unity bank

2019 ANNUAL REPORT

UNITY BANK...SUCCEEDING TOGETHER

2019
ANNUAL REPORT

OUR CORPORATE PHILOSOPHY

VISION

To be Nigeria's retail bank of choice

MISSION

To create superior wealth for our stakeholders

BUSINESS DEFINITION

A national commercial bank with a retail soul

OUR CORE VALUES

PASSION

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

RESOURCEFULNESS

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

INTEGRITY

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

TEAMWORK

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

DEPENDABILITY

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

EMPATHY

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

EXCELLENCE

We seek to create and raise standards

TABLE OF CONTENT

FINANCIAL HIGHLIGHTS

EXECUTIVE SUMMARY

The Bank's performance shows a relatively strong growth across key financial metrics including gross earnings, profit before and after tax, Loans & Advances and customer deposits.

We believe that the potential in many aspects of the business as reflected in growing balance sheet of the Bank is indicative of market confidence in our repositioning efforts.

This New Year, the focus is consolidating on the gains in our agribusiness sphere, capitalizing on the growing profile in the sector, whilst also focusing on the youth market with increased investment in technology and tech based solutions in solving banking problems.

The Bank will continue to implement measures aimed at building processes that efficiently attracts gains from resource allocation throughout the Bank, to boost profitability and bring more value to shareholders.

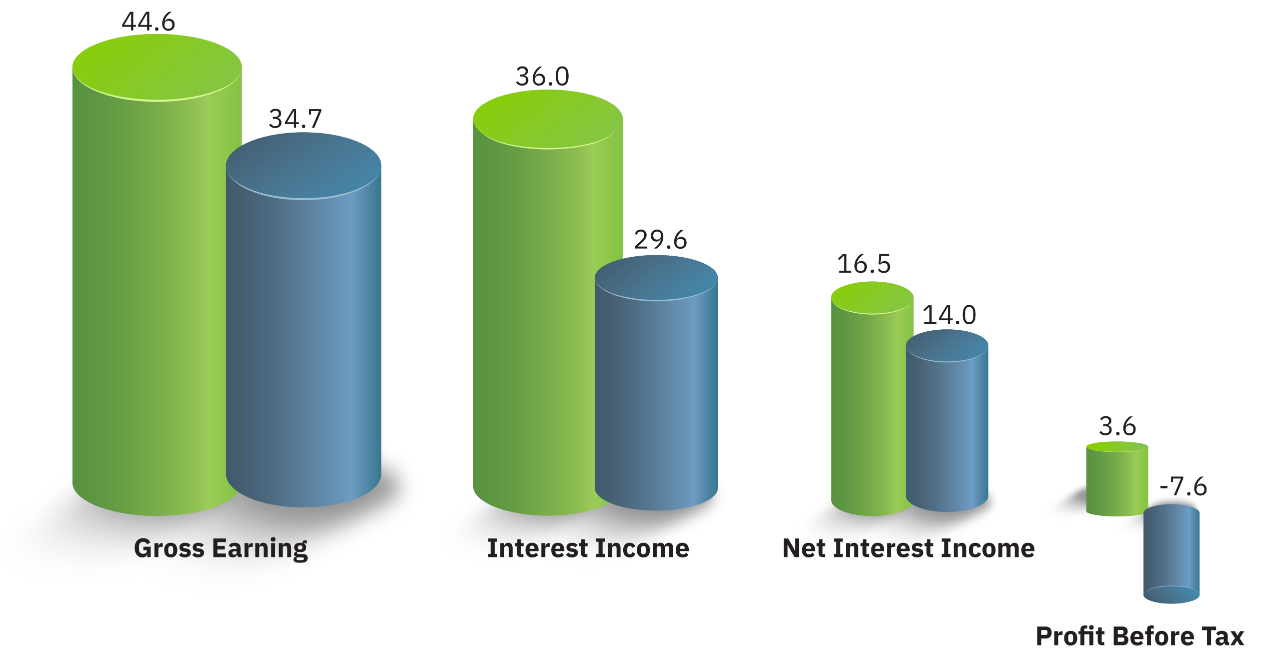
In billions of Naira	31-Dec-19	31-Dec-18
Financial Position		
Total Assets	293.05	210.80
Loans and Advances	104.02	44.10
Customer Deposits	257.69	247.63
Share Capital	5.84	5.84
Total Equity	(278.86)	(284.37)

	31-Dec-19	31-Dec-18
Income Statement		
Gross Earnings	44.59	34.65
Impairment Charge	(1.92)	(5.96)
Total Operating Expenses	(19.57)	(20.71)
Profit Before Tax	3.64	(7.55)
Taxation	(0.26)	(0.14)
Profit after Tax	3.38	(7.70)

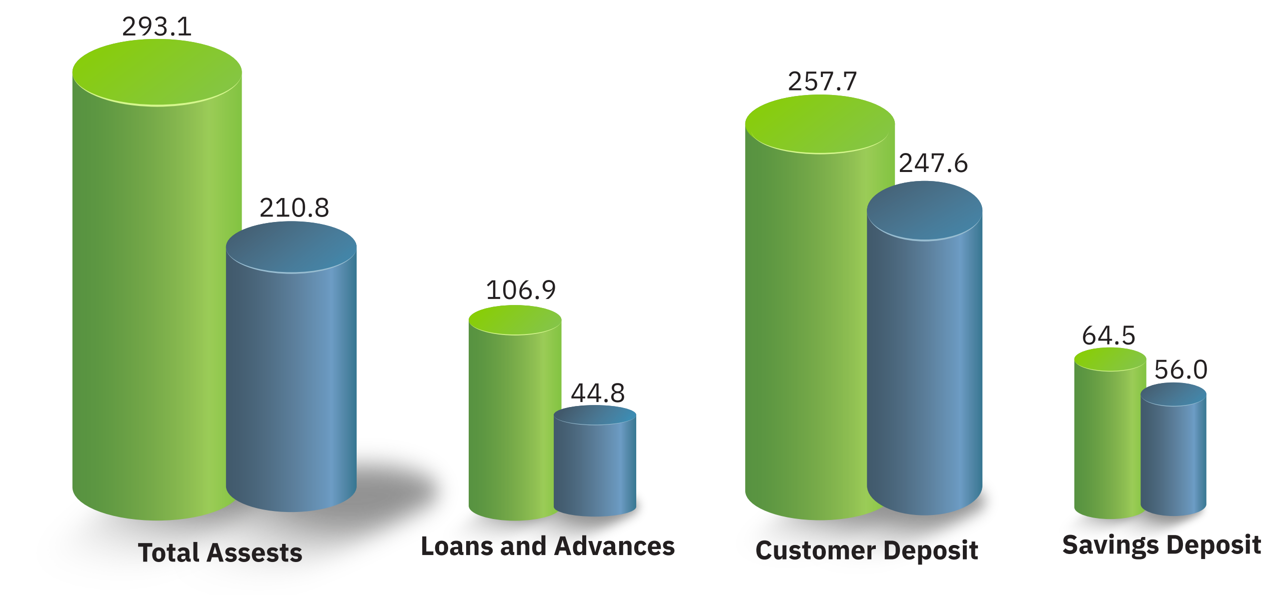
	31-Dec-19	31-Dec-18
Ratios %		
NPL Ratio	0.90%	0.00
ROA	1.15	(3.65)
Liquidity Ratio	34.36	35.00
LDR	41.49	18.11
Cost-to-Income Ratio	84.30	157.4
Capital Adequacy Ratio	(200.88)	(213.60)

	31-Dec-19	31-Dec-18
Others		
Number of Branches	215	217
No of Staff	1,578	1,734
Number of Shares in issue	11,689,337,942	11,689,337,942

Income Statement (N'Bn)



Statement of Financial Position (N'Bn)



BOARD OF DIRECTORS

AMINU BABANGIDA

Chairman, Board of Directors

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. Mr. 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, Board Finance & General Purpose and Statutory Audit Committee. She has held Chairmanship 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.

SAM N. OKAGBUE

Independent Director

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

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), and the Nigerian Bar Association. He has been a Notary Public (Federal Republic of Nigeria) since 1992.

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 the 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 Development Authority (NALDA) Maiduguri; Chief Accountant, Ministry of Health, Borno State; Assistant Director of Finance & Accounts, Borno State; Head of Administration & 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.

HAFIZ MOHAMMED BASHIR

Non-Executive Director

Alhaji 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 the Board Credit Committee, Board Governance & Nominations Committee and Board Risk Management & Audit Committee amongst others.

Alhaji 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 record of successful management, extensive knowledge of operations and project management. He holds a Post Graduate Diploma in Management and Advance Diploma in Public Administration from the Ahmadu Bello University, Zaria and the University of Jos respectively. He is currently undergoing a Master's Degree Programme in Business Administration at the Business School of Netherlands.

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

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

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, 27 of which were in the Banking sector spanning key segments such as Treasury & Investment Banking, Corporate Banking, Retail and Commercial Banking Operations. Mrs. 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, She 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 degree from the Obafemi Awolowo University (formerly University of Ife) in 1981 with a Bachelor of Education in English Language.

Mrs. 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 hold 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).

TEMISAN TUEDOR

Executive Director, South Bank

Mr. Temisan Tuedor is the Executive Director, South-South/South-East and Collections. He was appointed to the Board of Unity Bank Plc as Executive Director in 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 where he acquired a reputation for high level business transformation and change management. His professional career started with Chartered Bank Limited as a Credit Analyst in the 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 at Oceanic Bank International Plc (now EcoBank Plc); Senior Vice President and Internal Managing Director, Apapa at Bank PHB Plc (now Keystone Bank Ltd); and General Manager, Corporate and Commercial Banking both in Ikeja and Apapa/Lagos Mainland at Polaris Bank. 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 degree in Business Administration (MBA) from the ABU Zaria (1992). He also has a certificate in Advanced Management Program from Fontainebleau, France, October, 2011. He also holds a certificate from the Kelloggs School of Management, Northwestern University, Chicago, U.S.A.

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).

EBENEZER KOLAWOLE

Executive Director

Mr. Ebenezer 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. Ebenezer graduated from Obafemi Awolowo University, Ile-Ife, with First Class Honours in Accounting in 1991. He is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), Fellow of the Institute of Credit Administration of Nigeria (FICA) and Honorary Senior Member of Chartered Institute of Bankers of Nigeria (HCIB) and functions in key committees of the institute. He is also a member of the Institute of Directors (IoD).

He worked with Standard International Ltd. based in Lagos as Chief Accountant after the completion of his National Youth Service Corp with Caribbean Finance Ltd. (associated with Cayman Island) in Kaduna in 1993. In 1994, Ebenezer joined Ecobank Nigeria Plc as a Banking Executive in Operations. He moved to Financial Control and later rose to the position of Deputy Financial Controller of the Bank. Then joined Standard Trust Bank Plc in April 1999 as the Financial Controller and rose to the position of Group Head, Compliance/Regulatory Risk Management of the Bank until the merger of Standard Trust Bank with UBA Plc in August 2005. While in the post-merger UBA Plc, he worked in the frontline departments and later became the Chief Financial Officer at UBA Nigeria, the role he performed until he left the Bank in 2011. He later joined Mainstreet Bank Ltd. in November 2011 as General Manager/Group Chief Financial Officer and played strongly in the Bank's turn-around and its superior financial performance. He later assumed position of Co-ordinator at Gloworld Communications and moved on to the Head of Finance prior to his leaving the telecommunications giant in August 2015. Mr. Ebenezer resumed with Unity Bank Plc in September 2015 as Chief Financial Officer and he has been in the forefront of the transformation project of the Bank with his strong analytical competencies in finance, strategy, operations and enterprise performance management.

Mr. Ebenezer holds Executive Education certificates from The Wharton Business School, University of Pennsylvania (USA) and Columbia Business School, Columbia University, New York (USA).

USMAN ABDULQADIR

Executive Director

Mr. Usman Abdulqadir is the Executive Director, Risk Management and Compliance, Unity Bank Plc, having joined the bank in April 2018. He had also overseen Corporate Planning, Strategy, Agribusiness, E-Business and Technology. Until his appointment, he was Vice President and Divisional Head, Post-Trade Services of FMDQ Exchange Plc and the Ag. Managing Director/Chief Operating Officer of FMDQ Clear Limited.

Mr. Usman has a Bachelor's Degree in Accounting (Bayero University, Kano, Nigeria) and a Master's Degree in Islamic Finance (Durham University, UK). He qualified as a Chartered Accountant and was admitted to the membership of the Institute of Chartered Accountants of Nigeria in the Year 2000. In his over twenty-five (25) years' work experience in the banking and financial sector, he spent thirteen (13) at the Central Bank of Nigeria (CBN) and was its representative at the Conference of Senior Bank Supervisors from Emerging Economies. He also participated in various projects, including but not limited to:

- Working Group on Liquidity Risk Management of the Islamic Financial Services Board, as CBN's representative;
- 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);
- Committee for the Development of the Framework for the Regulation and Supervision of Institutions Offering Non-Interest Financial Services; and
- Secretariat of the CBN/NDIC Executive Committee on Supervision;

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

ALABA WILLIAMS

Company Secretary

Mr. Alaba Williams was appointed the Company Secretary on January 1, 2020. He boasts of over 25 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, Alaba was the pioneer Head, Legal Services 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 in 2011, Head, Human Resources Management Department in 2013 and again as Head, Legal Services Department in 2015. Upon the merger of the Legal Services Department and Company Secretariat functions of the bank, 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 Masters 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).

CORPORATE INFORMATION

COMPANY REGISTERED NUMBER - 94524

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

COMPANY SECRETARY

Alaba Williams

REGISTERED OFFICE

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

AUDITORS

KPMG Professional Services -
KPMG Tower, Bishop Aboyade Cole Street,
Victoria Island, Lagos.
www.kpmg.com/ng

REGISTRAR AND TRANSFER OFFICE

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

TAX ADVISORY

Ijewere & Co (Chartered Tax Advisory) -
Itoya House, 126 Lewis Street
P. O Box 8713, Lagos, Nigeria.
FRC/2015/ICAN/00000011189

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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REPORT OF THE BOARD AND MANAGEMENT

CHAIRMAN'S STATEMENT

AMINU BABANGIDA
Chairman, Board of Directors

INTRODUCTION

Distinguished shareholders, notable guests, ladies and gentlemen, you are warmly welcome to the fourteenth Annual General Meeting (AGM) of our Bank, Unity Bank Plc.

2019 represented a seemingly untamable year as it was characterized by significant political activities, elevated security challenges, high rate of flooding across the agricultural belt, and stiffer regulatory headwinds. Notwithstanding, our Bank was able to proactively sustain and increase the momentum from 2018.

As usual, I would like to commence the review of our performance by appraising the economic and operating environment of the Bank in 2019.

2019 GLOBAL ECONOMIC DEVELOPMENTS

The global economy witnessed the weakest growth in 2019 since the global financial crisis of 2008-2009, reflecting common influences across countries and country-specific factors. Increasing trade tension barriers and their associated uncertainties largely determined business sentiment and global business activities. In certain regions (majorly advanced economies including China), these developments amplified recurring and structural slowdowns, which were already under way from the previous year.

Country-specific weaknesses in large emerging market economies such as Brazil, India, Mexico, and Russia also added pressure to global weakness. Deteriorating macroeconomic environment related to tighter financial conditions in Argentina, geopolitical tensions in Iran, and civil unrest in Venezuela, Libya, Yemen were also among the highlights of worsening global conditions in 2019.

As the global economic prospects became more uncertain especially with the regime of increased trade tariff, firms, particularly, industrial and manufacturing outfits, became cautious on long term expenditures causing global purchases of machinery and equipment decelerate significantly. Household demand for durable goods also weakened, although there was an uptick in the Q2 2019.

This slowdown was particularly evident with automobiles, where new emission standards and other regulatory changes affected sales in several countries. This reality and the challenges of weak demand forced manufacturers to scale back industrial production, with the resultant negative effect on global trade (which largely consists of durable goods and spare parts/components used to produce them).

Concerned about the impact of the deteriorating global conditions, Central Banks across the developed and emerging economies reacted accordingly. In the course of the year 2019, several apex banks, including the US Federal Reserve, the European Central Bank (ECB), and large emerging market central banks cut interest rates, while the ECB also restarted asset purchases in order to inspire confidence in their markets and encourage business activities.

2019 DOMESTIC ECONOMIC DEVELOPMENTS

On the domestic front, year 2019 kicked off rather slowly considering that it was a general election year. However, business activities picked majorly from the second quarter, and the economy eventually recorded a real GDP growth of 2.27%, which was marginally higher than 1.91% recorded in 2018 and slightly above the IMF projection of 2.1%. Services maintained its relevance as the biggest contributor to the national GDP, accounting for 52.6%, while agriculture and industries contributed 25.2% and 22.2% respectively.

Inflationary pressure mounted during the year as headline inflation averaged 11.40% in 2019 (11.98% as at December 2019). The major drivers of inflation during the year include the complete closure of Nigerian land borders with a view to curtailing the smuggling of goods into the country from neighbouring countries, demand pull effect of liquidity surfeit as a result of increased credit to private sector, and the skeletal implementation of the new minimum wage.

The foreign exchange market in 2019 was relatively stable but with certain degree of variability owing to domestic inflationary concerns and a gradual reduction in the size of the country's external reserves. The official foreign exchange rate window oscillated between N307/US$ in January 2019 to N306.77/US$ in February 2019 and N305.92/US$ at the end of June 2019. Between July and October 2019, the official rate hovered within a narrow trading band from a "support" of N305.80/US$ to a "resistance" of N306/US$. Buying pressures in Q4 saw a spike in rates to 306.90/US$ before calming in November to N305.78.

As it is with election years, and in view of the elevated security challenges in some part of Nigeria, activities in the Nigerian capital market started on a scary note in 2019, with the NSE All Share Index (ASI) nosediving to 29,336.8 by January 9, 2019 from an index of 31,430.50 at the end of 2018. There was huge rebound in February, as the market recorded 32,614.05 by February 20, 2019 (its highest point in the year). The volatility further created a bearish sentiment across the market, driving down the index to 26,842.07 on the last trading day of the year.

Similarly, at the fixed income market, long term bond yields declined in the year (10-yr NGN bond yield fell from 15.41% at the beginning of the year to 11.54% by December 31, 2019) on the back of sell-off by local and foreign portfolio investors amidst the challenges of election year and benchmark rate cut by the CBN in March 2019 (first since June 2016).

2019 was also characterized by significant regulatory controls, with the increase of Loan to Deposit Ratio (LDR) from 60% to 65% to encourage lending to SMEs and the real sector of the economy. This policy change was followed with strict monitoring and several commercial banks were penalized for non-compliance. Likewise, to reduce the appetite of DMBs for government securities, the CBN also restricted the purchase of OMO bills to foreign and institutional investors. Despite the thinning margins, the CBN closed the year by introducing a revised guideline for bank charges, which further streamlined fee-based income of deposit money banks.

OUR PERFORMANCE REVIEW

Ladies and gentlemen, our Bank recorded a 29% growth in earnings in 2019 to N44. 58 billion from the previous year and grew customer deposit by N10 billion in the same period to N257.69 billion despite the highlighted challenges of the year. Similarly, the Bank grew its total assets by 39% to N293.05 billion between 2018 and 2019, representing the sustained progress recorded by our management. This is further demonstrated in our risk assets growth of over 135% in 2019.

Despite all inhibiting circumstances, the massive incursion by FinTechs into the industry's business space, the unending regulatory headwinds, and our capital constraints, our bank was also able to post a profit before tax of N3.64 billion as against the restated loss of N7.55 billion in 2018 with a best-in-industry NPL ratio of 0.9%. We were also able to increase our momentum in all the components of income during the year. We particularly ramped up our collection business and customers' adoption and usage of our alternative channels, which has translated into 116% growth in net fee and commission income. Net interest income also grew by 18% in the same period. Our net operating income therefore stood at N23. 21 billion at the end of 2019 with a growth of 76.38%.

In the course of the year, we further strengthened our cost optimization capacity by embarking on several cost containment initiatives that have yielded positive results. With these measures, the Bank was able to reduce its total operating expenses to N19.57 billion in 2019 from N20.71 billion in the previous year. The Bank will continue to implement these measures, which are aimed at continuous re-engineering of processes that attract efficiency gains in our allocation of resources across the Bank's network to enhance profitability and maximize investors' value.

OUR BUSINESS OUTLOOK

While uncertainties persist at both the global and domestic stage, Unity Bank will continue to seek bigger growth in 2020 and beyond, as we tenaciously continue to drive inclusion of our customers on our digital platforms with a strong focus to enhance customer experience in the retail and SME space. In addition, the Bank will continue to preserve its strategic footprint in the agribusiness, while embracing new and emerging segments that meet our risk management criteria and benchmarks, with a view to providing support for the real sector of the Nigerian economy.

As the Bank continues its repositioning efforts, we will continue to leverage partnerships both locally and internationally to extract value chain opportunities within the industries and market segments that we have chosen to play. Also, we will continue to place priority on optimizing our platforms and channels whilst deploying competitive products and services that will create superior opportunities for our dearly valued customers. Furthermore, our risk management approach will seek to maintain the record as the Bank with the least impairment (NPLs) by actively and continuously improving our credit underwriting, monitoring and recovery systems.

The Bank will do more to protect and boost its business footprint in the North, and actively pursue deeper business penetration in the South. This we will accomplish by focusing on valuable transactions and nurturing existing relationships and developing new mutually beneficial alliances within the private and public sectors across the regional networks of the Bank.

CONCLUSION

I wish to express my heartfelt gratitude to you, distinguished Shareholders, Non-Executive and Executive Directors of the Board, our esteemed customers and all members of staff for your unalloyed commitment and dedication to the sustenance and growth of Unity Bank Plc in these past three (3) years.

Finally, I acknowledge that good governance practices are best initiated and observed in the boardroom. Hence, we shall ensure that the 'tone from the top' continually drives adherence to good corporate practices throughout the Bank. This will no doubt continue to improve market sentiments towards the Bank and earn us an increased share of the market.
As we focus on succeeding together in 2020, I must end

this statement by mentioning that Unity Bank is a creation of strong heritage and tradition that have continued to motivate the board and management to do more. That heritage includes our loyal customers, diverse ownership, team success, iconic brand, large customer base, extensive branch footprint and great people. I am indeed proud of our strides, and I assure you that the future is bright for our Unity Bank.

Thank you for your attention.

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

MD/CEO'S STATEMENT

MRS. TOMI SOMEFUN
MD/CEO

INTRODUCTION

Distinguished Shareholders, Customers and all Stakeholders, I am pleased to welcome you all to the 14th Annual General Meeting of Unity Bank Plc and present a detailed scorecard of how the Bank has performed in the 2019 financial year.

The 2019 financial year was particularly significant for Unity Bank, setting the path for the Bank to assert itself as a resilient and innovative institution despite the business and political disruptions witnessed during the year.

Notwithstanding, the Bank continues to implement strategies towards the actualization of its goal of being the "Retail bank of choice". We increased our digital focus to ensure that we provide convenient, simple and efficient platforms that will attract and increase the rate of adoption of our digital channels, deepened our play in the Agric sector and increased customer acquisition across board.

MACROECONOMIC ENVIRONMENT

During the year 2019, global output growth remained weak due to various headwinds (trade war between the US and China; growing vulnerabilities in the financial markets, sustained downward pressure on oil prices and lingering uncertainty around BREXIT amongst others). The US increased tariffs on goods imported from China, and the Chinese-tech companies blacklisted from business dealings with US firms led to increased tariffs on US imports from China and the devaluation of its currency to make exports more competitive.

Global uncertainty loomed as factory activities slowed in the US, Europe and Asia. This was particularly prominent in China, owing to the decline of its real GDP to its lowest rate in 30 years. The increasing global uncertainty and declining manufacturing activities affected the demand for crude oil, resulting in additional pressures on international crude prices. Of major concern and threat to global economic growth and outlook was the outbreak of Coronavirus disease (COVID-19) in Wuhan, China in December 2019.

On the domestic economy front, growth and other macroeconomic indicators remained fragile. According to the data from the National Bureau of Statistics (NBS), the full-year 2019 real GDP stood at 2.27%, higher than the 1.91% growth rate recorded in 2018, inflation rate rose to 11.98% in December 2019 (its highest level since April 2018), unemployment rate remained high at 21.3%, credit to the private sector improved and exchange rate was largely stable.

During the year, general elections were held across various tiers and level of governments. In the highly competitive elections, the incumbent, President Muhammadu Buhari was re-elected to serve another 4 years in office.

The banking industry was also characterized by significant regulatory changes, as the Central Bank of Nigeria deployed various guidelines in an effort to boost lending to the real sector and encourage Small and Medium Scale Enterprises in order to provide the catalyst needed for economic growth. Some of the policies adopted by the Monetary and Fiscal Authorities during the year included; the reduction of Monetary Policy Rate (MPR) to 13.5% from 14.0%, introduction of Global Standing Instruction (GSI) to address the predatory impact of serial borrowers in the banking system, Increase in Loan to Deposit Ratio (LDR) to boost credit delivery by the deposit money banks (DMBs) to the real sector, differentiated Cash Reserve Requirement (DCRR), Development Finance Initiatives in agriculture, micro, small and medium enterprises (MSMEs) and other real sector activities, including restriction of patronage by local corporate and individual investors in CBN OMO bills, and the closure of Nigerian land borders.

A SUMMARY OF OUR BUSINESS PERFORMANCE

This is a new beginning for Unity Bank, as the bank emerged from 2019, beating all odds, surpassing all obstacles and showing resilience by recording a notable N3.64bn as Profit-Before-Tax (PBT), making a total recovery from the restated loss of N7.55bn reported in the 2018 financial year. Profit-After-Tax (PAT) was reported at N3.38bn compared to a loss of N7.7bn reported in 2018. Our business was able to record this significant leap on the back of various business development and cost optimization initiatives implemented during the year.

During the financial year, the Bank's gross earnings improved by 28.7% from N34.7bn in 2018 to N44.59bn in 2019; fees & commission increased by 116.3% to N4.9bn from N2.3bn in 2018 while operating expense declined by 5.5%. The Bank grew its gross loans and advances by 138.4% from N44.8bn in 2018 to N106.9bn in 2019 and customer deposit by 4.1% to N257.7bn.

The Bank's focus on building its digital presence was evident in a significant increase in ATM and POS deployment at strategic locations around the country. This deliberate investment, coupled with our improvement in our Information Technology infrastructure impacted positively on transaction volumes and revenue generation across all electronic channels.

The Bank continued to provide support for the real sector, particularly in the agriculture sector, deploying simple financial solutions to a dynamic and complex sector responsible for providing a means of livelihood for a huge percentage of the nation's population. Our increased dedication to this sector is demonstrated in our collaboration with various farmers associations – Rice Farmers Association of Nigeria (RIFAN), Maize Farmers Association (MAAN), National Cotton Association of Nigeria (NACOTAN) and others on the Central Bank of Nigeria Anchors Borrowers' Programme. This initiative has created new jobs, opportunities, wealth for indigenous farmers and the nation at large.

BUSINESS TOUCHPOINTS

The strategy to drive our retail offerings and provide simple and efficient solutions to new and existing customers informed the corporate decision to improve our digital platforms to touch various customer pain points. To this end, the Bank launched a new feature on its USSD code, *7799#, allowing customers to carryout transactions in any of the nation's three indigenous languages (Igbo, Hausa and Yoruba). This is the first of its kind in the industry and has helped to provide a wider reach and increase flexibility of bills payment and account opening for new (especially those previously excluded from the financial system) and existing customers.

We also kick-started the second phase of development of Unifi, our Omni-channel mobile application with exciting features for the youth market, this is in line with our focus to increase our appeal to the upwardly mobile youth segment.

To deepen our penetration in the youth segment, Unity Bank renewed our celebrity engagement and partnership with contemporary music artist, Adekunle Gold. This was done to complement the success of the product. It is expected that this will significantly boost our increased customer acquisition and retail penetration efforts/strategies.

In addition to the above, the Bank also launched several products and value-added offerings like the Treasury Linked Note, Corpreneurship, Bancassuarance and the Corporate Internet Banking amongst others to increase footprints in the Corporate/Commercial and Retail and SME space. We collaborated with Nigeria Inter-Bank Settlement System Plc (NIBSS) with a view of gaining better insight into evolving digital payments and also identifying e-business opportunities for business growth and improved market share across board. Additionally, we recorded significant improvement on our foreign trade transactions. In demonstration of our commitment to Unity Bank's card users, we succeeded in reintroducing the foreign currency transactions on Unity Bank's MasterCard.

LOOKING FORWARD

Our strategic priorities going forward in 2020, and within the next 3 years remains centred on digitalization, enhanced service quality and customer-centricity; aggressive customer acquisition across all segments with deliberate focus on Retail, SME and Commercial businesses, aggressive growth of Agric business wallet share and value chain opportunities, all on the back of a successful recapitalization exercise and the strengthening of our improved performance in 2019. With this kind of focus, we are optimistic that by 2022, more than 40% of our net revenues will be driven by our Retail and Agric businesses and will also account for up to 50% of our profits.

Additionally, we will continue to improve and automate our internal processes, prioritising significant reduction in the number of loss making outlets, reduction in account dormancy, and improvement on income and fee generation, improved turnaround time and faster speed-to-market are some key areas we intend to focus on in 2020.

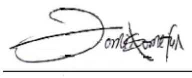
We will continue to recruit young professionals, empower staff through relevant training and developmental programmes, and ensure more staff rotation and strategic placements across functions.

To create more visibility and product awareness, we will deploy more resources for impactful product advertisement across digital and traditional media platforms.

Ladies and Gentlemen, year 2020 will come with its own unique challenges but I am persuaded that by working together, focusing on our priorities and putting our customers first, we can realize our objectives and deliver commendable results. These will continue to be our priorities.

I remain extremely privileged to work with this unique team of resilient employees, dedicated management team and passionate Executives. I would like to thank all our staff for the tireless hard work, our Board of Directors for their support, our customers, and shareholders who have continued to place remarkable confidence in us, year after year. We begin 2020 with resolve that our performance can only get better and we will leverage the ongoing momentum and grow our business sustainably for the benefits of our stakeholders and for the good of our operating environment.

I thank you all for your kind attention.



Tomi Somefun
Managing Director/ CEO
FRC/2013/ICAN/000000231


unity bank
... succeeding together.
BANK BETTER
WITH unifi
by Unity Bank
Transact
Bills Payment
Rewards
Gamification
Available on
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Download on the App Store
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Banking
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DIRECTOR'S REPORT

The Directors present their report on the affairs of Unity Bank Plc ("the Bank") together with the financial statements and Auditor's report for the year ended 31 December 2019.

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 CAP C20 LFN 2004 as a private limited company on 27th April, 1987 with the name Intercity Bank Limited. It was granted license on 28th October, 1987 to carry on the business of commercial banking and commenced full banking business operation on 28th October, 1988. The Bank was converted into a Public Limited Liability Company on 8th September, 1992. Following the consolidation reforms introduced and driven by the Central Bank of Nigeria in 2004, the Bank after its merger with eight other Banks, changed 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 the notes to the accounts. In the opinion of the Directors, the fair value of the Bank's properties 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:

		Restated*
	Dec-19	Dec-18
	N'000	N'000
Gross earnings	44,587,271	34,653,783
Profit/(loss) before tax	3,642,112	(7,553,701)
Income tax expenses	(258,923)	(141,619)
Profit/(loss) after tax	**3,383,189**	**(7,695,320)**
Profit attributable to shareholders	3,383,189	(7,695,320)
Earnings per share		
Basic and diluted earnings per share (Kobo)	28.94	(65.83)

G. Dividends

The Bank did not declare any dividend during the year (2018: 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 sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange are as stated below:

Directors holdings	31-Dec-2019			31-Dec-2018		
Name Of Directors	Direct Holdings	Indirect Holdings	%	Direct Holdings	Indirect Holdings	%
Aminu Babangida[1]	NIL	648,472,967	5.54	NIL	615,889,636	5.26
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	4,002,318,445	34.24	NIL	4,002,291,385	34.24
Tomi Somefun	NIL	NIL	-	NIL	NIL	-
Temisan Tuedor	NIL	NIL	-	NIL	NIL	-
Ebenezer Kolawole	NIL	NIL	-	NIL	NIL	-
Usman Abdulqadir	NIL	NIL	-	NIL	NIL	-

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

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

3 *Asset Management Corporation of Nigeria*

I. Directors interest in contracts

For the purpose of section 277 of CAMA, 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 2019 is as stated below:

Range	No Of Shareholders	Unit
1 - 9999	56,675	56,509,001
10000 - 50000	14,600	101,653,529
50001 - 100000	3,961	71,348,849
100001 - 500000	4,564	184,720,246
500001 - 1000000	1,116	81,173,519
1000001 - 50000000	76	148,760,766
50000000 - 100000000	16	123,616,824
100000001 - 500000000	48	2,535,161,121
500000001 - 1000000000	3	1,852,359,484
1000000001 - 5000000000	3	6,534,034,603
TOTAL	**81,062**	**11,689,337,942**

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

Range	No Of Shareholders	Unit
1 - 9999	57,863	56,933,161
10000 - 50000	14,731	104,812,830
50001 - 100000	3,966	70,978,973
100001 - 500000	5,875	186,834,508
500001 - 1000000	1,114	82,838,235
1000001 - 50000000	74	144,442,445
50000000 - 100000000	16	125,616,824
100000001 - 500000000	49	2,530,513,939
500000001 - 1000000000	3	1,852,359,484
1000000001 - 5000000000	3	6,534,007,543
TOTAL	**83,694**	**11,689,337,942**

K. Substantial interest in shares

According to the register of members as at 31 December 2019, no shareholder held more than 5% of the issued share capital of the Bank except the following:

Shareholder	No of Shares held	Shareholding (%)
ASSET MANAGEMENT CORPORATION OF NIGERIA	4,002,318,445	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	**7,869,744,044**	**67.33%**

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

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

L. Acquisition of own shares

The Bank did not purchase its own shares during the year (2018: Nil).

M. Corporate Social Responsibility (CSR)

For the year ended 31 December 2019, the Bank expended the sum of N39.16 million, (December 2018 – N13.38 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 31st December 2019 is as stated below:

SN	Details of expenditure	Category	Amount (N'000)
1	BAUCHI STATE PRIMARY HEALTH CARE	Health	3,000
2	ONDO STATE EDUCATION BOARD	Education	8,000
3	REDEEMERS UNIVERSITY CONVOCATION CEREMONY	Education	1,500
4	OSUN STATE ECONOMIC/INV SUMMIT	Community Intervention	10,000
5	OSUN STATE UNIVERSITY	Education	7,500
6	CHARTERED INSTITUITE OF BANKERS (CIBN)	Professional Developments	7,556
7	RICE FARMERS ASSOCIATION OF NIGERIA	Trade Promotions	1,605
	TOTAL		**39,161**

The schedule of the CSR as at 31st December 2018 is as stated below:

SN	Details of expenditure	Category	Amount (N'000)
1	OSUN STATE MILLENIUM DEVELOPMENT GOALS PROGRAMME	Community Intervention	1,000
2	LOCAL GOVERNMENT STAFF PENSIONS BOARD TRAINNING	Education	2,500
3	LOCAL GOVERNMENT STAFF PENSIONS BOARD TRAINNING	Education	5,000
4	ASSBIFI LOCAL INTERVENTION PROGRAM	Community Intervention	1,000
5	CASH MANAGEMENT ACCIDENT VICTIMS SUPPORT	Health	2,880
6	ALMIGHTY GOD COMPASSION CARE HOME	Community Intervention	1,000
	TOTAL		**13,380**

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

Employees	31 DECEMBER 2019 Number	31 DECEMBER 2019 Percentage	31 DECEMBER 2018 Number	31 DECEMBER 2018 Percentage
Male	1,002	63%	1,122	65%
Female	576	37%	612	35%
	1,578	**100%**	**1,734**	**100%**

(b) Analysis of Board and top management staff

i Board members (Executive and non-executive Directors)

	31 DECEMBER 2019 Number	31 DECEMBER 2019 Percentage	31 DECEMBER 2018 Number	31 DECEMBER 2018 Percentage
Male	6	67%	6	67%
Female	3	33%	3	33%
	9	**100%**	**9**	**100%**

ii Top Management staff (AGM-GM)

	31 DECEMBER 2019 Number	31 DECEMBER 2019 Percentage	31 DECEMBER 2018 Number	31 DECEMBER 2018 Percentage
Male	18	90%	16	89%
Female	2	10%	2	11%
	20	**100%**	**18**	**11%**

(c) Further analysis of Board and top management staff

	31 DECEMBER 2019					
	Male		Female		Total	
Assistant General Managers	6	86%	1	14%	7	100%
Deputy General Managers	9	90%	1	10%	10	100%
General Managers	3	100%	0	0%	3	100%
Board Members (Non-Executive Directors)	3	60%	2	40%	5	100%
Board Members (EDs ex MD/CEO)	3	100%	0	0%	3	100%
Managing Director/CEO	0	0%	1	100%	1	100%
	24		**5**		**29**	

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

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 transportation, housing, lunch and also medical expenses both for staff and their immediate families. Fire prevention and fire-fighting equipment are installed in strategic locations within the 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. These are equally complemented by on-the–job training.

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

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

P. Statutory Audit Committee
Pursuant to the requirements of the Companies and Allied Matters Act CAP C20, LFN 2004, the Bank has in place a Statutory Audit Committee comprising three Non-Executive Directors and three representatives of Shareholders' as follows:

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

Q. Disclosure of customer complaints in financial statements for the year ended 31 December 2019.

	NUMBER		AMOUNT CLAIMED (N'000)		AMOUNT REFUNDED (N'000)	
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018
Pending complaints brought forward	568	276	492,502	7,344	-	-
Received complaints	75,398	85,183	1,847,888	2,846,561	-	-
Resolved complaints	75,960	84,777	1,166,822	520,448	901,839	403,963
Unresolved complaints escalated to CBN for intervention	-	114	-	1,840,956	-	1,250,847
Unresolved complaints pending with the bank carried forward	6	568	1,173,568	492,502	-	-

The tables below show Complaints received and resolved by the Bank in other currencies for the year ended 31 December 2019 and 31 December 2018 respectively.

	AMOUNT CLAIMED		AMOUNT REFUNDED	
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018
United States Dollars ($)	-	10,110	-	-
Euros (€)	-	600	-	-

R. Events after the reporting date

Subsequent to year end, the country witnessed cases of COVID 19, a global pandemic disease which disrupted the business activities of many organizations around the world. Unity Bank Plc is not exempted from the impact of this pandemic on its business operations as it has had to trigger its business continuity plans (BCP) and therefore scaled down banking operations with the adoption of contactless banking model with its digital platforms to serve and delight its customers nationwide. The Bank transacted its business with its customers in compliance with the national directives to contain the spread of the virus.

The Central Bank of Nigeria (CBN) through circular FPR/DIR/GEN/CIR/07/49 announced policy measures in response to the COVID-19 outbreak and spillovers. These include extension of moratorium on applicable intervention loans, reduction of interest income, strengthening of Loan to deposit ratio (LDR).

The Bank has determined that COVID -19 has no material impact on the reported balances as at 31 December 2019. The Bank is still assessing the impact of COVID-19 on financial performance subsequent to year end and therefore is unable to quantify this impact at the time these financial statements were approved.

There is no other event after reporting date which could have a material effect on the financial position of the Bank as at 31 December 2019 and profit attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

S. Auditors

Messers KPMG professional services was appointed as external auditors to the Bank and ratified at the 13th Annual General Meeting of the Bank on 16 October 2019. The auditors 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 357(2) of the Companies and Allied Matters Act of Nigeria 1990. A resolution will be proposed at the Annual General Meeting to authorise the directors to determine their renumeration.

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...24th....day of March...2020

CORPORATE GOVERNANCE REPORT

The Central Bank of Nigeria in its circular FPR/DIR/CIR/GEN/01/004 of May 16, 2014 released a Code of Corporate Governance which aims at protecting equity ownership, enhancement of sound organizational structure, promotion of industry transparency and guidelines for whistle blowing. The Code came into force on the 1st day of October, 2014. It required Banks to include in their annual report & accounts and compliance report to the Code of Corporate Governance. In compliance therefore, we state below our compliance Report as at 31 December 2019:

COMPLIANCE STATUS

In line with the provisions of the new code, the Bank has put in place a robust Internal Control and Risk Management framework that will ensure optimal compliance with internationally acceptable corporate governance indices in all its operations. In the opinion of the Board of Directors, the Bank has complied with the Code of Corporate Governance during the 2019 financial year.

STATUTORY BODIES

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

SHAREHOLDERS' MEETING

The shareholders remain the highest decision making body of Unity Bank Plc, subject however to the provisions of the Memorandum and Articles of Association of the Bank, and other applicable legislation. At the Annual General Meetings (AGM), decisions affecting the Management and strategic objectives of the Bank are taken through a fair and transparent process. Such AGMs are attended by the shareholders or their proxies and proceedings at such meetings are monitored by members of the press and representatives of the Nigerian Stock Exchange, Central Bank of Nigeria, Nigeria Deposit Insurance Commission, Corporate Affairs Commission, Securities 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 8.34% as at 31 December 2019.

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 2019 were as follows:

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

STANDING BOARD COMMITTEES

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

1 Board Risk Management & Audit Committee;
2 Board Credit Committee;
3 Board Finance and General Purpose Committee;
4 Board Governance & Nominations Committee.
5 Statutory Audit Committee

BOARD RISK MANAGEMENT AND AUDIT COMMITTEE

The Board Risk Management & Audit committee has over sight functions over the Bank's internal control systems, financial reporting, disclosure policies and practices 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's risk profile.
- Ensuring compliance with global best practice standards as required by the Regulators.
- Monitoring the market, Operational, Reputational, Liquidity, Compliance, Strategic, Legal and other Risks as determined by the board.
- Any other oversight functions as may, from time to time, be expressly requested by the Board.

REPORTING

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

MEMBERSHIP

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

1)	Sam N. Okagbue (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)	Tomi Somefun (Managing Director/CEO)	Member
6)	Usman Abdulqadir (ED, Risk Management & Compliance)	Member
7)	Ebenezer Kolawole (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 =N= 750 Million to =N=1 Billion for fund based facilities and from=N=1.5 Billion to =N=2 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:

i.	Oluwafunsho Obasanjo (Non Executive Director)	Chairman
ii.	Sam N. Okagbue (Independent Director)	Member
iii.	Yabawa Lawan Wabi, mni (Non Executive Director)	Member
iv.	Hafiz Mohammed Bashir (Non Executive Director)	Member
v.	Tomi Somefun (Managing Director/CEO)	Member
vi.	Usman Abdulqadir (ED, Risk Management & Compliance)	Member
vii.	Temisan Tuedor (ED, South Bank)	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	Member
4	Yabawa Lawan Wabi, mni	Member
5	Tomi Somefun	Member
6	Ebenezer Kolawole	Member
7	Temisan Tuedor	Member

BOARD GOVERNANCE & NOMINATIONS COMMITTEE (BG&NC)

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

Functions:

- The Committee shall consider matters relating to the composition of the Board and Board Committees.
- The Committee shall handle matters relating to Board remunerations and appointment.
- The Committee shall determine the remuneration, incentive arrangements and benefits of the Chairman of the Board.
- The Committee shall determine the incentive arrangements and benefits of the Executive and Non-Executive Directors of the Bank within the limits imposed by Regulatory Authorities.
- The Committee shall determine the remuneration of executive Directors.
- Review and submit to the full Board, recommendations concerning renewal of Executive Directors' contract, their compensation plans 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 shall comprise of a minimum of four (4) members made up of only Non-Executive Directors with the expertise and independence to carry out their responsibilities and duties effectively. The Membership of the Committee is as follows:

Yabawa Lawan Wabi, mni	Chairman
Oluwafunsho Obasanjo	Member
Sam N. Okagbue	Member
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 comprises of equal number of Shareholders representative and Board Members not exceeding six (6). 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 Six (6) members made up of three (3) Shareholders representative and three (3) Non-Executive Directors as follows:

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

REMUNERATION OF DIRECTORS

The Shareholders, at the Bank's Annual General Meeting, set and approve the annual remuneration of members of the Board of Directors. The annual emoluments of the Directors are stated in Note 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, 2019 to December 31, 2019.

BOARD MEETING DATES AND ATTENDANCE OF DIRECTORS FOR 2019:

	Board	Board Credit Committee	Board Risk management & Audit Committee	Board Governance & Nomination Committee	Statutory Audit Committee	Board Finance and General Purpose Committee
Date of meetings	08/02/2019 28/07/2019 07/08/2019 30/09/2019 19/12/2019	06/02/2019 18/07/2019 25/09/2019 18/12/2019	24/01/2019 04/02/2019 17/06/2019 24/09/2019 16/12/2019	19/06/2019 19/12/2019	24/01/2019 04/02/2019 17/06/2019 24/09/2019 16/12/2019	05/02/2019 19/06/2019 07/08/2019 26/09/2019 17/12/2019
Number of Meetings	**5**	**4**	**5**	**2**	**5**	**5**
Mr. Aminu Babangida	5	N/A	N/A	N/A	N/A	N/A
Oluwafunsho Obasanjo	5	4	5	2	5	5
Sam N. Okagbue	5	4	5	2	5	5
Yabawan Lawan Wabi, mni	5	4	5	2	5	5
Hafiz Mohammed Bashir	5	4	5	2	N/A	5
Tomi Somefun	5	4	5	N/A	N/A	5
Temisan Tuedor	5	4	N/A	N/A	N/A	5
Ebenezer A. Kolawole	5	N/A	5	N/A	N/A	5
Usman Abdulqadir	5	4	5	N/A	N/A	N/A

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 =N=251Million to =N=750 Million for fund based facilities and =N=1.5 Billion for non fund facilities. The following are its terms of reference:

- Overseeing and monitoring the day-to-day operations of the Bank.
- Consideration of budget proposal and recommendation of same to the Finance & General Purpose Committee of the Board (F&GPC).
- Monitoring of the Bank's Management Accounts and Operating Results with a view to ensure that the Bank attains its budget.
- Establishment and maintenance of the Bank's relationship with other banks which include: opening bank accounts, establishing the mandate and list of authorized signatories for the operation of such accounts, acceptance of banking facilities within defined limits.
- Consideration of Staff issues that include employment, promotion and discipline of defined cadre of staff.
- Make recommendations to the F & GPC on recruitment, promotion and discipline of staff of Principal Manager grade level and above.
- Approval of capital expenditure within the monetary limits set by the Board.
- Evaluation and approval of credits within approval limits set by the Board.
- Evaluation and recommendation of all credits beyond its powers to the Board Credit Committee or the Board.
- Write-off and grant of waivers within powers delegated to it by the Board.
- Recommendation of write-off and waivers above its limit to the Board Credit Committee or the Board.
- Monitoring the overall risk management of the Bank.
- Formulation of policies necessary for the successful running of the Bank.
- Such other matters as may be specifically delegated to the Committee by the Board.
- Reports on its activities to the Board.

ASSETS AND LIABILITY COMMITTEE (ALCO)

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

MEMBERSHIP

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

Chairman:	Executive Director, South Bank
Members:	Executive Director, Finance & Operations
	Executive Director, Risk Management & Compliance
	Chief Risk Officer
	Zonal Head, Lagos & West
	Zonal 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
	Zonal Head, Lagos & West
	Zonal Head, Abuja & Central
	Head, Information Technology

	Chief Risk Officer
	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, South Bank
Members:	Executive Director, Risk Management & Compliance
	Executive Director, Finance & Operations
	Zonal Head, Lagos & West
	Zonal Head, Abuja & Central
	Chief Risk Officer;
	Group Head, Legal & Compliance;
	Group Head, Internal Audit;
	Group Head, Operations & IT;
	Group Head, Internal Group;
Secretary:	Risk Management Group

FUNCTIONS OF THE COMMITTEE:

- Establish the Bank's credit risk profile and manage the profile to be in line with the Bank's risk appetite.
- Review and ensure the adequacy of credit risk management framework bank- wide.
- Ensure appropriate pricing of the Bank's activities in line with their risk profile.
- Ensure the implementation of risk-based pricing model and risk adjusted performance management system bank-wide.
- Review periodic credit risk reports with a view to making necessary remedial recommendations.
- 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 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' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

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, Cap C.20, Laws of the Federation of Nigeria, 2004, Financial Reporting Council of Nigeria Act, 2011 , the Banks and other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria, 2004 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, Cap C.20, Laws of the Federation of Nigeria, 2004 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 year ended 31 December 2019 was approved by the Directors on the 24th March 2020.

On behalf of Directors of the Bank;

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

REPORT OF THE STATUTORY AUDIT COMMITTEE FOR THE YEAR ENDED 31 DECEMBER 2019
To the members of Unity Bank Plc

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

In our opinion, the scope and planning of both the internal and external audits for the year ended 31 December 2019 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 this 24th day of March 2020

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	Member
6. Oluwafunsho Obasanjo	Member
7. Hafiz Mohammed Bashir	Non Executive Director

SOCIETY FOR CORPORATE GOVERNANCE NIGERIA

... committed to the development of corporate governance

EXECUTIVE SUMMARY

The Society for Corporate Governance Nigeria was contracted to conduct an independent evaluation/assessment of the performance of the Board of Unity Bank Plc for 2019 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/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. Circulation of Board packs were timely helping directors better prepare for meetings.

Board Composition & Capacity: The Board had 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, resounding knowledge of the business, financial and economic environment. However, there is need for at least an additional independent director.

Board Committees: The Board had five (5) committees namely: Risk Management & Audit Committee; Credit Committee; Statutory Audit Committee; Finance & General Purpose Committee; Governance & Nominations Committee. All committees were well composed in line with regulatory requirements and met adequately.

Board Oversight Functions: All policy documents sighted were assessed for content and relevance and were found to be detailed, relevant, comprehensive and articulate in efficiently guiding business processes and mitigating risk exposures.

Strategy & Planning: The Board takes its strategic oversight seriously by setting the strategic initiatives and direction for the company. The Board approved a four-year Corporate Strategy in the year under review.

Transparency and Accountability: Company communications are in plain language, readable, and understandable and stakeholders have a true picture of the company's financial position. Directors duly complete the code of conduct & conflict of interest/disclosure form when necessary.

Director Appointment & Development: Directors have shown commitment to relevant trainings to update their knowledge and skill. There was no new director in the period under review however, the company usually has a robust induction programme for new directors.

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

Company Secretariat: The Board has a functional and effective Secretariat which ensures information flow within the Board, its Committees and Senior Management. It is proactive in guiding the Board in regulatory matters and duly assists the Chairman in coordinating activities & processes of the Board.

Based on the analysis of the result, the Board of Directors have demonstrated its dedication and commitment to the growth and success of the company. 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 / needs of the company.

In line with sectoral code and the NCCG 2018 we have found Unity Bank Plc to a large extent compliant in regulatory requirements and recommended best practices.

In as much as there is still room for improvement and continuous Director Development, we are happy to state that the Board of Unity Bank Plc conducted its affairs in an acceptable and satisfactory manner in 2019.

For: **SOCIETY FOR CORPORATE GOVERNANCE NIGERIA**

Hilda Nkor (Mrs.)
Chief Executive Officer

FRC/2016/NIM/00000015618

AUDITOR'S REPORT

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KPMG Tower
Bishop Aboyade Cole Street
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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 financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information, as set out on pages 21 to 85.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2019, 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, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, the Banks and other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria, 2004 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 the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (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 2019, the Bank's total liabilities exceeded its total assets by N279 billion the Bank did not met the required minimum Capital Adequacy Ratio (CAR) of 10% for a national bank. As stated in Note 35, these events or 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 oncern. 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 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 consideration 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 advance balances, 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 ofthe 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 advancesto 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:

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- 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 corroborating 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 ensuring the data applied from external sources are aligned with the generally available data and assessing whether the Bank's methodology is in line with IFRS 9 requirements; and
- Re-performing the calculations of impairment allowance for loans and advances as at 31 December 2019 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.

Emphasis of matter – Comparative information
We draw attention to Note 37 to the financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2018 has been restated. Our opinion is not modified in respect of this matter.

Other Matter relating to comparative information
The financial statements of Unity Bank Plc as at and for the years ended 31 December 2018 and 31 December 2017 (from which the statement of financial position as at 1 January 2018 has been derived), excluding the adjustments described in Note 37 to the financial statements were audited by another auditor who expressed an unmodified opinion on those financial statements on 8 February 2019.

As part of our audit of the financial statements as at and for the year ended 31 December 2019, we audited the adjustments described in Note 37 that were applied to restate the comparative information presented as at and for the year ended 31 December 2018 and the statement of financial position as at 1 January 2018. We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 31 December 2018 or 31 December 2017 (not presented herein) or to the statement of financial position as at 1 January 2018, other than with respect to the adjustments described in Note 37 to the financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in Note 37 are appropriate and have been properly applied.

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 include 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.

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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.

When we read the Outstanding reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, the Banks and other Financial Institutions Act, Cap B3, Laws of the Federation of Nigeria, 2004 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

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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 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, related safeguards.

From the matters communicated with 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 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004

In our opinion, proper books of account have been kept by the Bank, so far as appears from our examination of those books and the Bank's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Compliance with Section 27 (2) of the Banks and the other Financial Institutions Act Cap B3, Laws of the Federation of Nigeria, 2004 and Central Bank of Nigeria (CBN) circular BSD/1/2004

i. The Bank paid penalties in respect of contravention of Bank and other Financial Institution Act Cap B3, Laws of the Federation of Nigeria, 2004 during the year ended 31 December 2019. Details of penalties paid are disclosed in note 39 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
20 May 2020
Lagos, Nigeria

	Notes	Dec-19 N'000	Restated Dec-18 N'000
Gross earnings		**44,587,271**	34,653,783
Interest income	6	**35,947,977**	29,505,960
Interest expense	7	**(19,454,646)**	(15,535,823)
Net interest income		**16,493,331**	13,970,137
Fee and commission income	8	**4,977,761**	2,301,812
Net fee and commission income		**4,977,761**	2,301,812
Net trading income/(loss)	9	**329,291**	(1,542,814)
Other operating income	10	**3,332,242**	4,388,825
		3,661,533	2,846,011
Total operating income		**25,132,625**	19,117,960
Net Impairment losses on financial assets	11	**(1,921,923)**	(5,958,492)
Net operating income		**23,210,702**	13,159,468
Personnel expenses	12	**(9,436,816)**	(9,980,645)
Depreciation of property and equipment	21	**(1,708,636)**	(1,296,491)
Amortisation of intangible assets	22	**(48,817)**	(81,885)
Other operating expenses	13	**(8,374,321)**	(9,354,148)
Total operating expenses		**(19,568,590)**	(20,713,169)
Profit/(loss) before tax		**3,642,112**	(7,553,701)
Minimum tax expense	14	**(222,680)**	(117,549)
Income tax expense	14	**(36,243)**	(24,070)
Profit/(loss) after tax		**3,383,189**	(7,695,320)
Profit/(loss) for the year		**3,383,189**	(7,695,320)
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Fair value movements on equity instruments at FVOCI	31	**438,373**	-
Items that are or may be reclassified to profit or loss:			
Fair value movements on debt securities at FVOCI	31	**1,697,205**	(620,024)
Other comprehensive income/(loss) for the year, net of tax		**2,135,578**	(620,024)
Total comprehensive income/(loss) for the year, net of tax		**5,518,767**	(8,315,344)
Earnings per share			
Basic earnings per share (kobo)	15	**28.94**	(65.83)
Diluted earnings per share (kobo)	15	**28.94**	(65.83)

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

	Notes	31 DECEMBER 2019	31 DECEMBER 2018 Restated	1 JANUARY 2018 Restated
		N'000	N'000	N'000
Assets				
Cash and balances with Central Bank	16	**14,209,138**	9,340,372	5,675,461
Due from banks	17	**33,725,276**	32,062,650	15,620,573
Loans and advances to customers	18	**104,017,725**	44,096,959	8,958,127
Investment Securities:				
At fair value through other comprehensive income	19a	**87,262,055**	76,662,150	58,703,358
Debt instruments at amortised cost	19b	**29,209,131**	25,660,268	20,271,961
Property and equipment	21	**21,963,559**	20,602,236	21,501,055
Intangible assets	22	**136,201**	80,866	112,324
Other assets	20	**2,528,985**	2,295,340	4,114,322
Deferred tax assets	23	**-**	-	-
Total assets		**293,052,070**	**210,800,841**	**134,957,181**
Liabilities				
Due to other banks	24	**108,240,698**	100,347,202	42,957,842
Deposits from customers	25	**257,691,182**	247,630,264	252,310,468
Borrowings	26	**183,303,723**	126,211,139	80,546,363
Current tax liabilities	27	**621,306**	501,187	710,127
Other liabilities	28	**22,044,718**	20,451,210	29,303,657
Employee benefit liabilities	29	**6,331**	34,493	44,810
Total liabilities		**571,907,958**	**495,175,495**	**405,873,267**
Equity				
Share capital	30	**5,844,669**	5,844,669	5,844,669
Share premium	30	**10,485,871**	10,485,871	10,485,871
Statutory reserve	30	**12,437,215**	11,929,737	11,929,737
Accumulated deficit	30	**(374,443,951)**	(377,319,662)	(367,417,645)
Non distributable regulatory reserve	30	**-**	-	-
Other reserves	31	**66,820,308**	64,684,730	68,241,281
Total equity		**(278,855,888)**	**(284,374,654)**	**(270,916,087)**
Total liabilities and equity		**293,052,070**	**210,800,841**	**134,957,181**

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 24th March 2020 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

	Share Capital	Share Premium	Statutory Reserves	Accumulated Deficit	Non-distributable Regulatory Reserve	Other Reserves	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 JANUARY 2019	**5,844,669**	**10,485,871**	**11,929,737**	**(377,319,662)**	**-**	**64,684,730**	**(284,374,654)**
Profit for the year	-	-	-	3,383,189	-	-	3,383,189
Transfer to Statutory Reserve	-	-	507,478	(507,478)	-	-	-
Other comprehensive income	-	-	-	-	-	2,135,578	2,135,578
At 31 DECEMBER 2019	**5,844,669**	**10,485,871**	**12,437,215**	**(374,443,951)**	**-**	**66,820,308**	**(278,855,888)**
At 1 JANUARY 2018 as previously presented	5,844,669	10,485,871	11,929,737	(338,694,711)	-	68,241,281	**(242,193,153)**
Correction of errors (see note 37)				(28,722,934)		-	(28,722,934)
	5,844,669	10,485,871	11,929,737	(367,417,645)	-	68,241,281	(270,916,087)
Impact of adopting IFRS 9	-	-	-	(2,143,225)	-	-	(2,143,225)
Restated as at 1 January 2018	5,844,669	10,485,871	11,929,737	(369,560,870)	-	68,241,281	(273,059,312)
Loss for the year	-	-	-	(7,695,320)	-	-	(7,695,320)
Transactions with shareholders	-	-	-	-	-	(3,000,000)	(3,000,000)
Transferred to CBN - AGSMEIS Reserve	-	-	-	(63,472)	-	63,472	-
Other comprehensive income	-	-	-	-	-	(620,024)	(620,024)
Restated as at 31 DECEMBER 2018	**5,844,669**	**10,485,871**	**11,929,737**	**(377,319,662)**	**-**	**64,684,730**	**(284,374,654)**

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

	Notes	2019 N'000	restated 2018 N'000
Cash flows from operating activities			
Profit after tax		**3,383,189**	(7,695,320)
Adjustment for non cash items:			
Impairment charges on debt instruments	11	**2,146,574**	164,598
Impairment charge on other assets	11	**1,194,995**	5,797,315
Employee benefit charge for the year	29	**432,200**	476,401
Exchange (gain)/loss on financial instruments	40(l)	**(88,575)**	2,031,084
Depreciation of property and equipment	21	**1,708,636**	1,296,491
Amortization of intangible assets	22	**48,817**	81,885
Gain on disposal of property and equipment	10	**(26,770)**	(99,101)
Write off of property and equipment	21	**102,424**	138,559
Gain on substantial modification of terms of borrowings	10	**(2,129,460)**	-
Gains from sale of investments	10	**(733,597)**	(1,967,215)
Interest income	6	**(35,947,977)**	(29,505,960)
Interest expense	7	**19,454,646**	15,535,823
Divided income	10	**(51,202)**	(151,143)
Tax expense	14	**258,923**	141,619
		(10,247,177)	(13,754,965)
Changes in operating assets			
Net increase in loans and advances	40(a)	**(62,072,657)**	(35,373,993)
Net (increase)/decrease in other assets	40(b)	**(2,108,329)**	(9,775,649)
Net (increase)/decrease in CBN - AGSMSEIS Account	40(k)	**(63,472)**	-
		(64,244,458)	(45,149,642)
Changes in operating liabilities			
Net increase/(decrease) in deposit from customers	40(d)	**8,501,430**	(6,127,024)
Net increase in due to other banks	40(e)	**7,652,798**	57,350,607
Net increase/(decrease) in other liabilities	40(f)	**816,827**	(8,493,381)
		16,971,055	42,730,202
Cash generated from operations		**(57,520,580)**	(16,174,404)
Income tax paid	27	**(138,804)**	(350,559)
Interest received	40(g)	**34,666,791**	30,829,433
Interest paid	40(h)	**(16,025,909)**	(14,411,498)
Divided income	10	**51,202**	151,143
Payment on employee contribution plan	29	**(460,362)**	(486,718)
Net cash flows used in operating activities		**(39,427,662)**	(442,603)
Cash flows from investing activities			
Purchase of property and equipment	40(c)	**(1,728,932)**	(748,092)
Purchase of intangible assets	22	**(104,152)**	(50,426)
Proceeds from sale of property and equipment	40(i)	**27,586**	352,158
Acquisition of of investment securities at FVOCI	19(aii)	**(79,549,582)**	(18,578,815)
Proceeds from disposal of financial instrument at FVOCI		**71,818,851**	-
Acquisition of of investment securities at amortised cost	19c	**(1,271,919)**	(4,058,923)
Net cash flows used in investing activities		**(10,808,148)**	(23,084,099)
Cash flows from financing activities:			
Borrowings			
Proceeds from loans and borrowings	26	**71,415,076**	50,134,227
Repayment of borrowing	26	**(14,028,494)**	(6,500,537)
Net cash flows from financing activities		**57,386,582**	43,633,690
Net increase/(decrease) in cash and cash equivalents		**7,150,772**	20,106,988
Cash and cash equivalents at 1 January		**41,293,832**	21,186,844
Cash and cash equivalents at year end	40(j)	**48,444,604**	41,293,832

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 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), Banks and Other Financial Institutions Act (BOFIA), Federal Reporting Council of Nigeria (FRCN) Act 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 intruments 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 24th March 2020.

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)

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 2019, except for the adoption of new standards effective as of 1 January 2019. The Bank has not earlier adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

I) IFRS 16 - Leases

The Bank applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings as at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

A. Definition of a lease

Previously, the Bank determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Bank now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3.20.

On transition to IFRS 16, the Bank elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Bank applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16.

B. Bank as a lessee

As a lessee, the Bank leases some branch and office premises. The Bank previously classified these leases as operating leases under IAS 17 based on its assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset to the Bank. Under IFRS 16, the Bank recognises right-of-use assets and lease liabilities for leases of branch and office premises – i.e. these leases are on-balance sheet.

Further, the Bank has not entered into any new leases during the year ended 31 December 2019, other than leases of low-value IT equipment.At commencement or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

However, for leases of branches and office premises the Bank has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.
On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Bank's incremental borrowing rate as at 1 January 2019 (see Note 2(d)).

Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.
The Bank used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Bank:

- relied on its assessment of whether leases are onerous under IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review;

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;

- did not recognise right-of-use assets and liabilities for leases of low-value assets (i.e. IT equipment);

- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and

- used hindsight when determining the lease term.

C. Bank as a lessor

The Bank leases out certain property and equipment. The Bank had classified these leases as follows:
- finance leases
- operating leases

The Bank is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. The Bank has applied IFRS 15 Revenue from Contracts with Customers to allocate consideration in the contract to each lease and non-lease component.

D. Impacts on the financial statements

On transition to IFRS 16, the Bank recognized additional right-of-use assets and additional lease liabilities as summarized below:

In thousands of Naira	1-Jan-19
Prepayment reclassified to ROU on initial adoption	679,689
Additional ROU	283,575
Total ROU recognition on transition (see note 21)	963,264
Lease liability presented in other liabilities	350,442

When measuring the lease liabilities for leases that were classified as operating leases, the Bank discounted lease payments using its incremental borrowing rates as at 1 January 2019. The weighted- average rate applied is 11.29%.

In thousands of Naira	1-Jan-19
Operating Lease commitment as at 31 December 2018 as disclosed under IAS 17 in the financial statement	-
Extension option reasonably certain to be exercised	350,442
Lease Liability recognised on 1 January 2019	350,442

3. Summary of significant accounting policies

3.1. Foreign currency translation

The financial statements are presented in Nigeria Naira (₦). Nigeria Naira (₦) is both the functional and presentation currency.

(i) Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange at the 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 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)

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

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).

- Selling the financial asset to manage credit concentration risk (infrequent).

- Selling the financial assets as a result of changes in tax laws (infrequent).

- Other situations also depends upon the facts and circumstances which need to be judged by the management

Cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instruments due to repayments. Interest is defined as consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), as well as a profit margin.

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

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

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

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

a) Financial assets measured at amortised cost

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

f) Financial Liabilities at amortised cost

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

III. Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets. A change in the Bank's business model will 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.

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.

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 assesment based on changes in credit quality since initial recognition.

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

- Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

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

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

Measurement of Expected 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 'creditimpaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;

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

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.
In addition, loans that are more than 90 days past due are considered impaired except for certain specialized loans (Project Finance, Object Finance and Real Estate Loans as specified by the Central Bank of Nigeria) in which the Bank has rebutted the 90 DPD presumptions in line with the CBN Prudential Guidelines.

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

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

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

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

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

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 initialed 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

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Bank's right to receive payment is established. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

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

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. "

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

(ii) Fee and commission 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.

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 denomincated 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 equipments... ....5 years
- Property & Equipments.............................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)

(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.
Minimum tax is determined based on the sum of:

- the highest of; 0.25% of revenue of N500,000, 0.5% of gross profit, 0.25% of paid up share capital and 0.5% of net assets; and
- 0.125% of revenue in excess of N500,000.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.

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.

(iii) 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.

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.

Policy applicable from 1 January 2019

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Bank uses the definition of a lease in IFRS 16.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Bank, allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for leases of branches and office premises the Bank has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received."

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Bank by the end of the lease term or the cost of the right-of-use asset reflects that the Bank will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Bank's incremental borrowing rate. Generally, the Bank uses its incremental borrowing rate as the discount rate.

The Bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Bank is reasonably certain to exercise, lease payments in an optional renewal period if the Bank is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Bank is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term leases and leases of low-value assets
The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor
At inception or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. When the Bank acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.
To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Bank is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Bank applies the exemption described above, then it classifies the sub-lease as an operating lease.
If an arrangement contains lease and non-lease components, then the Bank applies IFRS 15 to allocate the consideration in the contract.

The Bank applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Bank further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Bank recognises lease payments received under operating leases as income on a straightline basis over the lease term as part of 'other revenue'.
Generally, the accounting policies applicable to the Bank as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Policy applicable before 1 January 2019
For contracts entered into before 1 January 2019, the Bank determined whether the arrangement was or contained a lease based on the assessment of whether:
- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset.

i. As a lessee
In the comparative period, as a lessee the Bank classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Bank's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

ii. As a lessor
When the Bank acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating. To classify each lease, the Bank made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Bank considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

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 2019 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 2018 or the year ended 31 December 2019.

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

31 December 2019	South	North	Corporate Office	Total
Segmented Results	N'000	N'000	N'000	N'000
Revenue	11,101,414	14,344,147	19,141,709	44,587,271
Operating profit before tax	1,002,429	896,329	1,743,354	3,642,112
Income Tax			(258,923)	(258,923)
Profit for the year	1,002,429	896,329	1,484,431	3,383,189
Segmented assets and liabilities				
Segmented assets	8,734,290	94,567,620	189,750,160	293,052,070
Segmented liabilities	130,791,559	104,347,069	336,769,330	571,907,958

31 December 2018	South	North	Corporate Office	Total
Segmented Results	N'000	N'000	N'000	N'000
Revenue	9,863,373	10,073,950	14,716,461	34,653,783
Operating profit before tax	716,569	403,913	(8,674,184)	(7,553,701)
Income Tax			(141,619)	(141,619)
Restated loss before tax	716,569	403,913	(8,815,802)	(7,695,320)
Segmented assets and liabilities				
Segmented assets	11,403,371	6,823,895	192,573,575	210,800,841
Segmented liabilities	123,059,301	112,650,651	259,465,542	495,175,495

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	2019 N'000	2018 N'000
Loans and advances			
Impairment per CBN Prudential Guidelines (A)		4,849,975	3,015,998
Loans & advances			
Specific Impairment		483,500	-
Collective impairment		2,693,475	896,823
Other Assets		1,673,000	2,119,175
Impairment allowance as Per IFRS 9 (B)		14,841,036	**11,499,467**
Due from Banks	**17**	353,559	-
Loans and advances to customers	**18**	2,896,088	744,197
Investment securities	**19**	73,783	410,960
Off balance sheet	**28**	1,640,001	1,661,701
Other assets	**20**	9,877,604	8,682,610
Amount Required in Non Distributable Reserve (A > B)		-	**-**

COMPARISON OF IFRS WITH PRUDENTIAL GUIDELINES (PG) CLASSIFICATION

		2019 N'000	2018 N'000
Gross loans and advances to customers	18	106,913,813	44,841,156
Credit impaired loans (IFRS)		966,871	-
Non performing loans (PG)		966,871	306,371
IFRS NPL Ratio (%)		0.90%	0.00%
PG NPL Ratio (%)		0.90%	0.68%

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.

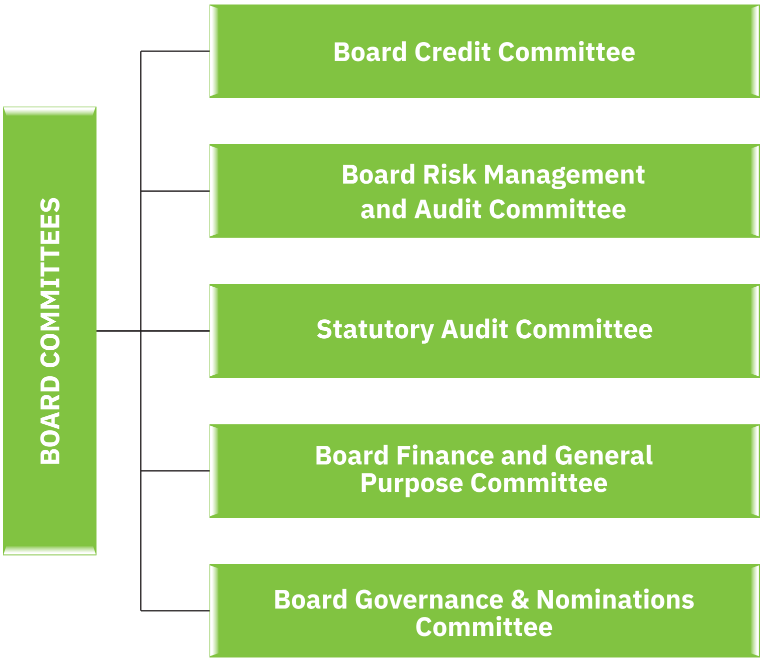
5. Reporting and monitoring of risks
   Communication, monitoring and review ensure that the important information generated by the risk management process is captured, used and maintained.

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 financial arrangements. Realization of security remains a fall back option.

6. Adoption of a pricing model that reflects variation in the risk profile of various exposures to ensure that higher risks are compensated by higher returns.

7. Ensure that the quantum of exposure and quality and value of collateral required are determined based on the risk profile of the counter party.

8. Avoid all conflict of interest situations and report all insider related credits to appropriate body.

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	2019				2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross Amount	**50,921,125**	**55,025,817**	**966,871**	**106,913,813**	44,534,785	-	306,371	44,841,156
ECL allowance	**(1,064,921)**	**(1,158,253)**	**(672,914)**	**(2,896,088)**	(530,972)	-	(213,225)	(744,197)
	49,856,204	**53,867,564**	**293,957**	**104,017,725**	44,003,813	-	93,146	44,096,959

Debt instruments at amortised cost

In thousands of Naira	2019				2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross exposures	**29,282,914**	**-**	**-**	**29,282,914**	26,071,228	-	-	26,071,228
Impairment allowance	**(73,783)**	**-**	**-**	**(73,783)**	(410,960)	-	-	(410,960)
Carrying amount	**29,209,131**	**-**	**-**	**29,209,131**	25,660,268	-	-	25,660,268

Debt instruments at FVOCI

In thousands of Naira	2019				2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross exposures	**86,611,960**	**-**	**-**	**86,611,960**	76,500,427	-	-	76,500,427
Impairment allowance	**-**	**-**	**-**	**-**	-	-	-	-
Carrying amount	**86,611,960**	**-**	**-**	**86,611,960**	76,500,427	-	-	76,500,427

Cash and balances with Central Bank

In thousands of Naira	2019				2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross exposures	**14,209,138**	**-**	**-**	**14,209,138**	9,340,372	-	-	9,340,372
Impairment allowance	**-**	**-**	**-**	**-**	-	-	-	-
Carrying amount	**14,209,138**	**-**	**-**	**14,209,138**	9,340,372	-	-	9,340,372

Due from banks

In thousands of Naira	2019				2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross exposures	**34,078,836**	**-**	**-**	**34,078,836**	32,062,650	-		32,062,650
Impairment allowance	**(353,559)**	**-**	**-**	**(353,559)**	-	-		-
Carrying amount	**33,725,277**	**-**	**-**	**33,725,277**	32,062,650	-	-	32,062,650

Other assets

In thousands of Naira	2019				2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross exposures	**2,935,741**	**-**	**8,517,583**	**11,453,324**	-	-	8,682,610	8,682,610
Impairment allowance	**(1,360,022)**	**-**	**(8,517,583)**	**(9,877,604)**	-	-	(8,682,610)	(8,682,610)
Carrying amount	**1,575,720**	**-**	**-**	**1,575,720**	-	-	-	-

Financial guarantees and letters of credit

In thousands of Naira	2019				2018			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Gross exposures	**64,907,484**	**-**	**-**	**64,907,484**	79,399,803	-	-	79,399,803
Impairment allowance	**(1,640,001)**	**-**	**-**	**(1,640,001)**	(1,661,701)	-	-	(1,661,701)
Carrying amount	**63,267,483**	**-**	**-**	**63,267,483**	77,738,102	-	-	77,738,102

g. **Impairment of Financial Assets**
IFRS 9 impairment requirements are based on an expected credit loss model, replacing the incurred loss model under IAS 39. Key changes in the Bank's accounting policy for impairment of financial assets are listed below.

The Bank applies a three-stage approach to measuring expected credit losses (ECL) on debt instruments accounted for at amortised cost, FVOCI, loan commitment and financial guarantee contracts. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

i) Stage 1: 12-months ECL
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Interest revenue is calculated by applying the effective interest rate to the gross carrying amount.

ii) Stage 2: Lifetime ECL - not credit-impaired
For credit exposures where there has been a significant increase in credit risk since initial recognition but are not credit-impaired, a lifetime ECL is recognised. Interest revenue is calculated by applying the effective interest rate to the gross carrying amount.

iii) Stage 3: Lifetime ECL - credit-impaired
Financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. As this uses the same criteria as under IAS 39, the Bank's methodology for specific provisions remains unchanged. For financial assets that have become credit-impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost rather than the gross carrying amount.

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.
In determining whether credit risk has increased significantly since initial recognition, the Bank uses its internal credit risk grading system, external risk ratings and forecast information to assess deterioration in credit quality of a financial asset.

The Bank assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Bank and all the cash flows that the Bank expects to receive. The amount of the loss is recognised using an allowance for credit losses account

The Bank considers its historical loss experience and adjusts this for current observable data. In addition, the Bank uses reasonable and supportable forecasts of future economic conditions including experienced judgment to estimate the amount of an expected impairment loss. IFRS 9 introduces the use of macroeconomic factors which include, but is not limited to, unemployment, interest rates, gross domestic product, inflation and commercial property prices, and requires an evaluation of both the current and forecast direction of the economic cycle. Incorporating forward looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, depending on the stage of the life time2 or stage 3 of the ECL bucket, the Bank would continue to monitor such financial assets for a probationary period of 90 days to confirm if the risk of default has decreased sufficiently before upgrading such exposure from life time ECL (Stage 2) to 12- months ECL (Stage 1). In addition to 90 days probationary period above, the Bank also observes a further probationary period of 90 days to upgrade from Stage 3 to 2. This means a probationary period of 180 days will be observed before upgrading financial assets from lifetime ECL (Stage 3) to 12 months ECL (Stage 1).

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

31 Dcember 2019	Cash and bank balances	Debt instrument at amortised	Debt instrument at FVOCI	Loans and advances	Other Assets	Perf. Bonds, guarantees and LCs	Total
In thousands of Naira							
Opening balance of the ECL allowance	**-**	**410,960**	**-**	**744,197**	**8,682,610**	**1,661,701**	**11,499,467**
Remeasurement during the year	**353,559**	**(337,177)**	**-**	**2,151,891**	**1,194,995**	**(21,700)**	**3,341,569**
Write offs	**-**		**-**	**-**	**-**	**-**	**-**
Closing balance	**353,559**	**73,783**	**-**	**2,896,088**	**9,877,604**	**1,640,001**	**14,841,036**

31 December 2018

In thousands of Naira	Cash and bank balances	Debt instrument at amortised	Debt instrument at FVOCI	Loans and advances	other asets	financial guarantees and LCs	Total
Opening balance of the ECL allowance	-	-	-	509,036	2,887,583	2,020,768	**5,417,387**
Remeasurement during the year	-	410,960	-	112,705	5,797,315	(359,067)	**5,961,912**
Write offs	-	-	-	122,456	(2,288)	-	**120,168**
closing balance	-	410,960	-	744,197	8,682,610	1,661,701	**11,499,467**

h. Concentration of credit risk by Industry

At 31 December 2019

Loans and advances to customer

	Gross Loans & Advances		Expected Credit Loss		Net Loans & Advances	
Industry Type	**N'000**	**%**	**N'000**	**%**	**N'000**	**%**
Agriculture	102,089,891	95.49%	2,217,252	76.56%	99,872,638	96.02%
Construction	245,805	0.23%	-	0.00%	245,805	0.24%
Education	27,527	0.03%	-	0.00%	27,527	0.03%
Finance and Insurance	207,397	0.19%	-	0.00%	207,397	0.20%
General	2,128,758	1.99%	66,447	2.29%	2,062,311	1.98%
General Commerce	29,716	0.03%	-	0.00%	29,716	0.03%
Government	550,557	0.51%	789	0.03%	549,768	0.53%
Manufacturing	1,003,886	0.94%	583,693	20.15%	420,193	0.40%
Oil and Gas	261,768	0.24%	105	0.00%	261,664	0.25%
Power and Energy	308,296	0.29%	515	0.02%	307,781	0.30%
Real Estate	60,212	0.06%	27,287	0.94%	32,925	0.03%
TOTAL	**106,913,813**	**100.00%**	**2,896,088**	**100%**	**104,017,725**	**100.00%**

At 31 December 2018	Gross Loans & Advances		Expected Credit Loss		Net Loans & Advances	
Industry Type	**N'000**	**%**	**N'000**	**%**	**N'000**	**%**
Agriculture	32,698,573	72.92%	678,832	91.22%	32,019,741	72.61%
Capital Market	1,254	0.00%	7	0.00%	1,247	0.00%
Construction	768,039	1.71%	956	0.13%	767,083	1.74%
Education	20,893	0.05%	238	0.03%	20,655	0.05%
Real Estate	1,339,079	2.99%	19,476	2.62%	1,319,603	2.99%
General Commerce	1,881,007	4.19%	12,710	1.71%	1,868,297	4.24%
Government	4,043,629	9.02%	2,236	0.30%	4,041,393	9.16%
Manufacturing	942,636	2.10%	1,980	0.27%	940,656	2.13%
Oil & Gas	2,137,748	4.77%	21,052	2.83%	2,116,696	4.80%
Power	948,303	2.11%	6,609	0.89%	941,694	2.14%
Professional, Scientific and Technical activities	59,995	0.13%	101	0.01%	59,894	0.14%
TOTAL	**44,841,156**	**100.00%**	**744,197**	100.0%	**44,096,959**	100.00%

Other financial assets

31 December 2019	Cash and bank balances	Debt instrument at amortised cost	Debt instrument at FVOCI	Other assets	Guarantees and LCs
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Financial institution	**47,934,414**		-	-	-
Government	-	**29,209,131**	**86,611,960**	-	-
Capital market	-	-	-	-	-
General	-	-	-	**1,575,720**	**63,267,483**
Total	**47,934,414**	**29,209,131**	**86,611,960**	**1,575,720**	**63,267,483**

31 December 2018	Cash and bank balances	Debt instrument at amortised cost	Debt instrument at FVOCI	Other assets	Guarantees and LCs
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Financial institution	41,403,022		-	-	-
Government	-	102,160,696	76,500,427	-	-
Capital market	-	-	-	-	-
General	-	-	-	-	77,738,102
Total	41,403,022	102,160,696	76,500,427	-	77,738,102

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:

		2019	2018
	Note	N'000	N'000
Investment securities at FVOCI - Treasury bills	19	77,289,733	69,592,622
Investment securities at FVOCI - Bonds	19	9,322,227	6,907,805
Investment securities at FVOCI - Quoted equities	19	25,420	41,000
		86,637,380	76,541,427

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 2019		Naira	Dollar	Pound	Euro	Total
	Notes	N'000	N'000	N'000	N'000	N'000
Assets						
Cash and balances with central banks	16	13,389,895	655,603	16,700	146,940	14,209,138
Due from banks	17	4,601,427	28,174,332	200,791	748,726	33,725,276
Loans and advances to customers	18	103,929,820	87,905		-	104,017,725
Debt instruments at FVOCI	19(ai)	86,611,960	-	-	-	86,611,960
Equity instruments at FVOCI	19(ai)	650,095	-	-	-	650,095
Debt instruments at amortised cost	19b	29,209,131	-	-	-	29,209,131
Other assets*	20	1,575,720	-	-	-	1,575,720
		239,968,048	28,917,840	217,491	895,666	269,999,045
Liabilities						
Due to other banks	24	108,240,698	-	-	-	108,240,698
Deposits from customers	25	218,082,855	39,353,247	120,684	134,396	257,691,182
Debt issued and other borrowed funds	26	170,742,223	12,561,500	-	-	183,303,723
Other liabilities**	28	20,306,889	8,916	33,097	-	20,348,902
		517,372,665	51,923,663	153,781	134,396	569,584,505

	Naira	Dollar	Pound	Euro	Total
	N'000	N'000	N'000	N'000	N'000
Gap	(277,404,617)	(23,005,823)	63,710	761,270	(299,585,460)
Sensitivity to rate changes					Impact on p/l
+6% increase	-	(1,380,349)	3,823	45,676	(1,330,851)
-6% decrease	-	1,380,349	(3,823)	(45,676)	1,330,851

* 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

As at 31 December 2018		Naira	Dollar	Pound	Euro	Total
		N'000	N'000	N'000	N'000	N'000
Assets						
Cash and balances with central banks	16	5,919,754	3,268,958	14,880	136,780	9,340,372
Due from banks	17	1,744,292	29,261,718	349,416	707,224	32,062,650
Loans and advances to customers	18	40,967,224	3,082,490	47,245	-	44,096,959
Debt instruments at FVOCI	19(ai)	76,500,427	-	-		76,500,427
Equity instruments at FVOCI	19(ai)	161,723	-	-	-	161,723
Debt instruments at amortised cost	19b	25,660,268	-	-		25,660,268
Other assets*	20	-	-	-	-	-
		150,953,688	**35,613,166**	**411,541**	**844,004**	**187,822,399**
Liabilities						
Due to other banks	24	100,347,202	-	-	-	100,347,202
Deposits from customers	25	207,095,139	40,129,426	229,314	176,385	247,630,264
Debt issued and other borrowed funds	26	111,760,895	14,450,244	-	-	126,211,139
Other liabilities**	28	17,635,185	625,755	163,224	59,361	18,483,525
		436,838,421	**55,205,425**	**392,538**	**235,746**	**492,672,130**
Gap		**(285,884,733)**	**(19,592,259)**	**19,003**	**608,258**	**(304,849,730)**
Sensitivity to rate changes						**Impact on PL**
+5% increase		**-**	**(979,613)**	**950**	**30,413**	**(948,250)**
-5% decrease		**-**	**963,316**	**(934)**	**(29,907)**	**932,475**

* Other assets excludes prepayments, stationary stocks, and other stocks which do not qualify as financial assets
** Other liabilities excludes defered 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 reprising 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 2019

	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	1 to 3 Years	Over 3 Years	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Assets							
Due from banks	5,892,145	27,833,131	-	-	-	-	33,725,276
Loans and advances to customers	2,252,492	2,668,778	1,037,120	21,978,741	77,691,354	17,014,157	122,642,642
Debt instruments – FVOCI	6,863,160	21,381,018	24,882,495	26,477,257	5,044,257	10,643,086	95,291,273
Financial investments – Amortised Cost	-	-	-	-	1,390,040	54,876,926	56,266,966
Total assets	**15,007,797**	**51,882,927**	**25,919,615**	**48,455,998**	**84,125,651**	**82,534,169**	**307,926,158**
Liabilities							
Due to other banks	8,001,926	51,229,508	-	55,061,410	-	-	114,292,844
Due to customers	203,286,271	7,753,138	23,973,463	14,818,856	7,859,455	-	257,691,183
Debt issued and other borrowed funds	-	-	-	50,000,000	120,742,223	12,561,500	183,303,724
Total liabilities	**211,288,198**	**58,982,646**	**23,973,463**	**119,880,266**	**128,601,678**	**12,561,500**	**555,287,751**
Net Financial Instruments	**(196,280,400)**	**(7,099,719)**	**1,946,152**	**(71,424,267)**	**(44,476,027)**	**69,972,669**	**(247,361,593)**
Sensitivity to rate changes							**Impact on PL**
+5% net increase in yield	9,814,020	354,986	(97,308)	3,571,213	2,223,801	(3,498,633)	12,368,080
-5% net decrease in yield	(10,330,547)	(373,669)	102,429	(3,759,172)	(2,340,844)	3,682,772	(13,019,031)

As at 31 December 2018

	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	1 to 3 Years	Over 3 Years	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Assets							
Due from banks	9,225,736	22,836,914	-	-	-	-	32,062,650
Loans and advances to customers	1,381,134	3,687,453	1,060,140	30,402,780	6,184,318	1,381,134	44,096,959
Debt Instruments – FVOCI	1,238,295	17,455,167	1,520,597	48,694,981	2,367,566	4,974,584	76,251,190
Financial investments – Amortised Cost	-	-	-	-	2,437,413	23,633,814	26,071,227
Total assets	**11,845,165**	**43,979,534**	**2,580,737**	**79,097,762**	**10,989,297**	**29,989,532**	**178,482,027**
Liabilities							
Due to other banks	-	50,347,202	-	50,000,000	-	-	100,347,202
Due to customers	208,929,478	27,887,723	9,462,279	1,263,401	87,383	-	247,630,264
Debt issued and other borrowed funds	-			50,000,000	61,760,895	14,450,244	126,211,139
Total liabilities	**208,929,478**	**139,995,820**	**59,462,279**	**113,024,296**	**14,537,628**	**14,450,244**	**474,188,605**
Net Financial Instruments	**(197,084,313)**	**(96,016,286)**	**(56,881,541)**	**(33,926,534)**	**(3,548,330)**	**15,539,287**	**(295,706,578)**
Sensitivity to rate changes							**Impact on PL**
+5% net increase in yield	**9,854,216**	**4,800,814**	**2,844,077**	**1,696,327**	**177,417**	**(776,964)**	**18,595,886**
-5% net decrease in yield	**(10,372,859)**	**(5,053,489)**	**(2,993,765)**	**(1,785,607)**	**(186,754)**	**817,857**	**(19,574,617)**

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 cashflows 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 cashflow on the financial assets, liability and committments.

31 December 2019		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	Note	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash and balances with central banks	16	14,209,138	6,687,488	-	-	-	7,348,989	172,662	14,209,138
Due from banks	17	33,744,057	5,893,562	27,850,495	-	-	-	-	33,744,057
Loans and advances to customers	18	104,017,725	2,252,492	2,668,778	1,037,120	21,978,741	77,691,354	17,014,157	122,642,642
Debt & Equity instruments at FVOCI	19a	87,262,055	6,863,160	21,381,018	24,882,495	27,127,352	5,044,257	10,643,086	95,941,368
Debt instruments at amortised cost	19a	29,209,131	-	-	-	-	1,390,040	54,876,926	56,266,966
Other assets*	20	1,575,720	1,575,720	-	-	-	-	-	1,575,720
Total assets		**270,017,826**	**23,272,422**	**51,900,291**	**25,919,615**	**49,106,093**	**91,474,639**	**82,706,831**	**324,379,891**
Liabilities									
Due to other banks	24	108,240,698	8,001,926	51,229,508	-	55,061,410	-	-	114,292,844
Deposit from customers	25	257,691,183	203,286,271	7,753,138	23,973,463	14,818,856	7,859,455	-	257,691,183
Borrowings	26	183,303,724	-	-	-	50,000,000	120,742,223	12,561,500	183,303,724
Other liabilities**	28	20,348,902	20,348,902	-	-	-	-	-	20,348,902
Total liabilities		**569,584,506**	**231,637,099**	**58,982,646**	**23,973,463**	**119,880,266**	**128,601,678**	**12,561,500**	**575,636,653**
Gap		**(299,566,680)**	**(208,364,678)**	**(7,082,355)**	**1,946,152**	**(70,774,172)**	**(37,127,039)**	**70,145,330**	**(251,256,761)**

* Other assets excludes prepayments, stationary stocks, and other stocks which do not qualify as financial assets
** Other liabilities excludes defered 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 2018	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)
		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Assets									
Cash and balances with central banks	16	9,340,372	8,631,182	-	-	-	600,000	109,190	9,340,372
Due from banks	17	32,062,650	9,225,736	22,836,914	-		-	-	32,062,650
Loans and advances to customers	18	44,096,959	1,381,134	3,687,453	1,060,140	30,402,780	6,184,318	1,381,134	44,096,958
Debt instruments at FVOCI	19a	76,662,150	1,076,573	17,455,167	1,520,597	49,267,663	2,367,566	4,974,584	76,662,149
Debt instruments at amortised cost	19a	25,660,268	-	-	-	-	2,437,413	23,222,854	25,660,267
Other assets*	20	-	-	-	-	-	-	-	-
Total assets		**187,822,399**	**20,314,624**	**43,979,533**	**2,580,737**	**79,670,443**	**11,589,297**	**29,687,761**	**187,822,396**
Liabilities									
Due to other banks	24	100,347,202	-	50,347,202	-	50,000,000	-	-	100,347,202
Due to customers	25	247,630,264	208,929,478	27,887,723	9,462,279	1,263,401	87,383	-	247,630,264
Borrowings	26	126,211,139	-	-	-	50,000,000	61,760,895	14,450,244	126,211,139
Other liabilities**	28	18,483,525	18,483,525	-	-	-	-	-	18,483,525
Total liabilities		**492,672,130**	**227,413,003**	**78,234,925**	**9,462,279**	**101,263,401**	**61,848,278**	**14,450,244**	**492,672,130**
Gap		**(304,849,731)**	**(207,098,379)**	**(34,255,392)**	**(6,881,541)**	**(21,592,959)**	**(50,258,981)**	**15,237,517**	**(304,849,734)**

* 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:

	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	Over 1 Year	Total
31 December 2019	N'000	N'000	N'000	N'000	N'000	N'000
Performance Bonds & Guarantees	967,556	2,928,941	1,019,342	12,607,597	44,335,767	61,859,203
Letters of credit	-	2,413,120	635,162	-	-	3,048,282
	967,556	5,342,061	1,654,504	12,607,597	44,335,767	64,907,485

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

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:

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

31 December 2019	Level 1	Level 3	Total
Financial assets	**N'000**	**N'000**	**N'000**
Financial investments –FVOCI			
Treasury bills	76,818,051	-	76,818,051
Government bonds	9,793,908	-	9,793,908
Equity investment	-	650,095	650,095
	86,611,959	650,095	87,262,054

31 December 2018	Level 1	Level 3	Total
Financial assets	**N'000**	**N'000**	**N'000**
Financial investments - FVOCI			
Treasury bills	69,592,622	-	69,592,622
Government bonds	6,907,805	-	6,907,805
Quoted equity investment	-	41,000	41,000
Unquoted equity investments	-	120,722	120,722
	76,500,427	161,722	76,662,150

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 2019	FVOCI equity instruments	Total carrying amount
	N'000	**N'000**
Balance at 1 January	**161,722**	161,722
Total gains or losses:		-
in OCI	**438,373**	438,373
Purchases	**50,000**	50,000
Balance at 31 December	**650,095**	650,095

31 December 2018	FVOCI equity instruments	Total carrying amount
	N'000	**N'000**
Balance at 1 January	-	-
Total gains or losses:		-
in OCI	-	-
Purchases	-	-
Transfers into Level 3	161,722	161,722
Balance at 31 December	161,722	161,722

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)	12.63%	10.63%
Risk premium (1% movement)	11.63%	9.63%

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 2019		31 DECEMBER 2018	
		Carrying amount	Fair value	Carrying amount	Fair value
		N'000	N'000	N'000	N'000
Financial assets					
Cash and balances with central bank	16	14,209,138	14,209,138	8,860,991	8,860,991
Due from banks	17	33,725,276	33,725,276	32,062,650	32,062,650
Loans and advances to customers	18	104,017,725	104,017,725	44,096,959	43,657,372
Other Assets*	20	1,575,720	1,575,720	-	-
Financial investments – Amortised Costs	19a	29,209,131	27,187,702	26,071,227	24,205,814
		182,736,990	180,715,561	111,091,827	108,786,827
Financial liabilities					
Deposit from customers	25	257,691,182	257,691,182	247,630,264	247,630,264
Due to Other Banks	24	108,240,698	108,240,698	100,347,202	100,347,202
Borrowings	25	183,303,723	183,303,723	126,211,139	126,211,139
Other liabilities**	28	20,348,902	20,348,902	18,483,525	18,483,525
		461,343,807	461,343,807	392,324,928	392,324,928

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

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 interet 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 2019	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	-	-	14,209,138	14,209,138
Due from banks	17	-	-	33,725,276	33,725,276
Loans and advances to customers	18	-	-	104,017,725	104,017,725
Investment Securities	19(ai)	86,611,960	650,095	29,209,131	116,471,186
Other assets*	20	-	-	1,575,720	1,575,720
Total financial assets		86,611,960	650,095	182,736,990	269,999,045
Due to other banks	24	-	-	108,240,698	108,240,698
Deposits from customers	25	-	-	257,691,182	257,691,182
Debt issued and other borrowed funds	26	-	-	183,303,723	183,303,723
Other liabilities**	28	-	-	20,348,902	20,348,902
Total financial liabilities		-	-	569,584,505	569,584,505

31 December 2018	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	-	-	9,340,372	9,340,372
Due from banks	17	-	-	32,062,650	32,062,650
Loans and advances to customers	18	-	-	44,096,959	44,096,959
Investment Securities	19(ai)	76,500,427	161,723	25,660,268	102,322,418
Other assets*	20	-	-	-	-
Total financial assets		76,500,427	161,723	111,160,249	187,822,399
Due to other banks	24	-	-	100,347,202	100,347,202
Deposits from customers	25	-	-	247,630,264	247,630,264
Debt issued and other borrowed funds	26	-	-	126,211,139	126,211,139
Other liabilities**	28	-	-	18,483,525	18,483,525
Total financial liabilities		-	-	492,672,130	492,672,130

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

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

6. Interest income

	2019 N'000	2018 N'000
Placement with Banks	**632,006**	361,303
Loans and advances to customers	**21,886,260**	17,635,511
Financial investments – FVOCI (see (a) below)	**9,527,240**	8,521,370
Financial investments – amortised costs (see (b) below)	**3,902,471**	2,987,776
	35,947,977	**29,505,960**

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

a. Financial investments – FVOCI

	2019 N'000	2018 N'000
Treasury bills	**9,527,240**	8,521,370
	9,527,240	**8,521,370**

b. Financial investments – amortised cost

	2019 N'000	2018 N'000
Bonds	**979,935**	633,718
Bonds - Amortised cost	**2,922,535**	2,354,058
	3,902,471	**2,987,776**

7. Interest expense:

	2019 N'000	2018 N'000
Due to banks	**10,123,527**	7,768,366
Deposits from customers	**7,702,568**	4,552,583
Other borrowed funds (see note 26)	**1,594,748**	3,214,874
Interest expense on lease liability	**33,803**	-
	19,454,646	**15,535,823**

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

8. Fees and commission income

	2019 N'000	2018 N'000
Credit related fees and commission	**486,458**	135,931
Account Maintenance Fee	**933,166**	653,773
Facilities management Fee	**394,671**	425,930
E-banking income (see note 8b)	**2,941,014**	779,388
Other fees and commission	**222,452**	306,790
	4,977,761	**2,301,812**

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:

	2019 N'000	2018 N'000
ATM income	1,580,337	61,842
Cards Income	595,694	330,526
Transactions income	764,983	387,021
	2,941,014	779,389

9. Net trading income/(loss)

	2019 N'000	2018 N'000
Net trading income/(loss) on financial instruments	329,291	(1,542,814)

10. Other operating income

	2019 N'000	2018 N'000
Dividend income	51,202	151,143
Gains from sale of financial investments	733,597	1,967,215
Rental income	97,813	110,954
Gain on disposal of property and equipment	26,770	99,101
Gain on substantial modification of borrowings (see note 26)	2,129,460	-
Other miscellaneous income	293,400	2,060,412
	3,332,242	**4,388,825**

11. Net Impairment losses on financial assets

	2019 N'000	2018 N'000
Due from banks (See note 17)	353,559	-
Loans & advances (see note 18(d))	2,151,891	112,705
Debt instruments (see notes 19(d))	(337,177)	410,959
Contingents (see note 28)	(21,700)	(359,066)
	2,146,574	164,598
Recoveries on amounts previously written off (see note (a) below)	(1,419,645)	(3,421)
Credit loss expense	726,928	161,177
Other assets (see note 20)	1,194,995	5,797,315
Total impairment loss	1,921,923	5,958,492

(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 2019

In thousands of Naira	12 months ECL	Lifetime ECL not-credit impaired	Lifetime ECL - credit impaired	Total
Due from banks	353,559	-	-	353,559
Loans & advances	202,417	1,338,612	610,862	2,151,891
Financial instruments	(337,177)	-	-	(337,177)
Contingents	(21,700)	-	-	(21,700)
Other assets	1,194,995	-	-	1,194,995
	1,392,094	**1,338,612**	**610,862**	**3,341,569**
Recoveries				(1,419,645)
Total impairment loss				1,921,923

31 December 2018

In thousands of Naira	12 months ECL	Lifetime ECL not-credit impaired	Lifetime ECL - credit impaired	Total
Due from banks				
Loans & advances	112,705			112,705
Financial instruments	410,959			410,959
Contingents	(359,066)			(359,066)
Other assets	5,797,315		-	5,797,315
	5,961,913	-	-	5,961,913
Recoveries				(3,421)
Total impairment loss				5,958,492

12. Personnel expenses

	2019 N'000	2018 N'000
Salary and allowances	9,004,616	9,504,244
Pension costs – Defined contribution plan (See note 29)	432,200	476,401
	9,436,816	9,980,645

13. Other operating expenses

Advertising and marketing	247,707	151,187
Professional fees	161,132	54,743
Rental charges	1,569	622,275
Banking Sector Resolution Funds (AMCON Levy)	1,598,630	1,278,351
NDIC insurance premium	1,172,743	1,375,561
Administrative (see note 13a below)	5,192,540	5,872,032
	8,374,321	9,354,148

13a. Administrative

	2019 N'000	2018 N'000
AGM expenses	55,843	12,000
Audit fees	75,000	80,000
Fuel & motor running expenses	136,903	207,754
Printing and stationery	137,249	128,480
Bank charges & subscription	221,363	290,935
General insurance	181,272	117,449
Legal expenses	192,722	211,737
Local & foreign travels	328,999	275,176
Electricity & power expenses	280,035	331,117
Cash management expense	221,622	253,249
Facility maintenance & management expenses	269,314	270,255
Directors fees, allowances & expenses	272,604	224,199
Repair & maintenance expenses	429,460	419,633
Diesel expenses	459,367	688,675
Security & safety management expenses	547,375	676,437
IT and related expenses	574,905	739,930
Other Admin expenses	808,507	945,006
	5,192,540	5,872,032

14. Income tax

	2019 N'000	2018 N'000
Current tax		
Minimum income tax	222,680	117,549
	222,680	117,549
NITDA levy	36,061	13,272
Capital gains tax	-	10,798
Police Trust Fund levy	182	-
	36,243	24,070
Total current tax	258,923	141,619

	2019 N'000	%	2018 N'000	%
Reconciliation of effective tax rate				
Profit/(loss) before Income tax	3,642,112		(7,553,701)	
Tax calculated at domestic rate applicable in Nigeria (30%)	1,092,634	30%	-	0%
Tax effect of adjustments on taxable income				
Non-deductable expenses	3,073,783	84%	703,557	-9%
Tax exempt income	(5,018,124)	-138%	(3,452,744)	46%
Minimum tax	222,680	6%	117,549	-2%
NIDTA levy	36,061	1%	13,272	0%
Temporary differences for which no deferred tax was recognised	851,708	23%	2,749,186	-36%
Capital gains tax	-	0%	10,798	0%
Police trust fund levy	182	0%	-	0%
Total tax expense	**258,923**	**7%**	**141,619**	**-2%**

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.

	2019 N'000	2018 N'000
Net profit attributable to ordinary shareholders for basic earnings:	3,383,189	(7,695,320)
Weighted average number of ordinary shares for basic earnings per share:	11,689,338	11,689,338
Basic earnings per ordinary share	28.94	(65.83)

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.

		2019	2018
		N'000	N'000
16	**Cash and Balances with Central Bank**		*Restated**
	Cash on hand	**6,088,462**	8,619,426
		6,088,462	8,619,426
	Current account with the Central Bank of Nigeria	**599,026**	11,756
	Deposits with the Central Bank of Nigeria	**7,348,989**	600,000
	CBN - AGSMEIS Account	**172,662**	109,190
		14,209,138	9,340,372
	Current	**14,209,138**	9,340,372
	Non-Current	**-**	-
		14,209,138	9,340,372

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.

		2019	2018
17	**Due from banks**	N'000	N'000
			*Restated**
	Placements with banks and discount houses	**31,386,691**	18,584,593
	Balances with banks within Nigeria	**1,530,131**	3,078,143
	Balances with banks outside Nigeria	**1,162,014**	10,399,914
		34,078,836	32,062,650
	Less: remeasurement of ECL allowance (see note 17(a))	**(353,559)**	-
		33,725,276	32,062,650
	Current	**33,725,276**	32,062,650
	Non-Current	**-**	-
		33,725,276	32,062,650

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

		2019	2018
a	**Movement in impairment allowance**	N'000	N'000
			*Restated**
	At 1 January	**-**	-
	Impairment charge for the year	**353,559**	-
	At 31 December	**353,559**	-

	2019	2018
	N'000	N'000
18 Loans and advances		*Restated**
a *i. Direct Loans and advances to*		
Government lending	**550,557**	4,043,629
Corporate lending	**3,588,212**	5,950,438
Consumer lending	**1,572,129**	1,285,615
	5,710,898	11,279,682
ii. On-lending facilities	**101,202,915**	33,561,474
Gross Loans & Advances (including On-lending)	**106,913,813**	44,841,156
Less: Allowance for impairment losses	**(2,896,088)**	(744,197)
	104,017,725	44,096,959
Current	**27,937,131**	36,531,507
Non-Current	**76,080,594**	7,565,452
	104,017,725	44,096,959

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 2019	**Exposure**	**Value of collateral**	LTV ratio
Cash	**1,136,898**	**6,734,620**	17%
Secured against real estate	**3,087,343**	**14,233,365**	22%
Otherwise secured	**102,676,739**	**102,676,739**	100%
Unsecured	**12,834**	**-**	0%
	106,913,813	**123,644,724**	**86%**

31 December 2018	**Exposure**	**Value of collateral**	LTV ratio
Cash	7,125,961	**6,710,941**	106%
Secured against real estate	4,246,653	**37,694,655**	11%
Otherwise secured	33,027,262	**38,165,588**	87%
Unsecured	441,280	**-**	0%
	44,841,156	**82,571,184**	54%

	2019	2018
	N'000	N'000
c *Loans and advances to customers*		
0 to 30 days	**2,242,209**	1,358,397
1 -3 months	**1,369,366**	4,692,338
3-6 months	**343,969**	511,049
6-12 Months	**1,027,930**	4,556,949
Over 12 Months	**727,424**	160,949
Total Loans & advances	**5,710,898**	11,279,682

	2019	2018
On-lending	N'000	N'000
0-6 Months	**70,387,422**	135,230
6-12 Months	**656,327**	25,977,940
Over 12 Months	**30,159,166**	7,448,304
Total On lending	**101,202,915**	33,561,474
Gross Loans (Including On-Lending)	**106,913,813**	44,841,156

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

	2019	2018
	N'000	N'000
At 1 January	**744,197**	509,036
Charge for the year (see note 11)	**2,151,891**	112,705
Amounts written off	**-**	122,456
At 31 December	**2,896,088**	744,197

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	2019	2018
	N'000	N'000
South South	**422,302**	436,385
South West	**8,415,592**	11,286,624
South East	**56,795**	22,074
North West	**8,224,442**	1,611,545
North Central	**73,017,359**	30,372,077
North East	**16,777,323**	1,112,450
	106,913,813	44,841,156

19 Investments Securities

(ai) Fair Value through OCI

	2019 N'000	2018 N'000
Quoted investments		
Debt securities - treasury bills	**77,289,733**	69,592,622
Debt securities - government bonds	**9,322,227**	6,907,805
	86,611,960	**76,500,427**
Equity investments		
Quoted equities	**25,420**	41,000
Unquoted equities	**624,675**	120,722
	650,095	161,723
	87,262,055	76,662,150

The debt instrument at fair value through other comprehensive income includes treasury bills of N3 billion and FGN bond of N3.13 billion pledged as collateral for placement with foreign bank and as collateral for clearing and settlement account respectively.

(aii) Movement in investment securities at FVOCI

31 December 2019

	N'000 Debt instruments	N'000 Equities	N'000 Total
Balance beginning of the year	76,500,427	161,723	**76,662,150**
Fair value changes during the year	1,697,205	438,373	**2,135,577**
Purchase of investments securities at FVOCI	79,499,582	50,000	**79,549,582**
Redemption/disposal of debt securities	(71,085,254)		**(71,085,254)**
Accrued interest	-	-	**-**
Balance, end of the year	**86,611,960**	**650,096**	**87,262,055**

31 December 2018

	N'000 Debt instruments	N'000 Equities	N'000 Total
Balance beginning of the year	58,417,020	286,337	**58,703,358**
Fair value changes during the year	(620,023)	-	**(620,023)**
Purchase/(Redemption/disposal) of investments securities at FVOCI	18,703,430	(124,615)	**18,578,815**
Balance, end of the year	**76,500,427**	**161,723**	**76,662,150**

	2019 N'000	2018 N'000
Current	**71,574,712**	68,909,040
Non-Current	**15,687,343**	7,342,150
	87,262,055	**76,662,150**

b Financial instruments at amortised costs

	2019 N'000	2018 N'000
Government debt securities	**29,282,914**	26,071,228
Remeasurement of ECL allowance	**(73,783)**	-410,960
	29,209,131	25,660,268

	2019 N'000	2018 N'000
Current	**-**	-
Non-Current	**29,209,131**	25,660,268
	29,209,131	25,660,268

c Movement in financial instrument at amortised cost

	2019 N'000	2018 N'000
Balance, beginning of the year	**25,660,268**	20,271,961
Acquisition/(Redemption/disposal) of financial instruments during the year	**1,271,919**	4,058,923
Interest Income	**3,902,471**	2,987,776
Interest received	**(1,962,703)**	(1,247,433)
Writeback of impairment allowance	**337,177**	(410,960)
	29,209,131	25,660,268

d Movement in impairment allowance

	2019 N'000	2018 N'000
Balance, beginning of the year	**410,960**	-
ECL recognised in profit or loss (see note 11)	**(337,177)**	410,960
Balance, end of year	**73,783**	410,960

20 Other assets

Non financial assets		
Prepayments	**649,985**	1,886,520
Stationery stocks	**285,852**	277,641
Other stocks	**17,428**	131,179
	953,266	**2,295,340**
Financial assets		
Account receivables	**3,067,775**	858,222
Fraud suspense	**372,311**	387,286
Other debit balances (see note (a) below)	**8,013,238**	7,437,102
	11,453,324	8,682,610
Less: remeasurement of ECL allowance	**(9,877,604)**	(8,682,610)
Net financial assets	**1,575,720**	**-**
Total other assets	**2,528,985**	**2,295,340**
Current	**1,575,720**	498,043
Non-Current	**953,265**	1,797,297
	2,528,985	**2,295,340**

a. Included in other debit balances are outstanding reconciling items on nostro reclassed to other assets totaling N5.7billion (2018: N5.7billion). 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:

	Other assets	Other assets
	N'000	N'000
At 01 January 2019	**8,682,610**	**2,887,583**
Charge for the year (see Note 11)	1,194,995	5,797,315
Amount written off	-	(2,288)
At 31 December 2019	**9,877,604**	**8,682,610**

21 Property and equipment

	Land	Building	ROU Building	Motor Vehicle	Property & Equipment	Furniture & Fittings	Work in Progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost:								
At 01 January 2019	**415,550**	**24,509,028**	**-**	**3,640,862**	**14,304,943**	**3,417,222**	**862,276**	**47,149,881**
IFRS 16 transition adjustments	**-**	**-**	**963,264**	**-**	**-**	**-**	**-**	**963,264**
Adjusted opening balance	**415,550**	**24,509,028**	**963,264**	**3,640,862**	**14,304,943**	**3,417,222**	**862,276**	**48,113,145**
Additions	-	17,148	481,003	1,167,436	441,242	24,411	78,695	2,209,936
Disposals	-	-	-	(88,457)	(81,954)	-	-	(170,411)
Reclassifications	-	-	-	3,570	101,488	-	(105,058)	-
Write off	-	(2,545)	-	(10,500)	(6,029)	-	(99,367)	(118,441)
At 31 December 2019	**415,550**	**24,523,631**	**1,444,267**	**4,712,911**	**14,759,691**	**3,441,633**	**736,546**	**50,034,230**
Depreciation and impairment:								
At 01 January 2019	**-**	**6,414,597**	**-**	**3,390,797**	**13,460,581**	**3,281,670**	**-**	**26,547,646**
Additions	-	488,598	510,211	218,647	429,346	61,835	-	1,708,636
Reclassification	-	-	-	-	-	-	-	-
Disposals	-	-	-	(88,273)	(81,321)	-	-	(169,594)
Written off	-	(589)	-	(9,836)	(6,162)	570	-	(16,017)
At 31 December 2019	**-**	**6,902,606**	**510,211**	**3,511,335**	**13,802,444**	**3,344,075**	**-**	**28,070,671**
Net book value:								
At 01 January 2019	**415,550**	**18,094,431**	**-**	**250,065**	**844,363**	**135,552**	**862,276**	**20,602,236**
At 31 December 2019	**415,550**	**17,621,025**	**934,056**	**1,201,576**	**957,248**	**97,558**	**736,546**	**21,963,559**

	Land	Building	ROU Building	Motor Vehicle	Property & Equipment	Furniture & Fittings	Work in Progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost:								
At 01 January 2018	**415,550**	**24,836,085**	**-**	**3,429,812**	**14,088,586**	**3,392,008**	**784,905**	**46,946,946**
Additions	-	27,441	-	211,050	262,194	25,812	221,595	748,092
Disposals	-	(299,344)	-	-	(48,741)	(598)	-	(348,683)
Reclassifications	-	-	-	-	60,033	-	(60,033)	-
Reclass out of PPE	-		-	-	-	-		-
Reclassifications/WO	-	(55,154)	-	-	(57,129)	-	(84,191)	(196,473)
At 31 December 2018	**415,550**	**24,509,028**	**-**	**3,640,862**	**14,304,943**	**3,417,222**	**862,276**	**47,149,882**
Depreciation and impairment:								
At 01 January 2018	**-**	**5,974,411**	**-**	**3,233,340**	**13,041,526**	**3,196,614**	**-**	**25,445,891**
Additions	-	529,633	-	157,457	523,747	85,655	-	1,296,491
Reclassification out of PPE	-	(41,195)	-	-	-	-	-	(41,195)
Disposals	-	(47,498)	-	-	(47,530)	(598)	-	(95,627)
Write off	-	(753)	-	-	(57,161)	-	-	(57,915)
At 31 December 2018	**-**	**6,414,597**	**-**	**3,390,797**	**13,460,581**	**3,281,670**	**-**	**26,547,646**
Net book value:								
At 01 January 2018	**415,550**	**18,861,673**	**-**	**196,472**	**1,047,060**	**195,394**	**784,905**	**21,501,055**
At 31 December 2018	**415,550**	**18,094,431**	**-**	**250,065**	**844,363**	**135,552**	**862,276**	**20,602,236**

There were no impairment losses on any class of property and equipment during the year (December 31, 2018: Nil)

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 31, 2018: 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 2019	Total N'000 2019	Computer Software N'000 2018	Total N'000 2018
Cost:				
At 01 January	**3,278,653**	**3,278,653**	**3,228,225**	**3,228,225**
Additions:				
Internally Developed	-	-	-	-
External Purchase	104,152	104,152	50,428	**50,426**
At 31 December	**3,382,805**	**3,382,805**	**3,278,653**	**3,278,653**
Amortisation and impairment:				
At 01 January	3,197,787	3,197,787	**3,115,902**	**3,115,902**
Amortisation	48,817	48,817	**81,885**	**81,885**
At 31 December	**3,246,604**	**3,246,604**	**3,197,787**	**3,197,787**
Net book value:				
At 31 December	**136,201**	**136,201**	**80,866**	**80,866**
At I January	**80,866**	**80,866**	**112,323**	**112,323**

23. Deferred tax assets

	2019	Restated* 2018
	N'000	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 N41 billion as at December 31, 2019. (2018: N37 billion).

However 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. 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.

Details of the unrecognised deferred tax are as follows:

	2019		2018	
At 31 December 2019	Gross Amount	Tax effect	Gross Amount	Tax effect
	N'000	N'000	N'000	N'000
Property and equipmment	(14,212,264)	(4,263,679)	(12,478,238)	(3,743,471)
Impairment allowance on loans and advances to customers	2,773,256	887,442	744,197	223,259
Impairment allowance on other assets	3,351,338	1,072,428	1,157,456	347,237
Unrelieved losses	113,063,067	33,918,920	103,050,542	30,915,163
Unutilised capital allowance	33,442,379	10,032,714	30,928,797	9,278,639
	138,417,776	**41,647,825**	**123,402,757**	**37,020,827**

24 Due to other banks

	2019	2018
	N'000	N'000
Due to other banks comprise of:		
Takings From Banks (note 24b)	**108,240,698**	100,347,202
	108,240,698	**100,347,202**
Current	**108,240,698**	**100,347,202**
Non-Current	**-**	**-**
	108,240,698	**100,347,202**

24b. Due to other banks (continued)

	2019	2018
	N'000	N'000
Takings From Banks		*Restated*
First Bank of Nigeria Plc	**100,000,000**	50,000,000
Polaris Bank	**5,000,000**	-
Zenith Bank	**3,000,000**	-
Central Bank of Nigeria	**-**	50,139,956
Accrued interest	**240,698**	207,246
	108,240,698	100,347,202

25 Deposit from customers

a Analysis by type of account:

	2019	2018
	N'000	N'000
		*Restated**
Demand deposits	**86,245,913**	81,353,453
Savings deposits	**64,506,407**	55,997,846
Time deposits	**67,330,535**	69,743,839
Domiciliary deposits	**39,608,327**	40,535,126
	257,691,182	247,630,264

b Analysis by type of depositors

	2019	2018
Government	**30,940,330**	36,106,929
Corporate	**103,770,556**	60,459,819
Individuals	**122,980,296**	151,063,516
	257,691,182	247,630,264

c Analysis by maturity

	2019	2018
0-30 days	**203,286,271**	208,929,478
31-90 days	**7,753,138**	27,887,723
91-180 days	**23,973,463**	9,462,279
181-365 days	**14,818,856**	1,263,401
over 365 days	**7,859,454**	87,383
	257,691,182	247,630,264
Current	**249,831,728**	247,542,881
Non-Current	**7,859,454**	87,383
	257,691,182	247,630,264

26 Borrowings

	2019	Retated 2018
	N'000	N'000
CBN short term loan (see note 26(b))	**50,000,000**	50,000,000
Borrowings from Bank of Industry/CBN (see note 26 (c))	**120,742,223**	61,760,895
Borrowings from AFREXIM (see noted (d))	**12,561,500**	14,450,244
	183,303,723	**126,211,139**

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

	CBN Short Term Loan	Bank of Industry/CBN	AFREXIM	Totals
	N'000	N'000	N'000	N'000
At 1 January	50,000,000	61,760,895	14,450,244	**126,211,139**
Additions during the year	-	71,415,076	-	**71,415,076**
Interest capitalised	-	1,594,748	-	**1,594,748**
Modification of loan terms (see note (d) below)	-	-	(2,129,460)	**(2,129,460)**
Unrealised exchange loss	-	-	240,716	**240,716**
Repayments	-	(14,028,494)	-	**(14,028,494)**
At 31 December	**50,000,000**	**120,742,223**	**12,561,500**	**183,303,723**

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

2018	CBN Short Term Loan	Bank of Industry/CBN	AFREXIM	Totals
	N'000	N'000	N'000	N'000
At 1 January	50,000,000	18,962,542	11,583,822	80,546,364
Additions during the year	-	49,298,890	835,337	50,134,227
Unrealised exchange loss	-	-	2,031,084	2,031,084
Repayments	-	(6,500,537)	-	(6,500,537)
At 31 December	**50,000,000**	**61,760,895**	**14,450,243**	**126,211,139**

2018	2019	2018
	N'000	N'000
Current	170,742,223	111,760,894
Non Current	12,561,500	14,450,245
	183,303,723	**126,211,139**

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 over N71.42 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 N70.6 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.

During the year, the terms of the loan from AFREXIM was modified. 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. A total gain of N2.12billion was recognised in other operating income (see note 10) representing modification of the borrowing arising due to renegotiated terms. As a result, the original borrowing based on the initial terms was derecognised and a new loan of $35 million based on revised terms was recognised.

	2019	2018
	N'000	N'000
27. Current tax liabilities		
Current tax		
At the beginning of the year	501,187	710,127
Charge for the year (see note 14)	258,923	141,619
Payments made during the year	(138,804)	(350,559)
Balance at the end of the year	621,306	501,187
Current	621,306	501,187
Non-Current	-	-
	621,306	501,187

		2019	2018
		N'000	N'000
28	**Other liabilities**		
	Non financial liabilities		
	Deferred fees	**55,815**	305,984
	ECL allowance on contingents (see (a) below)	**1,640,001**	1,661,701
		1,695,816	1,967,685
	Financial liabilities		
	Bankers payment and branch drafts	**1,075,308**	943,548
	Lease liabilities (see (b) below)	**350,442**	-
	Accruals	**512,119**	285,094
	Accrual for Banking Resolution Fund (see (c) below)	**9,582,248**	7,983,618
	Margin on letters of credit	**2,800,588**	3,446,672
	Sundry Creditors	**3,454,902**	3,554,221
	Accounts payable	**2,573,295**	2,270,372
		20,348,902	18,483,525
	Total other liabilities	**22,044,718**	20,451,210
	Current	**14,320,705**	15,212,531
	Non-Current	**7,724,013**	5,238,679
		22,044,718	20,451,210

a. Movement in ECL allowance on contingents during the year

	2019	2018
	N'000	N'000
Balance, beginning of the year	**1,661,701**	-
Additional impairment on initial application of IFRS 9	**-**	2,020,768
Movement during the year (note 11)	**(21,700)**	(359,067)
Balance, end of the year	**1,640,001**	1,661,701

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.

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
	2019
	N'000
Balance at 1 January 2019	**963,264**
Depreciation Charge for the year	**(510,211)**
Additions	**481,003**
Balance at 31 December 2019	**934,056**

2019
N'000
350,442

ii Lease liability

The net carrying amount of leased assets, included within property and equipment is N934.05 million as at December 31, 2019.

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%.

	2019
	N'000
iii Amounts Recognised in profit or loss	
2019 Leases under IFRS 16	
Interest on lease liability (see note 7)	33,802
Expenses relating to short term leases	-
Depreciation of ROU assets (see note 21)	510,211
	544,013

c. This relates to AMCON sinking fund contribution calculated in line with the AMCON Amendment Act 2015.

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 N432 million represents contributions paid to these plans by the bank at rates specified in the Bank's collective agreement with Staff. These agreed rates are currently higher than rates advised by the pension act.

	2019	2018
	N'000	N'000
Balance, beginning of the year	**34,493**	44,810
Charge for the year (note 12)	**432,200**	476,401
Payment to Pension Fund Administrators (PFAs)	**(460,362)**	(486,718)
Balance, end of the year	**6,331**	34,493
Current	**6,331**	34,493
Non-Current	**-**	-
	6,331	34,493

	2019	2018
30. Share capital	N'000	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 **Non distributable regulatory 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	Share reconstruction reserve	CBN AGSMEIS Reserve	Reserve for SMEIS	Other Capital reserves (restated)	Total
	N'000	N'000	N'000	N'000	N'000	N'000
					Restated	
At 1 January 2018	588,048	67,103,925	109,190	440,119	-	**68,241,282**
Transfer to AGSMEIS Reserve	-	-	63,472	-	-	**63,472**
Transactions with Shareholders	-	-	-	-	(3,000,000)	**(3,000,000)**
Gain/Loss on FVOCI assets	(620,024)	-	-	-	-	**(620,024)**
At 31 December 2018	**(31,976)**	**67,103,925**	**172,662**	**440,119**	**(3,000,000)**	**64,684,730**
At 1 January 2019	(31,976)	67,103,925	172,662	440,119	(3,000,000)	**64,684,730**
Transfer to AGSMEIS Reserve	-	-	-	-	-	**-**
Fair value gain on debt instruments	1,697,206	-	-	-	-	**1,697,206**
Fair value gain on equity instruments	438,373					**438,373**
	2,135,579	-	-	-	-	**2,135,579**
At 31 December 2019	**2,103,603**	**67,103,925**	**172,662**	**440,119**	**(3,000,000)**	**66,820,308**

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 shareholder to one (1) share for every ten (10) held. Consequently, the issued and fully paid share capital was restructured from N58,446,689,710 to N5,844,668,971. The amount by which the share capital was reduced was transferred to the share capital reconstruction reserve. 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 783 litigation suits: 259 cases instituted by the Bank and 431 cases instituted against the Bank. The total amount claimed in the cases against against the Bank is estimated at N111 billion (2018: N104 billion) The distribution of all litigations is shown below. The Directors are of the opinion that non of the aforementioned cases is likely to have a material adverse effect on the Bank and are not aware of any other pending to threatened claims or litigations.

Cases	Volume
Civil cases against the bank	431
Civil cases by the bank	259
Civil appeals against the bank	13
Civil appeals by the bank	58
Garnishee order absolute being contested by the bank	22
	783

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:

	2019	2018
	N'000	N'000
Performance Bonds and Guarantees	61,859,203	59,733,009
Letters of credit	3,048,281	19,666,794
	64,907,484	79,399,803

33 Related party transactions

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

	2019	2018
	N'000	N'000
Deposits (Note 33(a))		
Currently serving Directors (Note 33(a)(i))	194,164	135,053
Common Directorship (Note 33(a)(ii))	186,337	-
Total related party deposits	**380,501**	**135,053**
Loans and advances (Note 33b)		
Currently serving Director	104,789	40,606
Common Directorship	7,033,978	6,410,957
Total related party loans	**7,138,767**	**6,451,563**

a. The details of the directors deposits as at 31 December 2019 are shown below:

		2019	2018
i **Serving Directors**		**N'000**	**N'000**
Aminu Babangida		300	10,161
Hafiz Mohammed Bashir		2,791	732
Oluwafunsho Obasanjo		22	25,494
Sam N. Okagbue		6,609	5,380
Tomi Somefun		163,431	7,233
Tuedor Temisan		3,981	1
Yabawa Lawan Wabi, *mni*		8,666	706
Ebenezer Kolawole		7,637	85,292
Usman Abdulqadri		728	54
		194,164	135,053
ii **Deposit from entities with common directorship**	**Relationship**		
TAK Integrated Agric Solutions Limited	Former Chairman	187	
TAK Agro & Chemical Limited	Former Chairman	185,862	
Practoil Limited	Former Chairman	257	
Living Spring Agro Limited	Former Director	31	
		186,337	
Total related party deposits		**380,501**	

b Loans and advances to key management personnel as at 31 December 2019

S/N	Borrower	Related interest	Relationship to Bank	Facility type	Performing =N=	Non performing =N=	Balance
1	TAK INTEGR.AGRIC.SOLUTION.LTD.	THOMAS ETUH	FORMER DIRECTOR	TERM LOAN	5,136,849,315	-	5,136,849,315
2	TAK AGRO & CHEMICALS LTD	THOMAS ETUH	FORMER DIRECTOR	TERM LOAN	1,747,790,404	-	1,747,790,404
3	PRACTOIL LIMITED	BOLA SHAGAYA	FORMER DIRECTOR	OVERDRAFT	149,338,244	-	149,338,244
4	LIVING SPRING AGRO LTD	ALH. AMINU BABANGIDA	CHAIRMAN	TERM LOAN	104,789,041	-	104,789,041
	Total loans and advances to related parties				**7,138,767,004**	**-**	**7,138,767,004**

Loans and advances to key management personnel as at 31 December 2018

	Borrower	Related interest	Relationship to Bank	Facility type	Performing =N=	Non performing =N=	Balance
1	TUEDOR TEMISAN JONATHAN	TUEDOR TEMISAN JONATHAN	EXECUTIVE DIRECTOR	TERM LOAN	40,605,177		40,605,177
2	PRACTOIL LIMITED	BOLA SHAGAYA	FORMER DIRECTOR	OVERDRAFT	5,125,753,425		5,125,753,425
3	PACIFIC ENERGY COMPANY LIMITED	DR. ADEDEJI ADELEKE	FORMER DIRECTOR	SYNDICATED CONTRACT FINANCE	1,285,204,008		1,285,204,008
	Total loans and advances to related parties				**6,451,562,610**	**-**	**6,451,562,610**

	2019	2018
	N'000	N'000
c Remuneration paid to Non Executive Directors		
Fees	**160,000**	160,000
Sitting Allowances	**37,150**	25,550
Other director expenses	**75,454**	38,649
	272,604	224,199
Fees and other emoluments disclosed above include amounts paid to:		
The highest paid director	**41,400**	41,400
	Number	**Number**
The number of directors who received fees and other emoluments(excluding pension contributions)		
N5,000,001 and above	**9**	9
	9	9

	2019	2018
	N'000	N'000
d Transactions with shareholders (Asset Management Company of Nigeria)		
Other capital reserve	3,000,000	3,000,000
Accrual for Banking sector resolution fund	9,582,248	7,983,618
Expenses relating to Banking sector resolution fund	1,598,630	1,278,351

34 Other employee and directors disclosures

	2019	2018
	Number	Number
a The average number of persons employed by the Bank during the year was as follows:		
Executive Directors	**3**	3
Management	**20**	18
Non-management	**1,555**	1,713
	1,578	1,734

	2019	2018
b Compensation for the above staff (excluding Bank directors) include:	N'000	N'000
Salaries and wages	**9,004,616**	9,504,244
Pension costs:		
Defined contribution plans	**432,200**	476,401
	9,436,816	9,980,645

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

	2019	2018
	Number	Number
N300,000 and below	**-**	-
N300,001 - N2,000,000	**-**	-
N2,000,000 - N2,800,000	**-**	-
N2,800,001 - N3,500,000	**547**	656
N3,500,001 - N4,000,000	**386**	392
N4,000,001 - N5,500,000	**186**	171
N5,500,001 - N6,500,000	**141**	179
N6,500,001 - N7,800,000	**110**	120
N7,800,001 - N9,000,000	**87**	87
N9,000,001 and above	**121**	129
	1,578	1,734

35 Going Concern

The Bank made a profit after tax of N3.38billion for the year ended 31 December 2019. (2018: loss after tax N7.69billion). As at that date, the Bank's total liabilities exceeded its total assets by N279 billion (2018: N284billion) and the capital adequacy stood at -200.8% (2018: -213.6%). 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. The directors acknowledge that 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.

Furthermore, the Bank has obtained forbearances from the CBN in respect of its current operational license, see notes 36b for details.

The Directors are confident that they would be able to recapitalise the Bank upon the upturn of economic activities at a later time. 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 (200.8%) and (213.6%) for the years ended 31 December 2019 and 2018 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 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 Forbearance on cash reserve ratio

Unity Bank Plc was initially granted forbearance by the Central Bank of Nigeria for compliance with the cash reserve ratio when it was set at 33%. Upon the request of Unity Bank Plc, the Central Bank of Nigeria granted additional forbearance on the Cash reserve to provide working capital and resolve liquidity bottlenecks. The current revised cash reserve ratio is set at 22.5%. The Bank has obtained an extension of the Forbearance on CRR till 31 December 2020.

ii 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 2020 (see note 26). The CBN has suspended interest payment obligations on this facility until the Bank recapitalizes.

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.

			*Restated	*Restated
	2019	2019	2018	2018
	N'000	N'000	N'000	N'000
Regulatory capital	Full impact of IFRS 9 transition	Adjusted impact of IFRS 9 transition	Full impact of IFRS 9 transition	Adjusted 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	**12,437,215**	**12,437,215**	11,929,737	11,929,737
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	**(374,443,951)**	**(374,443,951)**	(377,319,662)	(377,319,662)
IFRS 9 Transitional Adjustment	**-**	**992,681**	-	1,489,021
Total qualifying Tier 1 capital	**(280,959,491)**	**(279,966,810)**	**(284,342,680)**	**(282,853,659)**
Less:				
Intangible assets	**(136,201)**	**(136,201)**	(80,866)	(80,866)
Deferred Tax Assets	**-**	**-**	-	-
Adjusted total qualifying tier 1 Capital	**(281,095,692)**	**(280,103,011)**	(284,423,546)	**(282,934,524)**
Tier 2 capital				
Revaluation Reserve	**2,103,603**	**2,103,603**	31,976	31,976
Total qualifying Tier 2 Capital	**-**	**-**	-	**-**
Total Qualifying Capital	**(281,095,692)**	**(280,103,011)**	(284,423,546)	(282,934,524)
Risk - weighted assets:				
Risk Weighted Amount for credit risk	**91,264,539**	**91,264,539**	88,433,963	88,433,963
Risk Weighted Amount for operational risk	**35,518,748**	**35,518,748**	37,113,093	37,113,093
Risk Weighted Amount for market risk	**12,655,150**	**12,655,150**	6,863,536	6,863,536
Total risk-weighted assets	**139,438,437**	**139,438,437**	**132,410,592**	**132,410,592**
Ratio	**-201.59%**	**-200.88%**	**-214.8%**	**-213.68%**

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, 2018)	4/5 of Adjusted Day One Impact	80%	1,985,361.57
Year 1 (December 31, 2018)	3/5 of Adjusted Day One Impact	60%	1,489,021.18
Year 2 (December 31, 2019)	2/5 of Adjusted Day One Impact	40%	992,680.78
Year 3 (December 31, 2020)	1/5 of Adjusted Day One Impact	20%	496,340.39
Year 4 (December 31, 2021)	Nil	0%	-

37 CORRECTION OF ERRORS

During the year 2019, the Bank discovered that certain conditions existed in prior periods that required adjustments to certain items in the statement of financial positions, statement of profit or loss and the statement of cash flows. The misstatements has been corrected by restating each of the financial statement items for prior periods. The following table summarises the impact on the Bank's financial statements.

	Statement of financial Position		As previously reported	Adjustments	As restated
1	**01 January 2018**	**Notes**	N'000	N'000	N'000
	Assets				
	Cash and balances with Central Bank		5,675,461	-	5,675,461
	Due from banks		15,152,227	468,346	15,620,573
	Loans and advances to customers		8,958,127	-	8,958,127
	Financial investments - available for sale	s	39,697,069	(39,697,069)	-
	Financial investments - available for sale pledged as collateral	s	19,006,289	(19,006,289)	-
	Financial investments - held to maturity	s	20,271,961	(20,271,961)	-
	Debt instruments at amortised cost	s	-	20,271,961	20,271,961
	Investment securities at FVOCI	s	-	58,703,358	58,703,358
	Property and equipment		21,501,055	-	21,501,055
	Intangible assets		112,324	-	112,324
	Other assets	a	5,842,161	(1,727,839)	4,114,322
	Deferred tax assets	b	20,289,830	(20,289,830)	-
	Total assets		156,506,504	(21,549,323)	134,957,181
	Other liabilities	q	22,130,046	7,173,611	29,303,657
	Others		376,569,613	-	376,569,611
	Total liabilities		398,699,659	7,173,611	405,873,268
	Equity				
	Share capital and share premium		16,330,540		16,330,540
	Statutory and other reserves		80,171,018	-	80,171,018
	Accumulated deficit	c	(338,694,713)	(28,722,934)	(367,417,645)
	Total equity		(242,193,155)	(28,722,934)	(270,916,087)
	Total liabilities and equity		156,506,504	(21,549,323)	134,957,181

		As previously reported	Adjustments	As restated
At 31 December 2018	**Notes**	N'000	N'000	N'000
Statement of financial position				
Assets				
Cash and balances with Central Bank	d	8,860,991	479,381	9,340,372
Due from banks	e	33,139,298	(1,076,648)	32,062,650
Loans and advances to customers	f	43,657,372	439,587	44,096,959
Debt instruments at FVOCI	s	76,089,468	(76,089,468)	-
Equity instruments at FVOCI	s	161,722	(161,722)	-
Debt instruments at amortised cost	s	26,071,227	(410,960)	25,660,268
Investment securities at FVOCI	s	-	76,662,150	76,662,150
Property and equipment		20,602,236	-	20,602,236
Intangible assets		80,866	-	80,866

	Notes	As previously reported N'000	Adjustments N'000	As restated N'000
Other assets	*g*	7,023,180	(4,727,840)	2,295,340
Deferred tax assets	*h*	20,289,830	(20,289,830)	-
Total assets		235,976,190	(25,175,350)	210,800,841
Liabilities				
Due to other banks		100,347,202	-	100,347,202
Deposits from customers	*i*	241,936,006	5,694,258	247,630,264
Borrowings	*j*	124,180,055	2,031,084	126,211,139
Other liabilities	*k, q*	12,664,212	7,786,998	20,451,210
Current tax liabilities		501,187	-	501,187
Employee benefit liabilities		34,493	-	34,493
Total liabilities		479,663,155	15,512,340	495,175,495
Equity				
Accumulated deficit	*l*	(340,021,528)	(37,298,134)	(377,319,662)
Other reserves	*m*	67,684,730	(3,000,000)	64,684,730
Share capital and share premium		16,330,540		16,330,540
Statutory and non distributable regulatory reserves		12,319,293	(389,556)	11,929,737
Total equity		(243,686,965)	(40,687,690)	(284,374,654)
Total liabilities and equity		235,976,190	(25,175,350)	210,800,841

31 December 2018	Notes	As previously reported N'000	Adjustments N'000	As restated N'000
Statement of Profit & Loss and OCI				
Net interest income		13,970,137	-	13,970,137
Fee and commission income	r	1,522,424	779,388	2,301,812
Net trading income	n	1,128,807	(2,671,621)	(1,542,814)
Other operating income	r	5,168,214	(779,388)	4,388,825
		6,297,021	(3,451,009)	2,846,012
Total operating income		21,789,582	(2,671,621)	19,117,961
Impairment losses on financial assets	p	(161,178)	(5,797,315)	(5,958,493)
Net operating income		21,628,404	(8,468,935)	13,159,469
Total operating expenses		(20,217,351)	(495,819)	(20,713,170)
Profit before tax		1,411,053	(8,964,754)	(7,553,701)
Income tax expense		(141,619)		(141,619)
Profit after tax		1,269,435	(8,964,754)	(7,695,320)
Other comprehensive income				
Fair value (Loss)/gain on financial investment		(620,024)	-	(620,024)
Other comprehensive income/(loss) for the year, net of tax		(620,024)	-	(620,024)
Total comprehensive income/(loss) for the year, net of tax		649,411	(8,964,755)	(8,315,344)
Earnings per share				
Basic earnings per share (kobo)		13.03	(78.86)	(65.83)
Diluted earnings per share (kobo)		13.03	(78.86)	(65.83)

	Notes	As previously reported N'000	Adjustments N'000	As restated N'000
Statement of Cash flows				
31 December 2018				
Profit /(loss) after tax	*n,p,q*	1,269,435	(8,964,755)	(7,695,320)
Net cash flows (used in)/generated from operating activities		(1,480,373)	1,037,770	(442,603)
Net cash flows (used in)/generated from investing activities		(20,980,717)	(2,103,382)	(23,084,099)
Net cash flows (used in)/generated from financing activities		43,633,691	-	43,633,690
Cash and cash equivalent at the beginning of the year		20,118,498	1,068,346	21,186,844
Cash and cash equivalent at the end of the year		41,291,099	2,733	41,293,832

Notes

a	The adjustment was made to write off an outstanding receivable from a customer of which the principal amount had previously been sold off during the clean up of delinquent Non Performing Loans by the Bank in 2017.
b	Management determined that an error was made in the assessment of the taxable income which the deferred tax could be utilized and thus the adjustment to correct this error.
c	Adjustment is the cumulative impact of notes (a) and (b)
d,e,f,I, j, k,n	The Bank revalued its Foreign currency denominated assets and liabilities portfolio for the year 2018 to be reflective of Market conditions that existed at that time. The Bank had previously utilised rates advised by the CBN (central rate) for the translation of its foreign currency balances instead of rates that are reflective of transactions carried out.
g, p	The Bank reclassed long outstanding items requiring further reconciliation in balances with foreign Banks into other assets. These long outstanding items were fully impaired while the reconciliation of aged items is ongoing.
l	Adjustment is the cumulative impact of notes (d), (e), (f), (g), (h), (i), (j) and (k) above.
m	Adjustment is to properly present transactions with share holder previously recognised in receivables accounts
q	The Bank made additional provisions for the shortfall of the Banking sector resolution fund for 2012-2018
r	"E-banking income which was erroneously reported as other operating income is reclassified to fees and commission income."
s	Adjustment is to properly present investment securities in line with the requirements of IFRS 9

38 Events after reporting date

Subsequent to year end, the country witnessed cases of COVID 19 a pandemic global disease which disrupted the business activities of many organizations around the world. Unity Bank Plc is not exempted from the impact of this pandemic on its business operations as it has had to trigger its business continuity plans (BCP) and therefore scaled down banking operations with the adoption of contactless banking model with its digital platforms to serve and delight its customers nationwide. The Bank transacted its business with its customers in compliance with the national directives to contain the spread of the virus.

The Central Bank of Nigeria (CBN) through circular FPR/DIR/GEN/CIR/07/49 announced policy measures in response to the COVID-19 outbreak and spill overs. These include extension of moratorium on applicable intervention loans, reduction of interest income strengthening of Loan to deposit ratio (LDR).

The Bank has determined that COVID -19 has no material impact on the reported balances as at 31 December 2019. The Bank is still assessing the impact of COVID-19 on financial performance subsequent to year end and therefore is unable to quantify this impact at the time these financial statements were approved.

There is no other event after reporting date which could have a material effect on the financial position of the Bank as at 31 December 2019 and profit attributable to equity holders on that date which have not been adequately adjusted for or disclosed.

39 Contraventions

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

	2019	2018
Nature of Contravention and penalty paid	**N'000**	N'000
Delay in resolving e-channel complaints	**2,000**	-
Late filing of 2017 Statement & 2018 Q1, Q2, Q3 Accounts	**10,000**	-
Penalty for Non-Compliance on ATM smart camera & Anti-skimming	**4,000**	-
Penalty for contravening various AML/CFT requirements	**2,000**	-
Penalty for reporting deficiencies in the 2015/2016 annual report	**-**	5,000
Sanction IRO excess charges and Interest on customer	**-**	2,000
	18,000	7,000

40 Statement of cash flow workings

	Notes	2019	*Restated* 2018
(a) Loans & advances to customer		**N'000**	**N'000**
Net loans, beginning of the year	**18**	**44,096,959**	8,958,127
Amount written off	**18**	**-**	(122,456)
Impairment write-back/(loss) on loans and advances	**11**	**(2,151,891)**	(112,705)
Movement for Cash Flow Statement		**62,072,657**	35,373,993
Net loans, end of the year	**18**	**104,017,725**	44,096,959
(b) Changes in other assets			
Gross amount, beginning of the year	**20**	**10,977,950**	7,001,904
Reclassification to ROU assets		**(679,689)**	-
Impairment write-back/(loss) on other financial assets	**11**	**-**	(5,797,315)
Amount written off	**20**	**-**	(2,288)
Movement for cashflow purposes		**2,108,329**	9,775,649
Goss amount end, of the year	**20**	**12,406,590**	10,977,950
(c) Purchase of PPE			
Property, Plant and Equipment	**21**	**1,728,932**	748,092
ROU Asset	**21**	**481,003**	-
Acquisition of PPE		**2,209,935**	748,092

		Notes	2019 N'000	Restated 2018 N'000
(d)	**Deposits from customers**			
	At 1 January	**25**	**247,630,264**	252,310,468
	Interest payable at the end of the year (see note 40 (h) below)		**1,559,488**	1,446,820
	Movement for Cash Flow Statement		**8,501,430**	(6,127,024)
	At 31 December	**25**	**257,691,182**	247,630,264
(e)	**Due to Other Banks**			
	At 1 January	**24**	**100,347,202**	42,957,842
	Interest payable as at year end		**240,698**	38,753
	Movement for Cash Flow Statement		**7,652,798**	57,350,607
	At 31 December	**24**	**108,240,698**	100,347,202
(f)	**Other liabilities**			
	At 1 January	**28**	**20,451,210**	29,303,657
	ROU assets		**764,579**	-
	Impairment writeback on contingents (see note 11)	**11**	**(21,700)**	(359,066)
	Interest expense on lease liability		**33,803**	-
	Movement for Cash Flow Statement		**816,827**	(8,493,381)
	At 31 December	**28**	**22,044,718**	20,451,210
(g)	**Interest received**			
	Interest recognised in the statement of profit or loss	**6**	**35,947,977**	29,505,960
	Interest receivable, beginning of the year		**-**	2,445,318
	Interest receivable, end of the year		**(1,281,186)**	(1,121,845)
	Movement for Cash Flow Statement		**34,666,791**	30,829,433
(h)	**Interest paid**			
	Interest expense	**7**	**19,454,646**	15,535,823
	Interest capitalised on borrowings	**26**	**(1,594,748)**	-
	Interest payable:			
	Deposit liabilities		**(1,559,488)**	(1,085,573)
	Due to Banks		**(240,698)**	(38,753)
	Interest expense on lease liability		**(33,803)**	-
	Interest paid during the year		**16,025,909**	14,411,498
(i)	**Profit on disposal of property and equipment**			
	Cost	**21**	**170,411**	348,683
	Accumulated Depreciation	**21**	**(169,594)**	(95,627)
	Gain on disposal		**26,770**	99,101
	Proceeds from sale		**27,587**	352,158
(j)	**Cash and cash equivalent reported in the statement of cash flow**			
	Cash on hand	**16**	**6,088,462**	8,619,426
	Current account with CBN	**16**	**599,026**	11,756
	Deposits with the Central Bank of Nigeria	**16**	**7,348,989**	600,000
	Due from other banks	**16**	**34,078,836**	32,062,650
	Impact of foreign exchange on cash balances		**329,291**	-
			48,444,604	41,293,832
(k)	**Changes in other balances with CBN**			
	AGSMEIS Account			
	At 1 January	**16**	**109,190**	109,190
	Movement for cashflow purposes		**63,472**	-
	At 31 December	**16**	**172,662**	109,190
(l)	**Adjustment for non-cash exchange differences**			
	Unrealised exchange difference on borrowings	**26**	**(240,716)**	(2,031,084)
	Net impact of foreign exchange on cash balances	**40(j)**	**329,291**	-
			88,575	(2,031,084)

	2019		2018	
	N'000	%	N'000	%
Gross earnings	**44,587,271**		34,653,783	
Interest expense	**(19,454,646)**		(15,535,823)	
	25,132,624		19,117,960	
Bought in materials and services				
Local	**(8,374,321)**		(9,354,148)	
Net Impairment losses on financial assets	**(1,921,923)**		(5,958,492)	
	14,836,380	**100**	3,805,320	**100**
Applied to pay:				
Employees:				
Wages, salaries and pensions	**9,436,816**	64	9,980,645	254
Government				
Taxes	**258,923**	2	258,923	7
To be retained in the business for expansion and future wealth creation:				
Depreciation	**1,708,636**	12	1,296,491	33
Amortisation	**48,817**	0	81,885	2
Profit/(loss) for the year	**3,383,189**	23	(7,695,320)	(196)
	14,836,381	**100**	**3,922,624**	**100**

STATEMENT OF FINANCIAL POSITION

	31 DECEMBER		31 DECEMBER		
	2019	2018	2017	2016	2015
	N'000	N'000	N'000	N'000	N'000
Assets		Restated	Restated		
Cash and balances with Central Bank	**14,209,138**	9,340,372	5,675,461	51,129,061	27,587,476
Due from banks	**33,725,276**	32,062,650	15,620,573	9,324,758	18,579,346
Loans and advances to customers	**104,017,725**	44,096,959	8,958,127	277,214,521	246,143,129
Financial investments – held-for-trading	**-**	76,662,150	58,703,358	97,063	110,633
Debt instruments at fair value through other comprehensive income	**87,262,055**	-	-	-	-
Equity instruments at fair value through other comprehensive income	**-**	25,660,268	20,271,961	-	-
	-	-	-	26,152,264	43,114,403
Financial investments – available-for-sale pledged as collateral	**-**	-	-	33,023,297	17,138,888
Financial investments – held-to-maturity	**-**	-	-	26,211,318	25,239,272
Debt instruments at amortised cost	**29,209,131**	-	-	-	-
Other assets	**2,528,985**	20,602,236	4,114,322	9,353,166	6,391,066
Property and equipment	**21,963,559**	80,866	21,501,055	22,800,643	18,968,143
Goodwill and other intangible assets	**136,201**	2,295,340	112,324	16,766,392	16,920,408
Deferred tax assets	**-**	-	-	20,609,164	19,666,769
Non current assets held for sale	**-**		-	-	3,461,478
TOTAL ASSETS	**293,052,070**	210,800,841	134,957,181	492,681,647	443,321,012
Liabilities and Equity					
Liabilities					
Due to other banks	**108,240,698**	100,347,202	42,957,842	50,195,162	40,531,041
Due to customers	**257,691,182**	247,630,264	252,310,468	264,196,344	231,440,942
Borrowings	**183,303,723**	126,211,139	80,546,363	81,908,685	70,294,256
Current tax liabilities	**621,306**	501,187	710,127	644,509	613,373
Other liabilities	**22,044,718**	20,451,210	29,303,657	12,504,349	17,781,333
Employee benefit liabilities	**6,331**	34,493	44,810	125,618	85,536
Total liabilities	**571,907,958**	495,175,495	405,873,267	409,574,667	360,746,481
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	**12,437,215**	11,929,737	11,929,737	11,929,737	11,602,168
Retained earnings	**(374,443,951)**	(377,319,662)	(367,417,645)	(275,980,402)	(117,270,296)
Non Distributable Regulatory Reserve	**-**	-	-	263,788,438	103,222,105
Other reserves	**66,820,308**	64,684,730	68,241,281	67,038,667	68,690,015
Total equity	**(278,855,888)**	(284,374,654)	(270,916,085)	83,106,980	82,574,531
Total liabilities and equity	**293,052,070**	210,800,841	134,957,181	492,681,647	443,321,012

PROFIT OR LOSS

	31 DECEMBER		DECEMBER		
	2019	2018	2017	2016	2015
	N'000	N'000	N'000	N'000	N'000
Total operating income	**25,132,625**	19,117,960	54,473,045	64,111,448	59,186,622
Operating expenses	**(19,568,590)**	(20,713,169)	(24,460,756)	(26,346,421)	(29,721,773)
Impairment losses	**(1,921,923)**	(5,958,492)	(44,254,863)	(35,948,596)	(27,122,182)
Profit before taxation	**3,642,112**	(7,553,702)	(14,242,574)	1,816,431	2,342,667
Current taxation	**(258,923)**	(141,619)	(356,030)	(575,028)	(582,791)
Deferred taxation	**-**	-	(319,334)	942,395	2,929,281
Profit/(Loss)after taxation	**3,383,189**	(7,695,320)	(14,917,938)	2,183,798	4,689,157
	3,383,189	(7,695,320)	(14,917,938)	2,183,798	4,689,157
Earnings per share (basic)	**28.94**	(65.83)	(127.62)	18.68	12.34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ENTERPRISE RISK MANAGEMENT DISCLOSURE

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 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 risks

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**

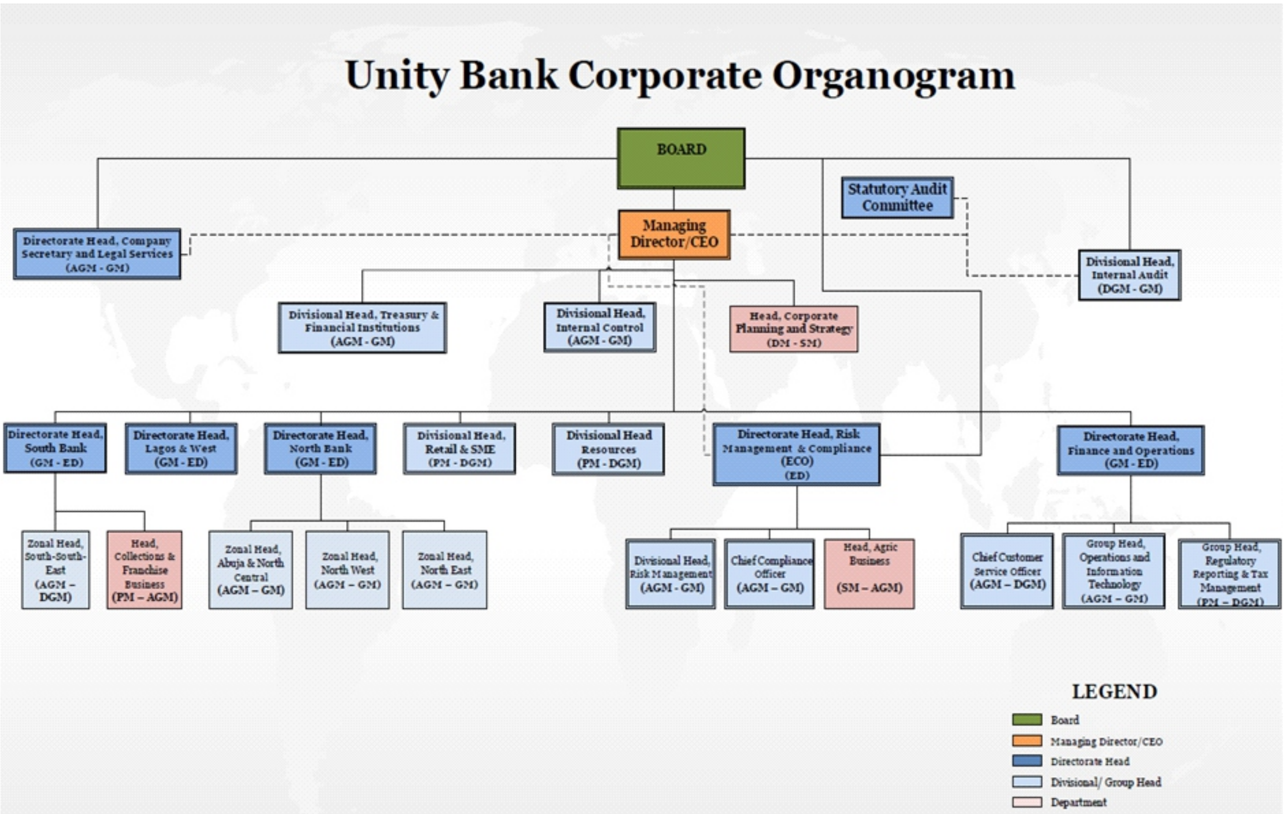
Communication, monitoring and review ensure that the important information generated by the risk management process is captured, used and maintained.

UNITY BANK'S ENTERPRISE RISK STRATEGY

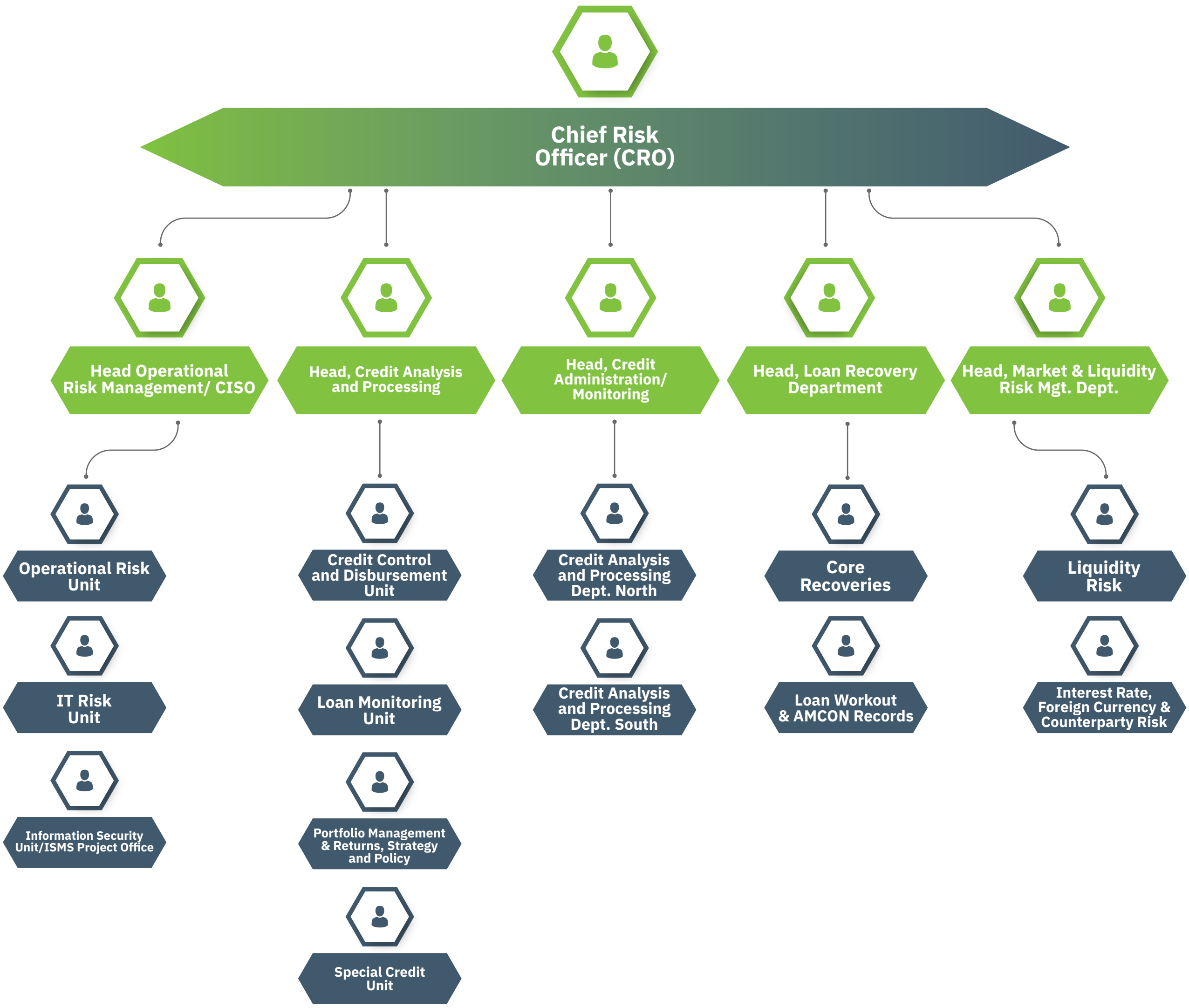
The following risks are directly managed by the bank:

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.

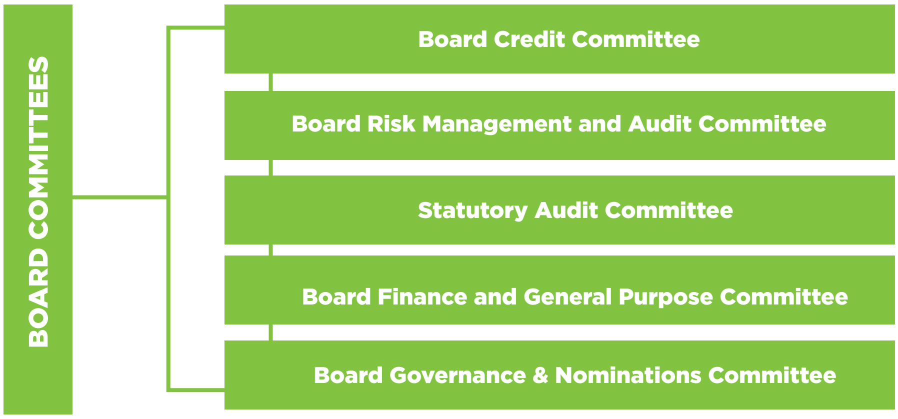


NEW ENTERPRISE MANAGEMENT STRUCTURE



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, set the tone and provide strategic direction for the management of risk across the groups. Management Standing Committees are as set out in the corporate governance section above.



Risk Management Departments and their Key Functions:

1. 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.
- The proposed 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.

2. 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.

3. Credit Administration

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

Credit Risk Control:

- Conveyance of credit decisions
- Processing availment of credit facilities, including contingents – Ensuring Compliance with approved facility terms and conditions.
- Controlling Portfolio and Concentration Limits
- Ensuring compliance with Credit Policy and Processes.
- Provide Secretariat for EXCO (Credit) – Collection and Distribution of Credit Papers, Production of Minutes of EXCO (Credit) Meetings, Ensuring the processing of credit related requests to appropriate approval levels,

- Management of Credit Files – Proper filing, Completeness, integrity and safe custody.
- Management of Credit Offences Disciplinary Process.

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 ₦5Bn	Above ₦1Bn	Above ₦2.5Bn
BCC	Above ₦4Bn – ₦5Bn	Above ₦750M - ₦1Bn	Above ₦2Bn - ₦2.5Bn
EXCO	Above ₦3Bn – ₦4Bn	Above ₦250M - ₦750M	Above ₦1Bn - ₦2Bn
MD/CEO	Above ₦1Bn – ₦3Bn	Up to ₦250M	Up to ₦1Billion
ED in charge of Business Directorate with concurrence of Chief Risk Officer	Above ₦100M – ₦1.0Bn	-	-
Zonal Managers	Up to ₦100M	-	-

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 or zones.

4. 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

- Macroeconomic 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

5. Operational Risk Management

Operational Risk Management Department reports to Divisional Head, Risk Management and has the following roles:-

- Coordinate the evolution of ERM Policy and custodian of same bank-wide
- Coordinate effective implementation of ERM policies in all the core risk areas of the Bank including Credit Risk, Market Risk, Operations Risk and Compliance Risk Management.
- Carry out self-assessment of the Bank's enterprise risk management framework and initiate process for gap remediation.
- Coordinate internal and external review of the Bank's ERM policies and remediation of identified gaps.
- Oversee and coordinate specific risk policy implementation and compliance with respect to Strategic Risk and 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.

6. 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 Business units 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.

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 cum contingent exposures are approved by the Board.
- Such approval limits include credit approval, placement of interbank funds, dealers' limits, posting of transactions, payment of cash, expense limits, amongst others.
- The authorities are personalized for skill-based sensitive job-roles that require high level of judgment and discretion.

1.2 DISCLOSURE

In compliance to the 3rd 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 are assessed using methods that reflect the peculiarity and complexity of the Bank's business. Another key factor considered in measuring Pillar II risk is the materiality principle.

2.1 KEY RISK EXPOSURES

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

- Credit Risk
- Market Risk
- Operational Risk

2.1.1 CREDIT RISK

It is the likelihood that a borrower or counterparty will fail to meet his/her obligations according to the agreed terms thereby resulting in a loss for the Bank

The Bank's primary business is that of financial intermediation hence credit risk forms a major part of its risk assets portfolio. The standardized approach was used to measure the credit capital requirement.

Measurement and Assessment

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

i. Historical Experience and Hindsight

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

ii. Credit Search

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

iii. Internal Credit Risk Rating-based lending

A key quantitative measure used by Unity Bank for credit evaluation is the internal risk rating and scoring system. This helps the Bank to determine the likelihood of default and grade the risk associated with a credit facility. The overall rating is a combination of scores from the Entity and transaction aspects. Credit risk rating is an integral part of the loan approval process.

The Bank currently operates nine (9) risk rating buckets which determines the risk premium associated with each credit facility. This is shown in the table below:

SCORE	RATING	MEANING	CHARACTERISTICS	Risk Premium (% per annum)
85 and above	AA+	Exceptional	High levels of financial reporting, corporate governance and legal/regulatory compliance. Customer operates in preferred economic sector and has excellent security fall back.	*0*
80-84	A+	Very High Quality	Acceptable levels of financial reporting, corporate governance and legal/regulatory compliance. Customer operates in preferred economic sector and has strong security fall back.	*1*
75-79	A	*Minimum Risk*	Acceptable levels of financial reporting, corporate governance and legal/regulatory compliance. Customer operates in preferred economic sector and has strong security fall back.	*2*
70-74	B+	Above Average	Medium to low levels of financial reporting, corporate governance and legal/regulatory compliance. Customer does not operate in preferred economic sector but has good security fall back.	*3*
65-69	B	Average	Medium to low levels of financial reporting, corporate governance and legal/regulatory compliance. Customer does not operate in preferred economic sector but has good security fall back.	*4*
60-64	C+	Acceptable Risk	Low levels of financial reporting, corporate governance and legal/regulatory compliance. Customer does not operate in preferred economic sector and does not have good/preferred security fall back.	*5*
55-59	C+	Average	Not strong on all the applicable fundamentals. To be accepted only on strength of stronger Credit Risk Mitigants (CRMs) or other strong justification(s), including compelling business and relationship considerations as applicable.	*6*
50-54	D+	Watchlist	Not strong on all the applicable fundamentals. To be accepted only on strength of stronger Credit Risk Mitigants (CRMs) or other strong justification(s), including compelling business and relationship considerations as applicable.	*7*
45 - 49	D	Watchlist	Not strong on all the applicable fundamentals. To be accepted only on strength of stronger Credit Risk Mitigants (CRMs) or other strong justification(s), including compelling business and relationship considerations as applicable.	*8*
Below 45	E	Unacceptable Risk	Should normally not be accepted until the relevant fundamentals are addressed to bring the rating within any of the bands above.	*Not recommended*

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 rating 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:

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

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
PP_t = 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

2.1.2 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 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 impact the bank.

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

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

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

Measurement and Assessment

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

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

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

Controls and Mitigation

The Bank minimizes exposures to losses caused by adverse movements of market factors by setting defined limits of relevant Treasury Instruments. However, the Bank's exposure to Foreign Exchange rate risk in trading is mitigated through a market neutral strategy in other words, by maintaining a daily Foreign Currency Square Position.
Unity Bank considers the effect of currency risk on the banking book and measures it as balance sheet balance level by matching all FX denominated assets against liabilities of similar and /or other foreign currency.

The other ways it is measured include:

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

2.1.3 Operational Risk

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

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

Sources of Operational Risk

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

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

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

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

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

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

S/N	UNITY BANK NAME	CHARACTERISTICS
1	Fraud by insiders	Losses caused by act intended to defraud, misappropriate property or circumvent regulations, law or company policy. e.g. employee theft, insider trading on an employee's own account, intentional misreporting of positions.
2	Fraud by outsiders	Losses caused by acts of an outsider or third-party with intention to defraud, misappropriate property or circumvent the law. e.g. robbery, forgery, cheque kitting, loss or damage from computer hacking.
3	*Staff welfare/Employee relations management risk*	Losses arising from acts inconsistent with employment, health, or safety laws or agreements eg, losses from litigations by ex-staff on termination, payment of personal injury claims, discrimination claim payments etc.

S/N	UNITY BANK NAME	CHARACTERISTICS
4	Relationships and products management risk.	Losses arising from relationship management failures unintended or due to negligence, breach of contracts, product failures, money laundering violations etc e.g. litigations arising from customer information disclosure.
5	Process errors and failure risk	Losses arising from failed transactions, errors in processing, accounting errors, un-reconciled balances, human capital competence and attitude issues.
6	*Business disruption and system failures risk.*	Losses attributable to system failures, communication failures, software failures, system downtime, etc.
7	*Damage to physical assets*	Losses arising from damages or outright loss of assets due to natural events like fire, flood, rain or thunderstorms, terrorism, vandalism, earthquakes, civil unrest.

The framework for risk registration and loss data management has also been set up.

Business Lines Mapping of loss data has been integrated into the loss data and risk registration framework.

The Bank has adopted the modified Basic Indicator Approach to measure its exposures to operational risk. Results of the measurement are contained below as part of the disclosure requirements.

Key Risk Indicators have been identified as proxies to measure the potential exposure to operational risk by the Bank.

Loss Events data base is being built up accordingly.

Identification

Risk Identification is the first step in the proactive risk management process. It provides the opportunities, indicators, and information that allows an organization to identify major risks before they adversely affect operations and hence the business.

In Unity Bank, several methods and tools are used to identify potential operational risk events. These include the following core components:

Risk Process Mapping

The Bank carries out process re-engineering periodically, at least on annual basis, through process mapping exercise. The objective of this exercise is to ensure that the Bank's processes and procedures are nimble and efficient and they are embedded with adequate controls within the Bank's risk appetite and risk tolerance limits.

Risk and Control Self-Assessments (RCSA)

This is a tool for acquiring information about business process risks, while empowering the process owners to take responsibility for identifying and mitigating those risks. It allows central operational risk managers to reassure themselves that staff members are acting in the desired manner. The objective is to identify, assess and report control deficiencies in people, process and system which constitutes the risk vulnerability areas and ensure compliance with control measures with a view to mitigating identified risk exposures.

Key Risk Indicators (KRI)

Key Risk Indicators is being used as proxy to measure and monitor operational risk exposure of the Bank periodically. A compendium of the Bank's Key Risk Indicators for operational risk shall be originated by Operational Risk Management Department.

They help keep the operational risk management process dynamic and risk profiles current. Key Risk Indicators (KRIs) serve as parameters, which focus on business processes/activities to predict upcoming changes in the operational risk profile of the business processes/activities.

Delphi Sessions

Delphi sessions are a type of Risk Self-Assessment during which brainstorming sessions are held with subject-matter experts, in this case, Heads of Business Units and Operational Risk Managers to identify, measure and analyze the risks inherent in business unit's activities/products and draw up controls aimed at reducing the risks. The goals of the Delphi Sessions and RCSA are to continuously assess changing market and business conditions and evaluate all operational risks impacting the business. The self-assessment process assists in identifying emerging operational risk issues and determining how line of business should be managed.

Internal Loss Data

This helps develop a better understanding of an organization's true exposure, based on objective observation. It also aids in the identification of root causes which helps operational risk managers to implement a framework for continuous optimization of the control environment. Collecting loss data helps an organization measure risk and quantify capital.

Scenario Analysis

Scenario Analysis is the assessment and management of the exposure to high severity low frequency events based on plausible scenarios. It focuses on extremes and is not limited to financial impact alone.

Reporting

Operational risk reports are produced on both a regular and on an adhoc basis. The reports include a profile of the key risks to business units' achievement of their business objectives, relevant control issues and operational risk incidents. Specific reports are prepared on a regular basis for the relevant business unit, internal control and management executives. The reports to BRMC is quarterly while the ones for the SBU's are monthly.

Measurement/Assessment

The Bank adopted the Basic Indicator Approach for the measurement of its exposure to operational risk. However, for day-to-day granular analysis, the following framework is adopted to analyse operational risk events:-

Risk Event Classification

- Frequency/Likelihood of Occurrence
- Impact of the loss
- Incident Event Analysis
- Cause and Effect Analysis
- Risk Quantification and Prioritization
- Assignment of scores and weights to identified risks
- Analysis of Loss Event Data (Historic Losses)

The assessment outcomes need to be validated through comparison to actual internal loss experience and relevant external data available to make appropriate adjustments.

Below is the Bank's scoring grid for risk quantification.

Likelihood			Impact			Overall Risk Rating			
*Likelihood	Rating	Frequency	Consequence	Rating	Financial Loss (N'000)	Risk Level	Risk Weight	% Risk Weight	Risk rating
Rare	1	30 yrs or more	Insignificant	1	≤ N 10	0.1 - 1.0	0.02 - 0.2	2-20%	Very Low
Unlikely	2	3 - 30 yrs	Minor	2	> N 10 ≤ N 50	1.1- 2.0	0.22 - 0.4	22-40%	Low
Often	3	1 - 3 yrs	Moderate	3	> N 50 ≤ N 500	2.1- 3.0	0.42 - 0.6	42-60%	Mod erate
Likely	4	Yearly	High	4	> N 500 ≤ N 5,000	3.1- 4.0	0.62 - 0.8	62-80%	High
Expected	5	Monthly	Massive	5	> N5,000 ≤ ≤ N 25,000	4.1- 5.0	0.82 - 1	82-100%	Very High
*Likelihood - the frequency of an event happening without controls									

Mitigation

The Bank has a standard procedure for the management of operational risk across the spectrum of its business operations.

Consequently it operates a 3-line of defence model to address operational risk through:-

- Business Line Management where businesses are responsible for ensuring that a risk and control environment is established as part of the day-to-day activities;
- Operational Risk Unit and Internal Control Group within the Enterprise Risk Management Directorate, Human Capital Department, Financial Control Department and Compliance Group who together set boundaries by drafting and implementing policies and procedures;
- Internal Audit Group is responsible for providing independent, objective assurance and consulting activities to improve the bank's operations.

Also, the Bank performs testing and certification of the adequacy and effectiveness of controls and compliance using the approved Operational Risk Policy.

1.1.1 Information Technology (IT) Risk

Information Technology Risk is defined as the risk of loss from breaches in the confidentiality, integrity and availability 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."

1.2 PILLAR II RISKS

1.2.1 Credit Concentration Risk

The Bank recognizes losses by virtue of concentration in credit. This may arise from uneven distribution of the

Bank's loans to individual borrowers, a group of related parties or an industry/geographical location.

Identification

Concentration risk is identified in the following areas of the Bank:

- Credit concentration to individuals/sectors/geographical location.
- Off balance sheet items
- Liability generation(deposits)

Measurement and Assessment

The Bank adopts the following approach in measuring credit concentration risk:

1. *Portfolio Analysis*

The Bank has a sound Portfolio Management/Monitoring unit, that monitors and reports the composition of the credit portfolio. The control mechanism involves monitoring actual sectorial exposure and performance against set internal limits or regulatory threshold. Where necessary, breaches on limits are reported via periodic reports to Executive Management.

2. *Herfindahl Hirschman Index*

The Bank computes the HHI for its credit exposures. This index measures the size of a firm in relation to its industry. It is veritable for monitoring portfolio concentration and in the calculation of additional capital required.

Controls and Mitigation

The following measures are put in place to control the Bank's concentration risk:

- Large exposures policy: This will place some kind of limit on the exposure amount to a particular counterparty and/or sector.
- A stop lending decision which may be induced by breaches in certain regulatory thresholds like sectorial limits and capital adequacy.

1.2.2 Interest Rate Risk in Banking Book

Interest rate risk in the banking book (IRRBB) more specifically refers to the current or prospective risk to the bank's capital and earnings arising from adverse movements in interest rates that affect the institution's banking book positions. It is the risk that the amount of net interest income obtainable at unchanged interest rates may not be attained given an adverse change in market interest rates. It is as a result of exposures of the bank to Long-term investment, held to maturity, securities not marked-to-market etc.

Identification

IRRBB is identified in the Bank's book mainly through the following:

- Repricing risk: risks related to the timing mismatch in the maturity and repricing of assets and liabilities and off balance sheet short and long term positions.
- Yield curve risk: risks arising from changes in the slope and the shape of the yield curve for bonds and securities.

IRRBB Measurement

The Bank measures and manages its IRRBB risk by:

- Designing IRRBB measurement methodologies, e.g. Periodic Gap Analysis between our assets and liabilities. The measurement is by allocating the interest earning Asset timing of cash flows and maturing interest bearing liabilities (e.g. non-maturity and volatile deposits, etc.)
- Establishing behavioural assumption mechanism and conduct behavioural model validations, e.g. non-maturing liability assumptions and effective maturity of the assets and equities
- Designing IRRBB stress testing methodologies with simple scenarios.

Control and Mitigation

The management of Interest Rate Risk in the Banking Books is driven through periodic reviews by Assets-Liability Management Committee that comes up with policy directives on the type of deposits to take and those to deemphasize in order to manage down the Bank's re-pricing gap.

In managing banking book domiciled interest rate risk, the Bank's loan book is priced on a floating interest rate basis, referenced to changes in general market conditions.

The Bank minimizes exposures to losses caused by adverse movements of market factors by setting defined limits on Instruments.

1.2.3 Strategic Risk

This is the risk of a possible loss that might arise from the pursuit of an unsuccessful business plan or strategy.

The factors resposible for this kind of risk include poor business decisions, substandard execution of decisions, inadequate resource allocation, failure to respond well to changes in the business environment.

Poor implementation of the selected strategy/business plan could also expose the Bank to loss.

Identification

Strategy risk in the Bank is identified in its recent relocation to Lagos to play in the commercial head quarters of the country. Another major reflection is the Bank's recent strategic business focus which is retail banking. This comes with significant risks in areas of product design, deployment and resource requirements for successful implementation.

Measurement, Management and Mitigation

The Bank in a bid to reposition itself in line with achieving the maximum benefits of its new retail strategy, moved its headquarters to Lagos. As a commercial hub, Lagos represents a market waiting to be exploited.

The risk therein in this relocation was managed with strategic hires and a recently revamped business process now driven by young and qualified professionals. The Bank hopes to penetrate the market with excellent service quality and competitive interest rates. There is also a dedicated SME and Retail team charged with churning out retail induced products launched into the Lagos market.

The Bank also has a dedicated team called Strategy and Corporate Development Department. Their core function is to regularly monitor indices and market trends that relate to the Bank's business/strategy and measure the milestones against the target strategy impacts. The department reports to the MD/CEO through the Chief Finance Officer (CFO) of the Bank for timely and appropriate response.

Management of this risk is done with guidance from Strategy policy that guides the Bank as to its risk indicators and their treatment methodology.

1.2.4 Reputational Risk

The risk is the potential that negative perceptions of the Bank's conduct or business practices will adversely affect profitability, operations or customers and clients. The Bank is exposed to the risk of adverse perception of image on the market, adverse publicity or susceptibility to market rumours.

Identification

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

Another source of reputational risk is the lack or inadequate processes/policies to manage financial crimes. In responding to the challenges posed by reputational risk on a daily basis, the bank through its Strategy and Corporate Communications Departments is working to put in place a reputational risk framework to properly analyze, manage and communicate reputational risk factors.

The potential factors, which affect the Bank's reputational risk profile include:

- Regulatory actions against the Bank
- Banking products and services are identical hence when a customer is unable to differentiate between Unity Bank's products from other banks' products; it constitutes reputational risk.
- The services rendered by our front desk officers can also contribute to the reputational risk.

The above risk can result in reputational loss as follows:

- Loss of current or future customers
- Loss of public confidence
- Exodus of employees leading to an increase in hiring costs, or staff downtime
- Reduction in current or future business partners
- Regulatory sanctions
- Increased costs due to government regulations, fines, or other penalties
- Loss of banking license

Management and Mitigation

The Bank has a dedicated Corporate Communication department, which amongst other functions, systematically monitors all forms of media information relative to the Bank and by so doing manages reputational risk. Unity Bank has a business philosophy and a strong culture of strict adherence to regulations and compliance standards to help maintain a sound reputation in the market.

Appointment of Chief Customer Care Officer at Management level is being done subsequent to year-end to ensure that customer satisfaction is given the top most drive.

The Bank also has a Customer Care and Total Quality Management Departments that are saddled with the responsibility of reviewing the processes to make them more customer friendly without compromising risk management.

The Bank hired Price Water House Coopers to review its processes which has been completed. We are now at implementation stage. Expectedly, the implementation will see the Bank's service promise delivered seamlessly in all areas without exception.

1.2.5 Legal Risk

Legal Risk refers to the Risks of loss from the nature of the Bank's contractual agreements. Legal risk is inevitable in the banking industry due to the nature of the relationships and businesses that Banks engage in. It constitutes the array of legal consequences that flow from the relationships and businesses that the Bank undertakes which might result in financial or reputational loss to the Bank.

Identification

The risks may arise from breach of laws and regulations, legal actions or disputes for or against the Bank as well as failure to adhere to contractual agreements or inadequate management of non-contractual rights and obligations by the Bank.

Measurement and Assessment

The Bank critically and proactively evaluates its actual or potential legal risks with a view to ascertaining and adopting the best cost effective approach in resolving them. These risks are assessed by considering the facts and nature of the relationship or transactions that gave rise to the dispute, the relevant laws relating to the disputes, the extent of the claims or the amount of claims and damages involved, its impact on the Bank's financial position and the Bank's chances of success in the dispute.

Control and Mitigation

All exposures to legal risks are being managed by the Bank on a proactive basis and the Bank has formal policies and controls for managing and mitigating its legal risks. These include:

- Review of all relevant laws, regulations and pronouncements made by the relevant regulatory authorities and apply them to Bank's businesses and relationships.
- Review of all Agreements involving the Bank and documents for facilities by Legal Department to ensure that the Bank is adequately protected and that they are in conformity with the Bank's policies, and relevant laws and regulations.
- Critical review of all disputes involving the Bank to ensure that the best effective approach is adopted in resolving them.
- Engaging skilled and competent solicitors to handle all litigation matters and where necessary, other non-litigation matters for the Bank.
- Actively support the solicitors with the necessary information and documents and follow up on the matters to ensure effective representation.
- Constant monitoring of all pending legal disputes to prevent avoidable loss to the Bank.

1.2.6 Liquidity Risk

Liquidity Risk is defined as the risk to a Bank's earnings and capital arising from its inability to meet obligations as and when due and at reasonable cost. This risk can expose the Bank to litigation, financial loss, or damage to its reputation. In the extreme, it could lead to the collapse of the institution.

Identification

The Bank identifies Liquidity Risk through a combination of risk appetite definition and risk response framework. In identifying Liquidity Risk, the bank puts the following factors into consideration;

- Regular review of treasury division position in terms of liquidity. Searchlight on the Bank's adequate level of highly liquid marketable securities free of legal or operational impediments that can be used to meet liquidity needs in stressful situations.
- Fund volatility.
- Size and structure of off-balance sheet exposures.
- Concentrations in deposit/risk assets.
- Ability to attract funding from the market at short notice and at reasonable cost.

Measurement and Assessment

The bank has adopted global best practices, specifying common standards in measuring and managing Liquidity Risk. This standard is characterized by

- Maturity Liquidity Gap Analysis
- Scenario Analysis
- Analyses of the diversification on Funding sources
- A Liquidity Policy that stipulates methodology, processes & responsibilities.

There is no single number like Value-at-Risk (VaR) to measure Liquidity Risk rather controlled and monitored.

Control and Mitigation

Unity Bank Plc's Treasury Marketing Department manages the Bank's liquidity daily while the Market and Liquidity Risk Department carries out strategic measurement, reporting and monitoring of the risk. The Assets and Liability Committee (ALCO) co-ordinates these efforts and ensure that the Bank's Liquidity is at optimal level at all time.

The measures include;

1. Limit System and Limit Breach escalation processes.
2. Balance Sheet Trend Analysis. This report shows senior management a snap shot of the bank's key ratios performance in terms of capital, liquidity, asset quality, concentration, which have regulatory implications if there is a breach of these key ratios to avoid earnings reduction via regulatory sanctions.
3. The day –to –day strict monitoring of the Treasury interbank placement with counterparties to ensure the bank's capital is protected. The measure restricts the dealers to work with the allocated capital for trading in line with the Banks risk appetite. However, the Bank was not a regular player in the Market.
4. An existing Contingency Funding Plan.

1.3 OTHER RISKS

These risks are neither directly connected to Pillar I nor Pillar II risks. The Bank does not consider them material enough to be quantified or assessed for capital using notional amount. They are however worthy of mention.

RISKS	SPECIFICATION	CONTROLS
Outsourcing Risk	The risk of loss by virtue of third party dependency on supplies, software, connectivity and other banking activities including outsource staff recruitment.	Formal evaluation of performance of its vendors. Properly executed service level agreement and contract.
Compliance Risk	Risk of loss as a result of failure to comply with laws, regulations, codes of conduct and standards of good practice that are applicable to Banks.	Establishment of dedicated regulatory Compliance Department, AML/CFT trainings, improved record keeping and regulatory compliance sensitization

RISKS	SPECIFICATION	CONTROLS
Key Staff Risk	Risks of loss by virtue of excessive dependency on a staff.	Proper succession plan, knowledge sharing and stringent leave policy implementation

2.4 BUSINESS CONTINUITY

The need to ensure an acceptable level of operational continuity of the Bank's core services, processes and supporting infrastructure is imperative to the fulfilment of its objectives. Threats such as natural disasters (fire, flood) and other unexpected business interruptions (loss of personnel, terrorism, malicious attacks on systems) have the potential to disrupt the business operations of the Bank hence pose a risk. However where these threats crystallize, the consequences may be dire which eventually will require the activation of the Bank's Disaster Recovery and Business Continuity Plan.

Identification, Measurement and Mitigation

The Bank's business continuity policy and disaster recovery plan provides both protection to the Bank's continued operations and an assessment of potential costs. These documents stipulate the roles and responsibilities of relevant stakeholders in responding, communicating and reporting incidents in the event of a disruption. The Bank also has an evacuation team represented by the fire marshals and security team responsible for effective evacuation of personnel in the event of a fire incident.

Restoration of applications and any disrupted IT service is the responsibility of the IT recovery team. Simulation of an evacuation process is tested periodically to identify failure points and resolution of the observed weaknesses to improve the continuity levels.

Priority is usually given to more crucial threats when assessing their potential impacts. The invocation of the Disaster Recovery and Business Continuity Plan in the event of a severe disaster with widespread implications has been considered, although the circumstances of invoking the plan are likely to be less severe.

3 CAPITAL ADEQUACY

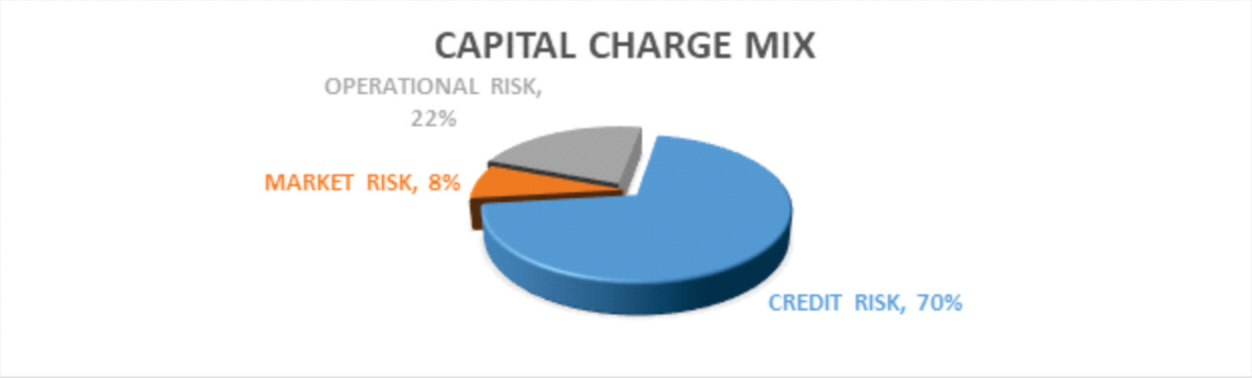
Capital Adequacy has become a key part of the regulatory assessment especially after the global financial meltdown. The Bank's regulatory capital requirement was computed in compliance with the CBN regulatory framework for Basel II Capital Adequacy. This primarily covers the Credit, Market and Operational Risks. In line with the New Regulatory framework for Prudential Supervision of Nigerian Banking System, Unity Bank adopted the Standardized Approach for Credit and Market risks and Basic Indicator Approach (BIA) for Operational risk measurement.

3.1 REGULATORY CAPITAL

The Bank's regulatory capital requirement for the year ended December 31st, 2019 as provided for by the 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	91,264,539,015	9,126,453,902
MARKET RISK	12,655,149,803	1,012,411,984
OPERATIONAL RISK	35,518,747,500	2,841,499,800
TOTAL	**139,438,436,318**	**12,980,365,686**

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 N91.26bn. Operational and Market RWA accounts for N35.51bn and N12.65bn respectively. The dominance of credit risk is emphasized in the chart below:



Credit risk contributes a significant 70% of the Bank's total capital charge, while Operational and Market risk accounted for 22% and 8% respectively.

3.1.1 Credit Risk Regulatory Capital Assessment

In line with the regulatory dictates of the CBN, supervisory risk weights are used to compute the risk weighted assets for credit risk after adapting the Bank's loan book to the required claim types. This is also in compliance with the standardized approach currently used nationwide for the measurement of credit risk. Credit risk assets is made up of on and off balance sheet items. The on balance sheet items are inclusive of the actual loans granted and exposures to central government and other bodies with credit risk inclinations.

The total on balance sheet credit risk exposures as at December 31, 2019 stood at N297bn.

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%	126.48	126.48	-
A+ to A -	20%	-	0	-
State Govt and LA's		-	-	-
A+ to A -	20%	3.13	3.13	0.63
Unrated	100%	-	-	-
PSE's		-	-	-
	100%	-	-	-
Supervised Institutions		-	-	-
AAA - AA -	20%	32.61	32.61	6.52
Corporate		-	-	-
Unrated	100%	103.34	24.15	24.15

DETAILED ON BALANCE SHEET ANALYSIS (N'BN)				
Exposure class	Risk Weights	Exposures Before CRM	Exposure after CRM	Total RWA After CRM
Regulatory Retail		-	-	-
	75%	1.67	0.90	0.68
Residential RE(RRE)		-	-	-
	75%	0.11	0.11	0.08
Commercial RE(CRE)		-	-	-
	100%	0.36	0.36	0.36
Past Due Exposures		-	-	-
Other than RRE	150%	0.05	0.05	0.08
	100%	-	-	-
RRE	100%	-	-	-
	50%	-	-	-
Other Assets		-	-	-
	0%	-	-	-
	20%	-	-	-
	100%	29.53	29.53	29.53
Total		**297.27**	**217.31**	**62.02**

Upon application of credit risk mitigants and risk weights, the total RWA obtained is N62bn.

The following table shows the various off balance sheet balances, credit conversions factors, credit equivalent and the RWA's as at December 31, 2019.

DETAILED OFF BALANCE SHEET ANALYSIS (N'BN)					
Contingents	Notional Amount	CCF	Credit Equivalent	Risk Weight	RWA
Certain Transaction Related Contingents	6.51	20%	1.30	100	1.30
Corporate and other Persons	56.29	50%	28.14	100%	28.14
OTC Derivatives Transactions					
Supervised Institutions		100%		20%	
Total Off Balance Sheet	**62.80**		**29.45**		**29.45**

The total off balance sheet notional amount before credit conversion was N62.8bn from transaction related contingents and derivative transactions. Credit conversion factors were applied to the notional amount to reduce the exposure to N29.45bn. A total off balance RWA of N29.45bn 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 (N91.46bn) equals the total RWA for credit risk.

3.1.2 Market Risk Regulatory Capital Assessment

Market Risk assessment was done using the Standardized approach. The capital computation is only on currency risk exposures, on the Banking Book as shown in an extract from the CBN template below:

FX & Gold Capital Computation

Item	Amount
Net Open Position (NOP) in FX (Using Shorthand Method)	12,655,309,979
Net Position in Gold	-
Total NOP in FX & Gold	12,655,309,979
RWA	**12,655,309,979**
Capital Charge on Foreign Exchange Risk	1,012,424,798.40

The net open position after regulatory conversions (Higher of Aggregate Net Long/Short) stood at N12.66bn which represents Foreign Exchange RWA. The Capital Charge was simply 8% of the Market Risk RWA totalling N1.012bn.

3.1.1 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 N56bn as shown in the table below:

INCOME UNITS	2019	2018	2017
Interest Income	35,947,977,000	29,505,960,000	42,374,576,000
Interest Expenses	19,420,843,000	15,535,823,000	35,452,651,000
Net Interest Income	**16,527,134,000**	**13,970,137,000**	**6,921,925,000**
Net Non-Interest Income			
Fees and Commission Income	4,977,761,000	2,301,812,000	1,683,742,000
Fees and Commission Expenses			
Net Fees and Commission Income	**4,977,761,000**	**2,301,812,000**	**1,683,742,000**
Gains/losses arising from sale of trading book facilities			
Unrealised gain/losses on fair value changes of trading securities	-	-	-
Any other operating income (please specify)	3,661,533,000	2,846,012,000	3,939,940,000
Total Net non - interest income	**8,639,294,000**	**5,147,824,000**	**5,623,682,000**
Total Gross Income	**25,166,428,000**	**19,117,961,000**	**12,545,607,000**
Aggregate Gross Income	**56,829,996,000**		
OpRisk Weighted Assets	**35,518,747,500**		
Operational Risk Capital Charge	**2,841,499,800**		

The total operational capital charge and RWA obtained were N2.84bn and N35.5bn respectively.

3.2 ECONOMIC CAPITAL

This is the capital required to cover for all material risks to which the Bank is exposed. In line with the principle of proportionality of ICAAP, the Bank used simplistic methodologies to assess its economic capital requirement. It is considered more accurate than adopting a notional charge. This computation is done at stress conditions. Economic Capital (EC) is a very important part of the Supervisory Review and Evaluation Process (SREP). All assumptions are well documented.

3.2.1 CREDIT RISK ECONOMIC CAPITAL

In the assessment of internal requirement for credit risk, a Monte Carlo Simulation model was used to obtain a Value at Risk at 99.9% confidence interval. The shock scenarios were used in this model and the result was taken as Unexpected Loss (UL).

The multiplication of the LGD, PD and effective EAD gave the EL which was subtracted from the VaR to obtain the EC.

The summary of the result is shown in the table below:

Portfolio Balance	**106,900,979,053.63**
Portfolio UL	63,418,924,207.40
Portfolio EL	1,370,669,810.43
Credit Portfolio EC	**62,048,254,396.97**

The granular stepwise methodology is well documented.

3.2.2 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	₦ 1,214,817,623.80	₦ 3,693,177.05	1.00	3,693,177.05
USD	$0.00	₦ 0.00	306.50	0.00
GBP	£0.00	£0.00	344.26	0.00
EUR	€ 0.00	€ 0.00	404.58	0.00
Other Currencies	₦ 0.00	₦ 0.00	1.00	0.00
Total				3,693,177.05

As at December 31st, 2019, the Bank's total trading position for fixed income and FX was Nil. In the fixed income market, Unity Bank was only active in the treasury bills trading. The N1.21billion was derived using the absolute market value of Treasury bills Positions.

For the capital computation of interest rate in the Trading Book using Maturity method were concentrated in Zone 1, 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 N3.69mn.

3.2.3 OPERATIONAL RISK ECONOMIC CAPITAL

The sensitivity of a three-year operation loss experience was used for the assessment of operational risk in the absence of complex internal modeling. This simplistic method was achieved with an increase in loss experience by a factor derived from the stress of average earnings growth over three years. The resultant economic capital is shown in the table below:

OPERATIONAL RISK EC

Year	Actual Operational Losses	Near Misses	Total Loss Incident
2017	70,615,610.03	24,040,060.00	94.655,670.03
2018	40,213,472.50	69,293,275.04	109,506,747.54
2019	26,465,692.50	100,919,534.91	127,385,227.41
Highest Lost Incident in 3 years			**127,385,227.41**
Range of growth in gross earnings over preceding 3 years			41%
Up - scale factor (3 yrs. growth in gross earnings)			141%
Operational Risk Economic Capital			**179,613,170.65**

The assessment was done under the following assumptions:

- Near misses are likely occurrences
- Actual losses may indicate direct improvement or deterioration in processes
- Earnings are a function of losses
- Adopting the highest figure represents a stress element
- A scale up in average earnings as a factor represents another level of stress

3.3 PILLAR II RISK ECONOMIC CAPITAL ESTIMATION

These risks were previously described as unquantifiable. However, some form of quantification must be carried out if the Pillar II risks are material to a bank's process. The Bank used simplistic methods to estimate Strategic and Reputational, Legal Risks. Granularity Adjustment was used for concentration risk while scenario testing was used for IRRBB and Liquidity Risk.

3.3.1 CREDIT CONCENTRATION RISK EC

The Bank experiences concentration mainly in credit risk. The sectorial concentration of the Bank's credit portfolio is shown in *Appendix A.* The loan book is heavily concentrated in Agriculture and Public sector. Other sectors range from no concentration to mild concentration.

Zonal concentration is on the high side in the Abuja & North Central Zone with 68% which is attributed to Agriculture loans given to the Anchor Borrowers Programme (ABP). Lagos and South West Zone accounted for 25% while for other Zones, the Bank has deployed measures to encourage increased business.

ZONES	OUTSTANDING BALANCE	CONC
ABUJA & NORTH CENTRAL	73,004,524,922.72	68%
LAGOS & SOUTH WEST	8,415,592,349.56	8%
NORTH EAST	16,777,323,455.00	16%
NORTH WEST	8,224,441,961.48	8%
SOUTH SOUTH/SOUTH EAST	479,096,364.87	0%
Total	**106,900,979,053.64**	**100%**

The Bank measures the additional capital required for concentration risk using HHI and Granularity Approach (GA).

Granularity Approach

The CBN's New Regulatory Framework for Basel II and III implementation provides guidance for the use of the method. It also provides portfolio proportionality values of PD's. The HHI is used along with the portfolio PD, constant of proportionality and the regulatory LGD of 45%. The GA obtained is the capital required. The full methodology is also well documented in the Bank

This method is Foundation Internal Rating Based Approach (FIRB) with the following assumptions:

- ρ = 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	0.187094865
Constant of Proportionality	77%
Total Portfolio	106,900,979,054
Granularity Adjustment	15,400,480,661
Capital Required	**15,400,480,661**

3.3.2 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:

Fixed Interest Rates

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19	
	Overnight	> O/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	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)																					-
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	1,983	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																					-
Total Liabilities and Short positions	-	195,516	124,381	2,484	1,983	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	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 ra	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	(11,448.52)
Parallel Shock down	11,448.52
Steeper Shock (Short rate down & Long rate up)	15,161.22
Flattener Shock (Short rate up & Long rate down)	(15,161.22)
Short rates shock up	(15,740.02)
Short rates shock down	15,740.02

EC= Maximum loss across the interest rate shocks.	**N15.74bn**

The full methodology is reflected in Appendix F of the report.

3.3.3 STRATEGIC RISK EC

In a bid to become the major player in Agricultural (Agric.) Finance, the Bank has actively undertaken guarantee for the various Agric. lending schemes of the CBN. Consequently, there are risks associated with the Bank's on-lending portfolio, which is estimated at ₦102.08 billion. The assumptions made to compute the capital required for this strategy include the following:

- A fraction of the performing Agric. on-lending portfolio will go bad owing to monitoring challenges, harvest, weather and marketing challenges, etc.
- CBN Capital Adequacy classification for contingent liability was adopted
- 15% of performing loan will become substandard
- 50% of substandard will move to doubtful
- 40% of doubtful will be lost
- Sum of lost equal EC
- For agric on-lending transactions, Unity Bank is exposed to the tune of 50% of total lost loan

Upon isolation of loan considered corporate and of core northern origin, the 3 years historical performance of the portfolio was applied to give the following:

MIGRATION		BALANCE	CLASSIFICATION
S/N	Total Agric On - Lending Portfolio	N 102,089,890,888.38	Performing
1	15% - Substandard	N 15,313,483,633.26	Substandard
2	50% of **1** = Doubtful	N 7,656,741,816.63	Doubtful
3	40% of **2** = Lost	N 3,062,696,726.65	Lost
4	50% of 3 = Capital Required	N 1,531,348,363.33	Guaranteed Exposure

3.3.4 REPUTATIONAL RISK EC

The reputational risk assessment was done by using the Bank's share price and share volume as proxy. The data used covered the 12months of 2019 and was applied to the highest 20 counterparties in the Bank's book. A multivariate regression of loss against share price and share volume traded was done at 99% confidence interval and it resulted in an equation:

Y = Intercept + Bx1 +Bx2

Where x1 and x2 are share prices and share volumes traded respectively.
The resultant predictive equation is **Loss= 151,036,994,367.29– x1 (105,152,790,626.42) + x2 303.90**
The EC figure was forecasted with the standard deviation values of share price (1.10) and share volume 1,454,726.00 to yield 18,355,740,147.65.

The highest month on month percentage growth/decline (34%) is applied to get the final economic capital figure of **N44,173,526,030.72.** The assumptions made include the following:

- Standard deviation of variables factors in the risk element
- Zero Collinearity
- Negative movements in shares prices mirrors the effect of reputational damage

Reputational risk will impact heavily on the top 20 counterparties

3.3.5 LEGAL RISK EC

The historical legal data was used in the assessment of Legal Risk. Amount paid out and number cases were considered from 2011 to 2019. 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	12,375,091.92	4.11
1st Stress	b. Standard Deviation of Historical Data	15,228,935.45	4
	c. Highest Absolute % change YoY	125%	125%
2nd Stress	d. Upscale on Standard Deviation	19,036,169.31	4.74
	e. Economic Capital (b+d)	**34,265,104.77**	8.53

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 N**34,265,104.77**.

3.3.6 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).

STRESSED LIQUIDITY-DEC				
CURRENT POSITON	ACTUAL N'M	SCENARIO I N'M	SCENARIO II N'M	SCENARIO III N'M
Cash	4,567.77	4,567.77	4,567.77	4,567.77
CBN Current Account	512.97	512.97	512.97	512.97
INVESTMENTS				
Placements	2,000.00	2,000.00	2,000.00	2,000.00
Nigerian Treasury Bills	80,846.52	66,905	25,458	0
Govt Stock	36,574.99	34,746	32,917	6,861
Current Account With Nigerian Banks	1,313.62	1,314	1,314	1,314
Total Qualifying Liquid Assets	**125,816**	**110,046**	**66,769**	**15,256**
Deposit Liabilities				
Demand Deposits	86,245.91	83,659	79,476	71,528
Savings Accounts	64,506.41	62,571	59,443	53,498
Fixed Deposit Account	107,330.53	101,964	94,827	80,603
CORE DEPOSITS	**258,083**	**248,194**	**233,745**	**205,629**
Net Balances Held For Other Banks	39.31	29	0	0
Net Takings From Other Banks	108,000.00	108,000	97,200	91,800
Total Deposit Liabilities	**366,122**	**356,223**	**330,945**	**297,429**
Liquidity Ratio	**34.36%**	**30.89%**	**20.18%**	**5.13%**
Req. for 35% internal limit compliance	2,326.88	18,096.88	61,373.38	112,887.24
Cost of sourcing deposit to cover the shortfall N'M		1.64	5.55	10.21
OVERNIGHT NIBOR	3.3%			
TENOR	0.0027			
LIQUIDITY ECONOMIC CAPITAL	306.1873			

4 RISK APPETITE

In the pursuit of value for shareholders, the Bank works within certain tolerance risk acceptance criteria. In setting Unity Bank's risk appetite, the need for balance between the concepts of risk acceptance and aversion have been considered. This approach is driven in part by the strategic intent of the Bank to become the Retail Bank of choice and in part by other germane considerations including capital levels, prevalent market conditions, regulatory dictates and the operating environment.

The Bank has a broad categorization of risk laced with its internal ratings and interpretation thus:

CATEGORY	INDICATOR	DETAILS
High Risk Appetite	5	Actively seeking opportunities that have inherent risks that, should they crystallize, may result in reputation damage, financial loss, major breakdown in IT systems/data integrity, regulatory breaches, potential injury to staff and/or customer, etc.
Moderate Risk Appetite	4	Willing to accept risks that, should they crystallize, may result in reputation damage, financial loss, major breakdown in IT systems/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.

3.1 RISK APPETITE STATEMENT

The credit risk appetite definition and monitoring allows the Bank to do the following:

- Improve return on risk for the credit facilities granted
- To meet growth objectives within the enterprise risk appetite and to protect the Bank's performance
- Discover unexploited enterprise risk capabilities and hence unearth profitable opportunities
- Improve executive management control and co-ordination of risk-taking across all risk areas.

The risk appetite statement reads as follows:

"In the quest for achieving the objectives of maximizing its income on credit facilities and shareholders' value, the Bank exhibits a "moderate" appetite for risk. This practice is reflected in the Board approved risk limits/thresholds. It is also exhibited in the specific approach of the Bank to retail business generally."

"The quantitative expression of our moderate risk appetite is reflected in the limits and thresholds, backed by its operating policies and procedures. These quantitative thresholds cut across the entire sphere of the Bank's business. In areas where supervisors stipulate operating threshold, the Bank's internal equivalents of such thresholds are more restrictive. The qualitative expressions are mostly relating to behavioral guidance in the conduct of the Bank's business".

4.2 QUALITATIVE EXPRESSIONS OF RISK APPETITE

The Bank may finance any transaction subject to its policies and its strategies. However, in line with its tolerance, Unity Bank shall not process facilities for the following purposes:

- To support illegal tenacities/purchase illegal fire arms
- To support gambling activity/ support illegal military activity
- To support production and distribution of tobacco and illicit drugs
- To support act/acts of terrorism

Other qualitative measures considered in determining the appetite of the Bank include the following:

- Business should not be overtly vulnerable to government policy actions
- Business should align with environmental sustainability objectives.
- Cash flow lending is key, collateral recovery is salvage extreme measure
- Management oversight and internal policies

4.3 QUANTITATIVE EXPRESSIONS OF RISK APPETITE

Credit Risk

The quantitative expression of the Bank's *credit risk appetite* is expressed through portfolio and regulatory limits. For any given risk parameter, it is the practice of the Bank to have an internal limit, which acts as a red flag for the Bank. The quantitative expression is shown in the table below:

S/N	RISK TYPE	RISK APPETITE FACTOR	OBJECTIVE	REGULATORY LIMIT	SET LIMIT	ACTUAL 31/DEC/2019	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%	0.05%	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

S/N	RISK TYPE	RISK APPETITE FACTOR	OBJECTIVE	REGULATORY LIMIT	SET LIMIT	ACTUAL 31/DEC/2019	QUALITATIVE MEASURES
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%	0.05%	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%	95% and 6.6%	Portfolio Planning
6	Ratio of Restructured 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%	-194%	Collateral quality, Obligor's risk profile.

Credit Risk Measurement and Management

Exposure to credit risk is considered the largest risk in most financial institutions. It therefore attracts adequate attention and resources for a proactive and effective management.

Credit risk arises when an obligor fails to meet with the terms and conditions specified and agreed in a trading or loan contract or when its ability to perform such obligations is impaired. This may arise not only when an obligor or borrower defaults in payment of a loan or settlement but also when his repayment capability dwindles.

Credit risk event occur from activities both On and Off Balance Sheet engagements which include trade or project finance, interbank transactions, foreign exchange, bonds, guarantees, commitment and settlement transactions.

Credit Risk Management is a full-fledged group headed by General Manager. The Department is under the Enterprise Risk Management Directorate which is headed by an Executive Director. The Bank operates a policy of clear separation of business powers as business officers involved in Credit approvals do not have powers to approve disbursement of Credits as this resides in the control officers in Risk Management Directorate.

The Responsibilities of the Department Include:

a. Planning of the credit portfolio of the Bank.
b. Review of all credit proposals at various levels before consideration for approval.
c. Review of Credit Policies and Procedures from time to time and issue Credit Circulars on matters bothering on credit performance.
d. Monitor the use of delegated business powers and recommend sanctions for abuse.

Principal Credit Policies

The Bank's Risk Assets mission is “to generate and manage a qualitative diversified loan portfolio that provide returns consistent with the Bank's expectations in terms of assumed risk, return on asset and value added to individual credit transactions within the context of the overall regulatory requirements”.

The main objective for creating risk assets are:

1. To generate income, while ensuring Liquidity, Safety Solvency and Growth

2. Market for and obtain credit businesses that are consistent with the Bank's Risk Assets Acceptance Criteria as defined in the Credit Policy;

3. Manage credit risk so that the Bank's portfolio performance measured by levels of non-performing assets and write-offs is consistently one of the best in the industry;

4. In a timely and professional manner avoid granting credit facilities to customers not able to, on a sustainable basis, satisfy the Risk Assets Acceptance Criteria and;

5. Maintain a Deposit Ratio within the levels provided by regulatory authorities as may be prevailing from time to time.

Other Key Objectives for Credit Risk Management include:

1. Deliberately manage its risk asset portfolio to ensure that the risk of concentration to any sector or individual customer is minimized and ensuring portfolio flexibility and liquidity.

2. Ensure exposure to any industry or customer is determined by the regulatory guidelines, internal policies and procedures, debt service capability and balance sheet management.

3. Extend credit to only suitable and well identified customers who have complied with the “Know Your Customer” KYC principle and meet the “Risk Assets Acceptance Criteria” RAAC of the Bank.

4. Credits are to be extended to customers where the source of repayment is known and can be ascertained but not for speculative purposes and where the purpose and destination of funds are not disclosed.

5. Ensure that primary source of repayment for each credit is from an identifiable cash flow from the counterpart's normal business operations or other financial arrangements. Realization of security remains a fall back option.

6. Adoption of a pricing model that reflects variation in the risk profile of various exposures to ensure that higher risks are compensated by higher returns.

7. Ensure that the quantum of exposure and quality and value of collateral required are determined based on the risk profile of the counter party.

8. Avoid all conflict of interest situations and report all insider related credits to appropriate body.

Credit Risk Rating

The Risk Rating Approach is to assign **two Risk Ratings** to each existing or prospective borrowing customer of the bank based on the Credit Risk Assessment of:

i. The **Customer's business** and;
ii. The **facility security and structure.**

The Risk Rating obtained in (i) above will be referred to as the **Customer Quality Rating (CQR)** while the rating obtained in (ii) above will be referred to as the **Facility Risk Rating (FRR)**. Each borrowing customer of Unity Bank will have both ratings rendered in the frequency indicated below.

FREQUENCY OF RATING

Each borrowing customer of Unity Bank will be rated (**CQR** and **FRR**) at least once every 12 (twelve) months; within **six** months of the customer's financial year end. This is merely a minimum requirement.

In practice however, Lending officers and their supervisors will be expected to review and risk rate each borrowing customer at the following events:

A. During the appraisal of any Credit request, renewals, increases, reductions, restructures, new lines or material change in the terms of an existing facility.

B. Once information is received or suspected about a material change in the business condition, internal arrangements or other circumstances or industry in which a borrowing customer operates.

C. When there is a material change in the Credit facility or the circumstances affecting the Credit facility such as a change in the structure of the Credit change in the Security change in the circumstances of a bank that is part of the syndication etc.

D. Any material change in regulations affecting the customer or the customer's industry.

Credit Approval Limits

The Bank operates a decentralized Delegation of Business Powers, approved by the Board of Directors which delegated powers to the following bodies:

- Board of Directors
- Board Credit Committee
- Executive Management Committee and
- The Managing Director.

Exposure to credit risk is considered the largest risk in most financial institutions. It therefore attracts adequate attention and resources for a proactive and effective management.

The following structure exists for the Management of Credit risk in the Bank:

- The Board has ownership of the Bank's Credit Risk. Policies and Procedures are approved by the Board and reviewed from time-to-time.

- Credit Management is carried out in the Bank under well-defined credit policies and procedure manuals. There is dual control in credit origination in the Bank, namely the Business Units with the concurrence of Risk Management Unit.

- Credit approval powers are devolved across authority lines in the Bank. However, this powers have been suspended temporarily.

- Credit Administration Department is saddled with the responsibility of general administration of the Bank's credit process. Disbursement and documentation, remedial management, monitoring and classification of credit exposures, as well as credit portfolio reporting are the primary concern of the Department.

- Also, there is a full-fledged Debt Recovery Department that concentrates on the recovery of certain non-performing loans.

- Portfolio distribution is being watched regularly to ensure that there is no risk of concentration.

Credit Risk Assessment

For accounting purposes, the Bank uses an incurred loss model for the recognition of losses on impaired financial assets. This means that losses can only be recognized when objective evidence of a specific loss event has been observed. Triggering events include the following:

i. Significant financial difficulty of the customer
ii. A breach of contract such as a default of payment
iii. Where the bank grants the customer a concession due to the customer experiencing financial difficulty.
iv. It becomes probable that the customer will enter bankruptcy or other financial reorganization
v. Observable data that suggests that there is a decrease in the estimated future cash flows from the loans

This approach differs from the expected loss model used for regulatory capital purposes in accordance with Basel II.

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/2019	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%	34.36%	Timely, accurate, limit monitoring of positions
2	Currency Risk	Net Open Position (NOP)	To curtail exposure resulting from changes in foreign exchange.	10% of SHF	9% of SHF	5.10%	Foreign Currency ALM strategy
3	Currency Risk	Foreign Currency Trading Position (FCTP)	To curtail losses arising in foreign exchange holding position.	-10% (Short), +0.5%(Long) of SHF	-1%(Short), +0.47%(Long) of SHF	0.00%	Risk tolerance for Interday Position
4	Funding Risk	Deposit Mix	Ensure considerably low cost funds to improve earnings (Net interest income)		Demand:50 Savings:30 Fixed :20	35:39:26	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%	42.40%	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/2019	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.	N/A	N25,000,000.00	N26,465,692.50	Loss data monitoring
2	Regulatory	Fines & penalties	- To identify process improvement opportunities through compliance/regulatory obligations.			N18,157,284.00	Regulatory compliance monitoring

The controls highlighted below have been instituted to deter further occurrences:

- Restriction of the bank's cards for international transactions
- Staff awareness on compliance requirements
- Sensitization of internal and external customers on fraud detection and prevention
- Software deployment to profile customers and monitor suspicious transactions
- Increase in the frequency of staff Compliance trainings
- Application of the bank's approved sanctions on erring staff

Quantitative expressions in *other risk* areas include the following:

- The Bank shall operate within a low appetite for reputational risks, and aspires to be among the top 5% most respected Banks. Accordingly, the Bank has zero tolerance for instances or events that would result in negative publicity which will in turn impact adversely on the reputation of the Bank.
- The Bank has a low appetite for strategic risk, and shall not accept strategic risk profile with potential for loss above 5% of budgeted PBT.

4.4 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 they highlight appetite setting and policy direction of the Bank's tolerance for risk. As the second level of defence, risk management requires effective policies and senior management involvement.

Oversight

The Bank adopts a top- bottom approach to the management of risk. Risk attitude and cultures cascade from Board and Senior Management to other members of staff as such the Board and Senior Management play a key role in bank wide risk consciousness and awareness generally.

The Board sets the tone with the approval of the Bank's strategy and appetite. They also review and approve policies that will guide implementation and unit functions that will ultimately add value to the Bank and its shareholders in line with best risk management practices.

Internal Policies

Risk management policy and implementation document are approved by the Board. Subsequently, certain powers are delegated to Executive Management in line with the appetite. These policies define the roles, responsibilities, limits and authorities.

Senior Management institutes policy administration techniques / procedures as a part of overall risk strategic framework. These techniques provide guidance to the staff.

The Bank's policies include:

- A formal risk evaluation process.
- Approval authority/ lending limits
- Credit Risk Policy
- Sustainable Banking Policy
- Investment Policy Framework
- Contingency Funding Plan
- Strategic Risk Management Policy
- Reputational Risk Policy
- Operational Risk Management Policy
- Enterprise Risk Management Framework

4.5 CREDIT RISK MANAGEMENT

The Bank's Credit Risk Management (CRM) can be summarized in the stages shown in the figure below:

Origination

- Application and Analysis Stage
- Second Level Review by Credit Analysis Team
- Approval/Decline by relevant approval authority
- Documentation

Management/Monitoring

- Administration
- Monitoring
- Measurement – classification/rating
- Remediation

Collection

- Repayment where this and remediation above fails, the next step below kicks in.
- Recovery

Quarterly credit review sessions and other major processes are instituted to manage the credit process. Monitoring begins immediately after the facility is disbursed with a keen eye for early warning signals. A successful credit process ends on the final pay down of the facility.

A regular credit process should culminate in pay down after effective loan monitoring. However, in cases where the facility is not paid down at maturity and keeps deteriorating recovery measures are implemented.

4.6 LIQUIDITY RISK MANAGEMENT

The Board and Senior Management have a major stake in the liquidity management of Unity Bank. Within its oversight function, the Board sets clear liquidity management strategy, policies and procedures aligned with the Bank's overall business objectives. It further keeps a tab on Management's compliance with the Bank's liquidity risk management strategy.

To this end, it seeks to know on a regular basis the liquidity position of the Bank while providing support in various forms feasible to Management in meeting the liquidity risk management objectives.

The supervisory function of Management spans from the Liquidity Risk Management framework which has strong emphasis diversification of deposit base, practical contingency funding plan and an effective strategy for foreign currency liquidity risk.

The other Management responsibilities include:

- Through its Strategic Asset and Liability Management Committee and other relevant organs, Management ensures a robust implementation of the Bank's liquidity risk management strategy, policies and procedures.
- Management informs the Board of the Bank's liquidity risk position regularly and proactively.
- Management informs the Board about any material potential positive or adverse change in the Bank's liquidity risk profile. The report incorporates actions taken or being taken and the assistance required from the Board to redress the situation or take advantage of the positive change.

The key players in the management of Liquidity risk and their functions are:

1. Asset Liabilities Committee
2. Treasury Group
3. Market & Liquidity Risk Department
4. The Business Units

Assets Liabilities Committee (ALCO)

ALCO is responsible for managing the Bank's liquidity risk generally rendering reports to that effect. The frequency of such reports is normally monthly except where an emergency situation demands. A review of the liquidity position stirs recommendations to Management.

ALCO also monitors implementation of approved strategies whilst making reports to the MD/CEO on the level of compliance.

Treasury Group

Treasury Group works in conjunction with the business units in the implementation of the Bank's liquidity in line with management strategy. They also provide market intelligence information as would be required from time-to-time to stay competitive in terms of industry practice. These actions are carried out in reference to the liquidity risk management framework.

Market Risk & Liquidity Department

The Market risk department is responsible for the following:

- The day-to-day monitoring, reviewing, and reporting of the Bank's Market & Liquidity Risk position to Management & ALCO on periodic basis.
- Carrying out market survey and desk research on the market situation with respect to liquidity risk.
- Generating and analyzing liquidity risk reports for the Bank.
- Independently confirming liquidity risk indices and ratios for reliability.

Business Units

Business units ensure the implementation of liquidity risk management strategy in their various business pursuits with respect to the following details:

- Deposit mix – core and purchased/tenured funds
- Deposit size and maturity structure
- Other liabilities components
- Asset mix and growth strategy
- Ensure compliance with the Bank's risk appetite for liquidity risk.

4.7 CONTINGENCY FUNDING PLAN (CFP) – FUNDING PLAN IN CRISIS PERIOD

The contingency funding plan is a crisis period operational and liquidity risk strategy. Unity Bank has set out strategy for a way out in the event of such anomaly. The Contingency Funding Plan (CFP) states how Unity Bank intends to survive a stressed liquidity situation.

Unity Bank's Contingency Funding Plan (CFP) provides a framework for intervention in stressed liquidity situations and outline specific action steps to be taken and responsibilities of key personnel in the event that such a scenario crystallizes. The CFP is activated once certain triggers occur that threaten the liquidity capacity of the Bank.

The CFP is well structured that it categorized liquidity crisis into three (3) namely;

1. Impending Crisis Situation
2. Crisis Situation
3. Extreme Crisis Situation.

CATEGORY 1 - IMPENDING CRISIS

A situation likely to result in a 'Liquidity Event' in the near term.

This is a situation where the Bank is experiencing rapid deterioration in liquidity position such as; rising funding cost, persistent mismatch of assets and liabilities, rapid deterioration in risk assets and rapid increase in loans evidenced by increasing loan to deposit ratio.

CATEGORY 2 - CRISIS SITUATION

This is a Liquidity Crisis situation where there is a likelihood of default within 48-72 hours. It is a critical situation that requires urgent attention. The Treasurer calls for immediate meeting of the Liquidity Crisis Committee (LCC). The secretariat alerts all stakeholders.

It is the role of the Treasurer to advise the Liquidity Crisis Committee of any category of Liquidity Crisis situation as mentioned above. This will arise from daily monitoring of liquidity trend and patterns bank-wide.

The Treasury must render daily report to LCC and ALCO respectively for their review, as a contingency measure to meet liquidity obligations of the Bank. The Treasurer, in conjunction with other stakeholders perform one or more of the followings depending on the crisis category:

1. Disposal of HQLA (high-quality liquid assets)
2. Decrease holdings of non-liquid assets (sell off assets and recall outstanding loans and advances).
3. Withdraw undisbursed lines of credit
4. Access short-term funds (sources of funds available to Unity Bank include confirmed interbank dealing lines, and other wholesale markets). However, it is an un-guaranteed source and subject to market conditions and availability
5. Increase fixed tenured liabilities.
6. Use assets to generate additional funding either by outright sale, repurchase agreement or securitization structures (BA/CP, OBB, Bonds, Swaps)
7. Access foreign lines.
8. Communicate with major funds providers to encourage and ensure continued support
9. Designate staff to handle communication with key customers.
10. Standardize communication and information to counterparty and customers.
11. Monitor significant outflows. Discuss with customers to discover why they are making the withdrawals and see if they can be assured to keep the funds.
12. Request for passionate refund of Cash Reserve Requirement Fund on a temporary basis.
13. Increase capital funds (if possible).

CATEGORY 3 - EXTREME CRISIS SITUATION

This is defined as a situation where the Bank is unable to meet statutory requirements and liquidity obligations; a situation that can be described as 'critically illiquid bank' as described in S2.1.2.C of CBN Supervisory Intervention Framework for Nigerian Banks of February 2011 (and as subsequently amended). The following actions are taken;

- The Bank shall comply with the 'supervisory actions' listed in **S2.1.2.C** of **CBN Supervisory Intervention Framework for Nigerian Banks of February 2011** (and as subsequently amended).

- The Board of the Bank must advise Central Bank of Nigeria and NDIC of the situation and solicit for liquidity support from Central Bank of Nigeria, as a last resort and Nigeria Deposit Insurance Corporation (NDIC) stating that the bank is not technically insolvent.

5 STRESS TESTING

Stress testing is a risk management technique used to evaluate the potential effects on an Institution's financial and capital condition, of a set of specified changes in risk factors, corresponding to extreme unfavorable but plausible events.

The concept of stress testing attempts to determine the impact of situations where the assumptions underlying established models used in managing a business fail. Risk management has evolved and as such, there are a number of methods to help financial institutions conduct realistic stress tests. Some of the methods include:

- I. *Sensitivity analysis:* This method involves the impact of a large movement on a single factor/parameter in a model.
- II. *Scenario Analysis:* This involves simultaneous, extreme movement of a set of factors/parameter in a model. Scenario is an improvement on sensitivity as it takes into cognizance the individual effect and the interaction between different risk factors.
- III. *Historical Simulations:* Historical simulation is less subjective as it uses the trend/observed actual events of the past to predict the future. This method works under the massive assumption that if it has happened in the past, then it will reoccur.
- IV. *Value at Risk:* This method is the most popular in the financial industry presently. It calculates the maximum loss expected over a given period of time (horizon) at a given confidence interval. The Monte Carlo and the Variance-covariance methods are good examples of VaR models.
- V. *Hybrid:* This method is a combination of two or more of the above mentioned methods.

The growing importance of risk management requires solutions capable of providing comprehensive and actionable risk metrics, coupled with the scalability and performance needed to handle large portfolios and computationally intensive risk calculations and scenarios.

To this end, Unity Bank uses VaR models for Credit and Market Risk respectively. A hybrid model is used to stress Operational Risk and other Pillar II Risks.

5.1 REASONS FOR STRESS TESTING

Stress testing helps the Bank to achieve the following:

- Identify reaction of sectors to extreme events
- Unearth hidden correlation within portfolio
- Support portfolio allocation decisions/strategies beyond normal current conditions
- Evaluate potential capital requirement on long dated positions under possible future credit environment
- Identify risks and map out adequate control
- Forms an integral part of the Bank's ICAAP and decision making
- Provides a complementary risk perspective to other risk management tools
- Supports capital planning and management

5.2 CREDIT RISK STRESS TEST

The Bank uses two methods for stress testing its credit portfolio. These methods are the Monte Carlo Simulation to arrive at the VaR and the NPL migration which is inclined to historical simulation. However, there may be situations that would require a fit for purpose stress test where other methods could be used.

The Monte Carlo Model does multiple iterations culminating in a result which is a probability distribution of possible outcomes. Loss scenarios are compared to a maximum default threshold called the Z-score. The model uses several random combinations, stress factors, PDs and LGDs which result in a range of values of plausible loss ranging from the very least to the highest.

Credit Risk drivers from the market environment such as inflation, interest rate changes, Gross Domestic Product are major variables applied in the simulation procedure.

The simulations and iterations are repeated until the maximum value of projected loss is obtained. Maximum VaR represents the highest loss beyond which the Bank may not incur significant loss at 99% confidence level.

The table below shows the output of the model using the credit risk assets as at December 31, 2019.

Monte Carlo Stress Test Results	
Horizon/Confidence Interval	**1year/99%**
Total Portfolio	106,900,979,053.64
Maximum VaR	63,418,924,207.40
Average VaR	35,447,908,063.00
Maximum VaR to Total Portfolio	59.32%

This Value at Risk represents 59.32% of the total portfolio meaning that about N63.4bn would survive the crystallization of adverse macroeconomic 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%
GOVTERNMENT	99%	99%
HEALTH	66%	87%
INFORMATION TECHNOLOGY	99%	99%
MANUFACTURING	85%	90%
OIL & GAS	82%	90%
PROFESSIONAL SERVICES	96%	97%
TRANSPORT	96%	97%
WATER RESOURCES	92%	97%
TRANSPORT	63%	87%
UTILITIES	35%	45%
WATER	71%	87%

The LGD's were also stressed using haircuts

COLLATERAL TYPES	HAIRCUTS
Financial Guarantees	25%
Shares/Bonds	25%
Treasury Bills/ISPO's	25%
Performance/Corporate Guarantees	100%
Stocks/Inventory	100%
Debentures	50%
Property	50%
Cash	0%
Others	100%
Domiciliation	50%

The final LGD'S obtained per sector are shown in the table below:

SECTOR	LGD's
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

As shown in the table below, seven macroeconomic and environmental risk drivers were considered. Their weighted impact on the portfolio were computed with expert judgment.

SECTORS	Oil Prices	Liquidity Ratios	GDP	Interest Rate	Inflation Rate	Exchange Rate	Geopolitics	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%

5.3 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 which is 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'mn)	Volatility	Confidence Level 99%	Position Size (N'mn)	Volatility	Confidence Level 99%	
1	1,214	2.15%	55.08	0.00	0.223%	0.00	-
10			174.17			0	-

The N1.214billion trading turnover yielded a 10-day VaR of N174.17million. The volatility figure was scaled up by 1.10 thereby bringing the new VaR value to N191.57million. Kindly note the Foreign exchange position as at end of the year was nil; hence, the zero VaR.

5.4 OPERATIONAL RISK STRESS TEST

The Operational Risk VaR was computed using a combination of historical experience and sensitivity analysis stress test. A sum of near misses and actual losses (total incident value) were obtained for three years and the standard deviation, obtained for same.

Standard Deviation is a basic measure of risk and upon application to the total incident value yielded N878million. The highest negative value of percentage decrease in actual losses YoY was adopted as the first stress. This first stress value was scaled up by 100 (second stress) and applied to the standard deviation of total incident value to obtain a second stress value.

At 99.9% CI, the norms inverse of this value represent the operational risk VaR as shown in the table below:

Year	Actual Operational Losses	Near Misses	Total Incident Value
2017	70,615,610.03	24,040,060.00	94.655,670.03
2018	40,213,472.50	69,293,275.04	109,506,747.54
2019	26,465,692.50	100,919,534.91	127,385,227.41
Standard	**Deviation of Total Incident Value**		12,641,994.35
Highest negative decline in Losses			43%
Scale up on %tage decline of Losses			143%
			18,078,051.93
Operation Risk Stress Test @ 99.9% Confidence Interval			39,066,699.37

5.5 ENTERPRISE AGGREGATION OF STRESS TEST/EC

The aggregation of the stress test result conducted for the key risk areas is shown in the table below:

KEY RISK AREA	VaR
CREDIT	63,418,924,207.40
MARKET	191,570,000.00
OPERATIONAL	39,066,699.37
TOTAL VaR	**63,649,560,906.77**

Expectedly, credit risk accounts for a bulk of the total with 86% concentration. The total stress test position is very important as it forms an integral part of the desired capital computation which is the sum of stress test position in key risk areas and the Pillar II Risk requirements. The Monte Carlo stress test was used to calculate VaR for Credit Risk while the hybrid method (historical and sensitivity analysis) was used to obtain VaR for Market and Operational Risks. In all computations, a confidence interval of 99% was adopted. From the table above, the total capital required for stress condition upon crystallization of the extreme plausible condition assumed is N20.76billion.

In the assessment of internal capital required, banks are constantly building capacity to estimate material Pillar II Risk which were previously termed as unquantifiable rather than just take a notional figure. The methodology used for the computation of Pillar II Risk ranges from scale up of historical experiences, to scenario analysis and sensitivity analysis. However, the granularity adjustment was used to compute the credit concentration additional capital required.

The table below shows the aggregation of Unity Bank's economical requirements for Pillar I and II Risks.

MATERIAL RISK AREA	ECONOMIC CAPITAL (₦)
CREDIT	63,418,924,207.40
MARKET	3,693,177.05
OPERATIONAL	179,613,170.65
CREDIT CONCENTRATION	15,400,480,661.00
IRRBB	15,740,020,000.00
STRATEGY	1,531,348,363.33
REPUTATIONAL	44,173,526,030.72
LEGAL	34,265,104.77
LIQUIDITY	306,187,315.75
TOTAL EC	**140,788,058,030.67**

With the current level of complexity in the Bank's business, N140.78billion is required.

5.6 IMPACT ON CAPITAL ADEQUACY

This section dwells on the impact of stress test on the capital adequacy of the Bank. Total Eligible Capital as at December 31, 2019 stood at N93,484,460.216 before regulatory and accumulated loss deductions as shown in the table below:

Capital Position

ITEMS	*FIGURE (₦)*
Paid -up Share capital	5,844,668,971
Share premium	10,485,871,331
Other Reserves	77,153,919,914
Tier 1 before reserve deductions	**93,484,460,216**
General Reserve(retained profit)	-374,443,951,000
IFRS 9 Transitional Adjustment	**992,680,784**
Tier 1 after reserve deductions	**- 279,966,810,000**
Regulatory Deduction (Deferred Taxes, Other intangible assets etc.)	136,201,000
Tier 1 Capital After Regulatory Deduction	**- 280,103,011,000**
Tier 1 Capital Deduction (Other Comprehensive Income)	-
Total Eligible Capital	**- 280,103,011,000**

Upon consideration of negative retained earnings and IFRS 9 Transitional Adjustment, the capital depleted to N-279.9 billion. Further regulatory deduction of deferred taxes and other Comprehensive Income resulted in a Total Eligible Capital of N-280.1billion.

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	12,655,149,803
Operational risk	35,518,747,500
Credit risk	91,264,539,015
Total RWA	**139,438,436,318**
Total Qualifying Capital	*-280,103,011,000*
Capital Adequacy Ratio	**-200.88%**

To stress the capital adequacy position, we assume normal conditions before deductions. The stress test results above (Section 5.5) shows that the Bank will require capital totaling N63.6billion in stress. In other words, the Bank will require an additional capital of N88.6billion. 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)	(271,795,952,675.00)
Total RWA (C)	139,438,436,318.00
Regulatory Minimum Capital (RMC)	25,000,000,000.00
Total Stressed Capital (D)	63,649,560,906.77
Total Additional Capital Required due to stress (E = D+RMC)	88,649,560,906.77
Eligible Capital available after stress (F= B-E)	(360,445,513,581.77)
Total RWA after stress G =(C+10%*E)	148,303,392,408.68
Stressed Capital Adequacy Ratio	243%

Under stress condition, the total RWA increases by about N88.6billion while the capital adequacy ratio deteriorates by 243%. It should however be noted that the assumptions made for this scenario are extreme and this deterioration will only occur if those assumptions crystallize.

3.1 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 N271 billion.
- *Stage 2*: Work towards achieving the internal capital assessment of N63.6billion. 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 **N204.4bn** which is the sum of stress test of Pillar I and the Pillar II internal assessment. This will require additional **N140.7billion** from stage 2. This stage is for negative and stressed conditions. Even though this stage is extreme, it is very plausible.

The following steps will help restore the Bank to an adequate level of capital that will facilitate business and expedite growth.

1. Sale of excess fixed assets.
2. Injection of equity capital.

6 CAPITAL MANAGEMENT

Capital Management is described in the context of this document, as the continuous process of monitoring and controlling the capital maintained by Unity Bank; evaluating the capital necessity before the risks Unity Bank is subject to; planning goals and capital necessity, considering Unity Bank's short, medium and long term strategic objectives.

The Bank acquires and holds as investments, easily realizable securities – duly discounted where appropriate. These securities, together with the Bank's balances at bank and its cash holdings, give significant cover across varying time periods. These securities may include Treasury Bills and Federal Government Bonds. The Bank ensures that it has sufficient maturing assets to meet outflows, based on its knowledge of movements in connected deposits.

The Treasurer on a day to day basis has the responsibility of reinvesting maturing liquid assets. The Assets and Liabilities Committee (ALCO) determines the liquidity profile of the Bank before re-investing in the market.

Capital Management Governance Framework

Capital Advisory	Identify appropriate capital structure. We are raising capital to support refinancing, acquisition of world class IT infrastructure, and/or other corporate initiatives.
Decision Management	Bring discipline to decision making across the portfolio of capital allocation projects. Provide guidance for project selection through advanced decision analysis.
Capital Expenditure Planning	Develop capital expenditure plans at the business unit level. Establish effective governance by assessing project readiness, monitoring the portfolio, and integrating the portfolio with forecasts.
Balance Sheet and Cash flow forecasting	Establishing performance targets by aligning the balance sheet and cash flow statement with strategic alternatives. Create an in tegrated forecasting model, master data parameter, and actionable management reporting framework.
Working Capital Management	Create working capital model. Prioritize initiatives based on financial benefits and risk exposure. Develop processes to track and report working capital performance and assess/analyze continuous improvement.

6.1 CAPITAL MANAGEMENT PROCESS

The process of managing capital in the Bank begins with the design and agreement on a strategy to drive its processes over a particular horizon as shown in the process flow diagram below:

This strategy must be endorsed by the Board after due consideration of the present economic realities and how they will impact the value addition to shareholders. Upon approval of the strategy, the implementation is the next step.

At periodic intervals, progress is measured and adjusted against the target. Analysis of the situation involves not just milestone achievements but the positive and/or negative effect of the strategy being implemented. The process culminates in an effective allocation capital.

3.1 CAPITAL FUNDING

The capital need of the Bank is identified to be between N350 billion and N400 billion. With this, the Bank would be attaining the minimum regulatory capital requirement of N25billion and a CAR of over 27% having de-risked the Balance Sheet with the sale of NPLs.

CAPITAL RAISING EXERCISE

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, but also in ensuring that investment partners add more than just financial value/capital injection, but must 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:

- ***Project Asia***

This group represents the Bank's most advanced engagement. Discussions between Unity Bank and the consortium of investors have advanced to the level of agreement on the framework for the possible investment of about **N**100Billion as ordinary shares, while the option of a possible injection of additional **N**170Billion is also being considered. The total proposed investment of **$**200 million is expected to only close the capital deficiency of the Bank.

In this regard, Unity Bank & the principal have duly executed the Memorandum of Understanding (MOU), while the third-party (BOI) is finalizing its review and is expected to execute. The delay in execution by BOI was due to the electoral activities as well as related political matters.

As part of the program, members of the Board of Directors of Unity Bank are scheduled to visit the offices of the principal by the first week of September. All parties are confident of a smooth conclusion of outstanding discussions and the eventual inflow of the funds.

It is worthy to note that while the process of capital injection is ongoing, as a demonstration of commitment and in line with the Capital Plus strategy, the principal has been collaborating with the Bank primarily in the way of expanded Asset Financing, and with agreements signed to that effect. The Bank is confident that upon full commencement, the partnership will generate sufficient profitability to the Bank long term.

- ***Project USA***

The Principal has made a presentation to the Bank regarding potential equity investment of up to US$300million.

In line with the Bank's methodology, the proposals have been subject to review and deliberations, including a review by our investment advisers.

Further to these earlier engagement, further discussions between the Bank and the identified potential equity investors are planned to be held soon.

- ***Project UAE***: US$1Bn

The Principal is a company registered in the UAE are looking to make inroads in to the African Economy. The Principal with the assistance of some of their Investors have secured One Billion Euros in funding investment facility to be used to takeover 3 Govts Owned Banks at Kenya, Zambia and Gambia- Guinea-Bissau under ownership & names of Unity Bank Plc. They have indicated their interest to invest in Unity Bank Plc with the injection of funds into the Bank, subject to the signing of a deed of agreement that makes it legally binding.

- ***Project South Africa: US$300m***

The Principal is a construction and development partner for South Africa, Africa and the rest of world. Foreign direct investment business that sees Africa as a trade zone for economic development and enhancement of infrastructure within the Africa continent border.

They have agreed to provide $300 mn as a debt project refinancing facility to fund the recapitalization and expansion of Unity Bank Plc for a period up to 7 years at 3%pa. Unity Bank Plc, in November 2019, acknowledged the terms proposed and expects imminently a term sheet from the principal which provides further insight into the terms of the arrangement.

3.2 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.

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 2019	2018	Minimum	Target
Tier 1 Leverage Ratio	Tier 1 Capital / Total Consolidated Assets	-95.53%	-112%	10%	12%
Common Equity Risk Based Capital Ratio	Tier 1 Common Equity / Total Risk Assets	74.17%	227%	10%	12%
Tier 1 Risk Based Capital Ratio	Total Tier 1 Capital / Risk Weighted Assets	-200.88%	-198%	10%	12%
Capital Adequacy Ratio (B2 CAR)	Adjusted Capital/Risk Weighted Assets (on Credit Risk+Operational Risk+Market Risk)	-200.88%	-198%	10%	12%
Liquidity Ratio	Liquid Assets/Qualifying Deposits	41.19%	36%	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.

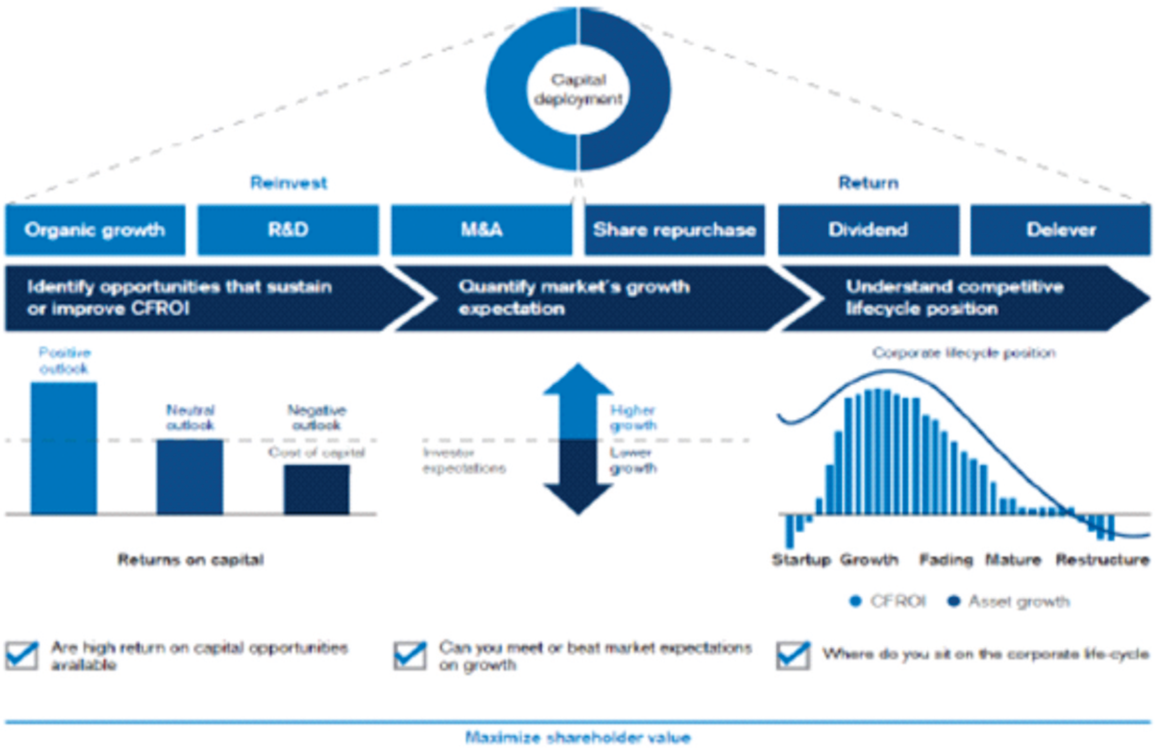
CAPITAL ALLOCATION

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:

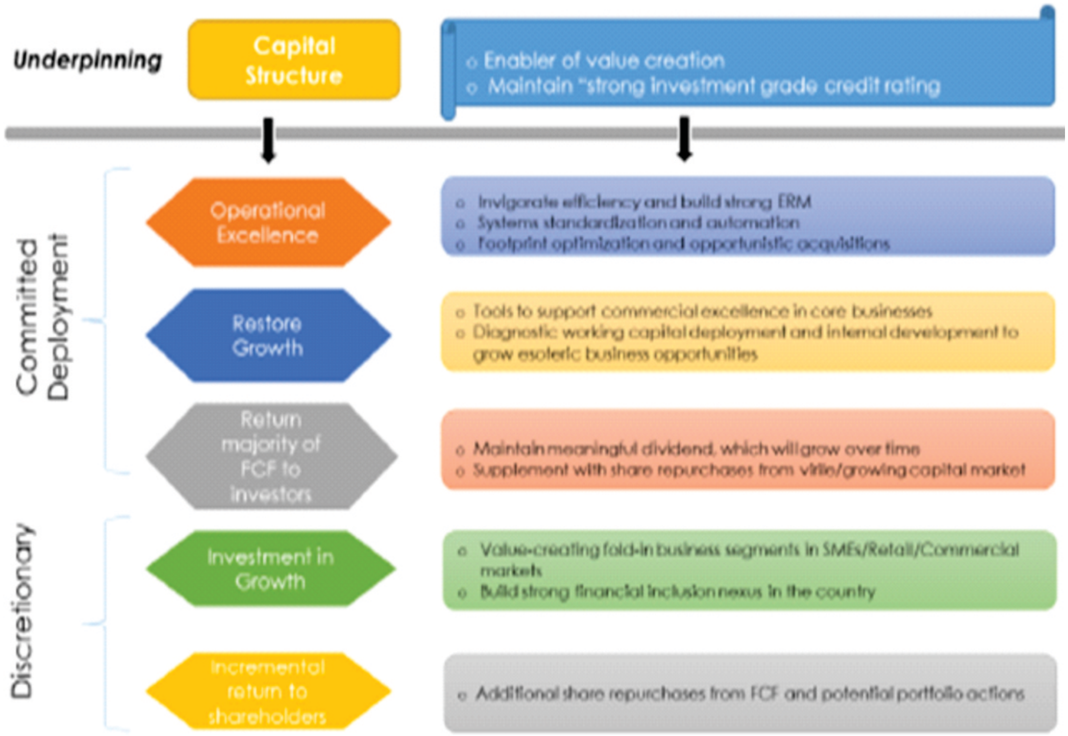
1. Working with the growth projections in line with strategy as approved by the Board. In doing this, a balance is struck between investing in sectors with superior returns and the emerging business opportunities in the industry.
2. Projection of capital requirement to determine capital budget at business 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



6.4 CAPITAL PROJECTIONS



The Summary of risk and capital projections are shown in the table below.

Capital Parameters	**Current Level (2019)**	**Projections**		
		2020	**2021**	**2022**
Credit RWA (Nbn)	91	137	219	350
Operation RWA (Nbn)	36	53	85	136
Market RWA (Nbn)	13	19	30	49
Total RWA	**139**	**209**	**335**	**535**
Regulatory Capital Charge (Nbn)	13	-	-	
Eligible Capital Level (Nbn)	-280	31	57	107
Capital Adequacy	**-194%**	**15%**	**17%**	**20%**
Economic Capital Requirement		**3.84**	**3.3**	**2.7**
Stress test Capital need (Nbn)		10.8	9.5	7.9
Pillar II Capital Need (Nbn)		14.93	12.68	11.03
Desired Capital		25.73	22.18	18.93

Unity Bank's projections shows an improvement in eligible capital by N289.7billion from N-261.73billion to N28billion. This will also result in an improvement in capital adequacy to 10%. 2019-2021 projections, shows an increase in RWA and capital with a corresponding decrease in EC, stressed capital and desired capital. Most importantly, projections in line with strategy points towards a healthy Capital adequacy Ratio of 17% by 2021.

A more granular breakdown of the projections is shown below:

FINANCIAL AND RISK CAPITAL PROJECTION - 2020 TO 2022 (IN BILLIONS)

Asset Class	Sector	Actual Position - 2019		Projections for 2020			Projectio ns for 2021			Projections for 2022		
		Size	RWA	Growth Rate	Size	RWA	Growth Rate	Size	RWA	Growth Rate	Size	RWA
Liquid Assets	Cash	6.09	0	5.57	40	-	0.05	42	0	0.10	46	0
	Balances with CBN	0.77	0	9.39	8	-	0.25	10	0	0.20	12	0
	CRR	7.35	0	11.25	90	-	0.26	113	0	0.22	138	0
	Due from Banks	33.73	6.52	(0.94)	2	0.39	(0.50)	1	0	2.00	3	0
	FGN Securities	116.47	0.63	2.92	456	2.45	0.06	484	0	0.14	551	0
	Sub -National Debts	0	0	-	0	-	-	0	0	-	0	0
	Sub total	**164.41**	**7.15**		**596**	**2.84**		**650**	**0**		**750**	**0**
Others	Investment	0	0	-	-	-	-	-	-	-		
	Fixed and Other Assets	24.00	29.53	1.33	56	56.00	(0.04)	54	54	(0.04)	52	52
	Sub total	**24.00**	**24.00**		**56.00**	**56.00**		**54.00**	**54.00**		**52.00**	**52.00**
Risk Assets	Corporate	101.83	101.83	(0.76)	24	23.97	1.71	64.96	64.96	0.03	66.94	66.94
	COMMERCIAL /SME	0.36	0.36	66.54	24	24.00	0.33	32	32	0.25	40	40
	PSE/ST -LG	0.11	0.11	(0.73)	0.03	0.03	0.33	0.04	0.04	0.50	0.06	0.06
	Retail	1.67	1.67	0.20	2	2.00	0.50	3	3	1.00	6	6
	Past Due <20	0.05	0.05	(1.00)	0	-	-	0	0	-	0	0
	Past Due >=20	0	0	-	0	-	-	0	0	-	0	0
	Total Credit RWA	**104.02**	**104.02**		**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	**104.02**	**24.06**	**(0.59)**	**43**	**43.00**	**1.12**	**91**	**91**	**0.12**	**102**	**102**
	Total (Asset / RWA)	**292.42**	**55.20**		**695.00**	**101.84**		**795.00**	**145.00**		**904.00**	**154.00**
Contingent	Performance Bonds, Indemnities etc	6.51	1.30	(0.06)	6.11	1.22	0.10	6.72	1.34	0.10	7.39	1.48
	Direct credit Substitute e.g. guarantees	56.29	28.14	0.38	77.51	38.76	0.00	77.59	38.80	0.00	77.67	38.83
	Total	**83.17**	**29.45**	**(0.28)**	**60.00**	**30.00**	**0.58**	**95.00**	**47.50**	**0.56**	**148.00**	**74.00**

	Total RWA	297.84	84.65		755.00	222.00		890.00	306.00		1052.00	366.00
Regulatory Capital Adequacy Requirement		-194%		15%			17%			20%		
				Growth Rate	RWA	Capital	Growth Rate	RWA	Capital			
Regulatory Capital	Credit Risk	91.27		143%	222		38%	306		20%	366	
	Market Risk Capital	12.66		-83%	2.2		0%	2.2		0%	2.2	
	Oprisk Capital	35.52		60%	57		91%	109		44%	157	
	Total RWA / Total Asset	**139.45**		102%	**281**		48%	**417**		26%	**525**	
Economic Capital Projection	Credit Risk			-0.06	1.7		-12%	1.5		-20%	1.2	
	Market Risk			-0.1 3	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	
Eligible Capital	**Eligible Capital**	**-280**	**-280**			**32**			**57**			**108**

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 to 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 appreciates 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 analysis. 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

UNITY BANK CORPORATE SOCIAL RESPONSIBILITY FOR 2019

OVERVIEW:

The vision that encompasses sustainability initiatives in Unity Bank's Plc is mainly driven through the Bank's Corporate Social Responsibility policy. The policy framework covers all corporate action plans and initiatives geared towards promoting economy, society and environment and this is realized through its operation, business, sponsorship, donations and interventions.

Our underlying philosophy ensures that the development and environmental needs of present generations must be addressed without compromising the ability of future generations to meet their own needs. Thus, Unity Bank Plc., its subsidiaries, affiliates, and associated companies consistently operate in a manner that minimizes detrimental impacts to society and the environment.

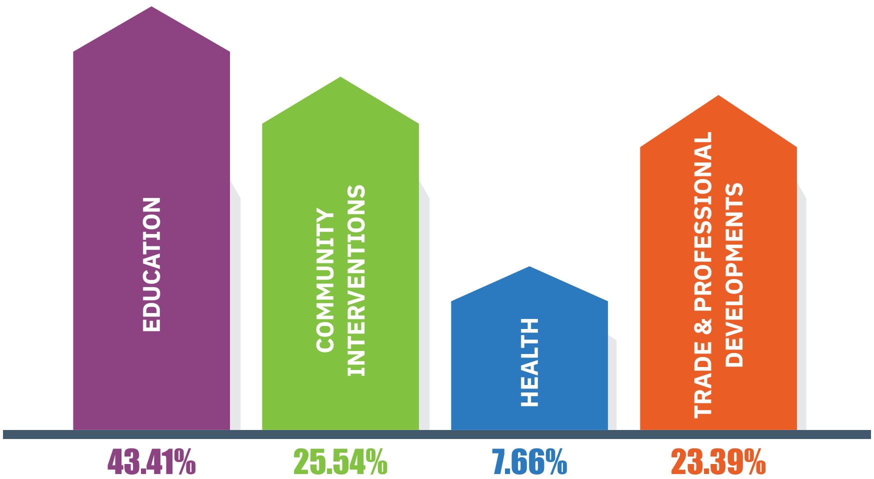
In committing human and material resources, the initiatives are targeted at interventions in a wide range of social and community needs, which cover areas of Education, healthcare, charity, Youth Empowerment and environmental sustainability. This is with the primary aim of making meaningful and measurable impact in the lives of economically, physically and socially less endowed communities by supporting initiatives aimed at creating conditions suitable for sustainable livelihood.

The Bank therefore promotes initiatives that preserves, restores and enhances environmental, ecological, and natural resources balance as well as sanitation and hygiene. In the current year, the Bank was in some cases able to wholly create its own platform, taken full sponsorship of platforms and/or supported initiative that fall within the purview of the Bank's policy framework.

In 2019, Unity Bank's Corporate Social Responsibility Interventions were expressed under the following broad categories: Education, Humanitarian, Governmental, Economic Empowerment and Health. The Bank. as a responsible corporate citizen, identified worthy causes and co-created intervention initiative in the society for the purpose of making social investment that have genuine impact on the lives of members of their host communities.

The cumulative investment underlying the interventions, partnership initiative, donations and sponsorship currently stands at N39.16 million only.

S/N	Focus Areas	Amount (₦)	Percentage (%)
1.	Education	17,000,000	54.6
2.	Community Interventions	10,000,000	25.5
3	Health	3,000,000	7.7
4	Trade & Professional developments	9,161,000	12.2
Total		**39,161,000**	



CSR Expenditure by Focal Areas

EDUCATION:

Education represents a critical area of intervention which was undertaken to pursue the realization of increasing the general literacy level and Nigeria's growth potential. The interventions were targeted at supporting initiatives for capacity building, access to quality education, skill acquisition and financial inclusion focusing on children and adults as beneficiaries.

Students of secondary schools participating in Financial Literacy Training held in commemoration of Global Money Week

Students of Bridge End Academy school receiving training being coordinated by the Bank's representatives.

FINANCIAL LITERACY TRAINING:

This is a Central Bank of Nigeria's initiative which is executed in conjunction with the Bankers Committee. The Bank saw a tie-in opportunity in the programme since education is one of the Bank's CSR focus areas.

Training module on Financial Literacy for Secondary School students was facilitated in 31 schools across the six geo-political zones by Unity Bank officials. The essence is to encourage financial discipline, inculcate savings culture and financial management among the students.

Cross section of students of Dennis Memorial Grammar school (DMGS), Onitsha listening to the lecture on inculcating good savings culture.

SPELLING BEE COMPETITION:

In 2019, the Bank created a spelling BEE Competition to mark Children's Day for secondary school students. The competition was held simultaneously in Lagos, Abuja and Port Harcourt to promote youth engagement, create shared value and drive sustainable development initiatives.

Over the years, the Bank has consistently provided financial literacy programs to schools, but this initiative is even more important today as the CBN and other stakeholders have worked out framework for inclusion of financial literacy into secondary schools' education curriculum.

The Bank committed to hosting the programme to inspire the revival of spelling, verbal aptitude and building vocabulary among the upcoming generation. The spelling Bee elicited great excitement and feedback was very resounding.

MD/CEO of Unity Bank Plc, Mrs. Tomi Somefun Addressing participants in the spelling Bee Competition

New Estate Baptist School, Surulere. Winners of the Spelling Bee Competition, Lagos zone.

Spelling Bee Competition held in Port-Harcourt featuring participants from four schools. Participants fraternize with the winner of the competition; Community Secondary School, Amadi-Amah.

CORPRENEURSHIP INITIATIVE:
In line with its drive to empower and promote self-sufficiency among the young graduates, Unity Bank Plc launched Corpreneurship Challenge among the Batch C, Stream 1 & 11 Corp members at the NYSC Orientation camp in Lagos, Ogun State, Edo and FCT.

The Corpreneurship Challenge is an initiative that tasked participating Corp Members to develop Business Plan that could win a grant from the Bank after making a pitch. In drawing up a plan, the Bank organized coaching clinic to provide relevant guide to assist in unleashing their creative capacity and business acumen.

The Corpreneurship challenge kicked off in the four Orientation Camps as a pilot programme. As such, the Bank has plan to roll out the programme in more locations. Twenty four (24) Corp Members has so far won the Business grant.

Winners of Corpreneurship Challenge Business Grant at the Lagos State Orientation Camp

Winner of the Corpreneurship Challenge Star Prize at the Lagos State Orientation Camp flanked by NYSC State Director, Unity Bank Staff and Panel of Judges for the Business Pitch.

HEALTH:
Most people acknowledge the negative impacts of poor health on personal performance in every area of life. The Bank therefore recognizes the need to collaborate with institutions and State Governments in identifying areas of intervention in the health sector.

In recognition of the relationship that had existed between Unity Bank and the Bauchi State government, the Bank, 2019, provided office furniture and fittings as a CSR intervention in support of the renovation of Bauchi State Primary Health Care Development Agency office complex.

The Bank was committed towards the realization of the project intended to enhance the operations of the Agency's social services aimed at improving health awareness, education and treatment in the community.

As a potent vehicle for implementing health programmes and initiatives of the State Government, NGOs, Development partners, WHO, etc., Unity Bank's commitment was informed by the need to continuously promote targeted interventions in health institutions and, in no small measure, support the Agency's effort targeted at curtailing epidemics, spread of diseases, improve access to immunization and treatment by members of the community.

YOUTH ENTRENEURSHIP DEVELOPMENT:

Unity Bank partnered with Young Professionals (YP) Breakfast Roundtable to mentor youths in career development. The youth programme was held in Lagos.

The YP Lagos was created for young people, with industry leaders sitting around tables to interact with participants. The industry leaders share insights on various aspects of entrepreneurship as well as provide guidance on ways to overcome challenges in the course of running a business or project.

The commitment of Unity Bank Plc matches the enthusiasm of promoter of the Young Professions Breakfast Roundtable tagged; 'YP 2019'. For the Bank, the motivation to collaborate in the programme lies in creating impact with mentorship. During the programme, mentors help to redirect mentees towards options to achieve successful outcomes in life. A total of 500 young professionals participated at the mentorship programme.

MD/CEO Unity Bank facilitating mentorship at the breakfast roundtable with participants.

2019 YP Lagos, MD/CEO, Unity Bank Plc. Mrs. Tomi Somefun receiving partnership award presented by YP promoter Mr. Wale Adenuga.

MD/CEO Mrs. Tomi Somefun flanked by participants at the YP roundtable.

CAPACITY BUILDING:

As part of collaborative initiative to consistently promote Small & Medium scale enterprises (SMEs), Unity Bank hosted the maiden edition of SME clinic in conjunction with Signal Alliance and Businessday Newspaper as a capacity building workshop to bridge knowledge gap.

The SME Clinic has the theme: Branding & Marketing – A Strategic tool for Business Success. The capacity building workshop featured panel discussions, interactive sessions and business networking.

The program was designed to boost SMEs operators by leveraging effective branding and marketing strategy expected to play key role in creating added value for products as well as making start-ups become a big brand enterprise.

Unity Bank plc retail SME group with facilitators and participants at maiden edition of SME clinic held in partnership with Signal Alliance and Business Day Newspaper at Unity Bank Head Office.

ENVIRONMENT:

Sustainability Discourse:

Unity Bank collaborated with Avant-Garde Innovation & Technology Services (AGITS) to champion stakeholders' forum intended to promote sustainable development initiatives. The aim was to drive major advocacy platform for stronger climate action that will entrench values and ethos for achieving sustainable development goals.

The roundtable discourse themed - "The Future of Sustainable Development in Nigeria: Achieving Economic Growth with Low Carbon Trajectory in a Circular Economy" drew participation of development partners and major stakeholders to reappraise commitments to sustainable development goals.

The Roundtable provided the platform for stakeholders to evaluate developmental activities impacting on climate change and opportunities in a green economy as a means of improving environmental sustainability, addressing global warming, raising sea level, pollution, desertification and deforestation, and to determine effective response to promote community action, protect the environment and advance sustainable development in Nigeria.

Unity Bank partners Avant-Garde innovation and technology services (AGITS) on sustainable development initiative.

The 2019 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 contributing in an on-going basis to the improvement of communities.

In effect, the CSR interventions in the year under review had been targeted at broad based activities that created the needed impact on the society and individuals, but also achieved specific objectives for funding initiatives that drive financial inclusion in line with CBN's strategy to promote financial Literacy.

PRINCIPAL OFFICERS

Employee Name	Gender	Job Name	Directorate
Tomi Somefun	Female	Managing Director	Executive Office
Temisan Tuedor	Male	Executive Director	South-South/South-East & Collections
Ebenezer Kolawole	Male	Executive Director	Finance & Operations
Usman Abdulqadir	Male	Executive Director	Enterprise Risk Management & Compliance

Employee Name	Gender	Job Name	Division/Group
Sunny Bakwunye	Male	Divisonal Head	Treasury & Financial Institutions
Zubairu Atiku	Male	Group Head	Operations & IT
Agboola Aboyade-Cole	Male	Divisonal Head	Internal Control
Patricia Ahunanya	Female	Group Head	Regulatory Reporting & Tax Management
Siddiki Adamu	Male	Ag. Chief Compliance Officer	Complaince
Chris Nwambu	Male	Group Head	Risk Management
Olufunwa Akinmade	Male	Divisonal Head	Retail & SME Banking
Olusegun Famoriyo	Male	Divisonal Head	Internal Audit
Hilary Ajuebon	Male	Divisonal Head	Resources
Titilayo Abraham	Female	Chief Customer Service Officer	Customer Service

Employee Name	Gender	Job Name	Directorate/Zone
Olubowale Ogunrinde	Male	Directorate Head	Lagos & West
Bashir Nuruddin	Male	Zonal Head	Abuja & North Central
Mustapha Muhammed	Male	Zonal Head	North East
William Odigie	Male	Zonal Head	South-South & South-East
Shehu Sani	Male	Zonal Head	North West
Alaba Williams	Male	Company Secretary	Company Secretariat & Legal Services Directorate

Employee Name	Gender	Job Name	Department
Abba Kazaure	Male	Chief Information Officer	Information Technology
Andrew Dagun	Male	Head of Department	Business Support
Adedeji Adeniyi	Male	Head of Department	Collections Business
Adegboyega Oluwaniyi	Male	Head of Department	Central Operations
Opeyemi Ojesina	Male	Head of Department	Personal & SME Banking
Adesina Olaosun	Male	Head of Department	Monitoring and Cluster Compliance
DeVoe Okorie	Male	Head of Department	Corporate Communications
Babatunde Adegbesan	Male	Head of Department	Operations (South)
Olufemi Aluko	Male	Head of Department	Head Office & Branch Control South
Olusegun Olukoya	Male	Head of Department	Legal Services
Olalekan Akindele	Male	Head of Department	Loan Recovery
Marian Aniekwena	Female	Head of Department	Financial Institutions & Multilateral Agency
Oluremi Tinuolu-Gabriel	Male	Head of Department	e-Business
Olushoga Odubogun	Male	Head of Department	Business Process Improvement
Daniel Adaramola	Male	Head of Department	Operational Risk Management
Ayoade Fadipe	Male	Head of Department	Human Capital Management
Haruna Maigwi	Male	Head of Department	Agri Business

Employee Name	Gender	Job Name	Department
Ibukun Coker	Male	Head of Department	Corporate Planning & Strategy
Olaitan Adebajo	Male	Head of Department	ALM & Interest Rate Trading
Bolude Ibitolu	Male	Head of Department	Operations (North)
Ademola Salami	Male	Head of Department	IT Management
Umar Abdulkadir Mr.	Male	Head of Department	Enterprise Performance Management
Oshikhena Folorunsho	Male	Head of Department	Technical Support
Akindele Adubi	Male	Head of Department	General Audit & Insspection
Ugochukwu Aku	Male	Head of Department	Data Centre
Jonathan Ogweje	Male	Head of Department	Procurement & Logistics
Wilson Onyia	Male	Head of Department	Administration
Elfrida Igebu	Female	Head of Department	Customer Care
Folajimi Alaba	Male	Head of Department	Financial Control
Kanyinsola Dairo	Female	Head of Department	Service Quality & Innovation
Temitope Arasi	Female	Head of Department	Tax Management
Emmanuel King	Male	Head of Department	Correspondent Bank
Onyekachi Ohakpugwu	Male	Head of Department	Data Analytics
Adedayo Adeyeri	Female	Head of Department	Credit Risk Management
Enahoro Iyemifokhae	Male	Head of Department	System Control
Adaobi Okafor	Female	Head of Department	Branch Control North
Kenneth Maduekwe	Male	Head of Department	Credit Administration
Oluwasoji Adeyehun	Male	Head of Department	Information System Audit
Oluwafemi Adeosun	Male	Head of Department	Sales & Agency Banking
Adamu Abdullahi	Male	Head of Department	Investigation
Emmanuel Adeyemi	Male	Head of Department	Audit Monitoring & Control
Kolo Mohammed	Male	Head of Department	Network/End User Support
Ayodele Yusuf	Male	Head of Department	Market Liquidity Risk
Idowu Adedayo	Male	Head of Department	AML/CFT Reporting
John Akinkuade	Male	Head of Department	Treasury Sales & Currencies
Olubusayo Ojo	Male	Head of Department	Learning & Development
Ada Obiri	Female	Head of Department	Youth Bank
Adekunle Adewolu	Male	Head of Department	Fixed Income Trading

Employee Name	Gender	Job Name	Region
Olusegun Oladipo	Male	Regional Manager	Victoria Island Region
Olusegun Olanrewaju	Male	Regional Manager	South West 1 Region
Abimbola Adenike	Female	Regional Manager	South West 2 Region
Baba Mustapha	Male	Regional Manager	Dutse Region
Ibrahim Abbakura	Male	Regional Manager	Adamawa Region
Idris Egena	Male	Regional Manager	Minna/Kogi Region
Clifford Agbaeze (PHD)	Male	Regional Manager	Enugu Region
Ganiyu Lasisi	Male	Regional Manager	Ikeja Region
Jibrin Mohammed	Male	Regional Manager	Lafia/Makudi Region
Arabi Mahmoud	Male	Regional Manager	Bauchi Region
Shettima Bukar	Female	Regional Manager	Kaduna 1 Region
Dahiru Mohammed	Male	Regional Manager	kaduna 2 Region
Etop Ekpo	Male	Regional Manager	Uyo Region
Mustapha Abubakar	Male	Regional Manager	Maiduguri Region
Emmanuel Oliseneku	Male	Regional Manager	Edo/Delta Region
Kabir Lawal	Male	Regional Manager	Kano South Region
Aminu Moyi	Male	Regional Manager	Sokoto Region
Michael Akerele	Male	Regional Manager	Garki Region
Tukur Mohammed	Male	Regional Manager	Abuja Central Region
Adebukola Iginla	Female	Regional Manager	Apapa

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Account Opening	Fund Transfer	PIN Change
Balance Enquiry	Bills Payment	Loans
Airtime / Data TopUp	BVN Verification	Cardless Withdrawal

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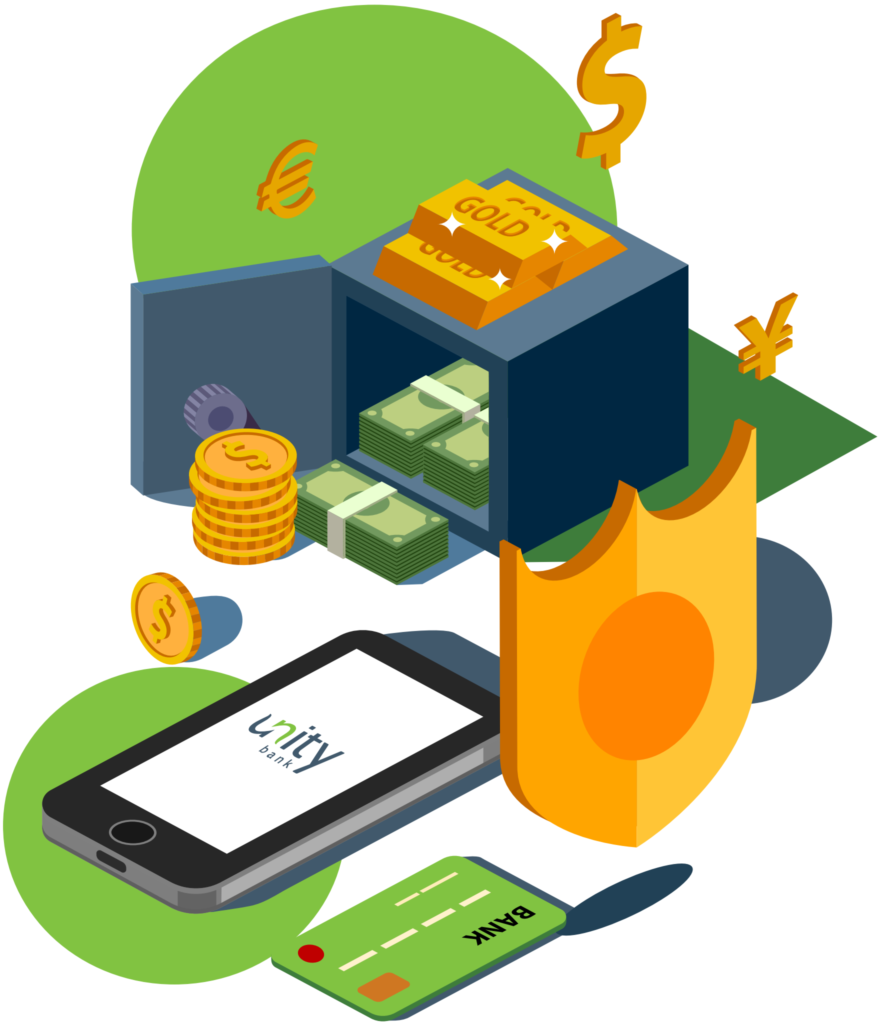

PRODUCT INFORMATION

RETAIL & SME LIABILITY PRODUCTS

Current Account - Corporate

This product is a traditional current account designed for registered businesses. It is designed to meet the needs of businesses that need to issue third party cheques and also enjoy transaction flexibility.

unitybiz Current Account

Unity-Biz Current Account is a cost effective current account designed for SMEs. This small product comes with robust payment and collection solutions for smooth day to day banking activities.

Business Savings Account

This savings account is designed for all microSME busineses that need to put some funds away for ventures while earning interest.

Domiciliary Accounts - Ordinary

This is a foreign currency account that can be funded through foreign/local remittance and cash deposits.

Current Account - Individuals

A Current Account for Individuals that offers cheque- issuing designed to meet the needs of customers who need to issue third party cheques and also enjoy transaction exibility.

unitymax Current Account

Unity Max Current Account is designed to cater to the entire spectrum of financial needs of working professionals, across all segments – from lower-level employees to top executives

Savings Account - Individual

An easy to operate account that supports customers who wish to save money over a period of time.

Double Edge Savings Account

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.

unity KIDS Account

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.

Unity1 Account

This savings account is targeted mainly at unbanked and underbanked people. It is a product mandatorily required by CBN, as it is an important part of the financial inclusion agenda, tasked with banking the unbanked

UNIFI MOBILE APP

This is a mobile banking app. that allows you to access your bank account from your mobile device, usually a cell phone

Features

- Airtime top-up
- Check balance
- Statements (last 5 transactions)
- Fund transfer
- Bill payments
- ATM/Branch locator
- Save Beneficiary features

Benefits

- Excellent customer service
- 24-hour access to transfer from your account
- Convenient and saves time of queuing at the branch

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Convenient Banking (USSD)

This is a mobile payment application, which leverages on the current mobile application, designed to give access to our unbanked category of customers actively using a mobile phone, creating financial inclusion through mobile devices.

Features

- Balance enquiry
- Fund transfer
- Bills payment
- Airtime recharge
- Pin change
- BVN Verification
- Block Account
- Cardless Withdrawal
- Buy data
- Language selection
- Increase transaction limit
- Remove account
- C 'gate (USSD – POS)
- Bet9ja wallet funding
- Bet9ja Gaming

Benefits

- Simple to use
- Convenient
- Affordable
- Available on all type of mobile phones
- Very secure and user friendly
- Enable transactions across other channels

Internet Banking Service

It is a convenient and fast online Banking Platform that enables customers transact on their accounts 24/7, at the comfort of their personal computers/devices

Features

- Account balance/statement
- Quick payment
- Cheque request
- Bills payment
- One-time payment
- Loans report
- Standing instructions
- Direct Debit
- Mobile Top-up
- Intra/Inter Bank transfers
- Self-Services
- Token management

Benefits

- Access to enquiries and statements
- Funds transfer
- Issue basic instructions such as cheque book request, hotlist card
- Empowering the Bank's customers with the tool to monitor their accounts 24/7

Point of Sale Terminals (POS)

Features

- Bills payment
- Purchases
- Agency Banking (Cash in, cash out, transfers, account opening etc.)
- VAS (Airtime top-up etc.)
- MCash Pay on POS
- USSD on POS

Benefits

- Merchants can operate 24/7 without risk
- Lower operational cost
- Reduced risk of theft and pilfering by cashiers
- Increased sales – cardholders are likely to make spontaneous purchases with cards
- Increased market share
- Increased patronage
- Image projection internationally for merchants accepting international cards i.e. MasterCard, Visa cards

Automated Teller Machine

It is an electronic banking outlet, which allows customers to complete basic transactions without the aid of a branch representative or teller.

Features

- Cash withdrawal
- Cardless withdrawal
- Balance Enquiry
- Intra-Bank Transfers
- Interbank transfers
- Utility bills payment, etc.
- Airtime top-up

Benefits

- Excellent customer services
- 24 hour access to transfer from your account
- 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 receiving of funds from the public on behalf of a merchant/biller electronically. The product offerings are: School Portal, Church Portal, Direct Debit, E-Ticketing, Hospital Management solution, Hotel Portal, IGR Collection, Customized solution

Features

- Payment to Billers and service provider
- Direct Debit
- Real time transaction and receipt of fund
- Keep audit trail
- End to end automation
- Gives Instant value for transaction

Benefits

- Cheap means of liability and income generation.
- End-to-end automation of the administrative processes of organization
- Customer loyalty and retention
- Convenience and saves time of queuing at branches by customers
- Customized solution to suite customer's business need
- Reduces transaction cost
- Increase custom acquisition

Payments Products – UNITY REMIT

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
- Liquidity management
- Payment of vendors and other sundry expenses, bulk payment to people without bank accounts
- View and manage all your accounts in various banks on a single platform

Benefits

- Secure 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**

Remittance is the business of person to person funds transfer from one country to other countries through international network of agents. Unity bank is a member of Western Union and MoneyGram networks and indeed a choice destination for money transfer services. Unity bank offers both inbound and outbound money transfer services across all our branches nationwide. This service is open to account holders and non-account holders alike. Customers can receive funds from or transfer funds to over 250 countries in the world through either Western Union or MoneyGram platforms from any Unity bank branch nationwide.

Features

- Send and receive funds in Naira
- Transactions are secured with the use of pin pad
- Open to non-account holders subject to regulatory limit

Benefits

- Receive and send money within 10 minutes from/to anywhere in the world
- Service is absolutely free for receivers i.e. No charges
- Enjoy personalized and excellent customer service
- Free gift for every transaction


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Experience Shopping Without Limits.
With Unity Cards
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MasterCard
4569 5645 1235 5879
Verve
DEBIT
PLATINUM
MasterCard
Personal Banking | SME Banking | Agric Business | Digital Banking
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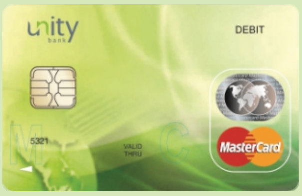
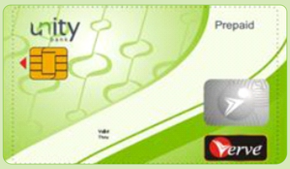
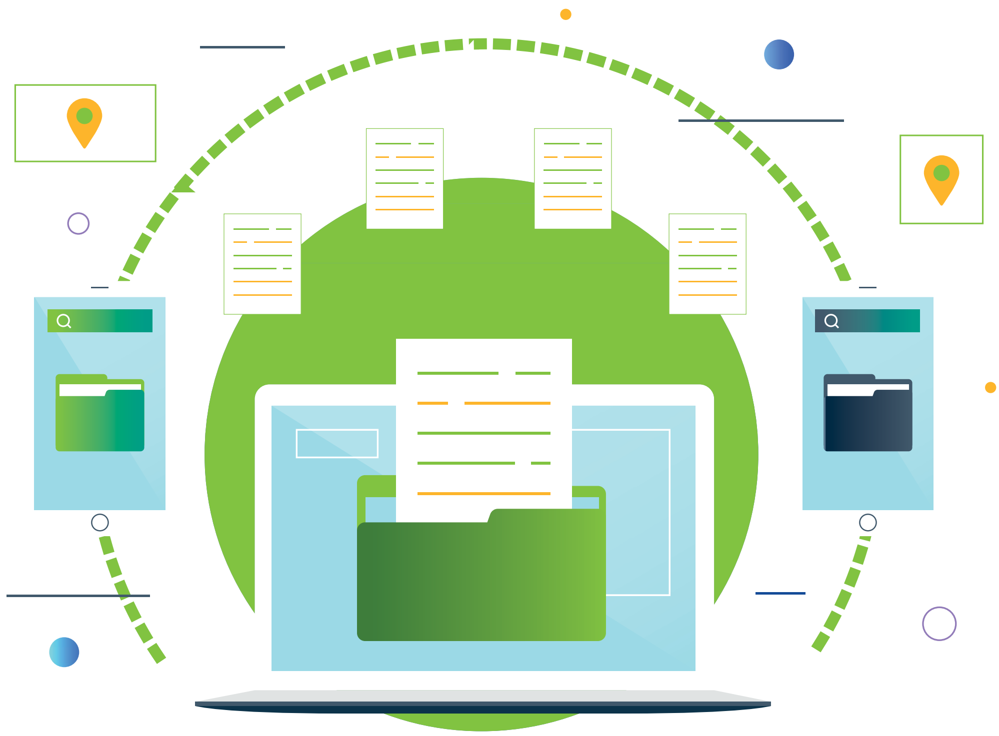
	CARD TYPES	FEATURES	BENEFITS
	DEBIT CARDS		
1	**UNITY VERVE CARD (₦)** 	• Naira denominated Card • 3 years validity period • For local transactions (within Nigeria) • CHIP & PIN secured	• 24 hours access to funds on ATM, POS and WEB within Nigeria. • All customers' accounts can be linked to one card to enable accessibility to funds on any account type. • Reduces the risk and inconvenience of carrying cash. • Chip and Pin secured. • Access to discounts on Verve rewards partner locations worldwide
2	**UNITY NAIRA MASTERCARD (₦)** 	• 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.
3	**UNITY PLATINUM MASTERCARD ($)** 	• Dollar denominated • Higher transaction limits • Off-line transaction capability • 3 years validity period • For International & Local transactions • CHIP & PIN secured	• 24 hours access to funds on ATM, POS and WEB within and outside Nigeria • Increased withdrawal limits • Increased transaction velocity limit • Access to VIP lounges and discounts at MasterCard partner locations worldwide • Provides additional security for web based transactions; Secure code for International transaction and safe token for local transactions.
	PREPAID CARDS		
1	**UNITY GENERIC PREPAID MASTERCARD ($/₦)** 	• 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.

	CARD TYPES	FEATURES	BENEFITS
2	**UNITY HOLYTRIP PREPAID MASTERCARD ($/₦)** 	• 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.
3	**UNITY VERVE PREPAID (₦)** 	• 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
4	**UNITY COMBO CARD (₦)** 	• 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
5	**GIFT CARD (₦)** 	• 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.



CORPORATE DIRECTORY INFORMATION

SN	STATE	BRANCH NAME	BRANCH ADDRESS
1	A\IBOM	IKOT EKPENE BRANCH	NO. 164 IKOT EPKENE ROAD UYO
2	A\IBOM	AKA ROAD BRANCH	NO. 26B, AKA ROAD UYO, AKWA IBOM
3	ABIA	FACTORY ROAD BRANCH	NO 7 FACTORY ROAD ABA
4	ABIA	FAULKS ROAD BRANCH	NO. 185, FAULKS ROAD, ABA
5	ABIA	UMUAHIA BRANCH	NO. 2 CLUB ROAD,UMUAHIA,ABIA
6	ADAMAWA	YOLA BRANCH	NO. 1 BANK ROAD, BEKAJI, YOLA
7	ADAMAWA	MUBI BRANCH	AHMADU BELLO WAY, MUBI
8	ADAMAWA	NUMAN BRANCH	PLOT 24/26 YOLA ROAD, NUMAN
9	ADAMAWA	GANYE BRANCH	MBULO ROAD, OPPOSITE AP FILLING STATION GANYE
10	ADAMAWA	HONG BRANCH	NO 5 MAJALISA ROAD, OPPOSITE FIRST BANK PLC, CLOSE TO DISTRICT HEAD PALACE, HONG TOWN
11	ANAMBRA	NIGER HOUSE BRANCH	NO. 1B BRIGHT STREET, OPPOSITE DE-YOUNG SHOPPING COMPLEX, ONITSHA
12	ANAMBRA	SGBN BUILDING BRANCH	NO. 38, NEW MARKET ROAD, NKPOR
13	ANAMBRA	NEW MARKET ROAD ONTISHA BRANCH	NO. 33 NEW MARKET ROAD, ONITSHA.
14	ANAMBRA	AWKA BRANCH	NO. 37, ZIK AVENUE, AWKA
15	BAUCHI	COMMERCIAL ROAD, BRANCH	AHMED ABDULKADIR ROAD, BAUCHI
16	BAUCHI	AZARE BRANCH	JAMA'ARE ROAD, AZARE, BAUCHI
17	BAUCHI	KIRFI BRANCH	ALKALERI BRANCH
18	BAUCHI	MURTALA MOHD WAY, BAUCHI BRANCH	560 MURTALA MOHAMMED WAY, BAUCHI
19	BAUCHI	ALKALERI BRANCH	GOMBE ROAD, ALKALERI TOWN, BAUCHI
20	BAYELSA	YENEGOA BRANCH	NO. 552 CHIEF MELFOROAD OKILO WAY, EBIS JUNCTION, BIOGBOLO, YENAGOA.
21	BENUE	GBOKO BRANCH	NO. 42, J S TARKA WAY, GBOKO
22	BENUE	OTUKPO BRANCH	NO. 63, AHMADU BELLO WAY, OTUKPO
23	BENUE	UGBOKOLO BRANCH	OLD OTUKPO ROAD, UGBOKOLO
24	BENUE	BANK ROAD, MAKURDI BRANCH	NO. 35, BANK ROAD, MAKURDI
25	BENUE	APA BRANCH	NO. 1, MARKET ROAD UGBOKPO, APA
26	BENUE	ZAKI BIAM BRANCH	Y- JUNCTION, ZAKI BIAM, BENUE

SN	STATE	BRANCH NAME	BRANCH ADDRESS
27	BORNO	KIRKASAMA RD BRANCH	NO. 10 KIRKISAMA ROAD, MAIDUGURI
28	BORNO	BAMA ROAD BRANCH	NO. 11 BAMA ROAD, MAIDUGURI
29	BORNO	LAKE CHAD ROAD BRANCH	LAKE CHAD ROAD, MAIDUGURI
30	BORNO	BAGA ROAD BRANCH	NO. 4 BAGA ROAD, MAIDUGURI
31	BORNO	MONDAY MARKET BRANCH	ALI MONGUNO ROAD, MONDAY MARKET, MAIDUGURI.
32	C \RIVER	CALABAR BRANCH	NO. 84 NDIDEM USANG ISO ROAD OPP MARIAN MARKET CALABAR
33	DELTA	ABRAKA BRANCH	DELTA STATE UNIVERSITY ROAD,ABRAKA
34	DELTA	AGBOR BRANCH	OLD LAGOS-ASABA ROAD, AGBOR
35	DELTA	ASABA BRANCH	NO. 69 DENNIS OSADEBE ROAD, ASABA
36	DELTA	EFFURUN BRANCH	NO. 29, EFFURUN/ SAPELE ROAD, EFFURUN WARRI
37	DELTA	KWALE BRANCH	NO. 109, UMUSADEGE ROAD
38	DELTA	OLEH BRANCH	NO. 6, I.D.C ROAD OLEH
39	DELTA	SAPELE BRANCH	NO.2 COURT ROAD SAPELE
40	DELTA	UGHELLI BRANCH	NO. 2, POST OFFICE ROAD, UGHELLI
41	DELTA	WARRI BRANCH	NO. 10 WARRI-SAPELE ROAD
42	DELTA	OZORRO BRANCH	URUDE ROAD, OZORO
43	EBONYI	ABAKALIKI BRANCH	NO. 30B, OGOJA ROAD,ALONG SAM EGWU WAY ABAKPA,ABAKALIKI
44	EDO	AFUZE BRANCH	NO. 26 AUCHI AFUZE ROAD, AFUZE
45	EDO	AUCHI BRANCH	NO. 1 OTARU ROAD, AUCHI.
46	EDO	MISSION ROAD BRANCH	NO. 69 MISSION ROAD, BENIN
47	EDO	NEW BENIN BRANCH	NO. 98, NEW LAGOS ROAD, NEW BENIN, BENIN CITY
48	EDO	UROMI BRANCH	NO. 15, MARKET ROAD, UROMI
49	EDO	IGARRA BRANCH	NO. 292 MOMODU AJAYI ROAD, IGARRA
50	EDO	UNIBEN BRANCH	UGBOWO CAMPUS, BESIDE BURSARY DEPARTMENT, UNIVERSITY OF BENIN, BENIN CITY
51	EDO	RING ROAD BRANCH	KINGS SQUARE BY AIR PORT ROAD, RING ROAD, BENIN CITY

SN	STATE	BRANCH NAME	BRANCH ADDRESS
52	EKITI	OTUN EKITI BRANCH	AMUTUTU STREET, ALONG AYETORO ROAD, OTUN EKITI, EKITI STATE
53	EKITI	ADO EKITI BRANCH	NO. 158, OPOPOGBORO STREET, ADO-EKITI
54	ENUGU	ENUGU BRANCH	NO. 46, OGUI ROAD,ENUGU
55	FCT	GARKI AREA 3 BRANCH	NO.11, FASKARI STREET, AREA 3, GARKI, ABUJA
56	FCT	CBD BRANCH	PLOT 785, HERBERT MACAULAY WAY, C.B.D. ABUJA
57	FCT	GWAGWALADA BRANCH	SECRETERIAT ROAD, GWAGWALADA, FCT
58	FCT	KWALI BRANCH	SECRETARIAT ROAD, KWALI, ABUJA
59	FCT	MAITAMA BRANCH	NO.11, IMANI EST, SHEHU SHAGARI WAY, MAITAMA, ABUJA
60	FCT	BWARI BRANCH	NO. 44, SHAGARI ROAD. OPPOSITE JAMB HEADQUARTERS BWARI, ABUJA
61	FCT	KARU BRANCH	NO. 5, CADASTRAL ZONE 09/06 KARU ABUJA
62	FCT	EVARIST HOUSE BRANCH	EVARIST HOUSE, PLOT 1529, NOUAKCHOTT STR, WUSE ZONE I
63	FCT	JABI BRANCH	SABON DALE SHOPPING COMPLEX, NO. 219, OBAFEMI AWOLOWO STREET, JABI DISTRICT, ABUJA
64	FCT	NASS BRANCH	NATIONAL ASSEMBLY COMPLEX, THE THREE-ARMS ZONE, GARKI-ABUJA
65	FCT	HAFSAT PLAZA BRANCH	HAFSAT PLAZA, PLOT 472, CONSTIUTION AVE. CENTRAL AREA, ABUJA
66	FCT	WUSE ZONE 5 BRANCH	COPPER HOUSE PLAZA, NO 4 , ALGIES STREET, WUSE ZONE 5
67	FCT	WUSE II BRANCH	NO. 515, ADETOKUNBO ADEMOLA WAY, WUSE II, ABUJA
68	FCT	WUSE ZONE 3 BRANCH	NO. 35, ASWAN STREET,WUSE ZONE 3, ABUJA
69	FCT	BANNEX BRANCH	BANEX PLAZA, PLOT 750, AMINU KANO CRESCENT WUSE II, ABUJA
70	FCT	KUBWA BRANCH	NO. 2, GBAZANGO OFF GADO NASKO STREET, KUBWA ABUJA
71	FCT	GWARIMPA BRANCH	ANAFARA PLAZA, 1ST AVENUE, GWARIMPA ABUJA
72	GOMBE	GOMBE COMMERCIAL AREA BRANCH	COMMERCIAL AREA, GOMBE
73	GOMBE	BILLIRI BRANCH	NO. 3, YOLA ROAD, BILLIRI TOWN
74	GOMBE	BIU ROAD BRANCH	PLOT 9, GOMBE/BIU ROAD, GOMBE

SN	STATE	BRANCH NAME	BRANCH ADDRESS
75	GOMBE	TUDUN HATSI BRANCH	TUDUN HATSI GRAIN MARKET, EMIRS PALACE ROAD, GOMBE STATE
76	IMO	OWERRI BRANCH	NO. 23 WETHERAL ROAD OWERRI
77	JIGAWA	NEW ROAD DUSTE BRANCH	NEW ROAD DUTSE , ADJACENT TO INVESTMENT HOUSE, DUSTE
78	JIGAWA	BIRNINKUDU TOWN BRANCH	NO. 1, MAIDUGURI ROAD, BIRNIN-KUDU TOWN, JIGAWA
79	JIGAWA	KIYAWA ROAD BRANCH	SANI ABACHA WAY, OPPOSITE PHCN, DUTSE
80	JIGAWA	KAZAURE BRANCH	NO. 14, KANTI DAURA ROAD, KAZAURE, JIGAWA
81	JIGAWA	MAIGATARI BRANCH	CHIROMA AHMADU STREET, MAIGATARI
82	JIGAWA	KAFIN HAUSA BRANCH	KAFIN HAUSA BY MAIN MARKET, OPPOSITE OLD MOTOR PARK, KAFIN HAUSA LGA
83	JIGAWA	ABUBAKAR MAJE ROAD BRANCH	NO. 7, MAJE ROAD, HADEIJA
84	JIGAWA	JAHUN BRANCH	448 KAFIN HAUSA ROAD, JAHUN
85	JIGAWA	GUMEL BRANCH	NO 2 UNGUWAR YADI GUMEL
86	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
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

SN	STATE	BRANCH NAME	BRANCH ADDRESS
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	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

SN	STATE	BRANCH NAME	BRANCH ADDRESS
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, ILORIN 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

SN	STATE	BRANCH NAME	BRANCH ADDRESS
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

SN	STATE	BRANCH NAME	BRANCH ADDRESS
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
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

SN	STATE	BRANCH NAME	BRANCH ADDRESS
199	RIVERS	OLU OBASANJO BRANCH	NO. 63A OLU OBASANJO ROAD PORT HARCOURT
200	RIVERS	ABA RD 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	BRANCH NAME	STATE
1	KIRFI CASH CENTRE	BAUCHI
2	ABRAKA CASH CENTRE	DELTA
3	SECRETARIAT-ASABA CASH CENTRE	DELTA
4	COLLEGE OF EDUCATION CASH CENTRE	DELTA
5	WARRI REFINERY, EFFURUN CASH CENTRE	DELTA
6	IRRUA- EDO CASH CENTRE	EDO
7	UBIAJA - EDO CASH CENTRE	EDO
8	MEDICAL CENTRE UNIBEN CASH CENTRE	EDO
9	COLLEGE OF EDUCATION IKARE EKITI CASH CENTRE	EKITI
10	KARAYE CASH CENTRE	KANO
11	ABATTOIR CASH CENTRE	LAGOS
12	LEKKI-LAGOS ISLAND CASH CENTRE	LAGOS
13	MINNA MARKET CASH CENTRE	NIGER
14	SINO-HYDRO CASH CENTRE	NIGER
15	SLAUGHTER HOUSE CASH CENTRE	PORT HARCOURT
16	BODINGA CASH CENTRE	SOKOTO

UNITY BANK
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 and terrorism 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 risks that can be reasonably anticipated. The Bank adopts risk-based approach to mitigate against AML/CFT 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;
- The Central Bank of Nigeria (CBN) AML/CFT Regulations 2013;
- Money Laundering (Prohibition) Act 2011, as amended;
- Terrorism (Prevention) Act 2011, as amended;
- 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 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:

1. 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.

2. 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. This 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.

3. 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. This includes 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.

4. 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.

5. 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.

6. 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.

7. 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 customers must be reported. Suspicious activities/transactions are not threshold and should be reported as they occur.

8. 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.

9. 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.

10. 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 bank, 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.

11. AML/CFT Principles for Relationship with Correspondent Banking

The Bank enters into business relationship with only financial institutions that have implemented sufficient AML/CFT policies and procedures. Adequate AML due diligence must be in place and be reviewed annually.

12. 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.

13. AML/CFT Audits

In our resolve to ensure improved AML/CFT 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.

14. AML/CFT 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 obligations. The training is conducted to ensure employees are well equipped with AML/CFT laws, KYC principles and red flags in money laundering or financing of terrorism.

15. 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.

16. 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.

SHAREHOLDERS INFORMATION

Unity Bank commenced operations in January 2006, following the merger of nine Banks with competences in investment, corporate and retail banking. Today, Unity Bank is one of Nigeria's leading retail banks with over 200 business offices spread across the 36 States and Federal Capital Territory. We are Nigeria's 8th largest bank by business locations.

The Bank offers wide-ranging financial services to individuals, businesses and the public sector of the nation's economy. As a further commitment to the growth of the nation's economy, Unity Bank focuses in particular on SMEs and Agribusinesses. We are driven by the vision to be the retail bank of choice for all Nigerians and this is at the core of all that we do.

Our Head Office is located at Plot 42, Ahmed Onibudo Street, Victoria Island, Lagos.

Unity Bank is an Institution where succeeding together is our objective.

INCORPORATION AND SHARE CAPITAL HISTORY OF UNITY BANK PLC

The Bank was incorporated in Nigeria as a private limited company on 27 April 1987 with the name Intercity Bank Limited. It was granted license on 28 October, 1987 to carry on the business of commercial banking and commenced full banking business operation on 28 October, 1988. The Bank was converted into a Public Limited Liability Company on 8 September 1992. Following the consolidation reforms introduced by the Central Bank of Nigeria in 2004, the Bank merged with the following Banks on 22 December 2005:

1. Centre Point Bank Plc
2. First Interstate Bank Plc
3. Pacific Bank Limited
4. SocieteBancaire Nigeria Limited
5. Tropical Commercial Bank Plc

However, it changed its name to Unity Bank Plc on 30 December 2005 and further merged with the following Banks on 2 March 2006:

6. Bank of the North Limited
7. New Africa Bank Plc
8. NNB International Bank Plc

The nine banks that merged to form Unity Bank Plc formally commenced operation on January 1, 2006. As at December 31, 2009, the Authorized share Capital of the Bank is N30,000,000,000.00 dividend into 60,000,000,000 Ordinary Shares of 50 Kobo each and Paid Up Capital is N19,223,344,855 divided into 38,446,689,710 Ordinary Shares of 50 Kobo each.

The following changes have taken place in the Bank's Authorized and Paid Up Capital from 1988 to December 31, 2019.

UNITY BANK PLC - SHARE CAPITAL HISTORY

YEAR	AUTHORISED(N)			ISSUED & FULLY PAID - UP			CONSIDERATION
	INCREASE	CUMULATIVE	NAIRA VALUE(=N=)	INCREASE	CUMULATIVE	NAIRA VALUE(=N=)	INCREASE
1988	10,000,000	10,000,000	10,000,000	9,733,322	9,733,322	9,733,322	CASH
1990	-	10,000,000	10,000,000	2	9,733,324	9,733,324	CASH
1991	10,000,000	20,000,000	20,000,000	10,266,676	20,000,000	20,000,000	CASH
1992	60,000,000	80,000,000	80,000,000	31,766,000	51,766,000	51,766,000	CASH/SCRIP
1993	-	80,000,000	80,000,000	5,176,600	56,942,600	56,942,600	SCRIP
1994	-	80,000,000	80,000,000	4,038,852	60,981,452	60,981,452	SCRIP
1996	40,000,000	120,000,000	120,000,000	50,000,000	110,981,452	110,981,452	CASH
1998	430,000,000	550,000,000	550,000,000	400,000,000	510,981,452	510,981,452	CASH
2000	63,177,742	613,177,742	306,588,871	102,196,290	613,177,742	306,588,871	SCRIP
2002	1,386,822,258	2,000,000,000	1,000,000,000	408,785,162	1,021,962,904	510,981,452	SCRIP
2002	-	2,000,000,000	1,000,000,000	194,292,582	1,216,255,486	608,127,743	RIGHTS
2003	-	2,000,000,000	1,000,000,000	299,727,306	1,515,982,792	757,991,396	SCRIP
2004	3,000,000,000	5,000,000,000	2,500,000,000	-	1,515,982,792	757,991,396	
2005	-	5,000,000,000	2,500,000,000	151,869,859	1,667,852,651	833,926,326	BONUS
2005	-	5,000,000,000	2,500,000,000	1,023,871,850	2,691,724,501	1,345,862,251	CASH
2005	25,000,000,000	30,000,000,000	15,000,000,000	-	2,691,724,501	1,345,862,251	
2005	30,000,000,000	60,000,000,000	30,000,000,000	40,813,988,278	43,505,712,779	21,752,856,390	CONSOLIDATION
2005	-	60,000,000,000	30,000,000,000		14,501,904,259	7,250,952,130	RECONSTRUCTION
2007	-	60,000,000,000	30,000,000,000	1,450,190,425	15,952,094,684	7,976,047,342	BONUS
2010	-	60,000,000,000	30,000,000,000	17,335,082,554	33,287,177,238	16,643,588,619	RIGTHS
2010	-	60,000,000,000	30,000,000,000	1,664,358,862	34,951,536,100	17,475,768,050	BONUS
2011	-	60,000,000,000	30,000,000,000	3,495,153,610	38,446,689,710	19,223,344,855	BONUS
2013*	60,000,000,000	120,000,000,000	60,000,000,000	-	-	-	
2013	-	-	-	38,446,689,710	76,893,379,420	38,446,689,710	RIGHTS
2013	-	-	-	40,000,000,000	116,893,379,420	58,446,689,710	PRIVATE PLACEMENT
2015	-	-	-	60,000,000,000	11,689,337,942	5,844,668,971	RECONSTRUCTION

**Note that at the Extraordinary General Meeting held on Monday, December 23, 2013, it was resolved that the Authorized Share Capital of the Bank be increased from N30Billion to N60Billion comprising 120 billion Ordinary Shares of 50 kobo each.*

SHAREHOLDERS COMPLAINT MANAGEMENT POLICY

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 through 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	

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.

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:

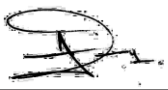
A neutral conciliator brings the parties together and encourages them to find a mutually acceptable resolution to the dispute.

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

TOMI SOMEFUN
Managing Director/CEO

NOTICE OF UNITY BANK PLC FOURTEENTH ANNUAL GENERAL MEETING

unity bank ...Succeeding together

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of UNITY BANK PLC will be held on Thursday, 24th September, 2020 at 11.00am at Unity Bank Plc, Plot 42, Ahmed Onibudo Street, Victoria Island, Lagos to transact the following:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31st December, 2019 together with the Reports of the Directors, Auditors and Audit Committee thereon.
2. To re-elect Director(s).
3. To authorize the Directors to fix the remuneration of the Auditors.
4. To elect Members to the Audit Committee.

SPECIAL BUSINESS

5. To approve the remuneration of Directors.

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 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 at the Annual General Meeting shall only be by proxy, to minimize physical contact and ensure public health and safety.

ATTENDANCE BY PROXY

In line with the Corporate Affairs Commission (CAC) Guidelines, Shareholders are required to appoint a proxy of their choice from the list of the following nominated proxies:

1. Dr. Faruk Umar. 2. Alh. Aminu Babangida. 3. Mrs. Tomi Somefun. 4. Mrs. Adebisi Bakare. 5. Sir Sunny Nwosu.

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 made arrangements to bear the cost of stamp duty of the duly completed proxy forms submitted within the stipulated timeframe.

NOTES:

1. CLOSURE OF REGISTER AND TRANSFER BOOKS
Notice was given and the Register of Members and Transfer Books of the Company will be closed from 21st September to 23rd September, 2020 both days inclusive for the purpose of preparing an up-to date Register of Members.

2. BIOGRAPHICAL DETAILS OF DIRECTORS
The biographical details of the Directors standing for re-election are provided in the 2019 Annual Report.

3. NOMINATION OF MEMBERS OF THE STATUTORY AUDIT COMMITTEE
Pursuant to Section 359 (5) of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria, 2004 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.

4. 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 7 days prior to the date of the Meeting.

5. 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.

6. 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**

7. e-REPORT
Electronic versions of the 2019 Annual Report and Accounts are available online for viewing and download via the Company's website **www.unitybankng.com** and that of the Registrar, **www.unityregistrarsng.com.**

Shareholders who have provided their email addresses to the Registrars will receive the electronic version of the Annual report vide e-mail. Shareholders who have not provided their email addresses and are interested in receiving the electronic version of the Annual Report should kindly forward their email addresses 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. 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.

Dated this 28th day of August, 2020

By order of the Board

Alaba Williams
Company Secretary
FRC/2020/002/000/000/20510
Registered Office
Unity Bank Plc
42, Ahmed Onibudo Street,
Victoria Island, Lagos.

PROXY FORM

Fourteenth Annual General Meeting to be held at UNITY BANK PLC, PLOT 42, AHMED ONIBUDO STREET, VICTORIA ISLAND, LAGOS on 24th September, 2020 at 11.00am.

I/We ....
(Name of shareholder in block letters)

Being a member (s) of Unity Bank Plc. hereby appoint Dr. Faruk Umar, or failing him, Alh. Aminu Babangida, or failing him, Mrs. Tomi Somefun, or failing her Sir. Sunny Nwosu, or failing him, Mrs. Adebisi Bakare as my/our proxy to act and vote for me/us and on my/our behalf at the 14^{th} Annual General Meeting of the Bank to be held on 24th September, 2020 at 11.00 a.m. and at any adjournment thereof.

Dated this............Day of ....2020.

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.

ORDINARY BUSINESS			FOR	AGAINST	ABSTAIN
1	To receive the audited accounts for the year ended 31st December, 2019 together with the Reports of the Directors, Auditors and the Audit Committee thereon.				
2	To re-elect Director(s):				
		i. Alhaji Aminu Babangida			
		ii. Dr. Oluwafunsho Obasanjo			
		iii. Mr. Hafiz M. Bashir			
3	To authorize the Directors to fix the remuneration of the Auditors.				
4	To elect members to the Audit Committee.				
SPECIAL BUSINESS			FOR	AGAINST	ABSTAIN
5	To approve the remuneration of Directors.				
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.					

Affix
Current
Passport
(To be stamped by Bankers)

Write your name at the back of your passport photograph

Unity Registrars Ltd.

Only Clearing Banks are acceptable

Instruction
Please complete all section of this form to make it eligible for processing and return to the address below

The Registrar,
Unity Registrars Limited
25 Ogunlana Drive,
Surulere,Lagos
Lagos State.

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me/us from my/our holdings in all the companies ticked at the right hand columnbe credited directly to my/our bank detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname / Company's Name First Name Other Names

Address:

City State Country

Previous Address (If any)

CHN (If any)

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s) Company Seal (If applicable)

Joint\Company's Signatories

TICK	NAME OF COMPANY	REGISTRARS ACCOUNT NO
	AFROIL PLC	
	BGL PLC	
	CARANDA MANAGEMENT SERV. LTD	
	DVCF OIL & GAS FUND	
	DVCF OIL & GAS PLC	
	LOTUS CAPITAL HALAL FUND	
	NORTHLINK BROKERS PLC	
	PELICAN PRINTS LIMITED	
	ROKANA PLC	
	UNITY BANK PLC	
	UNITY REGISTRARS LTD	
	UNITYKAPITAL ASSURANCE PLC	

www.unitybankng.com