoming a leader in mortgage banking industry in the country, subsequently in West African sub-region and ultimately in Africa.
- Improving on our market share in the financial sector via deployment of e-payment system of mortgage backed products
- Execution of customer focused service policies and strategies with a view to attracting new customers and re-activating the old ones.

It is our believe that with serious focus on these priorities with renewed discipline on the operatives coupled with demonstration of sense of ownership by all stakeholders, we are sure to be the leader of

our sub-sector.

CONCLUSION

On behalf of the Board and Management I want to thank our highly valued customers who have continue to stand by us notwithstanding the operational challenges the mortgage Banking sector is going through. You have provided unqualified opportunities for us to create a new phase in financial environment in the country. We appreciate our shareholders for their confidence in us, serious thanks goes to our colleagues in the Bank for following the vision of the Bank.

I thank you all.



ABIMBOLA OLAYINKA
MANAGING DIRECTOR/CEO

BOARD OF DIRECTORS



CHIEF FREANCIS BABATUNDE ADEFARATI - Chairman

Distinguished Alumi Chemistry Graduate of the University of Lagos. Chief Francis Babatunde Adefarati is a Chartered Chemist (C.Chem) and fellow of the Royal Society of Chemist (FRSC) London. Past Vice President of the Chemical Society of Nigeria of which he is also a fellow. former member of the building Research institute and past Chairman multidisciplinary Task force of Raw materials research and development Council (RMRDC). widely experienced in Building and coating industry. former member of Ondo State Economic Advisory Council Current Managing Director Falcon Chemicals Nig. Ltd and Executive Chairman of falcon Oil and Gas Flare Solution Ltd.



ABIMBOLA OLAYINKA - Managing Director / CEO

He holds a B.Sc. in Mathematics and master in Computer Science both from the University of Lagos, Akoka. He is also a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and an Associates member of Chartered Institute of Taxation (CITN). He is a fellow of the Nigeria Computer Society (FNCS) and also on the National Executive Council of the society and a member of the Nigerian Computer Professionals of Nigeria (MCPN). he has been an active player in the industry and has occupied key positions in well renowned establishments.

Prior to joining Resort Savings and Loans Plc he has occupied vital position as the General manager/CEO of Oasis Saving & Loans Ltd and an Assistant general Manager Safetrust Savings & Loans ltd. With over 18 years experience in the mortgage banking Industry, he brings to Resort a wealth of experience to drive the organisation to greater heights. he is the immediate past president of Mortgage Banking Association of Nigeria and member of the Council of Chartered of Bankers.



JIDEFOR OBIOHA JOSEPH CHUKWUOCHA - Director

He holds an L.L.B (Hons) from the University of Nigeria Nsukka. He qualified as a Solicitor and Advocate of the Suprem Court of Nigeria after been called to the bar decades ago. he is the Principal Partner in JOJ Chukwuocha & Co. His experience in legal practice and commerce span over 25 years and he is presently the External Solicitor to First Bank Plc. Director, Save Earth Project Magazine and also the coordinator. Youths for Change in Nigeria.

Barrister Chukwuocha sits on the Board of many organization which include International humanitarian initiatives (IHI) an organisation involved in reaching to the unknown parts of the ventures ltd; an international Consultancy Company on ventures and Investments. He is a legal ready technologies Limited and Queens Image formations Consults.



SENATOR SUNDAY O. FAJINMI - Director

A distinguished Senator of the federal Republic of Nigeria, 1998. He holds HND in Marketing from Tesside University, Middlebrough, United Kingdom. His business and Industrial experience spans over 30 years. As an ICT Professional, he is a fellow of the Nigeria Computer Society (NCS). He is also a member of the British Institute of Marketing and Chartered Institute of Marketing UK

BOARD OF DIRECTORS



NOSIKE AGOKEI - Director

He holds an L.L.B from the University of Lagos, Akoka. He also holds M.Sc Economics from the University of Ibadan, Nigeria. A seasoned Economist with over 20 years experience. He is a member of the institute of Chartered Accountants of Nigeria (ACA), Member of the Institute Secretaries & Administrators of London (ACIS), Member of the Institute of Taxation (ACTI) and member Chartered Institute of Arbitrators, UK (Mciarb). He has served on the Board of many companies including Lennards Nigeria Plc Holt Engineering Limited.



DANLADI TIJO BAIDO - Director

Mr. Tijo has a B.Sc degree in Public Administration from Ambrose Alli University, Ekpoma Edo State. He also holds an Advanced Diploma in applied psychology which he obtained from the University of Jos. He is a Fellow of the Institute of Trustees, Nigeria.

Mr. Tijo was the Personal Assistant to Governor Jolly Nyame of Taraba State in 1993 and was later appointed as the commissioner for finance for Taraba State in 2007. Currently, he is actively engaged in properties development, syndication and management within the Real Estate Sector of Nigeria.



ARC. USMAN KARAYEUMARU - Director

Arc. Karaye holds a Preliminary Chemical Engineering Diploma from the University of Lagos and a master of Science in Architecture from the State of Academy of Construction & Architecture Odessa in the defunct Union of Socialist Republics. He also obtained an Executive MBA from Lagos Business School and another M.Sc in project Management from the University of Reading, Reading UK. Arc. Karaye is a fellow of the Institute of Architects Nigeria and Architects Registration Council.

Arc. Umaru started his career as a Chief Archited in the State House Annex (NSO), Abuja from 1984 - 1989. He later joined Ultimate Design Consortium Limited as Principal Partner between 1990 and 1995. In 1995, he became the President / Chief Executive Officer (CEO) of Design and Build Limited, a position he holds till date. His most notable achievement was the design of the national Assembly Complex in Abuja.

he was a non-executive Director of Fin Bank Plc from 2009 to 2011 and the Board Chairman of Fin Homes from 2010 to 2011. in 2003 and 2004, respectively he was appointed a Non-executive Director in Songhai health Trust Limited and Board Chairman, Travels and Tour limited. He still serve on the Board of these companied till date.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2013

CORPORATE GOVERNANCE REPORT

1. Introduction

Effective corporate governance drives good performance and lays the foundation for the way in which Resort Savings & Loans Plc (“the Bank”) operates. Good corporate governance is highly important in the light of continuous evolution of regulatory policies in respect of financial services provision and the need for the Bank to maintain investors confidence. The Bank operates in a highly regulated industry and sees good corporate governance, good risk management and internal control as key elements in a successful business. This facilitates effective entrepreneurial and creation of long term value for our stakeholders.

The Board's approach to governance is to keep track of developments and adopt those practices that are most relevant to the Bank to strengthen its competitive advantages once they become part of its operating reality.

The Bank ensured compliance with various legislation, regulations, standards and codes which are entrenched within the Bank's culture, helping to reduce its risk to regulatory sanctions and so protecting & promoting its stakeholders interest during the period under review.

2. The Board of Directors

The Board has ultimate responsibility for the governance of the Bank and is accountable to shareholders for delivering sustainable value through the management of the Bank's business.

The Board of Directors recognizes that the right attitude and approach towards good corporate governance practices are most appropriately cascaded through the organisation from the top. In order to continue to be effective it had ensured that the composition of the present Board is an optimal mix of the competencies and experiences required for the Bank primarily designed to maximize shareholders funds.

Our Board remains strong in its oversight responsibilities and we shall continue to ensure we do business ethically, continually putting in place the right checks and controls to enable us to build long-term shareholder value and promote the interest of investors.

3. Responsibilities of the Board

Today's board is ever more accountable for an organisation's performance and as such, must set its strategic direction and monitor the Bank's risk profile. In fulfilling its role as the body charged with the responsibility for the good corporate governance, its responsibilities include:

- Approval of quarterly, half yearly and annual financial statements and any change in accounting and dividend policies of the Bank or major corporate structural changes relating to the Banks capital structure.
- formulation of policies and setting of objectives and strategic direction for management to maximise shareholder value

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2013 CONT'D

- determining the terms of reference and procedures of the Board Committees, including reviewing and approving the reports of such Committees
- Monitoring the Company's performance to ensure that the Company is a going concern by setting performance objectives and overseeing major capital expenditures, acquisitions, divestitures and approving annual budgets
- Overseeing the Bank's financial reporting systems, including the independent audit, and ensuring that appropriate systems of control are in place for risk management.
- Monitoring and influencing culture, reputation, ethical standards, legal and regulatory compliance and overseeing corporate governance framework.
- Monitoring the effectiveness of the Bank's governance practices by selecting, compensating and when necessary, replacing key executives and overseeing succession planning
- Exercising objective independent judgment on corporate affairs by ensuring proper composition of the Board by appointing a sufficient number of non-executive Board members capable of exercising independent judgment.

The Board is afforded sufficient time to deliberate on corporate matters particularly in respect of strategy and risk, including risk appetites. The Board continuously engages with management and contributes ideas to the Bank's strategy from the planning phase to the execution phase of specific projects. Once a strategy is defined by the board, updates on specific strategic objectives becomes part of the ongoing board agenda, providing the Board with access to sufficient details on the implementation of the developed strategy to enable it evaluate the performance of management on implementation of the set strategies. Relevant board papers are prepared by management and forwarded to the Company Secretary for onward circulation to the directors for consideration before the board meeting.

The Board meets at least once in every quarter and additional meetings are convened as required. To enhance the capacity of the board in effective discharge of its responsibilities and in compliance with the provisions of the SEC's Code of corporate governance, the role and operations of the Board is appraised on an annual basis. The appraisal covers structure, composition, processes, competences and responsibilities.

4. Composition

As at December 31, 2013, the Company had 7 (Seven) Directors which comprised of a Non-Executive Chairman, an Executive Director and 5 Non-Executive Directors. The names of the directors together with their biographical details are set out on page 4

These Directors have demonstrated excellent business knowledge and board experience required by the Bank to operate effectively in an ever challenging environment. The Non-Executive Directors have been appointed for their requisite skills, experience and expertise in their various fields as it relates to the business of the Bank. They are all considered to be independent of management and are able to bring to bear independent judgement on various deliberations of the Board.

The Board is aware of the need to appoint an additional executive director to the Board and necessary steps have been put in place for the identification and appointment of an ideal candidate for this position.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2013 CONT'D

4. Roles of the Chairman and the Chief Executive Officer

There is a clear division of responsibilities between the running of the board and the executive responsibility for the running of the Bank's business. No one person has unfettered powers of decision. The roles of the Chairman and Chief Executive are separate and distinct.

The Chairman, Chief Francis Babatunde Adefarati, is a Non-Executive Director and he leads the Board. He is responsible for ensuring an effective Board and also facilitates the contribution of directors by promoting effective communication between executive and non-executive directors.

The Chief Executive Officer (CEO) and Managing Director (MD), Mr Abimbola Olayinka, has day to day management responsibility for the running of the Bank's operations, and the implementation of strategy and policies agreed by the Board.

5. Non-Executive Directors (NED)

Non-executive directors, appointed in the understanding that they will serve in the best interests of the Company and its shareholders, are able to consider, challenge, monitor, and approve strategies and policies recommended by management.

The responsibilities of the NED of the Bank are as follows:

- Monitoring and scrutinizing the performance of management in meeting agreed goals, strategy and objectives.
- Ensuring that the financial information produced by the Bank is accurate and that the financial controls and system of risk management are both robust and defensible.
- Determining appropriate levels of remuneration of executive directors, and recommending the appointment, and where necessary removal of executive directors and in succession planning.
- Promoting the highest standards of corporate governance and seeks compliance with the provisions of the SEC Code.
- Supporting the Chairman and the CEO/MD in their leadership roles while monitoring their conduct.

6. Attendance at Board Meetings

The board meeting provides a forum where the directors regularly come together to focus on their roles and responsibilities, identify the challenges facing the Bank and plan for the future.

The table below shows the number of Board meetings held within the review period and members' attendance.

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2013 CONT'D

Dates of meetings & attendance										
Name & Designation	16/01/13	18/01/13	28/01/13	31/01/13	13/02/13	11/06/13	24/06/13	24/09/13	22/10/13	11/11/13
Chief Executive Officer Francis Adefarati	v	v	v	v	v	v	v	-	-	-
Chairman Mr. Abimbola Olayinka	v	v	v	v	v	v	v	v	v	v
Managing Director Barrister Jideofor Obioha Chukwuocha	v	v	v	v	v	v	v	v	v	v
Member Dr. Nosike Agokei	v	v	v	v	v	v	-	v	v	v
Senator Olawale Sunday Fajinmi	v	v	v	v	v	v	v	v	v	v
*Mr. Danladi Tijo Baido Member	-	-	-	-	-	v	v	-	v	v
*Arc. Usman Karaye Umaru Member	-	-	-	-	v	-	v	v	-	v

* Directors appointed January 2013

7. Board Committees

The Board carries out its oversight roles through its committees to fully utilize its potential. Whilst the Board Committees each with its Terms of Reference that clearly defines its purpose, composition, structure, and duties make recommendations to the Board, the Board retains responsibility for final decision.

The board has six standing committees namely; the Statutory Audit Committee, the Finance and General Purpose Committee, the Credit and Projects Committee, the Board Audit & Risk Management Committee, the Tenders Committee and the Corporate Governance and Nomination Committee. The Board through its committees is able to deal effectively with complex issues and fully utilize its expertise to formulate strategies for the Bank. A summary of the roles, responsibilities, composition and frequency of meetings are hereunder stated.

In line with good corporate governance practice, the Chairman of the Board is not a member of any of the committees.

A. Statutory Audit Committee

The Statutory Audit Committee was established by the Board in compliance with section 359 of the Companies and Allied Matters Act, 2004 and Securities and Exchange Commission Code of Corporate Governance. The Committee is constituted by 6 (six) members comprising of 3 (three) shareholders and 3 Non-Executive Directors and forms part of the internal audit mechanism created by the Company to ensure financial regulatory and risk management compliance to financial laws and practices.

The Committee is tasked with the responsibility of reviewing the Bank's annual and interim financial

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2013 CONT'D

statements, review audit report on internal weaknesses observed by internal and external auditors and oversee the independence and objectivity of external auditors. The Committee is also responsible for overseeing regulatory compliance of financial reporting standards, ethics & whistle-blowing activism and evaluation of risk management policies and practices, amongst others.

Membership of the Committee and record of attendance at meetings during the review period are as follows:

The Committee is tasked with the responsibility of reviewing the Bank's annual and interim financial statements, review audit report on internal weaknesses observed by internal and external auditors and oversee the independence and objectivity of external auditors. The Committee is also responsible for overseeing regulatory compliance of financial reporting standards, ethics & whistle-blowing activism and evaluation of risk management policies and practices, amongst others.

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Membership of the Committee and record of attendance at meetings during the review period are as follows:

Name & Designation	Dates of meetings & attendance						
	17-01-13	30-01-13	18-06-13	25-06-13	23-09-13	06-11-13	0
Dr. Adelani Oniwinde Chairman	√	√	√	√	√	√	√
Alhaja Ayodele Kudaisi Member	√	√	√	√	√	√	√
Chief Godwin Anono Member	√	√	√	√	√	√	√
Barrister Jidefor Chukwuocha Director	√	√	√	√	√	√	√
Senator Sunday Olawale Fajinmi Director	√	√	√	√	√	√	√
Dr. Nosike Agokei Director	√	√	√	-	√	√	√

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2013 CONT'D

B. Corporate Governance/Nomination Committee

The Committee was re-constituted in the period under review comprising majorly of non executive directors. The Corporate Governance and Nomination Committee is responsible for identification and nomination of candidates for appointment to the Board and evaluation of the Board and Committees. The Committee also ensures succession planning and the Bank's compliance with various legal and regulatory requirements. The Committee is also tasked with the responsibility of setting remuneration policy for directors and management staff. The Committee held one meeting during the period under review.

Membership of the Committee and record of attendance at meetings during the review period are as follows:

Name & Designation	Date of meeting & attendance (November 4, 2013)
Senator Sunday Clawale Fajinmi Chairman	✓
Mr. Abimbola Clayinka Managing Director	✓
Barrister Jideofor Chukwuocha Director	✓
Mr. Darladi Tijo Baicb Director	✓

C. Tenders Committee

The Tenders Committee is responsible for obtaining the most favorable terms for acquisition of goods, work and services that are required for the Bank's activities on the principles of competitiveness, transparency and team decision making.

The Committee is also responsible for reducing budget expenses and securing the corporate interests of the Bank. The Committee was re-constituted in the year under review and held one meeting in the period under review.

Membership of the Committee and record of attendance at meetings during the review period are as follows:

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2013 CONT'D

Name & Designation	Date of meeting & attendance (November 4, 2013)
Mr. Danladi Tijo Baido Chairman	✓
Mr. Abimbola Olayinka Managing Director	✓
Barrister Jidefor Chukwuocha Director	✓

D. Finance & General Purpose Committee

The Committee comprising of three non-executive directors is responsible for strategic planning, periodic budgeting and performance monitoring, financial accounting and statutory returns, supervision of assets, human resource matters and general administration.

The Committee held one meetings during the period under review.

Membership of the Committee and record of attendance at meetings during the review period are as follows:

Name & Designation	Date of meeting & attendance (November 7, 2013)
Dr. Nosike Agokei Chairman	✓
Mr. Abimbola Olayinka Managing Director	✓
Senator Sunday Olawale Fajinmi Director	✓
Arc. Usman Karaye Umaru Director	✓

E. Board Audit & Risk Management Committee

The Board Audit & Risk Management Committee has the oversight responsibility of reviewing the Bank's risk policies, overseeing management's process for risk identification and ensure that adequate policies are in place for risk prevention, identification and reporting and ensuring that the best practices are incorporated.

The Chief Risk Officer of the Bank presents regular updates to the Committee at its meetings. The Committee was re-constituted during the period under review and met once.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2013 CONT'D

Membership of the Committee and record of attendance at meetings during the review period are as follows:

Name & Designation	Date of meeting & attendance (December 10, 2013)
Barrister Jidefor Chukwuocha Chairman	✓
Mr. Abimbola Olayinka Managing Director	✓
Senator Sunday Olawale Fajinmi Director	✓
Dr. Nosike Agokei Director	✓

F. Credit and Projects Committee

The Credit and Projects Committee assists the Board in approving specific loans that are above Management's limit and conduct periodical review of credits granted by the Bank to ensure compliance with the Bank's internal control system. The Committee has the following responsibilities:

- notify the Board of top debtors to the Bank and formulate policies on recoveries.
- review asset and liability management of the Bank
- conduct periodical review of loans granted by the Bank to ensure compliance with the Bank's internal control system
- ensure that the Bank's internal control policy is sufficient to safeguard the quality of the bank's risk asset.
- ensure the Bank complies with regulatory requirements as it relates to the granting of loans.

The Committee has been re-constituted and met once during the period under review. Membership of the Committee and record of attendance at meetings during the review period are as follows:

Name & Designation	Date of meeting & attendance (November 8, 2013)
Arc. Usman Karaye Umaru Chairman	✓
Mr. Abimbola Olayinka Managing Director	✓
Mr. Danladi Tijo Baido Director	✓
Dr. Nosike Agokei Director	✓

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2013 CONT'D

8. Directors' Continuous Professional Development

The Bank has a policy to ensure that newly appointed Directors receive comprehensive and formal induction which may include meeting with senior Management staff of the Bank and external advisers for proper understanding of the Bank business and operations environment. They receive briefings on the Bank's financial, strategic, operational and management position, the Bank's culture and value, key developments in the Bank and industry and environment in which it operates. The induction process is to fully equip them to perform their roles effectively on the board.

9. Performance Evaluation

The Board has developed a process of reviewing its effectiveness and the effectiveness of its Committees. This is based on discussions with the Chairman and review by the Board as a whole. As part of this process, the Board considers the performance of individual directors as the need arises.

10. Information and Support

Executive Management on the instructions of the Board has the responsibility of ensuring that the Board gets adequate and timely information on the Bank's business and operations to enable the Board carry out its responsibilities and make well informed decisions. Management ensures that this information is of high quality in terms of accuracy, clarity, appropriateness, comprehensiveness and relevancy. The Board may seek clarification or amplification from Management or Consultants and advisers where necessary.

11. Independent Professional Advice

Directors have access to independent professional advice at the expense of the Bank when necessary for the discharge of particular responsibilities and performance of their duties in relation to the Bank's affairs. The services of the Company Secretary is also available to the Board at all times to provide advice to the Board on all corporate governance matters.

12. Accountability and Audit

➤ **Financial Reporting**

It is the director's responsibility to prepare the financial statements of the Bank and ensure that the financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures timely publication of the financial statements to enhance accurate and continuous disclosure of information to all shareholders, stakeholders, regulatory bodies and the general public.

Management provides the Board with regular financial updates to enable the Board give an informed and comprehensive assessment of the Bank's position.

The respective responsibilities of the Directors, Audit Committee and the External Auditors in connection with the financial statements are set out in the Statement of Directors' Responsibilities, the Report of the Audit Committee and the Report of the External Auditors on pages 29, 31 and 32 of the annual report.

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2013 CONT'D

➤ **Internal Control and Risk Management**

The Board is responsible for reviewing the effectiveness of the Bank's internal controls and ensuring that the controls are effective to protect investors' interests. The Company has a Risk Management Policy, which lays down a vigorous and active process for identification and mitigation of risks.

Following from the above, the Board, with the support of the Board Audit and Risk Management Committee had reviewed the adequacy of resources, qualifications and experience of members of staff of the accounting and reporting department within the review period.

➤ **Whistle Blowing Policy**

The Bank has adopted the Whistle Blower policy pursuant to which employees can raise their concerns relating to fraud, malpractice or any other activity or event which is against the Bank's interest. Employees of the Bank also have access to the Audit Committee in this regard.

The purpose of the whistle-blowing policy is to ensure that there is a process whereby genuine concerns about the Bank are reported for investigation without any fear of dismissal or retaliation.

13. **Company Secretary**

The Company Secretary owes its duty to the Company, Board of Director and shareholders. To this end, the Company Secretary is the link between the Company, the Board, shareholders, Government and the regulatory authorities. The Company Secretary sets the agenda for board meetings in consultation with the Managing Director and Chairman and is also responsible for organising board meetings and ensure that minutes of meetings are properly captured in board discussions and resolutions.

The Company Secretary guides the Board in the discharge of its regulatory responsibilities. The Board has unlimited access to the services of the Company Secretary and has the responsibility of appointing and removing the Company Secretary.

14. **Shareholder participation.**

Shareholders influence the corporate governance practice of the Bank through exercising influence on fundamental matters such as the composition of the Board, amendments to the Bank's rules, and approving transactions. This is achieved primarily through voting at and/or attending general meetings. The principle that shareholders should be given the opportunity to participate effectively and vote at general meetings is adopted by the Bank as a key component of a good corporate governance framework.

All shareholders are treated equally regardless of their shareholding. The Bank has an active website (www.resortng.com)

15. **Protection of Shareholders right**

The Board ensures the protection of the statutory and general rights of shareholders at all times particularly their right to vote at general meetings being the highest making body of the Bank. The Annual General Meeting is conducted in a transparent and fair manner and it is an opportunity for shareholders to express their views on all matters relating to the Bank.

16. Declaration of Interests

Directors are required to take all reasonable steps to avoid actual, potential or perceived conflict of interest. The Companies and Allied Matters Act, 2004, and the SEC's Code require directors to disclose any conflict of interest. If a director believes that he or she may have a conflict of interest or material personal interest in a matter, the director is required to disclose the matter in accordance with the requirements of SEC's Code and follow the procedures set out to deal with such circumstances.

17. Compliance Statement

In the opinion of the Board of Directors, the Company complied with the Code of Corporate Governance issued by the Securities & Exchange Commission ("SEC Code") and the post listing requirements of the Nigerian Stock Exchange in the period under review.

18. Complaints Management Policy and Securities Trading Policy

The Company has in place a Complaints Management Policy which provides comprehensive guidelines for feedback from customers, suppliers, shareholders of the Bank and other stakeholders. The Bank is committed to ensuring that complaints are dealt with in a responsive, efficient, effective, fair and economical way. This policy affirms and supports the right of customers, suppliers and shareholders to provide feedback and to have complaints heard and action taken thereon

A Securities Trading Policy has been developed and is proposed to be considered and approved by the Board of Directors shortly. The draft Policy sets out the guidelines on the sale and purchase of securities of the Company. The Policy is based on the amended Listing Rules of the Nigerian Stock Exchange and the Consolidated Rules and Regulations of the Securities and Exchange Commission. It sets out a required standard for Directors, Principal Officers, Employees, persons discharging managerial responsibility, External Advisers of the Bank and persons closely connected to them

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 2013

Your Company's Directors are pleased to present the 8th Annual Report on the affairs of Resort Savings and Loans Plc ("the Bank") along with Audited Financial Statements and the External Auditor's report for the financial year ended 31st December, 2013.

1. Legal Form and Principal Activity

The Bank was incorporated as a private limited liability company on June 17, 1992 and obtained a license to operate as a Mortgage Bank in November 29, 1993. It became a public limited liability Company in February, 2008 and its shares were listed on the floors of the Nigerian Stock Exchange on November 23, 2009.

The Bank's principal activity continues to be the provision of mortgage banking and other financial services to corporate and individual customers. Such services include granting of loans and advances, corporate finance as well as money market activities.

The Bank's fully owned subsidiary; Resort Developers Limited carries on the business of real estate development, management and loan syndication and consulting services

2. Business Review

The Chairman's statement and the Managing Director/ Chief Executive Officer's statement on pages 6 and 8 respectively provides a comprehensive review of the business for the year and the prospects for the ensuing year.

3. Result for the Year

	₦
Turnover	2,207,431,000
Profit before taxation	(1,547,559,000)
Taxation	(18,765,000)
Profit after taxation	(1,566,324,000)

4. Share Capital

The Bank has an authorized share capital of ₦10,000,000,000 (Ten Billion Naira) divided into 20,000,000,000 (Twenty Billion) ordinary shares of 50 kobo (fifty kobo) each with issued share capital of ₦5,664,866,202 (Five Billion Six Hundred and Sixty Four Million Eight Hundred and Sixty Thousand Two Hundred and Two Naira) divided into 11,329,732,404 (Eleven Billion Three Hundred and Twenty Nine Million Seven Hundred and Thirty Two Thousand Four Hundred and Four) ordinary shares of 50 kobo each.

5. Board of Directors

The names of the current Directors of the Company, along with their biographical details are set out pages 24 and 25 of the annual report and are incorporated into this report by reference.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2013 CONT'D**

The Directors who held office during the year under review and to the date of the report are set out below:

S/N	NAME	NATIONALITY	DESIGNATION	REMARKS
1.	Chief Francis Adefarati	Nigerian	Chairman	-
2.	Mr. Abimbola Olayinka	"	MD/Chief Executive Officer	-
3.	Barrister Jideofor Chukwuocha	"	Non-Executive Director	-
4.	Dr. Nosike Ago kei	"	"	-
5.	Senator Sunday Olawale Fajinmi	"	"	-
6.	Arc. Usman Karaye Usman	"	"	Appointed with effect from January 31, 2013
7.	Mr. Danladi Tijo Baido	"	"	Appointed with effect from January 31, 2013

*Dr. Nosike Agokei resigned from the Board on June 8, 2015

6. **Election/Re-election of Directors**

In compliance with Section 259 of the Companies and Allied Matters Act one, - third of the Directors are required to retire from office by rotation at the Annual General Meeting (AGM). Following from this, Chief Francis B. Adefarati and Dr. Nosike Agokei will retire by rotation and being eligible offers themselves for re-election in accordance with Section 259 of the Companies and Allied Matters Act CAP C20 LFN 2004. Dr. Nosike Agokei has given notice that he does not intend to seek a re-election. The Board strongly supports the re-election of Chief Francis B. Adefarati and recommends that the shareholders vote in favour of his re-election.

7. **Directors' Interest in Shares**

Directors of the Bank in the period under review together with their direct and indirect interest in the issued share capital of the Bank as at December 31, 2013 as recorded in the Register of Directors' Shareholding and/or as notified by the Directors in line with the provisions of Sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange are as stated below:

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2013 CONT'D

Name of Director	Number of Shares Held as at December 31, 2013		Number of Shares Held as at December 31, 2012	
	Direct	Indirect	Direct	Indirect
Chief Francis Adefarati	48,094,340	60,000,000	40,094,340	60,000,000
*Mr. Abimbola Olayinka	32,456,000	46,000,000	5,456,000	14,000,000
**Barrister Jideofor Chukwuocha	1,000,000	400,000,000	1,000,000	400,000,000
*** Dr. Nosike Agoeki	7,000,000	282,808,694	7,000,000	242,608,694
****Senator Sunday Olawale Fajinmi	6,978,000	50,000,000	6,978,000	51,000,000
*****Arc. Usman Karaye Umaru	1,000,000	50,830,000	-	-
*****Mr. Danladi Tijo Baido	3,885,000	51,509,434	-	-

- *The indirect shares held by Chief Francis Adefarati are in respect of Falcon Chemicals Limited.
- **The indirect shares held by Mr. Abimbola Olayinka are in respect of Wisknol Options Limited, Abdulsalami Danaladi Mohammed and Adeagbos.
- ***The indirect shares held by Barrister Jideofor Chukwuocha in respect of Mr. Obazee Sunny
- ****The indirect shares held by Dr. Nosike Agoeki are in respect of Next International Limited
- *****The indirect shares held by Senator Sunday Olawale Fajinmi are in respect of several Investor Global, Tunji Ola, Olufemi Odunayo, Mabjos, olufemi Emmanuel, Lala Olumide, Lala Ronke, Olayinka Moses, Oyelakun Olateju, Oyelakun Oyekunle, Mike Okonkwo, Tunji Oyeyipo.
- *****The indirect shares held by Arc. Usman Karaye Umaru are in respect of Kojak. Olufemi Emmanuel, Lesuka Concept.
- *****The indirect shares held by Mr. Danladi Tijo Baido are in respect of City Links Ltd and Esan Ogunleye.

8. Directors' Interests in Contract

For the purpose of Section 277 of the Companies and Allied Matters Act, 2004, none of the Directors have notified the Bank of any direct or indirect interest in any contract or proposed contract with the Bank.

9. Shareholding Range Analysis

The shareholding pattern of the bank as at December 31, 2013 is as stated below:

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2013 CONT'D

<i>Range</i>	<i>No. of Holders</i>	<i> Holders %</i>	<i> Holders Cum.</i>	<i> Units</i>	<i> Units %</i>	<i> Units Cum</i>
1 - 1,000	270	2.10%	270	214,773	0.00%	214,733
1,001 - 5,000	91	0.71%	361	276,013	0.00%	490,786
5,001 - 10,000	75	0.58%	436	644,288	0.01%	1,135,074
10,001 - 50,000	123	0.98%	559	3,932,740	0.03%	5,067,814
50,001 - 100,000	148	1.15%	707	13,660,416	0.12%	18,728,230
100,001 - 500,000	10,067	78.28%	10,774	2,404,954,632	21.23%	2,423,682,862
500,001 - 1,000,000	1,004	7.81%	11,778	836,705,478	7.39%	3,260,388,340
1,000,001 - above	1,083	8.42%	12,861	8,069,344,064	71.22%	11,329,732,404
Grand Total	12,861	100.00%	11,329,732,404		100.00%	

10. **Substantial Interest in Shares**

According to the Register of Members, the following shareholders held more than 5% of the issued share capital of the Company as at December 31, 2013

Shareholder	Number of Shares	Percentage
Vicad Securities Ltd	660,000,000	5.83 %
FCUS/AMCON/ZENITH BANK/DEAP CAPITAL MGT. & TRUST PLC	641,853,258	5.67%

11. **Donations & Charitable Contributions**

In order to indentify with the aspirations of the community within which the Bank operates a total sum of N582,750.00 (Five Hundred and Eighty Two Thousand,Seven hundred and Fifty Naira) was given out as donations and charitable contributions during the period under review. Details of the donations and the charitable contributions are as follows:

Lagos State Prisons Command	82,750.00
SOS Children's village, Isolo and Modupe Cole Memorial Child Care & Treatment Home School, Yaba	500,000.00

In compliance with section 38(2) of the Companies And Allied Matters Act, 2004, the Bank did not make any donation or gift to any political party, political association or for any political purpose during the year.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 2013 CONT'D

12. **Free Float**

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained in excess of the prescribed free float (20%) under the Listing Rules of the Nigerian Stock Exchange throughout the Financial year ended December 31, 2013

13. **Contractual Arrangements**

The Bank's business operations utilize many suppliers/service providers and necessary measures are in place to ensure that the business is not totally reliant on a single supplier for key materials or components. The terms of payment are agreed upon before the commencement of any contractual agreement with a supplier and the Bank abides by those terms on the timely submission of satisfactory invoices.

14. **Property, Plant & Equipment**

Information relating to changes in the assets is given in Notes to the financial statements. In the Director's opinion, the market value of the Bank's assets is not less than the value shown in the financial statements

15. **Human Resources**

(i) **Employment of Physically Challenged Persons**

The Bank's employment policy is non-discriminatory as applications for employment including those from physically challenged persons are treated fairly. The Bank ensures that the most qualified and experienced persons are recruited for appropriate job levels irrespective of an applicant's nationality, state of origin, ethnicity, sex, religion or physical condition.

(ii) **Health, Safety and Welfare of Employees**

The Bank accords high priority to the health, safety and welfare of its employees. In furtherance of this, the Bank's operations and business premises are designed with a view to guaranteeing the safety and healthy living conditions of its employees and visitors alike. Employees are adequately insured against occupational hazards. The Bank is committed to maintaining the highest standards of safety by enforcing strict health and safety rules and practices.

Fire prevention and firefighting equipment are installed in strategic locations within the Bank's premises.

The Bank operates a contributory pension plan in line with the Pension Reform Act, 2004 and also has a terminal gratuity scheme in place for its employees

(iii) **Employee Involvement & Training**

The Bank encourages participation of its employees in arriving at decisions on matters affecting their well-being. To this end, the Bank provides opportunity where employees deliberate on

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER 2013 CONT'D

issues affecting the Bank and employees' interests with a view to making inputs to decisions there on.

The Bank places a high premium on the development of its manpower. It recognizes that its employees remain a key asset indispensable for its sustainability and growth as an organization. Consequently, some employees were sponsored for various training courses in the period under review. These were complemented by onthe-job training.

(iv) Staff Strenght

As at December 31st, 2013, the Bank had a total number of 256 employees on its payroll.

16. Post Balance Sheet Events

Mr Danaladi Tijo Baido and Arc. Usm an Karaye Umaru were appointed Directors on January 3 1, 2013

There are no post balance sheet events which could have had a material effect on the state of affairs of the Bank as at December 31, 2013 which have not been adequately provided for or disclosed.

17. Disclosure of Information to Auditors

Each of the Directors has confirmed that so far as he is aware, there is no relevant audit information of which the auditors are unaware. Each Director has taken all steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

18. External Auditor

The Extemal Auditor, Grant Thornton International (Formally Spiropoulos, Adiele, Okpara & Cq. is to retire at the Annual General Meeting, however, being eligible, ithas expressed its willingness to continue in office as External Auditor. In accordance with Section 357(2) of the Companies & Allied Matters Act, 2004, a resolution will be proposed at the Annual General Meeting to re-appoint the External Auditors and authorize the Directors to fix their remuneration.

19. Fraud and Forgeries

There was no fraud experienced during the yeaurder review

The Board of Directors takes this opportunity to appreciate the customers, suppliers, business partners/associates, federal and state government and regulatory authorities for their consistent support and co-operation to the Bank. Your Directors also thank the shareholders and investors for their confidence in the Bank.

BY ORDER OF THE BOARD



LPC SOLICITORS
COMPANY SECRETARY

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31ST DECEMBER 2013

The Companies and Allied Matters Act, Cap C20 LFN 2004 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Bank at the end of each financial year and its profit or loss. The responsibilities include ensuring that the Bank:

- Keeps proper accounting records that disclose with accuracy, the financial position of the Bank and comply with the requirement of the Companies and Allied Matters Act;
- Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The Directors accept responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with the International Financial Reporting Standards (IFRS) and the Companies and Allied Matters Act.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Bank will not remain a going concern for at least twelve months from the date of this statement.



Chief Francis Babatunde Adefarati
Chairman
FRC/2013/ODN/00000003629



Mr. Abimbola Olayinka
Managing Director/CEO
FRC/2013/ICAN/00000001650

**CERTIFICATION PURSUANT TO SECTION 60(2) OF
INVESTMENT AND SECURITIES ACT NO. 29 OF 2007
FOR THE YEAR ENDED 31 DECEMBER 2013**

**CERTIFICATION PURSUANT TO SECTION 60(2) OF
INVESTMENT AND SECURITIES ACT NO.29 OF 2007**

We the undersigned hereby certify the following with regard to our financial statements for the year ended December 31, 2013 that:

- a) We have reviewed the report;
- b) To the best of our knowledge, the report does not contain:
 - I. any untrue statement of a material fact, or
 - II. omit to state a material fact, which would make the statements, misleading in the light of the circumstances under which such statements were made;
- c) To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operation of the Company as of, and for the periods presented in the report.
- d) We:
 - i. are responsible for establishing and maintaining internal controls.
 - ii. have designed such internal controls to ensure that material information relating to the Company and its consolidated subsidiary is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared;
 - iii. have evaluated the effectiveness of the Company's internal control as of date within 90 days prior to the report;
 - iv. have presented in the report our conclusions about the effectiveness of the Company's internal control based on our evaluation as of that date;
- e) We have disclosed to the auditors of the Company and the Audit Committee:
 - i. All significant deficiency in the design or operation of internal control which would adversely affect the Company's ability to record process, summarise and report financial data and have identified for the Company's auditor any material weakness in internal control, and
 - ii. any fraud, whether or not material, that involves management or other employees who have significant role in the Company's internal control;
- f) We have identified in the report whether or not there were significant changes in internal control or other factors that could significantly affect internal control subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.



Chief Executive Officer




Chief Financial Officer

REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 DECEMBER 2013

In compliance with the provisions of section 359 (3) to (6) of the Companies and Allied Matters Act, CAP C20 LFN 2004, the committee reviewed the Audited Financial Statements of the Bank for the year ended 31 December 2013 and report as follows:

1. The accounting and reporting policies of the Bank are consistent with legal requirements and agreed ethical practices.
2. The scope and planning of the external audit were adequate.
3. The Bank maintained effective systems of accounting and internal control during the year.
4. The Bank's management adequately responded to matters covered in the management report issued by the External Auditors.



Dr. A. K. Oniwinde
Chairman, Statutory Audit Committee
FRC/2013/CIIN/00000002850

Members of the Statutory Audit Committee are:

- | | |
|--|------------------------|
| 1. Dr. Adelani K. Oniwinde - Shareholder | Shareholder - Chairman |
| 2. Chief Godwin Anono - Shareholder | Shareholder - Member |
| 3. Alhaja Ayodele Sarat Kudaisi | Shareholder - Member |
| 4. Bar. Joseph O. J. Chukwuocha | Director - Member |
| 5. Senator Sunday O. Fajinmi | Director - Member |
| 6. Dr. Nosike Agokei | Director - Member |

**Independent Auditor's Report to the Members of
RESORT SAVINGS & LOANS PLC**

Report on the Financial Statements

We have audited the accompanying financial statements of **Resort Savings & Loans Plc**, for the year ended 31 December 2013, set out on pages 26 to 74, which have been prepared on the basis of the significant accounting policies set out on pages 33 to 80.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and with requirements of the Companies and Allied Matters Act, CAP C20 LFN, 2004. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Resort Savings & Loans Plc as at 31 December 2013, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS), provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council Act, No. 8, 2011.

Report on Other Legal Requirements

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

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion, proper books of account have been kept by the Bank, and
- iii) Our examination of loans and advances was carried out in accordance with the Prudential Guidelines for PMB issued by the Central Bank of Nigeria (CBN). In accordance with the circular issued by Central Bank of Nigeria (CBN), details of insider related credits are disclosed in Note 28.
- iv) The Bank's Statement of Financial Position and Statement of Comprehensive Income are in agreement with the books of account.



Ngwachi Abuka, FCA
FRC/2013/ICAN/00000003431

**FOR: GRANT THORNTON
(CHARTERED ACCOUNTANTS)
LAGOS, NIGERIA.**



19 December 2014

Chartered Accountants

Grant Thornton Nigeria
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Sabo - Yaba
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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	31-Dec-13 ₦'000	31-Dec-12 ₦'000
Interest Income	5	1,036,037	855,753
Interest Expense	6	(303,901)	(109,219)
Net Interest Income		732,136	746,534
Fee and Commission Income	7	564,038	437,391
Fee and Commission Expense	8	(84,670)	(64,926)
Net Fee and Commission Income		479,368	372,465
Investment Income	9	13,669	12,942
Other Income	10	593,687	245,358
		607,356	258,300
Net Income		1,818,860	1,377,299
Personnel Expenses	11	(341,952)	(351,999)
Other Operating Expenses	12	(1,067,251)	(784,674)
Allowance and Impairment Loss	13	(1,957,215)	(2,171)
Profit/(Loss) before Income Tax		(1,547,559)	238,455
Income Tax Expense	22	(18,765)	(74,974)
Profit/(Loss) for the Year		(1,566,324)	163,480
Other comprehensive income, net of income tax			
Total Comprehensive Income for the Year		(1,566,324)	163,480
Earnings Per Share (expressed in kobo per share)			
Basic		(13.82)	1.44

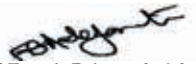
The notes on pages 30 to 74 are an integral part of these financial statements.


**STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER 2013**

	Note	31-Dec-13 N'000	31-Dec-12 N'000
Assets			
Cash and Cash Equivalents	14	1,306,161	369,044
Loans and Advances	15	4,041,867	3,199,078
Investment Securities	16	848,110	372,746
Investment Properties	17	-	1,555,471
Non-Current Assets Held for Sale	18	1,639,183	-
Other Assets	19	444,275	238,438
Intangible Assets	20	838	1,102
Property, Plant and Equipment	21	217,969	169,060
Total Assets		8,498,403	5,904,939
Liabilities and Equity			
Liabilities			
Deposits from Customers	22	3,414,103	1,676,529
Income Tax Liabilities	23	56,687	129,948
Other Liabilities	24	392,473	448,920
Long-Term Borrowings	25	983,697	640,186
Total Liabilities		4,846,961	2,895,583
Equity			
Ordinary Share Capital	26	5,664,866	5,664,866
Retained Earnings		(4,319,588)	(2,753,263)
Statutory Reserve		97,754	97,754
Non-distributable Regulatory Risk Reserve		2,208,409	-
Total Equity		3,651,442	3,009,357
Total Liabilities and Equity		8,498,403	5,904,940

The notes on pages 37 to 80 are an integral part of these financial statements.

The Financial Statements on pages 26 to 74 were approved by the Board of Directors on 2014 and signed on its behalf by:


Chief Francis Babatunde Adefarati
Chairman
FRC/2013/ODN/00000003629


Mr. Olayemi Rabi
Chief Finance Officer
FRC/2013/ICAN/00000001648


Mr. Abimbola Olayinka
Managing Director/CEO
FRC/2013/ICAN/00000001650

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2013

	Equity	Statutory	Regulatory	Retained	
	Share	Reserv	Risk Reserve	Earnings	Total
	₦000	₦000	₦000	₦000	₦000
Year Ended 31 December 2012					
Balance at 1 January 2012	5,664,866	97,754	-	(2,916,743)	2,845,877
Profit for the year				163,480	163,480
Transfer for the year					
Balance at 31 December 2012	5,664,866	97,754	-	(2,753,263)	3,009,357
Year Ended 31 December 2013					
Balance at 1 January 2013	5,664,866	97,754	-	(2,753,263)	3,009,357
Loss for the year				(1,566,324)	(1,566,324)
Transfer for the year			2,208,409		2,208,409
Balance at 31 December 2013	5,664,866	97,754	2,208,409	(4,319,588)	3,651,442

The notes on pages 30 to are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	31-Dec 2013 N'000	31-Dec 2012 N'000
Cash flows operating activities		
Profit/(Loss) before Income Tax	(1,547,559)	238,455
Adjustments for:		
Allowance and Impairment Loss	1,957,215	2,171
Depreciation of Property, Plant and Equipment	81,812	96,407
Amortization of Intangible Assets	264	6,210
Net Interest Income	(732,136)	(746,534)
	(330,422)	(421,079)
Changes in Investment Securities	(475,364)	(53,703)
Change in Value of Investment Properties	(83,711)	(438,415)
Changes in Loans and Advances	(2,800,005)	(608,782)
Changes in other Assets	(205,837)	246,899
Changes in Deposits from Customers	1,737,574	255,839
Change in other Liabilities	(56,447)	149,562
Changes in Long-Term Borrowings	343,511	55,145
Interest Received	1,036,037	855,753
Interest Paid	(303,901)	(109,219)
Income Tax Paid	(92,026)	(17,788)
Net Cash (used in) from Operating Activities	1,067,839	(67,999)
Cash Flows from Investing Activities		
Acquisition of Property and Equipment	(130,721)	(28,444)
Acquisition of Intangible Assets	-	(2,705)
Net Cash used in Investing Activities	(130,721)	(31,149)
Net increase/(decrease) in Cash and Cash Equivalents	937,117	(99,148)
Cash and Cash Equivalents at 1 January 2013	369,044	468,192
Cash and Cash Equivalents at December 31	1,306,161	369,044

The notes on pages 37 to 80 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1 Reporting Entity

Resort Savings & Loans Plc (the "Bank") is a company incorporated in Nigeria under the Companies and Allied Matters Act, CAP C20 LFN 2004, with its corporate office at 5th Floor, St. Nicholas House, 6 Catholic Mission Street, Lagos, Nigeria. The financial statements is as of and for the year ended 31 December 2013.

2 Basis of Preparation

(a) Statement of Compliance

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

The Financial Statements were authorized for issue by the Board of Directors of Resort Savings and Loans Plc on 2 July 2014.

(b) Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Available-for-sale financial assets are measured at fair value.
- Investment Properties are measured at fair value.

(c) Functional and Presentation currency

These Financial Statements are presented in Nigeria Naira which is the Bank's functional currency. Except otherwise indicated, financial information presented in Nigeria Naira has been rounded to the nearest thousand.

(d) Use of Estimates and judgements

The preparation of the financial statements in conformity with IFRSs require management to make judgements, 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 year in which the estimates are revised and in any future years affected.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Bank

At the date of authorisation of these financial statements, certain new IFRS standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Bank. Management anticipates that all of the relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the company's financial statements.

IFRS 9, 'Financial instruments', issued in November 2009 (effective 1 January 2015)

IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015.

IFRS 10, 'Investment Entities,' Issued: 31 October 2012 (effective 1 January 2014))

IFRS 10 was issued on 31 October 2012. It replaced Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements to:

- provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

- require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries.

- require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

The company is yet to assess IFRS10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2014.

b) New standards, amendments and interpretations

A number of new standards and amendments to standards and interpretations that are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the company, except the following set out below:

IAS 36 Impairment of Assets; Amendments, Issued: 29 May 2013 (effective 1 January 2014)

Amends IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The company is yet to assess the amendment to IAS 36's full impact and intends to adopt IAS 36 amendment no later than the accounting period beginning on or after 1 January 2014.

IAS 39 Financial Instrument; Amendments, Issued: 27 June 2013 (effective 1 January 2014)

Amends IAS 39 Financial Instruments:

- Recognition and Measurement make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

NOTES TO THE FINANCIAL STATEMENTS CONT'D FOR THE YEAR ENDED 31 DECEMBER 2013

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

The company is yet to assess the amendment to IAS 39's full impact and intends to adopt IAS 39 amendment no later than the accounting period beginning on or after 1 January 2014.

IFRIC 21 Levies, Issued: 20 May 2013 (effective 1 January 2014)

IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognised progressively if the obligating event occurs over a period of time.
- If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years

4. Interest

Interest income and expenses are recognised in profit or loss using effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial assets or liability (or, where appropriate, a shorter period) to carrying amount of the financial asset or liability. When calculating the effective interest rate, the bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are integral parts of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

Interest income and expense presented in the statement of comprehensive income include:

interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;

b) Fees and Commission

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

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

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

c) Employee Benefits

(i) Pension fund obligations

A defined contribution plan is a pension plan under which the bank pays fixed contributions into a separate entity - Pension Fund Administrators (PFA) and has no legal or constructive obligations to pay further contributions. Obligations for contribution plans are recognised as personnel expenses in profit or loss in the periods during which related expenses are rendered. Contributions to a defined contribution plan that are due for more than 12 months after the end of the reporting period in which the employees render the service are discounted to their present value.

For defined contribution plans, the bank pays contributions to an administered pension plans on a rule basis, however, additional voluntary contributions are allowed. The bank has no further payment obligations once the contributions have been paid. The contributions are recognised as personnel expense when they are due.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

(ii) Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after service is rendered) such as paid vacation, leave pay, sick leave and bonuses are recognised in the period in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render service that increases their entitlement or, in the case of non-accumulating absences, when the absences occur. The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Provisions for leave pay and bonuses are recognised as a liability in the financial

d) Tax Expense

The tax expense represents the sum of the current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

(i) Current Tax

The current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible. The bank's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year, and any adjustment to tax payable in respect of the previous years.

(ii) Deferred Tax

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the bank expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which it can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related

(iii) Tax Exposure

In determining the amount of current and deferred tax, the bank takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that caused the bank to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is

e) Cash and Cash Equivalents

Cash and Cash Equivalents comprise of notes and coins on hand, demand deposits and other short term, highly liquid financial assets with original maturities of three months or less that are convertible to a known amount of cash which are subject to insignificant risk of changes in value, all of which are available for use by the bank unless otherwise stated. In the statement of financial position, bank overdrafts are included in current liabilities.

f) Loans and Advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near term.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

Loans and advances to customers include:

Those classified as Mortgage Loans;

Those classified as Commercial Real Estate Financing;

Those classified as Others;

Those designated as at fair value through profit or loss.

Loans and advances are initially measured at cost plus incremental direct transaction cost. They are subsequently measured at cost less allowance for impairment and are recognised when cash is advanced to borrowers. When the Bank chooses to designate the loans and advances as measured at fair value through profit or loss, the face value changes are recognised immediately in profit or loss.

Allowance for impairment of Loan is made in accordance with the 2011 Revised Guidelines for Primary Mortgage Banks in Nigeria issued by the Central Bank of Nigeria (CBN) for each account that is not performing as follows:

Mortgage Loans:

Principal and/or Interest outstanding for over:	Classification	Allowance
3 months but less than 6 months	Watchlist	1%
6 months but less than 1 year	Substandard	10%
1 year but less than 2 years	Doubtful	100% less 50% of the estimated net realizable value of the loan security
2 years and over	Lost	100%

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

Commercial Real Estate Financing:

Principal and/or Interest outstanding for over:	Classification	Allowance
6 months but less than 1 year and the past due is less than 40% of installment amount.	Watchlist	1%
6 months but less than 1 year and the past due is more than 40% of installment amount.	Substandard	25%
1 year but less than 2 years	Doubtful	50%
2 years but less than 3 years	Very doubtful	75%
3 years and over	Lost	100%

Other loans (neither mortgage nor real estate loans)

Principal and/or Interest outstanding for over:	Classification	Allowance
3 months but less than 6 months	Substandard	10%
6 months but less than 1 year	Doubtful	50%
1 year and over	Lost	100%

Performing loans

In addition to the specific allowance on non-performing loans, a minimum allowance of 1% is made for all performing accounts to recognize losses in respect of risks inherent in the credit portfolio.

Interest in Suspense

Interest on non-performing loans is recognised to interest in suspense account. Interest suspended is recognised in profit or loss account on cash basis.

g) Investment Securities

Investment securities are initially measured at the fair value plus, in case of investment securities not at fair value through profit or loss, incremental direct transaction cost, and subsequently accounted for depending on their reclassification as either held to maturity, fair value through profit or loss, or available for sale.

(i) Available-for-sale

Available-for-sale investments are non-derivative investments that are designated as available-for-sale or are not classified as another category of the financial assets. Available-for-sale investments comprise equity securities and debt securities. Unquoted equity securities whose fair value cannot reliably be measured are carried at cost. All other available-for-sale investments are carried at fair value.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Bank becomes entitled to the dividend. Foreign exchange gains or losses on available- for-sale debt security investments are recognised in profit or loss. Impairment losses are recognised in profit or loss.

Other fair value changes, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity. When investment is sold, the gain or loss accumulated in equity is reclassified to profit or loss.

(ii) Held-to-maturity

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or as available

Held-to-maturity investments are carried at amortised cost using the effective interest method, less any impairment losses. A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available for sale, and would prevent the Bank from reclassifying investment securities as held to maturity for the current and the following two financial years. However, sales and reclassifications in any of the following circumstance would not trigger a reclassification.

Sales or reclassification that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset's fair value;

Sales or reclassification after the Bank has collected substantially all of the asset's original principal and;

Sales or reclassification attributable to non-recurring isolated events beyond the Bank's control that could not have been reasonably anticipated.

(iii) Fair value through profit or loss

The Bank designates some investments securities at fair value, with fair value changes

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

h) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or service or for administrative purposes. The Bank holds some investment property through building of estates for rental purposes and acquisition of Land from State Government. Investment property is measured using the cost model in line with IAS 40. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

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

The gain of N3,189,241,492.15 resulting from the change in the fair value of investment properties in prior year has been reversed retrospectively due to the directives from CBN to the entity to change its accounting policy from fair value model to cost model.

i) Property, Plant and Equipment

(i) Recognition and Measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of material and direct labour;
- Any other costs directly attributable to bringing the assets to a working condition for

NOTES TO THE FINANCIAL STATEMENTS CONT'D FOR THE YEAR ENDED 31 DECEMBER 2013

When the Bank has an obligation to remove the asset or restore the site, an estimate of the cost of dismantling and removing the items and restoring the site on which they are located; and

Capitalised borrowing cost.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Bank. On-going repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the assets are completed and ready for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line basis over their estimated useful lives. Depreciation is recognised in profit or loss. Leased assets under finance leases are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful life for the current and comparative years of significant items of property, plant and equipment are as follows:

- Building	50 years
- Motor Vehicles	3-5 years
- Office Equipment	3-5 years
- Computer Hardware	2-5 years
- Furniture & Fittings	4-5 years

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

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

j) Intangible Assets

Internally generated intangible assets - Computer software development costs.

Expenditure on research activities is recognised as an expense in the year in which it is incurred. An internally-generated intangible asset arising from the bank's computer software program development is recognised only if all of the following conditions are

- An asset is created that can be identified;
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

The amortisation period, amortisation method and residual value is reviewed at each financial year end. The residual value of intangible assets is assumed to be zero.

(ii) Purchased Computer Software

Intangible assets are measured initially at cost and are amortised on a straight-line basis

After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. The average amortisation period is as follows:

Computer Software:	2-5 years
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The residual value of intangible assets is assumed to be zero.

The asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS CONT'D FOR THE YEAR ENDED 31 DECEMBER 2013

k) Share Capital

Ordinary Shares

Ordinary shares are classified as equity (share capital) and recorded at the proceeds received, net of incremental external costs directly attributable to the issue.

l) Financial Instruments

(i) Recognition and Measurement

Financial assets and financial liabilities are recognised in the statement of financial position when the bank becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Purchases and sales of financial instruments are measured on a trade-date basis.

Financial liabilities and equity instruments, issued by the bank, are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the bank after deducting all of its liabilities.

Financial assets are derecognised when and only when:

- The contractual rights to the cash flows from the financial assets expire; or
- The bank transfers the financial asset, including substantially all the risks and rewards of ownership of the asset.

A financial liabilities is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired. The difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Investments made by bank which are classified as either held at fair value through profit or loss or available-for-sale, and are measured at subsequent reporting dates at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of quoted investments and unit trusts in active markets are based on current market prices. Since actual market prices are available in determining fair values, no significant estimates or valuation models are applied in determining the fair value of quoted financial

NOTES TO THE FINANCIAL STATEMENTS CONT'D FOR THE YEAR ENDED 31 DECEMBER 2013

(ii) Fair Value Hierarchy

Fair values are determined according to the following hierarchy based on the requirements in IFRS 7 'Financial Instruments: Disclosures':

- Level 1: Quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.
- Level 2: Valuation techniques using observable inputs: quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.
- Level 3: Valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, a valuation technique is

(iii) De-recognition of Financial Instruments

Financial assets are derecognised when the contractual rights to receive cash flows from the investments have expired or on trade date when they have been transferred and the bank has also transferred substantially all risks and rewards of ownership. Non-cash financial assets pledged, where the counterparty has the right to sell or re-pledge the assets to a third party, are classified as pledged assets.

Financial liabilities are derecognised when they are extinguished, that is when the obligation is discharged, cancelled or expires.

(iv) Financial Assets

Management determines the classification of financial assets at initial recognition; this classification depends on the nature and purpose of the financial asset. Financial assets are classified into the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity and
- available-for-sale financial assets.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

Financial Assets at fair value through profit or loss

This category has two components: those held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of generating a profit from short-term fluctuation in price or a security is included in a portfolio in which a pattern of short-term profit taking exists or if so designated by management at inception as held at fair value through profit or loss.

Financial assets designated at fair value through profit or loss at inception are those that

- Held to match liabilities that are linked to changes in fair value of these assets. The
- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the bank's key management personnel.

- Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the bank provides money, goods or services directly to a customer with no intention of trading the receivable. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured on initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reductions for impairment of

- Available-for-sale

Available-for-sale instruments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Subsequent to initial recognition, financial assets classified as available -for -sale are measured at fair value on the statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

- Held - to - Maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has both the positive intent and ability to hold to maturity. Held-to-maturity investments are carried at amortised cost, using the effective interest method, less any impairment losses.

(v) Financial Liabilities

Financial liabilities are recognised initially at fair value, generally being their issue proceeds net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost and interest is recognised over the period of the borrowing using the effective interest method.

The bank classifies certain liabilities at fair value through profit or loss, mainly to match the accounting classification of assets with similar risks. Such liabilities are accounted for at fair value with changes in fair value recognised in profit or loss.

(vi) Gains and Losses

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in comprehensive income, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in comprehensive income is recognised in profit or loss. Interest income, calculated using the effective interest method, is recognised in profit or loss except for short term receivables where the recognition of interest would be immaterial. Dividends on available-for-sale equity instruments are recognised in the profit or loss when the bank's right to receive

(vii) Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

(viii) Offsetting of Financial Instruments

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

(ix) Impairment of Financial Assets

(i) Assets Carried at Amortised Cost

At each reporting date, the bank assesses whether there is objective evidence that a financial asset or group of financial assets are impaired. A financial asset or a group of financial assets is impaired and impairment losses are recognised if, and 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(s) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The bank first assesses whether objective evidence of impairment exists individually for financial asset 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 then includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

When a loan is uncollectible, it is written off against the related provision 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. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS CONT'D FOR THE YEAR ENDED 31 DECEMBER 2013

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The reverse shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Asset Carried at Fair Value

At each reporting date, the bank assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from comprehensive income and recognised in profit or loss.

Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not subsequently reversed through profit or loss, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income. However, if in a subsequent period the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

Provisions

Provisions are liabilities of uncertain timing or amount, and are recognised when the bank has a present obligation as a result of a past event, and it is probable that the bank will be required to settle that obligation. Provisions are measured at the director's estimate of the expenditure required to settle that obligation at the end of each reporting period, and are discounted (at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability) to present value where the effect is material.

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 of any item included in the same class of obligations may be small.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

n) Foreign Currency Transactions and Balances

Foreign Currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. The functional currency is the currency of the primary economic environment in which the entity operates, which is the

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

At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items of historical cost in a foreign currency are not retranslated.

4 Financial Risk Management

Introduction

The bank uses its financial skills to provide competitive mortgage banking services to a broad range of customers - Local and Foreign.

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 bank;
- Influencing the business and environment by being active participants in the relevant regulatory and business forums; and
- Keeping abreast of technology and consumer trends and investing capital and resources where required.

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

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

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

(b) Significant risks

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

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

(c) Detailed Discussion of significant risks

(i) Regulatory Risk

Regulatory risk is the risk arising from a change in regulations in any legal, taxation and accounting pronouncements or specific industry 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 Stockbrokers, Nigerian Stock Exchange, and Securities and Exchange Commission and engages in discussions with policy makers and regulators.

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.

The Central Bank of Nigeria (CBN) sets and monitors capital requirements for the bank to protect its customer deposit and counterparties. The bank is required to maintain a prescribed minimum level of risk adjusted capital of N5 billion (Five Billion Naira only) calculated in accordance with such requirements as Central Bank of Nigeria (CBN) may from time to time prescribe.

The bank's objectives in managing capital are:

To safeguard the bank's ability to continue as a going concern so that it can continue to provide returns for the shareholder and benefits for other stakeholders; and

To provide an adequate return to the shareholder commensurately with the level of

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

The table below summarises the minimum required capital and the regulatory capital held.

	2013	2012
Regulatory minimum capital requirement (N'000)	<u>100,000</u>	<u>100,000</u>
Actual qualifying capital (N'000)	<u>3,651,442</u>	<u>3,009,357</u>
Actual Capital Ratio (times)	<u>37</u>	<u>30</u>

Based on the revised guidelines for Primary Mortgage Banks (PMB) in Nigeria issued by Central Bank of Nigeria (CBN), the new minimum capital requirement shall be N5,000,000,000 (Five Billion Naira Only) for National PMB and N2,500,000,000 (Two Billion and Five Hundred Million Naira Only) for State PMB.

Legal Risk

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

The bank 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 2013, the directors are not aware of any significant obligation not provided for.

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 bank, including restructuring projects and reorganizations.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

- Operational Risk

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

- 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 bank's taxation risk, the bank tax policy is as follows:

The bank will fulfil 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 bank 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 bank continually reviews its existing operations and planned operations in this context; and
- The bank ensures that, where clients participate in company products, these clients are either aware of the probably 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 fulfilment 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.

Accounting Risk

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

NOTES TO THE FINANCIAL STATEMENTS CONT'D FOR THE YEAR ENDED 31 DECEMBER 2013

Accounting risk can arise from the failure of management to:

- Maintain proper books and records, accounting system and to have proper accounting policies;
- Establish proper internal accounting controls;
- 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

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

(ii) Business Environment

Reputational Risk

Reputational Risk is the risk of loss caused by a decline in the reputation of the bank or any of its specific business units from the perspective of its stakeholders, shareholders, 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.

Strategic Risk

Strategic Risk is the risk of an unexpected negative change in the bank 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 units.

Company Risk identifies and assesses both those risks qualitatively as part of a quarterly evaluation. On the basis of this evaluation, company risk creates an overview of local and global risks which also includes reputational risks, analyses the risk profile of the bank and regularly informs directors and management.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

(iii) 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.

(iv) Market Risk

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

The bank is exposed to market risk through its financial assets and financial liabilities. The most important components of this risk are interest rate risk and market price 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 bank'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.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

Foreign Currency Risk

In respect of other monetary assets and liabilities held in currencies other than the Naira, the company ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates, where necessary, to address short-term imbalances.

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 bank is exposed to credit risk are:

- * Certain classes of financial instruments; and
- * Certain accounts within trade and other receivables.

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.

The following policy and procedure is in place to mitigate the bank's exposure to this credit risk:

- * Exposure to outside financial institutions concerning financial instrument is monitored in accordance with parameters which have been approved by the bank's Audit Committee and the bank's board.

Other Receivables

Investment sale debtors are protected by the security of the underlying investment not being transferred to the purchaser prior to payment.

Liquidity Risk

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

The bank is a registered mortgage banker and is required to hold minimum liquid capital. The Central Bank of Nigeria (CBN) is the regulatory authority that regularly reviews compliance with these minimum capital requirements.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

Sensitivities

Management applies a number of sensitivity tests to the earnings of the bank to better understand the exposure to and importance of each of the main drivers of profitability.

IFRS 7 requires management to report on the changes in the net income after tax following "reasonable possible" changes in each of the factors to which the bank is exposed. Management has set the upside and downside movements for each factor at a level which represents the amount by which management believes that factor could reasonably change over the year following the valuation date. These opinions have been informed by an analysis of historical one year changes in those factors. The upper and lower limits have been set at the 75th and 25th percentiles of observed changes as these bound and interval which may be expected to contain 50% of the changes in the coming year. Management believes this represents in some sense what is "reasonably possible", though it is important to note that this opinion is based on past experience and the tested range is not sensitive to all the relevant information in the market at the reporting date.

Management has considered the impact of upside and downside movements in foreign

- * The earnings are sensitive to changes in both the shape and level of the yield curve. Management has not considered changes in the shape of the yield curve due to several constraints although this may be reviewed in the following year.
- * The foreign exchange movements have been considered together in the same sensitivity. Observed historic negative correlations between factors would tend to dampen the effects presented. These correlations are not very large and they have not been adjusted for. This treatment has resulted in the presentation of a slightly more extreme view of what could reasonably occur over the following year.

Future rates of expense inflation, catastrophes and tax assumptions were considered but no sensitivities are presented as it is unlikely, in management's opinion that, these assumptions will change over the following year.

It should be noted that each impact on profit after tax is shown individually for each sensitivity being changed, keeping all other assumptions constant. In practice this is unlikely to occur, as changes in some of the variables may be correlated.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013

	31-Dec-13	31-Dec-12
	<u>₦'000</u>	<u>₦'000</u>
Interest Income		
Cash and Cash Equivalent	34,098	18,270
Loans and Advances to Customers	985,159	830,251
Treasury Bills and Investment Securities	1	159
Others	16,778	7,073
Total Interest Income	<u>1,036,037</u>	<u>855,753</u>

6 Interest Expense

Deposits from Customers	219,096	94,351
Others	84,805	14,868
Total Interest Expense	<u>303,901</u>	<u>109,219</u>

Interest expenses were primarily incurred from various customers deposit accounts which attracts different interest rates based on the amount, tenure and deposit type.

Net Interest Income	<u>732,136</u>	<u>746,534</u>
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7 Fee and Commission Income

Credit Related Fees	533,740	385,979
Commission on Turnover	12,885	12,500
Asset Management Fee	14,383	36,256
Other	3,029	2,656
Total Fee and Commission Income	<u>564,038</u>	<u>437,391</u>

Fees and commission income were earned from credit related fees, commission on turnover, and asset management fees. Other income comprises professional fees, draft commission, returned cheque commission, commitment fees, extension fees, redacos commission and standing order charges.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

	31-Dec-13	31-Dec-12
	₹'000	₹'000
8 Fee and Commission Expense		
Credit Related Expenses	73,119	42,196
Asset Management Expenses	11,481	20,564
Other	71	2,165
Total Fee and Commission Expense	<u>84,670</u>	<u>64,926</u>

Fee and Commission expenses were incurred on credit products, NHF processing expenses and project management expenses.

Net Fee and Commission Income	<u>479,368</u>	<u>372,465</u>
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9 Investment Income

Dividend Income	70	3
Rental Income	13,599	12,939
	<u>13,669</u>	<u>12,942</u>

Investment income were rentals mainly derived from investment properties.

10 Other Income

Penalty Charges	435	545
Search Fees	3,079	1,671
Cheque Book Charges	1,354	1,259
Savings Passbook/Slips Charges	1,065	1,780
Other Income	32,791	23,833
Account Closure Charges	41	33
Cashier Surplus	30	42
Miscellaneous Income	0	13
Insurance Claims	-	18
Commission Received	1,356	2,188
SMS Income Account	2,786	1,982
E-Business NEFT Income Account	4	-
Debit Card Income Account (Rsl)	11,035	6,056
Provision for loan losses no longer required	539,712	205,938
	<u>593,687</u>	<u>245,358</u>

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013

	31-Dec-13	31-Dec-12
	N'000	N'000
11 Personnel Expenses		
Salaries and Wages	332,871	315,098
Gratuity and Productivity Incentive	-	31,185
Pension Contribution	9,081	5,716
	<u>341,952</u>	<u>351,999</u>

Average number of personnel employed (including directors):

Directors	1	1
Management	14	15
Others	241	229
	<u>256</u>	<u>245</u>

Key management includes the Bank's managing director, the general manager and assistant general manager, managers and or heads of units, departments and or branches.

12 Other Operating Expenses

Depreciation

- Building	20,128	18,963
- Office Equipment	16,449	16,717
- IT Equipment	16,836	24,432
- Furniture and Fittings	10,367	10,465
- Motor Vehicle	18,033	25,832
	<u>81,812</u>	<u>96,407</u>

The bank's depreciation policy is consistent with prior year and the applicable rates have been applied on property, plant and equipment. Items of property and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the assets are completed and ready for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line basis over their estimated useful lives. Depreciation is recognised in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

	31-Dec-13 N'000	31-Dec-12 N'000
Amortisation		
- Computer Software	264	6,210
	264	6,210
Auditors' Remuneration		
- Current Year	5,500	5,500
- Fees for Other Services	-	-
	5,500	5,500
Professional Fees	20,413	22,097
Other Expenses	922,632	640,849

Other expenses are mainly comprised of rent and rates, advert and promotions, business development, transport cost, motor running, bank/financial charges, statutory charges, printing and stationeries, fuel and lubricants.

Directors' Emoluments

Non-Executive Directors' Emolument	27,364	4,770
Executive Director's Emolument	9,266	8,841
	36,630	13,611
Total Other Operating Expenses	1,067,251	784,674

13 Allowance and Impairment Loss

Investment Securities	17,670	-
Loans and Advances to Customers	1,939,546	2,171
	1,957,215	2,171

Impairment loss has been provided based on the recoverability of the asset being less than the carrying value of the bank's assets. Allowance for impairment of Loan is made in accordance with the 2011 Revised Guidelines for Primary Mortgage Banks in Nigeria issued by the Central Bank of Nigeria (CBN).

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

	31-Dec-13	31-Dec-12
	N'000	N'000
14 Cash and Cash Equivalent		
Cash on Hand	28,232	17,681
Cash and Balances with other Banks	459,972	225,173
Money Market Placements	817,957	126,190
Cash and Cash Equivalents	1,306,161	369,044
Allowance for Doubtful Bank Balances	-	-
Cash and Cash equivalents in the statement of cash flows	1,306,161	369,044

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

15 Loans and Advances

Analysis of Loans and Advances by Nature

Mortgage loans	1,091,708	1,002,767
Commercial Real Estate Financing	3,914,041	4,095,783
Others	77,490	120,536
Gross Loans	5,083,239	5,219,085
Collective impairment (note 15b)	(106,809)	(19,575)
Specific impairment (note 15b)	(934,562)	(2,000,432)
Net Loans	4,041,867	3,199,078

15(a Loans and Advances to Customers at Amortised Cost

31 December 2013	Gross Amount	Impairment Allowance	Carrying Amount
Mortgage loans	1,091,708	(148,801)	942,907
Commercial Real Estate Financing	3,914,041	(882,550)	3,031,492
Others	77,490	(10,021)	67,468
	5,083,239	(1,041,371)	4,041,867

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

31 December 2012	Gross Amount	Impairment Allowance	Carrying Amount
Mortgage loans	1,002,767	(63,151)	939,616
Commercial Real Estate Financing	4,095,783	(1,911,602)	2,184,181
Others	120,536	(45,254)	75,282
	5,219,085	(2,020,007)	3,199,078

	31-Dec-13 ₦'000	31-Dec-12 ₦'000
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15(b) Impairment allowance on loans and advances

Collective Impairment

Balance at beginning of year	19,575	17,404
Impairment Loss for the year:		
Charge for the year	87,235	2,171
Write-offs/Recovery	-	-
Balance at end of year	106,809	19,575

Specific Impairment

Balance at beginning of year	2,000,432	3,000,873
Impairment Loss for the year:		
Charge for the year	-	-
Write-offs/Recovery	(1,065,870)	(1,000,441)
Balance at end of year	934,562	2,000,432

15(c) Analysis of Loans and Advances by Security:

Secured against real estate	4,073,830	4,182,323
Otherwise secured	1,009,868	1,036,763
Gross loans	5,083,698	5,219,086

15(d) The Regulatory Body CBN/NDIC stipulates that provisions for loans recognised in the profit or loss account shall be determined based on the requirements of IFRS. The IFRS provisions should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserve should be treated as follows:

Prudential Provisions is greater than IFRS provisions; transfer the difference from the general reserve to a non-distributable regulatory reserve.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013

Prudential Provisions is less than IFRS provisions; the excess charges resulting should be transferred from the regulatory reserve account to the general reserve to the extent of the nondistributable reserve previously recognized.

	31-Dec-13	31-Dec-12
	N'000	N'000
Transfer to non-distributable Regulatory Reserve		
General provision – 1%	1,991	19,575
Specific provision	3,243,018	1,818,392
Interest in suspense	4,772	182,040
Total prudential provision	<u>3,249,781</u>	<u>2,020,007</u>
IFRS Impairment:		
Collective Impairment	106,809	19,575
Specific Impairment	934,562	2,000,432
Total IFRS impairment	<u>1,041,371</u>	<u>2,020,007</u>
Difference in impairment figures (Prudential minus IFRS)	<u>2,208,409</u>	-
Transfer (to)/from regulatory risk reserve	(2,208,409)	

15(e) Analysis of Loans and Advances by Performance (Prudential Guideline)

31 December 2013	Gross	Principal	Interest in	Total
	Loans	Allowance	Suspense	Allowance
	N'000	N'000	N'000	N'000
Watch list	187,772	1,878	-	1,878
Substandard	256,073	44,131	-	44,131
Doubtful	53,287	26,644	954	27,598
Very doubtful	68,441	51,331	477	51,808
Lost	4,319,035	3,138,626	3,340	3,141,966
	<u>4,884,608</u>	<u>3,262,609</u>	<u>4,772</u>	<u>3,267,381</u>
Performing	199,090	1,991	-	1,991
	<u>5,083,698</u>	<u>3,264,600</u>	<u>4,772</u>	<u>3,269,372</u>

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

31 December 2012	Gross Loans N'000	Principal Allowance N'000	Interest in Suspense N'000	Total Allowance N'000
Watch list	563,418	5,634	2,115	7,749
Substandard	496,845	111,892	15,539	127,431
Doubtful	461,565	230,782	20,707	251,489
Very doubtful	420,629	150,945	40,115	191,060
Lost	1,319,138	1,319,138	103,564	1,422,702
	3,261,594	1,818,392	182,040	2,000,432
Performing	1,957,492	19,575	-	19,575
	5,219,086	1,837,967	182,040	2,020,007

15(f) Analysis of Loans and Advances by Maturity:

	31-Dec-13 N'000	31-Dec-12 N'000
Under 1 month	163,190	167,536
1 – 3 months	303,067	311,138
3 – 6 months	1,060,381	1,088,620
6 – 12 months	1,154,146	1,184,882
Over 12 months	2,402,915	2,466,909
	5,083,698	5,219,085

15(g) Classification of Loans and Advances by Performance (Prudential Guideline)

31 December 2013	Mortgage Financing N'000	Commercial Real Estate Financing N'000	Others Loans N'000	Total December 2013 N'000
Performing	773,739	1,327,319	57,169	2,158,227
Watchlist	187,772	-	-	187,772
Substandard	123,080	123,491	9,502	256,073
Doubtful	5,708	44,885	2,695	53,287
Very Doubtful	-	68,441	-	68,441
Lost	1,410	2,350,365	8,123	2,359,898
	1,091,708	3,914,501	77,490	5,083,698

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013

31 December 2012

	Mortgage Financing	Commercial Real Estate Financing	Others Loans	Total December 2012
	₦'000	₦'000	₦'000	₦'000
Performing	760,498	1,129,624	67,369	1,957,492
Watchlist	135,073	428,346	-	563,418
Substandard	54,952	414,714	27,178	496,845
Doubtful	12,535	438,735	10,295	461,565
Very Doubtful	-	420,629	-	420,629
Lost	39,710	1,263,735	15,694	1,319,138
	1,002,767	4,095,783	120,536	5,219,086

Loans and advances are measured at amortised cost using the effective interest methods less a provision for impairment. At each reporting period, the Bank assesses whether there is objective evidence that the loan are impaired. The criteria used to determine if objective evidence of impairment loss exists include; significant financial difficulty of the obligor, delinquency in interest or principal payment and or it becomes probable that the borrower will enter bankruptcy or other financial reorganisation. If such evidence exists, the Bank recognises an impairment loss. The loss is the difference between the cost of the loan or advance and the present value of the estimated future cash flows discounted using the instrument's original effective interest rates and or determined provision using the Central Bank Nigeria (CBN) specified benchmark for loan loss provision for primary mortgage banks. The carrying amount of the loan are reduced by the amount, through the use of an allowance account. The impairment loss are reversed in subsequent period if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

As at 31 December 2013, N539,292,803.25 (2012: N581,731,358) included in mortgage financing are FMBN loans disbursed to NHF customers.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

	31-Dec-13	31-Dec-12
	₦'000	₦'000
15(h) Insider-Related Credits		
Aggregate amount of insider related credits outstanding at year-end:	<u>3,392,300</u>	<u>3,010,457</u>
Non performing (note 28)	<u>888,058</u>	<u>2,995,307</u>

The details of non-performing insider related credits are analysed in note 28 of these financial statements in conformity with the Central Bank of Nigeria Circular BSD/1/2004.

16 Investment Securities

Available for Sale Investment Securities:

Equities Securities with readily determinable fair values	557,698	331,015
Allowance for impairment.	<u>(224,923)</u>	<u>(215,214)</u>
	332,775	115,801
Unquoted Equity Securities at cost	515,335	251,945
Treasury Bills	-	5,000
	<u>848,110</u>	<u>372,746</u>

The Bank's Securities classified as quoted are securities listed and traded on the Nigerian Stock Exchange and the fair value of the securities have been determined using valuation techniques. The Bank has used the market value approach to value these securities, based on weighted average price of stocks purchased during the period. The market values have been ascertained by reference to quoted stock prices ruling as at 31 December 2013.

Also included in unquoted investment that have been designated at cost is the Banks equity investment in Resort Developers Limited. This investment (2013:N200 million; 2012: N200 million) represents equity holding in investee company that gives the Bank 100% voting right of the investee. The property development subsidiary is currently being managed by the Bank.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

	<u>31-Dec-13</u>	<u>31-Dec-12</u>
	<u>N'000</u>	<u>N'000</u>
17 Investment Property		
Carrying amount January 01	-	1,117,056
Additions	-	438,415
Disposal	-	-
Change in Fair Value*	-	-
Allowance for impairment	-	-
	<u>-</u>	<u>1,555,471</u>

* On first time adoption, the Bank measured investment using the fair value model. As at 31 December 2013, the Bank, based on the directives from the Central Bank of Nigeria (CBN) has elected to measure investment property at cost. This change of policy, which is also in line with IFRS requirements with respect to a company's change of accounting policies as contained in IAS 8, led to the retrospective adjustment of the effect of the revaluation. Hence, the resultant increase in the carrying amount of investment properties by N3,189,241,492.15 and the increased profit for 2012 by N3,189,241,492.15, has been reversed.

18 Non-Current Assets Held for Sale

Carrying amount January 01 (note 17)	1,555,471	-
Additions	467,141	-
Disposal	<u>(383,430)</u>	-
	<u>1,639,183</u>	-

In compliance with the Central Bank of Nigeria (CBN) directive prohibiting all PMB from project management for real estate development, the board has designated the Investment Properties for sale.

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013

	31-Dec-13	31-Dec-12
	₦'000	₦'000
19 Other Assets		
Interest Receivable	111,429	21,793
Prepayments	239,419	82,056
Other	93,426	134,590
	444,275	238,438
20 Intangible Assets		
Purchased Software		
Cost		
Balance at 1 January	38,467	35,763
Acquisitions	-	2,705
Balance at end of year	38,467	38,467
Accumulated Amortisation and Impairment Losses		
Balance at 1 January	37,365	31,155
Amortisation for the year	264	6,210
Impairment Loss		
Reclassification/Adjustments		
Balance at end of year	37,629	37,365
Carrying Amounts	838	1,102

There were no capitalised borrowing costs related to acquisition of software during the year (2012: nil).

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013

Property, Plant and Equipment	Land		Building		IT Equipment		Office Equipment		Motor Vehicles		Furniture & Fittings		Total
	N000	N000	N000	N000	N000	N000	N000	N000	N000	N000	N000		
Cost													
Balance at 1 January 2012	60,155	120,070	94,318	81,261	115,954	51,666	523,424						
Additions	-	-	11,635	5,612	8,775	2,422	28,444						
Disposals													
Balance at 31 December 2012	<u>60,155</u>	<u>120,070</u>	<u>105,953</u>	<u>86,873</u>	<u>124,729</u>	<u>54,088</u>	<u>551,868</u>						
Balance at 1 January 2013	60,155	120,070	105,953	86,873	124,729	54,088	551,868						
Additions	-	33,190	23,146	4,889	63,483	6,014	130,721						
Disposals					(3,450)								
Balance at 31 December 2013	<u>60,155</u>	<u>153,260</u>	<u>129,099</u>	<u>91,762</u>	<u>184,762</u>	<u>60,101</u>	<u>679,140</u>						

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013

21 Property, Plant and Equipment (Cont'd)	Land		Building		IT Equipment		Office Equipment		Motor Vehicles		Furniture & Fittings		Total ₱000
	₱000	₱000	₱000	₱000	₱000	₱000	₱000	₱000	₱000	₱000	₱000	₱000	
Accumulated Depreciation and Impairment Losses													
Balance at 1 January 2012	-	37,743	71,564	54,483	85,191	37,421	286,402						
Depreciation/Reversal for the period		18,963	24,432	16,717	25,832	10,465	96,407						
Balance at 31 December 2012	-	56,706	95,995	71,199	111,022	47,886	382,809						
Balance at 1 January 2013	-	56,706	95,995	71,199	111,022	47,886	382,809						
Depreciation/Reversal for the period		20,128	16,836	16,449	18,033	10,367	81,812						
Disposals					(3,450)								
Balance at 31 December 2013	-	76,834	112,831	87,648	125,605	58,253	461,171						
Carrying Amounts													
Balance at 31 December, 2012	60,155	63,364	9,958	15,673	13,707	6,202	169,060						
Balance at 31 December, 2013	60,155	76,426	16,268	4,114	59,157	1,849	217,969						

There were no capitalised borrowing costs related to acquisition of property, plant and equipment during the year (2012: nil).

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

	31-Dec-13	31-Dec-12
	<u>N'000</u>	<u>N'000</u>
22 Deposits from Customers		
Retail Customers:		
Current Deposits	213,273	136,742
Savings Deposits	460,795	219,653
Term Deposits	1,751,030	748,648
Corporate Customers:		
Current Deposits	398,546	177,281
Savings Deposits	7,077	12,837
Term Deposits	583,383	381,367
	<u>3,414,103</u>	<u>1,676,529</u>
The Maturity Profile of Deposit Liabilities is as follows:		
Under 1 month	624,173	380,807
1-3 months	367,160	427,178
3-6 months	550,741	416,098
6-12 months	917,901	215,315
Over 12 months	1,211,629	237,132
	<u>3,671,603</u>	<u>1,676,529</u>
23 Income Tax Liabilities		
Balance as 1 January	129,948	72,761
Charge for the year	18,765	74,974
	<u>148,713</u>	<u>147,735</u>
Under Provision in Prior year	-	-
Paid During the year	(92,026)	(17,788)
Balance as at 31 December	<u>56,687</u>	<u>129,948</u>
Income Tax Expense		
Company Income Tax	18,765	33,109
Education Tax	-	7,589
Information Technology Levy	-	34,277
	<u>18,765</u>	<u>74,974</u>
Deferred Tax Charge/(Credit)	-	-
Charge to Income Statement	<u>18,765</u>	<u>74,974</u>

NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013

	31-Dec-13	31-Dec-12
	N'000	N'000

23(a) The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act. The charge for education tax is based on the provisions of the Education Tax Act. Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

23(b) The Nigerian Information Technology Development Agency (NITDA) Act 2007 stipulates that, specified companies contribute 1% of their profit before taxation to the Nigerian Information Technology Development Agency. In line with the Act, the Mortgage Bank has provided for NITDA levy at the specified rate.

The deferred tax has been assessed in accordance with the International Financial Reporting Standard 12: On Income Taxes. The entity has a history of tax losses and temporary differences resulting in deferred tax asset. The deferred tax asset has not been recognised, as there are no assurance beyond any reasonable doubt that future taxable profit would be sufficient to allow the benefit of the loss to be realised.

24 Other Liabilities

Creditors and Accruals	223,864	311,744
Employee Retirement Benefits Obligation	4,241	2,169
Provision for Gratuity and Productivity Incentive	15,221	40,221
Others	149,147	94,785
	<u>392,473</u>	<u>448,920</u>

The Bank operates defined benefit pension plan based on employee pensionable earnings and length of service and defined contribution plans based on employer and employee (15% of basic salary, housing and transport allowances) contributions.

**NOTES TO THE FINANCIAL STATEMENTS CONT'D
FOR THE YEAR ENDED 31 DECEMBER 2013**

	31-Dec-13	31-Dec-12
	<u>₦'000</u>	<u>₦'000</u>
25 Long-Term Borrowings		
Federal Mortgage Bank of Nigeria	983,697	640,186
	<u>983,697</u>	<u>640,186</u>

This represents funds obtained from Federal Mortgage Bank and disbursed to beneficiaries of National Housing Fund (NHF). Interest rate is 4%, interest and principal are payable monthly.

26 Share Capital

Authorised Share Capital

20,000,000,000 (2012:20,000,000,000)

Ordinary Shares of 50k each

<u>10,000,000</u>	<u>10,000,000</u>
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Issued Share Capital

11,329,732,404 (2012:11,329,732,404)

Ordinary Shares of 50k each

<u>5,664,866</u>	<u>5,664,866</u>
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At 31 December 2013 the bank's authorised share capital comprised 20,000,000,000 ordinary shares (2012: 20,000,000,000) while the issued share capital is 11,329,732,404 (2012:11,329,732,404). All issued shares are fully paid, holders of ordinary shares are entitled to receive dividends as declared from time to time.

The holders of ordinary shares are entitled to one vote per share at meeting of the Bank. All shares rank equally with regard to the Banks residual assets.

27 Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The related party loans as of 31 December 2013 are as shown on page 74.

NOTE 28

DIRECTOR / SISTER COMPANY LOANS

S/NCUSTOMER NAME	FACIL ITY TYPE	TOTAL AMT DUE AS AT 31 Dec. 2013	TOTAL AMT DUE AS AT 31 Dec. 2012	MATURITY DATE	PRUDENTIAL STATUS
1 UGBOH EMMANUEL	ML	78,232,579.51	88,101,998.75	1/11/2018	N/P
2 UGBOH EMMANUEL	O/D	240,187,329.84	167,141,392.36	12/22/2014	N/P
3 OLUFEMI EKUNDAYO	O/D	68,397,825.42	74,561,790.89	12/31/2010	N/P
4 IDUDU MANIKOMEVWE LINLEY	O/D	40,481,153.91	28,887,700.30	12/31/2010	N/P
5 IDUDU OGHENAKPOBO JOE	OD	3,887,970.39	5,427,546.64		N/P
6 IDUDU OGHENAKPOBO JONATHAN	OD	39,771,362.25	28,278,885.42	27-08-2020	N/P
7 MANIKOMEVWE IDUDU	ML	20,473,664.28	21,697,253.65	27-08-2020	N/P
8 JONATHAN. O. IDUDU	ML	20,499,262.41	21,695,753.25	27-08-2020	N/P
9 FEMISOLA AWOSIKA	ML	20,473,664.28	21,697,253.65	27-08-2020	N/P
10 AWOSIKA OLUFEMISOLA	O/D	40,481,106.64	28,887,660.51	12/31/2010	N/P
11 DEAP CAPITAL MGT & TRUST PLC	TL	1,464,270,032.00	1,464,270,032.00	28-Jan-2018	Performing
12 DEAP CAPITAL MGT & TRUST PLC	O/D	297,787,776.57	94,415,612.91	28/01/2018	Performing
13 DVCF OIL & GAS PLC	T/L	321,433,756.54	333,000,000.00	29-Dec-2019	N/P
14 PRECIOUS MINES & MINERAL D	OD	55,278,694.58	40,857,485.44	14/09/2011	N/P
15 RESORT SECURITIES AND TRUST LTD	T/L	267,596,577.82	367,000,000.00	29-12-2019	Performing
17 RESORT DEVELOPER LTD	T/L	370,201,715.56	-	26-08-2028	Performing
18 MRS VICTORIA ALO	O/D	3,693,964.39	15,150,829.64	*19/05/2012	Performing
19 THE INITIATES	O/D	3,437,260.94	3,027,067.99	08-Oct-2012	N/P
20 LAND OF GOSHEN FARMS LIMITED	O/D	3,420,300.99	2,298,191.80	*14/06/2010	N/P
21 SENATOR SUNDAY OLAWALE FAJINMI	T/L	23,938,992	20,000,000.00	30/04/2013	Performing
22 CHIEF F.B. ADEFARATI	O/D	4,017,384.78	-	05-Jan-2014	Performing
23 OLAYINKA ABIMBOLA	S/L	3,022,555.48	-	03-Jul-2014	Performing
24 BAIDO DANLADI TIJO	O/D	1,314,965.86	-		Performing
		3,392,299,896.84	2,826,396,455.20		

ML - Mortgage Loan
 TL - Term Loan
 O/D - Overdraft
 LF - Lease Facility
 N/P - Non-Performing
 S/L - Staff Loan

**OUR BRANCH NETWORK
FOR THE YEAR ENDED 31 DECEMBER 2013**

Corporate Head Office

5th Floor
St. Nicholas House
6, catholic Mission Street
Lagos
Tel: +234(01) 462 2081 - 3
Fax: +234(01) 462 2083
E-mail: resort@resortng.com

Boyle Street

Resort House
12, Boyle Street
Onikan, Lagos.
Tel: 234(01) 774 7937

Ikeja

25, Olowu Street
Ikeja, Lagos.
Tel: +234(01) 736 9694

Lekki

Bakky Plaza
Along Epe-Lekki Expressway
By Osapa Landom Bus Stop
Agungi, Lagos.
Tel: 234(01) 793 7212; 739 7215

Dopemu

1 & 2, Ojuodo Lane
Ifelodun Street,
Aluminium Village
Dopemu, Lagos.

Dolphin Plaza

Dolphin Plaza
Suite D9
Dolphin Estate,
Ikoyi, Lagos
Tel: +234(01)774 7937

Mushin

258, Agege Motor Road
Ojuwoye, Mushin
Lagos

Abuja

CITEC International
Estate Mount pleasant
Mbora District
Jabi/Airport by-Pass
Jabi, Abuja.
Tel: +234(09) 290 3124

Abuja Garki

Murg Plaza
Opposite UTC Shopping Complex
Area 10, Abuja74 7937

Jalingo

Priscilla Nyama Estate
Garden City
Mile 6, Jalingo
Taraba State
Tel: 234(0) 8034400031

Yola

10, Galadima Aminu Way
(Bank Street) Jimeta
Yola, Adamawa
Tel: 0806 1162 134

Port Harcourt

Vicon House
80, Stadium Road
Opposite Mr Biggs
Port - Harcourt

Ekiti Branch

72, Secretariate Road,
Ado Ekiti,
Ekiti State

Abeokuta Branch

olusegun Obasanjo Presidential Library
Presidential Boulevard, Oke-Mosan
Abeokuta, Ogun State.

Africa Prudential Registrars Plc

SHAREHOLDER E-SERVICE APPLICATION FORM

(* = Compulsory fields)

1. SURNAME/COMPANY NAME:

2. *FIRST NAME:

3. OTHER NAME:

4. SPOUSE' NAME:

5. *MOTHER'S MAIDEN NAME:

6. * E-MAIL:

7. ALTERNATE E-MAIL:

8. *MOBILE No.: 9. SEX: MALE FEMALE

10. PHONE No. (HOME):

11. *POSTAL ADDRESS:

12. *CSCS CLEARING HOUSE No

13. NAME OF STOCKBROKER: 14. OCCUPATION:

15. NATIONALITY:

16. NEXT OF KIN:

Please tick against the company(ies) where you have shareholding

CLIENTELE

- 1. ABBEY BUILDING SOCIETY PLC
- 2. AFRICA PRUDENTIAL REGISTRARS PLC
- 3. AFRILAND PROPERTIES PLC
- 4. A & G INSURANCE PLC
- 5. ALUMACO PLC
- 6. ARM PROPERTIES PLC
- 7. BEC PETROLEUM PRODUCT LTD
- 8. CAPRANO D'ALBERTO PLC
- 9. CEMENT COY OF NORTHERN NIG.
- 10. CHAMPION BREWERIES PLC
- 11. COMPUTER WAREHOUSE
- 12. CRYSTALIFE ASSURANCECOY LTD
- 13. CSCS PLC
- 14. DORMAN LONG
- 15. GOLDEN CAPITAL PLC
- 16. INTERNATIONAL BREWERIES PLC
- 17. INVESTMENT & ALLIED ASSURANCE
- 18. JAZZ INTERNATIONAL PLC
- 19. NEM INSURANCE PLC
- 20. PERSONAL TRUST & SAVINGS LTD
- 21. P.S MANDRIES PLC
- 22. POLY PRODUCT
- 23. PORTLAND PAINTS & PRODUCTS
- 24. PREMIER BREWERIES PLC
- 25. RESORT SAVINGS & LOANS PLC
- 26. ROADS NIGERIA PLC
- 27. SOCA NIGERIA PLC
- 28. TRANSCORP PLC
- 29. UBA BALANCE FUND
- 30. UBA BOND FUND
- 31. UBA CAPITAL PLC
- 32. UBA EQUITY FUND
- 33. UBA MONEY MARKET FUND
- 34. UNITED BANK FOR AFRICA PLC
- 35. UTC NIGERIA PLC
- 36. WEST AFRICAN GLASS IND PLC

E-SHARE REGISTRATION ACTIVATION MANDATE (Please tick the box below)
Please take this as authority to activate my account(s) on your 3iOP e-Share Registration Portal where I will be able to view and manage my investment portfolio online with ease

BANK DETAILS FOR E-DIVIDEND MANDATE
Please take this as authority to credit my/our under-mentioned account with any dividend payment(s)/ lost/misplaced/stale/unclaimed dividend warrants due on my/our shareholding in the aforementioned company(ies).

17. *ACCOUNT NAME:

18. *BANK ACCOUNT NUMBER: 19. *BANK:

20. *AGE OF ACCOUNT:

Must be NUBAN

Must be confirmed by the bank

***BANK'S AUTHORISED SIGNATURE & STAMP**

DECLARATION
"I hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details"

Signature: _____ Signature: _____
for joint/corporate accounts only

OTHERS: _____

DELIVERY MANDATE FORM

Dear Sir/Madam,

To enable you receive your Annual Report promptly, your Company had introduced electronic delivery of Annual Reports and Financial Statements, Proxy Forms and other statutory documents to Shareholders.

With this service, you will henceforth receive a soft copy of the Annual Report, Proxy Form and other corporate documents through the electronic link to be forwarded to your email address or a soft copy (Compact Disc) by post instead of receiving the hard copies in future. This initiative is in line with our determination to help protect and sustain our planet's environment and the consolidated SEC Rule (128) of September, 2011 which states that "A Registrar of a public company may dispatch Annual Reports and Notices of General Meetings to shareholders by electronic means"

However, should you prefer to receive hard copies of your Annual Report and other corporate documents, please complete the form below and return to: any of their branches nationwide.

The Managing Director
Africa Prudential Registrars Plc
220B Ikorodu Road, Palmgrove, Lagos.

Yours faithfully,
LPC Solicitors
Company Secretary

I, OF
HEREBY REQUEST FOR A HARDCOPY DELIVERY OF ANNUAL REPORT, PROXY FORM, PROSPECTUS, NEWSLETTER AND STATUTORY DOCUMENTS OF RESORT SAVINGS & LOANS PLC TO ME THROUGH THE FOLLOWING ADDRESS:

POSTAL ADDRESS:

DESCRIPTION OF SERVICE:

By enrolling in this service, you have requested to receive hard copies of future announcements/shareholder communication materials. These materials will be made available to you by post either semi-annually or annually. Annual Report, Proxy Form, Prospectus and Newsletters are examples of shareholder communications that can be available to you. The service will be effective for all your holdings in Airline Services & Logistics Plc on an on-going basis unless you change or cancel your enrolment.

Name of Shareholder

Signature & Date

(In case of a Corporate Shareholder, use Company Seal)

Telephone

PROXY FORM

RESORT SAVINGS & LOANS PLC

PROXY CARD

8TH ANNUAL GENERAL MEETING TO BE HELD AT 9 AM

ON THE 14TH DAY OF JANUARY, 2016 AT

THE ROCKVIEW HOTEL CLASSIC,

PLOT 196 CAD ZONE A8, ADETOKUNBO ADEMOLA CRESCENT, WUSE II IN FCT, ABUJA

I/We*, of being a member/members of Resort Savings & Loans PLC hereby appoint** of or failing him, the Chairman of the meeting to act as my/our proxy and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on January 14, 2016 and at any adjournment thereof.

Dated this day of2015.

Shareholder's Signature (s)

NUMBER OF SHARES

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N.B: The manner in which the proxy is to vote should be indicated by inserting "x" in the appropriate space.

S/N	PROPOSED RESOLUTIONS	FOR	AGAINST
ORDINARY BUSINESS			
1)	To lay before the meeting the financial statements for the year ended December 31, 2013 and the Reports of the Directors, Auditors and Audit Committee thereon.		
2)	To elect/re elect Directors: <ul style="list-style-type: none"> ➤ Francis Adefarati ➤ Danladi Baido 		
4)	To authorize the Directors to fix the remuneration of the External Auditors.		
5)	To elect members of the Audit Committee.		

PROXY FORM CONT'D.

NOTE:

1. A member (shareholder) entitled to attend and vote at the General Meeting is entitled to appoint a proxy in his stead. The above proxy form has been prepared to enable you exercise your right to vote in case you cannot personally attend the meeting.
2. Following the normal practice, the Chairman of the meeting has been entered on the form to ensure that someone will be at the meeting to act as your proxy, however if you wish, you may insert in the blank space on the form (marked**) the name of any person, whether a member of a Company or not, who will attend the meeting and vote on your behalf.

IF YOU ARE UNABLE TO ATTEND THE MEETING, READ THE FOLLOWING INSTRUCTIONS VERY CAREFULLY:

- a) Write your name in BLOCK LETTERS on the proxy form where marked * in the case of joint shareholders, any one of them may complete this form but the names of all joint holders must be inserted.
- b) Write the name of your proxy (if any) where marked **
- c) Please sign and post the proxy form so as to reach the address overleaf not less than 48 hours before the time fixed for the meeting.
- d) If executed by a corporate body, the proxy form should be sealed with the Common seal.
- e) The proxy must produce the admission form to obtain entrance to the building.

This proxy form should NOT be completed and sent to the Company if the member will be attending the meeting. Before posting the above form, please tear off this part and retain it for admission to the meeting.

ADMISSION FORM
RESORT SAVINGS & LOANS PLC
8TH ANNUAL GENERAL MEETING

Please admit only the shareholder named on this form or his duly appointed Proxy to the Annual General Meeting of Resort Savings & Loans Plc will hold at the Rockview Hotel Classic, Plot 196 CAD Zone A8, Adetokunbo Ademola Crescent, Wuse II in FCT, Abuja.

Name of shareholder (s) _____ Signature of Person attending *** _____

NOTE

*** You are requested to sign this form at the entrance to the venue at the Annual General Meeting.