UNITY BANK PLC

Annual Report

'for the year ended 31 December 2020

UNITY BANK PLC

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UNITY BANK PLC

CORPORATE INFORMATION

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	Alaba Williams FRC/2020/002/00000020510	
Registered Office	Unity Bank Plc Plot 42, Ahmed Onibudo Street Victoria Island Lagos	
Independent Auditor	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street Victoria Island Lagos www.kpmg.com/ng	
Tax Advisors	Ijewere & Co (Chartered Tax Advisory) Itoya House, 126 Lewis Street P. O Box 8713 Lagos, Nigeria FRC/2015/ICAN/00000011189	
Registrars office	Unity Registrars Limited 25, Ogunlana Drive Surulere Lagos FRC/2014/CIBN/00000007827	
Bank's Registered Number	94524	

The Directors present their report on the affairs of Unity Bank Plc ("the Bank") together with the financial statements and Independent Auditor's report for the period ended the year ended 31 December 2020.

a. **Representation**

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

b. **Legal form**

The Bank was incorporated in Nigeria under the Companies and Allied Matters Act (CAMA) 2020 as a private limited company on 27th April, 1987 with the name Intercity Bank Limited. It was granted license on 28th October, 1987 to carry on the business of commercial banking and commenced full banking business operation on 28th October, 1988. The Bank was converted into a Public Limited Liability Company on 8th September, 1992. Following the consolidation reforms introduced and driven by the Central Bank of Nigeria in 2004, the Bank after its merger with eight other Banks, changed its name to Unity Bank Plc on 30th December, 2005 and its shares are currently quoted on the Nigerian Stock Exchange.

c. **Principal activity**

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

d. **Business review and future development**

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

e. **Property and equipment**

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

f. **Operating results**

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

	Dec-20	**Dec-19**
	N'000	**N'000**
Gross earnings	42,709,272	44,587,271
Profit before tax	2,223,194	3,642,112
Minimum tax expense	(114,678)	(222,680)
Income tax expense	(22,123)	(36,243)
Profit after tax	**2,086,393**	**3,383,189**
Profit attributable to shareholders	2,086,393	3,383,189
Earnings per share		
Basic and diluted earnings per share (Kobo)	17.85	28.94

g. **Dividends**

The Bank did not declare any dividend during the year (2019: Nil)

h. **Director's shareholding**

The Directors who held office during the year, together with their direct and indirect interests in the issued share capital of the Bank as recorded in the register of directors' shareholding and/or as notified by the directors for the purposes of section 301 of the Companies and Allied Matters Act 2020 and the listing requirements of the Nigerian Stock Exchange are as stated below:

Directors holdings	**31-Dec-2020**			**31-Dec-2019**		
Name Of Directors	**Direct Holdings**	**Indirect Holdings**	**%**	**Direct Holdings**	**Indirect Holdings**	**%**
Aminu Babangida[1]	NIL	648,472,967	5.54%	NIL	648,472,967	5.54%
Oluwafunsho Obasanjo[2]	NIL	926,104,410	7.92%	NIL	926,104,410	7.92%
Hafiz Mohammed Bashir	510,000	NIL	-	510,000	NIL	-
Sam N. Okagbue	NIL	NIL	-	NIL	NIL	-
Yabawa Lawan Wabi[3]	NIL	4,002,702,685	34.24%	NIL	4,002,318,445	34.24%
Tomi Somefun	NIL	NIL	-	NIL	NIL	-
Temisan Tuedor	NIL	NIL	-	NIL	NIL	-
Ebenezer Kolawole	NIL	NIL	-	NIL	NIL	-
Usman Abdulqadir	NIL	NIL	-	NIL	NIL	-

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

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

3 *Asset Management Corporation of Nigeria (AMCON)*

i. **Directors interest in contracts**

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

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

j. **Shareholding analysis**

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

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

The shareholding pattern of the Bank as at 31 December 2019 is as stated below:

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

k. **Substantial interest in shares**

According to the register of members as at 31 December 2020, no shareholder held more than 5% of the issued share capital of the Bank except the following:

Shareholder	No of Shares held	Shareholding (%)
ASSET MANAGEMENT CORPORATION OF NIGERIA (AMCON)	4,002,307,585	34.24%
PANAFRICAN CAPITAL NOMINEE	1,480,614,483	12.67%
THOMAS A. ETUH	1,053,199,290	9.01%
IBAD LIMITED	717,722,190	6.14%
EL-AMIN (NIG.) LTD	615,889,636	5.27%
TOTAL	**7,869,733,184**	**67.33%**

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

Shareholder	No of Shares held	Shareholding (%)
ASSET MANAGEMENT CORPORATION OF NIGERIA (AMCON)	4,002,318,445	34.24%
PANAFRICAN CAPITAL NOMINEE	1,480,614,483	12.67%
THOMAS A. ETUH	1,053,199,290	9.01%
IBAD LIMITED	717,722,190	6.14%
EL-AMIN (NIG.) LTD	615,889,636	5.27%
TOTAL	**7,869,744,044**	**67.33%**

l. **Acquisition of own shares**

The Bank did not purchase its own shares during the year (2019: Nil).

m. **Corporate Social Responsibility (CSR)**

For the period ended 31 December 2020, the Bank expended the sum of ₦144.95 million, (December 2019 – ₦39.16 million) on various CSR Commitments. CSR commitments usually cover the fields of Education/Capacity Building, Trade Promotions, Value Reorientation, Professional Developments, Community Interventions, Sports and Health as follows:

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

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

The schedule of the CSR as at 31st December 2019 is as stated below:

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

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 2020		31 DECEMBER 2019	
Employees	Number	Percentage	Number	Percentage
Male	986	62%	1,002	63%
Female	609	38%	576	37%
	1,595	**100%**	**1,578**	**100%**

(b) Analysis of Board and top management staff

i Board members (Executive and non-executive Directors)

	31 DECEMBER 2020		31 DECEMBER 2019	
	Number	Percentage	Number	Percentage
Male	6	67%	6	67%
Female	3	33%	3	33%
	9	**100%**	**9**	**100%**

ii Top Management staff (AGM-GM)

	31 DECEMBER 2020		31 DECEMBER 2019	
	Number	Percentage	Number	Percentage
Male	15	88%	18	90%
Female	2	12%	2	10%
	17	**100%**	**20**	**10%**

(c) Further analysis of Board and top management staff

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

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

Employment of Disabled Persons

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

Health, Safety and Welfare at Work

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

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

Employee Involvement and Training

The Bank is committed to keeping employees fully informed as much as possible regarding the Bank’s performance and progress and seeking their opinion where practicable on matters which particularly affect them as employees. In accordance with the Bank’s policy of continuous development, training is carried out at various levels and employees are nominated to attend both local and international courses. These are equally complemented by Formal and informal channels are also employed in communicating with employees with an appropriate two-way feedback mechanism. Incentive schemes designed to encourage involvement of employees in the Bank’s performance are implemented whenever appropriate.

o. **Whistle Blowing**

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

p. **Statutory Audit Committee**

Pursuant to the requirements of the Companies and Allied Matters Act (CAMA) 2020, 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 period ended 31 December 2020.**

	NUMBER		AMOUNT CLAIMED (N'000)		AMOUNT REFUNDED (N'000)	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
Pending complaints brought forward	6	568	1,173,568	492,502		-
Received complaints	64,584	75,398	2,150,311	1,847,888		-
Resolved complaints	64,585	75,960	767,515	1,166,822	391,801	901,839
Unresolved complaints escalated to CBN for intervention	-	-	-	-	-	-
Unresolved complaints pending with the bank carried forward	5	6	2,556,364	1,173,568		-

The table below show Complaints received and resolved by the Bank in other currencies for the period ended 31 December 2020 and year ended 31 December 2019 respectively.

	AMOUNT CLAIMED		AMOUNT REFUNDED	
	31 DEC 2020	31 DEC 2019	31 DEC 2020	31 DEC 2019
United States Dollars	-	-	-	-
Euros	-	-	-	-

r. **Events after the reporting date**

On 11 March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a pandemic and most governments took restrictive measures to contain its further spread by introducing lockdowns, closure of borders and travel restrictions which affected the free movement of people and goods. The impact of the restrictions continues to disrupt major business activities, and this may have an adverse effect on the Bank's financial position and operating results in the medium and longer term.

The Bank considers this outbreak to be a non-adjusting subsequent event and the Directors do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak. The Directors will continue to monitor the situation closely and will respond to mitigate the impact of such events and circumstances as they occur.

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

s. **Auditors**

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

BY ORDER OF THE BOARD

Alaba Williams
FRC/2020/002/00000020510
Company Secretary
Unity Bank Tower
Plot 42, Ahmed Onibudo Street
Victoria Island, Lagos.

Dated this 24th day of March 2021

UNITY BANK PLC
Statement of Corporate Responsibility for the Financial Statements
For the year ended 31 December 2020

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

a) That we have reviewed the audited financial statements of the Company for the year ended 31 December 2020.

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

c) That the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the year ended 31 December 2020.

d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to Unity Bank Plc is made known to the officer by other officers of the companies, during the year ended 31 December 2020.

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

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

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

(i) there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Bank's ability to record, process, summarise and report financial data, and have identified for the Bank's auditors any material weaknesses in internal controls, and
(ii) there is no fraud that involves management or other employees who have a significant role in the Bank's internal control.

Ebenezer Kolawole	**Tomi Somefun**
Executive Director/Chief Financial Officer	Managing Director/CEO
FRC/2013/ICAN/00000001964	FRC/2013/ICAN/00000002231

COMPLIANCE STATUS

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

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

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

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

SHAREHOLDERS' MEETING

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

OWNERSHIP STRUCTURE

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

The Bank through the 2014 Capital Raising exercise (vide Rights Issue and Private Placement) diluted the percentage of public sector shareholding in the Bank from 30.40% as at September 3, 2014 to 8.91% as at December 31, 2014. The public sector ownership currently stands at 8.28% as at 31 December 2020.

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

BOARD OF DIRECTORS

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

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

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

MEMBERSHIP OF THE BOARD OF DIRECTORS

Memberships of the Board of Directors during the year ended 31 December 2020 were as follows:

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

STANDING BOARD COMMITTEES

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

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

BOARD RISK MANAGEMENT AND AUDIT COMMITTEE

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

- The integrity of financial reporting
- The soundness and adequacy of the Bank's internal control systems
- The independence, qualification and performance of internal and external auditors
- Entrenching a culture of good corporate governance
- Overseeing the overall Risk Management of the Bank;
- Reviewing periodically, Risk Management objectives and other specific Risk Policies for consideration of the full Board;

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

REPORTING

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

MEMBERSHIP

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

1)	Sam N. Okagbue (Independent Director)	Chairman
2)	Oluwafunsho Obasanjo (Non-Executive Director)	Member
3)	Yabawa Lawan Wabi, mni (Non-Executive Director)	Member
4)	Hafiz Mohammed Bashir (Non-Executive Director)	Member
5)	Managing Director/CEO	Member
6)	ED, Risk Management & Compliance	Member
7)	ED, Finance & Operations	Member

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

BOARD CREDIT COMMITTEE

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

ROLES

The Role of the Committee is:

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

MEMBERSHIP

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

i.	Oluwafunsho Obasanjo (Non Executive Director)	Chairman
ii.	Sam N. Okagbue (Independent Director)	Member
iii.	Yabawa Lawan Wabi, mni (Non Executive Director)	Member
iv.	Hafiz Mohammed Bashir (Non Executive Director)	Member
v.	Managing Director/CEO	Member
vi.	ED, Risk Management & 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.
- 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
- Advise the Board on the contents of the Directors Annual Remuneration Report to shareholders.
- To obtain outside or other independent professional advice from third parties with relevant experience in connection with the matters within the Committee's Terms of Reference and establish the selection criteria and to select, appoint and set the terms of payment for any "Remuneration Consultant" engaged by the Committee to advise it.
- To consider and decide on such matters as the Board may refer to it.
- To establish the criteria for Board and Board Committee Memberships.
- To review candidates' qualifications and any potential conflict of interest.
- To assess the contribution of Directors in connection with their re-nomination and make recommendations to the Board.
- To prepare a job specification for the Chairman's position, including an assessment of time commitment required of the candidate;
- To periodically evaluate the skills, knowledge and experience required on the Board
- To make recommendations on experience required by Board Committee Members, Committee Appointments and Removal, Operating Structure, Reporting and other Committee Operational matters;
- To provide input to the Annual Report of the Bank in respect of Directors' compensation;
- To ensure that the Board evaluates itself on an Annual basis;
- To review and make recommendations to the Board for approval of the Bank's organizational structure and any proposed amendments.
- Establish and maintain remuneration, recruitment, retention, incentive and termination policies and practices for Senior Management Staff in line with best practice and the highest standard of Corporate Governance.
- The remuneration policies of the Bank in general.
- Recommending to the Board policies and processes for effective and dynamic leadership and governance.
- Advising and recommending board education, training, retreats, and orientation for new members.
- Ensuring that the Bank maintains remuneration and incentive policies and practices that are competitive, fair, and in line with best practice in order to attract and retain good hands.

- Recommend a Board succession plan to allow for orderly and smooth succession on the Board.
- The Committee shall ensure that the remuneration of Executives and Board members align with the long term interest of the Bank and its shareholders.
- The Committee shall ensure that the level of remunerations is sufficient to attract, retain and motivate executive officers of the Bank which shall be balanced against the Bank's interest in not paying excessive remuneration.

MEMBERSHIP

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

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

STATUTORY AUDIT COMMITTEE

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

External Audit

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

Whistle Blowing

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

Regulatory Reports

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

Reporting

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

MEMBERSHIP

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

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

REMUNERATION OF DIRECTORS

The Shareholders, at the Bank's Annual General Meeting, set and approve the annual remuneration of members of the Board of Directors. The annual emoluments of the Directors are stated in Note 33c of the Financial Statement.

ATTENDANCE OF BOARD AND COMMITTEE MEETINGS

The table below shows the frequency of meetings of the Board of Directors and Board Committees, as well as Members' attendance from January 1, 2020 to December 31, 2020.

BOARD MEETING DATES AND ATTENDANCE OF DIRECTORS FOR 2020:

	Board	**Board Credit Committee**	**Board Risk management & Audit Committee**	**Board Governance & Nomination Committee**	**Statutory Audit Committee**	**Board Finance & General Purpose Committee**
Date of meetings	21/02/2020	11/02/2020	10/02/2020	11/02/2020	03/02/2020	12/02/2020
	14/05/2020	12/05/2020	19/03/2020	11/11/2020	19/03/2020	13/05/2020
	14/08/2020	10/06/2020	11/05/2020		04/05/2020	12/08/2020
	12/11/2020	11/08/2020	10/08/2020		06/08/2020	10/11/2020
		11/11/2020	09/11/2020		02/11/2020	
			07/12/2020		07/12/2020	
Number of Meetings	**4**	**5**	**6**	**2**	**6**	**4**
Mr. Aminu Babangida	4	N/A	N/A	N/A	N/A	N/A
Oluwafunsho Obasanjo	4	5	5	2	6	4
Sam N. Okagbue	4	5	6	2	6	4
Yabawa Lawan Wabi, mni	4	5	6	2	6	4
Hafiz Mohammed Bashir	4	5	6	2	N/A	4
Tomi Somefun	4	5	5	N/A	N/A	4
Temisan Tuedor	4	4	N/A	N/A	N/A	3
Ebenezer A. Kolawole	4	N/A	5	N/A	N/A	3
Usman Abdulquadir	4	5	5	N/A	N/A	N/A

INTERNAL AUDIT

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

EXECUTIVE MANAGEMENT COMMITTEE

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

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

FUNCTIONS OF THE COMMITTEE

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

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

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

ASSETS AND LIABILITY COMMITTEE (ALCO)

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

MEMBERSHIP

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

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

FUNCTIONS OF THE ASSETS AND LIABILITY COMMITTEE

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

MANAGEMENT IT STEERING COMMITTEE

Membership of the Management IT Steering Committee is as follows:

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

FUNCTIONS OF THE COMMITTEE:

- Establish the Bank's credit risk profile and manage the profile to be in line with the Bank's risk appetite.
- Review and ensure the adequacy of credit risk management framework bank- wide.
- Ensure appropriate pricing of the Bank's activities in line with their risk profile.
- Ensure the implementation of risk-based pricing model and risk adjusted performance management system bank-wide.
- Review periodic credit risk reports with a view to making necessary remedial recommendations.
- Review adequacy of controls bank-wide.
- Review the credit risk profile of new products, projects, new branches and make recommendations for Management approval or decline of same.
- Review adequacy of business continuity and contingency plans bank-wide.
- Monitor implementation of remedial actions by concerned departments.
- Recommend risk-financing counterparties to Management for consideration

RISK MANAGEMENT

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

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

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

- Continuous self evaluation and monitoring by the Risk Management and Control Division in conjunction with Internal Control; and
- Independent evaluation by External Auditors and Examiners.

Implementation of Code of Corporate Governance

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

- In compliance with section 5.3.1 of the code of Corporate Governance, we have established an alert menu on our web site where all stakeholders can access and provide useful information or grievances on any issues that directly and /or indirectly affect them or the Bank.
- The Chairman of the Board does not serve as Chairman/Member of any of the Board Committees;
- The Bank's organizational chart approved by CBN reflects clearly defined lines of responsibility and hierarchy;
- The Bank also has in place, a system of internal control, designed to achieve efficiency, effectiveness of operations, reliability of and regulations at all levels of financial reporting and compliance with applicable laws.

Security Trading Policy

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

UNITY BANK PLC
Statement of Directors' Responsibilities in Relation to the Financial Statements
For the year ended 31 December 2020

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

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

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

The financial statements of the Bank for the period ended 31 December 2020 was approved by the Directors on the 24th March 2021.

On behalf of Directors of the Bank;

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

Aminu Babangida
Chairman
FRC/2018/IODN/00000018507

UNITY BANK PLC

Report of the Statutory Audit Committee for the period ended 31 December 2020
To the members of Unity Bank Plc

In accordance with the provisions of section 404 of the Companies and Allied Matters Act (CAMA) 2020, we confirm that the accounting and reporting policies of the Bank conformed with the Statutory requirement and agreed ethical practices.

In our opinion, the scope and planning of both the internal and external audits for the period ended 31 December 2020 were adequate. We have also received, reviewed and discussed the auditor's findings on management matters. We are totally in agreement with the External Auditors findings and expressed our views on these matters to Management.

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

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

Dated 24th March 2021

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

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

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Unity Bank Plc**.

Report on the Audit of the Financial Statements

Opinion

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

- the statement of financial position as at 31 December 2020;
- the statement of profit or loss and other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows for the year then ended; and
- the notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 35 of the financial statements, which indicates that as at 31 December 2020, the Bank's total liabilities exceeded its total assets by N275 billion and the Bank did not meet the required minimum Capital Adequacy Ratio (CAR) of 10% and the minimum capital requirement of N10billion for a national bank as required by the Central Bank of Nigeria (CBN). As stated in Note 35, these events and conditions, along with other matters as set forth in Note 35, indicate that a material uncertainty exists that may cast significant doubt about the Bank's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

Expected Credit Loss on Loans and Advances to Customers

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

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

The Bank incorporates forward-looking information into the measurement of ECL allowance. This includes assumptions of the impact of changes in the economic environment on the calculation of ECLs of loans and advances.
The ECL allowance on loans and advances to customers is considered to be of most significance in the audit due to the high level of subjectivity, judgments and assumptions applied by management in estimating the impact of key assumptions on the recoverability of loan and advances to customers, including the application of industry knowledge and future economic conditions in arriving at the level of credit loss required.

How the matter was addressed in our audit

Our procedures included the following:

- We evaluated the design, implementation and operating effectiveness of the key controls over the impairment assessment process.
- We assessed whether the staging of loans and advances on a sample basis used in the ECL allowance measurement was consistent with the Bank's impairment policy manual
- We assessed the appropriateness of the Bank's determination of significant increase in credit risk and the resultant classification of loans into the various stages by examining the performance of the loans and advances on a sample basis. For loans and advances which have shown a significant increase in credit risk, we evaluated the level of past due obligations and qualitative factors such as available industry information about the obligors to determine whether the Bank should make an estimate based on the losses expected to result from default events within a year or defined default events over the life of the facilities.
- We also agreed significant loans and advances to relevant documentation such as loan agreements, repayment schedules and the bank statements.
  With the assistance of our financial risk management specialists, we tested the key data and assumptions for the data input into the ECL model used by the Bank and the reasonableness of the expected credit loss charged by:
- Challenging the reasonableness of the Bank's ECL methodology, considering whether it reflects unbiased and probability-weighted amounts that is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic condition.
- Assessing the appropriateness of the Bank's forward-looking assumptions by assessing management's assumptions with publicly available information from external sources.
- Assessing the appropriateness of the approach and significant assumptions for determining the Probability of Default (PD) and Loss Given Default (LGD) used by the Bank in its ECL calculation by determining whether the data applied from external sources are aligned with the generally available data; and
- Re-performing the calculations of impairment allowance for loans and advances as at 31December 2020 using the Bank's impairment model.

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

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

We also provide the Statutory Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Statutory Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

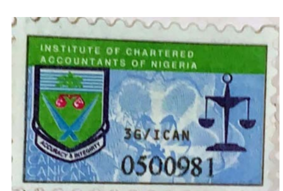
Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020

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

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

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

Akinyemi Ashade, FCA
FRC/2013/ICAN/00000000786
For: KPMG Professional Services
Chartered Accountants
19 April 2021
Lagos, Nigeria



UNITY BANK PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 N'000	2019 N'000
Interest income	6	**39,119,457**	35,947,977
Interest expense	7	**(21,372,315)**	(19,454,646)
Net interest income		**17,747,142**	16,493,331
Fee and commission income	8	**5,218,596**	4,977,761
Fee and commission income		**5,218,596**	4,977,761
Net trading (loss)/ income	9	**(3,817,048)**	329,291
Other operating income	10	**2,188,267**	3,332,242
		(1,628,781)	3,661,533
Total operating income		**21,336,957**	25,132,625
Net remeasurment of ECL allowance on financial assets	11	**4,127,332**	(1,921,923)
Net operating income		**25,464,289**	23,210,702
Personnel expenses	12	**(10,408,996)**	(9,436,816)
Depreciation of property and equipment	21	**(1,695,656)**	(1,708,636)
Amortisation of intangible assets	22	**(47,223)**	(48,817)
Other operating expenses	13	**(11,089,219)**	(8,374,321)
Total operating expenses		**(23,241,095)**	(19,568,590)
Profit before tax		**2,223,194**	3,642,112
Minimum tax expense	14	**(114,678)**	(222,680)
Income tax expense	14	**(22,123)**	(36,243)
Profit after tax		**2,086,393**	3,383,189
Profit for the year		**2,086,393**	3,383,189
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Fair value movements on equity instruments at FVOCI	31	**505,315**	438,373
Items that are or may be reclassified to profit or loss:			
Net reclassification adjustment of realised losses to profit or loss	31	**4,509,300**	-
Net changes in fair value on Debt securities at FVOCI during the year	31	**(3,654,916)**	1,697,205
Other comprehensive income for the year, net of tax		**1,359,699**	2,135,578
Total comprehensive income for the year, net of tax		**3,446,092**	5,518,767
Earnings per share			
Basic earnings per share (kobo)	15	**17.85**	28.94
Diluted earnings per share (kobo)	15	**17.85**	28.94

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

UNITY BANK PLC

STATEMENT OF FINANCIAL POSITION

	Notes	31 DECEMBER 2020	31 DECEMBER 2019
		N'000	N'000
Assets			
Cash and balances with Central Bank	16	99,266,770	14,209,138
Due from banks	17	33,065,169	33,725,276
Loans and advances to customers	18	202,080,856	104,017,725
Investment Securities:			
At fair value through other comprehensive income	19a	62,839,611	87,262,055
Debt instruments at amortised cost	19b	64,379,307	29,209,131
Property and equipment	21	21,915,364	21,963,559
Intangible assets	22	148,836	136,201
Other assets	20	8,324,417	2,528,985
Deferred tax assets	23	-	-
Total assets		492,020,329	293,052,070
Liabilities			
Due to other banks	24	106,699,353	108,240,698
Deposits from customers	25	356,615,192	257,691,182
Borrowings	26	264,873,635	183,303,723
Current tax liabilities	27	499,184	621,306
Other liabilities	28	38,741,646	22,044,718
Employee benefit liabilities	29	1,115	6,331
Total liabilities		767,430,125	571,907,958
Equity			
Share capital	30	5,844,669	5,844,669
Share premium	30	10,485,871	10,485,871
Statutory reserve	30	12,750,174	12,437,215
Accumulated deficit	30	(372,722,376)	(374,443,951)
Non distributable Regulatory Risk Reserve	30	51,859	-
Other reserves	31	68,180,007	66,820,308
Total equity		(275,409,796)	(278,855,888)
Total liabilities and equity		492,020,329	293,052,070

The accompanying notes are an integral part of these financial statements. The financial statements were approved by the Board of directors for issue on the 24th March 2021 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

UNITY BANK PLC

STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2020

	Share Capital N'000	Share Premium N'000	Statutory Reserves N'000	Accumulated Deficit N'000	Non distributable Regulatory Risk Reserve N'000	Other Reserves N'000	Total equity N'000
At 1 JANUARY 2020	**5,844,669**	**10,485,871**	**12,437,215**	**(374,443,951)**	**-**	**66,820,308**	**(278,855,888)**
Profit for the year	-	-	-	2,086,393	-	-	2,086,393
Transfer to Statutory Reserve	-	-	312,959	(312,959)	-	-	-
Transfer from non distributable reserve	-	-	-	(51,859)	51,859	-	-
Net reclassification adjustment of realised net gains to profit or loss	-	-	-	-	-	4,509,300	4,509,300
Other comprehensive income	-	-	-	-	-	(3,149,601)	(3,149,601)
At 31 DECEMBER 2020	**5,844,669**	**10,485,871**	**12,750,174**	**(372,722,376)**	**51,859**	**68,180,007**	**(275,409,796)**
At 1 JANUARY 2019	5,844,669	10,485,871	11,929,737	(377,319,661)	-	64,684,730	(284,374,654)
Profit for the year	-	-	-	3,383,189	-	-	3,383,189
Transfer to Statutory Reserve	-	-	507,478	(507,478)	-	-	-
Other comprehensive income	-	-	-	-	-	2,135,578	2,135,578
At 31 DECEMBER 2019	**5,844,669**	**10,485,871**	**12,437,215**	**(374,443,951)**	**-**	**66,820,308**	**(278,855,888)**

UNITY BANK PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 N'000	2019 N'000
Cash flows from operating activities			
Profit after tax		2,086,393	3,383,189
Minimum tax		114,678	222,680
Tax expense		22,123	36,243
Profit before tax		2,223,194	3,642,112
Adjustment for non cash items:			
Impairment charges on debt instruments	11	618,659	2,146,574
Impairment (writeback)/charge on other assets	11	(3,199,073)	1,194,995
Trading loss on financial instrument	9	4,509,297	-
Employee benefit charge for the year	29	609,387	432,200
Exchange (gain)/loss on financial instruments	39(l)	-	(88,575)
Depreciation of property and equipment	21	1,695,656	1,708,636
Amortization of intangible assets	22	47,223	48,817
Gain on disposal of property and equipment	39i	(8,923)	(26,770)
Write off of property and equipment	21	11,854	102,424
Gain on substantial modification of terms of borrowings	39i	-	(2,129,460)
Loss/(gains) from sale of investments	39i	(1,261,455)	(733,597)
Interest income	6	(39,119,457)	(35,947,977)
Interest expense	7	21,372,315	19,454,646
Divided income	39i	(85,875)	(51,202)
		(12,587,196)	(10,247,177)
Changes in operating assets			
Net increase in loans and advances	39(a)	(99,291,731)	(62,072,657)
Net increase in other assets	39(b)	(2,330,710)	(2,108,329)
Net increase in CBN - AGSMSEIS Account	39(k)	(169,150)	(63,472)
		(101,791,591)	(64,244,458)
Changes in operating liabilities			
Net increase in deposit from customers	39(d)	97,802,482	8,501,430
Net (decrease)/increase in due to other banks	39(e)	(2,439,328)	7,652,798
Net increase in other liabilities	39(f)	16,681,137	816,827
		112,044,291	16,971,055
Cash used from operations		(2,334,495)	(57,520,580)
Income tax paid	27	(258,923)	(138,804)
Interest received	39(g)	34,191,055	34,666,791
Interest paid	39(h)	(15,416,796)	(16,025,909)
Divided income	39i	85,875	51,202
Payment on employee contribution plan	29	(614,603)	(460,362)
Net cash flows generated/used in operating activities		15,652,113	(39,427,662)
Cash flows from investing activities			
Purchase of property and equipment	39(c)	(1,659,316)	(1,728,932)
Purchase of intangible assets	22	(59,858)	(104,152)
Proceeds from sale of property and equipment	39(i)	8,923	27,587
Acquisition of of investment securities at FVOCI	19a	(130,135,918)	(79,549,582)
Proceeds from disposal of financial instrument at FVOCI	19a	155,831,744	71,818,851
Acquisition of of investment securities at amortised cost	19c	(33,220,011)	(1,271,919)
Net cash flows used in investing activities		(9,234,436)	(10,808,148)
Cash flows from financing activities:			
Borrowings			
Proceeds from loans and borrowings	26	100,554,445	71,415,076
Repayment of borrowing	26	(22,904,750)	(14,028,494)
Net cash flows from financing activities		77,649,695	57,386,582
Net increase in cash and cash equivalents		84,067,372	7,150,772
Cash and cash equivalents at 1 January		48,444,604	41,293,832
Cash and cash equivalents at year end	39(j)	132,511,976	48,444,604

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

1. Corporate Information

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

Unity Bank is a Public Limited Liability company incorporated in Nigeria to carry on the business of Banking. The Bank's shares are listed on the Nigerian Stock Exchange. Its registered office is at 42, Ahmed Onibudo Street, Victoria Island, Lagos.

Statement of Compliance & Basis of preparation

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

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

Presentation of financial statements

The Bank presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the statement of financial position date (current) and more than 12 months after the statement of financial position date (non–current) are presented. The financial statements were authorised for issue by the board of directors on 24th March 2020.

Functional and presentation currency

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

Use of estimate and judgements

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

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

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

- Note 3.2 (vi): impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.
- Note 5.2.4: measurement of the fair value of financial instruments with significant unobservable inputs. (level 3)
- Note 32: contingent liabilities - recognition and measurement of contingencies, key assumptions about the likelihood and magnitude of an outflow of resources.

Judgements:

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in Financial statements in included in the following notes:
Note 5.2: establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.
Note 5.2.4: classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial assets are SPPI on the principal amount outstanding.

2. Changes in Accounting Policies

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2020. The Bank has not earlier adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Below is a list of interpretations and amendments that were effective for the first time in 2020 but do not have a significant impact on the Bank:

i Amendments to IFRS 3 - Definition of a Business
ii Amendments to IAS 1 and IAS 8 - Definition of Material
iii The Conceptual Framework for Financial Reporting
iv Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform
v Amendment to IFRS 16 - Covid-19-Related Rent Concessions

3. Summary of significant accounting policies

3.1. Foreign currency translation

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

(i) Foreign currency transactions

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

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

Non–monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transactions. Non–monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange difference on non-monetary items accounted for based on the classification of the underlying item.

3.2. Financial Assets and Financial Liabilities

I. Recognition

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

II. Classification and Measurement

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

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

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

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

Business Model Assessment

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

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

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

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

Cash flow characteristics assessment

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

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

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

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

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

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

a) Financial assets measured at amortised cost

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

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

b) Financial assets measured at FVOCI

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

c) Equity Instruments

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

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

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

d) Financial liabilities

Financial liabilities are classified into:

f) Financial Liabilities at amortised cost

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

III. Reclassifications

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

· Significant internal restructuring or business combinations; for example an acquisition of a private asset management company that might necessitate transfer and sale of loans to willing buyers, this action will constitute changes in business model and subsequent reclassification of the Loan held from BM1 to BM2 Category

· Disposal of a business line i.e. disposal of a business segment

· Any other reason that might warrant a change in the Bank's business model as determined by management based on facts and circumstances.

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

· A change in intention related to particular financial assets (even in circumstances of significant changes in market

· A temporary disappearance of a particular market for financial assets.

· A transfer of financial assets between parts of the Bank with different business models.

When reclassification occurs, the Bank reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. For example, if the Bank decides to shut down the retail business segment on 31st January 2019, the reclassification date will be 1 February 2019 (i.e. the first day of the entity's next reporting period), the Bank shall not engage in activities consistent with its former business model after 31st January, 2019. Gains, losses or interest previously recognised are not be restated when reclassification occurs.

IV. Modification of financial assets and liabilities

a. Financial assets

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

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

Quantitative criteria

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

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

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

Qualitative criteria

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

· The exchange of a loan for another financial asset with substantially different contractual terms and conditions such as the restructuring of a loan to a bond; conversion of a loan to an equity instrument of the borrower

· Roll up of interest into a single bullet payment of interest and principal at the end of the loan term

· Conversion of a loan from one currency to another currency Other factor to be considered:

· Extension of maturity dates

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

· If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset

· If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition.

b. Financial Liabilities

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

De-recognition of financial instruments

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

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

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

VI. Impairment of Financial Assets

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

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

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

Expected Credit Loss Impairment Model (ECL Model)

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

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

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

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

Measurement of Expected credit losses

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

Details of these statistical parameters/inputs are as follows:

- PD – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.
- 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs.
- Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for 'stage 2' and 'stage 3' exposures. PDs are limited to the maximum period of exposure required by IFRS 9.
- EAD – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

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

Forward-looking information

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

Macroeconomic factors

The Bank relies on a broad range of forward looking information as economic inputs, such as:

GDP growth, crude oil prices, inflation rates and foreign exchange rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays may be made as temporary adjustments using expert credit judgement.

Multiple forward-looking scenarios

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

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

Assessment of significant increase in credit risk (SICR)

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

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

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

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

Definition of Default and Credit Impaired Financial Assets

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

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

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

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

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

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

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

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

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- Loan commitments and financial guarantee contracts: generally, as a provision;
- Where a financial instrument includes both a drawn and an undrawn component, and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and

- Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value.

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

VII. Write-off

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

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

All credit facility write-offs shall require endorsement at the appropriate level, as defined by the Bank. Credit write-off approval shall be documented in writing and properly initialled by the approving authority.
A write-off constitute a derecognition event. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognised as income on a cash basis only.

VIII. Offsetting financial instruments

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

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

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

(h) Investment securities

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

3.4. Recognition of income and expenses

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

(i) Interest and similar income and expense

Effective interest rate:

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

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

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

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

Amortised cost and gross carrying amount:

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

Presentation:

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

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

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

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

(ii) Fee and commission income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period.

Loan commitment and processing fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan will be drawn down, the loan commitment fees are recognised over the commitment period on a straight line basis.

(iii) Net trading income comprises gains less losses related to assets and liabilities. It includes all realized and unrealized gains and/or losses on revaluation of FCY denominated assets and liabilities..

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

(v) Dividend income

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

3.5. Cash and cash equivalents

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

3.6. Property and Equipment

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

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

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

- Buildings………………………………. 50 years
- Computer equipment... ………..…….5 years
- Property & Equipment………………..5 years
- Motor Vehicles…………… ………….. 4 years
- Furniture & fittings…..........................5 years
- Lease hold Improvement ....Over the remaining life of the lease

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

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

3.7. Intangible assets

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

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

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

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

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

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

- Computer software 5 years

3.8. Impairment of non–financial assets

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

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

3.9. Employee benefits

Defined contribution pension plan

The Bank operates a defined contribution pension plan in line with the Pension Reform Act, 2014. The plan is funded by contributions from the Bank and the employees. The Bank has no further payment obligations once the contributions have been paid. Contribution payable is recorded as an expense under 'Personnel expenses'. Unpaid contributions are recorded as a liability.

Short term employee benefit

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

3.10. Provisions

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

3.11. Taxes

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

(i) Current tax

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

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

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

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

(ii) Minimum tax

Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.
Considering the current economic realities occasioned by the Covid-19 pandemic, the Finance Act, 2020 provided that minimum tax be determined based on 0.25% of Gross turnover less franked investment income for tax returns prepared for 2020 and 2021 Year of Assessment (YOA).

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

(ii) Deferred tax

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

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

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

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

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

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

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

3.12. Fiduciary assets

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

3.13. Dividends on ordinary shares

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

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

3.14. Segment reporting

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

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

3.15. Earnings per share

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

3.16. Loans and advances

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

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

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

3.17. Investment securities

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

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

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

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

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

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

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

3.18. Financial guarantee contracts

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

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

3.19. Leases

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

Policy applicable from 1 January 2019

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

i. As a lessee

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

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

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

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

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

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

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

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

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

Short term leases and leases of low-value assets

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

ii. As a lessor

At inception or on modification of a contract that contains a lease component, the Bank allocates the consideration in the contract to each lease component on the basis of their relative standalone prices. When the Bank acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Bank makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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

If an arrangement contains lease and non-lease components, then the Bank applies IFRS 15 to allocate the consideration in the contract.

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

The Bank recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Bank as a lessor in the comparative period were not different from IFRS 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Bank determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset.

i. as a lessee

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

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

ii. As a lessor

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

4 Segment information

The Bank prepares its segment information based on geographical segments as its primary reporting segment. A geographical segment is engaged in providing products and/or services within a particular economic environment that are subject to risks and returns different from those of segments operating in other economic environments. The Bank in 2020 operated two geographical segments - North and South Bank - and the Corporate office.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits and losses which in certain respects, are measured differently from operating profits or losses in the financial statements. Management primarily relies on growth in deposit and profit before taxes as performance measures. The Chief Executive Officer/Managing Director (being the chief operating decision maker) reviews the internal management reports of each segment at least quarterly.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties. No revenue from transactions with a single external customer or counter-party amounted to 10% or more of the Bank's total revenue in 2019 or the year ended 31 December 2020.

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

31 December 2020	**South**	**North**	**Corporate Office**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Segmented results				
Revenue	13,577,650	13,331,911	15,799,711	42,709,272
Operating profit before tax	1,800,658	2,042,513	(1,619,976)	2,223,194
Income Tax			(136,801)	(136,801)
Profit for the year	1,800,658	2,042,513	(1,756,778)	2,086,393
Segmented assets and liabilities				
Segment assets	87,959,213	222,157,225	181,903,891	492,020,329
Segment Liabilities	221,088,398	295,105,195	251,236,532	767,430,125

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

5.1 Statement of Prudential adjustments

Provisions under prudential guidelines are determined using the time based provisioning prescribed by the Revised Central Bank of Nigeria (CBN) Prudential Guidelines. This is at variance with the incurred loss model required by IFRS under IFRS 9. As a result of the differences in the methodology/provision, there will be variances in the impairments allowances required under the two methodologies.

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

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

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

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

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

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

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

	Notes	2020	2019
Loans and advances		**N'000**	**N'000**
Impairment per CBN Prudential Guidelines (**A**)		**11,960,511**	4,849,975
Loans & advances			
Specific Impairment		**1,876**	483,500
Collective impairment		**4,128,356**	2,693,475
Other Assets		**7,830,279**	1,673,000
Impairment allowance as Per IFRS 9 (**B**)		**11,908,652**	**14,841,036**
Due from Banks	**17**	**28,352**	353,559
Loans and advances to customers	**18**	**4,124,689**	2,896,088
Investment securities	**19**	**-**	73,783
Off balance sheet	**28**	**1,342,728**	1,640,001
Other assets	**20**	**6,412,883**	9,877,604
Amount Required in Non Distributable Reserve (A > B)		**51,859**	**-**

COMPARISON OF IFRS WITH PRUDENTIAL GUIDELINES (PG) CLASSIFICATION

		2020	2019
		N'000	N'000
Gross loans and advances to customers	18	**206,205,544**	106,913,813
Credit impaired loans (IFRS)		**69,330**	966,871
Non performing loans (PG)		**1,876**	966,871
IFRS NPL Ratio (%)		**0.03%**	0.90%
PG NPL Ratio (%)		**0.001%**	0.90%

5.2 FINANCIAL RISK MANAGEMENT

a. APPROACH TO RISK MANAGEMENT

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

The Bank realizes that effective risk management is fundamental to achieving financial soundness. To this end, risk management has become an integral part of our strategy. A major target is to create a homogeneous risk awareness culture throughout the institution. This will help all staff to collectively own risk.
Risk management style is well defined to create a balance between corporate oversight and actual risk management functions with a focus on the three lines of defence below:

The management of the Bank is committed to constantly creating, implementing and sustaining practices in risk-management that will take the bank to new heights. The Board of Directors determines overall risk objectives, issues and/or approve risk policies in line with the Bank's overall objectives and risk appetite. The said polices define acceptable levels of risk levels and a pathway for assessment and treatment where necessary.
Enterprise Risk-Management (ERM) framework encompasses all other risk management policies, since ERM in the aggregate of identifying risks, assessing the risk inherent and the opportunities therein and actively managing these risks in a cost-effective manner.
The Bank risk management process originates from establishing a context to monitoring and reporting as shown below:
1. Establishing a context
This is done by considering the following:
- The environment within which the organization operates (Organizational context)
- The objectives, core activities and operations of the Bank (Strategic context)

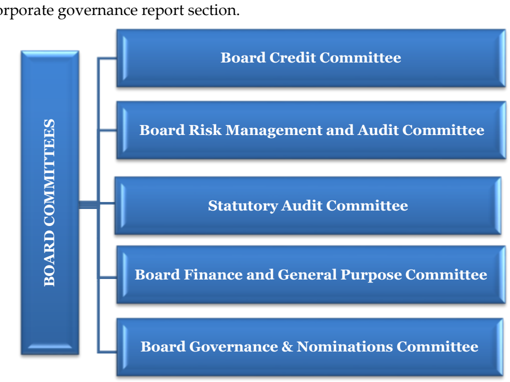
2. Identification of risks
This is basically done by classifying the risks into core financial, physical, ethical or legal. It also involves determining what can happen, when it could happen and where it could happen.
3. Evaluation of risk
It involves analysing likelihood and consequences of risks identified
4. Treatment of risks
The decision point of whether to avoid the risk, transfer the risk or accept and mitigate the risk.
5. Reporting and monitoring of risks
Communication, monitoring and review ensure that the important information generated by the risk management process is captured, used and maintained.

b. TRAININGS

Reducing unacceptable performance variability, aligning and integrating the varying Risk Management, building confidence on investment, community and stakeholders, enhancing corporate governance, successfully responding to a challenging business environment and aligning strategy with corporate culture led the Bank along the path of training its' Board of Directors and Executive Management on Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) bearing in mind the statutory and regulatory industry best practice.

c. GOVERNANCE STRUCTURE

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



d. POLICIES AND PROCEDURES

The Board through its committees provides guidance and strategic direction for the management of risk across the Bank. This is achieved through provision of policies for risk management and other key areas.
The Executive Management then transforms the strategies and policies into processes. They also set the order for the execution of the policies and processes.

The Internal Audit Group has a validation role against all these processes instituted by Management. They are also responsible for the review of Risk Management functions to ensure that processes are in line with the Risk Management Policy.
Risk Management policies and systems are reviewed periodically, (at least once in 3 years). This is to ensure that the Bank is abreast with the dynamic nature of the regulatory environment and in line with global best practices.

e INTERNAL CONTROL

Broadly, the Internal Control Group performs the role of safeguarding the Bank's assets. The process of performing this function also entails ensuring the reliability and integrity of all financial transactions.
The Group also ensures internal compliance with statutory and regulatory regulations as it affects the Bank. Compliance to the State Laws as it affects the operations of the Bank is also within the ambit of the Group.
The Internal Control Group also monitors the operational efficiency of the organization and ensures compliance to internal provisions as it affects the operational and financial activities of the organization amongst others. These responsibilities are driven by the deployment of the relevant anti-fraud tools and effective monitoring of activities in line with extant Laws and Internal processes.

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

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

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

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

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

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

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

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

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

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

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

f KEY RISK EXPOSURES

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

Credit Risk
Market Risk
Liquidity Risk

5.2.1 CREDIT RISK

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

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

a. Credit Risk Measurement and Management

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

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

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

Credit Risk Management is a full-fledged group headed by General Manager. The Department is under the Enterprise Risk Management Directorate which is headed by an Executive Director.

The Bank operates a policy of clear separation of business powers as business officers involved in Credit approvals do not have powers to approve disbursement of Credits as this resides in the control officers in Risk Management Directorate.

The Responsibilities of the Department Include:

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

b. Other Key Objectives for Credit Risk Management include:

1. Deliberately manage its risk asset portfolio to ensure that the risk of concentration to any sector or individual customer is minimized and ensuring portfolio flexibility and liquidity.
2. Ensure exposure to any industry or customer is determined by the regulatory guidelines, internal policies and procedures, debt service capability and balance sheet management.
3. Extend credit to only suitable and well identified customers who have complied with the "Know Your Customer" KYC principle and meet the "Risk Assets Acceptance Criteria" RAAC of the Bank.
4. Credits are to be extended to customers where the source of repayment is known and can be ascertained but not for speculative purposes and where the purpose and destination of funds are not disclosed.
5. Ensure that primary source of repayment for each credit is from an identifiable cash flow from the counterpart's normal business operations or other financial arrangements. Realization of security remains a fall back option.
6. Adoption of a pricing model that reflects variation in the risk profile of various exposures to ensure that higher risks are compensated by higher returns.
7. Ensure that the quantum of exposure and quality and value of collateral required are determined based on the risk profile of the counter party.
8. Avoid all conflict of interest situations and report all insider related credits to appropriate body.

c. Credit Risk Rating

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

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

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

d. FREQUENCY OF RATING

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

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

A. During the appraisal of any Credit request, renewals, increases, reductions, restructures, new lines or material change in the terms of an existing facility.
B. Once information is received or suspected about a material change in the business condition, internal arrangements or other circumstances or industry in which a borrowing customer operates.
C. When there is a material change in the Credit facility or the circumstances affecting the Credit facility such as a change in the structure of the Credit change in the Security change in the circumstances of a bank that is part of the syndication etc.
D. Any material change in regulations affecting the customer or the customer's industry.

e. Credit Approval Limits

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

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

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

f. Maximum exposure to credit risk

Loans & advances to customers at amortised cost

In thousands of Naira	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total	2019 Stage 1	2019 Stage 2	2019 Stage 3	2019 Total
Gross Amount	95,898,079	110,238,135	69,330	206,205,544	50,921,125	55,025,817	966,871	106,913,813
ECL allowance	(2,452,829)	(1,671,856)	(4)	(4,124,689)	(1,064,921)	(1,158,253)	(672,914)	(2,896,088)
	93,445,251	108,566,279	69,326	202,080,856	49,856,204	53,867,564	293,957	104,017,725

Debt instruments at amortised cost

In thousands of Naira	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total	2019 Stage 1	2019 Stage 2	2019 Stage 3	2019 Total
Gross exposures	64,379,307	-	-	64,379,307	29,282,914	-	-	29,282,914
Impairment allowance	-	-	-	-	(73,783)	-	-	(73,783)
Carrying amount	64,379,307	-	-	64,379,307	29,209,131	-	-	29,209,131

Debt instruments at FVOCI

In thousands of Naira	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total	2019 Stage 1	2019 Stage 2	2019 Stage 3	2019 Total
Gross exposures	61,667,497	-	-	61,667,497	86,611,960	-	-	86,611,960
Impairment allowance	-	-	-	-	-	-	-	-
Carrying amount	61,667,497	-	-	61,667,497	86,611,960	-	-	86,611,960

Cash and balances with Central Bank

In thousands of Naira	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total	2019 Stage 1	2019 Stage 2	2019 Stage 3	2019 Total
Gross exposures	99,266,770	-	-	99,266,770	9,340,372	-	4,696,104	14,036,476
Impairment allowance	-	-	-	-	-	-	-	-
Carrying amount	99,266,770	-	-	99,266,770	9,340,372	-	4,696,104	14,036,476

Due from banks

In thousands of Naira	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total	2019 Stage 1	2019 Stage 2	2019 Stage 3	2019 Total
Gross exposures	33,065,169	-	-	33,065,169	32,062,650	-	2,016,186	34,078,836
Impairment allowance	(28,352)	-	-	(28,352)	(353,559)	-	-	(353,559)
Carrying amount	33,036,817	-	-	33,036,817	31,709,090	-	2,016,186	33,725,277

Other assets

In thousands of Naira	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total	2019 Stage 1	2019 Stage 2	2019 Stage 3	2019 Total
Gross exposures	5,039,098	-	9,016,592	14,055,690	2,935,741	-	8,517,583	11,453,324
Impairment allowance	-	-	(6,412,883)	(6,412,883)	(1,360,022)	-	(8,517,583)	(9,877,604)
Carrying amount	5,039,098	-	-	7,642,807	1,575,720	-	-	1,575,720

Financial guarantees and letters of credit

In thousands of Naira	2020 Stage 1	2020 Stage 2	2020 Stage 3	2020 Total	2019 Stage 1	2019 Stage 2	2019 Stage 3	2019 Total
Gross exposures	99,698,417	-	-	99,698,417	64,907,484	-	-	64,907,484
Impairment allowance	(1,342,728)	-	-	(1,342,728)	(1,640,001)	-	-	(1,640,001)
Carrying amount	98,355,689	-	-	98,355,689	63,267,483	-	-	63,267,483

g. **Impairment of financial assets**

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

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

i) Stage 1: 12-months ECL

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

ii) Stage 2: Lifetime ECL - not credit-impaired

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

iii) Stage 3: Lifetime ECL - credit-impaired

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

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

In determining whether credit risk has increased significantly since initial recognition, the Bank uses its internal credit risk grading system, external risk ratings and forecast information to assess deterioration in credit quality of a financial asset.

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

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

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

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

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

31 December 2020	**Cash and bank balances**	**Debt instrument at amortised**	**Debt instrument at FVOCI**	**Loans and Advances**	**Other Asets**	**Perf. Bonds, Guarantees and LCs**	**Total**
In thousands of Naira							
Opening balance of the ECL allowance	**353,559**	**73,783**	**-**	**2,896,088**	**9,877,605**	**1,640,001**	**14,841,036**
Remeasurement during the year	**(325,207)**	**12,538**	**-**	**1,228,601**	**(3,199,073)**	**(297,273)**	**(2,580,414)**
Write offs	**-**		**-**	**-**	**(265,648)**	**-**	**(265,648)**
Closing balance	**28,352**	**86,321**	**-**	**4,124,689**	**6,412,885**	**1,342,728**	**11,994,975**

31 December 2019

In thousands of Naira	Cash and bank balances	Debt instrument at amortised	Debt instrument at FVOCI	Loans and Advances	Other Asets	Perf. Bonds, Guarantees and LCs	**Total**
Opening balance of the ECL allowance	-	410,960	-	744,197	8,682,610	1,661,701	**11,499,467**
Remeasurement during the year	353,559	(337,177)	-	2,151,891	1,194,995	(21,700)	**3,341,569**
Write offs	-	-	-	-	-	-	**-**
Closing balance	353,559	73,783	-	2,896,088	9,877,605	1,640,001	**14,841,036**

5.2 CREDIT ANALYSIS

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

2020	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Purchased Credit Impaired	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Loans and Advances to Banks						
Rating 1- 6: Strong	-	33,093,521	-	-	-	33,093,521
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	-	-	-
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	33,093,521	-	-	-	33,093,521
Loss Allowance		(28,352)	-	-		(28,352)
Carrying Amount	**-**	**33,065,169**	**-**	**-**	**-**	**33,065,169**
Loans and Advances to Customers						
Rating 1- 6: Strong	-	95,898,079	110,238,135	-	-	206,136,214
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	69,330	-	69,330
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	95,898,079	110,238,135	69,330	-	206,205,544
Loss Allowance		(2,452,829)	(1,671,856)	(4)		(4,124,689)
Carrying Amount	-	93,445,251	108,566,279	69,326	-	202,080,856
Debt Securities at Amortised Cost						
Rating 1- 6: Strong	-	64,379,307	-	-	-	64,379,307
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	-	-	-
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	64,379,307	-	-	-	64,379,307
Loss Allowance		-	-	-		-
Carrying Amount	-	64,379,307	-	-	-	64,379,307
Debt Securities at FVOCI						
Rating 1- 6: Strong	-	61,667,497	-	-	-	61,667,497
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	-	-	-
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	61,667,497	-	-	-	61,667,497
Loss Allowance		-	-	-		-
Carrying Amount	-	61,667,497	-	-	-	61,667,497

2019	12-month PD Ranges	Stage 1	Stage 2	Stage 3	Purchased Credit Impaired	Total
	N'000	N'000	N'000	N'000	N'000	N'000
Loans and Advances to Banks						
Rating 1- 6: Strong	-	34,078,836	-	-	-	34,078,836
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	-	-	-
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	34,078,836	-	-	-	34,078,836
Loss Allowance		(353,559)	-	-		(353,559)
Carrying Amount	**-**	**33,725,277**	**-**	**-**	**-**	**33,725,277**
Loans and Advances to Customers						
Rating 1- 6: Strong	-	50,921,125	55,025,817	-	-	105,946,941.94
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	966,871	-	966,871
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	50,921,125	55,025,817	966,871	-	106,913,813
Loss Allowance		(1,064,921)	(1,158,253)	(672,914)	-	(2,896,088)
Carrying Amount	**-**	**49,856,204**	**53,867,564**	**293,957**	**-**	**104,017,725**

Debt Securities at Amortised Cost

Rating 1- 6: Strong	-	29,282,914	-	-	-	29,282,914
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	-	-	-
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	29,282,914	-	-	-	29,282,914
Loss Allowance		(73,783)	-	-		(73,783)
Carrying Amount	**-**	**29,209,131**	**-**	**-**	**-**	**29,209,131**

Debt Securities at FVOCI

Rating 1- 6: Strong	-	86,611,960	-	-	-	86,611,960
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	-	-	-
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	86,611,960	-	-	-	86,611,960
Loss Allowance		-	-	-		-
Carrying Amount	-	86,611,960	-	-	-	86,611,960

g. **Impairment of financial assets**

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

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

i) Stage 1: 12-months ECL

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

ii) Stage 2: Lifetime ECL - not credit-impaired

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

iii) Stage 3: Lifetime ECL - credit-impaired

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

At each reporting date, the Bank assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

In determining whether credit risk has increased significantly since initial recognition, the Bank uses its internal credit risk grading system, external risk ratings and forecast information to assess deterioration in credit quality of a financial asset.

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

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

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

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

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

31 December 2020	**Cash and bank balances**	**Debt instrument at amortised**	**Debt instrument at FVOCI**	**Loans and Advances**	**Other Asets**	**Perf. Bonds, Guarantees and LCs**	**Total**
In thousands of Naira							
Opening balance of the ECL allowance	**353,559**	**73,783**	**-**	**2,896,088**	**9,877,605**	**1,640,001**	**14,841,036**
Remeasurement during the year	**(325,207)**	**12,538**	**-**	**1,228,601**	**(3,199,073)**	**(297,273)**	**(2,580,414)**
Write offs	**-**		**-**	**-**	**(265,648)**	**-**	**(265,648)**
Closing balance	**28,352**	**86,321**	**-**	**4,124,689**	**6,412,885**	**1,342,728**	**11,994,975**

31 December 2019	Cash and bank balances	Debt instrument at amortised	Debt instrument at FVOCI	Loans and Advances	Other Asets	Perf. Bonds, Guarantees and LCs	**Total**
In thousands of Naira							
Opening balance of the ECL allowance	-	410,960	-	744,197	8,682,610	1,661,701	**11,499,467**
Remeasurement during the year	353,559	(337,177)	-	2,151,891	1,194,995	(21,700)	**3,341,569**
Write offs	-	-	-	-	-	-	**-**
Closing balance	353,559	73,783	-	2,896,088	9,877,605	1,640,001	**14,841,036**

h. Concentration of credit risk by Industry

At 31 December 2020

Loans and advances to customer

Industry Type	Gross Loans & Advances		Expected Credit Loss		Net Loans & Advances	
	N'000	%	N'000	%	N'000	%
Agriculture	179,345,352	86.97%	4,182,286	101.40%	175,163,067	86.68%
Construction	-	0.00%	-	0.00%	-	0.00%
Education	623,660	0.30%	5,044	0.12%	618,617	0.31%
Finance and Insurance	209,266	0.10%	302	0.01%	208,964	0.10%
General	4,721,680	2.29%	106,486	2.58%	4,615,195	2.28%
General Commerce	16,252	0.01%	21	0.00%	16,230	0.01%
Government	10,625,452	5.15%	14,213	0.34%	10,611,239	5.25%
Health Care	10,223	0.00%	114	0.00%	10,109	0.01%
Manufacturing	7,847,614	3.81%	110,961	2.69%	7,736,653	3.83%
Oil and Gas	2,537,830	1.23%	58,348	1.41%	2,479,482	1.23%
Power and Energy	134,885	0.07%	20,962	0.51%	113,923	0.06%
Transportation	47,813	0.02%	1,723	0.04%	46,090	0.02%
Real Estate	85,516	0.04%	(375,770)	-9.11%	461,287	0.23%
TOTAL	206,205,544	100.00%	4,124,689	100%	202,080,856	100.00%

At 31 December 2019

Industry Type	Gross Loans & Advances		Expected Credit Loss		Net Loans & Advances	
	N'000	%	N'000	%	N'000	%
Agriculture	102,089,891	95.49%	2,217,252	76.56%	99,872,638	96.02%
Construction	245,805	0.23%	-	0.00%	245,805	0.24%
Education	27,527	0.03%	-	0.00%	27,527	0.03%
Finance and Insurance	207,397	0.19%	-	0.00%	207,397	0.20%
General	2,128,758	1.99%	66,447	2.29%	2,062,311	1.98%
General Commerce	29,716	0.03%	-	0.00%	29,716	0.03%
Government	550,557	0.51%	789	0.03%	549,768	0.53%
Manufacturing	1,003,886	0.94%	583,693	20.15%	420,193	0.40%
Oil and Gas	261,768	0.24%	105	0.00%	261,664	0.25%
Power and Energy	308,296	0.29%	515	0.02%	307,781	0.30%
Real Estate	60,212	0.06%	27,287	0.94%	32,925	0.03%
TOTAL	**106,913,813**	**100.00%**	**2,896,088**	100.0%	**104,017,725**	100.00%

Other financial assets

31 December 2020	Cash and bank balances	Debt instrument at amortised cost	Debt instrument at FVOCI	Other assets	Guarantees and LCs
	N'000	N'000	N'000	N'000	N'000
Financial institution	131,990,127		-	-	-
Government	-	64,379,307	61,667,497	-	-
Capital market	-	-	-	-	-
General	-	-	-	7,642,807	98,355,689
Total	131,990,127	64,379,307	61,667,497	7,642,807	98,355,689

31 December 2019	Cash and bank balances	Debt instrument at amortised cost	Debt instrument at FVOCI	Other assets	Guarantees and LCs
	N'000	N'000	N'000	N'000	N'000
Financial institution	47,761,752		-	-	-
Government	-	29,209,131	86,611,960	-	-
Capital market	-	-	-	-	-
General	-	-	-	1,575,720	63,267,483
Total	47,761,752	29,209,131	86,611,960	1,575,720	63,267,483

i. Amount Arising from ECL

Significant increase in credit risk

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

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:
— the remaining lifetime probability of default (PD) as at the reporting date; with
— the remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where appropriate for changes in prepayment expectations).

The Bank uses three criteria for determining whether there has been a significant increase in credit risk:
— a backstop of 30 days past due;
— a quantitative test based on movement in PD;
— qualitative indicators; and

Credit risk grades

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

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

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

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

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

Corporate Portfolio

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

Grading	12-month weighted-average PD	External rating
Grades 1–6: Strong	0.09	AAA to B
Grades 7–12: Weak to Non Investment grade	0.92	CC to D

Retail

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

	12-month weighted-average PD	
Retail Portfolio	0.61	AAA to B

Generating the term structure of PD

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Definition of default

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

— the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held);
— the borrower is more than 90 days past due on any material credit obligation to the Bank. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
— it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Bank considers indicators that are:
— qualitative: e.g. breaches of covenant;
— quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Bank; and
— based on data developed internally and obtained from external sources.

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

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

Incorporation of forward-looking information

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

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

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

		2020			**2019**	
at 31 December	**Upside**	**Base**	**Downside**	**Upside**	**Base**	**Downside**
Scenario probability weighting	15%	75%	10%	15%	0.75	10%

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

The Bank has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

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

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

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

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

At 31 December 2019	Exchange Rate	Crude Oil	Inflation rate	GDP Changes	Interest rate	Unemployment Rate
Central economic assumptions						
5-year average	253.29	$ 65.10	12.16%	1.89%	12.64%	15.51%
Peak*	307.00	$ 109.70	18.45%	6.64%	29.80%	23.13%
Upside economic assumptions						
5-year average	202.63	$ 78.12	9.73%	1.51%	10.11%	12.41%
Peak*	245.60	$ 131.64	14.76%	5.31%	23.84%	18.50%
Downside economic assumptions						
5-year average	303.95	$ 52.08	14.59%	2.27%	15.17%	18.61%
Peak*	368.40	$ 87.76	22.14%	7.97%	35.76%	27.76%

The Bank has updated its economic forecasts used as an input into ECL as at 31 December 2020 taking current marcro economic variables into consideration.

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

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

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

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

	2019			
As at 31 December	Upside	Base	Downside	Probability-weighted
Gross exposure (in millions of Naira)				
Corporate	105,287	105,287	105,287	105,287
Retail	1,627	1,627	1,627	1,627
Loss allowance (in millions of Naira)				
Corporate	2,869	2,868	2,866	2,868
Retail	27	28	30	28
Proportion of assets in Stage 2				
Corporate	55,026	55,026	55,026	55,026
Retail	-	-	-	-

COVID-19 considerations
Existing contractual arrangements may be modified as a result of government assistance programmes. The Bank considered the need to update our accounting policies to account for such changes and how theywe have applied judgement in assessing whether a modification is determined to be substantial.

When the terms of a financial asset are modified and the modification does not result in derecognition, the determination of whether the asset's credit risk has increased significantly reflects comparison of:
— its remaining lifetime PD at the reporting date based on the modified terms; with
— the remaining lifetime PD estimated based on data on initial recognition and the original contractual terms.

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

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

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

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

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

Measurement of ECL

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

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

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

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

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

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

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

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

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

— instrument type;
— credit risk grade;
— collateral type;
— LTV ratio for retail mortgages;
— date of initial recognition;
— remaining term to maturity;
— industry; and
— geographic location of the borrower.

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

Post-model adjustments

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

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

The Bank did not make any post model adjustments for the year ended 31 December 2020 (2019: Nill)

Loss allowance

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

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

	2019			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to banks at amortised cost				
Balance at 1 January	-	-	-	-
Transfer to Stage 1				-
Transfer to Stage 2				-
Transfer to Stage 3				-
Net remeasurement of loss allowance	353,559			353,559
New financial assets originated or purchased				-
Financial assets that have been derecognised				-
Write-offs				-
Unwind of discount				-
Foreign exchange and other movements				-
Balance at 31 December	**353,559**	**-**	**-**	**353,559**

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

	2019				
	Stage 1	**Stage 2**	**Stage 3**	**Purchased credit-impaired**	**Total**
Loans and advances to customers at amortised cost*					
Balance at 1 January	744,197	-	-		744,197
Transfer to Stage 1	(378,962)	378,962			-
Transfer to Stage 2					-
Transfer to Stage 3	(3,080)		3,080		-
Net remeasurement of loss allowance	(217,258)	191,863	669,834		644,439
New financial assets originated or purchased	970,298	587,428	1		1,557,726
Financial assets that have been derecognised	(50,274)				(50,274)
Write-offs					-
Unwind of discount					-
Foreign exchange and other movements					-
Balance at 31 December	**1,064,921**	**1,158,253**	**672,914**		**2,896,088**

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

	2020 Total	2019 Total
Debt investment securities at amortised cost		
Balance at 1 January	73,783	410,960
Net remeasurement of loss allowance	12,538	(337,177)
New financial assets originated or purchased	-	-
Foreign exchange and other movements	-	-
Balance at 31 December	**86,321**	**73,783**
Cash and cash equivalents		
Balance at 1 January	353,559	-
Net remeasurement of loss allowance	(325,208)	353,559
Net decrease in cash and cash equivalents	-	-
Foreign exchange and other movements	-	-
Balance at 31 December	**28,352**	**353,559**
Loan commitments and financial guarantee contracts		
Balance at 1 January	1,640,001	1,661,701
Net remeasurement of loss allowance	(297,273)	(21,700)
New loan commitments and financial guarantees issued	-	-
Foreign exchange and other movements	-	-
Balance at 31 December	**1,342,728**	**1,640,001**

The following table provides a reconciliation between:
— amounts shown in the above tables reconciling opening and closing balances of loss allowance per class of financial instrument; and
— the 'impairment losses on financial instruments' line item in the consolidated statement of profit or loss and other comprehensive income.

2020

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

2019

	Loans and advances to banks at amortised cost	**Loans and advances to customers at amortised cost**	**Debt investment securities at FVOCI**	**Cash and cash equivalents**	**Loan commitments and financial guarantee contracts**	**Other Assets**	**Total**
Net remeasurement of loss allowance	353,559	2,151,891	(337,177)	-	(21,700)	1,194,995	3,341,569
							-
							-
Recoveries of amounts previously written off		(1,419,645)					(1,419,645)
Impairment losses on financial instrument recognised in profit or loss	**353,559**	**732,246**	**(337,177)**	**-**	**(21,700)**	**1,194,995**	**1,921,924**

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

	2020	2019
Credit-impaired loans and advances to customers at 1 January	966,871	306,371
Transferred to not-credit-impaired during the year	(897,542)	660,500
Net repayments		
Recoveries of amounts previously written off	-	
Disposals	-	
Interest income		
Other movements		
Credit-impaired loans and advances to customers at 31 December	69,330	966,871

iv. **Concentration of credit risk**

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

	Cash and Bank Balances 2020	**Loans and advances to Banks 2020**	**Loans and advances to customers 2020**	**Debt securities at amortised cost 2020**	**Debt securities at Fair Value 2020**	**2020**	**Total**
Carrying amount	99,267	33,065	206,206	64,379	62,840		465,756
Amount committed/guaranteed			-				-
Concentration by sector							
Corporate:							
Agriculture			*179,345*				179,345
Construction			*-*				-
Education			*624*				624
Finance and Insurance	*99,267*	*33,065*	*209*				132,541
General			*4,722*				4,722
General Commerce			*16*				16
Government			*10,625*	*64,379*	*62,840*		137,844
Health Care			*10*				10
Manufacturing			*7,848*				7,848
Oil and Gas			*2,538*				2,538
Power and Energy			*135*				135
Transportation			*48*				48
Real Estate			*86*				86
	99,267	**33,065**	**206,206**	**64,379**	**62,840**		**465,756**

v . **Offsetting financial assets and financial liabilities**

The disclosures set out in the following tables include financial assets and financial liabilities that:
— are offset in the Bank's statement of financial position; or
— are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

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

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

The Bank receives and gives collateral in the form of cash and marketable securities in respect of the following transactions:
— derivatives;
— sale-and-repurchase, and reverse sale-and-repurchase, agreements;
and — securities lending and borrowing.

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

5.2.2 MARKET RISK

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

a Identification

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

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

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

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

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

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

	Note	2020 N'000	2019 N'000
Investment securities at FVOCI - Treasury bills	19	40,157,360	77,289,733
Investment securities at FVOCI - Bonds	19	21,510,137	9,322,227
Investment securities at FVOCI - Quoted equities	19	29,520	25,420
		61,697,017	86,637,380

b Concentrations of currency risk: Financial Instruments

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

As at 31 December 2020	Notes	Naira N'000	Dollar N'000	Pound N'000	Euro N'000	Total N'000
Assets						
Cash and balances with central banks	16	**97,859,887**	**1,281,578**	**16,629**	**108,677**	**99,266,770**
Due from banks	17	**5,248,307**	**27,283,107**	**197,639**	**336,116**	**33,065,169**
Loans and advances to customers	18	**202,080,856**	**-**		**-**	**202,080,856**
Debt instruments at FVOCI	19(ai)	**61,667,497**	**-**	**-**	**-**	**61,667,497**
Equity instruments at FVOCI	19(ai)	**1,172,114**	**-**	**-**	**-**	**1,172,114**
Debt instruments at amortised cost	19b	**64,379,307**	**-**	**-**	**-**	**64,379,307**
Other assets*	20	**7,642,807**	**-**	**-**	**-**	**7,642,807**
		440,050,774	**28,564,684**	**214,268**	**444,793**	**469,274,518**
Liabilities						
Due to other banks	24	**106,699,353**	**-**	**-**	**-**	**106,699,353**
Deposits from customers	25	**310,754,419**	**45,581,836**	**128,578**	**150,359**	**356,615,192**
Debt issued and other borrowed funds	26	**255,406,328**	**9,467,308**	**-**	**-**	**264,873,635**
Other liabilities**	28	**37,326,277**	**-**	**-**	**-**	**37,326,277**
		710,186,377	**55,049,143**	**128,578**	**150,359**	**765,514,457**
Gap		**(270,135,603)**	**(26,484,459)**	**85,690**	**294,434**	**(296,239,939)**
Sensitivity to rate changes						**Impact on p/l**
+6% increase		**-**	**(1,589,068)**	**5,141**	**17,666**	**(1,566,260)**
-6% decrease		**-**	**1,589,068**	**(5,141)**	**(17,666)**	**1,566,260**

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

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

As at 31 December 2019		**Naira**	**Dollar**	**Pound**	**Euro**	**Total**
		N'000	**N'000**	**N'000**	**N'000**	**N'000**
Assets						
Cash and balances with central banks	16	13,389,895	655,603	16,700	146,940	14,209,138
Due from banks	17	4,601,427	28,174,332	200,791	748,726	33,725,276
Loans and advances to customers	18	103,929,820	87,905	-	-	104,017,725
Debt instruments at FVOCI	19(ai)	86,611,960	-	-	-	86,611,960
Equity instruments at FVOCI	19(ai)	650,095	-	-	-	650,095
Debt instruments at amortised cost	19b	29,209,131	-	-	-	29,209,131
Other assets*	20	1,575,720	-	-	-	1,575,720
		239,968,048	**28,917,840**	**217,491**	**895,666**	**269,999,045**
Liabilities						
Due to other banks	24	108,240,698	-	-	-	108,240,698
Deposits from customers	25	218,082,855	39,353,247	120,684	134,396	257,691,182
Debt issued and other borrowed funds	26	170,742,223	12,561,500	-	-	183,303,723
Other liabilities**	28	20,306,889	8,916	33,097	-	20,348,902
		517,372,665	**51,923,663**	**153,781**	**134,396**	**569,584,505**
Gap		**(277,404,617)**	**(23,005,823)**	**63,710**	**761,270**	**(299,585,460)**
Sensitivity to rate changes						**Impact on PL**
+6% increase		**-**	**(1,380,349)**	**3,823**	**45,676**	**(1,330,850)**
-6% decrease		**-**	**1,380,349**	**(3,823)**	**(45,676)**	**1,330,850**

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

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

c. Interest Rate Risk

The table below shows an analysis of interest bearing assets and liabilities analysed according to when they are expected to be settled. The interest reprising gap table analyses the full term structure of interest rate mis matches within the Bank's balance sheet based on the maturity date if fixed rate.

As at 31 December 2020

	Up to 1 Month N'000	1 to 3 Months N'000	3 to 6 Months N'000	6 to 12 Months N'000	1 to 3 Years N'000	Over 3 Years N'000	Total N'000
Assets							
Due from banks	5,892,145	27,833,131	-	-	-	-	33,725,276
Loans and advances to customers	23,099,798	4,997,785	72,778,949	82,475,313	11,787,028	11,186,638	206,325,511
Debt instruments – FVOCI	8,383,610	21,595,452	3,333,301	7,173,762	2,115,498	19,587,893	62,189,516
Financial investments – Amortised Cost	-	15,519,734	-	1,100,000	2,508,026	45,251,547	64,379,307
Total assets	**37,375,553**	**69,946,102**	**76,112,250**	**90,749,076**	**16,410,552**	**76,026,078**	**366,619,610**
Liabilities							
Due to other banks	6,500,000	-	-	100,000,000	-	-	106,500,000
Due to customers	258,968,190	95,490,317	1,575,908	420,852	-	-	356,455,267
Debt issued and other borrowed funds	-	-	-	50,698,630	204,707,698	9,467,308	264,873,636
Total liabilities	**265,468,190**	**95,490,317**	**1,575,908**	**151,119,482**	**204,707,698**	**9,467,308**	**727,828,902**
Net Financial Instruments	**(228,092,637)**	**(25,544,215)**	**74,536,342**	**(60,370,406)**	**(188,297,146)**	**66,558,770**	**(361,209,292)**

Sensitivity to rate changes							**Impact on PL**
+5% net increase in yield	**11,404,632**	**1,277,211**	**(3,726,817)**	**3,018,520**	**9,414,857**	**(3,327,938)**	**18,060,465**
-5% net decrease in yield	**(12,004,876)**	**(1,344,432)**	**3,922,965**	**(3,177,390)**	**(9,910,376)**	**3,503,093**	**(19,011,015)**

As at 31 December 2019

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

Sensitivity to rate changes							**Impact on PL**
+5% net increase in yield	**9,814,020**	**354,986**	**(97,308)**	**3,571,213**	**2,223,801**	**(3,498,633)**	**12,368,080**
-5% net decrease in yield	**(10,330,547)**	**(373,669)**	**102,429**	**(3,759,172)**	**(2,340,844)**	**3,682,772**	**(13,019,031)**

5.2.3 LIQUIDITY RISK MANAGEMENT

The Board and Senior Management have a major stake in the liquidity management of Unity Bank. Within its oversight function, the Board sets clear liquidity management strategy, policies and procedures aligned with the Bank's overall business objectives. It further keeps a tab on Management's compliance with the Bank's liquidity risk management strategy. To this end, it seeks to know on a regular basis the liquidity position of the Bank while providing support in various forms feasible to Management in meeting the liquidity risk management objectives.

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

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

The key players in the management of Liquidity risk and their functions are:
1. Asset Liabilities Committee
2. Treasury Group
3. Market & Liquidity Risk Department
4. The Business Units

a Asset Liabilities Committee (ALCO)

ALCO is responsible for managing the Bank's liquidity risk generally rendering reports to that effect. The frequency of such reports is normally monthly except where an emergency situation demands. A review of the liquidity position stirs recommendations to Management.
ALCO also monitors implementation of approved strategies whilst making reports to the MD/CEO on the level of compliance

b Maturity profile of assets and liabilities

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

31 December 2020	Note	Carrying Amount	Up to 1 Month	1 to 3 Months	3 to 6 Months	6 to 12 Months	1 to 3 Years	Over 3 Years	Nominal inflow/ (outflow)
Assets		N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash and balances with central banks	16	99,097,619	8,136,410	-	-	-	90,788,548	172,662	99,097,619
Due from banks	17	42,161,166	14,310,670	27,850,495	-	-	-	-	42,161,166
Loans and advances to customers	18	202,080,856	23,099,798	4,997,785	72,778,949	82,475,313	11,787,028	11,186,638	206,325,511
Debt & Equity instruments at FVOCI	19a	62,839,611	8,383,610	21,595,452	3,333,301	7,823,857	2,115,498	19,587,893	62,839,611
Debt instruments at amortised cost	19a	64,379,307	-	15,519,734	-	1,100,000	2,508,026	45,251,547	64,379,307
Other assets*	20	7,642,807	7,642,807	-	-	-	-	-	7,642,807
Total assets		478,201,365	61,573,294	69,963,466	76,112,250	91,399,171	107,199,100	76,198,739	482,446,020
Liabilities									
Due to other banks	24	106,699,353	6,500,000	-	-	100,000,000	-	-	106,500,000
Deposit from customers	25	356,455,267	258,968,190	95,490,317	1,575,908	420,852	-	-	356,455,267
Borrowings	26	264,873,636	-	-	-	50,698,630	204,707,698	9,467,308	264,873,636
Other liabilities**	28	37,326,277	37,326,277	-	-	-	-	-	37,326,277
Total liabilities		765,354,532	302,794,467	95,490,317	1,575,908	151,119,482	204,707,698	9,467,308	765,155,179
Gap		(287,153,168)	(241,221,172)	(25,526,851)	74,536,342	(59,720,311)	(97,508,598)	66,731,431	(282,709,159)

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

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

31 December 2019	**Note**	**Carrying Amount**	**Up to 1 Month**	**1 to 3 Months**	**3 to 6 Months**	**6 to 12 Months**	**1 to 3 Years**	**Over 3 Years**	**Nominal inflow/(outflow)**
Assets		**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with central banks	16	14,209,138	6,687,488	-	-	-	7,348,989	172,662	14,209,138
Due from banks	17	33,744,057	5,893,562	27,850,495	-		-	-	33,744,057
Loans and advances to customers	18	104,017,725	2,252,492	2,668,778	1,037,120	21,978,741	77,691,354	17,014,157	122,642,642
Debt instruments at FVOCI	19a	87,262,055	6,863,160	21,381,018	24,882,495	27,127,352	5,044,257	10,643,086	95,941,368
Debt instruments at amortised cost	19a	29,209,131	-	-	-	-	1,390,040	54,876,926	56,266,966
Other assets*	20	1,575,720	1,575,720	-	-	-	-	-	1,575,720
Total assets		270,017,826	23,272,422	51,900,291	25,919,615	49,106,093	91,474,639	82,706,831	324,379,891
Liabilities									
Due to other banks	24	108,240,698	8,001,926	51,229,508	-	55,061,410	-	-	114,292,844
Due to customers	25	257,691,183	203,286,271	7,753,138	23,973,463	14,818,856	7,859,455	-	257,691,183
Borrowings	26	183,303,724	-	-	-	50,000,000	120,742,223	12,561,500	183,303,724
Other liabilities**	28	20,348,902	20,348,902	-	-	-	-	-	20,348,902
Total liabilities		569,584,506	231,637,099	58,982,646	23,973,463	119,880,266	128,601,678	12,561,500	575,636,653
Gap		**(299,566,680)**	**(208,364,678)**	**(7,082,355)**	**1,946,152**	**(70,774,172)**	**(37,127,039)**	**70,145,330**	**(251,256,761)**

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

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

	Up to 1 Month	**1 to 3 Months**	**3 to 6 Months**	**6 to 12 Months**	**Over 1 Year**	**Total**
31 December 2020	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Performance Bonds & Guarantees	**113,299**	**3,396,966**	**10,194,738**	**7,643,528**	**44,826,660**	**66,175,192**
Letters of credit	**21,094,821**	**2,583,372**	**9,845,033**	**-**	**-**	**33,523,225**
	21,208,120	**5,980,338**	**20,039,771**	**7,643,528**	**44,826,660**	**99,698,417**

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

Liquidity Reserves

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

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

	2020 Carring Amount	**Fair Value**	**2019 Carring Amount**	**Fair Value**
Cash on hand	6,855,423	6,855,423	6,088,462	6,088,462
Current account with the Central Bank of Nigeria	1,280,987	1,280,987	599,026	599,026
Due from banks	33,065,169	33,065,169	33,725,276	33,725,276
Investment Securities:				
At fair value through other comprehensive income	61,667,497	61,667,497	86,611,960	86,611,960
Debt instruments at amortised cost	64,379,307	64,379,307	29,209,131	29,209,131
	167,248,383	167,248,383	156,233,855	156,233,855

5.2.4 Fair value of financial instruments

a Financial instruments recorded at fair value

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

b Financial investments –Fair Value through OCI

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

c Determination of fair value and fair value hierarchy

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

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

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

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

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

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

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

d Level 3 fair value measurements

i Reconciliation

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

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

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

e **Valuation of unquoted equities**

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

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

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

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

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

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

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

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

The significant unobservable inputs in the valuation method include:

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

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

Valuation Assumptions - Discounted Cash flow

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

Sensitivity analysis – Equity Price Risk (unquoted equity investment)

In thousands of Naira	**Increase**	**Decrease**
Risk free rate (1% movement)	12.63%	10.63%
Risk premium (1% movement)	11.63%	9.63%

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

		31 DECEMBER 2020		31 DECEMBER 2019	
		Carrying amount	Fair value	Carrying amount	Fair value
		N'000	N'000	N'000	N'000
Financial assets					
Cash and balances with central bank	16	**99,266,770**	**99,266,770**	14,209,138	14,209,138
Due from banks	17	**33,065,169**	**33,065,169**	33,725,276	33,725,276
Loans and advances to customers	18	**202,080,856**	**202,080,856**	104,017,725	104,017,725
Other Assets*	20	**7,642,807**	**7,642,807**	1,575,720	1,575,720
Financial investments – Amortised Costs	19a	**64,379,307**	**27,187,702**	29,209,131	27,187,702
		406,434,908	**369,243,303**	**182,736,990**	**180,715,561**
Financial liabilities					
Deposit from customers	25	**356,615,192**	**356,615,192**	257,691,182	257,691,182
Due to Other Banks	24	**106,699,353**	**106,699,353**	108,240,698	108,240,698
Borrowings	25	**264,873,635**	**264,873,635**	183,303,723	183,303,723
Other liabilities**	28	**37,326,277**	**37,326,277**	20,348,902	20,348,902
		658,815,104	**658,815,104**	**461,343,807**	**461,343,807**

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

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

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

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

Assets for which fair value approximates carrying value

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

Fixed rate financial instruments

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

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

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

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5.2.5 Classification of financial assets and financial liabilities

See accounting policies in Notes 3(II)

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

31 December 2020	Note	FVOCI debt instruments N'000	FVOCI equity instruments N'000	Amortised cost N'000	Total carrying amount N'000
Cash and balances with Central Bank	16	-	-	99,266,770	99,266,770
Due from banks	17	-	-	33,065,169	33,065,169
Loans and advances to customers	18	-	-	202,080,856	202,080,856
Investment Securities	19(ai)	61,667,497	1,172,114	64,379,307	127,218,917
Other assets*	20	-	-	7,642,807	7,642,807
Total financial assets		**61,667,497**	**1,172,114**	**406,434,908**	**469,274,518**
Due to other banks	24	-	-	106,699,353	106,699,353
Deposits from customers	25	-	-	356,615,192	356,615,192
Debt issued and other borrowed funds	26	-	-	264,873,635	264,873,635
Other liabilities**	28	-	-	37,326,277	37,326,277
		-	**-**	**765,514,457**	**765,514,457**

31 December 2019	Note	FVOCI debt instruments N'000	FVOCI equity instruments N'000	Amortised cost N'000	Total carrying amount N'000
Cash and balances with Central Bank	16	-	-	14,209,138	14,209,138
Due from banks	17	-	-	33,725,276	33,725,276
Loans and advances to customers	18	-	-	104,017,725	104,017,725
Investment Securities	19(ai)	86,611,960	650,095	29,209,131	116,471,186
Other assets*	20	-	-	1,575,720	1,575,720
Total financial assets		**86,611,960**	**650,095**	**182,736,990**	**269,999,045**
Due to other banks	24	-	-	108,240,698	108,240,698
Deposits from customers	25	-	-	257,691,182	257,691,182
Debt issued and other borrowed funds	26	-	-	183,303,723	183,303,723
Other liabilities**	28	-	-	20,348,902	20,348,902
Total financial liabilities		**-**	**-**	**569,584,505**	**569,584,505**

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

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

5.2.6 Responding to COVID 19 pandemic:

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

Credit risk:

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

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

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

- directed the reviews the credit rating of its customers and establishes whether a downgrade in risk rating was necessary. No such action became necessary
- update the macro economic indices and the scaler facts to reflect the actual and expected impact of COVID 19 pandemic on each of the loan customer
- Provided an option of a temporary extension of credit terms to customers who may have been impacted by the pandemic.

Market Risk

The Bank's Risk Management Strategy was not significantly changed due to the CoVID 19 pandemic. However, the Bank revised its budget during the 2020 to incorporate any impact the pandemic may have on the business operations of the Bank.

Government Assistance

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

Accounting policies:

The accounting standards board proposed some changes for accounting for the pandemic year. See note 2.2 for a summary of these changes. However, the impact of these changes on the Bank was insignificant following the assessment it carried out.

Other matters:

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

The Bank made a donations to the Federal Government Campaign against COVID (CACOVID) and several other state initiatives in the fight against the Pandemic.

6 Interest income

	2020 N'000	2019 N'000
Placement with Banks	**1,232,816**	632,006
Loans and advances to customers	**23,004,488**	21,886,260
Financial investments – FVOCI (see (a) below)	**9,118,098**	9,527,240
Financial investments – amortised costs (see (b) below)	**5,764,055**	3,902,471
	39,119,457	**35,947,977**

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

a Financial investments – FVOCI

	2020 N'000	2019 N'000
Treasury bills	9,118,098	9,527,240
	9,118,098	9,527,240

b Financial investments – amortised cost

	2020 N'000	2019 N'000
Treasury Bills	1,447,390	979,935
Bonds - Amortised cost	4,316,665	2,922,535
	5,764,055	3,902,471

7 Interest expense:

	2020 N'000	2019 N'000
Due to banks	**10,172,386**	10,123,527
Deposits from customers	**7,263,921**	7,702,568
Other borrowed funds (see note 26)	**3,920,218**	1,594,748
Interest expense on lease liability	**15,791**	33,803
	21,372,315	**19,454,646**

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

8 Fees and commission income

	2020 N'000	2019 N'000
Credit related fees and commission	**1,039,968**	881,129
Account Maintenance Fee	**1,358,721**	933,166
E-banking income (see note 8b)	**2,642,572**	2,941,014
Other fees and commission	**177,335**	222,452
	5,218,596	**4,977,761**

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

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

The analysis of E-banking income is as follows:

	2020 N'000	2019 N'000
ATM income	**1,903,071**	1,580,337
Cards Income	**224,323**	595,694
Transactions income	**515,177**	764,983
	2,642,572	**2,941,014**

9 Net trading income

	2020 N'000	2019 N'000
FX trading gain/ (loss)	**257,975**	(2,852,861)
Foreign exchange gain	**434,274**	3,182,152
Securities trading losses	**(4,509,297)**	-
Net trading income/(loss) on financial instruments	**(3,817,048)**	**329,291**

10 Other operating income

	2020 N'000	2019 N'000
Dividend income	**85,875**	51,202
(Losses)/gains from sale of financial assets	**1,261,455**	733,597
Rental income	**112,109**	97,813
Gain on disposal of property and equipment	**8,923**	26,770
Gain on substantial modification of borrowings (see note 26)	**-**	2,129,460
Transactional income (a)	**719,905**	293,400
	2,188,267	3,332,242

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

11 Remeasurements of ECL allowance on financial assets

	2020 N'000	2019 N'000
Due from banks (See note 17)	**(325,207)**	353,559
Loans & advances (see note 18(d))	**1,228,601**	2,151,891
Debt instruments (see notes 19(d))	**12,538**	(337,177)
Contingents (see note 28)	**(297,273)**	(21,700)
	618,659	2,146,574
Recoveries on amounts previously written off (see note (a) below)	**(1,546,918)**	(1,419,645)
Credit loss expense	**(928,259)**	726,928
Other assets (see note 20)	**(3,199,073)**	1,194,995
Total impairment (writeback)/ loss	**(4,127,332)**	1,921,923

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

Analysis of impairment by stage allocation

31 December 2020

In thousands of Naira	12 months ECL	Lifetime ECL not-credit impaired	Lifetime ECL - credit impaired	Total
Due from banks	(325,207)	-	-	**(325,207)**
Loans & advances	1,228,601	-	-	**1,228,601**
Financial instruments	12,538	-	-	**12,538**
Contingents	(297,273)	-	-	**(297,273)**
Other assets	(3,199,073)	-	-	**(3,199,073)**
	(2,580,414)	**-**	**-**	**(2,580,414)**
Recoveries				**(1,546,918)**
Total impairment loss				**(4,127,332)**

31 December 2019

In thousands of Naira	12 months ECL	Lifetime ECL not-credit impaired	Lifetime ECL - credit impaired	Total
Due from banks	353,559	-	-	353,559
Loans & advances	202,417	1,338,612	610,862	2,151,891
Financial instruments	(337,177)	-	-	(337,177)
Contingents	(21,700)	-	-	(21,700)
Other assets	1,194,995	-	-	1,194,995
	1,392,095	**1,338,612**	**610,862**	3,341,569
Recoveries				(1,419,645)
Total impairment loss				1,921,923

12. Personnel expenses	**2020**	**2019**
	N'000	N'000
Salary and allowances	**9,799,608**	9,004,616
Pension costs – Defined contribution plan (See note 29)	**609,387**	432,200
	10,408,996	9,436,816

13. Other operating expenses		
Advertising and marketing	**390,841**	247,707
Professional fees	**303,371**	161,132
Rental charges	**16,547**	1,569
Banking Sector Resolution Funds (AMCON Levy)	**1,789,953**	1,598,630
NDIC insurance premium	**1,161,543**	1,172,743
Administrative (see note 13a below)	**7,426,965**	5,192,540
	11,089,219	8,374,321

13a. Administrative	**2020**	**2019**
	N'000	N'000
AGM expenses	**45,000**	55,843
Audit fees	**65,000**	75,000
Fuel & motor running expenses	**98,083**	136,903
Printing and stationery	**144,739**	137,249
Bank charges & subscription	**351,923**	221,363
Donations	**144,954**	39,161
General insurance	**241,777**	181,272
Legal expenses	**958,351**	192,722
Local & foreign travels	**197,143**	328,999
Electricity & power expenses	**359,274**	280,035
Cash & Currency management expense	**433,751**	221,622
Facility maintenance & management expenses	**302,589**	269,314
Directors fees, allowances & expenses	**238,777**	272,604
Repair & maintenance expenses	**497,422**	429,460
Diesel expenses	**343,179**	459,367
Security & safety management expenses	**643,847**	547,375
IT and related expenses	**803,781**	574,905
Back Duty taxes paid	**283,016**	72,680
Interest Reversals	**370,937**	14,068
Office related expenses	**549,531**	206,076
Other Administrative expenses	**353,891**	476,522
	7,426,965	5,192,540

14 Tax Expenses

	2020 N'000	2019 N'000
Current tax		
Minimum income tax	**114,678**	222,680
	114,678	222,680
NITDA levy	**22,012**	36,061
Police Trust Fund levy	**111**	182
	22,123	36,243
Total current tax	**136,801**	258,923

	2020 N'000	%	2019 N'000	%
Reconciliation of effective tax rate				
Profit before income tax	**2,223,194**		3,642,112	
Minimum tax	**114,678**	5%	222,680	6%
Tax calculated at domestic rate applicable in Nigeria (30%)	**666,958**	30%	1,092,634	30%
Tax effect of adjustments on taxable income				
Non-deductable expenses	**3,288,328**	148%	3,073,783	84%
Tax exempt income	**(5,459,411)**	-246%	(5,018,124)	-138%
NIDTA levy	**22,012**	1%	36,061	1%
Temporary differences for which no deferred tax was recognised	**1,504,125**	68%	851,708	23%
Police trust fund levy	**111**	0%	182	0%
Total tax expense	**22,123**	1%	**36,243**	1%

15. Earnings per share

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

	2020 N'000	2019 N'000
Net profit attributable to ordinary shareholders for basic earnings:	**2,086,393**	3,383,189
Weighted average number of ordinary shares for basic earnings per share:	**11,689,338**	11,689,338
Basic earnings per ordinary share	**17.85**	28.94

Diluted earnings per ordinary share

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

		2020	2019
		N'000	N'000
16	**Cash and Balances with Central Bank**		
	Cash on hand	6,855,423	6,088,462
		6,855,423	6,088,462
	Current account with the Central Bank of Nigeria	1,280,987	599,026
	Deposits with the Central Bank of Nigeria	90,788,548	7,348,989
	CBN - AGSMEIS Account	341,812	172,662
		99,266,770	14,209,138
	Current	98,924,958	14,036,476
	Non-Current	341,812	172,662
		99,266,770	14,209,138

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

		2020	2019
17	**Due from banks**	N'000	N'000
	Placements with banks and discount houses	21,984,267	31,386,691
	Balances with banks within Nigeria	1,797,629	1,530,131
	Balances with banks outside Nigeria	9,311,625	1,162,014
		33,093,521	34,078,836
	Less: remeasurement of ECL allowance (see note 17(a))	(28,352)	(353,559)
		33,065,169	33,725,276
	Current	33,065,169	33,725,276
	Non-Current	-	-
		33,065,169	33,725,276

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

		2020	2019
a	**Movement in impairment allowance**	N'000	N'000
	At 1 January	353,559	-
	Impairment charge for the year	(325,207)	353,559
	At 31 December	28,352	353,559

	2020 N'000	2019 N'000
18 Loans and advances to Customers		
a *i. Direct Loans and advances to*		
Government lending	**11,478,414**	550,557
Corporate lending	**5,148,772**	3,588,212
Consumer lending	**2,524,571**	1,572,129
	19,151,757	5,710,898
ii. On-lending facilities	**187,053,787**	101,202,915
Gross Loans & Advances (including On-lending)	**206,205,544**	106,913,813
Less: Allowance for impairment losses	**(4,124,689)**	(2,896,088)
	202,080,856	104,017,725
Current	**183,351,845**	27,937,131
Non-Current	**18,729,011**	76,080,594
	202,080,856	104,017,725

b Collaterals held & other Credit enhancements

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

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

Loan to value ratio is as follows

31 December 2020	**Exposure**	**Value of collateral**	LTV ratio
Cash	**13,236,232**	**17,333,280**	76%
Secured against real estate	**2,675,848**	**13,306,026**	20%
Otherwise secured	**190,293,465**	**190,293,465**	100%
Unsecured	**-**	**-**	100%
	206,205,544	**220,932,771**	**93%**

31 December 2019	**Exposure**	**Value of collateral**	LTV ratio
Cash	1,136,898	**6,734,620**	17%
Secured against real estate	3,087,343	**14,233,365**	22%
Otherwise secured	102,689,573	**102,689,573**	100%
Unsecured	-	**-**	0%
	106,913,813	**123,657,558**	86%

UNITY BANK PLC

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c *Loans and advances to customers*

	2020 N'000	2019 N'000
0 to 30 days	**2,774,855**	2,242,209
1 -3 months	**2,388,186**	1,369,366
3-6 months	**767,423**	343,969
6-12 Months	**2,847,453**	1,027,930
Over 12 Months	**10,373,839**	727,424
Total Loans & advances	**19,151,757**	5,710,898

	2020 N'000	2019 N'000
On-lending		
0-6 Months	**22,935,791**	70,387,422
6-12 Months	**151,519,419**	656,327
Over 12 Months	**12,598,577**	30,159,166
Total On lending	**187,053,787**	101,202,915
Gross Loans (Including On-Lending)	**206,205,544**	106,913,813

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

	2020 N'000	2019 N'000
At 1 January	**2,896,088**	744,197
Charge for the year (see note 11)	**1,228,601**	2,151,891
At 31 December	**4,124,689**	2,896,088

e Concentration of credit risk

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

Region	2020 N'000	2019 N'000
South South	**4,866,868**	422,302
South West	**20,857,288**	8,415,592
South East	**2,088,166**	56,795
North West	**33,933,059**	8,224,442
North Central	**102,448,351**	73,017,359
North East	**42,131,779**	16,777,323
	206,325,511	106,913,813

19 Investments Securities

	2020 N'000	2019 N'000
(ai) Fair Value through OCI		
Debt Instruments		
Debt securities - treasury bills	**40,157,360**	77,289,733
Debt securities - government bonds	**21,510,137**	9,322,227
	61,667,497	**86,611,960**
Equity investments		
Quoted equities	**29,520**	25,420
Unquoted equities	**1,142,594**	624,675
	1,172,114	650,095
	62,839,611	87,262,055

The debt instrument at fair value through other comprehensive income includes treasury bills of N4.85 billion and FGN bond of N1.8 billion pledged as collateral for placement with foreign bank and as collateral for clearing and settlement account respectively.

(aii) Movement in investment securities at FVOCI

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

31 December 2019	N'000 Debt instruments	N'000 Equities	N'000 Total
Balance beginning of the year	76,500,427	161,723	**76,662,150**
Fair value changes during the year	1,697,205	438,373	**2,135,577**
Purchase of investments securities at FVOCI	79,499,582	50,000	**79,549,582**
Redemption/disposal of debt securities	(71,085,254)		**(71,085,254)**
Balance, end of the year	**86,611,960**	**650,096**	**87,262,055**

	2020 N'000	2019 N'000
Current	**41,136,220**	71,574,712
Non-Current	**21,703,391**	15,687,343
	62,839,611	**87,262,055**

b Debt instruments at amortised costs

	2020	2019
	N'000	N'000
Government debt securities	64,379,307	29,282,914
Remeasurement of ECL allowance	-	(73,783)
	64,379,307	29,209,131

	2020	2019
	N'000	N'000
Current	-	-
Non-Current	64,379,307	29,209,131
	64,379,307	29,209,131

c Movement in financial instrument at amortised cost

	2020	2019
	N'000	N'000
Balance, beginning of the year	29,209,131	25,660,268
Acquisition/(Redemption/disposal) of financial instruments during the year	33,220,011	1,271,919
Interest Income	5,764,055	3,902,471
Interest received	(3,801,352)	(1,962,703)
Impairment (writeback)/loss during the year	(12,538)	337,177
	64,379,307	29,209,131

d Movement in impairment allowance

	2020	2019
	N'000	N'000
Balance, beginning of the year	73,783	410,960
ECL recognised in profit or loss (see note 11)	12,538	(337,177)
Balance, end of year	86,321	73,783

20 Other assets

	2020	2019
Non financial assets		
Prepayments	437,658	649,985
Stationery stocks	243,952	303,280
	681,610	953,266
Financial assets		
Account receivables	761,468	3,067,775
Fraud suspense	250,127	372,311
SME forex allocation receivable (c)	2,600,304	2,600,304
Settlement receivables (see note (a) below)	10,443,790	5,412,934
	14,055,690	11,453,324
Less: remeasurement of ECL allowance	(6,412,883)	(9,877,604)
Net financial assets	7,642,807	1,575,720
Total other assets	8,324,417	2,528,985
Current	7,642,807	1,575,720
Non-Current	681,610	953,265
	8,324,417	2,528,985

a. Included as part of Settlement receivables are outstanding reconciling items on nostro reclassed to other assets totaling N4.6billion (2019: N5.7billion). The amount has been subjected to full impairment while reconciliation of the aged open items in the nostro accounts is on going.

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

	Other assets	Other assets
	N'000	N'000
Balance, beginning of the year	9,877,604	8,682,610
Impairment (Writeback)/Charge for the year (see Note 11)	(3,199,073)	1,194,995
Amount written off	(265,648)	-
Balance year end	6,412,883	9,877,604

c. This represents the amount receivable from the CBN on the SME Funding carried out in 2017. the Directors are of the opinion that the amount is not doubtful of recovery, accordingly, no impairment has been recognised.

21 Property and equipment

	Land N'000	Building N'000	ROU Building N'000	Motor Vehicle N'000	Property & Equipment N'000	Furniture & Fittings N'000	Work in Progress N'000	Total N'000
Cost:								
At 01 January 2020	**415,550**	**24,523,631**	**1,444,267**	**4,712,911**	**14,759,691**	**3,441,633**	**736,546**	**50,034,230**
Additions	-	83,024	493,161	577,912	659,625	25,144	43,549	1,882,415
Disposals	-	-	-	-	(44,235)	-	-	(44,235)
ROU lease liability terminated	-	-	(223,099)	-	-	-	-	(223,099)
Reclassifications	-	31,241	-	12,811	36,640	-	(80,693)	-
Reclass out of PPE	-	-	-	-	-	-	(10,827)	(10,827)
At 31 December 2020	**415,550**	**24,637,896**	**1,714,330**	**5,303,634**	**15,411,721**	**3,466,777**	**688,575**	**51,638,484**
Depreciation and impairment:								
At 01 January 2020	**-**	**6,902,606**	**510,211**	**3,511,335**	**13,802,444**	**3,344,075**	**-**	**28,070,671**
Additions	-	466,442	460,689	434,879	280,518	53,128	-	1,695,656
Reclassification	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(43,207)	-	-	(43,207)
At 31 December 2020	**-**	**7,369,048**	**970,900**	**3,946,214**	**14,039,754**	**3,397,203**	**-**	**29,723,120**
Net book value:								
At 01 January 2020	**415,550**	**17,621,025**	**934,057**	**1,201,576**	**957,247**	**97,558**	**736,546**	**21,963,559**
At 31 December 2020	**415,550**	**17,268,848**	**743,430**	**1,357,420**	**1,371,967**	**69,574**	**688,575**	**21,915,364**

	Land N'000	Building N'000	ROU Building N'000	Motor Vehicle N'000	Property & Equipment N'000	Furniture & Fittings N'000	Work in Progress N'000	Total N'000
Cost:								
At 01 January 2019	**415,550**	**24,509,028**	**-**	**3,640,862**	**14,304,943**	**3,417,222**	**862,276**	**47,149,881**
IFRS 16 transitions adjustments	**-**		**963,264**	**-**	**-**	**-**	**-**	**963,264**
Adjusted opening balance	**415,550**	**24,509,028**	**963,264**	**3,640,862**	**14,304,943**	**3,417,222**	**862,276**	**48,113,145**
Additions	-	17,148	481,003	1,167,436	441,242	24,411	78,695	2,209,936
Disposals	-	-	-	(88,457)	(81,954)	-	-	(170,411)
Reclassifications	-	-	-	3,570	101,488	-	(105,058)	-
Reclass out of PPE	-	-	-	-	-	-		-
Reclassifications/WO	-	(2,545)	-	(10,500)	(6,029)	-	(99,367)	(118,441)
At 31 December 2019	**415,550**	**24,523,631**	**1,444,267**	**4,712,911**	**14,759,691**	**3,441,633**	**736,546**	**50,034,230**
Depreciation and impairment:								
At 01 January 2019	**-**	**6,414,597**	**-**	**3,390,797**	**13,460,581**	**3,281,670**	**-**	**26,547,646**
Additions	-	488,598	510,211	218,647	429,346	61,835	-	1,708,637
Reclassification out of PPE	-	-	-	-	-	-	-	-
Disposals	-	-	-	(88,273)	(81,321)	-	-	(169,594)
Write off	-	(589)	-	(9,836)	(6,162)	570	-	(16,017)
At 31 December 2019	**-**	**6,902,606**	**510,211**	**3,511,335**	**13,802,444**	**3,344,075**	**-**	**28,070,671**
Net book value:								
At 01 January 2019	**415,550**	**18,094,431**	**-**	**250,065**	**844,363**	**135,552**	**862,276**	**20,602,236**
At 31 December 2019	**415,550**	**17,621,025**	**-**	**1,201,576**	**957,247**	**97,558**	**736,546**	**21,963,559**

There were no impairment losses on any class of property and equipment during the year (December 31, 2019: Nil)

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 31, 2019: Nil).

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

22 Intangible assets

	Computer Software N'000 2020	Total N'000 2020	Computer Software N'000 2019	Total N'000 2019
Cost:				
At 01 January	**3,382,805**	**3,382,805**	3,278,653	**3,278,653**
Additions:		-		
Internally Developed	-	-	-	-
External Purchase	59,858	59,858	104,152	**104,152**
At 31 December	**3,442,663**	**3,442,663**	**3,382,805**	**3,382,805**
Amortisation and impairment:				
At 01 January	3,246,604	3,246,604	**3,197,787**	**3,197,787**
Amortisation	47,223	47,223	48,817	**48,817**
At 31 December	**3,293,827**	**3,293,827**	**3,246,604**	**3,246,604**
Net book value:				
At 31 December	**148,836**	**148,836**	**136,201**	**136,201**
At I January	**136,201**	**136,201**	**80,866**	**80,866**

There were no impairment losses on any intangible asset during the year (December 31, 2019: Nil)

There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (December 31, 2019: Nil).

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

23. Deferred taxes

	2020 N'000	2019 N'000
	-	-

The Bank's deferred tax asset which principally arose from allowable loss, unutilized capital allowance and stage 3 impairment allowance on credit-impaired financial instruments is N41.5billion as at December 31, 2020. (2019: N41.6 billion).

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

Details of the unrecognised deferred tax are as follows:

	2020		2019	
At 31 December	**Gross Amount N'000**	**Tax effect N'000**	**Gross Amount N'000**	**Tax effect N'000**
Property and equipmment	(15,169,485)	(4,550,846)	(14,212,264)	(4,263,679)
Impairment allowance on loans and advances to customers	3,247,843	974,353	2,773,256	887,442
Impairment allowance on other assets	1,241,225	372,368	3,351,338	1,072,428
Unrelieved losses	113,437,425	34,031,227	113,063,067	33,918,920
Unutilised capital allowance	35,657,371	10,697,211	33,442,379	10,032,714
	138,414,378	**41,524,314**	**138,417,776**	**41,647,825**

24 Due to other banks

	2020 N'000	2019 N'000
Due to other banks comprise of:		
Takings from banks (note 24b)	106,699,353	108,240,698
	106,699,353	**108,240,698**
Current	106,699,353	108,240,698
Non-Current	-	-
	106,699,353	**108,240,698**

24b. Due to other banks (continued)

	2020 N'000	2019 N'000
Takings from banks		
First Bank of Nigeria Plc	**100,000,000**	100,000,000
Keystone Bank	**1,000,000**	-
Polaris Bank	**5,500,000**	5,000,000
Zenith Bank	**-**	3,000,000
Accrued interest	**199,353**	240,698
	106,699,353	108,240,698

25 Deposit from customers

a Analysis by type of account:

	2020 N'000	2019 N'000
Demand deposits	**130,226,089**	86,245,913
Savings deposits	**83,041,254**	64,506,407
Time deposits	**97,487,077**	67,330,535
Domiciliary deposits	**45,860,772**	39,608,327
	356,615,192	257,691,182

b Analysis by type of depositors

	2020 N'000	2019 N'000
Government	**27,105,003**	30,940,330
Corporate	**230,437,488**	103,770,556
Individuals	**99,072,700**	122,980,296
	356,615,192	257,691,182

c Analysis by maturity

	2020 N'000	2019 N'000
0-30 days	**258,968,190**	203,286,271
31-90 days	**70,485,983**	7,753,138
91-180 days	**1,575,908**	23,973,463
181-365 days	**420,852**	14,818,856
over 365 days	**25,164,259**	7,859,454
	356,615,192	257,691,182
Current	**331,450,933**	249,831,728
Non-Current	**25,164,259**	7,859,454
	356,615,192	257,691,182

26 Borrowings

	2020 N'000	2019 N'000
CBN short term loan (see note 26(b))	**50,698,630**	50,000,000
Borrowings from Bank of Industry/CBN (see note 26 (c))	**204,707,698**	120,742,223
Borrowings from AFREXIM (see noted (d))	**9,467,308**	12,561,500
	264,873,636	**183,303,723**

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

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

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

2019	CBN Short Term Loan N'000	Bank of Industry/CBN N'000	AFREXIM N'000	Totals N'000
At 1 January	50,000,000	61,760,895	14,450,244	126,211,139
Additions during the year	-	71,415,076	-	71,415,076
Interest capitalised	-	1,594,748	-	1,594,748
Modification of loan terms	-	-	(2,129,460)	(2,129,460)
Unrealised exchange loss	-	-	240,716	240,716
Repayments	-	(14,028,494)	-	(14,028,494)
At 31 December	**50,000,000**	**120,742,223**	**12,561,500**	**183,303,723**

	2020 N'000	2019 N'000
Current	255,406,328	170,742,223
Non Current	9,467,308	12,561,500
	264,873,635	**183,303,723**

b Central Bank of Nigeria Short Term Loan

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

c Bank of Industry/ CBN

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

In additions, the Bank received N100.2 billion from the CBN during the year, being on lending facilities to qualifying individuals and institutions as part of the Federal Government's initiative to providing single digit interest rates for the sector. The total sum of N100.0 billion has been disbursed and has been included in our on-lending facilities in note 18.

d AFREXIM Loan

This represents a term loan facility obtained from African Export-import Bank for a tenor of seven years, which qualifies it as Tier II capital. Interest is payable quarterly. The facility will bear interest at a rate per annum equal to LIBOR +5.45% (6.45%). The facility was secured over the permitted accounts, the charge over FGN Treasury and a security assignment bills valued at USD45 million deed whereby Unity Bank will assign to AFREXIM all securities taken from its clients benefitting from this facility.
The terms of the loan from AFREXIM was modified in prior year. The modification included a change in the interest rate from LIBOR +5.45% to LIBOR + 6.76% with a maturity period of 7 years from the loan modification date of 31 December 2019.

	2020 N'000	2019 N'000
27. Current tax liabilities		
Current tax		
At the beginning of the year	621,306	501,187
Charge for the year (see note 14)	136,801	258,923
Payments made during the year	(258,923)	(138,804)
Balance at the end of the year	499,184	621,306
Current	499,184	621,306
Non-Current	-	-
	499,184	621,306

		2020	2019
		N'000	N'000
28	**Other liabilities**		
	Non financial liabilities		
	Deferred fees	**72,641**	55,815
	ECL allowance on contingents (see (a) below)	**1,342,728**	1,640,001
		1,415,369	1,695,816
	Financial liabilities		
	Bankers payment and branch drafts	**1,420,060**	1,075,308
	Lease liabilities (see (b) below)	**148,263**	350,442
	Other accrued expenses	**921,620**	421,088
	Accrued legal expenses	**850,796**	91,031
	Accrual for Banking Resolution Fund (see (c) below)	**11,372,201**	9,582,248
	Settlements payable	**2,276,126**	1,311,488
	Margin on letters of credit	**12,281,539**	2,800,588
	Collection Accounts	**4,137,539**	2,143,414
	Accounts payable	**3,918,132**	2,573,295
		37,326,277	20,348,902
	Total other liabilities	**38,741,646**	22,044,718
	Current	**29,270,605**	14,320,705
	Non-Current	**9,471,041**	7,724,013
		38,741,646	22,044,718

a. Movement in ECL allowance on contingents during the year

	2020	2019
	N'000	N'000
Balance, beginning of the year	**1,640,001**	1,661,701
Movement during the year (note 11)	**(297,273)**	(21,700)
Balance, end of the year	**1,342,728**	1,640,001

b. Lease liability

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

i Right-of-use assets

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

	Branch & Office Premises	Branch & Office Premises
	2020	2019
	N'000	N'000
Balance at 1 January	934,056	963,264
Depreciation Charge for the year	(460,689)	(510,211)
Additions	493,161	481,003
ROU terminated	(223,099)	-
Balance as at 31 December	743,429	934,056

	2020	2019
	N'000	N'000
ii Lease liability	148,263	350,442

The net carrying amount of leased assets, included within property and equipment is N731.05 million as at December 31, 2020.

The Bank's exposure to liquidity risk as a result of leases are monitored by the Bank's enterprise risk management unit. When measuring the lease liabilities for leases that were classified as operating leases, the Bank discounted lease payments using its incremental borrowing rates. The weighted- average rate applied is 11.92% (2019: 11.92%).

		2020	2019
iii	Amounts Recognised in profit or loss	N'000	N'000
	2019 Leases under IFRS 16		
	Interest on lease liability (see note 7)	15,791	33,802
	Depreciation of ROU assets (see note 21)	460,689	510,211
		476,480	544,013

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

29 Employee benefit liabilities

Defined contribution plan

A defined contribution plan is a pension plan under which the bank pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The total expense charged to income of N432 million represents contributions paid to these plans by the bank at rates specified in the Bank's collective agreement with Staff. These agreed rates are currently higher than rates advised by the pension act.

	2020 N'000	2019 N'000
Balance, beginning of the year	**6,331**	34,493
Charge for the year (note 12)	**609,387**	432,200
Payment to Pension Fund Administrators (PFAs)	**(614,603)**	(460,362)
Balance, end of the year	**1,115**	6,331
Current	**1,115**	6,331
Non-Current	**-**	-
	1,115	6,331

		2020 N'000	2019 N'000
30.	**Share capital**		
i.	***Authorised share capital***		
	120,000,000,000 ordinary shares of 50 kobo each (2018. - 120,000,000,000 ordinary shares of 50 kobo each)	**60,000,000**	60,000,000
ii.	***Issued and fully paid share capital***		
	At 1 January: 11,689,337,942 ordinary shares of 50k each	5,844,669	5,844,669
	As at year end: 11,689,337,942 ordinary shares of 50k each	**5,844,669**	5,844,669
b	***Share Premium***		
	At 1 January	10,485,871	10,485,871
	As at year end	**10,485,871**	10,485,871

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

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

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

31. Other reserves

	Fair Value Reserve N'000	Share reconstruction reserve N'000	CBN AGSMEIS Reserve N'000	Reserve for SMEIS N'000	Other Capital reserves (restated) N'000	Total N'000
At 1 January 2019	(31,976)	67,103,925	172,662	440,119	(3,000,000)	**64,684,730**
Transfer to AGSMEIS Reserve	-	-	-	-	-	**-**
Fair value gain on debt instruments	1,697,206	-	-	-	-	**1,697,206**
Fair value gain on equity instruments	438,373	-				**438,373**
At 31 December 2019	**2,103,603**	**67,103,925**	**172,662**	**440,119**	**(3,000,000)**	**66,820,308**
At 1 January 2020	2,103,603	67,103,925	172,662	440,119	(3,000,000)	**66,820,308**
Transfer to AGSMEIS Reserve	-	-	-	-	-	**-**
Reclassification of realized fair value loss on debt securities to profit or loss	4,509,300	-	-	-	-	**4,509,300**
Fair value gain/(loss) on debt instrument	(3,654,916)	-	-	-	-	**(3,654,916)**
Fair value gain on equity instruments	505,315					**505,315**
	1,359,699	**-**	**-**	**-**	**-**	**1,359,699**
At 31 December 2020	**3,463,302**	**67,103,925**	**172,662**	**440,119**	**(3,000,000)**	**68,180,007**

Fair Value Reserve

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

Share Reconstruction Reserve

The Bank, in 2015, at an extraordinary general meeting resolved to implement a share capital reconstruction scheme with the objective of increasing the market value of existing shareholders by compressing (reducing) the units held by each shareholder to one (1) share for every ten (10) held. Consequently, the issued and fully paid share capital was restructured from N58,446,689,710 to N5,844,668,971. The amount by which the share capital was reduced was transferred to the share capital reconstruction reserve. This increased the Share reconstruction balance from N14,501,904,000 in 2006 to N67,103,924,739 in 2015.

CBN AGSMEIS Reserve

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

SMIEIS (Small and Medium Scale Enterprises) Reserve

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

Other capital reserve

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

32 Contingent Liabilities

a Legal claims

Litigation is a common occurrence in the banking industry due to the nature of the business undertaken. The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing.

The Bank in the ordinary course of business is presently involved in 790 litigation suits: 201 cases instituted by the Bank and 435 cases instituted against the Bank. The total amount claimed in the cases against against the Bank is estimated at N90.7 billion (2019: N111 billion) The distribution of all litigations is shown below. The Directors are of the opinion that non of the aforementioned cases is likely to have a material adverse effect on the Bank and are not aware of any other pending to threatened claims or litigations.

	2020	2019
Cases	**Volume**	Volume
Civil cases against the bank	435	431
Civil cases by the bank	201	259
Civil appeals against the bank	53	13
Civil appeals by the bank	80	58
Garnishee order absolute being contested by the bank	21	22
	790	783

b Contingent Liabilities

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

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

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

	2020	**2019**
	N'000	N'000
Performance Bonds and Guarantees	**66,175,192**	61,859,203
Letters of credit	**33,523,225**	3,048,281
	99,698,417	64,907,484

33 Related party disclosures

Transactions with key management personnel of the Bank

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

Transactions with key management personnel of the Bank were as follows

	2020 N'000	2019 N'000
Deposits (Note 33(a))		
Currently serving Directors (Note 33(a)(i))	**77,382**	194,164
Common Directorship (Note 33(a)(ii))	**23,816**	**186,337**
Total related party deposits	**101,199**	**380,501**
Loans and advances (Note 33b)		
Currently serving Director	**-**	104,789
Common Directorship	**7,550,262**	7,033,978
Total related party loans	**7,550,262**	**7,138,767**

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

		2020 N'000	2019 N'000
i **Serving Directors**			
Aminu Babangida		12,005	300
Hafiz Mohammed Bashir		4,785	2,791
Oluwafunsho Obasanjo		13,982	22
Sam N. Okagbue		20,871	6,609
Tomi Somefun		8,369	163,431
Tuedor Temisan		1,290	3,981
Yabawa Lawan Wabi, *mni*		12,546	8,666
Ebenezer Kolawole		3,188	7,637
Usman Abdulqadri		346	728
		77,382	194,164
ii **Deposit from entities with common directorship**	**Relationship**		
TAK Integrated Agric Solutions Limited	Former Chairman	2,869	187
TAK Agro & Chemical Limited	Former Chairman	4,040	185,862
Practoil Limited	Former Chairman	10,534	257
Living Spring Agro Limited	Former Director	6,374	31
		23,816	186,337
Total related party deposits		**101,199**	380,501

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

S/N	Borrower	Related interest	Relationship to Bank	Facility type	Performing =N=	Non performing =N=	Balance
1	TAK INTEGR.AGRIC.SOLUTION.LTD.	THOMAS ETUH	FORMER DIRECTOR	TERM LOAN	5,415,511,552	-	5,415,511,552
2	TAK AGRO & CHEMICALS LTD	THOMAS ETUH	FORMER DIRECTOR	TERM LOAN	6,666,917	-	6,666,917
3	PRACTOIL LIMITED	BOLA SHAGAYA	FORMER DIRECTOR	OVERDRAFT	16,446,708	-	16,446,708
4	KASHTON CONCEPTS NIGERIA LIMITED	HAKEEM SHAGAYA	FORMER DIRECTOR	OVERDRAFT	2,111,636,361	-	2,111,636,361
	Total loans and advances to related parties				**7,550,261,537**	**-**	**7,550,261,537**

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

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

	2020	2019
c Remuneration paid to Non Executive Directors	**N'000**	**N'000**
Fees	**160,000**	160,000
Sitting Allowances	**37,150**	37,150
Other director expenses	**41,627**	75,454
	238,777	272,604
Fees and other emoluments disclosed above include amounts paid to:		
The highest paid director	**41,400**	41,400
	Number	**Number**
The number of directors who received fees and other emoluments(excluding pension contributions)		
N5,000,001 and above	**9**	9
	9	9

	2020	2019
d Transactions with shareholders (Asset Management Company of Nigeria)	**N'000**	**N'000**
Other capital reserve	3,000,000	3,000,000
Accrual for Banking sector resolution fund	11,372,201	9,582,248
Expenses relating to Banking sector resolution fund	1,789,953	1,598,630

c Disclosure on Directors' Remuneration

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

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

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

b. Enable the Bank attract and retain Directors with integrity, competence, experience and skills to deliver the Bank's strategy;
c. Promote compliance with global regulatory trends and governance requirements, with emphasis on long-term sustainability;
d. Align individual rewards with the Bank's performance, the interests of shareholders, and a prudent approach to risk management;
e. Ensure that remuneration arrangements are equitable, transparent, well communicated, easily understood, aligned with the interest of shareholders and adequately disclosed.

Executive Directors' Remuneration:

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

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

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

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

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

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

Non-Executive Directors Remuneration

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

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

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

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

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

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

	2020	2019
34 Other employee and directors disclosures	**Number**	**Number**

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

	2020	2019
Executives	**4**	4
Management	**17**	20
Non-management	**1,574**	1,554
	1,595	1,578

b Compensation for the above staff (excluding Bank directors) include:	**2020 N'000**	2019 **N'000**
Salaries and wages	**9,799,608**	9,004,616
Pension costs:		
Defined contribution plans	**609,387**	432,200
	10,408,996	9,436,816

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

	2020 Number	2019 **Number**
N300,000 and below	**-**	-
N300,001 - N2,800,000	**47**	-
N2,800,001 - N3,500,000	**556**	547
N3,500,001 - N4,000,000	**362**	386
N4,000,001 - N5,500,000	**174**	186
N5,500,001 - N6,500,000	**141**	141
N6,500,001 - N7,800,000	**116**	110
N7,800,001 - N9,000,000	**81**	87
N9,000,001 and above	**118**	121
	1,595	1,578

35 Going Concern

The Bank made a profit after tax of N2.1 billion for the year ended 31 December 2020. (2019: profit after tax N3.38billion). As at that date, the Bank's total liabilities exceeded its total assets by N275 billion (2019: N279billion) and the capital adequacy stood at -101.29% (2019: -200.8%). The Bank therefore did not meet the minimum capital requirement and the CAR as stipulated by the Central Bank of Nigeria (CBN) for a Bank with a National banking license which is 10%. The directors acknowledge that uncertainty remains over the timing of the recapitalisation of the Bank. However, the Directors has reached an advanced stage with both local and multinational investors in the fund mobilisation for the Bank.

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

36 Capital Management

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

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

The primary objectives of the Bank's capital management policy is to ensure that the Bank complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and maximise shareholder's value. The Bank's capital requirements have been deficient as reflected in its negative capital adequacy ratio computations reported at (101.47%) and (200.8%) for the years ended 31 December 2020 and 2019 respectively.

To address this deficiency, the Bank is in the process of a recapitalization exercise. Discussions are with prospective investors who have indicated interests to inject substantial capital into the Bank are at various stages.
Whilst the capital raising exercise has been diversified to engage several strategic investors, deliberate actions were taken by the Bank to strictly extract commitment following the review of capacity, investment funding availability and strong poise and strategic alignment to the long-term vision and aspirations of the Bank that form the basis to invest in Unity Bank.
In the ongoing capital raising exercise, the Bank has considered a variety of classes of investors, including local and foreign, internal and new investors, individual and institutional investors, amongst other options. However, all prospective investors are required to demonstrate financial and business capacity, impeccable reputation and potential to add strategic value towards achieving the Bank's strategic goals and vision.

b ***Forbearances***

i ***Financial accomodation from the CBN***

Unity Bank Plc was also granted by the Central Bank of Nigeria a short term financial accommodation of N50 billion to augment working capital requirements with a maturity date of 19 September 2021 (see note 26).

Capital Adequacy Ratio

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

	2020	2020	2019	2019
	N'000	N'000	N'000	N'000
Regulatory capital	**Full impact of IFRS 9 transition**	**Adjusted impact of IFRS 9 transition**	**Full impact of IFRS 9 transition**	**Adjusted impact of IFRS 9 transition**
Tier 1 capital				
Share capital	**5,844,669**	**5,844,669**	5,844,669	5,844,669
Share premium	**10,485,871**	**10,485,871**	10,485,871	10,485,871
Share Reconstruction	**67,103,925**	**67,103,925**	67,103,925	67,103,925
Statutory Reserves	**12,437,215**	**12,437,215**	12,437,215	12,437,215
SMEIES Reserves	**440,119**	**440,119**	440,119	440,119
CBN AGSMEIS Reserve	**172,662**	**172,662**	172,662	172,662
Other reserves	**(3,000,000)**	**(3,000,000)**	(3,000,000)	(3,000,000)
Accumulated deficit	**(374,443,951)**	**(374,443,951)**	(374,443,951)	(374,443,951)
IFRS 9 Transitional Adjustment	**-**	**496,340**	-	992,681
Total qualifying Tier 1 capital	**(280,959,494)**	**(280,463,154)**	**(280,959,491)**	**(279,966,810)**
Less:				
Intangible assets	**(148,836)**	**(148,836)**	(136,201)	(136,201)
Deferred Tax Assets	**-**	**-**	-	-
Adjusted total qualifying tier 1 Capital	**(281,108,330)**	**(280,611,990)**	(281,095,692)	**(280,103,011)**
Tier 2 capital				
Revaluation Reserve	**(2,136,107)**	**(2,136,107)**	(2,103,603)	(2,103,603)
Total qualifying Tier 2 Capital	**(2,136,107)**	**(2,136,107)**	-	**-**
Total Qualifying Capital	**(283,244,437)**	**(282,748,097)**	(281,095,692)	(280,103,011)
Risk - weighted assets:				
Risk Weighted Amount for credit risk	**220,626,487**	**220,626,487**	91,264,539	91,264,539
Risk Weighted Amount for operational risk	**44,636,281**	**44,636,281**	35,518,748	35,518,748
Risk Weighted Amount for market risk	**13,876,664**	**13,876,664**	12,655,150	12,655,150
Total risk-weighted assets	**279,139,432**	**279,139,432**	**139,438,437**	**139,438,437**
Ratio	**-101.47%**	**-101.29%**	**-201.59%**	**-200.88%**

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

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

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

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

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

37 Events after reporting date

On 11 March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a pandemic and most governments took restrictive measures to contain its further spread by introducing lockdowns, closure of borders and travel restrictions which affected the free movement of people and goods. The impact of the restrictions continues to disrupt major business activities, and this may have an adverse effect on the Bank's financial position and operating results in the medium and longer term.

The Bank considers this outbreak to be a non-adjusting subsequent event and the Directors do not consider it practicable to provide a quantitative estimate of the potential impact of this outbreak. The Directors will continue to monitor the situation closely and will respond to mitigate the impact of such events and circumstances as they occur.

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

38 Contraventions

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

Nature of Contravention and penalty paid	Regulatory Agency	2020 N'000	2019 N'000
Various contraventions following AML/CFT Examination	CBN	15,000	-
Penalty On Staff Promotion	CBN	14,000	-
Late filing of Financial Reports	SEC	6,000	-
Delay in resolving e-channel complaints	CBN	-	2,000
Late filing of 2017 Statement & 2018 Q1, Q2, Q3 Accounts	SEC	-	10,000
Penalty for Non-Compliance on ATM smart camera & Anti-skimming	CBN	-	4,000
Penalty for contravening various AML/CFT requirements	CBN	-	2,000
		35,000	18,000

39 Statement of cash flow workings

	Notes	2020	2019
		N'000	N'000
(a) **Loans & advances to customer**			
Net loans, beginning of the year	18	104,017,725	44,096,959
Interest receivable on loans and advances at the end of the year		-	-
Impairment write-back/(loss) on loans and advances	11	(1,228,601)	(2,151,891)
Movement for Cash Flow Statement		99,291,731	62,072,657
Net loans, end of the year	18	202,080,856	104,017,725
(b) **Changes in other assets**			
Gross amount, beginning of the year	20	12,406,590	10,977,950
Reclassification to ROU assets		-	(679,689)
Movement for cashflow purposes		2,330,710	2,108,329
Gross amount end, of the year	20	14,737,300	12,406,590
(c) **Purchase of PPE**			
Property, Plant and Equipment	21	1,389,254	1,728,932
ROU Asset	21	493,161	481,003
Acquisition of PPE		1,882,415	2,209,935
(d) **Deposits from customers**			
At 1 January	25	257,691,182	247,630,264
Interest payable at the end of the year (see note 40 (h) below)		1,121,527	1,559,488
Movement for Cash Flow Statement		97,802,483	8,501,430
At 31 December	25	356,615,192	257,691,182
(e) **Due to Other Banks**			
At 1 January	24	108,240,698	100,347,202
Interest payable as at year end		897,983	240,698
Movement for Cash Flow Statement		(2,439,328)	7,652,798
At 31 December	24	106,699,353	108,240,698
(f) **Other liabilities**			
At 1 January	28	22,044,718	20,451,210
ROU assets		-	764,579
Impairment write back on contingents (see note 11)	11	(297,273)	(21,700)
Interest expense on lease liability		15,791	33,803
Movement for Cash Flow Statement		16,978,410	816,827
At 31 December	28	38,741,646	22,044,718
(g) **Interest received**			
Interest recognised in the statement of profit or loss	6	39,119,457	35,947,977
Interest receivable, beginning of the year		1,281,186	-
Interest receivable, end of the year		(4,928,402)	(1,281,186)
Movement for Cash Flow Statement		35,472,241	34,666,791
(h) **Interest paid**			
Interest expense	7	21,372,315	19,454,646
Interest capitalised on borrowings	26	(3,920,218)	(1,594,748)
Interest payable:			
Deposit liabilities		(1,121,527)	(1,559,488)
Due to Banks		(897,983)	(240,698)
Interest expense on lease liability		(15,791)	(33,803)
Interest paid during the year		15,416,796	16,025,909
(i) **Profit on disposal of property and equipment**			
Cost	21	44,235	170,411
Accumulated Depreciation	21	(43,207)	(169,594)
Gain on disposal		8,923	26,770
Proceeds from sale		9,951	27,587
(j) **Cash and cash equivalent reported in the statement of cash flow**			
Cash on hand	16	6,855,423	6,088,462
Current account with CBN	16	1,280,987	599,026
Deposits with the Central Bank of Nigeria	16	90,788,548	7,348,989
Due from other banks	16	33,093,521	34,078,836
Impact of foreign exchange on cash balances		493,497	329,291
		132,511,976	48,444,604
(k) **Changes in other balances with CBN**			
AGSMEIS Account			
At 1 January	16	172,662	109,190
Movement for cashflow purposes		169,150	63,472
At 31 December	16	341,812	172,662
(l) **Adjustment for non-cash exchange differences**			
Unrealised exchange difference on borrowings	26	(287,949)	(240,716)
Net impact of foreign exchange on cash balances	39(j)	493,497	329,291
		205,548	88,575

OTHER NATIONAL DISCLOSURES - STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020		2019	
	N'000	%	N'000	%
Gross earnings	**42,709,272**		44,587,271	
Interest expense	**(21,372,315)**		(19,454,646)	
	21,336,956		25,132,624	
Bought in materials and services				
Local	**(11,089,219)**		(8,374,321)	
Net Impairment losses on financial assets	**4,127,332**		(1,921,923)	
	14,375,069	**100**	14,836,380	**100**
Applied to pay:				
Employees:				
Wages, salaries and pensions	**10,408,996**	72	9,436,816	64
Government				
Taxes	**136,801**	1	258,923	2
To be retained in the business for expansion and future wealth creation:				
Depreciation	**1,695,656**	12	1,708,636	12
Amortisation	**47,223**	0	48,817	0
Profit/(loss) for the year	**2,086,393**	15	3,383,189	23
	14,375,070	**100**	**14,836,381**	**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			
	2020	2019	2018	2017	2016
	N'000	N'000	N'000	N'000	N'000
Assets			*Restated*	*Restated*	
Cash and balances with Central Bank	**99,266,770**	14,209,138	9,340,372	5,675,461	51,129,061
Due from banks	**33,065,169**	33,725,276	32,062,650	15,620,573	9,324,758
Loans and advances to customers	**202,080,856**	104,017,725	44,096,959	8,958,127	277,214,521
Financial investments – held-for-trading	**-**	-	76,662,150	58,703,358	97,063
Debt instruments at fair value through other comprehensive income	**62,839,611**	87,262,055	-	-	-
Equity instruments at fair value through other comprehensive income	**-**	-	25,660,268	20,271,961	26,152,264
Financial investments – available-for-sale pledged as collateral	**-**	-	-	-	33,023,297
Financial investments – held-to-maturity	**-**	-	-	-	26,211,318
Debt instruments at amortised cost	**64,379,307**	29,209,131	-	-	-
Other assets	**8,324,417**	21,963,559	20,602,236	4,114,322	9,353,166
Property and equipment	**21,915,364**	136,201	80,866	21,501,055	22,800,643
Goodwill and other intangible assets	**148,836**	2,528,985	2,295,340	112,324	16,766,392
Deferred tax assets	**-**	-	-	-	20,609,164
TOTAL ASSETS	**492,020,329**	293,052,070	210,800,841	134,957,181	492,681,647
Liabilities and Equity					
Liabilities					
Due to other banks	**106,699,353**	108,240,698	100,347,202	42,957,842	50,195,162
Due to customers	**356,615,192**	257,691,182	247,630,264	252,310,468	264,196,344
Borrowings	**264,873,635**	183,303,723	126,211,139	80,546,363	81,908,685
Current tax liabilities	**499,184**	621,306	501,187	710,127	644,509
Other liabilities	**38,741,646**	22,044,718	20,451,210	29,303,657	12,504,349
Employee benefit liabilities	**1,115**	6,331	34,493	44,810	125,618
Total liabilities	**767,430,125**	571,907,958	495,175,495	405,873,267	409,574,667
Equity					
Issued share capital	**5,844,669**	5,844,669	5,844,669	5,844,669	5,844,669
Share premium	**10,485,871**	10,485,871	10,485,871	10,485,871	10,485,871
Statutory reserve	**12,750,174**	12,437,215	11,929,737	11,929,737	11,929,737
Retained earnings	**(372,722,376)**	(374,443,951)	(377,319,662)	(367,417,645)	(275,980,402)
Non Distributable Regulatory Reserve	**51,859**	-	-	-	263,788,438
Other reserves	**68,180,007**	66,820,308	64,684,730	68,241,281	67,038,667
Total equity	**(275,409,796)**	(278,855,888)	(284,374,654)	(270,916,085)	83,106,980
Total liabilities and equity	**492,020,329**	293,052,070	210,800,841	134,957,181	492,681,647

UNITY BANK PLC

OTHER NATIONAL DISCLOSURES - FIVE YEAR FINANCIAL SUMMARY
PROFIT OR LOSS

	31 DECEMBER	DECEMBER			
	2020	**2019**	**2018**	**2017**	**2016**
	N'000	N'000	N'000	N'000	N'000
Total operating income	**21,336,957**	25,132,625	19,117,960	54,473,045	64,111,448
Operating expenses	**(23,241,095)**	(19,568,590)	(20,713,169)	(24,460,756)	(26,346,421)
Impairment losses	**4,127,332**	(1,921,923)	(5,958,492)	(44,254,863)	(35,948,596)
Profit before taxation	**2,223,194**	3,642,112	(7,553,702)	(14,242,574)	1,816,431
Current taxation	**(136,801)**	(258,923)	(141,619)	(356,030)	(575,028)
Deferred taxation	**-**	-	-	(319,334)	942,395
Profit/(Loss)after taxation	**2,086,393**	3,383,189	(7,695,320)	(14,917,938)	2,183,798
	2,086,393	3,383,189	(7,695,320)	(14,917,938)	2,183,798
Earnings per share (basic)	**17.85**	28.94	(65.83)	(127.62)	18.68