



Jaiz  **Bank**
RC 476637
...for a better life

turning
point

20
14

ANNUAL REPORT
& ACCOUNTS

www.jaizbankplc.com



Contents

CONTENTS	1
VISION, MISSION STATEMENTS AND CORE VALUES	2
OUR STORY	3
OUR BRANCHES LOCATION AND ADDRESSES	5
THE BOARD	6
SHARIAH ADVISORY COMMITTEE OF EXPERTS(ACE)	11
THE REPORT	14
NOTICE OF ANNUAL GENERAL MEETING	15
CHAIRMAN'S STATEMENT	16
REPORT OF THE DIRECTORS	18
MANAGING DIRECTOR/CEO'S REPORT	22
REPORT OF AUDIT COMMITTEE	24
RISK MANAGEMENT	25
CORPORATE GOVERNANCE REPORT	40
REPORT OF CORPORATE GOVERNANCE APPRAISAL	48
CORPORATE SOCIAL RESPONSIBILITY	49
ADVISORY COMMITTEE OF EXPERTS REPORT	52
REPORT OF THE AUDITORS	53
THE ACCOUNTS	55
STATEMENT OF FINANCIAL POSITION	56
STATEMENT OF INCOME	58
STATEMENT OF COMPREHENSIVE INCOME	59
STATEMENT OF CHANGE IN EQUITY	60
STATEMENT OF CASH FLOW	61
STATEMENT OF SOURCES AND USES OF QARD FUND	63
STATEMENT OF SOURCES AND USES OF CHARITY FUND	64
NOTES TO FINANCIAL STATEMENTS	65



Our Vision

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



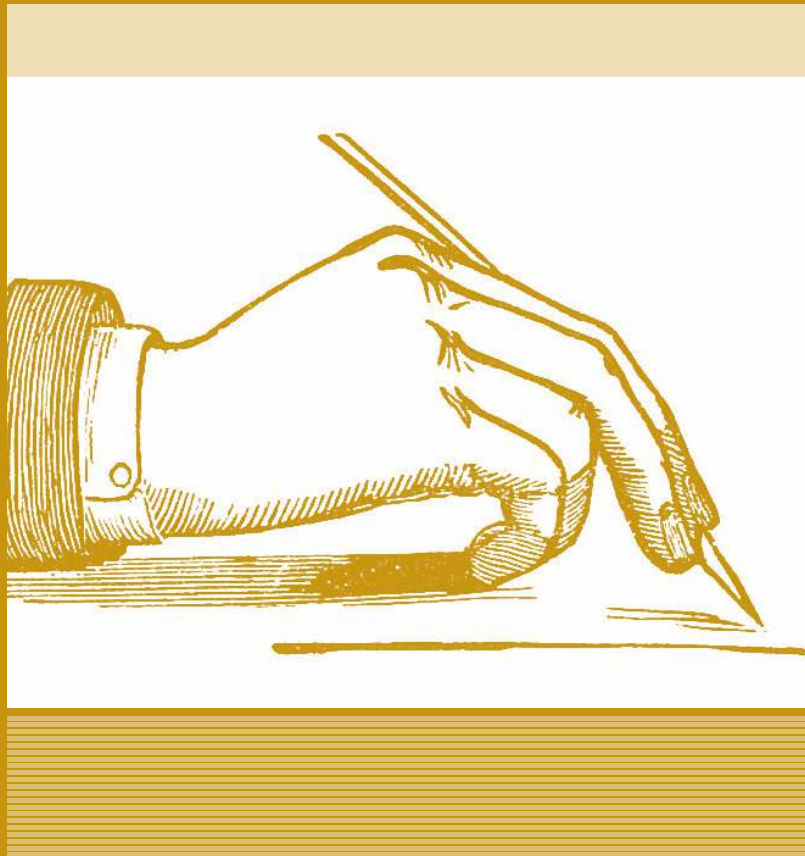
Our Mission

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



Core Values

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



Our Story

Jaiz Bank PLC was created out of the 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 partnered with Islamic Bank Bangladesh (IBBL) for Technical and Management Assistance.

Currently, Jaiz Bank is the only full-fledged Non-Interest (Islamic) Bank in Nigeria. It started with only three branches in 2012 and had since expanded its branch network to 17 with additional 10 scheduled for opening before the end of 2015. It has also applied to the regulatory body for a National Operating license which 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, about 41% of Nigeria's total population of 183 million is 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 plans to upgrade to a National operating license by 2015. Consequently, it 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 2015 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 by a population of over 78 million Nigerians representing over 46% of the country's population of about 170million. 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 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 Street,
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

Our Branch Location and Addresses

- 1. Abuja Branch**
Ground Floor Kano House
73 Ralph Shodeinde Street CBD,
Abuja
- 2. Ado Bayero Mall Branchshop**
No. G5, Ado Bayero Mall, Trade Fair Complex,
Zoo Road, Kano
- 3. ATBU Branch**
Abubakar Tafawa Balewa University,
Bauchi
- 4. Bauchi Branch**
No 2 Mohammed Bello Kirfi Road,
Off Ahmadu Bello Way, Bauchi
- 5. Gombe Branch**
No 8 New Market Road,
Commercial Area Gombe
- 6. Gusau Branch**
No 21 Canteen Road, Opposite CBN
Gusau
- 7. Head Office**
Kano House,
73 Ralph Shodeinde Street CBD,
Abuja
- 8. Kabuga Branch**
Kabuga Shopping Complex,
Along BIK / Gwarzo Road, Kano
- 9. Kaduna Branch**
11A Ali Akilu Road,
Kaduna
- 10. Kano Branch 1**
No 55 Tafawa Balewa Way
Off Murtala Muhammad Way,
Kano
- 11. Kano Branch 2**
2 Bello Road Kano
- 12. Katsina Branch**
No 109B IBB Way,
Kofar Kaura Katsina
- 13. Lagos Office**
2nd Floor Xerox Building
No 90 Awolowo Road, Ikoyi Lagos
- 14. Maiduguri Branch**
No 18 Shehu Laminu Way,
Maiduguri
- 15. National Assembly Branch**
National Assembly Complex,
3 Arms Zone Abuja
- 16. NNPC Branch**
Ground Floor, Block B Room
16, NNPC Towers, Abuja
- 17. Sokoto Branch**
No 5 Ahmadu Bello Way,
Former Finbank Building, Sokoto
- 18. Wuse Branch**
No 36 Douala Street
Off Herbert Macaulay Way,
Erisco Bompeta Plaza,
Zone 5 Abuja

The Board of **Directors**



Alhaji (Dr.) Umaru Abdul Mutallab, CON
Chairman, Board of Directors

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. He retired as 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). Dr. 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.



Mohammad Nurul Islam
Managing Director/CEO

As a pioneer staff of Islami Bank Bangladesh Limited (IBBL), Nurul Islam has over three decades of experience in Islamic Non-Interest banking.

He obtained a first class honour division in MBA from the Institute of Business Administration (IBA), University of Dhaka in 1982, and major in Finance. He joined IBBL in 1983 as an officer and rose to the post of Deputy Managing Director (DMD) in 2010. Prior to joining IBBL, he served Agrani Bank Ltd. from 1976 to 1983 as a Computer Professional recruited through IBM worldwide Corporation, USA.

He is a member of many professional associations, including Life Member, Association of the Bankers' Bangladesh.

He attended several professional training and seminars in many parts of the world, including "Lending Risk Analysis" seminar at Citi Bank School of Banking, New York, USA under Financial Sector Reforms Project of the Central Bank of the country funded by World Bank and USAID. He attained 1st Position among all the selected Bankers.



Hassan Usman
Executive Director - Operations

A trained Accountant, Mr. Hassan 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 and obtained his Post Graduate Diploma in Management in 1995 from Maastricht School of Management.

Mr. Hassan also attended the Oxford University Executive 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. Usman 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 Accounts of Nigeria (ICAN).

The Board of Directors



Abubakar Mahe
Executive Director - Business Development

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 on February 15th, 1961 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 training 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.



Dr. Aminu Alhassan Dantata CON
Member, Board of Directors

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 held several trade missions to several countries across the world.



Professor. Tajudeen Adebisi
Member, Board of Directors

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.

The Board of **Directors**



Alh. (Dr.) Muhammadu Indimi, OFR,
Member, Board of Directors

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 State.



Mallam Falalu Bello, OFR,
Member, Board of Directors

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 recently retired from Unity Bank as the Managing Director/CEO.



Nafiu Baba-Ahmed, mni
Member, Board of Directors

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 Programme in Kuala Lumpur, Malaysia.

The Board of Directors



Dr. Mohamed Ali Chatti
Member, Board of Directors

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.



Alhaji Garba Aliyu Hungu
Member, Board of Directors

Is an astute business man and a public administrator. He holds both a Diploma and Advanced Diploma, in Public Administration in addition to a Post Graduate Diploma in Community Development from Federal College of Education, Kano. He was one time, Special Adviser to the Governor of Kano State, Nigeria on Economic Affairs, first elected Deputy President Kano Chamber of Commerce and currently, Managing Director, Kano State Investment and Properties Limited.

Alhaji Garba is a director on several companies including Chairman, Board of Directors Fawaz Steelwood and Chemicals Limited, Nigerian Hotels Limited amongst others.



HRH Engr. Sani Bello
Emir of Bakura,
Member, Board of Directors

HRH, is a holder of Bachelors Degree in Engineering from Ahmadu Bello University, Zaria, Nigeria.

He is currently the Emir of Bakura, Zamfara State, Nigeria. Prior to becoming the Emir, HRH 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).

The Board of Directors



Musbahu Mohammad Bashir,
Member, Board of Directors

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 in development facilities 1987 and Jada'i Diversified Services in 1989

He obtained a B.A. in Business Management from the American University, London in 2002, an Advanced Diploma in Business Management, 1998 from Tafawa Balewa University, Abuja Campus, and a National Diploma in Irrigation Engineering from Kaduna Polytechnic 1987.



Alhaji Umaru Kwairanga
Member, Board of Directors

Is an experienced investment expert with over nineteen years experience in Capital Market, Banking and the Real Sector. He possesses a first Degree in Business Administration from University of Maiduguri, an MBA from Edo State University in addition to M.Sc. Finance and Corporate Governance from Liverpool John Moores University, United Kingdom.

Alhaji Kwairanga has attended several courses and training programmes 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 certificates holder of the Chartered Institute of Stock brokers, Certified Pension Institution of Nigeria and the Abuja Commodities & Securities Exchange. He has been Managing Director of a top notch stock broking firm for over a decade and a director in several blue chip organizations including Chairman of Ashaka Cement Company. 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 unimpeachable ethics and integrity.



Mohammed Lawal Jari
Member, Board of Directors

Is a graduate of Ahmadu Bello University Zaria, Nigeria with second class upper division in Business Administration and an MBA Degree. He was a Lecturer at Katsina State Polytechnic between 1983-1985, Associate Lecturer at Bayero University, Kano between 1985 – 1988 as well as a Training Officer 1 at Financial Institute Training Center, Lagos. He left the teaching profession to join ICON Limited (Merchant Bankers) in 1990. He also worked with African International Bank Limited as Head, Private and Corporate Banking and Branch Manager respectively. He later joined Equity Bank of Nigeria Limited from where he left in 2005 to join Intercontinental Bank Plc and rose from the rank of Principal Manager to Deputy General Manager in 2011.

Alhaji Lawal Jari is currently the Honorable Commissioner for Finance, Budget and Economic Planning, Katsina



Mukhtar Sani Hanga
Member, Board of Directors

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 Actualisation Committee and Director, Northern Nigeria Investment Limited, Kaduna.



Prof. Monzer Kahf

Chairman - Advisory Committee of Experts

Professor Monzer Kahf is a leading scholar and a consultant in Islamic Banking and Finance. He has been drafting and reviewing Sharia contents of finance agreements, by-laws and operational systems for Islamic Financial Institutions in many countries around the world; USA, Canada, Switzerland, Saudi Arabia, Trinidad etc.

He is a Professor of Islamic Finance at Qatar Faculty of Islamic Studies. He is also a visiting Professor of Islamic Finance at the International Centre for Education in Islamic Finance (INCEIF) based in Malaysia.

He was a Professor of Islamic Economics Finance and Banking at Yarmouk University, Jordan between 2002 to 2005. He has written 28 books and presented over 91 published articles (both in English and Arabic) on Trust (Awqaf), Zakah, Islamic Finance and Banking and other areas of Islamic economics, in conferences and seminars across North America, Europe, Africa, Asia and the Middle East.

A holder of Ph.D in Economics from the University of Utah, Salt Lake City, Utah, March, 1975. A high Diploma in Social and Economic Planning, UN Institute of Planning, Damascus, Syria, 1976. Also a B.A. Business from University of Damascus, Damascus, Syria, June 1962 which earned him the President of Syria 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 French.



Prof. Muhammed L. Bashar

Member, Advisory Committee of Experts

Professor Muhammed Bashar is the Head of the Department of Economics, Usman Dan Fodio University, Sokoto, Nigera. He is a well-published, prolific writer. He has a B.A. (Hons.) Economics from Jamia Milla Islamia, New Delhi, an M.A. (Economics) from Jawaharlal Nehru University, New Delhi, a Ph.D (Economics) from Usman Dan Fodio University, Sokoto. He studied the following courses at graduate level; Advanced Macroeconomics, Fiqh (Islamic Jurisprudence) for Economics, Development Economics, Islamic Banking and Finance and Public Finance. He is proficient in Hausa, English, Hindi and Arabic.



Dr. Muhammad Alhaji Abubakar

Member, Advisory Committee of Experts

Dr. Muhammad Alhaji Abubakar has over 20 years' experience in Islamic Scholarship. He is currently a lecturer at the Department of Sharia, Faculty of Law, University of Maiduguri. He has been actively researching on issues like waiver of requitals in cases of lesser offences, Islamic commercial jurisprudence etc. From 2002 to 2008, Dr. Abubakar was a Reviewer of academic research at the Deanship of Academic Research, Islamic University of Medinah, Saudi Arabia. He was also an Assistant Supervisor, Department of Student Supervision of the same University. Dr. Abubakar had also at various times rendered support services to the General Court of Medinah in area of translation.

Advisory Committee of **Experts**



Sheik Abdulwahab A. Mohammad
Member, Advisory Committee of Expert

Sheikh 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 Sheikh 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 WaDarasat 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, Sheik 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 Hizba, 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 SahihulBukhari at Sharada, Fatwa with Radio Kano and a weekly program with the popular Sunnah TV. The Sheikh is married with children.



Dr. Ahmad Bello Dogarawa
Member, Advisory Committee of Expert

Dr. Ahmad Bello Dogarawa is a Senior Lecturer with the Department of Accounting, Ahmadu Bello University, Zaria, Nigeria.

Born on 24th September 1970 at Dogarawa, Sabon Gari, Zaria, Dr. Dogarawa received his B.Sc. in Business Administration from Ahmadu Bello University, Zaria, Nigeria; Master of Banking and Finance (MBF) from Bayero University, Kano, Nigeria; and 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 neighboring countries to present papers and give sensitization 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 organizations, as well as members of professional bodies and business communities in Nigeria. He has published more than 20 articles in refereed academic journals (local and international) and has presented over 30 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.



The Report

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 3rd Annual General Meeting of Jaiz Bank Plc. will hold at NAF Conference Centre & Suites Plot 496 Ahmadu Bello Way, Kado, Abuja, Federal Capital Territory on Wednesday June 10th 2015 at 11.00am to transact the following business:

ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the period ended December 31, 2014, together with the Reports of the Directors, Auditors, and Audit Committee thereon.
2. To elect/re-elect retiring Directors.
3. To authorize the Directors to fix the remuneration of the Auditors.
4. To elect members of the Audit Committee.

SPECIAL BUSINESS

To consider and if thought fit, pass the following as Special Resolutions:

5. To approve the remuneration of Directors.

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 proxy form is enclosed in the Annual Report. 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, 1990, 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. The Code of Corporate Governance of the Securities & Exchange Commission and Central Bank of Nigeria (CBN) respectively provides that some of the members of the Audit Committee should have basic financial literacy and be knowledgeable in internal processes. It is therefore required that nominations must be accompanied by a copy of the nominee's Curriculum Vitae.

3. ELECTION AND RE-ELECTION OF DIRECTORS

a. Pursuant to Section 259 of the Companies and Allied Matters Act, 1990, the following Directors shall retire by rotation and being eligible, have offered themselves for re-election:

1. Alhaji Lawal Jari
2. Alhaji Musbahu Bashir
3. Alhaji Sani Mukhtar Hanga

The profiles of the Directors standing for election/re-election are provided in the Annual Report.

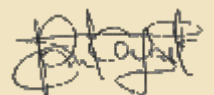
4. CLOSURE OF REGISTER

The Register of Members and Transfer Books of the Company will be closed on May 18th to May 22nd 2015 to enable the Registrars prepare the Register of Shareholders for the meeting.

5. UNCLAIMED SHARE CERTIFICATES

Notice is hereby given that several share certificates have remained unclaimed. Shareholders who have not received their share certificates are therefore advised to contact the Company's Registrars, or the Company Secretary at the address stated below, or any of the Bank's Managers at any of the Branches of the Bank. Shareholders are also encouraged to update their contact information as such information change. The appropriate Change of Details Form can be downloaded from the Bank's Website at <http://www.jaizbankplc.com>; completed and returned to the Company Secretary.

By Order of the Board



RUKAYAT O. SALAUDEEN

Company Secretary
Jaiz Bank Plc.
Kano House
No. 73 Ralph Shodeinde Street
Central Business District
Abuja Federal Capital Territory



~~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.jaiz.bankplc.com

**Jaiz**Bank
REG. 17637
Our interest is mutual

Chairman's Statement



Alhaji (Dr.) Umaru Abdul Mutallab, CON
Chairman, Board of Directors

During the year, your Bank was able to drive itself to break-even; a feat that is highly phenomenal when one considers the fact that there is no platform yet for the Bank to make income from its treasury management activities due to the absence of Sharia-compliant liquidity instruments in the market

Dear Shareholders and Invited Guests,

It is indeed my pleasure to be with you this morning and to present to you the third Annual Report and Accounts of our Bank for the year ended 31st December 2014.

Your Bank witnessed yet another year of remarkable growth with total assets moving in double-digits by about 24% (from N33.9billion in 2013 to N42billion in 2014), total earning assets grew by about 114% (from N11.5billion to N24.5billion) while total income increased by 220% (from N0.91billion to N2.9billion). During the year, your Bank was able to drive itself to break-even; a feat that is highly phenomenal when one considers the fact that there is no platform yet for the Bank to make income from its treasury management activities due to the absence of Sharia-compliant liquidity instruments in the market. We hope that with the emergence of other players and growing interest in Sukuk by sub-national institutions, adequate compliant instruments will be available in the market in no distant time.

In 2014 the Bank operated within the context of a local and global economy in which growth was lower than expected. World economic growth remains affected by the fragile recovery in the advanced economies while Nigeria's growth was adversely affected by the dwindling oil prices and the growing insurgency. Emerging economies like Nigeria faced spells of destabilizing financial flows due to exogenous events such as the US quantitative easing taper and geographical crisis which initially led to foreign direct investment inflows but later brought about sudden exodus of the investments. On the local scene, it is evident that more and more market operators are beginning to develop interest in non-interest banking. Information reaching us indicates that a number of applications were received by the Central Bank of Nigeria which has issued one statewide micro finance bank licence during the period under review.

We are cautiously positive about the outlook for the 2015 financial year despite the seeming challenges. We also expect to regain business and consumers confidence following the successful completion of 2015 general election. Furthermore, if the stability in crude oil price is attained, gradual

accretion of foreign reserve may occur and some of the drastic measure taken by the Central Bank in defense of the Naira may be relaxed over the next year.

We equally hope that CBN regulation will gear towards creating a level playing ground by providing adequate compliant instruments to support the operations of this specialised sub-sector of the banking industry. The government will also step efforts to ensure better security to enhance the confidence of local and international investors.

The Board member's support for the bank as well as the doggedness of the management staff and the employees of the bank has been immense. Your efforts have given me confidence and respite to mention the least. We sincerely appreciate our customers for their patronage and the strong believe they have in the success of this dream.

Jaiz Bank is gearing up towards a more sustainable growth trajectory in the years ahead. All of us who make up the Bank are very proud of its place in the banking sector and the economy at large. Our team members are working hard every day to secure and enhance the financial well-being of people, businesses and communities and to appropriately reward our shareholders for trusting us with their investment.

Thank you.

Report of the Directors

for the year ended 31 December 2014

In compliance with the Companies & Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004, the directors have pleasure in submitting to members their report together with the audited financial statements of Jaiz Bank Plc. (Formerly Jaiz International Plc.) ("Company") for the year ended 31 December 2014.

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. 2014	31st Dec. 2013
	N'000	N'000
Paid-up Share Capital	11,829,700	11,747,297
Deposit for Share	0	0
Retained Earnings	(1,348,769)	(1,520,067)
Share Premium	632,289	632,289
Shareholders' Funds	11,228,685	10,965,994

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

Chairman

Alhaji (Dr.) Umaru Abdul Mutallab, CON

Mohammad Nurul Islam	-	Managing Director
Hassan Usman	-	Executive Director
Abubakar Mahe	-	Executive Director
Alh. (Dr.) Aminu Alhassan Dantata, CON-	-	Non Executive Director

Professor Tajudeen Adebiji	-	Non Executive Director/ Independent Director
Dr. Rilwanu Lukman, CFR	-	Non-Executive Director / Independent Director <i>(Deceased. (Died on 21st July 2014.)</i>
Alhaji (Dr.) Muhammadu Indimi, OFR -	-	Non Executive Director
Mollam Falalu Bello, OFR	-	Non Executive Director
Nafiu Baba-Ahmed, mni	-	Non Executive Director
Dr. Mohamed Ali Chatti	-	Non Executive Director
Alhaji Garba Aliyu Hungu	-	Non Executive Director
HRH, Emir of Bakura, Engr. Sani Bello -	-	Non Executive Director
Alhaji Musbahu Mohammad Bashir	-	Non Executive Director
Alhaji Umaru Kwairanga	-	Non Executive Director
Alhaji Mohammed Lawal Jari	-	Non Executive Director
Alhaji Mukthar Sani Hanga	-	Non Executive Director

Company Secretary/Legal Adviser

Mrs. Rukayat Oziama Salaudeen
Registered Office
No. 73, Ralph Shodeinde Street,
Central Business District, Abuja.

Auditors

Ahmed Zakari & Co.
Chartered Accountants
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 was predominantly 16. However, Dr. Rilwanu Lukman passed away on 21st July, 2014. We pray for the repose of his gentle soul.

b. Directors Retiring by Rotation

In accordance with the provisions of the Companies & Allied Matters Act, Alhaji Mohammed Lawal Jari; Alhaji Muktar Sani Hanga; and Alhaji Musbahu Bashir 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.

d. Directors Fees

The Board of Directors proposed an upward review of their fees from =N=700,000.00 and =N=500,000.00 to =N=2,500,000.00 and N2,000,000.00 per annum in favour of the Chairman and Non-Executive Directors respectively, subject to the ratification of Shareholders at this meeting.

a. 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.

b. Directors' Interest

The names of the Directors and their interests in the issued share capital of the company as at date are as follows:

S/N	Directors	Direct	Indirect	Indirectly Held through	Total No. of Shares Held
1.	Alhaji (Dr.) Umaru Mutallab	977,722,774	284,923,309	Finmal Finance Services Ltd	1,262,646,083
2.	Alhaji (Dr.) Aminu Dantata	618,136,207	1,410,209,270	Dantata Investment & Securities Co. Ltd)	2,028,345,477
3.	Dr. Rilwanu Lukman	275,652,174	Nil	N/A	275,652,174
4.	Prof. Tajudeen A. Adebisi	1,233,475	Nil	N/A	1,233,475
5.	MallamFalalu Bello	2,198,700	220,000,000	MBS Merchants Ltd	222,198,700
6.	HRH(Engr) Bello M. Sani	5,000,000	Nil	N/A	5,000,000
7.	Nafiu Baba Ahmad	4,050,000	Nil	N/A	4,050,000
8.	Alhaji Umaru Kwairanga	4,150,000	Nil	N/A	4,150,000
9.	Alhaji Garba Aliyu Hungu	2,000,000	450,000,000	Kano State Investment & Properties Ltd)	452,000,000
10.	Alhaji Mukhar Sani Hanga	Nil	1,000,000,000	Dangote Industries Ltd	1,000,000,000
11.	Alhaji Mohammed Lawal Jari	25,000,000	297,567,000	Katsina State	322,567,000

S/N	Directors	Direct	Indirect	Indirectly Held through	Total No. of Shares Held
12	Alhaji Musbahu M. Bashir	Nil	800,000,000	Althani Investment Ltd	800,000,000
13	Dr. Mohamed Ali Chatti	Nil	1,002,160,494	Islamic Development Bank	1,002,160,494
14	Alhaji (Dr) Muhammadu Indimi	1,366,906,522	Nil	N/A	1,366,906,522

5 EMPLOYMENT AND EMPLOYEES

a. Employee Involvement and Training

Management, professional and technical expertise 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. The Company currently has one physically challenged person on its employment.

c. Gender Analysis

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

	Number			Percentage	
	Male	Female	Total	Male	Female
Employees	215	57	272	79%	21%

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

	Number			Percentage	
	Male	Female	Total	Male	Female
Board (Executive and non Exec. Directors)	16	0	6	100%	0%
Top Management (AGM-GM)	4	2	6	67%	33%
Total	20	2	22		

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 and 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 2012 or the profit for the year ended on that date that have not been adequately provided for or disclosed.

7. EQUITY RANGES ANALYSIS

Range	No. of Holders	Holdings %	Holdings Cum.	Units	Units %	Units Cum.
1 - 1,000	6,731	25.17	6,731	6,729,800	0.06	6,729,800
1,001 - 5,000	9,548	35.70	16,279	32,104,100	0.27	38,833,900
5,001 - 10,000	3,087	11.54	19,366	29,979,400	0.25	68,813,300
10,001 - 50,000	3,918	14.65	23,284	151,187,075	1.28	220,000,375
50,001 - 100,000	1,604	6.00	24,888	152,036,055	1.29	72,036,430
100,001 - 500,000	1,302	4.87	26,190	363,835,695	3.08	735,872,125
500,001 - 10,000,000	524	1.96	26,714	1,229,422,590	10.39	1,965,294,715
10,000,001 - 50,000,000	13	0.05	26,727	374,922,305	3.17	2,340,217,020
50,000,001 - 500,000,000	13	0.05	26,740	239,234,743	20.22	4,732,564,453
500,000,001 - Above	7	0.03	26,747	709,713,526	59.99	11,829,699,720
	26,747	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	5.22
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	977,722,774	8.26
7	ALTHANI INVESTMENT LIMITED	800,000,000	6.76

9. SHAREHOLDING HISTORY

Year	Units '000	From '000	To '000	Units '000	From '000	To '000	Consi derati on
2003	2,500,000	-	2,500,000	2,500,000	-	2,500,000	Cash
2004	-	-	-	-	-	-	
2005	-	-	-	-	-	-	
2006	13,000,000	2,500,000	13,000,000	-	-	-	Cash
2007	-	-	-	-	-	-	
2008	-	-	-	1,514,430	2,500,000	4,014,430	Cash
2012	-	-	-	7,815,270	4,014,430	11,829,700	Cash

10. DONATIONS AND SPONSORSHIP

During the year under review, the Bank has made the following donations

- i. Donation to the 10th Nig. Guild of Editors' conference held in Katsina N200,000
- ii. Donation to Annual conference of Muslim Lawyers Association of Nigeria N150,000

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

Jaiz Bank Plc., Kano House,
No. 73 Ralph Shodeinde Street, CBD.,
Abuja (Federal Capital Territory),
25 March, 2015.

CEO's Statement



Mohammad Nurul Islam
Managing Director

We contributed about N198 Million in to the fiscal coffers of both Federal and State Governments in the form of taxes during the year. We also maintained over 400 staff

The year 2014 was truly a turning point not just for Jaiz Bank but also for the Nations non-interest banking sector as a whole. It is during the year that Jaiz attained the critical mass in its business volumes that led to break-even and subsequent profitability. There is no doubt that this is an affirmation of the fact that Islamic Banking is going to be profitable in Nigeria. As a Non-interest Bank, our Shareholders and Customers expect us to be different - think and act for the long-term - showing a commitment to all stakeholders.

We are continuously working on achieving a customer-focused culture comprising of people who thrive on providing outstanding service, a strong balance sheet, best-in-class application of technology, and a focus on productivity that will make us the preferred bank –for customers, investors, employees and community.

Last year by the grace of Almighty, we progressed financially and technologically along with the pursuance of our long term strategy. We continue to grow our earning assets in spite of the challenges associated with the absence of Shariah-compliant liquidity management instruments in the Money Market. The growth in these assets eventually brought our bank to break-even point since September 2014 and we even closed the year with a modest Profit Before Tax (PBT) of N157.7million. The Bank's Total Income took a massive leap of about 221% from N0.915billion in 2013 to N2.94billion by December 2014, keeping the expenditure growth restricted to only 20% notwithstanding the expansion in the Bank's operations and branch network which witnessed a 50% increase in 2014. The Bank now has 15 branches as against its position of 10 branches in 2013. The profitability was driven by continuing revenue growth, disciplined cost management and lower financing impairment expenses.

The patronage of our customers remained strong both across our Retail and Corporate Banking Segments. The number of customers we provided with financing grew to around 1076 from 375 in 2014 with a value of N22.2billion (as compared with N10.5 in 2013. We held N5.6billion more deposits on behalf of our customers in 2014 (from N21.9billion in the year 2013).

We contributed about N198Million into the fiscal coffers of both Federal and State Governments in the form of taxes during the year. We maintained over 400 staff. We also continued our commitment to the community by supporting the internally displaced persons in North-Eastern Nigeria in collaboration with Manara, our charity and development foundation provided groceries to more than twenty thousand (20,000) internally displaced persons during the year.

Over the past three years, we have spent a great deal of time and resources building and fine-tuning the operating infrastructure to get the E-business platform ready with the state-of-the-art Technology. The Bank's remote real-time Disaster Recovery Site was activated during the year. The Bank invested heavily to make the establishment of this state-of-the-art Information Technology asset a reality. We are now poised to build sustainable Shareholder value and customer confidence.

It is noteworthy to mention that in line with Central Bank of Nigeria IT standard blueprint, Jaiz Bank has been assessed and certified with Payment Card Industry Data Security Standards (PCIDSS) V.3.0 and International Organization for Standard (ISO27001). This means the Bank has joined the league of organizations that are managing customer's information in a safe and secure manner to mitigate the sharp practices of fraudsters. This feat is commendable and enviable for a new Bank like ours in the industry.

In spite of the challenges facing the Bank on the non-availability of the desired liquidity management instruments in the market, the Bank still recorded substantial growth in its financing assets and modest increase in its deposits. The Bank was awarded the Bank of the year 2014 by Leadership newspaper.

The year 2015 portends tougher economic conditions in the light of dwindling crude oil prices, decline in the purchasing power of the Naira and reduction in GDP growth occasioned by reduced government spending. However, we are generally positive that after the smooth transition to the next government, and expected improvement in crude oil price, market conditions - consumer and corporate confidence will stabilize.

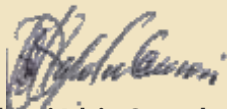
We thank Almighty for the continuous success of the Bank and appreciate the contributions of our people, technology and clientele; which are the bane of our strategy. The 2014 results are a clear tribute to the market's belief in our banking model and we shall (ISA) not disappoint the trust of any of our Stakeholders. We are very well positioned to take Jaiz Bank closer to the customers across the length and breadth of this country, once our national license is approved this year.

Finally, on behalf of the Shareholders and Board of Directors, I would like to convey our sincere appreciation and gratitude to the financial markets regulators like CBN, NDIC and SEC for their continuous support to the development of this nascent sector.

Report of the Audit Committee

We have examined the Auditors Report for the year ended 31st December 2014 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 company. We are also satisfied that the Company's Accounting Policies are in conformity with the statutory requirement and agreed ethical practices



Alhaji Idris Onaolapo Sulaimon

Chairman, Board Audit Committee

Abuja

25th March, 2015

Members of the Audit Committee

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

Jaiz Bank is focused on improving its Risk Management platform and practices with the aim of optimal protection of the wealth of its shareholders and interest of all stakeholders in line with non-interest financial institutions (NIFI) mandate and Shariah jurisdictions. The mandate considers a holistic approach in ethically managing its assets and liabilities. 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 establishment of policies and procedures geared towards enhancement of capacity to provide greater value to shareholders/stakeholders while effectively dealing with risk and uncertainties associated with business thereby enhancing the Bank's competitive advantage.

OBJECTIVES

- Assisting the Bank to achieve an ethical and, welfare oriented market discipline.
- Ensuring the Banks investments are geared towards social welfare and contribution to the real economy in ethical accessible manner.
- Ensuring risk management evaluation techniques reflects and abide by Shariah principles that ultimately aim at achieving Maqasid-Al-Shariah (the purposes of Shariah)

PHILOSOPHY

- The Bank considers sound ethical and Shariah based risk management system, complying with regulatory authorities 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 it 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, independently and 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 duties 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 return 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 ("the Board") 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 and their decision is final subject to Financial and Regulatory Advisory Committee of Experts (FRACE) of CBN approval.
- Board Risk Management Committee (BRC): BRC 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.

Risk Management Report

for the year ended 31 December 2014

In addition to BRC, the following committees play roles that compliment the risk management functions.

1. Board Audit Committee (BAC)
2. Board Investment Committee (BIC)
3. Board Finance & General Purpose Committee (F&GPC)
4. Board Governance/Remunerations Committee
5. Executive Management Committee (EXCO)
6. Operational Risk Management Committee in combination with Management Committee (MANCO)
7. Strategic Asset & Liability Committee (ALCO)
8. Management Investment Committee (MIC)
9. IT steering Committee

RISK APPETITE:

The Bank's risk appetite is set by the Board of Directors annually, at a level that minimizes erosion of earnings by balance sheet or capital risk due to avoidable losses including income loss from non-compliance to Shariah in its overall management of 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 three 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.
- Diversification targets are set for the investment portfolio and limits are also set for aggregate large exposures.
- 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.
- 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.
- The Bank aims at minimizing the following independent indicators of excessive appetite for risk:

- exception reporting by internal control officers, auditors, sharia'h auditors, regulators and external rating agencies;
- adverse publicity in local and international press;
- frequent litigations;
- payment of fines and other regulatory penalties; and
- 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;
- Provision of a comprehensive guide and framework in creating and managing risk assets.
- Prompt identification and mitigation of problem in Risk Management quality.
- Outline 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.
- Quality and timely risk reporting to regulatory authorities and provision of additional and voluntary information needed to identify emerging problems possibly giving rise to systemic risk issues.
- Make 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.

COMPOSITION OF RISK MANAGEMENT DIVISION

- Investment (Credit) Risk Department
- Market and Liquidity Risk Department
- Shariah Non-compliance and Other Unique Risks Department
- Operational Risk Department

INVESTMENT (CREDIT) RISK MANAGEMENT

Investment risk is the risk of loss resulting from the failure of a customer or counter party to meet its obligations under a financial contract; it arises principally from lending, trade finance, treasury and leasing activities. Investment risk can also arise as a result of crystallization of any of our off balance sheet transactions. Bank's Investment risk department verifies and manages the credit process from origination to recovery; monitoring and controlling all such risk by adhering to sound policies and processes that have been laid down to guard against their (risk) manifestation with focus on product specific risk associated with the NIFI mandate. It acts according to its mandate for proper treatment of risk associated with sale (bai'), rental (Ijarah) based financing as well as equity investment (Musharakah and Mudarabah)

INVESTMENT (FINANCING) RISK PRODUCTS:

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 received 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(Rental)**
 - a. Ijarah wa Iqtina (lease to own)
 - b. Ijarah Service (for service finance)

4. Qard (benevolent loan)

5. Kafalah/Wakalah based Guarantees

The Bank has the following schemes under 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 any of the above master products.

RISK PROFILE OF INVESTMENT PRODUCTS

Without having to re-iterate the description and characteristics of the Islamic financial contracts, as they have become common knowledge 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 transaction in an underlying 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 financed 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 can grow in value. This is apparent in sale and lease financing and implied in the contract content of sharing.
4. Moral and Shariah screening is essential for Shariah compatible investment and all financial contracts.

Risk Management Report

for the year ended 31 December 2014

These characteristics have their own risk profile. The fact that Islamic products are essentially based on real transactions, in 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 profit 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 a situation which creates displaced commercial risk. The Investment risk or risk of default always exists whenever a contract creates a debt while the moral hazard risk crops up in any inter-personal relationship.

PRODUCT RISK MITIGATION TECHNIQUES

MURABAHA

MAJOR RISK ISSUES	Nature of Risk	MITIGATION TECHNIQUES
Jaiz buy goods, delivery not ensured	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 acknowledgement and receipt of invoice in its name or endorsed
No profit at 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 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 at 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 /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.

IJARAH WA IQITINA

MAJOR RISK ISSUES	Nature of Risk	MITIGATION TECHNIQUES
Asset becomes ready or in place , customer does not buy bank's portion	Market Risk	Undertaking for rent is signed by the customer: customer equity.
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 comes not rentals.
Asset remains with Jaiz	Ownership Risk	The customer shall maintain the asset in protection of the interest of the Hiree 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 is established.
Customer Defaults but residual value of the asset does not cover dues because of price fall.	Credit Risk	Other available sources collateral of the customer

MUSHARAKA

MAJOR RISK ISSUES	Nature of Risk	MITIGATION TECHNIQUES
Mismanagement of partner	Operational Risk	Strict Supervision and weekly monitoring with data collection and approximate retirement of PSR-Profit sharing ratio shortly
Dishonest Balance sheet	Operational Risk	Utmost careful selection of partner who is supposed to be very known and 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 assume determining PSR at least not below the benchmark rate of the Bank.
Revocation of contract that results 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 INVESTMENT RISK MANAGEMENT (IRM):

- (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-articulated.
- (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.
- (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 Investable funds.
- (vi) Assist in the ongoing improvement/reform programs in banking sector.

- (vii) Setting up a sound and effective marketing of Investment.
- (viii) Setting up a sound investment approval process.
- (ix) Maintaining an appropriate investment administration & monitoring process
- (x) Ensuring adequate controls over investment & its recovery.
- (xi) Formulating an appropriate and effective process for reviewing and managing problems investment and their early warning techniques.

APPROVAL LIMITS FOR AUTHORIZING FINANCING (CREDIT FACILITIES)

S/N	Designation	Max. Approval Limit
1.	Board of Directors obligor limit*	Above N1,000,000,000.00 or single
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 subordinates from time to time below the N200 million

COLLATERAL COVERAGE FOR FACILITIES

S/N	Collateral Type	Coverage (%)
1.	Mortgage on Landed property Value/rental value	125% of Forced Sale
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%

Risk Management Report

for the year ended 31 December 2014

INVESTMENT RISK ASSESSMENT

- 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 collateral.

INTERNAL RATING SCALE

- The character and capacity to pay of the Customer or counterparty on its contractual obligations;
- Current exposures to the counterparty and its likely future development;
- Investment history of the counterparty; and
- The likely recovery ratio in case of default i.e 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 outlined as follows:

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 of covenants/conditions & Personal Deposit. |

Risk Management Report

for the year ended 31 December 2014

Step IV Assign weightage to each of the key parameters

Principal Risk Components:	Key Parameters:	Weight:
• Financial Risk		50%
	Leverage	15%
	Liquidity	15%
	Profitability	15%
	Coverage	5%
• Business/Industry Risk		18%
	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%
• Security Risk		10%
	Team Work	3%
	Security coverage	4%
	Collateral coverage	4%
	Support	2%
	• Relationship Risk	
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 obtainable by an obligor/customer.

Number	Risk Grading	Short Name	Score
1	Superior	SUP	100% cash covered Govt 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

INVESTMENT RISK GRADING REVIEW

Number	Risk Grading	Short	Review frequency (at least)
1	Superior	SUP	Annually
2	Good	GD	Annually
3	Acceptable	ACCPT	Annually
4	Marginal/Watch list	MG/WL	Half yearly
5	Special Mention	SM	Quarterly
6	Sub-standard	SS	Quarterly
7	Doubtful	DF	Quarterly
8	Lost	LOST	Quarterly

Risk Management Report

for the year ended 31 December 2014

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

- The Bank does not invest in speculative grade obligors, on an unsecured basis. The Facility Risk Rating (FRR) is different from the Obligor Risk Rating (ORR) to the extent of the perceived value of enhancement provided.
- The Collateral Risk Rating grid indicates the acceptable collateral types rated 1-8 from best to worst in order of liquidity.

Rating	Collateral type
1	Cash/Treasury Bills
2	Marketable securities, guarantee/receivables of investment grade banks and corporate
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 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 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 20% 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 lend 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' shareholders' fund/net worth in cases of investments offered under individual assessment.
- Product programs/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.

CLASSIFICATION AND PROVISIONING POLICY

Classification	Past due obligation	Provision
Performing	< 1 day – 89 days	1%
Substandard	> 90 days – 179 days	10%
Doubtful	> 180 days – 359 days	50%
Lost	> 360 days	100%

INVESTMENT RISK PORTFOLIO PERFORMANCE

(i) By Performance

	31 Dec.2014 N'000	31-Dec-2013 N'000
Performing	20,767,165	9,986,109
Non Performing:		
Substandard	77,280	64,166
Doubtful	55,401	155,450
Lost	114,950	-

At 31 December	21,014,795	10,205,725
-----------------------	-------------------	-------------------

(ii) By Security

	31 Dec. 2014 N'000	31-Dec-2013 N'000
All Asset Debenture	229,244	238,606
Corporate Guarantee	976,134	267,783
Personal Guarantees	100,087	-
Pledge of Asset/Lien of Assets	39,916	294,084
Deposit of Title Deeds	26,949	1,025,623
Legal Mortgage	15,438,104	6,622,406
Equitable Mortgage	1,137,862	774,543
Salary Domiciliation/ lien of Assets	1,510,578	900,690
Post Dated Cheques	61,340	41,051
Clean/Staff Qard Hassan	164,281	-
Hyphotication of Goods	-	38,835
Simple Deposit of Title	-	2,103
Irrevocable Standing Payment Order/ Letter of comfort	689,282	-
Domiciliation of Contract proceeds	641,019	-

At 31 December	21,014,795	10,205,724
-----------------------	-------------------	-------------------

(iii) By Location

	31 Dec. 2014 3 N'000	1-Dec-2013 N'000
Head Office	2,582,974	2,465,431
Abuja	8,168,672	4,172,640
Kano	1,273,752	934,183
Kaduna	2,862,034	1,585,917
Gombe	160,833	71,119
Maiduguri	68,547	479,758
Kano 2	2,092,850	37,038
Katsina	638,595	459,638
NASS	51,913	-
Wuse	2,725,539	-
Gusau	149,325	-
ATBU	19,573	-
Sokoto	30,590	-
Kabuga- Kano	2,993	-
NNPC	22,324	-
Staff Qard	164,281	-

At 31 December	21,014,795	10,205,724
-----------------------	-------------------	-------------------

(iv) By Product

	31 Dec. 2014 N'000	31-Dec-2013 N'000
Murabaha Corporate	4,956,280	5,577,034
Ijarah Wa Iqtina Corporate	4,513,455	1,693,938
Musharakah	650,000	119,848
Qard Hassan	164,281	290,264
Murabaha Household Appliance	52,962	43,877
Murabaha Auto Finance	1,325,725	285,386
Ijarah Auto Finance	16,231	55,942
Ijarah Home Finance	2,939,443	1,591,391
Ijarah Service	288,561	-
Murabaha Retail/Gen.	5,385,181	193,727
Istisna	722,676	354,317

At 31 December	21,014,795	10,205,724
-----------------------	-------------------	-------------------

Risk Management Report

for the year ended 31 December 2014

(v) By Sector	31 Dec.2014 N'000	31-Dec-2013 N'000
Agriculture	2,472,328	1,551,749
Real estate	5,506,228	3,390,464
Manufacturing	411,454	493,351
Education	1,158,976	930,084
Wholesale trading	6,770,120	-
Construction	1,019,132	529,179
Information Technology	329,318	102,260
General	2,198,117	1,394,701
Oil and Gas	286,402	-
Retail	1,619	1,813,935
Transport	861,100	-
At 31 December	21,014,795	10,205,724
(vi) By Category	31 Dec. 2014 N'000	31-Dec-2013 N'000
Corporate	16,825,210	7,968,534
Retail	4,189,585	2,237,190
At 31 December	21,014,795	10,205,724
(vii) By Age	31 Dec. 2014 N'000	31-Dec-2013 N'000
0 - 30 days	-	-
31 - 60 days	101,104	-
61-90 days	176,685	2,181,135
91 - 180 days	1,618,065	975,976
181-360	2,295,023	1,145,396
Over 360 days	16,823,918	5,903,217
At 31 December	21,014,795	10,205,724

PROVISION FOR IMPAIRMENT OF FINANCING AND INVESTMENT

The Provision for impairment is based on the Managements assessment of the Bank's Assets according to the Central Bank of Nigeria Prudential Guidelines and relevant Accounting Standards as follows

(1.) Impairment by Product	QARD				OTHER ASSETS		TOTAL N'000
	MURABAHA N'000	MUSHURAKA N'000	HASSAN N'000	ISTINA' N'000	IJARA N'000	ASSETS N'000	
As at 1 Jan., 2014	212,665	-	2'903	3,543	60,901	-	280,002
Re-classification	(818,616)	-	(2'903)	-	-	84'519	-
Impairment for current year	144,546	6,500	-	3,683	24,538	11,400	190,667
As at 31 Dec., 2014	275,585	6,500	-	7,226	85,439	95,919	470,669
Notes	6	7	8	9	10	15	
(ii) Impairment by Type	MURABAHA		QARD		OTHER		TOTAL N'000
	MURABAHA N'000	MUSHURAKA N'000	HASSAN N'000	ISTINA N'000	IJARA N'000	ASSETS N'000	
General Impairment	114,276	6,500	-	7,227	78,231	-	206,234
Specific Impairment	161,308	-	-	-	7,208	95,919	264,435
As at 31 Dec., 2014	275,584	6,500	-	7,227	85,439	95,919	470,669

MARKET AND LIQUIDITY RISK MANAGEMENT

The market risk unit of Jaiz Bank allows disciplined risk taking within a framework 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 their overall Balance sheet exposures. An increase in benchmark rates may result in Investment Account Holders' (IAHs) having expectations of a higher rate of return, which if not met could turn to a Displaced Commercial Risk (DCR). Considering above, the Bank continuously monitors development in the financial market to identify, measure and mitigate the risk of Displaced Commercial Risk-DCR and remain competitive. To this end, the Bank is putting in place a policy on Income Smoothing Plan through the setting up of 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 also to manage Displaced Commercial Risk to a greater extent.

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 solicits and attracts various sources of funds to channel to its financing and investment activities in Shariah compliant instrument of money and capital market. The Bank, in conjunction with the regulators, is working on the modalities and access to this market is expected soon.

LIQUIDITY POSITION

		31st Dec 2014
1	Liquid Assets:	"N"
2	Cash	1,341,139,565
3	Current Acct held with CBN	1,146,689,621
4	Crr Held With CBN	6,668,942,524
5	Total Balance held with CBN	7,815,632,145
6	Net Balances held with Other Banks (Nostro Accts)	3,621,901,989
7	Items In Transit(Settlements)	449,247,887
8	Sukuk	2,400,000,000
9	Total Liquid Assets	15,627,921,586
10	Customers Deposit	27,528,967,324
11	Total Customers Liabilities	27,528,967,324
12	Liquidity Ratio	56.77%
13	Restricted Funds (CBN CRR)	6,668,942,524
14	Total Restricted Funds	6,668,942,524
15	Available Liquidity	8,958,979,062
16	Stressed Liquidity Ratio (%)	32.54%
17	Statutory Liquidity Ratio Limit (%)	30.00%
18	Above/Short (%) (Statutory)	2.54%
19	Total Investment Financing	21,014,795,781
20	Investment/Deposit Ratio	76.34%

SHARIAH NON-COMPLIANCE & UNIQUE RISKS MANAGEMENT

Shariah 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). Shariah 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 activities including risk management.

In the year 2014, there was 0% Shariah violation in our financing activities therefore none of Bank's income has been invalidated.

Other unique risks, associated with NIFIs that the Bank manages are as follows.

Risk Management Report

for the year ended 31 December 2014

- a. 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" the same is also applicable to Musharakah may happen due to probability inferior valuation.
- b. Reputational risk due to breach of Shariah compliance which may result to loss of shareholders and IAH's confidence.
- c. Ownership Risk associated with owning a property, asset or commodity especially in Murabaha and Ijarah modes.
- d. Legal, fiduciary, regulatory, and strategic risks are also managed appropriately.
- e. Displaced Commercial Risk as discussed in market and liquidity risk is unique to NIFI arising due to failure to meet IAH's expectation that may result into deposit withdrawal.
- f. Rate of Return Risk is managed under the framework of Market Risk.

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. We plan to achieve this 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 guide the governance and implementation of operational risk management function in the Bank.

Policies like the whistle blowing policy, Business Continuity Plan, Health and Safety Policy as well as Information Security Management Policy are in place to meet with regulatory requirements on corporate governance towards ensuring 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. Regular training sessions are also conducted in order to increase staff awareness on operational risk management in addition to the publication of 'Oprisk Locus a monthly newsletter that dwells on topical operational risk issues that are prevalent in the industry with major highlights on learning points 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 and 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

Jaiz Bank Plc, "the Bank" adopts 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 1 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 -1 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, Jaiz Bank Plc 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 1) and the supervisory review process (Pillar 2), are to be made to the market for the benefit of the market. These disclosures are described as Pillar 3 disclosures.

MARKET DISCLOSURE UNDER PILLAR III

CAPITAL RESOURCES

Total Capital Available as at 31st December 2014

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

Gross amount:	10,957,624
Deductions	-
Net amount:	10,957,624

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

Gross amount:	373
Deductions	-
Net amount:	373

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

Gross amount:	10,957,997
Deductions	-
Net amount:	10,957,997

CAPITAL ADEQUACY

Capital Management

The Bank endeavors to maintain sufficient capital resources to support its lending business and general business growth. Capital adequacy is 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 the monthly Internal Capital Adequacy and quarterly calculation for the Executive Management and the Board respectively, in order to assess the Bank's capital adequacy and to determine the levels of capital required to support the current and future risks in the business.

Stress Testing

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.

The Bank commences regular stress tests on its capital adequacy and liquidity position under a range of scenarios. The scenarios are agreed 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 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.

Risk Management Report

for the year ended 31 December 2014

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.

Detailed stress tests are conducted 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.

Pillar 1 Minimum Capital Requirement

The following table shows the aggregate Pillar 1 minimum Capital Resource Requirement of the Bank as at 31st December 2014.

Convert Off-Balance sheet exposures to their credit equivalents

Exposures	Amount	CCF (%)	Credit Equivalent
Advanced Payment Guarantees	2,952,609	50%	1,476,304.50
Letters of Credit	1,623,113	20%	324,622.60
Bonds and Guarantees	733,727	50%	366,863.50

2. Calculation of Credit risk weighted assets

ASSETS	N'000	RISK FACTOR	RWA
Cash and Balances with CBN	9,156,772	0%	-
Due from banks and financial institutions	3,621,902	20%	724,380
Sukuks - Treasury Bonds	2,400,000	20%	480,000
Murabaha Receivables	10,094,860	100%	10,094,860
Musharaka Financing	650,000	100%	650,000
Qard Hassan	164,281	100%	164,281
Istisna	685,554	100%	685,554
Investments in Ijarah Assets	7,823,104	100%	7,823,104
Investments in Assets held for Sale	3,673,718	100%	3,673,718
Property & Equipment	1,236,905	100%	1,236,905
Leasehold Improvement	147,659	100%	147,659
Other Assets	2,812,198	100%	2,812,198
Deferred Tax	1,592,175	100%	1,592,175
Advanced Payment Guarantees	1,476,305	100%	1,476,305
Letters of Credit	324,623	100%	324,623
Bonds and Guarantees	366,864	100%	366,864
TOTAL CREDIT RISK WEIGHTED ASSETS			32,252,624

3. Operational Risk Capital Charge

Gross income:	31/12/2012	915,849		
	31/12/2013	131,568		
	31/12/2014	2,901,719		
	Total	3,033,287		
	Average	1,011,096	15%	151,664
TOTAL OPERATIONAL RISK CHARGE				151,664
OPERATIONAL RISK CHARGE (ORC12.5)				1,895,804

4. Market Risk: Currently the Bank has no charge against market risk.

QUALIFYING CAPITAL	
Tier 1 Capital:	
Share capital	11,829,700
Share premium	632,289
Retained Earnings	(1,348,769)
Risk regulatory reserve	115,465
Intangible Assets	(271,061)
TOTAL TIER 1 QUALIFYING CAPITAL	10,957,624

Tier 2 Capital:

General Provision (max of 1.25% of RWA)	-
TOTAL TIER 2 QUALIFYING CAPITAL	-
TOTAL QUALIFYING CAPITAL	10,957,624

CAPITAL REQUIREMENT

Total of risk weights	34,148,429
Capital requirement (10%)	3,414,843
Total Qualifying capital	10,957,624
Excess of qualifying capital over required capital	7,542,781



Tauhidur 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, 2014.

CHANGES TO THE STRUCTURE & COMPOSITION OF THE BOARD

The only change in the composition of the Board is that occasioned by the demise of Dr. Rilwanu Lukman who passed away on 21st July, 2014. May his gentle soul rest in perfect peace.

SIGNIFICANT GOVERNANCE DEVELOPMENT

a. Application for National Licence and Capital Raising Exercise

Further to the demand of the Shareholders that the Board should commence the process of obtaining a National Banking Licence an application thereto was submitted to the Central Bank of Nigeria (CBN)

b. Our Commitment to Sustainability Banking

In line with the global and local standards of sustainability, we at Jaiz Bank Plc, strive to do our business in the most ethical and socially impactful manner. We are therefore concerned about the impact of our business decisions on our 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).

c. Board Meetings

The Board of Directors consisted of the Chairman, Managing Director, two (2) Executive Directors, and thirteen (13) Non-Executive Directors (NEDs). The Chairman of the Board is a separate person from the Managing

Director/Chief Executive Officer, he does not participate in the daily administration of the Bank, and he is not a member of any Board Committee.

Appointment to the Board is made by the shareholders at the Annual General Meeting upon the recommendation of the Board of Directors. The tenure of office of a Non-Executive Director is three (3) terms of four (4) years each while the tenure of an Executive Director is a renewable two (2) terms of five (5) years each.

The Chairman works closely with the Company Secretary and the Managing Director to agree on the calendar for Board meetings at the beginning of each year, as well as set the agenda for those meetings. Inputs are also received from Directors who wish to place any item on the agenda in line with best practices. Management continuously ensures that the Board receives timely and sufficient information to enable them take informed decisions, and monitor implementation of Board directives towards promoting the success of the Bank. The Board members are availed the services of the Company Secretary as well as those of other Independent Professional Advisers at the expense of the Bank.

In the year 2013, the Board Charter which clearly defines the powers of the Shareholders, the Board of Directors discharged either directly or through any of its Committees, and the Executive Management was designed and approved. The Charter also clearly defines the responsibilities of the Board towards the Bank, procedure for holding meetings of the Board, and also the Terms of Reference of all the Committees of the Board. The Charter is however subject to periodic review in line with the realities of the moment.

In keeping with its desire to observe the highest standards of corporate governance possible, the Board had significantly improved the frequency of its meetings during the year as outlined in the table below

S/N		BOD	BIC	BRMC	BGRC	FGPC	BAC	COMMENT
	No. of Meetings	4	3	4	2	6	3	
	Date of Meetings	30/1/14	13/05/14	27/02/14	16/04/14	30/01/14	27/03/14,	
		31/3/14	02/09/14	24/04/14	22/10/14	16/04/14	24/06/14	
		25/6/14	25/11/14	24/07/14		15/05/14	27/10/14	
		22/12/14		24/10/14		24/06/14		
1.	Alhaji (Dr.) Umaru Mutallab, CON	4	- -	-	-	24/10/14 16/12/14		Not a member of any committee
2.	Mohammed. Nurul Islam	4	2	4	-	-	-	.
3.	Mahe Abubakar Mahmud	1	- -	-	-	-		Assumed duties in April 2014.
4.	Hassan Usman	4	3	3	-	-	-	
5.	Alhaji (Dr.) Aminu Dantata, CON	4	2	-	2	-	-	
6.	MallamFalalu Bello, OFR	4	-	-		-	3	
7.	Alhaji (Dr.) Umaru Kwairanga	4	-	1	-	6	-	
8.	Nafiu Baba-Ahmad, mni.	4	-	4	2	-	-	
9.	Alhaji Garba Aliyu Hungu	4	3	-	-	5	-	
10.	Alhaji Mohammed Lawal Jari	4	3	3	-	-	-	
11.	HRH (Engr.) Bello Muhammad Sani, OON	3	-	2	2	-	-	
12.	Prof. Tajudeen Adebisi	4	-	-	1	-	3	
13.	Dr. RilwanuLukman, CFR	2	-	0	0	-	-	He passed on 21st July 2014
14.	Alhaji Mukhtar Sani Hanga	4	-	-	2	6	-	
15.	Alhaji Musbahu M. Bashir	4	1	-	-	4	-	
16.	Alhaji (Dr.) Muhammadu Indimi, OFR	3	-	-	-	5	2	
17.	Dr. Mohamed Chatti	2	-	-	-	-	-	Elected as a Non-Executive Director by the shareholders in July 2014.

Corporate Governance Report

d. Advisory Committee of Experts (ACE)

In addition to the Board of Directors, the Bank has an independent Committee of Shariah Experts which reviews its operations in accordance with the Shariah. The ACE has the responsibility of providing assurances that the Bank's 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. In the period under review, the Bank appointed in to the ACE Sheikh Abdulwahab Abdallah, a renowned Islamic Scholar.

STANDING BOARD COMMITTEES

The Board has six (6) standing committees whose terms of reference are clearly stated in the Board Charter.

The Board Standing Committees are as follows:

- The Board Audit Committee (BAC) ;
- The Board Investment Committee (BIC);
- The Board Risk Management Committee (BRC);
- Board Finance and General Purpose Committee (FGPC);
- Board Governance & Remunerations Committee (BGRC);
- Executive Management Committee EXCO.

Board Audit Committee	<p>Alh. Idris Onaolapo Sulaimon (Chairman/Shareholder)</p> <p>Prof. Ibrahim Umar (Shareholder)</p> <p>Alhaji Abdullahi Ibrahim Umar (Shareholder)</p> <p>MallamFalalu Bello, OFR</p> <p>Professor Tajudeen Adebiji</p> <p>Alhaji Muhammadu Indimi</p>	<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;
------------------------------	---	--

		<ul style="list-style-type: none"> • 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	<p>Malam Falalu Bello (Chairman)</p> <p>Alh Garba Aliyu Hungu</p> <p>Alh Mohammed Lawal Jari</p> <p>Alh Musbahu M. Bashir</p> <p>Alh Aminu Dantata</p> <p>Md. Nurul Islam (Managing Director)</p> <p>Hassan Usman (Executive Director /Operations /CFO)</p>	<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

		<p>and rescheduling of investments within its powers;</p> <ul style="list-style-type: none"> • Writing-off and grant of waivers within powers delegated by the Board; and • Periodic review of Investment Manuals and Guidelines.
Board Risk Management Committee	<p>Alh. Mohammed Lawal Jari (Chairman)</p> <p>HRH Eng. Bello Muhammad Sani</p> <p>Alh Umaru Kwairanga</p> <p>Nafiu Baba-Ahmad</p> <p>Md. Nurul Islam (Managing Director)</p> <p>Hassan Usman (Exec. Director Operations/CFO)</p>	<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 Bureaus and other related service 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, market/liquidity subject to limits set by the Board.

Board Finance and General Purpose Committee	<p>Alh Umaru Kwairanga (Chairman)</p> <p>Alh Garba Aliyu Hungu</p> <p>Alh Mukhtar Hanga</p> <p>Alh Muhammadu Indimi</p> <p>Alh 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 generally on borrowings.
--	--	---

Corporate Governance Report

		<ul style="list-style-type: none"> • 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 and 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. • Revises personnel policies for Board Approval, reviews job descriptions, establishes or periodically reviews the staff salary structure and staff benefits package. 			<ul style="list-style-type: none"> • 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
Board Corporate Governance Committee	HRH Engr. Bello Muhammad Sani (Chairman)	The Committee is responsible for: <ul style="list-style-type: none"> • Matters relating to Board's remunerations and Appointment; 			

	<p>Alh Mukhtar Hanga Alh. Aminu Dantata Nafiu Baba Ahmad Dr. Rilwan Lukman Prof. T.A. Adebisi</p>	<p>the Bank;</p> <ul style="list-style-type: none"> • 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. 			<ul style="list-style-type: none"> • performances through periodic feedback and reports from the Audit Committee, Risk Management Committee and the management team; • Reviewing and assessing the Bank's Investment and asset portfolio management and ensure its consistency with the Bank's business policies and strategies. • Reviewing Investment Policy recommendations for Board approval; • Approving individual Investment exposure in line with its approval limits; • Approving portfolio plan/strategy for the Bank; • Reviewing quarterly Investment risk reports and remedial action plan; • Coordinating the Bank's response to material events that may have an impact on the Investment portfolio; and recommending the amendment of the policy to the BIC as and when necessary.
<p>Executive Management Committee</p>	<p>The Committee is chaired by the Managing Director and consists of all the Executive Directors. The Company Secretary is the Secretary of the Committee.</p>	<ul style="list-style-type: none"> • Formulating the Bank's general policies and strategies, which set out the short, medium and long term direction of the Bank; • Translating the Board's general policies and strategies into detailed business plans; • Reviewing and assessing the Bank's financial and operational 			

Corporate Governance Report

OWNERSHIP STRUCTURE

The ownership structure of the Bank is as follows:

S/N	NAME	NO.	UNITS
1	CORPORATE	150	4,218,859,959
2	STATE GOVT	9	650,450,000
3	LOCAL GOVT.	108	396,338,400
4	INDIVIDUAL	26,217	3,557,949,886
5	JOINT	156	2,170,800
6	INSTITUTION	108	2,001,770,181
7	FOREIGN	1	1,002,160,494
		26,749	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 as stated in the Annual Report.

MANAGEMENT COMMITTEES

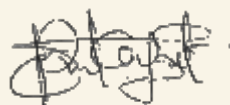
The Board Committees are supported by Management Committees of the Bank, Comprising of senior officers of the Bank who are responsible for the day-to-day operation of the Bank as a going concern. They ensure that laid down policies are followed and that the Bank abides by all relevant regulatory and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

JB/CCO/MD/CBN/12/14/01

December 31, 2014

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

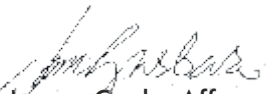
Dear Madam,

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE FOR BANKS IN NIGERIA

We refer to section 6.1.14 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 2014 financial year that ended 31st December, 2014.

Thank you.

Yours faithfully,
For: Jaiz Bank Plc



Inuwa Garba Affa
Chief Compliance Officer



Muhammad Nurul Islam
Managing Director/CEO

Report of Independence Consultant on Corporate Governance



• STRATEGY • TECHNOLOGY • SME DEVELOPMENT • VENTURE CAPITAL

10th March, 2015

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

Dear Sir,

RE: CORPORATE GOVERNANCE PERFORMANCE REVIEW(2014)

The above subject matter refers.

This is to certify that we have concluded the corporate governance performance evaluation 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 84% of the principles defined by the CBN in the industry code of corporate governance. This is commendable in view of the significantly expanded scope of the new code and the October 2014 commencement date which provided a limited window of opportunity for boards to deliberate upon and address the myriad of new principles introduced.

Our evaluation identified a few gaps in the corporate governance framework of the bank in the following areas:

- Board Committees and Board meetings 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.

NC 11807
**NEXTZON BUSINESS
SERVICES LIMITED**
... enterprise builders

1 Rochford-Thompson Close,
Lagos, Lagos State,
Lagos, Nigeria
Tel: 234 (1) 401 8466, 401 8755
email: info@nextzon.com
www.nextzon.com



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

- Attendance at all Board and Committee meetings noting that it is now one of the criteria to qualify for re-election as 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.

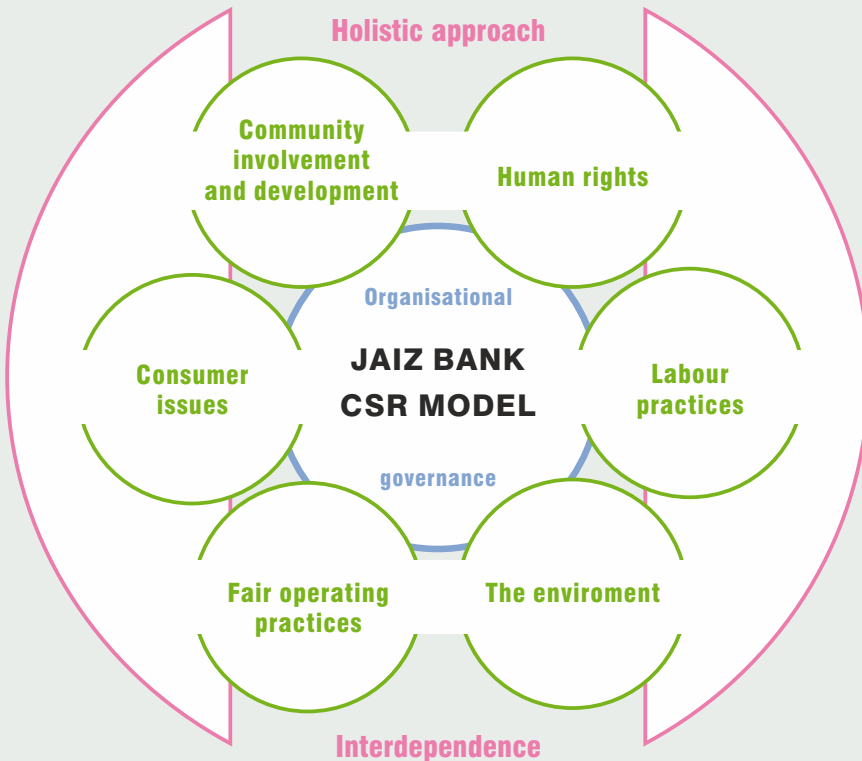
We thank you for the opportunity and privilege of working with you as we look forward to the pleasure of working with you again.

Yours faithfully

For: **NEXTZON BUSINESS SERVICES LIMITED**

Segun Ohukoya
Head, Financial Services

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.

2. CSR Management

We have established an independent charity and community development 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 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 150 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

Corporate Social Responsibility

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 and a creche (within the office environment) for them in order to encourage them to breast-feed and bond with their babies.

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 individuals in the society.

The Environment

Internally the bank strategizes to have positive impact on 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 society.

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 positive impact on the environment. In due course, all customer request financing shall be subjected to environmental impact analysis 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 finance 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 which 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. Staff are trained to handle customers 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 69 major complain were received for the year-end December, 2014. 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. In addition, the Bank directly supported:

- Donation to Ado Bayero University in respect
of construction of Masjid N1,000,000.00

Advisory Committee of Experts Report for the year ended 31 December 2014

In the Name of Allah Most Gracious Most Merciful

Praise be to Allah, and may peace and blessings be upon our Prophet Mohammad (SAW), 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 the Jaiz Bank Plc during the year ending by December 31, 2014. We have also made due diligence to express our opinion regarding whether Jaiz Bank has committed to the principles and rules of the Sharia as well as our advisory opinions, decisions and directives.

Responsibility of Management:

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

Scope of work of the Advisory Committee of Experts:

We have reviewed and adopted forms of contracts and agreements. We have also reviewed various processes relating to all transactions of Jaiz Bank, with shareholders, investors and others. We have selected random samples of such transactions through the Internal Sharia Audit Unit covering all transactions as well as review of feedback regarding the Shariah audit, its field visit, the operations and applications of ACE Fatwas and decisions issued by the board in this regards.

We have planned and implemented our task with the aim of obtaining all the information and explanation which we considered necessary to provide us with sufficient evidence to give reasonable assurance that all transactions by Jaiz Bank did not violate the provisions of the rules and principles of Islamic Shariah and wherever we found any earned income to be from non-permissible sources we directed that such income must be transferred to charity.



Opinions of the ACE:

- We are of the opinion that the reviewed contracts and transactions conducted by Jaiz Bank during the period ending by 31/12/2014 were in accordance with the rules and principles of Islamic Shariah.
- The distribution of profits on the investment accounts were in line with the bases adopted and approved by the ACE according to the rules and principles of Islamic law.
- All the gains made from Haram (prohibited by Islamic Sharia rules) sources have been set aside in a separate account and transferred to Jaiz Foundation for charitable purposes.
- However, we have noticed a few mistakes in processing some of the transactions which we communicated to the management for correction. Many of these have already been regularized and some are still in the process with management promise to work on regularizing all of them.

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

And Allah knows best.

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

Date: March 14, 2015

Prof. (Dr.) Monzer Kahf

Chairman



Prof. (Dr.) M. L. Bashar

Member



Dr. Ahmad Bello Dogarawa

Member

Dr. M. A. Abubakar

Member

Sheik Abdulwahab A. Muhammad

Member





**REPORT OF THE AUDITORS
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, 2014, the income statement, the statements of comprehensive income, changes in equity, cash flows, sources and uses of 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 91 to 119.

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 in accordance with International Financial Reporting Standards (IFRS), Financial Accounting Standards (FAS) issued by 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 Shari'ah 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 International Auditing Standards (ISAs) and Auditing Standards for Islamic Financial Institutions by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). Those standards require that we comply with ethical requirements 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 judgment, 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 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 2014 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.

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 International Financial Reporting Standards, Prudential Guidelines for Deposit Money Banks in Nigeria issued by the Central Bank of Nigeria and in accordance with the Financial Accounting Standards 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 contravened certain provision of the Banks and Other Financial Institutions Act, CAP B3, LFN 2004 and circulars of the Central Bank of Nigeria during the year ended 31 December, 2014. Details of these are stated in note 44 of the financial statements.

Tajudeen Adetokunbo Oni FCA
FRC/2013/ICAN/00000000749
For: Ahmed Zakari & Co
(Chartered Accountants)
26 March, 2015



**WE SHARE RISK
& REWARD**



Open a Jaiz Savings or Current Account
& enjoy our bouquet of benefits.



www.jaizbankplc.com

Tel: +234-9-0460(JAIZ)5249
info@jaizbankplc.com



The Accounts

Statement of Financial Position

as at 31 December 2014

		31-Dec-2014	31-Dec-2013
	Notes	N'000	N'000
ASSETS			
Cash and Balances with Central Bank of Nigeria	3	9,156,772	16,263,622
Due from Banks and Financial Institutions	4	3,621,902	3,031,297
Sukuk	5	2,400,000	1,000,000
Murabaha Receivables	6	10,282,737	5,126,457
Musharaka Financing	7	643,500	119,848
Qard Hassan	8	164,281	287,361
Investments in Istisna	9	678,327	328,414
Investments in Ijarah Assets	10	7,744,873	3,370,540
Investments in Assets held for Sale	11	3,673,718	1,251,358
Property & Equipment	12	1,236,905	934,431
Leasehold Improvement	13	147,659	189,874
Intangible Assets	14	271,061	259,487
Other Assets	15	2,840,204	761,951
Deferred Tax	16b	1,566,004	991,012
TOTAL ASSETS		44,427,942	33,915,651
LIABILITIES			
Customer's Current Deposits	17a	10,847,957	8,788,859
Other Liabilities	18	5,659,746	1,027,800
Taxation	16a	10,544	-
Total Liabilities		16,518,248	9,816,659
EQUITY OF INVESTMENT ACCOUNT HOLDERS			
Financial Institutions' Investment Accounts		-	-
Customers' Unrestricted Investment Accounts	17b	16,681,010	13,132,998
Total Equity of Investment Accountholders		16,681,010	13,132,998

as at 31 December 2014

Statement of Financial Position

OWNERS' EQUITY

Share capital	19	11,829,700	11,747,297
Share premium	20	632,289	632,289
Retained Earnings	21	(1,348,769)	(1,529,067)
Risk Regulatory Reserve	22	115,465	115,475

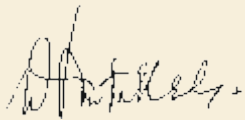
Total Owners' Equity		11,228,685	10,965,994
-----------------------------	--	-------------------	-------------------

Total Liabilities, Equity of Investment Accountholders & Owners' Equity		44,427,942	33,915,651
--	--	-------------------	-------------------

Guarantees And Other Contingent Asset & Liabilities	42	5,309,449	1,289,593
---	----	-----------	-----------

The accompanying Notes on pages 91 to 119 are an integral part of these financial statements.

The Financial Statements were approved by the Board of Directors on 25th March 2015 and signed on its behalf by-



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



Md. Nurul ISLAM
MD/Chief Executive
FRC/2014/CIBN/00000009653



Hassan Usman, FCA
ED-Chief Financial Officer
FRC/2013/ICAN/00000003984

Income Statement

for the year ended 31 December 2014

	Notes	31-Dec-2014 N'000	31-Dec-2013 N'000
INCOME			
Income from Financing Investments	24	2,721,317	1,051,702
Income from Sukuk	27	272,403	37,178
Gross Income from Islamic financing transactions		2,993,719	1,088,880
Return on Equity of Investment Account Holders	25	(692,895)	(285,429)
Bank's share as a Mudarib/Equity investor		2,300,824	803,451
Fee and commission income	26	244,421	107,023
Other Operating income	28	324,396	23,307
Non Trading exchange (Loss)/Gain	29	32,077	(17,931)
Total income		2,901,719	915,849
EXPENSES			
Staff costs	30	1,339,987	883,231
Depreciations & Amortisation	31	286,948	317,547
Other expenses	32	957,296	830,943
Provision For Financing Impairment	33	190,666	280,002
Total Expenses		2,774,897	2,311,723
Operating Profit/(Loss)		126,822	(1,395,874)
Taxation	16a	564,447	653,079
Profit/(Loss) for the Year after Tax		691,269	(742,795)
Basic Earnings per share (Kobo)	34	0.01	(0.12)

The accompanying Notes on pages 91 to 119 are an integral part of these financial statements.

Statement of other
Comprehensive Income
 for the year ended 31 December 2014

	31-Dec-2014 N'000	31-Dec-2013 N'000
Profit/(Loss) for the period	691,269	(742,795)
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	691,269	(742,795)

The accompanying Notes on pages 91 to 119 are an integral part of these financial statements.

Statement of Change in Equity

for the year ended 31 December 2014

	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 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
At 1 January 2013	11,747,297	632,289	(2,299,252)	19,567	1,964	10,101,865
Issued during the year	-	-	-	-	-	-
Share premium	-	-	-	-	-	-
Adjustments	-	-	1,606,924	-	-	1,606,924
Transfers	-	-	(93,944)	95,908	(1,964)	-
Profit/(Loss) for the year	-	-	(742,795)	-	-	(742,795)
At 31 December 2013	11,747,297	632,289	(1,529,066)	115,475	-	10,965,995

The sum of N502 Million was paid to Jaiz Foundation as part of cleansing exercise of the pre-operation Non- Allowable Income in line with the directive of the Central Bank of Nigeria. The N8.97 Million under adjustments was in respect of training contribution paid to Industrial Training Fund, which relates to previous Accounting Periods.

The positive adjustment of N82.402 Million in the Share Capital was made in order to reflect the correct the correct paid up Capital of the Bank in line with the Allotment and Regulatory Approval of the Bank's Private Placement Exercise of 2012.

The accompanying Notes on pages 91 to 119 are an integral part of these financial statements.

Statement of
Cashflow
for the year ended 31 December 2014

	31-Dec-2014 N'000	31-Dec-2013 N'000
OPERATING ACTIVITIES		
Net profit/(Loss) Before Tax	126,822	(1,395,874)
Adjustments for non cash items:		
Depreciation	203,540	146,779
(loss) on Disposal of Motor Vehicle	(129)	-
Amortization of Intangible Assets	34,946	-
Amortisation of Leasehold Improvement	48,463	170,768
Provision For Financing Impairment	190,666	280,002
Amortisation of Prepaid rent	116,671	136,094
Non trading foreign exchange (gain) /Loss	(32,077)	17,931
Operating profit before changes in operating assets and liabilities	688,902	(644,300)
Working capital adjustments:		
Sukuk	(1,400,000)	(1,000,000)
Murabaha receivables	(5,219,210)	(4,908,479)
Qard Hassan	125,983	(11,203)
Ijarah rental receivables	(4,398,871)	(2,958,423)
Investments in Musharaka	(530,152)	(16,568)
Investments in Trading Assets	(2,422,360)	(1,251,358)
Istisna	(353,597)	(306,055)
Customers' current accounts	2,059,098	6,296,306
Other assets	(2,096,108)	97,599
Other liabilities	4,631,946	303,940
Net cash provided by (used in) operating activities	(8,914,368)	(4,398,541)

INVESTING ACTIVITIES

Purchase of Property, Plant and Equipment	(509,081)	(656,107)
Purchase of intangible assets	(46,520)	(71,784)
Disposal of Motor Vehicle	3,236	-
Improvement on leasehold properties	(86,552)	(95,743)

Net cash used in investing activities	(638,916)	(823,634)
---------------------------------------	-----------	-----------

FINANCING ACTIVITIES

Cleansing of Pre-Operating Non-Allowable Income	(502,000)	1,632,796
Prior Year Adjustments	(8,972)	-
Customers' investment accounts	3,548,012	12,621,892

Net cash provided by (used in) financing activities	3,037,040	14,254,688
---	-----------	------------

Increase (Decrease) In Cash And Cash Equivalents	(6,516,244)	9,032,513
Cash and cash equivalents at 1 January	19,294,919	10,262,406

Cash And Cash Equivalents At 31 December	12,778,674	19,294,919
--	------------	------------

The accompanying Notes on pages 91 to 119 are an integral part of these financial statements.

Statement of sources and uses
for the year ended 31 December 2014 **Qard Fund**

	31-Dec-14 N'000 Qard hasan receivables	Total	31-Dec-13 Qard hasan receivables	N'000 Total
Balance at 1 January	290,264	290,264	279,060	279,060
Share loans to staff	15,126	15,126	9,540	9,540
Staff loans taken over	-	-	-	-
Loans to customers	-	-	60,015	60,015
Others	-	-	-	-
Total uses during the year	305,390	305,390	348,615	348,615
Repayments	141,109	-	58,351	58,351
Balance at 31 December	164,281	164,281	290,264	290,264
Sources of qard fund	-	-	-	-
Contribution by the bank	164,281	164,281	290,264	290,264

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. Customers under critical situations are also granted this type of accommodation. During the year, the sum of N141.1 Million has been repaid and there was no new financial accommodation of this nature.

The accompanying Notes on pages 91 to 119 are an integral part of these financial statements.

Statement of sources and uses of Charity Fund

for the year ended 31 December 2014

	31-Dec-2014 N'000	31-Dec-2013 N'000
Sources of Charity Funds		
Undistributed Charity funds at the beginning of the year	1,819,270	200,481
Pre-operating activities	–	–
Non-Sharia compliant income during the year	146,063	112,708
Retained	–	1,972,484
Total Sources of Charity Funds during the year	1,965,333	2,285,673
Uses of Charity Funds		
Transfer to Jaiz Foundation	502,000	454,363
Philanthropic societies	-	12,040
Total uses of funds during the year	502,000	466,403
Undistributed charity funds at the end of the year	1,463,333	1,819,270

This Statement discloses how the Non-Shari'ah compliant Income is being dispensed with.

The transfer of N502 Million to Jaiz Foundation for charity purposes represents clearing funds of pre-Operations period. The unremitted balance of N1.463 Billion includes an outstanding balance of N1.306 Billion pre-operations Income which is being held under the doctrine of necessity as approved by CBN's FRACE and being remitted over a reasonable time frame. A Quarterly Return is also rendered to Central Bank of Nigeria.

The accompanying Notes on pages 91 to 119 are an integral part of these financial statements.

1. 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 address is Kano House, Plot 73, Ralph Shodeinde Street, Central Business District, Abuja Nigeria.

The financial statement of the company as at 31 December 2014 is only for the Bank as it has no subsidiaries and or associate company.

2. SIGNIFICANT ACCOUNTING POLICES

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

Notes to the Financial Statements

for the year ended 31 December 2014

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 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 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. Equipment on lease to customer is stated at cost less accumulated depreciation. The depreciation of these assets is on the basis of the Bank's normal depreciation policy for various classes of assets. 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.

Notes to the Financial Statements

for the year ended 31 December 2014

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.

L. 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, net of depreciation, 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 recognised 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-Islamic income is transferred to charity.

x. Service Income

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

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)
- 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.

Notes to the Financial Statements

for the year ended 31 December 2014

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 recognized 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 recognized at fair value, with transaction costs recognized 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.

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 7.5% each by staff and the Bank based on annual basic salary, housing and transport allowances in line with the Pension Reform Act, 2004. 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

1) 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

for the year ended 31 December 2014

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 five members appointed by the Board of Directors."

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

	31-Dec-2014 N'000	31-Dec-2013 N'000
Cash on hand	1,341,140	947,580
Current account with CBN	1,146,690	12,106,957
Deposits with CBN	6,668,943	3,209,085
At 31 December	9,156,772	16,263,622

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

	31-Dec-2014 N'000	31-Dec-2013 N'000
Balances with banks within Nigeria:		
First Bank Plc	256,793	262,275
Unity Bank Plc	217,270	864,225
	474,063	1,126,500
Balances with banks outside Nigeria:		
First Bank UK	2,567,694	1,186,961
Habib Bank UK	155,869	463,808
Commerzbank AG	424,515	254,028
Standard Chartered	(239)	-
	3,147,839	1,904,797
As at 31 December	3,621,902	3,031,297

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.

Notes to the Financial Statements

for the year ended 31 December 2014

5. SUKUK

31/12/2014
N'000

31-Dec-13
N'000

Osun State Sukuk

2,400,000

1,000,000

In 2013 the bank invested N1,000,000,000 in a 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 Suku has a Seven-Year Tenor with terminal date of 2020. Principal Repayment will commence from January 2015.

6. MURABAHA RECEIVABLES

31-Dec-2014
N'000

31-Dec-2013
N'000

Murabaha Retail

1,527,125

560,421

Murabaha Corporate

9,851,551

5,417,284

Murabaha Staff

22,407

1,538

Murabaha Related Party

142,842

10,497

Murabaha Finance Corporate Monthly

216,008

17,233

Murabaha Finance - Corporate Others

6,226

-

Murabaha Finance - Retail others

980

2,883

Gross receivable

11,767,138

6,009,856

Allowance for impairment

(275,585)

(116,655)

Deffered Profit

(1,208,817)

(670,744)

At 31 December

10,282,737

5,222,457

7. INVESTMENTS IN MUSHARAKA

31-Dec-2014
N'000

31-Dec-2013
N'000

Gross investment in Musharaka

650,000

119,848

Allowance for impairment

(6,500)

-

At 31 December

643,500

119,848

8. INVESTMENTS IN QARD HASSAN

	31-Dec-2014 N'000	31-Dec-2013 N'000
Share loans to staff	164,281	230,249
Loans to customers	-	60,015
Gross investment in Qard Hassan	164,281	290,264
Allowance for impairment	-	(2,903)
At 31 December	164,281	287,361

9. INVESTMENTS IN ISTISNA

	31-Dec-2014 N'000	31-Dec-2013 N'000
Istisna Receivable	722,676	354,316
Allowance for impairment	(7,226)	(3,543)
Deffered Profit	(37,122)	(22,359)
At 31 December	678,327	328,414

10. INVESTMENTS IN IJARAH ASSETS

	31-Dec-2014 N'000	31-Dec-2013 N'000
Ijara wa Iqtina	7,773,392	2,892,980
Ijara home finance	29,194	358,616
Ijara Auto & Others-R	10,138	142,969
Ijara Others	17,588	36,876
Gross investment in Ijara	7,830,312	3,431,441
Less Allowance for impairment	(85,439)	(60,901)
At 31 December	7,744,873	3,370,540

Notes to the Financial Statements

for the year ended 31 December 2014

11. INVESTMENTS IN ASSETS HELD FOR SALE

	31-Dec-2014 N'000	31-Dec-2013 N'000
Unsold Inventory of Properties	2,715,000	949,904
Advances for LC Murabaha-in Transit	958,718	301454
At 31 December	3,673,718	1,251,358

The amount of N2.71 Billion represents the value of the closing Stock of Real Estate Inventories. Of this amount, N1.56 Billion represents the value of the Plot of Land under development, but recognized based on an executed Purchase Agreement with the Vendor. Other details of these transactions are available in the Bank for verification.

12. PROPERTY & EQUIPMENT

	Fixed Assets WIP	Land Freehold	Building Freehold	Office Equipment	Motor Vehicles	Furniture & Fixtures	Computer Equipment	Library Books	Total
Cost									
At 1 January 2014	261,841	67,175	43,432	144,941	174,913	81,463	403,218	-	1,176,983
Additions/Reclassification	(16,727)	1,838	55,541	48,277	19,491	17,909	382,401	350	509,081
Disposal	-	-	-	-	(3,955)	-	-	-	(3,955)
At 31 December 14	245,114	69,013	98,973	193,218	190,449	99,372	785,619	350	1,682,109
Depreciation									
At 1 January 2014	-	-	353	43,138	39,517	9,044	140,500	-	242,552
Charge for the year	-	-	1,486	29,386	29,972	17,740	24,912	43	203,540
On Disposal	-	-	-	-	(888)	-	-	-	(888)
At 31 December 14	-	-	1,839	72,524	68,602	36,784	265,412	43	445,204
Net book Value at 31 December 2014	245,114	69,013	97,134	120,695	121,847	62,588	520,206	307	1,236,905
Net book Value at 31 December 2013	261,841	67,175	43,079	101,803	135,396	62,419	262,718	-	934,431

13. LEASEHOLD IMPROVEMENTS	31-Dec-2014 N'000	31-Dec-2013 N'000
Cost		
At 1 January	505,013	409,270
Adjustments	103,745	-
Additions	86,552	95,743
At 31 December	695,310	505,013
Amortisation		
At 1 January	315,140	144,372
Adjustments	184,049	-
Charge for the year	48,463	170,768
At 31 December	547,651	315,14
Net book Value at 31 December	147,659	189,874
14. INTANGIBLE ASSET(Computer Software)	31-Dec-2014 N'000 Computer software	31-Dec-2013 N'000 Computer software
Cost:		
At 1 January	330,218	258,434
Additions	46,520	71,784
At 31 December	376,738	330,218
Amortisation:		
At 1 January	70,731	43,282
Charge for the year	34,946	27,449
At 31 December	105,677	70,731
Net book Value at 31 December	271,061	259,487

Notes to the Financial Statements

for the year ended 31 December 2014

15 OTHER ASSETS	31-Dec-2014	31-Dec-2013
	N'000	N'000
Sundry debtors	188,533	53,338
Prepaid Rent	298,186	-
Prepaid Sukuk Premium	105,271	-
Other Prepayments	258,179	73,253
Inventory - Cheques, Priting and ATM Cards	63,910	46,746
Due from staff	-	31,019
Branch development expenditure	122,979	69,792
Receivables	155,911	190,329
Rental Receivable from Sukuk Investment	89,227	37,178
Bai Muajjal Receivables	904,775	-
Accrued Profit	357,166	129,942
Due from Banks- ATM Transactions	350,433	130,354
Cash Shortage	37	-
Operating Suspense	41,523	-
Interbranch	(8)	-
Total	2,936,123	761,951
Impairment on Other Assets ("Other Known Losses")	(95,919)	-
At 31 December	2,840,204	761,951
<p>The amount of N350,433,000 due from banks was the outstanding Balance of ATM Transactions due to Jaiz bank. This was due to the use of Other Bank's ATM cards on Jaiz Bank ATM Terminals. Bai Muajjal Receivable refers to the amount to be colleted from Customers that bought Properties from the Bank and were yet to finish paying for the Properties as at the year end.</p> <p>The Sundry Debtors figures include an amount of N82 Million that was used for reintatement of Share Capital Account so as to reflect Allotment and Regulatory approval</p>		
16(a) TAXATION	31-Dec-2014	31-Dec-2013
i) Income Statement	N'000	N'000
Income tax based on the profit for the year	-	-
Education tax	(10,544)	-
	(10,544)	-
Deferred tax (Note 16 b)	574,992	653,079
Income Statement	564,447	653,079

ii) Statement of Financial Position

At 1 January	-	-
Charge for the year	10,544	-
	10,544	-
Paid during the year	-	-
At 31 December	10,544	-

16 (b) DEFERRED TAXATION

At 1 January	991,012	337,933
Provision for the year	574,992	653,079
	1,566,004	991,012 105

17. DUE TO CUSTOMERS

Analysis by type of account:	31-Dec-2014 N'000	31-Dec-2013 N'000
(17a) Current Accounts (Customer's Deposits)	10,847,957	8,788,859
(17b) Mudaraba Savings Accounts	16,681,010	13,132,998
Total Deposits At 31 December	27,528,967	21,921,857

Analysis by Maturity:

All the customers deposits are analysed by Maturity into Current and Savings Deposit as follows:	31-Dec-2014 N'000	31-Dec-2013 N'000
Current Deposits	10,847,957	8,788,859
Savings Deposits	16,681,010	13,132,998
At 31 December	27,528,967	21,921,857

The bank has completed arrangement to introduce Mudarabah Tenored Deposits which will give customers the opportunity to choose from a Basket of Returns available for different tenors.

Notes to the Financial Statements

for the year ended 31 December 2014

	31-Dec-2014 N'000	31-Dec-2013 N'000
17b. EQUITY OF INVESTMENT ACCOUNTHOLDERS		
Savings account	8,847,175	6,023,183
Children savings account	305,870	133,611
Jaiz premium Savings Account	7,208,590	5,948,855
Others	319,375	1,027,349
At 31 December	16,681,010	13,132,998
18. OTHER LIABILITIES		
	31-Dec-2014 N'000	31-Dec-2013 N'000
MC/Margin Deposits	2,510,988	247,954
Accounts payable	25,873	381,043
Vendors payable	1,643,398	95,529
Other tax liabilities	21,651	21,277
Profit payable to Mudaraba savings accounts	12,125	2,339
e-Banking payables	79,539	-
Due to Charity	153,718	11,226
Sundry Creditors	1,052,062	218,397
Accrued audit fee	9,385	16,000
Sundry Deposit	7,447	34,035
Due to Mudarabah Depositors	69,956	-
Other Payables	73,604	-
At 31 December	5,659,746	1,027,800

Margin Deposits- Refere to note 4

i Included in Vendors Payable is an amount of 1.56 Billion payable to a Vendor, as a result of a Purchase Agreement executed between it and the Bank. The Agreement is for a supply of a number of Properties for onward sale to Off Takers. The corresponding Assets were included in the value of "Investments in Assets held for Sale" (Note 11)

ii The amount of N69.96 Million described as "Due to Mudarabah Depositors" represents distributable profits to Mudarabah Investment Account Holders, which was finally determined after the year end. The amount will be distributed in 2015

19. OWNERS' EQUITY

(A) SHARE CAPITAL

	31-Dec-2014 N'000	31-Dec-2013 N'000
(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-2014 N'000	31-Dec-2013 N'000
11,747,297,000 ordinary shares of N1 each At 1 January	11,747,297	11,747,297
Issued during the year	-	-
Adjustment	82,403	-

At 31 December	11,829,700	11,747,297
-----------------------	-------------------	-------------------

20. SHARE PREMIUM

	31-Dec-2014 N'000	31-Dec-2013 N'000
4,215,259,125 shares issued at 15 kobo premium during the 2012 financial year	632,289	632,289

At 31 December	632,289	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.

21. RETAINED EARNINGS

	31-Dec-2014 N'000	31-Dec-2013 N'000
At beginning of the year	(1,529,067)	(2,299,252)
Adjustment of pre-operational reserve	(502,000)	1,606,924
Net profit for the year	691,269	(742,795)
Prior year adjustments	(8,971)	(93,944)

At 31 December	(1,348,769)	(1,529,067)
-----------------------	--------------------	--------------------

The transfer of N502 million is part of the Pre-Operations Non-permissible Income that was remitted to Jaiz Foundation as Interest clensing fund as directed by the CBN

Notes to the Financial Statements

for the year ended 31 December 2014

22 (I). RISK REGULATORY RESERVE	31-Dec-2014	31-Dec-2013
	N'000	N'000
At the beginning of the Year	115,475	19,567
Adjustment against retained earnings	(10)	95,908
At 31 December	115,465	115,475
(ii) (b) Reconciliation of Risk regulatory reserve		
	IFRS	N'000
		Prudential Guidelines
Bal as at 1st January 2014	-	115,475
Provision	-	-
At 31 December	-	115,475 22
(ii) Statement of Prudential Adjustment		
<p>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.</p>		
24. INCOME FROM ISLAMIC FINANCES		
	31-Dec-2014	31-Dec-2013
	N'000	N'000
Murabaha profit	931,278	563,024
Murabaha profit Retail	150,741	845
Murabaha Trade Finance	265	-
Total profit from Murabaha transactions	1,082,285	563,869
Ijara wa Iqtina profit	596,796	275,708
Ijara Finance Lease Profit	49,514	32,615
Ijara profit home finance	1,118	3,178
Ijara Others	469,219	4,517
Trading Assets Income	349,582	112,150
Isstina Profit	89,073	59,664
Musharaka Profit	83,731	-
At 31 December	2,721,317	1,051,702

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

	N'000	N'000
Profit paid to Unrestricted Mudarabah Account Holders / Fees of Mudarib	2,383,432	801,451
Profit from Financing Investments paid to Mudarabah Account Holders	692,895	285,429

25 (ii) Mudarib fees/ profit of Joint Investments

Bank's fees as Mudarib.	1,690,537	516,022
Profit from the Bank's Joint Financing investments	610,287	287,429
Bank's fee as Mudarib/Profit of owned Joint Investmets	2,300,824	803,451

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 amount of N692.89 Million was paid by the Bank to the Mudaraba Account Holders within 2014 Financial Year.

26. FEES AND COMMISSION INCOME

	31-Dec-2014 N'000	31-Dec-2013 N'000
Commission on turnover	-	44,538
Banking Service Fees	105,246	48,217
Islamic Finance Facility Fee	-	1,104
Trade Finance Fees	139,175	13,163
At 31 December	244,421	107,023

The charges for COT were discontinued effective from July, 2013 in compliance to the directives of CBN and the verdict of the Bank's Shariah Advisory Committee of Expert (ACE) that it is not in compliance to the principle of Non Interest Banking.

27. RETURNS FROM SUKUK

	31-Dec-2014 N'000	31-Dec-2013 N'000
	272,403	37,178

The Sukuk Profit of N272.40 Million was the earned portion of the Banks'Investment in the Sukuk issued by Osun State Government within the Financial year(See Note 5). The profit was included in the distributale profit that was generated by the Financing Contracts108

Notes to the Financial Statements

for the year ended 31 December 2014

28. OTHER OPERATING INCOME

	31-Dec-2014 N'000	31-Dec-2013 N'000
Other income	324,396	23,307
At 31 December	324,396	23,307

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

29. NON-TRADING EXCHANGE (LOSS)/GAIN

The Bank's Accounting Policy provides that Monetary Assets & Liabilities denominated in Foreign Currencies been converted in to Naira at the rate of Exchange ruling at the Balance sheet date and any difference thereof be taken to the Income Statement. The amount of N32.07 Million in the Income statement represents such revaluation difference as at 31st December 2014

30. STAFF COST

	31-Dec-2014 N'000	31-Dec-2013 N'000
Salaries	841,355	557,297
Staff pension	32,711	10,432
Staff allowances	331,113	235,643
Medical and other Allowances	99,611	54,205
Training and Seminar expenses	35,196	25,654
At 31 December	1,339,987	883,231

31. DEPRECIATION/AMORTISATION

	31-Dec-2014 N'000	31-Dec-2013 N'000
Depreciation on property & Equipment (see note 12)	203,540	119,330
Amortisation of Leasehold Improvement (see note 13)	48,463	170,768
Amortisation of Intangible Assets(see note 14)	34,946	27,449
Total Depreciation & Amortisation	286,948	317,547

32. OTHER EXPENSES

	31-Dec-2014 N'000	31-Dec-2013 N'000
Advertising and marketing	98,346	110,132
Administrative - note 31 (l)	509,091	232,325
Subscription & Professional fees	25,046	27,099
Provision for Banking Sector Resolution Cost Trust Fund	-	51,000
ACE's Expenses	20,397	22,000
Rental charges (Occupancy Cost)	146,379	136,094
Licenses	56,771	51,750
Bank Charges	31,629	5,897
Audit fee & Other Expenses	16,403	22,901
Directors expenses	53,234	80,575
Others	-	91,170
At 31 December	957,296	830,943

	31-Dec-2014 N'000	31-Dec-2013 N'000
32 (i) ADMINISTRATIVE		
Telephone expenses	4,622	5,615
Internet connection	93,516	16,887
SWIFT/NIBBS Charges	12,414	-
Courier charges	3,535	2,342
Local and foreign travels	33,755	29,711
Printing & Stationaries	30,855	37,070
Repairs and maintenance	22,558	4,300
Security Guards	25,107	10,024
Other security expenses	15,524	4,569
Money and other Insurance	18,232	8,179
NDIC Premium	91,306	
Fuel Expense	30,498	4,276
Vehicle repairs	3,167	3,197
Others	124,002	106,156
At 31 December	509,091	232,325

Notes to the Financial Statements

for the year ended 31 December 2014

33 PROVISION FOR IMPAIRMENT OF FINANCING AND INVESTMENT

The Provision for impairment is based on the Managements assessment of the Bank's Assets according to the Central bank of Nigerias Prudential Guidelines and relevant Accounting Standards as follows:

(i) Impairment by Products

	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. 2014	212,655	-	2,903	3,543	60,901	-	280,002
Re-classification	(81,616)	-	(2,903)	-	-	84,519	-
Impairment for current year	144,546	6,500	-	3,683	24,538	11,400	190,667
As at 31,Dec. 2014	275,585	6,500	-	7,226	85,439	95,919	470,669
Notes	6	7	8	9	10	15	

(ii) 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
General Impairment	114,276	6,500	-	7,227	78,231	-	206,234
Specific Impairment	161,308	-	-	-	7,208	95,919	264,435
As at 31,Dec. 2014	275,584	6,500	-	7,227	85,439	95,919	470,669

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

	31-Dec. 2014		31/12/2013	
	Holdings	%	Holdings	%
Dantata Investment & Securities Limited	1,410,209,270	11.92	1,923,220,476	16.37
Dantat Aminu Alhassan	618,136,207	5.22	-	-
Islamic Development Bank	1,002,160,494	8.47	1,002,160,494	8.53
Dangote Industries Ltd	1,000,000,000	8.46	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	977,722,774	8.26	1,430,117,383	12.17
At 31 December	7,175,135,267	60.64	7,522,404,875	64.04

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-2014 N'000	31-Dec-2013 N'000
Net Profit (loss) for the year	126,822	(1,395,874)
Weighted Average Number of Shares	11,829,700	11,747,297
Basic and diluted Earnings Per Share	0.01	(0.12)
At 31 December	0.01	(0.12)

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

35. RELATED PARTY DISCLOSURES

	RELATED PARTY	RELATIONSHIP WITH THE BANK	N'000 LIMIT	31-Dec-2013 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 And Mgt Company 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
Mahe Abubakar	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

Notes to the Financial Statements

for the year ended 31 December 2014

RELATED PARTY DISCLOSURES

			N'000 LIMIT	31-Dec-2013 N'000 AMOUNT RECEIVABLE
	RELATED PARTY	RELATIONSHIP WITH THE BANK		
Baze University	Nafiu Baba Ahmed	Director	346,000	259,724
Dangote Agrosack	Aliko Dangote	Director	1,500,000	229,655
Noble Hall Schools	Dr. Umaru Abdulmutallab	Director	329,495	324,320
Mukhtar Danladi Hanga Sani	Mukhtar Danladi Hanga Sani	Director	54,000	52,669
Dantata Property Dev And Mgt Company Ltd	Aminu Dantata	Director	450,000	543,855
Mbs Merchant Limited	Falalu Bello	Director	1,000,000	1,025,624
Barumark Invt Ltd	Dr. Umaru Abdulmutallab	Director	320,000	293,097
Bellmari Energy Limited	Aliko Dangote	Director	205,791	225,534
Staff Facility (Qard)	Employee	Employee	-	230,249
Staff Facility	Employee	Employee	-	500,019
Hassan Usman	Executive Director	Executive Director	81,000	80,190
At 31 December 2013			4,286,286	3,764,936

All Investments granted to "Related Parties" were at the same terms & Conditions with those granted to Non-related Parties. The amounts shown as Receivables comprises of the principal investments and the profit Mark-ups

36. INFORMATION REGARDING DIRECTORS

	31-Dec-2014 N'000	31-Dec-2013 N'000
Emoluments		
Fees:		
Chairman	700	700
Other directors (N500,000 each)	7,000	7,000
Emolument as executives	95,836	27,665
Highest paid director	35,196	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	3	-

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	-	5
400,001	-	500,000	4	34
500,001	-	600,000	3	20
600,001	-	700,000	69	-
700,001	-	800,000	-	19
800,001	-	900,000	-	11
900,001	-	1,000,000	38	-
1 1,000,001	-	5,000,000	148	152
5,000,001	-	10,000,000	7	37
Above		N10,000,000	-	8

31/12/2014

31/12/2013

Number of persons employed as at the end of the year were:

	Number	Number
Managerial	16	18
Senior	39	59
Junior	217	219
	272	296

Notes to the Financial Statements

for the year ended 31 December 2014

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 2014.

39 CARD ISSUANCE AND USAGE IN NIGERIA AS AT 31 DECEMBER 2014

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
AS at 31 December 2014	VERVE DEBIT CARD	1,563,330	11,773,065

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 2013

	JAIZ BANK'S MACHINE	OTHER BANKS' MACHINE
Number of complaints	1,972	818
Number of complaints resolved	1,972	818
Number of complaints unresolved	-	-
At 31 December Amounts in dispute (N'000)	-	-

(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

(ii) Customer complaints data	31 Dec.2014	31-Dec-2013
Number of complaints received	166	36
Number of complaints resolved	166	36
Number in process of resolution	-	-
At 31 December	-	-

41. FINANCING ANALYSIS

(I) By Performance	31 Dec.2014 N'000	31-Dec-2013 N'000
Performing	20,767,165	9,986,109
Non Performing:		
Substandard	77,280	64,166
Doubtful	55,401	155,450
Lost	114,950	-
At 31 December	21,014,795	10,205,725

(ii) By Security	31 Dec.2014 N'000	31-Dec-2013 N'000
All Asset Debenture	229,244	238,606
Corporate Guarantee	976,134	267,783
Personal Guarantees	100,087	-
Pledge of Asset/Lien of Assets	39,916	294,084
Deposit of Title Deeds	26,949	1,025,623
Legal Mortgage	15,438,104	6,622,406
Equitable Mortgage	1,137,862	774,543
Salary Domiciliation/ lien of Assets	1,510,578	900,690
Post Dated Cheques	61,340	41,051
Clean/Staff Qard Hassan	164,281	-
Hyphotication of Goods	-	38,835
Simple Deposit of Title	-	2,103
Irrevocable Standing Payment Order/Letter of comfort	689,282	-
Domiciliation of Contract proceeds	641,019	-
At 31 December	21,014,795	10,205,724

Notes to the Financial Statements

for the year ended 31 December 2014

(iii) By Location	31 Dec. 2014 N'000	31-Dec-2013 N'000
Head Office	2,582,974	2,465,431
Abuja	8,168,672	4,172,640
Kano	1,273,752	934,183
Kaduna	2,862,034	1,585,917
Gombe	160,833	71,119
Maiduguri	68,547	479,758
Kano 2	2,092,850	37,038
Katsina	638,595	459,638
NASS	51,913	–
Wuse	2,725,539	–
Gusau	149,325	–
ATBU	19,573	–
Sokoto	30,590	–
Kabuga- Kano	2,993	–
NNPC	22,324	–
Staff Qard	164,281	–
At 31 December	21,014,795	10,205,724
(iv) By Product	31 Dec. 2014 N'000	31-Dec-2013 N'000
Murabaha Corporate	4,956,280	5,577,034
Ijarah Wa Iqtina Corporate	4,513,455	1,693,938
Musharakah	650,000	119,848
Qard Hassan	164,281	290,264
Murabaha Household Appliance	52,962	43,877
Murabaha Auto Finance	1,325,725	285,386
Ijarah Auto Finance	16,231	55,942
Ijarah Home Finance	2,939,443	1,591,391
Ijarah Service	288,561	–
Murabaha Retail/Gen.	5,385,181	193,727
Istisna	722,676	354,317
At 31 December	21,014,795	10,205,724

Notes to the Financial
Statements

for the year ended 31 December 2014

(v) By Sector	31 Dec. 2014 N'000	31-Dec-2013 N'000
Agriculture	2,472,328	1,551,749
Real estate	5,506,228	3,390,464
Manufacturing	411,454	493,351
Education	1,158,976	930,084
Wholesale trading	6,770,120	-
Construction	1,019,132	529,179
Information Technology	329,318	102,260
General	2,198,117	1,394,701
Oil and Gas	286,402	-
Retail	1,619	1,813,935
Transport	861,100	-
At 31 December	1,014,795	10,205,724
(vi) By Category	31 Dec. 2014 N'000	31-Dec-2013 N'000
Corporate	16,825,210	7,968,534
Retail	4,189,585	2,237,190
At 31 December	21,014,795	10,205,724
vii) By Age	31 Dec. 2014 N'000	31-Dec-2013 N'000
0 - 30 days	-	-
31 - 60 days	101,104	-
61-90 days	176,685	2,181,135
91 - 180 days	1,618,065	975,976
181-360days	2,295,023	1,145,396
Over 360 days	16,823,918	5,903,217
At 31 December	21,014,795	10,205,724

Notes to the Financial Statements

for the year ended 31 December 2014

42. LEGAL CLAIMS, CONTINGENT LIABILITIES AND COMMITMENTS

(i) Legal Claims

Following an Order absolute made against the Bank, the Bank briefed its External Solicitor, Segun Olabode & Co., 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. Our Solicitor has filed brief of arguments and hearing date is yet to be set for the appeal. The Respondent did not file its own brief and the duration within which the brief must be filed had since elapsed. The Directors are of the firm belief that the matter would not pose any negative consequence to the Bank as the Respondent (Guarantee Trust Bank) is apparently not interested in the suit. This may not be unconnected with the fact that the Judgment Debtor does not maintain any account with the Bank and the ruling from the Lower Court was given only on technical grounds.

(ii) Contingent Liabilities

	31 Dec.2014 N'000	31-Dec-2013 N'000
Advanced Payment Guarantees	2,952,609	740,424
Letters of Credit	1,623,113	314,431
Bonds and Guarantees	733,727	234,738
At 31 December	5,309,449	1,289,593

(iii) Capital Commitments

There were no capital commitments at the end of the reporting period of 31 December 2014.

(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.

Notes to the Financial
Statements

for the year ended 31 December 2014

As at 31 December 2014	CORPORATE BANKING N'000	RETAIL BANKING N'000	TOTALS 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	-	2,400,000
Murabaha receivables	10,989,767	777,370	11,767,138
Musharaka	650,000	-	650,000
Qard Hassan	164,281	-	164,281
Investments in Ijarah assets	4,567,399	3,262,913	7,830,312
Istisna	722,676	-	722,676
Assets held for Trading	3,673,718	-	3,673,718
Fixed assets	-	-	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
As at 31 December 2014			
ASSETS			
Cash balances	-	-	947,580
Balances with banks and Central Bank	-	-	15,316,042
Due from banks and financial institutions	-	-	3,031,297
Sukuks	1,000,000	-	1,000,000
Murabaha receivables	5,752,320	347,706	6,100,026
Musharaka	119,848	-	119,848
Qard Hassan	60,015	230,248	290,263
Investments in Ijarah assets	1,682,035	1,659,236	3,341,271
Istisna	354,316	-	354,316
Fixed assets	-	-	628,477

Notes to the Financial Statements

for the year ended 31 December 2014

Leasehold improvement	-	-	332,570
Intangible assets	-	-	191,966
Other assets	-	-	2,276,799
Deferred tax	-	-	337,933
TOTAL ASSETS	8,968,534	2,237,190	34,268,388

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.

44. CONTRAVENTION OF CBN GUIDELINES

During the year , the Bank bought two properties without the prior approval of the Central Bank of Nigeria. The Bank was sanctioned for contravening the CBN Guideline. A penalty of N2 Million was paid in June 2014 and the balance of another N2 Million was paid in August 2014

45. COMPARATIVE FIGURES

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

46. EMPLOYEE BENEFIT PLANS

	31 Dec.2014	31-Dec-2013
	N'000	N'000
Opening defined contribution obligation	194	586
Charge for the year	32,711	20,864
Payment to Fund administrator	(16,574)	(21,256)
At 31 December	16,331	194

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 the fixed rate as determined by the Pension Act, 2004 as amended. The total expense charged to income for the year was N32.7 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 does not currently operate a Defined Benefit Plan and therefore does not have any obligation (legal or constructive) in this regard.

NOTICE IS HEREBY GIVEN that the 3rd Annual General Meeting of Jaiz Bank Plc. will hold at NAF Conference Centre & Suites Plot 496 Ahmadu Bello Way , Kado, Abuja, Federal Capital Territory on Wednesday June 10th 2015 at 11.00am to transact the following business:

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

 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 Wednesday June 10th 2015 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.

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.

For Company's use only		
Full Name and Address of Shareholder	Number of Shares	
Resolution	For	Against
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 Authorize the Directors to fix the remuneration of the Auditors.		
6. To elect members of the Audit Committee.		

(TEAR OFF THIS PART)

ADMISSION CARD

Please admit.....to the Annual General Meeting Jaiz Bank Plc. which will be held at Abuja, Federal Capital Territory on Wednesday June 10th 2015 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.

PLEASE
AFFIX
A STAMP
HERE

AFRICA PRUDENTIAL REGISTRARS

Formerly UBA Registrars Limited

220B Ikorodu Road,

Palmgrove,

Lagos, Nigeria.