Arthur Islamic Finance Market (AIFM) Index

August 2026

NIGERIA'S ISLAMIC FINANCE DEVELOPMENT INDICATOR

ARTHUR ISLAMIC FINANCE MARKET INDEX (AIFMI): Your gateway to over 5 Islamic market segments data

Arthur Group is one of Nigeria's leading platforms driving the growth and institutionalisation of non-interest finance. The Group plays an active role across the value chain, providing advisory services, product structuring, capacity building, and governance support to financial institutions, corporates, government agencies, and professionals.

As part of its market leadership role, Arthur Group curates a comprehensive Islamic finance database that encompasses five key market segments, over twenty non-interest financial instruments, and more than one hundred Islamic financial institutions. This capability is delivered through the Arthur Islamic Finance Market Index, which provides structured insights into market development and supports informed strategy, investment, and policy decision-making in Nigeria's non-interest finance ecosystem.

The database provides Islamic finance markets stakeholders with:

5+ years Islamic finance industry financial data

5+ Islamic banks profiles

30+ Weighted Stock Market/Equities data across more than 20 sectors

10+ Sovereign Sukuk issuances data from FGN and Sub-Nationals

3+ Corporate and Listed Sukuk data

5+ Non-interest bank data and asset performance

Islamic Finance Education Information

Islamic finance events information

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Arthur Group - an accredited member of the Securities and Exchange Commission (SEC) and one of Nigeria's leading providers of Islamic financial markets investment advisory, data, and infrastructure- partners with global leaders in Islamic finance. With more than $1 million in revenue and over 500 customers nationwide, Arthur Group powers participants in the Nigerian Islamic financial marketplace. We deliver information, insights, and technology that enable confident investing, trading, and risk decisions. By blending a unique open platform with best-in-class data and expertise, we connect people to choice and opportunity, driving performance, innovation, and growth for customers and partners ®

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AIFM INDEX FRAMEWORK

The Arthur Islamic Finance Market Index (AIFMI) provides Islamic finance stakeholders such as governments and financial institutions a detailed analysis of the key factors driving the development and growth of the industry in Nigeria.

The AIFMI provides a vital tool in guiding policy and growth within the industry by measuring changes in the indicator and its underlying components over time and across different market segments. The AIFMI also gives an indication of the strength of the ecosystem behind the industry's overall development as well as the size and growth of the different market segments.

Collation of Data

The AIFMI results are presented as aggregate values of performance of key segments of the Islamic Finance Market in Nigeria.
Grouped to create BCM leading indicators such as Production, Investment, Export, Demand Conditions, Prices, etc

Weighting Process

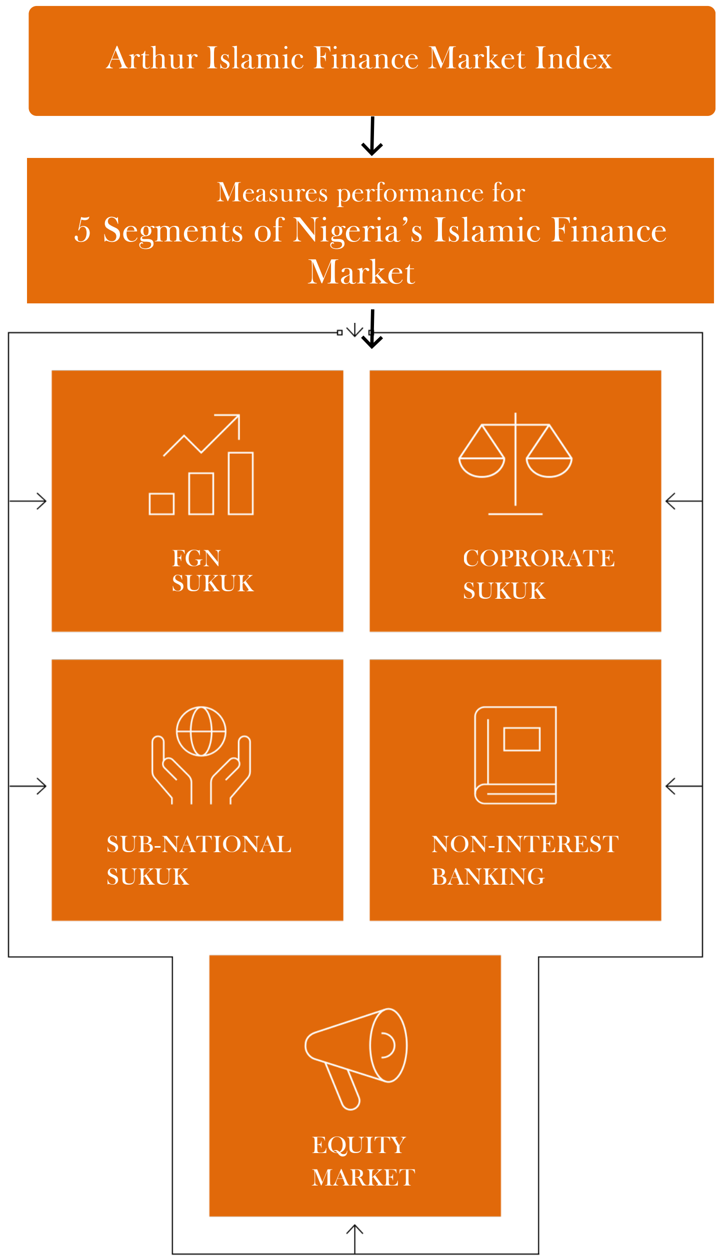
Each indicator is weighted across five (5) stages of the weighting system. Group metrics into four pillars with default pillar weights (can be policy-tuned):

Size & Activity (30%)	Liquidity (30%)	Breadth & Participation (20%)	Quality & Resilience (20%)

Each indicator's weights are applied to derive a weighted average.

AIFM Index Results

- The products of the aggregate of each weighting system's results in Nigeria's Islamic finance market.
- AIFM Index and sub-indices range from 0 to +100.
    - 0-20: Nascent Stage
    - 21-40: Foundational Stage
    - 41-60: Emerging Stage
    - 61-80: Growth & Integration Stage
    - 81-100: Advanced & Mature Stage



Market Insights: AIFM Index in August 2026

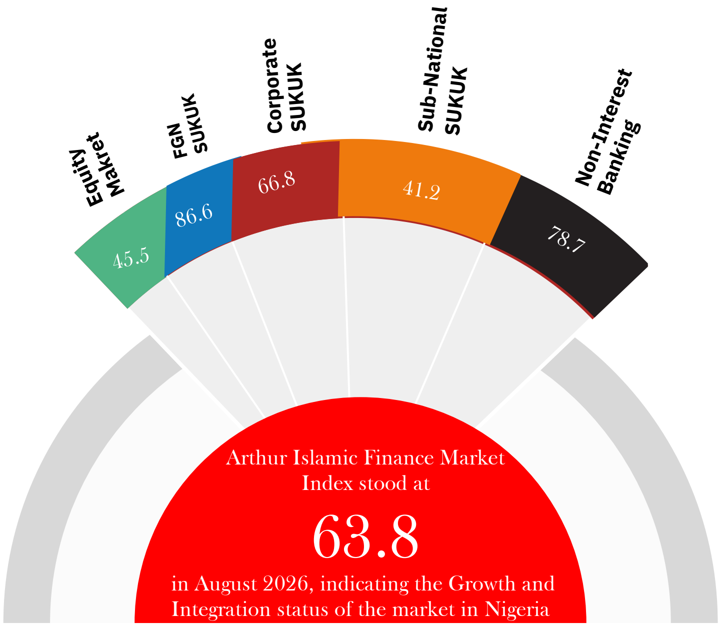
Nigeria's Islamic Finance Market in August 2026

The Arthur Islamic Finance Market (AIFM) Index declined to 63.8 points in August 2026 after recovering from a two-month contraction in July at 69.5 points—a 5.7-point month-on-month decrease. The slowdown kept the index below the 70-point threshold it briefly exceeded between February and April, when it reached a 12-month high of 71.3 points. Elevated inflation and other subdued market conditions continued to weigh on sentiment, although the medium-term outlook remained supported by regulatory reforms, stronger institutional capacity, and sustained demand for Sharia-compliant instruments.

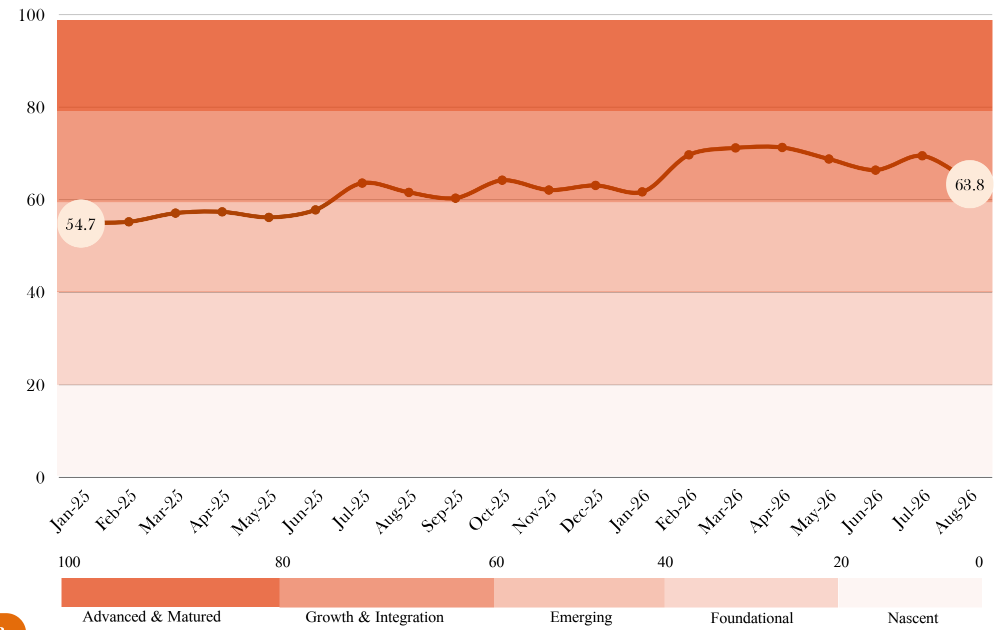
Performance across the sub-indices was mixed. The AIFM Equity Index moderated to 45.5 points from 54.9 points in July amid continued profit-taking and asset repricing in the broader equity market. The AIFM Banking/Non-Interest Index rose to a record 78.7 points, maintaining its positive trajectory. By contrast, the Sovereign Sukuk Index marginally declined to 86.8 points, the Corporate Sukuk Index moderated to 68.5 points, and the Sub-national Sukuk Index remained unchanged at 41.2 points in August, the same level as in July.

The banking segment's resilience was reinforced by Jaiz Bank's declaration of an 11-kobo final dividend, amounting to approximately ₦4.91 billion, further highlighting the segment's improving profitability and investor appeal. However, sukuk trading remained modest in August: just 18 transactions worth ₦40.11 million were recorded, with only five participants active in the market, according to the CBN's Fixed Income Dashboard. This underscored persistent liquidity constraints and limited corporate issuance, even as the wider fixed-income market saw N36.52 billion traded across 9,187 transactions in the month. At the policy level, August saw heightened focus on expanding Nigeria's role in the global halal economy, with Vice President Kashim Shettima reaffirming the government's ambition to mobilise over $12 billion in investment through the Nigeria Halal Economy Strategy Implementation Committee. In parallel, NAICOM renewed its push to expand Takaful insurance as a tool for deepening financial inclusion, hosting a diagnostic assessment mission by the Islamic Financial Services Board (IFSB).

Arthur Islamic Finance Market Index & Other Indices in August 2026



Arthur Islamic Finance Market Index in August 2026 (Monthly)



Equity Market Performance in August 2026

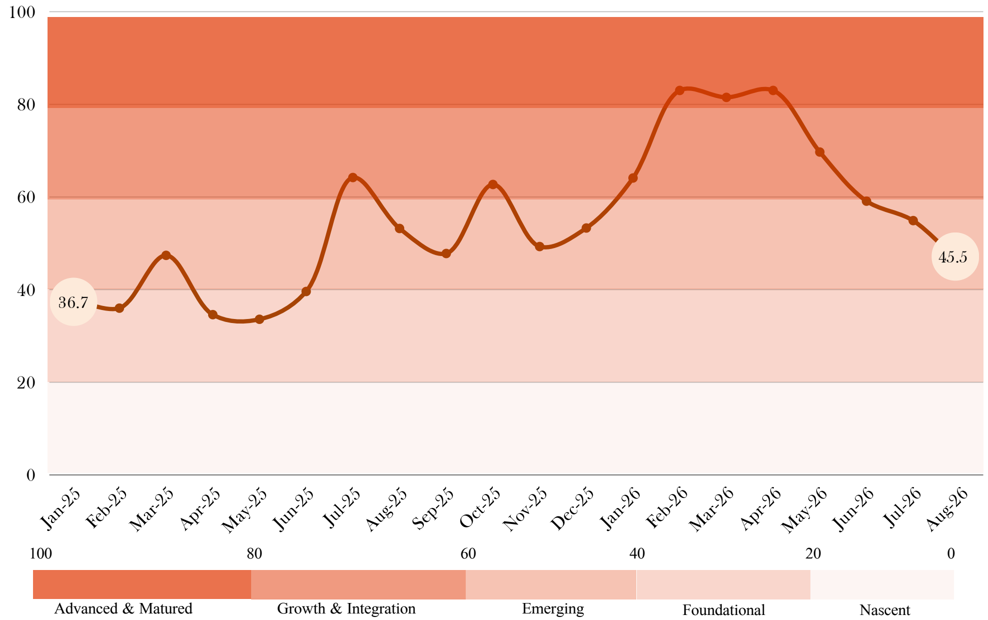
The AIFM-Equity segment in August 2026 was shaped by a mix of resilience and volatility, as the Nigerian Exchange (NGX) navigated profit-taking pressures amid an otherwise constructive market backdrop. Although the broader index posted a modest monthly decline, strong performances in select sectors—particularly oil and gas, banking, and consumer goods—helped limit losses and supported a late-month rebound. The Shariah-compliant segment mirrored this pattern, stabilising after July's correction and benefiting from renewed activity in eligible large-cap counters.

On the AIFM framework, the Arthur Equity Market Index (AIFM-Equity sub-index) decreased to 45.5 points from 54.9 points in July, representing a 10.6-point month-on-month decline. This drop reflected extensive profit-taking across the market, which temporarily pushed the sub-index toward emerging-market volatility levels. Nevertheless, August's performance underscored the underlying resilience of Shariah-compliant stocks, supported by improving investor sentiment and selective buying in key sectors.

The NGX All-Share Index (ASI) declined by 0.44% in August, closing at 244,199.39 points compared with 245,283.68 points at the end of July. Market capitalisation fell by approximately ₦587 billion, from ₦158.33 trillion to ₦157.74 trillion, as profit-taking and competition from attractive fixed-income yields weighed on sentiment. Despite the monthly dip, the index remained strongly positive year-to-date, up 56.93% as of August 31, ranking the NGX among Africa's top four performing exchanges.thewhistler+2

Sector performance played a decisive role in shaping the AIFM-Equity outcome. The NGX-Lotus Halal ASI, which excludes conventional banks and is concentrated in industrials, oil and gas, telecommunications, and consumer goods, tracked the broader market's consolidation. While banking stocks led the NGX in August—gaining 3.11% by month-end after mid-month weakness—the Shariah-compliant segment drew support from oil and gas, which emerged as the best-performing sector in the final week, advancing 4.54%. For Shariah-compliant investors, the structural outlook remains constructive, underpinned by growing ethical-equity participation, deeper sukuk activity, and expanding product availability, even as August's volatility highlighted the importance of continued portfolio diversification.

Arthur Equity Market Index in August 2026 (Monthly)

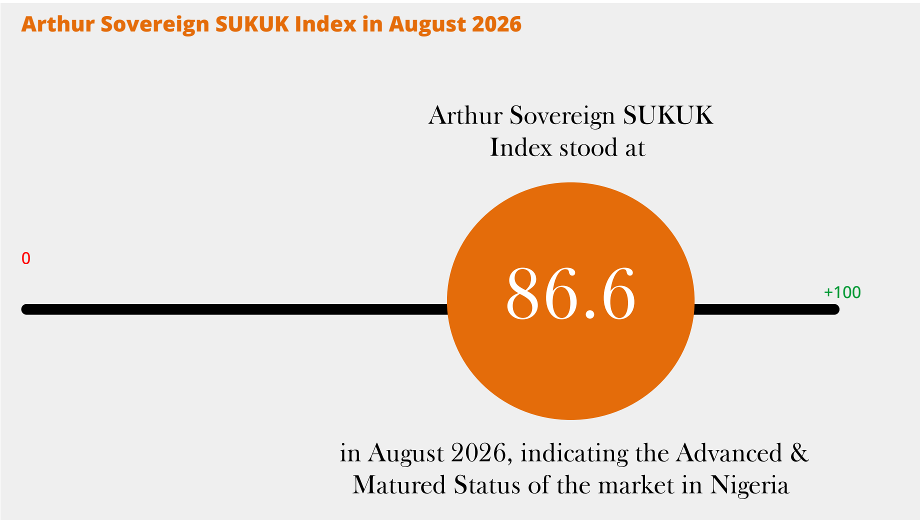


Sovereign SUKUK Market Performance in August 2026

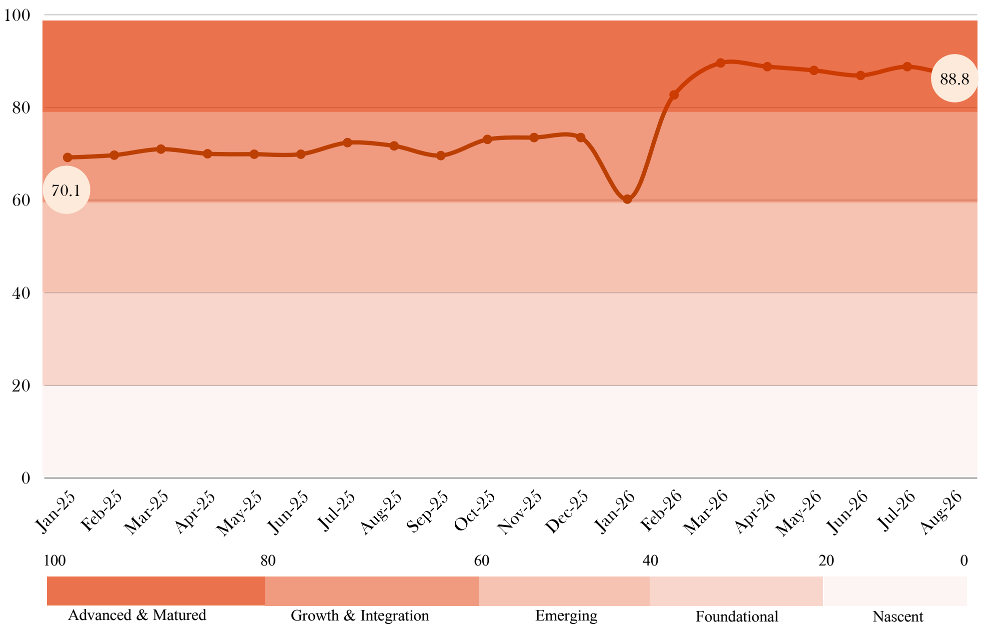
In August 2026, the AIFM Sovereign Sukuk Index moderated to 86.6 points from 88.8 points in July, a 2.2-point month-on-month decrease. Although it remained below its March 2026 peak of 89.6 points, the index's sustained position above 85 points pointed to resilient investor confidence in Sharia-compliant sovereign instruments despite elevated conventional yields and periodic secondary-market profit-taking.

Activity in the FGN Sukuk market remained subdued relative to conventional fixed-income instruments. Sukuk recorded 18 trades valued at approximately ₦40.11 million and attracted five market participants during August, while total fixed-income turnover was dominated by OMO bills, Treasury bills and FGN bonds. The DMO's August auction focused on conventional FGN bond reopenings rather than a new sovereign Sukuk offer; however, demand for government securities remained strong, with bids of about ₦1.73 trillion against ₦1.10 trillion initially offered at the August bond auction.

The August outcome, therefore, reflected consolidation rather than a loss of momentum. Sovereign Sukuk continued to benefit from their government-backed structure, established investor base and role in financing infrastructure, while the broader fixed-income market remained supported by strong demand for FGN securities. For the Sukuk market to deepen further, however, Nigeria will need more frequent primary issuance, greater secondary-market liquidity and broader participation by pension funds, non-interest banks, asset managers and retail investors.



Arthur Sovereign SUKUK Index in August 2026 (Monthly)

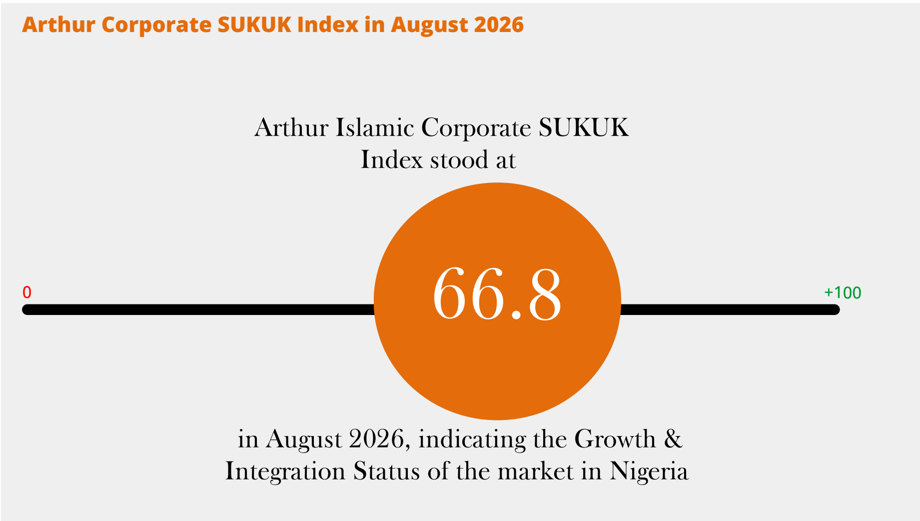


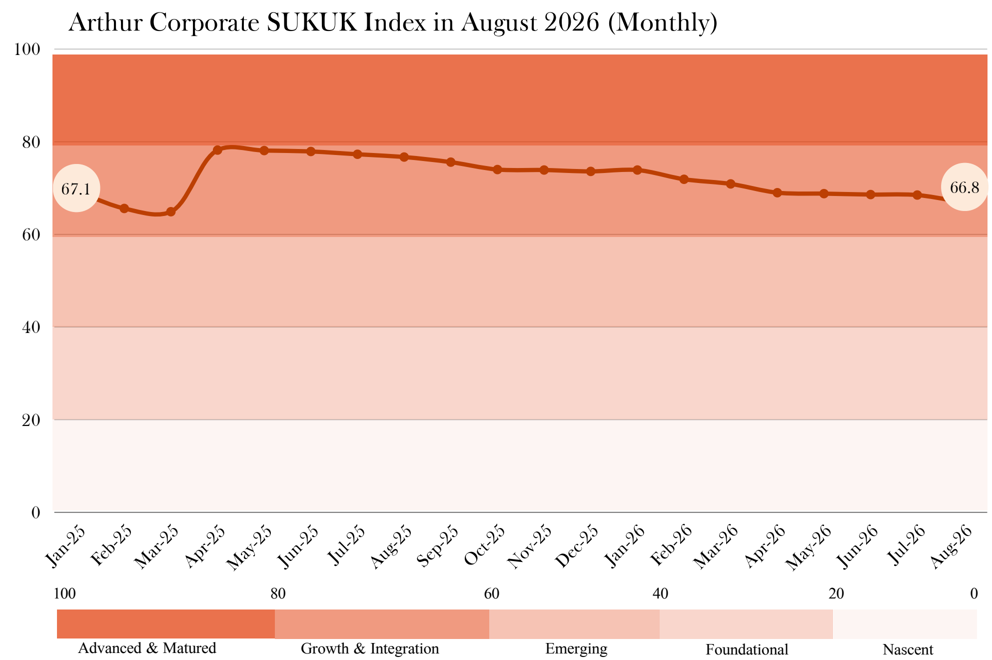
Corporate SUKUK Market Performance in August 2026

The Arthur Corporate Sukuk Index remained broadly stable in August 2026, holding near its July level in the high-60s and staying within the “Growth & Integration” territory above 65 points. The near-flat performance underscored a market undergoing gradual consolidation rather than expansion, with limited new corporate issuance and relatively steady but thin pricing in the existing secondary market.

Corporate sukuk activity remained modest within Nigeria’s broader fixed-income market. Weekly data for August showed sukuk turnover ranging from about ₦12 million to ₦13.08 billion, with between three and seven trades per week and a small set of participating investors. Available market data did not identify a significant new corporate sukuk issue during the month, underscoring the segment’s continued dependence on a small stock of outstanding instruments and a large buy-and-hold investor base.

The outlook nevertheless improved as regulatory and structural developments in August signalled scope for stronger corporate debt market activity, including growth in sukuk and other specialised instruments, as borrowing conditions normalise. Existing rules permit qualified private companies to issue sukuk, subject to registration and issuance limits, broadening the potential issuer base beyond listed firms, while new SEC-registered issuing houses now cover corporate and sub-national sukuk programmes. With the banking recapitalisation exercise completed, the second half of 2026 will test whether stronger corporate balance sheets and a more established regulatory framework can generate a deeper pipeline of corporate sukuk issuance.



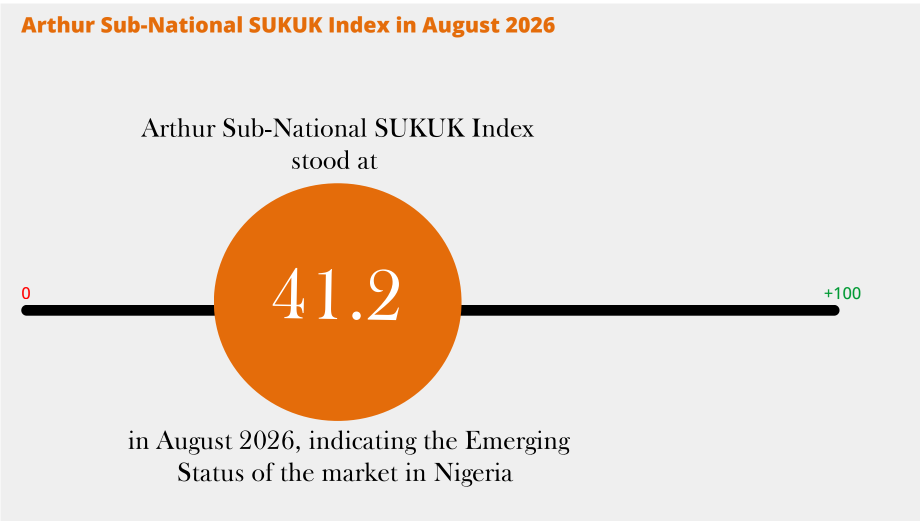


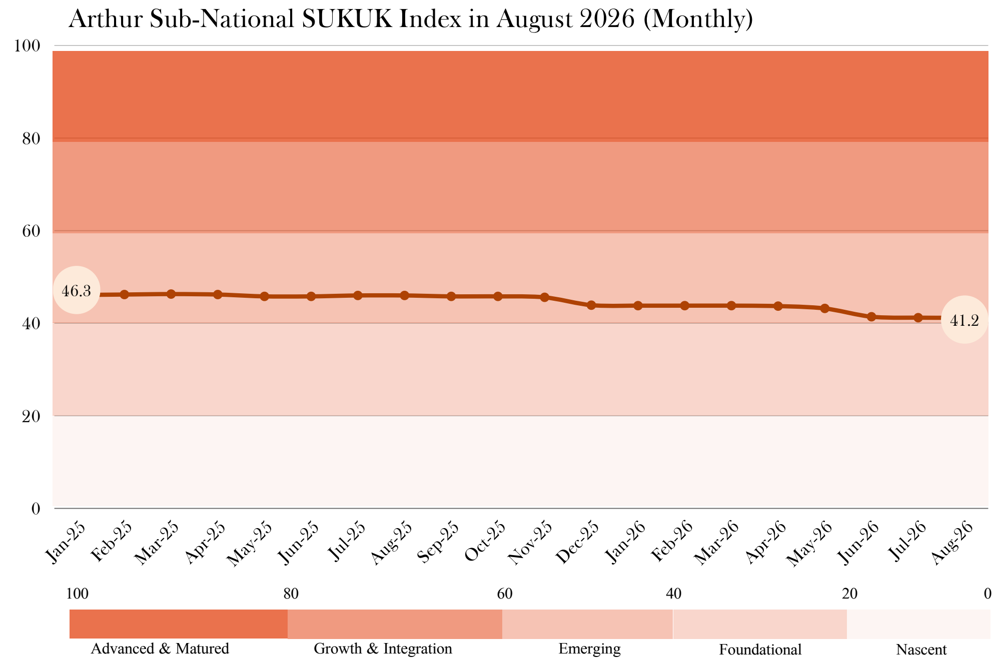
Sub-National SUKUK Market Performance in August 2026

The Arthur Sub-national Sukuk Index (AIFMI-SN) remained unchanged in August 2026 at 41.2 points, the same level recorded in July. The sub-index stayed range-bound in the low-40s and well below the sovereign and corporate sukuk benchmarks, highlighting the continued underdevelopment of Nigeria's state-level Islamic finance market. Its flat performance reflected limited secondary-market activity and the absence of a broad pipeline of new sub-national sukuk issuance during the month.

Market activity remained subdued in August. Available data showed no significant new state-level sukuk issuance, while sukuk instruments overall continued to account for only a tiny share of fixed-income turnover, dominated by a small number of trades and institutional, buy-and-hold investors. The wider sub-national debt market also stayed quiet, with no new conventional sub-national bond issuance recorded since Lagos State's February transaction, reinforcing reliance on existing instruments and a narrow issuer base.

The outlook nevertheless improved slightly after GCR Ratings upgraded Lagos State's issuer rating to AA(NG) and raised the rating on Lagos State Infrastructure Sukuk SPV Plc's Series II Forward-Ijarah Sukuk to the same level earlier in 2026, a development that continued to underpin investor confidence into August. Lagos State's governor also reiterated support for sukuk and other ethical financing instruments as part of the state's development strategy, which could help lay a stronger foundation for future state-backed Islamic financing. However, fiscal constraints, structuring costs and the absence of a regular sub-national issuance calendar continue to limit market depth in the near term.





Non-Interest Banking Performance in August 2026

The Arthur Non-Interest Banking Index extended its advance in August 2026, rising to a record 78.7 points from 78.0 in July, a 0.7-point month-on-month increase. It remained the strongest-performing component of the AIFM framework, highlighting the resilience of Nigeria's non-interest banking segment even as equity and sukuk sub-indices delivered more moderate performances. The August reading reflected continued confidence in the sector following the completion of the banking recapitalisation programme and sustained demand for Sharia-compliant financial products, with Jaiz Bank among the better-performing banking stocks during the month.

The sector's expansion was supported by continued growth in its asset base, which stood at approximately ₦3.7 trillion in July and represented about 65.5% of Nigeria's non-interest finance market. The market remained concentrated among a small number of licensed institutions—Jaiz Bank, TAJBank, Lotus Bank and The Alternative Bank—with growth driven by deposit mobilisation, SME and retail financing, and increased demand for ethical alternatives. However, the sector's relatively small share of the wider banking system indicates that substantial room remains for balance-sheet expansion and broader market penetration.

August developments also pointed to a broader strengthening of Nigeria's Islamic finance ecosystem. NAICOM hosted IFSB takaful experts as part of a diagnostic assessment mission to deepen the takaful market, while industry engagement in trade finance and sukuk continued to support product diversification and greater institutional participation. With recapitalised balance sheets and improving regulatory support, non-interest banks are better positioned to expand financing, deepen digital and branch-based distribution, and compete more effectively for deposits and investment flows during the second half of 2026.

Arthur Non-Interest Banking Index in August 2026 (Monthly)