

A SUCCESS STORY...

Every success story starts with a **DREAM**



ANNUAL REPORT

&

ACCOUNTS

2015

Jaiz Bank
...FOR A BETTER LIFE

www.jaizbankplc.com

www.jaizbankplc.com



OUR HOME IS BETTER WITH JAIZ BANK

Jaiz
Home
Finance, JHF
(Ijara-Wa-Iqtina)



Ahmed and Mariam - MARRIED COUPLE

With **Jaiz Home Finance, JHF, (Ijara-Wa-Iqtina)**, I enjoy non interest banking.
Which means I can conveniently acquire the things I need to live a better life.

- **Maximum tenor of 10 years**
- **Minimum Equity Contribution of 20%**
- **For Salary account holders, professionals, landowners and non-resident Nigerians**





Every **Success** Story
Starts with a **Dream**

WE BELIEVE ANYTHING IS POSSIBLE
WE SEE OPPORTUNITIES WHEN OTHERS SEE IMPOSSIBILITIES
WE TAKE CALCULATED RISKS. WE'RE FOCUSSED. WE STRIVE
WE KNOW THAT NOTHING IS UNREALISTIC
WE FEEL OVERWHELMING LOVE
WE TAKE FLYING LEAPS INTO THE UNKNOWN
WE CONTRIBUTE TO SOMETHING BIGGER THAN OURSELVES
WE CREATE, WE LEARN. WE GROW. WE DO.
WE BELIEVE ITS NEVER TOO LATE TO START LIVING A DREAM
WE ARE JAIZ BANK PLC



A BETTER
LIFE

Our Vision Mission, Core Values & Business Philosophy

**Our
Vision**

“To be the dominant non-interest financial services provider in Sub-Saharan Africa”

**Our
Mission**

“To provide innovative, value added non-interest financial services to our clientele employing the best people supported by technology”

**Our
Core Value**

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

**Business
Philosophy:**

Our philosophy is to deliver world class sharia compliant financial services to our clientele irrespective of class, creed, race or religious belief and to contribute to the socio-economic development of the society.

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~~Interest~~ assured

In a game of golf, both the caddy and the golfer have the *same* goal... to get the ball in the hole.

Interest free banking is similar...

We tee up with a clear view of the fairway and a *pre-defined* agreement...

Without shifting targets, things should end up where *you* want them.

Your deposits are safe and funds are **ethically managed** with a transparent and equitable approach to sharing risk and reward.

"No interest burden means more time to relax... without having to worry about nasty surprises..."

www.jaizbankplc.com

Jaiz Bank
...FOR A BETTER LIFE

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

It is an unquoted public company owned by over 20,000 shareholders spread over the six geographical zones of Nigeria.

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

Currently, Jaiz Bank is the only full-fledged Non-Interest (Islamic) Bank in Nigeria. It recently obtained an approval from the Central Bank of Nigeria (CBN) for a National Operating Licence. This will enable it to operate in all parts of the Federation. The bank's ultimate objective is to expand beyond the shores of Nigeria in line with its vision.

ABOUT ISLAMIC BANKING

Non-Interest Banking is a profitable growing global phenomenon practiced in nearly 70 countries across the world including the United Kingdom, Canada, the United States of America, the United Arab Emirate, Malaysia, China, Singapore, South Africa, Kenya etc. Global Banks like HSBC, Citibank, Barclays Bank etc. are also offering it. It is an alternative financial service offering which is open to all irrespective of race or religion.

It is based on the ethical principles of fairness, transparency and objectivity. Non-Interest Banking offers almost all the services of conventional banks. The difference is that non-interest Islamic Banks do not give or receive interest, nor finance anything that is harmful to society like alcohol, tobacco, gambling etc. They also seek to avoid gharar-speculation, uncertainty deception and more.

Currently, majority of Nigerians are craving for such Non-Interest banking services. These people are desirous of ethical banking services which provide for socially responsible investment outlets. In a nutshell, Non-Interest Banking is a profit and loss sharing arrangement where the mode of financing is mostly on mark-up, leasing and partnership basis.

THE INVESTMENT OPPORTUNITY

Jaiz Bank Plc is increasing its current Share Capital Base from N11.7 billion (USD \$75 million) to N15 billion (USD \$78 million). This upgrade will enable the Bank operate in all 36 states of the Federation including the Federal Capital Territory, thus positioning it to compete effectively in one of

the most thriving sectors of the Nigerian economy. The Bank plans to be in 16 additional locations by 2016 and to reach 100 by 2017.

THE POTENTIAL FOR NON-INTEREST BANK IN NIGERIA

The business potential for a Non-Interest Bank in Nigeria is enormous as such an institution has long been awaited for by Nigerians. Jaiz Bank is focusing mainly on retail banking, but will also offer corporate and commercial banking services.

This focus will make it easy to service the majority of Nigerians who want to do away with Riba (Usury) in their daily activities. The market for retail banking in Nigeria is estimated by KPMG at US\$30 billion (2006). The Bank is being positioned to be a national bank offering its services to all regardless of religious beliefs.

OUR VISION

To be the dominant non-interest financial services provider in Sub-Saharan Africa".

MISSION STATEMENT

To provide innovative, value-added, non-interest financial services to our clientele employing the best people, supported by technology".

CORE VALUES

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

BUSINESS PHILOSOPHY:

Our philosophy is to deliver world class sharia compliant financial services to our clientele irrespective of class, creed, race or religious belief and to contribute to the socio-economic development of the society.

FOR ENQUIRIES: KINDLY CONTACT US AT:

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

Tel: +234-9-460(JAIZ)5125
Email: info@jaizbankplc.com

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



Head Office:
Kano House,
 73 Ralph Shodeinde Street,
 Central Business District, Abuja.
 P. M. 3 I Garki, Abuja, Nigeria.
 Tel: +234 9 460 (JAIZ) 5249
 e-mail: info@jaizbankplc.com
 website: www.jaizbankplc.com

Abuja Branch

Ground Floor Kano House,
 73 Ralph Shodeinde Street, Central Business District,
 Abuja.

ATBU Branch:

Abubakar Tafawa Balewa University,
 Bauchi.

Bannex Branch:

Bannex Plaza, Abuja.

Bauchi Branch:

No 2 Mohammed Bello Kirfi Road,
 Off Ahmadu Bello Way,
 Bauchi.

Gombe Branch:

No 8 New Market Road,
 Commercial Area Gombe.

Gusau Branch:

No 21 Canteen Road, Opposite Central Bank of Nigeria,
 Gusau.

Kaduna Branch 1:

11A Ali Akilu Road, Kaduna.

Kaduna Branch 2:

Farida Business Building, Kano Road, Kaduna.

Kano Branch 1:

No 55 Tafawa Balewa Way Off Murtala Muhammad Way,
 Kano.

Kano Branch 2:

No. 13 E Bello Road, Kano.

Kano Branch 3:

Kabuga Shopping Complex,
 Along BUK/Gwarzo Road, Kano.

Kano Branch 4:

No. 11 Zoo Road, Kano.

Katsina Branch:

No 109B IBB Way, Kofar Kaura, Katsina.

Lagos Office:

De-Plazaville Shopping Complex,
 119 Obafemi Awolowo Way, Ikeja, Lagos.

Maiduguri Branch:

No 18 Shehu Laminu Way, Maiduguri.

National Assembly Branch:

National Assembly Complex,
 3 Arms Zone Abuja.

NNPC Branch:

Ground Floor, Block B Room 16,
 NNPC Towers, Abuja.

Sokoto Branch:

No 5 Ahmadu Bello Way, Former Finbank Building, Sokoto.

Wuse Branch:

No 36 Douala Street Off Herbert Macaulay Way,
 Erisco Bompeta Plaza, Zone 5 Abuja.

Yola Branch:

No 14 Aliyu Mustapha Way, opposite New Modern Market,
 Yola.



1. Alhaji (Dr.) Umaru Mutallab, CON- Chairman
2. Mahe M. Abubakar - MD / CEO
3. Hassan Usman, FCA - Executive Director
4. Alhaji (Dr.) Aminu Al-Hassan Dantata. CON
5. Mallam Falalu Bello, OFR
6. Nafiu Baba-Ahmed, mni
7. HRH (Engr.) Bello Mohammed Sani, OON

8. Prof. Tajudeen A. Adebisi
9. Alh. Muktar S. Hanga
10. Alh. (Dr.) Umaru Kwairanga
11. Dr. Mohammed Ali Chatti
12. Alhaji (Dr.) Muhammadu Indimi, OFR
13. Alh. (Dr.) Musbahu Bashir

Our DIRECTORS



ALHAJI (DR.) UMARU ABDUL MUTALLAB, CON – Chairman

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

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

MAHE M. ABUBAKAR - Ag. Managing Director/CEO

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

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

He attended several trainings in and outside Nigeria including High Potential Leader: Accelerating Your Performance at Wharton School, Pennsylvania, USA; High Performance People Skills, London Business School; and Senior Management Programmes, Lagos Business School.

HASSAN USMAN FCA. - Executive Director Operations & IT

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

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

Mr. Hassan had a brief stint with Inland Bank where he served as General Manager, Banking Services before re-joining NAL Bank as Deputy General Manager and Head, Business and Financial Advisory Group. He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN)

DR. AMINU ALHASSAN DANTATA, CON - Member

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

PROFESSOR TAJUDEEN ADEBIYI - Member

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

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

ALHAJI (DR.) MUHAMMADU INDIMI, OFR - Member

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

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

MALLAM FALALU BELLO, OFR, - Member

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

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

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

NAFIU BABA-AHMED, mni. - Member,

He is a 1978 Law graduate from Ahmadu Bello University, Zaria, Nigeria. He started his banking career as a legal officer with United Bank for Africa Plc in 1980 from where he proceeded to

Nigeria Merchant Bank in 1982. He was an Assistant General Manager/Company Secretary & Legal Adviser with First Interstate Merchant Bank Limited and subsequently, became a Director/Legal Adviser & Board Secretary at Nigerian Deposit Insurance Corporation (NDIC).

He was also, a Director representing CBN/NDIC on several banks that were taken by both the Central Bank of Nigeria/NDIC for turnaround. He has attended several professional courses abroad including those of Queens Mary College, University of London, in International Commercial Law, Institute of Management Development (IMD), Switzerland, as well as Senior Executive Development Program in Kuala Lumpur, Malaysia.

DR. MOHAMEDALI CHATTI - *Member,*

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

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

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

HRH, (ENGR.) BELLO MOHAMMED SANI, OON, - *Member,* HRH, Emir of Bakura, Engr. Bello Muhammad Sani, OON, Member, Board of Directors – HRH, is a holder of Bachelors Degree in Engineering from the prestigious Ahmadu Bello University, Zaria Nigeria. He also obtained his M.SC (Civil Engineering) in the University of Dundee Scotland in 1977.

HRH is a member of fellow Nigerian Society of Engineers (FNSE), Council for the Regulation of Engineers in Nigeria (COREN) and an Officer of the Order of the Niger (OON) conferred upon him by the former President Olusegun Obasanjo on the 10th of December 2003 in recognition of his achievement.

He is currently the Emir of Bakura, Zamfara State, Nigeria. Prior to becoming the Emir, HRH held several notable positions such as; Public Engineer in the defunct North Western State Ministry of Works, Transport and Housing, Sokoto in 1974 – 1975, Principal Engineer of Ministry of Works and Transport Sokoto in 1979-1980 and acted as Permanent Secretary of Ministry of Works and Housing, Sokoto in 1981. He was also the Chief Civil Engineer and the Chief Building Engineer in 1981-1983 in the same ministry.

He has held several notable positions in some of the most prestigious corporate private and public organizations in Nigeria, including Director, Building and Engineering Services, Central Bank of Nigeria (CBN) between 1989-1996, Senior Assistant General Manager, Union Bank of Nigeria (formerly Barclays Bank).

ALHAJI (DR.) MUSBAHU MOHAMMAD BASHIR - *Member*

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

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

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

He obtained a BBA in Business Management from the American University in 2002 London, an advanced diploma in business management 1998 from Tafawa Balewa University, and a National Diploma in Irrigation Engineering from the Kaduna Polytechnic 1987. He was recently conferred with an Honorary Doctorate degree by Igbinedion University, Okada, Edo State, Nigeria.

ALHAJI (DR.) UMARU KWAIRANGA - *Member*

Umaru Kwairanga (Sarkin Fulanin Gombe) holds a Bsc (Hons) in Business Administration; MBA from the University of Maiduguri and MSc Finance & Governance from Liverpool John Moores University U.K (LTMU) Liverpool United Kingdom. He is a fellow of the Institute of Directors (IoD), Certified Pension Institute of Nigeria (CPIN) and Chartered Institute of Stockbrokers of Nigeria. He is a well-traveled executive with vast knowledge of corporate governance practices with over 20 years cognate experience in banking, corporate finance, as well as an active player in the Capital Market.

(1) He is on the Board of:- Jaiz Bank plc., Lafarge Cement Africa Plc., Axa Mansard Pensions, Finmal Finance Services Ltd (MD/CEO), Waila Microfinance Bank Ltd., Gombe Microfinance Bank Ltd., First Bank of Nigeria Mortgage Bank Ltd., Kano Electricity Distribution Company (KEDCO).

(2) He is on the council of:- Nigerian Stock Exchange, Certified Pension Institute of Nigeria (President), Chartered Institute of Stockbrokers,

(3) He is:-

(a) Former Chairman of Ashaka cement Plc,

(b) Former director in Central Securities Clearing System Plc.

Alhaji Kwairanga has attended several courses and training programs in fields relating to finance, investment and money market in reputable institutions including the Harvard Business School, New York, Institute of Finance and Euro Money. He is a professional certificate holder of the Chartered Institute of Stockbrokers, Certified Pension Institute of Nigeria and the Abuja Securities and Commodity Exchange. He has been Managing Director of a top notch stockbroking firms for over a decade and a director in several blue-chip organizations. He was a member of the Nigerian Vision 20:2020, National Technical Working Group (NTWG) on Public sector Thematic Area. He is a well-travelled executive with extensive senior level management experience and impeccable ethics and integrity. He was recently conferred with an Honorary Doctorate Degree by Igbinedion University, Okada, Edo State Nigeria.

ALHAJI MUKTHAR SANI HANGA - *Member*

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



From Left to Right:

Dr. Muhammad Alhaji Abubakar, Dr. Ahmad Bello Dogarawa, Sheikh Abdulwahab Abdallah Muhammad, Prof. Monzer Kahf - Chairman, Prof. Muhammad Lawal Bashar, Sheikh (Dr). Isa Ali Ibrahim Pantami

Professor Dr. Monzer Kahf - Chairman

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

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

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

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

Professor Muhammad Lawal Bashar

Prof. (Dr.) Muhammad Lawal Bashar is a member of the Advisory Committee of Experts (ACE). He is a Professor of Economics at Usmanu Danfodiyo University, Sokoto, Nigeria. He is a well-published, prolific writer. He has a B.A. (Hons.) Economics degree from Jamia Milla University, New Delhi, an M.A. (Economics) degree from Jawaharlal Nehru University, New Delhi and a Ph.D (Economics) degree from Usmanu Danfodiyo University, Sokoto. He studied and taught Fiqh (Islamic Jurisprudence) for Economists at Graduate Level. His specialisation is in Regulatory Economics.

Dr. Muhammad Alhaji Abubakar

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

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

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

Sheikh Abdulwahab Abdallah Muhammad

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

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

Dr. Ahmad Bello Dogarawa

Dr. Ahmad Bello Dogarawa is a Senior Lecturer with the Department of Accounting, Ahmadu Bello University, Zaria, Nigeria. He received his B.Sc. in Business Administration from Ahmadu Bello University, Zaria, Nigeria; Master of Banking and Finance (MBF) from Bayero University, Kano, Nigeria; M.Sc. Accounting and Finance and Ph.D. Accounting and Finance from Ahmadu Bello University, Zaria, Nigeria. In addition, he obtained Professional Diploma in Education (PDE) from Institute of Education, Ahmadu Bello University, Zaria, Nigeria and belong to several professional bodies. His area of interest is Banking, Islamic finance, Entrepreneurship and Human resource management.

Dr. Dogarawa has travelled throughout Nigeria and some neighbouring countries to present papers and give sensitisation lectures on various topical issues particularly Islamic banking and finance, and Islamic perspective of economic empowerment, investment and poverty eradication, and has participated in training of staff of various public and private sector organisations, as well as members of professional bodies and business communities in Nigeria. He has published more than 25 articles in refereed academic journals (local and international), presented over 50 papers at local and international conferences and published 6 Islamic books in Hausa and English Languages. He is currently the Head, Department of Accounting; Member, ABUTH Health Research Ethics Committee; and Member, Capacity Building and Certification Committee of the Chartered Institute of Bankers of Nigeria.

Sheikh (Dr.) Isa Ali Ibrahim Pantami

Dr. Isa Ali Ibrahim Pantami is a Jumu'ah Chief Imam, University Professor and a writer. He was educated in Nigeria, United Kingdom and Saudi Arabia. Dr. Isa Ali Ibrahim Pantami holds a B.Tech, M.Sc (Computing & IT) and also MBA in (Technology Management). In addition, he also holds a PG. Cert in Research Methods, PG. Cert in Teaching and also a Ph.D from University of Aberdeen in the UK. Prior to that, he memorized the Qur'an by heart at the age of 13.

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

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

www.jaizbankplc.com

Jaiz Bank
-FOR A BETTER LIFE

MY LIFESTYLE IS BETTER WITH JAIZ BANK

Jaiz
Household
Appliances, HAS
(Murabaha)



With **Jaiz Household Appliances, HAS, (Murabaha)**, I enjoy non interest banking. Which means I can conveniently acquire the things I need to live a better life.

- Suitable for acquisition of any Household Asset(s)
- Maximum tenor of 2 years
- Minimum Commitment deposit (Hamish Jiddiyah) of 10%
For salary account holders and other professionals





Notice of AGM

For the year ended 31 December 2015

NOTICE IS HEREBY GIVEN that the 4th Annual General Meeting of Jaiz Bank Plc. will be held at Shehu Musa Yar'Adua Center, Central Business District, Abuja on Tuesday 31 May, 2016 at 11.00am to transact the following business:

ORDINARY BUSINESS:

- I. Transacting the following ordinary business:
 - a. To lay before Members for approval, the Audited Financial Statements of the Bank for the period ended December 31, 2015, together with the Reports of the Directors, Auditors, and Audit Committee thereon.
 - b. To elect/re-elect Directors.
 - c. To authorize the Directors to fix the remuneration of the Auditors.
 - d. To elect members of the Audit Committee.

SPECIAL BUSINESS

2. Transacting the following special business:

Resolution 1. Directors Remuneration

1. To consider and if approved, to pass, with or without modification, the following ordinary resolution to fix the remuneration of the Non-Executive Directors:

It is hereby resolved that the fees, payable quarterly to Directors in arrears remain ₦=2,500,000.00 (Two Million, Five Hundred Thousand Naira) per annum for the Chairman and ₦=2,000,000.00 (Two Million Naira) per annum for all other Non-Executive Directors.

Resolution 2. Approval of Increase in Authorized Share Capital

2. To consider and if approved, to pass with or without modification the following ordinary resolution:
That on the recommendation of the Directors and in accordance with the Articles of Association of the Bank, the Authorized Share Capital of the Bank be and is hereby increased from ₦=15,000,000,000.00 (Fifteen Billion Naira) to ₦=25,000,000,000.00 (Twenty Five Billion Naira) by the creation and addition thereto, of 10,000,000,000 ordinary shares of ₦=1.00 (One Naira) each, such new shares to rank pari passu in all respects with the existing Ordinary Shares in the capital of the Bank.

Resolution 3: Approval of Amendment of Memorandum of Association of the Bank

3. To consider and if approved, to pass with or without modification the following special resolution:
That Clause 6 of the Memorandum of Association of the Bank be and is hereby amended to reflect the new Authorized Share Capital by deleting the existing clause and replacing it with the following: "The Share Capital of the Company is ₦=25,000,000,000.00 divided into 25,000,000,000 Ordinary shares of ₦=1.00 each with power to issue any of the shares with or subject to any preferential special or qualified rights or conditions."

Resolution 4: Approval for Increase in Issued Share Capital

4. To consider and if approved, to pass with or without modification the following as special resolution:
 - 4.1 That pursuant to the authority to increase the Bank's Authorized Share Capital referred to in paragraph above, the Directors be and are hereby authorized to increase the Bank's Issued Share Capital by raising additional nominal share capital of up to the ₦=25,000,000,000.00 (Twenty Five Billion Naira) Authorized or its equivalent in any currency, at a price not less than ₦=1.30k (One Naira, Thirty Kobo) each, either by way of private placement or public offering of shares, or by identifying specific/strategic investor(s) and offering them special placements, or by other method(s) or combination of methods, in a ratio and terms, conditions and dates to be determined by the Directors, subject to obtaining the approvals of relevant regulatory authorities;
 - 4.2 That the Directors be and are hereby authorized to appoint such professional parties and perform all such other acts and do all such other things as may be necessary for or incidental to giving effect to the above resolutions, including but not limited to complying with directives of regulatory authorities.
 - 4.3 That the Directors be and are hereby authorized to enter into any agreement and/or execute any Documents necessary for and or incidental to giving effect to the above resolutions.



NOTES:

1. PROXY

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his stead. A proxy need not be a member of the Company. A form of proxy is enclosed in the Annual Report and can also be downloaded from the Bank's website at <http://www.jaizbankplc.com>.

For the purpose of this meeting, a proxy form must be completed, stamped, and deposited at the office of the Registrar, Africa Prudential Registrars Plc. (Formerly UBA Registrars Limited) 220B Ikorodu Road, Palmgrove, Lagos, Nigeria, not later than 48 hours before the time fixed for the meeting.

2. NOMINATION TO THE AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies & Allied Matters Act, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting. In accordance with the Central Bank Code of Corporate Governance, some of the members of the Audit Committee are required to be knowledgeable in internal control processes. Consequently, a detailed resume should be submitted along with each nomination.

3. RE-ELECTION AND ELECTION OF DIRECTORS

a. Pursuant to Section 259 of the Companies and Allied Matters Act, the following Directors shall retire by rotation and being eligible, have offered themselves for re-election:

1. Alhaji (Dr.) Aminu A. Dantata, CON
2. Mallam Falalu Bello, OFR
3. HRH Engr. Muhammad Sani Bello, OON, and
4. Alhaji (Dr.) Umaru Kwairanga

Special Notice is hereby given pursuant to Section 256 of the Companies and Allied Matters Act that Alhaji (Dr.) Umaru Abdul Mutallab, CON, and Alhaji (Dr.) Aminu Dantata, CON are over 70 years of age and have indicated their willingness to continue in office.

The Biographical details of Directors standing for election/re-election are provided in the Annual Report as well as the Bank's Website stated above.

4. CLOSURE OF REGISTER

The Register of Members and Transfer Books of the Bank will be closed on Monday May 23rd, 2016 to Friday May 27th, 2016 (both days inclusive) to enable the Registrars prepare the Register of Shareholders for the meeting.

5. UNCLAIMED SHARE CERTIFICATES

The Bank notes that some share certificates were returned through the post and marked "Unclaimed", therefore, any Shareholder with "unclaimed share certificates" are advised to contact the Company's Registrars at the address stated above, or the Company Secretary at the Bank's Registered address stated below, or any of the Bank's Branches. Shareholders are also encouraged to update their contact information as such information change. Change of Address Form can be downloaded from the Bank's Website stated above. All requests should be addressed to the Registrars of the Bank or the Company Secretary at the Bank's registered address stated below.

A copy of this Notice, Biographical details of Directors standing for election, re-election, and other information relating to the meeting, as well as the full version of the Annual Reports and Financial Statements can be downloaded from the Bank's website stated above.

6. E-REPORT

In order to improve delivery of our Annual Reports, we hereby request that shareholders who wish to receive Annual Reports and other statutory reports of Jaiz Bank Plc in electronic format should download the E-Report Request Form from the Bank's Website stated above, complete and return the form to the Bank's Registrars or Company Secretary for further processing.

By Order of the Board

RUKAYAT O. SALAUDEEN

FRC/2014/NBA/00000009649

Company Secretary

Jaiz Bank Plc.

Kano House

No. 73 Ralph Shodeinde Street

Central Business District

Abuja

Federal Capital Territory

April 29, 2016

Chairman's Statement



ALHAJI (DR.) UMARU ABDUL MUTALLAB, CON
Chairman

In The Name of Allah, The Most Gracious, The Most Merciful

Assalamualaikum Warahmatullahi Wabarakatuh

I am pleased to present to you our annual report for the year ended 31st December 2015. Jaiz Bank Plc. achieved another year of dense business growth and improved earnings despite the rougher than expected economic situations and business environment in the just concluded financial year.

The bedrock of this great establishment has always been on transparency, integrity and truth. Basic fundamental knowledge of the concept of Islamic Banking operation has thus changed this far leading to a quadruple leap in the customer's deposit as well as the asset of the bank.

The peaceful political transition in Nigeria as at May 2015 was a plus to the country and also an avenue for innovation for the financial environment. Different policies and reforms were undertaken which made it mandatory for banks to comply or be penalized. The introduction of the Treasury Single Account

(TSA) had a hit to the bottom line of all the banks in the industry in terms of deposit and investment.

Only recently, the Central Bank of Nigeria (CBN) gave us an Approval-In-Principle (AIP) to commence our national operations. This will enable us spread across all the States of Nigeria, the ultimate objective being to grow beyond our shores and create presence in more frontiers. The Bank concluded in January 2016, its Rights Issue of about 2.9 billion share, which was oversubscribed. The essence was to shore-up the Bank's capital base to enable it position itself as the leader of this niche segment of the Nigerian banking landscape. This when fully approved by the relevant authorities, will bring the Bank's capital base to well over N15 Billion which is N5 Billion above the statutory requirement for a specialized Bank playing in the national terrain.

Our overall objective is to add value to the generality of humanity by touching their lives in a positive way hence, our new Pay-of-Line "For a Better Life". The fact that the Right Issue was oversubscribed by our shareholders also indicates



18.0%

TOTAL ASSET



47.0%

FINANCING INCOME



38.7B

DEPOSIT BASE

a firm belief and confidence in the Bank. You may recall that Jaiz Bank broke even in the first three years of its operations, a feat not achieved by any non-interest bank previously in any part of the world. To me, this an indication of the potentials of Non-Interest (Islamic) Banking in Nigeria, Africa's largest economy.

More importantly, we were able to handle the challenges we encountered, overcome and learn from them. In a country like ours, where issues such as political instability, policy summersault, price instability, people issues and unpredictable consumer behavior impact directly on corporate profit and going concern, resilience, creativity, wisdom and more are required to survive. I am grateful to Almighty Allah that makes it possible for us to weather the storm, make profit and deliver value to our various stakeholders.

The challenge for Jaiz was peculiar because the entire concept of Non-Interest Islamic Finance was new to majority of Nigerians even though it is thriving globally amongst both the Muslim and the Non-Muslim Countries. This was not strange considering our diversity as a nation and of course our various religious inclinations. Therefore the way forward is to educate and create awareness amongst various demographics and beliefs so people are able to understand the concept, see the benefits and how it will add value to them. Amidst these challenges, the Bank continues to build a solid foundation for sustainable profitability and value creation for shareholders. We do this by remaining focused on our business goals, streamlining our processes, delivering excellent services and leveraging on our competitive strengths to deepen our presence in the marketplace, as well as strengthening long-term relationships with our customers. All praise be to Almighty Allah, gradually, people are beginning to understand the concept of Islamic banking. The Bank has been financing customers cutting across regions and religions. We commenced operations in January, 2012 with only three branches in Abuja, Kano and Kaduna, but today we have over 19 branches spread across the North- East and North –West areas of the Northern States of the Federation. Our national license branches in Lagos, Ibadan, Port Harcourt and Ilorin are at commissionable state, just awaiting regulatory approval.

In the present operating environment, we are pleased to achieve a profitable conclusion to mark the end of FY2015. Jaiz Bank delivered a Profit Before Tax of N794.2million, growth of almost 526% against the preceding year's figure of

N126.8million, demonstrating continued growth and operational efficiency. Finance Income showed an increase of 47% to N4.0billion against the preceding year of N2.72billion in tandem with the expansion in financing business. Total assets closed at N52.6billion compared to N44.4billion in 2014, with Gross Financing achieving 3% growth to stand at N23.8billion, led by growth in the corporate, retail and business banking segments. The Customer Deposit base closed at N38.7 billion for FY2015, with Current Account and Customers' Investment Account Deposits showing strong growths of 43% and 39% to N15.5billion and N23.2billion respectively.

In the next five years, I see this bank (Insha Allah) in every nook and crannies of this country and other sub-Saharan Africa countries. In sub-Saharan West Africa, there is still the big problem of paucity of banking services. Small and Medium scale enterprises (SMEs) do not have adequate access to financial services, so this bank wants to champion the funding of small and medium scale enterprises. A recent report from African Development Bank puts the funding gap for SMEs in the between \$70 to \$90 million. Jaiz Bank wants to champion the funding for SMEs. Our goal is to ensure financial inclusion for everyone and be able to finance and support communities in every way possible by improving their living standards. We see Jaiz Bank becoming the dominant non-interest Islamic financial service provider along the Sub-Saharan Africa. That our vision still remains achievable.

Our genuine thankfulness goes out to the Bank's shareholders, dynamic Management team and dedicated Employees for another year of progressive triumph. Your devotion, hard work and commitment are the drivers of the Bank's success. We look forward to striving for further success with you in 2016. We would also like to convey our heartfelt thanks and appreciation to the Bank's Customers, it is with their continuous support that the Bank has been able to thrive and stand proud as the paragon of the nation's non-interest banking. We pledge to give our customers the best in banking and financial services, and be able to prosper together in 2016.

To all our regulators, we truly value your support and guidance. The success recorded by this sector would not have been possible without your visionary leadership.

Report of the Directors

for the year ended 31 December 2015

The Directors present their report together with the audited financial statements and auditors' report for the year ended 31 December 2015.

1. LEGAL FORM AND PRINCIPAL ACTIVITY

The Company is a public limited liability company, incorporated in 2003. It however commenced non-interest commercial banking activities on January 6, 2012.

2. FINANCIAL SUMMARY

	31st Dec., 2015 N	31st Dec., 2014 N
Paid-up Share Capital	11,829,700	11,829,700
Risk Regulatory Reserve	741,894	115,465
Retained Earnings	(1,714,072)	(1,348,769)
Share Premium	632,289	289,632
Shareholders' Funds	11,489,810	11,228,685

3. BUSINESS REVIEW AND FUTURE DEVELOPMENT

The Company carried on as a non-interest commercial bank in the year under review in accordance with its Memorandum and Articles of Association. A comprehensive review of the business for the year and prospects for the ensuing year is contained in the Managing Director's Report.

4. DIRECTORS/ADVISERS

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

DIRECTORS	CAPACITY	REMARKS
Alhaji (Dr.) Umaru Mutallab, CON	Chairman	
Mohammed. Nurul Islam	M/DCEO	His contract expired on November 17, 2015.
Hassan Usman	Executive Director	
Mahe Abubakar Mahmud	Executive Director	Appointed as Ag. MD on November 17, 2015.
Alhaji (Dr.) Aminu Dantata, CON	Director	
Mallam Falalu Bello, OFR	Director	
Alhaji (Dr.) Umaru Kwairanga	Non-Executive Director	
Nafiu Baba-Ahmad, mni	Independent Director	

Alhaji Garba Aliyu Hungu	Non-Executive Director	Resigned on July 8, 2015
Alhaji Mohammed Lawal Jari	Non-Executive Director	Resigned on May 22, 2015
HRH (Engr.) Bello Muhammad Sani, OON	Non-Executive Director	
Prof. Tajudeen A. Adebisi	Independent Director	
Alhaji Mukhtar Sani Hanga	Non-Executive Director	
Alhaji (Dr.) Musbahu M. Bashir	Non-Executive Director	
Alhaji (Dr.) Muhammadu Indimi, OFR	Non-Executive Director	
Dr. Mohamed Ali Chatti	Non-Executive Director	
Company Secretary/ Legal Adviser	Mrs. Rukayat Oziama Salaudeen	
Registered Office	No. 73, Ralph Shodeinde Street, Central Business District, Abuja.	
Website	www.jaizbankplc.com	
Telephone	+234-9-04605125	
Email	info@jaizbankplc.com	
Auditors	Ahmed Zakari & Co. 175B, Isale Eko Avenue Dolphin Estate Ikoyi P.O. Box 54478, Falomo, Ikoyi, Lagos Tel: 01-7431279, 7431280	
Registrars	African Prudential Registrars (Formerly UBA Registrars Ltd.) 220B Ikorodu Road Palmgrove, Lagos Nigeria.	

a. Change in Board Composition

During the year under review, the membership of the Board of Directors reduced from 15 to 13 due to the resignation of Alh. Mohammed Lawal Jari and Alh. Garba Hungu with effect from May 22 and July 8, 2015 respectively; as well as the expiration of the appointment of the MD/CEO, Mr. Nurul Islam on November 17, 2015. In view of the expiration of the appointment of Mr. Nurul Islam, Mahe Mahmud Abubakar, the former Executive Director in charge of Business Development was appointed as Acting MD/CEO. The profile of Mahe Mahmud Abubakar is contained in the Annual Report and Accounts.



Report of the Directors cont'd

for the year ended 31 December 2015

b. Directors Retiring by Rotation

In accordance with the provisions of the Companies & Allied Matters Act, Alhaji Aminu A. Dantata, CON, Alhaji Falalu Bello, OFR, Alhaji (Dr.) Umaru Kwairanga and HRH, Engr. Bello, Mohammed Sani, OON; hereby retire by rotation. However being eligible, the said Directors hereby present themselves for re-election.

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

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

d. Directors Fees

The Board of Directors hereby state that the Directors fees approved at the last Annual General Meeting for the year 2015 would be maintained in the year 2016.

e. Statement of Directors' Responsibilities for Accounts

The Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Company at the end of each financial year and the profit or loss

for that year and comply with the provisions of the Companies and Allied Matters Act CAP C20 LFN 2004, and other relevant regulations. These responsibilities include ensuring that:

- Adequate Internal Control procedures are instituted to safe guard assets, prevent and detect fraud and other irregularities;
- Proper accounting records are maintained;
- Applicable accounting policies are used and consistently applied;
- The financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors take responsibility for the annual financial statements.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and its profit or loss. Nothing has come to the attention of the Directors to indicate that the Company will not remain as a going concern for at least twelve months from the date of this statement.

f. Directors' Interest

The names of the Directors and their interests in the issued share capital of the bank as at date are as shown in the table below:

S/N	Directors	Direct	Indirect	Indirectly Held through	Total No. of Shares Held
1.	Alhaji (Dr.) Umaru Mutallab CON	1,374,430,074	N/A	N/A	1,374,430,074
2.	Alhaji (Dr) Aminu Dantata , CON	618,136,207	1,410,209,270	Dantata Investment & Securities Co. Ltd	2,028,345,477
3	Prof. Tajudeen A. Adebisi	1,233,475	Nil	N/A	1,233,475
4	Mallam Falalu Bello, OFR	2,198,700	20,000,000	MBS Merchants Ltd	22,198,700
5	HRH (Engr) Bello M. Sani OON	5,000,000	Nil	N/A	5,000,000
6	Nafiu Bab-Ahmed, mni	4,050,000	Nil	N/A	4,050,000
7.	Alhaji (Dr.) Umaru Kwairanga	14,170,000	263,963,450	Finmal Finance Services Ltd	278,133,450
8.	Alhaji Mukhar Sani Hanga	Nil	1,000,000,000	Dangote Industries Ltd	1,000,000,000
9.	Alhaji Musbahu M. Bashir	Nil	800,000,000	Althani Investment Ltd	800,000,000
10	Dr. Mohamed Ali Chatti	Nil	1,002,160,494	Islamic Dev. Bank	1,002,160,494
11	Alhaji (Dr) Muhammadu Indimi, OFR	1,366,906,522	Nil	N/A	1,366,906,522
12	Mahe Mahmud Abubakar	100,000	Nil	N/A	100,000
13	Mallam Hassan Usman FCA	650,000	Nil	N/A	650,000

Report of the Directors cont'd

for the year ended 31 December 2015

2. EMPLOYMENT AND EMPLOYEES

a. Employee Involvement and Training

Our employees are the Company's major assets and investment in their training, both locally and overseas, continued during the period under review. Formal and informal channels of communication are employed in keeping staff abreast of various factors affecting the Company's performance.

b. Employment Policy

The Company's recruitment policy, which is based solely on merit, does not discriminate against any person on the grounds of Religion, Tribe, or Physical Disability.

c. Gender analysis

The gender distribution of staff in employment during the year is as follows:

	Number			Percentage	
	Male	Female	Total	Male	Female
Employees	288	93	381	76%	4%

The gender analysis of Board and Top Management is as follow:

	Number			Percentage	
	Male	Female	Total	Male	Female
Board (Exec. and Non Exec. Directors)	14	0	14	100%	0%
Top Management (AGM-GM)	5	2	7	71%	29%

d. Health Safety and Welfare at Work

Health and safety regulations are in force within the Company's premises and employees are aware of existing regulations. The company provides subsidy to all levels of employees for medical, transportation, lunch, to enhance their welfare and improve productivity.

6. POST BALANCE SHEET EVENTS

There were no post balance sheet events which could have a material effect on the state of affairs of the Company as at 31 December 2015 or the profit for the year ended on that date that have not been adequately provided for or disclosed.

7. EQUITY RANGE ANALYSIS

Range	No. of Holders	Holders %	Holders Cum.	Units	Units %	Units Cum.
1 - 1,000	6,748	25.21%	6,748	6,736,250	0.06%	6,736,250
1,001 - 5,000	9,553	35.69%	16,301	32,118,200	0.27%	38,854,450
5,001 - 10,000	3,090	11.54%	19,391	30,000,890	0.25%	68,855,340
10,001 - 50,000	3,910	14.61%	23,301	150,815,886	1.27%	219,671,226
50,001 - 100,000	1,605	6.00%	24,906	152,059,882	1.29%	371,731,108
100,001 - 500,000	1,305	4.88%	26,211	365,012,695	3.09%	736,743,803
500,001 - 10,000,000	271	1.01%	26,482	260,351,659	2.20%	997,095,462
10,000,001 - Above	287	1.07%	26,769	10,832,604,258	91.57%	11,829,699,720
Grand Total	26,769	100.00%		11,829,699,720	100.00%	

8. SHAREHOLDERS WITH 5% UNITS AND ABOVE

S/N	NAME	HOLDING	%
1	DANTATA INVESTMENT & SECURITIES LIMITED	1,410,209,270	11.92
2	DANTATA AMINU ALHASSAN	618,136,207	5.23
3	INDIMI MUHAMMADU	1,366,906,522	11.55
4	ISLAMIC DEVELOPMENT BANK	1,002,160,494	8.47
5	DANGOTE INDUSTRIES LTD	1,000,000,000	8.45
6	MUTALLAB UMARU ABDUL	1,374,430,074	11.62
7	ALTHANI INVESTMENT LIMITED	800,000,000	6.76



Report of the Directors cont'd

for the year ended 31 December 2015

9. SHAREHOLDING HISTORY

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

10. DONATIONS AND SPONSORSHIP

During the year under review, the sum of N8,371,775 was expended on various humanitarian and social welfare issues including the insurgency victims. The Bank will as deliberate policy, continue to intervene where needed to provide succor to the underprivileged and the needy.

11. ASSET VALUES

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

12. AUDIT COMMITTEE

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

Alhaji Idris Onaolapo Sulaimon	-	Shareholder Representative - Chairman
Prof. Ibrahim H. Umar	-	Shareholder Representative
Alhaji Abdullahi Ibrahim Umar	-	Shareholder Representative
Mallam Falalu Bello, OFR	-	Non-Executive Director
Prof. Tajudeen Adebisi	-	Non-Executive Director
Alhaji Muhammadu Indimi, OFR	-	Non-Executive Director

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

13. AUDITORS

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

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

BY ORDER OF THE BOARD

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

Chief Executive Officer's Statement



Mahe M. Abubakar
Ag. Managing Director/CEO

The year 2015 has been a year of continued success for Jaiz Bank plc as the bank has obtained Approval In Principle (AIP) to operate as a National Bank despite the challenging economic environment due to fall in global oil prices, forex restriction and dampening effect of Treasury Single Account to the banking Industry. These challenges had significant impact on the performance of banks generally and our bank was not an exception.

We made significant progress in spreading our branch network as we strive to focus on providing a superior customer service experience through upgrade of our e-banking platforms to adapt to customer's increasing demand for end-to-end experience and greater consistency when using e-channels on their mobile phones, ipad and pcs. We have increased our presence to 19 locations at the end of 2015 with 8 new branches almost ready to be opened for business. This is a leap compared to 15 branches in 2014 and our staff strength also increased from 400 in 2014 to 480 in 2015.

To further strengthen our customer relationship, we held several customer forum across the country in order to increase awareness on Islamic banking and improve further on our service delivery. In addition we have also deployed a detailed complain handling and management platform for service excellence and efficient 24/7 contact centre unit.

During the reporting year, we progressed financially and technologically along with the pursuance of our long term objectives. We were able to grow our earning assets in spite of the non-existence of Shariah-compliant liquidity management instruments in the Market. As unsurmountable as this challenges might seem, the banks Profit before Tax improves from N126.8 million in 2014 to N794.2million in 2015. We were able to grow our Total Income by 53% from N2.9billion in 2014 to N4.421 billion by 2015. Financing assets also grew by 18% in the year while deposits leaped by 41% during the period ended 31st December 2015.

Much was indeed invested on technology during the year to meet up with business continuity requirements. We were



794.2
MILLION

PROFIT BEFORE TAX



53.0%

TOTAL INCOME



41.0%

DEPOSITS

indeed able to cut down our expenses to the barest minimum to mitigate the effect of difficult business environment. Through a robust risk management framework the bank was able to preserve asset value and increase income streams to safeguard the interest of shareholders. In a nutshell, the combined effect of the growth in these major indices and tighter cost control measures resulted in sustained profitability for the bank and indeed culminated to the emerging success story. Our customer's commitment remained strong both across our Retail and Corporate Banking Segments. The number of customers we provided with financing grew to 1507 in 2015 as against 1076 in 2014 with a value of N25.398billion.

As a Bank, we are poised to continuously deliver on our service promise and focus more on our service delivery as a major tool in achieving greatness in customer base, productivity and profitability.

With this major milestone achievement, we face 2016 with a lot of optimism to deliver significant level of profitability that will see us pay dividend by end of year 2017. Our objective is to consolidate on the gains we have made over the last two years, positioned our bank as a financial partner of choice. As we continue to work tirelessly to achieve our long term objectives in adherence to the values we are known for.

Ladies and Gentlemen, I am of the assurance that 2016 shall be a more successful and prosperous year InshaAllah. On behalf of the Shareholders and Board of Directors, I would like to take this opportunity to thank the Regulators, especially the CBN, NDIC and SEC for their roles and support to make Jaiz Bank great in Nigeria and beyond.

Thank you.

“With this major milestone achievement, we face 2016 with a lot of optimism to deliver significant level of profitability that will see us pay dividend by end of year 2017.”

Report of the Audit Committee

We have examined the Auditors Report for the year ended 31st December 2015 in accordance with the provisions of Section 359 of the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004.

In our opinion, the Auditors Report is consistent with our view of the scope and planning of the Audit. The external Auditor's Management letter received satisfactory responses from the Management of the Bank. We are also satisfied that the Bank's Accounting Policies are in conformity with the statutory requirements and agreed ethical practices



Alhaji Idris Onaolapo Sulaimon
Chairman, Board Audit Committee
Abuja
15th March, 2016

Members of the Audit Committee

Alhaji Idris Onaolapo Sulaimon	-	Chairman
Prof. Ibrahim Umar	-	Member
Alhaji Abdullahi Ibrahim Umar	-	Member
Mallam Falalu Bello, OFR	-	Member
Prof. Tajudeen Adebisi	-	Member
Alhaji Muhammadu Indimi, OFR	-	Member



Risk Management Report

Jaiz Bank has put in place a comprehensive Risk Management platform and processes with effective Board and Senior Management oversight to identify, measure, evaluate, monitor, report and control or mitigate all material risks on timely basis. The Bank has made effort at integrating 'Bank-wide' perspective of risk exposure, encompassing its individual business lines and business units with the aim of optimal protection of the wealth of its shareholders and interest of all stakeholders in line with the mandate of non-interest financial institutions (NIFIs). The mandate considers a holistic approach in ethically managing its assets and liabilities including assessment of the adequacy of its capital and liquidity in relation to its risk profile and market and macroeconomic conditions. The process takes into account appropriate steps to comply with Shariah rules and principles in all the Bank's risk management activities.

Risk Management Division is led by the Chief Risk Officer reporting to Board with dotted line to the MD/CEO who is responsible for the implementing of policies and procedures. The whole risk management processes of the Bank are guided by the Central Bank of Nigeria (CBN) and relevant Nigerian regulatory authorities, Islamic Financial Services Board (IFSB), Accounting and Auditing organization of Islamic Financial Institution (AAOIFI) and the best practices.

RISK MANAGEMENT OBJECTIVES

- Assisting the Bank to achieve an ethical, welfare oriented market discipline and to manage the overall risk of the organisation.
- Ensuring the Bank's financing and investments are geared towards social welfare and contributing to the real economy in ethical way that transcends business profits.
- Ensuring risk management evaluation techniques reflects and abides by Shariah principles that ultimately aim at achieving Maqasid-Al-Shariah (the objectives of Shariah) against conventional criteria which is focused primarily on profits.

PHILOSOPHY

- The Bank considers sound ethical and sharia'h based risk management system, complying with regulatory authorities directives to build the foundation of a resilient financial institution focused on ethical and welfare banking.
- The Bank adopts a holistic and integrated approach to risk management as is required by the nature of Shariah based financial contracts viz-a-viz its operations and, therefore, brings all risks together under one or a limited number of oversight functions.

- Risk officers are empowered to perform their duties professionally, ethically and independently free of interference.
- Risk Management is governed by well-defined policies that are clearly communicated across the Bank.
- Risk Management is a shared responsibility. Therefore, the Bank aims to build a shared perspective on risks that is grounded in deliberated consensus.
- The Bank's Risk Management governance structure is clearly defined.
- There is a clear segregation of duty between risk taking business units and risk managing functions.
- Risk-related issues are taken into consideration in all business decisions. The Bank shall continue to strive to maintain a conservative balance between risk and revenue considerations and in consonance with the import of Islamic Jurisprudence.
- Risks are reported openly and fully to the appropriate levels once they are identified.

RISK CULTURE

- Minimization of potential risk that can jeopardize its fiduciary responsibility as NIFI while expanding the Bank's market share.
- The responsibility for risk management in the Bank is fully vested in the Board of Directors, which in turn delegates such to Senior Management.
- The Bank pays attention to both quantifiable and unquantifiable risks with special treatment for sharia'h non-compliance risk.
- Bank's Management promotes awareness of risk and Risk Management across the Bank.
- The Bank avoids products, markets and businesses where it cannot objectively assess and manage the associated risks in line with both the sharia'h and country perspective.

RISK GOVERNANCE STRUCTURE

- The Board of Directors of the Bank is ultimately responsible for overall risk management of the Bank and for establishing and monitoring the effectiveness of its Risk Management and Corporate Governance Framework.
- Advisory Committee of Experts (ACE): The Committee sits quarterly, endorses risk management processes and reviews accounts, validates products and services subject to Financial and Regulatory Advisory Committee of Experts (FRACE) of CBN's final approval.

Risk Management Report cont'd

- Board Risk Management & Audit Committee (BRAC): BRAC is a standing Board Committee comprising of the Managing Director, and 4 Non-Executive Directors of the Bank that considers risk reports periodically to ensure transparency and risk control.

In addition to BRAC, the following Board committees are also directly or indirectly responsible for the review and guide risk management functions.

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

The following Senior Management Committees are also directly or indirectly responsible to examine and recommend risk management functions:

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

RISK APPETITE:

The Bank's risk appetite is set by the Board of Directors annually, at a level that minimizes erosion of earnings or capital due to avoidable losses including income loss from non-compliance with sharia'h in its overall asset and liability portfolio in the banking and trading books, or from frauds or operational inefficiencies.

The Bank's appetite for risk is governed by the following:

High-quality risk assets measured by five Key Performance Indicators:

- i. Ratio of non-performing investment (NPI) to total Investment;
- ii. Ratio of investment loss expenses to profit returns; and
- iii. Ratio of investment loss provision to gross non-performing investments.
- iv. Ratio of investment income loss (Balance Sheet risk) due to Shariah violation to total investment income.
- v. Ratio of penalty against sale based investments (Murabaha etc.) to total Investment income

The broad objective is to be among the top three banks in 5 years with respect to (i) and (ii) above and for (iii) to maintain a ratio that ensures that there are adequate provisions for all

non-performing assets based on their levels of classification. In case of (iv) due care shall be put in to make transactions Shariah complaint before disbursement and (v) due follow up and investment supervision mechanisms shall be strictly followed from a post disbursement environment up to recovery.

In this regard limit/targets are institutionalised thus:

- a. Diversification targets are set for the investment portfolio and limits are also set for aggregate large exposures.
- b. Losses due to frauds and operational lapses are pegged at a maximum of a specified percentage of gross earnings and in any case must be lower than the industry average.
- c. Financial and Prudential ratios targets are pegged at a level more conservative than regulatory requirements and better than the average of benchmark banks. These include but not limited to liquidity ratios, deposit concentration limits, open position limits and provisioning policies.
- d. Primary Shariah screening mechanisms are put in place in approval and pre-disbursement documentation to avoid any Shariah violations.
- e. Periodic visitation, account turnover covenant strict monitoring and supervision risk officers to avoid past dues in sale transaction which is prone to investment income loss. Penalties have to be strictly realized from customers without any favor unless the overdue is not willful.
- f. The Bank aims at minimizing the following independent indicators of excessive appetite for risk:
 - (i) exception reporting by internal control officers, auditors, sharia'h auditors, regulators and external rating agencies;
 - (ii) adverse publicity in local and international press;
 - (iii) frequent litigations;
 - (iv) payment of fines and other regulatory penalties; and
 - (v) above average level of staff and customer attrition.

RISK MANAGEMENT PROCESS

- standardized Risk Management policies Bank-wide in tandem with Shariah jurisdictions,
- clear and consistent direction for the creation of risk exposures across all asset creating business units;
- Comprehensive guide and framework in creating and managing risk assets.
- Prompt identification of problem in Risk Managements and prudent management of decline in Risk Management quality.



Risk Management Report cont'd

- A sound process for executing all elements of risk management including risk identification, measurement, mitigation, monitoring and reporting of individual exposures and the overall risk asset portfolio.
- System of adequate controls over investment & recovery with appropriate checks and balances in place.
- A framework for the ongoing maintenance of the Bank's Risk Management Policies and processes including but not limited to income smoothing plan to manage displaced commercial risk by smoothing the profits payout to investment account holders through profit equalization reserve and investment risk reserve.
- Prompt risk reporting to regulatory authorities and provision of additional and voluntary information needed to identify emerging problems possibly giving rise to systemic risk issues.
- Appropriate and timely disclosure of information to Investment Account Holders (IAHs) so that the investors are able to assess the potential risks and rewards of their investments and to protect their own interests in their decision making process.

RISK MANAGEMENT DASHBOARD

The global practice of risk management has witnessed deep and dramatic changes in recent years as the business of financial intermediation has globalized, with financial crises prompting changes both in regulations and business practices. Regulatory oversight in the US and Europe has pushed financial institutions to radically transform their risk management methodologies, and make significant changes in areas of governance, capital requirements, liquidity management, proprietary trading, and financial intermediation with customers. New Basel standards have revolutionized national approaches to capital requirement and risk governance.

Non-interest banks face a triple struggle in the changing world of risk management. They face the risk challenges common to a relatively young industry, where norms have yet to solidify and rapid growth uncovers contradictions and inconsistencies. At the same time, many of the principles of emerging risk management standards are not appropriate for them, given the often different structures of NIFIs which straddle the domains of conventional banks and investment companies or collective investment schemes. They often have to manage their risk within more difficult environments than their conventional counterparts: for example with less developed money market available to them.

In response to manage the risks, the various NIFI standard setting bodies (IFSB, AAOIFI, and others) have made strong progress in developing specific standards, but these have not been applied in all jurisdictions and, more importantly, regulatory regimes overseeing financial systems have generally not caught up with evolution of NIFI products and approaches.

The hybrid nature of much contemporary Islamic finance - on the border between debt financing (mark-up sale) and equity (profit loss sharing) - also creates regulatory confusion and therefore risk. While it is commonly argued that Islamic finance should be essentially equity (PLS) finance, where risks are equally shared among investors, whether the customer or Islamic financial institutions. In fact most NIFIs evolved initially as low risk financing banks, focusing on short term risk assets with contracted payback in terms of both amount and profit rate, typically structured as Murabaha, and to some extent Ijarah wa Iqtina on real estate/properties financing through mortgages. As such, their risk profiles have been more reflective of conventional counterparts though vividly the modus operandi of products are completely different and Shariah compliant.

On the liability side, investment Account Holders (IAHs) are often aligned with classic depositors, with a high degree of certainty expected by IAHs in terms of security of principal as well as the expected rate of return. As a result, regulators in many jurisdictions have not only viewed classic NIFIs as deposit-taking institutions but have effectively treated them like conventional banks, in terms of liquidity and capital requirements, making no allowance for risk sharing even when it is in fact present. The tendency to treat IAHs as equivalent to conventional depositors may have negative consequences. To the extent that NIFIs have profit sharing mechanisms and the capacity to absorb losses, as quasi-equity, its impact on financial stability and systematic risk may differ substantially from that of conventional counterpart. This divergence requires greater regulatory understanding and analysis and, consequently divergent regulatory treatment where appropriate.

These differences need to be better understood and regulated accordingly. This evolution must include mechanism to create acceptable guarantee schemes and lender of the last resort approaches that can assist to manage the systematic risk in crises whether triggered by bank insolvency, liquidity crunches or any other cause.

All over the world, as the wall between debt and equity breaks down, as with the demise of the Glass-Steagall Act in

Risk Management Report cont'd

US, risk parameters are changing. At the same time, NIFIs are offering and increasingly wide range of ethical and asset based or backed structures to meet customers' diversified needs, and in business financing they are seeking more product in the spirit of risk sharing.

The global crises affected Nigerian economy particularly the drastic drop in oil price. Jaiz Bank as part of the industry faced the following systemic risk along with all counterparts:

1. Volatile depreciation of the Naira
2. Oil price came down to as low as \$22
3. Effect of Treasury Single Account (TSA) implementation
4. National Election and aftermath of Political transition
5. Depleted treasury

All these factors affected badly the financial market and the Bank as well. In the same vein, the industry suffered for having huge past dues due to slow growth of economy especially oil sector. But the Bank did not have direct investment in oil sector; hence it's not that much affected. However the Bank was affected by TSA in terms of deposit mobilization and retention and several payments due to customers especially contractors/suppliers from Federal Government, States Government and their different arms and parastatals. In sum, the implication of these development in relation to Jaiz Bank includes:

- a. Political and economic risks consistently remained at the highest end of the scale
- b. Credit risk management remains a broad concern
- c. Liquidity management continues to be a challenge even though CBN granted the Bank a concessionary rate of 10% CRR taking into consideration that NIFI does not have access to money market in the country, especially utilizing idle fund and conversely absence of lender of last resort.
- d. Technology risk
- e. Shariah compliance and its impact on reputation
- f. NIFIs need to universally see the need to invest in enhanced risk governance
- g. Lack of sufficient risk data and need for enhancing data quality

COMPOSITION OF RISK MANAGEMENT DIVISION

- Credit Risk Department (including equity investment risk)
- Market and Liquidity Risk Department
- Shariah Non-compliance and Other Unique Risks Department
- Operational Risk Department
-

CREDIT RISK MANAGEMENT

Credit risk is the risk of economic loss from default or changes in ratings or other credit events. In a typical NIFI it is defined 'as the potential that a counterparty fails to meet its obligations in accordance with agreed terms under a financial contract'; it arises principally from i) financing in Bai' (sale) e.g. Murabaha, promising to buy or deliver in Istisna' and Salam, ii) leasing in Ijarah (rentals), leasing to own in Ijarah wa Iqtina' iii) investing in business performance on PLS (profit & loss sharing) in the Musharakah and Mudarabah contracts. Credit risk can also arise as a result of crystallization of any off Balance Sheet transactions.

PECULIARITY OF OUR CREDIT RISK EVENTS

1. The role of the Bank can be that of financier, supplier, Mudarib (fund manager to Investment account holders-IAHs) and Musharakah partners (customers). Then the Bank concern itself with the risk of a counterparty's failure to meet obligations in terms of receiving deferred payment and making or taking delivery of an asset. A failure could relate to a delay or default in payment, or in delivery of the goods/assets of Salam or Parallel Istisna', entailing a potential loss of income and even capital.

2. Due to the unique characteristics of each financing instrument, such as the nonbinding nature of some contracts, the commencement stage involving credit risk varies. Therefore, credit risk is assessed separately for each financing instrument to facilitate appropriate internal controls and risk management systems.

3. The Banks also considers other types of risks that give rise to credit risk. For example, during the contract life, the risk inherent in a Murabaha contract is transformed from market risk to credit risk. In another example, the invested capital in a Mudarabah or Musharakah contract will be transformed to debt in case of proven negligence or misconduct of the Mudarib or the Musharakah's managing partner.

4. In case of default, in some cases the Bank does not impose penalty except in the case of deliberate procrastination, thus increasing the probability of default. As a matter of fact, the Bank is prohibited from using the amount of any penalty for their own benefit or taking same into income; it must donate any such amount to charity. This increases the cost of default.

The Bank's Credit Risk Department verifies and manages the credit process from origination to recovery; monitoring and controlling all such risks by adhering to sound policies and processes that have been laid down to guard against their (risk) manifestation in tandem with Shariah contracts and specific risk associated with the NIFI mandate as per best practices.



Risk Management Report cont'd

CREDIT RISK PRODUCTS AND MANAGEMENT:

The peculiar nature of investment risk products requires a holistic approach of risk management as stated earlier. The Bank has the following risk asset master products that have gotten certification from Advisory Committee of Expert (ACE) and approval from Central Bank of Nigeria (CBN) available for its financing operations:

1. Bai'(sale) based
 - a. Murabaha (sale on profit mark-up)
 - b. Bai-Muajjal (Sale on credit)
 - c. Salam (Advance Sale)
 - d. Istisna' (Manufacturing sale)
2. Shirkat (Partnership)
 - a. Musharakah (Partnership business)
3. Ijarah(Lease)
 - a. Ijarah wa Iqtina (lease to own)
 - b. Ijarah Service (for service finance)
4. Qard (benevolent Financing/investment)
5. Kafalah/Wakalah based Guarantees

The Bank has the following schemes under the above Master Products

- a. Jaiz Household Appliances (Murabaha)
- b. Jaiz Auto Finance (Murabaha)
- c. Jaiz LPO Finance (Murabaha)
- d. Jaiz Home Finance (Ijarah wa Iqtina)
- e. Jaiz Agro Finance (Salam/Murabaha/Ijarah Wa Iqtina)
- f. Ijarah service (for school fess, medical treatment, Hajj & Umrah, Logistic Rent-a-Month and airtime)

The Bank also does LC finance under Murabaha/Ijarah wa Iqtina or on need basis as per above master products.

RISK PROFILE OF PRODUCTS

Without having to re-iterate the description and characteristics of the Islamic financial contracts, as they have become a public knowledge for all people in the field, their risk profile can be described as being based on the axiom of realism. What goes on in real life is what is accepted in Sharia'h without any additives or assumptions. In other words, the nature of these contracts defines their risk profile. The fundamental financing elements in the Islamic financial contracts are:

1. There must be asset basis to justify earning. Assets are either handed over to a manager entrepreneur or returned for leasing or obtained for resale.
2. The asset base of financing must be the kind that produces increments either by its very nature (e.g., benefits or usufruct) or by the effect of real market forces (e.g., goods and services).
3. The investor (property provider) earns by virtue of ownership of an asset that grows. This is apparent in sale and lease financing and implied in the agency contract of sharing.
4. Moral and Shariah screening is essential for Shariah compatible investment and all financial contracts.

These characteristics have their own risk profile. The basic point that Islamic products are essentially based on real market transactions, i.e., assets, goods and/or services requires that we deal with the real risk of owning goods, services and productive assets. Hence, there is a combination of price risk and an opportunity cost risk, the latter is usually expressed as interest rate risk. As the NIFIs account for only a small fraction of the global finance market, Islamic finance products and dealers are price takers, not price setters, in this market. The Investment risk or risk of default always exists whenever a contract creates a debt and the moral hazard risk crops up in any inter-personal relationship.

Risk Management Report cont'd

PRODUCT RISK MITIGATION TECHNIQUES:

MURABAHA

MAJOR RISK ISSUES	NATURE OF RISK	MITIGATION TECHNIQUES
Jaiz buys good, delivery not assured	Market Risk	Promise to Purchase signed by customer and Hamish Jiddiya (Down Payment)
Possession/ownership of goods/assets	Shariah Non-Compliance Risk	Constructive possession and risk transfer via Wakalah contract (Agency) and signing Purchase and Sale Schedule- PSS
Diversion of fund/cash facility through fraudulent buying	Shariah Non-Compliance Risk	Direct payment to vendor where Jaiz is the buyer evidenced with acknowledgment and receipt of invoice in its name or endorsed
No profit on overdue period as it can never be restructured with charging profit continually	Balance sheet Risk	Prudent and careful Structure considering return of sales revenue & Imposing Penalty which ultimately goes to charity
Sale Price can't be increased at any point even if market prime rate increases	Rate of Return Risk	Mark-up is defined considering historic market trend and tenured as much as possible for shorter period.

ISTISNA

MAJOR RISK ISSUES	NATURE OF RISK	MITIGATION TECHNIQUES
Jaiz commits to manufacture asset, subcontracts via parallel Istisna' and contractor delays in delivery/not according to specification	Market and Performance Risk	Risk transfer via Wakalah contract with ultimate buyer to oversee the projects
Two contracts in one sale	Shariah Non-Compliance Risk	Completely separate two contracts one with contractor and another with ultimate buyer but with the same terms and conditions
No profit on overdue period as it can never be restructured with charging profit continually	Balance sheet Risk	Prudent and careful Structure considering return of sales revenue & Imposing Penalty which ultimately goes to Jaiz Foundation /Jaiz policy for option to sell under Ijarah Mausufa Fid-Dimmah
Sale Price can't be increased at any point	Rate of Return Risk	Mark-up is defined considering historic market trend and tenured as much as possible for shorter period.

Risk Management Report cont'd

IJARAHWA IQITINA

MAJOR RISK ISSUES	NATURE OF RISK	MITIGATION TECHNIQUES
Asset becomes ready or in place, and buying bank's portion	Market Risk	Undertaking to rent is signed by the customer not customer
Rentals can't be charged if the asset does not generate usufruct	Ijarah Asset Risk	Gestation period is allowed till the asset becomes ready to generate usufructs, for that period profit accrues not rentals.
Asset remains with Jaiz	Ownership Risk	The customer shall maintain the asset in protection of the interest of the Lessor at his own cost except in cases of any accident due to any natural calamity/disaster (acts of Allah) or the like, the calamity is to be ascertained by the Bank. For that, Takaful cover is arranged.
Customer Defaults but residual value of the asset does not cover dues because of price fall.	Credit Risk	Other available sources of the customer.

MUSHARAKAH

MAJOR RISK ISSUES	NATURE OF RISK	MITIGATION TECHNIQUES
Mismanagement of partner	Operational Risk	Supervision and weekly monitoring with data collection and approximate retirement of PSR-profit sharing ratio shortly
Dishonest Balance Sheet/Profit and Loss Account figures	Operational Risk	Utmost careful selection of partner who is supposed to be well known and of high credibility
Low profit earning	Rate of Return Risk	Selection of predictable profit making project with sophisticated accounting system in place that can assist Jaiz to determine the PSR at least not below the benchmark rate of the Bank.
Revocation of contract that results in capital loss due to misconduct of the partner	Equity Investment Risk	Disposal of security
Incurring Loss	Balance Sheet risk	Immediate exit

OBJECTIVES AND PURPOSES OF CREDIT RISK MANAGEMENT (CRM):

- (i) Identifying, measuring, analyzing, monitoring and controlling investment risks in order to maintain a manageable and quality investment portfolio.
- (ii) Ensuring that expected returns compensate for the risk taken & investment risk decisions are clear & well calculated.
- (iii) Improving the risk management culture to minimize risk in banking operations.
- (iv) Establishing minimum standard for segregation of duties & responsibilities of the executives/officials.

Risk Management Report cont'd

- (v) Formulating of overall investment strategy & orientation with a view to maintaining the investment exposure of the Bank at prudent levels consistent with the available Investible fund.
- (vi) Assist in the ongoing improvement/reform programs in banking sector.
- (vii) Setting up a sound and effective marketing of Investment.
- (viii) Contributing in setting up a sound investment approval process.
- (ix) Maintaining an appropriate investment administration & monitoring process

APPROVAL LIMITS FOR AUTHORIZING FINANCING (CREDIT FACILITIES)

S/N	Designation	Max. Approval Limit
1.	Board of Directors	Above N1,000,000,000.00 or single obligor limit*
2.	Board Investment Committee	Above N500,000,000.00 and up to N1,000,000,000.00
3.	Management Investment Committee	Above N200,000,000.00 and up to N500,000,000.00
4.	Managing Director /CEO**	Up to N200,000,000.00

* 19% of projected shareholders' funds against 20% set by the CBN

** MD/CEO may delegate approval authorities to his fellow business Management team from time to time below the N200 million.

SN	COLLATERAL TYPE	COVERAGE FOR FACILITIES
1.	Mortgage on Landed property	125% of Forced Sale Value/rental value
2.	Cash Deposit (Local & Foreign Currency)	125%
3.	Stocks/Share Certificates of quoted blue chip companies (Shariah screened)	150%
4.	Charge on assets (Fixed and/or Floating)	150%
5.	Shipping Documents (for imports)	110%
6.	Guarantees including personal guarantee of net worth	100%

CREDIT RISK ASSESSMENT CRITERIA

GENERAL CONSIDERATION

- Islamic Commercial Jurisprudence permissibility of the items of investment and business of the customer
- Particulars of the Customer and the guarantor
- Amount, type and mode of investment sought for.
- Purpose of Investment.
- Payment potentiality out of funds generated from the customer's business (cash flow)
- Limit Structure (Tenor, Covenants, Payment Schedule, Rate of Return etc.)
- Past History and previous performance of the customer
- Present business and financial position of the customer.
- Credit Rating and confidential Reports.
- Credit information report from CBN & at least two other Credit Bureaus.
- Security Arrangements, both primary and secondary.

INTERNAL RATING SCALE

- The character and capacity to pay of the customer or counter party on its contractual obligations;
- Current exposures to the counter party and its likely future development;

Risk Management Report cont'd

- Investment history of the counter party; and
- The likely recovery ratio in case of default obligations – value of collateral and other ways out.

FINANCIAL SPREAD SHEET (FSS)

A Financial Spread Sheet (FSS) is used by the Bank while analyzing the investment risk elements of an investment proposal from financial point of view.

INVESTMENT RISK GRADING (IRG)

The IRG scale consists of 8 categories with short names and numbers which are outlined below:

GRADING	SHORT NAME	NUMBER
Superior	SUP	1
Good	GD	2
Acceptable	ACCPT	3
Marginal/Watch list	MG/WL	4
Special Mention	SM	5
Sub standard	SS	6
Doubtful	Df	7
Lost	Lost	8

INVESTMENT RISK GRADING PROCESS:

Step I - Identify all the Principal Risk Components

- Financial Risk
- Business/Industry Risk
- Management Risk
- Security Risk
- Relationship Risk

Step II - Allocate weightage to Principal Risk Components

Principal Risk Components:	Weight:
• Financial Risk	50%
• Business/Industry Risk	18%
• Management Risk	12%
• Security Risk	10%
• Relationship Risk	10%

Step III Establish the Key Parameters

Principal Risk Components:	Key Parameters:
• Financial Risk	Leverage, Liquidity, Profitability & Coverage ratio.
• Business/Industry Risk	Size of Business, Age of Business, Business Outlook, Industry Growth, Competition & Barriers to Business
• Management Risk	Experience, Succession & Team Work.
• Security Risk	Security Coverage, Collateral Coverage and Support.
• Relationship Risk	Account Conduct, Utilization of Limit, Compliance with covenants/conditions & Personal Deposit.

Risk Management Report cont'd

Step IV Assign weightage to each of the key parameters.

Principal Risk Components:	Key Parameters:	Weight:
• Financial Risk	Leverage	15%
	Liquidity	15%
	Profitability	15%
	Coverage	5%
		50%
Business/Industry Risk	Size of Business	5%
	Age of Business	3%
	Business Outlook	3%
	Industry growth	3%
	Market Competition	2%
	Entry/Exit Barriers	2%
	Management Risk	12%
	Experience	5%
	Succession	4%
	Team Work	3%
	Security Risk	10%
	Security coverage	4%
	Collateral coverage	4%
	Support	2%
	Relationship Risk	10%
	Account conduct	5%
	Utilization of limit	2%
Compliance of covenants/condition	2%	
Personal deposit	1%	
	100%	

The following is the investment Risk Grade matrix based on the total score obtained by an obligor/customer.

Number	Risk Grading	Short Name	Score
1	Superior	SUP	100% cash covered Government guarantee International Bank guarantees
2	Good	GD	85+
3	Acceptable	ACCPT	75-84
4	Marginal/Watch list	MG/WL	65-74
5	Special Mention	SM	55-64
6	Sub-standard	SS	45-54
7	Doubtful	DF	35-44
8	Bad & Loss	BL	<35



Risk Management Report cont'd

COLLATERAL RISK RATING (CRR)/FACILITY RISK RATING (FRR)

- The Bank does not invest to speculative grade obligors, on an unsecured basis.
- The Collateral Risk Rating grid indicates the acceptable collateral types rated 1-8 from best to worst in order of liquidity.

Collateral Risk Rating	Collateral Type
1	Cash/Treasury Bills
2	Marketable securities, guarantee/receivables of investment grade banks and corporates
3	Enforceable line on fast-moving inventory in bonded warehouses
4	Legal mortgage on residential business real estate in prime locations A and B
5	Legal mortgage or debenture on business premises, factory assets or commercial real estates in locations A and B
6	Equitable mortgages on real estates in any location
7	Letters of comfort or awareness, guarantee of non-investment grade banks and corporate
8	Hypothecation, negative pledge, personal guarantee, clean

RISK LIMIT CONTROL AND MITIGATION POLICIES

The industry and portfolio limits are set by the Board of Directors on the recommendation of the Chief Risk Officer. Investment Risk Management Division monitors compliance with approved limits.

Portfolio limits

- The Bank engages in a detailed portfolio plan annually. In drawing up the plan, the Bank reviews the macro-economic factors, identifies the growth sectors of the economy and conducts a risk rating of the sectors to determine its acceptable target market industries and exception. The Bank's target investment portfolio is then distributed across acceptable target market industries, strategic business units and approved product programmes.
- Public sector exposure limit of not more than 10% of the Bank's investment portfolio.
- Industry/economic sector limits are imposed on the Bank's lending portfolio, in line with the following policies:
- The Bank's target market include companies operating in industries rated 'BB' or better unless on an exception basis.
- The Bank would not have more than 19% of its portfolio in any group of positively correlated industries in terms of risk (e.g., oil exploration and oil service, tyre manufacturing and tyre distribution, etc.).
- The Bank strives to limit its exposure to any single industry to not more than 15% of its investment portfolio and such industry must be rated 'BBB' or better.
- No more than 10% of the Bank's portfolio would be in any industry rated 'BB'.
- Single obligor limits
- Limits are imposed on investments to individual borrowers. The Bank as a matter of policy does not finance above its regulatory lending limit to any one borrower, which is 20% of its shareholders' funds unimpaired by losses. The internal guidance limit is, however, set at 19% of SHF to create a prudent buffer.
- Also, the Bank will not ordinarily advance beyond 50% of customers' shareholder fund/net worth in cases of investments offered under individual assessment.
- Product programmes/schemes contain guidelines on single obligor limits.
- Except with the approval of the Board of Directors, the Bank shall not lend more than:
- 19% of the Bank's shareholders' funds to any company. Only companies rated 'A' or better may qualify for this level of exposure.
- No single retail investment should amount to more than 0.2% of total retail portfolio.
- No single retail investment should amount to more than 0.5% of the related retail product portfolio.

Risk Management Report cont'd

CLASSIFICATION AND PROVISIONING POLICY

Classification	Past due obligation	Provision
Performing	<1 day – 90 days	2%
Substandard	>90 days – 179 days	10%
Doubtful	180 days – 359 days	50%
Lost	360 days and above	100%

INVESTMENT RISK PORTFOLIO PERFORMANCE

Provision for impairment of financing and investment

(i) Impairment by Products (IFRS)

	MURABAHA N'000	MUSHARAKA N'000	QARD HASSAN N'000	ISTISNA N'000	IJARA N'000	OTHER ASSETS N'000	TOTAL N'000
As at 1, Jan. 2015	275,585	6,500	-	7,226	85,439	95,919	470,669
Re-classification	-	-	-	-	-	-	-
Impairment no Longer Required	(29,067)	-	-	-	-	(23,916)	(52,983)
Impairment for current year	(70,649)	6,500	-	44,261	128,837	66,527	175,476
As at 31, Dec. 2015	175,869	13,000	-	51,487	214,276	138,530	593,162

(ii) Provision by Products (CBN)

	MURABAHA N'000	MUSHARAKA N'000	QARD HASSAN N'000	ISTISNA N'000	IJARA N'000	OTHER ASSETS N'000	TOTAL N'000
As at 1, Jan. 2015	275,585	6,500	-	7,226	85,439	95,919	470,669
Re-classification	(60,933)	-	-	-	60,933	-	-
Provision no Longer Required	(29,067)	-	(23,916)	(52,983)	-	-	-
Impairment for current year	285,725	6,500	-	130,753	427,864	66,527	917,370
As at 31, Dec. 2015	471,310	13,000	-	137,979	574,236	138,530	1,335,055

(iii) Impairment by Type

	MURABAHA N'000	MUSHARAKA N'000	QARD HASSAN N'000	ISTISNA N'000	IJARA N'000	OTHER ASSETS N'000	TOTAL N'000
Collective Impairment	111,978	13,000	-	2,697	62,775	-	190,450
Specific Impairment	63,891	-	-	48,790	151,500	138,530	402,711
As at 31, Dec. 2015	175,869	13,000	-	51,487	214,276	138,530	593,162

(iv) Investment Classification (IFRS)

	MURABAHA N'000	MUSHARAKA N'000	QARD HASSAN N'000	ISTISNA N'000	IJARA N'000	TOTAL N'000
Performing Investment	11,256,738	650,000	147,242	781,891	12,091,166	24,927,037
Non-Performing Investment	411,632	-	-	-	60,175	471,807
As at 31, Dec. 2015	11,668,370	650,000	147,242	781,891	12,151,340	25,398,843



Risk Management Report cont'd

(v) Investment Classification (CBN)	MURABAHA	MUSHARAKA	QARD HASSAN	ISTISNA	IJARA	TOTAL
	N'000	N'000	N'000	N'000	N'000	N'000
Performing Investment	11,155,244	650,000	147,242	518,624	11,956,312	24,427,422
Non-Performing Investment	637,191	-	-	147,242	781,891	12,027,275
As at 31, Oct. 2015	11,792,435	650,000	147,242	781,891	12,027,275	25,398,843

Ratio of Non-Performing Investment 4%

41. FINANCING ANALYSIS

(i) By Performance

	31-Dec-2015 N'000	31-Dec-2014 N'000
Performing	24,681,833	20,767,165
Non Performing:		
Substandard	246,500	77,280
Doubtful	342,049	55,401
Lost	128,461	114,950
At 31 December	25,398,843	21,014,795

(ii) By Security

	31-Dec-2015 N'000	31-Dec-2014 N'000
All Asset Debenture	146,941	229,244
Corporate Guarantee	759,211	976,134
Personal Guarantees	155,429	100,087
Pledge of Asset/Lien of Assets	56,102	39,916
Deposit of Title Deeds	18,336,934	26,949
Legal Mortgage	1,158,992	15,438,104
Equitable Mortgage	3,797,541	1,137,862
Salary Domiciliation/ lien of Assets	67,879	1,510,578
Post Dated Cheques	147,242	61,340
Clean/Staff Qard Hassan	25,331	164,281
Hyphotication of Goods	7,761	-
Simple Deposit of Title	-	-
Irrevocable Standing Payment Order/Letter of comfort	690,030	689,282
Domiciliation of Contract proceeds	49,450	641,019
At 31 December	25,398,843	21,014,795

(iii) By Location

	31-Dec-2015 N'000	31-Dec-2014 N'000
Head Office	3,021,698	2,582,974
Abuja	9,132,725	8,168,672
Kano	1,650,273	1,273,752
Kaduna	2,909,758	2,862,034

Risk Management Report cont'd

Gombe	348,042	160,833
Maiduguri	205,580	68,547
Kano 2	2,751,595	2,092,850
Katsina	804,345	638,595
NASS	1,043,996	51,913
Wuse	2,472,079	2,725,539
Gusau	308,534	149,325
ATBU	70,975	19,573
Sokoto	247,158	30,590
Kabuga- Kano	37,818	2,993
NNPC	244,689	22,324
Bauchi	1,456	-
Yola	878	-
Staff Qard	147,242	164,281
	25,398,843	21,014,795

(iv) By Product

31-Dec-2015 **31-Dec-2014**
N'000 **N'000**

Murabaha Corporate	3,260,936	4,956,280
Ijarah Wa Iqtina Corporate	6,141,719	4,513,455
Musharakah	650,000	650,000
Qard Hassan	147,242	164,281
Murabaha Household Appliance	80,161	52,962
Murabaha Auto Finance	952,118	1,325,725
Ijarah Auto Finance	14,007	16,231
Ijarah Home Finance	4,810,445	2,939,443
Ijarah Service	1,061,105	288,561
Murabaha Retail/Gen.	7,499,219	5,385,181
Istisna	781,891	722,676
At 31 December	25,398,843	21,014,795

(v) By Sector

31-Dec-2015 **31-Dec-2014**
N'000 **N'000**

Agriculture	2,006,017	2,472,328
Real estate	7,549,362	5,506,228
Manufacturing	173,324	411,454
Education	1,335,289	1,158,976
Wholesale trading	-	6,770,120
Construction	1,567,465	1,019,132
Information Technology	384,678	329,318
General	9,098,886	2,198,117
Oil and Gas	-	286,402
Retail	2,460,092	1,619
Transport	823,731	861,100
At 31 December	25,398,843	21,014,795



Risk Management Report cont'd

(vi) By Category

	31-Dec-2015 N'000	31-Dec-2014 N'000
Corporate	17,818,470	16,825,210
Retail	7,580,373	4,189,585
At 31 December	25,398,843	21,014,795

(vii) By Age

	31-Dec-2015 N'000	31-Dec-2014 N'000	N'000
0 - 30 days	849,377	-	-
31 - 60 days	-	101,104	-
61-90 days	3,128,305	176,685	-
91 - 180 days	3,631,916	1,618,065	-
181-360	2,188,522	2,295,023	-
Over 360 days	15,600,723	16,823,918	-
At 31 December	25,398,843	21,014,795	-

MARKET AND LIQUIDITY RISK MANAGEMENT

The market risk unit of Jaiz Bank allows disciplined risk taking within a frame work of well-defined risk appetite that enables the Bank to enhance shareholder's wealth while retaining its competitive advantage. As NIFI, the Bank is exposed to rate of return risk in the context of the overall Balance Sheet exposures. An increase in benchmark rates may result in Investment Account Holders' (IAHs) having expectations of a higher rate of return failure of which can turn to a Displaced Commercial Risk (DCR). Considering the above, the Bank has commenced analyzing Rate of Return Risk and developed reporting format along with ALCO to identify, measure and mitigate the risk of Displaced Commercial Risk (DCR) to protect the interest of Investment Account Holders – IAHs. The Bank has also developed a draft policy on Income Smoothing Plan through Profit Equalization Reserve – PER to treat the interest of Shareholders' and IAHs as well as Investment Risk Reserve - IRR exclusively to subsidize potential future losses and to manage Displaced Commercial Risk.

Liquidity Risk is the risk that the Bank does not have sufficient financial resources to meet its obligations as they fall due, or will have to meet the obligation at excessive cost. This risk arises from mis-matches in the timing of cash flows. Funding risk (a form of liquidity risk) arises when the liquidity needed to fund illiquid asset positions cannot be obtained at the expected terms and when required.

As a protective measure against liquidity risk, the Bank seeks various sources of funds to channel to its financing and investment activities in Shariah compliant instrument of money and capital markets. The Bank, in conjunction with the regulators, is working on the modalities and access to this market is expected soon.

RATE OF RETURN RISK

INCOME SMOOTHING PLAN AND MANAGEMENT OF DISPLACED COMMERCIAL RISK

BACKGROUND

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

As capital owners, IAHs are liable to bear the losses arising from the assets funded by their deposits, except in the

Risk Management Report cont'd

case of fraud, misconduct, negligence, or breach of contracted terms and conditions by the NIFI.

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

A major limitation is the non-availability of a Shariah-compliant lender of last resort facility that should be provided by the central banks/monetary authorities. Equally important is the limited coverage of the Nigerian deposit insurance scheme for profit-sharing investment accounts (PSIA). Despite the issuance of Shari'ah-compliant instruments called Sukuk in a number of jurisdictions in recent years, the development of active secondary capital markets in these issues remains elusive.

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

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

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

CLASSES OF INVESTORS AND INVESTMENT ACCOUNTS

NIFIs have three main types of funding: equity; demand deposits based on "qard hassan" which pay no return and are repayable in full on demand; and investment accounts which are mainly based on Mudarabah principles. Investment accounts are divided into two types: Unrestricted investment accounts (UIA) and restricted investment accounts (RIA). In managing UIA, a NIFI has full discretion to utilise the funds for the provision of finance and/or investments, as UIAHs provide funds without specifying any restrictions as to where, how or for what purpose the funds should be invested, provided that they are Shariah compliant and are within the standards of banking prudential and due diligence guidelines.

A common practice in NIFI is to hold UIA on Mudarabah basis and RIA on Wakalah which is off-Balance Sheet by its nature also called Wakalah Investment Deposit (WID). Qard-based Current Deposits which are by nature demand deposits are not eligible profit pay-outs thus excluded from the income smoothing group.

In principle, smoothing applies to both UIA and Shareholders' Equity, but in practice it is more generally found in connection with UIA since they are to earn a return as competitive as conventional deposits.

CLASSIFICATION OF SMOOTHING TECHNIQUES

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



Risk Management Report cont'd

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

i). A NIFI may forgo or give up part or the entire Mudarib share of profit earned on UIAH funds. Normally, in this case, the contractual percentage of Mudarib share is established at a high level, so as to provide flexibility in setting the percentage share for any particular year.

ii). Alternatively, even when the contractual distribution of profit between the Mudarib and the UIAH is set at a moderate level, the BOD may decide to give up part of the profit of the Bank to the UIAH in order to avoid withdrawal risk.

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

Methods in which DCR is mitigated include the following:

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

FEATURES OF VARIOUS SMOOTHING TECHNIQUES

While the fundamental purpose of these techniques is smoothing, their mechanisms and implications are clearly distinguishable. Features of these techniques are discussed in the following paragraphs.

1. **Forgoing Part or All of the Mudarib Share of Profit**
2. **Making Transfers from Shareholders' Current or Retained Profits**
3. **Profit Equalization Reserve:** A PER is created by appropriating to a reserve (the PER) amounts out of the profits earned on the commingled pool of assets before the

allocation to shareholders and UIAH. The amounts appropriated to the PER reduce the profits available for distribution to both categories of investors – shareholders and IAHS. There is also a further effect on the shareholders' share of profits, because the reduction in the amount of profit available to the UIAH also reduces the amount of the Mudarib share of the latter. The PER allows NIFI to mitigate considerably their exposure to DCR. The PER collectively belongs to UIAH and shareholders for smoothing their profit pay-outs. In other words, conceptually, one part of the PER belongs to the shareholders and the other part belongs to the UIAH. The purpose of these reserves is to enhance the profit pay-out to both shareholders and UIAH in periods when the assets in an NIFI's asset pool have underperformed, so that the returns to UIAH and the dividends to shareholders may be lower for that NIFI than for its Islamic and conventional peers. It should be noted, however, that while shareholders and UIAH benefit from the PER, the UIAH, as they have no choice as to the amounts of their profits that are withheld into PER or recalled from it, may not even be aware that the profit performance of their investments is more risky than is apparent from the (smoothed) profit pay-outs. There is also an "inter-generational" problem in that appropriations to the PER which have reduced the profit pay-outs to UIAH in one year may be used to enhance the pay-outs to a different set of UIAH in a later year.

The disposition of the balance of the PER as well as the maximum amounts of withholding are set in the system of this techniques as well as in the Mudarabah contract of the UIAH. In other words, the Mudarabah contract must specifically authorize the Bank to withhold PER within a maximum rate of realized profit and must exclusively state that it can only be used for supplementing distributable profits in less performing periods. The same also applied to shareholders whereby the same PER maximum withholding percentage and utilization must be set by a decision of the shareholders.

4. Investment Risk Reserve (IRR):

An IRR is created by setting aside amounts out of the profit attributable to UIAH, after deducting the NIFI's Mudarib share, in order to cushion the effects of future investment losses on UIAH. The IRR enables the NIFI to cover, fully or partially, unexpected losses on investments of UIAH deposits. The setting of IRR also requires a clear and transparent clause in the Mudarabah contract and the use of it must be exclusively restricted and mentioned in the contract. Also the contract must mention the destiny of the balance in such reserve funds in a clear way.

Risk Management Report cont'd

With regard to both the PER and the IRR, UIAH agree in advance, in the contract that regulates their relationship with the NIFI, on the proportion of their income that may be appropriated to each of these reserves. In the same contract, UIAH also agree to give up any right they have to these reserves when they terminate their contractual relationship with the NIFI. This aggravates the inter-generational problem mentioned above.

JAIZ BANK INCOME SMOOTHING MODELS:

I. Upon analysing the industry practices and in exploring the most convenient ways in managing the Bank's income smoothing plan and DCR, the Bank desires to adopt these two mechanisms, i.e. Profit Equalization Reserve (PER) and Investment Risk Reserve (IRR) to protect both Shareholders and investment depositors, UIAH. The following have been adopted by the Bank.

PROFIT EQUALIZATION RESERVE:

The Bank maintains both PER and IRR as its smoothing scheme.

- The Bank will maintain PER of not less than 1% and a maximum limit of 3% out of the profits earned on the comingled pool before allocating to shareholders and UIAH.
- The BOD by Dec. 31 of each year shall determine the exact rate of deduction which shall be applied for that year and reflected in the closing accounts.
- This is to continue until the balance of the PER is equal to 30% of the net equity of shareholders and will resume whenever this balance goes below 30%.
- The use of balances in PER for supplementing profit distribution shall be determined by the BOD up to a maximum of 30% of the balance of PER inherited from former year. Anything above 30% requires authorization from the shareholders General Assembly.
- Any balance at the beginning of each year of the PER shall be treated as an investment deposit with the Bank and share profit distribution along with other depositors.
- At the dissolution of the Bank any balance left in this reserve account shall be paid to the Jaiz Foundation for exclusive distribution to the poor and needy within Nigeria.
- Investment deposit contracts must include a special clause containing all above details and authorising the Bank to make deduction from profits and manage the PER in accordance to the above. Similarly the GA of Shareholders should make similar decision with full disclosure as above. This is necessary before starting any implementation of the PER.

INVESTMENT RISK RESERVE:

- The Bank will set aside for IRR at least 2% but not above 5% out of the profits attributable to UIAH after deducting the Mudarib share.
- The BOD by Dec. 31 of each year shall determine the exact rate of deduction which shall be applied for that year and reflected in the closing accounts.
- This is to continue until the balance of the IRR is equal to 50% of the net equity of shareholders and will resume whenever this balance goes below 50%.
- The use of balances in IRR for covering any actual loss of UIAH shall be determined by the BOD up to a maximum of 30% of the balance of IRR inherited from former year. Anything above 30% requires authorization from the shareholders General Assembly.
- Any balance at the beginning of each year of the IRR shall be treated as an investment deposit with the Bank and share profit distribution along with other depositors.
- At the dissolution of the Bank any balance left in this reserve account shall be paid to charity for exclusive distribution to the poor and needy within Nigeria.
- Investment deposit contracts must include a special clause containing all above details and authorising the Bank to make deduction from profits and manage the IRR in accordance to the above. Similarly the GA of Shareholders should make similar decision with full disclosure as above. This is necessary before starting any implementation of the IRR.

SHARIAH NON-COMPLIANCE AND OTHER UNIQUE RISKS MANAGEMENT

Sharia non-compliance risk is the risk that arises from failure to comply with the rules of Sharia and its principles determined by the Bank's Advisory Committee of Experts (ACE) and Central Bank's Financial Regulatory Advisory Council of Experts (FRACE). Sharia Compliance is critical for NIFIs' operations and such compliance requirements must permeate throughout the organizations and their products and activities. The Bank is strictly determined to comply with Islamic Commercial jurisprudence in all its risk activities. In the year 2015, there was 0.1% Shariah violation in our financing activities therefore 0.1% of Bank's income has been invalidated.

Other unique risks, as follows, are exclusively associated with NIFIs which the Bank manage through monitoring and pre and post disbursement controls.



Risk Management Report cont'd

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

OPERATIONAL RISK MANAGEMENT

Operational Risk according to Bank of International Settlement is defined as the risk of loss arising from failure in internal process, people, systems or external events. This includes legal risk but excludes reputational and strategic risks.

The responsibility of Operational Risk in Jaiz Bank is to prevent the occurrence and /or crystallization of such losses and/or to reduce the impact and severity when they occur. This is achieved by creating appropriate policies and platforms to reduce the occurrence of such incidences; In line with regulations an operational risk framework is in place to guard the governance and implementation of operational risk in Jaiz Bank, the Operational Risk Management Committee works to address operational risk issues that exist in the organization by top management.

Policies like the whistle blowing policy, Business Continuity Plan and the Health and Safety, Information Security Policy are in place to meet with regulatory requirements on Corporate Governance and to ensure the health and safety of our employees and customers respectively. Risk Management functions also champion the drive to have the policies and procedures of the Bank documented by liaising with various departments in developing their various Standard Operating Procedure - SOP. The unit conducts regular training sessions by visiting business units in order to increase staff awareness on operational risk management in addition to the publication of "Oprisk Focus" a newsletter that dwells on topical operational risk issues that are prevalent in the industry with major highlights on learning points published on a monthly basis and circulated to all staff members.

The basic tools of operational risk management i.e. the Risk Control Self -Assessment (RCSA), Key Risk Indicator (KRI), Issues and Action Plan reporting as well as Loss Trend reporting have also been incorporated in the Bank in order

to lead to seamless reporting, analysis, mitigation and eventual prevention of operational risk losses that may be inherent in the system.

CAPITAL MANAGEMENT & BASEL II/III

The Bank adopted Basel II/III in January 2014 in line with the CBN's circular dated 10th December 2013 on implementation of Basel II/III.

The Bank elected to adopt a 'simple' approach with respect to Pillar I requirements as follows:

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

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

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

In pursuant to Islamic Financial Services Board (IFSB) standard No.1, in addition to the above pillar - I requirements, Equity Investment risk (which we include under credit risk), Rate of Return Risk including Displaced Commercial Risk (under Market Risk) and Shariah Non-Compliance risk (under operational risk) have been taken care of in line with the requirement of Non-Interest Financial Institutions. Under the Pillar 2 of the new Basel II requirements, the Bank has undertaken a self-assessment of its internal capital requirements - an Internal Capital Adequacy Assessment Process, or ICAAP.

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

Risk Management Report cont'd

CAPITAL MANAGEMENT

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

The Bank holds capital at a level that the Board considers necessary and the assessment of minimum capital requirements is a combination of regulatory requirement and sound judgment exercised by the Board. In assessing the adequacy of its capital, the Bank considers its risk appetite, the material risks to which the Bank is exposed and the appropriate management strategies for each of the material risks, including whether or not capital provides an appropriate mitigant.

In addition to capital adequacy reporting to the CBN, the Bank commences a process that ensures performing monthly Internal Capital Adequacy calculation for the Executive Management and quarterly for the Board, in order to assess the Bank's capital adequacy and to determine the levels of capital required going forward to support the current and future risks in the business.

MARKET DISCLOSURE UNDER PILLAR III

CAPITAL RESOURCES

Total Capital Available as at 31st December 2015

Tier 1 capital resources (N'000) are as below:

Gross amount:	11,915,184
Deductions	307,880
Net amount:	11,607,304

Tier 2 capital resources (N'000) are as below:

Gross amount:	-
Deductions	-
Net amount:	-

Total tier 1 and 2 capital resources (N'000) are as below:

Gross amount:	11,915,184
Deductions	307,880
Net amount:	11,607,304

Tier 1 Capital

Tier 1 capital is comprised of ordinary shares of N11,829,700,000 Share premium of N632,289,000 other reserves N741,894,000 and profit(loss) reserve (N1,288,698) as at 31st December 2015.

Tier 2 Capital

There is no tier 2 capital during the year ended 31st December 2015.

CAPITAL ADEQUACY

Pillar I Minimum Capital Requirement

Pillar I capital amount is calculated by adding the Credit Risk Capital using the Standardized approach to both the Operational Risk Capital using the Basic Indicator approach and the foreign exchange Position Risk Requirement element of Market Risk.

The following table shows the aggregate Pillar I minimum Capital Resource Requirement of the Bank as at 31st December 2015.

Risk Management Report cont'd

I. Convert Off-Balance sheet exposures to their credit equivalents

Exposures	Amount	CCF (%)	Credit Equivalent
Advanced Payment Guarantees	1,493,259	50%	746,629
Letters of Credit	974,743	20%	194,949
Bonds and Guarantees	1,579,037	50%	789,518

2. Calculation of Credit risk weighted assets

ASSETS	N'000	RISK FACTOR	RISKWEIGHTED ASSETS
Cash and Balances with Central Bank	18,168,226	0%	-
Due from banks and financial institutions	2,503,076	20%	500,615
Sukuks - Treasury Bonds	1,242,396	20%	248,479
Murabaha Receivables	10,595,013	100%	10,595,013
Musharaka Financing	637,000	100%	637,000
Qard Hassan	147,242	100%	147,242
Istisna	638,722	100%	638,722
Investments in Ijarah Assets	11,812,999	100%	11,812,999
Investment in Assets Held for Sale	27,111	100%	27,111
Property & Equipment	1,383,190	100%	1,383,190
Leasehold Improvements	647,069	100%	647,069
Other Assets	4,066,253	100%	4,066,253
Advanced Payment Guarantees	746,629	100%	746,629
Letters of Credit	194,949	100%	194,949
Bonds and Guarantees	789,518	100%	789,518
TOTAL CREDIT RISKWEIGHTED ASSETS			32,434,790

Risk Management Report cont'd

3. Calculation of Operational Risk Capital Charge

RELEVANT INDICATOR	N'000	RISK FACTOR	OPS RISK WEIGHTED CHARGE
Gross income:			
31/12/2013	131,568		
31/12/2014	2,901,719		
31/12/2015	4,474,324		
Total	7,376,042		
Average	2,458,681	15%	368,802
TOTAL OPERATIONAL RISK CHARGE			368,802
OPERATIONAL RISK CHARGE (ORC x 12.5)			4,610,026

4. Calculation of qualifying capital

Tier I Capital:

Share capital		11,829,700
Share premium		632,289
Retained Earnings		(1,288,698)
Risk regulatory reserve		741,894
Intangible Assets		(307,880)
TOTAL TIER I QUALIFYING CAPITAL		11,607,304

Tier I Capital:

General Provision		
TOTAL TIER 2 QUALIFYING CAPITAL		-
compare Max of 1.25% RWA (not applicable)		-
TOTAL QUALIFYING CAPITAL		11,604,307

Calculation of Total Capital requirement:

Total of risk weights		37,044,817
Capital requirement (10%)		3,704,482
Total Qualifying capital		11,607,304
Excess of qualifying capital over required capital		7,902,823

Risk Management Report cont'd

STRESSTESTING

The Bank shall perform regular stress tests on its capital adequacy and liquidity position under a range of scenarios. The scenarios would be agreed by ALCO and reviewed by EXCO, and regularly updated to reflect the Bank's risk profile and external risks, including risks associated with economic cycle.

Where applicable the stress tests will cover all relevant risks to which the Bank is exposed; for example, capital adequacy stress tests based on macro-economic scenarios would be geared towards analysing the impact on both credit and market risk exposures.

Liquidity stress tests would be performed monthly and capital adequacy stress tests yearly. In addition, periodic ad-hoc stress tests would be performed as required by the Executive Management or ALCO.

Detailed results of stress tests are presented to ALCO, including the impact of the stress scenario on the Bank's capital requirement, its capital resources and its profitability; summary results are presented to EXCO. Stress testing is used to determine the Bank's capital adequacy, the adequacy of its liquidity position and to influence strategy and medium term planning.

IMPAIRMENT TEST & IFRS

As per requirement of IFRS, the Bank performed risk asset impairment test conducted by an independent consultant as at the end of the financial year 2015 as reflected in the accounts and as follows:

The principle of recognizing impairment under IFRS is different from the CBN Prudential Guidelines. In order to recognize an impairment allowance on a financing/investment asset IAS 39 requires that:

- There must be one or more objective events ("impairment triggers") that have occurred;
- The event is likely to have a negative impact on the estimated future cash flows of the financing/investment asset. Exposures should be assessed for objective evidence, measurement, and recognition of impairment on an individual basis for individually significant exposures while the individual insignificant portion are assessed as portfolio.

Example of conditions indicating existence of objective evidence of impairment include:

- Significant financial difficulty of issuer
- Actual breach of contract such as failure to pay profit and principal as at when due

- High probability of bankruptcy
 - Disappearance of active market for financial asset
 - Historical pattern indicating entire face value of portfolio will not be collected
- Impairment under IFRS is not rule based like it is under Nigerian General Accepted Accounting Principles i.e impairment under IFRS is not based on the Central Bank of Nigeria Prudential Guideline. IFRS requires that organization carry out impairment of their financial assets (financing/investment, investment securities, treasury bills, bonds) using statistical methods "Incurred Loss Model". Incurred Loss Model is based on the actual loss incurred in respect of financial instruments at the reporting date. Basel II model uses Expected Loss Model which is different from the Incurred Loss Model recognized by IFRS.

Impairment is the difference between the carrying amount and present value of estimated future cash flows using original effective yield of the contract.

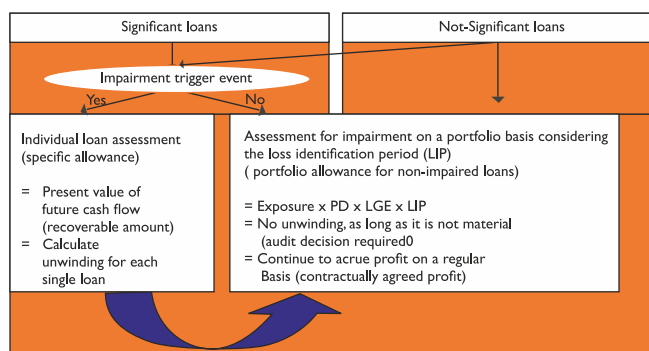
In calculating impairment, the Bank carefully considers the:

- Impairment triggers
- Characteristics of financing/investment pools;
- Past behaviors of similar financing/investment customers.

Incurred Loss Model vs CBN Prudential Guidelines

The Central Bank recognizes that the level of impairment allowance under the incurred loss model will be different from the impairment provisioning under Prudential Guideline and has made specific provision for the treatment of the difference. The prudential Guidelines requires that the Bank recognizes the IFRS incurred Loss Model Impairment in the Income Statement. The difference between the IFRS and CBN Prudential Guidelines is recognized in Regulatory Risk Reserves as a non distributable reserves in equity via appropriation in retained earnings.

Typical IFRS Impairment Model



Risk Management Report cont'd

The Bank assesses exposures for objective evidence, measurement, and recognition of impairment on an individual basis for individually significant exposures. Where Bank has a number of individually significant exposures to one counterparty each financing/investment is individually assessed while also considering the overall position of the counterparty. Exposures that are not individually significant are assessed for impairment on a group basis.

As at 31 December 2015, the Bank considers financing/investments with a balance of more than N10 million as individually significant. Balances above N10 million represents about 90% of the Bank's portfolio as at reporting date.

Impairment Trigger

The Bank assesses all credit exposures for objective evidence of impairment based on current information and events at the date of the assessment. Such loss events are considered on a portfolio by portfolio basis and objective evidence of such is not limited to:

A financing/investment asset meets the definition of a non-performing investment.

A request for a forbearance measure from the obligor.

A material decrease in estimated future cash flows.

Restructuring of the financing/investment facility

Any significant financing/investment that do not meet the conditions for the impairment trigger is classified as performing and assess for impairment on collective basis.

Individually assessed financing/investments

The estimated recoverable amount and thus the amount of the allowance required is calculated using

1. The estimated recoverable amount is equal to the present value of the estimated future cash flows, discounted at the exposure's original effective profit/rental rate;

2. The estimated recoverable amount may be measured on the basis of an exposure fair value using an observable market price;

3. The estimation of the recoverable amount of a collateralized exposure reflects the cash flows that may result from foreclosure where foreclosure is considered the likely course of action. The time, costs and difficulties involved in obtaining repayment through collateral or guarantees is taken into account when determining the recoverable amount. The estimates and assumptions used reflect the

current economic challenges and the current view of the expected economic outlook. When determining the collateral valuations in the cash flow calculation, an appropriately conservative approach is applied to both the expected timing and the amount of the proceeds.

Performing financing/investments

The collective impairment allowance is determined after taking into account:

- historical loss experience in portfolios of similar credit risk characteristics (for example, by industry sector, financing/investment grade or product);
- the estimated period between impairment occurring and the loss being identified and evidenced by the establishment of an appropriate allowance against the individual financing/investment; and
- Management's experienced judgment as to whether current economic and credit conditions are such that the actual level of inherent losses at the statement of financial position date is likely to be greater or less than that suggested by historical experience.

For all exposures classified as performing for collective impairment, the impairment is calculated as follows:

= Exposure at default x Probability of Default x Loss Given Default x Loss Identification Period

Exposure at Default (EAD): This represents the outstanding financing/investment balance due from the customer.

Loss Identification Period (LIP): the period between a loss event occurring and its identification is estimated by local Management for each identified portfolio.

The exposure at default for the Bank's customers are determined as the account balance at the reporting period.

Probability of Default (PD) - is the probability of financing/investments moving from the performing pool into the non-performing pool over a defined length of time ("emergence period").

The probability of default is calculated using the Moody Migration Matrix over two period

- 2013 to 2014

- 2014 to 2015

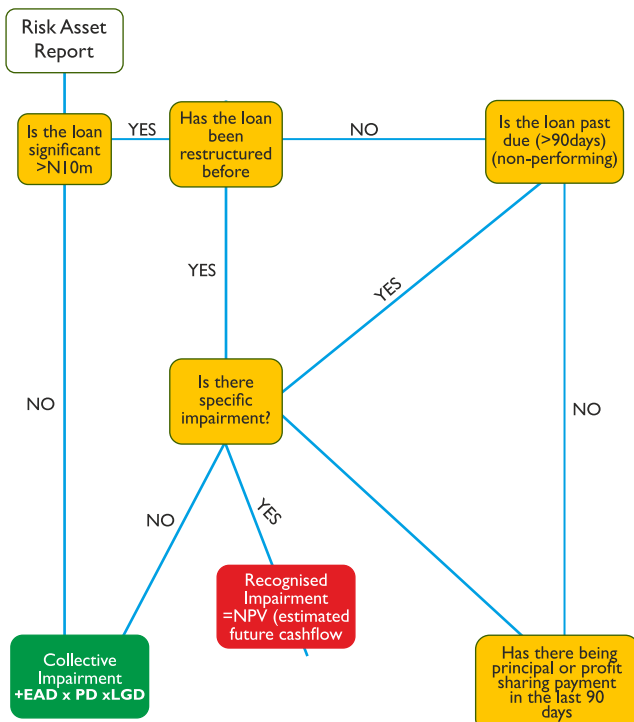
Risk Management Report cont'd

Due to the non availability of proper customer credit scoring process, we used the classification as performing and non performing over the two year horizon in estimating the probability of default. We can then average the PD for year 2014 and year 2015.

Loss Identification (emergence period) - is critical to the calculation as it determines on a forward looking basis approximately how long it takes between the occurrence of event prompting default and the actual identification of non-performance by the Bank. The Bank gives sufficient time to allow for such non-performance to emerge. Management believes that it takes about 9 months between the occurrence of default event and the actual default by the customer.

Loss Given Default - the loss associated with a defaulted facility or borrower. This represents how much the Bank is likely to loose in case of default. From our review of the Bank portfolio over the last 3 years, the Bank has never written off any of its facilities and therefore may be difficult in estimating the Loss Given Default because of the short period of the Bank's existence. The Bank has used 45% loss given default as recommended by Basel II for unsecured lending.

IFRS impairment Methodology



This is the result of review of the Bank's impairment using the IFRS impairment model above.

Is the Financing/investment significant >N10m?

The Bank has a total financing/investment portfolio of N25.25 billion as at 31 December 2015 made up of 2,574 facilities. A significant threshold of N10 million was used for the model and of which 375 facilities representing N22.69 billion had balances greater than N10 million.

Has the financing/investment been restructured before?

The Bank had 2 restructured and significant financing/investment balances as at year ended. We reviewed the activities of the customer and our conclusion was that there were no impairment in respect of the facilities.

Is the financing/investment past due (>90 days non performing)

We reviewed the N863.6 million past due portfolio of the Bank. Based on the review, it is observed that most of the Bank's facilities are well collateralised and therefore the Bank still have a high cash flow expectation on the realization of such collateral. Total specific impairment required was calculated as N240.33 million.

Has there been principal or profit sharing payment in the last 90 days

We reviewed 9 facilities without principal or profit repayment in the last 90 days and from our review, there was no impairment in respect of the facilities. The customers have not paid any principal or profit sharing in the last 90 days because of the their repayment circle either annual or semi-annual, moratorium period etc. No impairment recognized in respect of such facilities.

Summary of the impairment and proposed adjustment

Description	Collective Impairment	Specific Impairment
Ijara	103,493	60,175
Istisna	6,762	-
Jaiz Mubaraha retail	1,352	-
Murabaha	97,068	180,160
Musharaka	5,621	-
Grand Total	214,297	240,334

TAHIDUR RAHMAN
 Chief Risk Officer

Corporate Governance Report

At Jaiz Bank Plc, we believe that good Corporate Governance goes beyond complying with rules and regulations. It also includes compliance with the core values of the Bank – Quality Customer Service; Team Spirit; Respect for the Individual; Ethics; Trust; Partnership; and Entrepreneurship. The Board therefore ensures that the Bank upholds its core values and adheres to applicable Corporate Governance regulations, whilst also ensuring that the Bank imbibes international best practices. In accordance with the CBN Code of Corporate Governance for Banks in Nigeria 2006, the Bank hereby presents its Corporate Governance Report for the year ended 31 December, 2015.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board is currently composed of the Chairman, ten Non-Executive Directors (NEDs), Managing Director and one Executive Director. This is in line with international best practice, which stipulates that the number of Non-Executive Directors should exceed that of Executive Directors.

There were changes in the composition of the Board during the financial year as Alh. Mohammed Lawal Jari and Alh. Garba Hungu tendered their resignations upon completion of their political appointments with Katsina and Kano State Government respectively. Furthermore, the tenure of the contract of the MD/CEO (Muhammad Nurul Islam) expired on November 17, 2015 and he returned back to his Country-Bangladesh. In view of the MD/CEO's exit, Mahe Mahmud Abubakar who was hitherto the Executive Director responsible for Business Development was appointed as the Ag. MD/CEO.

SIGNIFICANT GOVERNANCE DEVELOPMENT

a. Application for National Licence

The Bank was granted an Approval-in-principle by the Central Bank of Nigeria upon its application for the grant of a National Licence. We have fulfilled all the requirements necessary for the grant of the final licence and currently awaiting approval from the CBN.

b. Capital Raising Exercise

Further to an earlier approval of the Shareholders at the Bank's Annual General Meeting which held on June 25, 2014, the Bank increased its Authorized Share Capital from N13 Billion to N15 Billion. The Bank further commenced activities to raise additional capital through Rights Issue. The Rights Issue offer opened on November 30, 2015 and subsequently closed on January 11, 2016.

While the offer was successful, allotment approval from the regulators is being awaited.

c. Our Commitment to Sustainability Banking

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

d. Remuneration Policy

In line with corporate governance best practices, the Board had developed a robust policy on remuneration for the Bank, the highlights of which are as stated below:

i. Preamble

The remuneration policy provides a framework for remuneration paid to the members of the Board of Directors and Staff of the Bank.

The Board Governance, Remunerations and Nominations Committee, in performance of its duties under the Board Charter, periodically reviews the bank's remuneration policy and recommends changes to the Board on any proposals it deems fit. Such reviews take into account the environment in which the bank operates; its prevalent financial circumstances; and its agreed pay positioning/peers.

ii. Aims & Objectives

The aims and objectives of the remuneration policy may be summarized as follows:

- To incentivize long-term value creation.
- To attract and retain the best professionals.
- To remunerate achievement of results on the basis of prudent and responsible risk bearing.
- To ensure transparency

iii. Policy Administration

The Board Governance, Remunerations and Nominations Committee is responsible for advising and recommending to the Board issues relating to appointing directors, remuneration and overseeing compensation and benefits issues across the bank.



Corporate Governance Report cont'd

iv. **Governance, Remuneration and Nomination Committee**

Members of the Committee shall be appointed by the Board and shall comprise of a minimum of four (4) non-executive directors. The Committee shall meet as often as necessary to carry out its duties with respect to guiding the bank in all matters pertaining Remuneration and Benefits Administration.

v. **Remuneration and Benefits**

The Policy takes into account the environment in which the Bank operates and the results it achieves at the end of each financial Year. The bank's remuneration comprises of the following elements:

- Fixed remuneration: This is primarily based on the level of responsibility and constitutes a relevant part of total compensation. It entails the base salary and allowances payable monthly, in arrears or annually. A wage benchmark is established for each position/level.
- Variable remuneration: This is primarily linked to the achievement of previously established targets and prudent risk management. It comprises profit sharing/productivity bonus payable annually.
- The combination of these elements serves as the basis for a balanced remuneration system reflecting the bank's strategy, its values as well as the interests of its shareholders.

(a) **Remuneration to Non-Executive Directors:**

The Non-executive Directors of the Bank are paid remuneration by way of sitting allowances for attending the meetings of the Board of Directors and its Committees. Beside the sitting allowances they are also entitled to Directors fees, travel and hotel expenses. The Non-executive Directors of the Company are not paid any other remuneration or commission.

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

(b). **Remuneration to Executive Directors**

The framework to remunerate Executives takes into account amongst others the following globally accepted best practices for structuring executive pay:

- Aligning the remuneration with long term interests of the Bank and its shareholders.
- Level of remuneration to be sufficient to attract, retain

and motivate executives of the bank and shall be balanced against the bank's interest and the need to be competitive.

- Where remuneration is linked to performance, it shall be designed in such a way as to prevent excessive risk taking.
- Stock options would not be priced at a discount except with the authorization of the relevant regulatory agencies. These shall be tied to performance and subject to the approval of the shareholders at annual general meetings and exercisable one year after the expiration of the tenure of the Director.

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

e. **Contingency Planning Framework**

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

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

f. **Attendance at Board and Board Committee Meetings**

In its bid to continuously improve its corporate governance processes, the Board prepares and circulates an annual calendar of meetings among its members prior to the commencement of a new financial year, in order to enhance attendance of Board meetings by Board members. The table below depicts the attendance of Board members at the various meetings of the Board and Board Committees held during the review period.

Corporate Governance Report cont'd

S/N		BOD	BIC	BRM&AC	BGRNC	BFGPC	AC	COMMENT
	No. of Meetings Date of Meetings	5 25/3/15 09/6/15 15/9/15 13/11/15 (Emergency) 15/12/15	5 7/1/15 13/5/15 4/8/15 15/10/15	4 22/1/15 25/5/15 14/9/15	3 6/5/15 14/9/15 28/10/15 10/12/15	5 26/1/15 3/3/15 1/6/15 2/9/15 14/12/15	3 23/3/15 3/9/15 8/12/15	
1.	Alhaji (Dr.) Umaru Mutallab, CON	5	-	-	-	-	-	The Chairman is not a member of any committee
2.	Mohammed. Nurul Islam	3	3	3	-	-	-	His contract expired on November 17 2015.
3.	Mahe Abubakar Mahmud	5	5	1	-	-	-	Appointed Ag. MD on Nov. 17, 2015.
4.	Hassan Usman	5	3	3	-	-	-	
5.	Alhaji (Dr.) Aminu Dantata, CON	5	3	-	2	-	-	
6.	Mallam Falalu Bello, OFR	5	5	-	-	-	3	
7.	Alhaji (Dr.) Umaru Kwairanga	5	-	2	-	5	-	
8.	Nafiu Baba-Ahmad, MNI.	5	-	4	3	-	-	
9.	Alhaji Garba Aliyu Hunku	2	2	-	-	3	-	Resigned on July 8, 2015
10.	Alhaji Mohammed Lawal Jari	0	1	2	-	-	-	Resigned on May 22, 2015
11.	HRH (Engr.) Bello Muhammad Sani, OON	4	-	3	3	-	-	
12.	Prof. Tajudeen Adebiji	5	-	-	3	-	3	
13.	Alhaji Mukhtar Sani Hanga	5	-	-	3	4	-	
14.	Alhaji (Dr.) Musbahu M. Bashir	5	4	-	-	5	-	
15.	Alhaji (Dr.) Muhammadu Indimi, OFR	3	-	-	-	4	1	
16.	Dr. Mohamed Chatti	4	-	-	-	-	-	
17.	Alhaji Idris O. Sulaimon	-	-	-	-	-	2	Shareholders Rep. on Audit Committee
18.	Prof. Ibrahim H. Umar	-	-	-	-	-	3	Shareholders Rep. on Audit Committee
19.	Alhaji Abdullahi I. Umar	-	-	-	-	-	3	Shareholders Rep. on Audit Committee

g. Advisory Committee of Experts (ACE)

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

STANDING BOARD COMMITTEES

The Board has five (5) standing committees whose terms of reference are clearly stated in the Board Charter.

The Board Standing Committees are as follows:

- The Audit Committee (AC) ;
- The Board Investment Committee (BIC);
- The Board Risk Management and Audit Committee (BRM&AC);
- Board Finance and General Purpose Committee (BFGPC);
- Board Governance, Remunerations & Nominations Committee (BGRNC);



Corporate Governance Report cont'd

BOARD COMMITTEE	MEMBERSHIP	• TERMS OF REFERENCE
Audit Committee	Alh. Idris Onaolapo Sulaimon <i>(Chairman/Shareholder representative)</i> Prof Ibrahim Umar <i>(Shareholder representative)</i> Alh. Abdullahi I. Umar <i>(Shareholder representative)</i> Mallam Falalu Bello, OFR <i>(Non-Executive Director)</i> Professor Tajudeen Adebisi <i>(Non-Executive Director)</i> Alhaji Muhammadu Indimi <i>(Non-Executive Director)</i>	<ul style="list-style-type: none"> • Examining the External Auditors report and making recommendations thereon; • Examining CBN/NDIC Examination reports and making recommendations thereon; • Receiving and reviewing on Quarterly basis, Internal Audit and Compliance reports of the Bank; • Reviewing the Scope and Planning of annual audit requirements; • Reviewing the effectiveness of the Bank's Accounting System and Internal Control; • Making recommendations to the Board of Directors on the appointment, renewal and remunerations of the External Auditors of the Bank; and • Reviewing the integrity of the Bank's financial reporting and protecting the independence and objectivity of the External Auditors.
Board Investment Committee	Mallam Falalu Bello - <i>Chairman</i> Alhaji Musbahu M. Bashir Alhaji Aminu Dantata Mahe Abubakar Mahmud <i>(Ag. Managing Director/CEO)</i> Hassan Usman <i>(Executive Director Operations/CFO)</i>	<ul style="list-style-type: none"> • Evaluating and approving all investments within its powers delegated by the Board; • Evaluating and recommending all investments beyond its powers to the Board; • Reviewing investments portfolio in line with set objectives. • Reviewing classification of investments of the Bank based on prudential guidelines on quarterly basis; • Approving the restructuring and rescheduling of investments within its powers; • Writing-off and grant of waivers within powers delegated by the Board; and • Periodic review of Investment Manuals and Guidelines.
Board Risk Management & Audit Committee	Nafiu Baba-Ahmad <i>Chairman</i> HRH Eng. Bello Muhammad Sani Alh (Dr.) Umaru Kwairanga Mahe Abubakar Mahmud <i>(Ag. Managing Director)</i> Hassan Usman <i>(Executive Director/Operations /CFO)</i>	<ul style="list-style-type: none"> • Overseeing the overall Risk Management of the Bank; • Reviewing periodically, Risk Management objectives and Policies for consideration of the full Board; • Approving the Risk Rating Agencies, Credit Bureau and other related services providers to be engaged by the Bank; • Approving the Internal Risk Rating Mechanism; • Reviewing the Risk compliance reports for regulatory authorities; • Reviewing and approving exceptions to the Bank's Risk policies; • Reviewing policy violations on Risk issues at Senior Management level; • Certifying Risk reports for investments, operations,

Corporate Governance Report cont'd

		<p>market/liquidity subject to limits set by the Board.</p> <ul style="list-style-type: none"> • Ensuring the adequacy and efficacy of the Bank's internal control systems; adequacy and integrity of underlying financial data, financial systems, as well as processes for identifying, capturing, and reporting key data such as profit and loss, valuation of financial instruments, and impairment allowances; • Review the Chief Compliance Officer's quarterly reports. • Consider the appointment, resignation or dismissal of the Bank's Chief Risk Officer and Chief Compliance Officer; • Report to the Board on its consideration of the above matters, identifying those areas where action or improvement is needed, and making recommendations as appropriate.
<p>Board Finance and General Purpose Committee</p>	<p>Alhaji (Dr.) Umaru Kwairanga (Chairman) Alhaji Muktar Hanga Alhaji Muhammadu Indimi Alhaji Musbahu M. Bashir</p>	<p>The Committee:</p> <ul style="list-style-type: none"> • Considers and advises the Board of Directors on all aspects of the Bank's finances; • Considers and makes recommendations to the Bank on the annual estimates of income and expenditure, other budgets and the financial forecasts for the Bank; • Considers and makes recommendations to the Board of Directors for its approval, the framework for expenditure on capital items and to review the list of priorities within the framework; • Considers, reviews and reports on the periodic management accounts of the Bank, and to also advise the Board of Directors on the year-end accounts. • Considers and makes representations to the Board of Directors on the solvency of the Bank and the safeguarding of its assets; • Considers and advises the Board of Directors on any relevant taxation issues; • Advises the Board of Directors on the Bank's policy related to grants, loans or other payments to staff within a limit to be agreed. • Considers and recommends financial procedures, capitalisation, depreciation and treasury management policies. • Considers and monitor proposed capital expenditure projects above the thresholds set for Management by the Board and advises the Board of Directors on their financial implications. • Considers and advises the Board of Directors on employment policy, approves personnel policies and procedures and monitors staffing issues.



Corporate Governance Report cont'd

		<ul style="list-style-type: none"> Revises personnel policies for Board Approval, reviews job descriptions, establishes or periodically reviews the staff salary structure and staff benefits package.
<p>Board Governance, Remunerations & Nominations Committee</p>	<p>HRH Engr. Bello Muhammad Sani (Chairman) Alh Mukhtar Hanga Alh. Aminu Dantata Nafiu Baba Ahmad Prof. T.A. Adebisi</p>	<p>The Committee is responsible for:</p> <ul style="list-style-type: none"> Matters relating to Board's remunerations and Appointment; Remuneration, incentive arrangements and benefits of the Chairman of the Board; Reviews incentive arrangements and benefits of the Executive and Non- Executive Directors of the Bank within the limits imposed by Regulatory Authorities; Recommendations concerning Executive Directors compensation plans and perquisites and ensuring that their packages are competitive; Recommending any proposed change(s) to the Board; Keeping under review the need for appointments; Preparing a description of the specific experience and abilities needed for each Board appointment, considering candidates for appointment as either Executive or Non-Executive Directors and recommending such appointments to the Board; Reviewing the tenor of the Non-Executive Directors on the Board and Board Committee assignments and other commitments to the Bank; Recommending to the Board renewal of appointment of Executive/Non-Executive Directors at the end of their 1st and/ 2nd term of office based on the outcome of review of Directors performance; Advising the Board on succession planning regarding the roles of the Chairman, Chief Executive Officer and Executive Directors; Advising the Board on the contents of the Directors Annual Remuneration Report to shareholders; Considering and deciding on such other matters as the Board may refer to it.

Corporate Governance Report cont'd

OWNERSHIP STRUCTURE

The ownership structure of the Bank is as follows:

S/N	NAME	NO.	UNITS
1	CORPORATE	210	4,093,452,579
2	STATE GOVT	14	1,145,231,650
3	LOCAL GOVT.	106	396,333,400
4	INDIVIDUAL	26,174	3,188,580,616
5	JOINT	156	2,170,800
6	INSTITUTION	108	2,001,770,181
7	FOREIGN	1	1,002,160,494
		26,769	11,829,699,720

REMUNERATION OF DIRECTORS

The Shareholders, at the Bank's Annual General Meeting, set and approve the annual remuneration of members of the Board of Directors. The annual emoluments of the Directors are stated in the Annual Report.

MANAGEMENT COMMITTEES


The Board Committees are supported by Management Committees of the Bank, comprising of senior officers who are responsible for the day-to-day operation of the Bank as a going concern. They ensure that laid down policies are followed and that the Bank abides by all relevant regulatory and legal requirements.

Management Committee (MANCO) is the highest Management Committee comprising of the Top Management Staff of the Bank and all Heads of Departments. Other Management Committees include Assets and Liability Committee (ALCO), Management Investment Committee (MIC); Branch Development Committee; Procurement Committee; IT Steering Committee; Disciplinary Committee; Criticized Asset Committee (CAC), and Operations Risk Management Committee. These Committees review and formulate strategies to implement the Board's broad strategic direction in various areas including business and financial performance, strategic planning, manpower planning, operations, customer service, investor relations, external relations, and organizational efficiency amongst others.

INTERNAL CONTROL

Various aspects of the internal control of the bank are the responsibilities of key officers. The Internal Auditor, the Chief Compliance Officer, the Chief Risk Officer, the Chief Finance Officer, and the Company Secretary/Legal Adviser are all responsible for managing the internal control of the Bank.

The System of the Bank provides adequate assurance that the Bank will not be adversely affected by any event that could be reasonably foreseen.



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



Chief Compliance Officer's Report



JAIZ BANK PLC
Kano House, 73 Ralph Shodeinde Street
Central Business District
P.M.B. 31, Garki, Abuja, Nigeria
Tel: +234 9 4605 125
e-mail: info@jaizbankplc.com
website: www.jaizbankplc.com

JB/CCO/MD/CBN/12/15/005

December 31, 2015

The Director,
Banking Supervision Department,
Central Bank of Nigeria,
Central Business District,
Abuja

Dear Ma,

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE FOR BANKS IN NIGERIA

We refer to Section 5.2.8 of the Code of Corporate Governance for Banks in Nigeria issued by the Central Bank of Nigeria (CBN) and hereby certify that Jaiz Bank Plc did not breach/violate any Corporate Governance Code within the 2015 financial year that ended 31st December, 2015.

Thank you.

Yours Faithfully,
For: Jaiz Bank Plc

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

Mahe Abubakar
FRC/2016/CIBN/00000013745
Ag. Managing Director/CEO

BOARD OF DIRECTORS:

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



Independent Consultant's Report on Corporate Governance



• STRATEGY • TECHNOLOGY • SME DEVELOPMENT • VENTURE CAPITAL

26th February, 2016

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

Dear Sir,

RE: CORPORATE GOVERNANCE PERFORMANCE REVIEW(2015)

The above subject matter refers.

This is to certify that we have concluded the 2015 Corporate Governance performance review exercise for Jaiz Bank Plc, wherein governance and control areas were reviewed and appraised using the Central Bank of Nigeria (CBN) revised Code of Corporate Governance for Banks and Discount Houses issued in May 2014 as benchmark. From our independent assessment, the bank achieved full compliance on over 90% of the principles defined by the CBN in the industry code of corporate governance.

Our evaluation identified a few gaps in the following areas:

- Board Committees attendance.
- Documentation and communication of policies relating to remuneration.
- Quantum of public sector ownership in the equity of the bank.
- Relevant disclosures in the Annual Report.

Independent Consultant's Report on Corporate Governance cont'd



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

- 100% attendance at all Board Committee meetings, noting that it is now one of the criteria to qualify for re-election as a board member.
- Documentation and approval of a remuneration policy. Highlights of this policy should also be disclosed in the Annual Report going forward.
- Further dilution of government shareholding in the bank below the regulatory threshold of 10%.
- Increased disclosures in the Annual Report of approved policies of the bank such as trading in bank securities, contingency planning and remuneration.

We thank you for the opportunity and privilege of working with you as we look forward to the pleasure of working with you again.

Yours faithfully

For: NEXTZON BUSINESS SERVICES LIMITED



Mac Atasić
Managing Director/CEO

Corporate Social Responsibility

Jaiz Bank's Corporate Social Responsibility (CSR) activities are based on the GC 10 Principles. They can be classified based on the core subjects of ISO 26000 as follows.

ORGANIZATIONAL GOVERNANCE

1. Corporate Value

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

2. CSR Management

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

3. Due Diligence

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

With respect to the environment, we follow the Basic Principle on the Environment, Assessment of Environmental Impact from Products and Manufacturing Processes: "When developing new products and processes, evaluate the impact



on the environment in advance, during development, and periodically after commercialization. Consider the entire business cycle from the procurement of raw materials and supplies to the use and the final disposal of products to reduce the impact on the global environment."

Human rights

As a company with more than 250 employees, thousands of customers with different types of accounts as at year end and counting, we recognize the fundamental importance of respecting the basic human rights of all people.

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

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

Labour Practices

1. Decent work management

We ensure that staffs are provided with the needed environment to deliver on their responsibilities in all our



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

2. Remuneration, Rights and Opportunities

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

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

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

The Environment

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

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

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

Fair Operating Practice

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

Fairness, accountability and honesty are integral parts of the objectives of the bank and these are strictly adhered to. As part of fair operating practice, we do not financing any transaction or activity that is considered void (haram) under the Islamic commercial jurisprudence. Transactions involving substances that are scientifically proven to be harmful to the

human body (alcohol, tobacco, narcotics) and others such as gambling are examples.

The bank has already constituted a specialized Advisory Committee of Experts whom advises on all transaction and dealings entered into or to be entered into by the bank based on Islamic commercial jurisprudence.

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

Consumer Issues

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

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

Complains Received

A total of 2,083 major complain were received for the year-end 31 December, 2015. These were centered mostly on ATM dispense error, loss of ATM Cards, inability to log on to the internet banking platform etc. However, all issues were successfully resolved.

Community Involvement and development

The Bank has an arm responsible for community involvement and development. This arm would provide charitable services to the communities in which we operate and the country in general. The bank would finance all the community through income it considers non-halal (not permissible) to its activities.

This would have tremendous impact on the environment in general, and would help in creating symbiotic relationship with the populace. That notwithstanding, the Bank did engage in some humanitarian activities as indicated below.

Donations

In addition to various interventions by Jaiz Foundation, the sum of N8,371,775 was expended on various humanitarian and social welfare issues including the insurgency victims. The Bank will as deliberate policy, continue to intervene where needed to provide succor to the underprivileged and the needy.

Advisory Committee of Expert (ACE) Report



JAIZ BANK PLC
Kano House, 73 Ralph Shodeinde Street
Central Business District
P.M.B. 31, Garki, Abuja, Nigeria
Tel: +234 9 4605 125
e-mail: info@jaizbankplc.com
website: www.jaizbankplc.com

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

ADVISORY COMMITTEE OF EXPERTS (ACE) REPORT ON SHARI'AH COMPLIANCE for the year ending December, 31, 2015

In the Name of Allah Most Gracious Most Merciful

Praise be to Allah, and may peace and blessings be upon our Prophet Muhammad (pbuh), his family and companions.

To the Shareholders of Jaiz Bank Plc:

Peace, mercy and blessings of Allah be upon you:

According to the letter of assignment, we present the following report.

We have reviewed the products used and the contracts relating to transactions, application and practices made by Jaiz Bank Plc during the year ending December 31, 2015. We have also made due diligence to express our opinion regarding whether Jaiz Bank has committed to the principles and rules of the Shari'ah as well as our advisory opinions, decisions and directives.

Responsibility of Management:

The management is responsible for ensuring that Jaiz Bank operates in accordance with the provisions and principles of Shari'ah as the ACE advises regularly on Shari'ah application and our responsibility is restricted and confined to expression of an independent opinion based on our observations of the Bank's operations, as well as preparations of report for you.

Scope of work of the Advisory Committee of Experts:

We have reviewed and adopted forms of contracts and agreements. We have also reviewed various processes relating to all transactions of Jaiz Bank investors, customers and employees. We have selected random samples of such transactions through the Internal Sharia Audit Unit, covering transactions as well as feedback regarding the Shari'ah audit reports, its field visit, the operations and applications of ACE Fatwas.

We have scheduled and implemented our activities with the aim of obtaining all the information and explanation which we considered necessary to provide sufficient evidence to give reasonable assurance that all transactions by Jaiz Bank complies with the provisions, rules and principles of the Shari'ah. Wherever we found any earned income to be from non-permissible sources or in violation of the principles of the Shari'ah we directed that such income must be transferred to charity.

BOARD OF DIRECTORS:

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





Opinions of the ACE:

- a. We are of the opinion that all the contracts, templates, processes, manuals used by Jaiz Bank and transactions reviewed for the year ending by 31/12/2015 were in accordance with the rules and principles of the Shari'ah.
- b. The distribution of profits on the investment accounts were in line with the basis adopted and approved by the ACE according to the rules and principles of the Shari'ah.
- c. All the gains made from Haram (prohibited by the Shari'ah rules) sources have been set aside in a separate account and transferred to charity.
- d. However, we have noticed a few mistakes in processing some of the transactions which we communicated to the management for correction. Many of these have already been regularized and some are still in the process with management's promise to work on regularizing all of them.

The Advisory Committee of Experts (ACE) appreciates the Board of Directors, Management, Departments and Staff for their cooperation and commitment to the Islamic banking practices. The ACE prays to Almighty Allah to grant the bank success as the pioneer Islamic Bank in Nigeria.

And Allah knows best.

May Allah's mercy and blessings be upon us all.

Date: March 13, 2016

Prof. (Dr.) Monzer Kahf		
Chairman		
Prof. (Dr.) M. L. Bashar	Dr. M. A. Abubakar	Sheikh Abdulwahab A. Muhammad
Member	Member	Member
		
Dr. Ahmad Bello Dogarawa	Dr. Isa Ali Ibrahim Pantami	
Member	Member	



Report of the Auditors



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

Report on the financial statements

We have audited the accompanying financial statements of Jaiz Bank Plc which comprise the statement of financial position as at 31 December, 2015, the income statement, the statements of comprehensive income, changes in equity, cash flows, sources and uses of qard fund and sources and uses of charity fund for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 8 to 24.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in compliance with the Financial Reporting Council of Nigeria Act No. 6 2011 and accordance with International Financial Reporting Standards (IFRS), Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004, the Banks and Other Financial Institutions Act, CAP B3, LFN 2004, the Framework for the Regulation and Supervision of Institutions offering Non- Interest Financial Services in Nigeria and relevant Central Bank of Nigeria circulars. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

These financial statements and the Bank's undertaking to operate in accordance with Islamic Shariah Rules and Principles are the responsibilities of the Bank's Board of Directors.

Auditor's responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and International Standards on Auditing (ISA) issued by the International Federation of Accountants (IFAC). Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit involves performing procedures, on a test basis, to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion the financial statements give a true and fair view of the financial position of Jaiz Bank Plc as at 31 December 2015 and of its financial performance, cash flows, changes in equity, sources and uses of fund and sources and uses of charity fund for the year then ended in compliance with the Financial Reporting Council of Nigeria Act No. 6 2011 and in accordance with the Financial Accounting Standards issued by AAOIFI, International Financial Reporting Standards and the Companies and Allied Matters Act, CAP C20, LFN 2004 and the Banks and Other Financial Institutions Act, CAP B3, LFN 2004, and relevant Central Bank of Nigeria circulars.

Report on Other Legal and Regulatory Requirements

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

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

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

- i) Our examination of the risk assets was carried out in accordance with the Prudential Guidelines for Deposit Money Banks in Nigeria issued by the Central Bank of Nigeria, in accordance to the International Financial Reporting Standards (IFRS) and in accordance with the FAS requirements of AAOIFI;
- ii) Related party transactions and balances are disclosed in Note 35 to the financial statements in accordance with the Central Bank of Nigeria Circular BSD/1/2004;
- iii) The Bank paid penalties in respect of contravention of the Banks and Other Financial Institutions Act during the year ended 31 December 2015. Details of these contraventions and penalties paid are disclosed in note (44) to the financial statements.

Tajudeen Adetokunbo Oni
 FRC/2013/CAN/0000000749
 For: **Ahmed Zakari & Co**
 (Chartered Accountants)
 23 March, 2016



Abuja, Nigeria

www.jaizbankplc.com



MY BUSINESS IS BETTER WITH JAIZ BANK

Jaiz
Cost Plus
Financing
(Ijara-Wa-Iqtina)



Abubakar- FARMER

With **Jaiz Cost Plus Financing, (Murabaha Ijara-Wa-Iqtina)**, I enjoy non interest banking.
I can now conveniently acquire the assets I need to make my business do better.

- Provides short term finance for trade, working capital or asset acquisition
- Suitable for acquisition/purchase/procurement/importation of assets/goods.
- Flexible and attractive profit/markup






Statement of Financial Position

As at 31 December 2015

	Notes	31-Dec-2015 N'000	31-Dec-2014 N'000
ASSETS			
Cash and Balances with Central Bank of Nigeria	3	18,168,226	9,156,772
Due from Banks and Financial Institutions	4	1,886,533	3,621,902
Sukuk	5	1,242,396	2,400,000
Murabaha Receivables	6	10,595,013	10,282,737
Musharaka Financing	7	637,000	643,500
Qard Hassan	8	147,242	164,281
Investments in Istisna	9	638,722	678,327
Investments in Ijarah Assets	10	11,812,999	7,744,873
Investments in Assets Held for Sale	11	27,111	3,673,718
Property & Equipment	12	1,383,190	1,236,905
Leasehold Improvement	13	82,506	147,659
Intangible Assets	14	307,880	271,061
Other Assets	15	3,983,851	2,840,204
Deferred Tax	16b	1,726,574	1,566,004
TOTAL ASSETS		52,639,244	44,427,942
LIABILITIES			
Customer's Current Deposits	17a	15,475,620	10,847,957
Other Financing	18a	1,000,000	-
Other Liabilities	18b	1,463,675	5,659,746
Taxation	16a	43,897	10,544
Total Liabilities		17,983,192	16,518,248
EQUITY OF INVESTMENT ACCOUNT HOLDERS			
Financial Institutions' Investment Accounts	-	-	-
Customers' Unrestricted Investment Accounts	17b	23,247,923	16,681,010
Mudaraba Term Deposit	17c	721	-
Total Equity of Investment Accountholders		23,248,644	16,681,010
OWNERS' EQUITY			
Share capital	19	11,829,700	11,829,700
Share premium	20	549,886	632,289
Retained Earnings	21	(1,714,073)	(1,348,769)
Risk Regulatory Reserve	22	741,894	115,465
Total Owners' Equity		11,407,407	11,228,685
Total Liabilities, Equity of Investment Accountholders & Owners' Equity		52,639,244	44,427,942
Guarantees And Other Contingent Assets & Liabilities	42	4,047,038	5,309,449

The accompanying Notes on pages 75 to 102 are an integral part of these financial statements.

The Financial Statements were approved by the Board of Directors on 27th April, 2016 and signed on it's behalf by


Dr. Umaru A. Mutallab, (CON)
Chairman
FRC/2013/ICAN/0000004391


Mahe M. Abubakar
Ag. MD/Chief Executive
FRC/2016/CIBN/00000013745


Hassan Usman, FCA
ED-Chief Financial Officer
FRC/2013/ICAN/0000003984



Income Statement

For the year ended 31 December 2015

	Notes	31-Dec-2015 N'000	31-Dec-2014 N'000
INCOME			
Income from Financing Contracts	24	4,006,736	2,721,317
Income from Investment Activities	25	883,009	72,403
Gross Income From Financing & Investment Activities		4,889,745	2,993,719
Return on Equity of Investment Account Holders	26(I)	(948,913)	(692,895)
Bank's share as a Mudarib/Equity Investor	26(ii)	3,940,831	2,300,824
Fees and Commission Income	27	380,509	244,421
Other Operating Income	28	100,000	324,396
Non Trading Exchange Gain	29	-	32,077
Total Income		4,421,341	2,901,719
EXPENSES			
Staff costs	30	1,704,927	1,339,987
Depreciations & Amortisation	31	414,259	286,948
Other Expenses	32	1,385,468	957,296
Provision For Financing Impairment	33b(I)	122,493	190,666
Total expenses		3,627,147	2,774,897
Operating Profit before Tax		794,193	126,822
Taxation	16a	116,013	564,447
Profit/(Loss) for the Year after Tax		910,206	691,269
Basic Earnings per share (Kobo)	34	7	1

Statement of Other Comprehensive Income

For the year ended 31 December 2015

31-Dec-2015	31-Dec-2014	N'000	N'000
Profit/(Loss) for the period		910,206	691,269
Other comprehensive income			
Deffered Tax Assets		-	-
Profit Equalisation Reserve		-	-
Non Trading Foreign Exchange Gains (Losses)		-	-
Others		-	-
Other comprehensive income for the period		-	-
Total Comprehensive Income for the Period		910,206	691,269

The accompanying Notes on page 75 to 102 are an integral part of these financial statements.



Statement of Change in Equity

For the year ended 31 December 2015

	N'000 Share Capital	N'000 Share Premium	N'000 Retained Earnings	N'000 Risk Regulatory Reserve	N'000 Profit Equalisation Reserve	N'000 Total
At 1 January 2015	11,829,700	632,289	(1,348,769)	115,465	-	11,228,685
Issued during the period	-	-	-	-	-	-
CBN Provision (Due from shareholders)	-	(82,403)	-	-	-	(82,403)
Risk Regulatory Reserve Provision	-	-	(626,429)	-	-	(626,429)
Transfers(Remittance to Jaiz Foundation)	-	-	(649,081)	-	-	(649,081)
Risk Regulatory Reserve	-	-	-	626,429	-	626,429
Profit/(Loss) for the period	-	-	910,206	-	-	910,206
At 31 December 2015	11,829,700	549,886	(1,714,073)	741,894	-	11,407,407
At 1 January 2014	11,747,297	632,289	(1,529,066)	115,475	-	10,965,995
Issued during the period	-	-	-	-	-	-
Premium	-	-	-	-	-	-
Adjustment	82,403	-	(10)	-	82,393	-
Prior Year Adjustments	-	-	(8,972)	-	-	(8,972)
Transfers(Remittance to Jaiz Foundation) (502,000)	-	-	(502,000)	-	-	-
Profit/(Loss) for the period	-	-	691,269	-	-	691,269
At 31 December 2014	11,829,700	632,289	(1,348,769)	115,465	-	11,228,685

The sum of N649 Million was paid to Jaiz Foundation as part of cleansing exercise of the pre-operation Non- Permissible Income in line with the directive of the Central Bank of Nigeria.

The accompanying Notes on page 75 to 102 are an integral part of these financial statements.

Statement of Cashflows

For the year ended 31 December 2015

	31-Dec-2015	31-Dec-2014
	N'000	N'000
OPERATING ACTIVITIES		
Net profit Before Tax	794,193	126,822
Adjustments for non cash items:		
Depreciation	284,468	203,540
Profit on Disposal of Non-Current Asset- Motor Vehicle	-	(129)
Amortization of Intangible Assets	40,710	34,946
Amortisation of Leasehold Improvement	89,081	48,463
Provision For Financing Impairment	122,493	190,666
Amortisation of Prepaid rent	119,627	116,671
Non trading foreign exchange (gain)	-	(32,077)
Operating profit before changes in operating assets and liabilities	1,450,573	688,902
Working capital adjustments:		
Sukuk	1,157,604	(1,400,000)
Murabaha receivables	(212,561)	(5,219,210)
Qard Hassan	17,039	125,983
Ijarah rental receivables	(4,196,963)	(4,398,871)
Investments in Musharaka	-	(530,152)
Investments in Trading Assets	3,646,606	(2,422,360)
Istisna	39,605	(353,597)
Customers' current accounts	4,627,663	2,059,098
Other assets	(1,311,120)	(2,096,108)
Other Financing	1,000,000	-
Other liabilities	(4,196,071)	4,631,946
Net cash provided by (used in) operating activities	2,022,375	(8,914,368)
INVESTING ACTIVITIES		
Purchase of Property and Equipment	(430,175)	(509,081)
Purchase of Intangible assets	(77,530)	(46,520)
Disposal of Motor Vehicle	-	3,236
Improvement on leasehold properties	(3,012)	(86,552)
Net cash used in investing activities	(510,718)	(638,916)
FINANCING ACTIVITIES		
Cleansing of Pre-Operating / Transfer of Non-Allowable Income	(803,207)	(502,000)
Prior Year Adjustments	-	(8,972)
Customers' investment accounts	6,567,634	3,548,012
Net cash provided by (used in) financing activities	5,764,634	3,037,040
Increase (Decrease) In Cash And Cash Equivalents	7,276,085	(6,516,244)
Cash and cash equivalents at 1 January	12,778,674	19,294,919
Cash And Cash Equivalents At 31 December	20,054,759	12,778,674

The accompanying Notes on pages 75 to 102 are an integral part of these financial statements.



Sources and Uses of Qard fund

For the year ended 31 December 2015

	31-Dec-15 N'000		31-Dec-14 N'000	
	Qard Hasan Receivables	Total	Qard Hasan Receivables	Total
Balance at 1 January	164,281	164,281	290,264	290,264
Share loans to staff	-	-	15,126	15,126
Staff loans	5,135	5,135	-	-
Loans to customers	-	-	-	-
Others	-	-	-	-
Total uses during the year	169,416	169,416	305,390	305,390
	-	-	-	-
Repayments	22,174	22,174	141,109	-
Balance at 31 December	147,242	147,242	164,281	164,281
Sources of qard fund				
Contribution by the bank	147,242	147,242	164,281	164,281

The purpose of this Statement is to disclose the status of the financial accommodation that was granted to members of staff when they bought the Bank's shares under 2012 Private Placement Exercise as well as the status of Staff Loans taken over by the Bank as a result of recruitment from other Banks. Staff under critical situations were also granted this type of accommodation.

The accompanying Notes on pages 75 to 102 are an integral part of these financial statements.

Statement of Sources and Uses of Charity Fund

For the year ended 31 December 2015

	31-Dec-2015 N'000	31-Dec-2014 N'000
Sources of Charity Funds		
Undistributed Charity funds at the beginning of the year	1,463,333	1,819,270
Non-permissible income during the year	54,964	146,063
Retained	-	-
Total Sources Of Charity Funds During The Year	1,518,297	1,965,333
Uses of Charity Funds		
Transfer to Jaiz Foundation	803,207	502,000
Philontropic Activities	54,132	-
Total uses of funds during the year	857,339	502,000
Undistributed charity funds at the end of the year	660,958	1,463,333

This Statement discloses how the Non-permissible Income was being dispensed with.

During the period under review the Bank has transferred the sum of N803 Million to Jaiz Foundation for charity purposes. This includes N649 Million part of the Pre-Operations non-permissible Income that was held under the doctrine of necessity as approved by CBN's FRACE and the sum of 154 Million that relates to current Operations. The pre-operation income is being remitted over a reasonable time frame and a Quarterly Return is also being rendered to Central Bank of Nigeria.

The accompanying Notes on pages 75 to 102 are an integral part of these financial statements.



Notes to the Financial Statements

For the year ended 31 December 2015

I. Reporting Entity

JAIZ Bank Plc is the first fully fledged non-interest financial institution in Nigeria. The Bank commenced operations on January 6th, 2012 with three branches in two states and the Federal capital territory. The Bank's Corporate Headquarter address is; Kano House, Plot 73, Ralph Shodeinde Street, Central Business District, Abuja, Nigeria.

The Financial Statement of the Bank as at 31 December 2015 is only for the Bank as it has no Subsidiaries and or Associate company.

2. Significant Accounting Policies

a. Statement of Compliance

The financial statements have been prepared in accordance with the requirements of International Financial Reporting standards (IFRS) as issued by International Accounting standards Board (IASB). For matters 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 board of the Bank.

b. Basis of Preparation, Accounting Judgments & Estimates. Financial statements are to be prepared under the historical cost convention, and may be modified by their valuation of certain investment securities, property, plant and equipment. Financial statements are to be prepared mainly in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). For matters that are peculiar to Islamic Banking and Finance, the Bank shall rely on the Statement of Financial Accounting ("SFA") and Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI"), Standards issued by the Islamic Financial Services Board ("IFSB") and Circulars issued by the Central Bank of Nigeria ("CBN") shall also be of guidance. The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. The most significant uses of judgments and estimates are as follows:

i. Going Concern

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

ii. Fair Value of Unquoted Equity Securities and Investment Properties.

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

iii. Impairment Provisions against Financing Contracts with Customers

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

Notes to the Financial Statements cont'd

For the year ended 31 December 2015

country risk, industry, and technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

iv. Impairment of Investments at Fair Value through Equity

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

v. Liquidity

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

C Inventory

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

D. Non-Current Assets

Non-current (fixed) assets are initially recorded at cost. They are to be subsequently stated at historical cost less depreciation and any accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Bank and the cost of the asset can be measured reliably. All other repairs and maintenance should be 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. Assets that do not reach a limit of N25,000 (Twenty Five Thousand Naira Only) are expensed immediately in the income statement, but capitalized if above the limit.

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

Motor vehicles	(6 years)	16.67%
Furniture and fittings	(5 years)	20%
Equipment	(5 years)	20%
Computer equip – General	(3 years)	33%
Computer equip – Special	(5 years)	20%
Computer Software	(10 years)	10%
Freehold Buildings	(50 years)	2%

Leasehold buildings over the expected life of the lease

Leasehold improvements over the period of the lease

Property and equipment is de-recognized on disposal or when no future economic benefits are expected from its use'. Gains and losses are recognized 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



Notes to the Financial Statements cont'd

For the year ended 31 December 2015

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

f. Financial Instruments – Initial Recognition and Subsequent Measurement

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

g. Ijarah (Leasing)

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.

h. Murabaha Receivables from Banks

These are interbank commodity Murabaha transactions. The Bank arranges a Murabaha transaction by buying a commodity (which represents the object of the murabaha) and then resells this commodity to the beneficiary murabeh (after adding a profit margin). The sale price (cost plus the profit margin) is paid either lump sum at Maturity or in installments by the Murabeh over the agreed period. Murabaha receivables from banks are stated net of deferred profits and provision for impairment, if any.

i. Murabaha Receivables from Customers

Customer Murabaha receivables consist of deferred sales transaction agreements and are stated net of deferred profits, any amounts written off and provision for impairment, if any. Promise made in the Murabaha to the purchase Orderer is obligatory upon the customer and the bank can claim damages to the exact amount of loss suffered.

j. 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.

k. Impairment of Investment in Risk Assets

At each balance sheet date, the Bank assesses whether there is objective evidence that the financial assets are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be measured reliably.

The Bank considers impairment both at individual asset level and also at collective level. All individually significant assets are assessed for specific impairment. Assets found not to be impaired individually are assessed collectively for any impairment that has been incurred but not identified earlier. Insignificant assets are tested for impairment collectively. Impairment loss on assets classified at amortized cost are measured as the difference between the carrying value of the asset and the present value of future cash flows discounted at the initial assets effective profit rate. Losses are recognized in the income statement of the period the loss is incurred. Also, provision is determined from a specific assessment of each customer's account in accordance with the Central Bank of Nigeria's (CBN) Prudential Guidelines. A minimum general provision of 1% is made on all risk assets, which have not been specifically provided for.

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

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

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

Notes to the Financial Statements cont'd

For the year ended 31 December 2015

I.1 Income recognition

i. Murabaha

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

ii. Ijarah Muntahia Bittamleek

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

iii. Musharaka

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

iv. Dividends

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

v. Fees and Commission Income

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

vi. Sale of Property under Development. Where property is under development and agreement has been reached to sell such property when construction is complete, the bank considers whether the contract comprises: Contract to construct a property; or Contract for the sale of a completed property. Where a contract is judged to be for the construction of a property, revenue is recognized using the percentage of completion method, as construction progresses. The percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred. Where the contract is judged to be for the sale of a completed property, revenue is recognized when the significant risks, rewards and control of ownership of the property are transferred to the buyer.

vii. Non-Credit Related Fee Income

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

viii. Foreign Income:

- a) Commission on negotiation of various letters of credit and overdue Profit on delayed foreign payments are accounted for on receipt.
- b) Other Profit and income earned on the Bank's own funds held outside Nigeria are accounted for on receipt.

ix. Earnings Prohibited by Shari'a

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

x. Service Income

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

xi. Revenue from Sale of Goods

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

xii. Bank's Share as a Mudarib

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

xiii. Expense Recognition

- (a) Profit on Murabaha payables (banks and non-banks) Profit on these is accrued on a time-apportioned basis over the period of the contract based on the principal amounts outstanding.
- (b) Return on Equity of Investment Account Holders Return on equity of investment account holders is based on the income generated from jointly financed assets after deducting Mudarib share and is accrued based on the terms and conditions of the underlying Mudaraba agreement. Investors' share of income represents income generated from assets financed by investment account holders net off allocated administrative expenses and provisions. The bank's share of profit is deducted from the investors' share of income before distribution to investors.

m. Transactions in Foreign Currencies

i. The financial statements are presented in Nigerian Naira, which is the reporting currency in line with IAS21 (Effects of foreign exchange)



Notes to the Financial Statements cont'd

For the year ended 31 December 2015

ii. Transactions in foreign currencies are recorded in the books at the rate of exchange ruling on the date of the transactions.

iii. Monetary assets and liabilities denominated in foreign currencies are converted into Naira at the rate of exchange ruling at the balance sheet date. All differences are to be taken to the statement of income.

iv. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated into Naira using the exchange rates as at the dates of the initial recognition. Non-monetary items measured at fair value in a foreign currency are translated into Naira using the exchange rates at the date when the fair value is determined. Exchange gains and losses on non-monetary items classified as "fair value through statement of income" are taken to the income statement and for items classified at "fair value through equity" such differences are taken to the statement of comprehensive income. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at closing rate.

n. Taxation

i. Current Income Taxation

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

ii. Deferred Taxation

Provision for deferred taxation is made by the liability method and calculated at the current rate of taxation on the temporary differences between the net book value of qualifying fixed assets and their corresponding tax written down value in accordance 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.

o. Investments

i. Investment Securities

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

ii. Investments at Fair Value through Statement of Income

Investments at fair value through statement of income include investments designated upon initial recognition as investments at fair value through statement of income. Financial assets carried at fair value through statement of income are recognised at fair value, with transaction costs recognised in the consolidated statement of income. Investments classified as 'at fair value through statement of income' are subsequently measured at fair value. The unrealized gains and losses arising from the remeasurement to fair value are included in the consolidated statement of income.

iii. Investments at Fair Value through Equity

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

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

Notes to the Financial Statements cont'd

For the year ended 31 December 2015

iv. Investments in Subsidiaries

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

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

p. Retirement Benefits

Retirement benefits to employees are provided under a defined contribution scheme, which is funded by contribution from the bank and employees. Funding under the new scheme is 8.0% by staff and 10% by the Bank based on annual basic salary, housing and transport allowances in line with the new Pension Reform Act, 2014. Membership of the scheme is automatic upon resumption of duty with the Bank. The Bank has no further payment obligations once the contributions have been paid.

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

q. Provisions, Contingent Assets and Contingent Liabilities

Provision is recognized when the Bank has a present obligation whether legal or constructive as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount can be reliably measured, in accordance with the International Financial Reporting Standards (IAS 37). 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.

Income on off-balance sheet engagement is in form of commission and fees.

Commission and fees are recognized when transactions are executed.

r. 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.

s. 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.

t. Segment Reporting

The Bank prepares its segment information based on geographical and business segments as primary and secondary reporting segments, respectively in accordance with IFRS 8 (Operating segments).

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments. The Bank has appointed the Management committee charged with the responsibility of allocating resources and assessing performance as the Chief Operating Decision Maker as required under IFRS 8. The CODM is reviewed and advised by the Board for decisions on significant transactions and or events.



Notes to the Financial Statements cont'd

For the year ended 31 December 2015

u. Offsetting

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

v. Cash and Cash Equivalents

Cash comprises:

- i) Cash in hand
- ii) Balances held with Central Bank of Nigeria
- iii) Balances with banks in Nigeria and outside Nigeria
- iv) Demand deposits denominated in Naira and other foreign currencies.

Cash equivalents are short-term, highly liquid instruments which are: (a) readily convertible into cash, whether in local or foreign currency; and (b) so near to their maturity dates as to present insignificant risk of changes in value as a result of changes in profit rates.

w. Ordinary Share Capital

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

ii. Dividends on Ordinary Shares

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

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

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

d. Shari'a supervisory board

"The Bank's business activities are subject to the supervision of a Shari'a Supervisory Board consisting of six members appointed by the Board of Directors."

Notes to the Financial Statements cont'd

For the year ended 31 December 2015

3. CASH AND BALANCES WITH CENTRAL BANK OF NIGERIA (CBN)

	31-Dec-2015 N'000	31-Dec-2014 N'000
Cash on hand	2,078,306	1,341,140
Current account with Central Bank Nigeria	7,057,056	1,146,690
Deposits with Central Bank Nigeria	9,032,864	6,668,943
At 31 December	18,168,226	9,156,772

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

4. DUE FROM BANKS AND FINANCIAL INSTITUTIONS

Balances with banks within Nigeria:

First Bank Plc (FBN)	616,543	256,793
Unity Bank Plc	-	217,270
	616,543	474,063

The balances in FBN comprises of the amount set aside as collateral for Jaiz Bank's clearing instruments as well as the Balance of Card Settlement maintained with the same bank.

Balances with banks outside Nigeria:

First Bank UK	714,053	2,567,694
Habib Bank UK	117,560	155,869
Commerzbank AG	385,711	424,515
Standard Chartered	-	(239)
Bank Al-Bilad	52,666	-
	1,269,990	3,147,839
As at 31 December	1,886,533	3,621,902

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

	31-Dec-2015 N'000	31-Dec-2014 N'000
5. SUKUK		
Opening Balance	2,400,000	1,000,000
Addition during the year		1,400,000
Disposal during the year	(1,000,000)	-
Part Liquidation during the period	(157,604)	-
Closing Balance	1,242,396	2,400,000

In 2013 the Jaiz Bank invested N1,000,000,000 in the Sukuk issued by Osun State Government at 14.5% Return on Investment. In 2014 the Investment was increased to N 2,400,000 through Secondary Market purchase. The Sukuk has a Seven-Year Tenor with terminal date of 2020. Principal Repayment commenced in January 2015.



Notes to the Financial Statements cont'd

For the year ended 31 December 2015

	31-Dec-2015 N'000	31-Dec-2014 N'000
6. MURABAHA RECEIVABLES		
Murabaha Retail	2,488,187	1,528,105
Murabaha Corporate	9,268,485	10,073,785
Murabaha Staff	15,970	22,407
Murabaha Related Party	19,793	142,842
Gross Receivables	11,792,435	11,767,138
Allowance for impairment	(175,869)	(275,585)
Deffered Profit	(1,021,553)	(1,208,817)
At 31 December	10,595,013	10,282,737
7. MUSHARAKA FINANCING		
Gross investment in Musharaka	650,000	650,000
Allowance for impairment	(13,000)	(6,500)
At 31 December	637,000	643,500
8. QARD HASSAN RECEIVABLES		
Share loans to staff	147,242	164,281
Loans to customers	-	-
Gross investment in Qard Hassan	147,242	164,281
Allowance for impairment	-	-
At 31 December	147,242	164,281
9. INVESTMENTS IN ISTISNA		
Istisna Receivable	781,891	722,676
Allowance for impairment	(51,487)	(7,226)
Deffered Profit	(91,682)	(37,122)
At 31 December	638,722	678,327
10. INVESTMENTS IN IJARAHASSETS		
Ijara wa Iqtina	11,913,147	7,773,392
Ijara home finance	27,997	29,194
Ijara Auto & Others	2,973	10,138
Ijara Others	83,157	17,588
Gross investment in Ijara	12,027,275	7,830,312
Less Allowance for impairment	(214,276)	(85,439)
At 31 December	11,812,999	7,744,873
11. INVESTMENTS IN ASSETS HELD FOR SALE		
Unsold Inventory of Properties	-	2,715,000.00
Advances for LC Murabaha-in Transit	27,111	958,717.71
At 31 December	27,111	3,673,718

As at 31st December, the Bank has sold off all its stock of properties.

Notes to the Financial Statements cont'd

For the year ended 31 December 2015

12. PROPERTY & EQUIPMENT

	Fixed Assets W.I.P N'000	Land Freehold N'000	Building Freehold N'000	Office equipment N'000	Motor vehicles N'000	Furniture & Fixtures N'000	Computer equipment N'000	Library Books N'000	Total N'000
Cost									
At 1 January 2015	245,114	69,013	98,973	193,218	190,449	99,372	785,619	350	1,682,109
Additions/Reclassification	(245,114)	75,713	31,951	103,109	43,506	29,590	391,420	-	430,175
At 31 December 2015	-	144,727	130,924	296,327	233,955	128,962	1,177,039	350	2,112,284
Depreciation									
At 1 January 2015	-	-	1,839	72,524	68,602	36,784	265,412	43	445,204
Adjustments	-	-	-	(1)	(1,765)	1,153	36	(0)	(577)
Charge for the year	-	-	2,168	44,275	33,457	22,799	181,681	-	284,468
At 31 December 201	-	-	4,008	116,798	100,29	60,735	447,129	130	729,094
Net book Value at 31 December	-	144,727	126,917	179,528	133,662	68,226	729,910	220	1,383,190
Net book Value at 31 December	245,114	1469,013	97,134	120,695	121,847	62,588	520,206	307	1,236,905

13. LEASEHOLD IMPROVEMENTS

	31-Oct-2015 N'000	31-Dec-2014 N'000
Cost		
At 1 January	695,310	505,013
Adjustments	31,252	103,745
Additions	3,012	86,552
At 31 December	729,574	695,310
Amortisation		
At 1 January	547,651	315,140
Adjustments	10,336	184,049
Charge for the year	89,081	48,463
At 31 December	647,069	547,651
Net book Value at 31 December	82,506	147,659



Notes to the Financial Statements cont'd

For the year ended 31 December 2015

14. INTANGIBLE ASSET (Computer Software)	31-Dec-2015 N'000	31-Dec-2014 N'000
Cost:		
At 1 January	376,738	330,218
Additions	77,530	46,520
At 31 December	454,268	376,738
Amortisation:		
At 1 January	105,677	70,731
Charge for the year	40,710	34,946
At 31 December	146,388	105,677
Net book Value at 31 December	307,880	271,061
15 OTHER ASSETS		
Sundry Debtors	44,734	188,533
Prepaid Rent	282,514	298,186
Prepaid Sukuk Premium	86,963	105,271
Other Prepayments	58,235	258,179
Inventory (Cheques, Printing, ATM Cards and Tokens)	77,332	63,910
Branch Development Expenditure	242,619	122,979
Receivables	2,396,119	1,149,913
Ijara Profit Accruals	863,410	357,166
Due from Banks-ATM Transactions	23,708	350,433
Cash Shortage	-	37
Operating Suspense	47,067	41,523
Interbranch	(319)	(8)
Total	4,122,381	2,936,123
Impairment on Other Assets ("Other Known Losses")	(138,530)	(95,919)
At 31 December	3,983,851	2,840,204
<p>The Receivables comprises of Wakala Commission Receivables of N50 Million, Rental Receivable from Sukuk Investments of N78 Million and Receivables from various customers on Inventory Sales of N2.267Billion. The list of these customers is available for inspection at the Bank's Corporate Head Office. As at the financial year end, the Bank has sold off all its stock of inventory, hence the high level of the Receivable figure.</p>		
16(a) TAXATION		
i) Income Statement		
Income tax based on the profit for the year	(11,317)	-
Education tax	(26,149)	(10,544)
Information Technology Levy	(7,092)	
Total Tax/Levy on operating profit	(44,558)	(10,544)
Deferred tax (Note 16 b)	160,571	574,992
Income Statement	116,013	564,447

Notes to the Financial Statements cont'd

For the year ended 31 December 2015

16(a) TAXATION

ii) Statement of Financial Position

At 1 January	10,544	-
Charge for the year	44,558	10,544
	55,102	10,544
Paid during the year	(11,205)	-
At 31 December	43,897	10,544

16(b) DEFERRED TAXATION

At 1 January	1,566,004	991,012
Deferred tax for the year	160,571	574,992
	1,726,574	1,566,004

17. DUE TO CUSTOMERS

Analysis by type of account:

	31-Dec-2015 N'000	31-Dec-2014 N'000
(17a) Current Accounts (Customer's Deposits)	15,475,620	10,847,957
(17b) Mudaraba Investment Accounts	23,247,923	16,681,010
(17c) Mudaraba Term Deposit	721	-
Total Deposits At 31 December	38,724,265	27,528,967

Analysis by type of depositors:

	31-Dec-2015 N'000	31-Dec-2014 N'000
Government	1,449,424	808,068
Corporat	10,661,959	8,763,884
Individuals	26,612,881	12,349,905
At 31 September	38,724,265	21,921,857

Analysis by Maturity:

The analysis of customer deposit are as specified below:

	31-Dec-2015 N'000	31-Dec-2014 N'000
Current Deposits	15,475,620	10,847,957
Savings Deposits	10,105,853	9,472,420
30days Deposits (JAPSA)	13,142,071	7,208,590
60days Mudaraba Term Deposit	721	-
At 31 December	38,724,265	27,528,967

The bank has within the year introduced Mudarabah Termed Deposits which now gives the customers the opportunity to choose from a Basket of Returns available for different tenors.



Notes to the Financial Statements cont'd

For the year ended 31 December 2015

	31-Dec-2015 N'000	31-Dec-2014 N'000
17b. EQUITY OF INVESTMENT ACCOUNTHOLDERS		
Savings Account	9,294,106	8,847,175
Children Savings Account	464,762	305,870
Jaiz Premium Savings Account	13,142,071	7,208,590
Others, including MTD's	347,705	319,375
At 31 December	23,248,644	16,681,010

	31-Dec-2015 N'000	31-Dec-2014 N'000
18a. OTHER FINANCING		
Fund Sources Outside the Bank (CBN/CACS)	1,000,000	-
At 31 December	1,000,000	-

CBN/CACS Intervention Fund

The Central Bank of Nigeria (CBN) in collaboration with the Federal Government of Nigeria (FGN) represented by the Federal Ministry of Agriculture and Water Resources (FMA & WR) established the Commercial Agricultural Credit Schemes (CACS). During the year, Jaiz Bank Plc received N1.0 billion (2014 nil) for on-lending to customer as specified by the guidelines. Financing granted under the scheme are for a seven year period at an interest rate of 9% p.a.

	31-Dec-2015 N'000	31-Dec-2014 N'000
18b. OTHER LIABILITIES		
MC/Margin Deposits	472,245	2,510,988
Accounts payable	63,030	25,873
Vendors payable	49,782	1,643,398
Other tax liabilities	62,189	21,651
Profit payable to Mudaraba Term Depositors	330	12,125
e-Banking payables	28,574	79,539
Due to Charity	-	153,718
Sundry Creditors	563,007	1,052,062
Accrued audit fee	11,759	9,385
Sundry Deposit	3,842	7,447
Due to Mudarabah Depositors	69,956	208,916
Other Payables	-	73,604
At 31 December	1,463,675	5,659,746

The sundry creditors include the sum of N387million as deposit for shares, under the on-going Jaiz Right issue exercise. The issue was expected to close by 11th January 2016. "Other Payables" of N208 Million are mostly e-Payment balances as at the year

Notes to the Financial Statements cont'd

For the year ended 31 December 2015

19. OWNERS' EQUITY

	N'000	N'000
(A) SHARE CAPITAL		
(i) Authorised 13,000,000,000 Ordinary Shares of N1 each	13,000,000	13,000,000
At 31 December	13,000,000	13,000,000

(ii) Issued and Fully Paid	31-Dec-2015	31-Dec-2014
	N'000	N'000
11,829,700,000 ordinary shares of N1 each		
At 1 January	11,829,700	11,747,297
Issued during the year	-	-
Adjustment in line with the Regulation	-	82,403
At 31 December	11,829,700	11,829,700

	31-Dec-2015	31-Dec-2014
	N'000	N'000
4,215,259,125 shares issued at 0.15 kobo premium during the 2012 financial year	632,289	632,289
CBN Provision (Due from Shareholders)	(82,403)	-
At 31 December	549,289	632,289

Amounts collected in excess of the par value of the issued share capital during any new issue of shares, net of issue expenses, are treated as share premium. This amount is not available for distribution, but can be utilised as stipulated by CAMA 1990.

	31-Dec-2015	31-Dec-2014
	N'000	N'000
At beginning of the year	(1,348,769)	(1,529,067)
Remittance of Pre-Operations Non-permissible Income	(649,081)	(502,000)
Net profit for the year	910,206	691,269
Prior year adjustments	-	(8,971)
Risk Regulatory Reserve Provision	(626,429)	-
At 31 December	(1,714,073)	(1,348,769)

The transfer of N649 million is part of the Pre-Operations Non-permissible Income that was remitted to Jaiz Foundation during the year for charity purposes as directed by the Advisory Committee of Expert (ACE) members and CBN

	31-Dec-2015	31-Dec-2014
	N'000	N'000
At the beginning of the Year	115,465	115,475
Adjustment against retained earnings	626,429	(10)
At 31 December	741,894	115,465

22 (ii) Statement of Prudential Adjustment

The Risk Regulatory Reserve is created as required by the Central Bank of Nigeria (CBN) Prudential Guidelines section 12.4 (a) (i). This is a Non Distributable Reserve which represents the difference between impairment of Risk Assets under IFRS Rules and Provisioning under CBN Prudential Guidelines. There was no significant difference between the CBN recommended provision and that of IFRS requirements during the year, hence there was no transfer.



Notes to the Financial Statements cont'd

For the year ended 31 December 2015

24. INCOME FROM FINANCING ACTIVITIES

	31-Dec-2015 N'000	31-Dec-2014 N'000
Murabaha profit-Corporate	1,454,583	931,278
Murabaha profit Retail	414,062	150,741
Murabaha Trade Finance	1,268	265.11
Total profit from Murabaha transactions	1,869,913	1,082,285
Ijara wa Iqtina profit	1,913,370	596,796
Ijara Finance Lease Profit	19,900	49,514
Ijara profit home finance	1,881	1,118
Ijara Others	617	469,219
Total profit from Ijara transactions	1,935,768	1,116,647
Istisna Profit	90,039	89,073
Musharaka Profit	111,016	83,731
Total Income from financing	4,006,736	2,371,735

25. INCOME FROM INVESTMENT ACTIVITIES

	31-Dec-2015 N'000	31-Dec-2014 N'000
Trading Assets Income	684,210	349,582
Sukuk Profit	198,799	272,403
Total Investment Income	883,009	621,985

26 (i). RETURN ON EQUITY OF INVESTMENT ACCOUNT HOLDERS

	31-Dec-2015 N'000	31-Dec-2014 N'000
Profit paid to Unrestricted Mudarabah Account Holders	948,913	2,383,432
Profit from Financing & Investments paid to Mudarabah Account Holders	948,913	692,895

26 (ii) MUDARIB FEES/ PROFIT OF JOINT INVESTMENTS

Bank's fees as Mudarib	2,512,933	1,690,537
Profit from the Bank's Joint Financing investments	1,427,898	610,287
Bank's fee as Mudarib/Profit of owned Joint Investments	3,940,831	2,300,824

The Bank operates the Unrestricted type of Mudaraba Investment, in which the Mudarib (the Bank) is authorized by the providers of Funds (Rabbul Mal) to invest their funds in the manner which the Mudarib deems appropriate. Profits are shared as a common Percentage Rate rather than a Fixed amount. The Investments were jointly funded by the Bank and the Equity of Investment Account holders. The amount of N948.91 Million was paid by the Bank to the Mudaraba Account Holders for 2015 Financial Year.

Notes to the Financial Statements cont'd

For the year ended 31 December 2015

27. FEES AND COMMISSION INCOME

	31-Dec-2015 N'000	31-Dec-2014 N'000
Banking Service Fees	398,704	105,246
Foreign Exchange Commissions	17,393	-
Trade Finance Fees	17,396	139,175
At 31 December	433,492	244,421

28. OTHER OPERATING INCOME

	31-Dec-2015 N'000	31-Dec-2014 N'000
Wakala Income	100,000	324,396
At 31 December	100,000	324,396

Other Operating Income includes fees earned from Wakala Transactions, other operating fees and recovery of Financing Impairment from Saving Account Holders in line with AAOFI Financial Standard.

	31-Dec-2015 N'000	31-Dec-2014 N'000
29. NON-TRADING EXCHANGE (LOSS)/GAIN	-	32,077

30. STAFF COST

	31-Dec-2015 N'000	31-Dec-2014 N'000
Salaries	1,010,708	841,355
Staff pension	99,103	32,711
Staff allowances	447,773	331,113
Medical and other Allowances	88,364	99,611
Trainings and Seminar Expenses	58,980	35,196
At 31 December	1,704,927	1,339,986

31. DEPRECIATION/AMORTISATION

	31-Dec-2015 N'000	31-Dec-2014 N'000
Depreciation on Property & Equipment (see note 12)	284,468	203,540
Amortisation of Leasehold Improvement (see note 13)	89,081	48,463
Amortisation of Intangible Assets (see note 14)	40,710	34,946
Total Depreciation & Amortisation	414,259	286,949



Notes to the Financial Statements cont'd

For the year ended 31 December 2015

	31-Dec-2015	31-Dec-2014
	N'000	N'000
31 (l) Telephone Expenses	20,961	4,622
Internet Connection	183,542	93,516
SWIFT/NIBBS Charges	17,150	12,414
Courier Charges	5,022	3,535
Local and Foreign Travels	71,888	33,755
Printing & Stationeries	18,648	30,855
Repairs and Maintenance	59,510	22,558
Security Guards	32,304	25,107
Other Security Expenses	19,349	15,524
Money and Other Insuranc	19,144	18,232
NDIC Premium	100,999	91,306
Fuel Expens	10,843	30,498
Vehicle Repairs	6,439	4,683
Service Contract (HR & Adm)	63,150	-
Data Recovery and Other Software Expenses	19,941	29,585
Donations	8,372	6,192
NewsPapers, Magazine & Periodicals	1,497	787
Entertainment	5,283	3,769
Qurubani Expenses	1,697	-
Penalty Charges	12,358	-
Sundry Expenses	8,576	15,227
Cash Shortages w/o	202	136
Technical Services Expenses	1,600	-
Generator Expense	32,337	-
Cleaning Expenses	19,355	16,961
ATM Related Expenses	15,576	35,816
Sukuk Premium Expenses	18,308	14,012
ISO 27001	17,673	-
Regulatory Expenses	34,267	-
At 31 December	825,992	509,091

Telephone Expenses

Telephone Expenses include cost of Air time for sending SMS alerts to customers. The amount significantly increased in 2015 due to the Bank's increased level of operations.

	31-Dec-2015	31-Dec-2014
	N'000	N'000
32. OTHER Expenses		
Advertising & Marketing	115,988	98,346
Administrative - note 31	825,992	509,091
Subscription Legal & Professional fees	35,044	25,046
ACE's Expenses	33,118	20,397
Rental Charges (Occupancy Cost	141,006	146,379
Licenses	54,164	56,771
Bank Charges	37,921	31,629
Audit fee & Expenses	22,917	16,403
Directors Fees and Allowances	119,320	53,234
At 31 December	1,385,468	957,296

Notes to the Financial Statements cont'd

For the year ended 31 December 2015

33 (a) PROVISION FOR IMPAIRMENT OF FINANCING AND INVESTMENT

Prudential Adjustment for the Year ended 31st December 2015

During the period under review, a sum of N741.9m was transferred from Statement of Changes in Equity (SCE) to Risk Regulatory Reserve (Non Distributable Reserve).

Provision on Risk Assets

	Specific N'000	General N'000	OKL N'000	TOTAL N'000
Provision per CBN Prudential Guideline	707,977	488,548	138,530	1,335,056
Impairment Allowance per IAS 39 (Specific and Collective)	264,181	190,450	138,530	593,162
As at 31, Dec. 2015	443,796	298,098	-	741,894

33 (b) PROVISION FOR IMPAIRMENT OF FINANCING AND INVESTMENT

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

(i) Impairment Loss

Credit	N'000
Murabaha	-
Musharaka	6,500
Qard Hassan	-
Istisna	44,261
Ijara	128,837
Total	79,598
Impairment Write Back (Murabaha)	(99,716)
	79,882
Other Assets (OKL)	66,527
	146,409
OKL Write Back	(23,916)
Charges for Year	122,493

(ii) Impairment by Products (IFRS)

	MURABAHA N'000	MUSHARAKA N'000	QARD HASSAN N'000	ISTISNA N'000	IJARA N'000	OTHER ASSETS N'000	TOTAL N'000
As at 1, Jan. 2015	275,585	6,500	-	7,226	85,439	95,919	470,669
Re-classification	-	-	-	-	-	-	-
Impairment no Longer Required	(29,067)	-	-	-	-	(23,916)	(52,983)
Impairment for current year	(70,649)	6,500	-	44,261	128,837	66,527	175,476
As at 31, Dec. 2015	175,869	13,000	-	51,487	214,276	138,530	593,162

Notes

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Notes to the Financial Statements cont'd

For the year ended 31 December 2015

(iii) Provision by Products (CBN)

	MURABAHA	MUSHARAKA	QARD HASSAN	ISTISNA	IJARA	OTHER ASSETS	TOTAL
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
As at 1,Jan. 2015	275,585	6,500	-	7,226	85,439	95,919	470,669
Re-classification	(60,933)	-	-	-	60,933	-	-
Provision no Longer Required	(29,067)	-	(23,916)	(52,983)	-	-	-
Impairment for current year	285,725	6,500	-	130,753	427,864	66,527	917,370
As at 31,Dec.2015	471,310	13,000	-	137,979	574,236	138,530	1,335,055

(iv) Impairment by Type

	MURABAHA	MUSHARAKA	QARD HASSAN	ISTISNA	IJARA	OTHER ASSETS	TOTAL
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Collective Impairment	111,978	13,000	-	2,697	62,775	-	190,450
Specific Impairment	63,891	-	-	48,790	151,500	138,530	402,711
As at 31,Dec.2015	175,869	13,000	-	51,487	214,276	138,530	593,162

(v) Investment Classification (IFRS)

	MURABAHA	MUSHARAKA	QARD HASSAN	ISTISNA	IJARA	TOTAL
	N'000	N'000	N'000	N'000	N'000	N'000
Performing Investment	11,256,738	650,000	147,242	781,891	12,091,166	24,927,037
Non-Performing Investment	411,632	-	-	-	60,175	471,807
As at 31,Dec.2015	11,668,370	650,000	147,242	781,891	12,151,340	25,398,843

2%

(vi) Investment Classification (CBN)

	MURABAHA	MUSHARAKA	QARD HASSAN	ISTISNA	IJARA	TOTAL
	N'000	N'000	N'000	N'000	N'000	N'000
Performing Investment	11,155,244	650,000	147,242	518,624	11,956,312	24,427,422
Non-Performing Investment	637,191	-	-	147,242	781,891	12,027,275
As at 31,Oct.2015	11,792,435	650,000	147,242	781,891	12,027,275	25,398,843

Ratio of Non-Performing Investment

4%

33 (c). SIGNIFICANT SHAREHOLDING (5% UNIT & ABOVE)

	31-Dec. 2015		31-Dec. 2014	
	Holdings	%	Holdings	%
Dantata Investment & Securities Limited	1,410,209,270	11.92	1,923,220,476	16.37
Dantata Aminu Alhassan	618,136,207	5.23	-	-
Islamic Development Bank	1,002,160,494	8.47	1,002,160,494	8.53
Dangote Industries Ltd	1,000,000,000	8.45	1,000,000,000	8.51
Altani Investment Limited	800,000,000	6.76	800,000,000	6.81
Indimi Muhammadu	1,366,906,522	11.55	1,366,906,522	11.64
Mutallab Umaru Abdul	1,374,430,074	11.62	1,430,117,383	12.17
At 31 October	7,571,842,567	64.0	7,522,404,875	64.03

Notes to the Financial Statements cont'd

For the year ended 31 December 2015

34. EARNINGS PER SHARE

Basic and diluted Earnings Per Share is calculated by dividing the Net Profit (loss) for the year by the Weighted Average Number of shares during the year as follows:

	31-Dec-2015 N'000	31-Dec-2014 N'000
Net Profit for the year	794,193	126,822
Weighted Average Number of Shares	11,829,700	11,829,700
Basic and diluted Earnings Per Share	0.07	0.01
At 31 December	0.07	0.01

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

35. RELATED PARTY DISCLOSURES

			31-Dec-2015 N'000	31-Dec-2015 N'000
	RELATED PARTY	RELATIONSHIP WITH THE BANK	LIMIT	AMOUNT RECEIVABLE
Dr. Umaru Abdulmutallab	Dr. Umaru Abdulmutallab	Director	810,000	639,018
Noble Hall Schools	Dr. Umaru Abdulmutallab	Director	330,000	368,086
Noble Hall Schools	Dr. Umaru Abdulmutallab	Director	50,000	48,968
Penman Pensions	Dr. Umaru Abdulmutallab	Director	9,800	5,925
Gidauniyar Jihar Katsina	Dr. Umaru Abdulmutallab	Director	150,000	84,198
Tamidan Nigeria Limited	Aminu Dantata	Director	100,000	118,029
Darul Huda Foundation	Aminu Dantata	Director	36,738	26,515
Dantata Plastics Limited	Aminu Dantata	Director	18,900	2,215
Bellmari Energy Limited	Aliko Dangote	Director	500,000	416,651
Bellmari Energy Limited	Aliko Dangote	Director	470,000	292,484
Bellmari Energy Limited	Aliko Dangote	Director	25,000	17,836
Mukhtar Danladi Hanga	Sani Mukhtar Danladi Hanga Sani	Director	54,000	43,842
MBS Merchant Limited	Falalu Bello	Director	1,000,000	833,418
MaheAbubakar	Executive Director	Executive Director	64,350	58,831
MaheAbubakar	Executive Director	Executive Director	4,113	4,072
Garba Hungu Aliyu	Garba Hungu Aliyu	Director	5,000	5,000
Staff Facility	Employee	Employee	833,590	754,977
			4,461,492	3,720,065



Notes to the Financial Statements cont'd

For the year ended 31 December 2015

35. RELATED PARTY DISCLOSURES

	RELATED PARTY	RELATIONSHIP WITH THE BANK	31-Dec-2014	
			N'000 LIMIT	N'000 AMOUNT RECEIVABLE
Tamidan Nigeria Limited	Aminu Dantata	Director	100,000	118,000
Noble Hall Schools	Dr. Umaru Abdulmutallab	Director	330,000	274,820
Noble Hall Schools	Dr. Umaru Abdulmutallab	Director	50,001	72,549
Mukhtar Danladi Hanga Sani	Aliko Dangote	Director	54,000	54,665
Dantata Property Dev & Mgt Co.Ltd	Aminu Dantata	Director	450,000	557,111
MBS Merchant Limited	Falalu Bello	Director	1,000,000	1,180,000
Dr. Umaru Abdulmutallab	Dr. Umaru Abdulmutallab	Director	810,000	730,087
Bellmari Energy Limited	Aliko Dangote	Director	500,000	303,767
MaheAbubakar	Executive Director	Executive Director	64,350	61,798
Staff Facility (Qard)	Employee	Employee	-	164,281
Staff Facility	Employee	Employee	761,372	693,233
PENMAN Pensions	Dr. Umaru Abdulmutallab	Director	9,800	10,107
Darul Huda Foundation	Aminu Dantata	Director	36,738	29,391
At 31 December 2014			4,166,261	4,249,809

All Investments granted to "Related Parties" were at the same Terms & Conditions with those granted to Non-related Parties. The limit represents the total amounts accessible to the related parties while the Receivables comprises of the principal investments amount and the profit Mark-ups. The Deferred Profit in case of sale base transactions like Murabaha and Ististna are grossly reported as Receivables.

36. INFORMATION REGARDING DIRECTORS

	31-Dec-2015 N'000	31-Dec-2014 N'000
Emoluments		
Fees:		
Chairman	1,250	700
Other directors (N1,000,000 each)	14,000	7,000
Emolument as executives	90,467	95,836
Highest paid director	31,192	35,196

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

N	N	Number	Number
-	-	-	-
5,000,000	10,000,000	-	-
10,000,001	15,000,000	-	-
15,000,001	Above	2	-

Notes to the Financial Statements cont'd

For the year ended 31 December 2015

37. INFORMATION REGARDING EMPLOYEES

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

N	-	N	Number	Number
Below	-	400,000	21	-
400,001	-	500,000	-	4
500,001	-	600,000	66	3
600,001	-	700,000	16	69
700,001	-	800,000	60	-
800,001	-	900,000	-	-
900,001	-	1,000,000	-	38
1,000,001	-	5,000,000	278	148
5,000,001	-	10,000,000	36	7
Above	-	10,000,000	18	-

	31-Dec-2015	31-Dec-2014
	Number	Number
Number of persons employed as at the end of the year were:		
Managerial	9	16
Senior	82	39
Junior	405	217
	496	296

38. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting date which could have had a material effect on the financial statements as at 31 December 2015.

39. CARD ISSUANCE AND USAGE IN NIGERIA AS AT 31 DECEMBER 2015

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

	CARD TYPE	TRANSACTION VOLUMES	TRANSACTION VALUE
	N'000	N'000	N'000
AS at 31 December 2015			
	VERVE DEBIT CARD	1,413	18,320,332

40. COMPLAINTS DATA

In line with CBN circular Ref FPR/DIR/CIR/GEN/01/020, below are the customer complaints data for the year:

(I) ATM complaints data- 31 December 2014

	JAIZ BANK'S MACHINE	OTHER BANKS MACHINE
Number of complaints	1,834	2,232
Number of complaints resolved	1,828	2,187
Number of complaints unresolved	6	45
At 31 December		
Amounts in dispute (N'000)		



Notes to the Financial Statements cont'd

For the year ended 31 December 2015

(I) ATM complaints data- 31 December 2015

	JAIZ BANK'S MACHINE	OTHER BANKS MACHINE
Number of complaints	2,083	-
Number of complaints resolved	2,078	-
Number of complaints unresolved	5	-

At 31 December

(ii) Customer complaints data

	31-Dec-2015	31-Dec-2014
Number of complaints received	66	166
Number of complaints resolved	66	166
Number in process of resolution	-	-

At 31 December

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41. FINANCING ANALYSIS

(i) By Performance

	31-Dec-2015 N'000	31-Dec-2014 N'000
Performing	24,681,833	20,767,165
Non Performing:		
Substandard	246,500	77,280
Doubtful	342,049	55,401
Lost	128,461	114,950

At 31 December

25,398,843

21,014,795

(ii) By Security

	31-Dec-2015 N'000	31-Dec-2014 N'000
All Asset Debenture	146,941	229,244
Corporate Guarantee	759,211	976,134
Personal Guarantees	155,429	100,087
Pledge of Asset/Lien of Assets	56,102	39,916
Deposit of Title Deeds	18,336,934	26,949
Legal Mortgage	1,158,992	15,438,104
Equitable Mortgage	3,797,541	1,137,862
Salary Domiciliation/ lien of Assets	67,879	1,510,578
Post Dated Cheques	147,242	61,340
Clean/Staff Qard Hassan	25,331	164,281
Hyphotication of Goods	7,761	-
Simple Deposit of Title	-	-
Irrevocable Standing Payment Order/Letter of comfort	690,030	689,282
Domiciliation of Contract proceeds	49,450	641,019

At 31 December

25,398,843

21,014,795

Notes to the Financial Statements cont'd

For the year ended 31 December 2015

(iii) By Location

	31-Dec-2015 N'000	31-Dec-2014 N'000
Head Office	3,021,698	2,582,974
Abuja	9,132,725	8,168,672
Kano	1,650,273	1,273,752
Kaduna	2,909,758	2,862,034
Gombe	348,042	160,833
Maiduguri	205,580	68,547
Kano 2	2,751,595	2,092,850
Katsina	804,345	638,595
NASS	1,043,996	51,913
Wuse	2,472,079	2,725,539
Gusau	308,534	149,325
ATBU	70,975	19,573
Sokoto	247,158	30,590
Kabuga- Kano	37,818	2,993
NNPC	244,689	22,324
Bauchi	1,456	-
Yola	878	-
Staff Qard	147,242	164,281
	115	21,014,795

(iv) By Product

	31-Dec-2015 N'000	31-Dec-2014 N'000
Murabaha Corporate	3,260,936	4,956,280
Ijarah Wa Iqtina Corporate	6,141,719	4,513,455
Musharakah	650,000	650,000
Qard Hassan	147,242	164,281
Murabaha Household Appliance	80,161	52,962
Murabaha Auto Finance	952,118	1,325,725
Ijarah Auto Finance	14,007	16,231
Ijarah Home Finance	4,810,445	2,939,443
Ijarah Service	1,061,105	288,561
Murabaha Retail/Gen.	7,499,219	5,385,181
Istisna	781,891	722,676
At 31 December	25,398,843	21,014,795



Notes to the Financial Statements cont'd

For the year ended 31 December 2015

(v) By Sector

	31-Dec-2015 N'000	31-Dec-2014 N'000
Agriculture	2,006,017	2,472,328
Real estate	7,549,362	5,506,228
Manufacturing	173,324	411,454
Education	1,335,289	1,158,976
Wholesale trading	-	6,770,120
Construction	1,567,465	1,019,132
Information Technology	384,678	329,318
General	9,098,886	2,198,117
Oil and Gas	-	286,402
Retail	2,460,092	1,619
Transport	823,731	861,100
At 31 December	25,398,843	21,014,795

(vi) By Category

	31-Dec-2015 N'000	31-Dec-2014 N'000
Corporate	17,818,470	16,825,210
Retail	7,580,373	4,189,585
At 31 December	25,398,843	21,014,795

(vii) By Age

	31-Dec-2015 N'000	31-Dec-2014 N'000 N'000
0 - 30 days	849,377	-
31 - 60 days	-	101,104
61-90 days	3,128,305	176,685
91 - 180 days	3,631,916	1,618,065
181-360	2,188,522	2,295,023
Over 360 days	15,600,723	16,823,918
At 31 December	25,398,843	21,014,795

42. LEGAL CLAIMS, CONTINGENT LIABILITIES AND COMMITMENTS

(i) Legal Claims

Following an order absolute made against the Bank, the Bank briefed its External Solicitors to enter an appearance on its behalf. Consequently, a motion on notice for stay of execution of the order and also to set aside the order absolute against the Bank was filed on behalf of the Bank. Upon moving the motion, the court ruled in favour of the Respondent consequent upon which an appeal was filed on behalf of the Bank. The appeal is still ongoing and the Directors are of the firm belief that the matter would not pose any negative consequence to the Bank because the Judgment Debtor does not maintain any account with the Bank and the ruling from the lower court was only passed on technical grounds.

Notes to the Financial Statements cont'd

For the year ended 31 December 2015

(ii) Contingent Liabilities

	31-Dec-2015 N'000	31-Dec-2014 N'000
Advanced Payment Guarantees	1,493,259	2,952,609
Letters of Credit	974,743	1,623,113
Bonds and Guarantees	1,579,037	733,727
At 31 December	4,047,038	5,309,449

(iii) Capital Commitments

There were no capital commitments at the end of the reporting period of 31 December 2015.

(iv) Guarantees and other Financial Commitments

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

43. OPERATING SEGMENTS INFORMATION

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

1. Corporate Banking
2. Retail Banking

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

As at 31 December 2015	CORPORATE BANKING N'000	RETAIL BANKING N'000	TOTALS N'000
ASSETS			
Cash balances	2,078,306		2,078,306
Balances with Central Bank	16,089,920		16,089,920
Due from banks and financial institutions	1,886,533		1,886,533
Sukuks	1,242,396		1,242,396
Murabaha receivables	9,668,080	2,124,355	11,792,435
Musharaka	650,000,000		650,000,000
Qard Hassan	147,242		147,242
Investments in Ijarah assets	6,749,104	5,278,171	12,027,275
Istisna	751,770	30,121	781,891
Assets held for Trading	27,111		27,111
Property & Equipment	1,383,190		1,383,190
Leasehold improvement	82,506		82,506
Intangible assets	307,880		307,880
Other assets	4,066,253		4,066,253
Deferred tax	1,726,574		1,726,574
TOTAL ASSETS	696,206,865	7,432,648	703,639,513



Notes to the Financial Statements cont'd

For the year ended 31 December 2015

As at 31 December 2014	CORPORATE BANKING N'000	RETAIL BANKING N'000	TOTALS N'000
ASSETS			
Cash balances	-	-	1,341,140
Balances with Central Bank	-	-	7,815,632
Due from banks and financial institutions	-	-	3,621,902
Sukuks	2,400,000.00	-	2,400,000
Murabaha receivables	10,989,767.00	777,370	11,767,138.50
Musharaka	650,000.00	-	650,000.00
Qard Hassan	164,281.08	-	164,281.08
Investments in Ijarah assets	4,567,399	3,262,913	7,830,311.84
Istisna	722,676.05	-	722,676.05
Assets held for Trading	3,673,717.71	-	3,673,718
Property & Equipment	-	-	1,236,905
Leasehold improvement	-	-	147,659
Intangible assets	-	-	271,061
Other assets	-	-	2,840,204
Deferred tax	-	-	1,566,004
TOTAL ASSETS	23,167,841	4,040,283	46,048,631

The Investments in Islamic Finance are shown here as Gross, while on the face of Statement of Financial position they are shown as Net of Impairment and Deferred Profit, in line with AOAFII requirements. This account for the difference between the Balance Sheet size in the Notes to the Account and what was shown on the face of the Statement of Financial Position.

	31-Dec-2015 N'000	31-Dec-2014 N'000
44. CONTRAVENTION OF CBN GUIDELINES		
Purchase of two properties without prior approval from CBN	-	4,000
Tiered KYC violation on AML/CFT examination 2014 for Jaiz Bank Plc.	2,000.00	-
Foreign Exchange infraction on Forex examination for 2013	6,000.00	-
Foreign Exchange infraction on Forex examination for 2014	4,000.00	-
Untimely Rendition of eFASS daily returns for the period 5th, 6th, 7th and 9th October, 2015	100.00	-
Timely Rendition of eFASS daily returns for the period 21st and 22nd September, 2015	50.00	-
Untimely Rendition of eFASS daily returns for the period 4th and 9th November, 2015	50.00	-
Untimely Rendition of eFASS daily returns for the period October 19, 20, 21, 22 and 23, 2015	125.00	-
At 31 December	12,325	4,000

During the year, the Bank has contravened certain sections of the CBN's Guidelines. The Bank was sanctioned and a penalty of N12,325,000 was accordingly paid.

Notes to the Financial Statements cont'd

For the year ended 31 December 2015

45. COMPARATIVE FIGURES

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

46. EMPLOYEE BENEFIT PLANS

	31-Dec-2015	31-Dec-2014
	N'000	N'000
Opening defined contribution obligation	16,331	194
Charge for the year	54,573	32,711
Payment to Fund administrator	(55,844)	(16,574)
At 31 December	15,060	16,331

A defined contribution plan is a pension plan under which the Bank pays contributions at a fixed rate. The Bank does not have any legal or constructive obligation to pay further contributions over and above the fixed rate as determined by the Pension Act, 2004 as amended. The total expense charged to income for the year was N54.57 million.

(i) Defined Benefit Plans

A Defined Benefit Plan is a pension plan that defines an amount of pension benefit that an employee is entitled to receive on retirement, dependent on one or more factors such as age, years of service and salary. The Bank currently operates a Defined Benefit Plan and has therefore started making provisions in the accounts towards meeting this obligation when ever it crystallises.

Our Testimonies

Hadith

The best earning is what a man earns
with his own hand and from a
permissible trade.

- Al-Hakim: No. 2160

Jaiz Bank...*the best Bank*

▪ **Engr. Godwin Abayomi - CEO GODAB Estates Limited**

Q: Kindly tell us about you

A: My name is Godwin Abayomi. I have been in construction well over 40 years. Godab Nigeria Limited, as a company was registered in 1973.

Q: What is it like banking with Jaiz?

A: I have been banking with Jaiz Bank now for about 2 years and my experience is very encouraging. It is one of the best banks I have ever banked with. Apart from National Westminster Bank Plc in UK, I can't think of any bank in Nigeria that I have banked with that will beat Jaiz Bank. The NatWest Bank of UK would call you and advise you on how to invest your money. That is what I am experiencing right now with Jaiz Bank.

Q: Can you expatiate on that?

A: About 2 years ago, Jaiz Bank came. I didn't know anybody there, they don't visit my house and they don't give me a 'No' anytime I make request. People like me that have been banking in this country for many years, bankers have come to me, offered me loan proposals, collected their service charge and yet did not give me the money. That is why I said that Jaiz Bank, if there is a Bank to be compared with by my own banking experience; it is NatWest Bank of UK. When I have money they tell me how best to utilize the money, they advise, they care. When you think that you need funds, they ask if you are planning any development and if I said yes they give. And I think Jaiz Bank don't stay back on their promises. That is encouraging to somebody like me.

Q: There was this notion that Jaiz Bank as a non-interest Islamic Bank is for only Muslims, but you just expressed your satisfaction with the operations of the bank, was there ever a time you were discriminated against?

A: Never! Number one, I am not just a Christian, I am a practicing Christian. My Name is Godwin. You will say Allah. The company's name is Godab! It is coined from God and Abayomi. Everything is woven in God and I have just mentioned that your officers are wonderful. I have never experienced any discrimination. Business is business and they are very sympathetic. I love them. That is the best word to use. My prayer is that whatever deal I have with Jaiz Bank would succeed. I would derive my benefit, the partners would derive their benefits, Jaiz would derive its benefit.

Q: Would you recommend Jaiz Bank to others?

A: Yes I can! Why not? One striking thing about Jaiz Bank is that I didn't even know that I have so many friends in Jaiz. They never spoke to me about Jaiz Bank. I had to go and fight a personal friend of mine for not telling me he is a member of Jaiz Bank. I saw their names on the letter-head of Jaiz Bank. When I asked them they said they decided to keep quiet. I have never ever discussed my business with anyone of them. I talk directly with my account officers and that is all. My relationship with them is off from Jaiz Bank.

Q: With your experience so far, if you have the opportunity to talk to the government about Jaiz Bank, what would you say?

A: Ahhhh! I will tell the government you are one of the best. If I have money and you want to sell shares, I will buy, I will invest. Let me tell you why I would invest! The profit you get from Jaiz Bank may not be as much as what you get from the other banks, but you get clean profit with God blessings. This is because there is no underhand dealings.

Q: What is your final message to Nigerians about Jaiz Bank?

A: Nigerians should go to Jaiz and see how they can invest because I believe that if you make N10 instead of N100 through fraudulent practices, if you make one kobo on a clean decent deal, it is a lot more than money can give you. You derive happiness and get blessings from God. You would be a happier man and when you make clean money, the pleasure of enjoying God's blessings would be with you. This is my advice to Nigerians. If they are selling shares and I have money I will buy.



With Jaiz Bank

...No discrimination

■ **Frank Charles** - CEO Frank Charles Industries and Company Limited

Q: How long have you been banking with Jaiz Bank?

A: I have been with Jaiz Bank now for almost two years. Coming to Jaiz was a surprise. I have been campaigning for Jaiz and I think Jaiz should pay me for the advertisement. Right from the gateman to the management, nothing suggest there is anything called discrimination. In fact, the love is too much.

Q: There is a notion that Jaiz Bank Plc is for only Muslims, what is you take on this?

A: I am the one campaigning for Jaiz. I am campaigning for the Bank because the propaganda is not truth. Jaiz is simply the best. What else do you want? They would advise you so well and tell you the truth as long as you don't have unnecessary longer throat. You can come in here for your banking, but there is no business for 419. If you have clean business to do, you can enjoy Jaiz Bank. You don't have any problem of overcharging in your account.

Q: What is your message to Nigerians about Jaiz Bank?

A: Come to Jaiz Bank and experience a different mode of banking. We have over 300 customers and I have recommended Jaiz Bank to them.

“I am campaigning for the Bank because the propaganda is not the truth. Jaiz is simply the best. What else do you want? They would advise you so well and tell you the truth as long as you don't have unnecessary longer throat.”





Notes



Proxy Form

For the Period Ended 31st December 2013

NOTICE IS HEREBY GIVEN that the 4th Annual General Meeting of Jaiz Bank Plc. will be held at Shehu Musa Yar'Adua Center, Central Business District, Abuja, Federal Capital Territory on Tuesday May 31, 2016 at 11.00am to transact the following business:

1. The proxy must produce the Admission card sent with the Notice of the Meeting to obtain entrance to the meeting.
2. Before posting the above card tear off this part and retain it.

I/WE.....

For Company's use only

.....
Being a member/members of Jaiz Bank Plc. hereby appoint Mr./Mrs./Chief.....

Full Name and Address of Shareholder			
Number of shares			
Resolution	For	Against	Abstain
1. To receive/adopt the Accounts and the result thereon			
2. To Elect Directors:			
3. To Re-Elect Directors			
4. To authorize the Directors to fix the remuneration of the Auditors.			
5. To elect members of the Audit Committee.			
6. To Approve the remuneration of the Directors.			
7. To Increase the Bank's Authorized Share Capital			
8. To amend the Bank's memorandum of Association			
9. To raise additional capital of up the authorised share capital of =N=25 Billion at a price of not less than =N=1.30k			
10. To authorize the Directors to enter into any agreements or appoint any professional parties or take such necessary steps to give effect to any of the resolutions 7,8,and 9 above.			

Or failing him the Chairman of the Meeting as my/our proxy to vote for me/us on my /our behalf at the Annual General Meeting of our Company Jaiz Bank Plc. to be held on Tuesday May 31, 2016 at 11.00am and at any adjournment thereof.

Signed this.....

day of.....2015.

Shareholder's Signature.....

A member (shareholder) who is unable to attend an Annual General Meeting by Law may vote by proxy. The form has been prepared to enable you exercise your vote if you cannot attend.

Provisions has been made on this form for the Chairman of the Meeting to act as your proxy, but if you wish you may insert in the blank space on the form (*marked) the name of the person, whether a member of the company or not, who will attend the meeting and vote on your behalf instead of the chairman of the meeting Please sign the above. Post it so as to reach the address shown overleaf not later than 48 Hours before the meeting. If executed by a Corporation, the proxy form should be sealed with common seal. It is a legal requirement that all instruments of proxy must bear appropriate stamp duty from the Stamp Duties Office, and not adhesive postage stamps.

(TEAR OFF THIS PART)

ADMISSION CARD

Please admit.....to the Annual General Meeting Jaiz Bank Plc. which will be held at Shehu Musa Yar'Adua Center, Central Business District Abuja, Federal Capital Territory on Tuesday May 31, 2016 at 11.00am ,and at any adjournment thereof

Signature

Important

- (A) This admission card must be produced by the shareholder or his proxy in order to obtain entrance to the General Meeting.
- (B) Shareholders or their proxies are requested to sign the admission card before attending the Meeting.

PEASE AFFIX A
STAMP HERE

Send to:

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

www.jaizbankplc.com



MY BUSINESS IS BETTER WITH JAIZ BANK

Jaiz
Cost Plus
Financing
(Murabaha)

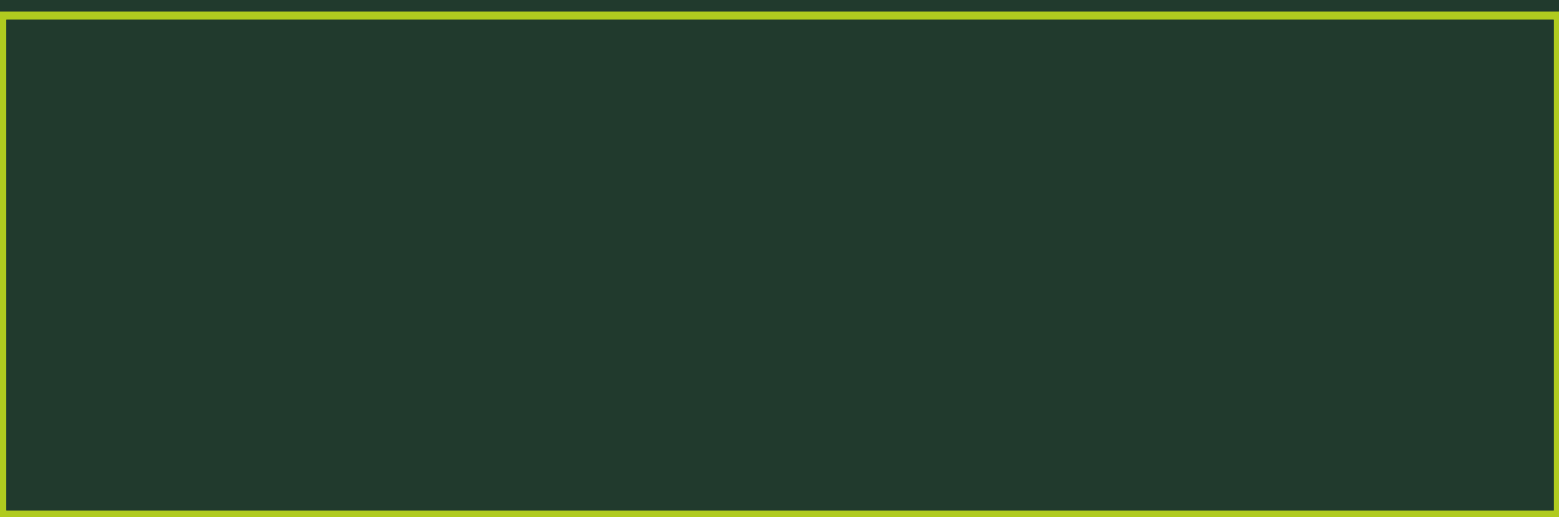
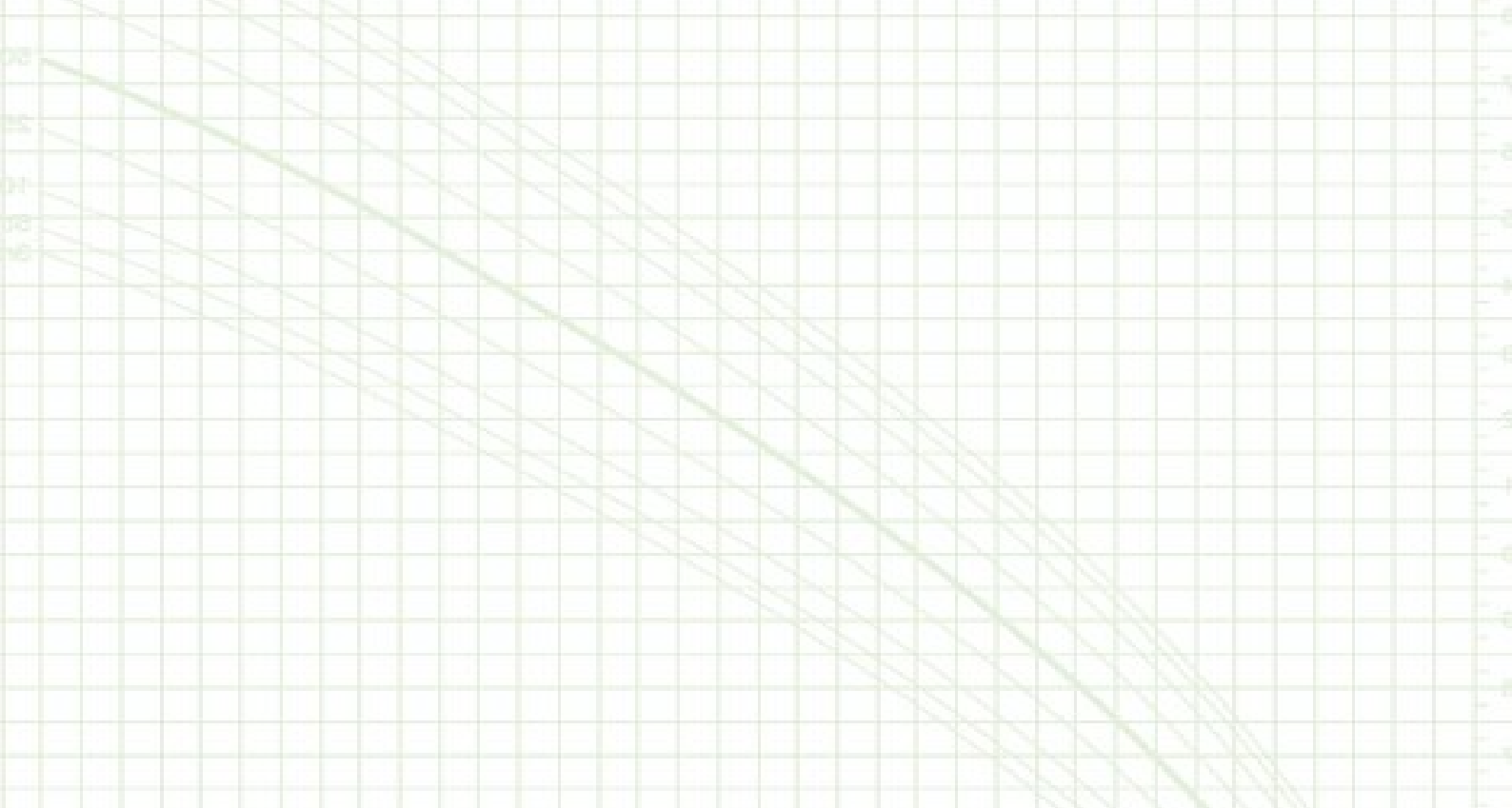


Fidelis - IMPORTER

With **Jaiz Cost Plus Financing, (Murabaha)**, I enjoy non interest banking.
I can now conveniently acquire the assets I need to make my business do better.

- Provides short term finance for trade, working capital or asset acquisition
- Suitable for acquisition/purchase/procurement/importation of assets/goods.
- Flexible and attractive profit/markup





JAIZ BANK PLC.
Kano House,
73 Ralph Shodeinde Street,
Central Business District, Abuja.
P. M. 31 Garki, Abuja, Nigeria.
Tel: +234 9 460 (JAIZ) 5249
e-mail: info@jaizbankplc.com
website: www.jaizbankplc.com