UNITY BANK PLC
Unaudited Financial Statements
30 June 2023

1. Corporate Information

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

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

2. Statement of Compliance & Basis of preparation

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

The financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', its interpretation issued by the IFRS Interpretations Committee (IFRS IC) and adopted by the Financial Reporting Council of Nigeria.

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention modified to include fair valuation of particular financial investments to the extent permitted under IFRS 9 as set out in the relevant notes.

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

Presentation of financial statements

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

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

3. Changes in Accounting Policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Bank has not earlier adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. Significant accounting judgments, estimates and assumptions
Going Concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in the business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the interim financial statements continue to be prepared on the going concern basis.

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

4. Summary of significant accounting policies

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

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

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

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

4.2. Financial Assets and Liabilities

I. Recognition

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

II. Classification and Measurement

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

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

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

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

Business Model Assessment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- o Selling the financial asset to realize cash to deal with unforeseen need for liquidity (infrequent).
- o Selling the financial asset to manage credit concentration risk (infrequent).
- o Selling the financial assets as a result of changes in tax laws (infrequent).
- o Other situations also depends upon the facts and circumstances which need to be judged by the management

Cash flow characteristics assessment

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

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

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

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

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

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

a) Financial assets measured at amortised cost

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

b) Financial assets measured at FVOCI

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

c) Financial assets measured at FVTPL

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

d) Equity Instruments

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

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

Dividends received are recorded in Interest income in the Consolidated Statement of Income.
Any transaction costs incurred upon purchase of the security are added to the cost basis of the security and are not reclassified to the Consolidated Statement of Income on sale of the security.

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

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

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

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

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

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

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

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 occurs only when the Bank either begins or ceases to perform an activity that is significant to its operations such as:

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

· Disposal of a business line i.e. disposal of a business segment
· Any other reason that might warrant a change in the Bank's business model as determined by management based on facts and circumstances.

The following are not considered to be changes in the business model:
· A change in intention related to particular financial assets (even in circumstances of significant changes in market conditions)
· A temporary disappearance of a particular market for financial assets.
· A transfer of financial assets between parts of the Bank with different business models.

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

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

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

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

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

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

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

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

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

- Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

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

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

Details of these statistical parameters/inputs are as follows:

• PD – The probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life, if the facility has not been previously derecognized and is still in the portfolio.

• 12-month PDs – This is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial instrument if that is less than 12 months). This is used to calculate 12-month ECLs.

• Lifetime PDs – This is the estimated probability of default occurring over the remaining life of the financial instrument. This is used to calculate lifetime ECLs for 'stage 2' and 'stage 3' exposures. PDs are limited to the maximum period of exposure required by IFRS 9.

• EAD – The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

• LGD – The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

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

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

Macroeconomic factors

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

Multiple forward-looking scenarios

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

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

Assessment of significant increase in credit risk (SICR)

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

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

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

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

Definition of Default and Credit Impaired Financial Assets

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

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

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

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

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

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

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

VI. Write-off
The Bank writes off an impaired financial asset (and the related impairment allowance), either partially or in full, no reasonable expectation of recovery as set out in IFRS 9, paragraph 5.4.4. After a full evaluation of a non-performing exposure, in the event that either one or all of the following conditions apply, such exposure shall be recommended for write-off (either partially or in full):
· continued contact with the customer is impossible;
· recovery cost is expected to be higher than the outstanding debt;
· The Bank's recovery method is foreclosing collateral and the value of the collateral is such that there is reasonable expectation of recovering the balance in full.

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

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

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

VIII. Offsetting financial instruments

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

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

(k) Investment securities

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

4.3. Leasing

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

4.4. Recognition of income and expenses

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

(i) Interest and similar income and expense

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

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

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

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

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

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

(iv) Dividend income

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

4.5. Cash and cash equivalents

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

4.6. Property, Plant and Equipment

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

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

- Buildings………………………………. 50 years
- Computer equipments... ………..…….5 years
- Equipments……………...…………….. .5 years
- Motor Vehicles…………… ………….. 4 years
- Furniture, fittings & Improvement .....5 years

Land is is not depreciated.

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

4.7. Business combinations and goodwill

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

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

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

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

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

4.8. Intangible assets

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

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

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

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

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

- Computer software 5 years

4.9. Impairment of non–financial assets

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

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

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

Impairment losses relating to goodwill cannot be reversed in future periods.

4.10. Pension benefits

Defined contribution pension plan

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

4.11. Provisions

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

4.12. Taxes

(i) Current tax

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

(ii) Deferred tax

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

· Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

· In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

· Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

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

4.13. Fiduciary assets

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

4.14. Dividends on ordinary shares

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

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

4.15. Segment reporting

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

4.16. Non Current Assets Held for Sale

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

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

4.17. Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings In Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) Unity Bank Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Bank's securities. The Policy is reviewed periodically by the Board and updated (if neccessary). The Bank has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period under review

UNITY BANK PLC
Statement of Profit or Loss & Other Comprehensive Income
For The period ended 30 June 2023

	Notes	30 June 2023 Unaudited N'000	30 June 2022 Unaudited N'000	Changes %	31 December 2022 Audited N'000
Gross Income		**27,754,833**	27,624,895	0%	57,563,294
Interest and similar income	**1**	**23,617,020**	23,937,597	-1%	48,990,838
Interest and similar expense	**2**	**(15,726,536)**	(13,647,057)	15%	(29,647,236)
Net interest income		**7,890,484**	10,290,540	-23%	19,343,602
Fee and commission income	**3**	**3,524,927**	3,200,895	10%	7,686,690
Net fee and commission income		**3,524,927**	3,200,895	10%	7,686,690
FX Trading Income	**4**	**239,763**	204,415	17%	413,440
Foreign Exchange Revaluation Loss	**4**	**(35,415,575)**	(16,226)	218162%	(647,279)
Other operating income	**5**	**373,124**	281,988	32%	472,326
		(34,802,688)	470,177	-7502%	238,487
Total operating income		**(23,387,278)**	13,961,612	-268%	27,268,779
Credit loss expense	**6a**	**27,579**	1,125,352	-98%	1,203,857
Net operating income		**(23,359,700)**	**15,086,964**	-255%	**28,472,636**
Personnel expenses	**7**	**(6,837,424)**	(5,346,690)	28%	(11,161,067)
Depreciation of property and equipment	**14b**	**(1,477,129)**	(1,098,112)	35%	(2,465,851)
Amortisation of intangible assets	**14b**	**(182,280)**	(27,309)	567%	(79,765)
Other operating expenses	**8**	**(6,849,283)**	(6,768,971)	1%	(13,379,828)
Total operating expenses		**(15,346,117)**	**(13,241,082)**	16%	**(27,086,511)**
(Loss)/Profit before tax		**(38,705,816)**	1,845,882	-2197%	1,386,125
Taxation		**(159,484)**	(147,671)	8%	(444,750)
(Loss)/Profit for the period		**(38,865,300)**	**1,698,212**	-2389%	**941,375**
Other Comprehensive Income					
Items Reclassifiable to Profit or Loss					
(Loss)/Profit for the period		**(38,865,300)**	1,698,212	-2389%	941,375
Net (loss)/gain on available for sale financial assets		**(195,792)**	349,329	-156%	263,912
Total comprehensive income for the period, net of tax		**(39,061,092)**	2,047,541	-2008%	1,205,287
Earnings Per Share(Basic) Annualized		**-664.97 Kobo**	**29.06 Kobo**		8.05 Kobo

UNITY BANK PLC
Statement of Profit or Loss & Other Comprehensive Income
For The 3 Months Ended 30 June 2023

	3 Months 30 June 2023 Unaudited N'000	3 Months 30 June 2022 Unaudited N'000	Changes %
Gross Income	**12,408,472**	14,226,509	-13%
Interest and similar income	**10,697,509**	11,995,229	-11%
Interest and similar expense	**(8,296,828)**	(6,962,605)	19%
Net interest income	**2,400,681**	5,032,624	-52%
Fee and commission income	**1,504,734**	1,697,372	-11%
Net fee and commission income	**1,504,734**	1,697,372	-11%
FX Trading Income	**65,254**	204,415	-68%
Foreign Exchange Revaluation Loss	**(36,045,674)**	(16,226)	222046%
Other operating income	**140,976**	329,493	-57%
	(35,839,444)	517,682	-7023%
Total operating income	**(31,934,030)**	7,247,678	-541%
Credit loss expense	**(11,115)**	576,214	-102%
Net operating income	**(31,945,145)**	7,823,892	-508%
Personnel expenses	**(3,549,697)**	(2,680,840)	32%
Depreciation of property and equipment	**(778,176)**	(567,058)	37%
Amortisation of intangible assets	**(90,653)**	(13,507)	571%
Other operating expenses	**(3,503,613)**	(3,449,843)	2%
Total operating expenses	**(7,922,140)**	(6,711,247)	18%
(Loss)/Profit before tax	**(39,845,055)**	1,112,644	-3681%
Taxation	**(68,345)**	(72,082)	-5%
(Loss)/Profit for the period	**(39,913,400)**	1,040,562	-3936%
Other Comprehensive Income			
Items Reclassifiable to Profit or Loss			
(Loss)/Profit for the period	**(39,913,400)**	1,040,562	-3936%
Net gain/(loss) on Fair value financial assets	**882,026**	(1,033,804)	-185%
Total comprehensive income for the period, net of tax	**(39,031,374)**	6,758	-577692%

STATEMENT TO THE NIGERIAN EXCHANGE GROUP AND THE SHAREHOLDERS ON THE EXTRACT OF THE UNAUDITED RESULTS OF UNITY BANK PLC FOR THE PERIOD ENDED 30 JUNE 2023.

The Board of Directors of Unity Bank Plc is pleased to present an extract of the unaudited financial statements for the period ended 30 June 2023

Statement of Financial Position		**Unaudited**	Audited	
In thousands of Naira	**Notes**	**30 June 2023**	31 December 2022	% Changes
Assets				
Cash and balances with central banks	**9**	91,417,520	47,116,736	94%
Due from banks	**10**	71,741,165	21,732,544	230%
Net Loans and advances to customers	**11**	198,641,305	289,355,699	-31%
Financial investments – FVOCI	**12**	52,015,989	43,776,330	19%
Financial investments – Amortised Cost	**12**	60,822,106	68,866,346	-12%
Other assets	**13**	8,881,215	14,206,683	-37%
Property and equipment	**14**	25,226,301	23,459,506	8%
Other intangible assets	**15**	1,252,791	1,630,115	-23%
TOTAL ASSETS		**509,998,392**	510,143,959	0%
Liabilities and Equity				
Liabilities				
Due to customers	**17**	333,387,757	327,429,673	2%
Due to Other Banks	**18**	96,308,195	117,731,414	-18%
Borrowings	**19**	204,709,106	297,381,214	-31%
Current tax liabilities	**20**	659,497	659,484	0%
Other liabilities	**21**	53,761,315	41,890,341	28%
Employee benefit liabilities	**22**	500	-	0%
Total liabilities		**688,826,368**	785,092,126	-12%
Equity				
Issued share capital	**23**	5,844,669	5,844,669	0%
Share premium	**24**	10,485,871	10,485,871	0%
Statutory reserve	**25**	13,367,368	13,367,368	0%
Retained earnings	**26**	(419,699,342)	(380,834,042)	10%
Non distributable Regulatory Risk Reserve	**26**	11,613,893	11,613,893	0%
Other reserves	**27**	199,559,566	64,574,075	209%
Total equity		**(178,827,976)**	(274,948,166)	-35%
Total liabilities and equity		**509,998,392**	510,143,960	0%

The account was approved by the Board of Directors on 27 July 2023. The Board expects that barring unforeseen circumstances, the results would improve materially following initiatives already set in motion.

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

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

UNITY BANK PLC
Statement of changes in Equity
for The 6 Months Ended 30 June 2023

	Issued Capital N'000	Share Premium N'000	Statutory Reserves N'000	Retained Earnings N'000	Non-distributable Regulatory Reserve N'000	Other Reserves N'000	Totals N'000
As at 1 January 2022	**5,844,669**	**10,485,871**	**13,226,162**	**(371,734,695)**	**1,761,444**	**64,263,094**	**(276,153,455)**
							-
Profit/(Loss) for the period	-	-	-	**941,375**	-	-	**941,375**
Other comprehensive income	-	-	-	-	-	263,913	**263,913**
Total Comprehensive Income for the year	-	-	-	**941,375**	-	**263,913**	**1,205,288**
Transfer to Statutory Reserve	-	-	141,206	**(141,206)**	-	-	-
Transfer to RRR					-		-
Transfer from non distributable reserve	-	-	-	**(9,852,449)**	**9,852,449**		-
Transfer to AGSMEIS Reserves				**(47,068)**		**47,068**	-
As at 31 December 2022	**5,844,669**	**10,485,871**	**13,367,368**	**(380,834,042)**	**11,613,893**	**64,574,075**	**(274,948,167)**
							-
Profit/(Loss) for the period				**(38,865,300)**			**(38,865,300)**
Other comprehensive income						(195,792)	**(195,792)**
Total Comprehensive Income for the year	-	-	-	**(38,865,300)**	-	**(195,792)**	**(39,061,092)**
Debentures				-		**135,181,283**	**135,181,283**
As at 30 June 2023	**5,844,669**	**10,485,871**	**13,367,368**	**(419,699,342)**	**11,613,893**	**199,559,566**	**(178,827,976)**

UNITY BANK PLC
Statement of Cash Flows
For the 6 Months Ended 30 June 2023

	30-Jun-23	31 December 2022
	N'000	N'000
Profit After tax	(38,865,300)	941,375
Minimum tax	-	285,280
Tax expense	159,484	159,470
Profit Before tax	(38,705,816)	1,386,125
Adjustment for non cash items:		
Impairment charges on debt instruments	(27,579)	376,540
Impairment charges on other assets	-	835,209
Contribution Cost	253,988	517,598
Depreciation of property and equipment	1,477,129	2,465,851
Amortisation of intangible assets	182,276	79,765
Gain on disposal of property and equipment	-	(27,637)
Gains from sale of investments	-	46,389
Interest Income	(23,617,020)	(48,990,838)
Interest Expense	15,726,536	29,647,237
Dividend Income	(94,769)	(140,293)
	(44,805,255)	(13,804,054)
Changes in operating assets		
Net increase/ (decrease) in Loans and advances	225,923,256	(20,499,746)
Net increase/ (decrease) in Other assets	5,268,790	2,309,733
Net increase/ (decrease) in CBN - AGSMEIS	-	(158,663)
	231,192,047	(18,348,676)
Changes in operating liabilities		
Net increase/ (decrease) in deposit from customers	5,958,084	2,674,254
Net increase in due to other banks	(21,423,219)	(25,757,044)
Net increase/ (decrease) in Other liabilities	11,870,960	2,099,831
	(3,594,175)	(20,982,959)
Cash generated from operations	182,792,617	(53,135,689)
Income tax paid	(159,472)	(249,131)
Interest received	23,617,020	46,419,952
Interest paid	(15,726,536)	(19,590,854)
Dividend income	94,769	140,293
Payment on employee contribution plan	(253,488)	(518,543)
Net cash flows from/(used in) operating activities	190,364,909	(26,933,973)
Investing activities		
Purchase of property and equipment	(3,243,923)	(3,968,193)
Purchase of intangible assets	195,049	(1,563,676)
Proceeds from sale of property and equipment	-	65,811
Acquisition of investment securities at FVOCI	(8,435,451)	(42,303,340)
Proceeds from disposal of financial instrument at FVOCI	-	50,920,678
Acquisition of investment securities at amortised cost	8,044,240	4,636,920
Net cash flows from/(used in) investing activities	(3,440,087)	7,788,200
Financing activities:		
Proceeds from loans and borrowings	42,509,176	10,704,839
Repayment of borrowing	(135,181,284)	(28,473,336)
Net cash flows from /(used in) financing activities	(92,672,108)	(17,768,497)
Net increase/(decrease) in cash and cash equivalents	94,252,714	(36,914,270)
Cash and cash equivalents at 1 January	68,272,807	105,187,077
Effect of exchange rate movement on cash balances	28,339	12,745
Cash and cash equivalents at the end of the period	162,553,861	68,272,807

UNITY BANK PLC

Notes to the financial statements

		30 June 2023	30 June 2022	31 December 2022
		Unaudited	Unaudited	Audited
		N'000	N'000	N'000
1	**Interest and similar income**			
	Due from banks	377,163	113,880	412,998
	Loans and advances to customers	18,799,739	19,170,006	39,373,530
	Financial investments – FVOCI	432,362	689,904	1,222,609
	Financial investments – amortised costs	4,007,756	3,963,807	7,981,701
		23,617,020	23,937,597	48,990,838
2	**Interest and similar expense:**			
	Due to banks	6,082,594	6,284,386	13,465,055
	Due to customers	7,658,394	4,368,590	10,498,896
	Debt issued and other borrowed funds	1,985,548	2,994,081	5,677,974
	interest expense on lease liability	-	-	5,311
		15,726,536	13,647,057	29,647,236
3	**Fees and commission income**			
	Credit related fees and commission	688,993	649,703	1,857,254
	Account Maintenance Fee	742,611	744,862	1,537,889
	Other fees and commission	131,775	169,615	328,995
	E-Banking Income	1,961,548	1,636,715	3,962,552
	Fees and commission income	3,524,927	3,200,895	7,686,690
4	**Foreign Exchange Revaluation**			
	FX Trading Income	239,763	204,415	413,440
	Foreign Exchange Revaluation Loss	(35,415,575)	(16,226)	(647,279)
		(35,175,812)	188,189	(233,839)
5	**Other Operating Income**			
	Dividend Income	94,769	-	140,293
	Treasury Related Income	10,378	5,062	(46,389)
	Transactional income	267,978	276,926	378,422
		373,124	281,988	472,326
6a	**Impairment losses/writebacks**			
	Credit (recovery)/charge	(27,579)	35,101	(2,039,066)
	Other Assets charge/(recovery)	-	(1,160,453)	835,209
	Credit loss expense	(27,579)	(1,125,352)	(1,203,857)
7	**Personnel expenses**			
	Wages and salaries	6,583,436	5,088,924	10,643,469
	Pension costs – Defined contribution plan	253,988	257,766	517,598
		6,837,424	5,346,690	11,161,067
8	**Other operating expenses**			
	Advertising and marketing	268,498	269,291	644,120
	Professional fees	275,950	314,800	407,137
	Regulatory expenses*	2,456,712	2,247,620	4,703,189
	Administrative expenses	3,848,123	3,937,259	7,625,382
		6,849,283	6,768,971	13,379,828

* Regulatory expenses include NDIC premium and the Banking Sector resolution sinking fund contributions

UNITY BANK PLC
Notes to the financial statements

	30 June 2023 Unaudited N'000	30 June 2022 Unaudited N'000	31 December 2022 Audited N'000
9 Cash and balances with central bank			
Cash on hand	6,880,432	8,247,407	6,010,368
Current account with the Central Bank of Nigeria	14,880,995	889,840	1,250,274
Deposits with the Central Bank of Nigeria	69,051,269	72,706,381	39,251,270
CBN - AGSMEIS ACCOUNT	604,824	446,162	604,824
	91,417,520	82,289,790	47,116,736
10 Due from banks			
Placements with banks and discount houses	49,616,829	14,982,373	10,698,418
Balances with banks within Nigeria	6,990,395	3,439,832	3,782,377
Balances with banks outside Nigeria	15,162,293	3,438,129	7,280,101
	71,769,517	21,860,334	21,760,896
Less: Allowance for impairment losses	(28,352)	(28,352)	(28,352)
	71,741,165	21,831,982	21,732,544
11 Loans & Advances			
By Product Type			
Loans & Advances - Overdrafts	36,094,144	49,833,708	11,224,108
Loans & Advances - Term Loans	165,694,446	256,460,785	281,232,690
Staff Loans	456,050	573,941	511,848
Less: Allowance for impairment losses	(3,603,335)	(3,235,442)	(3,612,947)
	198,641,305	303,632,992	289,355,699
12 Financial investments			
12b Fair Value Through OCI (FVOCI)			
Debt securities - bills	20,494,804	30,819,634	15,054,042
Debt securities - bonds	24,150,285	21,328,331	22,371,321
	44,645,089	52,147,965	37,425,363
Equities	7,370,900	4,850,277	6,350,967
	52,015,989	56,998,242	43,776,330
12d Amortised Cost			
Government debt securities	60,822,106	64,187,324	68,866,346
	60,822,106	64,187,324	68,866,346
13 Other assets			
Prepayments	2,264,066	3,939,068	1,215,489
SME forex allocation receivable	2,600,304	2,600,304	2,600,304
Fraud suspense	1,927,943	1,953,431	1,926,581
Stationery stocks	275,697	109,008	271,784
Account receivables	641,047	4,174,635	493,153
Other debits balances	12,515,493	16,348,404	15,179,620
	20,224,549	29,124,849	21,686,932
Less:			
Allowance for impairment on other assets	(11,343,335)	(6,826,040)	(7,480,249)
	8,881,215	22,298,808	14,206,683

UNITY BANK PLC
Notes to the financial statements

		30 June 2023 Unaudited N'000	30 June 2022 Unaudited N'000	31 December 2022 Audited N'000
14	**Property and equipment**			
	Furn & Fittings:			
	Cost	3,608,157	3,587,217	3,601,335
	Accummulated Depreciation	(3,492,310)	(3,450,617)	(3,471,247)
	Net Book value	115,847	136,601	130,088
	Leasehold Land & Building			
	Cost	2,601,606	2,502,209	2,565,968
	Accummulated Depreciation	(2,492,244)	(2,462,433)	(2,472,106)
	Net Book value	109,362	39,776	93,862
	Freehold Land & Buildings			
	Cost	22,708,409	22,713,907	22,708,409
	Accummulated Depreciation	(6,031,947)	(5,587,241)	(5,809,686)
	Net Book value	16,676,461	17,126,665	16,898,723
	Motor Vehicles			
	Cost	8,018,092	5,875,920	6,266,074
	Accummulated Depreciation	(5,111,043)	(4,351,504)	(4,670,772)
	Net Book value	2,907,049	1,524,417	1,595,301
	Plant & Equipment			
	Cost	19,765,263	17,233,854	18,128,012
	Accummulated Depreciation	(15,520,930)	(14,538,388)	(14,874,126)
	Net Book value	4,244,333	2,695,466	3,253,886
	Right of Use			
	Cost	2,754,526	2,257,258	2,510,503
	Accummulate Depreciation	(2,287,009)	(1,686,181)	(2,016,395)
	Net Book value	467,517	571,077	494,108
	Capital Work in Progress	705,732	825,319	993,540
	Total Property and Equipment			
	Cost	60,161,785	54,995,685	56,773,841
	Accummulated Depreciation	(34,935,484)	(32,076,364)	(33,314,334)
	Property and equipment	25,226,301	22,919,321	23,459,506
14b	**Current Depreciation Charge**			
	Furn & Fittings	21,230	18,191	38,966
	Leasehold Land & Building	285,747	243,885	567,346
	Freehold Land & Buildings	221,266	221,057	460,141
	Motor Vehicles	439,190	297,229	674,327
	Plant & Equipment	509,696	317,752	725,071
		1,477,129	1,098,112	2,465,851
15	**Other intangible assets**			
	Computer Software			
	Cost	5,086,976	3,495,988	5,054,141
	Accummulated Amortisation	(3,834,186)	(3,372,032)	(3,424,026)
	Net Book value	1,252,791	123,956	1,630,115
15b	**Amortisation charge for the Period**			
	Computer Software	(182,280)	(27,309)	(79,765)
		(182,280)	(27,309)	(79,765)
16	**Deferred tax**			
	Deferred tax assets	-	-	-

UNITY BANK PLC Notes to the financial statements	30 June 2023 Unaudited N'000	30 June 2022 Unaudited N'000	31 December 2022 Audited N'000
17 Due to customers			
Analysis by type of account:			
Demand	**107,720,786**	136,494,467	105,086,004
Savings	**107,361,556**	90,444,797	108,737,991
Time deposits	**58,878,758**	90,283,215	72,099,776
Domiciliary	**59,426,657**	42,295,508	41,505,902
	333,387,757	**359,517,986**	**327,429,673**
18 Due to other banks	**96,308,195**	144,218,368	117,731,414
	96,308,195	**144,218,368**	**117,731,414**
19 Debt issued and other borrowed funds			
Other Long Term Loans - Other On-Lending	**143,892,865**	243,400,795	239,874,891
Other Long Term Loan-Afrexim Bank	**8,877,885**	7,528,846	6,807,693
CBN Loan	**51,938,356**	51,938,356	50,698,630
	204,709,106	**302,867,997**	**297,381,214**
20 Current tax liabilities			
Current tax payable	**659,497**	472,226	659,484
21 Other liabilities			
Accounts payable	**5,471,044**	4,683,961	4,134,218
Bankers payment and branch drafts	**1,486,156**	1,385,466	1,899,370
Deferred fees	**21,178**	49,341	43,264
Accruals	**1,985,085**	1,875,276	1,449,249
Accrual for Banking Resolution Fund	**19,250,071**	15,809,477	17,571,030
Margin on letters of credit	**10,511,891**	9,872,460	7,902,799
Settlement Payable	**1,571,564**	1,777,515	3,549,483
Collections account	**12,162,560**	4,614,506	4,111,399
Impairment on Contingent	**589,477**	609,010	589,477
Lease Liability	**110,180**	104,883	110,194
Provision for litigation	**602,107**	529,857	529,858
	53,761,315	**41,311,754**	**41,890,341**
22 Retirement benefit plan			
Defined contribution obligation	**500**	-	-
	500	-	-
23 Issued capital and reserves			
Ordinary shares			
Issued and fully paid: 11,689,337,942 ordinary shares of 50k each	**5,844,669**	5,844,669	5,844,669
24 Other reserves			
Share premium	**10,485,871**	10,485,871	10,485,871
25 Statutory reserve	**13,367,369**	13,226,162	13,367,369
26 Retained earnings	**(380,834,043)**	(371,734,695)	(371,734,695)
(Loss)/Profit for the period	**(38,865,300)**	1,698,212	941,374
Transfer to statutory reserve	**-**	-	(141,206)
Transfer to AGSMIES reserve	**-**	-	(47,068)
Transfer from retained earnings To Non-Distributable Regulatory Reserve & Statutory	**-**	1,761,444	(9,852,449)
	(419,699,343)	**(368,275,040)**	**(380,834,043)**

	30 June 2023 Unaudited N'000	30 June 2022 Unaudited N'000	31 December 2022 Audited N'000
27 Other reserves			
Fair value Reserve	**(385,489)**	(104,282)	(189,699)
Share Reconstruction Reserve	**67,103,925**	67,103,925	67,103,925
Reserve for SMIEIS and CBN AGSMIEIS	**659,849**	612,781	659,849
Transactions with Shareholders	**(3,000,000)**	(3,000,000)	(3,000,000)
Convertible debentures	**135,181,284**	-	-
	199,559,568	**64,612,423**	**64,574,075**
28 Contingents Assets	**146,433,602**	110,396,866	107,057,777
Contingent Liabilities	**(146,433,602)**	**(110,396,866)**	**(107,057,777)**

29 STATEMENT OF COMPLIANCE

The financial statements and accompanying notes have been drawn up in compliance with IAS 34

30 OTHER DISCLOSURES

The same accounting policies and methods of computation are followed in the as were used in last audited annual financial statements of the Bank.

The Banks prepares interim financial statements for publication and submission to the Securities and Exchange Commission and Nigeria Stock Exchange on a quarterly basis

There are no events after the reporting date which could have had a material effect on the interim financial statements as at 30 June 2023.

Also, in accordance with the requirements of Rule 2.0 of the Free Float Rules on Self-Assessment and Self-Regulation as issued by the NSE, the shareholding pattern of the Bank is shown below;

Shareholding Analysis

The shareholding pattern of the Bank as at 30 June 2023 is as stated below:

Range	No. Of Shareholders	Units
1 - 9999	56,279	55,124,610
10000 - 50000	4,571	99,219,786
50001 - 100000	953	71,391,091
100001 - 500000	888	188,876,308
500001 - 1000000	141	100,901,147
1000001 - 50000000	112	234,389,799
50000001 - 100000000	25	179,103,018
100000001 - 500000000	45	2,378,392,507
500000001 - 1000000000	3	1,870,339,397
1000000001 - 500000000000	3	6,511,600,279
TOTAL	**63,020**	**11,689,337,942**

	30 June 2023	30 June 2022	31 December 2022
	Unaudited	Unaudited	Audited
	N'000	N'000	N'000

The shareholding pattern of the Bank as at 30 June 2022 is as stated below:

Range	**No. Of Shareholders**	**Units**
1 - 9999	55,690	56,092,561
10000 - 50000	14,552	100,429,708
50001 - 100000	3,706	70,468,245
100001 - 500000	3,753	178,165,463
500001 - 1000000	1,120	84,455,144
1000001 - 50000000	72	145,871,225
50000000 - 100000000	16	120,526,859
100000001 - 500000000	48	2,546,550,410
500000001 - 1000000000	3	1,852,359,484
1000000001 - 500000000000	3	6,534,037,353
TOTAL	**78,963**	**11,688,956,452**

With a free float percentage of 32.69% as at 30 June 2023 (June 2022: 32.70%), the Bank is compliant with the Exchange's free float requirements for complanies listed on the Main Board.