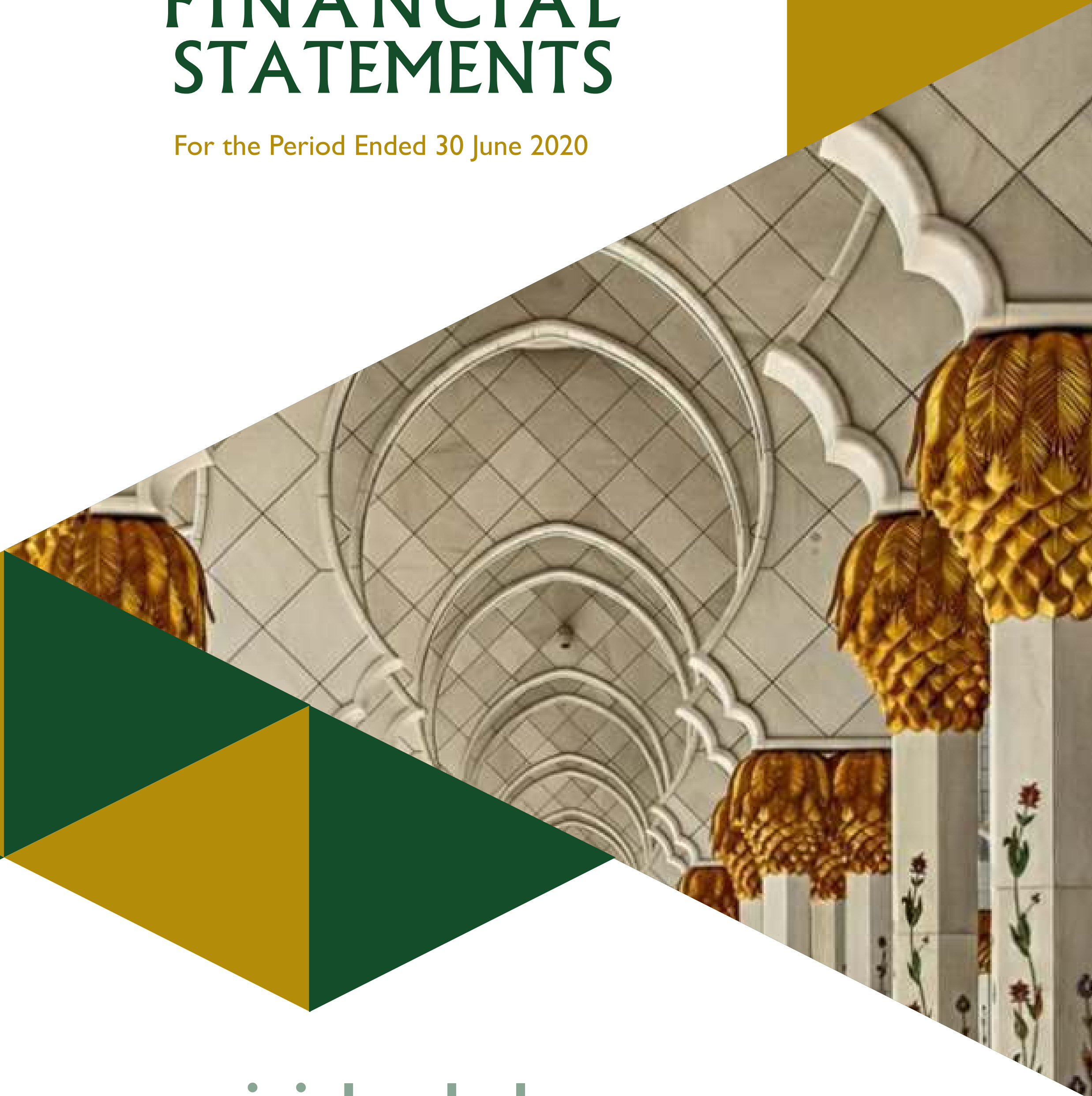
Jaiz Bank

...FOR A BETTER LIFE

UNAUDITED FINANCIAL STATEMENTS

For the Period Ended 30 June 2020



www.jaizbankplc.com

INTRODUCTION

Jaiz Bank's three month unaudited Financial Statements complies with the applicable legal Requirements of the Nigerian 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.

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

We the undersigned hereby certifies the following with regards to our financial report for the period ended 30th June 2020 that;

(a) We have reviewed the report;

(b) 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;

(c)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.

(d)We;

(i)Are responsible for establishing and maintaining internal controls;

(ii)Have designed such internal controls to ensure that materials information relating to the company and its consolidated subsidiary is made known to such officers by others within those entities particularly during the period in which the periodic reports are being prepared.

(iii)Have evaluated the effectiveness of the company's internal controls as of the date with 90 days prior to the reports;

(iv)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 or our evaluation, including any corrective actions with regards to significant deficiencies and material weakness.

Hassan Usman, FCA	**Abdulfattah O. Amoo, FCA**
Managing Director/CEO	Chief Financial Officer
FRC/2013/ICAN/00000003984	FRC/2018/ICAN/00000017779

JAIZ BANK UNAUDITED

STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2020

	Notes	JUN 2020 N'000	DEC 2019 N'000
Assets			
Cash and Balances with Central Bank of Nigeria	3	45,714,877	42,103,116
Due from Banks and Other Financial Institutions	4	5,594,771	11,438,274
Sukuk Investment	5	55,179,998	41,086,469
Murabaha Receivables	6	37,454,657	32,168,321
Investment in Bai Mu'ajjal	7	1,508,788	1,008,613
Investment in Istisna	8	1,695,237	1,080,389
Investment in Ijara Assets	9	22,581,884	21,283,416
Qard Hassan	10	44,578	79,430
Investment Properties	11	1,603,513	1,603,513
Investment in Assets Held for Sale	12	8,440,878	9,464,869
Property, Plant and Equipment	12	2,313,833	2,547,972
Leasehold Improvement	14	51,297	65,297
Intangible Assets	15	462,204	481,366
Other Assets	16	3,516,732	2,400,175
Deferred Taxation Asset	16b	462,186	462,186
Total Assets		**186,625,432**	**167,273,406**
Liabilities			
Customer Current Deposits	18a	67,676,983	69,603,883
Other Financing	19	15,719,964	11,963,766
Other Liabilities	19b	17,315,534	12,443,964
Tax payable	17a	200,837	120,251
Total liabilities		**100,913,318**	**94,131,864**
Equity of Investment Account Holders			
Customers' Unrestricted Investment Accounts	18b	70,146,882	57,589,595
Total Equity of Investment Account Holders		**70,146,882**	**57,589,595**
Owners' Equity			
Share Capital	20	14,732,125	14,732,125
Share Premium	21	627,365	627,365
Retained Earnings	22	(4,081,114)	(4,081,114)
Risk Regulatory reserve	23	2,714,153	2,714,153
Statutory Reserve	24	1,237,662	1,237,662
Other Reserves	25	335,043	321,757
Total Equity		**15,565,232**	**15,551,947**
Total Equity and Liabilities		**186,625,433**	**167,273,406**
Guarantee And Other Contingent Assets & Liabilities	36	**36,309,031**	**32,114,859**

*Prior period amounts have been regrouped to align with current presentation. This does not have any impact on the results.

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

These financial statements were approved by the Board of Directors for issue on 15th July, 2020 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

JAIZ BANK

UNAUDITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30TH JUNE 2020

	Notes	JUN 2020 3 Month Ended N'000	JUN 2020 YTD N'000	JUN 2019 3 Month Ended N'000	JUN 2019 YTD N'000	DEC 2019 YTD N'000
Income:						
Income from Financing Contracts	26	2,506,256	4,550,363	1,682,181	3,336,932	7,461,682
Income from Investment Activities	27	1,757,454	3,458,004	1,472,354	2,409,281	6,055,941
Gross Income from financing transactions		**4,263,710**	**8,008,367**	**3,154,535**	**5,746,213**	**13,517,623**
Return on Equity of Investment Account Holders	28(i)	(810,207)	(1,729,677)	(713,542)	(1,194,319)	(2,907,985)
Bank's share as a Mudarib/Equity investor	28(ii)	3,453,503	6,278,690	2,440,993	4,551,895	10,609,638
Net impairment (charges)/Writeback for the period	32	(700,000)	(960,145)	(174,143)	(294,142)	(1,145,876)
Net Spread after Provision		**2,753,502**	**5,318,544**	**2,266,850**	**4,257,753**	**9,463,762**
Other Income						
Fees and Commisssion	29	344,801	736,188	244,296	575,717	1,008,943
Other Operating Income	30	133,106	179,514	(21,193)	(13,196)	188,258
Total Income		**3,231,410**	**6,234,247**	**2,489,953**	**4,820,274**	**10,660,963**
Expenses:						
Staff Costs	31	1,049,080	2,116,457	912,451	1,237,893	3,863,554
Depreciation and Amortisation	32	184,966	360,660	173,192	340,577	714,586
Operating Expenses	33(i)	1,287,501	2,410,577	984,456	2,336,231	3,972,805
Total Expenses		**2,521,547**	**4,887,694**	**2,070,100**	**3,914,700**	**8,550,945**
Profit Before Tax		709,862	1,346,552	419,853	905,574	2,110,018
Income Tax Expenses	17a	(92,282)	(175,052)	(47,780)	(91,274)	332,768
Profit for the period after Tax		**617,580**	**1,171,501**	**372,073**	**814,300**	**2,442,785**
Other Comprehensive Income						
Item that may be reclassified to profit or loss						
FX Revaluation Gain/Loss	34	58,938	13,285	10,605	1,351	-
Total comprehensive income for the period		**676,519**	**1,184,786**	**382,679**	**815,651**	**2,442,785**
Earnings Per Share				..		
Basic and diluted Earnings per share (Kobo)		2.10	3.98	1.26	2.76	

JAIZ BANK

STATEMENT OF CHANGE IN EQUITY

AS AT 30TH JUNE 2020

UNAUDITED

JUN 2020

						Other Reserves			
	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Risk Regulatory Reserve N'000	CBN (AGSMEIS) Reserve N'000	Other Comprehensive Income N'000	Statutory Reserve N'000	Foreign Currency Translation Reserve N'000	Total N'000
Opening balance	14,732,125	627,365	(4,081,114)	2,714,153	209,444	112,313	1,237,662	-	15,551,947
Revaluation Reserve	-	-	-	-	-	-	-	13,285	13,285
Transfer to Risk Regulatory Reserve	-	-	-	-	-	-	-		0
Transfer to Statutory Reserve	-	-	-	-	-	-	-		0
Transfer to AGSMEIS	-	-	-	-	-	-	-		0
Balance at JUN 2020	**14,732,125**	**627,365**	**(4,081,114)**	**2,714,153**	**209,444**	**112,313**	**1,237,662**	**13,285**	**15,565,233**

'DEC 2019

						Other reserves			
	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Risk Regulatory Reserve N'000	CBN (AGSMEIS) Reserve N'000	Other Comprehensive income N'000	Statutory Reserve N'000	Foreign Currency Translation Reserve N'000	Total N'000
Opening balance	14,732,125	627,365	(4,574,108)	1,619,336	87,305	112,313	504,826		13,109,162
Transfer to risk regulatory reserve	-	-	(1,094,817)	1,094,817	-	-	-		-
Transfer to statutory reserve	-	-	(732,835)	-	-	-	732,835		-
Transfer to AGSMEIS	-	-	(122,139)	-	122,139	-	-		-
Profit for the year	-	-	2,442,785	-	-	-	-		2,442,785
As at 31 December 2019	**14,732,125**	**627,365**	**(4,081,114)**	**2,714,153**	**209,444**	**112,313**	**1,237,662**	**-**	**15,551,947**

JAIZ BANK

UNAUDITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30TH JUNE 2020

	JUN 2020	JUN 2019	DEC 2019
	N'000	N'000	N'000
Cash flow from operating activities			
Total comprehensive income for the period	1,184,786	815,651	2,442,786
Adjustments for non cash items:	-		
Depreciation	297,610	244,567	605,893
Amortization of Intangible Assets	46,340	39,137	26,716
Amortisation of leasehold Improvement	16,711	10,146	81,978
Provision for financing impairment	960,145	294,142	1,145,876
Amortisation of Right of Use	171,409	160,708	341,564
Tax	94,465	-	(332,768)
Foreign Currency Translation Reserve	13,285	-	-
Operating profit before changes in operating asset and liabilities	**2,784,752**	**1,564,351**	**1,697,977**
Working capital adjustment:			
Sukuk	(14,093,529)	(20,122,291)	(32,173,558)
Murabaha receivables	(5,286,336)	511,709	(3,114,224)
Investment in Musharaka	-	-	1,200,000
Qard Hassan	34,852	(1,663)	(30,048)
Istisna	(614,848)	634,562	25,237
Bai Muajjal	(500,174)	(142,129)	-
Ijara rental receivables	(1,298,468)	(1,098,079)	(1,949,082)
Investment Properties	-	6,238	-
Investment in trading assets	1,023,990	(2,807,259)	-
Other assets	(1,287,966)	(556,403)	(513,363)
Customers' current account	(1,926,900)	10,418,246	-
Other Financing	3,756,197	10,935,032	-
Other liabilities	2,807,226	2,091,121	-
Tax paid	(94,465)	4,130	(90,345)
Net cash from/(used in) operating activities	**(14,695,669)**	**1,437,565**	**(34,947,405)**
INVESTING ACTIVITIES			
Purchase of property, plant & equipment	(63,471)	(356,946)	(202,372)
Purchase of intangible assets	- 27,178.64	- 60,013.02	(64,204)
Improvement on leasehold properties	(2,710)	(265,261)	(20,832)
	(93,359)	**(682,220)**	**(287,408.78)**
FINANCING ACTIVITIES			
Customers investment accounts	12,557,287	11,038,573	-
Net cash provided by (used in) financing activities	**12,557,287**	**11,038,573**	-
Increase (Decrease) In Cash And Cash Equivalents	- 2,231,742	11,793,918 -	35,234,814
Cash and cash equivalents at beginning of year	53,541,390	30,817,814	38,689,357
Cash And Cash Equivalents At 31 December	**51,309,648**	**42,611,732**	**3,454,543**

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

1. Reporting entity

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

The address of the Bank's registered office is Kano House, Plot 73, Ralph Shodeinde Street, Central Business District, and Abuja, Nigeria. The Financial Statement of the Bank as at 30th June 2020, is only for the Bank as it has no subsidiary and/or Associate company.

These financial statements were approved and authorized for issue by the Board of Directors on 15th July 2020. The Directors have the power to amend and issue the financial statements.

2.0 Basis of preparation

Statement of compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with the requirements of International Financial Reporting standards (IFRS) as issued by International Accounting standards Board (IASB). For matters on which no IFRS standard is applicable or IFRS conflicts with Shari'ah rules and principles, the bank uses the relevant Financial Accounting Standard as issued by the Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI) and shariah rulings as determined by the shariah supervisory committee of the Bank.

Basis of accounting

The Bank's financial statements are to be prepared under the historical cost convention, and may be modified by their valuation of certain investment securities, property, plant and equipment. Financial statements are to be prepared mainly in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). For matters that are peculiar to Islamic Banking and Finance, the Bank shall rely 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.

2 Significant Accounting Policies

a *Functional and presentation currency*

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

b *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.

2 Changes to accounting policies

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period except for IFRS 16 (Lease) which became effective January 2019. Adoption of the standard did not result in changes in the amounts previously recognised in the financial statements. However the standard affected disclosures of the Bank.

Standards and interpretations effective during the reporting period

IFRS 16 Leases

The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2016. The standard does not significantly change the accounting for leases for lessors. However it requires lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

IFRS 16 became effective 1 January 2019. The Bank has appropriately disclosed its right-of-use assets representing the right to use the underlying assets in line with the requirements of the ammendment.

Standards and interpretations effective during the reporting period (continued)

IFRIC 23 - Uncertainty over income tax treatment (Interpretation)

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses instances where an entity separately considers uncertain tax treatments, or makes assumptions related to how a tax authorities would treat certain tax positions. In addition the Interpretation also addresses how an entity determines the taxable profit (tax loss), tax base, amongst other key tax positions including changes in facts and circumstances.

The Bank has considered the guidance included within the interpretation and concluded that the prescribed approach does not have a material impact on the Bank.

Amendments to IAS 19: Plan mmendment, curtailment or settlement

The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).
These amendments had no impact on the financial statements of the Bank as it did not have any plan amendments, curtailments, or settlements during the year

Amendments to IFRS 2 - Share based payment classification and measurement

This standard clarifies classification and measurement of share based payment transactions with net settlement features for withholding tax obligations (i.e. equity settled share based payment for employees and cash settled share based payment for withholding taxes). It grants an exemption to alleviate operational issues encountered in dividing the share based payment into cash-settled and equity-settled component. The amendments also clarify modifications to terms and conditions that change classifications from cash-settled to equity-settled as well as application of non-market vesting conditions and market non-vesting conditions. These amendments do not have any material impact on the Bank.

Amendments to IFRS 9: Prepayment features with negative compensation

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the Bank.

2.3 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 2019:

Standard	Content	Effetive date
IAS 1 & IAS 8	Definition of material	1 January, 2020
IFRS 3	Business combination	1 January, 2020
IFRS 17	Insurance contracts	1 January, 2021

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.

2.3 Standards and interpretations issued/amended but not yet effective (continued)

Amendments to IAS 1 and IAS 8: Definition of material

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 amendments to the definition of material is not expected to have a significant impact on the Bank's financial statements.

Amendments to IFRS 3 (Business combination)

In October 2018, the IASB issued amendments to the definition of a 'business' in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive,narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The effective date is on or after 1st January 2020. This amendment does not have any impact on the Bank.

IFRS 17 - Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure an entity provides relevant information that faithfully represents those contracts.

This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

This standard does not impact the Bank in anyway as the Bank do not engage in insurance business.

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.

2 Other accounting policies

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

2 Other accounting policies (continued)

c Financial instrument

i.Initial recognition and measurement

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

Financial instruments are recognised initially when the Bank becomes a party to the contractual provisions of the instruments.

ii.Classification and measurement

Financial asset or liability are measured initially at fair value plus or minus, for an item not at fair value through profit or loss, direct and incremental transaction costs that are directly

attributable to its acquisition or issue. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in income statement at initial recognition.

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

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

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

Debt instruments

Amortised cost

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

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

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

2 Other accounting policies (continued)

Business model assessment (continued)

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.

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 loans and other debt financial assets not held at FVPL, together with loan 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 loans also include facilities where the credit risk has improved and the loan 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 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans 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 loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

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

The mechanics of the ECL method are summarised below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12years after the reporting date. The Bank calculates the 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 loan 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 loans 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.

Loan commitments and letters of credit: When estimating LTECLs for undrawn loan in cash flows if the loan 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 loan.

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

Loan 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;
• Loan 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 loan 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

2 Other accounting policies (continued)

Impairment of financial assets (continued)

Presentation of allowance for ECL in the statement of financial position (continued)

• 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.

2 Other accounting policies (continued)

d Property plant and equipment (continued)

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	useful life for the specified class
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 shall comply 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

2 Other Accounting policies (continued)

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

i.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

ii.Investments in subsidiaries

Investments in subsidiaries are reported at cost less any impairment (if any).
A subsidiary not consolidated but is classified as ‘held for sale’ if it is available for immediate sale in its present condition and its sale is highly probable. A sale is ‘highly probable’ where: there is evidence of management commitment; there is an active programme to locate a buyer and complete the plan; the asset is actively marketed for sale at a reasonable price compared to its fair value; the sale is expected to be completed within 12 years of the date of classification;and actions required to complete the plan indicate that it is unlikely that there will be significant changes to the plan or that it will be withdrawn.

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

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

2 Other accounting policies (continued)

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)

2 Other accounting policies (continued)

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 of additional 2% provision on all performing loans assessed under the PG. This reserve is not available for distribution to shareholders.

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.

			JUN 2020	DEC 2019
3	**Cash and Balances with Central Bank of Nigeria**			
			N '000	N '000
	Cash		6,897,646	5,062,591
	Current account with CBN		9,310,330	9,455,427
	Deposit with CBN		29,328,574	27,500,960
	CBN AGSMEIS Balance		178,327	84,138
	Balance as at end of period		**45,714,877**	**42,103,116**

			JUN 2020	DEC 2019
4	**Due from Banks and Other Financial Institutions**			
			N'000	N'000
	Balances with banks within Nigeria:			
	First Bank Plc		530	95,117
		a	530	95,117
	Balances with banks outside Nigeria:			
	First Bank UK		3,321,627	5,955,940
	Habib Bank UK		-	-
	Banco De Sabadel		24,396	23,920
	Standard Chartered		925,582	3,904,834
	Bank Al-Bilad		207,913	214,350
	Zenith Bank UK		952,285	1,173,123
	FCMB UK		154,566	4,519
	Aktif Bank		-	43,769
	Bank of Beirut		7,872	22,701
		b	5,594,241	11,343,157
	Balance as at end of period	a+b	5,594,771	11,438,274

		JUN 2020	DEC 2019
5	**Total Sukuk Investment**		
		N'000	N'000
	Opening Balance	37,866,823	18,965,012
	Addition during the period	13,909,000	21,486,000
	Disposal/Redemption	(133,361)	(2,584,188)
	Gross investment in Sukuk	51,642,462	37,866,824
	Premium	2,635,479	2,367,231
	Rental Receivable	902,058	852,414
	Balance as at end of period	55,179,998	41,086,469

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

		JUN 2020	DEC 2019
i	**Osun State Sukuk**		
		N'000	N'000
	Opening Balance	557,338	1,039,527
	Disposal/Redemption	(131,861)	(482,188)
	Gross investment in Sukuk	425,477	557,338
	Premium	-	12,205
	Rental Receivable	29,175	20,552
	Balance as at end of period	454,652	590,096

		JUN 2020	DEC 2019
ii	**FGN Sovereign Sukuk**		
		N'000	N'000
	Opening Balance	37,309,485	17,925,485
	Addition during the period	13,909,000	21,486,000
	Disposal/Redemption	(1,500)	-2,102,000
	Gross investment in Sukuk	51,216,985	37,309,485
	Premium	2,635,479	2,355,025
	Rental Receivable	872,884	831,863
	Balance as at end of period	**54,725,348**	**40,496,373**

		JUN 2020	DEC 2019
6	**Murabaha Receivables**		
		N'000	N'000
	Murabaha Retail	11,583,988	13,987,773
	Murabaha Corporate	18,524,407	14,765,178
	Commercial Agric. Credit Scheme	2,251,945	625,305
	Paddy Aggregation scheme	5,078,330	4,659,529
	Murabaha Staff	15,462	647
	Murabaha SME	6,043,158	3,231,340
	Gross Recievable	**43,497,289**	**37,269,772**
	Allowance for impairment	(2,586,433)	(1,904,071)
	Deffered Profit	(3,456,199)	(3,197,380)
	Balance as at end of period	**37,454,657**	**32,168,321**

		JUN 2020	DEC 2019
7	**Investment in Bai Mu'ajjal**		
		N'000	N'000
	Bai Mu;ajjal Corporate	1,886,549	1,305,501
	Gross Receivables	**1,886,549**	**1,305,501**
	Allowance for impairement	-	-
	Deffered Profit	(377,761)	(296,888)
	Balance as at end of period	**1,508,788**	**1,008,613**

8	Investment in Istisna	JUN 2020	DEC 2019
		N'000	N'000
	Istisna Recievable	1,826,198	1,146,745
	Allowance for impairement	(22,516)	(16,576)
	Deffered Profit	(108,445)	(49,780)
	Balance as at end of period	**1,695,237**	**1,080,389**

9	Investment in Ijara Assets	JUN 2020	DEC 2019
		N'000	N'000
	Ijara wa Iqtina	16,707,072	15,980,326
	Ijara home finance	17,801	19,227
	Ijara Auto & Others	2,996,477	2,738,898
	Gross investment in Ijara	**19,721,350**	**18,738,450**
	Ijara accrued Profit	3,091,104	**2,714,707**
	Allowance for impairement	(230,570)	(169,740)
	Balance as at end of period	**22,581,884**	**21,453,157**

JAIZ BANK
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH JUNE 2020

10	Qard Hassan	JUN 2020	DEC 2019
		N'000	N'000
	Balance at 1 Jun	158,375	174,597
	Granted to Staff	-	-
	Granted to customers	-	15,013
	Total during the period	**158,375**	**189,610**
	Repayments		
	Staff Repayment	6,062	14,222
	Customer Repayment	500	17,013
	Total Repayment during the period	**6,562**	**31,236**
	Total	**151,813**	**158,375**
	impairment Allowance	(107,236)	(78,945)
	Balance as at end of period	**44,578**	**79,430**

11	Investment Properties	JUN 2020	DEC 2019
		N'000	N'000
	Investment Properties Corporate	1,603,513	1,603,513
	Gross Investment Properties	**1,603,513**	**1,603,513**
	Balance as at end of period	**1,603,513**	**1,603,513**

12	Investment in Assets Held for Sale	JUN 2020	DEC 2019
		N'000	N'000
(i)	Advances for LC Murabaha	1,184,508	1,355,993
	Inventory for Sale	7,758,890	8,478,819
	Impairment allowance	(502,519.67)	(369,943.13)
	Balance as at end of period	**8,440,878**	**9,464,869**

(ii)	**Schedules Inventory for Sale**	**N'000**	**N'000**
	Repossessed Property	2,159,524	2,159,524
	Other Properties	596,409	698,909
	Inventory Purchase-Fertilizer	3,699,854	5,126,802
	Inventory Hide & Skin	1,053,532	-
	Inventory JAMB Computers	249,571	493,584
	Total Inventory for Sale	**7,758,890**	**8,478,819**

JAIZ BANK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH JUNE 2020

13 Property, Plant and Equipment

	Freehold Land	Building Freehold	Office Equipment	Motor Vehicle	Furnitures and Fixtures	Computer Equipment	Fixed Assets WIP	Total
	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000
Cost	57,086	674,490	997,514	597,499	248,651	2,386,646	222,623	**5,184,510**
Additions/Reclassifiaction	-	1,100	31,853	43,900	3,276	155,590	- 172,247	**63,472**
Disposals	-	-	-	-	-	-	-	-
30th June 2020	57,086	675,590	1,029,368	641,399	251,927	2,542,236	50,376	5,247,981
Accumulated depreciation								
1-January-2020	-	39,653	586,211	297,269	168,739	1,544,667	-	**2,636,538**
Depreciation	-	6,228	81,809	28,243	14,513	166,817	-	**297,610**
Adjustment	-							-
Disposals	-	-	-	-	-	-	-	-
30th June 2020	-	45,881	668,020	325,512	183,252	1,711,483	-	2,934,148
	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000	₦' 000
1-January-2020	57,086	559,211	842,730	475,431	214,490	2,027,518	442,763	**4,619,231**
Additions/ Reclassification	-	115,279	154,784	122,068	34,161	359,128	- 220,140	**565,279**
Disposals	-	-	-	-	-	-	-	
31 December 2019	57,086	674,490	997,514	597,499	248,651	2,386,646	222,623	5,184,510
Accumulated depreciation								
1-January-2019	-	26,735	429,220	238,253	139,362	1,207,073	-	**2,040,642**
Depreciation	-	12,918	156,991	59,016	29,377	337,594	-	**595,896**
Adjustment	-	-	-	-	-	-		-
31 December 2019	-	39,653	586,211	297,269	168,739	1,544,667	-	2,636,538
Netbook value								
30th June 2020	57,086	629,709	361,347	315,887	68,675	830,752	50,376	2,313,833
31 December 2019	57,086	634,836	411,303	300,230	79,912	841,979	222,623	2,547,971

14	Leasehold Improvement	JUN 2020	DEC 2019
	Cost	N'000	N'000
	Balance at beginning of period	878,153	848,458
	Addition	(1,654)	29,695
	Balance as at end of period	**876,499**	**878,153**
	Amortisation		
	Balance at 1 June	812,855	790,340
	Amortisation for the period	12,347	22,515
	Balance as at end of period	**825,202**	**812,855**
	Carrying amounts		
	Balance as at end of period	**51,297**	**65,297**

15	Intangible Assets	JUN 2020	DEC 2019
		N'000	N'000
	Cost	**Computer software**	**Computer software**
	Balance at beginning of period	880,494	687,898
	Addition	-	192,596
	Balance as at end of period	**907,672**	**880,494**
	Amortisation and impairment losses		
	Balance at beginning of period	399,128	317,150
	Amortisation for the period	46,340	81,978
	Balance as at end of period	**445,468**	**399,128**
	Carrying amounts		
	Balance as at end of period	**462,204**	**481,366**

16 Other Assets

	JUN 2020	DEC 2019
	N'000	N'000
Sundry Debtors	37,775	29,619
Right of Use	349,728	403,944
Other prepayments	445,346	17,246
Prepaid Staff	350,619	110,715
Inventory and Other Security items	144,287	75,819
Branch development expenditure	50,158	29,614
Account receivables	1,077,132	626,307
Settlement Suspense	1,193,034	1,257,471
Investment in Fin. Inclusion	94,460	20,154
Interbranch	(1,150)	6,213
Total	**3,741,390**	**2,577,102**
Impairment of Other Assets	(224,658)	(176,927)
Balance as at end of period	**3,516,732**	**2,400,175**

Movement in other assets:

	JUN 2020	DEC 2019
	N'000	N'000
Balance at beginning of period	2,577,102	2,809,209
Changes in the period	1,164,288	(232,106)
Impairment of Other Assets	(224,658)	(176,927)
Balance as at end of period	**3,516,732**	**2,400,175**

17a Tax Payable

Statement of Financial position

		JUN 2020	DEC 2019
		N'000	N'000
(i)	Balance brought forward	120,251	90,345
	Charge for the period	175,052	117,050
		295,303	**207,395**
	Less payment during the period	(94,466)	(87,144)
	Balance as at end of period	**200,837**	**120,251**

		JUN 2020	DEC 2019
ii)	**Income statement**		
		N'000	N'000
	Company Income Tax	134,655	96,159
	Education Tax	26,931	-
	Information Technology levy	13,466	20,891
		175,052	117,050
	Deferred tax expenses		
	Deferred tax expenses(Origination/(Reversal) of temporary differences)	-	(449,818)
	Balance as at end of period	**175,052**	**(332,768)**

		JUN 2020	DEC 2019
18a	**Customers' current account**		
		N'000	**N'000**
	Analysis by type of account		
	Current Account	67,676,983	69,603,883
	Balance as at end of period	**67,676,983**	**69,603,883**

18b	**Unrestricted investment account**		
	Savings Account	45,711,822	35,099,480
	JAPSA term deposit	24,435,060	22,490,115
	Balance as at end of period	**70,146,882**	**57,589,595**

		JUN 2020	DEC 2019
18c	**Analysis by type of customer**		
		N'000	**N'000**
	Government	9,646,033	13,845,100
	Corporate	41,962,314	40,422,583
	Individual	86,215,518	72,925,795
	Balance as at end of period	**137,823,865**	**127,193,478**

		JUN 2020	DEC 2019
19	**Other Financing**		
		N'000	**N'000**
	Fund Sources Outside the Bank (CBN/CACS)	15,719,964	11,963,766
	Balance as at end of period	**15,719,964**	**11,963,766**

		JUN 2020	DEC 2019
19a	**Breakdown of Other financing**		
		N'000	**N'000**
i	Central Bank of Nigeria	11,334,507	7,298,545
ii	Bank of Agriculture	1,009,016	1,009,342
iii	Bank of Industry	2,447,738	2,700,000
iv	Islamic Corporation for Development for the Private Sector(ICD)	928,702	946,456
v	Islamic Trade Finance Corporation	-	9,423
	Total	**15,719,964**	**11,963,766**

		JUN 2020	DEC 2019
19b	**Other Liabilities**		
		N'000	**N'000**
	Manager Cheque	309,136	279,316
	Margin Deposits	2,683,178	4,844,556
	Accounts Payable	301,693	82,680
	Vendors payable	215,872	243,995
	Tax Liabilities	104,116	93,414
	Profit payable to Mudararaba Savings Account	117,733	144,706
	e-Banking Payables	1,493,210	1,422,237
	Due to Charity	1,973	800
	Sundry Payables	7,232,392	1,821,463
	Accrued audit fee	17,604	17,500
	Sundry Deposit	3,357,856	3,348,011
	Impairment Balance on Off Balance Sheet Items	49,317	49,317
	Unearned Income	131,888	50,031
	Unaudited YTD Profit	1,171,501	-
	Other Payables	128,064	45,938
	Balance as at end of period	**17,315,534**	**12,443,963**

20 Owners Equity

A Share capital

(i) Authorised

	JUN 2020	DEC 2019
	N'000	N'000
50,000,000,000 Ordinary shares of N0.50 each	25,000,000	25,000,000
Balance as at end of period	**25,000,000**	**25,000,000**

(ii) Issued and Fully paid Share capital

	JUN 2020	DEC 2019
	N'000	N'000
29,464,249,300 Ordinary shares of N0.50 each at 1 January	14,732,125	14,732,125
	0	0
Balance as at end of period	**14,732,125**	**14,732,125**

There was no movement in the share capital account during the month. 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.

21 Share Premium

	JUN 2020	DEC 2019
	N'000	N'000
Balance at 1 Jun	627,365	627,365
Movement during the month	0	0
Balance as at end of period	**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 during the month.

22 Retained Earnings

	JUN 2020	DEC 2019
	N'000	N'000
Balance at 1 Jun	(4,081,114)	(4,574,108)
Pior Year audited Profit	-	2,442,785
Statutory Regulatory Reserve	-	(732,835)
AGSMEIS	-	(122,139)
Risk regulatory reserve	-	(1,094,817)
Balance as at end of period	**(4,081,114)**	**(4,081,114)**

23	Risk Regulatory Reserve	JUN 2020	DEC 2019
		N'000	**N'000**
	Balance at 1 Jun	2,714,153	1,619,336
	Adjustment against retained earnings	-	1,094,817
	Balance as at end of period	**2,714,152**	**2,714,153**

24	Statutory Reserve	JUN 2020	DEC 2019
		N'000	**N'000**
	Balance at 1 Jun	1,237,662	504,826
	Adjustment against retained earnings		732,835
	Balance as at end of period	**1,237,662**	**1,237,662**

25(a)	Other Comprehensive Income	JUNE 2020	DEC 2019
		N'000	**N'000**
	Balance at 1 Jun	112,313	112,313
	Movement in the period	13,285	-
	Balance as at end of period	**125,598**	**112,313**

25(b)	Agric-Business/Small and Medium Enterprises Investment Scheme	JUNE 2020	DEC 2019
		N'000	**N'000**
	Balance at 1 Jun	209,445	87,305
	Provision for the month	-	122,139
	Balance as at end of period	**209,445**	**209,445**

		3 Month Ended	YTD	3 Month Ended	YTD
26	**Income from Financing Contracts**	JUN 2020	JUN 2020	JUN 2019	JUN 2019
		N'000	N'000	N'000	N'000
	Murabaha profit Corporate	816,418	1,637,409	901,278	1,610,823
	Murabaha profit Retail	432,381	828,218	234,542	392,337
	Murabaha LC Income	75,102	115,172	(90,160)	1,691
	Bai Mu'ajjal Income	80,242	151,729	7,521	13,155
	Total profit from Murabaha transactions	**1,404,143**	**2,732,528**	**1,053,180**	**2,018,006**
	Ijara Transactions				
	Ijara wa Iqtina Profit	965,318	1,587,844	531,917	1,109,135
	Ijara finance Lease	107,898	182,573	65,677	106,313
	Ijara profit home finance	225	484	265	489
	Ijara Others	2,223	3,643	94	193
	Total profit from Ijara transactions	**1,075,664**	**1,774,544**	**597,954**	**1,216,130**
	Others				
	Istisna Profit	26,392	43,290	31,046	102,795
	Salam Profit	-	-	-	-
	Musharaka Profit	56	0	1	2
	InterBank Murabaha Income	-	-	-	-
	Total profit from other Financing/Investment Contracts	**26,449**	**43,291**	**31,047**	**102,797**
	Total Income from financing Contracts	**2,506,256**	**4,550,363**	**1,682,181**	**3,336,932**

		3 Month Ended	JUN 2020	3 Month Ended	JUN 2019
27	**Income from investment activities**	N'000	N'000	N'000	N'000
	Trading Assets Income	282,822	528,055	270,028	363,642
	Sukuk	1,438,632	2,857,949	1,176,448	1,993,883
	Rental Income	36,000	72,000	25,878	51,756
	Total Investment income	**1,757,454**	**3,458,004**	**1,472,354**	**2,409,281**

		3 Month Ended	JUN 2020	3 Month Ended	JUN 2019
28	**(i). RETURN ON EQUITY OF INVESTMENT ACCOUNT HOLDERS**	N'000	N'000	N'000	N'000
	Profit paid to Unrestricted Mudarabah Account Holders / Fees of Mudarib	810,207	1,729,677	713,542	1,194,319
	Profit from Financing Investments paid to Mudarabah Account Holders	**810,207**	**1,729,677**	**713,542**	**1,194,319**
	(ii) Mudarib fees/ profit of Joint Investments				
	Bank's fees as Mudarib.	1,130,644	2,222,435	1,038,725	1,983,272
	Profit from the Bank's Joint Financing investments	2,322,857	4,056,255	1,402,267	2,568,623
	Bank's fee as Mudarib/Profit of owned Joint Investmets	**3,453,501**	**6,278,690**	**2,440,992**	**4,551,895**

		3 Month Ended	JUN 2020	3 Month Ended	JUN 2019
29	**Fees and Commisssion**	N'000	N'000	N'000	N'000
	Banking Services	282,358	595,952	69,624	160,741
	Net Income from E-Business	14,697	39,044	118,078	198,061
	LC/ Trade Finance Income	47,746	101,192	56,594	216,915
		344,801	**736,188**	**244,296**	**575,717**

		3 Month Ended	JUN 2020	3 Month Ended	JUN 2019
30	**Other Operating Income**	N'000	N'000	N'000	N'000
	Wakala income	133,106	179,514	23,370	66,114
	Miscellaneous Income		-	30,691	30,691
	Foreign Exchange Gain/Losses			(75,254)	(110,000)
		133,106	**179,514**	**(21,193)**	**(13,196)**

31	Staff Costs	3 Month Ended	JUN 2020	3 Month Ended	JUN 2019
		N'000	N'000	N'000	N'000
	Salaries	979,125	1,961,926	864,726	1,539,761
	Staff pension	29,085	57,858	9,661	43,182
	Training and Seminar expenses	18,266	54,431	13,762	30,656
	Other Staff Expenses	22,605	42,243	24,302	48,645
		1,049,080	2,116,457	912,451	1,662,244

32	Depreciation and Amortisation	3 Month Ended	JUN 2020	3 Month Ended	JUN 2019
		N'000	N'000	N'000	N'000
	Depreciation of Property, Plant & Equipment	152,233	297,610	147,989	290,454
	Amortisation of Leasehold Improvement	9,522	16,711	5,493	10,986
	Amortisation of Intangible Assets	23,212	46,340	19,710	39,137
		184,966	360,660	173,192	340,577

33(i)	Operating Expenses	3 Month Ended	JUN 2020	3 Month Ended	JUN 2019
		N'000	N'000	N'000	N'000
	Advertising and marketing	60,757	117,461	38,518	65,403
	Administrative - note 31 (iii)	196,351	348,461	185,644	1,456,167
	Subscription and Professional fees	34,774	64,787	8,879	37,188
	ACE's Expense	9,000	18,000	44,551	54,294
	Right of Use	88,800	171,409	83,242	160,708
	Licences	230,745	410,011	198,150	396,849
	Bank Charges	19,647	44,258	10,290	25,850
	Audit fee & Other Expenses	7,500	15,000	7,710	15,210
	Directors expenses	84,950	174,029	63,158	124,561
	Bandwith Connectivity	149,059	228,573	78,459	154,041
	NDIC Premium	135,377	285,377	97,921	187,921
	Service contract (HR and Admin)	152,439	297,330	125,873	222,102
	Repairs and maintenance	118,102	235,881	42,063	120,728
		1,287,501	2,410,577	984,456	3,021,022

33(ii)	Right-of-use Asset	3 Month Ended	JUN 2020	3 Month Ended	JUN 2019
		N'000	N'000	N'000	N'000
	Right-of-use assets amortisation	88,800	171,409	83,242	160,708
		88,800	171,409	83,242	160,708

33(iii)	Administrative	3 Month Ended	JUN 2020	3 Month Ended	JUN 2019
		N'000	N'000	N'000	N'000
	Telephone expenses	3,267	4,164	1,401	2,348
	SWIFT/NIBBS Charges	5,508	16,625	8,372	18,313
	Courier charges	3,261	5,842	4,265	6,869
	Local and foreign travels	11,052	35,264	27,556	40,860
	Printing & Stationaries	24,143	42,706	18,661	36,956
	Security Related Expenses	19,803	41,462	20,653	39,267
	Money and other Insurance	25,974	36,924	3,551	13,668
	Fuel Expense	17,941	48,939	30,497	53,066
	Data Recovery & IT Related Expenses	117	384	296	779
	Newspaper, Magazine & Periodicals	73	583	358	835
	Entertainment	2,590	6,719	4,549	6,446
	Regulatory Expenses	36	89	51,208	60,136
	Sundry expenses	78,868	97,509	7,653	49,387
	Cash shortage W/O	235	1,076	561	1,287
	Listing Expenses	588	1,176	814	2,455
	Industry Certification	2,897	9,000	5,250	14,355
		196,352	348,461	185,644	347,027

34	Other Comprehensive Income				
		3 Month Ended	JUN 2020	3 Month Ended	JUN 2019
		N'000	N'000	N'000	N'000
	Revaluation Gain/Losses	58,938	13,285	10,605	1,351
		58,938	13,285	10,605	1,351

35 Carrying value of financing and investments

35 (a) Carrying value of financing and investments

	2020								
	RISK ASSETS SUMMARY - 30 JUNE 2020				IMPAIRMENT SUMMARY				Carrying Amount
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	TOTAL N'000	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	TOTAL N'000	TOTAL N'000
Bai-Muajjal	1,886,549	-	-	1,886,549	-	-	-	-	1,886,549
Murabaha finance	36,078,718	2,607,432	4,811,139	43,497,289	1,338,865	3,942	1,243,626	2,586,433	40,910,856
Ijara finance	17,022,018	786,216	1,913,116	19,721,350	191,851	457	38,262	230,570	19,490,780
Istisna	1,172,475	47,938	605,784	1,826,198	14,213	137	8,166	22,516	1,803,682
Qard hassan	151,813			151,813	28,405		78,831	107,236	44,577
	56,311,573	**3,441,586**	**7,330,039**	**67,083,199**	**1,573,334**	**4,536**	**1,368,886**	**2,946,755**	**64,136,444**
Other financing assets	8,943,398	-	-	8,943,398	502,520	-		502,520	8,440,878
TOTAL	**65,254,972**	**3,441,586**	**7,330,039**	**76,026,597**	**2,075,853**	**4,536**	**1,368,886**	**3,449,275**	**72,577,322**

35 (b) Carrying value of financing and investment

	2019								
	RISK ASSETS SUMMARY - 31 DEC 2019				IMPAIRMENT SUMMARY				Carrying Amount
	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	TOTAL N'000	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	TOTAL N'000	TOTAL N'000
Bai-Muajjal	1,224,405	-	81,097	1,305,501	3,594	-	1,622	5,216	1,300,285
Murabaha finance	33,677,163	196,017	3,396,592	37,269,772	853,773	12,995	1,032,087	1,898,855	35,370,917
Ijara finance	17,681,792	89,903	966,755	18,738,450	68,269	9	101,463	169,740	18,568,710
Istisna	642,792	133,887	370,066	1,146,745	8,272	137	8,166	16,576	1,130,169
Qard hassan	158,374	-	-	158,374	113	-	78,831	78,944	79,430
	53,384,526	**419,807**	**4,814,509**	**58,618,843**	**934,021**	**13,141**	**1,222,169**	**2,169,332**	**56,449,511**
Other financing assets	9,055,666	-	80,237	9,135,903	368,287	-	1,656	369,943	8,765,960
		-		-				-	
TOTAL	**62,440,192**	**419,807**	**4,894,746**	**67,754,746**	**1,302,309**	**13,141**	**1,223,825**	**2,539,275**	**65,215,471**

35 (c) Impairment charge in the period

	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Trading assets N'000	Off B/S Engagement N'000	OKL N'000	TOTAL N'000
Balance as at 1 January	932,365	13,141	1,223,825	369,943	49,317	176,927	2,765,519
Impairment charged during the p	432,837	1,401	343,186	132,577	-	50,145	960,145
Balance as at 30 June	**1,365,203**	**14,542**	**1,567,010**	**502,520**	**49,317**	**227,073**	**3,725,665**

36 SIGNIFICANT SHAREHOLDING (5% UNIT & ABOVE)	JUN 2020 Holdings	%	JUNE 2019 Holdings	%
Dr. Umaru Abdul Mutallab	4,000,000,000	13.58	4,000,000,000	13.58
Dantata Investment & Securities Limited	3,904,369,327	13.25	3,904,369,327	13.25
Dr.Muhammadu Indimi	2,733,813,044	9.28	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
Altani Investment Limited	2,200,000,000	7.47	2,200,000,000	7.47
Dr Aminu Alhassan Dantata	1,565,210,516	5.31	1,565,210,516	5.31
At 30th June 2020	**19,410,059,475**	**65.88**	**19,410,059,475**	**65.88**

37 Earnings per share

Basic earnings per share

Basic earnings per share of 3.98 kobo (2019:-2.76 kobo) is based on the profit of N1,172million (June 2019: N814million) attributable to shareholders with ord

Profit attributable to ordinary shareholders	JUN 2020	JUNE 2019
	N'000	N'000
Profit for the period	1,171,501	814,300
Profit attributable to ordinary shareholders	**1,171,501**	**814,300**

Weighted average number of ordinary shares	JUN 2020	JUNE 2019
	In Thousand	In Thousand
Issued ordinary shares	29,464,249	29,464,250
Weighted average number of ordinary shares at 30th June 2020	**29,464,249**	**29,464,250**

Basic and diluted earnings per share (Kobo)	3.98 kobo	2.76 kobo

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

38 LEGAL 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 21 litigation suits: Sixteen (16) cases instituted against the Bank, four (4) cases instituted by the Bank, Nil judgement in favour of the Bank awaiting execution and one (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.

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 CONTINGENT LIABILITIES AND COMMITMENTS

	JUN 2020	JUN 2019
(i) Contingent Liabilities	N'000	N'000
Advanced payment guarantees	1,263,328	5,756,703
Letters of credit	22,333,107	5,423,135
Bonds and guarantees	1,229,062	2,580,544
Wakala guarantee	11,483,534	12,593,433
Undrawn commitment	-	-
	36,309,031	26,353,816

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