ASO
SAVINGS & LOANS PLC.
RC No. 283162

...built around you

2019 ANNUAL REPORT

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

ASO SAVINGS AND LOANS PLC.
Plot 266, FMBN Building, Cadastral Zone AO,
Central Business District, Abuja - Nigeria.
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TABLE OF CONTENT

CORPORATE 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 2019

Dear Shareholders and Invited Guests, I would like to welcome you to the Annual General Meeting for year 2019. Your bank has remained resilient and continued to strive to be ahead of our competitors despite the slow economic growth witnessed by our country.

Notwithstanding this challenging environment, your bank progressed in its objective of being the mortgage bank of choice for Nigerians and we are taking key actions to deliver strong, stable and sustainable returns for Shareholders over time.

I will start by apologizing for the delayed presentation of the 2019 Financial Year Annual Reports to the Shareholders. This was mainly due to challenges encountered in the preparation and audit of the account as well as securing the approval of the Central Bank of Nigeria (CBN). The challenges had delayed the finalization of the accounts beyond our projection.

Nonetheless, it is my privilege and pleasure to present the Annual Report of our Bank for 2019 financial year. The year was marked by significant global and local macroeconomic developments, which had the potential to severely impact our business. I will highlight the major events within the global and domestic environment, their impact on our business, in addition to major landmark achievements of our Bank during the year.

GLOBAL ECONOMY

The global economy in 2019 experienced a slowdown, with Gross Domestic Product (GDP) growth declining to 2.9% - the lowest rate since the 2008 financial crisis. Oil prices averaged $64 per barrel, down from $71 in 2018 and Saudi Aramco's oil facilities were attacked in September, briefly causing a price spike. Also, global stock markets fell sharply in early 2019 due to recession fears but rebounded and low interest rates helped corporate borrowing, but debt risks increased. Moreover, global trade growth collapsed to just 1.0%, the lowest since the 2009 recession, due to US - China trade tensions and foreign direct investment inflows declined slightly, as businesses delayed investment decisions amid economic uncertainty.

NIGERIAN ECONOMY

The Nigerian GDP growth was 2.3%, slightly higher than 1.9% in 2018, but still below the population growth rate of 2.6%, indicating slow real economic progress. The oil sector grew by 4.6%, but its volatility due to global price fluctuations remained a concern. Also, inflation was driven by higher food prices, worsened by the border closure in August 2019 to curb smuggling, despite Central Bank of Nigeria's (CBN) interventions. The CBN maintained a stable exchange rate at 306/$ officially and around 360/$ in the parallel market. However, foreign reserves declined from $43.1 billion to $38.6 billion, as the CBN used reserves to defend the Naira and support the forex market. The CBN also maintained a tight monetary policy, keeping the Monetary Policy Rate (MPR) at 13.5% to curb inflation. Banks were equally mandated to maintain a minimum Loan-to-Deposit Ratio (LDR) of 60%, pushing them to lend more to businesses.

THE BANKING INDUSTRY

The Nigerian banking industry in 2019 experienced steady growth, with stronger credit expansion, improved financial stability, and increased digital banking adoption. However, despite positive growth, it was not strong enough to significantly boost income levels or improve affordability for mortgages. Also, challenges such as rising Non-Performing Loans (NPLs), regulatory pressures, and weak economic growth affected profitability and investment returns. In July 2019, the CBN mandated banks to maintain a minimum Loan-to-Deposit Ratio (LDR) of 60%, later increased to

65% in Q4 2019, with a view to improving lending to SMEs, agriculture, and manufacturing, leading to higher credit growth. Non-Performing Loans (NPLs) reduced from 11.7% in 2018 to 6.1% in 2019, due to loan recoveries, restructuring, and CBN interventions and the sectors with high NPLs included oil & gas, real estate, and power.

ASO'S FINANCIAL PERFORMANCE

While the macroeconomic and regulatory volatilities across our markets affected the performance of your Bank, it recorded a net loss of (N3.46 billion) in the year as against net loss of (N1.16 billion) recorded in the previous year, 2018. Also, the Bank's total assets decreased to N38.8 billion compared to N43.5 billion recorded in the previous year, 2018.

Once again, the performance dip was mainly due to the negative global and domestic economic indices as well as the lingering effects of the liquidity constrictions amongst other challenges presented by the Treasury Single Account (TSA) directive of the Federal Government in 2015. The Holding Action restriction on our Bank by the apex bank further constrained our business activities, revenue generation and financial performance.

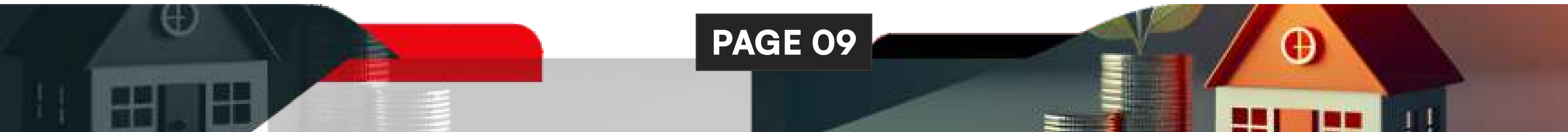
CORPORATE GOVERNANCE

As in the previous year, our Board composition remained stable within the 2019 Financial Year, with nil exits or appointments.

We remain steadfast in our commitment to sound corporate governance, which is the foundation of our sustainable growth and stakeholder trust. In 2019, we strengthened our governance framework by enhancing risk management, regulatory compliance, and board oversight. Our adherence to global best practices ensures transparency, accountability, and ethical leadership across all levels of our operations. As we navigate an evolving financial landscape, we will continue to uphold the highest governance standards, fostering resilience and long-term value creation for all stakeholders.

OUTLOOK

As we go into year 2020, we understand the peculiar challenges and opportunities in the mortgage banking sector both globally and in Nigeria. It is projected that on the global stage, Banks will become more cautious due to economic uncertainty and rising



unemployment. Also, stricter lending criteria will be introduced, making it harder for borrowers with lower credit scores or unstable income to secure loans, with some banks suspending high-risk mortgage products temporarily.

In Nigeria, it is expected that the lending interest rate will be high, averaging 14.08% and the housing market will be characterized by a significant housing deficit, with the demand for residential properties consistently outpacing supply. It is further projected that the combination of high-interest rates, inflation, and structural challenges in 2020 will limit the growth of the mortgage sector.

In response to this economic outlook and challenges, we will take steps to ensure that our revenue is diversified and implement strategies that will focus on operational efficiency, regulatory engagement in respect of the lifting of the holding actions restriction for maximization of mortgage and other business opportunities, key stakeholder collaboration including developers as well as international financial institutions, risk management system, operational efficiency, cost optimization and staff motivation. We believe that the Bank is prepared to implement these strategies for maximum results.

We appreciate our shareholders, customers and partners for their continued support as we go through the evolving mortgage landscape. With your backing and commitment to excellence, we are confident that year 2020 will be a year of growth and value creation.

CONCLUSION

In conclusion, 2019 was a year of steady progress and strategic execution for our bank. We reinforced our commitment to financial stability, operational excellence, and customer satisfaction while navigating industry challenges. As we look ahead, our focus remains on innovation, strong corporate governance, and sustainable growth. On behalf of the Board, I express my sincere gratitude to our shareholders, customers, regulators, and employees for their trust and dedication. Together, we will continue to build a resilient and forward-looking institution that delivers lasting value to all stakeholders.

Thank you.

Abdul Kofarsauri
Chairman, Board of Directors

CHIEF EXECUTIVE OFFICER'S STATEMENT 2019

Business Operations and Performance

Distinguished Shareholders,

The year 2019 was a defining period for ASO Savings and Loans Plc as we navigated through an evolving economic landscape. The Nigerian economy experienced moderate growth, with GDP expanding by 2.27%, supported by improvements in the oil and non-oil sectors. However, inflationary pressures, exchange rate volatility, and regulatory shifts in the financial services industry presented unique challenges.

Despite these external factors, we remained focused on strengthening our mortgage banking business and enhancing our service delivery. Our strategic initiatives centered on improving operational efficiency, expanding access to mortgage financing, and leveraging digital solutions to optimize customer experience. We continued to refine our loan recovery mechanisms and risk management frameworks to ensure long-term sustainability.

2019 Financial Performance

Our financial performance in 2019 reflected our commitment to stability and growth. The implementation of cost containment measures, improved asset quality, and enhanced revenue streams contributed to a more resilient financial position.

Loan portfolio optimization remained a priority, and we achieved significant progress in reducing non-performing loans through proactive engagements with borrowers and alternative resolution strategies. The growth in customer deposits underscored the confidence in our institution, while our investments in technology enhanced operational efficiencies and service delivery.

Regulatory adjustments, particularly in the mortgage sector, required us to adopt a dynamic approach to compliance while ensuring alignment with industry best practices. We strengthened our internal governance structures, improved transparency in financial reporting, and maintained a customer-centric focus in all our activities.

Strategic Focus

As we move forward, our strategic direction remains centered on enhancing mortgage accessibility, optimizing capital efficiency, and expanding our market reach. We are committed to leveraging technology to drive innovation in mortgage financing, enhancing customer engagement, and streamlining loan processing.

Strengthening partnerships with key stakeholders, including government agencies and private sector players, will be pivotal in our efforts to develop more inclusive housing finance solutions. Our renewed emphasis on financial inclusion will enable us to extend mortgage opportunities to underserved segments of the population, reinforcing our mission of making home ownership accessible to more Nigerians.

Operational efficiency will remain a core pillar of our business strategy, with continuous process improvements aimed at reducing costs, enhancing risk management, and ensuring regulatory compliance. Furthermore, we will deepen our digital transformation journey to provide seamless, technology-driven mortgage solutions that align with global best practices.

Conclusion

In conclusion, I extend my sincere appreciation to our shareholders, board members, employees, and customers for their unwavering trust and support. Your confidence in ASO Savings and Loans Plc has been instrumental in our journey towards sustainable growth and industry leadership.

As we set our sights on the future, we remain dedicated to driving innovation, enhancing customer value, and strengthening our market position in the mortgage banking sector. We look forward to a promising year ahead and will continue to pursue opportunities that contribute to long-term value creation for all stakeholders.

Thank you.

Risikatu Ladi Ahmed
Managing Director/Chief Executive Officer

ASO Savings & Loans Plc

General Information

Nature of business and principal activities	Primary Mortgage Institute (PMI)
Date of Incorporation	9 November 1995
Mortgage License Number	000310
Directors	**Ali Magashi** - Board Chairman **Olutoyin Okeowo** - Independent Director **Adekunle Adedigba** - Managing Director/CEO **Risikatu Ladi Ahmed** - Executive Director, Retail banking
Registered office	Plot 266 FMBN Building Cadastral Zone AO, Central Business District, Abuja.
Country of incorporation and domicile	Nigeria
Business address	Same as registered office
Postal address	Same as registered office

Auditors	Sola Oyetayo & Co. (Chartered Accountants) 33 Ogumlowo Street Off Awolowo Street Ikeja, Lagos Nigeria
Bank registration number	283162
Tax reference number	01249250-0001

ASO Savings & Loans Plc

Corporate Governance Report

1. Background

Ineffective board supervision, poor risk management, unhealthy corporate culture and inadequate system of control are recurrent features observed in recent major corporate failures globally. At the heart of effective Corporate Governance lies time tested principles designed to safeguard Institutions, especially in an exponential growth phase, from falling into these traps

We regard effective Corporate Governance as a critical necessity for our corporate survival. We recognize that maximization of stakeholder value as well as our other corporate objectives can only be assured through sound governance practices in Board oversight, relationship with Shareholders and other Stakeholders, Risk Management, Financial Reporting, Accountability and Audit as well as Ethics and Corporate Social Responsibility.

2. THE BOARD OF DIRECTORS

2.1. Composition and Structure

Our Board structure is unitary and composed of Executive, Non-Executive, and Independent Directors. Our Board Chairman, a non-Executive Director, sits at the apex of the Board structure and is responsible for providing overall leadership and direction for the Board and the Bank. The Managing Director/CEO heads the management team and oversees the executive management of the Bank's business and operations, assisted by an Executive Director. The Non-Executive Directors act as a counterbalance to the influence of the Chairman or CEO in board decision making as well as provide a wide range of skills and experience to the Board.

Appointment to the Board is based on merit and objective criteria. Care is taken to ensure that the appointees have sufficient time to devote to their Board duties. The Board also ensures that plans are in place for orderly succession, to maintain an appropriate balance of skills and experience within the Bank.

2.2. Duties of the Board

The Board provides strategic direction to the bank, oversees effective performance of the Management and is primarily responsible for ensuring good Corporate Governance in the bank. In discharge of its duties, the Board meets regularly per an annual calendar of Board Meetings agreed upon at the beginning of the year. The Board has, within the year, effectively discharged its primary duties as follows:

- Overall strategic direction of the Bank;

- Effective oversight on the general activities of the Management team;
- Institutionalization of sound Corporate Governance practices;
- Effective management of the Bank's risk management framework;
- Oversight functions per effectiveness and adequacy of the Bank'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.

The Board majorly undertakes these responsibilities through various Board Committees but nevertheless retains ultimate responsibility notwithstanding delegation to the Committees

2.3. Duties of the Board

Our Board is primarily responsible for ensuring good Corporate Governance in the Bank. It steers the Bank, 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 Bank in a transparent manner to the shareholders. Crucial to an effective discharge of the Board duties is the Bank 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 Bank;
- Effective oversight on the general activities of the Management team;
- Institutionalization of sound Corporate Governance practices;
- Effective management of the Bank's risk management framework;
- Oversight functions per effectiveness and adequacy of the Bank'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.

2.4. Board Meeting Attendances

A Schedule of the Meetings held within the year with the respective attendances are as follows

S/N	NAMES OF DIRECTORS	27TH FEB 2018	8TH AUG 2018	TOTAL ATTENDANCES
1	Ali Magashi	Present	Present	2/2
2	Olutoyin Okeowo	Present	Present	2/2
3	Adekunle Adedigba	Present	Present	2/2
4	Risikatu I. Ahmed	Present	Present	2/2
5*	Ibrahim Oruma	Present	Present	2/2

*Ibrahim Oruma is the Chairman of the Statutory Audit Committee. Although not a Board Member, he is required, in line with the Bank's policies, to attend Board Meetings

*** Abubakar Sani Pai was proposed by the Federal Capital Territory Administration (FCTA), through its investment agency, Abuja Investments Bank Limited (AICL) as its Board representative in our Bank. Although his formal appointment by the FCTA and our Board as well as the necessary regulatory approvals were not secured within the Financial Year, this Board nominee was in attendance at Board meetings, only in the capacity of an Observer.*

2.5. Audit Committee Meeting Attendances

A Schedule of the Meetings held within the year with the respective attendances are as follows

S/N	NAMES OF COMMITTEE MEMBERS	23RD APRIL 2019	5TH NOV 2019	16TH DEC 2019	TOTAL ATTENDANCES
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	Olutoyin Okeowo	Present	Present	Present	3/3
5*	Adekunle Adedigba	Present	Present	Present	3/3
6**	Risikatu L. Ahmed	Present	Present	Present	3/3
7***	Abubakar Sani Pai	N/A	Present	Present	2/2
7****	Titilayo Dahunsi	Present	Present	Present	3/3
8*****	Asmau Atta	Present	Present	Present	3/3

*Though not a member of the Audit Committee, Adekunle Adedigba as the Managing Director, is required to be in attendance at the Meetings.

**Though not a member of the Audit Committee, Risikatu L. Ahmed as an Executive Director, is required to be in attendance at the Meetings.
***Abubakar Sani Pai was in attendance at the Audit Committee meetings only in the capacity of an Observer, as though nominated as a Board member, his formal appointment was not secured within the Financial Year.
****Though not a member of the Audit Committee, Titilayo Dahunsi as the Chief Inspector, is required to be in attendance at the Meetings.
*****Though not a member of the Audit Committee, Asmau Atta as the Group Head, Finance & Risk, is required to be in attendance at the Meetings.

2.6. Other Board Committees Meeting Attendances

The other Board Committees are as follows: Board Risk Management and Investment Committee, Board Credit Committee and Board Corporate Governance and Nomination Committee.

In view of the shortfall in Board composition within the Financial Year, these Board Committees could not be adequately composed and thus could not hold formal meetings within the Year. The Board nonetheless continued to directly exercise the required oversight functions while efforts were ongoing towards filling up the Board vacancies and reconstituting the Committees.

2.7. Board Remuneration

The Bank recognises that the formulation of Board remuneration is a fundamental issue for good corporate governance. To this end, the remuneration level is sufficient to attract, retain and motivate Directors of the quality required to run the Bank successfully while ensuring the Bank does not pay more than is necessary for this purpose.

The remuneration of the Directors is recommended by the Corporate Governance & Nomination Committee, decided by the Board of Directors and approved by the Shareholders at the Bank's General Meeting. Non-Executive Directors are paid remuneration by way of sitting allowances and quarterly fees, while the Bank pays remuneration to its Managing Director and Executive Directors by way of salaries and perquisites. This remuneration package of the Executives also includes a variable performance related element.

Within the year there was no materially significant transaction between the Bank and Directors that may have potential conflict with the interests of the Bank. The details of Directors' remuneration are always disclosed in the Annual Report and approval of the Shareholders is always sought before any review of same. There is also a formal and transparent procedure for fixing the remuneration packages of Directors and no Director is involved in deciding his or her own remuneration.

2.8. Performance Evaluation

The Board acknowledges the importance of a formal and rigorous annual evaluation of its own performance as well as that of its Committees, Chairman and individual Directors. To ensure objectivity, the Board further recognises that the evaluation should be based on set key criteria and conducted by an independent external consulting firm.

The evaluation process is designed to be used constructively as a mechanism to improve Board effectiveness, maximise strengths and tackle weaknesses. It also assists the Board in decisions affecting appointment, removal and training of Directors.

2.9. Orientation and Training

The Board has established an orientation programme to familiarize new Directors with the Bank's operations, strategic plan, senior management and business environment, as well as to induct them in their fiduciary duties and responsibilities. The Directors have also participated in periodic, relevant, professional continuing education programmes in order to update their skills and knowledge and keep them abreast of developments in the Bank's business and operating environment. These programmes are undertaken at the expense of the Bank.

Furthermore, the Bank has ensured that the Directors, especially Non-Executive Directors, have access to independent professional advice at the Bank's expense, where they deem it necessary for an effective discharge of their responsibilities.

3. RELATIONSHIP WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

3.1. Relationship with Shareholders

The Bank acknowledges that regular and two-way communication with the shareholders will greatly assist in understanding shareholders expectations and concerns, and improve shareholders' appreciation of the corporate objectives and strategy as well as the performance and financial position of the Bank.

To this end, the Bank maintains a shareholders' help desk manned by dedicated and well trained relationship managers for an effective resolution of shareholders enquiries and issues. Furthermore, the Bank recognises the constructive use of Annual General Meetings (AGM) to communicate with shareholders and encourage their participation. Effective dialogue is maintained with the institutional shareholders and Shareholders Associations. Overall, the shareholders are fairly treated, given equal access to information and availed full voting and participatory rights.

3.2. Relationship with other Stakeholders

We have effectively addressed the interests of our diverse stakeholder groups other than the shareholders. These are identifiable group of individuals or organizations with vested interest in the Bank and include the employees, customers, suppliers, general public and the Government.

The Bank observes fair employment practices, encourages employee participation and actively promotes continuous education and personal development of employees. The conditions of service are highly competitive and the Bank has also strived to keep staff motivation at the peak through various reward policies.

Our products and services have been designed to enhance customer satisfaction. Acknowledging excellent service delivery as a critical approach to systematic improvement, the Bank implements a service culture plan anchored on customer centrism. The use of mystery shopping further motivates staff to deliver optimum services at all times and to all customers. The Bank also holds a customer forum to further appreciate customer expectations and concerns as well as avail customers with the opportunity to participate in the corporate decision making process.

The Bank has maintained a mutually beneficially relationship with its suppliers, discharged its legal and regulatory obligations in a timely and efficient manner as well as carried out its business in line with the best ethical standards and tenets of sound Corporate Social Responsibility (CSR).

4. RISK MANAGEMENT

4.1. 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. 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 robust 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.

4.2. 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.

4.3. 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 reporting 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 as well as senior management. The risk management functions within the Enterprise Risk Management Group also act as a principal conduit for the transfer of risk management information both ways.

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

4.4. 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.

4.5. 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.

4.6. 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.

4.7. 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.

4.8. 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 maintains an excellent working relationship with law enforcement agencies and agents in its recovery processes, and retains significant Management support in ensuring it surpasses its target year on year.

4.9. 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.

5. 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.

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.

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 ours, 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.

6. FINANCIAL REPORTING, ACCOUNTABILITY AND AUDIT

6.1. Accountability and Reporting

We acknowledge that the Bank's financial statements are the principal way in which the Directors make themselves accountable to the shareholders. To this end, emphasis is laid on the integrity of the reports and full disclosures are made in line with the legal and regulatory requirements.

To further ensure accountability, the Bank has a whistleblowing portal where staff can report genuine concerns about unethical behaviour, misconduct or misdemeanour in the organization. We have also established a formal whistleblowing procedure which amongst others, ensures that complaints are adequately investigated and whistle blowers protected. Overall, communication with shareholders, stakeholders and the general public is guided by the principle of timely, accurate and continuous disclosure designed to give a balanced and fair view of the Bank including its non-financial matters.

Critical to the integrity of our financial reporting is the assurance provided by audit. The Bank's Audit structure basically revolves around the Internal Auditors, External Auditors and Audit Committee.

6.2. Internal Audit

We operate an effective risk based Internal Audit function focused on a disciplined approach to evaluation of risk management, control and governance. The Internal Audit unit reports directly to the Board through the Statutory 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.

Internal Audit activities within the year were in line with an annual risk based internal audit plan approved by the Audit Committee. Within the year, the Internal Audit has remitted monthly audit reports to the MD/CEO and quarterly audit reports to the Audit Committee. Exceptions raised in these reports have been treated with utmost significance and regularizations were strictly monitored and followed up.

The effectiveness of the Internal Audit Unit has also been largely enhanced by needful recruitments. Structural changes were also effected within the unit to maximise its effectiveness.

6.3. External Audit

Sufficient care has been taken to ensure that the External Audit Firm hold no direct or indirect interests in the Bank as could affect its independence and objectivity. To this end, the Firm and its partners hold no business interest or any relationship with the Bank other than an auditor-client relationship.

The services of the Firm are strictly restricted to audit work. The representing partners are periodically rotated to guarantee independence without compromising continuity of the external audit process.

7. ETHICS AND CORPORATE SOCIAL RESPONSIBILITY (CSR):

We acknowledge that without ethical conduct, regulations and codes of practice will be ineffective. Thus our Board and Management are guided by strict ethical standards in their decision making. We have also adopted an ethical shareholder concept of corporate objectives and have significantly emphasized high ethical values in our systems and processes.

The Bank is aware of its responsibilities towards all stakeholders and the society as a whole. To this end, we have within the year demonstrated a high level of corporate social responsibility. As part of our CSR activities within the year, we have significantly contributed to educational development through distribution of reading and study materials to various schools as well as facilitation of skills acquisition programmes. We have also supported efforts towards minimization of damage to the environment while promoting 'sustainable' business development. Our CSR activities are fully disclosed in the year's annual reports.

8. CONCLUSION

We believe that sound Corporate Governance is essential to create trust and engagement between us and our stakeholders. We are also aware of the immense contribution to the long term success of our business. Effectively, we have assumed a robust system of Corporate Governance as part of our identity and have significantly complied with the codes of Corporate Governance issued by the Securities and Exchange Commission (SEC) and Central Bank of Nigeria (CBN).

We firmly recognise that through sound Corporate Governance we will effectively minimize risks, maximize efficiency, restore market confidence, ensure stakeholder satisfaction and ultimately entrench our place as the Mortgage Bank of choice.

11 December 2023

Akachukwu Okechukwu
Company Secretary
FRC/2022/PRO/NBA/312604

ASO Savings & Loans Plc

Audit Committee Report

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the members of the Audit Committee of Aso Savings & Loans Plc hereby report as follows:

We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters Act,CAP C20 Laws of the Federation of Nigeria 2004, and acknowledge the co-operation of management and staff in theconduct of these responsibilities

We are of the opinion that the accounting and reporting policies of the Bank are in accordance with legalrequirements and agreed ethical practices and that the scope and planning of the external audit for the year ended 31December 2019 were satisfactory and reinforce the Bank's internal control systems

We reviewed the management letter of the external auditors and are satisfied with management response thereto

We have deliberated with the External Auditors, who have confirmed that necessary co-operation was received frommanagement in the course of their statutory audit and we are satisfied with the management's response to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Bank's system of accounting and internal control.

11 December 2023

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

Members of the Audit Committee are:

Shareholders' representative

1. Ibrahim Oruma - Chairman
2. Olutoyin Okeowo - Member

Directors' representative

1. El-Amin Bello - Member
2. Dr. Faruk Umar - Member

ASO Savings & Loans Plc

Statement of Directors' Responsibilities

The directors are required in terms of the Companies and Allied Matters Act, 2004, Banks and Other Financial Institutions Act (BOFIA), 2004 and the Financial Reporting Council of Nigeria Act, 2011 to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Bank at the end of the year and of its profit or loss. The responsibilities include ensuring that the Bank:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and comply with the requirements of the Companies and Allied Matters Act, 2004, Banks and Other Financial Institutions Act (BOFIA), 2004 and the Financial Reporting Council of Nigeria Act, 2011.

b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities and

c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates and are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in accordance with

- · International Financial Reporting Standards.
- · The manner required by the Companies and Allied Matters Act, 2004;
- · Banks and Other Financial Institutions Act (BOFIA), 2004 and
- · The Financial Reporting Council of Nigeria Act, 2011.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

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

Approval of financial statements

11 December 2023

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

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

REPORT OF DIRECTORS

Directors as at 31st December, 2019

Ali Magashi
Board Chairman

Olutoyin Okeowo
Independent Director

Adekunle Adedigba
Managing Director/CEO

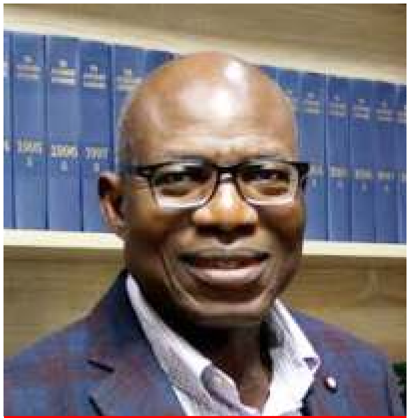
Risikatu Ladi Ahmed
Executive Director,
Retail banking

REPORT OF DIRECTORS

Directors as at 11th 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

Directors' Report

The directors have pleasure in submitting their report on the financial statements of ASO Savings & Loan Plc for the year ended December 31, 2019.

1. Legal Form

The Bank is domiciled in Nigeria where it is incorporated as a private company limited by shares under the Companies and Allied Matters Act of Nigeria, 2004 and obtained Central Bank of Nigeria (CBN) approval to operate as a primary mortgage institution in 1995. The address of the registered office is set out on page 1.

2. Nature of business

ASO Savings & Loan Plc was incorporated in Nigeria with interests in the Primary Mortgage industry. The Bank operates in Nigeria..

There have been no material changes to the nature of the Bank's business from the prior year.

3. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act of Nigeria, 2004. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the Bank are set out in these financial statements.

4. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the Bank or in the policy regarding their use.

5. Employment and Employees

i) Employment of Disabled Persons

It is the policy of the Bank that there should be no discrimination in considering application for employment including those from disabled persons. All employees are given equal opportunities for self-development. As at 31 December 2019, there was no disabled person in the employment of the Bank.

ii) Health, Safety at Work and Welfare of Employees

The Bank enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. The Bank has retained Hospitals used by staff and immediate family members.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Bank's premises, while occasional fire drills are conducted to create awareness amongst staff.

The Bank operates both a Bank Personal Accident and the Workmen's Compensation Insurance covers for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act ealth and safety regulations are in force within the Bank's premises.

iii) Employee Involvement and Training

The Bank is committed to keeping employees fully informed as much as possible regarding the Bank's performance, progress and seeking.

6. Donation and Charitable Gifts

The Bank did not make contributions to charitable and non-political organisations during the year ended 31 December 2019 (31 December 2018: NIL)

7. Dividend

The board of directors did not recommend the declaration of a dividend for the year.

8. Acquisition of Own Shares

The Bank did not acquire any of its shares during the year

9. Events after the reporting period

The Director are not aware of any material event which occurred after the reporting date and up to the date of this report.

10. Going concern

The directors have reviewed the budgets and cash flow forecasts for the next 12 months, as well as the current liquidity and solvency position of the Bank and do not believe that the Bank has adequate financial resources to continue in operation for the foreseeable future. The financial statements have accordingly not been prepared on the going concern basis.

11. Auditors

Messrs. Sola Oyetayo & Co. (Chartered Accountants) have indicated their willingness to continue in office in accordance with Section 401 (2) of the Companies and Allied Matters Act, 2020

Approval of financial statements

Akachukwu Okechukwu
Bank Secretary
FRC/2022/PRO/NBA/312604
11 December 2023

SOLA OYETAYO & CO.

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e info@solaoyetayo.com
https://solaoyetayo.com
RC: KN-003392

Independent Auditor's Report

To the Shareholders of ASO Savings & Loans Plc

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of ASO Savings & Loan Plc (the Bank) set out on pages 23 to 55, which comprise the statement of financial position as at December 31, 2019, 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.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of ASO Savings & Loan Plc as at December 31, 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act of Nigeria, 2004.

Basis for Qualified Opinion

A debit balance N1,048,360,278.90 in Difference in GL holds unreconciled balances resulting from a system glitch, discrepancies between various trial balance accounts, and their corresponding general ledger balances, along with other unsupported balances

We conducted our audit in accordance with International Standards on Auditing. 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 the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 27 to the financial statements, which indicates that the Bank incurred a net loss of N.(3.46)billion during the year ended December 31, 2019 and, as of that date, the Bank's current liabilities exceeded its total assets by N.(35.33)billion. The note states that these events or conditions, along with other matters as set forth in Note 27 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were 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 these matters.

In addition to the matter described in the Basis for Qualified Opinion section and the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter

Impairment of loans and advances
6.37billion (2018:5.41billion)

The expected credit loss (ECL) on loans and advances to customers is considered a key audit matter due to the fact that the amount is material to the financial statements The IFRS 9 'Financial Instruments' impairment methodology requires significant judgement in measuring expected credit loss (ECL). Therefore, significan judgement was exercised in the following areas:

• the definition of default adopted by the Bank and determination of criteria used in assessing significant increase in credit risk (SICR)

• determination of the key inputs used in determining the exposure at default (EAD); the 12 month probability of default (PD) and the Loss Given Default (LGD) which are key parameters used in the model; and

• incorporation of macro-economic inputs and forward looking information into the ECL model This is considered a key audit matter in the financial statements

The gross total balance of loans and advances for the

How our audit addressed the key audit matter

We adopted a substantive approach in assessing the allowance for impairment made by the Bank.The following procedures were performed:• We checked that the Bank applied a default definition that is consistent with IFRS 9 qualitative default criteria and days past due indicator;

• We evaluated the reasonableness of the Bank's determination of significant increase in credit risk by checking that a lifetime ECL is recognised when credit risk has increased significantly (Stage 2), a lifetime ECL is recognised on impaired facilities (Stage 3) and a 12-month ECL (Stage 1) is recognised for facilities in Stage 1;

• We reviewed the appropriateness of the exposure at default by checking whether relevant facility specific information have been incorporated in determining the EAD.;

• We reviewed the reasonableness of the methodology used in modelling PD to assess its consistency with acceptable modelling techniques and, also testing the historical data inputs into the model for accuracy and completeness.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
year ended December 31, 2019 was N22.27billion (2018: N23.08billion) while the impairment allowance was 6.37billion (2018:5.41billion)	• We evaluated the reasonableness of the Loss Given Default (LGD) by reviewing cash recoveries, collateral values along with assumptions and recovery rates; and • We evaluated that the Bank factored business cycle dependencies into ECL estimates by incorporating forward-looking information into the ECL parameters and checked the reasonableness of forward-looking information and multiple economic scenarios considered. We also checked the reasonableness of the scenario probability weight by performing independent computation and benchmarking scenario weights We reviewed the IFRS 9 disclosures for reasonableness

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "ASO Savings & Loan Plc financial statements for the year ended December 31, 2019", which includes the Directors' Report and the Audit Committee’s Report as required by the Companies and Allied Matters Act of Nigeria, 2004 and the supplementary information as set out on page 58. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or 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 the 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.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act of Nigeria, 2004, 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.

In preparing the financial statements, the directors are responsible for assessing the 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 the directors either intend to liquidate the bank or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism 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 the directors.
- Conclude on the appropriateness of the directors' 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 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. 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 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 audit report of 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 book of accounts, so far as appears from 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 and

v. The penalty paid for contravention of relevant circular issued by the Central Bank of Nigeria and the requirements of the Nigeria Stock Exchange is as disclosed in Note 29 to the financial statements.

Sola Oyetayo, FCA
FRC/2013/ICAN/00000000642
Sola Oyetayo & Co.
(Chartered Accountants)
20 December 2023
Lagos, Nigeria

ASO Savings & Loans Plc

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2019 N. '000	2018 N. '000
Interest income	2	2,162,752	2,477,989
Interest expense	3	(2,418,694)	(2,725,337)
Gross loss		**(255,942)**	**(247,348)**
Net fee and commission income	4	24,121	62,185
Other operating gains	5	1,544,937	413,025
		1,313,116	227,862
Movement in credit loss allowances	11	(1,995,798)	2,124,169
Depreciation of property, plant and equipment	7	(69,546)	(113,823)
Personnel expenses	8	(1,532,753)	(1,517,369)
Loss on disposal of non-current asset held for sale	9	324,596	(64,429)
Other operating expenses	10	(1,493,039)	(1,793,753)
Total expenses		(4,766,540)	(1,365,205)
(Loss) Profit before taxation		**(3,453,424)**	**(1,137,343)**
Taxation	12	(10,141)	(24,130)
Total comprehensive (loss) income for the year		**(3,463,565)**	**(1,161,473)**

The notes to the financial statements on pages 26 to 55 form an integral part of the financial statements.

ASO Savings & Loans Plc

Statement of Financial Position as at December 31, 2019

	Note(s)	2019 N. '000	2018 N. '000
Assets			
Cash and cash equivalents	13	382,766	302,649
Loans and advances to customers	14	15,901,134	17,667,935
Promissory notes	16	-	4,442,897
Other asset	17	7,411,813	7,494,048
Property, plant and equipment	18	1,291,584	1,348,687
Intangible assets	19	1	263
		24,987,298	31,256,479
Non-current assets held for sale and assets of disposal groups	20	13,794,923	12,289,395
Total Assets		**38,782,221**	**43,545,874**
Equity and Liabilities			
Liabilities			
Balance with banks	21	13,241	13,241
Deposit from customers	22	27,656,282	29,896,771
Borrowings	23	19,841,858	18,880,692
Current tax payable	24	165,635	155,494
Other liabilities	25	26,436,502	25,569,439
Bank overdraft	13	-	897,968
Total Liabilities		**74,113,518**	**75,413,605**
Equity			
Share capital	26	7,370,867	7,370,867
Reserves		15,545,469	17,751,839
Accumulated loss		(58,247,633)	(56,990,437)

	Note(s)	2019 N. '000	2018 N. '000
		(35,331,297)	(31,867,731)
Total Equity and Liabilities		**38,782,221**	**43,545,874**

The financial statements and the notes on pages 15 to 58, were approved by the board of directors on the 11 December 2023 and were signed on its behalf by:

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

Akachukwu Okechukwu
Bank Secretary
FRC/2022/PRO/NBA/312604

Addtionally certified by

Olugbanga Olaleru
Chief Financial Officer
FRC/2019/CAN/00000019592

The notes to the financial statements on pages 26 to 55 form an integral part of the financial statements.

ASO Savings & Loans Plc

Statement of Changes in Equity

	Share capital	*Regulatory Risk Reserve*	*Statutory reserve*	*Total reserves*	*Accumulated loss*	*Total equity*
	N. '000	*N. '000*	*N. '000*	*N. '000*	*N. '000*	*N. '000*
Balance at January 1, 2018	**7,370,867**	**29,838,005**	**457,509**	**30,295,514**	**(68,372,639)**	**(30,706,258)**
Total comprehensive Loss for the year	-	-	-	-	(1,161,473)	(1,161,473)
Transfer between reserves	-	(12,543,675)	-	(12,543,675)	12,543,675	-
Balance at January 1, 2019	**7,370,867**	**17,294,330**	**457,509**	**17,751,839**	**(56,990,438)**	**(31,867,732)**
Total comprehensive Loss for the year	-	-	-	-	(3,463,565)	(3,463,565)
Transfer between reserves	-	(2,206,370)	-	(2,206,370)	2,206,370	-
Balance at December 31, 2019	**7,370,867**	**15,087,960**	**457,509**	**15,545,469**	**(58,247,633)**	**(35,331,297)**
Note(s)	26	15				

The accounting policies on pages 26 to 44 and the notes on pages 45 to 55 form an integral part of the financial statements.

ASO Savings & Loans Plc

Statement of Cash Flows

	Note(s)	2019 N ' 000	2018 N ' 000
Cash flows from operating activities			
Loss before tax for the year		(3,453,423)	(1,137,343)
Adjustment for:			
Net impairment loss on financial and non-financial instrument		1,995,798	(2,124,169)
Depreciation on property and equipment		69,546	113,823
Amortisation on intangible assets		(262)	2,765
Interest income		(2,162,752)	(2,477,989)
Interest expenses		2,418,694	2,725,337
Loss on sale of property and equipment		118,758	2,184
(Gain) Loss on disposal of Investment property		(324,596)	64,429
Change in operating assets and liabilities			
Net decrease (increase) in loan and advances		(1,119,655)	6,212,020
Net decrease in promissory notes		4,442,897	(179,329)
Net decrease in other assets		(1,457,629)	2,244,902
Net decrease in customer deposit		(2,240,489)	(8,264,538)
Net (decrease) increase in other payables		867,062	(2,328,409)
		(846,051)	(5,146,317)
Interest received from operating activities		4,094,712	2,364,938
interest paid		(2,375,406)	(2,902,326)
Net cash flows generated from operations		**873,255**	**(5,683,705)**

	Note(s)	2019 N ' 000	2018 N ' 000
Cash flows from investing activities			
Purchase of property and equipment		(14,600)	(81,331)
Proceed from sale of property and equipment		99,711	144,605
Purchase of investment property		(1,505,528)	
Proceed from sale of investment property (Off balance sheet items)		324,596	6,043,169
Proceed from HTM Financial Assets		239,485	432,865
Net cash flows from investing activities		**(856,336)**	**6,539,308**
Cash flows from financing activities			
Inflow from borrowings		961,166	-
Repayment of borrowings			(2,746,977)
Net cash flow used in financing activities		**961,166**	**(2,746,977)**
Net increase/ decrease in cash and cash equivalent		978,085	(1,891,374)
Cash and cash equivalent at the beginning of the year		(595,319)	1,296,055
Total cash at end of ther year		**382,766**	**(595,319)**

The notes to the financial statements on pages 26 to 55 form an integral part of the financial statements.

ASO Savings & Loans Plc

Notes to the Financial Statements

Corporate information

ASO Savings & Loan Plc ("the Mortgage Bank") is a public limited company incorporated and 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 Company on 22 September 2005 and its shares were listed in the Nigerian Stock Exchange on 25 April 2008.

The mortgage bank is principally engaged in mortgage banking. The financial statements for the year ended December 31, 2019 were authorised for issue in accordance with a resolution of the directors on .

1. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements of the mortgage bank have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements, the Companies and Allied Matters Act 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.(N' 000)

b) Basis of measurement

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

- Non-derivative financial instruments, carried at fair value through profit or loss, are measured at fair value
- Available-for-sale financial assets are measured at fair value through equity. However, when the fair value of the Available-for-sale financial assets cannot be measured reliably, they are measured at cost less impairment.

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:

- Loans and advances
- Promisory notes

- Held to maturity
- Non-current assets held for sale
- 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:

- In the principal market for the asset or liability or
- 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 Group.

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 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 categorized 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:

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

- 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 Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (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 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.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Nairas, which is the Bank's functional currency.

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

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

1.3 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the bank holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Bank, and the cost of the item can be measured reliably.

i) Recognition and measurement

The items of Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Initial measurement at cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate. 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

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the bank and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

iii) Depreciation

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the bank. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	20years
Plant and machinery	Straight line	5 years
Furniture and office equipment	Straight line	5 years
Motor vehicles	Straight line	4 years
Computer equipment	Straight line	3 years
Leasehold assets	Straight line	As in related class of asset

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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 upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.5 Intangible assets

Computer software:

Software that is not integral to the related hardware acquired by the Bank is stated at cost less accumulated amortisation and accumulated impairment losses:

Costs associated with maintaining computer software programmes are recognised expenses as they are incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank:

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Patents, trademarks and other rights	Straight line	
Computer software	Straight line	33.3%

1.6 Financial instruments

Financial instruments held by the bank are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the bank, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 28 Financial instruments and risk management presents the financial instruments held by the bank based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the bank are presented below:

Loans receivable at amortised cost

Classification

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the bank's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the Bank becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Bank recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Bank measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12-month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12-month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the bank considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the Bank compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Bank considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Bank has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The Bank regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the Bank considers that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the Bank considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The Bank writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the Bank recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default, taking the time value of money into consideration.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Bank has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Bank measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 11).

Derecognition

Any gains or losses arising on the derecognition of a loan receivable is included in profit or loss in derecognition gains (losses) on financial assets at amortised cost (note).

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets

The Bank derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Bank derecognises financial liabilities when, and only when, the Bank obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification

Financial assets

The Bank only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities

Financial liabilities are not reclassified.

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

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

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.8 Leases

The Bank assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Bank has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

The Bank as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Bank is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Bank recognises the lease payments as an operating expense (note 11) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the Bank has elected not to separate the non-lease components for leases of land and buildings.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Bank uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Bank under residual value guarantees;
- the exercise price of purchase options, if the Bank is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note).

The bank remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Bank will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the bank incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

The Bank as lessor

Leases for which the Bank is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the Bank is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Bank applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits form the use of the underlying asset are diminished. Operating lease income is included in other operating income (note 4).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

Finance leases

Amounts due from lessees are recognised from commencement date at an amount equal to the Bank net investment in the lease. They are presented as lease receivables (note) on the statement of financial position.

The interest rate implicit in the lease is used to measure the net investment in the lease. If the interest rate implicit in a sublease cannot be readily determined for a sublease, then the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) is used to measure the net investment in the sublease.

The interest rate implicit in the lease is defined in a manner which causes the initial direct costs to be included in the initial measurement of the net investment in the lease.

Lease payments included in the measurement of the net investment in the lease comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives payable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be receivable by the Bank from the lessee, a party related to the lessee or a third party unrelated to the Bank under residual value guarantees (to the extent of third parties, this amount is only included if the party is financially capable of discharging the obligations under the guarantee);
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the option;
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The Bank recognises finance income over the lease term, based on a pattern that reflects a constant periodic rate of return on the net investment in the lease. Finance income recognised on finance leases is included in investment income in profit or loss (note).

The Bank applies the impairment provisions of IFRS 9 to lease receivables. Refer to the accounting policy for trade and other receivables as lease receivables are impaired on a consistent basis with that accounting policy.

1.9 Non-current assets (disposal groups) held for sale or distribution to owners

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups are classified as held for distribution to owners when the entity is committed to distribute the asset or disposal group to the owners. This condition is regarded as met only when the distribution is highly probable and the asset (or disposal group) is available for immediate distribution in its present condition, provided the distribution is expected to be completed within one year from the classification date.

Non-current assets (or disposal groups) held for sale (distribution to owners) are measured at the lower of their carrying amount and fair value less costs to sell (distribute).

A non-current asset is not depreciated (or amortised) while it is classified as held for sale (held for distribution to owners), or while it is part of a disposal group classified as such.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale (distribution to owners) are recognised in profit or loss.

1.10 Impairment of assets

The bank assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the bank estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the bank also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.11 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the bank in which they are declared.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

The Bank operates a defined contribution plan.

A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. The 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 Bank makes contributions on behalf of qualifying employees to a mandatory scheme under the provisions of the Pension Reform Act.

The Bank has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. For entities operating in Nigeria, the contribution by employees and the employing entities are 8% and 10% respectively of the employees' basic salary, housing and transport allowances. Entities operating outside Nigeria contribute in line with the relevant pension laws in their jurisdictions.

1.13 Provisions and contingencies

Provisions are recognised when:

- the bank has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

1.14 Revenue from contracts with customers

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Bank and therevenue can be reliably measured, regardless of when the payement is being made. Revenue is measured atthe fair value of the consideration received or receivable, taking into account contractually defined terms ofpayment 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 interestrate is the rate that exactly discounts the estimated future cash payments and receipts through the expected lifeof the financial asset or liability (or, where appropriate, a shorter period) to the net carrying amount of thefinancial asset or liability. The effective interest rate is calculated on initial recognition of the financial asset andliability and is not revised subsequently.

Fees and commission

Fees and commission income (such as processing and management fees charged for assessing the financialposition of the borrower, evaluating and reviewing guarantee, collateral and other security, negotiation ofinstruments' terms, preparing and processing documentation and finalising the transaction) and fees andcommission expenses that are integral to the effective interest rate on a financial asset or liability are included inthe measurement of the effective interest rate of financial assets or liabilities.. Other fees and commissionincome, including account servicing fees, placement fees, sales commission and syndication fees, arerecognised 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 arerecognised 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 theservices are received.

1.15 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.16 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Nairas, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the Bank receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the Bank initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, Bank determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Nairas by applying to the foreign currency amount the exchange rate between the Naira and the foreign currency at the date of the cash flow.

ASO Savings & Loans Plc

Notes to the Financial Statements

	2019 N. '000	2018 N. '000
2. Interest income		
Interest income on loans and advances	2,149,999	2,465,121
Interest income on cash and cash equivalents	12,753	12,868
	2,162,752	**2,477,989**
3. Interest expense		
Interest on deposits from customers	1,023,242	2,101,580
Interest on borrowings	1,395,452	623,757
	2,418,694	**2,725,337**
4. Net fee and commission income		
Commission on turnover	1,189	11,569
Administrative and processing fees	12,691	15,557
Other fees and commissions	10,241	35,059
	24,121	**62,185**
5. Other operating gains		
Gains (losses) on disposals		
Real estate investment income	-	(35,100)
Non-current assets held for sale and disposal groups	1,131	(2,184)
Miscellaneous income	637,943	450,309
Recoveries	905,863	-

	2019 N. '000	2018 N. '000
	1,544,937	**413,025**

6. Movement in credit loss allowances

	2019	2018
Stage 1	(37,136)	(3,572)
Stage 2	1,859	(25,227)
Stage 3	990,892	(1,552,948)
	955,615	**(1,581,747)**

7. Depreciation, amortisation and impairment losses

	2019	2018
Depreciation		
Property, plant and equipment	69,546	113,823

8. Personnel expenses

	2019	2018
Employee costs		
Salaries, wages and other benefits	1,448,754	1,494,459
Retirement benefit plans	83,999	22,910
	1,532,753	**1,517,369**

	2019	2018
Average number of persons employed during the year		
Administration	398	398

The table shows the number of employees (excluding directors) whose earnings during the year fell within the ranges shown below:

	2019	2018
N.0 - N.150,000	165	165
N.150,001 - N.235,000	83	83
N.235,001 - N.325,000	61	61

	2019 N. '000	2018 N. '000
N.325,001 - N.455,000	68	68
N.455,001 - N.580,000	9	9
N.580,001 and above	5	5
N.3,500,001 - N.4,500,000	2	2
Above N.4,500,000	5	5
	398	**398**

9. Loss on disposal of non-current asset held for sale

Investment property expenses	6,300	-
Profit on sale of investment	(330,896)	64,429
	(324,596)	**64,429**

10. Operating expenses

Auditors remuneration - external auditors	5,000	5,000
Bank charges	7,717	11,101
Consulting and professional fees	335,978	369,495
Debt recovery expense	70,299	63,356
Directors remuneration	38,905	33,876
Electricity & water	43,481	39,775
Entertainment	10,393	13,457
Fines and penalties	1,597	-
Fraud & Forgeries	2,976	981
Insurance	236,399	215,673
Gift & donations	-	1,100
IT expenses	151,688	253,460
Licencing	5,815	7,880

	2019 N. '000	2018 N. '000
Magazines, books and periodicals	541	566
Marketing & advertising	106,133	241,061
Other expenses	725	(2,447)
Petrol and oil	34,487	31,984
Postage	2,088	1,533
Printing and stationery	13,891	8,372
Rent and rates	134,831	198,451
Repairs and maintenance	94,539	111,238
Security	76,826	76,686
Staff welfare	21,629	10,301
Subscriptions	8,719	12,674
Telephone and fax	7,761	6,797
Training	12,952	10,738
Travel - local	67,669	70,645
	1,493,039	**1,793,753**

11. Operating profit (loss)

Operating (loss) profit for the year is stated after charging (crediting) the following, amongst others:

	2019	2018
Auditor's remuneration - external		
Audit fees	5,000	5,000
Remuneration, other than to employees		
Consulting and professional services	335,978	369,495
Technical services	38,905	33,876
	374,883	**403,371**

	Note	2019 N. '000	2018 N. '000
Employee costs			
Salaries, wages, bonuses and other benefits		1,448,754	1,494,459
Retirement benefit plans: defined contribution expense		83,999	22,910
Total employee costs		**1,532,753**	**1,517,369**
Depreciation and amortisation			
Depreciation of property, plant and equipment		69,546	113,823
Movement in credit loss allowances			
Trade and other receivables- write off		1,040,183	(3,705,915)
Loans and advances at amortised cost	14	955,615	1,581,746
		1,995,798	**(2,124,169)**

12. Taxation

Major components of the tax expense

	2019 N. '000	2018 N. '000
Current		
Local income tax - current period	10,141	24,130

13. Cash and cash equivalents

Cash and cash equivalents consist of:

	2019 N. '000	2018 N. '000
Cash on hand	39,362	59,850
Short-term deposits	343,404	242,799
Bank overdraft	-	(897,968)
	382,766	**(595,319)**

	2019 N. '000	2018 N. '000
Current assets	382,766	302,649
Current liabilities	-	(897,968)
	382,766	**(595,319)**

Exposure to currency risk

Naira amount		
Naira	382,766	(594,200)

14. Loans and advances to customers

Loans and advances to customers are presented at amortised cost, which is net of loss allowance, as follows:

Loan to corporate & other entities	18,428,324	14,681,778
Loan to individuals	3,137,922	5,764,813
Interest receivable	703,712	2,634,553
	22,269,958	23,081,144
Specific impairment	(6,348,511)	(5,018,269)
Collective impairment	(20,313)	(394,940)
	15,901,134	**17,667,935**

Classification of loans and advances by maturity profile

Within 12 months	825,378	855,443
Above 12 months	21,444,580	22,225,701
	22,269,958	**23,081,144**

	2019 N. '000	2018 N. '000
Classification of loans and advances by category		
Mortgage loans	11,965,836	5,713,945
Commercial real estate financing	6,211,771	5,777,643
Others	4,092,351	11,589,556
	22,269,958	**23,081,144**
Classification of loans and advances by Performance		
Performing loan	1,314,527	4,381,420
Non-performing loan	20,955,431	18,699,724
	22,269,958	**23,081,144**
Classification of Loans and Advances by Sector		
Agriculture	-	407,195
Real estate construction	12,265,352	5,777,643
Education	65,840	-
Healthcare	7,332	-
Mortgages	-	6,721,090
Others	9,931,434	10,175,216
	22,269,958	**23,081,144**
Classification of Loans and Advances by product line		
Agricultural Loan	-	407,195
Commercial Mortgage Equity Line of Credit	6,905,631	7,190,983
Commercial Mortgage	1,624,296	1,779,038
Commercial Real Estate	6,211,771	5,777,643
Consumer loans	33,867	36,032
Harps Mortgage	8,615	29,611

	2019 N. '000	2018 N. '000
Margin Loan	10,222	10,222
NHF Loans	993,375	1,007,126
Residential Line of Credit	2,925,847	2,739,593
Rental Advance	3,308	3,609
Retail Mortgage	3,427,295	3,949,091
Staff Loan	125,731	151,001
	22,269,958	**23,081,144**

Movement in impairment allowances

2019	**2019**	**2018**	**Charge/(credit)**
Stage 1	20,313	57,449	(37,136)
Stage 2	10,589	8,730	1,859
Stage 3	6,337,922	5,347,030	990,892
	6,368,824	**5,413,209**	**955,615**

2018	**2018**	**2017**	**Charge/(credit)**
Stage 1	57,448	61,021	(3,573)
Stage 2	8,730	33,956	(25,226)
Stage 3	5,347,030	6,899,978	(1,552,948)
	5,413,208	**6,994,955**	**(1,581,747)**

15. Statement of prudential adjustment

Provisions under prudential guidelines are determined using the time-based provisioning prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the expected credit loss model required by IFRS under IFRS 9. Due to the differences in the methodology/provision, there will be variances in the impairment's allowances required under the two methodologies

	2019 N. '000	2018 N. '000

Provisions for loans recognised in the profit or loss should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserves should be treated as follows:

When CBN Prudential Provisions is greater than IFRS provisions; the excess provision should be transferred from the general reserve account to a "regulatory risk reserve". Where CBN Prudential Provisions is less than IFRS provisions, the excess provision should be transferred to the general reserve account from the non-distributable regulatory reserve to the extent of regulatory reserve previously recognized

As of December 31, 2019, the mandatory regulatory reserves decreased from N17,294,329 in 2018 to N15,087,959 in 2019 Consequently, a transfer of N2,206,370 was executed from general reserve to the regulatory reserve.

Figures in Naira		
Impairment Allowance as per IFRS 9 - Stage 2&3	(6,348,511)	(5,704,986)
Impairment Allowance as per IFRS 9 - Stage 1	(20,313)	(34,029)
	(6,368,824)	(5,739,015)
Loan Loss Provision as per CBN Guideline – Specific	21,456,557	23,019,980
Loan Loss Provision as per CBN Guideline – Collective	226	13,364
Required regulatory risk reserve at 31 December	**15,087,959**	**17,294,329**

Movement in regulatory risk reserve	**2019**	**2018**
At January 1	17,294,329	29,838,004
Transfer (to)/from Unappropritated Profit	(2,206,370)	(12,543,675)
At 31 December	**15,087,959**	**17,294,329**

16. Promissory notes

Current portion	-	4,442,897

	2019 N. '000	2018 N. '000
Concentration by sector		
Government	-	4,263,568
Concentration by location		
Nigeria North central	-	4,263,568

17. Other assets

	2019 N. '000	2018 N. '000
Restricted balances with FMBN	1,119	1,119
Account receivables	1,512,989	121,743
Prepayments	25,134	713,177
Estate development progress cost	5,713,415	5,051,501
Other receivables	159,156	66,644
Other non performing assets	12,940,947	12,940,947
	20,352,760	18,895,131
Specific impairment on other assets	(12,940,947)	(11,401,083)
	7,411,813	**7,494,048**

18. Property, plant and equipment

	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	1,652,448	(399,630)	1,252,818	1,652,523	(388,610)	1,263,913
Plant and machinery	94,477	(94,230)	247	98,509	(93,363)	5,146
Furniture and fixtures	575,559	(577,203)	(1,644)	580,072	(579,593)	479
Motor vehicles	398,419	(391,065)	7,354	508,557	(489,153)	19,404
IT equipment	798,776	(765,967)	32,809	790,445	(730,700)	59,745
Total	**3,519,679**	**(2,228,095)**	**1,291,584**	**3,630,106**	**(2,281,419)**	**1,348,687**

Reconciliation of property, plant and equipment - Bank

	Land & Building	Plant and machinery	Furniture & Office equipment	Motor vehicles	IT equipment	Total
Cost						
At January 1, 2018	1,795,849	100,252	667,211	667,199	745,506	3,976,017
Additions	-	-	-	19,373	61,958	81,331
Disposals and scrappings	(143,326)	(1,743)	(87,139)	(178,015)	(17,019)	(427,242)
At December 31, 2018	**1,652,523**	**98,509**	**580,072**	**508,557**	**790,445**	**3,630,106**
Additions	-	-	1,414	726	12,460	14,600
Disposals and scrappings	(75)	(4,032)	(5,927)	(110,864)	(4,129)	(125,027)
At December 31, 2019	**1,652,448**	**94,477**	**575,559**	**398,419**	**798,776**	**3,519,679**
Depreciation						
At January 1, 2018	389,214	96,652	649,246	619,616	693,321	2,448,049
Disposals	(14,926)	(4,871)	(76,819)	(166,818)	(17,019)	(280,453)
Depreciation	14,322	1,583	7,166	36,355	54,397	113,823
At December 31, 2018	**388,610**	**93,363**	**579,593**	**489,153**	**730,700**	**2,281,419**
Disposals	(14)	(1,936)	(5,927)	(110,864)	(4,129)	(122,870)
Depreciation	11,034	2,803	3,537	12,776	39,396	69,546
At December 31, 2019	**399,630**	**94,230**	**577,203**	**391,065**	**765,967**	**2,228,095**

19. Intangible assets

	2019			2018		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software, other	490,904	(490,903)	1	490,904	(490,641)	263

Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Computer software, other	263	(262)	1

Reconciliation of intangible assets - 2018

	Opening balance	Amortisation	Total
Computer software, other	3,028	(2,765)	263

20. Discontinued operations or disposal groups or non-current assets held for sale

The Bank has decided to discontinue its operations in (state Bank or details). The assets and liabilities of the disposal group are set out below.

The decision was made by the board of directors to discontinue these operations due the lack of return on investment.

The non-current assets are to be sold piecemeal.

Profit and loss

Assets and liabilities

Non-current assets held for sale		
Investment property	13,794,923	12,289,395
Balance, beginning of year	12,289,395	18,396,993
Additions	1,505,528	-
Disposals	-	(6,107,598)
Balance, end of the year	**13,794,923**	**12,289,395**

	2019 N. '000	2018 N. '000
21. Balance with banks		
Sale of Federal Government Houses accounts	13,241	13,241
22. Deposit from customers		
Retail customers		
Term deposits	4,245,607	5,336,024
Demand deposits	19,203,247	20,289,207
Savings	716,768	751,308
Corporate customers	-	-
Term deposits	1,760,004	1,816,760
22. Deposit from customers (continued)		
Current deposits	1,679,074	1,640,380
	27,604,700	29,833,679
Interest payable	51,582	63,092
	27,656,282	**29,896,771**
23. Borrowings		
Held at amortised cost		
Financial Accomodation from CBN	12,077,020	11,176,159
Loan from National Housing Fund	1,779,804	4,117,573
Loan from other banks	5,985,034	3,586,960
	19,841,858	**18,880,692**
Split between non-current and current portions		
Non-current liabilities	19,841,858	18,880,692

	2019 N. '000	2018 N. '000
Exposure to currency risk		
Naira amount		
Naira	19,841,858	18,880,692

24. Current tax payable (receivable)

	2019 N. '000	2018 N. '000
Opening balance	155,494	131,364
Income tax	10,141	24,130
	165,635	155,494
Closing balance	**165,635**	**155,494**

25. Other liabilities

	2019 N. '000	2018 N. '000
Financial instruments:		
Trade payables	15,084,646	13,904,129
Sale of Federal Government Houses	4,019,359	4,778,551
Deposit for shares	4,914,789	4,914,789
Accruals	1,067,868	844,035
Liability for defined contribution scheme	78,430	57,608
Liability for defined benefits plans	144,071	144,477
Sundry liabilities	793,974	646,485
Non-financial instruments:		
Deposit for properties by off-takers	333,365	279,365
	26,436,502	**25,569,439**

	2019 N. '000	2018 N. '000
Financial instrument and non-financial instrument components of trade and other payables		
At amortised cost	26,103,136	26,263,779
Non-financial instruments	333,365	(39,094)
	26,436,501	**26,224,685**

Exposure to currency risk

25. Other liabilities (continued)

The net carrying amounts, in Naira, of other liabilities, excluding non-financial instruments, are denominated in the following currencies. The amounts have been presented in Naira by converting the foreign currency amount at the closing rate at the reporting date.

Naira Amount		
Naira	26,103,136	25,290,072

26. Share capital

Issued		
Ordinary	7,370,867	7,370,867

27. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Bank believe that the Bank has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The Bank have satisfied themselves that the Bank is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Bank are not aware of any new material changes that may adversely impact the Bank. The director Bank are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Bank.

We draw attention to the fact that at December 31, 2019, the Bank had accumulated losses of N. (58,247,633) and that the Bank's total liabilities exceed its assets by N. (35,331,297).

The ability of the Bank to continue as a going concern is dependent on a number of factors. The most significant of these is that the Bank continue to procure funding for the ongoing operations for the Bank and that the subordination agreement referred to in note of these financial statements will remain in force for so long as it takes to restore the solvency of the Bank.

28. Financial instruments and risk management
Financial risk management
Overview

The bank is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The maximum exposure to credit risk is presented in the table below:
Liquidity risk

The Bank is exposed to liquidity risk, which is the risk that the Bank will encounter difficulties in meeting its obligations as they become due.

28. Financial instruments and risk management (continued)

The Bank manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

29. Contraventions

During the year, the Bank contravened certain provisions of the Revised Guidelines for Primary Mortgage Banks in Nigeria, certain Central Bank of Nigeria circular 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 2019 to the Nigeria Stock Exchange.

Other National Disclosure

ASO Savings & Loans Plc

Value Added Statement

	2019 N. '000	2019 %	2018 N. '000	2018 %
Value Added				
Value added by operating activities				
Revenue	2,162,752		2,477,989	
Bought - in materials and services	(3,587,137)		(4,583,519)	
Other operating income	24,121		62,185	
Other operating gains	1,544,937		413,025	
	144,673	**100**	**(1,630,320)**	**100**
Value added by investing activities				
Investment income	-		-	
	-	-	-	-
Total Value Added/(Eroded)	**144,673**	**100**	**(1,630,320)**	**100**
Value Distributed				
To Pay Employees				
Salaries, wages, medical and other benefits	1,532,753		1,517,369	
	1,532,753	**1,059**	**1,517,369**	**(93)**
To Pay Government				
Income tax	10,141		24,130	
	10,141	**7**	**24,130**	**(1)**

	2019 N. '000	2019 %	2018 N. '000	2018 %
To be retained in the business for expansion and future wealth creation:				
Value reinvested				
Depreciation, amortisation and impairments	2,065,344		(2,010,346)	
	2,065,344	**1,428**	**(2,010,346)**	**123**
Value retained				
Retained loss	(3,463,564)		(1,161,473)	
	(3,463,564)	**(2,394)**	**(1,161,473)**	**71**
Total Value Distributed/Eroded	**144,674**	**100**	**(1,630,320)**	**100**

Value added represents the additional wealth which the Bank has been able to create by its own and employees efforts.

ASO Savings & Loans Plc

Five Year Financial Summary

	2019 N. '000	2018 N. '000	2017 N. '000	2016 N. '000	2015 N. '000
Statement of Financial Position					
Assets					
Cash & Cash Equivalent	382,766	302,649	1,296,055	942,018	1,988,677
Loan receivables	15,901,134	17,667,935	22,185,957	18,115,266	28,489,100
Promissory note	-	4,442,897	4,263,568	3,868,875	3,560,426
Held-to maturity investment	-	-	-	-	10,218,869
Other assets	7,411,813	7,494,048	6,941,968	1,320,729	1,942,770
Property, plant and equipment	1,291,584	1,348,687	1,527,969	1,592,889	1,761,406
Intangible assets	1	263	3,028	2,800	7,059
	24,987,298	31,256,479	36,218,545	25,842,577	47,968,307
Non current Assets held for sale	13,794,923	12,289,395	18,396,993	16,933,588	17,290,663
Total assets	**38,782,221**	**43,545,874**	**54,615,538**	**42,776,165**	**65,258,970**
Liabilities					
Deposit from banks	13,241	13,241	13,241	672,551	13,241
Deposit from customers	27,656,282	29,896,771	37,984,320	42,027,259	41,962,525
Borrowings	19,841,858	18,880,692	19,295,024	15,964,249	25,412,730
Current tax payable	165,635	155,494	131,364	79,022	106,635
Other liabilities	26,436,501	25,569,437	27,897,846	15,521,464	23,664,218
Bank draft	-	896,849	-	-	-
Total liabilities	**74,113,517**	**75,412,484**	**85,321,795**	**74,264,545**	**91,159,349**

Equity					
Share capital	7,370,867	7,370,867	7,370,867	7,370,867	7,370,867
Reserves	15,545,469	17,751,839	30,295,514	457,509	457,509
Accumulated loss	(58,247,632)	(56,989,316)	(68,372,638)	(39,316,756)	(33,728,755)
Total equity	**(35,331,296)**	**(31,866,610)**	**(30,706,257)**	**(31,488,380)**	**(25,900,379)**
Total equity and liabilities	**38,782,221**	**43,545,874**	**54,615,538**	**42,776,165**	**65,258,970**

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, 201 9, 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

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

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

	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.

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	