



AUDITED ANNUAL REPORT & ACCOUNT 2017

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Jaiz Bank Plc.

Kano House, 73 Ralph Shodeinde,
Central Business District P.M.B. 31 Garki Abuja, Nigeria.



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Our Vision

To be the clear leader in Ethical Banking in subs Saharan Africa.

Mission Statement

Making life better through ethical finance



Core Values

- Quality Service – Customer First
- Team Spirit
- Respect for the Individual
- Ethics
- Trust
- Partnership
- Entrepreneurship

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.

For Enquiries: Kindly contact us at:

Jaiz Bank Plc.

Kano House, 73 Ralph Shodeinde,

Central Business District

P.M.B. 31 Garki

Abuja, Nigeria.

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OR: Visit our website on: www.jaizbankplc.com

Jaiz Bank Plc.

Kano House, 73 Ralph Shodeinde,

Central Business District P.M.B. 31 Garki Abuja, Nigeria.

About Us

Jaiz Bank PLC is a national bank and a quoted public company owned by over 26,000 shareholders spread over the six geo-political zones of Nigeria. The Bank's balance sheet has grown from N12 billion in 2012 to about N62 billion, with asset financing of over N30 billion.

Our customer base has grown to over 230, 000 cutting across all strata of the society. Our product offerings have grown substantially ranging from friendly retail to commercial and corporate products.

We have also grown our branch network from 3 branches in 2012 to 30 branches, spread across the country. We are building more branches to satisfy the yearnings of millions of people who are desirous of this model of banking.

History

The Bank was created out of the former Jaiz International Plc which was set up in 2003/2004 as a Special Purpose Vehicle (SPV) to establish Nigeria's first full-fledged Non-Interest Bank.

It obtained a Regional Operating License to operate as a Non-Interest Bank from the Central Bank of Nigeria on the 11th of November 2011 and began full operations as the first Non-Interest Bank in Nigeria on the 6th of January, 2012 with 3 branches located in Abuja FCT, Kaduna and Kano. The Regional License allowed the Bank to operate geographically in a third of the country. Also, based on recommendations from Islamic Development Bank (IDB), which is also a shareholder of the bank, Jaiz Bank PLC had partnered with Islamic Bank of Bangladesh (IBBL) for Technical and Management Assistance.

About Islamic Banking

Non-Interest Banking is a profitable growing global phenomenon practiced in nearly 70 countries across the world including the United Kingdom, Canada, the United States of America, the United Arab Emirate, Malaysia, China, Singapore, South Africa, Kenya etc. Global Banks like HSBC, Citibank, Barclays Bank etc. are also offering non-interest banking products and service. It is an alternative financial service offering which 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 non-interest Islamic Banks do not give or receive interest, nor finance anything that is harmful to society like alcohol, tobacco, gambling etc. They also seek to avoid gharar- speculation, uncertainty deception and more.

Currently, about 50% of Nigeria's total populations of 183 million are craving for such Non-Interest banking services. These people are desirous of ethical banking services which provide for socially responsible investment outlets. In a nutshell, Non-Interest Banking is real-economy

oriented and profit and loss sharing arrangement where the mode of financing is mostly on mark-up, leasing and partnership basis.

The Investment Opportunity

Jaiz Bank Plc upgraded to a National operating license in 2016. The upgrade has enabled it to operate in all 36 states of the Federation including the Federal Capital Territory. Consequently, it increased its authorized Share Capital from N15 billion (USD \$47.8 million) to N25 billion (USD \$79.6million). (Note that the exchange rate used was the prevailing rate at the end of 2016.)

The Potential for Non- Interest Bank in Nigeria

The business potential for a Non-Interest Bank in Nigeria is enormous as such an institution has long been awaited by a population of over 93 million Nigerians representing over 50% of the country's population of about 183 million. Jaiz Bank's strategic business focus is mainly on retail banking, having due regard to a report published by KPMG in 2006 which estimated the market for retail banking in Nigeria at US\$30 Billion. The Bank nevertheless offers corporate and commercial banking services in addition to its retail product offering. 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. The Bank is being positioned to be a national bank offering its services to all regardless of religious beliefs.

Our Locations

BRANCH	ADDRESS
ABUJA	GROUND FLOOR KANO HOUSE 73 RALPH SHODEINDE STREET CBD, ABUJA
KANO 1	NO 55 TAFAWA BALEWA WAY OFF MURTALA MUHAMMAD WAY, KANO
KADUNA	11A ALI AKILU ROAD KADUNA
GOMBE	NO 8 NEW MARKET ROAD, COMMERCIAL AREA GOMBE
MAIDUGURI	NO 18 SHEHU LAMINU WAY, MAIDUGURI
KATSINA	NO 109B IBB WAY, KOFAR KAURA KATSINA
GUSAU	NO 21 CANTEEN ROAD, OPPOSITE CBN GUSAU
SOKOTO	NO 5 AHMADU BELLO WAY, FORMER FINBANK BUILDING, SOKOTO
KANO 2	2 BELLO ROAD KANO
KABUGA	KABUGA SHOPPING COMPLEX, ALONG BUK / GWARZO ROAD, KANO
ZOO ROAD	ZOO ROAD, OPPOSITE TRADE FAIR COMPLEX, KANO STATE
WUSE	NO 36 DOUALA STREET OFF HERBERT MACAULAY WAY, ERISCO BOMPET PLAZA, ZONE 5 ABUJA
ATBU	ABUBAKAR TAFAWA BALEWA UNIVERSITY, BAUCHI
YOLA	NO 14, ALIYU MUSTAPHA WAY OPPOSITE NEW MODERN MARKET YOLA, ADAMAWA STATE
KADUNA 2	FARIDA VENTURES BUILDING, KANO ROAD, KADUNA
BAUCHI	NO 2 MOHAMMED BELLO KIRFI ROAD, OFF AHMADU BELLO WAY, BAUCHI
NNPC	GROUND FLOOR, BLOCK B ROOM 16, NNPC TOWERS, ABUJA
BANEX	BANNEX PLAZA, WUSE II, ABUJA
NATIONAL ASSEMBLY	NATIONAL ASSEMBLY COMPLEX, 3 ARMS ZONE ABUJA
GWARIMPA BRANCH	1ST AVENUE, DBB PLAZA, GWARIMPA, FCT- ABUJA
IBADAN BRANCH	NO.3 FAJUJI ROAD, DUGBE IBADAN
ILORIN BRANCH	NO.11 UNITY ROAD, (BESIDE KASMAG TRANSPORT) ILORIN, KWARA STATE
IKEJA BRANCH	DE PLAZAVILLE SHOPPING COMPLEX, 119 AWOLOWO WAY, (ALLEN ROUND ABOUT) IKEJA, LAGOS STATE
PORT HARCOURT BRANCH	186 ABBA ROAD, PORTH HARCOURT (OPPOSITE WATER LINE), RIVER STATE
SAMARU, ZARIA BRANCH	AHMADU BELLO UNIVERSITY ROAD, OPPOSITE MAIN GATE, SAMARU, ZARIA, KADUNA STATE
HOTORO BRANCH	PLOT 140, OPPOSITE NNPC DEPOT, MAIDUGURI ROAD, HOTORO KANO
KEBBI BRANCH	PLOT 20 AHMADU BELLO WAY, BIRNIN-KEBBI, KEBBI STATE
LOKOJA BRANCH	NO. 4 JOHN HOLT ROAD, LOKOJA, KOGI STATE
APAPA BRANCH	NO. 17 WHARF ROAD, OPPOSITE ELEGANZA PLAZA, BESIDE UNITY BANK, APAPA, LAGOS
MARINA	NO. 2/4 DAVIES STREET, KINGSWAY BUILDING, BESIDE ECO BANK, MARINA, LAGOS
JOS BRANCH	NO 25, AHMADU BELLO WAY, JOS, PLATEAU STATE
IKOYI BRANCH	39, AWOLOWO ROAD, IKOYI, LAGOS

BOARD OF DIRECTORS

ALHAJI (DR.) UMARU ABDUL MUTALLAB, CON – CHAIRMAN BOARD OF DIRECTOR

Prominent business leader and former minister of the Federal Republic of Nigeria, chartered accountant and banker; former Executive Vice Chairman and Managing Director of United Bank for Africa (UBA) – the third largest bank in Nigeria and an affiliate of BNP Paribas. Also former Chairman of First Bank of Nigeria Plc, the oldest and biggest bank in Nigeria.

He is a holder of one of the highest national awards in Nigeria – Commander of the Order of the Niger (CON). Abdul Mutallab has also been conferred with the Fellowship of both the Association of Chartered Certified Accountants (ACCA) of UK and the Institute of International Bankers Association (FIBA) of the United States of America.

HASSAN USMAN FCA. – MANAGING DIRECTOR/CEO

A trained accountant, Mr. Hassan Usman graduated with a first class degree in Accounting in 1985 from Ahmadu Bello University, Zaria, Nigeria and became an associate Member of ICAN in 1989. He obtained a Post Graduate Diploma in Management in 1995 from Maastricht School of Management.

Mr. Hassan also attended the Oxford University Advanced Management Programme in 2002. He worked as the Financial Controller of Nigerian Development Company Limited, Kaduna until he joined NAL Merchant Bank PLC where he served as the Financial Controller and Treasurer respectively between 1996-2001.

Mr. Hassan had a brief stint with Inland Bank where he served as General Manager, Banking Services before re-joining NAL Bank as Deputy General Manager and Head, Business and Financial Advisory Group. He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN). He was appointed as the Managing Director of Jaiz Bank Plc by the Board of Director in May 2016.

MAHE ABUBAKAR – DEPUTY MANAGING DIRECTOR

A seasoned banker of standing repute with over 20 years cognate banking experience, Abubakar Mahe is steering the business development drive of Jaiz Bank Plc. He is also a qualified dealing clerk of the Nigerian Stock Exchange. Prior to joining Jaiz Bank; Mahe was the Group Zonal Head of Zenith Bank Plc in charge of the Northwest region.

Before joining the banking sector in 1994, Mahe worked with the Nigerian International Securities Limited (NISEL), a member of Nigerian Stock Exchange and a subsidiary of Continental Merchant Bank Plc from 1991 to 1994. Between 1990 and 1991, he worked as the dealing clerk/branch head of the Lagos office of the Gidauniya Investment & Securities Limited. Born in the ancient city of Kano, Mahe obtained a Bachelor of Science Degree in Business Administration from Ahmadu Bello University in 1984. In 1987, he completed his Master Degree in Business Administration from the same institution.

He attended several trainings in and outside Nigeria including High Potential Leader: Accelerating Your Performance at Wharton School, Pennsylvania, USA; High Performance People Skills,

London Business School; and Senior Management Programmes, Lagos Business School. He was appointed as the Deputy Managing Director of Jaiz Bank Plc by the Board of Director in May 2016.

ABDULFATTAH OLANREWAJU AMOO – Executive Director, Operations/CFO

AbdulFattah Amoo is a shrewd professional banker, astute strategic planner and executor. He is well versed in both Islamic and Conventional banking business models.

He possesses almost 3 decades cognate experience which cuts across professional accounting practice, Banking and Finance, out of which almost 16 years has been spent at senior management positions.

In the Banking & Finance sector, AbdulFattah had set up Financial Control function of CSL Group, managed the Operations, South-South/South-East regions, e-Business Group, Retail Banking and Non-interest Banking (Sales) business of Sterling Bank PLC.

He is skilled in Talent Management, Strategic Networking and Excellent Peoples' Management, among others.

AbdulFattah is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and an Associate member of the Chartered Institute of Taxation (CITN), among others.

He also holds a BSc in Economics and Masters in Business Administration from Edo State University (now Ambrose Alli University) and has attended several local and international courses in strategic management, leadership, etc.

AbdulFattah effectively joined the Board of Jaiz Bank on 6th November 2017.

DR. AMINU ALHASSAN DANTATA, CON, MEMBER, BOARD OF DIRECTORS

A renowned business man, he began his career as produce buyer in 1949 in the family business of Alhassan Dantata and Sons Limited. He became the Chairman and Managing Director of the Company, in 1960, a position he holds till date. Dr. Dantata was a member of the Steering Committee of the Nigerian Industrial Development Bank (now Bank of Industry, BOI), and served as a Director of the Bank between 1962 and 1966. He has led several trade missions to several countries across the world.

PROFESSOR TAJUDEEN ADEBIYI, MEMBER, BOARD OF DIRECTORS

He was between 2003 and 2005, the Treasurer and Investment Consultant to OPEC Fund (Vienna, Austria), where he managed an approximately US \$5 billion investment portfolio. He is a holder of an MBA (Finance, Accounting and Quantitative Analysis) and, a Ph.D. in Banking & Finance from the University of Maryland, USA.

Prof. Adebisi spent 20 years (1983-2003) at the Islamic Development Bank, Jeddah, serving at different levels in project management, treasury, financial analysis and portfolio management. He is a visiting Professor of portfolio investment management and quantitative analysis to the Bowie State University, Maryland, USA.

ALHAJI (DR.) MUHAMMADU INDIMI, OFR, MEMBER, BOARD OF DIRECTORS

He is a distinguished and highly successful businessman. Dr. Indimi is the sole Founder and Chairman of Oriental Energy Resources, Limited. He has over 20 years' experience in the Nigerian Upstream Oil and Gas sector. Dr. Indimi is an astute business man with a notable presence in the international business arena. He also serves as the Chairman of M & W Pump Nigeria Limited; which has partnered with MWI Corp of Deerfield Beach, Florida.

He is a founder of many successful indigenous companies and sits on the board of several privately owned companies encompassing all sectors of the economy. Dr. Indimi is a humanitarian and a philanthropist and has received numerous awards as well as honorary doctorate degrees from notable Universities in Nigeria, Ireland and the United States.

MALLAM FALALU BELLO, OFR, MEMBER, BOARD OF DIRECTORS

A 1978 law graduate from Ahmadu Bello University, Zaria, Nigeria. He started his legal career with the Kaduna State Government as Magistrate II and subsequently moved to Northern Nigeria Investment Company Limited as Senior Executive/Acting Company Secretary. He was later appointed Kaduna State Government Commissioner for Trade and Industry.

He was appointed Managing Director /CEO of Habib Nigeria Bank Limited in 1994 until 1998 when he was appointed Managing Director/CEO of Intercity Bank Plc. He resigned as Vice Chairman/Managing Director in 2001.

In 2001, he was appointed Managing Director of Nigerian Agricultural Development Bank Limited. Mallam Bello holds the National honour of the Officer of the Federal Republic (OFR). He recently resigned from Unity Bank as the Managing Director/CEO.

MALLAM NAFIU BABA-AHMED, MNI, MEMBER, BOARD OF DIRECTORS

He is a 1978 law graduate from Ahmadu Bello University, Zaria, Nigeria. He started his banking career as a legal officer with United Bank for Africa Plc in 1980 from where he proceeded to Nigeria Merchant Bank in 1982. He was an Assistant General Manager/Company Secretary & Legal Adviser with First Interstate Merchant Bank Limited and subsequently, became a Director/Legal Adviser & Board Secretary at Nigerian Deposit Insurance Corporation (NDIC). He was also, a Director representing CBN/NDIC on several banks that were taken by both the Central Bank of Nigeria/NDIC for turnaround. He has attended several professional courses abroad including those of Queens Mary College, University of London, in International Commercial Law, Institute of Management Development (IMD), Switzerland, as well as Senior Executive Development Program in Kuala Lumpur, Malaysia.

DR. MOHAMED ALI CHATTI, MEMBER, BOARD OF DIRECTORS

He is a representative of the Islamic Development Bank. He is an investment specialist and currently works in the Investment Department of IDB.

Between 2010 and 2012, he was in the Young Professional Programme of IDB. He also led a team of 15 - 20 on the French Council of Islamic Finance as Chief of the Research and translation to translate the AAOIFI standards and the CIBAFI modules.

A PhD holder in Management Sciences, Dr. Chatti attended many seminars and presented different papers on Islamic Finance. He has also contributed to some published books on Islamic Finance. He is fluent in Arabic, French and English Languages.

HRH, (ENGR.) BELLO MOHAMMED SANNI, OON, MEMBER, BOARD OF DIRECTORS

HRH, is a holder of Bachelor's Degree in Engineering from Ahmadu Bello University, Zaria, Nigeria in 1973 and a Master's Degree in Civil Engineering from University of Dundee, Scotland in 1977. He is currently the Emir of Bakura, Zamfara State, Nigeria. Prior to becoming the Emir, HRH held several notable positions in some of the most prestigious corporate private and public organizations in Nigeria, including Director, Building and Engineering Services, Central Bank of Nigeria (CBN) between 1989-1996, Senior Assistant General Manager, Union Bank of Nigeria (formerly Barclays Bank).

ALHAJI (DR.) MUSBAHU MOHAMMAD BASHIR, MEMBER, BOARD OF DIRECTORS

He is s the Chairman of Althani Group of Companies, and Cobalt International Services Limited since 2004. He is also a director in the following companies, Bento Drill Nigeria Limited 1995, Offshore Technologies International Limited 1995, and Resource capital group 1995.

Cobalt International Services Limited is a pre-shipment inspection agent for dry goods and bulk liquid cargos. They are currently inspection agents for oil and gas exports in the country.

Alhaji Bashir also worked with Hammad development facilities in 1987 and Jadaí Diversified Services in 1989.

He obtained a BBA in Business Management from the American University in 2002 London, an advanced diploma in business management 1998 from Tafawa Balewa University, Abuja campus, and a National Diploma in Irrigation Engineering from the Kaduna Polytechnic 1987.

ALHAJI (DR.) UMARU KWAIRANGA, MEMBER, BOARD OF DIRECTORS

He is an experienced investment expert with over nineteen years' experience in Capital Market, Banking and the Real Sector. He possesses a first Degree in Business Administration from University of Maiduguri, an MBA from Edo State University in addition to an M.Sc. Finance and Corporate Governance from Liverpool John Moores University, United Kingdom.

Alhaji Kwairanga has attended several courses and training programs in fields relating to finance, investment and money market in reputable institutions including the Harvard Business School,

New York, Institute of Finance and Euro Money. He is a professional certificate holder of the Chartered Institute of Stock brokers, Certified Pension Institution of Nigeria and the Abuja Commodities & Securities Exchange. He has been Managing Director of a top notch stock broking firm for over a decade and a director in several blue chip organizations including Chairman of Ashaka Cement Company. He was a member of the Nigerian Vision20:2020, National Technical Working Group (NTWG) on Public Sector Thematic Area. He is a well-travelled executive with extensive senior level management experience and unimpeachable ethics and integrity.

ALHAJI MUKTHAR SANI HANGA, MEMBER, BOARD OF DIRECTORS

He is a renowned business man and an administrator. He was one time Managing Director of Hanga Line Limited, Special Adviser to Governor Kabiru Gaya of Kano State on Sport and Youth Development, Member Board of Directors NISER Ibadan, Chairman NYSC Committee, Kano, Chairman Kano State Export Actualization Committee and Director, Northern Nigeria Investment Limited, Kaduna.

MEMBERS OF JAIZ ADVISORY COMMITTEE OF EXPERTS (SHARI'AH BOARD)

PROFESSOR DR. MONZER KAHF

Prof. Monzer Kahf is the Chairman, Advisory Committee of Expert (ACE). He is a leading scholar, Professor and a consultant in Islamic banking and finance. He has been drafting and reviewing Shari'ah contents of finance agreements, by-laws and operational systems for Islamic financial institutions in many countries around the world including USA, Canada, Switzerland, Saudi Arabia and Trinidad.

Since the middle of 2008 He has been professor of Islamic Finance and Economics at Qatar the Faculty of Islamic Studies, Hamad University, in Doha, Qatar. He served as a visiting Professor of Islamic Finance at the International Centre for Education in Islamic Finance (INCEIF) based in Malaysia, summer 2010. In the year 2004/2005, he was a Professor of Islamic Economics, Finance and Banking at Graduate program of Yarmouk University, Jordan and he served as a senior research economist at the Islamic Research And Training Institute of the Islamic Development Bank, IDB, in Jeddah from 1985 to 1999.

He has written 38 books and published over 91 articles in English and Arabic on Trusts, Awqaf, Zakah, Islamic Finance and Banking and other areas of Islamic economics. Since 1973 till today he has been contributing to conferences, seminars and training programs across North America, Europe, Africa, Asia, Far East and the Middle East.

He holds PhD in Economics from the University of Utah, Salt Lake City, Utah, March, 1975, High Diploma in Social and Economic Planning, UN Institute of Planning, Damascus, Syria, 1967, B.A. in Business from the University of Damascus, Damascus, Syria, 1962 which earned him the President's Award for best University Graduating Student, July, 1962. Prof. Kahf was awarded the Islamic Development Bank (IDB) Prize for Islamic Economics in 2001. He speaks English, Arabic and a little of French.

PROFESSOR MUHAMMAD LAWAL BASHAR

Prof. Dr. Muhammed L. Bashar is a member of the ACE. , Advisory Committee of Expert – Professor Muhammed Bashar is the Head of the Department of Economics, Usman Dan Fodio university, Sokoto, Nigeria. He is a well-published, prolific writer. He has a B.A. (Hons.) Economics from Jamia Milla Islamia, New Delhi, an M.A. (Economics) from Jawaharlal Nehru University, New Delhi, a Ph.D (Economics) from Usman Dan Fodio University, Sokoto. He studied the following courses at graduate level; Advanced Macroeconomics, Fiqh (Islamic Jurisprudence) for Economics, Development Economics, Islamic Banking and Finance and Public Finance. He is proficient in Hausa, English, Hindi and Arabic.

DR. MUHAMMAD ALHAJI ABUBAKAR

Dr. Muhammad Alhaji Abubakar, Member, Advisory Committee of Expert - Dr. Muhammad Alhaji Abubakar has over 20 years' experience in Islamic Scholarship. He obtained his degree, M.A and Ph.d (in Islamic jurisprudence) from Islamic University of Madinah, Saudi Arabia.

From 2002 to 2008, Dr. Muhammad was a Reviewer of academic research at the Deanship of Academic Research, Islamic University of Madinah, Saudi Arabia. He was also an Assistant Supervisor, Department of Student Supervision of the same University. Dr. Muhammad had also at various times rendered support services to the General Court of Medinah in area of translation. He has Published articles on Islamic commercial jurisprudence and other areas of Islamic law in refereed academic journals (local and international). He also published articles in some local dailies in Hausa language. He attended learned conferences within and outside Nigeria. He is actively engaged in propagating Islam.

Dr Muhammad speaks Arabic, English, Kanuri and Hausa. He is currently a lecturer at the Department of Sharia, Faculty of Law, University of Maiduguri, Chairman, Da'awah Committee of Imam Malik Islamic Center, Maiduguri, Chairman Shura Council, Indimi Islamic Trust, Maiduguri and member, Union of African Scholars.

SHAIKH ABDULWAHAB ABDALLAH MUHAMMAD

Shaikh Abdulwahab is a renowned Islamic Scholar and preacher who has spent major part of his life in teaching and preaching of Islam. Together with Late Shaikh Ja'afar Mahmud Adam, they have contributed immensely in creating Islamic awareness within and outside the country. He is a graduate of Darul Hadith in Makkah and Islamic University of Madinah, Kulliyatul Hadith Wa Darasat al Islamiyya (Faculty of Hadith and Islamic Knowledge). He is the Chairman of Bin Baz Foundation, Member, Shari'ah Commission of Zamfara State and member, National Supreme Council for Islamic Affairs (NSCIA).

As part of his efforts towards propagation and development of Islam, Sheik Abdulwahab has written several books on various topics including but not limited to Fatwa on Marriage and Divorce, Fatwa on Bid'a (innovation), issues of Hisba, Fatwa on Hajj (pilgrimage), Fatwa on Fasting among others. Some of his activities include weekly preaching at Usman Bin Affan Mosque Gadon Kaya, Weekly preaching for women and Sahihul Bukhari at Sharada, Fatwa with Radio Kano and a weekly program with the popular Sunnah TV. The Shaikh is married with children.

DR. AHMAD BELLO DOGARAWA

Dr. Ahmad Bello Dogarawa is an Associate Professor with the Department of Accounting, Ahmadu Bello University, Zaria, Nigeria. He received his B.Sc. in Business Administration from Ahmadu Bello University, Zaria, Nigeria; Master of Banking and Finance (MBF) from Bayero University, Kano, Nigeria; and M.Sc. Accounting and Finance; and Ph.D. Accounting and Finance from Ahmadu Bello University, Zaria, Nigeria. In addition, he obtained Professional Diploma in Education (PDE) from Institute of Education, Ahmadu Bello University, Zaria, Nigeria. He is an

alumnus of Al-Azhar University, he belongs to several professional bodies. Dr. Dogarawa has travelled throughout Nigeria and some neighbouring countries to present papers and give sensitisation lectures on various topical issues particularly Islamic banking and finance, and Islamic perspective of economic empowerment, investment and poverty eradication, and has participated in training of staff of various public and private sector organisations, as well as members of professional bodies and business communities in Nigeria. He has published more than 25 articles in refereed academic journals (local and international), presented over 50 papers at local and international conferences and published 6 Islamic books in Hausa and English Languages. He is currently Member, ABUTH Health Research Ethics Committee; and Member, League of Imams, Scholars and preachers in the Sahel with heads at Algeria.

SHAIKH (DR). ISA ALI IBRAHIM PANTAMI

Dr. Isa Ali Ibrahim Pantami is a Jumu'ah chief Imam, university professor and a writer. He was educated in Nigeria, United Kingdom and Saudi Arabia. Dr Isa Ali Ibrahim Pantami holds a BTech, MSc (Computing & IT) and also MBA in (Technology Management). In addition, he also holds a PgCert in research methods, PgCert in teaching and also a PhD from the best modern university in the UK. Prior to that, he memorized the Qur'an by heart at the age of 13 or 14.

Furthermore, Dr Ibrahim Pantami has published 15 Islamic books and 9 international journal articles in reputable journals and many conference papers. He has been leading Jumu'ah prayer for over 20 years in both Nigeria and the United Kingdom. He has been invited to present lectures in many countries, such as the UK, Malaysia, Germany, France, etc. He is also a Shurah member of the Supreme Council for Shari'ah in Nigeria and a member of many other national and international council.

In addition, he learnt Islamic knowledge from many prominent international scholars in various Majaalis. These scholars include, Shaykh Muhammad Umar Fallatah, Shaykh Muhammad Saleh Al-Uthaymeen and recently Shaykh Abdulmuhsin bn Abbad among others. Dr Ibrahim Pantami has been a lecturer in a university for almost 15 years. He is currently a professor at the Islamic University of Madinah, Saudi Arabia (al-Jamiatul- Islamiyya). He teaches at the new Faculty of Computing and Information Systems of the university. He also serves in various university committees, such as Accreditation Committee, Staff Training Committee, etc.

CHAIRMAN'S STATEMENT

Dear Shareholders and Invited Guests,

It is indeed my pleasure welcoming you this morning to our 6th Annual General Meeting and it is further an honour to present before you the Annual Report and Accounts of our Bank for the year ended 31st December 2017. Your Bank witnessed yet again another year of remarkable growth and financial performance.

Results

2017 was a year of mix challenges as the economy was recovering from post-recession with consumer confidence yet to revert to pre-crisis level. This led to some sharp adjustments in the system but, overall, financial markets were resilient and offered positive returns for investors in 2017.

Jaiz Bank again delivered record results, benefiting from our unique business model and, in particular, the strength of our organic retail growth. Profit before Tax increased to N894 million in the year 2017 as against N343million reported in the corresponding period of 2016, showing an impressive growth of 161 %. The current result has a Gross Income from financing of N6.24 billion, up from N5.29billion posted in the corresponding period of 2016. Analysis of our income for the period indicated that the Bank realized N1.76billion from Non-Financing Income, compared with N0.71billion in 2016. Income from Sukuk also soared from N189 million (in 2016) to N371 million (in 2017), while Fees and Commissions jumped by 99 percent from N394million to N749 million. In addition, our Customer Deposits grew to N68.115billion in 2017, from N50.283 billion in 2016, while total assets hits N87.31billion in 2017, compared to N66.05 billion in the corresponding period of 2016.

My Fellow Shareholders, from our performance trajectory over the years, you can see that our Bank is taking those sustainable and steady “baby steps” that will lead to “giant strides”. And above all, the “giant strides” are bound to happen very soon.

Strategy

In April 2017, the entire Board held a two day strategy retreat where we reviewed the performance of the Bank over the first five years of its existence. Building upon the existing attainment, a new direction for the next five years was crafted for the Bank. The new Five-year Strategy was designed to help the Bank transform and affirm its position as “the clear leader in ethical banking in Nigeria and Sub-Saharan Africa”. In more specific terms, the Bank shall focus on driving the required transformation that will deliver on the following strategic objectives:

- Aggressive (year-on-year) deposit growth from 2018 to 2022

- Transform into the preferred bank for the Millennial
 - Become a prolific user of modern Information Technology
 - Build enduring trust with all Stakeholders; Shareholders, Customers and Employees etc.
 - Consolidate position as the leading Non-Interest (Islamic Bank) in Nigeria
 - Successfully expand into major African Markets

Board Developments

As our Bank continues to transform, so too the Board. As part of its sustainable growth plans, Abdulfattah Olanrewaju Amoo was nominated as Executive Director, Operations and Chief Financial Officer in November 2017 and I am pleased to welcome his wealth of experience to the Board as you approve his appointment.

We made a number of important changes to the composition and working of the Board Committees in 2017 towards greater performance. While I, on behalf of the Shareholders appreciate the out-going Chairmen and Members of the Committees for their immense contributions to the Bank over the years, I will like to welcome the new leadership and count on them to bring in new perspectives to the activities of the Committees.

We note the increasing demands placed on our Non-Executive Directors, particularly the growing workloads of those who chair or are members of our Board Committees. We need to consider the requirements of these roles, both as we make new appointments and when we review Non-Executive Director remuneration in future years.

Our people

The success of our business derives from our values, our unique business model, our financial strength and above all, the extraordinary depth of talent we have across the Bank. I would like to place on record the Board's recognition of their contribution in 2017.

Dividend

Although the Board of Directors desired to pay dividend to Shareholders, but it has so far been constrained by regulatory policy restrictions on payment of dividend issued by the Central Bank. Notwithstanding, we are working extensively with the Management to make dividend declaration possible by next year.

Thank you

Dr. Umaru A. Mutallab, CON (Chairman)

CHIEF EXECUTIVE OFFICER'S REPORT

In my report to Shareholders last year, I made mention of what we strategically needed to deliver in order for Jaiz Bank to fulfill its right potentials. So far, we have made good progress, we have started deepening our retail portfolio and are advancing in the end-to-end automation of our entire retail credit underwriting process. We have equally tackled our cost base, with the consequent reduction in our cost-income-ratio (CIR) from 93% in 2016 to 86% in 2017. Most importantly we shall not allow our achievements to make us rest on our laurels. No efforts will be spared in transforming your bank into a sustainable value creation machine.

Last year was exciting as well as challenging, exciting in the sense that the economy has managed to nudge off recession but challenging because not all economic agents have recovered back to their pre-recession purchasing power. The atmosphere truly tested the viability of our business model and has confirmed its resilience even when the economy is down or during recovery.

Performance Review

Before I talk about the future, let me take a look back at what we have done over the last 12 months. Our financial performance is not yet where we want it to be and do not reflect the earnings capability we believe we possess. However, looking at our operating environment vis a vis the performance highlight below, one can say that we did not had a bad outing overall because of the double digit growth across our major performance indices.

- Increase in the Balance Sheet size by 32% i.e. from N66.05 billion in December 2016 to N87.3billion in December 2017.
- Increase in Income-Generating Assets by more than 36% from December 2016 (N35.325billion) to December 2017 (N48.254billion).
- Customer Deposits grew by about 35% i.e. rising from N50.284billion as at December 2016 to N68.115billion as at December 2017. This is an indication of growing customer confidence in Non-interest banking in general and in Jaiz Bank specifically.

- Gross Revenue has significantly increased from N4.891 billion in 2016 to N6.315 billion in 2017.
- Profit Before Taxation for the period leaped by more than 160% from December 2016 (N343 million) to December 2017 (N894 million).
- There was a jump of about 73% in Profit After Tax from N311 million in 2016 to N537 million in 2017

Having worked hard to secure our foundations, we are now poised to focus on realising our earnings potentials. We will do this by fully re-engaging with our stakeholders – investors, customers, regulators, employees and local communities. To do this effectively, we shall continue to improve on our productivity and investment in our people and systems.

Deferred Tax

This phenomenon simply acknowledges the accounting differences in timing between when the tax was recognized in the Bank's financial statements relative to when the tax is effective via the tax assessment. One of the most common causes of deferred tax liabilities comes from varying asset depreciation schedules. As at 2016 year end, the Bank had an accumulation of N1.77billion in deferred tax assets. Detailed assessment of the deferred tax assets in 2017 revealed that most of it is not claimable any longer as tax benefit, as such ought to have wound down much earlier into Profit or Loss Account of the Bank. Our Tax Consultants and Statutory Auditors jointly endorsed our decision to prudently make a retrospective write-off of the Deferred Tax against our Retained Earnings and hence the commensurate decline in Shareholders' Funds by N1.566billion, being the amount of unclaimable Deferred Tax brought forward from 2016.

Outlook

While the intensity of some headwinds has eased it will take time to fully get the most out of the opportunities that a better environment will present. Having worked intensively over the last six years to secure our foundations we are now re-engineering our strategies to deliberately upscale our earning capabilities and to deliver safe business growth. We are now better positioned to take our position on the financial landscape in the country and the continent over the next five years.

In April 2017, the leadership of the Bank crafted out a plan to transform Jaiz Bank to become the leading Non-interest bank both at home and in Sub-Saharan Africa over the next five years. Since then we have been working hard across the business towards the strategic milestones we set out for the first year, as well as focusing on 'business as usual'. The commitment and dedication of our people is what is making me confident that our progress and success are assured

2018 needs to be the year we demonstrate we have the capacity to grow safely and sustainably. We are using a number of measures to spark progress in that regard, some of which include the automation of our retail financing business, focus on unserved markets and the financially excluded, institutional alliances, nimble workforce and effective performance tracking amongst others.

Finally, while the year 2018 will undoubtedly have its share of challenges and uncertainty, we are however highly determined to deliver on our promises.

Thank you

A handwritten signature in blue ink, appearing to read 'H. Usman', with a long horizontal flourish extending to the right.

Hassan Usman, FCA

(Managing Director/CEO)

SUSTAINABILITY REPORT 2017

Jaiz Bank plc is focused on delivering 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 through riding on the foundations of sharia and Islamic commercial and financial practices.

We seek to lead by example, by considering the direct impacts on the environment and society arising from our own business operations. We are working to be a driving force for good in the communities and natural environment in which we operate by finding ways to avoid or mitigate negative impacts whilst innovating new means to achieve positive gains.

As a NIFI (Non Interest Financial Institution) operating under Islamic financial principles, sustainability is not a choice but rather a must, because our accountability in respects of inter-human/environmental transactions is ultimately to Allah.

Our unwavering stance to continuously consider the impact of our business operations to our environment made us to implement the following during the year:

- The Bank integrates environmental and social considerations into decision making processes relating to our Business Activities to avoid, minimise or offset negative impacts.
- In addition to the shariáh compliance screening, the investment credit appraisal process also include consideration for environmental and social risks to ensure that sustainability principles are better imbibed into our operations.
- The Bank promote women’s economic empowerment through a gender inclusive workplace culture in our Business Operations and seek to provide products and services designed specifically for women through our Business Activities.
- Vendors and suppliers screening for environmental and social risks, child labour, human rights violation.
- All non-permissible income classified through shariáh screening is donated to charity for the benefit of the less privileged.
- As part of efforts to reduce travel mileage and our CO2 foot print, the bank connects with its other location via teleconferencing for performance review meetings, investment committee meetings etc.
- The Bank is opening new branches that are friendly to physically challenged customers.
- Plans are underway to deploying ATMs that are powered using alternative sources of energy (Solar).
- The bank employee’s participation in voluntary community activities.

Jaiz Bank acknowledge that we can better support environmentally and socially responsible economic development in Nigeria by joining forces rather than standing alone. We have adopted the nine sustainability Principles to drive long term sustainable growth whilst focusing on development priorities, safeguarding the environment and our people, and delivering measurable benefits to society.

Corporate Social Responsibility (CSR)

Jaiz Bank's Corporate Social Responsibility (CSR) activities are based on the Principles below. They can be classified based on the core subjects of ISO 26000 as follows.

Organizational Governance

1. Corporate Value

Jaiz Bank promotes both corporate activities and corporate citizenship activities in an integrated fashion. In corporate activities, we earnestly conduct our core business of non-interest banking, while in corporate citizenship activities we act from the standpoint of a corporate citizen. Recognizing that integrating these two aspects is what constitutes CSR activities.

2. CSR Management

We have established an independent charity and community development foundation (Jaiz Foundation) that is dedicated to promoting CSR activities. The role of the organization is to execute CSR mandates and to collaborate with other stakeholders to maximize the value of our social and environmental investments. Our team within the Corporate Communications Department is also tasked with the responsibility of raising the level of CSR activity throughout the entire Bank. The team aims to achieve this by communicating closely with all the departments that have input in the governance of social, environmental, human rights and Shariah aspects of our business. This is in addition to similar communication with those departments responsible for product development and service quality which are directly at the heart of our ethical value proposition. In each case, the CSR team provides lateral support for each department's CSR activities. The framework treats important CSR-related matters in the same way as business matters: responsible departments must make reports and proposals as necessary to the Board of Directors and to the Advisory Committee of Experts.

3. Due Diligence

As a Bank that is committed to improving people's lives, Jaiz is anxious to identify any impact from its business activities and businesses it finance on society and the environment, including potential impacts, and to take appropriate measures to counter them.

With respect to the environment, we follow the Basic Principle on the Environment, Assessment of Environmental Impact from Products and Manufacturing Processes: "When developing new products and processes, evaluate the impact on the environment in advance, during development, and periodically after commercialization. Consider the entire business cycle from the procurement of raw materials and supplies to the use and the final disposal of products to reduce the impact on the global environment."

Human rights

As a company with more than 350 employees, thousands of customers with different types of accounts as at year end and counting, we recognize the fundamental importance of respecting the basic human rights of all people.

We are focused on ensuring that all of our human resources policies and external interactions are conducted in a way that is respectful of these human rights. This is an integral part of our business strategy, and we are currently focused on ways to ensure our policies reflect these practices.

Trainings are conducted for the staff to have a good feel and understanding of human relations, and an avenue for complaints would be put in place to handle customers effectively and efficiently. So as to give both customers and staff alike good value from our outputs. It is our policy not to discriminate against anyone on the basis of gender, race, religion and belief.

Labour Practices

1. Decent work management

We ensure that staffs are provided with the needed environment to deliver on their responsibilities in all our offices. Health and safety concerns are communicated as at when necessary and consideration is given to staff based on peculiar cases to address their issues. We believe in work-life balance that is why in addition to granting maternal leave to new mothers, we also provide convenient working hours for nursing mothers in order to encourage them to breast-feed and bond with their baby(ies).

2. Remuneration, Rights and Opportunities

The remuneration of the staff is based on grade and across board and is not biased irrespective of gender, religion or tribe. All staff are treated the same and all benefits accrued them are made available to them.

All employees also have the same right in the organization and an employee relation is enhanced by the day to accommodate any grievance or issue a staff might have.

The same opportunities in terms of employment, investments and financing are accorded to various individual in the society.

The Environment

Internally the bank strategizes to have a positive impact to the environment in which it operates. This is because we want to help our customers succeed financially and also support long term economic growth and improve quality of life for everyone in the country.

The bank's greatest environmental impact would manifest in the activities of the customers it support. We also view environmental and social risk as important factors in the long term financial success of both the bank and its numerous customers.

We are putting more effort to improve our customer relationship with regards to environment in order for all of us to have a positive impact to the environment. All customer requests for financing shall be subjected to environmental impact appraisal as part of our due diligence in financing appraisal.

Fair Operating Practice

Due to the specialized nature of the services rendered by the bank which inculcates ethics and fairness, the bank ensures that all its operational practices irrespective of where it operates or whom its dealing with are fair.

Fairness, accountability and honesty are integral parts of the objectives of the bank and these are strictly adhered to. As part of fair operating practice, the bank does not finance any transaction or activity that is considered void (non-permissible) under the Islamic commercial jurisprudence. Transactions involving substances that are scientifically proven to be harmful to the human body (alcohol, tobacco, narcotics) and others such as gambling are examples.

The bank has a specialized Advisory Committee of Experts that renders advice on all transactions and dealings entered into or to be entered into by the bank based on Islamic commercial jurisprudence.

Also the bank extends training to staff on ethics and Islamic commercial jurisprudence so as to act professionally and diligently at all times in discharging their responsibilities.

Consumer Issues

The bank is passionately concerned about its customers, as they are the main reason for which it exists. Staff are trained to handle consumers in a professional manner and to ensure that all their queries are resolved to their satisfaction.

To this end, a Customer Care Center was set up to handle customer issues 24/7 in order to improve the efficiency and effectiveness of our service delivery.

Community Involvement and development

The Bank has an arm responsible for community involvement and development. This arm would provide charitable services to the communities in which we operate and the country in general. Most of these undertakings are financed with income considered as non-halal (non-permissible) to its activities. This has tremendous impact on the environment in general, and helps in creating symbiotic relationship with the Banks Stakeholders.

REPORT OF THE DIRECTORS

for the year ended 31 December 2017

The Directors present their report together with the audited financial statements and auditors' report for the year ended 31 December 2017.

1. Legal form and Principal Activity

Jaiz Bank Plc was incorporated as a public limited liability company in 2003 and obtained a regional licence to operate as a non-interest commercial bank on September, 2011. The Bank commenced operation on January 6, 2012. The Bank was issued a National Banking licence by the Central Bank of Nigeria in May 2016.

2. Financial Summary

	31 st December, 2017	31 st December, 2016
	N	N
Paid-up Share Capital	14,732,125	14,732,125
Share Premium	627,365	627,365
Risk Regulatory Reserve	2,267,029	1,360,774
Retained Earnings	(4,244,308)	(3,669,861)
Other Reserves	<u>296,937</u>	<u>93,381</u>
Shareholders' Funds	<u>13,679,148</u>	<u>13,143,784</u>

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/Advisers for the year Ended 31 December 2017

Below is the list of the Directors and Advisers of the Company during the year:

	DIRECTORS	CAPACITY	REMARKS
1.	Alhaji (Dr.) Umaru Mutallab, CON	Chairman	
2.	Hassan Usman	Managing Director/CEO	Appointed MD on May 31, 2016

3.	Mahe Mahmud Abubakar	Deputy Managing Director	
4.	AbdulFattah Olanrewaju Amoo	Executive Director Operations/CFO	Appointed on 26 th July, 2017.
4.	Alhaji (Dr.) Aminu Dantata, CON	Non-Executive Director	
5.	MallamFalalu Bello, OFR	Non-Executive Director	
6.	Alhaji (Dr.) Umaru Kwairanga	Non-Executive Director	
7.	Nafiu Baba-Ahmad	Independent Director	
8.	HRH (Engr.) Bello Muhammad Sani, OON	Non-Executive Director	
9.	Prof. TajudeenA. Adebisi	Independent Director	
10.	Alhaji Mukhtar Sani Hanga	Non-Executive Director	
11.	Alhaji Musbahu M. Bashir	Non-Executive Director	
12.	Alhaji (Dr.) Muhammadulndimi, OFR	Non-Executive Director	
13.	Dr. Mohamed Ali Chatti	Non-Executive Director	
Company Secretary/Legal Adviser		Ms. Rukayat Oziama Salaudeen	
Registered Office		No. 73, Ralph Shodeinde Street, Central Business District, Abuja	
Website		www.jaizbankplc.com	
Telephone		Tel: +234-9-04605125	
Email		info@jaizbankplc.com	
Auditors		Ahmed Zakari & Co. 22B, Oladipo Diya Crescent 2 nd Avenue Estate Ikoyi P.O.Box 54478, Falomo, Ikoyi, Lagos Tel ;01-7431279,7431280	
Registrars		African Prudential Plc (Formerly UBA Registrars Ltd.) 220B Ikorodu Road Palmgrove, Lagos Nigeria	

a. Changes on the Board

In the course of the financial year, the Board appointed Mr. AbdulFattah Olanrewaju Amoo as the Executive Director Operations/Chief Financial Officer. His appointment has been approved by the Central Bank of Nigeria and will be presented for Shareholders' approval at this meeting. His detailed Curriculum Vitae is contained in the Report.

b. Directors Retiring by Rotation

In accordance with the provisions of the Companies & Allied Matters Act, Alh. (Dr.) Umaru Abdul Mutallab, CON, Alh. (Dr.) Musbahu Mohammed Bashir and Alh. Mukhtar Danladi Sani Hanga hereby retire by rotation. However being eligible, the said Directors hereby present themselves for re-election. The profile of the directors retiring by rotation is contained at page 7 of this Report.

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

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

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

d. Directors Fees

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

e. 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 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange are stated below:

S/N	DIRECTORS	DIRECT	INDIRECT	INDIRECTLY HELD THROUGH
1	ALH. DR. UMARU ABDUL MUTALLAB, CON	4,000,000,000	N/A	N/A
2	ALH. (DR.) AMINU ALHASSAN DANTATA, CON	1,565,210,516	3,904,369,327	DANTATA INVESTMENT & SECURITIES LIMITED
3	ALHAJI (DR.) MUHAMMADU INDIMI OFR	2,733,813,044	N/A	N/A
4	PROF. TAJUDEEN A. ADEBIYI	3,083,686	N/A	N/A
5	MALLAM FALALU BELLO, MNI	5,496,750	40,000,000	M.B.S. MERCHANTS LTD
6	HRH (ENGR.) BELLO MOHAMMED SANI, OON,	12,500,000	N/A	N/A
7	NAFIU BABA-AHMED, mni	2,300,000	N/A	N/A
8	ALH. (DR.) UMARU KWAIRANGA	34,770,000	662,845,413	FINMAL FINANCE SERVICES LTD
9	ALH. MUKHTAR SANI HANGA	N/A	2,500,000,000	DANGOTE INDUSTRIES LTD

10	ALH.(DR.) MUSBAHU MUHAMMAD BASHIR	N/A	2,200,000,000	ALTANI INVESTMENT LIMITED
11	DR. MOHAMED ALI CHATTI	N/A	2,506,666,588	ISLAMIC DEVELOPMENT BANK
12	MALLAM HASSAN USMAN, FCA	1,250,000	N/A	N/A
13	MAHE MAHMUD ABUBAKAR	200,000.0	N/A	N/A
14	ABDULFATTAH O. AMOO	0	0	0

5. 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 31st December 2017 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	547	152	699	78.25%	21.75%

Gender analysis of the Board and Top Management for the year ended 31st December, 2017 is as follows:

	Male	Female	Total	Male	Female
	Number			Percentage	
Board	14	0	14	100%	0
Top Management	6	2	8	75%	25%

Total	20	2	22	90.91%	9.09%
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6. 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 2017 or the profit for the year ended on that date that have not been adequately provided for or disclosed.

7. EQUITY RANGE ANALYSIS

JAIZ BANK PLC								
RANGE ANALYSIS AS AT DECEMBER 31, 2017								
Range			No of Holders	Holder %	Holders Cum	Units	Units %	Units Cum
1	-	1,000	176	1%	176	91,189	0%	91,189
1,001	-	5,000	11,031	40%	11,207	30,267,773	0%	30,358,962
5,001	-	10,000	5,215	19%	16,422	47,324,718	0%	77,683,680
10,001	-	50,000	4,635	17%	21,057	117,260,524	0%	194,944,204
50,001	-	100,000	2,539	9%	23,596	241,910,860	1%	436,855,064
100,001	-	500,000	2,643	10%	26,239	670,297,659	2%	1,107,152,723
500,001	-	10,000,000	1,043	4%	27,282	2,367,776,346	8%	3,474,929,069
10,000,000	-	50,000,000	58	0%	27,340	1,114,672,273	4%	4,589,601,342
50,000,001	-	Above	24	0%	27,364	24,874,647,958	84%	29,464,249,300
			27,364	100%		29,464,249,300	100%	

8. SHAREHOLDERS WITH 5% UNITS AND ABOVE

S/N	Name	Holdings	%
1	MUTALLAB UMARU ABDUL	4,000,000,000	13.6%
2	DANTATA INVESTMENT & SECURITIES LIMITED	3,904,369,327	13.3%
3	INDIMI MUHAMMADU	2,733,813,044	9.3%
4	ISLAMIC DEVELOPMENT BANK	2,506,666,588	8.5%
5	DANGOTE INDUSTRIES LTD	2,500,000,000	8.5%
6	ALTANI INVESTMENT LIMITED	2,200,000,000	7.5%
7	DANTATA AMINU ALHASSAN	1,565,210,516	5.3%

9. SHAREHOLDING HISTORY

Authorized Share Capital Increase				Issued & Fully Paid Capital Increase			
Year	Units	From	To	Units	From	To	Consideration
2003	2,500,000,000	-	2,500,000,000	2,500,000,000	-	2,500,000,000	Cash
2004		-	-	-	-		
2005	-	-	-	-	-	-	
2006	13,000,000,000	2,500,000,000	13,000,000,000	-	-	-	Cash
2007	-	-	-				
2008	-	-	-	1,514,429,720	2,500,000,000	4,014,429,720	Cash
2012	-	-	-	7,732,867,330	4,014,429,720	11,829,699,720	Cash
2014	15,000,000,000	13,000,000,000	15,000,000,000	-	-	-	
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				

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

10. Donations And Sponsorship

The non-Shariah income of the Bank was donated to Charity as required.

11. Asset Values

Information relating to the Company's Assets is detailed in the Notes 12 to the Financial Statements.

12. Audit Committee

Pursuant to Section 359(3) of the Companies and Allied Matters Act, Cap C20 LFN 2004, the Company has in place an Audit Committee comprising three shareholders and three directors as follows:

Alh. Shehu Mohammed, FCA	Shareholder Representative -Chairman
Alhaji Muhammad Rabiu El-Yakub	Shareholder Representative
Alhaji Mohammed Gambo Fagge	Shareholder Representative
Mallam Falalu Bello, OFR	Non-Executive Director
Prof. Tajudeen Adebisi	Non-Executive Director
Alhaji (Dr.) Muhammadu Indimi, OFR	Non-Executive Director

The functions of the Audit Committee are as laid down in Section 359(6) of the Companies and Allied Matters Act, Cap C20 LFN 2004.

13. AUDITORS

Messrs Ahmed Zakari & Co. having indicated their willingness to continue in office will do so in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 LFN 2004.

A resolution will be proposed at the Annual General Meeting to Authorize the Directors to determine their remuneration.

BY ORDER OF THE BOARD



RUKAYAT O. SALAUDEEN
FRC/2014/NBA/00000009649
Company Secretary /Legal Adviser

Jaiz Bank Plc.
Kano House
No. 73 Ralph Shodeinde Street
Central Business District
Abuja
Federal Capital Territory

14 March, 2018

RISK MANAGEMENT REPORT

Jaiz Bank has continued to implement a comprehensive Enterprise Risk Management platform and process with effective Board and senior management oversight to identify, measure, evaluate, monitor, report and control or mitigate all material risks on a timely basis. The Bank takes an integrated 'Bank-wide' perspective of risk exposure, encompassing its individual business lines and business units with the aim of optimal protection of the wealth of its shareholders and interest of all stakeholders in line with the mandate of Non-Interest Financial Institutions (NIFIs). The mandate considers a holistic approach in ethically managing assets and liabilities including assessment of the adequacy of capital and liquidity in relation to the risk profile, market and macroeconomic conditions. The process takes into account appropriate steps to comply with Shari'ah rules and principles in all of the risk management activities.

A standard risk management framework has been established, reflected in operational manuals that closely adhere to the bank's policy regarding all the major categories of risk that the bank faces when carrying out its business. These are: Investment (Credit), Liquidity, Market (including Equity Price, Profit Rate and Foreign Exchange risk), Operational (including Fraud Risk and Information Security Risk), and Documentation & Shari'ah Non-Compliance risks.

The Risk Management Division is led by the Chief Risk Officer, reporting to the Board Risk Committee, with a dotted line to the MD/CEO. He is responsible for the establishment and maintenance of a framework geared towards the enhancement of capacity to provide greater value to shareholders/stakeholders while effectively dealing with the risks and uncertainties associated with business to protect from losses, thereby enhancing the Bank's competitive advantage. The whole risk management processes of the Bank are guided by the Central Bank of Nigeria (CBN), the Nigeria Deposit Insurance Corporation (NDIC) and other relevant regulatory authorities, the Islamic Financial Services Board (IFSB), the Accounting and Auditing Organization of Islamic Financial Institution (AAOIFI), as well as best practice.

RISK MANAGEMENT OBJECTIVES

Jaiz Bank defines risk as the internal or external uncertainty that Jaiz faces in achieving its objectives, as well as the probability that an actual return on an investment will be lower than the expected return due to the different categories of risk that are inherent in its business model or the environment. Jaiz Bank maintains the following objectives:

1. Full compliance with all Shari'ah, regulatory and legal requirements, which are reflected in all the documented frameworks and policies of the bank, specifically in the Enterprise Risk Management framework, and Investment Policy manual.
2. Developing a professional risk management culture bank-wide via a disciplined approach to risk-taking based on comprehensive bank-wide policies, processes and limits, professionally qualified staff, and ongoing technical development.
3. Investing and utilizing technology and systems that enable enterprise-wide access to information

for best practice risk management.

4. Delineation of reporting lines and segregation of control between staff that are frontline business owners and, staff processing the business mandates.
5. Ensuring the Bank's financing and investments are geared towards contribution to the real economy in an ethical manner that transcends business profits.
6. Risk related issues are taken into consideration in all business decisions. The Bank will always strive to maintain a conservative balance between risk and revenue considerations and in consonance with the import of Islamic Jurisprudence.
7. Risks are reported openly and fully to the appropriate levels once they are identified.

RISK CULTURE

- 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.
- The responsibility for risk management in the Bank is fully vested in the Board of Directors, which in turn delegates such to senior management.
- The Bank pays attention to both quantifiable and unquantifiable risks with special treatment for shari'ah non-compliance risk.
- The Bank's management promotes awareness of risk and risk management across the Bank.
- 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 country perspectives.

RISK GOVERNANCE STRUCTURE

- The **Board of Directors of the Bank (BOD)**: The BOD 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.
- The **Advisory Committee of Experts (ACE)**: The independent committee sits quarterly, 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 **Financial and Regulatory Advisory Committee of Experts (FRACE)** of the CBN.
- **Board Risk Management Committee (BRMC)**: The BRMC is a standing Board committee comprising of the Managing Director, 1 Executive Director and 3 Non-Executive Directors of the Bank that considers risk reports periodically to ensure transparency and risk control.

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

1. Statutory Board Audit Committee (BAC)
2. Board Investment Committee (BIC)
3. Board Finance & General Purpose Committee (F&GPC)
4. Board Governance/Remunerations Committee

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

1. Executive Management Committee (EXCO)
2. Operational Risk Management Committee in conjunction with the Management Committee (MANCO)
3. Asset & Liability Committee (ALCO)
4. Management Investment Committee (MIC)
5. IT Steering Committee
6. Criticized Assets Committee (CAC)

RISK APPETITE:

The Bank's risk appetite is set by the Board of Directors annually at a level that minimizes erosion of earnings or capital due to avoidable losses - including income loss from non-compliance with Shari'ah, in its overall asset and liability portfolio in the banking and trading books, or from frauds or operational inefficiencies. The Bank's appetite for risk is governed by investing in high quality risk assets measured by five Key Performance Indicators:

- I. Ratio of Non-Performing Investment (NPI) to Total Investment ;
- II. Ratio of investment loss expenses to profit returns;
- III. Ratio of investment loss provision to gross non-performing investments.
- IV. Ratio of investment income loss (Balance sheet risk) due to Shari'ah violation to total investment income.
- V. Ratio of penalty against sale based investments (Murabaha etc) to total Investment income

The broad objective is to be among the industry leaders with respect to (i) and (ii) above, and for (iii) to maintain a ratio that ensures that there are adequate provisions for all non-performing assets based on their levels of classification. In the case of (iv), due care is enshrined to make transactions Shari'ah compliant before disbursement and (v), monitoring and investment supervision mechanisms shall be strictly followed in a post-disbursement environment, up to recovery.

- Diversification targets are set for the investment portfolio and limits are also set for aggregate large exposures.

- Losses due to frauds and operational lapses are pegged at a maximum of a specified percentage of gross earnings and in any case must be lower than the industry average.
- Financial and Prudential ratio targets are pegged at a level more conservative than regulatory requirements and better than the average of benchmark banks. These include, but not limited to, liquidity ratios, deposit concentration limits, open-position limits and provisioning policies.
- Primary Shari’ah screening mechanisms are put in place in Investment Appraisal Memos (IAMs) and careful checks conducted in the pre-disbursement phase by screening contracts and invoices; due process in the purchase and sale stage; and finally, proper documentation to avoid any Shari’ah violations.
- Periodic visitation, monitoring of sale proceeds (receivables), account turnover monitoring and vigilance in the maturity diary is exercised by relationship management as well as supervised by risk officers to avoid past dues in sale transactions which are prone to investment income loss. Penalties have to be strictly realized from customers without any favor unless the reason for lateness is not willful.
- The Bank aims at minimizing the following independent indicators of excessive appetite for risk:
 - I. Exception reporting by internal control officers, auditors, shari’ah auditors, regulators and external rating agencies.
 - II. Adverse publicity in both local and international press.
 - III. Frequent litigations.
 - IV. Payment of fines and other regulatory penalties.
 - V. Above average level of staff and customer attrition.

RISK MANAGEMENT PROCESS

The bank has standardized risk management policies Bank-wide in agreement with Shari’ah principles which give a clear and consistent direction for the creation of risk exposures across all asset creating business units.

The bank has continued to maintain momentum towards achieving optimal risk management policies, practices and procedures, pursuing the following key objectives: Continuous improvement in investment and risk management practices, escalating monitoring and collections, recoveries and settlement of outstanding debts to bring about resilient asset quality in face of increased challenges in its markets

A provision for a comprehensive guide and framework in creating and managing risk assets is in place; this ensures prompt identification of problems through risk management and prudent management when there is a decline in risk asset quality.

A sound process is in place for executing all elements of risk management including risk identification, measurement, mitigation, monitoring and reporting of individual exposures and the overall risk asset portfolio.

When asset quality declines, a system of adequate controls over investment collection & recovery, with appropriate checks and balances, is in place.

A framework is in place to manage the Bank's risk management policies and processes, including an income smoothing plan to manage Displaced Commercial Risk (DCR) by smoothing the profits payout to Investment Account Holders (IAH) through the Profit Equalization Reserve (PER) and the Investment Risk Reserve (IRR).

The quality and timeliness of risk reporting to regulatory authorities and provision of additional and voluntary information needed to identify emerging problems possibly giving rise to systemic risk issues, is enshrined.

Appropriate and timely disclosure of information to Investment Account Holders (IAH) is maintained so that the investors are able to assess the potential risks and rewards of their investments and to protect their interest in their decision making process.

COMPOSITION OF THE RISK MANAGEMENT DIVISION

The Risk Management Division of the bank is broadly arranged into the following units -

- Investment (Credit) Risk Unit,
- Investment Monitoring Unit
- Market and Liquidity Risk Unit
- Documentation and Other Unique Risks Unit (including Shari'ah Non-Compliance)
- Operational Risk Unit

INVESTMENT (CREDIT) RISK MANAGEMENT - **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 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 leasing-to-own in Ijarah wa Iqtina' (iii) Investing in business performance on PLS (profit & loss sharing) in the Musharakah and Mudarabah contracts. Credit risk can also arise as a result of the crystallization of any off-balance sheet transaction.

PECULIARITY OF CREDIT RISK EVENTS

1. The role of the Bank can be that of financier, supplier, Muḍarib (fund manager to Investment Account Holders) and Musharakah partners (customers). 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.
2. 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.

3. The Bank also considers other types of risks that give rise to credit risk. For example, during the contract 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.
4. Adequate collateral with minimum coverage 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.
5. In case of default in certain cases, the Bank does not impose a penalty except in the case of deliberate procrastination, thus increasing the probability of default. As a matter of fact, 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.

The Bank's Credit Risk unit verifies and manages 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 their (risk) manifestation in compliance with the Shari'ah contracts' specific risk as per best practice.

INVESTMENT RISK PORTFOLIO PERFORMANCE

(ii) Impairment by Products (IFRS)

	<u>Murabaha</u>	<u>Musharaka</u>	<u>Qard Has san</u>	<u>Istis ina</u>	<u>Ijara</u>	<u>Other</u>	<u>Total</u>
	N '000	N '000	N '000	N '000	N '000	Assets N '000	N '000
Balance at 1 January	129,079	8,296	-	123,889	98,577	62,271	422,112
Re-cla sification/ Provi sion no Longer Re quired	(28,431)	-	(8,296)	-	(118,106)	(73,336)	(249,490)
Impairment for current year	357,629	-	-	30,164	1,835	-	389,628
Balance at 31 Decem ber	458,277	-	-	35,948	27,076	40,950	562,251
Notes	7	6	10	8	9	15	

(ii) Provision by Products (CBN)

	<u>Murabaha</u>	<u>Musharaka</u>	<u>Qard Has san</u>	<u>Istis ina</u>	<u>Ijara</u>	<u>Other</u>	<u>Total</u>
	N '000	N '000	N '000	N '000	N '000	Assets N '000	N '000
Balance at 1 January	819,591	24,000	2,554	287,372	587,099	62,271	1,782,887
Re-cla sification/ Provi sion no Longer Re quired	(0)	-	(1)	(43,771)	(271,589)	(21,321)	(336,682)
Impairment for current year	1,199,766	0	428	21,886	160,994	-	1,383,074
Balance at 31 Decem ber	2,019,357	24,000	2,982	265,486	476,504	40,950	2,829,279

(iv) Impairment by Type

	<u>Murabaha</u>	<u>Musharaka</u>	<u>Qard Has san</u>	<u>Istis ina</u>	<u>Ijara</u>	<u>Other</u>	<u>Total</u>
	N '000	N '000	N '000	N '000	N '000	Assets N '000	N '000
General Impairment	427,687	24,000	2,982	27,217	258,870	40,950	781,705
Specific Impairment	1,591,670	-	0	238,269	217,635	-	2,047,574
Balance at 31 Decem ber	2,019,357	24,000	2,982	265,486	476,504	40,950	2,829,279

(v) Investment Classification (IFRS)

	<u>Murabaha</u>	<u>Musharaka</u>	<u>Qard Has san</u>	<u>Istis ina</u>	<u>Ijara</u>	<u>Total</u>
	N '000	N '000	N '000	N '000	N '000	N '000
Performing	21,892,985	1,200,000	149,082	1,324,910	12,931,241	37,498,218
Non-performing	2,823,169	-	-	274,213	251,143	3,348,526
Balance at 31 Decem ber	24,716,154	1,200,000	149,082	1,599,123	13,182,385	40,846,744

(v) Investment Clas sification (CBN)

	<u>Murabaha</u>	<u>Musharaka</u>	<u>Qard Has san</u>	<u>Istis ina</u>	<u>Ijara</u>	<u>Total</u>
	N '000	N '000	N '000	N '000	N '000	N '000
Performing	21,384,306	1,200,000	149,082	1,360,855	12,943,476	37,037,720
Non-performing	3,331,847	-	0	238,268	238,908	3,809,024
At 31 Decem ber	24,716,154	1,200,000	149,082	1,599,123	13,182,385	40,846,744

41 FINANCING ANALYSIS

(i) By Performance

	2017	2016
	N'000	N'000
Performing	36,407,773	32,872,950
Non Performing:		
Substandard	2,363,136	329,523
Doubtful	503,950	1,663,055
Lost	1,571,885	491,421
	<u>40,846,744</u>	<u>35,356,949</u>

(ii) By Security

	2017	2016
	N'000	N'000
All Asset Debenture	652,459	650,466
Corporate Guarantee	957,774	296,748
Personal Guarantees	603,717	121,462
Pledge of Asset/Lien of Assets	4,460,713	961,370
Deposit of Title Deeds	15,669	22,138
Legal Mortgage	24,692,466	23,731,044
Equitable Mortgage	3,484,533	2,482,660
Salary Domiciliation/ lien of Assets	4,658,336	5,898,085
Post Dated Cheques	56,573	121,214
Clean/Staff Qard Hassan	149,081	127,674
Hyphotication of Goods	9,381	319,210
Simple Deposit of Title	368,184	0
Irrevocable Standing Payment Order/Letter of comfort	143,326	417,261
Domiciliation of Contract proceeds	594,531	207,617
	<u>40,846,744</u>	<u>35,356,949</u>

(iii) By Location

	2017	2016
	N'000	N'000
Head Office	2,168,557	3,097,657
Abuja	12,502,854	12,843,311
Kano	4,603,512	2,837,567
Kaduna	3,221,391	3,494,634
Gombe	272,233	305,857
Maiduguri	102,349	46,104
Kano 2	4,110,023	3,081,886
Katsina	2,094,825	2,103,641
NASS	912,884	1,378,572
Wuse	3,302,092	3,004,629
Gusau	735,589	869,243
ATBU	5,096	27,822
Sokoto	274,778	269,820
Zoo Road	2,430,239	345,574
Kabuga- Kano	62,629	48,172
NNPC	722,278	377,642
Bauchi	116,254	51,470
Yola	54,308	219,579
Kaduna 2	78,973	41,559
Bannex	126,255	75,885
Ikeja	1,532,828	521,225
Ibadan	12,075	633
Ilorin	243,152	161,557
Port Harcourt	47,605	
Gwarimpa	191,430	9,860
Samaru	517,295	15,376
Hotoro	69,193	
Kebbi	9,935	
Apapa	20,372	
Marina	63,992	
Lokoja	92,667	
Staff Qard	149,081	127,674
	<u>40,846,744</u>	<u>35,356,949</u>

Jaiz Bank Plc.

Kano House, 73 Ralph Shodeinde,
Central Business District P.M.B. 31 Garki Abuja, Nigeria.

<i>(iv) By Product</i>	2017	2016
	N'000	N'000
Murabaha Corporate	11,762,743	8,400,925
Ijarah Wa Iqtina Corporate	6,081,025	6,903,069
Musharakah	1,200,000	1,200,000
Qard Hassan	149,081	127,674
Murabaha Household Appliance	192,057	123,236
Murabaha Auto Finance	1,212,861	1,482,140
Ijarah Auto Finance	58,078	34,047
Ijarah Home Finance	6,179,221	6,389,371
Ijarah Service	864,060	1,033,604
Murabaha Retail/Gen.	11,548,493	8,563,130
Istisna	1,599,124	1,099,753
	<u>40,846,744</u>	<u>35,356,949</u>
<i>(v) By Sector</i>	2017	2016
	N'000	N'000
Agriculture	2,658,480	3,114,030
Real estate	7,754,943	8,519,238
Manufacturing	1,486,216	451,241
Education	1,006,059	1,181,951
Wholesale trading	0	-
Construction	2,881,414	2,530,782
Human Health and Social Work Activities	2,275	2,841
Information technology	298,975	335,809
General	9,286,201	7,859,450
Oil and Gas	9,653,484	4,273,764
Retail	5,720,215	6,282,339
Public Utilities	0	1,025
Transport	98,480	804,479
	<u>40,846,744</u>	<u>35,356,949</u>
<i>(vi) By Category</i>	2017	2016
	N'000	N'000
Corporate	30,825,060	25,263,819
Retail	10,021,684	10,093,130
	<u>40,846,744</u>	<u>35,356,949</u>
<i>(vii) By Age</i>	2017	2016
	N'000	N'000
0 - 30 days	4,673,853	3,250,689
31 - 60 days	1,532,104	1,593,063
61 - 90 days	5,806,225	661,103
91 - 180 days	6,783,688	5,307,081
180 - 360 days	6,215,379	3,346,299
Over 30 days	15,835,495	21,198,714
	<u>40,846,744</u>	<u>35,356,949</u>

MARKET AND LIQUIDITY RISK -

The Market & Liquidity Risk unit monitors disciplined risk taking within a frame work 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 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. The Bank has also developed a policy on income smoothing plan through a Profit Equalization Reserve (PER) to treat the interest of shareholders and IAHs, as well as approved the setting up of an Investment Risk Reserve (IRR) exclusively to subsidize potential future losses.

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 obligation at excessive cost. This risk arises from mis-matches 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, where available. The Bank, as the sole full-fledged NIFI and in conjunction with other window-NIFIs and the regulators, is working on the development of additional compliant instruments. the bank has set its liquidity ratio at 3% above the regulatory limit, and its investment to deposit ratio at 5% below the regulatory limit.

RATE OF RETURN RISK –

A greater portion of investment funds raised by NIFIs is based on the *Mudarabah* contract, which is a partnership between 'work' and 'capital' in which the capital provider (*Rabb-ul-Mal*) is exposed to losses of their capital, while the provider of work (*Mudarib*) is exposed to losing its time and effort. The contract thus involves profit-sharing for both partners and loss-bearing for the provider of capital. Under the *Mudarabah* contract, the IAHs agree to participate as *Rabb-ul-Mal* in the financial activities undertaken by the NIFI as *Mudarib*, and to share the profits generated from financing and investment activities based on a contractually predetermined profit-sharing ratio.

As capital owners, IAHs are liable to bear the losses arising from the assets funded by their deposits, except in the case of fraud, misconduct, negligence, or breach of contracted terms and conditions by the NIFI.

Under the *Mudarabah* contract, the IAHs therefore bear the commercial risk associated with the investment financed by the funds provided by them. Concurrently, the Bank is responsible for managing the investment of assets and is under a fiduciary obligation to safeguard the interests of the IAHs through the establishment of sound and prudent policies in the management of the investments funded by IAHs. However, NIFIs are faced with a number of limitations while managing funds provided by the IAHs.

Some progress has been achieved in the availability of a *Shariah*-compliant lender-of-last-resort facility that is provided by the Central Bank/monetary authorities (the CBN Non-Interest Note). Equally important is the limited coverage of the Nigerian Deposit Insurance Scheme for Profit-Sharing Investment Accounts (PSIA). The Federal Government issued the 1st sovereign Sukuk in the 4th quarter of 2017, which has greatly aided the bank in placing its idle funds in a shari'ah-compliant instrument. The bank actively anticipates the development of an active secondary capital market to serve as additional window for managing liquidity.

The unavailability or limited supply of the aforementioned instruments or market mechanisms in many jurisdictions impacts on a NIFI's liquidity management and leaves a huge idle fund which generates no income. This may result, at times, in the returns earned on its IAH funds being uncompetitive compared to those being offered by its competitors. This leads to the *Rate of Return Risk*, which is a particular problem with respect to funds of Unrestricted Investment Account Holders (UIAH), who typically may withdraw their funds at short notice subject to loss of profit share. In such a scenario, rate of return risk exposes the NIFI to *withdrawal risk* – namely, the risk that their UIAH may withdraw their funds at short notice and place them with other Banks that offer better expected or actual rates of return. If unmitigated, UIAH withdrawals can reach systemic proportions and become a cause for concern on the part of both the NIFI and supervisory authorities

Displaced Commercial Risk refers to the risk (i.e. volatility of the stream of profits) arising from assets managed on behalf of IAHs which is effectively transferred to the NIFI's own capital because the NIFI may follow the practice of forgoing part, or all of its *Mudarib's* share of the profit on such funds, and/or making a transfer to UIAHs out of the shareholders' investment profit as a *hibah* (gift), when it considers this necessary.

In the absence of smoothing mechanisms, the rate of return paid to the UIAHs may thus be “smoothed” at the expense of the profits attributable to the NIFI's shareholders.

In addition to the effects on profitability and the limitations on liquidity management, a major cause of DCR is the Rate-of-Return risk. The Rate-of-Return risk is the risk of facing a lower rate of return on assets than that currently expected by depositors from other competitors. For instance, NIFIs may have invested UIAH funds into relatively long maturity assets such as long-maturity *Murabaha* or other fixed sale products and thereby have locked in lower rates of return on assets than those currently on offer in the market. DCR results when there is pressure on the NIFI to match the market expectations of UIAHs.

CLASSES OF INVESTORS AND INVESTMENT ACCOUNTS - NIFIs have three main types of funding:

1. Equity
2. Demand deposits based on “Qard hassan” which pay no return, and are repayable in full on demand, and
3. Investment accounts which are mainly based on Mudarabah principles. Investment accounts are divided into two types: Unrestricted Investment Accounts (UIA) and Restricted Investment Accounts (RIA). In managing UIAs, a NIFI has full discretion to utilize the funds for the provision of finance and/or investments as UIAHs provide funds without specifying any restrictions as to where, how or for what purpose the funds should be invested, provided that they are *Shari’ah* compliant and are within the standards of banking prudential and due diligence guidelines.

A common practice in NIFIs is to hold UIAs on Mudarabah basis and RIAs on Wakalah basis, which is off-balance sheet by its nature and known as Wakalah Investment Deposit (WID). Qard-based current deposits which are by nature demand deposits, do not concern profit pay-outs, thus are excluded from the income smoothing group.

In principle, smoothing applies to both UIAs and shareholders’ equities, but in practice, it is generally found in connection with UIAs since they are considered a *Shari’ah*-compliant substitute for conventional deposits.

CLASSIFICATION OF SMOOTHING TECHNIQUES - As per industry practices and guidance note on the practice of smoothing the profit pay-outs to IAHS in order to mitigate withdrawal risk, NIFIs resort to various smoothing techniques, each taking different forms and therefore entailing different legal and governance consequences for the NIFI. The basic purpose of smoothing is to give better rates of payout to UIAHs in periods when assets financed from UIAH funds fail to generate competitive returns vis-à-vis competitors’ distributable return. In addition, some NIFIs are also involved in the practice of building separate reserves for covering losses on the UIAHs’ investment.

The smoothing methods used by NIFIs in various jurisdictions entail mitigation of DCR by the use of reserves. DCR occurs when NIFI effectively transfer risk (i.e. volatility of the income stream) arising from the assets managed on behalf of UIAHs to their own capital, by forgoing a part or all of (a) the *Mudarib’s* share of profit, and/or (b) the shareholders’ portion of profit in the joint investments, in order to increase the rate of return payable to UIAHs.

Methods which entail DCR without resorting to setting any reserves include the following:

- i) A NIFI may forgo or give up part or the entire *Mudarib’s* share of profit earned on UIAH funds. Normally, in this case, the contractual percentage of the *Mudarib’s* share is established at a high level, so as to provide flexibility in setting the percentage share for any particular year.
- ii) Alternatively, even when the contractual distribution of profit between the *Mudarib* and the UIAH is set at a moderate level, the directors may decide to give up a part of the profit due to the Bank to the UIAH, in order to avoid withdrawal risk.

In both cases, a NIFI may make a transfer from the shareholders' current or retained profits to the UIAH on the basis of *Hibah*. This of course requires an authorization from the general assembly in its annual meeting while at the same time; it may not require any amendment or change in the contractual relationships with the UIAH.

Methods by which DCR is mitigated by the Bank may include the following:

- Establish a reserve called a Profit Equalization Reserve (PER) by setting aside amounts from the investment profits before allocation between the shareholders and the UIAH i.e. before the calculation of the NIFI's *Mudarib* share of profits. Funds from this PER are used in bad years to supplement the return which is distributed to the UIAH.
- Maintain a reserve called an Investment Risk Reserve (IRR) by setting aside amounts from the investment profits attributable to the UIAH, after deducting the NIFI's *Mudarib*'s share of profits. The IRR can be used only to cover losses on the capital or principal of UIAH deposits. The use of the IRR mitigates withdrawal risk and reinforces the effect of the PER.

Jaiz Bank has a framework in place to adopt these two mechanisms i.e., Profit Equalization Reserve (PER) and Investment Risk Reserve (IRR) to protect both shareholders and investment depositors (UIAHs).

DOCUMENTATION AND OTHER UNIQUE RISKS -

Shari'ah Non-Compliance risk is the risk that arises from failure to comply with the rules of Shari'ah and its principles as determined by the Bank's Advisory Committee of Experts (ACE) and the Central Bank's Financial Regulatory Advisory Council of Experts (FRACE). Shari'ah compliance is critical for NIFIs' operations and such compliance requirements must permeate throughout the organization's products and activities. The Bank is strictly determined to comply with Islamic commercial jurisprudence in all its activities.

Other unique risks are exclusively associated with NIFIs which the Bank manages through effective monitoring and complying with pre- and post-disbursement modalities.

- a. **Risk of continuity of usufruct in Ijarah** since a fundamental ethical axiom in Ijarah is that "rent is a price of usufruct; it is due as long as usufruct exists".
- b. **Reputational risk** due to breach of Shari'ah compliance which may result to loss of shareholders and IAHs' confidence.
- c. **Ownership Risk** which is that risk associated with owning a property, asset or commodity especially in Murabaha and Ijarah modes.
- d. **Legal, fiduciary, regulatory and strategic risks** are also managed appropriately.

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 Operational Risk 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:

- minimize or eliminate losses attributable to operational risk
- ensure operational risk awareness and effective control of operations
- improve performance measurement and feedback
- embed early warning signals when exceptions occur.

The bank is also exposed to risks relating to its fiduciary responsibilities towards fund providers. Fiduciary risk arises from the failure to perform in accordance with explicit and implicit standards applicable to an Islamic bank's fiduciary responsibilities, leading to losses in investments or failure to safeguard the interests of the investment account holders. The appropriate mechanisms are in place to safeguard the interests of all fund providers. Where investment account holders' funds are commingled with the bank's own funds, it is ensured that the basis for asset, revenue, expense and profit allocations are established, applied and reported in a manner consistent with the bank's fiduciary responsibilities as approved by the regulatory authorities.

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

CAPITAL MANAGEMENT & BASEL II/III

Jaiz Bank Plc adopted Basel II/III in January 2014 in line with the CBN's circular dated 10th December 2013 on the implementation of Basel II/III through a 'simple' approach with respect to **Pillar I** requirements as follows:

Credit risk (Investment Risk) - Standardised Approach: This is similar to previous (Basel I) requirements whereby regulatory capital requirements are calculated by multiplying the value of the Bank's exposure by an appropriate risk weight. Under Basel II, the risk weight is determined by the credit rating of the counterparty, where available, as well as the type of exposure.

Market risk – Standardised Approach: Similarly, the Standardized Approach is used for the calculation of market risk.

Operational risk - Basic Indicator Approach: whereby regulatory capital is calculated by taking a single risk-weighted multiple (15%) of the Bank's average gross operating income.

In pursuant of the Islamic Financial Services Board (IFSB) standard No.I in addition to the above Pillar I requirements, Equity Investment risk (which we include under credit risk), Rate of Return risk including Displaced Commercial Risk (under market risk) and Shariah Non-Compliance risk (under operational risk) have been taken care of in line with the requirement of Non-Interest Financial Institutions. Under the **Pillar 2** of the Basel II requirements, the Bank has undertaken a self-assessment of its internal capital requirements - an Internal Capital Adequacy Assessment Process, or ICAAP.

The Bank makes certain disclosures on solo basis to the market to encourage market transparency and discipline. The aim is to allow market participants to assess key pieces of information on the Bank's capital, risk exposures and risk assessment process. The disclosures, which are to complement the minimum capital requirements (Pillar I) and the supervisory review process (Pillar 2), are to be made to the market for its benefit.

CAPITAL MANAGEMENT

The Bank endeavors to maintain sufficient capital resources to support its investment credit business and general business growth. Capital adequacy will be formally reviewed and approved annually while the monitoring and reporting of changes to the capital forecasts will take place quarterly. The Board will consider the need to change its capital forecasts and capital plans based on these reviews.

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 or not capital provides an appropriate buffer.

STRESS TESTING

The Bank has a Stress Testing Framework, and performs regular quarterly stress tests on its capital adequacy and liquidity position 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 stress tests are performed monthly and capital adequacy stress tests yearly. In addition, periodic ad-hoc stress tests are performed as required by the Executive Management 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 adequacy of its liquidity position and to influence strategy and medium term planning.

IMPAIRMENT TEST & IFRS 9 IMPLEMENTATION

As per the regulatory requirements, the Bank undertakes a quarterly risk asset impairment test under IAS39, conducted by an independent consultant, as reflected in the accounts.

As further directed by the CBN, the bank has engaged consultants, who have conducted a gap, and impact analysis, in readiness for the adoption of IFRS9 (Financial Instruments), effective January 2018. The required investments in people, technology and systems are being made to fully comply with the regulatory requirement for compliance. The appropriate credit models and financial policies have been developed, taking note of the peculiar requirements of the bank as a NIFI (thereby incorporating the AAOIFI guidelines for the adoption of IFRS 9), and which will be fully in place within the implementation period.



Musa Potiskum
Acting Chief Risk Officer

CORPORATE GOVERNANCE

Introduction

This section documents the Bank's Corporate Governance practices for the year ended 31 December, 2017. Maintaining good corporate governance practices is now more imperative, in view of the increased risks brought about by globalization. The Bank remains dedicated in its commitment to safeguard and increase investor value through transparent practices. We ensure on-going compliance with the requirements of the revised Code of Corporate Governance for Banks and Discount Houses in Nigeria issued by the Central Bank of Nigeria ("the CBN Code"), the Securities and Exchange Commission's Code of Corporate Governance for Public Companies as well as the Post-Listing Requirements of the Nigeria Stock Exchange.

The Bank conducts an Annual Board Appraisal covering the Board's responsibilities, processes, relationships, structure and composition through an independent consultant. Messrs. Nextzon Business Services Ltd were engaged to conduct the Annual Board Appraisal for the financial year ended 31 December, 2017. Their review and recommendations are contained in the Annual Report and would be presented to shareholders at the Annual General Meeting.

Board Structure

The Board of the Bank is made up of seasoned professionals who possess the requisite integrity, skills and experience to bring to bear independent judgment on the deliberations and decisions of the Board. The Board is a mix of Executive and Non-Executive Directors (NEDs), headed by a Chairman. The Board presently consists of 14 members made up of 11 Non-Executive Directors and 3 Executive Directors as set out below. Two of the Non-Executive Directors are Independent Directors appointed based on criteria laid down by the Central Bank of Nigeria's Guideline on Independent Directors of Banks in Nigeria. The position of the Managing Director and Chairman are held by separate persons, and their roles are clearly defined.

S/N	NAMES	DESIGNATION
1	Alh. (Dr.) Umar Abdul Mutallab	Chairman
2	Prof. Tajudeen Adepemi Adebisi	Independent Director
3	Nafiu Baba-Ahmad	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	Mall. Falalu Bello	Non-Executive Director
9	Mr. Mohamed Ali Chatti	Non-Executive Director
10	Alh. (Dr.) Umaru Kwairanga	Non-Executive Director
11	Alh. (Dr.) Muhammadu Indimi	Non-Executive Director
12	Mallam Hassan Usman	Managing Director
13	Mahe Mahmud Abubakar	Deputy Managing Director
14	Mr. AbdulFattah Olanrewaju Amoo*	Executive Director/Chief Financial Officer
	* Appointed July 2017	

Board Appointment

During the Course of 2017 financial year, Mr. AbdulFattah Olanrewaju Amoo was appointed as the Executive Director Operations & Chief Financial Officer. His appointment has been approved by the Central Bank of Nigeria and would be presented for Shareholders' approval at this meeting.

Board Responsibilities

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

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

- ❖ Defining the Bank's Strategic Plans and Objectives.
- ❖ Ensuring integrity of financial reports.
- ❖ Approval of major changes to the Bank's accounting policies.
- ❖ Appointment and removal of Directors and the Company Secretary.
- ❖ Approval of charter and membership of Board Committees.
- ❖ Establishing effective internal control systems.
- ❖ Instilling a culture of compliance with rules and regulations.
- ❖ Formulating risk policies.
- ❖ Approval of quarterly, half yearly and full year financial statements.
- ❖ Ensuring planned Management succession.
- ❖ Effective communication with shareholders.
- ❖ Performance appraisal and compensation of Board members and Senior Executives.

Director's Appointment Process, Induction and Training

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

In line with best practice, a personalized induction programme on the Bank's operational processes and expected duties and responsibilities was conducted for the new member of the Board in November 2017. The member also received an induction pack which comprises of the Board's charter, charter of the various Board Committees, significant reports, memorandum and articles of association of the Bank, Board/Board Committee resolutions, important legislations/policies and a calendar of Board activities.

The Board ensures that members are trained on issues relating to their oversight functions. Directors are required to partake in periodic relevant continuing professional development programmes to update their knowledge and skills to keep them abreast of new developments in the industry and operating environment. The table below provides the details of continuous education training programmes undertaken by directors in 2017.

S/N	NAMES OF DIRECTOR	TRAINING	ORGANISER	LOCATION	DATE
1	Nafiu Baba-Ahmed	Islamic Finance: Investing Tools for the Banking Future	Islamic Economics Institute	Jeddah	23 rd -26 th January 2017
2	HRH Engr Bello Muhammad Sani	Islamic Finance: Investing Tools for the Banking Future CBN/FITC Continuous Education Training Programme for Directors	Islamic Economics Institute FITC	Jeddah Lagos	23 rd -26 th January 2017 19 th -20 th September, 2017
3	Dr. Mohamed Ali Chatti	Financial Risk Management Workshop	Convertas Management Consultant	Dubai	July 9 th -July 13 th . 2017
4	Mall. Falalu Bello	CBN/FITC Continuous Education Training Programme for Directors	FITC	Lagos	19 th -20 th September, 2017
5	Alh. (Dr.) Musbahu Muhammed Bashir	CBN/FITC Continuous Education Training Programme for Directors	FITC	Lagos	19 th -20 th September, 2017
6	Mahe Mahmud Abubakar	CBN/FITC Continuous Education Training Programme for Directors	FITC	Lagos	19 th -20 th September, 2017
7.	All Board Members	Risk Management in Islamic Financial Institutions	IRTI	Jeddah, Saudi Arabia	April 29- May 1, 2017

8.	All Board Members	Training on AML/CFT	Data Pro	In-plant	December 13, 2017
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The Board also held a Strategy Retreat session at Jeddah where it reviewed and approved the Bank's Strategic objectives for the next five (5) years, as well as its mission and vision statements.

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. 10 (10) years.

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

Board Meetings

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

Attendance of Meetings

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

The table below is the record of attendance for the Board of Directors meetings for the 2017 financial year. It is noteworthy that two (2) of the meetings were emergency meetings:

S/N	Names of Directors	Jan 11	Feb 8	March 9	May 23	July 26	Oct 25	Dec 13
1.	Alhaji (Dr.) Umaru Mutallab, CON	√	√	√	√	√	√	√
2.	Hassan Usman	√	√	√	√	√	√	√
3.	Mahe Abubakar Mahmud	√	√	√	√	√	√	√
4.	AbdulFattah O. Amoo *	-	-	-	-	-	-	√
5.	Alhaji (Dr.) Aminu Dantata, CON	√	√	√	√	√	√	√

6.	Mallam Falalu Bello, OFR	√	√	√	√	√	√	√
7.	Alhaji (Dr.) Umaru Kwairanga	√	√	√	√	√	√	√
8.	Nafiu Baba-Ahmad, mni.	√	√	√	√	√	√	√
9.	Dr. Mohamed Ali Chatti	√	√	X	√	√	X	√
10.	Alhaji (Dr.) Muhammadu Indimi, OFR	√	√	√	√	√	√	√
11.	HRH (Engr.) Bello Muhammad Sani, OON	√	√	√	√	√	√	√
12.	Prof. Tajudeen Adebisi	√	√	√	√	√	√	√
13.	Alhaji Mukhtar Sani Hanga	√	√	√	√	√	√	√
14.	Alhaji Musbahu M. Bashir	X	√	√	√	√	√	√

* Appointed July 2017 and assumed duty on November 6, 2017.

Board Committees

The Board has established various Committees with well-defined Terms of Reference defining their scope of responsibilities. The Committees meet quarterly but may hold additional meetings as the need arises. In line with best practice, the Board reconstituted the membership of the respective Committees and created a Board Audit Committee at its meeting of October, 2017. 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 six (6) members drawn from among the shareholders and the Board.

Board Governance Remunerations & Nominations Committee

Membership

1. Alh. (Dr.) Muhammadu Indimi (Chairman)
2. Alh Mukhtar S. Hanga
3. Alh. (Dr.) Aminu A. Dantata
4. Nafiu Baba Ahmad
5. Alh. (Dr.) Musbahu M. Bashir

The Committee's major responsibilities include:

- ❖ 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 met three (3) times during the 2017 financial year.

Committee Meeting Attendance

Names of Directors	30 th March	10 th July	22 nd Nov
HRH Engr. Bello Muhammad Sani	√	√	No longer a member
Alh. (Dr.) Aminu A. Dantata	√	-	√
Nafiu Baba-Ahmad	√	√	√
Alh. Mukhtar S. Hanga	√	√	√
Prof. Tajudeen A. Adebisi	√	√	No longer a member
Alh. (Dr.) Muhammadu Indimi	Not yet appointed	Not yet appointed	√
Alh. (Dr.) Musbahu M. Bashir	Not yet appointed	Not yet appointed	√

Board Investment Committee (BIC)

Membership

1. Alh (Dr.) Musbahu M. Bashir (Chairman)
2. Alh (Dr.) Umaru Kwairanga
3. Prof. Tajudeen A. Adebisi
4. HRH Engr. Bello Muhammad Sani
5. Hassan Usman (Managing Director)
6. Mahe Mahmud Abubakar (Deputy Managing Director)

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 met six (6) times during the 2017 financial year.

BIC Meeting Attendance

Names of Directors	7 th March	13 th April	14 th June	16 th Aug	18 th Oct	4 th Dec
Mall. Falalu Bello	√	√	√	√	√	No longer a member
Alh. (Dr.) Aminu A. Dantata	-	-	√	√	√	No longer a member
Alh (Dr.) Musbahu M. Bashir	√	√	√	√	√	√
Hassan Usman	√	√	√	√	√	√
Alh. (Dr.) Umaru Kwairanga	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	√
Prof. Tajudeen A. Adebisi	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	√
HRH Engr. Bello Muhammad Sani	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	√
Mahe Mahmud Abubakar	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	√

Board Risk Management Committee (BRMC)

Membership

1. Mall. Falalu Bello (Chairman)
2. Alh. (Dr.) Muhammadu Indimi
3. Alh. Mukhtar S. Hanga
4. Hassan Usman (Managing Director)
5. Mahe Abubakar Mahmud (Deputy Managing Director)
6. AbdulFattah O. Amoo (Executive Director)

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 met five (5) times during the 2017 financial year.

BRMC Meeting Attendance

Names of Directors	8 th March	20 th April	11 th July	11 th Oct	6 th Dec
Nafiu Baba-Ahmad	√	√	√	√	No longer a member
HRH Engr. Bello Muhammad Sani	√	√	√	√	No longer a member
Alh. (Dr.) Umaru Kwairanga	√	-	√	√	No longer a member
Mall. Falalu Belo	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	√
Alh. (Dr.) Muhammadu Indimi	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	√
Alh. Mukhtar S. Hanga	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	√

Hassan Usman	√	√	√	√	√
Mahe Mahmud Abubakar	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	√
AbdulFattah O. Amoo	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	√

Board Finance & General Purpose Committee (BFGPC)

Membership

1. HRH Engr. Bello Muhammad Sani
2. (Chairman)
3. Alh (Dr.) Umaru Kwairanga
4. Mall Falalu Bello
5. Alh (Dr.) Aminu A. Dantata
6. Nafiu Baba-Ahmad
7. Hassan Usman (Managing Director)

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 met five (5) times during the 2017 financial year.

BFGPC Meeting Attendance

Names of Directors	March 8	April 18	July 12	Oct 10	Dec 6
Alh. (Dr.) Umaru Kwairanga	√	√	√	√	√
Alh. (Dr.) Musbahu Bashir	√	√	√	√	No longer a member
Alh. (Dr.) Muhammadu Indimi	√	√	√	√	No longer a member

Alh. Mukhtar Sani Hanga	√	√	√	√	No longer a member
HRH Engr. Bello Muhammad Sani	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	√
Mall. Falalu Bello	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	√
Alh. (Dr.) Aminu A. Dantata	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	√
Nafiu Baba-Ahmad	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	√
Hassan Usman	Not yet appointed	Not yet appointed	Not yet appointed	Not yet appointed	√

Board Audit Committee

Membership

1. Prof. Tajudeen A. Adebisi (Chairman)
2. Alh. (Dr.) Umaru Kwairanga
3. Alh. (Dr.) Muhammadu Indimi

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.

Statutory Audit Committee

Membership	Terms of Reference
Alh. Shehu Mohammed, FCA (Chairman/Shareholder) Alh. Muhammad Rabiu El-Yakub (Shareholder) Alh. Mohammed Gambo Fagge (Shareholder) Mallam Falalu Bello, OFR (Non-Executive Director) Professor Tajudeen Adebisi (Non-Executive Director) Alhaji (Dr.) Muhammadu Indimi (Non-Executive Director)	The Committee is saddled with the following responsibilities amongst others: <ul style="list-style-type: none"> ❖ 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 met four times in 2017 and the record of attendance is provided below:

Name	8 March	20 April	13 July	16 October
Alh. Idirs O. Sulaiman	-	-	Not re-elected	NA
Alh. Shehu Mohammed, FCA	Not yet elected	Not yet elected	√	√
Alh. Muhammad Rabiu El-Yakub	√	√	√	√
Alh. Mohammed Gambo Fagge	√	√	√	√
Mall. Falalu Bello	√	√	√	√
Prof. Tajudeen A. Adebisi	√	√	√	√
Alh. (Dr.) Muhammadu Indimi	√	√	√	√

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 Management Committee (MANCO), Assets and Liability Committee (ALCO), Management Investment Committee (MIC); Branch Development Committee; Procurement Committee; IT Steering Committee; Disciplinary Committee; Criticized Asset Committee (CAC), and Operations 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	INDIVIDUAL	26,635	9,281,798,762
2	STATE GOVERNMENT	16	2,598,745,239
3	LOCAL GOVERNMENT	105	797,293,550
3	CORPORATE	238	13,807,623,970
4	JOINT	162	74,112,319
5	INSTITUTION	196	395,088,872
6	FOREIGN	13	2,509,586,588
	TOTAL	27,365	29,464,249,300

Sustainability Banking

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

Code of Ethics

The Bank has an Ethical Conduct and Integrity Policy in place and all employees are required to abide by it. All employees are expected to maintain high ethical standards in all aspect of their

professional life. The Policy also provides sample offences and appropriate disciplinary measures to be adopted.

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

Dealing in Company Securities and price sensitive information

The Bank has adopted a policy on insider trading and market abuse regarding all transactions in the Bank's securities which is applicable to its Directors, Officers, employees, contractors and consultants who have access to material public information. In line with the policy, affected persons are prohibited from trading on the Bank's security during a closed period.

Whistle Blowing Procedure

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

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

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

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

ii. Remuneration to Executive Directors,

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

Contingency Planning Framework

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

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

Shareholders' interest

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

The Bank has an Investor Relations Unit, which deals with communications among the Bank; the shareholders; as well as the capital market. The Bank also has an Investor Relations Portal on its

website where the Bank's annual reports and accounts and other relevant information are made accessible to its shareholders. The Bank has a dedicated email address through which shareholders and prospective investors can channel their enquiries for prompt response. The email address is investorrelations@jaizbankplc.com.

Communication Policy

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

Advisory Committee of Experts (ACE)

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

Internal Control

Various aspects of the internal control of the bank are the responsibilities of key officers. The Internal Auditor, 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.

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.

Customer' Complaints Report for the Year Ended December 31, 2017

The Bank complied with the provision of the CBN Circular on handling customer complaints. Various channels such as, 24 hour contact centre; customer service desks and contacts through the Bank's website have been provided to facilitate seamless complaint and feedback process.

The report below details the customer complaints for the Year ended December 31, 2017.

NAIRA		NUMBER		AMOUNT CLAIMED (NAIRA)		AMOUNT REFUNDED (NAIRA)	
S/N	DESCRIPTION	2017	2016	2017	2016	2017	2016
1	Pending Complaints B/F	-	-	-	-	-	-
2	Received Complaints	7,549	6,066	3,799,823	9,261,406	-	-
3	Resolved Complaints	7,435	6,008	3,620,023	7,806,401	2,464,223	1,599,271
4	Unresolved Complaints Escalated to CBN for Intervention	-	-	-	-	-	-
5	Unresolved Complaints Pending with the Bank C/F	114	58	179,800	1,455,005	-	-



February 20, 2018

Chairman Board of Directors
Jaiz Bank Plc.
Kano House, 75 Ralph Shodeinde Street
Central Business District
Abuja.

Dear Sir,

RE: CORPORATE GOVERNANCE PERFORMANCE REVIEW 2017

The above subject matter refers.

This is to certify that we have concluded the 2017 Corporate Governance performance review exercise for Jaiz Bank Plc, wherein governance and control areas were reviewed and appraised using the Central Bank of Nigeria (CBN) revised Code of Corporate Governance for Banks and Discount Houses issued in May 2014 as benchmark. From our independent assessment, the Bank achieved full compliance on over 94% of the principles defined by the CBN in the industry code of corporate governance.

Our evaluation identified a few gaps in the following areas:

- Quantum of public sector ownership in the equity of the Bank.
- Board and Board Committees attendance.

On the basis of the above, we advise that the Board focuses its attention this financial year on implementing the recommendations contained in our report.

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

Yours faithfully

For: NEXTZON BUSINESS SERVICES LIMITED


Mac Atasi
Managing Director/CEO

January 31, 2018

**ANNUAL REPORT ON CODE OF CORPORATE GOVERNANCE REPORT
AND WHISTLE BLOWING GUIDELINES**

With reference to section 5.2.8 of the Code of Corporate Governance for Banks and Discount Houses in Nigeria and Section 4.11 of the Whistle Blowing Guidelines issued by the Central Bank of Nigeria (CBN), I write to confirm that no breach of Corporate Governance Code was observed in 2017 and there was no receipt of Whistle Blowing compliant during the year.


Ahmed Alhaji Hassan
FRC/2013/ICAN/00000004528
Chief Compliance Officer

BOARD OF DIRECTORS:

Alh. (Dr.) Umaru Abdul Mutallab, CON - Chairman, Hassan Usman, FCA - MD/CEO, Mahe M. Abubakar - Executive Director, Alh. (Dr.) Aminu Al-Hassan Dantata CON, Prof. Tajudeen A. Adebiji, Alh. (Dr.) Muhammadu Indimi, OFR, Malam Falalu Bello, OFR, Nafiu Baba-Ahmed, mni, Dr. Mohamed Ali Chatti, Alh. Mukhtar S. Hanga, HRH (Engr.) Bello Mohammed Sani, OON, Alh. (Dr.) Muhammad Musbahu Bashir, Alh. (Dr.) Umaru Kwairanga,



STATEMENT OF DIRECTORS' RESPONSIBILITIES

Statement of Directors' responsibilities in relation to the Financial Statements for financial year ended December 31, 2017

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 (IFRS), the Financial Accounting Standards issued by AAOIFI and in the manner required by the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004, the Financial Reporting Council of Nigeria Act 2011, the Banks and Other Financial Institutions Act, CAP B3, LFN 2004, and relevant Central Bank of Nigeria (CBN) Guidelines and circulars.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the Directors determine 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 Bank's ability to continue as a going concern and have no reason to believe that the Bank will not remain a going concern in the years ahead.

Resulting from the above, the directors have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. Thus, directors continued the adoption of the going concern basis of accounting in preparing the annual financial statements.

SIGNED ON BEHALF OF THE DIRECTORS BY:



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



Abdufattah O. Amoo, FCA
Chief Financial Officer
FRC/2018/ICAN/00000017779

ADVISORY COMMITTEE OF EXPERTS (ACE) REPORT

ADVISORY COMMITTEE OF EXPERTS (ACE) REPORT ON SHARI'AH COMPLIANCE for the year ending December 31, 2017

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 the Jaiz Bank Plc during the year ending December 31, 2017. 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 regards. In performing our duties, we have received cooperation and understanding from all levels of Management in the Jaiz Bank especially the Managing Director and the Shari'ah Audit Department.

We 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 31/12/2017 were in accordance with the rules and principles of Shariah.
- b. The distribution of profits on the investment accounts were in line with the bases adopted and approved by the ACE according to the rules and principles of Islamic law.
- c. All the gains made from Haram (prohibited by Shariah rules) sources have been set aside in a separate account and/or transferred to Jaiz Foundation for charitable purposes.
- d. However, we have noticed a few mistakes in processing some of the transactions which we communicated to the management for correction. Many of these have already been regularized and some are still in the process with management promise to work on regularizing all of them.

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


And Allah knows best.

May Allah's mercy and blessings be upon you.

Date: March 2, 2018

Prof. (Dr.) Monzer Kahf

Chairman



Prof. (Dr.) M. L. Bashar

Member

Dr. M. A. Abubakar

Member

Sheik Abdulwahab A. Muhammad

Member



Dr. Ahmad Bello Dogarawa

Member



Dr. Isa Ali Ibrahim Pantami

Member

REPORT OF THE STATUTORY AUDIT COMMITTEE

Report of the Statutory Audit Committee

We have examined the Auditors' Report for the year ended 31st December 2017 in accordance with the provisions of Section 359 of the Company and Allied Matters Act Cap C20, Laws of Federation of Nigeria 2004.

In our opinion, the Auditors' Report is consistent with our view of the scope and planning of the audit. The external Auditors' Management Letter received satisfactory responses from the Management of the Bank. 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, Board Audit Committee
Abuja
March 9, 2018

Members of the Statutory Audit Committee

- | | | |
|---------------------------------------|---|----------|
| 1. Alhaji Shehu Mohammed, FCA | - | Chairman |
| 2. Alhaji Muhammad Rabiu El-Yakub | - | Member |
| 3. Alhaji Mohammed Gambo Fagge | - | Member |
| 4. Mallam Falalu Bello, OFR | - | Member |
| 5. Prof. Tajudeen Adebisi | - | Member |
| 6. Alhaji (Dr.) Muhammadu Indimi, OFR | - | Member |

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

We have audited the financial statements of Jaiz Bank Plc set out on pages 80 to 110, which comprise the statements of financial position as at 31 December 2017, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, a summary of significant accounting policies, financial summary and other explanatory information.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Jaiz Bank Plc as at 31 December 2017 and of its financial performance and cash flows for the year then ended in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011 and in accordance with the International Financial Reporting Standards, the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), the Companies and Allied Matters Act, CAP C20, LFN 2004 and the Banks and Other Financial Institutions Act, CAP B3, LFN 2004.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the financial statements section of our report. We are independent of the Bank in accordance with the Institute of Chartered Accountants of Nigeria (ICAN) professional code of conduct and guide for accountants, which is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

The key audit matters below relate to the audit of the financial statements.

Partners: Shuaibu A. Ahmed | Isma'ila M. Zakari | Tajudeen Adetokunbo Oni | Najib Imam | Wazir Olukayode Lawal

Central Office: 5th Floor, African Alliance House, F1Sani Abacha Way, P.O. Box 6500, Kano, Nigeria.

Lagos Office: 22B Oladipo Diya Crescent, 2nd Avenue Estate, Ikoyi, Lagos. P. O. Box 54478, Falomo, Ikoyi, Lagos.

Abuja Office: 2nd Floor, Akintola Williams House, Plot 2048 Michael Opara way, Wuse Zone 7, Abuja.

E-mail: info@ahmedzakari.com **Url:** www.ahmedzakari.com

Key Audit Matter	How our audit addressed the matter
<p><i>Sharia compliance product financing operations and other income:</i></p> <p>Income generated by the bank from its product financing operations are based on certain Sharia principles of which the non compliance will render such income a non compliant income and shall be due to charity. Shariah compliance is the basis for income generation and recognition for the bank.</p> <p>The bank's product and services need to be fully Sharia compliant to avoid losing income generated to charity.</p>	<ul style="list-style-type: none"> Reviewed the Bank's compliance with the Sharia principles on products financing, contracts, transactions, accounts and dealings and adherence to the pronouncements issued by the Advisory Committee of Expert (ACE). Reviewed income computation and profit distribution mechanism between the bank and investors and confirmed the basis of allocation of profit between investors and equity account holders. Reviewed the income of the Bank and ensure that those non sharia compliant income are being set aside and transferred to the charity Fund.
<p><i>IT Access and Support:</i></p> <p>Access rights to technology are provided to individuals in order to support their specific roles. These rights are important because they ensure that changes to applications and data are authorised and made in an appropriate manner. Ensuring staff only have appropriate access, and that the access is monitored, are key controls to mitigate the potential for fraud or error as a result of a change to an application or underlying data.</p> <p>All banks are highly dependent on technology due to the significant number of transactions that are processed daily. The audit approach relies extensively on automated controls and therefore procedures are designed to test access and control over IT systems. As a consequence of the control findings, the assessed risk of a material misstatement arising from access to technology was changed to significant. The audit approach was modified, with the extent of testing increased substantially to obtain the necessary evidence that a material error or fraud remained</p>	<p>Access rights were tested over the various aspects of technology relied upon for financial reporting. Specifically, the audit tested that:</p> <ul style="list-style-type: none"> New access requests for joiners were properly reviewed and authorised; Application user access rights were removed on a timely basis when an individual left or moved role; Access rights to applications were periodically monitored for appropriateness. <p>Other areas that were independently assessed included password policies, security configurations, controls over changes to applications and databases and that business users and support did not have access to change applications, the operating system or databases in the production environment. As a consequence of the findings that were identified a range of other procedures were performed;</p> <ul style="list-style-type: none"> Where possible, the extent of inappropriate access was identified and the changes made



<p>undetected.</p>	<p>with this access assessed to determine that they were appropriate.</p> <ul style="list-style-type: none"> • Automated controls in applications impacted were considered as manual, and therefore tested on multiple occasions rather than once. • Additional substantive testing was performed on the year-end balance sheet and income statement where this was deemed to be effective. • Where possible, testing was performed on other compensating controls or processes not impacted by systems. • A list of users with access to systems was obtained and manually compared to other access lists where segregation of duties was deemed to be of higher risk.
<p><i>Impairment of financing facilities:</i></p> <p>Impairment allowance of financing facilities represent management's best estimate of the impact of key assumptions on the recoverability of these facilities. This is a key judgmental area for our audit due to its subjectivity.</p> <p>Determination of impairment allowances is inherently judgmental for any bank. As a result, significant judgment is required to determine the allowance for impairment on financing facilities granted to customers. The application of the industry knowledge and prevailing economic conditions in arriving at the impairment allowance required are other key factors to be considered.</p> <p>Impairment allowances should represent management's best estimate of losses incurred on financing facilities portfolios at the balance sheet date. Management applies assumptions and judgments in estimating impairment allowances in accordance with the requirements of the International Financial Reporting Standards. The IFRS model requires that collective impairment is calculated for a</p>	<ul style="list-style-type: none"> - Reviewed policies set by management to guide and support collective and impairment calculations. Reviewed the performance of financing facilities including timely identification of impairment triggers. - Collective impairment: Selected significant portfolios and reviewed appropriateness of models and methods adopted and management's judgment. We re-computed the calculation using the impairment model of the bank to assess the accuracy of the collective impairment allowances. We also assessed the assumptions of the model against our knowledge of the industry. - Specific impairment: Assessed management's judgment on the estimation of future cashflows. Assessed basis of valuation of collaterals. Reviewed for completeness, the facilities identified by the bank with high risk factors such as magnitude and nature of the facilities and our knowledge of the specific industries and sectors. We re-computed the impairment allowances and compared with that of the



portfolio of financing facilities of a similar nature and specific impairment calculated individually for facilities of different nature, magnitude and the current level of past due facilities. The calculation of both collective and specific impairment is based on judgment in estimating the impact of current economic and credit conditions on large financing facilities portfolios and determination of an impairment event and future cash flow expectations.

The CBN however requires banks to also calculate impairment based on prudential guidelines. The impairment provisioning under CBN's prudential guidelines have persistently produced higher impairment allowances. The CBN requires that the difference between impairment allowances under prudential guidelines and IFRS is debited to retained earnings account and credited to the Regulatory risk reserve.

bank to assess the accuracy of the specific impairment allowances. Compared key data inputs to relevant sources such as collateral values compared to valuation reports, projected cash flows to historical inflows of relevant customers.

- We assessed the methodology used by the bank to compute the likelihood of facilities with different profiles moving into defaults based on our knowledge of the banks historic experience and current circumstances. Actual recoveries of facilities in default and assessed the recovery rate used in the collective impairment assessment.
- Prudential Guidelines classification: Assess financing facilities portfolio for classification in compliance with the Prudential Guidelines. Checked accuracy of resulting shortfall between IFRS impairment and Prudential Guidelines allowances and appropriate transfer to the regulatory risk reserve.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report, Corporate Governance Report, Directors Responsibility Statement, Remuneration Policy, Board Evaluation Report, the Audit Committee's Report and the Chairman's Statement. Other information does not include the financial statements and our audit report.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011 and in accordance with International Financial Reporting Standards, the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI)



and in the manner required by the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004, the Banks and Other Financial Institutions Act, CAP B3, LFN 2004, and relevant Central Bank of Nigeria circulars. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

Responsibilities of the Auditor for the financial statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional 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 fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company'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 company 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 and timing of the audit and significant. 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. In these rare circumstances, we are required to communicate these Key Audit Matters to the Financial Reporting Council of Nigeria before the conclusion of the audit in accordance with Rule 9 of the Financial Reporting Council of Nigeria.

Report on Other Legal and Regulatory Matters

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act CAP C20, LFN 2004

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit.
- ii) In our opinion proper books of account have been kept by the bank.
- iii) The Bank's statements of financial position and comprehensive income are in agreement with the books of account.



Compliance with Section 27 (2) of the Banks and Other Financial Institutions Act CAP B3, LFN 2004 and Central Bank of Nigeria circular BSD/1/2004

- i) Our examination of financing facilities was carried out in accordance with the International Financial Reporting Standards and in accordance with the Prudential Guidelines issued for Deposit Money Banks issued by the Central Bank of Nigeria.
- ii) Related party transactions and balances are disclosed in note 35 to the financial statements in accordance with the Central Bank of Nigeria Circular BSD/1/2004.
- iii) The Bank contravened the requirements of some Circulars of the Central Bank of Nigeria during the financial year. Details of these are in note 44 to the financial statements.






Tajudeen Adetokunbo Oni,
FRC/2013/ICAN/00000000749
For: Ahmed Zakari & Co.
(Chartered Accountants)
15 March 2018
Abuja, Nigeria



2017 ACCOUNTS



JAIZ BANK			
STATEMENT OF FINANCIAL POSITION			
AS AT 31 DECEMBER 2017			
		2017	2016
	Notes	N'000	N'000
Assets			
Cash and Balances with Central Bank of Nigeria	3	23,909,987	21,506,853
Due from Banks and Financial Institution	4	5,484,759	1,478,026
InterBank Murabaha	5a	-	1,000,000
Total Sukuk Investment	5b	6,068,953	1,060,252
Investment in Musharaka	6	1,200,000	1,191,704
Murabaha Recievables	7	22,677,161	16,451,245
Investment in Istisna	8	1,335,361	754,448
Investment in Ijara Asset	9	13,153,200	14,251,232
Qard Hassan	10	149,082	127,674
Investment in Assets Held for Sale	11 (i)	3,670,774	488,942
Property, Plant and Equipment	12	2,123,997	1,892,970
Leasehold Improvement	13	34,931	42,435
Intangible Assets	14	340,286	368,089
Other Assets	15	7,164,117	5,233,384
Deferred Taxation Asset	16b	-	206,573
Total Assets		87,312,609	66,053,824
Liabilities			
Customer Current Deposit	(17a)	33,706,359	24,415,544
Other Financing/AGSMEIS	18a	-	996,635
Other Liabilities	18b	5,367,886	1,552,659
Tax payable	16a	135,677	77,087
Deferred tax	16b	14,641	-
Total liabilities		39,224,563	27,041,925
Equity of Investment Account Holders			
Customers' Unrestricted Investment Accounts	(17b)	32,054,393	24,924,792
Mudaraba Term Deposit	(17c)	2,354,505	943,323
		34,408,898	25,868,115
Owners' Equity			
Share Capital	19	14,732,125	14,732,125
Share Premium	20	627,365	627,365
Retained Earnings	21	(4,244,308)	(3,669,861)
Risk Regulatory reserve	22	2,267,029	1,360,774
Statutory Reserve	22i	254,517	93,381
Agric-Business/Small and Medium Enterprises Investment Scheme	22ii	42,420	-
Total Equity		13,679,148	13,143,784
Total Equity and Liabilities		87,312,609	66,053,824
Guarantee And Other Contingent Assets & Liabilities		16,377,419	8,726,575
The accounting policies and the accompanying explanatory notes form part of these financial statements			
The financial statements were approved by the Board of Directors on March 14, 2018 and signed on its behalf by:			
Alhaji (Dr.) Umaru A. Mutallab, CON (Chairman) FRC/2013/ICAN/0000004391			
Hassan Usman, FCA (Managing Director/CEO) FRC/2013/ICAN/0000003984			
Abdulfattah O. Amoo, FCA (Chief Financial Officer) FRC/2018/ICAN/0000001779			

JAIZ BANK			
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2017			
		2017	2016
	Notes	N'000	N'000
Income:			
Income from Financing Contracts	23	6,239,808	5,289,075
Income from Investment Activities	24	703,162	188,967
Gross Income from financing transactions		6,942,970	5,478,042
Return on Equity of Investment Account Holders	25(i)	(1,397,009)	(1,181,787)
Bank's share as a Mudarib/Equity investor	25(ii)	5,545,961	4,296,255
Impairment Charges against non-performing Financing and Investment	32	(389,628)	(125,304)
Philontropic Activities	32	228,169	220,095
Net Spread after Provision		5,384,502	4,391,046
Other Income			
Fee and commission	26	748,581	364,171
Other Operating Income	27	182,022	122,440
Total Income		6,315,105	4,877,657
Expenses:			
Staff costs	29	2,337,903	1,944,405
Depreciation and Amortisation	30	522,460	531,054
Operating Expenses	31(i)	2,560,733	2,059,180
Total Expenses		5,421,097	4,534,639
Operating Profit/(Loss) Before Tax		894,008	343,018
Income Tax Expenses	16a	(356,891)	(31,745)
Profit/(Loss) for the Year after Tax		537,117	311,273
Other comprehensive income:			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		537,117	311,273
Earnings Per Share			
Basic and diluted Earnings per share (Kobo)		3.03 kobo	1.16 kobo
The accounting policies and the accompanying explanatory notes form part of these financial statements			

JAIZ BANK
**STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**
31 December 2017

	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Risk Regulatory Reserve N'000	CBN (AGSMEIS) Reserve N'000	Statutory Reserve N'000	Total N'000
Balance at 1 January 2017	14,732,125	627,365	- 3,669,861	1,360,774	-	93,381	13,143,784
Issued during the year	-	-	-	-	-	-	-
Transfer to Risk Regulatory Reserve	-	-	(906,255)	906,255	-	-	-
Statutory Regulatory Reserve	-	-	(161,135)	-	-	161,135	-
Adjustments	-	-	(1,754)	-	-	-	1,754
Transfer to AGSMEIS	-	-	(42,420)	-	42,420	-	-
Profit for the year	-	-	537,117	-	-	-	537,117
Balance at 31 December 2017	14,732,125	627,365	(4,244,307)	2,267,029	42,420	254,516	13,679,147

31 December 2016

	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Risk Regulatory Reserve N'000	CBN (AGSMEIS) Reserve N'000	Statutory Reserve N'000	Total N'000
Balance at 1 January 2016	11,829,700	549,886	(1,714,073)	741,894	-	-	11,407,407
Deferred Tax Adjustment (Note 21)	-	-	(1,566,004)	-	-	-	(1,566,004)
Balance at 1 January 2016 (restated)	11,829,700	549,886	(3,280,077)	741,894	-	-	9,841,403
Issued during the year	2,902,425	-	-	-	-	-	2,902,425
Premium	-	77,479	-	-	-	-	77,479
Transfer to Risk Regulatory Reserve	-	-	(618,880)	618,880	-	-	-
Statutory Regulatory Reserve	-	-	(93,381)	-	-	93,381	-
Transfers (Remittance to Jaiz Foundation)	-	-	11,205	-	-	-	11,205
Profit for the year	-	-	311,272	-	-	-	311,272
As at December 2016	14,732,125	627,365	- 3,669,861	1,360,774	-	93,381	13,143,784

Statutory Reserve

Nigerian banking regulations require Banks 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 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.

Share Capital Reconstruction

As a result of the Bank's continuous expansion and growth, it became imperative to increase the total number of authorized share capital of the Bank. This is to provide the Bank a platform for continuous growth through rights issues or special placement in the future. During the year, the Bank successfully splitted it's Shares from N1 per share to N0.50k per share. Consequently, two new shares were issued for every one previously held.

The accounting policies and the accompanying explanatory notes form part of these financial statements

JAIZ BANK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2017

	Notes	2017 N'000	2016 N'000
Cash flow from operating activities			
Net profit/(loss) before tax		894,008	343,018
Adjustments for non cash items:			
Depreciation	12	438,373	374,077
Profit on Disposal of Non-Current Asset- Motor Vehicle	27	-	-
Amortization of Intangible Assets	14	57,793	48,765
Philontropic Activities	13	26,294	108,212
Provision for financing impairment	32	161,459	(94,790)
Amortisation of prepaid rent	31(i)	271,114	223,735
Operating profit before changes in operating asset and liabilities		1,849,042	1,003,017
Working capital adjustment:			
Interbank Murabaha	5a	1,000,000	(1,000,000)
Sukuk	5b	(5,008,701)	182,144
Murabaha recievables	7	(6,555,114)	(5,856,230)
Investment in Musharaka	6	-	(554,704)
Qard Hassan	10	(21,408)	19,568
Istisna	8	(492,972)	(115,727)
Ijara rental recievables	9	1,169,533	(2,438,233)
Investment in trading assets	11 (i)	(3,181,832)	(461,831)
Other assets	15	(2,206,822)	(689,393)
Customers' current account	(17a)	9,290,815	8,939,925
Other Financing	18a	(996,635)	(3,365)
Other liabilities	18b	3,815,227	88,986
Tax paid	16a	(77,087)	(55,763)
Net cash from/(used in) operating activities		(1,415,954)	(941,606)
INVESTING ACTIVITIES			
Purchase of property, plant & equipment	12	(650,618)	(882,886)
Purchase of intangible assets	14	(29,990)	(108,974)
Improvement on leasehold properties	13	(18,790)	(68,142)
		(699,398)	(1,060,002)
FINANCING ACTIVITIES			
Shares issued		-	2,979,904
Cleansing of pre-operating non-allowable income		-	77,479
AGSMEIS adjustment	22ii	(15,564)	(745,126)
Customers investment accounts	(17b)	8,540,783	2,619,471
Net cash provided by (used in) financing activities		8,525,219	4,931,728
Increase (Decrease) In Cash And Cash Equivalents		6,409,867	2,930,120
Cash and cash equivalents at beginning of year		22,984,879	20,054,759
Cash And Cash Equivalents At 31 December		29,394,746	22,984,879
The accounting policies and the accompanying explanatory notes form part of these financial statements			

Jaiz Bank Plc.

Kano House, 73 Ralph Shodeinde,
Central Business District P.M.B. 31 Garki Abuja, Nigeria.

JAIZ BANK**STATEMENT OF SOURCES AND USES OF QARD FUND
FOR THE YEAR ENDED 31ST DECEMBER 2017**

	2017		2016	
	N'000		N'000	
	Qard Hasan Receivables	Total	Qard Hasan Receivables	Total
Balance at 1 January	127,674	127,674	147,242	147,242
Granted to Staff	-	-	1,012	1,012
Granted to customers	94,759	94,759	-	-
Total uses during the year	222,433	222,433	148,254	148,254
Repayments				
Philontropic Activities	17,917	17,917	20,580	20,580
Customer Repayment	55,486	55,486	-	-
impairment Allowance	(52)	(52)	-	-
Balance at 31 December	73,351	73,351	127,674	127,674
Sources of qard fund				
Contribution by the bank	149,082	149,082	127,674	127,674

The accounting policies and the accompanying explanatory notes form part of these financial statements

The purpose of this Statement is to disclose the status of the financial accommodation that was granted to members of staff when they bought the Bank's shares under 2012 Private Placement Exercise as well as the status of Staff Loans taken over by the Bank as a result of recruitment from other Banks. Staff under critical situations were also granted this type of accommodation. The amount granted to customers during the year is N94.8million while the Impairment Allowance is the provision made during the year in compliance with the prudential guideline.

JANK BANK
STATEMENT OF SOURCES AND USES OF CHARITY FUND
FOR THE YEAR ENDED 31ST DECEMBER 2017

	2017 N'000	2016 N'000
Sources of Charity Funds		
Undistributed Charity funds at the beginning of the year	13,193	660,958
Non-permissible income during the year	7,131	97,361
Total Sources Of Charity Funds During The Year	20,324	758319
Uses of Charity Funds		
Transfer to Jaiz Foundation	-	745,126
Philontropic Activities	20,324	-
Total uses of funds during the year	20,324	745126
Undistributed charity funds at the end of the year	-	13,193

The accounting policies and the accompanying explanatory notes form part of these financial statements

This Statement discloses how the Non-permissible Income was utilised. During the period under review the Bank utilised all the non-permissible income of N20.32 which consist of N7.1million generated in the current year and N13.2 million brought forward from the previous year on Philantropic activities.

JAIZ BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017

1 Reporting entity

Jaiz Bank Plc is the first fully fledged non-interest financial institution in Nigeria. The Bank commenced operation on January 6th, 2012 with three branches in two states and the Federal Capital Territory.

The Bank's Corporate Headquarter address is Kano House, Plot 73, Ralph Shodeinde Street, Central Business District, Abuja Nigeria.

The Financial Statement of the Bank as at 31 December 2017, is only for the Bank as it has no subsidiary and/or Associate company.

2 Significant Accounting Policies

(a) Statement of Compliance with International Financial Reporting Standards

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 on which no IFRS standard is applicable or IFRS conflicts with Shari'ah rules and principles, the bank uses the relevant Financial Accounting Standard as issued by the Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI) and shariah rulings as determined by the shariah supervisory committee of the Bank.

(b) Basis of Preparation, Accounting Judgments & Estimates.

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.

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. The most significant uses of judgments and estimates are as follows:

i 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. 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.

ii Fair Value of Unquoted Equity Securities and Investment Properties

Fair value shall be determined for each investment individually in accordance with the valuation policies of the Bank. Where the fair values of the Bank's unquoted equity securities cannot be derived from an active market, they shall be derived using a variety of valuation techniques. Judgment by management is required to establish fair values through the use of appropriate valuation models, consideration of comparable assets, discount rates and the assumptions used to forecast cash flows. Investment properties and investments in real estate projects shall be carried at fair value as determined by independent real estate valuation experts. The determination of the fair value for such assets requires the use of judgment and estimates by the independent valuation experts that are based on local market conditions existing at the date of the statement of financial position.

iii Impairment Provisions against Financing Contracts with Customers

The Bank shall review its financing contracts at each reporting date to assess whether an impairment provision should be recorded in the financial statements. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes to the provisions. In addition to specific provisions against individually significant financing contracts, the Bank also shall make a collective impairment provision of 1% against exposures which, although not specifically identified as requiring a specific provision, have a greater risk of default than when originally granted. This takes into consideration, factors such as any deterioration in country risk, industry, and technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

iv Impairment of Investments at Fair Value through Equity

The Bank shall treat investments carried at fair value through equity as impaired when there is a significant or prolonged decline in the fair value below their costs or where other objective evidence of impairment exists. The determination of what is 'significant' or 'prolonged' requires judgment. The Bank would evaluate factors, such as the historical share price volatility for comparable quoted equities and future cash flows and the discount factors for comparable unquoted equities.

v Liquidity

The Bank shall manage its liquidity through consideration of the maturity profile of its assets and liabilities on daily basis. This requires judgment when determining the maturity of assets and liabilities with no specific maturities.

(c) 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.

(d) Non-Current Assets

Non-current (fixed) assets are initially recorded at cost. They are to be subsequently stated at historical cost less depreciation and any accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Bank and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Construction cost in respect of offices is carried at cost as work in progress. On completion of construction, the related amounts are transferred to the appropriate category of fixed assets. 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.

Asset that do not reach a limit of N25,000 (Twenty Five Thousand Naira Only) are expensed immediately in the income statement, but capitalized if above limit.

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

Motor vehicle	(6 years)	16.67%
Furniture and fittings	(5 years)	20%
Equipment	(5 years)	20%
Computer Equipment- General	(3 years)	33%
Computer Equipment- Special	(5 years)	20%
Computer software	(10 years)	10%
Freehold Buildings	(50 years)	2%

Leasehold building over the expected life of the lease

Leasehold improvement over the period 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

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) Financial Instruments – Initial Recognition and Subsequent Measurement

All financial assets and liabilities are initially recognized on the trade date, i.e. the date that the Bank becomes a party to the contractual provisions of the instrument. The classification of financial instruments at initial recognition depends on the purpose and the management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets recorded at fair value through income statement.

The Bank considers impairment both at individual asset level and also at collective level. All individually significant assets are assessed for specific impairment.

Assets found not to be impaired individually are assessed collectively for any impairment that has been incurred but not identified earlier. Insignificant assets are tested for impairment collectively.

Impairment loss on assets classified at amortized cost are measured as the difference between the carrying value of the asset and the present value of future cash flows discounted at the initial assets effective profit rate. Losses are recognized in the income statement of the period the loss is incurred.

Also, provision is determined from a specific assessment of each customer's account in accordance with the Central Bank of Nigeria's (CBN) Prudential Guidelines. A minimum general provision of 2% is made on all risk assets, which have not been specifically provided for.

Profit and Principal that is outstanding	Classification	Provision
90 days but less than 180 days	Substandard	10%
180 days but less than 360 days	Doubtful	50%
360 days and over	Loss	100%

When an investment is deemed not collectible, it is written off against the related provision for impairments and subsequent recoveries are credited to the provision for loan losses in the statement of income. If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited as a reduction of the provision for impairment in the statement of income.

Risk assets in respect of which a previous provision was not made are written directly to the statement of income when they are deemed to be irrecoverable.

(m) Income Recognition

i Murabaha

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

ii Ijarah Muntahia Bittamleek

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.

iii Musharaka

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

iv Dividends

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.

v Fees and Commission Income

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

vi Sale of Property under Development

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

Contract to construct a property; or

Contract for the sale of completed property

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

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

vii Non-Credit Related Fee Income

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

viii Foreign Income

a) Commission on negotiation of various letters of credit and overdue Profit on delayed foreign payments are

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

ix Earnings Prohibited by Shari 'a

The bank is committed to avoid recognizing any income generated from non-Islamic sources. Accordingly, all non-permissible income is transferred to charity.

x Service Income

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

xi 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.

xii 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

xiii Expense Recognition

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

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

b) Return on Equity of Investment Account Holders

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

(n) Transactions in Foreign Currencies

- i The financial statements are presented in Nigerian Naira, which is the reporting currency in line with IAS21 (Effects of foreign exchange)
- ii Transactions in foreign currencies are recorded in the books at the rate of exchange ruling on the date of the transactions.
- iii Monetary assets and liabilities denominated in foreign currencies are converted into Naira at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of income.
- iv Non-monetary items that are measured in terms of historical cost in a foreign currency are translated into Naira using the exchange rates as at the dates of the initial recognition. Non-monetary items measured at fair value in a foreign currency are translated into Naira using the exchange rates at the date when the fair value is determined. Exchange gains and losses on non-monetary items classified as “fair value through statement of income” are taken to the income statement and for items classified at “fair value through equity” such differences are taken to the statement of comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying

(o) Taxation**i Current Income Taxation**

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

ii 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.

(p) Investments

i Investment Securities

Investment securities are initially recognized at cost and management determines the classification at initial investment. Investments in securities are classified, measured and recognize in accordance with IAS 39 (Financial Instruments measurement and recognition).

ii Investments at Fair Value through Statement of Income

Investments at fair value through statement of income include investments designated upon initial recognition as investments at fair value through statement of income. Financial assets carried at fair value through statement of income are recognised at fair value, with transaction costs recognised in the consolidated statement of income.

Investments classified as 'at fair value through statement of income' are subsequently measured at fair value. The unrealized gains and losses arising from the remeasurement to fair value are included in the consolidated statement of income.

iii Investments at Fair Value through Equity

Investments at fair value through equity are those which are designated as such or are not classified as carried at fair value through statement of income. These include investments in equity securities and managed funds.

After initial measurement, investments at fair value through equity are subsequently measured at fair value. Unrealised gains and losses are recognised in statement of comprehensive income and then transferred to the available for sale reserve in the consolidated statement of changes in equity. When the investment is disposed of or determined to be impaired, the cumulative gain or loss, previously transferred to the available for sale, reserve is recognised in the consolidated statement of income. Where the Bank holds more than one investment in the same security they are deemed to be disposed off on a weighted average basis. Profit earned whilst holding investments at fair value through equity is reported as Income from investment activities' using the effective profit rate method. Long-term investments are investments held over a long period of time to earn income. Long-term investments may include debt and equity securities.

iv Investments in Subsidiaries

Investments in subsidiaries are carried in the company's balance sheet at cost less provisions for impairment losses. Where, in the opinion of the Directors, there has been impairment in the value of an investment, the loss is recognized as an expense in the period in which the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income.

(q) Retirement Benefits

Retirement benefits to employees are provided under a defined contribution scheme, which is funded by contribution from the bank and employees. Funding under the new scheme is 8.0% by staff and 10% by the Bank based on annual basic salary, housing and transport allowances in line with the new Pension Reform Act, 2014. 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.

The Bank's liabilities in respect of the defined contribution are to be charged against the profit of the year in which they become payable. Payments are made to Pension Fund Administration companies, who are financially independent of the bank.

(r.) Provisions, Contingent Assets and Contingent Liabilities

Provision is recognized when the Bank has a present obligation whether legal or constructive as a result of a Transactions that are not currently recognized as assets or liabilities in the balance sheet, but which Outstanding and unexpired commitments at year end in respect of these transactions are to be shown by way Income on off-balance sheet engagement is in form of commission and fees. Commission and fees are recognized when transactions are executed.

(s) 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.

(t) 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.

(u) 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 group 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.

The Bank has appointed the Management committee charged with the responsibility of allocating resources and assessing performance as the Chief Operating Decision Maker as required under IFRS 8. The CODM is reviewed and advised by the Board for decisions on significant transactions and or events

(v) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right or shariah requirement to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

(w) Cash and Cash Equivalent

Cash comprises:

- i** Cash in hand
- ii** Balance held with Central Bank of Nigeria
- iii** Balance with banks in Nigeria and outside Nigeria
- iv** Demand deposit denominated in Niara and other foreign currencies

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

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

(x) Ordinary Share Capital**i Share Issue Costs**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

ii Dividend on Ordinary Shares

Dividends on ordinary shares are appropriated from revenue reserve in the period they are approved by the Bank's shareholders.

Dividends for the year that are approved by the shareholders after the balance sheet date are dealt with in the subsequent events note.

Dividends proposed by the Directors but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act 1990.

JAIZ BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017

3	Cash and Balances with Central Bank of Nigeria	2017	2016
		N'000	N'000
	Cash on Hand	2,651,233	2,580,732
	Current account with CBN	8,842,420	6,301,422
	Deposit with CBN	12,400,770	12,624,699
	CBN AGSMEIS Balance	15,564	-
	As at 31 December	23,909,987	21,506,853

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

Due from Banks and Financial Institution	2017	2016
	N'000	N'000
Balance with banks within Nigeria:		
First Bank Plc	296,957	438,483
a	296,957	438,483
Balance with banks outside Nigeria:		
First Bank UK	4,778,383	705,107
Habib Bank UK	290,182	66,149
Commerzbank AG	-	224,939
Standard Chartered	1,025	5,977
Bank Al-Bilad	118,212	49,324
b	5,187,802	1,039,543
As at 31 December	a+b	5,484,759
		1,478,026

The balance held with Banks outside Nigeria substantially represent the Naira equivalent of Foreign Currency balance held on behalf of Customers in respect of Letter of Credit transactions. The corresponding Liability is included in Margin Deposits under "Other Liabilities" (see Note 18). The amount is not available for the day to day operations of the Bank.

5a	InterBank Murabaha	2017	2016
		N'000	N'000
	InterBank Murabaha	-	1,054,247
	InterBank Murabaha Deferred Profit	-	(54,247)
	As at 31 December	-	1,000,000

InterBank Murabaha are the Banks investments in other Non Interest window of a Conventional Banks.

5b	Total Sukuk Investment	2017	2016
		N'000	N'000
	Opening Balance	1,060,252	1,242,396
	Addition during the year	5,166,305	-
	Gross investment in Sukuk	6,226,557	1,242,396
	Redemption during the period	(157,604)	(182,144)
	As at 31 December	6,068,953	1,060,252

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

i	Osun State Sukuk	2017	2016
		N'000	N'000
	Opening Balance	1,060,252	1,242,396
	Addition during the year	-	-
	Gross investment in Sukuk	1,060,252	1,242,396
	Redemption during the period	(157,604)	(182,144)
	As at 31 December	902,648	1,060,252

ii	FGN Sovereign Sukuk	2017	2016
		N'000	N'000
	Opening Balance	-	-
	Addition during the year	5,166,305	-
	Gross investment in Sukuk	5,166,305	-
	Disposal during the year	-	-
	Redemption during the period	-	-
	As at 31 December	5,166,305	-

During the year, the Bank invested N5.17billion in Sukuk issued by the Federal Government of Nigeria (FGN). The Sukuk has 7 Years tenor which is due in 2024 at a return of 16.47%. Its rental payment is semi annually while the principal redemption is a bullet payment on maturity.

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6	Investment in Musharaka	2017	2016
		N'000	N'000
	Gross Investment in Musharaka	1,200,000	1,200,000
	Allowance for impairment	-	(8,296)
	As at 31 December	1,200,000	1,191,704
7	Murabaha Recievables	2017	2016
		N'000	N'000
	Murabaha Retail	5,762,414	4,172,717
	Murabaha Corporate	18,925,850	14,375,505
	Murabaha Staff	5,799	10,464
	Murabaha Related Party	24,199	21,027
	Gross Recievable	24,718,262	18,579,713
	Allowance for impairment	(458,277)	(129,079)
	Deffered Profit	(1,582,824)	(1,999,389)
	As at 31 December	22,677,161	16,451,245
8	Investment in Istisna	2017	2016
		N'000	N'000
	Istisna Recievable	1,599,125	1,099,753
	Allowance for impairment	(35,948)	(123,889)
	Deffered Profit	(227,816)	(221,416)
	As at 31 December	1,335,361	754,448
9	Investment in Ijara Asset	2017	2016
		N'000	N'000
	Ijara wa Iqtina	12,593,093	13,648,825
	Ijara home finance	23,736	25,660
	Ijara Auto & Others	254	251
	Ijara Others	563,193	675,073
	Gross investment in Ijara	13,180,276	14,349,809
	Allowance for impairment	(27,076)	(98,577)
	As at 31 December	13,153,200	14,251,232

10 Qard Hassan	2017	2016
	N'000	N'000
Balance at 1 January	127,674	147,242
Granted to Staff	-	1,012
Granted to customers	94,759	-
Total during the year	222,433	148,254
Repayments	-	-
Staff Repayment	17,917	20,580
Customer Repayment	55,486	-
impairment Allowance	(52)	-
Total Repayment during the year	73,351	20,580
Balance as at 31 December	149,082	127,674

These Loans were granted to members of staff when they bought the Bank's shares under 2012 Private Placement exercise as well as the status of Staff Loans taken over by the Bank as a result of recruitment from other Banks. Staff under critical situations were also granted this type of facility. The amount granted to customers during the year is N94.8million while the Impairment Allowance is the provision made during the year.

11 (i) Investment in Assets Held for Sale	2017	2016
	N'000	N'000
Advances for LC Murabaha	1,287,288	32,263
Inventory for Sale	2,383,486	456,679
As at 31 December	3,670,774	488,942
(ii) Schedules Inventory for Sale	N'000	N'000
Inventory JAMB Computers	17,826	-
Inventory JAMB Application Pin	469,388	-
Inventory Grains	1,170,244	-
Inventory Hajj Mat	290,550	306,679
Commodity Inventory	183,952	-
Inventory Hide & Skin	251,527	150,000
Total Inventory for Sale	2,383,487	456,679

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	Freehold Land	Building Freehold	Office Equipment	Motor Vehicle	Furnitures and Fixtures	Computer Equipment	Fixed Assets WIP	Total
Cost	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000
2017								
1 January 2017								
Cost	1,000	460,849	491,761	303,315	149,741	1,374,232	214,272	2,995,170
Additions/Reclassification	2,086	34,478	184,585	101,892	31,867	233,881	61,829	650,618
Disposals	-	-	-	-	-	-	-	-
31 December 2017	3,086	495,327	676,346	405,207	181,608	1,608,113	276,101	3,645,788
Accumulated depreciation								
1 January 2017	-	7,520	190,067	145,065	86,415	675,077	-	1,104,144
Depreciation	-	9,190	112,745	57,109	27,724	231,332	-	438,373
Adjustment	-	-	(27)	(23,815)	(1,052)	4,442	-	(20,726)
Disposals	-	-	-	-	-	-	-	-
31 December 2017	-	16,710	302,785	178,359	113,087	910,851	-	1,521,791
2016								
Cost	144,727	130,924	296,327	233,955	128,962	1,177,039	-	2,112,284
Additions/ Reclassification	(143,727)	329,925	195,454	69,360	20,779	197,193	214,272	882,886
31 December 2016	1,000	460,849	491,781	303,315	149,741	1,374,232	214,272	2,995,170
Accumulated depreciation								
1 January 2016	-	4,008	116,798	100,294	60,735	447,129	245,114	729,094
Depreciation	-	3,512	73,269	43,798	25,680	227,948	-	374,077
Disposals	-	-	-	973	-	-	-	973
31 December 2016	-	7,520	190,067	145,065	86,415	675,077	-	1,102,200
Netbook value								
31 December 2017	3,086	478,617	373,561	226,848	68,521	697,262	276,101	2,123,997
31 December 2016	1,000	453,329	301,714	158,250	63,326	699,155	214,272	1,892,970

JAIZ BANK

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13	Leasehold Improvement	2017	2016
	Cost	N'000	N'000
	Balance at 1 January	795,549	729,574
	Adjustments		
	Addition	15,270	65,975
	As at 31 December	810,819	795,549
	Amortisation		
	Balance at 1 January	753,114	647,069
	Adjustments	(3,520) -	2,167
	Amortisation for the year	26,294	108,212
	As at 31 December	775,888	753,114
	Carrying amounts		
	As at 31 December	34,931	42,435
14	Intangible Assets	2017	2016
	Cost	N'000	N'000
		Computer software	Computer software
	Balance at 1 January	563,242	454,268
	Addition	29,990	108,974
	As at 31 December	593,232	563,242
	Amortisation and impairment losses		
	Balance at 1 January	195,153	146,388
	Amortisation for the year	57,793	48,765
	As at 31 December	252,946	195,153
	Carrying amounts		
	As at 31 December	340,286	368,089

JAIZ BANK**NOTES TO THE FINANCIAL STATEMENTS
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15 Other Assets	2017	2016
	N'000	N'000
Sundry Debtor	521,593	100,637
Reposessed Property	854,513	-
Prepaid rent	470,044	350,609
Prepaid Sukuk Premium	50,347	68,655
Other prepayments	246,034	175,520
Prepaid Staff	35,132	85,561
Inventory-Cheques, Printing and ATM Card	47,760	43,146
Branch development expenditure	272,047	227,284
Account recievables	1,834,213	1,549,048
Ijara accrued Profit	2,444,917	2,145,570
Due from Banks - ATM Transactions	-	20,693
Operating Suspense	430,313	477,525
Interbranch	(1,845)	51,707
Total	7,205,067	5,295,955
Impairment of Other Assets	(40,950)	(62,271)
As at 31 December	7,164,117	5,233,384

Movement in other assets:

	2017	2016
	N'000	N'000
Balance at 1 January	5,233,384	3,983,853
Changes in the year	1,971,683	1,311,802
Impairment of Other Assets	(40,950)	(62,271)
As at 31 December	7,164,117	5,233,384

JAIZ BANK**NOTES TO THE FINANCIAL STATEMENTS
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16a Tax Payable	2017	2016
Statement of Financial position	N'000	N'000
Balance brought forward	77,087	43,897
Tax Adjument	-	11,205
Charge for the year	135,677	77,748
	212,764	132,850
Less payment during the year	(77,087)	(55,763)
As at 31 December	135,677	77,087

ii) Income statement	2017	2016
	N'000	N'000
Company Income Tax	105,688	61,960
Education Tax	21,138	12,392
Information Technology levy	8,852	3,396
	135,677	77,748
Deferred tax expenses		
Deferred tax expenses(Origination/(Reversal) of temporary differences)	221,214	(46,003)
Balance at 31 December	356,891	31,745

The total tax expenses of N357 million for the current year comprises of the Company Income Tax, Education tax and Information Technology tax of N136million while the N221 million is the Deferred tax expenses that came up as a result of the reversal of temporary differences in the period.

16b Deferred Tax Asset	2017	2016
	N'000	N'000
Balance at 1 January	206,573	160,570
Deferred tax expenses (Origination/ (Reversal) of temporary differences)	(221,214)	46,003
Transfer to Deferred Liability	14,641	-
As at 31 December	-	206,573
Deferred Tax Liability	2017	2016
	N'000	N'000
Balance at 1 January	-	-
Deferred tax expenses (Origination/ (Reversal) of temporary differences)	14,641	-
Prior year adjustment	-	-
As at 31 December	14,641	-
b (ii) Reconciliation of Tax Expense and the Accounting Profit	2017	2016
	N'000	N'000
Accounting Profit before tax	894,008	343,018
Add non-deductible expenses for tax purpose		
Depreciation of PPE	438,373	374,077
	1,436,252	717,790
Less:		
Exempted Income on Sukuk Bond	370,524	0
Collective Impairment write-back	0	94,790
Capital Allowance	704,585	413,070
Technology Levy	8,852	3,396
Adjusted Profit	352,292	206,534
Company Income Tax at 30% of Adjusted Profit	105,688	61,960
Technology Levy	8,852	3,396
Education Tax	21,138	12,392
Total Tax Payable	135,677	77,748
Deferred Tax (Origination)/Reversal	221,214	(46,003)
Income Tax Expense	356,891	31,745
b (iii) Deferred Tax Movement	2017	2016
	N'000	N'000
The movement in the deferred tax account during the year by various component was as follows:		
Property, Plant & Equipment	188,583	92,349
Collective Impairment	(48,438)	(52,643)
Unabsorbed Capital Allowance	81,069	(85,710)
Deferred Tax (Origination)/Reversal	221,214	(46,003)

JAIZ BANK

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2017

17 Due to customers	2017	2016
	N'000	N'000
Analysis by type of account		
(17a) Current Account	33,706,359	24,415,544
(17b) Mudaraba Investment Account	32,054,393	24,924,792
(17c) Mudaraba Term Deposit	2,354,505	943,323
As at 31 December	68,115,257	50,283,659
Analysis by type of Depositor		
	2017	2016
	N'000	N'000
Government	9,084,326	1,666,407
Corporate	22,729,985	18,661,339
Individual	36,300,946	29,955,913
As at 31 December	68,115,257	50,283,659
Analysis by maturity		
All the customers deposit are analysed by maturity into Current and Savings as follows:		
	2017	2016
	N'000	N'000
Current Deposits	33,706,359	24,415,544
Savings Deposits	14,919,164	12,504,683
30days Deposits (JAPSA)	17,135,229	12,420,109
Mudaraba Term Deposit	2,354,505	943,323
As at 31 December	68,115,257	50,283,659
The Bank has different Mudarabah Tenored Deposits which give customers the opportunity to choose from a basket of Return available for different tenors.		
(17b) Equity of Investment Accountholders	2017	2016
	N'000	N'000
Savings Account	13,860,996	11,436,159
Children saving Account	736,805	602,314
Jaiz premium Savings Account	17,135,229	12,394,535
Others including MTDs	2,675,868	1,435,127
As at 31 December	34,408,898	25,868,135
18a Other Financing	2017	2016
	N'000	N'000
Fund Sources Outside the Bank (CBN/CACS)	-	996,635
As at 31 December	-	996,635
18b Other Liabilities	2017	2016
	N'000	N'000
Manager Cheque	213,382	181,078
Margin Deposits	3,863,379	365,562
Accounts Payable	84,688	191,326
Vendors payable	19,905	52,862
Other Tax Liabilities	54,007	109,456
Profit payable to Mudararaba Savings Account	47,879	10,183
e-Banking Payables	174,933	53,200
Due to Charity	-	51
Sundry Payables	612,126	322,462
Accrued audit fee	15,939	12,109
Sundry Deposit	18,354	10,398
Other Accruals	58,831	33,506
Other Payables	204,463	210,466
As at 31 December	5,367,886	1,552,659

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FOR THE YEAR ENDED 31ST DECEMBER, 2017

19 Owners Equity

A Share capital

(i) Authorised	2017	2016
	N'000	N'000
50,000,000,000 Ordinary shares of N0.50 each (31 December 2016: 15,000,000,000 of N1 each)	25,000,000	15,000,000
As at 31 December	25,000,000	15,000,000

(ii) Issued and Fully paid Share capital	2017	2016
	N'000	N'000
29,464,250,000 Ordinary shares of N0.50 each at 1 January (2016: 11,829,700,000 Ordinary Shares of N1 each as at 1 January)	14,732,125	11,829,700
2,902,425,000 Share of N1 each Issued during the year	-	2,902,425
As at 31 December	14,732,125	14,732,125

20 Share Premium	2017	2016
	N'000	N'000
Balance as at 1 January	627,365	549,886
Movement during the year	-	77,479
As at 31 December	627,365	627,365

JAIZ BANK
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21 Retained Earnings	2017	2016
	N'000	N'000
Balance at 1 January	(3,669,861)	(1,714,073)
Deferred Tax Adjustment	-	(1,566,004)
Balance at 1 January (restated)	(3,669,861)	(3,280,077)
Adjustment	(1,754)	-
Net profit for the year	537,117	311,272
Prior year Tax Adjustment	-	11,205
Statutory Regulatory Reserve	(161,135)	(93,381)
AGSMEIS	(42,420)	-
Risk regulatory reserve	(906,255)	(618,880)
As at 31 December	(4,244,308)	(3,669,861)

Deferred Tax Adjustment

During the year, a review of the Account revealed that deferred tax asset had been incorrectly accounted for prior to 2016 financial year. This resulted in excess carrying value of the Deferred Tax Assets in the Account. The error has been corrected in the opening balance of Retained Earnings as at 01 January 2016. The correction has no impact on the Statement of Profit or Loss. The following line items of the financial statements for the prior period were impacted as presented below:

Statement of Financial Position (extract)	2016 N'million
Changes in Deferred Tax	(1,566)
Changes in Retained Earnings	(1,566)
Changes in Shareholders Fund	(1,566)

22 Risk Regulatory Reserve	2017	2016
	N'000	N'000
Balance at 1 January	1,360,774	741,894
Adjustment against retained earnings	906,255	618,880
As at 31 December	2,267,029	1,360,774

22 i Statutory Reserve	2017	2016
	N'000	N'000
Balance at 1 January	93,381	93,381
Adjustment against retained earnings	161,135	-
As at 31 December	254,517	93,381

22ii Agric-Business/Small and Medium Enterprises Investment Schem	2017	2016
	N'000	N'000
Balance at 1 January	-	-
2016 AGSMEIS Provision	15,564	-
2017 AGSMEIS Provision	26,856	-
As at 31 December	42,420	-

The N42.42 Million in AGSMEIS reserve represents the 5% provision made from 2016 and 2017 profit after tax (PAT).

JAIZ BANK

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23	Income from Islamic Finance	2017	2016
		N'000	N'000
	Murabaha profit Corporate	2,460,345	1,809,041
	Murabaha profit Retail	730,866	535,236
	Murabaha LC Income	1,988	2,429
	Total profit from Murabaha transactions	3,193,199	2,346,706
	Ijara wa Iqtina Profit	2,487,364	2,532,929
	Ijara Finance Lease Profit	92,647	77,428
	Ijara profit home finance	1,331	3,748
	Ijara Others	816	1,025
	Total profit from Ijara transactions	2,582,158	2,615,130
	Istisna Profit	126,586	150,005
	Salam Profit	2,044	-
	Musharaka Profit	228,765	177,234
	InterBank Murabaha Income	107,056	-
	Total Income from financing	6,239,808	5,289,075
24	Income from investment activities	2017	2016
		N'000	N'000
	Trading Assets Income	332,638	-
	Sukuk profit	370,524	188,967
	Total Investment income	703,162	188,967
25	(i). RETURN ON EQUITY OF INVESTMENT ACCOUNT HOLDERS	2017	2016
		N'000	N'000
	Profit paid to Unrestricted Mudarabah Account Holders / Fees of Mudarib	1,397,009	1,181,787
	Profit from Financing Investments paid to Mudarabah Account Holders	1,397,009	1,181,787
	(ii) Mudarib fees/ profit of Joint Investments		
	Bank's fees as Mudarib.	2,623,045	2,597,972
	Profit from the Bank's Joint Financing investments	2,922,916	1,698,283
	Bank's fee as Mudarib/Profit of owned Joint Investments	5,545,961	4,296,255

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 Investments were jointly funded by the Bank and the Equity of Investment Account holders. The amount of N1.40 Billion was paid by the Bank to the Mudaraba Account Holders for 2017 Financial Year.

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26	Fee and commission	2017	2016
		N'000	N'000
	Banking Service	203,936	177,613
	E-Business	303,373	129,981
	LC Charges	113,907	22,732
	Trade Finance	127,364	25,868
	Foreign Exchange Gain/Losses	-	7,977
		748,581	364,171
<p>E-business income was extracted from Banking Service Fees and the its related expenses were neted off against the income. The related E-Business expenses for 2016 is N29.97million.</p>			
27	Other Operating Income	2017	2016
		N'000	N'000
	Wakala income	182,022	46,181
	Provision no Longer Required on Other Assets	-	76,259
		182,022	122,440
28	Non Trading Exchange (Loss)/Gain		
<p>The Banks' Accounting Policy provides that Monetary Assets & Liabilities denominated in Foreign Currencies be converted to Naira at the rate of exchange ruling at the Balance sheet date and any difference thereof be taken to the Statement of Other Comprehensive income.</p>			
29	Staff costs	2017	2016
		N'000	N'000
	Salaries	1,465,834	1,128,613
	Staff pension	170,199	132,780
	Staff allowances	436,068	509,223
	Medical and other allowances	162,124	102,645
	Training and Seminar expenses	103,678	71,144
		2,337,903	1,944,405
30	Depreciation and Amortisation	2017	2016
		N'000	N'000
	Depreciation of Property, Plant & Equipment	438,373	374,077
	Amortisation of Leasehold Improvement	26,294	108,212
	Amortisation of Intangible Assets	57,793	48,765
		522,460	531,054

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31(i) Operating Expenses	2017	2016
	N'000	N'000
Advertising and marketing	93,193	251,878
Administrative - note 31 (ii)	1,729,082	1,158,375
Subscription and Professional fees	36,398	20,171
ACE's Expense	56,806	53,715
Rental charges (Occupancy Cost)	271,114	223,735
Licences	49,517	93,555
Bank Charges	48,558	41,090
Audit fee & Other Expenses	26,509	25,870
Directors expenses	229,301	189,339
Others	20,255	1,452
	2,560,733	2,059,180
31(ii) Administrative	2017	2016
	N'000	N'000
Telephone expenses	1,831	1,853
Bandwith Connectivity	175,143	174,025
SWIFT/NIBBS Charges	17,903	16,877
Courier charges	20,771	13,317
Local and foreign travels	63,266	36,155
Printing & Stationaries	57,668	42,156
Repairs and maintenance	43,185	72,440
Security Guards	43,196	26,363
Other security expenses	15,073	29,536
Money and other Insurance	28,257	18,304
NDIC Premium	209,502	148,645
Fuel Expense	18,234	13,194
Vehicle repairs	13,728	5,633
Service contract (HR and Admin)	288,462	189,747
Data recovery and other software exp	225,800	201,902
Regulatory Subscription	58,091	6,150
Newspaper, Magazine & Periodicals	1,733	1,386
Entertainment	5,495	4,187
Penalty charge	8,050	22,175
Sundry expenses	56,374	28,317
Cash shortage W/O	362	242
Listing Expenses	289,833	4,880
Generator expenses	54,529	38,900
Sukuk Premium expenses	18,308	18,347
Industry Certification	14,288	43,644
	1,729,082	1,158,375

The reduction of N29.97million Administrative expenses which has the same impact on both the Fee and Commission income and Operating expenses in 2016 was due to the reclassification of E-Business income and expenses.

JAIZ BANK
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32 Provision for Finance Impairment of Financing and Investment

32 (a) PROVISION FOR IMPAIRMENT OF FINANCING AND INVESTMENT

Prudential Adjustment for the Year ended 31st December 2017

During the year under review, a sum of N906.26m was transferred from Statement of Changes in Equity (SCE) to Risk Regulatory Reserve. The reserve has increased to N2.27 Billion after the transfer.

Provision on Risk Assets

	Specific N'000	General N'000	OKL N'000	TOTAL N'000
Provision per CBN Prudential Guideline	2,060,174	728,155	40,950	2,829,279
impairment Allowance per IAS 39 (Specific and Collective)	357,629	163,672	40,950	562,251
As at 31,Dec. 2017	1,702,545	564,483	-	2,267,028

32 (b) PROVISION FOR IMPAIRMENT OF FINANCING AND INVESTMENT

The Provision for impairment is based on the impairment test conducted by the Bank in accordance with the International Accounting Standard (IAS 39). The first table is for the impairment while the second table is for the provision on Risk Assets in accordance to the Central bank of Nigeria's Prudential Guidelines. Under the total Column in International Financial reporting Standard (IFRS) impairment table below, addition of the prior year over impairment charges and impairment for current year makes up the current year charges.

(i) Impairment Loss	
Credit	N'000
Murabaha	357,629
Musharaka	-
Istisna	30,164
Ijarah	1,835
Qard Hassan	-
Total	389,628
Impairment WriteBack	(228,169)
Net impairment charges for the year	161,459

(ii) impairment by Products (IFRS)

	<u>Murabaha</u>	<u>Musharaka</u>	<u>Qard Hassan</u>	<u>Istisina</u>	<u>Ijara</u>	<u>Other Assets</u>	<u>Total</u>
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January	129,079	8,296	-	123,889	98,577	62,271	422,112
Re-classification/ Provision no Longer Required	(28,431)	-	(8,296)	-	(118,106)	(73,336)	(249,490)
Impairment for the current year	357,629	-	-	30,164	1,835	-	389,628
Balance at 31 December	458,277	-	-	35,948	27,076	40,950	562,251
Notes	7	6	10	8	9	15	

(iii) Provision by Products (CBN)

	<u>Murabaha</u>	<u>Musharaka</u>	<u>Qard Hassan</u>	<u>Istisina</u>	<u>Ijara</u>	<u>Other Assets</u>	<u>Total</u>
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance at 1 January	819,591	24,000	2,554	287,372	587,099	62,271	1,782,887
Re-classification/ Provision no Longer Required	(0)	-	(1)	(43,771)	(271,589)	(21,321)	(336,682)
Provision for the current year	1,199,766	0	428	21,886	160,994	-	1,383,074
Balance at 31 December	2,019,357	24,000	2,982	265,486	476,504	40,950	2,829,279

(iv) impairment by Type

	<u>Murabaha</u>	<u>Musharaka</u>	<u>Qard Hassan</u>	<u>Istisina</u>	<u>Ijara</u>	<u>Other Assets</u>	<u>Total</u>
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
General Provision	427,687	24,000	2,982	27,217	258,870	40,950	781,705
Specific Provision	1,591,670	-	-	0	217,635	-	2,047,574
Balance at 31 December	2,019,357	24,000	2,982	265,486	476,504	40,950	2,829,279

(v) Investment Classification (IFRS)

	<u>Murabaha</u>	<u>Musharaka</u>	<u>Qard Hassan</u>	<u>Istisina</u>	<u>Ijara</u>	<u>Total</u>
	N'000	N'000	N'000	N'000	N'000	N'000
Performing	21,892,985	1,200,000	149,082	1,324,910	12,931,241	37,498,218
Non-performing	2,823,169	-	-	274,213	251,143	3,348,526
Balance at 31 December	24,716,154	1,200,000	149,082	1,599,123	13,182,385	40,846,744

(vi) Investment Classification (CBN)

	<u>Murabaha</u>	<u>Musharaka</u>	<u>Qard Hassan</u>	<u>Istisina</u>	<u>Ijara</u>	<u>Total</u>
	N'000	N'000	N'000	N'000	N'000	N'000
Performing	21,384,306	1,200,000	149,082	1,360,855	12,943,476	37,037,720
Non-performing	3,331,847	-	0	238,268	238,908	3,809,024
At 31 December	24,716,154	1,200,000	149,082	1,599,123	13,182,385	40,846,744

33 SIGNIFICANT SHAREHOLDING (5% UNIT & ABOVE)	2017		Dec.2016	
	Holdings	%	Holdings	%
Dr. Umaru Abdul Mutallab	4,000,000,000	13.58	1,989,532,234	13.50
Dantata Investment & Securities Limited	3,904,369,327	13.25	1,839,684,663	12.49
Dr.Muhammadu Indimi	2,733,813,044	9.28	1,366,906,522	9.28
Islamic Development Bank	2,506,666,588	8.51	1,253,333,294	8.51
Dangote Industries Ltd	2,500,000,000	8.48	1,250,000,000	8.48
Altani Investment Limited	2,200,000,000	7.47	1,100,000,000	7.47
Dr. Aminu Alhassan Dantata	1,565,210,516	5.31	772,672,258	5.24
At 31 December	19,410,059,475	65.88	9,572,128,971	51.47

34 Earnings per share

Basic earnings per share

Basic earnings per share of 3.03 kobo (2016:-1.16 kobo) is based on the profit of 894.01million (2016: 343.02million) attributable to shareholders with ordinary shares of 29,464,250,000 (2016:-14,732,125,000)

Profit attributable to ordinary shareholders	2017	2016
	N'000	N'000
Profit for the period	894,008	343,018
Profit attributable to ordinary shareholders	894,008	343,018
Weighted average number of ordinary shares	2017	2016
Issued ordinary shares at 1 January	29,464,250,000	14,732,125,000
Effect of share options exercised	-	-
Weighted average number of ordinary shares at 31	29,464,250,000	29,464,250,000
Basic and diluted earnings per share (Kobo)	3.03 kobo	1.16 kobo

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

JAIZ BANK

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2017**

35 Related parties

- (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
(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 members family 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.

RELATED PARTY	RELATIONSHIP WITH THE BANK	N'000 LIMIT	2017		
			N'000 AMOUNT RECEIVABLE	CLASSIFICATION	
Dr. Umaru Abdulmutallab	Dr. Umaru Abdulmutallab	Chairman	810,000	370,456	Performing
Noble Hall Schools	Dr. Umaru Abdulmutallab	Chairman	330,000	265,736	Watchlist
Noble Hall Schools	Dr. Umaru Abdulmutallab	Chairman	50,000	33,010	Watchlist
Tamidan Nigeria Limited	Dr. Aminu Alhassan Dantata	Director	630,000	630,000	Substandard
Darul Huda Foundation	Dr. Aminu Alhassan Dantata	Director	36,738	16,437	Performing
Dantata Plastics Limited	Aliko Dangote	Director	44,806	55,552	Performing
Dantata Plastics Limited	Aliko Dangote	Director	38,400	22,201	Performing
Bellmari Energy Limited	Aliko Dangote	Director	800,000	543,850	Performing
Fursa Foods Limited	Aliko Dangote	Director	95,000	103,270	Performing
Fursa Foods Limited	Aliko Dangote	Director	23,400	19,330	Performing
Mukhtar Danladi Hanga Sani	Mukhtar Danladi Hanga Sani	Director	54,000	36,810	Performing
MBS Merchant Limited	Falalu Bello	Director	1,120,000	1,506,497	Watchlist
Ahmad Rufai Sani	HRH. Engr. Sani Bello	Director	65,000	17,824	Performing
Ahmad Rufai Sani	HRH. Engr. Sani Bello	Director	510,000	420,513	Watchlist
Ahmad Rufai Sani	HRH. Engr. Sani Bello	Director	162,250	32,278	Performing
HRH. Engr. Sani Bello	HRH. Engr. Sani Bello	Director	80,250	80,250	Performing
Baze University	Nafiu Baba-Ahmad	Director	160,000	60,823	Performing
Baze University	Nafiu Baba-Ahmad	Director	40,000	27,601	Performing
Mahe Abubakar	Executive Director	Executive Director	64,350	45,330	Performing
Hassan Usman	Managing Director	Managing Director	30,000	30,000	Performing
Staff Facility	Employee	Employee	1,543,691	1,390,775	Performing
AT 31ST DECEMBER			6,687,885	5,708,541	

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 2016**

	RELATED PARTY	RELATIONSHIP WITH THE BANK	N'000	2016 N'000	
			LIMIT	AMOUNT RECEIVABLE	
Dr. Umaru Abdulmutallab	Dr. Umaru Abdulmutallab	Chairman	810,000	810,000	Performing
Noble Hall Schools	Dr. Umaru Abdulmutallab	Chairman	330,000	279,995	Performing
Noble Hall Schools	Dr. Umaru Abdulmutallab	Chairman	50,000	50,000	Performing
Noble Hall Schools	Dr. Umaru Abdulmutallab	Chairman	30,000	30,000	Performing
Penman Pensions	Dr. Umaru Abdulmutallab	Chairman	9,800	9,800	Performing
Gidauniyar Jihar Katsina	Dr. Umaru Abdulmutallab	Chairman	150,000	118,653	Performing
Tamidan Nigeria Limited	Aminu Dantata	Director	370,000	370,005	Performing
Tamidan Nigeria Limited	Aminu Dantata	Director	630,000	630,000	Performing
Dantata Plastic Limited	Aminu Dantata	Director	38,400	38,400	Performing
Dantata Plastic Limited	Aminu Dantata	Director	30,000	30,000	Performing
Darul Huda Foundation	Aminu Dantata	Director	36,738	29,391	Performing
Bellman Energy Limited	Aliko Dangote	Director	800,000	260,000	Performing
Bellman Energy Limited	Aliko Dangote	Director	25,000	25,000	Performing
Mukhtar Danladi Hanga Sani	Mukhtar Danladi Hanga Sani	Director	54,000	54,000	Performing
MBS Merchant Limited	Mallam Falalu Bello	Director	1,120,000	1,116,302	Performing
Ahmad Rufai Sani	HRH Engr. Sani Bello	Director	65,000	65,005	Performing
Ahmad Rufai Sani	HRH Engr. Sani Bello	Director	510,000	510,000	Performing
Ahmad Rufai Sani	HRH Engr. Sani Bello	Director	162,250	77,500	Performing
HRH Engr. Sani Bello	HRH Engr. Sani Bello	Director	80,250	80,250	Performing
Baze University	Nafu Baba-Ahmad	Director	200,000	160,000	Performing
Mahe Abubakar	Mahe Abubakar	Executive Director	64,350	64,350	Performing
Mahe Abubakar	Mahe Abubakar	Executive Director	4,113	4,113	Performing
Staff Facilities	Employee	Employee	1,255,820	1,255,820	Performing
AT 31ST DECEMBER			6,825,722	6,068,584	

36 INFORMATION REGARDING DIRECTORS		2017	2016
		N'000	N'000
Emoluments			
Fees:			
Chairman		5,000	2,500
Other directors (N4,000,000 each)		44,000	18,000
Emolument as executives		87,778	62,950
Highest paid director		42,326	32,611
No. of Directors excluding the chairman with gross emoluments within the following ranges were:			
N	N	2017	2016
		Number	Number
5,000,000	- 10,000,000	-	-
10,000,001	- 15,000,000	-	-
15,000,001	- above	3	2
37 INFORMATION REGARDING EMPLOYEES			
The number of employees excluding Directors in receipt of emoluments excluding allowances in the following ranges were:			
N	N	2017	2016
		Number	Number
Below	- 400,000	290	-
400,001	- 500,000	-	-
500,000	- 600,000	133	95
600,000	- 700,000	53	15
700,000	- 800,000	17	76
800,000	- 900,000	-	42
900,000	- 1,000,000	-	-
1,000,000	- 5,000,000	203	272
5,000,000	- 10,000,000	3	69
Above	- 10,000,000	-	24
Number of persons employed as at the end of the year were:			
		2017	2016
		Number	Number
<i>Manegeterial</i>		11	24
<i>Senior</i>		65	69
<i>Junior</i>		623	500
		699	593
38 EVENTS AFTER THE REPORTING PERIOD			
There are no events after the reporting date which could have had a material effect on the financial statements as at 31 December 2017.			
39 CARD ISSUANCE AND USAGE IN NIGERIA AS AT 31 DECEMBER 2017			
In line with Sec.11 of the CBN' Circular on The Guidance for issuance and usage of cards in Nigeria, below is the Bank's information on it's Card			
	CARD TYPE	TRANSACTION VOLUMES	TRANSACTION VALUE N'000
	VERVE DEBIT CARD	3,855,713	45,641,584
	MASTERCARD DEBIT CARD	297,192	3,430,532
Total		4,152,905	49,072,116
In line with CBN circular Ref FPR/DIR/CIR/GEN/01/020, below are the customer complaints data for the year:			

(i) ATM complaints data- 31 December 2017		
	Number	AMOUNT N'000
Unresolved as at 1 January	58	1,455
Number of complaints	7,491	5,292
Number of complaints resolved	7,435	6,485
Unresolved as at 31 December	114	262
(ii) ATM complaints data- 31 December 2016		
	Number	AMOUNT N'000
Unresolved as at 1 January	15	-
Number of complaints	6,051	9,261
Number of complaints resolved	6,008	7,806
Unresolved as at 31 December	58	1,455
40 FINANCING ANALYSIS		
(i) By Performance		
	2017 N'000	2016 N'000
Performing	36,407,773	32,872,950
Non Performing:		
Substandard	2,363,136	329,523
Doubtful	503,950	1,663,055
Lost	1,571,885	491,421
	40,846,744	35,356,949
(ii) By Security		
	2017 N'000	2016 N'000
All Asset Debenture	652,459	650,466
Corporate Guarantee	957,774	296,748
Personal Guarantees	603,717	121,462
Pledge of Asset/Lien of Assets	4,460,713	961,370
Deposit of Title Deeds	15,669	22,138
Legal Mortgage	24,692,466	23,731,044
Equitable Mortgage	3,484,533	2,482,660
Salary Domiciliation/ lien of Assets	4,658,336	5,898,085
Post Dated Cheques	56,573	121,214
Clean/Staff Qard Hassan	149,081	127,674
Hyphotication of Goods	9,381	319,210
Simple Deposit of Title	368,184	0
Irrevocable Standing Payment Order/Letter of comfort	143,326	417,261
Domiciliation of Contract proceeds	594,531	207,617
	40,846,744	35,356,949
(iii) By Product		
	2017 N'000	2016 N'000
Murabaha Corporate	11,762,743	8,400,925
Ijarah Wa Iqtina Corporate	6,081,025	6,903,069
Musharakah	1,200,000	1,200,000
Qard Hassan	149,081	127,674
Murabaha Household Appliance	192,057	123,236
Murabaha Auto Finance	1,212,861	1,482,140
Ijarah Auto Finance	58,078	34,047
Ijarah Home Finance	6,179,221	6,389,371
Ijarah Service	864,060	1,033,604
Murabaha Retail/Gen.	11,548,493	8,563,130
Istisna	1,599,124	1,099,753
	40,846,744	35,356,949

<i>(iv) By Sector</i>	2017	2016
	N'000	N'000
Agriculture	2,658,480	3,114,030
Real estate	7,754,943	8,519,238
Manufacturing	1,486,216	451,241
Education	1,006,059	1,181,951
Wholesale trading	0	-
Construction	2,881,414	2,530,782
Human Health and Social Work Activities	2,275	2,841
Information technology	298,975	335,809
General	9,286,201	7,859,450
Oil and Gas	9,653,484	4,273,764
Retail	5,720,215	6,282,339
Public Utilities	0	1,025
Transport	98,480	804,479
	40,846,744	35,356,949
<i>(v) By Category</i>	2017	2016
	N'000	N'000
Corporate	30,825,060	25,263,819
Retail	10,021,684	10,093,130
	40,846,744	35,356,949
<i>(vi) By Age</i>	2017	2016
	N'000	N'000
0 - 30 days	4,673,853	3,250,689
31 - 60 days	1,532,104	1,593,063
61 - 90 days	5,806,225	661,103
91 - 180 days	6,783,688	5,307,081
180 - 360 days	6,215,379	3,346,299
Over 30 days	15,835,495	21,198,714
	40,846,744	35,356,949
41 LEGAL CLAIMS		
<p>Following an Order absolute made against the Bank, the Bank briefed its External Solicitor, Segun Olabode & Co., to enter an appearance on its behalf. Consequently, a motion on notice for Stay of Execution of the Order and also to set aside the Order absolute against the Bank was filed on behalf of the Bank. Upon moving the motion, the court ruled in favour of the Respondent consequent upon which an appeal was filed on behalf of the Bank. Our Solicitor has filed brief of arguments and hearing date is yet to be set for the appeal. The Respondent did not file its own brief and the duration within which the brief must be filed had since elapsed. The Directors are of the firm belief that the matter would not pose any negative consequence to the Bank as the Respondent (Guarantee Trust Bank) is apparently not interested in the suit. This may not be unconnected with the fact that the Judgment Debtor does not maintain any account with the Bank and the ruling from the Lower Court was given only on technical grounds.</p>		
42 CONTINGENT LIABILITIES AND COMMITMENTS		
<i>(i) Contingent Liabilities</i>	2017	2016
	N'000	N'000
Advanced Payment Guarantees	3,862,702	2,089,862
Letters of Credit	2,892,717	754,762
Bonds and Guarantees	2,116,279	368,320
Wakala Guarantee	7,505,721	5,513,721
	16,377,419	8,726,665
<i>(ii) Capital Commitments</i>		
There were no capital commitments at the end of the reporting period of 31 December 2017.		
<i>(iv) Guarantees and other Financial Commitments</i>		
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.		

43 OPERATING SEGMENTS

For reporting purposes, the Bank is organised into business segments and has reportable operating segments as follows:

Resources are allocated based on the business segments and Management reviews the segments on periodic basis to assess their performance. The Management Committee reviews and allocates the necessary resources for the achievement of the Bank's objectives.

	Corporate Banking N'000	Retail Banking N'000	Total N'000
As at 31 December 2017			
Total Sukuk Investment	6,068,953		6,068,953
Investment in Musharaka	1,200,000		1,200,000
Murabaha Recievables	16,914,747	5,762,414	22,677,161
Qard Hassan	149,082		149,082
Investment in Istisna	1,335,361		1,335,361
Investment in Ijara Asset	5,697,241	7,455,959	13,153,200
Investment in Assets Held for Sale	3,670,774	-	3,670,774
Total Assets	35,036,158	13,218,373	48,254,531

	Corporate Banking N'000	Retail Banking N'000	Total N'000
As at 31 December 2016			
Total Sukuk Investment	1,060,252		1,060,252
Investment in Musharaka	1,191,704		1,191,704
Murabaha Recievables	12,278,528	4,172,717	16,451,245
Investment in Istisna	754,448		754,448
Investment in Ijara Asset	7,194,628	7,056,604	14,251,232
Qard Hassan	127,674		127,674
Investment in Assets Held for Sale	488,942		488,942
Total Assets	23,096,176	11,229,321	34,325,497

The Investments in Islamic Finance are shown here as Gross , while on the face of Statement of Financial position they are shown as

44 CONTRAVENTION OF CBN GUIDELINES

CONTRAVENTION 31 December 2017

	Numbers	AMOUNT N'000
Untimely Rendition of eFASS daily returns for the period 3rd and 25th November, 2017	2	50
Failure to Repatriate outstanding balance of export proceeds against Customer	1	2,000
Disbursement of facilities to Government Agencies prior to obtaining the Finance Ministry consent.	1	2,000
Non-implementation prior year external Auditor recommendation and submission of quarterly updates.	1	2,000
Penalty for non-utilization of FX forwards transactions and non compliance with CBN guideline	1	2,000
Total Penalty Paid as at 31st December 2017	6	8,050

CONTRAVENTION 31 December 2016

	Numbers	AMOUNT N'000
Due Diligence (KYC) violation improper approval for Politically exposed person (PEP)	1	8,000
Enhanced Due Diligence in respect of PEP	1	4,000
Non-remittance of Foreign currency Exchange Utilisation Returns	1	4,000
Breach of CBN Foreign Exchange Trading Position Limits	1	4,000
Untimely Rendition of eFASS daily returns for the period 13 th , 18 th Nov. 2015 and 11 th , 13 th January 2016	4	100
Untimely Rendition of eFASS daily returns for the period 11 st and 12 th May 2016	2	50
Untimely Rendition of eFASS daily returns for the period 29 th June, 2016	1	25
Exceeding threshold in an insider related facilities	1	2,000
Total Penalty Paid as at 31st December 2016	12	22,175

45 COMPARATIVE FIGURES

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

46 EMPLOYEE BENEFIT PLANS

	2017 N'000	2016 N'000
Opening defined contribution obligation	15,691	15,060
Charge for the year	87,206	60,105
Payment to Fund administrator	(80,782)	(59,474)
	22,115	15,691

A defined contribution plan is a pension plan under which the Bank pays contributions at a fixed rate. The Bank does not have any legal obligation to pay further contributions over and above the fixed rate as determined by the Pension Act, 2004 as amended. The total expense charged to income for the year was N87.21m.

JAIZ BANK**OTHER NATIONAL DISCLOSURES
FINANCIAL SUMMARY**

		2017	2016	2015	2014	2013
		N'000	N'000	N'000	N'000	N'000
Assets						
Cash and Balances with Central Bank of Nigeria	3	23,909,987	21,506,853	18,168,226	9,156,773	16,263,622
Due from Banks and Financial Institution	4	5,484,759	1,478,026	1,886,533	3,621,902	3,031,297
InterBank Murabaha	5a	-	1,000,000	-	-	-
Total Sukuk Investment	5b	6,068,953	1,060,252	1,242,396	2,400,000	1,000,000
Murabaha Recievables	7	22,677,161	16,451,245	10,595,013	10,282,739	5,126,458
Investment in Musharaka	6	1,200,000	1,191,704	637,000	643,500	119,848
Qard Hassan	10	149,082	127,674	147,242	164,281	287,361
Investment in Istisna	8	1,335,361	754,448	638,722	678,328	328,415
Investment in Ijara Asset	9	13,153,200	14,251,232	11,812,999	7,744,873	3,370,540
Investment in Assets Held for Sale	11 (i)	3,670,774	488,942	27,111	3,673,717	1,251,358
Property, Plant and Equipment	12	2,123,997	1,892,970	1,383,189	1,236,902	934,431
Leasehold Improvement	13	34,931	42,435	82,506	147,659	189,873
Intangible Assets	14	340,286	368,089	307,880	271,061	259,486
Other Assets	15	7,164,117	5,233,384	3,983,853	2,840,202	761,952
Deferred Taxation Asset	16b	-	206,573	1,726,574	1,566,004	991,012
Total Assets		87,312,609	66,053,824	52,639,244	44,427,941	33,915,653
Liabilities						
Customer Current Deposit	(17a)	33,706,359	24,415,544	15,475,620	10,847,954	8,788,859
Other Financing/ AGSMEIS	18a	-	996,635	1,000,000	-	-
Other Liabilities	18b	5,367,886	1,552,659	1,463,675	5,659,746	1,027,800
Tax payable	16a	135,677	77,087	43,897	10,544	-
Deferred tax	16b	14,641	-	-	-	-
Total liabilities		39,224,563	27,041,925	17,983,192	16,518,244	9,816,659
Equity of Investment Account Holders						
Customers' Unrestricted Investment Accounts	(17b)	32,054,393	24,924,792	23,247,923	16,681,010	13,133,000
Mudaraba Term Deposit	(17c)	2,354,505	943,323	721	-	-
		34,408,898	25,868,115	23,248,644	16,681,010	13,133,000
Owners' Equity						
Share Capital	19	14,732,125	14,732,125	11,829,700	11,829,700	11,747,297
Share Premium	20	627,365	627,365	549,886	632,289	632,289
Retained Earnings	21	(4,244,308)	(3,669,861)	(1,714,073)	(1,348,767)	(1,529,067)
Risk Regulatory reserve	22	2,267,029	1,360,774	741,894	115,465	115,475
Statutory Reserve	22i	254,517	93,381	-	-	-
AGSMEIS Reserve	22ii	42,420	-	-	-	-
Total Equity		13,679,148	13,143,784	11,407,407	11,228,687	10,965,994
Total Equity and Liabilities		87,312,609	66,053,824	52,639,244	44,427,941	33,915,653

JAIZ BANK
OTHER NATIONAL DISCLOSURES
FINANCIAL SUMMARY

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
	N'000	N'000	N'000	N'000	N'000
Income:					
Income from Financing Contracts	6,239,808	5,289,075	4,006,736	2,371,737	1,051,702
Income from Investment Activities	703,162	188,967	883,009	621,985	37,178
Gross Income from financing transactions	6,942,970	5,478,042	4,889,745	2,993,722	1,088,880
Return on Equity of Investment Account Holders	(1,397,009)	(1,181,787)	(948,913)	(692,895)	(285,429)
Bank's share as a Mudarib/Equity investor	5,545,961	4,296,255	3,940,832	2,300,827	803,451
Fee and commission	748,581	364,171	380,509	244,422	107,023
Other Operating Income	182,022	122,440	100,000	324,396	23,307
Non Trading Exchange (Loss)/Gain	-	-	-	32,077	(17,931)
Total Income	<u>6,476,564</u>	<u>4,782,866</u>	<u>4,421,341</u>	<u>2,901,722</u>	<u>915,850</u>
Expenses:					
Staff costs	2,337,903	1,944,405	1,704,927	1,339,986	883,231
Depreciation and Amortisation	522,460	531,054	414,259	286,948	317,547
	:				
	:				
	2,560,733	2,059,180	1,385,468	957,298	830,943
	(
	i				
)				
Operating Expenses					
Impairment Charges against non-performing Financing and Investment	161,459	- 94,790	122,493	190,666	280,002
Total Expenses	<u>5,582,556</u>	<u>4,439,849</u>	<u>3,627,147</u>	<u>2,774,898</u>	<u>2,311,723</u>
Operating Profit/(Loss) Before Tax	894,008	343,017	794,194	126,824	(1,395,873)
Taxation	- 356,891	- 31,745	116,013	564,447	653,079
Profit/(Loss) for the Year after Tax	<u>537,117</u>	<u>311,272</u>	<u>910,207</u>	<u>691,271</u>	<u>(742,794)</u>
Other comprehensive income:	-	-			
Other comprehensive income for the year, net of tax	-	-			
Total comprehensive income for the year	<u>537,117</u>	<u>311,272</u>	<u>910,207</u>	<u>691,271</u>	<u>(742,794)</u>
Basic and diluted Earnings per share (Kobo)	<u>3.03 kobo</u>	<u>1.16 kobo</u>	<u>0.07</u>	<u>0.01</u>	<u>(0.12)</u>

JAIZ BANK**OTHER NATIONAL DISCLOSURES****VALUE ADDED STATEMENT**

	31 Dec.		31 Dec. 2016	31 Dec. 2016
	31 Dec. 2017	2017		
	N'000	%	N'000	%
Gross Income from financing transactions	7,873,573		5,964,653	
Return on Equity of Investment Account Holders	(1,397,009)		(1,181,787)	
Bank's share as a Mudarib/Equity investor	6,476,564		4,782,866	
Impairment Charges against non-performing Financing and Investment	(161,459)		94,791	
	6,315,105		4,877,657	
Operating Expenses	(3,083,194)		(2,590,234)	
Value Added	3,231,911	100%	2,287,423	100%
Distribution				
Employees				
Salaries and Benefits	2,337,903	72%	1,944,405	85%
Government				
Company Income Tax	356,891	11%	31,745	1%
Retained in the Bank				
Re-invested in non-current asset & development of operation	-	0%	-	0%
Paid to proposed dividend	-	0%	-	0%
Profit for the year (inclusive of all Statutory Reserves)	537,117	17%	311,273	14%
Total Value Added	3,231,911	100%	2,287,423	100%