



TAJBANK LIMITED

AUDITED FINANCIAL STATEMENTS

31ST DECEMBER, 2022

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TAJBank Limited

Plot 72, Ahmadu Bello Way
Central Business District, Abuja, Nigeria.



Our Vision

To be the leading African Financial Institution with a reputation for excellent customer experience and innovative solutions.



Our Mission

To build a sustainable ethical brand through exceptional service, innovation and professionalism whilst enhancing Stakeholders' value.



Core Values

TRUST AND JUSTICE.
CUSTOMER CENTRIC.
EXCELLENCE
DETERMINATION.
INNOVATION

} **TAJ-CEDI**

TAJBank Limited

Plot 72, Ahmadu Bello Way
Central Business District, Abuja, Nigeria.

DIRECTORS, OFFICERS AND PROFESSIONAL ADVISERS

| | | |
|-------------------------------------|---|---|
| Alhaji Tanko Isiaku Gwamna | - | Chairman |
| Alhaji Tata S. Omar | - | Non-Executive/Independent Director |
| Mr. Adekunle J. Awe | - | Non-Executive/Independent Director |
| Hajiya Mariam Ibrahim | - | Non-Executive Director |
| Mallam Ahmed A. Joda | - | Non-Executive Director |
| Mr. Kogis Jonathan Luka Director | - | Non-Executive |
| Barr. Habib Alkali | - | Non-Executive Director |
| Mr. Charles I. Ebienang | - | Non-Executive Director |
| Mallam Lawal Garba | - | Non-Executive Director |
| Dr. Jameel Muhammad Sadis | - | Non-Executive Director |
| Dr. Nura Manu Soro | - | Non-Executive Director |
| Mr. Hamid A. Joda | - | Managing Director/Chief Executive Officer |
| Mr. Sherif A. Idi | - | Executive Director/Executive Compliance Officer |

Ag. SECRETARY - Amina Usman Toli

REGISTERED OFFICE

TAJBank Ltd
Plot 72, Ahmadu Bello Way
Central Business District
Abuja.

AUDITORS

Ahmed Zakari & Co.
5th Floor African Alliance Building
F1, Sani Abacha Way
P.O. Box 6500
Kano.

TAX ADVISORS

Fiduciary Consulting
No. 5, Port Harcourt crescent,
NSITF Building Area 11,
Garki, Abuja.

TAJBank Limited

Plot 72, Ahmadu Bello Way
Central Business District, Abuja, Nigeria.

Our Branches

| S/N | Branch | Address |
|-----|------------------------|--|
| 1 | Abuja Corporate Branch | Plot 72, Ahmadu Bello Way, Central Business District, Abuja |
| 2 | NASS Branch | Senate Building, Three Arm Zone, National Assembly Complex, Abuja. |
| 3 | Wuse 2 Branch | Plot 652, Cadestral Zone, Aminu Kano Crescent, Wuse 2, Abuja. |
| 4 | Kano Branch | No. 110, Murtala Muhammad Way, Kano State. |
| 5 | Hotoro Branch | Hotoro South, Nassarawa District, Nassarawa LGA, Kano State. |
| 6 | Kurna Asabe Branch | Dala Government Area, Katsina Road, Kano State. |
| 7 | Sabon Gari Branch | No. 1, Okonkwo Avenue, by Igbo Road, Sabon Gari (Bulama House), Kano State. |
| 8 | Kofar Wambai Branch | Kofar Wambai, along IBB Way, Kurna Asabe, Kano State. |
| 9 | Zoo Road Branch | No. 3A, Zoo Road, Tarauni District, Kano State. |
| 10 | Sokoto Branch | Sokoto Investment House, No. 8 Kano Road, Sokoto State. |
| 11 | Kaduna Branch | No. 20, Ali Akilu Road, Kaduna State. |
| 12 | Kasuwan Bacci Branch | No. 36, Dutsenma Street, Tudun Wada, Kasuwan Bacci, Kaduna State. |
| 13 | Magajin Gari Branch | Plot 221, Abubakar Kigo Road by Ahmadu Bello Way, Magajin Gari, Kaduna State. |
| 14 | Sabon Tasha Branch | No. 5, Kachia Road, Sabon Tasha, Kaduna State. |
| 15 | Rigasa Branch | AX 32, Nnamdi Azikiwe By-Pass, Sabon Gari, Tudun Wada, Kaduna State. |
| 16 | Gombe Branch | Plot No. 35 on Residential and Trading Layout Plan behind Jibwis Secondary School, Main Market, Gombe State. |
| 17 | Maiduguri Branch | No. 9 Kiri Kasama Road, off Kashim Ibrahim Way, Maiduguri, Borno State. |
| 18 | Yola Branch | No. 17, Galadima Aminu Way, Lamido Cinema, Yola, Adamawa State. |
| 19 | Bauchi Branch | No. 21, Ahmed Abdulkadir Road, Bauchi State |
| 20 | Ikoyi Branch | No. 7, Alfred Rewane Road, Falomo Roundabout, Ikoyi, Lagos State. |
| 21 | Apapa Branch | No. 16, Burma Road, Apapa, Lagos State |
| 22 | Port Harcourt Branch | No. 17A, Trans Amadi, Mkpogwu, Port Harcourt, Rivers State. |

Cash Centers

| S/N | Branch | Address |
|-----|-----------------------------------|-------------------------------|
| 1 | Wuse Cash Center | Wuse Market, Abuja |
| 2 | Gudu Cash Center | Gudu Electrical Market, Abuja |
| 3 | Garki Cash Center | Garki 2 Model Market, Abuja |
| 4 | A.A Rano Airport Road Cash Center | A.A Rano, Airport Road, Abuja |

About TAJBank

TAJBank Limited is Nigeria's second non-interest bank, the most efficient as well as the fastest growing.

The institution was founded in 2019, as TAJBank Limited. On 3 July 2019, it received a license from the Central Bank of Nigeria, the national banking regulator, to operate as a regional bank. In December 2019, the Bank commenced the provision of banking services to the public through its flagship branches in Kano and Abuja.

TAJBank Limited recorded its earliest success in 2020 when it broke the record of being the first non-interest bank to break-even within its first financial year. The Bank continues to grow in leaps and bounds with a CAGR of 222%, a total workforce (direct and indirect) of 964 personnel, strategically sighted branches/service touch points across 3 geopolitical zones of the country, culminating in the issuance of a National License by the Central Bank of Nigeria in August 2022. In November 2022, the Bank attained another first feat when it successfully issued a tranche of its N100 billion Tier 1 Sukuk which got over subscribed by about 11%. The Sukuk was successfully listed on the NGX exchange in February 2023.

As a Non-Interest Bank with the strategic intent of providing excellent services through technology and digital innovation, the Bank focuses on building a strong brand with solutions and competencies in non-interest banking while adapting to the sustainable development of society at large.

In line with its mission and vision, the Bank seeks to redefine the banking landscape through continuous investment in cutting edge information technology with a view to delivering exceptional service to its teeming customers while also committing itself to its Core values which are **Trust and Justice, Customer centricity, Excellence, Determination, and Innovation.**

The strategic intent of the Bank is to be recognized as the dominant non-interest bank operating in Nigeria with comprehensive non-interest banking products and achieve 75% market share as well as a market leader in service delivery ranking among the top 10 Banks in the country. As part of its strategic initiatives, the Bank also intends to pursue branch expansion to achieve at least (50) branches across state capitals/major commercial centres and e-channels (which includes agent banking) for the purpose of banking the unbanked populace and significantly promoting financial inclusion in Nigeria by 2025; while also eyeing international expansion in due course.

In addition, TAJBank has continued to leverage the strengths of its business-savvy Board alongside its competent and experienced Management team and Staff which navigated the Bank to the attainment of uncommon feat.

The Board



Alhaji Tanko Isiaku Gwamna – Chairman, Board of Directors

Alhaji Tanko Isiaku Gwamna began his career in real estate in 1987 before moving fully into the finance sector. His meritorious service to the country has seen him holding several appointments at the government level, such as Honourable Commissioner of Agriculture and Honourable Commissioner, Ministry of Works and Housing, Gombe State during the Danjuma Goje administration. Tanko Isiaku Gwamna holds a First Class Degree in Economics, and a Member of Financial Reporting Council of Nigeria.

He is the Chairman of Grandscope Construction Co. Ltd, a successful construction company, with global exposure in business activities. Alhaji Isiaku Gwamna has been rendering humanitarian support to less privileged and distressed persons. He is, indeed, an icon to the development Medium and Small Enterprises in the North-East Zone of Nigeria.



Mr. Hamid Joda – Managing Director/Chief Executive Officer

Mr. Hamid Joda is a seasoned banker with over 20 years banking experience covering Treasury, Business Development, Consumer/Retail Banking, Branch Banking, and the Public Sector. He began his career at Niger Insurance Plc in 1999 before moving to City Express Bank Ltd, Lagos the same year where he held the position of Senior Supervisor. He also worked at Continental Trust Bank Ltd, Kano as a Senior Analyst and at the defunct Oceanic Bank International Nigeria Ltd. He was the pioneer Branch Manager of Fidelity Bank Plc, Kano from where he rose to the position of Area Manager in charge of the North East.

His extensive experience led him to First Inland Bank (Finbank Plc) Abuja as Group Head Retail Banking (North) where he later rose to become the Divisional Head, Retail Banking of the Bank. Hamid Joda was the Divisional Head, Public Sector, First City Monument Bank (FCMB) Ltd. He holds a BSc in Business Administration (Banking & Finance) from the University of Maiduguri and an MBA from Bayero University, Kano. He is also a Member of Financial Reporting Council and the Chartered Institute of Bankers of Nigeria (CIBN).

Mr. Joda is the Founder and Managing Director/Chief Executive Officer of TAJBank Limited. He led the team to realize the vision of setting-up the second Non-Interest Bank in Nigeria.



Mr. Sherif Idi - Executive Director/Executive Compliance Officer

Mr. Sherif Idi's over 20 years career offers prolific experience in Operations, Branch Management, Business Development and Public Sector Businesses.

He started his career at Inland Bank Nig. Plc, Abuja in 1999 as a Supervisor, where he worked in various Units of the Bank.

After the merger of Inland Bank and First Atlantic in 2004, which became First Inland Bank (and subsequently FinBank Plc), he became a Senior Operations Officer and was later saddled with the responsibility of Branch Manager.

He was a Group Head in the Public Sector Division at First City Monument Bank Ltd before embarking on the journey to set up TAJBank Limited.

He is the Co-Founder and Executive Director of TAJBank Limited and a Member, Financial Reporting Council of Nigeria and Chartered Institute of Bankers of Nigeria (CIBN).



Alhaji Tata S. Omar - (Independent Non-Executive Director)

Alhaji Omar started his banking career in 1991 at the Nigerian Agricultural & Cooperative Bank (NACB) as an Assistant Manager. He later joined the defunct Inland Bank Ltd in the year 1996 as a Deputy Manager. He rose through the ranks to become Principal Manager overseeing the Apapa region and later Zonal Director, Lagos.

Following the merger between Inland and First Atlantic Banks to create the defunct Finbank Plc, Alhaji Omar was appointed Zonal Executive in charge of Bauchi region which spanned the Bank's operations in the North Eastern Region of Nigeria.

Alhaji Omar earned an M.Sc. in Fisheries and a Post Graduate Diploma in Management from the Usman Danfodio University, Sokoto. He also holds an MBA from the Usman Danfodio University, Sokoto and a Senior Management Programme Certificate from the prestigious Lagos Business School.

He has attended numerous courses in Nigeria and abroad across different spheres, including Credit Analysis, International and Foreign Trade, Bank Lending and Credit Management etc. He is an honorary senior member of the Chartered Institute of Bankers of Nigeria (CIBN).



Mr. Adekunle J. Awe - (Independent Non-Executive Director)

Mr. Adekunle James Awe's over 25 years expertise in the financial sector spans across Internal Control, Internal Audit, Banking Operations, Business Process Review and Compliance.

He was the Head of Compliance at the First City Monument Bank Ltd (FCMB). Prior to joining FCMB, He was the Divisional Head, Internal Control and Ag. Chief Compliance Officer of Finbank Plc. He worked at First Atlantic Bank Plc. as the Divisional Head, Internal Control.

Mr. Awe holds MBA with specialization in Human Capital Management from the Lagos State University and a Higher National Diploma in Accountancy from the Lagos State Polytechnic.

He is a fellow of the Institute of Chartered Accountants of Nigeria (ICAN), a Member, Financial Reporting Council of Nigeria, an Associate Member, Institute of Management and a Certified Fraud Manager.



Hajiya Mariam Ibrahim - (Non-Executive Director)

Hajiya Mariam Ibrahim's over twenty-year (20) career spans across financial advisory, equity/debt capital raising and fund & portfolio management. Her financial career commenced at FSB Bank Plc where she worked as an Operations Officer. She also worked at BGL Securities Ltd as a Senior Investment Executive before leaving to set up Inverness Wealth Management Ltd, a Securities & Exchange Commission (SEC) licensed investment bank. The firm has grown its asset portfolio of financial and physical assets to over N10Billion.

Hajiya Mariam currently serves on the boards of Prosperous Holdings Nigeria Ltd and Noor Takaful Plc. She holds a degree in Business Administration from Ahmadu Bello University, Zaria, a Post Graduate Diploma in Islamic Banking at the Islamic Banking and Insurance Institute, London and MBA from the Edinburgh Business School, Heriot Watt University Edinburgh, Scotland.

She is a Member of Financial Reporting Council of Nigeria and holds a certificate in Disruptive Strategy from the prestigious Harvard Business School.



Mallam Ahmed A. Joda - (Non-Executive Director)

Mallam Ahmed A. Joda has over 31 years' experience in the banking and oil and gas sectors. He started his banking career in 1992 with the defunct Centre Point Merchant Bank Ltd from where he moved to Fidelity Bank Ltd. His career in the Oil and Gas Industry ranged from Human Resources to Shipping to Production to Commercial and Project functions. He has also had international experience working for Shell in Russia.

He holds a Degree in Business Administration from Ahmadu Bello University, Zaria and a B.Sc. in Applied Accounting from Oxford Brookes University, United Kingdom. He is also a Fellow of the Association of Certified Chartered Accountants of the UK (FCCA), Member of Financial Reporting Council of Nigeria and a Member of the Institute of Chartered Accountants of Nigeria (ICAN).



Barrister Habib Alkali - (Non - Executive Director)

Barrister Habib Alkali is a Nigerian and UK trained lawyer with expertise in Litigation/Arbitration, International Trade, Maritime, Aviation and Banking/Insurance services. He has vast experience in structuring legal agreements relating to commercial transactions and litigation. He is a prolific writer and has authored several legal advisory opinions on transacting business in Nigeria, financial crisis management, financial services as well as dispute resolution reforms.

Barrister Alkali sits on the board of several companies including Prime Switch Technologies Limited, Nairacheque Insurance Brokers Limited and Zindabad Nigeria Limited, and acts as Company Secretary to various organizations.

He holds an LLB, BL and LLM in International and Commercial Law (World Trade Specialist) from the University of Buckingham, United Kingdom. He is a member of numerous professional associations including the Nigerian Bar Association (NBA) and the Chartered Institute of Arbitrators, United Kingdom.



Mr. Kogis Jonathan Luka - (Non - Executive Director)

Mr. Kogis Jonathan Luka is a seasoned financial markets expert with over two decade's professional experience particularly in the Capital Market. He is a fellow of several professional institutions, such as the Chartered Institute of Stockbrokers (CIS) and an Associate of other professional bodies, including the Certified Pensions Institute of Nigeria (CPIN), the Institute of Capital Market Registrars (ICMR) and the Institute of Chartered Economists of Nigeria (ICEN).

He is a graduate of Ahmadu Bello University, Zaria where he obtained a Bachelor's Degree in Public Administration in 1989. He also holds MBA from the Nassarawa State University, Keffi. He has participated in various courses in diverse aspects of investment management, organizational change and accounting in Nigeria, South Africa and the United Kingdom. He has presented many papers on various aspects of investment banking and the Capital Market.

Mr. Kogis, along with various teams, has provided visionary leadership in designing and implementing operational structures and systems that have exceeded set objectives, especially in restructuring and critical start-up stages. He was involved in the setting up of Tower Assets Management Ltd (a stockbroking firm), First Alliance Pensions and Benefits Limited, where he served as the Chairman, Audit/Risk Management Committee.



Mr. Charles I. Ebieng (Non - Executive Director)

Mr. Charles I. Ebieng has had a stellar career in the financial services Industry. He was a Treasurer at Aso Savings & Loan Plc, Abuja, Nigeria and currently provides prudential risk advisory services, Audit and Regulatory reporting to banks and other financial institutions within the United Kingdom.

Mr. Ebieng has helped some United Kingdom banks and other investment firms assess the adequacy or otherwise of their financial resources and comply with regulatory requirements. He has, at various times, provided his expertise to some Tier 1 banks in the United Kingdom including HSBC London, J.P Morgan Chase Bank, London, Sumitomo Mitsui Banking Corporation Europe (SMBCE), Santander Bank, Standard Chartered Bank, Royal Bank of Scotland, Edinburgh, and Co-operative Banking Group, Manchester.

As the CEO of Samach Services Limited, London, UK, Mr. Ebieng has been responsible for providing Banks and investment firms with financial advisory services.

Mr. Ebieng is a Certified Information Systems Auditor (CISA), Member, Financial Reporting Council of Nigeria, and a Member of the Institute of Capital Market Registrars (ICMR), Nigeria. He holds M.Sc. in Economics (Finance & Investment Management) from University of Aberdeen, Scotland, UK; Masters in Treasury Management from Bayero University, Kano, Masters in Business Administration (MBA- Finance) from the University of Ado-Ekiti (now Ekiti State University), B.Sc. in Economics and a Diploma in Computer Science Programming both from University of Calabar, Cross River State.



Mallam Lawal Garba – (Non – Executive Director)

Mallam Lawal Garba is a proactive and versatile professional with demonstrated experience and career success in executing transformation initiatives to promote organizational growth.

A highly resourceful and innovative professional with ability to deliver strategic business goals and objectives with proven business analysis skills. He was a Member of the Project Implementation Committee Port Harcourt River State and Water Resource & Engineering Construction Agency Kano, where he demonstrated extensive experience in managing transformation initiatives that provide solution to Hydroelectric-power development, Management of waterways-flood and erosion protection and Design of various hydraulic structures such as breakwaters, dams and sewage conduit. He also garnered experience with United Bank for Africa as a Corporate Services Officer.



Dr. Jameel Muhammad Sadis – (Non – Executive Director)

Dr. Jameel Muhammad Sadis is a known Academia of Islamic Studies from Zaria, Kaduna State. He holds a PhD in Qur’anic and Islamic Studies from University of Madinah, Saudi Arabia. He also holds a Masters in Islamic Finance and Management from Durham University, United Kingdom, and several other certificates of appreciation to his name.

Dr. Sadis has over 20 years' experience in Islamic Finance, Religious Affairs and Administrative Operations.

Over the years, he has written Articles and Books concerning Islamic Banking and Qur'anic Studies.



Dr. Nura Manu Soro – (Non – Executive Director)

Dr. Nura Manu Soro is a former Finance Commissioner in Bauchi State. He is an accomplished Consultant with successful history in public and private sector in the Nigerian economy.

He is a PhD holder in political economy from Nigeria Turkish University. He also holds Master's Degrees from Birmingham University, Ahmadu Bello University and Nigeria Defense Academy. He has attended some International sought after programs from Oxford University, Saint Anthony College UK, and Columbia University New York on politics, leadership and personal success.

Successful projects to his credit include novel initiatives in digital innovations that has been employed by the government of the federation and applied to save billions of naira in project formulation, execution, implementation and revalidation.

Over the last Ten years, he attended numerous conferences of the world Bank, IMF, International Finance Organization, and Asia Pacific Economic Council.

As a former president of the American University Student Government Association, Nura Manu Soro has consistently sought to combine his technical and entrepreneurial capacity to grassroots causes and campaigns.

ADVISORY COMMITTEE OF EXPERT



Professor Ziyaad Mahomed Chairman, ACE

Professor Ziyaad Mahomed is currently an Assistant Professor and Lead Researcher (Shari'ah) at the Centre of Excellence in Social Finance at INCEIF University. He also served as the Associate Dean of E-learning, and Director of Executive Education at the University.

He is an Islamic Scholar and Shariah Advisor and serves as Chairman of several Shariah boards of financial institutions internationally, including HSBC Amanah (Malaysia), TAJBank Limited, Iman Ltd (Uzbekistan), iConsult Africa (South Africa) and Ayady Takaful (Maldives). Dr Ziyaad has worked with and led several projects in Islamic banking, social finance, microfinance and fintech for the United Kingdom, Kazakhstan, the Philippines, Pakistan, and Palestine amongst many others. His experience in Sukuk structuring and Shari'ah advisory include some of the largest Sovereign and Corporate issuances in Malaysia and Nigeria.

His research areas include Islamic banking, Shariah for Islamic Finance, Islamic Capital Markets, Fintech, Risk Management, Social Finance and Sustainability. He holds a PhD and CFP from INCEIF in Malaysia, an MBA from MANCOSA in South Africa, and a BA (Hons) in Business (Finance) from Anglia Ruskin in the UK.

He also holds certification in Islamic law from South Africa and Jordan. He was Managing Director of a boutique consultancy in Shariah advisory since 2006, after serving as National Head of Marketing & Product Development at Albaraka Bank South Africa. Dr Ziyaad's experience in Shari'ah Advisory extends to almost 20 years and has trained over 12,000 professionals in various areas of Islamic finance in more than 30 countries. He is visiting faculty to several universities including University of Reading, CESAG (Senegal) and developed and delivers the Islamic finance program at the Asia School of Business in collaboration with MIT Sloane and Bank Negara Malaysia.

Pro. Ziyaad is well published on Social Impact Sukuk, Shariah analysis of sustainability practices, Shariah governance and crypto assets. He has received several awards for his innovation in social finance modelling and numerous best paper awards at academic conferences internationally.



Professor Muhammad Tabi'u, SAN Member, ACE

Professor Muhammad Tabi'u is a Senior Advocate of Nigeria (SAN) and a Professor of Law in Department of Islamic Law, Faculty of Law, Bayero University, Kano. He has been an Expert Adviser to various Justice-related programs including Justice Sector Reform, Application of

Islamic law in the context of Modern Society, and Peace Building in the North-East of Nigeria affected by conflict.

He is currently the Co-Chairman of the Federal Justice Sector Reform Program, under the Nigerian Federal Ministry of Justice. He was 2013 Kraemer Middle East Distinguished Scholar-in-Residence, Williams and Mary University, Williamsburg, USA.

Some of the other positions he held in the past include Head of Department of Islamic Law and Dean of the Faculty of Law at Usman Danfodiyo University, Sokoto; Attorney General and Commissioner of Justice of Jigawa State; Executive Secretary of the National Human Rights Commission of Nigeria (NHRC); and Adjunct Professor, Faculty of Law, University of Ilorin.



Dr. Said Adekunle Mikail Member, ACE

Dr. Said Adekunle Mikail is currently Senior Research Fellow at ISRA Research Management Centre of INCEIF Group and [in lieu] Asst. Prof at INCEIF University. He is a Registered Shariah Adviser with Securities Commission of Malaysia (SC), a Member of Chartered Institute of Arbitrators (ACI Arb) UK and Member of AAOIFI Working Group of the Curriculum Review Committee (CRC). He is Chairman of Shariah Committee of BNP Paribas (Najmah) Malaysia Berhad & BNP Paribas Labuan, Shariah Committee Member of PruBSN Takaful Malaysia Berhad, ACE Member of TAJBank Limited. He is Shariah Advisor of Masryef Management House in Malaysia, i-Consult Africa in South Africa, Capital Trust and D’Namaz Capital in Nigeria. He is a Shariah Consultant for Islamic Markets which its principal office is based in UK.

His notable engagements include Expert Witness in the Kuala Lumpur High Court (Muamalat Court – Commercial Division) in Malaysia, Lafarge Cement Global Wakalah Sukuk with BNP Paribas and Standard Chartered. He has been providing training on AAOIFI Shariah Standards.

Dr. Said obtained his bachelor’s degree of Shariah (first class honour) from Islamic University of Madinah in Saudi Arabia, followed by Master of Comparative Laws and PhD (Law) from International Islamic University Malaysia (IIUM). His areas of specialization include Islamic finance, Islamic Social Finance, Comparative Laws, and Islamic Private Equity & Venture Capital. His publications focus on Shariah issues in Islamic finance, Islamic legal theory, Islamic private equity & venture capital, Islamic entrepreneurship, comparative law, zakat, waqf and Islamic social finance.

He has also published in several Scopus indexed journal, referee journals, magazines and book chapters. He has presented many papers in both international and national seminars and conferences on Islamic finance and contemporary Shariah issues.

CHAIRMAN'S STATEMENT

Distinguished Ladies and Gentlemen,

I am delighted to welcome you to the 2023 Annual General Meeting of our Bank and to share the Financial Statements and Annual Report for the fiscal year ending December 31, 2022. In spite of economic challenges, our Bank once again saw impressive growth in gross income with a compound annual growth rate of 239%. I want to express my profound gratitude to all our stakeholders for the unwavering support, which has helped the Bank to be a leading Non-Interest Financial Institution in Nigeria.

Macroeconomic and market review

Following severe disruptions occasioned by the COVID-19 pandemic and the Russia-Ukraine war, advanced economies are projected to return to pre-pandemic growth trends next year, they will remain lower in emerging markets and developing economies (EMDE), owing to tighter fiscal and monetary policies, and soaring debt levels across the developing World. The global economy grew at 5.5 percent in 2022 whereas global growth is expected to decelerate markedly in 2023 to 4.1 percent, reflecting continued global upheavals and diminished fiscal strength of several economies as well as lingering supply chain bottlenecks.

The global economic conflagration witnessed in the last few years has resulted in rising debt levels and sovereign default scenarios in several countries around the World. The sovereign default of Ghana is a case in point. In Nigeria, debt repayment has surpassed revenue with attendant implications for fiscal policy and the larger economy.

The projections and forecasts released in the January 2020 edition of the Global Economic Prospects Report show the percentage deviation between emerging market and developing economies, while for 2023, the January 2020 baseline is extended using projected growth for 2022.

The rebound in global activity, together with supply disruptions and higher food and energy prices, have pushed up headline inflation across many countries. More than half of inflation-targeting EMDEs experienced above-target inflation in 2021, prompting Central Banks to increase policy rates while consensus forecasts anticipate median global inflation to remain elevated in 2022.

The rebound in global activity, together with supply disruptions and higher food and energy prices, have pushed up headline inflation across many countries. More than half of inflation-targeting EMDEs experienced above-target inflation in 2021, prompting Central Banks to increase policy rates while consensus forecasts anticipate median global inflation to remain elevated in 2022.

In Nigeria, the inflation rate accelerated to a new 17-year high of 21.09% in October 2022, marking 0.32% points increase from 20.77% recorded in September. Food inflation also surged to 23.72% in the review month from 23.34% in the previous month, while core inflation rate rose to 17.76% from 17.6%. The possible factors responsible for the increase in the year-on-year index include disruption in the supply of food products, increase in cost of importation due to persistent currency depreciation, and the general increase in the cost of production e.g., increase in energy

cost. Nigerians have been grappling with high cost of goods and services largely as a result of the surge in energy prices and persistent exchange rate devaluation in the country.

Since September 2022, the worst floods in a decade have affected 3.2 million people across Nigeria, of which an estimated 60% are children, with the highest number of displaced persons in Anambra, Bayelsa, Cross River and Jigawa States. According to IMF data, the double-digit inflation in Nigeria was expected to moderate at end-2022 as the start of the harvest season but a downgrade is looking more likely, majorly due to worsening food insecurity caused by the recent flooding.

Financial results

Notwithstanding the economic difficulties in the country, the Bank was able to take advantage of the chances provided by the business environment to produce a performance that further demonstrates our brand's resilience. The below outcome demonstrates the Bank's extraordinary financial stability:

Dividends

On behalf of the Board, I am pleased to inform our Shareholders that we have recommended a scrip dividend payment of 1 Share for every 10 shares, subject to Shareholders' approval. We remain committed to promoting business expansion and success while making sure that a sizeable amount of our profits is set aside for you.

Change in Board

During the reporting year, the following change to the Board was made in line with your approval. The Board approved the appointment of Dr. Nura Manu Soro as a Non-Executive Director.

Board effectiveness

The Board and its Committees expanded their oversight responsibilities during the reviewed year by examining the Bank's policies and strategies. The Board's Committees review in depth all items under their respective scope at least once per quarter to ascertain the operations of the Bank and comprehend all challenges.

Outlook

The future appears promising and fruitful. The macroeconomic indices are expected to improve. As for the Bank, we would continue to be committed to giving our customers superior services in a quick and reliable way. Our digital roadmap is carefully implemented in order to streamline our operations, increase staff productivity, and to maximize our Shareholders' return.

We take pride in our presence and continued expansion in the social media space. We received a Credit rating upgrade to "BBB" by Augusto & Co reflecting "the Bank's good liquidity profile, satisfactory capitalization, improved profitability and a growing franchise in the Islamic banking space."

Similarly, DataPro assigned the Bank a short-term rating of A2 and long-term of BBB with a stable outlook.

We attained our National Banking license from the Central Bank of Nigeria and proceeded to spread our business network to 21 Branches and 5 Cash Centers.

TAJBank Limited

Plot 72, Ahmadu Bello Way
Central Business District, Abuja, Nigeria.

Furthermore, we had a successful maiden Sukuk sale of N10 billion out of our N100 Billion program which ran from Tuesday, September 20, 2022 and ended on October 28, 2022. The offer was 113% over subscribed.

During the period under review, TAJBank Limited made history as the first Corporate entity in Nigeria's history to list Sukuk Bond on the Nigerian Exchange Limited (NGX) after the successful issuance.

To cap a successful year, we also received an Industry Data Security Standard (PCI DSS) certification, ISO 27001, ISO 22301 and ISO 20000 certifications on Information Security, Business Continuity, and IT Service Management Systems respectively.

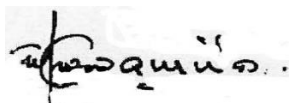
During the year, we also signed a Memorandum of Understanding (MoU) with the Islamic Corporation for the Development of the Private Sector (ICD), a member of the Islamic Development Bank (IsDB) Group aimed at attracting funding for the development of the private sector in Nigeria.

We also received an award from the Business Day Newspaper as Islamic Bank of the Year 2022 by the Banks and other Financial Institutions Awards 2022 (BAFI).

Appreciation

Finally, I wish to express the Bank's gratitude to our Shareholders, Customers and the Government at all levels for their support, patronage, and commitment throughout the year. I also want to express my gratitude to my fellow Board Members, Management, and our dear employees for their tireless efforts and unwavering dedication to building a dynamic, strong and resilient Bank of the future.

Thank you.



Alhaji Tanko Isiaku Gwamna
Chairman

MANAGING DIRECTOR'S REPORT

Dear Shareholders,

The fiscal year 2022 was a significant milestone in the Journey of the Bank. While delivering on our mandate and promise to the Stakeholders, our team members displayed exemplary commitment through yet another challenging year to deliver banking services to our teeming customers. I take pride in the collective efforts of our employees and partners which have set us on the journey to become an open, customer-centric and future ready Bank that will offer its customers "a world of new possibilities".

We delivered on our Key strategic goals through relentless execution, backed by a positive culture and delivery on high-impact projects. Furthermore, we accelerated the growth momentum across various spectrums of the Bank, accomplished several milestones, gained market share in our strategic niche markets and significantly improved all key operating metrics.

Financial Performance

The Bank witnessed remarkable growth across key indices during the year under review.

- The Bank grew its balance sheet from N110 Billion to N212 Billion translating to 93% year-on-year growth.
- A 211% growth in profit before tax from N1.6 billion in 2021 financial year to N5.081 billion in the 2022 financial year.
- The Bank's earnings per share stood at N31.27 kobo for the year 2022 as against N13.11 kobo in 2021 a growth of 138 %.

Despite the challenges and headwinds conferred by the operating and regulatory environments in financial year 2022 which understandably affected businesses and households, the Bank was able to efficiently traverse the operating environment and deliver the above returns.

Business Growth

In the fiscal year 2022, TAJBank became the first corporate entity in Nigeria to issue Sukuk in the West African sub-region capital markets. TAJBank sukuk series 1 of N10,000,000,000 (Ten billion naira only) was oversubscribed to the tune of 113% thereby signifying interest in non-interest value offerings. With the Sukuk issuance, which is also a Tier 1 capital instrument, the Bank will raise total equity to more than N30 Billion and will be in vantage position to finance bigger ticket transactions across the Nigerian economy.

During the 2022 financial year, TAJBank achieved yet another milestone as it was issued a national license by the Central Bank of Nigeria to operate in all the geographical zones of Nigeria.

We opened 4 additional Business Units during the year, bringing the total Business Offices across the Country to 26, and we plan to open an additional 40 Branches in 2023.

To further strengthen our unrelenting drive to boost financial inclusion, we have keenly focused on building a robust agency banking network that spreads across both urban and rural areas across the length and breadth of the Country. The network consists of over 13,000 active Agents. This model has given us the opportunity to be more accessible to people by reducing the need for customers to visit a branch for their most basic and mundane banking transactions. It has also created an alternative advertisement channel in the form of visibility through TAJBank Agents.

Notwithstanding the fact that the Bank is focusing on decentralization through Agency Banking, it has not turned away from more ways of reaching Customers. During the Second half of 2022, our national expansion drive gathered pace through the opening of a branch in Lagos and construction of Branches in Port Harcourt and Owerri in Imo State while also continuing with branch expansion in Bauchi and other Northern States. This has brought our Branch network and Strategic Business Units to 28 (Twenty-Eight).

2023 & BEYOND

In our relentless effort to promote Non-Interest products and modes of banking across Nigeria, the Board and Management of TAJBank have set the following objectives for the year 2023 and beyond. These initiatives include inter alia the following:

- To promote financial inclusion by leveraging various channels and touchpoints, especially our electronic platforms with the aim of reaching out to the unbanked populace.
- To be recognized as the market leader in the Non-Interest Banking Industry in Nigeria.
- To open 110 branches across state capitals/major commercial centres before 2027 and to offer Non-Interest Banking Products and Services to underserved markets.
- To grow our agency network to 100,000 active agents by 2027 thereby reducing the financial exclusion rate.
- To grow our Customer base to at least four million by 2027.
- To achieve a minimum Customer satisfaction score of 85%.

Nevertheless, despite the noteworthy accomplishments, the market remains largely untapped. There is room for existing non-interest banks and potential entrants to expand their service offerings and embrace innovation and develop new services with a view to meeting the yearnings and aspirations of Nigerians.

Thank you for your continued support.



Hamid Joda
Managing Director/CEO

CORPORATE GOVERNANCE REPORT**Introduction**

The Board ensures that proper application of Corporate Governance regulations and international best practices are imbibed, as well as compliance with the core values of the Bank – Quality Customer Service; Team Spirit; Respect for the Individual; Ethics; Trust; Partnership; and Entrepreneurship.

The Bank ensures that the requirements of the revised Nigerian Code of Corporate Governance, 2018 and the Central Bank of Nigeria Code of Corporate Governance are complied with accordingly.

The Bank conducts an Annual Board Evaluation Exercise and Appraisal to cover the Board’s responsibilities, processes, relationships, structure and composition through an Independent Consultant, Messrs. Crest & Waterfalls, to conduct the Annual Board Appraisal for the period ended 31st December 2022. Their review and recommendations are contained in the Annual Report and would be presented to Shareholders at the Annual General Meeting.

Board Structure

The Board of the Bank is made up of seasoned professionals who possess the requisite knowledge, integrity, skills and experience to make independent judgment on the deliberations and decisions of the Board. The Board comprise of Executive and Non-Executive Directors (NEDs) that is headed by a Chairman. The Board presently consists of thirteen (13) members made up of eleven (11) Non-Executive Directors and two (2) Executive Directors as set out below.

Two of the Non-Executive Directors are Independent Directors appointed based on criteria laid down by the Central Bank of Nigeria’s Guideline on Independent Directors of Banks in Nigeria.

The position of the Managing Director and Chairman are held by separate persons, and their roles are clearly defined in the Bank’s Code of Corporate Governance. Below is the list of the Board members of the Bank:

| S/N | NAMES | DESIGNATION |
|-----|--------------------------------|------------------------------------|
| 1 | Alhaji Tanko Isiaku Gwamna | Chairman |
| 2 | Alhaji Tata Shekarau Omar | Independent Non-Executive Director |
| 3 | Mr. Adekunle James Awe | Independent Non-Executive Director |
| 4 | Hajiya Mariam Ibrahim | Non-Executive Director |
| 5 | Mallam Ahmed A. Joda | Non-Executive Director |
| 6 | Barrister Habib Alkali | Non-Executive Director |
| 7 | Mr. Kogis Jonathan Luka | Non-Executive Director |
| 8 | Mr. Charles Iyakndue Ebiengang | Non-Executive Director |
| 9 | Mallam Lawal Garba | Non-Executive Director |
| 10 | Dr. Jameel Muhammad Sadis | Non-Executive Director |
| 11 | Dr. Nura Manu Soro | Non-Executive Director |
| 12 | Mr. Hamid A. Joda | Managing Director/CEO |
| 13 | Mr. Sherif A. Idi | Executive Director/ECO |

Board Responsibilities

The Board leads and provides direction for the Management by determining the strategic objectives and policies of the Bank and overseeing its implementation. The Board has delegated to the Managing Director/CEO its powers which relate to the operational running of the Bank.

Specific matters that have been reserved for approval of the Board include the following:

- Defining the Bank's Strategic Plans and Objectives
- Ensuring integrity of Financial Reports
- Approval of major changes to the Bank's accounting policies
- Appointment and removal of Directors and the Company Secretary
- Approval of Charters and membership of Board Committees
- Establishing effective internal control systems
- Instilling a culture of compliance with rules and regulations
- Formulating Risk Policies
- Approval of quarterly, half year and full year Financial Statements
- Ensuring planned Management succession
- Effective communication with shareholders
- Performance appraisal and compensation of Board members and Senior Executives

Directors' Appointment Process, Induction and Training

The Board Governance, Remuneration and Nominations Committee is responsible for leading the process for Board appointments and for identifying and recommending suitable candidates for the approval of the Board. In making Board appointments, the Board takes cognizance of the knowledge, skill, experience and other qualities considered necessary for the role. The appointment of Directors is subject to the approval of the Shareholders and the Central Bank of Nigeria.

On appointment, a new Director undergoes a personalized induction programme which is arranged by the Bank. The Director also receives an induction pack which comprises of the Board's Charter, Memorandum and Articles of Association of the Bank, important Legislations/Policies, and a calendar of Board activities. In addition, special training on Non-Interest Finance is organized for the Directors.

The Board ensures that members are trained on issues relating to their oversight functions and other related functions. Directors are required to partake in periodic relevant continuing professional development programmes to update their knowledge, skills and to keep them abreast of new developments in the industry and operating environment.

Tenure of Directors

To ensure both continuity and injection of fresh ideas, the tenure for Non-Executive Directors is limited to a maximum of three (3) terms of four (4) years each, while the maximum tenure for Executive Directors is limited to a maximum of two (2) terms of five (5) years each.

Board Meetings

The Board meets quarterly, and additional meetings may be convened as the need arises. The Board has the authority to delegate matters to Board Committees and the Executive Management.

Attendance of Meetings

In its bid to continuously improve its corporate governance processes, as well as enhance attendance of Board and Committee meetings by members, the Company Secretary prepared an annual calendar of meetings which is subsequently reviewed and adopted by the Board prior to the commencement of a new financial year.

Board Committees

The Board established various Committees with well-defined Terms of Reference defining their scope of responsibilities. The Committees meet quarterly but may hold additional meetings as the need arises. The Board has four standing Committees as follows:

- i. Board Risk Management & Investment Committee;
- ii. Board Finance & General Purpose Committee;
- iii. Board Governance, Remuneration and Nomination Committee;
- iv. Board Audit Committee.

In addition to the above Committees, and in line with the provisions of the Companies and Allied Matters Act, 2020, a Statutory Audit Committee is established with members consisting of the Shareholders' representatives and the Board.

Board Governance, Remunerations & Nominations Committee Membership

- i. Mallam Ahmed A. Joda (Chairman)
- ii. Alhaji Tata Shekarau Omar
- iii. Mr. Adekunle James Awe
- iv. Dr. Jameel Muhammad Sadis
- v. Prof. Muhammad Tabi'u, SAN (Representative, Advisory Committee of Experts)

The Committee's major responsibilities include:

- Considering matters relating to Board's remunerations and appointment.
- 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.
- Advising the Board on succession planning regarding the roles of the Chairman, Managing Director and Executive Directors.
- Advising the Board on the contents of the Directors Annual Remuneration Report to Shareholders.
- Revising personnel policies for Board approval, reviewing job descriptions, establishing or periodically reviewing the staff salary structure and staff benefit package.

Board Risk Management & Investment Committee Membership

- i. Alhaji Tata Shekarau Omar (Chairman)
- ii. Mallam Ahmed A. Joda
- iii. Mr. Kogis Jonathan Luka
- iv. Barrister Habib Alkali
- v. Mallam Lawal Garba
- vi. Hamid A. Joda (Managing Director)
- vii. Sherif A. Idi (Executive Director)

The Committee's major responsibilities include:

- Overseeing the overall Risk Management of the Bank
- Reviewing periodically, Risk Management objectives and Policies for consideration of the full Board
- Approving the Risk Rating Agencies, Credit Bureau and other related services providers to be engaged by the Bank
- Approving the Internal Risk Rating Mechanism
- Reviewing the Risk Compliance Reports for Regulatory Authorities
- Reviewing and approving exceptions to the Bank's Risk policies
- Reviewing policy violations on Risk issues at Senior Management level
- Certifying Risk Reports for investments, operations, market/liquidity subject to limits set by the Board
- Consider the appointment, resignation or dismissal of the Bank's Chief Risk Officer
- Evaluating and approving all investments within its powers delegated by the Board
- Evaluating and recommending all investments beyond its powers to the Board
- Reviewing investments portfolio in line with set objectives
- Reviewing classification of investments of the Bank based on prudential guidelines on quarterly basis.
- Approving the restructuring and rescheduling of investments within its powers
- Writing-off and grant of waivers within powers delegated by the Board
- Periodic review of Investment Manuals and Guidelines

Board Finance & General-Purpose Committee (BFGPC)

Membership

- i. Hajiya Mariam Ibrahim (Chairperson)
- ii. Mr. Kogis Jonathan Luka
- iii. Mr. Charles Iyakndue Ebieng
- iv. Barrister Alkali Habib
- v. Hamid A. Joda (Managing Director)
- vi. Sherif A. Idi (Executive Director)

The Committee's major responsibilities are to:

- Consider and advise the Board of Directors on all aspects of the Bank's finances.
- Consider and make recommendations to the Bank on the annual estimates of income and expenditure, other budgets and the financial forecasts for the Bank.
- Consider and make 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.
- Consider, review and report on the periodic management accounts of the Bank, and to also advise the Board of Directors on the year-end accounts.
- Consider and make representations to the Board of Directors on the solvency of the Bank and the safeguarding of its assets.
- Consider and advise the Board of Directors on any relevant taxation issues.

Board Audit Committee

Membership

- i. Mr. Adekunle James Awe (Chairman)
- ii. Hajiya Mariam Ibrahim
- iii. Mr. Charles Iyakndue Ebieng

- iv. Barrister Habib Alkali
- v. Dr. Nura Manu Soro

The Committee's major responsibilities include:

- To develop and keep under review the Bank's accounting policies to ensure that they are in consonance with the applicable Accounting Standards
- To review the effectiveness of the Bank's system of accounting, reporting, and internal control and ensure compliance with legal and ethical requirements of the Bank.
- To review the integrity of the Bank's financial reporting and the independence of the External Auditors.
- To review the appropriateness and completeness of the Bank's statutory accounts and other published Financial Statements.
- To consider, review and report on the periodic management accounts of the Bank; and also advise the Board of Directors on the year-end Accounts.
- Ensuring that the Bank complies with all relevant internal policies and procedures as well as regulations governing the Bank.
- To review the summaries of the whistleblowing cases reported and the result of the investigation from the Head of Internal Audit.
- Review internal audit reports and assess the adequacy of the internal controls.
- Review the Compliance Reports for each quarter.

Statutory Audit Committee

Membership

- i. Abdulkadeer Babangida Njiddah, Ph.D., FCA (Chairman)
- ii. Hajiya Hafsat Magaji Inuwa (Member)
- iii. Alhaji Tata Shekarau Omar (Non- Executive Director)
- iv. Mr. Adekunle James Awe (Non-Executive Director)
- v. Dr. Jameel Muhammad Sadis (Non-Executive Director)
- vi. Dr. Nura Manu Soro (Non-Executive Director)

The Committee is saddled with the following responsibilities amongst others:

- To ascertain whether the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical practices.
- To review and approve the scope and planning of audit requirements.
- To review the findings on management matters in conjunction with the External Auditors and Management's responses thereon.
- To oversee the independence of the External Auditors.
- To keep under review the effectiveness of the Bank's system of accounting and internal control systems.
- To oversee management's process for the identification of significant fraud risks across the Bank and ensure that adequate prevention, detection and reporting mechanisms are in place.
- At least on an annual basis, obtain and review a report by the Internal Auditor describing the strength and quality of internal controls including any issues or recommendations for improvement raised by the most recent internal control review of the Bank.
- To discuss the annual audited Financial Statements and half year unaudited Statements with Management and External Auditors.

Management Committees

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

The Executive Management Committee is the highest Management Committee comprising of the Executive Directors and Top Management Staff of the Bank. Other Management Committees include Assets and Liability Committee (ALCO), Management Credit Committee (MCC), Procurement Committee, IT Steering Committee, Disciplinary Committee and Asset Disposal Committee. These Committees review and implement the Board's broad strategic direction in various areas including business & financial performance, strategic planning, manpower planning, operations, customer service, investor relations, external relations, and organizational efficiency amongst others.

Sustainability Banking

The Bank strives to conduct business in an ethical and socially impactful manner. We are, therefore, mindful of business decisions on the environment, pursuant to which, we develop and implement Policies aimed at enhancing the quality of life of our people and other stakeholders within our community, protecting our environment, whilst ensuring the growth of our business. As such, we abide by the Nigerian Sustainable Banking Principles.

Code of Ethics

The Bank has an Ethical Conduct and Integrity Policy in place, and all employees are required to abide by it. All Employees are expected to maintain high ethical standards in all aspect of their professional life. The Policy also provides sample offences and appropriate disciplinary measures to be adopted. The Bank also has a Code of Conduct & Ethics for its Directors which specifies expected behaviour.

Dealing in Company Securities and price sensitive information

The Bank has adopted a Policy on insider trading and market abuse regarding all transactions in the Bank's securities which is applicable to its Directors, Officers, Employees, Contractors and Consultants who have access to price sensitive information. In line with the Policy, affected persons are prohibited from trading on the Bank's security during a closed period.

Whistle Blowing Procedure

The Bank has established a robust whistle blowing procedure which covers internal whistle blowers and extends to the conduct of the stakeholder. The Bank has a direct link on its Website and intranet to enable stakeholders to report any allegations they want the Bank to investigate. Apart from the direct link, unethical practices can be reported via the whistle blowing dedicated email address -whistleblowing@tajbank.com.

A team, comprising selected members of Top Management are responsible for reviewing reported cases and recommending appropriate action to the Board through the Audit Committee, depending on the severity of the issues involved. In any case however, a Quarterly Report of all whistleblowing cases would be forwarded to the Board.

The Chief Compliance Officer of the Bank similarly renders Quarterly Whistle Blowing report to the Central Bank of Nigeria.

Remuneration Policy

In line with Corporate Governance best practices, the Board had developed a robust Policy on Remuneration for the Bank. The Policy takes into account the environment in which the Bank operates and the results it will achieve at the end of each Financial Year. The Remuneration Policy consists of the following:

- **Fixed Remuneration:** This is based on the level of responsibility and constitutes a relevant part of total compensation. A wage benchmark is established for each position/level and period for the payment.
- **Variable Remuneration:** This is linked to the achievement of previously established targets and prudent risk management, which includes profit sharing/productivity bonus payable annually.

The combination of these elements serves as the basis for a balanced remuneration system reflecting the Bank's strategy, values as well as the interests of its Shareholders.

Remuneration to Non-Executive Directors:

The Non-Executive Directors of the Bank are paid remuneration by way of sitting fees for attending the meetings of the Board of Directors and its Committees. They are also entitled to Directors fees, reimbursement of travel, hotel, and other out-of-pocket expenses, subject to modifications, incurred in the course of discharging their responsibilities. The Non-Executive Directors of the Bank are not paid any other remuneration or commission.

Remuneration to Executive Directors

The remuneration for Executives comprises of fixed remuneration, benefits & perquisites, retirement/exit benefit and performance-based remuneration.

Contingency Planning Framework

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

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

Shareholders' Interest

The Bank, in its bid to protect the interest of its Shareholders, particularly its Minority Shareholders, ensures that Shareholders' meetings are convened in a transparent and fair manner. Adequate notice of meeting is provided to Shareholders and their rights are protected at all times. Attendance of General Meeting is open to all Shareholders or their Proxies. The proceedings are usually monitored by the representatives of the Central Bank of Nigeria, Corporate Affairs Commission and Nigerian Deposit Insurance Commission.

The Bank has an Investor Relations Unit, which deals with communication between the Bank and the shareholders. The Bank has a dedicated email address through which Shareholders and prospective investors can channel their enquiries for prompt response. The email address is enquiries@tajbank.com

Communication Policy

The Policy is to support the Bank in achieving its objectives in pursuit of best corporate governance practices. The Executive Management ensures that communication and dissemination of information are carried out. The Policy also ensures that the Bank delivers prompt, courteous and responsive service that is sensitive to the needs and concerns of the Customers and other Stakeholders.

Advisory Committee of Experts (ACE)

The Advisory Committee of Experts reviews the Banks operations to confirm that activities were carried out in accordance with the Shari'ah. 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 Shari'ah compliant. The members of the Advisory Committee 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.

Internal Control

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

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

Company Secretary

The Company Secretary is responsible for assisting the Board and Management in the implementation of the applicable Codes of Corporate Governance. The Company Secretary serves as a point of reference and support for all Directors. The appointment of the Company Secretary is done through a rigorous process that is similar to that of Directors. The Company Secretary is fully empowered to discharge these responsibilities and the position reports directly to the Board, with a dotted line to the Managing Director.

Statement of Compliance

The Bank complies with the relevant provisions of the CBN Code of Corporate Governance and the Nigerian Code of Corporate Governance, 2018. In the event of any conflict between the two Codes regarding any matter, the Bank would refer to the provision of the CBN's Code of Corporate Governance since the CBN is its primary Regulator.

Monitoring Compliance with Corporate Governance

The Chief Compliance Officer monitors compliance and implementation of the Central Bank of Nigeria's (CBN) Code of Corporate Governance as well as the Nigerian Code of Corporate Governance, 2018.

Complaints Management Policy

The Bank has put in place a Complaints Management Policy to resolve complaints arising from issues covered under the relevant regulatory guidelines. Therefore, the Bank complies with the provision of the CBN Circular on handling customer complaints. Various channels such as, 24-hour contact center, Customer Service Desks and contacts through the Bank's website have been provided to facilitate seamless complaint and feedback process.

Board and Board Committees’ Meeting Held During the period

The table below shows the frequency of meetings of the Board of Directors, Board Committees and Members’ attendance at these meetings during the period under review.

| S/ N | Directors | Board of Directors Attendance | Board Risk Management & Investment Committee Meeting Attendance | Board Governance Remuneration & Nomination Committee Meeting Attendance | Board Audit Committee Meeting Attendance | Board Finance & Gen. Purpose Committee Meeting Attendance |
|------|--|-------------------------------|---|---|--|---|
| | | 30/06/2022 | 08/06/2022 | 02/06/2022 | 16/06/2022 | 15/06/2022 |
| | | 30/08/2022 | 22/08/2022 | 18/08/2022 | 25/08/2022 | 23/08/2022 |
| | | 27/10/2022 | 11/10/2022 | 12/10/2022 | 13/10/2022 | 17/10/2022 |
| | | 15/12/2022 | 08/12/2022 | 07/12/2022 | 01/12/2022 | 09/12/2022 |
| 1 | Tanko Isiaku Gwamna | 4 | N/A | N/A | N/A | N/A |
| 2 | Mariam Ibrahim | 4 | N/A | N/A | 4 | 4 |
| 3 | Kogis Jonathan Luka | 4 | 4 | N/A | N/A | 4 |
| 4 | Habib Alkali | 4 | 4 | N/A | 4 | 4 |
| 5 | Charles Iyakndue Ebienang | 4 | N/A | N/A | 4 | 4 |
| 6 | Adekunle James Awe | 4 | N/A | 4 | 4 | N/A |
| 7 | Ahmed A. Joda | 3 | 4 | 4 | N/A | N/A |
| 8 | Tata Shekarau Omar | 4 | 3 | 3 | N/A | N/A |
| 9 | Lawal Garba | 4 | 3 | N/A | N/A | N/A |
| 10 | Jameel Muhammad Sadis * | 3 | N/A | 3 | N/A | N/A |
| 11 | Nura Manu Saro ** | N/A | N/A | N/A | N/A | N/A |
| 12 | Hamid Joda | 4 | 4 | N/A | N/A | 4 |
| 13 | Sherif Idi | 4 | 4 | N/A | N/A | 4 |
| 14 | Prof. Muhammad Tabiu, SAN (ACE Representative) | N/A | N/A | 4 | N/A | N/A |

*Appointed to the board on 26 April 2022

**Appointed to the board on 06 December 2022

N/A -Not Applicable (Not yet a member)

Audit committees meeting held during the year

The following members served on the Committee during the year ended 31 December 2022.

| Names | Position | Status | Number of attendance | Date |
|-------------------------------|----------|-----------------------------|----------------------|--|
| Abdulkadeer Babangida Njiddah | Chairman | Shareholders Representative | 4 | 08/06/2022 26/08/2022 14/10/2022 02/12/2022 |

| | | | | |
|---------------------|--------|------------------------------------|---|--|
| | | | | 08/06/2022 26/08/2022 |
| Hafsat Magaji Inuwa | Member | Shareholders Representative | 4 | 14/10/2022 02/12/2022 |
| Tata Shekarau Omar | Member | Independent Non-Executive Director | 4 | 08/06/2022 26/08/2022 14/10/2022 02/12/2022 |
| Adekunle James Awe | Member | Independent Non-Executive Director | 4 | 08/06/2022 26/08/2022 14/10/2022 02/12/2022 |

Sustainability report

Introduction

Sustainability and Social Responsibility aims to create long-term economic growth through efficient management of natural resources, development of human resources, and enhancing society's quality of life.

Sustainability and Social Responsibility principles complement the business ethics of non-interest finance, which guide TAJBank's philosophy, summarized below.

Business sustainability is frequently referred to as a process whereby Banks create resilience over a period, managing financial, social and environmental risks in a responsible manner, thus crafting economic value, contributing to a strong community development ethos and a healthy environmental landscape.

Investments are only made in ethical sectors that produce or trade useful or beneficial goods. TAJBank does not invest in morally questionable activities, such as the production of alcoholic beverages, tobacco, pornography, or perpetrating child, woman, or minority abuse.

TAJBank abhors payment of interest, as Shari'ah prohibits the paying or charging of interest. The Bank accepts deposits on an investment basis, whereby Depositors share in the results of their investments with the Bank. The Bank provides financing on the basis of instalment sale, leasing, or equity participation. In non-interest finance, we share both risk and reward.

All contracts entered into by TAJBank and all relations with businesses and Depositors, must comply with the ethical standards of the Shari'ah.

TAJBank Sustainability Framework

The Board of Directors acknowledges that the concept of sustainable development is inextricably inter-linked to the triple context within which the Bank operates. The triple context, comprising the economy, society and environment, provides numerous opportunities, as well as risks, which the Board and the Management endeavour to manage in a responsible manner, in line with its

role as a responsible corporate citizen and being mindful of the competing needs and interests of all Stakeholders. Given this dynamic, the Board of Directors, in consultation with the respective Board Committees, has established a sustainability framework which is founded on sound and ethical economic practices and principles, a stakeholder-inclusive philosophy and an unwavering commitment to doing what is best for the environment. The Bank concerns itself with the need for sustainable finance in its continued promotion of financially sound and socially responsive products, which serve to promote economic prosperity, social wellness and environmental health.

Corporate Governance and Sustainability

Sound corporate governance practices are very important to the Bank and the Board is committed to overseeing that the highest professional standards are implemented across all activities. The Board of Directors is the highest governance body and it is responsible for the implementation of sound corporate governance. The Board's role includes setting the Bank's long term strategic objectives and overseeing executive management's performance in executing strategies to achieve those objectives. It ensures that the interests of shareholders, depositors, employees and other Stakeholders are met. It certifies that the internal control systems are effective and that the Bank's activities comply with laws and regulations.

Being a Non-Interest Financial Institution operating in Nigeria, the Bank comply fully with business principles and standards set out by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Through this commitment to AAOIFI standards, it should be noted that TAJBank is prohibited from undertaking a number of banking practices, which are considered non-Shari'ah compliant. In view of this, the Bank recognizes that its business impacts on the surrounding environment, and so have created an intrinsic sense of accountability towards the society. This translates into our staff internalizing a deep concern for the collective success of business and society, the impact of which will be realized in the years ahead.

Sustainable Development Delivery

In view of the importance of effectively managing the dynamic relationship between profit, people and the environment, the Bank has adopted a holistic approach to its addressing of economic, social and environmental issues.

Economic Issues

As a commercial Financial Institution, adhering strictly to Shari'ah principles, TAJBank strives to maintain a solid growth trajectory. However, its overall business success is tempered by the prevailing economy and associated market conditions. Against this background, the Bank prides itself on being a responsible trail blazer within the financial services sector in Nigeria and adopts a pragmatic approach to the provision of its products and services, endeavoring to ensure that clients are always well positioned to honour their financial obligations to the Bank. Our responsible financing process, in this respect, mirrors a zero bad debt ratio, which is the best in the industry. Through the increased traction of non-interest finance nationally and internationally, TAJBank will be able to leverage on this footprint, as well as its continued economic sustainability within the financial sector.

Environmental Issues

Matters of an environmental nature are closely monitored by the Bank's sustainability banking desk. This ensures that the Bank minimizes its impact on the natural environmental footprint in the business context. The environmental component encompasses an organization's impact on the planet in both positive and negative ways and the consequences for living beings as a result.

Environmental aspects include:

- Recycling and safe disposal practices of waste materials
- Climate change issues, greenhouse gas (GHG) emissions and carbon footprint
- Energy efficiency and usage of renewable energy
- Usage of resources and resource depletion
- Water-related issues, usage, conservation and pollution
- Green products, technologies, and infrastructure

The Bank upholds the ideals enunciated in the Nigerian Sustainable Banking Principles (NSBPs), commits to the implementation of the Nigeria Climate Act, nationally determined contributions (NDCs) and shares in the nation's aspiration to achieving net zero by the year 2060.

Social Issues

TAJBank recognizes that businesses play a vital role in society and believes that embracing a culture of strong corporate social programmes within the organization reflects the Bank's alignment with its values of contributing to the development of the community, leading to the enrichment and benefit of society.

The social component consists of people-related elements. It covers an extremely wide range of potential issues about relationships of companies, including:

- Employee working conditions, including those related to treatment, equity payment, and benefits.
- Employee health and safety policies, including those related to moral and sexual harassment prevention and management.
- Diversity and inclusion in hiring and in awarding advancement opportunities and raises.
- Management of grievance and conflicts and social justice.
- Employee engagement and staff turnover.
- Local communities, social minorities, and other stakeholders' management.

Our People

TAJBank is dynamic, diverse and determined and this reflects the best talent the industry offers. Our role is to empower the talent, provide it with the right training and support by placing it in the right environment so that the individual, the team and ultimately the Bank can thrive.

Inclusion and diversity: The key to creating sustainable, future ready Institution that reflects the community it serves is to build an inclusive, diverse workplace. Inclusivity encourages diversity of thought and perspective which drives innovations to enable our people to create greater value for Stakeholders. We encourage the success of our employees by providing them with equal opportunities, competitive benefit packages and a safe working environment.

Our policies provide clear guidance on respect for Human Rights. The Bank does not tolerate discrimination based on gender, ethnicity, language, socio-economic status, religion or belief. In 2022, there was no incidents or complaints in relation to discrimination or Human Rights abuse.

Employee Volunteering: Employees are encouraged to volunteer their time, efforts, expertise and resources to carry out initiatives and programs that are aligned with the Bank community causes. In 2022, Employees of the Bank donated food and households' items to Karu Orphanage

Home. They also settled medical bills of some indigent patients as well as donated sanitary items, toiletries, baby foods etc. to the maternity clinic at Nyanya General Hospital in FCT, Abuja.

Our People

TAJBank recognizes and acknowledges the importance of regular and effective engagement with all its identified Stakeholder Groups. In keeping with this, the Management has adopted a Stakeholder-inclusive approach, which occasioned the creation of a Management Stakeholder Committee, whose function is, primarily, to monitor the process of stakeholder engagement throughout the Bank.

At TAJBank, we engage our Stakeholders to effectively respond to their priorities and expectations of the Bank. To better understand those needs and expectations, we regularly identify priority issues to the Bank and the Stakeholders, tracking our response to those issues and channels of engagement.

| Stakeholder Group | How we engage them | Priority Issues |
|--------------------------|--|--|
| Customers | <ul style="list-style-type: none"> ➤ TAJBank website ➤ Branches & Cash centers ➤ Customer care center ➤ Social media ➤ Banking channels ➤ Feedback tools and surveys | <ul style="list-style-type: none"> ➤ Seamless banking experience ➤ Access to finance ➤ Digitization of services ➤ Cybersecurity and data privacy |
| Shareholders | <ul style="list-style-type: none"> ➤ Annual general meetings ➤ Quarterly reports ➤ TAJBank Website ➤ Company Secretariat | <ul style="list-style-type: none"> ➤ Return on investment ➤ Business continuity ➤ Dividend payment |
| Employees | <ul style="list-style-type: none"> ➤ Annual performance review ➤ TAJBank intranet portal ➤ HR Flex ➤ Regular meetings ➤ Newsletters | <ul style="list-style-type: none"> ➤ Compensation & benefits ➤ Career growth ➤ Training & development ➤ Conducive work environment |
| Government/Regulator | <ul style="list-style-type: none"> ➤ Monthly report ➤ Regulatory reviews | <ul style="list-style-type: none"> ➤ Compliance with law, rules & regulations ➤ Stability ➤ Tax |
| Suppliers/Vendors | <ul style="list-style-type: none"> ➤ Request for proposal ➤ Invitation to bid ➤ Meetings ➤ SLAs | <ul style="list-style-type: none"> ➤ Open selection process ➤ Prompt payment |

TAJBank Limited

Plot 72, Ahmadu Bello Way

Central Business District, Abuja, Nigeria.

| | | |
|-----------|--|--|
| Community | <ul style="list-style-type: none">➤ Volunteering campaigns➤ Social media➤ TAJBank website➤ Annual report➤ Radio, TV/Newspaper advert | <ul style="list-style-type: none">➤ Support for social needs of the community➤ Donation & sponsorship of events |
|-----------|--|--|

Reporting

The Bank rendered the Bi-annual Sustainability Report to the Central Bank of Nigeria and also published its sustainability journey in the financials. The Bank's sustainability journey is also reported to the Board on a quarterly basis.

Conclusion

TAJBank continues to drive progress on economic, social and environmental issues in 2022. This is guided by the objective to make a positive impact on those we serve, the economies that rely on us and the community in which we live and work. As we look optimistically into the future, sustainable growth must be our path forward. At this time, we are aware that we can only thrive when the community around us thrives. The Bank is continuing with its strong commitment and dedication towards actively contributing to a better and more sustainable future for all our Stakeholders. It is in furtherance of this that we recently engaged Messrs. Ernst & Young for a robust implementation of ESG to align the Bank's initiatives with global standards.

RISK MANAGEMENT FRAMEWORK

Overview

TAJBank is committed to complying with internationally established principles and policies in relation to risk management. In particular, the Bank fully subscribes to the guiding principles of BOFIA, CBN Prudential Guidelines and Islamic Financial Services Board (IFSB). Risk management is an integral part of the Bank's decision-making process. The Board of Directors defines and sets the Bank's overall risk strategy, risk appetite, risk diversification and asset allocation strategies. This includes the policies regarding credit, market, liquidity and operational risks amongst others. Management Credit Committee, Asset and Liability Management Committee (ALCO) and other Executive Committees guide and assist with the management of the Bank's balance sheet risks. The Bank manages exposure by adhering to limits approved by the Board of Directors or under delegated authorities approved/extended by the Board/ Board Committees to Management Committees.

Risk policies and processes to mitigate the risks are regularly reviewed on an ongoing basis. To ensure the effectiveness of TAJBank's Risk Management Framework, the Board and Senior Management need to be able to rely on adequate line functions including monitoring and assurance functions within the Bank. Therefore, as part of its overall governance and risk management framework, TAJBank endorses the "Three Lines of Defense (LOD)" model as a way of explaining the relationship between these functions and as a guide to how responsibilities are assigned:

1. **The first line of defense (Risk Taking):** Functions that own and manage risk. Under this line of defense business management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks. These primarily include functions or departments engaged in the front office/customer facing roles responsible for risk taking activities like financing.
2. **The second line of defense (Risk Oversight):** Functions that oversee or specialize in risk management and compliance. This line of defense consists of activities covered by several components of the internal governance framework (Compliance, Risk Management, Finance, Legal, Operations, Internal Controls, Human Resources, Information Technology and other such Departments). Furthermore, it monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information within TAJBank. The Shari'ah compliance function ensures all products, transactions and activities undertaken by TAJBank are in line with Islamic principles.
3. **The third line of defense (Risk Assurance):** Functions that provide independent assurance i.e. internal audit & sharia audit which form the third line of defense. An independent internal audit function, through a risk-based approach to its work, provides assurance to the Bank's Board of Directors and Senior Management. This assurance covers how effectively the Bank assesses and manages its risks and includes assurance on the effectiveness of the first and second lines of defense. It encompasses all elements of the Bank's risk management framework (from risk identification, risk assessment and response, to risk reporting) and all categories of organizational objectives: strategic, ethical, operational, reporting and compliance. In addition, an Independent Shari'ah Internal Audit Department is an important

pillar of the third line of defense. In combination, this approach permits TAJBank to grow its business without taking undue risks that could impact its capital adequacy, Shareholder returns and ultimately its brand and reputation.

Roles and Responsibilities of TAJBank's Risk Management include the following:

- to develop and implement risk framework, policies and procedures aligned with regulatory directives;
- to ensure that the risk management function is sufficiently equipped with policies, processes, systems, methodologies and expertise for identification, measurement, control, reporting and monitoring of risk adequately and efficiently;
- to develop the Bank's Risk Appetite Statement;
- to regularly review, monitor and report risk limits (as defined in the Bank Risk Appetite Statement) as well as ensure adherence to them;
- to develop and maintain TAJBank's ICAAP framework and conduct periodical stress-test exercises in line with regulatory requirements;
- to monitor exposures in terms of risk concentrations, imbalances and vulnerabilities and recommend remedial action where appropriate;
- to review and analyze the Bank's credit portfolio in terms of asset quality including concentrations and alert and advise Executive Management and/or Board Risk Management & Investment Committee accordingly;
- to advise on the use of credit risk parameters (e.g. Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default/Credit Conversion Factor (EAD/CCF)) for credit pricing, provisioning and portfolio monitoring as necessary, and
- to promote a robust risk culture (including risk training and development) within the Bank.

The Risk Management Department has continued to maintain momentum towards achieving optimal risk management policies, practices and procedures, pursuing three key objectives:

- continuous improvement in credit and risk management practices and intensified efforts on collections, recoveries and settlement of outstanding debts to ensure resilient asset quality in the face of increased challenges in the economy;
- to ensure that all unit NPF provisioning policies are in line with both the Bank policies and regulatory requirements; and
- to ensure a high degree of cooperation between business units and risk management department.

A standard enterprise Risk Management Framework has been established across the Bank, reflected in operational manuals that closely adhere to the Bank's policy regarding all the major categories of risk that the Bank faces when carrying out its business. These are: Credit, Liquidity, Market (including, Profit Rate and Foreign Exchange risk), Operational (including Fraud Risk and Information & Cyber Security Risk) and Shari'ah Compliance risks. Each of these major risks are discussed below. Whilst the risk philosophy underlines how inherent risks are taking into consideration in decision making, the Board of Directors and Management of the Bank determine the acceptable risks based on its resources and capabilities in term of people and technology.

Credit Risk

Credit Risk is the risk that one party to a financial contract fails to discharge an obligation and causes the other party to incur a financial loss. It applies to the Bank in its management of the financing exposures arising out of receivables and leases (for example, Murabahah and Ijarah) and working capital and other financing transactions (Salam, Istisna'a, Musharakah or Mudarabah). The Bank has in place a framework for credit risk management that includes identification, measurement, monitoring, reporting and control of credit risks. The Bank controls credit risk through the process of initial approval and granting of credit, subsequent monitoring of counterparty creditworthiness and the active portfolio management of credit exposures. Authority to approve credits is delegated by the Bank's Board under specific credit policies and operational procedures in place.

Mitigation of credit risk is primarily achieved through:

- (i) customer's financial and credit due diligence including willingness and ability/capacity to pay;
- (ii) appropriate structuring of credit facilities and its pricing, and
- (iii) obtaining various forms of collateral as necessary.

Portfolio measures of credit risk

Credit exposures are classified in accordance with International Financial Reporting Standard (IFRS) 9 on stage credit risk allocation basis, which are Stages 1, 2 and 3 (See below credit exposure by stage).

Exposures that are current and where full payment of the principal and profit is expected are classified under the Standard category.

Exposures where evidence exists that the debtor is experiencing some difficulties that may threaten the bank's position, but where ultimate loss is not expected - but could occur if adverse conditions continue are classified under the Special Mention category.

Exposures that show underlying, well-defined weaknesses that could lead to probable loss if not corrected are classified under the substandard category. The risk that such exposure may become impaired is probable and the Bank relies to a large extent on available security.

Exposures that are considered to be impaired but are not yet considered total losses because of some pending factors that may strengthen the quality of such exposures are classified under the Doubtful Category.

Exposures that are considered to be uncollectable and where the realization of collateral and institution of legal proceedings have been unsuccessful are classified under the Loss Category.

Exposures that are classified under the Sub-standard, Doubtful and Loss Categories are regarded as non-performing; and exposures that have not met their individual payment terms are classified as past due exposures.

Analysis of financing**(i) By Performance****Credit exposure by stage (IFRS 9)**

| Stage | CREDIT EXPOSURE | |
|--------------|----------------------|----------------------|
| | 31 Dec 2022 N'000 | 31 Dec 2021 N'000 |
| Stage 1 | 85,618,230 | 41,287,662 |
| Stage 2 | 1,923,306 | 67,108 |
| Stage 3 | 52,988 | - |
| Total | 87,594,525 | 41,354,770 |

Credit exposure by classification according to (CBN) prudential guidelines

| Classification | Credit Exposure | |
|------------------|----------------------|----------------------|
| | 31 Dec 2022 N'000 | 31 Dec 2021 N'000 |
| Performing | 87,541,537 | 41,354,770 |
| Non- performing: | | - |
| Substandard | 51,498 | - |
| Doubtful | 1,490 | - |
| Lost | | - |
| Total | 87,594,525 | 41,354,770 |

(ii) By Sector

| Sector | Credit Exposure | |
|---|----------------------|----------------------|
| | 31 Dec 2022 N'000 | 31 Dec 2021 N'000 |
| Agriculture | 10,531,868 | 8,114,827 |
| Construction | 1,770,023 | 1,911,397 |
| Education | 2,691,622 | 2,724,387 |
| Real Estate | 10,172,051 | 5,107,616 |
| Oil and Gas | 4,048,494 | 5,616,898 |
| General Commerce | 9,291,821 | 8,104,512 |
| General (Retail) | 7,287,277 | 2,802,303 |
| ICT & Digital Economy | 247,517 | 382,612 |
| Professional, Scientific and Technical Activities | 830,299 | 763,538 |
| Transport, Storage & Logistics | 5,234,340 | 2,570,828 |
| Manufacturing | 4,056,944 | 3,194,717 |

TAJBank Limited

Plot 72, Ahmadu Bello Way
Central Business District, Abuja, Nigeria.

| | | |
|---|-------------------|-------------------|
| Human Health and Social Work Activities | 33,740 | 26,900 |
| Public Utilities | 111,169 | 34,235 |
| Power & Renewable Energy | 943,901 | - |
| Total | 87,594,525 | 41,354,770 |

(iii) By Product

| Product | Credit Exposure | |
|--|----------------------|----------------------|
| | 31 Dec 2022 N'000 | 31 Dec 2021 N'000 |
| Murabahah – Corporate | 35,909,483 | 23,149,264 |
| Murabahah Working Capital | 27,455,438 | 10,033,207 |
| Murabahah - CBN CACS | 2,563,104 | 1,490,543 |
| Ijarah Muntahia Bittamleek - Corporate | 5,826,091 | 2,144,327 |
| Murabahah – Retail | 3,504,689 | 1,516,356 |
| Ijarah of Services – Corporate | 2,117,995 | 511,189 |
| Ijara of Services – CBN CACS | 70,248 | 202,369 |
| Istisna' - Retail | 13,478 | 29,853 |
| Istisna' - Corporate | 3,805,936 | 1,993,818 |
| Ijarah Muntahia Bittamleek – Retail | 416,014 | 183,219 |
| Ijarah of Services - Retail | 72,967 | 100,625 |
| Murabaha – CBN RSSF (DCRR) | 4,408,098 | - |
| Istisna' Corporate – CBN RSSF (DCRR) | 1,430,984 | - |
| Total | 87,594,525 | 41,354,770 |

(iv) By Maturity Profile

| S/N | Maturity | Credit Exposure | |
|--------------|-----------------------|----------------------|----------------------|
| | | 31 Dec 2022 N'000 | 31 Dec 2021 N'000 |
| 1 | ≤ 3 Months | 5,163,006 | 3,421,990 |
| 2 | > 3 Months ≤ 6 Months | 23,032,196 | 7,157,379 |
| 3 | > 6 Months ≤ 1 Year | 9,119,378 | 7,532,019 |
| 4 | > 1 Year ≤ 2 Years | 20,138,838 | 9,199,165 |
| 5 | > 2 ≤ 3 Years | 18,089,608 | 8,275,049 |
| 6 | > 3 ≤ 5 Years | 4,579,240 | 5,440,649 |
| 7 | > 5 Years | 7,472,259 | 328,519 |
| TOTAL | | 87,594,525 | 41,354,770 |

(v) Business Category

| Category | Credit Exposure | |
|--------------|----------------------|----------------------|
| | 31 Dec 2022 N'000 | 31 Dec 2021 N'000 |
| Corporate | 83,721,011 | 39,560,570 |
| Retail | 3,873,514 | 1,794,200 |
| Total | 87,594,525 | 41,354,770 |

(vi) By Security

| S/N | SECURITY | 31 Dec 2022 N'000 | 31 Dec 2021 N'000 |
|--------------|---|----------------------|----------------------|
| 1 | Legal Mortgage | 59,747,170 | 25,696,076 |
| 2 | All Asset Debenture | 8,003,660 | 5,268,093 |
| 3 | Domiciliation of Contract Proceeds | 1,548,051 | 3,666,030 |
| 4 | Domiciliation of Business Proceeds | 627,871 | 3,071,355 |
| 5 | Cash | 8,351,090 | 2,138,101 |
| 6 | Domiciliation of Salaries and Allowances | 850,006 | 524,907 |
| 7 | Deed of Sublease | 1,395,337 | 369,006 |
| 8 | Irrevocable Standing Payment Order (ISPO) | 1,395,337 | 250,799 |
| 9 | Equitable Mortgage | 1,670,704 | 229,627 |
| 10 | Mortgage Debenture | 4,023,208 | 140,776 |
| TOTAL | | 87,594,525 | 41,354,770 |

Liquidity Risk

Liquidity risk relates to the potential inability to repay deposits, fund asset growth or to service debt or other expense payments. Liquidity risk is managed mainly by ensuring that the funding of the Bank is sourced from a wide range of retail deposits with an appropriate spread of short, medium, and long-term maturities. Exposure to large deposits is strictly controlled. ALCO monitors and reviews the maturity profiles of the Bank's assets and liabilities on a regular basis to ensure that appropriate liquidity levels are maintained to meet future commitments. The Bank also has a policy of maintaining liquidity buffers (in the form of Sukuk and Interbank Mudarabah). comfortably in excess of regulatory requirements.

Profit rate risk or rate of return risk

In keeping with NIFI principles, the Bank does not levy interest on finance provided to Debtors, but instead earns income either by means of buying the item to be financed from the supplier and on-selling the item to the Bank's Clients at an agreed mark-up or by entering into arrangements with the Debtor in terms of which the Bank shares in the profit generated by the Debtor at an agreed profit sharing ratio. In a similar fashion, the Bank's Depositors do not earn interest on Deposits placed with the Bank, but instead earn income on their Deposits based on their proportionate share of the profits earned from Customers, by the Bank. There is thus no mismatch in terms of the earning profile of Depositors and that of the bank as the Bank will only be able to share profits which are earned. As the Bank shares profits earned on advances in a predetermined

ratio to the profit to be paid to the Depositors, the Bank is not at risk of earning less from advances than it would be required to pay to its Depositors.

However, the Bank may be exposed to profit rate risk in the context of its 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 metamorphose into Displaced Commercial Risk (DCR). Considering the above, the Bank continuously monitors development in the financial market to identify, measure and mitigate DCR and remain competitive. To this end, the Bank has put in place a policy for Income smoothing through the setting up of Profit Equalization Reserve (PER) to cater for the interest of both the Shareholders and the IAHs. In addition to this, the Bank has equally set up an Investment Risk Reserve (IRR) exclusively to subsidize potential future losses and to also mitigate the impact of DCR on the Bank.

Foreign Exchange Risk

Foreign exchange rate risk arises from the movement of currency exchange rates over a period of time, leading to an adverse impact on the Bank's earnings or Shareholders' Equity. The Bank is exposed to foreign exchange rate risk in that the value of a financial instrument, or its net investment in foreign entities/instruments, may fluctuate due to changes in foreign exchange rates. The Bank does not have any significant net foreign currency exposures as at 31st December 2022.

Operational Risk

Operational risk is the risk of financial loss or damage resulting from inadequate or failed internal processes, people and systems or from external events. Management of risk associated with carrying out the Bank's operations is through internal procedures and monitoring and control mechanisms, while management of legal risk is through effective consultation with internal and external legal counsel. Other kinds of operational risk are managed by ensuring that trained and competent people - and appropriate infrastructure, processes, controls and systems - are in place to ensure the identification, assessment and management of all substantial risks. The Bank is also exposed to risks relating to its fiduciary responsibilities towards fund providers. Fiduciary risk arises from the failure to perform in accordance with explicit and implicit standards applicable to an Islamic bank's fiduciary responsibilities, leading to losses in investments or failure to safeguard the interests of the Investment Account Holders. The Bank has in place appropriate mechanisms to safeguard the interests of all fund providers. Where investment account holders' funds are commingled with its own funds, the Bank ensures that the basis for asset, revenue, expense and profit allocations are established, applied and reported in a manner consistent with the Bank's fiduciary responsibilities. As mentioned above, the Bank policy dictates that the operational functions of booking, recording and monitoring transactions are carried out by staff independent of the staff initiating the transactions. Internal control policies and procedures dictate the segregation of duties, delegation of authorities, exceptions reporting, exposures management and reporting, and reconciliations, and are based on the submission of timely and reliable management reporting. Separate and independent Internal Control Units carry out ongoing monitoring of day-to-day procedures and ensure adherence to key control functions.

Information Security (Cyber Security) Risk

The Bank continues to enhance its management of information security (cyber security) risk. It has assessed the risks, identified controls and is implementing solutions. The Bank already has comprehensive IT Security Policy and Procedures, which are in line with industry best practices.

Compliance Risk

Compliance risk is defined as the risk of legal or regulatory sanctions, material or financial loss or loss to reputation that a bank may suffer as a result of its failure to comply with laws, regulations, rules, reporting requirements, codes of conduct and standards. The landscape of compliance is evolving constantly. As a result, TAJBank is continuously enhancing its compliance risk management framework.

Shari'ah Compliance Risk

Shari'ah compliance risk arises from the failure to comply with the rules and principles of Shari'a and, in this respect, is akin to Reputational Risk. It also includes the risk of legal or regulatory sanctions that the Bank may suffer as a result of failure to comply with laws and regulations. The Bank has in place systems and controls, including Advisory Committees of Experts (ACE) to ensure compliance with all Shari'ah rules and principles.

Shariah risk is managed by monitoring, reviewing and supervising the activities of the Bank to ensure that Shariah procedures, as prescribed by the Advisory Committee of Experts (ACE) and CBN's Financial Regulation Advisory Council of Experts (FRACE) are implemented and adhered to. The Bank seeks to manage and minimize its exposure to Shariah risk by ensuring that the following measures are effectively implemented:

- the employment of adequate resources to manage and effectively mitigate, to the fullest possible extent, risk which could compromise Shariah compliance;
- Shariah reviews are carried out appropriately, and in a timely manner in accordance with ACE policies and plans;
- confirmation that profits earned from clients and profits paid to depositors are strictly in accordance with Shariah principles;
- profit distribution is managed by the bank in accordance with Shariah guidelines, as defined by ACE;
- obtaining written ACE approval prior to the implementation of any new product or service and any proposed amendment to an existing bank product;
- the disposal of non-permissible income in terms ACE rulings;
- the effective management and/or investment, in a Shariah-compliant manner, of excess liquidity; and
- the employment of a programme of continuous update by the bank of new developments, changes and amendments with regards to AAOIFI Shariah standards.

Capital Management/Capital Adequacy

Capital is managed at TAJBank with a view to meeting the capital maintenance requirements directed by the CBN and achieving optimum utilization in the course of carrying out its business, in accordance with its predetermined risk appetite and intended risk profile, and with the ultimate aim of maximizing shareholders' returns. Capital management includes pro-actively making appropriate and necessary adjustments to reflect changes in the economic environment or in the degree or nature of risk associated with the Bank's activities.

Optimum capital management, therefore, addresses such crucial issues as:

- ensuring that adequate capital is held at all times to meet unexpected calls occasioned by such events as sudden withdrawals by depositors, earlier than expected drawdown of facilities, or unexpected losses;

- achieving the Bank's return on capital objectives;
- meeting capital adequacy ratio targets and regulatory imperatives' and
- maintaining the Bank's strong credit rating.

The Bank's capital adequacy ratio as at 31st December 2022 was 16.85%, comfortably above the CBN's minimum regulatory requirement of 10%.

Chief Compliance Officer's Report:

Background:

TAJBank Ltd has created policies and procedures to establish a robust system of controls and supervision sufficient to provide reasonable assurance that the organization, and each individual acting on its behalf, complies with Anti-Money Laundering / Combating the Financing of Terrorism (AML/CFT) legislation and to manage the risks associated with its business in accordance with prudent business practices.

The Chief Compliance Officer (CCO), who reports to the Executive Compliance Officer, develops, oversees, and manages the Bank's Compliance programs as well as implement the Bank's Anti-Money Laundering / Combating the Financing of Terrorism (AML/CFT) Institutional policy framework as captured in Section 4 of the CBN AML/CFT Regulation 2013.

Statement of Compliance:

TAJBank complies with the relevant provisions of the CBN AML/CFT Regulation 2013, the CBN Code of Corporate Governance, Nigerian Code of Corporate Governance, 2018 and all other guidelines of competent authorities listed below:

- (a) The Financial Action Task Force (FATF) 40 Recommendations;
- (b) Money Laundering (Prohibition) Act 2011 (as amended);
- (c) Terrorism (Prevention and Prohibition) Act 2022;
- (d) Terrorism Prevention Regulations 2013;
- (e) Proceeds of Crime Act 2022;
- (f) Corrupt Practices and Other Related Offences Act, Cap. C31 Laws of the Federation of Nigeria, 2004 ;
- (g) The UK Bribery Act 2010;
- (h) USA Foreign Corrupt Practices Act, and
- (i) Central Bank of Nigeria (CBN) Circulars.

1. Monitoring Compliance with Code of Conduct & Corporate Governance

The Bank has an internal Code of Professional Conduct for Employees "the Bank's Code" which all members of staff subscribe to upon assumption of duties. Staff are also required to reaffirm their commitment to the Bank's Code annually.

All members of staff are expected to strive to maintain the highest standards of ethical conduct and integrity in all aspects of their professional life as contained in the Code of Professional Conduct which prescribes the common ethical standards, policies and procedures of the Bank relating to employee values. The Chief Compliance Officer monitors full compliance and implementation of the CBN Code of Corporate Governance as well as the Nigerian code of corporate governance 2018.

The Chief Compliance Officer and the Company Secretary also render regular returns to the Central Bank of Nigeria on all whistle-blowing reports and corporate governance breaches in line with the relevant Sections of the Code.

2. Anti-Money Laundering and Combatting Financing Terrorism Framework:

TAJBank Ltd is committed to the fight against all forms of financial crimes, which includes, money laundering, terrorism financing, weapons of mass destruction, bribery, and corruption by full implementation of the relevant acts, regulations, and guidelines (listed in the statement of compliance above). The scope of the Bank's AML/CFT framework as coordinated by the Chief Compliance Officer include the following:

a) Board and Management responsibilities:

The Board of Directors of the Bank has oversight responsibilities for the AML/CFT framework and sets the tone from the top. The Board ensures that the Bank's Management and all employees conform strictly with all regulatory and internal procedures relating to AML/CFT and that the Bank maintains a zero tolerance to regulatory infraction.

b) Know Your Customer (KYC) procedures:

Complete KYC / CDD procedure is the bedrock for sound AML/CFT and risk assessment practices, hence the insistence of full KYC/CDD procedures at all levels of business relationship with the Bank's clients.

As part of the Bank's KYC and CDD procedures, identification documents are obtained to confirm the ultimate beneficial owners and control structure; Sanction screening is conducted prior to establishing relationship to confirm such customers are not on the global and the Bank's internal watchlists. The Bank is in full compliance with the Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)

c) Transaction Monitoring:

Transaction monitoring of customer accounts and activity is a key compliance function. Suspicious activities and transactions are processed from automated customer transaction alerts generated by the Bank's Anti-Money Laundering Solution. Other unusual transactions and suspicious activities are received from the Branches and filed to the Nigerian Financial Intelligence Unit (NFIU) after investigation.

d) Transaction Reporting:

TAJBank complies fully with the provisions of the CBN AML/CFT/CPF Regulation 2022 on reporting of statutory reports to competent authorities (CBN, NFIU, NDIC etc). This includes:

- Currency Transaction Report (CTR) – Section 11 (MLPPA 2022)
- Foreign Currency Transaction Report (FTR) – Section 3 (MLPPA, 2022), and
- Suspicious Transaction Report (STR) – Section 7 (MLPPA, 2022)

e) Relationship with Regulators and Law Enforcement Agencies:

The Bank promptly complies with all requests made pursuant to the law, and provides information to regulators including the NFIU, the CBN and Law Enforcement Agencies (LEAs). The Bank is also at the forefront of cooperating with regulators to give feedback on new regulations and means to mitigate the risks that are being encountered in the financial industry brought on by new innovations and developing trends.

f) Risk assessment

The Bank conducts standard risk assessments on its customers, products, services, transaction channels, geography, location etc. This is to ensure that AML/CFT risks are identified and mitigated.

g) AML/CFT Training:

The Bank places a high premium on the training of its employees, especially on AML/CFT compliance. Annual Compliance training is mandatory for all members of staff, including Senior Management and Directors. Training is conducted via e-learning, face to face or on an ad hoc basis by email to the appropriate personnel in relation to topical national and international findings.

h) AML/CFT Audits:

In order to adhere to regulations and to ensure an ever-evolving fit for use Compliance function, internal audit of the AML/ CFT function is conducted on a quarterly basis. The purpose of the audit is to test the adequacy of the AML/CFT functions and ensure that the AML/CFT measures put in place by the Bank are effective.

i) Record retention:

Customer identification documents are retained throughout the life of the account and at least 5 years after the cessation of the banking relationship after which the records are moved to the archive.

3. Transaction Monitoring and Testing:

Over the past year, monitoring and testing of the Bank's Compliance Programme was conducted by the Bank's Internal Audit Group as well as by GGL Limited (an independent firm of AML/CFT Consultants) to review its compliance policies and procedures in line with the provisions of Sections 15 (1) of the CBN AML/CFT/CPF Regulation 2022 and standard compliance practice.

4. Regulators and Regulatory updates:

During the 2022 financial year, regulatory examination was conducted by the joint CBN & NDIC Team.

5. Miscellaneous:

The Bank is pursuing aggressive automation of its processes as well as training of its Compliance Staff with a view to truly position it as a world-class Financial Institution.

Signed,



Chief Compliance Officer
Muhammad Kabir Muhammad, PhD

REPORT OF THE DIRECTORS

The Directors of TAJBank Limited (“the Bank”) have the pleasure of presenting their Report on the affairs of the Bank’s Audited Financial Statements and with the Independent Auditor’s Report for the year ended 31 December 2022.

Legal Form

TAJBank Limited (the “Bank”) is the second full-fledged Non-interest Financial Institution in Nigeria. The Bank was granted a regional banking license to carry on the business of non- interest banking and commenced operation on 2nd December, 2019 with one Branch in Kano State and the Federal Capital Territory. It was established as a Private Limited Liability Company and obtained a National Banking License on 19th July, 2022.

Business Review and Future Development

The Bank carried on business as a non-interest commercial Bank within the period 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

Operating results

Below are the highlights of the Banks’s operating results for the period under review:

| | 31 December 2022 N'000 | 31 December 2021 N'000 |
|-----------------------------|---------------------------------------|---------------------------------------|
| Gross earning | 17,322,679 | 6,487,946 |
| Profit before tax | 5,081,339 | 1,628,933 |
| Income tax expenses/ credit | (962,988) | (361,719) |
| Profit after tax | 4,118, 351 | 1,267,214 |

Directors Fees

The Board of Directors proposed and presented their annual fees at the General Meeting for approval.

Directors’ Interest

The direct and indirect interests of the Directors in the issued share capital of the Bank as recorded in the register of the Directors’ Shareholding and/or as notified by the Directors for the purposes of Section 301 of the Companies and Allied Matters Act, 2020, are stated below:

Number of Shareholding as at 31st December, 2022

| S/N | Director | Direct | Indirect |
|-----|----------------------------|---------------|---------------------------------------|
| 1 | Alhaji Tanko Isiaku Gwamna | N/A | 40,000,000 (Flex Development Co. Ltd) |
| 2 | Mallam Lawal Garba | 1,500,000,000 | N/A |
| 3 | Dr. Nura Manu Saro | 1,418,918,919 | N/A |

| | | | |
|----|---------------------------|-------------|--|
| 4 | Hajiya Mariam Ibrahim | N/A | 1,000,000,000 (Inverness Wealth Management Ltd) |
| 5 | Barrister Habib Alkali | 230,000,000 | N/A |
| 6 | Mallam Ahmed. A. Joda | 100,000,000 | N/A |
| 7 | Alhaji Tata Shekarau Omar | N/A | N/A |
| 8 | Mr. Adekunle James Awe | N/A | N/A |
| 9 | Mr. Kogis Jonathan Luka | N/A | N/A |
| 10 | Mr. Charles I. Ebiengang | N/A | N/A |
| 11 | Dr. Jameel M. Sadis | N/A | N/A |
| 12 | Mr. Hamid Joda | 10,000,000 | 2,920,000,000 (GSCL Investment Ltd) |
| 13 | Mr. Sherif A. Idi | 30,000,000 | 2,920,000,000 (GSCL Investment Ltd) |

Employment and employees**Employee involvement and training**

The Bank's major assets are their Management, professional and technical staff. In that regard, the Bank invests in employee training, as collated during the period under review. Formal and informal channels of communication are also employed in keeping staff abreast of various factors affecting the Bank as a going concern.

Employment policy

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

Health safety and welfare at work

Health and safety regulations are applied within the Bank's premises and employees are continuously sensitized on existing regulations. The Bank provides subsidy to all levels of employees for medical, transportation, lunch, as well as access to recreational facilities to enhance their welfare and improve productivity.

Gender analysis of staff

The average number of male and female employees during the half year period ended 31 December 2022 is provided below as the Board is committed to gender balance and has thus mandated Management to take the issue of gender balance into cognizance amongst staff and in filling future vacancies.

| | Male | Female | Total | Percentage |
|-----------|-------------|---------------|--------------|-------------------|
| Employees | 282 | 112 | 394 | 72:28% |

Shareholding Analysis

The shareholding pattern of the Bank as at 31st December, 2022 is as stated below:

| Range | Number of Shareholders | Percentage of Shareholders % | Number of holdings | Percentage of holdings |
|----------------------------|------------------------|------------------------------|-----------------------|------------------------|
| 1- 10,000 | - | - | - | - |
| 10,001-50,000 | - | - | - | - |
| 50,001-1,000,000 | 4 | 12.90 | 4,000,000 | 0.03 |
| 1,000,001-5,000,000 | 1 | 3.23 | 3,000,000 | 0.02 |
| 5,000,001 - 10,000,000 | - | - | - | - |
| 10,000,001-50,000,000 | 7 | 22.58 | 130,000,000 | 0.98 |
| 50,000,001 - 100,000,000 | 7 | 22.58 | 579,081,081 | 4.37 |
| 100,000,001 - 500,000,000 | 7 | 22.58 | 1,785,000,000 | 13.46 |
| 500,000,001- 1,000,000,000 | 2 | 6.45 | 2,000,000,000 | 15.08 |
| Above 1,000,000,000 | 3 | 9.68 | 8,758,918,919 | 66.06 |
| | 31 | 100 | 13,260,000,000 | 100.00 |

The shareholding pattern of the Bank as at 31st December, 2021 is as stated below:

| Range | Number of Shareholders | Percentage of Shareholders % | Number of holdings | Percentage of holdings |
|----------------------------|------------------------|------------------------------|----------------------|------------------------|
| 1- 10,000 | - | - | - | - |
| 10,001-50,000 | - | - | - | - |
| 50,001-1,000,000 | 3 | 12.50 | 3,000,000 | 0.03 |
| 1,000,001-5,000,000 | 1 | 4.17 | 3,000,000 | 0.03 |
| 5,000,001 - 10,000,000 | - | - | - | - |
| 10,000,001-50,000,000 | 6 | 25.00 | 121,000,000 | 1.25 |
| 50,000,001 - 100,000,000 | 3 | 12.50 | 241,081,081 | 2.49 |
| 100,000,001 - 500,000,000 | 7 | 29.17 | 1,865,000,000 | 19.30 |
| 500,000,001- 1,000,000,000 | 1 | 4.17 | 670,000,000 | 6.93 |
| Above 1,000,000,000 | 3 | 12.50 | 6,760,000,000 | 69.96 |
| | 24 | 100 | 9,663,081,081 | 100.00 |

Substantial Interest in Share Shareholding Analysis

The following Shareholders held more than 5% of the issued Share Capital of the Bank.

| S/N | Shareholders | 31 December 2022 | 31 December 2021 |
|-----|-------------------------------------|---------------------|---------------------|
| 1 | GSCL Investments Limited | 44.04% | 44.09% |
| 2 | Lawal Garba | 11.31% | 15.52% |
| 3 | Nura Manu Soro | 10.70% | - |
| 4 | Adama Beverages Limited | 7.54% | 10.35% |
| 5 | Inverness Wealth Management Limited | 7.54% | 6.93% |
| 6 | Sokoto State Government | - | 5.10% |
| 7 | Afritec Utilitied Ltd | - | 5.10% |

Donation and charitable gift

The Bank donated the sum of N2,250Million (31st December, 2021: N330.8Million) as donations and charitable contribution during the year ended 31st December, 2022.

The beneficiary organizations and the amounts donated to them is shown in the table:

| | 31st December, 2022 N |
|-------------------------------------|--------------------------------|
| Renovation of Gusau Road roundabout | 750,000.00 |
| Other donations individual | 1,500,000.00 |
| | <u>2,250,000.00</u> |

Assets values

Information relating to the Bank's assets is detailed in the notes to the Financial Statements.

Disclosure of customer complaints in Financial Statements for the year ended 31st December, 2022

| DESCRIPTION | NUMBER | | AMOUNT CLAIMED (NAIRA) | | AMOUNT REFUNDED (NAIRA) | |
|---|--------|-------|---------------------------|-------------|----------------------------|-------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Pending Complaints b/f | 7 | - | 5,123,200 | - | - | - |
| Received Complaints | 4,627 | 1,506 | 1,128,089,828 | 965,084,662 | | |
| Resolved Complaints | 4,204 | 1,499 | 1,069,598,608 | 959,961,462 | - | 374,851,964 |
| Unresolved Complaints escalated to CBN for Intervention | - | - | - | - | - | - |
| Unresolved Complaints Pending with the Bank carried forward | 430 | 7 | 63,614,420 | 5,123,200 | - | - |

Audit Committee

Pursuant to Section 404(2) of the Companies and Allied Matters Act, 2020, the Bank has in place an Audit Committee comprising three Shareholders' representatives and two Non- Executive Directors as follows:

| | |
|---|------------|
| Dr. Abdulkadeer Babangida Njiddah, Ph.D., FCA | (Chairman) |
| Hajiya Hafsat Magaji Inuwa | (Member) |
| Dr. Nura Manu Soro | (Member) |
| Alhaji Tata Shekarau Omar | (Director) |
| Mr. Adekunle James Awe | (Director) |

The functions of the Audit Committee are as laid down in Section 404 (7) of the Companies and Allied Matters Act, 2020.

Dividends

The Board of Directors has proposed a Script Dividend of 10 Shares per Ordinary Share of N1 each payable to Shareholders on the Register of Shareholding at the closure date upon approval at the Annual General Meeting. Withholding tax shall be applicable.

Auditors

The Auditors, Messrs. Ahmed Zakari & Co. have indicated interest to continue to render its services and will do so in accordance with Section 401(1&2) of the Companies and Allied Matters Act, 2020.

By order of the Board



Amina Usman Toli
Acting Company Secretary
13th March, 2023

TAJBANK LIMITED FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2022

The followings are the major financial highlights for the year ended 31 December 2022:

| FINANCIAL HIGHLIGHTS | | | |
|--|--------------------|--------------------|--------------------|
| STATEMENT OF FINANCIAL POSITION | 31-Dec-2022 | 31-Dec-2021 | Changes (%) |
| | N'Million | N'Million | (%) |
| Total assets | 212,021 | 110,956 | 91% |
| Gross earning assets | 134,194 | 54,687 | 145% |
| Financing | 78,235 | 36,543 | 114% |
| Deposits | 161,958 | 73,088 | 122% |
| Total equity | 19,535 | 11,044 | 77% |
| INCOME STATEMENT | 31-Dec-2022 | 31-Dec-2021 | Changes (%) |
| | N'Million | N'Million | (%) |
| Gross earnings | 17,323 | 7,236 | 239% |
| Gross expenses | 12,241 | 5,607 | 218% |
| Profit before tax (PBT) | 5,081 | 1,629 | 312% |
| RATIOS | 31-Dec-2022 | 31-Dec-2021 | Changes (%) |
| | N'Million | N'Million | (%) |
| Net profit margin | 29% | 23% | 30% |
| Cost to income | 71% | 77% | -9% |
| Return on assets | 2.4% | 1.5% | 163% |
| | 31-Dec-2022 | 31-Dec-2021 | |
| | N'Million | N'Million | |
| Return on equity | 26% | 15% | 73% |
| Capital adequacy | 17% | 16% | 8% |
| Liquidity | 40% | 60% | -34% |

Statement of Directors' responsibilities in relation to the Financial Statements for the year ended 31 December 2022

The Directors accept responsibility for the preparation of the financial statements that give a true and fair view in accordance with the requirements of the International Financial Reporting Standards (IFRS), the Financial Accounting Standards issued by AAOIFI and in the manner required by the Companies and Allied Matters Act 2020, the Financial Reporting Council of Nigeria Act, the Banks and Other Financial Institutions Act and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

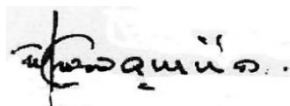
The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, 2020 and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Going Concern:

The Directors have made assessment of the Bank's ability to continue as a going concern and have no reason to believe that the Bank will not remain a going concern in the years ahead.

Resulting from the above, the directors have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. Thus, directors continued the adoption of the going concern basis of accounting in preparing the financial statements.

SIGNED ON BEHALF OF THE DIRECTORS BY:



Alh. Tanko Isiaku Gwamna
Chairman
FRC/2022/PRO/DIR/990740
13 March 2023



Hamid Joda
Managing Director
FRC/2015/CIBN/00000013507
13 March 2023

Report of the Statutory Audit Committee

We have examined the Auditors' report for the year ended 31 December 2022 in accordance with the provision of Section 401(7) of the Companies and Allied Matters Act, 2020.

In our opinion, the Auditors' report is consistent with our view of the scope and planning of the Audit. The External Auditors' findings, as stated in the Management Letter, received satisfactory responses from the Management. We are also satisfied that the Bank's accounting policies are in conformity with the statutory requirements and agreed ethical practices.



Abdulkadeer Babangida Njiddah, Ph.D., FCA

FRC/2013/ICAN/00000003412

Chairman, Statutory Audit Committee

Abuja

04 March 2023

Members of the Statutory Audit Committee

Abdulkadeer Babangida Njiddah, Ph.D., FCA

Hafsat Magaji Inuwa

Tata Shekarau Omar

Adekunle James Awe

Jameel Muhammad Sadis

Nura Manu Soro

Chairman

Member

Member

Member

Member

Member

ADVISORY COMMITTEE OF EXPERTS' REPORT

In the name of Allah, the Beneficent, the Merciful

Advisory Committee of Experts (ACE)' Responsibility

The ACE exercises an independent oversight function as required by the Central Bank of Nigeria ("CBN") pursuant to the provisions of paragraph 11 of the Guidelines on the Governance of Advisory Committee of Experts for Non-Interest (Islamic) Financial Institutions in Nigeria which is in line with the Banks and Other Financial Institutions Act, 2020. Our responsibility is to express an opinion on the state of Shariah compliance of TAJ Bank Limited ("the Bank") based on our deliberation of the evidences and information obtained from the Board and Management during the reporting period ended 31 December 2022. We are responsible for endorsement of the Bank's business products towards ensuring that its operations are free from Shariah non-compliance incidences, whether due to fraud or error.

We have conducted our deliberation on the Bank's products in accordance with the regulations issued by the CBN. The regulations require that we comply with ethical requirements, plan and perform the deliberation to obtain reasonable assurance about the state of Shariah compliance of the Bank. We are responsible to review the components of the financial statements which require determination by Shariah, such as disposal of prohibited income.

Shariah Compliance

In compliance with the letter of appointment, we are required to submit the following report:

During the year ended 31 December 2022, we have:

1. Reviewed the principles and contracts relating to the transactions and applications introduced by the Bank; and
2. Reviewed the products, processes, activities, transactional documents and contracts entered into and/or offered by the Bank.

We have assessed the works carried out by the Shariah Compliance Review, Shariah Audit and Control, which were conducted by way of examining, on test basis, each type of transaction, the relevant documentations and procedures adopted by the Bank. We note that the reviews and audit were planned and performed to obtain relevant information and explanations which we considered necessary to provide us with enough evidence to give reasonable assurance that the Bank has not violated Shariah rules and principles.

In our opinion, for the year ended 31 December 2022:

1. The products and processes of the Bank that we have reviewed and endorsed during the year ended 31 December 2022, are in conformity with Shariah rules and principles; and
2. The transactions and dealings concluded by the Bank conformed with Shariah rules and principles.

We, the members of ACE of the Bank, to the best of our knowledge, have obtained sufficient and appropriate evidence to form a Shariah compliant opinion that all Shariah advice issued by us and the ruling

TAJBank Limited

Plot 72, Ahmadu Bello Way
Central Business District, Abuja, Nigeria.

of the Financial Regulation Advisory Council of Experts (FRACE) of the CBN have been complied with during the financial period. We also acknowledge that the Board and Management have taken robust measures to strengthen the existing compliance environment to mitigate future Shariah non-compliance.

The Advisory Committee of Experts (ACE) of TAJBank Limited has reviewed the financial statements of the Bank and taken note of the Non-Permissible Income (NPI) declared by the Bank during the review period. The ACE hereby certifies that the declared amount is correct and that the NPI has been disposed by the Bank to the satisfaction of the ACE.

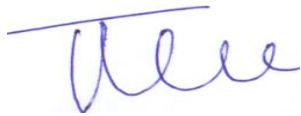
And Allah Knows best.

May Allah's mercy and blessings be upon you.

Date: 10 March 2023



Asst. Prof., Dr. Ziyaad Mahomed
(Chairman)



Prof. Muhammed Tabiu, SAN
(Member)



Dr. Sa'id Adekunle Mikail
(Member)

Corporate Responsibility for the Financial Statements for the period ended 31 December 2022

In line with the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Chief Executive Officer and the Chief Financial Officer of TAJBank Limited have reviewed the audited financial statements and accept responsibility for the financial and other information within the annual report. The following certifications and disclosures regarding the true and fair view of the financial statements as well as the effectiveness of the Internal Controls established within the Bank are hereby provided below:

Financial statements

- a) We have reviewed the audited financial statements of the Bank for the year ended 31 December 2022.
- b) The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.
- c) That the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Bank as of and for, the half year period ended 31 December 2022.

Effective Internal Controls

- a) We are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Bank is made known to us by other officers of the Bank, during the period ended 31 December 2022.
- b) We have evaluated the effectiveness of the Bank's internal controls within 90 days prior to 31 December 2022, and
- c) We certify that the Bank's internal controls are effective as at 31 December 2022.

Disclosures

- a) There were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.
- b) There are no significant deficiencies in the design or operation of internal controls which could adversely affect the Bank's ability to record, process, summarise and report financial data, and have identified for the Bank's auditors any material weaknesses in internal controls; and
- c) There is no fraud that involves management or other employees who have a significant role in the Bank's internal control.

Signed by:



Babatunde Odumosu
Chief Financial Officer
FRC/2016/ICAN/00000014794
13 March 2023



Hamid Joda
Managing Director
FRC/2015/CIBN/00000013507
13 March 2023



Ahmed Zakari & Co.
(CHARTERED ACCOUNTANTS)

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF TAJBANK LIMITED**

Opinion

We have audited the financial statements of TAJBank Limited ("the Bank") which comprise the statement of financial position as at 31 December 2022, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, financial summary and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of TAJBank Limited as at 31 December 2022 and of its financial performance and cash flows for the year then ended in compliance with the Financial Reporting Council of Nigeria Act and in accordance with the International Financial Reporting Standards, the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), the Companies and Allied Matters Act, 2020 and the Banks and Other Financial Institutions Act 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank in accordance with the Institute of Chartered Accountants of Nigeria (ICAN) professional code of conduct and guide for accountants, which is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

| Key Audit Matter | How our audit addressed the matter |
|--|--|
| <p data-bbox="316 533 874 589"><i>Impairment of Islamic financing and investment assets.</i></p> <p data-bbox="316 622 874 790">The expected credit losses on financing and investment assets to customers are considered to be a key audit matter because it requires significant judgement by management in measuring credit risk in line with the Expected Credit Loss (ECL) Model.</p> <p data-bbox="316 824 874 969">We focused on this judgmental area because of the significant value of Islamic financing and investment assets and the management make significant judgement and level of subjectivity over the impairment charged.</p> <p data-bbox="316 1003 874 1059">The key areas where significant judgment was exercised by the management includes:</p> <ul data-bbox="316 1093 874 1563" style="list-style-type: none"> • Allocation of Islamic financing and investment assets into various stages to reflect the credit risk of the facilities. • Determination of default and the criteria for assessing significant increase in credit risk (SICR) • Determination of 12 month and Lifetime probability of default (PD) used in ECL calculation. • Assumptions used in the ECL model such as financing condition of counterparty, expected future cash flows, forward looking macroeconomic factor. • Techniques that were used to determine the probability of default (PD) and the loss given default (LGD). | <p data-bbox="901 622 1428 768">We performed the following audit procedures to assess the adequacy of the Expected Credit Loss (ECL) included in the Bank's financial statements for the year ended 31 December 2022.</p> <ul data-bbox="901 824 1428 1765" style="list-style-type: none"> ➤ We reviewed the completeness and accuracy of the data use in the calculation of Expected Credit Loss (ECL). ➤ We examined a sample of exposure and performed procedures to determine whether there is significant increase in credit risk since initial recognition of the facilities to determine credit -impaired facilities. ➤ We check Directors default definition as prescribed by the Standard. ➤ We checked the forward looking information applied by the management in the ECL calculations by comparing to publicly available macroeconomic information. ➤ For exposure determined to be credit impaired, we tested sample of Islamic financing and investment assets and we challenged the estimate and assumptions used by management around the staging criteria and impairment allowance calculation. ➤ We also assessed the accuracy of disclosures in the financial statements to determine if they were in compliance with the requirements of IFRSs. |



Other information

The Directors are responsible for the other information which comprises the corporate information, Risk management report, corporate responsibility for the financial statements, Directors' report, corporate governance report, statement of Directors' responsibilities, financial highlight, Sustainability report, Board evaluation report, the audit committee's report, Advisory Committee of Experts report, Chief Compliance Officer's report, notice of annual general meeting, Chief Executive Officer's statement, the Chairman's statement, and other National Disclosures. Other information does not include the financial statements and our audit report.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in compliance with the Financial Reporting Council of Nigeria Act and in accordance with International Financial Reporting Standards, the Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and in the manner required by the Companies and Allied Matters Act, 2020 Banks and Other Financial Institutions Act, 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.

In preparing the financial statements, the Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on other legal and regulatory requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act 2020

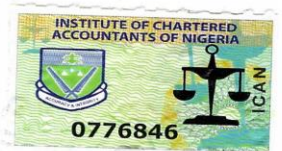
- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit.
- ii) the bank has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us.
- iii) The bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Compliance with the Banks and Other Financial Institutions Act and Central Bank of Nigeria circular BSD/1/2004

- i) Information required on related party transactions and balances are disclosed in note 37 to the financial statements in accordance with the Central Bank of Nigeria Circular BSD/1/2004.
- ii) The Bank complied with the requirements of the Banks and Other Financial Institutions Act and relevant circulars issued by the Central Bank of Nigeria during period ended 31 December 2022.



Nafisa S. Awak, FCA
FRC/2018/ICAN/00000018811
For: Ahmed Zakari & Co.
(Chartered Accountants)
13 March 2023
Abuja, Nigeria



Report

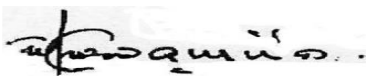


**TAJBANK LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

| | | 31 December 2022 | 31 December 2021 |
|---|-------|---------------------|---------------------|
| | Notes | N'000 | N'000 |
| Assets | | | |
| Cash and balances with Central Bank of Nigeria | 4 | 34,874,339 | 18,790,704 |
| Due from banks and other financial institutions | 5 | 11,200,425 | 15,707,792 |
| Interbank receivables | 6 | 262,258 | 3,127,228 |
| Investment in sukuk | 7 | 35,302,042 | 9,260,624 |
| Murabahah receivable, net | 8 | 65,315,451 | 31,728,733 |
| Istisna' receivable, net | 9 | 4,288,397 | 1,633,623 |
| Ijarah muntahiyah bi tamleek, net | 10 | 8,631,230 | 3,180,897 |
| Inventory financing | 11 | 20,395,010 | 5,756,278 |
| Other assets | 15 | 20,553,329 | 13,611,860 |
| Property, plant and equipment | 12 | 8,254,074 | 5,767,595 |
| Leasehold improvement | 13 | 1,105,258 | 706,425 |
| Intangible assets | 14 | 1,838,735 | 1,385,987 |
| Deferred tax asset | 16b | - | 297,887 |
| Total assets | | 212,020,548 | 110,955,633 |
| Liabilities | | | |
| Customers' current and qard saving deposits | 17 | 116,075,711 | 54,720,817 |
| Other funding-CBN CACS | 18 | 7,283,183 | 2,447,853 |
| Other liabilities | 19 | 22,578,843 | 24,325,121 |
| Tax payable | 16 | 557,974 | 50,206 |
| Deferred tax liabilities | 16b | 107,127 | - |
| Total liabilities | | 146,602,838 | 81,543,997 |
| Equity of investment account holders | | | |
| Mudarabah investment account holders | 20 | 45,882,263 | 18,367,169 |
| Total equity of investment account holders | | 45,882,263 | 18,367,169 |
| Owners' Equity | | | |
| Share capital | 21 | 13,260,000 | 9,663,081 |
| Share premium | 22 | 795,840 | 38,919 |
| Retained earnings | 23 | 2,301,725 | 148,530 |
| Regulatory risk reserve | 24 | 893,457 | 511,992 |
| Other reserves | 25 | 2,284,425 | 656,494 |
| Foreign currency translation reserve | 25d | - | 25,451 |
| Total equity | | 19,535,447 | 11,044,467 |
| Total equity and liabilities | | 212,020,548 | 110,955,633 |

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

The financial statements were approved by the Board of Directors for issue on 13 March 2023 and signed on its behalf by:



Isiaku Tanko Gwamna (Chairman)
FRC/2022/PRO/DIR/003/990740



Hamid Joda (Managing Director/CEO)
FRC/2015/CIBN/00000013507



Babatunde Odumosu (Chief Financial Officer)
FRC/2016/ICAN/00000014794

TAJBANK LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

| | | 31 December 2022 | 31 December 2021 |
|---|-------|---------------------|---------------------|
| | Notes | N'000 | N'000 |
| Income | | | |
| Income from financing contracts | 26 | 9,883,630 | 4,689,154 |
| Income from investment activities | 27 | 6,116,770 | 1,796,533 |
| Gross income from financing and investing transactions | | 16,000,400 | 6,485,687 |
| Return on equity of investment account holders | 28 | (1,679,378) | (576,288) |
| Bank's share as a mudarib/equity investor | | 14,321,022 | 5,909,399 |
| Impairment allowance | 29 | (692,395) | (172,014) |
| Net income after impairment | | 13,628,627 | 5,737,385 |
| Other income | | | |
| Fees and commission | 30 | 1,322,279 | 750,561 |
| Total income | | 14,950,906 | 6,487,946 |
| Operating expenses | | | |
| Staff costs | 32 | 3,671,480 | 1,638,503 |
| Depreciation and amortisation | 33 | 1,128,049 | 608,310 |
| General and administrative expenses | 34 | 5,070,038 | 2,612,200 |
| Total expenses | | 9,869,567 | 4,859,013 |
| Net profit before tax | | 5,081,339 | 1,628,933 |
| Income tax expense | 16a | (962,988) | (361,719) |
| Net profit for the period after tax | | 4,118,351 | 1,267,214 |
| Other comprehensive income | | | |
| Items that may be reclassified to profit or loss | | | |
| Exchange difference | | - | 25,451 |
| Total comprehensive income for the period | | 4,118,351 | 1,292,665 |
| Earnings per share | | | |
| Basic and diluted earnings per share (kobo) | | 31.06 kobo | 13.11 kobo |

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

TAJBank Limited

Plot 72, Ahmadu Bello Way
Central Business District, Abuja, Nigeria.

TAJBANK LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

| | Ordinary shares N'000 | Share premium N'000 | Risk regulatory reserve N'000 | AGSMEIS reserve N'000 | Statutory reserve N'000 | Foreign currency translation reserve N'000 | Profit equalization reserve | Retained earnings N'000 | Total N'000 |
|---|-----------------------------|---------------------------|--|-----------------------------|-------------------------------|--|-----------------------------------|-------------------------------|-------------------|
| As at 1 January 2021 | 7,153,081 | 38,919 | 118,105 | 14,841 | 89,047 | - | - | (172,191) | 7,241,802 |
| <i>Comprehensive income for the year:</i> | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | 1,267,214 | 1,267,214 |
| Total profit for the year | - | - | - | - | - | - | - | 1,267,214 | 1,267,214 |
| <i>Other Comprehensive income:</i> | | | | | | | | | |
| Foreign currency translation difference | - | - | - | - | - | 25,451 | - | - | 25,451 |
| Total comprehensive income | - | - | - | - | - | 25,451 | - | 1,267,214 | 1,292,665 |
| Transfers between reserves | - | - | 393,887 | 78,944 | 473,663 | - | - | (946,493) | - |
| <i>Transactions with owners:</i> | | | | | | | | | |
| Issued during the year | 2,510,000 | - | - | - | - | - | - | - | 2,510,000 |
| As at 31 December 2021 | 9,663,081 | 38,919 | 511,992 | 93,785 | 562,710 | 25,451 | - | 148,530 | 11,044,467 |
| As at 1 January 2022 | 9,663,081 | 38,919 | 511,992 | 93,785 | 562,710 | 25,451 | - | 148,530 | 11,044,467 |
| <i>Comprehensive income for the year:</i> | | | | | | | | | |
| Profit for the year | - | - | - | - | - | - | - | 4,118,351 | 4,118,351 |
| Total profit for the year | - | - | - | - | - | - | - | 4,118,351 | 4,118,351 |
| <i>Other Comprehensive income:</i> | | | | | | | | | |
| Foreign currency translation difference | - | - | - | - | - | (25,451) | - | - | (25,451) |
| Total comprehensive income | - | - | - | - | - | - | - | 4,118,351 | 4,092,900 |
| Transfers between reserves | - | - | 381,465 | 226,681 | 1,357,009 | - | - | (1,965,155) | - |
| <i>Transactions with owners:</i> | | | | | | | | | |
| Issued during the year | 3,596,919 | 756,921 | - | - | - | - | - | - | 4,353,840 |
| <i>Transactions with Mudarib:</i> | | | | | | | | | |
| Charged during the period | - | - | - | - | - | - | 44,240 | - | - |
| As at 31 December 2022 | 13,260,000 | 795,840 | 893,457 | 320,466 | 1,919,719 | - | 44,240 | 2,301,725 | 19,491,207 |

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

TAJBank Limited

Plot 72, Ahmadu Bello Way
Central Business District, Abuja, Nigeria.

| TAJBANK LIMITED | | | 31 December | 31 December |
|--|------|--|--------------------|--------------------|
| STATEMENT OF CASH FLOWS | | | 2022 | 2021 |
| FOR THE YEAR ENDED 31 DECEMBER 2022 | | | N'000 | N'000 |
| | Note | | N'000 | N'000 |
| Cash flow from operating activities | | | | |
| Profit before tax for the period | | | 5,081,339 | 1,628,933 |
| Adjustments for: | | | | |
| Depreciation | 12 | | 846,242 | 412,642 |
| Amortisation of leasehold improvement | 13 | | 115,875 | 67,191 |
| Amortisation of intangible assets | 14 | | 165,932 | 128,478 |
| Right of use assets amortisation | 34 | | 306,988 | 157,994 |
| Foreign exchange gain | | | (25,451) | (25,451) |
| Operating profit before changes in operating assets and liabilities | | | 6,490,925 | 2,369,787 |
| Working capital adjustment: | | | | |
| Decrease in Interbank mudarabah | 6 | | 2,864,970 | 626,123 |
| Increase in Investment in sukuk | 7 | | (26,041,419) | (3,463,198) |
| Increase in Murabahah receivable | 8 | | (33,586,718) | (21,852,977) |
| Increase in Istisna' receivable | 9 | | (2,654,774) | (1,522,503) |
| Increase in Ijarah muntahiyah bittamleek | 10 | | (5,450,332) | (1,985,119) |
| Increase in Inventory financing | 11 | | (14,638,732) | (3,451,083) |
| Decrease/ Increase in other assets | 15 | | (7,071,304) | (10,691,899) |
| Increase in customers' current account | 17 | | 61,354,894 | 32,689,154 |
| Increase in other funding - CACS | 18 | | 4,835,330 | 1,447,853 |
| Decrease/increase in other liabilities | 19 | | (1,746,278) | 19,251,904 |
| Increase in customers investment accounts | 20 | | 27,515,094 | 3,696,421 |
| Tax paid | 16 | | (53,641) | - |
| Net cash generated from operating activities | | | 11,818,016 | 17,114,462 |
| Investing activities | | | | |
| Purchase of property, plant & equipment | 12 | | (3,520,327) | (4,309,334) |
| Disposal of property, plant and equipment | 12 | | 13,888 | 8,531 |
| Improvement on leasehold properties | 13 | | (514,709) | (409,243) |
| Purchase of intangible assets | 14 | | (618,680) | (173,247) |
| Net cash used in investing activities | | | (4,639,828) | (4,883,293) |
| Financing activities | | | | |
| Increase in share capital | | | 4,353,840 | 2,510,000 |
| Profit equalization reserve | | | 44,240 | - |
| Net cash used in financing activities | | | 4,398,080 | 2,510,000 |
| Increase/(decrease) In cash and cash equivalents | | | 11,576,268 | 14,741,168 |
| Cash and cash equivalents at beginning of the year | | | 34,498,496 | 19,757,328 |
| Cash and cash equivalents at the end of the year | | | 46,074,764 | 34,498,496 |

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

TAJBANK LIMITED
STATEMENT OF SOURCES AND USES OF CHARITY FUND
FOR THE YEAR ENDED 31 DECEMBER 2022

| | 31 December 2022 | 31 December 2021 |
|--|---------------------|---------------------|
| | N'000 | N'000 |
| Sources of Charity Funds | | |
| Opening balance | 562 | 60 |
| Non-permissible income | 9,930 | 562 |
| Total Sources of Charity funds | 10,492 | 622 |
| Uses of Charity funds | | |
| Transfer/used for charity | (10,459) | (60) |
| | - | - |
| Total uses of funds during the year | (10,459) | (60) |
| Balance at 31 December | 33 | 562 |

**TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****1. Reporting entity**

TAJBank Limited (the "Bank") is the second full fledged non-interest financial institution in Nigeria. The Bank was incorporated as a private limited liability company on 1 February, 2019 and obtained a license to carry on the business of non interest banking. The Bank commenced operations on 2 December, 2019 with one branch in Kano state and the Federal Capital Territory. The Bank was issued a National Banking license by the Central Bank of Nigeria on 19 July 2022.

The address of the Bank's registered office is Plot 72, Ahmadu Bello Way, Central Business District, Abuja, Nigeria.

These financial statements were approved and authorized for issue by the Board of Directors on 13 March 2023. The Directors have the power to amend and issue the financial statements.

2. Basis of preparation**a Statement of compliance with International Financial Reporting Standards**

The interim 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 and Auditing Organization for Islamic Financial Institutions (AAOIFI) and Shari'ah rulings as determined by the Advisory Committee of Experts of the Bank.

b Functional and presentation currency

The Bank presented its financial statements in its functional currency the Nigeria Naira. All financial information presented have been rounded to the nearest thousands of Naira (N'000) except where otherwise stated.

2.1 Basis of measurement

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

- . Financial assets measured at amortised cost.
- . Financial assets measured at fair value through profit or loss.
- . Financial assets measured at fair value through other comprehensive income.
- . Equity investments measured at fair value through profit or loss

2.2 Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and core assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

Information about significant areas of estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in this financial statements are described as follows:

Property, plant and equipment

The management's estimate is used in determining the depreciation rates and useful lives of these assets at the end of the period. Further details of property, plant and equipment are disclosed in Note 12.

Impairment on financial assets

The measurement of the expected credit loss (ECL) allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- i Determining criteria for significant increase in credit risk;
- ii Choosing appropriate models and assumptions for the measurement of ECL
- iii Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
- iv Establish groups of financial assets for the purposes of measuring ECL

Detailed information about the judgements and estimates made by the Bank are disclosed in note 35.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax planning strategies. Details of the Bank's recognised deferred tax assets and liabilities are as disclosed in note 16.

**TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2.3 New and revised standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period except as noted below which became effective 1 January 2022. Adoption of the standard did not result in changes in the amounts previously recognised in the financial statements. However the standard affected disclosures of the Bank.

a Standards and interpretations effective during the reporting period

i Amendments to IAS 37 (Onerous Contracts – Costs of Fulfilling a Contract)

In May 2020, the IASB issued amendments to IAS 37 to specify which cost of fulfilling a contract comprises the costs that relate directly to the contract. The standard further states that costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

There is no impact on the Bank's financial statements.

ii Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16

The IASB issued Property, Plant and Equipment - Proceeds before intended use, which prohibits entity to deduct proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management from the cost of an item of property, plant and equipment. Entities are however allowed to recognize the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendment does not have an impact on the Bank's financial statements.

b Standards and interpretations issued/amended but not yet effective

The following standards have been issued or amended by the IASB but are yet to become effective for annual periods beginning on or after 1 January 2022:

| Standard | Content | Effective date |
|----------|--|-----------------|
| IAS 8 | Amendment to IFRS 8 Definition of Accounting estimates | 1 January, 2023 |
| IAS 12 | Amendment to IAS 12 Income Tax: Deferred Tax Related to Assets and Liabilities arising from a Single Transaction | 1 January, 2023 |
| IAS 1 | Presentation of Financial Statements relating to classification of Liabilities as Current or Non-Current | 1 January, 2023 |
| IFRS 17 | Insurance contracts | 1 January, 2023 |

i Amendments to IAS 1

IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendment will not have impact on the Bank's financial statements.

ii Definition of Accounting Estimates – Amendments to IAS 8

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The Bank is currently evaluating the impact of this amendment on its financial statements.

iii Amendments to IAS 12 (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: right-of-use assets and lease liabilities, and

decommissioning, restoration and similar liabilities The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable.

The Bank is currently evaluating the impact of this amendment on the Bank's financial statements.

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**b Standards and interpretations issued/amended but not yet effective (continued)****iv IFRS 17 - Insurance Contracts**

IFRS 17 provides a comprehensive model for insurance contracts covering the recognition and measurement and presentation and disclosure of insurance contracts and replaces IFRS 4 -Insurance Contracts. The standard applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The standard general model is supplemented by the variable fee approach and the premium allocation approach.

The new standard will be effective for annual periods beginning on or after 1 January 2023 with comparative figures required. Early application is permitted provided that the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17.

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

3 Accounting policies**a Transactions in foreign currencies**

The financial statements are presented in Nigerian Naira, which is the reporting currency in line with IAS 21 (Effects of foreign exchange) Transactions in foreign currencies are recorded in the books at the rate of exchange ruling on the date of the Monetary assets and liabilities denominated in foreign currencies are converted into Naira at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated into Naira using the exchange rates as at the dates of the initial recognition. Non-monetary items measured at fair value in a foreign currency are translated into Naira using the exchange rates at the date when the fair value is determined. Exchange gains and losses on non-monetary items classified as "fair value through statement of income" are taken to the income statement and for items classified at "fair value through equity" such differences are taken to the statement of comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at closing rate.

b Cash and cash equivalent

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

Cash equivalent are short term, highly liquid instruments which are:

- i) readily convertible into cash, whether in local and foreign currencies; and
- ii) so near to their maturity dates as to present insignificant risk of changes in value as a result of changes in profits rates.

c Financial instruments**i Recognition and initial measurement**

All the financial assets and financial liabilities of the Bank are initially recognised on the trade date for regular way contracts, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is measured initially at fair value plus or minus, for an item not at fair value through profit or loss, direct and incremental transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in income statement at initial recognition.

ii Classification and measurement

Financial asset or liability are measured initially at fair value plus or minus, for an item not at fair value through profit or loss, direct and incremental transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in income statement at initial recognition.

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

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

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

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**3 Accounting policies (continued)****c Financial instruments (continued)****Debt instruments**

Amortised cost

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

- i The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ii The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and return on the principal amount outstanding.

The gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in income statement when the asset is derecognised or impaired. Returns from these financial assets is determined using the effective rate of return (ERR) method and reported in income statement as 'income'.

The amortised cost of a financial instrument is defined as the amount at which it was measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the 'effective rate of return method' of any difference between that initial amount and the maturity amount, and minus any loss allowance. The effective rate of return method is a method of calculating the amortised cost of a financial instrument (or group of instruments) and of allocating the income or expense over the relevant period. The effective rate of return (ERR) is the rate that exactly discounts estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the instrument's net carrying amount.

Business model assessment

The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- i The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual return revenue, maintaining a particular return rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- ii How the performance of the portfolio is evaluated and reported to management;
- iii The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- iv How managers of the business are compensated e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- v The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cash flows are solely payments of principal and return

The Bank assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are payments of principal or amortization of the premium/discount). 'Return' is the consideration for the time value of sales and mark up and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending/financing risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

The most significant elements of return within a lending/financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the return rate is set.

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**3 Accounting policies (continued)****Business model assessment (continued)****Financial liabilities**

The Bank's holding in financial liabilities is in financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in income statement.

i Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by the Bank.

Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in the income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Return expenses on financial liabilities held for trading are included in 'Net income'.

ii Financial liabilities at amortised cost

Financial liabilities that are not classified at fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are deposits from banks or customers, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

Modifications of financial assets and financial liabilities**i Financial assets**

When the terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value. Any difference between the amortised cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in income statements as 'gains and losses arising from the derecognition of financial assets measured at amortised cost'.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset's original effective rate of return (or credit-adjusted effective rate of return for purchased or originated credit-impaired financial assets). The amount arising from adjusting the gross carrying amount is recognised as a modification gain or loss in income statement as part of impairment charge for the year.

ii Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. This occurs when the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate of return, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in income statement. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment (i.e. the modified liability is not substantially different), any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Offsetting of financial instruments

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right and under Shari'ah framework to set off the recognized amounts and the Bank intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**3 Accounting policies (continued)****Impairment of financial assets**

The Bank recognizes allowance for expected credit losses for all financing and other debt financial assets not held at FVPL, together with financing commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 years' expected credit loss (12mECL).

The 12m ECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 years after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Loss allowances for accounts receivable are always measured at an amount equal to lifetime ECL. The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its financing facilities into Stage 1, Stage 2, Stage 3 and POCL, as described below:

Stage 1: When financing are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financing also include facilities where the credit risk has improved and the financing has been reclassified from Stage 2.

Stage 2: When a financing has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 financing also include facilities, where the credit risk has improved and the financing has been reclassified from Stage 3.

Stage 3: Financing considered credit-impaired. The Bank records an allowance for the LTECLs

POCL: Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCL assets are recorded at fair value at original recognition and return is subsequently recognised based on a credit-adjusted ERR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

If, in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, depending on the stage of the lifetime 2 or stage 3 of the ECL bucket, the Bank would continue to monitor such financial assets for a probationary period of 90 days to confirm if the risk of default has decreased sufficiently before upgrading such exposure from Lifetime ECL (Stage 2) to 12-years ECL (Stage 1). In addition to the 90 days probationary period above, the Bank also observes a further probationary period of 90 days to upgrade from Stage 3 to 2. This means a probationary period of 180 days will be observed before upgrading financial assets from Lifetime ECL (Stage 3) to 12-years ECL (Stage 1).

For financial assets for which the Bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The calculation of ECLs

The Bank calculates ECLs based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the expected profit rate. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- **PD:** The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- **EAD:** The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and return, whether scheduled by contract or otherwise, expected draw downs on committed facilities, and accrued return from missed payments
- **LGD:** The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside and downside). Each of these is associated with different PDs, EADs and LGDs.

When relevant, the assessment of multiple scenarios also incorporates how defaulted financing are expected to be recovered, including the probability that the financing will cure and the value of collateral or the amount that might be received for selling the asset.

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

TAJBANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022****3 Accounting policies (continued)****Impairment of financial assets (continued)**

The mechanics of the ECL method are summarised below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12years after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 years following the reporting date. These expected 12-year default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the four scenarios, as explained above.

Stage 2: When a financing has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR

Stage 3: For financing considered credit-impaired, the Bank recognises the lifetime expected credit losses for these financing. The method is similar to that for Stage 2 assets, with the PD set at 100%.

POCI: POCI assets are financial assets that are credit impaired on initial recognition. The Bank only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the four scenarios, discounted by the credit

Financing commitments and letters of credit: When estimating LTECLs for undrawn financing in cash flows if the financing is drawn down, based on a probability-weighting of the four scenarios commitments, the Bank estimates the expected portion of the financing commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls. The expected cash shortfalls are discounted at an approximation to the expected EIR on the financing.

Forward looking information

The Bank's expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Unemployment rates
- Exchange rate
- House price indices
- Inflation
- Crude Oil prices

To evaluate a range of possible outcomes, the bank formulates three scenarios: a base case, an upward and a downward scenario

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Definition of default and credit impaired financial assets

The Bank considers a financial asset to be in default when:

- it is established that due to financial or non-financial reasons the customer is unlikely to pay its financing obligations to the Bank in full without recourse by the Bank to actions such as realising security (if any is held);
- the customer is past due 90 days or more on any material financing obligation to the Bank

In assessing whether a customer is in default, the Bank considers indicators that are

- i qualitative - e.g. material breaches of covenant;
- ii quantitative - e.g. overdue status and non-payment on another obligation of the same customer/customer group to the banks;
and
- iii based on data developed internally and obtained from external sources
- iv Disappearance of an active market for a security because of financial difficulties
- v Others include death, insolvency, breach of covenants, etc

Inputs into the assessment of whether a financing exposure is in default and their significance may vary over time to reflect changes in circumstances.

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**3 Accounting policies (continued)****Impairment of financial assets (continued)****Renegotiated financing facilities**

Where possible, the Bank seeks to restructure financing facilities rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new conditions. Management continually reviews renegotiated facilities to ensure that all future payments are highly expected to occur.

When the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the finance customer, then an assessment is made of whether the financial asset should be derecognized and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the exiting asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition.

This amount is included in calculating the cash shortfalls from the existing financial asset. The cash shortfalls are discounted from the expected date of derecognition to the reporting date using the original effective profit rate of the existing financial asset.

Presentation of allowance for ECL in the statement of financial position

Financing allowances for ECL are presented in the statement of financial position as follows

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- financing commitments and financial guarantee contracts: generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the financing commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

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

- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. The Bank's accounting policy for collateral assigned to it through its financing arrangements under IFRS 9 is the same as it was under IAS 39. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position.

However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a quarterly basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

Collateral repossessed

The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or shall be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy.

Write-off

After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure is recommended for write-off (either partially or in full):

- continued contact with the customer is impossible
- recovery cost is expected to be higher than the outstanding debt
- amount obtained from realisation of credit collateral security leaves a balance of the debt
- It is reasonably determined that no further recovery on the facility is possible

All credit facility write-offs require endorsement by the Board Investment Committee, as defined by the Bank. Credit write-off approval is documented in writing and properly initialed by the Board Investment Committee

A write-off constitutes a derecognition event. The write-off amount is used to reduce the carrying amount of the financial asset. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**3 Accounting policies (continued)****d Property plant and equipment**

The bank recognizes items of property, plant and equipment at the time the cost is incurred. They are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Bank and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Construction cost in respect of offices is carried at cost as work in progress. On completion of construction, the related amounts are transferred to the appropriate category of fixed assets. Payments in advance for items of fixed assets are included as Prepayments in Other Assets and upon delivery are reclassified as additions in the appropriate category of property and equipment.

Depreciation

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

| | |
|-----------------------------|--|
| Motor vehicle | (6 years) |
| Furniture and fittings | (6 years) |
| Equipment | (6 years) |
| Computer Equipment- General | (6 years) |
| Computer software | (10 years) |
| Freehold Buildings | (50 years) |
| Leasehold building | over the expected life of the lease |
| Right of use assets | Lower of lease term or the useful life for the specified class of item |
| Leasehold improvement | over the expected life of the lease |

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Gain and losses are recognised in the income statement.

Depreciation is charged when the assets are available for use irrespective of whether they are put to use. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the statement of income for the year.

e Intangible assets

Software licenses acquired by the Bank are stated at cost less accumulated amortization and accumulated impairment loss (if any). Expenditure incurred on internally developed software is recognized as an asset when the Bank is able to complete the software development and use it in such a manner that it will be able to generate economic benefit to the Bank, and that the cost to complete the development can reliably be measured by the Bank.

Internally developed software cost that is capitalized includes cost directly attributable to developing the software, and is amortized over the useful economic life of the software.

Amortization is recognized in the income statement on a straight line basis over the estimated useful life of the software.

f Inventory

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

g Islamic financing and investing contracts

The Bank engages in Shari'ah compliant Islamic banking activities through various Islamic instruments such as Ijarah, Murabahah, Musharakah, Istisna' and Wakalah.

i Ijarah

The Bank shall comply fully with the requirements of Shari'ah in recognition and measurement of Ijarah financing. The periodic lease rentals receivable are treated as rental income during the period they occur and charge thereon is included in operating expenses while initial direct cost incurred are written off to the income statement in the period they are incurred.

ii Murabahah receivables from banks

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

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**3 Accounting policies (continued)****g Islamic financing and investing contracts (continued)****iii Murabahah receivables from customers**

Customer Murabahah 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 murabahah to the purchase orderer is obligatory upon the customer and the bank can claim damages to the exact amount of loss suffered

iv Musharakah

Musharakah 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.

v Istisna'

Istisna' contract is a sale of specified items to be manufactured or constructed, with an obligation on the part of the manufacturer or builder to deliver them to the customer upon completion.

v Wakalah

A contract between a Bank and a customer whereby one party (the principal: the Muwakkil) appoints the other party (the agent: Wakil) to invest certain funds according to the terms and conditions of the Wakalah for a fixed fee in addition to any profit exceeding the expected profit as an incentives for the Wakil for the good performance. Any losses as result of the misconduct or negligence or violation of the the terms and conditions of the Wakalah are borne by the Wakil for otherwise, they are borne by the principal.

vi Sukuk

Certificates which are equal in value and represent common shares in the ownership of a specific physical asset (leased or to be leased either existing or to be constructed in future), or in the ownership of cash receivables of selling an existing-owned asset, or in the ownership of goods receivables, or in the ownership of the assets of Mudarabah or Musharakah business. In all these cases, the Sukuk holders shall be the owners of their common shares in the leased assets, or in the cash receivables, or the goods receivable, or in the assets of the Musharakah or the Mudarabah. These comprise asset backed and asset based, Shari'ah compliant trust certificates.

vii Qard hassan

These are non profit bearing financing whereby the customer receives funds for a period of time with an understanding that the same amount shall be repaid at the end of the agreed period.

h Income recognition

The Bank recognised income on Shari'ah compliant Islamic banking activities through various Islamic instruments such as Ijarah, Murabahah, Musharakah, Istisna' and Wakalah.

i Ijarah

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

ii Murabahah

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

iii Musharakah

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

iv Wakalah

Estimated income from Wakalah is recognised on an accrual basis over the period, adjusted by actual income when received. Losses are accounted for on the date of declaration by the agent.

v Sukuk

Income is accounted for on a time apportioned basis over the terms of the Sukuk.

TAJBANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****3 Accounting policies (continued)****h Income recognition (continued)****vi Fees and commission income**

Unless included in the effective rate of return calculation, fees and commissions are recognised on an accruals basis (i.e. when earned) as the service is provided. Fees and commissions not integral to effective rate of return arising from negotiating, or participating in the negotiation of, a transaction from a third party, such as the acquisition of facilities, shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts.

vii Dividend

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

viii Non-credit related fee income

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

ix Sale of property under development

Where property is under development and agreement has been reached to sell such property when construction is complete, the bank considers whether the contract comprises:

- Contract to construct a property; or
- Contract for the sale of completed property

Where a contract is judged to be for the construction of a property, revenue is recognized using the percentage of completion method, as construction progresses. The percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

Where the contract is judged to be for the sale of a completed property, revenue is recognized when the significant risks, rewards and control of ownership of the property are transferred to the buyer.

x Foreign income

Commission on negotiation of various letters of credit and overdue Profit on delayed foreign payments are accounted for on receipt.

Other Profit and income earned on the Bank's own funds held outside Nigeria are accounted for on receipt.

xi Service income

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

xii Revenue from sale of goods

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

xiii Bank's share as a mudarib

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

i Expense recognition**a Profit on mudarabah payable (banks and non-banks)**

Profit on these is accrued on a time-apportioned basis over the period of the contract based on the expected profit over 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 Mudarabah agreement. Investors' share of income represents income generated from assets financed by investment account holders net off allocated administrative expenses and provisions. The bank's share of profit is deducted from the investors' share of income before distribution to investors.

j Taxation**a Current income taxation**

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

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**3 Accounting policies (continued)****j Taxation (continued)****b Deferred taxation**

Provision for deferred taxation is made by the liability method and calculated at the current rate of taxation on the temporary differences between the net book value of qualifying fixed assets and their corresponding tax written down value in accordance with IAS 12 (Income taxes). The principal temporary differences arise from depreciation of property, plant and equipment, provisions for pensions and other post-retirement benefits, provisions for Investment losses and tax losses carried forward. The rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the timing differences can be utilized.

c Zakat

Zakat will represent the business zakat and it is an obligatory amount payable by the Bank to comply with the principles of Shari'ah. The Zakat provision will be calculated based on 2.577 % of the net asset method as set out in AAOIFI.

k Investment**i Investment securities**

Investment securities are initially measured at fair value plus, in case of investment securities not at fair value through profit or loss, incremental direct transaction costs and subsequently accounted for depending on their classification as amortised cost, fair value through profit or loss or fair value through other comprehensive income.

ii Investments in subsidiaries

Investments in subsidiaries are reported at cost less any impairment (if any).

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

l Employee benefits**i Defined contribution plans**

A defined contribution plan is a pension plan under which the Bank pays fixed contributions to a separate entity. The rate of contribution by the Bank and its employee is 10% and 8% respectively of basic salary, housing and transport allowance in line with the new Pension Reform Act, 2014. The Bank has no legal or constructive obligations to pay further contributions membership of the scheme is automatic upon resumption of duty with the Bank. The Bank has no further payment obligations once the contributions have been paid to Pension Fund Administrators (PFA).

The Bank's liabilities in respect of the defined contribution are to be charged to statement of profit or loss for the year in which they become payable. Payments made to Pension Fund Administrator (PFA) are financially independent of the bank.

ii Termination Benefits

Termination benefits will be payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. Such benefits shall also include any other relevant expenses like (Repurchase, Financing and Others) that may incur on the happening of such events.

m Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows, at a pre-tax rate, that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

n Financial guarantees and financing commitments

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. After initial recognition, guarantee contracts are subsequently measured at the higher of:

i The amount of the loss allowance, and

ii The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

Financial guarantees, principally consisting of letters of credit are included within other liabilities.

financing commitments are firm commitments to provide credit under pre-specified terms and conditions. The Bank recognises a provision in accordance with IAS 37 if the contract was considered to be onerous.

**TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****3 Accounting policies (continued)****n Financial guarantees and financing commitments (continued)**

Transactions that are not currently recognized as assets or liabilities in the balance sheet, but which nonetheless give rise to credit risks, contingencies and commitments are reported off balance sheet. Such transactions included letters of credit, bonds, guarantees, acceptances, trade related contingencies such as documentary credits etc.

Outstanding and unexpired commitments at year end in respect of these transactions are to be shown by way of note to the financial statements.

o Financing**i Murabahah and due to Banks**

This represents funds received from banks on the principles of murabahah contracts and are stated at fair value of consideration received less amounts settled

ii Murabahah and due to non-banks

These are stated at fair value of consideration received less amounts settled. Profit paid on financing contract is recognized in the statement of income for the year

p Fiduciary activities

The Bank acts as trustee in its capacity as a Mudarib when managing the equity of investment account holders. Equity of investment account holders is invested in mudarabah and due from banks, sukuk and financing contracts with customers. Equity of investment account holders is carried at fair value of consideration received less amounts settled. Expenses are allocated to investment accounts in proportion of average equity of investment account holders to total average assets of the Bank.

Income is allocated proportionately between equity of investment account holders and owners' equity on the basis of the average balances outstanding during the year and share of the funds invested. Equity and assets of restricted investment account holders are carried off-balance sheet as they are not assets and liabilities of the Bank.

q Segment reporting

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

A business segment is a Bank of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments.

The Bank has appointed the Management committee charged with the responsibility of allocating resources and assessing performance as the Chief Operating Decision Maker as required under IFRS 8. The CODM is reviewed and advised by the Board for decisions on significant transactions and or events.

r Customer deposit

The Bank is required to maintain specific records for all the classes of deposits.

The average daily balances for a particular month of all the classes of deposits will be used in the computation of the profitability of the Bank.

The average daily balances of each Investment Account holder depositor will also be the basis for the distribution of profits to the depositor.

All deposits accepted by Bank shall only be utilised in the provision of finances, investment in securities, inter-bank placements and other business prescribed by CBN that complies with Shari'ah. All division must ensure that all investments complying with the Shari'ah laws.

s Investment property

An Investment Property is an investment in land or buildings held primarily for generating income or capital appreciation and not occupied substantially for use in the operations of the Bank. A piece of property is treated as an investment property if it is not occupied substantially for use in the operations of the Bank, an occupation of more than 15% of the property is considered substantial.

The initial Recognition is to be at its cost price while for subsequent measurement the Bank adapted the fair value model which carry the investment properties in the balance sheet at their market value and revalued periodically on a systematic basis at least once in every three years in accordance in (IAS 40). Investment properties are not subject to periodic charge for depreciation.

TAJBANK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****3 Accounting policies (continued)****s Investment property (continued)**

When there is a decline in value of an investment property, the carrying amount of the property is written down to recognize the loss. Such a reduction is charged to the statement of income. Reductions in carrying amount are reversed when there is an increase, following a revaluation in accordance with the Bank's policy, in the value of the investment property, or if the reasons for the reduction no longer exist.

An increase in carrying amount arising from the revaluation of investment property is credited to owners' equity as revaluation surplus. To the extent that a decrease in carrying amount offsets a previous increase, for the same property that has been credited to revaluation surplus and not subsequently reversed or utilized, it is charged against that revaluation surplus rather than the statement of income.

An increase on revaluation which is directly related to a previous decrease in carrying amount for the same property that was charged to the income statement is credited to income statement to the extent that it offsets the previously recorded decrease.

Investment properties are disclosed separate from the property and equipment used for the purposes of the business in line with IAS 40 (Investment Properties)

t Share capital and reserves**i Share issue cost**

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

ii Dividend on ordinary shares

Dividends on the Bank's ordinary shares are recognised in equity when approved by the Bank's shareholders.

Dividends for the period that are declared after the end of the reporting period are dealt with in the subsequent events note.

The dividend shall be declared after all regulatory requirements fulfilled.

iii Share premium

Share premium is the excess paid by shareholders over the nominal value for their shares.

iv Statutory reserve

The banking regulations in Nigeria require the Bank to make an annual appropriation to a statutory reserve. As stipulated by Section 15(1) of the Banks and Other Financial Institutions Act 2020, an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital.

iv AGSMIES reserve

The AGSMIES reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside 5% of their annual profit after tax for equity investments in permissible activities.

v Retained earnings

Retained earnings comprise the undistributed profits from previous periods which have not been reclassified to any specified reserves.

vi Regulatory risk reserve

The regulatory risk reserve represents the difference between the impairment on financing and investments determined using the prudential guidelines issued by the Central Bank of Nigeria compared with the expected credit loss model used in determining the impairment loss allowance under IFRSs.

Where the financing loss impairment determined using the prudential guidelines is greater than the financing loss impairment determined using the expected credit loss model under IFRSs, the difference is transferred to regulatory risk reserve. When the prudential provisions is less than IFRS provisions, the excess charges resulting is transferred from the regulatory risk reserve to retained earnings to the extent of the non-distributable reserve previously recognised. This reserve is not available for distribution to shareholders.

u Earnings per share

The Bank presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for effects of all dilutive potential ordinary shares.

v Investment risk reserve (IRR)

This is the amount appropriated by the Bank out of income of investment account holders, after allocating the Mudarib share, in order to cater against future losses for investment account holders.

TAJBANK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3 Accounting policies (continued)

w Profit equalisation reserve (PER)

PER refers to the amount appropriated out of the total gross income to mitigate the undesirable fluctuation of income and to maintain a certain level of returns to the depositors. This amount shall be appropriated from Mudarabah income by the Bank before allocating its own share (Mudarib profit portion).

PER is shared by both the investors and the Bank and hence can be appropriated from and written back to the total gross income in deriving the distributable income. PER is reflected under the other liabilities on the statement of financial position.

x Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Bank recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease obligations recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Bank is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life or the lease term. Right-of-use assets are subject to impairment.

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

| | 31 December 2022 | 31 December 2021 |
|---|-----------------------------|-----------------------------|
| | N '000 | N '000 |
| 4 Cash and balances with Central Bank of Nigeria | | |
| Cash in hand | 2,348,027 | 986,990 |
| Current account with CBN | 16,832,407 | 2,708,075 |
| Cash reserve requirement | 15,684,027 | 15,085,976 |
| E- Naira CBN account | 9,878 | 9,663 |
| | 32,526,312 | 17,803,714 |
| Closing balance | 34,874,339 | 18,790,704 |

The Bank is required to maintain statutory reserve deposits (as prescribed by the CBN) and are not available for use in the bank's day-to-day operations. Cash in hand constitutes the aggregate cash balances in the vaults of the bank branches.

| | | |
|--|-------------------|-------------------|
| 5 Due from banks and other financial institutions | | |
| Balances with banks within Nigeria: | | |
| Current balances with banks | 5,095,184 | 7,028,271 |
| | 5,095,184 | 7,028,271 |
| Balances with banks outside Nigeria: | | |
| Current balances with banks | 6,105,241 | 8,679,521 |
| | 6,105,241 | 8,679,521 |
| Closing balance | 11,200,425 | 15,707,792 |

i The balances held with Banks within Nigeria substantially represent amounts available for the day to day operations of the Bank and the balance outside Nigeria is for corresponding transaction.

ii Cash and cash equivalents for the purposes of the statements of cash flows include the following :

| | | |
|----------------------------------|-------------------|-------------------|
| Cash | 2,348,027 | 8,015,260 |
| Due from Central Bank of Nigeria | 32,526,312 | 17,794,051 |
| Due from other banks | 11,200,425 | 8,679,521 |
| Closing balance | 46,074,764 | 34,488,833 |

| | | |
|--------------------------------|----------------|------------------|
| 6 Interbank receivables | | |
| Interbank mudarabah | 250,000 | 150,000 |
| Interbank wakalah | - | 2,950,000 |
| Accrued profit receivables | 12,258 | 27,228 |
| Closing balance | 262,258 | 3,127,228 |

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

| | 31 December 2022 | 31 December 2021 |
|--|-----------------------------|-----------------------------|
| | N '000 | N '000 |
| 7 Investment in Sukuk | | |
| Opening balance | 8,415,220 | 4,860,000 |
| Addition during the year | 31,171,107 | 4,055,220 |
| Disposal/Redemption | (7,307,011) | (500,000) |
| | 32,279,315 | 8,415,220 |
| Corporate sukuk | | |
| Opening balance | 118,339 | - |
| Addition during the year | 431,494 | 118,339 |
| | 32,829,148 | 8,533,559 |
| Gross investment in Sukuk | | |
| Premium | 2,158,251 | 722,108 |
| Rental receivable | 314,643 | 4,957 |
| Closing balance | 35,302,042 | 9,260,624 |
| During the period, the Bank invested N31 Billion in Sukuk issued by the Federal Government of Nigeria (FGN) through secondary market and N300 million Gombe State Government Sukuk with a 7 years tenor at a return of 15%. The rental payment is semi-annual while the principal redemption is a bullet payment on maturity 7 years tenor due in 2025 at a return of 15.743% and 7 years tenor due in 2027 at a return of 11.2% . | | |
| 8 Murabahah receivables | | |
| Murabahah corporate | 64,297,652 | 33,194,460 |
| Murabahah home | 3,291 | 5,085 |
| Murabahah Retail | 3,495,115 | 1,511,271 |
| Murabahah CBN DCRR | 1,636,656 | 1,490,543 |
| Murabahah- CBN CACS | 3,291,998 | - |
| Murabahah CBN RSSF | 1,116,100 | - |
| Gross receivable | 73,840,812 | 36,201,359 |
| Allowance for impairment | (557,075) | (234,232) |
| Deferred profit | (7,968,286) | (4,238,394) |
| Closing balance | 65,315,451 | 31,728,733 |
| 9 Investment in Istisna' | | |
| Istisna' receivable | 3,819,415 | 2,023,671 |
| Istisna' receivable - CBN DCRR | 1,430,984 | - |
| Gross receivable | 5,250,399 | 2,023,671 |
| Allowance for impairment | (31,554) | (4,476) |
| Deferred profit | (930,448) | (385,572) |
| Closing balance | 4,288,397 | 1,633,623 |
| 10 Investment in Ijarah assets | | |
| Ijarah muntahiyah bittamleek - Retail | 416,014 | 183,219 |
| Ijarah muntahiyah bittamleek - Corporate | 5,826,091 | 2,144,327 |
| Ijarah of Service - CBN CACS | 70,248 | 202,369 |
| Ijarah of Service | 2,190,961 | 611,814 |
| Gross investment in Ijarah | 8,503,314 | 3,141,729 |
| Ijarah accrued profit | 330,220 | 130,301 |
| Allowance for impairment | (21,833) | (7,794) |
| Deferred profit (Ijarah of service) | (180,471) | (83,339) |
| Closing balance | 8,631,230 | 3,180,897 |
| 11 Inventory financing | | |
| Inventory financing | 20,395,010 | 5,756,278 |
| Closing balance | 20,395,010 | 5,756,278 |

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

| 12 Property, Plant and Equipment | | | | | | | | | |
|---|----------------|-------------------|------------------|----------------|-------------------------|--------------------|-------------------------|------------------|------------------|
| | Freehold Land | Freehold Building | Office Equipment | Motor Vehicle | Furnitures and Fixtures | Computer Equipment | Other Depreciable asset | Fixed Assets WIP | Total |
| Cost | | N' 000 | N' 000 | N' 000 | N' 000 | N' 000 | N' 000 | N' 000 | N' 000 |
| Balance at 1 January 2021 | - | 231,579 | 361,370 | 248,158 | 149,296 | 792,461 | - | 310,567 | 2,093,431 |
| Additions | 186,250 | 983,915 | 842,727 | 329,983 | 213,344 | 829,044 | - | 924,071 | 4,309,334 |
| Reclassification | | - | - | - | - | - | | - | - |
| Disposal | | - | (4,149) | - | (4,382) | - | | - | (8,531) |
| Balance at 31 December 2021 | 186,250 | 1,215,494 | 1,199,949 | 578,141 | 358,257 | 1,621,505 | - | 1,234,638 | 6,394,234 |
| Balance at 1 January, 2022 | 186,250 | 1,215,494 | 1,199,949 | 578,141 | 358,257 | 1,621,505 | - | 1,234,638 | 6,394,235 |
| Additions | 310,000 | 879,526 | 1,294,935 | 287,193 | 25,663 | 712,813 | 10,197 | - | 3,520,327 |
| Reclassification from WIP | | | | | | | | (179,375) | (179,375) |
| Disposal | | - | (1,591) | | (12,297) | - | | - | (13,888) |
| Balance at 31 December 2022 | 496,250 | 2,095,020 | 2,493,293 | 865,335 | 371,624 | 2,334,318 | 10,197 | 1,055,263 | 9,721,299 |
| Depreciation and Impairment losses | | | | | | | | | |
| Balance at 1 January 2021 | | 5,018 | 51,903 | 30,724 | 25,964 | 102,785 | - | - | 216,394 |
| Charge for the year | | 9,526 | 97,195 | 75,266 | 42,227 | 188,426 | - | - | 412,642 |
| Disposal | | - | (1,319) | | (1,077) | - | - | - | (2,396) |
| Balance at 31 December 2021 | - | 14,544 | 147,779 | 105,990 | 67,115 | 291,211 | - | - | 626,639 |
| Balance at 1 January 2022 | | 14,544 | 147,779 | 105,990 | 67,115 | 291,211 | - | - | 626,639 |
| Charge for the period | | 36,379 | 278,541 | 124,683 | 60,158 | 346,481 | - | - | 846,242 |
| Adjustment | | | (10,880) | 640 | | 10,240 | - | - | - |
| Disposal | | - | (532) | (27) | (5,097) | - | - | - | (5,656) |
| Balance at 31 December 2022 | - | 50,923 | 414,908 | 231,287 | 122,175 | 647,932 | - | - | 1,467,225 |
| Carrying amounts | | | | | | | | | |
| Balance at 31 December 2021 | 186,250 | 1,200,950 | 1,052,170 | 472,151 | 291,143 | 1,330,294 | - | 1,234,638 | 5,767,595 |
| Balance at 31 December 2022 | 496,250 | 2,044,097 | 2,078,385 | 634,048 | 249,449 | 1,686,385 | 10,197 | 1,055,263 | 8,254,074 |

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

| | | 31 December 2022 | 31 December 2021 | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| 13 Leasehold improvement | | | | |
| Cost | | N '000 | N '000 | |
| Opening balance | | 870,223 | 460,980 | |
| Addition | | 514,709 | 409,243 | |
| Closing balance | | 1,384,932 | 870,223 | |
| Amortisation and impairment losses | | | | |
| Opening balance | | 163,798 | 96,607 | |
| Adjustments | | - | - | |
| Amortisation | | 115,876 | 67,191 | |
| Closing balance | | 279,674 | 163,798 | |
| Carrying amounts | | | | |
| Closing balance | | 1,105,258 | 706,425 | |
| 14 Intangible assets | | | | |
| | Software (WIP) | Software | Total | |
| | 31 December 2022 | 31 December 2022 | 31 December 2022 | 31 December 2021 |
| Cost | N'000 | N'000 | N'000 | N'000 |
| Opening balance | 95,841 | 1,520,013 | 1,615,854 | 1,442,607 |
| Addition | 90,272 | 528,408 | 618,680 | 173,247 |
| Reclassification | - | - | - | - |
| Closing balance | 186,112 | 2,048,421 | 2,234,534 | 1,615,854 |
| Amortisation and impairment losses | | | | |
| Opening balance | - | 229,867 | 229,867 | 101,389 |
| Amortisation | - | 165,932 | 165,932 | 128,478 |
| Closing balance | - | 395,799 | 395,799 | 229,867 |
| Carrying amounts | | | | |
| Closing balance | 186,112 | 1,652,622 | 1,838,735 | 1,385,987 |

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

| | 31 December 2022 | 31 December 2021 |
|--|-----------------------------|-----------------------------|
| | N '000 | N '000 |
| 15 Other assets | | |
| Branch development | 5,723,753 | 755 |
| Prepayment | 995,843 | 435,327 |
| Account receivables | 2,326,704 | 2,002,664 |
| Settlement suspense | 4,760,686 | 10,000,389 |
| CBN FX Bid account | - | 582,071 |
| Inventory (card & others) | 108,300 | 87,181 |
| | 13,915,285 | 13,108,386 |
| Right of use assets | 6,638,044 | 503,474 |
| Closing balance | 20,553,329 | 13,611,860 |
| 16 Income tax | | |
| Statement of financial position | | |
| Opening balance | 50,206 | 8,086 |
| Charged for the year | 557,974 | 50,058 |
| | 608,180 | 58,144 |
| Prior year's under provision | 3,435 | - |
| Less: payment | (53,641) | (7,938) |
| Closing balance | 557,974 | 50,206 |
| 16a Income statement | | |
| Company income tax | 395,385 | - |
| Education tax | 98,846 | 29,779 |
| Information technology levy | 50,813 | 16,128 |
| Police trust fund levy | 226 | 79 |
| NASENI | 12,703 | 4,072 |
| | 557,974 | 50,058 |
| Deferred tax expenses | | |
| (Reversal)/origination of temporary differences | 405,014 | 311,661 |
| Closing balance | 962,988 | 361,719 |
| 16b Deferred tax | | |
| Opening balance | (297,887) | (609,548) |
| Deferred tax expenses(origination/(reversal) | 405,014 | 311,661 |
| Closing balance | 107,127 | (297,887) |
| 16c Reconciliation of tax expense and the accounting profit | | |
| Accounting profit before tax | 5,081,339 | 1,628,933 |
| Tax calculated at the rate of 30% | | |
| Non-deductible expenses for tax purpose | (546,133) | 234,098 |
| Tax exempted income | (2,550,780) | (295,218) |
| Balancing charge | | 820 |
| Income tax expense | 395,385 | - |
| Educational tax levy | 98,846 | 29,779 |
| NITDEF tax levy | 50,813 | 16,128 |
| Police trust fund levy | 226 | 79 |
| NASENI | 12,703 | 4,072 |
| Capital allowance utilised | (1,571,777) | (1,264,607) |
| Exchange difference | (7,635) | 7,635 |
| Tax loss utilised | | - |
| Origination and reversal of temporary deferred tax | | - |
| Income tax expense | 962,988 | 361,719 |
| 16d Deferred tax movement | | |
| Analysis of deferred tax according sources: | | |
| Property, plant & equipment | 1,678,904 | 959,084 |
| Unutilised capital allowance | (1,571,777) | (1,264,606) |
| Exchange difference | - | 7,635 |
| Closing balance | 107,127 | (297,887) |

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

| | 31 December 2022 | 31 December 2021 |
|---|-----------------------------|-----------------------------|
| | N '000 | N '000 |
| 17 Customers' current and qard saving account | | |
| Analysis by type of account | | |
| Current account | 105,513,972 | 50,296,570 |
| Qard saving account | 10,561,739 | 4,424,247 |
| Closing balance | 116,075,711 | 54,720,817 |
| 18 Other funding-CBN CACS | | |
| Other financing-CBN CACS | 7,283,183 | 2,447,853 |
| Closing balance | 7,283,183 | 2,447,853 |
| 19 Other liabilities | | |
| Accounts payable | 15,026,142 | 23,063,295 |
| Other tax liabilities | 184,070 | 57,514 |
| Profit payable to mudarabah account holders | 76,304 | 24,369 |
| Due to charity | 33 | 562 |
| Deposit for shares | 985,000 | 480,640 |
| Sundry creditors | 788,165 | 615,504 |
| Accrued audit and professional fees | 17,070 | 12,025 |
| Lease liability | 5,102,412 | - |
| | 22,179,196 | 24,253,909 |
| Impairment allowance on contingents | 399,647 | 71,212 |
| Closing balance | 22,578,843 | 24,325,121 |
| 20 Equity of investment account holders | | |
| Mudarabah investment accounts (Saving account) | 15,231,553 | 8,529,162 |
| Mudarabah investment accounts (Banks & Other Financial institutions) | - | - |
| Mudarabah term deposit (note 20a) | 30,606,561 | 9,804,866 |
| Profit equilisation reserve (note 20b) | 22,063 | 24,416 |
| Investment risk reserve (note 20c) | 22,085 | 8,725 |
| Closing balance | 45,882,263 | 18,367,169 |
| 20a Analysis of Mudarabah term deposit maturity by product | | |
| MTD 30 days | 9,321,044 | 3,492,949 |
| MTD 60 days | 6,762,269 | 494,145 |
| MTD 90 days | 7,923,067 | 2,096,349 |
| MTD 180 days | 5,811,526 | 3,324,582 |
| MTD 181-365 Days | 788,656 | - |
| MTD above 360 days | - | 396,840 |
| Closing balance | 30,606,561 | 9,804,866 |
| 20b Profit equilisation reserve | | |
| Balance at 1 January | 24,416 | 6,855 |
| Amount apportioned from income to equity of investment accountholders | (2,353) | 17,561 |
| Closing balance | 22,063 | 24,416 |
| 20c Investment risk reserve | | |
| Balance at 1 January | 8,725 | 3,700 |
| Amount apportioned from income to equity of investment accountholders | 13,360 | 5,025 |
| Closing balance | 22,085 | 8,725 |

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

| | 31 December 2022 | 31 December 2021 |
|---|---------------------|---------------------|
| 21 Owners' Equity | | |
| Share capital | | |
| (i) Authorised | N'000 | N'000 |
| 20,000,000,000 Ordinary shares of N1.00 each (31 Dec 2021: 10,000,000) | 20,000,000 | 10,000,000 |
| Closing balance | 20,000,000 | 10,000,000 |
| (ii) Issued and fully paid share capital | | |
| 9,663,081 Ordinary shares of N1.00 each (31 Dec 2021: 7,153,081) | 9,663,081 | 7,153,081 |
| Addition | 3,596,919 | 2,510,000 |
| Closing balance | 13,260,000 | 9,663,081 |
| There was additional share capital paid in the prior year. The holders of ordinary shares are entitled to receive dividends and each shareholder is entitled to vote at the Shareholders' general meetings. All ordinary shares rank equally. | | |
| 22 Share premium | | |
| Opening balance | 38,919 | - |
| Movement | 756,921 | 38,919 |
| Closing balance | 795,840 | 38,919 |
| Share premium is the excess paid by shareholders over the nominal value for their shares. | | |
| 23 Retained earnings | | |
| Opening balance | 148,530 | (172,191) |
| Net profit for the year | 4,118,351 | 1,267,214 |
| Risk regulatory reserve | (381,465) | (393,887) |
| Statutory reserve | (1,357,009) | (473,663) |
| AGSMEIS reserve | (226,681) | (78,944) |
| Closing balance | 2,301,725 | 148,530 |
| 24 Regulatory risk reserve | | |
| Opening balance | 511,992 | 118,105 |
| Appropriation against retained earnings | 381,465 | 393,887 |
| Closing balance | 893,457 | 511,992 |
| The regulatory risk reserves warehouses the difference between the allowance for impairment losses on financing and investments based on Central Bank of Nigeria prudential guidelines compared with the expected credit loss model used in calculating the impairment under IFRSs. | | |
| 25 Other reserve | | |
| (a) Statutory reserve | | |
| Opening balance | 562,710 | 89,047 |
| Appropriation against retained earnings | 1,357,009 | 473,663 |
| Closing balance | 1,919,719 | 562,710 |
| (b) Agriculture small and medium enterprises investment scheme | | |
| Opening balance | 93,785 | 14,841 |
| Appropriation against retained earnings | 226,681 | 78,944 |
| Closing balance | 320,466 | 93,785 |
| In April 2017, the Central Bank of Nigeria issued guidelines to govern the operations of the Agriculture Small and Medium Enterprises Investment Scheme (AGSMEIS), all Deposit Money Banks (DMBs) are required to set aside 5% of their annual Profit after tax (PAT). | | |
| (c) Profit equalization reserve | | |
| Opening balance | - | - |
| Charge | 44,240 | - |
| Closing balance | 44,240 | - |
| Total | 2,284,425 | 656,494 |
| 25d Foreign currency translation reserves | | |
| Opening balance | 25,451 | - |
| Reclassification/ Exchange gain | (25,451) | 25,451 |
| Closing balance | - | 25,451 |

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

| | 31 December 2022 | 31 December 2021 |
|--|---------------------|---------------------|
| | N '000 | N '000 |
| 26 Income from financing contracts | | |
| murabaha transactions | | |
| Profit on murabahah -retail | 64,631 | 31,876 |
| Profit on murabahah -corporate | 8,023,507 | 3,842,775 |
| Profit on murabahah -business | - | 2,395 |
| Profit on murabahah - CBN CACs | 106,890 | 55,269 |
| Profit on murabahah - CBN DCRR & RSSF | 96,758 | - |
| Murabahah LC income | 267,676 | 280,359 |
| Murabahah LC expenses | (86,712) | (56,594) |
| Total profit from murabahah transactions | 8,472,750 | 4,156,080 |
| Ijara transactions | | |
| Profit on Ijarah of service | - | - |
| Profit on ijarah of service -retail | 214,248 | 95,909 |
| Profit on ijarah service - retail (POS) | 4,604 | 5,176 |
| Profit on ijarah muntahiyah bittamleek - retail | 42,554 | 30,872 |
| Profit on ijarah muntahiyah bittamleek - corporate | 694,353 | 283,415 |
| Profit on ijarah muntahiyah bittamleek -CBN CACS | 2,157 | 10,788 |
| Total profit from ijarah transactions | 957,916 | 426,161 |
| Istisna' transactions | | |
| Profit on istisna' - corporate | 417,527 | 97,006 |
| Profit on istisna' - retail | 3,055 | 9,908 |
| Profit on istisna' - retail | 32,382 | - |
| Total profit from Istisna' transactions | 452,964 | 106,914 |
| Total income from financing contracts | 9,883,630 | 4,689,154 |
| 27 Income from investment activities | | |
| Sukuk-rental | 2,758,185 | 667,433 |
| Sukuk premium expenses | (350,413) | (160,020) |
| Net sukuk income | 2,407,772 | 507,414 |
| Profit on interbank mudarabah | 256,136 | 267,368 |
| Income on inventory financing | 2,822,672 | 697,498 |
| Inventory expenses | (400) | (5,666) |
| Income from investment activities | 5,486,180 | 1,466,614 |
| Income from other financing activities | | |
| Wakalah commission | 137,098 | 44,855 |
| Profit on sukuk sales | 493,491 | 245,323 |
| Income from CBN promissory note | - | 39,741 |
| Total income from other financing activities | 630,590 | 329,919 |
| Total income from investment and financing activities | 6,116,770 | 1,796,533 |
| 28 (i) Return on equity investment account holders | | |
| Profit paid to mudarabah account holders | 1,679,378 | 576,288 |
| Profit from financing investments paid to mudarabah account holders | 1,679,378 | 576,288 |
| (ii) Bank's shares on financing and investment activities | | |
| Total income from financing | 6,747,360 | 2,126,452 |
| Less: profit paid to investment account holders | (1,679,378) | (576,288) |
| Bank's share as equity investor/mudarib | 5,067,981 | 1,550,164 |

**TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | 31 December 2022 | 31 December 2021 |
|---|-----------------------------|-----------------------------|
| | N'000 | N'000 |
| 29 Impairment charge | | |
| Impairment charge on Murabahah finance (note 35) | (322,843) | (108,200) |
| Impairment charge on Ijarah finance (note 35) | (14,039) | (4,871) |
| Impairment charge on Istisna' finance (note 35) | (27,078) | (3,828) |
| Impairment charge on off balance sheet item (note 35) | (328,435) | (55,114) |
| Closing balance | (692,395) | (172,014) |
| 30 Fees and commission | | |
| Banking services | 206,067 | 191,111 |
| E-business income | 229,964 | 69,575 |
| Treasury income | 67,143 | 58,302 |
| Income from confirmation line | 369,619 | 192,366 |
| Income on agent transactions | 448,880 | 236,634 |
| Income from TAJMall | 606 | 2,573 |
| Closing balance | 1,322,279 | 750,561 |
| 31 Foreign currency gain | | |
| Exchange gain | - | 25,451 |
| Closing balance | - | 25,451 |
| 32 Staff costs | | |
| Salaries | 2,717,697 | 1,330,508 |
| Staff pension | 80,072 | 49,606 |
| Training and seminar expenses | 105,209 | 48,976 |
| Other staff expenses | 768,502 | 209,413 |
| Closing balance | 3,671,480 | 1,638,503 |
| 33 Depreciation and amortisation | | |
| Depreciation of property, plant & equipment | 846,242 | 412,642 |
| Amortisation of leasehold improvement | 115,875 | 67,191 |
| Amortisation of intangible assets | 165,932 | 128,478 |
| Closing balance | 1,128,049 | 608,310 |

**TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | 31 December 2022 | 31 December 2021 |
|--|-----------------------------|-----------------------------|
| | N'000 | N'000 |
| 34 General and administrative expenses | | |
| Advertsing and marketing | 381,120 | 184,210 |
| Telephone expenses | 1,041 | 937 |
| Bank charges | 94,811 | 40,494 |
| E-Business transaction | 459,312 | 163,178 |
| Printing and stationery | 149,654 | 103,615 |
| Repair and maintenance | 65,179 | 34,256 |
| Service contract | 534,068 | 245,818 |
| Travelling - local and foreign | 247,289 | 70,728 |
| Postage and courier charges | 18,122 | 10,699 |
| Right of use assets (amortisation) | 306,988 | 157,994 |
| Premises expenses | 95,534 | 55,604 |
| Security guards | 72,083 | 24,052 |
| IT related expenses | 357,815 | 260,719 |
| Advisory Committee of Experts and Directors' expense | 151,404 | 89,086 |
| Insurance | 23,393 | 23,212 |
| Audit fees and expense | 27,500 | 19,164 |
| Share increase expense | 151,446 | - |
| Professional fees | 138,935 | 48,131 |
| Vehicles repairs | 47,294 | 26,998 |
| Licences | 478,608 | 167,186 |
| Treasury expenses | 184,077 | 37,674 |
| NDIC premium | 606,000 | 276,643 |
| Subscriptions | 78,121 | 72,297 |
| Fuel and Diesel expenses | 200,494 | 51,087 |
| Donation | 2,250 | 330,828 |
| Office cleaning | 73,091 | 32,717 |
| Other operating expense | 124,409 | 84,873 |
| Closing balance | 5,070,038 | 2,612,200 |

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

35 Credit quality

35 (a) Statement of prudential adjustment

Prudential Adjustment for the year ended 31 December 2022

In compliance with the provisions under the revised Prudential Guidelines issued by the Central Bank of Nigeria, which became effective 1 July, 2010. Which addresses the variance between the impairment allowance under prudential guidelines and the expected credit loss model required by IFRS 9.

Paragraph 12.4 of the revised Prudential Guidelines for Deposit Money Banks in Nigeria stipulates that Banks would be required to make provisions for loans as prescribed in the relevant IFRS Standards when IFRS is adopted. However, Banks would be required to comply with the following:

Provisions for loans recognized in the profit and loss account should be determined based on the requirements of IFRS. However, the IFRS provision should be compared with provisions determined under prudential guidelines and the expected impact/changes in general reserves should be treated as follows:

- Prudential Provisions is greater than IFRS provisions; the excess provision resulting therefrom should be transferred from the general reserve account to a "regulatory risk reserve".
- Prudential Provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account.

As at 31 December 2022, the difference between the Prudential provision and IFRS impairment was N381.5 million for the Bank (December 2021: N393.9 million). This requires transfer of N381.5 million from retained earnings to regulatory risk reserves for Bank as disclosed in the statement of changes in equity. These amounts represent the difference between provisions for credit and other known losses as determined under the prudential guidelines issued by the Central Bank of Nigeria (CBN) and impairment reserve as determined in line with IFRS 9 as at the year end

The non-distributable reserve should be classified under Tier 1 core capital

Statement of prudential adjustments

| | 31 December | 31 December | Total |
|--|----------------|----------------|----------------|
| | 2022 | 2021 | |
| | N'000 | N'000 | N'000 |
| Total impairment allowance per IFRS 9 | 1,010,109 | 317,714 | 692,396 |
| Total impairment per Prudential guidelines | 1,903,566 | 829,705 | 1,073,860 |
| Risk regulatory reserve closing balance | 893,456 | 511,992 | 381,465 |

35 (b) Carrying value of financing and investment assets

| | RISK ASSETS SUMMARY - 31 DECEMBER 2022 | | | | IMPAIRMENT SUMMARY - 31 DECEMBER 2022 | | | | Carrying Amount |
|------------------------------------|--|------------------|---------------|--------------------|---------------------------------------|----------------|--------------|------------------|--------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Murabahah finance | 71,956,385 | 1,831,439 | 52,989 | 73,840,813 | 393,172 | 161,254 | 2,649 | 557,075 | 73,283,737 |
| Ijarah finance | 8,411,447 | 91,867 | - | 8,503,314 | 20,803 | 1,030 | - | 21,833 | 8,481,481 |
| Istisna' | 5,250,398 | - | - | 5,250,398 | 31,554 | - | - | 31,554 | 5,218,845 |
| | 85,618,230 | 1,923,306 | 52,989 | 87,594,525 | 445,529 | 162,284 | 2,649 | 610,462 | 86,984,063 |
| Off balance sheet item | 46,327,657 | - | - | 46,327,657 | 399,647 | - | - | 399,647 | 45,928,010 |
| Balance at 31 December 2022 | 131,945,887 | 1,923,306 | 52,989 | 133,922,182 | 845,175 | 162,284 | 2,649 | 1,010,109 | 132,912,073 |

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

| | RISK ASSETS SUMMARY - 31 DECEMBER 2021 | | | | IMPAIRMENT SUMMARY - 31 DECEMBER 2021 | | | | Carrying Amount |
|-------------------------------|--|---------------|----------|-------------------|---------------------------------------|------------|----------|----------------|-------------------|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total | Total |
| | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 | N'000 |
| Murabahah finance | 36,189,370 | - | - | 36,189,370 | 234,232 | - | - | 234,232 | 35,955,139 |
| Ijarah finance | 3,074,621 | 67,108 | - | 3,141,730 | 7,687 | 107 | - | 7,794 | 3,133,936 |
| Istisna' | 2,023,671 | - | - | 2,023,671 | 4,476 | - | - | 4,476 | 2,019,195 |
| | 41,287,663 | 67,108 | - | 41,354,771 | 246,395 | 107 | - | 246,501 | 41,108,270 |
| Off balance sheet item | 17,952,211 | - | - | 17,952,211 | 71,212 | - | - | 71,212 | 17,880,999 |
| Balance at 31 December | 59,239,874 | 67,108 | - | 59,306,982 | 317,607 | 107 | - | 317,714 | 58,989,269 |

36 (c) Reconciliation of impairment charge

The following table reconciles the impairment loss allowance charged on financing assets and financing commitments and guarantee contracts determined in accordance with IFRS 9 as at 31 December 2022

31 December 2022

| | Stage 1 | Stage 2 | Stage 3 | OKL | TOTAL |
|--------------------------------------|----------------|----------------|--------------|----------|------------------|
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| Balance at 1 January 2022 | 317,607 | 107 | - | - | 317,714 |
| Impairment charged during the period | 527,569 | 162,177 | 2,649 | - | 692,395 |
| Transfer between stages | - | - | - | - | - |
| Balance at 31 December 2022 | 845,175 | 162,284 | 2,649 | - | 1,010,109 |

31 December 2021

| | Stage 1 | Stage 2 | Stage 3 | OKL | TOTAL |
|------------------------------------|----------------|------------|----------|----------|----------------|
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| Balance as at 1 January 2021 | 145,699 | - | - | - | 145,699 |
| Impairment charged during the year | 171,908 | - | - | - | 171,908 |
| Transfer between stages | - | - | - | - | - |
| Balance at 31 December 2021 | 317,607 | 107 | - | - | 317,714 |

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

| 36 Financing and investment analysis | 31 December | 31 December |
|---|--------------------|--------------------|
| (i) By Security | 2022 | 2021 |
| | N'000 | N'000 |
| Legal Mortgage | 59,747,170 | 25,696,076 |
| All Asset Debenture | 8,003,660 | 5,268,093 |
| Domiciliation of Contract Proceeds | 1,548,051 | 3,666,030 |
| Domiciliation of Business Proceeds | 629,871 | 3,071,355 |
| Cash | 8,351,090 | 2,138,101 |
| Domiciliation of Salaries and Allowances | 850,006 | 524,907 |
| Deed of Sublease | 1,395,337 | 369,006 |
| Irrevocable Standing Payment Order (ISPO) | 1,375,428 | 250,799 |
| Equitable Mortgage | 1,670,704 | 229,627 |
| Mortgage Debenture | 4,023,208 | 140,776 |
| Closing balance | 87,594,525 | 41,354,770 |
| (ii) By product | | |
| Ijarah of service - Retail | 72,967 | 100,625 |
| Ijarah of service - Corporate | 2,117,995 | 511,189 |
| CBN DCRR | 5,839,082 | - |
| Ijarah muntahiyah bi tamleek (Retail and corporate) | 6,242,105 | 2,327,546 |
| CBN CACS | 2,633,352 | 1,692,912 |
| Murabahah Retail | 3,504,689 | 1,279,427 |
| Murabahah Corporate | 63,364,921 | 33,419,399 |
| Istisna' | 3,819,414 | 2,023,671 |
| Closing balance | 87,594,525 | 41,354,770 |
| (iii) By sector | | |
| Agriculture | 16,923,705 | 8,114,827 |
| Construction | 4,989,264 | 1,911,397 |
| Education | 1,493,732 | 2,724,387 |
| General | 6,210,013 | 2,802,303 |
| General Commerce | 14,369,384 | 8,104,512 |
| Human health and social work activities | 18,197 | 26,900 |
| Information and communication | 195,697 | 382,612 |
| Manufacturing | 9,091,525 | 3,194,717 |
| Oil and Gas | 12,675,555 | 5,616,898 |
| Professional, Scientific and Technical activities | 1,129,156 | 763,538 |
| Public Utilities | 40,541 | 34,235 |
| Real Estate | 13,302,382 | 5,107,616 |
| Transportation and Storage | 5,897,110 | 2,570,828 |
| Power & Renewable Energy | 1,258,264 | - |
| Closing balance | 87,594,525 | 41,354,770 |
| (iv) By Business Unit | | |
| Corporate | 83,721,011 | 39,344,775 |
| Retail | 3,873,514 | 2,009,995 |
| Closing balance | 87,594,525 | 41,354,770 |
| (v) By tenor | | |
| ≤ 3 Months | 5,163,006 | 3,421,990 |
| > 3 Months ≤ 6 Months | 23,032,196 | 7,157,379 |
| > 6 Months ≤ 1 Year | 9,119,378 | 7,532,019 |
| > 1 Year ≤ 2 Years | 20,138,838 | 9,199,165 |
| > 2 ≤ 3 Years | 18,089,608 | 8,275,048 |
| > 3 ≤ 5 Years | 4,579,240 | 5,440,649 |
| > 5 Years | 7,472,259 | 328,520 |
| Closing balance | 87,594,525 | 41,354,770 |
| (vi) By performance | | |
| Performing | 87,541,537 | 41,354,770 |
| Non Performing: | | |
| Substandard | 51,498 | - |
| Doubtful | 1,490 | - |
| Lost | - | - |
| Closing balance | 87,594,525 | 41,354,770 |

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**37 Related parties transactions**

In the ordinary course of its activities, the Bank has no exposures that are related to its Directors. The Bank however follows a strict process before granting such credits to its Directors. The requirements for creating and managing this category of risk assets include the following amongst others:

- (i) Related parties: Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party in making financial and operational decisions, or one other party controls both. The definition includes investment as well as key management personnel.
- (ii) Transaction with key management personnel: The Bank's key management personnel, and persons connected with them, are also considered related parties. The definition of key management includes the close members family of key personnel and any entity over which key management exercise control. Close family members are those who may be expected to influence, or be influenced by that individual in their dealings with TajBank Limited.

The table below is an analysis of the insider related credits

| | | 31 December 2022 | |
|---------------------------------|--------------------------------------|---------------------|----------------|
| Name | Relationship with the Bank | N'000 | Classification |
| Bedmod Integrated Farms Limited | Shareholder / Non Executive Director | 926,448 | Performing |
| Hamid Abubakar Joda | Managing Director | 126,895 | Performing |
| Sherif Audu Idi | Executive Director | 117,134 | Performing |
| Saheed Adeluola Ekeolere | Employee | 48,950 | Performing |
| Aminu Habu Alkassim | Employee | 22,005 | Performing |
| Olusola Adewale Fajimi | Employee | 15,186 | Performing |
| Sani Sallau Abubakar | Employee | 12,701 | Performing |
| Babatunde Boladele Odumosu | Employee | 12,269 | Performing |
| Key Management personnel | Employee | 222,589 | Performing |
| Balance at 31 December | | 1,504,179 | |
| | | 31 December 2021 | |
| Name | Relationship with the Bank | N'000 | Classification |
| Bedmod Integrated Farms Limited | Shareholder / Non Executive Director | 1,199,577 | Performing |
| Hamid Abubakar Joda | Executive Director | 143,447 | Performing |
| Sherif Audu Idi | Senior Management | 132,413 | Performing |
| Saheed Adeluola Ekeolere | Employees | 52,659 | Performing |
| Aminu Habu Alkassim | Employees | 29,340 | Performing |
| Armayau Rafindadi Zayyad | Employees | 7,769 | Performing |
| Key Management personnel | Employees | 92,321 | Performing |
| Balance at 31 December | | 1,657,526 | |

TAJBank Limited

Plot 72, Ahmadu Bello Way
Central Business District, Abuja, Nigeria.

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

| 38 Significant shareholding (5% & above) | 31 December 2022 | | 31 December 2021 | |
|--|-----------------------|--------------|----------------------|--------------|
| | Holdings | % | Holdings | % |
| GSCL Investments Limited | 5,840,000,000 | 44.04 | 4,260,000,000 | 44.09 |
| Mallam Lawal Garba | 1,500,000,000 | 11.31 | 1,500,000,000 | 15.52 |
| Nura Manu Soro | 1,418,918,919 | 10.70 | - | - |
| Adama Beverages Limited | 1,000,000,000 | 7.54 | 1,000,000,000 | 10.35 |
| Inverness Wealth Management Limited | 1,000,000,000 | 7.54 | 670,000,000 | 6.93 |
| Sokoto State Government | - | - | 500,000,000 | 5.17 |
| Afritec | - | - | 500,000,000 | 5.17 |
| Balance at 31 December | 10,758,918,919 | 81.14 | 8,430,000,000 | 87.24 |

39 Earnings per share**Basic earnings per share**

Basic earnings per share of N31.06 (31 December 2021: N13.11 kobo) is based on the profit N4.118 million attributable to shareholders with ordinary shares of 13,260,000.

| | 31 December 2022 | 31 December 2021 |
|--|---------------------|---------------------|
| | N'000 | N'000 |
| Profit attributable to ordinary shareholders | | |
| Profit/(loss) for the year | 4,118,351 | 1,267,214 |
| Profit attributable to ordinary shareholders | 4,118,351 | 1,267,214 |
| Weighted average number of ordinary shares | | |
| | In Thousand | In Thousand |
| Issued ordinary shares | 13,260,000 | 9,663,081 |
| Weighted average number of ordinary shares at 31 December | 13,260,000 | 9,663,081 |
| Basic and diluted earnings per share (kobo) | 31.06 kobo | 13.11 kobo |

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

TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

| | 31 December 2022 | 31 December 2021 |
|---|-----------------------------|-----------------------------|
| | N'000 | N'000 |
| 40 Information regarding directors | | |
| Emoluments | | |
| Fees: | | |
| Chairman | 15,000 | 7,000 |
| Other directors | 12,000 | 5,000 |
| Emolument as executives | 129,402 | 89,920 |

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

| N | N | Number | Number |
|-------------|-----------|---------------|---------------|
| 1,000,000 - | 2,000,000 | - | - |
| 2,000,001 - | 5,000,000 | - | - |
| 5,000,001 - | above | 10 | 10 |

41 Information regarding employees

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

| N | N | Number | Number |
|--------------|------------|---------------|---------------|
| 500,000 - | 5,000,000 | 231 | 206 |
| 5,000,001 - | 10,000,000 | 96 | 84 |
| 10,000,001 - | Above | 67 | 33 |
| | | 394 | 323 |

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

| | Number | Number |
|---------------------|---------------|---------------|
| Executive directors | 2 | 2 |
| Management | 64 | 40 |
| Non -management | 328 | 281 |
| | 394 | 323 |

42 Contingencies and commitments

(i) Litigation

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Bank has proper controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing.

The Bank, in its ordinary course of business, is presently involved in 6 litigation suits (31 December 2021: 7 litigation suits). 4 cases were instituted against the Bank (31 December 2021: 6) which and 2 cases instituted by the Bank (31 December 2021: 1).

The Directors are of the opinion that, based on currently available information and advice of counsel, none of the aforementioned cases is likely to have a material adverse effect on the financial position of the Bank and are not aware of any other pending or threatened claims and litigations. No provision has been made for the year ended 31 December 2022.

(ii) Other contingent liabilities

In the normal course of business, the Bank enters into various types of transactions that involve undertaking certain commitments such as Bid security, guarantees and other financial commitments.

| | 31 December 2022 | 31 December 2021 |
|-----------------------------|-----------------------------|-----------------------------|
| | N'000 | N'000 |
| Advanced payment guarantees | 20,126,635 | 3,647,732 |
| Bank guarantees | 11,029,000 | 450,000 |
| Bid Security | 2,364,231 | 688,597 |
| Wakalah LC | 12,807,791 | 4,395,224 |
| Closing balance | 46,327,657 | 9,181,553 |

(iii) Capital commitments

There were no capital commitments at the end of the reporting period of 31 December 2022.

(iv) Guarantees and other financial commitments

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

**TAJBANK LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022****43 Contravention of CBN/NDIC guidelines**

As at 31 December 2021 financial period, the Bank did not contravene any CBN guidelines

As at 31 December 2022 financial period, the Bank did not contravene any CBN guidelines

44 Capital Adequacy Ratio

The Bank presents details of its regulatory capital resources in line with the Central Bank of Nigeria's guidance on Pillar I capital requirements.

| | 31 December 2022 N'000 | 31 December 2021 N'000 |
|--|---------------------------------------|---------------------------------------|
| Regulatory capital | | |
| Tier 1 capital | | |
| Share capital | 13,260,000 | 9,663,081 |
| Share premium | 795,840 | 38,919 |
| Retained earnings | 2,301,725 | 148,530 |
| Other reserves | 1,583,690 | 552,606 |
| | 17,941,255 | 10,403,136 |
| Less: Deferred tax assets | - | 297,887 |
| Intangible assets | 1,838,735 | 1,385,987 |
| Total qualifying Tier 1 capital | 16,102,520 | 8,719,262 |
| Tier 2 capital | | |
| Qualifying other reserves | - | - |
| Other comprehensive income | - | 25,451 |
| Total qualifying Tier 2 capital (100% of total qualifying Tier 1 capital) | - | 25,451 |
| Total qualifying capital | 16,102,520 | 8,744,713 |
| Risk - weighted assets: | | |
| Credit risk | 44,410,251 | 43,448,987 |
| Operational risk | 5,260,353 | 1,510,223 |
| Market risk | 45,888,771 | 10,793,020 |
| Total risk-weighted assets | 95,559,375 | 55,752,230 |
| Risk-weighted capital adequacy ratio | 16.85% | 15.68% |

45 Reclassification

Certain disclosures and some prior year figures have been presented to conform with current year presentation.

During the year, management changed the presentation of the following: murabaha LC income, Sukuk premium expenses, Income from LC confirmation and income from agent transactions.

- i** Murabaha LC income was reclassified in the statements of profit or loss and other comprehensive income from fees and commission to income from financing contracts.
- ii** Sukuk premium expenses was reclassified in the statements of profit or loss and other comprehensive income from general and administrative expenses to income from investment activities.
- iii** Income on agent transactions was reclassified in the statements of profit or loss and other comprehensive income from income from other financing activities to fees and commission.
- iv** Income on agent transactions was reclassified in the statements of profit or loss and other comprehensive income from income from other financing activities to fees and commission.

Accordingly, the prior year comparative statements of profit or loss and other comprehensive income for the year ended 31 December 2021 has been restated by reclassifying murabaha LC income, sukuk premium expenses, income from LC confirmation and income from agent transactions to income from financing contracts, income from investment activities and fees and commission respectively.

46 Non audit services

During the period, the auditors Messrs Ahmed Zakari & Co did not performed any non audit services.

47 Dividends

The Board of Directors has proposed a scrip dividend of 10 shares per ordinary share of N1 each to shareholders on the register of shareholding as at 31 December, 2022. This is subject to approval by shareholders at the next Annual General Meeting. Payment of dividend to shareholders is subject to withholding tax at a rate of 10% in compliance with extant tax laws

48 Events after the reporting date

There were no events after the reporting date that could have material effect on the financial condition of the Bank as at 31 December 2022 and the profit and other comprehensive income for the year ended which have not been adjusted or disclosed.

TAJBANK LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2022
OTHER NATIONAL DISCLOSURES
VALUE ADDED STATEMENT

| | 31 December | | 31 December | |
|--|------------------|-------------|------------------|-------------|
| | 2022 | 2022 | 2021 | 2021 |
| | N'000 | % | N'000 | % |
| Gross income from financing, investing transactions and fees | 17,322,679 | | 7,236,248 | |
| Return on equity of investment account holders | (1,679,378) | | (576,288) | |
| Bank's share as a mudarib/equity investor | 15,643,301 | | 6,659,960 | |
| Impairment allowance | (692,395) | | (172,014) | |
| | 14,950,906 | | 6,487,946 | |
| Bought in goods and services | (5,070,038) | | (2,612,200) | |
| Value added | 9,880,868 | 100% | 3,875,746 | 100% |
| Distribution | | | | |
| Employees | | | | |
| Salaries and benefits | 3,671,480 | 37% | 1,638,503 | 42.28% |
| Government | | | | |
| Taxation | 962,988 | 10% | 361,719 | 9.33% |
| Retained in the Bank | | | | |
| Replacement of property and equipment / intangible assets | 1,128,049 | 11% | 608,310 | 15.70% |
| Profit/(loss) for the year | 4,118,351 | 42% | 1,267,214 | 32.70% |
| Total value added | 9,880,868 | 100% | 3,875,746 | 100% |

Value added represents the additional wealth which the Bank has been able to create by its own and employees efforts.

TAJBank Limited

Plot 72, Ahmadu Bello Way
Central Business District, Abuja, Nigeria.

TAJBANK LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2022
OTHER NATIONAL DISCLOSURES
FINANCIAL SUMMARY

| | 31 December 2022 | 31 December 2021 | 31 December 2020 | 31 December 2019 |
|---|---------------------|---------------------|---------------------|---------------------|
| | N'000 | N'000 | N'000 | N'000 |
| Assets | | | | |
| Cash and balances with Central Bank of Nigeria | 34,874,339 | 18,790,704 | 12,246,827 | 45,241 |
| Due from banks and other financial institutions | 11,200,425 | 15,707,792 | 7,510,501 | 577,297 |
| Interbank receivables | 262,258 | 3,127,228 | 3,753,352 | 715,941 |
| Investment in sukuk | 35,302,042 | 9,260,624 | 5,797,425 | 4,299,484 |
| Murabahah receivable, net | 65,315,451 | 31,728,733 | 9,983,955 | - |
| Istisna' receivable, net | 4,288,397 | 1,633,623 | 114,948 | - |
| Ijarah muntahiyah bi tamleek, net | 8,631,230 | 3,180,897 | 1,200,650 | - |
| Inventory financing | 20,395,010 | 5,756,278 | 2,305,194 | - |
| Property, plant and equipment | 8,254,074 | 5,767,595 | 1,877,038 | 1,212,284 |
| Leasehold improvement | 1,105,258 | 706,425 | 364,372 | 377,368 |
| Intangible assets | 1,838,735 | 1,385,987 | 1,341,217 | 857,725 |
| Other assets | 20,553,329 | 13,611,860 | 2,919,961 | 1,093,606 |
| Deferred tax asset | - | 297,887 | 609,548 | 52,603 |
| Total assets | 212,020,548 | 110,955,633 | 50,024,988 | 9,231,549 |
| Liabilities | | | | |
| Customers' current and qard saving deposits | 116,075,711 | 54,720,817 | 22,031,135 | 1,249,150 |
| Other funding-CBN CACS | 7,283,183 | 2,447,853 | 1,000,000 | - |
| Other liabilities | 22,578,843 | 24,325,121 | 5,073,217 | 1,881,111 |
| Tax payable | 557,974 | 50,206 | 8,086 | - |
| Deferred tax liabilities | 107,127 | - | - | - |
| Total liabilities | 146,602,839 | 81,543,998 | 28,112,438 | 3,130,261 |
| Equity of investment account holders | | | | |
| Mudarabah investment account holders | 45,882,263 | 18,367,169 | 14,670,748 | 1,010,169 |
| Total equity of investment account holders | 45,882,263 | 18,367,169 | 14,670,748 | 1,010,169 |
| Equity | | | | |
| Share capital and share premium | 14,055,840 | 9,702,000 | 7,192,000 | 5,887,000 |
| Reserves | 5,479,607 | 1,342,467 | 49,802 | (795,881) |
| Total equity | 19,535,447 | 11,044,467 | 7,241,802 | 5,091,119 |
| Total equity and liabilities | 212,020,548 | 110,955,633 | 50,024,988 | 9,231,549 |

Summarized statement of profit or loss and other comprehensive income

| | 31 December 2022 | 31 December 2021 | 31 December 2020 | 31 December 2019 |
|--|---------------------|---------------------|---------------------|---------------------|
| | N'000 | N'000 | N'000 | N'000 |
| Gross earnings | 17,322,679 | 7,236,248 | 3,332,751 | 56,053 |
| Return on equity of investment account holders | (1,679,378) | (576,288) | (412,325) | (1,538) |
| Impairment charges | (692,395) | (172,014) | (145,699) | - |
| | 14,950,906 | 6,487,946 | 2,774,727 | 54,515 |
| Operating expenses and administrative expenses | (9,869,567) | (4,859,013) | (2,477,902) | (134,420) |
| Net profit before tax | 5,081,339 | 1,628,933 | 296,824 | (79,905) |
| Income tax expense | (962,988) | (361,719) | 548,859 | 52,603 |
| Net profit for the period | 4,118,350 | 1,267,215 | 845,683 | (27,302) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | 4,118,350 | 1,267,215 | 845,683 | (27,302) |
| Earnings per share | | | | |
| Basic and diluted earnings per share (kobo) | 31.06 kobo | 13.11 kobo | 11.82 kobo | (0.46) kobo |

NOTICE OF ANNUAL GENERAL MEETING OF TAJBANK LIMITED

NOTICE IS HEREBY GIVEN that the 4th Annual General Meeting of TAJBank Limited will hold virtually on Tuesday 27th June 2023 at 11:00am to transact the following business:

Ordinary Business:

1. To lay before the members for approval, the Audited Financial Statements of the Bank for the period ended 31st December 2022 together with the reports of the Directors, Auditors, Audit Committee and Advisory Committee of Experts thereon;
2. To reappoint Ahmed Zakari & Co. as External Auditors of the Bank and authorize the Directors to fix their remuneration;
3. To re-elect members of the Audit Committee;
4. To appoint a new Director; and
5. To re-elect Directors;

Special Business

As Ordinary Resolution:

6. That the Board of Directors be and is hereby authorized to take all steps necessary to comply with the requirements of Section 124 of the Companies and Allied Matters Act 2020 and the Companies Regulations 2021, as it relates to unissued Shares forming part of the Share Capital of the Company;
7. To issue a scrip dividend of 1 share for every 10 shares held by shareholders to retain cash for reinvestment.

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/her stead. A proxy need not be a member of the Company. A form of proxy is enclosed in the Annual Report and can also be downloaded from the Bank's website at <http://www.tajbank.com>.

For the appointment of the proxy to be valid, a proxy form must be completed and deposited at the Head Office of the Bank, Plot 72, Ahmadu Bello Way, Central Business District, Abuja not later than 48 hours before the time fixed for the meeting.

2. Election and Re-Election of Directors

- a. Pursuant to Section 274 of the Companies and Allied Matters Act, 2020 Dr. Nura Manu Soro is being proposed for election as a Non -Executive Director of the Bank.

The appointment has been approved by the Central Bank of Nigeria and would be presented to Shareholders' for approval at the 4th Annual General Meeting.

- b. Pursuant to Section 285 of the Companies and Allied Matters Act, 2020 the following Directors shall retire by rotation and being eligible have offered themselves for re-election:
 - i. Tanko Isiaku Gwamna
 - ii. Mariam Ibrahim
 - iii. Ahmed A. Joda
 - iv. Kogis Jonathan Luka

3. E-Report

A copy of this Notice, Biographical details of Directors and other information relating to the meeting are provided in the Annual Report as well as the Bank's Website stated above.

TAJBank Limited

Plot 72, Ahmadu Bello Way
Central Business District, Abuja, Nigeria.

By Order of the Board



Amina Usman Toli

Acting Company Secretary
TAJBank Ltd
Plot 72, Ahmadu Bello Way
Central Business District Abuja
Federal Capital Territory

TAJBank Limited

Plot 72, Ahmadu Bello Way
Central Business District, Abuja, Nigeria.

| | | | | | |
|---|---|--|--|------------|----------------|
| <p>PROXY FORM 4th Annual General Meeting of TAJBank Limited “the Company” to hold virtually on Tuesday 27th June, 2023 at 11:00 A.M.</p> <p>I/We being a member/members of the Company hereby appoint,or failing him/her/it, the Chairman, as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday 27th June 2023, and at any adjournment thereof.</p> <p>Dated this ____ day of _____, 2023</p> <p>Signature of Shareholder</p> <p>Name of Shareholder</p> <p>Name of the person attending (If Applicable):</p> | RESOLUTION | | | FOR | AGAINST |
| | Special Resolution | | | | |
| | <p>“That the Board of Directors be and is hereby authorized to take all steps necessary to comply with the requirements of Section 124 of the Companies and Allied Matters Act 2020 and the Companies Regulations 2021, as it relates to unissued Shares forming part of the Share Capital of the Company”; and</p> <p>“To issue a scrip dividend of 1 share for every 10 shares held by shareholders to retain cash for reinvestment”.</p> | | | | |
| | <p>Please mark the appropriate box with an “X” to indicate how you wish your vote to be cast on the resolution set above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her/its discretion.</p> | | | | |