



# **UNITY BANK PLC**

**Audited Financial Statements  
for the year ended 31 December 2018**

**Index to the financial statements**  
**For the year ended 31 December 2018**

<b>Note</b>	<b>Page</b>	<b>Note</b>	<b>Page</b>
Corporate Information	2	5 Segment Information	46
Directors' Report	3 - 7	6 Interest and Similar Income	48
Corporate Governance	8 - 19	7 Interest and Similar Expense	48
Statement of Directors' Responsibility	20	8 Net Trading Income	48
Audit Committee Report	21	9 Net Fees and Commission Income	48
Auditor's Report	22 - 23	10 Net Income from Financial Instrument at Fair Value through Profit or Loss	48
Statements of Profit or loss	24	11 Other Operating Income	49
Statements of Comprehensive Income	25	12 Other Impairment Losses	49
Statements of Financial Position	26	13 Personnel Expenses	49
Statements of Changes in Equity	27	14 Other Operating Expenses	49
Statement of Cash Flows	28	15 Income tax Expense	50
Statement of Prudential Adjustments	29	16 Earnings Per Share	50
		17 Cash and Balances with Central Bank	51
Notes to the Financial Statements		18 Due from Banks	51
General information		19 Loans and Advances to Customers	52 - 55
1. Corporate Information	30	20 Financial Investments	56 - 57
2. Basis of preparation	30	21 Other Assets	57
Statement of compliance	30	22 Property and equipment	58
Presentation of financial statements	30	23 Goodwill and Other Intangible Assets	59
3. Significant accounting judgments, estimates and assumptions	30	24 Deferred taxes	60
Going concern	31	25 Non Current Assets held for Sale	60
Fair value of financial instruments	31	26 Due to Other Banks	60 - 61
Impairment losses on loans and advances	31	27 Due to Customers	61
4. Summary of significant accounting policies		28 Debt Issued and Other Borrowed Funds	62
4.2. Financial instruments – initial recognition and subsequent measurement	32	29 Current Tax Liabilities	62
4.3. Derecognition of financial assets and financial liabilities	35	30 Other Liabilities	63
4.4. Repurchase and reverse repurchase agreements	36	31 Employee Benefit Liabilities	63
4.5. Determination of fair value	36	32 Share Capital	63
4.6. Impairment of financial assets	37	33 Other Reserves	64
4.7. Offsetting financial instruments	39	34 Additional Cash Flow Information	64
4.8. Leasing	39	35-37 Fair Value of Financial Instruments	65 - 68
4.9. Recognition of income and expenses	39	39 Lease Agreements	70
4.10. Cash and cash equivalents	40	40 Going Concern	70
4.11. Property, Plant and Equipment	40	41 Capital	71
4.12. Business combinations and goodwill	41	42 Maturity Profile of Assets and Liabilities	73
4.13. Intangible assets	41	43 Maturity profile of Contingents	75
4.14. Impairment of non-financial assets	42	44 Concentrations of Risks: Financial Instruments	76-77
4.15. Financial guarantees	42	45 Interest rate Risks	78
4.16. Pension benefits	43	46 Customer Complaints Data	79
17. Provisions	43	47 Employees and Directors	79
18. Taxes	43	48 Related Party Disclosures	80-83
19. Fiduciary assets	44	49 Remuneration Paid to Non Executive Directors	84
20. Dividends on ordinary shares	44	50 Reconciliation of Profit before tax to cash generated for Operations	84
21. Equity reserves	44	<b>OTHER FINANCIAL INFORMATION</b>	
22. Segment reporting	45	Value added statement	86
23. Non Current Assets Held for Sale	45	Five year Financial summary	87

## CORPORATE INFORMATION

**Company's Registered Number** 94524

### Directors

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

**Company Secretary** Mohammed Shehu

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

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

**Tax Advisors** Ijewerre & Co  
(Chartered Tax Advisory)  
Itoya House  
P. O Box 8713  
Lagos, Nigeria

**Registrar and Transfer office** Unity Registrars Limited  
25 Ogunlana Drive  
Surulere  
Lagos

**DIRECTOR'S REPORT**  
**For the year ended 31 December 2018**

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

**a. Representation**

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

**b. Legal Form**

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

**c. Principal Activity**

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

**d. Business Review and Future Development**

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

**e. Fixed Assets**

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

**f. Operating Results**

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

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

**g. Director's shareholding**

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

Directors holdings	31-Dec 2018			31-Dec 2017		
	Direct Holdings	Indirect Holdings	%	Direct Holdings	Indirect Holdings	%
Aminu Babangida <sup>1</sup>	NIL	615,889,636	5.54	NIL	615,889,636	5.54
Oluwafunsho Obasanjo <sup>2</sup>	NIL	926,104,410	7.92	NIL	926,104,410	7.92
Hafiz Mohammed Bashir*	510,000	NIL	NIL	NIL	NIL	NIL
Sam N. Okagbue	NIL	NIL	-	NIL	NIL	-

## DIRECTOR'S REPORT

For the year ended 31 December 2018

Directors holdings	31-Dec			31-Dec		
	2018			2017		
Name Of Directors	Direct Holdings	Indirect Holdings	%	Direct Holdings	Indirect Holdings	%
Yabawa Lawan Wabi <sup>3</sup>	NIL	4,002,291,385	34.24	NIL	4,002,291,385	34.24
Tomi Somefun	NIL	NIL	-	NIL	NIL	-
Temisan Tuedor	NIL	NIL	-	NIL	NIL	-
Ebenezer Kolawole	NIL	NIL	-	NIL	NIL	-
Usman Abdulqadir	NIL	NIL	-	NIL	NIL	-

<sup>1</sup> El-Amin Nig. Limited. And B-Sha Limited

<sup>2</sup> Tempo Food & Packing Limited, Obasanjo Holdings, Alarab Properties Limited, Agro Mixed Nigeria Limited, Ibad Limited

<sup>3</sup> Asset Management Corporation of Nigeria

### h. Directors Interest in contracts

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

### i. Shareholding Analysis

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

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

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
<b>TOTAL</b>	<b>85,438</b>	<b>11,689,337,942</b>

### j. Substantial interest in shares

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

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

## DIRECTOR'S REPORT

### For the year ended 31 December 2018

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	4,002,291,385	34.24%
PANAFRICAN CAPITAL NOMINEE	1,480,614,483	12.67%
THOMAS A. ETUH	1,053,199,290	9.01%
IBAD LIMITED	717,722,190	6.14%
EL-AMIN (NIG.) LTD	615,889,636	5.27%
<b>TOTAL</b>	<b>7,869,716,984</b>	<b>67.33%</b>

#### k. Acquisition of own shares

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

#### l. Corporate Social Responsibility (CSR)

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

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

#### 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 competitiveness and in its expansion plans.

#### n. Human Resources

##### Commitment to Equal Employment Opportunity

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

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

##### (a) Analysis of total employees

	31 DECEMBER 2018		31 DECEMBER 2017	
	Number	Percentage	Number	Percentage
Employees				
Male	1,122	65%	1,172	65%
Female	612	35%	636	35%
	<b>1,734</b>	<b>100%</b>	<b>1,808</b>	<b>100%</b>

##### (b) Analysis of Board and top management staff

	31 DECEMBER 2018		31 DECEMBER 2017	
	Number	Percentage	Number	Percentage
i Board members (Executive and non-executive Directors)				
Male	6	67%	3	87%
Female	3	33%	4	13%
	<b>9</b>	<b>100%</b>	<b>7</b>	<b>100%</b>

**DIRECTOR'S REPORT**

For the year ended 31 December 2018

## ii Top Management staff (AGM-GM)

	31 DECEMBER 2018		31 DECEMBER 2017	
	Number	Percentage	Number	Percentage
Male	16	89%	18	90%
Female	2	11%	2	10%
	<b>18</b>	<b>100%</b>	<b>20</b>	<b>100%</b>

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

	31 DECEMBER 2018					
	Male		Female		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Assistant General Managers	8	89%	1	11%	9	100%
Deputy General Managers	7	88%	1	13%	8	100%
General Managers	1	100%	0	0%	1	100%
Board Members (Non-Executive Directors)	3	60%	2	40%	5	100%
Board Members (EDs ex MD/CEO)	3	100%	0	0%	3	100%
Managing Director/CEO	0	0%	1	100%	1	100%
	<b>22</b>		<b>5</b>		<b>27</b>	
	31 DECEMBER 2017					
	Male		Female		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
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%
	<b>21</b>		<b>6</b>		<b>27</b>	

**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.

## DIRECTOR'S REPORT

For the year ended 31 December 2018

### p. Statutory Audit Committee

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

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

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

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

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

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

### r. Auditors

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

BY ORDER OF THE BOARD



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

Dated this 8th day of February 2019

## **CORPORATE GOVERNANCE REPORT**

### **For the year ended 31 December 2018**

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

#### **COMPLIANCE STATUS**

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

#### **STATUTORY BODIES**

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

#### **SHAREHOLDERS' MEETING**

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

#### **OWNERSHIP STRUCTURE**

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

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

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

#### **BOARD OF DIRECTORS**

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

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

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

**CORPORATE GOVERNANCE REPORT**  
**For the year ended 31 December 2018**

**MEMBERSHIP OF THE BOARD OF DIRECTORS**

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

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

**STANDING BOARD COMMITTEES**

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

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

**BOARD RISK MANAGEMENT AND AUDIT COMMITTEE**

The Board Risk Management & Audit committee has oversight 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.

## CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2018

- 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)	Oluwafunsho Obasanjo (Non-Executive Director)	Member
3)	Yabawa Lawan Wabi, mni (Non-Executive Director)	Member
4)	Hafiz Mohammed Bashir (Non-Executive Director)	Member
5)	Managing Director/CEO	Member
6)	ED, Corporate Planning & Compliance	Member
7)	ED, Finance & Operations	Member

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

### BOARD CREDIT COMMITTEE

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

### ROLES

The Role of the Committee is:

- i. Oversee Management's establishment of policies and guidelines, to be adopted by the Board
- ii. Articulating the Bank's tolerances with respect to credit risk, and overseeing Management's administration of, and compliance with, these policies and guidelines.
- iii. Oversee Management's establishment of appropriate systems (including policies, procedures, management and credit risk stress testing) that support measurement and control of credit risk.
- iv. Periodic review of Management's strategies, policies and procedures for managing credit risk, including credit quality administration, underwriting standards and the establishment and testing of provisioning for credit losses.
- v. Overseeing the administration of the Bank's credit portfolio, including Management's responses to trends in credit risk, credit concentration and asset quality.
- vi. Coordinate as appropriate its oversight of credit risk with the Board Risk Management Committee in order to assist the Committee in its task of overseeing the Bank's overall management and handling of risk.
- vii. Evaluate and or approve all credits beyond the powers of the Executive Management.
- viii. Ensure that a qualitative and profitable Credit Portfolio exist for the Bank.
- ix. Evaluate and recommend to the Board all credits beyond the Committee's powers.
- x. Review of credit portfolio within its limit in line with set objectives.
- xi. Review of classification of credit advances of the Bank based on prudential guidelines on quarterly basis.
- xii. Approving the restructuring and rescheduling of credit facilities within its powers;
- xiii. Write-off and grant of waivers within powers delegated by the Board;
- xiv. Review and monitor the recovery of non-performing insider related loans.

**CORPORATE GOVERNANCE REPORT**  
**For the year ended 31 December 2018**

**MEMBERSHIP**

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

i.	Oluwafunsho Obasanjo (Non Executive Director)	Chairman
ii.	Sam N. Okagbue (Independent Director)	Member
iii.	Yabawa Lawan Wabi, mni (Non Executive Director)	Member
iv.	Hafiz Mohammed Bashir (Non Executive Director)	Member
v.	Managing Director/CEO	Member
vi.	ED, Corporate Planning & Compliance	Member
vii.	ED, South Bank	Member

**BOARD FINANCE AND GENERAL PURPOSE COMMITTEE**

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

- 1 Periodic review of the Bank's Strategic Plans inclusive of required Organisational Structure to drive the plans;
- 2 Review of the Bank's Annual Budget and on quarterly basis, Budget variances.
- 3 Measuring actual performance against budget by reviewing Management accounts and operating results
- 4 Hire, Fire and Promote staff of Principal Manager grade and recommendations on such issues of staff on grades of AGM and above to the Board;
- 5 Monitor compensation arrangements to ensure that the Bank is attracting and retaining highly qualified staff through competitive salary and benefits, programmes and awards;
- 6 Review long range planning for Top and Senior Management development and succession;
- 7 Review the recommendation of Management for the total size and distribution of the Annual incentive Bonus and approve such amounts or recommend to the Board.

**MEMBERSHIP**

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

1	Hafiz Mohammed Bashir	Chairman
2	Oluwafunsho Obasanjo	Member
3	Sam N. Okagbue	Member
4	Yabawa Lawan Wabi, mni	Member
5	Managing Director/CEO	Member
6	ED, Finance & Operations	Member
7	ED, South Bank	Member

**BOARD GOVERNANCE & NOMINATIONS COMMITTEE (BG&NC)**

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

**Functions**

- The Committee shall consider matters relating to the composition of the Board and Board Committees.
- The Committee shall handle matters relating to Board remunerations and appointment.
- The Committee shall determine the remuneration, incentive arrangements and benefits of the Chairman of the Board.
- The Committee shall determine the incentive arrangements and benefits of the Executive and Non-Executive Directors of the Bank within the limits imposed by Regulatory Authorities.
- The Committee shall determine the remuneration of executive Directors.
- Review and submit to the full Board, recommendations concerning renewal of Executive Directors' contract, their compensation plans and perquisites and ensure that their packages are competitive.

**CORPORATE GOVERNANCE REPORT**  
**For the year ended 31 December 2018**

- The Committee shall recommend any proposed change(s) to the Board.
- The Committee shall keep under review the need for appointments and prepare a description of the specific experience and abilities needed for each Board appointment, consider candidates for appointment as either Executive or Non-Executive Directors and recommend such Appointments to the Board.
- Review the tenor of Non-Executive Directors on the Board and Board Committee assignments and other commitments to the Bank.
- Recommend to the Board renewal of appointment of Executive/Non Executive Directors at the end of their 1st and 2nd term of office based on the outcome of review of Directors performance.
- Advise the Board on succession planning regarding the roles of the Chairman, Chief Executive Officer and Executive Directors.
- Advise the Board on the contents of the Directors Annual Remuneration Report to shareholders.
  
- To obtain outside or other independent professional advice from third parties with relevant experience in connection with the matters within the Committee's Terms of Reference and establish the selection criteria and to select, appoint and set the terms of payment for any "Remuneration Consultant" engaged by the Committee to advise it.
- To consider and decide on such matters as the Board may refer to it.
- To establish the criteria for Board and Board Committee Memberships.
- To review candidates' qualifications and any potential conflict of interest.
- To assess the contribution of Directors in connection with their re-nomination and make recommendations to the Board.
- To prepare a job specification for the Chairman's position, including an assessment of time commitment required of the candidate;
- To periodically evaluate the skills, knowledge and experience required on the Board
- Removal, Operating Structure, Reporting and other Committee Operational matters;
- To provide input to the Annual Report of the Bank in respect of Directors' compensation;
- To ensure that the Board evaluates itself on an Annual basis;
  
- To review and make recommendations to the Board for approval of the Bank's organizational structure and any proposed amendments.
- Establish and maintain remuneration, recruitment, retention, incentive and termination policies and practices for Senior Management Staff in line with best practice and the highest standard of Corporate Governance.
- The remuneration policies of the Bank in general.
- Recommending to the Board policies and processes for effective and dynamic leadership and governance.
- Advising and recommending board education, training, retreats, and orientation for new members.
- Ensuring that the Bank maintains remuneration and incentive policies and practices that are competitive, fair, and in line with best practice in order to attract and retain good hands.
  
- Recommend a Board succession plan to allow for orderly and smooth succession on the Board.
- The Committee shall ensure that the remuneration of Executives and Board members align with the long term interest of the Bank and its shareholders.
  
- The Committee shall ensure that the level of remunerations is sufficient to attract, retain and motivate executive officers of the Bank which shall be balanced against the Bank's interest in not paying excessive remuneration.

**CORPORATE GOVERNANCE REPORT**  
**For the year ended 31 December 2018**

**MEMBERSHIP**

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

· Yabawa Lawan Wabi, mni	Chairman
· Oluwafunsho Obasanjo	Member
· Sam N. Okagbue	Member
· Hafiz Mohammed Bashir	Member

**STATUTORY AUDIT COMMITTEE**

The Statutory audit committee has oversight 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 reference.

**Financial Statement**

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

**Internal Audit**

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

## CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2018

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

### REMUNERATION OF DIRECTORS

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

### ATTENDANCE OF BOARD AND COMMITTEE MEETINGS

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

**CORPORATE GOVERNANCE REPORT**  
**For the year ended 31 December 2018**

**BOARD MEETING DATES AND ATTENDANCE OF DIRECTORS FOR 2018:**

	Board	Board Credit Committee	Board Risk management & Audit Committee	Board Governance & Nomination Committee	Statutory Audit Committee	Board Finance and General Purpose Committee
<b>Date of Meetings</b>	25-Jan-18 21-Feb-18 28-Jun-18 20-Sep-18 23-Nov-18	20-Feb-18 26-Jun-18 18-Sep-18 21-Nov-18	20-Feb-18 26-Mar-18 25-Jun-18 17-Sep-18 19-Nov-18	24-Jan-18 27-Jun-18	20-Feb-18 26-Mar-18 25-Jun-18 17-Sep-18 19-Nov-18	21-Feb-18 26-Jun-18 9-Jul-18 19-Sep-18 21-Nov-18
<b>Number of Meetings</b>	5	4	5	2	5	5
Mr. Aminu Babangida	5	N/A	N/A	N/A	N/A	N/A
Oluwafunsho Obasanjo	5	4	5	2	5	5
Sam N. Okagbue	5	4	5	2	5	5
Yabawan Lawan Wabi, mni	5	4	5	2	5	5
Hafiz Mohammed Bashir	5	4	4	2	N/A	5
Tomi Somefun	4	4	4	N/A	N/A	4
Temisan Tuedor <sup>^</sup>	5	4	2	N/A	N/A	4
Ebenezer A. Kolawole*~	3	N/A	3	N/A	N/A	4
Usman Abdulquadir**	3	3	3	N/A	N/A	N/A

\* Joined the board in February 2018

\*\*joined the board in April 2018

<sup>^</sup> Ceased to be a member of the Board Risk Management and Audit Committee in May 2018

~ Became members of the Board Risk Management & Audit Committee in June 2018

**INTERNAL AUDIT**

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

## CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2018

### FUNCTIONS OF THE COMMITTEE

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

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

### ASSETS AND LIABILITY COMMITTEE (ALCO)

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

### MEMBERSHIP

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

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

## CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2018

### FUNCTIONS OF THE ASSETS AND LIABILITY COMMITTEE

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

### MANAGEMENT IT STEERING COMMITTEE

Membership of the Management IT Steering Committee is as follows:

Chairman:	Group Head, IT & Operations Directorate
Members:	Executive Director, Finance & Operations
	Executive Director, Corporate planning & Compliance.
	Head, Lagos & West
	Head, Abuja & Central
	Head, Information Technology
	DH, Risk Management
	Group Head, Internal Control
	Group Head, Internal Audit
Secretary:	Information Technology Department

### FUNCTIONS OF THE MANAGEMENT IT STEERING COMMITTEE ARE AS FOLLOWS:

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

### MANAGEMENT CREDIT COMMITTEE

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

### MEMBERSHIP

The Committee has the following membership:

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

**CORPORATE GOVERNANCE REPORT**  
**For the year ended 31 December 2018**

**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 2018**

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:

- i. Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act;
- ii. Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- iii. Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, 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 2018 was approved by the Directors on the 8th February 2019.

On behalf of Directors of the Bank;

  
Tomi Somefun  
Managing Director/CEO  
FRC/2013/ICAN/0000002231

  
Aminu Babangida  
Chairman  
FRC/2018/IODN/00000018507

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

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

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

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

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

Dated this 8th day of February 2019



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

**Members of the Audit Committee**

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



# Ahmed Zakari & Co.

(CHARTERED ACCOUNTANTS)

## REPORT OF THE AUDITORS TO THE MEMBERS OF UNITY BANK PLC

### Opinion

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

### Basis of opinion

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

### Material uncertainty related to going concern

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

### Key Audit Matters

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

#### Area of focus

##### Recapitalisation activity

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

The capital raising activity is a key audit matter as its success is expected to reverse the Bank's negative shareholders' funds and capital adequacy ratios and to provide assurance on the Bank's ability to carry on operations as a going concern. It is also expected to provide trading funds to strategically reposition the Bank in the industry and improve its capacity to operate sustainably. A number of potential investors have indicated interests in participating significantly in the Bank's equity. Some have concluded their due diligence on the Bank and are at various stages of negotiation. Disclosures on the recapitalization activity are on note 41a.

#### Procedures

We performed the following procedures to address this matter:

- Examined Board resolutions authorising the recapitalisation activity.
- Examined letter from CBN mandating the Bank to recapitalise.
- Reviewed investors' letters of intent.
- Reviewed agreed actions and activity timelines with prospective investors and extent of implementation
- Examined correspondences indicative of the CBN's continuous support to the Bank with regards its recapitalization activity.
- Examined correspondences with prioritised potential investors indicative of continued interest of the investors in investing in Unity Bank Plc.

### **Area of focus**

#### **Impairment of loans and advances**

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

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

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

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

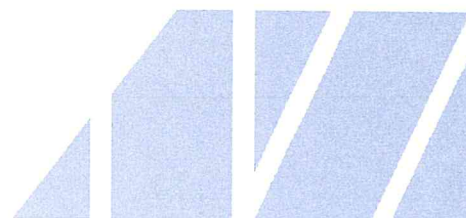
*Stage 2:* Loans and advances in this class are those where there has been significant increase in credit risk since the initial recognition of the loan, but do not have an objective evidence of impairment. Lifetime ECL calculations are required for this class, that is based on the probability defaulting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

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

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

### **Procedures**

- We reviewed the Bank's governance policies and internal controls over the implementation of appropriate credit risk practices and that the determination of impairment allowances is in accordance with its stated policies.
- We reviewed internal controls around the impairment model and over the critical sources of external information upon which the model is based and the design and operating effectiveness of key controls related to the ECL impairment Model including:
  - Assessing users' understanding of the workings of the model.
  - Evaluating the relevance of the model to the calculation of impairment allowances under IFRS 9.
  - Implementation of controls to guard against unauthorised changes to variables applied in the model.
- We assessed for management's bias and as well as whether the accounting policies on an overall basis are in accordance with the requirements of IFRS 9.
- We evaluated input data applied in the model which comprise historical financial information by verifying to sources within and outside the Bank, assessing their relevance to the objectives of the model and assessing the reasonability of management's judgements and assumptions in applying the variables in the calculation of impairment allowances on loans and advances.
- Evaluated management's assumptions and basis for identifying and assessing increase in significant credit risk at the reporting date.



### **Other information**

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

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

### **Directors' responsibilities for the financial statements**

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

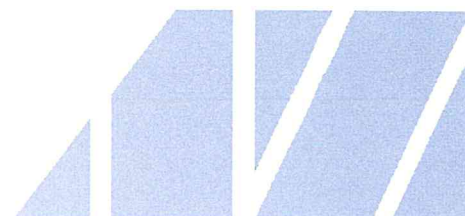
In preparing the financial statements, the Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Bank or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

### **Auditors' responsibilities for the financial statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identified during our audit. We also provide the Audit Committee with a statement that We have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

#### **Report on Other Legal and Regulatory Matters**

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

In our opinion proper books of account have been kept by the Bank. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of the audit. The Bank's statements of financial position and comprehensive income are in agreement with the books of account.



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

- i) Our examination of loans and advances was carried out in accordance with Prudential Guidelines for Deposit Money Banks and Transitional Guidelines for IFRS 9 implementation issued by the Central Bank of Nigeria and in accordance with the International Financial Reporting Standards.
- ii) Related party transactions and balances are disclosed in note 48 to the financial statements in accordance with the Central Bank of Nigeria Circular BSD/1/2004.
- iii) The Bank contravened the requirements of some Circulars of the Central Bank of Nigeria during the financial year. Details of these are in note 52 to the financial statements.

*Wazir Olukayode Lawal*

**Wazir Olukayode Lawal, FCA**  
FRC/2013/ICAN/0000000748  
For: Ahmed Zakari & Co.  
(Chartered Accountants)  
5<sup>th</sup> Floor, African Alliance House  
F1 Sani Abacha Way  
Kano

*8 February 2019*



# UNITY BANK PLC

## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2018

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

# UNITY BANK PLC

## STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

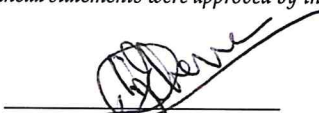
	Notes	2018 N'000	2017 N'000
Profit for the year		1,269,435	(14,917,938)
<b>Other comprehensive income</b>			
Fair value (Loss)/gain on financial investment	33	(620,023)	1,093,424
Other comprehensive income for the year, net of tax		(620,023)	1,093,424
Total comprehensive income for the year, net of tax		649,412	(13,824,514)

# UNITY BANK PLC

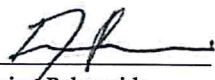
## STATEMENT OF FINANCIAL POSITION

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

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

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

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

  
Aminu Babangida  
Chairman  
FRC/2018/IODN/00000018507

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

UNITY BANK PLC  
STATEMENT OF CHANGES IN EQUITY  
AS AT 31 DECEMBER 2018

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

**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 its issued capital by issuing one new share for every ten previously held.

# UNITY BANK PLC

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

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

Note 34

# UNITY BANK PLC

## STATEMENT OF PRUDENTIAL ADJUSTMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

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

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

(ii) Prudential Provisions is less than IFRS provisions; IFRS determined provision is charged to the statement of comprehensive income. The cumulative balance in the regulatory risk reserve 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:

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

**UNITYBANK PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**1. Corporate Information**

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

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

**2. Basis of preparation**

**Going Concern**

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

**Statement of compliance**

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

**Presentation of financial statements**

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

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

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

**New and Amended standards and Interpretations**

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

• **IFRS 15 - Revenue from Contracts with Customers**

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

**UNITYBANK PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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 standard also specifies a comprehensive set of disclosure requirements regarding the nature, extent, standard and timing as well as any uncertainty of revenue and the corresponding cash flows with customers. The standard does not have any significant impact on the Bank.

- **IFRS 9 - Financial instruments**

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement 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.

**UNITYBANK PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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

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

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

**Standards and Interpretations issued/ammended but not yet effective**

• IFRS 16 – Leases

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

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

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

• IFRS 17 - Insurance Contracts

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

**3. Significant accounting judgments, estimates and assumptions**

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

UNITYBANK PLC  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

**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.

**UNITYBANK PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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

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

**4.2. Financial Assets and Liabilities**

**I. Recognition**

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

**II. Classification and Measurement**

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

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

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

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

**Business Model Assessment**

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

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets
- how the performance of assets in a portfolio is evaluated and reported to Bank heads and other key decision makers within the Bank's business lines;
- the risks that affect the performance of assets held within a business model and how those risks are managed;
- how compensation is determined for the Bank's business lines' management that manages the assets; and
- The frequency and volume of sales in prior periods and expectations about future sales activity.

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

**UNITYBANK PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

- Business Model 1 (BM1): Financial assets held with the sole objective to collect contractual cash flows;
  - Business Model 2 (BM2): Financial assets held with the objective of both collecting contractual cash flows and selling;
- and
- Business Model 3 (BM3): Financial assets held with neither of the objectives mentioned in BM1 or BM2 above. These are basically financial assets held with the sole objective to trade and to realize fair value changes.

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

- When the Bank sells financial assets to reduce credit risk or losses because of an increase in the assets' credit risk. The Bank considers sale of financial assets that may occur in BM1 to be infrequent if the sales is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the financial year.
- Where these sales are infrequent even if significant in value. A Sale of financial assets is considered infrequent if the sale is one-off during the Financial Year and/or occurs at most once during the quarter or at most three (3) times within the Financial Year.
- Where these sales are insignificant in value both individually and in aggregate, even if frequent. A sale is considered insignificant if the portion of the financial assets sold is equal to or less than five (5) per cent of the carrying amount (book value) of the total assets within the business model.
- When these sales are made close to the maturity of the financial assets and the proceeds from the sales approximates the collection of the remaining contractual cash flows. A sale is considered to be close to maturity if the financial assets has a tenor to maturity of not more than one (1) year and/or the difference between the remaining contractual cash flows expected from the financial asset does not exceed the cash flows from the sales by ten (10) per cent.
- Other reasons: The following reasons outlined below may constitute 'Other Reasons' that may necessitate selling financial assets from the BM1 category that will not constitute a change in business model:
  - o Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
  - o Selling the financial asset to manage credit concentration risk (infrequent).
  - o Selling the financial assets as a result of changes in tax laws (infrequent).
  - o Other situations also depends upon the facts and circumstances which need to be judged by the management

**Cash flow characteristics assessment**

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

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

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

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

**UNITYBANK PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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

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

**a) Financial assets measured at amortised cost**

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

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

**b) Financial assets measured at FVOCI**

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

**c) Financial assets measured at FVTPL**

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

**UNITYBANK PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

d) Equity Instruments

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

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

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

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

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

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

e) Financial Liabilities at fair value through profit or loss

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

Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorized as held for trading unless they are designated and effective as hedging instruments. Financial liabilities held for trading also include obligations to deliver financial assets borrowed by a short seller.

Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in the income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest expenses on financial liabilities held for trading are included in 'Net interest income'.

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

f) Financial Liabilities at amortised cost

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

**UNITYBANK PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**III. Reclassifications**

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

- Significant internal restructuring or business combinations; for example an acquisition of a private asset management company that might necessitate transfer and sale of loans to willing buyers, this action will constitute changes in business model and subsequent reclassification of the Loan held from BM1 to BM2 Category
- Disposal of a business line i.e. disposal of a business segment
- Any other reason that might warrant a change in the Bank's business model as determined by management based on facts and circumstances.

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

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

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

**IV. Modification of financial assets and liabilities**

**a. Financial assets**

When the contractual terms of a financial asset are modified, the Bank evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognised at fair value. Any difference between the amortized cost and the present value of the estimated future cash flows of the modified asset or consideration received on derecognition is recorded as a separate line item in profit or loss as 'gains and losses arising from the derecognition of financial assets measured at amortized cost'. If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Bank recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss as part of impairment charge for the year.

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

**Quantitative criteria**

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

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

**UNITYBANK PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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

**Qualitative criteria**

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

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

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognized (see above) and ECL are measured as follows:

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition.

**b. Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

**De-recognition of financial instruments**

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

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

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

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

**UNITYBANK PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**V. Impairment of Financial Assets**

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

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

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

**Expected Credit Loss Impairment Model**

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

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

- Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.
- Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

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

**Measurement of Expected expected credit losses**

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

Details of these statistical parameters/inputs are as follows:

- PD – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.
- 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs.

**UNITYBANK PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

- Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for ‘stage 2’ and ‘stage 3’ exposures. PDs are limited to the maximum period of exposure required by IFRS 9.
- EAD – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

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

#### Forward-looking information

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement.

#### Macroeconomic factors

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

#### Multiple forward-looking scenarios

The Bank determines allowance for credit losses using three probability-weighted forward looking scenarios. The Bank considers both internal and external sources of information in order to achieve an unbiased measure of the scenarios used. The Bank prepares the scenarios using forecasts generated by credible sources such as Business Monitor International (BMI), International Monetary Fund (IMF), Nigeria Bureau of Statistics (NBS), World Bank, Central Bank of Nigeria (CBN), Financial Markets Dealers Quotation (FMDQ), and Trading Economics.

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

**UNITYBANK PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**Assessment of significant increase in credit risk (SICR)**

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

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

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

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

**Definition of Default and Credit Impaired Financial Assets**

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

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

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

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

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

**UNITYBANK PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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

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

Presentation of allowance for ECL in the statement of financial position

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

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

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

#### VI. Write-off

The Bank writes off an impaired financial asset (and the related impairment allowance), either partially or in full, no reasonable expectation of recovery as set out in IFRS 9, paragraph 5.4.4. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):

- continued contact with the customer is impossible;
- recovery cost is expected to be higher than the outstanding debt;
- The bank's recovery method is foreclosing collateral and the value of the collateral is such that there is reasonable expectation of recovering the balance in full.

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

A write-off constitute a derecognition event. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only.

**UNITYBANK PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**VII. Embedded derivatives**

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

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

**VIII. Offsetting financial instruments**

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

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

**(k) Investment securities**

Investment securities are initially measured at fair value plus, in case of investment securities not at fair value through profit or loss, incremental direct transaction costs and subsequently accounted for depending on their classification as amortised cost, fair value through profit or loss or fair value through other comprehensive income.

**4.3. Leasing**

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

**Bank as a lessee**

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

**Bank as a lessor**

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

Contingent rents are recognised as revenue in the period in which they are earned.

UNITYBANK PLC  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

#### **4.4. Recognition of income and expenses**

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

##### **(i) Interest and similar income and expense**

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

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

##### **(ii) Fee and commission 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.

#### **4.5. Cash and cash equivalents**

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

UNITYBANK PLC  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

**4.6. Property, Plant and Equipment**

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

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

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

Land is is not depreciated.

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

**4.7. Business combinations and goodwill**

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

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

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

Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, 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.

UNITYBANK PLC  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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

#### 4.8. Intangible assets

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

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

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

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

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

- Computer software 5 years

#### 4.14. 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.

UNITYBANK PLC  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

#### 4.9. Pension benefits

##### Defined contribution pension plan

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

#### 4.10. Provisions

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

#### 4.11. Taxes

##### (i) Current tax

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

##### (ii) Deferred tax

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

**UNITYBANK PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

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

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

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

**4.12. Fiduciary assets**

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

**4.13. Dividends on ordinary shares**

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

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

**4.14. Segment reporting**

The Bank's prepared its segment information based on geographical segments as its primary reporting segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments. The Bank operated Two (2) geographical segments in addition to the Head Office which are: North and South Bank.

**4.15. Non Current Assets Held for Sale**

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

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

UNITY BANK PLC  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

5. Segment information

The Bank prepares its segment information based on geographical segments as its primary reporting segment. A geographical segment is engaged in providing products and/or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments. The Bank in 2018 operated two geographical segments - North and South Bank.

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

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

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

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

31 December 2017	South N'000	North N'000	Corporate Office N'000	Total N'000
<b>Segmented results</b>				
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)
<b>Segmented assets and liabilities</b>				
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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

### 16. Earnings per share

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

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

	<b>31 DECEMBER 2018 N'000</b>	31 DECEMBER 2017 N'000
<b>17. Cash and Balances with Central Bank</b>		
Cash on hand	8,140,045	3,633,337
	<b>8,140,045</b>	3,633,337
Current account with the Central Bank of Nigeria	11,756	1,332,934
Deposits with the Central Bank of Nigeria	600,000	600,000
CBN - AGSMEIS Account	109,190	109,190
	<b>8,860,991</b>	5,675,461

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

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

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 19. Loans and advances (continued)

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

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

S/n	State /Region	31 DECEMBER 2018 N'000	31 DECEMBER 2017 N'000
	<b>SOUTH SOUTH</b>		
1	Akwa-Ibom	17,558	37,174
2	Bayelsa	186,242	4
3	Cross rivers	-	3
4	Delta	48,842	44
5	Edo	128,988	30,892
6	Rivers	54,755	155,704
	<b>Sub-total</b>	<b>436,385</b>	<b>223,820</b>
	<b>SOUTH WEST</b>		
7	Ekiti	1,191	1
8	Lagos	6,944,252	2,728,313
9	Ogun	5,149	3,415
10	Ondo	4,181,867	3,926,573
11	Osun	41,083	147,058
12	Oyo	113,081	4,917
	<b>Sub-total</b>	<b>11,286,624</b>	<b>6,810,277</b>
	<b>SOUTH EAST</b>		
13	Anambra	-	0
14	Imo	-	-
15	Enugu	181	-
16	Abia	21,893	0
17	Ebonyi	-	-
	<b>Sub-total</b>	<b>22,074</b>	<b>0</b>
	<b>NORTH WEST</b>		
18	Kano	654,182	352,019
19	Katsina	24,910	83,906
20	Kebbi	3,950	20
21	Jigawa	7,986	65,342
22	Sokoto	4,026	14
23	Zamfara	2,490	6
24	Kaduna	914,000	791,038
	<b>Sub-total</b>	<b>1,611,545</b>	<b>1,292,345</b>
	<b>NORTH CENTRAL</b>		
25	Nassarawa	2,487	6
26	Niger	4,997	177
27	Plateau	18,124	5
28	Kogi	3,407	2,974
29	Kwara	-	1
30	Abuja	29,899,729	1,005,405
31	Benue	3,745	6
	<b>Sub-total</b>	<b>29,932,490</b>	<b>1,008,574</b>
	<b>NORTH EAST</b>		
32	Adamawa	1,838	5
33	Borno	28,036	20
34	Bauchi	36,216	4
35	Gombe	1,010,076	1,550
36	Yobe	7,901	21
37	Taraba	28,383	130,545
	<b>Sub-total</b>	<b>1,112,450</b>	<b>132,146</b>
	<b>TOTALS</b>	<b>44,401,569</b>	<b>9,467,163</b>

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 19. Loans and advances (continued)

#### f Concentration of credit risk by Industry Buckets (Including On\_lending)

At 31 December 2018

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

At 31 December 2017

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

	<b>31 DECEMBER</b>	31 DECEMBER
	<b>2018</b>	2017
	<b>N'000</b>	N'000
<b>20. Financial investments</b>		
<b>a Fair Value through OCI</b>		
<b>Quoted investments</b>		
Debt securities - Bills	69,510,551	34,180,699
Debt securities - Bonds	6,989,876	5,230,033
Allowance for impairment - financial assets	(410,960)	-
	<u>76,089,468</u>	<u>39,410,732</u>
<b>Equity Investments</b>		
Quoted Equities	282,324	282,324
Unquoted Equities	748,148	872,763
Less: Allowance for impairment	(868,751)	(868,751)
	<u>161,722</u>	<u>286,337</u>
	<u>76,251,190</u>	<u>39,697,069</u>
	<u>76,251,190</u>	<u>39,697,069</u>
<b>b Financial investments – available-for-sale pledged as collateral</b>	-	19,006,289
	<u>-</u>	<u>19,006,289</u>
<b>Total Financial Investment - Other Comprehensive Income</b>	<u>76,251,190</u>	<u>58,703,357</u>
Current	68,909,040	56,831,856
Non-Current	7,342,150	1,871,501
	<u>76,251,190</u>	<u>58,703,357</u>

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 20. Financial investments (continued)

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

	31 DECEMBER 2018 N'000	31 DECEMBER 2017 N'000
<b>d Financial Instruments at Amortised Costs</b>		
Government debt securities	26,071,227	-
	26,071,227	-
<b>Financial investments – held-to-maturity</b>		
Debt securities	-	20,271,961
	26,071,227	20,271,961
	26,071,227	20,271,961
Current	-	5,821,239
Non-Current	26,071,227	14,450,722
	26,071,227	20,271,961
<b>21. Other assets</b>		
a. Prepayments	1,886,520	1,946,123
Fraud suspense	387,286	369,311
Stationery stocks	277,641	155,124
Other stocks	131,177	151,968
Account receivables	3,858,223	344,418
Other debit balances	1,639,788	4,034,960
	8,180,635	7,001,904
Less:		
Allowance for impairment on other assets	(1,157,456)	(1,159,744)
	7,023,180	5,842,161
Current	5,225,883	5,344,864
Non-Current	1,797,297	497,297
	7,023,180	5,842,161

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

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

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 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
<b>Cost:</b>							
At 01 January 2018	415,550	24,836,085	3,429,812	14,088,586	3,392,008	784,905	46,946,946
Additions	-	27,441	211,050	262,194	25,812	221,595	748,092
Disposals	-	(299,344)	-	(48,741)	(598)	-	(348,683)
Reclassifications	-	-	-	60,033	-	(60,033)	-
Reclass out of PPE	-	(49,923)	-	-	-	(84,191)	(134,113)
Reclassifications/WO	-	(5,231)	-	(57,129)	-	-	(62,360)
At 31 December 2018	415,550	24,509,029	3,640,862	14,304,944	3,417,222	862,275	47,149,882

#### Depreciation and impairment:

At 01 January 2018	-	5,974,411	3,233,340	13,041,526	3,196,614	-	25,445,891
Additions	-	529,633	157,457	523,747	85,655	-	1,296,491
Reclassification out of PPE	-	(41,195)	-	-	-	-	(41,195)
Disposals	-	(47,498)	-	(47,530)	(598)	-	(95,627)
WO	-	(753)	-	(57,161)	-	-	(57,915)
At 31 December 2018	-	6,414,597	3,390,797	13,460,581	3,281,670	-	26,547,646

#### Net book value:

At 01 January 2018	415,550	18,861,673	196,472	1,047,060	195,394	784,905	21,501,055
At 31 December 2018	415,550	18,094,431	250,065	844,363	135,552	862,275	20,602,236

	Land N'000	Building N'000	Motor Vehicle N'000	Plant & Equipment N'000	Furniture & Fittings N'000	Work in Progress N'000	Total N'000
<b>Cost:</b>							
At 01 January 2017	415,550	24,937,669	3,483,551	13,903,341	3,367,032	699,954	46,807,098
Additions	-	62,180	802	224,288	25,176	125,110	437,556
Disposals	-	(164,379)	(54,541)	(78,589)	(200)	-	(297,709)
Reclassifications	-	614	-	39,546	-	(40,160)	-
At 31 December 2017	415,550	24,836,085	3,429,812	14,088,586	3,392,008	784,905	46,946,946

#### Depreciation and impairment:

At 01 January 2017	-	5,374,292	3,094,917	12,501,808	3,035,439	-	24,006,456
Additions	-	630,962	192,964	617,102	161,375	-	1,602,404
Disposals	-	(30,843)	(54,541)	(77,384)	(200)	-	(162,968)
At 31 December 2017	-	5,974,411	3,233,340	13,041,526	3,196,614	-	25,445,891

#### Net book value:

At 01 January 2017	415,550	19,563,377	388,635	1,401,534	331,593	699,954	22,800,643
At 31 December 2017	415,550	18,861,673	196,472	1,047,060	195,394	784,905	21,501,055

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 23. Goodwill and other intangible assets

	2017			2018		
	Goodwill	Computer Software	Total	Goodwill	Computer Software	Total
	N'000	N'000	N'000	N'000	N'000	N'000
	2017	2017	2016	2018	2018	2018
<b>Cost:</b>						
At 01 January	16,471,335	3,216,275	19,647,680	-	3,228,225	3,228,225
Additions:						
Internally Developed	-	-	-	-	-	-
External Purchase	-	11,950	23,900	-	50,428	50,428
Disposals/Impairment	(16,471,335)	-	(16,471,335)	-	-	-
At 31 December	-	3,228,225	3,200,245	-	3,278,653	3,278,653
<b>Amortisation and impairment:</b>						
At 01 January	-	2,921,218	5,842,436	-	3,115,902	3,115,902
Additions	-	194,719	389,438	-	81,885	81,885
Disposals/Write offs	-	(35)	(70)	-	-	-
At 31 December	-	3,115,902	6,231,804	-	3,197,787	3,197,787
<b>Net book value:</b>						
At 31 December	-	112,323	(3,031,559)	-	80,866	80,866
At 1 January	16,471,335	295,057	13,805,244	-	112,323	112,323

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

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

UNITY BANK PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 28. Debt issued and other borrowed funds

<sup>a</sup> Movement in debt and other borrowed funds during the year is as follows:

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

#### b Central Bank of Nigeria Short Term Loan

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

#### c Pass Through Loans

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

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

#### d AFREXIM Loan

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

### 29. Current tax liabilities

#### Current tax payable

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

### 31. Employee benefit liabilities

#### Defined contribution plan

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

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 33. Other reserves

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

#### Available for Sale Reserve

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

#### Share Reconstruction Reserve

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

#### SMIEIS (Small and Medium Scale Enterprises) Reserve

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

### 34. Additional cash flow information

#### Cash and cash equivalents

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

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

### 35. Fair value of financial instruments

#### Financial instruments recorded at fair value

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

#### Financial investments –Fair Value through OCI

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 35 Fair value of financial instruments (continued)

#### Determination of fair value and fair value hierarchy

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

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

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

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

As at the date of finalising this financials, the Bank did not determine the fair value of any investments using the level 3 technique

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

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

31 December 2017	Level 1	Level 2	Total
Financial assets	N'000	N'000	N'000
<b>Financial investments available for sale</b>			
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
	<b>58,417,020</b>	<b>1,155,088</b>	<b>59,572,108</b>

## UNITY BANK PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

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

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

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

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

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

#### Assets for which fair value approximates carrying value

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

#### Fixed rate financial instruments

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

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

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 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 887 litigation suits: 282 cases instituted by the Bank and 338 cases instituted against the Bank. The distribution of all litigations is shown below. The Directors are of the opinion that non of the aforementioned cases is likely to have a material adverse effect on the Bank and are not aware of any other pending to threatened claims or litigations.

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

#### b Contingent Liabilities

To meet the financial needs of customers, the bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, 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:

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

\*\* 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).

UNITY BANK PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

39. Lease arrangements

**Operating lease commitments – Bank as lessee**

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

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

40 Going Concern

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

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

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

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

**b. Resolution Initiative on Non Performing Loans (NPLs)**

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

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

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

UNITY BANK PLC  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

41 Capital

**a Capital Management**

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

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

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

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 41. Capital (continued)

#### b. Capital Adequacy Ratio

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

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 42. Maturity Profile of Assets and Liabilities

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

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS

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
<b>Assets</b>							
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 – available-for-sale pledged as	-	-	-	-	-	-	-
Financial investments – held-to-maturity	-	-	-	-	2,673,718	17,598,243	20,271,961
Other assets	1,447,531	733,849	2,350,000	813,484	460,604	36,693	5,842,161
Non current assets held for sale	-	-	-	-	-	-	-
Property and equipment	-	-	-	-	-	21,501,055	21,501,055
Goodwill and other intangible assets	-	-	-	-	-	112,324	112,324
Deferred tax assets	-	-	-	-	-	20,289,830	20,289,830
<b>Total assets</b>	<b>26,722,128</b>	<b>13,067,995</b>	<b>24,589,870</b>	<b>22,206,472</b>	<b>8,413,496</b>	<b>61,506,542</b>	<b>156,506,504</b>
<b>Liabilities</b>							
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
Deferred tax liabilities	-	-	-	-	-	-	-
Equity	-	-	-	-	-	(242,193,155)	(242,193,155)
<b>Total liabilities</b>	<b>332,285,130</b>	<b>38,194,138</b>	<b>1,950,275</b>	<b>6,971,986</b>	<b>7,714,307</b>	<b>(230,609,332)</b>	<b>156,506,504</b>
<b>Gap</b>	<b>(305,563,001)</b>	<b>(25,126,143)</b>	<b>22,639,595</b>	<b>15,234,486</b>	<b>699,189</b>	<b>292,115,874</b>	<b>-</b>

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 43. Maturity Profile of Contingents

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

#### As at 31 December 2018

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

#### 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
	<b>27,284,415</b>	<b>9,823,739</b>	<b>5,529,444</b>	<b>7,347,970</b>	<b>44,828,292</b>	<b>94,813,861</b>

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 44. Concentrations of currency risk: Financial Instruments

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

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

As at 31 December 2017	Naira N'000	Dollar N'000	Pound N'000	Euro N'000	Others N'000	Total N'000
<b>Assets</b>						
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
<b>Total assets</b>	<b>140,931,396</b>	<b>14,349,196</b>	<b>328,736</b>	<b>896,974</b>	<b>201</b>	<b>156,506,504</b>
<b>Liabilities</b>						
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)
<b>Total liabilities</b>	<b>107,728,659</b>	<b>47,954,980</b>	<b>288,383</b>	<b>407,705</b>	<b>126,777</b>	<b>156,506,504</b>
<b>Gap</b>	<b>33,202,738</b>	<b>(33,605,784)</b>	<b>40,353</b>	<b>489,269</b>	<b>(126,576)</b>	<b>-</b>

UNITY BANK PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

45. Interest Rate Risk

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

As at 31 December 2018	Up to 1 Month N'000	1 to 3 Months N'000	3 to 6 Months N'000	6 to 12 Months N'000	1 to 3 Years N'000	Over 3 Years N'000	Total N'000
<b>Assets</b>							
Due from banks	14,554,704	18,584,593	-	-	-	-	33,139,298
Loans and advances to customers	1,381,134	3,687,453	620,553	30,402,780	6,184,318	1,381,134	43,657,372
Financial investments – FVTPL	-	-	-	-	-	-	-
Financial investments – FTOCI	1,238,295	17,455,167	1,520,597	48,694,981	2,367,566	4,974,584	76,251,190
Financial investments – Amortised Cost	-	-	-	-	2,437,413	23,633,814	26,071,227
<b>Total assets</b>	<b>17,174,133</b>	<b>39,727,214</b>	<b>2,141,150</b>	<b>79,097,762</b>	<b>10,989,297</b>	<b>29,989,532</b>	<b>179,119,087</b>
<b>Liabilities</b>							
Due to other banks	50,347,202	-	-	50,000,000	-	-	100,347,202
Due to customers	203,235,220	27,887,723	9,462,279	1,263,401	87,383	-	241,936,006
Debt issued and other borrowed funds	-	61,760,895	50,000,000	-	-	12,419,160	124,180,055
<b>Total liabilities</b>	<b>203,235,220</b>	<b>89,648,618</b>	<b>59,462,279</b>	<b>1,263,401</b>	<b>87,383</b>	<b>12,419,160</b>	<b>366,116,061</b>
<b>Gap</b>	<b>(186,061,087)</b>	<b>(49,921,404)</b>	<b>(57,321,128)</b>	<b>77,834,360</b>	<b>10,901,914</b>	<b>17,570,372</b>	<b>(186,996,974)</b>

UNITY BANK PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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
<b>Assets</b>							
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
<b>Total assets</b>	<b>20,308,326</b>	<b>12,334,147</b>	<b>22,239,870</b>	<b>21,392,987</b>	<b>7,352,892</b>	<b>19,457,450</b>	<b>103,085,672</b>
<b>Liabilities</b>							
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
<b>Total liabilities</b>	<b>289,272,164</b>	<b>29,198,657</b>	<b>1,240,147</b>	<b>658,719</b>	<b>903,324</b>	<b>11,583,822</b>	<b>332,856,833</b>
<b>Gap</b>	<b>(268,963,838)</b>	<b>(16,864,510)</b>	<b>20,999,723</b>	<b>20,734,268</b>	<b>6,449,569</b>	<b>7,873,628</b>	<b>(229,771,160)</b>

UNITY BANK PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

46. Customer complaints data

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

FOREIGN CURRENCY					
S/N	CURRENCY	AMOUNT CLAIMED		AMOUNT REFUNDED	
		2018	2017	2018	2017
1	US Dollars (\$)	10,100	-	-	7,150
2	Euros	600	-	-	-

47. Employees and Directors

a The average number of persons employed by the Bank during the year was as follows:

	31 DECEMBER 2018 Number	31 DECEMBER 2017 Number
Executive Directors	3	3
Management	18	20
Non-management	1,713	1,785
	<u>1,734</u>	<u>1,808</u>

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

	N'000	N'000
Salaries and wages	9,504,244	10,426,431
<b>Pension costs:</b>		
Defined Contribution plans	476,401	435,482
	<u>9,980,645</u>	<u>10,861,913</u>

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

	31 DECEMBER 2018 Number	31 DECEMBER 2017 Number
<b>47. Employees and Directors (continued)</b>		
<b>c</b> The number of employees of the Bank, other than directors, who received emoluments in the following ranges (excluding pension contributions), were:		
N300,000 and below	-	-
N300,001 - N2,000,000	-	-
N2,000,000 - N2,800,000	-	-
N2,800,001 - N3,500,000	656	718
N3,500,001 - N4,000,000	392	370
N4,000,001 - N5,500,000	171	179
N5,500,001 - N6,500,000	179	198
N6,500,001 - N7,800,000	120	139
N7,800,001 - N9,000,000	87	93
N9,000,001 and above	129	111
	<b>1,734</b>	<b>1,808</b>
	<b>N'000</b>	<b>N'000</b>
<b>48. Related party disclosures</b>		
<b>a Compensation of key management personnel of the bank IAS 24.17</b>		
Short-term employee benefits (Executive Management Compensation)	260,101	249,333
Termination benefits	-	-
	<b>260,101</b>	<b>249,333</b>

### **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
<i>Key management personnel of the bank:</i>		
Loans and advances (Note 48d)	40,605	45,147
Deposits (Note 48c)	135,055	104,610

UNITY BANK PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

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

**d Risk assets outstanding as at 31 December 2018**

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

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

UNITY BANK PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

48. e. Related party disclosures

Insider Related Credit as at 31 December 2018

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

Insider Related Credit as at 31 December 2017

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

# UNITY BANK PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

### 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.

UNITY BANK PLC  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2018

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

b Forbearance on cash reserve ratio

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

UNITY BANK PLC  
NOTES TO THE ACCOUNT FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

53. TRANSITION DISCLOSURES

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

In thousand of Nigerian naira	Ref	IAS 39 measurement		Re-measurement		IFRS 9		
		Category	Amount	Reclassification	ECL	Other	Amount	Category
<b>Financial assets</b>								
Cash and balances with CBN		Loans and receivables	5,675,461	-	-	-	5,675,461	Amortised cost
Due from Banks		Loans and receivables	15,152,227				15,152,227	Amortised cost
Loans and advances to customers		Loans and receivables	8,958,127		338,478		9,296,605	Amortised cost
Financial investment- Held for trading		Fair value through profit or loss	-				-	Fair value through profit or loss
Debt instruments at amortised cost:				20,271,961	(460,934)		19,811,027	Amortised cost
<i>From: Financial investments- HTM</i>		Held-to-maturity	20,271,961	(20,271,961)			-	
			<b>50,057,776</b>	<b>-</b>	<b>(122,456)</b>	<b>-</b>	<b>49,935,320</b>	
<b>AFS Pledged assets</b>								
<i>To: Debt instrument at fair value through other comprehensive income</i>		AFS	19,006,289	-			19,006,289	Fair value through OCI (FVOCI)
			<b>19,006,289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,006,289</b>	
Debt instruments at fair value through OCI (FVOCI)								
<i>From: Financial investment - available-for-sale</i>		AFS	39,410,732				39,410,732	Fair value through OCI (FVOCI) with recycling
			<b>39,410,732</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39,410,732</b>	
Equity instruments at fair value through OCI (FVOCI)								
<i>From: Financial investment - available-for-sale</i>		AFS	286,337				286,337	Fair value through OCI (FVOCI) without recycling
			<b>286,337</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>286,337</b>	
<b>Total financial assets</b>			<b>108,761,133</b>	<b>-</b>	<b>(122,456)</b>	<b>-</b>	<b>108,638,677</b>	
<b>Non-financial assets</b>			<b>27,455,540</b>				<b>27,455,540</b>	
<b>Deferred tax assets</b>			<b>20,289,830</b>				<b>20,289,830</b>	
<b>Total assets</b>			<b>156,506,504</b>	<b>-</b>	<b>(122,456)</b>	<b>-</b>	<b>156,384,048</b>	
<b>Financial liabilities</b>								
Due to other banks		Other financial liabilities	42,957,842				42,957,842	Amortised cost
Due to customers		Other financial liabilities	252,310,469				252,310,469	Amortised cost
Debt issued and other borrowed funds		Other financial liabilities	80,546,364				80,546,364	Amortised cost
			<b>375,814,675</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>375,814,675</b>	
<b>Non-financial liabilities</b>								
Other Liabilities			<b>22,884,984</b>				<b>22,884,984</b>	
<b>Total liabilities</b>			<b>398,699,659</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>398,699,659</b>	

UNITY BANK PLC  
NOTES TO THE ACCOUNT FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018

53. TRANSITION DISCLOSURES- CONTINUED

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

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

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

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

UNITY BANK PLC

OTHER NATIONAL DISCLOSURES - STATEMENT OF VALUE ADDED  
FOR THE YEAR ENDED 31 DECEMBER 2018

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

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

# UNITY BANK PLC

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

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

# UNITY BANK PLC

## OTHER NATIONAL DISCLOSURES - FIVE YEAR FINANCIAL SUMMARY

### PROFIT OR LOSS

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

# UNITY BANK PLC

## COMPARISON OF IFRS WITH PRUDENTIAL GUIDELINES (PG) CLASSIFICATION

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