unity bank

ANNUAL REPORT 2018

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2018 ANNUAL REPORT

OUR CORPORATE
PHILOSOPHY

VISION

To be Nigeria's retail bank of choice

MISSION

To create superior wealth for our stakeholders

BUSINESS DEFINITION

A national commercial bank with a retail soul

OUR CORE VALUES

PASSION

We are driven by the desire to exceed the qualitative expectations of our customers.

RESOURCEFULNESS

Our people are ingenious and imaginative in providing solutions to challenges.

INTEGRITY

Our people are forthright in all their dealings with internal and external customers and stakeholders.

TEAMWORK

All levels of staff within the bank work together to ensure our commitments to our stakeholders are delivered.

DEPENDABILITY

The bank stakeholders can always count on its reliability and loyalty.

EMPATHY

Unity Bank holds itself to the enduring principle of showing respect and compassion to all

EXCELLENCE

We seek to create and raise standards

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FINANCIAL HIGHLIGHTS

In billions of Naira

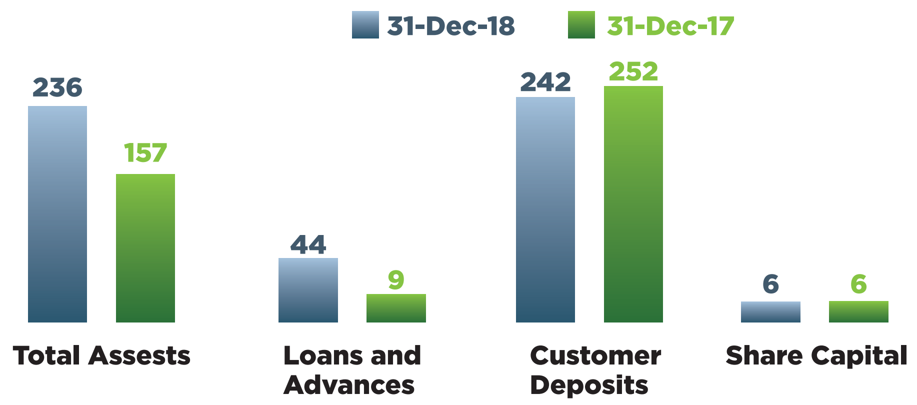
Financial Position	31-Dec-18	31-Dec-17
Total Assets	236	157
Loans and Advances	44	9
Customer Deposits	242	252
Share Capital	6	6
Total Equity	(244)	(242)

Income Statement	31-Dec-18	31-Dec-17
Gross Earnings	37.33	89.93
Impairment Charge	(0.16)	(44.25)
Operating Expenses	(20.22)	(24.46)
Profit Before Tax	1.41	(14.24)
Taxation	(0.14)	(0.68)
Profit after Tax	1	(15)

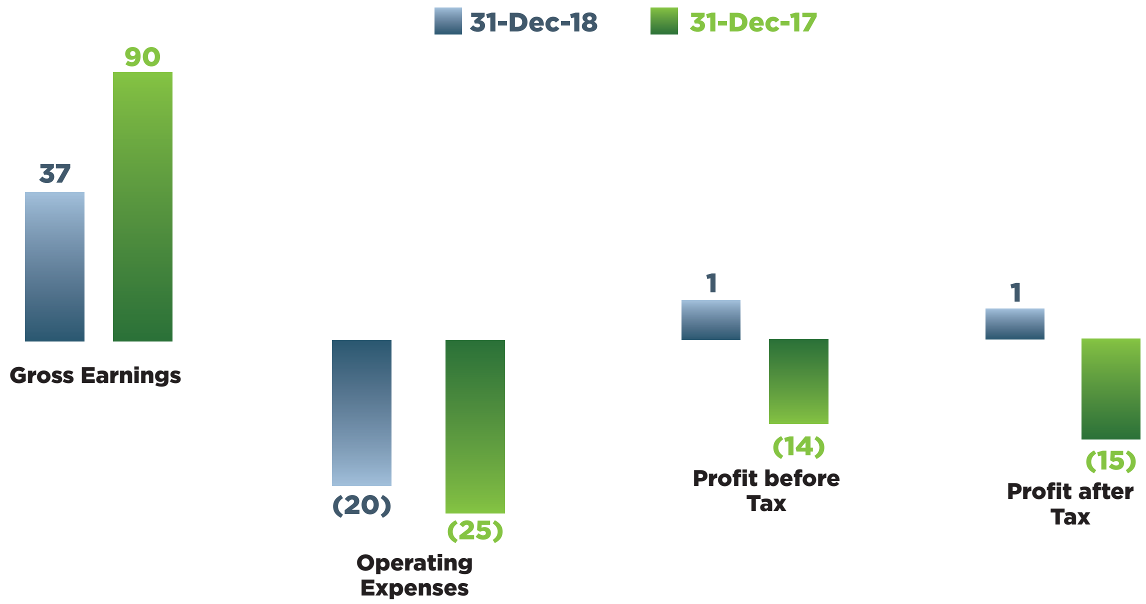
Ratios		
NPL Ratio	0.0%	0.0%
ROA	1%	-10%
ROE	N/A	N/A
Liquidity Ratio	35.00%	34.54%
LDR	18.05%	3.55%
Cost-to-Income Ratio	0.94	2.39
Capital Adequacy Ratio	(1.9856)	(1.9807)

Others		
Number of Branches	217	217
No of Staff	1,734	1,808
Number of Shares in issue	11,689,337.94	11,689,337.94

Statement of Financial position (N'Bn)



Income Statement (N'Bn)



EXECUTIVE SUMMARY

2018 Financial Year will go down as the year Unity Bank started emerging from the dark clouds of its legacy past. It is notable as the year which giant strides were made towards plugging the gaping capital shortfall, squeezing profitability from a drastically reduced portfolio, maintaining credit quality, leveraging on core business strength, improving operational efficiency and cost management, amongst many positives.

In the light of major capital and economic constraints, Unity Bank Plc recorded an encouraging results for the financial year ended 31st December 2018; posting commendable numbers in all major performance indices which attests to its improving financial position amidst the tough and challenging operating environment during the year under review.

MEASURES	SCORECARD
☑ Gross earnings:	₦ 37.3billion
☑ PBT:	↑ ₦ 1.41billion
☑ PAT:	↑ ₦ 1.27billion
☑ Loan/Deposit Ratio (all in one):	18.4%
☑ Cost-Income Ratio:	94%
☑ Liquidity Ratio:	35%
☑ NPL Ratio:	Near 0%
☑ Net Interest Margin:	9.3%
☑ ROA:	0.7%
☑ Earnings Per Share (EPS):	13.03kobo
☑ Yearly Opex Reduction:	₦ 4.24billion
☑ Stock Price (closing):	₦ 1.07k
☑ Stock Appreciation Index:	102%
☑ Market Capitalization (31st December 2018):	₦ 12.508billion
☑ NSE Stock Rating Index (2018):	2nd Most Performing Stock - 2018FY
☑ Awards and recognition:	3

- Federal Government of Nigeria Award on Agriculture and Anchor Borrowers' Scheme
- CBN 2018 Sustainability Banking Award for Sustainable Transaction of the Year in Agriculture
- CBN NIBSS Efficiency Award for the Financial Services Brand with the "Most Extensive Fraud Channel Coverage"

BOARD OF DIRECTORS

The names of the Directors during the year ended 31st December, 2018 are as follows:

Aminu Babangida

CHAIRMAN

Aminu Babangida, is an Entrepreneur, a co-founder/Chief Executive Officer of Phoenix Energy, Abuja and a Team Member of El-Amin International School, Minna. He also worked on the trading floor of Tragura BV, London, UK.

Babangida was appointed to the Board of Unity Bank Plc on March 18, 2011 where he held Chairmanship and membership positions in a number of board committees including the Board Governance & Nomination Committee, Board Credit Committee, Statutory Audit Committee, Board Finance & General Purpose, amongst others.

Babangida attended Regents Business School, London and Westminster Business School London where he obtained a B.A in International Business and M.A in International Business Management respectively.

He is knowledgeable in the field of oil exploration. He is a member of the Chartered Institute of Bankers of Nigeria (CIBN), the Institute of Directors (IOD) and the Bank Directors Association of Nigeria (BDAN). He has also attended various local and international courses.

Dr. Oluwafunsho Obasanjo

NON - EXECUTIVE DIRECTOR

Oluwafunsho Obasanjo was appointed Non-Executive Director on March 18, 2011. She is a scientist with insight in the areas of Molecular Biology/Biochemistry, Chemistry, Analytical Techniques and Bioinformatics.

She obtained an M.Sc in Medicinal Chemistry from the University College, London, United Kingdom and also holds a PhD in Bio-Organic Chemistry from the University of East Anglia.

Obasanjo has held Chairpersonship and membership positions in a number of board committees including the Board Risk Management & Audit Committee, Board Governance & Nomination Committee, Board Finance & General Purpose, amongst others. She is currently the Chairperson of the Board Credit Committee.

She is a member of the Chartered Institute of Bankers of Nigeria (CIBN), the Institute of Directors (IOD) and the Bank Directors Association of Nigeria (BDAN). She has attended various local and international courses/trainings.

Yabawa Lawan Wabi, mni

NON - EXECUTIVE DIRECTOR

Yabawa Lawan Wabi, mni has spent several years in the service of Nigeria, both at the State and Federal levels.

She has held positions such as Senior Accountant, National Agricultural Land Dev. Authority (NALDA) Maiduguri; Chief Accountant, Ministry of Health, Borno State; Asst. Director of Finance & Accounts, Borno State; Head of Admin. & Finance, Petroleum Trust Fund Borno State; Dep. Director of Finance & Accounts, Ministry of Finance and Economic Development, Borno State; Director of Finance & Accounts, Ministry of Works & Housing, Borno State; Accountant-General, Borno State; Federal Minister of Finance, amongst others.

She also served on the Board of Mainstreet Bank (now Skye Bank) as a Non- Executive Director.

Wabi holds a B.Sc in Accounting from the Ahmadu Bello University, Zaria. She is a member of a number of professional associations such as the Institute of Certified Public Accountants of Nigeria, Chartered Institute of Taxation of Nigeria and National Institute for Policy and Strategic Studies, NIPSS. She is also a Fellow, Association of National Accountants of Nigeria.

Wabi was appointed to the Board of Unity Bank on February 2, 2015. She has held membership positions in a number of board committees including the Board Credit Committee, Board Risk Management & Audit Committee, Board Finance & General Purpose, amongst others. She is currently the Chairperson of the Board Governance & Nomination Committee.

Sam N. Okagbue

INDEPENDENT DIRECTOR

Sam Okagbue is a legal professional and a founding member and Managing Partner of the George Ikoli&Okagbue (GI&O). He holds an LL.B from University of Ife (now ObafemiAwolowo University), Ile-Ife and an LLM from University of London, London School of Economics. Okagbue's career spans over three decades beginning with the National Assembly of Nigeria where he served as the Secretary to the Senate Committee on Defence from 1981 – 1982.

Okagbue has served in various legal capacities some of which include; Associate and Partner at different times in the Law Firm of Bentley Edu & Co.; Company Secretary and Legal Adviser, Fidelity Union Merchant Bank Limited. He was also the Legal advisor; African Institute of Petroleum and Consultant to International Finance Corporation.

Okagbue was appointed to the Board of Unity Bank on February 2, 2015. He has held membership positions in a number of board committees including the Board Credit Committee, Board Governance & Nomination Committee, Board Finance & General Purpose, amongst others. He is currently the Chairman of the Board Risk Management & Audit Committee.

He is a member of several professional bodies amongst which are International Lawyers Network (ILN), International Trademark Association (INTA), Institute of Trademark Agents (ITMA), Nigerian Economic Summit Group (NESG), and the Nigerian Bar Association. He has been a Notary Public (Federal Republic of Nigeria) since 1992.

Hafiz Mohammed Bashir

NON - EXECUTIVE DIRECTOR

Hafiz Mohammed Bashir is an accomplished individual with vast experience in both public and private sector. A passionate leader, with a track record of successful management, extensive knowledge of operations and project management, he holds a Post Graduate Diploma in Management and Advance Diploma in Public Administration from the Ahmadu Bello University, Zaria and the University of Jos respectively. He is currently undergoing a Master's Degree Programme in Business Administration at the Business School of Netherlands.

Hafiz Mohammed Bashir has garnered several years of experience spanning over 25 years. He is currently the Chairman/CEO Fitzcom International Ltd, a position he has held since 1993 to date. He is also the Chairman, Hafad Global Services Ltd and Fiziks Nigeria Ltd, positions he has held from 2006 and 2008 respectively to date.

He has also served as the Local Government Inspector/Auditor in charge of Rimi Local Government and Inspector/Auditor in charge of Bakori Local Government.

Bashir joined the Board of Unity Bank Plc as a Non-Executive Director on November 21, 2017.

He is a member of the Board Credit Committee, Board Risk Management & Audit Committee, amongst others. He is currently the Chairperson of the Board Finance & General Purpose Committee.

Tomi Somefun

MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER

Mrs. Tomi Somefun was appointed Executive Director on March 4, 2015 and later became MD/CEO in August, 2015. She is a Member, Board Finance & General Purpose Committee, Board Credit Committee, amongst others.

Mrs. Somefun has over 25 years cognate experience in the financial service industry and has proved her mettle in leading and developing highly effective teams as well as a demonstrable track record in leading complex change programs. She is equipped with strong strategy definition and execution skills, analytical & nancial management capabilities, business development & negotiating skills which she acquired through a combination of top class international trainings.

She began her career with Arthur Andersen (now KPMG). She worked at different times with Ventures & Trusts Ltd, Credite Bank Ltd, UBA Trustee, UBA Plc, UBA Capital & Trustee Ltd and was the Founding Managing Director/ CEO UBA Pension Custodian Ltd.

Mrs. Somefun was also a Non-Executive Director on the Boards of UBA Foundations, UBA Trustees, UBA Nominees and UBA Registrars.

A graduate of University of Ife (now Obafemi Awolowo University, Ile –Ife), Mrs. Somefun holds a B.Ed. English Language. She has attended several local and foreign trainings including industry-specific EuroMoney training programmes and INSEAD Fontainebleau, France. She is a Fellow of the Institute of Chartered Accountants, Nigeria and an alumnus of the prestigious Harvard Business School and University of Columbia Business School, New York.

Mrs. Somefun is a member of various professional bodies amongst which are the Institute of Directors (IOD), Bank Directors Association of Nigeria (BDAN) and the Chartered Institute of Bankers of Nigeria (CIBN).

Temisan Tuedor

EXECUTIVE DIRECTOR

Temisan Tuedor was appointed to the Board as Executive Director on June 8, 2015. He is a member of the Board Finance & General Purpose Committee, Board Credit Committee, amongst others.

He has over two decades experience spanning various facets of banking. He acquired a reputation for high level business transformation and change management. His professional career started with Chartered Bank Limited as a Credit Analyst, Corporate Banking Division before joining the Nigeria Liquefied Natural Gas (NLNG).

He later returned to the Banking sector by joining Prudent Bank Limited in 2000 as a Pioneer Branch Manager and rose to become the Head, Special Task Force, Niger Delta Axis. He held strategic management positions as General Manager & Group Head, Apapa and Lagos Mainland Zone, Oceanic Bank International Plc (now EcobankPlc); Senior Vice President and Internal Managing Director, Apapa, Bank PHB Plc (now Keystone Bank Ltd); and General Manager, Corporate and Commercial Banking both in Ikeja and Apapa/Lagos Mainland, Skye Bank.

Tuedor is the Chairman of the Assets and Liability Management Committee (ALCO).

Tuedor holds a B.Sc. in Business Administration from the University of Lagos (1987) and a Masters in Business Administration (MBA) from the ABU Zaria (1992). He also has a certificate in Advanced Management Program from Fontainebleau, France, October, 2011. He also holds a certificate from the Kelloggs School of Management, Northwestern University, Chicago, U.S.A.

Tuedor is a member of various professional bodies amongst which are the Institute of Directors (IOD), Bank Directors Association of Nigeria (BDAN) and the Chartered Institute of Bankers of Nigeria (CIBN).

Usman Abdulqadir

ED, CORPORATE PLANNING AND COMPLIANCE

Mr. Usman Abdulqadir is the Executive Director, Corporate Planning and Compliance of Unity Bank Plc, having joined in April 2018. Until his appointment, he was Vice President and Divisional Head, Post-Trade Services of FMDQ OTC Securities Exchange Plc and the Ag. Managing Director/Chief Operating Officer of FMDQ Clear Limited.

Usman has a Bachelor's Degree in Accounting (Bayero University, Kano, Nigeria) and a Master's Degree in Islamic Finance (Durham University, UK). He was admitted as an Associate Member of the Institute of Chartered Accountants of Nigeria in the Year 2000.

In his over twenty (20) years' work experience in the banking sector, he spent thirteen (13) at the Central Bank of Nigeria (CBN) and left as a Principal Bank Examiner. Whilst at the CBN, Usman participated in various projects, including but not limited to:

- Working Group on Liquidity Risk Management of the Islamic Financial Services Board;
- Project Management Office on the implementation of the new framework for financial stability in Nigeria;
- Nigeria Banking Sector Consolidation Programme (served in the Implementation Committee); and
- Nigeria Banking Sector Reform Programme 2009 (The Project Alpha Team).

Usman was the pioneer Executive Director (Chief Risk and Finance Officer) at SunTrust Bank Nigeria Limited and also founded the East Atlantic Advisors Limited, a business consulting and financial advisory services firm based in Lagos.

Ebenezer Kolawole

EXECUTIVE OFFICER, FINANCE AND OPERATIONS

Ebenezer Kolawole joined Unity Bank Plc on September 15, 2015 as Chief Financial Officer where he spearheaded the transformational agenda and displayed exceptional analytical competencies in finance, strategies, operations and performance management.

He was appointed to the Board of Unity Bank Plc on February 12, 2018. He is currently the Executive Director, Finance & Operations.

Ebenezer studied B.sc Accounting at Obafemi Awolowo University, Ile-Ife and graduated with First Class Honours in 1991. He is also a Fellow of the Institute of Chartered Accountants of Nigeria (FCA). Fellow, Institute of Credit Admin and Honourary member of the Chartered Institute of Bankers of Nigeria.

He started his working career with Standard International Dec Ltd in 1993 where he served as Chief Accountant. In 1994, he joined Ecobank Nigeria Plc as a Banking Executive in Banking Operations rising to the position of Deputy Financial Controller of the Bank.

Ebenezer joined Standard Trust Bank Plc in April 1999 where he rose to the position of Group Head, Compliance/Regulatory Risk Management of the Bank until the merger of STB with UBA Plc in August 2005.

While in UBA Plc, he functioned as Chief Financial Officer-UBA Nigeria/Regulatory & External Reporting; Group Head, Financial Reporting and Group Financial Controller until he left the Bank in 2011.

He worked with Mainstreet Bank Ltd from November 2011 to January 2015 as Group Chief Financial Officer. He left the Bank on General Manager Grade and joined Glo Communication as Head of Finance.

Mohammed Shehu

COMPANY SECRETARY

Mohammed Shehu is a Lawyer with diversified experience spanning Banking, financial services and regulatory environment. He has successfully plied his profession in multi disciplinary fields that involved litigation and Company Secretariat activities.

He began his career in 1996, as a Legal Officer in Nigeria Deposit Insurance Corporation where he coordinated amongst other things, cases of the corporation pending at the Failed Bank's Tribunal. Later same year and up until May, 2001, he practiced as a Counsel where he was actively involved in matters of debt recovery and prosecution of cases in the Law Firms of El- Thayyib & Co in Kano and Suleiman D. Lere & Co in Kaduna. He later joined NUB International Bank Limited in 2001 as Legal Officer and rose to become the Assistant Company Secretary/Legal Adviser; the bank later merged with 3 other entities to form FirstInland Bank Plc in 2006.

Shehu was at various times Acting Group Head Zonal Legal Coordination and Security Liaison (FinBankPlc), Acting Group Head, Legal (FinBankPlc), Company Secretary/Legal Adviser FinInsurance Ltd (the then Finbank Subsidiary). He was also Acting Company Secretary FinHomes Ltd (a Subsidiary of erstwhile Finbank). Before leaving FCMB in October 2014, he was Head, Legal Unit - FCT/North. He joined Unity Bank Plc in November 2014 as Deputy Company Secretary.

Mr. Mohammed Shehu holds an LLB degree from the Bayero University, Kano and was called to the Nigerian Bar in 1996. He subsequently obtained a Masters degree in International Affairs and Diplomacy from Ahmadu Bello University, Zaria.

He is a member of The Nigerian Bar Association and The Institute of Chartered Economists of Nigeria amongst others.

CORPORATE INFORMATION

COMPANY REGISTERED NUMBER - 94524

DIRECTORS	
Aminu Babangida	Board Chairman
Tomi Somefun	Managing Director/CEO
Oluwafunsho Obasanjo	Non Executive Director
Sam N. Okagbue	Non Executive Director
Hafiz Mohammed Bashir	Non Executive Director
Yabawa Lawan Wabi, mni	Non Executive Director
Temisan Tuedor	Executive Director
Ebenezer Kolawole	Executive Director
Usman Abdulqadir	Executive Director

COMPANY SECRETARY

Mohammed Shehu

REGISTERED OFFICE

Unity Bank Plc
Plot 42, Ahmed Onibudo Street
Victoria Island
Lagos

AUDITORS

Ahmed Zakari & Co.
(Chartered Accountants),
5th Floor, African Alliance House,
F1 Sani Abacha Way,
Kano.

REGISTRAR AND TRANSFER OFFICE

Unity Registrars Limited
25, Ogunlana Drive,
Lagos, Surulere.

TAX ADVISORY

Ijewere & Co
(Chartered Tax Advisory)
Itoya House,126 Lewis Street .
P. O Box 8713
Lagos, Nigeria

SETTLEMENT BANK

First Bank of Nigeria PLC
Samuel Asabia House
35 Marina
Lagos

FOREIGN CORRESPONDENCE BANK

ODDO BHF, Frankfurt Germany
FBN Bank (Limited) UK
Bank of Beirut (Limited), UK
Access Bank Limited, UK
United Bank for Africa, New York, USA
United Bank for Africa, London UK

REPORT OF THE BOARD AND MANAGEMENT

Aminu Babangida

CHAIRMAN

> **"The Bank grew its liability in 2018 by 20.3 percent from the previous year to N479.7 billion despite customer deposits dipping by 4.29 percent to N241.94 billion owing to the political and electioneering activities that characterized the end of the year."**

Fellow shareholders,

Invited guests, distinguished ladies and gentlemen, I heartily welcome you all to the 13th Annual General Meeting (AGM) of our Bank, Unity Bank Plc.

The challenges of economic recovery persisted into 2018 as economic growth remained sluggish characterized by lackluster recovery and fiscal deficit, which was further exacerbated by the delay in the passage of the 2018 national budget. Despite the harsh reality, our Bank took on the challenge, having posted a N14 billion loss in the previous year (owing to the sale of toxic assets), and recorded a profit after tax of N1.27 billion at the end of the 2018 Financial Year.

In order to extensively present our performance for the year, I will like to commence with a brief review of our economic and operating environment.

GLOBAL ECONOMY IN 2018

The global economy started 2018 on an upbeat note, buoyed by a pickup in global manufacturing and trade through 2017. However, the steam was lost with significant slowdown in industrial production and fallen business confidence. The major reason behind this loss in momentum was the introduction of trade tariffs by major economies, especially the United States and the retaliatory measures taken by others, including China. These protectionist tension and rhetoric elevated uncertainty around trade policies, which weighed on international financial and investment decisions.

Despite these trade wars, the United State economy expanded significantly in 2018, owing to the introduction of tax cuts and government spending, which stimulated demand. In response, the US Federal Reserve also continued to raise interest rate, thereby outpacing other economies, and further strengthening the US dollar against other major currencies in 2018. In addition, the euro weakened by about 2 percent amid slower growth and concerns about Italy, and the pound depreciated by about 2 percent in the same period as Brexit-related uncertainty increased.

Some vulnerable emerging economies came under strain as the US dollar gained value and the level of risk that global financial investors were prepared to accept dropped significantly. Some of these countries, including Argentina, Brazil, Turkey, India, South Africa saw increases in their external borrowing costs and net capital outflow.

Growth in advanced economies is projected to slow from 2.2 percent achieved in 2018 to 1.9 percent by the end of 2019 and 1.7 percent in 2020. The projection for 2019 is 0.1 percentage point lower than earlier estimated by the end of 2018, mostly due to downward revisions for the euro area.

In emerging market and developing economies, growth is being revised down by 0.3 percentage points in 2019 to 4.1 percent and by 0.1 percentage points for 2020 to 4.7 percent. The downward revisions for 2019 are almost across board for the major economies, though for varied reasons. In China, the slight revision downwards reflects, in part, the higher tariffs imposed by the United States in May, while the more significant revisions in India and Brazil reflect weaker-than-expected domestic demand.

DOMESTIC ECONOMY IN 2018

On the local space, Nigeria's economy posted a marginally positive performance, with the gross domestic product (GDP) growth of 1.91 percent in 2018 representing a 1.08 percent points increase from the growth rate of 0.83 percent recorded in the previous year, and slightly weaker than the projections of 1.98 percent and 2.0 percent from both International Monetary Fund (IMF) and World Bank respectively.

The increasing importance of services bolstered growth in the economy in the year. The sector accounts for about half of GDP, dwarfing the 10 percent from oil and

22 percent from agriculture. Real GDP growth reflected a sustained recovery in services and industry—particularly mining, quarrying, and manufacturing. The recovery benefited from greater availability of foreign exchange. Growth in agriculture was lackluster, owing partly to clashes between farmers and herders coupled with incidents of flooding in key agricultural belt of the country and continued insurgency in the northeast.

Nigeria accounts for nearly 20 percent of continental GDP and about 75 percent of the West African economy. Despite this dominance, its exports to the rest of Africa was estimated at 12.7 percent, and only 3.7 percent of total trade is within the Economic Community of West African States. This was further worsened by the reluctance of the Federal Government to ratify the Continental Free Trade Agreement in 2018.

On the macroeconomic front, the delay by National Assembly in approving the 2018 budget affected implementation and increased fiscal uncertainty by pushing the bulk of spending to the second half of the year. However, oil revenues, value added tax on luxury items, and tax amnesty introduced by the Federal Government narrowed the fiscal deficit in 2018, financed mainly by public debt.

By December 2018, the stock of public debt stood at $79.4 billion, up from $71.0 billion in 2017, representing 20 percent of GDP. Despite the increase, Nigeria remained at moderate risk of debt distress although the Federal Government issued additional Eurobond of $2.9 billion in November 2018, which reflects its new debt management strategy of prioritizing foreign debt to mitigate the high servicing costs of domestic borrowing. Furthermore, relatively strong oil receipts solidified the current account surplus to an estimated 3.7 percent and bolstered improvements in the terms of trade by about 13 percent in 2018 alone.

Although Nigeria has a relatively low debt-to-GDP ratio, there is need for fiscal prudence to avoid a debt trap, especially as global interest rates start to rise. Therefore, contraction of new external debt should balance spending needs with capacity to improve the economy's competitiveness and stimulate growth.

It is important to note that the heightened global trade uncertainty, rising interest rates in advanced financial markets, pre-election jitters as well as weak emerging market sentiment in 2018 depleted investors' value at the Nigerian Stock Exchange, with the stock market losing 17.8 percent or 6,812.69 points as the NSE ASI closed at 31,430.50 points on the last trading day of 2018 from 38,243.19 points it started the year with. Similarly, investors lost 13.9 percent or N1.9 trillion of their investment value, as market capitalization stood at N11.7 trillion at the end of 2018 compared to its value of N13.61 trillion at the beginning.

The outlook for Nigeria in immediate and medium terms depends majorly on the pace of implementing the Economic Recovery and Growth Plan, which anchors Nigeria's industrialization on establishing industrial clusters and staple crop processing zones to give local firms a competitive edge through access to raw materials, skilled labour, and technology.

In addition, the Power Sector Reform Program, if effectively implemented, could attract more private investment, especially in view of its targets to achieve 10 gigawatts of operational capacity by 2020. However, the country requires fiscal discipline and re-calibration of the federal budget, which has been perennially dominated by recurrent spending, in favour of capital expenditure and accumulating savings to sustain social spending.

UNITY BANK'S PERFORMANCE IN 2018

The Bank grew its liability in 2018 by 20.3 percent from the previous year to N479.7 billion despite customer deposits dipping by 4.29 percent to N241.94 billion owing to the political and electioneering activities that characterized the end of the year. Similarly, the Bank ramped up significant growth of its total assets from N156.51 billion in 2017 (after de-recognition of some legacy bad assets) to N235.98 billion by the end of 2018, which was largely driven by growth in loan portfolio, as the Bank grew it's loan book significantly by 387 percent to hit N43.66 billion despite the political, economic and regulatory uncertainties in the year.

The Bank earning capacity remained robust in 2018 despite limitation to asset growth owing to capital constraints and slow recovery of the economy. Net operating income increased by 111.7 percent to N21.6 billion in 2018. Operational prudence was also sustained in the period as the Bank reduced its overheads by N4.2 billion. Consequently, your Bank recorded an impressive fit, bouncing from a loss position of N14.9 billion in 2017 to post a PBT of N1.41 billion against all odds.

CHANGES ON THE BOARD

As you would recall, at our last Annual General Meeting, you approved two new addition to the Board of Directors of Unity Bank. They joined the services of our Bank in the course of the 2018 Financial Year and have since then provided leadership at various divisions of the Bank. Mr. Ebenezer Kolawole, resumed as Executive Director for Finance and Operations, while Mr. Usman Abdulqadir, is currently the Executive Director in Charge of Risk Management and Compliance.

OUTLOOK FOR THE BANK

We expect government policies in 2019 to continue to shape key areas that stifled meaningful intermediation especially risk, NPLs, margin erosion, and others. Increased industry competition with greater focus on the retail segment will be the agenda for 2019 to 2021. As a Bank, we have aligned our retail strategy to ensure that we are well positioned in 2019 and beyond to succeed in this area.

Similarly, digital technology will play a significant role in our business and offerings in 2019 as we engage the market. We are already developing products that will strengthen our market relevance in our areas of competitive advantage and give us the edge in the alternate channels space. We have also restructured our Retail and E-Business function as a focal point for our strategy to increase market share in the youth segment, and reduce financial exclusion in line with the vision to be the Nigerian Retail Bank of choice.

We will also be strengthening our strategic partnerships with international and local experts in the markets that we have identified to play, in order to make most of the opportunities in the value chain thereof.

For the financial year 2019, we are therefore positioned to significantly improve earnings and profitability; optimize cost; and increase viable transactions. Our aim is to have a highly intelligent, competent and committed workforce to drive our business. To achieve this, we will put a lot of efforts to attract and retain the best and productive people and will continuously seek to meet the highest levels of sound business ethics and corporate social responsibility.

APPRECIATION

On behalf of the entire Board of Directors and shareholders, I thank our beloved customers and other stakeholders for standing with the Unity Brand. Also, I would like to thank my fellow members of the Board for their unalloyed confidence in the Unity Bank project. Please, accept my deepest appreciation for your unwavering support and commitment to see that we succeed together.

Thank you.

Aminu Babangida
Chairman, Board of Directors

Tomi Somefun

MANAGING DIRECTOR / CHIEF EXECUTIVE OFFICER

> "Total Assets increased by 50.8% from the previous year to N235.9 billion assisted by growth in quality risk assets. Loans and advances for the year were N43.7 billion, 387.3% higher than the previous year."

The 2018 financial year was a period of strong recovery for Unity Bank. Our profitability has been largely restored and we now look forward to opportunities for growth.

This performance has depicted our impressive showing, despite the difficult operating environment that was typified by fragile consumer confidence that influenced low demand for credit, heightened competition for retail deposits and the late implementation of the national budget. It is therefore pleasing that we were able to produce a result that shows improvement in a range of profitability and efficiency measures – including net profit, cash earnings, net interest margin, dividend and earnings per share, return on equity and cost to income ratio.

The financial performance in 2018 as recorded in this annual report has been very strong, albeit on a leaner capital base as we seek to conclude our capitalization drive. This performance has given us the platform to grow business again but with renewed conservatism and commitment to serve our customers and fulfill on our promise to succeed together.

Global and Our Immediate Operating Environment

The implementation of tariffs by the United States and the reciprocal actions taken by China, which eventually became known as the "trade war" between the two super powers, was the highlight that defined global polity in 2018. The protectionist approach from both giants affected trade policies across many economies resulting in global growth rate moderating to 3.7% from the 3.8% recorded in 2017.

The over-optimistic global growth projection was hit by a plethora of issues, including the unending conundrum of BREXIT, the "Yellow Jacket" movement in France that almost brought the country to a standstill, and uncertainty occasioned by spiraling trade tensions between Canada and China meant advanced economies dipped slightly to 2.3% against 2.4% recorded in 2017. Emerging markets and developing economies followed the same pattern with growth slowing down to 4.6% in 2018, after recording 4.7% in the previous year.

The decision of the United States of America to abandon the Iran nuclear deal mid-2018 and its ambivalent stance on NATO has ensured a protracted stability in crude production and pushed prices beyond forecasts. This has benefited sub-Saharan Africa by maintaining 2018 growth at 2.9%, same as in 2017.

All the major indices were in the positives for Nigeria with real gross domestic product (GDP) having a 1.81% leap (year-on-year), foreign reserves rose to $43.1bn from $38.9bn in December 2017, a fairly stable FX regime and high crude prices on the back of US sanctions as it relates the Iran nuclear deal.

It was however a shame that the country could not profit from all the positive indices to make real socio-economic gains. This was in part owing to the prolonged impasse between the Executive and the Legislature which dragged the passing of the 2018 appropriation bill into the middle of May of 2018. As budget implementation was picking up steam in the 3rd quarter of 2018, electioneering exacerbated policy implementation as the attention of both the Legislators and Executives went into politicking for the 2019 elections. This heightened risk perception associated with electioneering kept many investors away.

Some seismic shocks were witnessed in the banking industry during the year that was, including the biggest news of the year broken in the 4th quarter, that Access Bank was acquiring Diamond Bank with the transaction set to be finalized in first quarter of 2019. A bridge bank named Polaris Bank also emerged from the now defunct Skye Bank following the revocation of its license by the Central Bank. Shared Agent Network Expansion Facilities (SANEF), an initiative of the CBN, DMBs and mobile money operators began an ambitious project to achieve 80% financial literacy in the country by 2020.

A Look at How We Fared

Our performance in 2018 shows the strength of the possibilities achievable when the various strategic initiatives we have started to implement fully converge. The tough and defining decisions taken in 2017 resulted in the regularization of our financials. However, through ingenuine and optimal allocation of our limited resources, albeit in an operating environment fraught with double digit inflation and burgeoning unemployment figures, our Bank posted a profit after tax of N1.27 billion.

The "Sale of NPLs" decision taken in the penultimate year meant Interest Income dipped 65.9% to N29.5 billion from N86.6 billion in 2017, this however freed Operating Income from the effect of the spiraling impairment charge that lowered revenue by N44.3 billion in 2017. The result was an aggregate 111.7% or N11.4 billion increase in Net Operating Income to N21.6 billion in 2018. We were equally happy to see the improvement in the pricing of our deposits with Interest Expense decreasing by N19.9 billion to N15.5 billion which represents 56.2% reduction.

Total Assets increased by 50.8% from the previous year to N235.98 billion assisted by growth in quality risk assets. Loans and advances for the year were N43.7 billion, 387.3% higher than the previous year. This growth reflects Unity Bank's focus on competitiveness and improvement, which is a key fulcrum in the series of strategic initiatives deployed for increased performance.

We expect to grow shareholder value again this year, even with the perceived uncertainty in market conditions occasioned by electioneering and high level of insecurity reported in several locations in the country. We are convinced in the ability and the resilience of the Bank to navigate the undulating and uncertain business terrains and various challenges that may present itself from time to time.

Leading On

Riding on this improved performance, our resolve going forward is to focus on sustaining growth at profitable prices; initiating business deals that are prudent, profitable and that promotes enduring relationships, which guarantee quality earnings now and in the future. The clean slate in our books has reinforced our position to only take business risks based on due diligence and improved risk management and sustainable practices.

In the immediate term, our motivation is to leverage on the over 217 business locations we currently have and grow Unity Bank into Nigeria's topmost customer-connected bank in the Nigerian financial services sector. This, we expect to drive through direct connections established via our business touchpoints or facilitated with the help of our community of partners and agents across the length of the country. The aspirations and the peculiar needs of all customers will be put at the fore in the modelling of our offerings and the pattern of our banking practice, this is to position us as a partner seeking to be relevant, connected and valued by our esteemed customers.

The renewed focus of the Federal government on entrenching sustainable agriculture as the core driver for employment and economic growth further accentuates the values we have long placed in the sector and has confirmed our value proposition, which has seen us significantly increase our market share in agribusiness space by onboarding over 500,000 farmers and input suppliers in the last one year, and disbursing additional N31 billion facility across the value chain.

With the dynamism associated with market conditions, our priorities will continue to converge on expanding our bucket of cheap and sustainable deposits and aligning our asset and liability bases to better reflect the volatility in the environment. In our view, this provides evidence of the strength of our now clean and invigorated entity. It additionally provides the needed platform as we conclude on our capital raising exercise to build a resilient balance sheet, enhance our goodwill, and deliver on our promise of an excellent customer experience.

Our Commitment

The support and the unwavering trust of all you esteemed shareholders cannot be overemphasized as we concertedly daily strive to reposition our Bank. Our recapitalization, while far from complete, is on target. The Management team was bolstered with the addition of Usman Abdulqadir and Ebenezer Kolawole during the period with the responsibility of overseeing Risk Management and Compliance directorate, and Finance and Operations directorate, respectively. The team is working assiduously to optimize all opportunities available to deliver on the mandate of creating superior wealth for all stakeholders.

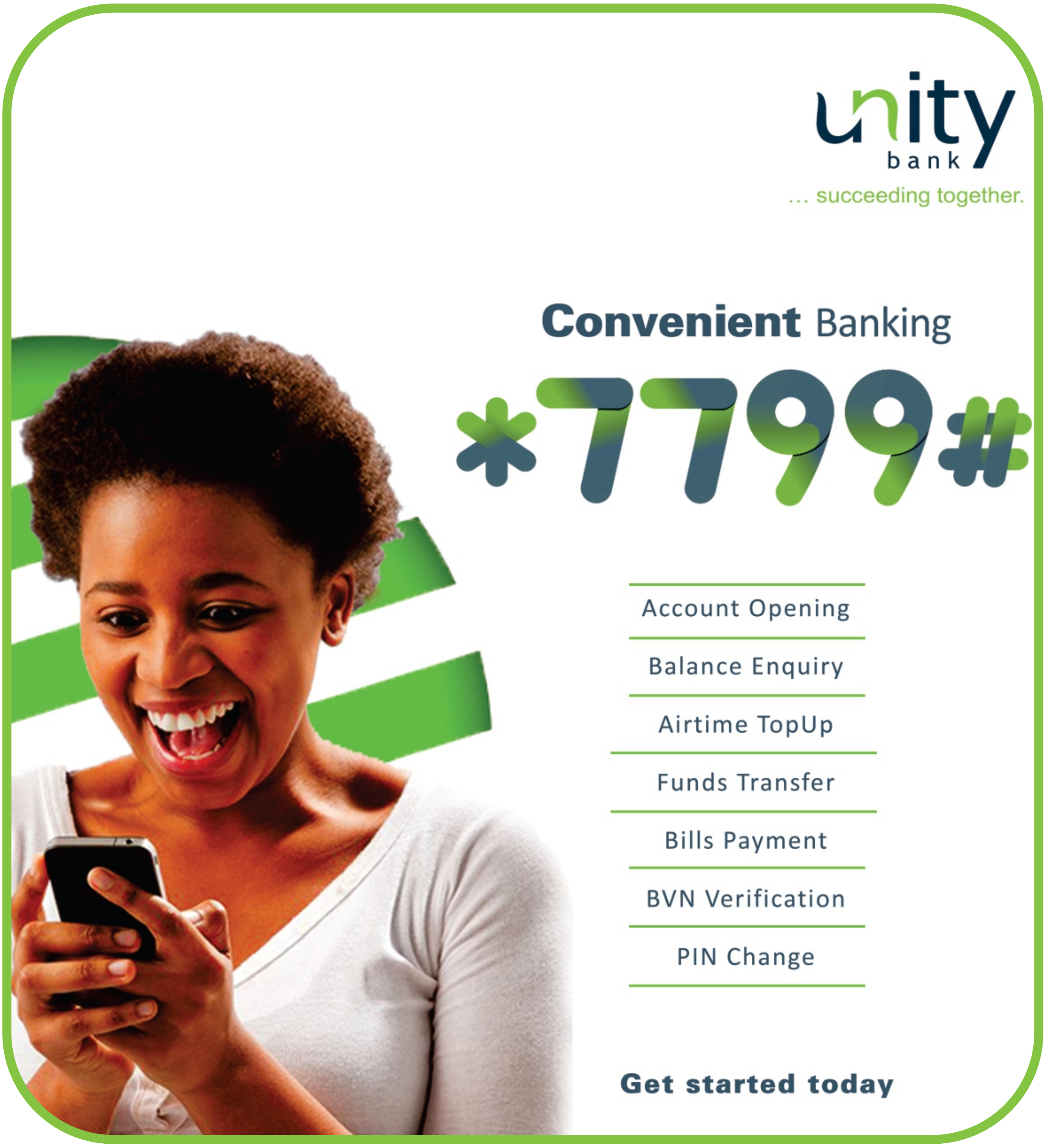
I remain confident in the future of our Bank and excited about the potentials that will differentiate and profit us in the coming months. Our niche market in the AgriBusiness is flourishing, the investment we have made in our digital touchpoints has reshaped our perception, and the customer-centricity direction we took during the year has resulted in reduced customer complaints and improved customer satisfaction.

Credit also goes to all the employees that have tirelessly supported me and the entire management team in this journey. Thank you and please never stop believing in the Unity project.

We are almost crossing the Rubicon.

Thank You

Tomi Somefun
MD/CEO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... succeeding together.
Convenient Banking
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Account Opening
Balance Enquiry
Airtime TopUp
Funds Transfer
Bills Payment
BVN Verification
PIN Change
Get started today

DIRECTOR'S REPORT

For the year ended 31 December 2018

The Directors present their report on the affairs of Unity Bank Plc ("the Bank") together with the financial statements and Auditor's report for the year ended 31 December 2018.

a. Representation

The Board of Directors represents all shareholders and acts in the best interest of the Bank. Each Director represents the company's shareholders regardless of the manner in which he/she was appointed. Each Director undertakes not to seek, nor to accept, any benefit liable to compromise his/her independence.

b. Legal Form

The Bank was incorporated in Nigeria under the Companies and Allied Matters Act CAP C20 LFN 2004 as a private limited company on 27th April, 1987 with the name Intercity Bank Limited. It was granted license on 28th October, 1987 to carry on the business of commercial banking and commenced full banking business operation on 28th October, 1988. The bank was converted into a Public Limited Liability Company on 8th September, 1992. Following the consolidation reforms introduced and driven by the Central Bank of Nigeria in 2004, the Bank after its merger with eight other Banks, changed it's name to Unity Bank Plc on 30th December, 2005 and it's shares are currently quoted on the Nigerian Stock Exchange.

c. Principal Activity

The principal activity of the Bank is the provision of banking and other financial services to corporate and individual customers. Such services include but not limited to granting of Loans and Advances, Corporate Banking, Retail Banking, Consumer and Trade Finance, International Banking, Cash Management, Electronic Banking services and money market activities.

d. Business Review and Future Development

The Bank carried out banking activities in accordance with its Memorandum and Articles of Association. A comprehensive review of the business for the year and the prospects for the ensuing year will be contained in the Managing Director's report that will be presented in the annual report.

e. Fixed Assets

Information relating to the movements in fixed assets of the Bank during the year is provided in the notes to the accounts. In the opinion of the Directors, the market value of the Bank's properties is not less than the value shown in the accounts.

f. Operating Results

The table below summarises the financial performance of the Bank in the period under review:

	DEC - 18 N' 000	DEC - 17 N' 000
Gross earnings	37,325,405	89,925,696
Profit before tax	1,411,053	(14,242,574)
Income tax expenses	(141,619)	(675,364)
Profit after tax	**1,269,435**	**(14,917,938)**
Profit attributable to shareholders	1,269,435	(14,917,938)
Earnings per share		
Basic earnings per share (Kobo)	13.03	-127.62

g. Director's shareholding

The Directors who held office during the period, together with their direct and indirect interests in the issued share capital of the Bank as recorded in the register of directors' shareholding and/or as notified by the directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange are as stated below:

	31 - Dec			31 - Dec		
	2018			2017		
Name of Directors	**Direct Holdings**	**Indirect Holdings**	**%**	**Direct Holdings**	**Indirect Holdings**	**%**
Aminu Babangida[1]	NIL	615,889,636	5.54	NIL	615,889,636	5.54
Oluwafunsho Obasanjo[2]	NIL	926,104,410	7.92	NIL	926,104,410	5.54
Hafiz Mohammed Bashir[*]	510,000	NIL	NIL	NIL	NIL	NIL
Sam N. Okagbue	NIL	NIL	-	NIL	NIL	-
Yabawa Lawan Wabi[3]	NIL	4,002,291,385	34.24	NIL	4,002,291,385	34.24
Tomi Somefun	NIL	NIL	-	NIL	NIL	-
Temisan Tuedor	NIL	NIL	-	NIL	NIL	-
Ebenezer Kolawole	NIL	NIL	-	NIL	NIL	-
Usman Abdulqadir	NIL	NIL	-	NIL	NIL	-

[1]*El-Amin Nig. Limited. And B-Sha Limited*

[2]*Tempo Food & Packing Limited, Obasanjo Holdings, Alarab Properties Limited, Agro Mixed Nigeria Limited, Ibad Limited*

[3]*Asset Management Corporation of Nigeria*

h. Directors Interest in contracts

For the purpose of section 277 of CAMA, all contracts with related parties during the period were conducted at arm's length. Information relating to related parties transactions are contained in Note 48 to the financial statements.

I. Shareholding Analysis

The shareholding pattern of the Bank as at 31 December 2018 is as stated below:

Range	No Of Shareholders	Unit
1 - 9999	59,728	10,012,203
10000 - 50000	14,586	29,945,251
50001 - 100000	3,189	22,580,292
100001 - 500000	5,246	118,105,250
500001 - 1000000	1,216	90,957,924
1000001 - 50000000	1,402	563,384,069
50000000 - 100000000	13	93,778,098
100000001 - 500000000	30	759,206,462
500000001 - 1000000000	18	1,114,728,208
1000000001 - 500000000000	10	8,886,640,185
TOTAL	**85,438**	**11,689,337,942**

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500000001 - 1000000000	18	1,114,728,208
1000000001 - 500000000000	10	8,886,640,185
TOTAL	**85,438**	**11,689,337,942**

j. Substantial interest in shares

According to the register of members as at 31 December 2018, no shareholder held more than 5% of the issued share capital of the Bank except the following:

Shareholder	No of Shares held	Shareholding (%)
ASSET MANAGEMENT CORPORATION OF NIGERIA	4,002,291,385	34.24%
PANAFRICAN CAPITAL NOMINEE	1,480,614,483	12.67%
THOMAS A. ETUH	1,053,199,290	9.01%
IBAD LIMITED	717,722,190	6.14%
EL-AMIN (NIG.) LTD	615,889,636	5.27%
TOTAL	**7,869,716,984**	**67.33%**

For the year ended 31 December 2017

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Shareholder	No of Shares held	Shareholding (%)
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THOMAS A. ETUH	1,053,199,290	9.01%
IBAD LIMITED	717,722,190	6.14%
EL-AMIN (NIG.) LTD	615,889,636	5.27%
TOTAL	**7,869,716,984**	**67.33%**

k. Acquisition of own shares

The Bank did not purchase its own shares during the period.

l. Corporate Social Responsibility (CSR)

For the year ended 31 December 2018, the Bank expended the sum of N13.38 million, (to N122 million in December 2017) on various CSR Commitments. CSR commitments usually cover the fields of Education/Capacity Building, Trade Promotions, Value Reorientation, Professional Developments, Community Interventions, Sports and Health as follows:

S/N	Details of Expenditure	Category	Amount (N'000)	Date
1.	OSUN STATE MILLENIUM DEVELOPMENT GOALS PROGRAMME	Community Intervention	1,000	Jan-18
2.	LOCAL GOVERNMENT STAFF PENSIONS BOARD TRAINING	Education	2,500	Apr-18
3.	LOCAL GOVERNMENT STAFF PENSIONS BOARD TRAINING	Education	5,000	Nov-18
4.	ASSBIFI LOCAL INTERVENTION PROGRAM	Community Intervention	1,000	Aug-18
5.	CASH MANAGEMENT ACCIDENT VICTIMS SUPPORT	Health	2,880	Aug-18
6.	ALMIGHTY GOD COMPASSION CARE HOME	Community Intervention	1,000	Aug-18
	TOTAL		**13,380**	

m. Post Balance Sheet Events

As at the time of approving this account, the Bank is at advanced stages of raising additional equity and debt capital. It is expected that this will improve the capital ratios of the Bank, improve competiveness and in its expansion plans.

n. Human Resources

Commitment to Equal Employment Opportunity

The Bank is committed to maintaining positive work environment and to conduct business in a positive professional manner by consistently ensuring equal employment opportunity to all irrespective of gender.

Directors and staff analysis by gender are given in the tables below:

(a) Analysis of total employees

	31 December 2018		31 December 2017	
Employees	**Number**	**Percentage**	**Number**	**Percentage**
Male	1,122	65%	1,172	65%
Female	612	35%	636	35%
	1,734	**100%**	**1,808**	**100%**

(b) Analysis of Board and top management staff

	31 December 2018		31 December 2017	
i Board members (Executive and non-executive Directors)				
Employees	**Number**	**Percentage**	**Number**	**Percentage**
Male	6	67%	3	87%
Female	3	33%	4	13%
	9	**100%**	**7**	**100%**

	31 December 2018		31 December 2017	
ii Top Management staff (AGM-GM)				
Employees	**Number**	**Percentage**	**Number**	**Percentage**
Male	16	89%	18	90%
Female	12	11%	2	10%
	18	**100%**	**20**	**100%**

(c) Further analysis of Board and top management staff

	31 December 2018					
	Male		**Female**		**Total**	
Assistant General Managers	8	89%	1	11%	9	**100%**
Deputy General Managers	7	88%	1	12%	8	**100%**
General Managers	1	100%	0	0%	1	**100%**
Board Members (Non-Executive Directors)	3	60%	2	40%	5	**100%**
Board Members (EDs ex MD/CEO)	3	100%	0	0%	3	**100%**
Managing Director/CEO	0	0%	1	100%	1	**100%**
	22		**5**		**27**	

31 December 2018						
	Male		Female		Total	
Assistant General Managers	8	89%	1	11%	9	**100%**
Deputy General Managers	7	88%	1	13%	8	**100%**
General Managers	3	100%	0	0%	3	**100%**
Board Members (Non-Executive Directors)	2	50%	2	50%	4	**100%**
Board Members (EDs ex MD/CEO)	1	50%	1	50%	2	**100%**
Managing Director/CEO	0	0%	1	100%	1	**100%**
	21		**6**		**27**	

Employment of Disabled Persons

The Bank continues to maintain a policy of giving fair consideration to the application for employment made by disabled persons with due regard to their abilities and aptitudes. The company's policy prohibits discrimination of disabled persons in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, efforts are made to ensure that their employment with the Bank continues and appropriate training arranged to ensure that they fit into the Bank's working environment.

Health, Safety and Welfare at Work

The Bank enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly and employees are aware of existing regulations. The Bank provides subsidies to all levels of employees for transportation, housing, lunch and also medical expenses both for staff and their immediate families. Fire prevention and fire-fighting equipment are installed in strategic locations within the company's premises.

The Bank operates both a Group Personal Accident and the Workmen's Compensation Insurance covers for the benefit of its employees. It also operates a contributory pension plan in line with the amended Pension Reform Act 2014.

Employee Involvement and Training

The Bank is committed to keeping employees fully informed as much as possible regarding the Bank's performance and progress and seeking their opinion where practicable on matters which particularly affect them as employees. In accordance with the Bank's policy of continuous development, training is carried out at various levels and employees are nominated to attend both local and international courses. These are equally complimented by on-the–job training.

Formal and informal channels are also employed in communicating with employees with an appropriate two-way feedback mechanism. Incentive schemes designed to encourage involvement of employees in the Bank's performance are implemented whenever appropriate.

o. Whistle Blowing

Pursuant to the requirements of the new code of corporate governance, the Bank has set up both electronic (On both its external website and internal portals) and manual (Visible whistle blowing boxes across all its locations) mechanisms to ensure its compliance.

P. Statutory Audit Committee

Pursuant to the requirements of the Companies and Allied Matters Act CAP C20, LFN 2004, the Bank has in place a Statutory Audit

Committee comprising three Non-Executive Directors and three representatives of Shareholders as follows:

1	Sunday Akinniyi (Shareholder's representative)	-	Member
2	Ahmed U Ndanusa (Shareholder's representative)	-	Member
3	Funke Titilayo Shodeinde (Shareholder's representative)	-	Member
4	Sam N. Okagbue (Independent Director)	-	Member
5	Oluwafunsho Obasanjo (Non-Executive Director)	-	Member
6	Yabawa Lawan Wabi mni (Non-Executive Director)	-	Member

q. Disclosure of customer complaints in financial statements for the year ended 31 December 2018.

	NUMBER		AMOUNT CLAIMED (N'000)		AMOUNT REFUNDED (N'000)	
	31 DEC 2018	31 DEC 2017	31 DEC 2018	31 DEC 2017	31 DEC 2018	31 DEC 2017
Pending complaints brought forward	276	364	7,344	13,750	-	-
Received complaints	85,459	62,440	2,853,905	15,901	-	-
Resolved complaints	(84,891)	(62,164)	(2,361,404)	(8,556)	1,654,810	642,214
Unresolved complaints escalated to CBN for intervention	178	93	1,840,956	11,916	1,250,847	344,268
Unresolved complaints pending with the bank carried forward	568	276	492,502	7,344	-	-

The tables below show Complaints received and resolved by the Bank in other currencies for the period ended December 2018 and December 2017 respectively.

	AMOUNT CLAIMED ($)		AMOUNT REFUNDED ($)	
	31 DEC 2018	31 DEC 2017	31 DEC 2018	31 DEC 2017
United States Dollars	10,110	-	-	-
Euros	600	-	-	-

r. Auditors

Due to new CBN guidelines on the duration of auditors, the board approved the engagement of Messrs Ahmed Zakari & Co (Chartered Accountants) as the Bank's auditors. In accordance with Section 357 (2) of the Companies and Allied Matters Act 1990, a resolution will be proposed at the Annual General Meeting to authorize the directors to determine their remuneration.

BY ORDER OF THE BOARD

Mohammed Shehu
FRC/2017/NBA/00000016416
Company Secretary
Unity Bank Tower
Plot 42, Ahmed Onibudo Street
Victoria Island, Lagos.
Dated this 8th day of February 2019

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2018

The Central Bank of Nigeria in its circular FPR/DIR/CIR/GEN/01/004 of May 16, 2014 released a Code of Corporate Governance which aims at protecting equity ownership, enhancement of sound organizational structure, promotion of industry transparency and guidelines for whistle blowing. The Code came into force on the 1st day of October, 2014. It required Banks to include in their annual report and Accounts a compliance report to the Code of Corporate Governance, in compliance therefore, we state below our compliance Report as at 31 December 2018:

COMPLIANCE STATUS

In line with the provisions of the new code, the Bank has put in place a robust Internal Control and Risk Management framework that will ensure optimal compliance with internationally acceptable corporate governance indices in all its operations. In the opinion of the Board of Directors, the Bank has complied with the Code of Corporate Governance during the 2018 financial year.

STATUTORY BODIES

Apart from the CBN Code of Corporate Governance, which the Bank has striven to comply with since inception, it further relies on other regulatory bodies to direct its policy thrust on Corporate Governance.

SHAREHOLDERS' MEETING

The shareholders remain the highest decision making body of Unity Bank Plc, subject however to the provisions of the Memorandum and Articles of Association of the Bank, and other applicable legislation. At the Annual General Meetings (AGM), decisions affecting the Management and strategic objectives of the Bank are taken through a fair and transparent process. Such AGMs are attended by the shareholders or their proxies and proceedings at such meetings are monitored by members of the press and representatives of the Nigerian Stock Exchange, Central Bank of Nigeria, Nigeria Deposit Insurance Commission, Corporate Affairs Commission, Securities

OWNERSHIP STRUCTURE

At inception, the public sector ownership within the Bank was more than the regulatory threshold of 10%, the Bank had between 2006 to 2010 reduced the public sector from 70% to 30.40%.

The Bank through the 2014 Capital Raising exercise (vide Rights Issue and Private Placement) diluted the percentage of public sector shareholding in the Bank from 30.40% as at September 3, 2014 to 8.91% as at December 31, 2014. The Public sector ownership currently stands at 8.34% as at 31 December 2018.

By so doing the Bank has complied fully with Clause 5:1:2 of the revised Central Bank of Nigeria (CBN) Code of Corporate Governance.

BOARD OF DIRECTORS

The Board of Directors consists of the Chairman, Managing Director/Chief Executive Officer (MD/CEO), Executive Directors (EDs), Non-Executive Directors (Non-EDs) and Independent Directors. The Directors have diverse background covering Economics, Agricultural Economics, Management, Accounting, Psychology, Information Technology, Public Administration, Law, Engineering, and Business Administration. These competences have impacted on the Bank's stability and growth.

The office of the Chairman of the Board is distinct and separate from that of the Managing Director/Chief Executive Officer and the Chairman does not participate in running the daily activities of the Bank. There are no family ties within the Board members.

We confirm that the Chairman of the Board is not a member of any Board Committee and appointment to the Board is made by the shareholders at the Annual General Meeting upon the recommendation of the Board of Directors.

MEMBERSHIP OF THE BOARD OF DIRECTORS

Memberships of the Board of Directors during the year ended 31 December 2018 were as follows:

S/N	Director's Name	Position Held within the Board
1.	Aminu Babangida	Board Chairman
2.	Oluwafunsho Obasanjo	Non Executive Director
3.	Sam N. Okagbue	Independent Director
4.	Yabawa Lawan Wabi, mni	Non Executive Director
5.	Hafiz Mohammed Bashir	Non Executive Director
6.	Tomi Somefun	Managing Director/CEO
7.	Temisan Tuedor	Executive Director
8.	Ebenezer Kolawole	Executive Director
9.	Usman Abdulqadir	Executive Director

STANDING BOARD COMMITTEES

The Board carried out its oversight responsibilities through five (5) standing Committees whose terms of reference it reviews regularly. All the Committees have clearly defined terms of reference, which set out their roles, responsibilities and functions, scope of authority and procedures for reporting to the Board. In Compliance with Code No. 6 on industry transparency, due process, data integrity and disclosure requirement, the Board had in place the following Committees and reporting structures through which its oversight functions were performed:

1 Board Risk Management & Audit Committee;

2 Board Credit Committee;

3 Board Finance and General Purpose Committee;

4 Board Governance & Nominations Committee.

5 Statutory Audit Committee

BOARD RISK MANAGEMENT AND AUDIT COMMITTEE

The Board Risk Management & Audit committee has over sight functions over the Bank's internal control systems, financial reporting, disclosure policies and practices insulating the Bank from operational and lending risks. The Committee is responsible for overseeing on behalf of the Board and shareholders.

- The integrity of financial reporting
- The soundness and adequacy of the Bank's internal control systems
- The independence, qualification and performance of internal and external auditors
- Entrenching a culture of good corporate governance
- Overseeing the overall Risk Management of the Bank;
- Reviewing periodically, Risk Management objectives and other specific Risk Policies for consideration of the full Board
- Evaluating the Risk Rating Agencies, Credit Bureau and other related Service Providers to be engaged by the Bank;
- Approving the internal Risk Rating Mechanism;
- Reviewing the Risk Compliance reports for Regulatory Authorities;

- Reviewing and approving exceptions to the Bank's Risk Policies;
- Review of policy violations on Risk issues at Senior Management Level;
- Certifying Risk Reports for Credits, Operations, Market/Liquidity subject to limits set by the Board;
- Evaluating the risk profile and risk management plans for major projects and new ventures to determine the impact on the Bank's risk profile.
- Ensuring compliance with global best practice standards as required by the Regulators.
- Monitoring the market, Operational, Reputational, Liquidity, Compliance, Strategic, Legal and other Risks as determined by the board.
- Any other oversight functions as may, from time to time, be expressly requested by the Board.

REPORTING

The Board Risk Management and Audit Committee shall report its Committee business to the Board.

MEMBERSHIP

The Committee is chaired by an independent director and comprises of a total number of Seven (7) members including One (1) Independent Director and Two (2) Executive Directors as follows:

S/N	Director's Name	Position Held within the Board
1.	Sam N. Okagbue	Chairman
2.	Oluwafunsho Obasanjo	Member
3.	Yabawa Lawan Wabi, mni	Member
4.	Hafiz Mohammed Bashir	Member
5.	Tomi Somefun	Member
6.	Usman Abdulqadir	Member
7.	Ebenezer Kolawole	Member

Executive Directors are excused from the meeting when considering Audit Reports.

BOARD CREDIT COMMITTEE

The Board Credit Committee is charged with the responsibility of evaluating and or approving all credits beyond the powers of Management from =N= 750 Million to =N=1 Billion for fund based facilities and from=N=1.5 Billion to =N=2 Billion for non fund

ROLES

The Role of the Committee is:

i. Oversee Management's establishment of policies and guidelines to be adopted by the Board

ii. Articulating the Bank's tolerances with respect to credit risk, and overseeing Management's administration of and compliance with these policies and guidelines.

iii. Oversee Management's establishment of appropriate systems (including policies, procedures, management and credit risk stress testing) that support measurement and control of credit risk.

iv. Periodic review of Management's strategies, policies and procedures for managing credit risk, including credit quality administration, underwriting standards and the establishment and testing of provisioning for credit losses.

v. Overseeing the administration of the Bank's credit portfolio, including Management's responses to trends in credit risk, credit concentration and asset quality.

vi. Coordinate as appropriate its oversight of credit risk with the Board Risk Management Committee in order to assist the Committee in its task of overseeing the Bank's overall management and handling of risk.

vii. Evaluate and or approve all credits beyond the powers of the Executive Management.

viii. Ensure that a qualitative and profitable Credit Portfolio exist for the Bank.

ix. Evaluate and recommend to the Board all credits beyond the Committee's powers.

x. Review of credit portfolio within its limit in line with set objectives.

xi Review of classification of credit advances of the Bank based on prudential guidelines on quarterly basis.

xii. Approving the restructuring and rescheduling of credit facilities within its powers;

xiii. Write-off and grant of waivers within powers delegated by the Board;

xiv. Review and monitor the recovery of non-performing insider related loans.

MEMBERSHIP

The Committee has seven (7) members comprising of four (4) Non-Executive Directors and three (3) Executive Directors as follows:

S/N	Director's Name	Position Held within the Board
1.	Oluwafunsho Obasanjo	Chairman
2.	Sam N. Okagbue	Member
3.	Yabawa Lawan Wabi, mni	Member
4.	Hafiz Mohammed Bashir	Member
5.	Tomi Somefun	Member
6.	Usman Abdulqadir	Member
7.	Temisan Tuedor	Member

BOARD FINANCE AND GENERAL PURPOSE COMMITTEE

The Finance & General Purpose Committee of the Board has oversight function on capital and operational expenditures of the Bank as well as staff matters. Its terms of reference are as follows:

1 Periodic review of the Bank's Strategic Plans inclusive of required Organisational Structure to drive the plans;

2 Review of the Bank's Annual Budget and on quarterly basis, Budget variances.

3 Measuring actual performance against budget by reviewing Management accounts and operating results

4 Hire, Fire and Promote staff of Principal Manager grade and recommendations on such issues of staff on grades of AGM and above to the Board;

5 Monitor compensation arrangements to ensure that the Bank is attracting and retaining highly qualified staff through competitive salary and benefits, programmes and awards;

6 Review long range planning for Top and Senior Management development and succession;

7 Review the recommendation of Management for the total size and distribution of the Annual incentive Bonus and approve such amounts or recommend to the Board.

MEMBERSHIP

The Committee comprises Seven (7) Members and the Chairman is a Non-Executive Director. The Membership of the Committee is as follows:

S/N	Director's Name	Position Held within the Board
1.	Hafiz Mohammed Bashir	Chairman
2.	Oluwafunsho Obasanjo	Member
3.	Sam N. Okagbue	Member
4.	Yabawa Lawan Wabi, mni	Member
5.	Tomi Somefun	Member
6.	Ebenezer Kolawole	Member
7.	Temisan Tuedor	Member

BOARD GOVERNANCE & NOMINATIONS COMMITTEE (BG&NC)

The BG&NC concentrates on Board Compensations and Appointment matters with the following terms of Reference and Membership:

Functions

- The Committee shall consider matters relating to the composition of the Board and Board Committees.
- The Committee shall handle matters relating to Board remunerations and appointment.
- The Committee shall determine the remuneration, incentive arrangements and benefits of the Chairman of the Board.
- The Committee shall determine the incentive arrangements and benefits of the Executive and Non Executive
- Directors of the Bank within the limits imposed by Regulatory Authorities.
- The Committee shall determine the remuneration of executive Directors.
- Review and submit to the full Board, recommendations concerning renewal of Executive Directors' contract, their compensation plans, prerequisites and ensure that their packages are competitive.
- The Committee shall recommend any proposed change(s) to the Board.
- The Committee shall keep under review the need for appointments and prepare a description of the specific experience and abilities needed for each Board appointment, consider candidates for appointment as either Executive or Non-Executive Directors and recommend such Appointments to the Board.
- Review the tenor of Non-Executive Directors on the Board and Board Committee assignments and other commitments to the Bank.
- Recommend to the Board renewal of appointment of Executive/Non Executive Directors at the end of their 1st and 2nd term of office based on the outcome of review of Directors performance.
- Advise the Board on succession planning regarding the roles of the Chairman, Chief Executive Officer and Executive Directors.
- Advise the Board on the contents of the Directors Annual Remuneration Report to shareholders.
- To obtain outside or other independent professional advice from third parties with relevant experience in connection with the matters within the Committee's Terms of Reference and establish the selection criteria to select, appoint and set the terms of payment for any "Remuneration Consultant" engaged by the Committee to advise it.
- To consider and decide on such matters as the Board may refer to it.

- To establish the criteria for Board and Board Committee Memberships.
- To review candidates' qualifications and any potential conflict of interest.
- To assess the contribution of Directors in connection with their re-nomination and make recommendations to the Board.
- To prepare a job specification for the Chairman's position, including an assessment of time commitment required of the candidate;
- To periodically evaluate the skills, knowledge and experience required on the Board
- Removal Operating Structure, Reporting and other Committee Operational matters;
- To provide input to the Annual Report of the Bank in respect of Directors' compensation;
- To ensure that the Board evaluates itself on an Annual basis;
- To review and make recommendations to the Board for approval of the Bank's organizational structure and any proposed amendments.
- Establish and maintain remuneration, recruitment, retention, incentive and termination policies and practices for Senior Management Staff in line with best practice and the highest standard of Corporate Governance.
- The remuneration policies of the Bank in general.
- Recommending to the Board policies and processes for effective and dynamic leadership and governance.
- Advising and recommending board education, training, retreats, and orientation for new members.
- Ensuring that the Bank maintains remuneration and incentive policies and practices that are competitive, fair, and in line with best practice in order to attract and retain good hands.
- Recommend a Board succession plan to allow for orderly and smooth succession on the Board.
- The Committee shall ensure that the remuneration of Executives and Board members align with the long term interest of the Bank and its shareholders.
- The Committee shall ensure that the level of remunerations is sufficient to attract, retain and motivate executive officers of the Bank which shall be balanced against the Bank's interest in not paying excessive remuneration.

MEMBERSHIP

The Committee shall comprise of a minimum of four (4) members made up of only Non-Executive Directors with the expertise and independence to carry out their responsibilities and duties effectively. The Membership of the Committee is as follows:

S/N	Director's Name	Position Held within the Board
1.	Yabawa Lawan Wabi, mni	Chairman
2.	Oluwafunsho Obasanjo	Member
3.	Sam N. Okagbue	Member
4.	Hafiz Mohammed Bashir	Member

- The integrity of financial reporting
- The soundness and adequacy of the Bank's internal control systems
- The independence, qualification and performance of internal and external auditors
- Entrenching a culture of good corporate governance

The Committee's terms of reference are defined under the following;

General

- Ensure that there is an open avenue of communication between the Internal Auditors and the Board and confirm the Auditors' respective authority and responsibilities.
- Oversee and appraise the scope and quality of the audits conducted by the Internal and External Auditors.
- Review annually, and if necessary propose for formal Board adoption, amendments to the Committee's terms of reference

Financial Statement

- Review the Bank's annual, half year and quarterly financial results, and other published information to satisfy itself that they meet all statutory requirements, Securities & Exchange Commission (SEC) requirements, appropriate Financial Reporting Standards and, that there are no unsettled issues of significance between the Management and the Internal Auditors which could affect the truth and fairness of the Statements.
- Review annually the accounting policies of the Bank and make recommendations to the Board.

Internal Audit

- Review and assess the annual internal audit plan.
- Receive and review on quarterly basis, Internal Auditors Reports of the Bank, especially reports on efficiency, cost control and budgetary prudence.
- Review and monitor Management's responsiveness to the findings and recommendations of the Internal Auditors.
- Review the Bank's internal financial controls and risk management systems and submit these reviews and its recommendations to the Board.
- Consider and review with the external auditors the adequacy of the Bank's systems of internal control (including computerized information systems) and the integrity of the Bank's Financial Statement and its accounts.
- Review promptly all material Reports on the Bank from the internal auditors.
- Ensure that appropriate action is taken on issues arising from such reports.
- Review the activities, resources, organizational structure and the operational effectiveness of internal audit, and where appropriate, make recommendations to the Board.

External Audit

- The Committee shall meet with both the external Auditors and Chief Financial Officer of the Bank to review the scope of the proposed audit for the year and the procedures to be utilized.
- Review the external auditor and Management of material accounting and financial reporting policies, practices and procedures used by the Bank.
- Review and discuss both with Management and the External Auditor, audited financial statement and other key financial disclosures prior to their release.
- Oversee the independence, qualifications and performance of the Bank's external auditors.
- Consider proposals for the appointment and compensation of External Auditors.

Whistle Blowing

- Review arrangements by which staff/stakeholders/general public may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.
- The Committee will ensure that arrangements are in place for the proportionate and independent investigation and follow-up of such matters.
- Global best practice however requires that a direct channel of communication is established between the whistle blower and the authority to take action. (Investigate or cause to be investigated the matter being blown). The direct channel should be through the Board Audit Committee.

Regulatory Reports

- Examine CBN/NDIC examination Reports, Management responses and make recommendations.
- Receive regular Reports on significant litigation and financial commitments and potential liability (including tax) issues that have a material impact on the Bank's financial condition or reputation.

Reporting

- The Statutory Audit Committee shall report its Committee business to the Board.

MEMBERSHIP

The Committee comprises of a total number of Six (6) members made up of three (3) Shareholders representative and three (3) Non- Executive Directors as follows:

S/N	Director's Name	Position Held within the Board
1.	Sunday B Akinniyi (Shareholder's representative)	Chairman
2.	Funke T. Shodeinde (Shareholder's representative)	Member
3.	Ahmed U. Ndanusa (Shareholder's representative)	Member
4.	Yabawa Lawan Wabi, mni (Non-Executive Director)	Member
5.	Sam N. Okagbue (Independent Director)	Member
6.	Oluwafunsho Obasanjo (Non-Executive Director)	Member

REMUNERATION OF DIRECTORS

The Shareholders at the Bank's Annual General Meeting, set and approve the annual remuneration of members of the Board of Directors. The annual emoluments of the Directors are stated in Note 46 of the Financial Statement.

ATTENDANCE OF BOARD AND COMMITTEE MEETINGS

The table below shows the frequency of meetings of the Board of Directors and Board Committees, as well as Members' attendance from January 1, 2018 to December 31, 2018.

	Board	Board Credit Committee	Board Risk Management & Audit Committee	Board Governance & Nomination Committee	Statutory Audit Committee	Board Finance and General Purpose Committee
Date of Meetings	25-Jan-18 21-Feb-18 28-Jun-18 20-Sep-18 23-Nov-18	20-Feb-18 26-Jun-18 18-Sep-18 21-Nov-18	20-Feb-18 26-Mar-18 25-Jun-18 17-Sep-18 19-Nov-18	24-Jan-18 27-Jun-18	20-Feb-18 26-Mar-18 25-Jun-18 17-Sep-18 19-Nov-18	21-Feb-18 26-Jun-18 09-Jul-18 19-Sep-18 21-Nov-18
Number of Meetings	**5**	**4**	**5**	**2**	**5**	**5**
Mr. Aminu Babangida	5	N/A	N/A	N/A	N/A	N/A
Oluwafunsho Obasanjo	5	4	5	2	5	5
Sam N. Okagbue	5	4	5	2	5	5
Yabawan Lawan Wabi,mni	5	4	5	2	5	5
Hafiz Mohammed Bashir	5	4	4	2	N/A	5
Tomi Somefun	4	4	4	N/A	N/A	4
Temisan Tuedor^	5	4	2	N/A	N/A	4
Ebenezer A. Kolawole*~	3	N/A	3	N/A	N/A	4
Usman Abdulquadir**	3	3	3	N/A	N/A	N/A

* *Joined the board in February 2018*
** *Joined the board in April 2018*
^ *Ceased to be a member of the Board Risk Management and Audit Committee in May 2018*
~ *Became members of the Board Risk Management & Audit Committee in June 2018*

INTERNAL AUDIT

The Bank has separate staff within the internal audit function seperate from operational and management Internal control Charter for its internal audit exercise. The Charter isolates and insulates the Internal Audit Division from the control and influences the Executive Management so as to independently review the Bank's operations. Under the Charter, the Internal Auditors' report is submitted directly to the Board Audit Committee.

EXECUTIVE MANAGEMENT COMMITTEE

The Executive Management Committee (EXCO) reviews and approves credit facilities up to its limit and an amount above its limit goes to the Board Credit Committee for review and approval. The Committee meets once a month or as the need arises.

Membership of the Executive Management Committee (EXCO) is made up of the Managing Director/Chief Executive Officer as Chairman with all Executive Directors as Members.

FUNCTIONS OF THE COMMITTEE

The Committee is charged with the responsibility of evaluating and or approving all credits beyond the powers of the Managing Director from =N=251 million to =N=750 million for fund based facilities and =N=1.5 Billion for non fund facilities. The following are its terms of reference:

- Overseeing and monitoring the day-to-day operations of the Bank.
- Consideration of budget proposal and recommendation of same to the Finance & General Purpose Committee of the Board (F&GPC).
- Monitoring of the Bank's Management Accounts and Operating Results with a view to ensure that the Bank attains its budget.
- Establishment and maintenance of the Bank's relationship with other banks which include: opening bank accounts, establishing the mandate and list of authorized signatories for the operation of such accounts, acceptance of banking facilities within defined limits.

- Consideration of Staff issues that include employment, promotion and discipline of defined cadre of staff.
- Make recommendations to the F & GPC on recruitment, promotion and discipline of staff of Principal Manager grade level and above.
- Approval of capital expenditure within the monetary limits set by the Board.
- Evaluation and approval of credits within approval limits set by the Board.
- Evaluation and recommendation of all credits beyond its powers to the Board Credit Committee or the Board.
- Write-off and grant of waivers within powers delegated to it by the Board.
- Recommendation of write-off and waivers above its limit to the Board Credit Committee or the Board.
- Monitoring the overall risk management of the Bank.
- Formulation of policies necessary for the successful running of the Bank.
- Such other matters as may be specifically delegated to the Committee by the Board.
- Reports on its activities to the Board.

ASSETS AND LIABILITY COMMITTEE (ALCO)

The Assets and Liability Committee meets bi-monthly to consider the financial position of the Bank. It manages the Assets and Liabilities of the Bank, measures the performance of same within budgetary limits and assesses regulatory compliance in this regard.

MEMBERSHIP

Membership of the Assets and Liability Committee (ALCO) is as follows:

Chairman:	Executive Director, South
Members:	Executive Director, Finance & Operations
	Executive Director, Corporate Planning & Compliance
	DH, Risk Management
	Head, Lagos & West
	Head, Abuja & Central
	Head, Loan Recovery
Secretary	Treasury Group

FUNCTIONS OF THE ASSETS AND LIABILITY COMMITTEE

- Ensure optimal liquidity and pricing;
- Identify & shore up weak points in the Bank's Assets and Liability profiles;
- Identify opportunities in the economy.

MANAGEMENT IT STEERING COMMITTEE

Membership of the Management IT Steering Committee is as follows:

Chairman:	Group Head, IT & Operations Directorate
Members:	Executive Director, Finance & Operations
	Executive Director, Corporate planning & Compliance.
	Head, Lagos & West

	Head, Abuja & Central
	Head, Information Technology
	DH, Risk Management
	Group Head, Internal Control
	Group Head, Internal Audit
Secretary:	Information Technology Department

FUNCTIONS OF THE MANAGEMENT IT STEERING COMMITTEE ARE AS FOLLOWS:

- IT Policy formulation
- Alignment to the Banks strategy
- Ensure project direction and milestones monitoring
- Budgetary authority

MANAGEMENT CREDIT COMMITTEE

The Management Credit Committee oversees the establishment and management of written policy on the overall Credit Management system. It provides guidelines and standards to administer the acceptance and on-going management of all risks. The Committee also ensures compliance with established policies through periodic review of credits, on periodic basis, the Committee re-evaluates the Bank's credit risk portfolio to accommodate major changes in the internal and external factors. The Committee meets monthly and renders report to the Executive Management Committee through its Secretariat.

MEMBERSHIP

The Committee has the following membership:

Chairman:	Executive Director, South
Members:	Executive Director, Corporate Planning & Compliance
	Executive Director, Finance & Operations
	Head, Lagos & West
	Head, Abuja & Central
	Head, Enterprise Risk Management;
	Group Head, Legal & Compliance;
	Group Head, Internal Audit;
	Group Head, Operations & IT;
	Group Head, Internal Group;
Secretary:	Risk Management Group

FUNCTIONS OF THE COMMITTEE:

- Establish the Bank's credit risk profile and manage the profile to be in line with the Bank's risk appetite.
- Review and ensure the adequacy of credit risk management framework bank- wide.
- Ensure appropriate pricing of the Bank's activities in line with their risk profile.
- Ensure the implementation of risk-based pricing model and risk adjusted performance management system bank-wide
- Review periodic credit risk reports with a view to making necessary remedial recommendations.

The Companies and Allied Matters Act of the Banks and Other Financial Institutions Act, require the Directors to prepare financial statements for each financial year that gives a true and fair view of the state of the financial affairs of the Bank at the end of the year and of its profit or loss. The responsibility includes ensuring the Bank:

i. Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and comply with the requirements of the Companies and Allied Matters Act of the Banks and Other Financial Institutions Act;

ii. Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

iii. Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, which are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with:

- International Financial Reporting Standards;
- Prudential Guidelines for Licensed Banks;
- Relevant circulars issued by the Central Bank of Nigeria;
- Code of Corporate Governance;
- The requirements of the Banks and Other Financial Institutions Act; and
- The requirements of the Companies and Allied Matters Act.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of the profit for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements, as well as adequate systems of internal and financial control.

Nothing has come to the attention of the Directors to indicate that the Bank will not remain a going concern for at least twelve months from the Bank's reporting date.

The financial statements of the Bank for the year ended 31 December, 2018 was approved by the Directors on the 8th February 2019.

On behalf of Directors of the Bank;

Tomi Somefun	Aminu Babangida
Managing Director/CEO	**Chairman**
FRC/2013/ICAN/00000002231	FRC/2018/IODN/00000018507

Report of the Board Audit Committee for the year ended 31 December 2018
To the members of Unity Bank Plc

In accordance with the provisions of section 359(6) of the Companies and Allied Matters Act, CAP C20 LFN 2004, we confirm that the accounting and reporting policies of the Bank conformed with the Statutory requirement and agreed ethical practices.

In our opinion, the scope and planning of both the internal and external audits for the year ended 31 December 2018 were adequate. We have also received, reviewed and discussed the auditor's findings on management matters and were satisfied with the departmental responses thereon.

The Committee reviewed the Audit Report on insider related-party transactions and were satisfied with the management responses thereon.

The internal control system of the Bank was also being constantly and effectively monitored.

Dated this 8th day of February 2019

Sunday Babatunde Akinniyi
Chairman, Audit Committee
FRC/2013/ICAN/00000003623

Members of the Audit Committee

1. Sunday Babatunde Akinniyi
2. Funke Titilayo Shodeinde
3. Ahmed Umar Ndanusa
4. Yabawa Lawan Wabi, mni
5. Sam N. Okagbue
6. Oluwafunsho Obasanjo

SOCIETY FOR CORPORATE GOVERNANCE NIGERIA

... committed to the development of corporate governance

BOARD EVALUATION REPORT FOR THE BOARD OF UNITY BANK PLC

EXECUTIVE SUMMARY

The Society for Corporate Governance Nigeria was invited to conduct an independent evaluation/assessment of the Board of Unity Bank Plc for 2018.

Below is a summary of our findings:

Unity Bank commenced operations in January 2006 following the merger of nine Banks with competences in investment, corporate and retail banking. Unity Bank is one of Nigeria's leading retail banks with over 200 business offices spread across the 36 States and Federal Capital Territory.

SCOPE

The scope of the evaluation covered the following areas:

- Board Composition and Capacity
- Board Committees
- Board Responsibilities and Board Processes
- Financial Transparency and Corporate behaviour
- Company Secretary

During the year under review, the bank had nine (09) directors which consisted of four (04) Executive Directors, four (04) Non-Executive directors and One (01) Independent director. There is need for the board to have an additional Independent director in compliance with Section 2.2.4 of the CBN Code which requires the board to have at least two (02) Independent directors.

The Board Chairman exhibits a leadership style that promotes an environment that encourages and supports the active participation and contribution of Board members at meetings.

Directors' knowledge and understanding span across their diversity, experience, resounding knowledge of the business, financial and economic environment.

The following policies were sighted and assessed for content and relevance and were found to be very good;

- Communication Policy
- Code of Ethics for Directors
- CSR Policy
- Code of Conduct
- Conflict of Interest Policy
- ERM Framework
- Whistle Blowing
- Securities Trading Policy
- Succession Planning Policy (Board & Management)

Board and Committees Charters were also sighted and found to be quite adequate.

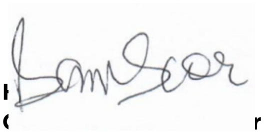
Based on analysis of the result, The Board of Directors have demonstrated its dedication and commitment to the growth and success of the company. There is an alignment between the competencies of directors and the requirements / needs of the company. In the period under review, the Board met five (05) times.

The Committees of the board in the year under review include;

(i) Board Risk Management and Audit Committee which met four(04) times
(ii) Board Finance & General Purpose which met five (05) times
(iii) Board Credit Committee which met four(04) times
(iv) Board Governance & Nomination which met two (02)
(v) Statutory Audit Committee which met four (04) times

In as much as there is still room for improvement and continuous Director Development, we are happy to state that the Board of Unity Bank Plc conducted its affairs in an acceptable and efficient manner in 2018.

For: **SOCIETY FOR CORPORATE GOVERNANCE NIGERIA**



FRC/2016/NIM/00000015618

AUDITORS' REPORT

Ahmed Zakari & Co.
(CHARTERED ACCOUNTANTS)

REPORT OF THE AUDITORS TO THE MEMBERS OF UNITY BANK PLC

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of Unity Bank Plc as at 31 December 2018 and of its financial performance and cash flows for the year then ended in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011 and in accordance with the International Financial Reporting Standards and the Companies and Allied Matters Act, CAP C20, LFN 2004 and the Banks and Other Financial Institutions Act, CAP B3, LFN 2004.

Basis of opinion
We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the financial statements section of our report. We are independent of the company in accordance 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 the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern
In forming our opinion on the financial statements which is not qualified, we considered the adequacy of the information disclosed in notes 40a and 41a regarding the ability of the Bank to continue as a going concern and addressing its eroded capital base. The Bank reported negative capital adequacy ratios with high negative ratios reported as at 31 December 2018 and 31 December 2017. Consecutive negative shareholders' funds were reported as at the end of those years ended 31 December 2018 and 2017. The Bank is in the process of a recapitalisation exercise to attract investments from both foreign and local investors. The ability of the Bank to continue as a going concern is dependent on the success of its recapitalisation activity.

Key Audit Matters
Key Audit Matters are those matters which were of most significance to the audit of the financial statements for the year ended 31 December 2018 based on our professional judgement. A separate opinion has not been provided for these matters as these have been covered by our opinion on the audit of the financial statements.

Area of focus	***Procedures***
Recapitalisation activity The Bank embarked on a capital raising exercise in the year 2015 geared towards attracting both local and foreign investors to participate significantly in the Bank's equity. The capital raising activity is a key audit matter as its success is expected to reverse the Bank's negative shareholders' funds and capital adequacy ratios and to provide assurance on the Bank's ability to carry on operations as a going concern. It is also expected to provide trading funds to strategically reposition the Bank in the industry and improve its capacity to operate sustainably. A number of potential investors have indicated interests in participating significantly in the Bank's equity. Some have concluded their due diligence on the Bank and are at various stages of negotiation Disclosures on the recapitalization activity are on note 41a.	We performed the following procedures to address this matter: - Examined Board resolutions authorising the recapitalisation activity. - Examined letter from CBN mandating the Bank to recapitalise. - Reviewed investors' letters of intent. - Reviewed agreed actions and activity timelines with prospective investors and extent of implementation - Examined correspondences indicative of the CBN's continuous support to the Bank with regards its recapitalization activity. - Examined correspondences with prioritised potential investors indicative of continued interest of the investors in investing in Unity Bank Plc.

Partners: **Shuaibu A. Ahmed | Isma'ila M. Zakari | Tajudeen Adetokunbo Oni | Najib Imam | Wazir Olukayode Lawal**
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Lagos Office: 22B Oladipo Diya Crescent, 2nd Avenue Estate, Ikoyi, Lagos. P. O. Box 54478, Falomo, Ikoyi, Lagos.
Abuja Office: 2nd Floor, Akintola Williams House, Plot 2048 Michael Opara way, Wuse Zone 7, Abuja.
E-mail: info@ahmedzakari.com ***Url:*** www.ahmedzakari.com

Area of focus

Impairment of loans and advances

The calculation of impairment allowance on loans and advances involves subjectivity in the application of management's judgement in making assumptions based on the economic environment, industry trends and customer specific matters which may impact on loan recoverability. Impairment allowances on loans and advances should represent management's best estimate of losses incurred on loan portfolios at the reporting date.

The Bank implemented IFRS 9, Financial Instruments which became effective on 1 January 2018. A key requirement of IFRS 9 is the calculation of impairment allowance on financial assets using the Expected Credit Loss Model (ECL), a change from the Incurred Loss Model applied under IAS 39, Financial Instruments: Recognition and Measurements.

The ECL model requires classifying financial assets into 3 stages to determine the amount of ECL to recognise. This categorisation involves the use of historical financial variables applied in building complex financial models.

Stage 1: Loans and advances are classified as stage 1 where the credit risks have not increased significantly at the reporting date since the initial recognition of the loan. The Bank should calculate a twelve-month ECL for this class, that is based on the probability of defaulting events within the next one year after the reporting date.

Stage 2: Loans and advances in this class are those where there has been significant increase in credit risk since the initial recognition of the loan, but do not have an objective evidence of impairment. Lifetime ECL calculations are required for this class, that is based on the probability defaulting events over the expected life time of the loan.

Stage 3: Loans and advances in this class are those where there is objective evidence of impairment at the reporting date. Lifetime ECL calculations are required for this class.

The Bank's accounting policy on impairment is on note 4.2.

Procedures

- We reviewed the Bank's governance policies and internal controls over the implementation of appropriate credit risk practices and that the determination of impairment allowances is in accordance with its stated polices.

- We reviewed internal controls around the impairment model and over the critical sources of external information upon which the model is based and the design and operating effectiveness of key controls related to the ECL impairment Model including:
    - Assessing users' understanding of the workings of the model.
    - Evaluating the relevance of the model to the calculation of impairment allowances under IFRS 9.
    - Implementation of controls to guard against unauthorised changes to variables applied in the model.

- We assessed for management's bias and as well as whether the accounting policies on an overall basis are in accordance with the requirements of IFRS 9.

- We evaluated input data applied in the model which comprise historical financial information by verifying to sources within and outside the Bank, assessing their relevance to the objectives of the model and assessing the reasonability of management's judgements and assumptions in applying the variables in the calculation of impairment allowances on loans and advances.

- Evaluated management's assumptions and basis for identifying and assessing increase in significant credit risk at the reporting date.

Other information
The Directors are responsible for the other information, which comprises the Directors' Report, Corporate Governance Report, Directors Responsibility Statement, Remuneration Policy, Board Evaluation Report, the Audit Committee's Report and the Chairman's Statement. Other information does not include the financial statements and our audit report.

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 consistent 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.

Directors' responsibilities 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 No. 6, 2011 and in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act, Cap C20 LFN 2004, the Banks and Other Financial Institutions Act, CAP B3, LFN 2004, 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.

Auditors' responsibilities for 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 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 judgement 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 Bank'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 audit 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 communicated with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identified during our audit. We also provide the Audit Committee 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 the Audit Committee, 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 audit 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. In the event of these rare cases, we are required to report these key audit matters to the Financial Reporting Council of Nigeria before the conclusion of the audit in accordance with Rule 9 of the Financial Reporting Council of Nigeria Act, No. 6, 2011.

Report on Other Legal and Regulatory Matters

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

In our opinion proper books of account have been kept by the Bank. 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. The Bank's statements of financial position and comprehensive income are in agreement with the books of account.

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

i) Our examination of loans and advances was carried out in accordance with Prudential Guidelines for Deposit Money Banks and Transitional Guidelines for IFRS 9 implementation issued by the Central Bank of Nigeria and in accordance with the International Financial Reporting Standards.

ii) Related party transactions and balances are disclosed in note 48 to the financial statements in accordance with the Central Bank of Nigeria Circular BSD/1/2004.

iii) The Bank contravened the requirements of some Circulars of the Central Bank of Nigeria during the financial year. Details of these are in note 52 to the financial statements.

Wazir Olukayode Lawal, FCA
FRC/2013/ICAN/00000000748
For: Ahmed Zakari & Co.
(Chartered Accountants)
5th Floor, African Alliance House
F1 Sani Abacha Way
Kano

8 february 2019

In billions of Naira

	Notes	2018	2017
		N' 000	N' 000
Interest and similar income	6	29,505,960	86,629,439
Interest and similar expense	7	(15,535,823)	(35,452,651)
Net interest income		**13,970,137**	**51,176,788**
Fee and commission income	8	1,522,424	1,683,742
Net fee and commission income	**8**	**1,522,424**	**1,683,742**
Net trading income	9	1,128,807	18,362
Other operating income	11	5,168,214	1,594,153
		6,297,021	1,612,515
Total operating income		**21,789,582**	**54,473,045**
Impairment Credit/ (Losses)	12	(161,178)	(44,254,863)
Net Operating Income		**21,628,404**	**10,218,182**
Personnel expenses	13	(9,980,645)	(10,861,913)
Depreciation of property and equipment	22	(1,296,491)	(1,602,404)
Amortisation of intangible assets	23	(81,885)	(194,719)
Other operating expenses	14	(8,858,330)	(11,801,720)
Total Operating Expenses		**(20,217,351)**	**(24,460,756)**
Profit/(Loss) before tax		**1,411,053**	**(14,242,574)**
Income tax expense	**15**	**(141,619)**	**(675,364)**
Profit/(Loss) after tax		**1,269,435**	**(14,917,938)**
Other comprehensive income			
Fair value (Loss)/gain on financial investment	33	(620,023)	1,093,424
Other comprehensive income for the year, net of tax		(620,023)	1,093,424
Total comprehensive income for the year, net of tax		**649,412**	**(13,824,514)**
Earnings per share			
Basic earnings per share (Basic)	16	13.03	-127.62
Diluted earnings per share	16	13.03	-127.62

UNITY BANK PLC

STATEMENT OF FINANCIAL POSITION

	Notes	31 DECEMBER 2018 N'000	31 DECEMBER 2017 N'000
Assets			
Cash and balances with Central Bank	17	8,860,991	5,675,461
Due from banks	18	33,139,298	15,152,227
Net Loans and advances to customers	19	43,657,372	8,958,127
Financial investments – available-for-sale	20a	-	39,697,069
Debt instruments at fair value through other comprehensive income	20a	76,089,468	-
Equity instruments at fair value through other comprehensive income	20a	161,722	-
Financial investments – available-for-sale pledged as collateral	20b	-	19,006,289
Financial investments – held-to-maturity	20d	-	20,271,961
Debt instruments at amortised cost	20d	26,071,227	-
Other assets	21	7,023,180	5,842,161
Property and equipment	22	20,602,236	21,501,055
Other intangible assets	23	80,866	112,324
Deferred tax assets	24	20,289,830	20,289,830
Total assets		235,976,190	**156,506,504**
Liabilities and Equity			
Liabilities			
Due to other banks	26	100,347,202	42,957,842
Due to customers	27	241,936,006	252,310,469
Debt issued and other borrowed funds	28	124,180,055	80,546,364
Current tax liabilities	29	501,187	710,128
Other liabilities	30	12,664,212	22,130,046
Employee benefit liabilities	31	34,493	44,810
Total liabilities		479,663,155	**398,699,659**
Equity			
Issued share capital	32	5,844,669	5,844,669
Share premium	SCE	10,485,871	10,485,871
Statutory reserve	SCE	12,120,153	11,929,737
Retained earnings	SCE	(340,021,528)	(338,694,712)
Non Distributable Regulatory Reserve	SCE	199,140	-
Other reserves	33	67,684,730	68,241,280
Total equity		(243,686,965)	**(242,193,155)**
Total liabilities and equity		235,976,190	**156,506,504**

The financial statements were approved by the Board of directors for issue on the 08 February 2019 and signed on its behalf by:

Ebenezer Kolawole
Executive Director / Chief Financial Officer
FRC/2013/ICAN/00000001964

Tomi Somefun
Managing Director/CEO
FRC/2013/ICAN/00000002231

Aminu Babangida
Chairman
FRC/2018/IODN/00000018507

The accounting policies and the accompanying explanatory notes on pages 30 to 85 form part of these financial statements.

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	Issued Capital	Share Premium	Statutory Reserves	Retained Earnings	Non-distributable Regulatory Reserve	Other Reserves	Total equity
AS AT 31 DECEMBER 2018	**N' 000**	**N' 000**	**N' 000**	**N' 000**	**N' 000**	**N' 000**	**N' 000**
At 1 JANUARY 2018	**5,844,669**	**10,485,871**	**11,929,737**	**(338,694,711)**	**-**	**68,241,281**	**(242,193,153)**
Impact of adopting IFRS 9	-	-	-	(2,143,225)	-	-	(2,143,225)
Restated opening balance under IFRS 9	**5,844,669**	**10,485,871**	**11,929,737**	**(340,837,936)**	**-**	**68,241,281**	**(244,336,378)**
Profit/(Loss) for the period	-	-	-	1,269,435	-	-	1,269,435
- Net change in fair value of debt instruments at FVOCI							
- Net amount reclassified to profit or loss on sale of debt instruments at FVOCI							
- Net changes in allowance for expected credit losses of debt instruments at FVOCI							
- Net change in fair value of equity instruments at FVOCI							
Transfer to Statutory Reserve	-	-	190,415	(190,415)	-	-	-
Transfer to Non Distributable Reserve	-	-	-	(199,140)	199,140	-	-
Issued Share Capital	-	-	-	-	-	-	-
Share Capital Reconstruction Reserve	-	-	-	-	-	-	-
Transferred to CBN - AGSMEIS Reserve	-	-	-	(63,472)	-	63,472	-
Other comprehensive income	-	-	-	-	-	(620,023)	(620,023)
Reclassification of Prior Year AFS Reserve	-	-	-	-	-	-	-
Reclassification of net change in fair value of equity instruments upon derecognition							
At 31 DECEMBER 2018	**5,844,669**	**10,485,871**	**12,120,153**	**(340,021,528)**	**199,140**	**67,684,730**	**(243,686,965)**
At 1 JANUARY 2017	**5,844,669**	**10,485,871**	**11,929,737**	**(275,980,402)**	**263,788,438**	**67,038,667**	**83,106,980**
Write off from reserves	-	-	-		-	-	-
Profit/(Loss) for the period	-	-	-	(14,917,938)	-	-	(14,917,938)
Transfer to Statutory Reserve	-	-	-	-	-	-	-
Transfer to Non Distributable Reserve	-	-	-	(47,687,182)	(263,788,438)	-	(311,475,620)
Issued Share Capital	-	-	-	-	-	-	-
Share Capital Reconstruction Reserve	-	-	-	-	-	-	-
Transferred to CBN - AGSMEIS Reserve	-	-	-	(109,190)	-	109,190	-
Other comprehensive income	-	-	-	-	-	1,093,424	1,093,424
Reclassification of Prior Year AFS Reserve	-	-	-	-	-	-	-
At 31 DECEMBER 2017	**5,844,669**	**10,485,871**	**11,929,737**	**(338,694,711)**	**-**	**68,241,281**	**(242,193,153)**

Share premium

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

Statutory Reserve

Nigerian banking regulations require Banks to make an annual appropriation to a statutory reserve. As stipulated by section 16(1) of the Banks and Other Financial Institutions Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up capital

Non Distributable Regulatory Reserve

This is a reserve created by comparing impairment of risk assets under IFRS and provisions for risk assets using CBN Prudential Guidelines. Where the impairment amount under IFRS is lower than the provisions amount under Prudential Guidelines, the IFRS impairment figure is used in the accounts. However, the difference between the IFRS impairment and Prudential guidelines provisioning is charged to the retained earnings and transferred to a non distributable reserve.

Share Capital Reconstruction Reserve

As a result of the Bank's continuous expansion and growth, it became imperative to reduce the total number of issued and fully paid shares of the Bank. This is to provide the Bank a platform for continuous growth through rights issues or special placement in the future. During the previous year, the Bank successfully restructured it's issued capital by issuing one new share for every ten previously held.

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 N' 000	2017 N' 000
Operating activities		
Profit/(Loss) before tax	1,411,053	(14,242,574)
Adjustment for non cash items:		
Impairment losses on Risk assets	161,178	27,783,528
Impairment losses on goodwill	-	16,471,335
Depreciation of property and equipment	1,296,491	1,602,404
Amortisation of intangible assets	81,885	194,719
Profit on disposal of Property and equipment	(99,101)	(74,141)
Gains from sale of investments	(3,194,215)	(316,166)
	(342,709)	31,419,104
Changes in operating assets		
Deposits with the Central Bank of Nigeria	-	39,774,324
CBN - AGSMEIS Account	-	(109,190)
Loans and advances to customers	(34,536,943)	(71,471,364)
Other assets	(1,166,017)	3,511,005
	(35,702,960)	(28,295,225)
Changes in operating liabilities		
Due to customers	(10,374,463)	(11,885,875)
Due to Other Banks	57,389,359	(7,237,321)
Current tax liabilities	(0)	319,334
Other liabilities	(11,947,536)	9,625,698
Defined contribution	(10,317)	(80,808)
	35,057,043	(9,258,972)
Cash generated from operations	(988,626)	(6,135,094)
Income tax paid	(491,747)	(609,745)
Net cash flows from/(used in) operating activities	**(1,480,373)**	**(6,744,839)**
Investing activities		
Purchase of property and equipment	(650,729)	(304,021)
Purchase of intangible assets	(50,426)	(11,985)
Proceeds from sale of property and equipment	355,345	75,346
Proceeds from sale of investment	1,505,000	316,166
Held for trading investments	-	97,063
Available for sale investments	(18,307,856)	2,034,237
Held to maturity investments	(5,799,266)	5,939,357
Net cash flows from/(used in) investing activities	**(22,947,932)**	**8,146,163**
Financing activities:		
Share Capital	-	-
Equity & Reserves	-	-
Debt issued and other borrowed funds	(43,633,691)	(1,362,321)
Net cash flows from /(used in) financing activities	**(43,633,691)**	**(1,362,321)**
Net increase/decrease in cash & cash equivalent	**21,172,601**	**39,003**
Cash and cash equivalent at 1 January	20,118,498	20,079,495
Cash and cash equivalent at period end	**41,291,099**	**20,118,498**

FOR THE YEAR ENDED 31 DECEMBER 2018

Provisions under prudential guidelines are determined using the time based provisioning prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the incurred loss model required by IFRS under IAS 39. As a result of the differences in the methodology/provision, there will be variances in the impairments allowances required under the two methodologies.

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 when IFRS is adopted. However, Banks would be required to comply with the following:

(a) 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:

(i) Prudential Provisions is greater than IFRS provisions; the excess provision resulting should be transferred from the general reserve account to a "regulatory risk reserve.

(ii) 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 which is thereafter reversed to the general reserve account.

(b) The non-distributable reserve should be classified under Tier 1 as part of the core capital.

In the guidelines to IFRS implementation, the Central Bank of Nigeria (CBN) directed banks to maintain a regulatory credit risk reserve in the event that the impairment on loans determined using the CBN prudential guideline is higher than the impairment determined using IFRS principles.

A breakdown of the transfer is given below:

	Note	2018	2017
Loans and Advances		**N'000**	**N'000**
Provision per CBN Prudential Guidelines		3,015,998	189,343
Impairment Allowance as Per IFRS 9		2,816,858	509,036
Loans and Advances	***Note 19***	*744,197*	*509,036*
Financial Assets	***Note 20***	*410,960*	-
Off balance sheet	***Note 30***	*1,661,701*	-
Amount Required in Non Distributable Reserve		**199,140**	-

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2018

1 Corporate Information

Unity Bank Plc provides banking and other financial services to corporate and individual customers. Such services include but not limited to granting of loans and advances, corporate banking, retail banking, consumer and trade finance, international banking, cash management, electronic banking services and money market activities.

Unity Bank is a Public Limited Liability company incorporated in Nigeria to carry on the business of banking. The Bank's shares are listed on the Nigerian Stock Exchange. Its registered office is at Plot 785, Herbert Macaulay Way, Central Business District, Abuja. However, with the approval of the Central Bank of Nigeria, it relocated its Corporate Head Office to Lagos at 42, Ahmed Onibudo Street, Victoria Island, Lagos.

2. Basis of preparation

Going Concern

This financial statements have been prepared in accordance with the going concern principle under the historical cost convention modified to include fair valuation of particular financial investment to the extent permitted under IFRS 9 as set out in the relevant notes. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB), its interpretation issued by the International Accounting Standards and adopted by the Financial Reporting Council of Nigeria, the requirements of the Companies and Allied Matters Act and with the Banks and other Financial Institutions Act.

Statement of compliance

The financial statements of the bank have been prepared in accordance with IFRS as issued by the IASB. Where there are deviations necessitated by regulatory pronouncements/policy guides, full disclosure have been made.

Presentation of financial statements

The bank presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non-current) are presented.

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expense are not offset in the consolidated income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

For better understanding, certain disclosures and some prior year figures have been presented in line with current year figures. Due to rounding numbers presented throughout this document, numbers may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

New and Amended standards and Interpretations

The following standards have been issued or amended to become effective for annual periods beginning on or after 1 January, 2018:

- IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers.

However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable (e.g., IFRS 9, and IFRS 16 Leases) standards.

Revenue under IFRS 15 will need to be recognised as goods and services to be transferred, to the extent that the transferor anticipates entitlement to goods and services. These also specifies a comprehensive set of disclosure requirements regarding the nature, extent standard and timing as well as any uncertainty of revenue and the corresponding cash flows with customers. The standard does not have any significant impact on the Bank.

- IFRS 9 - Financial instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement is effective for annual periods beginning on or after 1 January 2018.

Classification and Measurement

IFRS 9 requires financial assets to be classified into one of three measurement categories, fair value through profit or loss, fair value through other comprehensive income or amortised cost. Financial assets will be measured at amortised cost if they are held within a business model the objective of which is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principal and interest. Financial assets not meeting either of these two business models; and all equity instruments (unless designated at inception to fair value through other comprehensive income); and all derivatives are measured at fair value through profit or loss. An entity may, at initial recognition, designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

The Bank has undertaken an assessment to determine the potential impact of changes in classification and measurement of financial assets. The adoption of IFRS 9 is unlikely to result in significant changes to existing asset measurement bases, however, the final impact will be dependent on the facts and circumstances that exist on 1 January 2018.

IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at fair value through profit or loss, gains or losses attributable to changes in own credit risk may be presented in other comprehensive income.

Impairment Overview

The IFRS 9 impairment model will be applicable to all financial assets at amortised cost, debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantees not measured at fair value through profit or loss. IFRS 9 replaces the existing 'incurred loss' impairment approach with an Expected Credit Loss ('ECL') model, resulting in earlier recognition of credit losses compared with IAS 39. Expected credit losses are the unbiased probability weighted average credit losses determined by evaluating a range of possible outcomes and future economic conditions.

The ECL model has three stages. Entities are required to recognise a 12 month expected loss allowance on initial recognition (stage 1) and a lifetime expected loss allowance when there has been a significant increase in credit risk since initial recognition (stage 2). Stage 3 requires objective evidence that an asset is credit-impaired, which is similar to the guidance on incurred losses in IAS 39.

Under IAS 39, provisions are recognised for losses that have been incurred but may not have been separately identified. An assessment is made of the likelihood of assets being impaired at the balance sheet date and being identified subsequently; the length of time taken to identify that an impairment event has occurred is known as the loss emergence period. The Bank has a range of emergence periods which are dependent upon the business segment of the exposures, but typically range between 6 months and 12 months based on historical experience. Unsecured portfolios tend to have shorter emergence periods than secured portfolios. Under IFRS 9, all loans in stage 1 will require a loss allowance measured at an amount equal to 12 months ECL and is therefore longer than current emergence periods for certain portfolios.

The requirement to recognise lifetime ECL for loans which have experienced a significant increase in credit risk since origination, but which are not credit impaired, does not exist under IAS 39. The assessment of whether an asset is in stage 1 or 2 considers the relative change in the probability of default occurring over the expected life of the instrument, not the change in the amount of expected credit losses. This will involve setting quantitative tests combined with supplementary indicators such as credit risk classification. Reasonable and supportable forward-looking information will also be used in determining the stage allocation. In general, assets more than 30 days past due, but not credit impaired, will be classed as stage 2.

IFRS 9 requires the use of more forward-looking information including reasonable and supportable forecasts of future economic conditions. The need to consider a range of economic scenarios and how they could impact the loss allowance is a subjective feature of the IFRS 9 ECL model. The Bank has developed the capability to model a number of economic scenarios and capture the impact on credit losses to ensure the overall ECL represents a reasonable distribution of economic outcomes. Appropriate governance and oversight has been established around the process.

Standards and Interpretations issued/ammended but not yet effective IFRS 16 – Leases

The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2016. The new standard does not significantly change the accounting for leases for lessors.

However, it requires lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided the new revenue standard, IFRS 15, is applied on the same date. Lessees must adopt IFRS 16 using either a full retrospective or a modified retrospective approach.

The Bank is currently evaluating the impact of this new Standard on its Financial Statements.

- IFRS 17 - Insurance Contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on or after 1 January 2021. The new IFRS 17 standard establishes the principles for the recognition, measurement, presentation and disclosure of Insurance contracts within the scope of the Standard. The objective of IFRS 17 is to ensure an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. This standard does not impact the Bank in anyway as the Bank does not engage in the insurance Business.

3. Significant accounting judgments, estimates and assumptions

In the process of applying the Bank's accounting policies, Management has exercised judgment and estimates in determining the amounts recognised in the financial statements. The most significant uses of judgment and estimates are as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

Impairment losses on loans and advances

The Bank divides its loan portfolio into significant and insignificant loans based on Management approved materiality threshold. The Bank also groups its risk assets into buckets with similar risk characteristics (industry) for the purpose of collective impairment of insignificant loans and unimpaired significant loans. The Probability of Default (PD) and the Loss Given default (LGD) are then computed using historical data from the loan buckets. The PD is adjusted by a Lag Identification Period (LIP) factor.

The Bank reviews its individually significant loans and advances at each statement of financial position date to assess whether an impairment loss should be recorded in the income statement. In particular, Management takes into consideration the estimated cash flows timing and the state of the pledged collateral when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. The Present Value of such cash flows as well as the present value of the fair value of the collateral is then compared to the Exposure at Default.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively in buckets of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment of impaired insignificant loans is done with a PD of 100% and the historical LGD adjusted with the LIP factor while the collective assessment of unimpaired insignificant loans and significant loans is done with the historical PD and LGD adjusted with the LIP factor.

Impairment of available-for-sale investments

The bank reviews its debt securities classified as available-for-sale investments at each statement of financial position date to assess whether they are impaired. This requires similar judgment as applied to the individual assessment of loans and advances.

The bank also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the bank evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

4. Summary of significant accounting policies

4.1. Foreign currency translation

The financial statements are presented in Nigeria naira (N). Nigeria naira (N) is both the functional and reporting currency.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded at the functional (Naira) currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange at the statement of financial position date. All differences arising on non-trading activities are taken to 'Other operating income' in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.2. Financial Assets and Liabilities

I. Recognition

The Bank on the date of origination or purchase recognizes loans, debt and equity securities, deposits and subordinated debentures at the fair value of consideration paid. For non-revolving facilities, origination date is the date the facility is disbursed while origination date for revolving facilities is the date the line is availed. Regular-way purchases and sales of financial assets are recognized on the settlement date. All other financial assets and liabilities, including derivatives, are initially recognized on the trade date at which the Bank becomes a party to the contractual provisions of the instrument.

II. Classification and Measurement

Initial measurement of a financial asset or liability is at fair value plus transaction costs that are directly attributable to its purchase or issuance. For instruments measured at fair value through profit or loss, transaction costs are recognized immediately in profit or loss. Financial assets include both debt and equity instruments.

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

- Amortised cost
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit or Loss (FVTPL) for trading related assets

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual cash flow characteristics.

Business Model Assessment

Business model assessment involves determining whether financial assets are managed in order to generate cash flows from collection of contractual cash flows, selling financial assets or both. The Bank assesses business model at a portfolio level reflective of how Banks of assets are managed together to achieve a particular business objective. For the assessment of business model the Bank takes into consideration the following factors:

- 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 interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets

- How the performance of assets in a portfolio is evaluated and reported to Bank heads and other key decision makers within the Bank's business lines;

- The risks that affect the performance of assets held within a business model and how those risks are managed;

- How compensation is determined for the Bank's business lines' management that manages the assets; and

- The frequency and volume of sales in prior periods and expectations about future sales activity.

Management determines the classification of the financial instruments at initial recognition. The business model assessment falls under three categories:

- Business Model 1(BM1): Financial assets held with the sole objective to collect contractual cash flows;

- Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling; and

- Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These are basically financial assets held with the sole objective to trade and to realize fair value changes.

The Bank may decide to sell financial instruments held under the BM1 category with the objective to collect contractual cash flows without necessarily changing its business model if one or more of the following conditions are met:

- When the Bank sells financial assets to reduce credit risk or losses because of an increase in the assets' credit risk. The Bank considers sale of financial assets that may occur in BM1 to be infrequent if the sales is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the financial year.

- Where these sales are infrequent even if significant in value. A Sale of financial assets is considered infrequent if the sale is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.

- Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.

- When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets has a tenor to maturity of not more than one (1) year and/or the difference between the remaining contractual cash flows expected from the financial asset does not exceed the cash flows from the sales by ten (10) per cent.

- Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:

  - Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
  - Selling the financial asset to manage credit concentration risk (infrequent).
  - Selling the financial assets as a result of changes in tax laws (infrequent).
  - Other situations also depends upon the facts and circumstances which need to be judged by the management.

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).
Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk

associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

The Bank holds a portfolio of long-term fixed rate loans for which it has the option to propose a revision of the interest rate at periodic reset dates. These reset rights are limited to the market rate at the time of revision. The right to reset the rates of the loans based on the revision in market rates are part of the contractually agreed terms on inception of the loan agreement, therefore the borrowers are obligated to comply with the reset rates without any option of repayment of the loans at par at any reset date. The Bank has determined that the contractual cash flows of these loans are solely payments of principal and interest because the option varies with the interest rate in a way that is considered a consideration for the time value of money, credit risk, other basic lending risks and costs associated with the principal amount outstanding.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

a) Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization is included in Interest income in the Consolidated Statement of Income. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach.

Loans and debt securities measured at amortized cost are presented net of the allowance for credit losses (ACL) in the statement of financial position.

b) Financial assets measured at FVOCI

Financial assets are measured at FVOCI if they are held within a business model whose objective is to hold for collection of contractual cash flows and for selling financial assets, where the assets' cash flows represent payments that are solely payments of principal and interest. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive Income (OCI), unless the instrument is designated in a fair value hedge relationship. When designated in a fair value hedge relationship any changes in fair value due to changes in the hedged risk is recognized in Non-interest income in the Consolidated Statement of Income. Upon derecognition, realized gains and losses are reclassified from OCI and recorded in Non-interest income in the Consolidated Statement of Income. Foreign exchange gains and losses that relate to the amortized cost of the debt instrument are recognized in the Consolidated Statement of Income. Premiums, discounts and related transaction costs are amortized over the expected life of the instrument to Interest income in the Consolidated Statement of Income using the effective interest rate method.

c) Financial assets measured at FVTPL

Debt instruments measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments are measured at fair value in the Consolidated Statement of Financial Position, with transaction costs recognized immediately in the Consolidated Statement of Income as part of Non-interest income. Realized and unrealized gains and losses are recognized as part of Non-interest income in the Consolidated Statement of Income.

d) Equity Instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVTPL, changes in fair value are recognized as part of Non-interest income in the Consolidated Statement of Income. The Bank can elect to classify non-trading equity instruments at FVOCI. This election will be used for certain equity investments for strategic or longer term investment purposes. The FVOCI election is made upon initial recognition, on an instrument-by-instrument basis and once made is irrevocable. Gains and losses on these instruments including when derecognized/sold are recorded in OCI and are not subsequently reclassified to the Consolidated Statement of Income.

Dividends received are recorded in Interest income in the Consolidated Statement of Income.

Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the Consolidated Statement of Income on sale of the security.

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

- Amortised cost
- Fair Value through Profit or Loss (FVTPL)

e) Financial Liabilities at fair value through profit or loss

Financial liabilities accounted for at fair value through profit or loss fall into two categories: financial liabilities held for trading and financial liabilities designated at fair value through profit or loss on inception.

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 incurred principally for the purpose of 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 categorized 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 a short seller.

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'. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

Financial Liabilities are designated at FVTPL when either the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise or the financial liability contains one or more embedded derivatives which significantly modify the cash flows otherwise required. For liabilities designated at fair value through profit or loss, all changes in fair value are recognized in Non-interest income in the Consolidated Statement of Income, except for changes in fair value arising from changes in the Bank's own credit risk which are recognized in OCI. Changes in fair value of liabilities due to changes in the Bank's own credit risk, which are recognized in OCI, are not subsequently reclassified to the Consolidated Statement of Income upon derecognition/extinguishment of the liabilities.

f) 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 using the effective interest rate method. Financial liabilities measured at amortised cost are deposits from banks or customers, other borrowed funds, debt securities in issue for which the fair value option is not applied, convertible bonds and subordinated debts.

III. Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets. A change in the Bank's business model will occurs only when the Bank either begins or ceases to perform an activity that is significant to its operations such as:

- Significant internal restructuring or business combinations; for example an acquisition of a private asset management company that might necessitate transfer and sale of loans to willing buyers, this action will constitute changes in business model and subsequent reclassification of the Loan held from BM1 to Bm2

Category

- Disposal of a business line i.e. disposal of a business segment
- Any other reason that might warrant a change in the Bank's business model as determined by management based on facts and circumstances.

The following are not considered to be changes in the business model:

- A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
- A temporary disappearance of a particular market for financial assets.
- A transfer of financial assets between parts of the Bank with different business models.

When reclassification occurs, the Bank reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. For example, if the Bank decides to shut down the retail business segment on 31st January 2018, the reclassification date will be 1 April, 2018 (i.e. the first day of the entity's next reporting period), the Bank shall not engage in activities consistent with its former business model after 31st January, 2018. Gains, losses or interest previously recognised are not be restated when reclassification occurs.

IV. Modification of financial assets and liabilities

a. Financial assets

When the contractual 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 derecognized and a new financial asset is recognised at fair value. Any difference between the amortized 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 profit or loss as 'gains and losses arising from the derecognition of financial assets measured at amortized cost'. If the cash flows of the modified asset carried at amortized 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 and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss as part of impairment charge for the year.

In determining when a modification to terms of a financial asset is substantial or not to the existing terms, the Bank will consider the following non-exhaustive criteria.

Quantitative criteria

A modification would lead to derecognition of existing financial asset and recognition of a new financial asset, i.e. substantial modification, if:

- The discounted present value of the cash flows under the new terms, including any fees received net of any fees paid and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset.

In addition to the above, the bank shall also consider qualitative factors as detailed below.

Qualitative criteria

Scenarios where modifications will lead to derecognition of existing loan and recognition of a new loan, i.e. substantial modification, are:

- The exchange of a loan for another financial asset with substantially different contractual terms and conditions such as the restructuring of a loan to a bond; conversion of a loan to an equity instrument of the borrower
- Roll up of interest into a single bullet payment of interest and principal at the end of the loan term
- Conversion of a loan from one currency to another currency Other factor to be considered:
- Extension of maturity dates

If 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 borrower, then an assessment is made of whether the financial asset should be derecognized (see above) and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing 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.

b. Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. 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 profit or loss.

De-recognition of financial instruments

The Bank derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Bank neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Bank recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Bank retains substantially all the risks and rewards of ownership of a transferred financial asset, the Bank continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the statement of financial position as 'Assets pledged as collateral', if the transferee has the right to sell or repledge them.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

V. Impairment of Financial Assets

In line with IFRS 9, the Bank assesses the under listed financial instruments for impairment using Expected Credit Loss (ECL) approach:

- Amortized cost financial assets;
- Debt securities classified as at FVOCI;
- Off-balance sheet loan commitments; and
- Financial guarantee contracts.

Equity instruments and financial assets measured at FVTL are not subjected to impairment under the standard.

Expected Credit Loss Impairment Model

The Bank's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The expected credit loss impairment model reflects the present value of all cash shortfalls related to default events either over the following twelve months or over the expected life of a financial instrument depending on credit deterioration from inception. The allowance for credit losses reflects an unbiased, probability-weighted outcome which considers multiple scenarios based on reasonable and supportable forecasts.

The Bank adopts a three-stage approach for impairment assesment based on changes in credit quality since initial recognition.

- Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.
- Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not

considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

- Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

The guiding principle for ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments since initial recognition. The ECL allowance is based on credit losses expected to arise over the life of the asset (life time expected credit loss), unless there has been no significant increase in credit risk since origination.

Measurement of Expecte credit losses

The probability of default (PD), exposure at default (EAD), and loss given default (LGD) inputs used to estimate expected credit losses are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

Details of these statistical parameters/inputs 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 remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.

12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs.

- Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for 'stage 2' and 'stage 3' exposures. PDs are limited to the maximum period of exposure required by IFRS 9.

- 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 interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest 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 realization of any collateral. It is usually expressed as a percentage of the EAD.

To estimate expected credit loss for off balance sheet exposures, credit conversion factor (CCF) is usually computed. CCF is a modelled assumption which represents the proportion of any undrawn exposure that is expected to be drawn prior to a default event occurring. It is a factor that converts an off balance sheet exposure to its credit exposure equivalent. In modelling CCF, the Bank considers its account monitoring and payment processing policies including its ability to prevent further drawings during periods of increased credit risk. CCF is applied on the off balance sheet exposures to determine the EAD and the ECL impairment model for financial assets is applied on the EAD to determine the ECL on the off balance sheet exposures.

Forward-looking information

The measurement of 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.

Macroeconomic factors

The Bank relies on a broad range of forward looking information as economic inputs, such as: GDP growth, unemployment rates, central bank base rates, crude oil prices, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays may be made as temporary adjustments using expert credit judgement.

Multiple forward-looking scenarios

The Bank determines allowance for credit losses using three probability-weighted forward looking scenarios. The Bank considers both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Bank prepares the scenarios using forecasts generated by credible sources such as Business

Monitor International (BMI), International Monetary Fund (IMF), Nigeria Bureau of Statistics (NBS), World Bank, Central Bank of Nigeria (CBN), Financial Markets Dealers Quotation (FMDQ), and Trading Economics.

The Bank estimates three scenarios for each risk parameter (LGD, EAD, CCF and PD) – Normal, Upturn and Downturn, which in turn is used in the estimation of the multiple scenario ECLs. The 'normal case' represents the most likely outcome and is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. The other scenarios represent more optimistic and more pessimistic outcomes. The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables, credit risk and credit losses.

Assessment of significant increase in credit risk (SICR)

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The assessment considers borrower-specific quantitative and qualitative information without consideration of collateral, and the impact of forward-looking macroeconomic factors. The common assessments for SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward looking macroeconomic factors are a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region.

The Bank adopts a multi factor approach in assessing changes in credit risk. This approach considers: Quantitative (primary), Qualitative (secondary) and Back stop indicators which are critical in allocating financial assets into stages.

The quantitative models considers deterioration in the credit rating of obligor/counterparty based on the Bank's internal rating system or External Credit Assessment Institutions (ECAI) while qualitative factors considers information such as expected forbearance, restructuring, exposure classification by licensed credit bureau etc.

A backstop is typically used to ensure that in the (unlikely) event that the primary (quantitative) indicators do not change and there is no trigger from the secondary (qualitative) indicators, an account that has breached the 30 days past due criteria for SICR and 90 days past due criteria for default is transferred to stage 2 or stage 3 as the case may be except there is a reasonable and supportable evidence available without undue cost to rebut the presumption.

Definition of Default and Credit Impaired Financial Assets

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit-impaired. A financial asset is 'creditimpaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty,having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.
- Others include death, insolvency, breach of covenants, etc.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

In addition, loans that are more than 90 days past due are considered impaired except for certain specialized loans (Project Finance, Object Finance and Real Estate Loans as specified by the Central Bank of Nigeria) in which the bank has rebutted the 90 DPD presumptions in line with the CBN Prudential Guidelines.

In making an assessment of whether an investment in sovereign debt is credit-impaired, the Bank considers the following factors:

- The market's assessment of creditworthiness as reflected in the bond yields.
- The rating agencies' assessments of creditworthiness.
- The country's ability to access the capital markets for new debt issuance.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The international support mechanisms in place to provide the necessary support as 'lender of last resort' to that country, as well as the intention, reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of allowance for ECL in the statement of financial position Loan allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component, Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value.

However, the loss allowance is disclosed and is recognised in the fair value reserve.

VI. Write-off

The Bank writes off an impaired financial asset (and the related impairment allowance), either partially or in full, no reasonable expectation of recovery as set out in IFRS 9, paragraph 5.4.4. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be 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;
- The bank's recovery method is foreclosing collateral and the value of the collateral is such that there is reasonable expectation of recovering the balance in full.

All credit facility write-offs shall require endorsement at the appropriate level, as defined by the Bank. Credit write-off approval shall be documented in writing and properly initiated by the approving authority.

A write-off constitute a derecognition event. 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.

VII. Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. A derivative that is attached to a financial instrument but is contractually transferable independently of that instrument, or has a different counterparty, is not an embedded derivative, but a separate financial instrument.

Where a hybrid contains a host that is a financial asset in the scope of IFRS 9, the entire hybrid contract, including the embedded features, is measured at FVTPL.

VIII. Offsetting financial instruments

Master agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the company or the counterparty.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a Bank of similar transactions such as in the Bank's trading activity.

(k) 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.

4.3. Leasing

The determination of whether an arrangement is a lease, or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Bank as a lessee

Leases which do not transfer to the bank substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term. Contingent rental payable are recognised as an expense in the period in which they are incurred.

Bank as a lessor

Leases where the bank does not transfer substantially all the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Where substantially all the risk and benefits of ownership of the asset have been transferred, the transaction is classified as a finance lease in the statements of financial position and presented as a receivable at an amount equal to the net investment in the lease. The net investment in the lease represents the gross investment in the lease (i.e. aggregate of the minimum lease payments receivable by the lessor under a finance lease, and any unguaranteed residual value accruing to the lessor) discounted at the interest rate implicit in the lease. The interest rate implicit in the lease takes into account the initial direct cost incurred.

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the bank's net investment in the finance lease.

4.4. Recognition of income and expenses

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Interest and similar income and expense

For all financial instruments measured at amortised cost, interest bearing financial assets classified as available–for–sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The carrying amount of the financial asset or financial liability is adjusted if the bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original EIR and the change in carrying amount is recorded as 'Other operating income'.

(ii) Fee and commission

Fees earned for the provision of services over a period of time are accrued over that period. Loan commitment and processing fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any

incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight line basis.
(iii) Net trading income comprises gains less losses related to trading assets and liabilities. It includes all realized and unrealized gains and/or losses on revaluation.

(iv) Dividend income

Dividend income is recognised when the bank's right to receive the payment is established.

4.5. Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, non-restricted current accounts with central banks and amounts due from banks on demand or with an original maturity of three months or less.

4.6. Property, Plant and Equipment

Property, Plant and Equipment (including equipment under operating leases where the Bank is the lessor) is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation which commences when the asset is available for use is calculated using the straight-line method to write down the cost of Property, Plant and Equipment to their residual values over their estimated useful lives. The estimated useful lives are as follows:

- Buildings.. 50 years
- Computer equipments... .... 5 years
- Equipments... 5 years
- Motor Vehicles...................................... 4 years
- Furniture, fittings & Improvement ...5 years
- Lease hold Improvement ....Over the remaining life of the lease.

Land is not depreciated. Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' in the income statement in the year the asset is derecognised.

4.7. Business combinations and goodwill

Business combinations are accounted for using the purchase method of accounting. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities but excluding future restructuring) of the acquired business at fair value. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the fair values of the identifiable net assets acquired, the discount on acquisition is recognised directly in the income statement in the year of acquisition.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the bank's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the bank's cash-generating units (CGUs) or group of CGUs, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit to which the goodwill is allocated represents the lowest level within the bank at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment in accordance with IFRS 8 Operating Segments.

Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of its goodwill associated with the operation, included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained. When subsidiaries are sold, the difference between the selling price and the net assets and goodwill is recognised in the income statement.

4.8. Intangible assets

The bank's other intangible assets include the value of computer softwares.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the bank.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

- Computer software 5 years

4.8.1. Impairment of non-financial assets

The bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the bank estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

Impairment losses relating to goodwill cannot be reversed in future periods.

4.9. Pension benefits

Defined contribution pension plan:

The bank also operates a defined contribution pension plan in line with the Pension Reform Act, 2004. The plan is funded by contributions from the Bank and the employees. The Bank has no further payment obligations once the contributions have been paid. Contribution payable is recorded as an expense under 'Personnel expenses'. Unpaid contributions are recorded as a liability.

4.10. Provisions

Provisions are recognised when the bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement.

4.11. Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the statement of financial position date.

(ii) Deferred tax

Deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Current tax and deferred tax relating to items recognised directly in equity are also recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.12. Fiduciary assets

The bank provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity are reported in the financial statements as contingent assets.

4.13. Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the bank's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the bank.

Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position date.

4.14. Segment reporting

The Bank's prepared its segment information based on geographical segments as its primary reporting 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 operated Two (2) geographical segments in addition to the Head Office which are: North and South Bank.

4.15. Non Current Assets Held for Sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell. Non- current assets are classified as Held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, management has committed to the sale and the sale is expected to be completed within one year from the date of classification.

Property Plant and Equipment and intangible asset classified as Held for sale are not depreciated or amortized. The Bank recognizes all impairment losses for any initial or subsequent write down of the asset to fair value less cost to sell. A gain is recognized in any subsequent increase in fair value less cost to sell of an asset held for sale, up to the cumulative impairment loss that has been recognized. A gain or loss not previously recognized at the date of the sale of a non - current asset shall be recognized at the date of de recognition. An impairment loss recognized will reduce the carrying amount of the non- current asset held for sale.

5. Segment information

The Bank prepares its segment information based on geographical segments as its primary reporting segment. A geographical segment is engaged in providing products and/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 in 2018 operated two geographical segments - North and South Bank.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits and losses which in certain respects, are measured differently from operating profits or losses in the financial statements. Management primarily relies on growth in Deposit and Profit before taxes as performance measures.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties. No revenue from transactions with a single external customer or counter-party amounted to 10% or more of the Bank's total revenue in 2017 or the year ended 31 December 2018.

The following table presents income and profit and certain asset and liability information regarding the Bank's operating segments:

5. Segment information

The Bank prepares its segment information based on geographical segments as its primary reporting segment. A geographical segment is engaged in providing products and/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 in 2018 operated two geographical segments - North and South Bank.

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The following table presents income and profit and certain asset and liability information regarding the Bank's operating segments:

31 December 2018	South	North	Corporate Office	Total
	N'000	N'000	N'000	N'000
Segmented results				
Revenue	**13,163,718**	**13,444,755**	**10,716,933**	**37,325,405**
Operating profit before tax	3,416,569	1,103,913	(3,109,429)	1,411,053
Income Tax	-	-	(141,619)	(141,619)
Profit for the year	**3,416,569**	**1,103,913**	**(3,251,048)**	**1,269,435**
Segmented assets and liabilities				
Segment assets	**11,403,371**	**6,823,895**	**25,430,106**	**43,657,372**
Segment Liabilities	**123,059,301**	**112,650,651**	**6,226,054**	**241,936,006**

31 December 2017	South	North	Corporate Office	Total
	N'000	N'000	N'000	N'000
Segmented results				
Revenue	**16,504,423**	**17,372,827**	**56,048,446**	**89,925,696**
Operating profit before tax	(4,245,326)	(3,087,119)	(6,910,129)	(14,242,574)
Income Tax	-	-	(675,364)	(675,364)
Loss for the year	**(4,245,326)**	**(3,087,119)**	**(7,585,493)**	**(14,917,938)**
Segmented assets and liabilities				
Segment assets	84,102,652	69,526,798	2,877,054	156,506,504
Segment Liabilities	**135,649,439**	**112,139,996**	**4,521,034**	**252,310,469**

	Notes	2018	2017
		N' 000	N' 000
6. Interest and similar income			
Placement with Banks		361,303	23,140
Loans and advances to customers		17,635,510	74,043,454
Financial investments - Fair Value		8,521,370	9,773,890
Financial investments - Amortised costs		2,987,776	2,788,954
		29,505,960	**86,629,439**
7. Interest and similar expense:			
Due to banks		(7,768,366)	(10,443,434)
Due to customers		(4,552,582)	(17,027,224
Debt issued and other borrowed funds		(3,214,874)	(7,981,994)
		15,535,823	**(35,452,651)**
8. Fees and commission income			
Credit related fees and commission		135,931	230,268
Account Maintenance Fee		653,773	685,535
Facilities management Fee		425,930	398,867
Other fees and commission		306,790	369,071
		1,522,424	**1,683,742**
9. Net trading income			
FX trading Income		103,263	1,105,988
Foreign exchange (loss)/gain		1,025,544	1,087,627
		1,128,807	**18,362**

	Notes	2018	2017
		N' 000	N' 000
11. Other operating income			
Dividend income		151,143	24,542
E-banking income		779,389	966,801
Gains from sale of financial investments		3,194,215	316,166
Operating lease income		110,954	66,054
Gain/(loss) on disposal of PPE Other Misc. incomes		99,101	74,141
Other Misc. incomes		833,412	146,449
		5,168,214	**1,594,153**
12. Impairment Losses			
Credits			
Charge for the year		164,598	27,787,027
Recoveries		(3,420)	(3,499)
Credit loss expense		161,178	27,783,528
Goodwill			16,471,335
		161,178	**44,254,863**
13 Personnel expenses			
Wages and salaries		9,504,244	10,426,431
Pension costs – Defined contribution plan	Note 31	476,401	435,482
		9,980,645	**10,861,913**
14. Other operating expenses			
Advertising and marketing		151,187	72,607
Professional fees		54,743	306,964
Rental charges payable under operating leases		622,275	409,195
Banking Sector Resolution Funds		782,533	2,253,390
NDIC Insurance Premium		1,375,561	1,423,248
Defined Benefit Cost		787	1,580,836
Administrative	Note 14a	5,871,246	5,755,479
		8,858,330	**11,801,720**

	Notes	2018	2017
		N' 000	N' 000
14a. Administrative			
AGM Expenses		12,000	72,387
Audit Fees		80,000	80,000
Fuel & Motor Running Expenses		207,754	117,958
Printing and Stationery		128,480	137,714
Bank Charges & Subscription		290,935	151,084
General Insurance		117,449	156,493
Legal Expenses		211,737	47,236
Local & Foreign Travels		275,176	167,337
Electricity & Power Expenses		331,117	207,777
Cash Management Expense		253,249	251,343
Facility Mantainance& Management Expenses		270,255	262,324
Directors Fees, Allowances & Expenses		224,199	312,122
Repair & Mainteinance Expenses		419,633	382,395
Diesel Expenses		688,675	494,300
Security &Saftey Management Expenses		676,437	679,826
IT and Related Expenses		739,930	1,205,068
AMCON Clawback		-	150,000
Other Admin Expenses		944,220	880,116
		5,871,246	**5,755,479**

	2018 N' 000	2017 N' 000
15. Income tax		
The components of income tax expense for the years ended 31 December 2018 & 2017 are:		
Current tax		
Company Income tax	117,548	250,347
Education tax	-	-
Technology levy	13,272	31,622
Capital gains tax	10,798	74,061
Additional assessment/ Under Provision	-	-
Total current tax	**141,619**	**356,030**
Deferred tax		
(Origination)/ reversal of temporary differences	-	319,334
Total deferred tax	-	319,334
Total income tax credit	**141,619**	**675,364**

The Bank has unrelieved losses carried forward as at 31 December 2018. Thus it's tax was assessed on minimum tax basis.

16. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the reporting date. While diluted earnings per share is computed by dividing the net profit for the year attributable to ordinary shareholders by fully diluted shares (i.e. including the impact of stock options, grants and convertible bonds) outstanding at the reporting date. The Bank as at the end of the period did not have any stock options, grants and convertible bonds.

	DEC 2018 N' 000	DEC 2017 N' 000
The following reflects the income and share data used in the basic earnings per share computations:		
Net profit attributable to ordinary shareholders for basic earnings:	1,269,435	(14,917,938)
Weighted average number of ordinary shares for basic earnings per share:	**11,689,338**	**11,689,338**
Basic earnings per ordinary share (kobo)	13.03	(127.62)
Diluted earnings per ordinary share (kobo)	13.03	(127.62)

	Notes	2018	2017
		N' 000	N' 000
17. Cash and Balances with Central Bank			
Cash on hand		8,140,045	3,633,337
Current account with the Central Bank of Nigeria		11,756	1,332,934
Deposits with the Central Bank of Nigeria		600,000	600,000
CBN - AGSMEIS Account		109,190	109,190
		8,860,991	**5,675,461**

Deposits with the Central Bank of Nigeria represent mandatory reserve deposits and are not available for use in the bank's day-to-day operations. There was no impaired cash asset in the period.

	Notes	2018	2017
18. Due from banks			
Placements with banks and discount houses		18,584,593	5,347,923
Balances with banks within Nigeria		3,078,143	1,167,286
Balances with banks outside Nigeria		11,476,561	8,637,018
		33,139,298	15,152,227
Current		33,139,298	15,152,227
Non-Current		-	-
		33,139,298	**15,152,227**

Balance due from Banks have been assessed for impairment. There are no impaired Bank Balances.

	Notes	2018	2017
		N' 000	N' 000
19. Loans and advances			
a. *i. Direct Loans and advances to customers by customer type:*			
Government lending		4,043,629	3,926,749
Corporate lending		5,799,647	4,391,346
Consumer lending		996,819	1,149,067
		10,840,095	**9,467,163**
ii. Pass through Loans (On-lending)		33,561,474	-
Gross Loans & Advances (including On-lending)		44,401,569	9,467,163
Less: Allowance for impairment losses		(744,197)	(509,036)
		43,657,372	**8,958,127**
Current		36,091,920	4,291,247
Non-Current		7,565,452	4,666,880
		43,657,372	**8,958,127**
b. Loans and advances to customers by Security:			
Cash		7,125,961	-
Secured against real estate		4,246,653	4,341,826
Secured by shares of quoted companies		-	5,826
Otherwise secured		33,027,262	5,097,647
Unsecured		1,693	21,864
		44,401,569	**9,467,163**
c. *Loans and advances to customers by Maturity*			
0 to 30 days		1,381,134	516,299
1 -3 months		3,650,595	349,053
3-6 months		488,445	17,137
6-12 Months		4,556,949	3,408,757
Over 12 Months		762,973	5,175,916
Total Loans & advances		**10,840,095**	**9,467,163**
On-lending			
6-12 Months		26,113,170	-
Over 12 Months		7,448,304	-
Total On lending		33,561,474	-
Gross Loans (Including On-Lending)		**44,401,569**	**9,467,163**
d. *Reconciliation of impairment allowance for loans and advances to customers*			
At 1 January		509,036	101,544,079
Charge for the year		164,598	27,787,027
Recoveries		(3,420)	(3,499)
Amounts written off/ written back		73,983	(128,818,571)
At 31 December		**744,197**	**509,036**
Total Impairment		744,197	509,036
		744,197	**509,036**

Gross amount of loans individually determined to be impaired before deducting individually assessed impairment allowance.

19. Loans and advances (continued)

e. Concentration of credit risk (Including On-Lending)

Credit risk concentration is determined by management on the basis of geography and Industry The geographical and industry concentration of risk asset are shown below:

S/N	State /Region		31 DECEMBER 2018		31 DECEMBER 2017
			N'000		N'000
	SOUTH SOUTH				
1	Akwa-Ibom		17,558		37,174
2	Bayelsa		186,242		4
3	Cross rivers		-		3
4	Delta		48,842		44
5	Edo		128,988		30,892
6	Rivers		**54,755**		**155,704**
	Sub-total		**436,385**		**223,820**
	SOUTH WEST				
7	Ekiti		1,191		1
8	Lagos		6,944,252		2,728,313
9	Ogun		5,149		3,415
10	Ondo		4,181,867		3,926,573
11	Osun		41,083		147,058
12	Oyo		**113,081**		**4,917**
	Sub-total		**11,286,624**		**6,810,277**
	SOUTH EAST				
13	Anambra		-		-
14	Imo		-		-
15	Enugu		181		-
16	Abia		21,893		-
17	Ebonyi		-		-
	Sub-total		**22,074**		**-**
	NORTH WEST				
18	Kano		654,182		352,019
19	Katsina		24,910		83,906
20	Kebbi		3,950		20
21	Jigawa		7,986		65,342
22	Sokoto		4,026		14
23	Zamfara		2,490		6
24	Kaduna		**914,000**		**791,038**
	Sub-total		**1,611,545**		**1,292,345**
	NORTH CENTRAL				
25	Nassarawa		2,487		6
26	Niger		4,997		177
27	Plateau		18,124		5
28	Kogi		3,407		2,974
29	Kwara		-		1
30	Abuja		29,899,729		1,005,405
31	Benue		3,745		6
	Sub-total		**29,932,490**		**1,008,574**
	NORTH EAST				
32	Adamawa		1,838		5
33	Borno		28,036		20
34	Bauchi		36,216		4
35	Gombe		1,010,076		1,550
36	Yobe		7,901		21
37	Taraba		28,383		130,545
	Sub-total		**1,112,450**		**132,146**
	TOTAL		**44,401,569**		**9,467,163**

19. Loans and advances (continued)

f. Concentration of credit risk by Industry Buckets (Including On_lending)

At 31 December 2018

Industry Type	Gross Loans & Advances		Impairment		Net Unimpaired Balance	
	N'000	%	N'000	%	N'000	%
AGRICULTURE	32,698,573	73.64%	678,832	91.22%	32,019,741	73.34%
CAPITAL MARKET	1,254	0.00%	7	0.00%	1,247	0.00%
CONSTRUCTION	768,039	1.73%	956	0.13%	767,084	1.76%
EDUCATION	20,893	0.05%	238	0.03%	20,655	0.05%
REAL ESTATE ACTIVITIES	1,339,079	3.02%	19,466	2.62%	1,319,613	3.02%
GENERAL COMMERCE	1,441,420	3.25%	12,710	1.71%	1,428,710	3.27%
GOVERNMENT	4,043,629	9.11%	2,236	0.30%	4,041,393	9.26%
MANUFACTURING	942,636	2.12%	1,980	0.27%	940,656	2.15%
OIL & GAS	2,137,748	4.81%	21,052	2.83%	2,116,696	4.85%
POWER	948,303	2.14%	6,609	0.89%	941,695	2.16%
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	59,995	0.14%	101	0.01%	59,894	0.14%
TOTAL	**44,401,569**	**100.00%**	**744,187**	**100%**	**43,657,382**	**100.00%**

At 31 December 2017

Industry Type	Gross Loans & Advances		Impairment		Net Unimpaired Balance	
	N'000	%	N'000	%	N'000	%
AGRICULTURE	163,745	1.73%	6,171	1.21%	157,574	1.76%
OIL & GAS	64,690	0.68%	2,756	0.54%	61,934	0.69%
CAPITAL MARKET	694	0.01%	74	0.01%	620	0.01%
REAL ESTATE ACTIVITIES	183,823	1.94%	11,448	2.25%	172,375	1.92%
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	42,996	0.45%	1,558	0.31%	41,438	0.46%
ADMINISTRATIVE, SUPPORT SERVICE ACTIVITIES	27	0.00%	2	0.00%	25	0.00%
EDUCATION	21,050	0.22%	1,284	0.25%	19,766	0.22%
MANUFACTURING	1,057,820	11.17%	46,390	9.11%	1,011,430	11.29%
CONSTRUCTION	350,009	3.70%	21,828	4.29%	328,181	3.66%
FINANCE & INSURANCE	56,198	0.59%	3,456	0.68%	52,742	0.59%
GOVERNMENT	3,926,749	41.48%	235,681	46.30%	3,691,067	41.20%
POWER	2,536,908	26.80%	108,089	21.23%	2,428,819	27.11%
GENERAL COMMERCE	1,062,452	11.22%	70,298	13.81%	992,154	11.08%
TRANSPORTATION	-	0.00%	-	0.00%	-	0.00%
COMMUNICATION	-	0.00%	-	0.00%	-	0.00%
TOTAL	**9,467,163**	**100.00%**	**509,036**	**100.0%**	**8,958,127**	**100.00%**

	Notes	2018 N' 000	2017 N' 000
20. Financial investments			
a. Fair Value through OCI			
Quoted investments			
Debt securities - Bills		69,510,551	34,180,699
Debt securities - Bonds		6,989,876	5,230,033
Allowance for impairment - financial assets		(410,960)	-
		76,089,468	**39,410,732**
Equity Investments			
Quoted Equities		282,324	282,324
Unquoted Equities		748,148	872,763
Less: Allowance for impairment		(868,751)	(868,751)
		161,722	**286,337**
		76,251,190	39,697,069
		76,251,190	**39,697,069**
b. Financial investments – available-for-sale pledged as collateral		-	19,006,289
		-	19,006,289
Total Financial Investment - Other Comprehensive Income		76,251,190	58,703,357
Current		68,909,040	56,831,856
Non-Current		7,342,150	1,871,501
		76,251,190	**58,703,357**

c. All unquoted available for sale equities are recorded at cost since their fair values cannot be reliably estimated. They represent investment in SMEs whose shares are not traded in any active market. The decision of the Bank to continue to hold these investment is principally on the basis of earning dividend income. The Bank would dispose the investments when it deems it necessary to do so or as a result of business exigencies either by selling shares to interested existing investees or such identified buyers.

20. Financial investments (continued)	Notes	2018 N' 000	2017 N' 000
d. Financial Instruments at Amortised Costs			
Government debt securities		26,071,227	-
		26,071,227	-
Financial investments – held-to-maturity Debt securities		-	20,271,961
		26,071,227	20,271,961
		26,071,227	**20,271,961**
Current		-	5,821,239
Non-Current		26,071,227	14,450,722
		26,071,227	**20,271,961**

21. Other assets

	2018 N' 000	2017 N' 000
a. Prepayments	1,886,520	1,946,123
Fraud suspense	387,286	369,311
Stationery stocks	277,641	155,124
Other stocks	131,177	151,968
Account receivables	3,858,223	344,418
Other debit balances	1,639,788	4,034,960
	8,180,635	**7,001,904**
Less:		
Allowance for impairment on other assets	(1,157,456)	(1,159,744)
	7,023,180	**5,842,161**
Current	5,225,883	5,344,864
Non-Current	1,797,297	497,297
	7,023,180	**5,842,161**

b. Impairment allowance for availiable for sale financial assets and other assets.

	Available for investments N'000	Other assets N'000	Total N'000
At 01 January 2018	868,751	1,159,744	2,028,494
Charge for the year	-	-	-
Amounts written off	-	(2,288)	(2,288)
At 31 December 2018	**868,751**	**1,157,456**	**2,026,207**

	Available for investments N'000	Other assets N'000	Total N'000
At 01 January 2017	868,751	1,159,744	2,028,494
Charge for the year	-	-	-
Amounts written off	-	-	-
At 31 December 2017	**868,751**	**1,159,744**	**2,028,494**

22. Property and equipment

	Land N'000	Building N'000	Motor Vehicle N'000	Plant & Equipment N'000	Furniture & Fittings N'000	Work in Progress N'000	Total N'000
Cost:							
At 01 January 2018	415,550	24,836,085	3,429,812	14,088,586	3,392,008	784,905	46,946,946
Additions	-	27,441	211,050	262,194	25,812	221,595	748,092
Disposals	-	(299,344)	-	(48,741)	(598)	-	(348,683)
Reclassifications	-	-	-	60,033	-	(60,033)	-
Reclass out of PPE	-	(49,923)	-	-	-	(84,191)	(134,113)
Reclassifications/WO	-	(5,231)	-	(57,129)	-	-	(62,360)
At 31 December 2018	**415,550**	**24,509,029**	**3,640,862**	**14,304,944**	**3,417,222**	**862,275**	**47,149,882**
Depreciation and impairment:							
At 01 January 2018	-	5,974,411	3,233,340	13,041,526	3,196,614	-	25,445,891
Additions	-	529,633	157,457	523,747	85,655	-	1,296,491
Reclassification out of PPE	-	(41,195)	-	-	-	-	(41,195)
Disposals	-	(47,498)	-	(47,530)	(598)	-	(95,627)
WO	-	(753)	-	(57,161)	-	-	(57,915)
At 31 December 2018	**-**	**6,414,597**	**3,390,797**	**13,460,581**	**3,281,670**	**-**	**26,547,646**
Net book value:							
At 01 January 2018	**415,550**	**18,861,673**	**196,472**	**1,047,060**	**195,394**	**784,905**	**21,501,055**
At 31 December 2018	**415,550**	**18,094,431**	**250,065**	**844,363**	**135,552**	**862,275**	**20,602,236**

	Land N'000	Building N'000	Motor Vehicle N'000	Plant & Equipment N'000	Furniture & Fittings N'000	Work in Progress N'000	Total N'000
Cost:							
At 01 January 2017	415,550	24,937,669	3,483,551	13,903,341	3,367,032	699,954	46,807,098
Additions		62,180	802	224,288	25,176	125,110	437,556
Disposals		(164,379)	(54,541)	(78,589)	(200)	-	(297,709)
Reclassifications		614	-	39,546	-	(40,160)	-
At 31 December 2017	**415,550**	**24,836,085**	**3,429,812**	**14,088,586**	**3,392,008**	**784,905**	**46,946,946**
Depreciation and impairment:							
At 01 January 2017	**-**	**5,374,292**	**3,094,917**	**12,501,808**	**3,035,439**	**-**	**24,006,456**
Additions		630,962	192,964	617,102	161,375	-	1,602,404
Disposals		(30,843)	(54,541)	(77,384)	(200)	-	(162,968)
		-	-	-	-	-	-
At 31 December 2017	**-**	**5,974,411**	**3,233,340**	**13,041,526**	**3,196,614**	**-**	**25,445,891**
Net book value:							
At 01 January 2017	**415,550**	**19,563,377**	**388,635**	**1,401,534**	**331,593**	**699,954**	**22,800,643**
At 31 December 2017	**415,550**	**18,861,673**	**196,472**	**1,047,060**	**195,394**	**784,905**	**21,501,055**

The Bank made adjustments in the presentation of Property, Plant & Equipment within the year. Also included in the value of Buildings are leasehold improvement.

23. Goodwill and other intangible assets

	Goodwill N'000 2017	Computer Software N'000 2017	Total N'000 2016	Goodwill N'000 2018	Computer Software N'000 2018	Total N'000 2018
Cost:						
At 01 January	16,471,335	3,216,275	19,647,680	-	3,228,225	3,228,225
Additions:						
Internally Developed	-	-	-	-	-	-
External Purchase	-	11,950	23,900	-	50,428	50,428
Disposals/Impairment	(16,471,335)	-	(16,471,335)	-	-	-
At 31 December	-	**3,228,225**	**3,200,245**	-	**3,278,653**	**3,278,653**
Amortisation and impairment:						
At 01 January	-	2,921,218	5,842,436	-	3,115,902	3,115,902
Additions	-	194,719	389,438	-	81,885	81,885
Disposals/Write offs	-	(35)	(70)	-	-	-
At 31 December	-	**3,115,902**	**6,231,804**	-	**3,197,787**	**3,197,787**
Net book value:						
At 31 December	-	**112,323**	**(3,031,559)**	-	**80,866**	**80,866**
At I January	**16,471,335**	**295,057**	**13,805,244**	-	**112,323**	**112,323**

Since initial recognition in 2008, the Bank has tested Goodwill for impairment on an annual basis in line with IFRS 3. As required, Goodwill carried in the Bank's books was tested for impairment as at the transition date 1/1/2011 and every other year subsequently.

As per the Bank's accounting policies, the Goodwill was tested for impairment in the course of the year and determined to be fully impaired as at December 31, 2017. Consequently, this impairment has been fully recognized.

	31 DECEMBER 2018 N'000	31 DECEMBER 2017 N'000
24. Deferred tax		
The movement in the deferred tax account during the year was as follows:		
At 1 January	20,289,830	20,609,164
Temporary difference on fixed assets	-	-
Impairment allowance on other assets	-	-
Unabsorbed loss and capital Allowance	-	-
Others	(0)	(319,334)
	(0)	(319,334)
At 31 December	**20,289,830**	**20,289,830**

	31 DECEMBER 2018 N'000	31 DECEMBER 2017 N'000
25. Due to other banks		
Due to other banks comprise of:		
Takings From Banks (note 26b)	100,347,202	42,957,842
	100,347,202	**42,957,842**
Current	100,347,202	42,957,842
Non-Current	-	-
	100,347,202	**42,957,842**

	31 DECEMBER 2018 N'000	31 DECEMBER 2017 N'000
26. Due to other banks (continued)		
Takings From Banks		
First Bank of Nigeria Plc	50,000,000	-
Central Bank of Nigeria	50,139,956	42,200,000
Accrued interest	207,246	757,842
	100,347,202	**42,957,842**
27. Due to customers		
a Analysis by type of account:		
Demand	81,353,453	85,091,114
Savings	55,997,846	49,197,533
Time deposits	69,743,839	81,694,847
Domiciliary	34,840,868	36,326,975
	241,936,006	**252,310,469**
b Analysis by type of depositors		
Government	36,106,929	29,923,714
Corporate	54,765,562	108,357,580
Individuals	151,063,515	114,029,175
	241,936,006	**252,310,469**
c Analysis by maturity		
0-30 days	203,235,220	220,309,622
31-90 days	27,887,723	29,198,657
91-180 days	9,462,279	1,240,147
181-365 days	1,263,401	658,719
over 365 days	87,383	903,324
	241,936,006	**252,310,469**
Current	241,848,623	251,407,145
Non-Current	87,383	903,324
	241,936,006	**252,310,469**

28. Debt issued and other borrowed funds

a. Movement in debt and other borrowed funds during the year is as follows:

	CBN Short Term Loan	Pass Through Loans	AFREXIM	Totals
At 1 January	50,000,000	18,962,542	11,583,822	80,546,363
Additions/Interest	-	49,298,890	835,338	50,134,228
Payments	-	(6,500,537)		(6,500,537)
At 31 December	**50,000,000**	**61,760,894**	**12,419,160**	**124,180,055**

b. Central Bank of Nigeria Short Term Loan

This represents short term borrowings obtained from the Central Bank of Nigeria to meet working capital requirements.

c. Pass Through Loans

The amount represents finance from the Bank of Industry as intervention funds for some industries. Disbursements have been made and form part of the bank's total loan portfolio. The bank has pledged FGN Bonds for the above in the sum of N13.06 billion.

In additions, the Bank received over N37.45Bn from the CBN, being on lending to the Rice Farmers Association (RIFAN) members as part of the Federal Government's initiative to providing single digit interest rates for the sector. The total sum of N30.6Bn has been disbursed and has been included in our on-lending facilities in note 19.

d. AFREXIM Loan

This represents a term loan facility obtained from African Export-import Bank for a tenor of seven years, which qualifies it as Tier II capital. Interest is payable quarterly. The facility will bear interest at a rate per annum equal to LIBOR + 5.45% (6.45%). The facility was secured over the permitted accounts, the charge over FGN Treasury and a security assignment bills valued at USD84 million deed whereby Unity Bank will assign to AFREXIM all securities taken from its clients benefitting from this facility.

	31 DECEMBER 2018 N'000	31 DECEMBER 2017 N'000
29. Current tax liabilities		
Current tax payable		
At the beginning of the period	710,127	644,509
Amounts recorded in the income statements	141,619	356,030
Payments made on-account during the year	(350,559)	(290,412)
	501,187	**710,127**
Current	501,187	710,127
Non-Current	-	-
	501,187	**710,127**

			31 DECEMBER 2018 N'000	31 DECEMBER 2017 N'000
30.	**Other liabilities**			
	Transit Balances		-	226,084
	Bankers payment and branch drafts		943,548	10,315
	Deferred fees		305,984	406,017
	Accruals		1,067,628	3,675,879
	Impairment on contingents	a	1,661,701	-
	Margin on letters of credit		3,446,672	4,913,585
	Sundry Creditors		2,968,307	6,584,899
	Accounts payable		2,270,372	6,313,267
			12,664,213	**22,130,046**
	Current		7,425,533	18,090,550
	Non-Current		5,238,679	4,039,496
			12,664,213	**22,130,046**
a.	Movement in impairment on contingents during the year			
	Opening balance at 1 January		-	-
	Additional Impairment on initial application of IFRS 9	**Note 53**	2,020,768	-
	Movement during the year		(359,067)	-
	Closing Balance at 31 December		1,661,701	-

31. Employee benefit liabilities Defined contribution plan

A defined contribution plan is a pension plan under which the bank pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the bank in a fund under the control of trustees. The total expense charged to income of N476 million represents contributions paid to these plans by the bank at rates specified in the Bank's collective agreement with Staff. These agreed rates are currently higher than rates advised by the pension act.

		31 DECEMBER 2018 N'000	31 DECEMBER 2017 N'000
	Movement in defined contribution obligation is shown below:		
	At 1 January	44,810	125,618
	Charge for the year	476,401	435,482
	Payment to Pension Fund Administrators (PFAs)	(486,718)	(516,290)
	As at reporting period end	**34,493**	**44,810**
	Current	34,493	44,810
	Non-Current	-	-
		34,493	**44,810**
32.	**Share capital**		
a.	**Authorised share capital**		
	120,000,000,000 ordinary shares of 50 kobo each (2016. - 120,000,000,000 ordinary shares of 50 kobo each)	**60,000,000**	**60,000,000**
b.	**Issued and fully paid share capital**		
	At 1 January: 11,689, 337,942 ordinary shares of 50k each	5,844,669	5,844,669
		-	-
	As at reporting period end: 11,689, 337,942 ordinary shares of 50k each	**5,844,669**	**5,844,669**

33. Other reserves

	Available for sale reserve	Share reconstruction reserve	CBN AGSMEIS Reserve	Reserve for SM1EIS	Total
	N'000	N'000	N'000	N'000	N'000
At 1 January 2017	(505,375)	67,103,925	-	440,116	67,038,666
Transfer to AGSMEIS Reserve	-	-	109,190	-	109,190
	-	-	-	-	-
Gain/Loss on available for sale financial assets	1,562,034	-	-	-	1,562,034
Tax on available for sale items	(468,610)				(468,610)
At 31 December 2017	**588,049**	**67,103,925**	**109,190**	**440,116**	**68,241,279**
At 1 January 2018	588,049	67,103,925	109,190	440,116	68,241,279
Transfer to AGSMEIS Reserve	-	-	63,472	-	63,472
	-	-	-	-	-
Fair Value gain /loss on financial assets	(885,748)	-	-	-	(885,748)
Tax on available for sale items	265,724				265,724
	(620,023)	-	-	-	**(620,023)**
At 31 December 2018	**(31,974)**	**67,103,925**	**172,662**	**440,116**	**67,684,728**

Available for Sale Reserve

Available for Sale Reserves comprises changes in the fair value of available for sale financial assets

Share Reconstruction Reserve

The Bank, in 2015, at an extraordinary general meeting resolved to implement a share capital reconstruction scheme with the objective of increasing the market value of existing shareholders by compressing (reducing) the units held by each shareholder to one (1) share for every ten (10) held. Consequently, the issued and fully paid share capital was restructured from N58,446,689,710 to N5,844,668,971. The amount by which the share capital was reduced was transferred to the share capital reconstruction reserve.

SMIEIS (Small and Medium Scale Enterprises) Reserve

The SMIEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed Banks set aside a portion of the profit after tax in a fund to be used to finance equity investment in qualifying small and medium scale enterprises. Under the terms of the guidelines (amended by CBN Letter dated 11 July 2006), the contributions will be 10% of the profit after tax and shall continue after the first 5 years but the Banks' contributions shall thereafter reduce to 5% of profit after tax. The small and medium scale industries equity investment scheme reserves are non distributable. However, this is no longer mandatory.

34. Additional cash flow information

		31 DECEMBER 2018	31 DECEMBER 2017
		N'000	N'000
Cash and cash equivalents			
Cash on hand	Note 17	8,140,045	3,633,337
Current account with the Central Bank of Nigeria	Note 17	11,756	1,332,934
Due from banks	Note 18	33,139,298	15,152,227
		41,291,099	**20,118,498**

The deposits with the Central Bank of Nigeria (Cash Reserve Requirements) is not available to finance the bank's day-to-day operations and, therefore, are not part of cash and cash equivalents.

	31 DECEMBER 2018 N'000	31 DECEMBER 2017 N'000
34. Additional cash flow information (continued)		
b. Changes in operating assets		
Deposits with the Central Bank of Nigeria	-	39,774,324
Loans and advances to customers	(34,536,943)	(71,471,364)
Other assets	(1,166,017)	3,511,005
	(35,702,960)	**(28,186,035)**
c. Changes in operating liabilities		
Due to customers	(10,374,463)	(11,885,875)
Due to Other Banks	57,389,359	(7,237,320)
Current tax Liabilities	-	-
Other liabilities	(11,947,536)	9,625,698
Defined contribution	(10,317)	(80,808)
	35,057,043	**(9,578,305)**
d. Other non-cash items included in profit before tax		
Impairment losses on Risk assets	161,178	27,783,528
Depreciation of property and equipment	1,296,491	1,602,404
Amortisation of intangible assets	81,885	194,719
Profit on disposal of Property and equipment	(99,101)	(74,141)
Gains from sale of investments	(3,194,215)	(316,166)
Changes in operating assets	**(1,753,762)**	**29,190,344**

35. Fair value of financial instruments

Financial instruments recorded at fair value

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the bank's estimate of assumptions that a market participant would make when valuing the instruments.

Financial investments –Fair Value through OCI

Financial investments –Fair Value through OCI financial assets valued using valuation techniques or pricing models primarily consist of unquoted equities and debt securities. These assets are valued using models that use both observable and un-observable data. The un-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

b. Fair value of financial instruments (continued)

Determination of fair value and fair value hierarchy

The bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market

As at the date of finalising this financials, the Bank did not determine the fair value of any investments using the level 3 technique The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

31 December 2018	**Level 1**	**Level 2**	**Total**
Financial assets	**N'000**	**N'000**	**N'000**
Financial investments –Fair Value through OCI			
Treasury bills	69,510,551	-	69,510,551
Government bonds	6,989,876	-	6,989,876
Quoted equity investment	-	282,324	282,324
Unquoted equity investments	-	748,148	748,148
	76,500,427	**1,030,473**	**77,530,900**

31 December 2017	**Level 1**	**Level 2**	**Total**
Financial assets	**N'000**	**N'000**	**N'000**
Financial investments available for sale			
Treasury bills	53,186,987	-	53,186,987
Government bonds	5,230,033	-	5,230,033
Quoted equity investment	-	282,324	282,324
Unquoted equity investments	-	872,763	872,763
	58,417,020	**1,155,088**	**59,572,108**

36. Movements in level 2 financial instruments measured at fair value

The level of the fair value hierarchy of financial instruments is determined at the beginning of each reporting period. The following table shows a reconciliation of the opening and closing amounts of level 2 financial assets and liabilities which are recorded at fair value:

	At 1 January 2018	Total gains/ (losses) recorded in profit or loss	Total gains/(losses) recorded in equity	Purchases	Sales	Settlements	Transfer from level 3 to level 2	At 31 Dec-18
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial investments -Fair Value through OCI:								
Unquoted equity investments	1,155,088	1,380,000	-	15,385	140,000	-	-	1,030,473
	1,155,088	**1,380,000**	**-**	**15,385**	**140,000**	**-**	**-**	**1,030,473**

The following table shows total gains and losses recognised in profit or loss during the year relating to

	For the year ended 31-Dec-18			For the year ended 31-Dec-17		
	Net trading income	Other operating income	Net gain or [loss] on financial instruments designated FVTPL	Net trading income	Other operating income	Net gain or [loss] on financial instruments designated FVTPL
	N'000	N'000	N'000	N'000	N'000	
Financial investments - available for sale:						
Quoted investments	-	3,194,215	-	-	316,166	-
Government bonds	-	-	-	-	(600)	(380)
Treasury bills	-	-	-	-	(365,961)	-
	-	**3,194,215**	**-**	**-**	**(50,395)**	**(380)**

37. Set out below is a comparison, by class, of the carrying amounts and fair values of the bank's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

	31 DECEMBER 2018		31 DECEMBER 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	N'000	N'000	N'000	N'000
Financial assets				
Cash and balances with central bank	8,860,991	8,860,991	5,675,461	5,675,461
Due from banks	33,139,298	33,139,298	15,152,227	15,152,227
Loans and advances to customers	43,657,372	43,657,372	8,958,127	8,958,127
	85,657,661	**85,657,661**	**29,785,815**	**29,785,815**
Financial investments - held to maturity	26,071,227	26,071,227	20,271,961	20,271,961
	111,728,888	**111,728,888**	**50,057,776**	**50,057,776**
Financial liabilities				
Due to customers	241,936,006	241,936,006	252,310,469	252,310,469
Due to Other Banks	100,347,202	100,347,202	42,957,842	42,957,842
Debt issued and other borrowed funds	124,180,055	124,180,055	80,546,363	80,546,363
	466,463,263	**466,463,263**	**375,814,674**	**375,814,674**

Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

Assets for which fair value approximates carrying value

For financial assets and financial liabilities that have a short term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value. This assumption is also applied to demand deposits, and savings accounts without a specific maturity.

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity. For quoted debt issued the fair values are determined based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity and credit spreads. For other variable rate instruments, an adjustment is also made to reflect the change in required credit spread.

Fair Value of financial assets attributable to changes in credit risk.

In respect of the net gain on Available for sale financial assets (Debt Securities), recognised in equity, the fair value changes are attributable to changes in market interest rate and not the credit risk of the issuer.

38. a. Contingent Liabilities, Commitments and Lease Arrangements and Legal Claims

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Bank has formal 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 the ordinary course of business is presently involved in 887 litigation suits: 282 cases instituted by the Bank and 338 cases instituted against the Bank. The distribution of all litigations is shown below. The Directors are of the opinion that non of the aforementioned cases is likely to have a material adverse effect on the Bank and are not aware of any other pending to threatened claims or litigations.

Cases	Volume
Civil cases against the bank	338
Civil cases by the bank	282
Judgments in favour of the Bank awaiting execution	178
Civil appeals against the bank	58
Civil appeals by the bank	27
Garnishee order absolute being contested by the bank	4
	887

b. Capital Commitments

To meet the financial needs of customers, the bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other undrawn commitments to lend.

Even though these obligations may not be recognized on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the bank.

Letters of credit and guarantees (including standby letters of credit) commit the bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans. The contingent liabilities are as follows:

	Notes	2018	2017
		N' 000	N' 000
		31 DECEMBER 2018 N'000	31 DECEMBER 2017 N'000
Performance Bonds and Guarantees		59,733,009	89,031,145
Letters of credit		19,666,794	5,782,716
Commitments**		7,546,000	7,546,000
		86,945,803	**96,577,145**

**Included in this amount is N4.35bn in respect of interest due on AMCON shareholding interest in the Bank through a 2-Year Agreement for holding shares in Unity Bank Plc. The 2014 Capital Raising exercise was done through Special Placement when AMCON invested N20billion in the Bank. The Shareholding Agreement in the 2014 Special Placement Offer with AMCON has since elapsed on 30 September 2016.

In addition, there was an outstanding N3.196bn Banking Sector Resolution contribution as at the reporting date. The obligations are contingent on certain conditions being present at a future date to be mutually agreed between the Bank and the Central Bank of Nigeria (CBN).

39. Lease arrangements

Operating lease commitments – Bank as lessee

The bank has entered into commercial leases for premises and equipment. These leases have an average life of between one and five years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases. Future minimum lease payments under non-cancellable operating leases as at 31 December 2018 are as follows:

	31 DECEMBER 2018 N'000	31 DECEMBER 2017 N'000
Within one year	176,853	357,718
After one year but not more than five years	434,274	460,604
More than five years	31,034	36,693
	642,162	**855,015**

40. a. Going Concern

Management has assessed and hereby subsequently reaffirm the ability of the Bank to continue in operation within the next twelve months. Consequently, this account has been prepared on the basis that the Bank would continue to exist as an entity. This is an affirmation of the going concern assumption.

The Bank is in the process of a recapitalization exercise to address its capital deficiencies. Capital adequacy ratio computations have persistently indicated significant capital deficiencies. The strategic disposal of non-performing loans under a toxic asset resolution initiative in the ongoing capitalization process resulted in the reported negative shareholders' funds of N242.193 billion as at 31 December 2017 and also impacted on the reported negative shareholders' funds of N243.69 billion as at 31 December 2018.

The ongoing capitalization exercise and forbearance granted by the Central Bank of Nigeria (Note 52b) provide assurances on the ability of the Bank to continue as a going concern and the applicability of this assumption in the preparation of its financial statements. Management is committed to and highly optimistic of a successful conclusion of the capitalization activity.

Further details on the sale of non-performing loans resolution initiatives and capitalization exercise are captured in notes 40b and 41 respectively.

b. Resolution Initiative on Non Performing Loans (NPLs)

In the course of the prior year, the Bank completed the disposal of its entire portfolio NPLs, as reflected in these financial statement for the year ended December 31, 2017. This followed the attainment of the following milestones:

I. Completion of all financial due diligence through a reputable international audit firm and legal due diligence by a renowned legal firm in accordance with the directive of the Loan purchaser.
ii. Execution of Transaction Implementation Agreement (TIA) and Sale and Purchase Agreement (SPA).
iii. Receipt of the consideration amount, being Initial consideration for to the Bank in respect of the transaction.
iv. Signing of a Custody and trust agreement with the Loan Purchaser effectively transferring the assets to the loan purchaser.

By this milestone, the Bank now carries zero NPL and is in full compliance with regulatory criteria. Furthermore, with a fully performing loan portfolio and improved risk processes, the financial risk on the Bank from credit exposures have been extremely minimized.

41. Capital

a. Capital Management

The primary objectives of the Bank's capital management policy is to ensure that the Bank complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and maximise shareholder's value. The Bank's capital requirements have been deficient as reflected in its negative capital adequacy ratio computations reported at (198.40%) and (198.07%) for the years ended 31 December 2018 and 2017 respectively.

To address this deficiency, the Bank is in the process of a recapitalization exercise. Discussions are with prospective investors who have indicated interests to inject substantial capital into the Bank are at various stages.

Whilst the capital raising exercise has been diversified to engage several strategic investors, deliberate actions were taken by the Bank to strictly extract commitment following the review of capacity, investment funding availability and strong poise and strategic alignment to the long-term vision and aspirations of the Bank that form the basis to invest in Unity Bank.

In the ongoing capital raising exercise, the Bank has considered a variety of classes of investors, including local and foreign, internal and new investors, individual and institutional investors, amongst other options. However, all prospective investors are required to demonstrate financial and business capacity, impeccable reputation and potential to add strategic value towards achieving the Bank's strategic goals and vision.

b. 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 requirments.

	31 DECEMBER 2018 N'000	31 DECEMBER 2017 N'000
Regulatory capital		
Tier 1 capital		
Share capital	5,844,669	5,844,669
Share premium	10,485,871	10,485,871
Share Reconstruction	67,103,925	67,103,925
Statutory Reserves	12,120,153	11,929,737
SMEIES Reseves	440,116	440,116
Retained earnings	**(340,021,528)**	**(338,694,712)**
IFRS 9 Transitional Adjustment	1,489,021	-
Less: goodwill and intangible	-	-
Assets	(80,866)	(112,324)
Less: Deferred Tax Assets	(20,289,830)	(20,289,830)
Total qualifying Tier 1 Capital	**(262,908,470)**	**(263,292,548)**
Tier 2 capital		
Revaluation Reserve_Investment		
Securities	(31,974)	588,049
Total qualifying Tier 2 Capital(100% of total qualifying tier I capital)	-	-
Total Qualifying Capital	**(262,908,470)**	**(263,292,548)**
Risk - weighted assets:		
Risk Weighted Amount for credit risk	88,433,963	86,738,719
Risk Weighted Amount for operational risk	37,113,093	44,001,039
Risk Weighted Amount for market risk	6,863,536	2,186,622
Total risk-weighted assets	**132,410,592**	**132,926,380**
Ratio	**-198.56%**	**-198.07%**

42. Maturity Profile of Assets and Liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

As at 31 December 2018	Up to 1 Month N'000	1 to 3 Months N'000	3 to 6 Months N'000	6 to 12 Months N'000	1 to 3 Years N'000	Over 3 Years N'000	Total N'000
Assets							
Cash and balances with central banks	8,151,801	-	-	-	600,000	109,190	8,860,991
Due from banks	14,554,704	18,584,593	-		-	-	33,139,298
Loans and advances to customers	1,381,134	3,687,453	620,553	30,402,780	6,184,318	1,381,134	43,657,372
Financial investments – FVTPL	-	-	-	-	-	-	-
Debt & Equity instruments at fair value through other comprehensive income	1,238,295	17,455,167	1,520,597	48,694,981	2,367,566	4,974,584	76,251,190
Debt instruments at amortised cost	-	-	-	-	2,437,413	23,633,814	26,071,227
Other assets	4,654,327	-	-	571,556	460,604	1,336,693	7,023,180
Property and equipment	-	-	-	-	-	20,602,236	20,602,236
Goodwill and other intangible assets	-	-	-	-	-	80,866	80,866
Deferred tax assets	-	-	-	-	-	20,289,829	20,289,829
Total assets	**29,980,261**	**39,727,214**	**2,141,150**	**79,669,318**	**12,049,901**	**72,408,346**	**235,976,190**
Liabilities							
Due to other banks	50,347,202	-	-	50,000,000	-	-	100,347,202
Due to customers	203,235,220	27,887,723	9,462,279	1,263,401	87,383	-	241,936,006
Debt issued and other borrowed funds	-	61,760,895	50,000,000		-	12,419,160	124,180,055
Current tax liabilities	-	-	501,187	-	-	-	501,187
Other liabilities	943,548	4,820,284	-	2,270,372	-	4,630,008	12,664,212
Employee benefit liabilities	34,493	-	-	-	-	-	34,493
Equity	-	-	-	-	-	(243,686,965)	(243,686,965)
Total liabilities	254,560,463	94,468,902	59,963,465	53,533,773	87,383	(226,637,798)	235,976,190
Gap	**(224,580,202)**	**(54,741,688)**	**(57,822,315)**	**26,135,544**	**11,962,518**	**299,046,143**	-

As at 31 December 2017

	Up to 1 Month N'000	1 to 3 Months N'000	3 to 6 Months N'000	6 to 12 Months N'000	1 to 3 Years N'000	Over 3 Years N'000	Total N'000
Assets							
Cash and balances with central banks	4,966,271	-	-	-	600,000	109,190	5,675,461
Due from banks	9,804,304	5,347,923	-		-	-	15,152,227
Loans and advances to customers	516,299	349,053	17,137	3,408,757	4,236,643	430,237	8,958,127
Financial investments – held-for-trading	-	-	-	-	-	-	-
Financial investments – available-for-sale	9,987,723	6,637,171	22,222,733	17,984,230	442,532	1,428,969	58,703,357
Financial investments – held-to-maturity	-	-	-	-	2,673,718	17,598,243	20,271,961
Other assets	1,447,531	733,849	2,350,000	813,484	460,604	36,693	5,842,161
Non current assets held for sale			-	-	-	-	-
Property and equipment	-	-	-	-	-	21,501,055	21,501,055
Goodwill and other intangible assets	-	-	-	-	-	112,324	112,324
Deferred tax assets	-	-	-	-	-	20,289,830	20,289,830
Total assets	**26,722,128**	**13,067,995**	**24,589,870**	**22,206,472**	**8,413,496**	**61,506,542**	**156,506,504**
Liabilities							
Due to other banks	42,957,842	-	-	-	-	1	42,957,842
Due to customers	220,309,622	29,198,657	1,240,147	658,719	903,324	-	252,310,469
Debt issued and other borrowed funds	68,962,542		-		-	11,583,822	80,546,364
Current tax liabilities	-	-	710,127	-	-	-	710,127
Other liabilities	10,315	8,995,481	-	6,313,267	6,810,983	-	22,130,046
Employee benefit liabilities	44,810	-	-	-	-	-	44,810
Equity	-	-	-	-	-	(242,193,155)	(242,193,155)
Total liabilities	**332,285,130**	**38,194,138**	**1,950,275**	**6,971,986**	**7,714,307**	**(230,609,332)**	**156,506,504**
Gap	(305,563,001)	(25,126,143)	22,639,595	15,234,486	699,189	292,115,874	-

43. **Maturity Profile of Contingents**

The table below shows an analysis of contingents analysed according to when they are expected to be recovered or settled:

As at 31 December 2018	Up to 1 Month N'000	1 to 3 Months N'000	3 to 6 Months N'000	6 to 12 Months N'000	Over 1 Year N'000	Total N'000
Performance Bonds & Guarantees	3,963,400	606,781	2,777,148	8,097,454	44,288,227	59,733,009
Letters of credit	-	-	-	23,417,186	(3,750,392)	19,666,794
	3,963,400	**606,781**	**2,777,148**	**31,514,640**	**40,537,835**	**79,399,803**

As at 31 December 2017	Up to 1 Month N'000	1 to 3 Months N'000	3 to 6 Months N'000	6 to 12 Months N'000	Over 1 Year N'000	Total N'000
Performance Bonds & Guarantees	22,405,251	9,704,764	5,451,920	6,905,302	44,563,908	89,031,145
Letters of credit	4,879,165	118,974	77,524	442,669	264,384	5,782,716
	27,284,415	**9,823,739**	**5,529,444**	**7,347,970**	**44,828,292**	**94,813,861**

44. Concentrations of currency risk: Financial Instruments

The table below shows an analysis of assets and liabilities analysed according to their currencies:

As at 31 December 2018	**Naira N'000**	**Dollar N'000**	**Pound N'000**	**Euro N'000**	**Others N'000**	**Total N'000**
Assets						
Cash and balances with central banks	5,919,754	2,809,483	12,889	118,865	-	8,860,991
Due from banks	7,073,074	25,148,777	302,666	614,595	187	33,139,298
Loans and advances to customers	40,967,224	2,649,224	40,924	-	-	43,657,372
Debt instruments at fair value through other comprehensive income	76,089,468	-	-	-	-	76,089,468
Equity instruments at fair value through other comprehensive income	161,722	-	-	-	-	161,722
Financial investments – held-for-trading	-	-	-	-	-	-
Financial investments – available-for-sale	-	-	-	-	-	-
Financial investments – available-for-sale pledged as collateral	-	-	-	-	-	-
Financial investments – held-to-maturity	-	-	-	-	-	-
Debt instruments at amortised cost	26,071,227					26,071,227
Other assets	7,023,180	-	-	-	-	7,023,180
Property and equipment	20,602,236	-	-	-	-	20,602,236
Goodwill and other intangible assets	80,866	-	-	-	-	80,866
Deferred tax assets	20,289,830	-	-	-	-	20,289,830
Total assets	**204,278,581**	**30,607,484**	**356,479**	**733,460**	**187**	**235,976,190**
Liabilities						
Due to other banks	100,347,202	-	-	-	-	100,347,202
Due to customers	212,345,823	29,238,266	198,633	153,283	-	241,936,006
Debt issued and other borrowed funds	111,760,895	12,419,160	-	-	-	124,180,055
Current tax liabilities	501,187	-	-	-	-	501,187
Other liabilities	11,933,439	537,801	141,386	51,586	-	12,664,212
Employee benefit liabilities	34,493	-	-	-	-	34,493
Equity	(243,686,965)	-	-	-	-	(243,686,965)
Total liabilities	**193,236,073**	**42,195,227**	**340,019**	**204,869**	**-**	**235,976,190**
Gap	**11,042,508**	**(11,587,744)**	**16,459**	**528,591**	**187**	**-**

44. Concentrations of currency risk: Financial Instruments (continued)

As at 31 December 2017	**Naira N'000**	**Dollar N'000**	**Pound N'000**	**Euro N'000**	**Others N'000**	**Total N'000**
Assets						
Cash and balances with central banks	4,850,308	783,620	14,091	27,443	-	5,675,461
Due from banks	2,929,313	11,046,372	306,810	869,531	201	15,152,227
Loans and advances to customers	6,438,922	2,519,205	-	-	-	8,958,127
Financial investments – held-for-trading	-	-	-	-	-	-
Financial investments – available-for-sale	39,697,069	-	-	-	-	39,697,069
Financial investments – available-for-sale pledged as collateral	19,006,289	-	-	-	-	19,006,289
Financial investments – held-to-maturity	20,264,126	-	7,835	-	-	20,271,961
Other assets	5,842,161	-	-	-	-	5,842,161
Property and equipment	21,501,055	-	-	-	-	21,501,055
Goodwill and other intangible assets	112,324	-	-	-	-	112,324
Deferred tax assets	20,289,830	-	-	-	-	20,289,830
Total assets	**140,931,396**	**14,349,196**	**328,736**	**896,974**	**201**	**156,506,504**
Liabilities						
Due to other banks	42,957,842	-	-	-	-	42,957,842
Due to customers	219,903,119	31,974,300	233,615	199,435	-	252,310,469
Debt issued and other borrowed funds	68,962,542	11,583,822	-	-	-	80,546,364
Current tax liabilities	710,128	-	-	-	-	710,128
Other liabilities	17,343,373	4,396,858	54,769	208,270	126,777	22,130,046
Employee benefit liabilities	44,810	-	-	-	-	44,810
Equity	(242,193,155)	-	-	-	-	(242,193,155)
Total liabilities	**107,728,659**	**47,954,980**	**288,383**	**407,705**	**126,777**	**156,506,504**
Gap	**33,202,738**	**(33,605,784)**	**40,353**	**489,269**	**(126,576)**	**-**

45. Interest Rate Risk

The table below shows an analysis of interest bearing assets and liabilities analysed according to when they are expected to be settled:

As at 31 December 2018

	Up to 1 Month N'000	**1 to 3 Months N'000**	**3 to 6 Months N'000**	**6 to 12 Months N'000**	**1 to 3 Years N'000**	**Over 3 Years N'000**	**Total N'000**
Assets							
Due from banks	14,554,704	18,584,593	-	-	-	-	33,139,298
Loans and advances to customers	1,381,134	3,687,453	620,553	30,402,780	6,184,318	1,381,134	43,657,372
Financial investments – FVTPL	-	-	-	-	-	-	-
Financial investments – FTOCI	1,238,295	17,455,167	1,520,597	48,694,981	2,367,566	4,974,584	76,251,190
Financial investments – Amortised Cost	-	-	-	-	2,437,413	23,633,814	26,071,227
Total assets	**17,174,133**	**39,727,214**	**2,141,150**	**79,097,762**	**10,989,297**	**29,989,532**	**179,119,087**
Liabilities							
Due to other banks	50,347,202	-	-	50,000,000	-	-	100,347,202
Due to customers	203,235,220	27,887,723	9,462,279	1,263,401	87,383	-	241,936,006
Debt issued and other borrowed funds	-	61,760,895	50,000,000	-	-	12,419,160	124,180,055
Total liabilities	**203,235,220**	**89,648,618**	**59,462,279**	**1,263,401**	**87,383**	**12,419,160**	**366,116,061**
Gap	**(186,061,087)**	**(49,921,404)**	**(57,321,128)**	**77,834,360**	**10,901,914**	**17,570,372**	**(186,996,974)**

45. Interest Rate Risk

The table below shows an analysis of interest bearing assets and liabilities analysed according to when they are expected to be settled:

As at 31 December 2017	Up to 1 Month N'000	1 to 3 Months N'000	3 to 6 Months N'000	6 to 12 Months N'000	1 to 3 Years N'000	Over 3 Years N'000	Total N'000
Assets							
Due from banks	9,804,304	5,347,923	-	-	-	-	15,152,227
Loans and advances to customers	516,299	349,053	17,137	3,408,757	4,236,643	430,237	8,958,127
Financial investments – held-for-trading	-	-	-	-	-	-	-
Financial investments – available-for-sale	9,987,723	6,637,171	22,222,733	17,984,230	442,532	1,428,969	58,703,357
Financial investments – held-to-maturity	-	-	-	-	2,673,718	17,598,243	20,271,961
Total assets	**20,308,326**	**12,334,147**	**22,239,870**	**21,392,987**	**7,352,892**	**19,457,450**	**103,085,672**
Liabilities							
Due to other banks	42,957,842	-	-	-	-	1	42,957,842
Due to customers	220,309,622	29,198,657	1,240,147	658,719	903,324	-	252,310,469
Debt issued and other borrowed funds	68,962,542	-	-	-	-	11,583,822	80,546,364
Total liabilities	**289,272,164**	**29,198,657**	**1,240,147**	**658,719**	**903,324**	**11,583,822**	**332,856,833**
Gap	**(268,963,838)**	**(16,864,510)**	**20,999,723**	**20,734,268**	**6,449,569**	**7,873,628**	**(229,771,160)**

46. Customer complaints data

	Description	Number		Amount Claimed		Amount Refunded	
		2018	2017	2018	2017	2018	2017
		Nos	Nos	N'000	N'000	N'000	N'000
1	**Pending Complaints B/F**	276	364	7,344,192	13,750,056	-	-
2	**Received Complaints**	85,459	62,440	2,853,905	15,900,537	-	-
3	**Resolved Complaints**	(84,891)	(62,164)	(2,361,404)	(8,556,346)	1,654,810	642,214
4	**Unresolved Complaints escalated to CBN for intervention**	178	93	1,840,956	3,154,096	1,250,847	344,268
5	**Unresolved Complaints pending with the Bank C/F**	568	276	492,502	7,344,192	-	-

FOREIGN CURRENCY

S/N	Currency	Amount Claimed		Amount Refunded	
		2018	2017	2018	2017
1	US Dollars ($)	10,100	-	-	7,150
2	Euros	600	-	-	-

47. Employees and Directors

	31 DECEMBER 2018	31 DECEMBER 2017
	Number	Number
a. The average number of persons employed by the Bank during the year was as follows:		
Executive Directors	3	3
Management	18	20
Non-management	1,713	1,785
	1,734	**1,808**
	N'000	N'000
b. Compensation for the above staff (excluding Bank directors) include:		
Salaries and wages	9,504,244	10,426,431
Pension costs:		
Defined Contribution plans	476,401	435,482
	9,980,645	**10,861,913**

	31 DECEMBER 2018 Number	31 DECEMBER 2017 Number
47. Employees and Directors (continued)		
c. The number of employees of the Bank, other than directors, who received emoluments in the following ranges (excluding pension contributions) were:		
N300,000 and below	-	-
N300,001 - N2,000,000	-	-
N2,000,000 - N2,800,000	-	-
N2,800,001 - N3,500,000	656	718
N3,500,001 - N4,000,000	392	370
N4,000,001 - N5,500,000	171	179
N5,500,001 - N6,500,000	179	198
N6,500,001 - N7,800,000	120	139
N7,800,001 - N9,000,000	87	93
N9,000,001 and above	129	111
	1,734	**1,808**

	N'000	N'000
48. Related party disclosures		
a. Compensation of key management personnel of the bank IAS 24.17		
Short-term employee benefits (Executive Management Compensation)	260,101	249,333
Termination benefits	-	-
	260,101	**249,333**

b. Transactions with key management personnel of the bank

The bank enters into transactions, arrangements and agreements involving directors, and their related concerns in the ordinary course of business at commercial interest and commission rates. The following table provides the total amount of transactions, which have been entered into with key management personnel for the relevant financial year:

	N'000	N'000
Key management personnel of the bank		
Loans and advances (Note 48d)	40,605	45,147
Deposits (Note 48c)	**135,055**	**104,610**

	31 DECEMBER 2018 N'000	31 DECEMBER 2017 N'000
48. Related party disclosures (continued)		
c. Transactions with key management personnel of the bank		
The details of the directors deposits as at 31 December 2018 are shown below:		
Serving Directors		
1 Aminu Babangida	10,161	9,769
2 Hafiz Mohammed Bashir	732	4,529
3 Oluwafunsho Obasanjo	25,494	30,205
4 Sam N. Okagbue	5,380	8,064
5 Tomi Somefun	7,233	6,074
6 Tuedor Temisan	1	317
7 Yabawa Lawan Wabi, *mni*	706	3,194
8 Ebenezer Kolawole*	85,292	-
9 Usman Abdulqadri*	54	-
10 Aisha Azumi Abraham^	-	42,456
	135,055	**104,610**

* *Joined the board in 2018*

^ *Resigned from the board in December 2017*

d. Risk assets outstanding as at 31 December 2018

i) As at the close of business exposure to related party totaled N6.45 billion (2017: N2.49billion). This amount represents credit facilities granted to companies in which certain present and past directors and shareholders have interest.

	31 DECEMBER 2018 N'000	31 DECEMBER 2017 N'000
Currently Serving Directors	40,605	45,147
Previous Serving Directors	6,410,957	2,442,948
	6,451,563	**2,488,095**

48. e. Related party disclosures

Insider Related Credit as at 31 December 2018

S/N	Nuban number	Borrower	Related interest	Relationship to Bank	Facility type	Approved credit limit =N=	Date granted	Expiry date	Performing =N=	Non_performing =N=	Balance
1	0030607385	TUEDOR TEMISAN JONATHAN	TUEDOR TEMISAN JONATHAN	EXECUTIVE DIRECTOR	TERM LOAN	45,102,223.34	27/12/2017	26/12/2025	40,605,177	-	40,605,177
2	0036587335	TAK INTEGR AGRIC SOLUTION	THOMAS ETUH	FORMER DIRECTOR	TERM LOAN	5,000,000,000.00	14/09/2018	13/09/2023	5,125,753,425	-	5,125,753,425
3	0017534208	KASHTON CONCEPTS NIGERIA	HAKEEM SHAGAYA	FORMER DIRECTOR	OVERDRAFT	1,450,000,000.00	20/09/2018	17/10/2019	1,285,204,008	-	1,285,204,008
									6,451,562,609	-	**6,451,562,609**

Insider Related Credit as at 31 December 2017

S/N	Nuban number	Borrower	Related interest	Relationship to Bank	Facility type	Approved credit limit =N=	Date granted	Expiry date	Performing =N=	Non_performing =N=	Balance
1	0030607385	TUEDOR TEMISAN JONATHAN	TUEDOR TEMISAN JONATHAN	EXECUTIVE DIRECTOR	TERM LOAN	45,102,223.34	27/12/2017	26/12/2025	45,146,708	-	45,146,708
2	0029054253	PRACTOIL LIMITED	BOLA SHAGAYA	FORMER DIRECTOR	OVERDRAFT	350,000,000.00	10/12/2017	10/12/2018	54,503,795	-	54,503,795
3	0022799588	PACIFIC ENERGY COMPANY LIMITED	DR. ADEDEJI ADELEKE	FORMER DIRECTOR	SYNDICATED CONTRACT	USD10,666,818.79	05/12/2013	31/12/2018	2,388,444,007	-	2,388,444,007
									2,488,094,510	-	**2,488,094,510**

		31 DECEMBER 2018 N'000	31 DECEMBER 2017 N'000
49.	**Remuneration paid to Non Executive Directors**		
	Fees	160,000	236,400
	Sitting Allowances	25,550	48,130
	Other director expenses	38,649	27,592
		224,199	**312,122**
	Fees and other emoluments disclosed above include amounts paid to:		
	The Chairman	**41,400**	**31,050**
		Number	**Number**
	The number of directors who received fees and other emoluments(excluding pension contributions)		
	Below N1,000,000	-	-
	N1,000,000 - N2,000,000	-	-
	N2,000,001 - N3,000,000	-	-
	N5,000,001 and above	9	8
		9	8
50.	Reconciliation of profit before tax to cash generated from operation		
		N'000	**N'000**
	Profit before tax	1,411,053	(14,242,574)
	Adjustments to reconcile profit to net cash flow from operating activities		
	Depreciation	1,296,491	1,602,404
	Impairments	161,178	27,783,528
	Amortization of intangible assets	81,885	194,719
	Profit on sale of fixed assets	(99,101)	(74,141)
	Profit from sale of Investment	(3,194,215)	(316,166)
	Net change in operating assets	(35,702,960)	(28,295,225)
	Net change in operating liabilities	35,057,043	(9,258,971)
	Increase/(Decrease) in tax payable	(491,747)	(609,745)
	Net Cash from operating activities	**(1,480,373)**	**(23,216,172)**

51. Acquisitions and disposals

In line with directives of Central Bank of Nigeria, the Board and Shareholders approved the disposal of the Bank subsidiaries in 2011. The subsidiaries have all been disposed in line with the CBN directives.

52. Contraventions

The Bank contravened certain extant regulatory provisions during the year. The details of such contraventions and the penalties paid are shown below:

		31 DECEMBER 2018	31 DECEMBER 2017
a. Nature of Contravention and penalty paid	Regulatory Body	**N'000**	**N'000**
Penalty for No credit Bureau Report	CBN	-	4,000
Non Display of Account in Branch		-	108
Penalty for Non performing Loans	CBN	-	2,000
Penalty for failure to notify CBN of exit of Acting Chief Internal Auditor	CBN	-	4,000
Late filing of the Audited Account for two days	SEC	-	400
Penalty for Inability to Provide ATM footage	CBN	-	80
Penalty for contravening various AML/CFT	CBN	-	8,000
Penalty for reporting deficiencies in the 2015/2016 annual report	FRC	5,000	-
Sanction IRO excess charges and Interest on customer	CBN	2,000	
		7,000	**18,588**

b. Forbearance on cash reserve ratio

Unity Bank Plc was initially granted forbearance by the Central Bank of Nigeria for compliance with the cash reserve ratio when it was set at 33%. Upon the request of Unity Bank Plc, the Central Bank of Nigeria granted additional forbearance on the Cash reserve to provide working capital and resolve liquidity bottlenecks. The current revised cash reserve ratio is set at 22.5%.

53. TRANSITION DISCLOSURES

The following pages set out the impact of adopting IFRS 9 on the statement of financial position, and retained earnings including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's ECLs.

		IAS 39 measurement		Re-measurement			IFRS 9	
In thousand of Nigerian naira	Ref	Category	Amount	Reclassification	ECL	Other	Amount	Category
Financial assets								
Cash and balances with CBN		Loans and receivables	5,675,461	-	-	-	5,675,461	Amortised cost
Due from Banks		Loans and receivables	15,152,227				15,152,227	Amortised cost
Loans and advances to customers		Loans and receivables	8,958,127		338,478		9,296,605	Amortised cost
Financial investment- Held for trading		Fair value through profit or loss	-				-	Fair value through profit or loss
Debt instruments at amortised cost:				20,271,961	(460,934)		19,811,027	Amortised cost
From: Financial investments- HTM		Held-to-maturity	20,271,961	(20,271,961)			-	
			50,057,776	-	(122,456)	-	49,935,320	
AFS Pledged assets								
To: Debt instrument at fair value through other comprehensive income		AFS	19,006,289	-			19,006,289	Fair value through OCI (FVOCI)
			19,006,289	-	-	-	19,006,289	
Debt instruments at fair value through OCI (FVOCI)								
From: Financial investment - available-for-sale		AFS	39,410,732				**39,410,732**	Fair value through OCI (FVOCI) with recycling
			39,410,732	-	-	-	**39,410,732**	
Equity instruments at fair value through OCI (FVOCI)								
From: Financial investment - available-for-sale		AFS	286,337				**286,337**	Fair value through OCI (FVOCI) without recycling
			286,337	-	-	-	**286,337**	
Total financial assets			108,761,133	-	(122,456)	-	**108,638,677**	
Non-financial assets			27,455,540				**27,455,540**	
Deferred tax assets			20,289,830				**20,289,830**	
Total assets			156,506,504	-	(122,456)	-	**156,384,048**	

	IAS 39 measurement		Re-measurement			IFRS 9	
In thousand of Nigerian naira	Category	Amount	Reclassification	ECL	Other	Amount	Category
Financial liabilities							
Due to other banks	Other financial liabilities	42,957,842				42,957,842	Amortised cost
Due to customers	Other financial liabilities	252,310,469				252,310,469	Amortised cost
Debt issued and other borrowed funds	Other financial liabilities	80,546,364				80,546,364	Amortised cost
		375,814,675	-	-	-	375,814,675	
Non-financial liabilities							
Other Liabilities		22,884,984				22,884,984	
Total liabilities		398,699,659	-	-	-	398,699,659	

53. TRANSITION DISCLOSURES- CONTINUED

The impact of transition to IFRS 9 on reserves and retained earnings is as follows:

In thousands of Nigerian naira	Reserves and Retained earnings
Fair value reserve	
Closing balance under IAS 39 (31 December 2017)	588,049
Recognition of expected credit losses under IFRS 9 for debt financial assets at FVOCI	(460,934)
Deferred tax in relation to the above	
Opening balance under IFRS 9 (1 January 2018)	127,115
Retained earnings	
Closing balance under IAS 39 (31 December 2017)	(338,694,711)
Reclassification adjustments in relation to adopting IFRS 9	
Recognition of IFRS 9 ECLs including those measured at FVOCI (see below)	
Deferred tax in relation to the above	
Opening balance under IFRS 9 (1 January 2018)	**(338,694,711)**
Total change in equity due to adopting IFRS 9	

The following table reconciles the aggregate opening loan loss provision allowance under IAS 39 and provisions for loan commitments and financial guarantee contracts in accordance with IAS 37 Provisions Contingent Liabilities and Contingent Assets to the ECL allowances under IFRS 9.

In thousands of Nigerian naira	**Loan loss provision under IAS 39/IAS 37 at 31 December 2017**	**Re-measurement**	**ECLs under IFRS 9 at 1 January 2018**
Impairment allowance for			
Loans and advances to customers per IAS 39/financial assets at amortised cost under IFRS 9	8,958,127	9,296,605	338,478
Available-for-sale debt investment securities per IAS 39/Debt instruments at amortised cost under IFRS 9	20,271,961	19,811,027	(460,934)
Available-for-sale debt investment securities per IAS 39/debt financial assets at FVOCI under IFRS 9	58,417,020	58,417,020	-
	87,647,108	87,524,652	(122,456)
Performance bond and financial guarantees	89,031,145	87,011,033	(2,020,112)
Letters of credit for customers	5,782,716	5,782,060	(656)
Other commitments	7,546,000	7,546,000	-
	102,359,861	**100,339,093**	**(2,020,768)**

	31 DECEMBER 2018 N'000	%	31 DECEMBER 2017 N'000	%
Gross earnings	37,325,405		89,925,696	
Interest expense	**(15,535,823)**		**(35,452,651)**	
	21,789,583		54,473,044	
Bought in materials and services				
Local	(8,858,330)		(11,801,720)	
Impairment of assets	**(161,178)**		(44,254,863)	
	12,770,075	**100**	**(1,583,539)**	**100**
Applied to pay:				
Employees:				
Wages, salaries and pensions	9,980,645	78	10,861,913	(686)
Government				
Taxes	141,619	1	356,030	(22)
Shareholders:				
Dividend	-	-	-	-
To be retained in the business for expansion and future wealth creation:				
Depreciation	1,296,491	10	1,602,404	(101)
Amortisation	81,885	1	194,719	(12)
Deferred taxation	-	-	319,334	(20)
(Loss)/Profit for the year	1,269,435	10	(14,917,938)	942
	12,770,075	**100**	**(1,583,539)**	**100**

Value Added is the additional wealth created by the efforts of the Bank and its Employees.The statement shows the allocation of the wealth amongst employees, government, capital providers and that retained in the business for expansion and future wealth creation.

	31 DECEMBER				
	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
Assets					
Cash and balances with Central Bank	8,860,991	5,675,461	51,129,061	27,587,476	6,814,218
Due from banks	33,139,298	15,152,227	9,324,758	18,579,346	16,158,360
Loans and advances to customers	43,657,372	8,958,127	277,214,521	246,143,129	219,335,346
Financial investments – held-for-trading	-	-	97,063	110,633	2,793,700
Debt instruments at fair value through other comprehensive income	76,089,468	-	-	-	-
Equity instruments at fair value through other comprehensive income	161,722	-	-	-	-
Financial investments – available-for-sale	-	39,697,069	26,152,264	43,114,403	57,903,167
Financial investments – available-for-sale pledged as collateral	-	19,006,289	33,023,297	17,138,888	19,605,200
Financial investments – held-to-maturity	-	20,271,961	26,211,318	25,239,272	26,550,431
Debt instruments at amortised cost	26,071,227	-	-	-	-
Other assets	7,023,180	5,842,161	9,353,166	6,391,066	8,681,702
Property and equipment	20,602,236	21,501,055	22,800,643	18,968,143	18,491,476
Goodwill and other intangible assets	80,866	112,324	16,766,392	16,920,408	17,148,015
Deferred tax assets	20,289,830	20,289,830	20,609,164	19,666,769	16,737,488
Non current assets held for sale	-	-	-	3,461,478	3,086,008
Total Assets	**235,976,190**	**156,506,504**	**492,681,647**	**443,321,012**	**413,305,111**
Liabilities and Equity					
Liabilities					
Due to other banks	100,347,202	42,957,842	50,195,162	40,531,041	-
Due to customers	241,936,006	252,310,469	264,196,344	231,440,942	277,025,613
Debt issued and other borrowed funds	124,180,055	80,546,364	81,908,685	70,294,256	45,499,812
Current tax liabilities	501,187	710,128	644,509	613,373	647,727
Other liabilities	12,664,212	22,130,046	12,504,349	17,781,333	13,792,184
Employee benefit liabilities	34,493	44,810	125,618	85,536	75,780
Total liabilities	**479,663,154**	**398,699,659**	**409,574,667**	**360,746,481**	**337,041,116**
Equity					
Issued share capital	5,844,669	5,844,669	5,844,669	5,844,669	58,446,690
Share premium	10,485,871	10,485,871	10,485,871	10,485,871	10,485,871
Statutory reserve	12,120,153	11,929,737	11,929,737	11,602,168	10,898,794
Retained earnings	(340,021,529)	(338,694,713)	(275,980,402)	(117,270,296)	(56,434,482)
Non Distributable Regulatory Reserve	199,140		263,788,438	103,222,105	38,400,508
Other reserves	67,684,730	68,241,280	67,038,667	68,690,015	14,466,615
Total equity	(243,686,964)	(242,193,155)	83,106,980	82,574,531	76,263,995
Total liabilities and equity	235,976,190	156,506,504	492,681,647	443,321,012	413,305,111

	31 DECEMBER 2018 N'000	31 DECEMBER 2017 N'000	2016 N'000	2015 N'000	2014 N'000
Total operating income	21,789,582	54,473,045	64,111,448	59,186,622	59,886,928
Operating expenses	(20,217,351)	(24,460,756)	(26,346,421)	(29,721,773)	(31,193,291)
Impairment losses	(161,178)	(44,254,863)	(35,948,596)	(27,122,182)	(15,054,246)
Profit before taxation	1,411,053	(14,242,574)	1,816,431	2,342,667	13,639,390
Information technology Levy	(13,272)	(31,622)	(18,164)	(56,994)	(18,164)
Current taxation	(128,346)	(324,408)	(556,864)	(525,797)	(556,864)
Deferred taxation	(0)	(319,334)	942,395	2,929,281	(2,299,187)
Profit/(Loss)after taxation	**1,269,434**	**(14,917,938)**	**2,183,798**	**4,689,157**	**10,765,175**
Profit/(Loss) attributable to shareholders	1,269,434	(14,917,938)	2,183,798	4,689,157	10,765,175
Earnings per share (basic)	**13.03**	**(127.62)**	**18.68**	**12.34**	**17.45**

	31 DECEMBER 2018 N'000	31 DECEMBER 2017 N'000
Loans and Advances	44,401,569	9,467,163
Impaired Loans (IFRS)	-	-
Non performing Loans (PG)	306,371	-
IFRS NPL Ratio (%)	0.00%	0.00%
PG NPL Ratio (%)	0.69%	0.00%

E.R.M DISCLOSURES

APPROACH TO RISK MANAGEMENT

Unity Bank recognizes the importance of risk management practices in the achievement of its overall strategic objectives. The Bank has an effective risk governance structure and an experienced risk team. Its risk management structure facilitates maximization of opportunities, mitigation of potential threats and timely decision making.

The Bank realizes that effective risk management is fundamental to achieving financial soundness. To this end, risk management has become an integral part of our strategy. A major target is to create a homogeneous risk awareness culture throughout the institution. This will help all staff to collectively own risk.

Risk management style is well defined to create a balance between corporate oversight and actual risk management functions with a focus on the three lines of defence below:

In the process of prospecting businesses for the Bank, risk management should be activated. This will reduce the burden of assessment of other risk functions. In the case of a process breach in line with management objectives, internal audit will identify and recommend for process correction.

The management of the Bank is committed to constantly creating, implementing and sustaining practices in risk-management that will take the bank to new heights. The Board of Directors determines overall risk objectives, issues and/or approve risk policies in line with the Bank's overall objectives and risk appetite. The said polices define acceptable levels of risk levels and a pathway for assessment and treatment where necessary.

Enterprise Risk-Management (ERM) framework encompasses all other risk management policies, since ERM is the aggregate of identifying risks, assessing the risk inherent and the opportunities therein and actively managing these risks in a cost-effective manner.

The Bank risk management process originates from establishing a context to monitoring and reporting as shown below:

1. Establishing a context

This is done by considering the following:

- The environment within which the organization operates (Organizational context)
- The objectives, core activities and operations of the Bank (Strategic context)

2. Identification of risks

This is basically done by classifying the risks into core financial, physical, ethical or legal. It also involves determining what can happen, when it could happen and where it could happen.

3. Evaluation of risk

It involves analysing likelihood and consequences of risks identified

4. Treatment of risks

The decision point of whether to avoid the risk, transfer the risk or accept and mitigate the risk.

5. Reporting and monitoring of risks

Communication, monitoring and review ensure that the important information generated by the risk management process is captured, used and maintained.

SCOPE OF RISKS

The following risks are directly managed by the bank:

a. Credit Risk
b. Market Risk and liquidity Risk
c. Operational Risk including Information Security and Information Technology Risk
d. Strategic Risk
e. Compliance and Legal Risk
f. Reputational Risk
g. Interest rate Risk
h. Foreign Exchange risk

The process of identification, evaluation, measurement and management of the above-mentioned risks are discussed in details under the Internal Capital Adequacy Assessment Process Report Section below.

TRAININGS

Reducing unacceptable performance variability, aligning and integrating the varying Risk Management, building confidence on investment, community and stakeholders, enhancing corporate governance, successfully responding to a challenging business environment and aligning strategy with corporate culture led the Bank along the path of training its' Board of Directors and Executive Management on Anti-Money Laundering/Combating the Finance of Terrorism (AML/CFT) bearing in mind the statutory and regulatory industry best practice. Subsequent to year end, the Enterprise Risk Management training for the Board Members and Executives on Internal Capital Adequacy Report (ICAAP) was held in 2018.

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS REPORT

The Internal Capital Adequacy Assessment Process Report outlines the methodologies and results for measuring capital levels that the Bank considers adequate to support its risk exposures, given the peculiarity of its core business strategy, balance sheet size, business processes, and the banking environment.

A detailed assessment of the Bank's internal risk and capital requirement was done in line with its ICAAP policy and the supervisory review document on the preparation of the report. This report is as at December 31, 2018.

In the course of the year, several events and policies affected the Bank, its practices and strategy as highlighted below:

- The Anchor Borrowers' Program (ABP) is an initiative introduced by the Central Bank of Nigeria targeted at smallholder farmers for rural employment and food production. Unity Bank Plc, in December 2018 for supporting the initiative, was given an award in recognition of the bank's unrestrained disbursement of CBN Anchor Borrowers' Funds to eligible members of RIFAN and Sustainable Banking Principles for Environmental and Social Risk. These happenings improved Unity Bank brand in the industry as share price surged from 69kobo in early December to N1.07 as at December 31, 2018.

- The Central Bank of Nigeria (CBN) in continuation of its drive to ensure liquidity and rate stability, periodically injected funds into various segments of the interbank foreign exchange market during the course of the year. This measure increased the Bank's trading activity and profitability in the Foreign Currency Market.

- The Brent crude, against which Nigeria's oil is priced, dropped to $57.36 in December 2018 compared to $64.37 in December 2017.

- Inflation Rate trended downward all through the year 2018. This trend improved the inflow of Foreign Direct Investments (FDI) both in the equity and capital market. The bank witnessed significant improvement in its fixed income trading activity.

The Monetary Policy Committee (MPC) retained the Monetary Policy Rate (MPR) at 14%, Cash Reserve Ratio (CRR) at 22.5% and liquidity ratio at 30% all through the year.

The tables below show a summary of the Bank's capital position.

CAPITAL POSITION SUMMARY AS AT DEC 31, 2018	
ELEMENTS	**N 'Mn (2018)**
TOTAL RISK WEIGHTED ASSETS	132,067
TIER 1 CAPITAL (BEFORE DEDUCTIONS)	99,075
TIER 1 CAPITAL (AFTER DEDUCTIONS)	-261,727
TIER 2 CAPITAL	-
BANK'S ELIGIBLE CAPITAL	-261,727
REGULATORY CAPITAL CHARGE	12,334
ECONOMIC CAPITAL - EC (PILLAR I + PILLAR II RISKS)	48,317
DESIRED CAPITAL (STRESS TEST+PILLAR II RISK)	**50,298**
REGULATORY CAPITAL ADEQUACY RATIO	-198.18%
REGULATORY CAPITAL CHARGE COVERAGE	9.34%
ECONOMIC CAPITAL COVERAGE	36.58%
DESIRED CAPITAL COVERAGE	38.08%

The current total Risk Weighted Assets amounts to N132bn while the Capital Adequacy ratio for the Bank is -198.18%. However, total EC required for the Bank which is computed using internal models and methodologies resulted in a total figure of N48.3bn inclusive of Pillar I and II risks. The EC figure reflects exact capital need for different risk areas but best practice advocates for additional capital requirements for stress conditions and buffers.

Unity Bank's desired capital is N50.3bn. This computation encompassed stress tests and other extreme conditions. The results have a coverage of 38% compared to its current risk weighted assets of N132bn.

The Bank's capital assessment process is guided by the CBN regulatory framework for the implementation of Basel II, the guideline on supervisory review and other related documents. The process was also carried out under the auspices of the Basel II document and the ICAAP policy.

The commitment of the Board in the ICAAP process is demonstrated in its drive to implement recovery actions recommended after being fully involved in the process. The Board has oversight function and constantly works towards capital adequacy on an ongoing basis.

1.1 STRUCTURE AND OPERATIONS

Organizational Profile

Unity Bank is one of Nigeria's leading retail banks. It emerged from the largest merger and consolidation in Nigeria's banking industry. Following the banking sector consolidation in 2005, nine financial institutions with competences in investment banking, corporate and retail banking came together in January 2006 to form Unity Bank Plc.

The Bank currently has 217 business offices spread across the country and is continuously increasing this number. Unity Bank is one of the largest employers of labour in Nigeria with 1,732 core employees as at the time of compiling this report and a major contributor to Nigeria's Gross Domestic Product (GDP).

The Bank's vision is to be Nigeria's retail bank of choice by creating superior wealth for its stakeholders. Since November 2013, the Bank has strategically repositioned its business and operating structure, aimed at accelerating decision making processes and improving efficiency of its services to customers.

A strategic decision was also taken to relocate the Bank's Head Office from Abuja to Lagos was taken by the Board of the Bank in the year 2016. This movement has helped in projecting the visibility of the Bank, provided a wider marketing sphere, deepened the level of market penetration in various segments and, most importantly, helped in changing the perception of the Bank as one with limited scope.

The Bank has twenty three (23) regional offices spread across the country. With this, the bank is able to maintain a profile as one of the fastest decision-making Organization in the industry today.

Unity Bank is driven by a robust technology architecture that allows for seamless integration of all its processes and web-enabled services across all its branches and e-channels in real time.

A host of other applications have been deployed and integrated into a single hub to allow the optimization of both internal and external processes with the goal of satisfying the Bank's customers.

1.2 BUSINESS STRATEGY

Unity Bank complemented its organic growth strategy with the relocation of its Head Office to Lagos. This provided the bank with a visible presence in the commercial nerve center of the country to compete favorably in the commercial and especially in the retail banking space.

The Bank will further deepen capacity to explore the entire value chain of its commercial and retail customers' business in order to win more business and ultimately increase shareholders value.

To achieve this, the Bank has strengthened its product development process to become more customer friendly and attractive. One of the major areas of improvement is the deployment of human and material resources to the retail arm of our business for the creation of youth and digital banking segment. The Bank will also continue to deploy technology across all aspects of its businesses as this remains a significant part of its value proposition in our ever evolving technology savvy world.

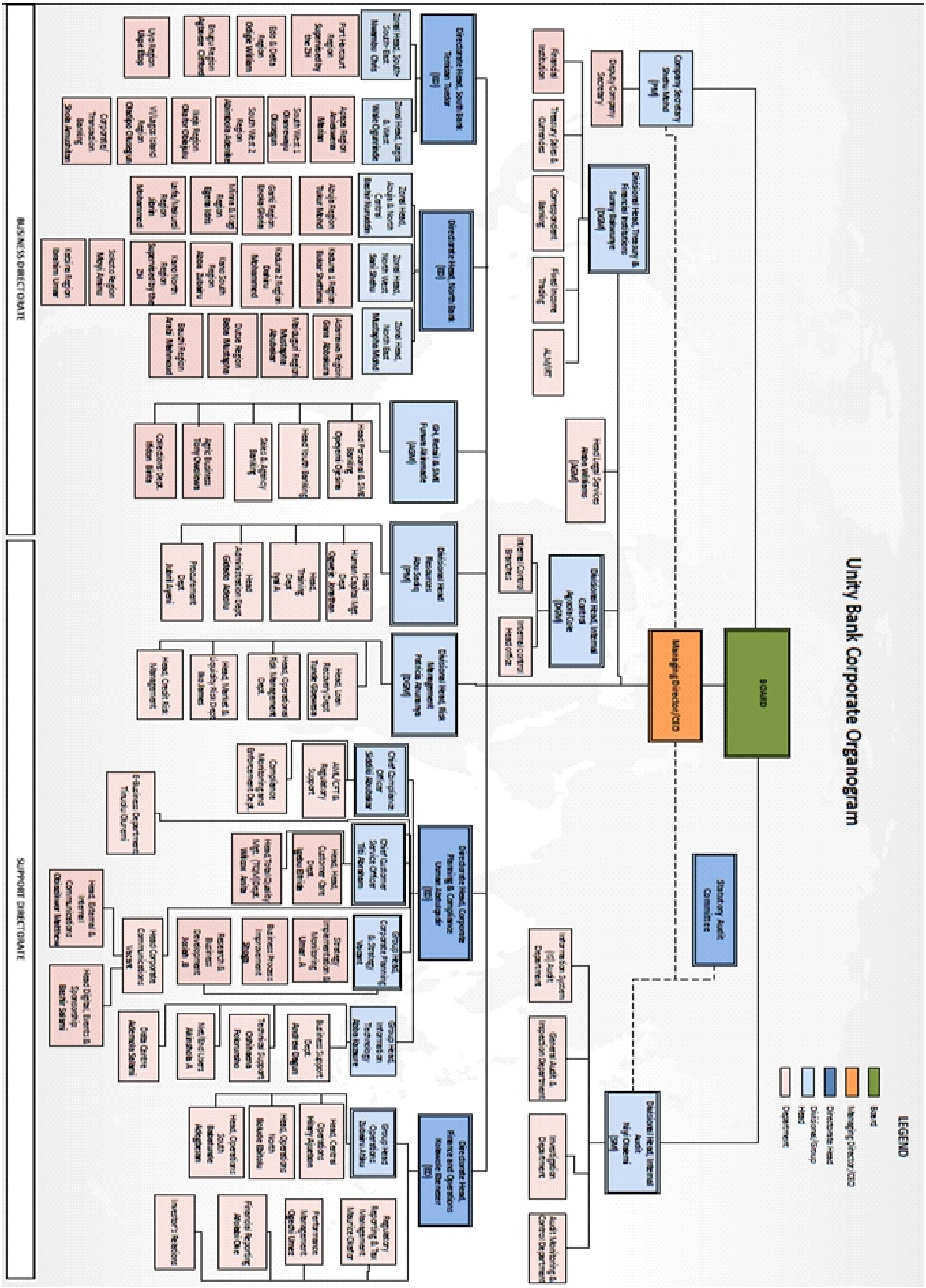
Unity Bank Plc is currently undergoing a strategic transformation and pursuing a focused strategic plan of recapitalization for long-term business continuity programmes. The events for the recapitalization largely arose from its history and the large impact of non-performing loans that have created growth challenges over time since the merger of the nine (9) banks in 2006.

Hence, the strategic direction is to create a new lease of life for the Bank through the injection of substantial equity capital into the Bank and reposition it to compete strongly in the Nigerian financial system. The overall impact of capital injection will create significant liquidity and convalescence to all its financial indices.

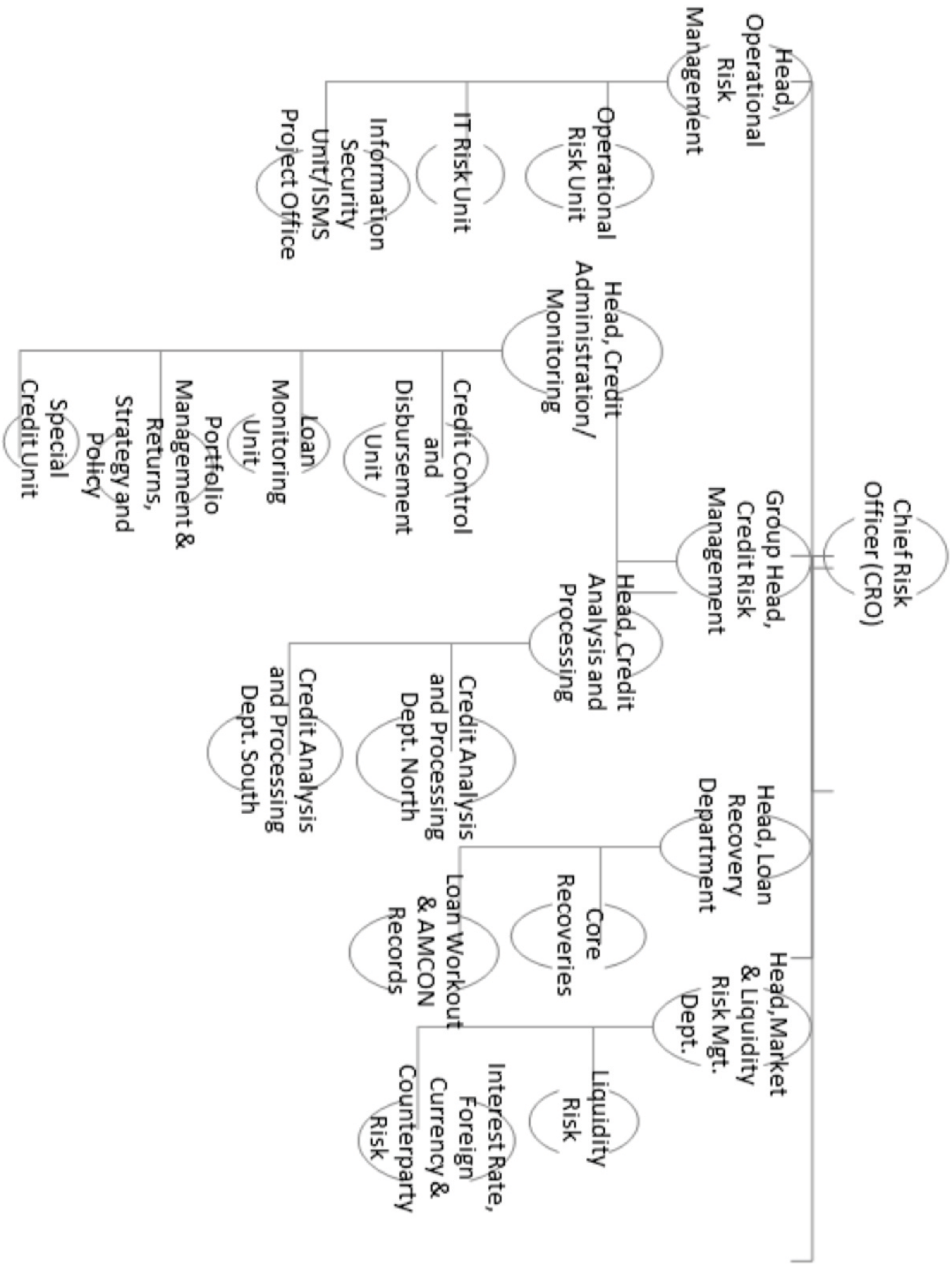
INTERNAL ORGANIZATION

Organizational structures helps to create an efficient and properly functioning institution. It shows clearly defined roles, functions and scopes of authority put together to achieve the business objectives.

To this end, organograms of the Bank and Enterprise Risk Management are presented on pages 127 to 128. These organograms are as at December 31, 2018.


Unity Bank Corporate Organogram
LEGEND
BOARD
Statutory Audit Committee
BUSINESS DIRECTORATE
SUPPORT DIRECTORATE

NEW E.R.M STRUCTURE



1.3 GOVERNANCE STRUCTURE

The Bank instituted best practice corporate governance structures around its risk management practice and functions. Details of the Board and Management Standing Committees are as set out in the corporate governance section below

1.4 POLICIES AND PROCEDURES

The Board through its committees provides guidance and strategic direction for the management of risk across the Bank. This is achieved through provision of policies for risk management and other key areas.

The Executive Management then transforms the strategies and policies into processes. They also set the order for the execution of the policies and processes.

The Internal Audit Group has a validation role against all of these processes instituted by Management. They are also responsible for the review of Risk Management functions to ensure that processes are in line with the Risk Management Policy.

Risk Management policies and systems are reviewed periodically, (at least once in 3 years). This is to ensure that the Bank is abreast with the dynamic nature of the regulatory environment and in line with global best practices.

1.5 INTERNAL CONTROL

Broadly, the Internal Control Group performs the role of safeguarding the Bank's asset. The process of performing this function also entails ensuring the reliability and integrity of all financial transactions.

The Group also ensures internal compliance with statutory and regulatory regulations as it affects the Bank. Compliance to the State Laws as it affects the operations of the Bank is also within the ambit of the Group.

The Internal Control Group also monitors the operational efficiency of the organization and ensures compliance to internal provisions as it affects the operational and financial activities of the organization amongst others. These responsibilities are driven by the deployment of the relevant anti-fraud tools and effective monitoring of activities in line with extant Laws and Internal processes.

1.6 ASSURANCE

Internal Audit Group is set up to independently examine and evaluate various operations and systems of control to determine the effectiveness of the risk management practices of the bank, verify whether acceptable policies and procedures are followed, legislative requirements and established standards are met, resources are efficiently and economically used and planned tasks are accomplished effectively.

In providing assurance to Management and Board of Directors, Internal Audit Group on a time to time basis review activities of Branches, Regions, Zones and Head Office Departments in order to provide independent analysis, appraisals, advice and recommendations concerning the activities reviewed.

The objective of adding value by providing assurance to all levels of Management is achieved by:

- Conducting an assessment of the bank's enterprise risk management strategies and its effectiveness.

- Ensuring compliance with the Bank's system, Policies and Procedures, Plans, Statutory Requirements and Regulations which could have a significant impact on operations.

- Reviewing operations or programs to ascertain whether results are consistent with the Bank's established objectives and goals and whether the operations or programs are being carried out as planned.

- Appraising the relevance, reliability and integrity of management, financial and operating data and reports, including the electronic information system.

- Ensuring adequate security and protection of access rights on all platforms across the Bank

- The independence of the Internal Audit Group is key to effectively deliver on its mandate. To maintain the independence of the Internal Audit Group, the under listed is consistently maintained in Unity Bank:

- Unity Bank Internal Audit Group shall be directly responsible to the Statutory Audit Committee (SAC) / Board Audit Committee (BAC) of the Bank and be independent of any other section, branch or officer;

- It shall have no executive or managerial powers, functions or duties except those relating to internal audit and control;

- It shall have no direct operational responsibility or authority over any of the activities audited.

- It shall not be responsible for the detailed development or implementation of new systems and procedures or engage in any other activity that may impair judgment.

Finally, the extent and frequency of internal audits will depend upon varying circumstances such as results of previous audits, relative risk associated with activities, materiality, the adequacy of the system of internal control, and resources available to Internal Audit Group.

In addition the Internal Audit Group is also responsible for the independent review and internal validation of the ICAAP report.

Risk Management Departments and their Key Functions Credit Analysis & Processing (CAP)

The CAP's responsibilities shall include:

- Reviewing and certifying all credit requests before approval by the relevant approving authorities.
- Propose annual list of insurance underwriters for Management approval
- Reviewing issues affecting credit process efficiency and/or effectiveness.
- Reviewing and recommending changes to the Risk Assets Pricing Policy.
- Issuing of Credit Circulars approved by Management.
- Appraising and recommending the appointment of professional service agents e.g. Estate Valuers, Warehousing agents, Project consultants etc.
- Proposal annual list of insurance underwriters for Management approval
- Compiling data for the measurement of Credit Risk for the Bank.
- Listing and reviewing of credit events for consideration in Credit Risk Assessment
- Ensure appropriate pricing of risk assets.
- Compliance with the Bank's risk appetite definitions and RAAC.

Market and Liquidity Risk (MLR)

The function should be sub-divided into:

- Strategic Planning (ALCO)
- Risk Identification
  - Interest Rate Risk
  - Foreign currency Risk
  - Equity Risk
  - Liquidity Risk
  - Counterparty Risk
- Risk Measurement (For same risk areas as above)
- Risk Control

  Risk Control is critical. It deals with such issues as Dealing Limits, Overnight Position Limits, Intra-day Limits, Concentration Limits, and Liquidity gap Limits, Contingency Funding Plan, Crisis Management Plan, Counterparty Limits, etc.

- Risk Monitoring (Covers all the control areas)
- Risk Reporting.

Credit Administration

Credit Risk Management Group is subdivided into the following Departments and Units with clearly defined responsibilities:

Credit Risk Control:

- Conveyance of credit decisions
- Processing disbursement of credit facilities, including contingents – Ensuring Compliance with approved facility terms and conditions.
- Controlling Portfolio and Concentration Limits
- Ensuring compliance with Credit Policy and Processes.
- Provide Secretariat for EXCO (Credit) – Collection and Distribution of Credit Papers, Production of Minutes of EXCO (Credit) Meetings, Ensuring the processing of credit related requests to appropriate approval levels,
- Management of Credit Files – Proper filing, Completeness, integrity and Safe custody.
- Management of Credit Offenses Disciplinary Process.

Credit Risk Monitoring:

- Total Portfolio
- Monitoring Industry Exposure
- Risk Migration
- Limits Management
- Collateral Management
- Account Activity Monitoring
- Maintenance and Monitoring of Repayment Records
- Risk-Return Correlation Monitoring
- Market Intelligence
- Material Adverse Events
- Impaired Assests Classification/Declassification.
- IFRS Provisioning Monitoring & Control

This function is very critical and wide in coverage. It makes the difference between whether an exposure remains performing or goes bad. The function is organized in teams, with each team being responsible for a particular zone or zones.

Credit Risk Reporting, Policy Formulation, Review and Portfolio Planning Reporting on Total Portfolio by:

- Industry
- Risk Rating
- Product Programmes
- Geographical Location
- Business Units
- Impaired Assets Report
- Watch List
- Exceptions/Breaches
- Risk/Return Reports.

Portfolio Planning

- Macro-economic Indicators
- Socio-political Environment
- Target Capital Adequacy Ratio
- Portfolio Stress Testing
- Total Portfolio Limit
- Target Industries/Markets
- Portfolio Distribution – Concentration and Diversification
- Target Names
- Credit Product Offerings

Operational Risk Management

This Department reports to the Office of the ED, Enterprise Risk Management and has the following roles:-

- Coordinate the evolution of ERM Policy and custodian of same bank-wide
- Co-ordinate effective implementation of ERM policies in all the core risk areas of the Bank including Credit Risk, Market Risk, Operations Risk and Compliance Risk Management.
- Carry out self-assessment of the Bank's enterprise risk management framework and initiate process for gap remediation.
- Coordinate internal and external review of the Bank's ERM policies and remediation of identified gaps.
- Oversee and coordinate specific risk policy implementation and compliance with respect to Strategic Risk, Reputational Risk, and Business Continuity Management on enterprise wide basis and so on.
- Coordinate capital allocation for significant activities of the Bank.
- Coordinate risk-adjusted performance management system in the Bank.
- Serves as risk integration and aggregation coordinator.
- Reviewing and certifying products risk prior to

strict compliance with deployment

- Monitor risk exposures against set limits bank wide
- Identification, reporting and management of operational risks bank-wide
- Responsible for implementing programme for managing IT and information security risks across the Bank.
- Champion the maintenance and recertification of the Bank to the PCIDSS and ISO 27001 ISMS standards. Review of ISMS and IT Risk policies and coordinate its implementation.
- Coordinate the review of all IT risks and Non conformities in line with ISMS Standards, IT Risk register, change management issues, access control monitoring and review, monitoring of implementation of remediation programs for vulnerabilities on e-platforms amongst others.
- Escalation of critical risks to appropriate levels of risk owners, management and board periodically Update board and management of the implementation of risk remediation programmes for vulnerabilities Bank wide.

Loan Recovery Department (LRD)

The LRD responsibilities shall include:

- Recovery of bad loans
- Coordination of recovery activities across the network
- Appointment of recovery agents
- Coordination of collateral liquidation for debt recovery
- Initiating along with BUs, and processing of Loan Workout proposals.
- Reporting of the Bad Loans Portfolio.
- Coordinating recovery efforts on accounts in lost category and initiate recovery plans.
- Processing of interest waivers and write-off requests in respect of accounts classified Lost.
- Liaise with Legal Services Department on accounts under recovery.
- Processing restructuring/workout arrangement of lost credits.
- Monthly review and rendition of reports on accounts under lost category.

The Head of Loan Recovery shall report to the Directorate Head, Enterprise Risk Management.

Legal Services Department (LSD)

The LSD responsibilities shall include:

- Provides technical support in identifying and managing exposure to legal risks.
- Conducting searches at State Land Registries and the Corporate Affairs Commission (CAC)
- Preparing and vetting of all credit- related Agreements/Contracts to be entered into by the Bank.
- Vetting of security documents for disbursement of approved credits.
- Issuance of contingent liability instruments.
- Providing opinion as to legal suitability of security arrangement for approved credits.
- Appointment and monitoring of Solicitors engaged by the Bank for perfection of securities, recovery of loans, litigations, searches etc.

Internal Control Group (ICG)

The ICG responsibilities shall include:

- Ensure that all the Bank activities and business are carried out in the approved policies and procedures and in line with the Regulatory Provisions.
- Profiling and creation of users on financial applications in the Bank and deactivation of same as the case may be.
- Monitoring of agreements as contained in duly executed Service Level agreements
- Managing the Bank's Fraud desk as required by regulators.
- Appropriately escalate report to Management any observed breaches after preliminary investigations and recommend appropriate actions to be taken to prevent reoccurrence.
- Recommend amendments to policies and procedures in order to enhance efficiency and effectiveness of the system.
- To ensure all branches and other relevant locations are manned with Control Officers to review their operations and environment

Other Stakeholders – Corporate Planning and Strategy /Corporate Communication

Corporate Communications:-

This Department shall principally champion the management of the Bank's exposure to reputation risk. It shall be responsible for providing technical support for Management in managing the Bank's brand capital.

Corporate Planning and Strategy

This Division shall be responsible for managing the Bank's strategic risk.

Internal Control Environment

The Bank creates a strong and efficient internal control environment through the implementation of the following policies:-

Continuous Audit Function

Most of the Bank's business locations have Resident Control Officers to carry out continuous audit of the Bank's operations.

Segregation of Duties

Establishment and maintenance of the principle of segregation of duties in all its key functions.

Dual or Multi-level Controls

Ensuring dual or multiple level controls in its key processes. No single person can initiate and conclude a process be it, manual or automated process.

System Control of Processes

System-controlled processes are being emphasized as much as practicable.

Independence of Internal Control/Back Office functions

The independence of the internal control and back office functions is being maintained through reporting lines and authority levels.

Independent Review of Risk Management by Internal Audit

Independent review of the operational risk management framework is being carried out periodically by Internal Audit Division of the Bank.

Data Validation and provision

Provision of data from internal control reports.

Documented Roles of Units/Departments

Roles and responsibilities of Departments and Units are well documented with clear reporting lines.

Duplication or Overlapping Functions/Job Roles

There is no ambiguity or overlap of functions. Strategy and Corporate Development Division, Human Capital Management and ERM Office carry out annual review of job functions to remove all overlapping activities.

Clearly Defined Authority Levels

Authority levels, delegation of authorities are clearly defined in line with best practice.

Implementation of Code of Corporate Governance

Codes of corporate governance are being implemented using best practice standards.

Compliance with Laws and Regulations

There is full compliance with all laws and regulations of the Central Bank of Nigeria, Securities and Exchange Commission, NAFIU – Anti-money laundering laws, as well as all other regulatory bodies

Optimal Staffing

The Bank shall ensure the optimal level of staffing in all its functional units. To this end, job evaluation shall be carried out for every job role to determine the quantum of man-hour and skill level required to handle the roles. This shall be carried out by Human Capital Management, Strategy Division, Operations Risk Department and Financial Control.

Authority Limits and Access Rights

Delegated authority limits whether operational or fund-based cum contingent exposures are approved by the Board.

Such approval limits include credit approval, placement of interbank funds, dealers' limits, posting of transactions, payment of cash, expense limits, amongst others.

The authorities are personalized for skill-based sensitive job-roles that require high level of judgment and discretion.

Sensitivity analysis of currency risks

The table below indicates the currencies to which the Bank had significant exposure at 31 December 2018 on its non-trading assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Naira (all other variables being held constant) on the income statement and equity

In carrying out this sensitivity analysis the closing exchange rates were varied at 5% and 2.5 %

As at 31 December 2017	Dollar	Pound	Euro	Others	Total
	N'000	N'000	N'000	N'000	N'000
Assets					
Cash and balances with central banks	783,620	14,091	27,443	-	825,153
Due from banks	11,046,372	306,810	869,531	201	12,222,914
Loans and advances to customers	2,519,205	-	-	-	2,519,205
Financial investments– held-for-trading	-	-	-	-	
Financial investments – available-for-sale	-	-	-	-	
Financial investments – available-for-sale pledged as collateral	-	-	-	-	
Financial investments – held-to-maturity	-	7,835	-	-	7,835
Other assets	-	-	-	-	
Property and equipment	-	-	-	-	
Goodwill and other intangible assets	-	-	-	-	
Deferred tax assets	-	-	-	-	
Total assets	**14,349,196**	**328,736**	**896,974**	**201**	**15,575,107**
Liabilities					
Due to other banks	-	-	-	-	-
Due to customers	31,974,300	233,615	199,435	-	32,407,350
Debt issued and other borrowed funds	11,583,822	-	-	-	11,583,822
Current tax liabilities	-	-	-	-	-
Other liabilities	4,396,858	54,769	208,270	126,777	4,786,673
Employee benefit liabilities	-	-	-	-	-
Equity	-	-	-	-	-
Total liabilities	**47,954,980**	**288,383**	**407,705**	**126,777**	**48,777,845**
Gap	(33,605,784)	40,353	489,269	(126,576)	(33,202,738)

SENSITIVITY ANALYSIS

	Dec -18		Dec -17	
	Effect on PAT	Effect on EQUITY	Effect on PAT	Effect on EQUITY
	N'000	N'000	N'000	N'000
Dollar +5%	(579,387)	(579,387)	(1,680,289)	(362,981)
Pounds +5%	823	823	2,018	8,375
Euro +5%	26,430	26,430	24,463	(14,162)
Dollar -5%	579,387	579,387	1,680,289	362,981
Pounds -5%	(823)	(823)	(2,018)	(8,375)
Euro -5%	26,430	26,430	(24,463)	14,162
Dollar +2.5%	(289,694)	(289,694)	(840,145)	(181,490)
Pounds +2.5%	(411)	(411)	1,009	4,187
Euro +2.5%	13,215	13,215	12,232	(7,081)
Dollar -2.5%	289,694	289,694	840,145	181,490
Pounds -2.5%	(411)	(411)	(1,009)	(4,187)
Euro -2.5%	13,215	13,215	(12,232)	7,081

1.1 DISCLOSURE

In compliance to the third Pillar III of the Basel II, the Bank renders clear and concise disclosure of its processes. The Bank reports its financials in line with the CBN and the FRC approved International Financial Reporting Standards (IFRS). Unity Bank is also building capacity and putting modalities in place so as to comply with the IFRS 9 which will come into full effect in 2018.

2. RISK ASSESSMENT

The Bank's risk assessment begins with risk identification and culminates in mitigation. Risk evaluation deploys several methods to measure the impacts of such risk on the capital adequacy. A cost and benefit analysis is also done to ascertain whether a risk should be taken on. While some conventional methods are used to measure the Pillar I risks, Pillar II risks are assessed using methods that reflect the peculiarity and complexity of the Bank's business. Another key factor considered in measuring Pillar II risk is the materiality principle.

2.1 KEY RISK EXPOSURES

This report focused on the material risk for which we had capacity to measure.
Some of the risks considered include the following:
Pillar I risks:

- Credit Risk
- Market Risk
- Operational Risk

2.1.1 Credit Risk

It is the likelihood that a borrower or counterparty will fail to meet his/her obligations according to the agreed terms thereby resulting in a loss for the Bank.
The Bank's primary business is that of financial intermediation hence credit risk forms a major part of its risk assets portfolio. The standardized approach was used to measure the credit capital requirement.

Measurement and Assessment

The Bank combines quantifiable model based approaches and past experiences in assessing and measuring credit risk. Some of the methods used include the following:

i. Historical Experience and Hindsight

In measuring and assessing credit risk, we consider the length of relationship with a counterparty in the measurement and assessment of credit risk. The past credit conduct of counterparties with the bank is also taken into consideration. Historical experience also entails using the benefit of hindsight from other credit transaction and experiences in the bank.

ii. Credit Search

The Bank also explores the option of carrying out credit searches on counterparties from bureaus. This gives it a fair idea of its general credit rating and conduct.

iii. Internal Credit Risk Rating-based lending

A key quantitative measure used by Unity Bank for credit evaluation is the internal risk rating and scoring system. This helps the Bank to determine the likelihood of default and grade the risk associated with a credit facility. The overall rating is a combination of scores from the Entity and transaction aspects. Credit risk rating is an integral part of the loan approval process. The Bank currently operates twelve (12) risk rating buckets inclusive of 5 default buckets as shown below:

SCORE	RATING	DESCRIPTION	CHARACTERISTICS
57-60	1	Exceptional	Excellent credit and reputation as a borrower. Security is Bank guarantee, Cash or near-cash equivalents. Unquestionable credit quality. Overwhelming capacity to meet obligation. Top multinational/corporations. Strong cash flow. Full cash coverage.
52-56	2	Very High Quality	Very high quality credit. Good financial condition, stable earnings and stable industry. Very good liquidity and debt capacity. Facility secured by marketable securities.
46-51	3	Minimum Risk	Good asset quality and liquidity. Strong debt capacity. Strong credit fundamentals – may suffer temporary setback if any of them are adversely affected. Backed by corporate guarantee of top rated companies, domiciliation or choice legal mortgages or debentures.
40-45	4	Above Average	Satisfactory character of owner. Reasonable management, satisfactory asset quality and liquidity supported by perfected and adequate collateral situated in preferred locations.
34-39	5	Average	Typically good companies in cyclical or weak industries. Temporary difficulties can be overcome to meet debt obligations. Satisfactory asset quality and liquidity. Security is adequate but not perfected, and may not be in preferred locations.
28-33	6	Acceptable Risk	Satisfactory quality but declining collateral quality. Susceptible to poor industry conditions and operating difficulties. Typically borrowers in declining markets or small market share and operating in cyclical industries. Declining collateral quality. Manageable management and owners.
20-27	7	Watch list	Eliciting signs of weakness that may impair repayment. Management attention required. Weak management. Poor information disclosure.
Below 20	8	Substandard	10% Provision required in line with CBN Prudential guidelines.
	9	Very Substandard	25% Provision required
	10	Doubtful	50% Provision required
	11	Very Doubtful	75% Provision required
	12	Lost	100% Provision required

Credit rating is influenced by both quantitative and qualitative variables. The minimum acceptable risk rating is 4 (**Above Average**) with a score range of 40-45 out of a total score of 60.

Controls and Mitigation

The credit risk is controlled and mitigated in the following ways:

- Counterparty credit search
- Setting and enforcing credit authorization/ approval limits.
- Due Diligence on counterparties with proper documentation before a loan is granted
- Lending against realistic cash flows forecasts.
- Adequacy of security type and coverage.
- A Loan monitoring and review function that expressly tracks and monitors all of the Bank's credit.
- A Portfolio management team that monitors the credits on a portfolio basis for risk reporting.
- Back testing of credit risk rating system

2.1.2 Market Risk

The Bank sees market risk as loss on and off – balance sheet positions arising from changes in market prices or the potential to experience economic loss due to negative fluctuations or adverse movements of market factors.

Identification

Unity Bank market risk exposures are largely interest and exchange rate induced. The Bank currently does not play in the Commodity and Equity trading spaces.

Interest rate risk: The interest rate risk is the risk that an investment's value will change due to a change in the absolute level of interest rates. The bank identifies the IRR in the positions or financial contracts held in the regulatory trading book exposed to fair value revaluation associated with movements in market interest rates and the analysis of MPC meeting outcomes and other CBN circulars as it impacts the bank.

Foreign exchange risk: This is a risk of loss resulting from the difference between assumed and actual foreign exchange rates whether it is a long position or short position. The bank identifies its Foreign exchange risk through its trading portfolio or Net Open Position between assets and liabilities held in foreign currency.

The Bank's Market Risk management is a part of the Enterprise Risk Management function responsible for the day to day management which entails risk identification, measurement, monitoring, controlling and reporting.

The market risk management aligns its process with the Bank's strategy and Board appetite guided by operational policies.

Measurement and Assessment

The Bank has a Market and Liquidity Risk Department responsible for identifying, measuring, monitoring, controlling and reporting market risk within the Bank. The activities of the Market and Liquidity Risk Department are guided by a Market & liquidity Risk Policy.

Unity Bank's Interest rate and Foreign Exchange risks are measured by computing the daily Mark-To-Market revaluation, Value at Risk, Maturity Gap and Net Open Position.

Other measurements such as Re-pricing Gap analysis and Regular Stress Test will be implemented in 2019.

Controls and Mitigation

The Bank minimizes exposures to losses caused by adverse movements of market factors by setting defined limits of relevant Treasury Instruments. However, the Bank's exposure to Foreign Exchange rate risk in trading is mitigated through a market neutral strategy in other words, by maintaining a daily Foreign Currency Square Position.

Unity Bank considers the effect of currency risk on the banking book and measures it as balance sheet balance level by matching all FX denominated assets against liabilities of similar and /or other foreign currency.

The other ways it is measured include:

- Matching Currencies
- Setting Level Exchange Exposure Limit
- Exchange Risk Monitoring

2.1.3 Operational Risk

Operational risk is defined as the risk of loss from inadequate or failed internal processes, people and systems or from external events. Reputational risk and strategic risk are, in line with general market convention, excluded from the definition of operational risk.

The Bank uses the Basic Indicator Approach to measure its operational risk capital requirement. Operational risks assist business line management in realizing risk inherent in the business and in their primary function. This sets the tone for a coherent operational risk structure.

Sources of Operational Risk

Unity Bank is exposed to operational risk across the breadth of its operations and Banking activities. There are various possible ways for operational risk to manifest such as poor development or execution of the Human Resource Policy/Code of Conduct for staff, insufficient staff training, ineffective processes, inadequate internal controls/audit procedures, disruptive/ineffective IT systems and applications etc.

Operational Risk

The Bank defined exposure to operational risk as exposure to loss resulting from inadequate or failed internal processes, people and systems or from external events.'

The Regulators introduced the fraud desk in all Banks and we are fully compliant to quickly attend to acts of fraud from our e-channels.

The Information Technology system deployed the use of Network Access Control (NAC) to minimize information theft from systems in the enterprise. Improved controls around financial applications were achieved and additional controls are being proposed to close all vulnerabilities envisaged owing to the increase in frauds on the electronic platforms across the financial industry.

Physical Security risks were treated seriously in response to reports from the Security Organizations in the Country and internal awareness raised for locations with peculiar security breaches.

The Bank has set up the process of identification, measurement, management, control and reporting of exposure to operational risks bank-wide.

The following table identifies the key operational risk classification in the Bank.

S/N	Unity Bank Name	Definition of risk
1	Fraud by insiders	Losses caused by act intended to defraud, misappropriate property or circumvent regulations, law or company policy. e.g. employee theft, insider trading on an employee's own account, intentional misreporting of positions.
2	Fraud by outsiders	Losses caused by acts of an outsider or third-party with intention to defraud, misappropriate p roperty or circumvent the law. e.g. robbery, forgery, cheque kitting, loss or damage from computer hacking.
3	Staff welfare/Employee relations management risk	Losses arising from acts inconsistent with employment, health, or safety laws or agreements eg, losses from litigations by ex - staff on termination, payment of personal injury claims, discrimination claim payments etc.
4	Relationships and products management risk.	Losses arising from relationship management failures unintended or due to negligence, b reach of contracts, product failures, money laundering violations etc e.g. litigations arising from customer information disclosure.
5	Process errors and failure risk	Losses arising from failed transactions, errors in processing, accounting errors, un - reconciled balances, human capital competence and attitude issues.
6	Business disruption and system failures risk.	Losses attributable to system failures, communication failures, software failures, system downtime, etc.
7	Damage to physical assets	Losses ar ising from damages or outright loss of assets due to natural events like fire, flood, rain or thunderstorms, terrorism, vandalism, earthquakes, civil unrest.

The framework for risk registration and loss data management has also been set up.

Business Lines Mapping of loss data has been integrated into the loss data and risk registration framework.

The Bank has adopted the modified Basic Indicator Approach to measure its exposures to operational risk. Results of the measurement are contained below as part of the disclosure requirements.

Key Risk Indicators have been identified as proxies to measure the potential exposure to operational risk by the Bank. Loss events data base is being built up accordingly

Identification

Risk identification is the first step in the proactive risk management process. It provides the opportunities, indicators, and information that allows an organization to identify major risks before they adversely affect operations and hence the business.

In Unity Bank, several methods and tools are used to identify potential operational risk events. These include the following core components:

Risk Process Mapping

Process Mapping addresses the need to understand the business processes which will aid the assessment of risk. It is used to identify and analyze gaps in the bank's policies and procedures as well as their associated risks usually by products, departments and units (branches, cash centres etc.)

Risk and Control Self-Assessments (RCSA)

This is a tool for acquiring information about business process risks, while empowering the process owners to take responsibility for identifying and mitigating those risks. It allows central operational risk managers to reassure themselves that staff members are acting in the desired manner. The objective is to identify, assess and report control deficiencies in people, process and system which constitutes the risk vulnerability areas and ensure compliance with control measures with a view to mitigating identified risk exposures.

Key Risk Indicators (KRI)

Key Risk Indicators are a broad category of measures used to monitor the activities and status of the control environment of a particular business activity for a given operational risk category. They help keep the operational risk management process dynamic and risk profiles current. Key Risk Indicators (KRIs) serve as parameters, which focus on business processes/activities to predict upcoming changes in the operational risk profile of the business processes/activities.

Delphi Sessions

Delphi sessions are a type of Risk Self-Assessment during which brainstorming sessions are held with subject-matter experts, in this case, Heads of business units and Operational Risk Managers to identify, measure and analyze the risks inherent in business unit's activities/products and draw up controls aimed at reducing the risks. The goals of the Delphi sessions and RCSA are to continuously assess changing market and business conditions and evaluate all operational risks impacting the business. The self-assessment process assists in identifying emerging operational risk issues and determining how line of business should be managed.

Internal Loss Data

This helps develop a better understanding of an organization's true exposure, based on objective observation. It also aids in the identification of root causes which helps operational risk managers to implement a framework for continuous optimization of the control environment. Collecting loss data helps an organization measure risk and quantify capital.

Scenario Analysis

Scenario analysis is the assessment and management of the exposure to high severity low frequency events based on plausible scenarios. It focuses on extremes and is not limited to financial impact alone.

Reporting

Operational risk reports are produced on both a regular and on an adhoc basis. The reports include a profile of the key risks to business units' achievement of their business objectives, relevant control issues and operational risk incidents. Specific reports are prepared on a regular basis for the relevant business unit, internal control and management executives. The reports to BRMC is quarterly while the ones for the SBU's are monthly.

Measurement/Assessment

The Bank adopted the Basic Indicator Approach for the measurement of its exposure to operational risk. However, for day-to-day granular analyses, the following framework is adopted to analyse operational risk events:-

Risk Event Classification

- Frequency/likelihood of occurrence
- Impact of the loss
- Incident Event Analysis
- Cause and effect analysis
- Risk Quantification and Prioritization
- Assignment of scores and weights to identified risks
- Analysis of Loss Event Data (historic losses)

The assessment outcomes need to be validated through comparison to actual internal loss experience and relevant external data available to make appropriate adjustments.

Below is the Bank's scoring grid for risk quantification.

Likelihood			Impact			Overall Risk Rating			
*Likelihood	Rating	Frequency	Consequence	Rating	Financial Loss (N'000)	Risk Level	Risk Weight	% Risk Weight	Risk rating
Rare	1	30 yrs or more	Insignificant	1	≤ N 10	0.1 - 1.0	0.02 - 0.2	2-20%	Very Low
Unlikely	2	3 - 30 yrs	Minor	2	> N 10 ≤ N 50	1.1 - 2.0	0.22 - 0.4	22-40%	Low
Often	3	1 - 3 yrs	Moderate	3	> N 50 ≤ N 500	2.1 - 3.0	0.42 - 0.6	42-60%	Moderate
Likely	4	Yearly	High	4	> N 500 ≤ N 5,000	3.1 - 4.0	0.62 - 0.8	62-80%	High
Expected	5	Monthly	Massive	5	> N5,000 ≤ N 25,000	4.1 - 5.0	0.82 - 1	82-100%	Very High
*Likelihood - the frequency of an event happening without controls									

Mitigation

The Bank has a standard procedure for the management of operational risk across the spectrum of its business operations.

Consequently it operates a - three lines of defence model to address operational risk through:-

- Business line management where businesses are responsible for ensuring that a risk and control environment is established as part of the day-to-day activities;
- Operational Risk unit and Internal Control Group within the Enterprise Risk Management Directorate, Human Capital department, Financial Control department and Compliance Group who together set boundaries by drafting and implementing policies and procedures;
- Internal Audit Group is responsible for providing independent, objective assurance and consulting activities to improve the bank's operations.

Also, the Bank performs testing and certification of the adequacy and effectiveness of controls and compliance using the approved Operational Risk Policy.

2.1.4 Information Technology (IT) Risk

Information Technology risk is defined as the risk of loss from breaches in the Confidentiality, Integrity and Availability in of information assets. Increasing dependence on information technology to power the business of Banking requires constant vigilance in mitigating the exposures associated with information technology usage.

Sources of Information Technology Risk

Information Technology (IT) risk is inherent in the nature of development, deployment and usage of (IT) across Unity Bank enterprise. Quite number activities contribute to increasing exposure to IT Risk including – application acquisition and development, branch connectivity, access provisioning and rights, data backup and availability, data integrity, authorization, authentication and auditing. These inherent exposures need to be properly identified, evaluated and managed to reasonable levels.

Information Security Management System (ISMS)

A holistic approach is required in managing and mitigating technology related risk through the well-established and defined ISO 27001 (ISMS). The ISO 27001 standard demands significant top management involvement. The key aspects of the ISMS approach involve:

1) RISK ASSESSMENT AND TREATMENT

Risk assessments process identify, quantify, and prioritize risks against criteria for risk acceptance and objectives relevant to Unity Bank. The results should guide and determine the appropriate management action and priorities for managing information security risks and for implementing controls selected to protect against these risks.

2) INFORMATION SECURITY POLICY

To provide management direction and support for information security in accordance with business requirements and relevant laws and regulations.

Management should set a clear policy direction in line with business objectives and demonstrate support for, and commitment to, information security through the issue and maintenance of an information security policy across the organization.

3) ORGANIZING INFORMATION SECURITY

Managing information security and Technology risk across Unity Bank is organised into:

I. INTERNAL ORGANIZATION

Management is increasingly involved and support security initiatives within the organization through clear direction, demonstrated commitment, explicit assignment, and acknowledgment of information security responsibilities.

ii. EXTERNAL PARTIES

The risks to the organization's information and information processing facilities from business processes involving external parties is identified and appropriate controls implemented before granting access.

4) ASSET MANAGEMENT

All assets of the Bank are clearly identified and an inventory of all important assets drawn up and maintained.

There are many types of assets, including:

a) information: databases and data files, contracts and agreements, system documentation, research information, user manuals, training material, operational or support procedures, business continuity plans, fall-back arrangements, audit trails, and archived information;

b) software assets: application software, system software, development tools, and utilities;

c) physical assets: computer equipment, communications equipment, removable media, and other equipment;

d) services: computing and communications services, general utilities, e.g. heating, lighting, power, and air-conditioning;

e) people, and their qualifications, skills, and experience;

f) Intangibles, such as reputation and image of the organization.

5) HUMAN RESOURCES SECURITY

Security roles and responsibilities of employees, contractors and third party users are defined and documented in accordance with the Bank's information security policy. All candidates for employment, contractors and third party users are adequately screened for sensitive jobs.

6) PHYSICAL AND ENVIRONMENTAL SECURITY

To prevent unauthorized physical access, damage, and interference to the Bank's premises and information.

Critical or sensitive information processing facilities are housed in secure areas, protected by defined security perimeters, with appropriate security barriers and entry controls. They are physically protected from unauthorized access, damage, and interference

7) COMMUNICATIONS AND OPERATIONS MANAGEMENT

Operating procedures are documented, maintained, and made available to all users who need them. Segregation of duties is implemented, where appropriate, to reduce the risk of negligent or deliberate system misuse.

8) ACCESS CONTROL

Access to information, information processing facilities, and business processes is controlled on the basis of business and security requirements. Access control rules and rights for each user or group of users is clearly stated in an access control policy. Access controls are both logical and physical.

9) INFORMATION SYSTEMS ACQUISITION, DEVELOPMENT AND MAINTENANCE

Security requirements are identified and agreed prior to the development and/or implementation of information systems. Information security requirements are identified at the requirements phase of a project and justified, agreed, and documented as part of the overall business case for an information system.

10) INFORMATION SECURITY INCIDENT MANAGEMENT

Information security events are reported through appropriate management channels as quickly as possible. All employees, contractors and third party users are aware of their responsibility to report any information security events as quickly as possible.

11) BUSINESS CONTINUITY MANAGEMENT

To counteract interruptions to business activities and to protect critical business processes from the effects of major failures of information systems or disasters and to ensure their timely resumption.

12) COMPLIANCE

To avoid breaches of any law, statutory, regulatory or contractual obligations, and of any security requirements. The Central Bank of Nigeria (CBN) as part of its IT Standard Blueprint expects Unity Bank to comply with a number of standards including PCI DSS, ISO 20000, ISO 270001, COBIT 5 (Enterprise Governance of IT), Enterprise Architecture (TOGAF), XBRL (Financial Reporting Standard) in 2017. The Bank is yet to achieve certification to any of these standards, but in Principe has received certificate of compliance to PCI DSS 3.2 from a local Qualified Security Assessors (QSA) Digital Jewels."

2.2 PILLAR II RISKS

2.2.1 Credit Concentration Risk

The Bank recognizes losses by virtue of concentration in credit. This may arise from uneven distribution of the Bank's loans to individual borrowers, a group of related parties or an industry/geographical location.

Identification

Concentration risk is identified in the following areas of the Bank:

- Credit concentration to individuals/sectors/geographical location
- Off balance sheet items
- Liability generation(deposits)

Measurement and Assessment

The Bank adopts the following approach in measuring credit concentration risk:

1. Portfolio Analysis

The Bank has a sound Portfolio Management/Monitoring units that monitors and reports the composition of the credit portfolio. The control mechanism involves monitoring actual sectorial exposure and performance against set internal limits or regulatory threshold. Where necessary, breaches on limits are reported via periodic reports to Executive Management.

2. Herfindahl Hirschman Index

The Bank computes the HHI for its credit exposures. This index measures the size of a firm in relation to its industry. It is veritable for monitoring portfolio concentration and in the calculation of additional capital required.

Controls and Mitigation

The following measures are put in place to control the Bank's concentration risk:

- Large exposures policy: This will place some kind of limit on the exposure amount to a particular counterparty and/or sector.
- A stop lending decision which may be induced by breaches in certain regulatory thresholds like sectorial limits and capital adequacy.

2.2.2 Interest Rate Risk in Banking Book

Interest rate risk in the banking book (IRRBB) more specifically refers to the current or prospective risk to the bank's capital and earnings arising from adverse movements in interest rates that affect the institution's banking book positions. It is the risk that the amount of net interest income obtainable at unchanged interest rates may not be attained given an adverse change in market interest rates. It is as a result of exposures of the bank to Long-term investment, held to maturity, securities not marked-to-market etc.

Identification

IRRBB is identified in the Bank's book mainly through the following:

- Repricing risk: risks related to the timing mismatch in the maturity and repricing of assets and liabilities and off balance sheet short and long term positions.
- Yield curve risk: risks arising from changes in the slope and the shape of the yield curve for bonds and securities.

IRRBB Measurement

The Bank measures and manages its IRRBB risk by:

- Designing IRRBB measurement methodologies, e.g. Periodic Gap Analysis between our assets and liabilities. The measurement is by allocating the interest earning Asset timing of cash flows and maturing interest bearing liabilities (e.g. non-maturity and volatile deposits, etc.)
- Establishing behavioural assumption mechanism and conduct behavioural model validations, e.g. non-maturing liability assumptions and effective maturity of the assets and equities
- Designing IRRBB stress testing methodologies with simple scenarios.

Control and Mitigation

The management of Interest Rate Risk in the Banking Books is driven through periodic reviews by Assets-Liability Management Committee that comes up with policy directives on the type of deposits to take and those to deemphasize in order to manage down the Bank's re-pricing gap.

In managing banking book domiciled interest rate risk, the Bank's loan book is priced on a floating interest rate basis, referenced to changes in general market conditions.

The Bank minimizes exposures to losses caused by adverse movements of market factors by setting defined limits on Instruments.

2.2.3 Strategic Risk

This is the risk of a possible loss that might arise from the pursuit of an unsuccessful business plan or strategy.

The factors responsible for this kind of risk include poor business decisions, substandard execution of decisions, inadequate resource allocation, failure to respond well to changes in the business environment. Poor implementation of the selected strategy/business plan could also expose the Bank to loss.

Identification

Strategy risk in the Bank is identified in its recent relocation to Lagos to play in the commercial head quarters of the country. Another major reflection is the Bank's recent strategic business focus which is retail banking. This comes with significant risks in areas of product design, deployment and resource requirements for successful implementation.

Measurement, Management and Mitigation

The Bank in a bid to reposition itself in line with achieving the maximum benefits of its new retail strategy, moved its headquarters to Lagos. As a commercial hub, Lagos represents a market waiting to be exploited.

The risk therein in this relocation was managed with strategic hires and a recently revamped business process now driven by young and qualified professionals. The Bank hopes to penetrate the market with excellent service quality and competitive interest rates. There is also a dedicated SME and Retail team charged with churning out retail induced products launched in to the Lagos market.

The Bank also has a dedicated team called Strategy and Corporate Development department. Their core function is to regularly monitor indices and market trends that relate to the Bank's business/strategy and measure the milestones against the target strategy impacts. The department reports to the MD/CEO through the Chief Finance Officer (CFO) of the Bank for timely and appropriate response. Management of this risk is done with guidance from Strategy policy that guides the Bank as to its risk indicators and their treatment methodology.

2.2.4 Reputational Risk

The risk is the potential that negative perceptions of the Bank's conduct or business practices will adversely affect profitability, operations or customers and clients. The Bank is exposed to the risk of adverse perception of image on the market, adverse publicity or susceptibility to market rumours.

Identification

Customer dissatisfaction and negative media publication are the major causes of reputational loss to the Bank. The Bank has a process in place through which customers can lodge complaints on the services provided by branches, regional offices or corporate office.

Another source of reputational risk is the lack of inadequate processes/policies to manage financial crimes. In responding to the challenges posed by reputational risk on a daily basis, the bank through its Strategy and Corporate Communications Departments is working to put in place a reputational risk framework to properly analyze, manage and communicate reputational risk factors.

The potential factors, which affect the Bank's reputational risk profile include:

- Regulatory actions against the Bank
- Banking products and services are identical hence when a customer is unable to differentiate between Unity Bank's products from other banks' products; it constitutes reputational risk.
- The services rendered by our front desk officers can also contribute to the reputational risk.

The above risk can result in reputational loss as follows:

- Loss of current or future customers
- Loss of public confidence
- Exodus of employees leading to an increase in hiring costs, or staff downtime
- Reduction in current or future business partners
- Regulatory sanctions
- Increased costs due to government regulations, fines, or other penalties
- Loss of banking license

Management and Mitigation

The Bank has a dedicated Corporate Communication department, which amongst other functions, systematically monitors all forms of media information relative to the Bank and by so doing manages reputational risk. Unity Bank has a business philosophy and a strong culture of strict adherence to regulations and compliance standards to help maintain a sound reputation in the market.

Appointment of Chief Customer Care Officer at Management level is being done subsequent to year-end to ensure that customer satisfaction is given the top most drive.

The Bank also has a Customer Care and Total Quality Management Departments that are saddled with the responsibility of reviewing the processes to make them more customer friendly without compromising risk management. The Bank hired Price Water House Coopers to review its processes which has been completed. We are now at implementation stage. Expectedly, the implementation will see the Bank's service promise delivered seamlessly in all areas without exception.

2.2.5 Legal Risk

Legal risk refers to the risks of loss from the nature of the Bank's contractual agreements. Legal risk is inevitable in the banking industry due to the nature of the relationships and businesses that Banks engage in. It constitutes the array of legal consequences that flow from the relationships and businesses that the Bank undertakes which might result in financial or reputational loss to the Bank.

Identification

The risks may arise from breach of laws and regulations, legal actions or disputes for or against the Bank as well as failure to adhere to contractual agreements or inadequate management of non-contractual rights and obligations by the Bank.

Measurement and Assessment

The Bank critically and proactively evaluates its actual or potential legal risks with a view to ascertaining and adopting the best cost effective approach in resolving them. These risks are assessed by considering the facts and nature of the relationship or transactions that gave rise to the dispute, the relevant laws relating to the disputes, the extent of the claims or the amount of claims and damages involved, its impact on the Bank's financial position and the Bank's chances of success in the dispute.

Control and Mitigation

All exposures to legal risks are being managed by the Bank on a proactive basis and the Bank has formal policies and controls for managing and mitigating its legal risks. These include:

- Review of all relevant laws, regulations and pronouncements made by the relevant regulatory authorities and apply them to Bank's businesses and relationships.
- Review of all Agreements involving the Bank and documents for facilities by Legal Department to ensure that the Bank is adequately protected and that they are in conformity with the Bank's policies, and relevant laws and regulations.
- Critical review of all disputes involving the Bank to ensure that the best effective approach is adopted in resolving them.
- Engaging skilled and competent solicitors to handle all litigation matters and where necessary, other non-litigation matters for the Bank.
- Actively support the solicitors with the necessary information and documents and follow up on the matters to ensure effective representation.
- Constant monitoring of all pending legal disputes to prevent avoidable loss to the Bank.

2.2.6 Liquidity Risk

Liquidity Risk is defined as the risk to a Bank's earnings and capital arising from its inability to meet obligations as and when due and at reasonable cost. This risk can expose the Bank to litigation, financial loss, or damage to its reputation. In the extreme, it could lead to the collapse of the institution.

Identification

The Bank identifies Liquidity risk through a combination of risk appetite definition and risk response framework. In identifying Liquidity risk, the bank puts the following factors into consideration;

- Regular review of treasury division position in terms of liquidity. Searchlight on the Bank's adequate level of highly liquid marketable securities free of legal or operational impediments that can be used to meet liquidity needs in stressful situations.
- Fund volatility.
- Size and structure of off-balance sheet exposures.
- Concentrations in deposit/risk assets.
- Ability to attract funding from the market at short notice and at reasonable cost.

Measurement and Assessment

The bank has adopted global best practices, specifying common standards in measuring and managing liquidity Risk. This standard is characterized by

- Maturity Liquidity Gap Analysis
- Scenario Analysis
- Analyses of the diversification on Funding sources
- A liquidity Policy that stipulates methodology, processes & responsibilities.

There is no single number like Value-at-Risk (VaR) to measure liquidity Risk rather controlled and monitored.

Control and Mitigation

Unity Bank Plc's Treasury Marketing Department manages the Bank's liquidity daily while the Market and Liquidity Risk Department carries out Strategic measurement, reporting and monitoring of the risk. The Assets and Liability Committee (ALCO) co-ordinates these efforts and ensure that the Bank's Liquidity is at optimal level at all time.

The measures include;

1. Limit System and Limit breach escalation processes.
2. Balance sheet trend analysis. This report shows senior management a snap shot of the bank's key ratios performance in terms of capital, liquidity, asset quality, concentration, which have regulatory implications if there is a breach of these key ratios to avoid earnings reduction via regulatory sanctions.
3. The day –to –day strict monitoring of the Treasury interbank placement with counterparties to ensure the bank's capital is protected. The measure restricts the dealers to work with the allocated capital for trading in line with the banks risk appetite. However, the Bank was not a regular player in the Market.
4. An Existing Contingency Funding Plan.

2.3 OTHER RISKS

These risks are neither directly connected to Pillar I nor Pillar II risks. The Bank does not consider them material enough to be quantified or assessed for capital using notional amount. They are however worthy of mention.

RISKS	**SPECIFICATION**	**CONTROLS**
Outsourcing Risk	The risk of loss by virtue of third party dependency on supplies, software, connectivity and other banking activities including outsource staff recruitment.	Formal evaluation of performance of its vendors. Properly executed service level agreement and contract.
Compliance Risk	Risk of loss as a result of failure to comply with laws, regulations, codes of conduct and standards of good practice that are applicable to Banks.	Establishment of dedicated regulatory Compliance Department, AML/CFT trainings, improved record keeping and regulatory compliance sensitization
Key Staff Risk	Risks of loss by virtue of excessive dependency on a staff.	Proper succession plan, knowledge sharing and stringent leave policy implementation

2.4 BUSINESS CONTINUITY

The need to ensure an acceptable level of operational continuity of the Bank's core services, processes and supporting infrastructure is imperative to the fulfilment of its objectives. Threats such as natural disasters (fire, flood) and other unexpected business interruptions (loss of personnel, terrorism, malicious attacks on systems) have the potential to disrupt the business operations of the Bank hence pose a risk. However where these threats crystallize, the consequences may be dire which eventually will require the activation of the Bank's Disaster Recovery and Business Continuity Plan.

Identification, Measurement and Mitigation

The Bank's business continuity policy and disaster recovery plan provides both protection to the Bank's continued operations and an assessment of potential costs. These documents stipulate the roles and responsibilities of relevant stakeholders in responding, communicating and reporting incidents in the event of a disruption. The bank also has an evacuation team represented by the fire marshals and security team responsible for effective evacuation of personnel in the event of a fire incident.

Restoration of applications and any disrupted IT service is the responsibility of the IT recovery team. Simulation of an evacuation process is tested periodically to identify failure points and resolution of the observed weaknesses to improve the continuity levels.

Priority is usually given to more crucial threats when assessing their potential impacts. The invocation of the Disaster Recovery and Business Continuity Plan in the event of a severe disaster with widespread implications has been considered, although the circumstances of invoking the plan are likely to be less severe.

3 CAPITAL ADEQUACY

Capital adequacy has become a key part of the regulatory assessment especially after the global financial meltdown. The Bank's regulatory capital requirement was computed in compliance with the CBN regulatory framework for Basel II capital adequacy. This primarily covers the Credit, Market and Operational risks.

In line with the New Regulatory framework for Prudential Supervision of Nigerian Banking System, Unity Bank adopted the Standardized Approach for Credit and Market risks and Basic Indicator Approach (BIA) for Operational risk measurement.

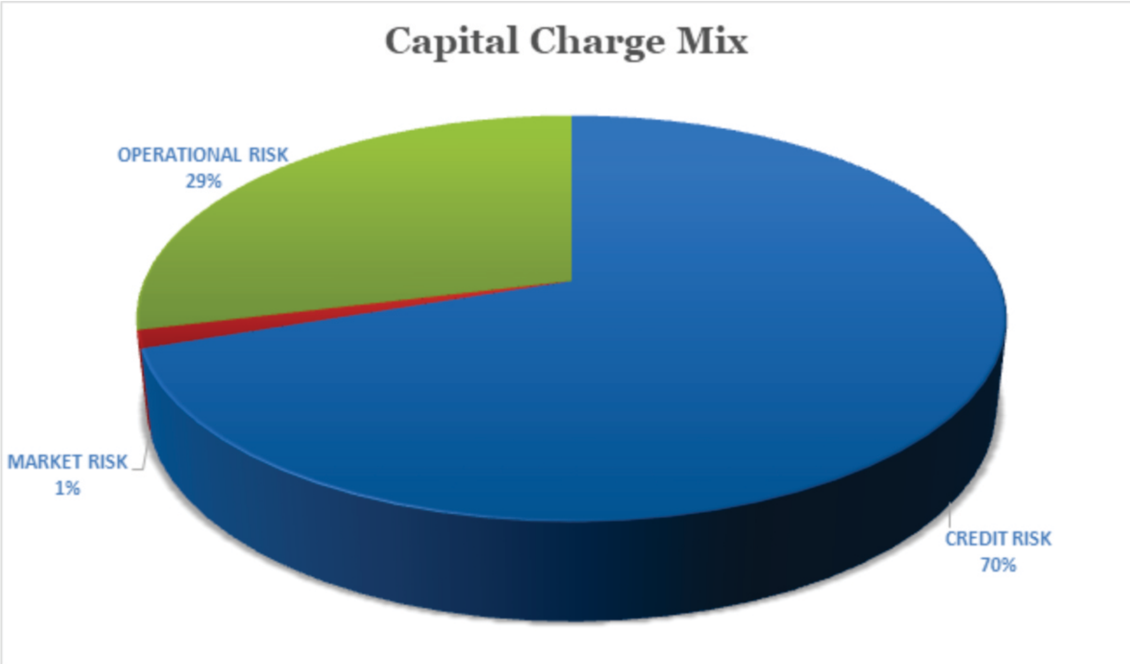
3.1 REGULATORY CAPITAL

The Bank's regulatory capital requirement for the year ended December 31st 2018 as provided by Central Bank of Nigeria is largely Pillar I risk dependent thus uses a combination of three risk types whose distribution is presented in the table and chart below:

UNITY BANK REGULATORY CAPITAL CHARGE

RISK TYPE	RISK WEIGHTED ASSETS	CAPITAL CHARGE
CREDIT RISK	88,433,963,148	8,843,396,315
MARKET RISK	6,863,535,937	549,082,875
OPERATIONAL RISK	36,769,680,852	2,941,574,468
TOTAL	132,067,179,937	12,334,053,658

The Bank like many financial institutions is heavily concentrated in the credit risk area. This is because its major business is that of financial intermediation. Its total Credit Risk Weighted Asset (RWA) figure is **N88bn**. Operational RWA account for the next highest portion of the total RWA with **N36.8bn** while Market RWA contributed **N6.9bn**. The dominance of credit risk is emphasized in the chart below:



Credit risk contributes a significant 72% of the Bank's total capital charge, while Operational and Market risk accounted for 24% and 4% respectively.

3.1.1 Credit Risk Regulatory Capital Assessment

In line with the regulatory dictates of the CBN, supervisory risk weights are used to compute the risk weighted assets for credit risk after adapting the Bank's loan book to the required claim types. This is also in compliance with the standardized approach currently used nationwide for the measurement of credit risk. Credit risk assets is made up of on and off balance sheet items. The on balance sheet items are inclusive of the actual loans granted and exposures to central government and other bodies with credit risk inclinations.

The total on balance sheet credit risk exposures as at December 31, 2018 stood at N214bn.

A summary of the total credit exposure is shown below:

DETAILED ON BALANCE SHEET ANALYSIS (N'BN)				
Exposure class	**Risk Weights**	**Exposures Before CRM**	**Exposure after CRM**	**Total RWA After CRM**
Central Govt/CBN				
AAA - AA-	0%	108	108	0
A+ to A -	20%	0	0	
State Govt and LA's				
A+ to A -	20%	3.6	3.6	0.719
Unrated	100%			
PSE's				
	100%		0	0
Supervised Institutions				
AAA - AA-	20%	33	33	6.6
Corporate				
Unrated	100%	43	14.6	14.6
Regulatory Retail				
	75%	0.227	0	0
Residential RE(RRE)				
	75%	0.344	0.334	0.228
Commercial RE(CRE)				
	100%	0.078	0.078	0
Past Due Exposures				
Other than RRE	150%	0	0	0
	100%	0	0	0
RRE	100%	0	0	0
	50%	0	0	0
Other Assets				
	0%	0	0	0
	20%	0	0	0
	100%	26	26	26
Total		**214**	**186**	**48**

Upon application of credit risk mitigants and risk weights, the total RWA obtained is N48bn.

The following table shows the various off balance sheet balances, credit conversions factors, credit equivalent and the RWA's as at December 31, 2018.

DETAILED OFF BALANCE SHEET ANALYSIS (N'BN)					
Contingents	**Notional Amount**	**CCF**	**Credit Equivalent**	**Risk Weight**	**RWA**
Certain Transaction Related Contingents	5.7	20%	1.1	100	1.1
Corporate and other Persons	77.5	50%	38.7	100%	38.7
OTC Derivatives Transactions					
Supervised Institutions		100%		20%	
Total Off Balance Sheet	**83**		**40**		**40**

The total off balance sheet notional amount before credit conversion was N83bn from transaction related contingents and derivative transactions. Credit conversion factors were applied to the notional amount to reduce the exposure to N40bn. A total off balance RWA of N40bn was recorded from the product of the resultant credit equivalent and the risk weights. The sum of the off balance and the on balance sheet RWA (N88bn) equals the total RWA for credit risk.

3.1.2 Market Risk Regulatory Capital Assessment

Market risk assessment was done using the Standardized approach. The capital computation is only on currency risk exposures, on the Banking book as shown in an extract from the CBN template below:

FX & Gold Capital Computation

Item	**Amount**
Net Open Position (NOP) in FX (Using Shorthand Method)	**6,863,535,937**
Net Position in Gold	**-**
Total NOP in FX & Gold	**6,863,535,937**
RWA	**6,863,535,937**
Capital Charge on Foreign Exchange Risk	**549,082,875**

The net open position after regulatory approved conversions stood at N6.86bn which represents market RWA. The Capital Charge is simply 8% of the market Risk RWA.

3.1.3 Operational Risk Regulatory Capital Assessment

The Bank computed its Operational Risk capital charge using the Basic Indicator Approach (BIA).

The BIA model feeds on the data derived from the Bank's financial statements with income matrices like Net Interest Income, Interest Expense and Non-Interest Income. Unity Bank's gross total income has experienced a steady increase over preceding three years thereby resulting in an aggregate of N58.83bn as shown in the table below:

INCOME UNITS	2018	2017	2016
Interest Income	29,344,781,864	42,374,576,000	33,428,509,000
Interest Expenses	15,535,822,778	35,452,651,000	19,901,215,000
Net Interest Income	13,808,959,087	6,921,925,000	13,527,294,000
Net NonInterest Income			
Fees and Commission Income	1,522,423,930	1,683,742,000	1,642,023,000
Fees and Commission Expenses			
Net Fees and Commission Income	1,522,423,930	1,683,742,000	1,642,023,000
Gains/losses arising from sale of trading book facilities	1,025,544,408	18,362,000	7,402,245,000
Unrealised gain/losses on fair value changes of trading securities	(620,023,086)	1,093,424,000	(1,651,349,000)
Any other operating income (please specify)	5,271,477,024	1,594,153,000	5,591,289,000
Total Net non -interest income	7,199,422,276	4,389,681,000	12,984,208,000
Total Gross Income	21,008,381,363	11,311,606,000	26,511,502,000
Aggregate Gross Income	58,831,489,363		
OpRisk Risk Weighted Assets	36,769,680,852		
Operational Risk Capital Charge	2,941,574,468		

The total operational capital charge and RWA obtained were N2.9bn and N36.8bn respectively.

3.2 ECONOMIC CAPITAL

This is the capital required to cover for all material risks to which the Bank is exposed. In line with the principle of proportionality of ICAAP, the Bank used simplistic methodologies to assess its economic capital requirement. It is considered more accurate than adopting a notional charge. This computation is done at stress conditions. Economic Capital (EC) is a very important part of the Supervisory Review and Evaluation Process (SREP). All assumptions are well documented.

3.2.1 CREDIT RISK ECONOMIC CAPITAL

In the assessment of internal requirement for credit risk, a Monte Carlo simulation model was used to obtain a value at risk at 99.9% confidence interval. The shock scenarios were used in this model and the result was taken as Unexpected Loss (UL). The multiplication of the LGD, PD and effective EAD gave the EL which was subtracted from the VaR to obtain the EC.

The summary of the result is shown in the table below:

Portfolio Balance	**44,401,569,009.81**
Portfolio UL	17,926,183,342.31
Portfolio EL	744,197,090.47
Credit Portfolio EC	**17,181,986,251.84**

The granular stepwise methodology is well documented.

3.2.2 MARKET RISK ECONOMIC CAPITAL

The market risk VaR model was used to assess the economic capital requirement and the output is shown below:-

Value at Risk Assessment

Holding period (days)	**Interest Rate Risk (Trading Book)**			**FX EXP OSURE**			**Total - at 99.95% 10 - day (Nmn)**
	Position size (Nmn)	Volatility	Confidence Level 99%	Position size (Nmn)	Volatility	Confidence Level 99%	
1	5,500	0.2590%	32.49	0.00	0.00%	0.00	
10			102.76			0	**113.98**

As at December 31st, 2018, the Bank's total trading position for fixed income and FX was Nil. In the fixed income market, Unity Bank was only active in the treasury bills trading. The N5.5billion position was derived using Six (6) months daily trading average. For Foreign Currency, the Bank consistently maintained a daily square trading position .i.e. nil daily position.

Unity bank adopts a 99% confidence level, using the variance covariance model for Value at Risk. The 1-day and 10-day VaR amounted to Nil for FX while Fixed Income resulted in N32.49million & N102.76million respectively. Therefore to derive the EC, the confidence level was upscaled to 99.95% to get N113.98million.

3.2.3 OPERATIONAL RISK ECONOMIC CAPITAL

The sensitivity of a three year operation loss experience was used for the assessment of operational risk in the absence of complex internal modeling. This simplistic method was achieved with an increase in loss experience by a factor derived from the stress of average earnings growth over three years. The resultant economic capital is shown in the table below:

OPERATIONAL RISK EC

Year	**Actual Operational Losses**	**Near Misses**	**Total Loss Incident**
2016	80,744,795.95	1,271,083,786.41	1,351,828,582.36
2017	70,615,610.03	24,040,060.00	94.655,670.03
2018	40,213,472.50	69,293,275.04	109,506,747.54
Highest Lost Incident in 3 years			1,351,828,582.36
Range of growth in gross earnings over preceding 3 years			**10%**
Up -scale factor (3 yrs. growth in gross earnings)			**110%**
Operational risk economic capital			**1,487,011,440.60**

The assessment was done under the following assumptions:

- Near misses are likely occurrences
- Actual losses may indicate direct improvement or deterioration in processes
- Earnings are a function of losses
- Adopting the highest figure represents a stress element
- A scale up in average earnings as a factor represents another level of stress

3.3 PILLAR II RISK ECONOMIC CAPITAL ESTIMATION

These risks were previously described as unquantifiable. However, some form of quantification must be carried out if the Pillar II risks are material to a bank's process. The Bank used simplistic methods to estimate Strategic and Reputational, Legal risks. Granularity adjustment was used for concentration risk while scenario testing was used for IRRBB and Liquidity risk.

3.3.1 CREDIT CONCENTRATION RISK EC

The Bank experiences concentration mainly in credit risk. The sectorial concentration of the Bank's credit portfolio is shown in appendix A. The loan book is heavily concentrated in Agriculture and Public sector. Other sectors range from no concentration to mild concentration. Zonal concentration is on the high side in the Abuja & North Central Zone with 67% which is attributed to Agriculture loans given to the Anchor Borrowers Programme (ABP). Lagos and South West Zone accounted for 25% while for other Zones, the Bank has deployed measures to encourage increased business.

ZONES	OUTSTANDING BALANCE	CONC
Abuja & North Central	29,931,728,271.88	67%
Lagos & South West	11,286,427,022.50	25%
North East	1,121,000,742.45	3%
North West	1,604,318,100.66	4%
South South/South East	458,094,872.32	1%
Total	**44,401,569,009.81**	**100%**

The Bank measures the additional capital required for concentration risk using HHI and Granularity Approach (GA).

Granularity Approach

The CBN's New Regulatory Framework for Basel II and III implementation provides guidance for the use of the method. It also provides portfolio proportionality values of PD's. The HHI is used along with the portfolio PD, constant of proportionality and the regulatory LGD of 45%. The GA obtained is the capital required. The full methodology is also well documented in the Bank

This method is Foundation Internal Rating Based Approach (FIRB) with the following assumptions:

- P = 18%(asset correlation)
- Loss Given Default (LGD) of 45%
- Probability of Default (PD) is portfolio dependent.

The table below shows the results of Unity Bank's capital required for credit concentration risk:

Credit Concentration Risk Economic Capital	
Portfolio PD	36.59%
HHI	0.363595922
Constant of Proportionality	0.963
Total Portfolio	44,401,569,010
Granularity Adjustment	15,546,892,932
Capital Required	**15,546,892,932**

3.3.2 INTEREST RATE RISK IN BANKING BOOK (IRRBB EC)

Unity Bank manages Interest Rate Risk in Banking Book (IRRBB) by using duration gap sensitivity. The maturity gaps was expose to basis points stress, a stress factor of 2% (Basel 11 standard) on the 12 month deficit gap to determine the IRRBB EC. The computation is done under a one year horizon and analysis is provided in the table below:

ASSETS	0-30 DAYS	31-90 DAYS	91-180 DAYS	181-365 DAYS	Above 1 year	Grand Total
Inter Bank Placement, Money	-	-	-	-	-	-
Treasury Bills	1.74	16.56	1.47	17.23	-	37,002.34
FGN Bonds	-	-	-	1.37	22.21	23,581.81
State Govt Bonds	-	-	-	0.12	3.48	3,593.78
Local Govt Bond	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	4.00	4,000.00
Certificate of Deposit	0.25	0.08	-	37.23	-	37,559.74
Other Investments	-	-	-	0.27	-	270.91
Loans and Receivables	1.38	3.69	0.62	30.40	7.57	43,657.37
TOTAL ASSETS	**3,367.76**	**20,324.38**	**2,091.23**	**86,627.83**	**37,254.74**	**149,665.94**
LIABILITIES						
Demand Deposit	7.94	-	-	22.02	51.39	81,353.45
Domiciliary Deposit	34.84	-	-	-	-	34,840.87
Savings Deposit	13.46	-	-	12.76	29.78	55,997.85
Call Deposit	-	-	-	-	-	-
Discounted Deposit	-	-	-	-	-	-
Term Deposit	31.04	27.89	9.46	1.35	-	69,743.84
Inter Bank Takings, Money	50.35	-	50.00	-	-	100,347.20
Other Interest Bearing Liab	-	61.76	50.00	-	-	111,760.90
TOTAL LIABILITIES	**137,631.90**	**89,648.62**	**109,462.28**	**36,135.94**	**81,165.37**	**454,044.10**
Periodic Gap	**(134,264.14)**	**(69,324.24)**	**(107,371.05)**	**50,491.89**	**(43,910.63)**	**(304,378.16)**
Cumulative Gap	**(134,264.14)**	**(203,588.38)**	**(310,959.43)**	**(260,467.53)**	**(304,378.16)**	**0.00**
Interest Rate Stress Test						
Interest rate: assumed change	**2.00%**					
Net interest income impact						
<12 months	**(5,209.35)**					
Capital after-shock	**(266,936.18)**					
Repricing impact						
Change in the value of the bond portfolio	**(0.119)**					
Total IRRB impact	**(5,209.47)**					

EC= interest rate Change*Negative Gap + change Bond Portfolio value	**5,209,469,953.16**

3.3.3 STRATEGIC RISK EC

In a bid to become the major player in Agriculture(Agric.) Finance and Banking, the Bank has actively undertaken guarantee for the various Agric. lending schemes of the CBN. Consequently, there are risks associated with the Bank's on-lending portfolio, which is estimated at ₦32.5 billion. The assumptions made to compute the capital required for this strategy include the following:

- A fraction of the performing Agric. on-lending portfolio will go bad owing to monitoring challenges, harvest, weather and marketing challenges, etc.
- CBN capital adequacy classification for contingent liability was adopted
- 15% of performing loan will become substandard
- 50% of substandard will move to doubtful
- 40% of doubtful will be lost
- Sum of lost equal EC

Upon isolation of loan considered corporate and of core northern origin, the 3 years historical performance of the portfolio was applied to give the following:

3.1.1 STRATEGIC RISK EC

In a bid to become the major player in Agriculture(Agric.) Finance and Banking, the Bank has actively undertaken guarantee for the various Agric. lending schemes of the CBN. Consequently, there are risks associated with the Bank's on-lending portfolio, which is estimated at ₦32.5 billion. The assumptions made to compute the capital required for this strategy include the following:

	MIGRATION	BALANCE	CLASSIFICATION
S/N	Total Agric On-Lending Portfolio	32,478,083,026.41	Performing
1	15% - Substandard	4,871,712,453.96	Substandard
2	50% of 1 = Doubtful	2,435,856,226.98	Doubtful
3	40% of 2 = Lost	974,342,490.79	Lost

The capital required for the business strategy re-alignment is 974,342,490.79.

3.3.4 REPUTATIONAL RISK EC

The reputational risk assessment was done by using the Bank's share price and share volume as proxy. The data used covered the 12months of 2018 and was applied to the highest 20 counterparties in the Bank's book. A multivariate regression of loss against share price and share volume traded was done at 99% confidence interval and it resulted in an equation:

Y = Intercept + Bx1 +Bx2

Where x1 and x2 are share prices and share volumes traded respectively.

The resultant predictive equation is **Loss= 59,103,918,864.91– x1 (38,235,372,568.82) + x2 901.02**

The EC figure was forecasted with the standard deviation values of share price (1.10) and share volume 1,454,726.00 to yield 18,355,740,147.65.

The highest month on month percentage growth/decline (34%) is applied to get the final economic capital figure of **6,240,951,650.20.** The assumptions made include the following:

- Standard deviation of variables factors in the risk element
- Zero Collinearity
- Negative movements in shares prices mirrors the effect of reputational damage
- Reputational risk will impact heavily on the top 20 counterparties

3.3.5 LEGAL RISK EC

The historical legal data was used in the assessment of Legal risk. Amount paid out and number cases were considered from 2010 to 2018. The highest absolute percentage increase represents the final stress factor while risk factor (1st stress factor) is the standard deviation of the Bank's legal loss experience. The table below shows the result of the computation.

		Volume	Number
	a. Average Historical	12,314,684.55	3.8889
1st	b. Standard Deviation of	15,246,575.78	4
	c. Highest Absolute % change	125%	125%
2nd	d. Upscale on Standard	19,058,219.73	4.82
	e. Economic Capital	**34,304,795.51**	8.67

The assumptions made include:

- Losses will not exceed the highest historical upscale spike
- Standard deviation represents an element of risk in data
- The maximum number of cases can be inferred from the highest absolute percentage change

The economic capital for Unity Bank's Legal risk is **34,304,795.51.EC**

3.3.6 LIQUIDITY RISK EC

Liquidity was stress tested using scenario analysis derived from historical volatilities, factors like a run off on deposits were considered in the assessment of Liquidity risk EC. The test was classified into three stages; Low, moderate & High. The liquidity position of the bank as at year end was stressed under these scenarios until the liquidity ratio is almost close to negative due to shortfall of liquid assets. Consequently, the cost of recovering from the shortfall was computed for 30days and adopted as the EC.

The stressed scenarios are shown below:

STRESSED LIQUIDITY- DEC 2018					
CURRENT POSITON	BASE AMOUNT (N'm)	Available Assets/ Liabilities	SCENARIO I (LOW)	SCENARIO II (MODERATE)	SCENARIO III (HIGH)
Cash	5,199	5,199	5,199	5,199	5,199
CBN Current Account	46	46	46	46	46
Interbank Placements	0	0	0	0	0
INVESTMENTS	0	0	0	0	0
Nigerian Treasury Bills	74,562	63,378	55,923	31,106	2,130
Govt Stock	31,176	24,940	21,746	11,221	(975)
Current Account With Nigerian Banks	493	493	0	0	0
Total Qualifying Liquid Assets	**111,475**	**94,056**	**82,913**	**47,572**	**6,399**
Deposit Liabilities					
Demand Deposits	81,936	81,936	79,478	77,839	65,549
Savings Accounts	55,998	55,998	54,318	53,198	44,798
Fixed Deposit Account	69,790	69,790	62,811	55,832	45,364
CORE DEPOSITS	**207,724**	**207,724**	**196,607**	**186,869**	**155,710**
Net Balances Held For Other Banks	102	102	76	0	0
Net Takings From Other Banks	100,140	100,140	100,140	75,105	65,091
Total Deposit Liabilities	**307,965**	**307,965**	**296,823**	**261,974**	**220,801**
Liquidity Ratio	**36.20%**	**30.54%**	**27.93%**	**18.16%**	**2.90%**
Req. for 32% CFP Limit compliance	-	(4,493)	(15,636)	(50,977)	(92,150)
Cost of sourcing deposit to cover the shortfall	-		**(8.64)**	**(28.17)**	**(50.92)**
HQLA adequacy @ 32%	**98,548.94**				
Liquidity EC	**(1,527.67)**				
OVERNIGHT NIBOR	20.2%				
TENOR	0.003				

4 RISK APPETITE

In the pursuit of value for shareholders, the Bank works within a certain tolerance risk acceptance criteria. In setting Unity Bank's risk appetite, the need for balance between the concepts of risk acceptance and aversion have been considered. This approach is driven in part by the strategic intent of the Bank to become the retail Bank of choice and in part by other germane considerations including capital levels, prevalent market conditions, regulatory dictates and the operating environment.

The Bank has a broad categorization of risk laced with its internal ratings and interpretation thus:

Category	Indicator	Details
High Risk Appetite	5	Actively seeking opportunities that have inherent risks that, should they crystallize, may result in reputation damage, financial loss, major breakdown in IT systems/data integrity, regulatory breaches, potential injury to staff and/or customer, etc.
Moderate Risk Appetite	4	Willing to accept risks that, should they crystallize, may result in reputation damage, financial loss, major breakdown in IT systems/da ta integrity, regulatory breaches, potential injury to staff and/or customer, etc.
Modest Risk Appetite	3	Willing to accept some risks in certain circumstances that, should they crystallize, may result in reputation damage, financial loss, major breakdown in IT systems/data integrity, regulatory breaches, potential injury to staff and/or customer, etc.
Low Risk Appetite	2	In most cases, not willing to accept risks that, should they crystallize, may result in reputation damage, financial loss, major breakdown in IT systems/data integrity, regulatory breaches, potential injury to staff and/or customer, etc.
Zero Risk Appetite	1	Not willing to accept under any circumstance, any risks that has the potential to result in reputation damage, financial loss, major breakdown in IT systems/data integrity, regulatory breaches, potential injury to staff and/or customer, etc.

In normal conditions, the Bank will prefer to play in the moderate space with minimal mitigation and reputational worries.

4.1 RISK APPETITE STATEMENT

The credit risk appetite definition and monitoring allows the Bank to do the following:

- Improve return on risk for the credit facilities granted
- To meet growth objectives within the enterprise risk appetite and to protect the Bank's performance
- Discover unexploited enterprise risk capabilities and hence unearth profitable opportunities
- Improve executive management control and co-ordination of risk-taking across all risk areas.

The risk appetite statement reads as follows:

"In the quest for achieving the objectives of maximizing its income on credit facilities and shareholders' value, the Bank exhibits a "moderate" appetite for risk. This practice is reflected in the Board approved risk limits/thresholds. It is also exhibited in the specific approach of the Bank to retail business generally."

"The quantitative expression of our moderate risk appetite is reflected in the limits and thresholds, backed by its operating policies and procedures. These quantitative thresholds cut across the entire sphere of the Bank's business. In areas where supervisors stipulate operating threshold, the Bank's internal equivalents of such thresholds are more restrictive. The qualitative expressions are mostly relating to behavioral guidance in the conduct of the Bank's business".

4.2 QUALITATIVE EXPRESSIONS OF RISK APPETITE

The Bank may finance any transaction subject to its policies and its strategies. However, in line with its tolerance, Unity Bank shall not process facilities for the following purposes:

- To support illegal tenacities/purchase illegal fire arms
- To support gambling activity/ support illegal military activity
- To support production and distribution of tobacco and illicit drugs
- To support act/acts of terrorism

Other qualitative measures considered in determining the appetite of the Bank include the following:

- Business should not be overtly vulnerable to government policy actions
- Business should align with environmental sustainability objectives.
- Cash flow lending is key, collateral recovery is salvage extreme measure Management oversight and internal policies

4.3 QUANTITATIVE EXPRESSIONS OF RISK APPETITE

Credit Risk

The quantitative expression of the Bank's credit risk appetite is expressed through portfolio and regulatory limits. For any given risk parameter, it is the practice of the Bank to have an internal limit, which acts as a red flag for the Bank. The quantitative expression is shown in the table below:

S/N	Risk Type	Risk Appetite Factor	Objective	Regulatory Limit	Set Limit	Actual 31-Dec-2018	Qualitative Measures
1	Portfolio Quality	Ratio of Non-Performing loans to total portfolio	Reduction of NPL's ratio to the barest minimum	<=5%	<=3.8%	0%	Risk acceptance criteria, separation of approval and disbursement process, credit monitoring, Watch List Committee review etc.
2	Portfolio Liquidity	Ratio of short term to total loans	Ensure considerably liquid risk asset portfolio reasonably able to respond to changes in operating environment.	Short term obligations not exceeding 40% of total facilities	<=30%		Review of liquidity limits to ensure that threshold is maintained
3	Credit Ratings/Scoring	Quantitative representation of credit quality	Tracking Credit quality	BBB+ and above(Risk rating 4 and above)	BBB	BBB	Rating questions to measure entity and transaction quality
4	Single Obligor and Public sector	Compliance with regulatory limits	To ensure diversifiedportfolio across allsectors	Single obligor limits <=20% of shareholders fund; Public sector limits <=10% of the portfolio; Approved management limit	<15% and <7.5%	12% and 9%	Portfolio planning
5	Sectorial and Insider Related exposure	Compliance with regulatory limits	To ensure diversifiedportfolio across allsectors	Sectors should not exceed 20% of total credit portfolio; Insider Related limits <=10% of Banks paid up capital	<=15% and <=8%	74% and 14%	Portfolio planning
6	Ratio of restructured Loans	Managing portfolio quality	Manage default triggers	Should not exceed 20% of total credit portfolio	<=15%	2%	Proper credit application scrutiny from the onset
7	Capital Adequacy	Credit risk effect on Capital	Maintaining a good capital cover for credit risk exposures	Greater than or equal to 10% but Less than or equal to 20%	12%	-198%	Collateral quality, Obligor's risk profile.

Limits are internal, considering both the guide (Regulatory limits) and the Bank's tolerance in line with the overall strategy.

Credit Risk Measurement and Management

Exposure to credit risk is considered the largest risk in most financial institutions. It therefore attracts adequate attention and resources for a proactive and effective management.

Credit risk arises when an obligor fails to meet with the terms and conditions specified and agreed in a trading or loan contract or when its ability to perform such obligations is impaired. This may arise not only when an obligor or borrower defaults in payment of a loan or settlement but also when his repayment capability dwindles.

Credit risk event occur from activities both on and off Balance Sheet engagements which include trade or project finance, interbank transactions, foreign exchange, bonds, guarantees, commitment and settlement transactions.

Credit Risk Management is a full-fledged group headed by General Manager. The Department is under the Enterprise Risk Management Directorate which is headed by an Executive Director.

The Bank operates a policy of clear separation of business powers as business officers involved in Credit approvals do not have powers to approve disbursement of Credits as this resides in the control officers in Risk Management Directorate.

The Responsibilities of the Department Include:

a. Planning of the credit portfolio of the Bank.
b. Review of all credit proposals at various levels before consideration for approval.
c. Review of Credit Policies and Procedures from time to time and issue Credit Circulars on matters bothering on credit performance.
d. Monitor the use of delegated business powers and recommend sanctions for abuse.

Principal Credit Policies

The Bank's Risk Assets mission is "to generate and manage a qualitative diversified loan portfolio that provides returns consistent with the Bank's expectations in terms of assumed risk, return on asset and value added to individual credit transactions within the context of the overall regulatory requirements".

The main objective for creating risk assets are:

1. To generate income, while ensuring Liquidity, Safety Solvency and Growth
2. Market for and obtain credit businesses that are consistent with the Bank's Risk Assets Acceptance Criteria as defined in the Credit Policy;
3. Manage credit risk so that the Bank's portfolio performance measured by levels of non-performing assets and write-offs is consistently one of the best in the industry;
4. In a timely and professional manner avoid granting credit facilities to customers not able to, on a sustainable basis, satisfy the Risk Assets Acceptance Criteria and;
5. Maintain a Deposit Ratio within the levels provided by regulatory authorities as may be prevailing from time to time.

Other Key Objectives for Credit Risk Management include:

1. Deliberately manage its risk asset portfolio to ensure that the risk of concentration to any sector or individual customer is minimized and ensuring portfolio flexibility and liquidity.
2. Ensure exposure to any industry or customer is determined by the regulatory guidelines, internal policies and procedures, debt service capability and balance sheet management.
3. Extend credit to only suitable and well identified customers who have complied with the "Know Your Customer" KYC principle and meet the "Risk Assets Acceptance Criteria" RAAC of the Bank.
4. Credits are to be extended to customers where the source of repayment is known and can be ascertained but not for speculative purposes and where the purpose and destination of funds are not disclosed.
5. Ensure that primary source of repayment for each credit is from an identifiable cash flow from the counterpart's normal business operations or other financial arrangements. Realization of security remains a fall back option.
6. Adoption of a pricing model that reflects variation in the risk profile of various exposures to ensure that higher risks are compensated by higher returns.
7. Ensure that the quantum of exposure and quality and value of collateral required are determined based on the risk profile of the counter party.
8. Avoid all conflict of interest situations and report all insider related credits to appropriate body.

Credit Risk Rating

The Risk Rating Approach is to assign **two Risk Ratings** to each existing or prospective borrowing customer of the bank based on the Credit Risk Assessment of:

i. The **Customer's business** and;
ii. The **facility security and structure.**

The Risk Rating obtained in (i) above will be referred to as the **Customer Quality Rating (CQR)** while the rating obtained in (ii) above will be referred to as the **Facility Risk Rating (FRR)**. Each borrowing customer of Unity Bank will have both ratings rendered in the frequency indicated below.

FREQUENCY OF RATING

Each borrowing customer of Unity Bank will be rated (**CQR** and **FRR**) at least once every 12 (twelve) months; within **six** months of the customer's financial year end. This is merely a minimum requirement.

In practice however, Lending officers and their supervisors will be expected to review and risk rate each borrowing customer at the following events:

A. During the appraisal of any Credit request, renewals, increases, reductions, restructures, new lines or material change in the terms of an existing facility.

B. Once information is received or suspected about a material change in the business condition, internal arrangements or other circumstances or industry in which a borrowing customer operates.

C. When there is a material change in the Credit facility or the circumstances affecting the Credit facility such as a change in the structure of the Credit change in the Security change in the circumstances of a bank that is part of the syndication etc.

D. Any material change in regulations affecting the customer or the customer's industry.

Credit Approval Limits

The Bank operates a decentralized Delegation of Business Powers, approved by the Board of Directors which delegated powers to the following bodies:

- Board of Directors
- Board Credit Committee
- Executive Management Committee and
- The Managing Director.

Exposure to credit risk is considered the largest risk in most financial institutions. It therefore attracts adequate attention and resources for a proactive and effective management.

The following structure exists for the Management of Credit risk in the Bank:

- The Board has ownership of the Bank's Credit Risk. Policies and Procedures are approved by the Board and reviewed from time-to-time.

- Credit management is carried out in the Bank under well-defined credit policies and procedure manuals. There is dual control in credit origination in the Bank, namely the Business Units with the concurrence of Risk Management Unit.

- Credit approval powers are devolved across authority lines in the Bank. However, this powers have been suspended temporarily.

- Credit Administration Department is saddled with the responsibility of general administration of the Bank's credit process. Disbursement and documentation, remedial management, monitoring and classification of credit exposures, as well as credit portfolio reporting are the primary concern of the Department.

- Also, there is a full-fledged Debt Recovery Department that concentrates on the recovery of certain non-performing loans.

- Portfolio distribution is being watched regularly to ensure that there is no risk of concentration.

Credit Risk Assessment

For accounting purposes, the Bank uses an incurred loss model for the recognition of losses on impaired financial assets. This means that losses can only be recognized when objective evidence of a specific loss event has been observed. Triggering events include the following:

i. Significant financial difficulty of the customer
ii. A breach of contract such as a default of payment
iii. Where the bank grants the customer a concession due to the customer experiencing financial difficulty.
iv. It becomes probable that the customer will enter bankruptcy or other financial reorganization
v. Observable data that suggests that there is a decrease in the estimated future cash flows from the loans

This approach differs from the expected loss model used for regulatory capital purposes in accordance with Basel II

Maximum Exposure to Credit Risk

The amount that best represents the Bank's exposure to credit risk at the end of the reporting period is as show below:

31-Dec-18	Fair Value of collateral and credit enhancements held								
	Maximum Exposure to credit	Cash	Securities	Letters of Credit/ Guarantees	Property	Others	Netting agreements	Net collateral	Net Exposure
Maximum exposure to credit risk	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm
Due from banks	33,139	-	-	-	-	-		-	33,139
Loans & Advances	43,657	8,269	-	12	43,996	2,162		67,417	-
Financial Investments	102,322	-	-	-	-	-		-	102,322
FVTOCI	76251	-	-	-	-	-		-	76,251
Held to maturity	-	-	-	-	-	-		-	-
Amortised Cost	26071	-	-	-	-	-		-	26,071
Financial guarantees	59,733	944	0	235	62,741	856		64,776	-
Letters of credits	19,667	-	-		-	-		-	19,667

31-Dec-17	Fair Value of collateral and credit enhancements held								
	Maximum Exposure to credit	Cash	Securities	Letters of Credit/ Guarantees	Property	Others	Netting agreements	Net collateral	Net Exposure
Maximum exposure to credit risk	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm
Due from banks	15,152	-	-	-	-	-		-	15,152
Loans & Advances	8,958	4,459	3	59	4,687	262		9,470	-
Financial Investments	78,975	-	-	-	-	-		-	78,975
Held For Trading	-	-	-	-	-	-		-	-
Available for sale	58,703	-	-	-	-	-		-	58,703
Held to maturity	20,272	-	-	-	-	-		-	20,272
Financial guarantees	89,031	51,610	0	93	9,802	3,505		65,010	24,021
Letters of credits	5,783	-	-	-	-	-		-	5,783

NB: No credit exposure exists when investments are in own government securities (Government Bonds & Treasury Bills)

Impairment of financial assets

IFRS 9 impairment requirements are based on an expected credit loss model, replacing the incurred loss model under IAS 39. Key changes in the Bank's accounting policy for impairment of financial assets are listed below.

The Bank applies a three-stage approach to measuring expected credit losses (ECL) on debt instruments accounted for at amortised cost, FVOCI, loan commitment and financial guarantee contracts. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

i) Stage 1: 12-months ECL
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Interest revenue is calculated by applying the effective interest rate to the gross carrying amount.

ii) Stage 2: Lifetime ECL - not credit-impaired
For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognised. Interest revenue is calculated by applying the effective interest rate to the gross carrying amount.

iii) Stage 3: Lifetime ECL - credit-impaired
Financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. As this uses the same criteria as under IAS 39, the Bank's methodology for specific provisions remains unchanged. For financial assets that have become credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost rather than the gross carrying amount.

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

In determining whether credit risk has increased significantly since initial recognition, the Bank uses its internal credit risk grading system, external risk ratings and forecast information to assess deterioration in credit quality of a financial asset.

The Bank assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Bank and all the cash flows that the Bank expects to receive. The amount of the loss is recognised using an allowance for credit losses account

The Bank considers its historical loss experience and adjusts this for current observable data. In addition, the Bank uses reasonable and supportable forecasts of future economic conditions including experienced judgment to estimate the amount of an expected impairment loss. IFRS 9 introduces the use of macroeconomic factors which include, but is not limited to, unemployment, interest rates, gross domestic product, inflation and commercial property prices, and requires an evaluation of both the current and forecast direction of the economic cycle. Incorporating forward looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

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 life time2 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 life time ECL (Stage 2) to 12-months ECL (Stage 1). In addition to 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 months ECL (Stage 1).

In the case of the new asset category for debt instruments measured at FVOCI, the measurement of ECL is based on the three-stage approach as applied to financial assets at amortised cost. The Bank recognises the impairment charge in profit or loss, with the corresponding amount recognised in other comprehensive income, with no reduction in the carrying amount in the statement of financial position. Overall, impairment under IFRS 9 results in earlier recognition of credit losses than under IAS 39. For explanation of how the Bank applies the impairment requirements of IFRS 9, see the Note on adoption of IFRS 9 in the financial statements.

Credit Exposures

Table A: Gross Exposure on On-Balance Sheet Exposures (in line with IFRS 9)

Loans Exposure (Corporate ,Retail, Public Sector)'000	Stage 1	Stage 2	Stage 3
Gross Exposure	44,401,569.00	-	-
Impairment	(744,197.00)	-	-
Balance as at December 31st 2018	43,657,372.00	-	-

Table B: Gross Exposure and Total value adjustments on Credit Equivalent Amounts of Off- Balance Sheet Exposures (in line with IFRS 9)

In thousands of Naira	=N=
Gross Exposure	49,840,540.00
Impairment	(728,803.00)
Balance as at December 31st 2018	49,111,737.00

Risk Concentration.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Management determines risk concentration using geographical and industry classifications. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

The Bank uses the Herfindahl Hirschman Index (HHI) to measure the level of concentration in the credit portfolio. This also helps it to apply the regulatory granularity adjustment to compute additional capital requirement from credit concentrations

In order to avoid excessive concentrations of risk, the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective approval is used within the bank to manage risk concentrations at both the relationship and industry levels.

The amount of risk exposure associated with all financial instruments sharing industry characteristics is shown in the following table:

Industry Type - 2018	Cash and balances with Central Bank	Dues from bank	Loans and advances to customers	Financial investments available for sale	Financial Investments available - for sale pledged as collateral	Financial investments held to maturity	Total
	N'Mn	N'Mn	N'Mn	N'Mn	N'Mn	N'Mn	N'Mn
AGRICULTURE			32,705				32,705
CAPITAL MARKET			1				1
CONSTRUCTION			768				768
EDUCATION			21				21
GENERAL			1,391				1,391
GENERAL COMMERCE			44				44
GOVERNMENT			4,044				4,044
MANUFACTURING			943				943
OIL AND GAS			2,138				2,138
POWER AND ENERGY			948				948
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES			60				60
REAL ESTATE	-	-	1,339				1,339
	-	**-**	**44,402**	**-**	**-**	**-**	**44,402**

Market Risk

The quantitative expression of the Bank's market risk appetite is reflected in the table below:

S/N	Risk Type	Risk Appetite Factor	Objective	Regulatory Limit	Set Limit	Actual 31 Dec 18	Qualitative Measures
1	Liquidity Risk	Ratio of Liquid assets to Liquid Liabilities	Ensure considerably liquid asset portfolio reasonably able to respond to changes in deposit withdrawals	30%	35%	36%	Timely, accurate, limit Monitoring of positions
2	Currency Risk	Net Open Position (NOP)	To curtail exposure resulting from changes in foreign exchange.	10% of SHF	9% of SHF	2.40%	Foreign currency ALM strategy
3	Currency Risk	Foreign Currency Trading Position (FCTP)	To curtail losses arising in foreign exchange holding position.	-10% (Short), +0.5%(Long) of SHF	-1%(Short), +0.47%(Long) of SHF	0.00%	Risk tolerance for Interday position
4	Funding Risk	CBN Current account Balance	To reduce the volume of non-earning(idle) liquid assets	NA	N100m	N45.92m	Liquid Earning Assets efficiency
5	Funding Risk	Deposit Mix	Ensure considerably low costfunds to improve earnings (Net interest income)		Demand 50 Savings:30 Fixed :20	32:35:33	Deposit mobilization and diversification strategy
6	Foreign currency trading Risk	Stop Loss limit	To restrict likely losses on a certain trade	NA	Max of 15kobo	-	Risk Tolerance
7	Funding Risk	Loan to Deposit Ratio (core deposit)	To access banks liquidity	80%	70%	15.65%	Loan vs deposit growth monitoring.

Operational Risk

The quantitative expression of the Bank's operational risk appetite is reflected in the table below:

S/N	Risk Type	Risk Appetite Factor	Objective	Regulatory Limit	Set Limit	Actual 30-Dec-2018	Qualitative Measures
1	Fraud	Actual loss exposures for internal and external frauds	• To ascertain root causes and the institution of effective controls to deter further occurrences. • To identify process improvement opportunities through compliance/regulatory obligations.	N/A	N25,000,000.00	N34,213,472.50	Loss data monitoring
2	Regulatory	Fines & penalties				N6,000,000.00	Regulatory compliance monitoring

The controls highlighted below have been instituted to deter further occurrences:

- Restriction of the bank's cards for international transactions
- Staff awareness on compliance requirements
- Sensitization of internal and external customers on fraud detection and prevention
- Software deployment to profile customers and monitor suspicious transactions
- Increase in the frequency of staff compliance trainings
- Application of the bank's approved sanctions on erring staff

Quantitative expressions in other risk areas include the following:

- The Bank shall operate within a low appetite for reputational risks, and aspires to be among the top 5% most respected Banks. Accordingly, the Bank has zero tolerance for instances or events that would result in negative publicity which will in turn impact adversely on the reputation of the Bank.
- The Bank has a low appetite for strategic risk, and shall not accept strategic risk profile with potential for loss above 5% of budgeted PBT.

4.1 OVERSIGHT AND INTERNAL POLICIES

The oversight function plays a key role in both the qualitative and quantitative expressions of risk appetite. This is so because they highlight appetite setting and policy direction of the Bank's tolerance for risk. As the second level of defence, risk management requires effective policies and senior management involvement.

Oversight

The Bank adopts a top- bottom approach to the management of risk. Risk attitude and cultures cascade from Board and senior management to other members of staff as such the Board and senior management play a key role in bank wide risk consciousness and awareness generally.

The Board sets the tone with the approval of the Bank's strategy and appetite. They also review and approve policies that will guide implementation and unit functions that will ultimately add value to the Bank and its shareholders in line with best risk management practices.

Internal Policies

Risk management policy and implementation document are approved by the Board. Subsequently, certain powers are delegated to Executive Management in line with the appetite. These policies define the roles, responsibilities, limits and authorities.

Senior management institutes policy administration techniques / procedures as a part of overall risk strategic framework. These techniques provide guidance to the staff.

The Bank's policies include:

- A formal risk evaluation process.
- Approval authority/ lending limits
- Credit risk policy
- Sustainable banking policy
- Investment policy framework
- Contingency funding plan
- Strategic risk management policy
- Reputational risk policy
- Operational risk management policy

- Enterprise risk management framework

4.5 CREDIT RISK MANAGEMENT

The Bank's Credit Risk Management (CRM) can be summarized in the stages shown in the figure below:

Origination

- Application and Analysis Stage
- Second Level Review by Credit Analysis Team
- Approval/Decline by relevant approval authority
- Documentation

Management/Monitoring

- Administration
- Monitoring
- Measurement– classification/rating
- Remediation

Collection

- Repayment where this and remediation above fails, the next step below kicks in.
- Recovery

Quarterly credit review sessions and other major processes are instituted to manage the credit process.

Monitoring begins immediately after the facility is disbursed with a keen eye for early warning signals. A successful credit process ends on the final pay down of the facility.

A regular credit process should culminate in pay down after effective Loan monitoring. However, in cases where the facility is not paid down at maturity and keeps deteriorating recovery measures are implemented.

4.6 LIQUIDITY RISK MANAGEMENT

The Board and Senior Management have a major stake in the liquidity management of Unity Bank. Within its oversight function, the Board sets clear liquidity management strategy, policies and procedures aligned with the Bank's overall business objectives. It further keeps a tab on Management's compliance with the Bank's liquidity risk management strategy. To this end, it seeks to know on a regular basis the liquidity position of the Bank while providing support in various forms feasible to Management in meeting the liquidity risk management objectives.

The supervisory function of Management spans from the Liquidity Risk Management framework which has strong emphasis diversification of deposit base, practical contingency funding plan and an effective strategy for foreign currency liquidity risk.

The other Management responsibilities include:

- Through its Strategic Asset and Liability Management Committee and other relevant organs, Management ensures a robust implementation of the Bank's liquidity risk management strategy, policies and procedures.
- Management informs the Board of the Bank's liquidity risk position regularly and proactively.
- Management informs the Board about any material potential positive or adverse change in the Bank's liquidity risk profile. The report incorporates actions taken or being taken and the assistance required from the Board to redress the situation or take advantage of the positive change.

The key players in the management of Liquidity risk and their functions are:

1. Asset Liabilities Committee
2. Treasury Group
3. Market & Liquidity Risk Department
4. The Business Units

Asset Liabilities Committee (ALCO)

ALCO is responsible for managing the Bank's liquidity risk generally rendering reports to that effect. The frequency of such reports is normally monthly except where an emergency situation demands. A review of the liquidity position stirs recommendations to Management.

ALCO also monitors implementation of approved strategies whilst making reports to the MD/CEO on the level of compliance.

Treasury Group

Treasury Group works in conjunction with the business units in the implementation of the Bank's liquidity in line with management strategy. They also provide market intelligence information as would be required from time-to-time to stay competitive in terms of industry practice. These actions are carried out in reference to the liquidity risk management framework.

Market Risk & Liquidity Department

The Market risk department is responsible for the following:

- The day-to-day monitoring, reviewing, and reporting of the Bank's Market & Liquidity risk position to Management & ALCO on periodic basis.
- Carrying out market survey and desk research on the market situation with respect to liquidity risk.
- Generating and analyzing liquidity risk reports for the Bank.
- Independently confirming liquidity risk indices and ratios for reliability.

Business Units

Business units ensure the implementation of liquidity risk management strategy in their various business pursuits with respect to the following details:

- Deposit mix – core and purchased/tenured funds
- Deposit size and maturity structure
- Other liabilities components
- Asset mix and growth strategy
- Generally ensure compliance with the Bank's Risk appetite for liquidity risk.

4.7 CONTINGENCY FUNDING PLAN (CFP) – FUNDING PLAN IN CRISIS PERIOD

The contingency funding plan is a crisis period operational and liquidity risk strategy. Unity Bank has set out strategy for a way out in the event of such anomaly. The Contingency Funding Plan (CFP) states how Unity Bank intends to survive a stressed liquidity situation.

Unity Bank's Contingency Funding Plan (CFP) provides a framework for intervention in stressed liquidity situations and outline specific action steps to be taken and responsibilities of key personnel in the event that such a scenario crystallizes. The CFP is activated once certain triggers occur that threaten the liquidity capacity of the Bank.

The CFP is well structured that it categorized liquidity crisis into three (3) namely;

1. Impending Crisis Situation
2. Crisis Situation
3. Extreme Crisis Situation.

CATEGORY 1 - IMPENDING CRISIS

A situation likely to result in a 'Liquidity Event' in the near term.

This is a situation where the Bank is experiencing rapid deterioration in liquidity position such as; rising funding cost, persistent mismatch of assets and liabilities, rapid deterioration in risk assets and rapid increase in loans evidenced by increasing loan to deposit ratio.

CATEGORY 2 - CRISIS SITUATION

This is a liquidity Crisis situation where there is a likelihood of default within 48-72 hours. It is a critical situation that requires urgent attention. The Treasurer calls for immediate meeting of the Liquidity Crisis Committee (LCC). The secretariat alerts all stakeholders.

It is the role of the Treasurer to advise the Liquidity Crisis Committee of any category of Liquidity Crisis situation as mentioned above. This will arise from daily monitoring of liquidity trend and patterns bank-wide.

The Treasury must render daily report to LCC and ALCO respectively for their review, as a contingency measure to meet liquidity obligations of the Bank. The Treasurer, in conjunction with other stakeholders perform one or more of the followings depending on the crisis category:

1. Disposal of HQLA (high-quality liquid assets)
2. Decrease holdings of non-liquid assets (sell off assets and recall outstanding loans and advances).
3. Withdraw undisbursed lines of credit
4. Access short-term funds (Sources of funds available to UNITY Bank include confirmed interbank dealing lines, and other wholesale markets). However, it is an un-guaranteed source and subject to market conditions and availability

5. Increase fixed tenured liabilities.
6. Use assets to generate additional funding either by outright sale, repurchase agreement or securitization structures (BA/CP, OBB, Bonds, Swaps)
7. Access foreign lines.
8. Communicate with major funds providers to encourage and ensure continued support
9. Designate staff to handle communication with key customers.
10. Standardize communication and information to counterparty and customers.
11. Monitor significant outflows. Discuss with customers to discover why they are making the withdrawals and see if they can be assured to keep the funds.
12. Request for passionate refund of Cash Reserve Requirement Fund on a temporary basis.
13. Increase capital funds (if possible).

CATEGORY 3 - EXTREME CRISIS SITUATION

This is defined as a situation where the Bank is unable to meet statutory requirements and liquidity obligations; a situation that can be described as 'critically illiquid bank' as described in S2.1.2.C of CBN Supervisory Intervention Framework for Nigerian Banks of February 2011 (and as subsequently amended). The following actions are taken;

- The Bank shall comply with the 'supervisory actions' listed in **S2.1.2.C** of **CBN Supervisory Intervention Framework for Nigerian Banks of February 2011** (and as subsequently amended).
- The Board of the Bank must advise Central Bank of Nigeria and NDIC of the situation and solicit for liquidity support from Central Bank of Nigeria, as a last resort and Nigeria Deposit Insurance Corporation (NDIC) stating that the bank is not technically insolvent.

5 STRESS TESTING

Stress testing is a risk management technique used to evaluate the potential effects on an Institution's financial and capital condition, of a set of specified changes in risk factors, corresponding to extreme unfavorable but plausible events.

The concept of stress testing attempts to determine the impact of situations where the assumptions underlying established models used in managing a business fail. Risk management has evolved and as such, there are a number of methods to help financial institutions conduct realistic stress tests. Some of the methods include:

I. **Sensitivity analysis**
This method involves the impact of a large movement on a single factor/parameter in a model.

II. **Scenario Analysis**
This involves simultaneous, extreme movement of a set of factors/parameter in a model. Scenario is an improvement on sensitivity as it takes into cognizance the individual effect and the interaction between different risk factors.

III. **Historical Simulations**
Historical simulation is less subjective as it uses the trend/observed actual events of the past to predict the future. This method works under the massive assumption that if it has happened in the past, then it will reoccur.

IV. **Value at Risk**
This method is the most popular in the financial industry presently. It calculates the maximum loss expected over a given period of time (horizon) at a given confidence interval. The Monte Carlo and the Variance-covariance methods are good examples of VaR models.

V. **Hybrid**
This method is a combination of two or more of the above mentioned methods.

The growing importance of risk management requires solutions capable of providing comprehensive and actionable risk metrics, coupled with the scalability and performance needed to handle large portfolios and computationally intensive risk calculations and scenarios. To this end, Unity Bank uses VaR models for credit and market risk respectively. A hybrid model is used to stress operation risk and other pillar II risks.

5.1 REASONS FOR STRESS TESTING

Stress testing helps the Bank to achieve the following:

- Identify reaction of sectors to extreme events
- Unearth hidden correlation within portfolio
- Support portfolio allocation

decisions/strategies beyond normal current conditions

- Evaluate potential capital requirement on long dated positions under possible future credit environment
- Identify risks and map out adequate control
- Forms an integral part of the Bank's ICAAP and decision making
- Provides a complementary risk perspective to other risk management tools
- Supports capital planning and management

5.2 CREDIT RISK STRESS TEST

The Bank uses two methods for stress testing its credit portfolio. These methods are the Monte Carlo simulation to arrive at the VaR and the NPL migration which is inclined to historical simulation. However, there may be situations that would require a fit for purpose stress test where other methods could be used.

The Monte Carlo model does multiple iterations culminating in a result which is a probability distribution of possible outcomes. Loss scenarios are compared to a maximum default threshold called the Z-score. The model uses several random combinations, stress factors, PDs and LGDs which result in a range of values of plausible loss ranging from the very least to the highest.

Credit risk drivers from the market environment such as inflation, interest rate changes, Gross Domestic Product are major variables applied in the simulation procedure.

The simulations and iterations are repeated until the maximum value of projected loss is obtained. Maximum VaR represents the highest loss beyond which the Bank may not incur significant loss at 99% confidence level.

The table below shows the output of the model using the credit risk assets as at December 31, 2018.

Monte Carlo Stress Test Results

Horizon/Confidence Interval	**1year/99%**
Total Portfolio	**44,401,569,009.81**
Maximum VaR	17,926,183,342.31
Average VaR	1,860,568,715.87
Maximum VaR to Total Portfolio	40%

This Value at Risk represents 40% of the total portfolio meaning that about N17bn would survive the crystallization of adverse macro-economic effects. PDs and LGDs were used in the computation of VaR to reflect likely recovery conditions and normalcy in the distribution.

The stressed PD's used to run the simulations are shown below per sector:

SECTORS	BASE PD	SEVERE PD
ADMINISTRATION	75%	85%
AGRICULTURE	83%	90%
CAPITAL MARKETS	90%	94%
COMMERCE	93%	97%
CONSTRUCTION	81%	89%
EDUCATION	96%	97%
ESTATE MANAGEMENT	90%	94%
FINANCE	87%	92%
GENERAL	94%	97%
GOVERNMENT	99%	99%
HEALTH	66%	78%
INFORMATION TECHNOLOGY	99%	99%
MANUFACTURING	85%	90%
OIL & GAS	82%	90%
PROFESSIONAL	96%	97%
TRANSPORTION	96%	97%
WATER	92%	97%
TRANSPORT	63%	87%
UTILITIES	35%	45%
WATER	71%	87%

The LGD's were also stressed using haircuts

COLLATERAL TYPES	HAIRCUTS
Financial Guarantees	25%
Shares/Bonds	25%
Treasury Bills/ISPO's	25%
Performance/Corporate Guarantees	100%
Stocks/Inventory	100%
Debentures	50%
Property	50%
Cash	0%
Others	100%
Domiciliation	50%

The final LGD'S obtained per sector are shown in the table below:

SECTOR	LGD's
ADMIN	100.00%
AGRIC	76.53%
CAPITAL	100.00%
COMMERCE	68.69%
CONSTRUCT	51.49%
EDUC	89.29%
ESTATE	43.12%
FINANCE	67.14%
GEN	94.09%
GOVT	87.68%
HEALTH	50.00%
INFO	50.08%
MANUFAC	54.92%
OIL & GAS	65.33%
PROF	62.50%
TRANSPORT	83.60%

SECTORS	Oil Prices	Liquidity Ratios	GDP	Interest Rate	Inflation Rate	Exchange Rate	Geopolitics	Total
ADMIN	5%	13%	11%	22%	15%	12%	22%	100%
AGRIC	12%	15%	10%	30%	8%	5%	20%	100%
CAPITAL	15%	15%	13%	20%	10%	22%	5%	100%
COMMERCE	20%	10%	10%	20%	10%	15%	15%	100%
CONSTRUCT	10%	10%	10%	18%	10%	20%	22%	100%
EDUC	10%	17%	15%	20%	20%	10%	8%	100%
ESTATE	20%	10%	5%	15%	15%	25%	10%	100%
FINANCE	10%	10%	3%	20%	10%	30%	17%	100%
GEN	17%	10%	10%	18%	15%	10%	20%	100%
GOVT	18%	10%	10%	12%	15%	20%	15%	100 %
HEALTH	15%	10%	10%	15%	20%	20%	10%	100%
INFO	8%	10%	10%	20%	17%	15%	20%	100%
MANUFAC	15%	10%	7%	30%	8%	10%	20%	100%
OIL & GAS	39%	5%	4%	18%	4%	20%	10%	100%
POWER	15%	10%	15%	28%	2%	15%	15%	100%
PROF	15%	10%	15%	15%	13%	20%	12%	100%
RECREATION	5%	1 0%	15%	20%	15%	15%	20%	100%
TRANSPORT	5%	13%	11%	20%	15%	12%	24%	100%
UTILITIES	10%	15%	10%	30%	8%	5%	22%	100%
WATER	5%	10%	15%	15%	15%	15%	25%	100%

ECONOMIC SHOCK FACTORS FOR MONTE CARLO SIMULATION

As shown in the table above, seven macro-economic and environmental risk drivers were considered. Their weighted impact on the portfolio was computed with expert judgment.

5.3 MARKET RISK STRESS TEST

A hybrid model was used in stress testing market risk. The VaR model initially used to assess the economic capital requirement was used for the stress test analysis. The 10-day Var @ 99% C.I was scaled up by, a percentage based on possible adverse movement. The output is shown below:

Value at Risk Assessment

Holding period (days)	Interest Rate Risk (Trad ing Book)			FX EXPOSURE			Total - at 99.95%, 10-day
	Position size (N'm)	Volatility	Confidence Level 99%	Position size (N'm)	Volatility	Confidence Level 99%	
1	5,500	0.2529%	32.49	o.00	0.00%	o.00	-
10			102.76			0	-

The N5.5billion daily trading turnover average position yielded a 10-day VaR of N102.76million. This figure was scaled up by 1.20 thereby bringing the new VaR value to N123.31million.

5.4 OPERATIONAL RISK STRESS TEST

The operational risk VaR was computed using a combination of historical experience and sensitivity analysis stress test. A sum of near misses and actual losses (total incident value) were obtained for three years and the standard deviation, obtained for same.

Standard deviation is a basic measure of risk and upon application to the total incident value yielded N878million. The highest negative value of percentage decrease in actual losses YoY was adopted as the first stress. This first stress value was scaled up by 100 (second stress) and applied to the standard deviation of total incident value to obtain a second stress value.

At 99.9% CI, the norms inverse of this value represent the operational risk VaR as shown in the table below:

Year	Actual Operational Losses	Near Misses	Total Incident Value
2016	80,744,795.95	1,271,083,786.41	1,351,828,582.36
2017	70,615,610.03	24,040,060.00	94.655,670.03
2018	40,213,472.50	69,293,275.04	109,506,747.54
Standard Deviation of Total Incident Value			878,454,193.82
Highest negative decline in Losses			43%
Scale up on %tage decline of Losses			143%
			1,256,189,497.16
Operation Risk Stress Test @ 99.9% Confidence Interval			2,714,627,529.22

5.5 ENTERPRISE AGGREGATION OF STRESS TEST/EC

The aggregation of the stress test result conducted for the key risk areas is shown in the table below:

KEY RISK AREA	VaR
CREDIT	17,926,183,342.31
MARKET	123,308,894
OPERATIONAL	2,714,627,529.22
TOTAL VaR	**20,764,119,765.93**

Expectedly, credit risk accounts for a bulk of the total with 86% concentration. The total stress test position is very important as it forms an integral part of the desired capital computation which is the sum of stress test position in key risk areas and the pillar II risks requirements. The Monte Carlo stress test was used to calculate VaR for Credit risk while the hybrid method (historical and sensitivity analysis) was used to obtain VaR for Market and Operational risks. In all computations, a confidence interval of 99% was adopted. From the table above, the total capital required for stress condition upon crystallization of the extreme plausible condition assumed is N20.76billion.

In the assessment of internal capital required, banks are constantly building capacity to estimate material Pillar II risk which were previously termed as unquantifiable rather than just take a notional figure. The methodology used for the computation of Pillar II risk ranges from scale up of historical experiences, to scenario analysis and sensitivity analysis. However, the granularity adjustment was used to compute the credit concentration additional capital required.

The table below shows the aggregation of Unity Bank's economical requirements for Pillar I and II risks.

MATERIAL RISK AREA	ECONOMIC CAPITAL
CREDIT	17,181,986,251.84
MARKET	113,977,067
OPERATIONAL	1,487,011,440.60
CREDIT CONCENTRATION	15,546,892,932.00
IRRBB	5,209,469,953.16
STRATEGY	974,342,490.79
REPUTATIONAL	6,240,951,650.20
LEGAL	34,304,795.51
LIQUIDITY	1,527,670,021.37
TOTAL EC	**48,316,606,602.18**

With the current level of complexity in the Bank's business, N48.32billion is required.

5.6 IMPACT ON CAPITAL ADEQUACY

This section dwells on the impact of stress test on the capital adequacy of the Bank. Total Eligible capital as at December 31, 2018 stood at **N99,075,360,774** before regulatory and accumulated loss deductions as shown in the table below:

Capital position

ITEMS	FIGURE
Paid - up Share capital	5,844,668,971
Share premium	10,485,871,331
Reserves(Statutory/SMEEIS)	82,744,820,472
Tier 1 before reserve deductions	99,075,360,774
General Reserve(retained profit)	(341,888,538,910)
IFRS 9 Transitional Adjustment	1,489,021,176
Tier 1 after reserve deductions	(241,324,156,959)
Regulatory Deduction (Deferred Taxes, Other intangible assets etc.)	20,370,696,256
Tier 1 Capital After Regulatory Deduction	(261,694,853,215)
Tier 1 Capital Deduction (Other Comprehensive Income)	(31,974,457)
Total Eligible Capital	**(261,726,827,673)**

Upon consideration of negative retained earnings and IFRS 9 Transitional adjustment, the capital depleted to N-241.32billion. Further regulatory deduction of deferred taxes and other Comprehensive Income resulted in a total eligible capital of N-261.73billion.This figure with the total RWA will give the current capital adequacy ratio as shown below;

Base conditions

Items	Risk Weighted Asset (RWA)
Market risk	6,863,535,937
Operational risk	36,769,680,852
Credit risk	88,433,963,148
Total RWA	132,067,179,937
Total Qualifying Capital	**(261,726,827,673)**
Capital Adequacy Ratio	-198.18%

To stress the capital adequacy position, we assume normal conditions before deductions. The stress test results above (Section 5.5) shows that the Bank will require capital totaling N20.76billion in stress. In other words, the Bank will require an additional capital of N45.76billion. This figure is then subtracted from qualifying capital after regulatory deductions to reflect the stress on eligible capital.

With the RWA's for credit, market and operational risk kept constant, the capital adequacy of the Bank under stressed condition is shown below:

Stressed Capital Adequacy Ratio

Tier 1 Capital before deduction (A)	0.00
Eligible Capital after deduction (B)	**261,726,827,673**
Total RWA (C)	132,067,179,936.81
Regulatory Minimum Capital (RMC)	25,000,000,000.00
Total Stressed Capital (D)	20,764,119,765.93
Total Additional Capital Required due to stress (E = D+RMC)	45,764,119,765.93
Eligible Capital available after stress (F= B - E)	- 307,490,947,438.71
Total RWA after stress G =(C+10%*E)	136,643,591,913.40
Stressed Capital Adequacy Ratio	225.03 %

Under stress condition, the total RWA increases by about N4.57billion while the capital adequacy ratio deteriorates by 26.88%. It should however be noted that the assumptions made for this scenario are extreme and this deterioration will only occur if those assumptions crystallize.

5.7 RECOVERY METHODS

Capital recovery and enhancement are critical to a bank with negative capital adequacy ratios. To this end, the Bank will aim to recover from its present position in three stages as listed below:

- Stage 1: Achieve the eligible capital deficit of about N261.73billion.
- Stage 2: Work towards achieving the internal capital assessment of N20.76billion. This stage takes cognizance of internal requirements which is a reflection of our total material risk profile.
- Stage 3: Achieve the desired economic capital of **N50.3bn** which is the sum of stress test of pillar I and the pillar II internal assessment. This will require additional N29.53billion from stage 2. This stage is for negative and stressed conditions. Even though this stage is extreme, it is very plausible.

The following steps will help restore the Bank to an adequate level of capital that will facilitate business and expedite growth.

1. Sale of excess fixed assets.
2. Injection of equity capital.

6 CAPITAL MANAGEMENT

Capital Management is described in the context of this document, as the continuous process of monitoring and controlling the capital maintained by Unity Bank; evaluating the capital necessity before the risks Unity Bank is subject to; planning goals and capital necessity, considering Unity Bank's short, medium and long term strategic objectives.

The Bank acquires and holds as investments, easily realizable securities – duly discounted where appropriate. These securities, together with the Bank's balances at bank and its cash holdings, give significant cover across varying time periods. These securities may include Treasury Bills and Federal Government Bonds. The Bank ensures that it has sufficient maturing assets to meet outflows, based on its knowledge of movements in connected deposits.

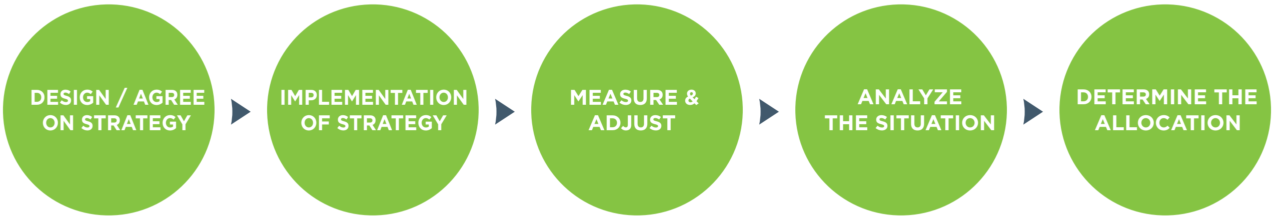
The Treasurer on a day to day basis has the responsibility of reinvesting maturing liquid assets. The Assets and Liability Committee (ALCO) determines the liquidity profile of the Bank before re-investing in the market.

Capital Management Governance Framework

Capital Advisory	Identify appropriate capital structure. We are raising capital to support refinancing, acquisition of world class IT infrastructure, and/or other corporate initiatives.
Decision Management	Bring discipline to decision -making across the portfolio of capital allocation projects. Provide guidance for project selection through advanced decision analysis.
Capital expenditure planning	Develop capital expenditure plans at the business unit level. Establish effective governance by assessing project readiness, monitoring the portfolio, and integrating the portfolio with forecasts.
Balance sheet and cash flow forecasting	Establishing performance targets by aligning the balance sheet and cash flow statement with strategic alternatives. Create an integrated forecasting model, master data parameter, and actionable management reporting framework.
Working capital management	Create working capital model. Prioritize initiatives based on financial benefits and risk exposure. Develop processes to track and report working capital performance and assess/analyze continuous improvement.

6.1 CAPITAL MANAGEMENT PROCESS

The process of managing capital in the Bank begins with the design and agreement on a strategy to drive its processes over a particular horizon as shown in the process flow diagram below:



This strategy must be endorsed by the Board after due consideration of the present economic realities and how they will impact the value addition to shareholders. Upon approval of the strategy, the implementation is the next step.
At periodic intervals, progress is measured and adjusted against the target. Analysis of the situation involves not just milestone achievements but the positive and/or negative effect of the strategy being implemented. The process culminates in an effective allocation capital.

6.2 CAPITAL FUNDING

The capital need of the Bank is identified to be between N250 billion and N300 billion. With this, the Bank would be attaining the minimum regulatory capital requirement of N25billion and a CAR of over 27% having de-risked the Balance Sheet with the sale of NPLs.

CAPITAL RAISING EXERCISE

The Bank has made concerted efforts towards attracting willing and committed prospective financial and institutional investors. At the moment, the Bank has streamlined and narrowed down its engagement to one of the investing prospects, who are willing to inject substantial capital into the Bank.
Technically, discussions have reached advance stage with **SREI Group/Auro International FZCo**. SREI Group/Auro International FZCo is a leading non-banking financial institution in infrastructure financing based in India. SREI Group offers a spectrum of services in sectors such as Infrastructure, Project Finance; Alternative Investment Funds; Capital Market and Insurance Broking.
The update on our engagement with Auro is highlighted below:

- Due diligence completed.
- Strategic investment programme presented for consideration at the entity's investment committee.
- Scheme of Arrangement agreed with Unity Bank.

RECENT UPDATES

Discussions being concluded between local business partners and SREI Group to ensure that additional funds are locally raised.

6.3 CAPITAL PLANNING AND ALLOCATION

Given the potential risks and challenges facing the industry at large and Unity Bank in particular, the focused attention that the management has put up had created fundamental changes to the business model. There had been practical implementation of liquidity mobilization with new product/service development, regulatory compliance and value-creation initiatives and the reality to keep up with meeting customers' obligations at this challenging period and given the under-capitalization status of the Bank. The Board has put primary focus in the recapitalization programme which is currently producing results.

The capital plan is strategically defined to align with the Bank's overall business focus and objective to be a Retail Bank of Choice in Nigeria. The following summarizes the general and specific goals of the Bank's capital management:

A. General Goals

1. Continuously meet customers' obligations
2. Provide stable atmosphere for prospective investors
3. Focus attention on the volume, mix, and maturities of assets and liabilities.
4. Control the degree of capital leverage through planning and anticipation of the mismatch or "gap" between rate-sensitive assets and liabilities, excessive growth requirements, or other changes in the bank structure.
5. Control exposure to changes in capital funding by planning for capital needs and providing guidelines to seek funding before critical timeframes expire.
6. Provide basis for balance sheet management in terms of capital planning.
7. Ensure the safety and soundness of the Bank's deposits, while providing an appropriate climate to the prospective investors.

B. Specific Goals

Situation Analysis

Ratio	Calculation	Current	Minimum	Target
Tier 1 Leverage Ratio	Tier 1 Capital / Total Consolidated Assets	-112%	10%	12%
Common Equity Risk Based Capital Ratio	Tier 1 Common Equity / Total Risk Assets	227%	10%	12%
Tier 1 Risk Based Capital Ratio	Total Tier 1 Capital / Risk Weighted Assets	-198.18%	10%	12%
Capital Adequacy Ratio (B2 CAR)	Adjusted Capital/Risk Weighted Assets (on Credit Risk+Operational Risk+Market Risk)	-198.18%	10%	12%
Liquidity Ratio	Liquid assets/Qualifying Deposits	36.20%	30%	35%

In addition, the Board and management has set a target level on long-term liability / Tier 2 Capital as a specific goal as follows:

- Maximum Ratio of Tier II Capital to Total Capital of 25 %

Furthermore, the level of capital will be considered adequate when it adequately surpasses the CBN regulatory benchmark of 10% from its current negative position, and is commensurate with the Bank's risk profile and new investors' risk assessment/definition criteria. The Bank will consider the following factors in its assessment of capital adequacy, asset quality, earnings, interest rate risk, liquidity and asset growth as well as other pertinent factors that are tied to long-term growth aspiration and strategy of Unity Bank.

CAPITAL ALLOCATION

This is basically the process of allocating limited capital resources along business line and risk areas in the pursuit of Unity Bank's corporate goals. Some of the steps considered in allocating capital internally include:

1. Working with the growth projections in line with strategy as approved by the board. In doing this, a balance is struck between investing in sectors with superior returns and the emerging business opportunities in the industry.
2. Projection of capital requirement to determine capital budget at business and enterprise levels. This will also peg capital available to certain business lines.
3. When a business line reaches the limit of capital available, the release of more resources may be approved depending on the market opportunities and return on such investments.

The process is driven by Strategy, Financial Control and Risk Management.

3.1 CAPITAL PROJECTIONS

The summary of risk and capital projections are shown in the table below.

Capital Parameters	Current Level (2018)	Projections		
		2019	2020	2021
Credit RWA (Nbn)	88	143	185	194
Op eration RWA (Nbn)	37	57	109	157
Market RWA (Nbn)	7	2	2	2
Total RWA	132	202	296	354
Regulatory Capital Charge (Nbn)	12	19	27	32
Eligible Capital Level (Nbn)	(262)	20	39	60
Capital Adequacy	-198%	10%	13%	17%
Economic Capital Requirement	18.78	9.61	7.69	6.92
Stress test Capital need (Nbn)	20.75	10.79	12.93	11.64
Pillar II Capital Need (Nbn)	29.53	20.15	15.98	13.95
Desired Capital	50.28	30. 94	28.91	25.59

Unity Bank's projections shows an improvement in eligible capital by N289.7billion from N-261.73billion to N28billion. This will also result in an improvement in capital adequacy to 10%. 2019-2021 projections, shows an increase in RWA and capital with a corresponding decrease in EC, stressed capital and desired capital. Most importantly, projections in line with strategy points towards a healthy Capital adequacy Ratio of 17% by 2021.

A more granular breakdown of the projections is shown below:

FINANCIAL AND RISK CAPITAL PROJECTION - 2019 TO 2021 (IN BILLIONS)												
Asset Class	Sector	Actual Position -		Projections for 2019			Projections for 2020			Projections for 2021		
		Size	RWA	Growth	Size	RWA	Growth	Size	RWA	Growth	Size	RWA
	Cash	8.14	0	3.91	40	-	0.05	42	0	0.10	46	0
	Balances with CBN	0.12	0	65.67	8	-	0.25	10	0	0.20	12	0
	CRR	0.6	0	149.00	90	-	0.26	113	0	0.22	138	0
	Due from Banks	33.14	6.63	(0.94)	2	0.40	(0.50)	1	0	2.00	3	0
	FGN Securities	102.83	0.72	3.43	456	3.19	0.06	484	0	0.14	551	0
	Sub-national debts	0	0	-	0	-	-	0	0	-	0	0
	Sub total	**144.83**	**7.35**		**596.00**	**3.59**		**650.00**	**-**		**750.00**	**0**
Others	Investment	0	0	-	-	-	-	-	-	-		
	Fixed and other	26.18	26.18	1.14	56	56.00	(0.04)	54	54	(0.04)	52	52
	Sub total	**26.18**	**26.18**		**56.00**	**56.00**		**54.00**	**54.00**		**52.00**	**52.00**
Risk Assets	CORPORATE	39.66	39.66	(0.39)	24	23.97	1.71	64.96	64.96	0.03	66.94	66.94
	COMMERCIAL/SME	2	2	11.00	24	24.00	0.33	32	32	0.25	40	40
	PSE/ST-LG	1	1	(0.97)	0.03	0.03	0.33	0.04	0.04	0.50	0.06	0.06
	RETAIL	1	1	1.00	2	2.00	0.50	3	3	1.00	6	6
	PAST DUE <20	0	0	-	0	-	-	0	0	-	0	0
	PAST DUE >=20	0	0	-	0	-	-	0	0	-	0	0
	Total Credit RWA	**43.66**	**43.66**		**50.03**	**50**		**100**	**100**		**113**	**113**
	Credit risk	0	28.98	-	-7	(7.00)	0.29	-9	-9	0.22	-11	-11
	Total adjusted	**43.66**	**14.68**	**(0.01)**	**43.03**	**43**	**1.11**	**91**	**91**	**0.12**	**102**	**102**
	Total (Asset / RWA)	**214.67**	**48.21**		**695.03**	**102.59**		**795.00**	**145.00**		**904.00**	**154.00**
Contingent	performance bonds,	5.71	1.14	0.07	6.11	1.22	0.10	6.72	1.34	0.10	7.39	1.48
	Direct credit	77.46	38.73	0.00	77.51	38.76	0.00	77.59	38.80	0.00	77.67	38.83
	Total	**83.17**	**39.87**	**0.01**	**83.62**	**39.98**	**0.01**	**84.31**	**40.14**	**0.01**	**85.06**	**40.31**
	Total RWA	**297.84**	**88.08**		**778.65**	**142.57**		**879.31**	**185.14**		**989.06**	**194.31**
Regulatory Capital Adequacy		-198%		10%			13%			17%		
		Growth	RWA	Growth	RWA	Capital	Growth	RWA	Capital	Growth	RWA	Capital
Regulatory Capital	Credit Risk	-	88.08	62%	142.57	14.3	30%	185.14	24.1	5%	194.31	33.0
	Market risk capital	-	6.86	-68%	2.2	0.2	0%	2.2	0.3	0%	2.2	0.4
	Oprisk capital	-	36.77	55%	57	5.7	91%	109	14.2	44%	157	26.7
	Total RWA / Total	**-**	**131.71**	**53%**	**201.77**	**20.2**	**48%**	**296.34**	**38.5**	**26%**	**353.51**	**60.1**
Economic Capital Projection	Credit Risk	-	17.2	-50%	8.6		-20%	6.9		-10%	6.2	
	Market Risk	-	0.1	68%	0.04		-10%	0.03		-10%	0.03	
	Operational Risk	-	1.5	34%	0.98		20%	0.79		-10%	0.71	
	TOTAL	**-**	**18.8**		**9.6**			**7.7**			**6.9**	
Stress test	Credit Risk stress	-	17.92	-50%	9.0		20%	10.8		-10%	9.7	
	Operational risk	-	2.71	68%	0.9		20%	1.0		-10%	0.9	
	Market risk capital	-	0.12	34%	0.1		-10%	0.1		-10%	0.1	
	TOTAL - Stressed	**-**	**20.75**		**9.91**	**-**		**11.86**	**-**		**10.68**	**-**
Pillar II Risks	Strategic	-	0.97	-20%	0.8		-10%	0.7		-10%	0.6	
	Liquidity	-	1.53	-60%	0.6		25%	0.5		-10%	0.4	
	Reputational	-	6.24	-20%	5.0		-10%	4.5		-10%	4.0	
	Legal	-	0.03	-20%	0.0		-10%	0.0		-10%	0.0	
	Concentration	-	15.55	-25%	11.7		25%	8.7		15%	7.4	
	Interest rate Risk in	-	5.21	-60%	2.1		25%	1.6		-10%	1.4	
	Total		**29.53**		**20.15**			**15.98**			**13.9**	

Strategic Risk

Steps taken to manage strategic risk exposures in the bank are enumerated below:

- Integrate risk management practices into the Bank's strategic planning process.
- Align resource requirements with strategic deliverables and ensure availability of commensurate resources working in conjunction with Corporate Services and make recommendations to MD/CEO.
- Provide the right platform to generate input for the evolution of an appropriate and effective strategic plan for the Bank.
- Ensure the effective communication and assimilation of the Bank's strategy to all staff and Management.
- Ensure the alignment of the Bank's goal with its risk appetite definitions
- Ensure the effective and proactive monitoring of the Bank's strategic plan.
- Implement risk-adjusted performance management system in conjunction with ERM's Office of the ED, Risk Management.
- Proactively monitor business performance vis-a-vis strategic targets through
- Periodic appraisal of strategy implementation on monthly, quarterly, bi-annual review.
- Competition review.

Reputational Risk

The Bank takes the risk of brand capital very seriously and consequently a number of robust risk treatment plans have been implemented to manage this risk. Such include the Rebranding Projects, Customer satisfaction training project which include the hiring of a renowned American-based service excellent specialist for management and staff capacity building.

Corporate Communications Department is saddled with the direct responsibility to manage the Bank's reputation risk. Appointment of Chief Customer Care Officer at Management level is being done subsequent to year-end to ensure that customer satisfaction is given the top most drive.

The Bank has also created a Customer Service and Total Quality Department that is saddled with the responsibility of reviewing the processes to make them more customer friendly without compromising risk management. Certain processes are automated – Credit Risk Process has been automated and others are being considered for automation in order to shorten turn-around time and give customers' satisfactory experience at all times.

Legal Risks

A full fledge Legal Department with an Assistant General Manager as its Head of Department reporting to the MD/CEO with effect from February 2016. Prior to this, the Department was reporting to ED, Risk Management & Control Directorate. All exposures to legal risks such as change in law, disputes for and against the Bank, and any other contractual and non-contractual rights management are being managed and mitigated on a proactive basis.

Systemic Risk

The Bank designed a comprehensive action plan to manage exposure to systemic risk. Transmission points of systemic risks were identified as follows:

1. Lending transactions
2. Interbank activities
3. Clearing activities

It is the responsibility of the Group Head, Risk Management to declare the occurrence of systemic risk situation.

Compliance and Legal Risk

Compliance risk is the possibility of loss arising from the inability of the Bank to properly align its processes and policies to the regulatory dictates cum policies of the Apex Bank and /or other regulatory bodies.

The Bank implemented both system-based and manual controls to ensure compliance with rules, regulations and laws governing operations of a financial institution in Nigeria. We have Zero-tolerance for non-compliance with Know-your-customer and Know-your-customers' business regulations in the Bank. Officers are exposed to detailed and regular training on anti-money laundering practices to acquire relevant capacity to manage these franchise risk issues. Expert opinions are obtained from internal and external solicitors to manage legal risks in all its key decision making processes.

The bank regularly engages a consultant to carry out detailed review of the Bank's Compliance risk management policies and processes with a view to determining the existing gaps and proffering appropriate remediation for such identified gaps in the framework.

Compliance issues are given top priority by the bank, compliance and legal risks are proactively identified and mitigated accordingly.

Reputational Risk

This risk arises from damage to the Bank's image which may impair its ability to retain and generate business. It is the potential that negative perceptions of the Bank's conduct or business practices will adversely affect profitability, operations or customers and client.

The Bank has intensified its efforts in mitigating any risk that can affect its reputation. Part of this effort is the implementation of a strategy to ensure Customers complaints are resolved within the stipulated timelines given by the CBN with regards its categorized complaints.

A full-fledged Customers' Care Centre has also been upgraded with adequate staffing to improve the response time to customers' issue logging and resolution across the enterprise and has since commenced 24 hours service to customers.

A department in charge of quality management across the Bank has also been set up. This is to ensure that high service standards are maintained across the Bank and to ensure that brand losses are reversed; this department is manned by highly qualified individuals and supervised by an Executive Director.

Interest Rate Risk

Interest rate risk is the impact that changes in interest rates could have on the Bank's margins, earnings and capital. The Bank's objective for interest rate risk management is to ensure that its earnings are optimised, stable and predictable over time.

The framework outlined below describes the methodology for the identification, measurement and management of interest rate risk inherent in the Bank's traditional banking activities.

Despite the tightening liquidity situation in the economy, the Bank fared well and recorded appreciates progress.

Interest Rate Risk Management

Interest rate risk is managed through efficient Assets-Liabilities proactive reviews carried out through Assets-Liabilities Management Committee and sound portfolio management principles incorporating transfer pricing and directed at effectively managing the Bank's mismatched positions.

The Bank manages its inherent interest rate risk mismatch through the optimal structuring of on balance sheet portfolio, (i.e. corporate, commercial and retail funding structures) with due consideration to the re-pricing gaps between rate sensitive liabilities and rate sensitive assets. Note 45 to the financial statements shows an analysis of the interest rate risk in the Bank.

Interest Rate Risk Identification and Measurement

Interest rate risk exposure in the Bank is being identified and measured through the use of traditional re-pricing gap, sensitivity and economic value analyses. In addition, simulation/sensitivity analysis techniques are being developed to assess interest rate risk/reward profile.

Re-pricing gap analysis refers to the mismatches that result from timing differences in the re-pricing of assets, liabilities and off balance sheet instruments. The exposure shall be measured by both static and dynamic gap analysis, based on current and projected balance sheet as well as off balance sheet structures.

Sensitivity analysis - to understand the impact on net interest income arising from possible changes in rates, a sensitivity analysis shall be performed. The sensitivity analysis shall cover a variety of possible interest rate scenarios including scenarios capturing likely and extreme economic developments impact on movements in interest rates as a way of stress testing the Bank's net interest income.


WESTERN UNION WU
moving money for better
unity bank
SUCCEEDING TOGETHER
Sending money home
has never been this
easy
Unity Bank
Money Transfer
Service

PRINCIPAL OFFICERS

NAME	Gender	Job Name	Department
Tomi Somefun	Female	Managing Director	Executive Office
Tuedor Temisan Mr.	Male	Directorate Head	South Bank
Kolawole Ebenezer Mr.	Male	Directorate Head	Finance & Operations
Abdulqadir Usman Mr.	Male	Directorate Head	Risk Management & Compliance
Shehu Mohammed Mr.	Male	Company Secretary	Company Secretariat

NAME	GENDER	JOB NAME	GROUP
Ahunanya Chinwe Patricia Mrs.	Female	Divisional Head	Risk Management
Ajuebon Nkemchor Hilary Mr.	Male	Divisional Head	Resources
Bakwunye Obijieze Sunny Mr.	Male	Divisional Head	Treasury & Financial Institutions
Abba Kazaure Yahaya Mr.	Male	Group Head	Information Technology
Atiku Zubairu Mr.	Male	Group Head	Operations
Aboyade-Cole Olufemi Agboola Mr.	Male	Divisional Head	Internal Control
Ibitolu Lawrence Bolude Mr.	Male	Head, Operations (North)	Operations (North)
Akinmade Olugbenga Olufunwa Mr.	Male	Divisional Head	SME & Retail Banking
Adegbesan Olorunwa Babatunde Mr.	Male	Head, Operations (South)	Operations (South)
Abubakar Siddiki Adamu Mr.	Male	Chief Compliance Officer	Compliance
Oluwaniyi Simeon Adegboyega Mr.	Male	Head, Central Operations	Central Operations
Ogunrinde Abiodun Olubowale Mr.	Male	Directorate Head	Lagos & West

NAME	GENDER	JOB NAME	DEPARTMENT
Maduekwe Ezeako Kenneth Mr.	Male	Head Of Department	Credit Risk Management Department
Williams Adejumobi Alaba Mr.	Male	Head Of Department	Legal Services Department
Akindele Olayinka Olalekan Mr.	Male	Head Of Department	Debt Recovery Department
Salami M Ademola Mr.	Male	Head Of Department	Datacentre Operations Department
Oluwole Ayodeji Olutayo	Male	Head Of Department	IS Audit Department
Ojo Victor Olubusayo Mr.	Male	Head Of Department	Training & Development Department
Adubi Olubukola Akindele Mr.	Male	Head Of Department	General Audit & Inspection Department
Amushitan Grace Olushola Miss	Female	Head Of Department	Agri-Business Department

Dagun Nangwan Andrew Mr.	Male	Head Of Department	Business Support Department
Aniekwena Ebere Marian Mrs.	Female	Head Of Department	Financial Institution
Fakorede Olalekan Jelili Mr.	Male	Head Of Department	Investigation Department
Adeyemi Orioye Emmanuel Mr.	Male	Head Of Department	Audit Monitoring & Control Department
Onyia Wilson Mr.	Male	Head Of Department	Administration Department
Fadipe Adeyemi Ayoade Mr.	Male	Head Of Department	Human Capital Management Department
Ojesina Akintunde Opeyemi Mr.	Male	Head Of Department	SME Banking Department
Odubogun Oluwole Olushoga Mr.	Male	Head Of Department	Business Process Improvement Department
Ogweje Usman Jonathan Mr.	Male	Head Of Department	Procurement Department
Akinkuade Olugbenga John Mr.	Male	Head Of Department	Treasury Sales & Currencies
Odiaka Chinonyelum Emmanuel Mr.	Male	Head Of Department	Fixed Income Trading
Obiazikwor Matthew Mr.	Male	Head Of Department	Corporate Communication Department
Bello Olabisi Monsurat Mrs.	Female	Head Of Department	E-Settlement/Clearing Department
Folorunsho Bayo Oshikhena Mr.	Male	Head Of Department	Technical Support Department
Adeniyi Olushola Mr.	Male	Head Of Department	Cards & Mobile Business Department
Abubakar Siddiki Adamu Mr.	Male	Head Of Department	Regulatory Compliance Department
Igebu Emike Elfrida Miss	Female	Head Of Department	Customer Care Department
Wilcox Chienyenwa Anita Miss	Female	Head Of Department	Total Quality Management Department

NAME	GENDER	JOB NAME	REGION
Baba Idris Mustapha Mr.	Male	Regional Manager	Dutse Regional Office
Ibrahim Farouk Umar Mr.	Male	Regional Manager	Katsina Regional Office
Gana Ibrahim Abbakura Mr.	Male	Regional Manager	Adamawa Regional Office
Jibrin Ahmed Mohammed Mr.	Male	Regional Manager	Lafia Regional Office
Arabi Ahmad Mahmoud Mr.	Male	Regional Manager	Bauchi Regional Office
Dahiru Abdullahi Mohammed Mr.	Male	Regional Manager	Kaduna Regional Office
Bukar Shettima Hamsatu Ms.	Female	Regional Manager	Kaduna Regional Office
Mohammed Tsiga Tukur Mr.	Male	Regional Manager	Abuja Central Regional Office

Mustapha Lawan Abubakar Mr.	Male	Regional Manager	Maiduguri Regional Office
Egena Adejo Idris Mr.	Male	Regional Manager	Lokoja Regional Office
Abba Kabir Zubairu Mr.	Male	Regional Manager	Kano-South Regional Office
Okafor Richard Obiajulu Mr.	Male	Regional Manager	Ikeja Regional Office
Aniekwena Ebere Marian Mrs.	Female	Regional Manager	Apapa Regional Office
Olanrewaju K Olusegun Mr.	Male	Regional Manager	Akure Regional Office
Oladipo Babatunde Olusegun Mr.	Male	Regional Manager	Victoria Island Regional Office
Abimbola Simiat Adenike Mrs.	Female	Regional Manager	Ibadan Regional Office
Odigie William Otaigboria Innocent Mr.	Male	Regional Manager	Benin Regional Office
Moyi Aminu Mr.	Male	Regional Manager	Sokoto Regional Office
Agbaeze Chilasa Clifford Dr.	Male	Regional Manager	Enugu Regional Office
Ukpe Uma Etop Mr.	Male	Regional Manager	Uyo Regional Office
Akerele Olufemi Michael Mr.	Male	Regional Manager	Garki Regional Office

NAME	GENDER	JOB NAME	REGION
Bashir Mohammed Nuruddin Mr.	Male	Zonal Head	Abuja & North Central Zone
Muhammad Mustapha Mr.	Male	Zonal Head	North East Zone
Sani Shehu Mr.	Male	Zonal Head	North West Zone
Nwambu Obidike Chris Mr.	Male	Zonal Head	South South & South East Zone

C.S.R REPORT

UNITY BANK CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2018

OVERVIEW

Unity Bank has continued to identify worthy causes in the society, committing human and material resources and making social investment that have genuine impact on the lives of members of their host communities. These worthy causes are in line with the Bank's Corporate Social Responsibility (CSR) policy.

The CSR philosophy of the Bank is designed to ensure that Unity Bank Plc., its subsidiaries, affiliates, associates operations, business and direct intervention programmes are driven in a manner that minimizes detrimental impacts to society and the environment.

As a responsible corporate citizen, Unity Bank demonstrates her commitment to the community through a well laid out broad-based CSR policy initiatives targeted at interventions in a wide spectrum of social and community needs, which covers Education, healthcare, charity, Economic Empowerment, sports, environmental sustainability and emergency relief.

The primary purpose of the Bank's CSR philosophy is to make meaningful and measurable impact in the lives of economically, physically and socially less endowed communities by supporting initiatives aimed at creating conditions suitable for sustainable livelihood.

The Bank therefore promotes initiatives that preserves, restores and enhances environmental, ecological, and natural resources balance as well as sanitation and hygiene.

In recognition of the dynamism of the interplay between businesses and communities, Unity Bank also undertakes special projects on need-basis so long as they have direct bearing with its Corporate Social Responsibility focus.

In 2018, Unity Bank's Corporate Social Responsibility Interventions were expressed under the following broad categories: Education, Humanitarian, Governmental, Health and Environment

The cumulative investment of the Bank's Corporate Social Responsibility interventions stood at N13,237,500 (Thirteen million two hundred and thirty seven thousand five hundred Naira) as at December 31st 2017.

EDUCATION:

Education represents a critical area of intervention which was undertaken to pursue the realization of increasing the general literacy level and Nigeria's growth potential. The interventions were targeted at supporting initiatives for capacity building, access to quality education, skill acquisition and financial inclusion focusing on children and adults as beneficiaries.

On this plank, the bank's intervention was anchored on following areas: Financial Literacy Training, Sponsorship of annual college lecture, Celebration of World Savings Day, 2018 and Children's Day engagement.

Financial Literacy Training: This is a Central Bank of Nigeria's initiative which is executed in conjunction with the Bankers Committee. The Bank saw a tie-in opportunity in the programme since education is one of the Bank's CSR focus areas.

Lecture module on Financial Literacy for Secondary School students was facilitated in 15 secondary schools across the six geo-political zones by Unity Bank officials. The essence is to encourage school children to imbibe savings culture and also as a means of driving financial inclusion. A total sum of N1, 400,000 was spent to provide branded gift items that were distributed to the school children that participated in the programme.

World Savings Day 2017: The World Savings Day is celebrated worldwide as a platform to also encourage savings culture. Like the Financial Literacy Programme, the Bank rode on its back to reach out to a number of schools through facilitation of lessons on financial matters. The World savings Day 2018 was held on Wednesday, October 31st, 2018.

It was a platform to educate students of secondary schools across the federation on financial literacy in partnership with CBN and Bankers Committee with a view to consolidating the gains of achieving set targets for Central Bank Nigeria's financial inclusion strategy. A total of N742, 500 (Seven hundred and forty two thousand five hundred Naira) was spent on 15 secondary schools selected from the 6 Geo political zones of the country.

Annual College Lecture 2018:
Unity Bank sponsored the Annual Public Lecture of The College of Humanities, Redeemers University, held at the main campus, in Ede, Osun State, South West, Nigeria.

The theme of the Lecture was: "Issues of Human Rights in Nigeria's Development and it was an opportunity for the Bank to amply reinforce its relationship with the institution. A total of N1, 000,000 (One million Naira) was spent.

One Day CEO:
In commemoration of this year's Children's Day, Unity Bank Plc hosted students of Kings College, Lagos to promote financial literacy, leadership and advocacy against anti-social behaviour among youths. It is the bank's usual practice to commemorate Children's day with an array of activities. This year, Unity Bank committed the sum of N830, 000 (Eight hundred and thirty thousand Naira) in hosting the programme which involved talks about the pros and cons of digitization by CEO, and other heads of products and channels.

HEALTH:
Most people acknowledge the negative impacts of poor health on personal performance in every area of life. The Bank therefore recognizes the need to collaborate with institutions and State Governments in identifying areas of intervention in the health sector.

In recognition of the relationship that had existed between Unity Bank and the Bauchi State government, the Bank provided office furniture and fittings as a CSR intervention in support of the renovation of Bauchi State Primary Health Care Development Agency office complex.

Further to the above, the Bank in September committed a total sum of N3,000,000 (three million Naira) towards the realization of the project intended to enhance the operations of the Agency's social services aimed at improving health awareness, education and treatment in the community.

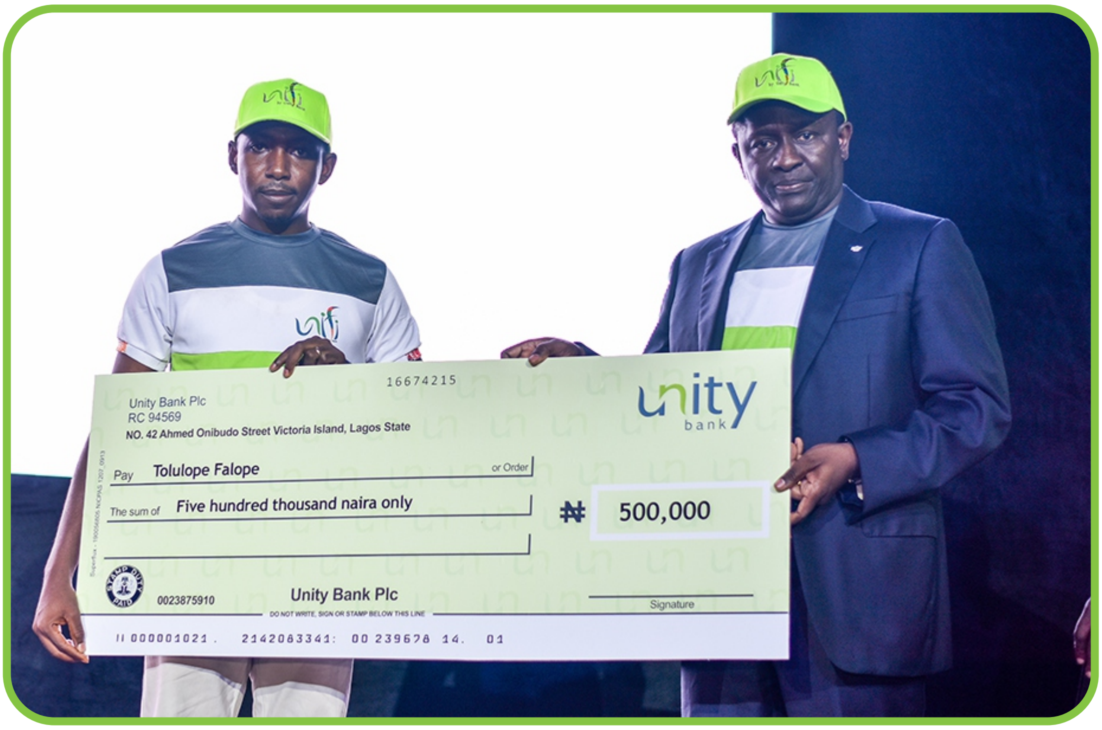
Bauchi state primary Health Care Development Agency is a Government Agency that provides social services aimed at improving health awareness, education and treatment to communities.

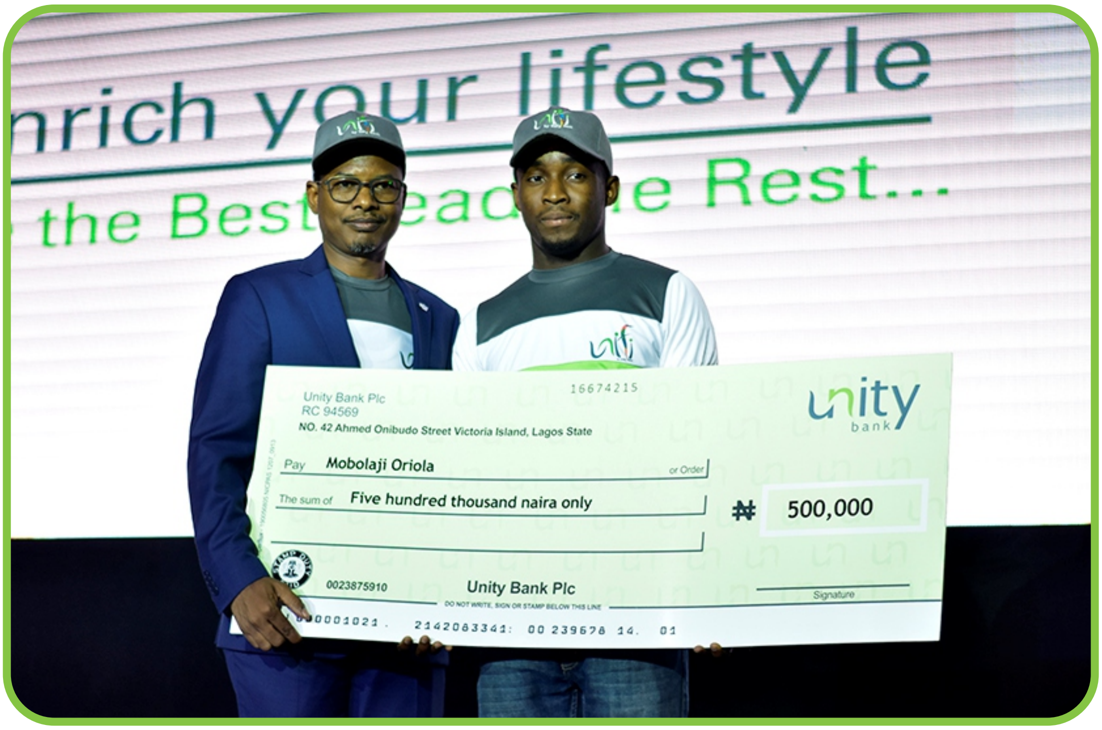
As a potent vehicle for implementing health programmes and initiatives, unity partnered of the State Government, NGOs, Development partners, WHO etc. Unity Bank's commitment is informed by the need to continuously promote targeted interventions in health institutions and, in no small measure, support the Agency's effort targeted at curtailing epidemics, spread of diseases, improve access to immunization and treatment by members of the community.

Youth Empowerment:
An empowered youth stands the chance of succeeding in his society unlike those who lack such opportunity. Support is very important as it "beautifies" the youths and their countries at large.

In view of this, the Bank designed UniFiers initiative. This was conceived as part of the Unity Bank's corporate social responsibility (CSR) instituted to empower young people who had developed definitive initiatives that had an impact on their immediate communities.

Three successful candidates received rewards of N500,000 (Five hundred thousand Naira) each for displaying their projects online as part of the UniFiers challenge and garnering highest number of votes from fans who endorsed their respective projects in each of the project category. The Bank earlier this year, committed a total sum of N3, 765,000 (three million, seven hundred and sixty five Naira) towards realization of the project.





Young Professional: Unity Bank partnered with Young Professionals Breakfast Roundtable to mentor youths in career development. The youth programme in Lagos.

The commitment of Unity Bank Plc matches the enthusiasm of promoter of the Young Professions Breakfast Roundtable tagged; 'YP 2018'. For the Bank, the motivation to collaborate in the programme lies in the discovery of the impact mentors have had in redirecting the mentees towards options they could leverage on to attain success in life. A total of 500 young professionals participated at the mentorship programme which the bank committed the sum of N500, 000 (Five hundred thousand Naira).

The Green with Creativity Conference:

In its bid to spur entrepreneurship development among Nigeria Youths, Unity Bank partnered Unbox 2.0, an Event Management outfit as co-sponsors of the programme to the tune of N500,000 (Five hundred thousand Naira). The conference provided the platform for young graduates, professionals, and category of business owners, to interface with CEO mentees drawn from corporate bodies, industries and large commercial holdings.

Jigawa Governors's Golf Tournament: There is an overwhelming amount of scientific evidence on the positive effects of sport and physical activity as part of a healthy lifestyle. Unity Bank realizes that the positive, direct effects of engaging in regular physical activity are particularly apparent in the prevention of several chronic diseases, including: cardiovascular disease, diabetes, cancer, hypertension, obesity, depression and osteoporosis. In view of this, the bank sponsored the Jigawa Governor's Golf Cup tournament which took place in July 2018 at Dutse Jigawa State capital. A total of N1, 000,000 (One million Naira) was expended for the event.

ENVIRONMENT:
Unity Bank Plc, in line with its commitment to promote eco-friendly initiatives, partnered Selah Gardens to hold an Open Day and Exhibition in October 2018, for Gardeners and stakeholders in the Botanical and Horticultural fields.

The Open Day was conceived to promote entrepreneurship amongst Florists, Plant Farmers, Garden Furniture makers, Hand Crafters, Landscape Artists, and Dealers in Garden equipment & Accessories, who participated in the Tradeshow to display their wares and designs at the two-day Exhibition and Fair.

The 2018 CSR interventions underscores Unity Bank's commitment to the promotion of socio-economic development of the states in which it operates and its determination to continue to contribute in an on-going basis to the improvement of such communities.

The spread of the interventions reflects the bank's recognition of the diverse nature of the country as well as the need to respond to issues that affects the lives of citizens where it operates. This commitment was exemplified in the total CSR investment by the Bank as at October 31st 2018.

BRANCH NETWORK INFORMATION

SN	STATE	BRANCH NAME	BRANCH ADDRESS
1	A\IBOM	IKOT EKPENE BRANCH	NO. 164 IKOT EPKENE ROAD UYO
2	A\IBOM	AKA ROAD BRANCH	NO. 26B, AKA ROAD UYO, AKWA IBOM
3	ABIA	FACTORY ROAD BRANCH	NO 7 FACTORY ROAD ABA
4	ABIA	FAULKS ROAD BRANCH	NO. 185, FAULKS ROAD, ABA
5	ABIA	UMUAHIA BRANCH	NO. 2 CLUB ROAD,UMUAHIA,ABIA
6	ADAMAWA	YOLA BRANCH	NO. 1 BANK ROAD, BEKAJI, YOLA
7	ADAMAWA	MUBI BRANCH	AHMADU BELLO WAY, MUBI
8	ADAMAWA	NUMAN BRANCH	PLOT 24/26 YOLA ROAD, NUMAN
9	ADAMAWA	GANYE BRANCH	MBULO ROAD, OPPOSITE AP FILLING STATION GANYE
10	ADAMAWA	HONG BRANCH	NO 5 MAJALISA ROAD, OPPOSITE FIRST BANK PLC, CLOSE TO DISTRICT HEAD PALACE, HONG TOWN
11	ANAMBRA	NIGER HOUSE BRANCH	NO. 1B BRIGHT STREET, OPPOSITE DE-YOUNG SHOPPING COMPLEX, ONITSHA
12	ANAMBRA	SGBN BUILDING BRANCH	NO. 38, NEW MARKET ROAD, NKPOR
13	ANAMBRA	NEW MARKET ROAD ONTISHA BRANCH	NO. 33 NEW MARKET ROAD, ONITSHA.
14	ANAMBRA	AWKA BRANCH	NO. 37, ZIK AVENUE, AWKA
15	BAUCHI	COMMERCIAL ROAD, BRANCH	AHMED ABDULKADIR ROAD, BAUCHI
16	BAUCHI	AZARE BRANCH	JAMA'ARE ROAD, AZARE, BAUCHI
17	BAUCHI	KIRFI BRANCH	ALKALERI BRANCH
18	BAUCHI	MURTALA MOHD WAY, BAUCHI BRANCH	560 MURTALA MOHAMMED WAY, BAUCHI
19	BAUCHI	ALKALERI BRANCH	GOMBE ROAD, ALKALERI TOWN, BAUCHI
20	BAYELSA	YENEGOA BRANCH	NO. 552 CHIEF MELFOROAD OKILO WAY, EBIS JUNCTION, BIOGBOLO, YENAGOA.
21	BENUE	GBOKO BRANCH	NO. 42, J S TARKA WAY, GBOKO
22	BENUE	OTUKPO BRANCH	NO. 63, AHMADU BELLO WAY, OTUKPO
23	BENUE	UGBOKOLO BRANCH	OLD OTUKPO ROAD, UGBOKOLO
24	BENUE	BANK ROAD, MAKURDI BRANCH	NO. 35, BANK ROAD, MAKURDI
25	BENUE	APA BRANCH	NO. 1, MARKET ROAD UGBOKPO, APA
26	BENUE	ZAKI BIAM BRANCH	Y- JUNCTION, ZAKI BIAM, BENUE
27	BORNO	KIRKASAMA RD BRANCH	NO. 10 KIRKISAMA ROAD, MAIDUGURI
28	BORNO	BAMA ROAD BRANCH	NO. 11 BAMA ROAD, MAIDUGURI
29	BORNO	LAKE CHAD ROAD BRANCH	LAKE CHAD ROAD, MAIDUGURI
30	BORNO	BAGA ROAD BRANCH	NO. 4 BAGA ROAD, MAIDUGURI
31	BORNO	MONDAY MARKET BRANCH	ALI MONGUNO ROAD, MONDAY MARKET, MAIDUGURI.

SN	STATE	BRANCH NAME	BRANCH ADDRESS
32	C \RIVER	CALABAR BRANCH	NO. 84 NDIDEM USANG ISO ROAD OPP MARIAN MARKET CALABAR
33	DELTA	ABRAKA BRANCH	DELTA STATE UNIVERSITY ROAD,ABRAKA
34	DELTA	AGBOR BRANCH	OLD LAGOS-ASABA ROAD, AGBOR
35	DELTA	ASABA BRANCH	NO. 69 DENNIS OSADEBE ROAD, ASABA
36	DELTA	EFFURUN BRANCH	NO. 29, EFFURUN/ SAPELE ROAD, EFFURUN WARRI
37	DELTA	KWALE BRANCH	NO. 109, UMUSADEGE ROAD
38	DELTA	OLEH BRANCH	NO. 6, I.D.C ROAD OLEH
39	DELTA	SAPELE BRANCH	NO.2 COURT ROAD SAPELE
40	DELTA	UGHELLI BRANCH	NO. 2, POST OFFICE ROAD, UGHELLI
41	DELTA	WARRI BRANCH	NO. 10 WARRI-SAPELE ROAD
42	DELTA	OZORRO BRANCH	URUDE ROAD, OZORO
43	EBONYI	ABAKALIKI BRANCH	NO. 30B, OGOJA ROAD,ALONG SAM EGWU WAY ABAKPA,ABAKALIKI
44	EDO	AFUZE BRANCH	NO. 26 AUCHI AFUZE ROAD, AFUZE
45	EDO	AUCHI BRANCH	NO. 1 OTARU ROAD, AUCHI.
46	EDO	MISSION ROAD BRANCH	NO. 69 MISSION ROAD, BENIN
47	EDO	NEW BENIN BRANCH	NO. 98, NEW LAGOS ROAD, NEW BENIN, BENIN CITY
48	EDO	UROMI BRANCH	NO. 15, MARKET ROAD, UROMI
49	EDO	IGARRA BRANCH	NO. 292 MOMODU AJAYI ROAD, IGARRA
50	EDO	UNIBEN BRANCH	UGBOWO CAMPUS, BESIDE BURSARY DEPARTMENT, UNIVERSITY OF BENIN, BENIN CITY
51	EDO	RING ROAD BRANCH	KINGS SQUARE BY AIR PORT ROAD, RING ROAD, BENIN CITY
52	EKITI	OTUN EKITI BRANCH	AMUTUTU STREET, ALONG AYETORO ROAD, OTUN EKITI, EKITI STATE
53	EKITI	ADO EKITI BRANCH	NO. 158, OPOPOGBORO STREET, ADO-EKITI
54	ENUGU	ENUGU BRANCH	NO. 46, OGUI ROAD,ENUGU
55	FCT	GARKI AREA 3 BRANCH	NO.11, FASKARI STREET, AREA 3, GARKI, ABUJA
56	FCT	CBD BRANCH	PLOT 785, HERBERT MACAULAY WAY, C.B.D. ABUJA
57	FCT	GWAGWALADA BRANCH	SECRETERIAT ROAD, GWAGWALADA, FCT
58	FCT	KWALI BRANCH	SECRETARIAT ROAD, KWALI, ABUJA
59	FCT	MAITAMA BRANCH	NO.11, IMANI EST, SHEHU SHAGARI WAY, MAITAMA, ABUJA
60	FCT	BWARI BRANCH	NO. 44, SHAGARI ROAD. OPPOSITE JAMB HEADQUARTERS BWARI,ABUJA
61	FCT	KARU BRANCH	NO. 5, CADASTRAL ZONE 09/06 KARU ABUJA

SN	STATE	BRANCH NAME	BRANCH ADDRESS
62	FCT	EVARIST HOUSE BRANCH	EVARIST HOUSE, PLOT 1529, NOUAKCHOTT STR, WUSE ZONE I
63	FCT	JABI BRANCH	SABON DALE SHOPPING COMPLEX, NO. 219, OBAFEMI AWOLOWO STREET, JABI DISTRICT, ABUJA
64	FCT	NASS BRANCH	NATIONAL ASSEMBLY COMPLEX, THE THREE-ARMS ZONE, GARKI-ABUJA
65	FCT	HAFSAT PLAZA BRANCH	HAFSAT PLAZA, PLOT 472, CONSTIUTION AVE. CENTRAL AREA, ABUJA
66	FCT	WUSE ZONE 5 BRANCH	COPPER HOUSE PLAZA, NO 4 , ALGIES STREET, WUSE ZONE 5
67	FCT	WUSE II BRANCH	NO. 515, ADETOKUNBO ADEMOLA WAY, WUSE II, ABUJA
68	FCT	WUSE ZONE 3 BRANCH	NO. 35, ASWAN STREET,WUSE ZONE 3, ABUJA
69	FCT	BANNEX BRANCH	BANEX PLAZA, PLOT 750, AMINU KANO CRESCENT WUSE II, ABUJA
70	FCT	KUBWA BRANCH	NO. 2, GBAZANGO OFF GADO NASKO STREET, KUBWA ABUJA
71	FCT	GWARIMPA BRANCH	ANAFARA PLAZA, 1ST AVENUE, GWARIMPA ABUJA
72	GOMBE	GOMBE COMMERCIAL AREA BRANCH	COMMERCIAL AREA, GOMBE
73	GOMBE	BILLIRI BRANCH	NO. 3, YOLA ROAD, BILLIRI TOWN
74	GOMBE	BIU ROAD BRANCH	PLOT 9, GOMBE/BIU ROAD, GOMBE
75	GOMBE	TUDUN HATSI BRANCH	TUDUN HATSI GRAIN MARKET, EMIRS PALACE ROAD, GOMBE STATE
76	IMO	OWERRI BRANCH	NO. 23 WETHERAL ROAD OWERRI
77	JIGAWA	NEW ROAD DUSTE BRANCH	NEW ROAD DUTSE , ADJACENT TO INVESTMENT HOUSE, DUSTE
78	JIGAWA	BIRNINKUDU TOWN BRANCH	NO. 1, MAIDUGURI ROAD, BIRNIN-KUDU TOWN, JIGAWA
79	JIGAWA	KIYAWA ROAD BRANCH	SANI ABACHA WAY, OPPOSITE PHCN, DUTSE
80	JIGAWA	KAZAURE BRANCH	NO. 14, KANTI DAURA ROAD, KAZAURE, JIGAWA
81	JIGAWA	MAIGATARI BRANCH	CHIROMA AHMADU STREET, MAIGATARI
82	JIGAWA	KAFIN HAUSA BRANCH	KAFIN HAUSA BY MAIN MARKET, OPPOSITE OLD MOTOR PARK, KAFIN HAUSA LGA
83	JIGAWA	ABUBAKAR MAJE ROAD BRANCH	NO. 7, MAJE ROAD, HADEIJA
84	JIGAWA	JAHUN BRANCH	448 KAFIN HAUSA ROAD, JAHUN
85	JIGAWA	GUMEL BRANCH	NO 2 UNGUWAR YADI GUMEL
86	JIGAWA	RINGIM BRANCH	SABON GIDA, RINGIM TOWN, JIGAWA STATE
87	KADUNA	SOKOTO ROAD ZARIA, BRANCH	NO 1 SOKOTO ROAD, ZARIA
88	KADUNA	ABUBAKAR GUMI MARKET 1 BRANCH	BROAD CASTING ROAD, KADUNA
89	KADUNA	YAKUBU GOWON WAY BRANCH	PLOT 1B YAKUBU GOWON WAY, KADUNA
90	KADUNA	KACHIA ROAD BRANCH	NO. 7 KACHIA ROAD KADUNA
91	KADUNA	KAFANCHAN BRANCH	NO. 12, KAGORO ROAD, KAFANCHAN
92	KADUNA	MAIN STREET ZARIA BRANCH	NO. 1A MAIN STREET ZARIA
93	KADUNA	INDEPENDENCE WAY KADUNA	NO. 134/136, OPPOSITE RANCHERS BEES STADIUM INDEPENDENCE WAY, KADUNA

SN	STATE	BRANCH NAME	BRANCH ADDRESS
94	KADUNA	JUNCTION ROAD, KADUNA BRANCH	NO.175BZ, JUNCTION ROAD, KADUNA
95	KADUNA	PAMBEGUA BRANCH	KADUNA - JOS ROAD, NEAR UBE PRIMARY EDUCATION, PAMBEGUA.
96	KADUNA	IKARA BRANCH	NO. 7, SECRETARIAT ROAD, IKARA
97	KADUNA	BAKORI HOUSE BRANCH	NO.A3, AHMADU BELLO WAY, BAKORI HOUSE, KADUNA
98	KADUNA	BIRNIN GWARI BRANCH	NO. 30, LAGOS ROAD BIRNIN GWARI
99	KADUNA	KADUNA REFINERY BRANCH	NNPC/KRPC STAFF COOPERATIVE PLAZA BUILDING, KADUNA REFINERY AND PETROCHEMICAL COMPANY COMPLEX, NNPC DEPOT, KACHIA ROAD, KADUNA
100	KANO	KANO CITY BRANCH	NO. 2, DURUMIN IYA QTRS, BESIDE PHCN KANO CITY SERVICE STATION
101	KANO	NASSARAWA BRANCH	NO.2, ZARIA ROAD, KANO.
102	KANO	SANI ABACHA WAY BRANCH	NO.5A, SANI ABACHA WAY, KANO
103	KANO	SHARADA BRANCH	SHARADA IND EST, PHASE 1, KANO
104	KANO	CHIROMAWA TOLL GATE BRANCH	CHIROMAWA TOLL GATE, KANO-ZARIA ROAD
105	KANO	ZOO ROAD BRANCH	NO.1 ZOO ROAD BY NEW COURT ROAD, KANO
106	KANO	BELLO ROAD BRANCH	NO.10E BELLO ROAD, KANO
107	KANO	DANBATTA BRANCH	KAZAURE ROAD, DANBATTA
108	KANO	DAWAKIN KUDU BRANCH	DAWAKIN KUDU UNGUWAR NAIBI, KOFAR AREWA, DAWAKIN KUDU
109	KANO	IBB WAY BRANCH	NO. 4 IBB WAY, KANTIN KWARI
110	KANO	WUDIL BRANCH	NO.2, ALU DAN DARMAN STREET, GAYA ROAD
111	KANO	IBRAHIM TAIWO ROAD BRANCH	
112	KANO	KOFAR RUWA MARKET BRANCH	KOFAR RUWA MARKET, OPPOSITE BANK PHB, KANO
113	KANO	ELDORADO BRANCH	ELDORADO BY AIRPORT ROAD, KANO.
114	KANO	TAKAI BRANCH	NO 2A ALBASU ROAD, TAKAI KANO
115	KANO	BOMPAI BRANCH	18B MURTALA MOHAMMED WAY, BOMPAI
116	KANO	DAWANUA GRAIN MARKET BRANCH	DAWANAU GRAIN MARKET, KATSINA ROAD, DAWAKIN TOFA LOCAL GOVT. KANO
117	KANO	TAL'UDU BRANCH	NO.311 AMINU KANO WAY, OPPOSITE JAGORA BOOKSHOP, TALUDU.
118	KANO	GWARZO BRANCH	ADJACENT TO HONEYWELL FILLING STATION, KANO-GWARZO ROAD.
119	KANO	HOTORO BRANCH	NO. 458, BASHIR MAITAMA SULE STREET, HOTORO (OPPOSITE RIMI HOLDING LIMITED, MAIDUGURI ROAD), KANO.
120	KANO	TUDUN-WADA DOGUWA BRANCH	TUDUN WADA DOGWA, JOS ROAD, KANO

SN	STATE	BRANCH NAME	BRANCH ADDRESS
121	KATSINA	KATSINA BRANCH	NO. 210, IBB WAY, PMB 2002, KATSINA
122	KATSINA	FUTUA BRANCH	NO 41 GUSAU ROAD FUNTUA, KATSINA
123	KATSINA	DAURA BRANCH	KONGOLON ROAD, DAURA
124	KATSINA	DUTSIN-MA BRANCH	NO.10, HOSPITAL ROAD, DUTSIN-MA
125	KATSINA	KIPDECO BUILDING BRANCH	NO. 61 IBB WAY KIPDECO BUILDING KATSINA
126	KATSINA	KATSINA CENTRAL MARKET BRANCH	KATSINA CENTRAL MARKET, KATSINA
127	KATSINA	MUSAWA BRANCH	MUSAWA TOWN, ADJACENT MUSAWA MARKET, KATSINA
128	KEBBI	BIRNIN KEBBI BRANCH	NO. 3, AHMADU BELLO WAY, BIRNIN KEBBI
129	KEBBI	WASAGU BRANCH	DANKO/WASAGU LOCAL GOVERNMENT, KEBBI
130	KEBBI	JEGA BRANCH	NO. 3, SOKOTO ROAD, JEGA BIRNIN KEBBI
131	KEBBI	YAURI BRANCH	NO.35, SOKOTO-KONTAGORA ROAD, YAURI, KEBBI
132	KOGI	AJAOKUTA BRANCH	GEREGU CAMP, AJAOKUTA
133	KOGI	LOKOJA BRANCH	MURTALA MOHAMMED WAY,LOKOJA.
134	KOGI	OKENE BRANCH	NO. 6, HOSPITAL ROAD, OKENE
135	KOGI	ANKPA BRANCH	ANYIGBA ROAD, ANKPA
136	KOGI	KABBA BRANCH	ILUPA QUARTERS IYARA-KABBA
137	KWARA	MURTALA MOHAMMED WAY, ILORIN BRANCH	NO. 147, MURTALA MOHAMMED WAY, ILORIN
138	KWARA	OFFA BRANCH	IBRAHIM TAIWO ROAD, OPPOSITE OFFA CLUB, PMP 424, OFFA
139	KWARA	NEW MARKET ROAD ILORIN BRANCH	NO. 1, NEW MARKET ROAD BABOOKO ILORIN
140	LAGOS	CREEK ROAD BRANCH	PLOT 18, CREEK ROAD, APAPA
141	LAGOS	BURMA ROAD BRANCH	NO. 44 BURMA ROAD, APAPA
142	LAGOS	HEAD OFFICE ANNEX BRANCH	PLOT 290A, AKIN OLUGBADE STREET, VICTORIA ISLAND
143	LAGOS	OBA AKRAN BRANCH	NO.42, OBA AKRAN AVENUE, IKEJA
144	LAGOS	ADEOLA ODEKU BRANCH	NO. 19, ADEOLA ODEKU STREET, VICTORIA ISLAND
145	LAGOS	HEAD OFFICE BRANCH	NO. 42 AHMED ONIBUDO STREET, VICTORIA ISLAND
146	LAGOS	YABA COMM AVENUE BRANCH	NO. 32A, COMMERCIAL AVENUE,SABO YABA
147	LAGOS	ALLEN BRANCH	NO. 95, ALLEN AVENUE, IKEJA
148	LAGOS	BROAD STREET BRANCH	NO. 114, BROAD STREET, LAGOS ISLAND
149	LAGOS	TIAMIYU SAVAGE BRANCH	PLOT 1397A, TIAMIYU SAVAGE STREET, VICTORIA ISLAND
150	LAGOS	OPEBI BRANCH	NO. 37, OPEBI ROAD, IKEJA
151	LAGOS	MARINA BRANCH	NO. 2/4, DAVIES STREET, OFF MARINA ROAD, LAGOS ISLAND
152	LAGOS	IDI ORO BRANCH	NO. 94, AGEGE MOTOR ROAD, IDI ORO, MUSHIN
153	LAGOS	ABULE EGBA BRANCH	LAGOS STATE ABATTOIR COMPLEX, OKO-OBA, AGEGE. LAGOS
154	LAGOS	EBUTE ERO BRANCH	NO. 110, ALAKORO STREET, EBUTE-ERO, LAGOS ISLAND
155	LAGOS	MILE 12 BRANCH	NO. 565, IKORODU ROAD, KOSOFE, MILE 12

SN	STATE	BRANCH NAME	BRANCH ADDRESS
156	LAGOS	OREGUN ROAD BRANCH	NO. 100, KUDIRAT ABIOLA WAY, OREGUN ROAD, IKEJA
157	LAGOS	TINCAN PORT BRANCH	BEHIND TINCAN PORT ADMIN BLOCK, TINCAN, APAPA,
158	LAGOS	ORILE COKER BRANCH	PLOT 3, BLOCK C, L.S.D.P.C. INDUSTRIAL SCHEME, LAGOS-BADAGRY EXPESSWAY, ORILE-COKER
159	LAGOS	MUSHIN BRANCH	NO. 87, LADIPO STREET, MUSHIN
160	LAGOS	ALABA INTERNATIONAL BRANCH	NO. A65, OJO-IGEDE ROAD, ALABA INTERNATIONAL MARKET, ALABA
161	LAGOS	AWOLOWO ROAD IKOYI BRANCH	NO. 128 AWOLOWO ROAD, IKOYI
162	LAGOS	IDDO BRANCH	NO 8, TAYLOR ROAD OFF G.CAPPA BUSTOP, IDDO
163	LAGOS	SURULERE BRANCH	NO. 53, BODE THOMAS STREET, SURULERE
164	LAGOS	ASPAMDA BRANCH	BTC 6 NEW GATE, ASPAMDA MARKET, TRADE FAIR COMPLEX, LAGOS - BADAGRY EXPRESS WAY
165	LAGOS	IKORODU BRANCH	NO. 32, LAGOS ROAD, IKORODU
166	LAGOS	LEKKI EXPRESSWAY BRANCH	NO. 1 PRINCE IBRAHIM ODOFIN STREET, LEKKI EXPRESSWAY, LEKKI
167	LAGOS	FESTAC BRANCH	HOUSE 26, SECOND AVENUE, FESTAC TOWN, AMUWO ODOFIN
168	NASSARAWA	LAFIA BRANCH	OPPOSITE DEPUTY GOVERNOR'S OFFICE, SHENDAM ROAD, LAFIA
169	NASSARAWA	KEFFI BRANCH	NO. 2, ABUBAKAR BURGA WAY, KEFFI
170	NASSARAWA	AKWANGA BRANCH	LAFIA ROAD, AKWANGA
171	NASSARAWA	MARARABA BRANCH	NO. 2, BABA STREET, KEFFI ROAD, MARARABA
172	NIGER	BOSSO ROAD BRANCH	NO. 3, COMMERCIAL COMPLEX, BOSSO ROAD, MINNA
173	NIGER	SULEJA BRANCH	USMAN FAROUK ROAD, BY POLICE 'A' DIVISION, SULEJA
174	NIGER	PAIKO ROAD BRANCH	NO. 77, ABDULSALAM ABUBAKAR WAY, MINNA
175	NIGER	DAWAKI ROAD BRANCH	DAWAKI ROAD, AFTER SHUAIBU NAIBI PRIMARY SCHOOL, SULEJA
176	NIGER	BIDA BRANCH	NO. 48, BCC ROAD, BIDA
177	NIGER	ZUNGERU BRANCH	OLD KONTAGORA ROAD, ZUNGERU
178	NIGER	KONTAGORA BRANCH	BOKANE ESTATE, LAGOS-KADUNA ROAD, KONTAGORA
179	OGUN	MOWE BRANCH	KM 46 LAGOS IBADAN EXPRESSWAY, REDEMPTION CAMP, MOWE OGUN STATE
180	OGUN	ABEOKUTA BRANCH	NO. 4, TINUBU STREET, ITA -EKO, ABEOKUTA
181	ONDO	COMMERCIAL ZONE BRANCH	PLOT 9 BLOCK XLIII COMMERCIAL ZONE GRA ALAGBAKA AKURE
182	ONDO	OBA ADESIDA BRANCH	NO 15A, OBA ADESIDA ROAD AKURE
183	ONDO	OYEMUKUN ROAD BRANCH	NO. 59/61, OYEMEKUN ROAD, AKURE, ONDO
184	ONDO	IGBOKODA BRANCH	NO. 54, BROAD STREET, IGBOKODA, ONDO
185	OSUN	OSHOGBO BRANCH	KLM 4, GBONGAN/IBADAN ROAD, (OPP. ZARAH GUEST HOUSE), OSOGBO
186	OSUN	EDE BRANCH	NO. 250 STATION ROAD, BACK TO LAND JUNCTION AGIP AREA, EDE

SN	STATE	BRANCH NAME	BRANCH ADDRESS
187	OYO	ODUTOLA ROAD BRANCH	NO. 7, ALHAJI JIMOH ODUTOLA STREET, OGUNPA, IBADAN
188	OYO	LEBANON ROAD BRANCH	NO. 9, LEBANON ROAD, OGUNPA, IBADAN
189	OYO	BODIJA BRANCH	NO. 98, BODIJA-AGBOWO ROAD,NEW BODIJA IBADAN
190	OYO	IWO ROAD BRANCH	NO. 96, IWO ROAD, BESIDE IBADAN NORTH/EAST LGA, IBADAN
191	PLATEAU	AHMADU BELLO WAY BRANCH	NO 7, AHMADU BELLO WAY, JOS
192	PLATEAU	WASE BRANCH	EMIR STREET, WASE
193	PLATEAU	PANKSHIN BRANCH	NEW LAYOUT, LANGTANG ROAD, PANKSHIN
194	PLATEAU	FARIN GADA BRANCH	NO. 1, FARIN GADA, KADUNA-ZARIA ROAD, JOS
195	RIVERS	AZIKIWE ROAD BRANCH	NO. 3 AZIKIWE ROAD PORT HARCOURT
196	RIVERS	OMOKU BRANCH	NO. 171, AHOADA ROAD OMOKU RIVERS
197	RIVERS	WOJI BRANCH	NO. 46 WOJI ROAD, WOJI
198	RIVERS	OLD ABA ROAD BRANCH	NO. 28A OLD ABA ROAD, PORT HARCOURT
199	RIVERS	ABA ROAD 1 BRANCH	NO. 198A, ABA ROAD, OPPOSITE PRESIDENTIAL HOTEL RUMUOLA PORT-HACOURT
200	RIVERS	TRANS AMADI BRANCH	NO. 474, TRANS AMADI LAYOUT, PORT HARCOURT
201	RIVERS	OLU OBASANJO BRANCH	NO. 63A OLU OBASANJO ROAD PORT HARCOURT
202	RIVERS	ABA RD 2 BRANCH	NO. 112E, ABA ROAD 2, PORT HARCOURT
203	RIVERS	ONNE BRANCH	EJAMAH, OPPOSITE TRAILER PARK, ONNE JUNCTION, ELEME
204	SOKOTO	SOKOTO MAIN BRANCH	GUSAU ROAD, SOKOTO
205	SOKOTO	GADA BRANCH	OPPOSITE LOCAL GOVERNMENT SECRETATRIAT, GADA TOWN
206	SOKOTO	GWADABAWA BRANCH	LAILAH ROAD GWADABAWA TOWN, SOKOTO
207	SOKOTO	SABON BIRNIN BRANCH	SABON BIRNI TOWN
208	SOKOTO	MARKET BRANCH	NO. 3 ALIYU JODI ROAD, SOKOTO
209	SOKOTO	YABO BRANCH	SHEHU SHAGARI WAY, YABO TOWN, SOKOTO
210	TARABA	JALINGO BRANCH	NO. 11, HAMMA RUWA ROAD, JALINGO
211	TARABA	WUKARI BRANCH	IBBI ROAD, WUKARI
212	YOBE	DAMATURU BRANCH	MAIDUGURI ROAD, DAMATURU
213	YOBE	NGURU YOBE BRANCH	MARKET ROAD, NGURU
214	YOBE	POTISKUM BRANCH	OPPOSITE NPN MARKET, MAIN ROAD POTISKUM
215	ZAMFARA	BUNGUDU BRANCH	35 CANTEEN AREA, GUSAU
216	ZAMFARA	GUSAU BRANCH	NO. 5 CANTEEN ROAD, GUSAU
217	ZAMFARA	TALATAN MAFARA BRANCH	GUSAU/SOKOTO ROAD, TALATAN MAFARA, ZAMFARA STATE.


unity bank
SUCCEEDING TOGETHER
Enjoy
stress free
transactions
Unity Bank
Verve Card
Scan the Code to begin
For enquires kindly visit your nearest Unity Bank branch or contact our Customer Care Center on
0708 0666 000, 0705 7323 255-30, or email we_care@unitybankng.com
Corporate Head Office: Plot 42 Ahmed Onibudo Street, Victoria Island, Lagos State
Head Office Annex: Unity Bank Plc, Plot 290A, Akin Olugbade Street, Lagos State
Website: www.unitybankng.com

PRODUCT INFORMATION

RETAIL & SME LIABILITY PRODUCTS

Current Account - Corporate

This product is a traditional current account designed for registered businesses. It is designed to meet the needs of businesses that need to issue third party cheques and also enjoy transaction flexibility.

unitybiz Current Account

Unity-Biz Current Account is a cost effective current account designed for SMEs. This small product comes with robust payment and collection solutions for smooth day to day banking activities.

Business Savings Account

This savings account is designed for all microSME busineses that need to put some funds away for ventures and while earning interest.

Domiciliary Accounts - Ordinary

This is a foreign currency account that can be funded through foreign/local remittance and cash deposits.

Current Account - Individuals

A Current Account for Individuals that offers cheque- issuing designed to meet the needs of customers who need to issue third party cheques and also enjoy transaction exibility.

unitymax Current Account

Unity Max Current Account is designed to cater to the entire spectrum of financial needs of working professionals, across all segments – from lower-level employees to top executives

Savings Account - Individual

An easy to operate account that supports customers who wish to save many over a period of time.

Double Edge Savings Account

It is a hybrid account that allow customers enjoy the benefit of a savings account while also enjoying the exibility of a current account at no cost to the customer.

unity KIDS Account

This savings account is kids and Teenagers below 18 years. It offers parents and guardians the opportunity to set aside funds for their children.

Unity1 Account

This savings account is targeted mainly at unbanked and underbanked people. It is a product mandatorily required by CBN, as it is an important part of the financial inclusion agenda, tasked with banking the unbanked

UniFi by Unity Bank

UniFi savings account is a unique savings account tailored to suit the lifestyle of today's teeming youth. The account has unique features such as Verve card rewards and lite aule benefits

Target
Youth within the ages of 18- 34 enrolled in tertiary institutions, employees in structured organizations and the self-employed/entrepreneurs - particularly students and NYSC members.

*7799#

*7799# CONVENIENT BANKING is a short code service that allows customers (account holders and non accountholders) to access banking services with their mobile phones irrespective of the Telecommunication service provider, phone type or location.

Features available on *7799#

- Account opening
- Airtime recharge
- Add Account
- Balance enquiry
- Bills payment
- BVN verification
- Fund Transfer
- PIN change

Benefits

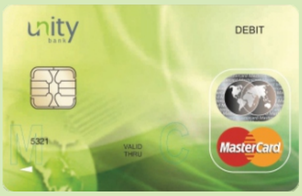
- It provides a secure and a convenient way to transact with the bank
- It saves cost and time
- Compatible to all kinds of mobile phone
- It is reliable and easy to use.
- It provides convenient nancial services to customers

(Airtime purchase, transfer money, check balance, request for BVN and pay for DSTV, GOTV, Electricity)

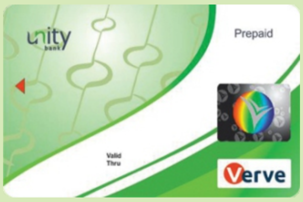
The High Yield Deposit Account

The High Yield Deposit Account is a unique tenured product targeted at the Commercial Entities, high-end SMEs as well as upper Retail Segments. It was introduced to offer a customer-friendly, deposit product that meets the needs of Commercial Entities, high-end SMEs as well as upper Retail Segments.

E - PRODUCTS

	CARD TYPES	FEATURES	BENEFITS
	DEBIT CARDS		
1	**UNITY VERVE CARD (N)** 	• Naira denominated Card • 3 years validity period • For local transactions (within Nigeria) • CHIP & PIN secured	• 24 hours access to funds on ATM, POS and WEB within Nigeria. • All customers' accounts can be linked to one card to enable accessibility to funds on any account type. • Reduces the risk and inconvenience of carrying cash. • Chip and Pin secured. • Access to discounts on Verve rewards partner locations worldwide
2	**UNITY NAIRA DEBIT MASTERCARD (N)** 	• Naira denominated Card • 3 years validity period • For local and International transactions • CHIP & PIN secured	• 24 hours access to funds on ATM, POS and WEB within and outside Nigeria • Reduces the risk and inconvenience of carrying cash. • Chip and Pin secured. • Convenient, reliable and safe means of carrying out transaction both locally and internationally • Provides additional security for web based transactions.
3	**UNITY PLATINUM MASTERCARD ($)** 	• Dollar denominated • Higher transaction limits • Off-line transaction capability • 3 years validity period • For International & Local transactions • CHIP & PIN secured	• 24 hours access to funds on ATM, POS and WEB within and outside Nigeria • Increased withdrawal limit. • Increased transaction velocity limit. • Access to VIP lounges and discounts at MasterCard partner locations worldwide • Provides additional security for web based transactions; Secure code for International transaction.
	PREPAID CARDS		
1	**UNITY GENERIC PREPAID MASTERCARD ($/N)** 	• Dollar /Naira denominated • 3 years validity period • For local & International transactions • CHIP & PIN secured	• 24 hours access to funds on ATM, POS and WEB within and outside Nigeria • Your card eliminates the risk and inconvenience of carrying cash. • Unity Bank Prepaid MasterCard can be loaded with a minimum of $100. • Helps to manage the risk of overspending • Provides additional security for web based transactions; Secure code for International transaction.

E - PRODUCTS

	CARD TYPES	FEATURES	BENEFITS
	PREPAID CARDS		
2	UNITY VERVE PREPAID (N) 	• Naira denominated • 3 years validity period • For local transactions • CHIP & PIN secured	• 24 hours access to funds on ATM, POS and WEB within Nigeria • Your card eliminates the risk and inconvenience of carrying cash. • Helps to manage the risk of overspending • Access to discounts on Verve rewards partner locations worldwide
3	UNITY COMBO CARD (N) It is combination of identi cation card and payment card. (All-in-one). This card is speci cally designed for Schools (Secondary & Tertiary Institutions), Cooperative societies and Corporate/ Government organizations	• Naira denominated • 3 years validity period • For local transactions • CHIP & PIN secured	• Customized identity & payment card • 24 hours access to funds on ATM, POS and WEB within Nigeria • Your card eliminates the risk and inconvenience of carrying cash. • Helps to increase brand visibility and awareness • Access to discounts at Verve rewards partner locations worldwide

ELECTRONIC CHANNELS

Unity Mobile

This is a mobile banking that allows you to access your bank account from your mobile device, usually a cell phone

Features

- o Airtime top-up
- o Check balance
- o Statements (last 5 transactions)
- o Fund transfer
- o Send money to phone
- o Bill payments
- o Other banking services

Benefits

- o Excellent customer service
- o 24 hour access to transfer from your account
- o Convenient and saves time of queuing at the branch

INTERNET BANKING SERVICE

- It is a convenient and fast online Banking Platform that enables customers transact on their accounts 24/7, at the
- Comfort of their personal computers/devices

Features

- o Account balance/statement
- o Quick Payment
- o Cheque request
- o Bills payment
- o One-time payment
- o Loans report
- o Standing instructions
- o Direct Debit
- o Mobile Top-up
- o Intra/Inter Bank transfers
- o Self-Services
- o Token management

Benefits

- o Access to enquiries and statements
- o Funds transfer
- o Issue basic instructions such as cheque book request, hotlist card
- o Empowering the Bank's customers with the tool to monitor their accounts 24/7
- o Enable POS merchants to view and reconcile their daily transactions on their POS terminals

POINT OF SALE TERMINALS (POS)

Features;

o Bills payment
o Purchases
Benefits
o Merchants can operate 24/7 without risk
o Lower operational cost
o Reduced risk of theft and pilfering by cashiers
o Increased sales – cardholders are likely to make spontaneous purchases with cards
o Increase market share
o Increase patronage
o Image projection internationally for merchants accepting international cards i.e. MasterCard, Visa cards

AUTOMATED TELLER MACHINE

It is an electronic banking outlet, which allows customers to complete basic transactions without the aid of a branch representative or teller.

Features

o Cash withdrawal
o Balance Enquiry
o Intra-Bank Transfers
o Interbank transfers
o Utility bills payment, etc.
o Airtime top-up
Benefits
o Excellent customer services
o 24 hour access to transfer from your account
o Convenient and saves time of queuing at the branch

PAYMENTS PRODUCTS – UNITY REMIT#

Features

o Automate your staff payroll at no cost
o Prepare your payroll from anywhere in the world
o Make vendor payments online from anywhere in the world
o Make salary payments online from anywhere in the world
o Make your tax payments from the comfort of your office or homes
o Liquidity management
o Payment of vendors and other sundry expenses, bulk payment to people without bank accounts
o View and manage all your accounts in various banks on a single platform
Benefits
o Secured payment
o Reduced risk of carrying cash
o Reduced social cost of transactions
o Improve your brand equity
o No reconciliation challenges
o Easy management of funds

REMITTANCE

WESTERN UNION MONEY TRANSFER

MONEYGRAM MONEY TRANSFER

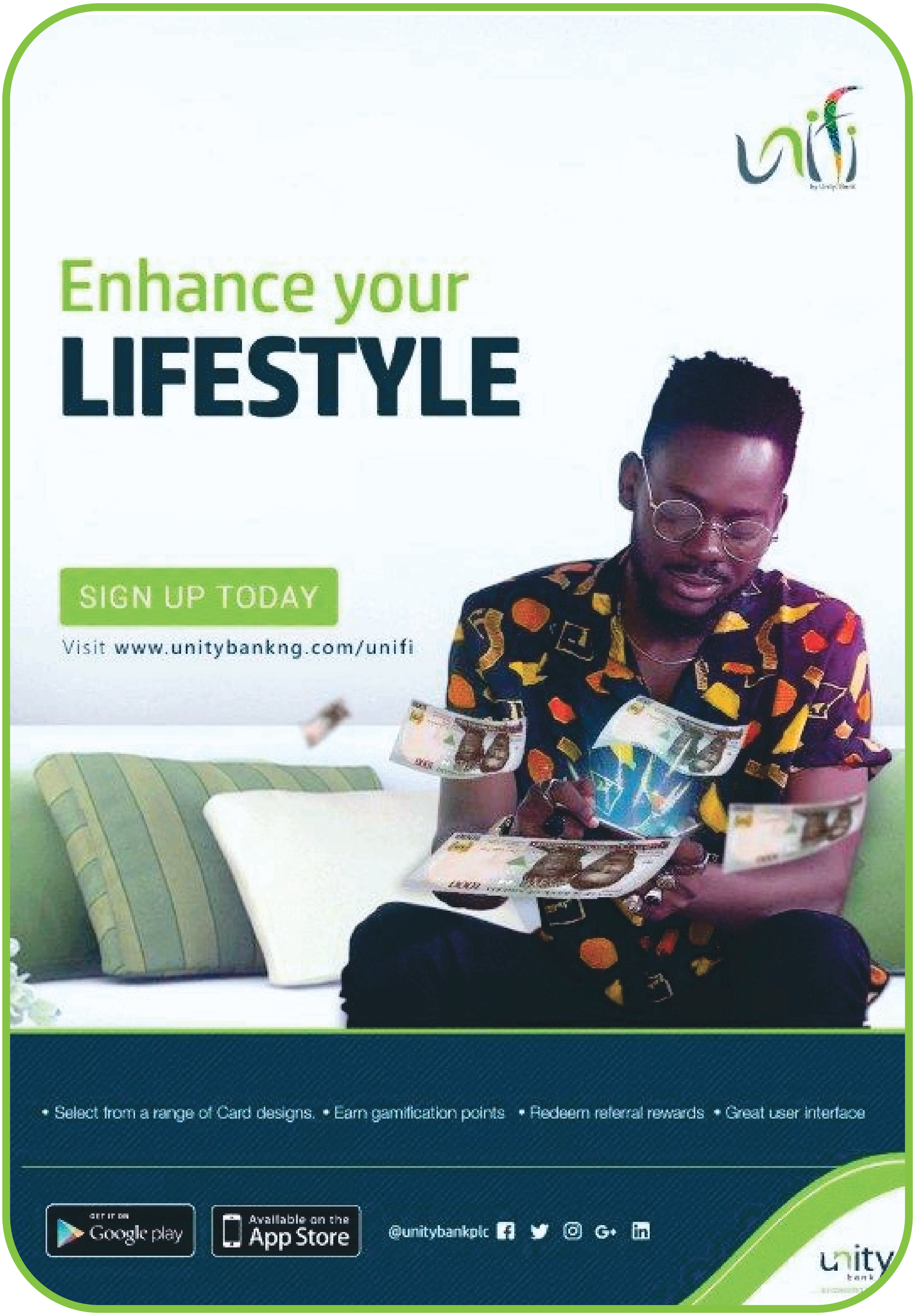
Remittance is the business of person to person funds transfer from one country to other countries through international network of agents. Unity bank is a member of Western Union and Moneygram networks and indeed a choice destination for money transfer services. Unity bank offers both inbound and outbound money transfer services across all our branches nationwide. This service is open to account holders and non account holders alike. Customers can receive funds from or transfer funds to over 250 countries in the world through either Western Union or Moneygram platforms from any Unity bank branch nationwide.

Features

- Send and receive funds in Naira
- Transactions are secured with the use of pin pad
- Open to non account holders subject to regulatory limit

Benefits

- Receive and send money within 10 minutes from/to anywhere in the world
- Service is absolutely free for receivers.... No charges
- Enjoy personalized and excellent customer service
- Free gift for every transaction


unifi
Enhance your
LIFESTYLE
SIGN UP TODAY
Visit www.unitybankng.com/unifi
• Select from a range of Card designs. • Earn gamification points • Redeem referral rewards • Great user interface
Google play
Available on the
App Store
@unitybankplc
unity
bank

SHAREHOLDER INFORMATION

Shareholders Complaint Management Policy of Unity Bank Plc

1. Scope

The Complaints Management Policy of Unity Bank details the manner, circumstances and major components of the management of complaints received from its shareholders in the Capital Market arising out of issues that are covered under the Investment and Securities Act, 2007. The components include the receipt, management and determination of all shareholder complaints. Unity Registrars has its own resolutions handling procedures and policies, which are not governed by this policy. The share registry may be contacted on the details provided in section 13 of this policy.

2. Terminology

Unless otherwise described in this policy, the following terms and definitions apply throughout this policy:

Unity Bank: Unity Bank Plc. which has ordinary shares quoted on the Nigerian Stock Exchange
SEC: Securities and Exchange Commission
SRO: Self-regulatory Organizations as defined
CMO: Capital Market Operators
APC: Administrative Proceedings Committee
ISA : Investment and Securities Act
Shareholder: Registered owner of ordinary shares in Unity Bank Plc

3. The Goal of this complaint management Policy is to:

- Provide efficient and easy access to shareholder information
- Provide an avenue for shareholders to channel their complaints.
- Recognize, promote and protect the shareholders' rights, including the right to comment and provide feedback on service.
- Provide an efficient, fair and accessible framework for resolving shareholders' complaints and monitoring feedback to improve service delivery.
- Enabling shareholders to have shareholder related matters acknowledged and addressed; and
- Provide staff with information about the shareholder feedback process.

4. Principles of complaint management

- Information on how and where to complain should be well publicized to shareholders, staff and other interested parties.
- Complaint management processes should be easily accessible to all complainants. The process should be easy to find, use and understand.

5. Objectives of the Unity Bank Policy

Unity Bank shall:

- Address each complaint in a timely, sensitive, fair, transparent, equitable, objective, professional and unbiased manner through the complaints handling process.
- Operate from the view that a shareholder who makes a complaint is entitled to a review of the issues raised and a considered response.

6. Nature of Complaint Channels

There are various channels though which Unity Bank shareholders can lay their complaints. All reported complaints in each channel must be consolidated for reporting purposes. The channels are:

- Shareholders Portal in line with CBN Code
- Investor Relations Department
- Unity Bank Contact Centre
- Unity Bank branch offices
- Letters to the Internal Audit Group
- Emails to bank's website
- Unity Registrars

7. Nature of Complaints

The possible categories of complaints are not exhaustive. However, they include the following:

- Unauthorized sale of shares
- Non-payment of proceeds of sale
- Non-verification of share certificates
- Refusal to transfer a client's account to other Dealing Members as requested
- Unauthorized transfer of a client's account to another Dealing Member
- Guaranteed return investments
- Fund / Portfolio management
- Non-payment of dividend
- Non receipt of Share Certificates

8. Process Flow

8.1 Process and Record Complaints:

Upon receipt of a complaint from a shareholder, the Customer Care Department will record enquiries and complain including details about the enquiry or complaint to assist in the thorough investigation of the matter.

Information recorded may include recording all or some of the following information:

- The date and time that the enquiry or complaint was received
- Name of the shareholder

- Shareholder Reference Number (SRN) or Holder Identification Number (HIN)
- Telephone number or other contact details
- Nature of enquiry or complaint
- What the shareholder is seeking
- Whether there is any cost associated
- Action taken

8.2 The Customer Care Department will:
- Log in the complaint and any relevant data.
- Categorize it for resolution and record-keeping. Categories must be clearly defined and exclusive of one another.
- Assign the complaint to a staff member for handling.
- Forward the complaint to another level of authority, if appropriate.

8.3 Acknowledge Complaint

Unity Bank understands that Shareholders do not register complaints with only a casual interest in their disposition. A complaint involves some inconvenience and, possibly, expense. Loyal shareholders with strong feelings are often involved.

Therefore Unity Bank will:

- Personalize the response.
- Talk to the shareholder, if possible, by phone or in person.
- Use letters when necessary, but avoid impersonal form letters.
- Take extra time, if need be, to help shareholders with special needs, such as language barriers. All these are to be done within 7 days of receipt of complaint.

8.4 Resolve the Problem in a Manner Consistent with the Bank's Policy
- Forward the complaint to the appropriate level of authority for resolution.
- Keep the shareholder informed through progress reports.
- Notify the shareholder promptly of a proposed settlement.

8.5 Investigation of complaint

During the course of investigating a shareholder's enquiry, complaint or feedback, Unity Bank will liaise with Unity Registrars. If necessary, Unity Bank's engagement with the share registry will include:
- Determining the facts
- Determining what action has been undertaken by the share registry (if any)
- Coordinating a response with the assistance of the share registry.
- Keep records in the complaint file of all meetings, conversations or Findings

8.6 Follow-Up
- Find out if the shareholder is satisfied with the resolution, and ensure that it was carried out?
- Refer the complaint to a third-party dispute-resolution mechanism, if necessary.
- Cooperate with the third-party.

8.7 Prepare and file a report on the disposition of the Complaint, and periodically analyse and summarize Complaints
- Circulate complaint statistics and action proposals to appropriate departments.
- Develop an action plan for complaint prevention.
- Make sure the shareholder viewpoint is given appropriate consideration in company decision making.

CHANNEL	BANK COMMUNICATION	ACTION SHAREHOLDERS CAN TAKE
Branches	The Bank will have provided a complaint management system. Shareholders are immediately given confirmation that his/her complaint has been received, logged and will be resolved by x date based on the SLA for each complaint type.	Call or visit a branch in person. Fill in a shareholder feedback card available in all branches.
Unity Bank Contact centre	Provide the complaint at the point.	Call hotline 07080666000
Website	Email shareholder and acknowledge receipt of complaint	Visit www.unitybankng.com
Email	Email shareholder and acknowledge receipt of complaint	Email to we_care@unitybankng.com, customercare@unitybankng.com
Letter	Logger to call shareholder and acknowledge receipt of complaint	

9. Sources for Information.

Shareholders need to know where and how to file complaints or make inquiries. This is available on Unity Bank's website www.unitybankng.com (www.unitybankng.com/rightissues/).

The shareholders can also get information regarding the following on the website:

- Current Financials
- Historical Bank Performance
- Dividend history;
- Dividend Reinvestment Plan information;
- Bonus Issue if any
- Calendar of key dates;
- Useful shareholder forms;
- Frequently asked questions; and
- Capital

Shareholders who wish to make an enquiry or complaint about their shares should initially contact Unity Bank Registrars located at 25, Ogunlana Drive, Surulere, Lagos or the Company Secretariat Department of the Bank located at the Head Office Unity Bank Plc Plot 785, Herbert Macaulay Way Central Business District, Abuja. The share registry manages the bank's Shareholders Register:

- Shareholder name(s)
- Shareholder's holding in the Bank
- Shareholder address, Phone number, email address
- Whether information is sent to shareholders by email or post
- Whether shareholders wish to receive the annual report by e-mail or post
- Dividend payment instructions.

10. Third party dispute resolution

If complaints cannot be resolved directly between:

- the Bank's shareholder and CMO
- operators in the capital market
- Complaints against regulators and Self-Regulatory Organization(SRO)
- Complaints against Operators by SROs and regulators

The parties involved can be referred to a third-party dispute resolution. Third party mechanisms use the services of unbiased regulatory bodies or panels to resolve disputes through conciliation, mediation and arbitration.

1. **Conciliation:**
   A neutral conciliator brings the parties together and encourages them to find a mutually acceptable resolution to the dispute.

2. **Mediation:**
   A neutral mediator becomes actively involved in negotiations between the parties. The mediator can propose a resolution, but cannot dictate a settlement of the dispute.

3. **Arbitration:**
   An independent regulatory body or panel hears the facts on both sides of a dispute and reaches a decision. Usually both parties have previously agreed to abide by the decision, but in some systems, only the business agrees in advance to abide by the outcome of the arbitration.

MOHAMMED SHEHU
Secretary

TOMI SOMEFUN
Managing Director/CEO

NOTICE OF UNITY BANK PLC THIRTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of UNITY BANK PLC will be held on Wednesday, October 16, 2019 at 10.00am at Shehu Musa Yar'Adua Centre, No. 1, Memorial Drive Central Business District, Wuse, Abuja, to transact the following:

ORDINARY BUSINESS

1. To receive the audited accounts for the year ended December 31, 2018 together with the reports of the Directors, Auditors and Audit Committee thereon.
2. To re-elect Director(s).
3. To elect KPMG Professional Services as Auditors in place of the retiring Auditors, Ahmed Zakari & Co.
4. To authorize the Director(s) to fix the remuneration of the Auditors.
5. To elect Members to the Audit Committee.

SPECIAL BUSINESS

6. To approve the remuneration of Directors.

PROXY

A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member. For the appointment to be valid, the duly completed proxy form, must be sealed and duly stamped at the Stamp Duties Office and deposited at the registered office of the Company or the office of the Registrar, 25 Ogunlana Drive, Surulere, Lagos, not later than 48 hours before the date of the Meeting.

Dated this 24th day of September, 2019

By order of the Board

Mohammed Shehu
FRC/2017/NBA/00000016416
Company Secretary
42 Ahmed Onibudo Street,
Victoria Island, Lagos

NOTES:

1. **Closure of Register of Members**
The Register of Members shall be closed from October 7, 2019 to October 11, 2019 (both dates inclusive).

2. **Audit Committee**
In accordance with Section 359 (5) of the Companies & Allied Matters Act, 2004, any shareholder may nominate a shareholder for appointment to the Audit Committee. Such nomination should be in writing and must reach the Company Secretary not less than 21 days before the Annual General Meeting.

   Accordingly, all nominations should be accompanied by a copy of the nominees detailed CV revealing the nominee's qualification.

3. **Right of Shareholders to ask Questions**
Securities Holders have a right to ask questions not only at the Meeting, but also in writing prior to the Meeting, and such questions should be submitted to the Company Secretariat Department, Unity Bank Plc, 42 Ahmed Onibudo Street, Victoria Island, Lagos not later than October 12, 2019.

4. **Biographical details of Directors for Re-election/Election**
Profiles of the Directors standing for re-election are provided in the Annual report.

5. **E- Annual Report**
Shareholders are hereby informed that the electronic version of the Annual Report is available at www.unitybankng.com, those who have provided their e-mail addresses will receive the electronic version of the Annual Report via e-mail.

6. **Unclaimed Dividend Warrants**
The list of unclaimed dividend can be accessed at the Registrar's office or vide the Company's website www.unitybankng.com

@unitybankplc

Unity Bank Plc - RC 94524
Corporate Head Office, Plot 42, Ahmed Onibudo Street,,Victoria Island, Lagos. Nigeria

PROXY FORM

Thirteenth Annual General Meeting to be held on Wednesday, 16th October, 2019 at Shehu Musa Yar'Adua Centre, No. 1 Memorial Drive Central Business District, Abuja at 10.00 am.

We...
(Name of Shareholder in block letters)

The undersigned, being member/members of Unity Bank Plc hereby appoint...or failing him ALH. AMINU BABANGIDA, or failing him MRS. TOMI SOMEFUN, as my/our proxy to act and vote for me/us and on my/our behalf at the 13th Annual General Meeting of the Bank to be held on Wednesday, October 16, 2019 at 10.00 a.m. and at any adjournment thereof.

As witness my/our hand this.......day of ......2019.

Signed:....................................

NOTE:
A member to attend and vote at the General Meeting is entitled to appoint a proxy in his stead. All proxy forms should be deposited at the Office of the Registrar, Unity Registrars Limited, 25 Ogunlana Drive, Surulere, Lagos not less than 48 hours before the time for holding the meeting. A proxy need not be a member of the company.

In the case of joint shareholders, any one of such may complete the form but the name of all joint shareholders must be stated.

It is required by law under the Stamp Duties Act, Cap 41 Law of the Federation of Nigeria1990, that any adjustment of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must bear Stamp Duty at the appropriate rate, not adhesive postage stamps.

If the shareholder is a corporation, this form must be under its common seal or under the hand of some officers or attorney duly authorised in that behalf.

	ORDINARY BUSINESS		FOR	AGAINST
I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside (Strike out whichever is not desired).	1	To receive the audited accounts for the year ended 31st December, 2017 together with the reports of the Directors, Auditors and Audit Committee thereon.		
	2	To authorize the Directors to fix the remuneration of the Auditors;		
	3	To elect Directors:		
	4	To re-elect retiring Directors		
		i. Mr. Hafiz M. Bashir		
		ii. Mr. Sam N. Okagbue		
		iii. Haj. Yabawa Lawan Wabi mni.		
	5	To elect members of the Audit Committee.		
	Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolution set out above. Unless otherwise instructed, the proxy votes or abstains from voting at his/her discretion.			
	SPECIAL BUSINESS		For	Against
	6	To Approve the Remuneration of Directors		

ADMISSION CARD

Twelfth Unity Bank Plc Annual General Meeting

PLEASE ADMIT ONLY THE SHAREHOLDERS NAMED ON THIS CARD OR HIS DULY APPOINTED PROXY THIRTEENTH ANNUAL GENERAL MEETING TO BE HELD ON WEDNESDAY, 16TH OCTOBER, 2019 AT SHEHU MUSA YAR'ADUA CENTRE, NO. 1 MEMORIAL DRIVE CENTRAL BUSINESS DISTRICT, WUSE, ABUJA.

NAME OF SHAREHOLDERS/PROXY

SIGNATURE

ADDRESS

THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRAR.

Affix
Current
Passport
(To be stamped by Bankers)

Write your name at the back of your passport photograph

URL
Unity Registrars Ltd.
RC. 346100

Only Clearing Banks are acceptable

Instruction
Please complete all section of this form to make it eligible for processing and return to the address below

The Registrar,
Unity Registrars Limited
25 Ogunlana Drive,
Surulere,Lagos
Lagos State.

I\We hereby request that henceforth, all my\our Dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand columnbe credited directly to my\our bank detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname / Company's Name First Name Other Names

Address:

City State Country

Previous Address (If any)

CHN (If any)

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s) Company Seal (If applicable)

Joint\Company's Signatories

TICK	NAME OF COMPANY	REGISTRARS ACCOUNT NO
	AFROIL PLC	
	BGL PLC	
	CARANDA MANAGEMENT SERV. LTD	
	DVCF OIL & GAS FUND	
	DVCF OIL & GAS PLC	
	LOTUS CAPITAL HALAL FUND	
	NORTHLINK BROKERS PLC	
	PELICAN PRINTS LIMITED	
	ROKANA PLC	
	UNITY BANK PLC	
	UNITY REGISTRARS LTD	
	UNITYKAPITAL ASSURANCE PLC	