

Impact of COVID-19 to our Business Operations



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Background

The novel Corona Virus Disease also known as COVID-19, is a pandemic that threatens to become one of the most difficult tests faced by humanity in modern history. As confirmed cases of COVID-19 spread, it has the potential to take lives, overwhelm health systems, and trigger lasting geopolitical changes. The crisis pervades health, financial and social realms of the entire world.

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

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

| IMPACT AREA | EXPECTED IMPACT | MANAGEMENT ACTION |
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| 1. Business Continuity | <ul style="list-style-type: none"> The pandemic hinders normal branch operations. Reduced activities in the following departments due to the pandemic: Treasury Operations, Domestic Operations, Internal Audit, Internal Control, Compliance, General Services, Financial Control, Business Development, Information Technology, Legal and Company Secretariat, Risk Management | <ul style="list-style-type: none"> All our Branches are now fully operational with the exception of Branches with space constraints. All branch ATM's are maintained continuously to provide easy access to cash for customers in this period. Some Branches were opened solely to deal with non-cash related transactions to reduce the pressure on the few branches opened. VPN access is in place, for staff who support the Bank's critical services during the period as required. Staff are divided into two, with one part running skeletal services for two weeks in areas where there is no lockdown while the remaining are on standby in case of the unexpected and will take over from them after two weeks to run for another two weeks. Maintain the practice of having all meeting online, but where meeting rooms must be used, NCDC guidelines must be enforced. |
| 2. Employees | <ul style="list-style-type: none"> Fear of the loosing their job Health and safety of the staff | <ul style="list-style-type: none"> In line with Central Bank of Nigeria directive, the Management of the Bank will optimally utilize the existing staff for enhanced productivity by putting in place a measurable performance monitoring system. The Bank has put in place a Health Safety Officer in all our branches and Head office to educate staff on the COVID 19 guideline and precautions. |

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| | <ul style="list-style-type: none"> • Business Continuity and work from home | <ul style="list-style-type: none"> • The Bank has developed a timetable that enable some of our staff to work from home during this period. • We also trained our staff via our robust Learning Management System platform during this period. |
| 3. Portfolio | <ul style="list-style-type: none"> • Cashflow of some customers will be challenged due to low or zero turnover • Deposit growth may stall due to effect of the lockdown on cashflow of customers • Some customers on the financing side will require their facilities to be restructured due to challenged cashflow • Moderated income due to the impact restructuring of facilities will have on profitability | <ul style="list-style-type: none"> • The Bank is applying strict measures in granting facilities in the Real Estate, Construction, Oil & Gas Sectors. • Giving more emphasis in financing Agriculture, IT, Health and Pharmaceutical Sectors • The Bank's corporate risk assets portfolio is yet to show serious signs of distress occasioned by the impact of the Covid-19 Pandemic. We have conducted comprehensive stress testing of our financing portfolio in a bid to identify Covid-19 induced progression on the IFRS 9 buckets and found current provisions to be adequate. Should there be the need for proactive hair-cut, Management shall proceed to take the additional provisions. <ul style="list-style-type: none"> • Focus on most profitable customer segments to improve profitability • Strategic cost reduction • Aggressive recovery of delinquent facilities in order to improve yield |
| 4. Others | <ul style="list-style-type: none"> • Working From Home may present untested set of challenges including network vulnerability. • More customers are likely to move to e-channels for their banking needs. • Society may expect a fair CSR effort from all private corporations during the pandemic, | <ol style="list-style-type: none"> Enhanced cybersecurity measures to support remote working by employees. Building more infrastructure to support the emerging virtual banking needs of our customers. Providing utmost support in social development initiatives. Currently, the Bank has the following initiatives: <ol style="list-style-type: none"> Relief Intervention and Symptom Evaluation. A system that connects relief seekers with givers and also facilitates telemedical service to the public |

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| | | b) Fightback COVID-19 Innovation Challenge. A prized challenge inviting scientist, engineers, innovators and entrepreneurs to contribute to the development of solutions for the fight against Covid-19. |
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