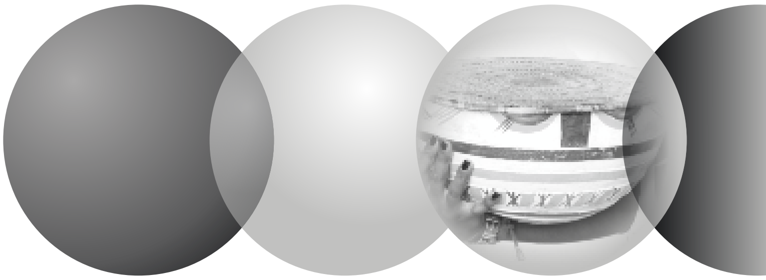
ANNUAL REPORTS
&
STATEMENT OF ACCOUNTS
DECEMBER 2012

ASO

SAVINGS & LOANS PLC

Where we are coming from

Recognitions



2012 Leadership Mortgage Bank of the Year 2011

2012 National Leader in Mortgages (Agusto & Co. Report)

2011 RIMA Awards for Records and Information Management.

2010 Winner of the Guardian 2010 Brand of the Year for Savings and Loans Company of the year.

2010 Sectoral Leadership Award for Mortgage Companies in Nigeria.

2010 Winner of the Pearl award for 'Best Mortgage Institution in Nigeria for 2009'

2009 Awarded triple A Rating (Short Term) by Global Credit Rating Co. (GCR)

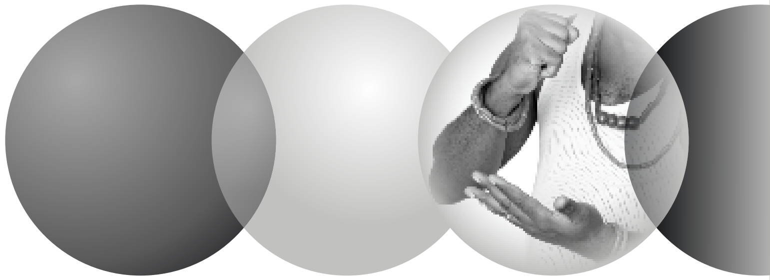
2009 Winner, Microsoft Business Transformation Award for Enterprise Performance Management

2009 MBAN Award of Excellence, 2008-Awarded triple A Rating (Short Term) by Global Credit Rating Co.(GCR)

2009 Winner of the Leadership Newspaper's Mortgage Bank of the Year award.

2008 Nominated by the Nigeria Stock Exchange as the Other Financial Institution of the Year.

2008 Winner of the Gold Star Award for World Quality Commitment in Paris, France.



Contents

INTRODUCTION 03

Our Story
Notice of Annual General Meeting
Chairman's Statement
Chief Executive Officer's Statement

BUSINESS REVIEW 11

Operating Environment and Outlook
Our People and Policies
Employee Share Ownership Scheme
ASO-Corporate Social Responsibility

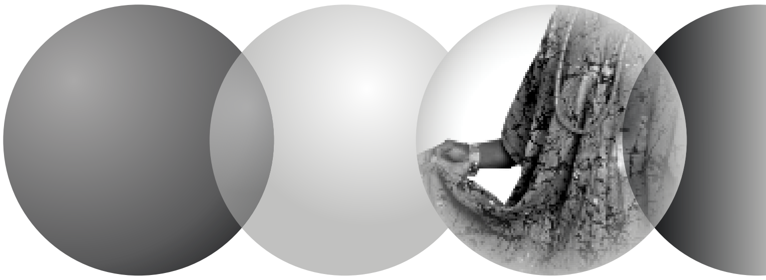
CAPITAL 20

AUDITED FINANCIAL STATEMENTS: 23

- Report of the Directors
- Corporate Governance Report
- Statement of Directors' Responsibilities in Relation to the Financial Statements
- Report of the Audit Committee
- Independent Joint Auditors' Report
- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Statement of Prudential Adjustments
- Notes to the Financial Statements
- Statement of Value Added
- Five-Period Financial Summary

SHAREHOLDERS' INFORMATION 113

Shareholders' Information Update Form
Proxy Form



Company 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 liability 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 about 16% of the Company's equity, and in the process acquired over 3,000 new shareholders. As at December 2007, ASO had shareholders funds in excess of ₦4.5bn.

We were listed on the floor of the Nigerian Stock Exchange on April 25, 2008.

Our Vision

To be the Mortgage Bank of Choice.

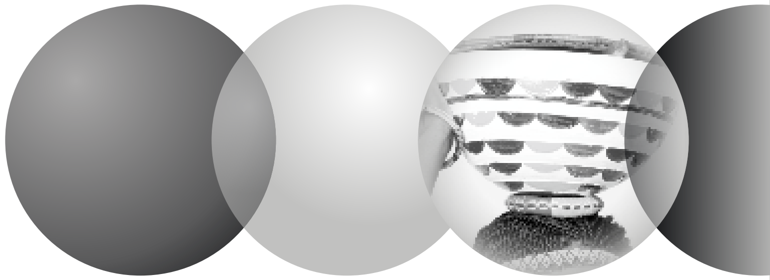
Our Mission

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

Our Achievements

- Over ₦30 billion mortgage originations for over 12,000 homeowners.
- Successfully championed and originated mortgages for over 88% of the residential mortgages securities by the 2007 ₦25 billion Sale of Federal Government Houses bond in Abuja.
- Delivered social mortgages to numerous beneficiaries under the National Housing Fund Scheme.
- Built a deep and unsurpassed working knowledge of the FCT and now operates from twenty-one (23) branches and four cash centers within the FCT, Lagos, Rivers, Ondo, Kano, Niger, Kaduna and Edo States of the Federation.
- Directly developed five housing estates around Abuja.

Branch Network



Corporate Head Office
Plot 266, FMBN Building, Cadastral Zone AO, Central Business District, Abuja.
Tel: +234 (9) 461 1587

ABUJA
Area 7 Branch
5, Abriba Close, Area 7, Garki.

Area 11 Branch
Plot 599, Cadastral Zone A3,
Sharon Shopping Centre,
Ahmadu Bello Way, Garki, Area 11.

Bwari Branch
Bwari Township Highway, Bwari.

Eagle Square Branch
Parking Lot, Federal Secretariat Building,
Central Business District.

Garki II Branch
Plot 1580 Kabo Crescent, Garki II, Abuja.

Gudu Branch
Gudu Market.

Head Office Branch
Plot 266, FMBN building, Cadastral Zone AO,
Central Business District.

Jikwoyi Branch
Phase One, Near Jikwoyi Police Station, Jikwoyi.

Kado Branch
Kado Fish Market, Kado.

Kubwa Branch
Plot 185, Hamza Abudullahi Road
Off Gado Nasko Street.

Kuje Branch
Area Council Secretariat Road, Kuje.

National Assembly Branch
Three Arms Zone, National Assembly.

Wuse Branch
Wuse Market, Zone 6.

Zuba Branch
Along Zuba Motor Park Road, Zuba.

EDO
Benin Branch
6, Akpakpava Road, Benin City, Edo.

KADUNA
6A, Bida/Yakubu Gowon Way, Kaduna.

KANO
Murtala Mohammed Way,
No 18, Opposite Daula Hotel, Kano.

LAGOS
Victoria Island Branch
No. 18, Construction House,
Adeyemo Alakija Street,Victoria Island,
Lagos.

Ikeja Branch
28, Oba Akran Way, Ikeja, Lagos

NASSARAWA
Keffi/Nyanya Road, Mararaba.

NIGER
NICON Building, No. 1, Bank Road,
Minna.

RIVERS
No. 27, Aba Road,
Beside PDP Secretariat, Port- Harcourt.

ONDO
Tisco House Alagbaka, Akure.

CASH CENTERS

Gwagwalada
Muslim Pilgrims Welfare Board, Gwagwalada.

Mabushi
VIO Office, Mabushi.

Maitama
FCT High Court, Maitama.

Zone 2
High Court, Zone 2.

Central Business District
Federal Secretariat Complex,
Central Business District.

Notice of 15th Annual General Meeting

Notice is Hereby Given that the 15th Annual General Meeting of ASO SAVINGS AND LOANS PLC will be held at Nnamdi Azikiwe Hall, Nicon Luxury Hotel, Plot 903 Tafawa Balewa Way, Area 11, Garki, Abuja on 14th May, 2014 at 10am to transact the following business:-

ORDINARY BUSINESS:

1. To receive and consider the Audited Financial Statements for the year ended 31st December, 2012, together with the Reports of the Directors, Auditors and Audit Committee thereon;
2. To ratify the appointment of Directors;
3. To re-elect Directors in the place of those retiring;
4. To approve the remuneration of Directors;
5. To authorize the Directors to fix the remuneration of the Joint Auditors;
6. To elect members of the Audit Committee;

SPECIAL BUSINESS:

1. To consider and approve the following as special resolutions of the Company:

a. "Subject to any required approvals from any relevant regulatory authority, the Directors be and are hereby authorized to take any reasonable steps to enter into discussions with any party or parties for the acquisition, merger or any other form of business combination aimed at expanding the Company"

b. "That pursuant to the implementation of the above and in line with the authorization given to the Board to raise additional capital, the Directors be and are hereby authorized to utilize all or any part thereof of the Company's available capital resources in a manner that it may deem fit to carry out such acquisition, merger or investment on behalf of the Company"

c. "That subject to required regulatory approvals, the Directors be and are hereby authorized to take all steps as may be required for the Company to enter into a Scheme of Merger with any other party at such times and upon such terms as the Directors may determine and conditions that the Shareholders may approve same subsequent to a Court-Ordered Meeting convened for that purpose".

2. To consider and if deemed fit amend the Memorandum and Articles of Association as follows:

a. "That the provisions of Clause 79 of the Articles of Association be amended to reflect the prescription of the Central Bank of Nigeria (CBN)'s revised guidelines for Primary Mortgage Banks in force on Board Composition Limits by a substitution of the entire provisions of the Clause 79 of the Articles of Association with the following provisions: *'Subject to the provisions of any law or regulation for the time being in force, the number of Directors on the Board of the Company shall be a minimum of 7 (Seven) and a maximum of 15 (Fifteen) Directors' "*

Dated this 11th Day of April, 2014

Note: Proxy: A member entitled to attend and vote at this meeting is entitled to appoint a Proxy to attend and vote instead of him. A proxy need not be member of the Company. A proxy form is enclosed. To be valid, the proxy form must be stamped by the commissioner for stamp duties and deposited at the registered office of the Company, Plot 266 FMBN Building, Central Business District, Abuja not later than 48 hours before the time of the meeting.

By Order of the Board

Bilikisu Rimi
Company Secretary

Chairman's Statement

Fellow Shareholders, Invited Guests, Gentlemen of the Press, Distinguished Ladies and Gentlemen.

I am pleased to welcome you to the 15th Annual General Meeting of ASO Savings and Loans PLC and thank you for honoring our invitation to the meeting.

Before reviewing the Bank's financial performance for the year, I will like to take you through some of the relevant developments in the domestic and international business environment in the last 24 months.

GLOBAL ECONOMIC ENVIRONMENT

The year 2012 was characterized with weak growth for most developed countries and one of a declining economic growth for developing Nations. The recovery of the world economy was limited in 2012 and remained sluggish in the 1st half of 2013, however global economic outlook strengthened in the 2nd half of 2013 and is expected to further strengthen in 2014. According to an International Monetary Fund (IMF) report, the projected global economic growth for 2013 was 3.6% vs. 3.3% in 2012. Global growth is projected to be slightly higher in 2014, at around 3.7%, rising to 3.9% in 2015. The continued contraction in the Euro Zone and the protracted debt crisis in the zone coupled with policy uncertainty in the US resulted in subsequent declines in the demand for outputs from developing nations.

The year 2012 was however a great year for the global stock market. According to the IMF, equity markets had a positive year in 2012, the best since 2009. Stock prices increased, supported by monetary easing and receding worries about the Eurozone crisis. Volatility in the markets also decreased while during the year, government yields declined in Europe and in the United States of America which are the frontline economies that normally shape the rest of the world.

DOMESTIC ECONOMIC ENVIRONMENT

The Nigerian economy recorded relatively strong economic growth with an estimated GDP growth of 7%. The non oil sector was mainly responsible for the growth recorded by the Country as it recorded an 8% growth in contrast to the oil sector which contracted by approximately 1%.

Although the oil sector benefited from relatively high crude oil prices in the international market and stability in the exchange rate of Naira against US dollar, it recorded decline in crude production level. The recorded decline in crude oil production level was due to oil theft in the Niger Delta which resulted in several force majeure declarations by the oil companies.

Despite the strong GDP growth recorded, security and flooding posed a great challenge to the Country's growth in 2012. These developments affected food supply, contributing to the high inflation rate recorded in 2012.

Following the recent rebasing of the Country's GDP, Nigeria has emerged as the 26th largest economy in the world and Africa's biggest economy. The rebasing of the Nigerian economy resulted in estimates of the nation's nominal GDP increasing from $285.6 billion to $509.9 billion. This is phenomenal and if the security challenges facing the country today is brought under control, this could have a tripling and fundamental effect on the growth of our economy.

FINANCIAL PERFORMANCE

Due to the challenging operating environment where Mortgage Banks operated in 2012, the Bank recorded a profit before tax of ₦296 million and a loss after tax of ₦117 million the nine months to December 2012 compared to a loss before tax of ₦246 million and a loss after tax of ₦371 million in the 12 months to 31st March 2012.

The balance sheet size declined by 6% (from ₦85.3 billion in March 2012 to ₦80.2 billion in December 2012) largely due to 42% decrease in cash and cash equivalent (from ₦29.7 billion in March 2012 to

₦17.1 billion in December 2012) and 13% decline in loans and advances (from ₦40.2 billion in March 2012 to ₦35.1 billion in December 2012), although non-current asset held for sale grew by 267% (from ₦3.2 billion in March 2012 to ₦11.7 billion in December 2012. Mortgage assets and real estate financing constitute 78% of total loans and advances, solidifying ASO's credentials as the number one mortgage banking institution in Nigeria.

The bank recorded decrease in deposit liabilities which declined by 24% closing at ₦51.6 billion (from ₦68.4 billion in March 2012).

We are positive that as the economy improves in the succeeding year, the Bank will return to a positive profit making position. Also, specific measures have been put in place to improve financial performance and create a sustainable profitable business.

SUSTAINABILITY

In order to create the required foundation for the emergence of a sustainable business and to give added emphasis to the Bank's front facing functions, the Board approved a proposal from the Management to effect a restructure on the Bank's operating structure.

The restructuring necessitated the emergence of four key front facing Divisions as follows:

- **Retail banking:** The Division is to focus on income and deposit generation from retail mortgages and savings products to retail customers.
- **Institutional Banking:** This division is to focus on income generation and deposit generation from wholesale mortgages and savings products to staff in Cooperatives, Corporations, Organization, Public sector, etc.
- **Structured Finance:** This is a division that is to focus on sourcing fund for ASO projects in order to meet specific funding requirements as well as to intermediate, incubate, syndicate and manage portfolio of funds.
- **Real Estate Inventory Management:** This division is to focus on income generation from construction financing, non funded developments and brokering deals with partners.

I am optimistic that the various ongoing restructuring exercises will yield the required result and ultimately ensure sustainable growth in revenue, profitability and shareholder value.

CORPORATE GOVERNANCE

The Bank's corporate governance and risk management frameworks remain strong and robust. In accordance with good corporate governance procedures, the Board will continue to ensure that there will always be a robust room for the maintenance of good internal control procedures, adherence to rules and regulations and compliance with legal requirements through scheduled meetings of the Board and the various Board Committees. Based on the outcome of these regular reviews of processes and procedures, the Board is confident that the systems in place are adequate to manage the risks inherent in our business and to protect depositors and shareholders' interest.

FUTURE OUTLOOK

The future appears bright for the mortgage subsector and ASO; I am more than ever convinced we are in the right business and that we are in it at the right time.

For the first time, there is a unique goal congruence amongst governmental, multilateral agencies and other relevant bodies to boost supply of habitable affordable housing. Critical to reducing the current housing deficit is the need to enhance liquidity in the mortgage subsector and increase the availability of mortgage facilities in the Country. It is to this end that the Federal Government has established the Nigeria Mortgage Refinance Company. The Mortgage Refinance Company has commenced operation and is to commence refinancing of mortgages in the third quarter of this year. This will undoubtedly provide huge opportunities for participating Financial Institutions to refinance their mortgage portfolio. I am delighted to inform you that your institution, ASO Savings has invested the sum of ₦500m in this unique institution as part of the means to secure our business and future in the refinancing scenario that would unfold.

The increased yearnings amongst Nigerians to own personal homes also provide a huge opportunity for the Mortgage Banks.

ASO is well positioned to take advantage of all these opportunities with a view to further entrenching the institution as the leading player in the mortgage sub-sector.

Regarding the new regulatory capital requirement pronouncement for Primary Mortgage Banks, I am pleased to announce to you that the Bank has exceeded the minimum capital requirement of ₦5 billion for National PMBs.

In line with the shareholders' approval for the board of directors to raise additional capital, the right issue exercise was successful as the Bank raised ₦3bn through the exercise. Also, the Bank is on course to raise additional tier 1 and tier 2 Capital to shore up our capital base in an attempt to reposition your institution for better performance. We are also in the process of acquiring a foremost mortgage institution. We are at an advanced stage of this process and we believe when completed it would open new vista of opportunities for your institution aimed at delivering better shareholder value. I must say at this juncture that we appreciate very much the cooperation and support of our shareholders and the regulators in all these and hoped that we can continue to count on this support both now and in the future aimed at repositioning your institution for the better.

I believe our approach of focusing on our customers to create strong relationships, our operating model and our distinct brand will make us excel in the transforming the mortgage sphere and the Nigerian economy at large.

BOARD CHANGES:
During the financial year under review, the Board witnessed a few changes as Mrs. Kudi Badmus resigned as an Executive Director of the Bank on 24th of October 2012 after serving the Institution meritoriously. We wish her all the best in her future endeavors.

CONCLUSION
On behalf of the Board of Directors, I would like to thank our customers, business partners, and esteem shareholders for their continued support and patronage to the Institution. My special gratitude goes to the employees for their contribution towards 2012 financial year.

I would also want to thank the regulatory authorities and the various government agencies for their assistance, guidance and continuous support.

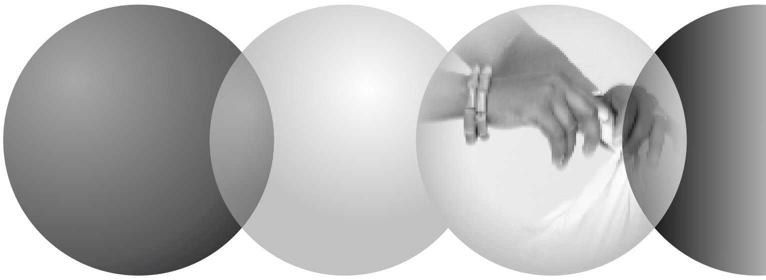
I am convinced that it is the commitment, support and dedication of the various stakeholders that has and will continue to make the difference.

Finally, on behalf of the Board of Directors and Management, I want to thank you for your support in the past years and appeal for your continuous support in the years ahead.

Thank you,

Dr. Olatunde Ayeni
Chairman, Board of Directors

Chief Executive Officer's Statement



INTRODUCTION

The 2012 financial year commencing in April 2012 was an extremely difficult 9 month period for the Mortgage Banking Industry. The Commercial Banks were able to weather the storm better than the Mortgage Banks due to various macro-economic initiatives initiated by the Central Bank of Nigeria to stimulate growth and ensure recovery of the Commercial Banks. Unfortunately these initiatives which included buy back of non-performing loans by the Asset Management Corporation of Nigeria (AMCON) were not extended to Primary Mortgage Banks (PMBs).

YEAR 2012

During the year 2012, the Bank established its longer term strategy by acting quickly and decisively to mitigate the effects of a challenging environment and putting in place the right structure to deliver on its objectives over the next 3-5 years.

I am also pleased to announce that the Bank was the first PMB to fully adopt the International Financial Reporting Standards (IFRS).

In order to improve our service delivery and continue to demonstrate our expanding presence in the Nigerian Market, we rolled out new E-banking applications.

Our loan recovery drive continued to yield positive results with significant milestones recorded in recovery of non-performing loans.

Despite the challenging operating environment, our effort ensured that the Bank recorded a profit before tax of ₦296mn though a marginal amount, however recognition of tax liability of ₦413mn resulted in the Bank declaring a loss after tax of ₦117mn. Although a number of external factors outside our control affected our Bank's performance in 2012, regardless of these extraneous factors, we take full responsibility for this performance and have committed to delivering outstanding performance to our shareholders in the coming financial year.

We will continue to provide efficient and competitive mortgage solutions to our customers, ensure prudent management and good governance to enhance shareholder value.

2013 AND BEYOND

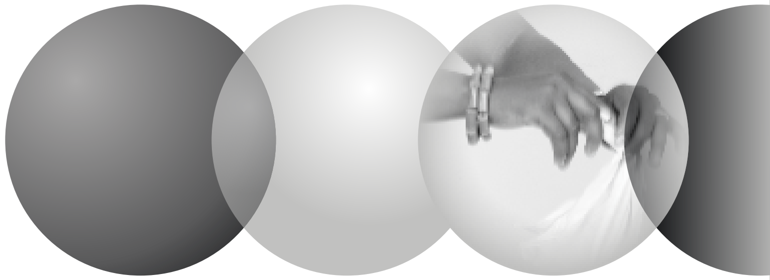
For the first time in the history of the Country, the interest of the Government, CBN, National Assembly, international DFIs, and the capital markets in the housing and mortgage sectors are all aligned towards provision of affordable housing.

This unique goal congruence is beginning to bring good fortune towards the paths of the Mortgage Banking sector with the expected establishment of the Nigeria Mortgage Refinance Company (NMRC) which is expected to ameliorate the liquidity challenge that has plagued the industry since inception. It is expected that the NMRC will boost liquidity in the industry. I am happy to inform you that our Bank is well positioned to be the foremost beneficiary from the NMRC.

Other ongoing government initiatives to stimulate the growth of the sector include efforts to amend the Land Use Act, create mortgage liquidity facility, and enact appropriate foreclosure legislation.

The expected announcement of the Primary Mortgage Banks that certified the recapitalization requirement for the PMBs will provide clarity on the Industry's competitive landscape.

Chief Executive Officer's Statement



In the coming years the primary focus of the Bank will include:

- Establish the Bank's position as the foremost refinancing PMB with the NMRC
- Strengthen our balance sheet via: growing risk assets and deposit liability, maintaining a high level of capital and liquidity, de-risking the balance sheet
- Operational efficiency and cost reduction
- Reduce the pricing of mortgages while maintaining a positive spread between mortgage pricing and funding cost
- Further strengthening of our risk management framework and internal control processes
- Maintain our market leadership
- Increase our presence across the nation leveraging on existing IT platforms

CONCLUSION

In spite of the challenges of 2012 we remain committed to the Bank's vision which is to continually ensure that ASO is the mortgage bank of choice for Nigerians.

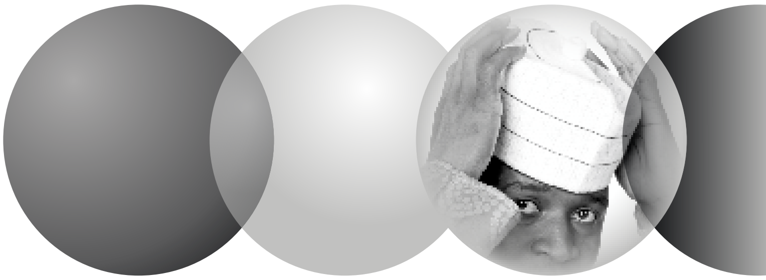
Although 2012 was a difficult year, we however remain optimistic about the future and the growth opportunities in our industry. Necessary structures have been put in place to ensure our Bank benefit's most from the expected growth in the sector. On behalf of the Board and Management; I would want to thank all our stakeholders particularly our customers, shareholders and employees for their continuous support during this challenging period. We also count on their support has ASO transcend the difficult era.

Thank you

Hassan T. M. Usman
Managing Director/CEO

Business Review

Our Operating Environment and Outlook



Global Economy

Growth of the world economy has weakened considerably during 2012 and is expected to remain subdued in the coming two years, according to the United Nations in its latest issue of the World Economic Situation and Prospects 2013 (WESP). In advanced economies, growth is now too low to make a substantial dent in unemployment and in major emerging market economies, growth that had been strong earlier has also decreased. According to the International Monetary Fund (IMF) economic forecast for 2013 released at the beginning of second quarter of 2012, the projected growth has been revised from 2.0% down to 1.5% for advanced economies, and from 6.0% down to 5.6% for emerging markets and developing economies.

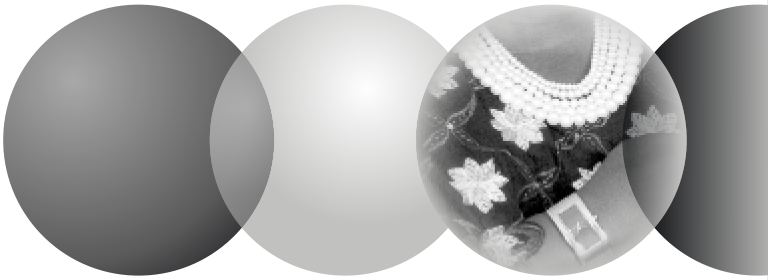
The ripple effect of the great recession of 2008/2009 still plagued the world economy in 2012. This in effect was seen as some Euro areas experienced mild recession towards the last quarter of 2012 as a result of the debt crisis and general loss of confidence and effect of fiscal consolidation in response to market pressure. Weaknesses in the major developed economies are at the root of the global economic slowdown. The WESP report stresses that most of these developed countries, especially the ones in Europe are trapped in a vicious cycle of high unemployment, which was at a record high of about 12% by the end of 2012, financial sector fragility, heightened sovereign risks, fiscal austerity and low growth. Also, the US economy slowed significantly during 2012 and growth is expected to remain meager at about 1.7% in 2013. The far eastern economy is also not left out, as deflationary conditions are expected to continue to prevail in places like Japan, while lower export since 2009 is expected to strongly affect growth of the likes of China.

African Economy

Economic conditions in Sub-Saharan Africa (SSA) have remained generally robust against the backdrop of a sluggish global economy. According to IMF, most low-income countries continue to grow, although drought in many Sahel countries and political instability in some West African countries like Mali and Guinea-Bissau have undermined economic activities in the region. The situation is less favorable for many of the middle-income countries, especially South Africa, that are more closely linked to European markets. The near-term outlook for SSA remains broadly positive, and growth is projected at 5¼% a year in 2012/13. Strong domestic demand, including from investment, is expected to support growth in many low-income countries, while a weak external environment will be a drag on growth in middle-income countries with significant trade links to Europe. With global commodity prices projected to remain soft and domestic climatic conditions improving, inflation is expected to decline to around 8% in 2012, and about 7% in 2013 according to earlier projections.

As the recovery from the economic meltdown sluggishly continues, ongoing growth in Africa is expected to be sustained even though the global slowdown which has engulfed most of the euro zone is constraining Africa's growth. However, with the gradual recovery of North African economies, Africa´s average growth is expected to rebound to about 4.8% in 2013. The international environment will remain difficult in the near term. But with the end of political unrest in North Africa in sight, Foreign Direct Investment (FDI) to Africa as a whole is likely to increase in 2013. According to the World Bank, Africa has been the second-fastest growing economy in the world, with GDP accelerating more than 5% a year on average, over the past decade. Even as the global economy has slowed in recent months closing 2012, growth in Africa has largely remained on track, with the World Bank predicting the continent could be on "the brink of an economic takeoff, much like China was 30 years ago, and India 20 years ago." Africa's natural resources are certainly a big driver of the growth, but an even bigger factor is the continent's rising consumer class.

According to McKinsey Global Institute, household consumption is now higher in Africa than in India or Russia, and is only expected to surge further. In fact, the number of African households with discretionary income is expected to jump by more than 50% to almost 130 million by 2020. "The consumer demand in Africa is enormous," (Larry Seruma, Managing Principal at Nile Capital Management and Manager of the Nile Pan Africa Fund {NAFAX}-The only U.S. mutual fund to focus exclusively on the continent of Africa) whose investment is largely in Nigeria.



In summary, although the slowdown in economic growth in Europe, America and other parts of the Persian Gulf region will have ripple effects on the rest of the world, Africa will still be able to raise its head to record appreciable economic growth in 2013.

Domestic Environment

Nigeria's economy has averaged about 7.4% annually over the past decade and despite the slow world economic recovery, growth is still expected to be at about 6.7% in 2013, while inflation is expected to drop to about 10.5% which is 1.6% down from 12.1% in 2012.The forecast for 2013 has also revealed that there will be slow bank lending during the first half of 2013; this will be largely because of an adjustment of the market to the higher interest rates envisaged after the expiration of the inter-bank guarantee from the CBN. The continuation of strong influence of the non-oil sector of the economy will also play a significant role in the country's economic growth.

In the African domain, Nigeria is an important export market only for a few neighboring countries, but financial linkages with countries further afield are growing with the regional expansion of Nigerian banks. Porous borders produce complex trade flows at the sub-regional level that are heavily influenced by tax/subsidy policies in Nigeria. Inflation in neighboring countries is sensitive to inflation developments in Nigeria. However, as the projected growth in the oil-exporting economies was high at about 6% in 2012, increased oil production in a country like Angola will expand its GDP by close to 6¾% in 2013. In Nigeria, non-oil GDP growth will moderate with the softer external environment and tighter macroeconomic policies, but a slight rebound in oil output will keep overall GDP growth near 7% according to IMF.

Future Outlook

The local economy in Nigeria looks promising considering various GDP growth metrics. Despite the sluggish recovery of the world's economy, revised down growth still stands at 6.6% for 2013.

The mortgage banking sector also has a potential positive outlook for 2013 going into 2014 and this is largely because of the interest of Government, CBN, National Assembly, international DFIs, and the capital markets in the housing and mortgage sectors. The alignment of all these interests is expected to start yielding positive results sooner than expected. The establishment of a Mortgage Refinance/Liquidity Company (MRC) by the government is expected to revitalize the operations of the mortgage institutions in the country, and thus boost the housing finance sub-sector. Various Government reforms, expected passage of the Foreclosure Bill and actualization of the proposed recapitalization of the FMBN will all add to the expected increased competition in the home finance niche from other Mortgage Banks as well as Commercial Banks.

In response to this, ASO will continue to entrench itself as a formidable force in Mortgage banking. As the confidence in this specialized market is increasing both locally and internationally, we will consolidate on capital raising efforts of 2012 and our continued partnership with the Federal Government, various State and Local Governments to grow our business and also build shareholders' confidence in 2013. We will ensure that we have strengthened ourselves enough to maintain our vision to remain the mortgage bank of choice in Nigeria and the major partner of the National Housing vision of the Government.

Finally, we will build on the 2012 effort of adherence to local regulatory requirements and making our business globally recognized. This will be achieved by consolidating on our financial report which is now compliant with the International Financial Reporting Standards (IFRS) to be at the forefront of FDI coming into Nigeria and form profitable equity partnerships with foreign partners to raise funds for housing development and mortgages in Nigeria.

Our People and Policies

OWNERSHIP

ASO Savings & Loans PLC is a Primary Mortgage Bank (PMB), 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 liability 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 about 16% of the Company's equity, and in the process acquired over 3,000 new shareholders. As at December 2007, ASO had shareholders funds in excess of ₦4.5bn.

We were listed on the floor of the Nigerian Stock Exchange on April 25, 2008.

ASO's INTERNAL MANAGEMENT STRUCTURE

ASO's internal organogram comprises of Divisions and Groups which are broken down into departments, units and sub-units; below is breakdown of the organogram:

Divisions

1. Finance
2. Marketing
3. Operations and Technology

Groups

1. MD's Office
2. Corporate Services
3. Company Secretariat/General Counsel
4. Enterprise Risk Management
5. Institutional Banking
6. Real Estate and Inventory Management
7. Structured Finance

CORPORATE OFFICE

a. Managing Director's Office
   Hassan Musa Usman, *Managing Director*

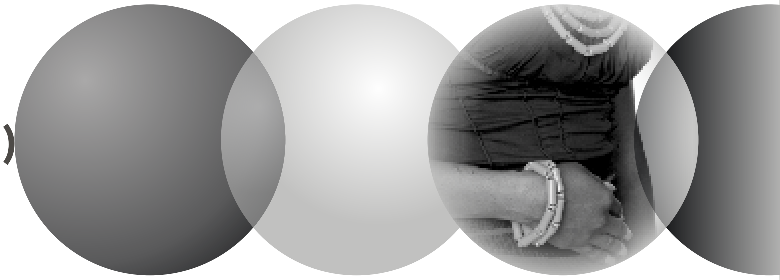
b. Corporate Services
   Salma Y. Mohammed, *Group Head*

c. Company Secretariat/Legal Services
   Bilkisu Rimi, *Company Secretary*

d. Business Transformation
   Amu Ogbeide, *Head*

e. Internal Audit
   Raheem Owodeyi

f. Operations and Technology Division
   Mohammed Inuwa Shehu



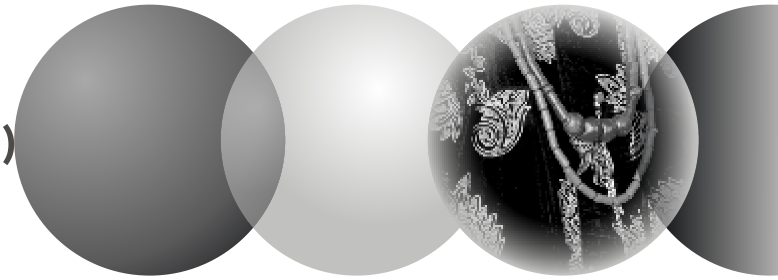
Our People and Policies (Cont'd)

g. Marketing Division
Maimuna S. Aliyu

h. Finance Division
Peter Longe

I. Enterprise Risk Management Group
Tony Edeh

Our People and Policies (Cont'd)
Human Capital Management Policy



OBJECTIVE
To provide a mechanism that will aid in managing risks by staying up to date with current trends in employment standards and legislation. This policy is being framed in a manner in line with the company's vision aimed at developing high performing teams equipped with a pool of skills and core competencies that will help in achieving organizational goals, policies and procedures with ASO's strategy.

POLICY
a. ASO's Human Capital Management (HCM) strategies, policies and procedures shall be derived from the Bank's strategic intent.
b. HCM and the business units shall collaborate as strategic partners in staff management. The roles of the various entities shall be clearly defined in all Human Capital strategies, policies and processes.
c. Human Capital strategies shall be driven by strategic alignment to the business strategy, effectiveness, efficiency, synergy and ROI.
d. The Balanced Scorecard (BSC) shall be used as a management tool which provides stakeholders with a comprehensive measure of how the organization is progressing towards the achievement of its strategic goals.
e. The HCM function shall define the BSC for the articulated human capital roles, namely, strategic partner, change agent, employee champion and service expert, which shall be used to measure HCM's level of support to the corporate vision and goals/objectives.
f. The major roles of the HCM function shall be strategic business partner, change manager, competency builder, process innovator and relationship manager.
g. To ensure continuous improvement and consistent support to the Bank's business goals, the human capital strategies shall be reviewed periodically.

EMPLOYEE RELATIONS PHILOSOPHY

We:

- Embrace a high level of organisational culture that drives employee passion for performance that contributes to the formation of individual as well as high performing teams.

- Always aim at improving our standards in terms of employee motivation, emotional intelligence, business strategies and building initiatives that will embed staff in excellent service delivery to both internal and external stakeholders.

- Are dedicated to keeping our work process flows clear and straightforward in accord with all other policies and guidelines laid-down by the Bank.

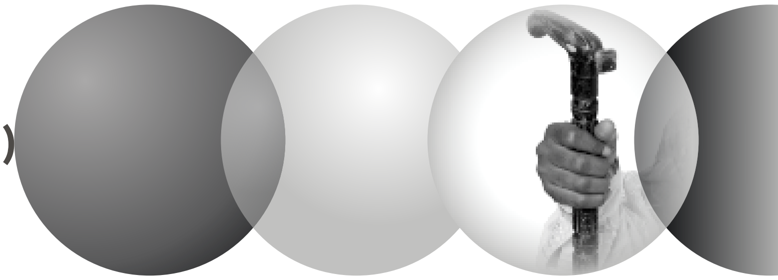
- Ensure team building within units, departments, groups and divisions that helps takes the organization to its peak level performance.

- Ensure frontline managers have a certain level confidence to resolve staff grievance as well as managing individual conflicts at a barest minimal level.

- Ensure fair hearings are given to individual parties when dealing with disciplinary issues to make certain appropriate processes and procedures are considered prior to implementing sanctio ns.

- Organize social gatherings for the ASO family encouraging a certain level of interaction between staff from top to bottom building employee interpersonal skills through an informal way of making work more personal.

Our People and Policies (Cont'd)



- Will critically assess our performance, plan for change, and be proactive in bringing further improvements through the application of this policy to our operations.

RESPONSIBILITY OF HUMAN CAPITAL DEPARTMENT

a. Act as a form of liaison between management and employees.
b. Development and maintenance of an Employee Handbook, policies and ensuring communication to all employees.
c. Implementing all human capital related activities including conducting research and market intelligence into all human capital related matters of critical importance to the bank, such as salary levels, industry practice, et al.

THE ROLE OF HUMAN CAPITAL MANAGEMENT

In order to provide the needed strategic support to the business of ASO and to ensure the achievement of the vision and the mission, HCM shall play the following distinct roles:

- Change Agent
- Employee Champion
- Services Expert
- Strategic Business Partner

Change Agent

- HCM would manage the Bank's change journey for new business and operating models.
- Partner with and support heads of strategic business and support units in leading change in their respective units.
- Provide the required consulting and handholding support to manage the relative framework through the transformation process.

Employee Champion

- Provide coaching to the Heads of Business and Support Groups in taking responsibility for staff competency development.
- Manage counseling relationships between staff to enable feedback and commitment to the Bank's goals and objectives.

Services Expert

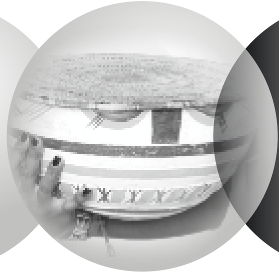
- HCM shall primarily be responsible for cost savings through efficient design and delivery of Human Capital systems.
- Manage the outsourcing of non-mission critical administrative Human Capital tasks.

Strategic Business Partner

- To support HCM strategy, systems and people with each Group/Department/Unit strategic objectives.
- Plainly set people priorities to deliver results on all strategic thrusts (for instance, define the profile of people required to implement business objectives, etc).

IN ASO, we have a Career Management/Learning and Development Unit. The unit is primarily concerned with equipping and developing employees to strengthen their areas of competency whilst encouraging and guiding them to develop a strategic career path towards achieving their set goals.

Our People and Policies (Cont'd)

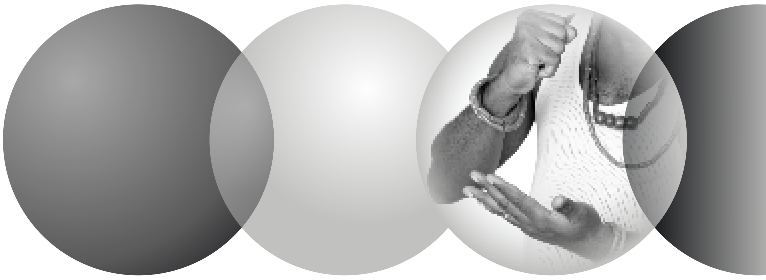


CAREER DEVELOPMENT GOALS

These goals are broken down to enable employee develop a career plan by harnessing our employees;

- Channel a career development plan for every employee in ASO towards the achievement of absolute professionalism
- Establish a training program to be attended by various grade of employees in different functional areas
- Provide a need-based approach to administering ASO's training management system
- Establish a structured training plan designed to equip all employees with the skill/knowledge level required to function efficiently
- Provide employees with ultimate learning and development experience which is focused absolutely on individual skills/knowledge deficiencies which can also be leveraged by team work
- Identify individual training and career development needs
- To attain sustainable improvement in Organisational performance
- To build profitability driven individuals in ASO
- To monitor/mentor outstanding individuals for succession purposes

ASO-Corporate Social Responsibility



ASO Savings and Loans Plc is committed to integrating social and ethical practices in its business operations while maintaining concerted efforts at increasing shareholders' profitability.

Poised to be the 'Mortgage Bank of Choice', we recognize the importance of Corporate Social Responsibility in aiding to establish trust with customers, communities and all our relevant stake holders. This is also in line with our aim of being perceived as socially responsible and sensitive to the needs in our environment.

With particular reference to impacting positively on the lives of the people in our community, we at ASO take special care at engaging in programs that are beneficial and geared towards improving living standards. In the 2012 financial year, we focused on making meaningful contributions in the areas of:

- Skills Acquisition
- Education
- Health
- Leadership programs
- Promoting Reading Culture in children

THE ASO TIME FOR MONEY CAMPAIGN

In the area of skills acquisition, our CSR team launched a campaign at Government Junior Secondary School Kabusa (GJSS) during which our Staff were actively involved in volunteering their time in place of money, in impacting valuable skills that can help the students earn a living after their schooling.

Considering the alarming spate of juvenile delinquencies that characterize idle youngsters beyond school, the aim of the campaign was to arm them with skills with which they can earn a living and contribute significantly to the society. Some of the skills taught were;

- Bead Making
- Catering
- Tye & Dye
- Painting &Drawing, etc

THE ASO BACK TO SCHOOL DRIVE

At ASO, we appreciate the inestimable value of education and have committed ourselves to supporting our adopted schools in their specific areas of need. In 2012, we donated school materials to the pupils at L.E.A Primary School, Area1, Abuja and the students of Government Junior Secondary School Kabusa, Abuja. The learning materials are intended to motivate the children in learning, and to support existing learning aids in the school. This scheme totaled over 1,300 students as beneficiaries.

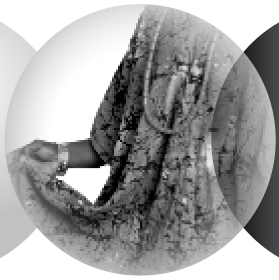
THE MOCKINGBIRDS 100-BOOK CHALLENGE FOR CHILDREN

To improve the reading culture of children in our community, ASO donated to the Mocking birds 100-Book challenge, in 2012. The exercise is geared towards encouraging each child to read 100 books in the year. The prime aim is to boost comprehension, spelling, self-esteem and levels of imagination in children. Through this course, we donated books worth ₦750,000 which will be distributed to public school libraries.

SCHOOL RENOVATION IN KADUNA STATE

With education remaining the bedrock of our society and the future of our nation, ASO places a lot of prime in supporting and committing to efforts that will bring about its availability and thrive in the lives of

ASO-Corporate Social Responsibilitys (Cont'd)



the younger generation. As proof of this, the Bank in 2012, saw to the renovation of the school blocks at LEA Primary School, Kussom and L.E.A Primary School, Ungwankartau, both in Kaduna State.

FIFTH CHUKKER TOURNAMENT & BREAST CANCER INITIATIVE

ASO places importance on community health and continually strives to support schemes and exercises directed at this purpose. One of such is the Fifth Chukker's campaign on Breast Cancer which the Bank lent its support to in the last Financial Year. The campaign is directed at the early detection of Breast Cancer in women through the conduction of free screening exercises, treatment and teachings on self-examination techniques. A total of ₦500,000 was donated to the organization to support the campaign.

DONATION TO THE CLEAN UP EXERCISE IN OGONI LAND

With a view to support the cleanup project of the oil spill in Ogoni, Rivers State, the Bank in 2012 donated ₦15 Million to the Hydrocarbon Pollution and Restoration Project (HYPREP). ₦10 Million was directed to the procurement of Over Head tanks while the balance of ₦5 Million was channeled towards the erection of a Call Center in the State.

ASO SCHOLARSHIP SCHEME

Following the ASO Scholarship Awards in 2009/2010 financial year where four students and a teacher emerged winner of a scholarship scheme on different levels, ASO has remained committed in meeting with its obligations to sponsor the recipients as long as they continued to show good academic performance. In 2012, the Bank kept this promise to the following recipients.

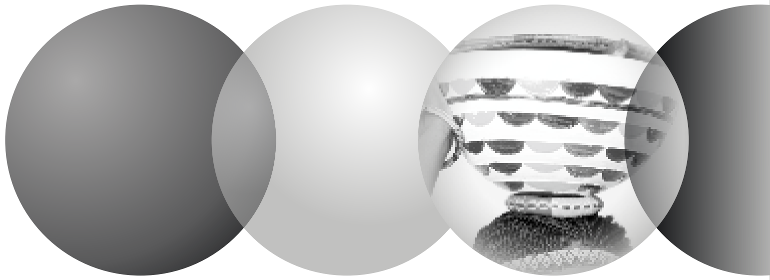
Scholarship Scheme:

- Faith Oguche: Holy Rosary college ₦250,000.00
- Josemaria Atuona: Pace-setters College ₦250,000.00
- Idoko Aloy: Federal University lokoja ₦300,000.00

ARCHBISHOP TUTU LEADERSHIP PROGRAM

In a bid to support leadership learning activities that enhance the insights, experiences, tools, and confidence of African youths, the bank contributed ₦7,860,000 to the archbishop Tutu Leadership Fellowship program, in this period. The ATLP is a multi-faceted leadership learning experience focused on Africa leadership in a Global context and is targeted at providing our African youths with a supporting network that will better enable them become drivers of transformation in Africa.

Capital



ISSUANCE OF SHARE CAPITAL DURING THE YEAR

Pursuant to S. 34.3 of the Securities Exchange Commission Corporate Governance, no part of the company's share capital was issued in the 2011/2012 financial year. Thus, the share capital remains the same, i.e , 8, 678, 748, 676.

DETAILS AND REASONS FOR BUY BACKS DURING THE YEAR

Pursuant to S. 34.3 of the Securities Exchange Commission Corporate Governance, there was no share buyback by the company in the 2011/2012 financial year.

SUMMARY TABLE OF SHAREHOLDERS WITH 5% ABOVE SHARE HOLDING

	Shareholder	% Holding
1	Grovecrest Properties Limited	7
2	Abuja Investment Company Limited	10
3	APT Securities & Funds Limited	14.06
4	ESL Securities Limited	10.37
5	Other Investors	58.57
	Total	**100**

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	-

As at the FYE 31st December 2012, the Authorized Share Capital of the Company is **₦10,000,000,000** comprising **₦20,000,000,000** ordinary shares of **50 Kobo** each while the issued and fully paid-up Share Capital is **₦4,339,574,338** made up of **8,679,148,676** ordinary shares of **50 Kobo** each.

Board of Directors

1. Mr. Olatunde John Ayeni
Chairman

2. Mr. Collins Chikezie Chikeluba
Vice Chairman

3. Mr. Joshua Maikori
Director

4. Dr. Musa Ahmed Musa
Director

5. Hassan Musa Usman
Managing Director and
Chief Executive Officer

6. Mohammed Inuwa Shehu
Executive Director,
Operations & Technology

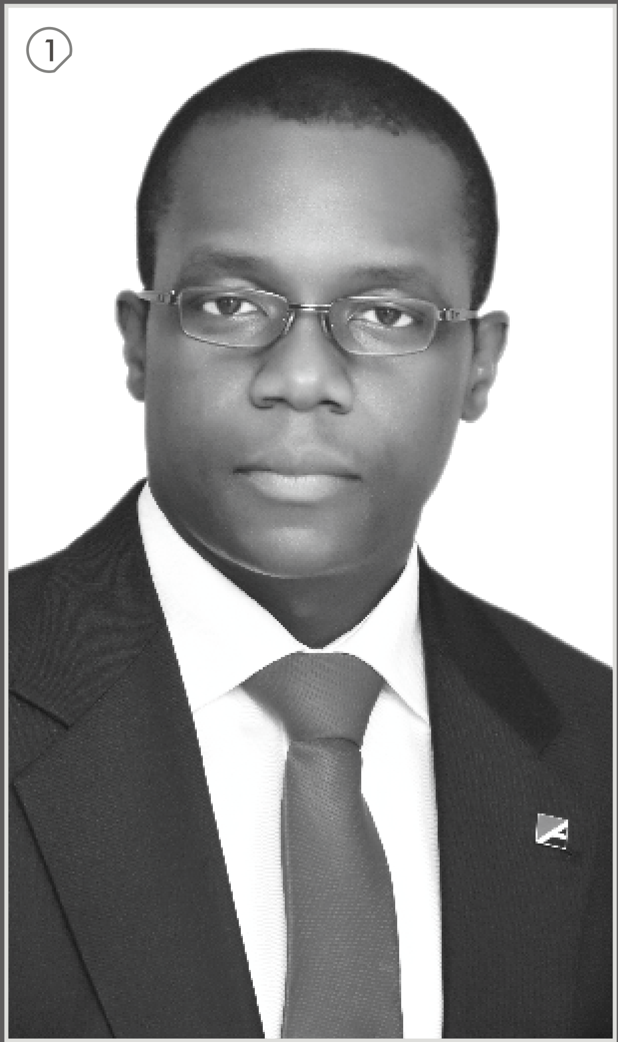
7. Maimuna S. Aliyu
Executive Director,
Marketing

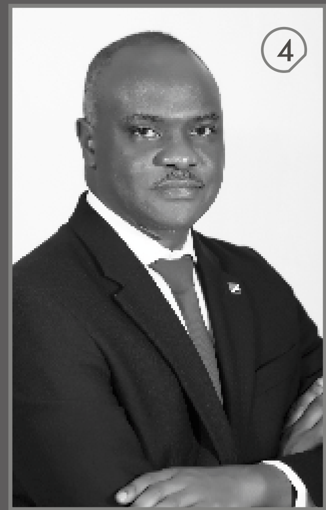
8. Peter Longe
Executive Director,
Finance

9. Bilkisu Rimi
Company Secretary/
General Counsel

Senior Management

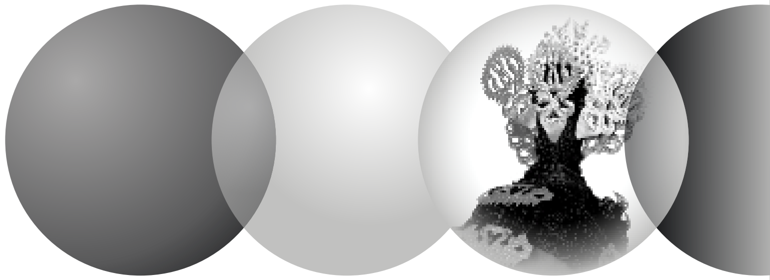
1. Hassan Musa Usman
   Managing Director and
   Chief Executive Officer
2. Mohammed Inuwa Shehu
   Executive Director,
   Operations & Technology
3. Maimuna S. Aliyu
   Executive Director,
   Marketing
4. Peter Longe
   Executive Director,
   Finance
5. Raheem Owodeyi
   Chief Inspector
6. Bilkisu Rimi
   Company Secretary/
   General Counsel
7. Salma Mohammed
   Group Head,
   Corporate Services
8. Tony Edeh
   Group Head,
   Enterprise Risk Management





ASO SAVINGS & LOANS PLC
REPORT OF THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31ST 2012

Contents



Report of the Directors

Corporate Governance Report

Statement of Directors' Responsibilities in Relation to the Financial Statements

Report of the Audit Committee

Independent Joint Auditors' Report

Statement of Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

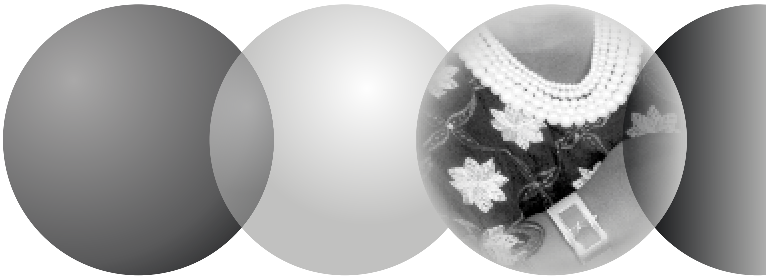
Statement of Prudential Adjustments

Notes to the Financial Statements

Statement of Value Added

Five-Period Financial Summary

Report Of The Directors For The Period Ended 31 December 2012



The Directors have pleasure in presenting to the members of the bank, their report and the audited financial statements for the period ended 31 December 2012.

CORPORATE STRUCTURE AND BUSINESS

Principal activity and business review

ASO Savings and Loans Plc was incorporated on 9 November 1995 as a Private Limited Liability Company in accordance with the provisions of the Companies and Allied Matters Act, 1990. It was licensed to operate as a Mortgage Institution in December 1996 and commenced operations in January 1997. It converted to a Public Limited Liability Company on 22 September 2005. It is wholly owned by Nigerian corporate and individual citizens.

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

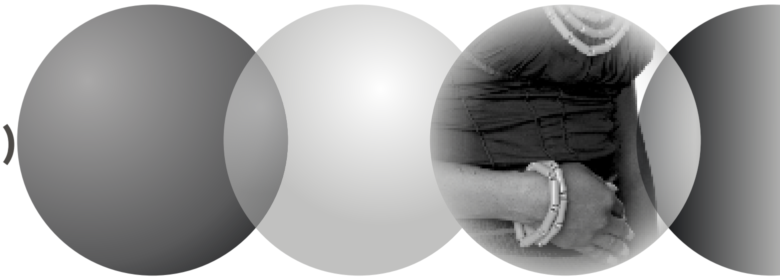
- Social Mortgage (through the National Housing Fund Scheme)
- ASO Commercial Mortgage Facility
- ASO Performance Bond/Advance Payment Guarantee
- Fixed Deposit Account
- Regular Savings Account
- Flourish Account (Children's Account)
- ASO Corporate Account
- My House Account
- ASO Plus Account (Savings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

Report Of The Directors (Cont'd) For The Period Ended 31 December 2012

OPERATING RESULTS

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

	9 Months to 31 December 2012 ₦'000	12 Months to 31 March 2012 ₦'000
Gross Earnings	10,157,867	10,739,116
	========	========
Profit/(loss) before taxation	296,359	(245,671)
Taxation	(413,502)	(125,095)
	--------------	----------------
Loss after Taxation	(117,143)	(370,766)
	-------------	----------------
Loss attributable to Equity Holders	(117,143)	(370,766)
	--------------	----------------
Appropriation:		
Transfer to revenue reserves	(117,143)	(370,766)
	-------------	----------------
	(117,143)	(370,766)
	=======	=========
Total non- performing loans as % of gross loan	24%	23%
	===	===
	97%	102%
Cost to income	===	===
	(0%)	0%
Return on assets	====	==
	(6%)	(17%)
Return on shareholders' fund	===	===
	(1)	(4)
Loss per share (kobo)- Basic	===	===
	(1)	(4)
Loss per share (kobo)- Diluted	===	===



Report Of The Directors (Cont'd) For The Period Ended 31 December 2012

DIRECTORS WHO SERVED DURING THE PERIOD

The following directors served during the period under review

Name	Designation	Date appointed/Resigned
Mr. Tunde Ayeni	Chairman	Appointed 07/03/2012
Mr.Collins Chikeluba	Vice-Chairman	Appointed 07/03/2012
Hassan Usman	Managing Director/CEO	
Mr. Joshua Maikori	Non-Executive Director	
Dr. Musa Ahmed Musa	Non-Executive Director	Appointed 24/01/2012
Kudi Badmus	Executive Director (Home Finance)	Resigned 24/10/2012
Maimuna S. Aliyu	Executive Director (Marketing)	Resigned 09/09/2013
Peter Longe	Executive Director (Finance)	Resigned 06/11/2013
Mohammed I. Shehu	Executive Director (Operations & Technology)	

GOING CONCERN

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

.

FREQUENCY OF REPORTING

According to the Central Bank of Nigeria directive (with circular number BSD/DIR/GEN/CIR/VOL.2/004) on the uniformity of accounting year-end dates for Other Financial Institutions (OFIs) sub-sector, to which ASO Savings and Loans Plc. belongs, the Board has agreed henceforth to adopt 31st December from the prior year-end date of 31st March, with effect from December 2012. Hence, this financial statement is for a 9-month period (1st April – 31st December, 2012).

DIRECTORS' INTEREST IN SHARES

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

	December 2012 Direct	December 2012 Indirect	March 2012 Direct	March 2012 Indirect
Olatunde Ayeni	470,000,000	NIL	470,000,000	NIL
Collins Chikeluba	172,733,375	NIL	172,733,375	NIL
Hassan Usman	21,266,000	NIL	21,266,000	NIL
Joshua Audu Maikori	4,884,620	NIL	4,884,620	NIL
Dr. Musa Ahmed Musa*	NIL	NIL	NIL	NIL
Maimuna S. Aliyu	NIL	NIL	NIL	NIL
Peter Longe	NIL	NIL	NIL	NIL
Mohammed I. Shehu	NIL	NIL	NIL	NIL

*Dr. Musa Ahmed Musa represents Abuja Investments Company Limited (AICL) on the board of the Bank and AICL holds 867,874,868 units of 50k shares representing 10% of the Bank's paid up capital.

Report Of The Directors (Cont'd) For The Period Ended 31 December 2012

Beneficial ownership

The bank is owned by Nigerian citizens and corporate bodies

Analysis of shareholding

The range analysis of the distribution of the shares of the Bank as at 31 December 2012 is as follows:

Range of shares	Number of Holders	%	Number of Units	%
1 - 5,000	1,624	19.26	4,223,970	0.05
5,001 - 10,000	1,037	12.30	8,787,142	0.10
10,001 - 20,000	985	11.68	16,250,463	0.19
20,001 - 50,000	1,780	21.11	75,027,996	0.86
50,001 - 100,000	1,235	14.64	106,093,133	1.22
100,001 - 200,000	713	8.45	120,263,327	1.39
200,001 - 500,000	488	5.79	177,408,412	2.04
500,001 - 10,000,000	487	5.77	894,404,189	10.31
Above 10,000,000	84	1	7,276,690,044	83.84
Total	8,433	100	8,679,148,676	100

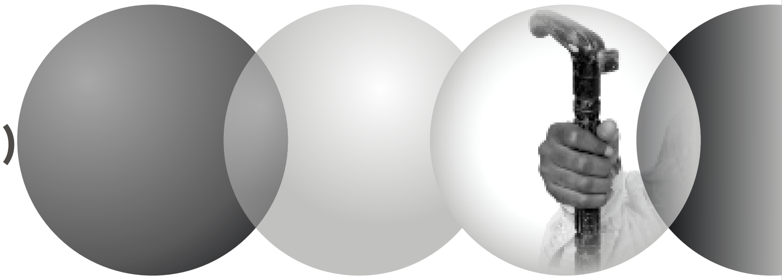
The following shareholders have shareholdings of 5% and above as at 31 December 2012:

Shareholder	December 2012 % holding	March 2012 % holding
Grovecrest Properties Limited	7	7
Abuja Investments Company Limited	10	10
APT Securities & Funds Limited	14.06	14.06
ESL Securities Limited	10.37	10.37
Other investors	58.57	58.57
Total	100	100

Donations

The Bank during the period donated a total sum of ₦28,960,000 (31 March 2012: ₦14,093,290) to various charitable organizations and higher educational institutions in the country, details of which are shown below. No donation was made to any political organization.

Report Of The Directors (Cont'd) For The Period Ended 31 December 2012



DETAILS OF DONATIONS	AMOUNT ₦'000
Skills Acquisition Programme (Secondary School, Abuja)	150
Mockingbirds-School books donation (100 book challenge)	750
Hydrocarbon Pollution and Restoration Project (HYPREP) in Ogoni Land	15,000
Fifth Chukker Breast Cancer Initiative	500
ASO Scholarship Scheme	800
Archbishop Tutu Fellowship	7,860
ASO Primary School Support (Back to school drive)	900
School Renovations and School Materials distribution in Kaduna State	3,000
Total	28,960

Analysis of women employed by the bank during the period ended 31 December 2012

Description	Number	Percentage to Total Staff
Female new hire	57	45.9%
Male new hire	67	54.1%
Total staff	124	100
Females as at 31 December 2012	225	33.9%
Males as at 31 December 2012	439	66.1%
Total staff	664	100

Analysis of top management positions by gender as at 31 December 2012.

Grade	Female	Male	Number
Senior Management (AGM – GM)	3	9	12
Middle Management (DM – SM)	12	28	40
Total	15	37	52

Analysis of executive and non executive positions by gender as at 31 December 2012

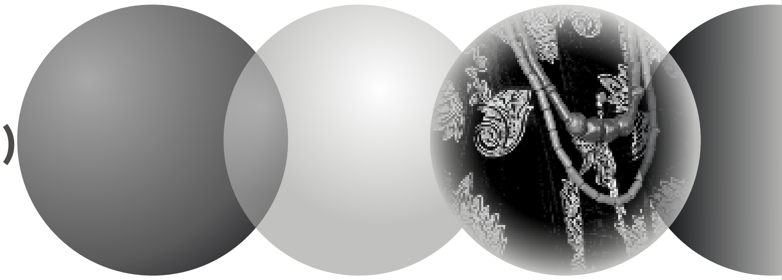
Grade	Female	Male	Number
Executive Director	1	2	3
Managing Director	NIL	1	1
Non Executive Director	NIL	4	4
Total	1	7	8

Acquisition of own shares

The Bank did not acquire any of its shares during the period ended 31 December 2012 (31 March 2012: Nil)

PROPERTY, PLANT AND EQUIPMENT

Information relating to changes in property, plant and equipment is provided in Note 21 to the financial statements.



Report Of The Directors (Cont'd) For The Period Ended 31 December 2012

EMPLOYEE INVOLVEMENT

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

Management, professional and technical expertise are the Bank's major assets, and investments in developing such skills continue.

EMPLOYMENT OF DISABLED PERSONS

It is the policy of the Bank that there should be no discrimination in considering applications for employment including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunities to develop. As at 31 December 2012, one physically challenged person was employed by the Bank.

HEALTH, SAFETY OF EMPLOYEES

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

EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date which could have had a material effect on the state of affairs of the Bank as at 31 December 2012 or the profit for the period ended on that date which have not been adequately provided for or disclosed.

AUDITORS

Messrs Ernst & Young and Aminu Ibrahim & Co have expressed their willingness to continue in office as auditors of the Bank in accordance with section 357 (2) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004.

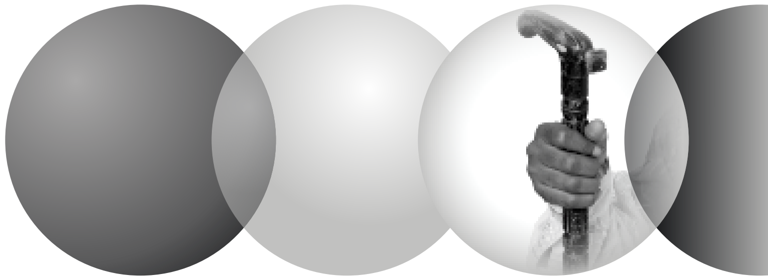
A resolution will be proposed at the Annual General Meeting empowering the Directors to fix their remuneration.

BY ORDER OF THE BOARD

COMPANY SECRETARY

31 January 2014

Corporate Governance Report For The Period Ended 31 December 2012



BACKGROUND:

In recent years, Corporate Governance has emerged on the global agenda as a key part in the pursuit of proper and efficient practice in the administration of business entities. It ensures fairness, transparency and integrity of the Board and Management while optimizing stakeholder satisfaction.

We view sound Corporate Governance as a way of life rather than a regulatory compulsion. We have also within the year, ensured responsible, value driven management and control of the Bank through our system of Corporate Governance. Our report underscores our 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.

THE BOARD OF DIRECTORS

Composition and Structure:

Our Board structure is unitary and comprises of Eight (8) Directors, with a healthy mix of Executive and Non-Executive Directors. At the helm of the Board structure is the Board Chairman, a non-Executive Director, responsible for providing overall leadership and direction for the Board and the Bank. The Managing Director/CEO heads the management team and oversees the executive management of the Bank's operations. He is assisted in this regard by the Executive Directors who respectively man strategic aspects of the Bank's activities. The Non-Executive Directors act as a counterbalance to the influence of the Chairman or CEO over board decision making as well as provide a wide range of skills and experience to the Board.

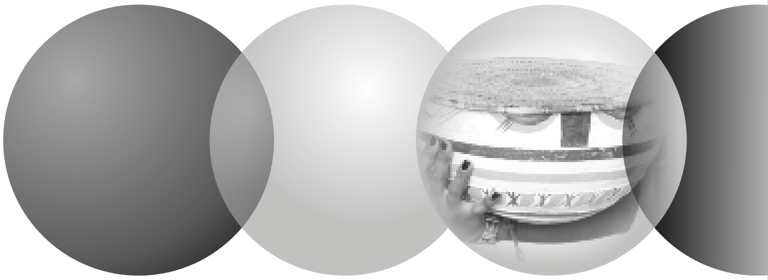
Appointment to the Board is based on merit and against objective criteria. Care is taken to ensure that the appointees have sufficient time to devote to their Board duties. The Board also ensures that plans are in place for orderly succession, so as to maintain an appropriate balance of skills and experience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

With the steady growth in business and operations, the Board composition is gradually strengthened to achieve a more effective representation and oversight. To this end, the Bank has secured the requisite approvals for an increase in the maximum board composition to 15 Directors. An Independent Director has also been appointed, subject to ratification by the regulators, to provide further independence and objectivity to Board deliberations.

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 in line with its charter, 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 responsibility notwithstanding the delegation to Committees.

Overview of the Board Committees:

Five (5) Board Committees presently assist the Board in discharging its functions: Audit Committee, Board Risk Management and Investment Committee, Board Credit Committee, Board Compensation and Welfare Committee and Board General Purpose and Nomination Committee. These Committees are guided by their respective charters which define their mandate, composition and working procedure. Membership is effectively drawn to provide the relevant skills and competencies required per each Committee's mandate. Although basically constituted by Board Members, attendance of relevant Senior Management staff may be required to assist with the deliberations. Independent external professional advice is also sought in deserving circumstances. The Bank Secretary acts as secretary to the Committees.

Audit Committee:

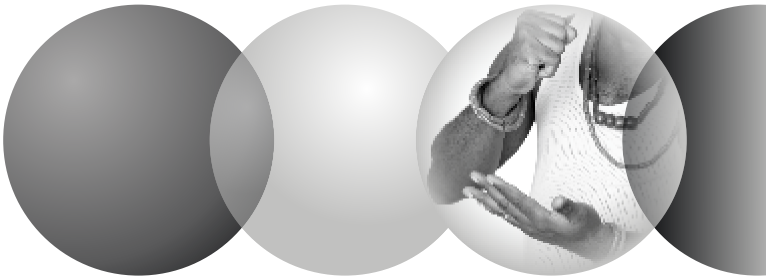
The Audit Committee is made up of Six (6) members consisting of an equal mix of Non-Executive Directors and Shareholders' Representatives. The relevant Executive Directors and Management staff are usually in attendance to provide further details or explanations as may be required by the Committee. The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

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

- Assessing and ensuring the effectiveness of the internal and external audit process;
- Reviewing the scope and planning of audit requirements for the year's audit as well as ensuring the effective co-ordination of audit exercises;
- Reviewing the findings on Management letters in conjunction with the External Auditors and the responses to audit queries from Management;
- Reviewing and maintaining the effectiveness of the Bank's system of accounting and internal control;
- Assisting in the oversight of the integrity of the Bank's financial statements;
- Making recommendations to the Board with regard to the retention and remuneration of the Bank's Joint External Auditors, as well as reviewing and monitoring their independence and objectivity;
- Ensuring compliance of the accounting and reporting policies of the Bank with legal requirements and ethical practices;
- Reviewing the draft half year and annual financial statements prior to submission to the Board;
- Reviewing and maintaining the integrity and effectiveness of the Bank's whistle blowing system and processes.

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

Corporate Governance Report (Cont'd) For The Period Ended 31 December 2012



Board Risk Management and Investment Committee:

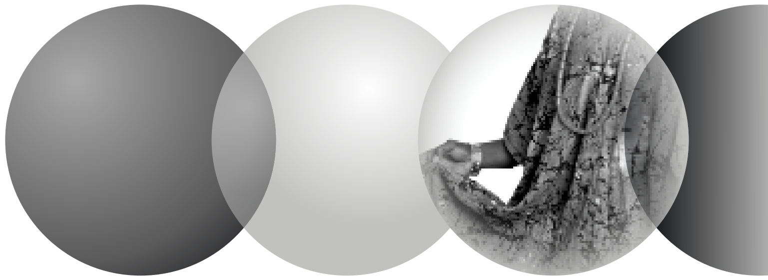
This Four (4) Man Committee was set up to assist the Board in its determination and oversight of the risk profile, risk management framework and the risk reward strategy of the Bank. The Committee has within the year discharged its functions per its charter by:

- Reviewing periodic relevant reports to ensure the on-going effectiveness of the Bank's risk management framework;
- Overseeing the effective management of all risks faced by the Bank except credit risk;
- Ensuring that the risk management framework is integrated into the day to day operations of the Bank while providing guidelines and standards for administering the acceptance and on-going management of key risks in the Bank;
- Reviewing the processes for assessing and improving controls for the management of risk in the Bank;
- Ensuring the Bank's information security policies, business continuity management and disaster recovery plans are comprehensive and adequate;
- Monitoring compliance with established policies through periodic review of reports provided by management, statutory auditors and the supervisory authorities;
- Overseeing the activities of Management with regard to the investment of the Bank's funds.

Board Credit Committee:

The Board Credit Committee is made up of Six (6) members and has within the financial year undertaken the following functions amongst others:

- Supervision of the effective management of credit risk in the Bank;
- Approval of credit risk management policies, underwriting guidelines and standard proposals on the recommendation of the Management Committee;
- Approval of credit risk appetite/tolerance, credit risk management strategy and target credit portfolio plan for the Bank;
- Approval of the new credit products/processes designed within the year;
- Approval of reassignment of credit approval authority on the recommendation of the Management Committee;
- Approval of changes to the credit policy guidelines on the recommendation of the Management Committee;
- Review of credit facility requests and recommendation of same to the Board for approval;
- Review of credit risk reports submitted for its consideration.



Corporate Governance Report (Cont'd) For The Period Ended 31 December 2012

Board Compensation/Welfare Committee:

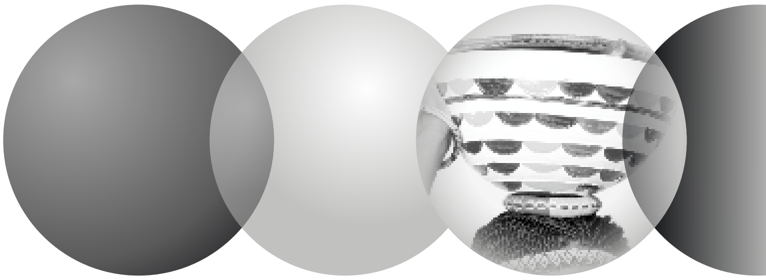
This Committee is made up of Four (4) members and was basically set up to advise the Board on the Bank's compensation policies as well as matters pertaining to Corporate Governance. Within the year, it had:

- Considered and approved a review of the Bank's compensation structure to maximize its effectiveness while ensuring competitiveness;
- Reviewed and approved the Management succession plan policy;
- Diligently executed its mandate per other matters assigned.

Board General Purpose/Nomination Committee:

The Board General Purpose/Nomination Committee is made up of four (4) members. Within the year, the Committee's activities have been guided by its terms of reference as follows:

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



Corporate Governance Report (Cont'd) For The Period Ended 31 December 2012

In the discharge of their functions, the Board and Board Committees have met regularly to deliberate and take decisions on issues within their respective mandates. These meetings have recorded high attendances with few well explained absences.

Below is a table showing the various Board and Board Committees meetings held within the period as well as recorded attendances for each director and member.

Full Board Meeting Attendance:

5 meetings were held within the period with the following in attendance:

S/N	Names of Directors	June 11, 2012	August 15, 2012	August 16, 2012	October 24, 2012	December 20, 2012	Total attendance
1	Tunde Ayeni	Present	Present	Present	Present	Present	5/5
2	Collins Chikeluba	Present	Present	Present	Present	Present	5/5
3	Joshua Maikori	Present	Present	Present	Present	Present	5/5
4	Dr. Musa A. Musa	Absent	Present	Absent	Present	Present	3/5
5	Hassan Usman	Present	Present	Present	Present	Present	5/5
6	Peter Longe	Present	Present	Present	Present	Present	5/5
7	Shehu Mohammed	Present	Present	Present	Present	Present	5/5
8	Maimuna S. Aliyu	Present	Present	Absent	Present	Present	4/5

Audit Committee Meeting Attendance:

6 meetings were held within the year with the following attendance:

S/N	Names of Committee Members	April 10, 2012	June 11, 2012	June 12, 2012	August 15, 2012	October 23, 2012	December 11, 2012	Total attendance
1	Ibrahim Oruma	Present	Present	Present	Present	Present	Present	6/6
2	Dr Farouk Umar	Present	Present	Present	Present	Present	Present	6/6
3	El-amin Bello	Absent	Present	Present	Present	Present	Present	5/6
4	Joshua Maikori	Present	Present	Present	Present	Present	Present	6/6
5	Collins Chikeluba	Present	Present	Present	Present	Present	Present	6/6
*6	Hassan Usman	Present	Present	Present	Present	Present	Present	6/6
*7	Mohammed Inuwa Shehu	Present	Present	Present	Present	Present	Present	6/6
*8	Raheem Owodeyi	Present	Present	Present	Present	Present	Present	6/6
*9	Peter Longe	Absent	Present	Present	Present	Present	Present	5/6
10	Dr. Musa A. Musa	----------	----------	----------	----------	Present	Present	2/6

EDs and Management Staff in attendance.

Board Credit Committee Meeting Attendance:
3 meetings were held within the period with the following in attendance:

S/N	Names Of Committee Members	September 11, 2012	October 24, 2012	December 13, 2012	Total attendance
1	Joshua Maikori	Present	Present	Present	3/3
2	Collins Chikeluba	Present	Present	Present	3/3
3	Dr. Musa A. Musa	Present	Present	Present	3/3
4	Hassan Usman	Present	Present	Present	3/3
5	Maimuna S. Aliyu	Present	Present	Present	3/3
6	Peter Longe	Present	Present	Present	3/3

Board Risk & Investment Committee Meeting Attendance:
3 meetings were held within the period with attendance shown below:

S/N	Names Of Committee Members	June 4, 2012	October 23, 2012	December 12, 2012	Total attendance
1	Joshua Maikori	Present	Present	Present	3/3
2	Collins Chikeluba	Present	Present	Present	3/3
*3	Hassan Usman	Present	Present	Present	3/3
4	Peter Longe	Present	Present	Present	3/3
5	Mohammed I. Shehu	Present	Absent	Present	2/3
*6	Tony Edeh	Present	Present	Present	3/3

*****MD/CEO and Senior Management Staff in attendance.***

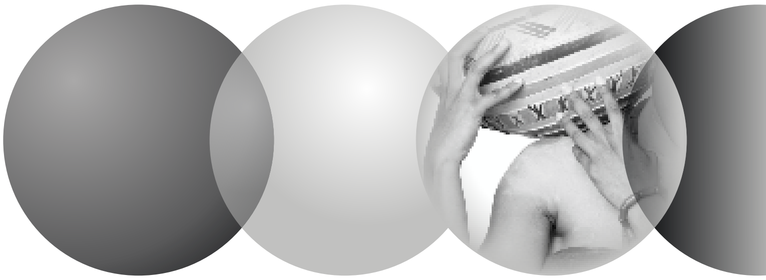
Board Compensation / Welfare Committee Meeting Attendance:
2 meetings were held within the period with the following attendance shown below:

S/N	Names Of Committee Members	October 22, 2012	December 12, 2012	Total attendance
1	Dr. Musa A. Musa	Present	Present	2/2
2	Collins Chikeluba	Present	Present	2/2
3	Hassan Usman	Present	Absent	1/2
4	Peter Longe	Present	Present	2/2
*5	Salma Y. Mohammed	Present	Present	2/2

****Senior Management Staff attendance.***

Board Nomination / General Purpose Committee Meeting Attendance:
2 meetings were held within the period with the following attendance shown below:

S/N	Names Of Committee Members	October 23, 2012	December 12, 2012	Total attendance
1	Collins Chikeluba	Present	Present	2/2
2	Joshua Maikori	Present	Present	2/2
3	Hassan Usman	Present	Absent	1/2
4	Maimuna S. Aliyu	Present	Present	2/2



Corporate Governance Report (Cont'd) For The Period Ended 31 December 2012

Board Remuneration:

The Company 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 Company successfully, while ensuring the Company does not pay more than is necessary for this purpose.

The remuneration of the Directors is recommended by the Compensation/General Purpose 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 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.

Performance Evaluation:

The Board undertakes 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 evaluation is based on set key criteria and conducted by an independent external consulting firm. The process assesses the effectiveness of the Board and Committees as well as the individual Director's commitment.

The evaluation process is 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.

Orientation and Training:

The Board has established a formal 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.

RELATIONSHIP WITH SHAREHOLDERS AND OTHER STAKEHOLDERS:

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 also 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 makes constructive use of the Annual General Meetings (AGM) to communicate with shareholders and encourage their participation. Effective dialogue is maintained with the institutional shareholders and shareholders associations. The Bank has also met with its reporting and disclosure requirements in an accurate and timely manner. Overall, the shareholders have been fairly treated, given equal access to information and availed full voting and participatory rights.

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 review of compensation plans as well as revised staff mortgage and 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 is implementing a service culture plan in partnership with a renowned US based consulting firm. A group of staff have been strategically nominated as "Service Ambassadors" to boost efforts towards inculcation of first-rate service culture. The use of mystery shopping further motivates staff to deliver optimum service at all times and to all customers. The Bank further holds a customer forum each year 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 beneficial 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).

RISK MANAGEMENT IN ASO — OVERVIEW

Introduction

Effective risk management is increasingly important to the survival and growth of any financial institution as it identifies which risks represent opportunities and which could lead to pitfalls. The Enterprise Risk Management Division of the Bank provides Management with a view of events that could impact the achievement of the Bank's objectives.

Recent changes in the regulatory environment including the release of new banking guidelines for Primary Mortgage Banks, have necessitated the adoption of a more proactive approach to risk management as ASO believes sustainable growth is anchored on first class risk management.

ASO's Risk Management Philosophy

Risk management is enshrined in the Bank's strategy and cascades down to all business processes including the design of new products and the deployment of new services. While seeking to optimize the risk-return trade, ASO adopts a cautious, calculated and responsible approach to risk taking and continuously evaluates the risks and rewards inherent in all its business transactions. The Bank undertakes transactions that are assessed as prudent and within its risk appetite.

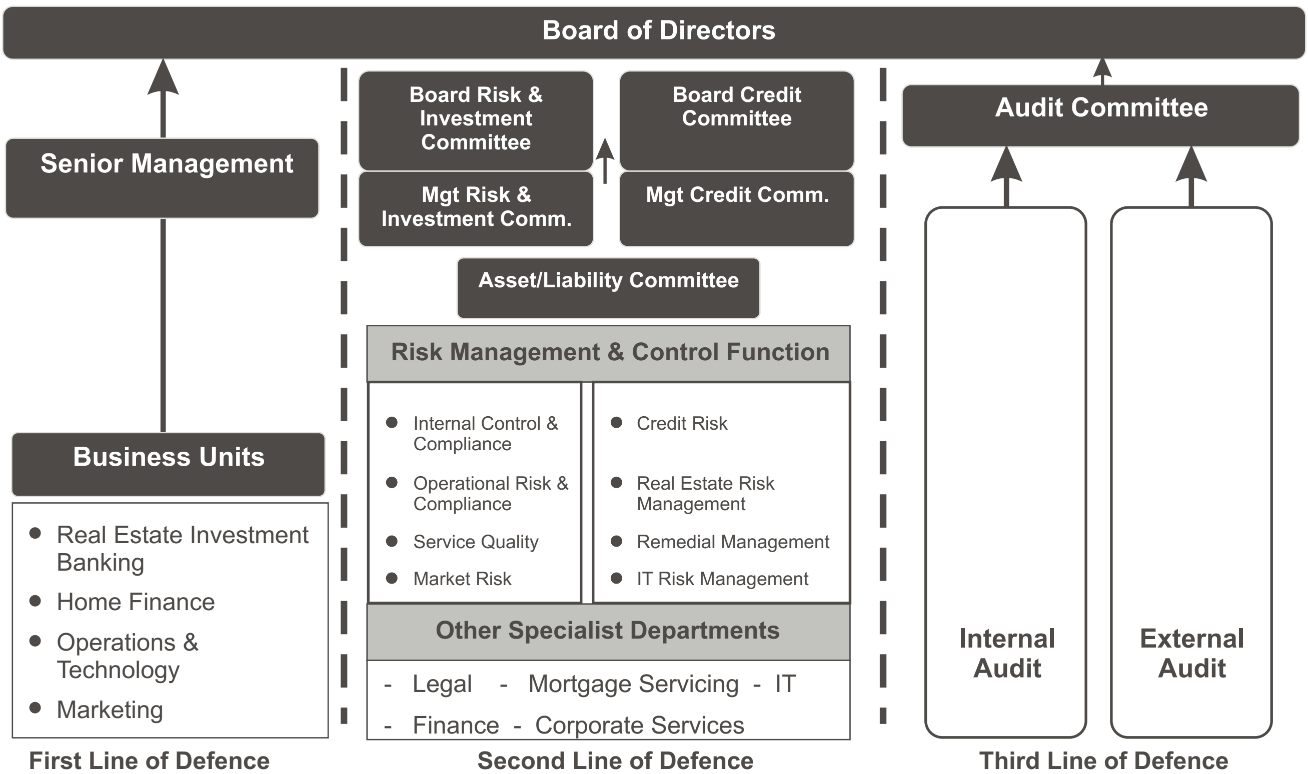
ASO's risk culture empowers its people to make informed decisions in managing rather than avoiding risk by creating a balance between risk and rewards. ASO is averse to products, individuals, entities, markets and businesses where the associated risks cannot be assessed and/or managed.

The Bank's Risk Management function acts independently of interference from market-facing units in designing and implementing controls. Members of staff of the Enterprise Risk Management Division are considered business enhancers by internal stakeholders due to their value-adding roles in the organization.

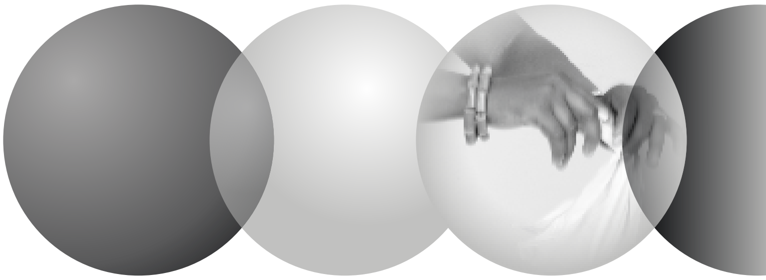
ASO's risk appetite is determined by the Board of Directors and this sets the tone for the strategic direction the bank takes. In setting the appetite, ASO aims to avoid frequent litigations, adverse publicity in the media and payment of regulatory fines and penalties.

The Risk Management Framework

Risk management in ASO is governed by its Enterprise-wide Risk Management Framework which was reviewed in 2011 in line with recent developments in the market and aligned with changes in the Basel II & III risk management frameworks. The ownership and responsibility for the risk management function resides with the Board and cascades to front-line managers. Our Risk Management Framework is designed in line with the "three lines of defense" model as follows:



Corporate Governance Report (Cont'd) For The Period Ended 31 December 2012



The Board of Directors has overall responsibility for the establishment and oversight of the Bank's Risk Management Framework via its committees – Board Risk and Investment Committee, Board Credit Committee and Board Audit Committee. These committees are responsible for developing and monitoring risk policies in their specified areas and report regularly to the Board of Directors on their activities.

Management Committees assist the Board Committees in identifying and assessing risks that arise from day to day activities of the Bank. These committees, which meet on a regular basis are:

- Management Credit Committee
- Criticized Assets Committee
- Risk and Investment Committee
- Asset and Liability Committee

The Risk Management Function in ASO

As a Primary Mortgage Bank, ASO is exposed to the following risks:

- Credit Risk
- Construction Risk
- Real Estate Valuation Risk
- Liquidity Risk
- Operational Risk
- Market Risk

To mitigate the risks listed above the following units are responsible for implementing the Bank's risk management and internal control policies:

Credit Risk Management

Credit risk remains a key component of financial risks faced by ASO given the nature of her business – Mortgage Banking. The loan portfolio is typically the largest asset and predominant source of revenue. As such, it is the greatest source of risk to the Bank's safety and soundness.

The Portfolio Planning & Risk Reporting Unit, Credit Analysis Unit, Credit Administration & Processing Unit and Credit Control & Monitoring Unit make up the Credit Risk Management (CRM) Department. The Department is responsible for monitoring the quality and performance of the Bank's credit portfolio and for controlling credit risks in the portfolio. The CRM Department implements credit policies and procedures in line with credit approval authorities granted by the Board.

During the year, a range of initiatives were put in place to deal with the effects of the tight economic conditions of 2012 and a weak real estate market that could have led to a decline in the asset quality of the Bank. The adoption of the IFRS reporting framework resulted in the introduction of robust systems and frameworks that strengthened our credit processes. Part of this includes initiating a framework for assessing collective and specific impairments, introduction of a scientific credit scoring tool, and the successful implementation of an automated collateral management system.

Operational Risk

The nature of operational risk means that although it constitutes a small part of the bank's risk profile (15% - 20%), it includes unexpected events that could potentially cause the collapse of the entire bank. Operational risks arise as a result of inadequate or failed internal processes, people, and systems or from external events. When these risks crystallize, they result in operational losses such as legal costs and liabilities, interest claims, penalties and fines paid to regulators, losses or damage to assets, and write downs on financial assets.

The Operational Risk team ensures controls are in place which reduces the likelihood of occurrence of risk events and their impact on the Bank's bottom line. Operational risk management tools such as risk and control self assessments and incident management and reporting have been deployed in identifying new risks and adverse trends bank wide, thereby improving operational capabilities. The Bank's operational risk loss events database (the first in the industry) has helped identify and report risk issues across the Bank which hitherto its implementation went unnoticed.

Regulatory Compliance

Despite being a Primary Mortgage Bank, most banking regulations (and penalties) apply to ASO. Financial institutions are expected to know their customers and their businesses, and put in place a framework for combating money laundering and terrorist financing. To ensure this, ASO has put in place an automated anti-money laundering solution for reporting currency and suspicious transactions to the regulators. Training of new staff on regulatory compliance as part of their induction programme continued in the period with another detailed training executed for all staff during the Bank's Village Meeting. This is to ensure that members of staff are kept abreast with recent regulatory pronouncements and requirements especially where their job functions are impacted by such regulations.

No regulatory infringement was reported during the period and as such no penalty, sanction or fine was incurred by the Bank.

Real Estate Risk Management

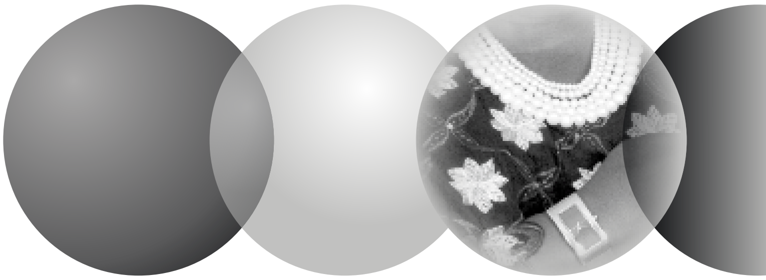
This Unit ensures that ASO's risk assets are adequately collateralized and that real estate construction projects are delivered within cost/budget and timelines, and according to scope and specification. It conducts field assessments and site inspections and produces valuation reports which form the basis for the consideration of collaterals and loan disbursements. In its bid to contain construction risk, the Real Estate Risk Management Unit assesses developers" ability to commence and complete the project within budgeted time and budgeted costs. The Unit also assesses the ability of the developers to deliver houses of requisite quality. Their ability to ensure that changes in prices of materials, labour and land acquisition are not adverse reduces the chances of projects being abandoned by developers.

This Unit also manages risks in property exposure via valuations and appraisal assessments to ascertain the appropriateness of properties as collaterals and their ability to be easily converted to cash in the event of default by a customer. The forced sale value of a property must be able to cover the Bank's exposure. Hence, the need for a thorough evaluation and assessment to guarantee that all risks inherent are adequately taken into consideration.

Remedial Management

The Remedial Management Unit has the mandate to reduce the rate of non-performing loans in the Bank to the barest minimum. Aggressive recovery using experienced recovery agents, robust remedial techniques and a hard line posture on defaulters yielded great results during the year. This will, in no small measure, enhance the profitability outlook of the bank and enhance overall shareholders' value.

Currently the Unit is developing a Remedial portal in partnership with the Corporate Management Unit of the Bank; this would give the Unit an unprecedented edge in the management and recovery of the Banks' stock of non-performing asset. This portal is expected to interface with several key units within the bank responsible for risk management such as Credit Risk Management and the Legal Department.



Information Technology (IT) Risk Management

The IT Risk Management Department in ASO manages the risks associated with the ownership, use and influence of IT within the Bank. These risks centre on IT Benefits or Value Enablement, IT Project Delivery and IT Operations and Service Delivery. IT Benefits or Value Enablement is associated with ensuring that the Bank takes maximum advantage of technology enablers for new business initiatives and for making its processes more efficient; IT Project Delivery is related to ensuring that IT projects are delivered according to specified business requirements including project quality and; IT Operations and Service Delivery is related to ensuring service interruptions are minimised and that security over the Bank's information resources is ensured.

During the period, the Department completed a review of the Bank's information security policy and the Business Continuity Plan. The aim was to further align these documents with the strategic direction of the Bank. A monthly information security awareness programme targeted at all staff was also instituted. Training sessions on the Bank's IT Risk Management programme were further facilitated for front-line managers. With respect to new project delivery, the Department completed risk assessment procedures over two new electronic channels (ASO Mobile and ASO Internet Banking); these channels have been successfully launched for all customers. For all IT deployments and upgrades, the Department partnered with the Information and Communications Technology (ICT) Department and project owners to ensure testing of business requirements was more robust.

Internal Control and Compliance (ICC)

The internal control function is designed to provide reasonable assurance regarding the effectiveness and efficiency of operations and the controls around them, the reliability of financial reporting, and compliance with applicable laws and regulations. The Unit has adopted the COSO internal control framework as the approach towards achieving control objectives.

During the financial year, the Unit was able to reduce the incidence of fraud, successfully revise the standard operation procedures for ICC activities, develop technical capacity of Resident Internal Control Officers through trainings and professional examinations and oversee the construction of a new archive at the Bwari Area Council in Abuja.

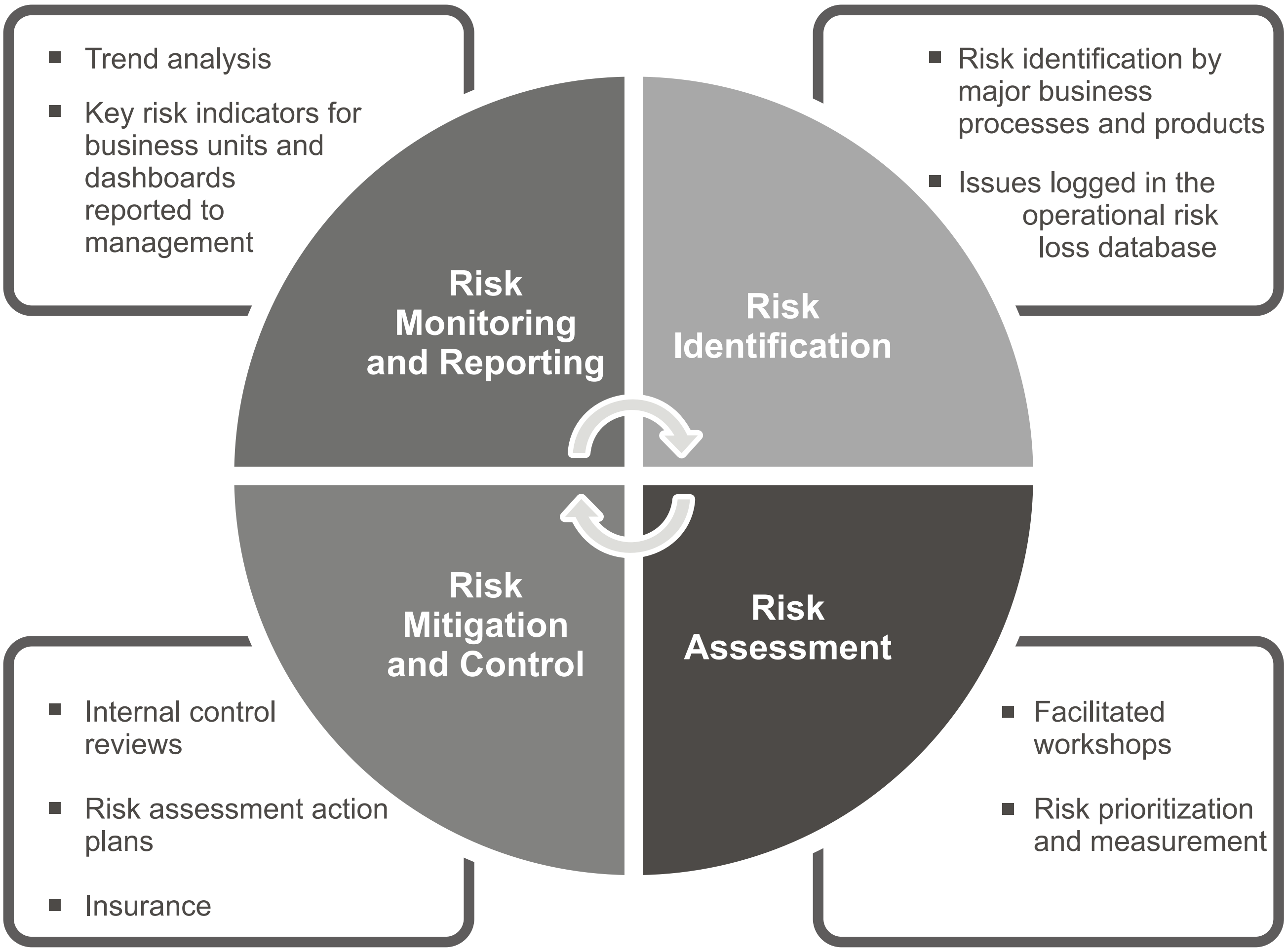
Service Quality Management

Not only does Service Quality Management (SQM) build loyalty for both ASO and its products, it guarantees ASO's sustainability and competitiveness in the mortgage industry. During the financial year, SQM carried out departmental quality audits to determine the quality of services rendered within the organization (interdepartmental) which directly impacts services to customers. Feedback which was to aid management in strategic decision making was also sought from customers on the Bank's services through a project called "MOMEMT OF TRUTH"

SQM embarked on the identification of service failures within units and issuance of service failure sheets to erring staff and departments alike. To further entrench the culture of service excellence, various trainings were conducted for various units including auxiliary staff such as security guards, cleaners and office assistants.

ASO's Risk Management Approach

ASO has adopted an integrated approach to risk management where the audit, compliance, risk and governance functions are converged to a common objective. Risk assessments are integrated with strategy development and business planning, enabling management define soft spots, loss drivers and complexities inherent in the Bank's objectives which could adversely affect execution and performance.



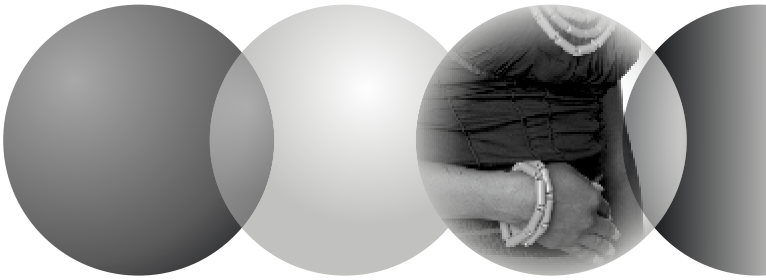
FINANCIAL REPORTING, ACCOUNTABILITY AND AUDIT:

Accountability and Reporting:

ASO acknowledges 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.

The Bank has in partnership with KPMG professional services successfully concluded a transition to the International Financial Reporting Standards (IFRS), and has presented its financial statements for the 31 December 2012 financial year end in line with the standards as published by the International Accounting Standards Board (IASB). The Bank concluded its registration with the Financial Reporting Council of Nigeria and has within the year rendered accurate and timely reports to the relevant regulators and stakeholders.

To further ensure accountability, the Bank has developed 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.



Corporate Governance Report (Cont'd) For The Period Ended 31 December 2012

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.

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 Board Audit Committee but nevertheless maintains a direct line of communication with the MD/CEO, with an unrestricted access to the Board and Audit Committee Chairmen. Its purpose, authority and responsibilities are guided by an Audit Charter approved by the Audit Committee and Board.

Internal Audit 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 strategic recruitments. Structural changes were also effected within the unit to maximise its effectiveness.

External Audit:
To guarantee the integrity of its financial reporting system, the Bank retained the services of its Joint External Auditors, Ernst & Young and Aminu Ibrahim & Co. Sufficient care has been taken to ensure that these firms hold no direct or indirect interests in the Bank as could affect their independence and objectivity. To this end, the firms and their partners hold no business interest or any relationship with the Bank other than an auditor-client relationship.

The services of the firms are strictly restricted to audit work. The representing partners are periodically rotated to guarantee independence without compromising continuity of the external audit process. Their remuneration for the year was recommended by the Board through the Audit Committee and approved by the Shareholders at the Bank's last General Meeting.

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.

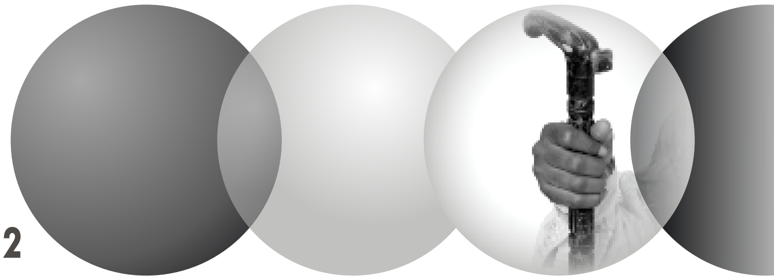
The Bank is aware of its responsibilities towards all stakeholders and the society as a whole. To this end, we have within the year demonstrated a high level of corporate social responsibility. As part of our CSR activities within the year, we have significantly contributed to educational development 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.

Corporate Governance Report (Cont'd) For The Period Ended 31 December 2012

CONCLUSION:

Good Corporate Governance is essential to create trust and engagement between companies and their investors. It contributes to the long term success of the business. In ASO, effective Corporate Governance is an important part of our identity. We have significantly complied with the codes of Corporate Governance issued by the Securities and Exchange Commission (SEC) and the Central Bank of Nigeria (CBN). We have also considerably observed the global best practices in Corporate Governance.

We recognize 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.



Statement Of Directors' Responsibilities In Relation To The Financial Statements For The Period Ended 31 December 2012

The Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004 requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Bank at the end of the period and of its financial performance. 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, CAP C20 Laws of the Federation of Nigeria 2004 and the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004;

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

c) prepares financial statements using suitable accounting policies supported by reasonable and prudent judgments 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 judgments and estimates, in conformity with,

- relevant International Financial Reporting Standards issued by the International Accounting Standards Board (IASB)
- the Regulatory and Supervisory Guidelines for Primary Mortgage Institutions in Nigeria
- relevant circulars issued by the Central Bank of Nigeria
- the requirements of the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004
- the requirements of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and
- Financial Reporting Council of Nigeria Act, No 6, 2011

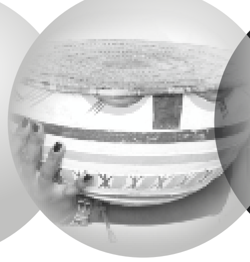
The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of its profit for the period ended 31 December 2012. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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

Olatunde Ayeni	**Hassan Musa Usman**
Chairman	Managing Director/CEO
FRC/2013/IODN/01738	FRC/2013/IODN/03601

31 January, 2014

Report Of The Audit Committee To The Members Of ASO Savings & Loans Plc



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 and 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 the conduct of these responsibilities.

- We are of the opinion that the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical practices and that the scope and planning of the external audit for the period ended 31 December 2012 were satisfactory and reinforce the Bank's internal control systems.

- The management complied with the provisions of Central Bank of Nigeria Circular BSD/1/2004 dated 18 February 2004 on "Disclosure of insider related credits in the financial statements of banks", and hereby confirm that an aggregated amount of ₦7.25 billion was outstanding as at 31 December 2012 of which ₦57.26 million was non-performing. See Note 29 for details.

- 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 from management 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.

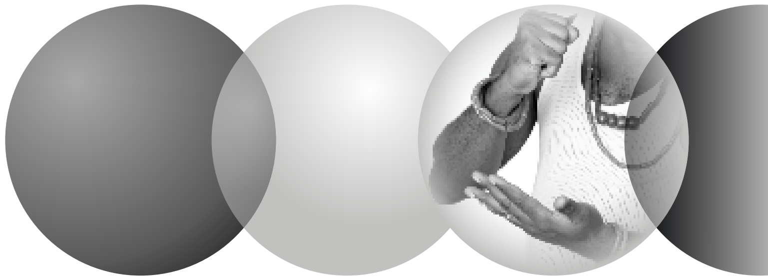
Chairman, Audit Committee 19 June 2013

Members of the Audit Committee are:

1.	Ibrahim Oruma	Chairman
2.	Collins C. Chikeluba	Member
3.	Dr. Musa Ahmed Musa	Member
4.	Joshua Audu Maikori	Member
5.	El-Amin Bello	Member
6.	Dr. Faruk Umar	Member

In attendance:
Bilikisu Rimi Secretary

Independent Joint Auditors' Report To The Members Of ASO Savings and Loans Plc For The Period Ended 31 December 2012



EY Building a better working world

2A Bayo Kuku Road,
Ikoyi Lagos
P.O. Box 2442, Marina,
Lagos, Nigeria
Tel: +234 (01) 463 0479-80
Fax: +234 (01) 463 0481
www.ey.com

Aminu Ibrahim & Co

City Plaza, 3rd F
Plot 596, Ahmadu Bello Way
P.O. Box 971, Garki II,
Abuja, Nigeria
Tel: +234 9 8706058, 3145724
www.aminuibrahim.com

INDEPENDENT JOINT AUDITORS' REPORT TO THE MEMBERS OF ASO SAVINGS AND LOANS PLC FOR THE PERIOD ENDED 31 DECEMBER 2012

Report on the financial statements

We have audited the accompanying financial statements of ASO Savings and Loans Plc, which comprise the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, the Banks and Other Financial Institutions Act, CAP B3, Laws of the Federation of Nigeria 2004, the Financial Reporting Council Act No. 6, 2011 and relevant Central Bank of Nigeria circulars and for such internal control as Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ASO Savings And Loans Plc as at 31 December 2012, and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards, provisions of theCompanies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, Banks and

EY Building a better working world

Aminu Ibrahim & Co

Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004, the Financial Reporting Council Act No. 6, 2011 and relevant Central Bank of Nigeria circulars and guidelines.

Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

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

ii) in our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books;

Report on Compliance with Banking Regulations

i. We confirm that our examination of the loans and advances was carried out in accordance with the Prudential Guidelines for licensed banks issued by the Central Bank of Nigeria.

ii. Related party transactions and balances are disclosed in financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

iii. Customer complaints are disclosed

Contraventions

No contravention of the provision of CAP B3, Laws of the Federation of Nigeria 2004 was brought to our attention during the audit of the financial statements for the period 31 December 2012.

Kayode Famutimi, FCA
FRC/2012/ICAN/0155
For: Ernst & Young
Lagos, Nigeria
13 February 2014

Adekunle Lasisi, FCA
FRC/2013/ICAN/0945
For: Aminu Ibrahim & Co
Abuja, Nigeria
13 February 2014

Statement of Comprehensive Income For The Nine Months Period Ended 31 December 2012

	Note	9 Months to 31 December 2012 ₦'000	12 Months to 31 March 2012 ₦'000
Interest income	6	8,788,011	7,868,435
Interest expense	7	(4,064,497)	(4,466,418)
Net interest income		4,723,514	3,402,017
Fee and commission income	8	930,609	1,184,962
Other operating income	9	439,247	1,685,719
Operating income		6,093,370	6,272,698
Personnel expenses	10	(2,292,867)	(1,957,306)
Depreciation of property, plant and equipment	21	(282,601)	(399,658)
Amortisation of intangible asset	22	(23,473)	(44,367)
Other operating expenses	11	(5,145,046)	(2,913,788)
Net impairment	12	1,946,976	(1,203,250)
Total expenses		(5,797,011)	(6,518,369)
Profit/(loss) before taxation		296,359	(245,671)
Income tax expense	13	(413,502)	(125,095)
Loss after taxation for the period		(117,143)	(370,766)
Loss attributable to:			
Equity holders of the Bank		(117,143)	(370,766)
Total comprehensive loss for the period		(117,143)	(370,766)
Loss per share - basic (in kobo)	27.1.3	(1)	(4)
Loss per share – diluted (in kobo)	27.1.3	(1)	(4)

Statement of Financial Position as at 31 December 2012

	Note	31 December 2012 ₦'000	31 March 2012 ₦'000	1 April 2011 ₦'000
Assets:				
Cash and cash equivalents	14	17,086,901	29,739,001	27,762,333
Loans and advances to customers	15	35,020,586	40,165,688	32,608,072
Promissory notes	16	2,624,124	-	-
Investment securities:				
- Available for sale	17.1	-	77,556	155,110
- Held-to-maturity	17.2	123,603	226,047	108,450
Trading properties	18	8,398,576	6,910,384	2,691,024
Non-current asset held for sale	19	11,734,744	3,266,852	7,071,133
Other assets	20	3,539,283	2,867,155	2,838,483
Property, plant and equipment	21	1,501,400	1,907,463	3,177,699
Intangible assets	22	34,096	42,239	56,419
Deferred tax assets	24.1	110,527	110,527	62,298
Total assets		80,173,840	85,312,912	76,531,021
Liabilities:				
Deposits from banks	23	12,553,325	6,057,920	53,427
Deposits from customers	23.1	51,553,928	68,373,692	65,015,933
Current tax liabilities	24	490,847	305,913	362,262
Other liabilities	25	9,692,438	5,284,677	6,498,935
Interest-bearing loans and borrowings	26	3,791,463	3,081,728	2,020,716
Total liabilities		78,082,001	83,103,930	73,951,273
Equity:				
Share capital	27.1.2	4,339,574	4,339,574	4,339,574
Revenue reserves	27.3	(3,290,560)	(2,588,101)	(2,217,335)
Statutory reserves	27.2.1	457,509	457,509	457,509
Regulatory risk reserve	27.2.2	585,316	-	-
Total equity		2,091,839	2,208,982	2,579,748
Total liabilities and equity		80,173,840	85,312,912	76,531,021

The financial statements were approved by the Board of Directors on 31 January 2014 and signed on its behalf by:

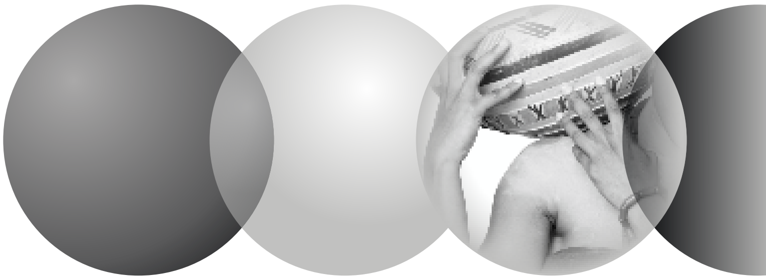
Hassan Musa Usman
(Managing Director)
FRC/2013/IODN/013601

Olatunde Ayeni
(Chairman)
FRC/2013/IODN/01738

Additionally certified by:

Nkiru Chime
(Financial Controller)
FRC/2014/ICAN/6837

Statement of Changes in Equity For The Period Ended 31 December 2012



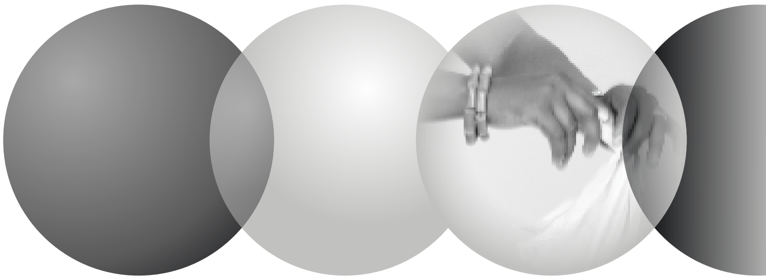
	Share capital ₦'000	Statutory reserves ₦'000	Revenue reserves ₦'000	Regulatory risk reserve ₦'000	Total equity ₦'000
Balance as at 1 April 2012	4,339,574	457,509	(2,588,101)	-	2,208,982
Loss for the period	-	-	(117,143)	-	(117,143)
Transfer for the period	-	-	(585,316)	585,316	-
Balance as at 31 December 2012	4,339,574	457,509	(3,290,560)	585,316	2,091,839,
Balance as at 1 April 2011	4,339,574	457,509	(2,217,335)	-	2,579,748
Loss for the year	-	-	(370,766)	-	(370,766)
Transfers for the year	-	-	-	-	-
Balance as at 31 March 2012	4,339,574	457,509	(2,588,101)	-	2,208,982

Statement of Cash Flows For The Period Ended 31 December 2012

	Note	9 Months December 2012 ₦'000	12 Months to 31 March 2012 ₦'000
Cash flows from operating activities			
Loss for the period		(117,143)	(370,766)
Adjustments for:			-
Depreciation of property, plant and equipment	21	282,601	399,658
Amortisation of intangible asset	22	23,473	44,367
Net impairment loss on trading properties	12	48,998	-
Net impairment loss on investment securities	12	77,556	77,555
Collective impairment on loans and advances	12	365,627	173,987
Specific impairment on loans and advances	12	(2,650,888)	479,076
Net impairment on other assets	12	211,731	472,632
(Profit)/loss on disposal of property, plant and equipment	9 &11	(3,217)	620
Profit disposal of non-current asset held for sale	9	-	(888,199)
Income tax expenses	13	413,502	125,095
		(1,347,760)	514,025
Change in loans and advances to banks and customers		7,430,362	(8,210,679)
Change in promissory notes		(2,624,124)	-
Change in other assets		28,810	(501,305)
Change in deposits from banks		6,495,405	6,004,493
Change in deposits from customers		(16,819,764)	3,357,759
Change in other liabilities and provisions		4,407,760	(1,214,254)
		(2,429,311)	(49,961)
Income tax paid	24	(228,568)	(229,674)
Net cash used in from operating activities		(2,657,879)	(279,635)
Cash flows from investing activities			
Disposal/acquisition of investment securities		102,445	(117,597)
Acquisition of trading properties	18	(1,996,869)	(2,882,593)
Purchase of property and equipment	21	(344,246)	(626,783)
Proceeds from the sale of property and equipment		16,050	27,633
Purchase of intangible assets	22	(15,330)	(30,187)
Purchase of non-current assets held for sale	19	(8,466,006)	(2,082,869)
Proceeds from disposal of non-current assets held for sale		-	6,907,687
Net cash (used in)/ provided from investing activities		(10,703,956)	1,195,291

Statement of Cash Flows (Cont'd) For The Period Ended 31 December 2012

	Note	9 Months to 31 December 2012 ₦'000	12 Months to 31 March 2012 ₦'000
Cash flows from financing activities			
Increase in long term borrowings		709,735	1,061,012
Net cash provided from financing activities		709,735	1,061,012
Net (decrease) /increase in cash and cash equivalents		(12,652,100)	1,976,668
Cash and cash equivalents at beginning of period	14	29,739,001	27,762,333
Cash and cash equivalents at end of period		17,086,901	29,739,001
Interest paid on borrowings	7	871,612	402,072



Statement of Prudential Adjustments as at 31 December 2012

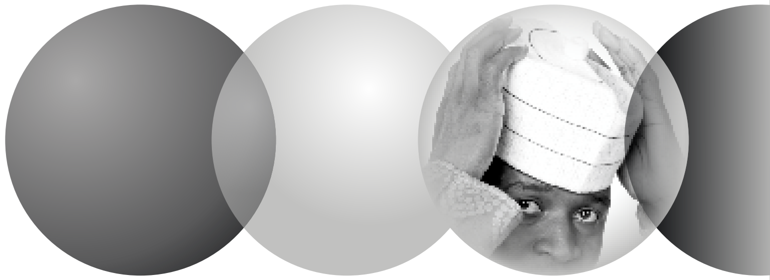
The Regulatory Body CBN/NDIC stipulates that provisions for all losses recognised in the profit or loss account shall be determined based on requirement of IFRS. The IFRS provisions should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserve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

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

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

	31 December 2012 ₦'000	31 March 2012 ₦'000	1 April 2011 ₦'000
Transfer to regulatory reserve	7,322,233	7,933,371	7,038,045
Prudential provision			
Total prudential provision	7,322,233	7,933,371	7,038,045
IFRS Provision:			
Specific impairment	3,305,900	5,956,788	5,477,712
Portfolio impairment	991,310	625,683	451,696
Provision for other asset	2,281,836	2,980,954	2,508,321
Provision for investment	157,871	80,315	2,760
	6,736,917	9,643,740	8,440,489
Difference in the impairment figures	585,316	(1,710,369)	(1,402,444)
Transfer to/(from) regulatory risk reserve	(585,316)	-	-

Notes To The Financial Statements



1. CORPORATE INFORMATION

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

The bank is principally engaged in Mortgage banking. The financial statement been authorized for issue by the resolution of the directors on 25 July 2013

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB). For all periods up to and including the period ended 31 March 2012, the Bank prepared its financial statements in accordance with local generally accepted accounting principles Local (GAAP). The financial statements for the period ended 31 December 2012 are the first the Bank has prepared in accordance with IFRS. Refer to Note 2.3 for information on how the Bank adopted IFRS.
The financial statements have been prepared on a historical cost basis, except for available-for sale investments, other financial asset and liabilities held for trading, all of which have been measured at fair value. The financial statements have been prepared based on the order of liquidity.

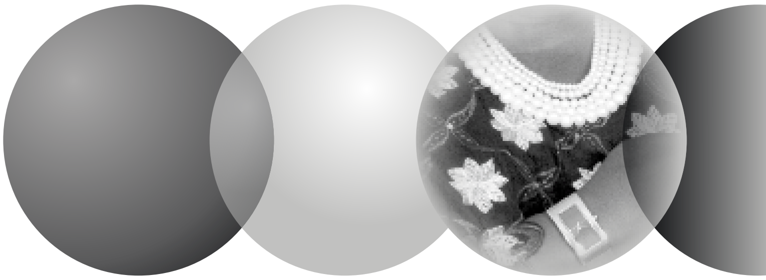
a) Statement of compliance
The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB.

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

(c) Basis of measurement
These financial statements have been prepared on the historical cost basis except for the following:

- the liability for defined benefit obligations is recognised as the present value of the defined benefit obligation less the net total of the plan assets, plus unrecognised actuarial gains, less unrecognised past service cost and unrecognised actuarial losses.

(d) 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.



2 Accounting Policies (Cont'd)

(e) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as volatility for longer–dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities. The valuation of financial instruments is described in more detail in Note 3.

2.2 Summary of Significant Accounting Policies

The accounting policies set out below have been consistently applied to all periods presented in these financial statements and in preparing an opening IFRSs statement of financial position at 1 April 2011 for the purposes of the transition to IFRSs.

2.2.1 Foreign currency translation

Transactions in foreign currencies are translated to the functional currency using the exchange rates prevailing at the dates of the transactions.

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

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

2.2.2 Interest

Interest income and expense for all interest bearing financial instruments, are recognised within 'interest income' and 'interest expense' in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the net carrying amount of the financial asset or liability. The effective interest rate is calculated on initial recognition of the financial asset and liability and is not revised subsequently.

The calculation of the effective interest rate includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate excluding future credit losses. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the income statement include interest on financial assets and liabilities at amortised cost on an effective interest basis.

2.2.3 Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate. Other fees and commission income, including account servicing fees, placement fees, sales commission and syndication fees, are recognised as the related services are performed.

Notes To The Financial Statements (Cont'd)

2 Accounting Policies (Cont'd)

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

2.2.4 Rental income

Rental income from non-current assets held for sale leased out under operating lease is recognised in the income statement on a straight line basis over the term of the lease.

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

2.2.5 Income tax expense

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

2.2.6 Current tax

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

2.2.7 Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

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

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

2.2.8 Financial assets and liabilities

(a) Date of recognition and initial measurement

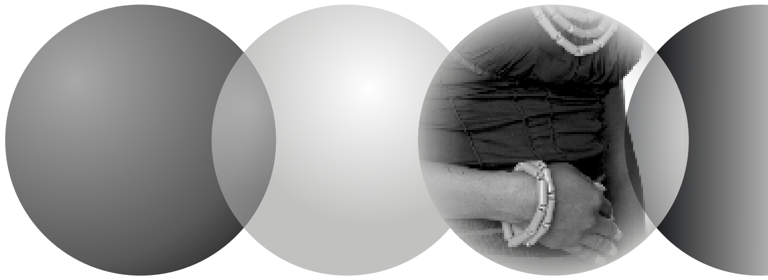
The Mortgage Bank initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities are initially recognised on the trade date at which the Mortgage Bank becomes a party to the contractual provisions of the instrument.
All financial instruments are measured initially at their fair value plus transaction costs.

(b) Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classification:

(i) Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed determinable payments and fixed maturities that management has both the positive intent and ability to hold to maturity and which were not designated as at fair value through profit and loss or as available for sale. A sale or reclassification of more than an insignificant amount of held-to-maturity



Notes To The Financial Statements (Cont'd)

2 Accounting Policies (Cont'd)

investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Mortgage Bank from classifying investment securities as held-to-maturity for the current and the following two financial years. The difference between amortised cost and fair value will be accounted for in equity.
Held-to-maturity investments are carried at amortised cost, using the effective interest method, less any provisions for impairment.

(ii) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Mortgage Bank as at fair value through profit or loss or available-for-sale.

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

(iii) *Available-for-sale investments*
Available-for-sale investments are non-derivative investments that are neither classified as held for trading nor designated at fair value through profit or loss. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost.
After initial measurement, available-for-sale financial investments are subsequently measured at fair value.

When the investment is disposed of or impaired, the cumulative gain or loss previously recognised in equity is recognised in the income statement in other operating income. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR. The losses arising from impairment of such investments are recognised in the income statement in 'Impairment losses on financial investments' and removed from the Available-for-sale reserve.

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

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

- a breach of contract such as a default or delinquency in interest or principal repayments by a borrower;
- restructuring of a loan or advance by the Mortgage Bank on terms that the Mortgage Bank would not otherwise consider;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security, or other

2 Accounting Policies (Cont'd)

- observable data relating to a group of assets data indicating that there is a measurable decrease in the estimated future cash flows from the group of assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including
  - adverse changes in the payment status of borrowers or issuers in the group, or
  - national economic conditions that correlate with defaults in the group.

In assessing collective impairment, the Mortgage Bank uses statistical modelling of historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical modelling. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

(i) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost (such as amounts due from banks, loans and advances to customers as well as held to maturity investments), the Bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

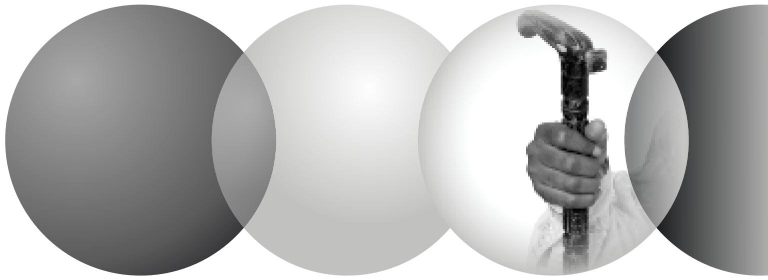
If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of Interest and similar income.

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

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Bank's internal credit grading system that considers credit risk characteristics such as asset type, industry, geographical location, collateral type and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for



2 Accounting Policies (Cont'd)

estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset. In addition, an available-for-sale equity instrument is generally considered impaired if a significant or prolonged decline in the fair value of the instrument below its cost has occurred. Where an available-for-sale asset, which has been remeasured to fair value directly through equity, is impaired, the impairment loss is recognised in the income statement. If any loss on the financial asset was previously recognised directly in equity as a reduction in fair value, the cumulative net loss that had been recognised in equity is transferred to the income statement and is recognised as part of the impairment loss. The amount of the loss recognised in the income statement is the difference between the acquisition cost and the current fair value, less any previously recognised impairment loss.

If, in a subsequent period, the amount relating to an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised in the income statement, where the instrument is a debt instrument, the impairment loss is reversed through the income statement. An impairment loss in respect of an equity instrument classified as available-for-sale is not reversed through the income statement but accounted for directly in equity.

(iii) *Offset of financial instruments*

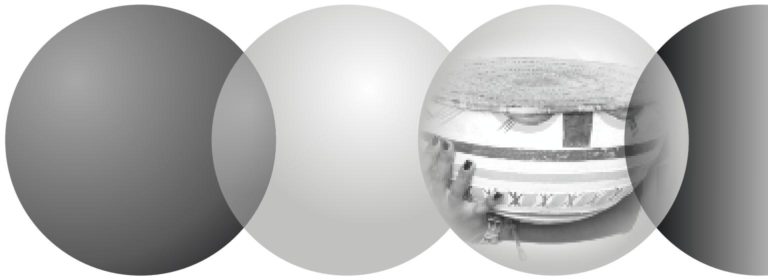
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank has currently enforceable a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.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

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

(iv) *Derecognition of financial instruments*

The Mortgage Bank derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or has assumed an obligation to pay those cash flows to one or more recipients, subject to certain criteria.
Any interest in transferred financial assets that is created or retained by the Mortgage Bank is recognised as a separate asset or liability.

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



Notes To The Financial Statements (Cont'd)

2 Accounting Policies (Cont'd)

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

The Mortgage Bank writes off certain loans and investment securities when they are deemed to be uncollectible.

2.2.9 Cash and cash equivalents

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

2.2.10 Property and equipment

(i) Recognition and measurement

Items of property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent costs

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

(iii) Depreciation

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

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

Buildings	20 years
Computer hardware	3 years
Furniture and office equipment	5 years
Motor vehicles	4 years

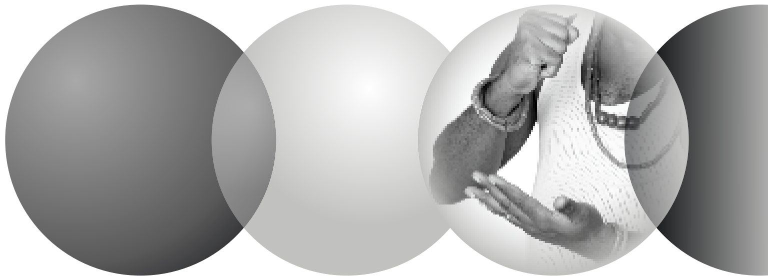
Depreciation methods, useful lives and residual values are reassessed at each reporting date.

(iv) De-recognition

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

2.2.11 Non-current asset held for sale

A property is classified as non-current assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be



2 Accounting Policies (Cont'd)

the case, the property must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such property and its sale must be highly probable. For the sale to be highly probable:

- The Board must be committed to a plan to sell the property and an active programme to locate a buyer and complete the plan must have been initiated.
- The property must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

2.2.12 Intangible assets

The Bank's intangible assets include the value of computer software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Bank.
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial yearend. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and they are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is presented as a separate line item in the income statement.

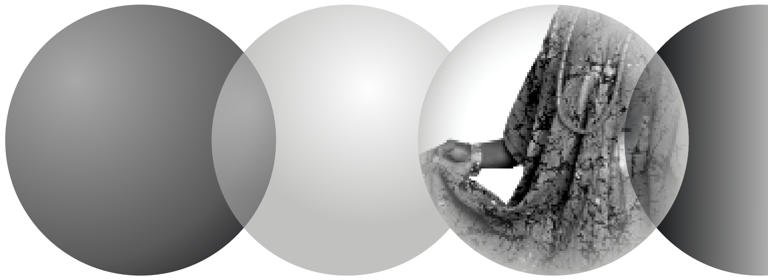
Amortisation is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

Computer software: 3 years

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

The capitalised costs of internally developed software include all costs directly attributable to developing the software, and are amortised over its useful life. Expenditure on internally developed software is recognised as an asset, if the bank can demonstrate all of the following:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.
(b) its intention to complete the intangible asset and use or sell it.
(c) its ability to use or sell the intangible asset.
(d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.



2.2.13 Leased assets – lessee

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

2.2.14 Impairment of non-financial assets

The carrying amounts of the Mortgage Bank's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any intangible asset allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used normally by reference to a quoted price in an active market for an identical asset.

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

2.2.15 Deposits and debt securities issued

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

2.2.16 Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss when they are due. The unpaid contributions are recorded as a liability.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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

(iii) *Defined benefits plans*

The Mortgage Bank's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting that benefit to determine its present value, and then deducting the fair value of any plan assets. The calculation is performed by a qualified actuary using the projected unit credit method.

The Bank recognises a portion of actuarial gain and losses that arise in calculating the Bank's obligation in respect of a plan in profit or loss over the expected average remaining working lives of the employees participating in the plan. The portion is determined as the extent to which any cumulative unrecognised actuarial gain or loss at the end of the previous reporting period exceeds 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets (the corridor). Otherwise, the actuarial gains and losses are not recognised.

2.2.17 Share capital and reserves

(i) *Share issue costs*

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

(ii) *Dividend on ordinary shares*

Dividends on the Mortgage Bank's ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Bank's shareholders. No dividends were declared nor paid during the financial year 31 December 2012 and 31 March 2012.

(iii) *Earnings per share*

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

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

2.2.18 Trading properties

Trading properties (inventory) are shown at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of trading properties is determined on the basis of specific identification of their individual costs.

2.2.19 Promissory notes

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

2.2.20 Related party transactions

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

Notes To The Financial Statements (Cont'd)

2 Accounting Policies (Cont'd)

2.3 Explanation of transition to IFRSs

Implementation of IFRSs

As stated in note 2.2 on significant accounting policies, these are the Bank's first financial statements prepared in accordance with IFRSs. The accounting policies set out in note 2.2 have been applied in preparing the financial statements for the period ended 31 December 2012 and in the preparation of an opening IFRS statement of financial position at 1 April 2011 (the Bank's date of transition). An explanation of how the transition from Nigerian GAAP to IFRSs has affected the Bank's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Reconciliation of equity

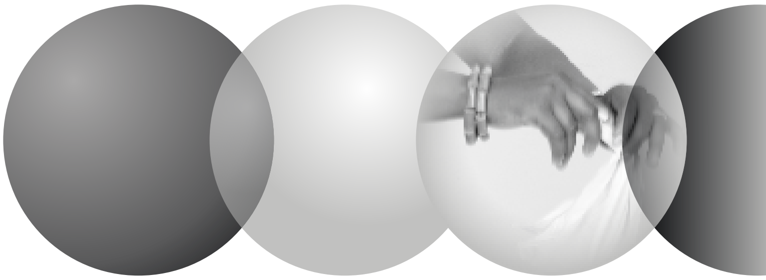
	Note	31 March 2012 Previous GAAP	Effects of transition to IFRS Reclassification	Re-measurement	IFRS	1 April 2011 Previous GAAP	Effects of transition to IFRS Reclassification	Re-measurement	IFRS
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Assets:									
Cash in hand		300,048	-	-	300,048	641,233	-	-	641,233
Balances with banks	A	2,333,779	(1,119)	-	2,332,660	6,749,241	(1,119)	-	6,748,123
Placements	B	27,002,011	104,282	-	27,106,293	20,321,129	51,848	-	20,372,977
Treasury bills	C	226,047	(226,047)	-	-	110,000	(110,000)	-	-
Loans and advances to customers	D	41,162,727	6,930	(1,003,969)	40,165,688	33,079,667	-	(471,595)	32,608,072
Long term investment	E	77,555	(77,555)	-	-	155,110	(155,110)	-	-
Investment securities	C, E	-	303,603	-	303,603	-	263,560	-	263,560
Trading properties	F	-	6,910,384	-	6,910,384	-	2,691,024	-	2,691,024
Non-current assets held for sale	F	10,177,235	(6,910,384)		3,266,852	9,762,157	(2,691,024)		7,071,133
Property and equipment	G	1,924,396	-	(16,933)	1,907,463	1,714,553	1,469,105	(5,960)	3,177,699
Intangible assets		42,239	-	-	42,239	56,419	-	-	56,419
Deferred tax	H	18,397	-	92,130	110,527	13,448	-	48,849	62,298
Other assets	I	2,970,319	(103,164)	-	2,867,155	4,358,317	(1,519,834)	-	2,838,483
		86,234,753	6,930	(928,772)	85,312,912	76,961,274	(1,550)	(428,706)	76,531,021

Reconciliation of equity (Cont'd)

	Note	31 March 2012 Previous GAAP	31 March 2012 Effects of transition to IFRS: Reclassification	31 March 2012 Effects of transition to IFRS: Re-measurement	31 March 2012 IFRS	1 April 2011 Previous GAAP	1 April 2011 Effects of transition to IFRS: Reclassification	1 April 2011 Effects of transition to IFRS: Re-measurement	1 April 2011 IFRS
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Liabilities:									
Deposit from customers	J	68,335,945	37,747	-	68,373,692	65,009,377	6,556	-	65,015,933
Due to other banks	J	6,000,000	57,920	-	6,057,920	-	53,427	-	53,427
Current tax liabilities		305,912	1	-	305,913	343,232	19,030	-	362,262
Other liabilities	L	5,414,606	(129,929)	-	5,284,677	6,617,648	(118,712)	-	6,498,935
Other borrowed funds	K	3,040,540	41,188	-	3,081,728	1,982,565	38,151	-	2,020,716
Total liabilities		83,097,003	6,927	-	83, 103,930	73,952,822	(1,548)		73,951,273
Equity:									
Share capital		4,339,574	-	-	4,339,574	4,339,574	-	-	4,339,574
Retained earnings	M	(1,659,333)		(928,768)	(2,588,101)	(1,788,631)	-	428,704	(2,217,335)
Other reserves		457,509	-	-	457,509	457,509	-	-	457,509
Total equity attributable to equity holders of the Bank		3,137,750	-	(928,768)	2,208,982	3,008,452	-	(428,704)	2,579,748
Total liabilities and equity		86,234,753	6,927	(928,768)	85, 312,912	76,961,274	(1,548)	(428,704)	76,531,021

Reconciliation of profit

	Note	31 March 2012 Previous GAAP ₦'000	Effects of transition to IFRS ₦'000	IFRS ₦'000
Interest income	N	7,910,593	(42,158)	7,868,435
Interest expense	N	(4,394,837)	(71,581)	(4,466,418)
Interest margin		3,515,756	(113,739)	3,402,017
Net fees and commission income		1,184,689	-	1,184,962
Other operating income		1,689,652	(3,933)	1,685,719
		2,874,341	(3,933)	2,870,681
Operating income		6,390,097	(117,672)	6,272,698
Operating expenses:				
Net impairment loss on financial assets	O	(713,034)	(490,216)	(1,203,250)
Personnel expenses	P	(1,763,509)	(193,797)	(1,957,306)
Depreciation and amortization	Q	(433,055)	(10,970)	(444,025)
Other expenses	R	(3,179,818)	266,030	(2,913,788)
Profit/(loss) before income tax		300,681	(546,625)	(245,671)
Income tax expense	S	(171,383)	13	(125,095)
Profit/(loss) for the year	2.3.1	129,298	(546,612)	(370,766)
Equity holders of the Bank		129,298	(546,612)	(370,766)
		129,298	(546,612)	(370,766)
Basic earnings/(loss) per share		2k	147k	(4k)



Notes To The Financial Statements (Cont'd)

A. Balances with banks

The Bank's transition to IFRS resulted in the reclassification of cash reserve held with FMBN of ₦1,119,000 (1 April 2011 - ₦1,119,000) from bank balances to other assets as this forms part of restricted balances with regulators.

B. Placements

In line with the requirements of Nigerian GAAP, investments with maturity profile not greater than one year are classified as short term investments while classification of investments under IFRS is dependent on the characteristics of the instruments and/or the management intent for holding the financial assets. Under IFRS, the investments form part of cash equivalents and are carried at amortised cost by reclassifying the interest receivable on the placement ₦104,282,000 (1 April 2011; ₦51,848,000).

C. Treasury bills

In line with the requirements of Nigerian GAAP, the investment in treasury bills was presented separately on the face of the balance sheet as a form of short term investment. However, due to transition to IFRS, short-term investments comprising of treasury bills; ₦ 226,047,000 (1 April 2011; ₦108,450,000) have been reclassified to investment securities and are recognised at amortised cost in line with the Bank's intention and purposes.

D. Loans and advances

Nigerian GAAP requires loans and advances to be measured at costs net of impairment losses using an expected loss model. A specific risk provision for loan impairment is established to provide for management's estimate of credit losses as soon as the recovery of an exposure is identified as doubtful. This provision is made for each account that is not performing in accordance with the terms of the related facility. A general provision of at least 1% is made for all performing accounts to recognize losses in respect of risks inherent in any credit portfolio.

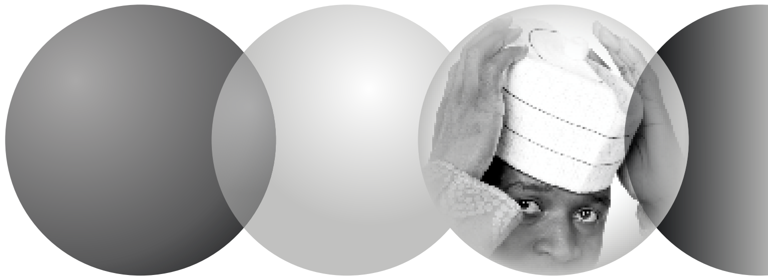
In applying IFRSs, an impairment loss can only be accounted for if there is objective evidence that a loss has occurred after the initial recognition but before Statement of Financial Position date. IFRS also allows for the creation of a credit impaired for incurred but not reported losses in order to provide latent losses in a portfolio of loans that have not yet been individually identified as impaired and the general reserve to be reversed. Generally, where the impairment for credit losses is lower than the level required by the regulatory authorities, the shortfall on impairment for credit losses is set aside in a regulatory risk reserve within total equity. The difference in the measurement basis of impairment loss assessment between IFRS and Nigerian GAAP decreased the net assets of the Bank by ₦1,003,969,000 and ₦471,595,000 as at 31 March 2012 and 1 April 2011 respectively.

The impact arising from the change is summarised as follows:

	31 March 2012 ₦'000	1 April 2011 ₦'000
Additional/reversal of excess specific impairment	736,384	314,726
Additional collective impairment	267,585	156,869
Reclassification (Note M)	(6,930)	-
	997,039	471,595

E. Long term investments

Under Nigerian GAAP, investments in unquoted securities are accounted for as financial instruments measured at cost. Under IFRS, such investments are designated as available-for-sale investments. At the date of transition to IFRS, the fair value of investment securities designated as available- for-sale is ₦77,556,000 (1 April 2011: ₦155,111,000) and the carrying amount under previous GAAP was ₦77,556,000 (1 April 2011: ₦155,111,000).



F. Trading properties

The Bank in applying IFRS has designated part of its non-current asset held for sale as trading properties due to its intention to hold these properties for the purpose of realising its carrying value through sale. This has resulted in a reclassification of ₦6,910,384,000 (1 April, 2011 - ₦2,691,024,000) from non-current asset held for sale to trading property.

G. Property, plant and equipment

Under Nigerian GAAP, land which formed part of property, plant and equipment was not depreciated by the Bank under the Nigerian GAAP. However, under IFRS, interest in land is said to be limited in line with the 99 year long interest held by any entity in accordance with the Land Use Act of 1978. Hence, the leasehold interest inland has been depreciated over a period of 99 years. The effect of transition to IFRS was a decrease in the carrying value of equipment by ₦16,933,000 (1 April, 2011 - ₦5,961,000) arising from depreciation.

H. Deferred tax liabilities

The impacts of changes in deferred tax asset from the Nigerian GAAP to IFRS are mainly attributable to the impact of IFRS conversion adjustments on timing differences.

The impact arising from the change is summarised as follows:

	31 March 2012 ₦'000	1 April 2011 ₦'000
Deferred tax on additional collective impairment	87,050	47,061
Deferred tax on amortisation of leasehold interests in land	5,080	1,788
	----------	-----------
	92,130	(48,849)
	=====	=======

I. Other assets

Interest receivables under the Nigerian GAAP are classified separately from the principal. Under IFRS, the interest should be included in the capital amount. Also, balances with regulators are classified as restricted cash balances under other assets.

The net impact includes the following:

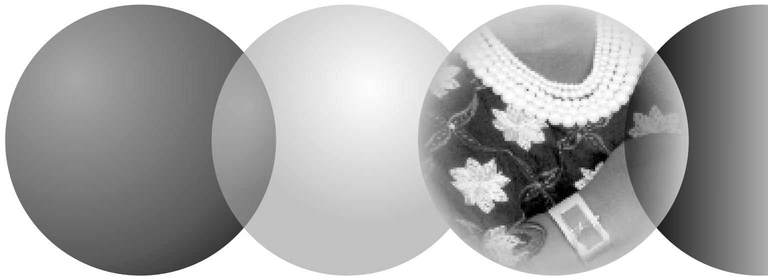
	31 March 2012 ₦'000	1 April 2011 ₦'000
Reclassification of interest receivable to cash and cash equivalents (note A)	1,119	1,119
Reclassification of interest receivable (note B)	(104,282)	(51,848)
Reclassification of deposit for land to property, plant and equipment	-	1,465,105
	--------------	----------------
	(103,163)	(1,414,376)
	========	=========

J. Deposit from banks and customers

The impact of changes in deposit from customers and banks are due to deposit liabilities cost. The effect of transition to IFRS was a reclassification of ₦ 95,667,000 (1 April 2011 - ₦ 59,984,000) being interest payable from other liabilities to deposit from customers and due to other banks.

K. Other borrowed funds

Under IFRS, long term liabilities are classified as financial liability not held for trading and are measured at amortised cost. The effect of transition to IFRS was a reclassification of ₦ 41,188,000 (1 April 2011 - ₦ 31,151,000) being interest payable from other liabilities to long term liabilities.



Notes To The Financial Statements (Cont'd)

L. Other liabilities

Under Nigerian GAAP, interest payable and unearned interest was presented as separate amount. These changes do not have significant impact on the profit and loss or equity.

M. Retained earnings

As a result of IFRS adoption, all impact due to re-measurements of various financial assets and liabilities are to be accounted for adjustment to retained earnings (revenue reserves).

N. Interest income and expense

Under IFRSs, interest income and expense are recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently. The calculation of the effective interest rate includes all fees and points paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Under Nigerian GAAP, interest income and expense were recognised in accordance with the terms of the related facility on an accrual basis.

The effect of conversion to IFRS and accounting for interest expense using the effective interest rate method resulted to an increase in the interest expense to the tune of ₦71,581,000. In addition, interest income on non-performing loans is suspended in a provision account under the Nigerian GAAP. However, under IFRS this is not applicable. The transition to IFRS resulted in recognition of interest income of ₦42,158,000 on impaired loans and advances suspended under Nigerian GAAP.

O. Net impairment loss on financial assets

Nigerian GAAP requires loans and advances to be stated net of allowance for doubtful accounts. These allowances are determined in accordance with the Central Bank of Nigeria's Prudential Guidelines for Licensed Banks for specific assessment of each customer's account. In applying IFRS, an impairment loss can only be accounted for if there is objective evidence that a loss has occurred after the initial recognition but before the Statement of Financial Position. Total additional impairment charge of ₦490,216,000 was recognised as at 31 March 2012 on advances.

P. Personnel expenses

Staff salaries and allowances were the only personnel costs that were recognised under the Nigerian GAAP. IFRSs require a separate disclosure of all staff related costs. Hence, other staff related costs hitherto reported as part of other operating expenses have been reported as part of personnel costs.

Q. Depreciation expense

Depreciation of leasehold interest in land under IFRS resulted in an additional depreciation charge of ₦10,972,000 on property, plant and equipment.

R. Other operating expenses

The difference in other operating expenses includes reclassification of staff related expenses from operating expense to staff cost (₦193,797,000) and reclassification of interest expense items of ₦ 71,581,000 from operating expenses to interest expense.

S. Income Tax expense

The difference in income tax expense includes additional deferred tax expense of ₦133,200,000 and reclassification of NITDA levy (₦3,007,000) from tax expense to operating expenses.

2.3.1. Reconciliation of profit based on Nigerian GAAP to IFRS

The profit after tax per the Nigerian GAAP accounts for the year ended 31 March 2012 stood at ₦129,298,000. However, transition to IFRS resulted in a loss after tax position of ₦370,766,000. The loss for the period ended 31 December 2012 based on IFRS is ₦(117,143,000)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Management discusses with the Audit Committee the development, selection and disclosure of the Bank's critical accounting policies and estimates, and the application of these policies and estimates.
These disclosures supplement the commentary on financial risk management.

(a) Key sources of estimation uncertainty

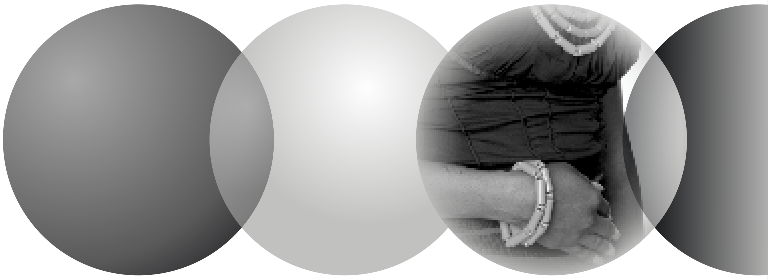
(i) Allowances for credit losses
Assets accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 2.2.8. The specific counterparty component of the total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a counter party's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Committee.

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

(ii) Determining fair values
The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of techniques as described in accounting policy 2.2.8. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(b) Critical accounting judgements in applying the Bank's accounting policies
Critical accounting judgements made in applying the Bank's accounting policies include:
Valuation of financial instruments:
The Bank's accounting policy on fair value measurements is discussed under note 2.2.8. The Bank measures fair values using the following fair value hierarchy that reflects the nature and process used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.



- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3: Valuation techniques using inputs that are not based on observable market data, i.e., unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments. The table below analyses financial instruments measured at fair value into the fair value hierarchy at the end of the reporting period:

31 December 2012	Level 1	Level 2	Level 3	Total
Investment securities	-	-	₦ 77,555,000	₦ 77,555,000
31 March 2012				
Investment securities	-	-	₦ 77,555,000	₦ 77,555,000
1 April 2011				
Investment securities	-	-	₦ 155,110,000	₦ 155,110,000

(ii) *Financial assets and liabilities classification*
The Bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

Details of the Bank's classification of financial assets and liabilities are given under the accounting policies in note 2.2.8.

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

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

(v) *Determination of impairment of property, plant and equipment, and intangible assets, excluding goodwill*
Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Bank applies the impairment assessment to its separate cash

generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

(c) Pension obligation

(i) *Liability for defined contribution scheme*

The Bank and its employees each contributes a minimum of 7.5% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominal pension fund administrators. The amount represents sums payable to pension fund administrators of which Personal Identification Number (PIN) of affected employees has not been presented to effect the remittance.

(ii) *Liability for defined benefits plans*

The Bank operates a non-contributory, unfunded lump sum defined benefit gratuity scheme. Employees are entitled to join the scheme after completing 5 full years of service. Employees' terminal benefits were hitherto calculated based on number of years of continuous service, limited to a maximum of 5 years.

The scheme was terminated effective 31 December, 2012 and as a result no actuarial valuation was carried out as there will be no future benefit accruing to employees under the scheme.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 31 December 2012, and have not been applied in preparing these financial statements. The Bank intends to adopt the standards below when they become effective.

(i) *IFRS 9: Financial Instrument: Classification and Measurement*

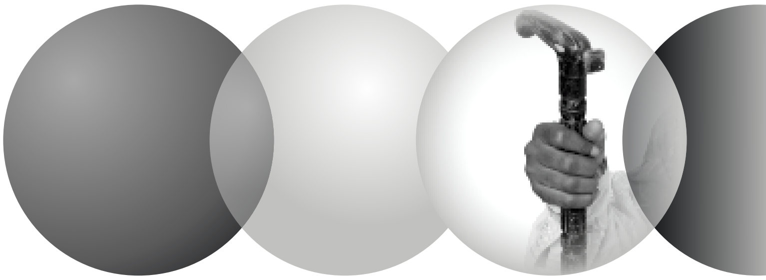
IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015. In subsequent phases, the IASB is addressing impairment and hedge accounting. Exposure drafts have been issued, the completion of these projects is expected in 2012 the Bank is currently assessing the impact of both the first phase and the second phase on its financial statements.

(ii) *IFRS 13: Fair Value Measurement*

IFRS 13 defines fair value, provides guidance on its determination and introduces consistent requirements for disclosure on fair value measurements. It is applicable for all assets and liabilities that require a fair value based on IFRS. Disclosures for fair values are extended. The Bank will assess whether this new standard has any impact on existing fair value policies and disclosures. IFRS 13 is effective for the annual periods beginning on or after 1 January 2013 with early adoption permitted. The Bank has not early adopted IFRS 13.

(iii) *IAS 1: Presentation of Financial Statements*

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on



available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). The former option is the existing practice of the Bank. The Bank will assess if it will continue this practice or convert to the other option included in the amended IAS 1. This standard is applicable for annual periods beginning on or after 1 July 2012, with early adoption permitted

(iv) *IFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities- Amendments to IFRS 7*

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. This amendment is effective for periods beginning on or after 1 January 2013. The Bank expects no significant impact from the adoption of the amendments on its financial position or performance in 2012

(v) *IFRS10: Consolidated Financial Statements*

IFRS 10 replaced all of the consolidation guidance of IAS 27: Consolidated and Separate Financial Statements and SIC 12: Consolidation-Specific Purpose Entities. Consolidation is required when there is control that is defined as a combination of power, exposure to variability in returns and the ability to use power over the investee to affect the amount of the investor's returns. IFRS 10 is effective for annual periods beginning on or after 1 January 2013. This standard is not applicable to the Bank.

(vi) *IFRS11: Joint Venture Arrangements*

IFRS 11 Overhauls the accounting for joint ventures and replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities. It uses the principles of control in IFRS 10 in defining joint control and whether joint control exists may change. The standard is effective for annual periods beginning or after 1 January 2013.The new standard does not allow proportional consolidation of joint entities and no impact is expected as the Bank does not have joint arrangements.

(vii) *IFRS12: Disclosures of Interest in Other Entities*

IFRS 12 includes all of the disclosure requirements for subsidiaries, joint arrangements, associated and structured entities. Changes include the requirement to disclose the judgements made to determine whether it controls another entity. IFRS 12 is effective in annual period beginning on or after 1 January 2013. Early adoption of IFRS 10, 11 and 12 is permitted but is required to take place simultaneously. Only IFRS 12 can be early adopted without IFRS 10 and 11. IFRS 12 is not applicable to the Bank.

(viii) *IAS 12 Income Taxes*

The amendments to IAS 12 provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40; Investment Property. The amendment introduces a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. This standard is applicable for annual periods beginning on or after 1 January 2013, with early adoption permitted.

(viii) *IAS 19: Employee Benefits*

The amendments to IAS 19 removes the option to defer the recognition of actuarial gains and losses, i.e., the corridor mechanism. All changes in the value of defined benefit plans will be recognised in profit or loss and other comprehensive income. The effective date of the standard is 1 January 2013. The adoption of these amendments will require the Bank to recognise:

- A service cost and a net interest income or expense in profit or loss
- The re-measurements of the pension assets and liabilities, i.e., actuarial gains and losses in the other comprehensive income.

Improvement to IFRSs

Amendments resulting from improvements to IFRSs to the following standards did not have a material impact on the accounting policies, financial position or performance of ASO Savings and Loans Plc during this financial year.

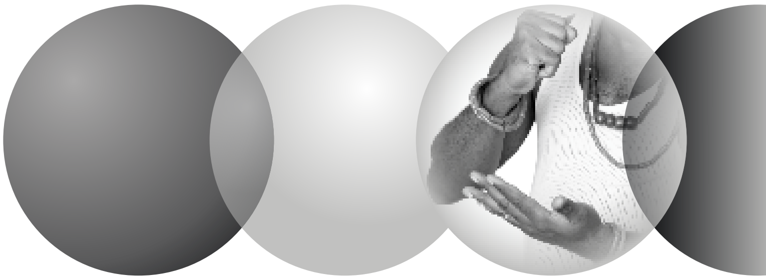
- IFRS 7: Financial Instrument: Disclosures
- IAS 1: Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements
- IFRIC 13 Customer Loyalty Programmes
- IFRS 1: Low interest government loans
- IFRS 10, 11,& 12: Transition guidance
- IAS 27: Consequential amendments
- IAS 28: Consequential amendments
- IFRIC 20: Stripping costs
- IFRS 7: Off-setting of financial assets and liabilities

5 OPERATING SEGMENTS

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

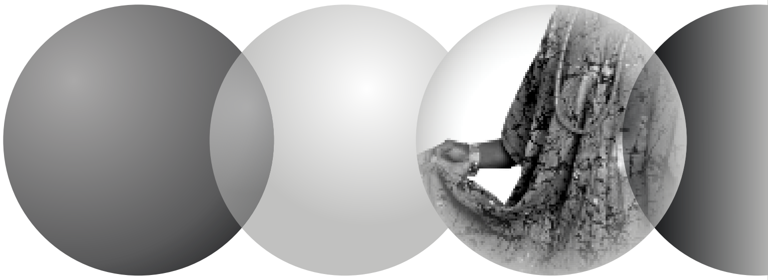
The Mortgage Bank's activities are concentrated in one geographic region. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

All non-current assets are located and revenues earned within the country of domicile.



		9 Months to 31 December 2012 ₦'000	12 Months to 31 March 2012 ₦'000
6	**INTEREST INCOME**		
	Interest income on cash and cash equivalents	730,481	802,377
	Interest income on loans and advances	8,031,874	7,035,574
	Interest income on investment securities	25,656	30,484
		8,788,011	7,868,435
7	**INTEREST EXPENSE**		
	Interest expense on deposit from banks	99,465	2,340
	Interest expense on deposits from customers	3,093,420	4,062,006
	Interest expense on borrowings	871,612	402,072
		4,064,497	4,466,418
8	**FEE AND COMMISSION INCOME**		
	Commission on turnover	209,291	371,917
	Loan management fees	225,350	454,800
	Administrative and processing fees	196,099	289,035
	Other fees and commissions	299,869	69,210
		930,609	1,184,962
9	**OTHER OPERATING INCOME**		
	Rental income	-	8,750
	Recoveries from loans and advances written off	-	690,006
	Foreign exchange gain/(loss)	14,443	2,006
	Gain on disposal of Property, plant and equipment	3,217	-
	Gain on disposal of non-current assets held for sale	-	888,199
	Other income	421,587	96,758
		439,247	1,685,719
10	**PERSONNEL EXPENSES**		
	Salaries and wages	1,759,995	1,744,995
	Contribution to defined contribution plans	39,201	39,995
	Increase in defined benefit plans	408,619	95,983
	Other staff costs	85,052	76,333
		2,292,867	1,957,306

Notes To The Financial Statements (Cont'd)



10.1 Employees

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

			9 Months to 31 December 2012 Number	12 Months to 31 March 2012 Number
Below		₦300,000	188	185
₦300,001	-	₦500,000	231	27
₦500,001	-	₦1,000,000	45	375
₦1,000,001	-	₦1,500,000	209	79
₦1,500,001	-	₦2,500,000	12	19
₦2,500,001	-	₦3,500,000	5	2
₦3,500,001	-	₦4,500,000	8	2
Above		₦4,500,000	1	-
			-----	-----
			699	689
			===	===

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

	9 Months to 31 December 2012 Number	12 Months to 31 March 2012 Number
	699	689
	===	===

		9 Months to 31 December 2012 ₦'000	12 Months to 31 March 2012 ₦'000
11	**OTHER OPERATING EXPENSES**		
	Insurance premium	300,246	335,011
	Rent and rates	209,729	286,857
	Training	130,640	114,447
	Loss on disposal of property plant and equipments	-	620
	Information technology development levy (note 11.1)	2,934	3,007
	General administrative	4,501,497	2,173,846
		--------------	--------------
		5,145,046	2,913,788
		========	========

11.1 The Nigerian Information Technology Development Agency (NITDA) Act 2007 stipulates that, specified companies contribute 1% of their profit before taxation to the Nigerian Information Technology Development Agency. The Mortgage Bank made profit before tax during the period therefore it has provided for NITDA levy at the specified rate.

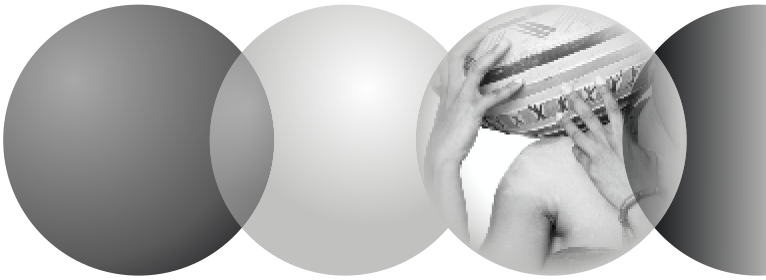
		9 Months to 31 December 2012 ₦'000	12 Months to 31 March 2012 ₦'000
12	**NET IMPAIRMENTS**		
	Collective impairment charges on loans and advances (note 15.3)	(365,627)	(173,987)
	Specific impairment (reversal)/charges on loans and advances (note 15.2)	2,650,888	(479,076)
	Impairment charges on available for sale equities(note 17.2.1)	(77,556)	(77,555)
	Impairment charges on other assets (note 20.2)	(211,731)	(472,632)
	Net impairment on trading property (note 18)	(48,998)	-
		1,946,976	(1,203,250)
13.	**INCOME TAX EXPENSE**		
	Current tax expense		
	Company income tax (note 24)	372,860	-
	Education tax (note 24)	39,884	-
	Reversal of provision (note 24)	(132,588)	-
	Under provision for prior period (note 24)	133,346	-
	Charge for the period (note 24)	-	173,325
		413,502	173,325
	Deferred tax expense		
	Origination of temporary differences	-	(48,230)
	Total income tax expense	413,502	125,095
13.1	**Reconciliation of effective tax rate**		
	Profit/(loss) before income tax	296,359	(245,671)
	Income tax using the domestic corporation tax rate	88,908	-
	Non-deductible expenses	666,556	358,899
	Education/NITDEF tax levy	39,884	20,100
	Net capital allowance	(230,263)	(152,359)
	Balancing charge	4,867	4,084
	Tax exempt income	(338,163)	(147,604)
	Prior year under provision	133,346	-
	Reversal of provision	(132,588)	-
	Loss from prior period to adjust for change in Accounting year	(32,787)	-
	Non deductible allowance for other known losses	213,742	-
	Origination of temporary difference	-	(48,230)
	Impact of domestic tax rate on GAAP profit	-	90,205
	Total income tax expense in comprehensive income	413,502	125,095

		31 December 2012 ₦'000	31 March 2012 ₦'000	1 April 2011 ₦'000
14	**CASH AND CASH EQUIVALENTS**			
	Cash on hand	519,723	300,048	641,233
	Balances with local and foreign banks	2,836,435	2,332,660	6,748,123
	Money Market Placements	13,730,743	27,106,293	20,372,977
		17,086,901	29,739,001	27,762,333
15.	**LOANS AND ADVANCES TO CUSTOMERS**			
15.1	**Loans and advances to customers**			
	Loans to individuals	11,893,853	17,414,228	12,546,000
	Loans to corporate entities and other organisations	27,423,943	29,333,931	25,991,480
		39,317,796	46,748,159	38,537,480
	Specific impairment (note 15.2)	(3,305,900)	(5,956,788)	(5,477,712)
	Collective impairment (note 15.3)	(991,310)	(625,683)	(451,696)
		35,020,586	40,165,688	32,608,072
15.2	**Impairment allowance on loans and advances to customers**			
	Specific impairment			
	Balance, beginning of period	5,956,788	5,477,712	4,982,816
	Charge/(reversal) for the period (note 12)	(2,650,888)	479,076	494,896
	Balance, end of period	(3,305,900)	5,956,788	5,477,712
15.3	**Collective impairment**			
	Balance, beginning of period	625,683	451,696	280,876
	Impairment loss for the period/year:			
	Reversal/(Charge) for the period (note 12)	365,627	173,987	170,820
	Balance, end of period	991,310	625,683	451,696

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

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

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



Transfer to regulatory reserve	31 December 2012 ₦'000	31 March 2012 ₦'000	1 April 2011 ₦'000
Gross loans	39,317,796	46,748,159	38,537,480
Non-performing loans	(9,347,209)	(10,938,504)	(9,054,844)
Performing	29,970,587	35,809,655	29,482,636
General provision – 1%	299,706	358,097	294,826
Specific provision	4,582,820	4,248,416	4,148,841
Total prudential provision	4,882,526	4,606,513	4,443,667
IFRS impairment:			
Specific impairment	3,305,900	5,956,788	5,477,712
Portfolio impairment	991,310	625,683	451,696
Total IFRS impairment	4,297,210	6,582,471	5,929,408
Difference in impairment figures (Prudential minus IFRS)	585,316	(1,975,958)	(1,485,741)
Transfer (to)/from regulatory risk reserve	(585,316)	-	-

15.5 Classification of loans and advances by category

Mortgage loans	15,831,701	9,614,357	7,932,768
Commercial real estate financing	14,833,987	27,292,196	29,571,233
Others	8,652,108	9,841,606	1,033,479
	39,317,596	46,748,159	38,537,480

15.6 Classification of loans and advances by performance

Collectively impaired	29,970,587	40,791,371	33,059,768
Specifically impaired	9,347,209	5,956,788	5,477,712
	39,317,796	46,748,159	38,537,480

15.7 Classification of loans and advances by sector

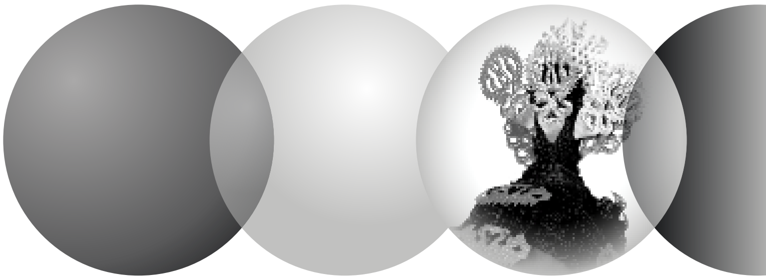
Agriculture	10,384	10,405	10,364
Civil Construction	11,323,915	14,527,227	15,432,190
Education	31,815	42,797	26,987
Energy	1,136,333	1,092,704	1,596,906
Financial Institution	6,149	8,498	22,913
Health Care	53,501	119,373	225,053
Hospitality	88,528	117,352	96,451
Mortgages	18,755,235	21,351,536	16,396,702
Others	7,896,555	9,461,046	4,712,730
Public Sector	15,381	17,221	17,184
	39,317,796	46,748,159	38,537,480

15.8	Classification of loans and advances by rating	31 December 2012 ₦'000	31 March 2012 ₦'000	1 April 2011 ₦'000
	A	30,579,199	33,136,067	28,957,042
	AA	1,299,630	1,348,117	38,741
	B	989,054	772,178	832,339
	BB	2,021,967	3,031,676	2,571,488
	BBB	1,385,252	4,637,071	4,637,071
	CCC	3,042,694	3,823,051	1,500,799
		39,317,796	46,748,160	38,537,480
16	**PROMISSORY NOTES**	2,624,124	-	-

16.1. This represents promissory note issued to the bank by FMBN SPV Issuer Limited in respect of refinanced loans for the sale of Federal Government Houses. The promissory note was issued at an interest rate of 10% and is repayable over a period of 5 years.

17	**INVESTMENT SECURITIES**			
17.1	**Available for sale**			
	Unquoted equity securities at cost	157,871	157,871	157,870
	Less: specific allowance for impairment (note 17.2.1)	(157,871)	(80,315)	(2,760)
		-	77,556	155,110
17.2	**Held-to-maturity**			
	Treasury bills	123,603	226,047	108,450
		123,603	303,603	263,560
17.2.1	**Specific allowance for impairment**			
	Balance, beginning of period	(80,315)	(2,760)	(2,760)
	- charge for the period (note 12)	(77,556)	(77,555)	-
	Balance, end of period	(157,871)	(80,315)	(2,760)
18	**TRADING PROPERTIES**			
	Balance at the beginning of period	6,910,384	2,691,024	-
	Additions	1,996,869	2,882,593	-
	Transfer to other assets (note 20 and 18.1)	(491,679)	-	-
	Reclassification from non-current asset held for sale (note 19)	32,000	1,336,767	2,691,024
	Net impairment loss (note 12)	(48,998)	-	-
	Balance at the end of period	8,398,576	6,910,384	2,691,024

18.1 The transfer of payments represent advance payments for the purpose of properties acquisition during the financial period i.e. April 2012 to December 2012. These transactions are yet to be concluded and complete title documents for the properties were yet to be received. The advance payments were transferred to other assets.



		31 December 2012 ₦'000	31 March 2012 ₦'000	1 April 2011 ₦'000
19	**NON-CURRENT ASSET HELD FOR SALE**			
	Balance, beginning of period	3,266,852	7,071,133	662,500
	Additions	8,466,006	2,082,869	8,629,013
	Transfer from property, plant and equipment (note 21)	70,753	1,469,105	470,644
	Disposal	-	(6,019,488)	-
	Transfer to other asset	(36,867)	-	-
	Reclassification to trading properties (note 18)	(32,000)	(1,336,767)	(2,691,024)
	Balance, end of the period	11,734,744	3,266,852	7,071,133
20	**OTHER ASSETS**			
	Restricted balances with FMBN (note 20.1)	1,119	1,119	1,119
	Account receivable	2,588,035	2,577,694	2,094,707
	Transfer from trading properties (note 18 and 20.1)	491,679	-	-
	Transfer from non-current asset held for sale (note 19)	36,867	-	-
	Prepayments	290,353	638,009	721,873
	Others	2,413,066	2,631,286	2,529,105
		5,821,119	5,848,108	5,346,804
	Specific impairment on other assets (note 20.2)	(2,281,836)	(2,980,953)	(2,508,321)
		3,539,283	2,867,155	2,838,483

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

The transfer of payments represents advance payments for the purpose of land acquisition during the period under review i.e. April 2012 to December 2012. These transactions are yet to be concluded and complete title documents for the land were yet received. The advance payments were transferred to other assets.

20.2 Movement in impairment in other assets

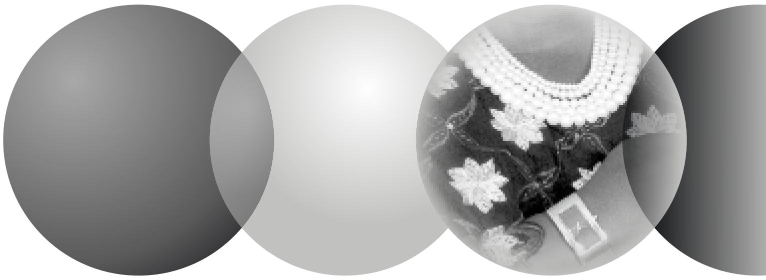
	31 December 2012 ₦'000	31 March 2012 ₦'000	1 April 2011 ₦'000
Balance, beginning for the period	2,980,953	2,508,321	322,065
Charge for the period (note 12)	211,731	472,632	(75,437)
Write-off (note 20.3)	(910,848)	-	2,261,693
Balance, end of the period	2,281,836	2,980,953	2,508,321

20.3 The sum of ₦910Million represents write-off of the balances in other assets provided for in the prior year.

21 PROPERTY, PLANT AND EQUIPMENT

The movement on these accounts during the year was as follows

	Land and buildings ₦'000	Plant and machinery ₦'000	Furniture and equipment ₦'000	Computer equipment ₦'000	Motor vehicles ₦'000	Leased asset ₦'000	Capital work-in-progress ₦'000	Total ₦'000
(a) Cost								
Balance at 1 April 2011	998,112	94,681	573,664	408,198	541,096	56,861	1,469,105	4,141,717
Additions	125,121	16,056	48,450	75,265	237,258	-	124,633	626,783
Disposals	-	(2,450)	-	(542)	(75,010)	-	-	(78,002)
Transfer to non-current asset held for sale (note 19)	-	-	-	-	-	-	(1,469,105)	(1,469,105)
Balance at 01 April 2012	1,123,233	108,287	622,114	482,921	703,344	56,861	124,633	3,221,393
Additions	112,429	14,383	22,314	72,770	118,512	-	3,838	344,246
Disposals	-	-	-	-	(59,556)	-	-	(59,556)
Transfers from non-current asset held for sale (note 19)	(70,753)	-	-	-		-	-	(70,753)
Reclassifications to investment Properties	(384,124)	-	-	-	-	-	-	(384,124)
Balance at 31 December 2012	780,785	122,670	644,428	555,691	762,300	56,861	128,471	3,051,206
(b) Depreciation and Impairment Losses								
Balance at 1 April 2011	83,308	41,094	252,645	292,153	240,161	54,657	-	964,018
Charge for the year	26,607	19,915	116,326	79,194	155,410	2,206	-	399,658
Disposals	-	(1,772)	-	(204)	(47,770)	-	-	(49,746)
Balance at 01 April 2012	109,915	59,237	368,971	371,143	347,801	56,863	-	1,313,930
Charge for the period	15,586	14,499	81,303	51,513	119,700	-	-	282,601
Disposals	-	-	-	-	(46,725)	-	-	(46,725)
Balance at 31 December 2012	125,501	73,736	450,274	422,656	420,776	56,863	-	1,549,806
Carrying amounts								
Balance as at 31 December 2012	655,284	48,934	194,154	133,035	341,524	(2)	128,471	1,501,400
Balance as at 31 March 2012	1,013,318	49,050	253,143	111,778	355,543	(2)	124,633	1,907,463
Balance as at 1 April 2011	914,804	53,587	321,019	116,045	300,935	2,204	1,469,105	3,177,699



21.1 The fair value of Property, Plant and Equipment is not materially different from its cost

There were no capitalised borrowing costs related to the acquisition of plant and equipment during the year (31 March 2012: NIL). Also, there were no capital commitments as at reporting date in respect of items of property, plant and equipment.

22 INTANGIBLE ASSETS

Cost	31 December 2012 ₦'000	31 March 2012 ₦'000	1 April 2011 ₦'000
Beginning of period	469,175	438,988	427,108
Additions	15,330	30,187	11,880
Balance at end of period	484,505	469,175	438,988
Amortisation and impairment losses			
Beginning of period	(426,936)	(382,569)	(370,375)
Amortisation for the period	(23,473)	(44,367)	(12,194)
Balance at end of period	(450,409)	(426,936)	(382,569)
Carrying amounts at the end of the period	34,096	42,239	56,419

22.1 The intangible asset represents computer software which was purchased from third parties.

There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (31 March 2012: NIL). Also, there were no capital commitments as at reporting date in respect of items of intangible assets.

23 DEPOSITS FROM BANKS

Money market deposits	12,500,000	6,000,000	-
Other deposits from banks	53,325	57,920	53,427
	12,553,325	6,057,920	53,427

23.1 Deposits from customers

Retail customers:			
Term deposits	5,148,185	3,850,875	1,443,965
Demand deposits	3,613,758	3,906,886	3,838,981
Savings	4,369,748	4,014,947	3,051,193
Corporate customers:			
Term deposits	10,330,917	12,645,529	15,234,165
Current deposits	28,091,320	43,955,455	41,447,629
	51,553,928	68,373,692	65,015,933

Notes To The Financial Statements (Cont'd)

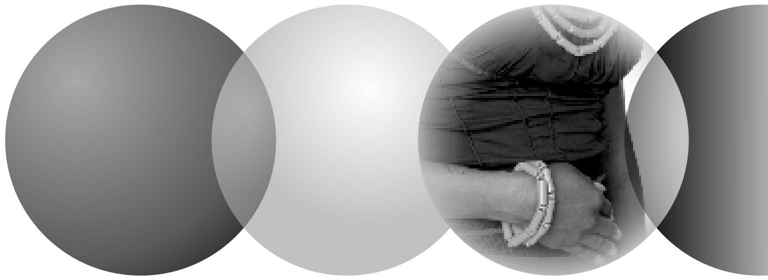
		31 December 2012 ₦'000	31 March 2012 ₦'000	1 April 2011 ₦'000
24	**CURRENT TAX LIABILITIES**			
	Balance, beginning of period	305,913	362,262	180,184
	Company income tax (note 13)	372,860		
	Education tax (note 13)	39,884		
	Prior year under provision (note 13)	133,346	-	-
	Reversal of provision (note 13)	(132,588)	-	-
	Charge for the period (note 13)	-	173,325	654,250
	Payment during the period	(228,568)	(229,674)	(472,172)
		490,847	305,913	362,262

24.1	**Movement in Deferred taxation**			
	Opening balance as per GAAP	-	-	13,448
	Opening balance as per IFRS	110,527	62,298	-
	Additions:			
	Property, plant and equipment	-	3,292	1,788
	Available-for-sale investment	-	39,988	-
	Allowance for loan losses	-	-	47,062
	Tax loss carry-forward	-	-	-
	Others	-	4,949	-
		110,527	110,527	62,298

24.2	**Deferred tax assets**			
	Deferred tax assets are attributable to the following:			
	Property, plant and equipment	5,080	5,080	1,788
	Allowance for loan losses	87,050	87,050	47,062
	Others	18,397	18,397	13,448
		110,527	110,527	62,298

25	**OTHER LIABILITIES**			
	Accruals	29,594	27,500	47,549
	Liability for defined contribution scheme (note 25.1)	25,687	31,000	21,146
	Liability for defined benefits plans (note 25.2)	452,518	253,210	175,574
	Account payable	8,483,160	4,117,271	5,495,920
	Other current liabilities	701,479	855,696	758,746
		9,692,438	5,284,677	6,498,935

Notes To The Financial Statements (Cont'd)



25.1 Liability for defined contribution scheme

The Bank and its employees each contributes a minimum of 7.5% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominal pension fund administrators. The amount represents sums payable to Pension Fund Administrators of which Personal Identification Number (PIN) of affected employees has not been presented to effect the remittance.

25.2 Liability for defined benefits plans

The Bank operates a non-contributory, unfunded lump sum defined benefit gratuity scheme. Employees are entitled to join the scheme after completing 5 full years of service. Employees' terminal benefits were hitherto be calculated based on number of years of continuous service, limited to a maximum of 5 years.

The scheme was terminated effective 31 December, 2012 and as a result no actuarial valuation was carried out as there will be no future benefit accruing to employees under the scheme.

The amounts recognised in the statement of financial position are as follows:

	31 December 2012 ₦'000	31 March 2012 ₦'000	1 April 2011 ₦'000
Defined benefit obligation			
Unfunded obligations	(452,518)	(253,210)	(175,574)
Present value of funded obligations	-	-	-
Total present value of defined benefit obligation	(452,518)	(253,210)	(175,574)
Present value of net asset/(obligations)	(452,518)	(253,210)	(175,574)
Recognised asset/(liability) for defined obligation	(452,518)	(253,210)	(175,574)

25.3 Movement in defined benefit plan

Opening balance	253,210	175,574	96,273
Additions	408,619	95,983	85,248
Paid during the year	(209,311)	(18,347)	(5,947)
Closing balance	452,518	253,210	175,574

26 INTEREST BEARING LOANS AND BORROWINGS

Due to FMBN on NHF scheme (note 26.1)	1,213,137	827,723	729,571
Due to Shelter Afrique Limited (note 26.2)	174,551	413,107	1,110,311
Due to Sterling Bank Plc (note 26.3)	2,064,645	1,500,000	-
Others	339,130	340,898	180,834
	3,791,463	3,081,728	2,020,716

26.1 The amounts of ₦ 1,213,137,023 represent the outstanding balance on the on-lending facility obtained from the Federal Mortgage Bank of Nigeria; the facility is disbursed to beneficiaries of the National Housing Fund (NHF). Interest rate is 4%, interest and principal are repayable monthly.

26.2 The amounts of ₦ 174,550,725 represent the outstanding balance on the credit facility obtained from Shelter Afrique Limited. Shelter Afrique Limited is an organisation based in Kenya that provides funding for the development of residential houses for low-medium income earners at affordable rates. The loan is repayable on a quarterly basis over 5 years from 2009 with an interest rate of 9.5% and payable quarterly.

26.3 The amount of ₦ 2,064,644,809 represents outstanding balances on the funding line obtained from Sterling Bank Plc to refinance purchase of real estates in Abuja and other major cities in Nigeria. The interest rate on the facility is 21% with a tenor of 5 years.

27 SHARE CAPITAL AND RESERVES

27.1 Share capital

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

	31 December 2012 ₦'000	31 March 2012 ₦'000	1 April 2011 ₦'000
27.1.1 Authorised:			
20,000,000,000 ordinary shares of 50k each	10,000,000	10,000,000	10,000,000
	=========	=========	=========

	December 2012 ₦'000	March 2012 ₦'000	April 2011 ₦'000
27.1.2 Issued and fully- paid up:			
8,679,148,676 ordinary shares of 50k each	4,339,574	4,339,574	4,339,574
	========	========	========

27.1.3 Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) for the year attributable to ordinary equity holders of ASO Savings and Loans Plc. by the weighted average number of ordinary shares outstanding during the year. There are no dilutive potential ordinary shares.

The calculation of basic loss per share at 31 December 2012 was based on the loss attributable to ordinary shareholders of ₦ 117,143,000 (March 2012: Loss of ₦ 370,766,000) and a weighted average number of ordinary shares outstanding of 8,679,148,676 (March 2012: 8,679,148,676), calculated as follows:

Number of ordinary shares units	December 2012 ₦'000	March 2012 ₦'000
Issued share units	8,679,149	8,679,149
	========	========
(Loss) attributable to ordinary shareholders	(117,143)	(370,766)
Basic loss per share (kobo)	(1)	(4)

27.2 Other regulatory reserves

The other regulatory reserve includes movements in the statutory reserves.

27.2.1 Statutory reserve

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.11 of the Guidelines for Primary Mortgage Institutions, an appropriation of 20% of profit after tax is made if the statutory reserve is less than paid-up share capital and 10% of profit after tax if the statutory reserve is greater than the paid up share capital, subject to all identifiable losses being made good. Consequently, the Bank made no transfer to statutory reserves as at 31 December 2012 (March 2012: nil).

27.2.2 Regulatory risk reserve

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

27.3 Revenue reserves

Revenue reserves (retained earnings) are the carried forward recognised income net of expenses plus current period profit attributable to shareholders. Notes D, G, H and I (Note 2.3) highlight the corresponding re-measurements that impact on retained earnings.

28 CONTINGENCIES

Claims and litigations

The Bank, in its ordinary course of business, is presently involved in 13 cases as a defendant and 11 cases as a plaintiff. The total amount claimed in the 13 cases against the Bank is estimated at ₦ 196,664,790 (31 March 2012: ₦ 482,200,000). The Directors having sought the advice of professional legal counsel are of the opinion that based on the advice received, no significant liability will materialise from these cases. No provisions are therefore deemed necessary for these claims.

Contingent liabilities and commitments

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

Acceptances, bonds, guarantees and other obligations for the account of customers:

These comprise:

	31 December 2012 ₦'000	31 March 2012 ₦'000	1 April 2011 ₦'000
Bank guarantees	135,000	4,506	739,393
Advance payment guarantee	521,709	435,882	813,584
Other commitments (note 28.1)	12,504,453	17,602,930	19,113,723
	13,161,162	18,043,318	20,666,700

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

29. RELATED PARTY TRANSACTIONS

During the year, the Bank granted various credit facilities to related companies of ASO Savings and loans Plc at the rates and terms comparable to other facilities in the Bank's portfolio. An aggregate of ₦7.25 billion was outstanding to the directors and related companies on these facilities at the end of the year. Details of these insider related credits are:

				Non Performing Loan		Performing		
Insider Related	Facility Type	Account Name	Security/Collateral Type	Authorised Limit	Total Exposure	Authorised Limit	Total Exposure	Grand Total Exposure
				₦	₦	₦	₦	₦
Directors	NHF Loans	HASSAN TANIMU MUSA USMAN	Real Estate	-	-	5,000,000	2,981,682	2,981,682
	Overdraft	HASSAN TANIMU MUSA USMAN	Otherwise	-	-	-	13,924,044	13,924,044
		MAIMUNA SANDA ALIYU	Otherwise	-	-	-	274,197	274,197
		MOHAMMED SHEHU	Otherwise	-	-	-	38,043	38,043
		PETER LONGE	Otherwise	-	-	-	3,843,508	3,843,508
	Retail Mortgage-Others	MAIKORI JOSHUA AUDU	Real Estate	25,000,000	20,217,258			20,217,258
		MAIMUNA SANDA ALIYU	Real Estate	-	-	40,000,000	40,000,000	40,000,000
		PETER LONGE	Real Estate	-	-	81,418,032	76,396,522	76,396,522
	Staff Loan-Retail Mortgages	HASSAN TANIMU MUSA USMAN	Real Estate	-	-	29,548,234	16,169,793	16,169,793
		MAIKORI JOSHUA AUDU	Real Estate	-	-	20,000,000	11,832,972	11,832,972
		MAIMUNA SANDA ALIYU	Real Estate	-	-	81,857,657	67,542,939	67,542,939
		MOHAMMED SHEHU	Real Estate	-	-	80,000,000	65,854,887	65,854,887
			Real Estate	-	-	72,000,000	57,650,329	57,650,329
			Real Estate	-	-	35,000,000	18,811,490	18,811,490
	Term Loan	HASSAN TANIMU MUSA USMAN	Otherwise	-	-	32,834,000	22,402,040	22,402,040
		MAIKORI JOSHUA AUDU	Otherwise	14,425,221	14,425,221			14,425,221
Directors Total				39,425,221	34,642,479	477,657,923	397,722,446	432,364,925
Director's Companies	Commercial Mortgages	WESTWOOD INTERNATIONAL LTD	Real Estate	-	-	1,681,700,837	561,127,323	561,127,323
	Overdraft	AIDC PROJECT ACCOUNT 3	Otherwise	-	-	10,000,000	10,166,334	10,166,334
Director's Companies Total				-	-	1,691,700,837	571,293,657	571,293,657

RELATED PARTY TRANSACTIONS (Cont'd)

Director's Wife	Commercial Mortgages	YOBELLA KIDS ZONE LTD	Real Estate	-	-	8,555,001	2,785,822	2,785,822
	Retail Mortgage-Others	YEWANDE USMAN	Real Estate	-	-	20,000,000	10,953,255	10,953,255
Director's Wife Total						28,555,001	13,739,077	13,739,077
Ex-Directors	NHF Loans	JIBRIN MUHAMMED BARDE	Real Estate	-	-	4,989,632	4,264,989	4,264,989
			Real Estate	-	-	2,995,678	2,697,030	2,697,030
	Overdraft	ABDULLAHI BAPPAH AHMED	Otherwise	-	321,888	-	-	321,888
		AKIN-ADARAMOLA CHARLES	Otherwise	-	7,368,816	-	-	7,368,816
		JIBRIN MUHAMMED BARDE	Otherwise	-	52,675	-	-	52,675
		MIRI GODFREY O.S	Otherwise	-	5,542,175	-	-	5,542,175
	Retail Mortgage-Others	ABDULLAHI BAPPAH AHMED	Real Estate			20,000,000	16,271,045	16,271,045
		TIJJANI MOHAMMED ABDULLAHI	Real Estate			28,639,101	16,837,147	16,837,147
Ex-Directors Total				-	13,285,554	56,624,411	40,070,211	53,355,765
Ex-Director's Companies	Overdraft	ECOSENSE VENTURES LTD.	Otherwise	-	9,331,283			9,331,283
		STEREB (NIG.) LTD	Otherwise			-	2,144,428	2,144,428
Ex-Director's Companies Total				-	9,331,283	-	2,144,428	11,475,711
Related Company	Commercial Real Estate	AIDC PROJECT ACCOUNT 3	Real Estate	-	-	6,000,000,000	6,000,000,000	6,000,000,000
			Real Estate	-	-	-	165,828,967	165,828,967
Related Company Total						6,000,000,000	6,165,828,967	6,165,828,967
Grand Total				39,425,221	57,259,316	8,254,538,172	7,190,798,786	7,248,058,102

Notes To The Financial Statements (Cont'd)

29.1 Directors' remuneration

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

	9 Months to 31 December 2012 ₦'000	12 Months to 31 March 2012 ₦'000
Fees as directors	15,000	16,500
Other allowances	11,320	14,955
	---------	----------
Directors' emoluments	26,320	31,455
Executive compensation	18,113	24,750
	---------	----------
	44,433	56,205
	======	=====
The directors' remuneration shown above includes:		
The Chairman	4,500	4,500
	=====	=====
Highest paid Director	5,625	6,000
	=====	=====

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

	Number	Number
₦ 2,000,001- ₦ 4,000,000	3	4
Above ₦ 4,000,000	5	5
Number of directors who had no emoluments	-	-

29.2 Key management transactions

	9 Months to 31 December 2012 ₦'000	12 Months to 31 March 2012 ₦'000
29.2.1 Loans and advances:	537,851	552,332
Secured loans	53,050	59,937
Other loans	------------	------------
	590,901	612,269
	=======	=======
29.2.2 Deposit liabilities		
Deposits	9,561	2,192
	=====	=====

29.2.3 Key management personnel compensation for the period comprises:

Short-term employee benefits	125,142	134,680
Post-employment benefits	34,772	8,672
	-----------	-----------
	159,914	143,352
	=======	======

30 FINANCIAL RISK MANAGEMENT

(a) Introduction and overview

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

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

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

Risk management framework

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

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

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

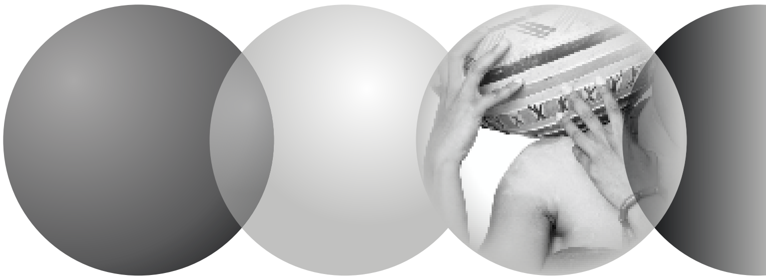
The evolving nature of Risk Management practices and the dynamic character of the banking industry necessitate regular review of the effectiveness of each enterprise risk management component. In the light of this, the Mortgage Bank's Enterprise Risk Management Framework is subject to continuous review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

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

(ii) Independent evaluation by external auditors, examiners or consultants.

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

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



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

(i) Excessive risk concentration

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

Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

In order to avoid excessive concentrations of risk, the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

(b) Credit risk management

Credit risk is the risk of financial loss to the Mortgage Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Mortgage Bank's loans and advances to customers and other banks and investment securities. For risk management reporting purposes, the Mortgage Bank considers and consolidates all elements of credit risk exposure. For risk management purposes, credit risk arising on trading assets is managed independently; and information thereon is disclosed below. The market risk in respect of changes in value in trading assets arising from changes in market credit spreads applied to debt securities and derivatives included in trading assets is managed as a component of market risk, further details are provided in note 30(d) below.

Management of credit risk

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

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

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

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

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

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

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

Exposure to credit risk

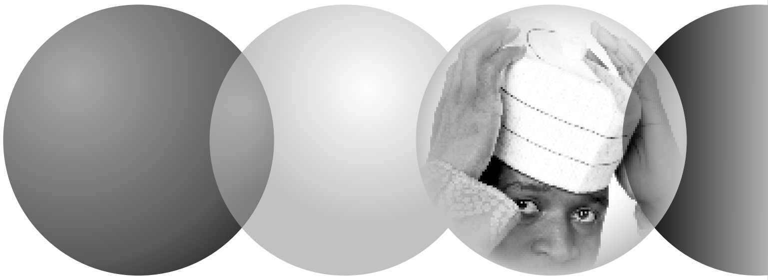
		Loans and advances to customers		Investment securities	
		31 December 2012 ₦'000	31 March 2012 ₦'000	31 December 2012 ₦'000	31 March 2012 ₦'000
Carrying amount	(note15)	35,020,586	40,165,688	123,603	303,603
Assets amortised at cost					
Individually impaired:					
Grade 1-3: Low-fair risk		11,365	236,737	123,603	226,047
Grade 4-6: Watchlist		4,414,391	3,224,240	-	-
Grade 7-8: Impaired		3,043,999	-	-	-
Grade 9-10: Impaired		-	2,495,811	-	-
Gross amount		7,469,755	5,956,788	123,603	226,047
Allowance for impairment		(3,305,900)	(5,956,788)		
Carrying amount		4,163,855	-	123,603	226,047
Collectively Impaired:					
Grade 1-3: Low-fair risk		31,848,041	12,796,804	-	-
Grade 4-6: Watchlist		-	23,894,355	-	-
Grade 7-8: Impaired		-	58,914	-	-
Grade 9-10: Impaired		-	4,041,298	-	-
Gross amount		31,848,041	40,791,371	-	-
Allowance for impairment		(991,310)	(625,683)	-	-
Carrying amount, net of allowance		30,856,731	40,165,688	-	-
Available-for-sale (AFS) assets:					
Grade 7-8: Impaired		-	-	157,870	-
Allowance for impairment		-	-	(157,870)	-
Carrying amount, net of allowance		-	-	-	-
Total carrying amount, net of allowance for impairment		35,020,586	40,165,688	123,603	303,603

Maximum exposure

	31 December 2012					
Loans and advances to customers:	**Maximum Exposure ₦'000**	**Property ₦'000**	**Cash ₦'000**	**Collateral held Others ₦'000**	**Net Collateral ₦'000**	**Net Exposure ₦'000**
Commercial mortgage	4,729,667	9,149,879	-	-	9,149,879	(4,420,212)
Commercial real estate	14,621,587	5,103,406	-	-	5,103,406	9,518,181
Residential mortgage	9,992,844	16,123,571	-	-	16,123,571	(6,130,727)
Small business lending	4,451,718	-	-	10,450,937	10,450,937	(5,999,219)
Corporate lending	1,224,770	-	-	1,744,823	1,744,823	(520,053)
Gross total	**35,020,586**	**30,376,856**	-	**12,195,760**	**42,572,616**	**(7,552,030)**
Investment securities:	**Maximum Exposure**					
Held to maturity treasury bills	123,603	-	-	-	-	123,603
Available-For-Sale (AFS) assets:	-	-	-	-	-	-
Gross total	**123,603**	-	-	-	-	**123,603**
Cash and cash equivalents	17,086,901	-	-	-	-	17,086,901
	17,086,901	-	-	-	-	**17,086,901**
Promissory notes	2,624,124	-	-	-	-	2,624,124
	2,624,124	-	-	-	-	**2,624,124**
	54,855,214	**30,376,856**	-	**12,195,760**	**42,572,616**	**12,282,598**

Maximum exposure (Cont'd)

Loans and advances to customers:	31 March 2012 Maximum Exposure ₦'000	Property ₦'000	Cash ₦'000	Collateral held Others ₦'000	Net Collateral ₦'000	Net Exposure ₦'000
Commercial mortgage	12,624,641	8,008,781		-	8,008,781	4,615,860
Commercial real estate	12,851,304	5,735,867	-	-	5,735,867	7,115,437
Residential mortgage	8,898,591	14,287,954	-	-	14,287,954	5,389,363
Small business lending	3,540,511	-	-	9,429,940	9,429,940	5,889,429
Corporate lending	2,250,641	-	-	3,424,579	3,424,579	1,173,939
Gross total	**40,165,688**	**28,032,602**	-	**12,854,519**	**40,887,121**	**721,434**
Investment securities:	**Maximum Exposure**					
Held to maturity treasury bills	226,047	-	-	-	-	226,047
Available-For-Sale (AFS) assets:	77,555	-	-	-	-	77,555
Gross total	**303,602**	-	-	-	-	**303,602**
Cash and cash equivalents	29,739,001	-	-	-	-	29,739,001
	29,739,001	-	-	-	-	**29,739,001**
Promissory notes	-	-	-	-	-	-
	70,208,291	**28,032,602**	-	**12,854,519**	**40,887,121**	**29,321,169**



Impaired loans and securities

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

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

- Significant financial difficulty of the customer
- Payment defaults (interest and/or principal)
- Renegotiation of the terms of loans and advances due to the financial difficulty of the customer
- Significant restructuring of the customers' business due to financial difficulty or expected bankruptcy
- Exposures to customers' in the troubled sector e.g. capital market operators due to crash in the prices of shares listed on the floor of the Nigerian Stock Exchange
- A significant drop in customers' credit ratings
- Other observable data or information indicating that there is a measurable decrease in the estimated future cash flows obtainable from loan customers.

Past due but not impaired loans

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

Allowances for impairment

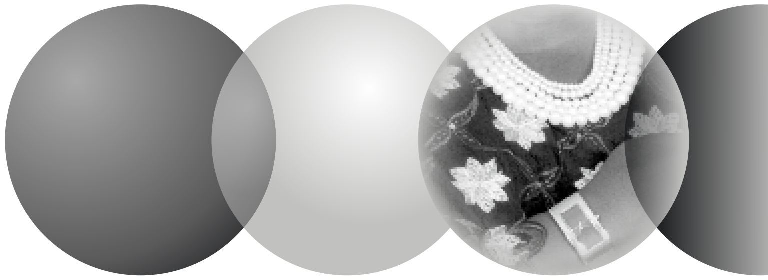
The Mortgage Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance, established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

Write-off policy

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

Credit collateral

The Mortgage Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral usually is not held against investment securities, and no such collateral was held at 31 December 2012.



Notes To The Financial Statements (Cont'd)

Credit concentrations

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

	Loans and advances to customers		Investment securities	
	31 December 2012 ₦'000	31 March 2012 ₦'000	31 December 2012 ₦'000	31 March 2012 ₦'000
Carrying amount	35,020,586	40,165,688	123,603	303,603
Concentration by sector:				
Agriculture	1,455	10,205	-	-
Civil construction	14,621,587	13,032,628	-	-
Education	15,271	32,642	-	-
Energy	1,082,658	1,075,986	-	-
Financial institution	303	4,519	-	-
Government	-	-	123,603	226,047
Healthcare	98,658	118,911	-	-
Hospitality	87,814	117,579	-	-
Mortgages	14,561,300	19,293,526	-	-
Others	4,540,086	6,463,402	-	77,556
Public sector	11,454	16,290	-	-
	35,020,586	40,165,688	123,603	303,603
Concentration by location				
Nigeria:				
North-Central	31,775,268	35,913,879	123,603	303,603
North-West	793,656	555,486	-	-
South-South	309,824	655,032	-	-
South-West	2,141,838	3,041,291	-	-
	35,020,586	40,165,688	123,603	303,603

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

(c) Liquidity risk

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

(d) Management of liquidity risk

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

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

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

- Exposure to liquidity risk

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

Net Liquid assets to customer liability

	31 December 2012	31 March 2012
At the end of the period	9%	35%
Average for the period	22%	39%

(e) Market risks

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

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

The table below summarises the maturity profile of the undiscounted cash flows of the Bank's financial assets and liabilities as at 31 December 2012 and 31 March 2012 .

	Note	Carrying Amount	Gross nominal inflow/outflow Amount	Less than 3 months	3-6 months	6-12 months	1-5 years
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
31 December 2012							
Financial assets							
Cash and cash equivalent	14	17,086,901	17,086,901	16,117,843	100,853	868,206	-
Loans and advances to Customers	15	35,020,586	35,020,586	5,431,946	3,167,363	2,259,895	24,161,382
Investment securities	17	123,603	123,603	9,964	95,646	17,993	
Promissory notes	16	2,624,124	2,624,124				2,624,124
		54,855,214	54,855,214	21,559,753	3,363,862	3,146,094	26,785,506
Financial liabilities							
Deposits from banks	23	12,553,325	12,553,325	12,553,325	-	-	-
Deposits from customers	23.1	51,553,928	51,553,928	30,416,817	7,733,089	7,217,550	6,186,471
Interest-bearing loans and borrowings	26	3,791,463	3,791,463	-	-	339,131	3,452,333
		67,898,716	67,898,716	42,970,142	7,733,089	7,556,681	9,638,804
Net undiscounted financial assets/(liabilities)		(13,043,502)	(13,043,502)	(21,410,389)	(4,369,227)	(4,410,587)	17,146,702

Analysis of financial assets and liabilities by remaining contractual maturities (Cont'd)

31 March 2012	Note	Carrying Amount ₦'000	Gross nominal inflow/outflow Amount ₦'000	Less than 3 months ₦'000	3-6 months ₦'000	6-12 months ₦'000	1-5 years ₦'000
Financial assets							
Cash and cash equivalent	14	29,739,001	29,739,001	27,736,815	-	2,002,186	-
Loans and advances to customers	15	40,165,688	40,165,688	5,641,280	377,922	3,507,333	30,639,153
Investment securities	17	303,603	303,603	198,062	9,568	18,418	77,555
Promissory notes	16	-	-	-	-	-	-
		70,208,292	70,208,292	33,576,157	387,490	5,527,937	30,716,708
Financial liabilities							
Deposits from banks	23	6,057,920	6,057,920	3,574,173	908,688	848,109	726,950
Deposits from customers	23.1	68,373,692	68,373,692	40,340,478	10,256,054	9,572,317	8,204,843
Interest-bearing loans and borrowings	26	3,081,728	3,081,728	-	-	-	3,081,728
		77,513,340	77,513,340	43,914,651	11,164,742	10,420,426	12,013,521
Net undiscounted financial assets/(liabilities)		(7,305,048)	(7,305,048)	(10,338,494)	(10,777,252)	(4,892,489)	18,703,187

(g) Contractual maturity for liabilities and commitments

The table below shows the contractual expiry by maturity of the Bank's contingent liabilities and commitments as at 31 December 2012 and 31 March 2012. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

December 2012	On Demand	Less Than 3 Months	3 - 12 Months	1-5 Years	Over 5 Years	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Bonds	-	-	-	135,000	-	135,000
Advance Payment Guarantees	-	451,248	70,461	-	-	521,709
Other commitments and guarantees	-	-	-	12,504,453	-	12,504,453
Total	-	451,248	70,461	12,639,453	-	13,161,162

March 2012	On Demand	Less Than 3 Months	3 - 12 Months	1-5 Years	Over 5 Years	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Bonds	-	4,506	-	-	-	4,506
Advance Payment Guarantees	-	32,423	248,253	155,206	-	435,882
Other commitments and guarantees	-	-	-	17,602,930	-	17,602,930
Total	-	36,929	248,253	17,758,136	-	18,043,318

(h) Interest Rate Risk sensitivity Analysis

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

Analysis of the Bank's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position was as follows:

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

INTEREST RATE SENSITIVITY OF ASSETS AND LIABILITIES

	Note	Carrying Amount	Gross nominal inflow/outflow Amount	Less than 3 months	3 - 6 months	6 - 12 months	1-5 years
31 December 2012		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Financial assets							
Cash and cash equivalents	14	17,086,901	17,086,901	16,117,843	100,853	868,205	-
Loans and advances to customers	15	35,020,586	35,020,586	5,431,946	3,167,363	2,259,895	24, 161,382
Investment securities	17	123,603	123,603	9,964	95,646	17,993	
Promissory notes	16	2,624,124	2,624,124				2,624,124
		54,855,214	54,855,214	21, 559,753	3,363,862	3,146,093	26, 785 ,506
Financial liabilities							
Deposits from banks	23	12,553,325	12,553,325	12,553,325	-	-	-
Deposits from customers	23.1	51,553,928	51,553,928	30,416,817	7,733,089	7,217,550	6,186,471
Interest-bearing loans and borrowings	26	3,791,463	3,791,463	-	-	339,131	3,452,333
		67,898,716	67,898,716	42,970,142	7,733,089	7,556,681	9,638,804
Net undiscounted financial assets/(liabilities)		(13,043,502)	(13,043,502)	(21, 410,389)	(4,369,227)	(4, 410,588)	17, 146,702

Interest Rate Risk sensitivity Analysis (Cont'd)

INTEREST RATE SENSITIVITY ANALYSIS

	Increase /Decrease in bp	Net Gap ₦'000	Cumulative Gap ₦'000	Sensitivity on Profit ₦'000	Annualized Period
Less than 3 months	*+100bp*	(21, 410,389)	(21 ,410,389)	(52, 793)	Three months
3-6 Months	*+100bp*	(4,369,22 7)	(25, 779,616)	(21,54 7)	Six months
6-12 Months	*+100bp*	(4, 410,588)	(30, 190,204)	(44,106)	One Year
1-5 Yrs	*+100bp*	17, 146 ,702	(13,043,502)	17 1,467	

31 March 2012	Note	Carrying Amount ₦'000	Gross nominal inflow/outflow Amount ₦'000	Less than 3 months ₦'000	3 - 6 months ₦'000	6 - 12 months ₦'000	1-5 years ₦'000
Financial assets							
Cash and cash equivalent	14	29,739,001	29,739,001	27,736,815	-	2,002,186	-
Loans and advances to customers	15	40,165,688	40,165,688	5,641,280	377,922	3,507,333	30,639,153
Investment securities	17	303,603	303,603	198,062	9,568	18,418	77,555
Promissory notes	16	-	-	-	-	-	-
		70,208,292	70,208,292	33,576,157	387,490	5,527,937	30,716,708
Financial liabilities							
Deposits from banks	23	6,057,920	6,057,920	3,574,173	908,688	848,109	726,950
Deposits from customers	23.1	68,373,692	68,373,692	40,340,478	10,256,054	9,572,317	8,204,843
Interest-bearing loans and borrowings	26	3,081,728	3,081,728	-	-	-	3,081,728
		77,513,340	77,513,340	43,914,651	11,164,742	10,420,426	12,013,521
Net undiscounted financial assets/(liabilities)		(7,305,048)	(7,305,048)	(10,338,494)	(10,777,252)	(4,892,489)	18,703,187

INTEREST RATE SENSITIVITY ANALYSIS

	Increase /Decrease in bp	Net Gap ₦'000	Cumulative Gap ₦'000	Sensitivity on Profit ₦'000	Annualized Period
Less than 3 months	*+100bp*	(10,338,495)	(10,338,495)	(25,492.18)	Three months
3-6 Months	*+100bp*	(10,777,252)	(21,115,747)	(53,148.09)	Six months
6-12 Months	*+100bp*	(4,892,489)	(26,008,236)	(48,924.89)	One Year
1-5 Yrs	*+100bp*	18,703,187	(7,305,049)	187,031.87	

Exposure to interest rate risk - non-trading portfolios

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

31 December 2012	Notes	Carrying Amount ₦'000	Less than 3 months ₦'000	3 - 6 months ₦'000	6 - 12 months ₦'000	1-5 years ₦'000
Non-derivative assets						
Cash and cash equivalent	14	17,086,901	16,117,843	100,853	868,206	-
Loans and advances to customers	15	35,020,586	5,431,946	3,167,363	2,259,895	24,161,382
Investment securities	17	123,603	9,963	95,646	17,993	-
		52,231,090	21,559,752	3,363,862	3,146,094	24,161,382
Non-derivative liabilities						
Deposits from banks	23	12,553,325	12,553,325	-	-	-
Deposits from customers	23.1	51,553,928	30,416,817	7,733,089	7,217,550	6,186,472
Interest bearing loans and borrowings	26	3,791,463	-	-	339,131	3,452,332
		67,898,716	42,970,142	7,733,089	7,556,681	9,638,804
Gap (assets – liabilities)		(15,667,626)	(21,410,390)	(4,369,227)	(4,410,587)	14,522,578
Cumulative liquidity gap		(15,667,626)	(37,078,016)	(41,447,243)	(45,857,830)	(31,335,252)

Exposure to interest rate risk - non-trading portfolios (Cont'd)

31 March 2012	Notes	Carrying Amount ₦'000	Less than 3 months ₦'000	3 - 6 months ₦'000	6 - 12 months ₦'000	1-5 years ₦'000
Non-derivative assets						
Cash and cash equivalent	14	29,739,001	27,736,815	-	2,002,186	-
Loans and advances to customers	15	40,165,688	5,641,280	377,922	3,507,333	30,639,153
Investment securities	17	303,603	198,062	9,568	18,418	77,555
		70,208,292	33,576,157	387,490	5,527,937	30,716,708
Non-derivative liabilities						
Deposits from banks	23	6,057,920	3,574,173	908,688	848,109	726,950
Deposits from customers	23.1	68,373,692	40,340,478	10,256,054	9,572,317	8,204,843
Other borrowed funds	26	3,081,728	-	-	-	3,081,728
		77,513,340	43,914,651	11,164,742	10,420,426	12,013,521
Gap (assets – liabilities)		(7,305,048)	(10,338,494)	(10,777,252)	(4,892,489)	18,703,187
Cumulative liquidity gap		(7,305,048)	(17,643,542)	(28,420,794)	(33,313,283)	(14,610,096)

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

Interest rate movement affect reported equity as follows:

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

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

31 CUSTOMER COMPLAINTS

In line with circular FPR/DIR/CIR/GEN/01/020, the returns on customer complaints for the period ended 31 December 2012 is as set out below:

	31 December 2012 ₦'000
Number of complaints received	622
	===
Number complaints resolved	622
	===
Number of complaints not resolved	-
Total disputed amount	17,423
	=====

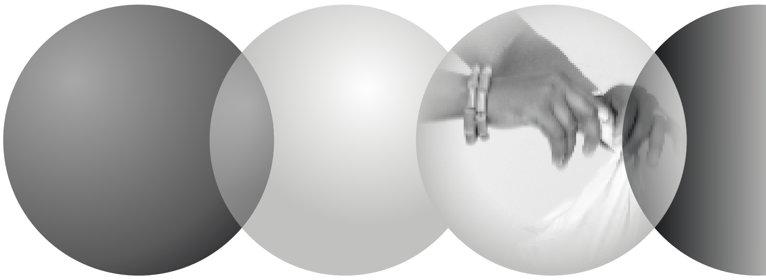
32 EVENTS AFTER THE REPORTING PERIOD

As part of plans to shore up its capital base, the bank received a total of 128 acceptances for 6,062,499,074 units of shares valued at ₦ 3.031 billion in connection with a ₦ 5.523 billion Rights Issue capital raising exercise. The exercise has since been filed with the Securities Exchange Commission (SEC) for approval.

The Bank also intends to raise additional capital during the year through a special placing exercise. An estimate of the financial effect cannot be made at this time.

The following directors resigned during the financial year ending 31 December 2013:

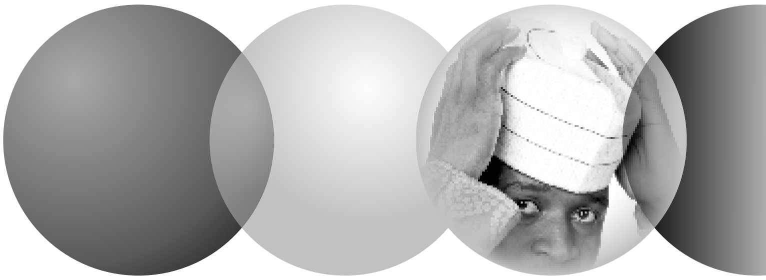
Maimuna S. Aliyu	Executive Director (Marketing)	Resigned 09/09/2013
Peter Longe	Executive Director (Finance)	Resigned 06/11/2013



Statement of Value Added For The Period Ended 31 December 2012

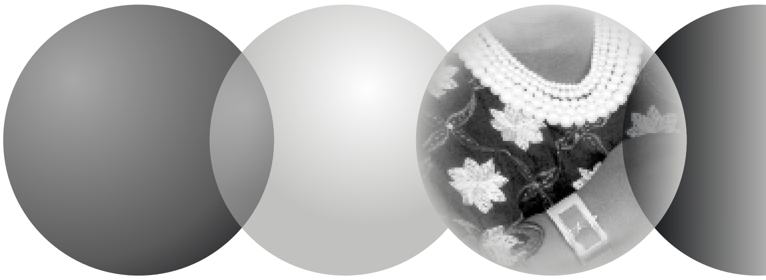
	9 Months to 31 December 2012 ₦'000	%	12 Months to 31 March 2012 ₦'000	%
Gross Earnings	10,157,867		10,739,116	
Interest Expense	(4,064,497)		(4,466,418)	
	6,093,370		6,272,698	
Net impairment loss on financial assets	1,946,976		(1,203,250)	
Bought-in-materials and services – local	(5,145,046)		(2,913,788)	
Value added	2,895,300	100	2,155,660	100
Applied to pay:				
Employee as wages, salaries and pension	2,292,867	79	1,957,306	91
Government taxes	413,502	14	173,325	8
Retained in business:				
Depreciation and amortisation	306,074	11	444,025	21
Loss for the year	(117,143)	(4)	(370,766)	(17)
Deferred taxation	-	-	(48,230)	(2)
	2,895,300	100	2,155,660	100

Five-Period Financial Summary



	IFRS		LOCAL GAAP		
	31 December		31 March		
	2012	2012	2011	2010	2009
	₦'000	₦'000	₦'000	₦'000	₦'000
Assets:					
Cash and cash equivalents	17,086,901	29,739,001	-	-	-
Cash in hand and balances with banks	-	-	7,390,474	4,160,021	8,107,094
Placements and treasury bills	-	-	20,431,129	15,645,730	15,241,136
Loans and advances to customers	35,020,586	40,165,688	33,079,667	32,548,781	36,033,261
Long-term investments	-	-	155,110	155,110	157,870
Promissory notes	2,624,124	-	-	-	-
Investment securities:					
- Available for sale	-	77,556	-	-	-
- Held-to-maturity	123,603	226,047	-	-	-
Trading properties	8,398,576	6,910,384	-	-	-
Non-current asset held for sale	11,734,744	3,266,852	9,762,157	662,500	-
Other assets	3,539,283	2,867,155	4,358,317	7,740,251	1,955,828
Property, plant and equipment	1,501,400	1,907,463	1,714,553	1,865,822	1,272,388
Intangible assets	34,096	42,239	56,419	-	-
Deferred taxation (asset)	110,527	110,527	13,448	49,722	19,345
Total assets	80,173,840	85,312,912	76,961,274	62,827,937	62,786,922
Liabilities:					
Deposits from banks	12,553,325	6,057,920	-	-	-
Deposit and current account	-	-	65,009,377	45,117,165	48,807,519
Due to other banks	-	-	-	5,600,000	620,000
Deposits from customers	51,553,928	68,373,692	-	-	-
Current tax liabilities	490,847	305,913	343,232	180,184	470,171
Other liabilities	9,692,438	5,284,677	6,617,648	2,342,181	2,716,652
Interest-bearing loans and borrowings	3,791,463	3,081,728	1,982,565	7,792,290	4,695,047
Total liabilities	78,082,001	83,103,930	73,952,822	61,031,820	57,309,389
Total equity	2,091,839	2,208,982	3,008,452	1,796,117	5,477,533
Total liabilities and equity	80,173,840	85,312,912	76,961,274	62,827,937	62,786,922

	9 Months to 31 December		12 Months to 31 March		
	2012	2012	2011	2010	2009
	₦'000	₦'000	₦'000	₦'000	₦'000
PROFIT AND LOSS ACCOUNT					
Gross Earnings	10,157,867	10,739,116	11,007,714	10,090,144	7,063,135
Profit/(loss) before taxation	296,359	(245,671)	1,902,859	(3,127,809)	1,136,809
Profit/(loss) after taxation	(117,143)	(370,766)	1,212,335	(3,247,459)	873,481



ASO SAVINGS & LOANS PLC
RC No: 283 162
...built around you

SHAREHOLDERS INFORMATION UPDATE FORM

Please complete this form and send to **First Registrars Nigeria Limited,** Plot 2 Abebe Village Road, Iganmu, Lagos; No 3 Jos Street, Opposite Sharon Ultimate Hotel, Area 3, Garki, Abuja or **ASO SAVINGS AND 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:

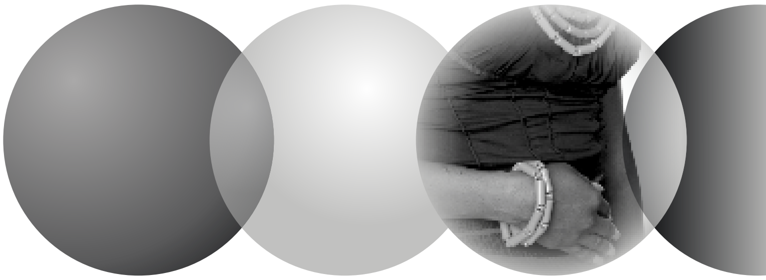
Account Number:

Shareholders Signature 1. (Single Shareholder)

2. (Joint/Corporate Account)

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

Proxy Form
Wednesday, 14th May, 2014



15th Annual General Meeting to be held on Wednesday, 14th May, 2014 at Nnamdi Azikiwe Hall, Nicon Luxury Hotels, Area 11, Garki, Abuja

I/We ....

....

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

....

or failing him, 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 14th May, 2014

Dated this .... day of 2014

....
Shareholder's Signature

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

	RESOLUTIONS	FOR	AGAINST
1.	To receive and consider the Financial Statements FYE 31st December 2012		
2.	To ratify the appointment of Directors		
3.	To re-elect Directors in the place of those retiring.		
4.	To approve the remuneration of Directors		
5.	To authorize the Directors to fix the remuneration of the Joint Auditors		
6.	To elect members of the Audit Committee		
7.	To authorize the Directors to undertake an acquisition, merger or any other form of business combination with any entity as may be deemed expedient for the expansion of the Company and take such other necessary actions required for such purposes.		
8.	To amend the Memorandum & Articles of Association of the Company to reflect the prescription of the CBN on Board composition limits for Primary Mortgage Banks.		

NOTE:

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

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.

Please sign the proxy form if you are not attending and have it delivered at number Plot 266 FMBN Building, Central Business District, Abuja not less than 48 hours before the time of holding the Annual General meeting.

If the shareholder is a corporate body, the proxy form should be sealed with a common seal.

Before posting the above form tear off this card and retain it.

ADMISSION CARD:

ASO SAVINGS AND LOANS PLC
15TH ANNUAL GENERAL MEETING

PLEASE ADMIT ONLY THE SHAREHOLDER NAMED ON THIS CARD OR DULY APPOINTED PROXY TO THE 15TH ANNUAL GENERAL MEETING HOLDING ON WEDNESDAY, 14TH MAY, 2014 AT NNAMDI AZIKIWE HALL, NICON LUXURY HOTELS, AREA 11, GARKI, ABUJA BY 10:00 AM.

Shareholder's Proxy Name: ....

Address: ....

....

Signature of person attending:

www.asoplc.com

ASO SAVINGS AND LOANS PLC

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