

ANNUAL REPORT

2021



www.jaizbankplc.com

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Directors, Officers and Professional Advisers

| | | |
|--|---|---|
| Alh. (Dr.) Umar Abdul Mutallab, FCA, CON | - | Chairman |
| Alh. (Dr.) Aminu Alhassan Dantata, CON | - | Non-Executive Director |
| Alh. (Dr.) Musbahu Muhammad Bashir | - | Non-Executive Director |
| Alh. Mukhtar Danladi Hanga Sani | - | Non-Executive Director |
| H.R.H. Engr. Bello Muhammad Sani, OON | - | Non-Executive Director |
| Mallam Falalu Bello, FCIB, OFR | - | Non-Executive Director |
| Mr. Mohammed Seedy Njie | - | Non-Executive Director |
| Alh. (Dr.) Umaru Kwairanga, F.IoD, FCS, FCIP | - | Non-Executive Director |
| Alh. (Dr.) Muhammadu Indimi, OFR | - | Non-Executive Director |
| Alh. Mamun Ibrahim Maude | - | Non-Executive Director |
| Mrs. Aisha Waziri Umar | - | Independent Director |
| Dr. Abdullateef Bello | - | Independent Director |
| Mallam Hassan Usman, FCA, FCIB | - | Managing Director |
| Mr. AbdulFattah Olanrewaju Amoo, FCA | - | Executive Director Business Development, South |
| Dr. Sirajo Salisu | - | Executive Director, Business Development, North |
| Mallam Ahmed Alhaji Hassan FCA | - | -Executive Director, Services/CFO |

COMPANY SECRETARY

Mohammed Shehu
FRC/2017/NBA/00000016416
No 73 Ralph Shodeinde Street,
Central Business District, Abuja.

REGISTERED OFFICE:

Jaiz Bank Plc.
Kano House, No 73 Ralph Shodeinde Street,
Central Business District, Abuja.

REGISTRAR AND TRANSFER OFFICE:

Africa Prudential Plc.
(Formerly UBA Registrars Plc.)
220B Ikorodu Road, Lagos.

INDEPENDENT AUDITOR

Ahmed Zakari & Co.
22B Oladipo Diya Crescent,
2nd Avenue, Dolphin Estate, Ikoyi, Lagos.

TAX ADVISORS

Oladele Konsulting
(Chartered Tax Practitioner & Mgt Consultants)
Suite C11 Othini Plaza, Plot 1528, Nouakchott Street
Wuse Zone 1, Abuja.

Financial Highlights

Total Assets (Nm)

279,275



Return on Assets (%)

1.71%



Deposits (Nm)

209,089



Return on Equity (%)

20.78%



Cost to Income (%)

74.40%



Earnings Per Share (kobo)

13.8k



Profit Before Tax (PBT) (Nm)

4,373



Proposed Dividend (kobo)

4kobo



Financial Highlights

| Statement of Financial Position | 31-Dec-2021 N'Million | 31-Dec-2020 N'Million | Changes (%) |
|---------------------------------|--------------------------|--------------------------|----------------|
| Total Assets | 279,275 | 233,596 | 20% |
| Financing & Investment Assets | 197,529 | 165,995 | 19% |
| Deposits | 209,089 | 175,513 | 19% |
| Share Capital | 17,271 | 14,732 | 19% |
| Total Equity | 24,305 | 17,845 | 36% |

| Income Statement | 31-Dec-2021 N'Million | 31-Dec-2020 N'Million | Changes (%) |
|------------------------------|--------------------------|--------------------------|----------------|
| Gross Earnings | 25,843 | 19,614 | 32% |
| Profit Before Taxation (PBT) | 4,373 | 3,066 | 43% |
| Taxation | (73) | (163) | 55% |
| Profit After Taxation (PAT) | 4,300 | 2,903 | 48% |

| Ratios | 31-Dec-2021 | 31-Dec-2020 | Changes |
|------------------|-------------|-------------|---------|
| Cost to Income | 74.40% | 76.04% | 2% |
| Return on Assets | 1.71% | 1.31% | 30% |
| Return on Equity | 20.78% | 17.18% | 21% |
| Capital Adequacy | 22.91% | 20.02% | 14% |
| Liquidity | 28.82% | 43.06% | 33% |

| Others | 31-Dec-2021 Number | 31-Dec-2020 Number | Changes (%) |
|-------------------------------------|-----------------------|-----------------------|----------------|
| Earning Per Share | 13.8 kobo | 9.85 kobo | 19% |
| Proposed Dividend | 4kobo | 3kobo | 25% |
| Number of Branches/Offices | 43 | 40 | 5% |
| Number of Staff | 735 | 610 | 21% |
| Number of Shares in Issue (Million) | 34,541 | 29,464 | 17% |

Directors' Report

The Directors present their report on the affairs of JAIZ BANK PLC ("the Bank"), together with the audited financial statements and independent auditors' report for the year ended 31 December 2021.

1. LEGAL FORM AND PRINCIPAL ACTIVITY

The Bank was incorporated as a public limited liability company in 2003 and obtained a regional licence to operate as a non-interest commercial bank on 10th November, 2011. The Bank subsequently commenced operation on January 6, 2012. The Bank was issued a National Banking licence by the Central Bank of Nigeria in May 2016. On February 10, 2017, the Bank's shares were listed on the floor of the Nigerian Stock Exchange.

2. RESULT AT A GLANCE

| | 2021 (N'Million) | 2020 (N'Million) |
|--|---------------------|---------------------|
| Gross Earnings | 25,843 | 19,614 |
| Profit before income tax | 4,373 | 3,066 |
| Income Tax Expenses | (74) | (163) |
| Profit for the year | 4,299 | 2,903 |
| Other comprehensive (loss)/income | (215) | 274 |
| Total comprehensive income/(loss) for the year | 4,084 | 3,177 |
| Earnings Per Share: | | |
| Basic & Diluted | 13.8kobo | 9.85 kobo |

3. BUSINESS REVIEW AND FUTURE DEVELOPMENT

The Company carried on as a non-interest commercial bank in the year under review in accordance with its Memorandum and Articles of Association. A comprehensive review of the business for the year and prospects for the ensuing year is contained in the Managing Director's Report.

4. DIRECTORS

a. Directors' Remuneration

The Bank ensures that remuneration paid to its Directors and Managers complies with the provisions of the Code of Corporate Governance issued by its regulators. In compliance with Section 34(5) of the Code of Corporate Governance for Public Companies as issued by the Securities and Exchange Commission, the Bank makes disclosure of the remuneration paid to its directors as follows:

| Type of package Fixed | Description | Timing |
|-----------------------|--|---|
| Basic Salary | Part of gross salary package for Executive Directors only. This reflects the banking industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year. | Paid monthly during the financial year. |
| Other allowances | Part of gross salary package for Executive Directors only. This reflects the banking industry competitive salary package and the extent to which the Bank's objectives have been met for the financial year. | Paid at periodic intervals during the financial year. |
| Performance Based Pay | Paid to Executive Directors/other staff and tied to performance of the line report. It is also a function of the extent to which the Bank's objectives have been met for the financial year. | Paid annually in arrears. |

Directors' Report

| Type of package Fixed | Description | Timing |
|-----------------------|--|----------------------------|
| Director fees | Paid annually to Non-Executive Directors only. | Paid quarterly in arrears. |
| Sitting allowances | Allowances paid to Non-Executive Directors only, for attending Board and Board Committee Meetings. | Paid after each Meeting. |

a. Changes on the Board

Mr. Ahmed Alhaji Hassan was appointed as an Executive Director in the last quarter of 2021. Mr. Ahmed Alhaji Hassan is a Fellow of the Institute of Chartered Accountants of Nigeria, a Fellow of the Chartered Institute of Taxation of Nigeria and an Associate of the Pension Institute of Nigeria, as well as an Alumnus of Bayero University, Kano and the University of Lagos. He is a fellow of the Compliance Institute, Nigeria (FCIN) and a Certified Anti-Money Laundering Specialist (CAMS).

He has over twenty-six (26) years cognate experience which started from his career as a Lecturer of Accounting & Finance at Bayero University, Kano before joining the Banking/ Finance Industry.

He worked with the Securities & Exchange Commission (SEC), former New Africa Merchant Bank Ltd., NAL Merchant Bank (now Sterling Bank), NUB/FINBANK (now FCMB) and had a brief stint with Dangote Group

as the Financial Controller of Kano Flour Mills. His banking experience covers Corporate Finance, Banking Operations, Risk Management, Financial Controls and Branch/Regional Banking.

Ahmed A. Hassan has attended various local & foreign courses and workshops. He joined Jaiz Bank Plc. in October 2013 as Head Financial Control and acting Chief Financial Officer before he was later appointed as the Bank's Chief Compliance Officer (CCO).

Mr. Hassan would be presented at the AGM for election.

c. Directors Retiring by Rotation

In accordance with the provisions of the Companies & Allied Matters Act, Alhaji (Dr.) Aminu Alhassan Dantata, Mall. Falalu Bello, Alh. (Dr.) Muhammadu Indimi and Alh. (Dr.) Umaru Kwairanga hereby retire by rotation. Being eligible, the Directors hereby present themselves for re-election. The profile of the directors retiring by rotation is contained at page 62 & 64 of this Report. A record of attendance of the Board and Board Committee meetings by the Directors is contained in the Corporate Governance section of this report.

In the course of the period under review, the Directors attended the Board and Board Committee meetings where applicable. A record of their attendance is contained in the Corporate Governance section of this Report.

d. Notification of Attainment of Seventy (70) Years of Age

In accordance with the provisions of the Companies & Allied Matters Act, the Directors hereby announce that Alhaji (Dr.) Umaru Abdul Mutallab, CON; HRH. Engr. Bello Muhammad Sani; Alhaji (Dr.) Muhammadu Indimi; and Alhaji (Dr.) Aminu Alhassan Dantata, CON have attained the age of seventy (70) years and the approval of members for Alhaji (Dr.) Umaru Abdul Mutallab, CON; HRH. Engr. Bello Muhammad Sani; Alhaji (Dr.) Muhammadu Indimi; and Alhaji (Dr.) Aminu Alhassan Dantata, CON to continue in office is hereby sought.

e. Directors Fees

The Board of Directors hereby retain their fees as approved at the last General Meeting.

Directors' Report

f. Directors' Interest

The direct and indirect interests of directors in the issued share capital of the Bank as recorded in the register of directors' shareholding and/or as notified by the directors for the purposes of sections 301 and 302 of the Companies and Allied Matters Act (CAMA) 2020 and the listing requirements of the Nigerian Stock Exchange are stated below:

| S/N | Directors | NUMBER OF SHAREHOLDINGS | | | |
|-----|--|-------------------------|---|-------------------|---|
| | | December 31, 2021 | | December 31, 2020 | |
| | | Direct | Indirect | Direct | Indirect |
| 1. | Alh. (Dr.) Umaru Abdul Mutallab, CON | 4,000,000,000 | N/A | 4,000,000,000 | N/A |
| 2. | Alh. (Dr.) Aminu Alhassan Dantata, CON | 1,567,510,516 | 4,484,157,327 (Dantata Investment & Securities Co. Ltd) | 1,565,210,516 | 4,204,369,327 (Dantata Investment & Securities Co. Ltd) |
| 3. | Alhaji (Dr.) Muhammadu Indimi, OFR | 8,310,736,121 | N/A | 3,233,813,044 | N/A |
| 4. | Mallam Falalu Bello, mni, OFR | 12,496,750 | 40,000,000 (MBS Merchants Ltd) | 12,496,750 | 40,000,000 (MBS Merchants Ltd) |
| 5. | HRH (Engr.) Bello Muhammad Sani, OON | 12,500,000 | N/A | 12,500,000 | N/A |
| 6. | Alh. (Dr.) Musbahu Muhammad Bashir | N/A | 2,600,000,000 (Althani Invest. Ltd) | N/A | 2,600,000,000 (Althani Invest. Ltd) |
| 7. | Alh. (Dr.) Umaru Kwairanga | 34,770,000 | 629,429,413 (Finmal Fin. Serv. Ltd) 1,418,189,866 (Linear Power Ltd) | 34,770,000 | 629,420,413 (Finmal Fin. Serv. Ltd) 1,418,189,866 (Linear Power Ltd) |
| 8. | Alh. Mukhtar Sani Hanga | N/A | 2,500,000,000 (Dangote Indust. Ltd) | N/A | 2,500,000,000 (Dangote Indust. Ltd) |
| 9. | Ibrahim Mamun Maude | - | - | - | - |
| 10. | Mr. Mohammed Seedy Njie | N/A | 2,506,666,588 | N/A | 2,506,666,588 (Islamic Devt. Bank) |
| 11. | Dr. Abdullateef Bello | 4,000 | N/A | 4,000 | N/A |
| 12. | Mrs. Aisha Waziri Umar | - | - | - | - |
| 13. | Mallam Hassan Usman, FCA | 1,450,000 | N/A | 1,450,000 | N/A |
| 14. | AbdulFattah O. Amoo, FCA | 200,000 | N/A | 200,000 | N/A |
| 15. | Dr. Sirajo Salisu | - | - | - | - |
| 16. | Ahmed A. Hassan, FCA | 962,000 | N/A | 962,000 | N/A |

Directors' Report

g. Directors' Interests in Contracts

For the purpose of section 303 of Companies and Allied Matters Act of Nigeria, (CAMA) 2020, all contracts with related parties during the year were conducted at arm's length. Information relating to related parties' transactions are contained in Notes to the financial statements.

5. ACQUISITION OF OWN SHARES

The shares of the Bank are held in accordance with the Articles of Association of the Bank. The Bank has no beneficial interest in any of its shares.

6. PROPERTY AND EQUIPMENT

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

7. EMPLOYMENT AND EMPLOYEES

a. Employee Involvement and Training

Management, professional and technical expertise are the Bank's major assets and investment in their training, both locally and overseas, continued during the period under review. Formal and informal channels of communication are employed in keeping staff abreast of various factors affecting the Bank as a going concern.

b. Employment Policy

The Company's recruitment policy, which is based solely on merit, does not discriminate against any person on the grounds of Religion, Tribe, or Physical Disability.

c. Health Safety and Welfare at Work

Health and safety regulations are in force within the Bank's premises and employees are aware of existing regulations. The Bank provides subsidy to all levels of employees for medical, transportation, lunch, as well as access to recreational facilities to enhance their welfare and improve productivity.

The Bank operates a crèche facility at its Head Office for its staff with plans to extend to other locations in due course. We actively promote wellness of our employees and have provided a gymnasium at our Head Office for use by all staff. Fire prevention and fire-fighting equipment are installed in strategic locations within the Bank's premises. The Bank operates a contributory pension plan in line with the Pension Reform Act for its employees.

d. Covid 19 Response

As a business, we are continuously appraising the impact of the pandemic on our corporate and business portfolio. Appropriate actions are taken proactively by the Bank to protect our employees, customers, communities we operate in and our dear investors.

We present below some impact areas, expected impact and the actions taken or about to

| S/N | IMPACT AREA | EXPECTED IMPACT | MANAGEMENT ACTION |
|-----|---------------------|--|---|
| I. | Business Continuity | <p>The pandemic hinders normal branch operations.</p> <ul style="list-style-type: none"> Reduced activities in the following departments due to the pandemic: Treasury Operations, Domestic Operations, Internal Audit, Internal Control, Compliance, General Services, Financial Control, Business Development, Information Technology, Legal and Company Secretariat, Risk Management | <p>All our Branches are now fully operational with the exception of Branches with space constraints. All branch ATM's are maintained continuously to provide easy access to cash for customers in this period.</p> <ul style="list-style-type: none"> Some Branches were opened solely to deal with non-cash related transactions to reduce the pressure on the few branches opened. |

Directors' Report

| S/N | IMPACT AREA | EXPECTED IMPACT | MANAGEMENT ACTION |
|-----|-------------|--|--|
| | | | <ul style="list-style-type: none"> VPN access is in place, for staff who support the Bank's critical services during the period as required. Staff are divided into two, with one part running skeletal services for two weeks in areas where there is no lockdown while the remaining are on standby in case of the unexpected and will take over from them after two weeks to run for another two weeks. Maintain the practice of having all meeting online, but where meeting rooms must be used, NCDC guidelines must be enforced. |
| 2. | Employees | <ul style="list-style-type: none"> Fear of losing their job Health and safety of the staff Business Continuity and work from home | <ul style="list-style-type: none"> In line with Central Bank of Nigeria directive, the Management of the Bank will optimally utilize the existing staff for enhanced productivity by putting in place a measurable performance monitoring system. The Bank has put in place a Health Safety Officer in all our branches and Head office to educate staff on the COVID 19 guideline and precautions. The Bank has developed a timetable that enables some of our staff to work from home during this period. We also trained our staff via our robust Learning Management System platform during this period. |
| 3. | Portfolio | <ul style="list-style-type: none"> Cashflow of some customers will be challenged due to low or zero turnover Deposit growth may stall due to effect of the lockdown on cashflow of customers | <ul style="list-style-type: none"> The Bank is applying strict measures in granting facilities in the Real Estate, Construction, Oil & Gas Sectors. Giving more emphasis in financing Agriculture, IT, Health and Pharmaceutical Sectors |

Directors' Report

| S/N | IMPACT AREA | EXPECTED IMPACT | MANAGEMENT ACTION |
|-----|-------------|--|--|
| | | <ul style="list-style-type: none"> Some customers on the financing side will require their facilities to be restructured due to challenged cashflow · Moderated income due to the impact restructuring of facilities will have on profitability | <ul style="list-style-type: none"> The Bank's corporate risk assets portfolio is yet to show serious signs of distress occasioned by the impact of the Covid-19 Pandemic. We have conducted comprehensive stress testing of our financing portfolio in a bid to identify Covid-19 induced progression on the IFRS 9 buckets and found current provisions to be adequate. Should there be the need for proactive hair-cut, Management shall proceed to take the additional provisions. Focus on most profitable customer segments to improve profitability Strategic cost reduction · Aggressive recovery of delinquent facilities in order to improve yield |
| 4. | Others | <ul style="list-style-type: none"> Working From Home may present untested set of challenges including network vulnerability. More customers are likely to move to e-channels for their banking needs. Society may expect a fair CSR effort from all private corporations during the pandemic. | <ul style="list-style-type: none"> Enhanced cybersecurity measures to support remote working by employees. Building more infrastructure to support the emerging virtual banking needs of our customers. Providing utmost support in social development initiatives. Currently, the Bank has the following initiatives: Relief Intervention and Symptom Evaluation. A system that connects relief seekers with givers and also facilitates telemedical service to the public Fightback COVID-19 Innovation Challenge. A prized challenge inviting scientist, engineers, innovators and entrepreneurs to contribute to the development of solutions for the fight against Covid-19. |

Directors' Report

e. Gender Analysis

The average number and percentage of male and female employees during the year ended 31 December 2021 vis-à-vis total workforce is provided below. The Board is however committed to gender balance and has thus mandated Management to take the issue of gender balance into cognizance in filling future vacancies:

| DETAILS | MALE | FEMALE | TOTAL | MALE % | FEMALE % |
|-----------|------|--------|-------|--------|----------|
| Employees | 539 | 196 | 735 | 73 % | 27% |

Gender analysis of the Board and Top Management for the year ended 31st December, 2021 is as follows:

| DETAILS | MALE | FEMALE | TOTAL | MALE % | FEMALE % |
|----------------|------|--------|-------|--------|----------|
| Board | 15 | 1 | 16 | 93.5 % | 6.25% |
| Top Management | 6 | 2 | 8 | 75 % | 25% |
| Total | 21 | 3 | 25 | 84% | 12% |

8. POST BALANCE SHEET EVENTS

There were no post balance sheet events which could have a material effect on the state of affairs of the Company as at 31 December 2021 or the profit for the year ended on that date that have not been adequately provided for or disclosed.

9. EQUITY RANGE ANALYSIS

The shareholding pattern of the Bank as at 31 December, 2021

| SHARE RANGE | NO. OF SHAREHOLDERS | % OF SHAREHOLDERS | No. OF HOLDINGS | % HOLDINGS |
|----------------------------|---------------------|-------------------|-----------------|------------|
| 1- 10,000 | 17,401 | 60.3322 | 79,943,586 | 0.2314 |
| 10,001 - 50,000 | 4,927 | 17.0827 | 124,800,184 | 0.3613 |
| 50,001 - 1,000,000 | 5,907 | 20.4805 | 1,373,695,303 | 3.9770 |
| 1,000,001 - 5,000,000 | 434 | 1.5048 | 1,013,063,799 | 2.9329 |
| 5,000,001 - 10,000,000 | 84 | 0.2912 | 665,230,553 | 1.9259 |
| 10,000,001 - 50,000,000 | 61 | 0.2115 | 1,126,359,534 | 3.2609 |
| 50,000,001 - 1,000,000,000 | 19 | 0.0659 | 3,720,304,980 | 10.7706 |
| 1,000,000,001 - Above | 9 | 0.0312 | 26,437,774,438 | 76.5399 |
| Total | 28,842 | 100.0000 | 34,541,172,377 | 100.0000 |

Directors' Report

10. SUBSTANTIAL SHAREHOLDERS

According to the register of members at 31 December, 2021, the following shareholders held more than 5.0% of the issued share capital of the Bank:

| S/N | NAME | No. OF HOLDINGS | % HOLDINGS |
|-----|---|-----------------|------------|
| 1. | Muhammadu Indimi | 8,310,736,121 | 24.06 |
| 2. | Dantata Investment & Securities Limited | 4,484,157,327 | 12.9 |
| 3. | Umaru Abdul Mutallab | 4,000,000,000 | 11.58 |
| 4. | Altani Investment Limited | 2,600,000,000 | 7.53 |
| 5. | Islamic Development Bank | 2,506,666,588 | 7.26 |
| 6. | Dangote Industries | 2,500,000,000 | 7.24 |

We wish to declare that the Bank has diverse shareholding structures, and that no other individual(s) holds above 5% of the Bank's issued and fully paid shares except as disclosed above.

11. SHAREHOLDING HISTORY

| YEAR | AUTHORIZED SHARE CAPITAL INCREASE | | | ISSUED AND FULLY PAID CAPITAL INCREASE | | | |
|------|-----------------------------------|----------------|----------------|--|----------------|-------------------|---------------|
| | UNITS | FROM | TO | UNITS | FROM | TO | Consideration |
| 2003 | 2,500,000,000 | - | 2,500,000,000 | 2,500,000,000 | - | 2,500,000,000 | Cash |
| 2004 | - | - | - | - | - | - | - |
| 2005 | - | - | - | - | - | - | - |
| 2006 | 13,000,000,000 | 2,500,000,000 | 13,000,000,000 | - | - | - | Cash |
| 2007 | - | - | - | - | - | - | - |
| 2008 | - | - | - | 1,514,429,720 | 2,500,000,000 | 4,014,429,720 | Cash |
| 2012 | - | - | - | 7,732,867,330 | 4,014,429,720 | 11,829,699,720 | Cash |
| 2014 | 15,000,000,000 | 13,000,000,000 | 15,000,000,000 | - | - | - | Cash |
| 2016 | - | - | - | 2,902,424,930 | 11,829,699,720 | 14,732,124,650 | Cash |
| 2017 | *25,000,000,000 | 15,000,000,000 | 25,000,000,000 | 29,464,249,300 | - | 14,732,124,650 | Cash |
| 2018 | 25,000,000,000 | - | 25,000,000,000 | 29,464,249,300 | - | 14,732,124,650 | - |
| 2019 | 25,000,000,000 | - | 25,000,000,000 | 29,464,249,300 | - | 14,732,124,650 | Cash |
| 2020 | 25,000,000,000 | - | 25,000,000,000 | 29,464,249,300 | - | 14,732,124,650 | Cash |
| 2021 | 25,000,000,000 | - | 25,000,000,000 | 34,541,172,377 | 14,732,124,650 | 17,270,586,188.50 | Cash |

* Share Split from N1.00 per Share to N0.50k per Share.

Directors' Report

| S/N | Description | Amount |
|-----|--|----------------------|
| 1. | 50th annual accountants conference | 2,450,000.00 |
| 2. | A day summit by Bank CEOs entitled Banker's initiative for economic growth (ICAN) | 2,000,000.00 |
| 3. | Muslim youth economic summit | 1,000,000.00 |
| 4. | Pre-Ramadan Da'awah program on Hajj savings scheme | 450,000.00 |
| 5. | Ramadan gifts for the living and the families of the late Jaiz project promoters | 1,410,000.00 |
| 6. | NASFAT e-posters on social media | 537,000.00 |
| 7. | Ramadan Tafsir in NTA | 500,000.00 |
| 8. | Food items for inmates | 509,600.00 |
| 9. | Books on management of sickle cell disorder for schools | 500,000.00 |
| 10. | Contribution of the bank for coronation of 15th emir of Kano | 5,000,000.00 |
| 11. | 3rd African International Conference on Islamic Finance | 5,000,000.00 |
| 12. | 8th annual public lecture & Anglo-Arab conference at Sahat Al-Tarbiyat Al-Islamiyyat | 200,000.00 |
| 13. | CIBN annual dinner and journal launch | 300,000.00 |
| 14. | 36th FOWMAN annual conference | 500,000.00 |
| 15. | Emir of Bichi coronation | 1,000,000.00 |
| 16. | Barewa college book launch | 250,000.00 |
| 17. | CIBN 14th annual banking and finance conference | 7,000,000.00 |
| 18. | Nigeria Diaspora Investment Summit 2021 | 500,000.00 |
| | Total | 29,106,600.00 |

13. ASSET VALUES

Information relating to the Company's Assets is detailed in the Notes to the Financial Statements.

14. AUDIT COMMITTEE

Pursuant to Section 404 (7) of the Companies and Allied Matters Act, (CAMA) 2020, the Company has in place an Audit Committee comprising three shareholders and two directors as follows:

| | | |
|-------------------------------------|---|--------------------------------------|
| Alhaji Shehu Mohammed, FCA | - | Shareholder Representative -Chairman |
| Alhaji Ibrahim Lawal Ozomata | - | Shareholder Representative |
| Alhaji Mohammed Gulani Shuaibu | - | Shareholder Representative |
| Alhaji (Dr.) Umaru Kwairanga | - | Non-Executive Director |
| Alhaji (Dr.) Aminu Alhassan Dantata | - | Non-Executive Director |

The functions of the Audit Committee are as laid down in Section 404 (7) of CAMA 2020.

13. AUDITORS

Messrs. Ahmed Zakari & Co. would be retiring as auditors at the meeting in line with the Central Bank of Nigeria directive on ten years maximum tenor of external auditors of banks. Accordingly, a resolution would be proposed to appoint Messrs. Deloitte as External Auditors of the Bank and authorize the Directors to determine their remuneration.

BY ORDER OF THE BOARD



MOHAMMED SHEHU

FRC/2017/NBA/00000016416

Company Secretary /Legal Adviser

Jaiz Bank Plc.

Kano House, No. 73 Ralph Shodeinde Street,

Central Business District, Abuja, Federal Capital Territory

10th March, 2022

Corporate Governance Report

The Board of Jaiz Bank Plc ('the Bank') is pleased to present the Corporate Governance Report for the Year Ended December 31, 2021. The report provides insight into the Bank's governance framework and key activities of the Board during the reporting year.

INTRODUCTION

The Board recognizes the significance of Corporate Governance in building a sustainable organization. We believe that effective governance is achieved through a culture of transparency and openness between Management and the Board as well as the shareholders. The Board ensures ongoing compliance with the requirements of the Code of Corporate Governance for Banks and Discount Houses in Nigeria issued by the Central Bank of Nigeria ("the CBN Code"), the Securities and Exchange Commission's (SEC) Code of Corporate Governance for Public Companies as well as the Post-Listing Requirements of the Nigeria Stock Exchange.

The Bank conducts an Annual Board Appraisal covering the Board's responsibilities, processes, relationships, structure

and composition through an independent consultant - Messrs. Nextzon Business Services Ltd. Their review and recommendations are contained in the Annual Report and would be presented to shareholders at the Annual General Meeting.

BOARD STRUCTURE

The Board of the Bank is made up of veteran professionals who possess the requisite skills, knowledge and experience to bring to bear independent judgment on the deliberations and decisions of the Board. The Board headed by the Chairman consists of 16 members made up of 12 Non-Executive Directors and 4 Executive Directors as set out below. Two of the Non-Executive Directors are Independent Directors appointed based on criteria laid down by the Central Bank of Nigeria's Guideline on Independent Directors of Banks in Nigeria. The position of the Managing Director and Chairman are held by separate persons with clearly defined roles.

| S/N | Names | Designation |
|-----|--|----------------------------------|
| 1. | Alh. Dr. Umaru Abdul Mutallab, CON | Chairman |
| 2. | Alh. (Dr.) Aminu Alhassan Dantata, CON | Non-Executive Director |
| 3. | Alhaji (Dr.) Muhammadu Indimi, OFR | Non-Executive Director |
| 4. | Mallam Falalu Bello, mni, OFR | Non-Executive Director |
| 5. | HRH (Engr.) Bello Mohammed Sani, OON | Non-Executive Director |
| 6. | Alh..(Dr.) Musbahu Muhammad Bashir | Non-Executive Director |
| 7. | Alh. (Dr.) Umaru Kwairanga | Non-Executive Director |
| 8. | Alh. Muktar Sani Hanga | Non-Executive Director |
| 9. | Ibrahim Mamun Maude | Non-Executive Director |
| 10. | Mr. Mohammed Seedy Njie | Non-Executive Director |
| 11. | Dr. Abdullateef Bello | Independent Director |
| 12. | Mrs. Aisha Waziri Umar | Independent Director |
| 13. | Mallam Hassan Usman, FCA | Managing Director |
| 14. | AbdulFattah O. Amoo, FCA | Executive Director, South |
| 15. | Dr. Sirajo Salisu | Executive Director, North |
| 16. | Ahmed A. Hassan, FCA | Executive Director, Services/CFO |

Corporate Governance Report

BOARD CHANGES

Mr. Ahmed Alhaji Hassan was appointed as an Executive Director in the last quarter of 2021. Mr. Ahmed Alhaji Hassan is a Fellow of the Institute of Chartered Accountants of Nigeria, a Fellow of the Chartered Institute of Taxation of Nigeria and an Associate of the Pension Institute of Nigeria, as well as an Alumnus of Bayero University, Kano and the University of Lagos. He is a fellow of the Compliance Institute, Nigeria (FCIN) and a Certified Anti-Money Laundering Specialist (CAMS).

He has over twenty-six (26) years cognate experience which started from his career as a Lecturer of Accounting & Finance at Bayero University, Kano before joining the Banking/Finance Industry.

He worked with the Securities & Exchange Commission (SEC), former New Africa Merchant Bank Ltd., NAL Merchant Bank (now Sterling Bank), NUB/FINBANK (now FCMB) and had a brief stint with Dangote Group as the Financial Controller of Kano Flour Mills. His banking experience covers Corporate Finance, Banking Operations, Risk Management, Financial Controls and Branch/Regional Banking.

Ahmed A. Hassan has attended various local & foreign courses and workshops. He joined Jaiz Bank Plc. in October 2013 as Head Financial Control and acting Chief Financial Officer before he was later appointed as the Bank's Chief Compliance Officer (CCO).

Mr. Hassan would be presented at the AGM for election.

Matters Reserved for the Board

The Board leads and provides directions for the management by determining the strategic objectives and policies of the Bank and overseeing its implementation. The Board has delegated to the Managing Director its powers which relate to the operational running of the Bank.

Specific matters have been reserved for approval by the Board and include but are not limited to the following:

- Defining the Bank's Strategic Plans and Objectives.
- Ensuring integrity of financial reports.
- Approval of major changes to the Bank's accounting policies.
- Appointment and removal of Directors and the Company Secretary.
- Approval of charter and membership of Board Committees.
- Establishing effective internal control systems.
- Instilling a culture of compliance with rules and regulations.
- Formulating risk policies.

- Approval of quarterly, half yearly and full year financial statements.
- Ensuring planned Management succession.
- Effective communication with shareholders.
- Performance appraisal and compensation of Board members and Senior Executives.

DIRECTOR'S APPOINTMENT PROCESS, INDUCTION AND TRAINING

The Board has developed a policy on Board appointments with the Board Governance, Remuneration and Nominations Committee leading the process for identifying and recommending suitable candidates for the approval of the Board. In making Board appointments, the Board takes cognizance of the knowledge, skill, experience and other qualities considered necessary for the role. The appointment of Directors is subject to the approval of the shareholders and the Central Bank of Nigeria.

In line with best practice, a personalized induction programme on the Bank's operational processes and expected duties and responsibilities is conducted for new members of the Board. The member also receives an induction pack which comprises of the Board's charter, charter of the various Board Committees, significant reports, memorandum and articles of association of the Bank, Board/Board Committee resolutions, important legislations/policies and a calendar of Board activities.

The Board ensures that members are trained on issues relating to their oversight functions. Directors are required to partake in periodic relevant continuing professional development programmes to update their knowledge and skills to keep them abreast of new developments in the industry and operating environment. The table below provides the details of continuous education training programmes undertaken by directors in 2021.

Corporate Governance Report

| S/N | NAME OF DIRECTOR | TRAINING | ORGANISER | LOCATION | DATE |
|-----|---|---|--|------------------------|--|
| 1. | Hassan Usman | Company Direction Course 2 | Institute of Directors | Online | 28 - 29 April 2021 |
| 2. | Hassan Usman Abdulfattah Amoo Dr. Sirajo Salisu Mr. Ahmed A. Hassan | Advanced Shari'ah & Contemporary Issues in Islamic Finance Training | Prof. Abdurrazzaq Abdulmajeed Alaro | Abuja | 21 - 23 May 2021 |
| 3. | Mr. Ahmed A. Hassan | Sustainable Business Strategy – Becoming a Purpose-Driven Leader Financial Modelling & Financial Statement Forecasting | Harvard Business School INDULEAD | Online | 20 June - 21 July 2021 9 - 10 Nov. 2021 |
| 4. | Hassan Usman Abdulfattah Amoo Dr. Sirajo Salisu Mr. Ahmed A. Hassan | Advanced AML & CFT for Business Executives | SEC | Online | 29 - 30 September 2021 |
| 5. | Mrs. Aisha Waziri Umar Alh. Mukhtar Danladi Sani Alh. Aminu Dantata Dr. Sirajo Salisu Mr. Ahmed A. Hassan | CBN/FITC Continuous Education Training Programme for Directors | CBN/FITC | Online | 24 - 25 November 2021 |
| 6. | Dr. Sirajo Salisu | Strategic & Operational Planning Workshop | GIZ | Abuja | 25 November 2021 |
| 7. | All Directors | AML/CFT Training Ethical Foundation of Islamic Financial Services and the Role of the Board | SimpliAlpha Consulting Ltd Dr. Bashir Aliyu | Inplant Inplant | 9 December 2021 9 December 2021 |

TENURE OF DIRECTORS

In order to ensure both continuity and injection of fresh ideas, the tenure for Non-Executive Directors is limited to a maximum of three (3) terms of four (4) years each, i.e. twelve (12) years while the maximum tenure for Executive Directors is limited to a maximum of two (2) terms of five (5) years each, i.e. ten (10) years.

This is in compliance with the provisions of the CBN Code.

BOARD MEETINGS

The Board meets quarterly and additional meetings are convened as the need arises. The Board has the authority to delegate matters to Board Committees and the Executive Management.

ATTENDANCE OF MEETINGS

In its bid to continuously improve its corporate governance processes, as well as enhance attendance of Board meetings by Board members, the Company Secretary prepares an annual calendar of meetings which is subsequently reviewed and adopted by the Board prior to the commencement of a new financial year.

Corporate Governance Report

The table below is the record of attendance for the Board of Directors meetings for the 2021 financial year:

| S/N | Names | March 9 | June 22 | Aug. 24 | Oct. 6 (Emergency) | Nov.3 | Dec. 9 |
|-----|--|---------|---------|---------|-----------------------|-------|--------|
| 1. | Alh. (Dr.) Umaru Abdul Mutallab, FCCA, CON | √ | √ | √ | √ | √ | √ |
| 2. | Mallam Hassan Usman, FCA | √ | √ | √ | √ | √ | √ |
| 3. | AbdulFattah O. Amoo, FCA | √ | √ | √ | √ | √ | √ |
| 4. | Dr. Sirajo Salisu | √ | √ | √ | √ | √ | √ |
| 5. | Alh. (Dr.) Aminu Alhassan Dantata, CON | √ | √ | √ | √ | √ | √ |
| 6. | Alhaji (Dr.) Muhammadu Indimi, OFR | √ | √ | √ | √ | √ | √ |
| 7. | Mallam Falalu Bello, mni, OFR | √ | √ | √ | √ | √ | √ |
| 8. | HRH (Engr.) Bello Muhammad Sani, OON | √ | √ | √ | √ | √ | √ |
| 9. | Alh. (Dr.) Musbahu Muhammad Bashir | √ | √ | √ | √ | √ | √ |
| 10. | Alh. (Dr.) Umaru Kwairanga | √ | √ | √ | √ | √ | √ |
| 11. | Alh. Muktar Sani Hanga | √ | √ | √ | √ | √ | √ |
| 12. | Ibrahim Mamun Maude | √ | √ | √ | √ | √ | √ |
| 13. | Mr. Mohammed Seedy Njie | √ | √ | √ | √ | √ | √ |
| 14. | Dr. Abdullateef Bello | √ | √ | √ | √ | √ | √ |
| 15. | Mrs. Aisha Waziri Umar | √ | √ | √ | √ | √ | √ |
| 16. | Ahmed A. Hassan, FCA** | - | - | - | √ | √ | √ |

** Note : Ahmed Alhaji Hassan was appointed with effect from August 24, 2021.

Board Committees

The Board has established various Committees with well-defined Terms of Reference defining their scope of responsibilities. The Committees meet quarterly but may hold additional meetings as the need arises. The Board has five standing Committees, and they include:

1. Board Risk Management Committee.
2. Board Investment Committee.
3. Board Finance & General-Purpose Committee.
4. Board Governance Remuneration and Nomination Committee.
5. Board Audit Committee.

In addition to the above committees, and in line with the provisions of the Companies and Allied Matters Act, the Board also established the Statutory Audit Committee with five (5) members drawn from among the shareholders and the Board.

Board Governance, Remunerations & Nominations Committee (BGRNC)

Membership

1. Alh. (Dr.) Muhammadu Indimi (Chairman)
2. Alh Mukhtar S. Hanga
3. Alh. (Dr.) Aminu A. Dantata
4. Dr. Abdulateef Bello
5. Alh. (Dr.) Musbahu M. Bashir
6. Mrs. Aisha W. Umar

The Committee's major responsibilities includes:

- Considering matters relating to Board's remunerations and Appointment.
- Recommending any proposed change(s) to the Board.
- Keeping under review the need for appointments.
- Preparing a description of the specific experience and abilities needed for each Board appointment, considering candidates for appointment as either Executive or Non-

Corporate Governance Report

- Executive Directors and recommending such appointments to the Board;
- Advising the Board on succession planning regarding the roles of the Chairman, Chief Executive Officer and Executive Directors;

- Advising the Board on the contents of the Directors Annual Remuneration Report to shareholders.

The Committee held five (5) regular meetings during the financial year and the record of attendance is provided below:

BGRNC Meeting Attendance

| S/N | Names | Feb. 24 | May 25 | June 17 | Aug. 17 | Oct. 12 |
|-----|--|---------|--------|---------|---------|---------|
| 1. | Alhaji (Dr.) Muhammadu Indimi, OFR | √ | √ | √ | √ | √ |
| 2. | Alh. (Dr.) Aminu Alhassan Dantata, CON | √ | √ | √ | √ | √ |
| 3. | Dr. Abdullateef Bello | √ | √ | √ | √ | √ |
| 4. | Alh. Mukhtar Sani Hanga | √ | √ | √ | √ | √ |
| 5. | Alh. (Dr.) Musbahu M. Bashir | √ | √ | √ | √ | √ |
| 6. | Mrs. Aisha Waziri Umar | √ | √ | √ | √ | √ |

Board Investment Committee (BIC) Membership

- Alh (Dr.) Musbahu M. Bashir (Chairman)
- Alh (Dr.) Umaru Kwairanga
- Alh. Ibrahim Mamun Maude
- HRH Engr. Bello Muhammad Sani
- Hassan Usman (Managing Director)
- Abdulfattah O. Amoo (Executive Director, South)
- Dr. Sirajo Salisu (Executive Director, North)

The Committee's major responsibilities include:

- Evaluating and approving all investments within its powers delegated by the Board;
- Evaluating and recommending all investments beyond its powers to the Board;

- Reviewing investments portfolio in line with set objectives.
- Reviewing classification of investments of the Bank based on prudential guidelines on quarterly basis;
- Approving the restructuring and rescheduling of investments within its powers;
- Writing-off and grant of waivers within powers delegated by the Board; and
- Periodic review of Investment Manuals and Guidelines.

The Committee held six (6) regular meetings during the financial year and the record of attendance is provided below:

BIC Meeting Attendance

| S/N | Names | Feb. 9 | April 6 | May 27 | Aug. 11 | Oct 14 | Dec. 6 |
|-----|--------------------------------------|--------|---------|--------|---------|--------|--------|
| 1. | Alh..(Dr.) Musbahu Muhammad Bashir | √ | √ | √ | √ | √ | √ |
| 2. | Mallam Hassan Usman, FCA | √ | √ | √ | √ | √ | √ |
| 3. | Alh. (Dr.) Umaru Kwairanga | √ | √ | √ | √ | √ | √ |
| 4. | HRH (Engr.) Bello Muhammad Sani, OON | √ | √ | √ | √ | √ | √ |
| 5. | Ibrahim Mamun Maude | √ | √ | √ | √ | √ | √ |
| 6. | AbdulFattah O. Amoo,FCA | √ | √ | √ | √ | √ | √ |
| 7. | Dr. Sirajo Salisu | √ | √ | √ | √ | √ | √ |

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Board Risk Management Committee (BRMC)

Membership

1. Mall. Falalu Bello (Chairman)
2. Alh. (Dr.) Muhammadu Indimi
3. Alh. Mukhtar S. Hanga
4. Mrs. Aisha W. Umar
5. Hassan Usman (Managing Director)
6. AbdulFattah O. Amoo (Executive Director, South)
7. Ahmed A. Hassan (Exec. Director, Services/CFO)

The Committee's major responsibilities includes:

- Overseeing the overall Risk Management of the Bank;
- Reviewing periodically, Risk Management objectives and Policies for consideration of the full Board;
- Approving the Risk Rating Agencies, Credit Bureau and

other related services providers to be engaged by the Bank;

- Approving the Internal Risk Rating Mechanism;
- Reviewing the Risk compliance reports for regulatory authorities;
- Reviewing and approving exceptions to the Bank's Risk policies;
- Reviewing policy violations on Risk issues at Senior Management level;
- Certifying Risk reports for investments, operations, market/liquidity subject to limits set by the Board.
- Consider the appointment, resignation or dismissal of the Bank's Chief Risk Officer;

The Committee held five (5) regular meetings during the financial year and the record of attendance is provided below:

BRMC Meeting Attendance

| S/N | Names | Feb. 18 | April 14 | July 13 | Oct. 25 | Dec. 6 |
|-----|-----------------------------|------------------|------------------|------------------|--------------------|--------------------|
| 1. | Mall. Falalu Belo | √ | √ | √ | √ | √ |
| 2. | Alh. (Dr.) Muhammadu Indimi | √ | √ | √ | √ | √ |
| 3. | Alh. Mukhtar S. Hanga | √ | √ | √ | √ | √ |
| 4. | Mrs. Aisha Waziri Umar | √ | √ | x | √ | √ |
| 5. | Hassan Usman | √ | √ | √ | √ | √ |
| 6. | AbdulFattah O. Amoo | √ | √ | √ | No longer a member | No longer a member |
| 7. | Ahmed Alhaji Hassan | Not yet a member | Not yet a member | Not yet a member | √ | √ |

Board Finance & General-Purpose Committee (BFGPC)

Membership

1. Alh (Dr.) Umaru Kwairanga (Chairman)
2. Mall Falalu Bello
3. Alh. Mamun Ibrahim Maude
4. Hassan Usman (Managing Director)
5. AbdulFattah O. Amoo (Executive Director, South)
6. Ahmed A. Hassan (Exec. Director, Services/CFO)

The Committee's major responsibilities are to:

- Consider and advise the Board of Directors on all aspects of the Bank's finances;
- Consider and make recommendations to the Bank on the annual estimates of income and expenditure, other budgets and the financial forecasts for the Bank;

- Consider and make recommendations to the Board of Directors for its approval, the framework for expenditure on capital items and to review the list of priorities within the framework;
- Consider, review and report on the periodic management accounts of the Bank, and to also advise the Board of Directors on the year-end accounts.
- Consider and make representations to the Board of Directors on the solvency of the Bank and the safeguarding of its assets;
- Consider and advise the Board of Directors on any relevant taxation issues;

Corporate Governance Report

The Committee held five (5) regular meetings during the financial year and the record of attendance is provided below:

BFGPC Meeting Attendance

| S/N | Names | April 19 | June 16 | July 13 | Oct. 25 | Dec. 7 |
|-----|----------------------------|----------|---------|---------|--------------------|--------------------|
| 1. | Alh. (Dr.) Umaru Kwairanga | √ | √ | √ | √ | √ |
| 2. | Mall. Falalu Bello | √ | √ | √ | √ | √ |
| 3. | Alh. Mamun Ibrahim Maude | √ | √ | √ | √ | √ |
| 4. | Hassan Usman | √ | √ | √ | √ | √ |
| 5. | Abdulfattah Amoo | √ | √ | √ | No longer a member | No longer a member |
| 6. | Ahmed A. Hassan | - | - | - | √ | √ |

Board Audit Committee Membership

1. Dr. Abdulateef Bello (Chairman)
2. HRH (Engr.) Bello M. Sani
3. Mall. Falalu Bello
4. Alh. (Dr.) Muhammadu Indimi
5. Alh. (Dr.) Umaru Kwairanga

The Committee's major responsibilities includes:

- To develop and keep under review the Bank's accounting policies in order to ensure that they were in consonance with the applicable Accounting Standards;
- To review the effectiveness of the Bank's system of accounting, reporting, and internal control and ensure compliance with legal and ethical requirements of the Bank;
- To review the integrity of the bank's financial reporting and the independence of the external auditors;

- To review the appropriateness and completeness of the Bank's statutory accounts and other published financial statements, and thus;
- Consider, review and report on the periodic Management Accounts of the Bank; and also advise the Board of Directors on the year-end accounts;
- Ensuring that the Bank complies with all relevant internal policies and procedures as well as regulations governing the Bank;
- To review the summaries of the whistleblowing cases reported and the result of the investigation from the Head of Internal Audit.
- Review the internal audit reports and assess the adequacy of the internal controls.
- Review the Compliance Reports for each quarter.
- Ensuring full and prompt implementation of recommendations of Internal Auditors, Examiners and External Auditors.

The Committee held five (5) meetings jointly with the Statutory Audit Committee and one (1) regular meeting during the financial year. The record of attendance is provided below:

| S/N | Names | Feb. 3 Emergency | Mar 2 & 8 | April 13 | July 12 | Aug. 10 | Oct 13 |
|-----|---------------------------------|---------------------|-----------|----------|---------|---------|--------------------|
| 1. | Dr. Abdulateef Bello | √ | √ | √ | √ | √ | √ |
| 2. | HRH (Engr.) Bello Muhammad Sani | √ | √ | √ | √ | √ | √ |
| 3. | Mall. Falalu Bello | √ | √ | √ | √ | √ | √ |
| 4. | Alh. (Dr.) Muhammadu Indimi | √ | √ | √ | √ | √ | √ |
| 5. | Alh. (Dr.) Umaru Kwairanga | √ | √ | √ | √ | √ | No longer a member |

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Statutory Audit Committee

| Membership | Terms of Reference |
|---|---|
| <p>Alh. Shehu Mohammed, FCA (Chairman/Shareholder)</p> <p>Alh. Lawal Ibrahim Ozomata (Shareholder)</p> <p>Alh. Mohammed Gulani Shuaibu (Shareholder)</p> <p>Alh. (Dr.) Aminu Alhassan Dantata, CON (Non-Executive Director)</p> <p>Alh. (Dr.) Musbahu M. Bashir (Non-Executive Director)</p> <p>Alhaji (Dr.) Umaru Kwairanga (Non-Executive Director)</p> | <ul style="list-style-type: none"> The Committee is saddled with the following responsibilities amongst others: To ascertain whether the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical practices; Review and approve the scope and planning of audit requirements; Review the findings on management matters in conjunction with the External Auditors and Management's responses thereon; Oversee the independence of the external auditors; Keep under review the effectiveness of the Bank's system of accounting and internal control systems; Oversee management's process for the identification of significant fraud risks across the Bank and ensure that adequate prevention, detection and reporting mechanisms were in place; At least on an annual basis, obtain and review a report by the internal auditor describing the strength and quality of internal controls including any issues or recommendations for improvement raised by the most recent internal control review of the company; Discuss the annual audited financial statements and half yearly unaudited statements with management and external auditors. |

The Statutory Audit Committee held five (5) meetings jointly with the Board Audit Committee and the record of attendance is provided below:

| S/N | Names | Feb. 3 Emergency | March 2 & 8 | April 13 | Aug. 10 | Oct. 13 |
|-----|--|---------------------|-------------|----------|--------------------|--------------------|
| 1. | Alh. Shehu Mohammed, FCA | √ | √ | √ | √ | √ |
| 2. | Alh. Lawal Ibrahim Ozomata | √ | √ | √ | √ | √ |
| 3. | Alh. Mohammed Gulani Shuaibu | √ | √ | √ | √ | √ |
| 4. | Alh. (Dr.) Aminu Alhassan Dantata, CON | x | √ | √ | √ | √ |
| 5. | Alh. (Dr.) Musbahu M. Bashir | √ | √ | √ | No longer a member | No longer a member |
| 6. | Alhaji (Dr.) Umaru Kwairanga | √ | √ | √ | √ | √ |

Corporate Governance Report

Management Committees

The Board Committees are supported by Management Committees of the Bank, comprising of senior officers who are responsible for the day-to-day operation of the Bank as a going concern. They ensure that laid down policies are followed and that the Bank abides by all relevant regulatory and legal requirements.

Executive Management Committee is the highest Management Committee comprising of the Executive Directors and Top Management Staff of the Bank. Other

Management Committees include; Assets and Liability Committee (ALCO), Management Investment Committee (MIC); Branch Development Committee; Procurement Committee; IT Steering Committee; Disciplinary Committee; Criticized Asset Committee (CAC), and Operational Risk Management Committee. These Committees review and formulate strategies to implement the Board's broad strategic direction in various areas including business and financial performance, strategic planning, manpower planning, operations, customer service, investor relations, external relations, and organizational efficiency amongst others.

OWNERSHIP STRUCTURE

| S/N | Category | No. | Units |
|-----|--------------|---------------|-----------------------|
| 1. | Corporate | 302 | 14,865,481,904 |
| 2. | Foreign | 30 | 15,307,221 |
| 3. | Government | 121 | 1,981,016,766 |
| 4. | Individual | 28,024 | 16,872,971,096 |
| 5. | Institution | 194 | 289,486,369 |
| 6. | Joint | 169 | 513,167,003 |
| 7. | Pension | 2 | 3,742,018 |
| | Total | 28,842 | 34,541,172,377 |

SUSTAINABILITY BANKING

We at Jaiz Bank Plc strive to do business in an ethical and socially impactful manner. We are therefore mindful of business decisions on the environment, as a result of which we are constantly developing and implementing policies with the ultimate objective of enhancing the quality of life of our people and other stakeholders within our community, protecting our environment, whilst ensuring the growth of our business. We have consequently adopted significantly, the Nigerian Sustainable Banking Principles (NSBP).

CODE OF ETHICS

The Bank has an Ethical Conduct and Integrity Policy in place and all employees are required to abide by it. All employees are expected to maintain high ethical standards in all aspect of their professional life. The Policy also provides sample offences and appropriate disciplinary measures to be adopted.

The Bank also has a Code of Conduct & Ethics for its Directors which specifies expected behaviours.

DEALING IN COMPANY SECURITIES AND PRICE SENSITIVE INFORMATION

The Bank has adopted a policy on insider trading and market abuse regarding all transactions in the Bank's securities which is applicable to its Directors, Officers, employees, contractors

and consultants who have access to material public information. In line with the policy, affected persons are prohibited from trading on the Bank's security during a closed period.

WHISTLE BLOWING PROCEDURE

The Bank has established a robust whistle blowing procedure which covers internal whistle blowers and extends to the conduct of the stakeholder. The Bank has a direct link on its website and intranet to enable stakeholders to report any allegations they want the Bank to investigate. Apart from the direct link, unethical practices can be reported via the email address whistleblowing@jaizbankplc.com.

A team comprising selected members of Top Management are responsible for reviewing reported cases and recommending appropriate action to the Board through the Audit Committee depending on the severity of the issues involved. In any case however, a quarterly report of all whistleblowing cases are forwarded to the Board.

The Chief Compliance Officer of the Bank similarly renders quarterly whistle blowing report to the Central Bank of Nigeria.

Corporate Governance Report

REMUNERATION POLICY

In line with corporate governance best practices, the Board had developed a robust policy on Remuneration for the Bank. The Policy takes into account the environment in which the Bank operates and the results it achieves at the end of each financial Year. The bank's remuneration comprises of the following elements:

- **Fixed remuneration:** This is primarily based on the level of responsibility and constitutes a relevant part of total compensation. It entails the base salary and allowances payable monthly, in arrears or annually. A wage benchmark is established for each position/level.
- **Variable remuneration:** This is primarily linked to the achievement of previously established targets and prudent risk management. It comprises profit sharing/productivity bonus payable annually.

The combination of these elements serves as the basis for a balanced remuneration system reflecting the bank's strategy, its values as well as the interests of its shareholders.

i. Remuneration to Non-Executive Directors:

The Non-executive Directors of the Bank are paid remuneration by way of sitting fees for attending the meetings of the Board of Directors and its Committees. Beside the sitting fees they are also entitled to Directors fees, reimbursement of travel, hotel, and other out-of-pocket expenses incurred in the course of discharging their responsibilities. The Non-executive Directors of the Company are not paid any other remuneration or commission.

The sitting fees of the Non-executive Directors for attending meetings of Board of Directors and the Committees of Board of Directors may be modified or implemented from time to time only with the approval of the Board.

ii. Remuneration to Executive Directors,

The remuneration for Executives comprises of fixed remuneration, benefits & perquisites, retirement/exit benefit and performance-based remuneration (short term incentives and long term incentives).

CONTINGENCY PLANNING FRAMEWORK

The framework for contingency planning consists of a set of identified policies, actions and processes necessary for the prevention, management and containment of banking systemic distress and crisis.

The Board has put in place various contingency plans for capital and liquidity restoration, amongst others which would enhance the Bank's ability to withstand both temporary or long term disruptions in its ability to fund its activities in a timely manner.

SHAREHOLDERS' INTEREST

The Bank in its bid to protect the interest of its shareholders including particularly, its minority shareholders, ensures that Shareholders meetings are convened in a transparent and fair manner. Adequate notice of general meeting is provided to shareholders and their rights are protected at all times. Attendance of general meeting is open to all shareholders or their proxies. The proceedings are usually monitored by the representatives of the Central Bank of Nigeria, Corporate Affairs Commission, Nigerian Deposit Insurance Commission and the Securities and Exchange of Commission.

The Bank has an Investor Relations Unit, which deals with communications among the Bank; the shareholders; as well as the capital market. The Bank also has an Investor Relations Portal on its website where the Bank's annual reports and accounts and other relevant information are made accessible to its shareholders. The Bank has a dedicated email address through which shareholders and prospective investors can channel their enquiries for prompt response. The email address is investorrelations@jaizbankplc.com.

COMMUNICATION POLICY

The main objective of the Policy is to support the Bank in achieving its objectives in pursuit of best corporate governance practices. The Executive Management ensures that communication and dissemination of information is done in English language which must be clear, relevant, objective, easy to understand and useful. The Policy also ensures that the Bank delivers prompt, courteous and responsive service that is sensitive to the needs and concerns of the customers and other stakeholders.

ADVISORY COMMITTEE OF EXPERTS (ACE)

The independent Committee of Shariah Experts reviews the Banks operations to confirm that activities were carried out in accordance with the Shariah. The ACE has the responsibility of providing assurances that the Banks funds are not invested in prohibited activities or transactions, and also certify that all the Bank's products and services are compliant with the Shariah. The members of the Shari'ah Advisory Board are a mixture of Islamic scholars well versed in Islamic laws, principles and traditions relating to trade, finance and economics, as well as financial experts.

INTERNAL CONTROL

Various aspects of the internal control of the bank are the responsibilities of key officers. The Chief Audit Executive, the Chief Compliance Officer, the Chief Risk Officer, the Chief Finance Officer, and the Company Secretary/Legal Adviser are all responsible for managing the internal control of the Bank.

The System of the Bank provides adequate assurance that the Bank will not be adversely affected by any event that could be reasonably foreseen.

Corporate Governance Report

COMPANY SECRETARY

The Company Secretary is responsible for assisting the Board and Management in the implementation of the applicable Codes of Corporate Governance. The Company Secretary serves as a point of reference and support for all Directors. The appointment of the Company Secretary is done through a rigorous process that is similar to those of directors. The Company Secretary is fully empowered to discharge these responsibilities and the position reports directly to the Board, with dotted line to the MD/CEO.

STATEMENT OF COMPLIANCE

The Bank complies with the relevant provisions of the SEC, FRCN and CBN Codes of Corporate Governance. In the event of any conflict between the two Codes regarding any matter, the Bank would defer to the provision of the CBN Code as its primary Regulator.

MONITORING COMPLIANCE WITH CORPORATE GOVERNANCE

The Chief Compliance Officer monitors compliance and implementation of the Central Bank of Nigeria (CBN) Code of Corporate Governance as well as the Securities and Exchange Commission (SEC)'s Code of Corporate Governance.

COMPLAINTS MANAGEMENT POLICY

The Bank in line with the rules of the Securities and Exchange Commission has put in place a Complaints Management Policy. The Policy is available in the Investor Relations section on the Bank's website.

Customer Complaints and Feedback Report

CUSTOMERS COMPLAINTS AND FEEDBACK

At Jaiz Bank PLC, our Mission is "Making Life Better through Ethical Finance". The Bank is fully committed to this mission through its drive to deliver positively impactful products and services leading to exceptional customer experience.

We believe that providing customers with access to a fair and efficient process for complaints handling and feedback promotes their trust and confidence in us as a financial institution. We have put in place a policy intended to define the key principles and rules for effective and efficient complaint management in compliance with applicable regulatory requirements and best practices.

Customer feedback is an effective tool in our relentless effort to delight our customers at all our touch points. We analyse data and feedback received from customers to identify recurring issues and root causes in a bid to improve our products and services.

We continually train our employees to be "Customer-focused" by developing a strong customer service orientation and to be customer-centric in every aspect of the Bank's operations in line with the core values of the Bank.

Complaints Channels

To ensure a seamless and effective complaint and feedback process, the following channels are available to Customers:

- 24/7 Contact centre -(07007730000)
- Jaiz Bank Website – www.jaizbankplc.com - Live Chat
- Jaiz Online Enquiry and Complaint Portal
- Email Address – customercare@jaizbankplc.com
- Facebook: <https://www.facebook.com/jaizbankplc>
- Twitter: @jaizbankplc
- Instagram: jaizbankplc
- LinkedIn: jaizbankplc
- Jaiz Bank Branches - Suggestion / Complaint Boxes
- Customer Service Desks

COMPLAINTS HANDLING AND RESOLUTION STRUCTURE

The Bank is committed to effective complaint handling and values the feedback received through the various channels. To ensure that Customer's complaints are resolved promptly, the Bank has put in place a 24/7 Contact Centre where all complaints are received in real-time under the supervision of a Senior Officer of the Bank, who is responsible for prompt investigation and resolution of such complaints within the approved timelines.

Complaints received are given a unique identifier number for tracking purposes. Efforts are made to resolve customer's complaints at first level. However, where the complaint cannot be resolved immediately, it is escalated to the appropriate desk and the customer is kept informed throughout the process until final resolution is attained. The Customer is also advised of alternative dispute resolution avenues if he/she is unsatisfied with the resolution.

Complaints Tracking and Reporting

Complaints are recorded in a systematic manner, such that information can be easily retrieved for reporting and regular analysis of these reports are undertaken to monitor trends, measure the quality-of-service delivery and make improvements. A review of the root cause of complaints are carried out and lessons learnt are fed back to the relevant business units to avoid recurrence.

Daily Reports on customer complaints are sent to the Central Bank of Nigeria as required. In addition, monthly reports and their analysis are provided to the Bank's Executive Management Committee for review.

Solicited Customers Feedback

The Bank constantly solicits and evaluates valuable feedback received from customers and staff on its products and services through the following:

- Online Customer Surveys.
- Staff Forum;
- Customer engagement programs;
- Business review meetings with customers

Customers' Complaints Report For The Year Ended 31 December 2021

| Naira | | Number | | Amount Claimed (Naira) | | Amount Refunded (Naira) | |
|-------|---|---------|---------|------------------------|---------------|-------------------------|---------------|
| S/N | Description | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| 1. | Pending Complaints B/F | 4,357 | 4,074 | 747,372.00 | 5,719,645.55 | - | - |
| 2. | Received Complaints | 109,211 | 118,198 | 52,813,322.17 | 71,013,384.20 | - | - |
| 3. | Resolved Complaints | 105,137 | 117,859 | 47,093,676.62 | 30,405,840.34 | 47,093,676.62 | 30,405,840.34 |
| 4. | Unresolved Complaints Escalated to CBN for Intervention | - | - | - | - | - | - |
| 5. | Unresolved Complaints Pending with the Bank C/F | 4,074 | 339 | 5,719,645.55 | 40,607,543.86 | - | - |

Corporate Responsibility for Financial Statements



JAIZ BANK PLC
Kano House, 73 Ralph Shodeinde Street
Central Business District, Abuja
P. M. B. 31, Garki, Abuja, Nigeria
Tel: +234 9 460 5125
e-mail: info@jaizbankplc.com
website: www.jaizbankplc.com

Corporate Responsibility for Financial Statements as at 31 December 2021

In line with the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Chief Executive Officer and the Chief Financial Officer of JAIZ Bank Plc have reviewed the audited financial statements and accept responsibility for the financial and other information within the annual report. The following certifications and disclosures regarding the true and fair view of the financial statements as well as the effectiveness of the Internal Controls established within the Bank are hereby provided below:

Financial statements

- We have reviewed the audited financial statements of the Bank for the year ended 31 December 2021.
- The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.
- That the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Bank as of and for the year ended 31 December 2021.

Effective Internal Controls

- We are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Bank is made known to us by other officers of the Bank, during the period ended 31 December 2021.
- We have evaluated the effectiveness of the Bank's internal controls within 90 days prior to 31 December 2021, and
- We certify that the Bank's internal controls are effective as at 31 December 2021.

Disclosures

- There were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.
- There are no significant deficiencies in the design or operation of internal controls which could adversely affect the Bank's ability to record, process, summarise and report financial data, and have identified for the Bank's auditors any material weaknesses in internal controls; and
- There is no fraud that involves management or other employees who have a significant role in the Bank's internal control.

Signed by:

Ahmed A. Hassan, FCA
Chief Financial Officer
FRC/2013/ICAN/00000004528

Hassan Usman, FCA
Managing Director/CEO
FRC/2013/ICAN/0000003984

BOARD OF DIRECTORS

Alh. (Dr.) Umaru Abdul Mutallab, FCCA, CON - Chairman, Hassan Usman, FCA - MD/CEO, AbdulFattah O. Amoo, FCA - Executive Director, Sirajo Salisu Ph.D - Executive Director, Ahmed A. Hassan, FCA - Executive Director, Alh. (Dr.) Muhammadu Indimi, OFR, Alh. (Dr.) Aminu Al-Hassan Dantata, CON, Malam Falalu Bello, OFR, Alh. Mukhtar S. Hang, HRH (Engr.) Bello Mohammed Sani, OON, Alh. (Dr.) Muhammad Musbahu Bashir, Alh. (Dr.) Umaru Kwairanga, Alhaji Ibrahim Mamun Ma ude, Mr. Seedy Njie, FCCA (Gambian), Aisha Waziri Umar, Dr. Abdullateef Bello.



Statement of Directors' Responsibilities



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Statement of Directors' Responsibilities in Relation to the Financial Statements for financial year ended December 31, 2021

The Directors accept responsibility for the preparation of the financial statements that give a true and fair view in accordance with the requirements of the International Financial Reporting Standards, the Financial Accounting Standards issued by AAOIFI, the Financial Reporting Council of Nigeria Act 2011, the Banks and Other Financial Institutions Act, and relevant Central Bank of Nigeria regulations.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria 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.

Going Concern:

The Directors have made assessment of the Company's ability to continue as a going concern and have no reason to believe that the Bank will not remain a going concern in the years ahead. Resulting from the above, the directors have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. Thus, directors continued the adoption of the going concern basis of accounting in preparing the annual financial statements.

Signed on behalf of the Directors by:

Ahmed A. Hassan, FCA
Chief Financial Officer
FRC/2013/ICAN/0000004528

Hassan Usman, FCA
Managing Director/CEO
FRC/2013/ICAN/0000003984

BOARD OF DIRECTORS

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Board Evaluation Report



STRATEGY • RECRUITMENT • GOVERNANCE • SME CONSULTING • eBUSINESS • PUBLIC SECTOR CONSULTING • VENTURES

January 20, 2022

Chairman, Board of Directors
Jaiz Bank PLC
Kano House,
73, Ralph Shodeinde Street,
Central Business District,
P. M. 31 Garki,
Abuja, Nigeria.

Dear Sir,

RE: 2021 CORPORATE GOVERNANCE PERFORMANCE REVIEW

Nextzon was engaged to undertake an annual Corporate Governance performance evaluation for Jaiz Bank PLC for the financial year ended December 2021.

We certify that we have concluded the 2021 Corporate Governance performance review exercise for Jaiz Bank Plc, wherein governance and control areas were reviewed and appraised using the Central Bank of Nigeria (CBN) revised Code of Corporate Governance for Banks and Discount Houses issued in May 2014 as benchmark. From our independent assessment, the Bank achieved full compliance on 98% of the principles defined by the CBN in the industry code of corporate governance.

Our evaluation identified a few gaps which we have advised that the Board focuses its attention on implementing this financial year.

We thank you for the opportunity and privilege of working with you

Yours faithfully;

For: **NEXTZON BUSINESS SERVICES LIMITED**

Segun Olukoya
Executive Director

FRC/2019/IODN/000000019793

RC 418477
**NEXTZON BUSINESS
SERVICES LIMITED**
...enterprise builders"

1 Rachael Nwangwu Close,
Lekki Phase 1,
Lagos, Nigeria.
Phone: GL +(234) 0812 722 7044
email: info@nextzon.com"

Statutory Audit Committee's Report



JAIZ BANK PLC
Kano House, 73 Ralph Shodeinde Street
Central Business District, Abuja
P.M.B. 31, Garki, Abuja, Nigeria
Tel: +234 9 460 5125
e-mail: info@jaizbankplc.com
website: www.jaizbankplc.com

Report of the Statutory Audit Committee

We have examined the Auditors' Report for the year ended 31st December 2021 in accordance with the provisions of Section 404 (7) of the Companies and Allied Matters Act 2020.

In our opinion, the Auditors' Report is consistent with our views of the scope and planning of the Audit. The External Auditors' findings as stated in the Management Letter received satisfactory responses from Management. We are also satisfied that the Bank's Accounting Policies are in conformity with the Statutory requirements and agreed with ethical practices.

Alhaji Shehu Mohammed FCA
FRC2018/ICAN/00000017824
Chairman, Statutory Audit Committee
Abuja
February 22, 2022

Members of the Audit Committee

- | | | | |
|----|---|---|----------|
| 1. | Alhaji Shehu Mohammed FCA | – | Chairman |
| 2. | Alhaji Mohammed Shuaibu Gulani FCA | – | Member |
| 3. | Mr. Ibrahim Lawal Ozomata FCA | – | Member |
| 4. | Alhaji (Dr.) Aminu Alhassan Dantata CON | – | Member |
| 5. | Alhaji (Dr.) Musbahu Muhammad Bashir | – | Member |
| 6. | Alhaji (Dr.) Umaru Kwairanga F.IoD, FCS, FCIP | – | Member |

BOARD OF DIRECTORS

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Whistle Blowing Report



JAIZ BANK PLC
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website: www.jaizbankplc.com

ANNUAL REPORT ON CODE OF CORPORATE GOVERNANCE AND WHISTLE BLOWING GUIDELINES

With reference to section 5.2.8 of the Code of Corporate Governance for Banks and Discount Houses in Nigeria and Section 4.11 of the whistle blowing guidelines issues by the Central Bank of Nigeria (CBN). I confirm that no breach of corporate governance code was observed in 2021 while some whistle blowing cases were reported and being investigated as at December, 2021. The outcome of the investigation shall be published in subsequent Annual Report and Accounts.

Mrs. Rukayat O. Dahiru
Chief Compliance Officer
FRC/2014/NBA/00000009649

BOARD OF DIRECTORS

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Ace Report



JAIZ BANK PLC
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website: www.jaizbankplc.com

In the Name of Allah, the Most Gracious, the Most Merciful

Praise be to Allah, and may peace and blessings be upon our Beloved Prophet Muhammad (SAW), his family and companions.

To the Shareholders of Jaiz Bank Plc:

Peace, mercy and blessings of Allah be upon you and Assalamu Alaikum wa Rahmatullahi wa Barakatuh;

According to the letter of assignment, we present the following report:

We have reviewed the products used and the contracts relating to transactions, application and practices made by the Jaiz Bank Plc during the year ending December 31, 2021. We have also taken due diligence to determine our opinion regarding whether Jaiz Bank has committed to the principles and rules of the Shariah as well as our advisory opinions, decisions and directives.

Responsibility of Management:

The management is responsible for ensuring that Jaiz Bank operates in accordance with the provisions and principles of Islamic Law as the ACE advises regularly on Shariah application and our responsibility is restricted and confined to expression of an independent opinion based on our observations of the Bank's operations, as well as preparations of report for you.

Scope of work of the Advisory Committee of Experts:

We have reviewed and adopted forms of contracts and agreements. We have also reviewed various processes relating to all transactions of Jaiz Bank, with shareholders, investors, customers and others. We have selected random samples of such transactions through the Internal Shariah Audit Unit covering all transactions as well as review of feedback regarding the Shariah Audit, its field visit, the operations and applications of ACE Fatwas and decisions issued by the Board in this regards. In performing our duties, we have received cooperation and understanding from all levels of Management in the Jaiz Bank especially the Managing Director and the Shari'ah Audit Department.

We planned and implemented our task with the aim of obtaining all the information and explanation which we considered necessary to provide us with sufficient evidence to give reasonable assurance that all transactions by Jaiz Bank did not violate the provisions of the rules and principles of Shariah and wherever we found any earned income to be from non-permissible sources we directed that such income must be transferred to charity.

BOARD OF DIRECTORS

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ACE Report



Opinions of the ACE:

- a. We are of the opinion that the reviewed contracts and transactions conducted by Jaiz Bank during the year ending by 31/12/2021 were in accordance with the rules and principles of Shariah.
- b. The distribution of profits on the investment accounts were in line with the bases adopted and approved by the ACE according to the rules and principles of Islamic law.
- c. All the gains made from Haram (prohibited by Shariah rules) sources have been set aside in a separate account and/or transferred to Jaiz Foundation for charitable purposes.
- d. However, we have noticed a few mistakes in processing some of the transactions which we communicated to the management for correction. Many of these have already been regularized and some are still in the process which the management promise to work on regularizing them.
- e. The Advisory Committee of Experts (ACE) of Jaiz Bank Plc has reviewed the financial statements of the Bank, and taken note of the Non-Permissible Income (NPI) declared by the Bank during the review period. The ACE hereby confirms that the NPI has been disposed by the Bank to the satisfaction of the ACE.

The Advisory Committee of Experts (ACE) wish to thank the Board of Directors, management, departments and staff of the Jaiz Bank for their good cooperation with it and their commitment to the Islamic banking practices. The ACE prays to Almighty Allah to bring them success.

And Allah knows best.

May Allah's mercy and blessings be upon you.

Date: March 2, 2021



Prof. (Dr.) Monzer Kahf
Chairman



Dr. M.A. Abubakar
Member



Sheik Abdulwahab A. Muhammad
Member



Prof. Ahmad Bello Dogarawa
Member



Financial Statements

Report of Independent Auditor
Statement of Profit and Loss and other Comprehensive Income
Statement of Financial Position
Statement of Changes in Equity
Statement of Cash flows
Statement of Sources & Uses of Qard Funds
Statement of Sources and Uses of Charity Fund
Notes to Financial Statements

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JAIZ BANK PLC

Opinion

We have audited the financial statements of Jaiz Bank PLC ('the Bank') which comprise the statements of financial position as at 31 December 2021, the statements of profit or loss and other comprehensive income, statement of changes in equity and cash flows for the year ended, a summary of significant accounting policies, financial summary and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Jaiz Bank PLC as at 31 December 2021 and of its financial performance and cash flows for the year the ended in compliance with the Financial Reporting Council of Nigeria and in accordance with the International Financial Reporting Standards, the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions(AAOIFI), the Companies and Allied Matters Act 2020 and the Banks and Other Financial Institutions Act 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the financial statements section of our report.

We are independent of the Bank in accordance with the Institute of Chartered Accountants of Nigeria (ICAN) professional code of conduct and guide for accountants, which is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountant* (Part 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 these requirements and IESBA Code. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Partners: Isma'illa M. Zakari, Najib Imam, Wazir Olukoyade Lawal, Hafsa S. Awak, Osayomi A. Olarenwaju
 Central Office: 5th floor, African Alliance House, Filsani Abacha Way, P.O. Box 6500, Kano, Nigeria.
 Lagos Office: 22B Gladipo Diya Crescent, 2nd Avenue Estate, Ikoyi, Lagos. P.O. Box 54478, Falomo, Ikoyi, Lagos.
 Abuja Office: 2nd Floor, Ajintola Williams House, Plot 2048 Michael Opara Way, Wuse Zone7, Abuja.
 E-mail: info@ahmedzakari.com Url: www.ahmedzakari.com

Independent Auditor's Report

The key audit matters below relate to the audit of financial statement

| <i>Key audit matter</i> | <i>How our audit addressed the matter</i> |
|---|--|
| <p><i>Impairment of Islamic financing and investment assets</i></p> <p>The expected credit losses on financing and investment assets to customers are considered to be a key audit matter because it requires significant judgment by management in measuring credit risk in line with the Expected Credit Loss (ECL) Model.</p> <p>We focused on this judgement area because of the significant value of Islamic financing and investment assets and the management make significant judgement and level of subjectivity over the impairment.</p> <p>The key areas where significant judgement was exercised by the management includes:</p> <ul style="list-style-type: none"> • Allocation of Islamic financing and investment assets into various stage to reflect the credit risk of the facilities. • Determination of default and the criteria for assessing significant increase in credit risk (SICR) • Determination of 12 month and Lifetime probability of default (PD) used in ECL calculation. • Assumption used in the ECL model such as financing condition of counterparty, expected future cash flows, forward looking macroeconomic factor. • Techniques that were used to determine the probability of default (PD) and the loss given default (LGD) | <p>We performed the following audit procedures to assess the adequacy of the Expected Credit Loss (ECL) include in the bank's financial statements for the year ended 31 December 2021.</p> <ul style="list-style-type: none"> • We reviewed the completeness and accuracy of the data use in the calculation of Expected Credit Loss (ECL). • We examined a sample of exposure and performed procedures to determine whether there is significant increase in credit risk since initial recognition of the facilities to determine credit-impaired facilities. • We check directors default definition as prescribed by the Standard. • For exposure determined to be credit impaired, we tested sample of Islamic financing and investment asset and we challenge the estimate and assumption used by management around the staging criteria and impairment allowance calculation. <p>We also assessed the accuracy of disclosure in the financial statements to determine if they were in compliance with the requirement of IFRSs.</p> |

Independent Auditor's Report

Other information

The directors are responsible for other information. The other information comprises the Directors' Report, Corporate Governance Report, Statement of Directors' Responsibilities, Corporate Information, Financial Highlight, Remuneration Policy, Board Evaluation Report, the Audit Committee's Report, Notice of Annual General Meeting, Chief Executive Officer's Statement and the Chairman Statement. Other Information does not include the Financial Statement and our audit report.

Our opinion on the financial statement 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 statement, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in audit, or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a materially misstatement of this other information we are required to record that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors are responsible for preparation and fair presentation of the financial statement in compliance with the Financial Reporting Council of Nigeria Act and in accordance with International Financial Reporting Standards, the Financial Accounting Standard issued by the Accountant and Audit Organization for Islamic Financial Institution (AAOIFI) and in the manner Required by companies and allied matters act of Nigeria, 2020, the Bank and Other Financial Institution Act, and relevant Central Bank of Nigeria circulars. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting policies, and making accounting estimate that are reasonable in the circumstances.

In preparing the financial statement, the directors are responsible for assessing the company'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 company or to cease operations, or have no realistic alternative to do so.

Responsibility of the auditor 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 include in our opinion. Reasonable assurance is a high level of assurance,



Independent Auditor's Report

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 decision 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 risk 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of 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 those charged with governance regarding among other matters, the planned scope and timing of the audit and significant findings. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that



Independent Auditor's Report

may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charge with governance, we determine those matters that were of most significance in the audit of 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 benefit of such communication.

Report on other legal and regulatory requirements

Compliance with the requirement of schedule 5 of The Companies and Allied Matters Act 2020

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit.
- ii. The bank has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us.
- iii. The bank statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Compliance with the Banks and Other Financial Institutions Act 2020 and Central Bank of Nigeria circular BSD/1/2014

- I. Information required on related party transactions and balances are disclosed in note 39 to the financial statement in accordance with the central bank of Nigeria circular BSD/1/2004
- ii. As disclosed in note 50 to the financial statements, the bank did not pay penalties in respect of contraventions of any sections of the banks and other financial institutions Act and relevant circulars issued by the Central Bank of Nigeria during year ended 31 December 2021.



Nafisa S. Awak, FCA
 FRC/2018/ICAN/00000018811
 For: Ahmed Zakari & Co.
 (Chartered Accountants)
 14 March, 2022
 Abuja, Nigeria.



Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021


| | Notes | 2021 N'000 | 2020 N'000 |
|--|-------|-------------------|-------------------|
| Income: | | | |
| Income from financing contracts | 29 | 15,205,240 | 10,757,796 |
| Income from investment activities | 30 | 8,972,187 | 8,003,175 |
| Gross income from financing and investment transactions | | 24,177,427 | 18,760,971 |
| Impairment (charges) | 38b | (3,720,926) | (3,027,892) |
| Net Spread after Provision | | 20,456,501 | 15,733,079 |
| Return to equity investment accountholder | 31(l) | (4,939,957) | (3,789,440) |
| Bank's share as equity investor/mudarib | | 15,516,543 | 11,943,639 |
| Other Income | | | |
| Fees and commission | 32 | 1,108,774 | 500,930 |
| Other operating income | 33 | 557,162 | 352,040 |
| Total Income | | 17,182,480 | 12,796,609 |
| Expenses: | | | |
| Staff costs | 35 | 7,238,222 | 4,902,366 |
| Depreciation and amortisation | 36 | 781,980 | 811,624 |
| Operating expenses | 37(l) | 4,789,475 | 4,016,643 |
| Total expenses | | 12,809,678 | 9,730,633 |
| Profit before tax | | 4,372,803 | 3,065,976 |
| Income tax expenses | 19a | (73,575) | (162,764) |
| Profit for the year | | 4,299,228 | 2,903,212 |
| Other comprehensive income | | | |
| Item that may be reclassified to profit or loss | | | |
| Foreign currency translation difference | 34 | (214,728) | 273,825 |
| Total comprehensive income for the year | | 4,084,500 | 3,177,036 |
| Earnings per share | | | |
| Basic and diluted Earnings per share (kobo) | | 13.8 kobo | 9.85 kobo |

Statement of Financial Position

As at 31 December 2021

| Assets | Notes | 2021 N'000 | 2020 N'000 |
|---|-------|--------------------|--------------------|
| Cash and balances with Central Bank of Nigeria | 3 | 48,113,817 | 45,869,170 |
| Due from banks and other financial institutions | 4 | 21,680,400 | 14,839,178 |
| Investment in sukuk | 5 | 63,473,239 | 73,795,575 |
| Investment in Musharaka | 6 | 28,160 | - |
| Murabaha receivables | 7 | 63,371,224 | 40,907,082 |
| Investment in Bai Mu'ajjal | 8 | 2,424,511 | 1,979,088 |
| Investment in istisna | 9 | 13,800,888 | 3,662,628 |
| Investment in ijara assets | 10 | 33,115,954 | 24,962,636 |
| Qard hassan | 11 | 41,571 | 97,301 |
| Investment in Salam | 12 | 505,452 | 11,393 |
| Investment properties | 13 | - | 1,603,513 |
| Investment in assets held for sale | 14 | 20,767,542 | 18,975,452 |
| Property and Equipment | 15 | 6,642,247 | 2,951,281 |
| Leasehold improvement | 16 | 41,462 | 47,526 |
| Intangible assets | 17 | 574,840 | 475,815 |
| Other assets | 18 | 3,445,684 | 2,586,287 |
| Deferred tax asset | 19b | 1,248,588 | 832,253 |
| Total assets | | 279,275,580 | 233,596,177 |
| Liabilities | | | |
| Customer current deposits | 20a | 111,559,434 | 74,580,714 |
| Other financing | 21 | 31,536,491 | 15,405,242 |
| Other liabilities | 22 | 13,724,375 | 24,273,970 |
| Tax payable | 19a | 620,938 | 558,770 |
| Total liabilities | | 157,441,238 | 114,818,696 |
| Equity of investment account holders | | | |
| Customers' unrestricted investment accounts | 20b | 97,529,175 | 100,932,427 |
| Total equity of investment account holders | | 97,529,175 | 100,932,427 |
| Owners' equity | | | |
| Share capital | 23 | 17,270,586 | 14,732,125 |
| Share premium | 24 | 1,348,447 | 627,365 |
| Retained earnings | 25 | (739,345) | (2,538,887) |
| Risk regulatory reserve | 26 | 2,428,354 | 2,175,084 |
| Statutory reserve | 27 | 3,276,471 | 2,108,625 |
| Other reserves | 28 | 720,655 | 740,742 |
| Total equity | | 24,305,167 | 17,845,053 |
| Total equity and liabilities | | 279,275,580 | 233,596,177 |

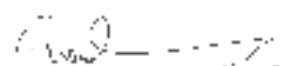
Signed on behalf of the Board of Director on 10 March ,2022



Dr. Umaru A. Mutallab, FCA, CON
Chairman
FRC/2013/ICAN/00000004391



Hassan Usman, FCA
Managing Director/CEO
FRC/2013/ICAN/00000003984



Ahmed A. Hassan, FCA
Chief Finance Officer
FRC/2013/ICAN/00000004528

Statement of Changes in Equity

As at 31 December 2021

| | 31 December 2021 | | | | | | | | | |
|--|-------------------|------------------|--------------------|-------------------------|-----------------------|-------------------|-------------------|--------------------------------------|-------------------|-------|
| | Share Capital | Share Premium | Retained Earnings | Risk Regulatory Reserve | CBN (AGSMEIS) Reserve | Other Comp income | Statutory Reserve | Foreign Currency Translation Reserve | Total | |
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Balance at 1 January 2020 | 14,732,125 | 627,365 | (4,081,114) | 2,714,153 | 209,444 | 112,313 | 1,237,661 | - | 15,551,947 | |
| Profit for the year | - | - | 2,903,212 | - | - | - | - | - | 2,903,212 | |
| Foreign currency translation difference | - | - | - | - | - | - | - | - | 273,825 | |
| Total comprehensive income for the year | - | - | 2,903,212 | - | - | - | - | - | 273,825 | |
| Transfer to risk regulatory reserve | - | - | 539,069 | (539,069) | - | - | - | - | 273,825 | |
| Transfer to statutory reserve | - | - | (870,964) | - | - | - | 870,964 | - | - | |
| Transfer to AGSMEIS | - | - | (145,161) | - | 145,161 | - | - | - | - | |
| Dividend Paid | - | - | (883,929) | - | - | - | - | - | (883,929) | |
| Balance as at 31 December 2020 | 14,732,125 | 627,365 | (2,538,887) | 2,175,084 | 354,605 | 112,313 | 2,108,625 | 273,825 | 21,022,090 | |
| Balance at 1 January 2021 | 14,732,125 | 627,365 | (2,538,887) | 2,175,084 | 354,605 | 112,313 | 2,108,625 | 273,825 | 17,845,053 | |
| Profit for the year | - | - | 4,299,228 | - | - | - | - | - | 4,299,228 | |
| Foreign currency translation difference | - | - | - | - | - | - | - | (214,728) | (214,728) | |
| Total comprehensive income for the year | - | - | 4,299,228 | - | - | - | - | (214,728) | 4,084,499 | |
| Increase in share capital (Private Placement) | 2,538,461 | 721,082 | - | - | - | - | - | - | 3,259,543 | |
| Transfer to risk regulatory reserve | - | - | (253,270) | 253,270 | - | - | - | - | - | |
| Transfer to statutory reserve | - | - | (1,167,846) | - | - | - | 1,167,846 | - | - | |
| Transfer to AGSMEIS | - | - | (194,641) | - | 194,641 | - | - | - | - | |
| Dividend Paid | - | - | (883,929) | - | - | - | - | - | (883,929) | |
| Balance as at 31 December 2021 | 17,270,586 | 1,348,447 | (739,345) | 2,428,354 | 549,246 | 112,313 | 3,276,471 | 59,097 | 24,305,166 | |

Statutory Reserve

Nigerian banking regulations require Banks to make an annual appropriation to a statutory reserve. As stipulated by section 15(1) of the Banks and Other Financial Institutions Act of 2020 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up capital.

Non Distributable Regulatory Reserve

This is a reserve created by comparing impairment of risk assets under IFRS and provisions for risk assets using CBN Prudential Guidelines. Where the impairment amount under IFRS is lower than the provisions amount under Prudential Guidelines, the IFRS impairment figure is used in the accounts. However, the difference between the IFRS impairment and Prudential guidelines provisioning is charged to the retained earnings and transferred to a non distributable reserve.

Statement of Cashflows

For the year ended 31 December 2021

| | Notes | 2021 N'000 | 2020 N'000 |
|--|--------|--------------------|---------------------|
| Cash flow from operating activities | | | |
| Total comprehensive income for the year | | 4,084,500 | 3,177,036 |
| Adjustments for non -cash items: | | | |
| Depreciation | 36 | 676,082 | 697,252 |
| Amortisation of Intangible assets and leasehold | 36 | 79,013 | 114,372 |
| Provision for financing impairment | 38 | 3,720,926 | 3,027,892 |
| Amortisation of right of use assets | 37(ii) | 414,761 | 377,319 |
| Tax | | 73,575 | 162,764 |
| Foreign currency translation | 34 | 214,728 | (273,825) |
| Net cash flows before changes in working capital | | 9,290,470 | 7,282,811 |
| Working capital movement: | | | |
| Interbank Murabaha | | - | - |
| Sukuk | 5 | 10,322,336 | (32,709,106) |
| Murabaha receivables | 7 | (23,708,133) | (11,251,798) |
| Investment in musharaka | 6 | (9,192) | - |
| Bai Muajjal | 8 | (613,079) | (970,474) |
| Istisna | 9 | (10,476,916) | (2,601,497) |
| Ijara rental receivables | 10 | (8,824,020) | 3,876,433 |
| Qard hassan | 11 | 45,800 | (58,927) |
| Investment in Salam | 12 | (494,340) | (11,722) |
| Investment properties | 13 | 1,603,513 | - |
| Investment in trading assets | 14 | (2,085,524) | (9,510,584) |
| Other assets | 18 | (2,645,495) | (572,062) |
| Customers' current account | 20a | 36,978,721 | 4,976,831 |
| Other financing | 21 | 16,131,249 | 3,441,476 |
| Other liabilities | 22 | (10,407,438) | 11,831,839 |
| Tax paid | | (427,742) | (94,312) |
| Net cash provided by (used in) operating activities | | 14,680,209 | (34,123,960) |
| Investing activities | | | |
| Purchase of property, plant & equipment | 15 | (4,303,100) | (1,075,432) |
| Proceed from sale of property, plant & equipment | | 5,457 | - |
| Improvement on leasehold properties | 16 | (20,822) | 17,771 |
| Purchase of intangible assets | 17 | (178,039) | (108,821) |
| Net cash provided by/(used in) Investing activities | | (4,565,911) | (1,166,483) |
| Financing activities | | | |
| Distribution to charity | | (792) | (1,504) |
| Customers investment accounts | 20b | (3,403,253) | 43,342,832 |
| Issue of Ordinary share | 23ii | 3,259,543 | - |
| Dividends paid to owners | | (883,929) | (883,929) |
| Net cash provided by/(used in) financing activities | | (1,028,431) | 42,457,399 |
| Increase/(decrease) In cash and cash equivalents | | 9,085,869 | 7,166,956 |
| Cash and cash equivalents at beginning of year | | 60,708,349 | 53,541,393 |
| Cash and cash equivalents at 31 December | | 69,794,218 | 60,708,349 |

Statement of Sources and Uses of Qard Fund

As at 31 December 2021

| | 2021 N'000 Qard Hasan | 2020 N'000 Qard Hasan |
|-----------------------------------|-----------------------------|-----------------------------|
| Opening balance | 126,200 | 158,376 |
| Granted to customers | - | - |
| Total uses during the year | 126,200 | 158,376 |
| Repayments | | |
| Staff | 36,929 | 12,486 |
| Customer | 37,771 | 19,690 |
| Total repayment | 74,700 | 32,176 |
| Net qard hassan | 51,500 | 126,200 |
| Impairment allowance | (9,930) | (28,899) |
| Balance at 31 December | 41,570 | 97,301 |

The staff portion is made up of facilities granted to employees to buy the Bank's shares under 2012 Private Placement exercise and facilities taken over by the Bank from their previous employers. Staff under critical situations were also granted this type of facility. The amount granted to customers during the year was NIL (2020: Nil). The impairment charged under Qard Hassan is in line with the IFRS 9 requirements.

Statement of Sources and Uses of Charity Fund

As at 31 December 2021

| | 2021 N'000 | 2020 N'000 |
|--|---------------|---------------|
| Sources of Charity Funds | | |
| Balance at 1 January | | |
| Non-permissible income during the year | 2,036 | 2,958 |
| Total sources of charity funds | 2,036 | 3,758 |
| Uses of charity Funds | | |
| Transfer to Jaiz Foundation | 792 | 1,504 |
| Philontropic activities | 1,219 | 2,254 |
| Total uses of charity funds | 2,011 | 3,758 |
| Balance at 31 December | 25 | - |

This Statement discloses how the non-permissible income was utilised. During the year under review the Bank utilised substantial balance of the non-permissible income which was largely generated in the current year.

Notes to the Financial Statements

For the year ended 31 December 2021

1. REPORTING ENTITY

Jaiz Bank Plc (the "Bank") is the first fully fledged non-interest financial institution in Nigeria. The Bank was granted a banking license to carry on the business of non interest banking and commenced operation on January 6th, 2012 with three branches in two states and the Federal Capital Territory. It was established as a private limited liability Company but was converted to a Public limited liability company in April 2016 and now trades its Stock on the Nigeria Stock Exchange.

The address of the Bank's registered office is Kano House, Plot 73, Ralph Shodeinde Street, Central Business District, and Abuja, Nigeria. The Financial Statement of the Bank as at 31 December 2021, is only for the Bank as it has no subsidiary and/or Associate company. These financial statements were approved and authorized for issue by the Board of Directors on 10 March 2022. The Directors have the power to amend and issue the financial statements.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the requirements of International Financial Reporting standards (IFRS) as issued by International Accounting standards Board (IASB). For matters that are peculiar to Islamic Banking and Finance, the Bank relies on the Statement of Financial Accounting ("SFA") and Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), Standards issued by the Islamic Financial Services Board ("IFSB") and Circulars issued by the Central Bank of Nigeria ("CBN") shall also be of guidance.

3 BASIS OF MEASUREMENT

Statement of compliance with International Financial Reporting Standards

The Bank's financial statements are to be prepared under the historical cost convention, and may be modified by their valuation of certain investment securities, property, plant and equipment. Financial statements are to be prepared mainly in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). For matters that are peculiar to Islamic Banking and Finance, the Bank shall rely on the Statement of Financial Accounting ("SFA") and Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), Standards issued by the Islamic Financial Services Board ("IFSB") and Circulars issued by the Central Bank of Nigeria ("CBN") shall also be of guidance.

- i Financial assets measured at fair value through profit or loss.
- ii Financial instruments measured at fair value through other comprehensive income

2.1 Significant Accounting Policies

a Going Concern

The Bank's management shall be making assessment of the Bank's ability to continue as a going concern and where satisfied that the Bank has the resources to continue in business for the foreseeable future, shall form a judgment and prepare accounting information based on that premise. In any situation whereby the Board of Directors is aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern such issues shall be disclosed in the annual report.

b. Functional and presentation currency

The Bank presented its Financial Statements in its functional currency the Nigeria Naira. All values is rounded to the naira's thousands of Naira (N'000) except where otherwise stated.

c Use of estimates and judgments

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and core assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years. Information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in separate financial statements. Actual Results may differ from these estimates.

4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS EFFECTIVE DURING THE YEAR

The accounting policies adopted are consistent with those of the previous financial period except as noted below which became effective January 2021. Adoption of the standard did not result in changes in the amounts previously recognised in the financial statements. However the standard affected disclosures of the Bank.

2.2 Changes to accounting policies

i New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period except as noted below which became effective January 2021. Adoption of the standard did not result in changes in the amounts previously recognised in the financial statements. However the standard affected disclosures of the Bank.

ii. Amendments to IFRS 16 Leases relating to COVID-19 related rent concessions

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease

Notes to the Financial Statements

For the year ended 31 December 2021

payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

The Bank had no such Covid -19 related rent concessions, there is no impact on the Bank's financial statements

5. Standards and interpretations issued/amended but not yet effective

The following standards have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2021:

| Standard | Content | Effective date |
|----------|--|-----------------|
| IAS 37 | Provisions, Contingent Liabilities and Contingent Assets relating to onerous contracts. | 1 January, 2022 |
| IAS 16 | Property, plant and equipment relating to proceeds before intended use | 1 January, 2022 |
| IAS 1 | Presentation of Financial Statements relating to classification of Liabilities as Current or Non-Current | 1 January, 2023 |
| IAS 12 | Amendment to IAS 12-Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January, 2023 |
| IFRS 8 | Amendment to IFRS 8-Definition of Accounting Estimates | 1 January, 2023 |

The Bank has not applied the following new or amended standards in preparing these financial statements as it plans to adopt these standards at their respective effective dates.

i. Amendments to IAS 37 (Onerous Contracts – Costs of Fulfilling a Contract)

In May 2020, the IASB issued amendments to IAS 37 to specify which cost of fulfilling a contract comprises the costs that relate directly to the contract. The standard further states that costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The Bank is currently evaluating the impact of this amendment on the Bank's financial statements.

ii Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entity to deduct proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management from the cost of an item of property, plant and equipment. Entities are however allowed to recognize the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendment is effective for annual periods beginning on or after 1 January 2022. Early adoption is permitted. The Bank is currently evaluating the impact of this amendment on the Bank's financial statements.

iii. Amendments to IAS 1

IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The impact of this amendment on the Bank's financial statements is currently under evaluation.

v. Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences

Notes to the Financial Statements

For the year ended 31 December 2021

associated with: right-of-use assets and lease liabilities, and decommissioning, restoration and similar liabilities. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. The Bank is currently evaluating the impact of this amendment on the Bank's financial statements.

v. Amendments to IAS 8 Definition of Accounting Estimates

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The Bank is currently evaluating the impact of this amendment on its financial statements.

6. SIGNIFICANT ACCOUNTING POLICIES

a Transactions in Foreign Currencies

The financial statements are presented in Nigerian Naira, which is the reporting currency in line with IAS 21 (Effects of foreign exchange). Transactions in foreign currencies are recorded in the books at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are converted into Naira at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated into Naira using the exchange rates as at the dates of the initial recognition. Non-monetary items measured at fair value in a foreign currency are translated into Naira using the exchange rates at the date when the fair value is determined. Exchange gains and losses on non-monetary items classified as "fair value through statement of income" are taken to the income statement and for items classified at "fair value through equity" such differences are taken to the statement of comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at closing rate.

b Cash and Cash Equivalent

- i. Cash in hand
- ii. Balance held with Central Bank of Nigeria
- iii. Balance with banks in Nigeria and outside Nigeria

- iv. Demand deposit denominated in Naira and other foreign currencies

Cash equivalent are short term, highly liquid instruments which are:

- i. readily convertible into cash, whether in local and foreign currencies; and
- ii. so near to their maturity dates as to present insignificant risk of changes in value as a result of changes in profits rates.

c Financial Instrument

- i. Initial recognition and measurement

"Financial assets and liabilities, with the exception of financing to customers, deposits to customers and banks, are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. Financing to customers are recognised when assets purchased are transferred to the customers. The Bank recognises deposits from customers and banks when funds are received. Financial instruments are recognised initially when the Bank becomes a party to the contractual provisions of the instruments.

ii Classification and Measurement

Financial asset or liability are measured initially at fair value plus or minus, for an item not at fair value through profit or loss, direct and incremental transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in income statement at initial recognition.

Financial assets are classified into one of the following measurement categories:

- those to be measured at amortised cost.
- those to be measured at fair value through other comprehensive income
- those to be measured at fair value through profit or loss

The classification depends on the Bank's business model (i.e. business model test) for managing financial assets and the contractual terms of the financial assets cash flows (i.e. solely payments of principal and return – SPPI test).

DEBT INSTRUMENTS

Amortised Cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL

- i. The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and return on the principal amount outstanding.

The gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging

Notes to the Financial Statements

For the year ended 31 December 2021

relationship is recognised in income statement when the asset is derecognised or impaired. Returns from these financial assets is determined using the effective rate of return (ERR) method and reported in income statement as 'income'.

The amortised cost of a financial instrument is defined as the amount at which it was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the 'effective rate of return method' of any difference between that initial amount and the maturity amount, and minus any loss allowance. The effective rate of return method is a method of calculating the amortised cost of a financial instrument (or group of instruments) and of allocating the income or expense over the relevant period. The effective rate of return (ERR) is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the instrument's net carrying amount.

BUSINESS MODEL ASSESSMENT

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

i The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual return revenue, maintaining a particular return rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- ii How the performance of the portfolio is evaluated and reported to management;
- iii The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- iv How managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- v. The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case'

scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cash flows are solely payments of principal and return

The Bank assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). 'Return' is include consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The most significant elements of return within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the return rate is set.

Financial Liabilities

The Bank's holding in financial liabilities is in financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in income statement.

i Financial Liabilities at fair value through Profit or Loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by the Bank.

Notes to the Financial Statements

For the year ended 31 December 2021

Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in the income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Return expenses on financial liabilities held for trading are included in 'Net income'.

ii Financial Liabilities at Amortised Cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are deposits from banks or customers, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

Modifications of Financial Assets and Financial Liabilities

i Financial Assets

When the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value. Any difference between the amortised cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in income statements as 'gains and losses arising from the derecognition of financial assets measured at amortised cost'.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective rate of return (or credit-adjusted effective rate of return for purchased or originated credit-impaired financial assets). The amount arising from adjusting the gross carrying amount is recognised as a modification gain or loss in income statement as part of impairment charge for the year.

ii Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. This occurs when the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate of return, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with

modified terms is recognised in income statement. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment (i.e. the modified liability is not substantially different), any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Offsetting of Financial Instruments

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right and under Sharia'a framework to set off the recognized amounts and the Bank intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of Financial Assets

The Bank recognizes allowance for expected credit losses for all facilities and other debt financial assets not held at FVPL, together with facilities commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 years' expected credit loss (12mECL)

The 12m ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 years after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments

Loss allowances for accounts receivable are always measured at an amount equal to lifetime ECL. The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its financing facilities into Stage 1, Stage 2, Stage 3 and POCL, as described below:

Stage 1: When loans are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 also include facilities where the credit risk has improved and the facilities has been reclassified from Stage 2.

Notes to the Financial Statements

For the year ended 31 December 2021

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 also include facilities, where the credit risk has improved and the facilities has been reclassified from Stage 3.

Stage 3: Facilities considered credit-impaired. The Bank records an allowance for the LTECLs

POCI: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and return is subsequently recognised based on a credit-adjusted ERR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, depending on the stage of the lifetime 2 or stage 3 of the ECL bucket, the Bank would continue to monitor such financial assets for a probationary period of 90 days to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12-years ECL (Stage 1). In addition to the 90 days probationary period above, the Bank also observes a further probationary period of 90 days to upgrade from Stage 3 to 2. This means a probationary period of 180 days will be observed before upgrading financial assets from Lifetime ECL (Stage 3) to 12-years ECL (Stage 1).

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

Measurement of ECLs

The Bank calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the expected profit rate. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **PD:** The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- **EAD:** The Exposure at Default is an estimate of the

exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and return, whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued return from missed payments

- **LGD:** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside and downside). Each of these is associated with different PDs, EADs and LGDs.

When relevant, the assessment of multiple scenarios also incorporates how defaulted facilities are expected to be recovered, including the probability that the loans will accrue and the value of collateral or the amount that might be received for selling the asset.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The Mechanics of the ECL method are summarised below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12years after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 years following the reporting date. These expected 12-year default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above.

Stage 2: When a facility has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR

Stage 3: For facilities considered credit-impaired, the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Notes to the Financial Statements

For the year ended 31 December 2021

POCI: POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the four scenarios, discounted by the credit-adjusted EIR.

Facility Commitments and Letters of Credit:

When estimating LTECLs for undrawn facility in cash flows if the facility is drawn down, based on a probability-weighting of the four scenarios commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls. The expected cash shortfalls are discounted at an approximation to the expected EIR on the facility.

Forward Looking Information

The Bank's expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Exchange rate
- House price indices
- Inflation
- Crude Oil prices

To evaluate a range of possible outcomes, the bank formulates three scenarios: a base case, an upward and a downward scenario

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Definition of Default and Credit Impaired Financial Assets

The Bank considers a financial asset to be in default when:

- it is established that due to financial or non-financial reasons the borrower is unlikely to pay its credit obligations to the Bank in full without recourse by the Bank to actions such as realising security (if any is held);
- the borrower is past due 90 days or more on any material credit obligation to the Bank

In assessing whether a borrower is in default, the Bank considers indicators that are

- i qualitative - e.g. material breaches of covenant;
- ii quantitative - e.g. overdue status and non-payment on

- another obligation of the same customer/customer group to the banks; and
- iii based on data developed internally and obtained from external sources
- iv Disappearance of an active market for a security because of financial difficulties
- v Others include death, insolvency, breach of covenants, etc

Inputs into the assessment of whether a financing exposure is in default and their significance may vary over time to reflect changes in circumstances.

Renegotiated Financing Facilities

Where possible, the Bank seeks to restructure financing facilities rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new conditions. Management continually reviews renegotiated facilities to ensure that all future payments are highly expected to occur.

When the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the finance customer, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition.

This amount is included in calculating the cash shortfalls from the existing financial asset. The cash shortfalls are discounted from the expected date of derecognition to the reporting date using the original effective profit rate of the existing financial asset.

Presentation of allowance for ECL in the Statement of Financial Position

Facility allowances for ECL are presented in the statement of financial position as follows:

- **Financial assets measured at amortised cost:** as a deduction from the gross carrying amount of the assets;
- **Facility commitments and financial guarantee contracts:** generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the facility commitment component separately from those on the drawn component: the Bank presents

Notes to the Financial Statements

For the year ended 31 December 2021

a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

- **Debt instruments measured at FVOCI:** no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Collateral Valuation

"To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The Bank's accounting policy for collateral assigned to it through its lending arrangements under IFRS 9 is the same as it was under IAS 39. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position.

However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

Collateral Repossession

In certain circumstances, a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in line with the Bank's policy.

Write-Off

The Bank has in place Board approved policy that guides write-off of facilities. The Bank will write off financial assets (and any related allowances for impairment losses) when the Criticized Asset Committee (CAC) determines that the assets are uncollectible. In determining financial assets to write off, CAC considers amongst others:

- The occurrence of significant changes in the obligor/issuer's financial position such that the obligor/issuer can no longer pay the obligation;
- That proceeds from the collateral will not be sufficient to pay back the entire exposure
- The Prudential Guidelines (Section 3.21) d. The Bank's Investment Policy

Every effort will be made to recover a debt owed to the Bank before it is considered for write off. This includes all the processes prescribed in the ERM policies from collection by the relationship officer once a facility is due, to employing recovery agents, and litigation for those considered to be in terminal default.

The BOD is responsible for delegating limits and authority to write off. This limit may be delegated at the discretion of the Board. The BOD is responsible for defining and delegating the approval limits for all balances that meet the criteria to be written off. The following delegated limits applies to the concerned Board and Management committees:

| S/N | Board/Management | Delegation |
|-----|----------------------------|---|
| 1. | Committee Assets Committee | Five Million (N5,000,000:00) and Below |
| 2 | Board Risk Committee | Above N5 Million (N5,000,000:00) - N50 Million (N50,000,000:00) |
| 3 | Board of Directors | Above N50 Million (N50,000,000:00), subject to any regulatory limit |

d Property Plant and Equipment

The bank recognizes items of property, plant and equipment at the time the cost is incurred. They are stated at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Bank and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Construction cost in respect of offices is carried at cost as work in progress.

On completion of construction, the related amounts are transferred to the appropriate category of fixed assets.

Notes to the Financial Statements

For the year ended 31 December 2021

Payments in advance for items of fixed assets are included as Prepayments in Other Assets and upon delivery are reclassified as additions in the appropriate category of property and equipment.

Depreciation

Depreciation is to be provided on a straight-line basis to write off the cost of asset over their estimated useful live. The annual rate which should be applied consistently over time are as follows:

| | |
|---|------------|
| Motor vehicle | (5 years) |
| Furniture and fittings | (5 years) |
| Equipment | (5 years) |
| Computer Equipment- General | (3 years) |
| Computer Equipment- Special | (5 years) |
| Computer software | (10 years) |
| Freehold Buildings | (50 years) |
| Leasehold improvement over the expected life of the lease | |

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from it use. Gain and losses are recognised in the income statement. Depreciation is charged when the assets are available for use irrespective of whether they are put to use. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the statement of income for the year.

e INTANGIBLEASSETS

Computer software

Software licenses acquired by the Bank are stated at cost less accumulated amortization and accumulated impairment loss (if any). Expenditure incurred on internally developed software is recognized as an asset when the Bank is able to complete the software development and use it in such a manner that it will be able to generate economic benefit to the Bank, and that the cost to complete the development can reliably be measured by the Bank. Internally developed software cost that is capitalized includes cost directly attributable to developing the software, and is amortized over the useful economic life of the software. Amortization is recognized in the income statement on a straight line basis over the estimated useful life of the software.

f INVENTORY

Inventory of stationery and consumables held by the Bank are to be stated at the lower of cost and net realizable value in line

with IAS 2. When inventories become old or obsolete, an estimate is to be made of their net realizable value. For individually significant amounts, this estimation is to be performed on an individual basis. For amounts that are not individually significant, collective assessment shall be made and allowance applied according to the inventory type and degree of ageing or obsolescence based on historical selling prices.

g. Islamic Financing and Investing Contracts

The Bank engages in Sharia'a compliant Islamic banking activities through various Islamic instruments such as Ijarah, Murabaha, Musharaka, Istisna'a and Wakala.

i Ijarah

The Bank complies fully with the requirements of Sharia in recognition and measurement of Ijarah financing. The periodic lease rentals receivable are treated as rental income during the period they occur and charge thereon is included in operating expenses while initial direct cost incurred are written off to the income statement in the period they are incurred.

ii Murabaha

This is a sale contract whereby the Bank sells to a customer commodities and other assets at an agreed upon profit mark up on cost. The Bank purchases the assets based on a promise received from customer to buy the item purchased according to specific terms and conditions. Profit from Murabaha is quantifiable at the commencement of the transaction. Such income is recognised as it accrues over the period of the contract on effective profit rate method on the balance outstanding.

ii Musharaka

Musharaka contracts represents a partnership between the Bank and a customer whereby each party contributes to the capital in equal or varying proportions to establish a new project or share in an existing one, and whereby each of the parties becomes an owner of the capital on a permanent or declining basis and shall have a share of profits or losses. These are stated at the fair value of consideration given less any amounts written off and provision for impairment, if any.

iv Istisna'a

A sale contract between two parties whereby the Bank (the "Sani" or "Seller") undertakes to construct, for its customer (the "Mustasni" or "Purchaser"), a specific asset or property (being "Al-Masnoo") according to certain pre-agreed specifications to be delivered during a pre-agreed period of time in consideration of a pre-determined price, which comprises the cost of construction and a profit amount. The work undertaken is not restricted to be accomplished by the Sani' alone and the whole or part of the construction/development can be undertaken by third

Notes to the Financial Statements

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parties under the control and responsibility of the Sani'. Under an Istisna'a contract the Bank could be the Sani' or the Mustasni'. Istisna'a profit (difference between the sale price of Al-Masnoo to the customer and the Bank's total Istisna'a cost) is internally accounted for on a time-apportioned basis over the period of the contract based on the principal amount outstanding.

v Wakala

A contract between a Bank and a customer whereby one party (the principal: the Muwakkil) appoints the other party (the agent: Wakil) to invest certain funds according to the terms and conditions of the Wakalah for a fixed fee in addition to any profit exceeding the expected profit as an incentives for the Wakil for the good performance. Any losses as result of the misconduct or negligence or violation of the the terms and conditions of the Wakalah are borne by the Wakil for otherwise, they are by the principal.

vi. Bai-Mu'ajjal

Is a contract between the Bank and the Customer whereby the Bank sells certain/specified goods/assets to the Customer, purchased as per order and specification of the Customer at an agreed price payable within a fixed future date in lump sum or by fixed instalments. Thus it is a credit sale of goods/assets in which ownership of the goods/assets is transferred by the Bank to the Customer but the payment of sale price by the Customer is deferred for a fixed period.

vii. Sukuk

Certificates which are equal in value and represent common shares in the ownership of a specific physical asset (leased or to be leased either existing or to be constructed in future), or in the ownership of cash receivables of selling an existing-owned asset, or in the ownership of goods receivables, or in the ownership of the assets of Mudaraba or Partnership companies. In all these cases, the Sukuk holders shall be the owners of their common shares in the leased assets, or in the cash receivables, or the goods receivable, or in the assets of the Partnership or the Mudaraba. These comprise asset backed, Sharia'a compliant trust certificates.

vi. Qard Hasan

Is non profit bearing financing whereby the customer borrows funds for a period of time with an understanding that the same amount shall be repaid by the end of agreed period.

H. INCOME RECOGNITION

The Bank recognised income on Sharia'a compliant Islamic banking activities through various Islamic instruments such as Ijarah, Murabaha, Musharaka, Istisna'a and Wakala.

i. Ijarah

Ijarah income is recognized on a time-apportioned basis, over the lease term. Accrual of income is suspended when the bank believes that the recovery of these amounts may be doubtful.

ii. Murabaha

Where the income is quantifiable and contractually determined at the commencement of the contract, income is recognized on a time-apportioned basis over the period of the contract based on the principal amounts outstanding. Accrual of income is suspended when the bank believes that the recovery of these amounts may be doubtful.

iii. Musharaka

Income on Musharaka Contracts is recognized when the right to receive payment is established or on distribution by the Musharek.

iv. Wakala

Estimated income from Wakala is recognised on an accrual basis over the period, adjusted by actual income when received. Losses are accounted for on the date of declaration by the agent.

v Sukuk

Income is accounted for on a time apportioned basis over the terms of the Sukuk.

vi. Fees and Commission Income

The Bank earns fee and commission income from a diverse range of services it provides to its customers.

vii. Dividend

Dividends from investments in equity securities are recognized when the right to receive the payment is established. This is usually when the dividend has been declared.

viii. Non-Credit related Fee Income

This is recognized at the time the services have been performed and delivered or the transaction has been completed.

ix. Sale of Property under Development

Where property is under development and agreement has been reached to sell such property when construction is complete, the bank considers whether the contract comprises:

- Contract to construct a property; or
- Contract for the sale of completed property

Where a contract is judged to be for the construction of a property, revenue is recognized using the percentage of completion method, as construction progresses. The percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

Where the contract is judged to be for the sale of a completed property, revenue is recognized when the significant risks, rewards and control of ownership of the property are transferred to the buyer.

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x. Foreign Income

Commission on negotiation of various letters of credit and overdue Profit on delayed foreign payments are accounted for on receipt.

Other Profit and income earned on the Bank's own funds held outside Nigeria are accounted for on receipt.

xi Service Income

Revenue from rendering of services is recognized when the services are rendered.

xii Revenue from Sale of Goods

Revenue from sales of goods is recognized when the significant risks, rewards and control of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

xiii Bank's Share as a Mudarib

The Bank's share as a mudarib for managing the equity of investment account holders is accrued based on the terms and conditions of the related mudaraba agreements whereas, for off balance sheet equity of investment accounts, mudarib share is recognized when distributed

i. EXPENSE RECOGNITION

a. Profit on Mudaraba Payable (Banks and Non-Banks)

Profit on these is accrued on a time-apportioned basis over the period of the contract based on the principal amounts outstanding.

b. Return on Equity of Investment Account holders

Return on equity of investment account holders is based on the income generated from jointly financed assets after deducting Mudarib share and is accrued based on the terms and conditions of the underlying Mudaraba agreement. Investors' share of income represents income generated from assets financed by investment account holders net off allocated administrative expenses and provisions. The bank's share of profit is deducted from the investors' share of income before distribution to investors.

j. TAXATION

a Current income taxation

Income tax is the amount of income tax payable on the taxable profit for the period determined in accordance with current statutory rate. Income tax payable on profits, based on the applicable tax law, is recognized as an expense in the period in which the related profits arise. All taxes related issues including deferred tax are treated in accordance with IAS 12 (Income taxes).

b. Deferred Taxation

Provision for deferred taxation is made by the liability method and calculated at the current rate of taxation on the temporary differences between the net book value of

qualifying fixed assets and their corresponding tax written down value in accordance with IAS 12 (Income taxes). The principal temporary differences arise from depreciation of property, plant and equipment, provisions for pensions and other post-retirement benefits, provisions for Investment losses and tax losses carried forward. The rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the timing differences can be utilized.

k. INVESTMENT

Investment securities

Investment securities are initially measured at fair value plus, in case of investment securities not at fair value through profit or loss, incremental direct transaction costs and subsequently accounted for depending on their classification as amortised cost, fair value through profit or loss or fair value through other comprehensive income.

l. EMPLOYEE BENEFITS

Defined Contribution Plans

A defined contribution plan is a pension plan under which the Bank pays fixed contributions to a separate entity. The rate of contribution by the Bank and its employee is 10% and 8% respectively of basic salary, housing and transport allowance in line with the new Pension Reform Act, 2014. The Bank has no legal or constructive obligations to pay further contributions Membership of the scheme is automatic upon resumption of duty with the Bank. The Bank has no further payment obligations once the contributions have been paid to Pension Fund Administrators (PFA).

The Bank's liabilities in respect of the defined contribution are to be charged to statement of profit or loss for the year in which they become payable. Payments are made to Pension Fund Administrator (PFA) are financially independent of the bank.

m. PROVISIONS

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows, at a pre-tax rate, that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

n. Financial Guarantees and Loan Commitments

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it

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incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. After initial recognition, guarantee contracts are subsequently measured at the higher of:

- i The amount of the loss allowance, and
- ii The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

"Financial guarantees, principally consisting of letters of credit are included within other liabilities.

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. The Bank recognises a provision in accordance with IAS 37 if the contract was considered to be onerous."

"Transactions that are not currently recognized as assets or liabilities in the balance sheet, but which nonetheless give rise to credit risks, contingencies and commitments are reported off balance sheet. Such transactions included letters of credit, bonds, guarantees, acceptances, trade related contingencies such as documentary credits etc.

Outstanding and unexpired commitments at year end in respect of these transactions are to be shown by way of note to the financial statements. "

o. BORROWINGS

i Murabaha and Due to Banks

This represents funds received from banks on the principles of murabaha contracts and are stated at fair value of consideration received less amounts settled.

ii Murabaha and Due to Non-Banks

These are stated at fair value of consideration received less amounts settled. Profit paid on borrowings is recognized in the statement of income for the year.

p. FIDUCIARY ACTIVITIES

The Bank acts as trustee in its capacity as a Mudarib when managing the equity of investment account holders. Equity of investment account holders is invested in murabaha and due from banks, sukuk and financing contracts with customers. Equity of investment account holders is carried at fair value of consideration received less amounts settled. Expenses are allocated to investment accounts in proportion of average equity of investment account holders to total average assets of the Bank.

Income is allocated proportionately between equity of investment account holders and owners' equity on the basis of the average balances outstanding during the year and share

of the funds invested. Equity and assets of restricted investment account holders are carried off-balance sheet as they are not assets and liabilities of the Bank.

q. SEGMENT REPORTING

"The Bank prepares its segment information based on geographical and business segments as primary and secondary reporting segments, respectively in accordance with IFRS 8 (Operating segments).

A business segment is a Bank of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments."

r. GIFTED ASSETS

The recording of the gift would be based on nature, lifetime and materiality of the gift. If the gift is usable or has a material value addition to the business like Property, plant and equipment would be recognized in an asset of appropriate category hence a debit, In terms of credit several approaches are acceptable recognizing it to Owners equity via Profit or Loss Account or Other Comprehensive Income. The Bank adapted recognition through other comprehensive income to the owners' equity.

s. INVESTMENT PROPERTY

"An Investment Property is an investment in land or buildings held primarily for generating income or capital appreciation and not occupied substantially for use in the operations of the Bank. A piece of property is treated as an investment property if it is not occupied substantially for use in the operations of the Bank, an occupation of more than 15% of the property is considered substantial.

The initial Recognition is to be at its cost price while for subsequent measurement the Bank adapted the fair value model which carry the investment properties in the balance sheet at their market value and revalued periodically on a systematic basis at least once in every three years in accordance in (IAS 40). Investment properties are not subject to periodic charge for depreciation.

"When there is a decline in value of an investment property, the carrying amount of the property is written down to recognize the loss. Such a reduction is charged to the statement of income. Reductions in carrying amount are reversed when there is an increase, following a revaluation in accordance with the Bank's policy, in the value of the investment property, or if the reasons for the reduction no longer exist.

Notes to the Financial Statements

For the year ended 31 December 2021

An increase in carrying amount arising from the revaluation of investment property is credited to owners' equity as revaluation surplus. To the extent that a decrease in carrying amount offsets a previous increase, for the same property that has been credited to revaluation surplus and not subsequently reversed or utilized, it is charged against that revaluation surplus rather than the statement of income.

An increase on revaluation which is directly related to a previous decrease in carrying amount for the same property that was charged to the income statement is credited to income statement to the extent that it offsets the previously recorded decrease.

Investment properties are disclosed separate from the property and equipment used for the purposes of the business in line with IAS 40 (Investment Properties)

t. SHARE CAPITAL AND RESERVES

i. Share issue cost

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds

ii. Dividend on Ordinary Shares

Dividends on the Bank's ordinary shares are recognised in equity when approved by the Bank's shareholders.

Dividends for the period that are declared after the end of the reporting period are dealt with in the subsequent events note.

iii. Share Premium

Share premium is the excess paid by shareholders over the nominal value for their shares.

iv. Statutory Reserve

"The banking regulations in Nigeria require the Bank to make an annual appropriation to a statutory reserve. As stipulated by Section 16(1) of the Banks and Other Financial Institutions Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

iv. AGSMIES Reserve

The AGSMIES reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside 5% of their annual profit after tax for equity investments in permissible activities.

v. Retained Earnings

Retained earnings comprise the undistributed profits from previous periods which have not been reclassified to any specified reserves.

vi. Regulatory Risk Reserve

The reserve warehouses the difference between the impairment balance on financing facilities as determined in accordance with the provisions of Prudential guidelines of Central Bank of Nigeria (CBN) when compared with the assessment in line with the requirement of IFRS 9 Expected credit loss model. The key component of Prudential Guidelines (PG) is the setting aside provision on all performing loans assessed under the PG.

u. EARNING PER SHARE

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

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

v. LEASES

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

vi. Right-of-use assets

This represents the Bank's right to use leased assets over the life of the agreement /contract which have been accounted for in line with IFRS 16, as described under accounting policies. The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease obligations recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

Notes to the Financial Statements

For the year ended 31 December 2021

| Cash and balances with Central Bank of Nigeria | 2021 N'000 | 2020 N'000 |
|--|-------------------|-------------------|
| Cash | 7,004,120 | 7,799,167 |
| Current account with CBN | 7,102,020 | 15,301,510 |
| Deposit with CBN | 33,670,498 | 22,590,165 |
| CBN AGSMEIS Balance | 337,179 | 178,327 |
| At 31 December | 48,113,817 | 45,869,170 |

Cash on hand constitutes the aggregate cash balances in the vaults of the Bank branches while Deposits with the Central Bank of Nigeria represent Mandatory Reserve Deposits (as prescribed by the CBN) and are not available for use in the bank's day to day operations.

Differentiated Cash Reserve Requirement (DCRR) is included in this Deposit with CBN: Under this Programme, Deposit Money Banks (DMBs) may request from the CBN, a release of funds under their Cash Reserve Requirement (CRR) to finance eligible projects subject to DMBs providing evidence that the funds shall be directed to the projects approved by the CBN.

| 4 Due from banks and other financial institutions | 2021 N'000 | 2020 N'000 |
|---|-------------------|-------------------|
| Due from banks and other financial institutions | | |
| Balances with banks within Nigeria: First Bank Plc. | 1,870 | 4,737 |
| Balances with banks within Nigeria | 1,870 | 4,737 |
| First Bank UK | 6,171,615 | 5,565,902 |
| AFRIXIM | 109,139 | - |
| Banco De Sabadel | 86,501 | 45,141 |
| Standard Chartered | 10,949,907 | 6,314,792 |
| Bank Al-Bilad | 227,010 | 214,962 |
| Zenith Bank UK | 4,060,475 | 1,109,697 |
| FCMB UK | 54,009 | 68,393 |
| Bank of Beirut | 19,873 | 1,515,554 |
| Balances with banks outside Nigeria | 21,678,530 | 14,834,441 |
| At 31 December | 21,680,400 | 14,839,178 |

The balances held with Banks outside Nigeria substantially represent the Naira equivalent of Foreign currency balances held on behalf of customers in respect of letters of credit, cash collaterals and bank's induced transactions. The corresponding Liability is included in customers' domiciliary deposit and margin deposits under "Other Liabilities"(see Note 22).

| 5 Investment in Sukuk | 2021 N'000 | 2020 N'000 |
|----------------------------------|-------------------|-------------------|
| Opening Balance | 66,914,63 | 8,378,668,24 |
| Addition during the year | 9,254,152 | 30,905,153 |
| Disposal/Redemption | (18,430,000) | (1,857,338) |
| Gross investment in Sukuk | 57,738,790 | 66,914,639 |
| Premium | 5,094,392 | 5,848,786 |
| Rental Receivable | 640,057 | 1,032,152 |
| At 31 December | 63,473,239 | 73,795,575 |

Notes to the Financial Statements

For the year ended 31 December 2021

The total sukuk investment is broken down into i and ii below:

| | | | |
|------|---|-------------------|-------------------|
| i | State Sukuk Opening Balance | - | 557,338 |
| | Disposal/Redemption | - | (557,338) |
| | Gross investment in Sukuk - Premium At 31 December | - | - |
| ii | FGN Sovereign Sukuk | 2021 | 2020 |
| | | N'000 | N'000 |
| | Opening Balance | 66,914,638 | 37,309,485 |
| | Addition during the year | 8,280,798 | 30,905,153 |
| | Disposal/Redemption | (18,430,000) | (1,300,000) |
| | Gross investment in Sukuk | 56,765,436 | 66,914,638 |
| | Premium | 5,094,392 | 5,848,786 |
| | Rental Receivable | 583,455 | 1,032,152 |
| | At 31 December | 62,443,283 | 73,795,575 |
| iii. | Corporate Sukuk | | |
| | Opening Balance | - | - |
| | Addition during the year | 973,354 | - |
| | Disposal/Redemption | - | - |
| | Gross investment in Sukuk | 973,354 | - |
| | Premium | - | - |
| | Rental Receivable | 56,602 | - |
| | At 31 December | 1,029,956 | - |
| 6. | Investment in Musharaka | | |
| | Gross Investment in Musharaka | 38,058 | - |
| | Allowance for impairment | (9,897) | - |
| | As at 31 December | 28,160 | - |
| 7 | Murabaha receivables | | |
| | Murabaha retail | 11,446,168 | 13,031,873 |
| | Murabaha corporate | 44,226,034 | 22,778,170 |
| | Commercial Agric. Credit Scheme | 458,561 | 2,111,192 |
| | Paddy Aggregation scheme | 691,132 | 2,162,226 |
| | Murabaha staff | 160,913 | 28,377 |
| | Murabaha SME | 16,918,764 | 8,804,367 |
| | Gross receivables | 73,901,572 | 48,916,205 |
| | Allowance for impairment | (4,033,494) | (3,436,052) |
| | Deferred profit | (6,496,855) | (4,573,070) |
| | At 31 December | 63,371,224 | 40,907,082 |
| 8 | Investment in Bai Mu'ajjal | | |
| | Bai Mu'ajjal corporate | 3,369,836 | 2,682,254 |
| | Gross receivables | 3,369,836 | 2,682,254 |
| | Allowance for impairment | (338,342) | (170,686) |
| | Deferred Profit | (606,983) | (532,480) |
| | At 31 December | 2,424,511 | 1,979,088 |

Notes to the Financial Statements

For the year ended 31 December 2021

| | | | |
|--|--|-------------------|-------------------|
| 9 | Investment in istisna | | |
| | Istisna receivable | 16,219,598 | 3,922,127 |
| | Allowance for impairment | (355,236) | (16,580) |
| | Deffered Profit | (2,063,474) | (242,919) |
| | At 31 December | 13,800,888 | 3,662,628 |
| 10 | Investment in ijara assets | N'000 | N'000 |
| | Ijara wa iqtina | 24,477,745 | 17,961,051 |
| | Ijara home finance | 12,881 | 16,380 |
| | Ijara auto & others | 5,616,697 | 3,636,770 |
| | Gross investment in ijara | 30,107,323 | 21,614,201 |
| | Ijara accrued profit | 3,744,115 | 3,413,218 |
| | Impairment allowance | (735,484) | (64,782) |
| | At 31 December | 33,115,954 | 24,962,637 |
| 11. | Qard hassan | | |
| | Balance at 1 Jan | 126,200 | 158,376 |
| | Granted to staff | - | - |
| | Granted to customers | - | - |
| | Gross qard hassan | 126,200 | 158,376 |
| | Repayments | | |
| | Staff | 36,929 | 12,486 |
| | Customer | 37,771 | 19,690 |
| | Total repayment during the year | 74,700 | 32,176 |
| | Gross receivables | 51,500 | 126,200 |
| | Impairment allowance | (9,930) | (28,899) |
| | At 31 December | 41,571 | 97,301 |
| The staff portion is made up of facilities grant to employees to buy the Bank's shares under 2012 Private Placement exercise and facilities taken over by the Bank from their previous employers. Staff under critical situations were also granted this type of facility. The Bank did not grant any amount to customers during the year. | | | |
| 12 | Investment in Salam | | |
| | Corporate | 519,510 | 11,722 |
| | Gross Investment in Salam | 519,510 | 11,722 |
| | Allowance for impairment | (293) | (12) |
| | Deffered Profit | (13,765) | (317) |
| | At 31 December | 505,452 | 11,393 |
| 13 | Investment properties | | |
| | Investment properties | - | 1,603,513 |
| | Allowance for impairment | - | - |
| | At 31 December | - | 1,603,513 |

During the course of business operation, the investment property was reclassified appropriately. This necessitated the change in the accounting treatment of the asset to work in progress ledger since the Bank has intended to change the intent of the asset to owner-occupied property.

Notes to the Financial Statements

For the year ended 31 December 2021

| | | | | | | | | | |
|--------------|---|-------------------------|-----------------------------|----------------------------|-------------------------|---------------------------------|------------------------------|----------------------------|-------------------|
| 14 | Investment in assets held for sale | | | | | | | | |
| | Advances for LC Murabaha | 3,180,623 | 4,220,174 | | | | | | |
| | Inventory for sale - (note 13 (i)) | 19,846,630 | 16,053,100 | | | | | | |
| | Gross Investment in assets held for sale | 23,027,253 | 20,273,274 | | | | | | |
| | Deferred Inventory | (668,454) | - | | | | | | |
| | Impairment allowance | (1,591,256) | (1,297,822) | | | | | | |
| | At 31 December | 20,767,542 | 18,975,452 | | | | | | |
| 14(i) | Schedules of inventory for sale | | | | | | | | |
| | Repossessed property | 1,305,011 | 2,159,524 | | | | | | |
| | Inventory - other properties | 110,909 | 569,410 | | | | | | |
| | Mur Inv financing | 18,430,710 | 13,324,166 | | | | | | |
| | Total inventory for sale | 19,846,630 | 16,053,100 | | | | | | |
| 15 | Property, Plant and Equipment | | | | | | | | |
| | | Freehold Land N' 000 | Building Freehold N' 000 | Office Equipment N' 000 | Motor Vehicle N' 000 | Furnitures & Fixtures N' 000 | Computer Equipment N' 000 | Fixed Assets WIP N' 000 | Total N' 000 |
| | Cost | | | | | | | | |
| | 1-January-2020 | 57,086 | 674,490 | 997,514 | 597,499 | 248,651 | 2,386,646 | 222,623 | 5,184,510 |
| | Additions/Reclassification | 10,117 | 94,711 | 111,514 | 145,180 | 9,273 | 338,278 | 431,605 | 1,115,550 |
| | Disposals | - | - | - | - | - | - | - | - |
| | At 31 December 2020 | 67,203 | 769,201 | 1,109,028 | 742,679 | 257,923 | 2,724,924 | 654,229 | 6,300,059 |
| | Accumulated Depreciation | | | | | | | | |
| | 1-January-2021 | 67,203 | 769,201 | 1,109,028 | 742,679 | 257,923 | 2,724,924 | 654,229 | 6,325,187 |
| | Depreciation | 21,000 | 188,926 | 182,320 | 544,363 | 181,503 | 843,629 | 2,410,766 | 4,372,507 |
| | Disposals | - | - | - | (56,808) | - | (12,600) | - | (69,408) |
| | At 31 December 2021 | 88,203 | 958,127 | 1,291,348 | 1,230,234 | 439,427 | 3,555,953 | 3,064,995 | 10,628,287 |
| | | Freehold Land N' 000 | Building Freehold N' 000 | Office Equipment N' 000 | Motor Vehicle N' 000 | Furnitures & Fixtures N' 000 | Computer Equipment N' 000 | Fixed Assets WIP N' 000 | Total N' 000 |
| | Accumulated Depreciation | | | | | | | | |
| | 1-January-2020 | - | 39,653 | 586,211 | 297,269 | 168,739 | 1,544,667 | - | 2,636,539 |
| | Additions/ Reclassification | - | 53,047 | 152,000 | 97,871 | 28,235 | 406,215 | - | 738,510 |
| | At 31 December 2020 | - | 92,700 | 738,211 | 395,140 | 196,974 | 1,950,882 | - | 3,375,048 |
| | 1-January-2021 | - | 92,700 | 738,211 | 395,140 | 196,974 | 1,950,882 | - | 3,373,906 |
| | Depreciation | - | 17,210 | 144,992 | 131,985 | 23,568 | 358,326 | - | 676,082 |
| | Disposals | - | - | - | (56,808) | - | (7,140) | - | 63,948 |
| | At 31 December 2021 | - | 109,910 | 883,203 | 470,316 | 220,542 | 2,302,068 | - | 3,986,040 |
| | Carrying amount | | | | | | | | |
| | At 1 January 2020 | 57,086 | 634,836 | 411,303 | 300,230 | 79,912 | 841,979 | 222,623 | 2,547,971 |
| | At 31 December 2021 | 88,203 | 848,217 | 408,145 | 759,918 | 218,885 | 1,253,885 | 3,064,995 | 6,642,247 |
| | At 31 December 2020 | 67,203 | 676,501 | 370,817 | 347,539 | 60,950 | 774,042 | 654,229 | 2,951,281 |

Notes to the Financial Statements

For the year ended 31 December 2021

| | | | |
|------------|---|------------------|------------------|
| 16 | Leasehold Improvement | 2021 | 2020 |
| | Cost | N'000 | N'000 |
| | Opening balance | 890,699 | 878,153 |
| | Addition | 20,822 | 12,546 |
| | At 31 December | 911,521 | 890,699 |
| | Amortisation and impairment losses | | |
| | Opening balance | 843,173 | 812,855 |
| | Amortisation for the year | 26,886 | 30,316 |
| | As at 31 December | 870,059 | 843,173 |
| | Carrying amount | | |
| | At 1 January 2021 | 47,526 | 65,297 |
| | At 31 December | 41,462 | 47,526 |
| 17. | Intangible Assets | | |
| | Computer Software | | |
| | Cost | | |
| | Opening balance | 925,006 | 880,494 |
| | Addition | 178,039 | 192,596 |
| | At 31 December | 1,103,045 | 880,494 |
| | Amortisation and Impairment losses | | |
| | Opening balance | 449,192 | 880,494 |
| | Amortisation for the year | 79,013 | 44,513 |
| | At 31 December | 528,205 | 925,006 |
| | Carrying amount | | |
| | At 1 January 2021 | 475,815 | 481,366 |
| | As at 31 December | 574,840 | 475,815 |
| 18. | Other Assets | N'000 | N'000 |
| | Sundry debtors | 1,148,408 | 30,737 |
| | Right of use asset | 374,531 | 331,752 |
| | Other prepayments | 6,108 | 34,473 |
| | Prepaid staff allowance | 103,126 | 122,401 |
| | Inventory and other security items | 116,597 | 142,414 |
| | Account receivables | 758,831 | 1,021,393 |
| | Settlement suspense | 2,536,010 | 1,336,563 |
| | Investment in financial inclusion centres | 175,917 | 167,350 |
| | Interbranch | - | 3,324 |
| | Total | 5,219,529 | 3,190,406 |
| | Impairment allowance | (1,773,844) | 604,119 |
| | At 31 December | 3,445,684 | 2,586,287 |
| | Movement in other assets: | | |
| | Opening balance | 2,586,287 | 2,400,175 |
| | Changes in the year | 2,624,559 | 790,231 |
| | Impairment allowance | (1,773,844) | (604,119) |
| | At 31 December | 3,445,684 | 2,586,287 |

Notes to the Financial Statements

For the year ended 31 December 2021

| | | |
|---|------------------|--------------------|
| 19a Tax payable | | |
| (i) Statement of financial position | | |
| Opening balance | 558,770 | 120,251 |
| Charge for the year | 489,910 | 532,831 |
| | 1,048,680 | 1,653,082 |
| Less payment during the year | (427,742) | (94,466) |
| At 31 December | 620,938 | 558,770 |
| (ii) Income statement | | |
| Company income tax (minimum tax) | 414,494 | 310,871 |
| Additional Tax Provision for Dividend Paid | - | 191,604 |
| Education tax | 22,194 | - |
| Information technology levy | 43,295 | 30,356 |
| Nigerian Police Trust Fund | 195 | - |
| NASENI | 9,732 | - |
| | 489,910 | 532,831 |
| Deferred tax expenses (note 19 b) | | |
| Deferred tax (origination)/reversal | (416,335) | (370,067) |
| At 31 December | 73,575 | 162,764 |
| The total tax expenses of N87 million for the current year comprises of the Company income tax and Information Technology tax of N495 million while the N-408 million is a deferred tax credit arising in the year. | | |
| 19b Deferred tax asset | 2021 | 2020 |
| | N'000 | N'000 |
| Opening balance | 832,253 | 462,186 |
| Deferred tax origination)/reversal note 19 b (ii) | 416,335 | 370,067 |
| At 31 December | 1,248,588 | 832,253 |
| (i) Reconciliation of tax expense and the accounting profit | | |
| Accounting profit before tax | 4,372,803 | 3,065,976 |
| Add non-deductible expenses for tax purpose | | |
| Depreciation of PPE, collective impairment & others | 4,723,636 | 1,914,136 |
| | 9,096,439 | 4,980,112 |
| Less: | | |
| Exempted income on Sukuk | 7,943,432 | 6,862,168 |
| Collective impairment write-back | - | - |
| Capital allowances | - | - |
| Technology levy | 43,295 | 30,356 |
| Adjusted profit | 1,109,712 | (1,912,412) |
| Company income tax | - | - |
| Minimum tax | 414,494 | 502,475 |
| Education tax | 22,194 | - |
| Technology levy and Others | 43,295 | 30,356 |
| Nigerian Police Trust Fund | 195 | - |
| NASENI | 9,732 | - |
| Total tax payable | 489,910 | 532,831 |
| Deferred tax (origination)/reversal | (416,335) | (370,067) |
| Income tax expense | 73,575 | 162,764 |

Notes to the Financial Statements

For the year ended 31 December 2021

| | | | |
|--|--|--------------------|--------------------|
| (ii) | Deferred tax movement | 2021 | 2020 |
| | The movement in the deferred tax account during the year by various components was as follows: Property, plant & equipment | N'000 | N'000 |
| | Collective impairment | 241,066 | (11,015) |
| | Unabsorbed capital allowance | (200,936) | (247,448) |
| | Exchange loss | (474,195) | (111,604) |
| | | 17,730 | - |
| | Deferred tax (origination)/reversal | (416,335) | (370,067) |
| 20a | Customers' current account | 2021 | 2020 |
| | Analysis by type of account Current account | N'000 | N'000 |
| | | 111,559,434 | 74,580,714 |
| | At 31 December | 111,559,434 | 74,580,714 |
| 20b | Unrestricted investment account Savings account | 66,353,442 | 56,925,493 |
| | JAPSA term deposit (note 19 d) | 31,175,733 | 44,006,934 |
| | At 31 December | 97,529,175 | 100,932,427 |
| | Total Deposit | a+b | 175,513,141 |
| 20c | Analysis Deposit by type of customer | | |
| | Government | 6,302,432 | 9,030,071 |
| | Corporate | 74,708,206 | 46,874,042 |
| | Individual | 128,077,971 | 119,609,028 |
| | At 31 December | 209,088,609 | 175,513,141 |
| 20d | Analysis of JAPSA maturity by product | | |
| | JTD 30 days | 19,664,600 | 28,071,521 |
| | JTD 60 days | 1,154,476 | 2,483,673 |
| | JTD 90 days | 6,538,364 | 9,678,044 |
| | JTD 180 days | 2,353,460 | 2,365,563 |
| | JTD above 360 days | 1,464,832 | 1,408,134 |
| | At 31 December | 31,175,732 | 44,006,934 |
| The Bank has different JAPSA deposits which give customers the opportunity to choose from a basket of return available for different tenors. | | | |
| 21 | Other financing | | |
| i | Central Bank of Nigeria | 23,386,188 | 8,732,916 |
| ii | Bank of Agriculture | - | 2,000,000 |
| iii | Bank of Industry | 348,035 | 1,496,984 |
| iv | Islamic Corporation for Development for the Private Sector (ICD) | 4,485,645 | 133,480 |
| v | SMEDAN | 235,330 | 9,422 |
| vi | FMBN | 3,081,293 | 3,032,440 |
| | At 31 December | 31,536,491 | 15,405,242 |
| | Movement in other financing during the year | | |
| | Opening balance | 15,405,242 | 11,963,766 |
| | Additions | 18,391,857 | 3,441,476 |
| | Profit payment | (238,801) | (1,283,677) |
| | Repayment | (2,021,807) | 1,283,677 |
| | At 31 December | 31,536,491 | 15,405,242 |

Notes to the Financial Statements

For the year ended 31 December 2021

- 21 (i)** This represents the balance on the on-lending facilities granted by the Central Bank of Nigeria in collaboration with the Federal Government of Nigeria (FGN) under the Commercial Agriculture Credit Scheme (CACCS). The Federal Government of Nigeria is represented by the Federal Ministry of Agriculture and Rural Development) who has the aim of providing concessionary funding for agriculture so as to promote commercial agricultural enterprises in Nigeria. Likewise, The Real Sector Support Facility (RSSF): The Central Bank of Nigeria, as part of the efforts to unlock the potential of the real sector to engender output growth, productivity and job creation has established a N300 billion Real Sector Support Facility (RSSF). The activities targeted by the Facility are manufacturing, agricultural value chain and selected service subsectors. The funds are received from the CBN at 2%, and disbursed at 9% to the beneficiary. The profit rate on the facility is 9% per annum inclusive of all related charges associated with the financing and the profit distribution ratio between the CBN as Capital Provider and the NIFI as the Implementing Party is in the ratio of 2:7.
- 21 (ii)** This represents the amount granted under a N1 billion facility in June 2016. The facility is for a tenored and rolled over which is solely for financing agricultural related transaction. The profit rate of the facility is 12% payable yearly.
- 21 (iii)** This represents an intervention fund granted to the Bank by the Bank of Industry under their Bottom of pyramid funds referred to as BOI-BOP. This is a fund set up by BOI in fulfilment of its mandate of achieving Financial Inclusion through provision of finance to entrepreneurs who are either un-served or underserved with regards to access to finance and other developmental support services. The financing is available to Individuals, SMEs, Cooperatives and Associations in several cottage industries (Artisans, Manufacturing, fashion, etc). The bank under this program pays BOI quarterly based on the structure of finance at 12% and the Bank is under obligation to on-finance to customers at a profit rate of 20% per annum. The Bank is the primary obligor to BOI and assumes 100% default risk.
- 21 (iv)** This represents the amount granted under the USD 20 million line of financing provided by Islamic Corporation for the Development of private sector (ICD) for onward financing to eligible SMEs in Nigeria. The facility has a maximum tenor of 3 years inclusive of 6 months moratorium with quarterly repayment at a financing rate of 6.5% p.a.

| 22 Other Liabilities | 2021 | 2020 |
|---|-------------------|-------------------|
| | N'000 | N'000 |
| Managers' cheque | 229,955 | 284,012 |
| Letter of credit margin deposits | 6,345,852 | 7,450,097 |
| Accounts payable | 84,637 | 154,469 |
| Vendors payable | 380,128 | 187,466 |
| Other tax liabilities | 261,693 | 262,661 |
| Profit payable in Suspense | 343,325 | 32,635 |
| E-banking payables | 2,443,320 | 1,513,597 |
| Due to charity | 25 | - |
| Sundry payables | 1,634,334 | 9,287,421 |
| Accrued allowance | 1,703,750 | 1,161,610 |
| Accrued audit fee and expense | 33,940 | 17,284 |
| Sundry deposit | 93,475 | 3,571,143 |
| Unearned income | 92,095 | 157,932 |
| Other payables | 48,536 | 23,415 |
| Interbranch | 444 | - |
| | 13,695,509 | 24,103,741 |
| Impairment allowance on Off Balance sheet items | 28,866 | 170,230 |
| At 31 December | 13,724,375 | 24,273,970 |
| 23 Owners' Equity | | |
| Share Capital | 2021 | 2020 |
| (i) Authorised | N'000 | N'000 |
| 50,000,000,000 ordinary shares of N0.50 each | 25,000,000 | 25,000,000 |
| At 31 December | 25,000,000 | 25,000,000 |

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

Notes to the Financial Statements

For the year ended 31 December 2021

| | | |
|---|-------------------|-------------------|
| (ii) Issued and fully paid Share Capital | 2021 N'000 | 2020 N'000 |
| 29,464,249,300 ordinary shares of N0.50 each at 1 January | 14,732,125 | 14,732,125 |
| Movement during the period (5,076,923,077@N0.50 each) | 2,538,461 | - |
| As at 31 December | 17,270,586 | 14,732,125 |

During the period, Jaiz Bank Plc raised additional capital in the sum of N3.3billion through private placement. This translated to additional shares of 5,076,923,077 at unit price of 65kobo. The holders of ordinary shares are entitled to receive dividends and each shareholder is entitled to vote at the meetings of the Bank. All ordinary shares rank equally.

| | | |
|----------------------------|------------------|----------------|
| 24 Share Premium | | |
| Opening balance | 627,365 | 627,365 |
| Movement during the period | 721,082 | - |
| As at 31 December | 1,348,446 | 627,365 |

Share premium is the excess paid by shareholders over the nominal value for their shares. There was movement in share premium account during the period.

| | | |
|-------------------------------------|------------------|--------------------|
| 25 Retained Earnings | | |
| Opening balance | (2,538,887) | (4,081,114) |
| Transfer to risk regulatory reserve | (253,270) | 539,069 |
| Transfer to statutory reserve | (1,167,846) | (870,964) |
| Transfer to AGSMEIS | (194,641) | (145,161) |
| Dividend Paid | (883,929) | (883,929) |
| Profit for the year | (4,299,228) | 2,903,212 |
| As at 31 December | (739,345) | (2,538,887) |

Retained earnings are the carried forward recognised income net of expenses plus current year profit attributable to shareholder.

| | | |
|--------------------------------------|------------------|------------------|
| 26 Risk Regulatory Reserve | | |
| Opening balance | 2,175,084 | 2,714,153 |
| Adjustment against retained earnings | 253,270 | (539,069) |
| As at 31 December | 2,428,354 | 2,175,084 |

The regulatory risk reserves warehouse the difference between the allowance for impairment losses on balance on financing and investment based on Central Bank of Nigeria prudential guidelines compared with the expected credit loss model used in calculating the impairment under IFRSs. (See note 37)

| | | |
|--------------------------------------|------------------|------------------|
| 27 Statutory reserve | | |
| Opening balance | 2,108,625 | 1,237,662 |
| Adjustment against retained earnings | 1,167,846 | 870,964 |
| As at 31 December | 3,276,471 | 2,108,625 |

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by S.16(1) of the Banks and Other Financial Institution Act of Nigeria, an appropriation of 30% of profit after tax is made if the statutory reserve is less than paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

| | | |
|--------------------------------|----------------|----------------|
| 28 Other reserves | 2021 | 2020 |
| (a) Other comprehensive income | N'000 | N'000 |
| Opening balance | 386,137.1 | 112,313 |
| Movement in the year | (214,728) | 273,825 |
| As at 31 December | 171,409 | 386,137 |

Notes to the Financial Statements

For the year ended 31 December 2021

| | | |
|--|----------------|----------------|
| (b) Agricultural /small and medium enterprises investment scheme | | |
| Opening balance | 354,605 | 209,445 |
| Provision for the year | 194,641 | 145,161 |
| As at 31 December | 549,246 | 354,605 |
| Total | (a + b) | 720,655 |
| | | 740,742 |

The Agric-Business/Small and Medium Enterprises Investment Scheme is an initiative of Banker's committee of Nigeria. The contributed funds is meant for supporting the Federal Government's effort at promoting agricultural businesses as well as Small and Medium Enterprises. In line with this initiative, the Bank will contribute 5% of profit after tax yearly to the fund. The amount of N228 million (2020: N145 million) represents 5% provision made for the year ended 31 December 2021.

| | | |
|---|-------------------|-------------------|
| 29 Income from financing contracts | | |
| Murabaha transactions | | |
| Murabaha profit - corporate | 6,600,398 | 4,618,263 |
| Murabaha profit - retail | 2,870,485 | 1,833,197 |
| Murabaha income - LC | 625,314 | 228,562 |
| Bai Mu'ajjal | 593,618 | 369,147 |
| Total profit from murabaha transactions | 10,689,815 | 7,049,169 |
| Ijara transactions | | |
| Ijara Wa Iqtina Profit-Retail | 1,368,931 | 3,108,774 |
| Ijara Wa Iqtina- Corporate | 2,169,689 | 388,639 |
| Ijara Finance Lease Profit | 232,383 | - |
| Ijara Finance LC | 2,872 | 914 |
| Ijara wa Iqtina Profit-others | 129,466 | 10,164 |
| Total profit from Ijara transactions | 3,903,342 | 3,508,490 |
| Others | | |
| Istisna | 608,680 | 199,233 |
| Salam | 3,259 | 905 |
| Musharaka | 145 | - |
| Total profit from other financing/investment contracts | 612,084 | 200,138 |
| Total income from financing contracts | 15,205,240 | 10,757,796 |

| | | |
|---|------------------|------------------|
| 30 Income from investment activities | | |
| Trading assets | 1,028,756 | 1,009,976 |
| Sukuk | 7,943,432 | 6,862,168 |
| Rental | - | 131,031 |
| Total income from investing activities | 8,972,187 | 8,003,175 |

31 (i). Return on equity investment account holders

| | | |
|--|-------------------|-------------------|
| Profit from financing investments paid to mudarabah account holders | 4,939,957 | 3,789,440 |
| (ii) Mudarib Fees/Profit of Joint Investments Bank's Fees as Mudarib | 6,472,617 | 4,453,204 |
| Profit from Bank Joint Investments | 12,764,853 | 10,518,328 |
| Bank's Fees as Mudarib/Profit from Bank Joint Investments | 19,237,470 | 14,971,531 |

Notes to the Financial Statements

For the year ended 31 December 2021

| | | | |
|---------------|--|------------------|------------------|
| 32 | Fees and commission | 2021 | 2020 |
| | | N'000 | N'000 |
| | Banking services fee | 466,912 | 214,041 |
| | Net income from E-Business | 197,757 | 68,050 |
| | Letter of Credit/ trade finance | 444,105 | 218,839 |
| | As at 31 December | 1,108,774 | 500,930 |
| 33 | Other operating income | | |
| | Wakala income | 359,795 | 289,975 |
| | Miscellaneous income | 197,367 | 62,065 |
| | As at 31 December | 557,162 | 352,040 |
| 34 | Other comprehensive income | | |
| | Foreign currency revaluation | (214,728) | 273,825 |
| | As at 31 December | (214,728) | 273,825 |
| 35 | Staff costs Salaries | 6,756,416 | 4,609,690 |
| | Staff pension | 231,488 | 117,650 |
| | Training and seminar expenses | 59,098 | 83,896 |
| | Other staff expenses | 191,220 | 91,130 |
| | As at 31 December | 7,238,222 | 4,902,366 |
| 36 | Depreciation and amortisation | | |
| | Property, plant & equipment | 676,082 | 697,252 |
| | Leasehold improvement | 26,886 | 24,192 |
| | Intangible assets (Software) | 79,013 | 90,180 |
| | As at 31 December | 781,980 | 811,624 |
| 37(i) | Operating expenses | | |
| | Advertising and marketing | 220,530 | 170,960 |
| | Administrative - note 37 (iii) | 2,165,056 | 1,557,114 |
| | Subscription and professional fees | 206,524 | 149,588 |
| | ACE's Expense | 28,879 | 24,519 |
| | Right-of-use assets amortisation- note 37 (ii) | 414,761 | 377,319 |
| | Licenses | 521,039 | 603,326 |
| | Bank charges | 126,816 | 118,493 |
| | Audit fee & other expenses | 36,081 | 30,806 |
| | Deposit insurance premium | 720,488 | 556,778 |
| | Bandwidth and connectivity | 7,632 | 164,564 |
| | Directors expenses | 341,668 | 263,176 |
| | As at 31 December | 4,789,475 | 4,016,643 |
| 37(ii) | Right-of-use amortisation/ rental charges | | |
| | Right-of-use assets amortisation | 414,761 | 377,319 |
| | As at 31 December | 414,761 | 377,319 |

This relates to amortisation on Right-of-use assets in line with IFRS 16.

Notes to the Financial Statements

For the year ended 31 December 2021

| 37(iii) Administrative | 2021 N'000 | 2020 N'000 |
|-------------------------------------|------------------|------------------|
| Telephone expenses | 3,685 | 6,398 |
| SWIFT/NIBBS charges | 38,832 | 38,339 |
| Courier charges | 29,776 | 20,275 |
| Service contract (HR and Admin) | 765,927 | 608,705 |
| Local and foreign travels | 90,121 | 75,026 |
| Printing & Stationaries | 121,405 | 95,750 |
| Repairs and maintenance | 268,411 | 282,878 |
| Security related expenses | 93,644 | 87,673 |
| Money and other Insurance | 49,429 | 43,120 |
| Fuel expense | 140,258 | 100,366 |
| Data recovery & IT related expenses | 181 | - |
| Newspaper, magazine & periodicals | 2,238 | 1,376 |
| Entertainment | 24,506 | 18,332 |
| Communications & Support | 359,257 | 20,351 |
| Sundry expenses | 168,675 | 150,664 |
| Cash shortage w/o | 6,002 | 2,560 |
| Listing expenses | 2,709 | 2,352 |
| Industry certification | - | 2,949 |
| As at 31 December | 2,165,056 | 1,557,114 |

Communications & Support expense include the sum of N329.8million, being part of the Bank's contribution to the Banking Sector Security intervention fund. The fund will be used to support the Nigerian Police to acquire modern Security Equipment to fight crime and other forms of insecurity in the country.

38 Credit quality

38(a) Statement of prudential adjustment Prudential Adjustment for the year ended 2021

In compliance with the provisions under the revised Prudential Guidelines issued by the Central Bank of Nigeria, which became effective 1 July, 2010, addresses the variance between the impairment allowance under prudential guidelines and the expected credit loss model required by IFRS 9. Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, Banks would be required to comply with the following: Provisions for loans recognized in the profit and loss account 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:

- Prudential Provisions is greater than IFRS provisions; the excess provision resulting therefrom should be transferred from the general reserve account to a "regulatory risk reserve".
- Prudential Provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account.

As at 31 December 2021, the difference between the Prudential provision and IFRS impairment was N276.5 million for the Bank (December 2020: N539Million). This requires transfer of N276.5 million to retained earnings from regulatory risk reserves for Bank as disclosed in the statement of changes in equity. These amounts represent the difference between provisions for credit and other known losses as determined under the prudential guidelines issued by the Central Bank of Nigeria (CBN) and impairment reserve as determined in line with IFRS 9 as at the year end.

| Statement of prudential adjustments | 2021 N'000 | 2020 N'000 | Movement N'000 |
|---|------------------|------------------|-------------------|
| Total impairment allowance per IFRS | 8,905,459 | 5,793,423 | 3,112,036 |
| Total impairment per Prudential Guidelines | 11,333,801 | 7,968,496 | 3,365,305 |
| Risk regulatory reserves balance as at 31 December | 2,428,342 | 2,175,073 | 253,269 |

Notes to the Financial Statements

For the year ended 31 December 2021

38 (b) Carrying value of financing and investment - 31 December 2021

| | Risk Assets Summary | | | | Impairment Summary | | | | Carrying Amount | | | |
|------------------------|---------------------|------------------|-------------------|--------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
| Bai-Muajjal | 3,152,142 | 18,535 | 205,980 | 3,376,657 | 315,820 | 3,916 | 18,605 | 338,341 | 315,820 | 3,916 | 18,605 | 3,038,316 |
| Murabaha Finance | 65,052,101 | 3,255,525 | 5,299,184 | 73,606,810 | 2,058,007 | 492,800 | 1,479,714 | 4,033,494 | 2,058,007 | 492,800 | 1,479,714 | 69,573,316 |
| Salam | 516,114 | - | 3,396 | 519,510 | 223 | - | 70 | 293 | 223 | - | 70 | 519,218 |
| Musharaka | 38,058 | - | - | 38,058 | 9,897 | - | - | 9,897 | 9,897 | - | - | 28,160 |
| Ijara Finance | 27,313,615 | 943,676 | 1,255,072 | 29,512,362 | 688,718 | 21,760 | 25,006 | 735,484 | 688,718 | 21,760 | 25,006 | 28,776,879 |
| Istisna | 16,783,397 | 26,183 | 271,132 | 17,080,712 | 343,004 | 6,809 | 5,423 | 355,236 | 343,004 | 6,809 | 5,423 | 16,725,476 |
| Qard Hassan | 35,475 | 1,596 | 14,429 | 51,500 | 9,234 | 415 | 280 | 9,930 | 9,234 | 415 | 280 | 41,571 |
| Total | 112,890,902 | 4,245,514 | 7,049,194 | 124,185,609 | 3,424,904 | 525,700 | 1,532,070 | 5,482,675 | 3,424,904 | 525,700 | 1,532,070 | 118,702,934 |
| Other Financing Assets | 18,536,749 | 510,283 | 3,980,221 | 23,027,253 | 726,330 | 132,705 | 732,22 | 1,591,256 | 726,330 | 132,705 | 732,22 | 21,435,997 |
| Off Balance Sheet | 56,667,542 | - | - | 56,667,542 | 28,866 | - | - | 28,866 | 28,866 | - | - | 56,638,677 |
| Total | 188,095,194 | 4,755,797 | 11,029,415 | 203,880,405 | 4,180,100 | 658,405 | 2,264,291 | 7,102,797 | 4,180,100 | 658,405 | 2,264,291 | 196,777,608 |

38 Impairment Provisions 31 December 2020

| | Risk Assets Summary | | | | Impairment Summary | | | | Carrying Amount | | | |
|------------------------|---------------------|-------------------|------------------|--------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 | Stage 1 N'000 | Stage 2 N'000 | Stage 3 N'000 | Total N'000 |
| Bai-Muajjal | 2,465,356 | 31,231 | 185,668 | 2,682,254 | 14,952 | 162 | 155,572 | 170,686 | 14,952 | 162 | 155,572 | 2,511,568 |
| Murabaha Finance | 40,296,049 | 2,914,762 | 5,705,394 | 48,916,205 | 1,046,825 | 67,531 | 2,321,697 | 3,436,052 | 1,046,825 | 67,531 | 2,321,697 | 45,480,153 |
| Salam | 11,722 | - | - | 11,722 | 12 | - | - | 12 | 12 | - | - | 11,710 |
| Ijara Finance | 18,568,848 | 924,549 | 2,120,803 | 21,614,200 | 20,128 | 2,237 | 42,416 | 64,782 | 20,128 | 2,237 | 42,416 | 21,549,418 |
| Istisna | 2,781,872 | 589,902 | 550,353 | 3,922,127 | 3,810 | 1,775 | 10,995 | 16,580 | 3,810 | 1,775 | 10,995 | 3,905,547 |
| Qard Hassan | 97,386 | - | 28,814 | 126,200 | 85 | - | 28,814 | 28,899 | 85 | - | 28,814 | 97,301 |
| Total | 64,221,233 | 4,460,444 | 8,591,032 | 77,272,708 | 1,085,812 | 71,705 | 2,559,494 | 3,717,010 | 1,085,812 | 71,705 | 2,559,494 | 73,555,698 |
| Other Financing Assets | - | 18,915,711 | 1,357,824 | 20,273,535 | - | 1,136,985 | 160,838 | 1,297,822 | - | 1,136,985 | 160,838 | 18,975,712 |
| Off Balance Sheet | 11,556,341 | 32,474,974 | - | 44,031,316 | 140,607 | 29,623 | - | 170,230 | 140,607 | 29,623 | - | 43,861,085 |
| Total | 75,777,574 | 55,851,129 | 9,948,856 | 141,577,558 | 1,226,419 | 1,238,312 | 2,720,331 | 5,185,063 | 1,226,419 | 1,238,312 | 2,720,331 | 136,392,495 |

Notes to the Financial Statements

For the year ended 31 December 2021

| | Stage 1 | | Stage 2 | | Stage 3 | | Trading Assets | | Off Bal. Sheet | | Total Fin./Invest | | Other Assets | | Total | |
|---|------------------|----------------|------------------|------------------|----------------|------------------|------------------|------------------|----------------|-------|-------------------|-------|--------------|-------|-------|-------|
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| 31 December 2021 | | | | | | | | | | | | | | | | |
| Balance as at 1 January | 1,085,812 | 71,705 | 2,559,505 | 1,297,822 | 170,230 | 5,233,881 | 579,542 | 5,793,423 | | | | | | | | |
| Impairment charged during the year | 2,339,093 | 453,996 | (380,840) | 293,434 | (141,364) | 2,564,317 | 1,156,608 | 3,720,926 | | | | | | | | |
| Transfer between stages | - | - | - | - | - | - | - | - | | | | | | | | |
| Write back/recoveries during the year | - | - | - | - | - | - | - | - | | | | | | | | |
| Write off | - | - | ((646,584)) | - | - | (646,584) | - | (646,584) | | | | | | | | |
| Reclassification | - | - | - | - | - | - | 37,694 | 37,694 | | | | | | | | |
| Balance as at 31 December | 3,424,905 | 525,700 | 1,532,070 | 1,591,256 | 28,866 | 7,131,615 | 1,773,844 | 8,878,040 | | | | | | | | |
| 31 December 2020 | | | | | | | | | | | | | | | | |
| Balance as at 1 January | 1,340,647 | 24,120 | 1,223,825 | - | 120,913 | 2,588,592 | 176,927 | 2,765,520 | | | | | | | | |
| Impairment charged | 122,972 | 58,564 | 1,394,961 | 927,879 | - | 2,625,289 | 402,612 | 3,027,904 | | | | | | | | |
| Transfer between stages | - | - | - | - | - | - | - | - | | | | | | | | |
| Write back/recoveries during the year - | - | - | - | - | - | - | - | - | | | | | | | | |
| Reclassification | (377,807) | (10,979) | (30,474) | 369,943 | 49,317 | - | - | - | | | | | | | | |
| Balance as at 31 December | 1,085,812 | 71,705 | 2,588,312 | 1,297,822 | 170,230 | 5,213,881 | 579,542 | 5,793,423 | | | | | | | | |

Notes to the Financial Statements

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39. Related parties

Jaiz Bank Plc has some exposures that are related to its Directors. The Bank however follows a strict process before granting such credits to its Directors. The requirements for creating and managing this category of risk assets include the following amongst others:

- (i) Related parties: Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes investment as well as key management personnel.
- (ii) Transaction with key management personnel: The Bank's key management personnel, and persons connected with them, are also considered related parties. The definition of key management includes the close family members of key personnel and any entity over which key management exercise control. Close family members are those who may be expected to influence, or be influenced by that individual in their dealings with Jaiz Bank plc and its related entities/parties.

| 2021 | | | | | |
|-----------------------------|-----------------------------|----------------------------|------------------|----------------------------|----------------|
| Name | Related Party | Relationship with the Bank | Limit N'000 | Amount Receivable N'000 | Classification |
| Abdulfattah Olanrewaju Amoo | Abdulfattah Olanrewaju Amoo | Executive Director | 59,400 | 43,564 | Performing |
| AbdulMutallab Muhammad Hadi | Dr. Umaru Abdul Mutallab | Chairman | 40,000 | 31,583 | Performing |
| Ahmed Alhaji Hassan | Ahmed A. Hassan | Executive Director | - | 51,003 | Watchlist |
| Bellmari Energy Limited | Dangote Industries Ltd | Significant shareholder | 899,895 | 760,515 | Performing |
| Fountain University, Osogbo | Dr. Umaru Abdul Mutallab | Chairman | 25,113 | 21,798 | Performing |
| Bello Muhammad Sani | HRH Engr: Sani Bello | Non-Executive Director | 80,250 | 80,250 | Performing |
| Fursa Foods Ltd | Dangote Industries Ltd. | Significant Shareholder | 1,295,666 | 247,341 | Performing |
| Hassan Usman | Hassan Usman | Managing Director | 34,114 | 8,353 | Performing |
| Noble Hall Limited | Dr. Umaru Abdulmutallab | Chairman | 279,995 | 265,736 | Performing |
| At 31st December | | | 2,714,433 | 1,507,642 | |
| Off Balance Sheet | | | | | |
| Dangote Cement Plc | Dangote Industries Ltd | Significant Shareholder | | 18,592 | Performing |
| At 31st December | | | | 18,592 | |
| 2020 | | | | | |
| | Related Party | Relationship with the Bank | Limit N'000 | Amount Receivable N'000 | Classification |
| Abdulfattah Olanrewaju Amoo | Abdulfattah Olanrewaju Amoo | Executive Director | 59,400 | 49,410 | Performing |
| Ahmad Rufai Sani | HRH Engr: Sani Bello | Non Executive Director | 510,000 | 238,130 | Performing |
| Bellmari Energy Limited | Dangote Industries Ltd | Significant shareholder | 1,091,775 | 1,177,377 | Performing |
| Bello Muhammad Sani | Bello Muhammad Sani | Non-Executive Director | 80,250 | 80,250 | Performing |
| Fursa Foods Limited | Dangote Industries Ltd | Significant shareholder | 1,295,666 | 538,686 | Performing |
| Hassan Usman | Hassan Usman | Managing Director | 30,000 | 12,290 | Performing |
| Noble Hall Limited | Dr. Umaru Abdulmutallab | Chairman | 279,995 | 65,736 | Performing |
| At 31st December | | | 3,347,085 | 2,361,879 | |
| Off Balance Sheet | | | | | |
| Dangote Cement Plc | Dangote Industries Ltd | Significant shareholder | | 401,154 | Performing |
| At 31st December | | | | 401,154 | |

Notes to the Financial Statements

For the year ended 31 December 2021

40. Significant Shareholding (5% & Above)

| | 2021 | | 2020 | |
|---|-----------------------|--------------|-----------------------|--------------|
| | Holdings | % | Holdings | % |
| Dr. Muhammadu Indimi | 8,310,736,121 | 24.06 | 3,233,813,044 | 10.98 |
| Dantata Investment & Securities Limited | 4,484,157,327 | 12.98 | 3,904,369,327 | 13.25 |
| Dr. Umaru Abdul Mutallab | 4,000,000,000 | 11.58 | 4,000,000,000 | 13.58 |
| Althani Investment Limited | 2,600,000,000 | 7.53 | 2,600,000,000 | 7.47 |
| Islamic Development Bank | 2,506,666,588 | 7.26 | 2,506,666,588 | 8.51 |
| Dangote Industries Ltd | 2,500,000,000 | 7.24 | 2,500,000,000 | 8.48 |
| Balance as at 31 December | 24,401,560,036 | 70.65 | 19,044,848,959 | 64.65 |

41. Insider Trading & Market Abuse Prohibition

The Bank has in place a policy which in general terms prohibits the unauthorized disclosure of any price-sensitive non-public information (Insider Information) acquired in the Bank by its Directors, employees and members of their immediate family and household and the misuse of such information with regard to securities trading. The policy sets standard terms and conditions similar to the standards set out by the Nigerian Stock Exchange on Insider Trading. The Bank ensures that all Directors and Staff are kept informed about the policy as it is periodically circulated to Directors and Staff to serve as a reminder of their obligations under it. Directors, insiders and related parties are therefore prohibited from disposing, selling, buying or transferring their shares in the Bank during a "lock up" period commencing from the date of receipt of such insider information until such a period when the information is released to the public or any other period as defined by the Bank from time to time. In addition to the above, the Bank commits itself to making necessary disclosures in compliance with Rule 111 of the Securities and Exchange Commission ("SEC") Rules and Regulations which stipulates that Directors and top Management employees and other insiders of public companies shall notify the SEC of any sale or purchase of shares in the Bank, not later than forty-eight (48) hours after such activity.

42. Earnings per share Basic earnings per share

Basic earnings per share of 13.80 kobo (2020: 9.85 kobo) is based on the profit of N4.30 billion (31 December 2020: N2.90 billion) attributable to shareholders with ordinary shares of 32,002,711 (2020:- 29,464,249,300)

| | 2021 | 2020 |
|---|------------------|------------------|
| | N'000 | N'000 |
| Profit attributable to ordinary shareholders | | |
| Profit for the period | 4,299,228 | 2,903,212 |
| Profit attributable to ordinary shareholders | 4,299,228 | 2,903,212 |

| | 2021 | 2020 |
|--|-------------------|-------------------|
| | In Thousand | In Thousand |
| Weighted average number of ordinary shares | | |
| Issued ordinary shares at 1 January | 29,464,250 | 29,464,250 |
| Weighted average number of ordinary shares at 31 December | 31,156,557 | 29,464,250 |

Basic and diluted earnings per share (Kobo) 13.8 kobo 9.85 kobo
There have been no transactions during the year which caused dilution of the earnings per share.

43a. Information regarding Directors/Managers

| | 2021 | 2020 |
|-----------------------|--------|--------|
| | N'000 | N'000 |
| Remunerations | | |
| Chairman | 16,500 | 10,000 |
| Highest paid director | 79,922 | 68,007 |

Notes to the Financial Statements

For the year ended 31 December 2021

No. of Directors excluding the Chairman with gross emoluments within the following ranges were:

| N | N | 2021 Number | 2020 Number |
|------------|------------|----------------|----------------|
| 5,000,000 | - 10000000 | - | 11 |
| 10,000,001 | - 15000000 | 11 | - |
| 15,000,001 | - Above | 3 | 2 |

b Information regarding Employees

In line with the provision of Section 238 of CAMA 2020, the remuneration of the employees of the Bank for the year ended 31st December 2021

| N | N | 2021 Number | 2020 Number |
|---------------------------------|---|----------------|----------------|
| Below - 2,990,000.00 | | 44 | 39 |
| 2,990,000.01 - 3,990,000.00 | | 244 | 183 |
| 3,990,000.01 - 4,990,000.00 | | 88 | 50 |
| 4,990,000.01 - 5,990,000.00 | | 17 | 26 |
| 5,990,000.01 - 6,990,000.00 | | 86 | 70 |
| 6,990,000.01 - 7,990,000.00 | | 0 | 0 |
| 7,990,000.01 - 8,990,000.00 | | 61 | 77 |
| 8,990,000.01 - 9,990,000.00 | | 45 | 60 |
| 9,990,000.01 - 10,990,000.00 | | 35 | 39 |
| 10,990,000.01 - 15,990,000.00 | | 43 | 0 |
| 1015,990,000.01 - 20,990,000.00 | | 40 | 42 |
| 20,990,000.01 - 30,990,000.00 | | 22 | 14 |
| 30,990,000.01 - 40,990,000.00 | | 6 | 6 |
| Above - 40,990,000.00 | | 4 | 3 |
| | | 735 | 609 |

The average Number of persons other than Directors in employment of the Bank during the year comprises:

| | 2021 Number | 2020 Number |
|------------|----------------|----------------|
| Managerial | 12 | 13 |
| Senior | 95 | 91 |
| Junior | 628 | 505 |
| | 735 | 609 |

44 Card issuance and usage in Nigeria

In line with Sec.11 of the CBN' Circular on The Guidance for issuance and usage of cards in Nigeria, below is the Bank's information on it's Card

| Card Type | Transaction Volumes Number | Transaction Value N'000 |
|------------------|----------------------------------|-------------------------------|
| Verve Debit Card | 2,977,277 | 44,389,103 |
| Mastercard Card | 653,936 | 10,584,378 |
| Total | 3,631,213 | 54,973,48 |

Notes to the Financial Statements

For the year ended 31 December 2021

In line with CBN circular Ref FPR/DIR/CIR/GEN/01/020, below are the customer complaints data for the year:

(i) ATM Complaints data- 31 December 2021

| | Number | Amount N'000 |
|-------------------------------------|----------|-----------------|
| Unresolved as At 1 January | 53 | 962 |
| Number of Complaints | 153 | 3,178,388 |
| Number of Complaints Resolved | 205 | 3,179,350 |
| Unresolved as at 31 December | 1 | 0 |

(ii) ATM Complaints Data- 31 December 2020

| | Number | Amount N'000 |
|-------------------------------------|-----------|-----------------|
| As at 1 January | 219 | 606 |
| Number of Complaints | 10,713 | 21,672 |
| Number of Complaints Resolved | 10,879 | 21,316 |
| Unresolved as at 31 December | 53 | 962 |

46. Financing Analysis

(i) By Security

| | 2021 N'000 | 2020 N'000 |
|-----------------------|--------------------|-------------------|
| Legal mortgage | 51,871,362 | 31,152,121 |
| Total asset debenture | 22,708,895 | 9,239,693 |
| Cash and deposits | 19,132,011 | 16,383,948 |
| Equitable mortgage | 11,397,306 | 7,939,400 |
| Shares | 74,330 | 132,834 |
| Assets - Other | 19,001,706 | 12,424,711 |
| Total | 124,185,609 | 77,272,708 |

(ii) By Products

| | 2021 N'000 | 2020 N'000 |
|------------------|--------------------|-------------------|
| Murabaha finance | 73,606,810 | 48,916,205 |
| Bai Muajjal | 3,376,657 | 2,682,254 |
| Ijara Finance | 29,512,362 | 21,614,200 |
| Istisna | 17,080,712 | 3,922,127 |
| Salam | 519,510 | 11,722 |
| Musharaka | 38,058 | - |
| Qard | 51,500 | 126,200 |
| Total | 124,185,610 | 77,272,708 |

Notes to the Financial Statements

For the year ended 31 December 2021

| | 2021 N'000 | 2020 N'000 |
|---|--------------------|-------------------|
| (iii) By sector | | |
| General | 8,740,548 | 10,731,571 |
| Oil & gas | 14,197,885 | 12,595,776 |
| Real estate activities | 13,767,671 | 12,394,631 |
| General commerce | 26,274,591 | 16,977,873 |
| Agriculture | 36,378,500 | 12,818,514 |
| Construction | 9,759,954 | 3,875,997 |
| Manufacturing | 5,543,509 | 3,476,873 |
| Education | 2,227,648 | 2,215,943 |
| Information and communication | 2,804,635 | 377,289 |
| Recreation | 81,568 | 31,742 |
| Human health and social work activities | 1,338,554 | 652,520 |
| Transportation and storage | 2,493,204 | 603,815 |
| Mining and Quarrying | 577,343.5 | 20,164 |
| Total | 124,185,609 | 77,272,708 |

| | 2021 N'000 | 2020 N'000 |
|-------------------------------|--------------------|-------------------|
| (iiv) By Business Unit | | |
| Corporate | 90,231,361 | 52,475,708 |
| Retail | 33,954,248 | 24,797,000 |
| Total | 124,185,609 | 77,272,708 |

| | 2021 N'000 | 2020 N'000 |
|------------------------|--------------------|-------------------|
| (v) By Security | | |
| 0 - 60 days | 643,672 | 1,072,124 |
| 61 - 90 days | 4,796,656.3 | ,146,646 |
| 91 - 180 days | 8,579,742 | 6,338,405 |
| 180 - 360 days | 19,344,506 | 15,243,993 |
| Over 360 days | 90,821,034 | 51,471,540 |
| Total | 124,185,609 | 77,272,708 |

47 Operating segments

For reporting purposes, the Bank is organised into business segments and has reportable operating segments as follows: Resources are allocated based on the business segments and Management reviews the segments on periodic basis to assess their performance. The Management Committee reviews and allocates the necessary resources for the achievement of the Bank's objectives.

| | Corporate Banking N'000 | Retail Banking N'000 | Total N'000 |
|-------------------------------|----------------------------|-------------------------|--------------------|
| As at 31 December 2021 | | | |
| Investment in sukuk | 63,473,239 | - | 63,473,239 |
| Murabaha finance | 51,440,895 | 22,460,676 | 73,901,571 |
| Bai Muajjal | 160,890 | 3,215,767 | 3,376,657 |
| Ijara finance | 19,705,117 | 9,807,245 | 29,512,362 |
| Salam | 516,114 | 3,396 | 519,510 |
| Musharaka | 38,058 | - | 38,058 |
| Istisna | 14,306,491 | 2,774,221 | 17,080,712 |
| Qard | 9,507 | 41,994 | 51,500 |
| Total Assets | 149,650,310 | 38,303,299 | 187,953,610 |

Notes to the Financial Statements

For the year ended 31 December 2021

| As at 31 December 2019 | Corporate Banking N'000 | Retail Banking N'000 | Total N'000 |
|------------------------------------|----------------------------|-------------------------|--------------------|
| Operating segments | | | |
| Investment in sukuk | 73,795,575 | - | 73,795,575 |
| Murabaha finance | 30,754,751 | 12,856,993 | 43,611,743 |
| Bai Muajjal | 164,176 | 2,531,435 | 2,695,612 |
| Ijara finance | 10,709,324 | 7,521,009 | 18,230,333 |
| Ijara service | 2,533,194 | 184,424 | 2,717,618 |
| Istisna | 1,089,440 | 1,576,940 | 2,666,379 |
| Qard | - | 126,200 | 126,200 |
| Intervention fund | 7,224,823 | - | 7,224,823 |
| Investment properties | 1,603,513 | - | 1,603,513 |
| Investment in assets held for sale | 20,273,275 | - | 20,273,275 |
| Total assets | 148,148,070 | 24,797,000 | 172,945,071 |

In line with the requirements of the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), the investments in islamic finance are shown here as gross, while on the face of statement of financial position they are shown net of impairment and deferred profit. This accounts for the difference between the balance sheet size in the notes to the financial statements and what is disclosed on the face of the statement of financial position.

48. Capital Adequacy Ratio

The Bank presents details of its regulatory capital resources in line with the Central Bank of Nigeria's guidance on Pillar I capital requirements.

| | 2021 N'000 | 2020 N'000 |
|--|-------------------|-------------------|
| Regulatory capital | | |
| Tier 1 capital | | |
| Share capital | 17,270,586 | 14,732,125 |
| Share premium | 1,348,447 | 627,365 |
| Retained earnings | (739,345) | (2,538,887) |
| Statutory reserves | 3,276,471 | 2,108,625 |
| Other reserves | 466,917 | 466,917 |
| | 21,623,075 | 15,396,145 |
| Less: Deferred tax assets | 1,248,588 | 832,253 |
| Intangible assets | 574,840 | 475,815 |
| Total qualifying Tier 1 capital | 19,799,647 | 14,088,077 |
| Tier 2 capital | | |
| Qualifying other reserves | - | - |
| Other comprehensive income | (214,728) | 273,825 |
| Total qualifying Tier 2 capital (100% of total qualifying Tier 1 capital) | (214,728) | 273,825 |
| Total qualifying capital | 19,584,919 | 14,361,902 |
| Risk - weighted assets: | | |
| Credit risk | 53,117,426 | 41,496,693 |
| Operational risk | 13,302,783 | 14,801,287 |
| Market risk | 19,072,920 | 15,155,342 |
| Total risk-weighted assets | 85,493,130 | 71,453,323 |
| Risk-weighted capital adequacy ratio | 22.91% | 20.10% |

Notes to the Financial Statements

For the year ended 31 December 2021

A minimum regulatory capital adequacy ratio (CAR) of 15% will be applicable to banks with international authorisation and Systemically Important Banks (SIBs) while a CAR of 10% will be applicable to other banks.

The Bank CAR of 22.91% surpasses the regulatory minimum requirement of 10% stipulated by Central Bank of Nigeria.

49 Contingencies and commitments

(i) Litigation and claims

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Bank has proper controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing. The Bank, in its ordinary course of business, is presently involved in 28 litigation suits (31 December 2020: 18). 23 cases were instituted against the Bank (31 December 2020: 14), while 5 cases were instituted by the Bank (31 December 2020: 4), 1 judgement against the Bank (31 December 2020: NIL). 4 appeal was filed by the Bank (31 December 2020: NIL) and 2 appeal against the Bank (31 December 2020: NIL).

The Directors are of the opinion that none of the aforementioned cases is likely to have a material adverse effect on the Bank and are not aware of any other pending or threatened claims and litigations.

(ii) Other contingent liabilities

In the course of business, the Bank enters into various types of transactions that involves several undertakings acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise letter of credit, guarantees and undrawn financial commitments.

Nature of instruments

An acceptance is undertaken by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Bank in respect of bills of exchange, which have been paid and subsequently rediscounted. Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts. Other contingent liabilities include transaction related performance bonds and overdrawn commitment and are generally short term to third parties which are not directly dependent on the customer's credit worthiness.

Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed year, or have no specific maturity dates but are cancellable by the lender subject to notice requirements. Documentary credits commit the Bank to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The table below summarises the fair value amount of contingent liabilities and commitments off-financial position risk:

| | 2021 N'000 | 2020 N'000 |
|----------------------------------|-------------------|-------------------|
| Advanced payment guarantees | 6,378,876 | 5,295,918 |
| Letters of credit | 36,390,833 | 25,357,314 |
| Bonds and guarantees | 5,494,174 | 1,821,742 |
| Wakala guarantee | 8,164,502 | 9,329,970 |
| Undrawn commitment | 8,403,659 | 2,226,371 |
| Balance as at 31 December | 64,832,044 | 44,031,315 |

(iii) Capital commitments

There were no capital commitments at the end of the reporting period of 31 December 2021.

(iv) Guarantees and other financial commitments

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the company's financial position, financial performance and cash flows have been taken into account in the preparation of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2021

50 Contraventions

Contraventions of the Banks and Other Financial Institutions Act of Nigeria and CBN circulars

31 December 2021

In 2021 financial year, the Bank did not contravene any CBN guidelines

31 December 2020

In 2020 financial year, the Bank did not contravene any CBN guidelines

51 Dividends

The Board of Directors, pursuant to the powers vested in it by the provisions of Section 379 of the Companies and Allied Matters Act 2020, proposed a dividend of 4 kobo per share as at December 31, 2021. This is subject to approval by shareholders at the next Annual General Meeting. The number of shares in issue and ranking for dividend represents the outstanding number of shares as at 31 December 2021 and 31 December 2020. Payment of dividend to shareholders is subject to withholding tax at a rate of 10% in compliance with extant tax laws.

52 Comparatives figures

Certain comparative figures have been restated where necessary for a more meaningful comparison.

| 53 Employee benefit plans | 2021 N'000 | 2020 N'000 |
|---|---------------|---------------|
| Opening defined contribution obligation | 790 | 34,200 |
| Charge for the year | 506,441 | 272,727 |
| Payment to fund administrator | 488,289 | 306,137 |
| Balance as at 31 December | 18,942 | 790 |

A defined contribution plan is a pension plan under which the Bank pays contributions at a fixed rate. The Bank does not have any legal obligation to pay further contributions over and above the fixed rate as determined by the Pension Act, 2004 as amended. The total expense charged to income for the year was N506 million (2020: N272 million).

54 Non-Audit Services

During the year, the following non-audit services were provided during the year ;

| S/N | Service rendered | Name of firm |
|-----|--------------------|-------------------|
| 1 | NDIC Certification | Ahmed Zakari & Co |

55 Events after the reporting date

There were no events after the reporting date that could have material effect on the financial condition of the Bank as at 31 December 2021 and the profit and other comprehensive income for the year ended which have not been adjusted or disclosed.

56 Assessment of COVID 19 impact on going concern

The COVID-19 pandemic has caused disruptions to global economic and social activities during the period ended 31 December 2021. The impact in Nigeria markets was experienced in the second quarter and few months of the third quarter period, by way of reduction in social interactions and disruptions in economic activities. The Bank has reviewed the current uncertainty as a result of this pandemic and 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.

Other National Disclosures

Value Added Statements

Five Year Financial Summary

Value Added Statement

For the year ended 31st December 2021

| | 31 Dec. 2021 | | 31 Dec. 2020 | |
|--|-------------------|------------|-------------------|------------|
| | N'000 | % | N'000 | % |
| Gross Income from financing and Investment transactions | 25,843,363 | | 19,613,940 | |
| Return on Equity of Investment Account Holders | (4,939,957) | | (3,789,440) | |
| Bank's share as a Mudarib/Equity investor | 20,903,406 | | 15,824,500 | |
| Impairment Charges against non-performing Financing and Investment | (3,720,926) | | (3,027,892) | |
| | 17,182,480 | | 12,796,608 | |
| Bought in Goods and Services | (4,789,475) | | (4,016,643) | |
| Value Added | 12,393,005 | 100 | 8,779,965 | 100 |
| Distribution | | | | |
| Employees | | | | |
| Salaries and Benefits | 7,238,222 | 58 | 4,902,366 | 56 |
| Government | | | | |
| Taxation | 73,575 | 1 | 162,764 | 2 |
| Retained in the Bank | | | | |
| Re-invested in non-current asset & development of operation | 781,980 | 6 | 811,624 | 9 |
| Profit for the year (inclusive of all Statutory Reserves) | 4,299,228 | 35 | 2,903,212 | 33 |
| Total Value Added | 12,393,005 | 100 | 8,779,966 | 100 |

Value added statement reports shows the activities of stakeholders in the Bank. This shows the total wealth which the Bank has created by its own and employees efforts. It takes into account the distributions and reinvestment in the Bank for the replacement of assets and development of operations.

Five Years Financial Summary

| | Note | 2021 N'000 | 2020 N'000 | 2019 N'000 | 2018 N'000 | 2017 N'000 |
|--|------|--------------------|--------------------|--------------------|--------------------|-------------------|
| Assets | | | | | | |
| Cash and Balances with Central Bank of Nigeria | 3 | 48,113,817 | 45,869,170 | 42,103,116 | 23,409,751 | 23,909,987 |
| Due from banks and financial institution | 4 | 21,680,400 | 14,839,178 | 11,438,274 | 7,408,063 | 5,441,073 |
| InterBank Murabaha | | - | - | - | - | - |
| Total Sukuk Investment | 5 | 63,473,239 | 73,795,575 | 41,086,469 | 19,819,872 | 6,387,918 |
| Investment in Musharaka | | 28,160 | - | - | - | 1,200,000 |
| Murabaha Receivables | 6 | 63,371,224 | 40,907,082 | 32,168,321 | 25,330,697 | 22,677,161 |
| Investment in Bai Mu'ajjal | 7 | 2,424,511 | 1,979,088 | 1,008,613 | 59,186 | - |
| Investment in Istisna | 8 | 13,800,888 | 3,662,628 | 1,080,389 | 1,865,656 | 1,335,361 |
| Investment in Ijara asset | 9 | 33,115,954 | 24,962,636 | 21,283,416 | 15,264,911 | 13,153,201 |
| Qard hassan | 10 | 41,571 | 97,301 | 79,430 | 171,948 | 149,082 |
| Investment in Salam | 11 | 505,452 | 11,393 | - | - | - |
| Investment properties | 12 | - | 1,603,513 | 1,603,513 | 1,603,513 | - |
| Investment in Assets Held for sale | 13 | 20,767,542 | 18,975,452 | 9,464,869 | 7,699,830 | 5,883,288 |
| Property, plant and equipment | 14 | 6,642,247 | 2,926,153 | 2,547,972 | 2,578,588 | 2,123,997 |
| Leasehold Improvement | 15 | 41,462 | 47,526 | 65,297 | 58,118 | 34,932 |
| Intangible assets | 16 | 574,840 | 475,815 | 481,366 | 370,748 | 340,286 |
| Other Assets | 17 | 3,445,684 | 2,611,415 | 2,400,175 | 2,809,209 | 4,676,323 |
| Deferred taxation asset | 19b | 1,248,588 | 832,253 | 462,186 | 12,368 | - |
| Total Assets | | 279,275,580 | 233,596,177 | 167,273,406 | 108,462,458 | 87,312,608 |
| Liabilities | | | | | | |
| Customer Current Deposits | 19a | 111,559,434 | 4,580,714 | 69,603,883 | 45,950,138 | 33,706,359 |
| Other Financing | 20 | 31,536,491 | 15,405,242 | 11,963,766 | 2,000,000 | - |
| Other Liabilities | 21 | 13,724,375 | 24,273,971 | 12,443,964 | 8,229,960 | 5,367,886 |
| Tax payable | 18a | 620,938 | 558,770 | 120,251 | 90,344 | 135,677 |
| Deferred tax liability | 18b | - | - | - | - | 14,641 |
| Total liabilities | | 157,441,238 | 114,818,696 | 94,131,864 | 56,270,442 | 39,224,563 |
| Equity of Investment Account Holders | | | | | | |
| Customers' Unrestricted Investment Accounts | 19b | 97,529,175 | 100,932,427 | 57,589,595 | 39,082,854 | 34,408,897 |
| | | 97,529,175 | 100,932,427 | 57,589,595 | 39,082,854 | 34,408,897 |
| Owners' Equity | | | | | | |
| Share Capital | 22 | 17,270,586 | 14,732,125 | 14,732,125 | 4,732,125 | 14,732,125 |
| Share Premium | 23 | 1,348,447 | 627,365 | 627,365 | 627,365 | 627,365 |
| Retained Earnings | 24 | (739,345) | (2,538,887) | (4,081,114) | (4,574,108) | (4,244,308) |
| Risk Regulatory reserve | 25 | 2,428,354 | 2,175,084 | 2,714,153 | 1,619,336 | 2,267,029 |
| Statutory Reserve | 26 | 3,276,471 | 2,108,624 | 1,237,662 | 504,826 | 254,517 |
| Other Reserves | 27 | 720,655 | 740,742 | 321,757 | 199,618 | 42,420 |
| Total Equity | | 24,305,167 | 17,845,053 | 15,551,948 | 13,109,163 | 13,679,147 |
| Total Equity and Liabilities | | 279,275,581 | 233,596,177 | 167,273,406 | 108,462,458 | 87,312,608 |

Five Years Financial Summary

| | 2021 N'000 | 2020 N'000 | 2019 N'000 | 2018 N'000 | 2017 N'000 |
|--|-------------------|-------------------|-------------------|------------------|------------------|
| Income: | | | | | |
| Income from Financing Contracts | 15,205,240 | 10,757,796 | 7,461,682 | 6,291,944 | 6,239,803 |
| Income from Investment Activities | 8,972,187 | 8,003,175 | 6,055,941 | 1,223,633 | 684,854 |
| Gross Income from financing and investment transactions | 24,177,427 | 18,760,971 | 13,517,623 | 7,515,577 | 6,924,658 |
| Impairment write Back of non-performing Financing and Investment | (3,720,926) | (3,027,892) | (1,145,876) | 231,584 | (161,459) |
| Bank's share as a Mudarib/Equity investor | 20,456,501 | 15,733,079 | 12,371,746 | 7,747,161 | 6,763,198 |
| Return on Equity of Investment Account Holders | (4,939,957) | (3,789,440) | (2,907,985) | (1,916,804) | (1,397,009) |
| Net Spread after Provision | 15,516,543 | 11,943,639 | 9,463,762 | 5,830,357 | 5,366,190 |
| Other Income | | | | | |
| Fee and commission | 1,108,774 | 500,930 | 1,008,943 | 988,439 | 748,709 |
| Other Operating Income | 557,162 | 352,040 | 188,258 | 240,305 | 182,003 |
| Total Income | 17,182,480 | 12,796,609 | 10,660,962 | 7,059,101 | 6,296,902 |
| Expenses: | | | | | |
| Staff costs | 7,238,222 | 4,902,366 | 3,863,554 | 2,808,765 | 2,374,457 |
| Depreciation and Amortisation | 781,980 | 811,624 | 714,586 | 608,398 | 522,187 |
| Operating Expenses | 4,789,475 | 4,016,643 | 3,972,805 | 2,744,236 | 2,506,250 |
| Total Expenses | 12,809,677 | 9,730,633 | 8,550,945 | 6,161,399 | 5,402,894 |
| Operating Profit/(Loss) Before Tax | 4,372,802 | 3,065,976 | 2,110,017 | 897,702 | 894,006 |
| Income Tax Expenses | (73,575) | (162,764) | 332,768 | (63,336) | (356,891) |
| Profit/(Loss) for the Year after Tax | 4,299,227 | 2,903,212 | 2,442,785 | 834,366 | 537,115 |
| Other Comprehensive Income | | | | | |
| Item that may be reclassified to profit or loss | | | | | |
| Net gain on gifted property | | - | - | 12,313 | - |
| Foreign currency translation difference | (214,728) | 273,825 | - | - | - |
| Total comprehensive income for the year | 4,084,499 | 3,177,036 | 2,442,785 | 846,679 | 537,115 |
| Basic and diluted Earnings per share (Kobo) | 13.8kobo | 9.85 kobo | 8.29 kobo | 2.83 kobo | 1.82 kobo |

