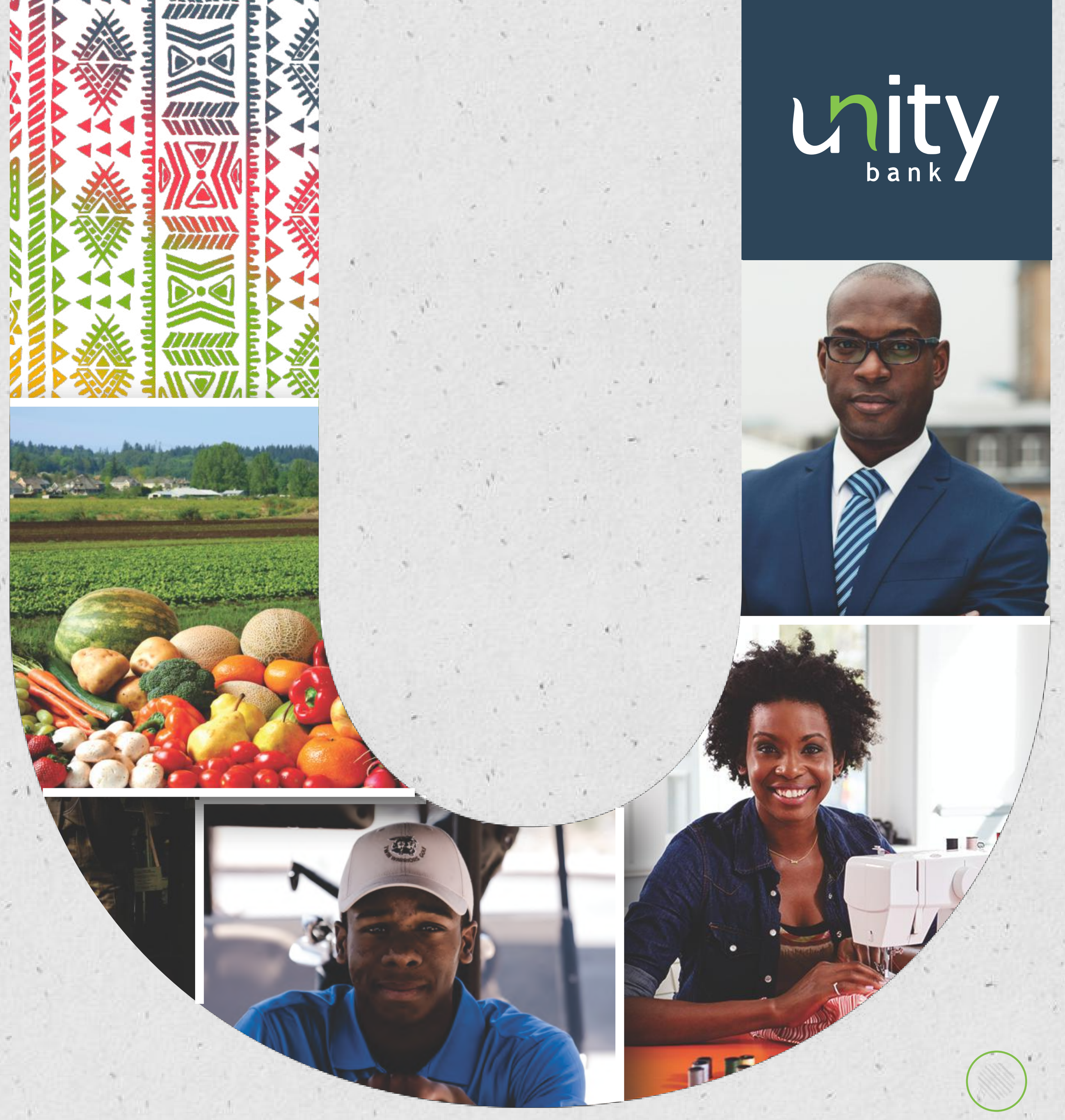
unity bank



2017 ANNUAL REPORT

unitybankng.com


2017
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:

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

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

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

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

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

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

Excellence
We seek to create and raise standards

CONTENT

Financial Highlights

in thousands of Naira

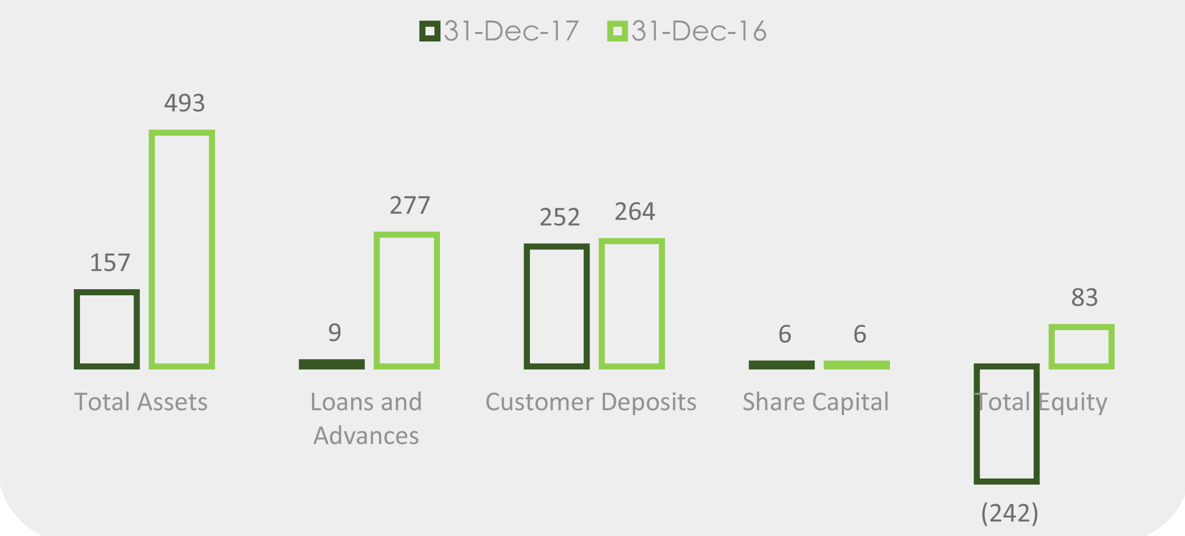
Financial Position	31-Dec-17	31-Dec-16
Total Assets	156,506,502	492,681,647
Loans and Advances	8,958,127	277,214,521
Customer Deposits	252,310,469	264,196,344
Share Capital	5,844,669	5,844,669
Total Equity	(242,193,155)	83,106,980

Income Statement	31-Dec-17	31-Dec-16
Gross Earnings	89,925,695	84,012,662
Impairment Charge	(44,254,863)	(35,948,596)
Profit Before Tax	(14,242,575)	1,816,431
Taxation	(675,364)	367,367
Profit after Tax	(14,917,939)	2,183,798

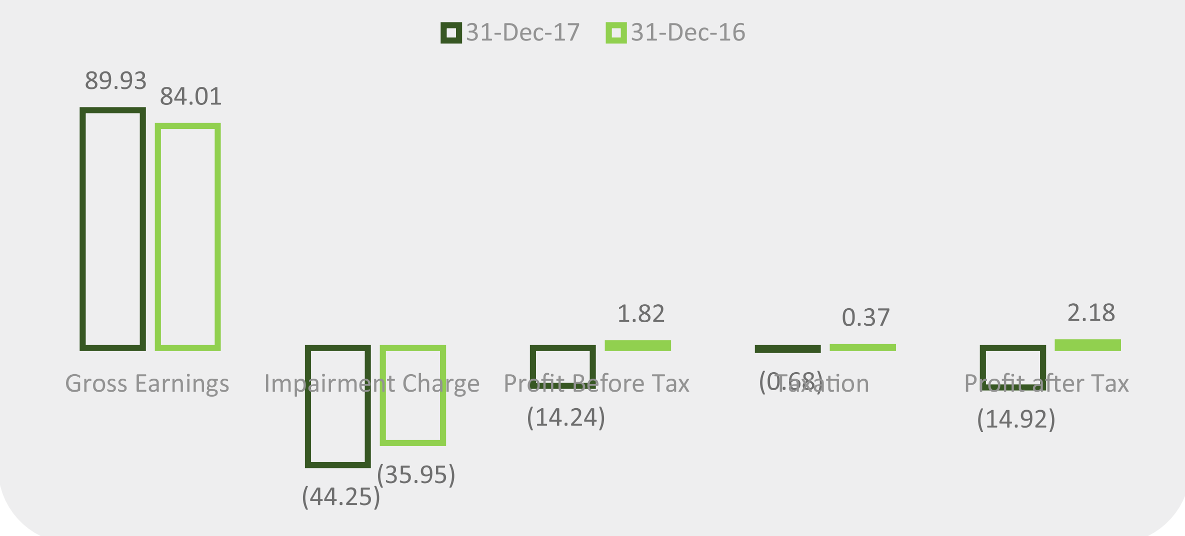
Ratios		
NPL Ratio	0.00%	98.00%
ROA	-9.53%	0.44%
ROE	N/A	2.63%
Liquidity Ratio	34.54%	31.00%
LDR	3.55%	104.93%
Cost-to-Income Ratio	239.38%	93.55%
Capital Adequacy Ratio	-198.07%	-46.98%
Cost of Risk	19.42%	12.97%

Others		
Number of Branches	218	238
No of Staff	1,808	1,954
Number of Shares in issue	11,689,338	11,689,338

Statement of Financial position (N'Bn)



Income Statement (N'Bn)



Executive Summary

For Unity Bank, the 2017 financial year will forever be known as one in which legacy clouds were laid to rest and the Bank arose to a new invigorated dawn.

Specifically, the Bank chose the tough but right path and bit the bullet on major strategic issue to resolve legacy issues. This action achieved notable points, including:

- *NPL Ratio at* ***zero per cent*** *(0%)*
- *Books and records now CLEAN with full de-risk of its balance sheet*
- *Fully mitigate the adverse impact of IFRS-9*
- *Writes off legacy merger Goodwill of over N16billion*
- *Posts net loss of N14.2billion after write-off of legacy goodwill and legacy loans*
- *Revs up recapitalization programme by attracting investors that have demonstrated keen and committed interest in the Bank*
- *Continuously building business momentum with customer acquisition and improved deposit portfolio*

Furthermore, with the exception of negative capital base, underlying financial indices largely point to the potential existing for the Bank, including:

- Liquidity ratio of ~35%
- With a marginal Loan-to-Deposit Ratio of 3.6%, there is significant room for growth and the attendant income boost
- A strong e-banking footprint & a focus on Banking of the future
- Strong competence and reach in Agriculture/SME Banking

Board Of Directors

The names of the Directors during the year ended 31st December, 2017 are as follows:

Aminu Babangida

CHAIRMAN

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

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

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

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

Dr. Oluwafunsho Obasanjo

NON - EXECUTIVE DIRECTOR

Oluwafunsho Obasanjo was appointed Non-Executive Director on March 18, 2011. She is a scientist with insight in the areas of Molecular Biology/Biochemistry, Chemistry, Analytical Techniques and Bioinformatics. She obtained an M.Sc in Medicinal Chemistry from the University College, London, United Kingdom and also holds a PhD in Bio-Organic Chemistry from the University of East Anglia.

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

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

Yabawa Lawan Wabi, mni

NON - EXECUTIVE DIRECTOR

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

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

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

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

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

Sam N. Okagbue

INDEPENDENT DIRECTOR

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

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

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

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

Tomi Somefun

MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

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

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

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

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

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

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

Temisan Tuedor

EXECUTIVE DIRECTOR

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

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

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

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

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

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

The Following appointments were made to the board between November 2017 and April 2018

Hafiz Mohammed Bashir

NON - EXECUTIVE DIRECTOR W.E.F 21st November 2017

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

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

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

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

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

Usman Abdulqadir

ED, Corporate Planning and Compliance, W.E.F 6th February, 2018

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

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

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

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

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

Ebenezer A. Kolawole

EXECUTIVE DIRECTOR, Finance and Operations,W.E.F 12th February, 2018

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

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

Kolawole studied B.sc Accounting from Obafemi Awolowo University, Ile-Ife with First Class Honours in 1991. He is also a Fellow of the Institute of Chartered Accountants of Nigeria (FCA).

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

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

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

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

CHANGES ON THE BOARD

The Following exited the board in October, 2017 and December, 2017 respectively.

Thomas A. Etuh

BOARD CHAIRMAN
(Retired w.e.f Oct 4, 2017)

Aisha A. Abraham

EXECUTIVE DIRECTOR
(Resigned w.e.f December 31, 2017)

Mohammed Shehu

COMPANY SECRETARY

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

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

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

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

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

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Terms & Conditions Apply
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Corporate Information

COMPANY REGISTERED NUMBER 94524

DIRECTORS

Aminu Babangida	-	Board Chairman
Tomi Somefun	-	MD/CEO
Oluwafunsho Obasanjo	-	Non-Executive Director
Sam N. Okagbue	-	Non-Executive Director
Hafiz Mohammed Bashir	-	Non-Executive Director
Yabawa Lawan Wabi, MNI	-	Non-Executive Director
Temisan Tuedor	-	Executive Director

COMPANY SECRETARY

Mohammed Shehu

REGISTERED OFFICE

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

AUDITORS

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

REGISTRAR AND TRANSFER OFFICE

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

TAX ADVISORY

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

SETTLEMENT BANK

First Bank of Nigeria PLC
Samuel Asabia House
35 Marina
Lagos

FOREIGN CORRESPONDENCE BANK

Bank of Beirut UK Limited
ODDO BHF Frankfurt, Germany
FBN Bank UK Limited
Access Bank UK Limited

Report of the Board & Management

CHAIRMAN'S STATEMENT

Aminu Babangida

CHAIRMAN

Fellow shareholders,

Distinguished ladies and gentlemen, it is with profound pleasure and enthusiasm that I welcome you to this 12th Annual General Meeting (AGM) of your Bank and present to you the Annual Report for the 2017 financial year. As this is the first AGM of your Bank I am preceding over, I must sincerely appreciate you for the support I enjoyed from both the Board and Management in the past year.

The year 2017 was a challenging one for the Nigerian Banking industry with many factors combining to exert pressure on Banks' balance sheets, including the slow pace of economic recovery which dampened the business environment; increasing permeation of high yield instruments such as the Federal Savings Bonds which exacerbated deposit attrition from banks; macroeconomic fragility which worsened credit quality; and weak capital which limited capacity among banks.

Notwithstanding the challenging operating environment, your bank considered it necessary to deal courageously with legacy non-performing loans, which have militated against the bank's progress. In furtherance of this, up to N436billion of legacy bad loans were sold to a private asset management company with full approval of the Central Bank of Nigeria. Additionally, the goodwill arising from the business combination that birthed Unity Bank was written off in full. The net effect of these two items is the posting of N14 billion loss after tax for the year ended 2017 and negative shareholders' funds of negative N242 billion as at that date. On the positive side, having de-risked its balance sheet and rid itself of the legacy factors, the bank is now poised for greatness.

I now present a review of the operating environment, as well as our performance and operations in 2017.

GLOBAL ECONOMY

The momentum in the global economy continued in 2017 with a synchronized expansion across the world. Strong 2H17 US growth dynamic in combination with the US tax bill along with solid growth in the Euro-zone and in Japan support the OECD growth trend, after already better-than-expected GDP growth in 2017. Also, in emerging and developing economies, the growth momentum continued and may show upside from current levels.

The underlying US economic growth remained robust and the additional support of the US tax cut has lifted the 2018 GDP growth forecast further to 2.6%, which followed a growth of 2.3% was recorded in 2017. Also, Japan recorded 1.7% in growth for 2017 compared to 0.9% recorded in 2016, a strong improvement. While the Euro-zone continues enjoying a good dynamic, leading to an upward revision in 2017 to growth of 2.4%, followed by 2.1% projection for 2018.

In the emerging economies, the major economies' growth forecasts remained largely unchanged at the end of 2017, except the 2018 forecasts for Brazil and India with mixed outlooks. As the Brazilian economy continued recovering, 2018 growth was revised up to 1.7%, after recording a growth of 0.8% in 2017. India's softening momentum led to a downward revision of 2018 projected growth to 7.2%, after growth of 6.5% in 2017. China's GDP growth expectation remains unchanged at 6.8% for 2017 and is further projected at 6.5% for 2018, while Russia is forecast to continue its recovery in 2018, with growth of 1.8% in 2018, after recording 1.9% in 2017.

As many economies now expand at or even above initial growth forecasts, the upside may be limited. Moreover, geopolitical developments and the pace of monetary policy normalization will be aspects that will need close monitoring in 2018. Stability in the oil market also remains a key contributor for global economic growth.

DOMESTIC ECONOMY

Nigerian economy came out of recession in 2Q17 following five quarters of downturn. Data from the National Bureau of Statistics (NBS) showed that real Gross Domestic Product (GDP) grew by 0.72%, 1.17%, 2.11% in Q2 2017, Q3 2017 and Q4 2017 respectively, against the contraction recorded in the previous quarter of 2017, and the corresponding quarters of 2016, respectively. The economy doubtlessly was lifted by big leap in oil & gas sector growth as oil production recovered and while international oil prices inched up.

The outlook for the medium term is positive with growth projected to accelerate to 2.1% and 2.0% in 2018 and 2019, respectively. The positive growth outlook reflects continued strengthening of the recovery in oil output as production consolidates, supported by an increase in crude oil prices. Performance in the agriculture sector is also expected to continue to improve. Statistics from the Nigeria National Petroleum Corporation (NNPC) show that the average crude oil production increased to an average of about 2.1 million barrels per day (mbpd) in 2017 from 1.7 mbpd in 2016. Oil production is expected to stay broadly unchanged in 2018 and 2019 in tandem with OPEC's output restrictions of 1.8 mbpd. Oil production including condensates also improved following de-escalation of hostilities in the Niger Delta region.

Conversely, contraction of demand-dependent sectors underscored sustained severity of pressure on Nigerian consumers. For instance, Manufacturing contrasted sharply with a negative growth of –2.85% in Q3 2017 after slowing in Q2 2017 (0.64%) vs. Q1 2017 (1.36%). Distributive Trade extended contraction streak to 5 quarters, shrinking 1.7% in Q3 2017 and an overall decline of 1.05% in 2017. Telecoms, Real Estates, Health, and four other sectors also recorded negative GDP growths in 2017.

The improvement in Purchasing Managers' Index in 2017 can be attributed to optimism that emerged from the sustained ease in access to FX in view of the introduction of I&E FX Window by the Central Bank of Nigeria. The Purchasing Managers Index (PMI) for manufacturing and non-manufacturing activities, which stood at 59.3 and 62.1 index points at the end of December 2017, respectively, above the 50 index point benchmark, indicating moderate signs of recovery.

The Central Bank of Nigeria (CBN) maintained a tight monetary policy stance throughout the year, utilizing both direct and indirect instruments of liquidity management. The policy rate was kept elevated at 14% since July 2016 to contain a build-up of inflationary pressures cumulated from 2016 and to support the Naira. The potency of monetary tightening was, however, weakened by supply-side constraints and the pass-through effect of exchange rate depreciation as the Naira adjusted to correct for previous market disequilibria.

In the course of the year, the economy presented indications of marginal improvement in general prices, as headline inflation recorded 15.37% y-o-y in December 2017 vs 18.7% in January 2017 despite the continued spike in food inflation, which marginally eased in December 2017 due to the commencement of harvest season.

Inflation in 2016, rose with a steeper gradient than it declined in 2017, suggesting the exhaustion of base effects and downside stickiness. This sluggish decline is expected to continue till the end of 2018, considering the diminishing impact of the food price shock in 2017 and weak consumer wallets.

Improved capital importation in 2017, sustained oil production/export, the stability of the FOREX market, and increased dollar borrowing by FGN stirred external reserve into the $40 billion territory at the end of 2017. Furthermore, CBN's periodic intervention in the Forex market reduced the exchange rate volatility over the last two quarters of 2017, leading to a gradual convergence of the official market and BDC segment despite the multiplicity of exchange rates remaining a concern in view of its implication for transparency and round-tripping.

The Nigerian stock market maintained a bullish performance in 2017. The market strengthened significantly as the All-Share Index (ASI) increased from 26,782.93 points at the end of December 2016 to 38,243.19 points at the end of December 2017, earning the market a global recognition as one of the best performing stock markets in the world. The growth and stability in the capital market in the last two quarters of 2017 could be attributed to continued restoration of confidence by investors, occasioned by improved liquidity in the forex market, and improved fiscal direction of the FGN.

Fiscal policy remained expansionary in 2017 with the aim of lifting the economy out of recession and, protecting social gains. Public expenditure, including net lending, increased to 10.8% of GDP in 2017 from 9.5% of GDP in 2016. In contrast, the share of total revenues and grants to GDP increased marginally to 5.7% in 2017 from 5.6% in 2016. Consequently, the consolidated fiscal deficit (overall balance) widened to 5.1% of GDP in 2017 from 3.9% in 2016. The fiscal deficit is projected to narrow to 4.4% and 4.3% at the end of 2018 and 2019, respectively. The narrowing of the fiscal balance follows improvement performance in oil revenues, which are expected to rise to 6.2% and 6.5% of GDP in 2018 and 2019, respectively despite the susceptibility of government revenue to oil price volatility.

Considering that a significant percentage of government's revenue is derived from oil proceeds, it was no surprise that the Gross Federation Account Revenue trended upward in in 2017 to N7.35 trillion from N5.62 trillion in 2016. However, Federally-collected revenue in the fourth quarter of 2017, at N2.04 trillion, fell short of receipts in the preceding quarter by 11.9 per cent. The decline in federally-collected revenue (gross) relative to the quarterly budget estimate was attributed to the shortfall in receipts from both oil and non-oil revenue during Q4 2017, indicating the presence of fiscal shocks arising from oil price volatility.

2017 FINANCIAL SCORECARD

Notwithstanding the negative shareholders' fund, underlying financial indices largely point to the potential for the Bank. For instance, the bank remained liquid with Liquidity Ratio far in excess of regulatory benchmark of 30%, loan-to-deposit ratio measures of 3.6%, indicating significant room for growth and the attendant income boost, NPL Ratio of 0%, a strong e-Banking footprint and strong focus on Banking the future.

Despite the odds, gross earnings, largely driven by growth in transaction-based income, grew by 7% in the course of the year from N84.01 billion recorded in 2016 to N89.93 billion. Similarly, the cost containment initiatives implemented across the Bank's network continue to gain momentum as the Bank achieved an overall cost reduction of 7.2% having reduced total operating expenses to N24.46 billion from N26.35 billion.

The stiff regulatory headwinds inhibited the growth of non-interest income in 2017, as growth in Fee-Based Income was minimal with a marginal growth of 2.6% from N1.6 billion in 2016. Also, the Bank's Net Interest Income (NII) increased by 3.4% and stood at N51.18 billion, compared to N49.48 billion during the previous year.

As stated earlier, the performance of the Bank as presented in the financial reports stems from the deliberate and bold actions taken by your Board and Management to tackle the lingering effects of legacy problems of the Bank and to put the Bank on the firm path to sustainable growth and profitability. We are quite positive that the strategic direction and the critical initiatives being pursued going forward will deliver the kind of value you will all be proud of.

STRATEGIC FOCUS – WHAT LIES AHEAD

The Board and Management have identified key improvement areas in the Bank, with implementation at various stages. For instance, your executive management are already implementing strategic initiatives to address the identified issues of inefficient operating structure which manifested in excessive costs, poor branch spread and inadequate application of technology and a few others. These strategic initiatives, amongst others, are geared towards a complete transformation of Unity Bank and setting her up on the path of strong and sustainable growth and profitability.

The courageous action taken by the Bank towards cleaning up the observed legacy issues also resulted in a leaner, smarter and dynamic Bank with a healthy Balance Sheet that should grow organically to deliver returns to its esteemed shareholders.

RECAPITALIZATION EXERCISE

The Bank is at advanced stages of the recapitalization program, with ongoing engagement with a number of potential investors. Leading this process is the Bank's Financial Advisers, while the constant engagement of key stakeholders is also ongoing. The Bank is confident that significant achievements will be recorded very shortly. With the progress being made on the ongoing capital raising, the Bank is firmly on course to achieve sustainable growth and sound performance.

REVIEW OF RISK MANAGEMENT FRAMEWORK AND THE OVERHAUL OF PROCESSES

Along with the sale of NPLs, the Bank's risk framework has also been overhauled, with greater investment in risk analytics, processing, collateral coverage and perfection, amongst other measures. This is to ensure that the problems of the past do not recur and that a healthy risk portfolio is maintained going forward.

Your Bank has also reviewed its major business processes, customer engagement processes, and critical policies and procedures, and has embraced automation towards achieving improved service delivery and a customer-centric outlook. Similarly, critical investments is being deployed in the area of technology and product development to place the Bank in a position to leverage on current and emerging market trends, improve service delivery and boost e-business. A fallout of this initiative is the significant improvement in our electronic channels. For instance, our ATMs are fully upgraded and are now 100% online, available and functional across the network of the Bank. This will be further sustained.

The new Management of the Bank considers new imperatives for long-term business growth. With a view to obtaining value and providing significant support for the economic growth plan of the Federal Government. Key area of focus for the Bank are identified in the area of agriculture and agro-allied financing, financial inclusion with specific attention to youth & digital Banking, women financing, as well as MSME Banking. To this end, strategic hires have also been made to drive the new business imperatives, while tremendous success have been recorded in the area of strategic partnerships in the key areas of business focus.

Moreover, in view of our commitment to the future, your management has given itself in strong terms to promoting a great-place-to-work environment through continuous staff development, employee engagement, encouragement of work flexibility, prioritizing employee welfare, embracing of diversity, and the involvement of employees in CSR initiatives.

FRAMEWORK FOR SUSTAINABLE OPERATIONS

As a direct response to the clamour for the protection of the earth and the future of the world, Unity Bank, as a responsible organization, hosted the Earth Hour Initiative in March 2017, and your management has commenced the development and implementation of the framework for sustainable banking practices across the bank.

In addition, the bank has engaged topnotch energy consultants to convert the power source of over 50 of our branches to renewable energy in the coming months, which is estimated to reduce the cost of power consumption in the bank by 30%. More business locations will be profiled for the same conversion, as we record success in the first phase of the project. This is a direct outcome of your management's commitment to sustainable business operations. This initiative and many other adopted principles have positioned your bank as forward thinking organization.

APPRECIATION

I wish to appreciate the unalloyed dedication of my fellow Board members, for the several forums we have organized, for the various discussion platforms and structures we have created and enhanced in a bid to see that our Bank is repositioned for greater performance. I also wish to challenge us all to continue to drive the strategic focus of the bank without let or hindrance.

We shall consolidate on the gains of 2017, intensify efforts at improving efficiency, and continue the automation of processes to make our operations less cumbersome, faster, and user-friendly; strengthen our capital position, delight our esteemed customers, empower our employees and reward our shareholders.

Our performance may not be ideal yet, and without any doubt we are aware that there is so much yet to be done. The operating environment is likely to remain tough, innovative ways for continued relevance thus becomes imperative. We are however confident that with the irrefutable passion and commitment of all stakeholders, including staff, Management, and the Board, we shall deliver better performance on all fronts in the coming years.

I thank you all.

Aminu Babangida
Chairman

MANAGING DIRECTOR/CEO'S REPORT

Tomi Somefun

MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

Distinguished Shareholders, Customers and all Stakeholders, I am delighted to welcome you all to the 12th Annual General Meeting of Unity Bank Plc and present a detailed scorecard of how the Bank has performed in the 2017 financial year.

The 2017 financial year was particularly significant for Unity Bank Plc and will be remembered as the year the Bank took a difficult albeit necessary decision to offload the legacy encumbrances that had beset its performance and perception since the unprecedented merger of the nine (9) institutions in 2006. In furtherance of our vision as the "Retail Bank of Choice", the Bank revamped its digital strategy to provide convenient, simple and efficient platforms that would attract the next generation of Nigerians and expand the volume of loyal and traditional customers that have kept faith with us through the years.

MACROECONOMIC ENVIRONMENT

On the global economic landscape, what started out to be a subdued economic indicators at the beginning of the year, and was preparing to defy the 3.5% projected growth for the year soon picked up momentum as the year progressed. This recovery was driven by investments, trade and industrial production, coupled with stronger business and consumer confidence. The US economy maintained upward growth trajectory, strengthened by tax policy reforms and external demand as the economy approaches full employment. The Euro Area was a notable contributor to global growth resurgence reflecting the stronger momentum in domestic demand and higher external demand. China was up 6.8% year-on-year in 2017 as the economy prods on its transition from export to consumption driven model while the rally in commodity prices in 2017 pushed oil exporters particularly Brazil and Russia out of recession. However, structural reforms and sustained rally in oil prices will be the upsides to accelerated growth prospects for both economies in the near term.

On the domestic front, the recession the Nigerian economy experienced in 2016 compelled the handlers of the economy to look inwards and seek sincere diversification from the dependency on oil. This informed the introduction of the Economic Growth and Recovery Plan (ERGP) which made available intervention funds that spurred increased participation in Agriculture coupled with the rally in global oil prices, the economy exited recession in the second quarter of 2017. GDP growth was estimated at 0.8% in 2017, up from negative 1.5% in 2016. Oil prices (Bonny light) rebounded to an average of $55 per barrel in 2017, up from $44 per barrel in 2016, while oil production edged towards 2million barrels per day from 2017 following de-escalation of hostilities in the Niger-Delta region and is expected to remain at the same level in 2018, in tandem with the Organization of the Petroleum Exporting Countries production restrictions.

In addition, the nation's foreign reserves recorded its highest leap since September 2014 to $38.9bn as at December 2017 from $28.5bn in January of the same year. The increase in foreign exchange earnings supported the drive of the Government to stimulate the economy through fiscal intervention schemes that cut across youth entrepreneurship development, economic diversification, and infrastructure development. The foreign exchange (FX) market particularly recorded notable stability on the back of improved FX liquidity.

To however curtail inflationary pressures, improve returns on investments and attract foreign capital into the Nigerian economy, the Monetary Policy Committee (MPC) continued with their 2016 stance of policy tightening. Key rates were held constant all through the year with MPR pegged at 14%, CRR at 22.5% and liquidity ratio at 30%. The implication of these for the banking industry was continued squeeze in liquidity, hike in cost of funds and increased Cost-to-Income Ratio thereby shrinking margins.

HIGHLIGHT OF FINANCIAL PERFORMANCE

Please recall I earlier highlighted the significance of the 2017 financial year as the year the Bank took a strategic step to let go of the burden of legacy Non Performing Loans (NPLs) that has impeded the sustainable growth and profitability for you our esteemed Shareholders and all stakeholders. The Management team with the requisite support of the Board of Directors and mandatory regulatory approval from the Central Bank of Nigeria (CBN) sold the bulk of delinquent assets the Bank has carried on its Balance Sheet to a private asset management company. This was done in tandem with the de-recognition/write-off of the remaining weak assets and the deliberate write-off of over N16.4billion goodwill from the books, which altogether shrank total asset from N539.95 billion to N156.51 billion and resulted to a net loss of N14.2billion.

Notwithstanding, gross earnings was up 7.0% year-on-year to N89.93billion in 2017 from N84.02billion in 2016. This was driven by 24.9% year-on-year growth in interest income to N86.63billion in 2017 from N69.38billion in 2016. There was also a 3.4% year-on-year increase in Net Interest Income from N49.48billion to N51.18billion. As a result of deliberate effort to moderate high cost deposits, total deposit reduced by 4.4%. The internally championed cost containment initiatives yielded some positive outcomes as Personnel expenses dropped 6.6% year-on-year from N11.63bilion in 2016 to N10.86billion in 2017. In confirmation of our resolve to clean our books and set the path to a sustainable organic growth, Impairment Losses of N44.25billion recorded in 2017 was 23.1% higher than the N35.95billion recorded in the preceding financial year.

The strategy to drive our retail offerings informed the corporate decision to improve our digital platforms to afford customers convenience and comfort. To this end, we rolled out our USSD product ***7799**# in February 2017. This is the first four-digit code in the industry which provides a convenient channel of payment and account opening for new and existing customers. We also commenced the development of a new Omni-channel mobile application with exciting features for the youth market, in line with our focus to appeal to the upwardly mobile youth segment. In addition, to gain acceptability in this target segment, the Bank appointed a brand ambassador to complement the success of the product. It is expected that this will significantly boost our planned retail and youth penetration.

To align with the Central Bank of Nigeria (CBN) push for increased financial inclusion, we launched our Agency Banking model in Jigawa and Kano states, followed by Badagry and Mowe in Lagos and Ogun States respectively. This initiative is aimed at capturing the unbanked in the rural and semi-urban centres where our branches are not situated. This in addition to the deployment of 678 Direct Sales Agents (DSA) to drive all aspects of our business portfolio and reach the underbanked with the offerings they require. As a result, savings deposit increase by N3.2billion in 2017 compared to 2016.

LOOKING AHEAD

Our strategic priorities going forward in the next 4 years will centre on improved service quality and customer-centricity; aggressive customer acquisition across all segments but with deliberate focus on Retail, Youth Banking, SME and Commercial businesses, aggressive growth of Agric business and its value chain opportunities. These initiatives will be against the backdrop of a successful recapitalization.

Based on the Bank's new strategic roadmap, it is our expectation that by 2022, more than 40% of our net revenues will be driven by our Retail and Agric businesses and should also account for up to 50% of our profits.

Our goal is to ensure that our cost to income ratio is below 41% by 2022 so that we can achieve a return on assets of approximately 9% while we continue to maintain our Non-Performing Loan (NPL) Ratio below the regulatory minimum at 2%. Average Cost of Funds will be kept at 4.71% through the systematic dilution of deposit portfolio to a minimum of 75% low cost deposit mix by 2022, and with the growth in retail and agric related loans, we foresee our net interest margins remaining consistently above 9% during the forecast period. We plan to grow our customer base by an additional 3.2 million customers annually for the next four (4) years which will move our total customer base to over 14 million by 2022.

In conclusion, I would like to thank all our staff for their resilience and dedication, our Board of Directors for their support, our customers, and shareholders who have continued to place remarkable confidence in us, particularly during our transition period. We look ahead to year 2019 with optimism and resolve that our performance can only get better and we will build on the existing platform 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


unity bank
SUCCEEDING TOGETHER
Enjoy
stress free
transactions
Unity Bank
Verve Card
Scan the Code to begin
For enquires kindly visit your nearest Unity Bank branch or contact our Customer Care Center on
0708 0666 000, 0705 7323 255-30, or email we_care@unitybankng.com
Corporate Head Office: Plot 42 Ahmed Onibudo Street, Victoria Island, Lagos State
Head Office Annex: Unity Bank Plc, Plot 290A, Akin Olugbade Street, Lagos State
Website: www.unitybankng.com

Directors' 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 2017.

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

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

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

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

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

f. Operating Results
The table below summarises the financial perofmance of the Bank in the period under review:

	DEC-17	DEC-16
	N'000	N'000
GROSS EARNINGS	89,925,696	84,012,662
Profit before tax	(14,242,574)	1,816,431
Income tax credit / (expenses)	(675,364)	367,367
Profit after tax	(14,917,938)	2,183,798
Profit attributable to shareholders	(14,917,938)	2,183,798
Earnings per share		
Basic earnings per share (Basic)	(127.62)	18.68

g.Director's shareholding

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

Directors holdings as at 31 December

	2017			2016		
Name Of Directors	**Direct Holdings**	**Indirect Holdings**	**%**	**Direct Holdings**	**Indirect Holdings**	**%**
Thomas A. Etuh	1,053,199,290	NIL	9.01	1,053,199,290	NIL	9.01
Aminu Babangida[1]	NIL	615,889,636	5.54	NIL	615,889,636	5.54
Richard Gboyega Asabia[2*]	195,851	NIL	0.002	195,851	NIL	0.002
Oluwafunsho Obasanjo [3]	NIL	926,104,410	7.92	NIL	926,104,410	7.92
Ibrahim Muhammad Abega Kaugama[4*]	NIL	130,444,483	1.11	NIL	130,444,483	1.11
Hakeem Shagaya[5*]	710,348	136,934,522	0.006	710,348	136,934,522	0.006
Priya Heal[6*]	NIL	1,480,614,483	12.67	NIL	1,480,614,483	12.67
Dauda N. Iliya[6*]	NIL			NIL		
Sam N. Okagbue	NIL	NIL	-	NIL	NIL	-
Yabawa Lawan Wabi[7*]	NIL	4,024,157,461	34.42	NIL	4,024,157,461	34.42
Tomi Somefun	NIL	NIL	-	NIL	NIL	-
Aisha A. Abraham	1,024,667	NIL	0.01	1,024,667	NIL	0.01
Abba Bello**	NIL	NIL	-	NIL	NIL	-
Chadi Dahiru***	NIL	NIL	-	NIL	NIL	-
Temisan Tuedor	NIL	NIL	-	NIL	NIL	-

[1] *El-Amin Nig. Limited. And B-Sha Limited*
[2] *Asabia S.O. Estate*
[*] *Resigned on the 06 June 2017*
[4] *Jigawa State Investment & Property*
[5] *Shagaya Bola*
[**] *Resigned on the 01 May 2017*
[7] *Asset Management Corporation of Nigeria*
[6] *Pan African Capital Nominees*
[***] *Resigned on the 13 June 2017*
[3] *Tempo Food & Packing Limited, Obasanjo Holdings, Alarab Properties Limited, Agro Mixed Nigeria Limited, Ibad Limited*

h. Directors Interest in contracts

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

i. Shareholding Analysis

The shareholding pattern of the Bank as at 31 December 2017 is as stated below:

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

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100000001 - 500000000	30	759,206,462
500000001 - 1000000000	18	1,114,728,208
1000000001 - 500000000000	10	8,886,640,185
TOTAL	**85,438**	**11,689,337,942**

j. Substantial interest in shares

According to the register of members as at 31 December 2017, 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	4,024,157,461	34.42%
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	5.54%
TOTAL	**7,891,583,060**	**67.78%**

According to the register of members as at 31 December 2016, 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	4,024,157,461	34.42%
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	5.54%
TOTAL	**7,891,583,060**	**67.78%**

k. Acquisition of own shares

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

I. Corporate Social Responsibility (CSR)

For the year ended 31 December 2017, the Bank expended the sum of N122 million, (December 2016 – N12.15 million) on various CSR Commitments covering the fields of Education/Capacity Building, Trade Promotions, Value Reorientation, Professional Developments, Community Interventions, Sports and Health as follows:

SN	Details of Expenditure	Category	Amount (N'0000)	Date
1	OSUN STATE SUBEB INTERVENTION - HYUANDAI BUS DONATION	Education	11,105	Jan-17
2	NIGERIAN POLICE FORCE - PATROL VEHICLE & SECURITY EQUIPMENT	Community Intervention	50,000	May-17
3	FINANCIAL LITERACY TRAINNING	Education	1,483	Jun-17
4	INTERNALLY DISPLACED PEOPLE IN ABUJA	Community Intervention	149	Jul-17
5	SUBERB HOUSING PROJECT	Community Intervention	10,000	Aug-17
6	KANO MARKET DISASTER SUPPORT DONATIONS	Community Intervention	10,000	Sep-17
7	KANO STATE PILGRIMS WELFARE BOARD LOUNGE	Community Intervention	2,000	Sep-17
8	BORNO STATE SUBEB INTERVENTION - FORD RANGER TRUCK DONATION	Education	13,960	Oct-17
9	CHOSEN VESSELS EMPOWERMENT FOUNDATION - MENTAL HEALTH	Health	1,000	Oct-17
10	BREAST CANCER ASSOCIATION OF NIGERIA - BREAST CANCER AWARENESS	Health	2,000	Oct-17
11	HOME GROWN FEEDING PROGRAMME	Education	1,000	Dec-17
12	LAGOS STATE SECUTRITY TRUST FUND	Government	20,000	Dec-17
	TOTAL		**122,697**	

m. Post Balance Sheet Events

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

n. Human Resources

Commitment to Equal Employment Opportunity

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

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

(a) Analysis of total employees

	31 DECEMBER 2017		31 DECEMBER 2016	
Employees	Number	Percentage	Number	Percentage
Male	1,172	65%	1,283	66%
Female	636	35%	671	34%
	1,808	100%	1,954	100%

(b) Analysis of Board and top management staff

	31 DECEMBER 2017		31 DECEMBER 2016	
i. Board members (Executive and non-executive Directors)	Number	Percentage	Number	Percentage
Male	3	43%	10	87%
Female	4	57%	5	13%
	7	100%	15	100%

	31 DECEMBER 2017		31 DECEMBER 2016	
ii. Top Management staff (AGM-GM)	Number	Percentage	Number	Percentage
Male	18	90%	18	95%
Female	2	10%	1	5%
	20	100%	19	100%

(c) Further analysis of Board and top management staff

	31 DECEMBER 2017					
	Male		**Female**		**Total**	
Assistant General Managers	8	89%	1	11%	9	100%
Deputy General Managers	7	88%	1	13%	8	100%
General Managers	3	100%	0	0%	3	100%
Board Members (Non-Executive Directors)	2	50%	2	50%	4	100%
Board Members (EDs ex MD/CEO)	1	50%	1	50%	2	100%
Managing Director/CEO	0	0%	1	100%	1	100%
	21		**6**		**27**	

	31 DECEMBER 2016					
	Male		Female		Total	
Assistant General Managers	10	90%	1	9%	11	100%
Deputy General Managers	3	100%	0	0%	3	100%
General Managers	5	100%	0	0%	5	100%
Board Members (Non-Executive Directors)	7	70%	3	30%	10	100%
Board Members (EDs ex MD/CEO)	3	75%	1	25%	4	100%
Managing Director/CEO	0	0%	1	100%	1	100%
	28		**6**		**34**	

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

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

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

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

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

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

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

1	Sunday Akinniyi (Shareholder)	-	Chairman
2	Ahmed U. Ndanusa (Shareholder)	-	Member
3	Funke Titilayo Shodeinde (Shareholder)	-	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 2017.**

	NUMBER		AMOUNT CLAIMED (N'000)		AMOUNT REFUNDED (N'000)	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Pending complaints brought forward	364	352	13,750,056	2,319,119	-	-
Received complaints	62,440	32,334	15,900,537	15,705,271	-	-
Resolved complaints	(62,164)	(31,970)	(8,556,346)	(1,955,215)	642,214	1,165,673
Unresolved complaints escalated to CBN for intervention	93	275	11,915,798	11,915,798	344,268	906,071
Unresolved complaints pending with the bank carried forward	**276**	**364**	**7,344,192**	**13,750,056**	**-**	**-**

The tables below show Complaints received and resolved by the Bank in other currencies for the year ended December 2017and December 2016 respectively.

	AMOUNT CLAIMED ($)		AMOUNT REFUNDED ($)	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
United States Dollars	-	7,150	-	7,150

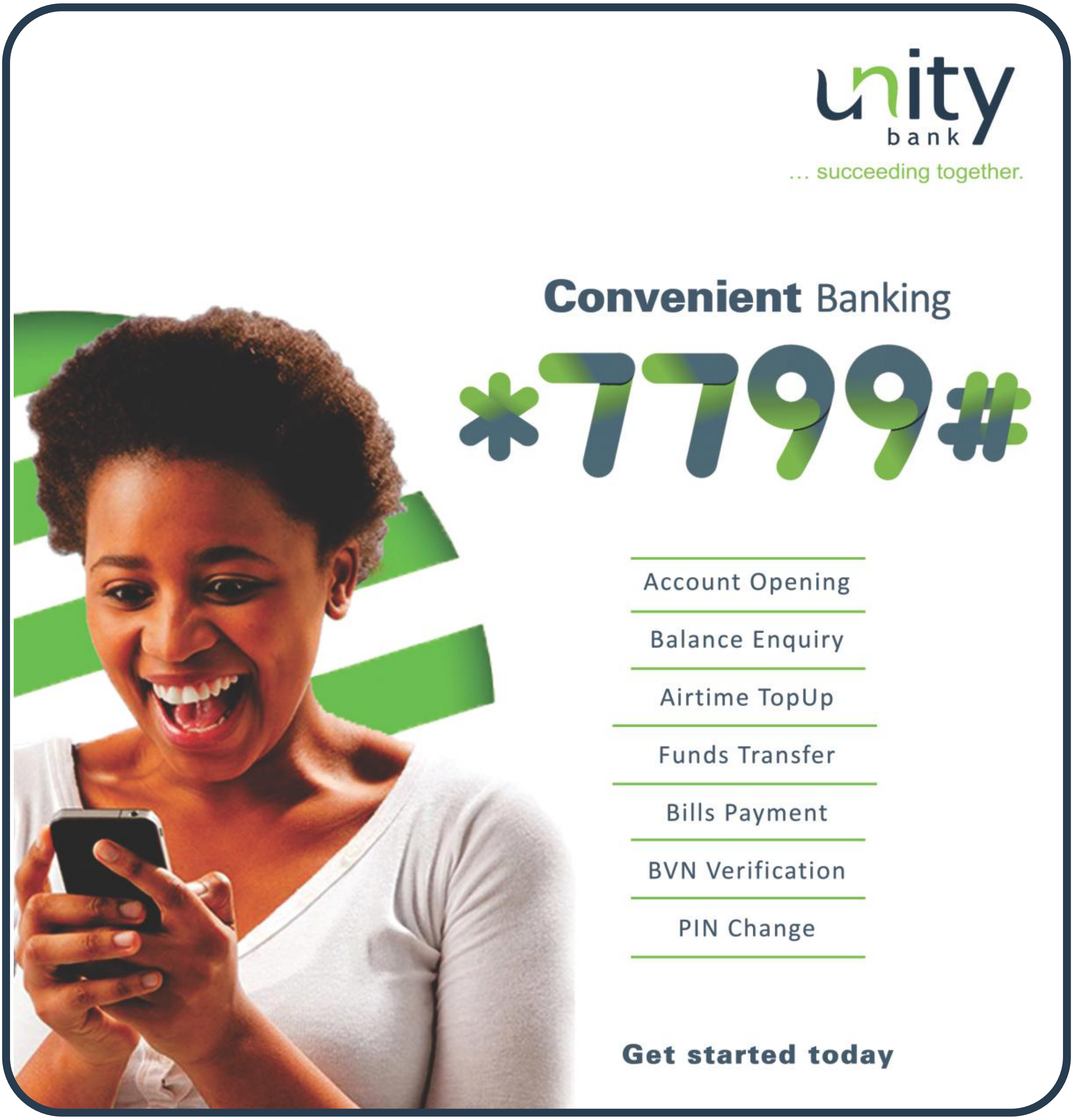
r. **Auditors**

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

BY ORDER OF THE BOARD

Mohammed Shehu
FRC/2017/NBA/00000016416
Company Secretary
Unity Bank Tower
Plot 42, Ahmed Onibudo Street
Victoria Island, Lagos.

Dated this 27th day of March 2018


unity
bank
... succeeding together.
Convenient Banking
*7799#
Account Opening
Balance Enquiry
Airtime TopUp
Funds Transfer
Bills Payment
BVN Verification
PIN Change
Get started today

Corporate Governance Information

The Central Bank of Nigeria in its circular FPR/DIR/CIR/GEN/01/004 of May 16, 2014 released a Code of Corporate Governance which aims at protecting equity ownership, enhancement of sound organizational structure, promotion of industry transparency and guidelines for whistle blowing. The Code came into force on the 1st day of October, 2014. It required Banks to include in their annual report and Accounts a compliance report to the Code of Corporate Governance, in compliance therefore, we state below our compliance Report as at 31 December 2017:

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 substantially complied with the Code of Corporate Governance during the 2017 financial year.

STATUTORY BODIES

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

SHAREHOLDERS' MEETING

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

OWNERSHIP STRUCTURE

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

The Bank through the 2014 Capital Raising exercise (vide Rights Issue and Private Placement) diluted the percentage of public sector shareholding in the Bank from 30.40% as at September 3, 2014 to 8.91% as at December 31, 2014. The Public sector ownership currently stands at 8.34% as at 31 December 2017.

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 period ended 31 December 2017 were as follows:

S/N	Director's Name	POSITION HELD WITHIN THE BOARD
1.	Mr. Thomas A. Etuh	Board Chairman
2.	Alh. Aminu Babangida	Board Vice Chairman
3.	Dr. Oluwafunsho Obasanjo	Non Executive Director
4.	Alh. Ibrahim M.A Kaugama	Non Executive Director
5.	Mr. Hakeem Shagaya	Non Executive Director
6.	Mr. Richard Gboyega Asabia	Independent Director
7.	Mr. Dauda N. Iliya	Non Executive Director
8.	Mrs. Priya Heal	Independent Director
9.	Mr. Sam N. Okagbue	Non Executive Director

S/N	Director's Name	POSITION HELD WITHIN THE BOARD
10.	Mrs. Yabawa Lawan Wabi, mni	Non Executive Director
11.	Mrs. Tomi Somefun	Managing Director/CEO
12.	Mrs. Aisha A. Abraham	Executive Director
13.	Mr. Abubakar A. Bello	Executive Director
14.	Mr. Dahiru Chadi	Executive Director
15.	Mr.Temisan Tuedor	Executive Director

* - Resigned on 06 June 2017 ** - Resigned 01 May 2017 *** - Resigned 13 June 2017
^ - Retired effective 31 December 2017 ^^ - Appointed chairman on 04 October 2017 @ Resigned 04 October 2017

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

CHANGES TO BOARD COMMITTESS AND COMPOSITION IN THE YEAR

During the year, the Board of Directors approved the consolidation of four committees as follows:
The Board Risk management Committee and the Board Audit Committees were consolidated to become the Board

a. Risk Management and Audit Committee with effect from 14 June 2017.
b. The Board Information Technology & Strategy Committee was absorved into the Board Finance General Purpose Committee with effect from 14 June 2017.

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 and Two (2) Executive Directors as follows:

1.	Sam N. Okagbue (Independent Director)	Chairman
2.	Olufunso Obasanjo (Non-Executive Director)	Member
3.	Yabawa Lawan Wabi (Non-Executive Director)	Member
4.	Hafiz Mohammed Bashir (Non-Executive Director)	Member
5.	Managing Director/CEO	Member
6.	ED, Corporate Planning & Compliance	Member
7.	ED, South Bank	Member

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

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.

ROLES

The Role of the Committee is:

- Oversee Management's establishment of policies and guidelines, to be adopted by the Board
- Articulating the Bank's tolerances with respect to credit risk, and overseeing Management's administration of, and compliance with, these policies and guidelines.
- Oversee Management's establishment of appropriate systems (including policies, procedures, management and credit risk stress testing) that support measurement and control of credit risk.
- 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.
- Overseeing the administration of the Bank's credit portfolio, including Management's responses to trends in credit risk, credit concentration and asset quality.
- 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.
- Evaluate and or approve all credits beyond the powers of the Executive Management.
- Ensure that a qualitative and profitable Credit Portfolio exist for the Bank.
- Evaluate and recommend to the Board all credits beyond the Committee's powers.
- Review of credit portfolio within its limit in line with set objectives.
- Review of classification of credit advances of the Bank based on prudential guidelines on quarterly basis.
- Approving the restructuring and rescheduling of credit facilities within its powers;
- Write-off and grant of waivers within powers delegated by the Board;
- 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:

• Oluwafunsho Obasanjo (Non Executive Director)	Chairperson (Appointed 30 November 2017)
• Sam N. Okagbue (Independent Director)	Member
• Yabawa Lawan Wabi (Non Executive Director)	Member
• Hafiz Mohammed Bashir (Non Executive Director)	Member
• Managing Director/CEO	Member
• ED, Corporate planning & Compliance	Member
• ED, South Bank	Member

BOARD FINANCE AND GENERAL PURPOSES COMMITTEE

The Finance & General Purposes 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 (appointed 30 November 2017)
2.	Dr. Oluwafunsho Obasanjo	Member
3.	Sam N. Okagbue	Member
4.	Yabawa Lawan Wabi	Member
5.	Managing Director/CEO	Member
6.	ED, Corporate Planning & Compliance	Member
7.	ED, South Bank	Member

BOARD GOVERNANCE & NOMINATIONS COMMITTEE (BG&NC)

The BG&NC concentrates on Board Compensations/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.
- 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
- 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 t
- To periodically evaluate the skills, knowledge and experience required on the Board

- Removal, Operating Structure, Reporting and other Committee Operational matters;
- To provide input to the Annual Report of the Bank in respect of Directors' compensation;
- To ensure that the Board evaluates itself on an Annual basis;
- To review and make recommendations to the Board for approval of the Bank's organizational structure and any propo
- 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 inline 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	Chairperson
• 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 comprise 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 refere

Financial Statement

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

Internal Audit

- Review and assess the annual internal audit plan.
- Receive and review on quarterly basis, Internal Auditors Reports of the Bank, especially reports on efficiency, cost control and budgetary prudence.
- Review and monitor Management's responsiveness to the findings and recommendations of the Internal Auditors.
- Review the Bank's internal financial controls and risk management systems and submit these reviews and its recommendations to the Board.

- Consider and review with the external auditors the adequacy of the Bank's systems of internal control (including computerized information systems) and the integrity of the Bank's Financial Statement and its accounts.
- Review promptly all material Reports on the Bank from the internal auditors.
- Ensure that appropriate action is taken on issues arising from such reports.
- Review the activities, resources, organizational structure and the operational effectiveness of internal audit, and where appropriate, make recommendations to the Board.

External Audit

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

Whistle Blowing

- Review arrangements by which staff/stakeholders/general public may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Committee will ensure that arrangements are in place for the proportionate and independent investigation and follow-up of such matters.

- Global best practice however requires that a direct channel of communication is established between the whistle blower and the authority to take action. (Investigate or cause to be investigated the matter being blown). The direct channel should be through the Board Audit Committee.

Regulatory Reports

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

Reporting

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

MEMBERSHIP

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

1.	Sunday B Akinniyi (Shareholder)	Chairman
2.	Funke T. Shodeinde (Shareholder)	Member
3.	Ahmed U. Ndanusa (Shareholder)	Member
4.	Yabawa Lawan Wabi (Non-Executive Director)	Member
5.	Sam N Okagbue (Independent Director)	Member
6.	Oluwafunsho Obasanjo (Non-Executive Director)	Member

REMUNERATION OF DIRECTORS

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

ATTENDANCE OF BOARD AND COMMITTEE MEETINGS

The table overleaf shows the frequency of meetings of the Board of Directors and Board Committees, as well as Members' attendance from January 1, 2017 to December 31, 2017.

BOARD MEETING DATES AND ATTENDANCE OF DIRECTORS FOR 2017:

	Board	Board Credit Committee	Board Risk Management Committee*	Board Governance & Nomination Committee	Board Finance & General Purpose	Board Information Technology & Strategy Committee#	Board Audit Committee*	Statutory Audit Committee	Board Risk management & Audit Committee
Date of Meetings	**24-Feb-17 25-May-17 6-Jun-17 14-Jun-17 27-Sep-17 4-Oct-17 30-Nov-17**	**21-Feb-17 22-May-17 25-Sep-17 27-Nov-17**	**21-Feb-17 22-May-17**	**22-Feb-17 23-May-17 27-Sep-17 9-Nov-17**	**22-Feb-17 23-May-17 27-Sep-17 28-Nov-17**	**21-Feb-17 23-May-17**	**20-Feb-17 15-Mar-17 22-May-17**	**20-Feb-17 15-Mar-17 22-May-17 25-Sep-17 27-Nov-17**	**25-Sep-17 27-Nov-17**
Number of Meetings	**7**	**4**	**2**	**4**	**4**	**2**	**3**	**5**	**2**
Thomas A. Etuh [R]	6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Aminu Babangida	7	2	N/A	3	3	1	N/A	N/A	1
Richard G. Asabia [R]	3	2	2	N/A	N/A	2	N/A	N/A	N/A
Ibrahim M. A. Kaugama [R]	3	N/A	2	N/A	2	N/A	3	3	N/A
Oluwafunsho Obasanjo	7	2	2	4	4	2	N/A	1	2
Hakeem Shagaya [R]	3	2	N/A	2	2	2	N/A	N/A	N/A
Priya Heal [R]	3	2	N/A	2	2	N/A	3	N/A	N/A
Yabawa Lawan Wabi	6	2	2	2	2	2	3	5	2
Sam Okagbue	7	4	N/A	2	2	N/A	3	5	2
Dauda N. Iliya [R]	3	2	2	2	2	2	3	N/A	N/A
Hafiz Mohammed Bashir	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tomi Somefun	7	4	2	N/A	4	2	N/A	N/A	2
Aisha Azumi Abraham [Rt]	7	N/A	1	N/A	3	1	N/A	N/A	2
Abubakar Abba Bello [R]	1	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dahiru Chadi [R]	1	1	1	N/A	1	0	N/A	N/A	N/A
Temisan Tuedor	6	4	N/A	N/A	2	1	N/A	N/A	2

NOTE- Indicators: A - attended, AB - absent with apology, N/A- Not Applicable, R -Resigned, Rt - Retired

**The Board Risk management Committee & The Board audit Committee were merged in the year. See Paragraph on Changes in the Board Committee*

#The Board Information Technology & Steering Committee was absorbed into the Board Finance & general purpose committee in the year. See Paragraph on Changes in the Board Committee

INTERNAL AUDIT

The Bank has separate staff within the internal audit function seperate from operational and management Internal control Charter for its internal audit exercise. The Charter isolates and insulates the Internal Audit Division from the control and 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 Board Audit Committee.

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

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

FUNCTIONS OF THE COMMITTEE
The Committee is charged with the responsibility of evaluating and or approving all credits beyond the powers of the Managing Director from =N=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
Members:	Executive Director, Enterprise Risk Management
	Executive Director, Corporate planning & Compliance
	Head, Lagos & West
	Head, Abuja & Central
	Chief Financial Officer
	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, Enterprise Risk Management
	Executive Director, Corporate planning & Compliance.
	Head, Lagos & West
	Head, Abuja & Central
	Head, Information Technology
	Chief Financial 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 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, Enterprise Risk Management
Members:	Executive Director, South
	Executive Director, Corporate Planning & Compliance
	Head, Lagos & West
	Head, Abuja & Central
	Head, Enterprise Risk Management;
	Chief Financial 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 :

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 2017

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

- Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act;
- Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, that are consistently applied.

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

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

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

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

The financial statements of the Bank for the year ended 31 December 2017 were approved by the Directors on 27th March, 2018.

On behalf of Directors of the Bank;

Yabawa Lawan Wabi, mni
Non Executive Director
FRC/2013/ANAN/00000002266

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

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

In our opinion, the scope and planning of both the internal and external audits for the nine months period ended 31 December 2017 were adequate. We have also received, reviewed and discussed the auditor's findings on management matters and were satisfied with the departmental responses thereon.

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

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

Dated this 27th day of March 2018

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

Members of the Audit Committee

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

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BOARD EVALUATION EXECUTIVE SUMMARY

The Unity Bank Board Evaluation for 2017 fiscal year was conducted by Phillips Consulting Limited in compliance with the Central Bank of Nigeria Code of Corporate Governance, Securities and Exchange Commission Code of Corporate Governance and in accordance with best practices.

SCOPE

The scope of the evaluation covered the following areas:

- Board Composition and Balance.
- Board Committees.
- Board Responsibilities and Board Processes.
- Financial Transparency and Corporate Behaviour.

The evaluation which was conducted in April 2018 was done by reviewing the Bank's Board Terms of Reference, Board Papers, Minutes of Board Meetings (General and Committee Meetings), Annual Report, Succession Planning Policy and conducting interviews with Board Members. The Directors' understanding of their fiduciary duties and roles in providing financial oversight and improving shareholders value were also examined.

SUMMARY OF FINDINGS

The Unity Bank Board of Directors as at the close of 2017 financial year (i.e. December 31st, 2017) comprised of seven (7) members. This structure includes one Independent Director, four (4) Non-Executive Directors and two (2) Executive Directors. A few Board Members were retired in the course of the year and a new member (Mr. Hafiz Mohammed Bashir) joined the Board before close of the year, specifically in November 2017.

Unity Bank is not directly in compliance with section 2.2.4 of the CBN Code which states that the Board of Banks shall have at least two Independent Directors. Following the exit of Mr. Richard Asabia and others during the course of the year, the number of Independent Directors on the Board dropped from two to one. Thus, the situation of a lone Independent Director is attributable to the size of the Board.

The Unity Bank Board of Directors consists of individuals, who are knowledgeable in business, financial matters, and who are fit to be members of the Board of a banking institution. In accordance with Section 2.3.1 of the CBN Code, the position of Chairman and Chief Executive are held by separate individuals. Mr. Aminu Babangida and Mrs. Oluwatomi Somefun maintained the position of Chairman and Managing Director/Chief Executive respectively. This shows clear separation of powers between both offices while the duties and roles of each office are clearly understood.

There are five (5) Board Committees, namely:

- The Board Risk Management and Audit Committee

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Tel: 09-2904738, 09-2904748

PHILLIPS CONSULTING

- The Board Finance and General-Purpose Committee
- The Board Credit Committee
- The Board Governance and Nominations Committee
- The Statutory Audit Committee

All these committees were properly constituted with members who are qualified and fully understand their responsibilities.

There were six (6) Board meetings held during the period reviewed, and the level of attendance was high. Also, the agenda and the minutes of Board meetings were properly documented as observed.

Training programs were held during the period under review. External facilitators from reputable training institutes were engaged to conduct relevant trainings for the Board members. A few of the trainings attended include:

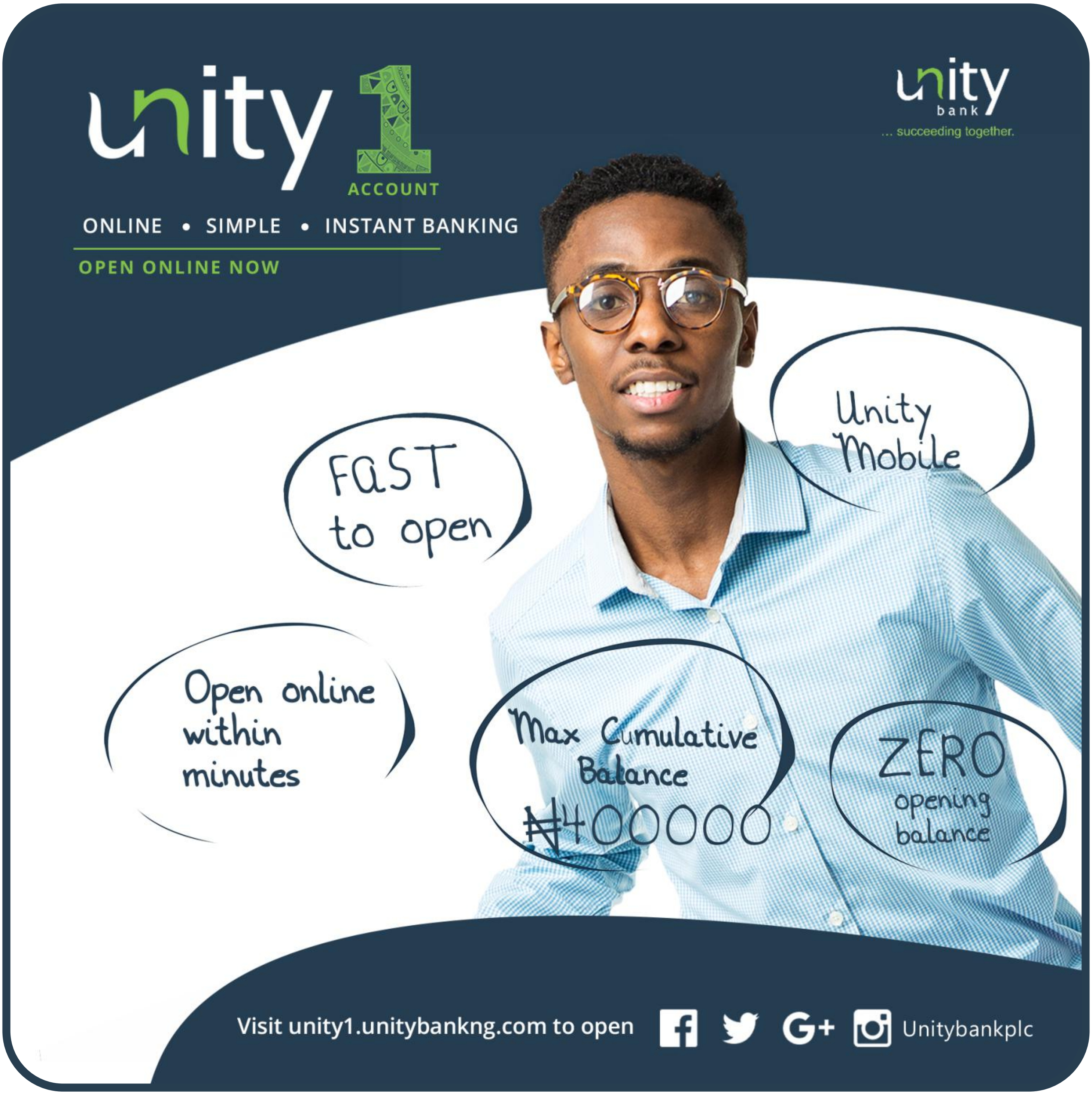
1. Board Responsibilities and Understanding of Financial Statements: Finance for Non-Finance Directors.
2. 2017 Annual Audit Committee Conference: Safeguarding Governance and Wealth from Conflicts of Interest.
3. A Review of the Nigerian Economy and Emerging Opportunities.
4. Leadership and Teamwork.
5. Corporate Governance.
6. Anti-Money Laundering and Combating Financing of Terrorism.
7. Leading into the Future: Managing in a Changing World.

In summary, our evaluation shows that the Board of Unity Bank Plc is largely compliant with the directives of the CBN Code. Details of our findings and recommendations are contained in the full report to the Board.

Yours faithfully,
For: Phillips Consulting Limited

Olufunso Akintewe
Senior Managing Consultant
FRC/2013/ICAN/00000000709

Paul Ayim
Associate Partner
FRC/2015/ICSAN/00000012887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Auditors' Report

Ahmed Zakari & Co.
(CHARTERED ACCOUNTANTS)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Unity Bank Plc as at 31 December 2017 and of its financial performance and cash flows for the year then ended in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011 and in accordance with the International Financial Reporting Standards and the Companies and Allied Matters Act, CAP C20, LFN 2004 and the Banks and Other Financial Institutions Act, CAP B3, LFN 2004.

Basis of opinion

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

Key Audit Matters

Key Audit Matters are those matters which were of most significance to the audit of the financial statements for the year ended 31 December 2017 based on our professional judgement. A separate opinion has not been provided for these matters as these have been covered by our opinion on the audit of the financial statements.

Area of focus

Re-capitalization Activity

The Bank embarked on a capital raising exercise in the year 2015 geared towards attracting both local and foreign investors to participate significantly in the Bank's equity.

The capital raising activity is a key audit matter as its success is expected reverse the Banks negative capital adequacy ratios both based on IFRS and CBN Prudential Guidelines impairment criteria. It is also expected to provide trading funds to strategically reposition the Bank in the industry. Further disclosures on the recapitalization activity are on note 41c.

Procedures

Potential investors have indicated interests in participating significantly in the Banks equity. The investors have concluded their due diligence on the Bank and are at various stages of negotiation. We had previously:

- Examined Board resolutions authorizing the recapitalization activity.
- Examined letter from CBN mandating the Bank to recapitalize.
- Reviewed investors' letters of intent.
- Reviewed agreed actions and activity timelines with prospective investors and extent of implementation
- Examined correspondences indicative of the CBN's continuous support to the Bank. Such as:

Partners: Shuaibu A. Ahmed | Isma'ila M. Zakari | Tajudeen Adetokunbo Oni | Najib Imam | Wazir Olukayode Lawal

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Lagos Office: 22B Oladipo Diya Crescent, 2nd Avenue Estate, Ikoyi, Lagos. P. O. Box 54478, Falomo, Ikoyi, Lagos.
Abuja Office: 2nd Floor, Akintola Williams House, Plot 2048 Michael Opara way, Wuse Zone 7, Abuja.
E-mail: info@ahmedzakari.com *Url:* www.ahmedzakari.com

- Utilization of the Capital Reserve account
- Extension of financial accommodation to the bank

Elimination of Non-performing loans (NPLs)
The Bank entered into a strategic arrangement with an institutional debt buyer to reduce its portfolio of Non-performing loans and to fulfill conditions set by some potential investors to the Bank.

The arrangement included an initial good faith payment by the debt buyer to Unity Bank Plc and execution of transaction documents for effective transfer of rights and title in the loan assets to the PL debt buyer. Disclosures on the disposal of NPLs are on notes 19a and 40b

The elimination of the NPLs is a key audit matter as it:

1. is Fundamental to some potential investors for participating in the Bank's equity.

2. it requires appropriate accounting treatment in the financial statements

The Bank disposed nonperforming loans (NPLs) comprising commercial, insider related and intervention loans with a gross amount of N436 billion. We:

- Reviewed Non-performing loans (NPLs) sales and purchase agreement
- Examined communications to ascertain that regulatory conditions have been satisfied.
- Verified payment made by debt buyer indicating commitment to the transaction fulfillment of condition for acquisition of title and rights in the loan assets.
- Reviewed terms and conditions in NPl sales agreement to ensure that conditions have met for valid transfer of title and rights in the loan assets
- Checked the appropriateness of the accounting entries to derecognize the disposed loan assets
- Made requests to CBN for the confirmation of authorization to Bank to dispose insider related and intervention loans

Impairment of loans and advances
Impairment allowances should represent management's best estimate of losses incurred on loan portfolios at the balance sheet date. Management applies assumptions and judgements in estimating impairment allowances in accordance with the requirements of the International Financial Reporting Standards. The IFRS model requires that collective impairment is calculated for a portfolio of loans of a similar nature and specific impairment calculated individually for loans. The calculation of both collective and specific impairment is based on judgement in estimating the impact of current economic and credit conditions on large loan portfolios and determination of an impairment event and future cash flow expectations.

The CBN however requires banks to also calculate impairment based on prudential guidelines The CBN requires that where

- Reviewed policies set by management to guide and support collective and impairment calculations. This also involved a review of key controls put in place by management over the identification of impairment triggers.

- Collective impairment: Selected significant portfolios and reviewed appropriateness of models and methods adopted and management's judgement

- Specific impairment: Assessed management's judgement on the estimation of future cashflows. Assessed basis of valuation of collaterals.

- Collateral valuation: Examined significant valuation reports to evaluate the independence, competence and objectivity of the valuers. We also evaluated the reasonableness of the valuation basis and application in the impairment test impairment provisioning under Prudential Guidelines is higher impairment allowances under IFRS, the difference should be debited to retained earnings account and credited to the Regulatory risk reserve.

Disclosure of impairment on loans and advances are on notes 12 and 19d.

calculations.

- Prudential Guidelines classification: Assess loan portfolio for classification in compliance with the Prudential Guidelines. Checked accuracy of resulting shortfall between IFRS impairment and Prudential Guidelines allowances and appropriate transfer to the regulatory risk reserve. In relation to disposed NPLs, checked the appropriateness of the treatment of the corresponding amounts in the regulatory risk reserve.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially 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.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011 and in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004, the Banks and Other Financial Institutions Act, CAP B3, LFN 2004, and relevant Central Bank of Nigeria circulars. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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

Responsibilities of the Auditor for the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication. In the event of these rare cases, we are required to report these key audit matters to the Financial Reporting Council of Nigeria before the conclusion of the audit in accordance with Rule 9 of the Financial Reporting Council of Nigeria Act, No. 6, 2011.

Report on Other Legal and Regulatory Matters

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

In our opinion proper books of account have been kept by the bank. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the !/#'.0 &$!+(1--.!.$*$+.-,%%'+!+"'!) position and comprehensive income are in agreement with the books of account.

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

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

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

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

Tajudeen Adetokunbo Oni,
FRC/2013/ICAN/00000000749
For: Ahmed Zakari & Co.
(Chartered Accountants)
22B, Oladipo Diya Crescent
2nd Avenue Estate, Ikoyi
Lagos

STATEMENT OF PROFIT OR LOSS

	Notes	2017 N'000	2016 N'000
Interest and similar income	6	**86,629,439**	69,377,105
Interest and similar expense	7	**(35,452,651)**	(19,901,215)
Net interest income		**51,176,788**	49,475,890
Fee and commission income	8	**1,683,742**	1,642,023
Net fee and commission income	8	**1,683,742**	1,642,023
Net trading income	9	**18,362**	7,410,375
Net loss from sale of financial instrument at fair value through profit & Loss	10	**-**	(8,130)
Other operating income	11	**1,594,153**	5,591,289
		1,612,515	12,993,534
Total operating income		**54,473,045**	64,111,448
Impairment of financial assets	12	**(44,254,863)**	(35,948,596)
Net operating income		**10,218,182**	28,162,852
Personnel expenses	13	**(10,861,913)**	(11,634,050)
Depreciation of property and equipment	22	**(1,602,404)**	(1,727,010)
Amortisation of intangible assets	23	**(194,719)**	(192,626)
Other operating expenses	14	**(11,801,720)**	(12,792,734)
Total operating expenses		**(24,460,756)**	(26,346,421)
Profit before tax		**(14,242,574)**	1,816,431
Income tax credit/(expenses)	15	**(675,364)**	367,367
Profit after tax		**(14,917,938)**	2,183,798
Earnings per share			
Basic earnings per share (Basic)	16	**(127.62)**	18.68
Diluted earnings per share	16	**(127.62)**	18.68

STATEMENT OF OTHER COMPREHENSIVE INCOME

	Notes	2017 N'000	2016 N'000
Profit/(Loss) for the year		**(14,917,938)**	2,183,798
Other comprehensive income			
Un-realized (loss)/gain on available-for-sale financial assets	33	**1,093,424**	(1,651,349)
Other comprehensive income for the year, net of tax		**1,093,424**	**(1,651,349)**
Total comprehensive income for the year, net of tax		**(13,824,514)**	**532,449**

STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	31 DECEMBER 2017 N'000	31 DECEMBER 2016 N'000
Cash and balances with Central Bank	17	5,675,461	51,129,061
Due from banks	18	15,152,227	9,324,758
Loans and advances to customers	19	8,958,127	277,214,521
Financial investments – held-for-trading	20a	-	97,063
Financial investments – available-for-sale	20b	39,697,069	26,152,264
Financial investments – available-for-sale pledged as collateral	20c	19,006,289	33,023,297
Financial investments – held-to-maturity	20d	20,271,961	26,211,318
Other assets	21	5,842,161	9,353,166
Property and equipment	22	21,501,055	22,800,643
Goodwill	23	-	16,471,335
Other intangible assets		112,324	295,057
Deferred tax assets	24	20,289,830	20,609,164
Total assets		156,506,504	492,681,647
Liabilities and Equity			
Liabilities			
Due to other banks	26	42,957,842	50,195,162
Due to customers	27	252,310,469	264,196,344
Debt issued and other borrowed funds	28	80,546,364	81,908,685
Current tax liabilities	29	710,128	644,509
Other liabilities	30	22,130,046	12,504,349
Employee benefit liabilities	31	44,810	125,618
Total liabilities		398,699,659	409,574,667
Equity			
Issued share capital	32	5,844,669	5,844,669
Share premium	SCE	10,485,871	10,485,871
Statutory reserve	SCE	11,929,737	11,929,737
Retained earnings	SCE	(338,694,712)	(275,980,402)
Non Distributable Regulatory Reserve	SCE	-	263,788,438
Other reserves	33	68,241,280	67,038,667
Total equity		(242,193,155)	83,106,980
Total liabilities and equity		156,506,504	492,681,647

The financial statements were approved by the Board of directors for issue on the 27 March 2018 and signed on its behalf by:

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

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

Yabawa Lawan Wabi, mni
Director
FRC/2013/ANAN/00000002266

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

	Issued Capital N'000	Share Premium N'000	Statutory Reserves N'000	Retained Earnings N'000	Non-distributable Regulatory Reserve N'000	Other Reserves N'000	Total equity N'000
At 1 JANUARY 2017	**5,844,669**	**10,485,871**	**11,929,737**	**(275,980,402)**	**263,788,438**	**67,038,667**	**83,106,980**
Profit/(Loss) for the period	-	-	-	(14,917,938)	-	-	(14,917,938)
Transfer to Statutory Reserve	-	-	-	-	-	-	-
Transfer to Non Distributable Reserve	-	-	-	(47,687,182)	(263,788,438)	-	(311,475,620)
Issued Share Capital	-	-	-	-	-	-	-
Share Capital Reconstruction Reserve	-	-	-	-	-	-	-
Transferred to CBN - AGSMEIS Reserve	-	-	-	(109,190)	-	109,190	-
Other comprehensive income	-	-	-	-	-	1,093,424	1,093,424
Reclassification of Prior Year AFS Reserve	-	-	-	-	-	-	-
At 31 DECEMBER 2017	**5,844,669**	**10,485,871**	**11,929,737**	**(338,694,711)**	**-**	**68,241,280**	**(242,193,154)**
At 1 JANUARY 2016	5,844,669	10,485,871	11,602,168	(117,270,296)	103,222,105	68,690,015	82,574,531
Profit/(Loss) for the period	-	-	-	2,183,798	-	-	2,183,798
Transfer to Statutory Reserve	-	-	327,570	(327,570)	-	-	-
Transfer to Non Distributable Reserve	-	-	-	(160,566,334)	160,566,334	-	-
Issued Share Capital	-	-	-	-	-	-	-
Share Capital Reconstruction Reserve	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	(1,651,349)	(1,651,349)
Reclassification of Prior Year AFS Reserve	-	-	-	-	-	-	-
At 31 DECEMBER 2016	**5,844,669**	**10,485,871**	**11,929,737**	**(275,980,402)**	**263,788,438**	**67,038,667**	**83,106,980**

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

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

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

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

Operating activities		2017 N'000	2016 N'000
(Loss)/Profit before tax		**(14,242,574)**	1,816,431
Adjustment for non cash items:			
Impairment losses on Risk assets		**27,783,528**	35,948,596
Impairment losses on goodwill		**16,471,335**	-
Impairment losses on Non current assets Held for sale		**-**	-
Depreciation of property and equipment		**1,602,404**	1,727,010
Amortisation of intangible assets		**194,719**	192,626
Profit on disposal of Property and equipment		**(74,141)**	-
Gains from sale of investments		**(316,166)**	(3,231,144)
		31,419,104	36,453,519
Changes in operating assets			
Deposits with the Central Bank of Nigeria		**39,774,324**	(28,036,500)
CBN - AGSMEIS Account		**(109,190)**	-
Loans and advances to customers		**(71,471,364)**	(67,019,988)
Other assets		**3,511,005**	387,900
		(28,295,225)	(94,668,587)
Changes in operating liabilities			
Due to customers		**(11,885,875)**	32,755,402
Due to Other Banks		**(7,237,320)**	9,664,121
Current tax liabilities		**319,334**	0
Other liabilities		**9,625,698**	(7,021,170)
Defined contribution		**(80,808)**	40,082
		(9,258,971)	35,438,435
Cash generated from operations		**(6,135,092)**	(22,776,634)
Income tax paid		**(609,745)**	(543,892)
Net cash flows from/(used in) operating activities		**(6,744,837)**	(23,320,526)
Investing activities			
Purchase of property and equipment		**(304,021)**	(2,223,010)
Purchase of intangible assets		**(11,985)**	(38,610)
Proceeds from sale of property and equipment		**75,346**	455,215
Proceeds from sale of investment		**316,166**	3,342,621
Available for sale investments		**97,063**	13,570
Held for trading investments		**2,034,237**	(573,618)
Held to maturity investments		**5,939,357**	(972,046)
Net cash flows from/(used in) investing activities		**8,146,163**	4,123
Financing activities:			
Share Capital		**(0)**	(0)
Equity & Reserves		**-**	-
Debt issued and other borrowed funds		**(1,362,321)**	11,614,429
Net cash flows from /(used in) financing activities		**(1,362,322)**	11,614,429
Net increase/(decrease) in cash and cash equivalents		**39,003**	(11,213,003)
Cash and cash equivalents at 1 January		**20,079,495**	31,292,498
Cash and cash equivalents at period end	**Note 34**	**20,118,499**	20,079,495

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

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

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

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

(ii) Prudential Provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve 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 Bank sold all NPLs to an Institutional Asset Management Company. The IFRS impairment for the Loans & Advances exceed the prudential provisions hence the Bank holds no Regulatory Reserve for the period

A breakdown of the transfer is given below:

LOANS AND ADVANCES	Note	Specific N'000	General N'000	Total N'000
Provision per CBN Prudential Guidelines		-	189,343	189,343
Impairment Allowance as Per IAS 39 (Individual & Collective)	Note 19d	-	509,036	509,036
Amount Required in Non Distributable Reserve		**-**	**-**	**-**

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 Plot 785, Herbert Macaulay Way, Central Business District, Abuja. However, with the approval of the Central Bank of Nigeria, it relocated its Corporate Head Office to Lagos at 42, Ahmed Onibudo Street, Victoria Island, Lagos.

2. Basis of preparation
This financial statements have been prepared on a historical cost basis, except for available–for– sale investments, derivative financial instruments, other financial assets and liabilities held for trading, financial assets and liabilities designated at fair value through profit or loss. The financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', its interpretation issued by the International Accounting Standards and adopted by the Financial Reporting Council of Nigeria.

The financial statements are presented in Nigeria naira (N) and all values are rounded to the nearest thousand naira, except when otherwise indicated.

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

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

Presentation of financial statements

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

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

Standards and interpretations issued/amended but not yet effective
The following standards have been issued or amended to become effective for annual periods beginning on or after 1 January 2018:

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

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

Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The also specifies a comprehensive set of disclosure requirements regarding the nature, extent standard and timing as well as any uncertainty of revenue and the corresponding cash flows with customers. The Bank is currently evaluating the impact of this new Standard.

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

Classification and Measurement

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

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

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

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

Impairment Overview

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

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

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

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

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

IFRS 9 Impairment Models

For all material portfolios, IFRS 9 ECL calculation will leverage past and current data, develop new systems and methodology and incorporate forward-looking information in calculating the ECL.

Impact of IFRS 9 on the Bank
The adoption of IFRS 9 may result in an increase in the Bank 's balance sheet provisions for credit losses. This increase may have a significant impact on regulatory capital although the Bank has set aside substantial sum of money in regulatory risk reserves.

The extent of the increase in provisions will depend on a number factors including the composition of the Bank 's lending portfolios and forecast economic conditions at the impairment model. impairment charges being moderately higher when compared to the current IAS 39 expected credit loss calculation, including multiple economic scenarios, could result in assets between ECL stages and the need to incorporate forward-looking data into the date of implementation. It is also noteworthy to state that the requirement to transfer.

IFRS 9 Implementation Programme
The Bank has an established IFRS 9 programme to ensure a high-quality implementation in compliance with the standard and regulatory guidance note that was issued by the Central Bank of Nigeria in December 2016. The programme involves Finance and Risk functions across the Bank with the steering committees providing oversight.

The key responsibilities of the programme include defining IFRS 9 methodology and accounting policy, development of ECL models, identifying data and system requirements, and establishing an appropriate operating model and governance framework. The programme is progressing in line with current delivery plans. Credit risk methodologies have been defined and model development and approval are underway for core portfolios. Models and credit risk processes will be tested during the parallel run period to embed the changes and help improve the understanding of the new impairment models.

Finance systems and reporting requirements are being developed and tested. Existing controls and governance structures are being reviewed and changes identified as a of IFRS 9 will be affected. The governance framework includes the review of, and result challenges encountered in obtaining forward looking information for a range of economic scenarios. Communication and training plans are in place and some training sessions have already been conducted for the relevant functions and divisions within the Bank and for the finance, treasury and risk management functions of the subsidiaries across the Bank.

Furthermore, the impact on resources within Finance and Risk functions is being assessed to ensure the business is ready to implement the new standard.

Amendments to IAS 28 - Investment in Associates and Joint ventures
The amendments allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity's associate or joint venture to its interests in subsidiaries. Furthermore, the amendments also clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of the unrelated investors' interests in the associate or joint venture. This amendment does not impact the Bank in anyway as the Bank does not have investments in Associates and Joint Ventures.

Amendments to IFRS 1 - First Time Adopters: Deletion of short- term exemptions for first time adopters
The IASB deleted short term exemptions granted to first time adopters of IFRS as those reliefs are no longer necessary. This amendment does not have any impact on the Bank.

Amendments to IFRS 2 - Share Based Payment - Classification and measurement of share based payment transactions
This standard clarifies classification and measurement of share-based payment transactions with net settlement features for withholding tax obligations (i.e. equity settled from cash-settled to equity-settled as well as application of non-market vesting conditions dividing the share-based payment into cash-settled and equity-settled component. Thewithholding taxes). It grants an exemption to alleviate operational issues encountered inshare-based payment for employees and cash settled share-based payment for amendments also clarify modifications to terms and conditions that change classifications and market non-vesting conditions. These amendments do not have any impact on the Bank.

Amendments to IAS 40 – Investment Property – Transfers of Investment Property
The IASB amends IAS 40 in order to clarify the requirements on transfers to, or from, investment property. Transfer into, or out of investment property should be made only when there has been a change in use of the property; and such a change in use would involve an assessment of whether the property qualifies as an investment property. Thatchange in use should be supported by evidence. This amendment does not have any impact on the Bank.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration
The Interpretation covers foreign currency transactions when an entity recognises a nonmonetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. The interpretation committee clarifies that the date of transaction for the purpose of determining exchange rate to use on non-monetary assets or non-monetary liabilities arising from prepayment or receipt of advance consideration is the date on which the transaction first qualifies for recognition in accordance with IFRS. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. These amendments do not have any material impact on the Bank.

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

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

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

Amendments to IFRS 4 – Insurance Contract, regarding implementation of IFRS 9
The IASB issued the amendments to IFRS 4 providing two options for entities that issue insurance contracts within the scope of IFRS 4:

- An option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- An optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approaches.

An entity choosing to apply the overlay approach retrospectively to qualifying financial assets do so when it first applies IFRS 9. An entity choosing to apply the deferral approach does so for annual periods beginning on or after 1 January 2018. The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied. This amendment does not have any impact on the Bank as it does not issue any insurance contract within the scope of IFRS 4.

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

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

Going concern
In the preparation of the financial statements, management assesses the ability of the Bank to continue as a going concern. The financial statements shall be prepared on a going concern basis where management is satisfied that there are no uncertainties that may cast doubt on the ability of the Bank to continue in business as a going concern.

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

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

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

The Present Value of such cash flows as well as the present value of the fair value of the collateral is then compared to the Exposure at Default.

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

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

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

4. Summary of significant accounting policies

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

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

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

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

4.2. Financial instruments – initial recognition and subsequent measurement

(i) Date of recognition
All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the bank becomes a party to the contractual provisions of the instrument.

(ii) Initial measurement of financial instruments
The classification of financial instruments at initial recognition depends on the purpose and the management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

(iii) Financial assets or financial liabilities held–for–trading
Financial assets or financial liabilities held–for–trading are recorded in the statement of financial position at fair value. Changes in fair value are recognised in 'Net trading income'. Interest and dividend income or expense is recorded in 'Net trading income' according to the terms of the contract, or when the right to the payment has been established.

(iv) Financial assets and financial liabilities designated at fair value through profit or loss
Financial assets and financial liabilities classified in this category are those that have been designated by Management on initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument by instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

- The financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in 'Net gain or loss on financial assets and liabilities designated at fair value through profit or loss'. Interest earned or incurred is accrued in 'Interest income' or 'Interest expense', respectively, using the effective interest rate (EIR), while dividend income is recorded in 'Other operating income' when the right to the payment has been established. Capital gains on assets not yet disposed are not recognised in the income statement.

(v) 'Day 1' profit or loss
When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the bank immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Net trading income'. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the income statement when the inputs become observable, or when the instrument is derecognised.

(vi) Available–for–sale financial investments
Available–for–sale investments include equity and debt securities. Equity investments classified as available–for – sale are those which are neither classified as held–for–trading nor designated at fair value through profit or loss.

Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available–for–sale financial investments are subsequently measured at fair value.

Unrealised gains and losses are recognised directly in equity (other comprehensive income) in the 'Available–for– sale reserve'. When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the income statement in 'Other operating income'. Where the bank holds more than one investment in the same security they are deemed to be disposed of on a first–in first–out basis. Interest earned whilst holding available–for–sale financial investments is reported as interest income using the EIR. Dividends earned whilst holding available–for–sale financial investments are recognised in the income statement as 'Other operating income' when the right of the payment has been established. The losses arising from impairment of such investments are recognised in the income statement in 'Impairment losses on financial investments' and removed from the 'Available–for–sale reserve'.

(vii) Held–to–maturity financial investments
Held–to–maturity financial investments are non–derivative financial assets with fixed or determinable payments and fixed maturities, which the Bank has the intention to hold to maturity. After initial measurement, held–to–maturity financial investments are subsequently measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortisation is included in 'Interest and similar income' in the income statement. The losses arising from impairment of such investments are recognised in the income statement line 'Credit loss expense'.

If the Bank were to sell or reclassify more than an insignificant amount of held–to–maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available–for–sale. The Bank would no longer classify such financial instruments as Held- to – Maturity during the following 2 years.

(viii) Due from banks and loans and advances to customers
'Due from banks' and 'Loans and advances to customers', include non–derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the bank intends to sell immediately or in the near term and those that the bank upon initial recognition designates as at fair value through profit or loss.
- Those that the bank, upon initial recognition, designates as available for sale.
- Those for which the bank may not recover substantially all of its initial investment, other than because of credit deterioration.

After initial measurement, amounts 'Due from banks' and 'Loans and advances to customers' are subsequently measured at amortised cost using the EIR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in 'Interest and similar income' in the income statement. The losses arising from impairment are recognised in the income statement in 'Credit loss expense'.

(ix) Debt issued and other borrowed funds
Financial instruments issued by the bank, that are not designated at fair value through profit or loss, are classified as liabilities under 'Debt issued and other borrowed funds', where the substance of the contractual arrangement results in the bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, debt issued and other borrowings are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

(x) Reclassification of financial assets
Reclassification is at the election of management, and is determined on an instrument by instrument basis. The Bank does not reclassify any financial instrument into the fair value through profit or loss category after initial recognition.

The Bank is permitted to reclassify, in certain circumstances, non–derivative financial assets out of the 'Held–for–trading' category and into the 'Available–for–sale', 'Loans and receivables', or 'Held–to–maturity' categories. It was also permitted to reclassify, in certain circumstances, financial instruments out of the 'Available–for–sale' category and into the 'Loans and receivables' category.

Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost.

For a financial asset reclassified out of the 'Available–for–sale' category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is recycled to the income statement.

The Bank may reclassify a non–derivative trading asset out of the 'Held–for–trading' category and into the 'Loans and receivables' category if it meets the definition of loans and receivables and the bank has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

4.3. Derecognition of financial assets and financial liabilities

(i) Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement; and either:
- The Bank has transferred substantially all the risks and rewards of the asset, or
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the bank's continuing involvement in the asset. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the bank could be required to repay. Differences between the carrying value of the asset and the consideration received and/or receivable is recognised in the profit and loss account.

(ii) Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

4.4. Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the bank retains substantially all the risks and rewards of ownership. The corresponding cash received is recognised in the consolidated statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within 'Cash collateral on securities lent and repurchase agreements', reflecting the transaction's economic substance as a loan to the bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of agreement using the EIR. When the counterparty has the right to sell or re-pledge the securities, the bank reclassifies those securities in its statement of financial position to 'Financial assets held–for–trading pledged as collateral' or to 'Financial investments available–for–sale pledged as collateral', as appropriate.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within 'Cash collateral on securities borrowed and reverse repurchase agreements', reflecting the transaction's economic substance as a loan by the bank. The difference between the purchase and resale prices is recorded in 'Net interest income' and is accrued over the life of the agreement using the EIR.

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within 'Financial liabilities held–for–trading' and measured at fair value with any gains or losses included in 'Net trading income'.

4.5. Determination of fair value

The fair value for financial instruments traded in active markets at the statement of financial position date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models. Consultations with experts may also be made where necessary.

4.6. Impairment of financial assets

The bank assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial re-organisation, default or delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost (such as amounts due from banks, loans and advances to customers as well as held–to–maturity investments), the bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.
The interest income is recorded as part of 'Interest and similar income'. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to the 'Credit loss expense'.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Bank's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past–due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

With respect to loans and advances, the Provisioning determined under IFRS as stated above is compared with the requirement of the Central Bank of Nigeria Prudential Guidelines. Where the:

- Prudential Provisions is greater than IFRS provisions, the difference is transferred from the General Reserve to a non-distributable regulatory reserve.
- Prudential Provisions is less than IFRS provisions, the excess charges resulting is transferred from the regulatory reserve account to the General Reserve to the extent of the non-distributable reserve previously recognized.

(ii) Available–for–sale financial investments
For available–for–sale financial investments, the bank assesses at each statement of financial position date whether there is objective evidence that an investment is impaired.

In the case of debt instruments classified as available–for–sale, the bank assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost.

However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income is recorded as part of 'Interest and similar income'. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

In the case of equity investments classified as available–for–sale, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in the fair value after impairment are recognised in other comprehensive income.

(iii) Renegotiated loans
Where possible, the bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

4.7. Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

4.8. Leasing

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

Bank as a lessee

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

Bank as a lessor

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

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

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

4.9. Recognition of income and expenses

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

(i) Interest and similar income and expense

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

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

(ii) Fee and commission 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 trading assets and liabilities. It includes all realized and unrealized gains and/or losses on revaluation.

(iv)Dividend income

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

4.10. Cash and cash equivalents

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

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

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

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

Land is not depreciated.

Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' in the income statement in the year the asset is derecognised.

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

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

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

Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

When subsidiaries are sold, the difference between the selling price and the net assets and goodwill is recognised in the income statement.

4.13. Intangible assets

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

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

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

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

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

- Computer software 5 years

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

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

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

Impairment losses relating to goodwill **CANNOT** be reversed in future periods.

4.15. Financial guarantees
In the ordinary course of business, the bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements (within 'Other liabilities') at fair value, being the premium received. Subsequent to initial recognition, the bank's liability under each guarantee is measured at the higher of the amount initially recognised less, when appropriate, cumulative amortisation recognised in the income statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recorded in the income statement in 'Credit loss expense'. The premium received is recognised in the income statement in 'Net fees and commission income' on a straight line basis over the life of the guarantee.

4.16. Pension benefits

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

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

4.18. Taxes

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:
- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

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

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

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

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

4.21. Equity reserves
The reserves recorded in equity (other comprehensive income) on the bank's statement of financial position include:

- Available–for–sale' reserve which comprises changes in fair value of available–for–sale investments.
- Statutory reserves are reserves mandated by statutory requirements.
- Share reconstruction reserve and share premium are all capital reserves.

4.22. 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 Three (3) geographical segments which are: Central, North and South.

4.23. Non Current Assets Held for Sale
Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell. NoN- current assets are classified as Held for sale if their carrying amounts will be recovered principally through a sale

transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, management has committed to the sale and the sale is expected to be completed within one year from the date of classification.

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

5. Segment information

The Bank prepares its segment information based on geographical segments as its primary reporting segment. A geographical segment is engaged in providing products and/or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments. The Bank operates three geographical segments. North, South & Corporate Head 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.
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 2015 or the year ended 31 December 2016.

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

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

31 December 2016	Central N'000	South N'000	North N'000	Corporate Head Office N'000	Total N'000
Segmented results					
Revenue	5,482,913	4,872,009	5,764,082	67,893,658	84,012,662
Operating profit before tax	67,984	8,856	220,581	1,519,010	1,816,431
Income Tax				367,367	367,367
Profit for the year	67,984	8,856	220,581	1,886,377	2,183,798
Segmented assets and liabilities					
Segment assets	100,483,571	142,146,451	101,601,057	148,450,568	492,681,647
Segment Liabilities	100,483,571	142,146,451	101,601,057	148,450,568	492,681,647

		31 DECEMBER 2017 N'000	31 DECEMBER 2016 N'000
6.	**Interest and similar income**		
	Placement with Banks	**23,140**	89,036
	Loans and advances to customers	**74,043,454**	60,332,725
	Financial investments – available-for-sale	**9,773,890**	5,184,061
	Financial investments – held-to-maturity	**2,788,954**	3,771,284
		86,629,439	69,377,105
7.	**Interest and similar expense:**		
	Due to banks	**10,443,434**	3,831,265
	Due to customers	**17,027,224**	11,610,505
	Debt issued and other borrowed funds	**7,981,994**	4,459,445
		35,452,651	19,901,215
8.	**Fees and commission income**		
	Credit related fees and commission	**230,268**	406,000
	Account Maintenance Fee	**685,535**	683,544
	Facilities management Fee	**398,867**	172,710
	Other fees and commission	**369,071**	379,768
		1,683,742	1,642,023
9.	**Net trading income**		
	FX trading Income	**1,105,988**	2,471,822
	Foreign exchange (loss)/gain	**(1,087,627)**	4,938,552
		18,362	7,410,375
10.	**Net Income from financial instruments at fair value through profit & Loss**		
	Net Gain/(Loss) on Held For Trading Bonds	**-**	(8,130)
		-	(8,130)
11.	**Other operating income**		
	Dividend income	**24,542**	194,862
	E-banking income	**966,801**	1,313,494
	Gains from sale of financial investments	**316,166**	3,231,144
	Operating lease income	**66,054**	33,601
	Gain/(loss) on disposal of PPE	**74,141**	-
	Other incomes	**146,449**	818,189
		1,594,153	5,591,289

		31 DECEMBER 2017 N'000	31 DECEMBER 2016 N'000
12.	**Impairment losses**		
	Credits		
	Charge for the year*	**27,787,027**	36,127,955
	Recoveries	**(3,499)**	(179,359)
	Credit loss expense	**27,783,528**	35,948,596
	Goodwill	**16,471,335**	-
	Other Assets	**-**	-
		44,254,863	**35,948,596**
	*Included in the charge for the year is the 2017 PL Impact of NPLs sold.		
13.	**Personnel expenses**		
	Wages and salaries	**10,426,431**	10,982,064
	Pension costs – Defined contribution plan **Note 31**	**435,482**	651,987
		10,861,913	11,634,051
14.	**Other operating expenses**		
	Advertising and marketing	**72,607**	166,513
	Professional fees	**306,964**	276,679
	Rental charges payable under operating leases	**409,195**	427,681
	Banking Sector Resolution Funds	**2,253,390**	2,216,605
	Defined Benefit Cost	**1,580,836**	3,004,952
	Administrative **Note 14a.**	**7,178,727**	6,700,304
		11,801,720	12,792,734
14a.	**Administrative**		
	AGM Expenses	**72,387**	47,765
	Audit Fees	**80,000**	80,000
	Fuel & Motor Running Expenses	**117,958**	106,357
	Printing and Stationery	**137,714**	112,182
	Bank Charges & Subscription	**151,084**	148,940
	General Insurance	**156,493**	152,314
	Legal Expenses	**47,236**	163,759
	Local & Foreign Travels	**167,337**	188,826
	Electricity & Power Expenses	**207,777**	211,027
	Cash Management Expense	**251,343**	278,624
	Facility Mantainance & Management Expenses	**262,324**	295,061
	Directors Fees, Allowances & Expenses	**312,122**	325,731
	Repair & Mainteinance Expenses	**382,395**	378,649

	31 DECEMBER 2017	31 DECEMBER 2016
	N'000	N'000
14a. Diesel Expenses	**494,300**	450,530
Security & Saftey Management Expenses	**679,826**	709,310
IT and Related Expenses	**1,205,068**	1,122,267
NDIC Insurance Premium	**1,423,248**	1,196,842
AMCON Clawback	**150,000**	-
Other Admin Expenses	**880,116**	732,120
	7,178,727	6,700,304

15. Income tax

The components of income tax expense for the years ended 31 December 2017 and 31 December 2016 are:

	31 DECEMBER 2017	31 DECEMBER 2016
Current tax		
Company Income tax	**250,347**	516,060
Education tax	**-**	-
Technology levy	**31,622**	18,164
Capital gains tax	**74,061**	40,803
Additional assessment/ Under Provision	**-**	-
Total current tax	**356,030**	575,028
Deferred tax		
(Origination)/ reversal of temporary differences	**319,334**	(942,395)
Total deferred tax	**319,334**	(942,395)
Total income tax credit	**675,364**	(367,367)

The Bank has unrelieved losses carried forward as at 31December, 2017. Thus it's tax was assessed on minimum tax basis.

16. Earnings per share

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

The following reflects the income and share data used in the basic earnings per share computations:

	31 DECEMBER 2017	31 DECEMBER 2016
Net profit attributable to ordinary shareholders for basic earnings:	**(14,917,938)**	2,183,798
Weighted average number of ordinary shares for basic earnings per share:	**11,689,338**	11,689,338
Basic earnings per ordinary share (kobo)	**(127.62)**	18.68
Diluted earnings per ordinary share (kobo)	**(127.62)**	18.68

		31 DECEMBER 2017 N'000	31 DECEMBER 2016 N'000
17.	**Cash and Balances with Central Bank**		
	Cash on hand	**3,633,337**	6,352,352
		3,633,337	6,352,352
	Current account with the Central Bank of Nigeria	**1,332,934**	4,402,385
	Deposits with the Central Bank of Nigeria	**600,000**	40,374,324
	CBN - AGSMEIS Account	**109,190**	-
		5,675,461	51,129,061
	Deposits with the Central Bank of Nigeria represent mandatory reserve deposits and are not available for use in the bank's day–to–day operations. There was no impaired cash asset in the period.		
18.	**Due from banks**		
	Placements with banks and discount houses	**5,347,923**	-
	Balances with banks within Nigeria	**1,167,286**	709,247
	Balances with banks outside Nigeria	**8,637,018**	8,615,511
		15,152,227	9,324,758
	Current	**15,152,227**	9,324,758
	Non-Current	-	-
		15,152,227	9,324,758
	Balance due from Banks have been assessed for impairment. There are no impaired Bank Balances.		
19.	**Loans and advances**		
a	*Loans and advances to customers by customer type:*		
	Government lending	**3,926,749**	11,463,555
	Corporate lending	**4,391,346**	172,870,601
	Consumer lending	**1,062,451**	190,740,346
	Interest receivable	**86,616**	3,684,098
	Gross Loans	**9,467,163**	378,758,599
	Less: Allowance for impairment losses	**(509,036)**	(101,544,079)
		8,958,127	277,214,521
	Current	**4,291,247**	235,815,191
	Non-Current	**4,666,880**	41,399,330
		8,958,127	277,214,521

As part of the Bank's recapitalisation strategies, the Bank obtained the approval of the CBN to dispose all its non-performing loans (NPLs) to an institutional assets management company. Consequently, upon payment of the initial consideration by the debt buyer, Loans and advances with a gross amount of N436billion have been derecognized, along with the associated IFRS impairment and Regulatory Risk Reserves. This follows the conclusion of the transaction in line with a Transaction Implementation Agreement (TIA) and a Sales and Purchase Agreement (SPA) signed with the institutional assets management company.

		31 DECEMBER 2017 N'000	31 DECEMBER 2016 N'000
b	***Loans and advances to customers by Security:***		
	Secured against real estate	**4,341,826**	190,937,632
	Secured by shares of quoted companies	**5,826**	1,547,533
	Otherwise secured	**5,097,647**	49,226,069
	Unsecured	**21,864**	137,047,366
		9,467,163	378,758,599
c	***Loans and advances to customers by Maturity***		
	0 to 30 days	**516,299**	305,226,931
	1 -3 months	**349,053**	26,521,372
	3-6 months	**17,137**	563,559
	6-12 Months	**3,408,757**	2,531,251
	Over 12 Months	**5,175,916**	43,915,486
		9,467,163	378,758,599
d	*Reconciliation of impairment allowance for loans and advances to customers*		
	At 1 January	**101,544,079**	65,754,418
	Charge for the year	**27,787,027**	36,127,955
	Recoveries	**(3,499)**	(179,359)
	Amounts written off/ written back	**(128,818,571)**	(158,935)
	At 31 December	**509,036**	101,544,079
	Individual impairment	**-**	93,090,028
	Collective impairment	**509,036**	8,454,051
		509,036	101,544,079
	Gross amount of loans individually determined to be impaired before deducting individually assessed impairment allowance.	**-**	183,487,036

19. Loans and advances (continued)

e. Concentration of credit risk

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

S/N	State /Region	TOTAL CREDIT 31 DECEMBER 2017 N'000	TOTAL CREDIT 31 DECEMBER 2016 N'000
	SOUTH SOUTH		
1	Akwa-Ibom	**37,174**	179,864
2	Bayelsa	**4**	142,159
3	Cross rivers	**3**	3,691,783
4	Delta	**44**	9,726,403
5	Edo	**30,892**	4,321,494
6	Rivers	**155,704**	9,327,364
	Sub-total	**223,820**	27,389,067
	SOUTH WEST		
7	Ekiti	**1**	604,816
8	Lagos	**2,728,313**	80,388,145
9	Ogun	**3,415**	6,378,878
10	Ondo	**3,926,573**	2,560,398
11	Osun	**147,058**	1,805,170
12	Oyo	**4,917**	744,176
	Sub-total	**6,810,277**	92,481,583
	SOUTH EAST		
13	Anambra	**0**	1,543,456
14	Imo	**-**	1,194,527
15	Enugu	**-**	1,057,965
16	Abia	**0**	1,314,075
17	Ebonyi	**-**	-
	Sub-total	**0**	5,110,023
	NORTH WEST		
18	Kano	**352,019**	42,451,458
19	Katsina	**83,906**	4,112,448
20	Kebbi	**20**	937,059
21	Jigawa	**65,342**	1,849,493
22	Sokoto	**14**	2,210,975
23	Zamfara	**6**	7,230,396
24	Kaduna	**791,038**	47,281,986
	Sub-total	**1,292,345**	106,073,814
	NORTH CENTRAL		
25	Nassarawa	**6**	3,162,721
26	Niger	**177**	3,508,417
27	Plateau	**5**	1,174,303
28	Kogi	**2,974**	1,113,324
29	Kwara	**1**	6,100,783
30	Abuja	**1,005,405**	108,670,789
31	Benue	**6**	12,100,178
	Sub-total	**1,008,574**	135,830,514
	NORTH EAST		
32	Adamawa	**5**	1,284,324
33	Borno	**20**	1,737,554
34	Bauchi	**4**	6,790,767
35	Gombe	**1,550**	806,651
36	Yobe	**21**	529,990
37	Taraba	**130,545**	724,312
	Sub-total	**132,146**	11,873,598
	TOTALS	**9,467,163**	378,758,599

19. Loans and advances (continued)

f. Concentration of credit risk by Industry Buckets
At 31 December 2016

At 31 December 2017

Industry Type	Gross Loans & Advances		Impairment		Net Unimpaired Balance	
	N'000	%	N'000	%	N'000	%
AGRICULTURE	163,745	1.73%	6,171	1.21%	**157,574**	1.76%
OIL & GAS	64,690	0.68%	2,756	0.54%	**61,934**	0.69%
CAPITAL MARKET	694	0.01%	74	0.01%	**620**	0.01%
REAL ESTATE ACTIVITIES	183,823	1.94%	11,448	2.25%	**172,375**	1.92%
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	42,996	0.45%	1,558	0.31%	**41,438**	0.46%
ADMINISTRATIVE, SUPPORT SERVICE ACTIVITIES	27	0.00%	2	0.00%	**25**	0.00%
EDUCATION	21,050	0.22%	1,284	0.25%	**19,766**	0.22%
MANUFACTURING	1,057,820	11.17%	46,390	9.11%	**1,011,430**	11.29%
CONSTRUCTION	350,009	3.70%	21,828	4.29%	**328,181**	3.66%
FINANCE & INSURANCE	56,198	0.59%	3,456	0.68%	**52,742**	0.59%
GOVERNMENT	3,926,749	41.48%	235,681	46.30%	**3,691,067**	41.20%
POWER	2,536,908	26.80%	108,089	21.23%	**2,428,819**	27.11%
GENERAL COMMERCE	1,062,452	11.22%	70,298	13.81%	**992,154**	11.08%
TOTAL	**9,467,163**	**100.00%**	**509,036**	100%	**8,958,127**	100.00%

At 31 December 2016

Industry Type	Gross Loans & Advances		Impairment		Net Unimpaired Balance	
	N'000	%	N'000	%	N'000	%
AGRICULTURE	63,188,594	16.68%	13,674,356	13.47%	**49,514,238**	17.86%
OIL & GAS	33,138,591	8.75%	7,008,153	6.90%	**26,130,438**	9.43%
CAPITAL MARKET	375,395	0.10%	184,310	0.18%	**191,085**	0.07%
REAL ESTATE ACTIVITIES	13,472,912	3.56%	3,649,869	3.59%	**9,823,044**	3.54%
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	6,583,881	1.74%	288,088	0.28%	**6,295,793**	2.27%
ADMINISTRATIVE, SUPPORT SERVICE ACTIVITIES	1,273,876	0.34%	370,916	0.37%	**902,959**	0.33%
EDUCATION	2,141,941	0.57%	1,039,999	1.02%	**1,101,943**	0.40%
HUMAN HEALTH & SOCIAL WORK ACTIVITIES	642,504	0.17%	72,260	0.07%	**570,244**	0.21%
MANUFACTURING	47,166,495	12.45%	6,133,303	6.04%	**41,033,192**	14.80%
WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	108,840	0.03%	51,592	0.05%	**57,249**	0.02%
CONSTRUCTION	42,530,447	11.23%	8,050,276	7.93%	**34,480,171**	12.44%
FINANCE & INSURANCE	3,489,966	0.92%	1,183,974	1.17%	**2,305,992**	0.83%
GOVERNMENT	11,468,652	3.03%	7,284,203	7.17%	**4,184,449**	1.51%
GENERAL COMMERCE	102,716,776	27.12%	40,238,134	39.63%	**62,478,643**	22.54%
TRANSPORTATION	29,212,031	7.71%	9,969,042	9.82%	**19,242,989**	6.94%
COMMUNICATION	21,247,698	5.61%	2,345,605	2.31%	**18,902,093**	6.82%
TOTAL	**378,758,599**	**100.00%**	**101,544,079**	100%	**277,214,521**	100.00%

	31 DECEMBER 2017 N'000	31 DECEMBER 2016 N'000
20. Financial investments		
a. Held for trading investments		
Quoted investments		
Debt securities - Bonds	-	97,063
	-	**97,063**
Current	-	97,063
Non-Current	-	-
	-	**97,063**
b Available for sale investments		
Quoted investments		
Debt securities - Bills	**34,180,699**	20,824,119
Debt securities - Bonds	**5,230,033**	5,041,808
Equities	**282,324**	282,324
	39,693,056	26,148,251
Unquoted investments		
Equities	**872,763**	872,763
	40,565,819	27,021,015
Less: Allowance for impairment	**(868,751)**	(868,751)
	39,697,069	26,152,264
c Financial investments – available for sale and pledged as collateral	**19,006,289**	33,023,297
	19,006,289	33,023,297
Total Financial Investment - Available for Sale	**58,703,357**	59,175,560
Current	**56,831,856**	54,554,236
Non-Current	**1,871,501**	4,621,324
	58,703,357	**59,175,560**

Included in the carrying amount of available for sale financial investments is unrealized gains of N1.093 billion (Dec 2016: N1.146billion unrealized gain) arising from marking the costs of the investments to their market values during the period. The unrealized gain is shown in other comprehensive income.

d. Financial investments (continued)

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

	31 DECEMBER 2017 N'000	31 DECEMBER 2016 N'000
e. Held to maturity investments		
Quoted investments		
Government debt securities	**20,271,961**	26,211,318
	20,271,961	26,211,318
Current	**5,821,239**	5,821,239
Non-Current	**14,450,722**	20,390,079
	20,271,961	26,211,318
21. Other assets		
a. Prepayments	**1,946,123**	3,289,363
Fraud suspense	**369,311**	361,752
Stationery stocks	**155,124**	173,419
Other stocks	**151,968**	17,580
Account receivables	**344,418**	3,231,793
Other debit balances	**4,034,960**	7,439,811
	7,001,904	14,513,718
Less:		
Allowance for impairment on other assets	**(1,159,744)**	(5,160,552)
	5,842,161	9,353,166
Current	**5,344,864**	8,042,982
Non-Current	**497,297**	1,310,184
	5,842,161	9,353,166

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

	Available for sale investments N'000	Other assets N'000	Total N'000
At 01 January 2017	868,751	5,160,552	6,029,302
Charge for the year	-	-	-
Amounts written off	-	(4,000,808)	(4,000,808)
At 31 December 2017	**868,751**	**1,159,744**	**2,028,494**

	Available for sale investments N'000	Other assets N'000	Total N'000
At 01 January 2016	868,751	6,481,519	7,350,269
Charge for the year	-	-	-
Amounts written off	-	(1,320,967)	(1,320,967)
At 31 December 2016	**868,751**	**5,160,552**	**6,029,302**

22. Property and equipment

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

	Land N'000	Building N'000	Motor Vehicle N'000	Plant & Equipment N'000	Furniture & Fittings N'000	Work in Progress N'000	Total N'000
Cost:							
At 01 January 2016	**415,550**	**20,004,704**	**3,651,668**	**13,883,715**	**3,256,349**	**571,002**	**41,782,988**
Additions		5,373,575	82,665	240,584	110,683	115,678	5,923,185
Disposals		(440,609)	(250,782)	(220,958)	-	13,274	(899,074)
Adjustments		-	-	-	-	-	
At 31 December 2016	**415,550**	**25,353,220**	**3,483,551**	**13,903,341**	**3,367,032**	**699,954**	**46,807,098**
Depreciation and impairment:							
At 01 January 2016	**-**	**4,897,063**	**3,093,177**	**11,994,399**	**2,830,330**	**-**	**22,814,969**
Additions		544,164	237,369	740,647	204,831	-	1,727,010
Disposals		(66,935)	(235,629)	(233,238)	279	-	(535,523)
		-					
At 31 December 2016	**-**	**5,374,292**	**3,094,917**	**12,501,808**	**3,035,439**	**-**	**24,006,456**
Net book value:							
At 01 January 2016	**415,550**	**15,107,641**	**558,491**	**1,889,316**	**426,019**	**571,002**	**18,968,019**
At 31 December 2016	**415,550**	**19,978,928**	**388,635**	**1,401,534**	**331,593**	**699,954**	**22,800,643**

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

23. Goodwill and other intangible assets

	Goodwill N'000 2016	Computer Software N'000 2016	Total N'000 2016	Goodwill N'000 2017	Computer Software N'000 2017	Total N'000 2017
Cost:						
At 01 January	16,471,335	3,176,345	**19,647,680**	16,471,335	3,216,275	**19,687,610**
Additions:						
Internally Developed	-	-	-	-	-	-
External Purchase	-	39,930	**39,930**	-	11,950	11,950
Disposals/Impairment	-	-	-	(16,471,335)	-	(16,471,335)
At 31 December	**16,471,335**	**3,216,275**	**19,687,610**	**-**	**3,228,225**	**3,228,225**
Amortisation and impairment:						
At 01 January	**-**	**2,728,262**	**2,728,262**	-	2,921,218	2,921,218
Additions		192,626	**192,626**	-	194,719	194,719
Disposals/Write offs	**-**	330	**330**	-	(35)	(35)
At 31 December	**-**	**2,921,218**	**2,921,218**	**-**	**3,115,902**	**3,115,902**
Net book value:						
At 31 December	**16,471,335**	**295,057**	**16,766,392**	**-**	**112,323**	**112,323**
At I January	**16,471,335**	**448,083**	**16,919,418**	**16,471,335**	**295,057**	**16,766,392**

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

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

	31 DECEMBER 2017 N'000	31 DECEMBER 2016 N'000
24. Deferred tax		
The movement in the deferred tax account during the year was as follows:		
At 1 January	**20,609,164**	19,666,769
Temporary difference on fixed assets	-	303,072
Impairment allowance on other assets	-	-
Unabsorbed loss and capital Allowance	-	164,691
Others	**(319,334)**	474,632
	(319,334)	942,395
At 31 December	**20,289,830**	20,609,164
25. Non Current Assets Held For Sale		
a. The movement in non current assets held for sale during the year was as follows:		
At 1 January	-	3,461,478
Disposals/Write offs	-	(3,461,478)
At 31 December	-	-
Balance of non current assets held for sale comprises of:		
Unity Kapital Assurance Plc	-	-
	-	-

b. In line with directives of Central Bank of Nigeria, the Board and Shareholders approved the disposal of the Bank's subsidiaries in 2011. The subsidiaries have all been disposed including Unity Kapital Assurance, which was disposed to the second preferred bidder for the sum of N5.3 billion following the approval obtained from National Insurance Corporation of Nigeria in 2016.
As per the Bank's accounting policies, the Goodwill was tested for impairment in the course of the year and determined to be fully impaired as at December 31, 2017. Consequently, this impairment has been fully recognized.

	31 DECEMBER 2017 N'000	31 DECEMBER 2016 N'000
26. Due to other banks		
a Due to other banks comprise of:		
Balances Due to Other Banks	-	-
Takings From Banks (note 26b)	**42,957,842**	50,195,162
	42,957,842	**50,195,162**
Current	**42,957,842**	**50,195,162**
Non-Current	-	-
	42,957,842	**50,195,162**

	31 DECEMBER 2017 N'000	31 DECEMBER 2016 N'000
26. Due to other banks (continued)		
b Takings From Banks		
Central Bank of Nigeria	**42,200,000**	50,000,000
Accrued interest	**757,842**	195,162
	42,957,842	50,195,162
27. Due to customers		
a Analysis by type of account:		
Demand	**85,091,114**	87,920,828
Savings	**49,197,533**	45,989,046
Time deposits	**81,694,847**	88,687,567
Domiciliary	**36,326,975**	41,598,902
	252,310,469	264,196,344
b Analysis by type of depositors		
Government	**29,923,714**	26,229,606
Corporate	**108,357,580**	117,331,198
Individuals	**114,029,175**	120,635,540
	252,310,469	264,196,344
c Analysis by maturity		
0-30 days	**220,309,622**	225,912,547
31-90 days	**29,198,657**	33,835,566
91-180 days	**1,240,147**	1,452,546
181-365 days	**658,719**	442,184
over 365 days	**903,324**	2,553,500
	252,310,469	264,196,344
Current	**251,407,145**	261,642,844
Non-Current	**903,324**	2,553,500
	252,310,469	264,196,344

28. Debt issued and other borrowed funds

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

	CBN Short Term Loan	Pass Through Loans	AFREXIM	Totals
	N'000	N'000	N'000	N'000
At 1 January	50,000,000	21,012,397	10,896,288	81,908,685
Additions	-	-	-	-
Net Exchange Loss	-	-	687,534	687,534
Payments	-	(2,049,855)	-	(2,049,855)
At 31 December	**50,000,000**	**18,962,542**	**11,583,822**	**80,546,363**

-Central Bank of Nigeria Short Term Loan

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

-Pass Through Loans

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

-AFREXIM Loan

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

	31 DECEMBER 2017	31 DECEMBER 2016
	N'000	N'000
29. Current tax liabilities		
Current tax payable		
At the beginning of the period	644,509	613,373
Amounts recorded in the income statements	356,030	575,028
Payments made on-account during the year	(290,412)	(543,892)
	710,127	**644,509**
Current	710,127	644,509
Non-Current	-	-
	710,127	**644,509**

	31 DECEMBER 2017 N'000	31 DECEMBER 2016 N'000
30. Other liabilities		
Transit Balances	226,084	122,190
Bankers payment and branch drafts	10,315	1,001,646
Deferred fees	359,190	260,503
Provisions and accruals	3,675,879	720,162
Unearned discounts and incomes	46,827	47,132
Margin on letters of credit	4,913,585	276,861
Sundry Creditors	6,584,899	3,936,732
Accounts payable	6,313,267	6,139,123
	22,130,046	**12,504,349**
Current	18,090,550	11,684,187
Non-Current	4,039,496	820,162
	22,130,046	**12,504,349**

31. Employee benefit liabilities

Defined contribution plan

A defined contribution plan is a pension plan under which the bank pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the bank in a fund under the control of trustees. The total expense charged to income of N435 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.

Movement in defined contribution obligation is shown below:	31 DECEMBER 2016 N'000	31 DECEMBER 2015 N'000
At 1 January	**125,618**	85,536
Charge for the year	**435,482**	651,987
Payment to Pension Fund Administrators (PFAs)	**(516,290)**	(611,905)
At 31 December	**44,810**	125,618
Current	**44,810**	125,618
Non-Current	**-**	-
	44,810	125,618
32. Share capital		
a. Authorised share capital		
120,000,000,000 ordinary shares of 50 kobo each (2016.- 120,000,000,000 ordinary shares of 50 kobo each)	**60,000,000**	60,000,000
b. Issued and fully paid share capital		
At 1 January: 11,689, 337,942 ordinary shares of 50k each	**5,844,669**	5,844,669
	-	-
At 31 December: 11,689, 337,942 ordinary shares of 50k each	**5,844,669**	5,844,669

33. Other reserves

	Available for sale reserve N'000	Share reconstruction reserve N'000	CBN AGSMEIS Reserve N'000	Reserve for SM1EIS N'000	Total N'000
At 31 December 2015	1,145,974	67,103,925	-	440,116	**68,690,015**
At 1 January 2016	1,145,974	67,103,925	-	440,116	**68,690,015**
Share Reconstruction (1 New Shares for 10 Share Previously held)	-	-	-	-	**-**
Net loss on available for sale financial assets	(1,651,349)	-	-	-	**(1,651,349)**
Reclassification of AFS Reserve	-	-	-	-	**-**
At 31 December 2016	**(505,375)**	**67,103,925**	**-**	**440,116**	**67,038,666**
At 1 January 2017	(505,375)	67,103,925	-	440,116	**67,038,666**
Transfer to AGSMEIS Reserve	-	-	109,190	-	**109,190**
	-	-	-	-	**-**
Gain/Loss on available for sale	1,562,034	-	-	-	**1,562,034**
Tax on avaiable for sale items	(468,610)				**(468,610)**
	1,093,424	**-**	**-**	**-**	**1,093,424**
At 31 December 2017	**588,049**	**67,103,925**	**109,190**	**440,116**	**68,241,279**

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

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

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

	31 DECEMBER 2017 N'000	31 DECEMBER 2016 N'000
34. Additional cash flow information		
Cash and cash equivalents		
Cash on hand	**3,633,337**	6,352,352
Current account with the Central Bank of Nigeria	**1,332,934**	4,402,385
Due from banks	**15,152,227**	9,324,758
	20,118,498	2 0,079,495

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

34. Additional cash flow information (continued)	31 DECEMBER 2017 N'000	31 DECEMBER 2016 N'000
b. Changes in operating assets		
Deposits with the Central Bank of Nigeria	39,774,324	(25,500,000)
Loans and advances to customers	(71,471,364)	(67,019,988)
Other assets	3,511,005	387,900
	(28,186,035)	**(92,132,088)**
c. Changes in operating liabilities		
Due to customers	(11,885,875)	32,755,402
Due to Other Banks	(7,237,320)	9,664,121
Current tax Liabilities	-	-
Other liabilities	9,625,698	(6,221,170)
Defined contribution	(80,808)	40,082
	(9,578,305)	**36,238,435**
d. Other non–cash items included in profit before tax		
Impairment losses on Other assets	-	-
Impairment losses on Risk assets	27,783,528	35,948,596
Depreciation of property and equipment	1,602,404	1,727,010
Amortisation of intangible assets	194,719	192,626
Profit on disposal of Property and equipment	(74,141)	-
Gains from sale of investments	(316,166)	(3,231,144)
Changes in operating assets	**29,190,344**	**34,637,088**

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

Financial investments – available for sale
Available for sale 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.

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

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

31 December 2017 Financial assets	Level 1 N'000	Level 2 N'000	Total N'000
Financial investments available for sale			
Treasury bills	53,186,987	-	53,186,987
Government bonds	5,230,033	-	5,230,033
Quoted equity investment	-	282,324	282,324
Unquoted equity investments	-	872,763	872,763
	58,417,020	**1,155,088**	**59,572,108**
31 December 2016 Financial assets	**Level 1 N'000**	**Level 2 N'000**	**Total N'000**
Financial investments available for sale			
Treasury bills	53,847,416	-	53,847,416
Government bonds	5,041,808	-	5,041,808
Quoted equity investment	-	282,324	282,324
Unquoted equity investments	-	872,763	872,763
	58,889,223	**1,155,088**	**60,044,311**

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

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

	At 1 January 2017	Total gains/ (losses) recorded in profit or loss	Total gains/(losses) recorded in equity	Purchases	Sales	Settlements	Transfer from level 3 to level 2	At 31 Dec-17
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Financial investments available for sale:								
Unquoted equity investments	1,155,088	-	-	-	-	-	-	1,155,088
	1,155,088	**-**	**-**	**-**	**-**	**-**	**-**	**1,155,088**

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

	FOR THE YEAR ENDED 31-DEC-17			FOR THE YEAR ENDED 31-DEC-16		
	Net trading income	Other operating income	Net gain or [loss] on financial instruments designated FVTPL	Net trading income	Other operating income	Net gain or [loss] on financial instruments designated FVTPL
	N'000	N'000	N'000	N'000	N'000	N'000
Financial investments - available for sale						
Quoted investments	-	316,166	-	-	2,556,158	-
Government bonds	-	(600)	(380)	-	9,342	(8,130)
Treasury bills	-	(365,961)	-	-	665,643	-
	-	**(50,395)**	**(380)**	**-**	**3,231,143**	**-**

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

	31 DECEMBER 2017		31 DECEMBER 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
	N'000	N'000	N'000	N'000
Financial assets				
Cash and balances with central bank	5,675,461	5,675,461	51,129,061	51,129,061
Due from banks	15,152,227	15,152,227	9,324,758	9,324,758
Loans and advances to customers	8,958,127	8,958,127	277,214,521	277,214,521
	29,785,815	29,785,815	337,668,340	337,668,340
Financial investments – held to maturity	20,271,961	20,271,961	26,211,318	23,089,040
	50,057,776	**50,057,776**	**363,879,659**	**360,757,380**
Financial liabilities				
Due to customers	252,310,469	252,310,469	264,196,344	264,196,344
Due to Other Banks	42,957,842	42,957,842	50,195,162	50,195,162
Debt issued and other borrowed funds	80,546,363	80,546,363	81,908,685	81,908,685
	375,814,674	**375,814,674**	**396,300,191**	**396,300,191**

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

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

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

38. Contingent Liabilities, Commitments and Lease Arrangements 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 678 litigation suits: 193 cases instituted by the Bank and 297

cases instituted against the Bank. Trhe distribution of all litigations is shown below:

Cases	Volume
Civil cases against the bank	297
Civil cases by the bank	193
Judgments in favor of the bank awaiting execution	108
Civil appeals against the bank	53
Civil appeals by the bank	22
Garnishee order absolute being contested by the bank	5
	678

b. Capital Commitments

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

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

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

	31 DECEMBER 2017	31 DECEMBER 2016
	N'000	N'000
Performance Bonds and Guarantees	**89,031,145**	26,888,116
Letters of credit	**5,782,716**	-
Commitments**	**7,546,000**	7,546,000
	96,577,145	**34,434,116**

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

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

39. Lease arrangements

Operating lease commitments – Bank as lessee

The bank has entered into commercial leases for premises and equipment. These leases have an average life of between one and five years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases. Future minimum lease payments under non–cancellable operating leases as at 31 December, 2017 are, as follows:

	31 DECEMBER 2017 N'000	31 DECEMBER 2016 N'000
Within one year	**357,718**	510,419
After one year but not more than five years	**460,604**	505,934
More than five years	**36,693**	236,743
	855,015	779,518

40. Going Concern

In line with the Bank's Management assessment, this account has been prepared on the basis that the Bank would continue to exist as an entity. This is the going concern assumption. In the course of the year, the Bank's Board and Management continued to implement strategic transformational initiatives, aimed at addressing the identified key risk elements, the completion of which are expected to completely eradicate any reasonable doubt to the going concern of the Bank.

The Bank has been in the process of a recapitalization exercise in line with CBN's directive to boost the capital base of the Bank, and significant progress towards completion have been achieved. In addition, the Bank also carried out a "bad assets resolution initiative", with the sale of it's Non-Performing Loan portfolio to an insitutional private Asset Management Company.

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

Resolution Initiative on Non Performing Loans (NPLs)

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

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

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

41a. Capital

The Bank maintains an actively managed capital base to cover risks inherent in the business and meet the capital adequacy requirements of the local banking supervisor, Central Bank of Nigeria. The adequacy of the Bank's capital is monitored using among other measures, the rules and ratios established by the Basel Committee on Banking Supervision (BIS rules/ratios) and adopted by the Central Bank of Nigeria in supervising the bank. During the past year, the Bank had complied in full with all its externally imposed capital requirements.

b. Capital Management

The primary objectives of the bank's capital management policy are 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 to maximize shareholder value. The bank manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities.

c. Capital Raising

The Bank has been making concerted efforts towards attracting willing and committed prospective investors with the aim of raising the Bank's capital base and increasing business capacity. These discussions have been ongoing with a number of prospective investors and are at various stages of investment decisions to inject substantial capital to the Bank

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 variery 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.

41. Capital (continued)

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

	31 DECEMBER 2017 N'000	31 DECEMBER 2016 N'000
Regulatory capital		
Tier 1 capital		
Share capital	**5,844,669**	5,844,669
Share premium	**10,485,871**	10,485,871
Share Reconstruction	**67,103,925**	67,103,925
Statutory Reserves	**11,929,737**	11,929,737
SMEIES Reseves	**440,116**	440,116
Retained earnings	**(338,694,711)**	(275,980,402)
Less: goodwill and intangible assets	**(112,324)**	(16,766,392)
Less: Deferred Tax Assets	**(20,289,830)**	(20,609,164)
Total qualifying Tier 1 Capital	**(263,292,548)**	**(217,551,640)**
Tier 2 capital		
Preference Share	**-**	-
Non-Controlling Interest	**-**	-
Convertible Bonds	**-**	-
Qualifying Other Reserves	**-**	-
Qualifying Long Term Loan	**-**	-
Revaluation Reserve_Investment Securities	**588,049**	(505,375)
Total qualifying Tier 2 Capital (100%of total qualifying tier I capital)	**-**	-
Total Qualifying Capital	**(263,292,548)**	(217,551,640)
Risk - weighted assets:		
Risk Weighted Amount for credit risk	**86,738,719**	382,372,476
Risk Weighted Amount for operational risk	**44,001,039**	63,894,443
Risk Weighted Amount for market risk	**2,186,622**	16,839,479
Total risk-weighted assets	**132,926,380**	**463,106,398**
Ratio	**-198.07%**	**-46.98%**

42. Maturity Profile of Assets and Liabilities

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

As at 31 December 2017	Up to 1 Month N'000	1 to 3 Months N'000	3 to 6 Months N'000	6 to 12 Months N'000	1 to 3 Years N'000	Over 3 Years N'000	Total N'000
Assets							
Cash and balances with central banks	4,966,271	-	-	-	600,000	109,190	5,675,461
Due from banks	9,804,304	5,347,923	-		-	-	15,152,227
Loans and advances to customers	516,299	349,053	17,137	3,408,757	4,236,643	430,237	8,958,127
Financial investments – held-for-trading	-	-	-	-	-	-	-
Financial investments – available-for-sale	9,987,723	6,637,171	22,222,733	17,984,230	442,532	1,428,969	58,703,357
Financial investments – held-to-maturity	-	-	-	-	2,673,718	17,598,243	20,271,961
Other assets	1,447,531	733,849	2,350,000	813,484	460,604	36,693	5,842,161
Property and equipment	-	-	-	-	-	21,501,055	21,501,055
Goodwill and other intangible assets	-	-	-	-	-	112,324	112,324
Deferred tax assets	-	-	-	-	-	20,289,830	20,289,830
Total assets	**26,722,128**	**13,067,995**	**24,589,870**	**22,206,472**	**8,413,496**	**61,506,542**	**156,506,504**
Liabilities							
Due to other banks	42,957,842	-	-	-	-	1	42,957,842
Due to customers	220,309,622	29,198,657	1,240,147	658,719	903,324	-	252,310,469
Debt issued and other borrowed funds	68,962,542		-		-	11,583,822	80,546,364
Current tax liabilities	-	-	710,127	-	-	-	710,127
Other liabilities	10,315	8,995,481	-	6,313,267	6,810,983	-	22,130,046
Employee benefit liabilities	44,810	-	-	-	-	-	44,810
Equity	-	-	-	-	-	(242,193,155)	(242,193,155)
Total liabilities	**332,285,130**	**38,194,138**	**1,950,275**	**6,971,986**	**7,714,307**	**(230,609,332)**	**156,506,504**
Gap	**(305,563,001)**	**(25,126,143)**	**22,639,595**	**15,234,486**	**699,189**	**292,115,874**	**(0)**

As at 31 December 2016	Up to 1 Month N'000	1 to 3 Months N'000	3 to 6 Months N'000	6 to 12 Months N'000	1 to 3 Years N'000	Over 3 Years N'000	Total N'000
Assets							
Cash and balances with central banks	10,754,737	-	-	-	40,374,324	-	51,129,061
Due from banks	9,324,758	-	-		-	-	9,324,758
Loans and advances to customers	131,191,491	9,454,254	49,765,907	45,403,539	24,333,020	17,066,309	277,214,521
Financial investments – held-for-trading	-	-	-	97,063	-	-	97,063
Financial investments – available-for-sale	16,898,818	2,271,376	11,884,738	22,856,638	442,532	4,821,459	59,175,560
Financial investments – available-for-sale	-	-	-	-	-	-	-
pledged as Financial investments – held-to-maturity	-	-	-	5,244,732	5,716,860	15,249,726	26,211,318
Other assets	385	30,814	553,884	7,457,899	546,165	764,019	9,353,167
Non current assets held for sale			-	-	-	-	-
Property and equipment	-	-	-	-	-	22,800,643	22,800,643
Goodwill and other intangible assets	-	-	-	-	-	16,766,392	16,766,392
Deferred tax assets	-	-	-	20,609,164	-	-	20,609,164
Total assets	**168,170,189**	**11,756,444**	**62,204,529**	**101,669,035**	**71,412,901**	**77,468,548**	**492,681,647**
Liabilities							
Due to other banks	50,195,162	-	-	-	-	-	50,195,162
Due to customers	225,912,547	33,835,566	1,452,546	442,184	2,553,500	-	264,196,344
Debt issued and other borrowed funds	21,012,397	3,614,333	-	50,000,000	7,228,667	53,288	81,908,685
Current tax liabilities	-	-	644,509	-	-	-	644,509
Other liabilities	1,001,646	1,304,657	-	6,139,123	-	4,058,922	12,504,349
Employee benefit liabilities	125,618	-	-	-	-	-	125,618
Deferred tax liabilities	-	-	-	-	-	-	-
Equity	-	-	-	-	-	83,106,981	83,106,981
Total liabilities	**298,247,371**	**38,754,557**	**2,097,055**	**56,581,307**	**9,782,167**	**87,219,190**	**492,681,647**
Gap	**(130,077,182)**	**(26,998,112)**	**60,107,474**	**45,087,728**	**61,630,734**	**(9,750,642)**	**(0)**

43. Maturity Profile of Contingents

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

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

As at 31 December 2016	Up to 1 Month N'000	1 to 3 Months N'000	3 to 6 Months N'000	6 to 12 Months N'000	Over 1 Year N'000	Total N'000
Performance Bonds & Guarantees	921,707	3,979,754	2,741,412	8,281,801	18,509,441	34,434,116
Letters of credit	-	-	-	-	-	-
	921,707	**3,979,754**	**2,741,412**	**8,281,801**	**18,509,441**	**34,434,116**

44. Concentrations of currency risk: Financial Instruments

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

As at 31 December 2017	Naira N'000	Dollar N'000	Pound N'000	Euro N'000	Others N'000	Total N'000
Assets						
Cash and balances with central banks	4,850,308	783,620	14,091	27,443	-	5,675,461
Due from banks	2,929,313	11,046,372	306,810	869,531	201	15,152,227
Loans and advances to customers	6,438,922	2,519,205	-	-	-	8,958,127
Financial investments – held-for-trading	-	-	-	-	-	-
Financial investments – available-for-sale	39,697,069	-	-	-	-	39,697,069
Financial investments – available-for-sale pledged as collateral	19,006,289	-	-	-	-	19,006,289
Financial investments – held-to-maturity	20,264,126	-	7,835	-	-	20,271,961
Other assets	5,842,161	-	-	-	-	5,842,161
Property and equipment	21,501,055	-	-	-	-	21,501,055
Goodwill and other intangible assets	112,324	-	-	-	-	112,324
Deferred tax assets	20,289,830	-	-	-	-	20,289,830
Total assets	**140,931,396**	**14,349,196**	**328,736**	**896,974**	**201**	**156,506,503**
Liabilities						
Due to other banks	42,957,842	-	-	-	-	42,957,842
Due to customers	219,903,119	31,974,300	233,615	199,435	-	252,310,469
Debt issued and other borrowed funds	68,962,542	11,583,822	-	-	-	80,546,364
Current tax liabilities	710,128	-	-	-	-	710,128
Other liabilities	17,343,373	4,396,858	54,769	208,270	126,777	22,130,046
Employee benefit liabilities	44,810	-	-	-	-	44,810
Equity	(242,193,155)	-	-	-	-	(242,193,155)
Total liabilities	**107,728,659**	**47,954,980**	**288,383**	**407,705**	**126,777**	**156,506,504**
Gap	**33,202,737**	**(33,605,784)**	**40,353**	**489,269**	**(126,576)**	**-**

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

As at 31 December 2016	Naira N'000	Dollar N'000	Pound N'000	Euro N'000	Others N'000	Total N'000
Assets						
Cash and balances with central banks	49,063,940	1,935,256	62,155	67,710	-	51,129,061
Due from banks	2,164,736	6,084,468	567,498	496,739	11,317	9,324,758
Loans and advances to customers	240,937,551	36,276,970	-	-	-	277,214,521
Financial investments – held-for-trading	97,063	-	-	-	-	97,063
Financial investments – available-for-sale	26,152,264	-	-	-	-	26,152,264
Financial investments – available-for-sale pledged as collateral	33,023,297	-	-	-	-	33,023,297
Financial investments – held-to-maturity	26,170,862	33,467	6,989	-	-	26,211,318
Other assets	9,353,166	-	-	-	-	9,353,166
Property and equipment	22,800,643	-	-	-	-	22,800,643
Goodwill and other intangible assets	16,766,392	-	-	-	-	16,766,392
Deferred tax assets	20,609,164	-	-	-	-	20,609,164
Total assets	**447,139,077**	**44,330,162**	**636,642**	**564,449**	**11,317**	**492,681,647**
Liabilities						
Due to other banks	50,195,162	-	-	-	-	50,195,162
Due to customers	224,621,912	38,511,883	400,942	661,607	-	264,196,344
Debt issued and other borrowed funds	71,354,718	10,553,967	-	-	-	81,908,685
Current tax liabilities	644,509	-	-	-	-	644,509
Other liabilities	9,599,350	2,523,928	68,208	186,086	126,777	12,504,349
Employee benefit liabilities	125,618	-	-	-	-	125,618
Equity	83,106,980	-	-	-	-	83,106,980
Total liabilities	**439,648,249**	**51,589,778**	**469,150**	**847,693**	**126,777**	**492,681,647**
Gap	**7,490,828**	**(7,259,616)**	**167,492**	**(283,244)**	**(115,459)**	**-**

45. Interest Rate Risk

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

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

AS AT 31 DECEMBER 2016	Up to 1 Month N'000	1 to 3 Months N'000	3 to 6 Months N'000	6 to 12 Months N'000	1 to 3 Years N'000	Over 3 Years N'000	Total N'000
Assets							
Due from banks	9,324,758	-	-	-	-	-	9,324,758
Loans and advances to customers	131,191,491	9,454,254	49,765,907	45,403,539	24,333,020	17,066,309	277,214,521
Financial investments – held-for-trading	-	-	-	97,063	-	-	97,063
Financial investments – available-for-sale	16,898,818	2,271,376	11,884,738	22,856,638	442,532	4,821,459	59,175,560
Financial investments – held-to-maturity	-	-	-	5,244,732	5,716,860	15,249,726	26,211,318
Total assets	**157,415,067**	**11,725,630**	**61,650,645**	**73,601,972**	**30,492,412**	**37,137,495**	**372,023,221**
Liabilities							
Due to other banks	50,195,162	-	-	-	-	-	50,195,162
Due to customers	225,912,547	33,835,566	1,452,546	442,184	2,553,500	-	264,196,344
Debt issued and other borrowed funds	21,012,397	3,614,333	-	50,000,000	7,228,667	53,288	81,908,685
Total liabilities	**246,924,944**	**37,449,900**	**1,452,546**	**50,442,184**	**9,782,167**	**53,288**	**346,105,029**
Gap	**(89,509,877)**	**(25,724,270)**	**60,198,099**	**23,159,788**	**20,710,245**	**37,084,207**	**25,918,192**

46. Customer complaints data

DESCRIPTION	NUMBER		AMOUNT CLAIMED		AMOUNT REFUNDED	
	2017	2016	2017	2016	2017	2016
	Nos	Nos	N'000	N'000	N'000	N'000
1. Pending Complaints B/F	364	352	13,750,056	2,319,119	-	-
2. Received Complaints	62,440	32,334	15,900,537	15,705,271	-	-
3. Resolved Complaints	(62,164)	(31,970)	(8,556,346)	(1,955,215)	642,214	1,165,673
4. Unresolved Complaints escalated to CBN for intervention	93	275	3,154,096	11,581,892	344,268	906,070.50
5. Unresolved Complaints pending with the Bank C/F	276	364	7,344,192	13,750,056	-	-

FOREIGN CURRENCY

S/N	CURRENCY	AMOUNT CLAIMED		AMOUNT REFUNDED	
		2017	2016	2017	2016
1	US Dollars ($)	-	7,150	7,150	7,150

	31 DECEMBER 2017	31 DECEMBER 2016
	N'000	N'000
47. Employees and Directors	**Number**	**Number**
a. The average number of persons employed by the Bank during the year was as follows:		
Executive Directors	3	5
Management	20	19
Non-management	1,785	1,930
	1 ,808	**1,954**
b. Compensation for the above staff (excluding Bank directors) include:	N'000	N'000
Salaries and wages	**10,426,431**	10,982,064
Pension costs:		
Defined Contribution plans	**435,482**	651,987
	10,861,913	**11,634,051**

	31 DECEMBER 2017	31 DECEMBER 2016
	N'000	N'000
	Number	Number
47. Employees and Directors (continued)		
c. The number of employees of the Bank, other than directors, who received emoluments in the following ranges (excluding pension contributions), were:		
N300,000 and below	-	-
N300,001 - N2,000,000	-	-
N2,000,000 - N2,800,000	-	-
N2,800,001 - N3,500,000	718	869
N3,500,001 - N4,000,000	370	305
N4,000,001 - N5,500,000	179	250
N5,500,001 - N6,500,000	198	205
N6,500,001 - N7,800,000	139	159
N7,800,001 - N9,000,000	93	77
N9,000,001 and above	111	89
	1,808	**1,954**
48. Related party disclosures		
a. Compensation of key management personnel of the bank IAS 24.17	N'000	N'000
Short–term employee benefits (Executive Management Compensation)	249,333	435,437
Termination benefits	-	159,093
	249,333	**594,530**

b. Transactions with key management personnel of the bank

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

	N'000	N'000
Key management personnel of the bank:		
Loans and advances (Note 48d)	**45,147**	10,858,098
Deposits (Note 48c)	**104,610**	**105,481**

48. Related party disclosures (continued)

c. Transactions with key management personnel of the bank		31 DECEMBER 2017 N'000	31 DECEMBER 2016 N'000
The details of the directors' deposits as at 31 December 2017 are shown below			
	Serving Directors:		
1	Aisha Azumi Abraham	42,456	1,406
2	Aminu Babangida	9,769	1,445
3	Hafiz Mohammed Bashir	4,529	-
4	Oluwafunsho Obasanjo	30,205	35,086
5	Sam Okagbue	8,064	9,058
6	Tomi Somefun	6,074	6,065
7	Tuedor Temisan	317	722
8	Yabawa Lawan Wabi,mni	3,194	4,038
9	Abubakar Abba Bello R	-	10,758
10	Dahiru Chadi R	-	2,269
11	Hakeem Shagaya R	-	3,497
12	Ibrahim M. A Kaugama R	-	112
13	Iliya Dauda Ndirpaya R	-	2,688
14	Priya Heal R	-	18,215
15	Richard G. Asabia R	-	2,251
16	Thomas A. Etuh R	-	7,871
		104,610	**105,481**

R *Resigned during the year*

b. Transactions with key management personnel of the bank

As at the close of business exposure to related party totaled N2.49billion (2016: N23.30billion). This amount represents credit facilities granted to companies in which certain present and past directors and shareholders have interest.

	31 DECEMBER 2017 N'000	31 DECEMBER 2016 N'000
Currently Serving Directors	45,147	10,858,098
Previous Serving Directors	2,442,948	12,445,735
	2,488,095	**23,303,833**

48. e. Related party disclosures

S/N	Nuban number	Borrower	Related interest	Relationship to Bank	Facility type	Approved credit limit =N=	Date granted	Expiry date	Performing =N=	Non_performing =N=	Balance
1	0030607385	TUEDOR TEMISAN JONATHAN	TUEDOR TEMISAN JONATHAN	EXECUTIVE DIRECTOR	TERM LOAN	45,102,223.34	12/27/2017	12/26/2025	45,146,708		45,146,708
2	0029054253	PRACTOIL LIMITED	BOLA SHAGAYA	FORMER DIRECTOR	OVERDRAFT	350,000,000.00	12/10/2017	12/10/2018	54,503,795		54,503,795
3	0022799588	PACIFIC ENERGY COMPANY LIMITED	DR. ADEDEJI ADELEKE	FORMER DIRECTOR	SYNDICATED CONTRACT	USD10,666,818.79	12/5/2013	12/31/2018	2,388,444,007		2,388,444,007
									2,488,094,510	-	2,488,094,510

Insider Related Credit as at 31 December 2016

S/N	Nuban number	Borrower	Related interest	Relationship to Bank	Facility type	Approved credit limit =N=	Date granted	Expiry date	Performing =N=	Non_performing =N=	Balance
1	14496592	ALARAB PROPERTIES LTD	DR O.O. OBASANJO	DIRECTOR	OVERDRAFT	600,000,000.00	11/15/2012	11/19/2015		946,296,150	946,296,150
2	20225702	GENERAL METAL PRODUCTS LIMITED	ALH. AMINU BABANGIDA	DIRECTOR	OVERDRAFT	115,289,254.40	11/26/2012	7/13/2014		107,159,883	107,159,883
3	160564	NIGER NORTH LIMITED	ALH. UMARU NDANUSA	FORMER DIRECTOR	OVERDRAFT	10,000,000.00	5/2/2008	7/6/2010		11,100,903	11,100,903
4	14478671	OBA QUARRY LIMITED	DR O.O. OBASANJO	DIRECTOR	OVERDRAFT	400,000,000.00	11/15/2012	11/14/2015		666,618,601	666,618,601
5	414243	MISBAHU BELLO SANI	ALH FALALU BELLO	RELATION OF FORMER M.D	OVERDRAFT	180,000,000.00	9/6/2011	9/27/2013		235,788,282	235,788,282
6	20188434	FALALU BELLO	FALALU BELLO	FORMER MANAGING DIRECTOR	OVERDRAFT	584,940,000.00	8/15/2012	8/14/2014		489,098,176	489,098,176
7	436337	M B S MERCHANTS	FALALU BELLO	FORMER MANAGING DIRECTOR	OVERDRAFT	3,070,000,000.00	7/13/2011	10/21/2011		3,434,982,907	3,434,982,907
8	4404512	ABRAHAM AISHA AZUMI	ABRAHAM AISHA AZUMI	EXECUTIVE DIRECTOR	SHARE LOAN	8,000,000.00	3/30/2015	4/8/2022	2,005,348		2,005,348

48 e. Related party disclosures

S/N	Nuban number	Borrower	Related interest	Relationship to Bank	Facility type	Approved credit limit =N=	Date granted	Expiry date	Performing =N=	Non_performing =N=	Balance
9	23998742	ABRAHAM AISHA AZUMI	ABRAHAM AISHA AZUMI	EXECUTIVE DIRECTOR	MORTGAGE	60,000,000.00	2/2/2015	2/28/2020	42,000,000		42,000,000
10	17176631	ADEKUNLE OYINLOYE	ADEKUNLE OYINLOYE	FORMER EXECUTIVE DIRECTOR	SHARE LOAN	120,000,000.00	3/2/2015	1/10/2017	6,700,979		6,700,979
11		ADEKUNLE OYINLOYE	ADEKUNLE OYINLOYE	FORMER EXECUTIVE	OVERDRAFT	-	4/10/2015	5/25/2015		81,724,897	81,724,897
12		ADEKUNLE OYINLOYE	ADEKUNLE OYINLOYE	FORMER EXECUTIVE DIRECTOR	OVERDRAFT	-	3/5/2015	3/4/2016		4	4
13	21611146	AHMED YUSUF	AHMED YUSUF	FORMER EXECUTIVE DIRECTOR	TERM LOAN	184,150,525.28	10/27/2014	7/23/2018	98,911,315		98,911,315
14	21936515	AHMED YUSUF	AHMED YUSUF	FORMER EXECUTIVE DIRECTOR	TERM LOAN	261,247,265.75	3/3/2015	4/21/2017	75,577,427		75,577,427
15	491293	AHMED YUSUF	AHMED YUSUF	FORMER EXECUTIVE DIRECTOR	OVERDRAFT	-	10/23/2015	4/20/2016	510,792,877		510,792,877
16	23173770	BACKBONE CONNECTIVITY NET WORK	LAMIS DIKKO	FORMER CHAIRMAN	TERM LOAN	1,552,951,235.39	6/30/2016	6/30/2016		1,087,343,751	1,087,343,751
17	23142435	BELLO ABUBAKAR ABBA	BELLO ABUBAKAR ABBA	EXECUTIVE DIRECTOR	TERM LOAN	15,111,200.62	4/3/2014	4/10/2020	9,307,534		9,307,534
18	18121047	EVANS EJIKE WOHEREM	EVANS EJIKE WOHEREM	FORMER EXECUTIVE DIRECTOR	SHARE LOAN	150,000,000.00	3/2/2015	1/27/2017	2,431,361		2,431,361
19	20334080	EVANS EJIKE WOHEREM	EVANS EJIKE WOHEREM	FORMER EXECUTIVE DIRECTOR	SHARE LOAN	54,437,610.75	2/21/2012	1/31/2017	2,269,228		2,269,228
20	3124833	EVANS EJIKE WOHEREM	EVANS EJIKE WOHEREM	FORMER EXECUTIVE DIRECTOR	OVERDRAFT		2/25/2015	4/11/2015		54,927,035	54,927,035
21	20190356	FALALU BELLO	FALALU BELLO	FORMER MANAGING	SHARE LOAN	64,422,464.93	1/20/2012	1/10/2017	2,691,624		2,691,624

48. e. Related party disclosures

S/N	Nuban number	Borrower	Related interest	Relationship to Bank	Facility type	Approved credit limit =N=	Date granted	Expiry date	Performing =N=	Non_performing =N=	Balance
22	20190796	FALALU BELLO	FALALU BELLO	FORMER MANAGING DIRECTOR	SHARE LOAN	21,474,154.97	1/20/2012	1/10/2017	1,140,747		1,140,747
23	98458	IBRAHIM BABANGIDA B.	ALH. AMINU BABANGIDA	RELATION OF DIRECTOR	TERM LOAN	200,000,000.00	11/10/2011	11/15/2014		66,242,813	66,242,813
24	17534208	KASHTON CONCEPTS NIGERIA LTD	HAKEEM SHAGAYA	DIRECTOR	OVERDRAFT	250,000,000.00	8/26/2015	8/25/2016	315,640		315,640
25	23875610	KASHTON CONCEPTS NIGERIA LTD	HAKEEM SHAGAYA	DIRECTOR	OVERDRAFT	35,946,212.61	10/9/2015	4/6/2016	160,154,892		160,154,892
26	17535786	KASHTON HOMES LIMITED	HAKEEM SHAGAYA	DIRECTOR	OVERDRAFT	49,000,000.00	2/24/2015	2/23/2016	19,912,150		19,912,150
27	21881639	LAMIS SHEHU DIKKO	ALHAJI LAMIS SHEHU DIKKO	FORMER CHAIRMAN	TERM LOAN	36,000,000.00	11/6/2014	4/28/2017	4,689,370		4,689,370
28	21480874	LAMIS SHEHU DIKKO	ALHAJI LAMIS SHEHU DIKKO	FORMER CHAIRMAN	TERM LOAN	30,000,000.00	7/4/2013	3/17/2017	2,019,726		2,019,726
29	19644312	LAMIS SHEHU DIKKO	ALHAJI LAMIS SHEHU DIKKO	FORMER CHAIRMAN	OVERDRAFT	-	1/30/2015	3/16/2015		61,410,070	61,410,070
30	22799588	PACIFIC ENERGY COMPANY LIMITED	DR. ADEDEJI ADELEKE	FORMER DIRECTOR	SYNDICATED CONTRACT	USD10,666,818.79	12/15/2013	12/5/2018	1,460,324,465		1,460,324,465
31	21168217	PACIFIC ENERGY COMPANY LIMITED	DR. ADEDEJI ADELEKE	FORMER DIRECTOR	OVERDRAFT	-	3/31/2016	3/31/2016	716,531,622		716,531,622
32	206488	SHAGAYA HAKEEM	SHAGAYA HAKEEM	DIRECTOR	OVERDRAFT	2,115,104.35	2/7/2007	3/9/2007		4,849,876	4,849,876
33	24325758	SHAGAYA HAKEEM	SHAGAYA HAKEEM	DIRECTOR	TERM LOAN	110,000,000.00	5/19/2015	8/13/2019	29,176,275		29,176,275
34	21289981	SWAP TECHNOLOGIES	HENRY SEMINITARI	FORMER MANAGING	TERM LOAN	USD10,000,000	11/1/2012	12/31/2014		3,771,893,109	3,771,893,109
35	23178270	TAK AGRO & CHEMICAL LIMITED	THOMAS ETUH	FORMER CHAIRMAN	TERM LOAN	5,099,183,503.83	6/30/2016	6/30/2016		4,217,069,122	4,217,069,122
36	24449595	TEMPO STARCH AND GLUCOSE LTD	DR O.O. OBASANJO	DIRECTOR	BOI	3,500,000,001.00	6/24/2015	6/23/2023	3,332,741,065		3,332,741,065
37	14497465	TEMPO STARCH AND GLUCOSE LTD	DR O.O. OBASANJO	DIRECTOR	BOI	200,000,000.00	9/27/2010	9/30/2016	100,054,795		100,054,795
38	14479874	TEMPO STARCH AND GLUCOSE LTD	DR O.O. OBASANJO	DIRECTOR	OVERDRAFT	-	12/18/2015	2/16/2016	922,740,634		922,740,634
39	17046084	TAK CONTINENTAL LIMITED	THOMAS ETUH	CHAIRMAN	OVERDRAFT	188,751,863.07	4/30/2015	6/14/2015		297,696,047	297,696,047
40	19568294	APT SECURITTIES & FUNDS LTD	ADO Y. WANKA	FORMER MANAGING DIRECTOR		165,029,323.98	11/28/2014	12/28/2014		267,142,639	267,142,639
									7,502,489,071	15,801,344,265	23,303,833,336

	31 DECEMBER 2017	31 DECEMBER 2016
	N'000	N'000
49. Remuneration paid to Non Executive Directors		
Fees	236,400	315,000
Sitting Allowances	48,130	60,008
Other director expenses	27,592	36,532
	312,122	**411,540**
Fees and other emoluments disclosed above include amounts paid to:		
The Chairman	31,050	41,400
	Number	**Number**
The number of directors who received fees and other emoluments(excluding pension contributions)		
Below N1,000,000	-	-
N1,000,000 - N2,000,000	-	-
N2,000,001 - N3,000,000	-	-
N5,000,001 and above	8	8
	15	**15**
50. Reconciliation of profit before tax to cash generated from operation		
	N'000	**N'000**
Profit before tax	(14,242,574)	1,816,431
Adjustments to reconcile profit to net cash flow from operating activities		
Depreciation	1,602,404	1,727,010
Impairments	27,783,528	35,948,596
Amortization of intangible assets	194,719	192,626
Profit on sale of fixed assets	(74,141)	-
Profit from sale of Investment	(316,166)	(3,231,144)
Net change in operating assets	(28,295,225)	(92,132,087)
Net change in operating liabilities	(9,258,971)	36,238,435
Increase/(Decrease) in tax payable	(609,745)	(543,892)
Net Cash from operating activities	**(23,216,172)**	**(19,984,025)**

51. Acquisitions and disposals

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

52. Contraventions

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

a.Nature of Contravention and penalty paid	31 DECEMBER 2017		31 DECEMBER 2016
	REGULATORY BODY	N'000	N'000
Late rendition of FINA & EFASS returns to CBN	CBN	-	75
Penalty for No credit Bureau Report	CBN	4,000	-
Non Display of Account in Branch		108	-
Penalty for Non performing Loans	CBN	2,000	-
Penalty for failure to notify CBN of exit of Acting Chief Internal Auditor	CBN	4,000	-
Late filing of the Audited Account for two days	SEC	400	-
Penalty for Inability to Provide ATM footage	CBN	80	
Penalty for contravening various AML/CFT	CBN	8,000	18,000
Penalty for non-disclosure of excess funds and utilization	CBN	-	2,000
		18,588	20,075

b. Forbearance on cash reserve ratio

Unity Bank Plc was initially granted forbearance by the Central Bank of Nigeria for compliance with the cash reserve ratio when it was set at 33%. The Bank had until 2017 built up the Reserve as the CBN debited the Bank N500mn weekly. Upon the request of Unity Bank Plc in 2017, the Central Bank of Nigeria granted additional forbearance on the Cash reserve to 31 December 2017 to provide additional working capital and resolve liquidity bottlenecks. The current revised cash reserve ratio is set at 22.5%.

OTHER NATIONAL DISCLOSURES - STATEMENT OF VALUE ADDED

NON IFRS DISCLOSURE	31 DECEMBER 2017		31 DECEMBER 2016	
	N'000	%	N'000	%
Gross earnings	**89,925,696**		84,012,662	
Interest expense	**(35,452,651)**		(19,901,215)	
	54,473,044		64,111,447	
Bought in materials and services				
Local	**(11,801,720)**		(12,792,734)	
Impairment of assets	**(44,254,863)**		(35,948,596)	
	(1,583,539)	**100**	**15,370,117**	**100**
Applied to pay:				
Employees:				
Wages, salaries and pensions	**10,861,913**	(686)	11,634,051	76
Government				
Taxes	**356,030**	(22)	575,028	4
Shareholders:				
Dividend	**-**	-	-	-
To be retained in the business for expansion and future wealth creation:				
Depreciation	**1,602,404**	(101)	1,727,010	11
Amortisation	**194,719**	(12)	192,626	1
Deferred taxation	**319,334**	(20)	(942,395)	(6)
(Loss)/Profit for the year	**(14,917,938)**	942	2,183,798	14
	(1,583,539)	**100**	**15,370,117**	**100**

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

OTHER NATIONAL DISCLOSURES - FIVE YEAR FINANCIAL SUMMARY STATEMENT OF FINANCIAL POSITION

NON IFRS DISCLOSURE	31 DECEMBER	31 DECEMBER			
Assets	**2017 N'000**	**2016 N'000**	**2015 N'000**	**2014 N'000**	**2013 N'000**
Cash and balances with Central Bank	5,675,461	51,129,061	27,587,476	6,814,218	9,710,926
Due from banks	15,152,227	9,324,758	18,579,346	16,158,360	7,385,127
Loans and advances to customers	8,958,127	277,214,521	246,143,129	219,335,346	195,229,573
Financial investments – held-for-trading	-	97,063	110,633	2,793,700	-
Financial investments – available-for-sale	39,697,069	26,152,264	43,114,403	57,903,167	49,456,338
Financial investments – available-for-sale pledged as collateral	19,006,289	33,023,297	17,138,888	19,605,200	38,330,267
Financial investments – held-to-maturity	20,271,961	26,211,318	25,239,272	26,550,431	28,259,864
Other assets	5,842,161	9,353,166	6,391,066	8,681,702	15,526,590
Property and equipment	21,501,055	22,800,643	18,968,143	18,491,476	20,091,653
Goodwill and other intangible assets	112,324	16,766,392	16,920,408	17,148,015	17,389,808
Deferred tax assets	20,289,830	20,609,164	19,666,769	16,737,488	19,036,676
Non current assets held for sale	-	-	3,461,478	3,086,008	3,212,468
TOTAL ASSETS	**156,506,503**	**492,681,647**	**443,321,012**	**413,305,111**	**403,629,290**
Liabilities and Equity					
Liabilities					
Due to other banks	42,957,842	50,195,162	40,531,041	-	-
Due to customers	252,310,469	264,196,344	231,440,942	277,025,613	303,270,560
Debt issued and other borrowed funds	80,546,364	81,908,685	70,294,256	45,499,812	54,319,092
Current tax liabilities	710,128	644,509	613,373	647,727	425,554
Other liabilities	22,130,046	12,504,349	17,781,333	13,792,184	16,931,889
Employee benefit liabilities	44,810	125,618	85,536	75,780	469,555
Total liabilities	**398,699,659**	**409,574,667**	**360,746,481**	**337,041,116**	**375,416,650**
Equity					
Issued share capital	5,844,669	5,844,669	5,844,669	58,446,690	19,223,345
Share premium	10,485,871	10,485,871	10,485,871	10,485,871	11,929,515
Statutory reserve	11,929,737	11,929,737	11,602,168	10,898,794	7,691,052
Retained earnings	(338,694,713)	(275,980,402)	(117,270,296)	(56,434,482)	(58,700,475)
Non Distributable Regulatory Reserve	-	263,788,438	103,222,105	38,400,508	33,181,767
Other reserves	68,241,280	67,038,667	68,690,015	14,466,615	14,887,436
Total equity	**(242,193,155)**	**83,106,980**	**82,574,531**	**76,263,995**	**28,212,639**
Total liabilities and equity	**156,506,504**	**492,681,647**	**443,321,012**	**413,305,111**	**403,629,290**

PROFIT OR LOSS

NON IFRS DISCLOSURE	31 DECEMBER	31 DECEMBER			
ASSETS	**2017 N'000**	**2016 N'000**	**2015 N'000**	**2014 N'000**	**2013 N'000**
Total operating income	**54,473,045**	64,111,448	59,186,622	59,886,928	40,775,127
Operating expenses	**(24,460,756)**	(26,346,421)	(29,721,773)	(31,193,291)	(51,885,952)
Impairment losses	**(44,254,863)**	(35,948,596)	(27,122,182)	(15,054,246)	(22,528,543)
Profit before taxation	**(14,242,574)**	1,816,431	2,342,667	13,639,390	(33,639,369)
Information technology Levy	**(31,622)**	(18,164)	(56,994)	(18,164)	-
Current taxation	**(324,408)**	(556,864)	(525,797)	(556,864)	(234,978)
Deferred taxation	**(319,334)**	942,395	2,929,281	(2,299,187)	11,292,007
Profit/(Loss)after taxation	**(14,917,938)**	2,183,798	4,689,157	10,765,175	(22,582,339)
Profit/(Loss) attributable to shareholders	**(14,917,938)**	2,183,798	4,689,157	10,765,175	(22,582,339)
Earnings per share (basic)	**(127.62)**	18.68	12.34	17.45	(58.74)

COMPARISON OF IFRS WITH PRUDENTIAL CLASSIFICATION

NON IFRS DISCLOSURE	31 DECEMBER 2017 N'000	31 DECEMBER 2016 N'000
Loans and Advances	**9,467,163**	3 78,758,599
Impaired Loans (IFRS)	**-**	2 11,846,564
Non performing Loans (PG)	**-**	3 69,139,834
IFRS NPL Ratio (%)	**0%**	56%
PG NPL Ratio (%)	**0%**	98%

E.R.M Disclosures

APPROACH TO RISK MANAGEMENT

Unity Bank recognizes the importance of risk management practices in the achievement of its overall strategic objectives. The Bank has an effective risk governance structure and an experienced risk 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 case of a process breach in line with management objectives, internal audit will identify and recommend for process correction.

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

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

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

1. Establishing a context
This is done by considering the following:
- The environment within which the organization operates (Organizational context)
- The objectives, core activities and operations of the Bank (Strategic context)

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

3. Evaluation of risk
It involves analysing likelihood of occurrence and consequences of risks identified

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

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

SCOPE OF RISKS

The following risks are directly managed by the bank:

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

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

TRAININGS

Reducing unacceptable performance variability, aligning and integrating the varying Risk Management, building confidence on investment, community and stakeholders, enhancing corporate governance, successfully responding to a challenging business environment and aligning strategy with corporate culture led the Bank along the path of training its' Board of Directors and Executive Management on Anti-Money Laundering/Combating the Finance of Terrorism (AML/CFT) bearing in mind the statutory and regulatory industry best practice. Subsequent to year end, the Enterprise Risk Management training for the Board Members and Executives was postponed but hitherto held in February, 2016.

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS REPORT

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

A detailed assessment of the Bank's internal risk and capital requirement was done in line with its ICAAP policy and the supervisory review document on the preparation of the report. This report is as at December 31, 2017.

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

- In Q2'2017, Nigeria's economy exited recession as real Gross Domestic Product (GDP) returned to positive growth of 0.5% year-on-year after successive declines for five quarters. This recovery was supported by a strong rebound in the oil sector.
- In the foreign exchange market, the Central Bank of Nigeria (CBN) the introduction/establishment of the New FX policy and Investors' & Exporters' (I&E) FX Window in February and April 2017.
- Inflation Rate movement from 18.72% in the month of January to 15.37% in December 2017.

The Bank sold its entire Non-Performing Loans (NPL's) largely attributed to legacy issues. The aforementioned circumstances, affected the bank's earning capacity which contributed to a loss position of N14.9billion as at December 31, 2017. However, the bank has initiated proactive strategy to come out of this situation within the shortest time possible.

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

CAPITAL POSITION SUMMARY AS AT DEC 31, 2017

ELEMENTS	N 'Mn (2016)
TOTAL RISK WEIGHTED ASSETS	132,926
TIER 1 CAPITAL (BEFORE DEDUCTIONS)	95,408
TIER 1 CAPITAL (AFTER DEDUCTIONS)	-263,689
TIER 2 CAPITAL	-
BANK'S ELIGIBLE CAPITAL	-263,689
REGULATORY CAPITAL CHARGE	12,369
ECONOMIC CAPITAL - EC (PILLAR I + PILLAR II RISKS)	23,684
DESIRED CAPITAL (STRESS TEST+PILLAR II RISK)	**30,882**
REGULATORY CAPITAL ADEQUACY RATIO	-198.37%
REGULATORY CAPITAL CHARGE COVERAGE	9.31%
ECONOMIC CAPITAL COVERAGE	17.82%
DESIRED CAPITAL COVERAGE	23.23%

The current total Risk Weighted Assets amounts to N133bn while the Capital Adequacy ratio for the Bank is -198.37%. However, total EC required for the Bank which is computed using internal models and methodologies resulted in a total figure of N23.7bn inclusive of Pillar I and II risks. The EC figure reflects exact capital need for different risk areas but best practice advocates for additional capital requirements for stress conditions and buffers.

Unity Bank's desired capital is N30.9bn. This computation encompassed stress tests and other extreme conditions. The results have a coverage of 23.23% compared to its current risk weighted assets of N132bn.

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

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

1.1 STRUCTURE AND OPERATIONS

Organizational Profile

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

The Bank currently has 219 business offices spread across the country and is continuously increasing this number. Unity Bank is one of the largest employers of labour in Nigeria with 1,789 employees as at the time of compiling this report and a major contributor to Nigeria's Gross Domestic Product (GDP).

The Bank's vision is to be Nigeria's retail bank of choice by creating superior wealth for its stakeholders.

Since November 2013, the Bank has strategically repositioned its business and operating structure, aimed at accelerating decision making processes and improving efficiency of its services to customers.

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

The Bank has twenty four (24) regional offices spread across the country. With this, the bank is able to maintain a profile as one of the fastest decision-making Organization in the industry today.

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

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

1.2 BUSINESS STRATEGY

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

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

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

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

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

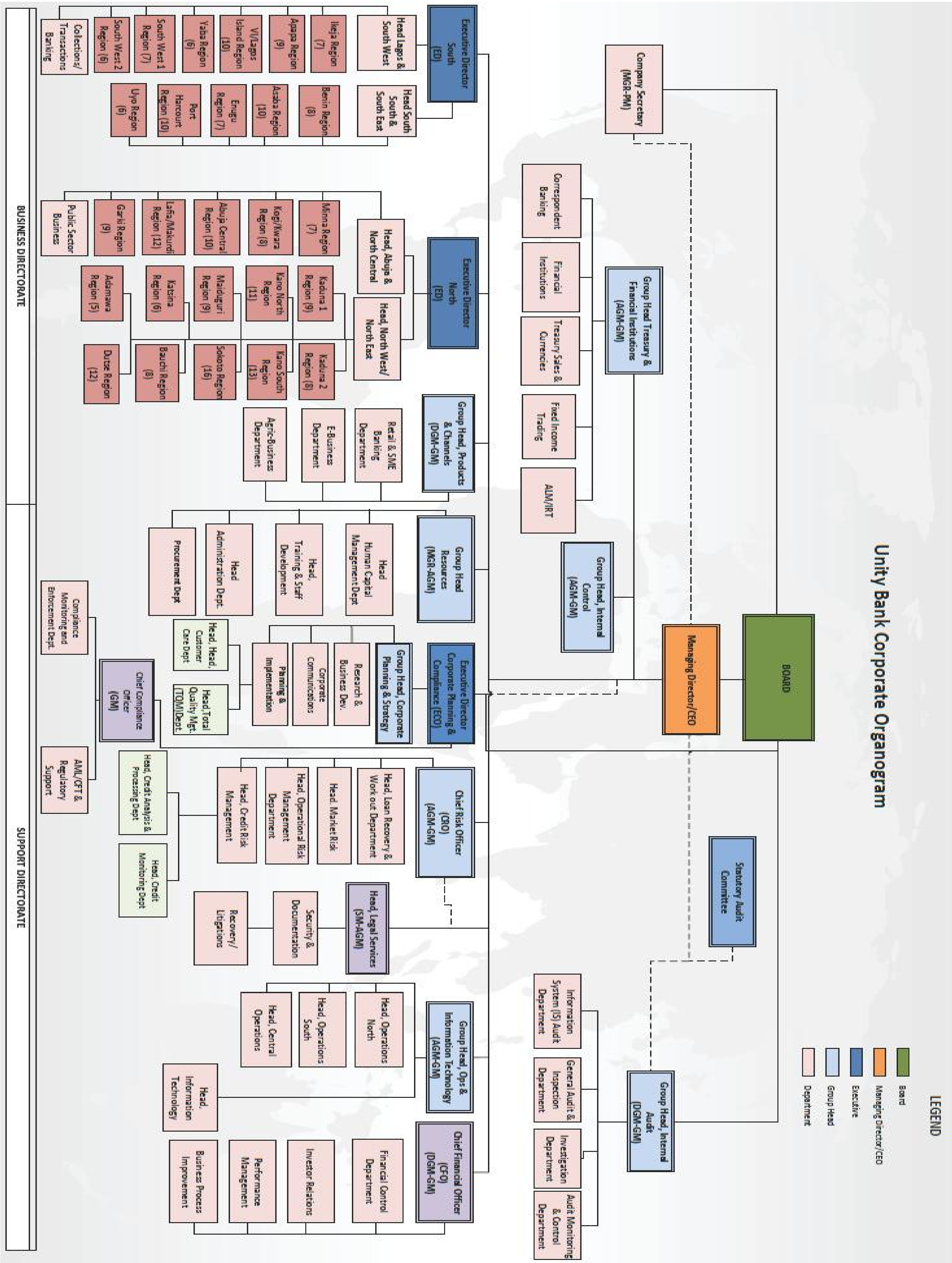
INTERNAL ORGANIZATION

Organizational structures helps to create an efficient and properly functioning institution.

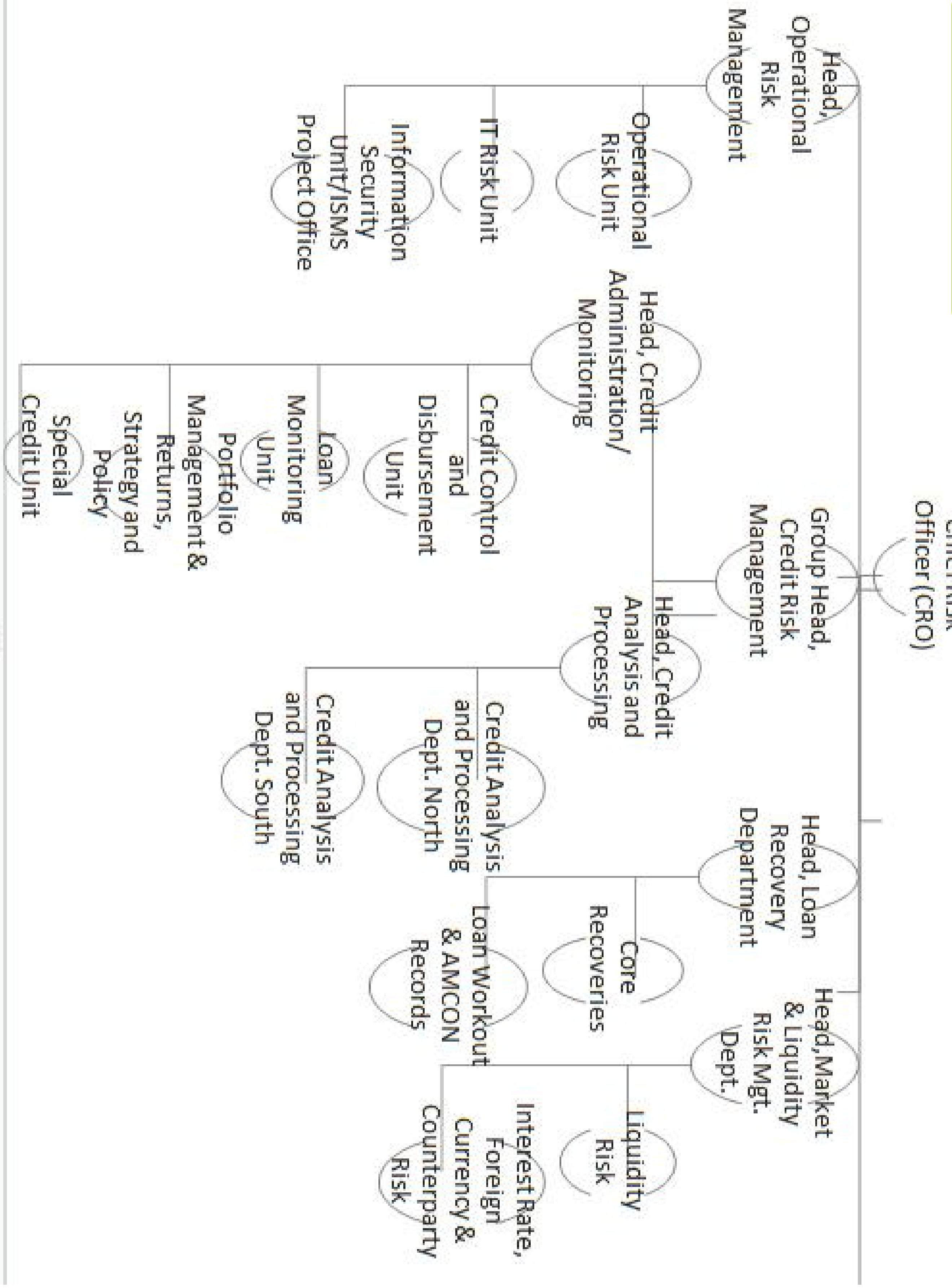
It shows clearly defined roles, functions and scopes of authority put together to achieve the business objectives.

To this end, organograms of the Bank and Enterprise Risk Management are presented on the next two pages .

These organograms are as at December 31, 2017.


Unity Bank Corporate Organogram
LEGEND
Board
Managing Director/CEO
Executive
Group Head
Department
BOARD
Managing Director/CEO
Company Secretary (MGR-PM)
Statutory Audit Committee
Group Head, Internal Audit (DGM-GM)
Information System (IS) Audit Department
General Audit & Inspection Department
Investigation Department
Audit Monitoring & Control Department
Group Head, Internal Control (AGM-GM)
Group Head Treasury & Financial Institutions (AGM-GM)
Correspondent Banking
Financial Institutions
Treasury Sales & Currencies
Fixed Income Trading
ALM/IRT
Executive Director South (ED)
Head Lagos & South West
Ikeja Region (7)
Apapa Region (9)
VI/Lagos Island Region (10)
Yaba Region (6)
South West 1 Region (7)
South West 2 Region (6)
Collections/ Transactions Banking
Head South South & South East
Benin Region (8)
Asaba Region (10)
Enugu Region (7)
Port Harcourt Region (10)
Uyo Region (6)
Executive Director North (ED)
Head, Abuja & North Central
Minna Region (7)
Kogi/Kwara Region (8)
Abuja Central Region (10)
Lafia/Makurdi Region (12)
Garki Region (9)
Public Sector Business
Head, North West/ North East
Kaduna 1 Region (9)
Kano North Region (11)
Maiduguri Region (9)
Katsina Region (6)
Adamawa Region (5)
Kaduna 2 Region (8)
Kano South Region (13)
Sokoto Region (16)
Bauchi Region (8)
Dutse Region (12)
Group Head, Products & Channels (DGM-GM)
Retail & SME Banking Department
E-Business Department
Agric-Business Department
Group Head Resources (MGR-AGM)
Head Human Capital Management Dept
Head, Training & Staff Development
Head Administration Dept.
Procurement Dept
Executive Director Corporate Planning & Compliance (ED)
Group Head, Corporate Planning & Strategy
Research & Business Dev.
Corporate Communications
Planning & Implementation
Head, Head, Customer Care Dept
Head, Total Quality Mgt. (TQM) Dept.
Chief Compliance Officer (GM)
Compliance Monitoring and Enforcement Dept.
AML/CFT & Regulatory Support
Chief Risk Officer (CRO) (AGM-GM)
Head, Loan Recovery & Work out Department
Head, Market Risk
Head, Operational Risk Management Department
Head, Credit Risk Management
Head, Credit Analysis & Processing Dept
Head, Credit Monitoring Dept
Head, Legal Services (SM-AGM)
Security & Documentation
Recovery/ Litigations
Group Head, Ops & Information Technology (AGM-GM)
Head, Operations North
Head, Operations South
Head, Central Operations
Head, Information Technology
Chief Financial Officer (CFO) (DGM-GM)
Financial Control Department
Investor Relations
Performance Management
Business Process Improvement
BUSINESS DIRECTORATE
SUPPORT DIRECTORATE

New E.R.M Structure



1.3 GOVERNANCE STRUCTURE

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

1.4 POLICIES AND PROCEDURES

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

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

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

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

1.5 INTERNAL CONTROL

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

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

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

1.6 ASSURANCE

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

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

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

- Conducting an assessment of the bank's enterprise risk management strategies and its effectiveness.
- Ensuring compliance with the Bank's system, Policies and Procedures, Plans, Statutory Requirements and Regulations which could have a significant impact on operations.
- Reviewing operations or programs to ascertain whether results are consistent with the Bank's established objectives and goals and whether the operations or programs are being carried out as planned;
- Appraising the relevance, reliability and integrity of management, financial and operating data and reports, including the electronic information system.
- Ensuring adequate security and protection of access rights on all platforms across the Bank

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

- Unity Bank Internal Audit Group shall be directly responsible to the Statutory Audit Committee (SAC) / Board Audit Committee (BAC) of the Bank and be independent of any other section, branch or officer;
- It shall have no executive or managerial powers, functions or duties except those relating to internal audit and control;
- It shall have no direct operational responsibility or authority over any of the activities audited.
- It shall not be responsible for the detailed development or implementation of new systems and procedures or engage in any other activity that may impair judgment.
- Finally, the extent and frequency of internal audits will depend upon varying circumstances such as results of previous audits, relative risk associated with activities, materiality, the adequacy of the system of internal control, and resources available to Internal Audit Group. In addition the Internal Audit Group is also responsible for the independent review and internal validation of the ICAAP report.

Risk Management Departments and their Key Functions

Credit Analysis & Processing Group (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.
- Compiling data for the measurement of Credit Risk for the Bank.
- Listing and reviewing of credit events for consideration in Credit Risk Assessment.
- Ensure appropriate pricing of risk assets.
- Compliance with the Bank's risk appetite definitions and RAAC.

Market and Liquidity Risk Department (MLRD)

The function should be sub-divided into:

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

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

Plan, Counterparty Limits, etc.

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

Credit Administration

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

Credit Risk Control:

- Conveyance of credit decisions
- Processing 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 Offenses Disciplinary Process.

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 goes bad. The function is organized in teams, with each team being responsible for a particular zone or zones.

Credit Risk Reporting, Policy Formulation, Review and Portfolio Planning:

- Reporting on Total Portfolio by:
  - Industry
  - Risk Rating
  - Product Programmes
  - Geographical Location
  - Business Units

- Impaired Assets Report
- Watch List
- Exceptions/Breaches
- Risk/Return Reports.

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

Operational Risk Management

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

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

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

Loan Recovery Department (LRD)

The LRD responsibilities shall include:

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

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

Legal Services Department (LSD)

The LSD responsibilities shall include:

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

Internal Control Group (ICG)

The ICG responsibilities shall include:

- Ensure that all the Bank activities and business are carried out in 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 shall be responsible for managing the Bank's strategic risk.

Internal Control Environment

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

Continuous Audit Function

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

Segregation of Duties

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

Dual or Multi-level Controls

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

System Control of Processes

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

Independence of Internal Control/Back Office functions

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

Independent Review of Risk Management by Internal Audit

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

Data Validation and provision

- Provision of data from internal control reports.

Documented Roles of Units/Departments

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

Duplication or Overlapping Functions/Job Roles

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

Clearly Defined Authority Levels

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

Implementation of Code of Corporate Governance

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

Compliance with Laws and Regulations

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

Optimal Staffing

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

Authority Limits and Access Rights

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

Sensitivity analysis of currency risks

The table overleaf indicates the currencies to which the Bank had significant exposure at 31 December 2017 on its non–trading assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Naira (all other variables being held constant) on the income statement and equity.

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

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

As at 31 December 2016	Dollar N'000	Pound N'000	Euro N'000	Others N'000	TOTAL N'000
ASSETS					
Cash and balances with central banks	1,935,256	62,155	67,710	-	2,065,122
Due from banks	6,084,468	567,498	496,739	11,317	7,160,022
Loans and advances to customers	36,276,970	-	-	-	36,276,970
Financial investments – HFT	-	-	-	-	-
Financial investments – AFS	-	-	-	-	-
Financial investments –HTM	33,467	6,989	-	-	40,456
Other assets	-	-	-	-	-
Property and equipment	-	-	-	-	-
Goodwill and other intangible assets	-	-	-	-	-
Deferred tax assets	-	-	-	-	-
Non current assets held for sale	-	-	-	-	-
Total Assets	**44,330,162**	**636,642**	**564,449**	**11,317**	**45,542,570**
LIABILITIES					
Due to other banks	-	-	-	-	-
Due to customers	38,511,883	400,942	661,607	-	39,574,432
Debt issued and other borrowed funds	10,553,967	-	-	-	10,553,967
Current tax liabilities	-	-	-	-	-
Other liabilities	2,523,928	68,208	186,086	126,777	2,904,999
Employee benefit liabilities	-	-	-	-	-
Equity	-	-	-	-	-
Total Liabilities	**51,589,778**	**469,150**	**847,693**	**126,777**	**53,033,398**
Gap	**(7,259,616)**	**167,492**	**(283,244)**	**(115,459)**	**(7,490,828)**

CURRENCY DETAILS	DEC 2017		DEC 2016	
	Effect on PAT	Effect on Equity	Effect on PAT	Effect on Equity
	N'000	N'000	N'000	N'000
Dollar + 5%	(1,680,289)	(1,680,289)	(362,981)	(362,981)
Pounds + 5%	2,018	2,018	8,375	8,375
Euro + 5%	24,463	24,463	(14,162)	(14,162)
Dollar -5%	1,680,289	1,680,289	362,981	362,981
Pounds -5%	(2,018)	(2,018)	(8,375)	(8,375)
Euro -5%	(24,463)	(24,463)	14,162	14,162
Dollar + 2.5%	(840,145)	(840,145)	(181,490)	(181,490)
Pounds + 2.5%	1,009	1,009	4,187	4,187
Euro + 2.5%	12,232	12,232	(7,081)	(7,081)
Dollar -2.5%	840,145	840,145	181,490	181,490
Pounds -2.5%	(1,009)	(1,009)	(4,187)	(4,187)
Euro -2.5%	(12,232)	(12,232)	7,081	7,081

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

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

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

- Credit Risk
- Market Risk
- Operational Risk

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

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

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

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

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

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

The Bank currently operates twelve (12) risk rating buckets inclusive of 5 default buckets as shown overleaf:

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

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

Controls and Mitigation

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

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

2.1.2 Market Risk

The Bank sees market risk as loss 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 2017.

Controls and Mitigation

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

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

The other ways it is measured include:

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

2.1.3 Operational Risk

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

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

Sources of Operational Risk

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

Operational Risk

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

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

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

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

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

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

S/N	UNITYBANK NAME	DEFINITION OF RISK
1	Fraud by insiders	Losses caused by act intended to defraud, misappropriate property or circumvent regulations, law or company policy. e.g. employee theft, insider trading on an employee's own account, intentional misreporting of positions.
2	Fraud by Outsiders	Losses caused by acts of an outsider or third-party with intention to defraud, misappropriate 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.*
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 riskement 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:

1. Risk Process Mapping
Process Mapping addresses the need to understand the business processes which will aid the assessment of risk. It is used to identify and analyze gaps in the bank's policies and procedures as well as their associated risks usually by products, departments and units (branches, cash centers etc.)

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

3. Key Risk Indicators(KRI)
Key Risk Indicators are a broad category of measures used to monitor the activities and status of the control environment of a particular business activity for a given operational risk category. They help keep the operational risk management process dynamic and risk profiles current. Key Risk Indicators (KRIs) serve as parameters, which focus on business processes/activities to predict upcoming changes in the operational risk profile of the business processes/activities.

4. 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.

5. 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.

6. 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.

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

Measurement/Assessment

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

1. 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.

   Overleaf 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	0.82 -1	2-20%	Very Low
Unlikely	2	3 - 30 yrs	Minor	2	> N 10 ≤ N 50	1.1-2.0	0.62-0.8	22-40%	Low
Often	3	1 - 3 yrs	Moderate	3	> N 50 ≤ N 500	2.1-3.0	0.42-0.6	42-60%	Moderate
Likely	4	Yearly	High	4	> N 500 ≤ N 5,000	3.1-4.0	0.22-0.4	62-80%	High
Expected	5	Monthly	Massive	5	> N 5,000 ≤ N 25,000	4.1-5.0	0.02-0.2	82-100%	Very High

***Likelihood - the frequency of an event happening without controls**

Mitigation

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

Consequently it operates a - three lines of defence model to address operational risk through:-

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

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

2.1.4 Information Technology (IT) Risk

Information Technology risk is defined as the risk of loss from breaches in the Confidentiality, Integrity and Availability in of information assets. Increasing dependence on information technology to power the business of Banking requires constant vigilance in mitigating the exposures associated with information technology usage.

Sources of Information Technology Risk

Information Technology (IT) risk is inherent in the nature of development, deployment and usage of (IT) across Unity Bank enterprise. Quite number activities contribute to increasing exposure to IT Risk including – application acquisition and development, branch connectivity, access provisioning and rights, data backup and availability, data integrity, authorization, authentication and auditing. These inherent exposures need to be properly identified, evaluated and managed to reasonable levels.

Information Security Management System (ISMS)

A holistic approach is required in managing and mitigating technology related risk through the well-established and defined ISO 27001 (ISMS). The ISO 27001 standard demands significant top management involvement. The k ey 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:

- information: databases and data files, contracts and agreements, system documentation, research information, user manuals, training material, operational or support procedures, business continuity plans, fallback arrangements, audit trails, and archived information;
- software assets: application software, system software, development tools, and utilities;
- physical assets: computer equipment, communications equipment, removable media, and other equipment;
- services: computing and communications services, general utilities, e.g. heating, lighting, power, and air-conditioning;
- people, and their qualifications, skills, and experience;
- 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 has achieved compliance with ISO 27001 and PCI DSS compliance programmes.

2.2 PILLAR II RISKS

2.2.1 Credit Concentration Risk

The Bank recognizes losses by virtue of concentration in credit. This may arise from uneven distribution of the Bank's loans to individual borrowers, a group of related parties or an industry/geographical location.

Identification

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

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

Measurement and Assessment

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

1. Portfolio Analysis

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

2. Herfindahl Hirschman Index

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

Controls and Mitigation

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

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

2.2.2 Interest Rate Risk in Banking Book

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

Identification

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

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

IRRBB Measurement

The Bank measures and manages its IRRBB risk by:

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

Control and Mitigation

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

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

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

2.2.3 Strategic Risk

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

The factors 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 in to the Lagos market.

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

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

2.2.4 Reputational Risk

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

Identification

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

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

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

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

The above risk can result in reputational loss as follows:

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

Management and Mitigation

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

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

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

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

2.2.5 Legal Risk

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

Identification

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

Measurement and Assessment

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

Control and Mitigation

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

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

2.2.6 Liquidity Risk

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

Identification

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

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

Measurement and Assessment

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

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

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

Control and Mitigation

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

The measures include;

- Limit System and Limit breach escalation processes.
- 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.
- 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.
- An Existing Contingency Funding Plan.

2.3 OTHER RISKS

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

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

2.4 BUSINESS CONTINUITY

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

Identification, Measurement and Mitigation

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

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

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

3 CAPITAL ADEQUACY

Capital adequacy has become a key part of the regulatory assessment especially after the global financial meltdown. The Bank's regulatory capital requirement was computed in compliance with the CBN regulatory framework for Basel II capital adequacy. This primarily covers the Credit, Market and Operational risks.

In line with the New Regulatory framework for Prudential Supervision of Nigerian Banking System, Unity Bank adopted the Standardized Approach for Credit and Market risks and Basic Indicator Approach (BIA) for Operational risk measurement.

3.1 REGULATORY CAPITAL

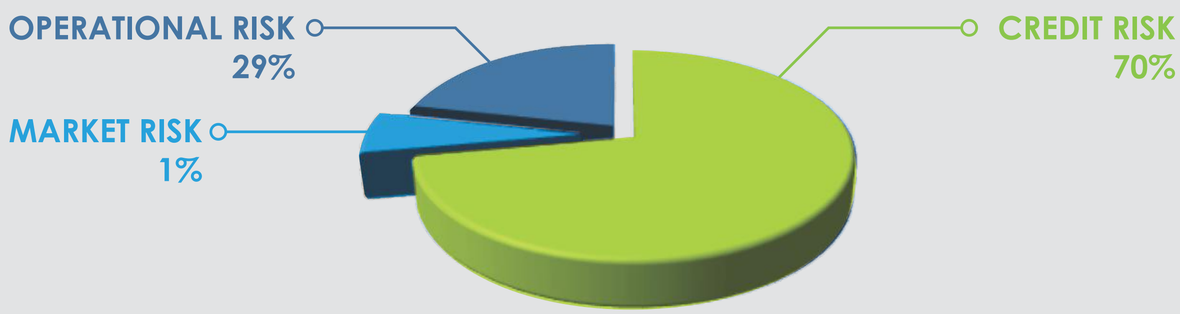
The Bank's regulatory capital requirement for the year ended December 31st 2017 as provided by Central Bank of Nigeria is largely Pillar I risk dependent thus uses a combination of three risk types whose distribution is presented in the table and chart below:

UNITY BANK REGULATORY CAPITAL CHARGE

RISK TYPE	RISK WEIGHTED ASSETS	CAPITAL CHARGE
CREDIT RISK	86,738,718,705	8,673,871,870
MARKET RISK	2,186,621,549	174,929,724
OPERATIONAL RISK	44,001,039,375	3,520,083,150
TOTAL	**132,926,379,629**	**12,368,884,744**

The Bank like many financial institutions is heavily concentrated in the credit risk area. This is because its major business is that of financial intermediation. Its total Credit Risk Weighted Asset (RWA) figure is N87bn. Operational RWA account for the next highest portion of the total RWA with N44bn while Market RWA contributed N2.2bn. The dominance of credit risk is emphasized in the chart below:

CAPITAL CHARGE MIX



Credit risk contributes a significant 70% of the Bank's total capital charge while Market risk accounted for a meagre 1%. The rest of the 100% is accounted for by operational risk.

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 credit risk exposures as at December 31, 2017 stood at N136bn.

A summary of the total credit exposure is shown overleaf:

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%	85	85	0
A+ to A-	20%			
State Govt and LA's				
A+ to A-	20%		0	0
Unrated	100%			
PSE's				
	100%		0	0
Supervised Institutions				
AAA -AA-	20%	15	15	3
Corporate				
Unrated	100%	9	9	9
Regulatory Retail				
	75%	0	0	0
Residential RE(RRE)				
	75%	0	0	0
Commercial RE(CRE)				
	100%	0	0	0
Past Due Exposures				
Other than RRE	150%	0	0	0
	100%	0	0	0
RRE	100%	0	0	0
	50%	0	0	0
Other Assets				
	0%	0	0	0
	20%	0	0	0
	100%	27	27	27
Total		**136**	**136**	**39**

Upon application of credit risk mitigants and risk weights, the total RWA obtained is N39bn.

The following table shows the various off balance sheet balances, credit conversions factors, credit equivalent and the RWA's as at December 31, 2017.

DETAILED OFF BALANCE SHEET ANALYSIS (N'BN)					
Contingents	Notional Amount	CCF	Credit Equivalent	Risk Weight	RWA
Certain Transaction Related Contingents					
Corporate and other Persons	95	50%	47	100%	47
OTC Derivatives Transactions					
Supervised Institutions		100%		20%	
Total Off Balance Sheet	**95**		**47**		**47**

The total off balance sheet notional amount before credit conversion was N95bn from transaction related contingents and derivative transactions. Credit conversion factors were applied to the notional amount to reduce the exposure to N47bn. A total off balance RWA of N47bn 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 (N86bn) 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 on only 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)	2,186,621,549
Net Position in Gold	-
Total NOP in FX & Gold	**2,186,621,549**
RWA	2,186,621,549
Capital Charge on Foreign Exchange Risk	174,929,724

The net open position of our foreign exposures after regulatory approved conversions stood at N2.19bn. This figure also represents market RWA.

3.1.3 Operational Risk Regulatory Capital Assessment

The Bank computed its Operational Risk capital charge using the Basic Indicator Approach (BIA).

The BIA model feeds on the data derived from the Bank's financial statements with income matrices like Net Interest Income, Interest Expense and Non-Interest Income. Unity Bank's gross total income has experienced a steady increase over preceding three years thereby resulting in an aggregate of N92.4bn as shown in the table overleaf:

INCOME UNITS	2017	2016	2015
Interest Income	42,374,576,000	33,428,509,000	35,589,012,000
Interest Expenses	35,452,651,000	19,901,215,000	19,619,178,000
Net Interest Income	**6,921,925,000**	**13,527,294,000**	**15,969,834,000**
Net Non-Interest Income			
Fees and Commission Income	1,683,742,000	1,642,023,000	9,251,682,000
Fees and Commission Expenses			
Net Fees and Commission Income	**1,683,742,000**	**1,642,023,000**	**9,251,682,000**
Gains/losses arising from sale of trading book facilities	18,362,000	7,402,245,000	2,667,702,000
Unrealised gain/losses on fair value changes of trading securities	1,093,424,000	(1,651,349,000.00)	1,145,974,000
Any other operating income (please specify)	1,594,153,000	5,591,289,000	3,543,363,000
Total net non-interest income	**4,389,681,000**	**12,984,208,000**	**16,608,721,000**
Total Gross Income			
AGG. GROSS INCOME		**70,401,663,000**	
OP RISK Risk Weighted Assets		**44,001,039,375**	

The total operational capital charge and RWA obtained were N3.5bn and N44bn 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	**9,467,162,536.32**
Portfolio UL	5,540,177,920.33
Portfolio EL	3,666,969,103.09
Credit Portfolio EC	**1,873,208,817.23**

The granular stepwise methodology is well documented.

3.2.2 MARKET RISK ECONOMIC CAPITAL

The market risk VaR model was used to assess the economic capital requirement and the output is shown overleaf :-

Value at Risk Assessment							
Holding period (days)	Interest Rate Risk (Trading Book)			FX Trading			**Total -at 99.9%, 10-day (Nbn)**
	Position size (Nbn)	Volatility	Confidence Level 99%	Position size (Nbn)	Volatility	Confidence Level 99%	
1	500	0.1043%	0.522	0.00	0.00%	0.00	**0**
10			**1.649**			0	**0**

As at year end 2017, the Bank's total trading position for FX was Nil. The Bank, was only active in the treasury bills market with a holding position of N500million.

Unity bank adopts a 99% confidence level, one (1) day holding period given the asset volatility. The 1-day and 10-day VaR amounted to N0.5million and N1.65million. For FX, the VaR is nil as the Bank maintains a daily square FX trading position.

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 modelling.
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**
2015	787,508,051.66	29,195,135.50	816,703,187.16
2016	80,744,795.95	1,271,083,786.41	1,351,828,582.36
2017	70,615,610.03	24,040,060	94.655,670.03
		Highest Lost Incident in 3 years	**1,351,828,582.36**
		Range of growth in gross earnings over preceding 3 years	57%
		Up-scale factor (3 yrs. average growth in gross earnings)	157%
		Operation risk economic capital	2,122,370,874.31

The assessment was done under the following assumptions:
- Near misses are like 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 General and Agriculture sectors. Other sectors range from no concentration to mild concentration.

Zonal concentration is relatively good as no zone accounts for up to 50% of the Bank's portfolio as shown below. However, with the range of zonal concentration at 3%, more businesses should be encouraged in the North East and South East/South South.

ZONES	OUTSTANDING BALANCE	CONC
Central	1,008,749,551.10	11%
Lagos & West	6,815,837,273.69	72%
North East	126,409,786.00	1%
North West	1,292,345,439.12	14%
South East & South South	223,820,486.41	2%
Total	**9,467,162,536.32**	**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	20.43%
HHI	0.244358222
Constant of Proportionality	0.963
Granularity Adjustment	9,467,162,536
Capital Required	2,227,783,981
Total Portfolio	**2,227,783,981**

3.3.2 INTEREST RATE RISK IN BANKING BOOK (IRRBB EC)

Unity Bank manages Interest Rate Risk in Banking Book (IRRBB) by using duration gap sensitivity. Rather than expose the maturity gaps to basis points stress, a stress factor obtained from the historical average behaviour of the deficit gap over a six months period is applied to determine the IRRBB EC.

The computation is done under a one year horizon and the analysis is provided in the table below:

IRRBB EC N'bn

ASSETS	0-30 DAYS	31-90 DAYS	91-180 DAYS	181-365 DAYS	1-3 YRS	Above 3 YRS	Grand Total
Inter Bank Placement, Money	-	-	-	-	-	-	0.00
Treasury Bills	8.23	3.62	7.51	7.57	-	-	26.93
FGN Bonds	-	-	-	-	1.78	18.09	19.87
State Govt Bonds	-	-	-	-	1.30	2.58	3.88
Local Govt Bond	-	-	-	-	-	-	-
Corporate Bonds	-	-	-	-	-	-	-
Certificate of Deposit	1.75	3.02	14.71	10.41	-	-	29.90
Other Investments	-	-	-	0.29	-	-	0.29
Loans and Receivables	0.49	0.19	0.03	3.62	4.20	0.95	9.47
TOTAL ASSETS	10.47	6.83	22.25	21.89	7.28	21.62	90.34
LIABILITIES							
Demand Deposit	85.04	-	-	-	-	-	85.04
Domiciliary Deposit	11.29	-	-	-	-	-	11.29
Savings Deposit	49.20	-	-	-	-	-	49.20
Call Deposit	25.04	-	-	-	-	-	25.04
Discounted Deposit	0.18	0.00	-	-	-	-	0.18
Term Deposit	52.97	29.20	1.24	0.66	-	-	84.07
Inter Bank Takings, Money	40.20	-	-	-	-	-	40.20
Other Interest Bearing Liab	18.96	11.58	-	50.00	-	-	80.55
TOTAL LIABILITIES	**282.88**	**40.78**	**1.24**	**50.66**	**-**	**-**	**375.56**
Periodic Gap	(272.41)	(33.95)	21.01	(28.77)	7.28	21.62	(285.23)
Cumulative Gap	(272.41)	(306.36)	285.35	(314.13)	(306.85)	(285.23)	0.00

Upon review, it revealed a negative periodic gap in the 0-30days, 31-90days and 181-365days maturity buckets. However, 31-90days and 181-365days buckets were subjected to a six month volatility appraisal to derive the average percentage change, and the standard deviation computed to arrive at 8%.
This value was applied in absolute terms to the gap as a stress on the position. The result which represents the EC is shown below:

Average Historical volatility	8%
EC = Absolute Average Volatility*Negative Gap	**5,017,174,784.98**

3.3.3 STRATEGIC RISK EC

In a bid to become the retail bank of choice in Nigeria, chances are that the corporate portfolio could play second fiddle. In the computation for Strategic risk, the average negative portfolio migrations for 3 years were adopted and applied to the performing corporate loans. Other assumptions made to compute the capital required for this strategy include the following:

- A fraction of the performing portfolio will go bad
- The corporate loans with Northern origin will suffer the most losses
- CBN capital adequacy classification for corporate loan was adopted
- 60% of performing loan will become substandard
- 50% of substandard will move to doubtful
- 55% of doubtful will be lost
- Sum of lost equal EC

Upon isolation of loan considered corporate and of core Northern origin, the three (3) years historical performance of the portfolio was applied to yield the following:

MIGRATION	BALANCE	CLASSIFICATION
Total Corporate Loans	34,710,560,670.61	Performing
60% Negative migration	20,826,336,402.37	Substandard
50% Negative migration	10,413,168,201.18	Doubtful
55% Negative migration	5,727,242,510.65	Lost

The capital required for the business strategy re-alignment is **5,802,770,393.78.**

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 2017 and they were 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 summary output of the regression is in Appendix Hii.
The resultant predictive equation is **Loss= (78,637,526,410.94) – x1 182,663,967,269.91 + x2 (358.63)**
The EC figure was forecasted with the standard deviation values of share price (0.61) and share volume 282,449 to yield 32,686,199,941.24.

The highest month on month percentage growth/decline (-19%) is applied to get the final economic capital figure of **6,210,377,988.84.**

The assumptions made include the following:

- Standard deviation of variable factors in the risk element
- Zero Colinearity
- Negative movements in shares prices mirrors the effect of reputational damage
- Reputational risk will impact heavily on the top 20 counterparties The full methodology is also documented.

3.3.5 LEGAL RISK EC

The historical legal data was used in the assessment of Legal risk. Amount paid out and number cases were considered from 2010 to 2017. 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.

The table overleaf shows the result of the computation.

		Volume	Number
	a. Average Historical Experience	12,723,027.83	3
1st Stress	b. Standard Deviation of Historical Data	17,100,536.25	4
	c. Highest Absolute % chang e YoY	125%	125%
2nd Stress	d. Upscale on Standard Deviation	21,375,670.31	4.45
	e. Economic Capital (b+d)	**38,476,206.55**	8

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 **36,319,269.09.** EC

3.3.6 LIQUIDITY RISK EC

Liquidity was stress-tested using scenario analysis derived from historical volatilities. Several factors like a run off on deposits and encumbrance of securities were considered in the assessment of Liquidity risk EC.
The actual liquidity position of the bank as at year end was stressed severally until the liquidity ratio swung into negative. The first two scenarios reflect the Bank's historical experience while the third scenario represent the final stress position. A shortfall in total liquid qualifying assets resulted in a corresponding negative liquidity ratio and the cost of recovering from the shortfall was computed for 30days and taken as the EC.

The stressed scenarios are shown below:

STRESSED LIQUIDITY - **EC N'Mn**

CURRENT POSITON	BASE AMOUNT (N'bn)	% of Availability	Availability of Assets /Liabilities	SCENARIO I (LOW)	SCENARIO II (MODERATE)	SCENARIO III (HIGH)
Cash	3,633	100%	3,633	3,633	3,633	3,633
CBN Current Account	111	100%	111	111	111	111
Interbank Placements	5,347	100%	5,347	0	0	0
-	0		0	0	0	0
Nigerian Treasury Bills	56,832	60%	34,099	28,709	9,389	-20,039
Govt Stock	23,759	70%	16,631	14,321	5,941	-6,873
Current Account With Nigerian Banks	481	100%	481	0	0	0
Total Qualifying Liquid Assets	**90,164**		**60,303**	**46,774**	**19,075**	**-23,167**
Deposit Liabilities						
Demand Deposits	121,546	100%	121,546	117,900	115,469	97,237
Savings Accounts	49,198	100%	49,198	47,722	46,738	39,358
Fixed Deposit Account	84,067	100%	84,067	75,660	67,253	54,643
			0			
CORE DEPOSITS	**254,810**		**254,810**	**241,282**	**229,460**	**191,238**
Net Balances Held For Other Banks	0	100%	0	0	0	0
Net Takings From Other Banks	40,200	100%	40,200	40,200	30,150	26,130
Total Deposit Liabilities	**295,010**		**295,010**	**281,482**	**259,610**	**217,368**
Liquidity Ratio	**30.56%**		**20.44%**	**16.62%**	**7.35%**	**-10.66%**
Req. for 35% internal limit compl.	**13,089.94**			**(56,479.42)**	**(84,179.11)**	**(126,420.69)**
Cost of sourcing deposit to cover the shortfall	**1.61**			**(6.963)**	**(10.378)**	**(15.586)**
HQLA adequacy @ 35%	**103,253.67**					
Liquidity EC	**(467.58)**					
OVERNIGHT NIBOR	**4.50%**					
TENOR	**0.0027**					

3 RISK APPETITE

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

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

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

4.1 RISK APPETITE STATEMENT

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

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

The risk appetite statement reads as follows:

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

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

4.2 QUALITATIVE EXPRESSIONS OF RISK APPETITE

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

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

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

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

4.3 QUANTITATIVE EXPRESSIONS OF RISK APPETITE

Credit Risk

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

S/N	Risk Type	Risk Appetite Factor	Objective	Regulatory Limit	Set Limit	Actual 30-Dec-2017	Qualitative Measures
1	Portfolio Quality	Ratio of Non-Performing loans to total portfolio	Reduction of NPL's ratio to the barest minimum	<=5%	<=3.8%	0%	Risk acceptance criteria, separation of approval and disbursement process, credit monitoring, Watch List Committee review etc.
2	Portfolio Liquidity	Ratio of short term to total loans	Ensure considerably liquid risk asset portfolio reasonably able to respond to changes in operating environment.	Short term obligations not exceeding 40% of total facilities	<=30%		Review of liquidity limits to ensure that threshold is maintained
3	Credit Ratings /Scoring	Quantitative representation of credit quality	Tracking Credit quality	BBB+ and above(Risk rating 4 and above)	BBB	BBB	Rating questions to measure entity and transaction quality
4	Single Obligor & 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%	41% and 41%	Portfolio planning
5	Sectorial & Insider Related exposure	Compliance with regulatory limits	To ensure diversified portfolio across all sectors	Sectors should not exceed 20% of total credit portfolio;	<=15%	27% and 16%	Portfolio planning
6	Ratio of restructured Loans	Managing portfolio quality	Manage default triggers	Should not exceed 20% of total credit portfolio	<=15%	7%	Proper credit application scrutiny from the onset
7	Capital Adequacy	Credit risk effect on Capital	Maintaining a good capital cover for credit	Greater than or equal to 10% but Less than	12%	-198%	Collateral quality, Obligor's risk profile.

The set limits are internal, considering both the guide (Regulatory limits) and the Bank's tolerance in line with the overall strategy.

Credit Risk Measurement and Management

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

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

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

Credit Risk Management is a full-fledged group headed by General Manager. The Department is under the Enterprise Risk Management Directorate which is headed by an Executive Director.

The Bank operates a policy of clear separation of business powers as business officers involved in Credit approvals do not have powers to approve disbursement of Credits as this resides in the control officers in Risk Management Directorate.

The Responsibilities of the Department Include:

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

Principal Credit Policies

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

The main objective for creating risk assets are:

- To generate income, while ensuring Liquidity, Safety Solvency and Growth
- Market for and obtain credit businesses that are consistent with the Bank's Risk Assets Acceptance Criteria as defined in the Credit Policy;
- 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;
- 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;
- 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:

- 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.
- Ensure exposure to any industry or customer is determined by the regulatory guidelines, internal policies and procedures, debt service capability and balance sheet management.
- 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.
- 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.
- 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.
- 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.
- Ensure that the quantum of exposure and quality and value of collateral required are determined based on the risk profile of the counter party.
- 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:

- During the appraisal of any Credit request, renewals, increases, reductions, restructures, new lines or material change in the terms of an existing facility.
- 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.
- 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.
- Any material change in regulations affecting the customer or the customer's industry.

Credit Approval Limits

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

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

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

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

- The Board has ownership of the Bank's Credit Risk. Policies and Procedures are approved by the Board and reviewed from time-to-time.
- Credit management is carried out in the Bank under well-defined credit policies and procedure manuals. There is dual control in credit origination in the Bank, namely the Business Units with the concurrence of Risk Management Unit.
- Credit approval powers are devolved across authority lines in the Bank. However, this powers have been suspended temporarily.
- Credit Administration Department is saddled with the responsibility of general administration of the Bank's credit process. Disbursement and documentation, remedial management, monitoring and classification of credit exposures, as well as credit portfolio reporting are the primary concern of the Department.
- Also, there is a full-fledged Debt Recovery Department that concentrates on the recovery of certain non-performing loans.
- Portfolio distribution is being watched regularly to ensure that there is no risk of concentration.

Credit Risk Assessment

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

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

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

Maximum Exposure to Credit Risk

The amount that best represents the Bank's exposure to credit risk at the end of the reporting period is as show overleaf:

31 DEC 15	FAIR VALUE OF COLLATERAL AND CREDIT ENHANCEMENTS HELD							
	Maximum Exposure to credit	Cash	Securities	Letters of Credit/ Guarantees	Property	Others	Netting agreements	Net collateral	Net Exposure
Maximum exposure to credit risk	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm
Due from banks	15,152								15,152
Loans & Advances	8,958								8,958
Financial Investments	78,975								78,975
Held For Trading	-								-
Available for sale	58,703								58,703
Held to maturiy	20,272								20,272
Financial guarantees	89,031								89,031
Letters of credits	5,783	-	-	-					5,783

31 DEC 16	FAIR VALUE OF COLLATERAL AND CREDIT ENHANCEMENT								
Maximum exposure to credit risk	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm	N'm
Due from banks	9,325								9,325
Advances	277,215								277,215
Financial Investments	85,484								85,484
Held For Trading	-								-
Available for sale	59,176								59,176
Held to maturity	26,211								26,211
Financial guarantee	26,888								26,888
Letters of credits	-	-	-	-					-

NB: No credit exposure exists when investments are in own government securities (Government Bonds & Treasury Bills)

Individually Assessed Allowance
The Bank determines the allowances appropriate for each individually significant loan or advance on an individual basis, including any overdue payments of interests, credit rating downgrades, or infringement of the original terms of the contract. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance if it is in a financial difficulty, projected receipts and the expected payout should bankruptcy ensue, the availability of other financial support, the realizable value of collateral and the timing of the expected cash flows. Impairment allowances are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

Gross value of individually assessed loans as at 31th December 2016 amounted to N183 billion. An analysis of risk assets individually determined to be impaired as at the end of the reporting period is presented below:

Analysis of individually assessed loans as at 31th December 2017.

GROSS VALUE OF LOANS BY INDUSTRIES	COLLECTIVE IMPAIRMENT	INDIVIDUAL IMPAIRMENT	COLLECTIVE IMPAIRMENT	COLLECTIVE IMPAIRMENT	
	Significant Performing	Significant Non Performing	Insignificant Performing	Insignificant Non performing	Totals
AGRICULTURE	163	-	1	-	164
OIL & GAS	55	-	10	-	65
CAPITAL MARKET	-	-	1	-	1
REAL ESTATE ACTIVITIES	174	-	10	-	184
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	43	-	(0)	-	43
ADMINISTRATIVE, SUPPORT SERVICE ACTIVITIES	-	-	0	-	0
EDUCATION	21	-	(0)	0	21
HUMAN HEALTH & SOCIAL WORK ACTIVITIES	-	-	-	-	-
MANUFACTURING	919	-	139	-	1,058
WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	-	-	-	-	-
CONSTRUCTION	348	-	2	-	350
FINANCE & INSURANCE	56	-	0	-	56
GOVERNMENT	3,927	-	0	-	3,927
POWER	2,537	-	0	-	2,537
GENERAL COMMERCE	1,059	-	3	-	1,062
TOTAL	**9,301**	**-**	**166**	**0**	**9,467**

Analysis of individually assessed loans as at 31st December 2016.

GROSS VALUE OF LOANS BY INDUSTRIES	COLLECTIVE IMPAIRMENT	INDIVIDUAL IMPAIRMENT	COLLECTIVE IMPAIRMENT	COLLECTIVE IMPAIRMENT	
	Significant Performing	Significant Non Performing	Insignificant Performing	Insignificant Non performing	Totals
ADMINISTRATION	639	368	1	250	1,274
AGRICULTURE	33,590	28,789	7	799	63,189
CAPITAL	27	200	11	137	375
COMMERCE	6,197	14,285	12	1,525	22,143
CONSTRUCTION	17,379	24,807	136	341	42,530
EDUCATION	673	1,048	3	395	2,142
ESTATE	3,283	10,098	26	40	13,473
FINANCE	2,057	1,273	51	154	3,490
GENENERAL	15,656	41,357	5	22,925	80,574
GOVERNMENT	189	10,685	636	580	11,469
HEALTH	521	50	15	71	643
INFORMATION	7,988	13,057	0 30	172	21,248
MANUFACURING	37,814	8,990	40	323	47,166
OIL & GAS	20,419	12,305	26	389	33,139
PROFESSIONAL	6,175	256	31	122	6,584
TRANSPORT	13,246	15,834	21	111	29,212
WATER	-	85	0	24	109
TOTAL	**165,852**	**183,487**	**1,060**	**28,360**	**378,759**

The Bank generally bases its analyses on historical experience. However, when there are significant market developments, regional and/or global, the bank would incorporate relevant macroeconomic factors into its assessments. These factors include, depending on the characteristics of the individual or collective assessment: unemployment rates, current levels of bad debts, changes in laws, changes in regulations, bankruptcy trends, and other consumer data. The bank may use the aforementioned factors as appropriate to adjust the impairment allowances. Allowances are evaluated separately at each reporting date with each portfolio.

Probability of Default (PD):
This is the likelihood that an obligor will fail to meet up with the financial obligations on risk assets as and when due. PD calculations are carried out at Portfolio level and based on historical experience of defaults occurring within the respective industry buckets over a period of sixty calendar months. However, considering that the relevant data pool commenced from January, 2012, for the current financial year, our PD calculations are based on a 48-month average.

Collective assessment is made for groups of assets with similar risk characteristics (buckets) in order to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident in the individual loans assessments. The collective assessment takes account of data from the loan portfolio (such as historical losses on the portfolio, levels of arrears, credit utilization, loan to collateral ratios and expected receipts and recoveries once impaired, etc) or economic data (such as current economic conditions, unemployment levels and local or industry–specific problems).

The approximate delay between the time a loss is likely to have been incurred and the time it will be identified (Lag Identification Period) as requiring an individually assessed impairment allowance is also taken into consideration in adjusting the probability of default.

The following table shows the probability of default computed for the various buckets or industry categories as at 30th December 2017.

This was converted to a sixty-month moving average effective end of 2016 financial year when the data set would become sufficient to support it.

INDUSTRY BUCKETS	PROBABILITY OF DEFAULT 16-DEC	PROBABILITY OF DEFAULT 15-DEC
ADMINISTRATION	0.4135	0.2859
AGRICULTURE	0.335	0.1815
CAPITAL	0.5607	0.407
COMMERCE	0.5427	0.384
CONSTRUCTION	0.5543	0.3906
EDUCATION	0.5424	0.3872
ESTATE	0.5177	0.3697
FINANCE	0.5466	0.3851
GENERAL	0.4932	0.3213
GOVERNMENT	0.5335	0.3821
HEALTH	0.3726	0.2083
INFORMATION	0.4379	0.2949
MANUFACTURING	0.4484	0.2738
OIL & GAS	0.3787	0.2275
PROFESSIONAL	0.3077	0.1172
TRANSPORT	0.4261	0.2647
WATER	0.3998	0.1998

Loss Given Default (LGD):

This is the probable loss that the Bank stands to incur (suffer) if an exposure becomes unrealizable after consideration of expected cash inflow including realization of the associated collateral security.

Credit–Related Commitments Risks

The bank makes available to its customers guarantees that may require that the bank makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. 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. Such commitments expose the bank to similar risks to loans and are mitigated by the same control processes and policies.

Collateral and Other Credit Enhancement

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are as follows:

- **i.** Securities lending and reverse repurchase transactions, cash or securities
- **ii.** Commercial lending, charges over real estate properties, inventory and trade receivables
- **iii.** Retail lending, mortgages over residential properties

Management monitors the market value of collateral, and will request additional collateral in accordance with the underlying agreement. It is the bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

The Bank also makes use of master netting agreements with counterparties with whom a significant volume of transactions are undertaken. Such an arrangement provides for a single net settlement of all financial instruments covered by the agreement in the event of default on any one contract. Master netting arrangements do not normally result in an offset of balance–sheet assets and liabilities unless certain conditions for offsetting under IAS 32 apply. Although master netting arrangements may significantly reduce credit risk, the credit risk is eliminated only to the extent that amounts due to the same counterparty will be settled after the assets are realized.

Risk Concentration.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Management determines risk concentration using geographical and industry classifications. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

The Bank uses the Herfindahl Hirschman Index (HHI) to measure the level of concentration in the credit portfolio. This also helps it to apply the regulatory granularity adjustment to compute additional capital requirement from credit concentrations
In order to avoid excessive concentrations of risk, the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective approval is used within the bank to manage risk concentrations at both the relationship and industry levels.

The amount of risk exposure associated with all financial instruments sharing industry characteristics is shown in the following table:

INDUSTRY TYPE - 2017	CASH AND BALANCES WITH CENTRAL BANK	DUE FROM BANKS	LOANS AND ADVANCES TO CUSTOMERS	FINANCIAL INVESTMENTS AVAILABLE FOR SALE	FINANCIAL INVESTMENTS AVAILABLE FOR SALE PLEDGED AS COLLATERAL	FINANCIAL INVESTMENTS HELD TO MATURITY	TOTAL
	N'Mn	N'Mn	N'Mn	N'Mn	N'Mn	N'Mn	N'Mn
AGRICULTURE			164				164
OIL & GAS			65				65
CAPITAL MARKET			1				1
REAL ESTATE ACTIVITIES			184				184
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES			43				43
ADMINISTRATIVE, SUPPORT SERVICE ACTIVITIES			0				-
EDUCATION			21				21
HUMAN HEALTH & SOCIAL WORK ACTIVITIES			0				-
MANUFACTURING			1,058				1,058
CONSTRUCTION			0				-
WATER SUPPLY, SEWERAGE, WASTE MANAG -EMENT AND REMEDIATION ACTIVITIES			350				350
FINANCE & INSURANCE	5,675	15,152	56				20,884
GOVERNMENT			3,927	39,697	19,006	20,272	82,902
POWER			2,537				2,537
GENERAL COMMERCE			1,062				1,062
	9,467	**9,467**	**9,467**	**9,467**	**9,467**	**9,467**	**109,270**

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 30-Dec-2017	Qualitative Measures
1	Liquidity	Ratio of Liquid assets to Liquid Liabilities	Ensure considerably liquid asset portfolio reasonably able to respond to changes in deposit withdrawals	30%	35%	31%	Limit Monitoring
2	Funding	Deposit Mix	Ensure considerably low cost funds to improve earnings (Net interest income)		Demand:50 Savings:30 Fixed :20	41:18:42	Deposit mobilization, and diversification strategy
3	Counterparty Risk	Deposit Placement Limit	To curtail risk exposure to each counterparty in interbank transaction.		Counterparty limitset based on internal risk rating.	N/A	Risk acceptance criteria.
4	Currency Risk	Net Open Position (NOP)	To curtail exposure resulting from changes in foreign exchange.	Max 10% of SHF	<= 10%	2.43%	Foreign currency ALM strategy
5	Funding liquidity	Loan to Deposit Ratio (core deposit)	To access banks liquidity	80%	70%	4%	Loan and deposit growth monitoring.

Quantitative expressions in Operational risk and other risk areas include the following:

The quantitative expression of the Bank's operational risk appetite is reflected in the table below:

S/N	Risk Type	Risk Appetite Factor	Objective	Regulatory Limit	Set Limit	Actual 30-Dec-2017	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	N21,271,558.09 $95,107.31	Loss data monitoring
2	Regulatory	Fines & penalties	• To identify process improvement opportunities through compliance/regulatory obligations.			N18,598,100	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 Risk Department
4. The Business Units

Asset Liabilities Committee (ALCO)

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

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

Treasury Group

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

Market Risk Department

The Market risk department is responsible for the following:

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

Business Units

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

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

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

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

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

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

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

CATEGORY 1 - IMPENDING CRISIS

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

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

CATEGORY 2 - CRISIS SITUATION

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

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

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

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

CATEGORY 3 - EXTREME CRISIS SITUATION

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

- The Bank shall comply with the 'supervisory actions' listed in **S2.1.2.C** of **CBN Supervisory Intervention Framework for Nigerian Banks of February 2011** (and as subsequently amended).
- The Board of the Bank must advise Central Bank of Nigeria and NDIC of the situation and solicit for liquidity support from Central Bank of Nigeria, as a last resort and Nigeria Deposit Insurance Corporation (NDIC) stating that the bank is not technically insolvent.

5 STRESS TESTING

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

The concept of stress testing attempts to determine the impact of situations where the assumptions underlying established models used in managing a business fail.

Risk management has evolved and as such, there are a number of methods to help financial institutions conduct realistic stress tests. Some of the methods include:

I. ***Sensitivity analysis***
This method involves the impact of a large movement on a single factor/parameter in a model.

II. ***Scenario Analysis***
This involves simultaneous, extreme movement of a set of factors/parameter in a model. Scenario is an improvement on sensitivity as it takes into cognizance the individual effect and the interaction between different risk factors.

III. ***Historical Simulations***
Historical simulation is less subjective as it uses the trend/observed actual events of the past to predict the future. This method works under the massive assumption that if it has happened in the past, then it will reoccur.

IV. ***Value at Risk***
This method is the most popular in the financial industry presently. It calculates the maximum loss expected over a given period of time (horizon) at a given confidence interval. The Monte Carlo and the Variance-covariance methods are good examples of VaR models.

V. ***Hybrid***
This method is a combination of two or more of the above mentioned methods.

The growing importance of risk management requires solutions capable of providing comprehensive and actionable risk metrics, coupled with the scalability and performance needed to handle large portfolios and computationally intensive risk calculations and scenarios. To this end, Unity Bank uses VaR models for credit and market risk respectively. A hybrid model is used to stress operation risk and other pillar II risks.

5.1 REASONS FOR STRESS TESTING

Stress testing helps the Bank to achieve the following:

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

5.2 CREDIT RISK STRESS TEST

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

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

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

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

The table below shows the output of the model using the credit risk assets as at December 31, 2017.

Monte Carlo Stress Test Results

Horizon/Confidence Interval	**1year/99%**
Total Portfolio	9,467,162,536.32
Maximum VaR	**5,540,177,920.33**
Average VaR	3,699,018,656.37
Maximum VaR to Total Portfolio	59%

This Value at Risk represents 59% of the total portfolio meaning that about N70bn would survive the crystallization of adverse macro-economic effects. PDs and LGDs were used in the computation of VaR to reflect likely recovery conditions and normalcy in the distribution.

The stressed PD's used to run the simulations are shown below per sector:

SECTORS	BASE PD	SEVERE PD
ADMIN	75%	85%
AGRIC	83%	90%
CAPITAL	90%	94%
COMMERCE	93%	97%
CONSTRUCT	81%	89%
EDUC	96%	97%
ESTATE	90%	94%
FINANCE	87%	92%
GEN	94%	97%
GOVT	99%	99%
HEALTH	66%	87%
INFO	99%	99%
MANUFAC	85%	90%
OIL & GAS	82%	90%
PROF	96%	97%
TRANSPORT	96%	97%
WATER	92%	97%
TRANSPORT	63%	87%
UTILITIES	35%	45%
WATER	71%	87%

The LGD's were also stressed using haircuts

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

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

SECTOR	LGD's
ADMIN	100.00%
AGRIC	76.53%
CAPITAL	100.00%
COMMERCE	68.69%
CONSTRUCT	51.49%
EDUC	89.29%
ESTATE	43.12%
FINANCE	67.14%
GEN	94.09%
GOVT	87.68%
HEALTH	50.00%
INFO	50.08%
MANUFAC	54.92%
OIL & GAS	65.33%
PROF	62.50%
TRANSPORT	83.60%

ECONOMIC SHOCK FACTORS FOR MONTE CARLO SIMULATION

SECTORS	OIL PRICES	LIQUIDITY RATIOS	GDP	INTEREST RATE	INFLATION RATE	EXCHANGE RATE	GEOPOLITICS	TOTAL
ADMIN	5%	13%	11%	22%	15%	12%	22%	100%
AGRIC	12%	15%	10%	30%	8%	5%	20%	100%
CAPITAL	15%	15%	13%	20%	10%	22%	5%	100%
COMMERCE	20%	10%	10%	20%	10%	15%	15%	100%
CONSTRUCT	10%	10%	10%	18%	10%	20%	22%	100%
EDUC	10%	17%	15%	20%	20%	10%	8%	100%
ESTATE	20%	10%	5%	15%	15%	25%	10%	100%
FINANCE	10%	10%	3%	20%	10%	30%	17%	100%
GEN	17%	10%	10%	18%	15%	10%	20%	100%
GOVT	18%	10%	10%	12%	15%	20%	15%	100%
HEALTH	15%	10%	10%	15%	20%	20%	10%	100%
INFO	8%	10%	10%	20%	17%	15%	20%	100%
MANUFAC	15%	10%	7%	30%	8%	10%	20%	100%
OIL & GAS	39%	5%	4%	18%	4%	20%	10%	100%
POWER	15%	10%	15%	28%	2%	15%	15%	100%
PROF	15%	10%	15%	15%	13%	20%	12%	100%
RECREATION	5%	10%	15%	20%	15%	15%	20%	100%
TRANSPORT	5%	13%	11%	20%	15%	12%	24%	100%
UTILITIES	10%	15%	10%	30%	8%	5%	22%	100%
WATER	5%	10%	15%	15%	15%	15%	25%	100%

As shown in the table above, seven macro-economic and environmental risk drivers were considered. Their weighted impact on the portfolio was computed with expert judgment.

5.3 MARKET RISK STRESS TEST

A hybrid model was used in stress testing market risk. The VaR model initially used to assess the economic capital requirement was marked up with the historical 1-day VaR values for 6months. The output is shown below:

Value-at-Risk Assessment							
Holding period (days)	**Interest Rate Risk (Trading Book)**			**FX Trading**			**Total -at 99.9%, 10-day (Nbn)**
	Position size (Nbn)	Volatility	Confidence Level 99%	Position size (Nbn)	Volatility	Confidence Level 99%	
1	500	0.1043%	0.522	0.00	0	0.00%	**0**
10			**1.649**			0	**0**

The total trading position of N500m yielded a VaR of N1.649m. The VaR steps are documented in Appendix C. This figure was marked up by 1.045 which was obtained as the average historical VaR over 6months thereby bringing the new VaR value to **N 1,724,101.71.**

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 N630Mn. 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% 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
2015	787,508,051.66	29,195,135.50	816,703,187.16
2016	80,744,795.95	1,271,083,786.41	1,351,828,582.36
2017	70,615,610.03	24,040,060	94,655,670.03
		Standard Deviation of Total Incident Value	630,898,240.22
		Highest Non negative growth in Losses	90%
		Scale up on % growth of Losses	190%
			1,829,604,896.64
		Operation risk Stress Test @ 99% Confidence Interval	**5,653,904,159.12**

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	5,540,177,920.33
MARKET	1,724,101.71
OPERATIONAL	5,653,904,159.12
TOTAL VaR	**11,195,806,181.160**

Expectedly, credit risk accounts for a bulk of the total with 49% concentration. The total stress test position is very important as it forms an integral part of the desired capital computation which is the sum of stress test position in key risk areas and the pillar II risks requirements. The Monte Carlo stress test was used to calculate VaR for Credit risk while the hybrid method (historical and sensitivity analysis) was used to obtain VaR for Market and Operational risks. In all computations, a confidence interval of 99% was adopted. From the table above, the total capital required for stress condition upon crystallization of the extreme plausible condition assumed is N11bn.

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. The regulatory prescribed granularity adjustment was however used in 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	1,873,208,817.23
MARKET	1,649,858.10
OPERATIONAL	2,122,370,874.31
CREDIT CONCENTRATION	2,227,783,981
IRRBB	5,017,174,784.98
STRATEGY	5,727,242,510.65
REPUTATIONAL	6,210,377,988.84
LEGAL	36,319,269.09
LIQUIDITY	467,583,356.86
TOTAL EC	**23,683,711,441.06**

With the current level of complexity in the Bank's business, N23.7bn 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, 2017 stood at **N95,408,133,478.83** before regulatory and accumulated loss deductions as shown in the table below:

Capital position

ITEMS	FIGURE
Paid-up Share capital	5,844,668,971.00
Share premium	10,485,871,331.41
Reserves(Statutory/SMEEIS)	79,473,778,000.00
Tier 1 before reserve deductions	**95,408,133,478.83**
General Reserve(retained profit)	(338,694,712,000.00)
Tier 1 after reserve deductions	(243,286,578,521.17)
Regulatory Deduction (Goodwill, Taxes etc.)	20,402,153,090.11
Tier 1 Capital After Regulatory Deduction	(263,688,731,611.28)
Total Eligible Capital	**(263,688,731,611.28)**

Upon retained profit or loss deductions, the capital depleted to N-243bn. Further regulatory deduction resulted in a total eligible capital of N-263bn.

This figure was used with the total RWA to obtain the current capital adequacy ratio which is shown below as base conditions:

Base conditions

Items	Risk Weighted Asset (RWA)
Market risk	2,186,621,549
Operational risk	44,001,039,375
Credit risk	86,738,718,705
Total RWA	**132,926,379,629**
Total Qualifying Capital	(263,688,731,611)
Capital Adequacy Ratio	**-198.37%**

From the stress test results, the Bank will require capital totalling N11bn in stress. Hence, the stress scenario will require a VaR input which will reduce the eligible capital further by N36bn. To stress the capital adequacy position, we assume normal conditions before deductions. At this stage, the Bank will require an additional capital of N36bn which is obtained by deducting the capital at normal condition from the capital required at stress conditions. This figure is then subtracted from qualifying capital after regulatory deductions to reflect the stress on eligible capital.

With the RWA's for credit, market and operational risk kept constant, the capital adequacy of the Bank under stressed condition is shown below:

STRESSED CAPITAL ADEQUACY RATIO	
Tier 1 Capital before deduction (A)	0
Eligible Capital after deduction (B)	-263,688,731,611
Total RWA (C)	132,926,379,629
Regulatory Minimum Capital (RMC)	25,000,000,000
Total Stressed Capital (D)	11,195,806,181
Total Additional Capital Required due to stress (E = D+RMC)	36,195,806,181
Eligible Capital available after stress (F= B -E)	**-299,884,537,792**
Total RWA after stress G =(C+10%*E)	136,545,960,247
Stressed Capital Adequacy Ratio	**-219.62%**

Under stress condition, the total RWA increases by about N3.6bn while the capital adequacy ratio deteriorates by 21.25%. It should however be noted that the assumptions made for this scenario are extreme and this deterioration will only occur if those assumptions crystallize.

5.7 RECOVERY METHODS

Capital recovery and enhancement are critical to a bank with negative capital adequacy ratios. To this end, the Bank will aim to recover from its present position in three stages as listed below:

- ***Stage 1***; :
  Achieve the eligible capital deficit of N263billion.
- **Stage 2:**
  Work towards achieving the internal capital assessment of N11.2bn. 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 **N30.9bn** which is the sum of stress test of pillar I and the pillar II internal assessment. This will require additional N19.7bn 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. Aggressive recovery on most of the facilities
2. Sale of NPL in the Bank's loan book.
3. Risk Asset liquidation
4. Sale of excess fixed assets
5. Injection of equity

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. Together, in discussion with the Managing Director and the CFO they determine the liquidity profile of the Bank before re-investing in the market. Any information obtained in advance from its connected depositors is taken into consideration.

Although extreme, the worst-case scenario as perceived by Unity Bank would be a 100% withdrawal of maturing deposits. With the strong base of liquid assets currently being sought, the Bank would be able to meet these liabilities in full.

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 following process flow diagram :

DESIGN / AGREE ON STRATEGY → IMPLEMENTATION OF STRATEGY → MEASURE & ADJUST → DETERMINE THE ALLOCATION → ANALYZE THE SITUATION

This strategy must be endorsed by the Board after due consideration of the present economic realities and how they will impact the value addition to shareholders. Upon approval of the strategy, the implementation is the next step.
At periodic intervals, progress is measured and adjusted against the target. Analysis of the situation involves not just milestone achievements but the positive and/or negative effect of the strategy being implemented. The process culminates in an effective allocation capital.

6.2 CAPITAL FUNDING

In view of the challenging fundamentals, during the last regulatory audit of the Bank, it has been determined that the capital requirement of the Bank is about $750million. With $750million, the Bank would be attaining the minimum regulatory capital requirement of N25billion and a CAR of 27% after de-risking the Balance Sheet with the sale of NPLs.

CAPITAL RAISING EXERCISE

The Bank has made concerted efforts towards attracting willing and committed prospective financial and institutional investors who are at various stages of investment decisions to inject substantial capital into the Bank.

- 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, strong poise and strategic alignment to the long-term vision and aspirations of the Bank that form the basis to invest in Unity Bank.

- Profiles of investors that are currently conducting equity investment proposals with Unity Bank were found satisfactory with firm resolution to inject significant capital into Unity Bank.

The update herein presented covers both the external investors as well as local investors that are currently undertaking some review processes, due diligence and investment proposal confirmations in Unity Bank Plc.

1. SREI Group/Auro International FZCo ($200 million)

Summary
SREI Group/Auro International FZCo is a leading non-banking financial institution in infrastructure financing based in India. SREI Group offers a spectrum of services in sectors such as Infrastructure, Project Finance; Alternative Investment Funds; Capital Market and Insurance Broking.

The update on our engagement with Auro is highlighted below:

- Due diligence completed.
- Strategic investment programme presented for consideration at the entity's investment committee.
- Scheme of Arrangement presented to Unity Bank.
- The Group is currently awaiting regulatory approval for cross-border investment from the Reserve Bank of India.

RECENT UPDATES
A meeting was held with the representatives of Auro Capital to discuss the proposal put forward.
A detailed communication of the Bank's position on the proposal was sent to SREI Group/Auro Capital on the same day. The strategic proposal has been submitted and further engagement with CBN is on-going.

- Infotech, the technology arm of SREI had a meeting with Unity Bank and began a 2-day confirmatory due diligence on the IT infrastructure of the Bank with a view to aligning the present infrastructure with the vision SREI Group has for the Bank in the Nigerian financial industry and determine the investment that has to be made in that direction.
- SREI Group team with the Board and management of Unity Bank have met with the CBN to discuss and deliberate on the dynamics of capital funding being put forward by SREI. Certain forbearances are being considered to create a formidable platform for capital injection to Unity Bank. The transaction is still active.

2. GFCL/Alpha Capital LLP (UK) ($400million)

Summary
A reputable Private Equity firm and an active participant in global growth markets with significant investment interest in Sub-Saharan Africa with sound business and investment footprints in Nigeria. GFCL advises multinational and middle market companies on strategic capital transactions with a special focus on dynamic sectors and the emerging markets. Activities done include:

- Executed Mandate Letter for $400 million equity raise for Unity Bank
- Preliminary & Confirmatory due diligence in progress.
- The firm's top Executives met with the Board ad hoc committee on NPL of the Bank for formal field assessment and confirmation of key issues.

RECENT UPDATES

- AELEX Nigeria, appointed by GFCL to conduct Legal Due Diligence has concluded the review and submitted a draft report on same to GFCL.
- The final Due Diligence report and the Offering Circular Memorandum is being reviewed by the Bank's legal team and Aelex Consultants for delivery on or before February 16, 2018.
- Road shows have been completed.
- Advice on draft Term sheet for $750million has been sent to the Bank for consideration and stepping forward to the next level of signing the firm binding offer.

Professional Parties - Update

a. Appointment of FBNQuest Merchant Bank Limited

In a bid to firm up arrangements and coordinate the Bank's capital raising exercise, the Bank has engaged FBNQuest Merchant Bank Limited as financial advisors to render the following services to Unity Bank Plc:

- Review existing financial models and review other relevant corporate information;
- Advise on an appropriate transaction structure in conjunction with other professional advisers engaged by the Client;
- Prepare and advise on relevant transaction documentation such as investment teaser, information memorandum and assist with preparing the management presentation (if required);
- Engage with prospective investors and coordinate marketing activities including management presentations, road shows and other marketing activities;
- Coordinate due diligence activities in conjunction with other professional advisers;
- Support the Client in reviewing and negotiating the terms and conditions of the transaction including negotiating subscription agreements, and other applicable transaction documents; and
- Provide any other advice, service or assistance that may be reasonably requested by the client in relation to the transaction.
- The Bank has executed a Non-Disclosure Agreement (NDA) and Engagement Letter. All fees will be paid on transaction success basis (with the exception pocket costs and expenses incurred in connection with the transaction).

6.3 CAPITAL PLANNING AND ALLOCATION

Given the potential risks and challenges facing the industry at large and Unity Bank in particular, the focused attention that the management has put up had created fundamental changes to the business model. There had been practical implementation of liquidity mobilization with new product/service development, regulatory compliance and value-creation initiatives and the reality to keep up with meeting customers' obligations at this challenging period and given the under-capitalization status of the Bank. The Board has put primary focus in the recapitalization programme which is currently producing results.

The capital plan is strategically defined to align with the Bank's overall business focus and objective to be a Retail Bank of Choice in Nigeria. The following summarizes the general and specific goals of the Bank's capital management:

A. General Goals

1. Continuously meet customers' obligations

2. Provide stable atmosphere for prospective investors

3. Focus attention on the volume, mix, and maturities of assets and liabilities.

4. Control the degree of capital leverage through planning and anticipation of the mismatch or "gap" between rate-sensitive assets and liabilities, excessive growth requirements, or other changes in the bank structure.

5. Control exposure to changes in capital funding by planning for capital needs and providing guidelines to seek funding before critical timeframes expire.

6. Provide basis for balance sheet management in terms of capital planning.

7. Ensure the safety and soundness of the Bank's deposits, while providing an appropriate climate to the prospective investors.

B. Specific Goals

Situation Analysis

Ratio	Calculation	Current	Minimum	Target
Tier 1 Leverage Ratio	Tier 1 Capital / Total Consolidated Assets	-168.48%	5.0%	15.0%
Common Equity Risk Based Capital Ratio	Tier 1 Common Equity / Total Risk Assets	1,065.05%	6.5%	20.0%
Tier 1 Risk Based Capital Ratio	Total Tier 1 Capital /Risk Weighted Assets	-198.37%	8.0%	20.0%
Capital Adequacy Ratio (B2 CAR)	Adjusted Capital/Risk Weighted Assets (on Credit Risk +Operational Risk +Market Risk)	-198.37%	10.0%	25.0%
Liquidity Ratio	Liquid assets/Qualifying Deposits	34.54%	30.0%	60.0%

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 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.

6.4 CAPITAL PROJECTIONS

The summary of risk and capital projections are shown in the following table.

Capital Parameters	Current Level (2017)	Projections		
		2018	2019	2020
Credit RWA (Nbn)	86.7	222	305.5	366
Operation RWA (Nbn)	44.0	57.00	109.00	157.00
Market RWA (Nbn)	2.2	2.19	2.19	2.19
Total RWA	132.9	281.2	416.7	525.2
Regulatory Capital Charge (Nbn)	12.37	-	-	-
Eligible Capital Level (Nbn)	(263.69)	9.31	44.31	88.31
Capital Adequacy	-198%	3%	11%	17%
Economic Capital Requirement	4.06	3.84	3.3	2.7
Stress test Capital need (Nbn)	11.21	10.8	9.5	7.9
Pillar II Capital Need (Nbn)	19.49	14.93	12.68	11.03
Desired Capital	31.15	25.73	22.18	18.93

Unity Bank's projections show an improvement in eligible capital by N273bn from N-263bn to N9bn. This will also result in an improvement in capital adequacy to 3%. 2019-2020 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 2020.

A more granular breakdown of the projections is shown in the table overleaf:

FINANCIAL AND RISK CAPITAL PROJECTION - 2018 TO 2020 (IN BILLIONS)												
Asset Class	Sector	Actual Position -2017		Projections for 2018			Projections for 2019			Projections for 2020		
		Size	RWA	Growth Rate	Size	RWA	Growth Rate	Size	RWA	Growth Rate	Size	RWA
Liquid Assets	Cash	4.96	0	7.07	40	0	0.05	42	0	0.10	46	0
	Balances with CBN	0.11	0	70.96	8	0	0.25	10	0	0.20	12	0
	CRR	0.60	0.6	149.00	90	90	0.26	113	113	0.22	138	138
	Due from Banks	15.15	0	-0.87	2	0	-0.50	1	0	2.00	3	0
	FGN Securities	78.92	0	4.78	456	0	0.06	484	0	0.14	551	0
	Sub-national debts	0.00	0	0	0	0	0.00	0	0	0.00	0	0
	Sub total	**99.7**	**0**		**596**	**90**		**650**	**113**	**15%**	**750**	**138**
Others	Investment	0	0	0	-	-	0	-	-			
	Fixed and other assets	27.3	27.3	1.05	56	56	-0.04	54	54	-0.04	52	52
	Sub total	**27.3**	**27.3**	**1.05**	**56**	**59**		**54**	**54**	**-4%**	**52**	**52**
Risk Assets	CORPORATE	4.96	4.96	3.83	24	23.97	1.71	64.96	64.96	0.03	66.94	66.94
	COMMERCIAL /SME	2.00	2	11.00	24	24	0.33	32	32	0.25	40	40
	PSE/ST-LG	1.00	1	-0.97	0.03	0.03	0.33	0.04	0.04	0.50	0.06	0.06
	RETAIL	1.00	1	1.00	2	2	0.50	3	3	1.00	6	6
	PAST DUE <20	0.00	0	0	0	0	0.00	0	0	0.00	0	0
	PAST DUE >=20	0.00	0	0	0	0	0.00	0	0	0.00	0	0
	Total Credit RWA	**8.96**	**8.96**	**4.58**	**50**	**50**	**1.00**	**100**	**100**	**0.13**	**113**	**113**
	Credit risk Mitigation		0	0	-7	-7	0.29	-9	-9	0.22	-11	-11
	Total adjusted Credit RWA	**8.96**	**8.96**	**3.80**	**43**	**43**	**1.12**	**91**	**91**	**0.12**	**102**	**102**
	Total (Asset / RWA)	**136**	**36**		**695**	**192**	**0**	**795**	**795**	**0**	**904**	**292**
Contingent												
	performance bonds, indemnities etc											
	Direct credit substitute e.g. guarantees	94.81	47.405	0.70	60	30	0.58	95	47.5	0.56	148	74
	Total	**94.81**	**47.405**		**60**	**30**	**0.58**	**95**	**47.5**	**0.56**	**148**	**74**
	Total RWA	**231**	**84**		**755**	**222**	**0.18**	**890**	**306**	**0.18**	**1052**	**366**

	Regulatory Capital Adequacy Requirement	-198%		3%			11%			17%		
				Growth Rate	RWA	Capital	Growt Rate	RWA	Capital			
Regulatory Capital	Credit Risk	86.7		156%	222		38%	306		20%	366	
	Market risk capital	2.2		0%	2.2		0%	2.2		0%	2.2	
	Oprisk capital	44.0		30%	57		91%	109		44%	157.0	
	Total RWA / Total Asset	**132.9**		**112%**	**281**		**48%**	**417**		**26%**	**525**	
Economic Capital Projection	Credit Risk	1.8		-0.06	1.7		-12%	1.5		-20%	1.2	
	Market Risk	0.16		-0.13	0.14		-29%	0.1		0%	0.1	
	Operational Risk	2.1		-0.05	2		-15%	1.7		-18%	1.4	
	TOTAL	**4.06**			**3.84**			**3.3**			**2.7**	
Stress test	Credit Risk stress test (99%, 1 yr. VaR)	5.5		-0.02	5.4		-0.04	5.2		-15%	4.4	
	Operational risk stress test	5.6		-0.05	5.3		-0.21	4.2		-19%	3.4	
	Market risk capital stress test	0.11		-0.09	0.1		0.00	0.1		0%	0.1	
	TOTAL - Stressed capital Level	**11.21**	**11.21**		**10.8**	**10.8**		**9.5**	**9.5**		**7.9**	**7.9**
Pillar II Risks	Strategic	5.7		-26%	4.2		-10%	3.8		-11%	3.4	
	Liquidity	0.46		-11%	0.41		-10%	0.37		-14%	0.32	
	Reputational	6.2		-16%	5.2		-10%	4.7		-13%	4.1	
	Legal	0.36		-11%	0.32		-34%	0.21		-5%	0.2	
	Concentration	2.2		-23%	1.7		-18%	1.4		-21%	1.1	
	Interest rate Risk in the Banking Book	5.02		-10%	4.5		-10%	4.05		-14%	3.5	
	Total	**19.94**			**16.33**	**16.33**		**14.53**	**14.53**		**12.62**	**12.62**
Desired Capital	**Stress Test + Pillar II risk**	31.15			27.13			27.13			20.52	
Eligible Capital	**Eligible Capital**		**-263**			**65.00**			**85.00**			**109.00**

Strategic Risk

Steps taken to manage strategic risk exposures in the bank are enumerated below:

- Integrate risk management practices into the Bank's strategic planning process.
- Align resource requirements with strategic deliverables and ensure availability of commensurate resources working in conjunction with Corporate Services and make recommendations to MD/CEO.
- Provide the right platform to generate input for the evolution of an appropriate and effective strategic plan for the Bank.
- Ensure the effective communication and assimilation of the Bank's strategy to all staff and Management.
- Ensure the alignment of the Bank's goal with its risk appetite definitions
- Ensure the effective and proactive monitoring of the Bank's strategic plan.
- Implement risk-adjusted performance management system in conjunction with ERM's Office of the ED, Risk Management.
- Proactively monitor business performance vis-a-vis strategic targets through
- Periodic appraisal of strategy implementation on monthly, quarterly, bi-annual review.
- Competition review.

Reputational Risk

The Bank takes the risk of brand capital very seriously and consequently a number of robust risk treatment plans have been implemented to manage this risk. Such include the Rebranding Projects, Customer satisfaction training project which include the hiring of a renowned American-based service excellent specialist for management and staff capacity building.

Corporate Communications Department is saddled with the direct responsibility to manage the Bank's reputation risk. Appointment of Chief Customer Care Officer at Management level is being done subsequent to year-end to ensure that customer satisfaction is given the top most drive.

The Bank has also created a Customer Service and Total Quality Department that is saddled with the responsibility of reviewing the processes to make them more customer friendly without compromising risk management. Certain processes are automated – Credit Risk Process has been automated and others are being considered for automation in order to shorten turn-around time and give customers' satisfactory experience at all times.

Legal Risks

A full fledge Legal Department with an Assistant General Manager as its Head of Department reporting to the MD/CEO with effect from February 2016. Prior to this, the Department was reporting to ED, Risk Management & Control Directorate. All exposures to legal risks such as change in law, disputes for and against the Bank, and any other contractual and non-contractual rights management are being managed and mitigated on a proactive basis.

Systemic Risk

The Bank designed a comprehensive action plan to manage exposure to systemic risk. Transmission points of systemic risks were identified as follows:

1. Lending transactions
2. Interbank activities
3. Clearing activities

It is the responsibility of the Group Head, Risk Management to declare the occurrence of systemic risk situation.

Compliance and Legal Risk

Compliance risk is the possibility of loss arising from the inability of the Bank to properly align its processes and policies to the regulatory dictates cum policies of the Apex Bank and /or other regulatory bodies.

The Bank implemented both system-based and manual controls to ensure compliance with rules, regulations and laws governing operations of a financial institution in Nigeria. We have Zero-tolerance for non-compliance with Know-your-customer and Know-your-customers' business regulations in the Bank. Officers are exposed to detailed and regular training on anti-money laundering practices to acquire relevant capacity to manage these franchise risk issues. Expert opinions are obtained from internal and external solicitors to manage legal risks in all its key decision making processes.

The bank regularly engages a consultant to carry out detailed review of the Bank's Compliance risk management policies and processes with a view to determining the existing gaps and proffering appropriate remediation for such identified gaps in the framework.

Compliance issues are given top priority by the bank, compliance and legal risks are proactively identified and mitigated accordingly.

Reputational Risk

This risk arises from damage to the Bank's image which may impair its ability to retain and generate business. It is the potential that negative perceptions of the Bank's conduct or business practices will adversely affect profitability, operations or customers and client.

The Bank has intensified its efforts in mitigating any risk that can affect its reputation. Part of this effort is the implementation of a strategy to ensure Customers complaints are resolved within the stipulated timelines given by the CBN with regards its categorized complaints.

A full-fledged Customers' Care Centre has also been upgraded with adequate staffing to improve the response time to customers' issue logging and resolution across the enterprise and has since commenced 24 hours service to customers.

A department in charge of quality management across the Bank has also been set up. This is to ensure that high service standards are maintained across the Bank and to ensure that brand losses are reversed; this department is manned by highly qualified individuals and supervised by an Executive Director.

Interest Rate Risk

Interest rate risk is the impact that changes in interest rates could have on the Bank's margins, earnings and capital. The Bank's objective for interest rate risk management is to ensure that its earnings are optimised, stable and predictable over time.

The framework outlined below describes the methodology for the identification, measurement and management of interest rate risk inherent in the Bank's traditional banking activities.

Despite the tightening liquidity situation in the economy, the Bank fared well and recorded appreciates progress.

Interest Rate Risk Management

Interest rate risk is managed through efficient Assets-Liabilities proactive reviews carried out through Assets-Liabilities Management Committee and sound portfolio management principles incorporating transfer pricing and directed at effectively managing the Bank's mismatched positions.

The Bank manages its inherent interest rate risk mismatch through the optimal structuring of on balance sheet portfolio, (i.e. corporate, commercial and retail funding structures) with due consideration to the re-pricing gaps between rate sensitive liabilities and rate sensitive assets. Note 45 to the financial statements shows an analysis of the interest rate risk in the Bank.

Interest Rate Risk Identification and Measurement
Interest rate risk exposure in the Bank is being identified and measured through the use of traditional re-pricing gap, sensitivity and economic value analyses. In addition, simulation/sensitivity analysis techniques are being developed to assess interest rate risk/reward profile.

Re-pricing gap analysis refers to the mismatches that result from timing differences in the re-pricing of assets, liabilities and off balance sheet instruments. The exposure shall be measured by both static and dynamic gap analysis, based on current and projected balance sheet as well as off balance sheet structures.

Sensitivity analysis - to understand the impact on net interest income arising from possible changes in rates, a sensitivity analysis shall be performed. The sensitivity analysis shall cover a variety of possible interest rate scenarios including scenarios capturing likely and extreme economic developments impact on movements in interest rates as a way of stress testing the Bank's net interest income.


unity bank
SUCCEEDING TOGETHER
stay in
control
while on the go
Cards
Mobile Banking
Internet Banking
Unity Bank
24 Hr Banking Solutions
Scan the Code to begin
For enquires kindly visit your nearest Unity Bank branch or contact our Customer Care Center on
0708 0666 000, 0705 7323 255-30, or email we_care@unitybankng.com
Corporate Head Office: Plot 42 Ahmed Onibudo Street, Victoria Island, Lagos State
Head Office Annex: Unity Bank Plc, Plot 290A, Akin Olugbade Street, Lagos State
Website: www.unitybankng.com

Principal Officers

PRINCIPAL OFFICERS IN THE BANK

Employee Name	Gender	Grade	Department
Tomi Somefun	Female	Managing Director	Executive Office
Tuedor Temisan Mr.	Male	Executive Director	Executive Office - South
Kolawole Ademola Ebenezer Mr.	Male	Executive Director	Finance and Operations
Abdulqadir Usman Mr.	Male	Executive Director	Corporate Planning and Compliance

Employee Name	Gender	Grade	Group
Atiku Zubairu Mr.	Male	Deputy General Manager	Operations
Bakwunye Obijieze Sunny Mr.	Male	Deputy General Manager	Treasury
Ahunanya Chinwe Patricia Mrs.	Female	Deputy General Manager	Risk management
Aboyade-Cole Olufemi Agboola Mr.	Male	Deputy General Manager	Internal Control
Abubakar Siddiki Adamu Mr.	Male	Assistant General Manager	Compliance
Akinmade Olugbenga Olufunwa Mr.	Male	Assistant General Manager	Retail & SME Banking Department
Abba Kazaure Yahaya Mr.	Male	Principal Manager	Information Technology
Jibril Abu Sadiq Mr.	Male	Principal Manager	Resources
Olalemi Benjamin Olaniyi Mr.	Male	Senior Manager	Internal Audit

Employee Name	Gender	Grade	Department
Williams Adejumobi Alaba Mr.	Male	Assistant General Manager	Legal Services Department
Owolewa Anthony Oluyide Mr.	Male	Principal Manager	Agri-Business Department
Ajuebon Nkemchor Hilary Mr.	Male	Principal Manager	Central Operations
Gbewesa Abiola Babatunde Mr.	Male	Principal Manager	Loan Recovery Department
Ifidon Amina Binta Mrs.	Female	Senior Manager	Collections Department
Oluwaniyi Simeon Adegboyega Mr.	Male	Senior Manager	Investigation Department
Dagun Nangwan Andrew Mr.	Male	Senior Manager	Business Support Department
Umez-Eronini Ogechi Ms.	Female	Manager	Enterprise Performance Management Department
Adegbesan Olorunwa Babatunde Mr.	Male	Manager	Operations South
Olaosun Akanji Adesina Mr.	Male	Manager	Compliance & Monitoring Department
Ojesina Akintunde Opeyemi Mr.	Male	Manager	SME Banking Department
Odubogun Oluwole Olushoga Mr.	Male	Manager	Business Process Improvement Department
Adaramola Oluropo Daniel Mr.	Male	Manager	Market & Operations Risk Department
Bello Olabisi Monsurat Mrs.	Female	Deputy Manager	E-Settlement/Clearing Department
Umar Abdulkadir Mr.	Male	Deputy Manager	Strategy & Development Department
Salami M Ademola Mr.	Male	Deputy Manager	Datacentre Operations Department
Usman Malgwi Haruna Mr.	Male	Deputy Manager	Agri-Business Department
Ibitolu Lawrence Bolude Mr.	Male	Deputy Manager	Operations North
Iko Tiekuromo James Mr.	Male	Deputy Manager	Market & Operations Risk Department
Gidado Oreoluwa Adeolu Mr.	Male	Deputy Manager	Administration Department
Oke Ademola Afolabi Mr.	Male	Deputy Manager	Financial Control Department
Folorunsho Bayo Oshikhena Mr.	Male	Deputy Manager	Technical Support Department
Oluwole Ayodeji Olutayo	Male	Deputy Manager	IS Audit Department
Nwabeze Akudo Adaku Mrs.	Female	Assistant Manager	Treasury Operations Department
Igebu Emike Elfrida Miss	Female	Assistant Manager	Customer Care Department
Akintilo Akinshola Mr.	Male	Assistant Manager	End User Support & Services Management Department
Ogweje Usman Jonathan Mr.	Male	Assistant Manager	Human Capital Management Department
Sosanya Omobola Yetunde Miss	Female	Senior Banking Officer	e-Services Support Department
Wilcox Chienyenwa Anita Miss	Female	Senior Banking Officer	Total Quality Management Department
Adeyemi Orioye Emmanuel Mr.	Male	Senior Banking Officer	Audit Monitoring & Control Department
Babalola Olawuyi Josiah Mr.	Male	Senior Banking Officer	Strategy & Development Department
Ojo Victor Olubusayo Mr.	Male	Banking Officer	Training Department

Employee Name	Gender	Grade	Department
Abimbola Simiat Adenike Mrs.	Female	Assistant General Manager	Regional Relationship Department - Ibadan
Olanrewaju K Olusegun Mr.	Male	Assistant General Manager	Regional Relationship Department - Akure
Oladipo Babatunde Olusegun Mr.	Male	Assistant General Manager	Regional Relationship Department - V.I Regional Office
Odigie William Otaigboria Innocent Mr.	Male	Assistant General Manager	Regional Relationship Department - Benin
Enoka Gloria Ngozi Mrs.	Female	Principal Manager	Regional Relationship Department - Abuja Central
Baba Idris Mustapha Mr.	Male	Principal Manager	Regional Relationship Department - Kano-South
Ibrahim Farouk Umar Mr.	Male	Principal Manager	Regional Relationship Department - Katsina
Gana Ibrahim Abbakura Mr.	Male	Principal Manager	Regional Relationship Department - Adamawa
Egena Adejo Idris Mr.	Male	Principal Manager	Regional Relationship Department - Lokoja
Abba Kabir Zubairu Mr.	Male	Principal Manager	Regional Relationship Department - Kano-South
Okafor Richard Obiajulu Mr.	Male	Principal Manager	Regional Relationship Department - V.I Regional Office
Agbaeze Chilasa Clifford Dr.	Male	Principal Manager	Business Development Relationship Department - Enugu
Bukar Shettima Hamsatu Ms.	Female	Senior Manager	Regional Relationship Department - Kaduna
Aniekwena Ebere Marian Mrs.	Female	Manager	Regional Relationship Department - Apapa
Jibrin Ahmed Mohammed Mr.	Male	Manager	Regional Relationship Department - Lafia
Arabi Ahmad Mahmoud Mr.	Male	Manager	Regional Relationship Department - Bauchi
Dahiru Abdullahi Mohammed Mr.	Male	Manager	Regional Relationship Department - Kaduna II
Mustapha Lawan Abubakar Mr.	Male	Manager	Regional Relationship Department - Maiduguri
Moyi Aminu Mr.	Male	Manager	Regional Relationship Department - Sokoto
Mohammed Tsiga Tukur Mr.	Male	Deputy Manager	Regional Relationship Department - Abuja Central

PRINCIPAL OFFICERS IN THE BANK

Employee Name	Gender	Grade	Department
Ogunrinde Abiodun Olubowale Mr.	Male	General Manager	Executive Office - Lagos & West
Bashir Mohammed Nuruddin Mr.	Male	Deputy General Manager	Regional Relationship Department - Abuja Central
Muhammad Mustapha Mr.	Male	Deputy General Manager	Regional Relationship Department - Maiduguri
Sani Shehu Mr.	Male	Assistant General Manager	Regional Relationship Department - Kano-North
Nwambu Obidike Chris Mr.	Male	Assistant General Manager	Executive Office - South
Shehu Hamisu Mr.	Male	Assistant Manager	eBusiness Slaes

Employee Name	Gender	Grade	Department
Ukpe Uma Etop Mr.	Male	Manager	Business Development Relationship Department - Uyo

Product Information

RETAIL & SME LIABILITY PRODUCTS

PRODUCT DESCRIPTION

Current Account - Corporate

This product is a traditional current account designed for registered businesses. It is designed to meet the needs of businesses that needs 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 BUNDLED product comes with robust payment and collection solutions for smooth day to day banking activities.

Business Savings Account

This savings account is a product for all kinds of business who need to put some funds away for ventures and earn interest.

Domiciliary Accounts - Ordinary

This is a foreign currency account that can be funded through foreign/local remittance and cash deposit.

PRODUCT DESCRIPTION

Current Account - Individuals

Current Account-Individuals is a cheque- issuing product designed to meet the needs of customers who need to issue third party cheques and also enjoy transaction flexibility.

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

Domiciliary Accounts - Ordinary

This is a foreign currency account that can be funded through foreign/local remittance and cash deposit

Savings Account - Individual

This savings account is a product for all kinds of business who need to put some funds away for ventures and earn interest.

PRODUCT DESCRIPTION

Double Edge Savings Account

It is a hybrid account that allow customers enjoy the benefit of a savings account while also enjoying the flexibility of a current account at no cost to the customer.

Target Savings

This savings account is a product for all kinds of business who need to put some funds away for ventures and earn interest.

unity KIDS Account

This savings account is kids and Teenagers below 18 years. It offers parent and guardian 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 savings account is a unique Tier 1 savings account tailored to suit the lifestyle of today's teeming youth. The account gives access to the Unifi mobile app with a gamification platform for earning rewards under the referral download and transaction counts/volumes scheme. Even more interesting is the access to our various youth initiatives and campaigns lined up for you.
The account has a maximum threshold of N300, 000 and with unique features such as the Verve card rewards system that can be tied to enhancing your lifestyle

Target
Youth within the ages of 18- 34 enrolled in tertiary institutions, employees in structured organizations and the self-employed/entrepreneurs - particularly students and NYSC members.

Features
- Savings account that comes with alternate channels {Debit card, Internet Banking, Mobile banking}
- N1,000 opening balance.
- Zero minimum balance.
- Maximum deposit threshold of N300, 000 – Tier 1.
- Two passport photographs and valid school (tertiary) or NYSC identity card.
- Combo-Verve card – with two customized design options that resonate with the target market.
- Interest payable monthly.
- Subsidized Interest on loans for certified and qualified applicants (Terms & Conditions apply)
- Unifi Youth Banking theme/user interface on the Bank's mobile App.

Benefits
- No restriction on the number and amount of deposits and withdrawals.
- Opportunity to earn rewards from promos, loyalty and gamification schemes
- Auto-enrolment onto mobile, internet banking, and customized youth Banking App.

Interest Rate
30% of MPR, however, 5% interest per annum on monthly average balances above N100,000 – payable monthly.

*7799#

***7799# CONVENIENT BANKING** is a short code service that allows customers (account holders and non accountholders) to access banking services with their mobile phones irrespective of the Telecommunication service provider, phone type or location.
For a convenient way to bank dial *7799#

Features available on *7799#
- Account opening
- Airtime recharge
- Add Account
- Balance enquiry
- Bills payment
- BVN verification
- Fund Transfer
- PIN change

Benefits
- It provides a secure and a convenient way to transact with the bank
- It saves cost and time
- Compatible to all kinds of mobile phone
- It is reliable and easy to use.
- It provides convenient financial services to customers

(Airtime purchase, transfer money, check balance, request for BVN and pay for DSTV, GOTV, Electricity)

The High Yield Deposit Account

The High Yield Deposit Account is a unique tenured product targeted at the Commercial Entities, high-end SMEs as well as upper Retail Segments. It was introduced to offer a customer-friendly, deposit product that meets the needs of Commercial Entities, high-end SMEs as well as upper Retail Segments. The High Yield Deposit Account Product is a;

- high-interest bearing term deposit account that would run for 60 days and above (90/180 day options)
- for amounts between N500,000 and N1million, tenor would be 90 days
- N1million and above for 60/90/180 days
- Balances to enjoy 10% interest element, net of with-holding tax
- A penalty would apply for early liquidation; in such cases, the Investment would earn only 3%

Target Market
- Corporate bodies and Commercial Entities
- Associations, Societies & Clubs
- Non-profit organizations
- Medium to high-income individuals

Product Benefits
- High interest payment, net of withholding tax
- Flexibility

E - PRODUCTS

	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 DEBIT 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.
3	**UNITY PLATINUM MASTERCARD ($)** 	• Dollar denominated • Higher transaction limits • Off-line transaction capability • 3 years validity period • For International & Local transactions • CHIP & PIN secured	• 24 hours access to funds on ATM, POS and WEB within and outside Nigeria • Increased withdrawal limit. • Increased transaction velocity limit. • Access to VIP lounges and discounts at MasterCard partner locations worldwide • Provides additional security for web based transactions; Secure code for International transaction.
	PREPAID CARDS		
1	**UNITY GENERIC PREPAID MASTERCARD ($/N)** 	• Dollar /Naira denominated • 3 years validity period • For local & International transactions • CHIP & PIN secured	• 24 hours access to funds on ATM, POS and WEB within and outside Nigeria • Your card eliminates the risk and inconvenience of carrying cash. • Unity Bank Prepaid MasterCard can be loaded with a minimum of $100. • Helps to manage the risk of overspending • Provides additional security for web based transactions; Secure code for International transaction.

E - PRODUCTS

	CARD TYPES	FEATURES	BENEFITS
	PREPAID CARDS		
2	UNITY VERVE PREPAID (N)  	• Naira denominated • 3 years validity period • For local transactions • CHIP & PIN secured	• 24 hours access to funds on ATM, POS and WEB within Nigeria • Your card eliminates the risk and inconvenience of carrying cash. • Helps to manage the risk of overspending • Access to discounts on Verve rewards partner locations worldwide
3	UNITY COMBO CARD (N) It is combination of identification card and payment card. (All-in-one). This card is specifically designed for Schools (Secondary & Tertiary Institutions), Cooperative societies and Corporate/ Government organizations	• Naira denominated • 3 years validity period • For local transactions • CHIP & PIN secured	• Customized identity & payment card • 24 hours access to funds on ATM, POS and WEB within Nigeria • Your card eliminates the risk and inconvenience of carrying cash. • Helps to increase brand visibility and awareness • Access to discounts at Verve rewards partner locations worldwide
4	UNITY GIFT CARD (N)  	• 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 at Verve rewards locations nationwide.

ELECTRONIC CHANNELS

Unity Mobile

This is a mobile banking that allows you to access your bank account from your mobile device, usually a cell phone

Features

- o Airtime top-up
- o Check balance
- o Statements (last 5 transactions)
- o Fund transfer
- o Send money to phone
- o Bill payments
- o Other banking services

Benefits

- o Excellent customer service
- o 24 hour access to transfer from your account
- o Convenient and saves time of queuing at the branch

INTERNET BANKING SERVICE

- It is a convenient and fast online Banking Platform that enables customers transact on their accounts 24/7, at the
- comfort of their personal computers/devices

Features

- o Account balance/statement
- o Quick Payment
- o Cheque request
- o Bills payment
- o One-time payment
- o Loans report
- o Standing instructions
- o Direct Debit
- o Mobile Top-up
- o Intra/Inter Bank transfers
- o Self-Services
- o Token management

Benefits

- o Access to enquiries and statements
- o Funds transfer
- o Issue basic instructions such as cheque book request, hotlist card
- o Empowering the Bank's customers with the tool to monitor their accounts 24/7
- o Enable POS merchants to view and reconcile their daily transactions on their POS terminals

POINT OF SALE TERMINALS (POS)

Features;

o Bills payment
o Purchases
Benefits
o Merchants can operate 24/7 without risk
o Lower operational cost
o Reduced risk of theft and pilfering by cashiers
o Increased sales – cardholders are likely to make spontaneous purchases with cards
o Increase market share
o Increase patronage
o Image projection internationally for merchants accepting international cards i.e. MasterCard, Visa cards

AUTOMATED TELLER MACHINE

It is an electronic banking outlet, which allows customers to complete basic transactions without the aid of a branch representative or teller.

Features

o Cash withdrawal
o Balance Enquiry
o Intra-Bank Transfers
o Interbank transfers
o Utility bills payment, etc.
o Airtime top-up
Benefits
o Excellent customer services
o 24 hour access to transfer from your account
o Convenient and saves time of queuing at the branch

PAYMENTS PRODUCTS – UNITY REMIT#

Features

o Automate your staff payroll at no cost
o Prepare your payroll from anywhere in the world
o Make vendor payments online from anywhere in the world
o Make salary payments online from anywhere in the world
o Make your tax payments from the comfort of your office or homes
o Liquidity management
o Payment of vendors and other sundry expenses, bulk payment to people without bank accounts
o View and manage all your accounts in various banks on a single platform
Benefits
o Secured payment
o Reduced risk of carrying cash
o Reduced social cost of transactions
o Improve your brand equity
o No reconciliation challenges
o Easy management of funds

REMITTANCE

WESTERN UNION MONEY TRANSFER

MONEYGRAM MONEY TRANSFER

Remittance is the business of person to person funds transfer from one country to other countries through international network of agents. Unity bank is a member of Western Union and Moneygram networks and indeed a choice destination for money transfer services. Unity bank offers both inbound and outbound money transfer services across all our branches nationwide. This service is open to account holders and non account holders alike. Customers can receive funds from or transfer funds to over 250 countries in the world through either Western Union or Moneygram platforms from any Unity bank branch nationwide.

Features

- Send and receive funds in Naira
- Transactions are secured with the use of pin pad
- Open to non account holders subject to regulatory limit

Benefits

- Receive and send money within 10 minutes from/to anywhere in the world
- Service is absolutely free for receivers.... No charges
- Enjoy personalized and excellent customer service
- Free gift for every transaction

E-COLLECTIONS

e-Collections is an electronic way of collecting funds on behalf of business-oriented organizations from their customers and paid through any of the platforms online or at the bank branch seamlessly.
It is the process of accepting payment for goods, services, taxes, fines, levies, subscriptions, fees etc by bank branches and web on behalf of government agencies and private organizations via electronic platforms such as Paydirect, Payarena, eBillspay , etranzact Payoutlet , Remitta etc

E-Collections Products:

- Webpay
- Hospital Management Solution (HMS)
- School Portal Solution
- Church Management Solution
- Transport Management System(e-Ticketing)
- IGR Collections
- EstatePay
- E-Hotel Solutions
- IGR Collections
- MFBs Solution
- E-Judiciary
- Direct Debit
- Distributors Portal

Features:

- Provide seamless modes of transaction.
- Bill payment
- Self Service
- Online real – time access to record of transactions.
- Enable customers to carry out reconciliation and settlement tasks in automated manner.
- Provides customer with satisfaction and efficiency of service.

Benefits:
- A cheap means of mobilizing deposits/low cost funds
- Sure means of a getting a Customer to open account
- More 'effortless' and constant income stream
- Enhanced leadership through technology innovation
- Customer satisfaction and retention

C.S.R Report

UNITY BANK CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2017

OVERVIEW:

In line with the Bank's CSR philosophy, Unity Bank has continued to identify worthy causes in the society for the purpose of committing its resources and making social investment that will genuinely impact on the lives of members of their host communities.

As a responsible corporate citizen, Unity Bank demonstrates her commitment to the community through a well laid out broad-based CSR policy initiatives targeted at interventions in a wide spectrum of social and community needs, which cover areas of Education, healthcare, charity, Economic Empowerment, sports, environmental sustainability and emergency relief.

The primary purpose of the Bank's CSR philosophy is to make meaningful and measurable impact in the lives of economically, physically and socially less endowed communities by supporting initiatives aimed at creating conditions suitable for sustainable livelihood.

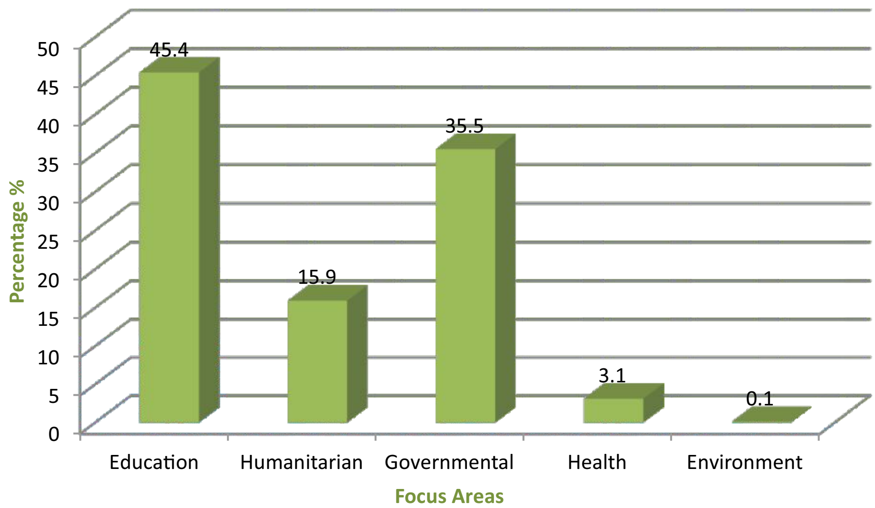
The Bank therefore promotes initiatives that preserves, restores and enhances environmental, ecological, and natural resources balance as well as sanitation and hygiene.

In recognition of the dynamism of the interplay between businesses and communities, Unity Bank also undertakes special projects on need-basis so long as they have direct bearing with its Corporate Social Responsibility focus.

In 2017 Unity Bank's Corporate Social Responsibility Interventions were expressed under the following broad categories: Education, Humanitarian, Governmental, Health and Environment.

The cumulative investment of the Bank's Corporate Social Responsibility interventions stood at **N63, 882,445.50** as at December **31st 2017**. The amount was spent in the five focus areas as stated in the table below:

S/N	Focus Areas	Amount (N)	Percentage (%)
1.	Education	29,032,965.50	45.45
2.	Humanitarian	10,149,750	15.89
3.	Governmental	22,649,740	35.46
4.	Health	2,000,000	3.13
5.	Environment	50,000	0.08
Total		**63,882,455.50**	



EDUCATION:

Education represents a critical area of intervention which was undertaken to pursue the realization of increasing the general literacy level and Nigeria's growth potential. The interventions were targeted at supporting initiatives for capacity building, access to quality education, skill acquisition and financial inclusion focusing on children and adults as beneficiaries.
On this plank, the bank's intervention was anchored on five areas: Financial Literacy Training, Sponsorship of Home Grown Feeding Program, Celebration of World Savings Day, 2017, donation of Ford Ranger Truck to Borno State Universal Education Board and another donation of Hyundai Bus to Osun State Universal Education Board.

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

Lecture module on Financial Literacy for Secondary School students was facilitated in 30 secondary schools across the six geo-political zones by Unity Bank officials. The essence is to encourage school children to imbibe savings culture and also as a means of driving financial inclusion. A total sum of N1, 483,428:00 was spent to provide branded gift items that were distributed to the school children that participated in the programme.

Sponsorship of Home Grown Feeding Program:
The Bank is sensitive to government policies that align with its CSR focus. To this end, the Bank keyed-into Home Grown feeding Program of the Federal Government by offering support to the accredited agency –Hebron Ltd. to the tune of N1m.

World Savings Day 2017:
The World Savings Day is celebrated worldwide as a platform to also encourage savings culture. Like the Financial Literacy Programme, the Bank rode on its back to reach out to a number of schools through facilitation of lessons on financial matters. Thirty (30) schools across the federation benefitted from the programme in line with the mandate of the CBN committee driving the project.

Unity Bank Marks World Savings Day

Donation of a truck and a bus to Borno & Osun SUBEBs:
These donations were made as part of the Bank's commitment to improve educational administration in the states as mobility has so often constituted a bottleneck to access to rural schools. It is in this light that given the peculiar situations of the two states that the Bank made the CRS investment.
The Borno SUBEB intervention (Ford Ranger Truck) was undertaken at the cost of N13,960,000 while the Osun donations of Hyundai Bus was at the cost of N11,104, 537.50 (pix of both events)

Financial Literacy Training:
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UNITY BANK DONATES VEHICLE TO OSUN SUBEB

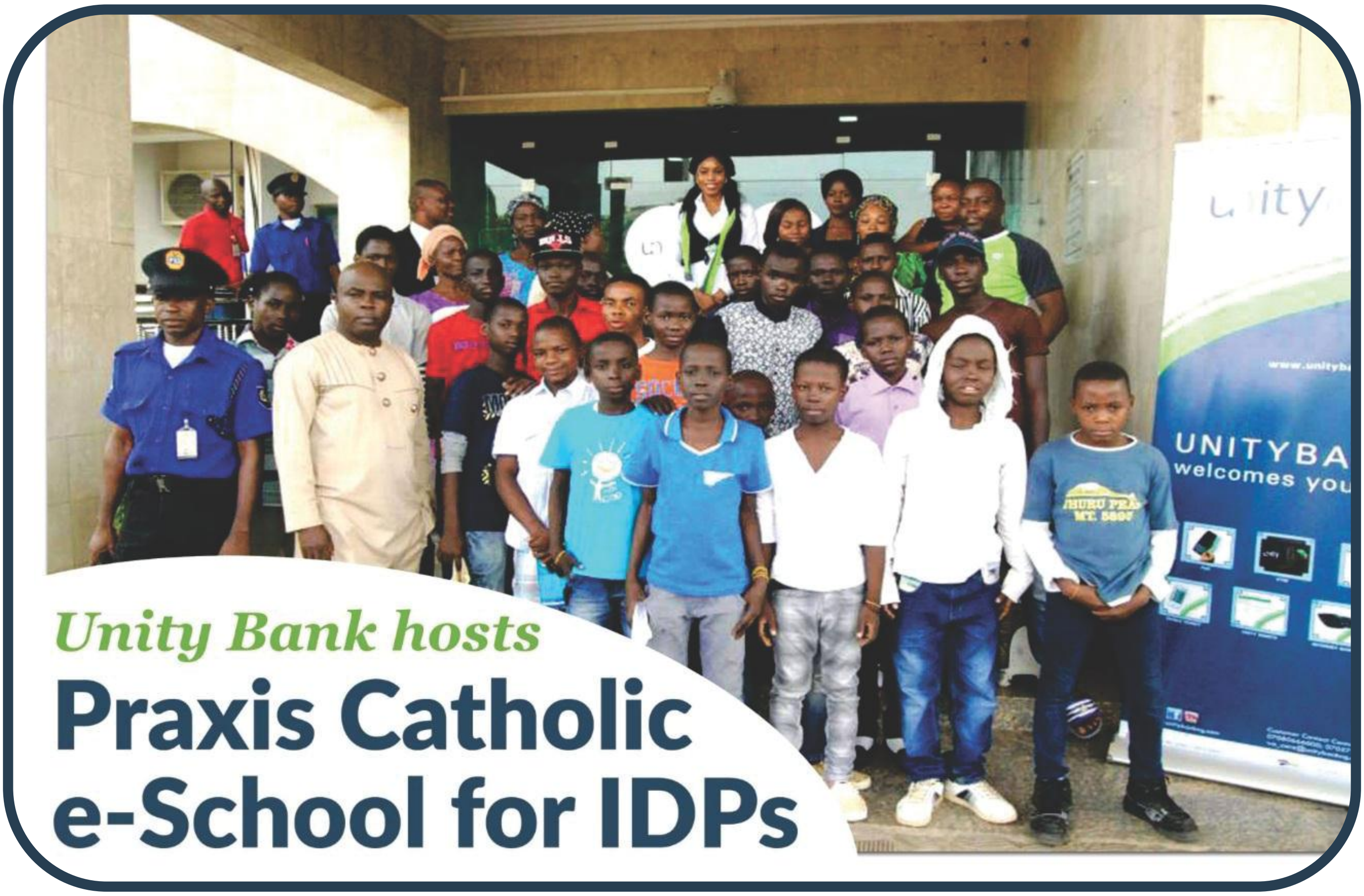
UNITY BANK DONATES VECHICLE TO BORNO STATE SUBEB

Total amount spent on Education for the period under review was: N29, 032,965.50

HUMANITARIAN/CHARITY:

Empathy and care is one of the virtues that define good neighborliness and community spirit. In line with that maxim, the Bank in the course the 2017 financial year, offered charities to the Victims of Kano Market Fire Disaster by contributing to the fund raising that was organized to assist them. As a mark of empathy, the Bank responded to the rallying cry of the Kano state government for aid to facilitate the rehabilitation of the victims of the fire disaster. The Bank donated the sum N10million naira only to the course.

In the same vein and in line with its CSR focus, the Bank hosted an Abuja-based Praxis Catholic School for Internally Displaced Persons (IDPs) who were on excursion to the Bank's Abuja Zonal Office. One of the requests placed before the bank was to assist the school in feeding the IDPs to which the bank donated foodstuff worth N149,750 to the school.



GOVERNMENT:

In the classification of the Bank's stakeholders, government is a secondary stakeholder whose activities impact the Bank in a number of ways. It becomes a given that the Bank should build the interest of government into its CSR considerations.
Unity Bank strives to operate in this manner, not only to comply with laws and regulations, but also to demonstrate responsible environmental stewardship and maintain a positive relationship with communities/stakeholders.

In furtherance of this objective, the Bank's CSR in 2017 impacted government in three major areas viz: Donation of **N20m** to Lagos State Security Trust Fund, Supported the completion of Kano State Pilgrims Welfare Board Complex to the tune of **N2m** and the branding of the Waiting Lounge of the Nigeria Immigration Service in FESTAC Town, Lagos State at the cost of **N649,740.** This brings the total investment in government within the period under review to **N22,649,740 (twenty –two million, six hundred and forty-nine thousand, seven hundred and forty naira only).**

Picture of Festac Immigration branding

HEALTH:

Collaboration and synergy is a critical success factor. Collaboration with and leveraging the competencies of relevant NGOs ensures that there is transparency and well defined ways of identifying beneficiaries, through well-thought out need assessment criteria.

The above approach was adopted in the two areas of intervention in the Health sector in 2017. The first was the sponsorship and collaboration with an NGO – Chosen Vessels Empowerment Foundation to sponsor 'Well Woman Seminar', in Lagos.

The sponsorship of the seminar was the Bank's determination to continue to invest in initiatives that would support good mental health of Nigerians as part of its Corporate Social Responsibility aimed at fostering stable mindsets. The focus was on pre-emptive actions that could be adopted to stem the rising cases of mental disorder in the society. The Bank's investment in the seminar was N1m.

UNITY BANK PARTNERS FOUNDATION TO HOST SEMINAR ON MENTAL HEALTH

The second project on Health was equally a sponsorship of a 'Walk' to raise awareness about breast cancer under the auspices of BREACAN Foundation (Breast Cancer Association of Nigeria). The event which took place in Lagos cost the Bank **N1m.**

BRECAN JOG FOR LIFE CHARITY EVENT.

ENVIRONMENT:

The Bank takes reasonable measures to manage its business operations in a manner that would minimize negative impact on the environmental impact and promotes acceptable environmental practice. The Bank is also disposed to resolving environmental crisis as it affects its stakeholders.

In this vein, the Bank hosted Earth Hour Campaign which was aimed at spotlighting the challenges of the global warming and its concomitant effect on the environment. The Bank partnered an NGO, Connected Development Limited (CODE) with a **N50, 000** support and publicity before & post the event.

CONCLUSION:

The 2017 CSR interventions underscores Unity Bank's commitment to the promotion of socio-economic development of the states in which it operates and its determination to continue to contribute in an on-going basis to the improvement of such communities.

The spread of the interventions reflects the bank's recognition of the diverse nature of the country and the artlessness to responding to issues that affects the lives of citizens where it operates. This commitment was exemplified in the total CSR investment of a whooping sum of **N63, 882,445.50** as at December **31st 2017.**

Branch Network Information

ABUJA AND NORTH CENTRAL ZONE

SN	STATE	BRANCH NAME	BRANCH ADDRESS
1	FCT	GWAGWALADA BRANCH	SECRETERIAT ROAD, GWAGWALADA, FCT
2	FCT	KWALI BRANCH	SECRETARIAT ROAD, KWALI, ABUJA
3	FCT	MAITAMA BRANCH	NO.11, IMANI EST, SHEHU SHAGARI WAY, MAITAMA, ABUJA
4	FCT	BWARI BRANCH	NO. 44, SHAGARI ROAD. OPPOSITE JAMB HEADQUARTERS BWARI, ABUJA
5	FCT	EVARIST HOUSE BRANCH	EVARIST HOUSE, PLOT 1529, NOUAKCHOTT STR, WUSE ZONE I
6	FCT	NASS BRANCH	NATIONAL ASSEMBLY COMPLEX, THE THREE-ARMS ZONE, GARKI-ABUJA
7	FCT	HAFSAT PLAZA BRANCH	HAFSAT PLAZA, PLOT 472, CONSTIUTION AVE. CENTRAL AREA, ABUJA
8	FCT	WUSE ZONE 5 BRANCH	COPPER HOUSE PLAZA, NO 4 , ALGIES STREET, WUSE ZONE 5
9	FCT	BANNEX BRANCH	BANEX PLAZA, PLOT 750, AMINU KANO CRESCENT WUSE II, ABUJA
10	FCT	KUBWA BRANCH	NO. 2, GBAZANGO OFF GADO NASKO STREET, KUBWA ABUJA
11	FCT	GARKI AREA 3 BRANCH	NO.11, FASKARI STREET, AREA 3, GARKI, ABUJA
12	FCT	CBD BRANCH	PLOT 785, HERBERT MACAULAY WAY, C.B.D. ABUJA
13	NASSARAWA	KEFFI BRANCH	NO. 2, ABUBAKAR BURGA WAY, KEFFI
14	FCT	KARU BRANCH	NO. 5, CADASTRAL ZONE 09/06 KARU ABUJA
15	FCT	JABI BRANCH	SABON DALE SHOPPING COMPLEX, NO. 219, OBAFEMI AWOLOWO
16	FCT	WUSE II BRANCH	STREET, JABI DISTRICT, ABUJA
17	NASSARAWA	MARARABA BRANCH	NO. 515, ADETOKUNBO ADEMOLA WAY, WUSE II, ABUJA
18	FCT	WUSE ZONE 3 BRANCH	NO. 2, BABA STREET, KEFFI ROAD, MARARABA
19	FCT	GWARIMPA BRANCH	NO. 35, ASWAN STREET,WUSE ZONE 3, ABUJA
20	NASSARAWA	LAFIA BRANCH	ANAFARA PLAZA, 1ST AVENUE, GWARIMPA ABUJA
21	PLATEAU	AHMADU BELLO WAY BRANCH	OPPOSITE DEPUTY GOVERNOR'S OFFICE, SHENDAM ROAD, LAFIA
22	BENUE	GBOKO BRANCH	NO 7, AHMADU BELLO WAY, JOS
23	BENUE	OTUKPO BRANCH	NO. 42, J S TARKA WAY, GBOKO
24	BENUE	UGBOKOLO BRANCH	NO. 63, AHMADU BELLO WAY, OTUKPO
25	NASSARAWA	AKWANGA BRANCH	OLD OTUKPO ROAD, UGBOKOLO
26	PLATEAU	WASE BRANCH	LAFIA ROAD, AKWANGA
27	PLATEAU	PANKSHIN BRANCH	EMIR STREET, WASE
28	BENUE	BANK ROAD, MAKURDI BRANCH	NEW LAYOUT, LANGTANG ROAD, PANKSHIN
29	BENUE	APA BRANCH	NO. 35, BANK ROAD, MAKURDI
30	BENUE	ZAKI BIAM BRANCH	NO. 1, MARKET ROAD UGBOKPO, APA
31	PLATEAU	FARIN GADA BRANCH	Y- JUNCTION, ZAKI BIAM, BENUE
32	NIGER	BOSSO ROAD BRANCH	NO. 1, FARIN GADA, KADUNA-ZARIA ROAD, JOS
33	NIGER	SULEJA BRANCH	NO. 3, COMMERCIAL COMPLEX, BOSSO ROAD, MINNA
34	KOGI	AJAOKUTA BRANCH	USMAN FAROUK ROAD, BY POLICE 'A' DIVISION, SULEJA
35	KOGI	LOKOJA BRANCH	GEREGU CAMP, AJAOKUTA
36	KOGI	OKENE BRANCH	MURTALA MOHAMMED WAY,LOKOJA.
37	KOGI	ANKPA BRANCH	NO. 6, HOSPITAL ROAD, OKENE
38	NIGER	PAIKO ROAD BRANCH	ANYIGBA ROAD, ANKPA
39	NIGER	DAWAKI ROAD BRANCH	NO. 77, ABDULSALAM ABUBAKAR WAY, MINNA
40	NIGER	BIDA BRANCH	DAWAKI ROAD, AFTER SHUAIBU NAIBI PRIMARY SCHOOL, SULEJA
41	NIGER	ZUNGERU BRANCH	NO. 48, BCC ROAD, BIDA
42	KOGI	KABBA BRANCH	OLD KONTAGORA ROAD, ZUNGERU
43	NIGER	KONTAGORA BRANCH	ILUPA QUARTERS IYARA-KABBA
			BOKANE ESTATE, LAGOS-KADUNA ROAD, KONTAGORA

LAGOS AND SOUTHWEST ZONE

SN	STATE	BRANCH NAME	BRANCH ADDRESS
44	LAGOS	CREEK ROAD BRANCH	PLOT 18, CREEK ROAD, APAPA
45	LAGOS	BURMA ROAD BRANCH	NO. 44 BURMA ROAD, APAPA
46	LAGOS	TINCAN PORT BRANCH	BEHIND TINCAN PORT ADMIN BLOCK, TINCAN, APAPA,
47	LAGOS	ORILE COKER BRANCH	PLOT 3, BLOCK C, L.S.D.P.C. INDUSTRIAL SCHEME, LAGOS-BADAGRY
			EXPESSWAY, ORILE-COKER
48	LAGOS	ALABA INTERNATIONAL BRANCH	NO. A65, OJO-IGEDE ROAD, ALABA INTERNATIONAL MARKET, ALABA
49	LAGOS	IDDO BRANCH	NO 8, TAYLOR ROAD OFF G.CAPPA BUSTOP, IDDO
50	LAGOS	SURULERE BRANCH	NO. 53, BODE THOMAS STREET, SURULERE
51	LAGOS	ASPAMDA BRANCH	BTC 6 NEW GATE, ASPAMDA MARKET, TRADE FAIR COMPLEX,
			LAGOS - BADAGRY EXPRESS WAY
52	LAGOS	FESTAC BRANCH	HOUSE 26, SECOND AVENUE, FESTAC TOWN, AMUWO ODOFIN
53	LAGOS	OBA AKRAN BRANCH	NO.42, OBA AKRAN AVENUE, IKEJA
54	LAGOS	YABA COMM AVENUE BRANCH	NO. 32A, COMMERCIAL AVENUE,SABO YABA
55	LAGOS	ALLEN BRANCH	NO. 95, ALLEN AVENUE, IKEJA
56	LAGOS	OPEBI BRANCH	NO. 37, OPEBI ROAD, IKEJA
57	LAGOS	IDI ORO BRANCH	NO. 94, AGEGE MOTOR ROAD, IDI ORO, MUSHIN
58	LAGOS	ABULE EGBA BRANCH	LAGOS STATE ABATTOIR COMPLEX, OKO-OBA, AGEGE. LAGOS
59	LAGOS	MILE 12 BRANCH	NO. 565, IKORODU ROAD, KOSOFE, MILE 12
60	LAGOS	OREGUN ROAD BRANCH	NO. 100, KUDIRAT ABIOLA WAY, OREGUN ROAD, IKEJA
61	LAGOS	MUSHIN BRANCH	NO. 87, LADIPO STREET, MUSHIN
62	LAGOS	IKORODU BRANCH	NO. 32, LAGOS ROAD, IKORODU
63	KWARA	MURTALA MOHAMMED WAY, ILORIN BRANCH	NO. 147, MURTALA MOHAMMED WAY, ILORIN
64	KWARA	OFFA BRANCH	IBRAHIM TAIWO ROAD, OPPOSITE OFFA CLUB, PMP 424, OFFA
65	KWARA	NEW MARKET ROAD ILORIN BRANCH	NO. 1, NEW MARKET ROAD BABOOKO ILORIN
66	ONDO	COMMERCIAL ZONE BRANCH	PLOT 9 BLOCK XLIII COMMERCIAL ZONE GRA ALAGBAKA AKURE

LAGOS AND SOUTHWEST ZONE

SN	STATE	BRANCH NAME	BRANCH ADDRESS
67	OGUN	MOWE BRANCH	KM 46 LAGOS IBADAN EXPRESSWAY, REDEMPTION CAMP, MOWE OGUN STATE
68	ONDO	OBA ADESIDA BRANCH	NO 15A, OBA ADESIDA ROAD AKURE
69	ONDO	OYEMUKUN ROAD BRANCH	NO. 59/61, OYEMEKUN ROAD, AKURE, ONDO
70	ONDO	IGBOKODA BRANCH	NO. 54, BROAD STREET, IGBOKODA, ONDO
71	OGUN	ABEOKUTA BRANCH	NO. 4, TINUBU STREET, ITA -EKO, ABEOKUTA
72	OYO	IWO ROAD BRANCH	NO. 96, IWO ROAD, BESIDE IBADAN NORTH/EAST LGA, IBADAN
73	OYO	ODUTOLA ROAD BRANCH	NO. 7, ALHAJI JIMOH ODUTOLA STREET, OGUNPA, IBADAN
74	EKITI	OTUN EKITI BRANCH	AMUTUTU STREET, ALONG AYETORO ROAD, OTUN EKITI, EKITI STATE
75	OSUN	OSHOGBO BRANCH	KLM 4, GBONGAN/IBADAN ROAD, (OPP. ZARAH GUEST HOUSE), OSOGBO
76	OSUN	EDE BRANCH	NO. 250 STATION ROAD, BACK TO LAND JUNCTION AGIP AREA, EDE
77	OYO	LEBANON ROAD BRANCH	NO. 9, LEBANON ROAD, OGUNPA, IBADAN
78	EKITI	ADO EKITI BRANCH	NO. 158, OPOPOGBORO STREET, ADO-EKITI
79	OYO	BODIJA BRANCH	NO. 98, BODIJA-AGBOWO ROAD,NEW BODIJA IBADAN
80	LAGOS	HEAD OFFICE ANNEX BRANCH	PLOT 290A, AKIN OLUGBADE STREET, VICTORIA ISLAND
81	LAGOS	ADEOLA ODEKU BRANCH	NO. 19, ADEOLA ODEKU STREET, VICTORIA ISLAND
82	LAGOS	HEAD OFFICE BRANCH	NO. 42 AHMED ONIBUDO STREET, VICTORIA ISLAND
83	LAGOS	BROAD STREET BRANCH	NO. 114, BROAD STREET, LAGOS ISLAND
84	LAGOS	TIAMIYU SAVAGE BRANCH	PLOT 1397A, TIAMIYU SAVAGE STREET, VICTORIA ISLAND
85	LAGOS	MARINA BRANCH	NO. 2/4, DAVIES STREET, OFF MARINA ROAD, LAGOS ISLAND
86	LAGOS	EBUTE ERO BRANCH	NO. 110, ALAKORO STREET, EBUTE-ERO, LAGOS ISLAND
87	LAGOS	AWOLOWO ROAD IKOYI BRANCH	NO. 128 AWOLOWO ROAD, IKOYI
88	LAGOS	LEKKI EXPRESSWAY BRANCH	NO. 1 PRINCE IBRAHIM ODOFIN STREET, LEKKI EXPRESSWAY, LEKKI
89	LAGOS	ADETOKUNBO ADEMOLA 2 BRANCH	PLOT 1704, ADETOKUNBO ADEMOLA ST., VICTORIA ISLAND
90	LAGOS	SANUSI FAFUNWA ROAD BRANCH	PLOT 1683, SANUSI FAFUNWA STREET, VICTORIA ISLAND

NORTH EAST ZONE

SN	STATE	BRANCH NAME	BRANCH ADDRESS
91	ADAMAWA	YOLA BRANCH	NO. 1 BANK ROAD, BEKAJI, YOLA
92	TARABA	JALINGO BRANCH	NO. 11, HAMMA RUWA ROAD, JALINGO
93	ADAMAWA	MUBI BRANCH	AHMADU BELLO WAY, MUBI
94	ADAMAWA	NUMAN BRANCH	PLOT 24/26 YOLA ROAD, NUMAN
95	TARABA	WUKARI BRANCH	IBBI ROAD, WUKARI
96	ADAMAWA	GANYE BRANCH	MBULO ROAD, OPPOSITE AP FILLING STATION GANYE
97	ADAMAWA	HONG BRANCH	NO 5 MAJALISA ROAD, OPPOSITE FIRST BANK PLC, CLOSE TO DISTRICT HEAD PALACE, HONG TOWN
98	BAUCHI	COMMERCIAL ROAD, BRANCH	AHMED ABDULKADIR ROAD, BAUCHI
99	GOMBE	GOMBE COMMERCIAL AREA BRANCH	COMMERCIAL AREA, GOMBE
100	BAUCHI	AZARE BRANCH	JAMA'ARE ROAD, AZARE, BAUCHI
101	GOMBE	BILLIRI BRANCH	NO. 3, YOLA ROAD, BILLIRI TOWN
102	BAUCHI	KIRFI BRANCH	ALKALERI BRANCH
103	BAUCHI	MURTALA MOHD WAY, BAUCHI BRANCH	560 MURTALA MOHAMMED WAY, BAUCHI
104	GOMBE	BIU ROAD BRANCH	PLOT 9, GOMBE/BIU ROAD, GOMBE
105	BAUCHI	ALKALERI BRANCH	GOMBE ROAD, ALKALERI TOWN, BAUCHI
106	GOMBE	TUDUN HATSI BRANCH	TUDUN HATSI GRAIN MARKET, EMIRS PALACE ROAD, GOMBE STATE
107	JIGAWA	NEW ROAD DUSTE BRANCH	NEW ROAD DUTSE , ADJACENT TO INVESTMENT HOUSE, DUSTE
108	JIGAWA	BIRNINKUDU TOWN BRANCH	NO. 1, MAIDUGURI ROAD, BIRNIN-KUDU TOWN, JIGAWA
109	JIGAWA	KIYAWA ROAD BRANCH	SANI ABACHA WAY, OPPOSITE PHCN, DUTSE
110	JIGAWA	KAZAURE BRANCH	NO. 14, KANTI DAURA ROAD, KAZAURE, JIGAWA
111	JIGAWA	MAIGATARI BRANCH	CHIROMA AHMADU STREET, MAIGATARI
112	JIGAWA	KAFIN HAUSA BRANCH	KAFIN HAUSA BY MAIN MARKET, OPPOSITE OLD MOTOR PARK, KAFIN HAUSA LGA
113	JIGAWA	ABUBAKAR MAJE ROAD BRANCH	NO. 7, MAJE ROAD, HADEIJA
114	JIGAWA	JAHUN BRANCH	448 KAFIN HAUSA ROAD, JAHUN
115	JIGAWA	GUMEL BRANCH	NO 2 UNGUWAR YADI GUMEL
116	JIGAWA	RINGIM BRANCH	SABON GIDA, RINGIM TOWN, JIGAWA STATE
117	BORNO	KIRKASAMA RD BRANCH	NO. 10 KIRKISAMA ROAD, MAIDUGURI
118	BORNO	BAMA ROAD BRANCH	NO. 11 BAMA ROAD, MAIDUGURI
119	BORNO	LAKE CHAD ROAD BRANCH	LAKE CHAD ROAD, MAIDUGURI
120	YOBE	DAMATURU BRANCH	MAIDUGURI ROAD, DAMATURU
121	YOBE	NGURU YOBE BRANCH	MARKET ROAD, NGURU
122	YOBE	POTISKUM BRANCH	OPPOSITE NPN MARKET, MAIN ROAD POTISKUM
123	BORNO	BAGA ROAD BRANCH	NO. 4 BAGA ROAD, MAIDUGURI
124	BORNO	MONDAY MARKET BRANCH	ALI MONGUNO ROAD, MONDAY MARKET, MAIDUGURI.

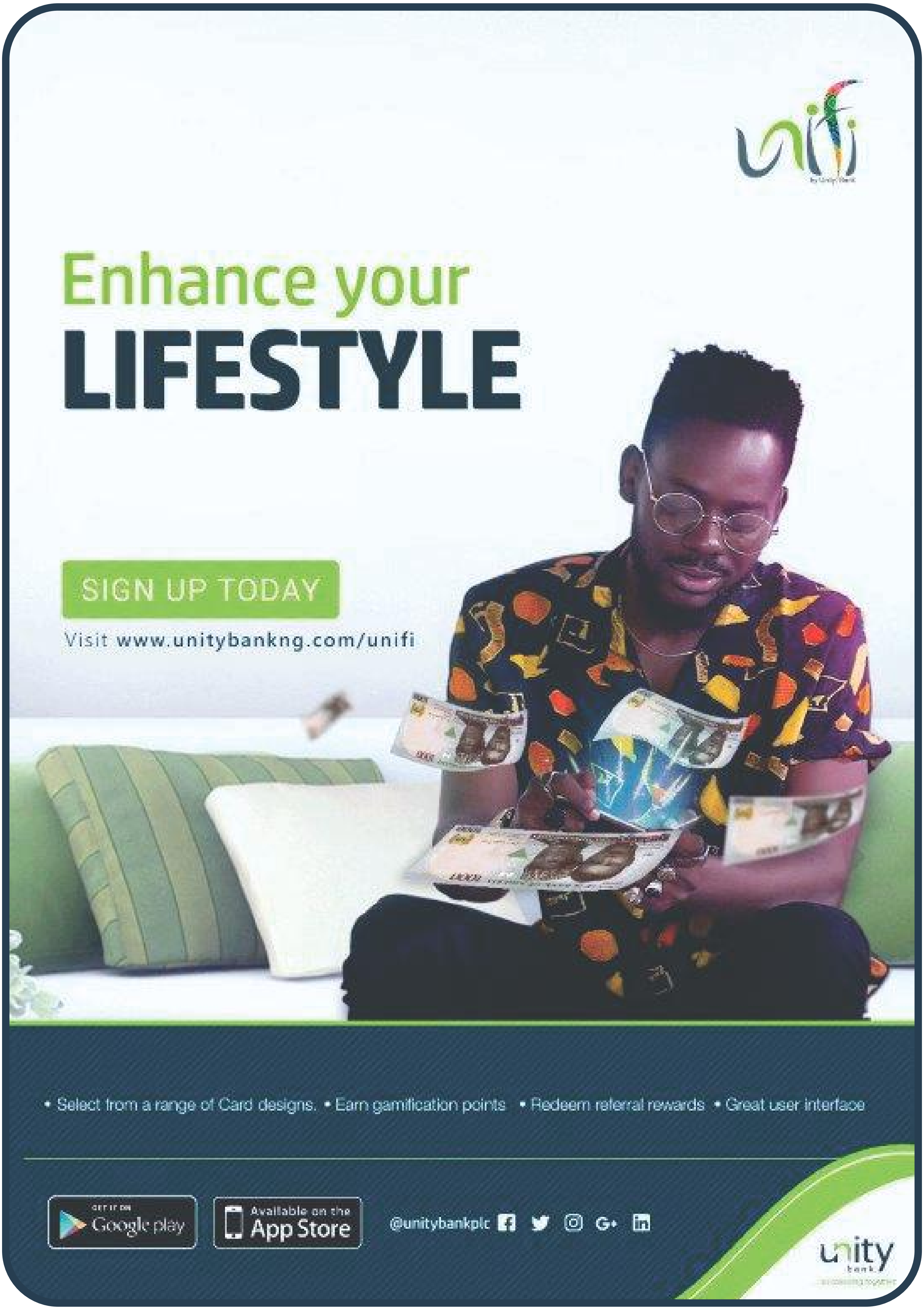
NORTH WEST ZONE

SN	STATE	BRANCH NAME	BRANCH ADDRESS
125	KADUNA	SOKOTO ROAD ZARIA, BRANCH	NO 1 SOKOTO ROAD, ZARIA
126	KADUNA	YAKUBU GOWON WAY BRANCH	PLOT 1B YAKUBU GOWON WAY, KADUNA
127	KADUNA	KACHIA ROAD BRANCH	NO. 7 KACHIA ROAD KADUNA
128	KADUNA	MAIN STREET ZARIA BRANCH	NO. 1A MAIN STREET ZARIA
129	KADUNA	PAMBEGUA BRANCH	KADUNA - JOS ROAD, NEAR UBE PRIMARY EDUCATION, PAMBEGUA.
130	KADUNA	IKARA BRANCH	NO. 7, SECRETARIAT ROAD, IKARA
131	KADUNA	BAKORI HOUSE BRANCH	NO.A3, AHMADU BELLO WAY, BAKORI HOUSE, KADUNA
132	KADUNA	ABUBAKAR GUMI MARKET 1 BRANCH	BROAD CASTING ROAD, KADUNA
133	KADUNA	KAFANCHAN BRANCH	NO. 12, KAGORO ROAD, KAFANCHAN
134	KADUNA	INDEPENDENCE WAY KADUNA	NO. 134/136, OPPOSITE RANCHERS BEES STADIUM INDEPENDENCE WAY, KADUNA
135	KADUNA	JUNCTION ROAD, KADUNA BRANCH	NO.175BZ, JUNCTION ROAD, KADUNA
136	KADUNA	BIRNIN GWARI BRANCH	NO. 30, LAGOS ROAD BIRNIN GWARI
137	KADUNA	KADUNA REFINERY BRANCH	NNPC/KRPC STAFF COOPERATIVE PLAZA BUILDING, KADUNA REFINERY AND PETROCHEMICAL COMPANY COMPLEX, NNPC DEPOT, KACHIA ROAD, KADUNA
138	KANO	KANO CITY BRANCH	NO. 2, DURUMIN IYA QTRS, BESIDE PHCN KANO CITY SERVICE STATION
139	KANO	NASSARAWA BRANCH	NO.2, ZARIA ROAD, KANO.
140	KANO	SHARADA BRANCH	SHARADA IND EST, PHASE 1, KANO
141	KANO	DANBATTA BRANCH	KAZAURE ROAD, DANBATTA
142	KANO	WUDIL BRANCH	NO.2, ALU DAN DARMAN STREET, GAYA ROAD
143	KANO	IBRAHIM TAIWO ROAD BRANCH	
144	KANO	TAKAI BRANCH	NO 2A ALBASU ROAD, TAKAI KANO
145	KANO	DAWANUA GRAIN MARKET BRANCH	DAWANAU GRAIN MARKET, KATSINA ROAD, DAWAKIN TOFA LOCAL GOVT. KANO
146	KANO	HOTORO BRANCH	NO. 458, BASHIR MAITAMA SULE STREET, HOTORO (OPPOSITE RIMI HOLDING LIMITED, MAIDUGURI ROAD), KANO.
147	KANO	TUDUN-WADA DOGUWA BRANCH	TUDUN WADA DOGWA, JOS ROAD, KANO
148	KANO	SANI ABACHA WAY BRANCH	NO.5A, SANI ABACHA WAY, KANO
149	KANO	CHIROMAWA TOLL GATE BRANCH	CHIROMAWA TOLL GATE, KANO-ZARIA ROAD
150	KANO	ZOO ROAD BRANCH	NO.1 ZOO ROAD BY NEW COURT ROAD, KANO
151	KANO	BELLO ROAD BRANCH	NO.10E BELLO ROAD, KANO
152	KANO	DAWAKIN KUDU BRANCH	DAWAKIN KUDU UNGUWAR NAIBI, KOFAR AREWA, DAWAKIN KUDU
153	KANO	IBB WAY BRANCH	NO. 4 IBB WAY, KANTIN KWARI
154	KANO	KOFAR RUWA MARKET BRANCH	KOFAR RUWA MARKET, OPPOSITE BANK PHB, KANO
155	KANO	ELDORADO BRANCH	ELDORADO BY AIRPORT ROAD, KANO.
156	KANO	BOMPAI BRANCH	18B MURTALA MOHAMMED WAY, BOMPAI
157	KANO	TAL'UDU BRANCH	NO.311 AMINU KANO WAY, OPPOSITE JAGORA BOOKSHOP, TALUDU.
158	KANO	GWARZO BRANCH	ADJACENT TO HONEYWELL FILLING STATION, KANO-GWARZO ROAD.
159	KATSINA	KATSINA BRANCH	NO. 210, IBB WAY, PMB 2002, KATSINA
160	KATSINA	FUTUA BRANCH	NO 41 GUSAU ROAD FUNTUA, KATSINA
161	KATSINA	DAURA BRANCH	KONGOLON ROAD, DAURA
162	KATSINA	DUTSIN-MA BRANCH	NO.10, HOSPITAL ROAD, DUTSIN-MA
163	KATSINA	KIPDECO BUILDING BRANCH	NO. 61 IBB WAY KIPDECO BUILDING KATSINA
164	KATSINA	KATSINA CENTRAL MARKET BRANCH	KATSINA CENTRAL MARKET, KATSINA
165	KATSINA	MUSAWA BRANCH	MUSAWA TOWN, ADJACENT MUSAWA MARKET, KATSINA
166	ZAMFARA	BUNGUDU BRANCH	35 CANTEEN AREA, GUSAU
167	KEBBI	BIRNIN KEBBI BRANCH	NO. 3, AHMADU BELLO WAY, BIRNIN KEBBI
168	SOKOTO	SOKOTO MAIN BRANCH	GUSAU ROAD, SOKOTO
169	ZAMFARA	GUSAU BRANCH	NO. 5 CANTEEN ROAD, GUSAU
170	KEBBI	WASAGU BRANCH	DANKO/WASAGU LOCAL GOVERNMENT, KEBBI
171	SOKOTO	GADA BRANCH	OPPOSITE LOCAL GOVERNMENT SECRETATRIAT, GADA TOWN
172	SOKOTO	GWADABAWA BRANCH	LAILAH ROAD GWADABAWA TOWN, SOKOTO
173	SOKOTO	SABON BIRNIN BRANCH	SABON BIRNI TOWN
174	SOKOTO	MARKET BRANCH	NO. 3 ALIYU JODI ROAD, SOKOTO
175	SOKOTO	YABO BRANCH	SHEHU SHAGARI WAY, YABO TOWN, SOKOTO
176	ZAMFARA	TALATAN MAFARA BRANCH	GUSAU/SOKOTO ROAD, TALATAN MAFARA, ZAMFARA STATE.
177	KEBBI	JEGA BRANCH	NO. 3, SOKOTO ROAD, JEGA BIRNIN KEBBI
178	KEBBI	YAURI BRANCH	NO.35, SOKOTO-KONTAGORA ROAD, YAURI, KEBBI

SOUTH-SOUTH/SOUTH-EAST ZONE

SN	STATE	BRANCH NAME	BRANCH ADDRESS
179	DELTA	ABRAKA BRANCH	DELTA STATE UNIVERSITY ROAD,ABRAKA
180	DELTA	AGBOR BRANCH	OLD LAGOS-ASABA ROAD, AGBOR
181	DELTA	ASABA BRANCH	NO. 69 DENNIS OSADEBE ROAD, ASABA
182	DELTA	EFFURUN BRANCH	NO. 29, EFFURUN/ SAPELE ROAD, EFFURUN WARRI
183	DELTA	KWALE BRANCH	NO. 109, UMUSADEGE ROAD
184	DELTA	OLEH BRANCH	NO. 6, I.D.C ROAD OLEH
185	DELTA	SAPELE BRANCH	NO.2 COURT ROAD SAPELE
186	DELTA	UGHELLI BRANCH	NO. 2, POST OFFICE ROAD, UGHELLI
187	DELTA	WARRI BRANCH	NO. 10 WARRI-SAPELE ROAD

SN	STATE	BRANCH NAME	BRANCH ADDRESS
		SOUTH-SOUTH/SOUTH-EAST ZONE -continued	
179	DELTA	ABRAKA BRANCH	DELTA STATE UNIVERSITY ROAD,ABRAKA
180	DELTA	AGBOR BRANCH	OLD LAGOS-ASABA ROAD, AGBOR
181	DELTA	ASABA BRANCH	NO. 69 DENNIS OSADEBE ROAD, ASABA
182	DELTA	EFFURUN BRANCH	NO. 29, EFFURUN/ SAPELE ROAD, EFFURUN WARRI
183	DELTA	KWALE BRANCH	NO. 109, UMUSADEGE ROAD
184	DELTA	OLEH BRANCH	NO. 6, I.D.C ROAD OLEH
185	DELTA	SAPELE BRANCH	NO.2 COURT ROAD SAPELE
186	DELTA	UGHELLI BRANCH	NO. 2, POST OFFICE ROAD, UGHELLI
187	DELTA	WARRI BRANCH	NO. 10 WARRI-SAPELE ROAD
188	EDO	AFUZE BRANCH	NO. 26 AUCHI AFUZE ROAD, AFUZE
189	EDO	AUCHI BRANCH	NO. 1 OTARU ROAD, AUCHI.
190	EDO	MISSION ROAD BRANCH	NO. 69 MISSION ROAD, BENIN
191	EDO	NEW BENIN BRANCH	NO. 98, NEW LAGOS ROAD, NEW BENIN, BENIN CITY
192	EDO	UROMI BRANCH	NO. 15, MARKET ROAD, UROMI
193	EDO	IGARRA BRANCH	NO. 292 MOMODU AJAYI ROAD, IGARRA
194	EDO	UNIBEN BRANCH	UGBOWO CAMPUS, BESIDE BURSARY DEPARTMENT, UNIVERSITY OF BENIN, BENIN CITY
195	DELTA	OZORRO BRANCH	URUDE ROAD, OZORO
196	EDO	RING ROAD BRANCH	KINGS SQUARE BY AIR PORT ROAD, RING ROAD, BENIN CITY
197	EBONYI	ABAKALIKI BRANCH	NO. 30B, OGOJA ROAD,ALONG SAM EGWU WAY ABAKPA, ABAKALIKI
198	ABIA	FACTORY ROAD BRANCH	NO 7 FACTORY ROAD ABA
199	ANAMBRA	NIGER HOUSE BRANCH	NO. 1B BRIGHT STREET, OPPOSITE DE-YOUNG SHOPPING COMPLEX, ONITSHA
200	ANAMBRA	SGBN BUILDING BRANCH	NO. 38, NEW MARKET ROAD, NKPOR
201	ABIA	FAULKS ROAD BRANCH	NO. 185, FAULKS ROAD, ABA
202	ANAMBRA	NEW MARKET ROAD ONTISHA BRANCH	NO. 33 NEW MARKET ROAD, ONITSHA.
203	ABIA	UMUAHIA BRANCH	NO. 2 CLUB ROAD,UMUAHIA,ABIA
204	ANAMBRA	AWKA BRANCH	NO. 37, ZIK AVENUE, AWKA
205	ENUGU	ENUGU BRANCH	NO. 46, OGUI ROAD,ENUGU
206	IMO	OWERRI BRANCH	NO. 23 WETHERAL ROAD OWERRI
207	RIVERS	AZIKIWE ROAD BRANCH	NO. 3 AZIKIWE ROAD PORT HARCOURT
208	RIVERS	OMOKU BRANCH	NO. 171, AHOADA ROAD OMOKU RIVERS
209	RIVERS	WOJI BRANCH	NO. 46 WOJI ROAD, WOJI
210	RIVERS	OLD ABA ROAD BRANCH	NO. 28A OLD ABA ROAD, PORT HARCOURT
211	RIVERS	ABA ROAD 1 BRANCH	NO. 198A, ABA ROAD, OPPOSITE PRESIDENTIAL HOTEL RUMUOLA PORT-HACOURT
212	RIVERS	TRANS AMADI BRANCH	NO. 474, TRANS AMADI LAYOUT, PORT HARCOURT
213	RIVERS	OLU OBASANJO BRANCH	NO. 63A OLU OBASANJO ROAD PORT HARCOURT
214	RIVERS	ABA RD 2 BRANCH	NO. 112E, ABA ROAD 2, PORT HARCOURT
215	BAYELSA	YENEGOA BRANCH	NO. 552 CHIEF MELFOROAD OKILO WAY, EBIS JUNCTION, BIOGBOLO, YENAGOA.
216	RIVERS	ONNE BRANCH	EJAMAH, OPPOSITE TRAILER PARK, ONNE JUNCTION, ELEME
217	A\IBOM	IKOT EKPENE BRANCH	NO. 164 IKOT EPKENE ROAD UYO
218	A\IBOM	AKA ROAD BRANCH	NO. 26B, AKA ROAD UYO, AKWA IBOM
219	C \RIVER	CALABAR BRANCH	NO. 84 NDIDEM USANG ISO ROAD OPP MARIAN MARKET CALABAR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unity bank

Shareholder Information

Shareholders Complaint Management Policy of Unity Bank Plc

1. Scope

The Complaints Management Policy of Unity Bank details the manner, circumstances and major components of the management of complaints received from its shareholders in the Capital Market arising out of issues that are covered under the Investment and Securities Act, 2007. The components include the receipt, management and determination of all shareholder complaints. Unity Registrars has its own resolutions handling procedures and policies, which are not governed by this policy. The share registry may be contacted on the details provided in section 13 of this policy.

2. Terminology

Unless otherwise described in this policy, the following terms and definitions apply throughout this policy:

Unity Bank: Unity Bank Plc. which has ordinary shares quoted on the Nigerian Stock Exchange

SEC: Securities and Exchange Commission

SRO: Self-regulatory Organizations as defined

CMO: Capital Market Operators

APC: Administrative Proceedings Committee

ISA : Investment and Securities Act

Shareholder: Registered owner of ordinary shares in Unity Bank Plc

3. The Goal of this complaint management Policy is to:

- Provide efficient and easy access to shareholder information
- Provide an avenue for shareholders to channel their complaints.
- Recognize, promote and protect the shareholders' rights, including the right to comment and provide feedback on service.
- Provide an efficient, fair and accessible framework for resolving shareholders' complaints and monitoring feedback to improve service delivery.
- Enabling shareholders to have shareholder related matters acknowledged and addressed; and
- Provide staff with information about the shareholder feedback process.

4. Principles of complaint management

- Information on how and where to complain should be well publicized to shareholders, staff and other interested parties.
- Complaint management processes should be easily accessible to all complainants. The process should be easy to find, use and understand.

5. Objectives of the Unity Bank Policy

Unity Bank shall:

- Address each complaint in a timely, sensitive, fair, transparent, equitable, objective, professional and unbiased manner through the complaints handling process.
- Operate from the view that a shareholder who makes a complaint is entitled to a review of the issues raised and a considered response.

6. Nature of Complaint Channels

There are various channels though which Unity Bank shareholders can lay their complaints. All reported complaints in each channel must be consolidated for reporting purposes. The channels are:

- Shareholders Portal in line with CBN Code
- Investor Relations Department
- Unity Bank Contact Centre
- Unity Bank branch offices
- Letters to the Internal Audit Group
- Emails to bank's website
- Unity Registrars

7. Nature of Complaints

The possible categories of complaints are not exhaustive. However, they include the following:

- Unauthorized sale of shares
- Non-payment of proceeds of sale
- Non-verification of share certificates
- Refusal to transfer a client's account to other Dealing Members as requested
- Unauthorized transfer of a client's account to another Dealing Member
- Guaranteed return investments
- Fund / Portfolio management
- Non-payment of dividend
- Non receipt of Share Certificates

8. Process Flow

8.1 Process and Record Complaints:

Upon receipt of a complaint from a shareholder, the Customer Care Department will record enquiries and complain including details about the enquiry or complaint to assist in the thorough investigation of the matter.

Information recorded may include recording all or some of the following information:

- The date and time that the enquiry or complaint was received
- Name of the shareholder

- Shareholder Reference Number (SRN) or Holder Identification Number (HIN)
- Telephone number or other contact details
- Nature of enquiry or complaint
- What the shareholder is seeking
- Whether there is any cost associated
- Action taken

8.2 The Customer Care Department will:

- Log in the complaint and any relevant data.
- Categorize it for resolution and record-keeping. Categories must be clearly defined and exclusive of one another.
- Assign the complaint to a staff member for handling.
- Forward the complaint to another level of authority, if appropriate.

8.3 Acknowledge Complaint

Unity Bank understands that Shareholders do not register complaints with only a casual interest in their disposition. A complaint involves some inconvenience and, possibly, expense. Loyal shareholders with strong feelings are often involved.

Therefore Unity Bank will:

- Personalize the response.
- Talk to the shareholder, if possible, by phone or in person.
- Use letters when necessary, but avoid impersonal form letters.
- Take extra time, if need be, to help shareholders with special needs, such as language barriers. All these are to be done within 7 days of receipt of complaint.

8.4 Resolve the Problem in a Manner Consistent with the Bank's Policy

- Forward the complaint to the appropriate level of authority for resolution.
- Keep the shareholder informed through progress reports.
- Notify the shareholder promptly of a proposed settlement.

8.5 Investigation of complaint

During the course of investigating a shareholder's enquiry, complaint or feedback, Unity Bank will liaise with Unity Registrars. If necessary, Unity Bank's engagement with the share registry will include:

- Determining the facts
- Determining what action has been undertaken by the share registry (if any)
- Coordinating a response with the assistance of the share registry.
- Keep records in the complaint file of all meetings, conversations or Findings

8.6 Follow-Up

- Find out if the shareholder is satisfied with the resolution, and ensure that it was carried out?
- Refer the complaint to a third-party dispute-resolution mechanism, if necessary.
- Cooperate with the third-party.

8.7 Prepare and file a report on the disposition of the Complaint, and periodically analyse and summarize Complaints

- Circulate complaint statistics and action proposals to appropriate departments.
- Develop an action plan for complaint prevention.
- Make sure the shareholder viewpoint is given appropriate consideration in company decision making.

CHANNEL	BANK COMMUNICATION	ACTION SHAREHOLDERS CAN TAKE
Branches	The Bank will have provided a complaint management system. Shareholders are immediately given confirmation that his/her complaint has been received, logged and will be resolved by x date based on the SLA for each complaint type.	Call or visit a branch in person. Fill in a shareholder feedback card available in all branches.
Unity Bank Contact centre	Provide the complaint at the point.	Call hotline 07080666000
Website	Email shareholder and acknowledge receipt of complaint	Visit www.unitybankng.com
Email	Email shareholder and acknowledge receipt of complaint	Email to we_care@unitybankng.com, customercare@unitybankng.com
Letter	Logger to call shareholder and acknowledge receipt of complaint	

9. Sources for Information.

Shareholders need to know where and how to file complaints or make inquiries. This is available on Unity Bank's website www.unitybankng.com (www.unitybankng.com/rightissues/).

The shareholders can also get information regarding the following on the website:

- Current Financials
- Historical Bank Performance
- Dividend history;
- Dividend Reinvestment Plan information;
- Bonus Issue if any
- Calendar of key dates;
- Useful shareholder forms;
- Frequently asked questions; and
- Capital

Shareholders who wish to make an enquiry or complaint about their shares should initially contact Unity Bank Registrars located at 25, Ogunlana Drive, Surulere, Lagos or the Company Secretariat Department of the Bank located at the Head Office Unity Bank Plc Plot 785, Herbert Macaulay Way Central Business District, Abuja. The share registry manages the bank's Shareholders Register:

- Shareholder name(s)
- Shareholder's holding in the Bank
- Shareholder address, Phone number, email address
- Whether information is sent to shareholders by email or post
- Whether shareholders wish to receive the annual report by e-mail or post
- Dividend payment instructions.

10. Third party dispute resolution

If complaints cannot be resolved directly between:

- the Bank's shareholder and CMO
- operators in the capital market
- Complaints against regulators and Self-Regulatory Organization(SRO)
- Complaints against Operators by SROs and regulators

The parties involved can be referred to a third-party dispute resolution. Third party mechanisms use the services of unbiased regulatory bodies or panels to resolve disputes through conciliation, mediation and arbitration.

1. **Conciliation:**
   A neutral conciliator brings the parties together and encourages them to find a mutually acceptable resolution to the dispute.

2. **Mediation:**
   A neutral mediator becomes actively involved in negotiations between the parties. The mediator can propose a resolution, but cannot dictate a settlement of the dispute.

3. **Arbitration:**
   An independent regulatory body or panel hears the facts on both sides of a dispute and reaches a decision. Usually both parties have previously agreed to abide by the decision, but in some systems, only the business agrees in advance to abide by the outcome of the arbitration.

MOHAMMED SHEHU
Secretary

TOMI SOMEFUN
Managing Director/CEO

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of UNITY BANK PLC will be held on December 17, 2018 at 11.00am at Ibom Hotel & Golf Resort, Nwaniba Road, Uyo, Akwa Ibom State to transact the following:

ORDINARY BUSINESS

1. To receive the audited accounts for the year ended 31st December, 2017 together with the reports of the Directors, Auditors and Audit Committee thereon.
2. To elect/re-elect Director(s).
3. To authorize the Director(s) to fix the remuneration of the Auditors.
4. To elect Members to the Audit Committee.

SPECIAL BUSINESS

1. To approve the remuneration of Directors

PROXY

A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not also be a member. A proxy form is attached at the end of the financial statements.

All instruments of proxy must be duly stamped at the Stamp Duties Office and deposited at the registered office of the Company or the office of the Registrar, 25 Ogunlana Drive, Surulere, Lagos, not later than 48 hours before the date of the Meeting.

Dated this 23rd day of November, 2018
By order of the Board

Mohammed Shehu
FRC/2017/NBA/00000016416
Company Secretary
42 Ahmed Onibudo Street,
Victoria Island, Lagos

NOTES:

1. **Closure of Register of Members**
The Register of Members shall be closed from December 10, 2018 to December 14, 2018 (both dates inclusive).

2. **Audit Committee**
In accordance with Section 359 (5) of the Companies & Allied Matters Act, 2004, any shareholder may nominate a shareholder for appointment to the Audit Committee. Such nomination should be in writing and must reach the Company Secretary not less than 21 days before the Annual General Meeting.

In line with the provisions of the SEC and CBN Codes of Corporate Governance, some members of the Committee must be knowledgeable in Internal Control processes. Also, in accordance with the requirements of the FRC Code, the Chairman of the Statutory Audit Committee must be a professional member of an accounting body established by an Act of the National Assembly.

Accordingly, all nominations should be accompanied by a copy of the nominees detailed CV revealing the nominee's qualification.

3. **Biographical details of Directors for Re-election/Election.**
Profiles of the Directors standing for election or re-election are provided in the Annual report.

4. **E-Annual Report**
Shareholders are hereby informed that the electronic version of the Annual Report is available at www.unitybankng.com, those who have provided their addresses will receive the electronic version of the Annual report via e-mail.

5. **Unclaimed Dividend Warrants**
Shareholders are kindly informed that the list of unclaimed dividend can be accessed at the Registrar's office or vide the Company's website www.unitybankng.com

6. **Right of Shareholders 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 should be submitted to the Company Secretary, Unity Bank Plc, 42 Ahmed Onibudo Street, Victoria Island, Lagos not later than 7 days prior to the date of the meeting.

PROXY FORM

Twelfth Annual General Meeting to be held on Monday, December 17, 2018 at Ibom Hotel & Golf Resort, Nwaniba Road, Uyo, Akwa Ibom State at 11.00am.

We……..............................…
(Name of Shareholder in block letters)

The undersigned, being member/members of Unity Bank Plc hereby appoint………..or failing him ALH. AMINU BABANGIDA, or failing him MRS. TOMI SOMEFUN, as my/our proxy to act and vote for me/us and on my/our behalf at the 12th Annual General Meeting of the Bank to be held on Monday, December 17, 2018 at 11.00 a.m. and at any adjournment thereof.

As witness my/our hand this…….day of ......2018.

Signed:……………………………….

NOTE:
A member to attend and vote at the General Meeting is entitled to appoint a proxy in his stead. All proxy forms should be deposited at the Office of the Registrar, Unity Registrars Limited, 25 Ogunlana Drive, Surulere, Lagos not less than 48 hours before the time for holding the meeting. A proxy need not be a member of the company.

In the case of joint shareholders, any one of such may complete the form but the name of all joint shareholders must be stated.

It is required by law under the Stamp Duties Act, Cap 41 Law of the Federation of Nigeria1990, that any adjustment of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must bear Stamp Duty at the appropriate rate, not adhesive postage stamps.

If the shareholder is a corporation, this form must be under its common seal or under the hand of some officers or attorney duly authorised in that behalf.

		ORDINARY BUSINESS		FOR	AGAINST
I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside (Strike out whichever is not desired).	1	To receive the audited accounts for the year ended 31st December, 2017 together with the reports of the Directors, Auditors and Audit Committee thereon.			
	2	To authorize the Directors to fix the remuneration of the Auditors;			
	3	To elect Directors :			
			i. Hafiz M. Bashir		
			ii. Usman Abdulqadir		
			iii. Ebenezer Kolawole		
	4	To re-elect retiring Directors			
			i. Oluwafunsho Obasanjo		
			ii. Yabawa Lawan Wabi		
			iii. Sam N. Okagbue		
	5	To elect members of the Audit Committee.			
	Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolution set out above. Unless otherwise instructed, the proxy votes or abstains from voting at his/her discretion.				

ADMISSION CARD

Twelfth Unity Bank Plc Annual General Meeting

PLEASE ADMIT ONLY THE SHAREHOLDERS NAMED ON THIS CARD OR HIS DULY APPOINTED PROXY TO THE **TWELFTH ANNUAL GENERAL MEETING** BEING HELD AT **IBOM HOTEL & GOLF RESORT, NWANIBA ROAD, UYO, AKWA IBOM STATE** ON **MONDAY, DECEMBER 17, 2018**

NAME OF SHAREHOLDERS/PROXY

SIGNATURE

ADDRESS

THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRAR.

Affix
Current
Passport
(To be stamped by Bankers)

Write your name at the back of your passport photograph

Unity Registrars Ltd.
RC. 346100

Only Clearing Banks are acceptable

Instruction
Please complete all section of this form to make it eligible for processing and return to the address below

The Registrar,
Unity Registrars Limited
25 Ogunlana Drive,
Surulere,Lagos
Lagos State.

I\We hereby request that henceforth, all my\our Dividend Payment(s) due to me\us from my\our holdings in all the companies ticked at the right hand columnbe credited directly to my\our bank detailed below:

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname / Company's Name First Name Other Names

Address:

City State Country

Previous Address (If any)

CHN (If any)

Mobile Telephone 1 Mobile Telephone 2

Email Address

Signature(s) Company Seal (If applicable)

Joint\Company's Signatories

TICK	NAME OF COMPANY	REGISTRARS ACCOUNT NO
	AFROIL PLC	
	BGL PLC	
	CARANDA MANAGEMENT SERV. LTD	
	DVCF OIL & GAS FUND	
	DVCF OIL & GAS PLC	
	LOTUS CAPITAL HALAL FUND	
	NORTHLINK BROKERS PLC	
	PELICAN PRINTS LIMITED	
	ROKANA PLC	
	UNITY BANK PLC	
	UNITY REGISTRARS LTD	
	UNITYKAPITAL ASSURANCE PLC	