ASO SAVINGS AND LOANS PLC.
Plot 266, FMBN Building, Cadastral Zone AO,
Central Business District, Abuja - Nigeria.
Tel: +234-9-461 1587, Fax: +234-9-461 1589

ASO
SAVINGS & LOANS PLC.
RC No. 283162

...built around you

ANNUAL REPORT 2016

of the Directors and Audit Committee and
Financial Statements with Independent Auditors' Report

TABLE OF CONTENT

COMPANY'S HISTORY

ASO Savings & Loans PLC is a Primary Mortgage Institution (PMI) incorporated in Nigeria as a limited liability company on November 9, 1995.

We formally commenced business on January 2, 1997 and converted to a public limited company (PLC) on September 22, 2005.

We are regulated by the Central Bank of Nigeria under the Mortgage Institution Decree No. 53 of 1989 to carry out the business of mortgage banking in Nigeria.

Between November 2006 and January 2007, we transited from a majority government owned company to a majority privately owned company with government holding less than 16% of the company's equity and in the process acquired over 3,000 new shareholders.

We are listed on the floor of the Nigeria Stock Exchange on April 25, 2008. As at December 2013, ASO had shareholders funds in excess of ₦5.3bn.

CORPORATE PROFILE

OUR VISION
To be the Mortgage Bank of Choice.

OUR MISSION
To build mutually profitable relationships anchored on a passion for excellence.

Corporate Head Office
Plot 266 FMBN Building, Cadastral Zone AO, Central Business District, Abuja.

Other branches
Please visit our website www.asoplc.com for the list and addresses of our various branches nationwide.

NOTICE OF 18TH-27TH ANNUAL GENERAL MEETINGS

NOTICE IS HEREBY GIVEN that the 18th - 27th Annual General Meetings of ASO SAVINGS AND LOANS PLC (the Bank) will be held virtually on Monday, 30th June 2025 at 11:00am. The link for the live streaming will be made available on the Bank's Website, www.asoplc.com to transact the following business:

ORDINARY BUSINESS:

1. To receive and consider the Audited Financial Statements for the years ended 31st December 2015 – 2024 together with the Reports of the Directors, Auditors and Audit Committee thereon.
2. To re-elect Directors retiring by rotation.
3. To ratify the appointment of Directors.
4. To ratify the appointment of Sola Oyetayo & Co as the External Auditor of the Bank, successively for the years ended 31st December 2016 to 31st December, 2024 and to re-appoint Sola Oyetayo & Co as the External Auditor of the Bank for the financial year ending 31st December, 2025.
5. To authorize the Directors to fix the remuneration of the External Auditors.
6. Disclosure of the remuneration of Managers of the Bank.
7. To elect/re-elect Shareholders Representatives of the Statutory Audit Committee.

SPECIAL BUSINESS:

8. To approve the remuneration of Non-Executive Directors.
9. To authorize the Directors of the Bank, pursuant to Article 48 of the Bank's Article of Association, to raise additional capital for the Bank whether by way of rights issue, private placement, public offer, book building process or other methods, the issuance of corporate bonds in such size or volume, tranches, series or proportions, at such coupon or interest rates, within such maturity periods, and on such other terms and conditions including the provision of security for repayment as the Directors may deem fit or determine, subject to obtaining the approvals of the relevant regulatory authorities.
10. To authorize the Directors to enter into or execute any agreement, deeds, notices and any other documents as well as appoint and determine fees of such professional parties or advisers necessary for and/or incidental to effecting resolution 9 above and such further resolutions deemed necessary in furtherance thereof.
11. To authorize the Directors to increase the share capital by such size and in such manner as well as make such allotments necessary, consequent and/or incidental to effecting resolution

9 above and make any further necessary or incidental modification to the memorandum and articles of association or any other necessary document or platform in this regard.

12. To consider and if deemed necessary, in furtherance of resolution 9 above, pass the following as special resolutions:

a. "That the 14,741,733,802 (Fourteen Billion, Seven Hundred and Forty One Million, Seven Hundred and Thirty Three Thousand, Eight Hundred and Two Naira) ordinary shares of 50 Kobo each in the share capital of the Bank be consolidated at a ratio of three (3) existing shares into one (1) new share, resulting in 4,913,911,267 (Four Billion, Nine Hundred and Thirteen Million, Nine Hundred and Eleven Thousand, Two Hundred and Sixty Seven) ordinary shares of 50 Kobo each with same rights and restrictions as the existing shares prior to the consolidation".

b. "That the reduced share capital of N4,913,911,267 (Four Billion, Nine Hundred and Thirteen Million, Nine Hundred and Eleven Thousand, Two Hundred and Sixty-Seven Naira) divided into 9,827,822,535 (Nine Billion, Eight Hundred and Twenty-Seven Million, Eight Hundred and Twenty-Two Thousand, Five Hundred and Thirty-Five) ordinary shares of 50 kobo each pursuant to the resolution above be credited to the Bank's share reconstruction reserve account".

c. "That the Board of Directors be and are hereby authorized to take or direct as it may deem fit, all actions and steps that are considered necessary to give effect to the above resolutions 9 – 12 herein, including but not limited to engagement of necessary professional advisers, rounding adjustments to fractional shares, necessary alteration of the Memorandum and Articles of Association as well as all other steps and actions with the relevant regulatory bodies, courts or however required in furtherance of resolutions 9 – 12 herein".

Dated this 23rd Day of May, 2025
By Order of the Board

Akachukwu Okechukwu
Company Secretary/Legal Adviser
Plot 266 FMBN Building, Cadastral Zone AO, Central Business District, Abuja.

NOTES:

1. **Attendance and Voting by Proxy:**
A member entitled to attend and vote at this meeting is entitled to appoint a Proxy to attend and vote in his/her stead. A proxy need not be a member of the Bank. A proxy form is enclosed. For the appointment to be valid, the proxy form must be duly completed and deposited at the Office of the Registrar, First Registrars & Investor Services Ltd, Plot 2 Abebe Village Road, Iganmu, Lagos not later than 48 hours prior to the date of the meeting.

2. **Online Accreditation/Attendance of Shareholders:**
Provision has been made for online attendance by Shareholders. The link will be available on the Bank's website via www.asoplc.com. In addition, a message containing a unique link to be utilized in attending the meeting will, not less than 48

hours prior to the meeting, be sent through SMS and E-mail addresses to all Shareholders who have supplied valid phone numbers and E-mail Shareholders in their records with the Registrars.

3. **Electronic version of the Annual Reports:**
   Electronic versions of the Annual Reports are available and can be downloaded at www.asoplc.com. Shareholders who have provided valid email addresses to the Registrar will receive the electronic version of the Annual Report via email.

4. **Closure of Register**
   The register of Members will be closed on Friday, 13th June, 2025.

5. **Re-election of Directors:**
   In accordance with the provisions of the Bank's Articles of Association, the specific Directors to retire by rotation at the Meetings have been disclosed in the Annual Reports of the respective financial years in which the Directors were due to retire by rotation. The retiring Directors, being eligible, have offered themselves for re-election. Their respective profiles are available on the Bank's website.

6. **Ratification of the appointment of Directors:**
   Since the last Annual General Meeting of the Bank, the following person has been appointed as Directors by the Board of Directors and will be presented at the Meeting for Shareholders ratification of her appointment:

a. Amb. Dr. Mrs. Maureen Tamuno – Non-Executive Director
   The profile of the aforementioned Board appointee is contained in the Bank's website and Annual Report.

7. **Statutory Audit Committee:**
   In line with S. 404 (6) of the Companies and Allied Matters Act (CAMA) 2020, any Shareholder may nominate a Shareholder for appointment to the Statutory Audit Committee. Such nomination should be in writing and should reach the Company Secretary at least 21 (Twenty-One) days before the Annual General Meeting.

   All members of the Statutory Audit Committee should be financially literate and at least one of them must be a member of a professional body in Nigeria established by an Act of the National Assembly and also be knowledgeable in Internal Control processes.

   Thus, nominations to the Statutory Audit Committee should be accompanied by Curriculum Vitae (CV) of all the nominees.

8. **Questions from Shareholders:**
   Shareholders reserve the right to ask questions prior to, and at the Annual General Meeting. Such questions should be in writing and addressed to the Company Secretary and reach the Bank at its Head Office by electronic mail at corporatesecretariat@asoplc.com not later than Monday, 23rd June 2025.

9. **Profile of Directors:**
   The Profile of Directors are available on the Bank's website www.asoplc.com and Annual Reports.

CHAIRMAN'S STATEMENT 2016

Dear Shareholders, it is my pleasure to welcome you to this Annual General Meeting of our esteemed Bank. As it is the tradition, I will be presenting the Annual Report and Financial Statements for the Financial Year ended December 31, 2015.

I will start by apologizing for the delay in presenting the 2015 Financial Year Annual Reports to the Shareholders. This was due mainly to the challenges in the preparation and auditing of the account as well as obtaining approval from the Central Bank of Nigeria (CBN). We appreciate the importance of timely presentation of our accounts and will ensure that appropriate actions are taken to achieve this going forward.

The last few years have been challenging with economic environment marked by rising interest rates, regulatory changes, market fluctuations, amongst others. I will start by giving a holistic view of the environment the Bank operated in year 2015 and discuss the global as well as domestic banking industry landscape. I will equally present the Bank's financial performance and share the outlook for the year 2016.

GLOBAL ECONOMY

The global economic landscape in 2015 was marked by several key events and trends that impacted Primary Mortgage Institutions (PMIs), especially in the areas of housing markets, interest rates, and financial stability. The economic growth in 2015 was relatively slow with the International Monetary Fund (IMF) projecting growth at 3.1%, lower than in previous years, largely due to weak growth in major emerging economies, notably China, and countries in the Eurozone.

Crude oil prices collapsed, with Brent crude averaging $52 per barrel (down from $99 in 2014) with prices falling below $40 per barrel by the end of 2015 due to excess supply. Global Gross Domestic Product (GDP) was 3.1% (down from 3.4% in 2014) as advanced economies had 1.9% growth while emerging markets & developing economies had 4.0% growth. Nevertheless, the low interest rates in advanced economies meant that capital was flowing into emerging markets, increasing demand for mortgages and housing in some regions, while also increasing risk for mortgage institutions as volatility in emerging economies intensified.

NIGERIAN ECONOMY

Nigeria's economy faced a mix of challenges and opportunities for Primary Mortgage Institutions (PMIs) in 2015, as the country dealt with both domestic and external economic factors. The country's economy experienced slower growth in 2015, as oil prices fell sharply, impacting government revenue, foreign exchange reserves, and overall economic stability. Oil, which accounts for around 90% of Nigeria's foreign exchange earnings, saw its prices drop from over $100 per barrel in mid-2014 to around $40 by the end of 2015. Also, inflation increased throughout the year, caused by the depreciation of the Naira, rising food prices, and higher transportation costs. By December 2015, Nigeria's inflation rate stood at 9.6%, up from around 8% at the beginning of the year.

Consequently, the housing sector faced some stagnation, and PMIs found it more difficult to offer affordable mortgage products. In spite of this, there was still significant demand for housing, particularly in urban areas like Lagos and Abuja, which saw continued growth in population and urbanization. However, the Central Bank of Nigeria (CBN) continued to regulate the mortgage sector, but its monetary policy tightening in response to inflation and currency depreciation further constrained the ability of PMIs to lend at affordable rates.

Specifically, the CBN's Monetary Policy Rate (MPR) was increased twice in 2015 (in July and November) from 12% to 14% to address inflationary pressures, currency instability, and broader macroeconomic concerns. These rate hikes were part of CBN's efforts to manage liquidity and ensure economic stability amidst global oil price declines and domestic challenges. Furthermore, the CBN continued its push for the adoption of a cashless policy in 2015 as part of its broader strategy to modernize the Nigerian banking system, reduce the reliance on cash transactions, and enhance the efficiency of financial systems.

THE BANKING INDUSTRY

The Nigerian banking industry in 2015 faced economic headwinds, including falling oil prices, foreign exchange (FX) instability, rising Non-Performing Loans (NPLs), and regulatory changes. While the sector remained resilient, it experienced slow growth, declining profitability, and increased financial pressures due to the challenging macroeconomic environment. The Central Bank of Nigeria (CBN) restricted access to foreign exchange due to declining

Dollar reserves, with the Naira devalued, moving from 168/$ to 199/$ officially, while the parallel market rate exceeded 250/$. Also, import-dependent businesses struggled, thereby affecting banks' loan performance. Loan defaults increased, especially in oil and gas, manufacturing, and power sectors, as the average Non-Performing Loan (NPL) ratio rose above 5%, with some banks reporting even higher figures. Consequently, CBN increased loan-loss provisioning requirements, putting pressure on bank profits. Specifically, CBN enforced stricter capital adequacy and liquidity requirements to strengthen financial stability and made Monetary Policy Rate (MPR) remain at 13%, keeping borrowing costs high.

In addition, the Federal Government introduced the Treasury Single Account (TSA) directive which was meant to ensure that all funds belonging to the Government or its agencies in the custody of banks are paid into the Treasury Single Account maintained by the CBN.

Consequently, this created liquidity constraints for most banks, including ASO Savings and Loans Plc, which resulted in constrained ability to mobilize and retain deposit, constrained funding for mortgages and other operational needs, amongst others. These constraints made your Bank recourse to ingenuous engagements with relevant stakeholders towards settlement of the consequent obligations.

Moreover, to ensure market expansion and competitive advantage in the mortgage industry, your Bank commenced the process of acquisition of Union Homes Savings and Loans Plc, which process is ongoing.

ASO'S FINANCIAL PERFORMANCE

The macroeconomic and regulatory volatilities across our markets affected the performance of your Bank, which recorded a loss of (N29.7 billion) in the year as against (N1.54 billion) recorded in the previous year, 2014. Also, the Bank's total assets reduced to N65.3 billion compared to N99.6 billion recorded in the previous year, 2014.
This unprecedented performance dip was mainly due to the effects of the liquidity constrictions amongst other challenges presented by the Treasury Single Account (TSA) directive of the Federal Government in 2015. The negative global and domestic economic indices further affected our performance adversely within the year.

The Board and Management view this with serious concern, and have earmarked strategies towards addressing these external constraints and maintaining a positive performance in the coming years.

BOARD MATTERS AND CORPORATE GOVERNANCE

During the course of the year, the Board witnessed a few changes as Mr. Hassan Usman resigned as Managing Director on December 16, 2015 and was replaced by Adekunle Adedigba as the Managing Director. Also, Mrs. Risikatu Ladi Ahmed was towards the end of the year, appointed as Executive Director subject to the approval of the CBN, which was still pending as at 31st December,

The Board oversees the functions of the Management to ensure that the Bank's corporate targets are achieved while also ensuring that risk management and control of your Bank are effective. Furthermore, the Board provides oversight for efficient and periodic financial reporting and audit alongside adequate shareholders and other stakeholders relations.

OUTLOOK

As we step into 2016, we recognize the challenges and opportunities that lie ahead for our mortgage banking sector. The macroeconomic environment remains uncertain, with lower global oil prices, exchange rate volatility and fiscal adjustments impacting economic activities. However, we remain optimistic about the resilience of the Nigerian economy and the opportunities within the housing and mortgage finance sector.

Our strategic focus will be on deepening our mortgage offerings, strengthening our risk management framework, effectively managing our obligations and leveraging on technology to enhance operational efficiency. We will continue to collaborate with stakeholders, including our regulators, government agencies, private developers, amongst others, towards our Bank's sustainable growth.

We anticipate the continued support of our shareholders, customers and partners as we navigate evolving landscape, and we remain confident that 2016 will be a year of sustainable growth and value creation for all stakeholders.

CONCLUSION

While the year presented several challenges, including an uncertain economic environment and fluctuating interest rates, we continued to prioritize delivering value to our stakeholders, including our customers and Shareholders. Looking ahead, we remain committed to our vision of positively turning around the Bank's performance and position and ultimately becoming a leading player in the Nigerian mortgage sector.

Thank you.

Abdul Kofarsauri
Chairman, Board of Directors

CHIEF EXECUTIVE OFFICER'S STATEMENT 2016

The year 2016 was a defining period for ASO Savings and Loans Plc, as we navigated an increasingly complex economic environment. The Nigerian economy experienced a recession, with inflationary pressures and foreign exchange volatility affecting financial institutions across the sector. Despite these challenges, our focus on resilience, operational efficiency, and stakeholder confidence enabled us to sustain our business operations and lay the groundwork for future recovery.

Financial Stability and Strategic Recovery Initiatives

Our financial performance in 2016 reflected the economic realities of the period. We faced liquidity constraints and market volatility, which required us to take decisive actions to stabilize the Bank.
The effect of the Federal Government's Treasury Single Account (TSA) directive issued within the preceding year, occasioned a massive funds outflow for the Bank, increased the Bank's due financial obligations and constricted our funding options.
Through aggressive loan recoveries, cost containment measures, and capital optimization strategies, we made progress in improving our financial position.

To strengthen our financial standing, we restructured portions of our debt obligations, renegotiated key financial agreements, and introduced risk-adjusted lending practices to reduce exposure to volatile market conditions. These strategic interventions allowed us to preserve liquidity and maintain essential banking operations despite economic uncertainties.

Operational Enhancements and Governance Improvements

In response to the evolving regulatory landscape, we made significant improvements in our governance structures and operational frameworks. Strengthening internal controls, enhancing compliance mechanisms, and optimizing our reporting structures were key priorities in 2016.

Additionally, we leveraged our expertise in the mortgage banking sector to introduce process enhancements that improved service delivery and customer satisfaction. We also instituted new measures to improve operational efficiency, reduce turnaround times for loan approvals, and enhance data-driven decision-making across the organization.

Our commitment to governance and compliance remained steadfast. We reinforced our risk management strategies, ensuring that we complied with regulatory standards while safeguarding the interests of our shareholders and customers.

Engagement with Stakeholders and Market Adaptability

Stakeholder engagement remained a cornerstone of our strategy in 2016. We actively engaged with regulators, investors, and business partners to ensure alignment with industry best practices. Our ability to adapt to market changes, while maintaining a strong relationship with our customers, further reinforced our resilience and adaptability.

We also intensified collaborations with policymakers and financial institutions to promote mortgage sector reforms, advocating for policies that support housing finance accessibility for a broader segment of the population. These engagements positioned us as a key stakeholder in shaping the future of Nigeria's mortgage banking industry.

Positioning for the Future

Looking ahead, we remain committed to our strategic vision of strengthening financial stability, expanding mortgage accessibility, and enhancing stakeholder value. We will continue to explore innovative solutions that drive growth and create lasting impact in the housing finance sector.

A major priority for us will be the expansion of our mortgage offerings, leveraging new funding mechanisms, and broadening our customer base through tailored financing solutions. Our long-term strategy is focused on ensuring that ASO Savings and Loans Plc remains a leader in the mortgage banking industry, delivering value-driven services to our customers.

Conclusion

On behalf of the management team, I extend my gratitude to our shareholders, board members, employees, and customers for their continued confidence in ASO Savings and Loans Plc. Your support has been instrumental in our ability to navigate challenges and set the stage for sustainable growth.

We remain committed to driving excellence, optimizing our financial performance, and fostering long-term value creation. As we move forward, we look ahead with optimism and a clear strategy to strengthen our market position and achieve greater milestones.

Thank you.

Risikatu Ladi Ahmed
Managing Director/Chief Executive Officer

REPORT OF DIRECTORS

Directors as at 31st December, 2016

Ali Magashi
Board Chairman

Dr. Musa A. Musa
Non-Executive

Olutoyin Okeowo
Independent Director

Adekunle Adedigba
Managing Director/CEO

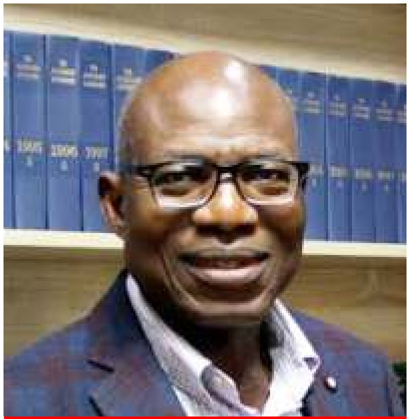
Risikatu Ladi Ahmed
Executive Director,
Retail banking

REPORT OF DIRECTORS

Directors as at 5th December, 2023

Abdul Kofarsauri
Board Chairman

Henry Sementitari
Independent Non-Executive



Daniel Dayo Kunle
Independent Non-Executive

Isiyaku Ismaila
Non-Executive

Risikatu Ladi Ahmed
Managing Director/CEO

Enesi Makoju
Executive

ASO SAVINGS & LOANS PLC

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

CORPORATE INFORMATION

Board of Directors - Current

Name	Role
Risikatu Ladi Ahmed*	Managing Director
Abdul Kofarsauri**	Chairman
Henry Semenitari**	Independent Non Executive
Daniel Dayo Kunle**	Independent Non Executive
Isiyaku Ismaila**	Non Executive
Enesi Makoju**	Executive

*Appointed an Executive Director on 29/06/2015 and her appointment was approved by the Central Bank of Nigeria on 23/03/2016. She was subsequently appointed as the Managing Director/CEO on 01/05/2021.

**The appointment of the Directors were ratified at the Annual General Meeting on 13/07/2022 and approved by the Central Bank of Nigeria vide letter dated 31 October 2023.

Board of Directors in year 2016

These served during the year 2016

NAMES OF DIRECTORS	ROLES
Mr. Olatunde Ayeni (Resigned 28 July 2016)	Chaiman
Mr. Ali Magashi (Effective 28 July 2016)	Chaiman
Mr. Joshua Maikori (Resigned 18 July 2016)	Non- Executive Director
Dr. Musa A. Musa (Resigned 12 July 2017)	Non- Executive Director
Mr. Olutoyin Okeowo (Resigned 11 June 2021)	Non- Executive Director
Mrs.Risikatu Ladi Ahmed	Executive Director
Mr. Adekunle Adedigba (Appointed 17/12/2013, Resigned 30/04/2021)	Managing Director

Company Secretary

Akachukwu Okechukwu	Aso Savings & Loans Plc

Management team -current

Risikatu Ladi Ahmed	Managing Director
Enesi Makoju	(Awaiting CBN approval as Executive Director)
Richard Bello	(Awaiting CBN approval as Executive Director)
Olugbenga S. Olaleru	Chief Financial Officer
Musa Murtala Mohammed	Ag Chief Inspector
Akachukwu Okechukwu	Ag Company Secretary/Legal adviser

Management team as at 31 December 2016

Adekunle Adedigba	Managing Director
Risikatu Ladi Ahmed	Executive Director
Enesi Makoju	Goup Head-Structured Transaction and Advisory
Titilayo Dahunsi	Chief Inspector
Asmau Atta	Group Head - Finance, Risk and Control
Helen Esomo	Divisional Head - Operations & Technology
Ibrahim Gaga	Company Secretary/Legal Adviser

Registered Address	Plot 266, FMBN Building, Cadastral Zone AO, CBD, Abuja.
Head Office	Plot 266, FMBN Building, Cadastral Zone AO, CBD, Abuja.
Registration Number	2 8 3 1 6 2
Date of Incorporation	9 November 1995
Mortgage Banking Licence Number	0 0 0 3 1 0
Independent Auditors	Aminu Ibrahim & Co (Chartered Accountants) City Plaza, 3 Floor, Suite 11B Plot 596, Ahmadu Bello Way, Garki II, Abuja. www.aminuibrahim.com.ng

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors have pleasure in presenting to the members of Aso Savings & Loans Plc., their report and the audited financial statements for the year ended 31 December 2016.

CORPORATE STRUCTURE AND BUSINESS

Principal activity and business review

ASO Savings & Loans Plc ("the Mortgage Bank") was incorporated on 9 November 1995 as a Private Limited Liability Company in accordance with the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004. It was licensed to operate as a Mortgage Institution in December 1996 and commenced operations in January 1997. It converted to a Public Limited Liability Company on 22 September 2005. It is wholly owned by Nigerian corporate and individual citizens.

The Mortgage Bank engages in the business of mortgage banking in all its branches. The mortgage bank provides the following products and services:

√ Social Mortgage (through the National Housing Fund Scheme)
√ ASO Commercial Mortgage Facility
√ ASO Performance Bond/Advance Payment Guarantee
√ Fixed Deposit Account
√ Regular Savings Account
√ Flourish Account (Children's Account)
√ ASO Corporate Account
√ My House Account
√ ASO Plus Account (Savings Account)
√ ASO Gap Account
√ ASO Excel Account (Hybrid of Current & Savings account)
√ Commercial Real Estate Advisory

OPERATING RESULTS

Highlights of the Mortgage Bank's operating results for the year are as follows:

	2016 ₦'000	2015 ₦'000
Gross Earnings	7,539,785	6,127,729
Loss before income tax	(5,563,946)	(29,660,998)
Income tax expense	(24,068)	(26,090)
Loss after tax	(5,588,014)	(29,687,088)
Appropriation:		
Transfer to retained earnings	(5,588,014)	(29,687,088)
Total comprehensive loss for the year	(5,588,014)	(29,687,088)
Total non- performing loans as % of gross loans	62%	45%
Cost to income ratio	174%	584%
Return on assets	-13.06%	-45.49%
Return on shareholders' funds	17.75%	114.62%
Loss per share – basic and diluted (in kobo)	-37.91	-201.38

Dividend

The Company made an operating loss during the year, and retatined earnings is in negative, the Director are not recommending any dividend for the year.

CURRENT DIRECTORS

The following Directors are currently serving at the date of approval of these financial statements:

NAMES OF DIRECTORS	Roles
Risikatu Ladi Ahmed*	Managing Director
Abdul Kofarsauri**	Chairman
Henry Sementari**	Independent Non Executive
Daniel Dayo Kunle**	Independent Non Executive
Isiyaku Ismaila**	Non Executive
Enesi Makoju**	Executive

*Risikatu Ladi Ahmed was appointed an Executive Director on 29/06/2015 and her appointment was approved by the Central Bank of Nigeria on 23/03/2016. She was subsequently appointed as the Managing Director/CEO on 01/05/2021.

**The appointment of the Directors were ratified at the Annual General Meeting on 13/07/2022 and approved by the Central Bank of Nigeria vide letter dated 31 October 2023.

DIRECTORS WHO SERVED DURING THE YEAR

The following Directors served during the year 2016:

NAMES OF DIRECTORS	ROLES
Mr. Olatunde Ayeni (Resigned 28 July 2016)	Chaiman
Mr. Ali Magashi (Effective 28 July 2016)	Chaiman
Mr. Joshua Maikori (Resigned 18 July 2016)	Non- Executive Director
Dr. Musa A. Musa (Resigned 12 July 2017)	Non- Executive Director
Mr. Olutoyin Okeowo (Resigned 11 June 2021)	Non- Executive Director
Mr. Adekunle Adedigba (Appointed 16/12/2016, Resigned 30/04/2021)	Managing Director

The Mortgage Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Mortgage Bank's ability to continue as a going concern.

FREQUENCY OF REPORTING

The financial statements are prepared annually to 31st December in accordance with the Central Bank of Nigeria directive (with circular number BSD/DIR/GEN/CIR/VOL.2/004) on the uniformity of accounting year-end dates for Other Financial Institutions (OFIs) sub-sector, to which ASO Savings and Loans Plc belongs.

DIRECTOR'S INTEREST IN SHARES

Interest of Directors in issued share capital of the Mortgage Bank as recorded in the Register of Members and/or as notified by them for the purpose of section 275 of the Companies and Allied Matters Act, of Nigeria CAP C20 Laws of the Federation of Nigeria 2004 was as follows:

Direct	31 December 2016 Indirect	31 December 2016 Direct	31 December 2015 Indirect	31 December 2015 Direct
Olatunde Ayeni*	3,068,181,817	589,818,181	3,068,181,817	589,818,181
Joshua Audu Maikori	4,283,227	NIL	4,283,227	NIL
Dr. Musa Ahmed Musa**	NIL	1,972,533,790	NIL	1,972,533,790
Olutoyin Okeowo***	NIL	NIL	NIL	NIL
Ali Magashi***	NIL	NIL	NIL	NIL
Adekunle Adedigba	NIL	NIL	NIL	NIL

*Olatunde Ayeni holds the above indirect shareholding through Globe Energy Resources Ltd.

**The above shareholding is held by Abuja Investments Company Limited and Dr. Musa Ahmed Musa represents the Company on the Board of Aso Savings & Loans Plc.

***Olutoyin Okeowo and Ali Magashi are on the Board as Independent Directors.

The Mortgage Bank is owned by Nigerian citizens and corporate bodies.

No other Shareholder owns more than 5% of the Issued Share Capital apart from those listed above.

Securities transactions by the Company's Directors:

The Company has adopted a Code of Conduct regarding Securities transaction by its Directors and has further confirmed that all of its Directors are in compliance with the required standard set out in the listing rules and other relevant statutory/regulatory requirements.

The range analysis of the distribution of the shares of the Mortgage Bank as at 31 December 2016 is as follows:

RANGE	No. of Holders	Holders %	Units	Units %
1 - 1,000	463	5.46	300,852	-
1,001 - 5,000	1,194	14.09	4,418,409	0.03
5,001 - 10,000	1,037	12.23	8,782,446	0.06
10,001 - 50,000	2,758	32.54	90,436,185	0.61
50,001 - 100,000	1,227	14.48	105,263,775	0.71
100,001 - 500,000	1,219	14.38	299,994,399	2.04
500,001 - 1,000,000	246	2.9	199,093,844	1.35
1,000,001 - 5,000,000	225	2.65	535,743,526	3.63
5,000,001 - 10,000,000	25	0.29	203,208,988	1.38
10,000,001 - 50,000,000	53	0.63	1,426,846,812	9.68
50,000,001 - 100,000,000	9	0.11	729,671,100	4.95
100,000,001 - 500000000	13	0.15	2,486,611,142	16.87
50,000,0001 - 1000000000	4	0.05	3,214,807,726	21.81
100,0000,001 - 14,741,247,75	3	0.04	5,436,554,598	36.88
	8,476	100	14,741,733,802	100

The following shareholders have shareholdings of 5% and above as at 31 December 2016:

Shareholder	**31 December 2016**	**31 December 2015**
	% holding	% holding
Abuja Investment Company Limited	13.38	13.38
APT Securities & Funds Limited	14.59	14.59
Ayeni John Olatunde	20.81	20.81
First Pension Custodian Limited / Assets Management Corporation of Nigeria	6.52	6.52
Other investors	44.7	44.7
Total	**100**	**100**

Directors' Interest in Contracts

For the purpose of Section 277 of the Companies and Allied Matters Act, 2004, no Director disclosed to the Board, his/her interest in any company which provided services to the Mortgage Bank in the course of the year.

Donations

The Mortgage Bank during the year donated a total sum of Nil (31 December 2015: ₦ 10.400.000) to various charitable organizations and higher educational institutions in the country, details of which are shown below. No donation was made to any political organization.

Details of donations during the year ended 31 December 2016	Nil	
Details of donations during the year ended 31 December 2015		
	₦'000	
Archbishop Tutu Leadership Fellowship Programme		10,400

Gender distribution of the employees of the Mortgage Bank during the year ended 31 December 2016:

Description	Number	Percentage to Total Staff
Female new hire	0	0.00%
Male new hire	4	1.01%
Total new hire	**4**	**1.01%**
Females as at 31 December 2016	128	32.16%
Males as at 31 December 2016	270	67.84%
Total staff	**398**	**100%**

Gender distribution of the employees of the Mortgage Bank during the year ended 31 December 2015:

Description	Number	Percentage to Total Staff
Female new hire	44	11.83%
Male new hire	56	15.05%
Total new hire	100	26.88%
Females as at 31 December 2015	165	44.35%
Males as at 31 December 2015	207	55.65%
Total staff	**372**	**100%**

Analysis of top management positions by gender as at 31 December 2016:

Grade	Female	Male	Number
Senior Management (AGM - GM)	3	4	7
Middle Management (DM - SM)	6	14	20
Total	9	18	27

Analysis of executive and non-executive positions by gender as at 31 December 2016:

Grade	Female	Male	Number
Managing Director	NIL	1	1
Deputy Managing Director	NIL	NIL	0
Executive Director	1	NIL	1
Non-Executive Director	NIL	2	2
Total	1	3	4

Analysis of top management positions by gender as at 31 December 2015:

Grade	Female	Male	Number
Senior Management (AGM - GM)	3	5	8
Middle Management (DM - SM)	8	17	25
Total	11	22	33

Analysis of executive and non-executive positions by gender as at 31 December 2015:

Grade	Female	Male	Number
Managing Director	NIL	1	1
Deputy Managing Director	NIL	NIL	
Executive Director	1	NIL	1
Non-Executive Director	NIL	4	4
Total	1	5	6

REPORT OF THE DIRECTORS - Continued
FOR THE YEAR ENDED 31 DECEMBER 2016

ACQUISITION OF OWN SHARES

The Mortgage Bank did not acquire any of its shares during the year ended 31 December 2016 (31 December 2015: Nil).

PROPERTY, PLANT AND EQUIPMENT

Information relating to changes in property, plant and equipment is provided in Note 19 to the financial statements.

EMPLOYEE INVOLVEMENT

The Mortgage Bank is committed to keeping employees fully informed as far as possible regarding the Bank's performance and progress and seeking their views wherever practicable on matters, which particularly affect them as employees.

Management, professional and technical expertise are the Mortgage Bank's major assets, and investment in developing such skills continues.

EMPLOYMENT OF PHYSICALLY CHALLENGED PERSONS

It is the policy of the Mortgage Bank that there should be no discrimination in considering applications for employment including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunities to develop. As at 31 December 2016, one physically challenged person was employed by the Bank.

HEALTH, SAFETY OF EMPLOYEES

Health and safety regulations are enforced within the Bank's premises, and employees are aware of the safety regulations.

EVENTS AFTER THE REPORTING DATE

There were changes in the key personnels after year end. Mr Ali Magashi who assumed the Chairmanship of the Board on 26 July 2016 served till 2021. The Managing Director - Mr Adekunle Adedigba resigned on completion of his five years tenure on 30 April 2021 and was replaced by ersthwhile Executive Director - Risikatu Ladi Ahmed on 1 May 2021. The appointment of five Directors listed on page 4, were ratified at the Annual General Meeting on 13/07/2022 and approved by the Central Bank of Nigeria vide letter dated 31 October 2023.

Beside the above stated changes, there were no other significant events after the reporting date which could have a material effect on the financial statements of the bank as at 31 December 2016 which have not been adequately adjusted or disclosed.

AUDITORS

Messrs. Aminu Ibrahim & Co have serve out their tenure as auditors and are not eligible for re-appointment. New auditors would be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

Akachukwu Okechukwu
FRC/2022/PRO/NBA/002/312604
COMPANY SECRETARY

5 December 2023

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CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

BACKGROUND:

Corporate Governance is particularly critical in the financial sector as a significant number of frauds, questionable business practices and corporate failures have been attributed to a poor corporate governance structure. Thus with a view to regaining public trust and confidence in the industry as well as improving the overall economic efficiency, an unprecedented call has resonated from regulatory and stakeholder perspective emphasizing the need to evolve a governance system that holds individuals accountable, encourages stakeholder participation and facilitates the flow of information.

Asides a regulatory requirement, our report affords a response to this rising concern on corporate governance practices. It discloses our structures and practices on key governance issues such as Board oversight and remuneration, Shareholders/Stakeholders relations, Risk Management, Financial Reporting and Audit as well as Ethics and Corporate Social Responsibility.

Composition and Structure:

We operate a one-tier Board structure made up of Eight (8) Directors with a healthy mix of Executive and Non-Executive Directors. At the helm of the Board structure is the Board Chairman, a non-Executive Director, responsible for providing overall leadership and direction for the Board and the Company. To this end, the Chairman oversees the Board proceedings and safeguards its alignment with the Company's vision and goals. He further ensures active engagement by the Board members as well as an effective communication between the Board and Shareholders. The day to day business operations of the Company has been delegated to the executive management headed by the Managing Director/CEO, who is distinct from the Chairman and assisted by two Executive Directors, each manning strategic aspects of the Company's activities. The Non-Executive Directors act as a counterbalance to the influence of the Chairman or CEO over board decision making as well as provide a wide range of skills, independent judgment and experience to the Board. Amongst the Non-Executive members of the Board are two Independent Directors who neither hold shares nor business interests in the Company. These Independent Directors further provide objectivity to the Board deliberations.

Our Board is diverse in composition with a balance of expertise, skills, perspectives and experiences drawn from various fields including Law, Accounting, Business Administration, Economics, Management Sciences and Finance. This composition promotes a robust and effective board interaction and effectively checks the possibility of dominance by an individual member. Sufficient care is also taken to ensure that potential Board members are able to commit the necessary time and effort towards discharging their obligations. Appointment to the Board is based on merit and plans are in place for an orderly succession of members.

Relationship with Management:

There is a formal and strong delineation between the responsibilities of the Board and the Management. While the Management carries out the Board's directives and manages the daily affairs of the Company, the Board determines and oversees implementation of the Company's overall strategic objectives, risk strategy, corporate governance and corporate values. In this regard, the Board has established a rigorous and strong compliance system that provides it with necessary information to accurately access Management's performance against set objectives. Notwithstanding the delegation of any duty or authority to the Management, the Board has retained the overall responsibility on accountability for the affairs and performance of the Company.

Within the financial year, the Management has consistently availed the Board with quarterly reports, at a periodic minimum, on the position and performance of all strategic units of the Bank. The Board has in response provided advice issued directives and in circumstances deemed deserving, vetoed Management decisions. The Board has also requested for presentations as well as compelled attendance of various members of the Management team to its meetings for the purpose of clarifications on various aspects of the Company's business or transactions. Overall, our Board has seamlessly aligned Management decision making with the interest of the shareholders and other stakeholders while still maintaining a positive relationship anchored on mutual trust and integrity.

Responsibilities:

Our Board is primarily responsible for ensuring good Corporate Governance in the Company. It stewards the Company, sets and oversees implementation of the strategic aim and financial objectives, puts in place adequate internal controls and periodically reports the activities and progress of the company in a transparent manner to the shareholders. Crucial to an effective discharge of the Board duties is the Company Secretary who amongst other duties avails secretarial duties to the Board as well as assists the Board and Management in developing and implementing good Corporate Governance practices and culture. The Board has been saddled with, and indeed has effectively discharged the following responsibilities:

√ Overall strategic direction of the Company;

√ Effective oversight on the general activities of the Management team;

√ Institutionalization of sound Corporate Governance practices;

√ Effective management of the Company's risk management framework;

√ Oversight functions per effectiveness and adequacy of the Company's internal control system;

√ Ensuring the integrity of the financial reports and reporting system;

√ Ensuring legal, regulatory and ethical compliance;

□ Sound Investment and financing decisions, amongst others.

Board Meeting Attendances:

In discharge of its duties, the Board meets regularly with the guidance of an annual calendar for the financial year approved by the Board at the end of the previous financial year. 4 Meetings were held within the year. These meetings recorded high attendances with few unavoidable and well explained absences.

S/N	NAMES OF DIRECTORS	16TH FEB. 2016	28 JULY. 2016	3 NOV. 2016	8 DEC. 2016	TOTAL ATTENDANCE
1	TUNDE AYENI *	Present	Present	Absent	Absent	2/4
2	OLUTOYIN OKEOWO	Present	Present	Present	Present	4/4
3	ALI MAGASHI	Absent	Present	Present	Present	3/4
4	ADEKUNLE ADEDIGBA	Present	Present	Present	Present	4/4
5	JOSHUA MAIKORI **	Absent	Absent	Absent	Absent	0/4
6	MUSA A.MUSA ***	Absent	Absent	Absent	Absent	0/4
6	RISIKATU AHMED	Present	Present	Present	Present	4/4

* Tunde Ayeni resigned on 28 July 2016

** Joshua Maikori resigned on 18 July 2016

*** Musa A. Musa resigned on 12 July 2017

THE BOARD COMMITTEES:

Overview:

The Company presently has five (5) Board Committees; Statutory Audit Committee, Board Risk Management and Investment Committee, Board Credit Committee, Board Compensation and Welfare Committee and Board General Purpose and Nomination Committee. These Committees are guided by their respective charters which define their mandates, composition and working procedure. Membership is effectively drawn to provide the relevant skills and competences required for each Committee's mandate. Although constituted by Board Members and Shareholders' representatives, attendance of relevant Senior Management staff may be required to assist with deliberations. Independent external professional advice is further sought in deserving circumstances. The Company Secretary acts as secretary to these Committees which are all chaired by either Non-Executive Directors or Independent Directors.

Relationship with the Board:

With a view to increasing efficiency and allowing deeper focus in specific areas, the Board Committees assist the Board in discharging its functions. In existence is a clearly defined schedule of matters delineating the Board and its various Committees responsibilities, particularly issues over which the Committees retains ultimate approval authority and those subject to a final approval by the full Board. To avoid undue concentration of power and promote fresh perspectives, the Board occasionally rotates membership and chairmanship of the Committees in a manner that preserves the collective skills, experience and effectiveness of these Committees.

The Board Risk Management and Investment Committee:

This Committee was set up to assist the Board in its determination and oversight of the risk profile, risk management framework and the risk reward strategy of the Company. The Committee is made up of 7 members and is chaired by an Independent Director.The function of this committee is as provided in its charter as:

√ Reviewing periodic relevant reports to ensure the on-going effectiveness of the Company's risk management framework;

√ Overseeing the effective management of all risks faced by the Bank except credit risk;

√ Ensuring that the risk management framework is integrated into the day to day operations of the Bank while providing guidelines and standards for administering the acceptance and on-going management of key risks in the Bank;

√ Reviewing the processes for assessing and improving controls for the management of risk in the Bank;

√ Ensuring the Bank's information security policies, business continuity management and disaster recovery plans are comprehensive and adequate;

√ Monitoring compliance with established policies through periodic review of reports provided by management, statutory auditors and the supervisory authorities;

√ Overseeing the activities of Management with regard to the investment of the Bank's funds.

The Board Risk & Investment Committee Meetings Attendances:

The Committee did not hold any meetings within the year, due to resignations which affected the Committee composition.

The Statutory Audit Committee:

The Statutory Audit Committee is made up of Six (6) members consisting of an equal mix of Non-Executive Directors and Shareholders' Representatives. The relevant Executive Directors and Management staff are usually in attendance to provide further details or explanations as may be required by the Committee. The Committee is chaired by a Shareholder-nominated member. The Shareholders are also availed with sufficient opportunity at the Company's General Meetings to elect or re-elect such persons as they deem fit to the Committee. The members generally possess the requisite financial expertise for an effective discharge of their duties.

The Committee's mandate is contained in their charter and within the year, the Committee has effectively discharged its responsibilities by:

√ Assessing and ensuring the effectiveness of the internal and external audit process;

√ Reviewing the scope and planning of audit requirements for the year's audit as well as ensuring the effective co-ordination of audit exercises;

√ Reviewing the findings on Management letters in conjunction with the External Auditors and the responses to audit queries from Management;

√ Reviewing and maintaining the effectiveness of the Company's system of accounting and internal control:

√ Assisting in the oversight of the integrity of the Company's financial statements;

√ Making recommendations to the Board with regard to the retention and remuneration of the Company's Joint External Auditors, as well as reviewing and monitoring their independence and objectivity ;

√ Ensuring compliance of the accounting and reporting policies of the Company with the legal requirements and ethical practices;

√ Reviewing the draft half year and annual financial statements prior to submission to the Board;

√ Reviewing and maintaining the integrity and effectiveness of the Company's whistle blowing system and processes.

The Management had ensured that the Committee was kept properly informed. The members were also availed suitable training to keep them up to date on developments in financial reporting and related company law. Although formal meetings are the heart of the Committee's work, the Committee Chairman and to a lesser extent the other members have kept in touch on a continuing basis with the key people involved in the Company's audit and governance.

The Statutory Audit Committee Meetings Attendance:

3 meetings were held within the year with the following attendances:

S/N	NAMES OF COMMITTEE MEMBERS	4 FEB. 2016	9 FEB. 2016	10-Nov-16	TOTAL ATTENDANCE
1	IBRAHIM ORUMA	Present	Present	Present	3/3
2	DR FAROUK UMAR	Present	Present	Present	3/3
3	EL-AMIN BELLO	Present	Present	Present	3/3
4	JOSHUA MAIKORI	Absent	Absent	Absent	0/3
5	DR. MUSA A. MUSA	Absent	Absent	Absent	0/3
6	OLUTOYIN OKEOWO	Present	Present	Present	3/3

The Board Credit Committee:

The Board Credit Committee comprises of 6 members inclusive of a Chairman appointed from the Non-Executive Directors. Its functions as per its charter include the following amongst others:

√ Supervision of the effective management of credit risk in the Bank;
√ Approval of credit risk management policies, underwriting guidelines and standard proposals on the recommendation of the Management Committee;
√ Approval of credit risk appetite/tolerance, credit risk management strategy and target credit portfolio plan for the Bank;

√ Approval of the new credit products/processes designed within the year;
√ Approval of reassignment of credit approval authority on the recommendation of the Management Committee;
√ Approval of changes to the credit policy guidelines on the recommendation of the Management Committee;
√ Review of credit facility requests and recommendation of same to the Board for approval;
√ Review of credit risk reports submitted for its consideration.

The Board Credit Committee Meetings Attendances:

This committee held no meetings within the year due to resignations which affected its composition.

Board Compensation/Welfare Committee:

This 4 man Committee chaired by a Non-Executive Director was basically set up to advise the Board on the Company's compensation policies as well as matters pertaining to Corporate Governance. Its functions include:

√ Consideration and approval of a review of the Company's compensation structure to maximize its effectiveness while ensuring competitiveness;

√ Reviewing and approving the Management succession plan policy;

√ Diligently executing its mandate per other matters assigned.

Board Compensation / Welfare Committee Meetings Attendances:

This committee held no meetings within the year due to resignations which affected its composition.

Board General Purpose/ Nomination Committee:

The Board General Purpose/Nomination Committee is made up of 5 members and is chaired by an Independent Director. Its activities have been guided by its terms of reference as follows:

√ Continuous development, review and assessment of the system of Corporate Governance in the Company as well as making appropriate recommendations to the Board in this regard;

√ Supervision, review and evaluation of projects undertaken by the Company;
√ Consideration and approval of the Bank's capital expenditure plan and making appropriate recommendations to the Board in this regard;

- √ Oversight function on recruitment of senior management staff within Assistant General Manager to General Manager Grade;
- √ Advisory role to the Board on optimal Board size and structure, proposals and nominations for Board appointment, as well as screening of candidates recommended or head hunted for appointment to the Board;
- √ Ensuring that the principle of competitiveness, transparency, fairness and openness is adhered to in the Bank's procurement process above Management Committee approval limits as well as monthly review of procurement reports;
- √ Ensuring that the Bank complies with all laws and regulations in respect of Directors or Director-related party transactions;
- √ Recommending the approval of all employment contracts with Executive Directors;
- √ Reviewing and recommending on succession plan for senior Management staff and any proposed amendments for approval by the Board;
- √ Monitoring and ensuring compliance with the opening of new ordinary, current or deposit accounts, banking facilities, the persons to act as the authorised signatories and the authority limits of all bank accounts;
- √ Performing any other duties or responsibilities expressly delegated to the Committee by the Board from time to time;
- √ Such general operations of ASO that are not covered by other Board Committees.

Board Nomination / General Purpose Committee Meeting Attendances:

No meetings were held within the year.

BOARD REMUNERATION, EVALUATION AND TRAINING:

Remuneration:

Our compensation system is designed as a key component of the governance and incentive structure through which the Company promotes good performance and reinforces the Bank's operating and risk culture. Indeed, great care has been taken in ensuring that our remuneration level is sufficient to attract, retain and motivate individuals of a suitable calibre without paying more than is necessary for this purpose.

The Non-Executive Directors are remunerated by way of sitting allowances and quarterly allowances, as well as reimbursable expenses on transportation and accommodation when necessary. This remuneration structure and the sums payable were designed by the Board Compensation & Welfare Committee, recommended by the Board of Directors and approved by the Shareholders at the Company's General Meeting. The Managing Director and other Executive Directors are compensated by way of salaries and incentives in line with the employees' remuneration package similarly approved by the Board upon recommendation of its Compensation & Welfare Committee and after consideration of an independent survey report on an industry pay structure. The remuneration package of the Managing and Executive Directors includes a variable performance related element tied to their individual performances as well as the overall performance of the Company.

The details of Directors' remuneration are always disclosed in the Annual Report and approval of the Shareholders is always sought and obtained before any review of same. The procedure for fixing the remuneration packages of Directors has also been designed in such a way that no Director is involved in deciding his or her own remuneration.

Performance Evaluation:
To ensure optimum Board performance, an assessment based on set key criteria is periodically undertaken for the Board and individual members. Enlistment of external facilitators for this purpose has contributed to the objectivity of the process. The Board further reviews the effectiveness of its Committees, determines areas of improvement in composition, mandate or procedures and ensures such changes are effected.

Orientation and Training:
In order to assist the Board acquire, maintain and deepen their knowledge and skills for an effective discharge of their functions, the Board members are consistently exposed to tailored development programmes on relevant issues. To this end, the Directors have within the year participated in training programmes on Corporate Governance, Value Creation for Directors and Owners and Principles of the International Financial Reporting Standard (IFRS). Sufficient time, budget and resources have similarly been dedicated for this purpose. The Board is also afforded access, at the Company's expense, to independent professional advice to assist in the effective discharge of its functions.

Asides the formal organised training programmes, the Company Secretary has within the year kept the Board abreast on legislative and regulatory developments affecting the industry vide periodic reports in that aspect. A comprehensive assessment report on the extent of the Company's compliance with the relevant codes on Corporate Governance was also presented by the Company Secretary to the Board. This had further enlightened the Board on the regulatory requirements on sound Corporate Governance as well as prompted positive changes in the Company's governance structure and practices.

THE COMPANY'S RELATIONSHIP WITH SHAREHOLDERS AND OTHER STAKEHOLDERS:

Communications:

To facilitate a strong Corporate Governance system, we understand the need to consistently minimise the information asymmetry between our Board and Management on the one hand and our various stakeholders on the other hand. In view of this, we have developed a robust system of communication that facilitates an effective dissemination of information regarding the operations and management of the Company. Our annual reports and accounts avail a primary medium of communication to our shareholders and other stakeholders. Our communication stage has further extended beyond the more conventional print and electronic media to the social media platform where we have gained significant reach and followership. We have also continuously improved our responsiveness to enquiries and have ensured accessibility, timeliness and accuracy in our information dissemination.

Relationship with Shareholders:

Our Company Secretariat maintains an investor relations desk for an effective resolution of shareholders enquiries and issues. The Company has also retained the services of a leading Corporate Registrar, First Registrars Nigeria Limited, to ensure a seamless Shareholders management process. The Annual General Meetings (AGM) of the Company has proved a veritable platform for communicating with shareholders and encouraging their participation. We have also encouraged greater shareholder attendance and participation by scheduling the meetings at easily accessible and centrally located venues. Notification of the agenda and proposed resolutions are further made in a timely and sufficient manner as to enable shareholders make full informed decisions. At the meetings, every shareholder regardless of the size of the holding is entitled to seek clarification, raise concern, air view as well as vote on any issue affecting the Company. Effective dialogue is similarly maintained with the institutional shareholders and shareholders associations. Overall, the shareholders have been fairly treated, given equal access to information and availed full voting and participatory rights.

Relationship with other Stakeholders:

Our Company recognises and respects the rights of identifiable group of individuals or organizations with vested interest in the Company such as employees, customers, suppliers, general public and the Government. In dealing with these stakeholders, we have consistently acted ethically and responsibly and have always strived to strike a balance between economic and social goals. To us, acting ethically and responsibly goes beyond mere compliance with legal obligations. It involves acting with honesty, integrity and in a manner that is consistent with the reasonable expectations of our investors and the broader community. To this end, we have upheld fair employment practices and created a safe and non-discriminatory workplace. We have dealt honestly and fairly with suppliers and customers, rendered honest returns to the Government, acted responsibly towards the environment and dealt only with Partners who demonstrate similar ethical and responsible business practices.

RISK MANAGEMENT:

Overview

Risk is inherent in ASO's business and influences every aspect of decisions taken within the Bank. A thorough understanding of the risks the Bank faces and managing them appropriately would enhance the Bank's ability to make better decisions, deliver on objectives, and improve performance. The bank's stakeholders make investments in the Bank with the expectation of various objectives including earning good returns, capital appreciation and long-term investment opportunities. In order to satisfactorily manage stakeholder expectations, the Bank must understand its risks, dimension them and manage them effectively. Risks associated with the Bank's activities can be stratified into credit risk, liquidity risk, operational risk, construction risk, reputational risk and market risk. Some identified risks cut across one or more of these risk categories.

ASO therefore recognizes and appreciates the role of effective risk-management practices as fundamental to its business activities and growth prospects as well as the need for an integrated, enterprise-wide approach to manage these risks to an optimal level. The overall tone of risk management in ASO is set by the Bank's Board of Directors in a manner that aims to be value-adding to shareholders as well as keeping the reputation of the Bank intact. The objectives of the Bank's risk management function include ensuring that risk-taking activities are consistent with the Bank's risk appetite, reducing volatility of the Bank's earnings, managing unexpected losses, maximizing opportunities and earnings potential.

A risk management framework continues to thrive within ASO to enable the Bank make informed decisions with respect to exploiting opportunities and mitigating possible threats and vulnerabilities. The framework which is supported by an experienced risk management team is aligned with recent developments in the market, regulatory guidelines as well as the Basel II and III requirements.

Risk Management Appetite and Culture

Risk appetite is an articulation and allocation of the risk capacity or substantial amount of risk the Bank is willing to accept in meeting its strategic objectives. ASO's risk appetite is expressed in terms of the level of variability of return it is ready to accept to achieve its desired level of result, bearing in mind the relationship between risk and return.

Risk culture is a representation and unified understanding of an organisation and its business purpose. It is typified by the system of values and behaviours present in an organization that shapes risk decisions of management and employees .

The Bank maintains a risk management philosophy that embraces a cautious but calculated and responsible approach towards taking risks. This is done by constantly evaluating the risks and rewards inherent in business transactions and targeting viable trade-offs. The Bank only takes on risk within its risk appetite and the Bank's board and management remain closely involved with risk initiatives above specified thresholds, with a focus on improving the Bank's capital.

The Bank's risk culture empowers staff at all levels in understanding and managing risks. The risk culture characterizes how the Bank considers its business objectives and enables risk managers to perform their duties professionally and independently without interference. This ensures that;

√ The Bank's management makes informed decisions by identifying and assessing the risks involved in our business;

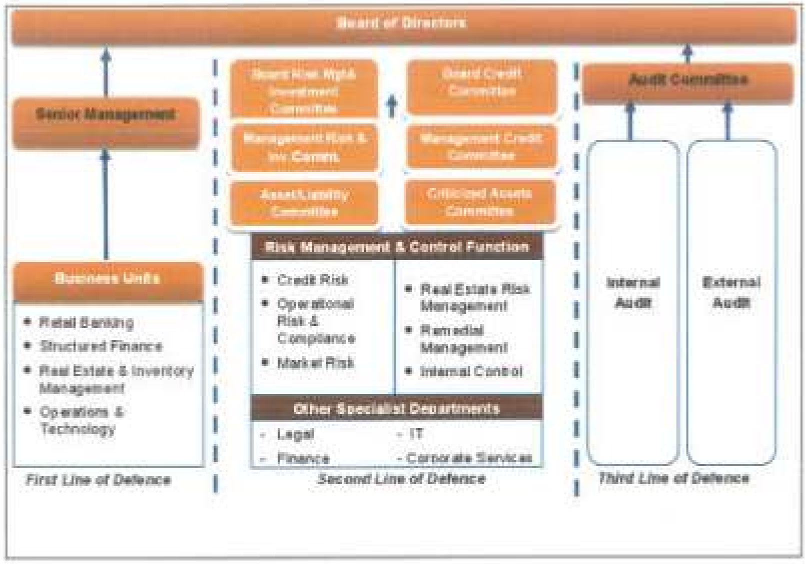
√ Risk management is a shared responsibility and risk managers strive to achieve best practice in enterprise risk management;

√ The Bank does not indulge in products and businesses where associated risks cannot be assessed or managed.

Enterprise Risk Management in ASO

The Board of Directors maintains overall responsibility for the establishment and oversight of the Bank's risk management policies via its specialized risk committees. These committees are responsible for monitoring risk policies, reviewing the Bank's activities and transactions in their specified areas and report regularly to the Board of Directors on their activities. At the board level, these include the Board Risk Management and Investment Committee and the Board Credit Committee. At management level, these include the Management Risk and Investment Committee,

The ownership for risk management thus resides with the Board of Directors who devolve their expectations down to front line managers and staff via board and management committees, senior management. The risk management functions within the Enterprise Risk Management (ERM) Group also act as a principal conduit for the transfer of risk management information both ways. The Bank's risk management governance structure is depicted in the ensuing diagram:



The risk governance structure comprises of three distinct lines of defense with board oversight delineated in the governance structure clearly cutting across all lines. These lines include:

1. **Risk Management and Ownership** – This group includes *Senior Management* who take responsibility for risks generated within their processes and *market-facing functions* who take responsibility for risks generated by their activities and transactions. They have primary responsibilities for risk management.

2. **Risk Oversight** – This group undertakes continuous risk assessment over the Bank's activities and processes, providing an independent monitoring and advisory function to ensure any key risks that have not been addressed by the first line of defense, are managed.

3. **Assurance Functions** – This group is responsible for providing an independent assurance of the Bank's activities and transactions and provides an independent assurance function to the Board of Directors through the Board Audit Committee on the adequacy, appropriateness and effectiveness of the Bank's overall risk management framework, policy and risk plan implementation.

Dedicated functions within the Enterprise Risk Management function as highlighted above are tasked with implementing the Bank's risk management and internal control policies at a strategic and tactical level using an integrated approach to risk management. Risk assessments are integrated with business planning and development at the strategic level and process and transaction reviews at the tactical level. This is to ensure that the myriad of risks faced by the Bank are approached at an enterprise-wide level improving the efficiency of the risk management function and leading to resource savings. These functions lie within the second level of defence and include:

- Credit Risk Management
- Operational Risk Management
- Regulatory Compliance
- Real Estate Risk Management
- Remedial Management
- Internal Control and Compliance

Credit Risk Management

Credit risk refers to the risk the Bank faces due to the failure of an obligor to repay principal or interest or both at a stipulated time or as agreed. Credit risk is compounded when collateral partly covers the Bank's exposure to the borrower or when the valuation of collateral is exposed to changes in market conditions. ASO recognizes that its main asset and major source of revenue is its loan portfolio and by extension, it becomes the greatest source of risk to the safety and soundness of the Bank.

The Credit Risk Management function is responsible for monitoring the quality and performance of the credit portfolio as well as managing credit risks in the Bank's loan portfolio. The function is domiciled in the Credit Risk Management departments. Key responsibilities of the department include portfolio planning and monitoring, continuous review of the Bank's credit policies, credit analysis, administration and processing and mortgage insurance analysis and processing.

The 2016 financial period witnessed a slowdown in the company's operations as a result of unstable economic growth within the Country and the Credit Risk Management function responded by seeking to ensure theadequate collaterisation of underlying assets. The function ensured the update of collateral records in the Collateral Management System (CMS), continued with its insurance programme to secure these assets against losses and reviewed its credit risk policy in line with regulatory guidelines. The Bank's management also improved its proactiveness in monitoring the perfection of collaterals.

Operational Risk Management

Operational risks arise as a result of inadequate or failed internal processes, people or systems from external events. When crystallized, these may lead to unplanned losses which could have a significant impact on the Bank's capital base. Operational risk in ASO is managed through a framework that recognizes the ownership of the risk by the business unit heads and an independent review by the audit function.

A key element in the Bank's operational risk framework includes tools to measure and manage operational risk. In this regard, the Bank maintains a loss events database that ensures all operational risk losses and near misses are captured and reported to Executive Management and the Board on a periodic basis. The unit conducts risk and control self-assessments (RCSA) for critical functions to ensure that key operational risk embedded within the Bank's processes are appropriately mitigated either by controls or a shoring up of the Bank's capital as a last resort.

The Bank expanded its operational risk assessment programme to other less critical functions within the Bank in the FY2016, and lent further resources to the management of the loss event database to adequately capture operational losses in readiness for Basel II/III adoption.

The Bank has more room to improve on the successes of the unit by further integrating its budgeting processes with existing loss reporting capabilities.

Operational risk specific capital computations

There is a risk that the Bank may not have adequate capital in relation to its risk profile and/or to absorb losses when they arise. The tendency that capital may fall below the required regulatory minimum is also a risk. Capital management is overseen by the Board, which has overall responsibility for ensuring adequate capital is maintained by the Bank.

The Bank has in place and continues to refine the process of ensuring adequate capital levels and this includes:

- Capital planning
- Prudent portfolio management
- Maintaining adequate capital across identified risk exposures.

The adoption of Basel II/III framework was made mandatory for financial institutions by the Central Bank of Nigeria (CBN) in December 2013, however adoption by 'other financial institutions' (OFIs) is yet to be communicated. Nonetheless, the Bank's 'capital charge' - an expectation of operational loss for which capital projection is made – was computed strictly in line with Basic Indicator Approach (BIA) as stipulated by the CBN, further lending credence to similar techniques adopted prior to the CBN's circular.

Operational risk capital charge for the 2016 financial year was put at N606.6m compared to a figure of N740.6m computed for FY 2015, an 18% decrease due to a lower Gross Income (GI) figure year-on-year for the Bank. Closing operational loss figures for FY 2016 is put at N1.561b; 257% of capital charge computed for the year just ended 2016 due to operational restructuring and an aggressive recovery strategy.

Regulatory Compliance

The Bank's Compliance function is responsible for ensuring that the Bank complies with regulations applicable to its business and operations. These include anti-money laundering, conduct of business and countering terrorist financing. ASO's Compliance function is currently overseen by the Head of Operational Risk and Compliance who reports to the Group Head, Enterprise Risk Management with policy drive at the Board level driven by the Chief Compliance Officer.

The function aims to continue promoting a culture of awareness to ensure that Bank staff understand key regulatory issues and updates with respect to know-your-customer requirements, money laundering and identifying suspicious transactions.Key regulatory requirements issued within the year include implementation of the more stringent measures to dissuade the issuance of dud cheques and guidelines for the adoption of Bank Verification Number (BVN) for bank customers. The Bank reviewed its AML policy in line with prevailing regulatory requirement.

Above all, the Bank's level of compliance with regulatory pronouncements and circulars is rated high despite the cost/fiscal implications of some of these on the Bank's operations.

Real Estate Risk Management

The Real Estate Risk Management Department is tasked with the responsibility of ensuring that the Bank's risk assets are adequately collateralized. The Department oversees construction projects to ensure that both cost and quality of these projects meets the Bank's specific standards. Project monitoring is instituted from initiation to completion stages to manage construction risks with respect to budget overrun, construction delays and quality issues. The Department also carries out assessments and commissions valuation reports that form a basis for the consideration of collaterals and the disbursement of loans.

During the 2016 financial year, The Real Estate Risk Management function continued its monitoring function with the engagement of a retinue of external project managers in Abuja and Lagos for improved expertise in the monitoring and review of construction real estate facilities which form a significant percentage of the Bank's credit portfolio.

Such estates include:

- Madras Nascent Estate, Durumi-Abuja
- Mende Villa Phase 2, Maryland, Lagos
- Ibadan Transformation Housing Estate, and
- Karu Community Market Phase 1, Karu-Abuja

Remedial Management

The ability of any financial institution to recover non-performing loans can impact profitability and liquidity. The Remedial Management Department has the responsibility of managing identified delinquent accounts and instituting effective and practical approaches to recover these facilities.

The Department made significant progress in the 2016 financial year, recovering N2.2bn (2015 : N2.424bn) through the use of aggressive but effective technical approaches to recovery. The Department maintains an excellent working relationship with law enforcement agencies and agents in its recovery processes, and retains significant Management support in effecting its activities.

Internal Control and Compliance

Internal controls are fundamental to ensure proper recording of transactions, without which financial data may become unreliable and mislead decision making. The Bank has an internal control system that identifies control weaknesses and provides measures to overcome the weaknesses identified. Internal Control and Compliance is the department tasked with implementing the Bank's control framework in line with the COSO framework; the fundamental philosophy guiding the Bank's internal control mechanism.

This framework has been used over the years to review the adequacy of the Bank's internal control platform. It also forms the basis for future amendments and changes to the internal control posture of the Bank. During the financial year, the Department further reviewed its guidelines, policies and procedures and revised its control system across the Bank's branches for improved efficiency in monitoring. The implementation of the automated internal control system (AICS) is proceeding according to plan and is aimed at better control efficiencies and cost reductions in running a successful policy oversight function. Optimised risk assessment and management is a further benefit of this automation.

Capital Management

The Bank's objectives when managing capital are to safeguard the Bank's ability to continue as a going concern – safety, soundness and stability - in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital (through objective capital allocation, monitoring of capital utilization and monitoring of prudential ratios).

Capital management planning enables Management to make informed judgments about the appropriate amount and composition of capital needed to support the bank's business strategies across a range of potential scenarios and outcomes. Irrespective of how the Bank's capital planning process is oriented, it should aim at the sound practice of producing an internally consistent and coherent view of the Bank's current and future capital needs.

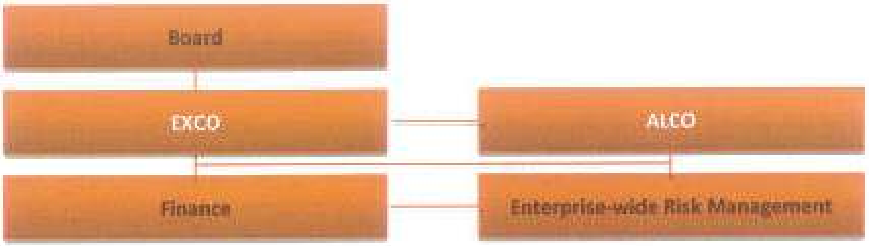
Every bank must hold adequate capital to ensure that it remains solvent even if it experiences an unusually large loss or other adverse outcomes from its business transactions and activities. The amount of capital that a bank must hold is therefore directly proportional to the level of risk that it faces. In keeping with the capital management objectives, the Bank ensures:

- Adequacy of processes put in place for capital planning
- Prudent portfolio management
- Risk-return profiling of all business decisions tied to risk taking
- Objective capital assessment and risk appetite

Aside serving as a buffer against insolvency, the Bank's capital levels determine to a large extent, the degree of confidence that stakeholders (customers, investors, depositors and counterparties) would have in the Bank. Specifically, the Bank maintains a capital buffer to:

- Absorb large unexpected losses
- Protect customers and other investors
- Support satisfactory credit rating

To sustain a high level of confidence in its operations, the Bank has in place Board defined governing structures that ensure Management adheres to risk appetite and exposure levels defined in pursuing business objectives. It is important that a capital planning process reflects the input of different experts from across the Bank, including but not limited to staff from business, risk, finance and treasury departments. This ensures strong links between the capital planning, budgeting and strategic planning processes within the Bank. Collectively, these departments provide a view of the Bank's current strategy, the risks associated with that strategy and an assessment of how those risks contribute to capital needs as measured by internal and regulatory standards. See below:



- *The Bank's capital management structure*

In achieving the objectives for which they were setup, the entities saddled with capital management co-ordinate to oversee and develop the capital plan, working to formulate a response to factors that might necessitate capital additions, such as:

- Changes in regulatory requirements
- Growth in assets and liabilities (both on and off-balance sheet)
- Changes in the Bank's risk profile
- Amount of operating or investment losses suffered and
- Bank's dividend payout policy

In conformance with Central Bank of Nigeria imposed capital requirements and in keeping with industry best practice, the Bank maintains the following variants of capital:

1. **Tier 1** capital, which includes ordinary share capital, share premium, retained earnings, translation reserve and minority interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.

2. **Tier 2** capital, which includes revaluation reserves for property, plant & equipment, general provisions, fair value reserves for available for sale securities, preference shares and subordinated term debt.

The Central Bank of Nigeria requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets amongst other prudential ratios. The Bank operates under a national license with a minimum regulatory capital of N5.0bn and it is expected to maintain a minimum Capital Adequacy Ratio (CAR) of 10%.

As a general matter, the credibility of a bank's capital planning can be questioned if the process does not adequately reflect material risks, some of which may be difficult to quantify. Banks (including Aso Savings & Loans Plc.) routinely quantify and hold capital against those risks that are specified in the minimum requirements or Pillar 1 of the Basel II/III regimes.

Banks with better practices have a comprehensive process in place to regularly and systematically identify, and understand the limitations of their risk quantification and measurement methods. In addition, banks seek to capture in their capital plans those risks for which an explicit regulatory capital treatment is not present, such as, but not limited to, positions that result in concentrated exposures to a type of counterparty or industry, reputational risk and strategic risk. This level of sophistication is the ultimate goal.

Above all, the Bank's strategy during the year, which was unchanged, continued with efforts to keep a strong capital base and to sustain future development of the business. The Bank recognizes the impact of the level of capital on shareholders' return and sought to maintain a balance between demands for higher returns for level of risk invested in and fiscal implications of requirements of a sound capital position brought about by regulations.

ACCOUNTABILITY, REPORTING AND AUDIT:

Reporting:

Our Board is fully aware that its authority and responsibilities are delegated by the shareholders to whom it owes a stewardship account. The interests of various other stakeholder groups in the Company's conduct and performance are similarly acknowledged. Accordingly, the Company's financial reporting system constitutes a vital medium of stewardship to the shareholders and stakeholders and our Board has assumed full responsibility for the reliability of these reports. The Company has fully adopted and indeed presents its report in line with the requirements of the International Financial Reporting Standards (IFRS). Furthermore as a listed financial institution, we have presented our quarterly financial reports to the relevant regulators and with their approval, published same in our corporate website as well as the national dailies. We have also consistently and accurately presented our reports on the non-financial aspects of our performance and have made full disclosures in line with the legal and regulatorshareholders asso

Most critical to our reporting system is the integrity of our reports. We have developed a formal and rigorous system that independently verifies and safeguards the integrity of our corporate reporting. This system fundamentally hinges on our Audit structure which comprises our Internal Audit, External Auditors and Audit Committee.

To further ensure accountability, the Company has developed a whistle blowing portal where staff can report genuine concerns about unethical behaviour, regulatory infractions, misconduct or misdemeanour within the organization. Staff has been duly sensitised on the existence and use of this portal as well as reassured on the confidentiality of the whistle blower. To further assure the whistle blower's confidentiality and prevent victimization, accessibility to logged-in reports was designed taking cognisance of such risks. Furthermore, the design permits anonymous reports and a whistle blowing policy document similarly exists to ensure the full benefits of the system are realized while allaying fears nursed by potential whistle blowers.

Internal Audit:
Our understanding is that an effective Internal Audit function provides an independent assurance to the Board and Management on the quality and effectiveness of the Bank's internal control, risk management and governance systems and processes thereby helping the Board and Management protect the organisation and its reputation. To this end, the Internal Audit unit reports directly to the Board through the Audit Committee but nevertheless maintains a direct line of communication with the MD/CEO, with an unrestricted access to the Board and Audit Committee Chairmen. Its purpose, authority and responsibilities are guided by an Audit Charter approved by the Audit Committee and Board. Internal Audit staffers are required to possess skills commensurate with the business activities and risks of the Company. They are also continuously trained to judge the effectiveness of the Company's risk management and compliance function, including the quality of risk reporting and effectiveness of other key control functions.

At the beginning of the financial year, our Internal Audit presented and obtained the Audit Committee's approval on an annual risk based internal audit plan. This had guided the activities of the Internal Audit within the financial year. As a policy, Internal Audit reports were within the year provided directly to the Audit Committee as well as the Board without Management filtering. To ensure maximum escalation of all audit issues, reports on Internal Audit activities and findings are forwarded directly to the Board Chairman on a monthly basis. A timely and effective correction of audit exceptions was also emphasized and strictly enforced by the Audit Committee and Board.

External Audit:
The Company has retained the services of Aminu Ibrahim & Co as its External Auditors. The main responsibility of the External Auditors is to obtain reasonable assurance, in their professional opinion, that the Financial Statements are free from material error or mis-statements, avail a true and fair view of the financial position of the Company and comply with the relevant laws and guidelines. This responsibility avails users of the financial reports some reassurance that the information in the financial reports can be safely relied on.

To this end, the Board has ensured that the External Auditors maintain full independence from the Company with neither the audit firms nor their partners holding any shares nor business interest in the Company. To further secure the Auditors' independence from the Management, their appointment, remuneration, reappointment and termination requires the approval of the Audit Committee, Board and Shareholders. The Auditors similarly present their reports directly to the Audit Committee. Since undue dependence on a single audit client could impair objectivity, care was taken by the Board in ensuring that large and reputable audit firms with vast clientele were engaged by the Company.

The External Auditors do not provide consultancy or other non-audit services to the Company. Auditing teams from the firms are rotated on an annual basis to forestall undue familiarity and compromises. Effectively, the Board has taken due care to ensure that the Auditors' judgment on the financial statements is objective and reliable.

ETHICS AND CORPORATE SOCIAL RESPONSIBILITY (CSR):

The Company recognises that a corporate culture which supports and provides appropriate norms and incentives for professional and responsible behaviour is an integral foundation of good governance. Our Board has taken the lead in setting professional standards and corporate values that promote integrity for itself, senior management and other employees. To this end, a code of ethics sustaining our corporate culture exists for the Board, Management and Employees.

Indeed, we run a business that integrates social, environmental, ethical and human rights concerns into our business operations and core strategy. We have within the year, as part of our Corporate Social Responsibility (CSR), contributed immensely to educational and vocational development while promoting poverty alleviation and youth empowerment. The Company is aware of its social responsibilities towards all stakeholders and the society as a whole. As required by the relevant regulations, our CSR activities for the year have been fully disclosed in the annual reports.

CONCLUSION:

We seek to attain and retain the status of the Mortgage Bank of choice in Nigeria. We acknowledge that the trust and confidence of all stakeholders are critical to this aspiration. To gain such trust, we must enhance our corporate image in the public eye as a self-policing Company that is responsible and worthy of investors' capital and public patronage. To retain this trust, we must continuously maintain the highest level of transparency, accountability and integrity in our dealings. Effectively, it is in our interest to maintain a system of sound corporate governance, and for the sake of our corporate survival and sustainable growth, our efforts in this regard has been without relent.

ASO SAVINGS & LOANS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

The Board of directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance

- the International Financial Reporting Standards (IFRS)
- the Regulatory and Supervisory Guidelines for Primary Mortgage Institutions in Nigeria
- relevant circulars issued by the Central Bank of Nigeria
- the requirements of the Banks and Other Financial Institutions Act 2020
- the requirements of the Companies and Allied Matters Act 2020 and
- Financial Reporting Council of Nigeria Act, No. 6, 2011 .

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act (CAMA), 2020 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made assessment of the Mortgage Bank's ability to continue as a going concern and have no reason to believe that the Mortgage Bank will not remain a going concern other than as disclosed in note 35 of the financial statements.

The financial statements of the Mortgage Bank for the year ended 31 December 2016 was approved by the Directors on the 5 December 2023.

Signed on behalf of the Board of Directors by:

Abdul Kofarsauri
Chairman
FRC/2023/PRO/DIR/003/128626

Risikatu Ladi Ahmed
Managing Director/CEO
FRC/2022/PRO/DIR/003/425244

ASO SAVINGS & LOANS PLC

STATEMENT OF CORPORATE RESPONSIBILITY FOR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Managing Director/CEO and Chief Financial Officer, hereby certify the financial statements of Aso Savings and Loans Plc for the year ended 31 December 2016 as follows:

a) That we have reviewed the audited financial statements of the Mortgage Bank for the year ended 31 December 2016.

b) That the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.

c) That the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Mortgage Bank as of and for, the year ended 31 December 2016.

d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to Aso Savings and Loans Plc is made known to us by other officers of the Mortgage Bank, during the year ended 31 December 2016.

e) That we have evaluated the effectiveness of the Mortgage Bank's internal controls within 90 days prior to the date of audited financial statements, and certify that the Mortgage Bank's internal controls are effective as of that date.

f) That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.

g) That we have disclosed the following information to the Mortgage Bank's External Auditors and Audit Committee:

(i) there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Mortgage Bank's ability to record, process, summarise and report financial data, and have identified for the Mortgage Bank's External Auditors any material weaknesses in internal controls, and

(ii) there is no fraud that involves management or other employees who have a significant role in the Mortgage Bank's internal control.

Dated: 5 December 2023

Olugbenga Olaleru	Risikatu Ladi Ahmed
Chief Financial Officer	Managing Director/CEO
FRC/2019/ICAN/00000019592	FRC/2022/PRO/DIR/003/425244

ASO SAVINGS & LOANS PLC

REPORT OF THE AUDIT COMMITTEE
FOR THE YEAR ENDED 31 DECEMBER 2016

TO THE MEMBERS OF ASO SAVINGS & LOANS PLC

In accordance with the provisions of Section 404 of the Companies and Allied Matters Act 2020, the members of the Audit Committee of Aso Savings & Loans Plc hereby report as follows:

§ We have exercised our statutory functions under Section 404(7) of the Companies and Allied Matters Act 2020, and acknowledge the co-operation of management and staff in the conduct of these responsibilities.

§ We are of the opinion that the accounting and reporting policies of the Mortgage Bank are in accordance with legal requirements and agreed ethical practices and that the scope and planning of both internal and external audits for the year ended 31 December 2016 were adequate and reinforce the Mortgage Bank's internal control systems.

§ The Management complied with the provisions of Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks", and hereby confirm that an aggregated amount of N1.296billion (2015 : N586.474million) was outstanding as at 31 December 2016 of which N423.217million (2015: Nil) was non-performing as 31 December 2016. See Note 30 for details.

§ We reviewed the management letter of the external auditors and the Management responses thereon, and we have expressed our views on these matters to the Management.

§ The internal contol system of the Mortgage Bank was also being constantly and effectively monitored.

Dated: 5 December, 2023

Ibrahim Oruma
FRC/2013/NIM/00000003587
Chairman, Audit Committee

Members of the Audit Committee are:
1. Ibrahim Oruma - Shareholders' Representative - Chairman
2. El-Amin Bello - Shareholder' Represenative
3. Asiya Abdullahi Umar - Shareholders' Representative

The Board of Directors is yet to appoint 2 Directors into the Committee with the approval of the new directors by the Central Bank of Nigeria.

Aminu Ibrahim & Co
Chartered Accountants

City Plaza, 3rd Floor
Plot 596, Ahmadu Bello Way
P.O. Box 971, Garki II,
Abuja, Nigeria
Tel: +234 8055644172, 8065671822
www.aminuibrahim.com.ng

REPORT OF THE INDEPENDENT AUDITOR

To the Shareholders of Aso Savings and Loans Plc

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of **Aso Savings and Loans Plc** as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, Companies and Allied Matters Act, the Banks and Other Financial Institutions Act, the Financial Reporting Council of Nigeria Act and relevant Circulars issued by the Central Bank of Nigeria.

Emphasis of Matter – Material Uncertainty Related to Going Concern

We draw attention to Note 35 to the financial statements regarding the mortgage bank's loss for the year of N5.6 billion (2015: loss of N29.7 billion) and total equity as at 31 December 2016 of negative N31.5 billion (2015: negative N25.9 billion) against the regulatory minimum equity of N5 billion set by the Central Bank of Nigeria for national mortgage banks. Additionally, the mortgage bank's capital adequacy ratio as at 31 December 2016 was negative 81% (2015: negative 52%) against the minimum capital adequacy ratio of positive 10% set by the Central Bank of Nigeria for national mortgage banks. Notes 35 and 36 disclose actions being taken by the mortgage bank to address the issues.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the mortgage bank's ability to continue as a going concern and therefore may be unable to realise its assets and discharge its liabilities.

Our opinion is not modified in respect of this matter. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the mortgage bank to cease to continue as a going concern.

What We Audited

We have audited the accompanying financial statements of **Aso Savings and Loans Plc** which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Nigeria (ICAN), and we have fulfilled our other ethical responsibilities in accordance with the Code. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the financial statements

The Directors are responsible for the other information. The other information comprises the Directors' report, Chairman's statement, Governance report, Risk Management report and any other reports excluding the financial statements as defined in 'what we audited' paragraph above and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current year. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of the loan portfolio

Why it was a key audit matter

We focused on this area because loans and advances to customers make up a significant portion of the total assets of the mortgage bank, : N18.1 billion (2015: N28.5 billion) net of impairments, and because it requires significant management judgement both for the timing and recognition of impairment and the estimation of the size of any such impairment.

When there is objective evidence that a loan might not be recovered in full or in accordance with the contractual terms, the credit risk and the valuation of that loan is specifically assessed.

How the matter was addressed in the audit

We performed a combined controls and substantive test to assess the adequacy of the allowance for impairment made by management. We evaluated and tested the design and operating effectiveness of the controls that management has put in place.

We carried out detail review of a representative sample of customers loan files and account statements which were selected using a risk-based target testing approach. Our reviews included checking the details of the borrowers' account history, the nature of the facility, sector concentration risk and other factors that could indicate deterioration in the financial condition of the borrowers and their capacity to repay. For all facilities we selected, we formed our own judgement as to the classification of the facility and challenged management where our classification differed from theirs.

Where the management already classified a loan as lost, we did not deem it necessary to perform additional test as we maintained the position of the management. We also maintained management assessment for loan balances not selected as part of our sample having considered prior year classifications where applicable.

We challenged the appropriateness of management's key judgements in the impairment testing (including valuation reports of collateral, chosen economic scenario analysis and loan restructuring measures). We assessed the adequacy of the methodology for collective provisioning for reasonableness, and parameters applied in its calculation. The result of the impairment testing is as stated in Note 16.2 and 16.3 of the financial statements.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Directors are responsible for assessing the Mortgage Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Mortgage Bank or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Mortgage Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ✓ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ✓ Obtain an understanding of internal control relevant to the audit 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 Bank's internal control.

- ✓ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- ✓ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Mortgage Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

  Except for the matter described under 'Emphasis of Matter' and Key Audit Matters sections above, we have determined that there are no other key audit matters to be communicated in our report.

  Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Mortgage Bank to cease to continue as a going concern.

- ✓ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aminu Ibrahim & Co
Chartered Accountants

Report on Other Legal and Regulatory Requirements

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act require 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) The mortgage bank has kept proper books of accounts, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

(iii) The bank's statements of financial position and comprehensive income are in agreement with the books of accounts;

(iv) The information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits is disclosed in Note 30 to the financial statements; and

(v) The penalty paid for a contravention of relevant circular issued by the Central Bank of Nigeria and the requirements of the Nigerian Stock Exchange is as disclosed in Note 33 to the financial statements.

Abuja, Nigeria
5 December 2023

Musa Isa Idris
FRC/2014/ICAN/00000009020
For: Aminu Ibrahim & Co
Chartered Accountants

ASO SAVINGS & LOANS PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 ₦'000	2015 ₦'000
Interest income	6	4,055,083	4,983,761
Interest expense	7	(3,764,414)	(5,252,400)
Net interest (loss)/income		**290,669**	**(268,639)**
Net fee and commission income	8	457,919	739,006
Other operating income	9	3,026,783	404,962
Total income		**3,775,371**	**875,329**
Personnel expenses	10	(1,977,191)	(2,374,037)
Other operating expenses	11	(2,237,989)	(2,277,003)
Loss on disposal of non-current asset held for sale	12	(3,843,780)	(7,542,487)
Net impairment reversed/(charged)	13	(1,070,638)	(17,895,443)
Depreciation of property, plant and equipment	19	(205,459)	(438,035)
Amortisation of intangible assets	20	(4,259)	(9,322)
Total expenses		**(9,339,317)**	**(30,536,327)**

Loss before income tax		**(5,563,946)**	**(29,660,998)**
Income tax expense	14	(24,068)	(26,090)
Loss for the year		**(5,588,014)**	**(29,687,088)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(5,588,014)**	**(29,687,088)**
Loss per share – basic and diluted (in kobo)	28.1.3	(37.91)	(201.38)

The accompanying Notes to the Financial Statements form part of these financial statements.

ASO SAVINGS & LOANS PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 ₦'000	2015 ₦'000
Assets:			
Cash and cash equivalents	15	942,018	1,988,377
Loans and advances to customers	16	18,115,269	28,489,098
Promissory notes	17	3,868,875	3,560,426
Investment securities - Held to maturity	18	-	10,218,869
Other assets	21	1,320,728	1,943,071
Property, plant and equipment	19	1,592,889	1,761,404
Intangible assets	20	2,800	7,059
		25,842,579	47,968,304
Non-current assets held for sale	22	16,933,588	17,290,663
Total assets		**42,776,167**	**65,258,967**
Liabilities:			
Balance with banks	23	672,550	13,240
Deposits from customers	24	42,027,258	41,962,525
Current income tax liabilities	25	79,022	106,635
Other liabilities	26	15,521,468	23,664,203
Borrowings	27	15,964,250	25,412,731

Total liabilities		**74,264,548**	**91,159,334**
Equity:			
Share capital	28.1.2	7,370,867	7,370,867
Retained earnings	28.3	(39,316,757)	(33,728,744)
Statutory reserve	28.2.1	457,509	457,509
Regulatory risk reserve	28.2.2	-	-
Total equity		**(31,488,381)**	**(25,900,368)**
Total liabilities and equity		**42,776,167**	**65,258,967**

The financial statements were approved by the Board of Directors on 5 December 2023, and signed on its behalf by:

Risikatu Ladi Ahmed
Managing Director/CEO
FRC/2022/PRO/DIR/003/425244

Abdul Kofarsauri
Chairman
FRC/2023/PRO/DIR/003/128626

Additionally Certified by:

Olugbenga Olaleru
Chief Financial Officer
FRC/2019/ICAN/00000019592

The accompanying Notes to the Financial Statements form part of these financial statements.

ASO SAVINGS & LOANS PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Share capital ₦'000	Retained earnings ₦'000	Statutory reserve ₦'000	Regulatory risk reserve ₦'000	Total equity ₦'000
Balance as at 1 January 2016		7,370,867	(33,728,744)	457,509	-	(25,900,368)
Total comprehensive loss for the year		-	(5,588,014)	-	-	(5,588,014)
Transfer to regulatory risk reserve		-	-	-	-	-
Balance as at 31 December 2016	28	**7,370,867**	**(39,316,757)**	**457,509**	**-**	**(31,488,382)**

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Share capital ₦'000	Retained earnings ₦'000	Statutory reserve ₦'000	Regulatory risk reserve ₦'000	Total equity ₦'000
Balance as at 1 January 2015		7,370,867	(4,093,245)	457,509	51,589	3,786,720
Loss for the year		-	(29,687,088)	-	-	(29,687,088)
Total comprehensive loss for the year		7,370,867	(33,780,333)	457,509	51,589	(25,900,368)
Transfer from regulatory risk reserve		-	51,589	-	(51,589)	-
Balance as at 31 December 2015	28	**7,370,867**	**(33,728,744)**	**457,509**	**-**	**(25,900,368)**

The accompanying Notes to the Financial Statements form part of these financial statements.

ASO SAVINGS & LOANS PLC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 ₦'000	2015 ₦'000
Cash flows from operating activities			
Loss before income tax		(5,563,946)	(29,660,998)
Adjustments for:			
Depreciation of property, plant and equipment	19	205,459	438,035
Amortisation of intangible assets	20	4,259	9,322
Impairment (reversal)/charge on loans and advances	13	231,551	8,789,183
Net impairment on other assets	13	839,087	8,955,296
Write off of loans	16.2&16.3	(719,083)	150,964
Profit on disposal of property, plant and equipment	9	(10,290)	(67,205)
Finance cost	27.1	1,600,415	1,662,008
Loss on disposal of non current asset held for sale	12	3,843,780	7,542,487
Foreign exchange (gain)/loss	9	(18,095)	(6,807)
		413,138	(2,187,715)
Change in loans and advances to customers	16	10,861,361	5,687,433
Change in promissory notes	17	(308,449)	(321,090)
Change in other assets	21	(216,744)	(2,163,489)
Change in deposits from banks	23	659,310	(11,097)
Change in deposits from customers	24	64,733	(15,940,705)
Change in other liabilities and provisions	26	(8,142,735)	3,060,162
		3,330,613	(11,876,501)
Income tax paid	25	(51,681)	-
Net cash flows (used in)/from operating activities		**3,278,932**	**(11,876,501)**
Cash flows from investing activities			
Purchase of held to maturity financial assets		-	(10,209,151)
Proceeds from maturity of held to maturity financial assets	18	10,218,869	-
Purchase of property and equipment	19	(149,639)	(82,019)
Proceeds from the sale of property, plant and equipment		122,985	309,372
Purchase of intangible assets	20	-	(13,590)
Purchase of non-current assets held for sale	22	(3,329,582)	(1,080,570)

	Note	2016 ₦'000	2015 ₦'000
Proceeds from disposal of non-current assets held for sale		(157,123)	877,186
Net cash flows from/ (used in) investing activities		**6,705,509**	**(10,198,772)**
Cash flows from financing activities			
Proceeds from borrowings	27.1	-	10,868,876
Repayments of borrowings	27.1	(11,048,895)	(4,321,072)
Net cash flows from/(used in) financing activities		**(11,048,895)**	**6,547,804**
Net increase in cash and cash equivalents		(1,064,455)	(15,527,469)
Cash and cash equivalents at 1 January	15	1,988,377	17,509,039
Effect of exchange rate fluctuations on cash held	9	18,095	6,807
Cash and cash equivalents at 31 December	15	**942,017**	**1,988,377**

The accompanying Notes to the Financial Statements form part of these financial statements.

ASO SAVINGS & LOANS PLC
STATEMENT OF PRUDENTIAL ADJUSTMENTS AS AT 31 DECEMBER 2016

The Regulatory Body Central Bank of Nigeria/Nigeria Deposit Insurance Corporation stipulates that provisions for all losses recognised in the profit or loss shall be determined based on requirement 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:

(i) Prudential Provisions is greater than IFRS provisions; transfer the difference from the general reserve to Non distributable regulatory reserve.

(ii) Prudential Provisions is less than IFRS provisions; the excess charges resulting should be transferred from the account to the general reserve to the extent of the non-distributable reserve previously recognised.

	2016 ₦'000	2015 ₦'000
Transfer to regulatory reserve		
Prudential provision	17,531,716	17,417,778
Total Prudential Provision	17,531,716	17,417,778
IFRS Provision:		
Specific impairment	11,381,811	11,710,342
Portfolio impairment	728,273	887,274
Provision for other asset	13,278,278	12,439,191
Provision for investment	157,871	157,871
	25,546,233	25,194,678
Difference in the impairment provision balance	(8,014,517)	(7,776,900)
Movement in the Regulatory Risk Reserve		
Balance at the beginning of the year	-	51,589
Transfer (to)/from accumulated losses	-	(51,589)
Balance as at end of the year	-	-

1 Corporate information

ASO Savings & Loans Plc ("the Mortgage Bank") is a bank domiciled in Nigeria. The address of the mortgage bank's registered office is Plot 266, FMBN Building, Cadastral Zone AO, Central Business District, Abuja. The Mortgage Bank was licensed to operate as a Mortgage institution in December 1996 and commenced operations in January 2007. It was converted to a Public Limited Bank on 22 September 2005 and its shares were listed on the Nigerian Stock Exchange on 25 April 2008.

The mortgage bank is principally engaged in mortgage banking. The financial statements have been authorized for issue by the resolution of the Directors on 24 January 2023.

2.1 Basis of preparation

The financial statements of the mortgage bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004, Regulatory and Supervisory Guidelines for Primary Mortgage Institutions in Nigeria, the Financial Reporting Council Act No. 6, 2011 and relevant Central Bank of Nigeria circulars.

The financial statements have been prepared based on the order of liquidity.

(a) Functional and presentation currency

These financial statements are presented in Nigerian Naira, which is the Mortgage Bank's functional currency. Except where indicated, financial information presented in Naira has been rounded to the nearest thousand. (₦'000).

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following:

- Ø Non-derivative financial instruments, carried at fair value through profit or loss, are measured at fair value.
- Ø Held-for-sale financial assets are measured and carried at fair value through profit or loss.

(c) Use of estimates and judgements

The preparation of financial statements in line with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(d) Fair value value measurements

Financial assets and liabilities for which fair values are disclosed are listed below:

- Ø Loans and advances
- Ø Promisory notes
- Ø Investments - Held to maturity
- Ø Borrowings

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Bank.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Ø Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Ø Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Ø Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Mortgage Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Mortgage Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. The fair values determined closely approximate the carrying value.

2.2 Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently applied to all periods presented in these financial statements.

2.2.1 Foreign currency translation

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

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

2.2.2 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured, regardless of when the payement is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contracturally defined terms of payment and excluding taxes or duty.

The following are specific accounting policy on revenue recognition for the Bank.

Interest income

Interest income and expense for all interest bearing financial instruments, are recognised within 'interest income' and 'interest expense' in the statement of profit or loss using the 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 asset or liability (or, where appropriate, a shorter period) to the net carrying amount of the financial asset or liability. The effective interest rate is calculated on initial recognition of the financial asset and liability and is not revised subsequently.

Fees and commission

Fees and commission income (such as processing and management fees charged for assessing the financial position of the borrower, evaluating and reviewing guarantee, collateral and other security, negotiation of instruments' terms, preparing and processing documentation and finalising the transaction) and fees and commission expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate of financial assets or liabilities.. Other fees and commission income, including account servicing fees, placement fees, sales commission and syndication fees, are recognised as the related services are performed.

When a loan commitment is not expected to result in the draw-down of a loan, loan commitment fees are recognised on a straight-line basis over the commitment period.

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

2.2.3 **Income tax expense**

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

2.2.4 Current income tax

Current Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantiatively enacted, at the reporting dated in the countries where the Bank operates and generates taxable income.

The Mortgage Bank periodically evaluates positions taken in tax returns: ensuring information disclosed are in agreement with the underlying tax liability which has been adequately provided for in the financial statements.

2.2.5 Deferred tax

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

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Ø temporary differences arising on the initial recognition of goodwill,
- Ø temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit,
- Ø temporary differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future and

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

2.2.6 Share Capital and reserves

i Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instrument

ii Dividend on ordinary shares

Dividend on the Mortgage Bank's ordinary shares are recorgnised in equity in the period in which they are paid or, if earlier, approved by the Mortgage Bank's shareholders. No dividends were declared nor paid during the years ended 31 December 2016 and 31 December 2015.

2.2 Summary of Significant Accounting Policies - Continued

iii Earnings per share

The Mortgage Bank presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Mortgage Bank by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares

2.2.7 Financial assets and liabilities

(a) Date of recognition and initial measurement

The Mortgage Bank initially recognises loans and advances to customers, deposits, promissory notes on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Mortgage Bank becomes a party to the contractual provisions of the instrument.

All financial instruments are measured initially at their fair value plus transaction costs.

(b) Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classification in accordance with IAS 39 viz:

(bi) *Held-to-maturity*

Held-to-maturity investments are non-derivative financial assets with fixed determinable payments and fixed maturities that management has both the positive intent and ability to hold to maturity and which were not designated as at fair value through profit and loss or as available for sale. A sale or reclassification of more than an insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Mortgage Bank from classifying investment securities as held-to-maturity for the current and the following two financial years.

The difference between amortised cost and fair value will be accounted for in equity. Held-to-maturity investments are carried at amortised cost, using the effective interest method, less any provisions for impairment. The EIR amortisation is included as interest income on investment securities in the statement of profit or loss.

The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

(bii) *Loans and receivables*

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

Loans and receivables are measured at amortised cost using the effective interest method, less anyimpairment losses. Origination transaction costs and origination fees received that are integral to theeffective rate are capitalised to the value of the loan and amortised through interest income as part ofthe effective interest rate. All of the Bank's advances are included in the loans and receivable category.

(biii) Promissory notes

Promissory notes are written, dated and signed two-party instruments containing an unconditional promise by the issuer to pay a definite sum of money to a payee on demand or at a specified future date. Promissory notes are measured at amortised cost using the effective interest method, less any impairment losses. Origination transaction costs are origination fees received that are integral to the effective rate are capitalised to the value of the promissory note.

(c) *Impairment of financial assets*

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

(ci) Financial assets carried at amortised cost

For financial assets carried at amortised cost (such as amounts due from banks, loans and advances to customers as well as held to maturity investments), the Bank first assesses individually whetherobjective evidence of impairment exists for financial assets that are individually significant, 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, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss 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 (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of Interest and similar income.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the 'Credit loss expense'.

The Mortgage Bank considers evidence of impairment at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified by grouping together financial assets (carried at amortised cost) with similar risk characteristics. Objective evidence that financial assets (including equity securities) are impaired can include:

Ø a breach of contract such as a default or delinquency in interest or principal repayments by a borrower;

Ø restructuring of a loan or advance by the Mortgage Bank on terms that the Mortgage Bank would not otherwise consider;

Ø indications that a borrower or issuer will enter bankruptcy;
Ø the disappearance of an active market for a security, or other
Ø observable data relating to a group of assets data indicating that there is a measurable decrease in the estimated future cash flows from the group of assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including ¾ adverse changes in the payment status of borrowers or issuers in the group, or ¾ national economic conditions that correlate with defaults in the group.

(civ) *Offset of financial instruments*
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has currently enforceable a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The financial assets and liabilities are presented on a gross basis.

Income and expenses are presented on a net basis only when permitted by accounting standards, or for gains and losses arising from a group of similar transactions such as in the Mortgage Bank's trading activity.

(cv) *Derecognition of financial instruments*
The Mortgage Bank derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.

Any interest in transferred financial assets that is created or retained by the Mortgage Bank is recognised as a separate asset or liability.

The Mortgage Bank derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Mortgage Bank enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all risks or rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. In transactions where the Mortgage Bank neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, it derecognises the asset if control over the asset is lost.

The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Mortgage Bank continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

2.2.8 Cash and cash equivalents

Cash and cash equivalents include notes and coins in hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Mortgage Bank in the management of its short-term commitments.

2.2.9 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When significant parts of plant and equipment are required to be replaced at intervals, the entity depreciates them separately based on their specific useful lives.

(ii) Subsequent costs

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

2.2 Summary of Significant Accounting Policies - Continued

2.2.9 Property, plant and equipment - Continued

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of property, plant and equipment to their residual values. Leased assets are depreciated over the shorter of the lease term and their useful lives. Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* .

The estimated useful lives for the current and comparative period are as follows:

Buildings	20 years	
Computer equipment	3	years
Furniture and office equipment	5	years
Motor vehicles	4	years
Plant and machinery	5	years
Leased assets	As in related class of asset	

Depreciation methods, useful lives and residual values are reassessed at each reporting date and prospectively if needed.

Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(iv) *Capital work in progress*

Capital work in progress is not depreciated. Upon completion it is transferred to the relevant asset category.

(v) De-recognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

2.2.9 Non-current asset held for sale

A property is classified as non-current assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such property and its sale must be highly probable. For the sale to be highly probable:

- Ø The Board must be committed to a plan to sell the property and an active programme to locate a buyer and complete the plan must have been initiated.
- Ø The property must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- Ø The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.
- Ø Actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plain will be withdrawn.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell. The Mortgage Bank makes use of valuation experts to determine the fair value less cost to sell of their properties.

2.2.11 Intangible assets

The Bank's intangible assets include the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in profit or loss.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Computer software: 3 years

Computer software

Computer software acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses.

2.2.12 Leased assets - lessee

Leases in terms of which the Bank assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

2.2.13 Impairment of non-financial assets

The carrying amounts of the Mortgage Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal an appropriate valuation model is used.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are recognised in profit or loss.

2.2.14 Deposits

Deposits are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method.

2.2.15 Employee benefits

The Bank operates a defined contribution plan, which requires contributions to be made to a separately administered fund.

(i) Defined contribution plans

A defined contribution plan is a pension plan under which the mortgage bank pays fixed contributions to a separate entity. The mortgage bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the mortgage bank pays contributions to publicly or privately administered pension fund administrators (PFA) on a mandatory, contractual or voluntary basis. The mortgage bank has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense in the profit or loss when they are due.

(ii) Short-term benefits

Employee benefits include:

(a) Short-term employee benefits, such as the following, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services:

(i) wages, salaries and social security contributions;

(ii) paid annual leave and paid sick leave;

(iii) profit-sharing and bonuses; and

(iv) non-monetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for current employees;

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Mortgage Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.2.16 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes subsidiaries, associates, joint ventures, as well as key management personnel.

3 Significant accounting judgements, estimates and assumptions

Management discusses with the Audit Committee the development, selection and disclosure of the Bank's critical accounting policies and estimates, and the application of these policies and estimates.

These disclosures supplement the commentary on financial risk management.

(a) Key sources of estimation uncertainty

(i) Allowances for credit impairment

Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 2.2.6. The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counter party's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Committee.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of loans with similar economic characteristics when there is objective evidence to suggest that they contain impaired loans, but the individual impaired items cannot yet be identified. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimate of future cash flows for specific counterparty allowances and the model assumptions and parameters used in determining collective allowances are made.

(ii) Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.Also fair values of financial instruments measured at amortised cost are disclosed in Note 19.

(i) Depreciation, amortisation and carrying value of property, plant and equipment and intangible assets

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property, plant and equipment and intangible assets will have an impact on the carrying value of these items.

(ii) Current Income tax assets and liabilities

The managment periodically evaluates positions taken in tax returns: ensuring information disclosed are in agreement with the underlying tax liability which has been adequately provided for in the financial statements.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantiatively enacted, at the reporting dated in the countries where the Bank operates and generates taxable income.

(b) Critical accounting judgements in applying the Bank's accounting policies
Critical accounting judgements made in applying the Bank's accounting policies include:

Valuation of financial instruments:
The Bank's accounting policy on fair value measurements is discussed under note 2.1(d) The Bank measures fair values using the following fair value hierarchy that reflects the nature and process used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly(i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using inputs that are not based on observable market data, i.e., unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

(ii) Financial assets and liabilities classification

The Bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances. Details of the Bank's classification of financial assets and liabilities are given under the accounting policies in note 2.2.7.

(iii) Going concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

(iv) Determination of impairment of property, plant and equipment, and intangible assets.

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Bank applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values.

Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

4.1 *New and amended Standards and Interpretations that became effective in the current period*

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - effective 1 January 2016

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively. These amendments are not expected to have any impact on the Mortgage Bank.

IFRS 7 Financial Instruments: Disclosures - effective on or after 1 January 2016

(i) **Servicing contracts**

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) **Applicability of the amendments to IFRS 7 to condensed interim financial statements**

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

These amendments are not expected to have any impact on the Mortgage Bank.

IAS 19 Employee Benefits: Discount rate; regional market issue - effective on or after 1 January 2016

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively. These amendment is not relevant to the Mortgage Bank.

Amendments to IAS 1 Disclosure Initiative - effective on or after 1 January 2016

The amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated

The following listed standards and amendments which are issued but not yet effective will not have impact on the Mortgage Bank's financial position, performance and/or disclosures.

i IFRS 14 Regulatory Deferral Accounts

ii Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

iii IAS 34 Interim Financial Reporting: Disclosure of information elsewhere in the interim financial reporting.

iv Amendments to IAS 16 & 41: Agriculture - Bearer Plants

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation - effective on or after 1 January 2016

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are consumed through use of the assets. As a result, a revenue-based method cannot be used to depreciate a property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods begining on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Mortgage Bank given that the Mortgage Bank has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 27: Equity Method in Separate Financial Statements - effective on or after 1 January 2016

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Mortgage Bank's financial statements.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Mortgage Bank's financial statements are disclosed below. The Mortgage Bank intends to adopt these standards, if applicable, when they become effective.

Amendments to IAS 1 Disclosure Initiative

That entities have flexibility as to the order in which they present the notes to financial statements

That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

4.2 New and amended standards and interpretations issued but not yet effective

IFRS 9 Financial Instruments - effective on or after 1 January, 2018

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurment and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurment, impairment and hedge accounting. IFRS 9 is effective for annual periods beginnig on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Mortgage Bank plans to adopt the new standard on the required effective date. During 2015, the Mortgage Bank has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Mortgage Bank in the future. Overall, the Mortgage Bank expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirments of IFRS 9. The Mortgage expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

(a) *Classification and measurement*

The Mortgage Bank does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of IFRS 9. it expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale with gains and losses recorded in OCI will be measured at fair value through profit or loss instead, which will increase volatility in recorded profit or loss. The AFS reserve currently in accumulated OCI will be reclassified to opening retained earnings. Debt securities are expected to be measured at fair value through OCI under IFRS 9 as the Mortgage Bank expects not only to hold the assets to collect contractual cash flows but to sell a significant amount on a relatively frequent basis.

The equity shares in non-listed companies are intended to be held for the forseeable future. The Mortgage Bank expects to apply the option to present fair value changes in OCI, and therefore, it believes the application of IFRS 9 would not have a significant impact. If the Mortgage Bank were to apply that option, the shares would be held at fair value through profit or loss, which would increase the volatility of recorded profit or loss.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Mortgage Bank expects that these will continue to be measured at amortised cost under IFRS 9. However, the Mortgage Bank will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires the Mortgage Bank to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Mortgage Bank expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Mortgage Bank expects a significant impact on its equity due to unsecured nature of its loans and advances, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

4.2 New and amended standards and interpretations issued but not yet effective continued

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Bank plans to adopt the new standard on the required effective date using the full retrospective method. During 2015, the Bank performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis.

Rendering of services

Contracts with customers in which equipment sale is the only performance obligation are not expected to have any impact on the Bank. The Bank expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

IFRS 16 Leases

The new standard requires lesses to account for all leasses under a single on-balance sheet model (subject to certain exceptions) in a similar way finance leases under IAS 17. Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. The new standard includes two recognition exemptions for lesses - leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less). Reassessmentof certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events. Lessor accounting is sustantially the same as today's lessor accounting, using IAS 17's dual classification approach. This is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. This standard is expected to have impact on the Bank.

Impact

The Mortgage Bank currently has rent prepaid over their respective contract period. If this standard becomes effective, the lease expense recognition pattern for lessees will generally be accelerated as compared to today.

Key financial position metrics such as leverage and finance ratios, debt covenants and financial performance metrics, such as earnings before interest, taxes, depreciation and amortisation (EBITDA), could be impacted. Also, the statement cash flow for lessees could be affected as payments for the principal portion of the lease liability will be presented within financing activities.

IAS 7 Disclosure Initiative

Amendments to IAS 7. The amendments to IAS 7 Statement of Cash Flows are part of IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of fiancial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes . On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. This will have no financial implication, the application of amendments will result in additional disclosure provided by the Mortgage Bank.

Other new and ammended standards and interpretations issued but not yet effective

The below are other new and ammended standards and interpretations issued but not yet effective which are not expected to have any implication on the Mortgage Bank.

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an investor and its Associate or Joint Venture
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses
- IFRS 2 Classification and Measurement of Share-based payment Transactions
- IFRS 17 Insurance Contracts
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4
- Prepayment Features with Negative Compensation - Amendments to IFRS 9
- Plan Amendment, Curtailment or Settlement - Amendments to IAS 19
- Long-term interests in associates and joint ventures - Amendments to IAS 28
- Transfers of Investment Property - Amendments to IAS 40
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments

Improvement to IFRSs

Amendments resulting from annual improvements to IFRSs to the following standards will not have any impact on the accounting policies, financial position or performance of the Mortgage Bank for the year.

Annual Improvements Cycle - 2014-2016

- Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12
- IFRS 1 First-time Adoption of International Financial Reporting Standards: Deletion of short-term exemptions for first-time adopters
- IAS 28 Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an Investment-by-investment choice

Annual Improvements 2015-2017 Cycle

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements - Previously held interest in joint operation
- IFRS 11 Joint Arrangements: Previously held Interest in joint operations
- IAS 12 Income Taxes - Income tax consequences of payments on finacial instruments classified as equity
- IAS 23 Borrowing Costs - borrowing costs eligible for capitalisation

5 Fair value measurements

5.1 The following table provides the fair value measurement hierarchy of the Bank's assets and liabilities.

Fair value measurement hierarchy for financial assets and liabilities as at 31 December 2016 and 2015:

	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		₦'000	₦'000	₦'000
Assets for which fair values are disclosed:				
Loans and advances	31-Dec-16	-	0	30,225,353
Investment securities - Held to maturity	31-Dec-16	-	-	-
Promisory notes	31-Dec-16	-	3,868,875	-
Liabilities for which fair values are disclosed				
Borrowings	31-Dec-16	-	15,964,250	-
Assets for which fair values are disclosed:				
Loans and advances	31-Dec-15	-		41,086,714
Investment securities - Held to maturity	31-Dec-15	-	10,250,315	-
Promisory notes	31-Dec-15	-	3,560,426	-
Liabilities for which fair values are disclosed:				
Borrowings	31-Dec-15	-	25,412,731	-

5.2. Set out below is a comparison, by class, of the carrying amounts and fair value of the Bank's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values.

	Carrying value		Fair value	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
Financial assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Loans and advances to custom	18,115,269	28,489,098	18,115,269	28,489,098
Promissory notes	3,868,875	3,560,426	3,868,875	3,560,866
Investment securities - Held to maturity	-	10,218,869	-	10,250,315
	21,984,144	**42,268,393**	**21,984,144**	**42,300,279**
Financial liabilities				
Borrowings	**15,964,250**	**25,412,731**	**15,964,250**	**25,413,322**

		2016 ₦'000	2015 ₦'000
6	**Interest Income**		
	Interest income on loans and advances	4,015,300	4,316,502
	Interest income on cash and cash equivalents	8,337	319,349
	Interest income on promissory notes	-	-
	Interest income on investment securities- Held to maturity	31,446	347,910
	Interest income accrued on impaired financial assets	-	-
		4,055,083	**4,983,761**
7	**Interest expense**		
	Interest expense on deposits from customers	1,879,428	2,958,337
	Interest expense on deposits from banks	37,448	632,055
	Interest expense on borrowings	1,847,538	1,662,008
		3,764,414	**5,252,400**
8	**Net fee and commission income**		
	Commission on turnover	17,742	51,515
	Administrative and processing fees	64,650	256,604
	Other fees and commissions	375,527	433,554
		457,919	741,673
	Fee and commission expense	-	(2,667)
		457,919	**739,006**

		2016	2015
		₦'000	₦'000
9	**Other operating income**		
	Sundry income (note 9.1)	45,402	191,537
	Real estate income (note 9.2)	2,952,996	139,413
	Profit on disposal of property, plant and equipment	10,290	67,205
	Foreign exchange gain	18,095	6,807
		3,026,783	**404,962**

9.1 Sundry income includes income from account closure charges, standing order charges and other miscellaneous income.

9.2 This represents shared income realised from sale of houses on behalf of developers

		2016	2015
10	**Personnel expenses**	₦'000	₦'000
	Salaries and wages	1,946,812	2,336,937
	Contribution to defined contribution plans	30,379	37,101
		1,977,191	**2,374,037**

10.1 Employees

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

	2016	2015
	Number	Number
Below-N 300,000	165	22
N300,001 - N500,000	83	12
N500,001 - N1,000,000	61	77
N1,000,001 - N1,500,000	68	104
N1,500,001 - N2,500,000	9	118
N2,500,001 - N3,500,000	5	10
N3,500,001 - N4,500,000	2	4
above N4,500,000	5	25
	398	372

10.1.2 The average number of persons employed (excluding Directors) in the bank during the year is stated as follows:

	2016 Number	2015 Number
	398	372

The Increase in staff number was due to the net effect of staff exits and new recruitments during the year.

10.2 Included in the salaries and wages is the severance pay (to the staff laid off) and payment of outsourced staff in the year

		2016	2015
11	**Other operating expenses**		
	Insurance premium	287,336	390,487
	Foreign exchange loss	-	-
	Occupancy cost	236,936	233,376
	Training	25,734	17,714
	General administrative (note 11.1)	1,687,983	1,627,540
	Industrial Training Fund (ITF)	-	7,886
		2,237,989	**2,277,003**
11.1	**General administrative expenses are:**		
	Professional fees	330,660	313,256
	Contract service	206,884	434,096
	Repairs and maintenance	352,350	299,908
	Advertisement and promotions	351,071	221,532
	Communications and stationeries	235,386	175,273
	Travelling	112,321	101,375
	Sundry office expenses	29,746	26,043
	Audit fee	20,000	20,000
	Directors emoluments	49,565	36,057
		1,687,983	**1,627,540**
12	**Loss on disposal of non-current assets held for sale**		
	Loss on disposal of non-current assets held for sale	**3,843,780**	**7,542,487**

		2016	2015
		₦'000	₦'000
13	**Net impairment on financial assets**		
	Collective impairment (reversed)/charged on loans and advances (note 16.3)	(160,047)	(1,090,318)
	Specific impairment charged/(reversed) on loans and advances (note 16.2)	391,598	9,879,501
	Impairment on loans and advances	231,551	8,789,183
	Impairment charges on other assets (note 21.2)	839,087	8,955,296
		1,070,638	17,744,479
	Write off on loans and advances	-	150,964
		1,070,638	**17,895,443**
14	**Income tax expense**		
	Current tax expense		
	Minimum company income tax	24,068	26,090
	Education tax (note 25)	-	-
	Under provision for prior period (note 25)	-	-
		24,068	26,090
	Deferred tax(benefit)/expense (note 25.1)	-	-
	Total Income Tax Expense	**24,068**	**26,090**
14.1	**Reconciliation of effective tax rate**		
	Profit before income taxation	(5,563,946)	(29,660,998)
	Income tax using the domestic corporation tax rate at 30%	(1,669,184)	(8,898,299)
	Non-deductible expenses	888,199	9,639,953
	Tax exempt income	(319,885)	(415,115)
	Capital allowance	1,124,938	(300,450)
	Under provision for prior period (note 25)	-	-
	Effective tax expense	24,068	26,089

		2016	2015
		₦'000	₦'000
15	**Cash and cash equivalents**		
	Cash on hand	119,865	156,794
	Balances with local banks	264,919	1,307,144
	Short-term placements (note 15.1)	557,234	524,439
		942,018	**1,988,377**
15.1	Included in the short-term placements are the following placements		
	FCMB	403,164	302,000
	Ecobank	120,000	120,000
	Access Bank	6,685	-
16	**Loans and advances to customers**		
	Loans to individuals	10,515,002	11,849,545
	Loans to corporate entities and other organisations	19,710,351	29,237,169
		30,225,353	41,086,714
	Specific Impairment (note 16.2)	(11,381,811)	(11,710,342)
	Collective Impairment (note 16.3)	(728,273)	(887,274)
		18,115,269	**28,489,098**
16.1	Maturity profile		
	Within 12 months	15,332,739	19,014,719
	Above 12 months	14,892,614	22,071,995
		30,225,353	41,086,714
16.2	**Impairment allowance on loans and advances**		
	Specific Impairment		
	Balance, beginning of year	11,710,342	1,830,841
	Charge/reversal for the year (note 14)	391,598	9,879,501
	Write off	(720,129)	-
	Balance, end of period	11,381,811	11,710,342

		2016	2015
		₦'000	₦'000
16.3	**Collective impairment**		
	Balance, beginning of year	887,274	1,977,592
	(Reversal)/charge for the year (note 14)	(160,047)	(1,090,318)
	Write-offs	1,046	-
	Balance, end of year	728,273	887,274

16.4 The Central Bank of Nigeria 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 retained earnings to a non-distributable regulatory reserve.

Prudential Provisions is less than IFRS provisions; the excess charges resulting should be transferred from the regulatory reserve account to the retained earnings to the extent of the non-distributable reserve previously recognised.

		2016	2015
16.5	**Classification of loans and advances by category**		
	Mortgage loans	9,587,269	10,868,748
	Commercial real estate financing	8,927,404	18,230,596
	Others	11,710,680	11,987,370
		30,225,353	41,086,714
16.6	**Classification of loans and advances by Performance**		
	Performing loan	11,564,423	22,794,801
	Non-performing loan	18,660,930	18,291,913
		30,225,353	41,086,714

		2016 ₦'000	2015 ₦'000
16.7	**Classification of Loans and Advances by Sector**		
	Agriculture	2,093,780	1,881,792
	Real estate construction	8,927,404	18,230,596
	Education	214,937	230,617
	Healthcare	5,980	5,690
	Hospitality	-	-
	Mortgages	9,587,269	10,868,748
	Others	9,395,984	9,869,271
		30,225,353	41,086,714
16.8	**Classification of Loans and Advances by Rating**		
	A	11,579,666	20,414,863
	AA	825,836	1,331,643
	B	4,426,861	1,570,225
	BB	4,568,256	6,405,956
	BBB	821,729	1,178,364
	CCC	8,003,005	10,185,663
		30,225,353	41,086,714
17	**Promissory notes (note 17.3)**	**3,868,875**	**3,560,426**
17.1	**Concentration by sector**		
	Government	3,868,875	3,560,426
17.2	**Concentration by location**		
	Nigeria: North-Central	3,868,875	3,560,426

17.3 This represents promissory notes issued to the Bank by FMBN SPV Issuer Limited in respect of refinanced loans for the sale of Federal Government Houses. The promissory notes were issued at an interest rate of 10% per annum and is repayable over a period of 5 years.This is measured at amortised cost.

	2016	2015
	₦'000	₦'000

18 **Investment securities**

Held-to-maturity:

Set out below, is the amortized cost of the Bank's Held-to-maturity financial instrument.

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	₦'000	₦'000	₦'000	₦'000
Treasury bills	-	10,218,869	-	10,250,315
	-	**10,218,869**	-	**10,250,315**

The Nigerian Treasury bills was purchased on 30 December 2015 and matured on 8 February 2016 at discounted rate of 3%.

19 Property, plant and equipment

		Land and buildings	Plant & machinery	Furniture & office equipment	Computer equipment	Motor vehicles	Total
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
(a)	**Cost**						
	Balance at 01 January 2015	2,125,235	119,727	676,578	640,493	867,705	4,429,738
	Additions	0	3,898	2,884	9,874	65,362	82,018
	Reclassification	(60,000)		-	-	-	(60,000)
	Disposals	(235,893)	(12,370)	(2,817)	(1,762)	(106,360)	(350,201)
	Balance at 01 January 2016	1,829,343	111,255	676,545	648,605	826,706	4,092,555
	Additions	40,714	0	6,361	78,967	23,597	149,639
	Disposals	(90,000)	(7,142)	(9,413)	(828)	(137,576)	(244,959)
	Balance at 31 December 2016	**1,780,057**	**104,113**	**673,594**	**726,744**	**712,727**	**3,997,235**
(b)	**Depreciation and Impairment losses**						
	Balance at 01 January 2015	164,905	99,998	602,515	595,025	547,708	2,010,151
	Charge for the year	229,095	10,232	30,329	37,337	131,042	438,035
	Disposals	-	(12,370)	(2,815)	(1,762)	(100,087)	(117,034)
	Balance at 01 January 2016	394,000	97,860	630,029	630,600	578,663	2,331,152
	Charge for the year	26,056	6,731	25,492	29,749	117,430	205,459
	Disposals	(13,500)	(6,309)	(9,399)	(823)	(102,233)	(132,264)
	Balance at 31 December 2016	**406,556**	**98,282**	**646,122**	**659,526**	**593,860**	**2,404,347**
(c)	**Carrying amounts:**						
	Balance as at 31 December 2016	**1,373,501**	**5,831**	**27,472**	**67,218**	**118,867**	**1,592,889**
	Balance as at 31 December 2015	1,435,343	13,395	46,517	18,005	248,044	1,761,404

19.1 There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year (31 December 2015: Nil). Also, there were no capital commitments as at reporting date in respect of items of property, plant and equipment.

		2016 ₦'000	2015 ₦'000
20	**Intangible assets**		
	Cost		
	Beginning of year	501,770	488,180
	Additions	-	13,590
	Balance, end of year	501,770	501,770
	Amortisation		
	Balance, beginning of year	(494,711)	(485,389)
	Amortisation for the year	(4,259)	(9,322)
	Balance, end of year	(498,970)	(494,711)
	Carrying amounts at the end of the year	2,800	7,059

20.1 The intangible asset represents computer software which was purchased from third parties. There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (31 December 2015: Nil). Also, there were no capital commitments as at reporting date in respect of items of intangible assets.

		2016 ₦'000	2015 ₦'000
21	**Other assets**		
	Restricted balances with FMBN (note 21.3)	1,119	1,119
	Account receivable	294,185	515,533
	Prepayments	693,813	223,155
	Estate development progress cost (note 21.4)	331,611	536,350
	Other receivables	-	190,958
	Other non perfoming assets (note 21.5)	13,278,278	12,915,146
		14,599,006	14,382,262
	Specific impairment on other assets (note 21.2)	(13,278,278)	(12,439,191)
		1,320,728	**1,943,071**
21.1	**Movement in other assets**		
	Balance, beginning of year	14,382,261	12,374,400
	Transfer to non-current assets held for sale(note 21.6 and 22)	-	(155,627)
	(Reversals)/additions	216,745	2,163,489
		14,599,006	14,382,261

		2016	2015
		₦'000	₦'000
	Specific impairment on other assets (note 21.2)	(13,278,278)	(12,439,191)
	Balance, end of year	1,320,728	1,943,070
21.2	Movement in impairment in other assets		
	Balance, beginning for the year	12,439,191	3,483,895
	Charge for the year (note 13)	839,087	8,955,296
	Balance, end of the year	13,278,278	12,439,191

21.3 Restricted balance with FMBN represents cash reserve requirement with Federal Mortgage Bank of Nigeria (FMBN).

21.4 Estate development progress costs are payments made to date on properties for which various off-takers have made deposit as reported. This cost and deposits will be matched on conclusion of the transaction.

21.5 In 2014, a sum of N1,782,500,604 was advanced to Union Homes Savings & Loans Plc (Union Homes), a company that is being acquired by the mortgage bank, to enable it meet some operational expenses at no interest, out of which Union Homes repaid ₦150 million in 2015. Though the Board of Directors of Union Homes, vide a resolution dated 3 September 2015, approved a repayment plan for the remaining balance,.the balance of N1.63 billion has been reclassified from Account Receivables to Other Non Performing Assets and fully impaired.

21.6 This represents cost incurred on behalf of Union Homes on the acquisition of 13.71 ha of land located at Plot CD1 Kuchiyako III Layout Kuje Area Council and fencing of Wumba land. Also included in the transfer was cost incurred on behalf of Niger State Housing Corporation on the purchase of property from Zuma Rock estate developer.

		2016	2015
21.7	**Maturity profile of other assets**		
	Current	898,408	1,084,195
	Non- current	422,320	858,875
		1,320,728	1,943,070
22	**Non-current assets held for sale**		
	Balance, beginning of year	17,290,663	20,203,152
	Additions	3,329,582	1,080,570
	Disposals (note 22.1)	(3,686,657)	(8,419,673)
	Transfer from property, plant and equipment (note 19)	-	60,000
	Transfer from loans and advances (note 22.2)	-	4,210,987
	Transfer from/(to) other assets (note 21.1)	-	155,627
	Balance, end of the year	**16,933,588**	**17,290,663**

22.1 The non-current assets held for sale are real estate properties of the Bank which it has commited to dispose. The Bank is optmistic that these properties will be disposed off soon; as negotiations is ongoing with buyers. Some of these properties were disposed at ₦ 3.16 billion (2015 : N877.186 million). The Central Bank of Nigeria (CBN), by a Circular reference number OFI/DIR/CIR/GEN/01/07 dated 11 October 2013 to all Primary Mortgage Banks in Nigeria directed all mortgage banks to commence the disposal of real estate properties in their books. The fair value less cost to sale of these properties is lower than the carrying value, therefore leading to the huge loss recorded in the year. The balance in this financial statement has been measured at lower of fair value less cost to sell and the carrying value.

22.2 This relates to collateral properties used to liquidate loans after such asset has been revoked to liquidate the loans.

		2016	2015
		₦'000	**₦'000**
23	**Balance with banks**		
	Balance with banks	672,550	13,240
		672,550	**13,240**
24	**Deposits from customers**		
	Retail Customers:		
	Term deposits	2,614,737	1,758,361
	Demand deposits	1,780,232	3,023,802
	Savings	1,990,046	2,644,224
	Corporate customers:		
	Term deposits	13,037,886	9,122,608
	Current deposits	22,604,359	25,413,530
		42,027,258	**41,962,525**
25	**Current income tax liabilities**		
	Balance, beginning of year	106,635	80,545
	Company current income tax expense (note 14)	24,068	26,090
	Education tax (note 15)	-	-
	Information technology tax levy (note 14)	-	-
	Payment during the year	(51,681)	-
	Balance, end of year	**79,022**	**106,635**
25.1	**Movement in Deferred tax liabilities**		
	Balance, beginning of year	-	-
	Movements:		
	Property, plant and equipment		35,500
	Unrecognised deferred tax assets (note 25.2)		(35,500)
		-	-
	Balance, end of year	-	-

25.2 Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future profits together with future tax planning strategies.

The mortgage bank has deferred tax asset amounting to N262.6million.(2015: N35.5 million) in respect of capital allowances. However, no deferred tax assets was recognised in these financial statements due to the uncertainty about the availability of future taxable profits against which deferred tax assets can be utilized.

	2016 ₦'000	2015 ₦'000
Deferred tax liabilities		
Deferred tax are attributable to the following:		
Property, plant and equipment	-	-
	-	-
The unrecognized deferred tax asset during the year is attributable to the following:		
Property, plant and equipment		26,515
Unrealised losses		8,985
	-	35,500

26 Other liabilities

	2016 ₦'000	2015 ₦'000
Accruals	668,056	145,116
Liability for defined contribution scheme (note 26.1)	108,658	67,458
Liability for defined benefits plans (note 26.2 & 26.3)	290,512	240,476
Sundry liabilities	424,192	628,200
Deposit for shares (note 26.4)	4,914,789	4,914,789
Sale of Federal Government Houses accounts	2,046,804	4,616,332
Deposits for properties by off-takers (note 26.5)	274,015	266,055
Accounts payable (note 26.6)	6,794,442	12,785,777
	15,521,468	**23,664,203**

26.1 Liability for defined contribution scheme

The Bank and its employees contributes a minimum of 10% and 8% respectively of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominal pension fund administrators. The amount represents sums payable to pension fund administrators of which Personal Identification Number (PIN) of affected employees has not been presented to effect the remittance.

26.2. Payables under terminated defined benefits plans

The scheme was discontinued effective from 31 December, 2012. The qualified employees as at the date of cessation will be paid exact amount standing to their credit as at 31 December 2012 on their exit from the services of the mortgage bank. This is payable as fund is available and not on retirement.

		2016	2015
26.3	**Movement in discontinued defined benefit**	**₦'000**	**₦'000**
	Balance, beginning of year	240,476	350,631
	Adjustments in staff accrual	117,761	-
	Paid during the year	(67,725)	(110,155)
		290,512	240,476

26.4 Deposit for shares relates to amount received by the mortgage bank in respect of private placement in 2014. Approval from Central Bank of Nigeria and Securities and Exchange Commission have not been obtained to convert the deposits to share capital.

26.5 This relates to deposits made by customers interested in the ASO Mews properties. Primewaterview Management Services is in charge of the project.

26.6 Account payable for the bank operational activities are non-interest bearing and are normally settled on demand by the Bank. It principally includes transferable balances to Treasury Single Accounts N1.18 billion (2015 - N7.12 billion), reconciling items with FMBN on sale of government houses N2.8 billion (2015 - N2.4 billion) and non-claim account N1.27 billion (2015 - N1.3 billion)

27 Borrowings

	Carrying value		Fair Value	
	2016	2015	2016	2015
	₦'000	₦'000	₦'000	₦'000
Due to:				
FMBN on NHF scheme (note 27.3)	1,776,977	1,529,318	1,776,977	1,529,318
Central Bank of Nigeria (note 27.4)	9,339,322	8,531,536	9,339,322	8,531,536
Union Bank Plc (note 27.5)	3,882,412	3,315,795	3,882,412	3,315,795
Skye Bank (note 27.6)	965,539	2,034,027	965,539	2,034,027
Due to First City Monument Bank Limited (note 27.7)	-	10,002,055		10,002,055
	15,964,250	**25,412,731**	**15,964,250**	**25,412,731**

27.1 Movement in borrowings

Balance, beginning of year	25,412,731	17,202,919
Additions during the year	-	10,868,876
Interest charged	1,600,415	1,662,008
Repayments during the year	(11,048,895)	(4,321,072)
Balance, end of year	15,964,250	25,412,731

27.2 Maturity profile of borrowings

Current	4,847,951	15,351,877
Non- current	11,116,299	10,060,854
	15,964,250	25,412,731

27.3 The amounts of ₦1.777 billion represent the outstanding balance on the on-lending facility obtained from the Federal Mortgage Bank of Nigeria (FMBN); the facility is disbursed to beneficiaries of the National Housing Fund (NHF). Effective Interest rate is 4% per annum, interest and principal are repayable monthly. The loans are disbursed to the Bank in 62 batches. The range of the maturity dates are between 21 August 2016 and 22 November 2029.

27.4 This represents N8 billion loan disbursed to the mortgage bank by the Central Bank of Nigeria for the acquisition of Union Homes Plc. The loan was disbursed in two tranches (N6 billion on 24 March 2015 and N2 billion on 28 May 2015). The loan has a tenor of 10 years at an interest rate of 8%.

27.5 This relates to N3 billion loan granted to the mortgage bank by Union Bank Plc in form of short term bridge financing. It has a tenor of 4 months maturing 23 January 2016 at an interest rate of 21% per annum.

27.6 This relates to the bank guarantee granted to the mortgage bank for the fund it received from Ecobank on 23 September 2015, The loan is for two years to mature on 30 September 2017, The loan was disbursed at an interest rate of 23% per annum.

27.7 The amount of Nil (2015: N10.002 billion) represent outstanding balances on the project finance and working capital facilities obtained from First City Monument Bank Plc. The project finance facility of N677,350,000 was obtained to refinance completion of real estate projects in Abuja and Lagos.The commencement date of the project finance facility is 2 December 2013 and it is expected to mature on 2 December 2015. They are repayable over a period of two years at an effective interest rate of 13.5%. The commencement date of the working capital facility is 30 December 2015, and it is expected to mature on 8 February 2016.

27.8 The fair values of the Bank's interest-bearing borrowings and loans are deteremined by using the DCF method using discount rate that reflects the issuer's borrowing rate at the end of the reporting period.

28 Share Capital and reserves

28.1 Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Bank. All ordinary shares rank pari-passu with the same rights and benefits at meetings of the Bank.

		2016 ₦'000	2015 ₦'000
28.1.1	Authorised:		
	20,000,000,000 ordinary shares of 50kobo each	10,000,000	10,000,000
28.1.2	Issued and fully- paid up:		
	14,741,733,802 ordinary shares of 50kobo each	**7,370,867**	**7,370,867**

28.1.3 Loss per share

Loss per share is calculated by dividing the net loss for the year attributable to ordinary equity holders of ASO Savings & Loans Plc. by the weighted average number of ordinary shares outstanding during the year. There are no dilutive potential ordinary shares.

The calculation of loss per share at 31 December 2016 was based on the loss attributable to ordinary shareholders of N5,588,013,000 (31 December 2015: loss of ₦29,687,088,000) and an average number of ordinary shares outstanding of 14,741,733,802 (31 December 2015: 14,741,733,802), calculated as follows:

	2016	2015
Number of ordinary shares units	Unit ('000)	Unit ('000)
Issued share units	14,741,734	14,741,734
	14,741,734	14,741,734
Loss attributable to ordinary shareholders (in ₦'000)	(5,588,014)	(29,687,088)
Loss per share – basic and diluted (in kobo)	(37.91)	(201.38)

28.2 Other regulatory reserves

28.2.1 Statutory reserve

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.11 of the Guidelines for Primary Mortgage Institutions, an appropriation of 20% of profit after tax is made if the statutory reserve is less than paid-up share capital and 10% of profit after tax if the statutory reserve is greater than the paid up share capital, subject to all identifiable losses being made good. Consequently, the Bank made no transfer to statutory reserves as at 31 December 2016. (31 December 2015: nil).

28.2.2 Regulatory risk reserve

The regulatory risk reserve warehouses the difference between the impairment on balance on loans and advances based on Central Bank of Nigeria prudential guidelines compared with the loss incurred model used in calculating the impairment balance under IFRS.

28.3 Retained earnings

Accumulated losses are the carried forward recognised income net of expenses plus current period loss/profit attributable to shareholders.

29 Contingencies

29.1 Claims and litigations

The Bank, in its ordinary course of business, is presently involved in 116 cases as a defendants and co-defendants, and 25 cases as a plaintiff in foreclosure and recovery cases (2015: 33 cases as a defendant and 13 cases as a plaintiff). The total amount claimed in the 116 cases against the Bank is estimated at N2.58 billion (31 December 2015: N229.465 million) and the foreclosure and recovery cases the amount claimed is ₦27.24 billion. The Directors having sought the advice of professional legal counsels are of the opinion that based on the advice received, no significant liability will materialise from the cases against the bank, while recovery options are being explored in the foreclosure and recovery cases. No provisions are therefore deemed necessary for these claims and recoveries.

29.2 Contingent liabilities and commitments

In comparison with other banks, the Bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties.

	2016	2015
	₦'000	₦'000
29.3 Acceptances, bonds, guarantees and other obligations for the account of customers:		
These comprise:		
Advance Payment Guarantees	-	-
Other commitments (note 29.4)	8,435,376	8,435,376
	8,435,376	8,435,376

29.4 The Bank entered into a quadripartite Mortgage Sales and Purchase Agreement in 2007 with FMBN SPV Mortgage Trustees Limited, First Trustees Nigeria Limited and FMBN SPV Funding Limited to assign all its rights, title and interest in certain mortgage loans given during the sale of Federal Government houses exercise to FMBN SPV Mortgages Trustees Limited at a consideration of full value of the loans at the transfer date. FMBN SPV Mortgages Trustees Limited appointed Aso Savings & Loans Plc as the administrator of loans for a fixed rate.

30 **Related party transactions**

During the year, the Bank granted various credit facilities to related companies of Aso Savings & Loans Plc at the rates and terms comparable to other facilities in the Bank's portfolio. Loans and advances were granted at market rate. An aggregate of N1.206 billion (2015: N685.475 million) was outstanding to the directors and related companies on these facilities at the end of the year. Details of these insider related credits are:

Insider Related	Loan Type	Account Name	Date of Facility	Original Expiry Date	Security/ Collateral Type	Performing	Interest Rate	Authorised Limit	Interest Receivable	Total Exposure
								N	N	N
Directors	Retail Mortgages	ADEDIGBA ADEKUNLE DEMOLA	28/02/2016	02/01/2029	Real Estate	Performing	5.00%	60,000,000	3,549,641	66,420,974
Directors	Staff Loan	ADEDIGBA ADEKUNLE DEMOLA	09/08/2016	22/08/2018	Otherwise	Performing	15.50%	10,000,000	40571	8,529,952
Directors	Staff Loan	ADEDIGBA ADEKUNLE DEMOLA	28/04/2015	22/04/2017	Otherwise	Performing	15.50%	9,000,000	8515	1,340,213
Directors	Staff Loan	AHMED LADI RISIKATU	10/10/2016	28/09/2017	Real Estate	Performing	15.50%	6,967,500	11,057	5,210,627
Directors	Retail Mortgages - Others	MAIKORI JOSHUA AUDU	28/08/2013	28/04/2018	Real Estate	Performing	20.00%	38,297,000	41,515	34,374,977
Directors	Retail Mortgages - Others	MAIKORI JOSHUA AUDU	28/08/2013	28/02/2018	Real Estate	Performing	5.00%	10,300,000	1,509	4,242,853
Directors Total								154,564,500	3,652,309	118,841,639
Director's Companies	Overdraft	OLUTOYL ESTATE DEV. AND SERV. LTD	19/06/2008	01/07/2008	Otherwise	Performing	30.00%	55,642	-	55,642
Director's Companies	Overdraft	FUNDS & ELECTRONIC TRANSFER SLT LTD	20/05/2013	20/08/2013	Otherwise	Performing	30.00%	30,000,000	-	8,234,808
Director's Companies	Term Loan	TEMPLE RESOURCES NIGEIRA LIMITED	08/08/2014	28/04/2017	Otherwise	Performing	27.00%	162,646,980	94,438	30,857,642
Director's Companies	Term Loan	FOURSTAR INDUSTRIES	23/04/2015	20/04/2013	Otherwise	Performing	20.00%	329,424,658	110,650,584	440,075,241
Director's Companies Total								522,127,280	110,745,022	479,223,333

Related party loans as at 31 December 2016 - Continued

Insider Related	Loan-Type	Account Name	Date of Facility	Original Expiry Date	Security/ Collateral Type	Performing	Interest Rate	Authorised Limit	Interest Receivable	Total exposure
								₦	₦	₦
Ex-Directors	Overdraft	ABDULLAHI BAFFAH AHMED	10/08/2015	17/01/2016	Real Estate	Non-performing	30%	438,590	0	458,595
Ex-Directors	Retail Mortgages - Others	ABDULLAHI BAFFAH AHMED	11/03/2008	28/12/2023	Real Estate	Non-performing	26%	20,000,000	330 0.26	11,459,635
Ex-Directors	Overdraft	AKIN ADARAMOLA CHARLES	30/09/2015	28/01/2016	Real Estate	Non-performing	30%	7,358,011	0	7,358,615
Ex-Directors	Term Loan	COLLINS CHIKELUBA	30/09/2016	28/01/2018	Otherwise	Performing	15%	145,000,000	11129872.13	157,129,872
Ex-Directors	Overdraft	HASSAN TANIMU MUSA USMAN	27/07/2007	03/01/2021	Real Estate	Performing	20%	231,355	0	231,350
Ex-Directors	NHF Loans	HASSAN TANIMU MUSA USMAN	12/07/2007	23/10/2018	Real Estate	Performing	6%	5,000,000	858.3	1,268,305
Ex-Directors	Staff Loans	HASSAN TANIMU MUSA USMAN	27/07/2007	02/01/2021	Real Estate	Performing	6%	23,548,234	275443.24	10,010,441
Ex-Directors	NHF Loans	JIBRIN MUHAMMED BARDE	24/07/2007	28/06/2031	Real Estate	Non-performing	4%	4,999,637	1505.45	4,102,422
Ex-Directors	NHF Loans	JIBRIN MUHAMMED BARDE	24/07/2007	20/04/2031	Real Estate	Non-performing	4%	2,995,675	1068.07	2,693,322
Ex-Directors	NHF Loans	KUDI BADMUS	31/07/2007	28/01/2030	Real Estate	Performing	6%	5,991,013	2,338	3,525,502
Ex-Directors	Retail Mortgages - Others	KUDI BADMUS	14/07/2015	20/07/2016	Real Estate	Performing	30%	2,745,861		458,331
Ex-Directors	Overdraft	MAIMUNA SANDA ALIYU	08/04/2008	02/01/2024	Real Estate	Non-performing	30%	33,410,772	0	33,410,772
Ex-Directors	Retail Mortgages - Others	MAIMUNA SANDA ALIYU	20/02/2012	22/02/2027	Real Estate	Non-performing	17%	40,000,000	134,444	53,937,741
Ex-Directors	Staff Loans	MAIMUNA SANDA ALIYU	08/04/2008	02/01/2024	Real Estate	Non-performing	22%	81,857,057	11707407.35	95,954,104
Ex-Directors	Overdraft	MIRI GODFREY C G	25/09/2015	23/01/2016	Otherwise	Non-performing	30%	5,634,978	0	5,854,815
Ex-Directors	Staff Loans	MOHAMMED SHEHU	09/08/2014	05/02/2015	Real Estate	Performing	22%	80,000,000	3161823.47	45,224,273
Ex-Directors	Staff Loans	MOHAMMED SHEHU	27/08/2014	03/02/2015	Real Estate	Performing	22%	75,000,000	149605.06	27,256,033
Ex-Directors	Overdraft	MOHAMMED SHEHU	11/08/2014	07/02/2015	Real Estate	Performing	30%	17,[illegible]28,293	0	17,[illegible]28,292
Ex-Directors	NHF Loans	PETER LONGE	30/02/2012	23/03/2027	Real Estate	Non-performing	6%	15,000,000	7,323	10,105,787
Ex-Directors	Overdraft	PETER LONGE	11/03/2008	20/12/2023	Otherwise	Non-performing	30%	2,898,987	0	2,858,990
Ex-Directors	Retail Mortgages - Others	TIJJANI MOHAMMED ABDULLAHI	10/06/2008	22/12/2022	Real Estate	Performing	26%	25,839,101	53,417	11,029,782
Ex-Directors Total								603,210,273	26,860,346	611,468,173
Ex-Director's Companies	Overdraft	EDDGENSE VENTURES LTD.	18/09/2015	6/01/2016	Otherwise	Non Performing	30%	5,331,283	0	5,331,283
Ex-Director's Companies	Overdraft	STEREB [illegible] LTD	23/09/2015	21/01/2016	Otherwise	Non-Performing	30%	2,144,421	0	2,144,423
Ex-Director's Companies	Overdraft	XPRESS THOTE LIMITED	19/07/2016	19/01/2017	Real Estate	Non-Performing	30%	3,000,000	0	3,000,000
Ex-Director's Companies	Commercial Mortgages	XPRESS THOTE LIMITED	27/05/2016	24/11/2017	Real Estate	Non Performing	26%	151,849,625	2,562,902	102,135,024
Ex Director's Companies Total								165,296,333	2,562,962	162,610,734
Ex-Director's Wife	Overdraft	YEWANDE USMAN	25/09/2015	03/01/2016	Real Estate	Non-Performing	30%	238,277	0	238,277
Ex-Director's Wife	Retail Mortgages	YEWANDE USMAN	18/07/2007	28/07/2017	Real Estate	Non Performing	26%	21,000,000	3607.59	3,352,362
Ex Director's Wife Total								21,238,277	3,608	3,590,[illegible]
Grand Total								1,464,436,613	143,304,246	1,295,8[illegible]

ASO SAVINGS & LOANS PLC

NOTES TO THE FINANCIAL STATEMENTS - Continued

Related party loans as at 31 December 2015

Insider Related	Loan Type	Account Name	Date of Facility	Original Expiry Date	Security/ Collateral Type	Performing	Interest Rate	Authorised Limit	Interest Receivable	Total Exposure
								₦	₦	₦
Directors	Staff Loan	ADEDIGBA ADEKUNLE DEWOLA	28/02/2014	06/01/2029	Real Estate	Performing	5.00%	69,000,000	5,770,063	73,522,004
Directors	Staff Loan	ADEDIGBA ADEKUNLE DEWOLA	29/04/2015	22/04/2017	Otherwise	Performing	5.00%	9,000,000	26,623	5,651,429
Directors	Retail Mortgages - Others	MAIKORI JOSHUA AUDU	28/08/2013	25/02/2018	Real Estate	Performing	18.50%	10,300,000	2,407	7,677,221
Directors Total								89,300,000	3,002,097	91,630,713
Director's Companies	Overdraft	[illegible] LTD	29/08/2015	25/01/2016	Otherwise	Performing	28.00%	6,800,000	0	6,755,218
Director's Companies	Overdraft	OLUTOYE ESTATE DEV. AND SERV. LTD	08/08/2015	06/01/2016	Otherwise	Performing	30.00%	24,000	0	23,897
Director's Companies	Overdraft	OLUTOYE ESTATE DEV. AND SERV. LTD	04/09/2015	06/01/2016	Otherwise	Performing	30.00%	000	0	847
Director's Companies	Overdraft	TEMPLE RESOURCES NIGERIA LIMITED	23/09/2014	21/01/2015	Otherwise	Performing	27.00%	6	0	5
Director's Companies	Residential Eqt Line of Credit	TEMPLE RESOURCES NIGERIA LIMITED	08/08/2014	26/06/2016	Otherwise	Performing	27.00%	150,000,000	230,209	[illegible]
Director's Companies	Overdraft	WESTWOOD INTERNATIONAL LTD	10/09/2015	06/01/2016	Otherwise	Performing	30.00%	70,000	0	70,627
Director's Companies Total								156,894,856	230,209	100,678,469

ASO SAVINGS & LOANS PLC

NOTES TO THE FINANCIAL STATEMENTS - Continued

Related party loans as at 31 December 2016 - Continued

Insider Related	Loan Type	Account Name	Date of Facility	Original Expiry Date	Security/ Collateral Type	Performing	Interest Rate	Authorised Limit	Interest Receivable	Total Exposure
								₦	₦	₦
Ex-Directors	Overdraft	ABDULLAHI BAPPAH AHMED	19/09/2015	17/01/2016	Otherwise	Performing	5%	1,100,000	0	1,021,811
Ex-Directors	Retail Mortgages - Others	ABDULLAHI BAPPAH AHMED	11/09/2009	28/12/2023	Real Estate	Performing	5%	30,000,000	5282.5	12,663,626
Ex-Directors	Overdraft	ABIN-ADARAMOLA CHARLES	30/09/2015	23/01/2016	Otherwise	Performing	30%	7,400,000	0	7,355,815
Ex-Directors	NHF Loans	HASSAN TANIMU MUSA USMAN	12/11/2007	22/12/2018	Real Estate	Performing	10%	5,000,000	1,580	1,081,815
Ex-Directors	Staff Loan	HASSAN TANIMU MUSA USMAN	27/07/2007	03/01/2021	Real Estate	Performing	10%	29,540,294	570,184	11,973,990
Ex-Directors	NHF Loans	J BRIN MUHAMMED BARDE	24/07/2007	23/06/2021	Real Estate	Performing	4%	4,982,652	1,349	3,873,313
Ex-Directors	NHF Loans	J BRIN MUHAMMED BARDE	24/07/2007	23/06/2027	Real Estate	Performing	4%	2,995,678	523	2,352,208
Ex-Directors	NHF Loans	KILDI BADMUS	27/07/2007	23/04/2020	Real Estate	Performing	5%	4,991,613	1,328	3,725,548
Ex-Directors	Retail Mortgages - Others	KILDI BADMUS	16/07/2015	23/07/2016	Real Estate	Performing	5%	2,745,181	4,071	2,503,800
Ex-Directors	Overdraft	MAIMUNA BABUGAUYL	24/08/2015	02/01/2016	Otherwise	Performing	22%	12,000,000	0	11,614,578
Ex-Directors	Overdraft	MBU GODFREY C.S	25/09/2015	23/01/2016	Otherwise	Performing	2%	5,700,000	0	5,661,675
Ex-Directors	Staff Loan	MOHAMMED SHEHU	01/08/2008	03/01/2032	Real Estate	Performing	5%	60,000,000	2,431,313	51,150,050
Ex-Directors	Staff Loan	MOHAMMED SHEHU	03/08/2008	22/10/2018	Real Estate	Performing	5%	72,000,000	149,499	34,950,770
Ex-Directors	Overdraft	MOHAMMED SHEHU	22/09/2015	20/01/2016	Otherwise	Performing	30%	7,800,000	0	7,754,475
Ex-Directors	NHF Loans	PETER LONGE	30/06/2011	23/06/2021	Real Estate	Performing	3%	13,300,000	1,165	14,447,577
Ex-Directors	Overdraft	PETER LONGE	24/09/2015	22/01/2016	Otherwise	Performing	30%	2,200,000	0	2,154,361
Ex-Directors	Retail Mortgages - Others	TIJJANI MOHAMMED ABDULLAHI	10/10/2008	27/12/2022	Real Estate	Performing	5%	38,535,101	9,560	11,666,470
Ex-Directors Total								**300,408,619**	**3,175,674**	**187,209,711**
Ex-Director's Companies	Overdraft	ECOSENSE VENTURES LTD	18/09/2015	16/01/2016	Otherwise	Performing	2%	9,400,000	0	9,331,383
Ex-Director's Companies	Overdraft	S'IERES (NIG) LTD	20/09/2015	21/01/2016	Otherwise	Performing	2%	2,200,000	0	2,144,128
Ex-Director's Companies Total								**11,600,000**	**0**	**11,475,711**
Ex-Director's Related Party	Overdraft	YEWANDE USMAN	08/09/2015	03/01/2016	Otherwise	Performing	30%	30	0	29
Ex-Director's Related Party	Retail Mortgages - Others	YEWANDE USMAN	18/07/2007	23/07/2017	Real Estate	Performing	20%	30,000,000	6,000	3,610,727
Ex-Director's Related Party Total								**30,000,030**	**6,000**	**3,610,756**
Grand Total								**814,398,650**	**11,266,473**	**585,474,532**

30.1 Directors' remuneration

30.1.1 Directors' remuneration excluding pension contributions and certain benefits is provided as follows:

	2016 ₦'000	2015 ₦'000
Fees as directors	1,530	17,000
Other allowances	1,448	11,200
Directors' emoluments	2,978	28,200
Executive compensation	16,567	20,144
	19,545	48,344
The directors' remuneration shown above includes:		
The Chairman	450	5,000
Highest paid Director	7,500	7,500

30.1.2 The emoluments of all other directors fell within the following ranges:

	Number	Number
Less than N4,000,000	1	-
Above N4,000,000	-	9

Please refer to the Board remuneration in corporate governance report for details on the fixing of Directors' remuneration

30.2 Key management transactions

30.2.1 Loans and advances:

Secured loans	608,910	2,745
Other loans	207,693	63,695
	816,603	66,440

30.2.2 Deposit liabilities

Deposits	14,712	73,559

30.2.3 Key management personnel compensation for the year comprises:

Short-term employee benefits	139,352	184,120
Post-employment benefits	-	-
	139,352	184,120

31 Segment reporting

A segment is a distinguishable component of the company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Mortgage Bank's activities are concentrated in one geographic region. The Mortgage Bank's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Mortgage Bank's internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	2016 ₦'000	2015 ₦'000
Revenue from external customers in Nigeria	7,539,785	6,127,729

The Bank does not have any major customer that amount to 10% or more of the revenue

Non- current operating assets in Nigeria	18,529,277	19,059,126

Non-current assets for this purpose consist of property, plant and equipment, investment properties and intangible assets

32 Financial risk management

(a) Introduction and overview

The Mortgage Bank has exposure to the following risks from its use of financial instruments:

(i). credit risk;
(ii). liquidity risk; and
(iii) market risks

This note presents information about the Mortgage Bank's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risks, and the Mortgage Bank's management of capital.

Risk management framework

The Mortgage Bank's Risk Management philosophy is that moderate and guarded risk attitude will ensure sustainable growth in shareholder value and reputation.

The Board of Directors and Management are committed to establishing and sustaining tested practices in risk management at par with leading international banks. For these purposes, the Board has established a centralized Risk Management and Compliance Division, with responsibility to ensure that the risk management processes are implemented in compliance with policies approved by the Board of Directors.

The Board of Directors determines the Mortgage Bank's goals in terms of risk by issuing a risk policy. The policy both defines acceptable levels of risk for day-to-day operations, as well as the willingness of the Bank to incur risk, weighed against the expected rewards. The risk policy is detailed in the Enterprise Risk Management (ERM) Framework, which is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and managing these risks proactively in a cost effective manner. It is a top-level integrated approach Specific policies are also in place for managing risks in the different risk areas of credit, market, liquidity and operational risks.

The evolving nature of Risk Management practices and the dynamic character of the banking industry necessitate regular review of the effectiveness of each enterprise risk management component. In the light of this, the Mortgage Bank's Enterprise Risk Management Framework is subject to continuous review to ensure effective and cutting-edge risk management. The review is done in either or both of the following ways:

a) Continuous self-evaluation and monitoring by the Risk Management and Compliance Division in conjunction with Internal Audit; and

b) Independent evaluation by external auditors, examiners or consultants.

The Group Head, Enterprise Risk Management has the primary responsibility for risk management and for the review of the ERM Framework. All amendments to the Mortgage Bank's Enterprise Risk Management Framework require Board approval.

The Risk Management division has the responsibility to enforce the risk policy of the Mortgage Bank by constantly monitoring risk, with the aim of identifying and quantifying significant risk exposures and acting upon such exposures as necessary. To ensure that the decision-making process within the Mortgage Bank is regulated and that the boundaries set by the Board of Directors and regulatory authorities are complied with, Risk Management regularly reviews and reports risk exposures, usage of limits and any special concerns to senior management and the Board of Directors.

The Risk Management Framework is divided into three functional departments: Credit Risk Management, Market Risk Management and Operational Risk Management.

c) Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location. In order to avoid excessive concentrations of risk, the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

(i) Credit risk management

Credit risk is the risk of financial loss to the Mortgage Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Mortgage Bank's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Mortgage Bank considers and consolidates all elements of credit risk exposure. For risk management purposes, credit risk arising on trading assets is managed independently; and information thereon is disclosed below. The market risk in respect of changes in value in trading assets arising from changes in market credit spreads applied to debt securities and derivatives included in trading assets is managed as a component of market risk, further details are provided below.

Management of credit risk

The Board of Directors has delegated responsibility for the oversight of credit risk to its Board Credit Committee. The Enterprise Risk Management Group, reporting to the Board Credit Committee, is responsible for management of the Mortgage Bank's credit risk, including:

a) Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.

b) Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require Directors as appropriate.

c) Reviewing and assessing credit risk. Group Credit assesses all credit exposures in excess of designated limits, prior to facilities being committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.

d) Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances), and by issuer, credit rating band, market liquidity and country (for investment securities).

e) Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.

Each business unit is required to implement the Mortgage Bank's credit policies and procedures, with credit approval authorities delegated from the Board Credit Committee. Each business unit has a Credit Risk officer who reports on all credit related matters to the Group Head, Enterprise Risk Management. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval.

Loans and advances to customers

Notes	2016 ₦'000	2015 ₦'000
Carrying amount	18,115,269	28,489,098
Assets amortised at cost		
Individually Impaired:		
Grade 4-6: Watchlist	758,629	1,452,158
Grade 7-8: Impaired	2,070,538	3,880,323
Grade 9-10: Impaired	11,547,935	12,959,432
Gross amount	14,377,102	18,291,913
Allowance for impairment	(11,381,811)	(11,710,342)
Carrying amount	2,995,291	6,581,571
Collectively Impaired:		
Grade 1-3: Low-fair risk	11,564,423	18,084,139
Grade 4-6: Watchlist	72,241	181,977
Grade 7-8: Impaired	485,616	480,604
Grade 9-10: Impaired	3,725,971	4,048,081
Gross amount	15,848,251	22,794,801
Allowance for impairment	(728,273)	(887,274)
Carrying amount, net of allowance	15,119,978	21,907,527
Total carrying amount, net of allowance for impairment	**18,115,269**	**28,489,098**

32 Financial risk management -Continued

Maximum exposure
31 December 2016

	Maximum Exposure	Collateral held Property	Cash	Others	Net Collateral	Net exposure
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Loans and Advances to Customers:						
Commercial Mortgage	2,254,264	3,794,559		-	3,794,559	(1,540,295)
Commercial Real Estate	12,260,716	15,723,568		-	15,723,568	(3,462,852)
Residential Mortgage	7,333,005	9,828,097		-	9,828,097	(2,495,092)
Small Business Lending	109,828	300,000		-	300,000	(190,172)
Corporate Lending	8,267,540	14,006,455		-	14,006,455	(5,738,915)
Gross Total	30,225,353	43,652,679	-	-	43,652,679	(13,427,326)
Investment Securities:						
HTM Treasury bills		-	-	-	-	-
Gross Total	-	-	-	-	-	-
Cash and Cash equivalents	942,018	-	-	-	-	942,018
Gross Total	942,018	-	-	-	-	942,018
Promissory notes	3,868,875	-	-	-	-	3,868,875
Gross Total	3,868,875	-	-	-	-	3,868,875
	35,036,246	**43,652,679**	-	-	**43,652,679**	**(8,616,433)**

31 December 2015

	Maximum Exposure	Collateral held Property	Cash	Others	Net Collateral	Net exposure
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Loans and Advances to Customers:						
Commercial Mortgage	4,257,130	4,721,116	-	-	4,721,116	(463,986)
Commercial Real Estate	15,176,727	8,420,304	-	-	8,420,304	6,756,423
Residential Mortgage	9,262,453	58,288,406	-	-	58,288,406	(49,025,953)
Small Business Lending	47,510	20,652	-	-	20,652	26,858
Corporate Lending	12,342,894	13,999,642	-	-	13,999,642	(1,656,748)
Gross Total	41,086,714	85,450,120	-	-	85,450,120	(44,363,406)
Investment Securities:						
HTM Treasury bills	10,218,869	-	-	-	-	10,218,869
Gross Total	10,218,869	-	-	-	-	10,218,869
Cash and Cash equivalents	1,988,377	-	-	-	-	1,988,377
Gross Total	1,988,377	-	-	-	-	1,988,377
Promissory notes	3,560,426	-	-	-	-	3,560,426
Gross Total	3,560,426	-	-	-	-	3,560,426
	56,854,386	85,450,120	0	-	85,450,120	(28,595,734)

32 Financial risk management - Continued

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Mortgage Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s).

At each reporting date the Bank reviews its financial instruments (e.g. loans and advances) to ascertain whether objective evidence of impairment exists for the financial instruments. The following factors are considered:

√ Significant financial difficulty of the customer
√ Payment defaults (interest and/or principal)
√ Renegotiation of the terms of loans and advances due to the financial difficulty of the customer
√ Significant restructuring of the customers' business due to financial difficulty or expected bankruptcy
√ Exposures to customers' in the troubled sector e.g. capital market operators due to crash in the prices of shares listed on the floor of the Nigerian Stock Exchange

√ A significant drop in customers' credit ratings
√ Other observable data or information indicating that there is a measurable decrease in the estimated future cash flows obtainable from loan customers.

Past due but not impaired loans

Loans and securities where contractual interest or principal payments are past due but the Mortgage Bank believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Mortgage Bank.

Allowances for impairment

The Mortgage Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established for group of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-off policy

The Mortgage Bank writes off a loan/security balance (and any related allowances for impairment losses) when Credit unit determines that the loans/securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, write off decisions are generally based on a product specific past due status. Write-off of loans/security balance that is less than ₦5,000,000 is subject to the approval of the Executive Director, Finance, while balance of ₦5,000,000 and above is subject to the ratification of the Board of Directors.

Credit Rating / Scoring

The Bank has in place an internal rating policy / model and conducts internal credit ratings for all counter parties/obligors and sectors. In measuring credit risk of loans and advances to customers the following components are considered:

- √ Character and capacity of the obligor to pay or meet contractual obligations.
- √ Current exposures to the counter party / obligor and its likely future developments.
- √ Credit history of the counter party/ obligor.
- √ The likely recovery ratio in case of default obligations - value of collateral / alternatives.
- √ All other obligor / transaction attributes that are predictive of default.
- √ Credit ratings / scoring form part of the Bank's loan application process, thus all prospective customers are rated during the credit underwriting process. Customer ratings/scores expire after 6months, thereafter, becomes invalid and a new rating required. This ensures that changes in the behavioural characteristic of the customer / customers' businesses are captured and reflect in the ratings / scores.

- √ The Bank adopts the following measurement system for credit customer:
- √ Credit Risk Rating System (for rating obligors with reliable financial statements).
- √ Scoring System for individuals and SMEs (small and medium enterprise).

CREDIT SCORING / RATING APPLICATION

A customized credit rating / scoring application - SCORE SMART is used in-house to conduct internal credit ratings / scoring for all credit customers.

Scoring Model

The Bank's credit scoring model of SCORE SMART application summarizes available and relevant information compiled from customers' loan applications and reduces the information into a set of ordered categories (scores) that foretell an outcome. The model comprises weights applied on different variables (or attributes) that are predictive of default. These parameters are further described below. The sum of the weights applied to the variables for a customer constitutes the credit score. A consumer's score is a numerical snapshot of the estimated risk profile at that point in time.

The credit scoring model is primarily used for management decision making and to provide predictive information on the potential for delinquency or default that may be used in the loan approval process and risk pricing.

2 basic types of credit rating / scoring are done:

- **Application Scoring**
  Application scoring involves assigning point values to predictive variables on an application before making credit approval decisions. Only the information available at the time of underwriting and reported in an application forms are utilized. Application scores help determine the credit's terms and conditions.

- **Behavior Scoring**
  Behaviour scoring involves assigning point values to internally-derived information such as payment behaviour, usage pattern, and delinquency history. It involves updating the assessment of credit risk in the light of the current and most recent performance of the consumer. Information available at the time of underwriting as well as any information that changes or becomes available subsequent to the account's approval is utilized.

The Rating System Grid

The rating grid has a minimum of Ten (10) risk buckets to provide an objective basis for making credit decisions. Each risk bucket denotes numerically or alphabetically as follows:

Description	Rating Bucket		Range Scores
Extremely Low Risk	AAA	1.00 - 1.99	90 - 100%
Very Low Risk	AA	2.00 - 2.99	80 - 89%
Low Risk	A	3.00 - 3.99	70 - 79%
Acceptable Risk	BBB	4.00 - 4.99	60 - 69%
Moderate High Risk	BB	5.00 - 5.99	50 - 59%
High Risk	B	6.00 - 6.99	40 - 49%
Very High Risk	CCC	7.00 - 7.99	30 - 39%
Very High Risk	CC	8.00 - 8.99	20 - 29%
Extremely High Risk	C	9.00 - 9.99	1 - 19%
Default	D	10	

The first four are considered investment grades and as such acceptable to the Bank. The next five are non-investment grades. Granting loan facilities to such customers require Executive Management or Board approval as appropriate. The last rating class is the default class and no loan is granted to the default class.

Risk Rating Parameters

The key attributes of an applicant and aspects of the transaction are used in the Bank's credit rating / scoring model to determine if an applicant is creditworthy. These are categorized into different sets of parameter as they relate to the following customer type:

√ Corporate Businesses (with financial statement)
√ Small and Medium Business Enterprises
√ Individuals

Corporate Businesses (with financial statement)

The following parameters are considered in determining the risk rating for corporate businesses:

- Industry Risk Parameters

√ Environmental factors
√ Size and strategic importance
√ Industry financial consideration
√ Industry sensitivity to interest rate, inflation, exchange rate, regulatory changes and
√ Competition
√ Future growth prospects
√ Target Market

- Obligor Risk (Non-Financial)

√ Position in the industry
√ Competitive environment
√ Shareholders' support
√ Management's competence, operations, marketing and finance
√ Distributors /suppliers network
√ Credit checks (Companies, other financial institutions, other creditors)
√ Brand /customer loyalty
√ Collateral Coverage, Liquidity & Marketability
√ In House Business Domiciliation
√ Corporate Goals
√ Succession Plan

- Obligor Risk (Financial)

√ Reliability of financial statements
√ Profitability of core business
√ Real sales growth
√ Operating cash flow
√ Working capital
√ Interest cover
√ Financial leverage

Retail and Consumer Scoring Parameters - Small and Medium Business Enterprises
The following parameters are considered in determining the credit scoring for small businesses:

√ Age of key man
√ Succession plan and ownership for small businesses
√ Experience in business and annual turnover for small businesses
√ Length of relationship with the Bank
√ Collateral Coverage, Liquidity & Marketability

√ Business Profitability
√ Number of Employees
√ No of Years in Business
√ Business Growth Potential
√ Types products Offering
√ Business Sector
√ Collateral Type
√ Repayment Capacity
√ Credit records
√ Relationship with Executive Management
√ Political Inclination, etc.
√ Retail and Consumer Scoring Parameters - Individuals
The following parameters are used for obtaining the risk score for individuals:

√ Age
√ Marital Status
√ Number of Dependents
√ Educational qualification
√ Employment Status

√ Time with present employer
√ Length of relationship with the Bank
√ Annual income
√ Collateral Coverage, Liquidity & Marketability.
√ Debt Service Ratio
√ Repayment Capacity
√ Credit checks
√ Relationship with Executive Management
√ The political profile of the obligor
√ Business Sector
√ Collateral Type
√ Repayment Sources
√ Loan History
√ No of Service Years, No of Years in Business, etc.
√ Credit collateral

The Mortgage Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral usually is not held against investment securities, and no such collateral was held at 31 December 2016.

32 Financial risk management -Continued

Credit concentrations

The Mortgage Bank monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk at the reporting date as at 31 December is shown for the years below:

	Loans and advances to customers		Investment securities		Promisory notes		Cash with banks	
	2016 ₦'000	2015 ₦'000	2016 ₦'000	2015 ₦'000	2016 ₦'000	2015 ₦'000	2016 ₦'000	2015 ₦'000
Gross amount	30,225,353	41,086,714	-	10,218,869	3,868,875	3,560,426	822,153	1,831,583
Concentration by sector:								
Agriculture	2,093,780	1,881,792	-	-	-	-	-	-
Real estate construction	8,927,404	18,230,596	-	-	-	-	-	-
Education	214,937	230,617	-	-	-	-	-	-
Financial institutions	-	-	-	-	-	-	822,153	1,831,583
Healthcare	5,980	5,690		-	-	-	-	-
Hospitality	-	-	-	-	-	-	-	-
Mortgages	9,587,269	10,868,748	-	-	-	-	-	-
Others	9,395,984	9,869,271	-	-	-	-	-	-
Public sector		-	-	10,218,869	3,868,875	3,560,426	-	-
	30,225,353	41,086,714	-	10,218,869	3,868,875	3,560,426	822,153	1,831,583
Concentration by location								
Nigeria:			-					
North-Central	25,303,738	35,190,345	-	10,218,869	3,868,875	3,560,426	822,153	1,831,583
North-West	502,818	547,024	-	-		-	-	-
South-South	109,511	461,157	-	-		-	-	-
South-West	4,309,286	4,888,188	-	-		-	-	-
	30,225,353	41,086,714	-	10,218,869	3,868,875	3,560,426	822,153	1,831,583

32 **Financial risk management - Continued**

Credit concentrations continued

Concentration by location for loans and advances is measured based on the location of the Mortgage Bank entity holding the asset, which has a high correlation with the location of the borrower. Concentration by location for investment securities and promisory notes is measured based on the location of the issuer of the security. Concentration for cash and cash equivalent is based on the on the location of the financial institutions.

(ii) Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend. The Bank's liquidity management process is primarily the responsibility of the Risk Management and Investment Committee.

(a) Management of liquidity risk

The funding liquidity risk limit is quantified by calculating liquidity ratios and measuring/monitoring the cumulative gap between the Bank's assets and liabilities. The monitoring process focuses on funding portfolios, the forward Balance Sheet and general indicators. Where relevant, information and data are compared against limits that have been established.

The Bank's Treasury unit is responsible for maintaining sufficient liquidity by maintaining sufficient high ratio of liquid assets and available funding for near-term liabilities. The secured liquidity measure is calculated and monitored by Risk Management.

Increased withdrawals of short-term funds are monitored through measurements of the deposit base in the Bank. Other general indicators are monitored in the marketplace, including credit spreads, credit default swap spreads, credit rating watch status and market news. Liquidity risk is reported to the Board of Directors on a quarterly basis.

Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks and customers, debt securities issued, other borrowings and commitments maturing within the next month. A similar calculation is used to measure the Bank's compliance with the liquidity limit established by the Bank's lead regulator (The Central Bank of Nigeria). Details of the reported Bank ratio of net liquid assets to deposits and customers at the reporting period were as follows:

Net Liquid assets to customer liability	31 December 2016	31 December 2015
At the end of the year	1%	4%
Average for the year	3%	11%

32 Financial risk management -Continued

(f). Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Bank's financial assets and liabilities as at 31 December 2016 and 31 December 2015

31 December 2016	Carrying Amount ₦'000	Gross nominal inflow/outflow Amount ₦'000	Less than 3 months ₦'000	3-6 months ₦'000	6-12 months ₦'000	Over 1 year ₦'000
Financial assets						
Cash and cash equivalents	942,018	942,018	942,018			
Loans and advances	18,115,269	30,225,353	9,236,785	1,720,445	734,892	18,533,231
Investment securities - Held to Maturity	-	-	-	-	-	-
Promissory notes	3,868,875	3,868,875	-	-	-	3,868,875
Restricted balance with FMBN	1,119	1,119	-	-	-	1,119
Account receivable	294,185	294,185			294,186	-
	23,221,495.76	36,331,550	10,178,803	1,720,445	1,029,077	22,403,225
Financial liabilities						
Deposits from banks	672,550	672,550	672,550	-	-	-
Deposits from customers	42,027,253	42,027,258	25,636,627	6,463,544	5,963,544	3,963,544
Account payable	6,794,442	6,794,442	-	-	6,794,442	-
Borrowings	15,964,250	15,964,250	13,618,576	361,834	747,854	1,235,986
	65,458,499.75	65,458,500	39,927,753	6,825,378	13,505,840	5,199,530
Net undiscounted financial assets/(liabilities)	(42,237,034)	(30,126,950)	(29,748,950)	(5,104,933)	(12,476,763)	17,203,695

31 December 2015	Carrying Amount ₦'000	Gross nominal inflow Amount ₦'000	Less than months ₦'000	3-6 months ₦'000	6-12 months ₦'000	Over 1 year ₦'000
Financial assets						
Cash and cash equivalents	1,988,377	1,988,377	1,988,377	-	-	-
Loans and advances	28,469,398	41,086,714	17,079,538	1,084,251	850,830	22,071,995
Investment securities - Held to Maturity	10,218,869	10,218,869	3,233,881	6,984,988	-	-
Promissory notes	3,560,426	4,000,237	532,946	-	-	3,467,291
Restricted balance with FMBN	1,119	1,119	-	-	-	1,119
Account receivable	515,533	515,533	103,156	154,735	-	257,642
	44,773,422	57,810,840	22,937,049	8,223,374	850,830	25,798,047
Financial liabilities						
Deposits from banks	13,240	13,240	13,240	-	-	-
Deposits from customers	41,962,525	42,456,702	22,467,054	10,088,313	4,950,368	4,950,368
Account payable	12,765,777	13,120,059	6,955,463	5830314	334,281	-
Borrowings	25,412,731	27,105,821	17,776,176	3,478,454	522	5,848,669
	80,174,273	82,695,821	47,212,933	19,397,681	5,285,171	10,799,037
Net undiscounted financial assets/(liabilities)	(35,400,851)	(24,884,972)	(24,275,984)	(11,173,707)	(4,434,291)	14,999,010

The Mortgage Bank recognises the negative liquidity mismatch as disclosed above and is pursuing an aggressive recovery strategy that seeks to minimise the turnaround time for the recovery of impaired assets while also creating a pipeline of cash and asset recoveries to settle obligations as they fall due. It has also improved its customer engagement programme to effectively manage and retain liabilities especially untenured funds which make up the bulk of the deposit liabilities.

32 Financial risk management - Continued

(g) Contractual maturity for liabilities and commitments

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments as at 31 December 2016 and 31 December 2015. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

31 Dcecember 2016	On Demand	Less Than 3 Months	3 - 12 Months	1-5 Years	Over 5 Years	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Bonds	-	-	-	-	-	-
Advance Payment Guarantees	-	-	-	-	-	-
Other Commitments and guarantees	-	-	-	-	-	-
Total	-	-	-	-	-	-

31 Dcecember 2015	On Demand	Less Than 3 Months	3 - 12 Months	1-5 Years	Over 5 Years	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Bonds	-	-	-	-	-	-
Advance Payment Guarantees	-	-	-	-	-	
Other Commitments and guarantees	-	-	-	8,435,376	-	8,435,376
Total	-	-	-	8,435,376	-	8,435,376

(h) Market risks

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Mortgage Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest Rate Risk sensitivity Analysis

The management of interest rate risk against interest rate gaps limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standards and non-standards interest rate scenarios.

32 Financial risk management -Continued

(i) Interest Rate Risk sensitivity Analysis - Continued

The following table demonstrates the sensitivity to a reasonably possible change in interest rates for the gap between risk sensitive asset and risk sensitive liability for the different maturities Gap of the Bank's earning assets and liability. The sensitivity of the income statement is the effect of the assumed changes in interest rates on the gap position of the different maturities mismatch.

The table below summarises the Mortgage bank's interest rate gap position

31 December 2016	Carrying Value ₦'000	Variable Interest ₦'000	Fixed Interest ₦'000	Non-interest Bearing ₦'000
Financial assets				
Cash and cash equivalents	942,018	-	529,848	412,170
Loans and advances to customers	18,115,269	18,115,269	-	-
Promissory notes	3,868,875	-	3,868,875	-
Restricted balances with FMBN	1,119	-	1,119	-
Account receivables	294,185	-	-	294,185
	23,221,466	18,115,269	4,399,842	706,355
Financial liabilities				
Balance with banks	672,550	-	-	672,550
Deposits from customers	42,027,258	1,989,737	15,437,026	24,600,495
Account payable	6,794,442	-	-	6,794,442
Borrowings	15,964,250	-	15,964,250	-
	65,458,500	1,989,737	31,401,276	32,067,487
31 December 2015				
Financial assets				
Cash and cash equivalents	1,988,377	-	1,831,583	156,794
Loans and advances to customers	28,489,098	28,489,098	-	-
Investment securities	10,218,869	-	10,218,869	-
Promissory notes	3,560,426	-	3,560,426	-
Restricted balances with FMBN	1,119	-	1,119	-
Account receivables	515,533	-	-	515,533
	44,773,422	28,489,098	15,611,997	672,327
Financial liabilities				
Balance with banks	13,240	-	-	13,240
Deposits from customers	41,962,525	-	16,548,995	25,413,530
Account payable	12,785,777	-	-	12,785,777
Borrowings	25,412,731	-	25,412,731	-
	80,174,273	-	41,961,726	38,212,547

32 Financial risk management -Continued

INTEREST RATE SENSITIVITY OF ASSETS AND LIABILITIES

31 December 2016	Carrying Amount ₦'000	Gross nominal inflow/outflow Amount ₦'000	Less than 3 months ₦'000	3 - 6 months ₦'000	6 - 12 months ₦'000	1-5 years ₦'000
Financial assets						
Cash and cash equivalents	942,018	942,018	942,018			
Loans and advances to customers	18,115,269	30,225,353	9,236,785	1,720,445	734,892	18,533,231
Investment securities	-	-	-	-	-	-
Promissory notes	3,868,875	3,868,875	-	-	-	3,868,875
Restricted balances with FMBN	1,119	1,119	-	-	-	1,119
Account receivables	294,185	294,185	-	-	294,185	-
	23,221,466	35,331,550	10,178,803	1,720,445	1,029,077	22,403,225
Financial liabilities						
Deposits from banks	672,550	672,550	672,550	-	-	-
Deposits from customers	42,027,258	42,027,258	25,636,627	6,463,544	5,963,544	3,963,544
Account payable	6,794,442	6,794,442	-	-	6,794,442	-
Borrowings	15,964,250	15,964,250	13,618,576	361,834	747,854	1,235,986
	65,458,500	65,458,500	39,927,753	6,825,378	13,505,840	5,199,530
Net undiscounted financial assets/(liabilities)	(42,237,034)	(30,126,950)	(29,748,950)	(5,104,933)	(12,476,763)	17,203,695

	Increase /Decrease in bp	Net Gap	Cumulative Gap	Sensitivity on Profit	Annualized Period
Less than 3 months	+100bp	(29,748,950)	(29,748,950)	(74,372)	Three months
3-6 Months	+100bp	(5,104,933)	(34,853,883)	(25,525)	Six months
6-12 Months	+100bp	(12,476,763)	(47,330,645)	(124,768)	One Year
1-5 Yrs	+100bp	17,203,695.46	(30,126,950)	172,037	

31 December 2015	Carrying Amount ₦'000	Gross nominal inflow/outflow Amount ₦'000	Less than 3 months ₦'000	06-Mar months ₦'000	12-Jun months ₦'000	1-5 years ₦'000
Financial assets						
Cash and cash equivalents	1,988,377	2,228,692	2,228,692	-	-	-
Loans and advances to customers	28,489,098	41,086,717	17,079,588	1,084,251	850,880	22,071,998
Investment securities	10,218,869	9,978,554	2,993,566	6,984,988	-	-
Promissory notes	3,560,426	3,560,426	-	-	-	3,560,426
Restricted balances with FMBN	1,119	1,119	-	-	-	1,119
Account receivables	515,533	515,533	315,525	200,008	-	-
	44,773,422	57,371,041	22,617,371	8,269,247	850,880	25,633,543

Financial liabilities						
Deposits from banks	13,240	13,240	13,240	-	-	-
Deposits from customers	41,962,525	38,079,752	22,467,054	5,711,963	4,950,368	4,950,367
Account payable	12,785,777	12,785,777	5,114,311	7,671,466	-	-
Borrowings	25,412,731	25,412,731	10,652,300	3,478,454	522	11,281,455
	80,174,273	76,291,500	38,246,905	16,861,883	4,950,890	16,231,822
Net undiscounted financial assets/(liabilities)	(35,400,851)	(18,920,459)	(15,629,534)	(8,592,636)	(4,100,010)	9,401,721

	Increase /Decrease in bp	Net Gap	Cumulative Gap	Sensitivity on Profit	Annualized Period
Less than 3 months	+100bp	(15,629,534)	(15,629,534)	(39,074)	Three months
3-6 Months	+100bp	(8,592,636)	(24,222,170)	(42,963)	Six months
6-12 Months	+100bp	(4,100,010)	(28,322,180)	(41,000)	One Year
1-5 Yrs	+100bp	9,401,721	(18,920,459)	94,017	

Exposure to interest rate risk - non-trading portfolios

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre- approved limits for repricing bands. The Risk Management and Investment Committee is the monitoring body for compliance with these limits and is assisted by Risk Management unit in its day-to-day monitoring activities. A summary of the Mortgage Bank's interest rate gap position on non-trading portfolios is as follows:

	Notes	Carrying Amount	Repricing periods Less than 3 months	3 - 6 months	6 - 12 months	1-5 years
31 December 2016		**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cash and cash equivalent	15	942,018	942,018	-	-	-
Loans and advances to customers	16	18,115,269	5,535,977	1,031,132	440,450	11,107,710
Investment securities	18	-	-	-	-	-
Promissory notes	17	3,868,875	-	-	-	3,868,875
Restricted balance with FMBN	21	1,119	-	-	-	1,119
Account receivables	22	294,185	-	-	294,185	-
		23,221,466	6,477,994	1,031,132	734,635	14,977,704
Non-derivative liabilities						
Deposits from banks	23	672,550	672,549.79	-	-	-
Deposits from customers	24	42,027,258	25,636,627.38	6,463,543.54	5,963,543.54	3,963,543.54
Account payable	26	6,794,442	-	-	6,794,442.00	-
Borrowings	27	15,964,250	13,618,576.00	361,834.00	747,854.00	1,235,986.00
		65,458,500	39,927,753.17	6,825,377.54	13,505,839.54	5,199,529.54
Gap (assets - liabilities)		(42,237,034)	(33,449,759)	(5,794,246)	(12,771,204)	9,778,175
Cumulative liquidity gap		(42,237,034)	(33,449,759)	(39,244,005)	(52,015,209)	(42,237,034)
31 December 2015						
Cash and cash equivalent	15	1,988,377	1,988,377			
Loans and advances to customers	16	28,489,096	11,842,808	751,808	589,991	15,304,490
Investment securities- Held to maturity	18	10,218,869	2,993,566	6,984,988	-	-
Promissory notes	17	3,560,426	-	-	-	3,560,426

	Notes	Carrying Amount N'000	Less than 3 months N'000	Repricing periods 3 - 6 months N'000	6 - 12 months N'000	1-5 years N'000
Restricted balance with FMBN	21	1,119	-	-	-	1,119
Account receivables	22	515,533	315,525	200,008	0	0
		44,773,422	17,140,276	7,936,804	589,991	18,866,036
Non-derivative liabilities						
Deposits from banks	23	13,240	13,240	-	-	-
Deposits from customers	24	41,962,525	22,467,054	5,711,963	4,950,368	8,833,140
Account payable	26	12,785,777	5,114,311	7671466		-
Borrowings	27	25,412,731	10,652,300	3,478,454	522	11,281,455
		80,174,273	38,246,905	16,861,883	4,950,890	20,114,595
Gap (assets - liabilities)		(35,400,851)	(21,106,629)	(8,925,079)	(4,360,899)	(1,248,559)
Cumulative liquidity gap		(35,400,851)	(21,106,629)	(30,031,708)	(34,392,606)	(35,641,166)

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Mortgage Bank's financial assets and to liabilities various scenarios. Credit spread risk (not relating to changes in the obligor/issuer's credit standing) on debt securities held by the Bank and equity price risk is subject to regular monitoring by the Risk Management committee, but is not currently significant in relation to the overall results and financial position of the Bank.

Interest rate movement affect reported equity in the following ways:

(i). Retained earnings arising from increase or decrease in net interest income and the fair value changes reported in profit or loss.

Overall non-trading interest rate risk positions are managed by Treasury, which uses investment securities, advances to banks and deposits from banks to manage the overall position arising from the Bank's non-trading activities.

33 Contraventions

During the year, the Bank contravened certain provisions of the Revised Guidelines for Primary Mortgage Banks in Nigeria, certain Central Bank of Nigeria circulars and the requirements of Nigeria Stock Exchange as follows:

Description

During the year, the Bank failed to comply with the timeline for the submission of its Audited Financial Statements for the year ended 31 December 2013 to the Nigerian Stock Exchange.

The Bank paid the sum of ₦3,700,000 as penalty during the year.

34 Customer Complaints

In line with circular FPR/DIR/CIR/GEN/01/020, the returns on customer complaints for the year ended 31 December 2015 is as set out below

	2016	2015
	'000	'000
Unresolved complaints brought forward	72	39
Number of complaints received	580	976
Number of complaints resolved	512	943
Number of complaints not resolved	140	72
	₦'000	₦'000
Total Disputed Amount	58,900	154,720

35. Going concern

The Mortgage Bank incurred a loss of N5.6 billion during the year (2015: loss of N29.7 billion). At the year ended 31 December 2016, the shareholders' fund of negative N31.5 billion (2015: negative N25.9 billion). is less than the minimum regulatory capital requirement of N5 billion. Also the capital adequacy ratio of negative 81% (2015: negative 52%) is below the regulatory minimum of 10% as required by the Central Bank of Nigeria. These conditions give rise to a material uncertainty which may cast significant doubt on the bank's ability to continue as a going concern and therefore may be unable to realise its assets and discharge its liabilities in the normal course of business.

Managements remediation measures

As part of management's effort to address the recurring losses and return the bank to profitability, the bank is planning to convert its deposit for share into actual share capital and gets its stakeholders to inject substantial capital and as such increase its capital adequacy ratio above the 10% requirement stipulated by the Central Bank of Nigeria. The bank has also embarked on aggressive loan recovery drive and other cost cutting measures. Significant asset for cash swap arrangement have been made with its deposit customers and direct sale of some of its non-current assets held for sale to settle its creditors and run the business operations

The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis assumes that the realisation of assets and settlement of liabilities will occur in the ordinary course of business

36. Events after the reporting date

The Central Bank of Nigeria placed an holding action on the mortgage bank on 25 July 2017 as a result of the mortgage bank's poor equity and liquidity position. The holding action entails prohibition from granting of further credit, undertaking new capital expenditure or investment, payment of dividend or taking deposit or borrowing from investing public until the financial position improves.

The management is optimistic that the holding action will soon be lifted as a result of improved performance in the areas of recoveries and cost reduction by the mortgage bank.

ASO SAVINGS & LOANS PLC
OTHER NATIONAL DISCLOSURES
FOR THE YEAR ENDED 31 DECEMBER 2016

ASO SAVINGS & LOANS PLC
STATEMENT OF VALUE ADDED

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 ₦'000	%	2015 ₦'000	%
Gross Earnings	7,539,785		6,127,729	
Interest Expense	(3,764,414)		(5,252,400)	
	3,775,371		**875,329**	
Net impairment write back/(loss) on financial assets	(1,070,638)		(17,895,443)	
Bought-in-materials and services - local	(6,129,905)		(9,819,490)	
Value added	**(3,425,172)**	**100**	**(26,839,604)**	**100**
Applied to pay:				
Employee as wages, salaries and pension	1,977,191	(58)	2,374,037	(9)
Government taxes	(24,068)	1	26,090	-
Retained in business:				
Depreciation and amortisation	209,719	(6)	447,357	(2)
(Loss)/profit for the year	(5,588,014)	163	(29,687,088)	111
	(3,425,172)	**100**	**(26,839,604)**	**100**

ASO SAVINGS & LOANS PLC
FIVE-PERIOD FINANCIAL SUMMARY

	<<<<<<<<<<<<<<<< 31 December	>>>>>>>>>>>>>>>>>>>>>>>>>>			
	2016	2015	2014	2013	2012
STATEMENT OF FINANCIAL POSITION	₦'000	N'000	N'000	N'000	N'000
Assets:					
Cash and cash equivalents	942,010	1,988,377	17,509,039	17,433,875	17,086,901
Loans and advances to customers	18,115,269	23,489,098	47,327,664	34,249,099	35,020,586
Promissory notes	3,866,875	3,560,426	3,239,336	2,931,730	2,624,124
Investment securities:					
- Available for sale	-	-	-	-	-
- Held-to-maturity	-	10,218,869	9,718	3,394,143	123,603
Other assets	1,320,728	1,943,071	8,390,505	8,305,387	3,539,283
Property plant and equipment	1,592,889	1,761,404	2,419,587	2,708,492	1,501,400
Intangible assets	2,800	7,059	2,791	17,758	34,096
Deferred taxation (asset)	-	-	-	-	110,527
	25,842,579	47,968,304	79,398,640	69,040,484	60,040,520
Non-current asset held for sale	16,933,588	17,290,663	20,203,152	18,082,236	20,133,320
Total assets	**42,776,167**	**65,258,967**	**99,601,792**	**87,122,720**	**80,173,840**
Liabilities:					
Deposits from banks	672,560	13,240	24,337	53,325	53,325
Deposits from customers	42,027,258	41,952,525	57,903,230	58,470,141	51,563,928
Current tax liabilities	79,022	106,635	80,545	245,258	490,847
Deferred taxation (liability)	-	-	-	63,371	-
Other liabilities	15,521,468	23,664,203	20,604,041	12,511,679	9,692,438
Borrowings	15,964,250	25,412,731	17,202,919	10,448,305	16,291,463
Total liabilities	74,264,548	91,159,334	95,815,072	81,792,079	78,092,001
Total liabilities and equity	**42,776,167**	**65,258,967**	**99,601,792**	**87,122,720**	**80,173,840**
PROFIT OR LOSS ACCOUNT					
Gross Earnings	**7,539,785**	**6,127,729**	**8,421,943**	**10,299,129**	**10,157,867**
(Loss)/profit before taxation	**(5,563,946)**	**(29,660,998)**	**(1,505,917)**	**608,754**	**296,359**
(Loss)/profit after taxation	**(5,588,014)**	**(29,687,088)**	**(1,543,921)**	**207,509**	**(117,143)**

ASO SAVINGS AND LOANS PLC
SHARE CAPITAL HISTORY

	Authorized Share Capital		Issued/Paid Up Share Capital		
Date	Increase	Cumulative	Increase	Cumulative	Remarks
09/11/95	-	40,000,000	16,000,000	16,000,000	Cash
21/08/96	-	40,000,000	4,125,000	20,125,000	Cash
27/10/98	-	40,000,000	10,000,000	30,125,000	Cash
31/03/99	110,000,000	150,000,000	6,139,000	36,264,000	Cash
31/03/00	-	150,000,000	11,092,000	47,356,000	Cash
31/03/01	-	150,000,000	6,958,661	54,314,661	Cash
04/02/02	-	150,000,000	52,924,969	107,239,630	Bonus
31/03/06	350,000,000	500,000,000	-	107,239,630	-
29/06/06	-	500,000,000	-	107,239,630	-
03/08/06	200,000,000	700,000,000	-	107,239,630	-
27/09/06	2,000,000,000	2,700,000,000	2,000,000,000	2,107,239,630	Cash/Private Placement
27/09/06	2,300,000,000	5,000,000,000	2,232,334,708	4,339,574,338	Cash/Private Placement
12/02/08	5,000,000,000	10,000,000,000	-	8,679,148,676	Stock Split to 50k par value
14/12/11	10,000,000,000	20,000,000,000	-	8,679,148,676	-
04/09/13	-	20,000,000,000	6,062,585,126	14,741,733,802	Cash/Rights Issue

As at 31st December, 2016, the Authorized Share Capital of the Company is **N10,000,000,000** comprising of **N20,000,000,000** ordinary shares of **50 Kobo** each while the fully paid-up Share Capital is **N7,370,866,901** made up of **14,741,733,802** ordinary shares of **50 Kobo** each.

PROXY FORM

18th – 27th Annual General Meeting of ASO Savings and Loans Plc to be held virtually on Monday, 30th June, 2025 at 11:00am

I/We……………………………..………

……………………………………..

……………………………………..…

…………………………………….….

Being a member (s) of ASO SAVINGS AND LOANS PLC hereby appoint

………….…………………………..

……………………………………

………………………..………..

or failing him/her, the Chairman of the meeting

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Monday, 30th June, 2025 and at any adjournment or reschedule thereof

Dated this … …………day

of………..............................2025

……………………………………

Shareholder's Signature

Please indicate with X in the appropriate Space how you wish your vote to be cast on the resolutions set out below

	RESOLUTIONS	FOR	AGAINST
1	To receive and consider the Audited Financial Statements for the Financial Years ended 31st December 2015 – 31st December 2024		
2	To re-elect Directors in place of those retiring by rotation from 2015 - 2024: a. Abdul S. Kofarsauri.		
	b. Henry Semenitari		
	c. Isiyaku Ismaila		
	d. Risikatu Ahmed		
	e. Maureen Tamuno		
3	To ratify the appointment of Director -. Maureen Tamuno		
4	To ratify the appointment of Sola Oyetayo & Co as the External Auditor of the Company, successively for the years ended 31st December 2016 to 31st December, 2024 and to re-appoint Sola Oyetayo & Co as the External Auditor of the Company for the financial year ending 31st December, 2025		
5	To authorize the Directors to fix the remuneration of the External Auditor		
6	To disclose the remuneration of Managers of the Company.		
7	To elect Shareholders Representatives of the Statutory Audit Committee		
8	To consider and if deemed fit, pass the following as an ordinary resolution: To approve the remuneration of Non-Executive Directors.		
9	To consider and if deemed fit, pass the following as ordinary resolutions: a. To authorize the Directors of the Company, pursuant to Article 48 of the Company's Article of Association, to raise additional capital for the Company whether by way of rights issue, private placement, public offer, book building process or other methods, the issuance of corporate bonds in such size or volume, tranches, series or proportions, at such coupon or interest rates, within such maturity periods, and on such other terms and conditions including the provision of security for repayment as the Directors may deem fit or determine, subject to obtaining the approvals of the relevant regulatory authorities.		
	b. To authorize the Directors to enter into or execute any agreement, deeds, notices and any other documents as well as appoint such professional parties or advisers necessary for and/or incidental to effecting resolution 9(a) above.		
	c. To authorize the Directors to increase the share capital by such size and in such manner as well as make such allotments necessary, consequent and/or incidental to effecting resolution 9(a) above and make any further necessary or incidental modification to the memorandum and articles of association or any other necessary document or platform in this regard.		
10	To consider and if deemed fit, pass the following as special resolutions: a. That the 14,741,733,802 (Fourteen Billion, Seven Hundred and Forty One Million, Seven Hundred and Thirty Three Thousand, Eight Hundred and Two Naira) ordinary shares of 50 Kobo each in the share capital of the Company be consolidated at a ratio of three (3) existing shares into one (1) new share, resulting in 4,913,911,267 (Four Billion, Nine Hundred and Thirteen Million, Nine Hundred and Eleven Thousand, Two Hundred and Sixty Seven) ordinary shares of 50 Kobo each with same rights and restrictions as the existing shares prior to the consolidation.		
	b. That the reduced share capital of ₦4,913,911,267 (Four Billion, Nine Hundred and Thirteen Million, Nine Hundred and Eleven Thousand, Two Hundred and Sixty-Seven Naira) divided into 9,827,822,535 (Nine Billion, Eight Hundred and Twenty-Seven Million, Eight Hundred and Twenty-Two Thousand, Five Hundred and Thirty-Five) ordinary shares of 50 kobo each pursuant to the resolution above be credited to the Company's share reconstruction reserve account.		
	c. That the Board of Directors be and are hereby authorized to take or direct as it may deem fit, all actions and steps that are considered necessary to give effect to the above resolutions 9 & 10 herein, including but not limited to engagement of necessary professional advisers, rounding adjustments to fractional shares, necessary alteration of the Memorandum and Articles of Association as well as all other steps and actions with the relevant regulatory bodies, courts or however required in furtherance of resolutions 9 & 10 herein		

NOTE:

1. This Form has been prepared to enable you to exercise your right to vote at the meeting. The proceedings will be accessible to all members virtually through the Link sent to the Shareholders' e-mail and made available on our website, www.asoplc.com.
2. Provision has been made on this form for the Chairman of the meeting to act as your proxy, but if you wish you may insert in the blank space on the form (marked) the name of any person whether a member of the Company or not who will attend the meeting and vote on your behalf instead of the Chairman of the meeting.
3. Please sign the proxy form and have it delivered at our registered office at Plot 266 FMBN Building, Central Business District, Abuja or with our Registrars, First Registrars & Investor Services Ltd at Plot 2, Abebe Village road, Iganmu, Lagos not less than 3 working days before the time of holding the Annual General Meeting.
4. If the shareholder is a corporate body, the proxy form should be signed by any duly authorized official and sealed with a common seal. In the case of joint holders, the signature of any one of them suffices but the names of all joint holders must be indicated.

ASO SAVINGS & LOANS PLC.
RC No. 238162

SHAREHOLDERS INFORMATION UPDATE FORM

Please complete this form and send to First Registrars & Investor Services Limited, Plot 2 Abebe Village Road Iqanmu, Lagos No 3 Jos Street. Opposite Sharon Ultimate Hotel, Area 3, Garki, Abuja or **ASO SAVINGS ANO LOANS PLC.** Plot 266. Cadastral Zone AO. Central Business District, Abuja.

Name:

RC number (Corporate Organizations Only):

Number of shares held at 50k each:

Email Address:

Telephone No(s):

Address:

Mailing Address (If different from the above):

Next of kin:

Bankers:

Account Number:

Shareholders signature 1. (Single Shareholder)

2 (Joint Corporate Account)

Note: if the shareholder is a corporate one, kindly impress company's seal or stamp

Affix Current Passport

(To be stamped by Bankers)

Write your name at the back of your passport photograph

FirstRegistrars & INVESTOR SERVICES

E-DIVIDEND ACTIVATION FORM

Only Clearing Banks are acceptable

Instruction

Please complete all section of this form to make it eligible for processing and return to the address below.

This service costs N150.00 per approved mandate per company

The Registrar,
First Registrars & Investor Services Ltd.
2,Abebe Village Road,Iganmu
P. M. B. 12692 Lagos. Nigeria
Tel: 234-1-2799880, 2701078, 2701079.

I\We hereby request that henceforth, all my\our dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand column be credited directly to my \ our bank detailed below:

Bank Verification Number

Bank Name

Bank Branch

Bank Address

Bank Account Number

Account Opening Date

Account Type (Tick) Current Savings

Shareholder Account Information

Surname First Name Other Names

Address :

City State Country

Previous Address (If any)

CHN (If any)

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s) Company's Seal

Joint\Company's Signatories

First Registrars & Investor Services Limited
...connecting you to your wealth.
website:www.firstregistrarsnigeria.com; E-mail: info@firstregistrarsnigeria.com

TICK	NAMES OF COMPANY	ACCOUNT NUMBER
	ABC TRANSPORT PLC	
	ACAP CANARY GROWTH FUND	
	AFRICAN DEVELOPMENT BANK BOND	
	AFRICAN PAINTS PLC	
	ARM DISCOVERY FUND	
	ARM AGGRESSIVE GROWTH FUND	
	ARM ETHICAL FUND	
	ASO-SAVINGS AND LOANS PLC	
	AUSTIN LAZ AND COMPANY PLC	
	BAYELSA STATE GOVERNMENT BOND	
	BANK PHB (KEYSTONE BANK LIMITED)	
	BOC GASES NIGERIA PLC	
	CADBURY NIGERIA PLC	
	CHAMS PLC	
	CORE INVESTMENT SCHEME (COINS)	
	CORE VALUE ACCOUNT (COVA)	
	CR SERVICES (CREDIT BUREAU) PLC	
	CROSS RIVERS STATE GOVT BOND	
	DAAR COMMUNICATIONS PLC	
	DEAP CAPITAL MANAGEMENT & TRUST PLC	
	DELTA STATE GOVT BOND	
	DUFIL PRIMA FOODS BOND	
	DV BALANCED FUND	
	FAMAD NIGERIA PLC	
	FBN FIXED INCOME FUND	
	FBN HERITAGE FUND	
	FBN MONEY MARKET FUND	
	FBN NIGERIA EUROBOND (USD) FUND	
	FBN NIGERIA SMART BETA FUND	
	FIDELITY BANK PLC	
	FIDELITY BANK PLC BOND	
	FORTIS MICROFINANCE BANK PLC	
	FRIESLANDCAMPINA WAMCO NIGERIA PLC	
	ELEME PETROCHEMICALS COMPANY COOPERATIVE INVESTMENT AND CREDIT SOCIETY LTD	
	JULI PHARMACY NIGERIA PLC	
	LAGOS STATE BOND 167.5 BILLION 2ND DEBT ISSUANCE PROGRAMME N80 BILLION 14.5% (SERIES 1 BOND)	
	LAGOS STATE GOVT BOND 167.5 BILLION 2ND DEBT ISSUANCE PROGRAMME N87.5 BILLION 13.5% (SERIES 2 BOND)	
	LAGOS STATE GOVT BOND (3RD) SERIES 2 TRANCHE 1 N46.37 BILLION	
	LAGOS STATE GOVT BOND (3RD) SERIES 2 TRANCHE 2 N38.77 BILLION	
	LAGOS STATE GOVT BOND (3RD) SERIES 2 TRANCHE 3 N6.91 BILLION	
	LAGOS STATE GOVT BOND (3RD) SERIES 2 TRANCHE 4 N5.336 BILLION	
	LEARN AFRICA PLC	
	LOTUS HALAL EQUITY EXCHANGE TRADED FUND	
	MRS OIL NIGERIA PLC	
	NIGERIA POLICE MORTGAGE BANK PLC	
	NIGERIAN BREWERIES PLC	
	OANDO PLC	
	ONDO STATE GOVT BOND	
	OYO STATE GOVT BOND	
	PARTNERSHIP INVESTMENT CO.PLC	
	PRESCO PLC	
	PRESTIGE ASSURANCE PLC	
	PZ-CUSSONS NIGERIA PLC	
	RAK UNITY PETROLEUM PLC	
	REDEEMED GLOBAL MEDIA COMPANY	
	STANBIC IBTC BANK PLC FLOATING RATE& FIXED RATE SUBORDINATED UNSECURED NOTES BOND TRANCHE A & B	
	STANBIC IBTC BOND FUND	
	STANBIC IBTC ETF 30 FUND	
	STANBIC IBTC ETF 40 FUND	
	STANBIC IBTC BALANCED FUND	
	STANBIC IBTC DOLLAR FUND	
	STANBIC IBTC ETHICAL FUND	
	STANBIC IBTC GUARANTEED INVESTMENT FUND	
	STANBIC IBTC HOLDINGS PLC	
	STANBIC IBTC IMAN FUND	
	STANBIC IBTC MONEY MARKET FUND	
	STANBIC IBTC NIGERIAN EQUITY FUND	
	STANDARD ALLIANCE INSURANCE PLC	
	UBA FIXED RATE SUBORDINATED UNSECURED NOTES BOND	
	UNION DIAGNOSTIC AND CLINICAL SERVICES PLC	
	UPDC REITS	
	VANTAGE BALANCED FUND (ACCUMULATED)	
	VANTAGE BALANCED FUND (INCOME)	
	VANTAGE GUARANTEED INCOME FUND	
	VALUEALLIANCE FUND	
	VETIVA FUND BOND	
	VETIVA GRIFFIN FUND	
	VETIVA S & P NIGERIAN SOVEREIGN BOND ETF	
	WEST AFRICAN ALUMINIUM PRODUCTS (WAAP)	
	ZAMFARA STATE BOND	