Jaiz Bank

...FOR A BETTER LIFE

Annual Report and Accounts for the year ended 2020

www.jaizbankplc.com

CONTENTS

DIRECTORS, OFFICERS & PROFESSIONAL ADVISERS

Directors

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

* Retired with effect from February 16, 2021
** Appointed with effect from January 1, 2021

Company Secretary

Mrs. Rukayat O. Dahiru
FRC/2014/NBA/00000009649
No 73 Ralph Shodeinde Street,
Central Business District, Abuja.

Registered Office:

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

Registrar and Transfer Office:

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

Independent Auditor

Ahmed Zakari & Co.
222B Oladipo Diya Crescent,
2nd Avenue, Dolphin Estate, Ikoyi, Lagos.

Tax Advisors

Abdulazeez & Co.
No. 26, Cotonou Street, Wuze Zone 6,
Abuja

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

BUSINESS & FINANCIAL HIGHLIGHTS

40%

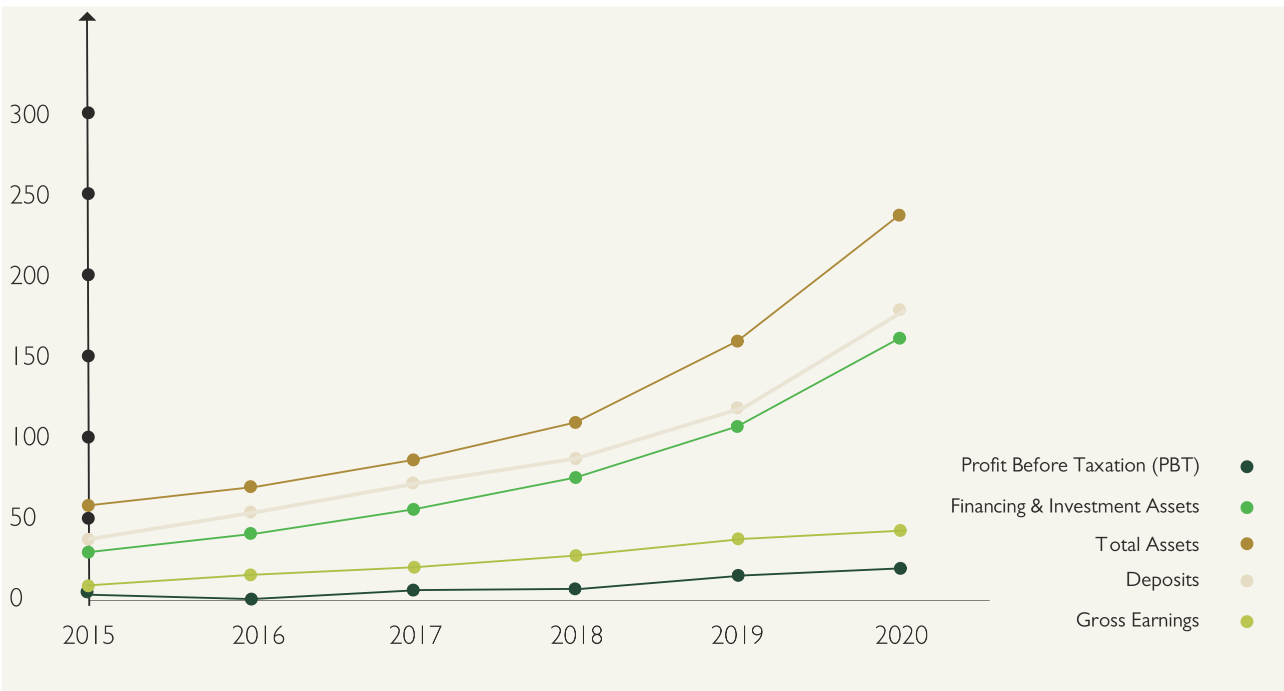
TOTAL ASSETS

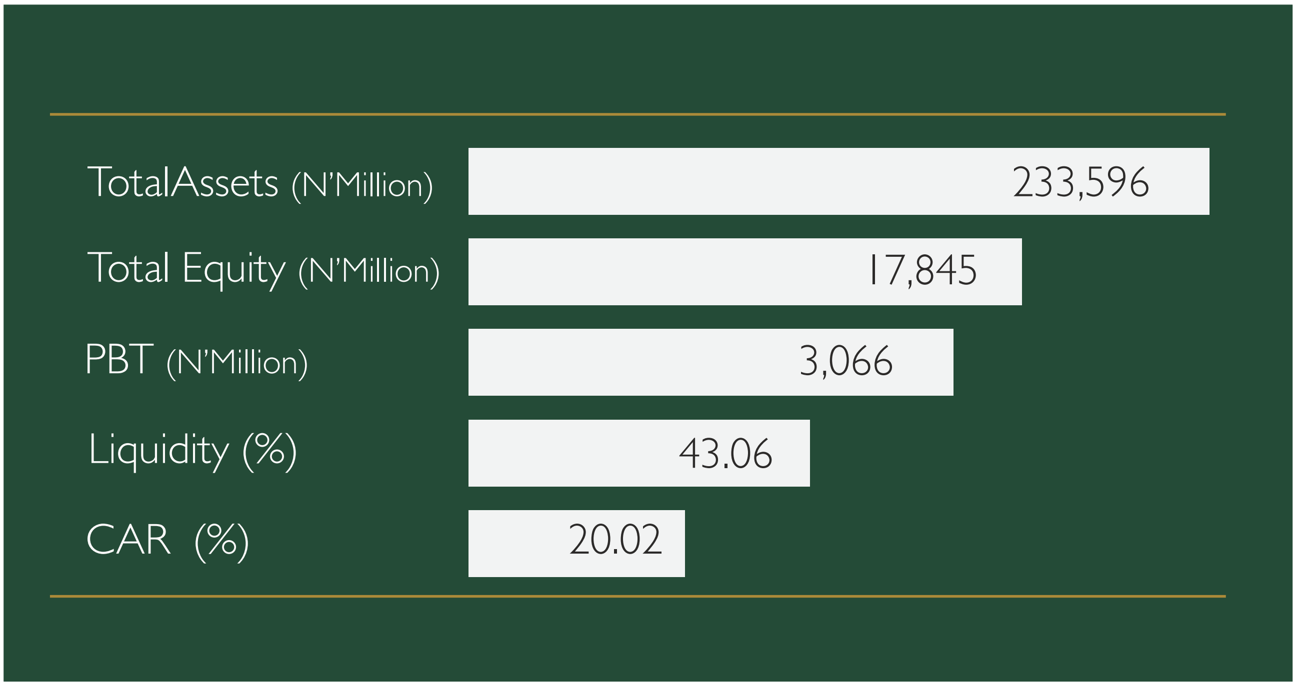
38%

DEPOSIT

19%

PROFIT AFTER TAX





Statement of Financial Position	31-Dec-2020 N'Million	31-Dec-2019 N'Million	Changes (%)
Total Assets	233,596	167,273	40%
Financing & Investment Assets	165,995	107,775	54%
Deposits	175,513	127,193	38%
Share Capital	14,732	14,732	0%
Total Equity	17,845	15,552	15%

Income Statement			
Gross Earnings	19,614	14,715	33%
Profit Before Taxation (PBT)	3,066	2,110	45%
Taxation	(163)	333	(149%)
Profit After Taxation (PAT)	2,903	2,443	19%

Ratios	31-Dec-2020	31-Dec-2019	Changes
Cost to Income	76.04%	80.21%	5%
Return on Assets	1.31%	1.26%	4%
Return on Equity	17.18%	13.57%	27%
Capital Adequacy	20.02%	16.44%	22%
Liquidity	43.06%	33.60%	28%

Others	31-Dec-2020 Number	31-Dec-2019 Number	Changes (%)
Earning Per Share	9.85 kobo	8.29 kobo	19%
Proposed Dividend	3kobo	3kobo	0%
Number of Branches/Offices	40	38	5%
Number of Staff	609	562	9%
Number of Shares in Issue (Million)	29,464	29,464	0%

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Statement of Directors' Responsibilities in Relation to the Financial Statements for financial year ended December 31, 2020

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

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

Signed on behalf of the Directors by:

Abdufattah O. Amoo, FCA	**Hassan Usman,** FCA
Chief Financial Officer	Managing Director/CEO
FRC/2018/ICAN/00000017779	FRC/2013/ICAN/0000003984

STATUTORY AUDIT COMMITTEE'S REPORT

Jaiz Bank
RC: 476637

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

Report of the Statutory Audit Committee

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

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

Alhaji Shehu Mohammed FCA
FRC2018/ICAN/00000017824
Chairman, Statutory Audit Committee
Abuja
March 2, 2021

Members of the Audit Committee

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

WHISTLE BLOWING REPORT

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

RC: 476637

ANNUAL REPORT ON CODE OF CORPORATE GOVERNANCE AND WHISTLE BLOWING GUIDELINES

With reference to section 5.2.8 of the Code of Corporate Governance for Banks and Discount Houses in Nigeria and Section 4.11 of the whistle blowing guidelines issues by the Central Bank of Nigeria (CBN). I write to confirm that no breach of corporate governance code was observed in 2020 while some whistle blowing cases were reported and being investigated as at December, 2020. The outcome of the investigation shall be published in subsequent Annual Report and Accounts.

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

ACE REPORT

Jaiz Bank
RC: 476637

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

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, 2020. 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 31/12/2020 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.

e. The Advisory Committee of Experts (ACE) of Jaiz Bank Plc has reviewed the financial statements of the Bank, and taken note of the Non-Permissible Income (NPI) declared by the Bank during the review period. The ACE hereby confirms that the NPI has been disposed by the Bank to the satisfaction of the ACE.

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

And Allah knows best.

May Allah's mercy and blessings be upon you.

Date: March, 2021

Prof. (Dr.) Monzer Kahf
Chairman

Dr. M.A. Abubakar
Member

Sheik Abdulwahab A. Muhammad
Member

Prof. Ahmad Bello Dogarawa
Member

FINANCIAL Statements

INDEPENDENT AUDITOR'S REPORT

Ahmed Zakari & Co.
(CHARTERED ACCOUNTANTS)

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

Opinion
We have audited the financial statements of Jaiz Bank PLC ('the Bank') which comprise the statements of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, statement of changes in equity and cash flows for the year ended, a summary of significant accounting policies, financial summary and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Jaiz Bank PLC as at 31 December 2020 and of its financial performance and cash flows for the year 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 2020 and the Banks and Other Financial Institutions Act 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

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

Key Audit Matters
Key audit matters are those matters that, in professional judgement, were most significance in our audit of the financial statement of the current period. These matters were addressed in the context of our audit of the financial statement 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 financial statement Key audit matter

Independent Auditor's Report

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

Key audit matter	*How our audit addressed the matter*
Impairment of Islamic financial and investment assets The expected credit losses on financing and investment assets to customers are considered to be a key audit matter because it requires significant judgment by management in measuring credit risk in line with the Expected Credit Loss (ECL) model. We focused on this judgement area because of the significant value of Islamic financing and investment assets and the management make significant judgement and level of subjectivity over the impairment. The key areas where significant judgement was exercised by the management includes: • Allocation of Islamic financing and investment assets into various stage to reflect the credit risk of the facilities. • Determination of default and the criteria for assessing significant increase in credit risk (SICR) • Determination of 12 month and Lifetime probability of default (PD) used in ECL calculation. • Assumption used in the ECL model such as financing condition of counterparty, expected future cash flows, forward looking macroeconomic factor. • Techniques that were used to determine the probability of default (PD) and the loss given default (LGD)	• We performed the following audit procedures to assess the adequacy of the Expected Credit Loss (ECL) include in the bank's financial statements for the year ended 31 December 2020. • We reviewed the completeness and accuracy of the data use in the calculation of Expected Credit Loss (ECL). • We examined a sample of exposure and performed procedures to determine whether there is significant increase in credit risk since initial recognition of the facilities to determine credit-impaired facilities. • We check directors default definition as prescribed by the Standard. • We checked the forward looking information applied by the management in the ECL calculations by comparing to publicly available macroeconomic information • We check directors default definition as prescribe by the Standard. • We check the forward looking information applied by the management in the ECL calculation by comparing to publicity available macroeconomic information. • For exposure determined to be credit impaired, we tested sample of Islamic financing and investment asset and we challenge the estimate and assumption used by management around the staging criteria and impairment allowance calculation. • We also assessed the accuracy of disclosure in the financial statements to determine if they were in compliance with the requirement of IFRSs.

Independent Auditor’s Report

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

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

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

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

Responsibilities of the Directors for the financial statements
The directors are responsible for preparation and fair presentation of the financial statement in compliance with the Financial Reporting Council of Nigeria Act No. 6, 20211 and in accordance with International Financial Reporting Standards, issued by the accountant and audit organization for Islamic financial institution (AAOIFI) and in the manner Required by companies and allied matters act of Nigeria, cap C20 LFN 2014, the bank and other financial institution Act, CAP B3, LFN 2014, and relevant Central Bank of Nigeria circulars. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimate that are reasonable in the circumstance.

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

Responsibility of the auditor for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that include 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 of in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these Financial Statement.

Independent Auditor's Report

As part of an audit in accordance with international standards on auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedure responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedure that are appropriate in the circumstances, but not for the purpose not expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosure made by directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to event or condition that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure 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 event or condition may cause the company to cease to continue as a going concern.

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

We communicate with those charge with government regarding among other manners, the planned scope and timing of the audit and significant matters. We also provide those charges with governance with a statement that we have complied with relevant ethical requirement regarding independence and communicate with them all relationship and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguard.

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

Independent Auditor's Report

Report on other legal and regulatory requirements

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

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

II. The bank has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us.

III. The bank statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Compliance with section 27 (2) of the Banks and Other Financial Institutions Act 2020 and Central Bank of Nigeria circular BSD/1/2014

I. Information required on related party transactions and balances are disclosed in note 38 to the financial statement in accordance with the central bank of Nigeria circular BSD/1/2004

II. As disclosed in note 47 to the financial statements, the bank did not pay penalties in respect of contraventions of any sections of the banks and other financial institutions Act and relevant circulars issued by the central bank of Nigeria during year ended 31 December 2020.

Nafisa S. Awak, FCA
FRC/2018/ICAN/00000018811
For: Ahmed Zakari & Co.
(Chartered Accountants)
12 March, 2021
Abuja, Nigeria.

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 N'000	2019 N'000
Income:			
Income from financing contracts	28	10,757,796	7,461,682
Income from investment activities	29	8,003,175	6,055,941
Gross income from financing transactions		**18,760,971**	**13,517,623**
Return on equity of investment account holders	30(i)	(3,789,440)	(2,907,985)
Bank's share as equity investor/ mudarib		**14,971,531**	**10,609,638**
Net impairment (charges)/writeback	37	(3,027,892)	(1,145,875)
Net Spread after Provision		**11,943,639**	**9,463,763**
Other Income			
Fees and commisssion	31	500,930	1,008,943
Other operating income	32	352,040	188,257
Total Income		**12,796,609**	**10,660,963**
Expenses:			
Staff costs	34	4,902,366	3,863,554
Depreciation and amortisation	35	811,624	714,586
Operating expenses	36(i)	4,016,643	3,972,805
Total expenses		**9,730,633**	**8,550,945**
Profit before tax		3,065,976	2,110,018
Income tax expenses	18a	(162,764)	332,768
Profit for the year after tax		**2,903,212**	**2,442,785**
Other comprehensive income			
Item that may be reclassified to profit or loss			
Foreign currency translation difference	33	273,825	-
Total comprehensive income for the year		**3,177,036**	**2,442,785**
Earnings per share			
Basic and diluted Earnings per share (Kobo)		9.85 kobo	8.29 kobo

Statement of Financial Position

As at 31 December 2020

Assets	Notes	2020 N'000	2019 N'000
Cash and balances with Central Bank of Nigeria	3	45,869,170	42,103,116
Due from banks and other financial institutions	4	14,839,178	11,438,274
Investment in sukuk	5	73,795,575	41,086,469
Murabaha receivables	6	40,907,082	32,168,321
Investment in Bai Mu'ajjal	7	1,979,088	1,008,613
Investment in istisna	8	3,662,628	1,080,389
Investment in ijara assets	9	24,962,636	21,283,416
Qard hassan	10	97,301	79,430
Investment in Salam	11	11,393	-
Investment properties	12	1,603,513	1,603,513
Investment in assets held for sale	13	18,975,452	9,464,869
Property, plant and equipment	14	2,926,153	2,547,972
Leasehold improvement	15	47,526	65,297
Intangible assets	16	475,815	481,366
Other assets	17	2,611,415	2,400,175
Deferred tax asset	18b	832,253	462,186
Total assets		**233,596,177**	**167,273,406**
Liabilities			
Customer current deposits	19a	74,580,714	69,603,883
Other financing	20	15,405,242	11,963,766
Other liabilities	21	24,273,970	12,443,964
Tax payable	18a	558,770	120,251
Total liabilities		**114,818,695**	**94,131,864**
Equity of investment account holders			
Customers' unrestricted investment accounts	19b	100,932,427	57,589,595
Total equity of investment account holders		**100,932,427**	**57,589,595**
Owners' equity			
Share capital	22	14,732,125	14,732,125
Share premium	23	627,365	627,365
Retained earnings	24	(2,538,887)	(4,081,114)
Risk regulatory reserve	25	2,175,084	2,714,153
Statutory reserve	26	2,108,625	1,237,661
Other reserves	27	740,742	321,757
Total equity		**17,845,054**	**15,551,947**
Total equity and liabilities		**233,596,177**	**167,273,406**

The accompanying notes form an integral part of these financial statements.
These financial statements were approved by the Board of Directors for issue on 9th March, 2021 and signed on its behalf by:

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

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

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

Statement of Changes in Equity

As at 31 December 2020

31 December 2020	Share Capital	Share Premium	Retained Earnings	Risk Regulatory Reserve	CBN (AGSMEIS) Reserve	Other Comp income	Statutory Reserve	Foreign Currency Translation Reserve	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening balance	14,732,125	627,365	(4,081,114)	2,714,153	209,444	112,313	1,237,661	-	15,551,947
Transfer to risk regulatory reserve	-	-	539,069	(539,069)	-	-	-	-	-
Transfer to statutory reserve	-	-	(870,964)	-	-	-	870,964	-	-
Transfer to AGSMEIS	-	-	(145,161)	-	145,161	-	-	-	-
Dividend Paid	-	-	(883,929)	-	-	-	-	-	(883,929)
Foreign currency translation difference	-	-	-	-	-	-	-	273,825	273,825
Profit for the year	-	-	2,903,212	-	-	-	-		2,903,212
As at 31 December 2020	**14,732,125**	**627,365**	**(2,538,887)**	**2,175,084**	**354,605**	**112,313**	**2,108,625**	**273,825**	**17,845,054**

31 December 2019	Share Capital	Share Premium	Retained Earnings	Risk Regulatory Reserve	CBN (AGSMEIS) Reserve	Other Comp income	Statutory Reserve	Foreign Currency Translation Reserve	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening balance	14,732,125	627,365	(4,574,108)	1,619,336	87,305	112,313	504,826	-	13,109,162
Transfer to risk regulatory reserve	-	-	(1,094,817)	1,094,817	-	-	-	-	-
Transfer to statutory reserve	-	-	(732,835)	-	-	-	732,835	-	-
Transfer to AGSMEIS	-	-	(122,139)	-	122,139	-	-	-	-
Profit for the year	-	-	2,442,785	-	-	-	-	-	2,442,785
As at 31 December 2019	**14,732,125**	**627,365**	**(4,081,114)**	**2,714,153**	**209,444**	**112,313**	**1,237,661**	**-**	**15,551,947**

Statement of Cashflows

For the year ended 31 December 2020

	2020 N'000	2019 N'000
Cash flow from operating activities		
Total comprehensive income for the year	3,177,036	2,442,784
Adjustments for non -cash items:		
Depreciation	697,252	605,893
Amortization of Intangible Assets/Leasehold Improvement	114,372	108,693
Provision for financing impairment	3,027,892	1,145,877
Amortisation of Right of use	377,319	341,564
Income Tax	162,764	(332,768)
Foreign currency translation Reserve	(273,825)	-
Operating profit before changes in operating asset and liabilities	**7,282,811**	**4,312,045**
Working capital adjustment:		
Sukuk	(32,709,106)	(21,266,597)
Murabaha receivables	(11,251,798)	(6,837,625)
Qard hassan	(58,927)	92,518
Salam	(11,722)	
Istisna	(2,601,497)	785,267
Bai Muajjal	(970,474)	(949,429)
Ijara rental receivables	(3,876,433)	(6,018,506)
Investment in trading assets	(9,510,584)	(1,765,039)
Other assets	(572,062)	409,035
Customers' current account	4,976,831	23,653,745
Other financing	3,441,476	9,963,766
Other liabilities	11,831,839	3,081,899
Tax paid	(94,312)	(87,144)
Net cash from/(used in) operating activities	**(34,123,960)**	**5,373,935**
Investing activities		
Purchase of property, plant & equipment	(1,075,432)	(575,276)
Purchase of intangible assets	(108,821)	(192,595)
Improvement on leasehold properties	17,771	(33,894)
	(1,166,483)	**(801,766)**
Financing activities		
Distribution to charity	(1,504)	(13,772)
Customers investment accounts	43,342,832	18,506,741
Dividend Payment	(883,929)	-
Net cash provided by/(used in) financing activities	**42,457,399**	**18,492,969**
Increase/(decrease) In cash and cash equivalents	7,166,956	22,723,573
Cash and cash equivalents at beginning of year	53,541,390	30,817,816
Cash and cash equivalents At 31 December	**60,708,349**	**53,541,390**

Statement of Sources and Uses of Qard Fund

As at 31 December 2020

	2020 N'000 Qard Hasan	2019 N'000 Qard Hasan
Opening balance	**158,376**	**174,597**
Granted to customers	-	15,013
Total uses during the year	**158,376**	**189,610**
Repayments		
Staff repayment	12,484	14,222
Customer repayment	19,690	17,013
Total repayment	**32,174**	**31,236**
Net qard hassan	**126,201**	**158,375**
Impairment allowance	(28,899)	(78,945)
Balance at 31 December	**97,302**	**79,430**

The balance due from staff is made up of facilities granted to employees to buy the Bank's shares under 2012 Private Placement exercise and facilities taken over by the Bank from their previous employers. Staff under critical situations were also granted this type of facility. The amount granted to customers during the year was NIL (2019: N15.01 million). The impairment charged under Qard Hassan is in line with the IFRS 9 requirements.

Statement of Sources and Uses of Charity Fund

As at 31 December 2020

	2020 N'000	2019 N'000
Sources of Charity Funds		
Balance at 1 January	800	3,298
Non-permissible income during the year	2,958	11,273
Total sources of charity funds	**3,758**	**14,571**
Uses of charity Funds		
Transfer to Jaiz Foundation	1,504	13,772
Philantropic activities	2,254	-
Total uses of charity funds	**3,758**	**13,772**
Balance at 31 December	**-**	**800**

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

Notes to the Financial Statements

For the year ended 31 December 2020

1. Reporting entity

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

The address of the Bank's registered office is Kano House, Plot 73, Ralph Shodeinde Street, Central Business District, and Abuja, Nigeria. The Financial Statement of the Bank as at 31 December 2020, is only for the Bank as it has no subsidiary and/or Associate company.

These financial statements were approved and authorized for issue by the Board of Directors on 9 March 2021. The Directors have the power to amend and issue the financial statements.

2. Statement of Compliance

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

3 Basis of Preparation

The Bank's financial statements were prepared under the historical cost convention except for the following

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

a Going Concern

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

b. Functional and presentation currency

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

c Use of estimates and judgments

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

4 New and amended standards and interpretations effective during the year

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

i. Amendment to IAS 1 (Presentation of Financial Statements) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors)

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. These amendments are effective for reporting periods beginning on or after 1 January 2020, with early application permitted. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The Bank has incorporated this defintion in preparation its financial statement

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

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take avariety of forms, including payment holidays and deferral of lease payments.In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

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

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

The following standards have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2020:

Standard	Content	Effective date
IAS 37	Provisions, Contingent Liabilities and Contingent Assets relating to onerous contracts.	1 January, 2022
IAS 16	Property, plant and equipment relating to proceeds before intended use	1 January, 2022
IAS 1	Presentation of Financial Statements relating to classification of Liabilities as Current or Non-Current	1 January, 2023

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

i Amendments to IAS 1

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

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

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

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

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

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

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

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

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

6. Significant Accounting Policies

a Transactions in foreign currencies

`The financial statements are presented in Nigerian Naira, which is the reporting currency in line with IAS21 (Effects of foreign exchange) Transactions in foreign currencies are recorded in the books at the rate of exchange ruling on the date of the transactions.
Monetary assets and liabilities denominated in foreign currencies are converted into Naira at the rate of exchange

ruling at the balance sheet date. All differences are taken to the statement of income.

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

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

b Cash and cash equivalent

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

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

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

c Financial instrument

i Initial recognition and measurement

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

ii Classification and measurement

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

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

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

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

Debt instruments

Amortised cost

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

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

ii The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and return on the principal amount outstanding.

The gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in income statement when the asset is derecognised or impaired. Returns from these financial assets is determined using the effective rate of return (ERR) method and reported in income statement as 'income'.

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

Business model assessment

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

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

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

iii The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

iv How managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

v. The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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

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

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

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

Financial liabilities

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

i Financial liabilities at fair value through profit or loss

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

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

ii Financial liabilities at amortised cost

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

Modifications of financial assets and financial liabilities

i Financial assets

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

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

ii Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. This occurs when the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate of return, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in income statement. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment (i.e. the modified liability is not substantially different), any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Offsetting of financial instruments

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

Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

Measurement of ECLs

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

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

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

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

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

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

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

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

The mechanics of the ECL method are summarised below:

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

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

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

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

Facility commitments and Letters of Credit:

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

Forward looking information

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

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

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

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

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

Definition of default and credit impaired financial assets

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

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

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

i qualitative - e.g. material breaches of covenant;

ii quantitative - e.g. overdue status and non-payment on another obligation of the same customer/customer group to the banks; and

iii based on data developed internally and obtained from external sources

iv Disappearance of an active market for a security because of financial difficulties

v Others include death, insolvency, breach of covenants, etc

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

Renegotiated financing facilities

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

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

- If the expected restructuring will not result in derecognition of the exiting asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.

- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition.

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

Presentation of allowance for ECL in the statement of financial position

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

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

gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

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

Collateral valuation

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

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

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

Collateral repossession

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

Write-off

After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):

- continued contact with the customer is impossible
- recovery cost is expected to be higher than the outstanding debt
- amount obtained from realisation of credit collateral security leaves a balance of the debt
- It is reasonably determined that no further recovery on the facility is possible

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

A write-off constitutes a derecognition event. The write-off amount is used to reduce the carrying amount of the financial asset. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only

d Property plant and equipment

The bank recognizes items of property, plant and equipment at the time the cost is incurred. They are stated at historical cost less accumulated depreciation and accumulated impairment losses.

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

Construction cost in respect of offices is carried at cost as work in progress. On completion of construction, the related amounts are transferred to the appropriate category of fixed assets. Payments in advance for items of fixed assets are included as Prepayments in Other Assets and upon delivery are reclassified as additions in the appropriate category of property and equipment.

Depreciation

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

Motor vehicle	(5 years)
Furniture and fittings	(5 years)
Equipment	(5 years)
Computer Equipment- General	(3 years)
Computer Equipment- Special	(5 years)
Computer software	(10 years)

Freehold Buildings	(50 years)
Leasehold building	over the expected life of the lease
Right of use assets	Lower of lease term or the useful life for the specified class of item
Leasehold improvement	over the expected life of the lease

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from it use. Gain and losses are recognised in the income statement.

Depreciation is charged when the assets are available for use irrespective of whether they are put to use. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the statement of income for the year.

e Intangible assets

Software licenses acquired by the Bank are stated at cost less accumulated amortization and accumulated impairment loss (if any). Expenditure incurred on internally developed software is recognized as an asset when the Bank is able to complete the software development and use it in such a manner that it will be able to generate economic benefit to the Bank, and that the cost to complete the development can reliably be measured by the Bank.

"Internally developed software cost that is capitalized includes cost directly attributable to developing the software, and is amortized over the useful economic life of the software.
Amortization is recognized in the income statement on a straight line basis over the estimated useful life of the software. "

f Inventory

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

g. Islamic financing and investing contracts

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

i Ijarah

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

ii Murabaha

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

ii Musharaka

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

iv Istisna'a

A sale contract between two parties whereby the Bank (the "Sani" or "Seller") undertakes to construct, for its customer (the "Mustasni" or "Purchaser"), a specific asset or property (being "Al-Masnoo") according to certain pre-agreed specifications to be delivered during a pre-agreed period of time in consideration of a pre-determined price, which comprises the cost of construction and a profit amount. The work undertaken is not restricted to be accomplished by the Sani' alone and the whole or part of the construction/development can be undertaken by third parties under the control and responsibility of the Sani'. Under an Istisna'a contract the Bank could be the Sani' or the Mustasni'. Istisna'a profit (difference between the sale price of Al-Masnoo to the customer and the Bank's total Istisna'a cost) is internally accounted for on a time-apportioned basis over the period of the contract based on the principal amount outstanding.

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

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

vi Qard hasan
Are non profit bearing financing whereby the customer borrows funds for a period of time with an understanding that the same amount shall be repaid at the end of agreed period.

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

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

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

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

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

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

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

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

viii Non-credit related fee income
This is recognized at the time the services have been performed and delivered or the transaction has been completed.

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

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

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

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

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

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

xi Service income
Revenue from rendering of services is recognized when the services are rendered

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

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

i Expense recognition
a Profit on mudaraba payable (banks and non-banks)
Profit on these is accrued on a time-apportioned basis over the period of the contract based on the principal amounts outstanding.

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

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

b Deferred taxation
Provision for deferred taxation is made by the liability method and calculated at the current rate of taxation on the temporary differences between the net book value of qualifying fixed assets and their corresponding tax written down value in accordance with IAS 12 (Income taxes). The principal temporary differences arise from depreciation of property, plant and equipment, provisions for pensions and other post-retirement benefits, provisions for Investment losses and tax losses carried forward. The rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax.

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

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

l. Employee benefits
Defined contribution plans
A defined contribution plan is a pension plan under which the Bank pays fixed contributions to a separate entity. The rate of contribution by the Bank and its employee is 10% and 8% respectively of basic salary, housing and transport allowance in line with the new Pension Reform Act, 2014. The Bank has no legal or constructive obligations to pay further contributions Membership of the scheme is automatic upon resumption of duty with the Bank. The Bank has no further payment obligations once the contributions have been paid to Pension Fund Administrators (PFA).
The Bank's liabilities in respect of the defined contribution are to be charged to statement of profit or loss for the year in which they become payable. Payments are made to Pension Fund Administrator (PFA) are financially independent of the bank.

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

n. Financial guarantees and loan commitments
Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. After initial recognition, guarantee contracts are subsequently measured at the higher of:

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

"Financial guarantees, principally consisting of letters of credit are included within other liabilities.
Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. The Bank recognises a provision in accordance with IAS 37 if the contract was considered to be onerous."

"Transactions that are not currently recognized as assets or liabilities in the balance sheet, but which nonetheless give rise to credit risks, contingencies and commitments are reported off balance sheet. Such transactions included letters of credit, bonds, guarantees, acceptances, trade related contingencies such as documentary credits etc.
Outstanding and unexpired commitments at year end in respect of these transactions are to be shown by way of note to the financial statements. "

o Borrowings

i Murabaha and Due to Banks

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

ii Murabaha and due to non-banks

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

p Fiduciary activities

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

Income is allocated proportionately between equity of investment account holders and owners' equity on the basis of the average balances outstanding during the year and share of the funds invested. Equity and assets of restricted investment account holders are carried off-balance sheet as they are not assets and liabilities of the Bank.

q Segment reporting

"The Bank prepares its segment information based on geographical and business segments as primary and secondary reporting segments, respectively in accordance with IFRS 8 (Operating segments).
A business segment is a Bank of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments."

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.

r Gifted assets

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

s Investment property

"An Investment Property is an investment in land or buildings held primarily for generating income or capital appreciation and not occupied substantially for use in the operations of the Bank. A piece of property is treated as an investment property if it is not occupied substantially for use in the operations of the Bank, an occupation of more than 15% of the property is considered substantial.
The initial Recognition is to be at its cost price while for subsequent measurement the Bank adapted the fair value model which carry the investment properties in the balance sheet at their market value and revalued periodically on a systematic basis at least once in every three years in accordance in (IAS 40). Investment properties are not subject to periodic charge for depreciation.
"
"When there is a decline in value of an investment property, the carrying amount of the property is written down to recognize the loss. Such a reduction is charged to the statement of income. Reductions in carrying amount are reversed when there is an increase, following a revaluation in accordance with the Bank's policy, in the value of the investment property, or if the reasons for the reduction no longer exist.

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

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

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

t Share capital and reserves

i Share issue cost

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

ii. Dividend on ordinary shares

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

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

iii. Share premium

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

iv. Statutory reserve

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

iv AGSMIES reserve

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

v Retained earnings

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

vi Regulatory risk reserve

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

u. Earning per share

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

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

v. Leases

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

Right-of-use assets

The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease obligations recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

3	Cash and balances with Central Bank of Nigeria	2020	2019
		N '000	N '000
	Cash	7,799,167	5,062,591
	Current account with CBN	15,301,510	9,455,427
	Deposit with CBN	22,590,165	27,500,960
	CBN AGSMEIS Balance	178,327	84,138
	Balance as at 31 December	**45,869,170**	**42,103,116**

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

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

4	Due from banks and other financial institutions		2020	2019
			N'000	N'000
	Balances with banks within Nigeria:			
	First Bank Plc		4,737	95,117
		a	**4,737**	**95,117**
	Balances with banks outside Nigeria:			
	First Bank UK		5,565,902	5,955,940
	Banco De Sabadel		45,141	23,920
	Standard Chartered		6,314,792	3,904,834
	Bank Al-Bilad		214,962	214,350
	Zenith Bank UK		1,109,697	1,173,123
	FCMB UK		68,393	4,519
	Aktif Bank		-	43,769
	Bank of Beirut		1,515,554	22,701
		b	**14,834,441**	**11,343,157**
	Balance as at 31 December	**a+b**	**14,839,178**	**11,438,274**

"The balances held with Banks outside Nigeria substantially represent the Naira equivalent of Foreign Currency balances held on behalf of customers in respect of Letters of Credit,Cash Collaterals and Bank's induced transactions. The corresponding Liabilty is included in Customers'Domiciliary Deposit and Margin Deposits under "Other Liabilities"(see Note 18)."

5	Investment in sukuk	2020	2019
		N'000	N'000
	Opening Balance	37,866,824	18,965,012
	Addition during the year	30,905,153	21,486,000
	Disposal/Redemption	(1,857,338)	(2,584,188)
	Gross investment in Sukuk	**66,914,639**	**37,866,824**
	Premium	5,848,786	2,367,231
	Rental Receivable	1,032,152	852,414
	Balance as at 31 December	**73,795,575**	**41,086,469**

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

		2020	2019
i	**Osun State Sukuk**	**N'000**	**N'000**
	Opening Balance	557,338	1,039,527
	Disposal/Redemption	(557,338)	(482,188)
	Gross investment in Sukuk	**-**	**557,339**
	Premium	-	12,205
	Rental Receivable	-	20,552
	Balance as at 31 December	**-**	**590,096**

		2020	2019
ii	**FGN Sovereign Sukuk**	**N'000**	**N'000**
	Opening Balance	37,309,485	17,925,485
	Addition during the year	30,905,153	21,486,000
	Disposal/Redemption	(1,300,000)	(2,102,000)
	Gross investment in Sukuk	**66,914,638**	**37,309,485**
	Premium	5,848,786	2,355,025
	Rental Receivable	1,032,152	831,863
	Balance as at 31 December	**73,795,575**	**40,496,373**

		2020	2019
6	**Murabaha receivables**	**N'000**	**N'000**
	Murabaha retail	13,031,873	13,987,773
	Murabaha corporate	22,778,170	14,765,178
	Commercial Agric. Credit Scheme	2,111,192	625,305
	Paddy Aggregation scheme	2,162,226	4,659,529
	Murabaha staff	28,377	647
	Murabaha SME	8,804,367	3,231,340
	Gross recievables	**48,916,205**	**37,269,772**
	Allowance for impairment	(3,436,052)	(1,904,071)
	Deffered profit	(4,573,070)	(3,197,380)
	Balance as at 31 December	**40,907,082**	**32,168,321**

		2020	2019
7	**Investment in Bai Mu'ajjal**	**N'000**	**N'000**
	Bai Mu'ajjal corporate	2,682,254	1,305,501
	Gross receivables	**2,682,254**	**1,305,501**
	Allowance for impairement	(170,686)	-
	Deffered Profit	(532,480)	(296,888)
	Balance as at 31 December	**1,979,088**	**1,008,613**

		2020	2019
8	**Investment in istisna**	**N'000**	**N'000**
	Istisna recievable	3,922,127	1,146,745
	Allowance for impairment	(16,580)	(16,576)
	Deffered Profit	(242,919)	(49,780)
	Balance as at 31 December	**3,662,628**	**1,080,389**

		2020	2019
9	**Investment in ijara assets**	**N'000**	**N'000**
	Ijara wa iqtina	17,961,051	15,980,326
	Ijara home finance	16,380	19,227
	Ijara auto & others	3,636,770	2,738,898
	Gross investment in ijara	**21,614,200**	**18,738,450**
	Ijara accrued profit	3,413,218	2,714,707
	Impairment allowance	(64,782)	(169,740)
	Balance as at 31 December	**24,962,636**	**21,283,416**

		2020	2019
10	**Qard hassan**	**N'000**	**N'000**
	Balance at 1 Jan	158,376	174,597
	Granted to staff	-	-
	Granted to customers	-	15,013
	Gross qard hassan	158,376	189,610
	Repayments		
	Staff repayment	12,484	14,222
	Customer repayment	19,690	17,013
	Total repayment during the year	**32,174**	**31,235**
	Gross receivables	**126,201**	**158,375**
	Impairment allowance	(28,899)	(78,945)
	Balance as at 31 December	**97,301**	**79,430**

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

		2020	2019
11	**Investment in Salam**	**N'000**	**N'000**
	Salam Corporate	11,722	-
	Gross Investment in Salam	**11,722**	**-**
	Allowance for impairement	(12)	-
	Deferred Profit	(317)	-
	Balance as at 31 December	**11,393**	**-**

		2020	2019
12	**Investment properties**	**N'000**	**N'000**
	Investment properties	1,603,513	1,603,513
	Balance as at 31 December	**1,603,513**	**1,603,513**

		2020	2019
13	**Investment in assets held for sale**	**N'000**	**N'000**
	Advances for LC murabaha	4,220,174	1,355,993
	Inventory for sale - (note 13 (I))	16,053,100	8,478,819
	Impairment allowance	(1,297,822)	(369,943)
	Balance as at 31 December	**18,975,452**	**9,464,869**

13(i) Schedules of inventory for sale

	2020 N'000	2019 N'000
Repossessed property	2,159,524	2,159,524
Inventory - other properties	569,410	698,909
Mur Inv Financing	10,801,908	5,126,802
Inventory Murabaha Corporate Financing	2,522,259	493,584
Total inventory for sale	**16,053,100**	**8,478,819**

14 Property, Plant and Equipment

	Freehold Land N' 000	Building Freehold N' 000	Office Equipment N' 000	Motor Vehicle N' 000	Furnitures & Fixtures N' 000	Computer Equipment N' 000	Fixed Assets WIP N' 000	Total N' 000
Cost								
1-January-2020	57,086	674,490	997,514	597,499	248,651	2,386,646	222,623	5,184,510
Additions/Reclassification	10,117	94,711	11,514	145,180	9,273	338,278	406,477	1,115,550
Disposals	-	-	-	-	-	-	-	-
31 December 2020	**67,203**	**769,201**	**1,109,028**	**742,679**	**257,923**	**2,724,924**	**629,101**	**6,300,059**
Accumulated depreciation								
1-January-2020	-	39,653	586,211	297,269	168,739	1,544,667	-	2,636,539
Depreciation	-	53,047	152,000	97,871	29,377	406,215	-	738,510
31 December 2020	**-**	**92,700**	**738,211**	**395,140**	**196,974**	**1,950,882**	**-**	**3,373,907**

	Freehold Land N' 000	Building Freehold N' 000	Office Equipment N' 000	Motor Vehicle N' 000	Furnitures & Fixtures N' 000	Computer Equipment N' 000	Fixed Assets WIP N' 000	Total N' 000
Cost								
1-January-2019	57,086	559,211	842,730	475,431	214,490	2,027,518	442,763	4,619,231
Additions/ Reclassification	-	115,279	154,784	122,068	34,161	359,128	220,140	565,279
31 December 2019	**57,086**	**674,490**	**997,514**	**597,499**	**248,651**	**2,386,646**	**222,623**	**5,184,510**
Accumulated depreciation								
1-January-2019	-	26,735	429,220	238,253	139,362	1,207,073	-	2,040,642
Depreciation	-	12,918	156,991	59,016	29,377	337,594		595,896
31 December 2019	**-**	**39,653**	**586,211**	**297,269**	**168,739**	**1,544,667**	**-**	**2,636,539**
Net book Amount								
31 December 2020	**67,203**	**676,501**	**370,817**	**347,539**	**60,949**	**774,042**	**629,101**	**2,926,153**
31 December 2019	**57,086**	**634,836**	**411,303**	**300,230**	**79,912**	**841,979**	**222,623**	**2,547,972**

		2020	2019
15	**Leasehold improvement**		
	Cost	**N'000**	**N'000**
	Opening balance	878,153	848,458
	Addition	12,546	29,695
	As at 31 December	**890,699**	**878,153**
	Amortisation and impairment losses		
	Opening balance	812,855	790,340
	Amortisation for the year	30,316	22,515
	As at 31 December	**843,173**	**812,855**
	Carrying amount		
	As at 31 December	**47,526**	**65,297**

		2020	2019
16	**Intangible Assets**		
	Computer software	**N'000**	**N'000**
	Cost		
	Opening balance	880,494	687,898
	Addition	44,513	192,596
	As at 31 December	**925,006**	**880,494**
	Amortisation and impairment losses		
	Opening balance	399,128	317,150
	Amortisation for the year	50,064	81,978
	As at 31 December	**449,192**	**399,128**
	Carrying amount		
	As at 31 December	**475,815**	**481,366**

		2020	2019
17	**Other assets**		
		N'000	**N'000**
	Sundry debtors	30,737	29,619
	Right of use asset	331,752	403,944
	Other prepayments	34,473	17,246
	Prepaid staff	122,401	110,715
	Inventory and other security items	142,414	75,819
	Branch development expenditure	25,128	29,614
	Account receivables	1,021,393	626,307
	Settlement suspense	1,336,563	1,257,471
	Investment in financial inclusion centres	167,350	20,154
	Interbranch	3,324	6,213
	Total	**3,215,534**	**2,577,102**
	Impairment allowance	(604,119)	(176,927)
	As at 31 December	**2,611,415**	**2,400,175**

	2020	2019
Movement in other assets:		
	N'000	**N'000**
Opening balance	2,400,175	2,809,209
Changes in the year	815,359	(232,106)
Impairment allowance	(604,119)	(176,927)
As at 31 December	**2,611,415**	**2,400,175**

		2020	2019
18a	**Tax payable**		
(i)	**Statement of financial position**	**2020**	**2019**
		N'000	**N'000**
	Opening balance	120,251	90,345
	Charge for the year	532,831	117,050
		653,082	**207,395**
	Less payment during the year	(94,466)	(87,144)
	As at 31 December	**558,770**	**120,251**

		2020	2019
(ii)	**Income statement**	**2020**	**2019**
		N'000	**N'000**
	Company income tax (minimum tax)	310,871	96,159
	Additional Tax Provision for Dividend Paid	191,604	-
	Education tax	-	-
	Information technology levy	30,356	20,891
		532,831	**117,050**
	Deferred tax expenses (note 18 b)		
	Deferred tax expenses (origination)/reversal of temporary differences	(370,067)	(449,818)
	Balance at 31 December	**162,764**	**(332,768)**

The total tax expenses of N163 million for the current year comprises of the Company income tax and Information Technology tax of N533 million while the N-370 million is a deferred tax credit arising in the year.

		2020	2019
18b	**Deferred tax asset**	**2020**	**2019**
		N'000	**N'000**
	Opening balance	462,186	12,368
	Deferred tax expenses(origination)/reversal note 18b(ii)	370,067	449,818
	Balance at 31 December	**832,253**	**462,186**

		2020	2019
(I)	**Reconciliation of tax expense and the accounting profit**	**2020**	**2019**
		N'000	**N'000**
	Accounting profit before tax	3,065,976	2,110,018
	Add non-deductible expenses for tax purpose:		
	Depreciation of PPE, collective impairment & others	1,914,136	1,531,233
		4,980,112	**3,641,251**
	Less:		
	Exempted income on Sukuk	6,862,168	4,728,155
	Technology levy	30,356	20,891
	Adjusted profit	**(1,912,412)**	**(1,107,796)**
	Company income tax at 30% of adjusted profit		
	Minimum tax	502,475	96,159
	Education tax	-	-
	Technology levy	30,356	20,891
	Total tax payable	**532,831**	**117,050**
	Deferred tax (origination)/reversal	(370,067)	(449,818)
	Income tax expense	**162,764**	**(332,768)**

		2020	2019
(ii)	**Deferred tax movement** The movement in the deferred tax account during the year by various components was as follows:		
		N'000	**N'000**
	Property, plant & equipment	(11,015)	30,460
	Collective impairment	(247,448)	(211,480)
	Unabsorbed capital allowance	(111,604)	(268,798)
	Deferred tax (origination)/reversal	**(370,067)**	**(449,818)**

19a	**Customers' current account**	**2020**	**2019**
		N'000	**N'000**
	Analysis by type of account		
	Current account	74,580,714	69,603,883
	Balance as at 31 December	**74,580,714**	**69,603,883**

19b	**Unrestricted investment account**		
	Savings account	56,925,493	35,099,480
	JAPSA term deposit (note 19 d)	44,006,934	22,490,115
	Balance as at 31 December	**100,932,427**	**57,589,595**

19c	**Analysis by type of customer**	**2020**	**2019**
		N'000	**N'000**
	Government	9,030,071	13,845,100
	Corporate	46,874,042	40,422,583
	Individual	119,609,028	72,925,795
	Balance as at 31 December	**175,513,141**	**127,193,478**

19d	**Analysis of JAPSA maturity by product**	**2020**	**2019**
		N'000	**N'000**
	JTD 30 days	28,071,521	14,934,600
	JTD 60 days	2,483,673	967,381
	JTD 90 days	9,678,044	3,938,349
	JTD 180 days	2,365,563	1,324,536
	JTD above 360 days	1,408,134	1,325,249
	Balance as at 31 Dec	**44,006,934**	**22,490,115**

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

20	**Other financing**	**2020**	**2019**
		N'000	**N'000**
i	Central Bank of Nigeria	8,732,916	7,298,545
ii	Bank of Agriculture	2,000,000	1,009,342
iii	Bank of Industry	1,496,984	2,700,000
iv	Islamic Corporation for Development for the Private Sector(ICD)	133,480	946,456
v	Islamic Trade Finance Corporation	9,422	9,423
i	Federal Mortage Bank of Nigeria	3,032,440	
		15,405,242	**11,963,766**

Movement in other financing during the year		
Opening balance	11,963,766	2,000,000
Additions	3,441,476	9,887,052
Profit payment	(1,283,677)	(544,263)
Repayment	1,283,677	620,977
Balance as at 31 December	**15,405,242**	**11,963,766**

20(i) This represents the balance on the on-lending facilities granted by the Central Bank of Nigeria in collaboration with the Federal Government of Nigeria (FGN) under the Commercial Agriculture Credit Scheme (CACS). The Federal Government of Nigeria is represented by the Federal Ministry of Agriculture and Rural Development) who has the aim of providing concessionary funding for agriculture so as to promote commercial agricultural enterprises in Nigeria.Likewise,The Real Sector Support Facility (RSSF): The Central Bank of Nigeria, as part of the efforts to unlock the potential of the real sector to engender output growth, productivity and job creation has established a N300 billion Real Sector Support Facility (RSSF). The activities targeted by the Facility are manufacturing, agricultural value chain and selected service subsectors. The funds are received from the CBN at 2%, and disbursed at 9% to the beneficiary.The profit rate on the facility is 9% per annum inclusive of all related charges associated with the financing and the profit distribution ratio between the CBN as Capital Provider and the NIFI as the Implementing Party is in the ratio of 2:7.

20(ii) This represents the amount granted under a N1billion facility in June 2016. The facility is for a tenored and rolled over which is solely for financing agricultural related transaction. The profit rate of the facility is 12% payable yearly.

20(iii) This represents an intervention fund granted to the Bank by the Bank of Industry under their Bottom of pyramid funds referred to as BOI-BOP. This is a fund set up by BOI in fulfilment of its mandate of achieving Financial Inclusion through provision of finance to entrepreneurs who are either un-served or underserved with regards to access to finance and other developmental support services. The financing is available to Individuals, SMEs, Cooperatives and Associations in several cottage industries (Artisans, Manufacturing, fashion, etc). The bank under this program pays BOI quarterly based on the structure of finance at 12% and the Bank is under obligation to on-finance to customers at a profit rate of 20% per annum. The Bank is the primary obligor to BOI and assumes 100% default risk.

20(iv) This represents the amount granted under the USD 20 million line of financing provided by Islamic Corporation for the Development of private sector (ICD) for onward financing to eligible SME's in Nigeria. The facility has a maximum tenor of 3 years inclusive of 6 months moratorium with quarterly repayment at a financing rate of 6.5% p.a.

20(v) This represents the amount of USD 10 million Trade Financing facility granted by International Islamic Trade Finance Corporation (ITFC). The facility is for a tenor of one year (revolving) and is to be used solely for financing trade finance transactions. Financing rate on the facility is applicable USD LIBOR plus 385 basis points.

21 Other liabilities	**2020 N'000**	**2019 N'000**
Managers' cheque	284,012	279,316
Letter of credit margin deposits	7,450,097	4,844,556
Accounts payable	154,469	82,680
Vendors payable	187,466	243,995
Other tax liabilities	262,661	93,414
Profit payable to investment accountholder	32,635	144,706
E-banking payables	1,513,597	1,422,237
Due to charity	-	800
Sundry payables	10,449,030	1,821,463
Accrued audit fee and expense	17,284	17,500
Sundry deposit	3,571,143	3,348,011
Impairment allowance on Off Balance sheet items	170,230	49,317
Unearned income	157,932	50,031
Other payables	23,415	45,938
Balance as at 31 December	**24,273,970**	**12,443,964**

22 Owners' equity

Share capital

(i) Authorised

	2020 N'000	2019 N'000
50,000,000,000 ordinary shares of N0.50 each	25,000,000	25,000,000
Balance as at 31 December	**25,000,000**	**25,000,000**

(ii) Issued and fully paid share capital

	2020 N'000	2019 N'000
29,464,249,300 ordinary shares of N0.50 each at 1 January	14,732,125	14,732,125
Balance as at 31 December	**14,732,125**	**14,732,125**

There was no movement in the share capital account during the year. The holders of ordinary shares are entitled to receive dividends and each shareholder is entitled to a vote at the meetings of the Bank. All ordinary shares are ranked equally.

23 Share premium

	2020 N'000	2019 N'000
Opening balance	627,365	627,365
Balance as at 31 December	**627,365**	**627,365**

Share premium is the excess paid by shareholders over the nominal value for their shares. There was no movement in share premium account during the year.

24 Retained earnings

	2020 N'000	2019 N'000
Opening balance	(4,081,114)	(4,574,108)
Transfer from risk regulatory reserve	539,069	(1,094,817)
Transfer to statutory reserve	(870,964)	(732,835)
Transfer to AGSMEIS	(145,161)	(122,139)
Dividend Paid	(883,929)	-
Profit for the year	2,903,212	2,442,785
Balance as at 31 December	**(2,538,887)**	**(4,081,114)**

25 Risk regulatory reserve

	2020 N'000	2019 N'000
Opening balance	2,714,153	1,619,336
Adjustment against retained earnings	(539,069)	1,094,817
Balance as at 31 December	**2,175,084**	**2,714,153**

26 Statutory reserve

	2020 N'000	2019 N'000
Opening balance	1,237,662	504,826
Adjustment against retained earnings	870,964	732,835
Balance as at 31 December	**2,108,625**	**1,237,661**

27 Other reserves

(a) Other comprehensive income

	2020 N'000	2019 N'000
Opening balance	112,313	112,313
Movement in the year	273,825	-
Balance as at 31 December	**386,137**	**112,313**

(b)	Agricultural /small and medium enterprises investment scheme	2020 N'000	2019 N'000
	Opening balance	209,445	87,305
	Provision for the year	145,161	122,139
	Balance as at 31 December	**354,605**	**209,445**
	Total (a + b)	**740,742**	**321,757**

The Agric-Business/Small and Medium Enterprises Investment Scheme is an initiative of Banker's committee of Nigeria. The contributed funds is meant for supporting the Federal Government's effort at promoting agricultural businesses as well as Small and Medium Enterprises. In line with this initiative, the Bank will contribute 5% of Profit After Tax yearly to the fund . The amount of N145 million (2019: N122 million) represents 5% provision made for the year ended 31 December, 2020.

28	**Income from financing contracts**	**2020**	**2019**
	Murabaha transactions	**N'000**	**N'000**
	Murabaha profit - corporate	4,618,263	3,279,907
	Murabaha profit - retail	1,833,197	1,007,198
	Murabaha income - LC	228,562	7,574
	Bai Mu'ajjal	369,147	86,219
	Total profit from murabaha transactions	**7,049,169**	**4,380,898**
	Ijara transactions		
	Ijara wa iqtina	3,108,774	2,598,460
	Ijara finance lease	388,639	309,474
	Ijara home finance	914	2,163
	Ijara others	10,164	752
	Total profit from Ijara transactions	**3,508,490**	**2,910,849**
	Others		
	Istisna	199,233	169,935
	Salam Profit	905	-
	Total profit from other financing	**200,138**	**169,935**
	Total income from financing contracts	**10,757,796**	**7,461,682**

29	**Income from investment activities**	**2020 N'000**	**2019 N'000**
	Trading assets	1,009,976	1,224,273
	Sukuk	6,862,168	4,728,156
	Rental	131,031	103,513
	Total income from investing activities	**8,003,175**	**6,055,941**

30(i). Return on equity investment account holders		**2020 N'000**	**2019 N'000**
	Profit from financing investments paid to mudarabah account holders	**3,789,440**	**2,907,985**
(ii)	Mudarib Fees/Profit of Joint Investments		
	Bank's Fees as Mudarib	4,453,204	3,976,337
	Profit from Bank Joint Investments	10,518,328	6,633,301
	Bank's Fees as Mudarib/Profit from Bank Joint Investments	**14,971,531**	**10,609,638**

		2020	2019
31	**Fees and commission**	**N'000**	**N'000**
	Banking services	214,041	215,038
	Net income from E-Business	68,050	406,652
	LC/ trade finance income	218,839	387,252
		500,930	**1,008,943**

		2020	2019
32	**Other operating income**	**N'000**	**N'000**
	Wakala income	289,975	174,670
	Miscellaneous income	62,065	13,587
		352,040	**188,257**

		2020	2019
33	**Other comprehensive income**	**N'000**	**N'000**
	Foreign currency translation difference	273,825	-
		273,825	**-**

		2020	2019
34	**Staff costs**	**N'000**	**N'000**
	Salaries	4,609,690	3,417,081
	Staff pension	117,650	168,749
	Training and seminar expenses	83,896	162,815
	Other staff expenses	91,130	114,909
	Balance as at 31 December	**4,902,366**	**3,863,554**

		2020	2019
35	**Depreciation and amortisation**	**N'000**	**N'000**
	Depreciation of property, plant & equipment	697,252	605,893
	Amortisation of leasehold improvement	24,192	26,716
	Amortisation of intangible assets	90,180	81,978
	Balance as at 31 December	**811,624**	**714,586**

		2020	2019
36(i)	**Operating expenses**	**N'000**	**N'000**
	Advertising and marketing	170,960	284,607
	Administrative - note 36 (iii)	1,557,114	1,579,503
	Subscription and professional fees	149,588	158,727
	ACE's Expense	24,519	36,937
	Right-of-use assets amortisation- note 36 (ii)	377,319	341,564
	Licences	603,326	546,723
	Bank charges	118,493	63,514
	Audit fee & other expenses	30,806	31,552
	NDIC premium	556,778	391,855
	Bandwith and connectivity	164,564	280,912
	Directors expenses	263,176	256,912
	Balance as at 31 December	**4,016,643**	**3,972,805**

36(ii) Right-of-use amortisation/ Rental charges	2020 N'000	2019 N'000
Right-of-use assets amortisation	377,319	341,564
Balance as at 31 December	**377,319**	**341,564**

36(iii) Administrative	2020 N'000	2019 N'000
Telephone expenses	6,398	4,268
SWIFT/NIBBS charges	38,339	23,970
Courier charges	20,275	14,788
Service contract (HR and Admin)	608,705	483,709
Local and foreign travels	75,026	96,574
Printing & Stationaries	95,750	114,677
Repairs and maintenance	282,878	342,610
Security related expenses	87,673	80,365
Money and other Insurance	43,120	41,613
Fuel expense	100,366	110,888
Data recovery & IT related expenses	-	1,155
Newspaper, magazine & periodicals	1,376	1,831
Entertainment	18,332	16,465
Regulatory expenses	20,351	50,538
Sundry expenses	50,664	160,839
Cash shortage w/o	2,560	3,035
Listing expenses	2,352	4,072
Industry certification	2,949	28,105
Balance as at 31 December	**1,557,114**	**1,579,503**

37 Impairment Provisions

37 (a) Statement of prudential adjustment

Prudential Adjustment for the year ended 2020

In compliance with the provisions under the revised Prudential Guidelines issued by the Central Bank of Nigeria, which became effective 1 July, 2010,addresses the variance between the impairment allowance under prudential guidelines and the expected credit loss model required by IFRS 9.

Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for facilities as prescribed in the relevant IFRS Standards when IFRS is adopted. However, Banks would be required to comply with the following:

Provisions for facilities recognized in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserves should be treated as follows:

• Prudential Provisions is greater than IFRS provisions; the excess provision resulting therefrom should be transferred from the general reserve account to a "regulatory risk reserve".

As at 31 December 2020, the difference between the Prudential provision and IFRS impairment was N539 million for the Bank (December 2019: N1.095 billion). This requires transfer of N539 million to retained earnings from regulatory risk reserves for Bank as disclosed in the statement of changes in equity. These amounts represent the difference between provisions for credit and other known losses as determined under the prudential guidelines issued by the Central Bank of Nigeria (CBN) and impairment reserve as determined in line with IFRS 9 as at the year end

Provision on Risk Assets	**2020 N'000**	**2019 N'000**	**Total N'000**
Total impairment allowance per IFRS 9	5,793,412	2,765,520	3,027,892
Total impairment per Prudential Guidelines	7,968,496	5,479,671	2,488,825
Risk regulatory reserves balance as at 31 December	**2,175,084**	**2,714,151**	**539,067**

37 (b) Carrying value of financing and investment

2020

	Risk Assets Summary		Impairment Summary					Carrying Amount	
	Stage1 N'000	Stage 2 N'000	Stage3 N'000	Total N'000	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000	Total N'000
Bai-Muajjal	2,465,356	31,231	185,668	**2,682,254**	14,952	162	155,572	**170,686**	**2,511,568**
Murabaha finance	40,296,049	2,914,762	5,705,394	**48,916,205**	1,046,825	67,531	2,531,741	**3,646,096**	**45,270,109**
Salam	11,722	-	-	**11,722**	12	-	-	**12**	**11,710**
Ijara finance	18,568,848	924,549	2,120,803	**21,614,200**	20,128	2,237	42,416	**64,782**	**21,549,418**
Istisna	2,781,872	589,902	550,35	**3,922,127**	3,798	1,775	-	**5,573**	**3,916,554**
Qard hassan	97,386	-	28,814	**126,200**	85	-	28,814	**28,899**	**97,301**
	64,221,233	4,460,444	8,591,032	77,272,708	1,085,800	71,705	2,758,542	3,916,047	73,356,661
Other financing assets	-	18,915,711	1,357,824	20,273,535	-	1,136,985	160,838	1,297,822	18,975,712
Off balance sheet	11,556,341	32,474,974	-	44,031,316	140,607	29,623	-	170,230	43,861,085
Total	75,777,574	55,851,129	9,948,856	141,577,558	1,226,408	1,238,312	2,919,380	5,384,100	136,193,458

37(b) Carrying value of financing and investment

2019

	Risk Assets Summary		Impairment Summary				Carrying Amount		
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Total N'000	Total N'000
Bai-Muajjal	1,224,405	-	81,097	1,305,501	3,594	-	1,622	5,216	1,300,285
Murabaha finance	33,677,163	196,017	3,396,592	37,269,772	853,773	12,995	1,032,087	1,898,855	35,370,917
Ijara finance	17,681,792	89,903	966,755	18,738,450	68,269	9	101,463	169,740	18,568,710
Istisna	642,792	133,887	370,066	1,146,745	8,272	137	8,166	16,576	1,130,169
Qard hassan	158,374	-	-	158,374	113	-	78,831	78,944	79,430
	53,384,526	419,807	4,814,509	58,618,843	934,021	3,141	1,222,169	2,169,332	56,449,511
Other financing assets	9,055,666	-	80,237	9,135,903	368,287	-	1,656	369,943	8,765,960
Off balance sheet	27,719,808	4,395,051	-	32,114,859	38,338	10,979	-	49,317	32,065,542
Total	90,160,001	4,814,858	4,894,746	99,869,605	1,340,647	24,120	1,223,825	2,588,592	97,281,013

2020

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Trading Assets N'000	OKL N'000	Total N'000
Balance as at 1 January	1,340,647	24,120	1,223,825	-	176,927	2,765,520
Impairment charged during the year	(254,847)	47,585	1,904,660	927,879	402,615	3,027,892
Reclassification	-	-	-	369,943	369,943	-
Balance as at 31 December	1,085,800	71,705	2,758,542	1,297,822	579,542	5,793,412

2019	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Trading assets N'000	OKL N'000	Total N'000
Balance as at 1 January	609,000	78,133	1,119,249	-	40,950	1,847,331
Impairment charged during the year	731,647	54,013	152,577	179,688	135,977	1,145,876
Write offs	-	-	48,000	179,688	-	227,688
Balance as at 31 December	1,340,647	24,120	1,223,825	-	176,927	2,765,520

38. Related parties

Jaiz Bank Plc has some exposures that are related to its Directors. The Bank however follows a strict process before granting such credits to its Directors. The requirements for creating and managing this category of risk assets include the following amongst others:(i)Related parties: Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes investment as well as key management personnel. (ii)Transaction with key management personnel: The Bank's key management personnel, and persons connected with them, are also considered related parties. The definition of key management includes the close family members of key personnel and any entity over which key management exercise control. Close family members are those who may be expected to influence, or be influenced by that individual in their dealings with Jaiz Bank plc and its related entities/parties.

2020

Name	Related Party	Relationship with the Bank	Limit N'000	Amount Receivable N'000	Classification
Abdulfattah Olanrewaju Amoo	Abdulfattah Olanrewaju Amoo	Executive Director	59,400	49,410	Performing
Ahmad Rufa'i Sani	HRH Engr. Sani Bello	Non-executive Director	510,000	238,130	Performing
Bellmari Energy Limited	Dangote Industries Ltd.	Significant Shareholder	1,091,775	1,177,377	Performing
Bello Muhammad Sani	HRH Engr. Sani Bello	Non-executive Director	80,250	80,250	Performing
Fursa Foods Ltd	Alh. Aminu Alhassan Dantata	Significant Shareholder	1,295,666	538,686	Performing
Hassan Usman	Hassan Usman	Managing Director	30,000	12,290	Performing
Noble Hall Limited	Dr. Umaru Abdulmutallab	Chairman	279,995	265,736	Performing
At 31st December			**3,347,085**	**2,361,879**	
Off Balance Sheet					
Dangote Cement Plc	Dangote Industries Ltd	Significant Shareholder		401,154	Performing
At 31st December				**401,154**	

2019

	Related Party	Relationship with the Bank	Limit N'000	Amount Receivable N'000	Classification
Ahmad Rufa'i Sani	Ahmad Rufa'i Sani	Non-Executive Director	510,000	279,972	Performing
Noble Hall Limited	Dr. Umaru Abdulmutallab	Chairman	279,995	265,736	Performing
MBS Merchants Ltd	Mbs Merchants Ltd	Non-executive Director	604,646	122,359	Performing
Bello Muhammad Sani	Bello Muhammad Sani	Non-executive Director	80,250	80,250	Performing
Abdulfattah Olanrewaju Amoo	Abdulfattah Olanrewaju Amoo	Executive Director	59,400	55,076	Performing
Mahe Mahmud Abubakar	Mahe Mahmud Abubakar	Deputy Managing Director	66,350	35,903	Performing
Mukhtar Danladi Hanga Sani	Mukhtar Danladi Hanga Sani	Director Rep. by Mukhtar DH Sani	54,000	32,909	Performing
Hassan Usman	Hassan Usman	Managing Director	30,000	18,000	Performing
At 31st December			**1,684,641**	**890,205**	
Off Balance Sheet					
Incar Petroleum	Dr. Umaru Abdulmutallab	Chairman		480,516	Performing
At 31st December				**480,516**	

39. Significant Shareholding (5% & Above)

	2020 Holdings	%	2019 Holdings	%
Dr. Umaru Abdul Mutallab	4,000,000,000	13.58	4,000,000,000	13.58
Dantata Investment & Securities Limited	4,204,369,327	14.27	3,904,369,327	13.25
Dr.Muhammadu Indimi	3,233,813,044	10.98	3,233,813,044	10.98
Islamic Development Bank	2,506,666,588	8.51	2,506,666,588	8.51
Dangote Indutries Ltd	2,500,000,000	8.48	2,500,000,000	8.48
Althani Investment Limited	2,600,000,000	8.83	2,200,000,000	7.47
Dr. Aminu Alhassan Dantata	1,565,210,516	5.31	1,565,210,516	5.31
Balance as at 31 December	**20,610,059,475**	**69.96**	**19,910,059,475**	**67.58**

40. Earnings per share

Basic earnings per share

Basic earnings per share of 9.85 kobo (2019:8.29 kobo) is based on the profit of N3.54billion (31 December 2019: N2.44billion) attributable to shareholders with ordinary shares of 29,464,249,300 (2019:29,464,249,300)

Profit attributable to ordinary shareholders	**2020 N'000**	**2019 N'000**
Profit for the period	2,903,212	2,442,785
Profit attributable to ordinary shareholders	**2,903,212**	**2,442,785**

Weighted average number of ordinary shares	**2020 In Thousand**	**2019 In Thousand**
Issued ordinary shares at 1 January	29,464,250	29,464,250
Weighted average number of ordinary shares at 31 December	**29,464,250**	**29,464,250**
Basic and diluted earnings per share (Kobo)	9.85 kobo	8.29 kobo

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

41a Information regarding Directors

	2020 N'000	**2019 N'000**
Emoluments		
Fees:		
Chairman	10,000	10,000
Other directors	80,000	80,000
Emolument as executives	189,861	135,615
Highest paid director	68,007	48,577

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

			N 2020 Number	**N 2019 Number**
5,000,000	-	10000000	-	-
10,000,001	-	15000000	-	-
15,000,001	-	Above	3	3

b Information regarding Employees

The number of employees excluding Directors in receipt of emoluments excluding allowances in the following ranges were:

N		N	2020 Number	2019 Number
Below	-	400,000	368	282
400,001	-	500,000	-	85
500,000	-	600,000	88	45
600,000	-	700,000	49	39
700,000	-	800,000	-	18
800,000	-	900,000	-	-
900,000	-	1,000,000	-	-
1,000,000	-	5,000,000	101	90
5,000,000	-	10,000,000	3	3
Above	-	10,000,000	-	-
			609	**562**

Number of persons employed as at the end of the year were:	**2020 Number**	**2019 Number**
Managerial	13	10
Senior	91	83
Junior	505	469
	609	**562**

42. Card issuance and usage in Nigeria

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

Card Type	**Transaction Volumes Number**	**Transaction Value N'000**
Verve Debit Card	7,829,918	108,654,108
Mastercard Card	1,932,213	30,964,322
Total	**9,762,131**	**139,618,430**

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 2020	**Number**	**Amount N'000**
Unresolved as At 1 January	219	606
Number of Complaints	10,879	21,672
Number of Complaints Resolved	(11,151)	(21,316)
Unresolved as at 31 December	**53**	**962**

(ii) ATM Complaints Data- 31 December 2019	**Number**	**Amount N'000**
Unresolved as At 1 January	114	262
Number of Complaints	33,898	42,644
Number of Complaints Resolved	(33,793)	(42,300)
Unresolved as at 31 December	**219**	**606**

43. Financing Analysis

(i) By Security

	2020 N'000	2019 N'000
Legal mortgage	31,152,121	28,597,817
Total asset debenture	9,239,693	880,045
Cash and deposits	16,383,948	10,327,398
Equitable mortgage	7,939,400	1,785,861
Equity	132,834	158,374
Assets - Other	12,424,711	16,869,347
Total	**77,272,708**	**58,618,843**

(i) By Products

	2020 N'000	2019 N'000
Murabaha finance	43,611,743	31,984,938
Bai Muajjal	2,695,612	1,305,501
Ijara Finance	18,230,333	14,570,891
Paddy aggregation	2,162,226	4,659,529
CACS	4,472,695	625,305
DCRR	589,902	-
Istisna	2,666,379	1,146,745
Ijara service	2,717,618	4,167,559
Qard	126,200	158,374
Total	**77,272,708**	**58,618,843**

(ii) By sector

	2020 N'000	2019 N'000
General	10,731,571	9,799,615
Oil & gas	12,595,776	9,874,132
Real estate activities	12,394,631	12,174,357
General commerce	16,977,873	12,122,055
Agriculture	12,818,514	8,163,108
Construction	3,875,997	2,612,383
Manufacturing	3,476,873	1,686,821
Education	2,215,943	1,383,619
Information and communication	377,289	387,269
Recreation	31,742	5,278
Human health and social work activities	652,520	171,167
Transportation and storage	603,815	239,040
Mining And Quarrying	520,164	-
Total	**77,272,708**	**58,618,843**

(iii) By Business Unit

	2020 N'000	2019 N'000
Corporate	52,475,708	40,550,821
Retail	24,797,000	18,068,022
Total	**77,272,708**	**58,618,843**

(I) By Security	2020	2019
	N'000	N'000
0 - 60 days	1,072,124	233,449
61 - 90 days	3,146,646	1,419,801
91 - 180 days	6,338,405	6,263,984
180 - 360 days	15,243,993	12,581,924
Over 360 days	51,471,540	38,119,685
Total	**77,272,708**	**58,618,843**

44. 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.

As at 31 December 2020	Corporate Banking N'000	Retail Banking N'000	Total N'000
Investment in sukuk	73,795,575	-	73,795,575
Murabaha finance	30,754,751	12,856,993	43,611,743
Bai Muajjal	164,176	2,531,435	2,695,612
Ijara finance	10,709,324	7,521,009	18,230,333
Ijara service	2,533,194	184,424	2,717,618
Istisna	1,089,440	1,576,940	2,666,379
Qard	-	126,200	126,200
Intervention fund	7,224,823	7,224,823	
Investment properties	1,603,513	-	1,603,513
Investment in assets held for sale	20,273,275	-	20,273,275
Total Assets	**148,148,070**	**24,797,000**	**172,945,071**

As at 31 December 2019	Corporate Banking N'000	Retail Banking N'000	Total N'000
Investment in sukuk	41,086,469	-	41,086,469
Murabaha finance	20,050,012	17,219,760	37,269,772
Bai Muajjal	-	1,305,501	1,305,501
Ijara finance	8,220,991	7,778,822	15,999,813
Ijara service	35,136	2,703,501	2,738,637
Istisna	538,324	608,421	1,146,745
Qard	-	158,375	158,375
Intervention fund	5,284,834	3,126,350	8,411,184
Investment properties	1,603,513	-	1,603,513
Investment in assets held for sale	9,834,812	-	9,834,812
Total assets	**86,654,091**	**32,900,729**	**119,554,820**

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

45. Capital Adequacy Ratio

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

Regulatory capital	2020 N'000	2019 N'000
Tier I capital		
Share capital	14,732,125	14,732,125
Share premium	627,365	627,365
Retained earnings	(2,538,887)	(4,081,114)
Statutory reserves	2,108,624	1,237,659
Other reserves	466,917	209,444
	15,396,145	**12,725,479**
Less: Deferred tax assets	832,253	462,186
Intangible assets	475,815	481,366
Total qualifying Tier I capital	**14,088,077**	**11,781,928**
Tier 2 capital		
Qualifying other reserves	-	-
Other comprehensive income	273,825	12,313
Total qualifying Tier 2 capital (100% of total qualifying Tier I capital)	273,825	112,313
Total qualifying capital	**14,361,902**	**11,894,241**
Risk - weighted assets:		
Credit risk	41,773,153	42,375,487
Operational risk	14,801,287	15,010,602
Market risk	15,155,342	14,966,436
Total risk-weighted assets	**71,729,782**	**72,352,525**
Risk-weighted capital adequacy ratio	**20.02%**	**16.44%**

46. Contingencies and commitments

(i) Litigation and claims

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Bank has proper controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing.

The Bank, in its ordinary course of business, is presently involved in 18 (31 December, 2019: 21) litigation suits: 14 (31 December, 2019: 16) cases instituted against the Bank, 4 (31 December,2019: 4) cases instituted by the Bank, 1(31 December, 2019: 0) judgement in favour of the Bank awaiting execution and NIL (31 December, 2019: 1) civil appeal against the Bank.

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

(ii) Other contingent liabilities

In the normal course of business, the Bank enters into various types of transactions that involve undertaking certain commitements such as letter of credit, guarantees and undrawn financial commitments.

	2020 N'000	2019 N'000
Advanced payment guarantees	5,295,918	3,112,696
Letters of credit	25,357,314	13,444,634
Bonds and guarantees	1,821,742	1,710,055
Wakala guarantee	9,329,970	12,651,847
Undrawn commitment	2,226,371	1,195,627
Balance as at 31 December	**44,031,315**	**32,114,859**

(iii) Capital commitments

There were no capital commitments at the end of the reporting period of 31 December 2020.

(iv) Guarantees and other financial commitments

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

47. Contravention of CBN/NDIC guidelines

31 December 2020

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

31 December 2019

During the year, the Bank incurred the following penalty due to contravention and/or infractions of CBN regulations and guidelines.

Details		**N'000**
i.	Penalty for non-compliance with FCTP limit	2,000
ii	Fines for non-compliance with anti-money laundering procedures	32,000
		34,000

48. Dividend

The Board of Directors, pursuant to the powers vested in it by the provisions of Section 379 of the Companies and Allied Matters Act (CAMA) of Nigeria, 2020, proposed a dividend of 3 kobo per share as at December 31, 2020. This is subject to approval by shareholders at the next Annual General Meeting.

The number of shares in issue and ranking for dividend represents the outstanding number of shares as at 31 December 2019.

Dividends are paid to shareholders net of withholding tax at the rate of 10% in compliance with extant tax laws.

49. Comparatives figures

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

50. Employee benefit plans

	2020 N'000	2019 N'000
Opening defined contribution obligation	34,200	26,154
Charge for the year	272,727	228,570
Payment to fund administrator	306,137	220,524
Balance as at 31 December	**790**	**34,200**

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 N272.7 million (2019: N228.6 million).

52. Assessing the impact of COVID-19

The COVID-19 pandemic has caused disruptions to global economic and social activities during the period ended 31 December 2020. The impact in Nigeria markets was experienced in the second quarter and few months of the third quarter period, by way of reduction in social interactions and disruptions in economic activities.The Bank has assessed on a line-by-line basis the impact of Covid-19 on the amount presented on the statement of financial position and concluded that no further adjustment will be required in the financial statements. The Bank has also reviewed the current uncertainty as a result of this pandemic and nothing has come to the attention of the Directors to indicate that the Bank will not remain a going concern for at least twelve months from the date of this statement.

53. Events after the reporting date

There were no events after the reporting date that could have material effect on the financial condition of the Bank as at 31 December 2020 and the profit and other comprehensive income for the year ended which have not been adjusted or disclosed
.

Other National Disclosures

Value Added Statement

For the year ended 31st December 2020

	31 Dec.2020 N`000	31 Dec.2019 %	31 Dec.2019 N`000	31 Dec.2019 %
Gross Income from financing transactions	19,613,940	2.23	14,714,822	2.20
Return on Equity of Investment Account Holders	(3,789,440)	0.43	(2,907,985)	0.43
Bank's share as a Mudarib/Equity investor	**15,824,499**	**1.80**	**11,806,838**	**1.77**
Impairment Charges against non-performing Financing and Investment	(3,027,892)	0.34	(1,145,875)	0.17
	12,796,608	**1.46**	**10,660,963**	**1.60**
Bought in Goods and Services	(4,016,643)	0.46	(3,972,805)	0.60
Value Added	**8,779,965**	**1.00**	**6,688,157**	**1.00**
Distribution				
Employees				
Salaries and Benefits	4,902,366	0.56	3,863,554	0.84
Government				
Taxation	162,764	0.02	332,768	-
Retained in the Bank				
Re-invested in non-current asset & development of operation	811,624	0.09	714,586	-
Profit for the year (inclusive of all Statutory Reserves)	2,903,212	0.33	2,442,785	0.16
Total Value Added	**8,779,965**	**1.00**	**6,688,157**	**1.00**

Five Years Financial Summary

Statement of Profit or Loss and Other Comprehensive Income

Income:	**2020**	**2019**	**2018**	**2017**	**2016**
	N`000	**N`000**	**N`000**	**N`000**	**N`000**
Income from Financing Contracts	10,757,796	7,461,682	6,291,944	6,239,803	5,289,075
Income from Investment Activities	8,003,175	6,055,941	1,223,633	684,854	188,967
Gross Income from financing transactions	**18,760,971**	**13,517,623**	**7,515,577**	**6,924,657**	**5,478,042**
Return on Equity of Investment Account Holders	(3,789,440)	(2,907,985)	(1,916,804)	(1,397,009)	(1,181,787)
Bank's share as a Mudarib/Equity investor	**14,971,531**	**10,609,638**	**5,598,773**	**5,527,649**	**4,296,255**
Net Impairment /(charges)/write Back of non-performing Financing and Investment	(3,027,892)	(1,145,876)	231,584	(161,459)	(94,790)
Net Spread after Provision	**11,943,639**	**9,463,762**	**5,830,357**	**5,366,190**	**4,391,045**
Other Income					
Fee and commission	500,930	1,008,943	988,439	748,709	364,171
Other Operating Income	352,040	188,258	240,305	182,003	122,440
Total Income	**12,796,609**	**10,660,962**	**7,059,101**	**6,296,902**	**4,877,656**
Expenses:					
Staff costs	4,902,366	3,863,554	2,808,765	2,374,457	1,944,405
Depreciation and Amortisation	811,624	714,586	608,398	522,187	531,054
Operating Expenses	4,016,643	3,972,805	2,744,236	2,506,250	2,059,180
Total Expenses	**9,730,633**	**8,550,945**	**6,161,399**	**5,402,894**	**4,534,639**
Operating Profit/(Loss) Before Tax	3,065,976	2,110,017	897,702	894,006	343,017
Income Tax Expenses	(162,764)	332,768	(63,336)	(356,891)	(31,745)
Profit/(Loss) for the Year after Tax	**2,903,212**	**2,442,785**	**834,366**	**537,115**	**311,272**
Other Comprehensive Income					
Item that may be reclassified to profit or loss					
Net Gain on Gifted Property	-	-	12,313	-	-
Foreign Currency translation difference	273,825	-	-	-	-
Total comprehensive income for the year	**3,177,036**	**2,442,785**	**846,679**	**537,115**	**311,272**
Basic and diluted Earnings per share (Kobo)	9.85 kobo	8.29 kobo	2.83 kobo	1.82 kobo	1.16 kobo

Five Years Financial Summary

Statement of Financial Position

		2020 N`000	2019 N`000	2018 N`000	2017 N`000	2016 N`000
Assets						
Cash and Balances with Central Bank of Nigeria	3	45,869,170	42,103,116	23409751	23,909,987	21,506,853
Due from banks and financial institution	4	14,839,178	11,438,274	7408063	5,441,073	1,478,026
InterBank Murabaha	-	-	-	-	-	1,000,000
Sukuk Investment	5	73,795,575	41,086,469	19819872	6,387,918	1,060,252
Investment in Musharaka	-	-	-	1,200,000	1,191,704	
Murabaha Receivables	6	40,907,082	32,168,321	25330697	22,677,161	16,451,245
Investment in Bai Mu'ajjal	7	1,979,088	1,008,613	59186	-	
Investment in Istisna	8	3,662,628	1,080,389	1865656	1,335,361	754,448
Investment in Ijara asset	9	24,962,636	21,283,416	15264911	13,153,201	14,251,232
Qard hassan	10	97,301	79,430	171948	149,082	127,674
Investment in Salam	11	11,393	-	-	-	-
Investment properties	12	1,603,513	1,603,513	1603513	-	-
Investment in Assets Held for sale	13	18,975,452	9,464,869	7699830	5,883,288	488,942
Property, plant and equipment	14	2,926,153	2,547,972	2578588	2,123,997	1,892,970
Leasehold Improvement	15	47,526	65,297	58118	34,932	42,435
Intangible assets	16	475,815	481,366	370748	340,286	368,089
Other Assets	17	2,611,415	2,400,175	2809209	4,676,323	5,233,384
Deferred taxation asset	18b	832,253	462,186	12368	-	206,573
Total Assets		**233,596,177**	**167,273,406**	**108,462,458**	**87,312,608**	**66,053,824**
Liabilities						
Customer Current Deposits	19a	74,580,714	69,603,883	45,950,138	33,706,359	24,415,544
Other Financing	20	15,405,242	11,963,766	2000000	-	996,635
Other Liabilities	21	24,273,971	12,443,964	8229960	5,367,886	1,552,659
Tax payable	18a	558,770	120,251	90,344	136	77087
Deferred tax	16b	-	-	-	14,641	-
Total liabilities		**114,818,696**	**94,131,864**	**56,270,442**	**39,224,563**	**27,041,925**
Equity of Investment Account Holders						
Customers' Unrestricted Investment Accounts	19b	100,932,427	57,589,595	39,082,854	34,408,897	25,868,115
		100,932,427	**57,589,595**	**39,082,854**	**34,408,897**	**25,868,115**
Owners' Equity						
Share Capital	22	14,732,125	14,732,125	14,732,125	14,732,125	14,732,125
Share Premium	23	627,365	627,365	627,365	627,365	627,365
Retained Earnings	24	(2,538,887)	(4,081,114)	(4,574,108)	(4,244,308)	(3,669,861)
Risk Regulatory reserve	25	2,175,084	2,714,153	1,619,336	2,267,029	1,360,774
Statutory Reserve	26	2,108,624	1,237,662	504,826	254,517	93,381
Other Reserves	27	740,742	321,757	199,618	42420	-
Total Equity		**17,845,053**	**15,551,948**	**13,109,163**	**13,679,147**	**13,143,784**
Total Equity and Liabilities		**233,596,177**	**167,273,406**	**108,462,458**	**87,312,608**	**66,053,824**