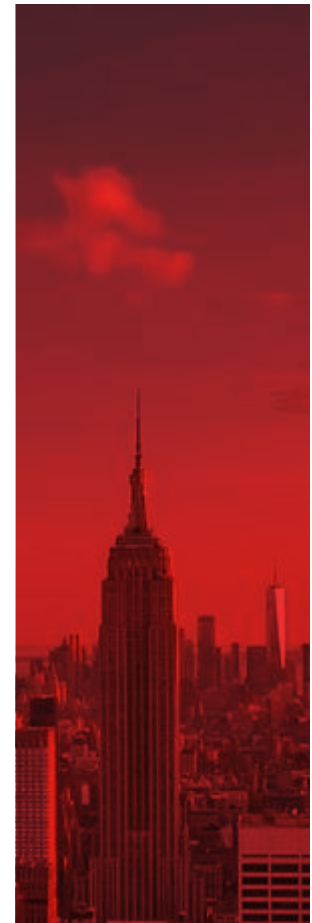




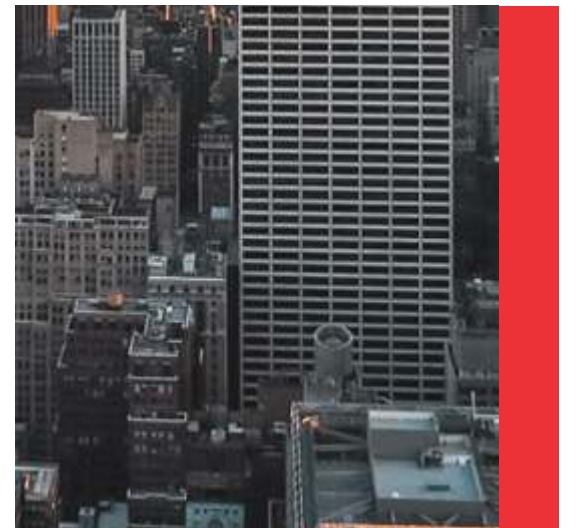
**ASO SAVINGS AND LOANS PLC.**  
Plot 266, FMBN Building, Cadastral Zone AO,  
Central Business District, Abuja - Nigeria.  
Tel: +234-9-461 1587, Fax: +234-9-461 1589



...built around you



# 2020 ANNUAL REPORT



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

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# CORPORATE HISTORY

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

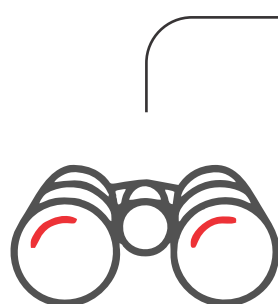
We formally commenced business on January 2, 1997 and converted to a public limited company (PLC) on September 22, 2005.

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

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

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

# CORPORATE PROFILE



## OUR VISION

To be the Mortgage Bank of Choice.



## OUR MISSION

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



### Corporate Head Office

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

### Other branches

Please visit our website [www.asopl.com](http://www.asopl.com)  
for the list and addresses of our various  
branches nationwide.



## NOTICE OF 18TH-27TH ANNUAL GENERAL MEETINGS

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

### ORDINARY BUSINESS:

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

### SPECIAL BUSINESS:

8. To approve the remuneration of Non-Executive Directors.
9. To authorize the Directors of the Bank, pursuant to Article 48 of

the Bank's Article of Association, to raise additional capital for the Bank whether by way of rights issue, private placement, public offer, book building process or other methods, the issuance of corporate bonds in such size or volume, tranches, series or proportions, at such coupon or interest rates, within such maturity periods, and on such other terms and conditions including the provision of security for repayment as the Directors may deem fit or determine, subject to obtaining the approvals of the relevant regulatory authorities.

10. To authorize the Directors to enter into or execute any agreement, deeds, notices and any other documents as well as appoint and determine fees of such professional parties or advisers necessary for and/or incidental to effecting resolution 9 above and such further resolutions deemed necessary in furtherance thereof.
11. To authorize the Directors to increase the share capital by such size and in such manner as well as make such allotments necessary, consequent and/or incidental to effecting resolution

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

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

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

b. "That the reduced share capital of N4,913,911,267 (Four Billion, Nine Hundred and Thirteen Million, Nine Hundred and Eleven Thousand, Two Hundred and

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

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

**Dated this 23rd Day of May, 2025**

By Order of the Board



Akachukwu Okechukwu

**Company Secretary/Legal Adviser**

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

## NOTES:

### 1. Attendance and Voting by Proxy:

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

### 2. Online Accreditation/Attendance of Shareholders:

Provision has been made for online attendance by Shareholders. The link will be available on the Bank's website via [www.asopl.com](http://www.asopl.com). In addition, a message containing a unique link to be utilized in attending the meeting will, not less than 48



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

### 3. **Electronic version of the Annual Reports:**

Electronic versions of the Annual Reports are available and can be downloaded at [www.asopl.com](http://www.asopl.com). Shareholders who have provided valid email addresses to the Registrar will receive the electronic version of the Annual Report via email.

### 4. **Closure of Register**

The register of Members will be closed on Friday, 13th June, 2025.

### 5. **Re-election of Directors:**

In accordance with the provisions of the Bank's Articles of Association, the specific Directors to retire by rotation at the Meetings have been disclosed in the Annual Reports of the respective financial years in which the Directors were due to retire by rotation. The retiring Directors, being eligible, have offered themselves for re-

election. Their respective profiles are available on the Bank's website.

### 6. **Ratification of the appointment of Directors:**

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

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

### 7. **Statutory Audit Committee:**

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

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

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

### 8. **Questions from Shareholders:**

Shareholders reserve the right to ask questions prior to, and at the Annual General Meeting. Such questions should be in writing and addressed to the Company Secretary and reach the Bank at its Head Office by electronic mail at [corporatesecretariat@asopl.com](mailto:corporatesecretariat@asopl.com) not later than Monday, 23rd June 2025.

### 9. **Profile of Directors:**

The Profile of Directors are available on the Bank's website [www.asopl.com](http://www.asopl.com) and Annual Reports.



## CHAIRMAN'S STATEMENT 2020

May I start by apologizing for the delay in the presentation of the 2020 Financial Year Annual Reports to the Shareholders. This was mainly due to challenges encountered in the preparation

and audit of the account as well as securing the approval of the Central Bank of Nigeria (CBN). The challenges had delayed the finalization of the accounts beyond our projection.

Notwithstanding the challenging environment, especially the adverse economic effects of COVID-19 pandemic, your bank progressed in its objective of being the mortgage bank of choice and we are taking key actions to deliver strong, stable and sustainable returns for Shareholders over time.

It is my pleasure to present the annual report of our Bank for 2020 financial year. The year was eventful marked by significant global and local macroeconomic developments, which had the potential to severely impact our

business. I will highlight the major events within the global and domestic environment, their impact on our business, in addition to major landmark achievements of our Bank during the year.

### GLOBAL ECONOMY

The global economy shrank by -3.1% (IMF estimate), marking one of the worst recessions since World War II and advanced economies saw a -4.5% contraction, while emerging markets declined by -2.1% (except China, which grew).

There were nationwide lockdowns, travel bans, and factory shutdowns which disrupted supply chains and consumer demand collapsed in key sectors like tourism, aviation, and retail. Global stock markets plunged in March 2020, with the S&P 500 dropping over 30% in a few weeks and unemployment soared, with 114 million jobs lost worldwide (ILO estimate). Also, oil demand plummeted due to travel restrictions and factory

shutdowns, especially the US oil prices (WTI) briefly turned negative (-\$37 per barrel) for the first time in history and inflation remained low due to weak consumer demand.

### **NIGERIAN ECONOMY**

The nation's Gross Domestic Product (GDP) contracted by -1.92% in 2020 and officially entered recession in Q3 2020, following two consecutive quarters of negative growth. The oil sector shrank by -8.89%, while the non-oil sector declined by -1.25%. The global oil prices collapsed to as low as \$20 per barrel in April 2020, severely impacting government revenue and this forced the government to revise the 2020 budget oil benchmark from \$57 to \$25 per barrel.

### **THE NAIRA DEPRECIATED**

Significantly, with the official exchange rate moving from ₦306/\$ to ₦380/\$ while parallel market rate went as high as ₦500/\$ due to Dollar shortages.

Inflation hit 15.75% by December 2020, the highest in three years, driven by food price hikes, with the border closures (2019-2020) worsening food inflation, leading to soaring prices of rice and other staples. To reduce the effects of COVID-19, the Federal Government launched the N2.3 trillion Economic Sustainability Plan (ESP) and the CBN introduced several intervention programs, including ₦50 billion COVID-19 Targeted Credit Facility for small businesses and households as well as reduction of monetary policy rate (MPR) to 11.5% to boost borrowing.

### **THE BANKING INDUSTRY**

COVID-19 led to reduced business activity, affecting loan repayment ability and banks had to restructure loans worth over ₦7.8 trillion (over 40% of total loans). The financial services sector grew by 9.37% in 2020, despite the overall economy contracting by -1.92% and remained stable due to CBN policies, strong capitalization, and increased fintech adoption.

Total bank credit increased by over ₦3.5 trillion in 2020 but Non-Performing Loans (NPLs) rose from 6.1% to 6.58%, above the CBN's regulatory limit of 5%, due to economic hardships. The CBN played a major role in stabilizing the banking industry by reducing the Monetary Policy Rate (MPR) from 13.5% to 11.5% to encourage lending, mandating banks to maintain a 65% LDR to boost lending, allowing banks to restructure loans for businesses affected by COVID-19 and limiting access to forex for certain imports to manage reserves. Also, the Naira depreciated from ₦306/\$ to ₦380/\$ (official rate), while the parallel market rate went above ₦500/\$ and forex shortages affected businesses dependent on imports, causing liquidity pressures for banks.

### **ASO'S FINANCIAL PERFORMANCE**

Your Bank recorded a net loss of (N5.98 billion) in the year as against (N3.46 billion) recorded in the previous year, 2019. Also, the Bank's total assets reduced

to N32.96 billion compared to N38.8 billion recorded in the previous year, 2019.

The major factors contributing to the performance drop were the adverse effect of the COVID-19 pandemic on the global and domestic economies. A development which necessitated a complete business shutdown and skeletal operations for a major part of the year. This was made more severe by the lingering effects of the liquidity constrictions amongst other challenges presented by the Treasury Single Account (TSA) directive of the Federal Government in 2015 as well as the Holding Action restriction on our Bank by the apex bank which further constrained our business activities, revenue generation and financial performance.

## **BOARD MATTERS AND CORPORATE GOVERNANCE**

In the course of the year, our Statutory Audit Committee witnessed an exit of a Shareholder Representative,

following the resignation of Dr. Farouk Umar who resigned on December 1, 2020 after serving the Institution meritoriously. We wish him all the best in his future endeavours.

We remain committed to upholding the highest standards of corporate governance, ensuring transparency, accountability, and ethical leadership. In 2020, we further strengthened our governance framework through enhanced risk management, regulatory compliance, and board oversight. Despite the challenges of the year, our strong governance structure enabled us to navigate uncertainties while maintaining stakeholder confidence. As we move forward, we will continue to embed best practices in governance, fostering resilience, sustainability, and long-term value creation for all stakeholders.

## **OUTLOOK**

As we enter year 2021 with all the challenges and uncertainties brought about by COVID-19

pandemic, it is projected that the global economy will witness a strong but uneven recovery from the COVID-19-induced recession of 2020. Also, massive fiscal stimulus, vaccine rollouts, and the reopening of economies will lead to a significant rebound, but challenges such as inflation, supply chain disruptions, and new COVID-19 variants will persist.

Domestically, it is anticipated that Nigeria's economy will rebound, driven by higher oil prices, improved business activities, and government stimulus. However, challenges such as high inflation, currency depreciation, insecurity, and unemployment will continue to hinder strong growth. It is further projected that the nation's GDP will grow by 3.4% in 2021, marking a recovery from the -1.92% contraction in 2020, with the non-oil sector growing by 4.44.

Nevertheless, our strategic focus will be on leveraging technology to drive our business, cost optimization, improving financial




performance and operational efficiency as well as continuous regulatory engagement towards lifting of the holding action restriction to enhance our business prospects.

We appreciate our shareholders, customers and partners for their continued support as we go through the evolving mortgage landscape. With your backing and commitment to excellence, we are confident that year 2021 will be a year of continuous growth.

## CONCLUSION

In conclusion, 2020 was a year of resilience and adaptability for our Bank. Despite the global and severe and peculiar economic challenges as well as the consequent slump in our financial performance, we remained committed to our strategic objectives. I have strong belief that our strong corporate governance framework and dedicated team will enable us to navigate these uncertainties while delivering value to our stakeholders.

On behalf of the Board, I extend my gratitude to our shareholders, customers, regulators, and employees for their unwavering support. Together, we will continue to build a stronger, more sustainable, and customer-focused institution in the years ahead.



**Abdul Kofarsauri**

Chairman, Board of Directors



## CHIEF EXECUTIVE OFFICER'S STATEMENT 2020

### Introduction

Distinguished Shareholders,  
The year 2020 was one of the  
most challenging periods in

recent history. The COVID-19 pandemic disrupted economies worldwide, causing unprecedented volatility in financial markets, business operations, and consumer confidence. Despite these difficulties, ASO Savings and Loans Plc remained resilient, demonstrating agility in adapting to the rapidly changing environment.

### Turning Challenges into Opportunities

The pandemic presented significant challenges, including reduced economic activity, constraints in mortgage repayments, and a shift in consumer behavior. However, we remained afloat by engaging in aggressive recoveries and strengthening our operational framework. Our priority was to ensure business continuity while managing risks effectively.

With many customers facing financial strain, we implemented strategic recovery measures to minimize loan defaults and sustain liquidity. By focusing on proactive engagement with our clients, we were able to navigate the crisis while maintaining our financial stability.

### Business without Borders

Despite financial constraints, we sought alternative ways to sustain our operations. Through improved internal processes and customer engagement strategies, we continued to provide mortgage solutions tailored to the evolving economic climate. Our focus remained on ensuring uninterrupted service delivery and maintaining customer trust.

### Regulatory Compliance

The regulatory landscape evolved rapidly in response to the economic disruptions caused by the pandemic. ASO Savings and Loans Plc remained proactive in ensuring compliance with all regulatory directives while reinforcing

corporate governance structures.

We collaborated with industry regulators to implement financial relief programs and introduced measures to support customers and businesses affected by the crisis. Our adherence to risk management frameworks and ethical business practices reinforced our credibility and positioned us for future stability.

### **Sustaining Strides**

Despite the difficulties of 2020, we sustained our progress by maintaining a strong financial position, optimizing internal operations, and strengthening customer relationships. We implemented measures to enhance liquidity management, ensuring that we remained financially viable amidst the uncertainties.

Our commitment to efficient resource management and operational excellence allowed us to sustain our services and uphold our position in the mortgage banking sector.

### **Our Focus**

As we transition into the future, our primary focus remains on expanding mortgage accessibility, driving financial inclusion, and strengthening our financial recovery efforts. We will continue to explore strategic partnerships, diversify funding sources, and optimize our operational efficiencies.

Our resilience in 2020 has strengthened our resolve to build a more agile, customer-focused, and financially stable mortgage institution. We remain steadfast in our commitment to delivering sustainable value and driving long-term growth.

### **Conclusion**

In closing, I extend my sincere gratitude to our shareholders, board members, employees, and customers for their unrelenting support during an unprecedented year. Your resilience, confidence, and commitment have been instrumental in navigating these challenging times.

As we look ahead, we remain dedicated to financial prudence, excellence, and sustainability in the mortgage banking sector. We are confident that, together, we will emerge stronger and more prepared for the opportunities that lie ahead.

Thank you



**Risikatu Ladi Ahmed**

Managing Director/Chief  
Executive Officer

## ASO Savings & Loans Plc

### General Information

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



**Auditors**

Sola Oyetayo & Co.  
(Chartered Accountants)  
33 Ogunlowo Street  
Off Awolowo Street  
Ikeja, Lagos  
Nigeria

**Bank registration number**

283162

**Tax reference number**

01249250-0001

## ASO Savings & Loans Plc

### Corporate Governance Report

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#### 1. BACKGROUND

The unanticipated onset of the COVID-19 pandemic within the Financial Year globally extended the demands of various stakeholder groups as well as tested the resilience of the system by which Companies are directed and controlled. This has in turn put enormous pressure on Boards to in line with the demands, review and adapt corporate policies, processes and structures relating to risk management, control, relationship with shareholders and other stakeholders as well as ethical concerns.

Our Bank has amidst the prevailing challenges, strived to uphold the regulatory tenets and best practices in Corporate Governance. This report reviews the structures, systems and practices maintained by our Bank within the 2020 Financial Year from the perspective of Board oversight, relationship with Shareholders and other Stakeholders, Risk Management, Financial Reporting, Accountability and Audit as well as Ethics and Corporate Social Responsibility

#### 2. THE BOARD OF DIRECTORS

##### 2.1. Overview

Our Board structure is unitary and comprised of Executive, Non-Executive and Independent 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. To this end, the Chairman oversees the Board proceedings and safeguards its alignment with the Bank's vision and goals. He further ensures active engagement by the Board members as well as an effective communication between the Board and Shareholders. The day-to-day business operations of the Bank is delegated to the Executive Management headed by the Managing Director/CEO, who is distinct from the Chairman. The Non-Executive Directors act as a counterbalance to the influence of the Chairman or CEO on board decision making as well as provide a wide range of skills, independent judgment and experience to the Board.

Our Board is diverse in composition with a balance of expertise, skills, perspectives and experiences drawn from various fields including Law, Accounting, Business Administration, Economics, Management Sciences and Finance. This composition promotes a robust and effective board interaction and effectively checks the possibility of dominance by an individual member. Sufficient care is also taken to ensure that potential Board members commit

the necessary time and effort towards discharging their obligations. Appointment to the Board is based on merit and plans are in place for an orderly succession of members.

## **2.2. Relationship with Management**

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

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

## **2.3. Duties of the Board:**

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

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

- Ensuring the integrity of the financial reports and reporting system;
- Ensuring legal, regulatory and ethical compliance;
- Sound Investment and financing decisions, amongst others.

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

#### **2.4. Board Remuneration**

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

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

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

### **3. Performance Evaluation**

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

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



### 3.1. Orientation and Training

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

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

### 3.2. Committees of the Board

Four (4) Board Committees assist the Board in discharging its functions; Statutory Audit Committee, Board Risk Management and Investment Committee, Board Credit Committee and Board Corporate Governance and Nomination Committee. These Committees are guided by their respective charters which define their mandate, composition and working procedure. Membership is carefully 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 and is in attendance in all their meetings.

Statutory Audit Committee:

The Audit Committee is composed of representatives from the Board and Shareholders. The Executive Directors and relevant Management staff are usually in attendance to provide further details or explanations as may be required by the Committee. The Committee was chaired by a representative appointed by the Shareholders. 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 include the following responsibilities:

- 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 the legal requirements and ethical practices;
- Reviewing the draft half year and annual financial statements prior to submission to the Board;
- Reviewing and maintaining the integrity and effectiveness of the Bank's whistleblowing 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 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 relevant aspects of the Bank's governance.

#### Board Risk Management and Investment Committee:

This Committee was set up to assist the Board in its determination and oversight of the risk profile, risk management framework and risk-reward strategy of the Bank. Its mandate includes:

- 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 regarding investment of the Bank's funds.

#### Board Credit Committee:

As a leading player in the Mortgage Banking industry, the Board Credit Committee plays a critical role in the Corporate Governance structure of the Bank. Its mandate includes:

- 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.

Board Corporate Governance and Nomination Committee:

The Committee's terms of reference includes the following:

- 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;
- Oversight function on recruitment of senior management staff within Assistant General Manager to General Manager Grade;
- Advisory role to the Board on optimal Board size and structure, proposals and nominations for Board appointment, as well as screening of candidates recommended or head hunted for appointment to the Board;
- Ensuring that the principle of competitiveness, transparency, fairness and openness is adhered to in the Bank's procurement process above Management Committee approval limits as well as monthly review of procurement reports;
- Ensuring that the Bank complies with all laws and regulations in respect of Directors or Director-related party transactions;
- Recommending the approval of all employment contracts with Executive Directors;
- Reviewing and recommending on succession plan for Senior Management staff and any proposed amendments for approval by the Board;
- Review of the Bank's compensation structure to maximize its effectiveness while ensuring competitiveness;

- Review and approval of the Management succession plan policy;
- 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.

The table below shows the various Board and Board Committees meetings held within the year as well as recorded attendances for the respective members and required attendees. Explanatory notes have been supplied to avail clarifications where necessary.

### 3.3. Board Meeting Attendances

Four (4) Board Meetings were held within the Financial Year. The post COVID-19 lockdown protocols necessitated a virtual convention of all Board meetings within the Financial Year, save for the Board meeting of 6<sup>th</sup> February, 2020.

Sufficient care was taken to ensure that virtual convention of these meetings did not adversely affect the standard of deliberations or general oversight functions of the Board. A Schedule of the meetings held within the Year with the respective attendances are as follows:

S/N	NAMES OF DIRECTORS	6 <sup>TH</sup> FEB 2020	17 <sup>TH</sup> JULY 2020	2 <sup>ND</sup> DEC 2020	15 <sup>TH</sup> DEC 2020	TOTAL ATTENDANCES
1	ALI MAGASHI	PRESENT	PRESENT	PRESENT	PRESENT	4/4
2	OLUTOYIN OKEOWO	PRESENT	PRESENT	PRESENT	PRESENT	4/4
3	ADEKUNLE ADEDIGBA	ABSENT	PRESENT	PRESENT	PRESENT	3/4
4	RISIKATU L. AHMED	PRESENT	PRESENT	PRESENT	PRESENT	4/4
*5	IBRAHIM ORUMA	PRESENT	PRESENT	PRESENT	PRESENT	4/4
**6	ABUBAKAR SANI PAI	PRESENT	PRESENT	PRESENT	PRESENT	4/4

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

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

### 3.4. Audit Committee Meeting Attendances

The post COVID-19 nationwide lockdown protocols similarly necessitated a virtual convention of all Audit Committee meetings within the Financial Year, save for that of 5<sup>th</sup> February, 2020. Sufficient care was also taken to ensure that

virtual convention of these meetings did not adversely affect the standard of deliberations as well as the general duties of the Committee.

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

S/N	NAMES OF COMMITTEE MEMBERS	5 <sup>TH</sup> FEB 2020	14 <sup>TH</sup> JULY 2020	1 <sup>ST</sup> DEC 2020	14 <sup>TH</sup> DEC 2020	TOTAL ATTENDANCES
1	IBRAHIM ORUMA	Present	Present	Present	Present	4/4
*2	DR FAROUK UMAR	Present	Present	Present	N/A	3/3
3	EL-AMIN BELLO	Present	Present	Present	Present	4/4
4	OLUTOYIN OKEOWO	Present	Present	Present	Present	4/4
**5	ADEKUNLE ADEDIGBA	Present	Present	Present	Present	4/4
***6	ABUBAKAR SANI PAI	Absent	Present	Absent	Present	2/4
****7	TITILAYO DAHUNSI	Present	Present	Present	Present	4/4
*****8	ASMAU ATTA	Present	Present	Present	Present	4/4

\*Dr. Farouk Umar tendered his resignation as an Audit Committee Member (Shareholders Representative) at the Audit Committee meeting of 1<sup>st</sup> December, 2020 in which he attended as his last meeting.

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

\*\*\*Abubakar Sani Pai was in attendance at the Audit Committee meetings only in the capacity of an Observer, as though nominated as a Board member, his formal appointment was not secured within the Financial Year.

\*\*\*\*Though not a member of the Audit Committee, Titilayo Dahunsi as the Chief Inspector, is required to be in attendance at the Meetings.

\*\*\*\*\*Though not a member of the Audit Committee, Asmau Atta as the Group Head, Finance & Risk, is required to be in attendance at the Meetings.

### 3.5. Other Board Committees Meeting Attendances

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

In view of the shortfall in Board composition within the Financial Year, these Board Committees could not be adequately composed and thus could not hold formal meetings within the Year. The Board nonetheless continued to

directly exercise the required oversight functions while efforts were ongoing towards filling up the Board vacancies and reconstituting the Committees.

#### **4. RELATIONSHIP WITH SHAREHOLDERS AND OTHER STAKEHOLDERS**

##### **4.1. Relationship with Shareholders**

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

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

##### **4.2. Relationship with other Stakeholders**

The COVID-19 pandemic played a significant role in shaping the Bank's relationship with its various stakeholders. Amidst the national lockdown, the Bank had to adapt a remote working arrangement for its staff, complemented by a work shift arrangement sequel to relaxation of lockdown. Notwithstanding the significant business disruption occasioned by the pandemic, the Bank ensured there was no job losses for its employees in spite of the global inclination in that regard.

Services to customers were restricted to the online platforms and with the relaxation of the lockdown, the services were extended to physical services strictly in line with the protocols set by Nigeria Centre For Disease Control (NCDC). The Bank also embarked on several enlightenment programs for its various stakeholders on the changes to its mode of operations and services made in adaptation of the Pandemic.

Overall, the Bank had continued to maintain a mutually beneficially relationship with its suppliers, discharge 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).

## 5. RISK MANAGEMENT

### 5.1. Overview

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

ASO therefore recognizes and appreciates the role of effective risk-management practices as fundamental to its business activities and growth prospects as well as the need for an integrated, enterprise-wide approach to manage these risks to an optimal level. The overall tone of risk management in ASO is set by the Bank's Board of Directors in a manner that aims to be value-adding to shareholders as well as keeping the reputation of the Bank intact. The objectives of the Bank's risk management function include ensuring that risk-taking activities are consistent with the Bank's risk appetite, reducing volatility of the Bank's earnings, managing unexpected losses, maximizing opportunities and earnings potential. A robust risk management framework continues to thrive within ASO to enable the Bank make informed decisions with respect to exploiting opportunities and mitigating possible threats and vulnerabilities. The framework which is supported by an experienced risk management team is aligned with recent developments in the market, regulatory guidelines as well as the Basel II and III requirements.

### 5.2. Risk Management Appetite and Culture

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

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

The Bank maintains a risk management philosophy that embraces a cautious but calculated and responsible approach towards taking risks. This is done by constantly evaluating the risks and rewards inherent in business transactions and targeting viable trade-offs. The Bank only takes on risk within its risk appetite and the Bank's board



and management remain closely involved with risk initiatives above specified thresholds, with a focus on improving the Bank's capital.

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

- The Bank's management makes informed decisions by identifying and assessing the risks involved in our business;
- Risk management is a shared responsibility and risk managers strive to achieve best practice in enterprise risk management;
- The Bank does not indulge in products and businesses where associated risks cannot be assessed or managed.

### 5.3. Enterprise Risk Management in ASO

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

The ownership for risk management thus resides with the Board of Directors who devolve their expectations down to front line managers and staff via board and management committees as well as senior management. The risk management functions within the Enterprise Risk Management Group also act as a principal conduit for the transfer of risk management information both ways.

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

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

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

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

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

- Credit Risk Management;
- Operational Risk Management;
- Regulatory Compliance;
- Real Estate Risk Management;
- Remedial Management;

Internal Control and Compliance

#### **5.4. Credit Risk Management**

Credit risk refers to the risk the Bank faces due to the failure of an obligor to repay principal or interest or both at a stipulated time or as agreed. Credit risk is compounded when collateral partly covers the Bank's exposure to the borrower or when the valuation of collateral is exposed to changes in market conditions. ASO recognizes that its main asset and major source of revenue is its loan portfolio and by extension, it becomes the greatest source of risk to the safety and soundness of the Bank. The Credit Risk Management function is responsible for monitoring the quality and performance of the credit portfolio as well as managing credit risks in the Bank's loan portfolio. The function is domiciled in the Credit Risk Management departments. Key responsibilities of the department include portfolio planning and monitoring, continuous review of the Bank's credit policies, credit analysis, administration and processing and mortgage insurance analysis and processing.

#### **5.5. Operational Risk Management**

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

database that ensures all operational risk losses and near misses are captured and reported to Executive Management and the Board on a periodic basis. The unit conducts Risk and Control Self-Assessments (RCSA) for critical functions to ensure that key operational risk embedded within the Bank's processes are appropriately mitigated either by controls or a shoring up of the Bank's capital as a last resort.

#### **5.6. Regulatory Compliance**

The Bank's Compliance function is responsible for ensuring that the Bank complies with regulations applicable to its business and operations. These include anti-money laundering, conduct of business and countering terrorist financing. ASO's Compliance function is currently overseen by the Head of Operational Risk and Compliance who reports to the Group Head, Enterprise Risk Management with policy drive at the Board level driven by the Chief Compliance Officer. The function aims to continue promoting a culture of awareness to ensure that Bank staff understand key regulatory issues and updates with respect to know-your-customer requirements, money laundering and identifying suspicious transactions.

#### **5.7. Real Estate Risk Management**

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

#### **5.8. Remedial Management**

The ability of any financial institution to recover non-performing loans can impact profitability and liquidity. The Remedial Management Department has the responsibility of managing identified delinquent accounts and instituting effective and practical approaches to recover these facilities. The Department maintains an excellent working relationship with law enforcement agencies and agents in its recovery processes, and retains significant Management support in ensuring it surpasses its target year on year.

#### **5.9. Internal Control and Compliance**

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

This framework has been used over the years to review the adequacy of the Bank's internal control platform. It also

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

## 6. Capital Management

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

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

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

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

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

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

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

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

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

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

1. Tier 1 capital, which includes ordinary share capital, share premium, retained earnings, translation reserve and minority interests after deductions for goodwill and intangible assets, and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
2. Tier 2 capital, which includes revaluation reserves for property, plant & equipment, general provisions, fair value reserves for available for sale securities, preference shares and subordinated term debt.

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

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

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

## **7. FINANCIAL REPORTING, ACCOUNTABILITY AND AUDIT:**

### **7.1. Accountability and Reporting:**

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

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

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

### **7.2. Internal Audit:**

We operate an effective risk based Internal Audit function focused on a disciplined approach to evaluation of risk management, control and governance. The Internal Audit unit reports directly to the Board through the Statutory Audit Committee but nevertheless maintains a direct line of communication with the MD/CEO, with an unrestricted access to the Board and Audit Committee Chairmen. Its purpose, authority and responsibilities are guided by an Audit Charter.

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

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



**7.3. External Audit:**

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

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

**7.4. 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.

**7.5. CONCLUSION:**

Effective Corporate Governance aligns our business conduct with our corporate objectives and is a sure path for sustainable business growth and maximization of value for our Shareholders and other Stakeholders. We have resolved to be the Mortgage Bank of Choice and we will continue to adapt our systems and processes to the regulatory provisions and best global practices in Corporate Governance.

11 December 2023




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



## ASO Savings & Loans Plc

### Audit Committee Report

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In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2020, the members of the Audit Committee of Aso Savings & Loans Plc hereby report as follows:

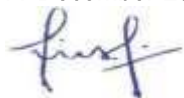
We have exercised our statutory functions under Section 359(6) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2020, and acknowledge the co-operation of management and staff in the conduct of these responsibilities

We are of the opinion that the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical practices and that the scope and planning of the external audit for the year ended 31 December 2020 were satisfactory and reinforce the Bank's internal control systems

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

We have deliberated with the External Auditors, who have confirmed that necessary co-operation was received 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.

11 December 2023




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

Members of the Audit Committee are:

Shareholders' representative

1. Ibrahim Oruma - Chairman
2. El-Amin Bello - Member
3. Asiya Abdullahi Umar - Member

Directors' representative

1. Isiyaku Ismaila - Member
2. Henry Sementari - Member

## ASO Savings & Loans Plc

### Statement of Directors' Responsibilities

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The directors are required in terms of the Companies and Allied Matters Act, 2020, Banks and Other Financial Institutions Act (BOFIA), 2020 and the Financial Reporting Council of Nigeria Act, 2011 to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Bank at the end of the year and of its profit or loss. The responsibilities include ensuring that the Bank:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and comply with the requirements of the Companies and Allied Matters Act, 2020, Banks and Other Financial Institutions Act (BOFIA), 2020 and the Financial Reporting Council of Nigeria Act, 2011.
- b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities and
- c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates and are consistently applied.

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


- International Financial Reporting Standards.
- The manner required by the Companies and Allied Matters Act, 2020;
- Banks and Other Financial Institutions Act (BOFIA), 2020 and
- The Financial Reporting Council of Nigeria Act, 2011.

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

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

**Approval of financial statements**

11 December 2023



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



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

## Statement of Corporate Responsibility for the Financial Statements

In line with the provision of S. 405 of CAMA 2020, we have reviewed the audited financial statements of the Bank for the year ended 31 December 2020 and based on our knowledge confirm as follows:

- i. The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading.
- ii. The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the bank as of and for the year ended 31 December 2020.
- iii. The bank's internal controls has been designed to ensure that all material information relating to the bank and its subsidiaries is received and provided to the Auditors in the course of the audit
- iv. The bank's internal controls were evaluated within 90 days of the financial reporting date and are effective as of 31 December 2020
- v. That we have disclosed to the bank's Auditors and the Audit Committee the following information:
  - a. there are no significant deficiencies in the design or operation of the bank's internal controls which could adversely affect the bank's ability to record, process, summarise and report financial data, and have discussed with the auditors any weaknesses in internal controls observed in the cause of the Audit
  - b. there is no fraud involving management or other employees which could have any significant role in the bank's internal control
- vi. There are no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

11 December 2023



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



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

# REPORT OF DIRECTORS

Directors as at 31st December, 2020



**Ali Magashi**  
Board Chairman



**Olutoyin Okeowo**  
Independent Director



**Adekunle Adedigba**  
Managing Director/CEO



**Risikatu Ladi Ahmed**  
Executive Director,  
Retail banking

# REPORT OF DIRECTORS

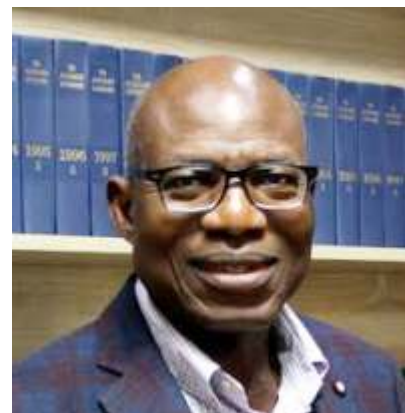
Directors as at 11th December, 2023



**Abdul Kofarsauri**  
Board Chairman



**Henry Semenitari**  
Independent Non-Executive



**Daniel Dayo Kunle**  
Independent Non-Executive



**Isiyaku Ismaila**  
Non-Executive



**Risikatu Ladi Ahmed**  
Managing Director/CEO



**Enesi Makoju**  
Executive

## ASO Savings & Loans Plc

### Directors' Report

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The Directors have pleasure in submitting their report on the financial statements of ASO Savings & Loan Plc for the year ended December 31, 2020.

#### 1. Legal Form

The Bank is domiciled in Nigeria where it is incorporated as a private company limited by shares under the Companies and Allied Matters Act, 2020 and obtained Central Bank of Nigeria (CBN) approval to operate as a primary mortgage institution in 1995. The address of the registered office is set out on page 1.

#### 2. Nature of business

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

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

#### 3. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2020. The accounting policies have been applied consistently compared to the prior year.

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

#### 4. Property, plant and equipment

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



## 5. Employment and Employees

### i) Employment of Disabled Persons

It is the policy of the Bank that there should be no discrimination in considering application for employment including those from disabled persons. All employees are given equal opportunities for self-development. As at 31 December 2020, there was no disabled person in the employment of the Bank.

### ii) Health, Safety at Work and Welfare of Employees

The Bank enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. The COVID-19 pandemic also presented an opportunity for the Bank to enhance its health and safety protocols in all its operating locations. The Bank has retained Hospitals used by staff and immediate family members.

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

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

### iii) Employee Involvement and Training

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

## 6. Donation and Charitable Gifts

The Bank did not make contributions to charitable and non-political organisations during the year ended 31 December 2020 (31 December 2019: NIL).

## 7. Dividend

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

**8. Acquisition of Own Shares**

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

**9. Events after the reporting period**

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

**10. Going concern**

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

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

We draw attention to the fact that at December 31, 2020, the Bank had accumulated losses of N. (66,191,212) and that the Bank's total liabilities exceed its assets by N. (43,195,572).

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

## 11. Auditors

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

**Signed on behalf of the Board of Directors By:**



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



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RC: KN-003392

## Independent Auditor's Report

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To the Shareholders of ASO Savings & Loan Plc

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of ASO Savings & Loan Plc (the Bank) set out on pages 27 to 61, which comprise the statement of financial position as at December 31, 2020, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of ASO Savings & Loan Plc as at December 31, 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2020.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other

independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1, 3 and 4A) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 25 to the financial statements, which indicates that the Bank incurred a net loss of N.- during the year ended December 31, 2020 and, as of that date, the Bank's current liabilities exceeded its total assets by N.-. The note states that these events or conditions, along with other matters as set forth in Note 25 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matter	How our audit addressed the key audit matter
<p>Impairment of loans and advances N6.29billion (2019: N6.37billion)</p>	<p>The expected credit loss (ECL) on loans and advances to customers is considered a key audit matter due to the fact that the amount is material to the financial statements. The IFRS 9 'Financial Instruments' impairment methodology requires significant judgement in measuring expected credit loss (ECL). Therefore, significant judgement was exercised in the following areas:</p> <ul style="list-style-type: none"> <li>• the definition of default adopted by the Bank and determination of criteria used in assessing significant increase in credit risk (SICR)</li> <li>• determination of the key inputs used in determining the exposure at default (EAD); the 12 month probability of default (PD) and the Loss Given Default (LGD) which are key parameters used in the model; and</li> <li>• incorporation of macro-economic inputs and forward looking information into the ECL model. This is considered a key audit matter in the financial statements.</li> </ul> <p>The gross total balance of loans and advances for the year ended December 31, 2020 was N21.47billion (2019: N22.27billion) while the impairment allowance was N6.29billion (2019: N6.37billion).</p>

Key audit matter	How our audit addressed the key audit matter
	<p>values along with assumptions and recovery rates; and</p> <ul style="list-style-type: none"> <li>• We evaluated that the Bank factored business cycle dependencies into ECL estimates by incorporating forward-looking information into the ECL parameters and checked the reasonableness of forward-looking information and multiple economic scenarios considered.</li> </ul>

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "ASO Savings & Loan Plc financial statements for the year ended December 31, 2020", which includes the Directors' Report and the Audit Committee's Report as required by the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2020 and the supplementary information as set out on page 64. The other information does not include the financial statements and our auditor's report thereon.

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

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

### Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2020, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.

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

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

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

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

### **Report on Other Legal and Regulatory Requirements**

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act require that in carrying out our audit we consider audit report of you on the following matters. We confirm that:

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. The mortgage bank has kept proper book of accounts, so far as appears from examination of those books and returns adequate for our audit have been received from branches not visited by us;
- iii. The bank's statements of financial position and comprehensive income are in agreement with the books of accounts;
- iv. The information required by Central Bank of Nigeria Circular BSD/1/2004 on insider related credits and

- v. The penalty paid for contravention of relevant circular issued by the Central Bank of Nigeria and the requirements of the Nigeria Stock Exchange is as disclosed in Note 28 to the financial statements.



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



## ASO Savings & Loans Plc

### Statement of Profit or Loss and Other Comprehensive Income

	<i>Note(s)</i>	<i>2020 N. '000</i>	<i>2019 N. '000</i>
Interest income	2	830,863	2,162,752
Interest expense	3	(2,666,915)	(2,418,694)
<b>Gross loss</b>		<b>(1,836,052)</b>	<b>(255,942)</b>
Net fee and commission income	4	20,865	24,121
Other operating gains	5	53,983	1,544,937
		(1,761,204)	1,313,116
Movement in credit loss allowances	10	(1,956,016)	(1,995,798)
Depreciation of property, plant and equipment	6	(30,319)	(69,546)
Personnel expenses	7	(1,155,617)	(1,532,753)
Loss on disposal of non-current asset held for sale	8	689,683	324,596
Other operating expenses	9	(1,758,266)	(1,493,039)
		(4,210,535)	(4,766,540)
<b>Loss before taxation</b>		<b>(5,971,739)</b>	<b>(3,453,424)</b>
Taxation	11	(3,988)	(10,141)
<b>Loss for the year</b>		<b>(5,975,727)</b>	<b>(3,463,565)</b>

#### Other comprehensive income:

The notes to the financial statements on pages 30 to 61 form an integral part of the financial statements.

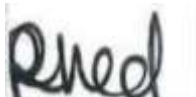
## ASO Savings & Loans Plc

### Statement of Financial Position as at December 31, 2020

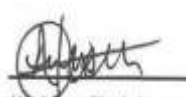
	<i>Note(s)</i>	<b>2020 N. '000</b>	<b>2019 N. '000</b>
<b>Assets</b>			
Cash and cash equivalents	12	263,880	382,766
Loans and advances	13	15,181,280	15,901,134
Other assets	15	6,706,880	7,411,813
Property, plant and equipment	16	1,689,661	1,291,584
Intangible assets	17	-	1
		<u>23,841,701</u>	<u>24,987,298</u>
Non-current assets held for sale	18	9,115,588	13,794,923
<b>Total Assets</b>		<b><u>32,957,289</u></b>	<b><u>38,782,221</u></b>
<b>Equity and Liabilities</b>			
<b>Liabilities</b>			
Balance with Banks	19	13,241	13,241
Customers deposit	20	26,608,414	27,656,282
Borrowings	21	20,825,034	19,841,858
Current tax	22	169,623	165,635
Other payables	23	28,536,549	26,436,502
<b>Total Liabilities</b>		<b><u>76,152,861</u></b>	<b><u>74,113,518</u></b>

	<b>Note(s)</b>	<b>2020 N. '000</b>	<b>2019 N. '000</b>
<b>Equity</b>			
Share capital	24	7,370,867	7,370,867
Reserves		15,624,773	15,545,469
Accumulated loss		(66,191,212)	(58,247,633)
		<b>(43,195,572)</b>	<b>(35,331,297)</b>
<b>Equity and Liabilities</b>		<b>32,957,289</b>	<b>38,782,221</b>

The financial statements and the notes on pages 26 to 61, were approved by the board of directors on the 11 December 2023 and were signed on its behalf by:



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



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

Additionally certified by



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

**Total**

The notes to the financial statements on pages 30 to 61 form an integral part of the financial statements.

## ASO Savings & Loans Plc

### Statement of Changes in Equity

	<i>Share capital</i>	<i>Regulatory Risk Reserve</i>	<i>Statutory reserve</i>	<i>Total reserves</i>	<i>Accumulated loss</i>	<i>Total equity</i>
	<i>N. '000</i>	<i>N. '000</i>	<i>N. '000</i>	<i>N. '000</i>	<i>N. '000</i>	<i>N. '000</i>
<b>Balance at January 1, 2019</b>	<b>7,370,867</b>	<b>17,294,330</b>	<b>457,509</b>	<b>17,751,839</b>	<b>(56,990,438)</b>	<b>(31,867,732)</b>
Loss for the year	-	-	-	-	(3,463,565)	(3,463,565)
Other comprehensive income	-	-	-	-	-	-
Transfer between reserves	-	(2,206,370)	-	(2,206,370)	2,206,370	-
<b>Balance at January 1, 2020</b>	<b>7,370,867</b>	<b>15,087,960</b>	<b>457,509</b>	<b>15,545,469</b>	<b>(58,247,631)</b>	<b>(35,331,295)</b>
Loss for the year	-	-	-	-	(5,975,727)	(5,975,727)
Transfer between reserves	-	79,303	-	79,303	(79,303)	-
Prior year adjustments	-	-	-	-	(1,888,551)	(1,888,551)
<b>Balance at December 31, 2020</b>	<b>7,370,867</b>	<b>15,167,264</b>	<b>457,509</b>	<b>15,624,773</b>	<b>(66,191,212)</b>	<b>(43,195,572)</b>

Note(s)

24

14

The notes to the financial statements on pages 30 to 61 form an integral part of the financial statements.



## ASO Savings & Loans Plc

### Statement of Cash Flows

	-	-
	2020	2019
Note(s)	N ' 000	N ' 000
<b>Cash flows from operating activities</b>		
Loss before tax for the year	(5,971,739)	(3,453,423)
<b>Adjustment for:</b>		
Net impairment loss on financial and non-financial instrument	1,956,016	1,995,798
Depreciation on property and equipment	30,318	69,546
Amortisation on intangible assets		(262)
Interest income	(830,863)	(2,162,752)
Interest expenses	2,666,915	2,418,694
Loss on sale of property and equipment	16,988	118,758
(Gain) Loss on disposal of Investment property	(689,683)	(324,596)
prior year adjustments	(1,888,549)	
<b>Change in operating assets and liabilities</b>		
Net decrease (increase) in loan and advances	852,314	(1,119,655)
Net decrease in promissory notes		4,442,897
Net decrease in other assets	1,284,307	(1,457,629)
Net decrease in customer deposit	1,031,439	(2,240,489)
Net (decrease) increase in other payables	(2,100,048)	867,062
	(3,642,585)	(846,051)
Interest received from operating activities	777,705	4,094,712
interest paid	(3,942,067)	(2,375,406)
<b>Net cash flows generated from operations</b>	<b>(6,806,947)</b>	<b>873,255</b>

		-	-
	Note(s)	2020 N ' 000	2019 N ' 000
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(646,864)	(14,600)
Proceed from sale of property and equipment		201,481	99,711
Purchase of investment property			(1,505,528)
Proceed from sale of investment property (Off balance sheet items)		5,369,018	324,596
Proceed from HTM Financial Assets		1,456,021	239,485
<b>Net cash flows from investing activities</b>		<b>6,379,656</b>	<b>(856,336)</b>
<b>Cash flows from financing activities</b>			
Inflow from borrowings		308,405	961,166
<b>Net cash flow used in financing activities</b>		<b>308,405</b>	<b>961,166</b>
Net increase/ decrease in cash and cash equivalent		(118,886)	978,085
Cash and cash equivalent at the beginning of the year		382,766	(595,319)
<b>Total cash at end of ther year</b>		<b>263,880</b>	<b>382,766</b>

The notes to the financial statements on pages 30 to 61 form an integral part of the financial statements.

## ASO Savings & Loans Plc

### Notes to the Financial Statements

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#### Corporate information

ASO Savings & Loan Plc ("the Mortgage Bank") is a public limited company incorporated and domiciled in Nigeria.

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

The mortgage bank is principally engaged in mortgage banking. The financial statements for the year ended December 31, 2020 were authorised for issue in accordance with a resolution of the directors on .

#### 1. Summary of Significant Accounting Policies

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

##### 1.1 Basis of preparation

The financial statements of the mortgage bank have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements, the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2020 Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2020, Regulatory and Supervisory Guidelines for Primary Mortgage Institutions in Nigeria, the Financial Reporting Council Act No. 6, 2011 and relevant Central Bank of Nigeria circulars.

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

##### a) Functional and presentation currency

These financial statements are presented in Nigerian Naira, which is the Mortgage Bank's functional

currency. Except where indicated, financial information presented in Naira has been rounded to the nearest thousand.(N' 000)

b) Basis of measurement

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

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

c) Use of estimates and judgements

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

d) Fair value value measurements

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

- Loans and advances
- Promisory notes
- Held to maturity
- Non-current assets held for sale
- Borrowings

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

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

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

## **1.2 Significant judgements and sources of estimation uncertainty**

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

### **Critical judgements in applying accounting policies**

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

## **1.3 Investment property**

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

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

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

#### **1.4 Property, plant and equipment**

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

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

##### **i) Recognition and measurement**

The items of Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Initial measurement at cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate. When significant parts of plant and equipment are required to be replaced at intervals, the entity depreciates them separately based on their specific useful lives

##### **ii) Subsequent costs**

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

##### **iii) Depreciation**

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the bank. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives



and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

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

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

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

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

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

#### iv) Capital work in progress

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

## v) De-recognition

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

## 1.5 Intangible assets

Computer software:

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

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

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Computer software	Straight line	3 Years

## 1.6 Financial instruments

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

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

Financial assets which are equity instruments:

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

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or

- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

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

Note 26 Financial instruments and risk management presents the financial instruments held by the bank based on their specific classifications.

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

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

#### **Loans receivable at amortised cost**

##### **Classification**

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

## Recognition and measurement

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

They are subsequently measured at amortised cost.

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

## Impairment

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

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

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

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

### Significant increase in credit risk

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

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

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

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

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

### Definition of default

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

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

### **Write off policy**

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

### **Measurement and recognition of expected credit losses**

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

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

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

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

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

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 10).



**Derecognition**

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

**Cash and cash equivalents**

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

**Bank overdrafts**

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

**Derecognition****Financial assets**

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

**Financial liabilities**

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

## Reclassification

### Financial assets

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

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

### Financial liabilities

Financial liabilities are not reclassified.

## 1.7 Tax

### Current tax assets and liabilities

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

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

### Deferred tax assets and liabilities

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

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

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

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

### **Tax expenses**

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

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

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

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

## **1.8 Leases**

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

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

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

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

### **The Bank as lessee**

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Bank is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Bank recognises the lease payments as an operating expense (note 10) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

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

### **Lease liability**

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

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

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

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

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

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

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

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

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

**Right-of-use assets**

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

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

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

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

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

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

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

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

**The Bank as lessor**

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

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

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

### **Operating leases**

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

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

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

### **Finance leases**

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

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

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



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

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

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

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

### **1.9 Non-current assets (disposal groups) held for sale**

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

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

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

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

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

### 1.10 Impairment of assets

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

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

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

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

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

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

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

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

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

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

### **1.11 Share capital and equity**

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

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

### **1.12 Employee benefits**

#### **Short-term employee benefits**

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

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

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

## Defined contribution plans

The Bank operates a defined contribution plan.

A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the Bank makes contributions on behalf of qualifying employees to a mandatory scheme under the provisions of the Pension Reform Act.

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

### 1.13 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

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

A constructive obligation to restructure arises only when an entity:

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

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

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

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

#### **1.14 Revenue from contracts with customers**

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

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

##### **Interest income**

Interest income and expense for all interest bearing financial instruments, are recognised within 'interest income' and 'interest expense' in the statement of profit or loss using the effective interest method. The

effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the net carrying amount of the financial asset or liability. The effective interest rate is calculated on initial recognition of the financial asset and liability and is not revised subsequently.

#### Fees and commission

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

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

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

### 1.15 Translation of foreign currencies

#### Foreign currency transactions

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

At the end of the reporting period:

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

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

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

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

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

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

## ASO Savings & Loans Plc

### Notes to the Financial Statements

	2020 N. '000	2019 N. '000
<b>2. Interest income</b>		
Interest on loans and advances	825,487	2,149,999
Interest on cash and cash equivalents	5,376	12,753
	<b>830,863</b>	<b>2,162,752</b>
<b>3. Interest expense</b>		
Interest on customers deposit	727,687	1,023,242
Interest on borrowings	1,939,228	1,395,452
	<b>2,666,915</b>	<b>2,418,694</b>
<b>4. Net fee and commission income</b>		
Commission on turnover	4,062	1,189
Administrative and processing fees	6,875	12,691
Other fees and commissions	9,928	10,241
	<b>20,865</b>	<b>24,121</b>
<b>5. Other operating gains/(Loss)</b>		
<b>Gains (losses) on disposals, scrappings and settlements</b>		
(Loss)/Profit on disposal of PPE	(16,988)	1,131
Sundry income	524,796	637,943
Recoveries	(453,825)	905,863
	<b>53,983</b>	<b>1,544,937</b>



	2020 N. '000	2019 N. '000
<b>6. Depreciation, amortisation and impairment losses</b>		
<b>Depreciation</b>		
Property, plant and equipment	30,319	69,546
<b>7. Personnel expenses</b>		
<b>Employee costs</b>		
Salaries, wages and other benefits	1,135,608	1,448,754
Retirement benefit plans	20,009	83,999
	<b>1,155,617</b>	<b>1,532,753</b>
<b>Average number of persons employed during the year</b>		
Administration	398	398
<b>The table shows the number of employees (excluding directors) whose earnings during the year fell within the ranges shown below:</b>		
N.0 - N.150,000	165	165
N.150,001 - N.235,000	83	83
N.235,001 - N.325,000	61	61
N.325,001 - N.455,000	68	68
N.455,001 - N.580,000	9	9
N.580,001 and above	5	5
N.3,500,001 - N.4,500,000	2	2
Above N.4,500,000	5	5
	<b>398</b>	<b>398</b>
<b>8. Loss on disposal of non-current asset held for sale</b>		
Investment property expenses	950	6,300
Profit on sale of investment	(690,633)	(330,896)
	<b>(689,683)</b>	<b>(324,596)</b>

	2020 N. '000	2019 N. '000
<b>9. Operating expenses</b>		
Auditors remuneration - external auditors	5,000	5,000
Bank charges	5,998	7,717
Consulting and professional fees	499,767	335,978
Debt recovery expense	108,534	70,299
Directors remuneration	29,133	38,905
Electricity & water	30,011	43,481
Entertainment	7,986	11,118
Fines and penalties	-	1,597
Fraud & Forgeries	-	2,976
Insurance	194,070	236,399
Gift & donations	1,020	-
IT expenses	181,398	151,688
Licencing	2,807	5,815
Magazines, books and periodicals	306	541
Marketing & advertising	148,727	106,133
Petrol and oil	12,919	34,487
Postage	492	2,088
Printing and stationery	2,218	13,891
Rent and rates	135,266	134,831
Repairs and maintenance	49,339	94,539
Security	61,659	76,826
Staff welfare	12,951	21,629
Subscriptions	14,091	8,719
Telephone and fax	7,182	7,761
Training	6,763	12,952
Industrial training fund	160,000	-
Travel - local	80,629	67,669
	<b>1,758,266</b>	<b>1,493,039</b>

	2020 N. '000	2019 N. '000
<b>10. Operating loss</b>		
Operating loss for the year is stated after charging (crediting) the following, amongst others:		
<b>Auditor's remuneration - external</b>		
Audit fees	5,000	5,000
<b>Remuneration, other than to employees</b>		
Consulting and professional services	499,767	335,978
Directors remuneration	29,133	38,905
	<b>528,900</b>	<b>374,883</b>
<b>Employee costs</b>		
Salaries, wages, bonuses and other benefits	1,135,608	1,448,754
Retirement benefit plans: defined contribution expense	20,009	83,999
<b>Total employee costs</b>	<b>1,155,617</b>	<b>1,532,753</b>
<b>Depreciation and amortisation</b>		
Depreciation of property, plant and equipment	30,319	69,546
<b>Movement in credit loss allowances/(reversals)</b>		
Trade and other receivables- write off	2,035,318	1,040,183
Loans and advances at amortised cost	(79,302)	955,615
	<b>1,956,016</b>	<b>1,995,798</b>

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**11. Taxation****Major components of the tax expense**

	2020 N. '000	2019 N. '000
<b>Current</b>		
Local income tax - current period	3,988	10,141
<b>Movement in credit loss allowances/(reversals)</b>		
Stage 1	(8,358)	(37,136)
Stage 2	(4,675)	1,859
Stage 3	(66,269)	990,892
	<b>(79,302)</b>	<b>955,615</b>

## 12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	23,880	39,362
Short-term deposits	240,000	343,404
	<b>263,880</b>	<b>382,766</b>

## Exposure to currency risk

### Naira amount

Naira	(194,250)	231,145
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## 13. Loans and advances to customers

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

Loan to corporate & other entities	18,461,091	18,428,324
Loan to individuals	2,252,841	3,137,922
Interest receivable	756,870	703,712
	<b>21,470,802</b>	<b>22,269,958</b>

	2020 N. '000	2019 N. '000
Specific impairment	(6,277,567)	(6,348,511)
Collective impairment	(11,955)	(20,313)
	<b>15,181,280</b>	<b>15,901,134</b>

#### Classification of loans and advances by maturity profile

Within 12 months	8,951,853	825,378
Above 12 months	12,518,949	21,444,580
	<b>21,470,802</b>	<b>22,269,958</b>

#### Classification of loans and advances by category

Mortgage loans	4,782,805	11,965,836
Commercial real estate financing	6,380,611	6,211,771
Others	10,307,386	4,092,351
	<b>21,470,802</b>	<b>22,269,958</b>

#### Classification of loans and advances by Performance

Performing loan	644,035	1,314,527
Non-performing loan	20,826,767	20,955,431
	<b>21,470,802</b>	<b>22,269,958</b>

#### Classification of Loans and Advances by Sector

Real estate construction	11,163,415	12,265,352
Education	25,995	65,840
Healthcare	8,039	7,332
Others	10,273,353	9,931,434
	<b>21,470,802</b>	<b>22,269,958</b>

	2020 N. '000	2019 N. '000
<b>Classification of Loans and Advances by product line</b>		
Commercial Mortgage Equity Line of Credit	7,031,770	6,905,631
Commercial Mortgage	1,481,200	1,624,296
Commercial Real Estate	6,380,611	6,211,771
Consumer loans	36,242	33,867
Harps Mortgage	5,821	8,615
Margin Loan	10,222	10,222
NHF Loans	833,261	993,375
Residential Line of Credit	3,101,338	2,925,847
Rental Advance	3,569	3,308
Retail Mortgage	2,462,522	3,427,295
Staff Loan	124,246	125,731
	<b>21,470,802</b>	<b>22,269,958</b>

**Movement in impairment allowances**

2020	2020	2019	Charge/(credit)
Stage 1	11,955	20,313	(8,358)
Stage 2	5,914	10,589	(4,675)
Stage 3	6,271,653	6,337,922	(66,269)
	<b>6,289,522</b>	<b>6,368,824</b>	<b>(79,302)</b>
2019	2019	2018	Charge/(credit)
Stage 1	20,313	57,448	(37,135)
Stage 2	10,589	8,730	1,859
Stage 3	6,337,922	5,347,030	990,892
	<b>6,368,824</b>	<b>5,413,208</b>	<b>955,616</b>

	2020 N. '000	2019 N. '000
<b>14. Statement of prudential adjustment</b>		
Provisions under prudential guidelines are determined using the time-based provisioning prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the expected credit loss model required by IFRS under IFRS 9. Due to the differences in the methodology/provision, there will be variances in the impairment's allowances required under the two methodologies		
Provisions for loans recognised in the profit or loss should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserves should be treated as follows:		
When CBN Prudential Provisions is greater than IFRS provisions; the excess provision should be transferred from the general reserve account to a "regulatory risk reserve". Where CBN Prudential Provisions is less than IFRS provisions, the excess provision should be transferred to the general reserve account from the non-distributable regulatory reserve to the extent of regulatory reserve previously recognized		
As off December 31, 2020, the mandatory regulatory reserves increased from N15,087,959 in 2019 to N15,167,262 in 2020. Consequently, a transfer of N79,303 was executed from general reserve to the regulatory reserve.		
<b>Figures in Naira</b>		
Impairment Allowance as per IFRS 9 - Stage 2&3	(6,277,566)	(6,348,511)
Impairment Allowance as per IFRS 9 - Stage 1	(11,955)	(20,313)
	(6,289,521)	(6,368,824)
Loan Loss Provision as per CBN Guideline – Specific	21,456,750	21,456,557
Loan Loss Provision as per CBN Guideline – Collective	33	226
<b>Required regulatory risk reserve at 31 December</b>	<b>15,167,262</b>	<b>15,087,959</b>
<b>Movement in regulatory risk reserve</b>	<b>2020</b>	<b>2019</b>
At January 1	15,087,959	17,294,329
Transfer (to)/from Unappropriated Profit	79,303	(2,206,370)
<b>At 31 December</b>	<b>15,167,262</b>	<b>15,087,959</b>

	2020 N. '000	2019 N. '000
<b>15. Other asset</b>		
Restricted balances with FMBN	1,119	1,119
Account receivables	(50,026)	1,512,989
Prepayments	31,225	25,134
Estate development progress cost	6,676,915	5,713,415
Other receivables	47,647	159,156
Other non performing assets	12,361,573	12,940,947
	19,068,453	20,352,760
Specific impairment on other assets	(12,361,573)	(12,940,947)
	<b>6,706,880</b>	<b>7,411,813</b>

**16. Property, plant and equipment**

	2020			2019		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	1,825,685	(175,770)	1,649,915	1,652,448	(399,630)	1,252,818
Plant and machinery	90,169	(87,655)	2,514	94,477	(94,230)	247
Furniture and fixtures	529,941	(529,725)	216	575,559	(577,203)	(1,644)
Motor vehicles	371,667	(370,925)	742	398,419	(391,065)	7,354
IT equipment	697,579	(661,305)	36,274	798,776	(765,967)	32,809
<b>Total</b>	<b>3,515,041</b>	<b>(1,825,380)</b>	<b>1,689,661</b>	<b>3,519,679</b>	<b>(2,228,095)</b>	<b>1,291,584</b>



**Reconciliation of property, plant and equipment - Bank**

	Land & Building	Plant and machinery	Furniture & Office equipment	Motor vehicles	IT equipment	Total
<b>Cost</b>						
At January 1, 2019	1,652,523	98,509	580,072	508,557	790,445	3,630,106
Additions	-	-	1,414	726	12,460	14,600
Disposals	(75)	(4,032)	(5,927)	(110,864)	(4,129)	(125,027)
<b>At December 31, 2019</b>	<b>1,652,448</b>	<b>94,477</b>	<b>575,559</b>	<b>398,419</b>	<b>798,776</b>	<b>3,519,679</b>
Additions	626,887	2,596	3,422	-	13,959	646,864
Disposals	(453,650)	(6,904)	(49,040)	(26,752)	(115,156)	(651,502)
<b>At December 31, 2020</b>	<b>1,825,685</b>	<b>90,169</b>	<b>529,941</b>	<b>371,667</b>	<b>697,579</b>	<b>3,515,041</b>
<b>Depreciation</b>						
At January 1, 2019	388,610	93,363	579,593	489,153	730,700	2,281,419
Disposals	(14)	(1,936)	(5,927)	(110,864)	(4,129)	(122,870)
Depreciation	11,034	2,803	3,537	12,776	39,396	69,546
<b>At December 31, 2019</b>	<b>399,630</b>	<b>94,230</b>	<b>577,203</b>	<b>391,065</b>	<b>765,967</b>	<b>2,228,095</b>
Disposals	235,181	(6,904)	(49,040)	(26,752)	(115,156)	(433,033)
Depreciation	11,321	329	1,562	6,612	10,494	30,318
<b>At December 31, 2020</b>	<b>175,770</b>	<b>87,655</b>	<b>529,725</b>	<b>370,925</b>	<b>661,305</b>	<b>1,825,380</b>

**17. Intangible assets**

	2020			2019		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	490,904	(490,904)	-	490,904	(490,903)	1

		2020 N. '000	2019 N. '000
Reconciliation of intangible assets - 2020			
	Opening balance	Amortisation	Total
Computer software	1	(1)	-

**Reconciliation of intangible assets - 2019**

	Opening balance	Amortisation	Total
Computer software	263	(262)	1

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

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

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

The non-current assets are to be sold piecemeal.

**Profit and loss****Assets and liabilities****Non-current assets held for sale**

Investment property	9,115,588	13,794,923
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	<b>2020</b> <b>N. '000</b>	<b>2019</b> <b>N. '000</b>
Balance, beginning of year	13,794,923	12,289,395
Additions	-	1,505,528
Disposals	(4,679,335)	-
<b>Balance, end of the year</b>	<b>9,115,588</b>	<b>13,794,923</b>
<b>19. Balance with Banks</b>		
Sale of Federal Government Houses accounts	13,241	13,241
<b>20. Customers deposit</b>		
Term deposits	3,932,084	4,245,607
Demand deposits	18,865,486	19,203,247
Savings	922,357	716,768
Corporate customers	-	-
Term deposits	1,588,701	1,760,004
Current deposits	1,264,633	1,679,074
	26,573,261	27,604,700
Interest payable	35,153	51,582
	<b>26,608,414</b>	<b>27,656,282</b>
<b>21. Borrowings</b>		
<b>Held at amortised cost</b>		
Financial Accomodation from CBN	12,889,655	12,027,754
Interest payable to CBN	44,266	49,266
Loan from Nationa Housing Fund	1,808,813	1,779,119
Interest payable to NHF	229,270	684
Loan from other banks	4,685,550	5,885,550
Interest payable to other banks	1,167,480	99,485
	<b>20,825,034</b>	<b>19,841,858</b>

	2020 N. '000	2019 N. '000
<b>Split between non-current and current portions</b>		
Non-current liabilities	20,825,034	19,841,858
<b>Exposure to currency risk</b>		
<b>Naira amount</b>		
Naira	20,825,034	19,841,858
<b>22. Current tax payable (receivable)</b>		
Opening balance	165,635	155,494
Income tax	3,988	10,141
	169,623	165,635
	<b>169,623</b>	<b>165,635</b>
<b>23. Other payables</b>		
<b>Financial instruments:</b>		
Trade payables	16,001,389	15,084,646
Sale of Federal Government Houses	4,506,498	4,019,359
Deposit for shares	4,914,789	4,914,789
Accruals	1,282,868	1,067,868
Liability for defined contribution scheme	67,864	78,430
Liability for defined benefits plans	140,314	144,071
Sundry liabilities	1,326,709	793,974
<b>Non-financial instruments:</b>		
Deposit for properties by off-takers	296,118	333,365
	<b>28,536,549</b>	<b>26,436,502</b>

	<b>2020</b> <b>N. '000</b>	<b>2019</b> <b>N. '000</b>
<b>Financial instrument and non-financial instrument components of trade and other payables</b>		
At amortised cost	28,240,431	24,556,528
Non-financial instruments	296,118	332,265
	<b>28,536,549</b>	<b>24,888,793</b>

### Exposure to currency risk

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

#### Naira Amount

Naira	28,240,431	26,103,136
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### 24. Share capital

#### Issued

Ordinary	7,370,867	7,370,867
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### 25. Going concern

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

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

We draw attention to the fact that at December 31, 2020, the Bank had accumulated losses of N. (66,191,212) and that the Bank's total liabilities exceed its assets by N. (43,195,572).

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

## **26. Financial instruments and risk management**

### **Financial risk management**

#### **Overview**

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

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

The board of directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the Bank's risk management policies. The committee reports quarterly to the board of directors on its activities.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Bank's activities.

The Bank audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Bank. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee and the risk committee.

#### **Credit risk**

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

The Bank is exposed to credit risk on loans and advances, debt instruments at fair value through other comprehensive income, trade and other receivables, contract receivables, lease receivables, cash and cash equivalents, loan commitments and financial guarantees.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The Bank only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a

low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

### Liquidity risk

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

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

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



## 27. Related parties

### Relationships

#### Members of key management

Risikatu Ladi Ahmed  
Enesi Makoju  
Richard Femi Bello

Key management personnel is defined as the Bank's executive and non-executive directors, including their family members and any entity over which they exercise control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Bank.

### Compensation to directors and other key management

Short-term employee benefits	101,383	65,117
Post-employment benefits - Pension - Defined contribution plan	4,316	2,116
	<b>105,699</b>	<b>67,233</b>

## 28. Contraventions

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

### Description

During the year, the Bank failed to comply with the timeline for the submission of its Audited Financial Statements for the year ended 31 December 2020 to the Nigeria Stock Exchange.

# Other National Disclosure

## ASO Savings & Loans Plc

### Value Added Statement

	2020 N. '000	2020 %	2019 N. '000	2019 %
<b>Value Added</b>				
<b>Value added by operating activities</b>				
Revenue	830,863		2,162,752	
Bought - in materials and services	(3,735,498)		(3,587,137)	
Other operating income	20,865		24,121	
Other operating gains	53,983		1,544,937	
	<b>(2,829,787)</b>	<b>100</b>	<b>144,673</b>	<b>100</b>
<b>Value Distributed</b>				
<b>To Pay Employees</b>				
Salaries, wages, medical and other benefits	1,155,617		1,532,753	
	<b>1,155,617</b>	<b>(41)</b>	<b>1,532,753</b>	<b>1,059</b>
<b>To Pay Government</b>				
Income tax	3,988		10,141	
	<b>3,988</b>	<b>-</b>	<b>10,141</b>	<b>7</b>
<b>To be retained in the business for expansion and future wealth creation:</b>				
<b>Value reinvested</b>				
Depreciation, amortisation and impairments	1,986,335		2,065,344	
	<b>1,986,335</b>	<b>(70)</b>	<b>2,065,344</b>	<b>1,428</b>

	<b>2020</b> <b>N. '000</b>	<b>2020</b> <b>%</b>	<b>2019</b> <b>N. '000</b>	<b>2019</b> <b>%</b>
<b>Value retained</b>				
Retained loss	(5,975,726)		(3,463,562)	
	<b>(5,975,726)</b>	<b>211</b>	<b>(3,463,562)</b>	<b>(2,394)</b>
<b>Total Value Distributed/Eroded</b>	<b>(2,829,786)</b>	<b>100</b>	<b>144,676</b>	<b>100</b>

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

## ASO Savings & Loans Plc

### Five Year Financial Summary

	2020 N. '000	2019 N. '000	2018 N. '000	2017 N. '000	2016 N. '000
<b>Statement of Financial Position</b>					
<b>Assets</b>					
Cash & Cash Equivalent	263,880	382,766	302,649	1,296,055	942,018
Loan receivables	15,181,280	15,901,134	17,667,935	22,185,957	18,115,266
Promissory note	-	-	4,442,897	4,263,568	3,868,875
Other assets	6,706,880	7,411,813	7,494,048	6,941,968	1,320,729
Property, plant and equipment	1,689,661	1,291,584	1,348,687	1,527,969	1,592,889
Intangible assets	-	1	263	3,028	2,800
	23,841,701	24,987,298	31,256,479	36,218,545	25,842,577
Non current Assets held for sale	9,115,588	13,794,923	12,289,395	18,396,993	16,933,588
<b>Total assets</b>	<b>32,957,289</b>	<b>38,782,221</b>	<b>43,545,874</b>	<b>54,615,538</b>	<b>42,776,165</b>
<b>Liabilities</b>					
Deposit from banks	13,241	13,241	13,241	13,241	672,551
Deposit from customers	26,608,414	27,656,282	29,896,771	37,984,320	42,027,259
Borrowings	20,825,034	19,841,858	18,880,691	19,295,023	15,964,249
Current tax payable	169,623	165,635	155,494	131,364	79,022
Other liabilities	28,536,549	26,436,501	25,569,437	27,897,846	15,521,464
Bank draft	-	-	896,849	-	-
<b>Total liabilities</b>	<b>76,152,861</b>	<b>74,113,517</b>	<b>75,412,483</b>	<b>85,321,794</b>	<b>74,264,545</b>
<b>Equity</b>					
Share capital	7,370,867	7,370,867	7,370,867	7,370,867	7,370,867
Reserves	15,624,773	15,545,469	17,751,839	30,295,514	457,509
Accumulated loss	(66,191,212)	(58,247,632)	(56,989,315)	(68,372,637)	(39,316,756)
<b>Total equity</b>	<b>(43,195,572)</b>	<b>(35,331,296)</b>	<b>(31,866,609)</b>	<b>(30,706,256)</b>	<b>(31,488,380)</b>
<b>Total equity and liabilities</b>	<b>32,957,289</b>	<b>38,782,221</b>	<b>43,545,874</b>	<b>54,615,538</b>	<b>42,776,165</b>

**ASO SAVINGS AND LOANS PLC**  
**SHARE CAPITAL HISTORY**

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

As at 31<sup>st</sup> December, 2020, the Authorized Share Capital of the Company is **N10,000,000,000** comprising of **N20,000,000,000** ordinary shares of **50 Kobo** each while the fully paid up Share Capital is **N 7,370,866,901** made up of **14,741,733,802** ordinary shares of **50 Kobo** each.



## PROXY FORM

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

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

I/We.....

.....

.....

.....

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

.....

.....

.....

or failing him/her, the Chairman of  
the meeting

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

Dated this ... ..day

of.....2025

.....

Shareholder's Signature

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

### NOTE:

- This Form has been prepared to enable you to exercise your right to vote at the meeting. The proceedings will be accessible to all members virtually through the Link sent to the Shareholders' e-mail and made available on our website, [www.asoplc.com](http://www.asoplc.com).
- 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 and have it delivered at our registered office at Plot 266 FMBN Building, Central Business District, Abuja or with our Registrars, First Registrars & Investor Services Ltd at Plot 2, Abebe Village road, Iganmu, Lagos not less than 3 working days before the time of holding the Annual General Meeting.
- If the shareholder is a corporate body, the proxy form should be signed by any duly authorized official and sealed with a common seal. In the case of joint holders, the signature of any one of them suffices but the names of all joint holders must be indicated.



## SHAREHOLDERS INFORMATION UPDATE FORM

Please complete this form and send to First Registrars & Investor Services Limited, Plot 2 Abebe Village Road Iqanmu, Lagos No 3 Jos Street. Opposite Sharon Ultimate Hotel, Area 3, Garki, Abuja or **ASO SAVINGS 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



**Affix  
Current  
Passport**

(To be stamped by Bankers)

Write your name at the back of  
your passport photograph



**E-DIVIDEND ACTIVATION FORM**

**Only Clearing Banks are acceptable**

**Instruction**

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

**The Registrar,**

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

**This service costs N150.00 per  
approved mandate per  
company**

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

**Bank Verification Number**

**Bank Name**

**Bank Branch**

**Bank Address**

**Bank Account Number**

**Account Opening Date**

**Account Type (Tick)**

☐

Current

☐

Savings

**Shareholder Account Information**

**Surname**

**First Name**

**Other Names**

**Address :**

**City**

**State**

**Country**

**Previous Address (If any)**

**CHN (If any)**

**Mobile Telephone 1**

**Mobile Telephone 2**

**Email Address**

**Signature(s)**

**Company's Seal**

**Joint/Company's Signatories**

**First Registrars & Investor Services Limited**

*...connecting you to your wealth.*

website:www.firstregistrarsnigeria.com; E-mail: info@firstregistrarsnigeria.com

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