2023

ANNUAL REPORT AND FINANCIAL STATEMENTS

INTRODUCTION.

The financial statements of Jaiz Bank Plc comply with Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the applicable legal requirements of the Nigerian Securities and Exchange Commission regarding financial statements and are prepared in accordance with International Financial Reporting Standards, including financial statements adopted by the International Accounting Standards Board.

For ease of understanding, certain disclosures and certain prior year numbers have been presented to match current year numbers. Due to rounding, numbers shown in this document may not accurately reflect totals shown and percentages may not accurately reflect absolute numbers.

CONTENT GUIDE

ABOUT JAIZ BANK

Jaiz Bank Plc, the pioneer Non-Interest Bank in Nigeria has been providing ethical services to individuals, corporate and government entities since 2012 with the mission of Making Life Better Through Ethical Finance.

Since it commenced operations in 2012, the Nation's premier Non-Interest Bank has maintained its leadership role by deepening this alternative model of financing, thus providing the foundation for its expansion, and providing the needed ethical funding for infrastructural development in the country.

Within this period, the Bank has won notable international and local accolades, amongst which are the Most Improved Islamic Banking awards in 2020 and 2021, respectively, from the Global Islamic Finance Awards (GIFA).

It is worth noting that the Bank maintains the record of being the first Islamic Bank in the world to breakeven within the first three years in operations even when there was no Islamic banking and finance instruments to invest on in the country.

Jaiz Bank's core values are built on 7 principles with the acronym "ETHICAL" - Excellence, Teamwork, Honesty, Integrity, Customer-Centric, Accountability, Loyalty. These core values drive the Bank towards achieving its vision to be the clear leader in ethical Banking in Africa.

Jaiz Bank is publicly quoted on the Nigerian Exchange Group (NGX) with a balance sheet size of N580billion (as of December 31st 2023) compared to N12 billion in 2012. Financing and Investment assets also grew from over N30billion in 2012 to N357billion as of December 31 2023. Other critical parameters such as customer deposits, branch network and profitability have all been growing year–on–year since inception.

ABOUT ISLAMIC BANKING

Non-Interest Banking is a growing global phenomenon practised in nearly 80 countries across the world including the United Kingdom, Canada, the United States of America, the United Arab Emirates, Malaysia, China, Singapore, South Africa, Kenya etc. Global Banks like HSBC, Citibank, Barclays Bank, Standard Chartered etc. are also offering non-interest banking products and services.

It is an alternative financial service offering that is open to all, irrespective of race or religion. It is based on the ethical principles of fairness, transparency and objectivity. Non-Interest Banking offers almost all the services of conventional banks.

The difference is that Islamic Banks do not give or receive interest, nor finance anything that is harmful to the society like alcohol, tobacco, gambling etc. They also avoid gharar- speculation, extreme uncertainty and deception. A significant portion of Nigerian population is desirous of ethical banking services which Non-Interest Banking is poised to deliver.

In a nutshell, Non-Interest Banking is real-economy oriented where profit and loss sharing arrangement, mark-up, leasing and partnership are mostly the mode of financing.

The Potential for Non- Interest Bank in Nigeria

The business potential for a Non-Interest Bank in Nigeria are enormous as such an institution has long been awaited by a large population of Nigerians from all parts of the country. Jaiz Bank's strategic business focus is mainly on retail banking, the Bank nevertheless offers corporate and commercial banking services. The Bank's retail focus will enable it to service the majority of Nigerians who wish to do away with Riba (Usury) in their daily activities.

WHAT THE BANK WILL BE

100% Shari'ah compliant
Highly ethical, with best practice corporate governance and sound risk management framework.
Proactive and innovative towards customer's needs
Best-practice operations and functional framework
Customer-Centric
Socially responsible
Fair to all Stakeholders
Ideal business partner

WHAT THE BANK WILL NOT BE

Religious bias
Offer all things to all people
Mediocre performer
Imitate other banks
Sacrifice Shari'ah principles for profit

OUR BUSINESS PHILOSOPHY

Our philosophy is to deliver world-class sharia-compliant financial services to our clientele irrespective of class, creed, race or religious belief and to contribute to the socio-economic development of the society.

VISION –

To be the clear leader in Ethical Banking in Sub-Saharan Africa

MISSION -

Making life better through Ethical Finance

Our Sustainability Vision Statement -

To be the clear leader in Sustainable and Ethical Banking in the areas we operate

OUR CORE VALUES

EXCELLNCE
TEAMWORK
HONESTY
INTEGRITY
CUSTOMER-CENTRIC
ACCOUNTABILITY
LOYALTY

Corporate Information

This is the list of Directors who served in the entity during the year and up to the date of this report.

Alh Mohammed Mustapha Bintube	Chairman
Muhammad Hadi Abdul Mutallab	Non- Executive Director (NED)
Alh. Mukhtar Sani Danladi Hanga	Non- Executive Director (NED)
Alh. (Dr.) Musbahu M. Bashir	Non- Executive Director (NED)
Alh. (Dr.) Muhammadu Indimi	Non- Executive Director (NED)
Mr. Seedy Mohammad Njie	Non- Executive Director (NED)
Ibrahim Muhammadu Indimi	Non- Executive Director (NED)
Mrs. Aisha Waziri Umar	Independent NED
Dr. Abdulateef Bello	Independent NED
Haruna Musa	Managing Director
Mal. Ahmed Alhaji Hassan	Executive Director, Operations/CFO
Mr. AbdulFattah Olanrewaju Amoo	Executive Director Business Development South
Alhassan Abdulkarim	Executive Director Business Development North

COMPANY SECRETARY
Mr. Shehu Mohammed
FRC/2017/NBA/00000016416

HEAD OFFICE
Jaiz Bank House,
Plot 1073 J.S Tarka Street, Garki
Area 3
FCT Abuja,
Nigeria
Tel +234 9 460 (JAIZ) 5249
E-mail: info@jaizbank.ng
https://www.jaizbankplc.com
facebook.com/jaizbankplc
twitter.com/ jaizbankplc
instagram.com/ jaizbankplc

REGISTRAR AND TRANSFER OFFICE:
Africa Prudential Plc.
(Formerly UBA Registrars Plc.)
220B Ikorodu Road, Lagos.
https://africaprudential.com

INDEPENDENT AUDITOR
Deloitte & Touche
Civic Towers,
Plot GA1 Ozumba Mbadiwe Road,
Victoria Island, Lagos, Nigeria
https://www.deloitte.com/ng

Investor Relations
Jaiz Bank Plc has a dedicated investors' portal on its corporate website which can be accessed via this link https://jaizbankplc.com/investor-relations/annual-report-and-accounts/
For further information please contact:
Jaiz Bank Plc.
Investor Relations Team; investorrelations@jaizbankplc.com

Result at a Glance

The Bank financial highlight is a major indicator of the Bank applauding trajectory over the years.

Gross Earnings
2023 N47.2B
42%
2022 N33.2B

Profit Before Tax
2023 N11.1B
67%
2022 N6.6B

Gross Earnings
2023 N11.2B
63%
2022 N6.9B

Net Risk & Investment Asset
2023 N352B
78%
2022 N197B

Deposit
2023 N466B
123%
2022 N209B

Total Assets
2023 N580B
108%
2022 N279B

CAR
2023 N17.96%
5%
2022 N18.81%

SLR
2023 N37.24%
25%
2022 N29.78%

CIR
2023 N65.26%
7%
2022 N70.51%

Our People, Culture and Diversity

At Jaiz Bank, we believe that our people are our greatest asset. Central to our success is a vibrant culture that celebrates diversity and fosters inclusivity. In this section, we explore how we cultivate a workplace where every individual is valued, respected, and empowered to thrive, regardless of background or identity.

Diversity is more than just a buzzword; it's a fundamental aspect of who we are. We recognize that a diverse workforce brings a richness of perspectives and experiences that drive innovation and fuel growth. At Jaiz Bank, we embrace diversity in all its forms – whether it's gender, ethnicity, religion, or beyond. Our commitment to diversity is not just about compliance; it's about harnessing the power of differences to create a stronger, more resilient organization.

But diversity alone is not enough. True inclusion requires creating an environment where every voice is heard, valued, and respected. We believe in fostering a culture of inclusivity where all employees feel welcome, supported, and empowered to bring their whole selves to work. From our recruitment and retention practices to our day-to-day operations, we prioritize inclusion in everything we do.

At Jaiz Bank, we recognize that talent knows no boundaries. That's why we're committed to attracting, developing, and retaining a diverse pool of talent from all walks of life. Our focus on talent development goes beyond traditional metrics; we invest in programs and initiatives that promote diversity and inclusion at every level of the organization. By nurturing talent from diverse backgrounds, we ensure that our workforce reflects the communities we serve and remains agile in an ever-changing world.

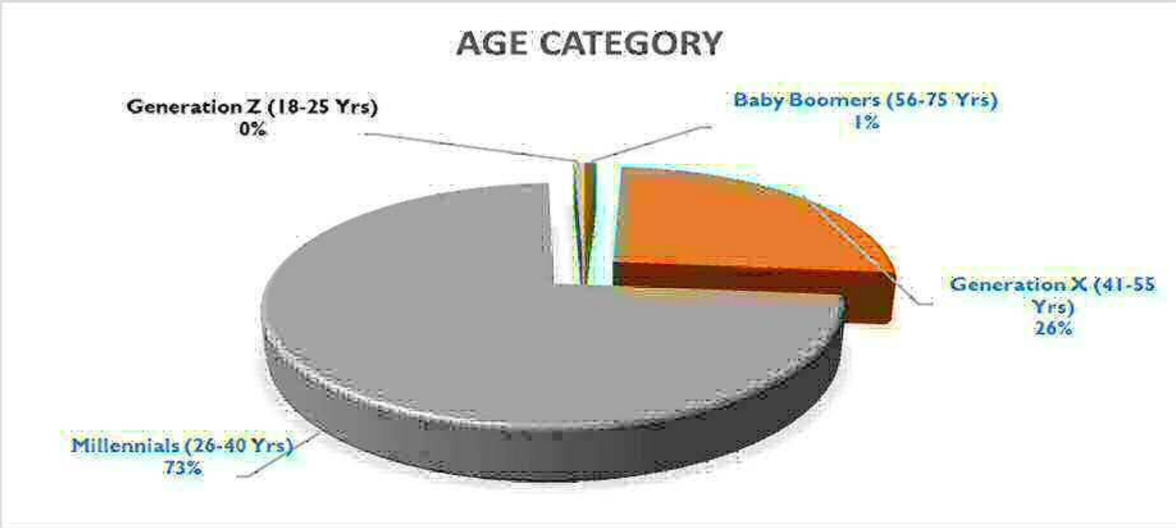
In celebrating diversity, we celebrate what makes each of us unique. Whether it's through cultural events, employee resource groups, or inclusive policies, we create opportunities for employees to connect, learn, and grow together. By celebrating our differences, we not only foster a sense of belonging but also lay the foundation for a more inclusive society.

As we look to the future, diversity, culture, and inclusion will remain at the forefront of our efforts. We understand that building a truly inclusive organization is an ongoing journey, one that requires continuous learning, adaptation, and commitment. But with our people leading the way, we're confident that Jaiz Bank will continue to be a beacon of diversity, culture, and inclusion in the banking industry and beyond.

Our people are the heart and soul of Jaiz Bank. By embracing diversity, fostering inclusivity, nurturing talent, and celebrating our differences, we create a workplace where every individual can thrive. As we continue to champion diversity, culture, and inclusion, we remain committed to building a better, brighter future for all.

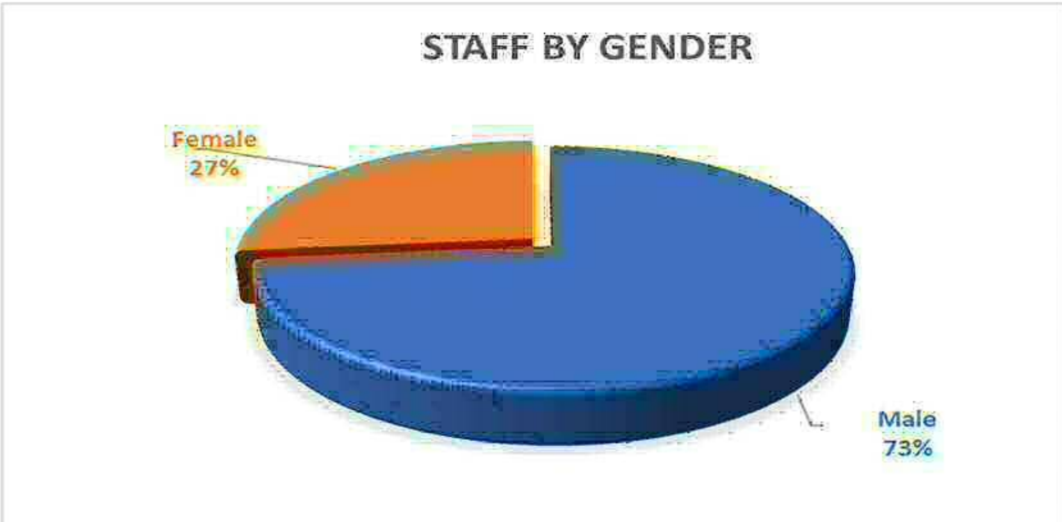
As of December 2023, Jaiz Bank PLC boasts a workforce of 846 permanent employees, reflecting a diverse mix of genders, ages, and representing Nigeria's six geopolitical zones. This diversity is a testament to our commitment to fostering an inclusive workplace where every individual thrives.

STAFF BY AGE CATEGORY		
S/N	**Age Category**	**No**
1	Baby Boomers (56-75 Yrs)	7
2	Generation X (41-55 Yrs)	217
3	Millennials (26-40 Yrs)	617
4	Generation Z (18-25 Yrs)	5



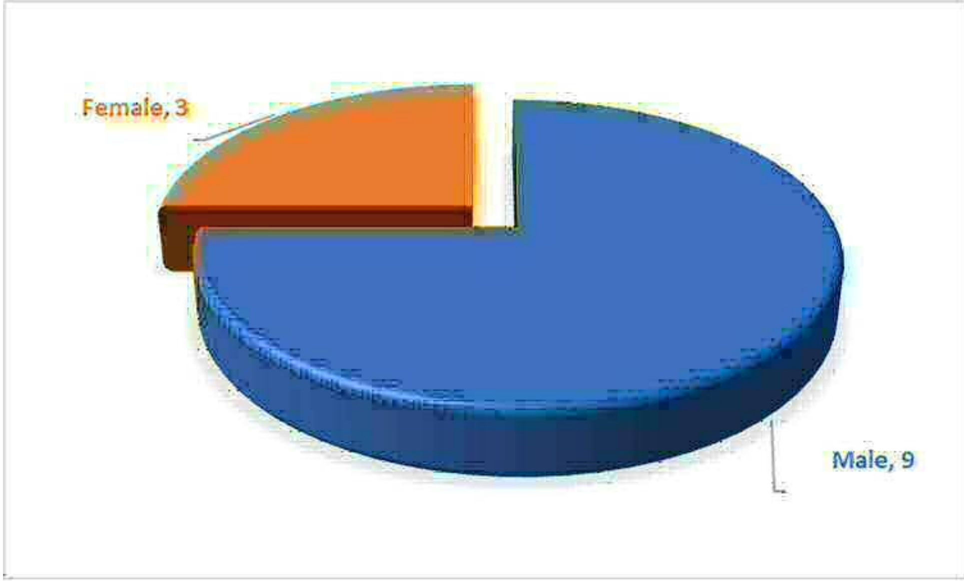
STAFF BY GENDER

S/N	GENDER	NO	PERCENTAGE
1	MALE	621	73%
2	FEMALE	225	27%
		846	100%



TOP MANAGEMENT

S/N	GENDER	NUMBER
1	Male	9
2	Female	3


Female, 3
Male, 9

Customer Complaint and Feedback

Within the dynamic landscape of ethical finance, Jaiz Bank Plc stands resolute in its dedication to prioritizing customer satisfaction. Guided by our mission of "Making Life Better through Ethical Finance", we continuously strive to elevate our products and services; emphasizing an exceptional customer experience as our hallmark. Throughout 2023, Jaiz Bank has prioritized an enhanced customer experience by leveraging advanced digital tools and comprehensive training programs for our workforce. Emphasizing a "Customer-focused" culture, we have empowered our employees with the latest knowledge and skills necessary to adapt to the evolving financial landscape.

In recognition of the significance of feedback in fostering improvement, our revamped complaints handling, and feedback mechanisms have been designed to be more accessible, responsive, and efficient for our esteemed customers. We have amplified our efforts to ensure that every touchpoint facilitates easy communication, enabling customers to voice their concerns seamlessly. This report delves into our concerted efforts to create a more connected, responsive, and customer-centric framework, aiming to provide an insightful analysis of our commitment to addressing and improving upon customer feedback at Jaiz Bank Plc.

Our Complaints Channels

We have provided diversified channels for customer complaints and feedback to ensure a seamless and effective complaint management process. These channels include:

- Online Enquiry and Complaints form on the Bank's website - www.jaizbankplc.com
- Live Chat via the Bank's Website - www.jaizbankplc.com
- 24/7 Call Centre (07007730000)
- Customer Support email - customercare@jaizbankplc.com
- Social Media
  - Facebook: https://www.facebook.com/jaizbankplc
  - Twitter: @jaizbankplc
  - Instagram: jaizbankplc
  - LinkedIn: jaizbankplc
- Jaiz Bank Branches
  - Suggestion / Complaint Boxes
  - Customer Service Desks

Our Structured Complaints Handling and Resolution

Our commitment to resolving complaints promptly remains a top priority. At Jaiz Bank, complaints are initially addressed at the frontline by well-equipped staff empowered to handle issues efficiently. Complaints received are given a unique identifier number for tracking purposes. Where a 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.

Be rest assured that Jaiz Bank remains steadfast in its pursuit of elevating customers' experiences and continuously refining our complaint handling processes. Through proactive measures and a customer-centric approach, we are committed to delivering exceptional service while fostering a culture of trust and satisfaction among our valued customers.

Transparent Tracking and Reporting

We diligently track and record complaints systematically to ensure timely resolutions. Root cause analyses are conducted to identify recurring issues, enabling us to engage relevant business units for permanent solutions. Daily and Monthly complaints reports are submitted to regulatory authorities.

Solicited Customer Feedback

Jaiz Bank actively seeks and values feedback from both customers and staff. Surveys are sent to customers after every transaction via their emails to measure their experience with our channels, products and processes. Other feedback mechanisms available include:

Online Surveys
Feedback Survey Plaques
Staff forums
Customer engagement programs
Regular business review meetings
Social media platforms' Interactions

These feedback avenues help us understand and address customer needs and preferences more effectively.

Customer Complaints Report for the Year ended 31st December 2023

		NUMBER		AMOUNT CLAIMED (NAIRA)		AMOUNT REFUNDED (NAIRA)		AMOUNT CLAIMED (USD)		AMOUNT REFUNDED (USD)	
S/N	DESCRIPTION	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
1	Pending Complaints B/F	1910	1239	46,327,189	36,307,180	-	-	-	-	-	-
2	Received Complaints	118551	129901	863,086,186	2,388,673,000	-	-	-	40,000	-	-
3	Resolved Complaints	119222	130933	826,779,006	2,294,631,000	826,779,006	2,294,631,000	-	20,000	-	-
4	Unresolved Complaints Escalated to CBN for In	-	-	-	-	-	-	-	-	-	-
5	**Unresolved Complaints Pending with the Bank**	**1239**	**207**	**36,307,180**	**57,734,820.00**	-	-	-	**20,000**	-	-

Directors' Report

Report of the Directors for the year ended 31 December 2023

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 2023.

1. LEGAL FORM AND PRINCIPAL ACTIVITY

In 2003, the Bank was established as a public limited liability company and was granted a regional license to function as a non-interest commercial bank on November 10, 2011. Operations officially commenced on January 6, 2012. The Central Bank of Nigeria later issued a National Banking license to the Bank in May 2016. Subsequently, on February 10, 2017, the Bank's shares were officially listed on the Nigerian Stock Exchange.

2. OPERATING RESULTS

DETAILS	**2023**	**2022**
Gross Earnings	47,237,207	33,286,385
Profit Before Income Tax	**11,053,595**	**6,632,735**
Income Tax Credit	183,592	248,542
Profit for the year	**11,237,187**	**6,881,277**
Earnings per Share		
Basic & Diluted Earnings per share(kobo)	**32.53 kobo**	**13.8 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.
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.

b. Changes on the Board

- **Resignations on the Board**
  Dr. Sirajo Salisu resigned as the Managing Director/CEO of the Bank on August 15, 2023 while Mall. Ahmed A. Hassan was appointed as the Ag. MD/CEO until November 2023 when a substantive MD/CEO was appointed.

  HRH Bello Muhammed Sani and Alh. Mamun Ibrahim Maude resigned from the Board in line with CBN extant regulations to enable the Bank to maintain the maximum Board size of 15.

- **Retirements on the Board**
  Alh. (Dr.) Aminu A. Dantata and Alh. (Dr.) Umaru Kwairanga retired from the Board after completing their tenure as Non-Executive Directors of the Bank effective November 10, 2023.

  Mall. Ahmed A. Hassan retired as the Executive Director/CFO of the Bank on December 31, 2023 having attained 60 years of age.

- **Appointments on the Board**
  The Board appointed Haruna Musa as the substantive MD/CEO effective from November 21, 2023. His appointment has been approved by the Central Bank of Nigeria and would be presented to shareholders for approval at the Annual General Meeting.

  The Board also appointed Ibrahim Mohammed Indimi as a Non-Executive Director of the Bank effective from September 12, 2023. His appointment has been approved by the Central Bank of Nigeria and would be presented to shareholders for approval at the Annual General Meeting.

- **Profile of Haruna Musa**
  Haruna Musa is a seasoned banker with over 27 years of cognate experience in banking across Nigeria and Africa. He is an alumnus of Ahmadu Bello University, Zaria, Bayero University, Kano, and Cranfield University, United Kingdom. He is currently at the final stage of a Ph.D. programme in Islamic Banking & Finance at the Universiti Utara in Malaysia.

  At the Cranfield University, Haruna obtained an MSc. in Finance and Management (2008 – 2009). He received a Master's Degree in Business Administration from Bayero University, Kano (1997 – 1998); a Post Graduate Diploma in Management earlier from the same University (1994 – 1995), while he holds a Bachelor of Agriculture from Ahmadu Bello University, Zaria, (1987 – 1991).

  Haruna undertook extensive executive-level courses including Advanced Management Program from Wharton Business School, University of Pennsylvania, USA (2023); Making Corporate Boards More Effective – Harvard Business School, Harvard University, USA (2015); Positive Leadership Program – Michigan Ross Executive Education, USA (2014); General Management Program – Cranfield University, UK (2012). He is also an honorary member of the Chartered Institute of Bankers of Nigeria (CIBN).

  Until his appointment as the substantive MD/CEO of Jaiz Bank Plc, he served as Executive Director with GT Bank for eight years, and garnered 22 years out of his 27 years' wealth of banking experience working for Guaranty Trust Bank Holding Company (GTCO) from March 2001– October 2023.

  He commenced his banking profession as Banking Officer at United Bank for Africa Plc from June 1997 – December 1998 and served as a Senior Banking Officer at the FSB International Bank Plc between December 1998 and March 2001. Earlier, he worked at the Federal Ministry of Agriculture, Abuja, as Agricultural officer II from January 1993 – June 1997.

  In October 2015, Haruna assumed the role of Executive Director & Head, Northeast & Public Sector, Abuja Divisions on the Board of GT Bank, a testament to his professionalism and exemplary competence.

He was also appointed as a Non- Executive Director with GT Bank (Cote D'Ivoire Ltd) and Chairman of the Board Audit Committee from March 2015 to October 2023, where he contributed to the turn-around of the Bank from a loss position to consistent profitability.

- **Profile of Ibrahim Mohammed Indimi**
  Ibrahim Indimi received a BSc in communications and information technology from Arab academy for science, technology and maritime Transport in Egypt. After which he proceeded to pursue BSc in petroleum engineering at the University of Tulsa in USA. He holds an MBA from Lynn University in Boca Raton, Florida. He annually attends leadership and management executive courses at Harvard University to keep up with the ever-expanding international business landscape.

  Ibrahim Indimi sits on the board of Oriental energy resources LTD as a nonexecutive director. He is also the founder and chairman of Farinciki group with business in construction, export/Import and manufacturing. He is MD of OER farms which owns north of 40,000 hectares of farmland spread across Kwara state, Edo state and Kogi state.

  On the philanthropic side, Ibrahim Indimi is a board member of Muhammadu Indimi Foundation with focus on women and children health, food security and internally displaced persons in North East of Nigeria.

  Foreign relations remain both his strength and passion which lead to his ever-growing international network and acquaintances from Washington DC to Riyadh, Istanbul to Geneva. Middle East, The Arabian Gulf to Korea and china.

c. Directors Retiring by Rotation

In accordance with the provisions of the Companies & Allied Matters Act, Alh. (Dr.) Musbahu Mohammed Bashir, Alh. Mukhtar Sani Hanga and Alh. (Dr.) Muhammadu Indimi hereby retire by rotation. Being eligible, Alh. (Dr.) Muhammadu Indimi hereby present himself for re-election. The profile of Alh. (Dr.) Muhammadu Indimi retiring by rotation is contained in this of this Report. A record of attendance of the Board and Board Committee meetings by the Alh. (Dr.) Muhammadu Indimi is contained in the Corporate Governance section of this report.

On the other hand, Alh. (Dr.) Musbahu Mohammed Bashir and Alh. Mukhtar Sani Hanga having successfully completed their full twelve(12)years term and

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.) Muhammadu Indimi has attained the age of seventy (70) years and the approval of members for him 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.

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:

Number of Shareholding

		December 31, 2022		December 31, 2023	
S/N	**Directors**	**Direct**	**Indirect**	**Direct**	**Indirect**
1	Alh. Mohammed Mustapha Bintube	20,000,000	4,023,971,327 (Dantata Invest. & Sec. Co. Ltd)	20,000,000	4,023,971,327 (Dantata Invest. & Sec. Co. Ltd)
2	Alh..(Dr.) Musbahu Muhammad Bashir	N/A	2,600,000,000 (Althani Invest. Ltd)	N/A	2,600,000,000 (Althani Invest. Ltd)
3	Alh. Mukhtar Sani Hanga	N/A	2,500,000,000 (Dangote Industries Ltd)	N/A	2,500,000,000 (Dangote Industries Ltd)
4	Alhaji (Dr.) Muhammadu Indimi, OFR	8,310,736,121	N/A	8,310,736,121	N/A
5	Mr. Seedy Mohammad Njie	N/A	2,506,666,588 (Islamic Development Bank)	N/A	2,506,666,588 (Islamic Development Bank)
6	Alh. Muhammad Hadi Abdulmutallab	-	3,500,000,000 (Alh. (Dr.) Umaru Abdulmutallab)	-	3,500,000,000 (Alh. (Dr.) Umaru Abdulmutallab)
7	Alh. Ibrahim Mohammed Indimi	-	8,310,736,121 (Alh. (Dr.) Muhammadu Indimi)	-	8,310,736,121 (Alh. (Dr.) Muhammadu Indimi)
8	Dr. Abdulateef Bello	4000	N/A	4000	N/A
9	Mrs. Aisha Waziri Umar	-	-	-	-
10	Mr. Haruna Musa	-	-	-	-
11	Mr. AbdulFattah O. Amoo, FCA	200,000	N/A	-	N/A
12	Mr. Alhassan Abdulkarim	-	-	10,475,000	N/A
13	Alh. (Dr.) Aminu Alhassan Dantata, CON*	1,567,390,516	4,023,971,327 (Dantata Invest. & Sec. Co. Ltd)	1,567,510,516	4,484,157,327 (Dantata Invest. & Sec. Co. Ltd)
14	HRH (Engr.) Bello Muhammad Sani, OON*	12,500,000	N/A	12,500,000	N/A
15	Alh. (Dr.) Umaru Kwairanga*	34,770,000	629,429,413 (Finmal Finance Services Ltd) 1,418,189,866 (Linear Power Ltd)	34,770,000	430,420,413 (Finmal Finance Services Ltd) 1,418,189,866 (Linear Power Ltd)
16	Ibrahim Mamun Maude*	-	-	-	-
17	Dr. Sirajo Salisu*	-	-	10,000,000	-
18	Mall. Ahmed A. Hassan, FCA*	1,994,000	N/A	962,000	N/A

*Resigned or Retired from the Board in the course of the year.

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. Gender Analysis

The average number and percentage of male and female employees during the year ended 31 December 2023 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:

	Male	**Female**	**Total**	**Male**	**Female**
	Number			**Percentage**	
Employees	609	222	831	73%	27%

Gender analysis of the Board and Top Management for the year ended 31st December, 2023 is as follows:

	Male	**Female**	**Total**	**Male**	**Female**
	Number			**Percentage**	
Board	12	1	13	92.3%	7.7%
Top Management	8	3	11	73%	27%
Total	19	4	23	82.6%	17.4%

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 2023 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, 2023

SHARE RANGE			NO. OF SHAREHOLDERS	PERCENTAGE OF SHAREHOLDERS (%)	NUMBER OF HOLDINGS	PERCENTAGE HOLDINGS (%)
1	_	10,000	17,663	61.15	80,376,915	0.23
10,001	_	50,000	4,955	17.15	125,662,924	0.36
50,001	_	1,000,000	5,735	19.85	1,310,005,545	3.79
1,000,001	_	5,000,000	398	1.38	936,602,454	2.71
5,000,001	_	10,000,000	65	0.23	510,732,538	1.48
10,000,001	_	50,000,000	41	0.14	866,576,541	2.51
50,000,001	_	1,000,000,000	20	0.07	4,773,441,022	13.82
1,000,000,001	_	Above	8	0.03	25,937,774,438	75.09
GRAND TOTAL			**28,842**	**100.00**	**34,541,172,377**	**100.00**

10. SUBSTANTIAL SHAREHOLDERS

According to the register of members at 31 December, 2023, the following shareholders held more than 5.0% of the issued share capital of the Bank:

S/N	Name	Holdings	%
1	MUHAMMADU INDIMI	8,310,736,121	24.06
2	DANTATA INVESTMENT & SECURITIES LIMITED	4,023,971,327	11.64
3	UMARU ABDUL MUTALLAB	3,500,000,000	10.13
4	ALTANI INVESTMENT LIMITED	2,600,000,000	7.53
5	ISLAMIC DEVELOPMENT BANK	2,506,666,588	7.26
6	DANGOTE INDUSTRIES LTD	2,500,000,000	7.24

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

9. SHAREHOLDING HISTORY

Authorized Share Capital Increase				Issued & Fully Paid Capital Increase			
Year		**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	-	-	-	
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	
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	
2020	25,000,000,000		25,000,000,000	29,464,249,330		14,732,124,650	
2021	25,000,000,000		25,000,000,000	34,541,172,377	14,732,124,650	17,270,586,188.50	Cash
2022	25,000,000,000		25,000,000,000	34,541,172,377		17,270,586,188.50	
2023	25,000,000,000		25,000,000,000	34,541,172,377		17,270,586,188.50	

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

10. DONATIONS AND SPONSORSHIP

S/N	DESCRIPTION	AMOUNT
1	DONATION TO JIGAWA STATE FLOOD DISASTER APPEAL FUND	1,000,000.00
2	58TH ANNUAL BANKERS DINNER	8,000,000.00
3	CIBN ANNUAL CONFERENCE PAYMENT	10,000,000.00
4	DONATIONS IFO JAIZ FOUNDATION	49,358,422.47
5	CHARITABLE DONATION FOR INTERNATIONAL WOMENS DAY (IWD)	475,490.00
6	THE MUSLIM UMMAH IN S/W 8TH GENE	1,000,000.00
7	DONATION TO HAJIA INNA WAKILI ADAMU ISLAMIC FOUNDATION	2,000,000.00
8	PAYMENT IRO NADAMA BOOK LAUNCH SPONSORSHIP	250,000.00
9	DOZENS OF PLASTICS CHAIRS FOR DONATION TO NYSC	240,000.00
10	THE NECA ANNUAL EMPLOYERS' EXCELLENCE	5,000,000.00
11	2023 SMEDAN TALENT HUNT INITIATIVE	1,000,000.00
12	PAYMENT IRO ENTREPRENEURSHIP AND SPIRITUALITY SUMMIT	3,000,000.00
13	GOLD PACKAGE OF THE AICIF CONFERENCE	10,000,000.00
14	SPONSORSHIP OF CAMCAN ANNUAL WORKSHOP	500,000.00
15	WEST AFRICA SECURITIES REGULATORS ASSOCIATION	7,712,800.00
16	18TH NORTHERN ZONAL ACCOUNT	300,000.00
17	SPONSORSHIP/PARTICIPATION AT THE AAMETEX	500,000.00
18	THE ABUJA ENTERPRISE FINANCIAL LITERACY	250,000.00
19	SPONSORSHIP OF THE ABUJA SME-EXPO	250,000.00

11. Asset Values

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

12. 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 Mukhtar Sani Hanga	Non-Executive Director
Alhaji Ibrahim Indimi	Non-Executive Director

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

13. AUDITORS

Messrs. Deloitte have indicated their willingness to continue in office and will do so in accordance with Section 401 (2) of the Companies and Allied Matters Act (CAMA) 2020 and Section 20.2 of the Nigerian Code of Corporate Governance 2018.

A resolution will be proposed at the Annual General Meeting to 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.
Jaiz Bank House
Plot 1073 J.S. Tarka Street
Area 3, Garki, Abuja
Federal Capital Territory

28th March, 2024

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, 2023. The report provides insight into the Bank's governance framework and key activities of the Board during the reporting year.

Introduction

The Board underscores the paramount importance of Corporate Governance in fostering the development of a resilient and enduring organization. We firmly believe that the attainment of effective governance hinges on cultivating a culture steeped in transparency and openness, both within the dynamic interplay of Management and the Board and in the interactions with our esteemed shareholders.

To uphold the highest standards, the Board is dedicated to perpetual adherence to the stipulations set forth in the Code of Corporate Governance for Banks and Discount Houses in Nigeria, as promulgated by the Central Bank of Nigeria ("the CBN Code"), the Code of Corporate Governance for Public Companies articulated by the Securities and Exchange Commission (SEC), and the rigorous Post-Listing Requirements mandated by the Nigeria Stock Exchange.

As part of our commitment to continuous improvement, the Bank undergoes an exhaustive Annual Board Appraisal, meticulously evaluating the Board's duties, procedural frameworks, interrelationships, structural aspects, and composition. This thorough assessment is conducted with the invaluable insights of an independent consultant, Messrs. Muregi Associates. Their comprehensive review and insightful recommendations are encapsulated in the Annual Report, ensuring transparency and accountability. Shareholders will have the opportunity to deliberate on these findings during the Annual General Meeting, thereby reinforcing our unwavering dedication to robust corporate governance practices.

Board Structure

The Bank's Board is a distinguished assembly of seasoned professionals, each equipped with the requisite skills, knowledge, and experience necessary to contribute independent judgment to the deliberations and decisions of the Board. At the helm of the Board is the Chairman, leading a contingent of 12 members, comprising 9 Non-Executive Directors and 3 Executive Directors. Within this framework, two of the Non-Executive Directors assume the crucial role of Independent Directors, their appointments meticulously aligned with the criteria stipulated by the Central Bank of Nigeria's Guideline on Independent Directors of Banks in Nigeria. Throughout the course of the year, the Board experienced changes, with 6 Directors retiring or resigning from their positions.

It is noteworthy that the positions of Managing Director and Chairman are distinct, each held by separate individuals with clearly defined roles. This organizational structure underscores the Board's commitment to governance principles that foster accountability, transparency, and effective decision-making.

S/N	NAMES	DESIGNATION
1	Alh. Mohammed Mustapha Bintube	Chairman
2	Dr. Abdulateef Bello	Independent Director
3	Mrs. Aisha Waziri Umar	Independent Director
4	Alh. (Dr.) Aminu Alhassan Dantata*	Non-Executive Director
5	Alh. Musbahu Muhammed Bashir	Non-Executive Director
6	Alh. Mukhtar Danladi Hanga	Non-Executive Director
7	H.R.H. Engr. Bello Muhammad Sani*	Non-Executive Director
8	Alh. (Dr.) Muhammadu Indimi	Non-Executive Director
9	Mr. Seedy Mohammed Njie	Non-Executive Director
10	Alh. (Dr.) Umaru Kwairanga*	Non-Executive Director
11	Alh. Mamun Ibrahim Maude*	Non-Executive Director

12	Alh. Muhammad Hadi Abdulmutallab	Non-Executive Director
13	Alh. Ibrahim Mohammed Indimi*	Non-Executive Director
14	Mr. Haruna Musa*	Managing Director/CEO
15	Mr. AbdulFattah Olanrewaju Amoo	Executive Director, South
16	Mr. Alhassan Abdulkarim	Executive Director, North
17	Mr. Ahmed Alhaji Hassan*	Executive Director, Services/Chief Financial Officer
18	Dr. Sirajo Salisu*	Former Managing Director

* H.R.H. Engr. Bello Muhammad Sani and Alh. Mamun Ibrahim Maude resigned as Non-Executive Directors on July 31, 2023
*Dr. Sirajo Salisu formerly the Executive Director North was appointed as the MD/CEO effective August 15, 2023.
*Alh. Ibrahim Mohammed Indimi was appointed as a Non-Executive Directors on September 12, 2023
*Alh. (Dr.) Aminu A. Dantata and Alh. (Dr.) Umaru Kwairanga retired as Non-Executive Directors on November 10, 2023.
*Mr. Haruna Musa was appointed as the MD/CEO effective November 21, 2023.
*Mall. Ahmed A. Hassan retired as the ED/CFO on December 31, 2023 having attained 60 years of age.

Board Changes

- **Resignations on the Board**
  Dr. Sirajo Salisu resigned as the Managing Director/CEO of the Bank on August 15, 2023 while Mall. Ahmed A. Hassan was appointed as the Ag. MD/CEO until November 2023 when a substantive MD/CEO was appointed.

  HRH Bello Muhammed Sani and Alh. Mamun Ibrahim Maude resigned from the Board in line with CBN extant regulations to enable the Bank to maintain the maximum Board size of 15.

- **Retirements on the Board**
  Alh. (Dr.) Aminu A. Dantata and Alh. (Dr.) Umaru Kwairanga retired from the Board after completing their tenure as Non-Executive Directors of the Bank effective November 10, 2023.

  Mall. Ahmed A. Hassan retired as the Executive Director/CFO of the Bank on December 31, 2023 having attained 60 years of age.

- **Appointments on the Board**
  The Board appointed Haruna Musa as the substantive MD/CEO effective from November 21, 2023. His appointment has been approved by the Central Bank of Nigeria and would be presented to shareholders for approval at the Annual General Meeting.

  The Board also appointed Ibrahim Mohammed Indimi as a Non-Executive Director of the Bank effective from September 12, 2023. His appointment has been approved by the Central Bank of Nigeria and would be presented to shareholders for approval at the Annual General Meeting.

- **Profile of Haruna Musa**
  Haruna Musa is a seasoned banker with over 27 years of cognate experience in banking across Nigeria and Africa. He is an alumnus of Ahmadu Bello University, Zaria, Bayero University, Kano, and Cranfield University, United Kingdom. He is currently at the final stage of a Ph.D. programme in Islamic Banking & Finance at the Universiti Utara in Malaysia.

  At the Cranfield University, Haruna obtained an MSc. in Finance and Management (2008 – 2009). He received a Master's Degree in Business Administration from Bayero University, Kano (1997 – 1998); a Post Graduate Diploma in Management earlier from the same University (1994 – 1995), while he holds a Bachelor of Agriculture from Ahmadu Bello University, Zaria, (1987 – 1991).

  Haruna undertook extensive executive-level courses including Advanced Management Program from Wharton Business School, University of Pennsylvania, USA (2023); Making Corporate Boards More

Effective – Harvard Business School, Harvard University, USA (2015); Positive Leadership Program – Michigan Ross Executive Education, USA (2014); General Management Program – Cranfield University, UK (2012). He is also an honorary member of the Chartered Institute of Bankers of Nigeria (CIBN).

Until his appointment as the substantive MD/CEO of Jaiz Bank Plc, he served as Executive Director with GT Bank for eight years, and garnered 22 years out of his 27 years' wealth of banking experience working for Guaranty Trust Bank Holding Company (GTCO) from March 2001– October 2023.

He commenced his banking profession as Banking Officer at United Bank for Africa Plc from June 1997 – December 1998 and served as a Senior Banking Officer at the FSB International Bank Plc between December 1998 and March 2001. Earlier, he worked at the Federal Ministry of Agriculture, Abuja, as Agricultural officer II from January 1993 – June 1997.

In October 2015, Haruna assumed the role of Executive Director & Head, Northeast & Public Sector, Abuja Divisions on the Board of GT Bank, a testament to his professionalism and exemplary competence.

He was also appointed as a Non- Executive Director with GT Bank (Cote D'Ivoire Ltd) and Chairman of the Board Audit Committee from March 2015 to October 2023, where he contributed to the turn-around of the Bank from a loss position to consistent profitability.

- **Profile of Ibrahim Mohammed Indimi**
  Ibrahim Indimi received a BSc in communications and information technology from Arab academy for science, technology and maritime Transport in Egypt. After which he proceeded to pursue BSc in petroleum engineering at the University of Tulsa in USA. He holds an MBA from Lynn University in Boca Raton, Florida. He annually attends leadership and management executive courses at Harvard University to keep up with the ever expanding international business landscape.

  Ibrahim Indimi sits on the board of Oriental energy resources LTD as a nonexecutive director. He is also the founder and chairman of Farinciki group with business in construction, export/Import and manufacturing. He is MD of OER farms which owns north of 40,000 hectares of farmland spread across Kwara state, Edo state and Kogi state.

  On the philanthropic side, Ibrahim Indimi is a board member of Muhammadu Indimi Foundation with focus on women and children health, food security and internally displaced persons in North East of Nigeria.

  Foreign relations remain both his strength and passion which lead to his ever growing international network and acquaintances from Washington DC to Riyadh, Istanbul to Geneva. Middle East, The Arabian Gulf to Korea and China.

Matters Reserved for the Board

The Board assumes a pivotal role in guiding and steering the management, shaping the strategic objectives, and formulating policies that govern the Bank. Through decisive leadership, the Board not only establishes the overarching vision but also ensures the effective execution of these strategies. To streamline operations, the Board has judiciously delegated specific powers pertaining to the day-to-day operational aspects of the Bank to the Managing Director. This delegation facilitates a focused and efficient approach to the operational running of the institution, allowing the Board to maintain its strategic oversight and governance responsibilities.

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, through its Governance, Remuneration, and Nominations Committee, has crafted a comprehensive policy on Board appointments, entrusting the committee with the responsibility of identifying and recommending qualified candidates for approval by the Board. In the selection process, the Board carefully considers attributes such as knowledge, skills, experience, and other qualities deemed essential for the roles in question. Approval for Director appointments is contingent upon the endorsement of both shareholders and the Central Bank of Nigeria.

In adherence to best practices, the Board conducts a tailored induction program for new Board members, providing insights into the Bank's operational processes and outlining expected duties and responsibilities. Each new member receives an induction pack, comprising the Board's charter, various Board Committees' charters, significant reports, the memorandum and articles of association of the Bank, Board/Board Committee resolutions, important legislations/policies, and a calendar of Board activities.

To enhance the effectiveness of its members, the Board places a strong emphasis on ongoing training related to their oversight functions. Directors are obligated to participate in periodic and relevant continuing professional development programs, ensuring their knowledge and skills remain current and aligned with the evolving industry and operating environment. This commitment underscores the Board's dedication to maintaining a high standard of governance and ensuring that its members are well-equipped to navigate the complexities of their roles. The table below provides the details of continuous education training programmes undertaken by directors in 2023.

S/N	NAMES OF DIRECTORS	TRAINING	ORGANISER	LOCATION	DATE
1	All Directors	Board Effectiveness in Islamic Financial Institution	Global Performance Management Academy/Madinah Institute for Leadership & Entrepreneurship	Madinah	20th to 21st March, 2023
	Dr. Sirajo Salisu Mr. AbdulFattah O. Amoo Mall. Ahmed A. Hassan Alh. Alhassan Abdulkarim Alh. Mukhtar Danladi Sani Hanga Amb. Mustafa Sam Mrs. Aisha Waziri Umar	Mandatory AML/CFT/CPF Training for Compliance Officers, Management, Board and other stakeholders	Nigeria Capital market Institute & Securities and Exchange Commission	Virtual	19th to 21st June, 2023

	Mall. Ahmed A. Hassan	Durham Islamic Finance Summer School 2023	Durham University, UK	United Kingdom	31st July to 4th August 2023
	All Directors	AML/CFT/CPF Session with Jaiz Bank Board of Directors (Administrative Sanction Regulations 2018	Aminu Isa Buhari (CBN Official)	Inplant	7th September, 2023
	Alh. Alhasaan Abdulakrim Alh. Mohammed Ibrahim Indimi	Company Direction Course 1	IOD	Virtual	September 2023 5th and 6th December 2023
	Alh. Mohammed Mustapha Bintube Alh. Ibrahim Mohammed Indimi	CBN/FITC Continuous Education Programme for Directors of Banks and Other Financial Institutions (CEP)	CBN/FITC	Lagos	21st and 22nd November 2023
	All Directors	Board Cybersecurity Training	Dr. Obadare Peter Adewale	Inplant	13th December 2023
	Alh. Mukhtar Danladi Sani Hanga	Governance, Risk & Compliance	GLOMACS	London, UK	18th to 22nd December 2023
	Alh. Mohammed Ibrahim Indimi Alh. Muhammad Hadi Abdulmutallab	The Senior Leadership Development Program	GLOMACS	London, UK	25th to 29th December 2023

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
With a steadfast commitment to advancing corporate governance practices and optimizing Board meeting attendance, the Company Secretary takes proactive measures. An annual calendar of meetings is meticulously crafted, serving as a strategic tool for planning and scheduling. This calendar undergoes thorough scrutiny, with the Board engaging in a comprehensive review and subsequent adoption before the commencement of each new financial year. This deliberate approach ensures transparency, planning, and efficient utilization of Board members' valuable time, aligning with the company's dedication to continual improvement in governance processes.

The table below is the record of attendance for the Board of Directors meetings for the 2023 financial year.

S/N	Names of Directors	March 9	March 15 (Emergency)	June 13	August 14 (Emergency)	September 7	December 13
1.	Alhaji Mohammed Mustapha Bintube*	-	-	✓	✓	✓	✓
2.	Mr. Haruna Musa*	-	-	-	-	-	√
3.	Dr. Sirajo Salisu*	✓	✓	✓	✓	-	-
4.	Mr. AbdulFattah O. Amoo	✓	✓	✓	✓	✓	✓
5.	Mall. Ahmed Alhaji Hassan*	✓	✓	✓	✓	✓	✓
6.	Alhaji Alhassan Abdulkarim	✓	✓	✓	✓	✓	✓
7.	Alhaji (Dr.) Aminu Dantata, CON*	✓	✓	✓	✓	✓	-
8.	Alhaji (Dr.) Umaru Kwairanga*	✓	✓	✓	✓	✓	-
9.	HRH (Engr.) Bello Muhammad Sani, OON*	✓	✓	✓	-	-	-
10.	Alhaji Mukhtar Sani Hanga	✓	✓	✓	✓	✓	✓
11.	Alhaji (Dr.) Musbahu M. Bashir	✓	✓	✓	✓	✓	✓
12.	Alhaji (Dr.) Muhammadu Indimi, OFR	✓	✓	✓	✓	✓	✓
13.	Seedy M. Njie	✓	✓	✓	✓	✓	✓
14.	Alhaji Ibrahim Mamun Maude*	✓	✓	✓	-	-	-
15.	Alh. Muhammad Hadi Abdulmutallab*	-	-	✓	✓	✓	✓
16.	Alh. Ibrahim Mohammed Indimi*	-	-	-	-	-	✓
17.	Dr. Abdullateef Bello	✓	✓	✓	✓	✓	✓
18.	Mrs. Aisha Waziri Umar	✓	✓	✓	✓	✓	✓

* H.R.H. Engr. Bello Muhammad Sani and Alh. Mamun Ibrahim Maude resigned as Non-Executive Directors on July 31, 2023

*Dr. Sirajo Salisu formerly the Executive Director North was appointed as the MD/CEO effective August 15, 2023.

*Alh. Ibrahim Mohammed Indimi was appointed as a Non-Executive Directors on September 12, 2023.

*Alh. (Dr.) Aminu A. Dantata and Alh. (Dr.) Umaru Kwairanga retired as Non-Executive Directors on November 10, 2023.

*Mr. Haruna Musa was appointed as the MD/CEO effective November 21, 2023.
*Mall. Ahmed A. Hassan retired as the ED/CFO on December 31, 2023 having attained 60 years of age.

Board Committees

The Board has established various Committees with well-defined Terms of Reference highlighting 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-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 four (4) regular meetings during the financial year and the record of attendance is provided below:

BGRNC Meeting Attendance

Names of Directors	February 9 & 13	May 24	August 24	November 29
Alh. (Dr.) Muhammadu Indimi	✓	✓	✓	✓
Alh. (Dr.) Aminu A. Dantata	✓	✓	✓	No longer a member
Dr, Abdulateef Bello	✓	✓	✓	✓
Alh. Mukhtar S. Hanga	✓	✓	✓	✓
Alh. (Dr.) Musbahu M. Bashir	✓	✓	✓	✓
Mrs. Aisha Waziri Umar	✓	✓	✓	✓

Board Investment Committee (BIC)

Membership

1. Alh (Dr.) Musbahu M. Bashir (Chairman)
2. Alh (Dr.) Umaru Kwairanga
3. Alh. Ibrahim Mamum Maude
4. HRH Engr. Bello Muhammad Sani
5. Mrs Aisha Waziri Umar
6. Alh. Muhammad Hadi Abdulmutallab
7. Alh. Ibrahim Indimi
8. Dr. Sirajo Salisu (former Managing Director/CEO)
9. Mall. Ahmed Alhaji Hassan (Ag. MD/CEO)
10. Abdulfattah O. Amoo (Executive Director, South)
11. Alhassan Abdulkarim (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 five (5) meetings during the financial year and the record of attendance is provided below:

BIC Meeting Attendance

Names of Directors	**February 7**	**May 15**	**August 15**	**November 21**	**December 12 (Emergency)**
Alh (Dr.) Musbahu M. Bashir	✓	✓	✓	✓	✓
Sirajo Salisu	✓	✓	✓	No longer a member	No longer a member
Alh. (Dr.) Umaru Kwairanga	✓	✓	✓	No longer a member	No longer a member
HRH Engr. Bello Muhammad Sani	✓	✓	No longer a member	No longer a member	No longer a member
Alh. Ibrahim Mamun Maude	✓	✓	No longer a member	No longer a member	No longer a member
Mall. Ahmed A. Hassan	-	-	✓	✓	✓

Mrs. Aisha Waziri Umar	-	-	✓	✓	✓
Alh. Muhammad Hadi Abdulmutallab	-	-	✓	✓	✓
Alh. Ibrahim Mohammed Indimi	-	-	-	✓	✓
Abdulfattah O. Amoo	✓	✓	✓	✓	✓
Alhassan Abdulkarim	✓	✓	✓	✓	✓

Board Risk Management Committee (BRMC)

Membership

1. Alh. (Dr.) Umaru Kwairanga (Chairman)
2. Alh. (Dr.) Muhammadu Indimi
3. Alh. Mukhtar S. Hanga
4. Mrs. Aisha W. Umar
5. Dr. Sirajo Salisu (Former Managing Director)
6. Mr. Haruna Musa (MD/CEO)
7. Ahmed A. Hassan (Executive 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 four (4) regular meetings during the financial year and the record of attendance is provided below:

BRMC Meeting Attendance

Names of Directors	**February 14**	**May 23**	**August 23**	**November 28**
Alh. (Dr.) Umaru Kwairanga	Not yet a member	✓	✓	Retired
Alh. (Dr.) Muhammadu Indimi	✓	✓	✓	✓
Alh. Mukhtar S. Hanga	✓	✓	✓	✓
Mrs. Aisha Waziri Umar	✓	✓	✓	✓
Dr. Abdulateef Bello	Not yet a member	Not yet a member	Not yet a member	✓
Sirajo Salisu	✓	✓	Resigned	Resigned
Ahmed Alhaji Hassan	✓	✓	✓	√
Haruna Musa	-	-	-	√

Board Finance & General-Purpose Committee (BFGPC)

Membership

1. Alh (Dr.) Umaru Kwairanga (Chairman)
2. Alh. Mamun Ibrahim Maude
3. Mrs. Aisha Waziri Umar
4. Alh. Muhammad Hadi Abdulmutallab
5. Alh. (Dr.) Muhammadu Indimi
6. Dr. Abdulateef Bello
7. Sirajo Salisu (former Managing Director)
8. Haruna Musa (MD/CEO)
9. Ahmed A. Hassan (Executive 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;

The Committee held four (4) regular meetings. and one (1) Special meeting during the financial year and the record of attendance is provided below:

BFGPC Meeting Attendance

Names of Directors	**February 8**	**May 22**	**August 22**	**September 13**	**November 27**
Alh. (Dr.) Umaru Kwairanga	✓	✓	✓	✓	Retired
Alh. Mamun Ibrahim Maude	✓	✓	No longer a member	No longer a member	No longer a member
Alh. (Dr.) Muhammadu Indimi	-	-	✓	✓	✓
Muhammad Hadi Abdulmutallab	-	-		✓	✓
Mrs. Aisha Waziri Umar	-	-		✓	✓
Dr. Abdullateef Bello	-	-	✓	✓	✓
Sirajo Salisu	✓	✓	No longer a member	No longer a member	No longer a member
Ahmed A. Hassan	✓	✓	✓	✓	✓
Haruna Musa	-	-	-	-	✓

Board Audit Committee

Membership
1. Dr. Abdulateef Bello (Chairman)
2. HRH (Engr.) Bello M. Sani
3. Alh. (Dr.) Muhammadu Indimi
4. Alh. Mukhtar Sani Hanga

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 four (4) meetings during the financial year. The record of attendance is provided below:

Names of Directors	**February 22**	**May 16**	**August 16**	**November 22**
Dr. Abdulateef Bello	✓	✓	✓	✓
HRH (Engr.) Bello Muhammad Sani	✓	✓	Retired	Retired
Alh. (Dr.) Muhammadu Indimi	✓	✓	✓	✓
Alh. Mukhtar Sani Hanga	-	-	✓	✓

Statutory Audit Committee

Membership	Terms of Reference
Alh. Shehu Mohammed, FCA (Chairman/Shareholder) Alh. Lawal Ibrahim Ozomata (Shareholder) Alh. Mohammed Gulani Shuaibu (Shareholder) Alh. (Dr.) Aminu Alhassan Dantata, CON (Non-Executive Director) Alhaji (Dr.) Umaru Kwairanga (Non-Executive Director)	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 four (4) meetings during the Financial year and the record of attendance is provided below:

Name	February 23	May 17	August 17	November 23
Alh. Shehu Mohammed, FCA	✓	✓	✓	✓
Alh. Mohammed Gulani Shuaibu	✓	✓	✓	✓
Alh. Lawal Ibrahim Ozomata	✓	✓	✓	✓
Alh. (Dr.) Aminu A. Dantata	✓	✓	✓	Retired
Alh. (Dr.) Umaru Kwairanga	✓	✓	✓	Retired
Alh. Mukhtar Sani Hanga	-	-	-	✓
Alh. Muhammad Hadi Abdulmutallab	-	-	-	✓

The Board Audit Committee and Statutory Audit Committee held 3 joint meetings in the course of the 2023 Financial Year on March 8, August 24 and December 12.

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

The ownership structure of the Bank is as follows:

S/N	CATEGORY	NO.	UNITS
1	CORPORATE	1432	13,924,010,353
2	FOREIGN	50	2,513,310,968
3	GOVERNMENT	33	1,002,300,553
4	INDIVIDUAL	28,687	16,944,771,683
5	INSTITUTION	222	141,071,051
6	JOINT	167	9,877,370
7	PENSION	1	6,279,917
	TOTAL	**30,592**	**34,541,172,377**

Sustainability Banking

At Jaiz Bank Plc, our unwavering commitment is to conduct business with a strong ethical foundation and a positive social impact. Mindful of the profound implications of our business decisions on the environment, we continually evolve and implement policies geared towards improving the overall quality of life for our stakeholders and community. Our focus extends to safeguarding the environment, all while ensuring the sustainable growth of our business.

To solidify our dedication to responsible banking, we have embraced the Nigerian Sustainable Banking Principles (NSBP). These principles serve as a guiding framework, aligning our practices with sustainable and socially responsible initiatives. Through this strategic adoption, we aim to foster not only the success of our business but also the well-being of our people and the broader community, exemplifying our commitment to creating a positive impact on both societal and environmental fronts.

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 behaviors.

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.

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 (NEDs):**
The remuneration structure for NEDs at the Bank is multifaceted. They receive remuneration in the form of sitting fees for their participation in Board and Committee meetings. In addition to sitting fees, NEDs are entitled to reimbursement for travel, hotel accommodations, and other out-of-pocket expenses incurred while fulfilling their responsibilities. NEDs also receive Directors' fees which are paid on a quarterly basis. Upon completion of their tenure, Non-executive Directors also receive retirement benefits.

The sitting fees, a component of their compensation, may be subject to modification or implementation changes, requiring approval from the Board. This approach ensures transparency and aligns with the commitment to periodic review and adjustment of compensation structures in accordance with evolving governance practices and business needs. It is noteworthy that NEDs do not receive any other form of remuneration or commission except those enumerated above.

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.

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.

Risk Management Report

THE RISK MANAGEMENT ENVIRONMENT AND PERCEPTION

The business environment in 2023 was extremely unforgiving to households and businesses due to the inflation rate closing the year at over 28% from 21% at the beginning of the year, per the National Bureau of Statistics, and the devaluation of the currency to rates crossing the N1000/$1 mark from the average of N461.50/$1 at the beginning of the year, per the data published on the FMDQ website, amid continuing local currency shortages.

The key drivers for the worsened indices are the removal of subsidy on petrol and the inadequate supply of foreign currency to meet the demand despite the elimination of the official Naira/USD peg. While agricultural yields were not impacted as negatively by the weather effect as in 2022, but the depressed exchange value of the Naira permitted the large-scale purchase of grains for export to neighbouring countries, accounting for persistent increases in market prices, making purchases for food to account for a larger share of household expenditure. Overall, the sentiment is that there is a cost-of-living crisis and a pessimistic outlook for businesses predicted by reduced demand and a tough operating environment.

These ongoing negative indices, carried over from 2022, elevated the cost of goods and services thereby limiting purchasing power, which further reduced the cash flow generating capacities of businesses and their ability to meet contractual obligations. The political transition mid-year affected the speed of payment to government contractors due to ad-ministrative changes. These effectively worsened the default rates experienced in 2022, causing further deterioration in asset quality. To moderate and force a downward trajectory in the default rate, the Bank took measures to freeze new risk asset growth in the most impacted sectors, while sustaining remediation and recovery actions on its classified port-folio to preserve capital.

The outlook on economic activities for 2024 is expected to be more moderated from the sudden policy shocks of the preceding year being that the major monetary and fiscal measures have been announced in the 2024 budget and other policy circulars regarding tackling inflation, elimination of the multiple exchange rate regime and floating of the Naira exchange rate, continuing improvements in tax collections, and physical infrastructure development.

As the Bank navigates the volatile environment, its responses to the different risks would be very dynamic and tilt on the side of conservatism to ensure that value and capital are protected. Risk asset growth projections would be reviewed in a dynamic manner based on the actual performance of the economy and improvement in the business sentiment.

Jaiz Bank will adopt a risk posture that is appropriate with the perception of risks in 2024 and beyond. The Bank intends to fully exploit the opportunities in its environment using its ethical and sustainable business model, while mitigating the risks of the headwinds that may continue to manifest in the future.

ENTERPRISE RISK MANAGEMENT

Jaiz Bank Plc has reviewed its Enterprise Risk Management (ERM) culture and practice in response to the environment which demands a very nimble and conservative approach to risk management due to the different headwinds affecting businesses and households. As the Bank continues to mature in this respect, it has successfully upheld the pre-eminence of avoiding Shariah'ah non-compliance risk, in addition to upholding leading practice in pre-empting and addressing all risks that confront the enterprise, leading to the elimination of non-compliant practices and income in all its operations.

The risk management framework of the Bank incorporates a wholistic view of the enterprise in all its activities and recognises the importance of knowledge and process by investing resources in the training of its human capital, as well as the retention of leading authorities to review and recommend the best marriage of risk and its management that is suited to its business model. This entails the implementation of risk management processes to determine the potential for divergence from expected outcomes, while formulating the right responses to ensure the full exploitation of opportunities and strategic objectives.

The ERM framework of the Bank is guided by the Central Bank of Nigeria (CBN), the Nigeria Deposit Insurance Corporation (NDIC), its Advisory Committee of Experts, the Islamic Financial Services Board (IFSB), the Accounting and Auditing Organization of Islamic Financial Institutions (AAOIFI) as well as leading practice.

The major risks facing Jaiz Bank are segregated as: Shari'ah Non-Compliance risk, Credit risk, Operational risk, Market & Liquidity risks, Legal risk, Information Security & Cyber risk, Displaced Commercial risk, Reputational risk, and Strategic risk.

The ERM framework and policies of Jaiz Bank are structured to address the above highlighted risks using the 'Three Lines of Defence' model and includes the definition of risk ownership between the applicable layers in the organogram. The Bank ensures the relevance of the framework and policies to the risk environment by undertaking comprehensive revisions as the environment requires.

Risk Management Philosophy

a. The Bank implements a sound, ethical and Shari'ah-based risk management system, complying with regulatory authorities to build the foundation of a resilient financial institution focused on ethical banking.

b. The Bank has adopted a holistic and integrated approach to risk management as is required by the nature of Sharia'h-based financial contracts viz–a-viz its operations and therefore, brings all risks together under one or a limited number of oversight functions.

c. Risk officers are empowered to perform their duties professionally, ethically, and independently, free of interference.

d. Risk management is governed by well-defined policies that are clearly communicated across the Bank.

e. Risk management is a shared responsibility; therefore, the Bank aims to build a shared perspective on risks that is grounded in consensus.

f. The Bank's risk management governance structure is clearly defined.

g. There is a clear segregation of duties between risk-taking business units and risk-managing functions.

h. Risk related issues are taken into consideration in all business decisions. The Bank shall continue to strive to maintain a conservative balance between risk and revenue considerations and in consonance with the import of Islamic jurisprudence.

i. Risks are reported openly and fully to the appropriate levels once they are identified.

RISK CULTURE

The overall risk culture in the Bank is based on the elimination of potential risks that can affect its fiduciary responsibility as a Non-Interest-Financial-Institution (NIFI). The Board of Directors is fully responsible for risk management, and it has designed the risk management framework to permit it fully discharge its role.

a. The Bank is first and foremost conscious of complying 100% with Shari'ah standards to eliminate non-compliant income from its business. It is guided in this by the Advisory Committee of Experts. All products, markets, businesses, and practices with internal and external stakeholders are assessed objectively on this criterium first before all others.

b. Minimization of potential risks that can jeopardize its fiduciary responsibility as a Non-Interest Financial Institution (NIFI) operating under Islamic financial principles while expanding the Bank's market share.

c. The responsibility for risk management in the Bank is fully vested in the Board of Directors, which in turn delegates such to its sub-committees and executive management.

d. The Bank pays attention to both quantifiable and unquantifiable risks with pre-eminence for Shari'ah non-compliance risks.

e. The Bank's management promotes awareness of risk and risk management across the Bank.

f. The Bank avoids products, markets, and businesses where it cannot objectively assess and manage the associated risks in line with both the Shari'ah and environment perspectives.

JAIZ RISK APPETITE

The Bank's risk appetite is set by the Board of Directors at a level that minimizes erosion of earnings or capital due to avoidable losses - including income loss from non-compliance with Shari'ah standards in its overall asset and liability portfolio in the banking and trading books, or from fraud or operational inefficiencies.

The broad objective of the Bank's risk appetite is to be among the industry leaders with respect to performing investments and the reduction of the cost of risk, while maintaining a zero tolerance for income loss from Shari'ah violations. The Bank strives to maintain a ratio that ensures that there are adequate provisions for all non-performing assets based on their levels of classification. Shari'ah screening is enshrined to make transactions Shari' ah compliant before disbursement. To avoid losses from financed contracts, strict monitoring and investment supervision mechanisms are strictly followed in the post-disbursement phase, up to collections and / or recovery.

The risk appetite is expressed qualitatively and quantitatively with the trigger points and thresholds defined to assist monitoring and objective reporting. In accordance with the Bank's risk appetite, it maintains a conservative risk profile. The risk profile is managed based on the integrated risk management framework. In this framework, all types of risks are identified to provide one unified view on the risk profile for the Bank as a whole.

JAIZ RISK GOVERNANCE STRUCTURE

Board of Directors

The Board of Directors is ultimately responsible for overall risk management of the Bank and for establishing and monitoring the effectiveness of its Risk Management and Corporate Governance frameworks.

(Shari'ah) Advisory Committee of Experts (ACE)

This independent committee of scholars sits quarterly, and it endorses risk management processes and reviews accounts, validates products and services in line with Shari'ah principles, and their decision is final, subject to the final authority of the Financial and Regulatory Advisory Committee of Experts (FRACE) of the CBN.

Board Risk Committee (BRC)

The Board Risk Committee (BRC) is responsible for all material risks, including the control and oversight of credit risk. The purpose of the committee is to assist the BOD in formulating strategies for enterprise-wide risk management, evaluating overall risks faced by the Bank, aligning risk policies with business strategies, and determining the level of risk which will be in the best interest of the bank.

Board Investment Committee (BIC)

The Board Investment Committee (BIC) is responsible for the creation of credit and investment risks. It is established as a standing committee with the primary role to effectively review and approve credit risks to be faced by the Bank, and report to the BOD at regular intervals while effectively implementing the BOD's strategy for credit risk creation.

In addition to the above committees, the following Board committees are also directly or indirectly responsible for reviewing and guiding risk management functions.

I. Statutory Board Audit Committee (BAC)

II. Board Governance/Remunerations Committee

The following executive and senior management committees are also directly or indirectly responsible for examining and recommending risk management functions:

I. Executive Committee (EXCO)

II. Asset & Liability Committee (ALCO)

III. Management Investment Committee (MIC)

IV. Criticized Assets Committee (CAC)

V. IT Steering Committee (ITSC)

Risk Management Division

The Chief Risk Officer leads the Risk Management Division and reports directly to the Board Risk Committee, with a dotted line to the MD/CEO. The CRO is responsible for the establishment and maintenance of a framework geared towards the enhancement of capacity to provide greater value to stakeholders while effectively dealing with the risks and uncertainties associated with the business to protect the Bank from losses, thereby enhancing its competitive advantage.

The Risk Management Division of the Bank is broadly arranged into the following –

I. Investment Monitoring unit.

II. Investment (Credit) Risk unit.

III. Market and Liquidity Risk unit

IV. Operational Risk unit, including cybersecurity risk.

Credit Risk

Credit Risk is the risk of economic loss from default or changes in ratings or other credit events. In a typical NIFI, it is defined as 'the potential that a counterparty fails to meet its obligations in accordance with agreed terms under a financial contract'. It arises principally from –

I. Financing in Bai' (sale) e.g., Murabaha, promising to buy, or deliver in Istisna' and Salam.

II. Leasing in Ijarah for rentals and lease-to-own in Ijarah Muntahiya Bittamleek'.

III. Investing in business performance on profit & loss sharing (PLS) in the Musharakah and Mudarabah contracts.

IV. Credit risk can also arise because of the crystallization of any off-balance sheet transaction such as Kafalah and Wakalah contracts.

Peculiarities of credit risk in a Non-Interest Financial Institution are as follows.

The role of the Bank can be that of financier, supplier, Muḍarib (fund manager to Investment Account Holders) and Musharakah partners. The Bank principally concerns itself with the risk of counterparties' failure to meet their obligations in terms of receiving a deferred payment and making or taking delivery of an asset. A failure could relate to a delay or default in payment, or in delivery of the goods/assets of Salam or Parallel Istisna, entailing a potential loss of income and even capital.

I. Due to the unique characteristics of each financing instrument, such as the non-binding nature of some contracts, the commencement stage involving credit risk varies. Therefore, credit risk is assessed separately for each financing instrument to facilitate appropriate internal controls and risk management systems.

II. The Bank also considers other types of risks that give rise to credit risk. For example, during the contract's life, the risk inherent in a Murabaha contract is transformed from market risk to credit risk; the invested capital in a Muḍarabah or Musharakah contract will be transformed to debt in case of proven negligence or misconduct of the Mudarib or the Musharakah's managing partner.

III. To moderate the Bank's exposure, a down payment for Bai' (sale) contracts and equity participation for Ijara (lease) contracts are required based on the Bank's risk appetite.

IV. Adequate collateral with a minimum coverage requirement is taken in line with the peculiarities of each transaction, as well as adequate covenants and protections embedded in the applicable and transaction-specific agreements.

V. Appropriate risk transfer mechanisms and contracts are embedded in all contracts using Takaful and conventional insurance contracts.

VI. In case of default in certain instances, the Bank does not impose a penalty except in the case of deliberate procrastination, thus increasing the probability of default. However, the Bank is prohibited from using the amount of any penalty for its own benefit or taking it into income; it must donate any such amount to charity. This increases the cost of default and discourages bad behaviour.

VII. The Bank's credit risk and monitoring units manage the credit process from origination to collection and recovery; monitoring and controlling all such risks by adhering to sound policies and processes that have been laid down to guard against risk manifestation in compliance with the Shari'ah contracts' specific risk per best practice.

An integrated risk rating methodology has been instituted to aid investment and credit decisions, and the methodology scores both the obligor and the facility based on set parameters. The objective is to eliminate subjectivity in the appraisal process while promoting transparency and predictability to investment decisions.

Collateral Policy to Mitigate Credit Risk

To mitigate all credit risks associated with our investment activities, Jaiz Bank employs policies to cushion those risks. One of the most common of these policies that is also Shari'ah compliant, is accepting collateral in respect of financing to our customers.

As part of its overall risk management, the Bank uses various methods to manage exposures resulting from changes in credit risks, liquidity risks, market risks (including profit rate risk, foreign exchange risk, and equity price risk), and operational risks. The Bank seeks to manage its credit risk exposures through diversification of financing and investing activities to avoid undue concentration of risk with individuals and groups of customers in specific locations or businesses.

The portfolio allocation plan, and the minimum risk asset acceptance criteria are reviewed annually as part of the budgeting process, which are influenced by the budgeting and strategic goals of the Bank.

To guard against liquidity risk, management has diversified funding sources and assets are managed with a view on overall liquidity in consideration of maintaining a healthy balance of liquid assets (cash and cash equivalents). The market risks are managed based on predetermined asset allocations across various asset categories and continuous appraisal of market conditions for movement and expectation of foreign currency rates, benchmark profit rates and equity exposures. To manage all other risks, the Bank has implemented a detailed risk management framework to identify and apply resources to mitigate the risks.

We have carefully selected and accredited some professional valuers that assist us in determining values of the collateral we accept. We take into consideration the Open Market Value (OMV), Forced Sales Value (FSV) and Rental Value. A minimum collateral coverage ratio is in place for the locations that the Bank conducts its business. The collateral register is automated to allow the easy update and retrieval of collateral information.

Due to the nature of the Bank's business model which entails actual ownership of real goods before sale to customers, financed assets may also be warehoused under the control of 3rd-party, prequalified, collateral managers.

In general, collateral types for our consideration are as shown below.

I. Cash-backed.

II. Guarantees from other Financial Institutions.

III. Legal Mortgage over properties and Mortgage Debentures

IV. Equitable Mortgage

V. Inventory warehousing/Stock Hypothecation

VI. Corporate Guarantees/Negative Pledge

VII. Domiciliation of Receivables (at the Bank's discretion)

IFRS 9 METHODOLOGY

Jaiz Bank has automated its IFRS 9 model for the computation of Expected Credit Loss on its financial instruments. The model is compliant with the Accounting and Auditing Organization for Islamic Financial institutions' Financial Accounting Standards 30 which deals with the accounting rules and principles for impairment and credit losses, covering current and expected losses, in line with global best practices, considering the dynamic requirements of the Islamic finance industry across the globe. It also sets out classification of assets and exposures in view of the credit risk and other risks involved. The credit models and financial policies in use have been further refined. In developing the ECL models, we adopted the following steps:

Data Preparation

The first step was to prepare the provided data based on IFRS 9 requirements. Activities in this step included but not limited to the exclusion of bank charges from the loan book and allocation of shared collateral values for the same obligor based on exposure amounts.

Portfolio Segmentation

Based on shared credit risk characteristics, exposures in the Bank's credit portfolio were grouped into 3 segments for which separate models were developed: Corporate, Retail and Off-balance sheet.

Stage transfer criteria

Assumptions for assessing Significant Increase in Credit Risk were developed and utilized in classifying different exposures into Stage 1, Stage 2, and Stage 3 buckets.

Estimation of Probability of Default

A robust model for the estimation of Lifetime PDs was developed by assessing ratings transition using historical data of five (5) years per investment product type. Forward looking information was incorporated using a regression model that simulates the expected PD term structure under three distinct macroeconomic scenarios.

Estimation of Exposure at Default

The EAD model estimates the expected outstanding balance at each point in time based on the outstanding balance as at the reporting date, nature of the products, contractual repayment structures, foreign currency, prepayment rates, and moratorium concessions. For revolving facilities such as Murabahah products and similar products, the undrawn portion is treated under the off-balance sheet portfolio.

Estimation of Recoverable Amount

The recoverable amount per exposure was obtained at each point in time by segmenting the collaterals by type (with mortgages further segmented based on location) and projecting future values per collateral type based on historical growth rates, forced sale haircuts, perfection status, expected time to recovery and direct costs of recovery (including additional cost for unperfected collaterals). The model also includes unsecured recoveries based on estimated historical recovery rates.

Estimation of Loss Given Default

The LGD at each point was estimated as a function of the EAD and the recoverable amount. Assumptions were made for the LGD for unsecured exposures based on the BASEL convention and peculiarities of the Nigerian operating environment.

Estimation of ECL Probability-Weights

The probability weights of each macroeconomic scenario were determined by analysing the NSE All-Share Index volume over a select period. The probability of the upturn and downturn scenarios were determined by considering periods of outlying index values outside of a specified base threshold.

10.1 Final ECL Computation

The resultant ECL is a product of the EAD, LGD and PD calculated based on the probability weights of each macroeconomic scenario. The ECL was also discounted to present value using the Effective Rate of Return of each exposure.

10.2 Portfolio Segmentation

In measuring impairment under the IFRS 9 Standard, facilities with shared credit characteristics may be grouped and assessed in distinct portfolios. To achieve this, all the Bank's financial assets under the scope of IFRS 9 have been segmented into three categories namely:

I. Corporate: This segment of the portfolio contains loans to Corporate, Commercial and Public Sector entities grouped based on internally defined thresholds for turnover and balance sheet size.

II. Retail: This segment of the portfolio contains loans and advances to individuals and entities classified by the Bank as non-corporate.

III. Off-balance sheet: This segment of the portfolio contains investments resulting from Guarantees, Letters of Credits and Undrawn Commitments under Murabahah facilities.

Default Definition

In accordance with the IFRS 9 standard, the Bank considers default for the purpose of stage classification. Facilities that are more than 90 days past due are classified as being in default. The implication of this is that, if there is at least one default event for a client on one of their exposures, all other exposures to the client are in default.

Development of staging criteria

In applying the IFRS 9 standard, it is critical to ascertain whether the credit risk of a facility or receivable has increased significantly relative to the credit risk at the date of initial recognition. This is the basis with which an entity may change its calculation of impairment from 12-month ECLs to Lifetime ECLs. To determine whether such an increase has occurred, an entity must consider reasonable and supportable information that is available without undue cost or effort, including information about the past and forward-looking information.

Additionally, the CBN Guidance Note on IFRS 9 implementation advises banks to consider quantitative, qualitative and 'backstop' indicators in assessing significant increase in credit risk. Four different indicators are implemented in this model, and they are based on:

a. Days past due.

b. Prudential classification.

c. Forbearance (Restructured) Credit rating migration.

While IFRS 9 allows the assessment of significant increase in credit risk to be carried out individually or collectively for financial assets with homogeneous risk characteristics, this model adopts an individual assessment method to enable a granular view of the loss allowance across the portfolio. Each indicator is explained in detail below.

Days Past Due (DPD): This classification is based on the number of days from a contractual repayment date after which the obligor has not paid the contractual repayment amount. In deriving this classification, the following thresholds were applied:

Stage Classification	Days Past Due
Stage 1	Less than 30 days
Stage 2	Between 30 – 90 days
Stage 3	Above 90 days

The Bank has put in place adequate systems to accurately compute days past due of investments.

a) **Prudential Classification**: In staging its financial assets, the Bank also considers CBN prudential classifications as shown below:

	Stage Classification	Prudential Classification
i.	Stage 1	Performing
ii.	Stage 2	Watchlist
iii.	Stage 3	Substandard, Doubtful, Lost

b) **Forbearance Flag:** The stage classification is also defined based on whether a facility has been restructured due to forbearance at any point since initial recognition. In deriving this classification, the following was applied:

	Stage Classification	Forbearance Flag
i.	Stage 1	No Forbearance
ii.	Stage 2	Forbearance granted.

c. **Credit Rating:** This classification indicates the obligor's credit rating, and it takes into consideration the initial credit rating and the credit rating as at the reporting date.

	Stage Classification	Credit Rating Migration
I.	Stage 1	Rating downgrade of not more than 2 notches since initial recognition
II.	Stage 2	Rating downgrade of more than 2 notches since initial recognition
III.	Stage 3	Default

d. **Model Classification:** The model classification is the resultant stage classification based on the four indicators outlined above (a, b, c, and d). The maximum stage classification value is determined to be the model classification of each obligor.

e. **Classification override:** There are specific instances where the Bank may possess alternate information that defines an exposure's stage classification, despite the resultant model classification. For such instances, an option has been provided in the model to provide a stage classification based on the Bank's expert judgement that will be assigned to the exposure irrespective of the classification based on the model's indicators.

f. **Final Stage Classification:** In instances where the Bank provides a classification override, that becomes the final stage classification. Otherwise, the model classification is the final stage classification.

CAPITAL MANAGEMENT

The Bank maintains sufficient capital resources to support its investment credit business and general business growth. Capital adequacy is reviewed periodically alongside the monitoring and reporting of changes to the capital forecasts. The Board will consider the need to change its capital forecasts and capital plans based on these reviews. The Bank is guided by its capital management and allocation framework which encompasses the optimization of risk, return, and capital.

The Bank holds capital at a level that the Board considers necessary and the assessment of minimum capital requirements is a combination of regulatory requirement and sound judgment exercised by the Board. In assessing the adequacy of its capital, the Bank considers its risk appetite, the material risks to which the Bank is exposed, and the appropriate management strategies for each of the material risks, including whether capital provides an appropriate buffer.

The Bank calculates the adequacy of its capital on an annual basis through the Internal Capital Adequacy Assessment Process (ICAAP) which is reviewed by the Board and reported to the CBN.

Market and Liquidity Risks

The Market & Liquidity Risk unit monitors disciplined risk taking within a framework of the well-defined risk appetite that enables the Bank to enhance shareholders' wealth while retaining its competitive advantage.

As a NIFI, the Bank is exposed to the rate of return risk in the context of its overall balance sheet exposures. An increase in industry benchmark rates may result in Investment Account Holders' (IAHs) having expectations of a higher rate of return on their deposits, failure of which can turn to a Displaced Commercial Risk (DCR). In consideration, the Bank analyses the Rate of Return Risk and has developed a reporting format to the ALCO to identify, measure and mitigate the risk of DCR to protect the interest of Investment Account Holders.

Liquidity Risk is the risk that the Bank does not have sufficient financial resources to meet its obligations as they fall due or will have to meet the obligations at excessive cost. This risk arises from mismatches in the timing of cash flows. Funding risk (a form of liquidity risk) arises when the liquidity needed to fund illiquid asset positions cannot be obtained at the expected terms and when required.

As a protective measure against liquidity risk, the Bank solicits and attracts various sources of funds to channel to its financing and investment activities in Shari'ah-compliant instruments from the money and capital markets. The Bank, in conjunction with other NIFIs, conventional banks, and the CBN, has developed additional Shari'ah-compliant liquidity instruments to manage liquidity risk.

The Bank calculates the adequacy of its liquidity quarterly through the Internal Liquidity Adequacy Assessment Process (ILAAP), which is reviewed by the Board and reported to the CBN.

Operational Risk

Operational Risk is defined as a risk of loss arising from failure in internal processes, people, systems, or external events. This includes legal risk but excludes reputational and strategic risks.

The responsibility of the Operational risk unit in Jaiz Bank is to prevent the occurrence and /or crystallization of such losses and/or to reduce the impact and severity when they occur. The unit achieves this by creating appropriate policies and platforms to reduce the occurrence of such incidences. Some of the objectives of operational risk are attained by ensuring that trained and competent people – and appropriate infrastructure, controls, and systems – are in place to ensure the identification, assessment, and management of all substantial risks.

An operational risk framework is in place to guide the governance and implementation of operational risk. The objectives of the framework are.

I. Minimize or eliminate losses attributable to operational risk.
II. Ensure operational risk awareness and effective control of operations.
III. Improve performance measurement and feedback.
IV. Embed early warning signals when exceptions occur.

The basic tools of operational risk management i.e. standard operating procedures, process maps, the Risk Register; Risk Control Self-Assessment (RCSA); Key Risk Indicators (KRI), Issues & Action Plan reporting, risk identification seminars, and Loss Trend reporting have been incorporated to lead to seamless reporting, analysis, mitigation and eventual prevention of operational risk losses that may be inherent in the system.

The Bank also monitors cybersecurity risks as provided for in the CBN Risk-based Cybersecurity framework for banks which provides a risk-based approach to managing cybersecurity risk.

The Bank is ISO-certified for business continuity; for information security; and payment card security as follows.

- ISO27001
- ISO22301
- ISO20000
- Payment Card Industry Data Security Standard – (PCIDSS)

STRESS TESTING

To increase resilience and anticipate shocks, the Bank conducts a stress test on its capital adequacy and liquidity position quarterly under a range of scenarios. The scenarios are agreed by the ALCO and reviewed by the EXCO, and regularly updated to reflect the Bank's risk profile and external risks, including risks associated with the economic cycle.

Where applicable, the stress tests cover all relevant risks to which the Bank is exposed, for example, capital adequacy stress tests based on macro-economic scenarios would be geared towards analysing the impact on both credit and market risk exposures.

Liquidity and capital adequacy stress tests are performed at the regulatory imposed intervals and ad-hoc stress tests are performed as required by the BOD, Executive Committee, or the ALCO.

Detailed results of stress tests are presented to the ALCO, including the impact of the stress scenario on the Bank's capital requirement, its capital resources, and its profitability; summary results are presented to the ExCo. Stress testing is used to determine the Bank's capital adequacy, the sustainability of returns, the adequacy of its liquidity position, and to influence strategy and medium-term planning. The Bank prepares and presents to the CBN the Internal Capital Adequacy Assessment Process on an annual basis, based on the preceding year's financial information as approved by the CBN.

WRITE OFF AND RECOVERIES

Jaiz Bank has in place a policy for cancelling the record of a bad debt and acknowledging the loss of or failure to recover an asset. After full evaluation of a non-performing exposure, and if either one or all the following conditions apply, such exposure shall be recommended for write off.

I. Continued contact with the customer is impossible.

II. The recovery cost is expected to be higher than the outstanding debt.

III. The amount obtained from realisation of the collateral leaves a balance of the debt.

IV. If it is reasonably determined that no further recovery on the facility is possible.

All investment facility writes off require endorsement at the appropriate level as defined by the Board. Similarly, investment writes off approval shall be documented in writing and properly signed by the approving authority. Whenever amounts are recovered on previously written off investment exposures, such amount recovered is recognized as income on a cash basis only.

Compliance Risk Framework

Compliance and Shariah risk management are the main areas of concentration for Jaiz Bank's compliance function, which is in line with its risk management framework and strategy. The department is closely collaborating with the Governance, Risk, and Control functions to attain risk convergence. This collaboration serves as the foundation for integrated assurance, increased visibility of risk management, and increased awareness of governance and control throughout the Bank.

The compliance department serves as an advisory body and is primarily concerned with regulatory intelligence collecting, compliance testing, compliance monitoring, and improved collaboration with Bank business units. It responds to questions about compliance issues from all around the Bank as a point of contact. To improve and fortify the relationship with the Business Units—the first line of defence—Cluster Compliance Officers live in the branches. Monitoring suspicious transactions using a risk-based approach, concentrating on high-risk areas to identify non-conformities early and report them to government agencies on time.

Shariah violations and other compliance breaches are not tolerated by Jaiz Bank. Effective compliance controls are in place at Jaiz Bank to combat money laundering, terrorist financing, and proliferation financing as well as shariah non-compliance. Ensuring that the Bank's policies, procedures, products, and services comply with relevant laws, rules, and regulatory requirements is done through robust and efficient compliance work programs, annually. Handling risks associated with breaking laws or policies, or engaging in unethical behaviour, which can result in fines or penalties, harm to one's reputation, or the inability to conduct business in important markets.

- Ensuring that any new laws, rules, codes, or ethical standards required of a bank are compliant with the Anti-Money Laundering/Countering Terrorism Financing/Countering Proliferation Financing (AML/CFT/CFT) & CDD/KYC Policies and Procedures Manual through frequent review and updating.

- Ensuring that any new laws, rules, codes, or ethical standards requirements of a bank are in line with the Anti-Bribery, Whistleblowing, and Modern Slavery Policies and Procedures Manuals through regular review and updating.

- Serving as the primary liaison point between the Bank and the regulatory/supervisory authorities for conducting mandatory examination/inspection exercises.

- Serving as the primary point of contact between the Bank and government agencies, the function handles inquiries and investigations from government agents contacting the Bank about matters about regulatory compliance.

- Reporting all shariah and regulatory compliance issues and risks to the Executive Management Committee, Board Audit Committee, and Statutory Audit Committee, periodically.

- The Compliance function is independently reporting to the Risk Management Directorate and is annually examined by the Bank's internal audit, or/and an independent consultant selected by the Board as well.

Corporate Responsibility Report

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 contained in 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

a) We have reviewed the audited financial statements of the Bank for the year ended 31 December 2023.

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

c) That the audited financial statements and all other financial information included in the statements present, in all material respects, the financial condition and results of operation of the Bank as of and for the year ended 31 December 2023.

Effective Internal Controls

a) 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 2023.

b) We have evaluated the effectiveness of the Bank's internal controls within 90 days prior to 31 December 2023. and

c) We certify that the Bank's internal controls are effective as at 31 December 2023.

Disclosures

a) 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.

b) There were 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

c) There was no fraud that involved management or other employees who have a significant role in the Bank's internal control.

Signed by:

Alhassan Abdulkarim
Executive Director, Business Development
FRC/2024/PRO/DIR/003/690956

Haruna Musa
Managing Director/CEO
FRC/2017/CIBN/00000016515

Statement of Directors' Responsibilities in Relation to the Financial Statements for Financial year ended December 31, 2023

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 2020, 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 2020 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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 BOARD OF DIRECTORS BY:

Alhassan Abdulkarim
Executive Director, Business Development
FRC/2024/PRO/DIR/003/690956

Haruna Musa
Managing Director/CEO
FRC/2017/CIBN/00000016515

MUREGI ASSOCIATES
RC 198593

March 4, 2024

The Chairman
Board of Directors
Jaiz Bank Plc,
Jaiz Bank House
Plot 1073, JS Tarka Street,
Area 3, Garki
Abuja, Nigeria.

Dear Sir,

RE: 2023 ANNUAL CORPORATE GOVERNANCE PERFORMANCE REVIEW

It is with great honour and professional diligence that we present to you the comprehensive Annual Corporate Governance Performance Review of the Board of Jaiz Bank Plc for the year ended December 31, 2023. The performance review exercise was carried out in accordance with the provision of Section 10 of the Central Bank of Nigeria (CBN) "Corporate Governance Guidelines (CGG) for Commercial, Merchant, Non-Interest and Payment Service Banks in Nigeria", 2023. Section 10.1 of the 2023 CBN Guidelines, mandates an annual appraisal of the Board, its Committees, Chairman and individual directors covering all aspects of the Board's structure, composition, responsibilities, processes and relationships, as may be prescribed by the CBN from time to time. In the case of Non-Interest Banks (NIBs), Section 10.2 mandates an annual appraisal of the ACE covering all aspects of its responsibilities, processes, meetings and overall functions. 10.3 requires that appraisals should be conducted by an independent external consultant with adequate experience, knowledge and competence in corporate governance and performance management. For NIBs, such independent consultant should possess knowledge and experience in Islamic Finance or Islamic Commercial Jurisprudence.

As an independent consultant entrusted with the evaluation of governance practices within the esteemed Islamic banking institution, we are pleased to provide insights and recommendations derived from a thorough and impartial assessment conducted over the past year. Our approach included the review of Jaiz Bank's Corporate Governance framework, and all relevant Board documentation on policies and procedures. The documents reviewed included the Board Charters, Minutes of Board and Committee Meetings, Policies, as well as Board strategy papers. We also conducted one-on-one interviews (facilitated with a written questionnaire) on the Bank's Board members as well as Committees Chairmen.

On the basis of our findings from the independent assessment of the Board, we certify that the 2023 Corporate Governance Performance Review of Jaiz Bank Plc, was indeed a testament to its commitment to upholding the highest standards of governance excellence in alignment with Shariah principles and industry best practices. The outcome of our review and recommendations have been articulated and included in our detailed report to the Board.

We would like to express our gratitude to the Chairman, Board of Directors and Executive Leadership team of Jaiz Bank Plc for their cooperation, support, and unwavering commitment to governance best practices throughout the review process. We are confident that with their continued dedication and leadership, the Bank will continue to thrive and excel in the dynamic landscape of banking business in Nigeria.

Once again, we thank the Board for entrusting Muregi Associates with the responsibility of conducting the 2023 Annual Corporate Governance Performance Evaluation of Jaiz Bank Plc.

Please accept the assurances of our highest esteem.

Yours sincerely,
For: Muregi Associates

Dr. Hussaini Muhammed
CEO

Report of the Statutory Audit Committee

We have examined the Auditors' Report for the year ended 31st December 2023 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
FRC 2018/ICAN/00000017824
Chairman, Statutory Audit Committee
Abuja
28th March, 2024

Members of the Audit Committee

• Alhaji Shehu Muhammed FCA	-	Chairman
• Alhaji Muhammed Shuaibu Gulani FCA	-	Member
• Mr. Ibrahim Ozomata Lawal FCA	-	Member
• Alhaji Mukhtar Sani Hanga	-	Member
• Ibrahim Mohammed Indimi	-	Member

CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT & SECURITIES ACT

We the undersigned hereby certifies the following with regards to our financial report for the period ended 31st December 2023 that;

a) We have reviewed the report and to the best of our knowledge, the report does not contain;
   - (i) Any untrue statement of a material fact, or
   - (ii) Omit to state a material fact which would make the statements misleading in the light of the circumstances under which such statements were made;

b) To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operations of the company as of, and the periods presented in the report.

c) We;
   - (i) Are responsible for establishing and maintaining internal controls;
   - (ii) Have evaluated the effectiveness of the company's internal controls as of the date with 90 days prior to the reports;
   - (iii) Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as that date;

d) We have disclosed to the audit committee;
   - (i) All significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and
   - (ii) Any fraud whether or not material, that involve management or other employees who have significant role in the company's internal controls;

e) We have identified in the report whether there was significant changes in the internal controls or other factors that could significantly affect internal controls subsequent to the date or our evaluation, including any corrective actions with regards to significant deficiencies and material weakness.

Alhassan Abdulkarim	**Haruna Musa**
ED, Business Development	**Managing Director/CEO**
FRC/2024/PRO/DIR/003/690956	FRC/2017/CIBN/00000016515

ADVISORY COMMITTEE OF EXPERTS (ACE) REPORT ON SHARI'AH COMPLIANCE FOR THE YEAR ENDING DECEMBER 31, 2023

In the Name of Allah Most Gracious 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 Jaiz Bank Plc during the year ending December 31, 2023. We have also made 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 regard. 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 have 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.

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 31/12/2023 were in accordance with the rules and principles of Shariah.
b. The distribution of profits on the investment accounts were in line with the basis 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 with management promise to work on regularizing all of them.
e. The Advisory Committee of Experts (ACE) of _Jaiz Bank Plc has reviewed the financial statement 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 Jaiz Bank for their 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: 8th March 2024.

Prof. Abdulazeem Abozaid	**Chairman**	
Prof. Ahmad Bello Dogarawa	**Member**	
Sheikh Abdulwahab Abdullah	**Member**	
Dr Warshu Tijjani Rabiu	**Member**	

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Jaiz Bank Plc

Opinion
We have audited the Financial Statements of Jaiz Bank Plc set out on pages 60 - 131 which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the period then ended and the notes to the financial statements, including a summary of material accounting policies.

In our opinion, the Financial Statements give a true and fair view of the financial position of Jaiz Bank Plc as at 31 December 2023, and its financial performance and cash flows for the period then ended in accordance with the International Financial Reporting Standards (IFRS), the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the Companies and Allied Matters Act, 2020 (CAMA), Banks and Other Financial Institutions Act (BOFIA),the Financial Reporting Council of Nigeria Act, 2011 and relevant Central Bank of Nigeria Guideline 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 Audit of the Financial statement section of our report. We are independent of the Bank in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA), International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of Financial Statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Financial Statement in Nigeria.

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

Key Audit Matter
Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. The key audit matter below relates to the audit of Jaiz Bank Plc's financial statements.

Deloitte.

Key Audit Matter	How the matter was addressed in the audit
Impairment of carrying value of Islamic financing assets as per IFRS 9	
As disclosed in note 7 to the financial statements, in line with the provisions of IFRS 9, the Bank identifies, and measures loss allowances based on Expected Credit loss (ECL) model on the Islamic Financing Assets and inventory Financing Assets which are not measured at Fair Value Through Profit or Loss (FVTPL). The audit of the impairment of Islamic financing assets is a key area of focus because of its size (representing 34% of total assets) and due to the significance and complexity of the estimates and judgments, which were used in classifying Islamic financing assets into various stages and determining the estimated credit losses ("ECL"). Some of the key assumptions used are: - Assessment of significant increase in credit risk. - Calculation of lifetime probabilities of default (PD) as well as lifetime expected credit loss (ECL) - Loss given default (LGD) - Forward looking information macro-economic factors (e.g., unemployment rates, inflation rate etc.) The Corporate portfolio of Islamic Financing assets is assessed individually for the significant increase in credit risk (SICR) and measurement of ECL. This requires management to capture all qualitative and quantitative reasonable and supportable forward-looking information while assessing SICR, or while assessing credit-impaired criteria for the exposure. Management judgement may also be involved in manual staging override in accordance with the Bank's policies. The measurement of ECL amounts for exposures classified as Stage 1 and Stage 2 are carried out by the models with limited manual intervention, however, it is important that models (PD, LGD, EAD and macroeconomic adjustments) are valid throughout the reporting period and subject to validation process by an independent reviewer. The exposures are classified as impaired as soon as there is doubt about the borrower's ability to meet payment obligations to the Bank in accordance with the original contractual terms. Impaired Islamic financing assets are measured on the basis of the present value of expected future cash flows including observable market price or fair value of the collateral. The impairment loss is calculated based on the shortfall in the Islamic financing assets carrying value compared to the net present value of future cash flows using original effective profit rate. The factors considered when determining impairment losses on individually assessed accounts include the customer's aggregate	We obtained a detailed understanding of the Bank's Islamic financing assets business processes including the critical accounting estimates and judgments used. We have involved our subject matter experts to assist us in auditing the IFRS 9 ECL models as at 31 December 2023. We tested the design, implementation and operating effectiveness of the relevant controls which included testing: • System-based and manual controls over the timely recognition of impaired Islamic financing and investing assets and advances; • Controls over the ECL calculation models; • Controls over collateral valuation estimates; • Controls over governance and approval process related to impairment provisions and ECL Models including continuous reassessment by the management. We understood and evaluated the theoretical soundness of the ECL model by involving our subject matter experts to ensure its compliance with the requirements of IFRS 9. We tested the mathematical integrity of the ECL model by performing recalculations. We assessed the consistency of various inputs and assumptions used by the Bank's management to determine impairment. For allowances against exposures classified as Stage 1 and Stage 2, we obtained an understanding of the Bank's methodology to determine the allowance, assessed the reasonableness of the underlying assumptions and the sufficiency of the data used by the management. We assessed the appropriateness of the Bank's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages. For samples of exposures, we checked the appropriateness of the Bank's staging. For forward looking assumptions used by the Bank's management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information. We selected samples of Islamic financing assets and assessed the accuracy of the Exposure at Default (EAD), appropriateness of the Probability of Default (PD) and calculations of the Loss Given Default (LGD) used by management in their ECL calculations. For exposures determined to be individually impaired, we tested samples of Islamic financing assets and examined management's estimate of future cash flows, assessed their reasonableness and assessed the

Key Audit Matter	How the matter was addressed in the audit
borrowings, risk rating, value of the collateral and probability of successful repossession and the costs involved to recover the debts. In view of the aforementioned areas where judgement and significant estimates were made, we have accordingly, for the purposes of our audit, considered identification and measurement of impairment of Islamic financing assets as a key audit matter.	resultant allowance calculations. Further, we challenged the estimates and assumptions used by management around the LGD calculation for individually impaired exposures by testing the enforceability and adequacy of valuation of underlying collaterals and estimated recovery on default. We also, assessed the accuracy of disclosures in the financial statements to determine if they were in compliance with the requirements of IFRSs. The assumptions and judgement applied by the Directors in assessing the required level of impairment of Islamic financing assets supports the related disclosures in note 32.

Emphasis of Matter

We draw attention to the following:

i. The bank is still in the process of complying with Securities and Exchange Commission's directive regarding internal control over financial reporting. Section 60-63 of the Investment Act 2007 requires management and board of directors of public entities to report on the effectiveness of their entities' internal control over financial reporting in their annual reports. As at the time finalization of these financial statements, the bank's management is still in the process of completing their assessment of the operating effectiveness of its internal controls over financial reporting. Consequently, the auditor's review thereon is yet to commence.

ii. The entity's issued share capital is lower than the authorized share capital as at 31 December 2023. This is contrary to the provision of Section 124 of the Companies and Allied Matters Act 2020 which stipulates that issued and authorized share capital of an entity should be exactly the same amount.

Our opinion is not modified on these matters.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report as required by Companies and Allied Matters Act, 2020, Corporate Governance Report, the Statement of Director's Responsibilities, Corporate information, Bank's Secretary Report, Financial Highlight, Board Evaluation Report, the Audit committee's report, Advisory Council of Experts Report, Chief Executive Officer's Statement and the chairman's Statement which we obtained prior to the date of this auditor's Report and the Annual Report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of the Financial Statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS), the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the Companies and Allied Matters Act, 2020, Banks and Other Financial Institutions Act and the Financial Reporting Council of Nigeria Act, 2011 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraudor 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 thatare appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectivenessof the bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and basedon the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern.
- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope andtiming of the audit and significant audit findings, including any significant deficiencies in internal controlthat we identify during our audit.

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 may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determined the matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. We describe the matter 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 benefits derivable by the public from such communication.

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Report on Other Legal and Regulatory Requirements
In accordance with the Fifth Schedule of the Companies and Allied Matters Act, 2020, we expressly state that:

I. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

II. The Bank has kept proper books of account, so far as appears from our examination of those books.

III. The Bank's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

IV. In accordance with Circular BSD/1/2004 issued by the Central Bank of Nigeria, details of insider- related transactions are as disclosed in note 33.

Contraventions
The bank contravened certain sections of the Central Bank of Nigeria's Regulations, the Nigerian Stock Exchange Regulations, and the Securities & Exchange Commission's Rules and Regulations during the year. The particulars thereof and penalties paid are as disclosed in Note 43 to the financial statements.

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
17 May 2024

Engagement Partner: Bolaji Saidi
FRC/2021/004/00000024025


FINANCIAL
STATEMENTS

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023 N'000	2022 N'000
Assets			
Cash and balances with Central Bank of Nigeria	3	173,369,051	92,983,775
Due from banks and other financial institutions	4a	31,048,883	24,098,813
Investment in sukuk	5b	152,204,830	75,654,990
Interbank Mudarabah Placement	6	5,010,788	0
Financing Assets	7	172,634,716	136,976,580
Inventory Financing	8	27,479,555	36,602,296
Other assets	12	3,293,998	2,281,815
Property and Equipment (net)	9	11,987,164	8,803,174
Leasehold improvement (net)	10	59,139	45,878
Intangible assets (net)	11	599,963	624,673
Deferred tax asset	13b	2,442,970	1,747,460
Total assets		**580,131,058**	**379,819,455**
Liabilities			
Customer current deposits	14a	224,463,962	140,814,965
Customers' unrestricted investment accounts	14b	242,107,237	150,642,667
Other Funding	15	41,432,500	32,784,097
Other liabilities	16	32,207,121	25,374,271
Tax payable	13a	605,315	398,656
Total liabilities		**540,816,135**	**350,014,656**
Owners' equity			
Share capital	17	17,270,586	17,270,586
Share premium	18	1,348,447	1,348,447
Retained earnings	19	5,408,868	2,284,961
Risk regulatory reserve	20	5,007,534	2,554,328
Statutory reserve	21	8,712,007	5,340,854
Other reserves	22	1,567,481	1,005,623
Total equity		**39,314,923**	**29,804,799**
Total liabilities and Equity		**580,131,058**	**379,819,455**

The accompanying notes form an integral part of these financial statements.

Signed on behalf of the Board of Directors on 28th March, 2024

Alhaji Mohammed Mustapha Bintube (Chairman)
FRC/2018/PRO/00000018479

Mustapha

Haruna Musa (Managing Director/CEO)
FRC/2017/CIBN/00000016515

Oseni K. Bello (Ag. Chief Financial Officer)
FRC/2013/ICAN/00000002476

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2023 N'000	2022 N'000
Gross Earnings		**47,237,207**	**33,286,385**
Income:			
Income from financing contracts	23	28,717,430	21,588,665
Income from investment activities	24	15,798,000	9,861,802
Gross income from financing & Investment transactions		**44,515,430**	**31,450,467**
Impairment (charges)	33	-4,320,033	-3,888,913
Net Income after provisions		**40,195,397**	**27,561,554**
Return to equity investment accountholder	26(a)	-11,100,025	-6,905,436
Bank's share as equity investor/ mudarib		**29,095,372**	**20,656,119**
Fees and commission	27	2,335,047	1,638,830
		31,430,419	**22,294,949**
Other Income			
Other operating income	28	327,737	340,086
Unrealised exchange gain/(loss)	29	58,992	-142,998
Total Income		**31,817,149**	**22,492,037**
Expenses:			
Staff costs	30	9,258,140	8,100,245
Depreciation and amortisation	31a	1,871,593	1,631,594
Operating expenses	32(i)	9,633,821	6,127,463
Total expenses		**20,763,554**	**15,859,302**
Profit before tax		**11,053,595**	**6,632,736**
Income tax credit/(expense)	13a	**183,592**	**248,542**
Profit for the year		**11,237,187**	**6,881,278**
Other comprehensive income			
Item that may be reclassified to profit or loss			
Total comprehensive income for the year		**11,237,187**	**6,881,278**

Earnings per share
Earnings per share attributable to the equity holders of the Bank during ‘the year (expressed in naira per share):

Basic and diluted Earnings per share (kobo)	**32.53 kobo**	**19.92 kobo**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2023

	31 DECEMBER 2022							
			***RESTATED**			**Other Reserves**		
	Share Capital N'000	**Share Premium N'000**	**Retained Earnings N'000**	**Risk Regulatory Reserve N'000**	**CBN (AGSMEIS) Reserve N'000**	**Other Comprehensive income N'000**	**Statutory Reserve N'000**	**Total N'000**
Balance at 1 January 2022	17,270,586	1,348,447	-680,247	2,428,354	549,246	112,313	3,276,470	24,305,169
Profit for the year	-	-	6,881,269	-	-	-	-	6,881,269
Foreign currency translation difference	-	-	0	-	-	-	-	-
Total comprehensive income for the year	-	-	6,881,269	-	-	-	-	6,881,269
Transfer to risk regulatory reserve			-125,975	125,974	-	-	-	-
Transfer to statutory reserve	-	-	-2,064,381	-	-	-	2,064,381	-
Transfer to AGSMEIS	-	-	-344,063	-	344,063	-	-	-
Dividend Paid	-	-	-1,381,643	-	-	-	-	-1,381,643
Balance as at 31 December 2022	**17,270,586**	**1,348,447**	**2,284,960**	**2,554,328**	**893,309**	**112,313**	**5,340,851**	**29,804,796**

	31 DECEMBER 2023							
						Other Reserves		
	Share Capital N'000	**Share Premium N'000**	**Retained Earnings N'000**	**Risk Regulatory Reserve N'000**	**CBN (AGSMEIS) Reserve N'000**	**Other Comprehensive income N'000**	**Statutory Reserve N'000**	**Total N'000**
Balance at 1 January 2023	17,270,586	1,348,447	2,284,960	2,554,328	893,309	112,313	5,340,851	29,804,796
Profit for the year	0	0	11,237,187	0	0	0	0	11,237,187
Transfer to risk regulatory reserve			-2,453,206	2,453,206	0	0	0	0
Transfer to statutory reserve	0	0	-3,371,156	0	0	0	3,371,156	0
Transfer to AGSMEIS	0	0	-561,859	0	561,859	0	0	0
Dividend Paid	0	0	-1,727,059	0	0	0	0	-1,727,059
Balance as at 31 December 2023	**17,270,586**	**1,348,447**	**5,408,868**	**5,007,534**	**1,455,169**	**112,313**	**8,712,007**	**39,314,923**

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, 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 CASH FLOWS

		2023 N'000	2022 N'000
Cash flows from operating activities			
Profit for the year		**11,237,187**	**6,881,277**
Adjustments for non -cash items:			
Depreciation		1,259,107	994,867
Amortisation of intangible assets		106,842	127,615
Amortisation of leasehold		23,348	31,425
Amortisation of right of use assets		482,297	477,687
Impairment on financing assets & other Asset		4,320,033	3,888,913
Income tax expense		-183,592	-248,542
Net cash flows before changes in working capital		**17,245,221**	**12,153,242**
Working capital movement:			
Murabaha receivables		-20,149,813	-17,879,313
Investment in musharaka		18,986	18,358
Bai Muajjal		318,617	-374,473
Istisna		3,935,414	-2,824,708
Ijara rental receivables		-22,516,511	-5,464,321
Qard hassan		159,127	-72,039
Investment in Salam		-1,263	-150,917
Investment in trading assets		7,659,639	-16,226,937
Other assets		-7,429,386	248,050
Customers' current account		83,490,190	29,255,531
Customers investment accounts		91,464,570	53,113,492
Other financing		8,648,403	1,247,606
Other liabilities		6,743,535	11,649,891
Interbank Mudarabah Placement		-5,010,788	
Cash from/(used) in operations		**147,330,722**	**52,540,220**
Tax paid		-305,258	-472,612
Net cash provided by operating activities		**164,270,685**	**64,220,850**
Investing activities			
Investment in Sukuk		-70,805,246	-12,181,751
Purchase of property, plant & equipment		-4,443,096	-3,180,586
Proceed from disposal of property, plant & equipment		158,806	13,676
Improvement on leasehold properties		-36,609	-24,724
Purchase of intangible assets		-82,131	-177,447
Net cash provided by/(used in) Investing activities		**-75,208,275**	**-15,550,833**
Financing activities			
Dividends paid to owners		-1,727,063	**-1,381,647**
Net cash provided by financing activities		**-1,727,063**	**-1,381,647**
Increase/(decrease) In cash and cash equivalents		87,335,347	47,288,371
Cash and cash equivalents at beginning of year		117,082,588	69,794,217
Cash and cash equivalents at 31 December	**4b**	**204,417,934**	**117,082,588**

Operating cash flows from profit on balances and deposits with CBN and other financial institutions,financing, customer financing, sukuk and customer deposits are as follows:

Profit received	**40,027,627**	**30,088,966**
Profit paid to depositors	**(11,100,025)**	**(6,905,436)**
Net Profit received/(paid)	**28,927,602**	**23,183,530**

STATEMENT OF SOURCES AND USES OF CHARITY FUND

	2023 N'000	2022 N'000
Sources of charity funds		
Balance at 1 January	140	25
Non-permissible income during the year	19,403	403
Total sources of charity funds	**19,543**	**428**
Uses of charity Funds		
Transfer to Jaiz Foundation	8,914	173
Philantropic activities	3,998	115
Total uses of charity funds	**12,912**	**288**
Balance at 31 December	**6,631**	**140**

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.

STATEMENT OF SOURCES AND USES OF QARD FUND

	2023 N'000	2022 N'000
Opening balance 1 January	201,735	51,500
Granted to staff	13,324	1,800
Granted to customers	356,000	6,180,000
Total uses during the year	**571,058**	**6,233,300**
Repayments		
Staff repayment	13,880	14,922
Customer repayment	514,571	6,016,643
Total repayment	**528,451**	**6,031,566**
Net qard hassan	**42,608**	**201,735**
Impairment allowance	-5,061	-88,127
Balance at 31 December	**37,547**	**113,607**

NOTES TO THE FINANCIAL STATEMENTS

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 Jaiz House, Plot 1073, J.S Tarka Street, Area 3, Garki Abuja, Nigeria. The Financial Statement of the Bank as at 31 December 2023, 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 28th March, 2024. 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 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.

2.1. Material Accounting Policies

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

a. Basis of measurement

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, except for the following :

1. Financial assets measured at fair value through profit or loss.
2. Financial instruments measured at fair value through other comprehensive income.

b. 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.

c. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Naira', which is the Bank's presentation currency which is further rounded up to the nearest thousand (N'000)

d. 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 associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual Results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.2. 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 for the year ended 31 December 2023. 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.

Standards and interpretations effective during the reporting period

i. Amendment to IFRS 16 – Leases on sale and leaseback

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted

ii. Amendment to IAS 1 – Non-current liabilities with covenants

These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

iii. Amendment to IAS 7 and IFRS 7 - Supplier finance

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis

iv. Amendments to IAS 21 - Lack of Exchangeability

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations

v. General Requirements for Disclosure of Sustainability-related Financial Information IFRS S1

This standard requires an entity to disclose information about its sustainability-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity.

vi. Climate Related Disclosures IFRS S2

This standard requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects)

a. Transactions in foreign currencies

The financial statements are presented in Nigerian Naira, which is the reporting currency in line with IAS21 (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. Gains and losses on conversion are reported the income statement.

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. Nonmonetary 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

nonmonetary 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 equivalents

- Cash in hand
- Balance held with Central Bank of Nigeria
- Balance with banks in Nigeria and outside Nigeria
- Demand deposit denominated in Naira and other foreign currencies

Cash equivalents are short term, highly liquid instruments which are readily convertible into cash, whether in local or foreign currencies; and 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

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 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 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 Bank 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:

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;

- How the performance of the portfolio is evaluated and reported to management;
- 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;
- 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
- 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

vi. 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' includes 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.

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 ECL (expected credit losses) for all risk asset and other debt financial assets not held at FVPL (fair value through profit or loss), together with 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 12mECL (12 months' expected credit loss)

The 12m ECL is the portion of LTECLs (lifetime expected credit loss) 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 Banks its financing facilities into Stage 1, Stage 2, Stage 3 and POCI, as described below:

- **Stage 1:** When risk asset are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 risk asset also include facilities where the credit risk has improved and the risk asset has been reclassified from Stage 2.
- **Stage 2:** When a risk asset has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 risk asset also include facilities, where the credit risk has improved and the risk asset has been reclassified from Stage 3.
- **Stage 3**: risk asset 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 risk asset are expected to be recovered, including the probability that the risk asset will cure 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 12m ECL 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 risk asset 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 risk asset considered credit-impaired, the Bank recognises the lifetime expected credit losses for these risk assets. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- **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.

Financing commitments and letters of credit: When estimating LTECLs for undrawn financing in cash flows if the financing is drawn down, based on a probability-weighting of the four scenarios commitments, the Bank estimates the expected portion of the financing 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 financing.

The calculation 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 financing are expected to be recovered, including the probability that the financing will cure 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.

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
- qualitative - e.g. material breaches of covenant;
- quantitative - e.g. overdue status and non-payment on another obligation of the same customer/customer Bank to the banks; and based on data developed internally and obtained from external sources
- Disappearance of an active market for a security because of financial difficulties
- 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 exiting 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
Financing 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;
- financing 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 financing commitment component separately from those on the drawn component: the Bank presents 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 is 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 repossessed
The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or shall 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 obliger/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)
- 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:

- Recovery cost is expected to be higher than the outstanding debt
- Amount obtained from realisation of credit collateral security leaves a balance of the debt
- It is reasonably determined that no further recovery on the facility is possible

All credit facility write-offs require endorsement by the Management Credit and Board Credit Committee, as defined by the Bank. Credit write-off approval is documented in writing and properly initiated by the Management Credit and Board Credit Committee

S/N	Board/Management	Delegation
1	Crystalized Assets Committee	Five Million (N5,000,000:00) and Below
2	Board Risk Committee	Above N5Million(N5,000,000:00-N50Million (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 year 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. 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 Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in the consolidated statement of income.

Intangible Asset includes and not limited to the following.
- Computer Software
- Goodwill

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 Shari'ah compliant Islamic banking activities through various Islamic instruments such as Ijarah, Murabaha, Musharaka, Istisna'a and Wakala.

i Ijarah

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

ii Murabaha

This is a sale contract whereby the Bank sells to customer commodities or other asset 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 items purchased according to specific terms and conditions. Profit from murabaha is quantifiable at the commencement of the transaction. Such income is recognized as it accrues over the period of the contract on effective profit rate method on balance outstanding.

Iii 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 (“Sani” or “Seller”) undertakes to construct, for a 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 specifications to be delivered during a pre-agreed period of time 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 taken by third parties under the control responsibility of the Sani’. Under an Istisna’a contract the Bank cound be the Sani’ or 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 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, Shari'ah compliant trust certificates.

viii Quard Hassan

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 Shari'ah 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

Profit from Murabaha transactions is recognised when the income is both contractually determinable and quantifiable at the commencement of the transaction. Such income is recognised on a time-apportioned basis over the period of the transaction. Where the income from a contract is not contractually determinable or quantifiable, it is recognised when it is actually realised. Income related to non-performing accounts is excluded from the consolidated income statement.

III. Mudaraba

Income on Mudaraba financing is recognised when the right to receive payment is established or on distribution by the Mudarib, whereas losses are charged to the consolidated statement of income on declaration by the Mudarib. In case Mudaraba capital is lost or damaged prior to the inception of work without misconduct or negligence on the part of Mudarib, then such losses are deducted from Mudaraba capital and are treated as loss to the Bank. In case of termination or liquidation, unpaid portion by Mudarib is recognized as receivable due from Mudarib.

IV. Musharaka

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

V. 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.

VI. Sukuk

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

VII. Fees and commission income

Fees and commission income that are integral to the effective profit rate on a financial asset carried at amortised cost are included in the measurement of the effective profit rate of the financial asset. Other fees and commission income, including account servicing fees, sales commission, management, arrangement and syndication fees, are recognised as the related services are performed.

VIII. 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.

IX. Non-credit related fee income

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

X. 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 Year 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.

XI. 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.

XII. Service income

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

XIII. 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.

XIV. 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

Expense recognition

a Profit on mudaraba payable (banks and non-banks)

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

b Return on equity of investment accountholders

Equity of unrestricted investment account holders is funds held by the Bank, which it can invest at its own discretion. The unrestricted investment account holders authorises the Bank to invest the account appropriate without laying down any restrictions as to where, how and for what purpose the funds should be invested. The Bank charges a management fee (Mudarib fees) to investment account holders. Of the total income from investment accounts, the income attributable to account holders is allocated to investment accounts management of the Bank within the allowed profit sharing limits as per the terms and conditions of the investment accounts. Investment accounts are carried at their book values (amortised cost).Moreso, The bank's share of profit is deducted from the investors' share of income before distribution to investors.

c. Restricted investment accounts

Restricted investment accounts represent assets acquired by funds provided by holders of restricted investment accounts and their equivalent and managed by the Bank as an investment manager based on either a Mudaraba contract or (Wakala) agency contract. The restricted investment accounts are exclusively restricted for investment in specified projects as directed by the investments account holders. Assets that are held in such capacity are not included as assets of the Bank in the consolidated financial statements.

d. **Distribution of profit between equity of unrestricted investment account holders and shareholders**

The Bank complies agreed terms and conditions as well as sharia ruling:

- Net profit is arrived at after taking into account all income and expenses at the end of the financial year and is distributed between investment account holders and shareholders.
- The share of profit of investment account holders is calculated on the basis of their average daily balances over the year, after reducing the Banks agreed and declared Mudarba fee.
- In case of any expense or loss, which arises out of negligence on the part of the Bank due to non-compliance with regulations and instructions, then such expenses or loss shall not be borne by the investment account holders. Such matter is subject to the Bank decision.
- In case the results of the Bank at the year-end are net losses, then Bank, being the authority responsible for determining the accountability for these losses and how it shall be treated without violation to Islamic sharia rules.
- Due to pooling of investment funds with the Bank's funds for the purpose of investment, no priority has been given to either party in the appropriation of profit.

i Taxation

a Current income taxation

Income tax is the amount of income tax payable on the taxable profit for the year 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 year 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.

j 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.

k 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.

l Provisions

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that the Bank will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.
Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Bank has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract

m Financial guarantees and financing commitments

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

- The amount of the loss allowance, and
- 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. financing 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.

n 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

o 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.

p 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.

Customer deposit
The Bank is required to maintain specific records for all the classes of deposits.

The average daily balances for a particular month of all the classes of deposits will be used in the computation of the profitability of the Bank. The average daily balances of each Investment Account holder depositor will also be the basis for the distribution of profits to the depositor. All deposits accepted by Bank shall only be utilised in the provision of finances, investment in securities, inter-bank placements and other business prescribed by CBN that complies with Shari'ah. All division must ensure that all investments complying with the Shari'ah laws.

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

iii 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 regulatory risk reserve represents the difference between the impairment on financing and investments determined using the prudential guidelines issued by the various Central Bank of Nigeria compared with the expected credit loss model used in determining the impairment loss allowance under IFRSs. Where the financing loss impairment determined using the prudential guidelines is greater than the financing loss impairment determined using the expected credit loss model under IFRSs, the difference is transferred to regulatory risk reserve. When the prudential provisions is less than IFRS provisions, the excess charges resulting is transferred from the regulatory risk reserve to retained earnings to the extent of the non-distributable reserve previously recognised. This reserve is not available for distribution to shareholders.

s Earnings 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.

NOTES TO THE FINANCIAL STATEMENTS

		2023 N '000	2022 N '000
3	**Cash and balances with Central Bank of Nigeria**		
	Cash	13,100,348	6,398,992
	Current account with CBN	13,818,826	11,356,335
	Deposit with CBN	145,553,687	74,676,308
	CBN AGSMEIS Balance	896,191	552,141
	At 31 December	**173,369,051**	**92,983,775**
	Current	173,369,051	92,983,775
	Non-Current	-	-
	Total	**173,369,051**	**92,983,775**

Cash and Balances with CBN

a Cash in hand constitutes the aggregate cash balances in the vaults of the Bank branches.

b Current account with CBN represent the Bank's Operational Account which is used for daily transactions.

c Deposits with the Central Bank of Nigeria comprises of Investment in Non-Interest Notes and mandatory Reserves Deposit as prescribed by CBN. The mandatory Reserve Deposit is not available for the Bank's day to day operations.

d The CBN AGSMEIS Balance represent the Bank's equity contribution to the Agribusiness/Small and Medium Enterprises Investment Scheme. Deposit Money Banks are expected to set aside 5% of the previous year's Profit After Tax for equity investment in the scheme.

		2023	2022
4a	**Due from banks and other financial institutions**		
	Balances with banks outside Nigeria:		
	First Bank UK	3,625,211	13,934,942
	AFRIXIM	1,291,258	768,952
	Banco De Sabadel	1,030,253	35,069
	Standard Chartered	20,068,207	8,443,026
	Bank Al-Bilad	878,691	222,766
	Zenith Bank UK	4,047,146	157,395
	FCMB UK	81,344	246,836
	Bank of Beirut	26,773	289,827
	Total	**31,048,883**	**24,098,813**
	At 31 December (a+b)	**31,048,883**	**24,098,813**

Balances held with Banks outside Nigeria substantially represent the Naira equivalent of Foreign currency balances held on behalf of customers in respect of domiciliary accounts, letters of credit, and bank's induced transactions (for yet-to-be disbursed funds for pass-through financing). The corresponding Liabilities are included in customers' domiciliary deposit, margin deposits under "Other Liabilities"(Note 15) and Other Funding (to the extent of unutilized ICD funds).

4b Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents is made up of Cash and balances with Central Bank and Due from banks and other financial institutions . The breakdown for the periods is given below:

	2023	2022
Cash and balances with Central Bank of Nigeria	173,369,051	92,983,775
Due from banks and other financial institutions	31,048,883	24,098,813
	204,417,934	**117,082,588**

NOTES TO THE FINANCIAL STATEMENTS

		2023 N '000	2022 N '000
5a	**Summary of Investment in sukuk**		
	FGN Sovereign Sukuk	146,853,071	69,620,647
	State Sukuk	4,529,972	4,782,174
	Corporate Sukuk	925,297	1,003,695
	Gross investment in Sukuk	**152,308,340**	**75,406,516**
	Impairment	103,510	0
	At 31 December	**152,204,830**	**75,406,516**
5b	**Investment in sukuk**		
	At 1 January	69,762,069	57,738,790
	Addition during the year	98,669,769	35,093,605
	Redemption	-27,276,839	-22,852,500
	Disposal	-484,174	-217,826
	Gross investment in Sukuk	**140,670,825**	**69,762,069**
	Premium	9,901,150	4,976,249
	Rental Receivable	1,736,365	916,672
	At 31 December	**152,308,340**	**75,654,990**

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

		2023	2022
i	**FGN Sovereign Sukuk**		
	At 1 January	64,006,541	56,765,436
	Addition during the year	98,669,769	30,093,605
	Disposal	-27,181,000	-22,852,500
	Gross investment in Sukuk	**135,495,310**	**64,006,541**
	Premium	9,901,150	4,976,249
	Rental Receivable	1,456,611	637,857
	At 31 December	**146,853,071**	**69,620,647**

During the year, the Bank invested net sum of N71.49billion in Sukuk issued by the Federal Government of Nigeria (FGN).Similarly, in October 2023, the Bank bought N12.2billion worth of Sukuk from the recently issued series.

		2023	2022
ii	**State Sukuk**		
	At 1 January	4,782,174	0
	Addition during the year	0	5,000,000
	Redemption	-484,174	-217,826
	Gross investment in Sukuk	**4,298,000**	**4,782,174**
	Rental Receivable	231,973	248,474
	At 31 December	**4,529,972**	**5,030,648**

The State sukuk represent the Gombe State Sukuk tagged Jewel Sukuk SPV Limited's N35bn Al-Ijarah Sukuk Issue which was aimed at transforming and reshaping the state as an agrarian state as well improvement and upgrade of economic viable infrastruture

		2023	2022
iii	**Corporate Sukuk**		
	At 1 January	973,354	973,354
	Addition during the year	0	0
	Redemption	-95,839	0
	Gross investment in Sukuk	**877,515**	**973,354**
	Rental Receivable	47,781	30,341
	At 31 December	**925,297**	**1,003,695**

The corporate sukuk constitutes the Family Homes Sukuk and Purple Urban Sukuk, were created to fund the construction of housing in an urban residential area in Nigeria, which is governed by the Sukuk Al Ijarah concept. This is a lease agreement where the owner of the property gives another person the right to use and make money from the property for an agreed period of time, at an agreed price

NOTES TO THE FINANCIAL STATEMENTS

		2023 N '000	2,022 N '000
6	**Interbank Mudarabah**		
	Interbank Mudarabah	5,000,000	0
	Accrued Profit	10,788	0
	At 31 December	**5,010,788**	**0**
	Current	5,010,788	0
	Non-Current	0	0
	Total	**5,010,788**	**0**
7	**Financing Asset**		
	Investment in Musharaka(net)	937	9,803
	Murabaha receivables(net)	95,489,215	79,024,118
	Investment in Bai Mu'ajjal(net)	2,238,476	2,664,148
	Investment in istisna(net)	12,759,300	16,612,498
	Investment in ijara assets(net)	60,901,841	37,896,045
	Qard hassan(net)	37,546	113,607
	Investment in Salam(net)	1,207,401	656,361
	Total Financing Assets	**172,634,716**	**136,976,580**
a	**Investment in Musharaka**		
	Investment in Musharaka	1,041	20,028
	Gross Investment in Musharaka	**1,041**	**20,028**
	Allowance for impairment	-104	-10,225
	As at 31 December	**937**	**9,803**
	Current	937	9,803
	Non-Current	0	0
	Total	**937**	**9,803**
b	**Murabaha receivables**		
	Murabaha retail	15,191,943	9,573,968
	Murabaha corporate	80,632,204	61,559,075
	Commercial Agric. Credit Scheme	447,420	509,924
	Paddy Aggregation scheme	203,229	326,774
	Murabaha staff	445,808	322,144
	Murabaha SME	16,121,763	19,922,770
	Gross recievables	**113,042,367**	**92,214,653**
	Allowance for impairment	-8,084,664	-4,404,216
	Deferred profit	-9,468,488	-8,786,322
	At 31 December	**95,489,215**	**79,024,116**
	Current	76,778,542	67,762,276
	Non-Current	18,710,673	11,261,842
	Total	**95,489,215**	**79,024,116**
c	**Investment in Bai Mu'ajjal**		
	Bai Mu'ajjal corporate	2,939,103	3,354,980
	Gross receivables	**2,939,103**	**3,354,980**
	Allowance for impairement	-227,618	-120,564
	Deferred Profit	-473,009	-570,267
	At 31 December	**2,238,476**	**2,664,149**
	Current	635,031	704,977
	Non-Current	1,603,445	1,959,172
	Total	**2,238,476**	**2,664,149**

NOTES TO THE FINANCIAL STATEMENTS

		2023 N '000	2,022 N '000
d	**Investment in istisna**		
	Istisna recievable	16,206,106	18,559,253
	Gross investment in Istisna	**16,206,106**	**18,559,253**
	Allowance for impairment	-84,960	-167,176
	Deferred Profit	-3,361,846	-1,779,579
	At 31 December	**12,759,300**	**16,612,498**
	Current	4,781,242	13,058,494
	Non-Current	7,978,057	3,554,004
	Total	**12,759,300**	**16,612,498**
e	**Investment in ijara assets**		
	Ijara wa iqtina	35,782,366	30,809,999
	Ijara home finance	6,169	8,800
	Ijara auto & others	10,881,884	4,581,814
	Ijara Others Intervention	10,286,894	617,575
	Gross investment in ijara	**56,957,313**	**36,018,188**
	Ijara accrued profit	4,945,183	3,367,797
	Impairment allowance	-1,000,655	-1,489,939
	At 31 December	**60,901,841**	**37,896,045**
	Current	5,579,029	5,455,994
	Non-Current	55,322,812	32,440,051
	Total	**60,901,841**	**37,896,045**
f	**Qard hassan**		
	At 1 Jan	201,735	51,500
	Granted to staff	13,324	1,800
	Granted to customers	356,000	6,180,000
	Gross qard hassan	**571,058**	**6,233,300**
	Repayments		
	Staff repayment	13,880	14,922
	Customer repayment	514,571	6,016,643
	Total repayment during the year	**528,451**	**6,031,566**
	Gross receviables	**42,608**	**201,735**
	Impairment allowance	-5,061	-88,127
	At 31 December	**37,546**	**113,607**
	Current	18,405	92,336
	Non-Current	19,141	21,272
	Total	**37,546**	**113,607**

The staff segment consists of privileges provided to employees for purchasing the Bank's shares through the 2012 Private Placement program, as well as benefits inherited by the Bank from their former employers. In addition, employees facing critical circumstances were also granted this particular facility. Furthermore, the Bank extended qard hassan to customers throughout the year.

		2023 N '000	2,022 N '000
g	**Investment in Salam**		
	Salam Corporate	1,341,556	1,340,223
	Gross Investment in Salam	**1,341,556**	**1,340,223**
	Allowance for impairement	-134,156	-683,862
	Deferred Profit	0	0
	At 31 December	**1,207,401**	**656,361**
	Current	1,076,257	656,291
	Non-Current	131,144	70
	Total	**1,207,401**	**656,361**

NOTES TO THE FINANCIAL STATEMENTS

8	Inventory Financing	2023	2,022
		N '000	N '000
	Advances for LC murabaha	99,382	409,866
	Inventory - (note 7(i))	32,445,674	39,886,383
	Gross Investment in Inventory	**32,545,055**	**40,296,249**
	Deferred Inventory	-83,013	-174,567
	Impairment allowance	-4,982,487	-3,519,386
	At 31 December	**27,479,555**	**36,602,296**
8(i)	**Schedules of Inventory Financing**		
	Repossed Property	5,158	44,349
	Mur Inv financing	32,440,515	39,842,034
	Total inventory	**32,445,674**	**39,886,383**
	Current	27,411,631	33,899,401
	Non-Current	67,924	2,702,895
	Total	**27,479,555**	**36,602,296**

The product is simply aimed at the bank using its funds or capital to purchase an asset for resale to its customers or defined buyers at a profit margin.By virtue of their business model, the Bank provide financial intermediation via engaging in direct trade transactions, buying an asset in their names for sale to customers.Different transaction models were identified based on the type of asset being purchased.

The detailed transaction dynamics and trading strategy are meant to guide the Bank on how to structure any business opportunity that comes to it for consideration.

NOTES TO THE FINANCIAL STATEMENTS

9 Property, Plants 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								
At 1 January 2022	88,203	958,127	1,291,348	1,230,234	439,427	3,555,953	3,064,995	**10,628,287**
Additions	246,780	323,715	706,989	417,666	47,298	496,270	941,869	**3,180,587**
Reclassification	-11,117	-	-	-	-	-	-	**-11,117**
Disposals	-	-15,600	-	-	-	-	-	**-15,600**
At 31 December 2022	**323,866**	**1,266,242**	**1,998,337**	**1,647,900**	**486,724**	**4,052,224**	**4,006,864**	**13,782,157**
At 1 January 2023	323,866	1,266,242	1,998,337	1,647,900	486,724	4,052,224	4,006,864	**13,782,157**
Additions	450,966	742,704	458,400	1,351,869	109,846	489,493	998,624	**4,601,903**
Reclassification/Write off	-	-	-	-	-	-	-	-
Disposals	-	-	-	-271,989	-	-3,668	-	**-275,657**
At 31 December 2023	**774,832**	**2,008,946**	**2,456,737**	**2,727,780**	**596,570**	**4,538,049**	**5,005,488**	**18,108,403**
Accum. Dep. & impairment								
At 1 January 2022	-	109,910	883,203	470,316	220,542	2,302,068	-	**3,986,040**
Depreciation	-	16,214	212,600	244,995	66,281	454,777	-	**994,867**
Reclassification		-34,161	28,899	-	-3,614	8,876		
Disposals	-	-1,924	-	-	-	-	-	**-1,924**
At 31 December 2022	-	**90,040**	**1,124,702**	**715,311**	**283,209**	**2,765,720**	-	**4,978,983**
At 1 January 2023	-	90,040	1,124,702	715,311	283,209	2,765,720	-	**4,978,983**
Depreciation	-	83,402	275,950	388,224	62,758	448,773	-	**1,259,107**
Adjustment/Reclassification		-	-	-	-	-	-	-
Disposals	-		-	-115,895	-	-956	-	**-116,851**
At 31 December 2023	-	**173,442**	**1,400,653**	**987,640**	**345,967**	**3,213,537**	-	**6,121,239**
Carrying amount								
At 31 December 2023	**774,832**	**1,835,504**	**1,056,084**	**1,740,139**	**250,604**	**1,324,512**	**5,005,488**	**11,987,164**
At 31 December 2022	**323,866**	**1,176,203**	**873,635**	**932,589**	**203,515**	**1,286,503**	**4,006,864**	**8,803,174**

The Fixed Asset Work-in-Progress is associated with the capital expenses that arise from the establishment of new branches. Once these branches are completed and operational, depreciation commences, and they are then allocated to the relevant property, plant, and equipment categories.

There were no impairment losses on any class of property and equipment during the year (31 December 2022: Nil).

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (31 December 2022: Nil).

There were no restrictions on the title of any of the property and equipment.

There were no property and equipment pledged as securities for liabilities.

There was no contractual commitment for the acquisition of P&E.

All property and equipment are non-current. None of the Bank's assets were financed from borrowings, consequently no borrowing cost has been capitalized as part of asset cost.

NOTES TO THE FINANCIAL STATEMENTS

		2023	2022
10	**Leasehold improvement**	**2023**	**2022**
	Cost	**N'000**	**N'000**
	As at 1 January	947,362	911,521
	Reclassification	-	11,117
	Addition	36,609	24,724
	At 31 December	**983,971**	**947,362**
	Amortisation and impairment		
	As at 1 January	901,484	870,059
	Adjustments/Relcassification	-	-
	Amortisation for the year	23,348	31,425
	At 31 December	**924,831**	**901,484**
	Carrying amount		
	At 1 January	**45,878**	**41,462**
	At 31 December	**59,139**	**45,878**
11	**Intangible assets**		
	Cost		
	As at 1 January	1,280,493	1,103,045
	Addition	82,131	177,448
	Disposal	-	-
	At 31 December	**1,362,624**	**1,280,493**
	Amortisation and impairment losses		
	As at 1 January	655,819	528,205
	Amortisation for the year	106,842	127,615
	At 31 December	**762,661**	**655,819**
	Carrying amount		
	At 1 January	**624,673**	**752,288**
	At 31 December	**599,963**	**624,673**

The Intangible assets relates to the Bank's Computer software costs associated with acquisition, upgrade and amortization during the financial year

There were no impairment losses on any class of property and equipment during the year (31 December 2022: Nil).

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (31 December 2022: Nil).

There were no restrictions on the title of any of the property and equipment.

There were no property and equipment pledged as securities for liabilities.

There was no contractual commitment for the acquisition of P&E.

All property and equipment are non-current. None of the Bank's assets were financed from borrowings, consequently no borrowing cost has been capitalized as part of asset cost.

		2023 N'000	2022 N'000
12	**Other assets**		
	Financial Assets		
	Sundry debtors	1,338,124	1,580,178
	Investment properties - WIP	985,200	492,500
	Account receivables	701,768	952,300
	Settlement suspense	-	354,275
	Investment in financial inclusion centres	400,000	290,000
		3,425,092	**3,669,252**
	Non-Financial Asset		
	Prepaid Rent	474,090	343,375
	Prepayments (Licenses and others)	1,533,047	247,996
	Prepaid staff allowance	60,885	68,963
	Interbranch	8,210	-
	Inventory and other security items	91,454	164,207
		2,167,686	**824,542**
	Total	**5,592,778**	**4,493,794**
	Impairment on other assets	-2,298,780	-2,211,979
	At 31 December	**3,293,998**	**2,281,815**
	Current	2,036,923	1,040,743
	Non-Current	1,257,075	1,241,072
	Total	**3,293,998**	**2,281,815**
	Movement in other assets:		
	At 1 January	4,493,794	5,219,529
	Additions / (Reduction)	1,098,984	-725,735
	Impairment allowance	-2,298,780	-2,211,979
	At 31 December	**3,293,998**	**2,281,815**

The Other assets represent monetary assets which usually have a short recycle period and as such these balances approximate their carrying amount.It is inclusive of Sundry Debtor,Prepayments (Licenses and others) and Account receivables amongst others.

The Sundry Debtor represent the short cylce balances such as Cash Advance,Fraud & Forgries,Ex-Staff Unearned and Cash Shortages.

Prepayment and Account receivables are balance of tenored transactions usually short tenored awaiting settlement and expense against the Banks position

Investment property - WIP represent total amount spent on property which is still under development. On completion, the property will be transferred to investment property head, when it is expected to start generating rental income for the Bank.

		2023 N'000	2022 N'000
13a	**Tax payable**		
(i)	Statement of financial position		
	Opening balance	398,656	620,938
	Charge for the year	511,918	250,330
		910,573	**871,268**
	Movement during the year	-305,258	-472,612
	At 31 December	**605,315**	**398,656**

		2023 N'000	2022 N'000
(ii)	**Income statement**		
	Company income tax	235,891	167,147
	Education tax	138,398	-
	Information technology levy	109,442	65,671
	Nigerian Police Trust Fund & CGT	553	972
	NASENI	27,634	16,540
		511,918	**250,330**
	Deferred tax expenses (note 12 b)		
	Deferred tax expenses (origination)/reversal	-695,510	-498,872
	At 31 December	**-183,592**	**-248,543**

The total tax of N738 million for the current year comprises of the Company income tax Education Tax,Nig. Police Trust Fund,Naseni and Information Technology tax of N413 million and N325 million deferred tax reversal arising in the year.

		2023 N'000	2022 N'000
13b	**Deferred tax asset**		
	At 1 January	1,747,460	1,248,588
	Deferred tax expenses note 12b (ii)	695,510	498,872
	At 31 December	2,442,970	1,747,460

To the extent that the related tax benefit is likely to be realised through future taxable profits, a deferred tax asset is recognised for the tax losses carried forward. After reviewing the strategic profit projections, the Bank believes there will be sufficient future profits to offset these losses.
The amount of computed deferred tax asset as at December 31, 2022 is N695 million

		2023 N'000	2022 N'000
(i)	**Reconciliation of tax expense and the accounting profit**		
	Accounting profit before tax	11,053,595	6,632,734
	Add non-deductible expenses for tax purpose		
	Depreciation of ppe, collective impairment & others	1,259,107	994,867
	Amortization of intangibles	106,842	31,425
	Collective impairment charge for the period	4,140,811	3,889
	Other non-deductible expenses	382,284	2,560
		16,942,639	**7,665,475**
	Less:		
	Exempted income on Sukuk	-13,378,584	-6,874,347
	Collective impairment write-back	-	-3,543,062
	Gain on sukuk disposal	-	-258,185
	Technology levy	-109,362	-65,671
	Tax Loss balance	-	-16,540
	NASENI	-27,545	-
	Others	-49,759	
	Adjusted Profit/(Loss)	**3,377,389**	**-3,092,331**
	Unrelieved Loss Utilized	**-3,377,389**	**-**
	Assessable Profit/(Loss)	**0**	**-3,092,331**
	Company income tax at 30% of assessable profit		
	Income tax	235,891	167,147
	Education tax	138,398	-
	Technology levy	109,442	65,671
	Nigerian Police Trust Fund	553	972
	NASENI	27,634	16,540
	Total tax payable	**511,918**	**250,330**
	Deferred tax (origination)/reversal	**-695,510**	**-498,872**
	Income tax expense	**-183,592**	**-248,543**

(ii) Deferred tax movement

The movement in the deferred tax account during the year by various components was as follows:

	2023 N'000	2022 N'000
Property, plant & equipment	162,978	102,191
Unrelieved loss	1,518,531	-232,290
Unabsorbed capital allowance	-411,662	-372,563
Exchange loss	-	3,790
Provision for Impariment Charges	-1,965,357	
Deferred tax (origination)/reversal	**-695,510**	**-498,872**

NOTES TO THE FINANCIAL STATEMENTS

		2023 N'000	2022 N'000
14a	**Customers' current account**		
	Analysis by type of account		
	Current account	224,463,962	140,814,965
	At 31 December	**224,463,962**	**140,814,965**
14b	**Unrestricted investment account**		
	Savings account	186,189,945	113,242,202
	Jaiz term deposit (note 13 d)	55,917,292	37,400,465
	At 31 December	**242,107,237**	**150,642,667**
	Total Deposit(a + b)	**466,571,199**	**291,457,632**
	Current	420,890,054	256,416,254
	Non-Current	45,681,145	35,041,378
	Total	**466,571,199**	**291,457,632**
14c	**Analysis by type of customer**		
	Government	2,758,108	4,852,026
	Corporate	159,890,921	97,887,022
	Individual	303,922,169	188,718,585
	At 31 December	**466,571,199**	**291,457,632**
14d	**Analysis of Jaiz Term Deposit maturity by product**		
	JTD 30 days	32,541,775	24,901,233
	JTD 60 days	3,765,588	2,878,270
	JTD 90 days	10,194,613	5,173,106
	JTD 180 days	5,967,444	2,545,059
	JTD above 360 days	3,447,872	1,902,797
	At 31 December	**55,917,292**	**37,400,465**

The Bank has different JTD tenored deposits which give customers the opportunity to choose from a basket of return available for different tenors.

		2023 N'000	2022 N'000
15	**Other Funding**		
(i)	Central Bank of Nigeria	28,899,036	19,106,457
(ii)	SMEDAN(Small and Medium Enterprises Development Agency of Nigeria) (Matching Fund Project & Conditional Grant Scheme)	681,350	422,300
(iii)	Islamic Corporation for Development for the Private Sector(ICD)	10,313,567	8,812,318
(iv)	FMW (Federal Ministry of Works Vocational funds)	82,631	13,410
(v)	FMBN(Federal Mortage Bank of Nigeria)	-	1,286,635
(vi)	Pension Fund (FUND VI)	500,000	1,535,157
(vii)	Restricted Investment Funds	955,917	1,607,820
	At 31 December	**41,432,500**	**32,784,097**
	Movement in other financing during the year		
	Opening balance	32,784,097	31,536,491
	Additions	64,355,047	32,535,661
	Profit payment	-2,045,094	-4,867,998
	Repayment	-53,661,550	-26,420,057
	At 31 December	**41,432,500**	**32,784,097**
	Current	1,455,917	3,142,977
	Non-Current	39,976,583	29,641,120
	Total	**41,432,500**	**32,784,097**

NOTES TO THE FINANCIAL STATEMENTS

15(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 (CACS). 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.

15(ii) **SMEDAN Conditional Grant Scheme (CGS):**

Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) has appointed Jaiz Bank as Fund Manager in the disbursement of funds in the Conditional Grant Scheme (CGS 2020) in Yobe, Kaduna & Delta States and (CGS 2021) in Adamawa, Kebbi, Borno, Plateau & Jigawa States to selected micro-entrepreneurs. Due to the success recorded; Jaiz Bank has been considered in CGS 2022 disbursements in Katsina, Zamfara, Kano, Niger and Rivers States.

This CGS initiative looks to promoting the activities of micro enterprises across the country in the areas of capacity building and the delivery of post-intervention support services such as access to finance (conditional grants), markets, workspace, technology, etc.

SMEDAN Matching Fund Project:

Small and Medium Enterprises Development Agency of Nigeria. (SMEDAN) was established by the Small and Medium Scale industries Development Agency Act of 2003(as amended) and charged with the responsibility for promoting and facilitating development programmes in the small and medium enterprises sub sector.

SMEDAN has developed a programme called Matching Fund Programme a partnership-based fund with financial institutions for lending to Micro & Small Enterprises (MSEs) in specific sectors of the economy. This intervention is to deliver credit, to the sub-sector, as a promotional mechanism to enhance enterprise output, competitiveness and jobs creation.

15(iii) This represents the outstanding balance of 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 SME's 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.

15(iv) The Federal Ministry of Works program is geared towards the promotion of government policy on youth empowerment and job creation and to address the dearth of skilled personnel in various technical trades in Nigeria. Kindly note that Government has earmarked a monthly stipend of N30,000 for trainees' upkeep throughout the program.

NOTES TO THE FINANCIAL STATEMENTS

		2023	2022
16	**Other liabilities**	**N'000**	**N'000**
	Financial liabilities		
	Managers' cheque	1,678,443	1,265,061
	Letter of credit deposits	6,249,314	8,701,505
	Accounts payable	586,869	1,934,542
	Vendors payable	162,523	637,319
	Other tax liabilities	482,466	404,170
	Settlement Payable	9,003,289	-
	Sundry payables	1,964,972	1,103,956
	Deposit for Shares	8,355,286	8,364,926
	Accrued allowance	2,448,929	1,885,914
	Accrued audit fee & other expenses	84,114	48,807
	Accrued Expenses	40,113	75,244
	Sundry deposit	5,829	6,886
	Dividend Payable	105,085	105,085
	Other payables	174,842	57,117
		31,342,074	**24,590,531**
	Non-financial liabilities		
	Interbranch	-	786
	Unearned income	15,354	49,269
	Profit payable in Suspense	731,513	704,820
		746,867	704,820
	Total	**32,088,941**	**25,295,351**
	Impairment allowance on Off Balance sheet items	118,180	28,866
	At 31 December	**32,207,121**	**25,324,216**

Balances in internal accounts, such as Sundry Payable, Letter of Credit Deposit, Accrued Allowance, and Settlement Payable, are utilized to settle obligations owed by the bank. These obligations may arise from bank expenses or customer transaction settlements, such as accruals or provisions for upcoming expenses, Settlement payables represent settlements due to other banks use of their electronic channels by the Group's customers deducted from customers' accounts, or customers' deposits used for foreign exchange bids with CBN for letters of credit, among others.

The Deposit for Shares, on the other hand, signifies the deposits made by shareholders for the upcoming financial year's proposed private placement .

NOTES TO THE FINANCIAL STATEMENTS

17 Owners' equity

a Share capital

(i) Authorised	2023 N'000	2022 N'000
50,000,000,000 ordinary shares of N0.50 each	25,000,000	25,000,000
As 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

(ii) Issued and fully paid share capital

34,541,172,177 ordinary shares of N0.50 each at 1 January	17,270,586	17,270,586
Additions in the year	-	-
As at 31 December	**17,270,586**	**17,270,586**

The share capital account did not change in the course of the year. Holders of ordinary shares receive dividends, which are declared on an annual basis, and each shareholder has the right to vote at the Bank's meetings. All ordinary shareholdings are equally weighted in relation to the Bank's remaining assets.

18 Share premium

At 1 January	1,348,446	1,348,446
Movement during the period	-	-
As at 31 December	**1,348,446**	**1,348,446**

Share premium is the excess paid by shareholders over the nominal value for their shares. There was no movement in share premium account in 2023(2022:N1.3billion)

19 Retained earnings

At 1 January	2,284,961	-680,247
Profit for the year	11,237,187	6,881,277
Transfer to risk regulatory reserve	-2,453,206	-125,974
Transfer to statutory reserve	-3,371,156	-2,064,383
Transfer to AGSMEIS	-561,859	-344,064
Dividend Paid	-1,727,059	-1,381,647
As at 31 December	**5,408,869**	**2,284,961**

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

20 Risk regulatory reserve

At 1 January	2,554,328	2,428,354
Adjustment against retained earnings	2,453,206	125,974
As at 31 December	**5,007,534**	**2,554,328**

The regulatory risk reserves warehouses 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 32)

NOTES TO THE FINANCIAL STATEMENTS

		2023	2022
21	**Statutory reserve**	**N'000**	**N'000**
	At 1 January	5,340,854	3,276,471
	Adjustment against retained earnings	3,371,156	2,064,383
	As at 31 December	**8,712,010**	**5,340,854**

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.

22 Other reserves

		2023	2022
(a)	Other comprehensive income		
	At 1 January	112,313	112,313
	Movement in the year	-	-
	As at 31 December	**112,313**	**112,313**
(b)	Agricultural /small and medium enterprises investment scheme		
	At 1 January	893,310	549,246
	Provision for the year	561,859	344,064
	As at 31 December	**1,455,169**	**893,310**
	Total (a + b)	**1,567,482**	**1,005,623**

The AGSMEIS is maintained to support the Federal Government’s effort at promoting Agricultural businesses and Small and Medium Enterprises. Effective 2017 all Deposit Money Banks (DMBs) are required to set aside 5% of their Profit After Tax for equity investment in permissible activities as stipulated in the scheme guidelines. The fund is domiciled with CBN. In line with this initiative, the Bank will contribute 5% of profit after tax yearly to the fund . The amount of N537 million (2022: N344 million) represents 5% provision made for the year ended 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

		2023	2022
23	**Income from financing contracts**	**N'000**	**N'000**
	Murabaha transactions		
	Murabaha profit - corporate	13,411,809	8,774,902
	Murabaha profit - retail	4,047,036	4,139,976
	Murabaha income - LC	442,410	890,228
	Bai Mu'ajjal	600,334	664,367
	Total profit from murabaha transactions	**18,501,589**	**14,469,473**
	Ijara transactions		
	Ijara Wa Iqtina Profit- Corporate	2,104,031	1,795,136
	Ijara Wa Iqtina Profit-Retai	3,008,936	2,399,506
	Ijara Finance Lease Profit	558,605	393,728
	Ijara Finance LC	96,813	144,040
	Ijara wa Iqtina Profit-others	569,678	232,639
	Total profit from Ijara transactions	**6,338,064**	**4,965,049**
	Others		
	Istisna	2,495,564	1,773,420
	Salam	21,549	52,303
	Musharaka	2	-198
	Interbank Mudarabah	1,360,663	328,618
	Total profit from other financing/investment contracts	**3,877,777**	**2,154,144**
	Total income from financing contracts	**28,717,430**	**21,588,665**
24	**Income from investment activities**		
	Trading assets	2,440,322	2,239,392
	Sukuk	13,357,678	7,622,410
	Total income from investing activities	**15,798,000**	**9,861,802**
25	**Impairment Charge**		
	Impairment Charges	**4,320,033**	**3,888,913**
26	**(i) Net Financing & Investment Income**		
	Gross Financing & Investment Income net of impairment charges	40,195,397	27,561,554
		40,195,397	**27,561,554**
26(a)	**(ii). Return on equity investment account holders**		
	Profit from financing investments paid to mudarabah account holders	11,100,025	6,905,436
26(b)	**(iii) Mudarib fees/profit of joint investments**		
	Bank's Fees as Mudarib	15,159,865	7,614,846
	Profit from Bank joint investments	13,935,507	13,041,272
	Bank's fees as Mudarib/profit from Bank joint investments	**40,195,397**	**27,561,554**

The Bank operates the Unrestricted type of Mudaraba Investment, in which the Mudarib (the Bank) is authorized by the providers of Funds (Rabbul Mal) to invest their funds in the manner which the Mudarib deems appropriate. Profits are shared as a common Percentage Rate rather than a fixed amount. The amount of N11.1 billion was paid by the Bank to Financial institutions and other Mudaraba Investment Account Holders during the Year ended .

NOTES TO THE FINANCIAL STATEMENTS

		2023 N'000	2022 N'000
27	**Fees and commission**		
	Banking services	514,023	448,868
	Net income from E-Business	938,231	530,259
	LC/ trade finance income	882,793	659,703
	Total Fees and commission	**2,335,047**	**1,638,830**
28	**Other operating income**		
	Wakala income	231,629	81,901
	Miscellaneous income	96,109	258,185
	Total Other operating income	**327,737**	**340,087**
29	**Unrealized Exchange Gain/(Loss)**		
	Foreign currency revaluation	58,992	-142,998
	Total Unrealized Exchange Gain/(Loss)	**58,992**	**-142,998**
30	**Staff costs**		
	Salaries	8,533,794	7,481,793
	Staff pension	335,428	277,029
	Training and seminar expenses	129,225	125,662
	Other staff expenses	259,693	215,761
	Total Staff costs	**9,258,140**	**8,100,246**

The Other Staff Expense are inclusive of staff indirect expenses which are not part of the staff emolument incurred during the financial year.

		2023 N'000	2022 N'000
31	**Depreciation and amortisation**		
	Depreciation	1,389,296	1,153,906
	Amortisation	482,297	477,687
	Total Depreciation and amortisation	**1,871,593**	**1,631,594**
31a	**Depreciation and amortisation**		
	Depreciation of property, plant & equipment	1,259,107	994,867
	Amortisation of leasehold improvement	23,348	31,425
	Amortisation of intangible assets	106,842	127,615
	Total Depreciation and amortisation	**1,389,296**	**1,153,906**
31b	**Amortisation**		
	Right of use amortization	482,297	477,687
	Total Depreciation and amortisation	**482,297**	**477,687**

NOTES TO THE FINANCIAL STATEMENTS

		2023	2022
		N'000	N'000
32(i)	**Operating expenses**		
	Advertising and Marketing	356,514	298,308
	Administrative - note 31 (iii)	3,573,433	2,457,515
	Subscription and professional fees	319,887	284,869
	ACE's Expense	72,604	43,132
	Licences*	1,566,071	678,249
	Bank charges	106,298	117,285
	Audit fee	50,000	25,000
	Donations****	100,837	42,215
	Deposit insurance premium	1,315,063	936,941
	Productivity,Bonus & Benefits	657,316	283,763
	Bandwith and connectivity	170,288	164,423
	Directors expenses***	1,345,511	795,765
	Total Operating expenses	**9,633,821**	**6,127,463**

Auditor's remuneration represents fees paid for the full year audit of the Bank for the year ended 31 December 2023. The Bank also paid the auditors professional fees for non-audit service as disclosed in Note 50

* This relates to license renewal with OEM and other vendors for the Infrastuctures and yearly maitenance

**Service contract (HR and Admin) relates to salaries paid to outsourced contract staff

***Inclusive of sitting allowances,fees and other board committee expenses due to the director for the basic strategic meetings for the Bank.

****Donations,this relates to the Bank's contributions to the society as a form of support.

		2023	2022
		N'000	N'000
32(iii)	**Administrative**		
	Telephone expenses	3,009	3,122
	SWIFT/NIBBS charges	95,638	48,894
	Courier charges	44,737	40,835
	Service contract (HR and Admin)**	1,380,834	767,273
	Local and foreign travels	189,732	133,897
	Printing & Stationaries	220,432	161,900
	Repairs and maintenance	379,280	357,112
	Security related expenses	135,194	104,294
	Money and other Insurance	311,254	58,975
	Fuel expense	470,458	291,217
	Data recovery & IT related expenses	36	41
	Newspaper, magazine & periodicals	-	2,475
	Entertainment	167,344	29,652
	Communications & Support expenses	33,957	283,241
	Sundry expenses	134,232	152,202
	Cash shortage written off	3,606	6,915
	Listing expenses	10	2,860
	Industry certification	3,680	12,610
		3,573,433	**2,457,515**

NOTES TO THE FINANCIAL STATEMENTS

33 Credit quality

38 (a) Statement of prudential adjustment

Prudential Adjustment for the year ended 2023

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 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 2023, the difference between the Prudential provision and IFRS impairment was **N2.453B** illi for the Bank **(December 2022: N125.9 million).** This requires transfer of **N2.453million** from retained earnings to 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	**2023**	**2022**	**Movement**
	N'000	**N'000**	**N'000**
Total impairment allowance per IFRS 9	17,040,174	12,724,341	4,315,834
Total impairment per Prudential Guidelines	22,047,709	15,278,669	6,769,039
Risk regulatory reserves balance as at 31 December	**5,007,534**	**2,554,329**	**2,453,206**

NOTES TO THE FINANCIAL STATEMENTS

33(b) Carrying value of financing and investment

31 December 2023

	Risk assets summary - 31 Dec 2023					Impairment Summary - 31-Dec 2023				Carrying Amount
	Stage 1	**Stage 2**	**Stage 3**	**Deferred/ Accurals**	**TOTAL**	**Stage 1**	**Stage 2**	**Stage 3**	**TOTAL**	**TOTAL**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Bai-Muajjal	2,605,262	65,400	268,441	(473,009)	**2,466,094**	63,856	1,767	161,996	**227,618**	**2,238,476**
Murabaha finance	98,525,105	4,449,684	10,067,579	(9,468,488)	**103,573,879**	2,632,531	191,227	5,260,906	**8,084,664**	**95,489,215**
Salam	-	-	1,341,556	-	**1,341,556**	-	-	134,156	**134,156**	**1,207,401**
Musharaka	-	-	1,041	-	**1,041**	-	-	104	**104**	**937**
Ijara finance	49,252,804	3,586,996	4,117,514	4,945,183	**61,902,496**	537,976	50,928	411,751	**1,000,655**	**60,901,841**
Istisna	15,733,531	43,678	428,897	(3,361,846)	**12,844,260**	41,847	224	42,890	**84,960**	**12,759,300**
Qard hassan	26,475	40	16,092	-	**42,607**	113	0	4,948	**5,061**	**37,546**
	166,143,176	**8,145,797**	**16,241,121**	**(8,358,160)**	**182,171,934**	**3,276,323**	**244,145**	**6,016,750**	**9,537,218**	**172,634,716**
										-
Inventory Financing	23,796,066	1,331,226	7,417,763	(83,013)	**32,462,043**	341,770		4,640,717	**4,982,487**	**27,479,555**
Off balance sheeet	53,739,318			-	**53,739,318**	118,180			**118,180**	**53,621,138**
					0					
TOTAL	**243,678,560**	**9,477,024**	**23,658,884**	**(8,441,172)**	**268,373,295**	**3,736,273**	**244,145**	**10,657,468**	**14,637,885**	**253,735,410**

NOTES TO THE FINANCIAL STATEMENTS

33(b) Carrying value of financing and investment

31 December 2022

	Risk assets summary - 31 Dec 2022					Impairment Summary - 31-Dec 2022				Carrying Amount
	Stage 1	**Stage 2**	**Stage 3**	**Deferred/Accurals**	**TOTAL**	**Stage 1**	**Stage 2**	**Stage 3**	**TOTAL**	**TOTAL**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Bai-Muajjal	3,008,126	89,622	257,231	(570,267)	2,784,712	1,512	30	119,022	120,564	**2,664,148**
Murabaha finance	77,716,890	5,471,768	9,025,927	(8,786,322)	83,428,263	196,723	28,154	4,179,269	4,404,146	**79,024,117**
Salam	0	0	1,340,293	-	1,340,293	0	0	683,932	683,932	**656,361**
Musharaka	0	0	20,028	-	20,028	0	0	10,225	10,225	**9,803**
Ijara finance	30,624,850	2,484,061	2,909,276	3,367,797	39,385,985	108,467	21,760	1,359,713	1,489,940	**37,896,045**
Istisna	18,201,008	76,846	281,399	(1,779,579)	16,779,674	50,360	471	116,346	167,176	**16,612,498**
Qard hassan	24,974	125	176,636	-	201,735	67	0	88,060	88,127	**113,607**
	129,575,848	**8,122,423**	**14,010,790**	**(7,768,371)**	**143,940,690**	**357,129**	**50,414**	**6,556,567**	**6,964,110**	**136,976,580**
Inventory Asset	33,403,492	0	6,892,758	(174,567)	40,121,682	57,699	0	3,461,687	3,519,386	**36,602,296**
Off balance sheeet	50,759,130			-	50,759,130	28,866			28,866	**50,730,264**
		0		-	0					
TOTAL	**213,738,470**	**8,122,423**	**20,903,548**	**(7,942,938)**	**234,821,502**	**443,693**	**50,414**	**10,018,255**	**10,512,361**	**224,309,141**

33(c) Impairment allowance

31 December 2023

	Stage 1	**Stage 2**	**Stage 3**	**Trading assets**	**ff Balance She**	**nancing & inve**	**Other assets**	**ancial Instrum**	**Total**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Balance as at 1 January	357,129	50,414	6,556,567	3,519,386	28,866	10,512,361	2,211,979		**12,724,340**
Impairment charged/(write back) during the year	2,919,194	193,731	-535,619	1,463,102	89,314	4,129,722	190,311	0	**4,320,033**
Transfer between stages	0	0	0	0	0	0	0	0	**0**
Write back/recoveries during the year	0	0	0	0	0	0	0	0	**0**
Write off	0	0	-4,199	0	0	-4,199	0	0	**-4,199**
Adjustment	0	0		0	0	0	-103,510	103,510	**0**
Balance as at 31 December	**3,276,323**	**244,145**	**6,016,750**	**4,982,487**	**118,180**	**14,637,884**	**2,298,780**	**103,510**	**17,040,174**

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Trading assets N'000	Off Balance Sheet N'000	Total financing & N'000	Other assets N'000	Total N'000
Balance as at 1 January	3,424,904	525,700	1,532,070	1,591,256	28,866	7,102,797	1,773,844	8,876,640
Impairment charged/(write back) during the year	-3,067,775	-475,287	5,065,710	1,928,129	0	3,450,777	438,136	3,888,913
Transfer between stages	0	0	0	0	0	0	0	0
Write back/recoveries during the year	0	0	0	0	0	0	0	0
Write off	0	0	-41,213	0	0	-41,213	0	-41,213
Adjustment	0	0		0	0	0	0	0
Balance as at 31 December	**357,129**	**50,414**	**6,556,567**	**3,519,386**	**28,866**	**10,512,361**	**2,211,979**	**12,724,340**

PRODUCT MOVEMENT AND CLASSIFICATIONS

Impairment Summary - 31-Dec 2023	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	TOTAL N'000
Bai-Muajjal	63,856	1,767	161,996	227,618
Murabaha finance	2,632,531	191,227	5,260,906	8,084,664
Salam	-	-	134,156	134,156
Musharaka	-	-	104	104
Ijara finance	537,976	50,928	411,751	1,000,655
Istisna	41,847	224	42,890	84,960
Qard hassan	113	0	4,948	5,061
	3,276,323	**244,145**	**6,016,750**	**9,537,218**
Inventory Asset	**341,770**		**4,640,717**	**4,982,487**
	3,618,093	**244,145**	**10,657,468**	**14,519,705**

Impairment Summary - 31-Dec 2022	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	TOTAL N'000
Bai-Muajjal	1,512	30	119,022	120,564
Murabaha finance	196,723	28,154	4,179,269	4,404,146
Salam	-	-	683,932	683,932
Musharaka	-	-	10,225	10,225
Ijara finance	108,467	21,760	1,359,713	1,489,940
Istisna	50,360	471	116,346	167,176
Qard hassan	67	-	88,060	88,127
	357,129	**50,414**	**6,556,567**	**6,964,110**
Inventory Asset	57,699	-	3,461,687	3,519,386
	414,827	**50,414**	**10,018,255**	**10,483,496**

NOTES TO THE FINANCIAL STATEMENTS

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	TOTAL N'000
Bai-Muajjal	62,344	1,737	42,974	107,055
Murabaha finance	2,435,808	163,073	1,081,637	3,680,517
Salam	-	-	- 549,776	- 549,776
Musharaka	-	-	- 10,121	- 10,121
Ijara finance	429,509	29,168	- 947,962	- 489,285
Istisna	- 8,513	- 247	- 73,456	- 82,216
Qard hassan	46	0	- 83,112	- 83,066
	2,919,194	**193,731**	**- 539,817**	**2,573,108**
Inventory Asset	284,071	-	1,179,030	1,463,102
	3,203,266	**193,731**	**639,213**	**4,036,210**

33(d) Impairment allowance

PRODUCT MOVEMENT AND CLASSIFICATIONS

	Impairment Summary - 31-Dec 2023			
	Stage 1 N'000	**Stage 2 N'000**	**Stage 3 N'000**	**TOTAL N'000**
Bai-Muajjal	63,856	1,767	161,996	227,618
Murabaha finance	2,632,531	191,227	5,260,906	8,084,664
Salam	-	-	134,156	134,156
Musharaka	-	-	104	104
Ijara finance	537,976	50,928	411,751	1,000,655
Istisna	41,847	224	42,890	84,960
Qard hassan	113	0	4,948	5,061
	3,276,323	**244,145**	**6,016,750**	**9,537,218**
Inventory Asset	**341,770**		**4,640,717**	**4,982,487**
	3,618,093	**244,145**	**10,657,468**	**14,519,705**

	Impairment Summary - 31-Dec 2022			
	Stage 1 N'000	**Stage 2 N'000**	**Stage 3 N'000**	**TOTAL N'000**
Bai-Muajjal	1,512	30	119,022	120,564
Murabaha finance	196,723	28,154	4,179,269	4,404,146
Salam	-	-	683,932	683,932
Musharaka	-	-	10,225	10,225
Ijara finance	108,467	21,760	1,359,713	1,489,940
Istisna	50,360	471	116,346	167,176
Qard hassan	67	-	88,060	88,127
	357,129	**50,414**	**6,556,567**	**6,964,110**
Inventory Asset	57,699	-	3,461,687	3,519,386
	414,827	**50,414**	**10,018,255**	**10,483,496**

	Stage 1 N'000	**Stage 2 N'000**	**Stage 3 N'000**	**TOTAL N'000**
Bai-Muajjal	62,344	1,737	42,974	107,055
Murabaha finance	2,435,808	163,073	1,081,637	3,680,517
Salam	-	-	- 549,776	- 549,776
Musharaka	-	-	- 10,121	- 10,121
Ijara finance	429,509	29,168	- 947,962	- 489,285
Istisna	- 8,513	- 247	- 73,456	- 82,216
Qard hassan	46	0	- 83,112	- 83,066
	2,919,194	**193,731**	**- 539,817**	**2,573,108**
Inventory Asset	284,071	-	1,179,030	1,463,102
	3,203,266	**193,731**	**639,213**	**4,036,210**

PRODUCT CLASSIFICATION ON IMPAIRMENT CHARGE				
2022				
	Stage 1 N'000	**Stage 2 N'000**	**Stage 3 N'000**	**Total N'000**
Bai-Muajjal	(314,308)	(3,887)	100,417	(217,778)
Murabaha finance	(1,861,284)	(464,646)	2,696,583	370,652
Salam	(223)	-	683,862	683,639
Musharaka	(9,897)	-	10,225	327
Ijara finance	(580,251)	(0)	1,375,920	795,669
Istisna	(292,645)	(6,338)	110,923	(188,060)
Qard hassan	(9,167)	(415)	87,780	78,198
	(3,067,775)	**(475,287)**	**5,065,710**	**1,522,648**
Inventory Asset	(668,632)	(132,705)	2,729,466	1,928,129
Off Balance Sheet	(0)	-	-	-
Total Impairment on Financing & Investment Asset	**(3,736,407)**	**(607,992)**	**7,795,176**	**3,450,777**
Other Asset				438,136
Charge for the year	**(3,736,407)**	**(607,992)**	**7,795,176**	**3,888,913**

PRODUCT CLASSIFICATION ON IMPAIRMENT CHARGE				
2023				
	Stage 1 N'000	**Stage 2 N'000**	**Stage 3 N'000**	**Total N'000**
Bai-Muajjal	62,344	1,737	42,974	107,055
Murabaha finance	2,435,808	163,073	1,085,835	3,684,715
Salam	-	-	- 549,776	- 549,776
Musharaka	-	-	- 10,121	- 10,121
Ijara finance	429,509	29,168	- 947,962	- 489,285
Istisna	- 8,513	- 247	- 73,456	- 82,216
Qard hassan	46	0	- 83,112	- 83,066
	2,919,194	**193,731**	**- 535,619**	**2,577,306**
Inventory Asset	284,071	-	1,179,030	1,463,102
Off Balance Sheet	89,314	-	-	89,314
Total Impairment on Financing & Investment Asset	**3,292,580**	**193,731**	**643,411**	**4,129,722**
Other Asset				190,311
Charge for the year	**3,292,580**	**193,731**	**643,411**	**4,320,033**

33(e) Credit Risk

Collateral and Other Credit enhancements

Investments are secured by acceptable collateral with first charge over assets. Adequate collaterals against the exposure are ensured by considering the forced sale value (FSV) of the property pledged against the investment amount.

The bank ensured enforceability of collaterals by perfecting documentations and other legal areas of documentations.

Appropriate insurance policies are maintained (renewed on timely basis) on assets pledged and the documents of insurance are preserved and recorded in the Insurance Policy Register.

The table below shows the collateral value reported against the customers and individually as at the reporting date

2023

Collateral Type	Against customer financing not impaired (N'000)	Against individually impaired (N'000)	Grand Total *(N'000)*
Legal Mortgage	86,905,253	5,773,806	92,679,059
Equitable Mortgage	10,950,631	1,002,804	11,953,435
Total Asset Debenture	32,682,701	1,734,075	34,416,776
Cash and Deposits	30,805,301	7,321,796	38,127,097
Assets - Other	38,072,380	7,825,534	45,897,914
Equity	-	869	869
Total	**199,416,266**	**23,658,884**	**223,075,150**

Investment facilities advanced to customers bear many risks. The Bank identifies those risks and takes necessary measures to mitigate them and to keep the overall risks as minimal as possible. The risk so identified through rating/grading is quantified for better understanding and taking appropriate techniques to mitigate the risks. As a bank we measure the risks in a systematic process to grade the risks as accurately as possible.

31-Dec-23				
Gross Exposures by rating				
Financial instruments carried at amortized cost				
	Stage 1 (N'000)	***Stage 2 (N'000)***	***Stage 3 (N'000)***	***Grand Total (N'000)***
AA	17,897,645	259,033	105	**18,156,783**
A	110,985,567	3,115,138	905,937	**115,006,642**
BBB	3,864,981	354,640	19,459	**4,239,080**
BB	48,226,675	4,695,643	369,569	**53,291,887**
B	7,174,723	2,573	56	**7,177,352**
C	1,789,651	1,049,997	-	**2,839,648**
D	-	-	22,363,758	**22,363,758**
Total	**189,939,242**	**9,477,024**	**23,658,884**	**223,075,150**
Contigent Liabilities and Commitments				
	Stage 1	***Stage 2***	***Stage 3***	**Grand Total**
	(N'000)	***(N'000)***	***(N'000)***	***(N'000)***
AA	53,739,318	-	-	53,739,318

31-Dec-22				
Gross Exposures by rating				
Financial instruments carried at amortized cost				
	Stage 1 (N'000)	***Stage 2 (N'000)***	***Stage 3 (N'000)***	***Grand Total (N'000)***
AA	150,981,851	-	4,039,209	**155,021,060**
A	11,997,489	-	20	**11,997,509**
BB	-	4,077,832	900,201	**4,978,032**
B	-	2,717,534	320	**2,717,854**
C	-	1,327,057	206,073	**1,533,130**
D	-		15,757,725	**15,757,725**
Total	**162,979,340**	**8,122,423**	**20,903,548**	**192,005,310**

Contigent Liabilities and Commitments				
	Stage 1 (N'000)	***Stage 2 (N'000)***	***Stage 3 (N'000)***	***Grand Total (N'000)***
AA	50,759,130	-	-	50,759,130

31-Dec-23				
Expected Credit Losses (ECL) by rating is as follows:				
Financial instruments carried at amortized cost - ECL				
	Stage 1 (N'000)	***Stage 2 (N'000)***	***Stage 3 (N'000)***	***Grand Total (N'000)***
AA	386,369	2,422	11	**388,802**
A	2,161,657	34,576	90,593	**2,286,826**
BBB	55,209	2,608	3,034	**60,851**
BB	918,871	193,532	36,933	**1,149,335**
B	50,769	23	6	**50,798**
C	45,218	10,984	-	**56,202**
D	-	-	10,526,891	**10,526,891**
Grand Total	**3,618,093**	**244,145**	**10,657,468**	**14,519,705**

Contigent Liabilities and Commitments - ECL				
	Stage 1 (N'000)	***Stage 2 (N'000)***	***Stage 3 (N'000)***	***Grand Total (N'000)***
AA	118,180	-	-	118,180

31-Dec-22				
Expected Credit Losses (ECL) by rating is as follows:				
Financial instruments carried at amortized cost - ECL				
	Stage 1 (N'000)	***Stage 2 (N'000)***	***Stage 3 (N'000)***	***Grand Total (N'000)***
AA	397,924	-	2,015,549	**2,413,473**
A	16,903	29	38	**16,970**
BB	-	26,986	459,528	**486,514**
B	-	12,021	123	**12,144**
C	-	11,378	100,495	**111,873**
D	-		7,442,522	**7,442,522**
Grand Total	**414,827**	**50,414**	**10,018,255**	**10,483,496**

Contigent Liabilities and Commitments - ECL				
	Stage 1 (N'000)	***Stage 2 (N'000)***	***Stage 3 (N'000)***	***Grand Total (N'000)***
AA	28,866	-	-	28,866

It is the Bank maintains accurate and consistent risk ratings across the credit portfolio. This facilitates focused management of the applicable risks and the comparison of credit exposures across all lines of business, geographic regions and products. The rating system is supported by a variety of financial and qualitative analysis, combined with processed market information to provide the main inputs for the measurement of counterparty risk.
All internal risk ratings are tailored to the various categories and are derived in accordance with the Bank's rating . The risk ratings models are assessed and updated regularly. The Moody's equivalent grades are relevant only for certain of the exposures in each risk rating class. The rating models are constantly aligned to specific business segments during the course of the year.

Credit quality per stage for financial assets

31-Dec-23				
Movement in gross exposures stages is as follows:				
Financial instruments carried at amortized	***Stage 1 (N'000)***	***Stage 2 (N'000)***	***Stage 3 (N'000)***	***Grand Total (N'000)***
Balance as at 1st January 2023	162,979,782	8,122,434	20,903,499	**192,005,715**
Settlement during the year	(86,399,694)	(4,709,970)	(745,314)	**(91,854,978)**
Transfer from stage 1 to stage 2	(3,258,331)	3,258,331	-	**-**
Transfer from stage 1 to stage 3	(11,779,811)	-	11,779,811	**-**
Transfer from stage 2 to stage 1	764,242	(764,242)	-	**-**
Transfer from stage 2 to stage 3	-	(1,393,567)	1,393,567	**-**
Transfer from stage 3 to stage 1	3,006,899	-	(3,006,899)	**-**
Transfer from stage 3 to stage 2	-	891,460	(891,460)	**-**
Other movements within the same stage	(30,380,744)	(614,428)	(8,004,691)	**(38,999,863)**
New financial assets originated	155,006,899	4,687,006	2,230,371	**161,924,276**
Balance as at 31 December, 2023	**189,939,242**	**9,477,024**	**23,658,884**	**223,075,150**

	Stage 1	Stage 2	Stage 3	Grand Total
	(N'000)	(N'000)	(N'000)	(N'000)
Contigent Liabilities and Commitments				
Balance as at 1st January 2023	50,759,130	-	-	**50,759,130**
Liquidated during the year	(42,315,809)	-	-	**(42,315,809)**
Transfer from stage 1 to stage 2	-	-	-	-
Transfer from stage 1 to stage 3	-	-	-	-
Transfer from stage 2 to stage 1	-	-	-	-
Transfer from stage 2 to stage 3	-	-	-	-
Transfer from stage 3 to stage 1	-	-	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Other movements within the same stage	(2,987,148)	-	-	**(2,987,148)**
New financial assets originated	48,283,145	-	-	48,283,145
Balance as at 31 December, 2023	**53,739,318**	**-**	**-**	**53,739,318**

	31-Dec-22			
Movement in gross exposures stages is as follows:				
	Stage 1	Stage 2	Stage 3	Grand Total
Financial instruments carried at amortized	(N'000)	(N'000)	(N'000)	(N'000)
Balance as at 1st January 2022	130,680,506	6,441,747	10,090,672	**147,212,925**
Settlement during the year	(40,537,178)	(4,206,287)	(1,488,708)	**(46,232,174)**
Transfer from stage 1 to stage 2	(2,955,631)	2,955,631	-	**-**
Transfer from stage 1 to stage 3	(11,520,389)		11,520,389	**-**
Transfer from stage 2 to stage 1	199,529	(199,529)		**-**
Transfer from stage 2 to stage 3		(1,864,424)	1,864,424	**-**
Transfer from stage 3 to stage 1	550,217		(550,217)	**-**
Transfer from stage 3 to stage 2		143,040	(143,040)	**-**
Other movements within the same stage	(37,833,875)	(85,759)	(3,954,329)	**(41,873,963)**
New financial assets originated	124,396,161	4,938,004	3,564,357	**132,898,522**
Balance as at 31 December, 2023	**162,979,340**	**8,122,423**	**20,903,548**	**192,005,310**

	Stage 1	Stage 2	Stage 3	Grand Total
	(N'000)	(N'000)	(N'000)	(N'000)
Contigent Liabilities and Commitments				
Balance as at 1st January 2022	64,832,044	-	-	**64,832,044**
Liquidated during the year	(50,083,868)	-	-	**(50,083,868)**
Transfer from stage 1 to stage 2	-	-	-	**-**
Transfer from stage 1 to stage 3	-	-	-	**-**
Transfer from stage 2 to stage 1	-	-	-	**-**
Transfer from stage 2 to stage 3	-	-	-	**-**
Transfer from stage 3 to stage 1	-	-	-	**-**
Transfer from stage 3 to stage 2	-	-	-	**-**
Other movements within the same stage	(5,903,709)	-	-	**(5,903,709)**
New financial assets originated	41,914,663	-	-	**41,914,663**
Balance as at 31 December, 2022	**50,759,130**	**-**	**-**	**50,759,130**

Market risk

33(f) Market risk arises from changes in market rates such as volatility of inflationary pressure,economic index, profit rates, foreign exchange rates and prices, as well as in their correlation and implied volatilities.

Market risk management is designed to limit the amount of potential losses on open positions which may arise due to unforeseen changes in profit rates, foreign exchange rates or equity prices that the Bank can be ex[posed to due to the nature of services and product offering.

The Bank pays considerable attention to market risk. The Bank uses appropriate models, as per standard market practice, for the valuation
of its positions and receives regular market information in order to regulate market risk.

The trading market risk framework comprises of the following elements:
• Limits to ensure that risk-takers do not exceed aggregate risk and concentration parameters ; and
• Independent mark-to-market valuation, reconciliation of positions and tracking of stop-losses for trading positions on timely basis.

The policies and procedures and the trading limits are set to ensure the implementation of the Bank's market risk policy in day-to-day
operations. These are viewed periodically to ensure they remain in line with the Bank's general market risk policy. The CRO ensure that the market risk management process is always adequately and appropriately staffed.

In addition to its internal procedures and systems,the Bank is required to comply with the guidelines and regulations of the Central Bank Nigeria where applicable.

33(g) Operational risk

Operational risk is the potential exposure to financial, reputational or other damage arising from inadequate or failed internal processes,people, systems or external events.

The Bank has implemented a detailed operational risk framework in accordance with Basel III guidelines. The framework articulates clearly defined roles and responsibilities of individuals / units and committees across the Bank involved in the management of various operational risk elements.

The Operational Risk Management Framework ensures that operational risks within the Bank are properly identified,monitored, reported and actively managed. Key elements of the framework include Risk Reviews, "Risk & Control self-Assessment", Loss Data Management, key risk indicators, controls testing, Issues & Actions Management and Reporting.

The Framework encompasses and integrates elements of Risk Prevention and Quality Assurance.

Business and support units are responsible for managing operational risks within their respective functional areas. They operate within the Bank's operational risk management framework and ensure that risk is being pro-actively identified, monitored, reported and managed
within their scope of work.

The day-to-day operational risks are also managed through the adoption of a comprehensive system of internal control with multi-layers of defense and dedicated systems and procedures to monitor transactions, positions and documentation, as well as maintenance of key backup procedures and business contingency plan which are regularly assessed and tested.

33(h) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations when they fall due under normal and stress circumstances. To limit this risk, management has arranged diversified funding sources in addition to its core deposit base, manages assets with liquidity in mind, and monitors future cash flows and liquidity on a daily basis.

This incorporates an assessment of expected cash flows,the maintenance and monitoring of the inventory of high grade collateral which could be used to secure additional funding if required.The Bank maintains a portfolio of highly quality and diverse securities that can be easily liquidated and/or used as collateral in the event of an unforeseen stress on of cash flow.

The Bank also has committed lines of credit that it can access to meet liquidity needs. In addition, the Bank maintains statutory deposits with the Central Bank. The liquidity position is assessed and managed under a variety of stress scenarios, given due consideration to severe yet plausible stress conditions relating to both the market in general and specifically to the Bank.

The high quality of the investment portfolio ensures its liquidity and/or eligibility as acceptable collateral and coupled with the Bank's own funds and "evergreen" customer deposits help these forms a stable funding source. Even under adverse conditions, the Bank has access to the funds necessary to cover customer needs and meet its funding requirements.

The primary tool for monitoring liquidity is the maturity mismatch analysis, which is monitored over successive time bands

NOTES TO THE FINANCIAL STATEMENTS

33 Credit Risk

33(hi) Maturity analysis

The table below analyses financial assets and liabilities of the Bank into relevant maturity based on the remaining period at reporting date to the contractual maturity date. The table includes both principal and profit earned as at year end.

	As at 31 December 2023						
	Up to 1 Month N'000	**1 to 3 Months N'000**	**3 to 6 Months N'000**	**6 to 12 Months N'000**	**1 to 3 Years N'000**	**Over 3 Years N'000**	**Total N'000**
Cash and balances with Central Bank of Nigeria	173,369,051						173,369,051
Due from banks and other financial institutions	31,048,883						31,048,883
Investment in sukuk						152,204,830	152,204,830
Interbank Mudarabah Placement	5,025,890						5,025,890
Financing Assets	33,766,802	24,896,862	20,959,956	24,628,996	34,102,465	52,175,425	190,530,507
Inventory Financing	18,831,507	5,918,038	6,297,845	1,417,221	80,445	-	32,545,055
Other assets						1,225,976	1,225,976
Total financial assets	**262,042,134**	**30,814,899**	**27,257,801**	**26,046,217**	**34,182,910**	**205,606,231**	**585,950,193**
							-
Customer current deposits	224,463,962						224,463,962
Profit Sharing Investment Accounts (SAVINGS, JAPSA, MUDARABAH)	204,530,232	26,782,906	6,545,454	-	4,248,645	-	242,107,237
Onward financing					41,432,500		41,432,500
Other liabilities						32,207,121	32,207,121
Total financial liabilities	**428,994,194**	**26,782,906**	**6,545,454**	**-**	**45,681,145**	**32,207,121**	**540,210,819**
Gap	**-166,952,059**	**4,031,994**	**20,712,347**	**26,046,217**	**-11,498,235**	**173,399,110**	**45,739,374**

NOTES TO THE FINANCIAL STATEMENTS

Maturity analysis - continued

	As at 31 December 2022						
	Up to 1 Month N'000	**1 to 3 Months N'000**	**3 to 6 Months N'000**	**6 to 12 Months N'000**	**1 to 3 Years N'000**	**Over 3 Years N'000**	**Total N'000**
Cash and balances with Central Bank of Nigeria	92,983,775						92,983,775
Due from banks and other financial institutions	24,098,813						24,098,813
Investment in sukuk						75,654,990	75,654,990
Financing Assets	482,987	5,609,204	16,904,243	34,136,879	49,954,511	29,888,757	136,976,580
Inventory Financing					36,602,296		36,602,296
Other assets						2,281,816	2,281,816
Total financial assets	**117,565,575**	**5,609,204**	**16,904,243**	**34,136,879**	**86,556,807**	**107,825,563**	**368,598,270**
Customer current deposits	140,814,965	-	-	-	-	-	140,814,965
Profit Sharing Investment Accounts (SAVINGS, JAPSA, MUDARABAH)	130,678,541	14,229,285	3,477,561	-	2,257,280	-	150,642,667
Onward financing	-	-	-		32,784,098	-	32,784,098
Other liabilities	-	-	-			25,241,530	25,241,530
Total financial liabilities	**271,493,506**	**14,229,285**	**3,477,561**	**-**	**35,041,378**	**25,241,530**	**349,483,259**
Gap	**(153,927,931)**	**(8,620,081)**	**13,426,682**	**34,136,879**	**51,515,429**	**82,584,033**	**19,115,011**

NOTES TO THE FINANCIAL STATEMENTS

34 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.

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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	30,672	PERFORMING
ALHASSAN ABDULKARIM	ALHASSAN ABDULKARIM	EXECUTIVE DIRECTOR	40,102	34,359	PERFORMING
BELLMARI ENERGY LIMITED	DANGOTE INDUSTRIES LTD	SIGNIFICANT SHAREHOLDER	1,500,000	1,781,090	PERFORMING
BELLO MUHAMMAD SANI	HRH ENGR. SANI BELLO	NON-EXECUTIVE DIRECTOR	80,250	49,701	PERFORMING
DANTATA FOOD & ALLIED PRODUCTS COY LTD	ALH. (DR.) AMINU ALHASSAN DANTATA	NON-EXECUTIVE DIRECTOR	304,000	241,512	PERFORMING
FURSA FOODS LTD	DANGOTE INDUSTRIES LTD	SIGNIFICANT SHAREHOLDER	430,049	481,652	PERFORMING
MOHAMMED MUSTAPHA BINTUBE	MOHAMMED MUSTAPHA BINTUBE	CHAIRMAN	99,710	26,563	PERFORMING
NOBLE HALL LIMITED	ABDULMUTALLAB MUHAMMAD HADI	NON-EXECUTIVE DIRECTOR	279,995	256,809	LOST
As at 31 December 2023			**2,793,506**	**2,902,357**	

31 DECEMBER 2022

Name	Related Party	Relationship with the Bank	Limit N'000	Amount Receivable N'000	Classification
BELLMARI ENERGY LIMITED	DANGOTE INDUSTRIES LTD	SIGNIFICANT SHAREHOLDER	679,000	688,441	PERFORMING
NOBLE HALL LIMITED	DR. UMARU ABDULMUTALLAB	CHAIRMAN	279,995	256,809	SUBSTANDARD
BELLO MUHAMMAD SANI	HRH ENGR. SANI BELLO	NON-EXECUTIVE DIRECTOR	80,250	77,750	PERFORMING
ABDULFATTAH OLANREWAJU AMOO	ABDULFATTAH OLANREWAJU AMOO	EXECUTIVE DIRECTOR	59,400	37,279	PERFORMING
ABDULMUTALLAB MUHAMMAD HADI	DR. UMARU ABDULMUTALLAB	CHAIRMAN	40,000	30,645	PERFORMING
AHMED ALHAJI HASSAN	AHMED A. HASSAN	EXECUTIVE DIRECTOR	64,500	33,184	PERFORMING
MAMUN IBRAHIM MAUDE	ALH. MAMUN IBRAHIM MAUDE	NON-EXECUTIVE DIRECTOR	10,000	3,166	PERFORMING
As at 31 December 2022			**1,213,145**	**1,127,274**	
Off Balance sheet					
DANGOTE CEMENT PLC	DANGOTE INDUTRIES LTD	SIGNIFICANT SHAREHOLDER		18,592	PERFORMING
As at 31 December 2022				**18,592**	

NOTES TO THE FINANCIAL STATEMENTS

35 SIGNIFICANT SHAREHOLDING (5% & ABOVE)

	2023		2022	
	Holdings	**%**	**Holdings**	**%**
Dr.Muhammadu Indimi	8,310,736,121	24.06	8,310,736,121	24.06
Dantata Investment & Securities Limited	4,023,971,327	11.64	4,023,971,327	11.65
Dr. Umaru Abdul Mutallab	3,500,000,000	10.13	3,500,000,000	10.13
Altani Investment Limited	2,600,000,000	7.53	2,600,000,000	7.53
Islamic Development Bank	2,506,666,588	7.26	2,506,666,588	7.26
Dangote Industries Ltd	2,500,000,000	7.24	2,500,000,000	7.24
Balance as at 31 December	**23,441,374,036**	**67.86**	**23,441,374,036**	**67.87**

36 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.

37 Earnings per share

Basic earnings per share
Basic earnings per share of **32.53kobo (2022: 19.92 kobo)** is based on the profit of **N11.27billion (31 December 2022: N6.88 billion)** attributable to shareholders with ordinary shares of **34,541,172 (2021:- 31,156,557)**

Profit attributable to ordinary shareholders	**2023**	**2022**
	N'000	**N'000**
Profit for the period	11,237,187	6,881,278
Profit attributable to ordinary shareholders	**11,237,187**	**6,881,278**

Weighted average number of ordinary shares	**2023**	**2022**
	In Thousand	**In Thousand**
Issued ordinary shares at 1 January	34,541,172	34,541,172
Weighted average number of ordinary shares at 31 December	**34,541,172**	**34,541,172**
Basic and diluted earnings per share (Kobo)	**32.53 kobo**	**19.92 kobo**

There have been no transactions during the year which caused dilution of the earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

38 Compensation to Directors and Employees

	2023	2022
a Emoluments	**N'000**	**N'000**
Fees:		
Chairman	20,000	16,000
Other directors	185,667	154,000
Emolument as executives	337,371	255,799
Highest paid director	101,060	71,224

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

N		N	Number	Number
5000000	-	10000000	-	-
10000001	-	15000000	9	12
15000001	-	Above	3	3

b Information regarding employees

In line with the provision of S.238 of CAMA 2020, the Remuneration of the managers of the bank for the year ended December 2023

N		N	Number	Number
Below	-	2,990,000	1	21
2,990,000	-	3,990,000	248	313
3,990,000	-	4,990,000	155	83
4,990,000	-	5,990,000	40	22
5,990,000	-	6,990,000	14	94
6,990,000	-	7,990,000	92	5
7,990,000	-	8,990,000	16	68
8,990,000	-	9,990,000	16	55
9,990,000	-	10,990,000	53	38
10,990,000	-	15,990,000	102	49
15,990,000	-	20,990,000	54	42
20,990,000	-	30,990,000	44	24
30,990,000	-	40,990,000	8	6
Above	-	40,990,000	7	3
			850	**823**

The average number of persons other than directors, in employment at the Bank during the year comprise;

	Number	Number
Managerial	12	11
Senior	103	100
Junior	735	712
	850	**823**

39 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

S/N	Card type	Transaction volume Number	Transaction value N'000
1	Verve Debit card	9,281,781	205,963,281,583
	Total	**9,281,781**	**205,963,281,583**

40 Disclosure of customer complaints

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

Report as at 31st December 2023

		NUMBER		AMOUNT CLAIMED (NAIRA)		AMOUNT REFUNDED (NAIRA)		AMOUNT CLAIMED			AMOUNT REFUNDED (USD)	
S/N	**DESCRIPTION**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	Amount	**2022**	**2023**	**2022**	**2023**
1	Pending Complaints B/F	1910	1239	46,327,189	36,307,180	-	-	N'000	-	-	-	-
2	Received Complaints	118551	129901	863,086,186	2,388,673,000	-	-	0	-	40,000	-	-
3	Resolved Complaints	119222	130933	826,779,006	2,294,631,000	826,779,006	2,294,631,000	0	-	20,000	-	-
4	Unresolved Complaints Escalated to CBN for Intervention	-	-	-	-	-	-	0	-	-	-	-
5	Unresolved Complaints Pending with the Bank C/F	**1239**	**207**	**36,307,180**	**57,734,820.00**	**-**	**-**	**0**	**-**	**20,000**	**-**	**-**

Report as at 31st December 2022

		NUMBER		AMOUNT CLAIMED (NAIRA)		AMOUNT REFUNDED (NAIRA)	
S/N	**DESCRIPTION**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**
1	Pending Complaints B/F	8431	1910	5,719,645.55	46,327,189.00	-	-
2	Received Complaints	118198	118551	71,013,384.20	863,086,186.36	-	-
3	Resolved Complaints	124719	119222	30,405,840.34	826,779,005.98	-	826,779,005.98
4	Unresolved Complaints Escalated to CBN for Intervention	0	0	-	-	-	-
5	Unresolved Complaints Pending with the Bank C/F	**1910**	**1239**	**46,327,189.41**	**82,634,369.38**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

41 Financing analysis

(i) By Security	**2023**	**2022**
	N'000	**N'000**
Legal mortgage	92,679,102	72,956,251
Total asset debenture	34,417,232	24,308,635
Cash and deposits	38,127,097	16,371,320
Equitable mortgage	11,953,435	13,203,446
Equity	869	21,430
Assets - Other	45,897,914	24,848,146
Total	**223,075,649**	**151,709,228**

(ii) By product		
Murabaha finance	144,979,854	92,196,104
Bai Muajjal	2,965,104	3,373,528
Ijara Finance	36,462,628	36,018,357
Ijara Service	20,495,095	
Istisna	16,787,763	18,559,253
Salam	1,341,558	1,340,223
Musharaka	1,042	20,028
Qard	42,605	201,735
Total	**223,075,649**	**151,709,228**

(iii) By sector		
General	18,952,323	15,051,331
Oil & gas	26,053,796	16,991,190
Real estate activities	21,068,756	17,187,580
General commerce	40,722,517	29,807,729
Agriculture	44,888,189	26,394,261
Construction	14,395,263	6,932,182
Manufacturing	41,100,740	27,882,603
Education	1,999,029	2,227,401
Information and communication	2,123,997	4,714,133
Recreation	25,846	49,767
Human health and social work activities	1,351,125	1,021,280
Transportation and storage	10,073,879	3,129,581
Mining And Quarrying	320,189	320,189
Total	**223,075,649**	**151,709,228**

(iii) By Business Unit		
Corporate	180,725,631	115,520,859
Retail	42,350,018	36,188,370
Total	**223,075,649**	**151,709,228**

(v) By tenor		
0 - 60 days	3,223,491	946,361
61 - 90 days	9,237,976	7,375,355
91 - 180 days	35,014,461	14,983,267
180 - 360 days	31,219,516	18,923,944
Over 360 days	144,380,205	109,480,301
Total	**223,075,649**	**151,709,228**

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

42 Segment Reporting

The Bank has Three reportable segments, as described below, which are the Bank's strategic business units. The strategic business units offer varied products and services and are managed separately based on the Bank's current management and internal reporting structure. For each of the strategic directorates, the Management Committee reviews internal management reports on a monthly basis.

The following summary describes the operations in each of the Bank's reportable segments:

• **North Directorates** – The operations of the directorate are inclusive of Corporate, Retails, SME and Public banking activities which incorporates Customers ' current accounts, Customers' unrestricted investment accounts, Risk Assets and facilities, and foreign currency products offered various customers types. Likewise, the directorates offer various products and facilities to individual customers to meet everyday banking needs.

• **South Directorates** – The operations of the directorate are inclusive of Corporate, Retails, SME and Public banking activities which incorporates Customers' current accounts, Customers' unrestricted investment accounts, Risk Assets and facilities, and foreign currency products offered various customers types. Likewise, the directorates offer various products and facilities to individual customers to meet everyday banking needs.

• **Head Office** - This banking segment is involved in the funding and management of the Bank's securities, trading and investment decisions on asset management with a view of maximising the Bank's shareholders returns.

The results of each segment that needs to be reported are detailed below. Segment profit before income tax, as reported in internal management reports that are examined by the Management Committee, is the basis for measuring performance.

Since segment profit is considered the most pertinent data when comparing the performance of individual segments to other businesses operating in the same industries, management uses it as a means of gauging

	2023			
As at 31 December 2023	**BANK**	**HEAD OFFICE**	**NORTH DIRECTORATE**	**SOUTH DIRECTORATE**
	N'000	**N'000**	**N'000**	**N'000**
Net Income derived from external customers	40,195,397	-1,704,235	31,480,651	10,418,981
Total	**40,195,397**	**-1,704,235**	**31,480,651**	**10,418,981**
Return to equity investment accountholder	-11,100,025	0	-8,842,715	-2,257,310
Bank's share as equity investor/ mudarib	**29,095,372**	**-1,704,235**	**22,637,936**	**8,161,671**
Fees and Commission	2,335,047	95,920	1,200,198	1,038,929
Total Other Income	386,730	67,187	231,744	87,799
Total Expense	-20,763,554	-571,256	-14,924,293	-5,268,005
Profit before tax	**11,053,595**	**-2,112,383**	**9,145,585**	**4,020,394**
Income tax credit/(expense)	183,592	183,592	0	0
Profit for the year	**11,237,187**	**-1,928,791**	**9,145,585**	**4,020,394**
Reportable Segment Assets	580,131,058	95,674,357	391,295,250	93,161,451
Reportable Segment Liabilities	298,708,898	56,359,434	185,688,634	56,660,830
Reportable Segment Customers'Investment accounts	242,107,237	0	205,606,616	36,500,620

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	2022			
As at 31 December 2022	**BANK** **N'000**	**HEAD OFFICE** **N'000**	**NORTH DIRECTORATE** **N'000**	**SOUTH DIRECTORATE** **N'000**
Net Income derived from external customers	27,561,555	566,969	19,711,672	7,282,914
Total	**27,561,555**	**566,969**	**19,711,672**	**7,282,914**
Return to equity investment accountholder	-6,905,436	-107,923	-4,913,094	-1,884,419
Bank's share as equity investor/ mudarib	**20,656,119**	**459,046**	**14,798,578**	**5,398,495**
Fees and Commission	1,638,830	-	925,652	713,178
Total Other Income	197,089	-	72,455	124,634
Total Expense	-15,859,302	-2,874,603	-9,487,177	-3,497,522
Profit before tax	**6,632,736**	**-2,415,557**	**6,309,509**	**2,738,785**
Income tax credit/(expense)	248,543	248,543	0	0
Profit for the year	**6,881,279**	**-2,167,015**	**6,309,509**	**2,738,785**
Reportable Segment Assets	379,819,457	67,288,595	256,906,547	55,624,315
Reportable Segment Liabilities	199,371,994	37,256,958	132,288,269	29,826,767
Reportable Segment Customers'Investment accounts	150,642,667	-	124,845,119	25,797,548

NOTES TO THE FINANCIAL STATEMENTS

43 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 requirments.

Regulatory capital	2023 N'000	2022 N'000
Tier 1 capital		
Share capital	17,270,586	17,270,586
Share premium	1,348,447	1,348,446
Retained earnings	5,408,868	2,284,961
Statutory reserves	8,712,007	5,340,854
Other reserves	1,455,169	893,310
	34,195,076	**27,138,158**
Less: Deferred tax assets	2,442,970	1,747,460
Intangible assets	599,963	624,673
Total qualifying Tier 1 capital	**31,152,143**	**24,766,025**
Tier 2 capital		
Qualifying other reserves		
Other comprehensive income	112,313	112,313
Total qualifying Tier 2 capital (100% of total qualifying Tier I capital)	**112,313**	**112,313**
Total qualifying capital	**31,264,456**	**24,878,337**
Risk - weighted assets:		
Credit risk	101,230,249	55,634,928
Operational risk	44,548,084	32,660,249
Market risk	28,306,733	43,988,952
Contingents		
Total risk-weighted assets	**174,085,066**	**132,284,129**
Risk-weighted capital adequacy ratio	**17.96**	**18.81**

NOTES TO THE FINANCIAL STATEMENTS

44 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 47 litigation suits (31 December 2022: 27). 34 cases were instituted against the Bank (31 December 2022: 21), while 13 cases were instituted by the Bank (31 December 2022: 6), Nil judgement against the Bank (31 December 2022: 1).

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.

NOTES TO THE FINANCIAL STATEMENTS

44 Contingencies and commitments -continued

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

	2023	2022
	N'000	N'000
Advanced payment guarantees	20,786,487	15,957,428
Letters of credit	27,789,639	27,609,827
Bonds and guarantees	2,693,919	4,213,282
Wakala guarantee	2,469,274	2,978,593
Balance as at 31 December	**53,739,318**	**50,759,130**
Current	10,680,127	29,487,946
Non-Current	43,059,191	21,309,019
Total	**53,739,318**	**50,759,130**

(iii) Capital commitments
There were no capital commitments at the end of the reporting period of 31 December 2023.

(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.

45 Contraventions

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

31 December 2023

In 2023 financial year, Below are the penalities paid by the Bank ;

S/N	REGULATORY BODY	DESCRIPTION	AMOUNT
1	NGX Regulation Limited	Late filing of 2022 Audited Financial Statements with NGX	600,000
2	Securities & Exchange Commission	Late filing of 2022 Audited Financial Statements with SEC	1,250,000
3	Central Bank of Nigeria	Breach of ATM security regulation(Section 3.4(G))	2,000,000

31 December 2022

In 2022 financial year, Below are the penalities paid by the Bank ;

S/N	REGULATORY BODY	DESCRIPTION	AMOUNT
1	Central Bank of Nigeria	Suspiscious transaction reporting of Regulation 31(3) of the CBN AML&CFT Regulations ,2013	6,250,000
2	Securities & Exchange Commission	Renewal of 2022 registration as Capital Market Maket Operator	5,000,000

NOTES TO THE FINANCIAL STATEMENTS

46 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, 2023. 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.

47 Comparatives figures

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

48 Employee benefit plans

	2023 N'000	2022 N'000
Opening defined contribution obligation	15,555	18,942
Charge for the year	651,813	497,577
Payment to fund administrator	583,322	500,964
Balance as at 31 December	**84,046**	**15,555**

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 Penison Act, 2004 as amended. The total expense charged to income for the year was **N651 million (2022: N497 million)**.

49 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 2023 and the profit and other comprehensive income for the year ended which have not been adjusted or disclosed.

50 Provision of non-audit services

The Bank also paid for professional fees for non-audit services. These services, in our opinion, did not impair the independence and objectivity of the external auditor. Non-audit services provided during the year ended 31 December 2023 are stated below:

S/N	Description of non-audit services	FRC Number	FRC Number	Fee paid (N'000)
1	Quality Assurance Review	Deloitte	FRC/2020/ICAN/00000020765	3,000

51 Whistle Blowing

The Bank complied with the provisions of CBN circular FPR/DIR/CIR/GEN/01/004, Code of Corporate Governance for Banks and Discount Houses in Nigeria and Guidelines for Whistle Blowing in Nigeria Banking Industry, for the year ended 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

52 Gender Diversity

The Bank also paid for professional fees for non-audit services. These services, in our opinion, did not impair the independence and objectivity of the external auditor. Non-audit services provided during the year ended 31 December 2023 are stated below:

	31 December 2023		
	Men	**Women**	**Total**
Board Members	8	1	9
Management staff (AGM & Above)	9	3	12
Total	**17**	**4**	**21**

	31 December 2022		
	Men	**Women**	**Total**
Board Members	11	1	12
Management staff (AGM & Above)	8	3	11
Total	**19**	**4**	**23**

53 Professional valuers

The professional valuers engaged for the preparation of the valuation reports are;

S/N	Valuers	FRC No.
1	DIYA FATIMILEHIN & CO.	FRC/2023/COY/098756
2	KNIGHT FRANK	FRC/2013/0000000000584
3	UBOSI ELAH & CO.	FRC/2024/00000003997
4	JIDE TAIWO & CO.	FRC/2012/00000000254
5	TUNJI ADENIYI & CO.	FRC/2014/NIESV/00000007786
6	OYENTUNJI & OYETUNJI PARTNERSHIP	FRC/2013/NIESV/00000003658
7	ADEMOLA LAWAL & PARTNERS	FRC/20214/NIESV/00000008752
8	ROTIMI OLU & CO.	FRC/2014/NIESV/00000010437
9	AMINU & PARTNERS	FRC/2014/NIESV/00000006763
10	OLADEIDE OLAJIDE ASSOCIATE	FRC/2022/PRO/DIR/003/812817
11	AUDU & PARTNERS	FRC/2016/00000007226
12	BELLO & CO.	FRC/2022/003/00000020429
13	MOHAMMED & CO.	FRC/2015/00000005966
14	MUHTARI MADOBI PARTNERSHIP	FRC/2022/002/00000021063
15	GARBA KIBIYA & CO.	FRC/2013/NIESV/00000004267

54 Restatements

There were no significant events requiring restatements during the reporting period which could have had a material effect on the financial position of the Bank as at 31 December 2023 and on the profit or loss and other comprehensive income for the year then ended.

NOTES TO THE FINANCIAL STATEMENTS

56 Foreign exchange sensitivity analysis

	Naira ₦'000	Dollar ₦'000	Pound ₦'000	Euro ₦'000	Yuan ₦'000	Others ₦'000	TOTAL ₦'000
AS AT 31 DECEMBER 2023							
Financial assets:							
Cash and balances with Central Bank of Nigeria	166,519,818	6,693,461	80,024	75,748	-	0	173,369,051
Due from banks and other financial institutions	-	28,747,273	112,134	1,030,276	-	1,159,200	31,048,883
Investment in sukuk	152,204,830	-	-	-	-	-	152,204,830
Interbank Mudarabah Placement	5,010,788	-					5,010,788
Financing Assets	164,190,821	8,443,896	-	-	-	-	172,634,716
Inventory Financing	27,479,555	-	-	-	-	-	27,479,555
Property and Equipment (net)	11,987,164	-	-	-	-	-	11,987,164
Leasehold improvement (net)	59,139	-	-	-	-	-	59,139
Intangible assets (net)	599,963	-	-	-	-	-	599,963
Other assets	(5,658,455)	8,950,908	-	1,546	-	-	3,293,998
Deferred tax assets	2,442,970	-	-	-	-	-	2,442,970
	524,836,593	**52,835,537**	**192,159**	**1,107,569**	**-**	**1,159,200**	**580,131,058**
Financial liabilities:							
Customer current deposits	436,949,687	28,333,654	181,366	1,106,491			466,571,199
Onward financing	40,672,934	759,566	-	-			41,432,500
Other liabilities	16,119,299	16,075,948	10,793	1,081			32,207,121
Tax payable	605,315						605,315
Equity	39,314,923						39,314,923
	533,662,158	**45,169,168**	**192,159**	**1,107,573**	**-**	**-**	**580,131,058**
Net open currency position	**(8,825,565)**	**7,666,368**	**-**	**(3)**	**-**	**1,159,200**	**0**

NOTES TO THE FINANCIAL STATEMENTS

56 Foreign exchange sensitivity analysis - Continued

	Naira ₦'000	Dollar ₦'000	Pound ₦'000	Euro ₦'000	Yuan ₦'000	Others ₦'000	TOTAL ₦'000
AS AT 31 DECEMBER 2022							
Financial assets:							
Cash and balances with Central Bank of Nigeria	91,794,238	1,163,971	16,868	8,698	-	-	92,983,775
Due from banks and other financial institutions	387,089	23,243,684	51,435	48,285	136,698	231,621	24,098,812
Investment in sukuk	75,654,990	-	-	-	-	-	75,654,990
Financing Assets	130,955,004	6,021,577	-	-	-	-	136,976,581
Inventory Financing	32,579,805	4,022,492	-	-	-	-	36,602,297
Property and Equipment (net)	8,803,174	-	-	-	-	-	8,803,174
Leasehold improvement (net)	45,878	-	-	-	-	-	45,878
Intangible assets (net)	624,673	-	-	-	-	-	624,673
Other assets	2,167,896	113,921	-	-	-	-	2,281,817
Deferred tax assets	1,747,460	-	-	-	-	-	1,747,460
	344,760,207	**34,565,645**	**68,303**	**56,984**	**136,698**	**231,621**	**379,819,457**
Financial liabilities:							
Customer current deposits	273,693,674	17,644,996	64,286	54,677	-	-	291,457,632
Onward financing	24,165,270	8,618,827	-	-	-	-	32,784,097
Other liabilities	16,757,907	8,112,345	-	-	135,705	368,319	25,374,276
Tax payable	398,656	-	-				398,656
Equity	29,804,796						29,804,796
	344,820,303	**34,376,168**	**64,286**	**54,677**	**135,705**	**368,319**	**379,819,457**
Net open currency position	**(60,096)**	**189,477**	**4,017**	**2,307**	**993**	**(136,698)**	**(0)**

The Bank's exposure to foreign currency risk is low. Movement in exchange rate between the US Dollar and the Euro affects reported earnings through revaluation gain or loss and the statement of financial position size through increase or decrease in the revalued amounts of assets and liabilities denominated in Euro.

NOTES TO THE FINANCIAL STATEMENTS

56 Foreign exchange sensitivity analysis - Continued

Foreign exchange sensitivity analysis

The Foreign exchange sensitivity analysis of the Bank is presented below.
For each foreign currency net exposure ,it is reasonable to assume a 10% appreciation/depreciation against the functional currency. If all other variables are held constant, the tables below present the impacts on profit or loss before tax if these currency movements had occurred.

	Dollar ₦'000	Pound ₦'000	Euro ₦'000	Yuan ₦'000
As at 31 December 2023				
Net foreign currency exposures	7,666,368	-	-3	1,159,200
As at 31 December 2022				
Net foreign currency exposures	189,477	4,017	2,307	993

The Bank is exposed to the US Dollar and Euro currencies.

The following table details the sensitivity to a 10% increase and decrease in Naira against the US Dollar and Euro. Management believe that a 10% movement in either direction is reasonably possible at the reporting date. The sensitivity

Foreign exchange sensitivity analysis (31 December 2023)	
Naira strengthens by 10% against the US Dollar	
Profit/ (loss)	766,637
Naira weakens by 10% against the US Dollar	
Profit/(loss)	-766,637
Naira strengthens by 10% against the GBP Pounds	
Profit/ (loss)	0
Naira weakens by 10% against the GBP Pounds	
Profit/(loss)	0
Naira strengthens by 10% against the Euro	
Profit/ (loss)	-0
Naira weakens by 10% against the Euro	
Profit/(loss)	0
Naira strengthens by 10% against the Yuan	
Profit/(loss)	115,920
Naira weakens by 10% against the Yuan	
Profit/(loss)	-115,920

NOTES TO THE FINANCIAL STATEMENTS

56 Foreign exchange sensitivity analysis - Continued

Foreign exchange sensitivity analysis (31 December 2022)

Naira strengthens by 5% against the US Dollar	
Profit/ (loss)	9,474
Naira weakens by 5% against the US Dollar	
Profit/(loss)	-9,474
Naira strengthens by 5% against the GBP Pounds	
Profit/ (loss)	201
Naira weakens by 5% against the GBP Pounds	
Profit/(loss)	-201
Naira strengthens by 5% against the Euro	
Profit/ (loss)	115
Naira weakens by 5% against the Euro	
Profit/(loss)	-115
Naira strengthens by 5% against the Yuan	
Profit/(loss)	50
Naira weakens by 5% against the Yuan	
Profit/(loss)	-50

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SHAREHOLDING STRUCTURE	
Shareholding Structure/Free Float Status	
Company Name	**JAIZ BANK PLC**
Board Listed	**Main Board**
Year End	**December**
Reporting Period	**Period Ended December 31, 2023**

Shareholding Structure/Free Float Status				
	31-Dec-23		**31-Dec-22**	
Description	**Unit**	**Percentage**	**Unit**	**Percentage**
Issued Share Capital	**34,541,172,377**	**100%**	**34,541,172,377**	**100%**
Substantial Shareholdings (5% and above)				
Alh. (Dr.) Umaru Abdul Mutallab	3,500,000,000	10.13%	4,000,000,000	11.58%
Dantata Investment & Securities Ltd	4,023,971,327	11.65%	4,023,971,327	11.65%
Alhaji (Dr.) Muhammadu Indimi	8,310,736,121	24.06%	8,310,736,121	24.06%
Islamic Development Bank	2,506,666,588	7.26%	2,506,666,588	7.26%
Dangote Industries Ltd	2,500,000,000	7.24%	2,500,000,000	7.24%
Althani Investment Ltd	2,600,000,000	7.53%	2,600,000,000	7.53%
Total Substantial Shareholdings	**23,441,374,036**	**67.87%**	**23,941,374,036**	**69.31%**
Directors' Shareholdings (direct and indirect), excluding directors with substantial interests				
Mohammed Mustapha Bintube	20,000,000	0.06%	20,000,000	0.06%
Alh. Musbahu M. Bashir	0	0.00%	0	0.00%
Alh Mukhtar Sani Hanga	0	0.00%	0	0.00%
Mr. Seedy Mohammed Njie	0	0.00%	0	0.00%
Muhammad Hadi Abdulmutallab	0	0.00%	0	0.00%
Ibrahim Mohammed Indimi	0	0.00%	0	0.00%
Mrs Aisha Waziri Umar	-	-	-	-
Dr. Abdullateef Bello	4,000	0.00%	4,000	0.00%
Haruna Musa	1,000,000.00	0.00	1,000,000.00	0.00
Mr. Ahmed A. Hassan	962,000	0.00%	1,994,000	0.00
Mr. Abdulfattah O. Amoo	0	0.00%	2,200,000	0.01%
Alhassan Abdulkarim	10,475,000.00	0.00	8,000,000.00	0.02%
Total Directors' Shareholdings	**32,441,000**	**0.09%**	**33,198,000**	**0.10%**
Other Influential Shareholdings				
Dantata Aminu Alhassan	1,567,390,516	4.54%	1,567,510,516	4.54%
Linear Power Ltd	1,418,189,886	4.11%	1,418,189,886	4.11%
Total Other Influential Shareholdings	2,985,580,402.00	8.64%	2,985,700,402.00	8.64%
Free Float in Units and Percentage	8,081,776,939	23.40%	7,580,899,939	21.95%
Free Float in Value	**₦ 15,678,647,261.66**		**₦ 6,595,382,946.93**	

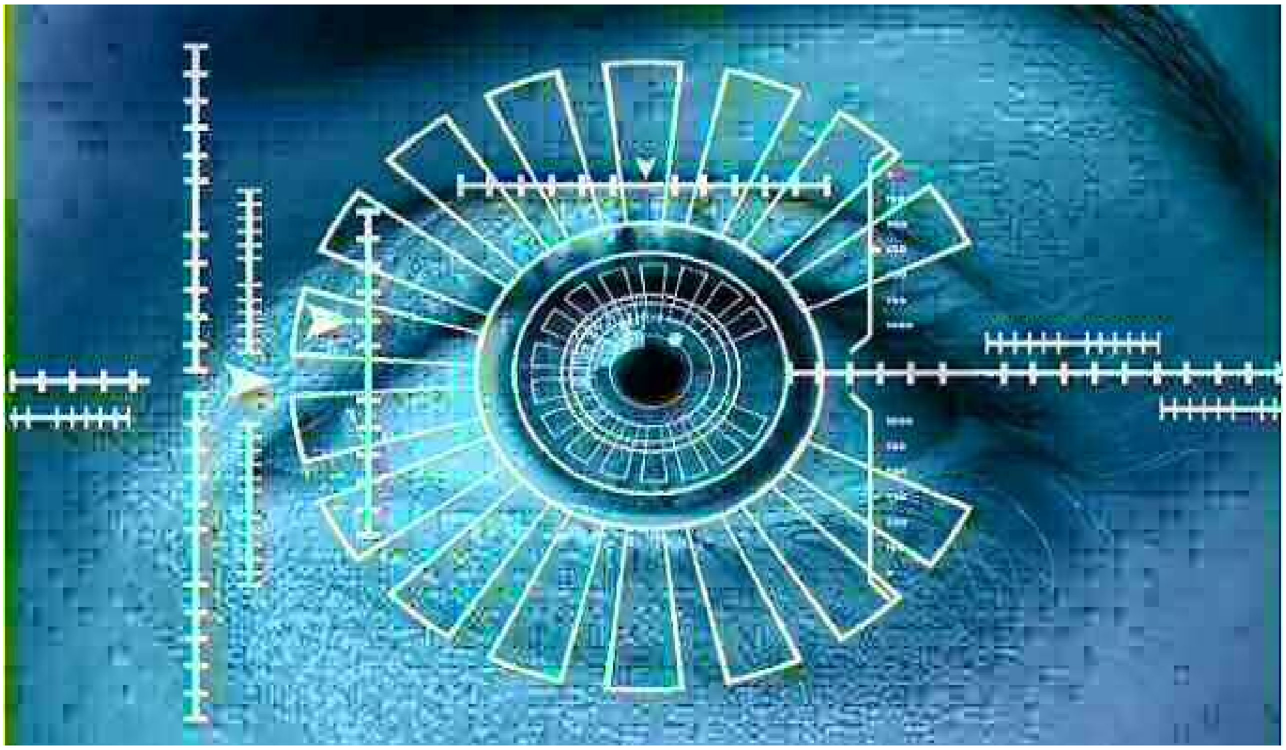
Declaration

Jaiz Bank PLC with free float value of **N6,595,382,946.93 (21.95%)** as at **31 December 2022** is compliant with the Nigerian Exchange Group's free float requirements for companies listed on the Main Board

Jaiz Bank PLC with free float value of **N15,678,647,261.66 (23.40%)** as at **31 December 2023** is compliant with the Nigerian Exchange Group's free float requirements for companies listed on the Main Board

Note;

Share price as at December 31, 2023	1.94
Share price as at December 31, 2022	0.87



OTHER NATIONAL DISCLOSURES

1 **Statements of Value Added**
2 **Five-Year Financial Summary**

OTHER NATIONAL DISCLOSURES

5 YEARS FINANCIAL SUMMARY

	Note	2023 N`000	2022 N`000	2021 N`000	2020 N`000	2019 N`000
Assets						
Cash and Balances with Central Bank of Nigeria	3	173,369,051	92,983,775	48,113,817	45,869,170	42,103,116
Due from banks and financial institution	4	31,048,883	24,098,813	21,680,400	14,839,178	11,438,274
Total Sukuk Investment	5	152,204,830	75,654,990	63,473,239	73,795,575	41,086,469
Investment properties	12	-	-	-	1,603,513	1,603,513
Interbank Mudarabah Placement		5,010,788	-	-	-	-
Financing Assets		172,634,716	136,976,580	113,287,760	71,620,128	55,620,170
Inventory Financing	13	27,479,555	36,602,296	20,767,542	18,975,452	9,464,869
Other Assets	17	3,293,998	2,281,815	3,445,684	2,611,415	2,400,175
Property, plant and equipment	14	11,987,164	8,803,174	6,642,247	2,926,153	2,547,972
Leasehold Improvement	15	59,139	45,878	41,462	47,526	65,297
Intangible assets	16	599,963	624,673	574,840	475,815	481,366
Deferred taxation asset	18b	2,442,970	1,747,460	1,248,588	832,253	462,186
Total Assets		**580,131,058**	**379,819,455**	**279,275,581**	**233,596,177**	**167,273,406**
Liabilities						
Customer Current Deposits	19a	224,463,962	140,814,965	111,559,434	74,580,714	69,603,883
Customers' Unrestricted Investment Accounts	19b	242,107,237	150,642,667	97,529,175	100,932,427	57,589,595
Onward Financing	20	41,432,500	32,784,097	31,536,491	15,405,242	11,963,766
Other Liabilities	21	32,207,121	25,374,271	13,724,374	24,273,971	12,443,964
Tax payable	18a	605,315	398,656	620,938	558,770	120,251
Total liabilities		**540,816,135**	**350,014,656**	**157,441,238**	**215,751,124**	**151,721,460**
Total Deposit		**466,571,199**	**291,457,632**	**209,088,609**	**175,513,141**	**127,193,478**
Owners' Equity						
Share Capital	22	17,270,586	17,270,586	17,270,586	14,732,125	14,732,125
Share Premium	23	1,348,447	1,348,447	1,348,447	627,365	627,365
Retained Earnings	24	5,408,868	2,284,961	2,284,961	(2,538,887)	(4,081,114)
Risk Regulatory reserve	25	5,007,534	2,554,328	2,554,328	2,175,084	2,714,153
Statutory Reserve	26	8,712,007	5,340,854	5,340,854	2,108,624	1,237,660
Other Reserves	27	1,567,481	1,005,623	1,005,623	740,742	321,757
Total Equity		**39,314,923**	**29,804,799**	**24,305,168**	**17,845,053**	**15,551,946**
Total Equity and Liabilities		**580,131,058**	**379,819,455**	**181,746,406**	**233,596,177**	**167,273,406**

OTHER NATIONAL DISCLOSURES

5 YEARS FINANCIAL SUMMARY

	NOTE	2023 N'000	2022 N'000	2021 N'000	2020 N'000	2019 N'000
Income:						
Income from Financing Contracts	23	28,717,430	21,588,665	15,205,240	10,757,796	7,461,682
Income from Investment Activities	24	15,798,000	9,861,802	8,972,187	8,003,175	6,055,941
Gross Income from financing transactions	**47**	**44,515,430**	**31,450,467**	**24,177,427**	**18,760,971**	**13,517,623**
Impairment charged	33	(4,320,033)	(3,888,913)	(3,720,926)	(3,027,892)	(1,145,876)
Bank's share as a Mudarib/Equity investor		**40,195,397**	**27,561,554**	**20,456,502**	**15,733,079**	**12,371,746**
Return on Equity of Investment Account Holders	26(a)	(11,100,025)	(6,905,436)	(4,939,957)	(3,789,440)	(2,907,985)
Net Spread after Provision		**29,095,372**	**20,656,119**	**15,516,544**	**11,943,639**	**9,463,762**
Fee and commisssion	27	2,335,047	1,638,830	1,108,774	500,930	1,008,943
		31,430,419	**22,294,948**	**16,625,318**	**12,444,569**	**10,472,705**
Other Income						
Other Operating Income	28	327,737	340,086	557,162	352,040	188,258
Unrealised exchange loss		58,992	(142,998)	(214,728)	273,825	-
Total Income		**31,817,149**	**22,492,036**	**16,967,752**	**13,070,434**	**10,660,962**
Expenses:						
Staff costs	30	9,258,140	8,100,245	7,238,222	4,902,366	3,863,554
Depreciation and Amortisation	31a	1,871,593	1,631,594	781,980	811,624	714,586
Operating Expenses	32(i)	9,633,821	6,127,463	4,789,475	4,016,643	3,972,805
Total Expenses	**30**	**20,763,554**	**15,859,302**	**12,809,678**	**9,730,633**	**8,550,945**
Operating profit/(loss) before tax	**-30**	**11,053,595**	**6,632,735**	**4,158,074**	**3,339,801**	**2,110,017**
Income tax expenses	13a	183,592	248,542	(73,575)	(162,764)	332,768
Profit/(loss) for the year after tax	**-30**	**11,237,187**	**6,881,277**	**4,084,499**	**3,177,037**	**2,442,785**
Other Comprehensive Income						
Item that may be reclassified to profit or loss						
Net gain on gifted property					-	-
Total comprehensive income for the year		**11,237,187**	**6,881,277**	**4,084,499**	**3,177,037**	**2,442,785**
Basic and diluted Earnings per share (Kobo)		**32.53 kobo**	**19.92 kobo**	**13.8 kobo**	**9.85 kobo**	**8.29 kobo**