UNITY BANK PLC

Annual Report

for the year ended 31 December 2023

UNITY BANK PLC

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UNITY BANK PLC

CORPORATE INFORMATION

Directors

Hafiz Mohammed Bashir^	- Ag. Chairman
Tomi Somefun	- MD/CEO
Sam N. Okagbue FCArb	- Non Executive Director (Independent)
Yabawa Lawan Wabi, mni	- Non Executive Director
Prof. Iyabo Obasanjo*	- Non Executive Director
Halima Babangida*	- Non Executive Director
Temisan Tuedor	- Executive Director
Ebenezer Kolawole	- Executive Director
Usman Abdulqadir	- Executive Director

^ appointed acting chairman effective 27 April 2023

* appointed effective 27 April 2023

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

Bank's Tax Identification Number 00797699-0001

The Directors present their annual report on the affairs of Unity Bank Plc ("the Bank") together with the financial statements and Independent Auditor's report for the year ended 31 December 2023.

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 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-23	**Dec-22**
	N'000	**N'000**
Gross earnings	59,364,269	57,149,854
(Loss)/profit before minimum and income tax	(62,339,595)	1,386,125
Minimum tax expense	(297,505)	(285,280)
(Loss)/profit before tax	(62,637,100)	1,100,845
Income tax expense	(25)	(159,470)
(Loss)/profit after tax	**(62,637,125)**	**941,375**
(Loss)/profit attributable to shareholders	(62,637,125)	941,375
Earnings per share		
Basic and diluted (loss)/ earnings per share (Kobo)	(535.85)	8.05

g. **Dividends**

The Bank did not declare any dividend during the year (2022: Nil)

h. **Directors**

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

^ appointed acting chairman effective 27 April 2023

* appointed effective 27 April 2023

i. **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-2023			31-Dec-2022		
Name Of Directors	**Direct Holdings**	**Indirect Holdings**	**%**	**Direct Holdings**	**Indirect Holdings**	**%**
Hafiz Mohammed Bashir	NIL	648,472,967	5.54%	NIL	648,472,967	5.54%
Prof. Iyabo Obasanjo[2]	NIL	926,104,410	7.92%	NIL	926,104,410	7.92%
Halima Babangida[1]	38,191,947	NIL	0.33%	38,191,947	NIL	0.00
Sam N. Okagbue	NIL	NIL	-	NIL	NIL	-
Yabawa Lawan Wabi[3]	NIL	4,001,130,848	34.22%	NIL	4,001,130,848	34.22%
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)*

j. **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' length.

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

k. **Shareholding analysis**

The shareholding pattern of the Bank as at 31 December 2023 is as stated below:

Range	No Of Shareholders	Unit
1 - 9999	56,425	55,398,904
10000 - 50000	4,697	102,278,130
50001 - 100000	1,021	76,749,664
100001 - 500000	987	211,094,738
500001 - 1000000	185	134,157,428
1000001 - 50000000	165	365,995,883
50000000 - 100000000	27	192,376,276
100000001 - 500000000	46	2,169,347,243
500000001 - 1000000000	3	1,870,339,397
1000000001 - 5000000000	3	6,511,600,279
TOTAL	**63,559**	**11,689,337,942**

The shareholding pattern of the Bank as at 31 December 2022 is as stated below:

Range	No Of Shareholders	Unit
1 - 9999	56,319	55,136,011
10000 - 50000	14,543	98,474,338
50001 - 100000	3,424	68,896,786
100001 - 500000	3,255	180,301,639
500001 - 1000000	1,181	90,129,045
1000001 - 50000000	105	219,812,958
50000000 - 100000000	19	145,334,387
100000001 - 500000000	49	2,449,313,102
500000001 - 1000000000	3	1,870,339,397
1000000001 - 5000000000	3	6,511,600,279
TOTAL	**78,901**	**11,689,337,942**

l. **Substantial interest in shares**

According to the register of members as at 31 December 2023, 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)	4,000,130,848	34.22%
PANAFRICAN CAPITAL NOMINEE	1,480,614,483	12.67%
LIGHTHOUSE CAPITAL LIMITED	1,053,199,290	9.01%
IBAD LIMITED	717,722,190	6.14%
EL-AMIN (NIG.) LTD	615,889,636	5.27%
TOTAL	**7,867,556,447**	**67.31%**

According to the register of members as at 31 December 2022, 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)	4,000,130,848	34.22%
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IBAD LIMITED	717,722,190	6.14%
EL-AMIN (NIG.) LTD	615,889,636	5.27%
TOTAL	**7,867,556,447**	**67.31%**

m. **Acquisition of own shares**

The Bank did not purchase its own shares during the year (2022: Nil).

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

For the period ended 31 December 2023, the Bank expended the sum of ₦55.5 million, (December 2022 – ₦33.5 million) on various CSR Commitments. CSR commitments usually cover the fields of Education/Capacity Building, Trade Promotions, Value Reorientation, Professional Developments, Community Interventions, Sports and Health as follows:

The schedule of the CSR as at 31st December 2023 is as stated below:

SN	Details of expenditure	Category	Amount (N'000)
1	OSUN STATE MINISTRY OF LOCAL GOVT WORKERS	Training	20,000
2	CHARTERED INSTITUITE OF BANKERS (CIBN)	Professional Development	23,000
3	HOMELAND OPEN UNIVERSITY	Education	10,000
4	CHARTERED INSTITUTE OF TAXATION OF NIG	Professional Development	500
5	NYSCs 50th ANNIVERSARY CELEBRATION PROGRAM	Education	1,000
6	ISOKEN NWEBUNANKA FOUNDATION	Community Intervention	1,000
	TOTAL		**55,500**

The schedule of the CSR as at 31st December 2022 is as stated below:

SN	Details of expenditure	Category	Amount (N'000)
1	FINANCIAL INSTITUTION TRAINING CENTER (FITC)	Professional Development	15,000
2	CHARTERED INSTITUITE OF BANKERS (CIBN)	Professional Development	17,500
3	RESWAYE IRO EARTH DAY	Education	500
4	ALTSCHOOL AFRICA	Education	500
	TOTAL		**33,500**

o. **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 2023		31 DECEMBER 2022	
Employees	**Number**	**Percentage**	**Number**	**Percentage**
Male	797	63%	813	62%
Female	477	37%	488	38%
	1,274	**100%**	**1,301**	**100%**

(b) Analysis of Board and top management staff

i Board members (Executive and Non-Executive Directors)

	31 DECEMBER 2023		31 DECEMBER 2022	
	Number	**Percentage**	**Number**	**Percentage**
Male	5	56%	6	67%
Female	4	44%	3	33%
	9	**100%**	**9**	**100%**

ii Top Management staff (AGM-GM)

	31 DECEMBER 2023		31 DECEMBER 2022	
	Number	**Percentage**	**Number**	**Percentage**
Male	14	82%	18	86%
Female	3	18%	3	14%
	17	**100%**	**21**	**14%**

(c) Further analysis of Board and top management staff

	31 DECEMBER 2023					
	Male		Female		Total	
Assistant General Managers	3	100%	0	0%	3	100%
Deputy General Managers	8	80%	2	20%	10	100%
General Managers	3	75%	1	25%	4	100%
Board Members (NEDs))	2	40%	3	60%	5	100%
Board Members (EDs ex MD/CEO)	3	100%	0	0%	3	100%
Managing Director/CEO	0	0%	1	100%	1	100%
	19		**7**		**26**	

	31 DECEMBER 2022					
	Male		Female		Total	
Assistant General Managers	5	100%	0	0%	5	100%
Deputy General Managers	9	82%	2	18%	11	100%
General Managers	4	80%	1	20%	5	100%
Board Members (NEDs))	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		**6**		**30**	

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 on-the–job 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.

p. **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.

q. **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 two 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	Yabawa Lawan Wabi mni (Non-Executive Director)	-	Member

r. **Disclosure of customer complaints in financial statements for the year ended 31 December 2023.**

	NUMBER		AMOUNT CLAIMED (N'000)		AMOUNT REFUNDED (N'000)	
	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022	31 DEC 2023	31 DEC 2022
Pending complaints brought forward	24	7	4,866	2,724,660		
Received complaints	106,035	95,958	1,621,270	7,431,216		
Resolved complaints	106,040	95,941	1,603,136	10,151,010	107,959	263,928
Complaints carried forward	19	24	23,000	4,866		

There were no complaints received and resolved by the Bank in other currencies for the year ended 31 December 2023 (2022: Nil).

s. **Events after the reporting date**

There are no other events after the reporting date, which could have had material effect on the financial position of the Bank as at 31st December 2023 and the profit and other comprehensive income for the period ended at that date.

t. **Auditors**

Messers KPMG professional services 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 May 2024

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 2023 as follows:

a) That we have reviewed the audited financial statements of the Company for the year ended 31 December 2023.

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 2023.

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 2023.

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
24th May 2024	24th May 2024

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 8.27% as at 31 December 2023.

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 2023 were as follows:

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

^ appointed acting chairman effective 27 April 2023

* appointed effective 27 April 2023

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 the
- 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 FCArb (Independent Director)	Chairman
2)	Yabawa Lawan Wabi (Non-Executive Director)	Member
3)	Prof. Iyabo Obasanjo (Non-Executive Director)*	Member
4)	Halima Babangida (Non-Executive Director)*	Member
5)	Managing Director/CEO	Member
6)	ED, Risk Management & Compliance	Member
7)	ED, Finance & Operations	Member

* appointed effective 27 April 2023

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.	Halima Babangida (Non Executive Director)*	Ag. Chairman
ii.	Sam N. Okagbue FCArb (Independent Director)	Member
iii.	Yabawa Lawan Wabi, mni (Non Executive Director)	Member
iv.	Prof. Iyabo Obasanjo (Non Executive Director)*	Member
v.	Managing Director/CEO	Member
vi.	ED, Risk Management & Compliance	Member
vii.	ED, North Bank	Member

* appointed effective 27 April 2023

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	Yabawa Lawan Wabi (Non Executive Director)	Chairman
2	Sam N. Okagbue FCArb (Independent Director)	Member
3	Prof. Iyabo Obasanjo (Non Executive Director)*	Member
4	Halima Babangida (Non Executive Director)*	Member
5	Managing Director/CEO	Member
6	ED, Finance & Operations	Member
7	ED, North Bank	Member

* appointed effective 27 April 2023

BOARD GOVERNANCE & NOMINATIONS COMMITTEE (BG&NC)

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

Functions

- The Committee shall consider matters relating to the composition of the Board and Board Committees.
- The Committee shall handle matters relating to Board remunerations and appointment.
- The Committee shall determine the remuneration, incentive arrangements and benefits of the Chairman of the Board.
- The Committee shall determine the incentive arrangements and benefits of the Executive and Non-Executive Directors of the Bank within the limits imposed by Regulatory Authorities.
- The Committee shall determine the remuneration of executive Directors.
- Review and submit to the full Board, recommendations concerning renewal of Executive Directors' contract, their compensation plans and perquisites and ensure that their packages are competitive.
- The Committee shall recommend any proposed change(s) to the Board.
- The Committee shall keep under review the need for appointments and prepare a description of the specific experience and abilities needed for each Board appointment, consider candidates for appointment as either Executive or Non-Executive Directors and recommend such Appointments to the Board.
- Review the tenor of Non-Executive Directors on the Board and Board Committee assignments and other commitments to the Bank.
- Recommend to the Board renewal of appointment of Executive/Non Executive Directors at the end of their 1st and 2nd term of office based on the outcome of review of Directors performance.
- Advise the Board on succession planning regarding the roles of the Chairman, Chief Executive Officer and Executive Directors.
- Advise the Board on the contents of the Directors Annual Remuneration Report to shareholders.
- To obtain outside or other independent professional advice from third parties with relevant experience in connection with the matters within the Committee's Terms of Reference and establish the selection criteria and to select, appoint and set the terms of payment for any "Remuneration Consultant" engaged by the Committee to advise it.
- To consider and decide on such matters as the Board may refer to it.
- To establish the criteria for Board and Board Committee Memberships.
- To review candidates' qualifications and any potential conflict of interest.
- To assess the contribution of Directors in connection with their re-nomination and make recommendations to the Board.
- To prepare a job specification for the Chairman's position, including an assessment of time commitment required of the candidate;
- To periodically evaluate the skills, knowledge and experience required on the Board
- To make recommendations on experience required by Board Committee Members, Committee Appointments and Removal, Operating Structure, Reporting and other Committee Operational matters;
- To provide input to the Annual Report of the Bank in respect of Directors' compensation;
- To ensure that the Board evaluates itself on an Annual basis;
- To review and make recommendations to the Board for approval of the Bank's organizational structure and any proposed amendments.
- Establish and maintain remuneration, recruitment, retention, incentive and termination policies and practices for Senior Management Staff in line with best practice and the highest standard of Corporate Governance.
- The remuneration policies of the Bank in general.
- Recommending to the Board policies and processes for effective and dynamic leadership and governance.
- Advising and recommending board education, training, retreats, and orientation for new members.

- Ensuring that the Bank maintains remuneration and incentive policies and practices that are competitive, fair, and in line with best practice in order to attract and retain good hands.
- Recommend a Board succession plan to allow for orderly and smooth succession on the Board.
- The Committee shall ensure that the remuneration of Executives and Board members align with the long term interest of the Bank and its shareholders.
- The Committee shall ensure that the level of remunerations is sufficient to attract, retain and motivate executive officers of the Bank which shall be balanced against the Bank's interest in not paying excessive remuneration.

MEMBERSHIP

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

· Prof. Iyabo Obasanjo (Non Executive Director)*	Ag. Chairman
· Sam N. Okagbue FCArb (Non Executive Director)	Member
· Yabawa Lawan Wabi (Non Executive Director)	Member
· Halima Babangida (Non Executive Director)*	Member

* appointed effective 27 April 2023

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 five (5) members made up of three (3) Shareholders representative and two (2) Non-Executive Directors as follows:

1	Sunday B Akinniyi (Shareholder's representative)	Chairman
2	Funke T. Shodeinde (Shareholder's representative)	Member
3	Ahmed U. Ndanusa (Shareholder's representative)	Member
4	Yabawa Lawan Wabi, mni (Non-Executive Director)	Member
5	Sam N. Okagbue FCArb (Independent 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, 2023 to December 31, 2023.

BOARD MEETING DATES AND ATTENDANCE OF DIRECTORS FOR 2023:

	Board	**Board Credit Committee**	**Board Risk management & Audit Committee**	**Board Governance & Nomination Committee**	**Statutory Audit Committee**	**Board Finance & General Purpose Committee**
Date of meetings	**16-Feb-23 15-Mar-23 18-May-23 8-Jun-23 17-Aug-23 17-Nov-23**	**14-Feb-23 16-May-23 15-Aug-23 14-Nov-23**	**5-Jan-23 13-Feb-23 26-Apr-23 15-May-23 14-Aug-23 13-Nov-23 4-Dec-23**	**15-Feb-23 17-May-23 2-Aug-23 16-Aug-23 15-Nov-23**	**5-Jan-23 6-Feb-23 26-Apr-23 8-May-23 7-Aug-23 7-Nov-23 4-Dec-23**	**15-Mar-23 12-Jun-23 19-Oct-23 13-Nov-23 29-Nov-23**
Number of Meetings	**6**	**4**	**7**	**5**	**7**	**5**
Mr. Aminu Babangida^	2	N/A	N/A	N/A	N/A	N/A
Dr. Oluwafunsho Obasanjo^	2	1	2	1	N/A	1
Sam N. Okagbue FCArb	6	4	6	5	7	5
Yabawa Lawan Wabi, mni	6	4	7	5	7	5
Hafiz Mohammed Bashir#	6	1	2	1	N/A	1
Tomi Somefun	6	4	4	5	N/A	N/A
Temisan Tuedor	6	4	N/A	5	N/A	N/A
Ebenezer A. Kolawole	6	N/A	4	5	N/A	N/A
Usman Abdulquadir	6	4	4	N/A	N/A	N/A
Prof. Iyabo Obasanjo*	4	3	4	4	N/A	4
Halima Babangida*	4	3	4	4	N/A	4

*^Resigned from the board effective 18 March 2023; #- Became acting chairman effective 27 April 2023; * - Joined the board effective 27 April 2023*

SHAREHOLDERS REPRESENTATIVES

Sunday Babatunde Akinniyi	N/A	N/A	N/A	N/A	7	N/A
Funke T. Shodehinde	N/A	N/A	N/A	N/A	7	N/A
Ahmed Umar Ndanusa	N/A	N/A	N/A	N/A	7	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, North
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 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, North
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 2023

The Board of directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA) 2020, Financial Reporting Council of Nigeria (ammendment) Act 2023, 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 2023 was approved by the Directors on the 8th April 2024.

On behalf of Directors of the Bank;

Tomi Somefun	Hafiz Mohammed Bashir
Managing Director/CEO	**Ag. Chairman**
FRC/2013/ICAN/00000002231	FRC/2023/PRO/DIR/003/026716
24th May 2024	24th May 2024

UNITY BANK PLC

Report of the Statutory Audit Committee for the year ended 31 December 2023

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 2023 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 May 2024

Sunday Babatunde Akinniyi
Chairman, Statutory 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 FCArb	Member

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Certification Pursuant to Section 60 of the Investment and Securities Act, 2007

We, the Managing Director and Chief Finance Officer, certify that:

a) We have reviewed the Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2023 of Unity Bank Plc ("the Bank");
b) Based on our knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
c) Based on our knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;
d) We:
    i. are responsible for establishing and maintaining internal controls.
    ii. have designed such internal controls and procedures or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Bank, is made known to us by others within the Bank, particularly during the period in which this report is being prepared.
    iii. have designed such internal control system or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards.
    iv. have evaluated the effectiveness of the Bank's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
e) We have disclosed, based on our most recent evaluation of internal control system, to the Bank's auditors and the audit committee:
    i. That there are no significant deficiencies or material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
    ii. That there is no fraud, whether or not material, that involves management or other employees who have a significant role in the Bank's internal control system.
f) We have identified in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of our evaluation

Ebenezer Kolawole	**Tomi Somefun**
Executive Director/Chief Financial Officer	**Managing Director/CEO**
FRC/2013/ICAN/00000001964	**FRC/2013/ICAN/00000002231**
24 May 2024	**24 May 2024**

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Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2023

The management of Unity Bank Plc is responsible for establishing and maintaining adequate internal control over financial reporting as required by the Securities and Exchange Act, 2007 and the Financial Reporting Council (Amendment) Act, 2023.
The management of Unity Bank Plc assessed the effectiveness of our internal control over financial reporting as of 31 December 2023 using the criteria set forth in Internal Control—2013 Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("the COSO Framework") and in accordance with the SEC Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act, 2007
As of 31 December 2023, the management of Unity Bank Plc did not identify any material weakness.
As a result, management has concluded that, as of 31 December 2023, the Bank's internal control over financial reporting was effective.
The Bank's independent auditor, KPMG Professional Services, who audited the financial statements, issued an unmodified conclusion on the effectiveness of the Company's internal control over financial reporting as of 31 December 2023 based on the limited assurance engagement performed by them.

Changes in Internal Control Over Financial Reporting
There were no changes in our internal control over financial reporting that occurred subsequent to the date of our evaluation of the effectiveness of internal control over financial reporting that significantly affected, or are reasonably likely to significantly affect, the Company's internal control over financial reporting.

Ebenezer Kolawole
Executive Director/Chief Financial Officer
FRC/2013/ICAN/00000001964
24 May 2024

Tomi Somefun
Managing Director/CEO
FRC/2013/ICAN/00000002231
24 May 2024

KPMG Professional Services
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Independent Auditor's Limited Assurance Report

To the Shareholders of **Unity Bank PLC**

Report on Limited Assurance Engagement Performed on Management's Assessment of Internal Control Over Financial Reporting

Conclusion

We have performed a limited assurance engagement on whether internal control over financial reporting of Unity Bank PLC ("the Bank") as of 31 December 2023 is effective in accordance with the criteria established by Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("the COSO Framework") and the Securities and Exchange Commission Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act 2007.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Bank's internal control over financial reporting as of 31 December 2023 is not effective, in all material respects, in accordance with the COSO Framework and the Securities and Exchange Commission Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act 2007.

Basis for conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board (IAASB) and the Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. Our responsibilities are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants *(including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter

We have audited the financial statements of Unity Bank PLC in accordance with the International Standards on Auditing, and our report dated 19 December 2024 expressed an unmodified opinion of those financial statements.

Our conclusion is not modified in respect of this matter.

Responsibilities for Internal Control over Financial reporting

The Board of Unity Bank PLC is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's report. Our responsibility is to express a conclusion on the Bank's internal control over financial reporting based on our assurance engagement.

Our responsibilities

The Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting ("the Guidance") requires that we plan and perform the assurance engagement and provide a limited assurance report on the Bank's internal control over financial reporting based on our assurance engagement.

Summary of the work we performed as the basis for our conclusion

As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Definition and Limitations of Internal Control Over Financial reporting

A Bank's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and directors of the Bank; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Akinyemi Ashade
FRC/2013/ICAN/00000000786
For: KPMG Professional Services
Chartered Accountants
19 December r 2024
Lagos, Nigeria

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Lagos

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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 2023;
- 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 material 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 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020, the Financial Reporting Council of Nigeria (Amendment) Act, 2023 and 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 the Bank incurred a net loss after tax of N62.6 billion during the year ended 31 December 2023 and, as of that date, the Bank's total liabilities exceeded its total assets by N326.9 billion and the capital adequacy stood at negative 76.14% (2022: Negative 89.69%). The Bank therefore did not meet the minimum capital requirement of NGN25 billion for a national bank and the Capital Adequacy Ratio (CAR) as stipulated by the Central Bank of Nigeria (CBN) for a Bank with a national banking license which is 10%. As stated in Note 35, uncertainty exists that may cast significant doubt on 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 comparing 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 31 December 2023 using the Bank's impairment model.

The Bank's accounting policy on impairment and related disclosures on credit risk are shown in notes 4.2 and 5.2 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 identified above 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 on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Outstanding reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to Statutory Audit Committee.

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 IFRS Accounting Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023, 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 scepticism 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 extant regulatory provisions during the year ended 31 December 2023. 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.

Compliance with FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting

In accordance with the requirements of the Financial Reporting Council of Nigeria, we performed a limited assurance engagement and reported on management’s assessment of the Bank's internal control over financial reporting as of December 31, 2023. The work performed was done in accordance with ISAE 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. We have issued an unmodified conclusion in a separate report dated 19 December 2024 .

Akinyemi Ashade
FRC/2013/ICAN/00000000786
For: KPMG Professional Services
Chartered Accountants
19 December 2024
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0312435

UNITY BANK PLC

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

	Notes	2023 N'000	2022 N'000
Interest income	6	53,722,356	48,990,838
Interest expense	7	(36,183,444)	(29,647,236)
Net interest income		17,538,912	19,343,602
Fee and commission income	8	5,229,688	7,686,690
Fee and commission income		5,229,688	7,686,690
Net trading loss	9	(50,069,411)	(233,839)
Other operating income	10	412,225	472,326
		(49,657,186)	238,487
Total operating (loss)/income		(26,888,586)	27,268,779
Net remeasurment of ECL allowance (charge)/writeback on financial assets	11	(1,701,309)	1,203,857
Net operating (loss)/income		(28,589,895)	28,472,636
Personnel expenses	12	(14,287,115)	(11,161,067)
Depreciation of property and equipment	21	(3,293,908)	(2,465,851)
Amortisation of intangible assets	22	(631,206)	(79,765)
Other operating expenses	13	(15,537,471)	(13,379,828)
Total operating expenses		(33,749,700)	(27,086,511)
(Loss)/profit before minimum tax		(62,339,595)	1,386,125
Minimum tax expense	14	(297,505)	(285,280)
(Loss)/profit before tax		(62,637,100)	1,100,845
Income tax expense	14	(25)	(159,470)
(Loss)/profit after tax		(62,637,125)	941,375
(Loss)/profit for the year		(62,637,125)	941,375
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Net changes in fair value movements on equity instruments at FVOCI	31	14,339,175	1,500,690
Items that are or may be reclassified to profit or loss:			
Net changes in fair value on debt securities at FVOCI during the year	31	(3,627,207)	(1,236,777)
Other comprehensive income for the year, net of tax		10,711,968	263,913
Total comprehensive (loss)/income for the year, net of tax		(51,925,157)	1,205,288
(Loss)/earnings per share			
Basic (loss)/earnings per share (kobo)	15	(535.85)	8.05

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

UNITY BANK PLC

STATEMENT OF FINANCIAL POSITION

as at the year ended	Notes	31 DECEMBER 2023 N'000	31 DECEMBER 2022 N'000
Assets			
Cash and balances with Central Bank	**16**	**12,705,319**	47,116,736
Due from banks	**17**	**65,237,547**	21,732,544
Loans and advances to customers	**18**	**221,976,492**	289,355,699
Investment Securities:			
At fair value through other comprehensive income	**19a**	**65,192,626**	43,776,330
Debt instruments at amortised cost	**19b**	**67,071,731**	68,866,346
Property and equipment	**21**	**24,984,038**	23,459,506
Intangible assets	**22**	**1,225,190**	1,630,115
Other assets	**20**	**14,191,973**	14,206,683
Deferred tax assets	**23**	**-**	-
Total assets		**472,584,916**	**510,143,959**
Liabilities			
Due to other banks	**24**	**94,388,371**	117,731,414
Deposits from customers	**25**	**402,993,370**	327,429,673
Borrowings	**26**	**111,979,393**	297,381,214
Long Term Liabilities	**26**	**133,928,684**	-
Current tax liabilities	**27**	**514,854**	659,484
Other liabilities	**28**	**55,653,568**	41,890,341
Total liabilities		**799,458,240**	**785,092,126**
Equity			
Share capital	**30**	**5,844,669**	5,844,669
Share premium	**30**	**10,485,871**	10,485,871
Statutory reserve	**30**	**13,367,368**	13,367,368
Accumulated deficit	**30**	**(478,837,389)**	(380,834,043)
Non distributable Regulatory Risk Reserve	**30**	**46,980,114**	11,613,893
Other reserves	**31**	**75,286,043**	64,574,075
Total equity		**(326,873,324)**	**(274,948,167)**
Total liabilities and equity		**472,584,916**	**510,143,959**

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

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

Hafiz Mohammed Bashir
Ag. Chairman
FRC/2023/PRO/DIR/003/026716

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 24 th May 2024

UNITY BANK PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	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 2023	**5,844,669**	**10,485,871**	**13,367,368**	**(380,834,043)**	**11,613,893**	**64,574,075**	**(274,948,167)**
Loss for the year	-	-	-	(62,637,125)	-	-	(62,637,125)
Other comprehensive income	-	-	-	-		10,711,968	10,711,968
Total comprehensive income for the year	**-**	**-**	**-**	**(62,637,125)**	**-**	**10,711,968**	**(51,925,157)**
Transfer to Statutory Reserve	-	-	-	-	-	-	-
Transfer from non distributable reserve	-	-	-	(35,366,220)	35,366,220	-	-
Transfer to AGSMEIS Reserve	-	-	-	-	-	-	-
	-	**-**	**-**	**(98,003,345)**	**35,366,220**	**10,711,968**	**(51,925,157)**
Transaction with owners							
Balance as at 31 December 2023	**5,844,669**	**10,485,871**	**13,367,368**	**(478,837,389)**	**46,980,114**	**75,286,043**	**(326,873,324)**
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 for the year	-	-	-	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 from non distributable reserve	-	-	-	(9,852,449)	9,852,449		-
Transfer to AGSMEIS Reserve			-	(47,068)	-	47,068	
Balance as at 31 December 2022	**5,844,669**	**10,485,871**	**13,367,368**	**(380,834,043)**	**11,613,893**	**64,574,075**	**(274,948,167)**

UNITY BANK PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER

	Notes	2023 N'000	2022 N'000
Cash flows from operating activities			
(Loss)/profit after tax		(62,637,125)	941,375
Minimum tax		297,505	285,280
Tax expense		25	159,470
(Loss)/profit before tax		(62,339,595)	1,386,125
Adjustment for non cash items:			
Impairment charge on debt instruments	11	1,118,216	376,540
Impairment charge on other assets	11	607,369	835,209
Contribution costs	29	511,925	517,598
Depreciation of property and equipment	21	3,293,908	2,465,851
Amortization of intangible assets	22	631,206	79,765
Gain on disposal of property and equipment	39i	(26,496)	(27,637)
Loss/(gain) from sale of investments	10	(28,960)	46,389
Interest income	6	(53,722,356)	(48,990,838)
Interest expense	7	36,183,444	29,647,236
Dividend income	10	(94,795)	(140,293)
		(73,866,134)	(13,804,055)
Changes in operating assets and liabilities			
Net increase/(decrease) in loans and advances	39(a)	66,325,785	(20,499,746)
Net increase/(decrease) in other assets	39(b)	(8,920,736)	2,309,733
Net increase in CBN - AGSMSEIS Account	39(k)	(47,070)	(158,663)
Net increase in deposit from customers	39(d)	73,057,311	2,674,254
Net decrease in due to other banks	39(e)	(23,569,521)	(25,757,044)
Net increase in other liabilities	39(f)	13,741,252	2,099,831
		120,587,022	(39,331,635)
Cash from/(used in) operations		46,720,887	(53,135,690)
Income tax paid	27	(442,160)	(249,131)
Interest received	39(g)	42,230,923	46,419,952
Interest paid	39(h)	(25,414,013)	(19,590,854)
Divided income	10	94,795	140,293
Payment on employee contribution plan	29	(511,925)	(518,543)
Net cash flows from/(used in) in operating activities		62,678,508	(26,933,973)
Cash flows from investing activities			
Purchase of property and equipment	39(c)	(5,112,557)	(3,968,193)
Purchase of intangible assets	22	-	(1,563,676)
Proceeds from disposal of property and equipment	39(i)	26,496	65,811
Acquisition of investment securities at FVOCI	19a	(21,192,418)	(42,303,340)
Proceeds from disposal of financial instrument at FVOCI	19a	12,819,802	50,920,678
Proceed from disposal of investment securities at amortized cost	19c	3,347,322	4,636,920
Net cash flows (used in)/from investing activities		(10,111,356)	7,788,200
Cash flows from financing activities:			
Borrowings			
Proceeds from loans and borrowings	26	192,776,595	10,704,839
Repayment of borrowing	26	(236,309,974)	(28,473,336)
Net cash flows used in financing activities		(43,533,379)	(17,768,497)
Net increase/(decrease) in cash and cash equivalents		9,033,773	(36,914,270)
Cash and cash equivalents at 1 January		68,285,552	105,187,077
Effect of exchange rate movement on cash held		130,800	12,745
Cash and cash equivalents at 31 December	39(j)	77,450,125	68,285,552

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 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.

2.1. Statement of Compliance & Basis of preparation

The financial statements of the Bank have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards). The financial statements comply with Companies and Allied Matters Act (CAMA) 2020, Banks and Other Financial Institutions Act (BOFIA) 2020, Financial Reporting Council of Nigeria (ammendment) Act 2023 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 assets and liabilities measured at amortised cost which are measured at fair value and non-derivative financial instruments carried at fair value through profit or loss, or fair value through OCI.

2.2. 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 authorized for issue by the board of directors on 8th April 2024.

2.2.1 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.

2.2.2 Use of estimate and judgements

In preparing these 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 recognized prospectively.

Information about assumptions and estimation uncertainties and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized 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 recognized 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.

3. Changes in Material Accounting Policies and Disclosure

The accounting policies adopted in the preparation of the financial statement are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 December 2023. The Bank also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies.

The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

4. Summary of material accounting policies

The Bank has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise. In addition, the Bank adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments did not result in any changes to the accounting policies themselves.

4.1. Foreign currency

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

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.

4.2. 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:

- Amortized 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 the assets of the Bank are managed together to achieve a particular business objective. For the assessment of business model the Bank takes into consideration the following factors:

Business Model 1 (BM1) - These are primarily assets held at amortized cost which include retail and corporate loans and advances to customers and certain debt instrument at amortized 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 minimize 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 amortized cost

Financial assets are measured at amortized 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:
· Amortized cost
· Fair Value through Profit or Loss (FVTPL)

i) 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
Financial liabilities at fair value through profit or loss are financial liabilities held for trading. A financial liability is classified
Gains and losses arising from changes in fair value of financial liabilities classified as held for trading are included in the
Financial liabilities are designated at FVTPL when either the designation eliminates or significantly reduces an accounting

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

III. Reclassifications

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

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

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

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

When reclassification occurs, the Bank reclassifies all affected financial assets in accordance with the new business model. Reclassification is applied prospectively from the 'reclassification date'. Reclassification date is 'the first day of the first reporting period following the change in business model. For example, if the Bank decides to shut down the retail business segment on 31st January 2019, the reclassification date will be 1 February 2019 (i.e. the first day of the entity's next reporting period), the Bank shall not engage in activities consistent with its former business model after 31st January, 2019. Gains, losses or interest previously recognized 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 recognized 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 derecognized when the obligation under the liability is discharged, cancelled or expires. The Bank derecognizes 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 recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

V. 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 recognizes 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 recognize the financial asset and also recognizes a collateralized 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 derecognizes 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 amortized 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 reorganization; 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 amortized 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 recognized 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 recognized in the fair value reserve.

VII. Write-off

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

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

All credit facility write-offs shall require endorsement at the appropriate level, as defined by the Bank. Credit write-off approval shall be documented in writing and properly initialed by the approving authority.
A write-off constitute a derecognition event. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amount due. Whenever amounts are recovered on previously written-off credit exposures, such amount recovered is recognized 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 realize 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 recognized amounts and there is an intention to settle on a net basis, or to realize 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 amortized cost, fair value through other comprehensive income.

4.4. Recognition of income and expenses

Revenue is recognized 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 recognized.

(i) Interest and similar income and expense

Effective interest rate:

Interest income and interest expense are recognized 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 amortized cost of the financial liability.

When calculating effective interest rate for financial instruments other than purchased or originated credit-impaired 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.

Amortized cost and gross carrying amount:

The "amortized 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 amortization 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 amortized 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 amortized cost;
- interest on debt instrument measured at FVOCI;
- interest expense on financial liabilities measured at amortized 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 capitalized interest are presented in the statement of cash flows consistently with interest cash flows that are not capitalized.

(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 recognized 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 recognized 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 foreign currency denominated assets and liabilities..

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

(v) Dividend income

Dividend income is recognized 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.

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 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 amortization period or method, as appropriate, and treated as changes in accounting estimates.

Subsequent costs are included in the asset's carrying amount or recognized 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 derecognized 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 recognized in 'Other operating income' in the income statement in the year the asset is derecognized.

4.7. Intangible assets

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

An intangible asset is recognized 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 amortization and any accumulated impairment losses.

Subsequent expenditure on computer software is capitalized 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 amortized over the useful economic life. The amortization period and the amortization 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 amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

Amortization 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

4.8. 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.

4.9. 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 recognized 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.

4.10. Provisions

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

4.11. Taxes

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 recognized in profit or loss except to the extent that it relates to a business combination, or items recognized 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.

The Minimum tax liability is determined based on 0.5% of Gross turnover less franked investment income for tax returns prepared for the 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 recognized amounts, and it intends either to settle on a net basis, or to realize 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 realized.

(ii) Deferred tax

Deferred tax is recognized 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 recognized 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 recognized 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 recognize 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 realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized 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.

4.12. Fiduciary assets

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

4.13. Dividends on ordinary shares

Dividends on ordinary shares are recognized 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

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

4.14. Segment reporting

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

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.

4.15. 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.

4.16. Loans and advances

Loans and advances' captions in the statement of financial position include:
loans and advances measured at amortized cost; they are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized 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 recognized in the Bank's financial statements.

4.17. Investment securities

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

- debt investment securities measured at amortized cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortized 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 recognized in OCI, except for the following, which are recognized in profit or loss in the same manner as for financial assets measured at amortized cost:

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

When debt security measured at FVOCI is derecognized, the cumulative gain or loss previously recognized 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 recognized in profit or loss. Dividends are recognized in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognized in OCI. Cumulative gains and losses recognized in OCI are transferred to retained earnings on disposal of an investment.

4.18. 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 recognized at their fair value, which is the premium received, and then amortized 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 unamortized premium. Financial guarantees are included within other liabilities.

4.19. Leases

At the commencement date of a lease, the Bank recognises lease liabilities at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the Bank under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Bank exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the Bank's incremental borrowing rate, being the rate that the Bank would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The lease liability is subsequently 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, or if The Bank changes its assessment of whether it will exercise a purchase, extension or termination option. The balance of the lease liability is included in Other Liabilities in the statement of financial position (See Note 28).

Right of use assets

Right-of-use assets are initially measured at cost, comprising of the following:

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Bank is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Bank presents right-of-use assets in 'property and equipment' in the statement of financial position (See Note 21)

Short-term leases and leases of low-value assets

Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets are assets that have values less than N1 million when new, for example, small IT equipment and small items of office furniture, and depends on the nature of the asset. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in profit or loss on a straight-line basis over the lease term. The Bank has applied the low value lease exemption for leases of printers as they are less than N1 million when new. The Bank does not have any other short term leases.

Extension and termination options

Extension and termination options are included in all of the Bank's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the bank's operations. Most of the extension options are subject to mutual agreement by the Bank and the lessors and some of the termination options held are exercisable only by the Bank.

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 2023 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 2022 or the year ended 31 December 2023.

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

31 December 2023	**South**	**North**	**Corporate Office**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Segmented results				
Revenue	20,593,472	22,968,549	15,802,248	59,364,269
Operating profit before tax	1,404,017	1,428,443	(65,172,055)	(62,339,595)
Minimum tax	-	-	(297,505)	(297,505)
Income tax	-	-	(25)	(25)
Profit/(loss) for the year	1,404,017	1,428,443	(65,172,080)	(62,637,125)
Segment assets	41,196,163	266,534,561	164,854,192	472,584,916
Segment liabilities	311,387,074	196,242,186	291,828,980	799,458,240

31 December 2022	**South**	**North**	**Corporate Office**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Segmented results				
Revenue	25,741,840	28,710,686	2,463,489	57,149,854
Operating profit before tax	1,104,715	1,386,823	(1,124,946)	1,366,592
Minimum tax	-	-	(285,280)	(285,280)
Income tax	-	-	(159,470)	(159,470)
Profit/(loss) for the year	1,962,717	2,226,339	(1,569,696)	921,842
Segmented assets and liabilities				
Segment assets	36,855,939	231,609,277	241,678,743	510,143,959
Segment liabilities	249,391,298	211,959,234	323,741,594	785,092,126

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 Accounting Standards and the CBN prudential guidelianes provision is shown below.

	Notes	2023	2022
Loans and advances		**N'000**	**N'000**
Impairment per CBN Prudential Guidelines (**A**)		**203,842,372**	23,324,918
Loans & advances			
Specific impairment		**176,876,000**	8,237,179
Collective impairment		**435,600**	5,647,472
Other assets		**26,530,772**	9,440,267
Impairment allowance as Per IFRS 9 (**B**)		**156,862,258**	**11,711,025**
Due from Banks	**17**	**28,352**	28,352
Loans and advances to customers	**18**	**139,837,576**	3,612,947
Off balance sheet	**28**	**580,635**	589,477
Other assets	**20**	**16,415,695**	7,480,249
Amount Required in Non Distributable Reserve (A > B)		**46,980,114**	**11,613,893**

COMPARISON OF IFRS WITH PRUDENTIAL GUIDELINES (PG) CLASSIFICATION

		2023	2022
		N'000	N'000
Gross loans and advances to customers	18	**361,814,068**	292,968,646
Credit impaired loans (IFRS)		**7,109,757**	472,953
Non performing loans (PG)		**177,910,000**	10,595,043
IFRS NPL Ratio (%)		**1.97%**	0.16%
PG NPL Ratio (%)		**49.17%**	3.62%

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

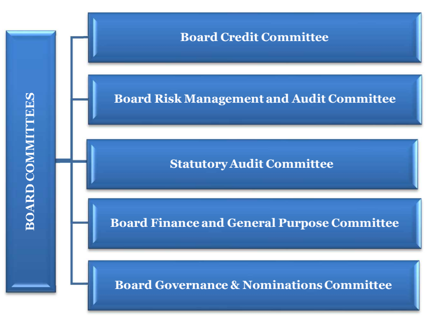
Communication, monitoring and review ensure that the important information generated by the risk management process is captured, used and maintained.

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.

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 Asset 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

f. Maximum exposure to credit risk

Loans & advances to customers at amortised cost

In thousands of Naira	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Total	2022 Stage 1	2022 Stage 2	2022 Stage 3	2022 Total
Gross Amount	348,460,567	6,243,744	7,109,757	361,814,068	130,246,722	162,248,971	472,953	292,968,646
CBN Risk share	(135,181,284)	-	-	(135,181,284)	-	-	-	-
ECL allowance	(2,036,576)	(17,417)	(2,602,299)	(4,656,292)	(1,394,783)	(2,096,494)	(121,670)	(3,612,947)
	211,242,707	6,226,327	4,507,458	221,976,492	128,851,939	160,152,477	351,283	289,355,699

Debt instruments at amortised cost

In thousands of Naira	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Total	2022 Stage 1	2022 Stage 2	2022 Stage 3	2022 Total
Gross exposures	67,071,731	-	-	67,071,731	68,866,346	-	-	68,866,346
Impairment allowance	-	-	-	-	-	-	-	-
Carrying amount	67,071,731	-	-	67,071,731	68,866,346	-	-	68,866,346

Debt instruments at FVOCI

In thousands of Naira	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Total	2022 Stage 1	2022 Stage 2	2022 Stage 3	2022 Total
Gross exposures	44,502,484	-	-	44,502,484	37,425,363	-	-	37,425,363
Impairment allowance	-	-	-	-	-	-	-	-
Carrying amount	44,502,484	-	-	44,502,484	37,425,363	-	-	37,425,363

Cash and balances with Central Bank

In thousands of Naira	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Total	2022 Stage 1	2022 Stage 2	2022 Stage 3	2022 Total
Gross exposures	12,705,319	-	-	12,705,319	47,116,736	-	-	47,116,736
Impairment allowance	-	-	-	-	-	-	-	-
Carrying amount	12,705,319	-	-	12,705,319	47,116,736	-	-	47,116,736

Due from banks

In thousands of Naira	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Total	2022 Stage 1	2022 Stage 2	2022 Stage 3	2022 Total
Gross exposures	65,265,899	-	-	65,265,899	21,760,896	-	-	21,760,896
Impairment allowance	(28,352)	-	-	(28,352)	(28,352)	-	-	(28,352)
Carrying amount	65,237,547	-	-	65,237,547	21,732,544	-	-	21,732,544

Other assets

In thousands of Naira	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Total	2022 Stage 1	2022 Stage 2	2022 Stage 3	2022 Total
Gross exposures	5,415,803	-	23,205,503	28,621,306	5,020,040	-	15,179,619	20,199,659
Impairment allowance	-	-	(16,415,695)	(16,415,695)	-	-	(7,480,249)	(7,480,249)
Carrying amount	5,415,803	-	6,789,808	12,205,611	5,020,040	-	7,699,370	12,719,410

Financial guarantees and letters of credit

In thousands of Naira	2023 Stage 1	2023 Stage 2	2023 Stage 3	2023 Total	2022 Stage 1	2022 Stage 2	2022 Stage 3	2022 Total
Gross exposures	109,522,155	-	-	109,522,155	107,057,777	-	-	107,057,777
Impairment allowance	(580,635)	-	-	(580,635)	(589,477)	-	-	(589,477)
Carrying amount	108,941,520	-	-	108,941,520	106,468,300	-	-	106,468,300

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

2023	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	-	65,265,899	-	-	-	65,265,899
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	-	-	-
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	65,265,899	-	-	-	65,265,899
Loss Allowance		(28,352)	-	-		(28,352)
Carrying Amount	**-**	**65,237,547**	**-**	**-**	**-**	**65,237,547**
Loans and Advances to Customers						
Rating 1- 6: Strong	-	348,460,567	6,243,744	-	-	354,704,311
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	7,109,757	-	7,109,757
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	348,460,567	6,243,744	7,109,757	-	361,814,068
Loss Allowance		(2,036,576)	(17,417)	(2,602,299)		(4,656,292)
Carrying Amount	-	346,423,991	6,226,327	4,507,458	-	357,157,776
Debt Securities at Amortised Cost						
Rating 1- 6: Strong	-	67,071,731	-	-	-	67,071,731
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	-	-	-
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	67,071,731	-	-	-	67,071,731
Loss Allowance		-	-	-		-
Carrying Amount	-	67,071,731	-	-	-	67,071,731
Debt Securities at FVOCI						
Rating 1- 6: Strong	-	44,502,484	-	-	-	44,502,484
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	-	-	-
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	**-**	**44,502,484**	**-**	**-**	**-**	**44,502,484**
Loss Allowance		**-**	**-**	**-**		**-**
Carrying Amount	**-**	**44,502,484**	**-**	**-**	**-**	**44,502,484**
2022	**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	-	21,760,896	-	-	-	21,760,896
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	-	-	-
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	21,760,896	-	-	-	21,760,896
Loss Allowance		(28,352)	-	-		(28,352)
Carrying Amount	**-**	**21,732,544**	**-**	**-**	**-**	**21,732,544**
Loans and Advances to Customers						
Rating 1- 6: Strong	-	130,246,722	162,248,971	-	-	292,495,692.99
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	472,953	-	472,953
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	130,246,722	162,248,971	472,953	-	292,968,646
Loss Allowance		(1,394,783)	(2,096,494)	(121,670)		(3,612,947)
Carrying Amount	**-**	**128,851,939**	**160,152,477**	**351,283**	**-**	**289,355,699**

Debt Securities at Amortised Cost

Rating 1- 6: Strong	-	68,866,346	-	-	-	68,866,346
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	-	-	-
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	-	68,866,346	-	-	-	68,866,346
Loss Allowance		-	-	-		-
Carrying Amount	**-**	**68,866,346**	**-**	**-**	**-**	**68,866,346**

Debt Securities at FVOCI

Rating 1- 6: Strong	-	37,425,363	-	-	-	37,425,363
Rating 7: Satisfactory	-	-	-	-	-	-
Rating 8 -10: Higher risk	-	-	-	-	-	-
Rating 11–12: Credit-impaired	-	-	-	-	-	-
Gross Carrying Amount	**-**	**37,425,363**	**-**	**-**	**-**	**37,425,363**
Loss Allowance		**-**	**-**	**-**		**-**
Carrying Amount	**-**	**37,425,363**	**-**	**-**	**-**	**37,425,363**

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 2023 *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	**28,352**	**-**	**-**	**3,612,947**	**7,480,249**	**609,010**	**11,730,558**
Remeasurement during the year	**-**	**-**	**-**	**1,053,421**	**607,369**	**(8,842)**	**1,651,949**
Foreign Exchange movement	**-**	**-**	**-**	**-**	**8,328,077**	**-**	**8,328,077**
Closing balance	**28,352**	**-**	**-**	**4,666,368**	**16,415,696**	**600,168**	**21,710,585**

31 December 2022 *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	28,352	-	-	3,199,184	6,826,040	609,010	**10,662,586**
Remeasurement during the year	-	-	-	413,763	835,209	-	**1,248,972**
Foreign Exchange movement	-	-	-	-	(181,000)	-	**(181,000)**
Closing balance	**28,352**	**-**	**-**	**3,612,947**	**7,480,249**	**609,010**	**11,730,558**

h. Concentration of credit risk by Industry

At 31 December 2023

Loans and advances to customer

Industry Type	Gross Loans & Advances		Expected Credit Loss		Net Loans & Advances	
	N'000	%	N'000	%	N'000	%
Agriculture	**332,275,589**	**91.84%**	**3,052,274**	**65.55%**	**329,223,315**	**92.18%**
Construction	**699,539**	**0.19%**	**1,998**	**0.04%**	**697,541**	**0.20%**
Education	**857,841**	**0.24%**	**7,860**	**0.17%**	**849,981**	**0.24%**
Finance and Insurance	**432,617**	**0.12%**	**8,518**	**0.18%**	**424,099**	**0.12%**
General	**8,299,632**	**2.29%**	**232,800**	**5.00%**	**8,066,832**	**2.26%**
General Commerce	**16,623**	**0.00%**	**1,384**	**0.03%**	**15,239**	**0.00%**
Government	**10,288,469**	**2.84%**	**101,080**	**2.17%**	**10,187,389**	**2.85%**
Manufacturing	**7,505,297**	**2.07%**	**1,244,262**	**26.72%**	**6,261,035**	**1.75%**
Oil and Gas	**1,352,872**	**0.37%**	**4,049**	**0.09%**	**1,348,823**	**0.38%**
Power and Energy	**41,618**	**0.01%**	**1,147**	**0.02%**	**40,471**	**0.01%**
Professional Services	**40,624**	**0.01%**	**921**	**0.01%**	**39,703**	**0.01%**
Transportation	**3,347**	**0.00%**	**1,233**	**0.03%**	**2,115**	**0.00%**
TOTAL	**361,814,068**	**100.0%**	**4,656,292**	**100.00%**	**357,157,776**	**100.00%**

At 31 December 2022

	Gross Loans & Advances		Expected Credit Loss		Net Loans & Advances	
	N'000	%	N'000	%	N'000	%
Agriculture	246,827,779	84.25%	2,953,968	81.76%	243,873,811	84.28%
Construction	1,433,408	0.49%	27,463	0.76%	1,405,945	0.49%
Education	11,256,841	3.84%	221,038	6.12%	11,035,804	3.81%
Finance and Insurance	7,516,290	2.57%	72,409	2.00%	7,443,881	2.57%
General	694,997	0.24%	24,836	0.69%	670,161	0.23%
General Commerce	14,677,354	5.01%	138,574	3.84%	14,538,779	5.02%
Manufacturing	8,247,258	2.82%	162,498	4.50%	8,084,760	2.79%
Oil and Gas	1,038,107	0.35%	1,479	0.04%	1,036,628	0.36%
Power and Energy	78,844	0.03%	27	0.00%	78,817	0.03%
Professional Services	138,101	0.05%	2,712	0.07%	135,389	0.05%
Transportation	23,453	0.01%	365	0.01%	23,088	0.01%
TOTAL	**292,968,646**	**100.00%**	**3,612,947**	**100.0%**	**289,355,700**	**100.00%**

Other financial assets

31 December 2023	**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	**77,942,866**		**-**	**-**	**-**
Government	**-**	**49,549,270**	**44,502,484**	**-**	**-**
General	**-**	**-**	**-**	**12,205,611**	**108,941,520**
Total	**77,942,866**	**49,549,270**	**44,502,484**	**12,205,611**	**108,941,520**

31 December 2022	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	68,849,280		-	-	-
Government	-	51,343,885	37,425,363	-	-
General	-	-	-	12,719,410	106,468,300
Total	68,849,280	51,343,885	37,425,363	12,719,410	106,468,300

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 disbursements 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	0.06	AAA to B
Grades 7–12: Weak to Non Investment grade	1.00	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 historical performance of the various sectors in the portfolio.

	12-month weighted-average PD	
Retail Portfolio	0.05	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.

		2023			2022	
at 31 December	**Upside**	**Base**	**Downside**	**Upside**	**Base**	**Downside**
Scenario probability weighting	15%	75%	10%	15%	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 2023	Exchange Rate	Crude Oil		Inflation rate	GDP Changes	Interest rate	Unemployment Rate
Base economic assumptions							
5-year average	489.09	$	67.41	15.23%	1.59%	14.35%	5.30%
Peak*	907.11	$	80.69	21.47%	4.52%	18.75%	6.00%
Upside economic assumptions							
5-year average	391.27	$	80.89	12.18%	1.28%	11.48%	4.24%
Peak*	725.69	$	96.83	17.18%	3.62%	15.00%	4.80%
Downside economic assumptions							
5-year average	586.90	$	53.93	18.28%	1.91%	17.22%	6.36%
Peak*	1088.53	$	64.55	25.76%	5.42%	22.50%	7.20%

At 31 December 2022	Exchange Rate	Crude Oil	Inflation rate	GDP Changes	Interest rate	Unemployment Rate
Central economic assumptions						
5-year average	369.20	$ 62.18	15.23%	1.45%	13.90%	5.48%
Peak*	461.50	$ 80.69	21.47%	4.52%	16.50%	5.90%
Upside economic assumptions						
5-year average	295.36	$ 74.62	12.18%	1.16%	11.12%	4.38%
Peak*	369.20	$ 96.83	17.18%	3.62%	13.20%	4.72%
Downside economic assumptions						
5-year average	443.04	$ 49.74	18.28%	1.74%	16.68%	6.58%
Peak*	553.80	$ 64.55	25.76%	5.42%	19.80%	7.08%

The Bank has updated its economic forecasts used as an input into ECL as at 31 December 2023 taking current macro 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.

	2023			
As at 31 December	**Upside**	**Base**	**Downside**	**Probability-weighted**
Gross exposure (in millions of Naira)				
Corporate	355,402	355,402	355,402	355,402
Retail	6,412	6,412	6,412	6,412
Loss allowance (in millions of Naira)				
Corporate	4,136	4,216	4,336	4,216
Retail	432	441	453	441
Proportion of assets in Stage 2				
Corporate	6,237	6,237	6,237	6,237
Retail	7	7	7	7

	2022			
As at 31 December	**Upside**	**Base**	**Downside**	**Probability-weighted**
Gross exposure (in millions of Naira)				
Corporate	271,903	271,903	271,903	271,903
Retail	21,066	21,066	21,066	21,066
Loss allowance (in millions of Naira)				
Corporate	3,353	3,202	3,516	3,418
Retail	191	183	201	195
Proportion of assets in Stage 2				
Corporate	162,242	162,242	162,242	162,242
Retail	7	7	7	7

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 2023 (2022: 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

	2023			
	Stage 1	Stage 2	Stage 3	Total
Due from Banks				
Balance at 1 January	28,352	-	-	28,352
Transfer to Stage 1				-
Transfer to Stage 2				-
Transfer to Stage 3				-
Balance at 31 December	**28,352**	**-**	**-**	**28,352**

	2022			
	Stage 1	Stage 2	Stage 3	Total
Due from Banks				
Balance at 1 January	28,352	-	-	28,352
Transfer to Stage 1				-
Transfer to Stage 2				-
Transfer to Stage 3				-
Balance at 31 December	**28,352**	**-**	**-**	**28,352**

	2023				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Loans and advances to customers at amortised cost*					
Balance at 1 January	1,394,783	2,096,494	121,670	-	3,612,947
Transfer to Stage 1	3	(1)	(2)		-
Transfer to Stage 2	(52,124)	52,124			-
Transfer to Stage 3	(9,413)	(45)	9,458		-
Net remeasurement of loss allowance	434,505	(2,724,344)	2,448,094	-	158,254
New financial assets originated or purchased	704,540	1,121,989	23,107	-	1,849,636
Financial assets that have been derecognised	(435,717)	(528,800)	(28)	-	(964,545)
Write-offs	-	-	-	-	-
Unwind of discount	-	-	-	-	-
Foreign exchange and other movements	-	-	-	-	-
Balance at 31 December	**2,036,576**	**17,417**	**2,602,299**	**-**	**4,656,292**

	2022				
	Stage 1	Stage 2	Stage 3	Purchased credit-impaired	Total
Loans and advances to customers at amortised cost*					
Balance at 1 January	1,394,783	2,096,494	121,670	-	3,612,947
Transfer to Stage 1	3	(1)	(2)		-
Transfer to Stage 2	(52,124)	52,124			-
Transfer to Stage 3	(9,413)	(45)	9,458		-
Net remeasurement of loss allowance	(207,289)	(645,267)	(32,535)	-	(885,091)
New financial assets originated or purchased	704,540	1,121,989	23,107	-	1,849,636
Financial assets that have been derecognised	(435,717)	(528,800)	(28)	-	(964,545)
Balance at 31 December	**1,394,783**	**2,096,494**	**121,670**	**-**	**3,612,947**

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.

	2023 Total	2022 Total
Debt investment securities at amortised cost		
Balance at 1 January	-	-
Net remeasurement of loss allowance	-	-
New financial assets originated or purchased	-	-
Foreign exchange and other movements	-	-
Balance at 31 December	**-**	**-**
Cash and cash equivalents		
Balance at 1 January	28,352	28,352
Net remeasurement of loss allowance	-	-
Net decrease in cash and cash equivalents	-	-
Foreign exchange and other movements	-	-
Balance at 31 December	**28,352**	**28,352**
Loan commitments and financial guarantee contracts		
Balance at 1 January	589,477	589,477
Net remeasurement of loss allowance	(8,842)	-
New loan commitments and financial guarantees issued	-	-
Foreign exchange and other movements	-	-
Balance at 31 December	**580,635**	**589,477**

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.

2023

	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 impairment allowance	-	1,053,421	73,637	-	(8,842)	607,369	1,725,585
							-
							-
Recoveries of amounts previously written off		(24,277)					(24,277)
Impairment (gain)/loss on financial instrument recognised in profit or loss	**-**	**1,029,144**	**73,637**	**-**	**(8,842)**	**607,369**	**1,701,308**

2022

	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 impairment allowance	-	413,763	(17,690)	-	-	835,209	1,231,282
							-
							-
Recoveries of amounts previously written off		(2,415,606)					(2,415,606)
Impairment (gain)/loss on financial instrument recognised in profit or loss	**-**	**(2,001,843)**	**(17,690)**	**-**	**-**	**835,209**	**(1,184,324)**

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

	2023	2022
Credit-impaired loans and advances to customers at 1 January	472,953	472,953
Transferred to not-credit-impaired during the year	6,636,804	-
Credit-impaired loans and advances to customers at 31 December	**7,109,757**	**472,953**

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	Due from Banks	Loans and advances to customers	Debt securities at amortised cost	Debt securities at Fair Value	Total
	2023	2023	2023	2023	2023	2023
Carrying amount	12,705,319	65,265,899	357,157,776	67,071,731	44,502,484	546,703,208
Amount committed/guaranteed			-			-
Concentration by sector						
Corporate:						
Agriculture			*329,223,315*			329,223,315
Construction			*697,541*			697,541
Education			*849,981*			849,981
Finance and Insurance	*12,705,319*	*65,265,899*	*424,099*			78,395,317
General			*8,066,832*			8,066,832
General Commerce			*15,239*			15,239
Government			*10,187,389*	*67,071,731*	*44,502,484*	121,761,604
Manufacturing			*6,261,035*			6,261,035
Oil and Gas			*1,348,823*			1,348,823
Power and Energy			*40,471*			40,471
Professional Services			*39,703*			39,703
Transportation			*2,115*			2,115
Real Estate			-			-
	12,705,319	**65,265,899**	**357,156,543**	**67,071,731**	**44,502,484**	**546,701,975**

	Cash and Bank Balances	Due from Banks	Loans and advances to customers	Debt securities at amortised cost	Debt securities at Fair Value	Total
	2022	2022	2022	2022	2022	2022
Carrying amount	47,116,736	21,760,896	289,355,699	68,866,346	37,425,363	464,525,040
Amount committed/guaranteed			-			-
Concentration by sector						
Corporate:						
Agriculture			*243,873,811*			243,873,811
Construction			*1,028,636*			1,028,636
Education			*1,405,945*			1,405,945
Finance and Insurance	*47,116,736*	*21,760,896*	*11,035,804*			79,913,436
General			*7,443,881*			7,443,881
General Commerce			*670,161*			670,161
Government			*14,538,779*	*68,866,346*	*37,425,363*	120,830,488
Infotainment			*(0)*			(0)
Health Care			-			-
Manufacturing			*8,084,760*			8,084,760
Oil and Gas			*1,036,628*			1,036,628
Power and Energy			*78,817*			78,817
Professional Services			*135,389*			135,389
Transportation			*23,088*			23,088
Real Estate			-			-
	47,116,736	**21,760,896**	**289,355,700**	**68,866,346**	**37,425,363**	**464,525,040**

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	2023 N'000	2022 N'000
Investment securities at FVOCI - Treasury bills	19	10,862,115	15,054,042
Investment securities at FVOCI - Bonds	19	33,640,369	22,371,321
Investment securities at FVOCI - Quoted equities	19	29,520	29,520
		44,532,004	37,454,883

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 2023	Notes	Naira N'000	US Dollar N'000	British Pound N'000	Euro N'000	Total N'000
Assets						
Cash and balances with central banks	16	**12,156,205**	**486,475**	**33,415**	**29,224**	**12,705,319**
Due from banks	17	**36,422,226**	**28,314,513**	**113,688**	**387,121**	**65,237,547**
Loans and advances to customers	18	**221,976,492**	**-**	**-**	**-**	**221,976,492**
Debt instruments at FVOCI	19(ai)	**44,502,484**	**-**	**-**	**-**	**44,502,484**
Equity instruments at FVOCI	19(ai)	**15,533,120**	**5,157,022**	**-**	**-**	**20,690,142**
Debt instruments at amortised cost	19b	**67,071,731**	**-**	**-**	**-**	**67,071,731**
Other assets*	20	**12,205,611**	**-**	**-**	**-**	**12,205,611**
		409,867,869	**33,958,010**	**147,102**	**416,345**	**444,389,326**
Liabilities						
Due to other banks	24	**94,388,371**	**-**	**-**	**-**	**94,388,371**
Deposits from customers	25	**327,225,930**	**75,161,716**	**316,223**	**289,501**	**402,993,370**
Debt issued and other borrowed funds	26	**101,512,739**	**10,466,654**	**-**	**-**	**111,979,393**
Other liabilities**	28	**55,009,745**	**-**	**-**	**-**	**55,009,745**
		578,136,785	**85,628,370**	**316,223**	**289,501**	**664,370,879**
Gap		**(168,268,916)**	**(51,670,360)**	**(169,121)**	**126,844**	**(219,981,553)**
Sensitivity to rate changes						**Impact on p/l**
+6% increase		**-**	**(3,100,222)**	**(10,147)**	**7,611**	**(3,102,759)**
-6% decrease		**-**	**3,100,222**	**10,147**	**(7,611)**	**3,102,759**

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

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

As at 31 December 2022		Naira N'000	US Dollar N'000	Pound N'000	Euro N'000	Total N'000
Assets						
Cash and balances with central banks	16	46,814,744	272,718	14,055	15,219	47,116,736
Due from banks	17	3,424,639	17,568,951	131,578	607,376	21,732,544
Loans and advances to customers	18	289,355,699	-	-	-	289,355,699
Debt instruments at FVOCI	19(ai)	37,425,363	-	-	-	37,425,363
Equity instruments at FVOCI	19(ai)	3,834,007	2,516,960	-	-	6,350,967
Debt instruments at amortised cost	19b	-	-	-	-	68,866,346
Other assets*	20	12,719,410	-	-	-	12,719,410
		393,573,862	**20,358,629**	**145,633**	**622,595**	**483,567,066**
Liabilities						
Due to other banks	24	117,731,414	-	-	-	117,731,414
Deposits from customers	25	285,923,771	41,202,998	156,534	146,370	327,429,673
Debt issued and other borrowed funds	26	290,573,521	6,807,693	-	-	297,381,214
Other liabilities**	28	41,257,601	-	-	-	41,257,601
		735,486,307	**48,010,691**	**156,534**	**146,370**	**783,799,902**
Gap		**(273,046,099)**	**(27,652,062)**	**(10,901)**	**476,225**	**(300,232,837)**
Sensitivity to rate changes						**Impact on PL**
+6% increase		**-**	**(1,659,124)**	**(654)**	**28,573**	**(1,631,205)**
-6% decrease		**-**	**1,659,124**	**654**	**(28,573)**	**1,631,205**

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

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

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 repricing 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 2023

	note	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	17	65,265,899	-	-	-	-	(28,352)	65,237,547
Loans and advances to customers	18	9,330,801	6,243,187	3,407,592	3,873,540	13,831,242	185,290,130	221,976,492
Debt instruments – FVOCI	19a	850,000	3,368,831	644,210	6,701,152	2,659,950	50,968,483	65,192,626
Financial investments – Amortised Cost	19b	7,284,789	3,412,558	6,825,114	-	6,400,000	43,149,270	67,071,731
Total assets		**82,731,489**	**13,024,575**	**10,876,916**	**10,574,693**	**22,891,191**	**279,379,531**	**419,478,396**
Liabilities								
Due to other banks	24	-	-	-	94,388,371	-	-	94,388,371
Due to customers	25	375,558,651	22,061,534	3,347,872	2,014,812	10,500	-	402,993,370
Borrowings	26	-	50,814,109	-	50,698,630	-	10,466,654	111,979,393
Total liabilities		**375,558,651**	**72,875,643**	**3,347,872**	**147,101,813**	**10,500**	**10,466,654**	**609,361,134**
Net Financial Instruments		**(292,827,162)**	**(59,851,068)**	**7,529,045**	**(136,527,121)**	**22,880,690**	**268,912,877**	**(189,882,738)**

Sensitivity to rate changes							**Impact on PL**
+5% net increase in yield	**14,641,358**	**2,992,553**	**(376,452)**	**6,826,356**	**(1,144,035)**	**(13,445,644)**	**9,494,137**
-5% net increase in yield	**(15,411,956)**	**(3,150,056)**	**396,266**	**(7,185,638)**	**1,204,247**	**14,153,309**	**(9,993,828)**

As at 31 December 2022

		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	17	11,062,478	-	-	-	-	10,670,066	21,732,544
Loans and advances to customers	18	25,990,704	3,353,400	2,646,516	11,191,233	244,291,007	1,882,839	289,355,699
Debt Instruments – FVOCI	19a	2,924,456	6,028,897	1,239,068	4,711,534	718,585	28,153,790	43,776,330
Financial investments – Amortised Cost	19b	3,872,232	6,825,115	6,825,114	-	10,277,568	41,066,317	68,866,346
Total assets		**43,849,870**	**16,207,411**	**10,710,698**	**15,902,767**	**255,287,161**	**81,773,011**	**423,730,919**
Liabilities								
Due to other banks	24	23,231,415	-	-	94,500,000	-	-	117,731,415
Due to customers	25	258,736,208	48,670,463	8,306,259	5,369,121	6,347,622	-	327,429,673
Debt issued and other borrowed funds	26	-	-	-	50,698,630	239,874,891	6,807,693	297,381,214
Total liabilities		**281,967,623**	**48,670,463**	**8,306,259**	**150,567,751**	**246,222,513**	**6,807,693**	**742,542,301**
Net Financial Instruments		**(238,117,753)**	**(32,463,052)**	**2,404,439**	**(134,664,984)**	**9,064,649**	**74,965,318**	**(318,811,382)**

Sensitivity to rate changes							**Impact on PL**
+5% net increase in yield	**11,905,888**	**1,623,153**	**(120,222)**	**6,733,249**	**(453,232)**	**(3,748,266)**	**15,940,569**
-5% net decrease in yield	**(12,532,513)**	**(1,708,582)**	**126,549**	**(7,087,631)**	**477,087**	**3,945,543**	**(16,779,546)**

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 cash flows 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 cash flow on the financial assets, liability and commitments.

31 December 2023	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	12,705,319	7,363,292	-	-	-	4,690,134	651,893	12,705,319
Due from banks	17	65,237,547	65,265,899	-	-	-	-	12,080	65,277,979
Loans and advances to customers	18	221,976,492	9,330,801	6,243,187	3,407,592	3,873,540	13,831,242	185,290,130	221,976,492
Debt & Equity instruments at FVOCI	19a	65,192,626	850,000	3,368,831	644,210	6,701,152	2,659,950	50,968,483	65,192,626
Debt instruments at amortised cost	19a	67,071,731	7,284,789	3,412,558	6,825,114	-	6,400,000	43,149,270	67,071,731
Other assets*	20	12,205,611	12,205,611	-	-	-	-	-	12,205,611
Total assets		444,389,326	102,300,392	13,024,575	10,876,916	10,574,693	27,581,325	280,071,856	444,429,758
Liabilities									
Due to other banks	24	94,388,371	-	-	-	94,388,371	-	-	96,523,514
Deposit from customers	25	402,993,370	375,558,651	22,061,534	3,347,872	2,014,812	10,500	-	402,993,370
Borrowings	26	111,979,393	-	50,814,109	-	50,698,630	-	10,466,654	111,979,393
Other liabilities**	28	55,009,745	55,009,745	-	-	-	-	-	55,009,745
Total liabilities		664,370,879	430,568,396	72,875,643	3,347,872	147,101,813	10,500	10,466,654	666,506,021
Gap		(219,981,553)	(328,268,004)	(59,851,068)	7,529,045	(136,527,121)	27,570,825	269,605,202	(222,076,263)

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

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 2022	**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/(outflo**
Assets		**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Cash and balances with central banks	16	47,116,736	7,260,642	-	-	-	39,251,270	604,824	47,116,736
Due from banks	17	21,732,544	11,062,478	-	-	-	-	10,710,498	21,772,976
Loans and advances to customers	18	289,355,699	25,990,704	3,353,400	2,646,516	11,191,233	244,291,007	1,882,839	299,943,764
Debt instruments at FVOCI	19a	43,776,330	2,924,456	6,028,897	1,239,068	4,711,534	718,585	28,153,790	43,776,330
Debt instruments at amortised cost	19a	68,866,346	3,872,232	6,825,115	6,825,114	-	10,277,568	41,066,317	68,866,346
Other assets*	20	12,719,410	12,719,410	-	-	-	-	-	12,719,410
Total assets		483,567,065	63,829,922	16,207,412	10,710,698	15,902,767	294,538,431	82,418,268	494,195,562
Liabilities									
Due to other banks	24	117,731,414	23,231,415	-	-	94,500,000	-	-	119,866,557
Due to customers	25	327,429,673	258,736,208	48,670,463	8,306,259	5,369,121	6,347,622	-	327,429,673
Borrowings	26	297,381,214	-	-	-	50,698,630	239,874,891	6,807,693	297,381,214
Other liabilities**	28	41,257,601	41,257,601	-	-	-	-	-	41,257,601
Total liabilities		783,799,902	323,225,224	48,670,463	8,306,259	150,567,751	246,222,513	6,807,693	785,935,045
Gap		**(300,232,837)**	**(259,395,302)**	**(32,463,051)**	**2,404,439**	**(134,664,984)**	**48,315,917**	**75,610,574**	**(291,739,483)**

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

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

31 December 2023	**Up to 1 Month N'000**	**1 to 3 Months N'000**	**3 to 6 Months N'000**	**6 to 12 Months N'000**	**Over 1 Year N'000**	**Total N'000**
Performance Bonds & Guarantees	**1,297,413**	**1,126,802**	**4,973,822**	**3,137,852**	**85,589,679**	**96,125,568**
Letters of credit	**13,396,587**				**-**	**13,396,587**
	14,694,000	**1,126,802**	**4,973,822**	**3,137,852**	**85,589,679**	**109,522,155**

31 December 2022	**Up to 1 Month N'000**	**1 to 3 Months N'000**	**3 to 6 Months N'000**	**6 to 12 Months N'000**	**Over 1 Year N'000**	**Total N'000**
Performance Bonds & Guarantees	13,707,668	1,652,794	1,490,096	31,098,156	45,533,009	93,481,723
Letters of credit	7,781,980	1,458,352	1,723,648	2,612,074	-	13,576,054
	21,489,648	**3,111,146**	**3,213,744**	**33,710,230**	**45,533,009**	**107,057,777**

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:

	2023 Carrying Amount	**Fair Value**	**2022 Carrying Amount**	**Fair Value**
Cash on hand	6,075,201	6,075,201	6,010,368	6,010,368
Current account with the Central Bank of Nigeria	1,288,091	1,288,091	1,250,274	1,250,274
Due from banks	65,237,547	65,237,547	21,732,544	21,732,544
Investment Securities:				
At fair value through other comprehensive income	44,502,484	44,502,484	37,425,363	37,425,363
Debt instruments at amortised cost	67,071,731	67,071,731	68,866,346	68,866,346
	184,175,054	184,175,054	135,284,895	135,284,895

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 2023	**Level 1**	**Level 2**	**Total**
Financial assets	**N'000**	**N'000**	**N'000**
Financial investments –FVOCI			
Treasury bills	**10,390,432**	**-**	**10,390,432**
Government bonds	**34,112,050**	**-**	**34,112,050**
Equity investment	**29,520**	**20,660,622**	**20,690,142**
	44,532,002	**20,660,622**	**65,192,624**

31 December 2022	**Level 1**	**Level 2**	**Total**
Financial assets	**N'000**	**N'000**	**N'000**
Financial investments - FVOCI			
Treasury bills	14,582,359	-	14,582,359
Government bonds	22,843,002	-	22,843,002
Equity investment	29,520	6,321,447	6,350,967
	37,454,881	**6,321,447**	**43,776,328**

d **Level 2 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 2023	**FVOCI Equity instruments**	**Total carrying amount**
	N'000	**N'000**
Balance at 1 January	**6,321,447**	**6,321,447**
Total gains or losses:		
in OCI	**14,339,175**	**14,339,175**
Balance at 31 December	**20,660,622**	**20,660,622**

31 December 2022	**FVOCI equity instruments**	**Total carrying amount**
	N'000	**N'000**
Balance at 1 January	**6,321,447**	**6,321,447**
Total gains or losses:		
in OCI	**1,500,690**	**1,500,690**
Balance at 31 December	**6,321,447**	**6,321,447**

e **Valuation of unquoted equities**

The investment valuation policy (IVP) of the Bank provides the framework for accounting for the Bank's investment in unquoted equity securities while also providing a broad valuation guideline to be adopted in valuing them. Furthermore, the IVP details how the Bank decides its valuation policies and procedures and analysis of changes in fair value measurements from period to period.

In accordance with IFRS 13 fair value measurement, which outlines three approaches for valuing unquoted equity instruments; market approach, the income approach and the cost approach. The Bank estimated the fair value of its investment in each of the unquoted equity securities at the end of the financial period using the market approach.

The adjusted fair value comparison approach of P/BV ratios was adopted in valuing each of these equity investments taken into cognizance the suitability of the model to each equity investment and the availability of financial information while minimizing the use of unobservable data.

Description of valuation methodology and inputs

The fair value of the other unquoted equity securities were derived using the Adjusted fair value comparison technique. Adjusted fair value comparison approach of P/BV ratios are used as input data .

The steps involved in estimating the fair value of the Bank's investment in each of the investees (i.e. unquoted equity securities) are as follows:

Step 1: Identify quoted companies with similar line of business ,structure and size

Step 2: Obtain the EV/EBITDA or the P/B or P/E ratios of these quoted companies identified from Bloomberg, Reuters or

Step 3: Derive the average or median of EV/EBITDA or the P/B or P/E ratios of these identified quoted companies

Step 4: Apply the lower of average (mean) or median of the identified quoted companies ratios on the Book Value or Earnings of the investment company to get the value of the investment company

Step 5: Discount the derived value of the investment company by applying an Illiquidity discount and size adjustment/haircut to obtain the Adjusted Equity Value

Step 6: Multiply the adjusted equity value by the present exchange rate for foreign currency investment

Step 7: Compare the Adjusted Equity value with the carrying value of the investment company to arrive at a net gain or loss

Enterprise Value (EV)

Enterprise value measures the value of the ongoing operations of a company. It is calculated as the market capitalization plus debt, minority interest and preferred shares, minus total cash and cash equivalents of the company.

Earnings Before Interest ,Tax Depreciation and Amortization (EBITDA)

EBITDA is earnings before interest, taxes, depreciation and amortization. EBITDA is one of the indicator's of a company's financial performance and is used as a proxy for the earning potential of a business.

EBITDA = Operating Profit + Depreciation Expense + Amortization Expense

Price to Earning (P/E Ratio)

The price-earnings ratio (P/E Ratio) values a company using the current share price relative to its per-share earnings.

The sources of the observable inputs used for comparable technique were gotten from Reuters, Bloomberg and the Nigeria Stock Exchange Valuation Assumptions

i. Illiquidity discount of 25% is used to discount the value of the investments that are not tradable

ii. EPS Hair cut "emerging market" discount of 40% to take care of inflation and exchange rate impact being that the comparable companies are in foreign countries.

Basis of valuation

The assets is being valued on a fair open market value approach. This implies that the value is based on the conservative estimates of the reasonable price that can be obtained if and when the subject asset is offered for sale under the present market conditions.

Method of Valuation

The comparative method of valuation is used in the valuation of the asset. This method involves the analysis of recent transaction in such asset within the same asset type and the size of the subject asset after due allowance have been made for peculiar attributes of the various asset concerned.

The key elements of the control framework for the valuation of financial instruments include model validation and independent price verification. These functions are carried out by an appropriately skilled Finance team, independent of the business area responsible for the products. The result of the valuation are reviewed quarterly by senior management.

5.2.4 Fair value of financial instruments (cont'd)

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 2023		31 DECEMBER 2022	
		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	**12,705,319**	**12,705,319**	47,116,736	47,116,736
Due from banks	17	**65,237,547**	**65,237,547**	21,732,544	37,008,773
Loans and advances to customers	18	**221,976,492**	**221,976,492**	289,355,699	292,968,646
Other Assets*	20	**12,205,611**	**12,205,611**	12,719,410	12,719,410
Financial investments – Amortised Costs	19a	**67,071,731**	**67,071,731**	68,866,346	65,846,107
		379,196,700	**379,196,700**	**439,790,735**	**455,659,672**
Financial liabilities					
Deposit from customers	25	**402,993,370**	**402,993,370**	327,429,673	327,429,673
Due to Other Banks	24	**94,388,371**	**94,388,371**	117,731,414	117,731,414
Borrowings	25	**111,979,393**	**111,979,393**	297,381,214	297,381,214
Other liabilities**	28	**55,009,745**	**55,009,745**	41,257,601	41,257,601
		664,370,879	**664,370,879**	**783,799,902**	**783,799,902**

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

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 interest rate and not the credit risk of the issuer.

5.2.5 Classification of financial assets and financial liabilities

See accounting policies in Notes 3(II)

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

31 December 2023	**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	-	-	12,705,319	12,705,319
Due from banks	17	-	-	65,237,547	65,237,547
Loans and advances to customers	18	-	-	221,976,492	221,976,492
Investment Securities	19(ai)	44,502,484	20,690,142	67,071,731	132,264,357
Other assets*	20	-	-	12,205,611	12,205,611
Total financial assets		**44,502,484**	**20,690,142**	**379,196,700**	**444,389,326**
Due to other banks	24	-	-	94,388,371	94,388,371
Deposits from customers	25	-	-	402,993,370	402,993,370
Debt issued and other borrowed funds	26	-	-	111,979,393	111,979,393
Other liabilities**	28	-	-	55,009,745	55,009,745
		-	**-**	**664,370,879**	**664,370,879**

31 December 2022	**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	-	-	47,116,736	47,116,736
Due from banks	17	-	-	21,732,544	21,732,544
Loans and advances to customers	18	-	-	289,355,699	289,355,699
Investment Securities	19(ai)	37,425,363	6,350,967	68,866,346	112,642,676
Other assets*	20	-	-	12,719,410	12,719,410
Total financial assets		**37,425,363**	**6,350,967**	**439,790,735**	**483,567,065**
Due to other banks	24	-	-	117,731,414	117,731,414
Deposits from customers	25	-	-	327,429,673	327,429,673
Debt issued and other borrowed funds	26	-	-	297,381,214	297,381,214
Other liabilities**	28	-	-	41,257,601	41,257,601
Total financial liabilities		**-**	**-**	**783,799,902**	**783,799,902**

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

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

6 Interest income

	2023 N'000	2022 N'000
Placement with Banks	**1,664,878**	412,998
Loans and advances to customers	**42,635,578**	39,373,530
Financial investments – FVOCI (see (a) below)	**951,425**	1,222,609
Financial investments – amortised costs (see (b) below)	**8,470,475**	7,981,701
	53,722,356	**48,990,838**

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

a Financial investments – FVOCI

	2023 N'000	2022 N'000
Treasury bills	951,425	1,222,609
	951,425	1,222,609

b Financial investments – amortised cost

	2023 N'000	2022 N'000
Treasury Bills	1,536,024	1,447,390
Bonds - Amortised cost	6,934,451	6,534,311
	8,470,475	7,981,701

7 Interest expense:

	2023 N'000	2022 N'000
Due to banks	**10,358,260**	13,465,055
Deposits from customers	**18,950,510**	10,498,896
Other borrowed funds (see note 26)	**6,861,541**	5,677,974
Interest expense on lease liability	**13,133**	5,311
	36,183,444	**29,647,236**

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

8 Fees and commission income

	2023 N'000	2022 N'000
Credit related fees and commission	**1,350,893**	1,857,254
Account Maintenance Fee	**1,167,902**	1,537,889
E-banking income (see note 8b)	**2,369,779**	3,962,554
Other fees and commission	**341,114**	328,993
	5,229,688	**7,686,690**

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

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:

	2023 N'000	2022 N'000
ATM income	**1,627,735**	2,721,765
Cards income	**339,124**	567,056
Transactions income	**402,920**	673,733
	2,369,779	**3,962,554**

9 Net trading losses

	2023 N'000	2022 N'000
FX trading gain	**327,778**	413,440
Foreign exchange loss	**(50,397,189)**	(647,279)
Net trading loss on financial instruments	**(50,069,411)**	**(233,839)**

10 Other operating income

	2023 N'000	2022 N'000
Dividend income	**94,795**	140,293
Gains/(loss) from sale of financial assets	**28,960**	(46,389)
Rental income	**189,543**	190,323
Gain on disposal of property and equipment	**26,496**	27,637
Transactional income (a)	**72,431**	160,462
	412,225	472,326

(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

	2023 N'000	2022 N'000
Due from banks (See note 17)	**-**	-
Loans & advances (see note 18(d))	**1,053,421**	413,763
FVOCI Debt securities	**73,637**	(17,690)
Contingents (see note 28)	**(8,842)**	(19,533)
	1,118,216	376,540
Recoveries on amounts previously written off (see note (a) below)	**(24,277)**	(2,415,606)
Credit loss expense/(credit)	**1,093,939**	(2,039,066)
Other assets (see note 20)	**607,369**	835,209
Total impairment charge/(writeback)	**1,701,309**	(1,203,857)

(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 2023

In thousands of Naira	12 months ECL	Lifetime ECL not-credit impaired	Lifetime ECL - credit impaired	Total
Due from banks	-	-	-	**-**
Loans & advances	651,870	(2,079,078)	2,480,629	**1,053,421**
Financial instruments	73,637	-	-	**73,637**
Contingents	(8,842)	-	-	**(8,842)**
Other assets	224,458	-	382,911	**607,369**
	941,123	**(2,079,078)**	**2,863,540**	**1,725,586**
Recoveries				**(24,277)**
Total impairment writeback				**1,701,309**

31 December 2022

In thousands of Naira	12 months ECL	Lifetime ECL not-credit impaired	Lifetime ECL - credit impaired	Total
Due from banks	-	-	-	-
Loans & advances	(153,158)	446,263	120,658	413,763
Financial instruments	(17,690)	-	-	(17,690)
Contingents	(19,533)	-	-	(19,533)
Other assets	452,298	-	382,911	835,209
	261,916	**446,263**	**503,569**	1,211,749
Recoveries				(2,415,606)
Total impairment writeback				(1,203,857)

12. Personnel expenses	2023	2022
	N'000	N'000
Salary and allowances	13,775,190	10,643,469
Pension costs – Defined contribution plan (See note 29)	511,925	517,598
	14,287,115	11,161,067

13. Other operating expenses	2023	2022
Advertising and marketing	522,617	644,121
Professional fees	630,865	407,137
Rental charges	2,528	9,377
Banking Sector Resolution Funds (AMCON Levy)	3,086,009	3,240,391
NDIC insurance premium	1,617,314	1,462,798
Administrative (see note 13a below)	9,678,138	7,616,004
	15,537,471	13,379,828

13a. Administrative		2023	2022
		N'000	N'000
AGM expenses		50,000	35,000
Audit fees	(iv)	87,000	85,000
Fuel & motor running expenses		218,140	147,042
Printing and stationery		188,960	178,307
Bank charges & subscription		395,777	368,542
Donations		55,500	77,960
General insurance		242,380	225,083
Legal expenses		241,742	460,999
Local & foreign travels		356,286	331,440
Electricity & power expenses		783,985	466,060
Cash & Currency management expense		595,288	468,097
Facility maintenance & management expenses		323,267	271,432
Directors fees, allowances & expenses		232,055	245,764
Repair & maintenance expenses		544,758	599,709
Diesel expenses		1,042,147	873,143
Security & safety management expenses		733,607	704,418
IT and related expenses		2,055,764	830,132
Training expenses		484,272	420,225
Interest reversals	(i)	375,842	19,727
Office related expenses	(ii)	632,227	551,067
Other expenses	(iii)	39,141	256,857
		9,678,138	7,616,004

i. Interest reversals: This relates to interest concessions received by customers from prior year(s) transactions.

ii. Office related expenses includes items such as office provision & toiletries, entertainment expenses, telephone and related subscriptions, newspapers and periodicals.

iii. Included as part of other expenses items relating to rates, levies & fees incured by the bank in the normal cause of business but have not been claissified into any of the sub classes above.

iv. The auditors have not been engaged or been paid in/for any other non-audit activitiy other than as has been disclosed above.

14 Tax Expenses

	2023 N'000	2022 N'000
Minimum income tax		
Minimum income tax	**297,505**	285,280
	297,505	285,280
Tertiary Education tax	**-**	142,075
NITDA levy	**-**	13,861
NASENI Levy	**-**	3,465
Police Trust Fund levy	**-**	69
Capital Gains Tax	**25**	-
Income tax expense	**25**	159,470
Total tax expense	**297,530**	444,750

	2023 N'000	%	2022 N'000	%
Reconciliation of effective tax rate				
(Loss)/profit before income tax	**(62,637,100)**		1,100,845	
Tax calculated at domestic rate applicable in Nigeria (30%)	**(18,791,130)**	30%	415,838	38%
Tax effect of adjustments on taxable income				
Non-deductible expenses	**528,338**	-1%	777,045	71%
Tax exempt income	**(344,876)**	1%	(53,255)	-5%
NIDTA levy	**-**	0%	13,861	1%
Temporary differences for which no deferred tax was recognised	**16,671,277**	-27%	679,827	62%
Recognition of previously unrecognised tax losses	**1,936,390**	-3%	(1,704,901)	-155%
NASENI Levy	**-**	0%	3,465	0%
Capital Gains Tax	**25**	0%	-	0%
Police trust fund levy	**-**	0%	69	0%
Tertiary Education tax	**-**	0%	27,521	3%
Income tax expense	**25**	0%	**159,470**	14%

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.

	2023 N'000	2022 N'000
Net profit attributable to ordinary shareholders for basic earnings:	**(62,637,125)**	941,375
Weighted average number of ordinary shares for basic earnings per share:	**11,689,338**	11,689,338
Basic (loss)/earnings per ordinary share	**(535.85)**	8.05

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.

		2023	2022
		N'000	N'000
16	**Cash and Balances with Central Bank**		
	Cash on hand	**6,075,201**	6,010,368
		6,075,201	6,010,368
	Current account with the Central Bank of Nigeria	**1,288,091**	1,250,274
	Deposits with the Central Bank of Nigeria	**4,690,134**	39,251,270
	CBN - AGSMEIS Account	**651,893**	604,824
		12,705,319	47,116,736
	Current	**12,053,426**	46,511,912
	Non-Current	**651,893**	604,824
		12,705,319	47,116,736

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.

		2023	2022
17	**Due from banks**	**N'000**	N'000
	Placements with banks and discount houses	**35,650,706**	10,698,418
	Balances with banks within Nigeria	**6,034,236**	3,782,377
	Balances with banks outside Nigeria	**23,580,957**	7,280,101
		65,265,899	21,760,896
	Less: remeasurement of ECL allowance (see note 17(a))	**(28,352)**	(28,352)
		65,237,547	21,732,544
	Current	**65,237,547**	21,732,544
	Non-Current	**-**	-
		65,237,547	21,732,544

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

		2023	2022
a	**Movement in impairment allowance**	**N'000**	N'000
	At 1 January	**28,352**	28,352
	Impairment writeback for the year	**0**	-
	At 31 December	**28,352**	28,352

		2023	2022
		N'000	N'000
18	**Loans and advances to Customers**		
a	*i. Direct Loans and advances to*		
	Government lending	**10,288,469**	14,677,354
	Corporate lending	**6,721,941**	15,989,493
	Consumer lending	**6,412,251**	8,807,801
		23,422,661	39,474,648
	ii. On-lending facilities	**338,391,407**	253,493,998
	Gross Loans & Advances (including On-lending)	**361,814,068**	292,968,646
	Less: Risk Share of on-lending	**(135,181,284)**	-
	Less: Allowance for impairment losses	**(4,656,292)**	(3,612,947)
		221,976,492	289,355,699
	Current	**22,855,120**	43,181,853
	Non-Current	**199,121,372**	246,173,846
		221,976,492	289,355,699

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 2023	**Exposure**	**Value of collateral**	LTV ratio
Cash	**7,711,231**	**17,907,275**	43%
Secured against real estate	**6,349,809**	**26,193,484**	24%
Otherwise secured	**347,753,028**	**347,753,028**	100%
	361,814,068	**391,853,787**	**92%**

31 December 2022	**Exposure**	**Value of collateral**	LTV ratio
Cash	20,695,946	19,147,543	108%
Secured against real estate	5,141,593	13,305,376	39%
Otherwise secured	267,131,107	267,131,107	100%
	292,968,646	299,584,026	98%

	2023	2022
	N'000	N'000
c *Loans and advances to customers by Maturity*		
0 to 30 days	**3,897,676**	8,755,160
1 -3 months	**6,228,504**	2,422,105
3-6 months	**3,407,592**	373,425
6-12 Months	**3,453,898**	10,241,625
Over 12 Months	**6,434,990**	17,682,333
Total Loans & advances	**23,422,661**	39,474,648

	2023	2022
	N'000	N'000
On-lending		
0-6 Months	**5,447,808**	23,499,815
6-12 Months	**419,642**	1,753,167
Over 12 Months	**332,523,958**	228,241,016
Total On lending	**338,391,407**	253,493,998
Gross Loans (Including On-Lending)	**361,814,068**	292,968,646

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

	2023	2022
	N'000	N'000
At 1 January	**3,612,947**	3,199,184
(Writeback)/Charge for the year (see note 11)	**1,053,421**	413,763
Risk share of on lending	**135,171,208**	-
At 31 December	**139,837,576**	3,612,947

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	2023	2022
	N'000	N'000
South South	**1,363,945**	2,657,138
South West	**18,498,041**	35,461,990
South East	**402,835**	477,886
North West	**15,099,613**	17,665,185
North Central	**301,328,599**	207,085,117
North East	**25,121,034**	29,621,330
	361,814,068	292,968,646

19 Investments Securities

	2023 N'000	2022 N'000
(ai) Fair Value through OCI		
Debt Instruments		
Debt securities - treasury bills	**10,862,115**	15,054,042
Debt securities - government bonds	**33,640,369**	22,371,321
	44,502,484	**37,425,363**
Equity investments		
Quoted equities	**29,520**	29,520
Unquoted equities	**20,660,622**	6,321,447
	20,690,142	6,350,968
	65,192,626	43,776,330

The debt instrument at fair value through other comprehensive income includes treasury bills of N13.4 billion and FGN bond of N30.3 billion pledged as collateral for borrowings and as collateral for clearing and settlement account respectively.

(aii) Movement in investment securities at FVOCI

31 December 2023	**N'000 Debt instruments**	**N'000 Equities**	**N'000 Total**
Balance beginning of the year	37,425,363	6,350,968	**43,776,330**
Fair value changes during the year	(1,295,495)	14,339,175	**13,043,679**
Purchase of investments securities at FVOCI	21,192,418	-	**21,192,418**
Redemption/disposal of debt securities	(12,819,802)	-	**(12,819,802)**
Balance, end of the year	**44,502,484**	**20,690,142**	**65,192,626**

31 December 2022	**N'000 Debt instruments**	**N'000 Equities**	**N'000 Total**
Balance beginning of the year	47,279,478	4,850,277	**52,129,755**
Fair value changes during the year	(1,236,777)	1,500,690	**263,913**
Purchase of investments securities at FVOCI	42,303,340	-	**42,303,340**
Redemption/disposal of debt securities	(50,920,678)	-	**(50,920,678)**
Balance, end of the year	**37,425,363**	**6,350,968**	**43,776,330**

	2023 N'000	2022 N'000
Current	**11,564,193**	14,903,955
Non-Current	**53,628,433**	28,872,375
	65,192,626	**43,776,330**

b Debt instruments at amortised costs

	2023	2022
	N'000	N'000
Government debt securities	**67,071,731**	68,866,346
Remeasurement of ECL allowance	**-**	-
	67,071,731	68,866,346

	2023	2022
	N'000	N'000
Current	**17,522,461**	17,522,461
Non-Current	**49,549,270**	51,343,885
	67,071,731	68,866,346

c Movement in financial instrument at amortised cost

	2023	2022
	N'000	N'000
Balance, beginning of the year	**68,866,346**	68,866,346
Net acquisition of financial instruments during the year	**(3,347,322)**	(1,607,202)
Interest Income	**8,470,475**	7,981,701
Interest received	**(6,917,768)**	(6,374,499)
	67,071,731	68,866,346

d Movement in impairment allowance

	2022	2021
	N'000	N'000
Balance, beginning of the year	**174,779**	86,321
ECL recognised in profit or loss (see note 11)	**-**	88,458
Balance, end of year	**174,779**	174,779

20 Other assets

Non financial assets		
Prepayments	**1,640,677**	1,215,489
Stationery stocks	**345,685**	271,784
	1,986,362	**1,487,273**
Financial assets		
Account receivables (d)	**2,815,499**	2,419,736
SME forex allocation receivable (c)	**2,600,304**	2,600,304
Settlement receivables (see note (a) below)	**23,205,503**	15,179,619
	28,621,306	20,199,659
Less: remeasurement of ECL allowance	**(16,415,695)**	(7,480,249)
Net financial assets	**12,205,611**	**12,719,410**
Total other assets	**14,191,973**	**14,206,683**
Current	**14,191,973**	14,206,683
Non-Current	**-**	-
	14,191,973	**14,206,683**

a. Included as part of Settlement receivables are outstanding reconciling items on nostro reclassed to other assets totalling N13.2billion (2022: N4.8billion). 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:

	2023	2022
	N'000	N'000
Balance, beginning of the year	7,480,249	7,480,249
Impairment charge for the year (see Note 11)	607,369	835,209
Amount written off	-	(654,208)
Foreign exchange movement	8,328,077	(181,000)
Balance year end	**16,415,695**	**7,480,249**

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.

d. Incuded as part of Account receivables is an amount of ₦2.0 billion (2022: ₦1.9billion) which relate to operational losses incurred during the year on unauthorised transfers made by third parties. Necessary impairments have been made and the charge to expense.

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 2023	**415,550**	**24,858,825**	**2,510,503**	**6,266,074**	**18,128,012**	**3,601,335**	**993,540**	**56,773,839**
Additions	-	38,359	538,733	946,152	2,107,701	22,300	1,459,312	5,112,557
Disposals	-	-		(185,304)	-		-	(185,304)
Reclassifications	-	30,784	-	1,038,556	395,359	-	(1,464,699)	-
Reclass out of PPE	-	-	-	-	(267,240)	-	(26,877)	(294,117)
At 31 December 2023	**415,550**	**24,927,968**	**3,049,236**	**8,065,478**	**20,363,832**	**3,623,635**	**961,276**	**61,406,975**
Accumulated Depreciation and impairment:								
At 01 January 2023	**-**	**8,281,792**	**2,016,395**	**4,670,772**	**14,874,127**	**3,471,247**	**-**	**33,314,333**
Additions	-	481,326	536,011	996,537	1,238,190	41,844	-	3,293,908
Disposals	-	-	-	(185,304)			-	(185,304)
At 31 December 2023	**-**	**8,763,118**	**2,552,406**	**5,482,005**	**16,112,317**	**3,513,091**	**-**	**36,422,937**
Net book value:								
At 01 January 2023	**415,550**	**16,577,033**	**494,108**	**1,595,302**	**3,253,885**	**130,088**	**993,540**	**23,459,507**
At 31 December 2023	**415,550**	**16,164,850**	**496,830**	**2,583,473**	**4,251,515**	**110,544**	**961,276**	**24,984,038**

	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 2022	**415,550**	**24,706,534**	**2,064,020**	**5,308,304**	**16,256,242**	**3,554,818**	**1,487,142**	**53,792,610**
Additions	-	37,746	446,483	1,049,474	1,187,421	45,529	1,201,540	3,968,193
Disposals	-	-		(92,564)	(221,348)	-	-	(313,912)
Reclassifications	-	114,545	-	860	905,697	988	(1,022,090)	-
Reclassifications out of PPE	-	-	-	-	-	-	(672,912)	(672,912)
Write-off	-	-	-	-	-	-	(140)	(140)
At 31 December 2022	**415,550**	**24,858,825**	**2,510,503**	**6,266,074**	**18,128,012**	**3,601,335**	**993,540**	**56,773,839**
Depreciation and impairment:								
At 01 January 2022	**-**	**7,821,651**	**1,449,049**	**4,054,503**	**14,366,478**	**3,432,539**	**-**	**31,124,220**
Additions	-	460,141	567,346	674,327	725,071	38,966	-	2,465,851
Disposals	-	-	-	(58,058)	(217,422)	(258)	-	(275,738)
At 31 December 2022	**-**	**8,281,792**	**2,016,395**	**4,670,772**	**14,874,127**	**3,471,247**	**-**	**33,314,333**
Net book value:								
At 01 January 2022	**415,550**	**16,884,883**	**614,971**	**1,253,801**	**1,889,764**	**122,279**	**1,487,142**	**22,668,391**
At 31 December 2022	**415,550**	**16,577,033**	**494,108**	**1,595,303**	**3,253,886**	**130,088**	**993,540**	**23,459,506**

There were no impairment losses on any class of property and equipment during the year (December 31, 2022: Nil)

There were no capitalised borrowing costs related to the acquisition of property and equipment during the year (December 31, 2022: Nil).

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

Intangible assets

	Computer Software N'000 2023	Total N'000 2023	Computer Software N'000 2022	Total N'000 2022
Cost:				
At 01 January	**5,054,141**	**5,054,141**	3,490,465	**3,490,465**
Additions:	5,960	5,960	-	-
Internally developed	-	-	-	-
External purchase	-	-	1,563,676	**1,563,676**
Reclasification	220,321	220,321	-	-
At 31 December	**5,280,422**	**5,280,422**	**5,054,141**	**5,054,141**
Amortisation and impairment:				
At 01 January	3,424,026	3,424,026	**3,344,732**	**3,344,732**
Amortisation	631,206	631,206	79,765	**79,765**
Reclassification		-		**-**
Disposals/Write offs	-	-	(471)	**(471)**
At 31 December	**4,055,232**	**4,055,232**	**3,424,026**	**3,424,026**
Net book value:				
At 31 December	**1,225,190**	**1,225,190**	**1,630,115**	**1,630,115**
At I January	**1,630,115**	**1,630,115**	**145,734**	**145,734**

There were no impairment losses on any intangible asset during the year (December 31, 2022: Nil)

There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (December 31, 2022: 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

	2023	2022
	N'000	N'000
	-	-

The Bank's deferred tax asset which principally arose from allowable loss, unutilized capital allowance and stage 3 impairment allowance on credit-impaired financial instruments is N35.83billion as at 31 December 2023 (2022: N46.9 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:

	2023		2022	
At 31 December	**Gross Amount**	**Tax effect**	**Gross Amount**	**Tax effect**
	N'000	**N'000**	**N'000**	**N'000**
Property and equipmment	**(20,443,629)**	**(6,746,397)**	(20,587,723)	(6,176,317)
Impairment allowance on loans and advances to customers	**4,657,526**	**1,397,258**	3,612,947	1,083,884
Impairment allowance on other assets	**16,444,047**	**4,933,214.00**	7,480,249	2,244,075
Unrelieved losses	**119,203,187**	**35,760,956**	112,720,916	33,816,275
Foreign Exchange loss	**(50,628,730)**	**(16,707,481)**	-	-
Unutilised capital allowance	**57,312,489**	**17,193,747**	53,104,739	15,931,422
	126,544,890	**35,831,296**	**156,331,129**	**46,899,339**

24 Due to other banks

	2023	2022
	N'000	N'000
Due to other banks comprise of:		
Takings from banks (note 24b)	**94,388,371**	117,731,414
	94,388,371	**117,731,414**
Current	**94,388,371**	117,731,414
Non-Current	**-**	**-**
	94,388,371	**117,731,414**

24b. Due to other banks (continued)

	2023	2022
	N'000	N'000
Takings from banks		
First Bank of Nigeria Plc	**94,161,893**	117,564,541
Accrued interest	**226,478**	166,873
	94,388,371	117,731,414

25 Deposit from customers

a Analysis by type of account:

	2023	2022
	N'000	N'000
Demand deposits	**109,534,784**	105,086,004
Savings deposits	**122,057,287**	108,737,991
Time deposits	**95,633,859**	72,099,776
Domiciliary deposits	**75,767,440**	41,505,902
	402,993,370	327,429,673

b Analysis by type of depositors

	2023	2022
Government	**41,307,548**	45,847,961
Corporate	**228,050,478**	171,792,773
Individuals	**133,635,344**	109,788,939
	402,993,370	327,429,673

c Analysis by maturity

	2023	2022
0-30 days	**375,558,651**	258,736,208
31-90 days	**22,061,534**	48,670,463
91-180 days	**3,347,872**	8,306,259
181-365 days	**2,014,812**	5,369,121
over 365 days	**10,500**	6,347,622
	402,993,370	327,429,673
Current	**402,982,869**	321,082,051
Non-Current	**10,500**	6,347,622
	402,993,370	327,429,673

26 Borrowings

	2023 N'000	2022 N'000
CBN short term loan (see note 26(b))	**50,698,630**	50,698,630
Borrowings from Bank of Industry/CBN (see note 26 (c))	**50,814,109**	239,874,891
Borrowings from AFREXIM (see noted (d))	**10,466,654**	6,807,693
	111,979,393	**297,381,214**

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

2023	CBN Short Term Loan N'000	Bank of Industry/CBN N'000	AFREXIM N'000	Totals N'000
At 1 January	50,698,630	239,874,891	6,807,693	**297,381,214**
Additions during the year	-	57,595,311	-	**57,595,311**
Interest capitalised	2,500,000	3,243,700	1,117,841	**6,861,541**
Unrealised exchange loss	-	-	6,170,266	**6,170,266**
Repayments	(2,500,000)	(249,899,794)	(3,629,146)	**(256,028,940)**
At 31 December	**50,698,630**	**50,814,109**	**10,466,654**	**111,979,393**

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

2022	CBN Short Term Loan N'000	Bank of Industry/CBN N'000	AFREXIM N'000	Totals N'000
At 1 January	50,698,630	250,121,568	8,365,385	309,185,583
Additions during the year	-	10,704,839	-	10,704,839
Interest capitalised	1,068,493	3,936,296	673,185	5,677,974
Unrealised exchange loss	-	-	286,154	286,154
Repayments	(1,068,493)	(24,887,812)	(2,517,031)	(28,473,336)
At 31 December	**50,698,630**	**239,874,891**	**6,807,693**	**297,381,214**

	2023 N'000	2022 N'000
Current	101,512,739	50,698,630
Non Current	10,466,654	246,682,584
	111,979,393	**297,381,214**

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.

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 2020. 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.

26e. Long Term Liabilities

	2023 N'000	2022 N'000
At 1 January	-	-
Additions during the year	135,181,284	-
Repayments	(1,252,600)	-
At 31 December	133,928,684	-

	2023 N'000	2022 N'000
Current	-	-
Non Current	133,928,684	-
	133,928,684	-

The Central Bank of Nigeria on 4 May 2023 approved the Bank's request to restructure some of its on-lending borrowings under the Anchor Borrower's Programme. Upon the approval, the Bank issued a convertible debenture of N135 billion to Nigeria Incentive-Based Agricultural Lending (NIRSAL) PLC.

The debenture is a zero-coupon and convertible into ordinary shares of the Bank at maturity date, which is fifteen (15) years from the date of disbursement and an option of further 5 years extension at the discretion of the Bank. Payments on the debenture are at the discretion of the Bank.

In line with the requirements of the Central Bank of Nigeria via a letter to the Bank dated 18 March 2024, the debenture has now been classified as a long term liability

27. Current tax liabilities

	2023 N'000	2022 N'000
Current tax		
At the beginning of the year	659,484	463,865
Charge for the year (see note 14)	297,530	444,750
Payments made during the year	(442,160)	(249,131)
Balance at the end of the year	514,854	659,484
Current	514,854	659,484
Non-Current	-	-
	514,854	659,484

		2023	2022
		N'000	N'000
28	**Other liabilities**		
	Non financial liabilities		
	Deferred fees	63,188	43,263
	ECL allowance on contingents (see (a) below)	580,635	589,477
		643,823	632,740
	Financial liabilities		
	Bankers payment and branch drafts	2,149,855	1,899,369
	Lease liabilities (see (b) below)	123,313	110,194
	Other accrued expenses	2,550,503	1,449,249
	Provision for litigations (see (d) below)	632,107	529,857
	Accrual for Banking Resolution Fund (see (c) below)	20,657,039	17,571,030
	Settlements payable	6,089,875	3,549,483
	Margin on letters of credit	7,573,102	7,902,798
	Collection Accounts	10,820,662	4,111,400
	Accounts payable	4,413,289	4,134,221
		55,009,745	41,257,601
	Total other liabilities	55,653,568	41,890,341
	Current	39,775,794	33,011,980
	Non-Current	15,877,774	8,878,361
		55,653,568	41,890,341

a. Movement in ECL allowance on contingents during the year

	2023	2022
	N'000	N'000
Balance, beginning of the year	589,477	609,010
Movement during the year (note 11)	(8,842)	(19,533)
Balance, end of the year	580,635	589,477

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
	2023	2022
	N'000	N'000
Balance at 1 January	494,110	614,972
Depreciation charge for the year	(536,011)	(567,346)
Additions	538,733	446,483
Balance as at 31 December	496,832	494,110

	2023	2022
	N'000	N'000
ii Lease liability	123,313	110,194

The net carrying amount of leased assets as at 31 December 2023, included within property and equipment is N496.8 million (2022: N494.1 million)

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% (2022: 11.92%).

		2023	2022
iii	Amounts Recognised in profit or loss	N'000	N'000
	Interest on lease liability (see note 7)	13,133	5,311
	Depreciation of ROU assets (see note 21)	536,011	567,346
		549,144	572,657

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

d. The Bank has made provision for some litigation cases. The Bank is still contesting the cases at higher courts and believe that the decisions will be upturned.

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 N511 million represents contributions paid to these plans by the bank at rates specified in the Bank's collective agreement with Staff. The rates are currently higher than rates advised by the pension act at 12.5% and 8% for employeers and employees contribution respectively.

	2023	2022
	N'000	N'000
Balance, beginning of the year	**-**	945
Charge for the year (note 12)	**511,925**	517,598
Payment to Pension Fund Administrators (PFAs)	**(511,925)**	(518,543)
Balance, end of the year	**-**	-
Current	**-**	-
Non-Current	**-**	-
	-	-

		2023	2022
		N'000	N'000
30.	**Share capital**		
i.	***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 15(1) of the Bank and Other Financial Institutions Act of 2020, 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 N'000	Total N'000
At 1 January 2022	(453,611)	67,103,925	172,662	440,119	(3,000,000)	**64,263,094**
Fair value gain on debt instruments	(1,236,777)	-	-	-	-	**(1,236,777)**
Fair value gain on equity instruments	1,500,690	-	-	-	-	**1,500,690**
Transfer to AGSMEIS Reserve	-	-	47,068	-	-	**47,068**
	263,913	**-**	**47,068**	**-**	**-**	**310,981**
At 31 December 2022	**(189,698)**	**67,103,925**	**219,730**	**440,119**	**(3,000,000)**	**64,574,075**
At 1 January 2023	(189,698)	67,103,925	219,730	440,119	(3,000,000)	**64,574,075**
Fair value loss on debt instruments	(3,627,207)	-	-	-	-	**(3,627,207)**
Fair value gain on equity instruments	14,339,175	-	-	-	-	**14,339,175**
Transfer to AGSMEIS Reserve	-	-	-	-	-	**-**
	10,711,968	**-**	**-**	**-**	**-**	**10,711,968**
At 31 December 2023	**10,522,269**	**67,103,925**	**219,730**	**440,119**	**(3,000,000)**	**75,286,043**

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 share holder 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 632 litigation suits: 201 cases instituted by the Bank and 431 cases instituted against the Bank. The total amount claimed in the cases against the Bank is estimated at N95.1 billion (2022: N90.6 billion) The distribution of all litigations is shown below. The directors are of the opinion that none of the aforementioned cases is likely to have a material adverse effect other than the provision of N632 million (2022: N529million) made in note 28. The Bank is not aware of any other pending to threatened claims or litigations.

	2023	**2022**
Cases	**Volume**	Volume
Civil cases against the bank	431	374
Civil cases by the bank	201	180
Civil appeals against the bank	63	63
Civil appeals by the bank	47	47
Garnishee order absolute being contested by the Bank	26	26
	768	690

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:

	2023	**2022**
	N'000	N'000
Performance Bonds and Guarantees	**96,125,568**	93,481,723
Letters of credit	**13,396,587**	13,576,054
	109,522,155	107,057,777

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

	2023 N'000	2022 N'000
Deposits (Note 33(a))		
Currently serving Directors (Note 33(a)(i))	**116,439**	115,422
Common Directorship (Note 33(a)(ii))	**2,976,377**	2,064,944
Total related party deposits	**3,092,816**	**2,180,366**
Loans and advances (Note 33b)		
Currently serving Director	**-**	-
Common Directorship	**7,064,419**	17,323,237
Total related party loans	**7,064,419**	**17,323,237**

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

		2023 N'000	2022 N'000
i **Serving Directors**			
Aminu Babangida *(retired effective 18 March 2023)*		218	7,214
Hafiz Mohammed Bashir *(appointed acting chairman effective 27 April 2023)*		6,434	10,219
Dr. Oluwafunsho Obasanjo *(retired effective 18 March 2023)*		1,681	23,071
Sam N. Okagbue FCArb		15,449	30,439
Yabawa Lawan Wabi, *mni*		3,034	13,421
Halima Babangida *(appointed effective 27 April 2023)*		18,903	-
Prof. Iyabo Obasanjo *(appointed effective 27 April 2023)*		5,188	-
Tomi Somefun		19,579	10,270
Tuedor Temisan		4,823	1,391
Ebenezer Kolawole		39,021	18,757
Usman Abdulqadri		2,109	640
		116,439	115,422
ii **Deposit from entities with common directorship**	**Relationship**		
TAK Integrated Agric Solutions Limited	Former Chairman	-	261
TAK Agro & Chemical Limited	Former Chairman	786,394	1,096,956
Practoil Limited	Former Chairman	759	374
Kashton Concepts Nigeria Limited	Former Director	550,000	550,924
Al-Arab Properties Limited	Former Director	-	4
I-bad Limited	Former Director	-	582
Lighthouse Capital Limited	Former Chairman	1,639,133	415,800
Living Spring Agro Limited	Former Director	91	43
		2,976,377	2,064,944
Total related party deposits		**3,092,816**	2,180,366

b Loans and advances to key management personnel as at 31 December 2023

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	6,060,487,241	-	6,060,487,241
2	KASHTON CONCEPTS NIGERIA LTD	BOLA SHAGAYA	FORMER DIRECTOR	TERM LOAN	1,003,931,282	-	1,003,931,282
	Total loans and advances to related parties				**7,064,418,523**	**-**	**7,064,418,523**

Loans and advances to key management personnel as at 31 December 2022

	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	5,619,196,995	-	5,619,196,995
2	LIGHTHOUSE CAPITAL LIMITED	THOMAS ETUH	FORMER DIRECTOR	TERM LOAN	10,994,340,164	-	10,994,340,164
3	KASHTON CONCEPTS NIGERIA LTD	BOLA SHAGAYA	FORMER DIRECTOR	TERM LOAN	709,699,873	-	709,699,873
	Total loans and advances to related parties				**17,323,237,032**	**-**	**17,323,237,032**

	2023	2022
c Remuneration paid to Non Executive Directors	**N'000**	**N'000**
Fees	**154,274**	160,000
Sitting Allowances	**39,600**	30,750
Other director expenses	**38,181**	55,014
	232,055	245,764
The highest paid director	**41,100**	41,750
	Number	**Number**
The number of directors who received fees and other emoluments(excluding pension contributions) N5,000,001 and above	**9**	9
	9	9

	2023	2022
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	20,657,039	17,571,030
Expenses relating to Banking sector resolution fund	3,086,009	3,240,391

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

		2023	2022
34	**Other employee and directors disclosures**	**Number**	**Number**

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

	2023	2022
Executives	**4**	4
Management	**17**	21
Non-management	**1,253**	1,276
	1,274	1,301

	2023	2022
b Compensation for the above staff (excluding Bank directors) include:	**N'000**	**N'000**
Salaries and wages	**13,775,190**	10,643,469
Pension costs:		
Defined contribution plans	**511,925**	517,598
	14,287,115	11,161,067

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

	2023	2022
	Number	**Number**
N2,800,001 - N3,500,000	**364**	468
N3,500,001 - N4,000,000	**291**	302
N4,000,001 - N5,500,000	**226**	156
N5,500,001 - N6,500,000	**124**	114
N6,500,001 - N7,800,000	**101**	102
N7,800,001 - N9,000,000	**81**	67
N9,000,001 and above	**87**	92
	1,274	1,301

35 Going Concern

The Bank made a loss after tax of N62.6 billion for the year ended 31 December 2023 (2022: Profit after tax N0.94 billion). As at that date, the Bank's total liabilities exceeded its total assets by N326.9 billion (2022: N274.9 billion) and the capital adequacy stood at -76.14% (2022: -89.69%). 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%. This gives rise to a material uncertainty on the ability of the Bank to continue as a going concern.

To mitigate the going concern risks, the Directors have considered the following options:

- raising additional capital through private placements, rights issues and/ or offer for subscriptions.
- possibility of a merger with another Bank; and
- obtaining forbearances from the CBN in respect of its current operational licenses. See Note 36(b) of these financial statements for further details.

The directors acknowledge that material uncertainty remains over the Bank's ability to recapitalise. However, the Directors indicate that discussion have reached advanced stage with the other Bank for the possible merger. Furthermore, subsequent to year end, on 22 July 2024, the CBN approved a financial accommodation which is dependent on the conclusion of the possible merger. The Directors are confident that the merger will be concluded in due course and the financial accommodation will be available to aid its recapitalisation and meet minimum capital requirements.

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 (63.93%) and (76.14%) for the years ended 31 December 2023 and 2022 respectively.

The Central Bank of Nigeria (CBN) has further provided guidelines on a new capital framework for the Banking industry in the Nigeria and the Board of directors have approved plans to comply with this frame work.

According to the CBN framework of minimum capital requirements for Banks issued in March 2024, Unity Bank Plc with National authorization would be required to have a minimum of N200billion as capital. The CBN has provided several windows for banks to meet the requirements including:

a. Injection of capital through private placements, rights issues and/or offer for subscriptions and

b. Mergers and acquisitions

Unity Bank is exploring all these options to ensure it meets the requirements as prescribed within the timelines as provided in the framework.

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 accommodation 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 31 December 2024 (see note 26).

In addition to the above forbearance, the CBN on July 22 2024 approved another financial accommodation for the Bank in respect of a possible merger and financial request by the Bank. This accommodation would be to the tune of N700billion in the merged entity.

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.

	2023 N'000 Full impact of IFRS 9 transition	2022 N'000 Full impact of IFRS 9 transition
Regulatory capital		
Tier 1 capital		
Share capital	**5,844,669**	5,844,669
Share premium	**10,485,871**	10,485,871
Share Reconstruction	**67,103,925**	67,103,925
Statutory Reserves	**13,367,368**	13,367,368
SMEIES Reserves	**440,119**	440,119
CBN AGSMEIS Reserve	**219,730**	219,730
Other reserves	**(3,000,000)**	(3,000,000)
Accumulated deficit	**(478,837,389)**	(380,834,043)
Total qualifying Tier 1 capital	**(384,375,706)**	**(286,372,361)**
Less:		
Intangible assets	**1,225,190**	1,630,115
Adjusted total qualifying tier 1 Capital	**(385,600,896)**	**(288,002,476)**
Tier 2 capital		
Revaluation Reserve	**10,522,269**	(189,699)
Total qualifying Tier 2 Capital	**10,522,269**	**(189,699)**
Total Qualifying Capital	**(375,078,627)**	**(288,192,175)**
Risk - weighted assets:		
Risk Weighted Amount for credit risk	**389,932,692**	245,066,233
Risk Weighted Amount for operational risk	**52,817,553**	45,213,703
Risk Weighted Amount for market risk	**49,871,249**	31,054,401
Total risk-weighted assets	**492,621,494**	**321,334,337**
Ratio	**-76.14%**	**-89.69%**

37 Events after reporting date

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 except as disclosed in note 35a.

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	2023 N'000	2022 N'000
Penalty IRO of late filing of 2022 Accounts on the exchange	NGX	5,000	-
Penalty IRO 2023 Risk Assets Exam	CBN	4,000	-
		9,000	-

39 Statement of cash flow workings	Notes	2023 N'000	2022 N'000
(a) **Loans & advances to customer**			
Net loans, beginning of the year	18	**289,355,699**	269,269,713
Impairment write-back/(loss) on loans and advances	11	**(1,053,421)**	(413,763)
Movement for Cash Flow Statement		**(66,325,785)**	20,499,746
Net loans, end of the year	18	**221,976,492**	289,355,699
(b) **Changes in other assets**			
Gross amount, beginning of the year	20	**21,686,932**	23,996,665
Movement for cash flow purposes		**8,920,736**	(2,309,733)
Gross amount end, of the year	20	**30,607,668**	21,686,932
(c) **Purchase of PPE**			
Property, Plant and Equipment	21	**4,573,824**	3,521,710
ROU Asset	21	**538,733**	446,483
Acquisition of PPE		**5,112,557**	3,968,193
(d) **Deposits from customers**			
At 1 January	25	**327,429,673**	322,284,567
Interest payable at the end of the year (see note 39 (h) below)		**2,506,386**	2,470,852
Movement for Cash Flow Statement		**73,057,311**	2,674,254
At 31 December	25	**402,993,370**	327,429,673
(e) **Due to Other Banks**			
At 1 January	24	**117,731,414**	143,321,585
Interest payable as at year end (see note 24b)		**226,478**	166,873
Movement for Cash Flow Statement		**(23,569,521)**	(25,757,044)
At 31 December	24	**94,388,371**	117,731,414
(f) **Other liabilities**			
At 1 January	28	**41,890,341**	39,765,666
Impairment write back on contingents (see note 11)	11	**8,842**	19,533
Interest expense on lease liability		**13,133**	5,311
Movement for Cash Flow Statement		**13,741,252**	2,099,831
At 31 December	28	**55,653,568**	41,890,341
(g) **Interest received**			
Interest recognised in the statement of profit or loss	6	**53,722,356**	48,990,838
Interest receivable, beginning of the year		**9,796,187**	7,225,301
Interest receivable, end of the year		**(21,287,620)**	(9,796,187)
Movement for Cash Flow Statement		**42,230,923**	46,419,952
(h) **Interest paid**			
Interest expense	7	**36,183,444**	29,647,236
Interest capitalised on borrowings	26	**(6,861,541)**	(5,677,974)
Interest payable:			
Deposit liabilities		**(2,506,386)**	(2,470,852)
Due to Banks	24	**(226,478)**	(166,873)
Interest payable, beginning of the year		**(1,161,893)**	(1,735,372)
Interest expense on lease liability	7	**(13,133)**	(5,311)
Interest paid during the year		**25,414,013**	19,590,853

39 Statement of cash flow workings

	Notes	2023 N'000	2022 N'000
(i) a. Disposal of property and equipment			
Cost	21	185,304	313,912
Accumulated Depreciation	21	(185,304)	(275,738)
Gain on disposal		26,496	27,637
Proceeds from sale	a	26,496	65,811
Proceed on Disposal (total)	a+b	26,496	65,811
Gain on disposal of Property and Equipment	10	26,496	27,637
(j) Cash and cash equivalent reported in the statement of cash flow			
Cash on hand	16	6,075,201	6,010,368
Current account with CBN	16	1,288,091	1,250,274
Deposits with the Central Bank of Nigeria	16	4,690,134	39,251,270
Due from other banks	16	65,265,899	21,760,896
Impact of foreign exchange on cash balances	39(l)	130,800	12,745
		77,450,125	68,285,553
(k) Changes in other balances with CBN			
AGSMEIS Account			
At 1 January	16	604,824	446,162
Movement for cash flow purposes		47,070	158,663
At 31 December	16	651,894	604,824
(l) Adjustment for non-cash exchange differences			
Unrealised exchange difference on borrowings	26	(6,170,266)	(286,154)
Net impact of foreign exchange on cash balances	39(j)	130,800	12,745
		(6,039,466)	(273,409)

OTHER NATIONAL DISCLOSURES

UNITY BANK PLC

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

	2023		2022	
	N'000	%	N'000	%
Gross earnings	9,294,858		56,916,015	
Interest expense	(36,183,444)		(29,647,236)	
	(26,888,586)		27,268,779	
Bought in materials and services				
Local	(15,537,471)		(13,379,828)	
Net Impairment losses on financial assets	(1,701,309)		1,203,857	
	(44,127,366)	100	15,092,808	100
Applied to pay:				
Employees:				
Wages, salaries and pensions	14,287,115	(32)	11,161,067	74
Government				
Taxes	297,530	(1)	444,750	3
To be retained in the business for expansion and future wealth creation:				
Depreciation	3,293,908	(7)	2,465,851	16
Amortisation	631,206	(1)	79,765	1
Profit for the year	(62,637,125)	142	941,375	6
	(44,127,366)	100	15,092,808	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

FIVE YEAR FINANCIAL SUMMARY
STATEMENT OF FINANCIAL POSITION

	31 DECEMBER	31 DECEMBER			
	2023	2022	2021	2020	2019
	N'000	N'000	N'000	N'000	N'000
Assets				*Restated*	*Restated*
Cash and balances with Central Bank	**12,705,319**	47,116,736	99,266,770	14,209,138	9,340,372
Due from banks	**65,237,547**	21,732,544	33,065,169	33,725,276	32,062,650
Loans and advances to customers	**221,976,492**	289,355,699	202,080,855	104,017,725	44,096,959
Financial investments – held-for-trading	**-**	-	-	-	76,662,150
Debt instruments at fair value through other comprehensive income	**65,192,626**	43,776,330	62,839,611	87,262,055	-
Equity instruments at fair value through other comprehensive income	**-**	-	-	-	25,660,268
Debt instruments at amortised cost	**67,071,731**	68,866,346	64,379,307	29,209,131	-
Other assets	**14,191,973**	23,459,506	21,915,364	21,963,559	20,602,236
Property and equipment	**24,984,038**	1,630,115	148,836	136,201	80,866
Goodwill and other intangible assets	**1,225,190**	14,206,683	8,324,417	2,528,985	2,295,340
Deferred tax assets	**-**	-	-	-	-
TOTAL ASSETS	**472,584,916**	510,143,959	492,020,329	293,052,070	210,800,841
Liabilities and Equity					
Liabilities					
Due to other banks	**94,388,371**	117,731,414	106,699,353	108,240,698	100,347,202
Due to customers	**402,993,370**	327,429,673	356,615,192	257,691,182	247,630,264
Borrowings	**111,979,393**	297,381,214	264,873,635	183,303,723	126,211,139
Current tax liabilities	**514,854**	659,484	499,184	621,306	501,187
Other liabilities	**55,653,568**	41,890,341	38,741,646	22,044,718	20,451,210
Employee benefit liabilities	**-**	-	1,115	6,331	34,493
Total liabilities	**665,529,556**	785,092,126	767,430,125	571,907,958	495,175,495
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	**13,367,368**	13,367,368	12,750,174	12,437,215	11,929,737
Additional T1 reserve	**-**	-	-	-	-
Accumulated deficit	**(478,837,389)**	(380,834,043)	(372,722,376)	(374,443,951)	(377,319,662)
Non Distributable Regulatory Reserve	**46,980,114**	11,613,893	51,859	-	-
Other reserves	**75,286,043**	64,574,075	68,180,007	66,820,308	64,684,731
Total equity	**(326,873,324)**	(274,948,167)	(275,409,796)	(278,855,888)	(284,374,654)
Total liabilities and equity	**338,656,232**	510,143,959	492,020,329	293,052,070	210,800,841

UNITY BANK PLC

FIVE YEAR FINANCIAL SUMMARY
PROFIT OR LOSS

	31 DECEMBER	DECEMBER			
	2023	**2022**	**2021**	**2020**	**2019**
	N'000	N'000	N'000	N'000	N'000
Total operating income	**(26,888,586)**	27,268,779	21,336,957	25,132,625	19,117,960
Operating expenses	**(33,749,700)**	(27,086,511)	(23,241,095)	(19,568,590)	(20,713,169)
Impairment losses	**(1,701,309)**	1,203,857	4,127,332	(1,921,923)	(5,958,492)
(Loss)/profit before taxation	**(62,339,595)**	1,386,125	2,223,194	3,642,112	(7,553,701)
Current taxation	**(297,530)**	(444,750)	(136,801)	(258,923)	(141,619)
Deferred taxation	**-**	-	-	-	-
(Loss)/profit after taxation	**(62,637,125)**	941,375	2,086,393	3,383,189	(7,695,320)
(Loss)/earnings per share (basic)	**(535.85)**	8.05	17.85	28.94	(65.83)