2021 UNAUDITED ACCOUNT Q1

Jaiz Bank
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INTRODUCTION

Jaiz Banks unaudited Financial Statements for the period ended 31st March 2021 comply with the applicable legal Requirements of the Securities and Exchange Commission regarding interim Financial Statements. These financial statements contain extract of the unaudited financial statements prepared in accordance with IAS 34 Interim Financial Reporting, its interpretation issued by the International Accounting Standards Board and adopted by the Financial Reporting Council of Nigeria.

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
Mr. AbdulFattah Olanrewaju Amoo, FCA	-	Executive Director/Chief Financial Officer
Dr. Sirajo Salisu	-	Executive Director, Business Development

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.

CERTIFICATION PURSUANT TO SECTION 60(2) OF INVESTMENT & SECURITIES ACT NO. 29 OF 2007

We the undersigned hereby certify the following with regards to our financial report for the period ended 31st March 2021 that;

(a) We have reviewed the report and to the best of our knowledge, the report does not contain;

(I) Any untrue statement of a material fact, or
(ii) Omit to state a material fact which would make the statements misleading in the light of the circumstances under which such statements were made;

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

(c) We;
(i) Are responsible for establishing and maintaining internal controls;
(ii) Have evaluated the effectiveness of the company's internal controls as of the date with 90 days prior to the reports;

(iii) Have presented in the report our conclusions about the effectiveness of our internal controls based on our evaluation as that date;

(e) We have disclosed to the audit committee;

(I) All significant deficiencies in the design or operation of internal controls which would adversely affect the company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls, and

(ii) Any fraud whether or not material, that involve management or other employees who have significant role in the company's internal controls;

(f) We have identified in the report whether or not there was significant changes in the internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regards to significant deficiencies and material weakness.

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

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


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Statement of Profit or Loss and Other Comprehensive Income

For the period ended 31 March 2021

	Notes	March 2021 N'000	March 2020 N'000	December 2020 N'000
Income:				
Income from financing contracts	28	3,354,084	2,044,108	10,757,796
Income from investment activities	29	2,164,812	1,700,551	8,003,175
Gross income from financing transactions		**5,518,896**	**3,744,658**	**18,760,971**
Net impairment (charges)/writeback	37	(798,333)	(260,145)	(3,027,892)
Bank's share as equity investor/ mudarib		**4,720,563**	**3,484,513**	**15,733,079**
Return on equity of investment account holders	30(i)	(955,840)	(919,470)	(3,789,440)
Net Spread after Provision		**3,764,723**	**2,565,043**	**11,943,639**
Other Income				
Fees and commisssion	31	433,282	391,388	500,930
Other operating income	32	38,760	46,408	352,040
Total Income		**4,236,765**	**3,002,839**	**12,796,609**
Expenses:				
Staff costs	34	1,610,572	1,067,376	4,902,366
Depreciation and amortisation	35	187,029	175,694	811,624
Operating expenses	36(I)	1,459,990	1,123,076	4,016,643
Total expenses		**3,257,592**	**2,366,146**	**9,730,633**
Profit before tax		979,173	636,693	3,065,976
Income tax expenses	18a	(146,876)	(82,770)	(162,764)
Profit for the period after tax		**832,297**	**553,923**	**2,903,212**
Other comprehensive income				
Item that may be reclassified to profit or loss				
Foreign currency translation difference	33	74,785	(45,653)	273,825
Total comprehensive income for the period		**907,082**	**508,269**	**3,177,036**
Earnings per share				
Basic and diluted Earnings per share (Kobo)		2.82 kobo	1.73 kobo	9.85 kobo

Statement of Financial Position

For the period ended 31 March 2021

Assets	Notes	2021 N'000	2020 N'000
Cash and balances with Central Bank of Nigeria	3	36,324,106	45,869,170
Due from banks and other financial institutions	4	10,453,700	14,839,178
Investment in sukuk	5	88,638,599	73,795,575
Murabaha receivables	6	48,272,021	40,907,082
Investment in Bai Mu'ajjal	7	2,165,929	1,979,088
Investment in istisna	8	4,000,862	3,662,628
Investment in ijara assets	9	24,405,696	24,962,636
Qard hassan	10	82,987	97,301
Investment in Salam	11	8,808	11,393
Investment properties	12	1,603,513	1,603,513
Investment in assets held for sale	13	18,524,750	18,975,452
Property, plant and equipment	14	3,179,241	2,926,153
Leasehold improvement	15	38,909	47,526
Intangible assets	16	454,093	475,815
Other assets	17	4,664,899	2,611,415
Deferred tax asset	18b	832,253	832,253
Total assets		**243,650,364**	**233,596,177**
Liabilities			
Customer current deposits	19a	86,981,655	74,580,714
Other financing	20	12,964,531	15,405,242
Other liabilities	21	21,641,546	24,273,971
Tax payable	18a	514,042	558,770
Total liabilities		**122,101,774**	**114,818,696**
Equity of investment account holders			
Customers' unrestricted investment accounts	19b	103,628,752	100,932,427
Total equity of investment account holders		**103,628,752**	**100,932,427**
Owners' equity			
Share capital	22	14,732,125	14,732,125
Share premium	23	627,365	627,365
Retained earnings	24	(2,538,887)	(2,538,887)
Risk regulatory reserve	25	2,175,084	2,175,084
Statutory reserve	26	2,108,625	2,108,625
Other reserves	27	815,527	740,742
Total equity		**17,919,838**	**17,845,054**
Total equity and liabilities		**243,650,364**	**233,596,177**

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

These financial statements were approved by the Board of Directors on 28 April, 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

For the period ended 31 March 2021

31 March 2021	Share Capital	Share Premium	Retained Earnings	Risk Regulatory Reserve	CBN (AGSMEIS) Reserve	Other Comp income	Statutory Reserve	Foreign Currency Translation Reserve	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Opening balance	14,732,125	627,365	(2,538,887)	2,175,084	354,605	112,313	2,108,625	273,824.60	17,845,053
Transfer to risk regulatory reserve	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Transfer to AGSMEIS	-	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-	-
Foreign currency translation difference	-	-	-	-	-	-	-	74,784.74	74,784.74
Profit for the year	-	-	-	-	-	-	-	-	-
As at 31 December 2020	**14,732,125**	**627,365**	**(2,538,887)**	**2,175,084**	**354,605**	**112,313**	**2,108,625**	**348,609**	**17,919,838**

31 December 2021	Share Capital	Share Premium	Retained Earnings	Risk Regulatory Reserve	CBN (AGSMEIS) Reserve	Other Comp income	Statutory Reserve	Foreign Currency Translation Reserve	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
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**

Statement of Cashflows

For the period ended 31 March 2021

	Mar. 2021 N'000	Dec. 2020 N'000
Cash flow from operating activities		
Total comprehensive income for the period	907,082	3,177,036
Adjustments for non -cash items:		
Depreciation	155,275	697,252
Amortization of Intangible Assets/Leasehold Improvement	31,754	114,372
Provision for financing impairment	798,333	3,027,892
Amortisation of prepaid rent	87,221	377,319
Income Tax	146,876	162,764
Foreign currency translation Reseve	(74,785)	(273,825)
Operating profit before changes in operating asset and liabilities	**2,051,757**	**7,282,811**
Working capital adjustment:		
Sukuk	(14,843,024)	(32,709,106)
Murabaha receivables	(7,648,417)	(11,251,798)
Qard hassan	(26,742)	(58,927)
Investment in Salam	2,585	(11,722)
Istisna	(357,493)	(2,601,497)
Bai Muajjal	(186,841)	(970,474)
Ijara rental receivables	359,728	(3,876,433)
Investment in trading assets	450,702	(9,510,584)
Other assets	(2,398,033)	(572,062)
Customers' current account	12,400,941	4,976,831
Other financing	(2,440,711)	3,441,476
Other liabilities	(3,538,003)	11,831,839
Tax paid	(191,604)	(94,312)
Net cash from/(used in) operating activities	**(16,365,155)**	**(34,123,960)**
Investing activities		
Purchase of property, plant & equipment	(408,364)	(1,075,432)
Purchase of intangible assets	(1,415)	(108,821)
Improvement on leasehold properties	0	17,771
Net cash provided by/(used in) Investing activities	**(409,778)**	**(1,166,482)**
Financing activities		
Distribution to charity	(1,504)	(1,504)
Customers investment accounts	2,696,325	43,342,832
Equity	149,569	(883,929)
Net cash provided by/(used in) financing activities	**2,844,390**	**42,457,399**
Increase/(decrease) In cash and cash equivalents	(13,930,543)	7,166,957
Cash and cash equivalents at beginning of year	60,708,348	53,541,390
Cash and cash equivalents At 31 March 2021	**46,777,805**	**60,708,348**

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

Notes to the Financial Statements

For the period ended 31 March 2021

1. Reporting entity

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

The address of the Bank's registered office is Kano House, Plot 73, Ralph Shodeinde Street, Central Business District, and Abuja, Nigeria. The Financial Statement of the Bank as at 31 March, 2021, is only for the Bank as it has no subsidiary and/or Associate company.

These financial statements were approved and authorized for issue by the Board of Directors on 28 April 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	Mar. 2021	Dec. 2020
		N '000	N '000
	Cash	9,935,107	7,799,167
	Current account with CBN	7,167,311	15,301,510
	Deposit with CBN	19,043,360	22,590,165
	CBN AGSMEIS Balance	178,327	178,327
	Balance as at 31 March	36,324,106	45,869,169

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

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

4	Due from banks and other financial institutions		Mar. 2021	Dec. 2020
			N '000	N '000
	Balances with banks within Nigeria:			
	First Bank Plc		70,938	4,737
	a		70,938	4,737
	Balances with banks outside Nigeria:			
	First Bank UK		2,695,434	5,565,902
	Banco De Sabadel		33,668	45,141
	Standard Chartered		5,306,114	6,314,792
	Bank Al-Bilad		218,818	214,962
	Zenith Bank UK		941,061	1,109,697
	FCMB UK		205,552	68,393
	Bank of Beirut		982,115	1,515,554
	b		10,382,762	14,834,441
	Balance as at 31 March	a+b	10,453,700	14,839,178

The balances held with Banks outside Nigeria substantially represent the Naira equivalent of Foreign currency balances held on behalf of customers in respect of letters of credit, cash collaterals and bank's induced transactions. The corresponding Liabilty is included in customers' domiciliary deposit and margin deposits under "Other Liabilities"(see Note 18).

5	Investment in sukuk	Mar. 2021	Dec. 2020
		N'000	N'000
	Opening Balance	95,962,454	66,914,639
	Addition during the year	30,905,153	30,905,153
	Disposal/Redemption	(1,300,000)	(1,857,338)
	Gross investment in Sukuk	125,567,607	95,962,454
	Premium	8,443,987	5,848,786
	Rental Receivable	1,994,447	1,032,152
	Balance as at 31 March	88,638,599	73,795,575

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

		Mar. 2021	Dec. 2020
i	**Osun State Sukuk**	**N'000**	**N'000**
	Opening Balance	-	557,338
	Disposal/Redemption	-	(557,338)
	Gross investment in Sukuk	-	-
	Premium	-	-
	Rental Receivable	-	-
	Balance as at 31 March	-	-

		Mar. 2021	Dec. 2020
ii	**FGN Sovereign Sukuk**	**N'000**	**N'000**
	Opening Balance	37,309,485	37,309,485
	Addition during the year	30,905,153	30,905,153
	Disposal/Redemption	(1,300,000)	(1,300,000)
	Gross investment in Sukuk	78,200,166	66,914,638
	Premium	8,443,987	5,848,786
	Rental Receivable	1,994,447	1,032,152
	Balance as at 31 March	88,638,599	73,795,575

		Mar. 2021	Dec. 2020
6	**Murabaha receivables**	**N'000**	**N'000**
	Murabaha retail	12,257,953	13,031,873
	Murabaha corporate	30,231,747	22,778,170
	Commercial Agric. Credit Scheme	2,589,353	2,111,192
	Paddy Aggregation scheme	1,266,862	2,162,226
	Murabaha staff	34,887	28,377
	Murabaha SME	10,650,039	8,804,367
	Gross recievables	57,030,841	48,916,205
	Allowance for impairment	(4,157,580)	(3,436,052)
	Deffered profit	(4,601,240)	(4,573,070)
	Balance as at 31 March	48,272,021	40,907,082

		Mar. 2021	Dec. 2020
7	**Investment in Bai Mu'ajjal**	**N'000**	**N'000**
	Bai Mu'ajjal corporate	2,909,286	2,682,254
	Gross receivables	2,909,286	2,682,254
	Allowance for impairement	(180,992)	(170,686)
	Deffered Profit	(562,366)	(532,480)
	Balance as at 31 March	2,165,929	1,979,088

		Mar. 2021	Dec. 2020
8	**Investment in istisna**	**N'000**	**N'000**
	Istisna recievable	4,235,558	3,922,127
	Allowance for impairment	(19,198)	(16,580)
	Deffered Profit	(215,498)	(242,919)
	Balance as at 31 March	4,000,862	3,662,628

Notes to the Financial Statements

For the period ended 31 March 2021

9	Investment in ijara assets	Mar. 2021 N'000	Dec. 2020 N'000
	Ijara wa iqtina	18,096,061	17,961,051
	Ijara home finance	15,608	16,380
	Ijara auto & others	2,968,701	3,636,770
	Gross investment in ijara	21,080,370	21,614,200
	Ijara accrued profit	3,403,981	3,413,218
	Impairment allowance	(78,655)	(64,782)
	Balance as at 31 March	24,405,696	24,962,636

10	Qard hassan	Mar. 2021 N'000	Dec. 2020 N'000
	Balance at 1 Jan	126,201	158,376
	Granted to staff	-	-
	Granted to customers	-	-
	Gross qard hassan	126,201	158,376
	Repayments		
	Staff repayment	3,554	12,484
	Customer repayment	10,760	19,690
	Total repayment during the period	14,314	32,174
	Gross receivables	111,887	126,201
	Impairment allowance	(28,899)	(28,899)
	Balance as at 31 March	82,987	97,301

11	Investment in Salam	Mar. 2021 N'000	Dec. 2020 N'000
	Salam Corporate	8,828	11,722
	Gross Investment in Salam	8,828	11,722
	Allowance for impairement	(20)	(12)
	Deffered Profit	-	(317)
	Balance as at 31 March	8,808	11,393

12.	Investment properties	Mar. 2021 N '000	Dec. 2020 N '000
	Investment properties	1,603,513	1,603,513
	Balance as at 31 December	1,603,513	1,603,513

13	AdInvestment in assets held for sale	Mar. 2021 N'000	Dec. 2020 N'000
	Advances for LC murabaha	4,747,398	4,220,174
	Inventory for sale - (note 13 (I))	15,208,590	16,053,100
	Impairment allowance	(1,297,822)	(1,297,822)
	Deffered Profit	(133,416)	
	Balance as at 31 March	18,524,750	18,975,452

13.(i) Schedules of inventory for sale	N '000	N '000
Repossessed property	1,305,011	2,159,524
Inventory - other properties	334,910	569,410
Mur Inv financing	10,523,145	10,801,908
Inventory murabaha corporate financing	3,045,525	2,522,259
Total inventory for sale	15,208,590	16,053,100

Notes to the Financial Statements

For the period ended 31 March 2021

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								
1st March 2021	67,203	769,201	1,109,028	742,679	257,923	2,724,924	629,101	6,300,059
Additions/Reclassification	-	1,285	44,619	6,000	688	3,033	352,739	408,364
Disposals	-	-	-	-	-	-	-	-
31 March 2021	**67,203**	**770,485**	**1,153,647**	**748,679**	**258,611**	**2,727,957**	**981,840**	**6,708,423**
Accumulated depreciation								
1st March 2021	-	92,700	738,211	395,140	196,974	1,950,882	-	3,373,907
Depreciation	-	4,179	41,764	22,199	29,377	80,728	-	178,248
Disposals		-		-		-	-	-
-	-		-		-			
31 March 2021	**-**	**96,879**	**779,975**	**417,339**	**203,379**	**2,031,610**	**-**	**3,529,182**

	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								
1st January 2020	57,086	674,490	997,514	597,499	248,651	2,386,646	222,623	5,184,510
Additions/ Reclassification	10,117	94,711	111,514	145,180	9,273	338,278	406,477	1,115,550
Disposals	-	-	-	-	-	-	-	-
31-Dec-20	**67,203**	**769,201**	**1,109,028**	**742,679**	**257,923**	**2,724,924**	**629,101**	**6,300,059**
Accumulated depreciation								
1st January 2020	-	39,653	586,211	297,269	168,739	1,544,667	-	2,636,539
Depreciation	-	53,047	152,000	97,871	30,519	406,215	-	739,652
31-Dec-20	**-**	**92,700**	**738,211**	**395,140**	**196,974**	**1,950,882**	**-**	**3,373,907**
Net book Amount								
31 March 2021	**67,203**	**673,606**	**373,672**	**331,340**	**55,232**	**696,347**	**981,840**	**3,179,241**
31 December 2020	**67,203**	**676,501**	**370,817**	**347,539**	**60,949**	**774,042**	**629,101**	**2,926,153**

		Mar. 2021	Dec. 2020
15	**Leasehold improvement**		
	Cost	**N'000**	**N'000**
	Opening balance	890,699	878,153
	Addition	-	12,546
	31 March 2021	890,699	890,699
	Amortisation and impairment losses		
	Opening balance	843,173	812,855
	Amortisation for the period	8,616	30,316
	31 March 2021	851,790	843,173
	Carrying amount		
	31 March 2021	38,909	47,526

		Mar. 2021	Dec. 2020
16	**Intangible Assets**:		
	Computer software	**N'000**	**N'000**
	Cost		
	Opening balance	925,006	880,494
	Addition	1,415	44,513
	Disposal	-	-
	31 March 2021	926,421	925,006
	Amortisation and impairment losses		
	Opening balance	449,192	399,128
	Amortisation for the period	23,137	50,064
	31 March 2021	472,329	449,192
	Carrying amount		
	31 March 2021	454,093	475,815

		Mar. 2021	Dec. 2020
17	**Other assets**	**N'000**	**N'000**
	Sundry debtors	237,953	30,737
	Right of use asset	314,382	331,752
	Other prepayments	670,963	34,473
	Prepaid staff	633,584	122,401
	Inventory and other security items	117,913	142,414
	Branch development expenditure	38,091	25,128
	Account receivables	1,156,167	1,021,393
	Settlement suspense	1,982,615	1,336,563
	Investment in financial inclusion centres	167,350	167,350
	Interbranch	-	3,324
	Total	5,319,018	3,215,534
	Impairment allowance	(654,119)	(604,119)
	Balance as at 31 March	4,664,899	2,611,415

	Movement in other assets:	Mar. 2021 N'000	Dec. 2020 N'000
	Opening balance	2,611,415	2,400,175
	Changes in the period	2,707,603	815,359
	Impairment allowance	(654,119)	(604,119)
	Balance as at 31 March	**4,664,899**	**2,611,415**

18a	**Tax payable**		
(i)	**Statement of financial position**	**Mar. 2021 N'000**	**Dec. 2020 N'000**
	Opening balance	558,770	120,251
	Charge for the period	146,876	532,831
		705,646	653,082
	Less payment during the period	(94,466)	(94,466)
	Balance as at 31 March	**514,042**	**558,770**

(ii)	**Income statement**	**Mar. 2021 N'000**	**Dec. 2020 N'000**
	Company income tax (minimum tax)	117,501	310,871
	Additional Tax Provision for Dividend Paid	-	191,604
	Education tax	19,583	-
	Information technology levy	9,792	30,356
		146,876	532,831
	Deferred tax expenses (origination)/reversal of temporary differences)	-	(370,067)
	Balance as at 31 March	**146,876**	**162,764**

18b	**Deferred tax asset**	**Mar. 2021 N'000**	**Dec. 2020 N'000**
	Opening balance	832,253	462,186
	Deferred tax expenses(origination)/reversal	-	370,067
	Balance as at 31 March	**832,253**	**832,253**

19a	**Customers' current account**	**Mar. 2021 N'000**	**Dec. 2020 N'000**
	Analysis by type of account		
	Current account	86,981,655	74,580,714
	Balance as at 31 March	**86,981,655**	**74,580,714**

19b	**Unrestricted investment account**		
	Savings account	59,208,743	56,925,493
	JAPSA term deposit (note 19 d)	44,420,009	44,006,934
	Balance as at 31 March	**103,628,752**	**100,932,427**

19c	**Analysis by type of customer**	**Mar. 2021 N'000**	**Dec. 2020 N'000**
	Government	8,447,475	9,030,071
	Corporate	55,627,238	46,874,042
	Individual	126,535,695	119,609,028
	Balance as at 31 March	**190,610,407**	**175,513,141**

19d	Analysis of JAPSA maturity by product	Mar. 2021 N'000	Dec. 2020 N'000
	JTD 30 days	29,892,064	28,071,521
	JTD 60 days	3,274,705	2,483,673
	JTD 90 days	7,239,177	9,678,044
	JTD 180 days	2,472,677	2,365,563
	JTD above 360 days	1,541,385	1,408,134
	Balance as at 31 March	44,420,009	44,006,934

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	Mar. 2021 N'000	Dec. 2020 N'000
i	Central Bank of Nigeria	8,175,812	8,732,916
ii	Bank of Agriculture	-	2,000,000
iii	Bank of Industry	1,544,384	1,496,984
iv	Islamic Corporation for Development for the Private Sector(ICD)	48,363	133,480
v	SMEDAN	134,400	9,422
vi	Federal Mortage Bank of Nigeria	3,061,573	3,032,440
		12,964,531	15,405,242

21	Other liabilities	Mar. 2021 N'000	Dec. 2020 N'000
	Managers' cheque	317,198	284,012
	Letter of credit margin deposits	3,527,247	7,450,097
	Accounts payable	316,447	154,469
	Vendors payable	(4,113)	187,466
	Other tax liabilities	330,177	262,661
	Profit payable to investment accountholder	242,932	32,635
	E-banking payables	3,120,358	1,513,597
	Due to charity	702	-
	Sundry payables	9,017,095	10,449,031
	Accrued audit fee and expense	10,000	17,284
	Sundry deposit	3,595,539	3,571,143
	Impairment allowance on Off Balance sheet items	170,230	170,230
	Unearned income	140,789	157,932
	Unaudited YTD Profit	832,297	-
	Other payables	24,646	23,415
	Balance as at 31 March	21,641,544	24,273,971

22. Owners' equity

A Share capital

(I)	Authorised	Mar. 2021 N'000	Dec. 2020 N'000
	50,000,000,000 ordinary shares of N0.50 each	25,000,000	25,000,000
	Balance as at 31 March	25,000,000	25,000,000

(ii)	Issued and fully paid share capital	Mar. 2021 N'000	Dec. 2020 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 March	14,732,125	14,732,125

There was no movement in the share capital account during the period. 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 rank equally.

The movement on the issued and fully paid up share capital account during the period was as follows:

	Mar. 2021 N'000	Dec. 2020 N'000
Balance at 1 January	14,732,125	14,732,125
Balance as at 31 March	14,732,125	14,732,125

23	Share premium	Mar. 2021 N'000	Dec. 2020 N'000
	Opening balance	627,365	627,365
	Balance as at 31 March	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 period.

24	Retained earnings	Mar. 2021 N'000	Dec. 2020 N'000
	Opening balance	(2,538,887)	(4,081,114)
	Transfer to risk regulatory reserve	-	539,069
	Transfer to statutory reserve	-	(870,964)
	Transfer to AGSMEIS	-	(145,161)
	Dividend Paid	-	(883,929)
	Profit for the period	-	2,903,212
	Balance as at 31 March	(2,538,887)	(2,538,887)

25	Risk regulatory reserve	2021 N'000	2020 N'000
	Opening balance	2,714,153	2,714,153
	Adjustment against retained earnings	-	(539,069)
	Balance as at 31 March	2,175,084	2,714,153

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

26	Statutory reserve	2021 N'000	2020 N'000
	Opening balance	2,108,625	1,237,662
	Adjustment against retained earnings	-	870,964
	Balance as at 31 March	2,108,625	2,108,625

		2021	2020
27	**Other reserves**		
(a)	**Other comprehensive income**	**N'000**	**N'000**
	Opening balance	386,137	112,313
	Movement in the period	74,785	273,825
	Balance as at 31 March	460,922	386,137
(b)	**Agricultural /small and medium enterprises investment scheme**	**2021**	**2020**
		N'000	**N'000**
	Opening balance	354,605	209,445
	Provision for the period	-	145,161
	Balance as at 31 March	354,605	354,605
	Total (a + b)	815,527	740,742

		YTD	YTD
28.	**Income from financing contracts**	**March 2021**	**March 2020**
	Murabaha transactions	**N'000**	**N'000**
	Murabaha profit - corporate	1,459,444	820,991
	Murabaha profit - retail	636,273	395,837
	Murabaha income - LC	104,562	40,070
	Bai Mu'ajjal	130,904	71,487
	Total profit from murabaha transactions	2,331,184	1,328,385
	Ijara transactions		
	Ijara wa iqtina	797,112	622,526
	Ijara finance lease	126,998	74,675
	Ijara home finance	354	259
	Ijara others	3,309	1,420
	Total profit from Ijara transactions	927,774	698,881
	Others		
	Istisna	94,809	16,898
	Salam Profit	317	-
	Musharaka	-	(56)
	Total profit from other financing/investment contracts	95,126	16,842
	Total income from financing contracts	3,354,084	2,044,108

		March 2021	March 2020
29	**Income from investment activities**	**N'000**	**N'000**
	Trading assets	38,863	245,233
	Sukuk	2,125,949	1,419,317
	Rental	-	36,000
	Total income from investing activities	2,164,812	1,700,551

30	(I). Return on equity investment account holders	March 2021 N'000	March 2020 N'000
	Profit from financing investments paid to mudarabah account holders	955,840	919,470
	(ii) Mudarib Fees/Profit of Joint Investments	4,720,563	2,825,188
	Bank's Fees as Mudarib/Profit from Bank Joint Investments	4,720,563	2,825,188

31	Fees and commission	March 2021 N'000	March 2020 N'000
	Banking services	191,990	313,594
	Net income from E-Business	104,073	24,347
	LC/ trade finance income	137,219	53,446
		433,282	391,388

32	Other operating income	March 2021 N'000	March 2020 N'000
	Wakala income	38,760	46,408
		38,760	46,408

33	Other comprehensive income	March 2021 N'000	March 2020 N'000
	FC Revaluation	74,785	(45,653)
		74,785	(45,653)

34	Staff costs	March 2021 N'000	March 2020 N'000
	Salaries	1,516,816	982,801
	Staff pension	47,021	28,773
	Training and seminar expenses	5,309	36,165
	Other staff expenses	41,426	19,638
	Balance as at 31 March	1,610,572	1,067,376

35	Depreciation and amortisation	March 2021 N'000	March 2020 N'000
	Depreciation of property, plant & equipment	155,275	145,377
	Amortisation of leasehold improvement	8,617	7,189
	Amortisation of intangible assets	23,137	23,128
	Balance as at 31 March	187,029	175,694

36(I)	Operating expenses N'000	March 2021 N'000	March 2020
	Advertising and marketing	118,299	56,704
	Administrative - note 36 (iii)	473,595	414,780
	Subscription and professional fees	50,011	30,013
	ACE's Expense	11,409	9,000
	Right-of-use assets amortisation- note 36 (ii)	87,221	82,609
	Licences	255,688	179,266
	Bank charges	39,326	24,611
	Audit fee & other expenses	8,845	7,500
	NDIC premium	210,000	89,079
	Bandwith and connectivity	68,321	79,514
	Directors expenses	137,275	150,000
	Balance as at 31 March	1,459,990	1,123,076

36(ii)	Right-of-use amortisation/ Rental charges	March 2021 N'000	March 2020 N'000
	Right-of-use assets amortisation	87,221	82,609
	Balance as at 31 March	87,221	82,609

36(iii)	Administrative	March 2021 N'000	March 2020 N'000
	Telephone expenses	1,108	897
	SWIFT/NIBBS charges	1,720	11,117
	Courier charges	7,009	2,581
	Service contract (HR and Admin)	185,561	144,891
	Local and foreign travels	16,833	24,212
	Printing & Stationaries	26,142	18,563
	Repairs and maintenance	135,276	117,779
	Security related expenses	21,466	21,659
	Money and other Insurance	5,751	10,950
	Fuel expense	28,034	30,998
	Data recovery & IT related expenses	14	267
	Newspaper, magazine & periodicals	435	510
	Entertainment	5,109	4,129
	Regulatory expenses	9,871	53
	Sundry expenses	30,178	18,641
	Cash shortage w/o	715	841
	Listing expenses	2,709	588
	Industry certification	(4,335)	6,103
	Balance as at 31 March	473,595	414,780

Notes to the Financial Statements

For the period ended 31 March 2021

37 Impairment Classifications (IFRS 9)

March 2021

	Risk Assets Summary		Impairment Summary					Carrying Amount	
	Stage 1	Stage 2	Stage3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Bai-Muajjal	2,674,029	33,874	201,383	2,909,286	17,924.20	194.32	186,495.94	204,614	2,511,568
Murabaha finance	48,787,297	1,525,368	6,718,177	57,030,841	1,341,195.	4,178	2,835,333	4,180,707	45,270,109
Salam	8,828	-	-	8,828	211.65	-	-	212	11,710
Ijara finance	17,266,927	1,367,165	2,446,278	21,080,370	6,242.68	205.55	58,650.90	65,099	21,549,418
Istisna	3,132,629	611,576	491,354	4,235,558	1,936.26	731.99	11,780.48	14,449	4,221,110
Qard hassan	104,174	7,713	0	111,887	156.36	106.05	0.00	262	97,301
	71,973,883	**3,545,695**	**9,857,192**	**85,376,770**	**1,367,666**	**5,417**	**3,092,261**	**4,465,344**	**73,356,661**
Other financing assets	-	19,955,988	-	19,955,988		1,297,822	-	1,297,822	18,975,712
Off balance sheet	-		-	-	-	-	43,861,085		
TOTAL	71,973,883	23,501,684	9,857,192	105,332,759	1,367,666	1,303,239	3,092,261	5,763,166	136,193,458

37(b) Carrying value of financing and investment

December 2020

	Risk Assets Summary		Impairment Summary				Carrying Amount		
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
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	2,793,594	589,902	550,353	3,922,127	3,810	1,775	11,007	16,580	3,905,547
Qard hassan	97,386	-	28,814	126,200	85	-	28,814	28,899	97,301
	64,232,955	**4,460,444**	**8,591,032**	**77,272,708**	**1,085,812**	**71,705**	**2,769,549**	**3,927,054**	**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 sheeet	11,556,341	32,474,974	-	44,031,316	140,607	29,623	-	170,230	43,861,085
TOTAL	75,789,296	55,851,129	9,948,856	141,577,558	1,226,419	1,238,312	2,930,387	5,395,107	136,193,458

2021

	Stage 1	Stage 2	Stage 3	Trading Assets	OKL	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Balance as at 1 January	1,085,812	71,705	2,769,549	1,297,822	568,523	5,793,412
Impairment charged during the period	281,855	143,767	322,711		50,000	798,333
Transfer between stages	-	-	-	-	-	-
Write back/recoveries	-	-	-	-	-	-
Reclassification	-	414,289	-	-	414,289	828,579
Balance as at 31 March 2021 953,377	215,472	2,677,972	1,297,822	-	618,523	5,763,166

38. Significant Shareholding (5% & Above)

	March 2021 Holdings	%	March 2020 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%	2,733,813,044	9.28%
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	8.43%	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 March 2021	**20,610,059,475**	**69.56%**	**19,410,059,475**	**65.88%**

39 Insider Trading & Market Abuse Prohibition

The Bank has in place a policy which in general terms prohibits the unauthorized disclosure of any price-sensitive non-public information (Insider Information) acquired in the Bank by its Directors, employees and members of their immediate family and household and the misuse of such information with regard to securities trading. The policy sets standard terms and conditions similar to the standards set out by the Nigerian Stock Exchange on Insider Trading. The Bank ensures that all Directors and Staff are kept informed about the policy as it is periodically circulated to Directors and Staff to serve as a reminder of their obligations under it.

Directors, insiders and related parties are therefore prohibited from disposing, selling, buying or transferring their shares in the Bank during a "lock up" period commencing from the date of receipt of such insider information until such a period when the information is released to the public or any other period as defined by the Bank from time to time.
In addition to the above, the Bank commits itself to making necessary disclosures in compliance with Rule 111 of the Securities and Exchange Commission ("SEC") Rules and Regulations which stipulates that Directors and top Management employees and other insiders of public companies shall notify the SEC of any sale or purchase of shares in the company, not later than forty-eight (48) hours after such activity.

40 Earnings per share

Basic earnings per share

Basic earnings per share of kobo 2.82 (2020:1.73 kobo) is based on the profit of N832million (31 March 2020: N508million) attributable to shareholders with ordinary shares of 29,464,249,300 (2020:-29,464,249,300)

Profit attributable to ordinary shareholders	**March 2021 N'000**	**March 2020 N'000**	**December 2020 N'000**
Profit for the period	832,297	508,269	2,903,212
Profit attributable to ordinary shareholders	832,297	508,269	2,903,212
Weighted average number of ordinary shares	March 2021 In Thousand	March 2020 In Thousand	December 2020 In Thousand
Issued ordinary shares at 1 January	29,464,250	29,464,250	29,464,250
Weighted average number of ordinary shares at 31 March	29,464,250	29,464,250	29,464,250
Basic and diluted earnings per share (Kobo)	**2.82 kobo**	**1.73 kobo**	**9.85 kobo**

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

41 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.

	2021	2020
	N'000	N'000
Advanced payment guarantees	6,338,032	5,295,918
Letters of credit	26,169,342	25,357,314
Bonds and guarantees	6,923,935	1,821,742
Wakala guarantee	9,141,481	9,329,970
Undrawn commitment	2,613,395	2,226,371
Balance as at 31 March	**51,186,185**	**44,031,31**

42 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

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