



# Managing Director's Statement

**Dear Shareholders, Stakeholders and Customers,**

Welcome to the 15th Annual General Meeting of Unity Bank Plc. I am pleased to present the Bank's activities and performance for the financial year ended December 2020 which was characterized by an unprecedented disruption and shock across almost all forms of human activity as a result of the outbreak of COVID-19.

Notwithstanding these challenges, our resilience, focus and the implementation of various initiatives kept us afloat towards the actualization of our corporate objectives.

Distinguished Shareholders, no doubt, 2020 was arguably the most challenging year for businesses, communities, economies, and humanity at large as the world was basically shutdown by the emergence of the COVID-19 pandemic. The lockdown measures to contain its spread crippled economic activities and plunged global economies into the worst recession since the World War II era. Consequently, the International Monetary Fund (IMF) projected a contraction of -4.9% for 2020 amid weakened aggregate demand and per capita incomes, supply chain and production disruption, and low crude oil prices.

On the domestic front, the Nigerian economy, having made significant recovery from the 2016-2017 economic recession dipped into another recession after recording two consecutive negative GDP growths of -6.10% and -3.62% in Q2 and Q3 2020 respectively. These were also as a result of the impact of various lockdown measures and decline in crude oil prices occasioned by the pandemic.

Furthermore, inflationary pressure heightened as headline inflation peaked at 14.89% in November 2020 on the back of rising insecurity across the country as well as other structural deficiencies that affected the free movement of food items within the country. Other socioeconomic and macroeconomic indicators remained weak, income inequality widened, unemployment rate increased and purchasing power deteriorated.

In response to the weakening economic fundamentals, the fiscal and monetary authorities implemented various expansionary initiatives and policies to stimulate economic activity and to contain long-term damage to the growth prospects of the economy. Amongst the policies adopted during the year were:

- A cumulative reduction of the monetary policy rate from 13.5% to 11.5%
- Reduction of interest rates from 9% to 5% on existing intervention

programmes over the next one year.

- Provision of extended moratorium on loans by an additional 1 year beginning from March 2020 to ease pressure on loan repayments.
- Creation of N50 billion fund to support households and Small and Medium Enterprises (SMEs) affected by COVID-19.
- Increase in loan-to-deposit ratio (LDR) policy to encourage banks to lend to the real estate sector..
- Creation of N150 billion Targeted Credit Facility (TCF) for affected households and small and medium enterprises through the NIRSAL Microfinance Bank.
- Enhancement of the Anchor Borrowers Program (ABP) by the sum of N164.91billion to nine hundred thousand beneficiaries.
- Creation of a N100 billion intervention fund in loans to pharmaceutical companies and healthcare practitioners.

Like other sectors of the economy, the Banking Industry had its fair share of various headwinds and disruptions that affected various activities and projections such as:

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- The reduction and downward review of charges and fees for banking electronic services;
- Closure of bank branches during and after the lockdown;
- Over 70% of banking transactions moved to the digital platforms;
- Operational constraints of keeping employees safe and meeting customer expectations;
- Higher credit losses and its attendant impact on overall asset quality, capital and liquidity;
- Increasing cases of fraud and cyber-attacks on Financial Institutions;
- Deterioration of Information Technology infrastructure and other support services due to internal challenges, vendor problems amongst others.

### Our Performance and Business Strategy

Despite these challenges, with our resilience and collective effort as well as the implementation of various strategic initiatives the Bank performed better compared to 2019, though some of our Key Performance Indicators (KPIs) fell below our budget projections.

The Bank's total assets grew to N492.02 billion representing a significant increase of 67.90% from the N293.05 billion total assets value recorded in 2019. Deposits from customers substantially grew to N356.62 billion, up from N257.69 billion in 2019, representing a 38.4% or N98.9 billion growth. Aside the growth in total deposit, the Bank's demand and savings deposit grew by N43.9 billion and N6.0 billion respectively. The Bank's Loan Book grew by 94% from N104 billion in December 2019 to N202.1 billion in December 2020 with a NPL ratio at 0.001%, while Profit Before Tax (PBT) closed at N2.22 billion, in a year that was defined by the unmitigated impact of global

pandemic characterized by disruptions in business activities.

By leveraging on our expertise, the Bank also maintained its niche in the agricultural sector by providing tailored financial services and collaborations with the Central Bank of Nigeria and farmer associations through the Anchor Borrowers' Programme. These associations included the Rice Farmers Association of Nigeria (RIFAN), Maize Farmers Association (MAAN), National Cotton Association of Nigeria (NACOTAN) and other partners. In view of the Bank's contribution to the real sector and economic growth, I am glad to inform you that the Bank was awarded the Best Agric Business Bank in Nigeria during the year.

Further to the Bank's digital transformation journey, we reinvigorated our approach to capturing the youth segment through ramping up our marketing in traditional and non-traditional media. We commenced the second phase of development of Unifi, our Omni-channel mobile application with exciting features for the youth market, this is in line with our focus to increase our appeal to the upwardly mobile youth segment. Our transaction count and value across our electronic channels increased significantly placing the Bank among the top 10 highest earners in the industry in H1 2020.

The Bank continued to make progress in the execution of its strategic initiatives outlined in the Bank's current strategy document (2019 – 2022). Our focus has remained on our 5 strategic levers – redefining customer experience, reinvigorating platforms, re-establishing prudence and strengthening foundations, sweating assets and consistent focus on Retail, SME, Agriculture, and the youth demography.

Our value-added offerings like the Treasury Linked Note, Corpreneurship, Bancassurance and the Corporate Internet Banking amongst others continue to increase footprints in the Corporate/Commercial and Retail and SME space. Additionally, we recorded significant improvement on our foreign trade transactions.

### Sustainability for Growth

Unity Bank is committed to carrying out its business in a way that is environmentally and socially conscious. Consequently, the Bank will continue to focus on Environmental, Social and Governance (ESG) goals because we recognize our role in protecting the environment in which we and our customers operate. To achieve our sustainability objective, the Bank has identified four (4) focus areas - Finance inclusion, Agriculture, Women Empowerment and Digital & SME lending for its sustainability initiatives and activities. The following are some of our achievements during the year:

- Adoption of alternative renewable energy source to power some of our branches and ATM centres to ensure energy-efficiency and greenhouse gas reduction. Currently, the Bank has twenty-nine (29) solar powered branches and sixty-one (61) solar-powered ATMs. There are active plans by the Bank to increase the adoption rate of renewable energy across the branches and other business locations.
- Sustainability Governance Committee ("SGC"): The Bank has inaugurated its SGC to champion the integration of Environmental Social Governance (ESG) criteria into the Bank's overall strategy.

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- The Bank undertook various initiatives to reduce its carbon footprint and greenhouse gas emissions through proper waste management, by adopting the reduce, reuse and recycle initiative.
- In line with Bank's commitment to promoting sustainable agricultural initiatives, the Bank partnered with Food Crowdy, an Online Digital Platform that enables the populace shop food items from the comfort of their homes or anywhere at discounted rates. This platform helps to optimize the food value chain and ensures that foodstuff remains affordable and safe for everyone.

### Human Resource

In line with the Bank's commitment towards improving staff welfare and making Unity Bank a better place to work, keeping our employee safe and productive was our ultimate priority, especially during the peak of the pandemic. After activating our business continuity plan on March 23, 2020, part of which being the reduction of employees physically present at work and the commencement of skeletal services across branches to keep our employees and customer safe, banking services largely moved to the digital platforms with over 75% of employees working remotely. During this period, knowing the likely impact of the lockdown and series of negative events on the psychology of our employees, the Bank continuously engaged staff through regular communications, online programmes and trainings to boost morale. The Bank also implemented various welfare programs and conducted a salary harmonization exercise which increased staff earnings across grades.

### Looking forward

While the Nigerian economy is projected to fully recover from recession by the first quarter of 2021, the 3rd wave of COVID-19 cases across the world and other fragile economic fundamentals (volatile oil prices, high level of insecurity and the persistent rise in domestic prices) in Nigeria presents a mixed optimism for growth, and to mitigate these impacts, the Monetary and Fiscal authorities will maintain its current expansionary policy stances.

Notwithstanding, we have reappraised the Bank's performance and charted a new direction to help the Bank increasingly leverage technology to scale its business and improve performance in the coming years. Through the digitalization and automation of more of our operational processes, we will improve on turnaround time, increase the pace of account acquisition, and ensure an end-to-end customer onboarding on all our channels. Without doubt, the Bank will make appreciable investment on its IT infrastructure and IT security to play actively in the digital space as well as to achieve its targets on electronic channel deployment.

Our strategic priorities remain centred on enhanced service quality and customer-centricity; aggressive customer acquisition across all segments with deliberate focus on Retail, SME collection businesses, aggressive growth of Agric business wallet share and value chain opportunities. The Bank has launched its payday loan for professionals and salary earners; we will further deepen our market share of this product by integrating the product on our USSD and mobile platforms during the year.

As we continue to leverage on our niche in the Agric sector, strengthen our Retail Bank offering, we will deliberately diversify the Bank's

exposure across other vibrant sectors of the economy. To this end, the Bank through its portfolio planning strategy has identified the following sectors – General Commerce, Manufacturing, Health, Downstream Petroleum, Education, Consumer and Transportation & Logistics as focused sectors. The Bank intends to grow its risk assets by N180bn in 2021. While this will positively impact on earnings, it will help retain existing businesses and win prospective businesses across all business directorates.

We will continue to recruit young professionals, empower staff through relevant training and developmental programmes, and ensure more staff rotation and strategic placements across functions.

While I am optimistic that the Bank's recapitalization program would be concluded this year, let me extend my deep appreciation to my colleagues in the Executive and Senior Management in particular, and all staff (direct and outsourced) of Unity Bank Plc for the support, dedication, commitment, and professionalism they have demonstrated to ensuring the stability and growth of our Institution in 2020. We begin 2021 with renewed hope and determination to grow our business and continue to thrive in this operating environment and create superior wealth for all our stakeholders.

Thank you all for your kind attention.



**Tomi Somefun**

Managing Director / CEO  
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