unity bank

2021
ANNUAL REPORT & ACCOUNTS

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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

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

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 & stakeholders.

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

content

FINANCIAL HIGHLIGHTS

Executive Summary

2021 financial year marks a new frontier for Unity Bank Plc as it launched the Bank on a more visible hull of Retail Banking in Nigeria. The Bank's new retail products notably improved the market penetration and brand visibility, which is evident in the growth, recorded in customer deposits and fee income.

The key performance indicators have continued on a trajectory of healthy growth of the balance sheet, asset quality and profitability achieved on the back of deft diversification of the Bank's earnings base that balances out fairly in asset creation, investments and trade activities.

The expectation is for continued growth in the New Year as concerted effort is adopted to surpassing all the gains of 2021 by leveraging on the synergies already created.

Executive Highlights

2021 Performance Snapshot

	31 DEC 21	31 DEC 20
BALANCE SHEET		
In Billions of Naira		
Total Assets	538.87	492.02
Customer Deposit	322.28	356.62
Gross Loans & Advances	269.27	206.21
Shareholders' Funds	(276.15)	(275.41)
INCOME STATEMENT		
In Billions of Naira		
Gross Earnings	50.28	46.53
Net Operating Income	28.41	25.46
Operating Expense	25.08	23.24
PBT	3.33	2.22
PAT	3.17	2.09
REGULATORY RATIOS		
Liquidity Ratio	31.00%	31.09%
Loan Deposit Ratio (LDR)	83.55%	57.82%
Capital Adequacy Ratio (CAR)	-86.18%	-101.47%

STAFF STRENGTH

Professional Staff
2021 **1,632**
2020 **1,595**

Contract Staff
2021 **2,219**
2020 **2,280**

COVERAGE VIA BRANCH & DIGITAL CHANNELS

Branches **215**

ATMs **423**

Operational POS **7,915**

Active Cards (cumulative) **1,058,500**

EXECUTIVE HIGHLIGHTS

BUSINESS SEGMENTS

Corporate Banking

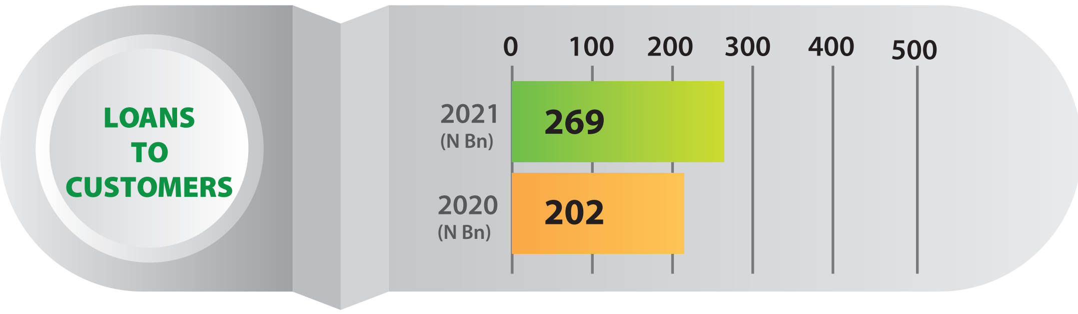
Commercial Banking

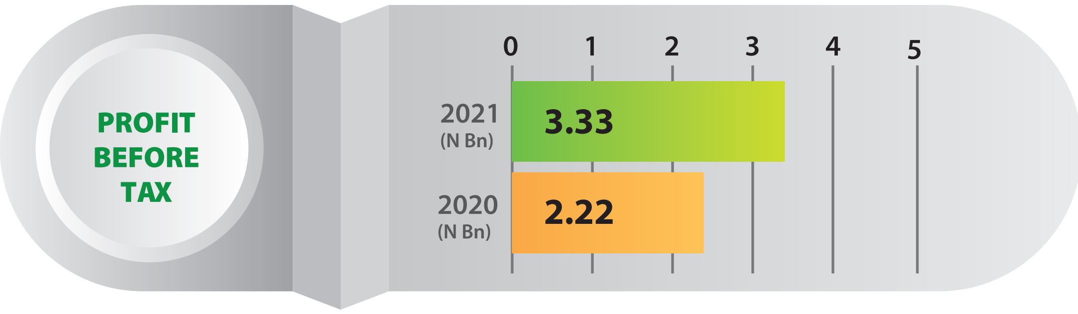
Personal Banking

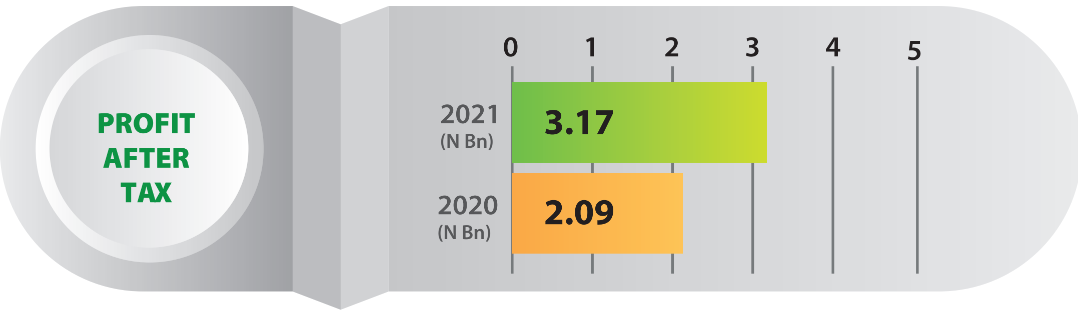
Private Banking

SME

Institutional Banking







BOARD OF DIRECTORS

Board of **Directors**

Alhaji Aminu Babangida
Chairman

Alhaji Aminu Babangida is the Chairman of the Board of Directors. Prior to his appointment in October, 2017, he was the Vice-Chairman of the Board of Directors. Alhaji Babangida was appointed to the Board of Unity Bank Plc in 2011 where he has held Chairmanship and membership positions in a number of Board Committees including the Board Credit Committee, Statutory Audit Committee, Board Finance & General Purpose Committee, amongst others.

Alhaji 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 Trafigura BV, London, UK.

Alhaji 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 Institute of Directors (IOD), Bank Directors Association of Nigeria (BDAN) and the Chartered Institute of Bankers of Nigeria (CIBN). He has also attended various local and international courses.

Dr. Oluwafunsho Obasanjo
Non-Executive Director

Dr. 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.

Dr. Obasanjo is the Chairperson of the Board Credit Committee and also a Member of Board Governance & Nominations Committee, Board Risk Management & Audit Committee and Board Finance & General Purpose Committee. She has held Chairpersonship and Membership positions in a number of Board Committees of the Bank.

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

BOARD OF DIRECTORS

Mr. Sam N. Okagbue FCArb
Independent Director

Mr. Sam Okagbue, FCArb is the Chairman of the Board Risk Management & Audit Committee. He was appointed to the Board of Unity Bank Plc as an Independent Director on February 2, 2015. He is also a Member of the Board Credit Committee, Board Finance & General Purpose Committee, Board Governance & Nominations Committee and Statutory Audit Committee. He has held Chairmanship and Membership positions in a number of Board Committees of the Bank.

He is a legal professional and a founding member and Managing Partner of the Law Firm, George Ikoli & Okagbue (GI&O). He holds an LL.B from University of Ife (now Obafemi Awolowo University), Ile-Ife, BL from the Nigeria Law School and an LLM from University of London, London School of Economics. Mr. 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.

Mr. 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.

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

Hajiya Yabawa Lawan Wabi, mni.
Non-Executive Director

Hajiya Yabawa Lawan Wabi, *mni* is the Chairperson of the Board Governance & Nominations Committee and she was appointed to the Board of Unity Bank Plc on February 2, 2015. She is a Member of Board Credit Committee, Statutory Audit Committee, Board Finance & General Purpose Committee and Board Risk Management & Audit Committee amongst others.

Hajiya Wabi 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; Deputy 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 Polaris Bank) as a Non-Executive Director.

Hajiya 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 Directors of Nigeria (IoD), 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.

BOARD OF DIRECTORS

Mr. Hafiz Mohammed Bashir
Non-Executive Director

Mr. Hafiz Mohammed Bashir is the Chairman of the Board Finance & General Purpose Committee and he was appointed to the Board of Unity Bank Plc on November 21, 2017. He is a Member of Board Credit Committee, Board Governance & Nominations Committee and Board Risk Management & Audit Committee amongst others.

Mr. Bashir is an accomplished and versatile individual with vast experience in both public and private sector. A passionate leader, with first class communication skills and a track of successful management, extensive knowledge of operations and project management. He holds a Post Graduate Diploma in Management from the Ahmadu Bello University, Zaria, Advance Diploma in Public Administration from the University of Jos and a Master's Degree in Business Administration from the Business School of Netherlands.

Mr. Bashir has garnered several years of experience spanning over 26 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.

Mrs. Tomi Somefun
Managing Director/CEO

Mrs. Tomi Somefun is the Managing Director/CEO of Unity Bank Plc. Prior to her appointment in August 2015, she served as the Executive Director overseeing the Lagos and South-West Business Directorates, the Financial Institution Division and Treasury Department of the Bank. She is a Member of the Board Finance & General Purpose Committee, Board Risk Management Committee, Board Credit Committee, amongst others.

She is a career professional with over 35 years post qualification experience, over 27 of which are in the banking sector, spanning key segments including Treasury & Investment Banking, Corporate Banking, Retail and Commercial Banking Operations. Tomi had a distinguished career with UBA group where she led 2 major subsidiaries of UBA as MD/CEO including a start-up company, UBA Pensions Custodian where she was pioneer Managing Director. Prior to UBA, Tomi worked with two leading Consulting Firms: KPMG and Arthur Andersen (now KPMG).

A Fellow of the Institute of Chartered Accountants of Nigeria and Chartered Institute of Bankers of Nigeria (CIBN), she graduated with a Second Class Upper Division from the Obafemi Awolowo University (formerly University of Ife) in 1981 with a Bachelor of Education in English Language. She was conferred a Honorary Degree of Doctor of Business Administration (D.BA) by the Redeemer's University (RUN) in 2019.

Tomi has extensive Executive Education in leading change and organization renewal, strategy formulation & execution, business analytics and development, and financial management from various esteemed business schools. She is an alumnus of the Columbia Business School, United States of America, and INSEAD, Fontainebleau, France, and holds a Certificate of Management Excellence from Harvard Business School (HBS). She is a member of various professional bodies including the Institute of Directors (IOD), Bank Directors Association of Nigeria (BDAN) and Chartered Institute of Bankers of Nigeria (CIBN). In addition, she has served on the board of several quoted and unquoted companies, and Non-Governmental Organizations (NGOs).

Mr. Temisan Tuedor
Executive Director

Mr. Temisan Tuedor is the Executive Director, North Bank & Franchise Business and was appointed to the Board of Unity Bank Plc as Executive Director in June 2015. He is a member of the Board Finance & General Purpose Committee, Board Credit Committee, amongst others.

Mr. Tuedor 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 Eco Bank Plc); 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 (now Polaris Bank Ltd.). Mr. Tuedor is the Chairman of the Assets and Liability Management Committee (ALCO).

Mr. Tuedor holds a B.Sc. in Business Administration from the University of Lagos (1987) and a Masters in Business Administration (MBA) from the Ahmadu Bello University, Zaria (1992). He 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.

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

Mr. Ebenezer A. Kolawole
Executive Director

Mr. Ebenezer A. Kolawole is the Executive Director, Finance & Operations. He was appointed to the Board of Unity Bank Plc in February, 2018. He is a member of the Board Finance & General Purpose Committee, Board Risk Management Committee, amongst others.

Mr. Kolawole obtained BSc. Accounting at Obafemi Awolowo University Ile-Ife with First Class Honours in 1991. He is also a Fellow of the Institute of Chartered Accountants of Nigeria (FCA). Mr. Kolawole started his career with a manufacturing company named Standard International 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.

Mr. Kolawole 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 (now Polaris Bank Ltd.) from November 2011 to January 2015 as Group Chief Financial Officer. He left the Bank as General Manager and joined Glo Communication as National GloWorld Co-ordinator and thereafter as Head of Finance. Mr. Kolawole resumed with Unity Bank Plc on September 15, 2015 as Chief Financial Officer. He has spear-headed a lot of transformation and has displayed exceptional analytical competencies in Finance, Strategy, Risk Management, Operations and Performance Management.

BOARD OF DIRECTORS

Mr. Usman Abdulqadir
Executive Director

Mr. Usman Abdulqadir is the Executive Director, Risk Management and Compliance of Unity Bank Plc, having joined in April 2018. He is a member of the Board Credit Committee, Board Risk Management Committee, amongst others. 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.

Mr. Abdulqadir 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, Mr. Abdulqadir 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).

Mr. Abdulqadir 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.

Mr. Alaba Williams
Company Secretary

Mr. Alaba Williams is the Company Secretary. He boasts of over 27 years of experience in the banking sector. He started his working career with a stint at The Chartered Institute of Bankers of Nigeria (CIBN) early 1992 with the Institute's Consultancy Department and later in the same year joined Eko International Bank Plc (Now Polaris Bank) as a Legal Officer where he rose to the position of Head of Documentation Unit. He thereafter joined Societe Bancaire Nigeria Limited (Merchant Bankers) in 2001 as Head, Legal Services and was later appointed as Company Secretary/ Legal Adviser, the position he held until the Bank merged to form Unity Bank Plc in 2005.

Prior to his current role, Mr. Williams was the pioneer Head, Legal Services Department of Unity Bank in 2006 and was an integral part of the team that ensured a successful merger of the nine Banks that formed Unity Bank Plc. At various times, he was appointed as Head, Debt Recovery Department, Head, Human Resources Management Department and again as Head, Legal Services Department. He was appointed the Directorate Head, Company Secretary & Legal Services with effect from January 1, 2020.

He holds a Bachelor of Laws from Lagos State University (1989) and was called to the Nigerian Bar in 1990. He obtained his Master's in Business Administration (MBA) from the Federal University of Technology, Akure (2001). He is also a member of The Nigerian Bar Association and a Full member of The Chartered Institute of Personnel Management of Nigeria (CIPM).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...Succeeding Together
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DO MORE WITH UNIFI
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Corporate **Information**

Directors	Aminu Babangida	-	Chairman
	Tomi Somefun	-	MD/CEO
	Oluwafunsho Obasanjo	-	Non Executive Director
	Sam N. Okagbue, FCArb	-	Non Executive Director *(Independent)*
	Hafiz Mohammed Bashir	-	Non Executive Director
	Yabawa Lawan Wabi, mni	-	Non Executive Director
	Temisan Tuedor	-	Executive Director
	Ebenezer A. Kolawole	-	Executive Director
	Usman Abdulqadir	-	Executive Director
Company Secretary	Alaba Williams		
Registered Office	Unity Bank Plc Plot 42, Ahmed Onibudo Street Victoria Island Lagos		
Independent Auditor	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island Lagos www.kpmg.com/ng		
Tax Advisors	Ijewere & Co (Chartered Tax Advisory) Itoya House, 126 Lewis Street P. O Box 8713 Lagos, Nigeria FRC/2015/ICAN/00000011189		
Registrar & Transfer Office	Unity Registrars Limited 25, Ogunlana Drive Surulere Lagos		
Bank's Registered Number	94524		
Bank's Tax Identification Number	00797699-0001		
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 & MANAGEMENT

Aminu Babangida
Chairman

Introduction

Distinguished shareholders and invited guests, it is my pleasure once again to welcome you on behalf of the Board of Directors and Management to the 16th Annual General Meeting of our Bank.

While writing down my thoughts for this statement, I reflected on the critical events that characterized our business landscape in 2021 and how we coped with the various challenges that were thrown up in the year. To this end, I would like to briefly review the different interplays within the global and local economy before highlighting the Bank's performance.

Chairman's Statement

2021 GLOBAL PERSPECTIVE

The year 2021 started on a positive note as national governments, global firms in finance, logistics, hospitality, and tourism industries began to re-open for business amidst rising economic optimism after a challenging 2020 that was plagued by economic shutdown on the back of the COVID-19 pandemic.

Although there was relative calm and general improvement in business and economic activities globally despite the resurgence of COVID-19 pandemic in the later part of the year. The resurgence of COVID-19 created renewed panic as variants of the virus surfaced, exacerbating the challenges of rising inflation, debt and income inequality that could endanger the economic recovery being recorded in emerging and developing economies.

In the global financial markets, stock prices largely maintained a strong post-lockdown recovery, while investors continued to maintain a sizeable hedge in precious stones, particularly gold, possibly to limit the impact of a resurgence of the pandemic as infection rates continued to rise. Generally, financial markets remained moderately bullish, indicating that investors dealt cautiously in the market in view of prevailing uncertainties.

The rapid spread of the Delta and Omicron variant in late 2021, in addition to the weak distribution of vaccines to developing economies, indicated that the pandemic will likely continue to disrupt economic activity in the immediate term before the Russia's invasion of Ukraine took the headlines and became the major driver of economic difficulties and international business disruptions across different continents early in the year.

2021 DOMESTIC DEVELOPMENTS

Nigeria's gross domestic product (GDP) grew by 3.4% in 2021, the strongest since 2014, indicating a recovery from the

Despite the moderate improvement in the economy and business activities, Nigeria's galloping inflationary pressure from 2020, mirroring the global trend, extended into 2021, with headline inflation surging to 18.17% in March 2021, representing the highest year-on-year inflation rate since January 2017 level.

two quarters of consecutive contractions recorded in the previous year. The significant growth recorded in the year was attributed to the performance of the non-oil sector, with electricity, water supply, transport & storage, finance, trade and telecommunications sectors of the economy showcasing strong performances and growth of 27.6%, 18.3%, 16.3%, 10.1%, 8.6%, 7.3% respectively.

Despite the moderate improvement in the economy and business activities, Nigeria's galloping inflationary pressure from 2020, mirroring the global trend, extended into 2021, with headline inflation surging to 18.17% in March 2021, representing the highest year-on-year inflation rate since January 2017 level. With monitoring and effective monetary management, the rate moderated to 15.63% by the end of 2021. Inflationary pressure in 2021 was attributed to the surge in medical services, transport costs, as well as continuous disruption in the food supply chain locally and internationally.

Nigeria's foreign trade balance worsened in 2021, prompted by a significant increase in import bill, especially in the Q3. According to statistics from the National Bureau of Statistics (NBS), Nigeria's import bill surged by over 50% year-on-year to N8.15 trillion as at Q3 2021, representing the highest on record. Unfortunately, Nigeria's export revenue has been below adequate, due to the inability to meet oil production quota, activities of pipeline vandals and crude theft, and the country's dependence on extractive export. This further piled pressure on the exchange rate as the Investors and Exporters (I&E) window depreciated by 6.03% to close the year at N435/$1 while the parallel market depreciated by 22.8% to close at N565/$1 in December 2021.

In a bid to (1) implement 2021 budget and (2) reduce the pressure on naira, the Federal Government increased foreign borrowings by 15% to $38.3 billion in 2021, the major being the securing of $4 million Eurobond in the international debt market. The significant rise in foreign debt stock assisted the external reserve to gain $5.15 billion in 2021 to close with $40.52 billion as at 30th December 2021 from $35.37 billion recorded at the beginning of the year. The situation with the external reserve and balance of payment could have been much better had foreign investment (portfolio and direct) increased significantly in the year. According to capital importation statistics of NBS, Nigeria recorded foreign portfolio investments of $551 million and direct investments of $77.97 million between Q4 2020 and Q2 2021, both significantly lower compared to pre-pandemic levels.

The Nigerian stock market recorded marginal gain of 6.07% in 2021, a performance that is relatively weak compared to the previous year's performance of 50%. The market posted a bearish performance in the first half of the year owing to the weak sentiment for investment amid worries over covid-19 pandemic and the absence of much portfolio investors. The bullish performance in H2 2021 eventually swallowed up the negative performance.

The monetary policy committee voted to keep MPR at 11.5%, liquidity ratio at 30%, and CRR at 27.5% throughout the year in a bid to ensure economic resilience and growth. The federal government also increased fiscal spending through budget implementation and borrowings to spur growth amidst fragile fundamentals. We expect to see this trend and relationship in the monetary and fiscal outlook for 2022 as we gradually move into an electioneering season.

OUR BUSINESS FOOTPRINTS IN 2021

Dear stakeholder, many of the identified indices above challenged our business operations. However, our institution, its management and board were resolute in deliberately taming cost, growing assets, and business footprints, and ultimately posting a decent profit despite capital limitation. The delivery of N3.8 billion increase in gross earnings, the maintenance of 8% growth in operating expenses (well below inflation rate), and the growth of 50% in profitability (PBT) is a testament to the willpower of your board and management to succeed against all odds. The Managing Director will provide further insights into the financial performance of the Bank, while I inundate you with the support system that we (as the board of directors) have put in place to strengthen the impressive effort of the Executive Management and drive for business growth.

Board Agility and Strategy Oversight

Ladies and gentlemen, in 2021, the Board of Directors mainly directed its oversight role to ensure that the business focus of the Bank is strengthened and further developed in an agile and sustainable manner. As part of our commitment to this, we ensured that members of the Board of Directors were willing and able to embrace new digital technologies, opportunities and trends which were presented by Covid-19 pandemic. In 2021, the Board maximized virtual opportunities to meet even at short notices to review, guide or approve proposals from management without any delay.

The Board committed itself to strong governance practices and strategic planning in the year. The development of corporate strategy, and its successful execution, is a key determinant of the value we deliver to all stakeholders of the Bank. All Board sessions in the last few years were dedicated to the review of the strategic drivers and the fundamental initiatives undertaken at management level.

The strategic focus of the Bank in 2021 was important to the Board, being the penultimate year to the end of the current strategy planning and implementation horizon. We acknowledge that a few initiatives that were capital dependent were feebly implemented. The Bank was however bold to pursue key programs that drove value to customers, optimized our product offerings and improved our internal efficiency.

Distinguished ladies and gentlemen, I am aware a few questions might be on your mind regarding our recapitalization program. Although the fundamentals of the economy in the last few years have weakened the funding base of the capital market and system, which inadvertently affected our projected timeline. However, we are resolved, given the current discussions with prospective investors and the support/guide from regulators, to deliver in the shortest possible time.

Delightedly, our continuous engagement with the management over the Bank's corporate strategy and its implementation further influenced the business pursuit of this great institution and the results that we are presenting today. As 2022 goes by, we are further resolved to work with the Executive Management to revitalize the vision and mission of the Bank as well as create the direction on which the new strategic planning horizon/ cycle and business focus will be anchored. By this also, we are, today, making commitment to you that we will dedicate the next few years to innovation, business sustainability, cultural improvement, and channel optimization and efficiency.

Support for National Growth

Our Bank has built a reputation for aligning its business pursuits with the growth agenda of the country. In the year under review, we have committed so much of our business footprints, resources and funds to further institutionalize the agricultural policies and initiatives of the Federal Government and the CBN. We are glad about our support to agri-penuers across the agricultural value chain during the year 2021. In recognition of our effort and pedigree, our Bank won 'The Best Bank in Agric Support', adding more to our trophy cabinet in the agric-space.

Besides, the Bank undertook the initiatives to promote the growth of small businesses

CHAIRMAN'S STATEMENT

and particularly address the funding and seed capital need of young entrepreneurs across the country through our *Corprenuership Initiative*. This also earned the Bank the honour of the award of "Icon for Youth Empowerment". In support of women in small businesses and their financial empowerment, the Bank launched its first Woman Empowerment Initiative - The *Yanga Account* during the year and has been well received and embraced nationally.

Our Bank is willing to do more to support a systemic transformation in education and literacy, women and youth empowerment, local content considering that it is cardinal to our approach to business sustainability and vision for the future.

OUR BUSINESS OUTLOOK

The prospect for the future I must say is bright. As I have mentioned earlier, 2022 is a defining year as we work with the management to articulate our business direction and service vision for the next few years.

Unity Bank will certainly pursue a two-pronged strategy that is hinged on incremental gains in business-as-usual banking through deliberate push for business growth and resource optimization, and the expansion of innovative customer-led offerings especially in the retail and SME space. With the disruption in the FinTech space, the competitive landscape has opened opportunities beyond the limit of size. Consequently, we will continue to reinforce our investment in technology to drive innovation and cutting-edge solutions to our teeming customers.

We are aware of the negative impact of persisting inflationary pressure, high turnover, security challenges on employee welfare and conditions across the industry. The board of directors, working with executive management, will prioritize employee welfare and general well-being in 2022 to ensure that the workforce that has delivered value in 2021 is active and motivated to do better going forward.

As we look beyond challenges and achievements of 2021, we are cautiously optimistic for a favorable operating environment globally and locally. We therefore will not give anything to chance. Our approaches to business and projects will be deliberate and our enterprise risk management system will be driven by intelligence.

CONCLUSION

Distinguished shareholders, ladies, and gentlemen, I am proud of what the Bank stands for and how the Bank has continued to strive despite the challenges associated with the operating environment. I therefore appreciate the management and employees for their dedication, integrity, hard work, professional discipline, and unalloyed commitment to growth and value delivery.

I also would like to commend my colleagues on the Board for creating quality time out of their busy schedules to ensure that their experiences and support for the growth of the Bank counted positively for the performance of the Bank during the year.

On behalf of the Board, management, and employees of Unity Bank, I wish to sincerely appreciate our faithful shareholders and loyal customers, who have remained passionate and confident in the Bank. You remain the reason we are in business.

Finally, permit me to give you the assurance that Unity Bank will continue to build on the foundation of integrity, strong governance, accountability, and professionalism. We will further challenge ourselves for improved performance in 2022 and beyond.

Thank you for coming.

Aminu Babangida
Chairman, Board of Directors
FRC/2018/IODN/00000018507

With my bank, I succeed in

Agribusiness

Unity Bank has got you covered as the Bank is committed to the entire **Agribusiness** value chain financing:

- Aggregation
- Processing
- Input Supply
- Tractors/ Implements
- Storage and Logistic
- Distribution and Retail
- Crop production
- Livestock Production

For enquiries, reach out to us **07057323228** or send an email to **Agricbusiness@unitybankng.com**

Sign up to upgrade your **Agribusiness**

Tomi Somefun
Managing Director / CEO

Introduction

Esteemed shareholders, customers, other stakeholders present, gentlemen of the press, invited guests and members of the public, I welcome you all to the 16th Annual General Meeting of Unity Bank Plc.

The 2021 financial year was a year of resilient recovery and transformation post COVID-19. The Bank experienced a faster than expected recovery from the disruptions experienced and adopted various strategies to expand its retail footprint through diverse product offerings that appealed to a broader segment of the market.Adapting to the 'new normal' created various opportunities for the continuous digitization and adoption of technology than ever before. We recorded significant improvement on our earnings and deepened our market share.

Global and Domestic Macroeconomic Environment

According to the International Monetary Fund (IFM), global economy expanded by 5.5% in spite of various headwinds occasioned by the discovery of the omicron variant of COVID-19, lingering supply-chain and rising inflationary pressure. The robust recovery during the year was driven by strong consumer spending and some uptake in investment, with trade in goods surpassing pre-pandemic levels. However, the heightened geopolitical tensions associated with the recent Russia-Ukraine crisis has created a new wave of uncertainty and shock (elevated interest rate, supply chain disruption and inflationary pressure) to global growth projections.

Managing Director's Statement

On the domestic front, as indicated by the National Bureau of Statistics (NBS), the economy sustained its growth trajectory in 2021 as real Gross Domestic Product (GDP) grew by 3.98% (year-on-year) in real terms in the fourth quarter of 2021, showing a sustained positive growth for the fifth quarter since the recession witnessed in 2020 when output contracted by -6.10% and -3.62% in Q2 and Q3 of 2020 under the Covid pandemic. The fourth quarter growth indicates a steady economic recovery accounting for an annual growth of 3.40% in 2021. The recorded growth was occasioned by rise in aggregate demand and upswing in business activities.

Inflation rate continued to moderate for seven consecutive months, as it declined from 18.17% in March 2021 to 15.92% in November 2021. Current account deficit narrowed significantly, from a huge deficit of 4.53% of GDP in the 4th quarter of 2020 to negative 0.44% of GDP in the 2nd quarter of 2021 due to a surplus position in the goods account. External reserves stand at over $41.4bn which is enough to support 9 months of imports. The naira has remained largely stable around N411/US$1 at the I&E window particularly since the discontinuation of FX allocation to Bureau De Change operators along with the convergence between the CBN and NAFEX rates. Average daily FX turnover at the I&E window is now over $250million, up from $40million in April 2020. The All-Share Index (ASI) and Market Capitalization (MC) closed at 42,716.44 and N22.30 trillion respectively on December 31, 2021. Other socioeconomic indicators remained weak, income inequality widened, unemployment rate increased, purchasing power deteriorated and the level of insecurity heightened.

Summary of Business Performance

The resilient recovery the Bank experienced was evident in its declaration of profit and growth in assets during the financial year. The Bank recorded a Profit Before Tax of N3.33 billion in the financial year ended December 2021, indicating a 49.9% increase from N2.22 billion recorded in 2020. Similarly, a review of the Banks' 2021 full-year result filed with the Nigeria Exchange Group showed a significant

improvement in the bottom line as Profit After Tax rose by 52.1% to N3.17 billion from N2.09 recorded in the corresponding period of 2021.

During the financial year, the Bank also grew its gross earnings, rising by 8.1% to N50.28 billion from N46.52 billion in 2021. This comes on the heel of a faster than expected recovery from the disruptions of the COVID-19 pandemic, which provided an opportunity for the Bank to expand its retail footprint through strategic product offerings that appealed to broader segments of the market. Another key highlight is the growth of assets, which rose by 9.5% to close at N538.87 billion from N482.02 billion in 2020, cumulating three years of consecutive high growth. Equally, the Bank grew its assets by 39% and 67.9% in 2019 and 2020 respectively to see a rebound with an even greater resurgence in the Bank's profitability for two successive years.

Also, in 2021, the Bank grew its loan portfolio significantly, increasing by 33.2% to N269.27 billion from N202.08 billion, following the aggressive focus on boosting its liquid assets base. Another top-line performance of the audited financial statements recorded was growth in the lender's net operating income, which rose to N28.41 billion from N21.3 billion in the corresponding period of 2020, representing a 10.9% increase. This is even as the net interest income recorded a significant jump of 12.2% to N20.05 billion from N17.74 billion in the corresponding period of 2020. Earnings per Share closed at 27.15 Kobo.

The Bank's trajectory of healthy balance sheet growth, asset quality and profitability were achieved on the back of deft diversification of the Bank's earnings base that balances out fairly in asset creation, investments and trade activities and riding on the innovative customer-centric product offerings for both the retail and consumer segments of the market. The increased focus of the Bank on growing its retail footprints is supported by significant investment being made in technology to expand its digital banking space, the growing contribution of the channels and platforms delivery will further boost the multiple streams of income in the coming years. Likewise, the Bank's growing profile in Agribusiness placed it on a pedestal that enables it to attract significant value chain businesses for the continuous growth of its Retail and SME Banking whilst the Bank consistently deployed product development/marketing initiatives to further grow the brand franchise, maximize the benefits and boost retail growth to double digits".

Business Touchpoints

Empowering women through access to finance is a mandate of the Nigerian Sustainable Banking Principles and one of the Bank's sustainability focus. To this end, the Bank launched a women-centric retail savings account targeted at empowering women-owned SMEs to drive financial inclusion by offering micro-lending solutions, inclusive micro-insurance cover, periodic financial training, debit card and target savings options. This retail product focuses on low-income and rural entrepreneurs, women traders, market women and other women associations. To deepen penetration of the product, veteran Nollywood actress, Sola Sobowale was unveiled as Mama Yanga, the Bank's brand ambassador, charged with working with the Bank's team to create engaging content for the target market.

The Bank upgraded its mobile application, Unifi 2.0. This upgrade involved the improvement on old features, the addition of new features and an increase in platform security. The new platform provides a renewed user experience, added self-service options, innovative payment methods, and enhanced security. Other IT infrastructure in the Bank was also upgraded to enhance the efficiency and security.

The Bank received the 2021 award of *"Icon of Youth Empowerment"* in recognition of its contribution to the growth of entrepreneurship among Nigerian youth through the National Youth Service Corps (NYSC) Corpreneurship initiative which provides grants for corps entrepreneurs. The Bank also retained its niche in the Agric business as we won the "Best Bank in Agric Support".

Sustainability for Growth

The Bank continues to champion its sustainability initiatives by carrying out its business in a way that is environmentally and socially conscious. We continue to work in line with the Nigerian Sustainable Banking Principles (NSBP) to develop a profitable yet sustainable economic growth in the banking sector. We continually aim at integrating environmental and social policies into decision making processes and how we run our business on day-to-day basis.

Women Empowerment

As a sustainable Bank, we are committed to promoting an inclusive workplace culture through policies and initiatives that support the leadership development of female employees at all levels of the organization. The Bank's Executive management encouraged female staff through participation in both internal and external leadership events and engagement in a women-focused network. The staff maternity leave policy was also reviewed to meet industry standards, facilitating full payment of maternity leave allowance to all-female staff who have worked for a minimum of six (6) months in the organization as opposed to the previous twenty-four months (24) requirement. In celebration of International Women's Day, the Bank supported the Girl Child Concern (GCC) – a Non-Governmental Organisation centre to rehabilitate young girls affected by the insurgency and support the growth of young girls.

Network of Entrepreneurial Women (NECA) is an organization which encourages women in local and international businesses whilst nurturing entrepreneurship amongst others. The Octoberfest meeting was a forum to enlighten women on different aspects of women's health and it provided opportunities to showcase their products and services. The Bank supported the programme to promote and empower the female gender.

Environmental Management

The Bank continuously enforce strict paper management with the use of E-signature to reduce paper usage and waste during documentation and approval processes. We also use a printer allocation and count system to ensure paper management across head office departments and functions. To buttress our continuous drive towards environmental sustainability, Unity Bank partners with various recycling firms to ensure our waste is disposed of in a sustainable manner.

In celebration of the 2021 Earth Day, the Bank partnered with Kids Beach Garden to organize a beach cleanup as part of activities marking Earth Day; an annual event observed globally on the 22nd of April to draw attention to climate change and promote healthier practices to reduce pollution in the world. The clean-up was therefore aimed at enhancing sensitization of staff and promoting community action for environmental protection.

During the year, the Bank held capacity-building initiatives and internal sensitizations to focus on promoting business practices that reduced the generation of non-biodegradable waste, improved its treatment through effective recycling, low carbon emissions, etc, that impacts the environment.

Education and Development

In a bid to provide "Quality Education" (SDG 4) for the underserved and disadvantaged, the Bank supported Do-Estdot International school, a special needs school located in Lagos state with the aim of providing equal education services for pre-school, primary, secondary for children with special needs. The Bank supported the school to provide facilities; expand the school structure, and provide advanced learning resources, needed to improve the standard of learning and create a more conducive learning environment for the students.

The Bank also partnered Ocean Ambassadors Foundation - a catch-them-young bottom-top approach Non-Governmental Organization determined to close the gender gap in the

MANAGING DIRECTOR'S STATEMENT

Advanced Technology (ICT), Maritime, Transportation, logistics and Supply chain sector in Nigeria. With the support provided by the Bank, the foundation was able to empower 3,000 secondary school girls in the capacity building initiative. This intervention underscores the importance of training the girl-child to participate actively in the relevant sectors.

The Bank visited and facilitated financial literacy Training at Eminent Academy in Ado-Ekiti, Ekiti state. The financial literacy training was carried out in a bid to boost financial education, savings culture and investment amongst young students. Over the years, the Bank has consistently provided financial literacy programs to schools, but these initiatives are even more important as the Central Bank of Nigeria and other stakeholders have worked out the framework as part of financial inclusion strategy designed to target secondary schools across the federation.

Health and Wellbeing

In our efforts toward achieving the Sustainable Development Goals (SDG) 3: health and well-being for all at every stage of life, the Bank supported the Borno State Contributory Healthcare Management Agency (BOSCHMA), an initiative with a mandate to provide quality and affordable healthcare services to residents of Borno State. The goal of the intervention was to support and boost the facility of the Agency to enhance accessibility and affordability of healthcare by beneficiaries. The Bank in partnership with various organizations facilitated the refurbishment of the Anti-Robbery Unit office at Maroko police station. The Maroko police station is one of the 107 police divisions in Lagos state which has been responsible for the security and protection of residents in the environs. The refurbishment helped to provide a more conducive working environment for the police officers to perform efficiently and increase the well-being of residents in the surrounding communities.

Human Resources

We achieved a 90% training target for all Staff in the financial year. The training was conducted to boost customer service experience and instill the customer-centric mindset in Staff, equip the Market facing staff with efficient and effective training that would impact positively on the business of the Bank, enlighten Staff on the dangers of phishing and to avoid any suspicious transactions and fraud prevention, create uniformity in their work process and knowledge skills and attitude (KSA) of Staff in other to improve Staff and organization productivity and efficiency. 88% of our workforce were within the entry to middle management in line with our strategy of a mix of young officers and experienced hires that fit the culture of the Bank.

Looking Forward

The Bank continues to strive toward achieving its vision of being the Retail Bank of Choice and our strategic priorities are tailored toward realizing this. We believe innovation is vital to respond to customer needs and to remain competitive in the market. Technology innovation through optimization and upgrade of our platform, product innovation through the creation of customer-driven offerings, process innovation through operational efficiency and people innovation through attraction and development of key human resources.

We will continue to be more efficient and cost-effective in delivering our products and services. Achieving efficiency will enable revenue generation and improve the value provided to our customers. A major way we will target this is by reducing service downtime across all our channels to improve customer experience. We will also deploy data analytics in targeting our customers to provide personalized products.

We will continue to improve our brand identity through partnership and investment in initiatives that will develop the Bank. We will also continue to recruit young vibrant professionals and empower staff through training and development and ensure more staff rotation and strategic placements across functions.

Thank you all for your attention.

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


My Levels Don Change With
Yanga
Account
unity
bank
...Succeeding Together.
SAVINGS & INVESTEMENT
CUSTOMIZED DEBIT CARD
CAPACITY BUILDING SEMINARS
DEDICATED SALES AGENTS
Open Yanga Account and Enjoy...
07080666000 | 01-2803010 | 07057323225-30 | 08099152315
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Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report on the affairs of Unity Bank Plc ("the Bank") together with the financial statements and Independent Auditor's report for the year ended 31 December 2021.

a. Representation

The Board of Directors represents all shareholders and acts in the best interest of the Bank. Each Director represents the Bank'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 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 its name to Unity Bank Plc on 30th December, 2005 and its 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 is contained in the Managing Director's report that will be presented in the annual report.

e. Property and equipment

Information relating to the changes in property and equipment of the Bank during the year is provided in note 21 of the financial statement. In the opinion of the Directors, the fair value of the Bank's property and equipment is not less than the value shown in the accounts and are in line with the related statement of accounting policy of the Bank.

f. Operating results

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

	Dec-21 N'000	Dec-20 N'000
Gross earnings	50,284,345	46,526,320
Profit before tax	3,332,134	2,223,194
Minimum tax expense	(124,264)	(114,678)
Income tax expense	(34,616)	(22,123)
Profit after tax	**3,173,254**	**2,086,393**
Profit attributable to shareholders	3,173,254	2,086,393
Earnings per share		
Basic and diluted earnings per share (Kobo)	27.15	17.85

g. Dividends
The Bank did not declare any dividend during the year (2020: Nil)

h. Director's shareholding
The Directors who held office during the year, 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 section 301 of the Companies and Allied Matters Act 2020 and the listing requirements of the Nigerian Stock Exchange are as stated below:

Directors holdings	31-Dec-2021			31-Dec-2020		
Name of Directors	Direct Holdings	Indirect Holdings	%	Direct Holdings	Indirect Holdings	%
Aminu Babangida[1]	NIL	648,472,967	5.54%	NIL	648,472,967	5.54%
Oluwafunsho Obasanjo[2]	NIL	926,104,410	7.92%	NIL	926,104,410	7.92%
Hafiz Mohammed Bashir	510,000	NIL	-	510,000	NIL	-
Sam N. Okagbue	NIL	NIL	-	NIL	NIL	-
Yabawa Lawan Wabi[3]	NIL	4,000,845,460	34.22%	NIL	4,002,702,685	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 (AMCON)

i. Directors interest in contracts
For the purpose of section 303 of the Companies and Allied Matters Act 2020, all contracts with related parties during the year were conducted at arm's length.

Information relating to related parties transactions are contained in Note 48 to the financial statements.

j. Shareholding analysis
The shareholding pattern of the Bank as at 31 December 2021 is as stated below:

Range	No of Shareholders	Unit
1 - 9999	55,690	56,092,561
10000 - 50000	14,552	100,429,708
50001 - 100000	3,706	70,468,245
100001 - 500000	3,753	178,165,463
500001 - 1000000	1,120	84,455,144
1000001 - 50000000	72	145,871,225
50000000 - 100000000	16	120,526,859
100000001 - 500000000	48	2,546,550,410
500000001 - 1000000000	3	1,852,359,484
1000000001 - 5000000000	3	6,534,418,843
TOTAL	**78,963**	**11,689,337,942**

The shareholding pattern of the Bank as at 31 December 2020 is as stated below:

Range	No of Shareholders	Unit
1 - 9999	56,610	56,092,561
10000 - 50000	14,622	100,429,708
50001 - 100000	3,948	70,468,245
100001 - 500000	3,857	178,165,463
500001 - 1000000	1,120	84,455,144
1000001 - 50000000	72	145,871,225
50000000 - 100000000	16	120,526,859
100000001 - 500000000	48	2,546,550,410
500000001 - 1000000000	3	1,852,359,484
1000000001 - 5000000000	3	6,534,418,843
TOTAL	**80,299**	**11,689,337,942**

k. Substantial interest in shares
According to the register of members as at 31 December 2021, 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 (Amcon)	4,000,845,460	34.22%
Panafrican Capital Nominee	1,480,614,483	12.67%
Lighthouse Capital Limited	1,053,199,290	9.01%
Ibad Limited	717,722,190	6.14%
El-Amin (Nig.) Ltd	615,889,636	5.27%
TOTAL	**7,868,271,059**	**67.31%**

According to the register of members as at 31 December 2020, 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 (Amcon)	4,002,702,685	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	**7,869,733,184**	**67.33%**

l. Acquisition of own shares
The Bank did not purchase its own shares during the year (2020: Nil).

m. Corporate Social Responsibility (CSR)
For the period ended 31 December 2021, the Bank expended the sum of N658.95 million, (December 2020 – N144.95 million) 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:

The schedule of the CSR as at 31th December 2021 is as stated below:

SN	Details of expenditure	Category	Amount (N'000)
1	POLICE EQUIPMENT FUNDS	Community Intervention	500,000
2	NIGERIAN POLICE - RENOVATIONS	Community Intervention	79,828
3	CHARTERED INSTITUITE OF BANKERS (CIBN)	Professional Development	40,000
4	KWARA STATE UNIVERSAL BASIC EDUCATION	Education	16,125
5	LAGOS STATE ECONOMIC SUMMIT	Education	10,000
6	LOCAL GOVERNMENT STAFF PENSIONS BOARD TRAINING	Training	10,000
7	DO-ESTDOT INTERNATIONAL SCHOOL	Education	2,000
8	GIRLS CHILD CONCERN ACADEMY	Education	1,000
	TOTAL		**658,953**

The schedule of the CSR as at 31st December 2020 is as stated below:

SN	Details of expenditure	Category	Amount (N'000)
1	OYO STATE GOVERNMENT	Health	10,000
2	ONDO STATE GOVERNMENT	Health	10,000
3	JIGAWA STATE GOVERNMENT - COVID-19 SUPPORT	Health	3,000
4	FEDERAL MINISTRY OF HEALTH - COVID-19 INTERVENTION	Health	100,000
5	TANGLANG PRIMARY SCHOOL GOMBE	Education	1,000
6	NIGERIAN CHAMBER OF COMMERCE	Professional Development	500
7	LOCAL GOVERNMENT STAFF PENSIONS BOARD TRAINING	Training	10,000
8	ASSBIFI LOCAL INTERVENTION PROGRAM	Professional Development	2,500
9	CHARTERED INSTITUITE OF BANKERS (CIBN)	Professional Development	2,500
10	MULTIPLE STATES BOREHOLE PROJECT	Community Intervention	5,454
	TOTAL		**144,954**

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 2021		31 DECEMBER 2020	
Employees	**Number**	**Percentage**	**Number**	**Percentage**
Male	1007	62%	986	62%
Female	625	38%	609	38%
	1,632	**100%**	**1,595**	**100%**

(b). Analysis of Board and top management staff

i. Board members (Executive and non-executive Directors)

	31 DECEMBER 2021		31 DECEMBER 2020	
Employees	**Number**	**Percentage**	**Number**	**Percentage**
Male	6	67%	6	67%
Female	3	33%	3	33%
	9	**100%**	**9**	**100%**

ii. Top Management staff (AGM-GM)

	31 DECEMBER 2021		31 DECEMBER 2020	
Employees	**Number**	**Percentage**	**Number**	**Percentage**
Male	15	88%	15	88%
Female	2	12%	2	12%
	17	**100%**	**17**	**12%**

(c). Further analysis of Board and top management staff

	31 DECEMBER 2021					
	Male		**Female**		**Total**	
Assistant General Managers	3	75%	1	25%	4	100%
Deputy General Managers	9	90%	1	10%	10	100%
General Managers	3	100%	0	0%	3	100%
Board Members (NEDs))	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%
	21		**5**		**26**	

	31 DECEMBER 2020					
	Male		**Female**		**Total**	
Assistant General Managers	3	75%	1	25%	4	100%
Deputy General Managers	9	90%	1	10%	10	100%
General Managers	3	100%	0	0%	3	100%
Board Members (NEDs))	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%
	21		**5**		**26**	

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 Bank'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 transportations, 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 Bank'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. There are equally complemented Formal and informal channels 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 (CAMA) 2020, the Bank has in place a Statutory Audit Committee comprising two (2) Non-Executive Directors and three representatives of Shareholders as follows:

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

q. Disclosure of customer complaints in financial statements for the period ended 31 December 2021.

	NUMBER		AMOUNT CLAIMED		AMOUNT REFUNDED	
			(N'000)	(N'000)	(N'000)	(N'000)
	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020	31 DEC 2021	31 DEC 2020
Pending complaints brought forward	5	6	2,556,364	1,173,568		-
Received complaints	77,467	64,584	7,529,193	2,150,311		-
Resolved complaints	77,465	64,585	7,360,896	767,515	583,082	391,801
Complaints carried forward	7	5	2,724,660	2,556,364		-

There were no complaints received and resolved by the Bank in other currencies for the year ended 31 December 2021 (2020: Nil).

r. Events after the reporting date

There are no events after the reporting date, which could have material effect on the financial position of the Bank as at 31st December 2021 and the profit and other comprehensive income for the period ended at that date.

s. Auditors

Messers KPMG professional services having satisfied the relevant corporate governance rules on their tenor in office, have indicated their willingness to continue in office as auditors to the Bank in accordance with section 401 of the Companies and Allied Matters Act of Nigeria 2020. A resolution will be proposed at the Annual General Meeting to authorise the directors to determine their remuneration.

BY ORDER OF THE BOARD

Alaba Williams
FRC/2020/002/00000020510
Company Secretary

Unity Bank Tower
Plot 42, Ahmed Onibudo Street
Victoria Island, Lagos.
Dated this 30th day of March 2022.


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your friendly bank for
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CORPORATE GOVERNANCE REPORT

Statement of **Corporate Responsibility**

FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Managing Director/CEO and Chief Financial Officer, hereby certify the financial statements of Unity Bank Plc for the year ended 31 December 2021 as follows:

a) That we have reviewed the audited financial statements of the Company for the year ended 31 December 2021.

b) That the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.

c) That the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the year ended 31 December 2021.

d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to Unity Bank Plc is made known to the officer by other officers of the companies, during the year ended 31 December 2021.

e) That we have evaluated the effectiveness of the Bank's internal controls within 90 days prior to the date of audited financial statements, and certify that the Bank's internal controls are effective as of that date.

f) That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.

g) That we have disclosed the following information to the Bank's Auditors and Audit Committee:

(i) there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Bank's ability to record, process, summarise and report financial data, and have identified for the Bank's auditors any material weaknesses in internal controls, and

(ii) there is no fraud that involves management or other employees who have a significant role in the Bank's internal control.

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

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

COMPLIANCE STATUS

In the opinion of the Board of Directors, during the year under review, the Bank complied with the following Codes of Corporate Governance:

a. The Central Bank of Nigeria (CBN) issued Code of Corporate Governance for Banks and Discount Houses in Nigeria 2014.

b. The Securities and Exchange Commission (SEC) issued Code of Corporate Governance for public companies.

c. The National Code of Corporate Governance for Public Companies which became effective in January 2019.

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 and Exchange Commission and the Bank's statutory auditors.

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 8.28% as at 31 December 2021.

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 2021 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 *FCArb.*	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 A. 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 and 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;
- 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
- 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, Two (2) Executive Directors and the MD/CEO as follows:

1)	Sam N. Okagbue, *FCArb.* (Independent Director)	Chairman
2)	Oluwafunsho Obasanjo (Non-Executive Director)	Member
3)	Yabawa Lawan Wabi, mni (Non-Executive Director)	Member
4)	Hafiz Mohammed Bashir (Non-Executive Director)	Member
5)	Managing Director/CEO	Member
6)	ED, Risk Management & Compliance	Member
7)	ED, Finance & Operations	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 N750 Million to N1 Billion for fund based facilities and from N1.5 Billion to N2 Billion for non fund facilities. The following are its terms of reference:

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:

1.	Oluwafunsho Obasanjo (Non Executive Director)	Chairperson
2.	Sam N. Okagbue, *FCArb.* (Independent Director)	Member
3.	Yabawa Lawan Wabi, mni (Non Executive Director)	Member
4.	Hafiz Mohammed Bashir (Non Executive Director)	Member
5.	Managing Director/CEO	Member
6.	ED, Risk Management & Compliance	Member
7.	ED, North Bank & Franchise Business	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:

1	Hafiz Mohammed Bashir	Chairman
2	Oluwafunsho Obasanjo	Member
3	Sam N. Okagbue, *FCArb.*	Member
4	Yabawa Lawan Wabi, *mni*	Member
5	Managing Director/CEO	Member
6	ED, Finance & Operations	Member
7	North Bank & Franchise Business	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 and perquisites 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 and 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
- To make recommendations on experience required by Board Committee Members, Committee Appointments and 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 comprises 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:

1. Yabawa Lawan Wabi, mni	Chairperson
2. Oluwafunsho Obasanjo	Member
3. Sam N. Okagbue, *FCArb.*	Member
4. Hafiz Mohammed Bashir	Member

STATUTORY AUDIT COMMITTEE
The Statutory audit committee has over sight functions over the Bank's internal control systems, financial reporting, disclosure policies and practices.

This comprise of three (3) Shareholders representatives and two (2) Board Members not exceeding five (5). The function of the committee is to ensure:

- 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 with the external auditor and Management, 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 five (5) members made up of three (3) Shareholders representative and two (2) Non-Executive Directors

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, *FCArb.* (Independent 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 33c 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, 2021 to December 31, 2021.

BOARD MEETING DATES AND ATTENDANCE OF DIRECTORS FOR 2021:

	Board	Board Credit Committee	Board Risk Management & Audit Committee	Board Governance & Nomination Committee	Statutory Audit Committee	Board Finance & General Purpose Committee
Date of meetings	23/02/2021 27/05/2021 05/07/2021 13/08/2021 19/11/2021	18/02/2021 25/05/2021 10/08/2021 16/11/2021	17/02/2021 24/03/2021 24/05/2021 09/08/2021 15/11/2021 23/11/2021	18/02/2021 28/04/2021 24/05/2021 09/08/2021 15/11/2021	08/02/2021 24/03/2021 10/05/2021 02/08/2021 08/11/2021 23/11/2021	19/02/2021 26/05/2021 11/08/2021 17/11/2021
Number of Meetings	5	4	6	5	6	4
Mr. Aminu Babangida	5	N/A	N/A	N/A	N/A	N/A
Oluwafunsho Obasanjo	5	4	6	5	3	4
Sam N. Okagbue, *FCArb.*	5	4	6	5	6	4
Yabawa Lawan Wabi, *mni*	5	4	6	5	6	4
Hafiz Mohammed Bashir	5	4	6	5	N/A	4
Tomi Somefun	5	4	4	N/A	N/A	4
Temisan Tuedor	5	4	N/A	N/A	N/A	4
Ebenezer A. Kolawole	5	N/A	4	N/A	N/A	4
Usman Abdulquadir	5	4	4	N/A	N/A	N/A

Note:
*The Board Risk Management & Audit Committee had two joint meetings with the Statutory Audit Committee to discuss the Financial Statement for the period ended December 31, 2020 and the Audit Planning Memorandum (APM) for the financial year ended 31 December,2021 respectively. Therefore Mrs. Tomi Somefun and Mr Usman Abdulqadir were not present at the Meeting, being Executive Directors and do not participate in the Audit Committee Meetings except invited. Mr Ebenezer Kolawole however, attended the Meeting in the capacity as the Chief Financial Officer of the Bank and not as a Member of the Audit Committee.

*Dr Oluwafunsho Obasanjo attended only three (3) Statutory Audit Committee Meetings in year 2021 because the size of the Committee was reduced to five (5) Members in compliance with CAMA 2020.

INTERNAL AUDIT

The Bank has separate staff within the internal audit function separate 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 influence of the Executive Management so as to independently review the Bank's operations. Under the Charter, the Internal Auditors' report is submitted directly to the Statutory 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 N251Million to N750 Million for fund based facilities and N1.5 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, North Bank & Franchise Business
Members:	Executive Director, Finance & Operations
	Executive Director, Risk Management & Compliance
	Chief Risk Officer (CRO)
	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, Risk Management & Compliance
	Head, Lagos & West
	Head, Abuja & Central
	Chief Information Officer (CIO)
	Chief Risk Officer (CRO)
	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 Management 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, North Bank & Franchise Business
Members:	Executive Director, Risk Management & Compliance
	Executive Director, Finance & Operations

Head, Lagos & West
Head, Abuja & Central
Chief Risk Officer (CRO)
Head, Enterprise Risk Management;
Directorate Head, Company Secretary & Legal Services;
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.
- Review adequacy of controls bank-wide.
- Review the credit risk profile of new products, projects, new branches and make recommendations for Management approval or decline of same.
- Review adequacy of business continuity and contingency plans bank-wide.
- Monitor implementation of remedial actions by concerned departments.
- Recommend risk-financing counterparties to Management for consideration

RISK MANAGEMENT

The Board of Directors and Management of Unity Bank Plc are committed to establishing and sustaining best practices in Risk Management in line with international practice. For this purpose, the Bank operates a centralized Risk Management and Control Division, with responsibility to ensure that the Risk Management processes are implemented in compliance with Policies approved by the Board of Directors.

The Board of Directors determines the Bank's goals, in terms of risk, by issuing a Risk Policy. The Policy both defines acceptable levels of risk for day-to-day operations as well as the Bank's willingness to incur risk, weighed against the expected rewards. The Risk Policy is detailed in the Enterprise Risk Management (ERM) Framework, which is a structured approach to identifying opportunities, assessing the risk inherent in these opportunities and managing these risks proactively in a cost effective manner. It is a top-level integrated approach to events identification, analysis, assessment, monitoring and identification of business opportunities. Specific policies are also in place for managing risks in the different risk area of Credit, Market and Operational Risks.

The evolving nature of Risk Management practices and the dynamic character of the banking industry necessitate regular review of the effectiveness of each Enterprise Risk Management component. In the light of this, the Bank's Enterprise Risk Management Framework is subject to continuous review to ensure effective Risk Management. The review is done in either or both of the following ways:

- Continuous self evaluation and monitoring by the Risk Management and Control Division in conjunction with Internal Control; and

- Independent evaluation by External Auditors and Examiners.

Implementation of Code of Corporate Governance
In compliance with sections of the code, the Bank has established a Compliance Division with responsibilities of implementing Code of Corporate Governance in addition to monitoring compliance of the Money Laundering requirements.

In compliance with section 5.3.1 of the code of Corporate Governance, we have established an alert menu on our web site

- where all stakeholders can access and provide useful information or grievances on any issues that directly and /or indirectly affect them or the Bank.

- The Chairman of the Board does not serve as Chairman/Member of any of the Board Committees;

- The Bank's organizational chart approved by CBN reflects clearly defined lines of responsibility and hierarchy;

- The Bank also has in place, a system of internal control, designed to achieve efficiency, effectiveness of operations, reliability of and regulations at all levels of financial reporting and compliance with applicable laws.

Security Trading Policy
In compliance with section 14 of Nigerian Stock Exchange (NSE) amended rules, the Bank has developed a security trading policy and it is being adhered to by the Board, management and staff.

Statement of **Directors' Responsibility**

IN RELATION TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

The Board of directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act (CAMA) 2020, Financial Reporting Council of Nigeria Act, 2011, Banks and other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

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

The directors have made assessment of the Bank's ability to continue as a going concern and have no reason to believe that the Bank will not remain a going concern other than as disclosed in note 35 of the financial statements.

The financial statements of the Bank for the period ended 31 December 2021 was approved by the Directors on the 30th March 2022.

On behalf of Directors of the Bank;

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

Aminu Babangida
Chairman
FRC/2018/IODN/00000018507

Report of the **Statutory Audit Committe**

FOR THE PERIOD ENDED 31 DECEMBER 2021

TO THE MEMBERS OF UNITY BANK PLC

In accordance with the provisions of section 404 of the Companies and Allied Matters Act (CAMA) 2020. 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 period ended 31 December 2021 were adequate. We have also received, reviewed and discussed the auditor's findings on management matters. We are totally in agreement with the External Auditors findings and expressed our views on these matters to Management.

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

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

Dated 30th March 2022

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

1. Sunday Babatunde Akinniyi	Chairman
2. Funke Titilayo Shodeinde	Member
3. Ahmed Umar Ndanusa	Member
4. Yabawa Lawan Wabi, *mni*	Member
5. Sam N. Okagbue, *FCArb.*	Member

SOCIETY FOR CORPORATE GOVERNANCE NIGERIA
Leadership and Integrity

Board of Directors Independent Evaluation Report

FOR UNITY BANK PLC

EXECUTIVE SUMMARY
The Society for Corporate Governance Nigeria was engaged to conduct an independent assessment of the performance of the Board and Directors of Unity Bank Plc for 2021 as part of stipulated regulatory requirement.

SCOPE
The scope of the evaluation covered the following areas:

- Composition, commitment, and alignment of the skills/qualifications of directors to business requirement and performance
- Composition and effectiveness of the committees
- Compliance with existing regulatory requirement
- Effectiveness of directors in delivery of their fiduciary responsibilities
- Effective transparency and disclosure channels

Below is a summary of our findings:

Leadership:
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. The position of the Chairman and Managing Director are held by separate individuals, which shows clear separation of powers between both offices. The Chairman is also not a member of any Board Committee in line with regulatory requirements.

Board Meetings:
The Board met five (5) times with an aggregate attendance of 100% in the period under review. Meetings held were constructive, aligned to the agenda and directors gave useful contributions. Board packs were circulated to directors ahead of the meetings.

Board Composition & Capacity:
The Board has three (3) female directors and six (6) male directors. The Board is composed of four (4) Executive Directors, one (1) Independent Non- Executive Director and four (4) Non-Executive Directors, whose knowledge and understanding span across their diversity, experience, and knowledge of the business, financial and economic environment. However, we recommend the appointment of at least two additional Independent Non-Executive Directors (INEDs) preferably a male and female for more diversity and objectivity in compliance with CAMA 2020.

Board Committees:
The Board has four (4) Committees namely: -Board Credit Committee; Board Risk Management & Audit Committee; Board Finance & General Purpose Committee; and Board Governance & Nominations Committee. There is also an existent Statutory Audit Committee.
Board Oversight Functions: All policy documents were sighted and assessed for content and relevance and were found to be detailed, comprehensive, and articulate in efficiently guiding the business processes and mitigating risk exposures.

BOARD EVALUATION REPORT

Strategy & Planning:
The Board takes its strategic oversight seriously, setting strategic initiatives and direction for the Bank.

Transparency and Accountability:
The Bank's communications are in plain language, readable, and understandable. Stakeholders have a true picture of the Bank's financial position.

Director Appointment & Development:
The Bank has a formal induction programme for new directors which familiarizes them with the Bank's operations, plans and their fiduciary duties as directors. Board members are encouraged to participate in regular and continuous learning programmes to keep abreast of trends in the business and regulatory environment.

Risk Management & Compliance:
The Board has a Risk Management Framework for adequately managing risk exposures and ensuring effective internal control systems.

Based on the analysis of the result, the Board of Directors of Unity Bank Plc have demonstrated dedication and commitment to the growth and success of the Bank. This is demonstrated by their contributions, individual performance, attendance at board and committee meetings and the depth of discussions and resolutions arrived at, during these meetings. There is also an alignment between the competencies of directors and the requirements and needs of the Bank.

In line with Central Bank of Nigeria (CBN) Code and Nigerian Code of Corporate Governance (NCCG), we have found Unity Bank Plc to a large extent to be compliant with regulatory requirements and recommended best practices.

In as much as there is still room for improvement and continuous drive for effectiveness, we are pleased to state that the Board of Unity Bank Plc conducted its affairs in an acceptable and satisfactory manner in 2021.

SOCIETY FOR CORPORATE GOVERNANCE NIGERIA

Chioma Mordi (Mrs.)
Chief Executive Officer
FRC/2014/NIM/00000007899

INDEPENDENT AUDITOR'S REPORT

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

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234 (1) 271 8599
Internet home.kpmg/ng

Independent Auditor's Report

TO THE SHAREHOLDERS OF UNITY BANK PLC.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Unity Bank Plc (the Bank), which comprise:

- the statement of profit or loss and other comprehensive income;
- the statement of financial position as at 31 December 2021;
- the statement of changes in equity;
- the statement of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 Decemberde 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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

We draw attention to Note 35 of the financial statements, which indicates that as at 31 December 2021, the Bank's total liabilities exceeded its total assets by N276 billion and the Bank did not meet the required minimum Capital Adequacy Ratio (CAR) of 10% and the minimum capital requirement of N25billion for a national bank as required by the Central Bank of Nigeria (CBN). As stated in Note 35, these events and conditions, along with other matters as set forth in Note 35, indicate that a material uncertainty exists that may cast significant doubt about the Bank's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Expected Credit Loss on Loans and Advances to Customers
The determination of expected credit loss (ECL) allowance requires the application of certain financial indices which are estimated from financial data obtained from within and outside the Bank as inputs, into complex financial models. The approach used in estimating the ECL allowance on loans and advances to customers is based on whether there is a significant increase in credit risk on the loan portfolio. Where there is evidence of a significant increase in credit risk on loans and advances to customers, the ECL allowance is estimated from losses expected to result from default events over the life of the loans. Where there is no evidence of significant increase in credit risk for loans and advances to customers, the ECL allowance is recognized based on an estimate of the losses expected to result from default events within 12 months after the reporting date. The estimate of the expected credit losses is an output of the model, with the key assumptions being the:

- Possibility of a loan becoming past due and subsequently defaulting; and
- Rate of recovery on the loans that are past due and in default.

The Bank incorporates forward-looking information into the measurement of ECL allowance. This includes assumptions of the impact of changes in the economic environment on the calculation of ECLs of loans and advances.

The ECL allowance on loans and advances to customers is considered to be of most significance in the audit due to the high level of subjectivity, judgments and assumptions applied by management in estimating the impact of key assumptions on the recoverability of loan and advances to customers, including the application of industry knowledge and future economic conditions in arriving at the level of credit loss required.

How the matter was addressed in our audit
Our procedures included the following:

- We evaluated the design, implementation and operating effectiveness of the key controls over the impairment assessment process.
- We assessed whether the staging of loans and advances on a sample basis used in the ECL allowance measurement was consistent with the Bank's impairment policy manual
- We assessed the appropriateness of the Bank's determination of significant increase in credit risk and the resultant classification of loans into the various stages by examining the performance of the loans and advances on a sample basis. For loans and advances which have shown a significant increase in credit risk, we evaluated the level of past due obligations and qualitative factors such as available industry information about the obligors to determine whether the Bank should make

an estimate based on the losses expected to result from default events within a year or defined default events over the life of the facilities.

- We also agreed significant loans and advances to relevant documentation such as loan agreements, repayment schedules and the bank statements.

- With the assistance of our financial risk management specialists, we tested the key data and assumptions for the data input into the ECL model used by the Bank and the reasonableness of the expected credit loss charged by:

  - Challenging the reasonableness of the Bank's ECL methodology, considering whether it reflects unbiased and probability-weighted amounts that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic condition.

  - Assessing the appropriateness of the Bank's forward-looking assumptions by assessing management's assumptions with publicly available information from external sources

  - Assessing the appropriateness of the approach and significant assumptions for determining the Probability of Default (PD) and Loss Given Default (LGD) used by the Bank in its ECL calculation by determining whether the data applied from external sources are aligned with the generally available data; and

  - Re-performing the calculations of impairment allowance for loans and advances as at 31December 2021 using the Bank's impairment model.

The Bank's accounting policy on impairment and related disclosures on credit risk are shown in notes 3.2 and 18 of these financial statements

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate Information, Directors' Report, Corporate Governance Report, Report of the Statutory Audit Committee, Statement of Directors' Responsibilities in Relation to the Financial Statements, and Other National Disclosures which we obtained prior to the date of this auditors' report but does not include the financial statements and our auditor's report thereon.

Other information also includes Financial Highlight, Executive Summary, Profile of the Board of Directors, Report of the Board and Management Board Evaluation Report, Principal Officers, Corporate Social Responsibility Report, Branch Network Information, Product Information, Electronic Channels and Shareholder Information and the notice of Annual General Meeting together the "Outstanding reports", which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements
The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria Act, 2011, the Banks and Other Financial Institutions Act, 2020 and relevant Central Bank of Nigeria (CBN) Guidelines and Circulars, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Statutory Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Statutory 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Statutory 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020

i. iWe have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
ii. In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.
iii. The Bank's statement of financial position and statement of profit or loss and other comprehensive income1 are in agreement with the books of account and returns.

Compliance with Section 26 (3) of the Banks and Other Financial Institutions Act, 2020 and Central Bank of Nigeria circular BSD/1/2004

i. The Bank paid penalties in respect of contravention of the Banks and Other Financial Institutions Act, 2020 during the year ended 31 December 2021. Details of penalties paid are disclosed in note 38 to the financial statements.
ii. Related party transactions and balances are disclosed in note 33 to the financial statements in compliance with the Central Bank of Nigeria circular BSD/1/2004.

Akinyemi Ashade, FCA
FRC/2013/ICAN/00000000786

For: KPMG Professional Services
Chartered Accountants
6 May, 2022
Lagos, Nigeria

Statement of **Profit or Loss**

AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 N'000	2020 N'000
Interest income	6	43,181,558	39,119,457
Interest expense	7	(23,127,004)	(21,372,315)
Net interest income		**20,054,554**	**17,747,142**
Fee and commission income	8	6,117,070	5,218,596
Fee and commission income		**6,117,070**	**5,218,596**
Net trading loss	9	(1,307,675)	(3,817,048)
Other operating income	10	985,717	2,188,267
		(321,958)	(1,628,781)
Total operating income		**25,849,665**	**21,336,957**
Net remeasurment of ECL allowance on financial assets	11	2,563,927	4,127,332
Net operating income		**28,413,592**	**25,464,289**
Personnel expenses	12	(10,536,510)	(10,408,996)
Depreciation of property and equipment	21	(1,934,263)	(1,695,656)
Amortisation of intangible assets	22	(50,905)	(47,223)
Other operating expenses	13	(12,559,781)	(11,089,219)
Total operating expenses		**(25,081,458)**	**(23,241,095)**
Profit before tax		3,332,134	2,223,194
Minimum tax expense	14	(124,264)	(114,678)
Income tax expense	14	(34,616)	(22,123)
Profit after tax		3,173,254	2,086,393
Profit for the year		**3,173,254**	**2,086,393**
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Fair value movements on equity instruments at FVOCI	31	3,678,162	505,315
Items that are or may be reclassified to profit or loss:			
Net reclassification adjustment of realised losses (debt securities) to profit or loss	31	-	4,509,300
Net changes in fair value on Debt securities at FVOCI during the year	31	(7,595,075)	(3,654,916)
Other comprehensive income for the year, net of tax		(3,916,913)	1,359,699
Total comprehensive income for the year, net of tax		**(743,659)**	**3,446,092**
Earnings per share			
Basic earnings per share (kobo)	15	27.15	17.85
Diluted earnings per share (kobo)	15	27.15	17.85

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

Statement of **Financial Position**

	Notes	31 DEC 2021 N'000	31 DEC 2020 N'000
Assets			
Cash and balances with Central Bank	16	68,608,050	99,266,770
Due from banks	17	36,980,421	33,065,169
Loans and advances to customers	18	269,269,716	202,080,856
Investment Securities:			
At fair value through other comprehensive income	19a	52,129,755	62,839,611
Debt instruments at amortised cost	19b	71,896,064	64,379,307
Property and equipment	21	22,668,390	21,915,364
Intangible assets	22	145,734	148,836
Other assets	20	17,170,625	8,324,417
Deferred tax assets	23	-	-
Total assets		**538,868,755**	**492,020,329**
Liabilities			
Due to other banks	24	143,321,585	106,699,353
Deposits from customers	25	322,284,567	356,615,192
Borrowings	26	309,185,582	264,873,635
Current tax liabilities	27	463,865	499,184
Other liabilities	28	39,765,666	38,741,646
Employee benefit liabilities	29	945	1,115
Total liabilities		**815,022,210**	**767,430,125**
Equity			
Share capital	30	5,844,669	5,844,669
Share premium	30	10,485,871	10,485,871
Statutory reserve	30	13,226,162	12,750,174
Accumulated deficit	30	(371,734,695)	(372,722,376)
Non distributable Regulatory Risk Reserve	30	1,761,444	51,859
Other reserves	31	64,263,095	68,180,007
Total equity		**(276,153,455)**	**(275,409,796)**
Total liabilities and equity		**538,868,755**	**492,020,329**

The accompanying notes are an integral part of these financial statements. The financial statements were approved by the Board of directors for issue on the 30 th March 2022 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

Statement of **Changes In Equity**

AS AT 31 DECEMBER 2021

	Share Capital	Share Premium	Statutory Reserves	Accumulated Deficit	Non distributable Regulatory Risk Reserve	Other Reserves	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 JANUARY 2021	**5,844,669**	**10,485,871**	**12,750,174**	**(372,722,376)**	**51,859**	**68,180,007**	**(275,409,796)**
Profit for the year	-	-	-	3,173,254	-	-	3,173,254
Transfer to Statutory Reserve	-	-	475,988	(475,988)	-	-	-
Transfer from non distributable reserve	-	-	-	(1,709,585)	1,709,585	-	-
Other comprehensive income	-	-	-	-		(3,916,913)	(3,916,913)
At 31 DECEMBER 2021	**5,844,669**	**10,485,871**	**13,226,162**	**(371,734,695)**	**1,761,444**	**64,263,095**	**(276,153,455)**
At 1 JANUARY 2020	**5,844,669**	**10,485,871**	**12,437,215**	**(374,443,951)**	**-**	**66,820,308**	**(278,855,888)**
Profit for the year	-	-	-	2,086,393	-	-	2,086,393
Transfer to Statutory Reserve	-	-	312,959	(312,959)	-	-	-
Transfer from non distributable reserve	-	-	-	(51,859)	51,859	-	-
Net reclassification adjustment of realised net gains to profit or loss						4,509,300	4,509,300
Other comprehensive income	-	-	-	-	-	(3,149,601)	(3,149,601)
At 31 DECEMBER 2020	**5,844,669**	**10,485,871**	**12,750,174**	**(372,722,376)**	**51,859**	**68,180,007**	**(275,409,796)**

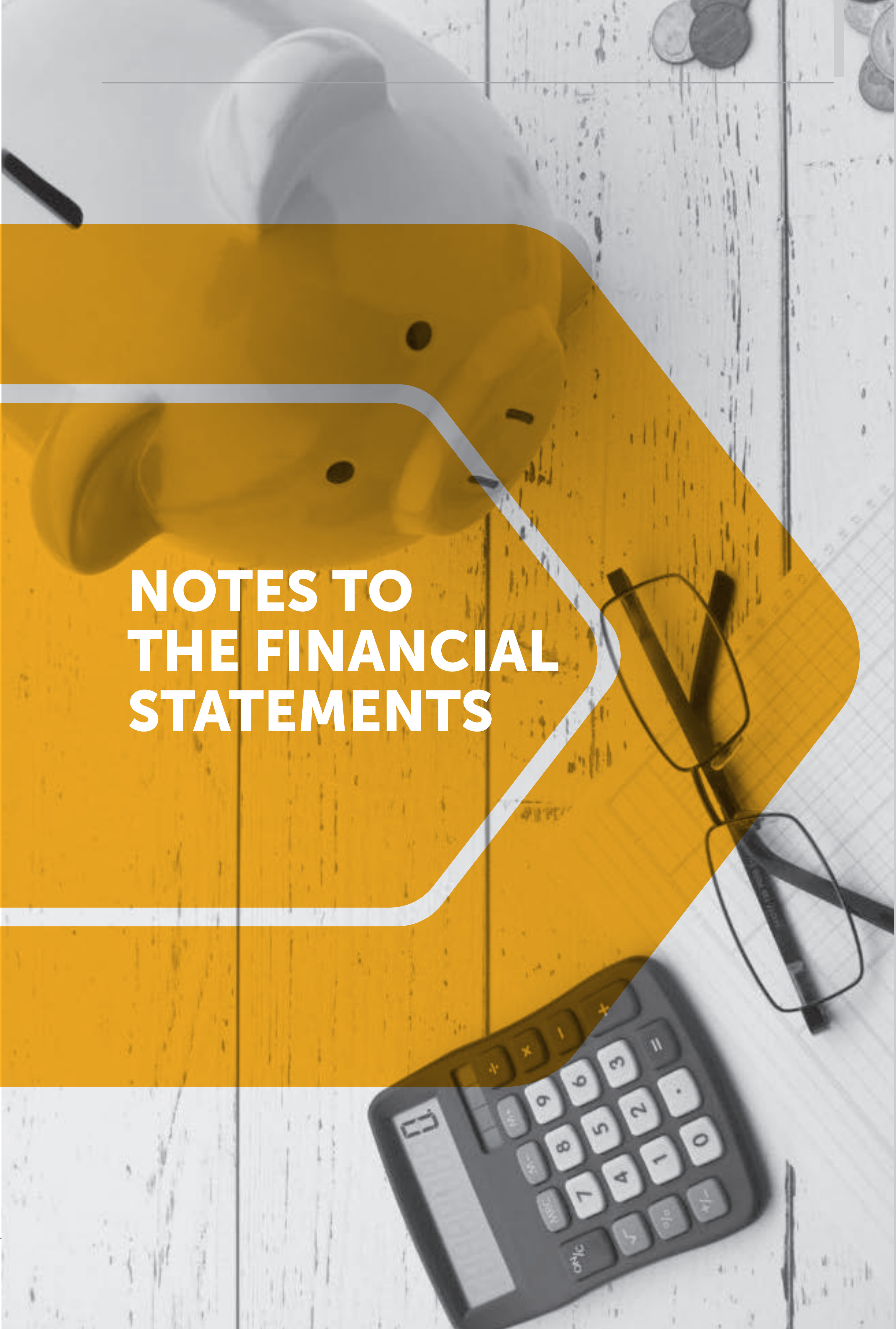
Statement of **Cash Flows**

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 N'000	2020 N'000
Cash flows from operating activities			
Profit after tax		**3,173,254**	**2,086,393**
Minimum tax		124,264	114,678
Tax expense		34,616	22,123
Profit before tax		**3,332,134**	**2,223,194**
Adjustment for non cash items:			
Impairment charges on debt instruments	11	(1,570,765)	618,659
Impairment (writeback)/charge on other assets	11	382,911	(3,199,073)
Trading loss on financial instrument	9	-	4,509,297
Employee benefit charge for the year	29	528,610	609,387
Depreciation of property and equipment	21	1,934,263	1,695,656
Amortization of intangible assets	22	50,905	47,223
Gain on disposal of property and equipment	39i	(51,128)	(8,923)
Write off of property and equipment	39i	25,272	10,827
Gains from sale of investments	10	(102,329)	(1,261,455)
Interest income	6	(43,181,558)	(39,119,457)
Interest expense	7	23,127,004	21,372,315
Divided income	10	(96,710)	(85,875)
		(12,587,196)	**(10,247,177)**
Changes in operating assets			
Net increase in loans and advances	39(a)	(66,263,355)	(99,291,731)
Net increase in other assets	39(b)	(9,259,364)	(2,330,711)
Net increase in CBN - AGSMSEIS Account	39(k)	(104,350)	(169,150)
		(75,627,069)	**(101,791,591)**
Changes in operating liabilities			
Net increase in deposit from customers	39(d)	(35,541,297)	97,802,483
Net (decrease)/increase in due to other banks	39(e)	36,097,532	(1,740,698)
Net increase in other liabilities	39(f)	279,131	16,383,864
		835,366	112,445,648
Cash used from operations		**(90,413,094)**	**(1,934,166)**
Income tax paid	27	(194,199)	(258,924)
Interest received	39(g)	40,901,079	34,191,055
Interest paid	39(h)	(14,714,269)	(16,115,426)
Dividend income	10	96,710	85,875
Payment on employee contribution plan	29	(528,780)	(614,603)
Net cash flows (used in)/ generated from operating activities		**(64,852,553)**	**15,353,812**
Cash flows from investing activities			
Purchase of property and equipment	39(c)	(2,796,923)	(1,659,316)
Purchase of intangible assets	22	(47,802)	(59,858)
Proceeds from sale of property and equipment	39(i)	80,958	20,777
Acquisition of investment securities at FVOCI	19a	(64,046,857)	(130,135,918)
Proceeds from disposal of financial instrument at FVOCI	19a	70,839,800	155,831,744
Acquisition of of investment securities at amortised cost	19c	(4,321,871)	(33,220,011)
Net cash flows used in investing activities		**(292,695)**	**(9,222,582)**
Cash flows from financing activities:			
Borrowings			
Proceeds from loans and borrowings	26	175,592,410	100,554,445
Repayment of borrowing	26	(137,485,612)	(22,904,750)
Net cash flows from financing activities		**38,106,798**	**77,649,695**
Net increase in cash and cash equivalents		(27,038,450)	83,780,925
Cash and cash equivalents at 1 January		132,225,529	48,444,604
Cash and cash equivalents at year end	39(j)	105,187,079	132,225,529

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

NOTES TO THE FINANCIAL STATEMENTS



1. Corporate Information

Unity Bank Plc provides Banking and other financial services to corporate and individual customers. Such services include but are 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 42, Ahmed Onibudo Street, Victoria Island, Lagos.

Statement of Compliance & Basis of preparation

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements comply with Companies and Allied Matters Act (CAMA) 2020, Banks and Other Financial Institutions Act (BOFIA) 2020, Financial Reporting Council of Nigeria (FRCN) Act 2011 and other relevant Central Bank of Nigeria (CBN) circulars.

The financial statements have been prepared in accordance with the going concern principle under the historical cost basis except for financial instruments at Fair Value through Other Comprehensive Income (FVOCI).

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. The financial statements were authorised for issue by the board of directors on 30th March 2022.

Functional and presentation currency

The Bank's functional currency (Nigerian Naira) is adopted as the presentation currency for the financial statements. Except as otherwise indicated, financial information presented in Naira has been rounded to the nearest thousand.

Use of estimate and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

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

- Note 3.2 (vi): impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.

- Note 5.2.4: measurement of the fair value of financial instruments with significant unobservable inputs. (level 3)

- Note 32: contingent liabilities - recognition and measurement of contingencies, key assumptions about the likelihood and magnitude of an outflow of resources.

Judgements:
Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in Financial statements are included in the following notes:

Note 5.2: establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.

Note 5.2.4: classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are SPPI on the principal amount outstanding.

2. Changes in Accounting Policies
The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2021. The Bank has not earlier adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Below is a list of interpretations and amendments that were effective for the first time in 2021 but do not have a significant impact on the Bank:

i. Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) (the Phase 2 amendments) became effective on 1 January 2021.

ii Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

3. Summary of significant accounting policies

3.1. Foreign currency translation
The financial statements are presented in Nigeria Naira (N). Nigeria Naira (N) is both the functional and presentation currency.

(i) Foreign currency transactions
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 reporting 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 rate at the date 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. Exchange difference on non-monetary items accounted for based on the classification of the underlying item.

3.2. Financial Assets and Financial Liabilities
I. Recognition
The Bank on the date of origination or purchase recognizes loans, debt and equity securities, deposits 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,

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:

Business Model 1 (BM1) - These are primarily assets held at amortised cost which include retail and corporate loans and advances to customers and certain debt instrument at amortised cost. These financial assets are held in a separate portfolio for long term yield. These debt securities may be sold, but such sales are not expected to be more than infrequent. The Bank considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows.

Business Model 2 (BM2) - Other debt securities are held by the Bank in a separate portfolio to meet everyday needs. The bank seeks to minimise the costs of managing these liquidity needs and therefore actively manages the return on the portfolio. that return consists of collecting contractual cash flows as well as gains and losses from the sale of financial assets. The investment strategy often results in sales activity that is significant in value. the Bank considers that these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Business Model 3 (MB3) - financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are held to collect contractual cash flows nor held to both collect contractual cash flows and to sell financial assets.

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 Statement of profit or loss. 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 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). Upon derecognition, realized gains and losses are reclassified from OCI and recorded in Non-interest income in the Statement of Comprehensive Income. Foreign exchange gains and losses that relate to the amortized cost of the debt instrument are recognized in the Statement of Comprehensive Income. Premiums, discounts and related transaction costs are amortized over the expected life of the instrument to Interest income in the Statement of Profit or Loss using the effective interest rate method.

c) 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 Income Statement. 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 statement of comprehensive 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 Statement of profit or loss on sale of the security.

d) Financial liabilities
Financial liabilities are classified into:

i. 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.

ii. 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 occur 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.

iii. 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 2019, the reclassification date will be 1 February 2019 (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, 2019. 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.

V. 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.

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.

VI. 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 (ECL 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 assessment 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.

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 Expected 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, 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 'credit impaired' 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.

VII. 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 below. 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 initialled 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.

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.

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 income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.

(h) 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 other comprehensive income.

3.4. 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 Effective interest rate:
Interest income and interest expense are recognised in profit or loss using the effective interest rate method. The 'effective interest rate" is the rate that exactly discounted future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial assets; or
- the amortised cost of the financial liability.

When calculating effective interest rate for financial instruments other than purchased or originated credit-impiared assets, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount:
The "amortised cost" of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance. the 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Presentation:
Interest income and interest expense calculated using the effective interest method presented in the statement of profit or loss and OCI includes:

- interest on financial assets and financial liabilities measured at amortised cost;
- interest on debt instrument measured at FVOCI;
- interest expense on financial liabilities measured at amortised cost;
- other interest income presented in the statement of profit or loss and OCI includes interest income on lease receivable

- interest expense on lease liabilities

Interest income and expense on all trading assets and liabilities are considered to be incidental to the bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Cash flows related to capitalised interest are presented in the statement of cash flows consistently with interest cash flows that are not capitalised.

(i) Fee and commission income earned from services that are provided over a certain period of time
Fees earned for the provision of services over a period of time are accrued over that period.

(ii) 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 assets and liabilities. It includes all realized and unrealized gains and/or losses on revaluation of FCY denominated assets and liabilities..

(iv) Other Operating Income: income relate mainly to transaction and service fees, which are recognised as the services are rendered.

(v) Dividend income
Dividend income is recognised when the Bank's right to receive the payment is established. Usually, this is the exdividend date for quoted equity securities. Dividends are presented in other income based on the underlying classification of the equity investment.

3.5. 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.

3.6. Property and Equipment
Property 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.

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

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

- Buildings.................................... 50 years
- Computer equipment... ....5 years
- Property & Equipment...................5 years

- Motor Vehicles.............. .... 4 years
- Furniture & fittings.............................5 years
- Lease hold Improvement ....Over the remaining life of the lease

Land is not depreciated. Work in progress is also not depreciated.

Property 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.

3.7. 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.

Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

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

3.8. 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.

3.9. Employee benefits

Defined contribution pension plan
The Bank operates a defined contribution pension plan in line with the Pension Reform Act, 2014. 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.

Short term employee benefit
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.10. 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.

3.11. Taxes
Income tax expense comprises current tax (company income tax, tertiary education tax National Information Technology Development Agency levy and Nigeria Police Trust Fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. The Bank had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets

(i) Current tax
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years.

The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- National Information Technology Development Agency levy is computed on profit before tax
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year).

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

(ii) Minimum tax
Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

Considering the current economic realities occasioned by the Covid-19 pandemic, the Finance Act, 2020 provided that minimum tax be determined based on 0.25% of Gross turnover less franked investment income for tax returns prepared for 2020 and 2021 Year of Assessment (YOA).

The Bank offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, there is a legally enforceable right to set off the recognised amounts, and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

(ii) *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Bank is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Bank. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Bank expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

3.12. 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.

NOTES TO THE FINANCIAL STATEMENTS

3.13. 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.

3.14. 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.

The Managing Director/CEO reviews the returns from each segment to make decisions about resources allocated to each segment and assess its performance and for which discrete financial information is available. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.15. Earnings per share
The Bank presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Where there are shares that could potentially affects the numbers of share issued, those shares are considered in calculating the diluted earnings per share. There are currently no share that could potentially dilute the total issued shares.

3.16. Loans and advances
Loans and advances' captions in the statement of financial position include:

loans and advances measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;

When the Bank purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Bank's financial statements.

3.17. Investment securities
The 'investment securities' caption in the statement of financial position includes:

- debt investment securities measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- debt securities measured at FVOCI; and
- equity investment securities designated as at FVOCI.

For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Bank elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

3.18. Financial guarantee contracts

Financial guarantee contracts are contracts that require the Bank (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee liabilities are initially recognised at their fair value, which is the premium received, and then amortised over the life of the financial guarantee. Subsequent to initial recognition, the financial guarantee liability is measured at the higher of the present value of any expected payment, when a payment under the guarantee has become probable, and the unamortised premium. Financial guarantees are included within other liabilities.

3.19. Leases

The Bank has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

4.0 Standards and Interpretations not yet effective (but available for early adoption) for a 31 December 2021 year-end

The following standards and interpretations had been issued but were not mandatory for annual reporting period ended on 31 December 2021. The Bank has not early adopted the under listed standards in preparing the financial statements as it plans to adopt them at their respective effective dates if applicable.

(i) Classification of Liabilities as current or non-current - Amendments to IAS 1

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

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

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

In May 2020, the IASB issued an Exposure Draft proposing to defer the effective date of the amendments to 1 January 2023.

The effective date is 1 January 2023.

The impact of this amendment on the Banks financial statements is currently under assessment.

(ii) Onerous Contracts - Cost of Fulfilling Contract Amendments to IAS 37
The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The effective date is 1 January 2022.

The Bank has no contracts as at the reporting dates to which the amendments apply.

(iii) Annual Improvements to IFRS Standards 2018-2020
The following improvements were finalised in 2020:

- IFRS 9 Financial Instruments - clarifies which fees should be included in the 10% test for de-recognition of financial liabilities.

- IFRS 16 Leases - To remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

The effective date is 1 January 2022.

The impact of this amendment on the Banks financial statements is currently under assessment.

(iv) Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The effective date is 1 January 2023.

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

v) Definition of Accounting Estimates – Amendments to IAS 8
The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The effective date is 1 January 2023.

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

vi) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be

utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and

- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. The effective date is 1 January 2023.

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

4. 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 2021 operated two geographical segments - North and South Bank - and the Corporate office.

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. The Chief Executive Officer/Managing Director (being the chief operating decision maker) reviews the internal management reports of each segment at least quarterly.

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 2020 or the year ended 31 December 2021.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021	South N'000	North N'000	Corporate Office N'000	Total N'000
Segmented results				
Revenue	14,799,639	14,531,783	19,645,248	48,976,670
Operating profit before tax	1,962,717	2,226,339	(856,922)	3,332,134
Income Tax			(158,880)	(158,880)
Profit for the year	**1,962,717**	**2,226,339**	**(1,015,802)**	**3,173,254**
Segment assets	95,875,542	242,151,375	200,841,837	538,868,755
Segment Liabilities	**221,088,398**	**295,105,195**	**298,828,617**	**815,022,210**

31 December 2020	South N'000	North N'000	Corporate Office N'000	Total N'000
Segmented results				
Revenue	13,577,650	13,331,911	15,799,711	42,709,272
Operating profit before tax	1,800,658	2,042,513	(1,619,977)	2,223,194
Income Tax			(136,801)	(136,801)
Profit for the year	**1,800,658**	**2,042,513**	**(1,756,778)**	**2,086,393**
Segmented assets and liabilities				
Segment assets	87,959,213	222,157,225	181,903,891	492,020,329
Segment liabilities	**221,088,398**	**295,105,195**	**251,236,532**	**767,430,125**

5.1 Statement of Prudential adjustments
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 IFRS 9. 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) if 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) if prudential provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve is thereafter reversed to the general reserve account.

(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 determine using the CBN prudential guideline is higher than the impairment determined using IFRS principles.

The reconciliation of the impairment based on IFRS standards and the CBN prudential guidelianes provision is shown below.

	Notes	2021 N'000	2020 N'000
Loans and advances			
Impairment per CBN Prudential Guidelines (A)		12,424,030	11,960,511
Loans & advances			
Specific Impairment		55,251	1,876
Collective impairment		5,448,779	4,128,356
Other Assets		6,920,000	7,830,279
Impairment allowance as Per IFRS 9 (B)		10,662,586	11,908,652
Due from Banks	17	28,352	28,352
Loans and advances to customers	18	3,199,184	4,124,689
Off balance sheet	28	609,010	1,342,728
Other assets	20	6,826,040	6,412,883
Amount Required in Non Distributable Reserve (A > B)		1,761,444	51,859

COMPARISON OF IFRS WITH PRUDENTIAL GUIDELINES (PG) CLASSIFICATION

		2021 N'000	2020 N'000
Gross loans and advances to customers	18	272,468,900	206,205,544
Credit impaired loans (IFRS)		105,854	69,330
Non performing loans (PG)		118,236	1,876
IFRS NPL Ratio (%)		0.01%	0.03%
PG NPL Ratio (%)		0.04%	0.001%

5.2 Financial Risk Management
a. 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:

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 in 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.

b. 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 Financing of Terrorism (AML/CFT) bearing in mind the statutory and regulatory industry best practice.

c. 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 report section.

d. 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 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.

e. Internal Control

Broadly, the Internal Control Group performs the role of safeguarding the Bank's assets. 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.

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:

- Assessing 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.

f. 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

Credit Risk
Market Risk
Liquidity Risk

5.2.1 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.

a. 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.

b. 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 financia 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 the appropriate body.

NOTES TO THE FINANCIAL STATEMENTS

c. 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.

d. 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.

e. 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.

f. Maximum exposure to credit risk

Loans & advances to customers at amortised cost

In thousands of Naira	2021 Stage 1	2021 Stage 2	2021 Stage 3	2021 Total	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total
Gross Amount	111,581,380	160,873,100	14,420	274,468,900	95,898,079	110,238,135	69,330	206,205,544
ECL allowance	(1,547,940)	(1,650,231)	(1,013)	(3,199,184)	(2,452,829)	(1,671,856)	(4)	(4,124,689)
	110,033,440	**159,222,869**	**13,407**	**269,269,716**	**93,445,251**	**108,566,279**	**69,326**	**202,080,856**

Debt instruments at amortised cost

In thousands of Naira	2021 Stage 1	2021 Stage 2	2021 Stage 3	2021 Total	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total
Gross exposures	71,896,064	-	-	71,896,064	64,379,307	-	-	64,379,307
ECL allowance	-	-	-	-	-	-	-	-
Carrying amount	**71,896,064**	**-**	**-**	**71,896,064**	**64,379,307**	**-**	**-**	**64,379,307**

Debt instruments at FVOCI

In thousands of Naira	2021 Stage 1	2021 Stage 2	2021 Stage 3	2021 Total	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total
Gross exposures	47,279,478	-	-	47,279,478	61,667,497	-	-	61,667,497
ECL allowance	-	-	-	-	-	-	-	-
Carrying amount	**47,279,478**	**-**	**-**	**47,279,478**	**61,667,497**	**-**	**-**	**61,667,497**

Cash and balances with Central Bank

In thousands of Naira	2021 Stage 1	2021 Stage 2	2021 Stage 3	2021 Total	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total
Gross exposures	68,608,050	-	-	68,608,050	98,924,958	-	-	98,924,958
ECL allowance	-	-	-	-	-	-	-	-
Carrying amount	**68,608,050**	**-**	**-**	**68,608,050**	**98,924,958**	**-**	**-**	**98,924,958**

Due from banks

In thousands of Naira	2021 Stage 1	2021 Stage 2	2021 Stage 3	2021 Total	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total
Gross exposures	37,008,773	-	-	37,008,773	33,065,169	-	-	33,065,169
ECL allowance	(28,352)	-	-	(28,352)	(28,352)	-	-	(28,352)
Carrying amount	**36,980,421**	**-**	**-**	**36,980,421**	**33,036,817**	**-**	**-**	**33,036,817**

Other assets

In thousands of Naira	2021 Stage 1	2021 Stage 2	2021 Stage 3	2021 Total	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total
Gross exposures	-	-	22,020,917	22,020,917	5,039,098	-	9,016,592	14,055,690
ECL allowance	-	-	(6,826,040)	(6,826,040)	-	-	(6,412,884)	(6,412,883)
Carrying amount	**-**	**-**	**15,194,877**	**15,194,877**	**5,039,099**	**-**	**2,603,708**	**7,642,807**

Financial guarantees and letters of credit

In thousands of Naira	2021 Stage 1	2021 Stage 2	2021 Stage 3	2021 Total	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total
Gross exposures	109,209,420	-	-	109,209,420	99,698,417	-	-	99,698,417
ECL allowance	(609,010)	-	-	(609,010)	(1,342,728)	-	-	(1,342,728)
Carrying amount	**108,600,410**	**-**	**-**	**108,600,410**	**98,355,689**	**-**	**-**	**98,355,689**

5.2 Credit Analysis

The following tables set out the credit quality of financial assets measured at amortised cost and FVOCI debt instrument without taking into account collateral or other credit enhancement. Unless specifically indicated for financial assets the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amount in the table represents the amounts committed or guaranteed respectively

2021	12-month PD Ranges N'000	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Purchased Credit Impaired N'000	Total N'000
Loans and Advances to Banks						
Rating 1- 6: Strong	-	37,008,773	-	-	-	37,008,773
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	-	-	-
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	37,008,773	-	-	-	37,008,773
Loss Allowance		(28,352)	-	-		(28,352)
Carrying Amount	**-**	**36,980,421**	**-**	**-**	**-**	**36,980,421**
Loans and Advances to Customers						
Rating 1- 6: Strong	-	111,581,380	160,873,100	-	-	272,363,046
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	14,420	-	14,420
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	111,581,380	160,873,100	14,420	-	272,468,900
Loss Allowance		(1,547,941)	(1,650,231)	(1,013)		(3,199,184)
Carrying Amount	**-**	**110,035,440**	**159,222,869**	**13,407**	**-**	**269,269,716**
Debt Securities at Amortised Cost						
Rating 1- 6: Strong	-	71,896,064	-	-	-	71,896,064
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	-	-	-
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	71,896,064	-	-	-	71,896,064
Loss Allowance		-	-	-		-
Carrying Amount	**-**	**71,896,064**	**-**	**-**	**-**	**71,896,064**
Debt Securities at FVOCI						
Rating 1- 6: Strong	-	47,279,478	-	-	-	47,279,478
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	-	-	-
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	47,279,478	-	-	-	47,279,478
Loss Allowance		-	-	-		-
Carrying Amount	**-**	**47,279,478**	**-**	**-**	**-**	**47,279,478**

2020	12-month PD Ranges N'000	Stage 1 N'000	Stage 2 N'000	Stage 3 N'000	Purchased Credit Impaired N'000	Total N'000
Loans and Advances to Banks						
Rating 1- 6: Strong	-	33,093,521	-	-	-	33,093,521
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	-	-	-
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	33,093,521	-	-	-	33,093,521
Loss Allowance		(28,352)	-	-		(28,352)
Carrying Amount	**-**	**33,065,169**	**-**	**-**	**-**	**33,065,169**
Loans and Advances to Customers						
Rating 1- 6: Strong	-	95,000,538	110,238,135	-	-	205,238,672.98
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	966,871	-	966,871
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	95,000,538	110,238,135	966,871	-	206,205,544
Loss Allowance		(2,452,829)	(1,671,856)	(4)	-	(4,124,689)
Carrying Amount	**-**	**92,547,709**	**108,566,279**	**966,867**	**-**	**202,080,856**
Debt Securities at Amortised Cost						
Rating 1- 6: Strong	-	64,379,307	-	-	-	64,379,307
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	-	-	-
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	64,379,307	-	-	-	64,379,307
Loss Allowance		-	-	-		-
Carrying Amount	**-**	**64,379,307**	**-**	**-**	**-**	**64,379,307**
Debt Securities at FVOCI						
Rating 1- 6: Strong	-	61,667,497	-	-	-	61,667,497
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	-	-	-
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	61,667,497	-	-	-	61,667,497
Loss Allowance		-	-	-		-
Carrying Amount	**-**	**61,667,497**	**-**	**-**	**-**	**61,667,497**

g. Impairment of financial assets

IIFRS 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 time 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).

The following tables show reconciliations from the opening to the closing balance of loss allowance by class of financial instrument.

	Cash & bank balances	Debt instrument at amortised	Debt instrument at FVOCI	Loans and Advances	Other Assets	Perf. Bonds, Guarantees and LCs	Total
31 December 2021							
In thousands of Naira							
Opening balance of the ECL allowance	28,352	-	-	4,124,689	6,412,883	1,342,728	11,908,652
Remeasurement during the year	-	-	-	(925,505)	382,911	(733,718)	(1,276,312)
Foreign Exchange movement	-	-	-	-	30,246	-	30,246
Closing balance	**28,352**	**-**	**-**	**3,199,184**	**6,826,040**	**609,010**	**10,662,586**

	Cash & bank balances	Debt instrument at amortised	Debt instrument at FVOCI	Loans and Advances	Other Assets	Perf. Bonds, Guarantees and LCs	Total
31 December 2020							
In thousands of Naira							
Opening balance of the ECL allowance	353,559	-	-	2,896,088	9,877,605	1,640,001	14,767,252
Remeasurement during the year	(325,207)	-	-	1,228,601	(3,199,073)	(297,273)	(2,592,951)
Write offs	-	-	-	-	(265,648)	-	(265,648)
Closing balance	**28,352**	**-**	**-**	**4,124,689**	**6,412,883**	**1,342,728**	**11,908,652**

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h. Concentration of credit risk by Industry

At 31 December 2021

Loans and advances to customer

Industry Type	N'000	Gross Loans & Advances %	N'000	Expected Credit Loss %	N'000	Net Loans & Advances %
Agriculture	246,609,438	90.51%	3,027,402	94.63%	243,582,036	90.46%
Construction	430,619	0.16%	-	0.00%	430,619	0.16%
Education	766,384	0.28%	18,604	0.58%	747,780	0.28%
Finance and Insurance	36,141	0.01%	0	0.00%	36,141	0.01%
General	6,161,494	2.26%	5,721	0.18%	6,155,773	2.29%
General Commerce	283,086	0.10%	563	0.02%	282,523	0.10%
Government	9,709,312	3.56%	16,153	0.50%	9,693,159	3.60%
Infotainment	1,011	0.00%	0	0.00%	1,011	0.00%
Manufacturing	7,118,626	2.61%	123,139	3.85%	6,995,487	2.60%
Oil and Gas	747,382	0.27%	4,891	0.15%	742,491	0.28%
Power and Energy	221,772	0.08%	672	0.02%	221,100	0.08%
Professional Services	61,933	0.02%	8	0.00%	61,925	0.02%
Transportation	55,921	0.02%	911	0.03%	55,010	0.02%
Utilities	265,781	0.10%	1,120	0.04%	264,661	0.10%
TOTAL	**272,468,900**	**100.00%**	**3,199,184**	**100%**	**269,269,716**	**100.00%**

At 31 December 2020

Industry Type	N'000	Gross Loans & Advances %	N'000	Expected Credit Loss %	N'000	Net Loans & Advances %
Agriculture	179,345,352	86.97%	3,806,499	92.29%	175,538,854	86.87%
Education	623,660	0.30%	5,044	0.12%	618,617	0.31%
Finance and Insurance	209,266	0.10%	302	0.01%	208,964	0.10%
General	4,721,680	2.29%	106,486	2.58%	4,615,195	2.28%
General Commerce	16,252	0.01%	21	0.00%	16,230	0.01%
Government	10,625,452	5.15%	14,213	0.34%	10,611,239	5.25%
Health Care	10,223	0.00%	114	0.00%	10,109	0.01%
Manufacturing	7,847,614	3.81%	110,961	2.69%	7,736,653	3.83%
Oil and Gas	2,537,830	1.23%	58,348	1.41%	2,479,482	1.23%
Power and Energy	134,885	0.07%	20,962	0.51%	113,923	0.06%
Transportation	47,813	0.02%	1,723	0.04%	46,090	0.02%
Real Estate	85,516	0.04%	17	0.00%	85,499	0.04%
TOTAL	**206,205,544**	**100.00%**	**4,124,689**	**100.0%**	**202,080,856**	**100.00%**

Other financial assets

31 December 2021	Cash and bank balances N'000	Debt instrument at amorti-sed cost N'000	Debt instrument at FVOCI N'000	Other assets N'000	Guarantees and LCs N'000
Financial institution	105,588,471		-	-	-
Government	-	71,896,064	47,279,478	-	-
General	-	-	-	15,194,877	108,600,410
Total	**105,588,471**	**71,896,064**	**47,279,478**	**15,194,877**	**108,600,410**

31 December 2020	Cash and bank balances N'000	Debt instrument at amorti-sed cost N'000	Debt instrument at FVOCI N'000	Other assets N'000	Guarantees and LCs N'000
FFinancial institution	131,990,128		-	-	-
Government	-	47,759,573	61,667,497	-	-
General	-	-	-	7,642,807	98,355,689
Total	**131,990,128**	**47,759,573**	**61,667,497**	**7,642,807**	**98,355,689**

i. Amount Arising from ECL

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and expert credit assessment and including forward-looking information.

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime probability of default (PD) as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where appropriate for changes in prepayment expectations).

The Bank uses three criteria for determining whether there has been a significant increase in credit risk:

- a backstop of 30 days past due;
- a quantitative test based on movement in PD;
- qualitative indicators; and

Credit risk grades

The Bank allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of borrower.

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Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk grade deteriorates so, for example, the difference in risk of default between credit risk grades 1 and 2 is smaller than the difference between credit risk grades 2 and 3.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data:

Corporate exposures	Retail exposures	All exposures
– Information obtained during periodic review of customer files – e.g. audited financial statements, management accounts, budgets and projections. Examples of areas of particular focus are: gross profit margins, financial leverage ratios, debt service coverage, compliance with covenants, quality of management, senior management changes – Data from credit reference agencies, press articles, changes in external credit ratings (where applicable) – Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities	– Internally collected data on customer behaviour – e.g. transaction dynamics and post disbursements activities in the account. – External data from credit reference agencies, including industry-standard credit scores (where applicable)	– Payment record – this includes overdue status as well as a range of variables about payment ratios – Utilisation of the granted limit – Requests for and granting of forbearance – Existing and forecast changes in business, financial and economic conditions

The table below provides an indicative mapping of how the Bank's internal credit risk grades relate to PD and, for the Corporate portfolio, to the external credit ratings of S&P. The weighted-average PD is calculated based on the carrying amounts of the assets in each range.

Corporate Portfolio
The corporate portfolio of the Bank is comprised of loans and advances to Banks, large corporates, public sector entities, sovereigns and other businesses

Grading	12-month weighted-average PD	External rating
Grades 1–6: Strong	0.06	AAA to B
Grades 7–12: Weak to Non Investment grade	1.00	CC to D

Retail
The retail portfolios are comprised of personal loans (e.g. staff loans, car loans, Traders Revolving Overdraft Facility (TROF) & other short term loans) and MSME loans. The weighted average PD is based on historical performance of the various sectors in the portfolio.

	12-month weighted-average PD	
Retail Portfolio	0.05	AAA to B

Generating the term structure of PD
Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Bank collects performance and default information about its credit risk exposures analysed by sector and by type of product and borrower as well as by credit risk grading. For some portfolios, information purchased from external credit reference agencies is also used.

The Bank employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Determining whether credit risk has increased significantly
The Bank assesses whether credit risk has increased significantly since initial recognition at each reporting date.

As a general indicator, the credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Bank's quantitative modelling:

- the remaining lifetime PD is determined to have increased by more than 50% of the corresponding amount estimated on initial recognition; or

- the absolute change in annualised lifetime PD since initial recognition is greater than 500 basis points (bp).

In addition, irrespective of the relative increase since initial recognition, the credit risk of an exposure is deemed not to have increased significantly if the change in annualised lifetime PD since initial recognition is 500 bp or less.

Credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Bank's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis. This will be the case for exposures that meet certain heightened risk criteria, such as placement on a watch list. Such qualitative factors are based on its expert judgement and relevant historical experiences.

The Bank identifies key drivers behind changes in credit risk for portfolios. Generally, a significant increase in credit risk is assessed based on the estimation of PDs and consideration of qualitative factors, each of which are designed to reflect forward-looking information, on an individual instrument basis as described above. However, if the Bank identifies a key driver that is not considered in the individual assessment on a timely basis, then the Bank will evaluate whether there is reasonable and supportable information that enables it to make an additional assessment on a collective basis with respect to all or some of a portfolio. This may lead to the Bank concluding that a segment or proportion of a portfolio has undergone a significant increase in credit risk.

As a backstop, the Bank considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment of interest or/and principal has not been received. Due dates are determined without considering any grace period that might be available to the borrower.

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Management overlays may be applied to the model outputs if consistent with the objective of identifying a significant increase in credit risk.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured at 12-month ECL. Some qualitative indicators of an increase in credit risk, such as delinquency or forbearance, may be indicative of an increased risk of default that persists after the indicator itself has ceased to exist. In these cases, the Bank determines a probation period during which the financial asset is required to demonstrate good behaviour to provide evidence that its credit risk has declined sufficiently. When the contractual terms of a loan have been modified, evidence that the criteria for recognising lifetime ECL are no longer met includes a history of up-to-date payment performance against the modified contractual terms. The Bank's probation period is a consecutive period of three (3) months or 90 days of performance.

The Bank monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 30 days past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month PD (Stage 1) and lifetime PD (Stage 2).

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

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held);

- the borrower is more than 90 days past due on any material credit obligation to the Bank. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or

- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

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

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
- based on data developed internally and obtained from external sources.

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

The definition of default largely aligns with that applied by the Bank for regulatory capital purposes.

Incorporation of forward-looking information
The Bank incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Bank formulates three economic scenarios: a base case, which is the central scenario, developed internally based on consensus forecasts, and two less likely scenarios, one optimistic and one downturn scenario. The base scenario is aligned with information used by the Bank for other purposes such as strategic planning and budgeting. External information considered includes economic data and forecasts published by governmental bodies and monetary authorities in the countries where the Bank operates, supranational organisations such as the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF), and selected private-sector and academic forecasts.

The scenario probability weightings applied in measuring ECL are as follows.

at 31 December	Upside	2021 Base	Downside	Upside	2020 Base	Downside
Scenario probability weighting	15%	75%	10%	15%	75%	10%

Periodically, the Bank carries out stress testing of more extreme shocks to calibrate its determination of the upside and downside representative scenarios. A comprehensive review is performed at least annually on the design of the scenarios by a panel of experts that advises the Bank's senior management.

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 and credit risk and credit losses.

The key drivers for credit risk for corporate and retail portfolios are: GDP growth, inflation rates, interest rates, crude oil prices, unemployment rates and exchange rates. For exposures to specific industries and/or regions, the key drivers also include relevant commodity and/or real estate prices.

The Bank estimates each key driver for credit risk over the active forecast period of three years. This is followed by a period of mean reversion of between two and four years, depending on the product and geographical market.

The table below lists the macroeconomic assumptions used in the base, upside and downside scenarios over the five-year forecast period. A The assumptions represent the absolute percentage for interest rates and unemployment rates and year-on-year percentage change for GDP.

At 31 December 2021	Exchange Rate	Crude Oil	Inflation rate	GDP Changes	Interest Rate	Unemploy -ment Rate
Base economic assumptions						
5-year average	372.37	$62.32	14.06%	4.03%	13.40%	21.64%
Peak*	435.00	$83.62	18.72%	4.52%	29.80%	27.10%
Upside economic assumptions						
5-year average	297.89	$74.78	11.24%	3.22%	10.72%	17.31%
Peak*	348.00	$100.34	14.98%	3.62%	23.84%	21.68%
Downside economic assumptions						
5-year average	446.84	$49.86	16.87%	4.84%	16.08%	25.97%
Peak*	522.00	$66.90	22.46%	5.42%	35.76%	32.52%

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2020	Exchange Rate	Crude Oil	Inflation rate	GDP Changes	Interest Rate	Unemploy -ment Rate
Central economic assumptions						
5-year average	285.87	$55.91	12.90%	0.68%	11.91%	18.56%
Peak*	410.25	$79.18	18.45%	4.74%	29.80%	27.10%
Upside economic assumptions						
5-year average	228.70	$67.09	10.32%	0.54%	9.53%	14.85%
Peak*	328.20	$95.02	14.76%	3.79%	23.84%	21.68%
Downside economic assumptions						
5-year average	343.04	$44.73	15.48%	0.82%	14.29%	22.27%
Peak*	492.30	$63.34	22.14%	5.69%	35.76%	32.52%

The Bank has updated its economic forecasts used as an input into ECL as at 31 December 2021 taking current macro economic variables into consideration.

Predicted relationships between the key indicators and default and loss rates on various portfolios of financial assets have been developed based on analysing historical data over the past 3 to 5 years.

Sensitivity of ECL to future economic conditions
The ECL are sensitive to judgements and assumptions made regarding formulation of forward-looking scenarios and how such scenarios are incorporated into the calculations. Management performs a sensitivity analysis on the ECL recognised on material classes of its assets.

The table below shows the loss allowance on loans and advances to corporate and retail customers assuming each forward-looking scenario (e.g. central, upside and downside) were weighted 100% instead of applying scenario probability weights across the three scenarios. For ease of comparison, the table also includes the probability-weighted amounts that are reflected in the financial statements.

	2021			
As at 31 December	Upside	Base	Downside	Probability weighted
Gross exposure (in millions of Naira)				
Corporate	268,408	268,408	268,408	268,408
Retail	4,061	4,061	4,061	4,061
Loss allowance (in millions of Naira)				
Corporate	3,416	3,337	3,561	3,197
Retail	3	2	3	2
Proportion of assets in Stage 2				
Corporate	160,866	160,866	160,866	160,866
Retail	7	7	7	7

As at 31 December	2020 Upside	Base	Downside	Probability weighted
Gross exposure (in millions of Naira)				
Corporate	200,375	200,375	200,375	200,375
Retail	5,831	5,831	5,831	5,831
Loss allowance (in millions of Naira)				
Corporate	3,416	3,337	3,561	3,400
Retail	728	711	759	724
Proportion of assets in Stage 2				
Corporate	109,429	109,429	109,429	109,429
Retail	-	-	-	-

COVID-19 considerations

Existing contractual arrangements may be modified as a result of government assistance programmes. The Bank considered the need to update our accounting policies to account for such changes and how they have applied judgement in assessing whether a modification is determined to be substantial.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:

– its remaining lifetime PD at the reporting date based on the modified terms; with

– the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

When modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Bank renegotiates loans to customers in financial difficulties (referred to as 'forbearance activities') to maximise collection opportunities and minimise the risk of default. Under the Bank's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on its debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms.

The revised terms usually include extending the maturity, changing the timing of interest payments and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy. The Bank Credit Committee regularly reviews reports on forbearance activities

For financial assets modified as part of the Bank's forbearance policy, the estimate of PD reflects whether the modification has improved or restored the Bank's ability to collect interest and principal and the Bank's previous experience of similar forbearance action. As part of this process, the Bank evaluates the borrower's payment performance against the modified contractual terms and considers various behavioural indicators.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk and an expectation of forbearance may constitute evidence that an exposure is credit-impaired (see Note 46(J)(vii)). A customer needs to demonstrate consistently good payment behaviour over a period of time before the exposure is no longer considered to be credit-impaired/in default or the PD is considered to have decreased such that it falls within the 12-month PD ranges for the asset to be considered Stage 1.

NOTES TO THE FINANCIAL STATEMENTS

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

ECL for exposures in Stage 1 are calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL are calculated by multiplying the lifetime PD by LGD and EAD.

The methodology for estimating PDs is discussed above under the heading 'Generating the term structure of PD'.

LGD is the magnitude of the likely loss if there is a default. The Bank estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset. For loans secured by retail property, LTV ratios are a key parameter in determining LGD. LGD estimates are recalibrated for different economic scenarios and, for lending collateralised by property, to reflect possible changes in property prices. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor.

EAD represents the expected exposure in the event of a default. The Bank derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract and arising from amortisation. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract, which are estimated based on historical observations and forward-looking forecasts. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable. For some financial assets, EAD is determined by modelling the range of possible exposure outcomes at various points in time using scenario and statistical techniques.

As described above, and subject to using a maximum of a 12-month PD for Stage 1 financial assets, the Bank measures ECL considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for credit risk management purposes, the Bank considers a longer period. The maximum contractual period extends to the date at which the Bank has the right to require repayment of an advance or terminate a loan commitment or guarantee.

However, for retail overdrafts that include both a loan and an undrawn commitment component, the Bank measures ECL over a period longer than the maximum contractual period if the Bank's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Bank's exposure to credit losses to the contractual notice period. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. The Bank can cancel them with immediate effect but this contractual right is not enforced in the normal day-to-day management, but only when the Bank becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Bank expects to take, and that serve to mitigate ECL. These include a reduction in limits, cancellation of the facility and/or turning the outstanding balance into a loan with fixed repayment terms.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which may include:

- instrument type;
- credit risk grade;
- collateral type;
- LTV ratio for retail mortgages;
- date of initial recognition;

– remaining term to maturity;
– industry; and
–geographic location of the borrower.

The groupings are subject to regular review to ensure that exposures within a particular Bank remain appropriately homogeneous.

Post-model adjustments
Post-model adjustments (PMAs) are short-term adjustments to the ECL balance as part of the year-end reporting process to reflect late updates to market data, known model deficiencies and expert credit judgement.

The Bank has internal governance frameworks and controls in place to assess the appropriateness of all PMAs. The aim of the Bank is to incorporate these PMAs into the ECL models, where possible, as part of the periodic recalibration and model assessment procedures.

The Bank did not make any post model adjustments for the year ended 31 December 2021 (2020: Nill).

Loss allowance
The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. The basis for determining transfers due to changes in credit risk is set out in our accounting policy.

			2021	
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Due from Banks				
Balance at 1 January	28,352	-	-	28,352
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowance	-	-	-	-
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	-	-	-	-
Write-offs	-	-	-	-
Unwind of discount	-	-	-	-
Foreign exchange and other movements	-	-	-	-
Balance at 31 December	**28,352**	**-**	**-**	**28,352**

			2020	
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and advances to banks at amortised cost				
Balance at 1 January	353,559	-	-	353,559
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	-	-	-
Transfer to Stage 3	-	-	-	-
Net remeasurement of loss allowance	(325,208)			(325,208)
New financial assets originated or purchased	-	-	-	-
Financial assets that have been derecognised	-	-	-	-
Write-offs	-	-	-	-
Unwind of discount	-	-	-	-
Foreign exchange and other movements	-	-	-	-
Balance at 31 December	**28,352**	**-**	**-**	**28,352**

			2021		
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Loans and advances to customers at amortised cost*					
Balance at 1 January	2,452,829	1,671,856	4	-	4,124,689
Transfer to Stage 1	(12)	12	-	-	-
Transfer to Stage 2	-	671,861	(671,861)	-	-
Transfer to Stage 3	-	-	-	-	-
Net remeasurement of loss allowance	(910,846)	(2,401,504)	672,866	-	(2,639,484)
New financial assets originated or purchased	888,444	1,727,239	4	-	2,615,687
Financial assets that have been derecognised	(882,475)	(19,233)	-	-	(901,708)
Write-offs	-	-	-	-	-
Unwind of discount	-	-	-	-	-
Foreign exchange and other movements	-	-	-	-	-
Balance at 31 December	**1,547,940**	**1,650,231**	**1,013**	**-**	**3,199,184**

			2020		
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Loans and advances to customers at amortised cost*					
Balance at 1 January	**1,064,921**	**1,158,253**	**672,914**	**-**	**2,896,088**
Transfer to Stage 1	(12)	12	-	-	-
Transfer to Stage 2	-	671,861	(671,861)	-	-
Transfer to Stage 3	-		-	-	-
Net remeasurement of loss allowance	1,381,951	(1,866,276)	(1,053)	-	(485,378)
New financial assets originated or purchased	888,444	1,727,239	4	-	2,615,687
Financial assets that have been derecognised	(882,475)	(19,233)	-	-	(901,708)
Write-offs	-	-	-	-	-
Unwind of discount	-	-	-	-	-
Foreign exchange and other movements	-	-	-	-	-
Balance at 31 December	**2,452,829**	**1,671,856**	**4**	**-**	**4,124,689**

The loss allowance on debt investment securities at FVOCI is not recognised in the statement of financial position because the carrying amount of such securities is their fair value.

	2021 Total	2020 Total
Debt investment securities at amortised cost		
Balance at 1 January	-	73,783
Net remeasurement of loss allowance	-	(73,783)
New financial assets originated or purchased	-	-
Foreign exchange and other movements	-	-
Balance at 31 December	**-**	**-**
Cash and cash equivalents		
Balance at 1 January	28,352	353,559
Net remeasurement of loss allowance	-	(325,208)
Net decrease in cash and cash equivalents	-	-
Foreign exchange and other movements	-	-
Balance at 31 December	**28,352**	**28,352**
Loan commitments and financial guarantee contracts		
Balance at 1 January	1,342,728	1,640,001
Net remeasurement of loss allowance	(733,718)	(297,273)
New loan commitments and financial guarantees issued	-	-
Foreign exchange and other movements	-	-
Balance at 31 December	**609,010**	**1,342,728**

The following table provides a reconciliation between:

- amounts shown in the above tables reconciling opening and closing balances of loss allowance per class of financial instrument; and
- the 'impairment losses on financial instruments' line item in the consolidated statement of profit or loss and other comprehensive income.

	2021						
	Loans & advances to banks at armotised cost	Loans & advances to customers at armotised cost	Debt investment securities at FVOCI	Cash and cash equivalents	Loan commit-ments & financial guarantee contracts	Other Assets	Total
Net remeasurement of loss allowance	-	(925,505)	-	-	(733,718)	382,911	(1,276,312)
Recoveries of amounts previously written off		(1,376,072)					(1,376,072)
Impairment losses on financial instrument recognised in profit or loss	**-**	**(2,301,577)**	**-**	**-**	**(733,718)**	**382,911**	**(2,652,384)**

	2020						
	Loans & advances to banks at armotised cost	Loans & advances to customers at armotised cost	Debt investment securities at FVOCI	Cash and cash equivalents	Loan commit-ments & financial guarantee contracts	Other Assets	Total
Net remeasurement of loss allowance	(325,207)	1,228,601	12,538	-	(297,273)	(3,199,073)	(2,580,414)
							-
							-
Recoveries of amounts previously written off		(1,546,918)					(1,546,918)
Impairment losses on financial instrument recognised in profit or loss	**(325,207)**	**(318,317)**	**12,538**	**-**	**(297,273)**	**(3,199,073)**	**(4,127,332)**

The following table sets out a reconciliation of changes in the net carrying amount of credit-impaired loans and advances to customers.

	2021	2020
Credit-impaired loans and advances to customers at 1 January	69,330	966,871
Transferred to not-credit-impaired during the year	(54,910)	(897,541)
Credit-impaired loans and advances to customers at 31 December	**14,420**	**69,330**

iv. Concentration of credit risk

The Bank monitors concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans and advances, loan commitments, financial guarantees and investment securities is shown below..

	Cash and Bank Balances 2021	Loans & Advances to Banks 2021	Loans & Advances to customers 2021	Debt Securities at armoti-sed Cost 2021	Debt Securities at Fair Value 2021	Total 2021
Carrying amount	68,608,050	36,980,421	269,269,716	71,896,064	47,279,478	494,033,729
Amount committed/guaranteed			-			-
Concentration by sector						
Corporate:						
Agriculture			243,582,036			243,582,036
Construction			430,619			430,619
Education			747,780			747,780
Finance and Insurance	68,608,050	36,980,421	36,141			105,624,612
General			6,155,773			6,155,773
General Commerce			282,523			282,523
Government			9,693,159	71,896,064	47,279,478	128,868,701
Infotainment			1,011			1,011
Manufacturing			6,995,487			6,995,487
Oil and Gas			742,491			742,491
Power and Energy			221,100			221,100
Professional Services			61,925			61,925
Transportation			55,010			55,010
Utilities			264,661			264,661
	68,608,050	**36,980,421**	**269,269,716**	**71,896,064**	**47,279,478**	**494,033,729**

	Cash and Bank Balances 2020	Loans & Advances to Banks 2020	Loans & Advances to customers 2020	Debt Securities at armoti-sed Cost 2020	Debt Securities at Fair Value 2020	Total 2020
Carrying amount	99,266,770	33,065,169	206,205,544	64,379,307	61,667,497	464,584,287
Amount committed/guaranteed			-			-
Concentration by sector						
Corporate:						
Agriculture			179,345,352			179,345,352
Construction			-			-
Education			623,660			623,660
Finance and Insurance	99,266,770	33,065,169	209,266			132,541,205
General			4,721,680			4,721,680
General Commerce			16,252			16,252
Government			10,625,452	64,379,307	61,667,497	136,672,255
Health Care			10,223			10,223
Manufacturing			7,847,614			7,847,614
Oil and Gas			2,537,830			2,537,830
Power and Energy			134,885			134,885
Transportation			47,813			47,813
Real Estate			85,516			85,516
	99,266,770	**33,065,169**	**206,205,544**	**64,379,307**	**61,667,497**	**464,584,287**

NOTES TO THE FINANCIAL STATEMENTS

v . Offsetting financial assets and financial liabilities
The disclosures set out in the following tables include financial assets and financial liabilities that:

- are offset in the Bank's statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

The 'similar agreements' include derivative clearing agreements, global master repurchase agreements and global master securities lending agreements. 'Similar financial instruments' include derivatives, sale-and-repurchase agreements, reverse sale-and-repurchase agreements and securities borrowing and lending agreements. Financial instruments such as loans and deposits are not disclosed in the following tables unless they are offset in the statement of financial position.

The ISDA and similar master netting arrangements (see (ii)) do not meet the criteria for offsetting in the statement of financial position. This is because they create for the parties to the agreement a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Bank or the counterparties or following other predetermined events. In addition, the Bank and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The Bank receives and gives collateral in the form of cash and marketable securities in respect of the following transactions:

- derivatives;
- sale-and-repurchase, and reverse sale-and-repurchase, agreements; and
- securities lending and borrowing.

This collateral is subject to standard industry terms including, when appropriate, an ISDA credit support annex. This means that securities received/given as collateral can be pledged or sold during the term of the transaction but have to be returned on maturity of the transaction. The terms also give each party the right to terminate the related transactions on the counterparty's failure to post collateral.

5.2.2 Market Risk
The Bank sees market risk as loss in 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.

a. 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

Price risk: This is the risk of a decline in the value of a security or an investment portfolio excluding a downturn in the market, due to multiple factors. The Bank's price risk is subject to regular monitoring by the Enterprise Risk Management department. The Bank's exposure to price risk volatility is its investment in financial securities as listed below:

	Note	2021 N'000	2020 N'000
Investment securities at FVOCI - Treasury bills	19	24,109,888	40,157,360
Investment securities at FVOCI - Bonds	19	23,169,591	21,510,137
Investment securities at FVOCI - Quoted equities	19	29,520	29,520
		47,308,999	**61,697,017**

b. 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 2021	Notes	Naira N'000	Dollar N'000	Pound N'000	Euro N'000	Cny N'000	Total N'000
Assets							
Cash and balances with central banks	16	67,724,284	796,348	42,799	44,619	-	68,608,050
Due from banks	17	15,620,295	17,942,970	208,340	2,265,249	947,567	36,980,421
Loans and advances to customers	18	269,269,716	-	-	-	-	269,269,716
Debt instruments at FVOCI	19(ai)	47,279,478	-	-	-	-	47,279,478
Equity instruments at FVOCI	19(ai)	2,804,416	2,045,860	-	-	-	4,850,277
Debt instruments at amortised cost	19b	71,896,064	-	-	-	-	71,896,064
Other assets*	20	10,421,796	4,773,081	-	-	-	15,194,878
		485,016,049	**25,558,259**	**247,139**	**2,309,868**	**947,567**	**514,078,882**
Liabilities							
Due to other banks	24	143,321,585	-	-	-	-	143,321,585
Deposits from customers	25	275,912,611	44,231,907	166,274	1,973,775	-	322,284,567
Debt issued and other borrowed funds	26	300,820,198	8,365,385	-	-	-	309,185,582
Other liabilities**	28	26,644,845	7,696,608	671	3,841,158	947,567	39,130,849
		746,699,239	**60,293,900**	**166,945**	**5,814,933**	**947,567**	**813,922,585**
Gap		(261,683,191)	(34,735,641)	80,194	3,505,065	-	(299,843,699)
Sensitivity to rate changes							Impact on p/l
+6% increase		-	(2,084,138)	4,812	(210,304)	-	(2,289,631)
-6% decrease		-	2,084,138	(4,812)	210,304	-	2,289,631

*Other assets excludes prepayments, stationary stocks, and other stocks which do not qualify as financial assets

**Other liabilities excludes deferred fees and ECL allowance on contingents which do not qualify as financial liabilities

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2020	Notes	Naira N'000	Dollar N'000	Pound N'000	Euro N'000	Total N'000
Assets						
Cash and balances with central banks	16	97,859,887	1,281,578	16,629	108,677	99,266,770
Due from banks	17	5,248,307	27,283,107	197,639	336,116	33,065,169
Loans and advances to customers	18	202,080,855	-		-	202,080,855
Debt instruments at FVOCI	19(ai)	61,667,497	-	-	-	61,667,497
Equity instruments at FVOCI	19(ai)	1,172,114	-	-	-	1,172,114
Debt instruments at amortised cost	19b	64,379,307	-	-	-	64,379,307
Other assets*	20	7,642,807	-	-	-	7,642,807
		440,050,773	**28,564,684**	**214,268**	**444,793**	**469,274,518**
Liabilities						
Due to other banks	24	106,699,353	-	-	-	106,699,353
Deposits from customers	25	310,754,419	45,581,836	128,578	150,359	356,615,192
Debt issued and other borrowed funds	26	255,406,328	9,467,308	-	-	264,873,635
Other liabilities**	28	37,326,277	-	-	-	37,326,277
		710,186,377	**55,049,143**	**128,578**	**150,359**	**765,514,457**
Gap		**(270,135,604)**	**(26,484,459)**	**85,690**	**294,434**	**(296,239,939)**
Sensitivity to rate changes						Impact on PL
+6% increase		-	(1,589,068)	5,141	17,666	(1,566,260)
-6% decrease		-	1,589,068	(5,141)	(17,666)	1,566,260

*Other assets excludes prepayments, stationary stocks, and other stocks which do not qualify as financial assets

**Other liabilities excludes deferred fees and ECL allowance on contingents which do not qualify as financial liabilities

c. 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. The interest repricing gap table analyses the full term structure of interest rate mis matches within the Bank's balance sheet based on the maturity date if fixed rate.

As at 31 December 2021

	Note	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	17	33,064,630	3,915,791	-	-	-	-	36,980,421
Loans and advances to customers	18	1,121,574	50,864,981	122,324,250	68,596,979	14,083,795	12,278,137	269,269,716
Debt instruments – FVOCI	19a	4,598,745	11,983,442	3,582,819	5,240,059	798,810	21,075,604	47,279,479
Financial investments – Amortised Cost	19b	3,872,232	3,412,558	10,237,671	-	2,434,343	51,939,260	71,896,064
Total assets		**42,657,181**	**70,176,772**	**136,144,740**	**73,837,038**	**17,316,948**	**85,293,001**	**425,425,680**
Liabilities								
Due to other banks	24	46,686,482	-	-	96,635,103	-	-	143,321,585
Due to customers	25	258,736,208	48,670,463	8,306,259	5,369,121	1,202,516	-	322,284,567
Borrowings	26	-	-	836,538	51,535,169	253,467,722	3,346,154	309,185,583
Total liabilities		**305,422,690**	**48,670,463**	**9,142,797**	**153,539,393**	**254,670,238**	**3,346,154**	**774,791,733**
Net Financial Instruments		**(262,765,509)**	**21,506,309**	**127,001,943**	**(79,702,355)**	**(237,353,290)**	**81,946,847**	**(349,366,055)**
Sensitivity to rate changes								Impact on PL
+5% net increase in yield		12,138,275	(1,075,315)	(6,350,097)	3,985,118	11,867,664	(4,097,342)	17,468,303
		(13,829,764)	1,131,911	6,684,313	(4,194,861)	(12,492,276)	4,312,992	(18,387,687)

As at 31 December 2020

	Note	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	17	5,892,145	27,833,131	-	-	-	-	33,725,276
Loans and advances to customers	18	23,099,798	4,997,785	72,778,949	82,475,313	11,787,028	11,186,638	206,325,511
Debt Instruments – FVOCI	19a	8,383,610	21,595,452	3,333,301	7,173,762	2,115,498	19,587,893	62,189,516
Financial investments – Amortised Cost	19b	-	15,519,734	-	1,100,000	2,508,026	45,251,547	64,379,307
Total assets		**37,375,553**	**69,946,102**	**76,112,250**	**90,749,076**	**16,410,552**	**76,026,078**	**366,619,610**
Liabilities								
Due to other banks	24	6,500,000	-	-	100,000,000	-	-	106,500,000
Due to customers	25	258,968,190	95,490,317	1,575,908	420,852	-	-	356,455,267
Debt issued and other borrowed funds	26	-	-	-	50,698,630	204,707,698	9,467,308	264,873,636
Total liabilities		**265,468,190**	**95,490,317**	**1,575,908**	**151,119,482**	**204,707,698**	**9,467,308**	**727,828,902**
Net Financial Instruments		**(228,092,637)**	**(25,544,215)**	**74,536,342**	**(60,370,406)**	**(188,297,146)**	**66,558,770**	**(361,209,292)**
Sensitivity to rate changes								Impact on PL
+5% net increase in yield		11,404,632	1,277,211	(3,726,817)	3,018,520	9,414,857	(3,327,938)	18,060,465
-5% net decrease in yield		(12,004,876)	(1,344,432)	3,922,965	(3,177,390)	(9,910,376)	3,503,093	(19,011,015)

5.2.3 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

a. 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.

b. Maturity profile of assets and liabilities

The table below shows the undiscounted cash flows on the Bank's financial assets and financial liabilities on the basis of their earliest possible contractual maturity. The gross nominal inflow/(outflow) disclosed in the table is the contractual undiscounted cash flow on the financial assets, liability and commitments.

31 December 2021	Note	Carrying Amount	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	1 to 3 Years	Over 3 Years	Nominal inflow/ (outflow)
Assets		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash and balances with central banks	16	68,608,050	7,805,508	-	-	-	60,356,381	446,162	68,608,050
Due from banks	17	36,980,421	33,103,653	3,917,200	-	-	-	-	37,020,854
Loans and advances to customers	18	269,269,716	1,125,405	51,237,456	126,976,465	71,509,111	16,235,625	15,783,331	282,867,393
Debt & Equity instruments at FVOCI	19a	52,129,755	4,966,144	12,745,346	3,974,028	6,810,856	6,080,389	56,405,909	52,129,755
Debt instruments at amortised cost	19a	71,896,064	4,711,207	4,506,936	11,249,908	2,945,590	13,617,246	99,212,843	71,896,064
Other assets*	20	15,194,878	15,194,878	-	-	-	-	-	15,194,878
Total assets		**514,078,883**	**66,906,794**	**72,406,938**	**142,200,401**	**81,265,557**	**96,289,641**	**171,848,244**	**630,917,575**
Liabilities									
Due to other banks	24	143,321,585	46,825,531	-	-	98,590,445	-	-	145,456,727
Deposit from customers	25	322,284,567	224,797,490	95,490,317	1,575,908	420,852	-	-	322,284,567
Borrowings	26	309,185,582	-	-	1,119,288	54,324,575	254,202,872	3,628,904	309,185,582
Other liabilities**	28	39,130,849	39,035,327	20,964	7,076	-	67,483	-	39,130,849
Total liabilities		**813,922,583**	**310,656,348**	**95,511,281**	**2,702,259**	**153,335,872**	**254,270,355**	**3,628,904**	**820,107,032**
Gap		**(299,843,702)**	**(243,751,554)**	**(23,104,343)**	**139,498,129**	**(72,070,315)**	**(157,980,714)**	**168,219,340**	**(189,189,457)**

***Other assets excludes prepayments, stationary stocks, and other stocks which do not qualify as financial assets**
****Other liabilities excludes deferred fees and ECL allowance on contingents which do not qualify as financial liabilities**

To address this gap, the Bank is in the process of a recapitalization exercise. The inflow of capital would introduce funds for assets generation that can be properly matched.

31 December 2020 Assets	Note	Carrying Amount N'000	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	Nominal inflow/ (outflow) N'000
Cash and balances with central banks	16	99,097,619	8,136,410	-	-	-	90,788,548	172,662	99,097,619
Due from banks	17	42,161,166	14,310,670	27,850,495	-	-	-	-	42,161,166
Loans and advances to customers	18	202,080,856	23,099,798	4,997,785	72,778,949	82,475,313	11,787,028	11,186,638	206,325,511
Debt instruments at FVOCI	19a	62,839,611	8,383,610	21,595,452	3,333,301	7,823,857	2,115,498	19,587,893	62,839,611
Debt instruments at amortised cost	19a	64,379,307	-	15,519,734	-	1,100,000	2,508,026	45,251,547	64,379,307
Other assets*	20	7,642,807	7,642,807	-	-	-	-	-	7,642,807
Total assets		**478,201,364**	**61,573,294**	**69,963,466**	**76,112,250**	**91,399,171**	**107,199,100**	**76,198,739**	**482,446,020**
Liabilities									
Due to other banks	24	106,699,353	6,500,000	-	-	100,000,000	-	-	106,500,000
Due to customers	25	356,455,267	258,968,190	95,490,317	1,575,908	420,852	-	-	356,455,267
Borrowings	26	264,873,636	-	-	-	50,698,630	204,707,698	9,467,308	264,873,636
Other liabilities**	28	37,326,277	37,326,277	-	-	-	-	-	37,326,277
Total liabilities		**765,354,532**	**302,794,467**	**95,490,317**	**1,575,908**	**151,119,482**	**204,707,698**	**9,467,308**	**765,155,179**
Gap		**(287,153,168)**	**(241,221,172)**	**(25,526,851)**	**74,536,342**	**(59,720,311)**	**(97,508,598)**	**66,731,431**	**(282,709,158)**

*Other assets excludes prepayments, stationary stocks, and other stocks which do not qualify as financial assets

**Other liabilities excludes deferred fees and ECL allowance on contingents which do not qualify as financial liabilities

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

31 December 2021	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	10,399,535	4,166,942	23,247,113	3,490,576	53,210,842	94,515,008
Letters of credit	749,814	-	13,944,598	-	-	14,694,412
	11,149,349	**4,166,942**	**37,191,711**	**3,490,576**	**53,210,842**	**109,209,420**

31 December 2020	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	113,299	3,396,966	10,194,738	7,643,528	44,826,660	66,175,192
Letters of credit	21,094,821	2,583,372	9,845,033	-	-	33,523,225
	21,208,120	**5,980,338**	**20,039,771**	**7,643,528**	**44,826,660**	**99,698,417**

Liquidity Reserves
As part of the management of liquidity risk arising from financial liabilities, the Bank holds liquid assets comprising cash and cash equivalents, and debt securities issued by sovereigns, which can be readily sold to meet liquidity requirements. In addition, the Bank maintains agreed lines of credit with other Banks and holds unencumbered assets eligible for use as collateral with Central Banks (these amounts are referred to as the 'Bank's liquidity reserves').

The following table sets out the components of the Bank's liquidity reserves:

	2021 Carring Amount	Fair Value	2020 Carring Amount	Fair Value
Cash on hand	6,240,566	6,240,566	6,855,423	6,855,423
Current account with the Central Bank of Nigeria	1,564,941	1,564,941	1,280,987	1,280,987
Due from banks	36,980,421	36,980,421	33,065,169	33,065,169
Investment Securities:				
At fair value through other comprehensive income	47,279,478	47,279,478	61,667,497	61,667,497
Debt instruments at amortised cost	71,896,064	71,896,064	64,379,307	64,379,307
	163,961,471	**163,961,471**	**167,248,383**	**167,248,383**

5.2.4 Fair value of financial instruments

a. 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.

b. 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.

c. 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 data

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

31 December 2021 Financial assets	Level 1 N'000	Level 3 N'000	Total N'000
Financial investments –FVOCI			
Treasury bills	22,208,237	1,901,650	24,268,547
Government bonds	23,169,591	-	23,010,931
Equity investment	29,520	4,820,756	4,850,276
	45,407,348	**6,722,406**	**52,129,754**

31 December 2020 Financial assets	Level 1 N'000	Level 3 N'000	Total N'000
Financial investments - FVOCI			
Treasury bills	39,685,678	-	39,685,678
Government bonds	21,981,818	-	21,981,818
Equity investment	-	1,172,114	1,172,114
	61,667,496	**1,172,114**	**62,839,610**

d. Level 3 fair value measurements

i. Reconciliation
The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

31 December 2021	FVOCI Equity instruments N'000	Total carrying amount N'000
Balance at 1 January	**1,172,114**	**1,172,114**
Total gains or losses:		
in OCI	3,678,162	3,678,162
Balance at 31 December	**4,850,276**	**4,850,276**

31 December 2020	FVOCI Equity instruments N'000	Total carrying amount N'000
Balance at 1 January	**650,095**	**650,095**
Total gains or losses:		
in OCI	505,315	505,315
Purchases	16,704	16,704
Balance at 31 December	**1,172,114**	**1,172,114**

e. Valuation of unquoted equities
The Bank has investment in unquoted equities. The Bank adopted the Discounted Cash flow (DCF) Technique in estimating the fair value of its investment in unquoted equities, a technique acceptable under IFRS 13 fair value measurement. The fair has been classified as level 3 in the fair value hierarchy.

The key parameters and assumptions used in the valuation are as follows:

Step 1: A five-year forecast of the free cash flow to the firm (FCFF) for each of the equity investments was made.

Step 2: The yearly FCFF forecasts were discounted to present value using the compannies WACC.

Step 3: The terminal value at year five was estimated by dividing the compounded (with 'g') year five FCFF by the capitalization rate.

Step 4: The terminal value was discounted to present value using each company's WACC.

Step 5: The fair value was obtained by adding the present value of the five-year FCFF obtained in step (2) above to the present value of terminal value obtained in step (4) above.

Step 6: The fair value of the Bank's investment in each of the unquoted equity investments was derived by multiplying the Bank's percentage holding in the investee by the fair value obtained in step (5).

The significant unobservable inputs in the valuation method include:

- Five year forecast of the free cash flows to the firm.
- The discounting factor which include each companies' WACC.

Generally, a change in any of the unobservable input as listed above will impact on the estimated fair values for these instruments.

Valuation Assumptions - Discounted Cash flow
Risk free rate is the 11.63% yield on 10-year Federal Government of Nigeria Bond, risk premium of 10.63% and beta of 0.71 assumed based on trend analysis.

Sensitivity analysis – Equity Price Risk (unquoted equity investment)

In thousands of Naira	**Increase**	**Decrease**
Risk free rate (1% movement)	13.60%	11.60%
Risk premium (1% movement)	12.60%	10.60%

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 2021		31 DECEMBER 2020	
		Carrying amount N'000	Fair value N'000	Carrying amount N'000	Fair value N'000
Financial assets					
Cash and balances with central bank	16	68,608,050	68,608,050	99,266,770	99,266,770
Due from banks	17	36,980,421	37,008,773	33,065,169	33,065,169
Loans and advances to customers	18	269,269,716	272,468,900	202,080,856	206,205,544
Other Assets*	20	15,194,878	15,194,878	7,642,807	7,642,807
Financial investments – Amortised Costs	19a	71,896,064	65,846,107	64,379,307	27,187,702
		461,949,128	**459,126,707**	**406,434,908**	**373,367,992**
Financial liabilities					
Deposit from customers	25	322,284,567	322,284,567	356,615,192	356,615,192
Due to Other Banks	24	143,321,585	143,321,585	106,699,353	106,699,353
Borrowings	25	309,185,583	309,185,583	264,873,635	264,873,635
Other liabilities**	28	39,130,850	39,130,850	37,326,277	37,326,277
		813,922,585	**813,922,585**	**765,514,456**	**765,514,456**

* Other assets excludes prepayments, stationary stocks, and other stocks which do not qualify as financial assets

d. 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 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.

5.2.5 Classification of financial assets and financial liabilities
See accounting policies in Notes 3(II)

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

31 December 2021	Note	FVOCI debt instruments N'000	FVOCI equity instruments N'000	Amortised cost N'000	Total carrying amount N'000
Cash and balances with Central Bank	16	-	-	68,608,050	68,608,050
Due from banks	17	-	-	36,980,421	36,980,421
Loans and advances to customers	18	-	-	269,269,716	269,269,716
Investment Securities	19(ai)	47,279,478	4,850,276	71,896,064	124,025,818
Other assets*	20	-	-	15,194,878	15,194,878
Total financial assets		**47,279,478**	**4,850,276**	**461,949,129**	**514,078,883**
Due to other banks	24	-	-	143,321,585	143,321,585
Deposits from customers	25	-	-	322,284,567	322,284,567
Debt issued and other borrowed funds	26	-	-	309,185,583	309,185,583
Other liabilities**	28	-	-	39,130,850	39,130,850
		-	**-**	**813,922,585**	**813,922,585**

31 December 2020	Note	FVOCI debt instruments N'000	FVOCI equity instruments N'000	Amortised cost N'000	Total carrying amount N'000
Cash and balances with Central Bank	16	-	-	99,266,770	99,266,770
Due from banks	17	-	-	33,065,169	33,065,169
Loans and advances to customers	18	-	-	202,080,855	202,080,855
Investment Securities	19(ai)	61,667,497	1,172,114	64,379,307	127,218,917
Other assets*	20	-	-	7,642,807	7,642,807
Total financial assets		**61,667,497**	**1,172,114**	**406,434,907**	**469,274,518**
Due to other banks	24	-	-	106,699,353	106,699,353
Deposits from customers	25	-	-	356,615,192	356,615,192
Debt issued and other borrowed funds	26	-	-	264,873,636	264,873,636
Other liabilities**	28	-	-	37,326,277	37,326,277
Total financial liabilities		**-**	**-**	**765,514,457**	**765,514,457**

*Other assets excludes prepayments, stationary stocks, and other stocks which do not qualify as financial assets

**Other liabilities excludes deferred fees and ECL allowance on contingents which do not qualify as financial liabilities

5.2.6 Responding to COVID 19 pandemic:
The Bank responded to COVID 19 pandemic in the following areas:

Credit risk:
In response to the COVID 19 pandemic, Board and Management Risk Management Committee did the following:

- had more frequent meetings to review new contracts considering specifically the impact of the pandemic on the industry and the client business operations. Meetings were conducted using online platforms to comply with the directives of the Government on the management of the pandemic.

- Directed the continuous monitoring the economic environment and customers of the Bank in response to COVID 19 pandemic and taking action to limit exposure to customers that are severely impact. No customer with significant impact was identified.

- directed the reviews the credit rating of its customers and establishes whether a downgrade in risk rating was necessary. No such action became necessary

- update the macro economic indices and the scaler facts to reflect the actual and expected impact of COVID 19 pandemic on each of the loan customer

- Provided an option of a temporary extension of credit terms to customers who may have been impacted by the pandemic.

Market Risk
The Bank's Risk Management Strategy was not significantly changed due to the CoVID 19 pandemic. However, the Bank budget was flexed in 2021 to incorporate any impact the pandemic may have on the business operations of the Bank.

Government Assistance
The Bank did not receive any assistance from the Government by way of palliatives or bridge funding. However, the Bank continued to support the Government's efforts to making loans available to the economy through the Anchor Borrowers program (ABP) schemes. The Bank received funds for on lending to farmers during the year. See further details in note 26.

Other matters:
The Bank continued to carry out it activities as required while keeping in view the requirements of the Government team on managing the Pandemic. Staff were engaged optimally with no changes in staff strength and staff remuneration except during the normal operations of the Bank. The Bank ensures that there was minimal disruption to service by activating its disaster management plan which included initiatives such as remote work capabilities.

6. Interest income

	2021 N'000	2020 N'000
Placement with Banks	707,889	1,232,816
Loans and advances to customers	33,074,564	23,004,488
Financial investments – FVOCI (see (a) below)	1,910,730	9,118,098
Financial investments – amortised costs (see (b) below)	7,488,376	5,764,055
	43,181,558	**39,119,457**

Total interest income are calculated using the effective interest rate method.

a. Financial investments – FVOCI	2021 N'000	2020 N'000
Treasury bills	1,910,730	9,118,098
	1,910,730	9,118,098

b. Financial investments – amortised cost

	2021 N'000	2020 N'000
Treasury Bills	1,880,378	1,447,390
Bonds - Amortised cost	5,607,998	4,316,665
	7,488,376	**5,764,055**

7. Interest expense:

	2021 N'000	2020 N'000
Due to banks	11,739,350	10,172,386
Deposits from customers	5,119,733	7,263,921
Other borrowed funds (see note 26)	6,256,751	3,920,218
Interest expense on lease liability	11,171	15,791
	23,127,004	**21,372,315**

Total interest expense are calculated using the effective interest rate method reported above.

8. Fees and commission income

	2021 N'000	2020 N'000
Credit related fees and commission	1,069,816	1,039,968
Account Maintenance Fee	1,664,947	1,358,721
E-banking income (see note 8b)	3,043,946	2,642,572
Other fees and commission	338,361	177,335
	6,117,070	**5,218,596**

a. Fees and commission income from contracts with customers is measured based on the consideration specified in the contracts with the customer. The Bank recognises revenue when it transfers control over a service to the customer. The Bank provides banking services to retail and corporate customers including account management, provision of overdraft facilities, foreign currency transactions, credit card and similar services. Fees for on going account management are charged to the customers account on a monthly basis. Transaction based fees are charged when the transaction occurs while service fees are charged when the customer has enjoyed the benefits. The Bank reviews rates periodically in line with the requirements of the primary regulator's (CBN) rate guide.

b. E-banking income comprises income from ATM transactions, cards issuance and transaction income and other transactional income including alert, mobile banking, collections etc. The Bank focused on developing efficiencies in this areas and this had a significant impact on revenues.

The analysis of E-banking income is as follows:	2021 N'000	2020 N'000
ATM income	2,062,099	1,903,071
Cards Income	334,561	224,323
Transactions income	647,286	515,177
	3,043,946	**2,642,572**

9. Net trading losses

	2021 N'000	2020 N'000
FX trading gain	181,744	257,975
Foreign exchange (loss)/gain	(1,489,419)	434,274
Securities trading losses	-	(4,509,297)
Net trading loss on financial instruments	**(1,307,675)**	**(3,817,048)**

10. Other operating income

	2021 N'000	2020 N'000
Dividend income	96,710	85,875
Gains from sale of financial assets	102,329	1,261,455
Rental income	86,342	112,109
Gain on disposal of property and equipment	25,857	8,923
Tax credit (b)	551,950	-
Transactional income (a)	122,529	719,905
	985,717	**2,188,267**

(a) Included as transactional income includes income recognised for services rendered such as Cash handling, Account statement, Cheque books issuance that the Bank provided to its customers during the year.

(b) Withholding tax credit was received from Federal Inland Revenue Service (FIRS) during the year.

11. Remeasurements of ECL allowance on financial assets

	2021 N'000	2020 N'000
Due from banks (See note 17)	-	(325,207)
Loans & advances (see note 18(d))	(925,505)	1,228,601
FVOCI Debt securities	88,458	12,538
Contingents (see note 28)	(733,718)	(297,273)
	(1,570,765)	**618,659**
Recoveries on amounts previously written off (see note (a) below)	(1,376,072)	(1,546,918)
Credit loss expense	(2,946,837)	(928,259)
Other assets (see note 20)	382,911	(3,199,073)
Total impairment writeback	**(2,563,927)**	**(4,127,332)**

(a). Amount represents recoveries of delinquent loans previously written off. The Bank shall intensify its recovery efforts to recoup its legacy non performing loans.

Analysis of impairment by stage allocation

31 December 2021 *In thousands of Naira*	**12 months ECL**	**Lifetime ECL not credit Impaired**	**Lifetime ECL credit Impaired**	**Total**
Due from banks	-	-	-	-
Loans & advances	(904,888)	(21,624)	1,008	(925,505)
Financial instruments	88,458	-	-	88,458
Contingents	(733,718)	-	-	(733,718)
Other assets	-	-	382,911	382,911
	(1,550,148)	**(21,624)**	**383,919**	**(1,187,854)**
Recoveries				(1,376,072)
Total impairment writeback				**(2,563,926)**

31 December 2020 *In thousands of Naira*	**12 months ECL**	**Lifetime ECL not credit Impaired**	**Lifetime ECL credit Impaired**	**Total**
Due from banks	(325,207)	-	-	(325,207)
Loans & advances	1,387,908	513,603	(672,910)	1,228,601
Financial instruments	12,538	-	-	12,538
Contingents	(297,273)	-	-	(297,273)
Other assets	-	-	(3,199,073)	(3,199,073)
	777,966	**513,603**	**(3,871,983)**	**(2,580,414)**
Recoveries				(1,546,918)
Total impairment writeback				**(4,127,332)**

12. Personnel expenses

	2021 N'000	**2020 N'000**
Salary and allowances	10,007,900	9,799,608
Pension costs – Defined contribution plan (See note 29)	528,610	609,387
	10,536,510	**10,408,996**

13. Other operating expenses

Advertising and marketing	450,029	390,841
Professional fees	149,445	303,371
Rental charges	16,986	16,547
Banking Sector Resolution Funds (AMCON Levy)	2,958,594	1,789,953
NDIC insurance premium	1,637,872	1,161,543
Administrative (see note 13a below)	7,346,856	7,426,965
	12,559,781	**11,089,219**

13a. Administrative

		2021 N'000	2020 N'000
AGM expenses		35,159	45,000
Audit fees	(iv)	77,000	65,000
Fuel & motor running expenses		127,840	98,083
Printing and stationery		189,721	144,739
Bank charges & subscription		315,197	351,923
Donations		670,916	144,954
General insurance		234,086	241,777
Legal expenses		341,442	958,351
Local & foreign travels		236,354	197,143
Electricity & power expenses		374,273	359,274
Cash & Currency management expense		465,708	433,751
Facility maintenance & management expenses		233,351	302,589
Directors fees, allowances & expenses		232,466	238,777
Repair & maintenance expenses		639,049	497,422
Diesel expenses		475,703	343,179
Security & safety management expenses		660,161	643,847
IT and related expenses		746,120	803,781
Back Duty taxes paid		35,377	283,016
Interest Reversals	(i)	183,764	370,937
Office related expenses	(ii)	415,844	549,531
AMCON Clawback expense		271,307	-
Other expenses	(iii)	386,018	353,891
		7,346,856	**7,426,965**

i. Interest reversals: This relates to interest concessions received by customers from prior year(s) transactions.

ii. Office related expenses includes items such as office provision & toiletries, entertainment expenses, telephone and related subscriptions, newspapers and periodicals.

iii. Included as part of other expenses items relating to rates, levies & fees incured by the bank in the normal cause of business but have not been claissified into any of the sub classes above.

iv. The auditors have not been engaged or been paid in/for any other non-audit activitiy other than as has been disclosed above.

14. Tax Expenses	2021 N'000	2020 N'000
Minimum income tax		
Minimum income tax	124,264	114,678
	124,264	114,678
NITDA levy	27,527	22,012
NASENI Levy	6,950	-
Police Trust Fund levy	139	111
	34,616	22,123
Total tax expense	**158,880**	**136,801**

	2021 N'000	%	2020 N'000	%
Reconciliation of effective tax rate				
Profit before income tax	3,332,134		2,223,194	
Minimum tax	124,264	4%	114,678	5%
Tax calculated at domestic rate applicable in Nigeria (30%)	999,640	30%	666,958	30%
Tax effect of adjustments on taxable income				
Non-deductable expenses	211,888	6%	3,288,328	148%
Tax exempt income	(3,393,225)	-102%	(5,344,733)	-240%
NIDTA levy	27,527	1%	22,012	1%
Temporary differences for which no deferred tax was recognised	2,181,697	65%	1,504,125	68%
NASENI Levy	6,950	0%	-	0%
Police trust fund levy	139	0%	111	0%
Total tax expense	**158,880**	**5%**	**136,801**	**6%**

15. 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.

	2021 N'000	2020 N'000
Net profit attributable to ordinary shareholders for basic earnings:	3,173,254	2,086,393
Weighted average number of ordinary shares for basic earnings per share:	11,689,338	11,689,338
Basic earnings per ordinary share	**27.15**	**17.85**

Diluted earnings per ordinary share

The Bank has no dilutive instruments. As a result, dilutive earnings per share is the same as the basic earnings per ordinary share.

16. Cash and Balances with Central Bank

	2021 N'000	2020 N'000
Cash on hand	6,240,566	6,855,423
	6,240,566	6,855,423
Current account with the Central Bank of Nigeria	1,564,941	1,280,987
Deposits with the Central Bank of Nigeria	60,356,381	90,788,548
CBN - AGSMEIS Account	446,162	341,812
	68,608,050	**99,266,770**
Current	68,161,888	98,924,958
Non-Current	446,162	341,812
	68,608,050	**99,266,770**

NOTES TO THE FINANCIAL STATEMENTS

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 year.

17. Due from banks

	2021 N'000	2020 N'000
Placements with banks and discount houses	27,837,729	21,984,267
Balances with banks within Nigeria	1,645,304	1,797,629
Balances with banks outside Nigeria	7,525,740	9,311,625
	37,008,773	**33,093,521**
Less: remeasurement of ECL allowance (see note 17(a))	(28,352)	(28,352)
	36,980,421	33,065,169
Current	36,980,421	33,065,169
Non-Current	-	-
	36,980,421	**33,065,169**

Balance due from banks have been assessed for impairment using the expected credit loss (ECL) model as required under IFRS 9.

a. Movement in impairment allowance	2021 N'000	2020 N'000
At 1 January	28,352	353,559
Impairment writeback for the year	-	(325,207)
At 31 December	**28,352**	**28,352**

18. Loans and advances to Customers

	2021 N'000	2020 N'000
a. *i. Direct Loans and advances to*		
Government lending	11,478,414	11,478,414
Corporate lending	5,148,772	5,148,772
Consumer lending	4,744,118	2,524,571
	21,371,304	**19,151,757**
ii. On-lending facilities	251,097,596	187,053,787
Gross Loans & Advances (including On-lending)	272,468,900	206,205,544
Less: Allowance for impairment losses	(3,199,184)	(4,124,689)
	269,269,716	**202,080,856**
Current	241,904,794	183,351,845
Non-Current	27,364,922	18,729,011
	269,269,716	**202,080,856**

b. Collaterals held & other Credit enhancements
The Bank holds collateral and other credit enhancements against certain of its credit exposures.
The following table stratify credit exposures from loans and advances to customers by ranges of loan to value (LTV) ratio. LTV is calculated as the ratio of the gross loan amount to the value of the collateral.
The valuation of the collateral excludes any adjustment for obtaining and selling this collateral. For credit-impaired loans, the value of collateral is based on the most recent appraisals.

The Bank may take collateral in form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees.

Loan to value ratio is as follows

31 December 2021	Exposure	Value of collateral	LTV ratio
Cash	10,092,149	12,733,004	79%
Secured against real estate	4,382,092	16,532,403	27%
Otherwise secured	257,994,659	257,994,659	100%
	272,468,900	**287,260,066**	**95%**

31 December 2020	Exposure	Value of collateral	LTV ratio
Cash	13,236,232	17,333,280	76%
Secured against real estate	2,675,847	13,306,026	20%
Otherwise secured	190,293,465	190,293,465	100%
	206,205,544	**220,932,771**	**93%**

c. Loans and advances to customers by Maturity

	2021 N'000	2020 N'000
0 to 30 days	1,022,886	2,774,855
1 -3 months	1,576,662	2,388,186
3-6 months	1,050,608	767,423
6-12 Months	2,812,526	2,847,453
Over 12 Months	14,908,622	10,373,839
Total Loans & advances	**21,371,304**	**19,151,757**

On-lending	2021 N'000	2020 N'000
0-6 Months	62,477,988	22,935,791
6-12 Months	172,964,124	151,519,419
Over 12 Months	15,655,484	12,598,577
Total On lending	**251,097,596**	**187,053,787**
Gross Loans (Including On-Lending)	**272,468,900**	**206,205,544**

NOTES TO THE FINANCIAL STATEMENTS

d. Reconciliation of impairment allowance for loans and advances to customers

	2021 N'000	2020 N'000
At 1 January	4,124,689	2,896,088
(Writeback)/Charge for the year (see note 11)	(925,505)	1,228,601
At 31 December	**3,199,184**	**4,124,689**

e. Concentration of credit risk

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

Region	2021 N'000	2020 N'000
South South	1,106,597	4,866,868
South West	19,277,124	20,857,288
South East	2,088,166	2,088,166
North West	14,506,947	33,933,059
North Central	207,430,184	102,448,351
North East	28,059,882	42,131,779
	272,468,900	**206,325,511**

19. Investments Securities

	2021 N'000	2020 N'000
(a.i) Fair Value through OCI		
Debt Instruments		
Debt securities - treasury bills	24,740,229	40,157,360
Debt securities - government bonds	22,539,249	21,510,137
	47,279,478	**61,667,497**
Equity investments		
Quoted equities	29,520	29,520
Unquoted equities	4,820,757	1,142,594
	4,850,277	1,172,114
	52,129,755	**62,839,611**

The debt instrument at fair value through other comprehensive income includes treasury bills of N1.8 billion and FGN bond of N12.7 billion pledged as collateral for placement with foreign bank and as collateral for clearing and settlement account respectively.

(a.ii) Movement in investment securities at FVOCI

31 December 2021	N'000 Debt instruments	N'000 Equities	N'000 Total
Balance beginning of the year	61,667,497	1,172,114	62,839,611
Fair value changes during the year	(7,595,075)	3,678,162	(3,916,913)
Purchase of investments securities at FVOCI	64,046,857	-	64,046,857
Redemption/disposal of debt securities	(70,839,800)	-	(70,839,800)
Balance, end of the year	**47,279,478**	**4,850,276**	**52,129,755**

31 December 2020	N'000 Debt instruments	N'000 Equities	N'000 Total
Balance beginning of the year	86,611,960	650,095	87,262,055
Fair value changes during the year	768,066	505,315	1,273,381
Purchase of investments securities at FVOCI	130,119,215	16,703	130,135,918
Redemption/disposal of debt securities	(155,831,744)	-	(155,831,744)
Balance, end of the year	**61,667,497**	**1,172,114**	**62,839,611**

	2021 N'000	2020 N'000
Current	22,684,796	41,136,220
Non-Current	29,444,959	21,703,391
	52,129,755	**62,839,611**

b. Debt instruments at amortised costs	2021 N'000	2020 N'000
Government debt securities	71,896,064	64,379,307
Remeasurement of ECL allowance	-	-
	71,896,064	**64,379,307**

	2021 N'000	2020 N'000
Current	17,522,461	16,619,734
Non-Current	54,373,603	47,759,573
	71,896,064	**64,379,307**

c. Movement in financial instrument at amortised cost

	2021 N'000	2020 N'000
Balance at the beginning of the year	64,379,307	29,209,131
Net acquisition of financial instruments during the year	4,321,871	33,220,011
Interest Income	7,488,376	5,764,055
Interest received	(4,293,490)	(3,813,890)
	71,896,064	**64,379,307**

20. Other assets

	2021 N'000	2020 N'000
Non financial assets		
Prepayments	1,673,017	437,658
Stationery stocks	302,730	243,952
	1,975,747	**681,610**
Financial assets		
Account receivables (d)	1,879,166	1,011,595
SME forex allocation receivable (c)	2,600,304	2,600,304
Settlement receivables (see note (a) below)	17,541,448	10,443,790
	22,020,918	**14,055,690**
Less: remeasurement of ECL allowance	(6,826,040)	(6,412,883)
Net financial assets	15,194,878	7,642,807
Total other assets	17,170,625	8,324,417
Current	17,170,625	8,324,417
Non-Current	-	-
	17,170,625	**8,324,417**

a. Included as part of Settlement receivables are outstanding reconciling items on nostro reclassed to other assets totalling N4.4 billion (2020: N4.6billion). The amount has been subjected to full impairment while reconciliation of the aged open items in the nostro accounts is on going.

b. Movement in remeasurement of ECL allowance was as follows:

	2021 N'000	2020 N'000
Balance at the beginning of the year	**6,412,883**	**9,877,604**
Impairment Charge for the year (see Note 11)	382,911	(3,199,073)
Amount written off	-	(265,648)
Foreign exchange movement	30,246	-
Balance year end	**6,826,040**	**6,412,883**

c. This represents the amount receivable from the CBN on the SME Funding carried out in 2017. the Directors are of the opinion that the amount is not doubtful of recovery, accordingly, no impairment has been recognised. Incuded as part of Account receivables is an amount of N1.4billion (2020: N0.25 billion) which relate to operational

d. Losses incurred during the year on unauthorised transfers made by third parties. Necessary impairments have been made and the charge to expense.

21. Property and equipment

	Land N'000	Building N'000	ROU Building N'000	Motor Vehicle N'000	Property and Equipment N'000	Furniture and Fittings N'000	Work in Progress N'000	Total N'000
Cost:								
At 01 January 2021	**415,550**	**24,637,896**	**1,714,330**	**5,303,634**	**15,411,721**	**3,466,777**	**688,575**	**51,638,484**
Additions	-	59,508	404,222	446,841	979,671	78,376	828,306	2,796,923
Disposals	-	-	-	(326,147)	(146,094)	-	-	(472,240)
ROU lease liability terminated	-	-	(54,532)	-	-	-	-	(54,532)
Reclassifications	-	9,130	-	-	10,944	9,665	(29,739)	-
Write off	-		0	(116,025)	-	-	-	(116,025)
At 31 December 2021	**415,550**	**24,706,534**	**2,064,020**	**5,308,303**	**16,256,242**	**3,554,818**	**1,487,142**	**53,792,610**
Depreciation and impairment:								
At 01 January 2021	**-**	**7,369,048**	**970,900**	**3,946,214**	**14,039,754**	**3,397,203**	**-**	**29,723,120**
Additions	-	452,603	478,148	499,322	468,855	35,336	-	1,934,263
Disposals	-	-	-	(326,146)	(142,131)	-	-	(468,276)
Written off	-	-	-	(64,887)	-	-	-	(64,887)
At 31 December 2021	**-**	**7,821,651**	**1,449,049**	**4,054,503**	**14,366,478**	**3,432,539**	**-**	**31,124,220**
Net book value:								
At 01 January 2021	**415,550**	**17,268,849**	**743,429**	**1,357,419**	**1,371,967**	**69,574**	**688,575**	**21,915,364**
At 31 December 2021	**415,550**	**16,884,883**	**614,971**	**1,253,799**	**1,889,763**	**122,279**	**1,487,142**	**22,668,390**

	Land N'000	Building N'000	ROU Building N'000	Motor Vehicle N'000	Property and Equipment N'000	Furniture and Fittings N'000	Work in Progress N'000	Total N'000
Cost:								
At 01 January 2020	**415,550**	**24,523,631**	**1,444,267**	**4,712,911**	**14,759,691**	**3,441,633**	**736,546**	**50,034,230**
Additions	-	83,024	493,161	577,912	659,625	25,144	43,549	1,882,415
Disposals	-	-	-	-	(44,235)	-	-	(44,235)
Reclassifications	-	-	(223,099)	-	-	-	-	(223,099)
Reclass out of PPE	-	31,241	-	12,811	36,640	-	(80,693)	-
Reclassifications/WO	-	-	-	-	-	-	(10,827)	(10,827)
At 31 December 2020	**415,550**	**24,637,896**	**1,714,330**	**5,303,634**	**15,411,721**	**3,466,777**	**688,575**	**51,638,484**
Depreciation and impairment:								
At 01 January 2020	-	6,902,606	510,211	3,511,335	13,802,444	3,344,075	-	28,070,671
Additions	-	466,442	460,689	434,879	280,518	53,128	-	1,695,656
Disposals	-	-	-	-	(43,207)	-	-	(43,207)
At 31 December 2020	**-**	**7,369,048**	**970,900**	**3,946,214**	**14,039,754**	**3,397,203**	**-**	**29,723,120**
Net book value:								
At 01 January 2020	**415,550**	**17,621,025**	**934,057**	**1,201,576**	**957,247**	**97,558**	**736,546**	**21,963,559**
At 31 December 2020	**415,550**	**17,268,848**	**743,430**	**1,357,420**	**1,371,968**	**69,574**	**688,575**	**21,915,364**

There were no impairment losses on any class of property and equipment during the year (December 31, 2020: Nil)

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 31, 2020: Nil).

All property and equipment are non-current. None of the Bank's assets were financed from borowings, consequently no borrowing cost has been capitalized as part of asset cost.

22. Intangible assets

	Computer Software N'000 2021	Total N'000 2021	Computer Software N'000 2020	Total N'000 2020
Cost:				
At 01 January	**3,442,663**	**3,442,663**	**3,382,805**	**3,382,805**
Additions:				
Internally Developed	-	-	-	-
External Purchase	47,802	47,802	59,858	59,858
At 31 December	**3,490,465**	**3,490,465**	**3,442,663**	**3,442,663**
Amortisation and impairment:				
At 01 January	**3,293,827**	**3,293,827**	**3,246,604**	**3,246,604**
Amortisation	50,905	50,905	47,223	47,223
Disposals/Write offs	-	-	-	-
At 31 December	**3,344,732**	**3,344,732**	**3,293,827**	**3,293,827**
Net book value:				
At 31 December	**145,734**	**145,734**	**148,836**	**148,836**
At I January	**148,836**	**148,836**	**136,201**	**136,201**

There were no impairment losses on any intangible asset during the year (December 31, 2020: Nil)

There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (December 31, 2020: Nil).

All intangible assets are non-current. None of the Bank's assets were financed from borowings, consequently no borrowing cost has been capitalized as part of asset cost.

23. Deferred taxes

	2021 N'000	2020 N'000
	-	-

The Bank's deferred tax asset which principally arose from allowable loss, unutilized capital allowance and stage 3 impairment allowance on credit-impaired financial instruments is N47.8billion as at 31 December 2021 (2020: N41.5 billion).

Although the deferred tax arising from unrelieved losses are carried forward indefinitely and are available to be utilized in future when the bank is in taxable profit position, the Directors are of the opinion that it is uncertain when the Bank will have taxable profit against which the deferred tax can be utilized.

Details of the unrecognised deferred tax are as follows:

NOTES TO THE FINANCIAL STATEMENTS

At 31 December	2021 Gross Amount N'000	Tax effect N'000	2020 Gross Amount N'000	Tax effect N'000
Property and equipmment	(16,906,278)	(5,071,883)	(15,169,485)	(4,550,846)
Impairment allowance on loans and advances to customers	3,199,184	959,755	3,247,843	974,353
Impairment allowance on other assets	6,854,392	2,056,318	1,241,225	372,368
Unrelieved losses	117,496,814	35,249,044	113,437,425	34,031,227
Unutilised capital allowance	47,880,836	14,364,251	35,657,371	10,697,211
	158,524,948	**47,557,484**	**138,414,378**	**41,524,314**

24. Due to other banks

	2021 N'000	2020 N'000
Due to other banks comprise of:		
Takings from banks (note 24b)	143,321,585	106,699,353
	143,321,585	**106,699,353**
Current	143,321,585	106,699,353
Non-Current	-	-
	143,321,585	**106,699,353**

24b. Due to other banks (continued)	2021 N'000	2020 N'000
Takings from banks		
First Bank of Nigeria Plc	96,500,000	100,000,000
Keystone Bank	-	1,000,000
Polaris Bank	-	5,500,000
Greenwich Merchant Bank	15,400,000	-
Paralex Bank	2,200,000	-
Central Bank of Nigeria	28,696,885	-
Accrued interest	524,700	199,353
	143,321,585	**106,699,353**

25. Deposit from customers

	2021 N'000	2020 N'000
a. Analysis by type of account:		
Demand deposits	126,813,600	130,226,089
Savings deposits	85,550,652	83,041,254
Time deposits	63,548,359	97,487,077
Domiciliary deposits	46,371,956	45,860,772
	322,284,567	**356,615,192**

b. Analysis by type of depositors

Government	22,626,661	27,105,003
Corporate	205,584,658	230,437,488
Individuals	94,073,248	99,072,700
	322,284,567	**356,615,192**

c. Analysis by maturity	2021 N'000	2020 N'000
0-30 days	258,736,208	258,968,190
31-90 days	48,670,463	70,485,983
91-180 days	8,306,259	1,575,908
181-365 days	5,369,121	420,852
over 365 days	1,202,516	25,164,259
	322,284,567	**356,615,192**
Current	321,082,051	331,450,933
Non-Current	25,164,259	7,859,454
	322,284,567	**356,615,192**

26. Borrowings

	2021 N'000	2020 N'000
CBN short term loan (see note 26(b))	50,698,630	50,698,630
Borrowings from Bank of Industry/CBN (see note 26 (c))	250,121,568	204,707,698
Borrowings from AFREXIM (see noted (d))	8,365,385	9,467,308
	309,185,583	**264,873,636**

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

2021	CBN Short Term Loan N'000	Bank of Industry/CBN N'000	AFREXIM N'000	Total N'000
At 1 January	**50,698,630**	**204,707,698**	**9,467,308**	**264,873,635**
Additions during the year	-	175,592,410	-	175,592,410
Interest capitalised	2,500,000	3,126,790	629,961	6,256,751
Unrealised exchange loss	-	-	500,348	500,348
Repayments	(2,500,000)	(133,305,330)	(1,680,282)	(137,485,612)
At 31 December	**50,698,630**	**250,121,568**	**8,365,385**	**309,185,582**

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

2020	CBN Short Term Loan N'000	Bank of Industry/CBN N'000	AFREXIM N'000	Total N'000
At 1 January	**50,000,000**	**120,742,223**	**12,561,500**	**183,303,724**
Additions during the year	-	100,266,495	-	100,266,495
Interest capitalised	698,630	2,290,873	930,715	3,920,218
Unrealised exchange loss	-	-	287,949	287,949
Repayments	-	(18,591,893)	(4,312,856)	(22,904,750)
At 31 December	**50,698,630**	**204,707,698**	**9,467,308**	**264,873,635**

	2021 N'000	2020 N'000
Current	50,698,630	50,698,629
Non Current	258,486,952	214,175,006
	309,185,582	**264,873,635**

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. Bank of Industry/ CBN
The amount represents funding obtained from the Bank of Industry which are simultaneously lent out to customers as loans. Disbursements have been made and form part of the bank's total loan portfolio. The Bank bears the credit risks on the loans granted and is under obligation to repay to the lenders.

In additions, the Bank received N175.59 billion from the CBN during the year, being on lending facilities to qualifying individuals and institutions as part of the Federal Government's initiative to providing single digit interest rates for the sector. The total sum of N133 billion has been disbursed and has been included in our on-lending facilities in note 18.

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 USD45 million deed whereby Unity Bank will assign to AFREXIM all securities taken from its clients benefitting from this facility.

The terms of the loan from AFREXIM was modified in prior year. The modification included a change in the interest rate from LIBOR +5.45% to LIBOR + 6.76% with a maturity period of 7 years from the loan modification date of 31 December 2019.

27. Current tax liabilities

	2021 N'000	2020 N'000
Current tax		
At the beginning of the year	499,184	621,306
Charge for the year (see note 14)	158,880	136,801
Payments made during the year	(194,199)	(258,923)
Balance at the end of the year	**463,865**	**499,184**
Current	463,865	499,184
Non-Current	-	-
	463,865	**499,184**

28. Other liabilities

	2021 N'000	2020 N'000
Non financial liabilities		
Deferred fees	25,806	72,641
ECL allowance on contingents (see (a) below)	609,010	1,342,728
	634,816	**1,415,369**
Financial liabilities		
Bankers payment and branch drafts	1,239,185	1,420,060
Lease liabilities (see (b) below)	104,883	148,263
Other accrued expenses	753,844	921,620
Provision for litigations (see (d) below)	529,857	850,796
Accrual for Banking Resolution Fund (see (c) below)	14,330,639	11,372,201
Settlements payable	2,708,010	2,276,126
Margin on letters of credit	11,509,865	12,281,539
Collection Accounts	3,080,566	4,137,539
Accounts payable	4,874,001	3,918,132
	39,130,850	37,326,277
Total other liabilities	**39,765,666**	**38,741,646**
Current	31,176,283	29,270,605
Non-Current	8,589,383	9,471,041
	39,765,666	**38,741,646**

a. Movement in ECL allowance on contingents during the year

	2021 N'000	2020 N'000
Balance, beginning of the year	**1,342,728**	**1,640,001**
Movement during the year (note 11)	(733,718)	(297,273)
Balance at the end of the year	**609,010**	**1,342,728**

b. Lease liability

The Bank leases a number of branch and office premises. The leases typically run for a period between 1 – 15 years, with an option to renew the lease after that date. For some leases, payments are renegotiated with sufficient regularity to reflect market rentals.

NOTES TO THE FINANCIAL STATEMENTS

i. Right-of-use assets

Right-of-use assets relate to leased branch and office premises that are presented within property and equipment (See note 21b).

	Branch & Office Premises 2021 N'000	Branch & Office Premises 2020 N'000
Balance at 1 January	**743,430**	**934,056**
Depreciation Charge for the year	(478,148)	(460,689)
Additions	404,222	493,161
ROU terminated	(54,532)	(223,099)
Balance as at 31 December	**614,971**	**743,430**

	2021 N'000	2020 N'000
ii. Lease liability	104,883	148,263

The net carrying amount of leased assets as at 31 December 2021, included within property and equipment is N614.9 million (2020: N743.4 million)

The Bank's exposure to liquidity risk as a result of leases are monitored by the Bank's enterprise risk management unit. When measuring the lease liabilities for leases that were classified as operating leases, the Bank discounted lease payments using its incremental borrowing rates. The weighted- average rate applied is 11.92% (2020: 11.92%).

	2021 N'000	2020 N'000
iii. Amounts Recognised in profit or loss		
Interest on lease liability (see note 7)	11,171	15,791
Depreciation of ROU assets (see note 21)	478,148	460,689
	489,319	**476,480**

c. This relates to AMCON sinking fund contribution calculated in line with the AMCON Amendment Act 2015. The Bank has made provision for some litigation cases.

The Bank is still contesting the cases at higher courts and believe that the decisions will be upturned.

29.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 total expense charged to income of N528 million represents contributions paid to these plans by the bank at rates specified in the Bank's collective agreement with Staff. The rates are currently higher than rates advised by the pension act at 12.5% and 8% for employeers and employees contribution respectively.

	2021 N'000	2020 N'000
Balance at the beginning of the year	**1,115**	**6,331**
Charge for the year (note 12)	528,610	609,387
Payment to Pension Fund Administrators (PFAs)	(528,780)	(614,603)
Balance, end of the year	945	1,115
Current	945	1,115
Non-Current	-	-
	945	**1,115**

30. Share capital

	2021 N'000	2020 N'000
i. Authorised share capital		
120,000,000,000 ordinary shares of 50 kobo each (2018. - 120,000,000,000 ordinary shares of 50 kobo each)	60,000,000	60,000,000
ii. 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 year end: 11,689,337,942 ordinary shares of 50k each	5,844,669	5,844,669
b. Share Premium		
At 1 January	10,485,871	10,485,871
As at year end	**10,485,871**	**10,485,871**

c.Statutory reserve: This reserve represents the cumulative appropriation from general reserves/ earnings in line with Nigerian banking regulations that require the Bank to make an annual appropriation in reference to specific rules. Section 16(1) of the Bank and Other Financial Institutions Act of 1991 (amended), stipulates that an appropriation of 30% of profit after tax be made if the statutory reserve is less than the paid-up share capital and 15% of profit after tax if the statutory reserve is greater than the paid-up share capital. In the current year. The Bank transferred 15% of its 'profit after tax' to statutory reserves.

d. Accumulated deficit: Accumulated deficit represent undistributed losses, net of statutory appropriations attributable to the ordinary shareholders.

e. Regulatory Risk Reserve: Regulatory reserve for credit risk: This reserve represents the cumulative difference between the loan loss provision determined per the Prudential Guidelines and the allowance/ reserve for loan losses as determined in line with the principles of IFRS 9.

31. Other reserves

	Fair Value Reserve N'000	Share Re-construction Reserve N'000	CBN AGSMEIS Reserve N'000	Reserve for SMEIS N'000	Other Capital Reserve (restated) N'000	Total N'000
At 1 January 2020	**2,103,603**	**67,103,925**	**172,662**	**440,119**	**(3,000,000)**	**66,820,308**
Reclassification of realized fair value loss on debt securities to profit or loss	4,509,300					4,509,300
Fair value gain on debt instruments	(3,654,916)	-	-	-	-	(3,654,916)
Fair value gain on equity instruments	505,315		-			505,315
At 31 December 2020	**3,463,302**	**67,103,925**	**172,662**	**440,119**	**(3,000,000)**	**68,180,007**
At 1 January 2021	**3,463,302**	**67,103,925**	**172,662**	**440,119**	**(3,000,000)**	**68,180,007**
Fair value gain/(loss) on debt instrument	(7,595,075)	-	-	-	-	(7,595,075)
Fair value gain on equity instruments	3,678,162					3,678,162
	(3,916,912)	**-**	**-**	**-**	**-**	**(3,916,913)**
At 31 December 2021	**(453,611)**	**67,103,925**	**172,662**	**440,119**	**(3,000,000)**	**64,263,094**

Fair Value Reserve
Fair Value Reserves comprises changes in the fair value of financial assets through OCI.

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 share holder 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. This increased the Share reconstruction balance from N14,501,904,000 in 2006 to N67,103,924,739 in 2015.

CBN AGSMEIS Reserve
In April 2017, the Central Bank of Nigeria issued guidelines to govern the operations of the Agriculture/ Small and Medium Enterprises Scheme (AGSMIES), which was established to support the Federal Government's efforts at promoting agricultural businesses and Small and Medium Enterprises (SMEs) as vehicles for achieving sustainable economic development and employment generation.

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.

Other capital reserve
Reserve relates to transactions with shareholders. The Central Bank of Nigeria (CBN) had in 2018 debited the Bank with the amount of N3 billion being deduction for interest due to AMCON from other core shareholders of the bank as stipulated in the shares purchase agreement between AMCON and the core shareholders dated 15 September 2014. The amount will only be realised at the disposal of AMCON's interest in the shares of the Bank.

32. Contingent Liabilities

a. 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 788 litigation suits: 186 cases instituted by the Bank and 429 cases instituted against the Bank. The total amount claimed in the cases against the Bank is estimated at N90.6 billion (2020: N90.7 billion) The distribution of all litigations is shown below. The directors are of the opinion that none of the aforementioned cases is likely to have a material adverse effect other than the provision of N529 million (2020: N850million) made in note 28. The Bank is not aware of any other pending to threatened claims or litigations.

Cases	2021 Volume	2020 Volume
Civil cases against the bank	429	435
Civil cases by the bank	186	201
Civil appeals against the bank	75	53
Civil appeals by the bank	72	80
Garnishee order absolute being contested by the Bank	26	21
	788	**790**

b. Contingent Liabilities
To meet the financial needs of customers, the bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees and letters of credit.

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. contingent liabilities are:

	2021 N'000	2020 N'000
Performance Bonds and Guarantees	94,515,007	66,175,192
Letters of credit	14,694,412	33,523,225
	109,209,420	**99,698,417**

33. Related party disclosures

Transactions with key management personnel of the Bank
The Bank's key management personnel, and persons connected with them, are considered to be related parties for disclosure purposes. The definition of key management personnel includes close members of the family of key personnel and any entity over which key management personnel exercises control. The key management personnel have been identified as the executive and non-executive directors of the Bank. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Bank.

Transactions with key management personnel of the Bank were as follows

	2021 N'000	2020 N'000
Deposits (Note 33(a))		
Currently serving Directors (Note 33(a)(i))	55,475	77,382
Common Directorship (Note 33(a)(ii))	14,227,595	23,816
Total related party deposits	**14,283,070**	**101,199**
Loans and advances (Note 33b)		
Currently serving Director	-	-
Common Directorship	5,348,163	7,550,262
Total related party loans	**5,348,163**	**7,550,262**

a. The details of the directors deposits as at 31 December are shown below:

	2021 N'000	2020 N'000
i. Serving Directors		
Aminu Babangida	3,833	12,005
Hafiz Mohammed Bashir	5,371	4,785
Oluwafunsho Obasanjo	19,185	13,982
Sam N. Okagbue, *FCArb.*	14,337	20,871
Tomi Somefun	7,609	8,369
Tuedor Temisan	825	1,290
Yabawa Lawan Wabi, *mni*	1,401	12,546
Ebenezer A. Kolawole	2,860	3,188
Usman Abdulqadri	54	346
	55,475	**77,382**

		2021 N'000	2020 N'000
Deposit from entities with common			
ii. Directorship	**Relationship**		
TAK Integrated Agric Solutions Limited	Former Chairman	261	2,869
TAK Agro & Chemical Limited	Former Chairman	14,206,524	4,040
Practoil Limited	Former Chairman	364	10,534
Living Spring Agro Limited	Former Director	20,445	6,374
		14,227,595	23,816
Total related party deposits		**14,283,070**	**101,199**

b. Loans and advances to key management personnel as at 31 December 2021

S/N	Borrower	Related interest	Relationship to Bank	Facility type	Performing N'000	Non performing N'000	Balance N'000
1	TAK INTEGR. AGRIC. SOLUTION. LTD.	THOMAS ETUH	FORMER DIRECTOR	TERM LOAN	5,005,824	-	5,005,824
2	TAK INTEGR. AGRIC. SOLUTION. LTD.	THOMAS ETUH	FORMER DIRECTOR	TERM LOAN	342,340	-	342,340
	Total loans and advances to related parties				**5,348,164**	**-**	**5,348,164**

Loans and advances to key management personnel as at 31 December 2020

S/N	Borrower	Related interest	Relationship to Bank	Facility type	Performing N'000	Non performing N'000	Balance N'000
1	TAK INTEGR.AGRIC. SOLUTION.LTD.	THOMAS ETUH	FORMER DIRECTOR	TERM LOAN	5,415,512	-	5,415,512
2	TAK AGRO & CHEMICALS LTD	THOMAS ETUH	FORMER DIRECTOR	TERM LOAN	6,667	-	6,667
3	PRACTOIL LIMITED	BOLA SHAGAYA	FORMER DIRECTOR	OVER DRAFT	16,447	-	16,447
4	KASHTON CONCEPTS NIGERIA LTD.	HAKEEM SHAGAYA	FORMER DIRECTOR	OVER DRAFT	2,111,636	-	2,111,636
	Total loans and advances to related parties				**7,550,262**	**-**	**7,550,262**

c. Remuneration paid to Non Executive Directors	**2021 N'000**	**2020 N'000**
Fees	160,000	160,000
Sitting Allowances	38,600	37,150
Other director expenses	33,865	41,627
	232,465	**238,777**
The highest paid director	41,400	41,400
The number of directors who received fees and other emoluments	Number	Number
(excluding pension contributions) N5,000,001 and above	9	9
	9	**9**

d. Transactions with shareholders (Asset Management Company of Nigeria)	2021 N'000	2020 N'000
Other capital reserve	3,000,000	3,000,000
Accrual for Banking sector resolution fund	14,330,639	11,372,201
Expenses relating to Banking sector resolution fund	2,958,594	1,789,953

e. Disclosure on Directors' Remuneration
The disclosure on Directors' Remuneration is made pursuant to the Governance Codes and Regulations issued by the Central Bank of Nigeria and the Nigerian Stock Exchange and the Securities & Exchange Commission.

The Bank has a formal Board Remuneration Policy which is consistent with its size and scope of operations. The Policy focuses on ensuring sound corporate governance practices as well as sustained and long-term value creation for shareholders. The policy aims to achieve the following amongst others

a. Motivate the Directors to promote the right balance between short and long term growth objectives of the Bank while maximizing shareholders' return.

b. Enable the Bank attract and retain Directors with integrity, competence, experience and skills to deliver the Bank's strategy;

c. Promote compliance with global regulatory trends and governance requirements, with emphasis on long-term sustainability;

d. Align individual rewards with the Bank's performance, the interests of shareholders, and a prudent approach to risk management;

e. Ensure that remuneration arrangements are equitable, transparent, well communicated, easily understood, aligned with the interest of shareholders and adequately disclosed.

Executive Directors' Remuneration:
Executive remuneration at Unity Bank Plc is structured to provide a solid basis for succession planning and to attract, retain and motivate the right calibre of staff required to achieve the Bank's business objectives.

The Board sets operational targets consisting of a number of Key Performance Indicators (KPIs) covering both financial and non-financial measures of performance for the Executives at the beginning of each year. Executive compensation is therefore tied to specific deliverables on a fixed pay basis. Fixed pay includes basic salary, transport, housing and other allowances.

The Board Corporate Governance Committee (a Committee comprised of only Non- Executive Directors) makes recommendations to the Board on all matters relating to Directors' remuneration. The Executive Directors are not involved in decisions on their own remuneration.

Please see the table below for the key elements of Executive Directors' remuneration

Element	Description	Payment Mode	Other Details
Base Pay/ Salary	This is a fixed pay (guaranteed cash) which is not dependent on performance. It comprises basic salary and all cash allowances paid to the Executive Director.	Monthly/ Annually	Salaries for all roles are determined with reference to applicable relevant market practices
Other Benefits	These are the non-monetary compensation provided to the Executive Director, such as official car, club and professional membership subscription.	Actual items are provided or the cash equivalent for one year is given.	Review periodically in line with contract of employment

Review of the various remuneration elements means the re-appraisal of the elements to ensure that they are competitive and reflective of industry expectations. They do not necessarily refer to an increment or reduction in the value of the benefits.

Non-Executive Directors Remuneration
Non-Executive Directors' remuneration is structured to conform to prevailing regulations and is set at a level that is at par with market developments, reflects their qualifications, the contributions required and the extent of their responsibilities and liabilities.

Non-Executive Directors are paid an annual fee in addition to reimbursable expenses incurred in the course of their role as Board members, where not provided directly by the Bank. The annual fee is approved by Shareholders at the Annual General Meeting and is paid quarterly in arrears, with subsequent

They also receive a sitting allowance for each meeting attended by them but do not receive any performance incentive payments.

Please see the table below for the key elements of Non-Executive Directors' remuneration arrangements:

Element	Description	Payment Mode	Other Details
Annual Fees	Reflect market value of individuals and their role within the Bank	Quarterly	Reviewed periodically on need basis subject to shareholder approval at the Annual General Meeting.
Sitting Allowances	To recognize the responsibilities of the Non-executive Directors To encourage attendance and participation at designated committees assigned to them	Per meeting	Reviewed periodically on need basis subject to shareholder approval at the Annual General Meeting.

The Bank periodically benchmarks its remuneration practices against peer organizations whose business profiles are similar to that of the Bank

34. Other employee and directors disclosures

	2021 Number	2020 Number
a. The average number of persons employed by the Bank during the year was as follows:		
Executives	4	4
Management	17	17
Non-management	1,611	1,574
	1,632	**1,595**

b. Compensation for the above staff (excluding Bank directors) include:

	2021 N'000	2020 N'000
Salaries and wages	10,007,900	9,799,608
Pension costs:		
Defined contribution plans	528,610	609,387
	10,536,510	**10,408,996**

c. The number of employees of the Bank, other than directors, who received emoluments in the following ranges (excluding pension contributions), were:

	2021 Number	2020 Number
N300,000 and below	-	-
N300,001 - N2,800,000	-	47
N2,800,001- N3,500,000	662	556
N3,500,001- N4,000,000	360	362
N4,000,001- N5,500,000	173	174
N5,500,001- N6,500,000	132	141
N6,500,001- N7,800,000	120	116
N7,800,001- N9,000,000	74	81
N9,000,001 and above	111	118
	1,632	**1,595**

35. Going Concern

The Bank made a profit after tax of N3.1 billion for the year ended 31 December 2021. (2020: profit after tax N2.1 billion). As at that date, the Bank's total liabilities exceeded its total assets by N276 billion (2020: N275 billion) and the capital adequacy stood at -86.18% (2020: -101.47%). The Bank therefore did not meet the minimum capital requirement and the CAR as stipulated by the Central Bank of Nigeria (CBN) for a Bank with a National banking license which is 10%. The directors acknowledge that material uncertainty remains over the timing of the recapitalisation of the Bank. However, the Directors has reached an advanced stage with both local and multinational investors in the fund mobilisation for the Bank.

The Directors are confident that they would be able to recapitalise the Bank upon the upturn of economic activities within the next one year. Based on this, the directors have a reasonable expectation that the Bank will continue in operational existence for the foreseeable future and as such realise its assets and settle its liabilities in the normal course of business. Accordingly, these financial statements have been prepared based on accounting polices applicable to a going concern.

36. Capital Management

a. The Bank's process for assessing and managing the impact of capital on its business plans on present and future regulatory capital communications is an important aspect of its strategic planning. The Bank's Capital Adequacy is reviewed at each periodic review date to ensure that it meets regulatory requirements and standard of international best practices.

The Bank's capital is Tier 1 (Core Capital) consists of essentially share capital and reserves created by appropriations of retained earnings over the years. Tier 2 capital is composed of long term borrowings for financial planning and other non qualifying Tier 1 reserves to the limit allowable.

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 (86.18%) and (101.47%) for the years ended 31 December 2021 and 2020 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. *Forbearances*

i. Financial accomodation from the CBN

Unity Bank Plc was also granted by the Central Bank of Nigeria a short term financial accommodation of N50 billion to augment working capital requirements with a maturity date of 19 September 2022 (see note 26).

Capital Adequacy Ratio

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

NOTES TO THE FINANCIAL STATEMENTS

Regulatory capital	2021 N'000 full impact of IFRS 9 transition	2021 N'000 Added impact of IFRS 9 transition	2020 N'000 full impact of IFRS 9 transition	2020 N'000 Added impact of IFRS 9 transition
Tier 1 capital				
Share capital	5,844,669	5,844,669	5,844,669	5,844,669
Share premium	10,485,871	10,485,871	10,485,871	10,485,871
Share Reconstruction	67,103,925	67,103,925	67,103,925	67,103,925
Statutory Reserves	13,226,162	13,226,162	12,437,215	12,437,215
SMEIES Reserves	440,119	440,119	440,119	440,119
CBN AGSMEIS Reserve	172,662	172,662	172,662	172,662
Other reserves	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Accumulated deficit	(371,734,695)	(371,734,695)	(374,443,951)	(374,443,951)
IFRS 9 Transitional Adjustment	-	-	-	496,340
Total qualifying Tier 1 capital	**(277,461,287)**	**(277,461,287)**	**(280,959,494)**	**(280,463,154)**
Less:				
Intangible assets	145,734	145,734	(148,836)	(148,836)
Deferred Tax Assets	-	-	-	-
Adjusted total qualifying tier 1	**(277,607,021)**	**(277,607,021)**	**(281,108,330)**	**(280,611,990)**
Capital Tier 2 capital				
Revaluation Reserve	(453,611)	(453,611)	(2,136,107)	(2,136,107)
Total qualifying Tier 2 Capital	**(453,611)**	**(453,611)**	**(2,136,107)**	**(2,136,107)**
Total Qualifying Capital	**(278,060,632)**	**(278,060,632)**	**(283,244,437)**	**(282,748,097)**
Risk - weighted assets:				
Risk Weighted Amount for credit risk	243,444,832	243,444,832	220,626,487	220,626,487
Risk Weighted Amount for operational risk Risk	43,412,131	43,412,131	44,636,281	44,636,281
Weighted Amount for market risk	35,782,602	35,782,602	13,876,664	13,876,664
Total risk-weighted assets	**322,639,564**	**322,639,564**	**279,139,432**	**279,139,432**
Ratio	**-86.18%**	**-86.18%**	**-101.47%**	**-101.29%**

Transitional arrangements treatment of IFRS 9 expected credit loss for regulatory purposes by Banks in Nigeria

During the year ended 31 December 2018, the Central Bank of Nigeria (CBN) issued a circular to provide guidance on the treatment of ECL provisions for regulatory purpose and introduce a four-year transitional arrangement to cushion the effect on tier 1 regulatory capital. The summary of the guidance is as follows:

1. Utilisation of Regulatory Risk Reserve (RRR) to cushion the impact of IFRS 9 ECL Provisions on Transition Date In order to cushion the impact of IFRS 9 on regulatory capital banks are required, in the first instance, to apply the balance in their RRR to reduce the additional ECL provisions to be recognized in the opening retained earnings on January 1, 2018. The amount to be deducted from RRR shall be limited to the excess of ECL provisions over the IAS 39 provisions on the transition date. Accordingly, banks are required to effect appropriate accounting entries to reflect the transfer from RRR to the retained earnings.

2. Transitional Arrangement of the ECL Accounting Provisions for Regulatory Capital Purpose where the additional IFRS 9 ECL provision as stated in (1) above is higher than the balance in RRR, Banks are required to amortise the excess in line with the transitional arrangements provided by CBN. For the purpose of the transitional arrangement, the excess of the ECL provisions over IAS 39 provisions adjusted for the RRR is termed "Adjusted Day One Impact", using the Static Approach. This approach requires banks to hold static the Adjusted Day One Impact and amortise on a straight-line basis over the four-year transition period by writing back to the Tier 1 capital as indicated in the table below. The Adjusted Day On Impact for the Bank was N2.48billion.

Period	Provisions to be written back	%	BANK
Year 0 (January 1, 2019)	4/5 of Adjusted Day One Impact	80%	1,985,361.57
Year 1 (December 31, 2019)	3/5 of Adjusted Day One Impact	60%	1,489,021.18
Year 2 (December 31, 2020)	2/5 of Adjusted Day One Impact	40%	992,680.78
Year 3 (December 31, 2021)	1/5 of Adjusted Day One Impact	20%	496,340.39
Year 4 (December 31, 2022)	Nil	0%	-

37.Events after reporting date

There were no other significant events after the reporting date that could affect the reported amount of assets and liabilities as of the reporting date.

38. Contraventions

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

Nature of Contravention and penalty paid	Regulatory Agency	2021 N'000	2020 N'000
Penalty IRO 2020 Risk Assets Exam	CBN	4,000	-
Penalty for contravening CBN directive on loan offer agreement	CBN	2,000	-
Penalty on Late response to customer complaints	CBN	2,000	-
Various contraventions following AML/CFT Examination	CBN	-	15,000
Penalty On Staff Promotion	CBN	-	14,000
Late filing of 2017 Statement & 2018 Q1, Q2, Q3 Accounts	SEC	9,000	6,000
		17,000	**35,000**

39. Statement of cash flow workings

	Notes	2021 N'000	2020 N'000
(a) Loans & advances to customer			
Net loans, beginning of the year	18	202,080,856	104,017,725
Impairment write-back/(loss) on loans and advances	11	925,505	(1,228,601)
Movement for Cash Flow Statement		66,263,355	99,291,731
Net loans end of the year	18	269,269,716	202,080,856
(b) Changes in other assets			
Gross amount, beginning of the year	20	14,737,300	12,406,590
Movement for cashflow purposes		9,259,364	2,330,710
Gross amount end of the year	20	**23,996,665**	**14,737,300**
(c) Purchase of PPE			
Property, Plant and Equipment	21	2,392,701	1,389,254
ROU Asset	21	404,222	493,161
Acquisition of PPE		**2,796,923**	**1,882,414**
(d) Deposits from customers			
At 1 January	25	356,615,192	257,691,182
Interest payable at the end of the year (see note 40 (h) below)		1,210,672	1,121,527
Movement for Cash Flow Statement		(35,541,297)	97,802,483
At 31 December	25	**322,284,567**	**356,615,192**
(e) Due to Other Banks			
At 1 January	24	106,699,353	108,240,698
Interest payable as at year end		524,700	199,353
Movement for Cash Flow Statement		36,097,532	(1,740,698)
At 31 December	24	**143,321,585**	**106,699,353**
(f) Other liabilities			
At 1 January	28	38,741,646	22,044,718
Impairment write back on contingents (see note 11)	11	733,718	297,273
Interest expense on lease liability		11,171	15,791
Movement for Cash Flow Statement		279,131	16,383,864
At 31 December	28	**39,765,666**	**38,741,646**
(g) Interest received			
Interest recognised in the statement of profit or loss	6	43,181,558	39,119,457
Interest receivable, beginning of the year		4,928,402	1,281,186
Interest receivable, end of the year		(7,208,882)	(4,928,402)
Movement for Cash Flow Statement		**40,901,079**	**35,472,241**

	Notes	2021 N'000	2020 N'000
(h) Interest paid			
Interest expense	7	23,127,004	21,372,315
Interest capitalised on borrowings	26	(6,256,751)	(3,920,218)
Interest payable:			
Deposit liabilities		(1,210,672)	(1,121,527)
Due to Banks	24	(524,700)	(199,353)
Interest payable, beginning of the year		(409,442)	-
Interest expense on lease liability	7	(11,171)	(15,791)
Interest paid during the year		**14,714,269**	**16,115,426**
(i) a. Disposal of property and equipment			
Cost	21	472,240	44,235
Accumulated Depreciation	21	(468,276)	(43,207)
Gain on disposal		51,128	19,750
Proceeds from sale	9	**55,092**	**20,777**
b. Write off of property and equipment			
Cost	21	116,025	10,827
Accumulated Depreciation	21	(64,887)	-
Loss on disposal		(25,272)	(10,827)
Proceeds from sale	b	**25,866**	**-**
Proceed on Disposal (total)	a+b	80,958	20,777
Gain on disposal of Property and Equipment	10	25,857	8,923
(j) Cash and cash equivalent reported in the statement of cash flow			
Cash on hand	16	6,240,566	6,855,423
Current account with CBN	16	1,564,941	1,280,987
Deposits with the Central Bank of Nigeria	16	60,356,381	90,788,548
Due from other banks	16	37,008,773	33,093,521
Impact of foreign exchange on cash balances	39(l)	16,418	207,050
		105,187,079	**132,225,529**
(k) Changes in other balances with CBN			
AGSMEIS Account			
At 1 January	16	341,812	172,662
Movement for cashflow purposes		104,350	169,150
At 31 December	16	**446,162**	**341,812**
(l) Adjustment for non-cash exchange differences			
Unrealised exchange difference on borrowings	26	(500,348)	(287,949)
Net impact of foreign exchange on cash balances	39(j)	16,418	207,050
		(483,930)	**(80,899)**

OTHER NATIONAL DISCLOSURES

Statement of **Value Added**

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 N'000	%	2020 N'000	%
Gross earnings	50,284,345		46,526,320	
Interest expense	(23,127,004)		(21,372,315)	
	27,157,341		**25,154,005**	
Bought in materials and services				
Local	(12,559,781)		(11,089,219)	
Net Impairment losses on financial assets	2,563,927		4,127,332	
	17,161,487	100	18,192,117	100
Applied to pay:				
Employees:				
Wages, salaries and pensions	10,536,510	66	10,408,996	72
Government				
Taxes	158,880	1	136,801	1
To be retained in the business for expansion and future wealth creation:				
Depreciation	1,934,263	12	1,695,656	12
Amortisation	50,905	1	47,223	-
Profit for the year	3,173,254	20	2,086,393	15
	15,853,812	**100**	**14,375,069**	**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.

Statement of **Financial Position**

FIVE YEAR FINANCIAL SUMMARY

	31 DECEMBER				
	2021 N'000	2020 N'000	2019 N'000	2018 N'000	2017 N'000
Assets			*Restated*	*Restated*	
Cash and balances with Central Bank	68,608,050	99,266,770	14,209,138	9,340,372	5,675,461
Due from banks	36,980,421	33,065,169	33,725,276	32,062,650	15,620,573
Loans and advances to customers	269,269,716	202,080,856	104,017,725	44,096,959	8,958,127
Financial investments – held-for-trading	-	-	-	76,662,150	58,703,358
Debt instruments at fair value through other comprehensive income	52,129,755	62,839,611	87,262,055	-	-
Equity instruments at fair value through other comprehensive income	-	-	-	25,660,268	20,271,961
Financial investments – available-for-sale pledged as collateral	-	-	-	-	-
Financial investments – held-to-maturity	-	-	-	-	-
Debt instruments at amortised cost	71,896,064	64,379,307	29,209,131	-	-
Other assets	17,170,625	21,915,364	21,963,559	20,602,236	4,114,322
Property and equipment	22,668,390	148,836	136,201	80,866	21,501,055
Goodwill and other intangible assets	145,734	8,324,417	2,528,985	2,295,340	112,324
Deferred tax assets	-	-	-	-	-
TOTAL ASSETS	**538,868,754**	**492,020,329**	**293,052,070**	**210,800,841**	**134,957,181**
Liabilities and Equity					
Liabilities					
Due to other banks	143,321,585	106,699,353	108,240,698	100,347,202	42,957,842
Due to customers	322,284,567	356,615,192	257,691,182	247,630,264	252,310,468
Borrowings	309,185,582	264,873,635	183,303,723	126,211,139	80,546,363
Current tax liabilities	463,865	499,184	621,306	501,187	710,127
Other liabilities	39,765,666	38,741,646	22,044,718	20,451,210	29,303,657
Employee benefit liabilities	945	1,115	6,331	34,493	44,810
Total liabilities	**815,022,210**	**767,430,125**	**571,907,958**	**495,175,495**	**405,873,267**
Equity					
Issued share capital	5,844,669	5,844,669	5,844,669	5,844,669	5,844,669
Share premium	10,485,871	10,485,871	10,485,871	10,485,871	10,485,871
Statutory reserve	13,226,162	12,750,174	12,437,215	11,929,737	11,929,737
Retained earnings	(371,734,695)	(372,722,376)	(374,443,951)	(377,319,662)	(367,417,645)
Non Distributable Regulatory Reserve	1,761,444	51,859	-	-	-
Other reserves	64,263,095	68,180,007	66,820,308	64,684,730	68,241,281
Total equity	**(276,153,455)**	**(275,409,796)**	**(278,855,888)**	**(284,374,654)**	**(270,916,086)**
Total liabilities and equity	**538,868,751**	**492,020,329**	**293,052,070**	**210,800,841**	**134,957,181**

OTHER NATIONAL DISCLOSURES

Summary **Profit or Loss**

FIVE YEAR FINANCIAL SUMMARY

	31 DECEMBER				
	2021 N'000	2020 N'000	2019 N'000	2018 N'000	2017 N'000
Total operating income	25,849,665	21,336,957	25,132,625	19,117,960	54,473,045
Operating expenses	(25,081,458)	(23,241,095)	(19,568,590)	(20,713,169)	(24,460,756)
Impairment losses	2,563,927	4,127,332	(1,921,923)	(5,958,492)	(44,254,863)
Profit before taxation	3,332,134	2,223,194	3,642,112	(7,553,701)	(14,242,574)
Current taxation	(158,880)	(136,801)	(258,923)	(141,619)	(356,030)
Deferred taxation	-	-	-	-	(319,334)
Profit/(Loss)after taxation	3,173,254	2,086,393	3,383,189	(7,695,320)	(14,917,938)
	3,173,254	2,086,393	3,383,189	(7,695,320)	(14,917,938)
Earnings per share (basic)	27.15	17.85	28.94	(65.83)	(127.62)

ENTERPRISE RISK MANAGEMENT DISCLOSURE

Enterprise Risk Management

Approach to Risk Management

Unity Bank Plc 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 management 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 event 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 policies define acceptable levels of risk levels and a pathway for assessment and treatment where necessary.

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

The Bank's 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

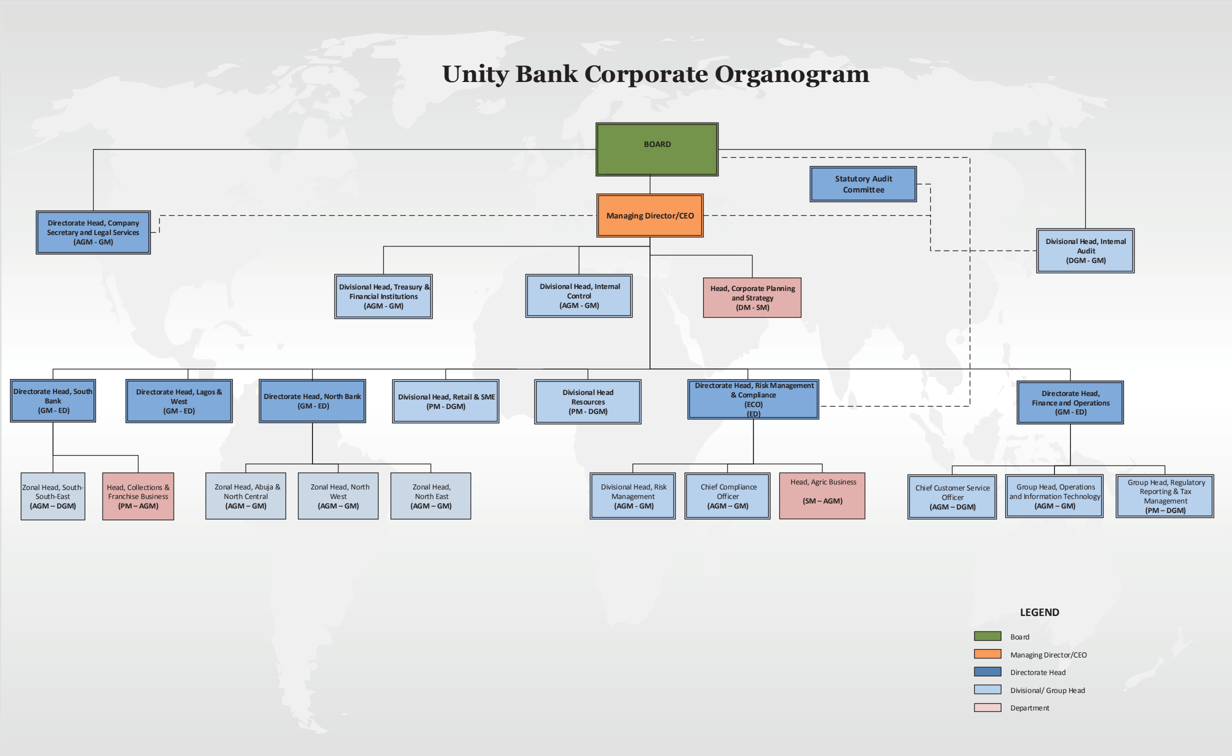
4. Treatment of risks
The decision point of whether to avoid the risk, transfer the risk or accept and mitigate the risk.

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

Unity Bank's Enterprise Risk Strategy
The following risks are directly managed by the bank:

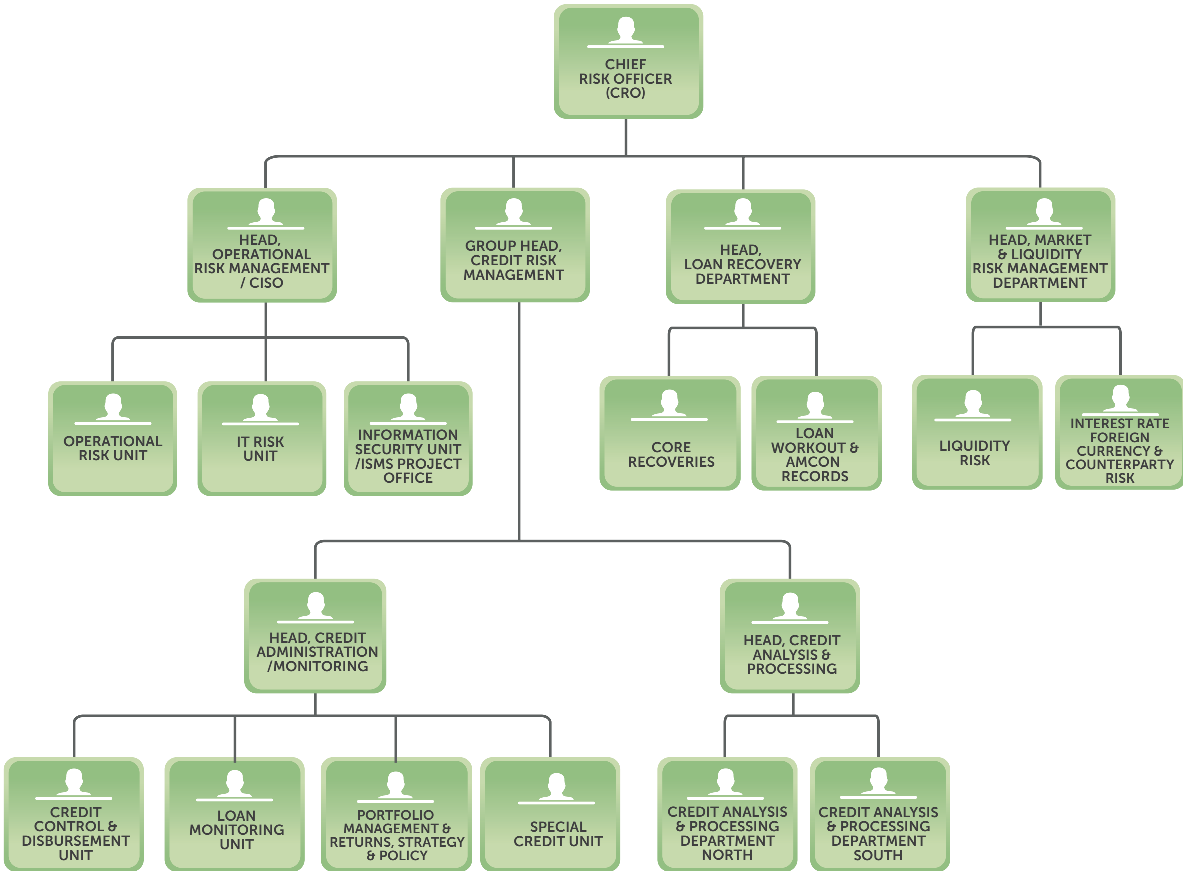
a. Credit Risk
b. Market Risk and Liquidity Risk
c. Operational Risk including Information Security and Information Technology Risk
d. Strategic Risk
e. Compliance and Legal Risk
f. Reputational Risk
g. Interest Rate Risk
h. Foreign Exchange Risk

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.



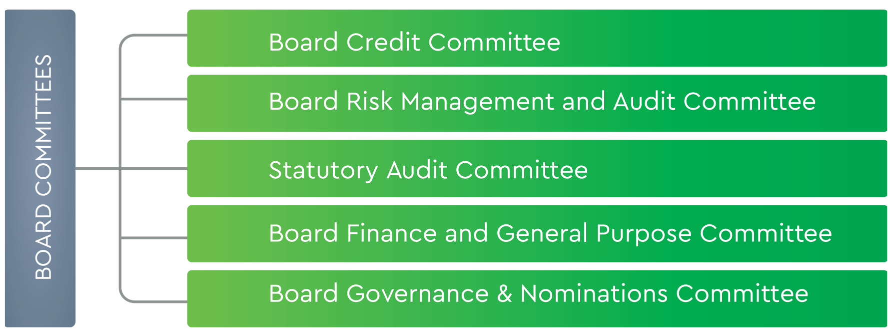
ENTERPRISE RISK MANAGEMENT

New Enterprise Risk Management Structure



1.1 Risk Organization and Governance Structure

The Bank instituted best practice corporate governance structures around its risk management practice and functions. The Board of directors, through its various committees, articulates the vision, sets the tone and provides strategic direction for the management of risk across the groups. Management Standing Committees are as set out in the corporate governance section.



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 is 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 Control and Disbursement:
- Reviewing Disbursement documentation for loan disbursements.
- Disbursement of all approved facilities that meet the conditions
- Declassification of accounts to release suspended interest on Banks.
- Setting of Limit on accounts in debit to allow for debit transaction as approved by management
- Monitoring of Deferrals on facilities with deferral approvals.
- Ensure that all transactions are compliant with Company's policies and regulations
- Responding to internal queries about payments and provision of Loan repayment schedules.
- Reviewing and Processing Customer request for Release of Security Documents.
- Setting and changing of interest Rate on loan and current accounts with concession approval.
- Rending of monthly report on facility disbursed which entails customer details, security details, facility details and dimension
- Setting of Guarantees on the Banks to generate control number.
- Booking of Guarantees on Banks and deduction of charges
- Cancellation of Guarantees on Banks at expiration or as approved by Management.

- Creation of Cash Margin account on Guarantee upon receipt of proceed.
- Placement of Lien on Guarantees cash collateral.
- Reviewing and Processing Customer request for Release of Cash Margin on Guarantees.
- Preparation of Guarantee report at month end.

Authority Limits on Credit
The highest credit approval authority is the Board of Directors, supported by the Board Credit Committee (BCC) and the Management Credit Committee.

Individuals are also assigned credit approval authorities in line with the Bank's criteria for such delegation set out in its Credit Risk and Portfolio Management Plan. The principle of central management of risk and decision authority is maintained by the Bank.

The various credit approval limits of the Bank are shown in the table below.

Approving Authority	Cash backed	Direct Exposure	Indirect Exposure
Board	Above N5Bn	Above N1Bn	Above N2.5Bn
BCC	Above N4Bn – N5Bn	Above N750M - N1Bn	Above N2Bn - N2.5Bn
EXCO	Above N3Bn – N4Bn	Above N250M - N750M	Above N1Bn - N2Bn
MD/CEO	Above N1Bn – N3Bn	Up to N250M	Up to N1Billion
ED in charge of Business Directorate with concurrence of Chief Risk Officer	Above N100M – N1.0Bn	-	-
Zonal Managers	Up to N100M	-	-

Credit Risk Monitoring:
- Total Portfolio Policing
- 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 Assets – 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 become delinquent. The function is organized in teams, with each team being responsible for a particular zone(s).

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
Operational Risk Management Department reports to Chief Risk Officer 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, Reputational Risk.
- Coordinate enterprise wide Business Continuity Management System (ISO 22301 - BCMS).
- 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 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 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 reports to the Divisional Head, Risk Management.

Legal Services Department (LSD)
The LSD responsibilities 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 include:

- Ensure that all the Bank activities and business are carried out in strict compliance with 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 is 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 to ensure 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.

1.2 Disclosure

In compliance to 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.

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 as 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.

3. 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

3.1 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 not	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 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.
<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.

Risk ratings models form the building blocks for the determination of default risk of counterparties. The models are back tested to ascertain the predicative capabilities relative to actual performance and make necessary amendments as necessary to enhance their effectiveness.

However, significant increase in credit risk is the main factor that determines movement of a financial asset from Stage 1 to either Stage 2 or Stage 3.
Expected credit loss amounts are the weighted average of credit losses with the respective risk of a default occurring as the weights. The credit losses are a measure of all cash shortfalls (i.e. the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive) discounted at the original effective interest rate.

The amount of ECLs recognised as a loss allowance depends on the extent of credit deterioration since initial recognition. There are two measurement bases:

- 12-month ECLs (Stage 1), applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality. 12-month ECLs are the portion of the lifetime ECLs that results from default events that are possible within the next 12 months (or a shorter period if the expected life of the financial instrument is less than 12 months) weighted by the probability of that default occurring.
- Lifetime ECLs (Stages 2 and 3), applies when a significant increase in credit risk has occurred on an individual or collective basis. They are the ECLs that result from all possible default events over the expected life of a financial instrument.

The following key criteria must be met in the estimation of ECL in order for a bank to have met IFRS 9 requirements:

Criteria	**Description**
Use of regulatory models in the estimation of ECL	If a bank chooses to leverage existing regulatory models to estimate ECL, appropriate adjustments should be made to the models before they are used for IFRS 9 purposes. For example, the removal of conservatism in the regulatory model and adjustment of output to ensure a PiT PD rather than a through-the-cycle (TTC) PD or downturn measure.
Collective assessment	When assessing ECL on a collective basis the standard specifies that segments or groups share similar risk characteristics so that banks can reasonably assess changes in credit risk and thus the impact on ECL.
Assessment of expected changes to exposures	A bank must include the effects of contractual repayments and expected prepayments on loans. Expected drawdowns on committed facilities should also be considered.
Discounting	An entity must consider the time value of money when estimating ECL and ECL should be discounted to the reporting date.
Use of reasonable and supportable information	A bank shall measure expected credit losses of a financial instrument with available information at the reporting date about past events, current conditions and forecasts of future economic conditions.
ECL estimates are an unbiased and probability weighted amount	A bank shall measure expected credit losses of a financial instrument in a way that it reflects an amount that is determined by evaluating a range of possible outcomes.

Sum of marginal loss approach
This approach involves calculating ECL as the sum of the marginal losses occurring in each time period from the reporting date. The marginal losses are derived from individual parameters that estimate exposures and losses in the case of default and the marginal probability of default for each period (the probability of a default in time period X conditional upon an exposure having survived to time period X).

Consistent with regulatory and industry best practices, ECL calculations are based on four components, which are listed below:

- **Probability of Default (PD)** – This is an estimate of the likelihood of default over a given time horizon (e.g. 12 months or lifetime).
- **Exposure at Default (EAD)** – This 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 , and expected drawdown on committed facilities.
- **Loss Given Default (LGD) –** This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.
- **Discount Rate –** This is used to discount an expected loss to a present value at the reporting date using the effective interest rate (EIR) (or where applicable other rate permitted by IFRS 9) determined at initial recognition.

ECLs are generally measured based on the risk of default over one of two different time horizons, depending on whether the credit risk of the borrower has increased significantly since the exposure was first recognised. The loss allowance for those exposures that have not increased significantly in credit risk ('stage 1' exposures) is based on 12-month ECLs. The allowance for those exposures that have suffered a significant increase in credit risk ('stage 2' and 'stage 3' exposures) is based on lifetime ECLs.

The PD as well as the EAD, the LGD and the effect of discounting - reflect the expected life or period of exposure. The bank calculates each of these components for a series of time intervals over the period of exposure (such as monthly, quarterly or annually) and sums them to derive the lifetime ECL.

As the Bank is required by the Standard to measure ECL in a way the reflects "reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions", the measurement of each of these components is calibrated in order that they meet these criteria.

When assessing ECL on a collective basis the standard specifies, "it is important that information about historical credit loss is applied to groups that are defined in a manner that is consistent with the groups for which the historical credit loss rates were observed". Financial instruments should be grouped in such a way that they share similar risk characteristics and for which relevant observable data that reflects current conditions is available.

The standard lists examples of shared credit risk characteristics, which include instrument type, credit risk ratings, collateral type, date of initial recognition, remaining term to maturity, industry, geography and the value of collateral relative to the financial asset. Regular review of the ECL methodology and estimation should include an assessment of the continued suitability of the groups through comparison of shared credit risk characteristics.

ECL calculation using sum-of marginal loss approach

An ECL can be computed for any horizon – typically for each due date of an exposure. The computation formula can be expressed as follows:

$$Lifetime\ ECL_T = \sum_{t=1}^{T} (Cumulative\ PD_t - Cumulative\ PD_{t-1}) \cdot LGD_t \cdot EAD_t \cdot (1-PP_t)/(1+r)^t$$

Where:
PD = Probability of default at time t if the loan has not defaulted already
LGD = Loss given default i.e. the forecasted economic loss if the default happens at time t
EAD = Exposure at default i.e. the forecasted exposure at each point in time
PPt = Prepayment probability provided the exposure is still on the books at this time
r = Discount factor (EIR)

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

3.1.2 Market Risk
The Bank sees market risk as loss in 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 IRR risk identification is robust, which is not limited to balance sheet risks but also risk to future revenue streams. One of the major indicator is the CBN announcement of Monetary Policy Rate (MPR) changes, changes in the Primary market auction of Nigerian Treasury bills (NTB) and Open Market Operation (OMO).

Foreign exchange risk:
The exchange risk arises when there is a risk of an unfavorable change in exchange rate between the domestic currency and the denominated currency before the date when the transaction is completed. It exists when a financial transaction is denominated in a currency other than the domestic currency of the Bank. Unity Bank identifies its Foreign exchange risk through its trading position or banking books Net Open Position between assets and liabilities held in foreign currency.

The Market Risk management policy regulates the way the market risk management is treated in the bank. The Bank has a dedicated risk department (the Market and Liquidity Risk Department) responsible for identifying, measuring, monitoring, controlling and reporting market risk within the Bank. The Market Risk management policy, guides the day-to-day activities of the Market and Liquidity Risk Department.
In addition, the market risk management aligns its process with the Bank's strategy and Board risk appetite guided by operational policies.

Measurement and Assessment
The Market and Liquidity Risk Department has the responsibility to measure, monitor, control, and report all incidents of market risk faced by the Bank in its operation. Unity Bank's Interest rate and Foreign Exchange rate risks are measured by various statistical techniques, for instance, the daily Mark-To-Market (MTM) revaluation, Value at Risk (VaR), Duration Analysis, Maturity Gap Analysis and Net Open Position (NOP) analysis.

The Bank will continue to encourage the use or development of more complex methods of measurements in the near future.

Controls and Mitigation

The Bank minimizes exposures to losses caused by adverse movements of market factors by setting internal defined limits of relevant Treasury Instruments, dealers/traders, positions as stipulated in the Board approved Treasury Risk Limit Framework. Exposure to Foreign Exchange rate risk in trading is mitigated through a daily Foreign Currency Square Position.

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

3.1.3 Operational Risk

Operational Risk is the risk of loss resulting from failed or inadequate internal processes, people and systems or external events. This definition includes legal risk, but excludes strategic and reputational risk - Basel II 2011.

The Basic Indicator Approach (BIA) is used by the Bank to measure its operational risk capital requirement as prescribed in the CBN operational risk guideline for capital adequacy.

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, natural disaster and pandemic etc.

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:

1. 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 centers etc.)

2. 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.

3. Key Risk Indicators(KRI)

Key Risk Indicators (KRIs) are metrics that provide information on the level of exposure to a given operational risk which an organization has at a particular point in time. They help keep the operational risk management process dynamic and risk profiles current. KRIs serve as parameters, which focus on business processes/ activities to predict upcoming changes in the operational risk profile of the business processes/activities.

4. Internal Loss Data/Events
Internal losses arise from actual events, i.e. the materialization of operational risks, and reflect the organization's own experience. Therefore internal loss events have the potential to be the most relevant basis for analysis and management response. It aids the Bank 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 Unity Bank to measure risk and quantify capital. The positive outcomes of the internal loss event process are not only a better-informed response to current risks but also a better-informed management of future risks.

5. External Loss Data/Events
In addition to the events that have occurred within an organization, external events can also offer valuable insight into the operational risks faced at the organization. External data contain events that can be used to create stories that help us analyze and understand risk.
These events provide valuable content for the construction of scenarios, risk assessments, key risk indicators and risk appetite setting that monitor the changing business environment.

6. Scenario Analysis
Scenario analysis is a process used to assess the impact on the business of hypothetical, yet foreseeable, extreme operational loss events. It focuses on defining realistic situations that could have a sizeable impact on the business but occur very rarely: the so called 'tail risks', sitting at the tail of the loss distribution, which differ from the typical expected losses observed by the business on an annual basis. Therefore, scenario analysis assesses and manages exposures due to high severity low frequency events with emphasis on extremes and not limited to financial impact alone.

7. Reporting
Operational risk reports are produced on both a regular and on an impromptu 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 Board Risk Management and Audit Committee (BRMAC) is quarterly while the ones for the SBU's are monthly.

Measurement and Assessment
Measurement of operational risk is quite challenging. However, the Bank has adopted precise measurement techniques to increase the risk management capabilities to statistically measure the risk exposures as follows:

1. Risk Event Classification
- Frequency/likelihood of occurrence
- Impact of the loss

2. Incident Event Analysis
- Cause and effect analysis

3. Risk Quantification and Prioritization
- Assignment of scores and weights to identified risks

4. 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	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
Operational Risk Management Department has provided a standardized and comprehensive policy (Operational Risk Management Policy) for managing operational risks within the Bank.

The Bank operates a - three lines of defense model to address operational risk through:
- First line of defense: Business line management where the process owners are responsible for ensuring that a risk and control environment is established as part of the day-to-day activities;

- Second line of defense: Operational Risk Department and Internal Control Group within the Enterprise Risk Management Directorate, Human Capital Management Department, Financial Control Department and Compliance Group who together set boundaries by drafting and implementing policies and procedures;

- Third line of defense: 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 Management Policy.

3.1.4 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."

3.2 Pillar II Risks

3.2.1Credit 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 (HHI)
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.

3.2.2 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.

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, bills and loans.

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.) Renewals or new products are not considered in analysis.
- Establishing behavioral assumption mechanism e.g. non-maturing liability assumptions and effective maturity of the assets
- Discounting the net cash flow to the present.
- Multiply the discounted net cash flows by the 6 different interest rate scenarios for each of the currencies.
- Maximum loss across all interest rate shock scenarios (summary) is the EVE risk measure to get the EC
- 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 the Bank's re-pricing gap.

The Bank minimizes exposures to losses caused by adverse movements of market factors by forecasting interest rates direction and setting defined limits on Instruments.

3.2.3 Strategic Risk
This is the risk of a possible loss that might arise from the pursuit of an unsuccessful business plan or strategy. It is also the risk that an event (external or internal) could derail the overall achievement of the Strategic Plan of the Bank.

The factors responsible for this kind of risk include poor business decisions, poor execution of decisions, inadequate resource allocation and 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
The bank's risk profile is subject to review based on the following parameters:
- Compatibility of strategic decisions taken in relation to the bank's long-term vision, mission and values
- Speed and effectiveness with which the bank is able to respond to changes

- Availability of resources to take care of strategic decisions
- Impact of strategic decisions on the bank

These risks are identified based on our strategic business focus. Based on our strategic business direction, the following are the identified strategic risks:

- The incapacity of the Bank to raise capital for business growth.
- Income pressure from the incursion of payment banks and Fintechs into the electronic banking space
- IT disaster and technological failure
- Downside risk in industries invested in general downside risk of monetary and fiscal failure (economic recession)
- Continuous change in customers' preference and choices
- Key market and industry changes
- Change management challenges

Measurement, Management and Mitigation

The Bank, in a bid to reposition itself in line with achieving the maximum benefits of its retail and SME strategy, is making frantic effort to raise capital. The current economic realities have impaired the capacity of the Bank to quickly raise capital to expand its business operations. In any case, the Bank has reached advanced stage in discussions with some prospective investors (local and foreign) and is hopeful of finalizing the entire process before the end of 2021. It is important to note that this process is not without consultation with the regulators. In the event that the Bank is unable to raise the intended capital by the end of the current strategic planning horizon, the Bank will consider other options, which is not limited to merger with or acquisition by another financial institution.

The Bank is not unaware of the income pressure arising from the activities of fintechs, and payment banks. This risk is also exacerbated by the constant downward review of bank charges by the CBN. In view of this, the Bank has already identified partnership with fintech companies as a better alternative to competing with them. Consequently, we have commenced strategic and mutually beneficial relationships with fintech companies in the area of microloans, bills payment, switch connection to other banks, agency banking, app development, etc. These collaborations have helped the Bank to earn additional income through revenue sharing, agency fee, etc share with some pro has created a product and channel group, with the ambition to make our retail and SME products, including our channels compete effectively and outperform similar offerings of competitor banks.

The risk associated with IT infrastructure and possibility of system glitches that would affect business operations have been identified by our IT Risk Team. We have therefore developed and adopted an IT recovery plan.

In addition, the Business Continuity Plan of the Bank, which was documented by the Risk Management Team in consultation with one of the renowned consulting firms in Nigeria. In addition, the back-up plan at branch level and at enterprise level are also in place. These plans have been tested and are ready to be deployed in the event of such eventuality.

On the downside risk associated with any industry we are heavily invested in, the Bank has always watched the direction of the economy and our risk assets have largely been determined by sectoral economic performance. Currently, agricultural loans constitute the biggest portion of our loan portfolio. The Bank has also onboarded over 450,000 agric customers, who directly benefitted from the Anchor Borrowers Program of the CBN.

Agriculture has remained a growing sector of the Nigerian economy. However, in recent times, we have noticed challenges within the agrarian/farming belt of the country. These challenges include climate change, flooding, farmers/herders' crisis, the activities of bandits and general insecurity. In consideration of these risks, the Bank directly supervised the disbursement and utilization of the CBN intervention programs and includes provision for insurance in all the credit exposure to this sector. In addition, the Bank is strategically diluting its loan portfolio to minimize the concentration risk.

The bank has remained proactive in making the best out of the general downside risk of the failing monetary and fiscal environment in Nigeria on its business. The emergence of the COVID-19 pandemic has even aggravated this risk, as the economy moved into a brief recession between Q2 and Q3'2020. In the light of this, the bank on the fiscal front where high inflation rate and rising poverty level have weakened the purchasing power of the over 83 million low-income Nigerians and the over 37 million MSMEs have continued to develop varying products with attractions for this population niche. The most recent of this (product) is an online loan platform, for easy of application and disbursement.

On the monetary front, the bank's robust credit management framework has ensured that the size of its non-performing continues to reduce when compared to 2019 level, despite expanding its loan books by 94% (to N206.99 billion) in 2020.

The Bank has never taken for granted, the dynamic nature of consumers' preference and choice in its day-to-day decision making. This is why the bank has created channels for receiving customers and staff impulse on products, services, and needs, in order to deliver optimally in these areas. In addition, the Bank has engaged IT consultant to work with the Bank in the revamping of its customer data analytics to improve the detection and prediction of our customers behaviour in order to be right ahead of changes in customers tastes and dynamics.

The Bank continues to measure key changes in the market and the industry on daily and weekly basis through our Market Risk Team, Treasury Department and the Asset and Liability Committee (ALCO) of the EXCO. The ALCO reviews market and industry fundamentals, and takes decisions proactively ahead of any forecasted changes within the industry, or in response to any unforeseen deviation in the market.

Considering that the Bank is undergoing a lot of management instigated changes to ensure the Bank competes favorably in the market, many critical initiatives are being introduced regularly in line with the strategic focus of the Bank. In order to obtain maximum staff, buy-in and to reduce the change management risk, these managements driven initiatives are communicated effectively through all the internal communication channels. In addition, Executive Management holds town hall meetings on a regular basis at zonal levels to sell management's vision to staff and to motivate staff to play key role in the realization of the Bank's vision and goals.

Finally, the Bank also has dedicated departments under the Corporate Planning and Strategy Department. Their core functions are 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 Group currently reports to the MD/CEO. Management of this risk is done with guidance from Strategy policy that expresses the Bank's risk indicators and their treatment methodology.

3.2.4 Reputational Risk
The risk constitutes the potential that negative perception 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 its image in the market, adverse publicity or susceptibility to market rumors.

Identification
Customer dissatisfaction and negative media publication are the major causes of reputational loss to the Bank. The Bank has a process through which customers can lodge complaints on the services provided by branches, regional offices or corporate office.

Another source of reputational risk is 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 putting 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
- Lack of clearly differentiated products and services offerings by competition as customers perceive the products as identical.
- The services rendered by front desk officers.

The above risk can result in the following reputational losses:
- Loss of current or future customers
- Loss of public confidence
- Staff attrition 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 Communications department which amongst other functions, systematically monitors all forms of media information relating to the Bank and by so doing manages reputational risk.

In furtherance to the above, Corporate Communications renders a monthly report of negative publications/ mentions on the Bank to the Board through the Enterprise Risk Management Department.
Also in the offing is a Crisis Management Committee. Corporate Communications and Strategy have put forward a position paper to Management on the desirability of establishing a Crisis Management Committee to help respond expeditiously to issues that can impact the bank's reputation.

Unity Bank has a business philosophy and a strong culture of strict adherence to regulations and compliance standards to help maintain sound reputation in the market.

The Bank has Appointed a Chief Customer Care Officer at Management level being considered to ensure that customer satisfaction is given top level drive.

3.2.5 Legal Risk
Legal risk refers to the risks of loss arising 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.

3.2.6 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 Unity 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 to ascertain the 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.
- The growth of loans to available deposits
- Ability to attract funding from the market at short notice and at reasonable cost.
- Current corporate rating of the bank

Measurement and Assessment
The Bank does not rely only on Loan-to-Deposit ratios. 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.

Control and Mitigation
Unity Bank Plc's Treasury Group 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.

Other measures include;
1. Limit System and Limit breach escalation processes.
2. Balance sheet trend analysis.
3. Daily review of the available liquid assets and liabilities
4. Setting of Maximum loss threshold
5. Functional Contingency Funding Plan.
6. Forecasting historical runoff

3.3 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
Key Staff Risk	Risks of loss as a result of excessive dependency on a staff.	Proper succession plan, knowledge sharing and stringent leave policy implementation
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.

3.4 Business Continuity

This is simply the need to ensure an acceptable level of operational continuity of the Bank's core services, processes and supporting infrastructure to the fulfillment 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.

Fire marshals and the security team constitute the Bank's evacuation 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.

4. 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 whilst Basic Indicator Approach (BIA) was used for Operational risk measurement.

4.1 Regulatory Capital

The Bank's regulatory capital requirement for the year ended December 31st, 2021 as provided for by the

ENTERPRISE RISK MANAGEMENT

Central Bank of Nigeria is largely Pillar I risk dependent. It comprises of a combination of three risk types whose distribution is presented in the table and chart below:

RISK TYPE	RISK WEIGHTED ASSETS	CAPITAL CHARGE
CREDIT RISK	243,444,831,771	24,344,483,177
MARKET RISK	35,782,601,615	2,862,608,129
OPERATIONAL RISK	43,412,131,024	3,472,970,482
TOTAL	**322,639,564,410**	**30,680,061,788**

The Bank's risk weighted assets are concentrated in the credit risk area, a fact that is typical of the nature of financial institutions. Our total Credit Risk Weighted Asset (CRWA) figure is N243.44bn. Operational and Market RWA accounts for N43.41bn and N35.78bn respectively. The dominance of credit risk is emphasized in the chart below:

Credit risk contributes a significant 79.35% of the Bank's total capital charge, while Operational and Market risk accounted for 11.32% and 9.33% respectively.

4.1.1 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, 2021 stood at N537.49bn. 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%	192.4	192.24142	-
A+ to A-	20%	-	0	-
State Govt and LA's		-	-	-
A+ to A-	20%	0.39	0.39	0.8
Unrated	100%	-	-	-

Exposure class	Risk Weights	Exposures Before CRM	Exposure after CRM	Total RWA After CRM
PSE's		-	-	-
	100%	-	-	-
Supervised Institutions		-	-	-
AAA - AA-	20%	37.03	37.03	7.41
Corporate		-	-	-
Unrated	100%	251.32	140.99	140.99
Regulatory Retail		-	-	-
	75%	17.87	8.19	6.14
Residential RE(RRE)		-	-	-
	75%	0.05	0.05	0.04
Commercial RE(CRE)		-	-	-
	100%	0.19	0.19	0.19
Past Due Exposures		-	-	-
Other than RRE	150%	0.01	0.01	0.02
	100%	-	-	-
RRE	100%	-	-	-
	50%	-	-	-
Other Assets		-	-	-
	0%	-	-	-
	20%	-	-	-
	100%	38.38	38.38	38.38
Total		**537.49**	**417.48**	**193.24**

Upon application of credit risk mitigants and risk weights, the total RWA obtained is N193.24bn.

The following table shows the various off balance sheet balances, credit conversions factors, credit equivalent and the RWA's as at December 31, 2021.

DETAILED OFF BALANCE SHEET ANALYSIS (N'BN)

Contingents	Notional Amount	CCF	Credit Equivalent	Risk Weight	RWA
Certain Transaction Related Contingents	14.69	20%	2.94	100	2.94
Corporate and other Persons	94.52	50%	47.26	100%	47.26
OTC Derivatives Transactions					
Supervised Institutions		100%		20%	
Total Off Balance Sheet	**109.21**		**50.20**		**50.20**

The total off balance sheet notional amount before credit conversion was N109.21bn from transaction related contingents and derivative transactions. Credit conversion factors were applied to the notional amount to reduce the exposure to N50.20bn.

A total off balance RWA of N50.20bn 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 (N243.44bn) equals the total RWA for credit risk.

4.1.2 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)	26,963,842,274
Net Position in Gold	-
Total NOP in FX & Gold	**26,963,842,274**
RWA	26,963,842,274
Capital Charge on Foreign Exchange Risk	**2,157,107,381**

The net open position after regulatory conversions (Higher of Aggregate Net Long/Short) stood at N26.96bn which represents Foreign Exchange RWA. The Capital Charge was simply 8% of the market Risk RWA totaling N2.157bn.

4.1.3 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 N75.4bn as shown in the table below:

3.1.3 OPERATIONAL RISK REGULATORY CAPITAL ASSESSMENT

INCOME UNITS	2021	2020	2019
Interest Income	43,251,563,000	39,119,457,000	35,947,976,956
Interest Expenses	23,115,834,000	21,372,315,000	19,454,645,145
Net Interest Income	**23,115,834,000**	**17,747,142,000**	**16,493,331,811**
Net Non-Interest Income			
Fees and Commission Income	6,117,070,000	5,218,596,000	2,036,746,827
Fees and Commission Expenses			
Net Fees and Commission Income	**6,117,070,000**	**5,218,596,000**	**2,036,746,827**
Gains/losses arising from sale of trading book facilities	-1,307,675,000	(3,817,048,000)	329,291,000
Unrealised gain/losses on fair value changes of trading securities			
Any other operating income (please specify)	985,717,000	6,315,599,000	3,332,242,000
Total Net non-interest income	**5,795,112,000**	**7,717,147,000**	**5,698,279,827**
Total Gross Income	**25,930,841,000**	**25,464,289,000**	**22,191,611,638**
Aggregate Gross Income		**69,459,409,638**	
OpRisk Risk Weighted Assets		**43,412,131,024**	

The total operational capital charge and RWA obtained were N3.47bn and N43.41bn respectively.

4.2 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. The Bank considers it more comprehensive than adopting a notional charge. This computation

is normally done at stress conditions so as to cover for normal conditions as well. Economic Capital (EC), is a very important part of the Supervisory Review and Evaluation Process (SREP). All assumptions are documented in the appendices.

4.2.2 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	***272,557,180,038.91***
Portfolio UL	165,902,733,158.67
Portfolio EL	5,457,161,157.12
Credit Portfolio EC	***5,457,161,157.12***

4.2.3 Market Risk Economic Capital

Below is the summary of interest rate risk – trading book and the output shown as follows: -

GENERAL MARKET RISK

Currency of Position (Naira is the Base Currency)	Net Position (in actual currency)	Capital requirement (in actual currency)	Exchange Rate (Naira/FCY)	Capital Requirement (in Naira)
Naira	N24,124,812,223.29	N75,029,876.59	1.00	75,029,876.59
USD	$0.00	N 0.00	435.00	0.00
GBP	£0.00	£0.00	586.73	0.00
EUR	€ 0.00	€ 0.00	506.86	0.00
Other Currencies	N 0.00	N 0.00	1.00	0.00
Total				**75,029,876.59**

As at December 31st, 2021, the Bank's total trading position for fixed income was N24.12bn while FX was Nil. In the fixed income market, Unity Bank was only active in the treasury bills trading. The N24.12billion was derived using the absolute Market value of Treasury Bills Positions.

For the Capital computation for interest rate in the Trading Book using Maturity method were concentrated in Zone 1 (6 – 12 months) to be precise, i.e. Portfolio Maturity Bands between 0 and 12 months. Therefore, to derive the EC, the long and absolute value of short were multiplied by Basel recommended risk weights to arrive at N10.65mn. This showed increase compared to last year's as result of increased fixed income securities holdings.

4.2.4 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
2019	26,465,692.50	100,919,534.91	127,385,227.41
2020	380,135,917.21	1,840,801,086.39	2,220,937,003.00
2021	1,717,526,981.41	714,530,823.70	2,432,057,805.11
Highest Lost Incident in 3 years			**2,432,057,805.11**
Range of growth in gross earnings over preceding 3 years			**29%**
Up-scale factor (3 yrs. growth in gross earnings)			**129%**
Operational Risk Economic Capital			**3,137,354,568.59**

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

4.3 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, Reputational and Legal risks. Granularity adjustment was used for concentration risk while scenario testing was used for IRRBB and Liquidity risk.

4.3.2 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.

Abuja & North Central with 50%, is the zone with the highest concentration. It is attributed to Agriculture loans given to the Anchor Borrowers Programme (ABP). North East accounted for 20%, closely followed by North West (with 17%) and Lagos & South West (with 10%).

ZONES	OUTSTANDING BALANCE	CONC
ABUJA & NORTH CENTRAL	207,430,184,256.50	77%
NORTH EAST	28,148,161,679.01	10%
LAGOS & SOUTH WEST	19,277,123,633.65	7%
NORTH WEST	14,506,947,393.44	5%
SOUTH SOUTH/SOUTH EAST	3,194,763,076.34	1%
TOTAL	**272,557,180,038.94**	**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 reflected in Appendix E of this document.

This method is Foundation Internal Rating Based Approach (FIRB) with the following assumptions:

- = 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	0.82211
Constant of Proportionality	77%
Total Portfolio	272,557,180,039
Granularity Adjustment	172,535,427,127
Capital Required	**172,535,427,127**

4.3.3 Interest Rate Risk In Banking Book (IRRBB EC)

Unity Bank adopted the new CBN requirement in measuring and quantifying its IRRBB economic capital. Specifically, the bank calculated its interest rate risk in the banking book in line with the CBN Standardized Framework. The EVE losses are aggregated under a given interest rate shock scenario and the maximum loss across all interest rate shock scenarios was the EVE risk measure. The procedure for the calculation is documented in Appendix F:

INTEREST RATE RISK IN THE BANKING BOOK

Currency: NGN

Fixed Interest Rates

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19	
	Overnight	> 0/N up to 1 months	> 1 up to 3 months	> 3 up to 6 months	> 6 up to 9 months	> 9 up to 12 months	> 1 up to 1.5 years	> 1.5 up to 2 years	> 2 up to 3 years	> 3 up to 4 years	> 4 up to 5 years	> 5 up to 6 years	> 6 up to 7 years	> 7 up to 8 years	> 8 up to 9 years	> 9 up to 10 years	> 10 up to 15 years	> 15 up to 20 years	> 20 years	Non Interest Rate Sensitive	Total
Assets and Long Positions																					
Interest Rate Shock - 400bps, 500bps, 300bps																					
On balance sheet exposures	**-**	**11,072**	**24,402**	**25,968**	**33,984**	**30,076**	**14,480**	**40,411**	**2,275**	**1,715**	**1,803**	**11,510**	**5,987**	**-**	**4,020**	**2,500**	**9,579**	**-**	**4,615**	**-**	**224,397**
Deposits with Banks - Placements		2,000																			2,000
Loans and advances		2,209	2,621	1,086	20,498	17,085	14,480	37,476	75	522	103	9,510	1,187	-	20	-	-	-	30		106,901
Bonds		-	400	-	-	-	-	2,935	2,200	1,193	1,700	2,000	4,800	-	4,000	2,500	9,579	-	4,585		35,892
Debt Securities - Treasury Bills		6,863	21,381	24,882	13,487	12,991	-	-	-	-	-	-	-	-	-	-	-				79,604
Other Assets																					-
Off balance sheet exposures (non-Derivative)																					**-**
Long Position in Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
Interest Rate Swaps																					-
Interest Rate Options																					-
Interest Rate Futures and FRAs																					-
Foreign Exchange Derivatives																					-
Other Derivatives																					-
Other																					**-**
Total Assets and Long Positions	**-**	**11,072**	**24,402**	**25,968**	**33,984**	**30,076**	**14,480**	**40,411**	**2,275**	**1,715**	**1,803**	**11,510**	**5,987**	**-**	**4,020**	**2,500**	**9,579**	**-**	**4,615**	**-**	**224,397**
Liabilities and Short Positions																					
Interest Rate Shock - 400bps, 500bps, 300bps																					
On balance sheet exposures	**-**	**195,516**	**124,381**	**2,484**	**1,982**	**172,153**	**308**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(238,739)**	**496,825**
Deposits from Banks - interbank takings		8,000	100,000																		108,000
Deposits from Others	-	187,516	24,381	2,484	1,982	1,411	308	2	-	-	-	-	-	-	-	-	-	-	-		218,083
Call Notice Accounts - Demand Deposit		86,246																			86,246
Savings Accounts		64,506																			64,506
Fixed Term Accounts		36,763	24,381	2,484	1,982	1,411	308	2	-	-	-	-	-	-	-	-	-	-	-		67,331
Repos, Term Debt and other borrowings						170,742															170,742
Other Liabilities																					-
Shareholders Equity and Reserves		-																		(238,739)	-
Off balance sheet exposures																					**-**
Short Position in Derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Interest Rate Swaps																					**-**
Interest Rate Options																					**-**
Interest Rate Futures and FRAs																					**-**
Foreign Exchange Derivatives																					**-**
Other Derivatives																					**-**
Total Liabilities and Short positions	**-**	**195,516**	**124,381**	**2,484**	**1,982**	**172,153**	**308**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(238,739)**	**496,825**
Net Position	**-**	**(184,444)**	**(99,979)**	**23,484**	**32,002**	**(142,077)**	**14,172**	**40,410**	**2,275**	**1,715**	**1,803**	**11,510**	**5,987**	**-**	**4,020**	**2,500**	**9,579**	**-**	**4,615**	**238,739**	**(272,428)**
Weighting/Time bucket Midpoints	**0.0028**	**0.0417**	**0.1667**	**0.3750**	**0.6250**	**0.8750**	**1.2500**	**1.7500**	**2.5000**	**3.5000**	**4.5000**	**5.5000**	**6.5000**	**7.5000**	**8.5000**	**9.5000**	**12.5000**	**17.5000**	**25.0000**	**-**	
DF	**0.9999**	**0.9979**	**0.9917**	**0.9814**	**0.9692**	**0.9572**	**0.9394**	**0.9162**	**0.8825**	**0.8395**	**0.7985**	**0.7596**	**0.7225**	**0.6873**	**0.6538**	**0.6219**	**0.5353**	**0.4169**	**0.2865**		
Weighted Position	**-**	**(184,059.5)**	**(99,148.9)**	**23,048.1**	**31,017.8**	**(135,995.4)**	**13,313.2**	**37,024.2**	**2,007.4**	**1,439.6**	**1,439.9**	**8,742.6**	**4,325.7**	**-**	**2,627.9**	**1,554.7**	**5,127.3**	**-**	**1,322.2**		**(286,213.0)**
Interest Rate Shocks	Short term rates								Medium term rates					Long term rates							
4% Parallel Shock up	0.00	(7,362)	(3,966)	922	1,241	(5,440)	533	1,481	80	58	58	350	173	-	105	62	205	0.00	53		(11,449)
-4% Parallel Shock down	0.00	7,362	3,966	(922)	(1,241)	5,440	(533)	(1,481)	(80)	(58)	(58)	(350)	(173)	-	(105)	(62)	(205)	0.00	(53)		11,449
-5% Steeper Shock (Short rate down & Long rate u	0.00	9,203	4,957	(1,152)	(1,551)	6,800	(666)	(1,851)	(100)	(72)	(72)	(437)	(216)	-	79	47	154	0.00	40		15,161
5% Flattener Shock (Short rate up & Long rate dov	0.00	(9,203)	(4,957)	1,152	1,551	(6,800)	666	1,851	100	72	72	437	216	-	(79)	(47)	(154)	0.00	(40)		(15,161)
5% Short rates shock up	0.00	(9,203)	(4,957)	1,152	1,551	(6,800)	666	1,851	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		(15,740)
-5% Short rates shock down	0.00	9,203	4,957	(1,152)	(1,551)	6,800	(666)	(1,851)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		15,740

NGN

Interest Rate Shocks	**Result**
Parallel Shock up	222,506.06
Parallel Shock down	(222,506.06)
Parallel Shock (Short rate down & Long rate up)	1,995,651.20
Flattener Shock (Short rate down & Long rate up)	(1,995,651.20)
Short rates shock up	(4,773,239.97)
Short rates shcok down	4,773,239.97

4.3.4 Strategic Risk EC
We have identified the likely strategic risk for the Bank in the current strategic planning horizon. Although, our management of these risks have also been well documented in the same section. In calculating the economic capital for these risks, we have used the projected figures from our strategic plan. The earning volatility methodology is used in this instance.
The formula is stated below:

$$EC = EaR/k$$

Where EC = Economic Capital,
Where EaR = earnings at risk (i.e., the difference between worst-case earnings and expected earnings).
Where k = expected rate of return
Expected earnings <we used the projected PBT for 2022>
Worst-case earnings <we used 45% of projected PBT for 2022>
Expected rate of return <Projected PBT/Projected Shareholders' Funds>

$$EC = \frac{(9,873,000,000-4,442,850,000)}{0.0696}$$

EC = N78,045,550,000 (i.e. N78.05 billion)

The capital required for the business strategy re-alignment is N78.06Billion.

4.3.5 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 2021 and was applied to the average deposit in the Bank's book. The bank's share price and deposit position would be most impacted by any crystallization of reputational risk. 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 = 303,995,160,000 – x1 (29,562.76) + x2 (0.041)

The EC figure was forecasted with the standard deviation values of share price (0.75) and share volume 2,007,775 to yield 334,435,960,000.

The highest month on month percentage growth/decline (75%) is applied to get the final economic capital figure of N250,826,969,850. 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 Banks average monthly deposit

4.3.6 Legal Risk EC
The historical legal data was used in the assessment of Legal risk. Amount paid out and number cases were considered from 2011 to 2021. 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 Experience	11,359,532.41	4.00
1st Stress	b. Standard Deviation of Historical Data	14,110,925.91	3
	c. Highest Absolute % change YoY	370%	370%
2nd Stress	d. Upscale on Standard Deviation	52,199,218.84	12.79
	e. Economic Capital (b+d)	66,310,144.75	16.25

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 N66,310,144.75.

4.3.7 Liquidity Risk EC

Liquidity was stress tested using scenario analysis derived from historical volatilities. Factors like run-off on deposits were considered in the assessment of Liquidity Risk EC. The test was classified into three stages/ scenarios; Low, Moderate & High. The liquidity position of the bank as at year end was stressed under these scenarios. Consequently, the cost of recovering from the shortfall of scenario III was computed for 30days and adopted as the Economic Capital (EC).

The stressed scenarios are shown below:

STRESSED LIQUIDITY-DEC				
CURRENT POSITON	**ACTUAL**	**SCENARIO I**	**SCENARIO II**	**SCENARIO III**
Cash	4,470,046,343.66	4,470,046,343.66	4,470,046,343.66	4,470,046,343.66
CBN Current Account	805,110,025.29	805,110,025.29	805,110,025.29	805,110,025.29
INVESTMENTS				
Placements	14,000,000,000.00	14,000,000,000.00	14,000,000,000.00	14,000,000,000.00
Nigerian Treasury Bills	42,005,450,000.00	32,265,045,421	6,878,602,100	4,659,161,758
Govt Stock	69,933,082,000.00	67,135,758,720	64,338,435,440	13,788,524,316
Current Account With Nigerian Banks	-	0	0	0
Total Qualifying Liquid Assets	**131,213,688,369**	**118,675,960,510**	**90,492,193,909**	**37,722,842,444**
Deposit Liabilities				
Demand Deposits	126,813,599,931.44	124,277,327,933	119,306,234,815	109,761,736,030
Savings Accounts	85,550,652,449.78	83,839,639,401	80,486,053,825	74,047,169,519
Fixed Deposit Account	63,548,358,850.02	59,735,457,319	54,956,620,733	43,965,296,587
CORE DEPOSITS	**275,912,611,231**	**267,852,424,653**	**254,748,909,374**	**227,774,202,136**
Net Balances Held For Other Banks	-	0	0	0
Net Takings From Other Banks	142,796,884,950.01	142,796,884,950	121,377,352,208	114,237,507,960
Total Deposit Liabilities	**418,709,496,181**	**410,649,309,603**	**376,126,261,581**	**342,011,710,096**
Liquidity Ratio	**31.34%**	**28.90%**	**24.06%**	**11.03%**
Req. for 35% internal limit compliance	**15,334,635,294.49**	**27,872,363,153.12**	**56,056,129,754.50**	**108,825,481,219.90**
Cost of sourcing deposit to cover the shortfall	4,411,333.44	8,018,077.07	16,125,735.96	31,305,960.35
OVERNIGHT NIBOR	10.5%			
TENOR	0.0027			
LIQUIDITY ECONOMIC CAPITAL	939,178,810.53			

Assumptions:

- The Bank's government investments are high quality liquid assets (HQLA) that can be converted easily and immediately, into cash, to meet the banks liquidity stress scenario.
- There is adverse movement in price of fixed income in the secondary market.
- The deposit withdrawn are not reinvested into the account.

- **Scenario 1;** represents a situation where the Bank's deposit will decay by 2%, 6% for Stable & Less Stable and given retention of the purchase funds. Similarly, the price of the fixed income securities (Bills & Bonds) sold declines by 4% respectively under adverse market movement to take care of customer withdrawals. Liquid asset portfolio will decline by N12.54billion. Consequently, the Liquid Ratio will decline from 31.34% to 28.90%.

- **Scenario 2;** represents a situation where the Bank's deposit will decay by 4%, 8%, & 15% for Stable, Less Stable, and Net takings respectively. Similarly, the price of the fixed income securities (Bills & Bonds) declined by 15% & 8% respectively under adverse market movement in market condition to fund the outflows. In this situation, there is pressure to retain existing funds to limit the funding gap. The Liquid asset portfolio will decline by N40.72billion to N90.49billion. Consequently, the Liquid Ratio will decline further from 28.90% to 24.06%.

- **Scenario 3;** represents a situation where the Bank's deposit will decay by 8%, 20% & 20% for Stable, Less Stable, and Net takings from other banks respectively. Likewise, there is 20% and 12% further drop in prices of bills and bonds respectively. In this situation, there is severe liquidity pressure due to increased deposit erosion, and to source for fresh or retain existing short term funds to cover the funding gap is tough. The Liquid asset portfolio will decline by N93.49billion to N37.72billion. Consequently, the Liquid Ratio will reduce from 24.06% to 11.03%.

It is imperative to note that the bank's internal benchmark is 35%. Thus, for the bank to meet this minimum threshold it will require additional liquidity of N27.87 billion, N56.06 billion & N108.83 billion for scenario 1, scenario 2 & scenario 3 respectively. The cost to cover the gap using the overnight NIBOR rate 10.50% as at December 31, 2021 will be N8.02million, N16.13 million & N31.31 million. The N31.31 million was adjusted for a month to get N939, 178,810.53. This showed an increase when compared to last year's ICAAP rendition occasioned by the double digit interest rate which closed the year at 10.50%.

The stepwise methodology for the computation is shown in *Appendix J*

Liquidity Coverage Ratio – Basel III framework
Besides the liquidity Economic Capital analyzed above, the bank went a step further by assessing its liquidity adequacy during a 30-day stress period. The liquidity coverage ratio is the requirement whereby Unity Bank must hold an amount of high-quality liquid assets that's enough to fund cash outflows for 30 days.
The banks high quality liquid asset relative Net Cash outflows tower above the regulatory threshold of minimum of hundred percent. The final output is shown below.

Computation of Liquidity Coverage Ratio (LCR)

High Quality Liquid Assets (HQLA)	27,776,705,969
Total Net Cash Outflows Over The Next 30 Days Stress Period	14,808,389,420
Liquidity Coverage Ratio (LCR)	187.57 %

With the 130% Liquidity Coverage Ratio, the final analysis revealed that the bank has high quality liquid assets to cushion the estimated 3o-days stressed outflow. This is above the recommended CBN AND Basel recommended of at least 100%.

CYBER SECURITY RISK EC
The historical cyber security risk data was used in the assessment of actual loss suffered by the Bank and number cases were considered from January to December 2021. 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 Experience	1,666,150.42	382.33
1st Stress	b. Standard Deviation of Historical Data	1,703,001,833.42	4,588.00
	c. Highest Absoluate % change YoY	4.41	4.41
2nd Stress	d. Upscale on Standard Devaition	7,513,746,522.01	20,242.53
	e. Economic Capital (b+d)	**9,216,748,355.43**	**24,830.53**

COMPLIANCE RISK EC

The historical compliance / regulatory risk data was used in the assessment of actual amount the Bank paid for not meeting regulatory compliance and number cases were considered from 2016 to 2021. 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 Experience	19,693,833.33	4
1st Stress	b. Standard Deviation of Historical Data	8,940,771.12	1.75
	c. Highest Absolute % change YoY	1.57	157.14%
2nd Stress	d. Upscale on Standard Deviation	14,049,783.18	2.75
	e. Economic Capital (b+d)	**22,990,554.30**	**5**

5. Risk Appetite

In the pursuit of value for shareholders, the Bank works within a certain tolerance risk acceptance criterion. 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 reputational 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 reputational damage, financial loss, major breakdown in IT systems/ data 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.

5.1 Risk Appetite Statement

The 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".

5.2 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 to salvage extreme measure
- Management oversight and internal policies

5.3 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-21	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%	0.03%	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 diversified portfolio across all sectors	Single obligor limits <=20% of shareholders fund; Public sector limits <=10% of the portfolio; Approved management limit	<15% and <7.5%	3.5%	Portfolio planning
5	Sectorial and Insider Related exposure	Compliance with regulatory limits	To ensure diversified portfolio across all sectors	Sectors should not exceed 20% of total credit portfolio; Insider Related limits <=10% of Banks paid up capital	<=15% and <=8%	90% and 2%	Portfolio planning
6	Ratio of restruct-ured Loans	Managing portfolio quality	Manage default triggers	Should not exceed 20% of total credit portfolio	<=15%	35%	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%	-90.16%	Collateral quality, Obligor's risk profile.

ENTERPRISE RISK MANAGEMENT

The set limits are internal, considering both the guide (Regulatory limits) and the Bank's tolerance in line with the overall strategy.

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-21	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%	31.34%	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	9.37%	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	-0.09%	Risk tolerance for Interday position
4	Funding Risk	Deposit mix	Ensure considerably low cost funds to improve earnings (Net interest income)		Demand: 50 Savings: 30 Fixed :20	39:41:20	Deposit mobilization and diversification strategy
5	Foreign currency trading risk	stop loss limit	To restrict likely losses on a certain trade	NA	Max of 15kobo	--	Risk Tolerance
6	Funding risk	Loan to Deposit Ratio (core deposit)	To access banks liquidity	>65%	Max 70%	84.60%	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 31-Dec-21	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	N1,717,526,981.41	Loss data monitoring
2	Regulatory	Fines & penalties				N19,500,000.00	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.

5.4 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, the board highlights appetite setting and policy direction of the Bank's tolerance for risk. As the second level of defense, 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.

ENTERPRISE RISK MANAGEMENT

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.

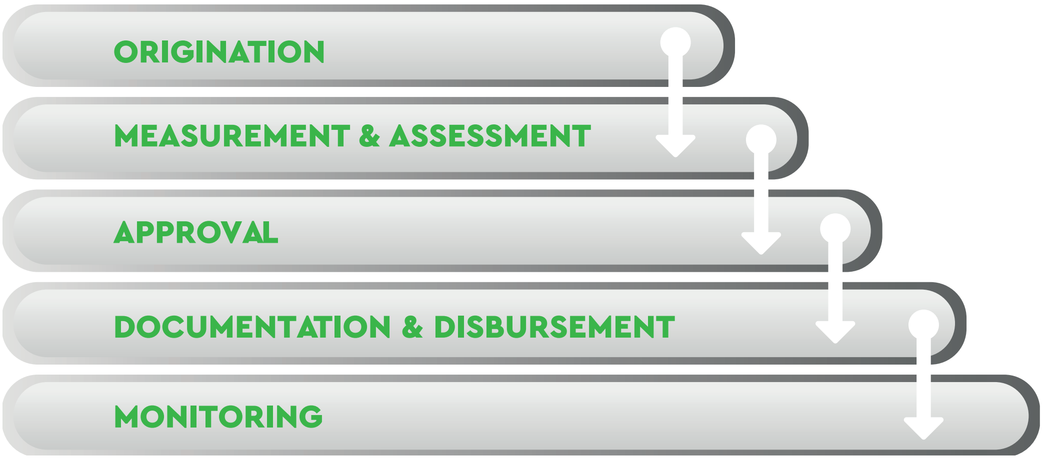
Internal Policies
Risk management policy and implementation document are approved by the Board. Subsequently, certain powers are delegated to Executive Management in line with the appetite. These policies define the roles, responsibilities, limits and authorities.

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

5.5 Credit Risk Management
The Bank's Credit Risk Management (CRM) can be summarized in the stages as shown below:



Customer prospecting is done in alignment with the risk management strategy which cascades from the Bank's strategy. The customer's request for a facility from the branch and the subsequent application by same forms the origination part of credit risk management. The identification of the risk inherent in these transactions, analysis of the risks, rating, mitigation recommendation and risk pricing makes up the measurement stage of CRM.

The approval stages start from the Group Head, Credit analysis and processing and move to higher approval stages depending on the limits and facility type.

Upon rejection, the life cycle of the of the application ends. However, if the application is approved, documentation commences in preparation for disbursement.

More granularly, these four stages include the following steps:

1. Customer request for facility.
2. Branch initiates the credit and prepares a Credit approval memo (CAM) for the application.
3. Branch takes the CAM to the regional office for endorsement and forwards same to the line Executive Director.
4. The CAM is forwarded to Credit Analysis and processing (CAP). Analysts work on the application and send to the Group Head CAP.
5. The application goes to the Chief Risk Officer and then to the Managing Director depending on the limit and facility type.
6. Insider related CAM gets to the Board for ratification.
7. Upon approval, CAP conveys management approval to Branch Managers based on terms and conditions.
8. An offer letter is issued to the customer by the Branch Manager
9. Upon execution of the offer letter, documentation commences with the use of Credit Documentation and Disbursement approval (CDDA). This is between the branch, Credit Administration and Legal departments.
10. Legal Services Department gives confirmation on security and other documents.
11. Facility is disbursed upon instruction from Head of Credit Administration.

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.

5.6 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 on diversification of deposit base, practical contingency funding plan and an effective strategy for foreign currency liquidity risk.

The other Management responsibilities include:

- Through its 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 and Liability Committee

2. Treasury and Financial Institutions Division

3. Market & Liquidity Risk Department

4. The Business Units

Asset and Liability 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 and Financial Institutions Division.
Treasury Division works in conjunction with the business units in the implementation of the Bank's liquidity in line with management strategy. The Division 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 and Liquidity Risk Department
The Market & Liquidity 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 on periodic basis.
- 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.

5.7 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 unguaranteed 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.

Activation/Testing Contingency Funding Plan

Contingency funding plan as it relates to the Bank activity is basically an exigency fund from other banks at minimal notice should the need arise.

The Bank has such plan with virtually all the DMBs with exception of the International Banks.

The Bank test the plan only when there is a need to, through interbank activities. One of such Banks is First Bank as Unity bank have drawn N100bn on the line and it’s still running.

6. 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.

6.1 Reasons For Stress Testing

Stress testing should be embedded in enterprise wide risk management. It should also play an important role in facilitating the development of risk mitigation or contingency plans across a range of stressed conditions. It should feed into the institution's decision making process, including setting the institution's risk appetite. 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

6.2 Credit Risk Stress Test

The Bank uses two methods for stress testing its credit portfolio. These methods are the Monte Carlo simulation which is VaR inclined and a fit for purpose stress test. However, there may be situations where other methods could be used where the above mentioned might not be sufficient.

The Monte Carlo model does several hundred/thousands of simulations 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, PD's and LGD's which result in a range of values of plausible loss ranging from the very least to the highest. Some macro-economic stress factors are also incorporated.

The simulations and iterations are repeated until the maximum value of projected loss is obtained. Maximum VaR represents the highest loss the Bank could incur if the extreme condition assumed crystallizes.

The table below shows the output of the model using the credit risk assets as at December 31, 2021.

Monte Carlo Stress	**Test Results**
Horizon/Confidence Interval	1 year/99%
Total Portfolio	272,557,180,038.91
Maximum VaR	165,902,733,158.67
Average VaR	105,977,554,036.49
Maximum VaR to Total Portfolio	**60.87%**

This Value at Risk represents 60.87% of the total portfolio meaning that about N165.92bn 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%
Real Estate	90%	94%
Finance	87%	92%
General	94%	97%
Government	99%	99%
Health	66%	87%
Information Technology	99%	99%
Manufacturing	85%	90%
Oil & Gas	82%	90%
Professional Services	96%	97%
Transport	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%

ENTERPRISE RISK MANAGEMENT

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
Administration	100.00%
Agriculture	76.53%
Capital Markets	100.00%
Commerce	68.69%
Construction	51.49%
Education	89.29%
Real Estate	43.12%
Finance	67.14%
General	94.09%
Government	87.68%
Health	50.00%
Information Technology	50.08%
Manufacturing	54.92%
Oil & Gas	65.33%
Professional Services	62.50%
Transport	83.60%

Economic Shock Factors For Monte Carlo Simulation

SECTORS	Oil Prices	Liquidity Ratios	GDP	Interest Rate	Inflation Rate	Exchange Rate	Geo politics	Total
Administration	5%	13%	11%	22%	15%	12%	22%	100%
Agriculture	10%	13%	10%	30%	12%	5%	20%	100%
Capital Markets	15%	15%	13%	20%	10%	22%	5%	100%
Commerce	20%	10%	10%	20%	10%	15%	15%	100%
Construction	10%	10%	10%	18%	10%	20%	22%	100%
Education	10%	17%	15%	20%	20%	10%	8%	100%
Real Estate	20%	10%	5%	15%	15%	25%	10%	100%
Finance	10%	10%	3%	20%	10%	30%	17%	100%
General	14%	14%	12%	20%	15%	10%	15%	100%
Government	18%	10%	10%	12%	15%	20%	15%	100%
Health	15%	10%	10%	15%	20%	20%	10%	100%
Information Technology	8%	10%	10%	20%	17%	15%	20%	100%
Manufacturing	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%
Professional Services	15%	10%	15%	15%	13%	20%	12%	100%
Recreation	5%	10%	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%

As shown in the table above, seven economic shock factors were considered. Their weighted impact on the portfolio was computed with expert judgment.

6.3 Market Risk Stress Test

The market risk stress test adopted the Stress Var Approach that replicate Value at Risk calculation. It is based on the 10-day, 99th percentile, and one tailed confidence interval. A variance-covariance model was stressed scaling up the volatility component. The 10-day Var @ 99% Confidence Interval consistent with historical adverse movement was used in line with Basel committee on banking supervision.
The output is shown below:

Stressed Value at Risk Assessment

Holding period (days)	Interest Rate Risk (Trading Book)			FX EXPOSURE			Total - at 99%, 10-day (N'mn)
	Position size (N'm)	Volatility	Confidence Level 99%	Position size (N'm)	Volatility	Confidence Level 99%	
1	24,124	9.04%	5.08	0.00	0.00%	0.00	-
10			16.05			0	-

The N24.12billion trading turnover yielded a 10-day VaR of N16.05billion. The volatility figure was scaled up by 1.10 thereby bringing the new VaR value to N18.00billion.

6.4 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 N1.2million. The highest negative value of percentage decrease in actual losses YoY was adopted as the first stress which was 86%. This first stress value was scaled up by 186% (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:

OPERATIONAL RISK STRESS TEST

Year	Actual Operational Losses	Near Misses	Total Incident Value
2019	26,465,692.50	100,919,534.91	127,385,227.41
2020	380,135,917.21	1,840,801,086.39	2,220,937,003.00
2021	1,717,526,981.41	714,530,823.70	2,432,057,805.11
Standard Deviation of Total Incident Value			**1,274,038,638.91**
Highest Non negative growth in Losses			86%
Scale up on %			186%
			2,369,711,868.37
Operation risk Stress Test @ 99% Confidence Interval			**4,801,769,673.48**

6.5 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	165,902,733,158.67
MARKET	16,049,664,748.30
OPERATIONAL	4,801,769,673.48
TOTAL VaR	**186,754,167,580.45**

Expectedly, credit risk accounts for a bulk of the total with 99% 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) 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 N186.7billion.

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.

6.6 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, 2021 stood at N93,797,419,034 before regulatory and accumulated loss deductions as shown in the table below:

Capital position

ITEMS	FIGURE (N)
Paid-up Share capital	5,844,668,971
Share premium	10,485,870,541
Reserves(Statutory/SMEEIS/others)	77,942,867,302
Tier 1 before reserve deductions	94,273,406,814
General Reserve(retained profit)	(371,734,695,000)
IFRS 9 Transitional Adjustment	-
Tier 1 after reserve deductions	(277,461,288,186)
Regulatory Deduction (Deferred Taxes, Other intangible assets etc.)	145,733,590
Tier 1 Capital After Regulatory Deduction	(277,607,021,776)
Tier 2 Capital Deduction (Other Comprehensive Income)	(453,610,698)
Total Eligible Capital	**(278,060,632,474)**

Upon consideration of negative retained earnings, the capital depleted to N-277.46billion. Further regulatory deduction of deferred taxes and other Comprehensive Income resulted in a total eligible capital of N-278.06billion. 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	35,782,601,615
Operational risk	43,412,131,024
Credit risk	243,444,831,771
Total RWA	**322,639,564,410**
Total Qualifying Capital	***-278,060,632,474***
Capital Adequacy Ratio	**-86.18%**

To stress the capital adequacy position, we assume normal conditions before deductions. The stress test results shows that the Bank will require capital totaling N186.75billion in stress. In other words, the Bank will require an additional capital of N211.75billion. 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)	-
Eligible Capital after deduction (B)	-278,060,632,474
Total RWA (C)	**322,639,564,410**
Regulatory Minimum Capital (RMC)	25,000,000,000.00
Total Stressed Capital (D)	186,754,167,580.45
Total Additional Capital Required due to stress	211,754,167,580.45
Eligible Capital available after stress (F= B - E)	-494,520,501,577.34
Total RWA after stress G =(C+10%*E)	334,797,410,602.92
Stressed Capital Adequacy Ratio	-148%

Under stress condition, the total RWA increases by about N186.7billion while the capital adequacy ratio deteriorates by 148%. It should however be noted that the assumptions made for this scenario are extreme and this deterioration will only occur if those assumptions crystallize.

6.7 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 N278 billion.
- Stage 2: Work towards achieving the internal capital assessment of N186billion. 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 N710.98bn which is the sum of stress test of pillar I and the pillar II internal assessment. This will require additional N524.24billion 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.

7. 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.

Capital Management Governance Framework

Capital Advisory refinancing,	Identify appropriate capital structure. We are raising capital to support 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.

7.1 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.

7.2 Capital Funding

The landmark journey continues!
With ardent efforts and focus given to the recapitalization programme of the Bank, the pursuit has continued to witness some positive tractions in the early Year 2021 amidst the pressing challenges of regulatory pressures to close as well as the unending global and growing widespread of COVID-19 pandemic and its mutations across jurisdictions.

Capital Raising Exercise
Unity Bank's capital raising initiative has been one defined by the painstaking, strategic and deliberate actions/steps taken by the Board & Management towards not only achieving the desired levels of capital injection from eligible investment partners, but also infuse a strategic competitive advantage in an increasingly dynamic financial services environment. This is an approach we have termed as Capital-Plus (Capital +).

Highlighted below is an update of the ongoing activities:

A. **PROJECT ALPHA**
The Bank has made significant move on this engagement. The investor has indicated its willingness, ability and readiness to commit significant capital injection to Unity Bank subject to the terms and conditions that will be jointly and severally concurred to between the buyer and seller.
Whilst the process has been a bit long, the Bank is exercising cautious optimism on the transaction.

B. **PROJECT BETA**
The Bank got another willing, able and ready investor of late. A fit and proper person review of the entity was conducted and the Bank deemed the investor worthy of championing the vision of the Bank. The Bank is working along this axis concurrently with other prospective investors being engaged with.

C. **PROJECT GAMMA**
The newest entrant into the capitalisation program is this investor based in a far east continent. They are in strategic partnership with a Private Bank based in an advanced economy base in the world and are desirous to acquire a controlling interest in a bank in Nigeria. They have expressed optimism to conclude the transactions swiftly.

Conclusion
Overall, the Bank wants to have a widespread of prospects that support the best-of-class of suitors towards achieving its long-term business sustainability model under the recapitalization and corporate renewal programmes. The prospective investors have demonstrated utmost willingness to inject the required equity investment and substantial working capital into the Bank. Upon completion of the strategic engagement and closure process, the statutory compliance process shall kick-start. The Bank is on course in its corporate capital raise with high optimism.

7.3 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 2021	2020	Minimum	Target
Tier 1 Leverage Ratio	Tier 1 Capital / Total Consolidated Assets	-51.49%	-57.73%	10%	12%
Common Equity Risk Based Capital Ratio	Tier 1 Common Equity / Total Risk Assets	35.01%	46.20%	10%	12%
Tier 1 Risk Based Capital Ratio	Total Tier 1 Capital / Risk Weighted Assets	-86.18%	-101.29%	10%	12%
Capital Adequacy Ratio (B2 CAR)	Adjusted Capital/Risk Weighted Assets (on Credit Risk+Operational Risk+Market Risk)	-86.18%	-101.29%	10%	12%
Liquidity Ratio	Liquid assets/Qualifying Deposits	30.60%	32.16%	35%	70%

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:

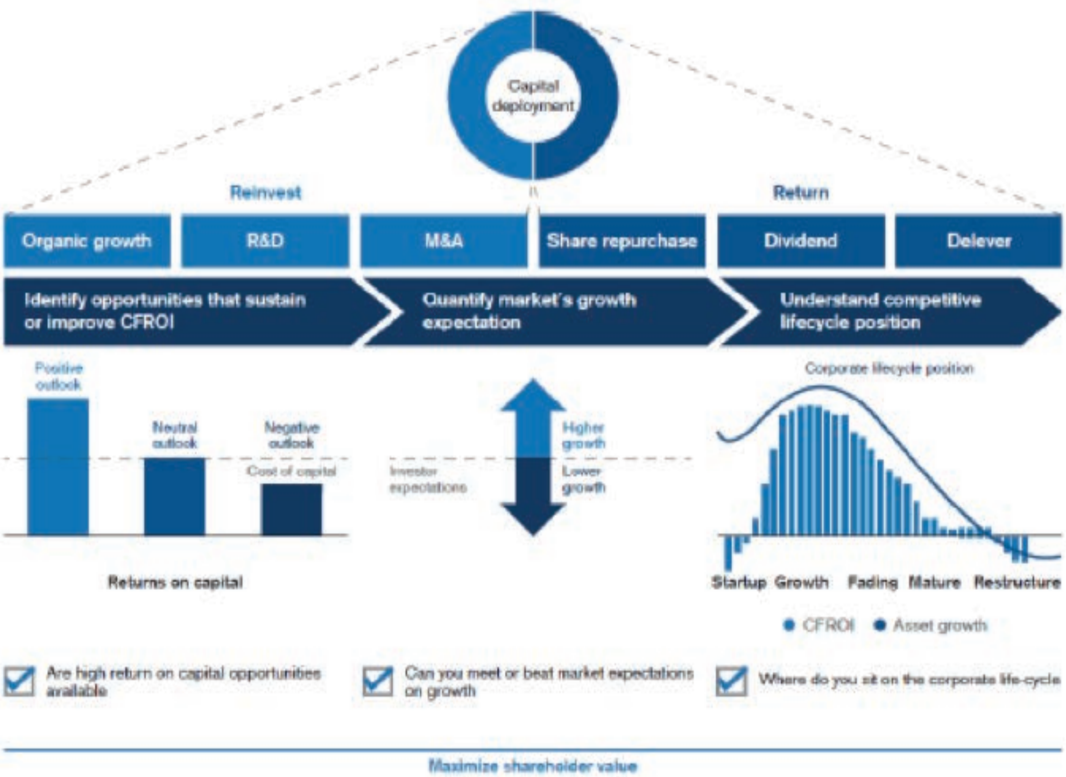
1. Working with the growth projections in line with strategy as approved by the board. In doing this, a balance is struck between investing in sectors with superior returns and the emerging business opportunities in the industry.

2. Projection of capital requirement to determine capital budget at business and enterprise levels. This will also peg capital available to certain business lines.

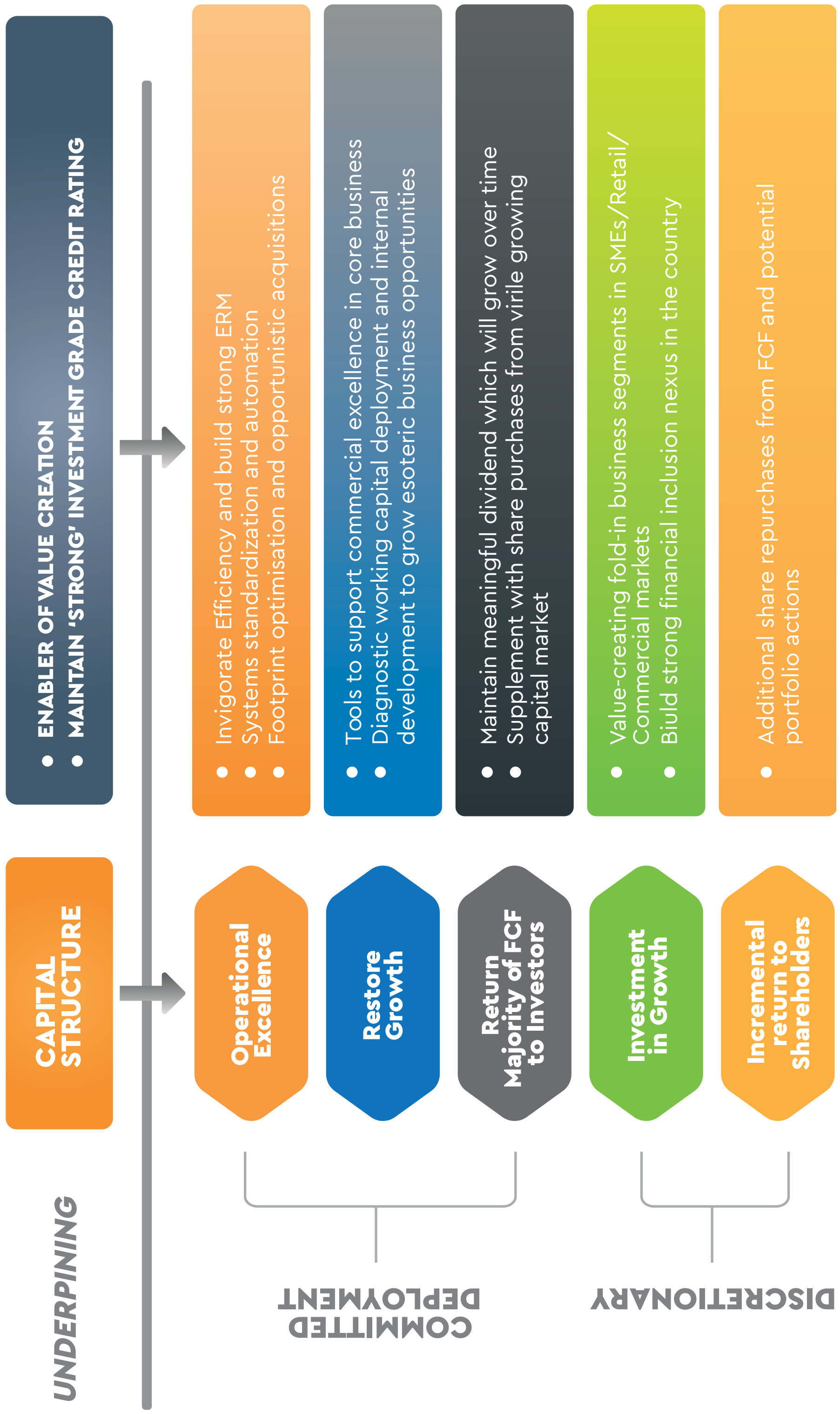
3. When a business line reaches the limit of capital available, the release of more resources may be approved depending on the market opportunities and return on such investments.

The process is driven by Strategy, Financial Control and Risk Management.

Capital Deployment Strategy and Maximizing Shareholder Value



ENTERPRISE RISK MANAGEMENT



The summary of risk and capital projections are shown in the table below.

Capital Parameters	Current Level (2021)	2022	Projections 2023	2024
Credit RWA (Nbn)	243	277	332	382
Operation RWA (Nbn)	43	52	62	72
Market RWA (Nbn)	36	32	39	44
Total RWA	**323**	**361**	**433**	**498**
Regulatory Capital Charge (Nbn)	31	-	-	
Eligible Capital Level (Nbn)	-278	37	52	82
Capital Adequacy	**-86%**	**10%**	**12%**	**16%**

Unity Bank's projections shows an improvement in eligible capital by N320billion from N-283billion to N37billion. This will also result in an improvement in capital adequacy to 10%. 2022-2024 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 15% by 2022.

A more granular breakdown of the projections is shown below:

FINANCIAL AND RISK CAPITAL PROJECTION - 2021 TO 2023 (IN BILLIONS)												
Asset Class	Sector	Actual Position - 2020		Projections for 2021			Projections for 2022			Projections for 2023		
		Size	RWA	Growth Rate	Size	RWA	Growth Rate	Size	RWA	Growth Rate	Size	RWA
Liquid Assets	Cash	6.86	0	4.83	40	-	0.05	42	0	0.10	46	0
	Balances with CBN	4.64	0	0.73	8	-	0.25	10	0	0.20	12	0
	CRR	87.77	0	0.03	90	-	0.26	113	0	0.22	138	0
	Due from Banks	32.05	6.41	(0.94)	2	0.40	(0.50)	1	0	2.00	3	0
	FGN Securities	126.28	0.12	2.61	456	0.43	0.06	484	0	0.14	551	0
	Sub-national debts	0	0	-	0	-	-	0	0	-	0	0
	Sub total	**257.60**	**6.53**		**596**	**0.83**		**650**	**0**		**750**	**0**
Others	Investment	0	0	-	-	-	-	-	-	-		
	Fixed and other assets	32.09	27.68	0.74	56	56.00	(0.04)	54	54	(0.04)	52	52
	Sub total	**32.09**	**32.09**		**56.00**	**56.00**		**54.00**	**54.00**		**52.00**	**52.00**
Risk Assets	CORPORATE	196.94	142.73	(0.88)	24	23.97	1.71	64.96	64.96	0.03	66.94	66.94
	COMMERCIAL/SME	0.02	0.02	1,262.16	24	24.00	0.33	32	32	0.25	40	40
	PSE/ST-LG	0.11	0.08	(0.73)	0.03	0.03	0.33	0.04	0.04	0.50	0.06	0.06
	RETAIL	5.20	2.99	(0.62)	2	2.00	0.50	3	3	1.00	6	6
	PAST DUE <20	0.06	0.10	(1.00)	0	-	-	0	0	-	0	0
	PAST DUE >=20	0	0	-	0	-	-	0	0	-	0	0
	Total Credit RWA	**202.33**	**145.91**		**50.03**	**50**		**100**	**100**		**113**	**113**
	Credit risk Mitigation	-	79.96	-	-7	(7.00)	0.29	-9	-9	0.22	-11	-11
	Total adjusted Credit RWA	**202.33**	**65.95**	**(0.79)**	**43**	**43.00**	**1.12**	**91**	**91**	**0.12**	**102**	**102**
	Total (Asset / RWA)	**492.02**	**104.58**		**695.00**	**99.83**		**795.00**	**145.00**		**904.00**	**154.00**
Contingent	performance bonds, indemnities etc	37.04	7.41	(0.84)	6.11	1.22	0.10	6.72	1.34	0.10	7.39	1.48
	Direct credit substitute e.g. guarantees	66.18	33.09	0.17	77.51	38.76	0.00	77.59	38.80	0.00	77.67	38.83
	Total	**83.17**	**40.50**	**(0.28)**	**60.00**	**30.00**	**0.58**	**95.00**	**47.50**	**0.56**	**148.00**	**74.00**
	Total RWA	**297.84**	**145.08**		**755.00**	**222.00**		**890.00**	**306.00**		**1052.00**	**366.00**
Regulatory Capital Adequacy Requirement		-101%		5%			15%			20%		

				Growth Rate	RWA	Capital	Growth Rate	RWA	Capital			
Regulatory Capital	Credit Risk	220.63		1%	222		38%	306		20%	366	
	Market risk capital	13.88		-84%	2.2		0%	2.2		0%	2.2	
	Oprisk capital	44.64		28%	57		91%	109		44%	157	
	Total RWA / Total Asset	**279.15**		1%	**281**		48%	**417**		26%	**525**	
Economic Capital Projection	Credit Risk			-0.06	1.7		-12%	1.5		-20%	1.2	
	Market Risk			-0.13	0.14		-29%	0.1		0%	0.1	
	Operational Risk			-0.05	2		-15%	1.7		-18%	1.4	
	TOTAL				**3.84**			**3.3**			**2.7**	
Stress test	Credit Risk stress test (99%, 1 yr. VaR)			-0.02	5.4		-0.04	5.2		-15%	4.4	
	Operational risk stress test			-0.05	5.3		-0.21	4.2		-19%	3.4	
	Market risk capital stress test			-0.09	0.1		0	0.1		0%	0.1	
	TOTAL - Stressed capital Level		**11.21**		**10.8**	**10.8**		**9.5**	**9.5**		**7.9**	**7.9**
Pillar II Risks	Strategic			-26%	4.2		-10%	3.8		-11%	3.4	
	Liquidity			-11%	0.41		-10%	0.37		-14%	0.32	
	Reputational			-16%	5.2		-10%	4.7		-13%	4.1	
	Legal			-11%	0.32		-34%	0.21		-5%	0.2	
	Concentration			-23%	1.7		-18%	1.4		-21%	1.1	
	Interest rate Risk in the Banking Book			-10%	4.5		-10%	4.05		-14%	3.5	
	Total				16.33	**16.33**		14.53	**14.53**		12.62	**12.62**
Desired Capital	**Stress Test + Pillar II risk**				27.13			27.13			20.52	

ENTERPRISE RISK MANAGEMENT

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

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.

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.

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.

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.

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.

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 appreciable progress.

Risk Management of Interest Rate
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.

Risk Identification and Measurement of Interest Rate Risk
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.

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CORPORATE SOCIAL RESPONSIBILITY

Corporate **Social Responsibility**

REPORT FOR 2021

The year 2021 reflects an increasing focus on recovery effort among corporate and sovereign entities as the world emerges from a global pandemic. The concomitant lockdown of most economies in the previous year to curtail the effect of COVID-19 and thus, interventions attending the easing of restrictions as the prevailing trend informed many initiatives for Corporate Social Responsibility (CSR) by corporate bodies.

For Unity Bank Plc, the major touch points for the Bank's CSR was encapsulated in the empowerment initiatives undertaken as interventions in communities where we operate. This was underscored by the need to drive impact in a manner that meaningful contributions to national economic development was realized. These initiatives promote development in areas that improve healthcare infrastructure, education, and empowerment for entrepreneurship, environmental protection and governmental initiatives/projects aimed at community development.

Unity Bank Plc undertakes its CSR as a set of corporate, business and operational principles and philosophy designed to protect the environment, health and socio-economic wellbeing of its stakeholders groups including its employees, customers and communities where the Bank operates.

The Bank places sustainability as a top priority for the way business is conducted, and as such is concerned with ensuring it reaches credible milestones in the achievement of the Millennium Development Goals (MDGs), whilst taking into cognizance the relevant laws, regulatory environment and stakeholder engagement for implementation of the overall sustainability outlook for the Bank.

Central to achieving these CSR goals are the Board, Executive and Senior Management, as well as individual employees who are a part of implementing the CSR policy framework that also lays out various responsibilities and action plans to effectively create a sustainable environment through sponsorships/ partnerships, donations, and interventions.

In the year under review, the Bank, its subsidiaries, affiliates, and associated companies worked towards minimizing the negative impact on the environment and the society. CSR initiatives were largely conceived to improve environmental protection, youth empowerment, governmental support, financial literacy and community development as the world steadily emerge from COVID-19 restrictions. In the current year, the Bank focused more on expanding on its own developmental programs while also balancing sponsorships and donations to third party initiatives.

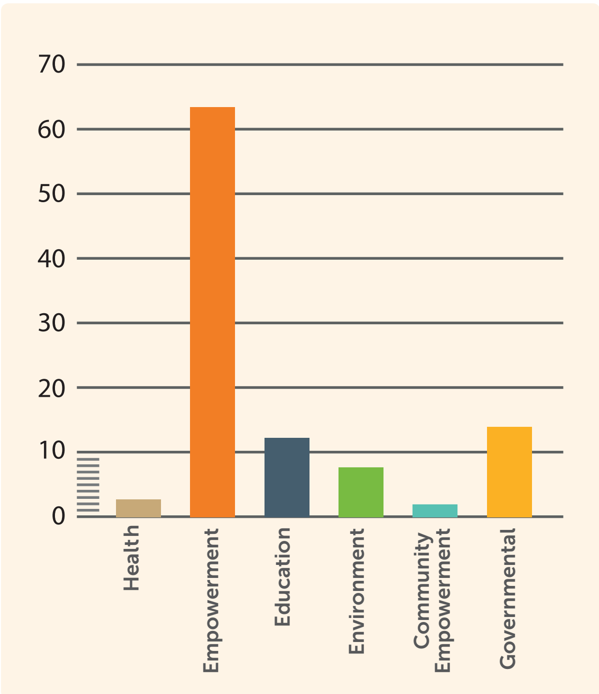
CSR interventions by Unity Bank in 2021 were clearly represented under the following sectors:

o Health
o Education
o Community Development
o Environment
o Governmental
o Empowerment

The Bank, evaluated worthy causes with desirable impact that drive social engagement and community development. To that effect, a total of N73,940,000 (Seven Three Million, Nine Hundred and Forty Thousand Naira only) only was spent on CSR activities for the year 2021, and broken down as follows:

CSR Expenditure by Focal Areas

Focal Area	Naira	%
Health	1,530,000	2%
Empowerment	46,240,000	63%
Education	9,500,000	13%
Environment	5,000,000	7%
Community Empowerment	420,000	1%
Governmental	10,420,000	14%
TOTAL	73,110,000	100%



Health

Donation To Borno State Contributory Healthcare Management Agency:
The Borno State Contributory Healthcare Management Agency (BOSCHMA), an initiative of the current administration in the state has the mandate to provide quality and affordable healthcare services to employees of both public and private sector. The goal of the intervention was to support and boost the facility of the Agency to enhance accessibility and affordability of healthcare by beneficiaries. These include those in active service, pensioners and even unemployed residents of Borno State. A total sum of N1, 530,000 (One million, five hundred and thirty thousand naira only) was donated to the agency.

Education

Financial Literacy Day - Ekiti
The Bank visited and facilitated financial literacy Training to Eminent Academy in Ado-Ekiti, Ekiti state. The financial literacy trainings are carried out in a bid to boost financial education, savings culture and investment amongst young students.

Over the years, the Bank has consistently provided financial literacy programs to schools, but these initiatives are even more important today as the CBN and other stakeholders have worked out the framework as part of financial inclusion strategy designed to target secondary schools across the federation. A total amount of N1,500,000 (One million, five hundred naira) was invested in sponsoring the Financial Literacy day training.

Girl Child Concerns (International Women's Day Campaign)
In celebration of International Women's Day, the Bank donated to the Girl Child Concern (GCC) – a Non-Governmental Organisation. The founder and administrator of the popular Chibok School in Borno State setup the centre to rehabilitate young girls affected by the insurgency. The sum of N1,000,000 (One million Naira) was donated to the school to support the growth of young girls during the International Women's Month in March.

Ocean Ambassadors Foundation:
Girl-Child Participation in the Blue (Ocean) Economy through Capacity Building in ICT, Maritime, Transportation and Logistics Ecosystem.
The Bank was the official financial partner to Ocean Ambassadors Foundation - a catch-them-young bottom top approach NGO determined to close the gender gap in the Advanced Technology (ICT), Maritime, Transportation, logistics and Supply chain sector in Nigeria. With the financial support provided by the Bank, the foundation was able to empower 3,000 secondary school girls in the capacity building initiative. This intervention underscores the importance of training the girl-child to participate actively in the relevant sectors. The Bank committed the sum of N5,000,000 (Five million naira) to support this initiative.

Donation to Do-Estdot International School (Special Needs School)
In a bid to drive impact among the underprivileged, the Bank supported a Sustainable Development Goal – "SDG 4 - Quality Education" by donating N2,000,000 (Two million naira) to Do-Estdot International school, a special needs school located in Lagos state with the aim of providing equal education services for pre-school, primary & secondary children with special needs. Do-Estdot International School specializes in teaching children living with autism, Down syndrome, learning disabilities, cerebral palsy, hard of hearing and others.

The Bank supported the school to provide facilities, expand the school structure, provide more advance learning resources, etc, needed to improve the standard of learning and create a more conducive learning environment for the students.

Empowerment

Corpreneurship Challenge:
Corpreneurship Challenge is a Youth empowerment initiative of the Bank designed to engage Youth Corp Members and promote entrepreneurship. With the Corpreneurship scheme, the Bank provide business grants to participating Corp Members who win their business pitch. The goal of the programme is to create employment and self-sufficiency among fresh graduates. The Bank held three editions of Corprenuership Challenge in 2021 and it was also expanded to cover a total of 10 locations from the initial 4 location which was the case with the pilot programme. The locations included 10 new states namely – Sokoto, Bayelsa, Akwa-Ibom, Enugu, Osun and Kano, Ogun, Edo, FCT, Lagos.

The Corpreneurship Challenge is an initiative that tasks participating Corp Members to develop business plans that could enable them to win a grant from the Bank after a pitch presentation at the orientation camp. This is aimed at showcasing the creative capacity and business acumen of young graduates, while at the same time providing seed funds for the budding ideas.

The Corpreneurship Challenge kicked off in the ten (10) Orientation Camps at the beginning of the year. A total sum of N45, 240,000 (Forty-Five Million, Two Hundred and Forty Thousand Naira) was invested in the program to sponsor projects of winners of the Corpreneurship Challenge, while 60 Corp Members won Business grants in 2021.

1.

2.

3.

4.

1. Corps Members signing up for the Corpreneurship Challenge

2. Faciitators at the Corpreneurship Challenge

3. Corps Members with their gift items after pitch.

4. Winners of the Corpreneurship Challenge Pitch in Abuja

CORPORATE SOCIAL RESPONSIBILITY

Sponsorship of NECA's Network of Entrepreneurial Women October Fest Meeting
NECA's Network of Entrepreneurial Women is an organization which encourages women in local and international businesses whilst nurturing entrepreneurship amongst others. The Octoberfest meeting was a forum to enlighten women on different aspects of women's health and it provided opportunities to showcase their products and services. The Bank supported the programme to promote and empower the female gender and the initiative was supported with N1,000,000 (One million naira) only.

Community Development

Refurbishment of Anti-Robbery Unit Office, Maroko Police Station
The refurbishment of the Anti-Robbery Unit office of Maroko police station is one of the CSR interventions undertaken in the course of the financial year to support the revamping of the infrastructure of the police. The Maroko police station is one of the 107 police divisions in Lagos state which has been responsible for the security and protection of residents in the environs.

The refurbishment helped to provide a more conducive working environment for the police officers. The Bank donated the sum of N490,000 (Four hundred and ninety thousand naira).

Donation to Kano State Emirate Council
The Kano Emirate traditional council in Northern Nigeria received support and assistance of the Bank to foster development of council areas. The Kano Emirate Council leads the Emirate made up of the Emir and councillors. The 15th Emir of Kano, Aminu Ado Bayero ascended the throne on the 9th of March and the Bank supported the council by donating towards the coronation.

The Bank supported the development of the Emirate council with the sum of N10,000,000 (Ten million naira).

Environment

Beach Clean Up Partnership with Kids Beach Garden
The Bank partnered with Kids Beach Garden to organize a beach cleanup as part of activities marking "Earth Day". Earth Day is an annual event observed globally on the 22nd of April to draw attention to climate change and promoting healthier practices to reduce pollution in the world.

The Bank's sustainability desk was created to drive sustainability principles in the Bank. During the year, the Bank held capacity-building initiatives to focus on promoting business practices that reduced generation of non-biodegradable waste, improved its treatment through effective recycling, low carbon emissions, etc, that impacts the environment. The clean-up was therefore aimed at enhancing sensitization of staff and promoting community action for environmental protection.

In line with this, the Bank organized a staff beach clean-up at Elegushi Beach waterfront. The beach clean-up was held on the 24th of April and had about 250 staff and 50 volunteers in attendance. This was sponsored with the sum of N5,000,000 (Five million naira).

Governmental

Donation to Bauchi State Muslim Pilgrim Board
The donation to the Bauchi State Muslim Pilgrim Board is an offshoot of the Bank's COVID-19 response intended to promote health through digitalization of the operations of the Board. The Bauchi state pilgrim board, a government agency saddled with responsibility of ensuring effective and efficient Hajj operations for intending pilgrims in the state was one of the beneficiaries of the Banks Corporate Social Responsibility. Due to the effect of the Covid-19 pandemic on the Board, the digitalization of its operations to facilitate physical and social distancing among intending pilgrims necessitated the intervention of the Bank. The Bank supported the pilgrim Board by donating ten (10) computers at the total sum of N420, 000 (Four Hundred and twenty thousand Naira).

The 2021 interventions underscores Unity Bank's commitment to the promotion of socio-economic development of the areas in which it operates. The interventions were equally an expression of the Bank's determination to continue creating impact to advance the sustenance of CSR and SDG.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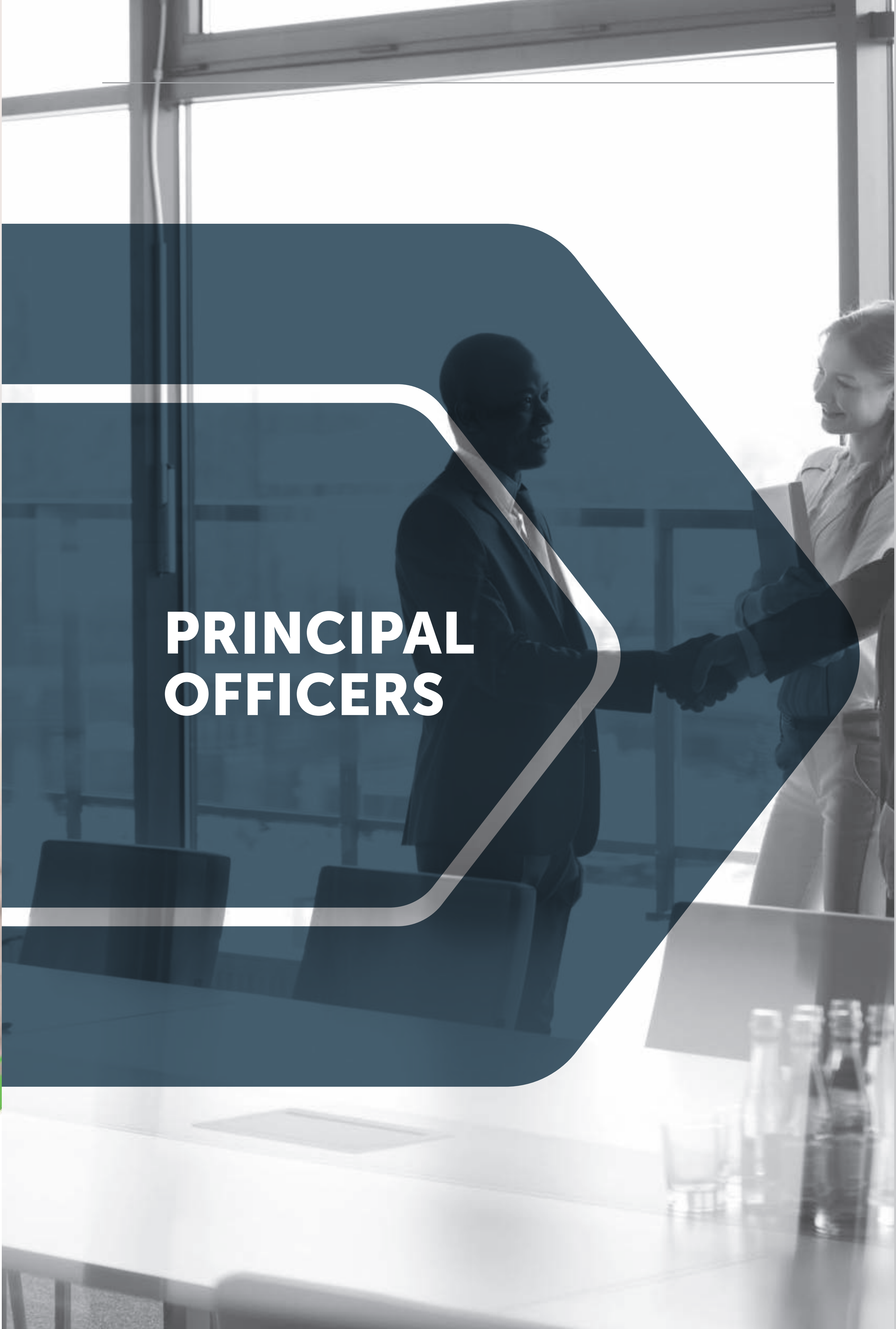
PRINCIPAL OFFICERS



Principal Officers

Employee Name	Gender	Job Name	Directorate
Tomi Somefun Mrs.	Female	Managing Director	Executive Office
Tuedor Temisan Mr.	Male	Executive Director	North & Franchise Business
Kolawole Ademola Ebenezer Mr.	Male	Executive Director	Finance & Operations
Abdulqadir Usman Mr.	Male	Executive Director	Enterprise Risk Management & Compliance

Employee Name	Gender	Job Name	Division/Group
Bakwunye Obijieze Sunny Mr.	Male	Divisional Head	Treasury & Financial Institutions
Atiku Zubairu Mr.	Male	Group Head	Operations
Ahunanya Chinwe Patricia Mrs.	Female	Group Head	Regulatory Reporting & Tax Management/Agri-Business Group
Aboyade-Cole Olufemi Agboola Mr.	Male	Divisional Head	Internal Control
Abubakar Siddiki Adamu Mr.	Male	Ag. Chief Compliance Officer	Compliance
Famoriyo Michael Olusegun Mr.	Male	Divisional Head	Internal Audit
Nwambu Obidike Chris Mr.	Male	Group Head	Risk Management
Akinmade Olugbenga Olufunwa Mr.	Male	Divisional Head	Retail & SME Banking
Williams Adejumobi Alaba Mr.	Male	Company Secretary	Company Secretariat & Legal
Titilayo Abraham Mrs.	Female	Chief Customer Service Officer	Customer Engagement
Ajuebon Nkemchor Hilary Mr.	Male	Divisional Head	Resources

Employee Name	Gender	Job Name	Directorate/Zone
Ogunrinde Abiodun Olubowale Mr.	Male	Directorate Head	Lagos & West
Bashir Mohammed Nuruddin Mr.	Male	Zonal Head	Abuja & North Central Zone
Muhammad Mustapha Mr.	Male	Zonal Head	North East Zone
Odigie William Otaigboria Innocent Mr.	Male	Zonal Head	South-South & South-East Zone
Baba Idris Mustapha Mr.	Male	Ag. Zonal Head	North West Zone

Employee Name	Gender	Job Name	Department
Abba Kazaure Yahaya Mr.	Male	Head Of Department	Information Technology
Adeniyi Abiola Adedeji Mr.	Male	Head Of Department	Collections Department
Ojesina Akintunde Opeyemi Mr.	Male	Head Of Department	SME Banking Department
Oluwaniyi Simeon Adegboyega Mr.	Male	Head Of Department	Central Operations
Olaosun Akanji Adesina Mr.	Male	Head Of Department	Regulatory Compliance Department
Adaramola Oluropo Daniel Mr.	Male	Head Of Department	IT Risk Department
Adegbesan Olorunwa Babatunde Mr.	Male	Head Of Operations	Operations (South)
Aluko Rufus Olufemi Mr.	Male	Head Of Department	Internal Control (Head Office) Department
Olukoya Adebowale Olusegun Mr.	Male	Ag. Head Of Department	Legal Services Department
Akindele Olayinka Olalekan Mr.	Male	Head Of Department	Loan Recovery Department
Fadipe Ayoade Adeyemi Mr.	Male	Head Of Department	Human Capital Management Department
Haruna Malgwi Mr.	Male	Ag. Head Of Department	Agric Business Department
Coker Olayiwola Ibukun Mr.	Male	Head Of Department	Corporate Planning & Strategy
Adebajo Oriyomi Olaitan Mr.	Male	Head Of Department	ALM & Interest Rate Trading
Alaba Folajimi Mr.	Male	Head Of Department	Financial Reporting Department
Obiazikwor Matthew Mr.	Male	Ag. Head Of Department	Corporate Communication Department
Ibitolu Lawrence Bolude Mr.	Male	Head Of Operations	Operations (North)

Onyia Wilson Mr.	Male	Head Of Department	Administration Department
Igebu Emike Elfrida Miss	Female	Head Of Department	Customer Care Department
Adubi Olubukola Akindele Mr.	Male	Head Of Department	Branch Audit Department
Dairo Adeola Kanyinsola Mrs.	Female	Head Of Department	Service Quality & Innovation Department
Maduekwe Ezeako Kenneth Mr.	Male	Head Of Department	Credit Control & Policy Department
Christiana Aliu	Female	Head Of Department	Head Office Audit Department
Adeyemi Orioye Emmanuel Mr.	Male	Head Of Department	Fraud & Investigation Department
Ayeni Ayodeji Jubril Mr.	Male	Ag. Head Of Department	Procurement & Logistics Department
Lasisi Enitan Yahya Mr.	Male	Head Of Department	Operational Risk Department
Saidu Haruna Mr.	Male	Ag. Head Of Department	Learning & Development Department

Employee Name	Gender	Job Name	Region
Olanrewaju K. Olusegun Mr.	Male	Regional Manager	South West I Regional Office
Oladipo Babatunde Olusegun Mr.	Male	Regional Manager	Victoria Island Regional Office
Abimbola Simiat Adenike Mrs.	Female	Regional Manager	South West II Regional Office
Gana Ibrahim Abbakura Mr.	Male	Regional Manager	Adamawa Regional Office
Egena Adejo Idris Mr.	Male	Regional Manager	Minna/Kogi Regional Office
Bukar Shettima Hamsatu Ms.	Female	Regional Manager	Kaduna I Regional Office
Mustapha Lawan Abubakar Mr.	Male	Regional Manager	Maiduguri Regional Office
Ibem Nwanganga Florence Mrs.	Female	Ag. Regional	Ikeja Regional Office
Arabi Ahmad Mahmoud Mr.	Male	Regional Manager	Bauchi Regional Office
Dahiru Abdullahi Mohammed Mr.	Male	Regional Manager	Dutse Regional Office
Etop Ekpo Mr.	Male	Regional Manager	Port-Harcourt & Uyo Regions
Oliseneku Ezumezu Emmanuel Mr.	Male	Regional Manager	Edo/Delta Regional Office
Lawal Mashi Kabir Mr.	Male	Regional Manager	Kano-South Regional Office
Moyi Aminu Mr.	Male	Regional Manager	Sokoto Regional Office
Akerele Olufemi Michael Mr.	Male	Regional Manager	Garki Regional Office
Mohammed Tsiga Tukur Mr.	Male	Regional Manager	Abuja Central Regional Office
Nwankwo Godwin Ikechukwu Mr.	Male	Regional Manager	Enugu Regional Office
Idah Agbidu Felix Mr.	Male	Regional Manager	Lafia/Markurdi Regional Office
Iginla Raimat Adebukola Mrs.	Female	Regional Manager	Apapa Regional Office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PRODUCT INFORMATION

Retail & SME Liability Products

CORPORATE CURRENT ACCOUNT

This product is a **traditional current account** designed for registered businesses. It is designed to meet the needs of businesses that require to issue third party cheques and also enjoy transaction flexibility.

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

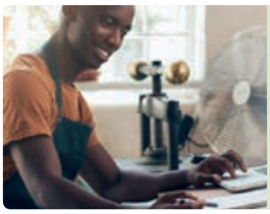
This **savings account** is designed for all microSME busineses that need to put some funds away for ventures while earning interest.

DOMICILIARY ACCOUNTS ORDINARY

This is a **foreign currency account** that can be funded through foreign/local remittance and cash deposits.

INDIVIDUAL CURRENT ACCOUNT

A Current Account for Individuals that offers cheque- issuing designed to meet the needs of customers who require third party cheques and also enjoy transaction flexibility.



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

PRODUCT INFORMATION

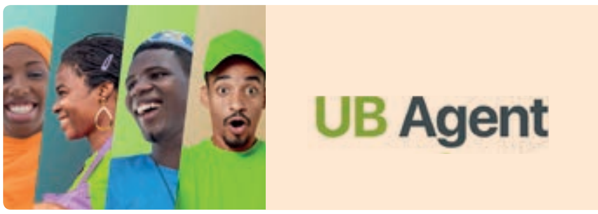
An easy to operate account that supports customers who wish to save money over a period of time.

It is a hybrid account that allows customers enjoy the benefit of a savings account while also enjoying the flexibility of a current account at no cost to the customer.

This savings account is designed to cater to kids and Teenagers below 18 years. It offers parents and guardians the opportunity to set aside funds for their children.

UniFi savings account is a unique Tier 1 saving account tailored to suit the lifestyle of today's teeming youth. The account gives access to the Unifi mobile application with a gamification platform for earning rewards under the referral download and transaction counts/volumes scheme.

Unity Yanga is a bundled and easy to open women-centric retail product that comes with a customised debit card. Its unique benefit allows women in the mass market segment (in rural and urban locations in Nigeria) access micro loans, health insurance, investment, trainings & capacity building.



Agency Banking is a way of providing limited banking services to bank customers, through the use of agents who usually are not traditional bankers. Unity bank signs up agents who are trained to carry out limited banking transactions from their respective business locations.

Electronic Channels

Unifi Mobile App

An online mobile banking application that allows you to perform fundamental banking transactions from your bank account using your mobile device usually a smart phone or a tablet

Features

- o Airtime top-up
- o Check Account balance
- o Account Statements (of last 5 transactions)
- o Funds transfer
- o Bill payments
- o ATM/Branch locator
- o Save Beneficiary features

Benefits

- o Excellent customer service
- o 24-hour access to transfer from your account
- o Convenient and saves time of queuing at the branch
- o Customer-friendly interface
- o Convenient to use

Convenient Banking (USSD – *7799#)

A mobile payment application, which is designed to give access to our unbanked category of customers actively using a mobile phone and creating financial inclusion through mobile devices.

Features

- o Balance enquiry
- o Funds transfer
- o Bills payment
- o Airtime/Data recharge
- o PIN change
- o BVN Verification
- o Block Account
- o Cardless Withdrawal
- o Language selection
- o Increase transaction limit
- o Remove account
- o USSD on POS
- o Bet9ja wallet funding
- o Bet9ja Gaming
- o Lagos IGR payment

Benefits

- o Simple to use
- o Convenient
- o Affordable
- o Available on all type of mobile phones
- o Very secure and user friendly
- o Enable transactions across other channels

Internet Banking Service (Corporate and Retail Internet Banking)

It is a convenient and fast online Banking Platform that enables customers transact on their accounts 24/7, from the comfort of their homes or offices with the aid of personal computers/devices.

Features

- o Account balance/statement
- o Quick payment
- o Cheque request
- o Bills payment
- o One-time payment
- o Bulk 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 Allows for swift Inter and Intra-bank Fund transfer
- o Issue basic instructions such as cheque book request, hotlist card
- o Empowering the Bank's customers 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 – Linux and Android types)

It is a device that enables receipt of payments for goods and services by customers to clients having accounts with the bank, followed by the issuance of a receipt. Payment can be made by inserting the customers' debit or credit cards into the terminal. It is also been used as a tool for Agency banking in remote areas.

Features

- o Bills payment
- o Purchases
- o Agency Banking (Cash in, cash out, transfers, account opening etc.)
- o VAS (Airtime top-up etc.)
- o MCash Pay on POS
- o USSD on POS
- o Cash-back transactions

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 Increased market share
- o Increased patronage
- o Image projection internationally for merchants accepting international cards i.e. MasterCard, Visa cards.

ELECTRONIC CHANNELS

Automated Teller Machine

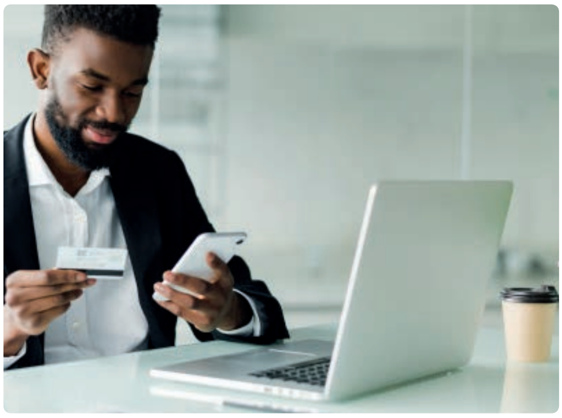
It is an electronic banking outlet, which allows customers to complete basic banking transactions without the aid of a branch representative or teller. It works with either the insertion of debit/credit cards or input of codes for card-less transactions.

Features

- o Cash withdrawal
- o Cardless withdrawal
- o Balance Enquiry
- o Interbank and Intra-Bank Transfers
- o Utility bills payment
- 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



e-Collections

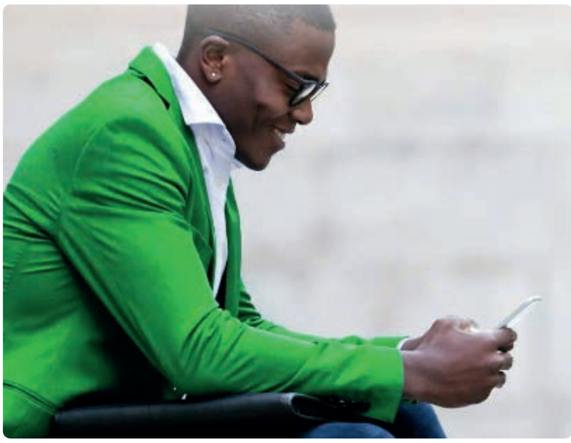
It is an electronic way of collecting funds on behalf of business-oriented organizations from their customers through the e-channels platforms such as bank branch collections, online and other electronic channels seamlessly. It is the electronic way of receiving of funds from the public on behalf of a merchant/biller. The product offerings are: School Portal, Church Portal, Direct Debit, E-Ticketing, Hospital Management solution, Hotel Portal, IGR Collection, Customized solution, Integrated payment gateway

Features

- o Payment to Billers and service provider
- o Direct Debit
- o Real time transaction and receipt of fund
- o Keep audit trail
- o End to end automation
- o Gives Instant value for transaction

Benefits

- o Cheap means of liability and income generation.
- o End-to-end automation of the administrative processes of organization
- o Customer loyalty and retention
- o Convenience and saves time of queuing at branches by customers
- o Customized solution to suite customer's business need
- o Reduces transaction cost
- o Increase custom acquisition



e-Payments (Unity Remit)

It is an automated system of making payments (such as vendor payment, salary payment, bill payment) through any of the bank's electronic platforms for the benefit of the customer and the bank at large. These customer-induced payments can either be made by the customer at the convenience of his office or from any branch of the bank.

Features

- Automate your staff payroll at no cost
- Prepare your payroll from anywhere in the world
- Make vendor payments online from anywhere in the world
- Make salary payments online from anywhere in the world
- Make your tax payments from the comfort of your office or homes
- Payment of vendors and other sundry expenses, bulk payment to people without bank accounts
- Make single/ bulk transfers

Benefits

- Secured payment
- Reduced risk of carrying cash
- Reduced social cost of transactions
- Improve your brand equity
- No reconciliation challenges
- Easy management of funds

Remittance

- WESTERN UNION MONEY TRANSFER
- MONEYGRAM MONEY TRANSFER
- RIA
- TRANSFAST

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 the networks that facilitates these transactions 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 and foreign currencies
- Transactions are secured with the use of pin pad
- Open to non-account holders subject to regulatory limit

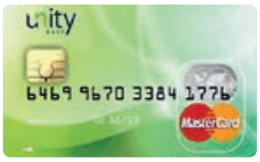
Benefits

- 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

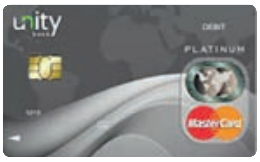
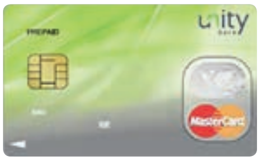
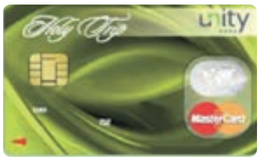
ELECTRONIC CHANNELS

Cards

This are payment cards which enables Unity Bank customers make payments on POS terminals, Web/online and ATM terminals. The various types of cards issued by the bank are as enumerated below.

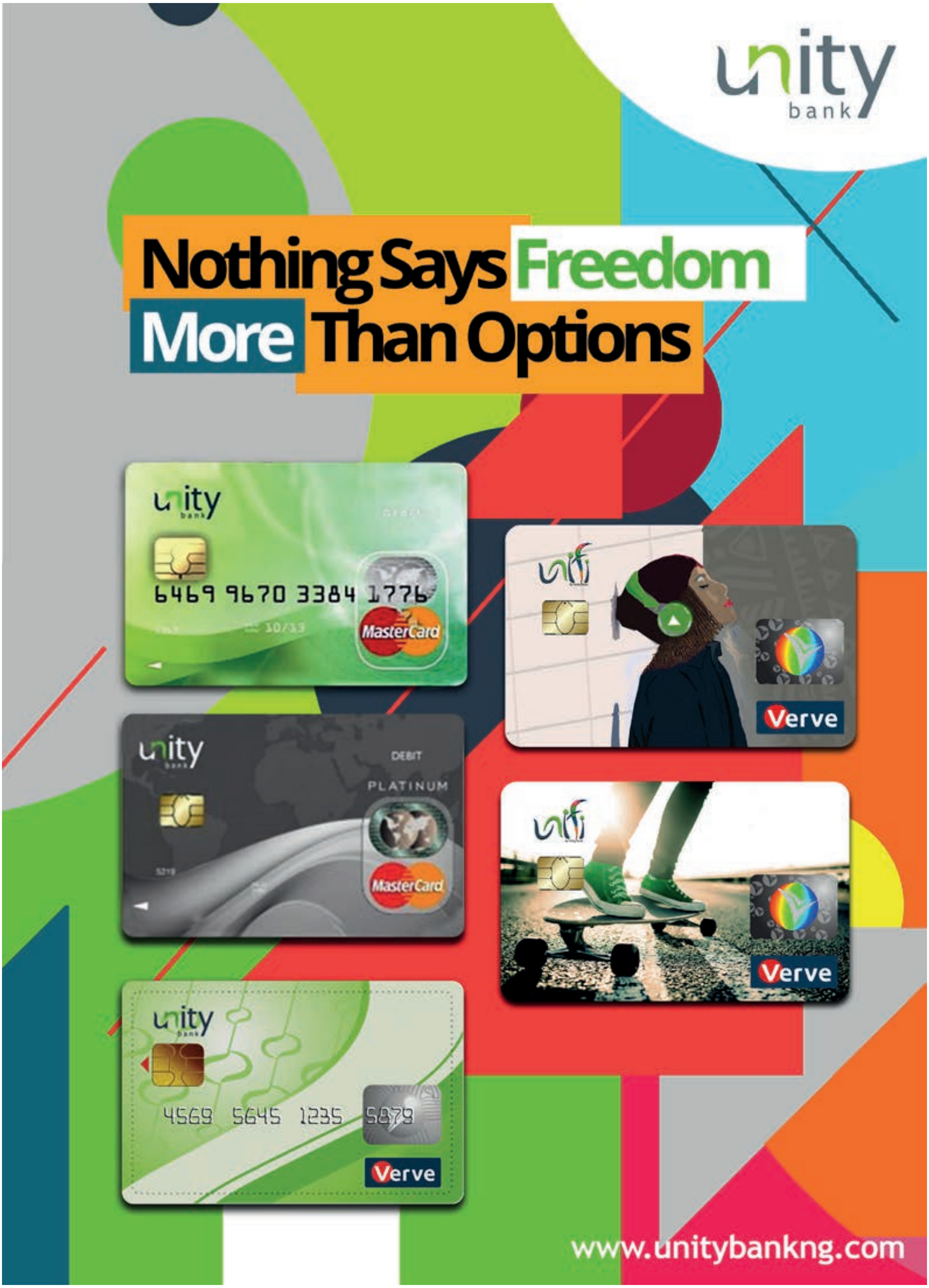
Card Types	Features	Benefits
UNITY VERVE CARD (N) It is a Naira debit card that is linked to customer's savings, current or corporate account which can only be used to settle purchases within Nigeria.	 • Naira denominated Card • 3 years validity period • For local transactions (within Nigeria) • Cross border transactions in over 20 African countries. • 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
UNITY NAIRA DEBIT MASTERCARD (N) Unity Naira Debit MasterCard is an international card denominated in Naira. It can be linked to customer's savings or current account. This type of card enables customers to carry out transactions both within and outside Nigeria on electronic terminals.	 • 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; Secure code for International transaction and safe token for local transactions.
UNITY YANGA DEBIT CARD Unity Yanga is a bundled and easy to open woman-centric retail product that comes with a customized debit card. It's unique benefit allows women in the mass market segment (in rural and urban locations in Nigeria) access micro loans, health insurance, investments and training/ capacity building.	 • Naira denominated Card • 3 years validity period • For local transactions (within Nigeria) • Cross border transactions in over 20 African countries.	• CHIP & PIN secured. • Savings and investment. • Agency Banking (can be enrolled with customers consent). • Capacity building engagement • Zero Account opening. • Cards are issued automatically.

PRODUCT INFORMATION

Card Types	Features	Benefits
UNITY PLATINUM MASTERCARD ($) An internationally accepted debit card issued in partnership with MasterCard Worldwide. The card is a Dollar denominated card targeted at high end customers. It is linked to customer's dollar domiciliary account and can be used to settle purchases within and outside Nigeria. All transactions done using this card reflect immediately on the customer's domiciliary account.	 • Dollar denominated • Higher transaction limits • 3 years validity period • For International & Local transactions • CHIP & PIN secured • Available on both individual and corporate account.	• 24 hours access to funds on ATM, POS and WEB within and outside Nigeria • Increased withdrawal limits • Increased transaction velocity limit • Access to VIP lounges and discounts at MasterCard partner locations worldwide • Provides additional security for web based transactions; Secure code for International transaction and safe token for local transactions.
UNITY GENERIC PREPAID MASTERCARD ($/N) An international prepaid card issued in partnership with MasterCard Worldwide. It can either be denominated in US Dollars or Naira and is not attached to any account which however, can be used to settle purchases in other major currencies. Settlement of outstanding is not applicable as customers spend the available funds loaded on their card.	 • 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 $100. • Helps to manage the risk of overspending • Provides additional security for web based transactions; Secure code for International transaction and safe token for local transactions. • Reloadable as many times as possible within the card validity.
UNITY HOLYTRIP PREPAID MASTERCARD ($/N) It is an international prepaid card issued in partnership with MasterCard Worldwide. It can either be denominated in US Dollars or Naira and is not attached to any account which however, can be used to settle purchases in other major currencies. Settlement of outstanding is not applicable as customers spend the available funds loaded on their card.	 • Dollar /Naira denominated • 3 years validity period • For local & International transactions • CHIP & PIN secured	• Specifically designed for pilgrims. • 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 and safe token for local transactions.
UNITY VERVE PREPAID (N) It is a card issued in partnership with Interswitch Limited. This is a reloadable naira denominated card that can be used for transaction on all terminals within Nigeria. The card is not attached to any account as walk-in customers/customers load funds on the card at their convenience.	 • 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

ELECTRONIC CHANNELS

Card Types	Features	Benefits
UNITY COMBO CARD (N) It is combination of an identification card and a payment card. (All-in-one). This card is specifically designed for Schools (Secondary & Tertiary Institutions), Cooperative societies and Corporate/ Government organizations	 • Data of Institution /Student • 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 manage the risk of overspending • Access to discounts on Verve rewards partner locations worldwide
GIFT CARD (N) It is a variant of Verve Prepaid card loaded with funds and issued as a gift to loved ones, friends and acquaintances. The card enables cardholder to make purchases of goods and services on electronic terminals within Nigeria.	 • Preloaded Naira denominated card • 3 years validity period • For local transactions • CHIP & PIN secured	• Designed to suit occasions • 24 hours access to funds on ATM, POS and WEB within Nigeria. • Enables cardholder access to enjoy discounts in Verve rewards locations nationwide.
 **UNITY NAIRA CREDIT CARD (N)** Unity Bank Credit Card is a revolving secured card with a credit limit that is based on a percentage of the collateral amount or monthly basic salary. Credit cards may either be cash collaterized or salary-backed. The variants available are Platinum and Standard.	• Denominated in Naira • 3 years validity period • Works on all channels – ATM, POS & WEB • 40days interest free period • 3.5% interest on outstanding balance • Revolving limit within card validity • Availability of up to two supplementary cards • Offline real time • Repayment period window matched with salary date • Enabled for local and international transactions	• Access to multiple income streams. • Convenience of repayments with our local currency (=N=) • Global acceptability of MasterCard (local and international transactions) • Cheaper interest management – billed only on amount utilized. • Opportunity to build a good credit history for future lending. • Card acts as a bridge for short term cash flow gap. • Convenient repayment cycles and process.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DEBIT
PLATINUM
MasterCard
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4569 5645 1235 5879
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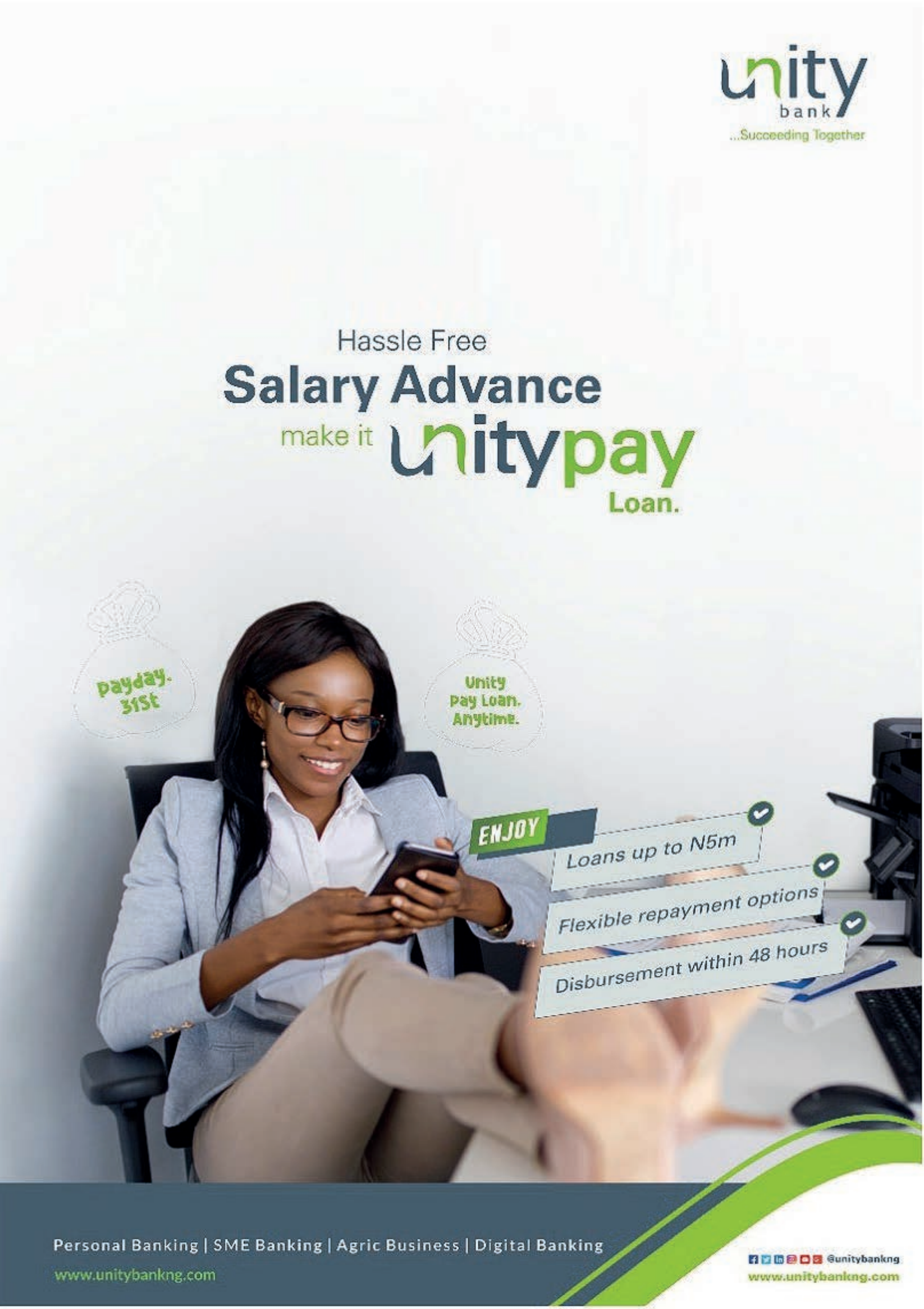
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Disbursement within 48 hours
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CORPORATE DIRECTORY INFORMATION

Corporate **Directory**

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 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	MURTALA MOHD WAY, BRANCH	560 MURTALA MOHAMMED WAY, BAUCHI
18	BAUCHI	ALKALERI BRANCH	GOMBE ROAD, ALKALERI TOWN, BAUCHI
19	BAYELSA	YENEGOA BRANCH	NO. 552 CHIEF MELFOROAD OKILO WAY, EBIS JUNCTION, BIOGBOLO, YENAGOA.
20	BENUE	GBOKO BRANCH	NO. 42, J S TARKA WAY, GBOKO
21	BENUE	OTUKPO BRANCH	NO. 63, AHMADU BELLO WAY, OTUKPO
22	BENUE	UGBOKOLO BRANCH	OLD OTUKPO ROAD, UGBOKOLO
23	BENUE	BANK ROAD, MAKURDI BRANCH	NO. 35, BANK ROAD, MAKURDI
24	BENUE	APA BRANCH	NO. 1, MARKET ROAD UGBOKPO, APA
25	BENUE	ZAKI BIAM BRANCH	Y- JUNCTION, ZAKI BIAM, BENUE
26	BORNO	KIRKASAMA RD BRANCH	NO. 10 KIRKISAMA ROAD, MAIDUGURI
27	BORNO	BAMA ROAD BRANCH	NO. 11 BAMA ROAD, MAIDUGURI
28	BORNO	LAKE CHAD ROAD BRANCH	LAKE CHAD ROAD, MAIDUGURI
29	BORNO	BAGA ROAD BRANCH	NO. 4 BAGA ROAD, MAIDUGURI
30	BORNO	MONDAY MARKET BRANCH	ALI MONGUNO ROAD, MONDAY MARKET, MAIDUGURI.
31	C \RIVER	CALABAR BRANCH	NO. 84 NDIDEM USANG ISO ROAD OPP MARIAN MARKET CALABAR
32	DELTA	ABRAKA BRANCH	DELTA STATE UNIVERSITY ROAD,ABRAKA
33	DELTA	AGBOR BRANCH	OLD LAGOS-ASABA ROAD, AGBOR
34	DELTA	ASABA BRANCH	NO. 69 DENNIS OSADEBE ROAD, ASABA
35	DELTA	EFFURUN BRANCH	NO. 29, EFFURUN/ SAPELE ROAD, EFFURUN WARRI
36	DELTA	KWALE BRANCH	NO. 109, UMUSADEGE ROAD
37	DELTA	OLEH BRANCH	NO. 6, I.D.C ROAD OLEH
38	DELTA	SAPELE BRANCH	NO.2 COURT ROAD SAPELE
39	DELTA	UGHELLI BRANCH	NO. 2, POST OFFICE ROAD, UGHELLI
40	DELTA	WARRI BRANCH	NO. 10 WARRI-SAPELE ROAD
41	DELTA	OZORRO BRANCH	URUDE ROAD, OZORO
42	EBONYI	ABAKALIKI BRANCH	NO. 30B, OGOJA ROAD,ALONG SAM EGWU WAY ABAKPA,ABAKALIKI
43	EDO	AFUZE BRANCH	NO. 26 AUCHI AFUZE ROAD, AFUZE
44	EDO	AUCHI BRANCH	NO. 1 OTARU ROAD, AUCHI.
45	EDO	MISSION ROAD BRANCH	NO. 69 MISSION ROAD, BENIN
46	EDO	NEW BENIN BRANCH	NO. 98, NEW LAGOS ROAD, NEW BENIN, BENIN CITY
47	EDO	UROMI BRANCH	NO. 15, MARKET ROAD, UROMI

48	EDO	IGARRA BRANCH	NO. 292 MOMODU AJAYI ROAD, IGARRA
49	EDO	UNIBEN BRANCH	UGBOWO CAMPUS, BESIDE BURSARY DEPARTMENT, UNIVERSITY OF BENIN, BENIN CITY
50	EDO	RING ROAD BRANCH	KINGS SQUARE BY AIR PORT ROAD, RING ROAD, BENIN CITY
51	EKITI	OTUN EKITI BRANCH	AMUTUTU STREET, ALONG AYETORO ROAD, OTUN EKITI, EKITI STATE
52	EKITI	ADO EKITI BRANCH	NO. 158, OPOPOGBORO STREET, ADO-EKITI
53	ENUGU	ENUGU BRANCH	NO. 46, OGUI ROAD,ENUGU
54	FCT	GARKI AREA 3 BRANCH	NO.11, FASKARI STREET, AREA 3, GARKI, ABUJA
55	FCT	CBD BRANCH	PLOT 785, HERBERT MACAULAY WAY, C.B.D. ABUJA
56	FCT	GWAGWALADA BRANCH	SECRETERIAT ROAD, GWAGWALADA, FCT
57	FCT	KWALI BRANCH	SECRETARIAT ROAD, KWALI, ABUJA
58	FCT	MAITAMA BRANCH	NO.11, IMANI EST, SHEHU SHAGARI WAY, MAITAMA, ABUJA
59	FCT	BWARI BRANCH	NO. 44, SHAGARI ROAD. OPP. JAMB HEADQUARTERS BWARI, ABUJA
60	FCT	KARU BRANCH	NO. 5, CADASTRAL ZONE 09/06 KARU ABUJA
61	FCT	EVARIST HOUSE BRANCH	EVARIST HOUSE, PLOT 1529, NOUAKCHOTT STR, WUSE ZONE I
62	FCT	JABI BRANCH	SABON DALE SHOPPING COMPLEX, NO. 219, OBAFEMI AWOLOWO STREET, JABI DISTRICT, ABUJA
63	FCT	NASS BRANCH	NATIONAL ASSEMBLY COMPLEX, THE THREE-ARMS ZONE, GARKI-ABUJA
64	FCT	HAFSAT PLAZA BRANCH	HAFSAT PLAZA, PLOT 472, CONSTIUTION AVE. CENTRAL AREA, ABUJA
65	FCT	WUSE ZONE 5 BRANCH	COPPER HOUSE PLAZA, NO 4 , ALGIES STREET, WUSE ZONE 5
66	FCT	WUSE II BRANCH	NO. 515, ADETOKUNBO ADEMOLA WAY, WUSE II, ABUJA
67	FCT	WUSE ZONE 3 BRANCH	NO. 35, ASWAN STREET,WUSE ZONE 3, ABUJA
68	FCT	BANNEX BRANCH	BANEX PLAZA, PLOT 750, AMINU KANO CRESCENT WUSE II, ABUJA
69	FCT	KUBWA BRANCH	NO. 2, GBAZANGO OFF GADO NASKO STREET, KUBWA ABUJA
70	FCT	GWARIMPA BRANCH	ANAFARA PLAZA, 1ST AVENUE, GWARIMPA ABUJA
71	GOMBE	GOMBE COMMERCIAL AREA BRANCH	COMMERCIAL AREA, GOMBE
72	GOMBE	BILLIRI BRANCH	NO. 3, YOLA ROAD, BILLIRI TOWN
73	GOMBE	BIU ROAD BRANCH	PLOT 9, GOMBE/BIU ROAD, GOMBE
74	GOMBE	TUDUN HATSI BRANCH	TUDUN HATSI GRAIN MARKET, EMIRS PALACE ROAD, GOMBE STATE
75	IMO	OWERRI BRANCH	NO. 23 WETHERAL ROAD OWERRI
76	JIGAWA	NEW ROAD DUSTE BRANCH	NEW ROAD DUTSE , ADJACENT TO INVESTMENT HOUSE, DUSTE
77	JIGAWA	BIRNINKUDU TOWN BRANCH	NO. 1, MAIDUGURI ROAD, BIRNIN-KUDU TOWN, JIGAWA
78	JIGAWA	KIYAWA ROAD BRANCH	SANI ABACHA WAY, OPPOSITE PHCN, DUTSE
79	JIGAWA	KAZAURE BRANCH	NO. 14, KANTI DAURA ROAD, KAZAURE, JIGAWA
80	JIGAWA	MAIGATARI BRANCH	CHIROMA AHMADU STREET, MAIGATARI
81	JIGAWA	KAFIN HAUSA BRANCH	KAFIN HAUSA BY MAIN MARKET, OPPOSITE OLD MOTOR PARK, KAFIN HAUSA LGA
82	JIGAWA	ABUBAKAR MAJE ROAD BRANCH	NO. 7, MAJE ROAD, HADEIJA
83	JIGAWA	JAHUN BRANCH	448 KAFIN HAUSA ROAD, JAHUN
84	JIGAWA	GUMEL BRANCH	NO 2 UNGUWAR YADI GUMEL
85	JIGAWA	RINGIM BRANCH	SABON GIDA, RINGIM TOWN, JIGAWA STATE
86	KADUNA	SOKOTO ROAD ZARIA, BRANCH	NO 1 SOKOTO ROAD, ZARIA
87	KADUNA	ABUBAKAR GUMI MARKET 1 BRANCH	BROAD CASTING ROAD, KADUNA
88	KADUNA	YAKUBU GOWON WAY BRANCH	PLOT 1B YAKUBU GOWON WAY, KADUNA
89	KADUNA	KACHIA ROAD BRANCH	NO. 7 KACHIA ROAD KADUNA
90	KADUNA	KAFANCHAN BRANCH	NO. 12, KAGORO ROAD, KAFANCHAN
91	KADUNA	MAIN STREET ZARIA BRANCH	NO. 1A MAIN STREET ZARIA
92	KADUNA	INDEPENDENCE WAY KADUNA	NO. 134/136, OPPOSITE RANCHERS BEES STADIUM INDEPENDENCE WAY, KADUNA

CORPORATE DIRECTORY

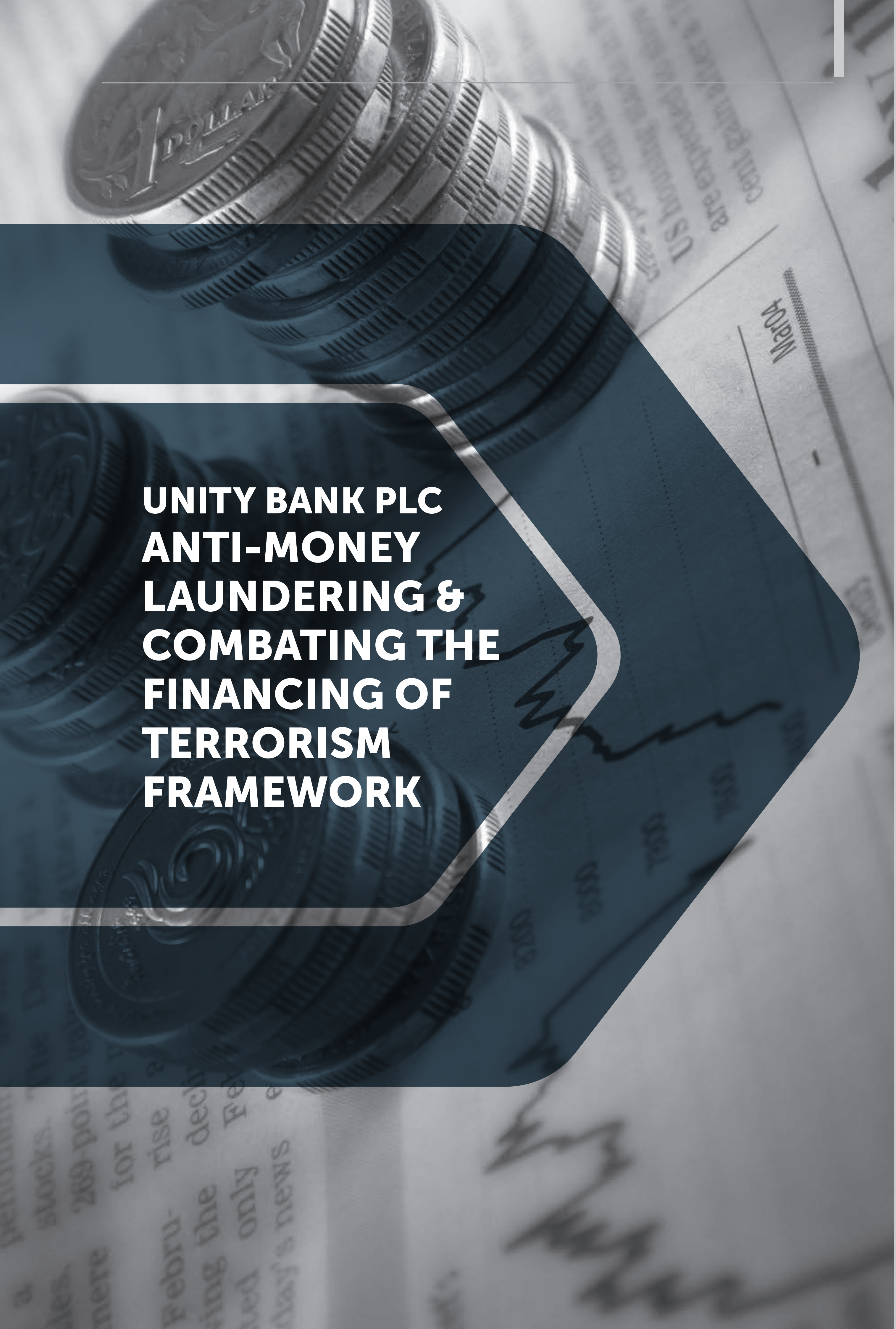
93	KADUNA	JUNCTION ROAD, KADUNA BRANCH	NO.175BZ, JUNCTION ROAD, KADUNA
94	KADUNA	PAMBEGUA BRANCH	KADUNA - JOS ROAD, NEAR UBE PRIMARY EDUCATION, PAMBEGUA.
95	KADUNA	IKARA BRANCH	NO. 7, SECRETARIAT ROAD, IKARA
96	KADUNA	BAKORI HOUSE BRANCH	NO.A3, AHMADU BELLO WAY, BAKORI HOUSE, KADUNA
97	KADUNA	BIRNIN GWARI BRANCH	NO. 30, LAGOS ROAD BIRNIN GWARI
98	KADUNA	KADUNA REFINERY BRANCH	NNPC/KRPC STAFF COOPERATIVE PLAZA BUILDING, KADUNA REFINERY AND PETROCHEMICAL COMPANY COMPLEX, NNPC DEPOT, KACHIA ROAD, KADUNA
99	KANO	KANO CITY BRANCH	NO. 2, DURUMIN IYA QTRS, BESIDE PHCN KANO CITY SERVICE STATION
100	KANO	NASSARAWA BRANCH	NO.2, ZARIA ROAD, KANO.
101	KANO	SANI ABACHA WAY BRANCH	NO.5A, SANI ABACHA WAY, KANO
102	KANO	SHARADA BRANCH	SHARADA IND EST, PHASE 1, KANO
103	KANO	CHIROMAWA TOLL GATE BRANCH	CHIROMAWA TOLL GATE, KANO-ZARIA ROAD
104	KANO	ZOO ROAD BRANCH	NO.1 ZOO ROAD BY NEW COURT ROAD, KANO
105	KANO	BELLO ROAD BRANCH	NO.10E BELLO ROAD, KANO
106	KANO	DANBATTA BRANCH	KAZAURE ROAD, DANBATTA
107	KANO	DAWAKIN KUDU BRANCH	DAWAKIN KUDU UNGUWAR NAIBI, KOFAR AREWA, DAWAKIN KUDU
108	KANO	IBB WAY BRANCH	NO. 4 IBB WAY, KANTIN KWARI
109	KANO	WUDIL BRANCH	NO.2, ALU DAN DARMAN STREET, GAYA ROAD
110	KANO	IBRAHIM TAIWO ROAD BRANCH	
111	KANO	KOFAR RUWA MARKET BRANCH	KOFAR RUWA MARKET, OPPOSITE BANK PHB, KANO
112	KANO	ELDORADO BRANCH	ELDORADO BY AIRPORT ROAD, KANO.
113	KANO	TAKAI BRANCH	NO 2A ALBASU ROAD, TAKAI KANO
114	KANO	BOMPAI BRANCH	18B MURTALA MOHAMMED WAY, BOMPAI
115	KANO	DAWANUA GRAIN MARKET BRANCH	DAWANAU GRAIN MARKET, KATSINA ROAD, DAWAKIN TOFA LOCAL GOVT. KANO
116	KANO	TAL'UDU BRANCH	NO.311 AMINU KANO WAY, OPPOSITE JAGORA BOOKSHOP, TALUDU.
117	KANO	GWARZO BRANCH	ADJACENT TO HONEYWELL FILLING STATION, KANO-GWARZO ROAD.
118	KANO	HOTORO BRANCH	NO. 458, BASHIR MAITAMA SULE STREET, HOTORO (OPPOSITE RIMI HOLDING LIMITED, MAIDUGURI ROAD), KANO.
119	KANO	TUDUN-WADA DOGUWA BRANCH	TUDUN WADA DOGWA, JOS ROAD, KANO
120	KATSINA	KATSINA BRANCH	NO. 210, IBB WAY, PMB 2002, KATSINA
121	KATSINA	FUTUA BRANCH	NO 41 GUSAU ROAD FUNTUA, KATSINA
122	KATSINA	DAURA BRANCH	KONGOLON ROAD, DAURA
123	KATSINA	DUTSIN-MA BRANCH	NO.10, HOSPITAL ROAD, DUTSIN-MA
124	KATSINA	KIPDECO BUILDING BRANCH	NO. 61 IBB WAY KIPDECO BUILDING KATSINA
125	KATSINA	KATSINA CENTRAL MARKET BRANCH	KATSINA CENTRAL MARKET, KATSINA
126	KATSINA	MUSAWA BRANCH	MUSAWA TOWN, ADJACENT MUSAWA MARKET, KATSINA
127	KEBBI	BIRNIN KEBBI BRANCH	NO. 3, AHMADU BELLO WAY, BIRNIN KEBBI
128	KEBBI	WASAGU BRANCH	DANKO/WASAGU LOCAL GOVERNMENT, KEBBI
129	KEBBI	JEGA BRANCH	NO. 3, SOKOTO ROAD, JEGA BIRNIN KEBBI
130	KEBBI	YAURI BRANCH	NO.35, SOKOTO-KONTAGORA ROAD, YAURI, KEBBI
131	KOGI	AJAOKUTA BRANCH	GEREGU CAMP, AJAOKUTA
132	KOGI	LOKOJA BRANCH	MURTALA MOHAMMED WAY,LOKOJA.
133	KOGI	OKENE BRANCH	NO. 6, HOSPITAL ROAD, OKENE
134	KOGI	ANKPA BRANCH	ANYIGBA ROAD, ANKPA
135	KOGI	KABBA BRANCH	ILUPA QUARTERS IYARA-KABBA
136	KWARA	MURTALA MOHAMMED WAY, BRANCH	NO. 147, MURTALA MOHAMMED WAY, ILORIN
137	KWARA	OFFA BRANCH	IBRAHIM TAIWO ROAD, OPPOSITE OFFA CLUB, PMP 424, OFFA
138	KWARA	NEW MARKET ROAD ILORIN BRANCH	NO. 1, NEW MARKET ROAD BABOOKO ILORIN

139	LAGOS	CREEK ROAD BRANCH	PLOT 18, CREEK ROAD, APAPA
140	LAGOS	BURMA ROAD BRANCH	NO. 44 BURMA ROAD, APAPA
141	LAGOS	HEAD OFFICE ANNEX BRANCH	PLOT 290A, AKIN OLUGBADE STREET, VICTORIA ISLAND
142	LAGOS	OBA AKRAN BRANCH	NO.42, OBA AKRAN AVENUE, IKEJA
143	LAGOS	ADEOLA ODEKU BRANCH	NO. 19, ADEOLA ODEKU STREET, VICTORIA ISLAND
144	LAGOS	HEAD OFFICE BRANCH	NO. 42 AHMED ONIBUDO STREET, VICTORIA ISLAND
145	LAGOS	YABA COMM AVENUE BRANCH	NO. 32A, COMMERCIAL AVENUE,SABO YABA
146	LAGOS	ALLEN BRANCH	NO. 95, ALLEN AVENUE, IKEJA
147	LAGOS	BROAD STREET BRANCH	NO. 114, BROAD STREET, LAGOS ISLAND
148	LAGOS	TIAMIYU SAVAGE BRANCH	PLOT 1397A, TIAMIYU SAVAGE STREET, VICTORIA ISLAND
149	LAGOS	OPEBI BRANCH	NO. 37, OPEBI ROAD, IKEJA
150	LAGOS	MARINA BRANCH	NO. 2/4, DAVIES STREET, OFF MARINA ROAD, LAGOS ISLAND
151	LAGOS	IDI ORO BRANCH	NO. 94, AGEGE MOTOR ROAD, IDI ORO, MUSHIN
152	LAGOS	ABULE EGBA BRANCH	LAGOS STATE ABATTOIR COMPLEX, OKO-OBA, AGEGE. LAGOS
153	LAGOS	EBUTE ERO BRANCH	NO. 110, ALAKORO STREET, EBUTE-ERO, LAGOS ISLAND
154	LAGOS	MILE 12 BRANCH	NO. 565, IKORODU ROAD, KOSOFE, MILE 12
155	LAGOS	OREGUN ROAD BRANCH	NO. 100, KUDIRAT ABIOLA WAY, OREGUN ROAD, IKEJA
156	LAGOS	TINCAN PORT BRANCH	BEHIND TINCAN PORT ADMIN BLOCK, TINCAN, APAPA,
157	LAGOS	MUSHIN BRANCH	NO. 87, LADIPO STREET, MUSHIN
158	LAGOS	ALABA INTERNATIONAL BRANCH	NO. A65, OJO-IGEDE ROAD, ALABA INTERNATIONAL MARKET, ALABA
159	LAGOS	AWOLOWO ROAD IKOYI BRANCH	NO. 128 AWOLOWO ROAD, IKOYI
160	LAGOS	IDDO BRANCH	NO 8, TAYLOR ROAD OFF G.CAPPA BUSTOP, IDDO
161	LAGOS	SURULERE BRANCH	NO. 53, BODE THOMAS STREET, SURULERE
162	LAGOS	ASPAMDA BRANCH	BTC 6 NEW GATE, ASPAMDA MARKET, TRADE FAIR COMPLEX, LAGOS - BADAGRY EXPRESS WAY
163	LAGOS	IKORODU BRANCH	NO. 32, LAGOS ROAD, IKORODU
164	LAGOS	LEKKI EXPRESSWAY BRANCH	NO. 1 PRINCE IBRAHIM ODOFIN STREET, LEKKI EXPRESSWAY, LEKKI
165	LAGOS	FESTAC BRANCH	HOUSE 26, SECOND AVENUE, FESTAC TOWN, AMUWO ODOFIN
166	NASSARAWA	LAFIA BRANCH	OPPOSITE DEPUTY GOVERNOR'S OFFICE, SHENDAM ROAD, LAFIA
167	NASSARAWA	KEFFI BRANCH	NO. 2, ABUBAKAR BURGA WAY, KEFFI
168	NASSARAWA	AKWANGA BRANCH	LAFIA ROAD, AKWANGA
169	NASSARAWA	MARARABA BRANCH	NO. 2, BABA STREET, KEFFI ROAD, MARARABA
170	NIGER	BOSSO ROAD BRANCH	NO. 3, COMMERCIAL COMPLEX, BOSSO ROAD, MINNA
171	NIGER	SULEJA BRANCH	USMAN FAROUK ROAD, BY POLICE 'A' DIVISION, SULEJA
172	NIGER	PAIKO ROAD BRANCH	NO. 77, ABDULSALAM ABUBAKAR WAY, MINNA
173	NIGER	DAWAKI ROAD BRANCH	DAWAKI ROAD, AFTER SHUAIBU NAIBI PRIMARY SCHOOL, SULEJA
174	NIGER	BIDA BRANCH	NO. 48, BCC ROAD, BIDA
175	NIGER	ZUNGERU BRANCH	OLD KONTAGORA ROAD, ZUNGERU
176	NIGER	KONTAGORA BRANCH	BOKANE ESTATE, LAGOS-KADUNA ROAD, KONTAGORA
177	OGUN	MOWE BRANCH	KM 46 LAGOS IBADAN EXPRESSWAY, REDEMPTION CAMP, MOWE OGUN STATE
178	OGUN	ABEOKUTA BRANCH	NO. 4, TINUBU STREET, ITA -EKO, ABEOKUTA
179	ONDO	COMMERCIAL ZONE BRANCH	PLOT 9 BLOCK XLIII COMMERCIAL ZONE GRA ALAGBAKA AKURE
180	ONDO	OBA ADESIDA BRANCH	NO 15A, OBA ADESIDA ROAD AKURE
181	ONDO	OYEMUKUN ROAD BRANCH	NO. 59/61, OYEMEKUN ROAD, AKURE, ONDO
182	ONDO	IGBOKODA BRANCH	NO. 54, BROAD STREET, IGBOKODA, ONDO
183	OSUN	OSHOGBO BRANCH	KLM 4, GBONGAN/IBADAN ROAD, (OPP. ZARAH GUEST HOUSE), OSOGBO
184	OSUN	EDE BRANCH	NO. 250 STATION ROAD, BACK TO LAND JUNCTION AGIP AREA, EDE
185	OYO	ODUTOLA ROAD BRANCH	NO. 7, ALHAJI JIMOH ODUTOLA STREET, OGUNPA, IBADAN
186	OYO	LEBANON ROAD BRANCH	NO. 9, LEBANON ROAD, OGUNPA, IBADAN
187	OYO	BODIJA BRANCH	NO. 98, BODIJA-AGBOWO ROAD,NEW BODIJA IBADAN

CORPORATE DIRECTORY

188	OYO	IWO ROAD BRANCH	NO. 96, IWO ROAD, BESIDE IBADAN NORTH/EAST LGA, IBADAN
189	PLATEAU	AHMADU BELLO WAY BRANCH	NO 7, AHMADU BELLO WAY, JOS
190	PLATEAU	WASE BRANCH	EMIR STREET, WASE
191	PLATEAU	PANKSHIN BRANCH	NEW LAYOUT, LANGTANG ROAD, PANKSHIN
192	PLATEAU	FARIN GADA BRANCH	NO. 1, FARIN GADA, KADUNA-ZARIA ROAD, JOS
193	RIVERS	AZIKIWE ROAD BRANCH	NO. 3 AZIKIWE ROAD PORT HARCOURT
194	RIVERS	OMOKU BRANCH	NO. 171, AHOADA ROAD OMOKU RIVERS
195	RIVERS	WOJI BRANCH	NO. 46 WOJI ROAD, WOJI
196	RIVERS	OLD ABA ROAD BRANCH	NO. 28A OLD ABA ROAD, PORT HARCOURT
197	RIVERS	ABA ROAD 1 BRANCH	NO. 198A, ABA ROAD, OPPOSITE PRESIDENTIAL HOTEL RUMUOLA PORT-HACOURT
198	RIVERS	TRANS AMADI BRANCH	NO. 474, TRANS AMADI LAYOUT, PORT HARCOURT
199	RIVERS	OLU OBASANJO BRANCH	NO. 63A OLU OBASANJO ROAD PORT HARCOURT
200	RIVERS	ABA ROAD 2 BRANCH	NO. 112E, ABA ROAD 2, PORT HARCOURT
201	RIVERS	ONNE BRANCH	EJAMAH, OPPOSITE TRAILER PARK, ONNE JUNCTION, ELEME
202	SOKOTO	SOKOTO MAIN BRANCH	GUSAU ROAD, SOKOTO
203	SOKOTO	GADA BRANCH	OPPOSITE LOCAL GOVERNMENT SECRETATRIAT, GADA TOWN
204	SOKOTO	GWADABAWA BRANCH	LAILAH ROAD GWADABAWA TOWN, SOKOTO
205	SOKOTO	SABON BIRNIN BRANCH	SABON BIRNI TOWN
206	SOKOTO	MARKET BRANCH	NO. 3 ALIYU JODI ROAD, SOKOTO
207	SOKOTO	YABO BRANCH	SHEHU SHAGARI WAY, YABO TOWN, SOKOTO
208	TARABA	JALINGO BRANCH	NO. 11, HAMMA RUWA ROAD, JALINGO
209	TARABA	WUKARI BRANCH	IBBI ROAD, WUKARI
210	YOBE	DAMATURU BRANCH	MAIDUGURI ROAD, DAMATURU
211	YOBE	NGURU YOBE BRANCH	MARKET ROAD, NGURU
212	YOBE	POTISKUM BRANCH	OPPOSITE NPN MARKET, MAIN ROAD POTISKUM
213	ZAMFARA	BUNGUDU BRANCH	35 CANTEEN AREA, GUSAU
214	ZAMFARA	GUSAU BRANCH	NO. 5 CANTEEN ROAD, GUSAU
215	ZAMFARA	TALATAN MAFARA BRANCH	GUSAU/SOKOTO ROAD, TALATAN MAFARA, ZAMFARA STATE.

SN	STATE	BRANCH NAME
1	ONDO	COLLEGE OF EDUCATION IKARE EKITI
2	DELTA	ABRAKA CASH CENTRE
3	DELTA	SECRETARIAT-ASABA
4	DELTA	COLLEGE OF EDUCATION CASH CENTRE
5	DELTA	WARRI REFINERY, EFFURUN
6	EDO	IRRUA- EDO
7	EDO	UBIAJA - EDO
8	EDO	MEDICAL CENTRE UNIBEN
9	LAGOS	ABATTOIR
10	NIGER	MINNA MARKET CASH CENTRE
11	PORTHARCOURT	SLAUGHTER HOUSE CASH CENTRE
12	LAGOS	LEKKI-LAGOS ISLAND(ADMIRALTY)
13	NIGER	SINO-HYDRO CASH CENTRE
14	BAUCHI	KIRFI BRANCH
15	KANO	KARAYE BRANCH
16	SOKOTO	BODINGA BRANCH



UNITY BANK PLC ANTI-MONEY LAUNDERING & COMBATING THE FINANCING OF TERRORISM FRAMEWORK

AML/CFT Framework

Anti-Money Laundering and combating the Financing of Terrorism (AML/CFT) Framework

At Unity Bank Plc, we are committed to the fight against Money Laundering, Terrorism Financing/ Proliferation Financing, all form of financial crimes and proliferation of weapons of mass destruction. All Staff are trained to ensure strict adherence to the framework. The framework clearly sets out the Bank approach to the identification, mitigation and management of the AML/CFT/ CPF risks that can be reasonably anticipated. The Bank adopts risk-based approach to mitigate against AML/CFT/CPF risks.

The framework ensures the Bank is in compliance with relevant local laws and regulations in line with best practices and standards as required in the following regulations and laws:

- The Financial Task Force (FATF), 40 Recommendations;
- Inter-Governmental Action Group against Money Laundering in West Africa (GIABA)
- The Central Bank of Nigeria (CBN) AML/CFT Regulations 2013;
- Money Laundering (Prevention and Prohibition) Act 2022,
- Terrorism (Prevention and Prohibition) Act 2022,
- Proceeds of Crime (Recovery and Management Act 2022,
- Corrupt Practices and Other Related Offences Act 2004;
- The CBN Circulars and guidelines;
- The Nigerian Financial Intelligence Unit (NFIU) Guidelines.

Framework Scope:

The framework document focuses specifically on Anti-Money Laundering/Combating Financing of Terrorism/Combating Proliferation Financing issues, financial crimes, basic tenets of Anti-Money Laundering vis-à-vis Know Your Customer (KYC)/ Customer Due Diligence (CDD), Transaction monitoring and reporting to know source of funds and their destination, Treatment of Politically Exposed Persons, Record and data retention, Correspondent banking relationship, Prohibited businesses and Relationship with regulators and Law Enforcement Agencies.

The scope of the framework includes the following:

Roles and Responsibilities of Board and Management
In line with best practices, the Board of Directors have oversight functions of the AML/CFT Framework by setting 'tone at the top' and ensuring that all Policies and procedures are approved regularly. The Board ensures Staff conform strictly to all internal policies and regulatory requirements as relate to ML/FT risks and financial crimes.

Mandatory Reports to Executive Management and the Board AML/ CFT compliance reports are to be submitted to Management and the Board monthly and quarterly respectively. These affords the Executive Management and the Board Members necessary information to be abreast of all regulatory expectations to make appropriate and necessary decisions as regards the evolving compliance trends in the industry.

Customer Due Diligence/Know-Your-Customer
At onboarding of any customer relationship, the Bank ensures the prospective customers are actually the persons they say they are by conducting customer due diligence in terms of Know Your Customer requirements. These include minimum identification, verification of identity, sanction status, address verification as well as confirming and ascertaining source of wealth and funds. Where required, the identity of the Ultimate Beneficial Owner, Legal representatives and Trustees are unveiled.

Where the prospective customer is discovered to be a Politically Exposed Person or other high risk customer that belongs to Designated Non-Financial Businesses & Professions (DNFBPs), an Enhanced Due Diligence must be conducted to get Senior Management approval in line with regulatory requirements.

Customer Risk Rating
In line with regulatory requirements, all customers of the Bank are risk rated in terms of products, services, geographical location/jurisdiction, country and delivery channel. At onboarding, prospective customer is risk rated by the Bank's Software, Customer Risk Rating Solution as low risk, medium risk or high risk.

Relationship with Law Enforcement Agencies and Regulatory Authorities:
The Bank takes it as a responsibility to maintain cordial relationship with law enforcement agencies and regularly responds to enquiries by CBN, NDIC, NFIU and other regulatory bodies and Law Enforcement Agencies in order to fight all financial crimes, money laundering and terrorism financing and proliferation of weapons of mass destruction.

Monitoring of transactions:
Monitoring of transactions is done both manually and technologically. The manual process is performed by all Staff who have been trained on red flags for suspicious transactions. All Staff know that suspicious activities and transactions are reported to the Compliance Group for appropriate steps.

The Bank has a software, Transaction Monitoring Solution, which monitors transactions according to some red flags scenarios, flags the suspicious transactions for further investigation. Furthermore, there is SWIFT Screening Solution that monitors cross-border transactions and screens customers and transactions against Targeted Financial Sanction.

Reporting of Transactions
The regulatory and statutory requirements provide that Banks must render the following reports to the Nigerian Financial Intelligence Unit:

- Foreign Currency Transaction Report (FTR)
- Currency/Cash Transaction Report (CTR)

- Suspicious Transaction Report (STR)

Money Laundering Act stipulates that all financial institutions must report international transfers of funds and securities that is above $10,000 or its equivalent in other foreign currencies.

Also, any lodgment of funds in excess of N5,000,000 and above for individuals and N10,000,000 and above for corporate customer must be reported. Suspicious activities/ transactions are not threshold and should be reported as they occur.

Sanctions/Blacklisted Compliance Management
The Bank must not be in business relationship with any individual or corporate body that is blacklisted or sanctioned worldwide by Office of Foreign Assets and Control (OFAC) and local regulatory and enforcement bodies. This is achieved through screening of a prospective customer at onboarding on OFAC Sanction Screening.

Politically Exposed Persons (PEPs) and Financially Exposed Persons (FEPs)
A politically Exposed Person (PEP) is an individual who is or has been entrusted with prominent public functions both in Nigeria and foreign countries and those associated with them. Once a person is identified as a PEP, an Enhanced Due Diligence must be conducted which shall be approved by Senior Management. A Financially Exposed Person (FEP) is an individual who is entrusted with private functions and is exposed to private funds which can easily be diverted for personal use.

The PEPs, FEPs, Non-Profit Organization and Non-Government Organization can pose unique reputational and other risks to the Bank through involvement in the proceeds of corruption, embezzlement, and other illicit activities.

Relationship or Business Prohibited
In line with best practices and standards, the Bank must not engage in business activities with pseudo, fictitious or anonymous name. It must not have business dealings with Virtual currency or virtual money operators or dealers as defined in 2012 by the European Central Bank as "a type of unregulated, digital money, issued and usually controlled by its developers, used and accepted among the members of a specific virtual community. The Bank must not conduct business with a shell bank or company or maintain any payable through accounts.

AML/CFT/CPF Principles for Relationship with Correspondent Banking
The Bank enters into business relationship with only financial institutions that have implemented sufficient AML/CFT/CPF policies and procedures. Adequate AML due diligence must be in place and be reviewed annually.

Record retention and data:
Money Laundering and Terrorist Financing Regulations requires Financial Institutions to maintain adequate records for a minimum of 5 years, which are appropriate to the nature of the business and that can be used as evidence in any investigation.

Records relating to the evidence of identity must be kept for at least ten (10) years after the relationship with the Customer has ended. This would normally be from the date the Customer 's account was closed but in the case of a dormant account this can mean ten (10) years from the date of the last transaction on the account. Old items are stored off-site as set out in the Bank 's Archiving, Retrieval and Retention of Old Records Procedure.

AML/CFT/CPF Audits
In our resolve to ensure improved AML/CFT/CPF activities and strengthen our Policy and Procedures, we subject our compliance to examination by our Internal Audit, Internal Control, External Auditors and all Regulatory Bodies. This is to ensure the Bank has adequate compliance against money laundering, terrorism financing and financial crimes. The observations from audit reports are implemented to correct any observed violation.

AML/CFT/CPF Training of Staff:
The Bank develops, coordinates and participates in multifaceted educational and training programs that focus on the elements of the compliance programme and seek to ensure that all appropriate employees and Management Staff are knowledgeable of and comply with all compliance programmes. The Bank is very serious in giving continuous training and awareness to Board members and employees on the fulfilment of their AML/CFT/CPF.

Anti-Bribery & Corruption (ABC) and Anti-Fraud
The Anti-Bribery & Corruption (ABC) and Anti-Fraud commits to uphold the highest level of integrity. Corruption distorts markets and harms economic, social and political development. It is wholly unacceptable for the Bank, its employees or third parties acting on its behalf to be involved or implicated in any way in corrupt practices. Corrupt acts, including bribery, may incur criminal penalties for both the Bank and the individuals involved.

The Bank encourages a sound and safe environment within the Bank devoid of fraud or any fraudulent practice by safeguarding the assets of the Bank against theft or any form of loss resulting from fraud or similar acts.

Employee Code of Conduct & Ethics
The Bank's Employee Code of Conduct and Ethics (the Code) extends to all Executives, and entire Staff of the Bank including full-time and casual employees. Stakeholders have responsibilities to the Bank, Customer, and fellow Colleagues. The Bank requires all to recognize their responsibilities in the conduct of daily businesses and to strictly adhere to the Code. The Code provides the procedure for dealing with complaints of unethical and unprofessional practices and the sanctions for infractions of its provisions.

Whistleblowing
The Bank's Whistleblowing Policy sets out to establish a channel for Employees/ Stakeholders to freely and constructively comment on issues concerning the Bank or report any act(s) that will have negative consequences on the organization without fear of disclosure of their identities and reprisals.

Internal Control & Risk Management Systems

Unity Bank's Internal Control and Risk Management Systems ensure that material errors or inconsistencies in the Financial Records are identified and corrected. The Bank's Internal Control framework is patterned after the Committee of "Sponsoring Organizations of the Treadway Commission's (COSO) Framework.

This Framework includes 'processes effected by an entity's Board of Directors, Management and other personnel, to provide reasonable assurance regarding the achievement of objectives". These are in three categories- Effectiveness and Efficiency of Operations; Reliability of Financial Reporting; and Compliance with Applicable Laws and Regulations. The scope of Internal Control, therefore, extends to policies, plans, procedures, processes, systems, activities, functions, projects, initiatives, and activities of all types at all levels of the Bank.

The Internal Control and Risk Management Systems comprise the following areas:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring

Control Environment
The Bank has three Board Committees (Board Risk Management & Audit Committee, Board Credit Committee, Board Finance and General Purpose Committee, Board Governance & Nomination Committee, and Statutory Audit Committees) that have oversight functions on the Bank's Risk Management Processes. The Committees are responsible for setting Risk Management Policies that ensure material risks inherent in the Bank's Business are identified and mitigated or controlled. The Bank also has an Audit Committee which is made up of three shareholders' representatives, two Non- Executive Directors, and one Independent Director; one of the shareholders' representatives is the Chairman. The Audit Committee is therefore independent. Its oversight functions include among others, ensuring that quality accounting policies, internal controls, and independent and objective statutory auditors are in place to prevent and detect fraud and material errors in financial reporting.

The Bank's Management committees are responsible for preventing and implementing risk management policies set out by the Board. They are also responsible for setting internal control policies and monitoring the effectiveness of the internal control systems. They ensure proper books of accounts are kept and accounting policies conform with International Financial Reporting Standards; Prudential Guidelines for licensed Banks; Circulars issued by the Central Bank of Nigeria; The requirements of the Banks and Other Financial Institutions Act; and The requirements of the Companies and Allied Matters Act.

Risk Assessment
The Board and Senior Management regularly assess the risks the Bank is exposed to, including risks relating to financial reporting. Management Committees meet regularly to assess the credit, market, interest rates, liquidity, legal and reputational risks facing the bank. Senior Management also regularly considers whether the existing Internal Controls are effective regarding the risks identified in the financial reporting process. The Management letter issued by the external auditors which contain the auditors' observations on the control environment in the Bank is discussed at the Audit Committee meetings.

Control Activities
Control activities are an integral part of the Bank's day-to-day operations. Senior Management set up a control structure to ensure control activities are defined in every business area.

Examples of the Bank's Internal Control activities include the following;

i. Top Management Reviews
Internal Audit Reports eliciting control weaknesses are presented periodically to Management and Board Audit Committee.

- Preparation of financial statements daily for Management review.
- Monthly and quarterly profitability review, where the Bank's financial performance is reviewed and compared with set budgets.
- Quarterly reports of the DH, Internal Control during Quarterly Busines Review.

ii.Activity Control
Control functions are embedded within each business area for self-checking of activities within the areas (for instance, transactions call over for timely detection of errors are carried out by all posting units with a second level check done by the Internal Control Division). Adherence to these embedded control is checked daily, weekly, monthly, quarterly, half-yearly, and yearly.

iii. Physical Controls
There are policies guiding access to the Bank's physical and financial assets, including dual custody, maker/ checker, two-factor authentication, etc. based on their risk classification and impact.

iv. Compliance with Limits
The Bank sets internal limits guiding its trading book activities, liquidity and interest rate gaps, credit concentration limits, and expense approval limits. The limits are monitored daily by an Internal Control outside the business areas.

- Approval and Authorisation Limits
- There is segregation of duties; no officer can start and conclude transactions (both physical and on the system)
- Limits exist for credit and expense approvals.

Verifications and Reconciliations
All internal ledgers are regularly proofed and reconciled; exception reports are generated.

v. Whistle Blowing
The Bank has instituted a strong whistleblowing culture among staff and also created awareness among its stakeholders. The whistleblowing platform is accessible to all and the aim is primarily to ensure that all cases of irregularities are made known and addressed by the Bank.

Information and Communication
The Bank's Management understands the need for a timely, reliable, and accurate information flow within the Bank for effective decision making and enhanced financial reporting. Every activity of the Bank is codified in the Bank's Standard Operating Procedure (SOP), which outlines the process flow and specifies the duties and responsibilities of every officer in an activity. The SOP further highlights requirements for reporting, the frequency of reporting as well as those within the organization to whom the report would be directed to.

Monitoring
This is essential to ensure controls are operating efficiently and are used to ascertain whether each of the five components of internal control, including controls to effect the principles within each component, is present and functioning.

This involves the use of evaluations and actions performed at the management level which are designed to provide assurance that information on the operations is appropriate, appears reasonable, and is consistently prepared. It also evaluates the controls in place to identify issues and communicate these issues to the appropriate departments/units for corrective action to be taken.

SHAREHOLDERS INFORMATION

Shareholders 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:

i. Unauthorized sale of shares
ii. Non-payment of proceeds of sale
iii. Non-verification of share certificates
iv. Refusal to transfer a client's account to other Dealing Members as requested
v. Unauthorized transfer of a client's account to another Dealing Member
vi. Guaranteed return investments
vii. Fund / Portfolio management
viii. Non-payment of dividend
ix. 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	Visit www.unitybankng.com

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 42, Ahmed Onibudo Street, Victoria Island, Lagos**. 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.

SHAREHOLDERS INFORMATION

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.

Alaba Williams
Secretary
FRC/2020/002/000/000/20510

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

Notice of **Annual General Meeting**

NOTICE IS HEREBY GIVEN that the 16th Annual General Meeting of members of UNITY BANK PLC will be held on 28th July, 2022 at Unity Bank Plc, Plot 42, Ahmed Onibudo Street, Victoria Island, Lagos at 11.00 a.m. to transact the following:

ORDINARY BUSINESS

1. To receive the audited accounts for the year ended 31st December, 2021 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/re-elect Directors.

4. To disclose the remuneration of the Managers of the Company.

5. To elect members of the Audit Committee.

SPECIAL BUSINESS

6. To approve the remuneration of Directors.

7. To consider and if thought fit, pass the following as ordinary resolution:

(A) "That the Board of Directors be and are hereby authorized to take steps to comply with the requirements of S.124 of the Companies and Allied Matters Act (CAMA), 2020 and the Companies Regulations 2021 as it relates to unissued shares currently standing to the capital of the Company".

(B) "That the Board of Directors be and are hereby authorised to take all steps necessary to ensure that the Memorandum and Articles of Association of the Company are altered to comply with Resolution 7(A) above, including replacing the provision on authorized share capital with the issued share capital of the Company".

(C) "That the Board of Directors be and are hereby authorized to enter into and execute any agreements, deeds, notices and any other documents necessary for and/or incidental to giving effect to the above resolution".

(D) "That the Board of Directors or any one of them for the time being, be and are hereby authorized to appoint such professional parties, consultants, and advisers as may be required to perform all acts and do all such things that are necessary for or incidental to the above resolutions, including without limitation, complying with directives of any regulatory authority".

NOTES

1. PROXY

A Member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. A proxy form is attached to this Notice and it is valid for the purpose of this Meeting.

All members should note that in view of the Covid-19 pandemic and the directive issued by relevant authorities on physical distancing and the ban on large gathering, the Corporate Affairs Commission has approved that attendance at the Meeting shall only be by proxies, to minimize physical contact and ensure public health and safety.

Consequently, members are required to appoint a proxy of their choice from the following proxies to attend and vote in his/her/its stead:

1. Alh. Aminu Babangida
2. Mrs. Tomi Somefun
3. Sir Sunny Nwosu
4. Dr. Umar Farouk
5. Mrs. Adebisi Bakare
6. Alh. Kabiru Tambari
7. Mr. Patrick Ajudua
8. Mr. Lawrence Oguntoye
9. Mr. Matthew E. Coker

All instruments of proxy must be completed, a corporate body being a Member of the Company is required to execute a proxy under seal and shareholders are required to submit their completed proxy forms in line with the Corporate Affairs Commissions' guideline at the registered office of the Company or the office of the Registrar, **25 Ogunlana Drive, Surulere, Lagos**, or via email **info@unityregistrarsng.com** not later than 48 hours before the date of the Meeting. Unity Bank Plc has

NOTICE OF ANNUAL GENERAL MEETING

made arrangements to bear the cost of stamp duty of the duly completed proxy forms submitted within the stipulated timeframe.

2. **CLOSURE OF REGISTER AND TRANSFER BOOKS**
   Notice is hereby given that the Register of Members and Transfer Books of the Company will be closed from **18th to 27th July, 2022** both days inclusive for the purpose of preparing an up-to date Register of Members.

3. **BIOGRAPHICAL DETAILS OF DIRECTORS**
   The biographical details of the Directors standing for re-election are provided in the 2021 Annual Report.

4. **NOMINATION OF MEMBERS OF THE STATUTORY AUDIT COMMITTEE**
   Pursuant to Section 404 (6) of the Companies and Allied Matters Act, Laws of the Federation of Nigeria, 2020 any member may nominate a shareholder for election as a member of the Statutory Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting. Nominees to the Statutory Audit Committee must be compliant with the laws, rules and regulations guiding listed companies in Nigeria. We therefore request that nominations be accompanied by a copy of the nominee's curriculum vitae.

5. **SHAREHOLDERS RIGHT TO ASK QUESTIONS**
   Shareholders have a right to ask questions not only at the meeting but also in writing prior to the meeting and such questions must be submitted to the Company Secretary not later than 14 days (two weeks) prior to the date of the Meeting.

6. **UNCLAIMED DIVIDEND WARRANTS AND SHARE CERTIFICATES**
   Shareholders are hereby informed that some dividends have remained unclaimed and returned to the Registrar. The list of all unclaimed dividends will be circulated to all Shareholders and they are advised to contact the Registrar, **Unity Registrars Limited 25 Ogunlana Drive, Surulere, Lagos**, or via email **info@unityregistrarsng.com** to resolve any issue they may have with claiming the dividends.

7. **e-DIVIDEND**
   Shareholders who are yet to complete the e-Dividend Form or who need to update their records and relevant bank accounts are urged to complete the e-Dividend Form which can be detached/downloaded from the Annual Report and Accounts as well as from the website of the Bank **www.unitybankng.com** or that of the Registrar, **www.unityregistrarsng.com**.The duly completed form should be returned to **Unity Registrars Limited 25 Ogunlana Drive, Surulere, Lagos**, or via email
   info@unityregistrarsng.com

8. **LIVE STREAMING OF THE ANNUAL GENERAL MEETING**
   The AGM will be streamed live online. This will enable Shareholders and other relevant Stakeholders who will not be attending the meeting physically to also be part of the proceedings.

   The link for the live streaming will be made available on the Bank's website www.unitybankng.com and by the Registrar, Unity Registrars Limited in due course.

Dated this 1st day of July, 2022

By order of the Board

Alaba Williams
Company Secretary
FRC/2022/002/000/000/20510

Registered Office
Unity Bank Plc
42, Ahmed Onibudo Street,
Victoria Island, Lagos.

Proxy Form

Sixteenth Annual General Meeting be held at Unity Bank Plc, 42, Ahmed Onibudo Street, Victoria Island, Lagos.

I/We ....
(Name of shareholder in block letters)

Being a member(s) of Unity Bank Plc hereby appoint ALHAJI AMINU BABANGIDA, or failing him, MRS. TOMI SOMEFUN, or failing her, SIR SUNNY NWOSU, or failing him, DR. FARUK UMAR, or failing him, MRS ADEBISI BAKARE, or failing her, ALHAJI KABIRU TAMBARI, or failing him, MR. PATRICK AJUDUA, or failing him, MR. LAWRENCE OGUNTOYE, or failing him, MR. MATTHEW E. COKER, as my/our proxy to act and vote for me/us and on my/our behalf at the 16th Annual General Meeting of the Bank to be held on the 28th July, 2022 at 11.00 a.m. and at any adjournment thereof.

Dated this................Day of ....2022.   Signature of Shareholder:....................................

IMPORTANT NOTES:

1. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy in his/her stead. A proxy need not be a member of the Company. A proxy form is attached to this Notice and it is valid for the purpose of the Meeting.

2. Shareholders should note that the Corporate Affairs Commission has in view of the Covid-19 pandemic and following the Government's restriction on public gathering approved that attendance to the Annual General Meeting shall only be by proxy to ensure public health and safety.

3. Shareholders are therefore requested to submit their completed proxy forms in line with the Corporate Affairs Commissions' Guideline to the Office of the Registrar, Unity Registrars Limited, 25 Ogunlana Drive, Surulere, Lagos or via email info@unityregistrarsng.com not later than 48 hours before the time for holding the meeting to enable the Bank stamp the proxy forms.

4. In the case of joint shareholders, any one of such may complete the form but the name of all joint shareholders must be stated.

5.If the shareholder is a corporation, this proxy form must be under its common seal or under the hand of some officers or attorney duly authorised in that regard.

RESOLUTION	FOR	AGAINST	ABSTAIN
1. To receive the audited accounts for the year ended 31st December, 2021 together with the Reports of the Directors, Auditors and the Audit Committee thereon.			
2. To re-elect Directors(s):			
i. Alh. Aminu Babangida.			
ii. Dr. Oluwafunsho Obasanjo			
3. To authorize the Directors to fix the remuneration of the Auditors.			
4. To elect members of the Audit Committee.			
5. To disclose the remuneration of the Managers of the Company.			
SPECIAL BUSINESS	**FOR**	**AGAINST**	**ABSTAIN**
6. To approve the remuneration of Directors.			
7. To consider and if thought fit, pass the following as ordinary resolution: (A) "That the Board of Directors be and are hereby authorized to take steps to comply with the requirements of S.124 of the Companies and Allied Matters Act (CAMA), 2020 and the Companies Regulations 2021 as it relates to unissued shares currently standing to the capital of the Company".			
(B) "That the Board of Directors be and are hereby authorised to take all steps necessary to ensure that the Memorandum and Articles of Association of the Company are altered to comply with Resolution 7(A) above, including replacing the provision on authorized share capital with the issued share capital of the Company".			
(C) "That the Board of Directors be and are hereby authorized to enter into and execute any agreements, deeds, notices and any other documents necessary for and/or incidental to giving effect to the above resolution".			
(D) "That the Board of Directors or any one of them for the time being, be and are hereby authorized to appoint such professional parties, consultants, and advisers as may be required to perform all acts and do all such things that are necessary for or incidental to the above resolutions, including without limitation, complying with directives of any regulatory authority".			

Please indicate with an "X" in the appropriate box how you wish your vote to be cast on the resolutions set out above. Unless otherwise instructed, the proxy votes or abstains from voting at his/her discretion.

ADMISSION CARD

SIXTEENTH UNITY BANK PLC ANNUAL GENERAL MEETING
PLEASE ADMIT ONLY THE SHAREHOLDERS NAMED ON THIS CARD OR HIS DULY APPOINTED PROXY TO THE SIXTEENTH ANNUAL GENERAL MEETING BEING HELD AT ....

....

ON...

....
Name of Shareholder / Proxy

....
Signature

....
Address of Shareholder

THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRAR.

AFFIX
CURRENT
PASSPORT
(To be Stamped by Bankers)

Please write your name at the back of your passport photograph

Unity Registrars Ltd.
RC. 346100

E-DIVIDEND MANDATE FORM

INSTRUCTION

Please complete all section of this form to make it eligible for processing and return to the address below.

This service costs N150.00 per approved mandate per company

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 column be credited directly to my/our bank detailed below:

Bank Verification Number

Bank Name

Bank Branch

Bank Account Number

Account Opening Date

SHAREHOLDER ACCOUNT INFORMATION

Surname/Company Name | First Name | Other Names

Address:

City | State

Country

Previous Address (if any)

CHN(if any)

Mobile Telephone 1

Mobile Telephone 2

E-mail Address

Date

Please note that Only **Clearing Banks** are acceptable

TICK	NAME OF COMPANY	REGISTRARS ACCOUNT NO.
	AFROIL PLC	
	BGL PLC	
	CARANDA MANAGEMENT SERV. LTD	
	DVCF OIL & GAS FUND	
	DVCF OIL & GAS PLC	
	HALLMARK PAPER PRODUCTS PLC	
	HEXALIX PROPERTIES LTD	
	NORTHLINK BROKERS PLC	
	ROKANA INDUSTRIES PLC	
	UNITY BANK PLC	
	UNITY BUREAU DE CHANGE LTD	
	UNITY REGISTRARS LTD	
	VERITAS KAPITAL ASSURANCE PLC	

Company Seal/Incorporation No.
(Corporate Shareholder)

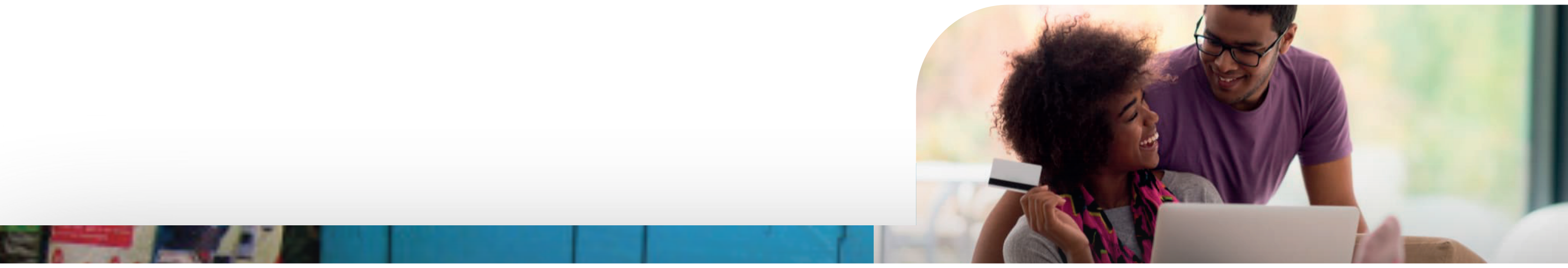
Shareholder's Signature or Thumbprint

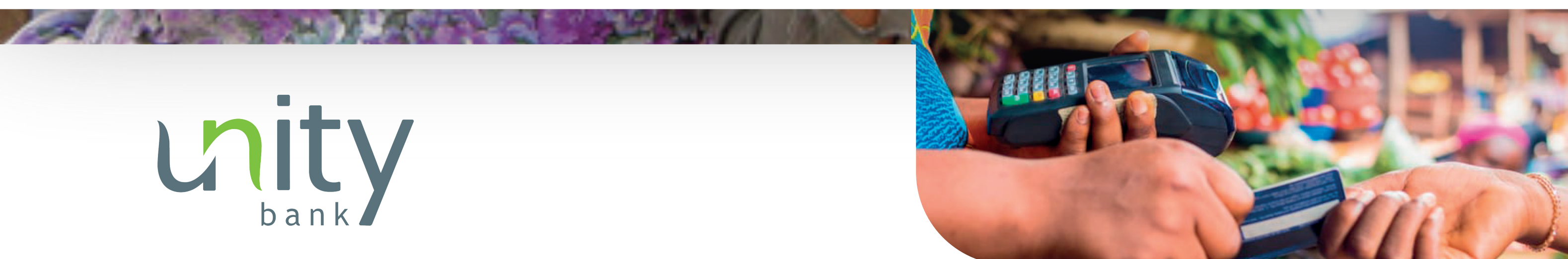
Shareholder's Signature or Thumbprint

Joint/Company's Signatories

UNITY REGISTRARS LIMITED
..........*succeeding Always*
Website: www.unityregistrarsng.com E-mail: info@unityregistrarsng.com/unityregistrars@yahoo.com Tel: 08085009235

Notes





Unity Bank Head Office
Plot 42, Ahmed Onibudo Street
Victoria Island,
Lagos.