

Annual Report & accounts



2012

Board of Directors

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■ **Ado Yakubu Wanka**
Managing Director/
Chief Executive Officer

Ado Wanka is fifty eight years old. He became Managing Director on July 1, 2011. He has had wide and varied experience in banking, having worked in some of Nigeria's major banking institutions such as First Bank Nigeria Plc, Nigerian International Bank (Citibank Nigeria), the former FSB International Bank and Gamji Bank Limited. He has also been involved in international investment and regulatory function management. He served as Executive Director, Finance and Administration and, later on, Chairman of the Board of the Nigeria and Sao Tome joint Development Authority.

He began his banking career in 1988 with the then Nigerian International Bank (Citibank Nigeria) before moving to the then FSB International Bank Plc (1991-1997) where he rose to become an Executive Director. He assumed duty as the Managing Director/Chief Executive Officer of the then Gamji Bank Limited in 1997, moved to First Bank of Nigeria Plc in 1998 as an Executive Director where he spent eight years.

He is a member of the Institute of Directors (IoD) and Fellow of the Nigerian Institute of Management (FNIM) and Chartered Institute of Bankers. He holds a BSc in Chemical Engineering from Ahmadu Bello University, Zaria (1977), and an MBA from the same institution (1984). He is also an alumnus of the Harvard Business School and Switzerland's Institute of Management Development, Lausanne.

Until his appointment as Managing Director, Ado Wanka was Group Executive Director, Risk Management & Controls at Unity Bank Plc. He has more than twenty three years banking experience.

1. First-Time Adoption of IFRS in Unity Bank Plc

These financial statements, for the year ended 31 December 2012, are the first the Bank has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2011, the Bank prepared its financial statements in accordance with local Generally Accepted Accounting Principles (Local GAAP).

Accordingly, the Bank has prepared financial statements which comply with IFRS applicable for periods ending on or after 31 December 2012, together with the comparative period data as at and for the year ended 31 December 2011, as described in the accounting policies. In preparing these financial statements, the Bank's opening statement of financial position was prepared as at 1 January 2011, the Bank's date of transition to IFRS.

The principal adjustments made by the Bank in restating its local Generally Accepted Accounting Principles (local GAAP) statement of financial position as at 1 January 2011 and its previously published local GAAP financial statements as at and for the year ended 31 December 2011 are explained in the notes to the reconciliation presented

Exemptions Applied

IFRS 1 First-Time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain IFRS.

i) Investment

The Bank has elected to designate its equity investment and certain treasury bills and bonds as available-for-sale financial assets at the date of transition to IFRS.

The Bank has also elected to measure its investment in subsidiaries at deemed cost using the local GAAP carrying amount at the date of transition.

ii) Business Combinations

The Bank has elected not to restate prior business combinations before the transition date.

iii) Property Plant and Equipment

The Bank has adopted the carrying values under Nigerian GAAP of all items of property, plant and equipment at the date of transition as their deemed cost rather than either reverting to historical cost or carrying out a valuation.

vi) Goodwill

The Bank has not applied IFRS 3, 'Business Combinations' retrospectively to business combinations prior to the date of transition. The carrying amount of goodwill in the Nigerian GAAP balance sheet as at 31 December 2010 has accordingly been brought forward without adjustment.

Effect of the transition to IFRS

Reconciliations of balance sheet prepared under the Nigerian GAAP and IFRS at 1st January 2011 and 31st January 2011 after application of IAS 32 and IAS 39 are included in Note 2 and 3 to the accounts. Reconciliations of the profit and loss account prepared in accordance with Nigerian GAAP and prepared in accordance with IFRS for the year ended 31 December 2012 are included in Note 4 to the accounts. Explanations of the effects of the applications on the opening 2012 balance sheet is presented in note 5 to the accounts.

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2. Reconciliation of equity as at 1 January, 2011

DESCRIPTION	Notes	Local GAAP N'000	Remeasurement N'000	IFRS as at 1 January 2011 N'000
Cash and balances with central banks		17,334,974		17,334,974
Due from banks		31,721,965		31,721,965
Cash collateral on bank's clearing position at CBN				
Loans and advances to customers	A, B	114,460,355	2,228,542	116,688,897
Financial investments – available-for-sale	C, D	26,684,443	(950,077)	25,734,365
Financial investments – available-for-sale Pledged as collateral				
Financial investments – held-to-maturity	E	35,524,632	(97,294)	35,427,338
Other assets		27,120,263		27,120,263
Property and equipment		22,076,596		22,076,596
Goodwill and other intangible assets		18,263,548		18,263,548
Deferred tax assets	H	7,796,712	(41,104)	7,755,608
Investment in subsidiaries		1,921,177		1,921,177
TOTAL ASSETS		302,904,664	1,140,066	304,044,730
Liabilities and Equity				
Liabilities				
Due to customers		222,145,561		222,145,561
Debt issued and other borrowed funds		17,738,789		17,738,789
Current tax liabilities		899,277		899,277
Other liabilities	F	17,737,619	928,887	18,666,506
Employee benefit liabilities	G	230,182	1,162,641	1,392,823
TOTAL LIABILITIES		258,751,428	2,091,528	260,842,956
Equity				
Issued share capita		16,643,588		16,643,588
Share reconstruction reserve				
Share premium		14,509,272		14,509,272
Statutory reserve		5,106,539		5,106,539
Reserve for SMEIES				
Asset revaluation reserve				
Retained earnings		(14,267,185)	(3,506,710)	(17,773,895)
Other reserves	A, C	22,161,020	2,555,250	24,716,270
TOTAL EQUITY		44,153,234	(951,460)	43,201,774
TOTAL LIABILITIES AND EQUITY		302,904,662	1,140,068	304,044,730

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3. Reconciliation of equity as at 31 December, 2011

DESCRIPTION	Notes	Local GAAP	Remeasurement	IFRS as at 31st
		N'000	N'000	December 2011 N'000
Assets				
Cash and balances with central bank		27,702,285		27,702,285
Due from banks		61,034,229		61,034,229
Loans and advances to customers	A, B	114,324,430	3,550,829	117,875,259
Financial investments – available-for-sale	C, D	31,136,619	(1,310,809)	29,825,810
Financial investments – available-for-sale Pledged as collateral				
Financial investments – held-to-maturity	E	55,893,808	45,337	55,939,144
Other assets		31,431,905	198,026	31,629,931
Property and equipment		21,954,455		21,954,455
Goodwill and other intangible assets		17,928,538		17,928,538
Deferred tax assets	H	7,796,712	(162,447)	7,634,265
Investment in subsidiaries		1,402,832		1,402,832
TOTAL ASSETS		370,605,812	2,320,936	372,926,749
Liabilities and Equity				
Liabilities				
Due to customers		266,877,426		266,877,426
Debt issued and other borrowed funds		43,007,826		43,007,826
Current tax liabilities		642,480		642,480
Other liabilities	F	15,403,069	1,525,929	16,928,998
Employee benefit liabilities	G	164,924	1,483,411	1,648,335
TOTAL LIABILITIES		326,095,725	3,009,340	329,105,065
Equity				
Issued share capita		17,475,768		17,475,768
Share reconstruction reserve				
Share premium		13,677,092		13,677,092
Statutory reserve		5,837,033		5,837,033
Reserve for SMEIES				
Asset revaluation reserve				
Retained earnings		(14,442,800)	(4,458,291)	(18,901,090)
Other reserves	A, C	21,962,994	3,769,887	25,732,881
TOTAL EQUITY		44,510,087	(688,403)	43,821,684
TOTAL LIABILITIES AND EQUITY		370,605,812	2,320,936	372,926,749

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4. Reconciliation of total comprehensive income for the year ended 31 December 2011

	Notes	Local GAAP N'000	Remeasurement N'000	IFRS as at 31st December 2011 N'000
Interest and similar income	A, B, C, E	30,267,422	1,438,905	31,706,327
Interest and similar expense		(9,155,905)		(9,155,905)
Net interest income		21,111,517	4,336,565	22,550,422
Fee and commission income	F	8,942,138	(597,041)	8,345,097
Fee and commission expense				
Net fee and commission income		8,942,138	(597,041)	8,345,097
Net trading income		356,489		356,489
Other operating income		5,859,550		5,859,550
Total operating income		36,269,694	3,739,523	37,111,558
Credit loss expense		(1,216,600)	(98,592)	(1,118,008)
Impairment losses on financial investments		(205,186)		(205,186)
Net operating income		34,847,908	3,739,523	35,788,364
Personnel expenses	G	(12,718,074)	(320,770)	(13,038,844)
Depreciation of property and equipment		(2,285,770)		(2,285,770)
Amortisation of intangible assets		(391,256)		(391,256)
Other operating expenses		(16,375,351)	(140,869)	(16,516,220)
Total operating expenses		(31,770,451)	(461,639)	(32,232,090)
Profit before tax		3,077,457	478,817	3,556,274
Income tax expense	H	(642,480)	(121,343)	(763,823)
Profit for the year		2,434,977	2,287,244	2,792,452
Other comprehensive income				
Net loss on available-for-sale financial assets	C	(198,025)	(136,695)	(334,720)
Others				
Income tax (charge)/credit relating to components of other comprehensive income				
Other comprehensive income for the year, net of tax		(198,025)	(136,695)	(334,720)
Total comprehensive income for the year, net of tax		2,236,952	2,150,549	2,457,732

5 Explanatory notes to reconciliation of equity and total comprehensive income

A. Impairment of financial assets

Under local GAAP, provisions in respect of loans and advances are made in line with the Prudential Guidelines issued by the Central Bank of Nigeria. At the transition date, the provisions have been remeasured to reflect the impairment testing model required by IFRS. Provisions under the Prudential Guidelines were higher and the excess was transferred to a non-distributable regulatory reserve. Also staff loans were found to be impaired and were written off at the transition date.

In 2010 the sum of N2,228,542,000 represents the net adjustment on IFRS impairment and remeasurement of loans. The sum of N3,209,215,000 represents excess of Prudential Guidelines over IFRS impairment on risk assets which was debited to loans and advances. Ex staff loans were also fully impaired giving rise to N719,261,000 which was credited to loans and advances. Remeasurement of staff loans using effective interest rate gave rise to the sum of N261,412,000 which was also credited to loans and advances.

In 2011, the impairment on loans and advances and remeasurement of staff loans gave rise to N1,210,463,000 and N111,824,000 respectively. The total amounted to the N1,322,287,400 which was cumulated to 2011 net adjustment to give the sum of N3,550,829,000 made on loans and advances as at 31 December 2011.

B. Staff loans

Under local GAAP, staff loans which were granted by at subsidised rates are not required to be initially measured at fair value. At the transition date, these loans have been remeasured to reflect their amortised cost assuming the loans were initially measured at fair value as required by IFRS. The impact of the remeasurement has been recognised in retained earnings at the transition date. Subsequently, interest income on such loans are recognised based on the effective interest rate. Remeasurement of staff loans using effective interest rate gave rise to the sum of N261,412,000 in 2010 and N111,824,000 in 2011.

C. Available for sale bond investment

The Bank decided to classify some bonds as available for sale and such bonds were measured at fair value with fair valuation adjustment passed to other comprehensive income. Adjustments were also passed to ensure that the interest income in respect of these bonds were recognised based on the effective interest method. Such remeasurement accounted for an adjustment of N706,508,000 made in 2010 and N104,196,000 made in 2011.

D. Available for sale equity investments

Under Local GAAP, the Bank accounted for investments in quoted equity shares as investment securities measured at cost. Under IFRS, the Bank has designated such investments as available-for-sale investments. IFRS requires available-for-sale investments to be measured at fair value. The difference between the instruments fair value and Local GAAP carrying amount has been recognised as a separate component of equity, in the available-for-sale reserve. Such remeasurement accounted for the adjustment of N243,569,000 made in 2010 and the N256,536,000 made in 2011.

E. Held to maturity bond investments

Under local GAAP, the Bank initially recognises bonds purchased at its face value (redemption value) and not fair value as required by IFRS. Under IFRS the bank has decided to designate some of its bonds as held to maturity financial assets and as such they have been remeasured to reflect their amortised cost using the effective interest rate. The remeasurement adjustment were recognised in retained earnings on the transition date while it was charged to interest and similar income in the comparative year. Such remeasurements accounted for the adjustment of N97,294,000 made in 2010 and N45,337,000 made in 2011.

F. Other liabilities

Under local GAAP, the Bank normally recognises fees on loans and advances collected upfront as income in the accounting period it was generated. These fees have been deferred and recognised over the tenor of the loan. Such adjustment resulted in the sum of N928,887,000 being credited to deferred fees in other liabilities in 2010 and N597,041,500 in 2011.

G. Defined benefit obligation

Under Local GAAP, the Bank recognised costs related to its pension plan (unfunded gratuity scheme) on a cash basis. Under IFRS, pension liabilities are recognised on an actuarial basis using the projected unit credit method. The pension liability has been recognised in full against retained earnings at the transition date.

H. Deferred tax

The various transitional adjustments lead to different temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. Taxable temporary differences arising from the various adjustments made amounted to N137,014,000 and N404,475,000 respectively for 2010 and 2011. Applying the tax rate of 30% resulted in N41,014,000 in 2010 and N121,343,000 in 2011.

I. Statement of Cashflows

Material adjustments to the statement of cashflows for the comparative year resulted from the classification of items in the statement of cashflows. Some items are now presented as part of changes in operating assets and operating liabilities including tax liability, obligations under defined contribution plan and deposits with Central Bank of Nigeria. In addition, certain treasury bills are now presented as part of investing activities in line with the requirement of IAS7 (Statement of Cash flows)

I. Transition Accounting Policies

The accounting policies of the Bank were redrafted from the local GAAP to IFRS in order to comply with provisions of IFRS in the treatment of all financial transactions from the transition date to the reporting date. The same IFRS accounting policies were used in preparing the financial statements as at the transition date as well as the current (December 2012) financial statements.

6. Segment information

Geographical segment

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 operates five geographical segments which are Central, North West, North East, South and Lagos & West.

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 Loans and Profit before taxes as performance measures.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2011 or 2012.

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

31 December 2011

31 December 2011	Central 2011 N'000	Lagos & West 2011 N'000	North West 2011 N'000	North East 2011 N'000	South 2011 N'000	Unallocated 2011 N'000	Total 2011 N'000
Operating income	7,179,926	15,155,534	9,029,645	1,809,413	2,671,571	10,421,537	46,267,626
Segment Revenues	4,994,678	923,358	2,888,568	(22,615)	(1,484,748)	(3,841,559)	3,457,682
Operating profit	4,994,678	923,358	2,888,568	(22,615)	(1,484,748)	(3,841,559)	3,457,682
Profit before Tax	(118,532)	(250,200)	(149,069)	(29,871)	(44,104)	(172,047)	(763,823)
Income Tax	4,876,146	673,159	2,739,500	(52,487)	(1,528,852)	(4,013,606)	2,693,859
Profit for the year	144,784,600	61,134,636	105,292,839	16,039,953	21,779,837	23,894,882	372,926,748
Segment assets	144,784,600	61,134,636	105,292,839	16,039,953	21,779,837	23,894,882	372,926,748
Segment Liabilities							

31 December 2012	Central 2012 N'000	Lagos & West 2012 N'000	North West 2012 N'000	North East 2012 N'000	South 2012 N'000	South 2012 N'000	South 2012 N'000
Operating income	10,863,539	2,547,559	10,740,158	1,874,113	4,377,572	23,357,412	53,760,353
Segment Revenue	6,385,109	862,694	4,533,846	592,028	(851,224)	(5,065,726)	6,456,727
Profit before Tax	6,385,109	862,694	4,533,846	592,028	(851,224)	(5,065,726)	6,456,727
Income Tax	(55,907)	(13,110)	(55,272)	(9,645)	(22,528)	(120,204)	(276,666)
Profit for the year	6,329,202	849,584	4,478,574	582,383	(873,752)	(5,185,930)	6,180,061
Segment assets	165,251,623	72,858,376	115,317,179	17,037,815	27,787,188	(2,532,002)	395,720,180
Segment Liabilities	165,251,623	72,858,376	115,317,179	17,037,815	27,787,188	(2,532,002)	395,720,180

Financial assets and Financial liabilities

According to IAS 32, a financial asset is any asset that is:

- a. Cash
- b. an equity instrument of another entity
- c. a contractual right
 - i. to receive cash or another financial asset from another entity; or
 - ii. to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Examples of financial assets in our books are:

- a. Cash and bank balances
- b. Due from banks
- c. Receivables
- d. Loan and Advances
- e. Treasury Bills
- f. Investment Securities (both held for sale and available for sale)

The Standard also defines a financial liability as any liability that is:

- a. a contractual obligation:
 - i. to deliver cash or another financial assets to another entity; or
 - ii. to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Examples of financial liabilities in our books are:

- a. Deposit liabilities (Due to customers)
- b. Debt issued and other borrowed funds
- c. Current tax liability
- d. Employee benefits liability

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

- a. Share capital
- b. Share premium
- c. Reserves



■ **Rislanudeen Muhammad**
Executive Director
Risk Management & Controls

Rislanudeen is forty nine years old and was appointed Executive Director of UnityBank Plc on April 17, 2009. He has extensive exposure in investment, commercial, retail banking and public service where he garnered more than two decades of active experience working in CentrePoint Bank, Tropical Commercial Bank and Unity Bank Plc. After a stint in the Budget & Economic Planning Directorate of the Kano State Government, he started his banking career with CentrepointBank Plc, and later moved to Tropical Commercial Bank Limited in 1995 where he served for a decade before rising to become its Acting MD/CEO in 2005.

Deen, as he is better known, also sharpened his skills and competences by attending courses locally and internationally. He is an alumnus of three prestigious Business Schools - Harvard, London and Lagos Business Schools and holds the professional memberships of the Chartered Institute of Bankers of Nigeria (CIBN), the Nigerian Institute of Management Consultants, and the Nigerian Economic Society where he is a life Member.

He holds a Bachelors degree in Economics from the Bayero University, Kano, 1985; and an M.Sc degree in the same discipline from the Ahmadu Bello University, Zaria, (ABU) 1990. Deen has over twenty years banking experience.

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	31 December 2012 N'000	31 December 2011 N'000
7. Interest and similar income		
Placement with Banks	504,431	600,200
Due from banks	343,809	1,136,670
Loans and advances to customers	28,853,515	22,580,856
Advances under finance lease	45,287	463,799
Financial investments – available-for-sale	1,293,620	2,123,582
Financial investments – held-to-maturity	10,019,365	4,596,383
Interest income on impaired loans	177,467	205,000
	<u>41,237,494</u>	<u>31,706,490</u>

8. Interest and similar expense

Due to banks	1,473,463	143,333
Due to customers	13,025,854	9,012,573
Debt issued and other borrowed funds	1,474,705	-
	<u>15,974,022</u>	<u>9,155,906</u>

9. Net fees and commission income

Fees and commission income	576,670	1,091,180
Credit related fees and commission	2,567,005	2,582,202
Commission on turnover	1,754,827	1,294,564
Facilities management fees	4,991,745	3,377,151
Other fees and commission	<u>9,890,248</u>	<u>8,345,097</u>
Fees and commission expenses		
Brokerage fees	-	-
Other fees	-	-
Net fees and commission income	<u>9,890,248</u>	<u>8,345,097</u>

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	31 December 2012 N'000	31 December 2011 N'000
10. Net trading income		
Foreign exchange	35,947	356,489
	<u>35,947</u>	<u>356,489</u>
11. Other operating income		
Dividend income	273,873	323,351
Gains from sale of financial investments	902,081	129,767
Operating lease income	15	2,996
Other incomes	1,420,696	5,403,436
	<u>2,596,664</u>	<u>5,859,550</u>
12. Impairment losses		
Charge for the year	1,686,647	4,420,000
Recoveries	(333,736)	(3,301,992)
Credit loss expense	<u>1,352,911</u>	<u>1,118,008</u>
Financial investments – available for sale		
Debt securities		
Quoted	-	-
Unquoted	-	-
	-	-
Equities		
Quoted	-	191,786
Unquoted	-	13,400
	-	<u>205,186</u>
Goodwill	104,435	-
Non current assets held for sale	202,517	-
	<u>1,659,863</u>	<u>1,323,194</u>
13. Personnel expenses		
Wages and salaries	14,012,266	12,148,449
Pension costs – Defined contribution plan	564,830	890,395
	<u>14,577,095</u>	<u>13,038,844</u>

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14. Other operating expenses

	31 December	31 December
	2012	2011
	N'000	N'000
Advertising and marketing	590,258	456,529
Administrative	8,651,011	8,866,048
Professional fees	171,899	279,765
Rental charges paid under operating leases	447,361	1,509
impairment charges on other assets	1,299,652	1,123,921
Others	992,395	5,887,203
	<u>12,152,575</u>	<u>16,614,974</u>

Professional fees includes fees of N80 million paid to the auditors in relation to the statutory audit.
(2011: N65 million)

15. Income tax

The components of income tax expense for the years ended 31 December 2012 and 2011 are:

	31 December	31 December
	2012	2011
	N'000	N'000
Current tax		
Company Income tax	324,229	282,544
Education tax	51,686	3,124
Technology levy	67,220	30,470
Capital gains tax	66,064	127,565
Additional assessment/ Under Provision	<u>78,607</u>	<u>198,777</u>
Total current tax	587,806	642,480
Deferred tax		
Origination/ reversal) of temporary differences	<u>(311,140)</u>	<u>121,343</u>
Total deferred tax	<u>(311,140)</u>	<u>121,343</u>
Total income tax expense	276,666	763,823

Reconciliation of tax charge

The Bank has unrelieved losses carried forward as at 31 December, 2012. Thus it was assessed on minimum tax basis.

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16. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding at the reporting date.

The following reflects the income and share data used in the basic earnings per share computations:

	31 December	31 December
	2012	2011
	N'000	N'000
Net profit attributable to ordinary shareholders for basic earnings	<u>6,180,061</u>	<u>2,693,859</u>
Weighted average number of ordinary shares for basic earnings per share	<u>34,951,536</u>	<u>34,951,536</u>
Basic earnings per ordinary share (kobo)	17.68	7.71

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements

17. Dividends paid and proposed

	31 December	31 December
	2012	2011
	N'000	N'000
Declared and paid during the year		
Equity dividends on ordinary shares:	-	1,664,360
Final dividend for 2010: 4 kobo	<u>-</u>	<u>1,664,360</u>

18. Cash and Balances with Central Bank

	31 December	31 December	As at 1 January
	2012	2011	2011
	N'000	N'000	N'000
Cash on hand	4,412,572	3,511,838	4,173,845
Current account with the Central Bank of Nigeria	9,195,752	6,812,010	11,032,533
Deposits with the Central Bank of Nigeria	27,696,943	17,542,223	2,295,705
Less: Allowance for impairment losses	(59,836)	(163,786)	(167,108)
	<u>41,245,431</u>	<u>27,702,285</u>	<u>17,334,975</u>

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

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Impairment allowance for cash and balances

	Cash on Hand N'000	Current Account with CBN N'000	Total N'000
At 1 January 2011	77,322	89,786	167,108
Charge for the year	-	-	
Amount written off	-	-	
Provision no longer required	(3,322)	-	(3,322)
At 31 December 2011	74,000	89,786	163,786
Charge for the year	-	-	-
Additional provisions	-	-	-
Provision no longer required	(74,000)	(29,950)	(103,950)
Amounts written off	-	-	
At 31 December 2012	-	59,836	59,836

19. Due from banks

	31 December 2012 N'000	31 December 2011 N'000	As at 1 January 2011 N'000
Placements with banks and discount houses	4,820,169	432,175,068	26,112,650
Balances with banks within Nigeria	2,205,548	927,934	840,365
Balances with banks outside Nigeria	7,543,530	28,913,588	6,448,512
Loans and advances	-		
Other amounts due	-		
	14,569,247	62,016,589	33,401,527
Less: Allowance for impairment losses	(982,359)	(982,359)	(1,679,564)
	13,586,888	61,034,230	31,721,963

Impairment allowance for due from banks and cash balances

A reconciliation of the allowance for impairment losses for due from banks, by class, is as follows:

	N'000
	663,539
At 1 January 2010	1,118,938
Charge for the year (Note 10)	-
Recoveries	(102,915)
Amounts written off	-
	1,846,671
At 1st January 2012	-
Charge for the year	-
Recoveries	(804,476)
Provision no longer required	-
Amounts written off	-

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Interest accrued on impaired placements and loans	<u>1,042,194</u>
At 31 December 2012	
	59,836
Cash and bank balances	982,359
Due from banks	<u>1,042,195</u>

20. Loans & Advances

a. Loans and advances to customers (by customer type)	31 December 2012 N'000	31 December 2011 N'000	As at 1 January 2011 N'000
Government lending	12,648,030	8,014,352	8,384,203
Corporate lending	49,519,180	31,377,548	32,825,578
Consumer lending	130,294,781	82,560,550	86,370,605
Interest receivable	2,319,178	689,206	526,233
Gross Loans	<u>194,781,168</u>	<u>122,641,655</u>	<u>128,106,619</u>
Less: Allowance for impairment losses	<u>(5,739,824)</u>	<u>(4,766,395)</u>	<u>(11,417,725)</u>
	<u>189,041,345</u>	<u>117,875,260</u>	<u>116,688,894</u>
c. Loans and advances to customers by Security			
Secured against real estate	46,911,251	29,537,113	86,847,312
Secured by shares of quoted companies	3,570,224	2,247,949	-
Otherwise secured	118,726,927	74,755,003	24,656,145
Unsecured	25,572,767	16,101,589	16,603,161
	<u>194,781,168</u>	<u>122,641,655</u>	<u>128,106,619</u>
d. Loans and advances to customers by Maturity			
0 to 30 days	45,194,550	33,790,739	29,152,714
1 -3 months	13,275,780	8,165,372	13,197,138
3-6 months	41,161,423	22,163,153	23,243,876
6-12 Months	72,068,522	44,326,307	45,265,540
Over 12 Months	23,080,893	14,196,083	17,247,350
	<u>194,781,168</u>	<u>122,641,655</u>	<u>128,106,618</u>

d. Impairment allowance for loans and advances to customers

A reconciliation of the allowance for impairment losses for loans and advances, by class, is as follows:

	Total 2012	Total 2011
	N'000	N'000
At 1 January 2011	4,766,395	11,417,725
Charge for the year /(Writeback)	1,686,647	4,420,000
Recoveries	(333,736)	(3,301,992)
Amounts written off	(202,015)	(7,564,338)
Interest accrued on impaired loans and advances	(177,467)	(205,000)
At 31 December 2011	<u>5,739,824</u>	<u>4,766,395</u>
Individual impairment	4,433,276	4,363,257
Collective impairment	1,306,548	403,138
	<u>5,739,824</u>	<u>4,766,395</u>
Gross amount of loans individually determined to be impaired before deducting individually assessed impairment allowance	<u>6,941,089</u>	<u>6,129,549</u>

e. Interest on Impaired Loans

Interest is earned on the written down amortized balance on impaired loans

f. Credit Portfolio Distribution Analysis

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

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Geographical Portfolio Distribution Analysis

S/no	State	Region N,000 S/ SOUTH	Total Credit N,000 S/ SOUTH
1	Akwa Ibom	135,451	135,451
2	Bayelsa	214,284	214,284
3	Cross rivers	86,487	86,487
4	Delta	4,230,605	4,230,605
5	Edo	1,740,901	1,740,901
6	Rivers	3,738,524	3,738,524
	Sub-total	10,146,252	10,146,252
		S/ WEST	
7	Ekiti	391,778	391,778
8	Lagos	40,124,953	40,124,953
9	Ogun	3,636,670	3,636,670
10	Ondo	1,103,864	1,103,864
11	Osun	2,113,352	2,113,352
12	Oyo	604,517	604,517
	Sub-total	47,975,135	47,975,135
		S/ EAST	
13	Anambra	693,555	693,555
14	Imo	547,398	547,398
15	Enugu	247,970	247,970
16	Abia	509,679	509,679
17	Ebonyi		
	Sub-total	1,998,602	1,998,602
		N/ WEST	
18	Kano	26,527,918	26,527,918
19	Katsina	3,110,225	3,110,225
20	Kebbi	521,331	521,331
21	Jigawa	1,436,697	1,436,697
22	Sokoto	1,244,584	1,244,584
23	Zamfara	4,695,945	4,695,945
24	Kaduna	19,974,079	19,974,079
	Sub-total	57,510,778	57,510,778
		N/ CENTRAL	
25	Nasarawa	1,605,283	1,605,283
26	Niger	2,187,223	2,187,223
27	Plateau	672,407	672,407
28	Kogi	521,231	521,231
29	Kwara	4,848,880	4,848,880
30	Abuja	53,855,950	53,855,950
31	Benue	4,468,711	4,468,711
	Sub-total	68,159,686	68,159,686
		N/EAST	
32	Adamawa	605,303.46	605,303.46
33	Borno	1,348,364.85	1,348,364.85
34	Bauchi	3,712,716.46	3,712,716.46
35	Gombe	1,103,606.28	1,103,606.28
36	Yobe	546,723.171,	546,723.171,
37	Taraba	674,000.42	674,000.42
	Sub-total	8,990,714.64	8,990,714.64
	TOTALS	194,781,168	194,781,168

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20g. Analysis by Industry Buckets (SECTORAL)

Sector Type	Loans & Advances	% of total	Value of Collateral	Not Impaired	% Not Impaired	Impaired	% Impaired
AGRICULTURE	25,031,257	12.85	21,286,102	23,735,042.28	12.19	1,296,215	0.67
OIL & GAS	9,738,374	5.00	8,281,327	9,491,717.71	4.87	246,656	0.13
CAPITAL MARKET	1,139,857	0.59	969,312	1,126,285.02	0.58	13,572	0.01
REAL ESTATE ACTIVITIES	5,561,565	2.86	4,729,448	5,073,702.50	2.60	487,863	0.25
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	2,833,773	1.45	2,409,786	2,800,032.27	1.44	33,741	0.02
ADMINISTRATIVE, SUPPORT SERVICE ACTIVITIES	558,965	0.29	475,333	552,309.72	0.28	6,655	0.00
EDUCATION	1,996,372	1.02	1,697,677	1,789,122.63	0.92	207,250	0.11
HUMAN HEALTH & SOCIAL WORK ACTIVITIES	122,538	0.06	104,204	121,078.89	0.06	1,459	0.00
MANUFACTURING	18,093,680	9.29	15,386,519	17,043,648.69	8.75	1,050,032	0.54
ARTS, ENTERTAINMENT & RECREATION	10,142,761	5.21	8,625,210	10,021,995.22	5.15	120,766	0.06
WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	100,978	0.05	85,870	99,775.78	0.05	1,202	0.00
REAL ESTATE & CONSTRUCTION	22,283,835	11.44	18,949,747	20,524,805.88	10.54	1,759,029	0.90
FINANCE & INSURANCE	7,015,251	3.60	5,965,635	6,879,172.65	3.53	136,078	0.07
GOVERNMENT	12,800,439	6.57	10,885,249	11,918,928.74	6.12	881,511	0.45
POWER	869,589	0.45	739,482	859,235.53	0.44	10,354	0.01
GENERAL COMMERCE	66,350,740	34.06	56,423,400	63,454,972.57	32.58	2,895,768	1.49
OTHER PUBLIC UTILITIES	3,220	0.00	2,738	3,181.34	0.00	38	0.00
TRANSPORTATION	1,371,170	0.70	1,166,017	1,232,767.23	0.63	138,403	0.07
COMMUNICATION	8,766,804	4.50	7,455,122	8,306,980.35	4.26	459,823	0.24
TOTAL	194,781,168	100	165,638,178	185,034,755	95	9,746,413	5

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21. Financial investments

	31 December 2012 N'000	31 December 2011 N'000	As at 1 January 2011 N'000
a. Available for sale investments			
Quoted investments	20,154,374	9,112,375	7,681,531
Debt securities - bills	76,782	3,000,180	5,859,560
Debt securities - bonds	3,743,801	2,998,942	3,286,447
Equities	<u>23,974,957</u>	<u>15,111,497</u>	<u>16,827,538</u>
Unquoted investments			
Debt securities	-	-	-
Equities	2,603,278	2,851,961	3,600,576
	<u>2,603,278</u>	<u>2,851,961</u>	<u>3,600,576</u>
Financial investments – Available for sale	26,578,235	17,963,458	20,428,114
Less: Allowance for impairment	(1,330,497)	(1,741,901)	(988,949)
Financial investments – Available for sale less impairment	<u>25,247,739</u>	<u>16,221,557</u>	<u>19,439,165</u>
b. Quoted investments pledged as collateral			
Government debt securities	6,295,200	13,604,253	6,295,200
Other debt securities	-	-	-
Equities	-	-	-
	<u>6,295,200</u>	<u>13,604,253</u>	<u>6,295,200</u>
Unquoted investments pledged as collateral			
Government debt securities	-	-	-
Equities	-	-	-
	-	-	-
Financial investments – available for sale and pledged as collateral	6,295,200	13,604,253	6,295,200
Collective impairment	-	-	-
	<u>6,295,200</u>	<u>13,604,253</u>	<u>6,295,200</u>

All unquoted available for sale equities are recorded at cost since their fair value cannot be reliably estimated



■ **Ahmed Yusuf**
Executive Director
Information Technology & Operations

Ahmed Yusuf is fifty three years old and was appointed Executive Director on March 18, 2011. He is a consummate banker with vast experience in investment banking, risk management, credit and marketing and financial analysis and had worked in the former Continental Merchant Bank, FBN (Merchant Banking) Ltd, FSB International and Intercity Bank Plc. He has also been exposed to turnaround management and regional banking.

Ahmed was an active player in the consolidation of Unity Bank Plc and has been President and Vice-President, Risk Managers Association of Nigeria and Key Resource Person, Financial Institutions Training Centre, Lagos. Until his appointment as Executive Director, Ahmed had variously acted as ED Risk Management & Controls, ED, Lagos and West Directorates.

He has had extensive training in Corporate Banking, Capital Market, Risk Management and leadership development in and out of the country with organisations like DC Gardner, Euromoney among others. Ahmed is also a chartered member of the Nigerian Institute of Management (NIM).

He holds a B.Sc in Business Administration from Ahmadu Bello University (1984) with specialisation in Finance. Ahmed has more than twenty two years of banking experience.

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	31 December 2012 N'000	31 December 2011 N'000	As at 1 January 2011 N'000
c. Held to maturity investments			
Quoted investments			
Government debt securities	15,059,300	7,335,239	6,200,351
Other debt securities	-	-	-
	<u>15,059,300</u>	<u>7,335,239</u>	<u>6,200,351</u>
Unquoted investments			
Debt securities	40,069,492	48,660,333	30,907,237
	<u>55,128,792</u>	<u>55,995,572</u>	<u>37,107,588</u>
Collective impairment	(56,428)	(56,428)	(1,680,248)
	<u>55,072,364</u>	<u>55,939,144</u>	<u>35,427,340</u>

22. Other assets

	31 December 2012 N'000	31 December 2011 N'000	As at 1 January 2011 N'000
Advances under finance lease		8,340,026	4,679,453
Other assets comprise:			
Prepayments	6,516,715	6,135,488	6,349,046
Accrued income			
Interbranch balances	8,887,635	9,530,848	10,304,233
Due from subsidiaries	-	407,275	369,956
Fraud suspense	506,278	641,342	636,778
Stationery stocks	246,840	272,354	269,578
Other stocks	384,926	341,937	239,613
Head office suspense accounts	3,229,771	3,538,429	3,284,02
Account receivables	4,418,191	1,099,822	119,6013
Other debit balances	8,272,939	14,364,682	12,386,669
	<u>32,463,296</u>	<u>44,672,202</u>	<u>38,638,950</u>
Less:			
Allowance for impairment on advances under finance lease	-	-	(52,314)
Allowance for impairment on other assets	(13,191,768)	(13,042,271)	(11,466,374)
	<u>19,271,529</u>	<u>31,629,931</u>	<u>27,120,262</u>

Included in prepayments is an amount of N621.58 million which represent the unamortized balance of Banking Resolution Fund paid to the Central bank of Nigeria in August 2012.

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Impairment allowance for due advances under finance lease, other assets and non current assets held for sale

	Advances under finance lease	Other assets	Non Current Assets held for sale	Total N'000
	N'000	N'000	N'000	
At 1 January 2011	52,314	11,466,374	-	11,518,688
Charge for the year	52,314	11,466,374	-	1,766,714
Recoveries	-	1,766,714	-	-
Amounts written off	(52,314)	-	-	(243,131)
At 31 December 2011	-	(190,817)	-	13,042,271
Charge for the year	-	13,042,271	-	817,042
Recoveries	-	614,525	202,517	-
Amounts written off	-	-	-	(465,028)
	-	(465,028)	-	
At 31 December 2012	-	13,191,768	202,517	13,394,285

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23. Property and equipment

	Land and Buildings N'000	Leasehold Improvement N'000	Motor Vehicle N'000	Plant & Equipment N'000	Furniture & Fittings N'000	Total N'000
Cost:						
At 1 January 2011	17,341,147	1,622,669	2,558,344	10,521,339	1,934,514	33,978,013
Additions	808,711	423,015	505,160	1,044,797	330,240	3,111,923
Adjustments	40,867	(40,867)	-	-	-	-
Disposals	(27,650)	-	-	(20,859)	(252)	(1,072,533)
At 31 December 2011	17,181,170	2,004,817	2,993,987	11,545,277	2,264,502	36,017,403
Additions	342,714	87,087	169,370	505,558	408,070	1,512,799
Reclassification	-	-	(42,32)	-	-	(42,32)
Adjustments	-	-	-	-	-	-
Disposals	(31,018)	-	(94,276)	(31,047)	(63)	(156,404)
At 31 December 2012	17,492,866	2,091,904	3,069,039	12,019,787	2,672,509	37,373,755
Depreciation and impairment:						
At 1 January 2011	912,409	1,119,202	1,723,574	7,035,985	1,110,247	11,901,417
Charge for the year	409,813	124,727	416,620	1,026,202	308,408	2,285,770
Reclassification	-	-	-	-	-	-
Adjustments	-	-	-	(20,093)	(209)	(151,889)
Disposals	(65,139)	-	(66,448)	8,042,094	1,418,446	14,035,298
At 31 December 2011	1,257,083	1,243,929	2,073,746	8,042,094	1,418,446	14,035,298
Charge for the year	426,844	180,928	422,976	1,158,596	355,674	2,545,017
Reclassification	(8,146)	8,758	(367)	(235)	(289,95)	(279)
Adjustments	-	-	-	-	-	-
Disposals	(2,821)	-	(90,018)	(27,607)	(39)	(120,485)
At 31 December 2012	1,672,959	1,433,615	2,406,338	9,172,848	1,773,791	16,459,551
Net book value:						
At 1 January 2011	16,428,738	503,467	834,770	3,485,354	824,267	22,076,596
At 31 December 2011	15,924,087	760,888	920,241	3,503,183	846,056	21,954,455
At 31 December 2012	15,819,907	658,289	662,701	2,846,939	898,718	20,886,553

The land & buildings of the bank were revalued in August 2010 by Messrs Mohammed & Co. The sum of NZ\$2.19 billion was approved by the CBN and has been incorporated into the accounts of the bank. Leased assets of the bank have been disclosed separately as leasehold improvement as shown above. There are no outstanding commitments on lease payments.

24. Goodwill and other intangible assets

	31 December 2012	31 December 2011	As at 1 January 2011
	Goodwill N'000	Computer Software N'000	Total N'000
Cost:			
At 1 January 2011	17,085,026	2,174,835	19,259,861
Additions	-	56,246	56,246
Disposals	-	-	-
At 31 December 2011	17,085,026	2,231,081	19,316,107
Additions	-	69,144	69,144
Disposals	-	-	-
At 31 December 2012	17,085,026	2,300,225	19,385,251
Amortisation and impairment:			
At 1 January 2011	-	996,311	996,311
Disposals	-	-	-
Amortisation charge for the year	-	391,258	391,258
At 31 December 2011	-	1,387,569	1,387,569
Disposals	-	-	-
Amortisation charge for the year	104,435	395,053	395,053
At 31 December 2012	104,435	1,782,621	1,887,056
Net book value:			
At 1 January 2011	17,085,026	1,178,524	18,263,550
At 31 December 2011	17,085,026	843,512	17,928,538
At 31 December 2012	16,980,591	517,605	17,498,195

Since 2008, the Bank has always tested Goodwill for impairment on an annual basis in line with IAS 3. Goodwill carried in the Bank's books was tested for impairment as at the transition date 1/1/2011. The test showed that Goodwill was not impaired as at that point in time. In determining the goodwill impairment, the business segments of the Bank were used as its cash generating units. Based on the impairment computation for 2012, the South segment was deemed to have impaired and its share of the goodwill has been written down accordingly to the tune of the impairment charge.

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25. Deferred tax

	31 December 2012	31 December 2011 Computer	As at 1 January 2011
The movement on the deferred tax payable account during the year was as follows:			
At the beginning of the period	<u>7,634,265</u>	<u>7,755,608</u>	<u>7,755,608</u>
Temporary difference on fixed assets	(190,446)	(132,229)	-
Impairment allowance on assets	1,544,073	(264,457)	-
Unabsorbed loss and capital Allowance	<u>(1,042,487)</u>	<u>275,343</u>	<u>-</u>
	<u>311,140</u>	<u>(121,343)</u>	<u>-</u>
Unrealized gain on Available for sale financial investments.	<u>(596,847)</u>	<u>-</u>	<u>-</u>
	<u>7,147,823</u>	<u>7,634,265</u>	<u>7,755,608</u>

26. Investment in subsidiaries

	%	31 December 2012 N'000	31 December 2011 N'000	As at 1 January 2011 N'000
FUG Pensions Plc	55	-	-	550,000
Pelican Prints Ltd	100	-	11,904	11,904
Unity Capital and Trust Limited	100	-	445,059	401,500
Northlink Insurance Brokers Ltd	51	-	10,384	10,384
Unity Registrar Ltd	100	-	152,440	152,440
Caranda Management Services Ltd	42	-	55,000	55,000
New Devco Finance Services Ltd	95	-	352,648	352,648
Unity Bank Bureau De Change	100	-	287,301	287,301
Hexalix Property Management Ltd	100	-	100,000	100,000
		<u>-</u>	<u>1,414,736</u>	<u>1,921,177</u>
Less: Allowance		<u>-</u>	<u>(11,904)</u>	<u>-</u>
		<u>-</u>	<u>1,402,832</u>	<u>1,921,177</u>

These subsidiaries of the Bank were all incorporated in Nigeria. In compliance with Central Bank of Nigeria policy, the Bank has completely divested from the first five of the subsidiaries listed above. The Bank is in the process of fully divesting from the remaining four subsidiaries. In line with IFRS 5, these four have been reclassified as non current assets held for sale and impaired accordingly (See Note 16)

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27. Non Current Assets Held For Sale	629,632	-	-
Less Impairment	(202,517)	-	-
At 31 December	<u>427,115</u>	<u>-</u>	<u>-</u>

The balance on non current assets held for sale

Caranda Management Services	7,579
Hexalix Property Management Limited	60,890
Newdevco Limited	354,019
Unity Bureau De Change Limited	207,144
	<u>629,632</u>

Impairment on non current assets held for sale has been computed in line with the provisions of IFRS 5. The charge determined thereon has been charged to the income statement.

28. Due to customers	31 December 2012 N'000	31 December 2011 N'000	As at 1 January 2011 N'000
I. Analysis by type of account:			
Demand	161,568,351	171,020,123	123,079,242
Savings	32,626,988	28,323,733	25,326,082
Time deposits	45,141,926	58,470,292	63,587,804
Special product	9,178,862	5,961,746	8,042,757
Domiciliary	5,036,820	3,094,049	2,102,193
Due to other banks	16,507,100	7,483	7,483
	<u>270,060,046</u>	<u>266,877,426</u>	<u>222,145,561</u>

ii. Analysis by type of depositors

Government	99,407,580	110,907,710	111,323,912
Corporate	77,554,467	99,940,559	62,679,524
Individuals	93,097,999	56,029,157	48,142,125
	<u>270,060,046</u>	<u>266,877,426</u>	<u>222,145,561</u>

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29. Debt issued and other borrowed funds

	Bank of Industry (Note 29b(i)) N'000	AFREXIM (Note 29b(ii)) N'000	Total N'000
As at 1/1/10	-	-	-
Additions	17,738,789	-	17,738,789
As at 31 December 2010	<u>17,738,789</u>	<u>-</u>	<u>17,738,789</u>
As at 1/1/11	17,738,789	-	17,738,789
Additions	13,911,537	19,200,000	33,111,537
As at 31 December 2011	<u>31,650,326</u>	<u>19,200,000</u>	<u>50,850,326</u>
As at 1/1/12	31,650,326	19,200,000	43,007,826
Additions	3,584,173	-	3,584,173
As at 31 December 2012	<u>35,234,499</u>	<u>19,200,000</u>	<u>54,434,499</u>

a. The amount represent finances from the bank of industry as intervention funds for some industries. Disbursements have been made and form part of the bank's total loan portfolio. The bank has pledged FGN Bonds for the above in the sum of N23.76 billion

b. This represents the sum of

- (i) term loan facility of USD 70 million 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 for 3 Months deposit in US dollars as applicable plus a margin of 5.45%. The facility was secured over the permitted accounts, the change over FGN Treasury and a security assignment bills valued at USD 84 million deed whereby UnityBank will assign to AFREXIM all securities taken from its clients benefitting from this facility.
- (ii) A trade finance facility of USD 50 million from AFREXIM Bank. This is a 90 day renewable facility priced at LIBOR for 90 days period plus a spread of 2.3% per annum.

30. Current tax liabilities

	31 December 2012 N'000	31 December 2011 N'000	As at 1 January 2011 N'000
Current tax payable			
At the beginning of the period	642,480	899,277	309,598
Amounts recorded in the income statements	587,806	642,480	899,277
Payments made on-account during the year	(638,775)	(1,024,084)	(264,991)
Prior year's under/(over)provision	-	124,807	(44,607)
At the end of the period	<u>591,511</u>	<u>642,480</u>	<u>899,277</u>

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	31 December	31 December	1 January
	2012	2011	2011
	N'000	N'000	N'000
31. Other liabilities			
Interest payable	878,524	461,429	281,612
Accounts payable	1,606,738	157,579	1,433,151
Bankers payment and branch drafts	1,461,827	2,329,103	1,592,994
Deferred fees	762,090	1,525,929	928,887
Provision and accrual	1,042,104	731,012	1,990,525
Unearned discounts and incomes	4,749,204	155,285	53,613
Margin on letters of credit	5,273,071	2,666,000	852,197
Sundry Creditors	3,083,111	8,902,661	11,533,527
	<u>18,856,671</u>	<u>16,928,998</u>	<u>18,666,506</u>

The movement in Obligations under financial guarantees during 2012 is as follows:

At January 1	105,054	6,634
Arising during the year	724,821	159,341
Utilized	(304,603)	(60,921)
At 31 December	<u>525,272</u>	<u>105,054</u>

32. Retirement benefit plan

Defined contribution plan

A defined contribution plan is a pension plan under which the bank pays fixed contributions; there is no legal or constructive obligation to pay further contributions. The assets of the plan are held separately from those of the bank in a fund under the control of trustees.

The total expense charged to income of N796 million represents contributions payable to these plans by the bank at rates specified in the rules of the plan.

	31 December	31 December
	2012	2011
	N'000	N'000
Opening defined contribution obligation	164,924	230,182
Charge for the year	951,144	890,395
Payment to Fund administrator	(796,298)	(955,653)
	<u>319,771</u>	<u>164,924</u>

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33. Issued share capital and reserves

	31 December 2012 N'000	31 December 2011 N'000	As at 1 January 2011 N'000
Authorised			
60,000,000,000 ordinary shares of 50 kobo each	<u>30,000,000</u>	<u>30,000,000</u>	<u>30,000,000</u>
Ordinary shares Issued and fully paid:			
34,951,536,100 ordinary shares of 50k each	<u>17,475,768</u>	<u>17,475,768</u>	<u>16,643,588</u>
At 1 January 2011	<u>17,475,768</u>	<u>16,643,588</u>	<u>16,643,588</u>
Capitalisation of share premium	<u>-</u>	<u>832,180</u>	<u>-</u>
At 31 December 2011	<u>17,475,768</u>	<u>17,475,768</u>	<u>16,643,588</u>
Capitalisation of share premium	<u>-</u>		
At 31 December 2012	<u>17,475,768</u>	<u>17,475,768</u>	<u>16,643,588</u>

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34. Other reserves

	Available for sale Reserve N'000	Share Reconstruction Reserve N'000	Reserve For SM1EIS N'000	Assets Revaluation Reserve N'000	Non- distributable regulatory reserve N'000	Total N'000
At 1 January 2011	(653,965)	14,501,904	440,116	7,219,000	3,209,215	24,716,270
Transfer from retained earnings in respect of excess of Prudential guideline provisions over IFRS	-	-	-	-	1,210,463	1,210,463
Net loss on available for sale financial assets	(334,721)	-	-	-	-	(334,721)
Reclassification of fair value changes	140,869	-	-	-	-	140,869
At 31 December 2011	(847,817)	14,501,904	440,116	7,219,000	4,419,678	25,732,881
Adjustment on Remeasurement	-	-	-	-	-	-
Transfer from retained earnings in respect of excess of Prudential guideline provisions over IFRS	1,455,937	-	-	-	122,090	1,222,090
Net gain on available for sale financial assets	-	-	-	-	-	1,455,937
Net loss on available for sale financial assets	-	-	-	-	-	-
At 31 December 2012	608,120	14,501,904	440,116	7,219,000	4,541,768	27,310,908

Available for Sale Reserve

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

Board of Directors

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■ **Ibrahim Tanko Mohammed**
Executive Director
Central

Ibrahim Tanko Mohammed is fifty three years old and was appointed Executive Director on March 18, 2011. In the course of his long sojourn in the banking industry, he has traversed widely in First Bank of Nigeria Plc, Afribank Nigeria Plc, the former Habib Bank Nigeria Ltd, and Intercity Bank Plc. He draws his experience from branch banking and operations, credit and marketing and turnaround management where he achieved recognition for exceptional performance.

Ibrahim was Executive Assistant to the Pioneer Group Managing Director of Unity Bank Plc. He was also Head, Human Capital Management, and Divisional Head, Corporate Services at Unity Bank before his appointment as Executive Director. He was actively involved in the consolidation processes of Unity Bank Plc.

Over the years, Ibrahim has sharpened his skills by successfully attending Mastering Strategy course in Lagos Business School, Oracle E-business at the Oracle University, Dubai, Executive Leadership, Turning Strategy Into Action among others.

He attended Barewa College, Zaria, and holds a B.Sc in Agric Economics from Ahmadu Bello University (1984) and M.Sc in Banking & Finance from Bayero University, Kano (BUK). He has twenty three years banking experience.

Share Reconstruction Reserve

The Shareholders of the Bank agreed at the Extra-Ordinary General Meeting of the Bank held at Nicon Hilton Hotel, Abuja on the 6 December 2006 to restructure the issued and fully paid capital from N21,752, 856 to N7,250, 952 which represents one new issued share for every three previously held leading to capital reserve of N14,501,904,000.

Statutory Reserve

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by section 16(1) of the Banks and Other Financial Institutions Act of 1991 (amended), an appropriation of 30% of profit after tax is made if the statutory reserve is less than the paid up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up capital.

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.

Non Distributable Regulatory Reserve

This is a reserve created by comparing impairment of risk assets under IFRS and provisions for risk assets using CBN Prudential Guidelines. Where the impairment amount under IFRS is lower than the provisions amount under Prudential Guidelines, the IFRS impairment figure is used in the accounts. However, the difference between the IFRS impairment and Prudential guidelines provisioning is removed from the distributable reserve to a non-distributable reserve. This approach resulted in the N3.2 billion and N1.2 billion adjustment to the reserve for 2010 and 2011 respectively.

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35. Additional cash flow information

	31 December 2012 N'000	31 December 2011 N'000	As at 1 January 2011 N'000
Cash and cash equivalents			
Cash on hand (Note 15)	4,412,572	3,511,838	4,173,845
Current account with the Central Bank of Nigeria (Note 15)	36,832,860	6,812,010	11,032,533
Due from banks	13,586,888	62,016,589	33,401,527
	<u>54,832,319</u>	<u>72,340,437</u>	<u>48,607,905</u>

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

	31 December 2012 N'000	31 December 2011 N'000
Changes in operating assets		
Deposits with the Central Bank of Nigeria	10,154,720	(15,246,518)
Loans and advances to customers	(71,166,087)	(1,186,364)
Other assets	19,433,736	(6,033,252)
	<u>(41,577,631)</u>	<u>(22,466,134)</u>
Changes in operating liabilities		
Due to customers	3,182,620	44,731,865
Current tax liabilities	(50,968)	(256,797)
Other liabilities	1,927,673	(1,737,508)
Defined contribution	(1,328,565)	(65,258)
	<u>3,730,760</u>	<u>42,672,302</u>

Other non-cash items included in profit before tax

	31 December 2012 N'000	31 December 2011 N'000
Impairment losses on financial investments	-	205,186
Impairment Credit Loss Expense	(1,352,911)	(1,118,008)
Impairment losses on goodwill & non current assets held for sale	(306,952)	
Depreciation of property and equipment	2,545,017	2,285,770

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Amortisation of intangible assets	395,053	391,256
Movement in other comprehensive income	1,455,937	(334,721)
Profit on disposal of Property and equipment	(1,286,346)	(1,355,137)
Gains from sale of investments	(902,081)	(140,347)
	<u>(780,846)</u>	<u>254,768</u>

Assets and liabilities of disposed subsidiaries 31 December
 2012
 N'000

Cash & cash equivalents 604,915

Other assets

Loans & Advances	14,497
Investments	351,772
Other assets	58,957
Fixed assets	143,257
	<u>1,173,399</u>

Liabilities

Deposits & Current accounts	6,351
Due to other banks	1,971
Tax payable	6,275
Other liabilities	620,577
	<u>635,174</u>

36. Fair value of financial instruments

Financial instruments recorded at fair value

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

Financial investments –available for sale

Available for sale 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 operates.

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
- 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 2012	Level 1	Level 2	Level 3	Total
Financial assets	N'000	N'000	N'000	N'000
Financial investments available for sale				
Treasury bills	20,154,374	-	-	20,154,374
Government bonds	76,782	-	-	76,782
Quoted equity investment	3,743,801	-	-	3,743,801
Unquoted equity investments	-	2,603,278	-	2,603,278
	<u>23,974,957</u>	<u>2,603,278</u>	<u>-</u>	<u>26,578,235</u>
31 December 2011				
Financial investments available for sale				
Treasury bills	9,112,375	-	-	9,112,375
Government bonds	3,000,180	-	-	3,000,180
Quoted equity investment	2,998,942	-	-	2,998,942
Unquoted equity investments	-	-	2,851,961	2,851,961
	<u>15,111,497</u>	<u>-</u>	<u>2,851,961</u>	<u>17,963,458</u>

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37. Movements in level 3 financial instruments measured at fair value

The level of the fair value hierarchy of financial instruments is determined at the beginning of each reporting period. The following table shows a reconciliation of the opening and closing amounts of level 3 financial assets and liabilities which are recorded at fair value:

Financial investments available for sale:		Total gains/(losses) recorded in profit or loss N'000		Total gains/(losses) recorded in equity N'000		Purchases N'000		Sales N'000		Settlements N'000		Transfer from level 3 to level 2 N'000		At 31 Dec-11 N'000	
At 1 January 2011 N'000	At 1 January 2012 N'000	Total gains/(losses) recorded in profit or loss N'000	Total gains/(losses) recorded in equity N'000	Total gains/(losses) recorded in equity N'000	Purchases N'000	Sales N'000	Settlements N'000	Transfer from level 3 to level 2 N'000	At 31 Dec-11 N'000						
3,600,576	2,851,960	-	893,867	-	305,467	1,054,083	-	-	2,851,960						
Unquoted equity investments	Unquoted equity investments														

Financial investments available for sale:		Total gains/(losses) recorded in profit or loss N'000		Total gains/(losses) recorded in equity N'000		Purchases N'000		Sales N'000		Settlements N'000		Transfer from level 3 to level 2 N'000		At 31 Dec-11 N'000	
At 1 January 2012 N'000	At 1 January 2012 N'000	Total gains/(losses) recorded in profit or loss N'000	Total gains/(losses) recorded in equity N'000	Total gains/(losses) recorded in equity N'000	Purchases N'000	Sales N'000	Settlements N'000	Transfer from level 3 to level 2 N'000	At 31 Dec-11 N'000						
2,851,960	2,851,960	893,867	197,783	197,783	15,750	1,356,083	-	-	2,603,278						
Unquoted equity investments	Unquoted equity investments														

The following table shows total gains and losses recognised in profit or loss during the year relating to assets and liabilities held at the year end.

Net trading income N'000	For the year ended 31-Dec-12		For the year ended 31-Dec-12		Net gain or [loss] on financial instruments designated FVTPL N'000		Net gain or [loss] on financial instruments designated FVTPL	
	Other operating income N'000	Net trading income N'000	Other operating income N'000	Net trading income N'000	Net gain or [loss] on financial instruments designated FVTPL	Net gain or [loss] on financial instruments designated FVTPL	Net gain or [loss] on financial instruments designated FVTPL	
-	273,873	-	323,351	-	-	-	-	
-	-	-	-	-	-	-	-	
-	8,213	-	129,767	-	-	-	-	
-	282,086	-	453,119	-	-	-	-	

Financial investments - available for sale:

Quoted investments
Government bonds
Treasury bills

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38. 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.

	2012		2011	
	Carrying amount N'000	Fair value N'000	Carrying amount N'000	Fair value N'000
Financial assets				
Cash and balances with central bank	41,245,431	41,245,431	27,702,285	27,702,285
Due from banks	14,569,247	13,586,888	61,034,230	61,034,230
Loans and advances to customers	194,781,168	189,041,345	117,875,260	117,875,260
	<u>250,595,846</u>	<u>243,873,663</u>	<u>206,611,775</u>	<u>206,611,775</u>
Financial investments – held to maturity	<u>55,072,364</u>	<u>55,072,364</u>	<u>48,603,905</u>	<u>48,603,905</u>
	<u>305,668,210</u>	<u>298,946,027</u>	<u>255,215,680</u>	<u>255,215,680</u>
Financial liabilities				
Due to customers	270,060,046	270,060,046	266,877,426	266,877,426
Debt issued and other borrowed funds	54,434,499	54,434,499	7,842,500	7,842,500
	<u>324,494,545</u>	<u>324,494,545</u>	<u>274,719,926</u>	<u>274,719,926</u>

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.

Fair Value of financial assets attributable to changes in credit risk

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

From the Chief Risk Officer's Desk

Risk Management Initiatives

Main objective of ERM framework in Unity Bank is to minimize losses, maximise efficiency and reduce earnings volatility. This objective is being achieved.

The framework runs on a platform of policies and processes that can proactively identify, measure, manage, control, monitor, and report on enterprise risk exposures in the Bank on an integrated basis.

Having an understanding and conviction of the strategic importance of an integrated approach in managing risk and performance, the Bank embarked on a holistic review of its enterprise risk management strategy by setting up Project ERM and Credit Risk Management Project in the previous year. It also continued the implementation of ISO 27001 and PCIDSS Projects and achieved the ISO 27001 Certification during the year. All are aimed at evolving an international best practice in its Risk Management policies and practices. The Projects delivered and are still delivering on their objectives: Project ERM delivered on risk management policies and processes; ISO 27001 and PCIDSS Projects delivered on policies for information security management system, while Credit Risk Management Project is delivering on a complete overhaul of the Bank's credit risk management processes and bridging of gaps in the policies.

Upon completion of the ERM Project, Management converted the Project ERM into ERM Department reporting directly to ED, Risk Management to ensure sufficient authority to oversee the full implementation of the approved policies.

Implementation of enterprise risk management policies are on-going commencing with sensitization, risk appetite setting, capacity building, and soon. The Credit process was also overhauled during the period.

In continuation of the process of sharpening the Bank's Risk Management process, the following key activities were carried out during the review period:

- The policy framework is robust by any standard. We have copies of the policies of some other Banks which were designed by external consultants and ours compared favourably well with them. I believe the CBN Examiner would need to read the policies so that they could appreciate their contents better.
- Stress Test was carried out for the first time in the Bank on static variables.
- Risk appetite setting proposal has been set and reviewed by Executive Management undergoing final review which is somehow awaiting some internal and external data which have not been easy to come by.
- The framework has been extended to incorporate ISMS.
- Risk Assessment was carried out for Operations Division, the outcome is in the risk register which is also being monitored.
- Risk Assessment was successfully carried out for E-Channel Products.
- IT Risk Assessment was carried out following which penetration testing was also carried out. Remedial actions

are also been taken

- Loss event tracking has commenced.
- Foreign exchange risk is being reviewed and monitored more closely now.
- Enterprise Risk awareness training has commenced with 9 batches successfully concluded.
- Market Risk and ALCO Reports are now more focused on ALM and Market Risk Issues with presentations by various stakeholders.
- A robust IT BCM was put in place in addition to the other existing plans.
- Liquidity Contingency plan has been activated. The Bank has practical access to DPL lines right now even without formal lines in place. Formalizing the lines are on-going but a fool-proof to accessibility when there is a challenge.

Global and Local Economic Environment Risk Overview

The global economy continued its slow recovery in 2012. The year was another eventful one for the Eurozone sovereign creditworthiness and ratings. It was a year characterised by fiscal challenges that began with the downgrade of nine euro zone sovereign ratings in January, including the loss of the 'AAA' ratings of France and Austria, which both countries had held for more than three decades. China missed the 10 percent target foreign trade growth rate set in the year but recorded a 6.2 percent year-on-year growth to \$3,867 trillion as the year saw a deepening of the euro zone debt crisis and the lacklustre global economic recovery hit demand. President Barack Obama of the United States was re-elected at the 57th quadrennial election held in November to steer the affairs of the world's biggest economy for the next four years. The US economy continued its anaemic recovery which was characterised by low demand, sluggish growth, high unemployment and a deteriorating fiscal outlook blamed on political polarisation and policy uncertainty. The eventual resolution did not go without the unpalatable instance of downgrade of the US credit rating by S & P. The Euro Zone had to also court China to make cash available to support the recovery of some of their liquidity distressed members. The risks associated with these fiscal challenges including systemic risk that could result into double dip recession, waned demand for commodities and possible adverse effect on prices with domino impact on emerging economies were mitigated from crystallizing by the global organised response.

Domestic risks witnessed in the year include the continued Political and Security risks. It was a year characterised by increased terrorism activities, rising inflation orchestrated by the partial subsidy removal, air mishaps, rampant corruption with government efforts making very little improvements. Terrorism activities led to the closure of some business locations to mitigate security risk.

Others include very poor quality infrastructure which hampered growth and played a role in the country's export potential. Although improvement in electricity was impressive, primary indicators concealed the structural problems, including a heavy dependence on oil exports and a distorted foreign exchange market.

This risk arose due to increased minimum wage which put pressure on the finances of government and huge

electioneering spending further compounded by fuel subsidy spending. The Bank took proactive response to review its business strategy including credit exposures to government at all levels.

In line with its business plan to rev up the performance of the Bank towards improved operational profitability, a communication concept of 'Good to Great' was evolved and deployed to galvanise the generality of the workforce towards the same direction of the Bank's strategic objective.

Very poor quality infrastructure continues to hamper growth, though recent improvements are impressive. Electricity remains the top concern.

Strategic Risk

Again the Bank reviewed and revalidated its strategy during the year. Risk of inappropriate or unimplementable strategy was mitigated through the strategy process. The Bank carried out a robust and thorough self review and environmental scanning spanning historical and futuristic perspectives vis-a-vis its current position. In implementing the strategy, the Bank carried out some reorganisation to place its people based on demonstrated competence and talents. All were done to support the drive towards the achievement of its ambitious but realistic corporate strategy.

Compliance and Legal Risk

The Bank implemented both system-based and manual controls to ensure compliance with rules, regulations and laws governing operations of a financial institution in Nigeria. We have Zero-tolerance for non-compliance with Know-your-customer and Know-your-customers' business regulations in the Bank. Officers are exposed to detail and regular training on anti-money laundering practices to acquire relevant capacity to manage these franchise risk issues. Expert opinions are obtained from internal and external solicitors to manage legal risks in all its key decision making processes.

Credit Risk

To demonstrate the Bank's commitment towards a dramatic improvement in its loan portfolio, the Bank hired a Resident Consultant to provide guidance and help build internal capacity among the operating staff specifically in this risk area. Specialized lending area with particular reference to Agriculture finance amongst others received special attention. Also credit risk rating framework has been developed in the Bank which will be deployed subsequent to year-end.

As a result of the above and AMCON purchases of toxic assets, the quality of the Bank's risk assets improved significantly during the year.

Efforts are intensified to ensure that the Bank sustains and improve on the quality of the loan books. While industry credit growth was generally towards public sector, Unity Bank sustained its focus on providing funding for the real sector including agriculture and manufacturing.

Operational Risk

Minimisation of operational losses attributable to failed or inadequate processes, systems, people and external events are the focus of the Bank's operational risk management practices. The results of these efforts were evidenced in the relatively low fraud rate and amount during the period which is far below industry average.

Some fraud control measures including cheque processing and confirmation procedures were tightened during the period under review. Massive fraud awareness campaign which was commenced in previous financial year was concluded during the year.

The Information technology system down-time and failure risk were isolated to be significant hence the Bank decided to increase investments in replacement and up-grading of its servers. In this respect, the Bank became the first to deploy Oracle 11G in the Nigerian banking industry. In line with this, it also introduced Citrix software to help optimize its network resources. Also in order to achieve higher level of customers' satisfaction, the Bank deployed 'BPM' workflow engine to automate its credit process.

Physical Security risk was also responded to with appropriate mitigation procedures by improved surveillance and caution in all the Bank's business locations.

Reputational Risk

Among the steps taken to manage exposure to reputation risk was the engagement of renowned World Class Consultant, John Tschol, to take the Bank through a strategic process of service delivery.

Also, culture change initiatives were embarked upon by the Bank to ensure the evolution of the right attitude Bankwide.

Risk Management Outlook

Having successfully upgraded the Bank's enterprise risk management policies and processes, the outlook portends higher level of risk management in the next financial year. This will certainly impact positively on the quantum and quality of earnings of the Bank in the years ahead.



■ **Olarewaju Elisha Fagbohun**
Executive Director
Lagos & West

Olarewaju Elisha Fagbohun is fifty one years old. He was appointed Executive Director on March 18, 2011. He began his banking career with the former Habib Bank Limited in 1985. He has had good experience in several key areas of banking business ranging from operations to relationship management.

Over the years, he has worked in former BankPHB and Spring Bank Plc. He has at various times held leadership positions such as Regional Manager, Regional Director, Internal Managing Director and Executive Director (Lagos & West) at the former Spring bank Plc.

He obtained a BSc in Psychology from the University of Lagos in 1984 and an MBA (Banking & Finance). During the course of his career, he attended several local and international courses. He is an alumni of The Wharton School, University of Pennsylvania and IMD, Switzerland.

He joined the Board of Unity Bank Plc with about twenty five years of core banking experience.

Conclusion

The Board and Management of the Bank are committed to implementing robust risk management policies towards creating and preserving value for its numerous internal and external stakeholders. It is our belief that effective enterprise risk management framework is a sine qua non of a sustainable growth and survival of any enterprise especially during extreme conditions of stress. The Bank will leave no stone unturned to imbibe best practice in this direction and also ensure that the policies are embedded in the decision and operational levels of the Bank. In order to achieve this, the performance management system will incorporate risk capital allocation and risk-adjusted return on capital targets in no distant future. Also, automation of the Enterprise Risk Management process shall be implemented in due course.

Significant progress has been made in managing the Bank's risks on an integrated basis

Thank you



Rislanudeen Muhammad
Chief Risk Officer

Risk Management Disclosure

OVERVIEW | REPORTS OF THE BOARD | MANAGEMENT | OTHER STATUTORY REPORTS
FINANCIAL STATEMENTS | CORPORATE INFORMATION | SHAREHOLDER INFORMATION

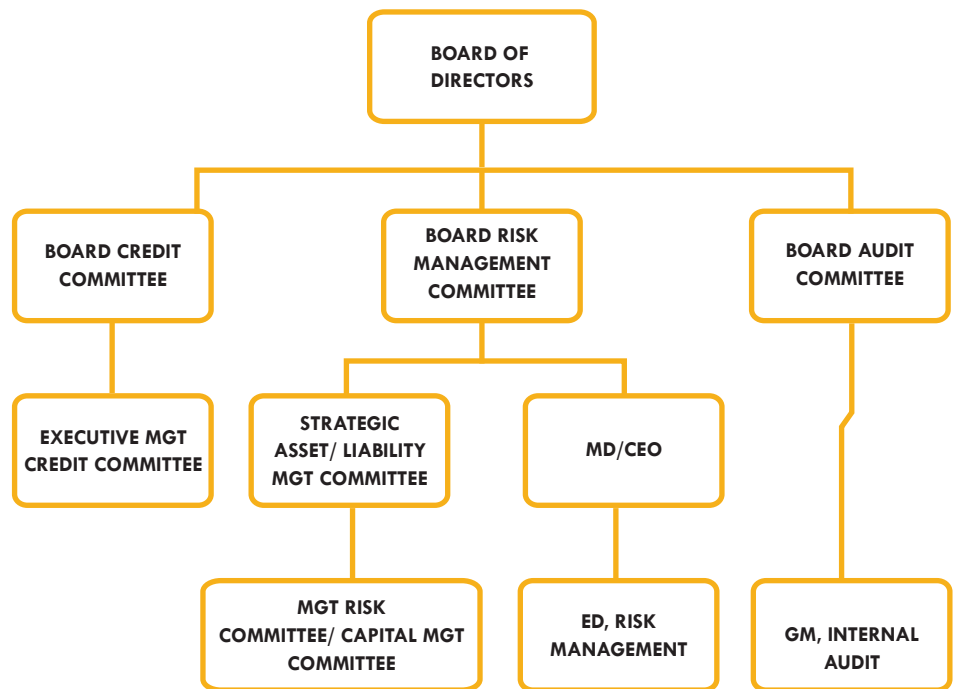
ENTERPRISE RISK MANAGEMENT FRAMEWORK

Risk Governance Structure

1. BOARD OF DIRECTORS

2. BOARD COMMITTEES

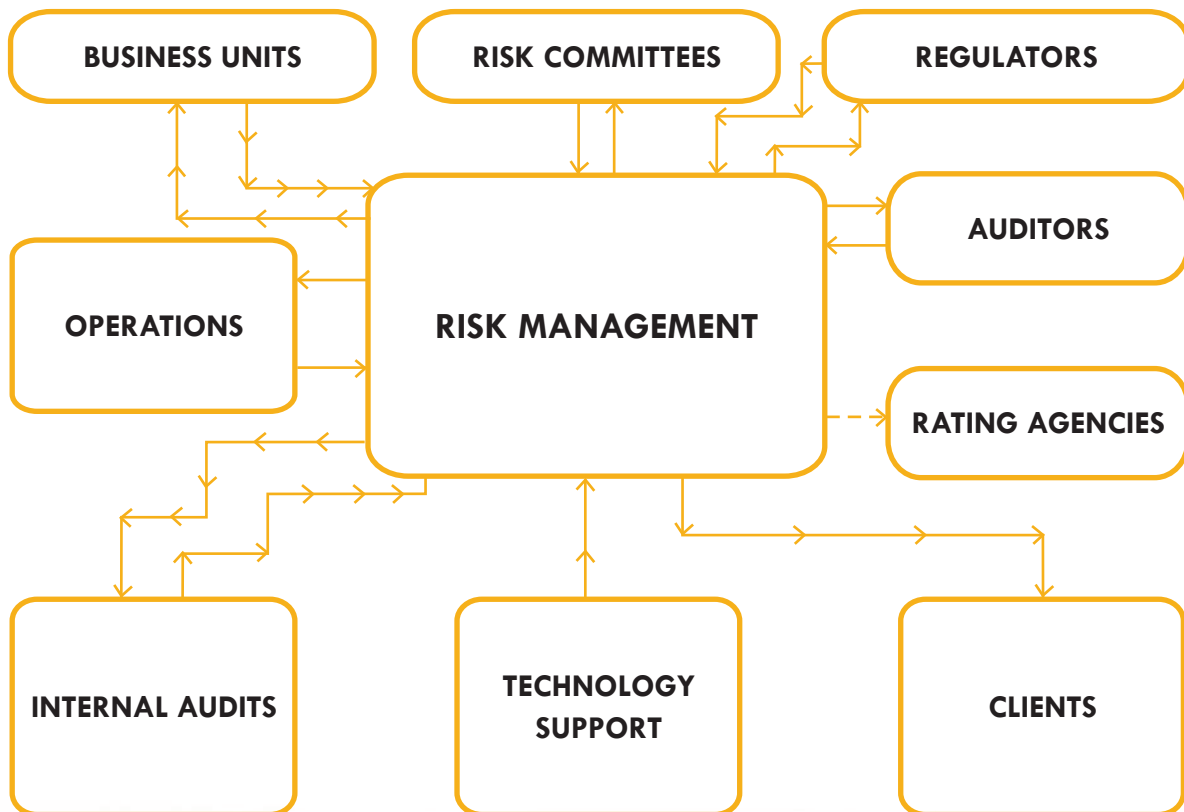
3. EXECUTIVE MANAGEMENT



Risk Management Disclosure

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FINANCIAL STATEMENTS | CORPORATE INFORMATION | SHAREHOLDER INFORMATION

Risk Management Relationships – Internal and External



ROLES AND RESPONSIBILITIES

Board of Directors

The Board has the overall responsibility for all risk policy formulation bankwide thereby setting the risk agenda for enterprise risk management.

The Board and its Committees are being subjected to annual corporate governance review

Board Risk Management Committee (BRMC)

The Board Risk Management Committee has the oversight function of insulating the Bank from operational and lending risks. It has the following membership.

Membership of Board Risk Management Committee

Mallam Gimba Hassan	Non-Executive Director	Chairman
Mallam Ado Y. Wanka	MD/Chief Executive Officer	Member
Mr. Richard A. Asabia	Non-Executive Director	Member
Dr. Oluwafunsho Obasanjo	Non-Executive Director	Member
Alhaji Rislanudeen Muhammad	ED, Risk Management & Control	Member
Alhaji Ahmed Yusuf	ED, IT and Operations	Member
Mrs. Aisha Abraham	Group Company Secretary	Secretary

The Committee is charged with the following responsibilities:-

- Overseeing the overall Risk Management of the Bank;
- Review periodically, Risk Management objectives and Policies for consideration of the full Board;
- Establish the Risk Rating Agencies, Credit Bureau and other related services providers to be engaged by the Bank;
- Approve the Internal Risk Rating Mechanism;
- Review the Risk compliance reports for regulatory authorities;
- Review and approve exceptions to Group Risk policies
- Review of policy violations on Risk issues at Senior Management level;
- Certify Risk reports for credits, operations, market/liquidity subject to limits set by the Board.

Board Credit Committee (BCC)

The Board Credit Committee charged with the responsibility of evaluating and or approving all credits beyond the powers of the Management and below the powers of the Board. The Committee has the following membership:-

Mr Richard GAsabia	Non-Executive Director	Chairman
Mallam AdoY. Wanka	MD/Chief Executive Officer	Member
Mallam GimbaHassan Ibrahim	Non Executive Director	Member
Engr Ahmed Ibrahim	Non-Executive Director	Member
Alhaji Aminu Babangida	Non- Executive Director	Member
Mr Thomas Etuh	Non-Executive Director	Member
Mr Lanre Fagbohun	Executive Director, Lagos & West	Member
Alhaji Ismaila Galandanci	Executive Director, North West	Member
Mr. Rislanudeen Muhammad	Executive Director, Risk Mgt. &Control	Member
Alhaji Ibrahim Tanko Muhammed	Executive Director, Central	Member

The following are the responsibilities of the Committee:

- Evaluating and approving all credits within its powers delegated by the Board;
- Evaluating and recommending all credits beyond its powers to the Board;
- Review of credit portfolio in line with set objectives.
- Review of classification of Advances of the Bank based on Prudential guidelines on quarterly basis;
- Approving the restructuring and rescheduling of credit facilities within its powers;
- Write-off and grant of waivers within powers delegated by the Board; and
- Periodic review of Credit Manuals and Guidelines.

Board Audit Committee

Membership of the Audit Committee consists of an equal number of Directors and representatives of the Shareholders of the Bank, subject to a maximum number of six members.

Members include:-

Alh. Mustapha B. Atiku	Shareholders' Representative	Chairman
Ms Funke Titi Shodeinde	"	Member
Mr. Joseph Akin Ogbeni	"	Member
Engr. Oluseun Mabogunje	Non-Executive Director	Member
Alh. Ibrahim MA. Kaugama	Non - Executive Director	Member
Alh. Aminu Babangida	Non-Executive Director	Member

The Audit Committee shall be responsible for:-

- Ensuring that there is an open avenue of communication between the External Auditors and the Board.
- Reviewing the periodic financial results, and other published information to satisfy itself that they meet all statutory requirements and appropriate Financial Reporting Standards.
- Review annually the accounting policies of the Bank and make recommendations to the Board.
- Review and assess the annual internal audit plan.
- Receive and review on quarterly basis, Internal Auditors Reports of the Bank.
- Review and monitor Management's responsiveness to the findings and recommendations of the Internal Auditors.
- Reviewing the Bank's internal financial controls and risk management systems, and submitting these reviews and its recommendations to the Board.
- Considering and reviewing with the external auditors the adequacy of the Bank's systems of internal control (including computerized information systems).
- Review promptly all material Reports on the Bank from the internal auditors.
- Review the activities, resources, organizational structure and the operational effectiveness of internal audit, and where appropriate, make recommendations to the Board.
- Recommend to the Board the appointment, re-appointment and removal of the external auditors.
- Review and discuss any Report from the external auditors on critical accounting policies including Management's response.
- Develop and implement policies on the engagement of Accountants other than the external auditors to supply non-audit services, and recommend to the Board e.g. tackling reconciliation problems.
- Review arrangements by which staff of the Bank 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.
- Monitor and review the standards of risk management and internal control, including the processes and procedures for ensuring that material business risks, including risks relating to IT security, fraud and related matters, are properly identified and managed.
- the effectiveness of internal control, financial reporting, accounting policies and procedures, and the Bank's statements on internal controls before they are agreed by the Board for each year's Annual Report.
- Consider and review the process for risk management annually to ensure adequate oversight of risk faced by the Bank and the system of internal controls and reporting of those risks within the Bank.
- Receive regular Reports on significant litigation and financial commitments and potential liability (including tax) issues involving the Bank.

Reporting - all the Board Committees are sub-committees of the Board hence they report their activities to it.

Executive Management Committee (EXCO)

Membership of EXCO comprises all Executive Directors of the Bank. The Committee shall be responsible for amongst others:

- Ensuring the implementation of risk policies established by the Bank.
- Report risk issues to the relevant Board Committees and the Board.
- Review and assess the annual internal audit plan.

Assets- Liabilities Management Committee (ALCO)

Membership of ALCO comprises all Executive Directors and other top management staff of the Bank. The Committee shall be responsible for amongst others:

- Ensuring the optimum deployment of the Bank's liquidity.
- Efficient deployment of the assets and liabilities balancing risk and returns.
- Periodic capital adequacy review.
- Manage exposure to market risks generally.

The ALCO Committee has a technical Committee that carries out the review of the Assets and Liabilities of the Bank in more technical details and makes recommendations to Strategic ALCO for approval and implementation.

Enterprise Risk Management Committee

This is a statutory body mandated by the regulatory authorities. It shall carry out the following functions:-

- Establish the Bank's risk profile and manage the profile to be in line with the Bank's risk appetite.
- Review and ensure the adequacy of enterprise 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 risk reports with a view to making necessary remediate recommendations.
- Review adequacy of controls bank-wide.
- Review the 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.

Membership

1. ED, Risk Management & Controls - (Chairman)
2. Divisional Head, Risk Management
3. Divisional Head, Operations

4. Divisional Head, Internal Audit and Inspection
5. Divisional Head, Corporate Services
6. Divisional Head, Regulatory Compliance
7. Head, ERM
8. Representative of Strategy and Corporate Development
9. A representative from Business Directorate
10. Head, Treasury
11. Head, Financial Control
12. Enterprise Risk Management - Secretariat

The committee has reporting relationship to the Executive Management.

Risk Management Departments and their Key Functions

Regulatory Compliance Division

This Division comprising of two Departments viz: Regulatory Compliance and Internal Control Departments:-

- Ensuring compliance with regulatory laws, policies and instructions
- Ensure compliance with anti-money laundering laws
- Prepare anti-money laundering returns to NFIU and other Regulatory Bodies
- Ensure internal compliance with Know-your-customers regulations
- Organise training on Anti-money laundering as required.
- Ensure compliance with the Bank's approved policies and procedures in all locations by all stakeholders.
- Report exceptions timely to Management for appropriate action.
- Provide Management with processed information or statistics about trend of exceptions and events for strategic decision making e.g. for policy review.
- Provide information for Operational Risk Management.

Financial Control Department (FINCON)

FINCON's responsibilities shall include:-

- Bank-wide budgeting and budget performance review
- Expenditure control
- Preparation of financial reports for Management and external users
- Tax planning and management
- Regulatory returns
- External auditors liaison
- Managing the Bank's General Ledger

Risk Management Divisional Office

Divisional Office oversees three key risk functions comprising:

- Credit Risk
- Credit risk approval process
- Loan monitoring and reporting process
- Loan remediation process
- Market risk management and ALM process
- Operational risk management process

Credit Risk Department (CRD)

The CRD's responsibilities shall include:

- Reviewing and certifying all credit requests before approval by the relevant approving authorities
- Reviewing issues affecting credit process efficiency and/or effectiveness.
- Reviewing and recommending changes to the Risk Assets Pricing Policy.
- Issuing of Credit Circulars approved by Management.
- Appraising and recommending the appointment of professional service agents e.g. Estate Valuers, Warehousing agents, Project consultants etc.
- Compiling data for the measurement of Credit Risk for the Bank.
- Listing and reviewing of credit events for consideration in Credit Risk Assessment.
- Preparing monthly Portfolio Credit Risk Ratings and Limits Reports showing Risks and Rewards.
- Ensure appropriate pricing of risk assets.
- Compliance with the Bank's risk appetite definitions and RAAC.

Credit Administration Department (CAD)

The CAD's responsibilities shall include:

- Evaluating performance of credits to ensure that they are managed in accordance with the dynamics, terms and conditions of their approval.
- Rendition of Credit Risk Management System (CRMS) Returns to CBN.
- Rendition of all periodic credit reports to CBN.
- Monthly review and classification of Risk Assets portfolio in line with the provisions of the Prudential Guidelines
- Reviewing the Bank's credit process; identifying credit process lapses and recommending corrective measures
- Monitoring and ensuring compliance with the Credit and Monetary Policy Guidelines as well as the Bank's portfolio plans
- Evaluating and recommending of disbursement of approved credits
- Approving requests for the release of security documents
- Executes the Assets Remediation functions which includes;

Enterprise Risk Management Department

This Department situated at the Office of the ED, Risk Management has the following roles:-

- Coordinate the evolution of ERM Policy and custodian of same bank-wide
- Co-ordinate effective implementation of ERM policies in all the core risk areas of the Bank including Credit Risk, Market Risk, Operations Risk and Compliance Risk Management.
- Carry out self-assessment of the Bank's enterprise risk management framework and initiate process for gap remediation.
- Coordinate internal and external review of the Bank's ERM policies and remediation of identified gaps.
- Oversee and coordinate specific risk policy implementation and compliance with respect to Strategy Risk, Reputation Risk, Business Continuity Management on enterprise wide basis and so on.
- Coordinate capital allocation for significant activities of the Bank.
- Coordinate risk-adjusted performance management system in the Bank.
- Serves as risk integration and aggregation coordinator.
- Reviewing and certifying products risk prior to deployment
- Reviewing and certifying products risk prior to deployment
- Monitor risk exposures against set limits
- Identification, reporting and management of market and operation risks bankwide
- Serves as ALCO Secretariat
- Prepare ALM report periodically
- Monitor liquidity risk exposure bank wide
- Propose annual list of insurance underwriters for Management approval
- Information asset security risk management
- Enterprise management of the Bank's information security risk

Debt Recovery Department (DRD)

The DRD responsibilities shall include:

- Coordinating recovery efforts on accounts in Lost category and initiate recovery plans
- Processing of interest waivers and write-off requests in respect of accounts classified Lost.
- Liaise with Legal Services Department on accounts under recovery.
- Processing restructuring/workout arrangement of Lost credits.
- Monthly review and rendition of reports on accounts under Lost category

Legal Services Department (LSD)

The LSD responsibilities shall include:

- Provides technical support in identifying and managing exposure to legal risks
- Conducting searches at State Land Registries and the Corporate Affairs Commission (CAC)
- Preparing and vetting of all credit-related Agreements/Contracts to be entered into by the Bank.



■ **Ismaila Abdullahi Galadanchi**
Executive Director
NorthWest

Ismaila Abdullahi Galadanchi is fifty one years old and was appointed Executive Director on March 18, 2011. Ismaila comes with a rich experience in consulting and banking garnered from Deloitte Haskins & Sells (a firm of Chartered Accountants), Strategic Ideas In Management (Consultants), former Allied Bank of Nigeria Plc and Intercity bank Plc. He has been in Unity Bank Plc from inception in 2006 and was actively involved in the processes of the consolidation of the Bank.

He is deeply exposed in branch and regional banking, public sector banking and corporate services. At various times he was Branch Manager, Head of Public Sector, Regional Manager and Chief Business Officer catering for strategic groups of branch banking businesses. Until his appointment as Executive Director, Ismaila was Acting Group Executive Director, Central Directorate of Unity Bank Plc.

He has in the last decade trained in various aspects of banking, strategic leadership and business development some of which are SMP, Lagos Business School, Project Finance For PPP Project, Euro Money Training, Johannesburg, South Africa, and Financial Re-Engineering in Deals & Transactions Structure by J.F. O'Brien.

He holds a B.Sc Accountancy, 1984 and MBA, 1997 from Bayero University, Kano, (BUK). Ismaila's banking experience is over twenty three years.

- Vetting of security documents for disbursement of approved credits
- Issuance of contingent liability instruments.
- Providing opinion as to legal suitability of security arrangement for approved credits.
- Appointment and monitoring of Solicitors engaged by the Bank for perfection of securities, recovery of loans, litigations, searches etc.

Other Stakeholders –Strategy and Corporate Development/Corporate Communications

Corporate Communications

This Department shall principally champion the management of the Bank's exposure to reputation risk.

It shall be responsible for providing technical support for Management in managing the Bank's brand capital.

Strategy and Corporate Development

This Division shall be responsible for managing the Bank's strategic risk.

Operational Risk

The Bank defined exposure to operational risk as exposure to loss resulting from inadequate or failed internal processes, people and systems or from external events.¹

The Bank has set up the process of identification, measurement, management, control and reporting of exposure to operational risks bank-wide

The following table identifies the key operational risk classification in the Bank.

S/N	UNITY BANK NAME	DEFINITION OF RISK	RISK GROUP CODE
1	Fraud by insiders	Losses caused by act intended to defraud, misappropriate property or circumvent regulations, law or company policy. Eg employee theft, insider trading on an employee's own account, intentional misreporting of positions	001
2	Fraud by outsiders	Losses caused by acts of an outsider or third-party with intention to defraud, misappropriate property or circumvent the law. Eg, robbery, forgery, cheque kitting, loss or damage from computer hacking.	002
	Staff welfare/Employee relations management risk	Losses arising from acts inconsistent with employment, health, or safety laws or agreements eg, losses from litigations by ex-staff on termination, payment of personal injury claims, discrimination claim payments etc.	003

4	Relationships and products management risk.	Losses arising from relationship management failures unintended or due to negligence, breach of contracts, product failures, money laundering violations etc eg litig ations arising from customer information disclosure.	004
5	Process errors and failure risk	Losses arising from failed transactions, errors in p rocessing, a ccounting err ors, un-reconciled balances , human capital competence and attitude issues	005
6	Business disruption and system failures risk.	Losses attributable to system failures , communication failures , softw are failures, system downtime, etc.	006
7	Damage to ph ysical assets	Losses arising from damages or outright loss of assets due to natur al ev ents lik e fire , flood, r ain or thunderstor ms, terr orism, vandalism, earthquakes, civil unrest.	007

The framework for risk registration and loss data management has also been set up.

Business Lines Mapping of loss data has also been integrated into the loss data and risk registration framework.

The Bank has adopted the modified Basic Indicator Approach to measure its exposures to operational risk. Results of the measurement are contained below as part of the disclosure requirements.

The Bank would migrate to AMA (Advanced Measurement Approach) within a period of 12 months

Key Risk Indicators have been identified as proxies to measure the potential exposure to operational risk by the Bank. Loss events data base is being built up accordingly.

Internal Control Environment

The Bank creates a strong and efficient internal control environment through the implementation of the following policies:-

Continuous Audit Function

Most of the Bank's business locations has Resident Control Officers to carry out continuous audit in the Bank's operations.

Segregation of Duties

- Establishment and maintenance of the principle of segregation of duties in all its key functions

Dual or Multi-level Controls

- Ensuring dual or multiple level controls in its key processes. No single person can initiate and conclude a process,

be it manual or automated process.

System Control of Processes

- System-controlled processes are being emphasized as much as practicable.

Independence of Internal Control/Back Office functions

- The independence of the internal control and back office functions is being maintained through reporting lines and authority levels.

Independent Review of Risk Management by Internal Audit

- Independent review of the operational risk management framework is being carried out periodically by Internal Audit Division of the Bank.

Data Validation and provision

- Provision of data from internal control reports.

Documented Roles of Units/Departments

- Roles and responsibilities of Departments and units are well documented with clear reporting lines

Duplication or Overlapping Functions/Job Roles

- There is no ambiguity or overlap of functions. Strategy and Corporate Development Division, Human Capital Management and ERM Office carry out annual review of job functions to remove all overlapping activities.

Clearly Defined Authority Levels

- Authority levels, delegation of authorities are clearly defined in line with best practice.

Implementation of Code of Corporate Governance

- Codes of corporate governance are being implemented using best practice standards

Compliance with laws and regulations

- There is full compliance with all laws and regulations of the Central Bank of Nigeria, Securities and Exchange Commission, NAFIU – Anti-money laundering laws, as well as all other regulatory bodies.

Optimal Staffing

- The Bank shall ensure the optimal level of staffing in all its functional units. To this end, job evaluation shall be carried out for every job role to determine the quantum of man-hour and skill level required to handle the roles. This shall be carried out by Human Capital Management, Strategy Division, Operations Risk Department and Financial Control.

Authority Limits and Access Rights

- Delegated authority limits whether operational or fund-based cum contingent exposures are approved by the Board.
- Such approval limits include credit approval, placement of interbank funds, dealers' limits, posting of transactions, payment of cash, expense limits, among others.
- The authorities are personalized for skill-based sensitive job-roles that require high level of judgment and discretion.

Market Risk

The Bank's focus is on core traditional banking function of creating quality loans and advances. It does not engage as a deliberate policy on speculative high risk trading activities. Nonetheless there are exposures to market risk more on local currency trading and the banking books (Banking book market risk exposures are managed more through the Bank's Assets-Liabilities Management Committee. Similarly, exposures to the equity market are negligible compared to its asset base.

Interest Rate Risk

Interest rate risk is the impact that changes in interest rates could have on the Bank's margins, earnings and capital. The Bank's objective for interest rate risk management is to ensure that its earnings are optimised, stable and predictable over time.

The framework outlined below describes the methodology for the identification, measurement and management of interest rate risk inherent in the Bank's traditional banking activities.

Interest Rate Risk Management

Interest rate risk is managed through efficient Assets-Liabilities proactive reviews carried out through Assets-Liabilities Management Committee and sound portfolio management principles incorporating transfer pricing and directed at effectively managing the Bank's mismatched positions.

The Bank manages its inherent interest rate risk mismatch through the optimal structuring of on balance sheet portfolio, (ie. corporate, commercial and retail funding structures) with due consideration to the re-pricing gaps between rate sensitive liabilities and rate sensitive assets.

Interest Rate Risk Identification and Measurement

Interest rate risk exposure in the Bank is being identified and measured through the use of traditional re-pricing gap, sensitivity and economic value analyses. In addition, simulation/sensitivity analysis techniques are being developed to assess interest rate risk/reward profile.

Re-pricing gap analysis refers to the mismatches that result from timing differences in the re-pricing of assets, liabilities and off balance sheet instruments. The exposure shall be measured by both static and dynamic gap analysis, based on current and projected balance sheet as well as off balance sheet structures.

Sensitivity analysis - to understand the impact on net interest income arising from possible changes in rates, a

sensitivity analysis shall be performed. The sensitivity analysis shall cover a variety of possible interest rate scenarios including scenarios capturing likely and extreme economic developments impact on movements in interest rates as a way of stress testing the Bank's net interest income

Foreign Exchange Risk

Foreign exchange risk refers to losses that could result from changes in foreign currency exchange rates. Unity Bank is exposed mainly to non-trading foreign exchange risk when there is a mismatch between foreign currency assets and liabilities: foreign currency assets greater or less than its liabilities in a particular currency, creating a foreign currency open position.

An adverse change in foreign exchange rate therefore, will have direct impact on the Bank's reported net income and equity, and also its capital ratios. Accordingly, the Bank's primary objective shall be to minimize these impacts

As at 31 December 2012

	Naira N'000	Dollar N'000	Pound N'000	Euro N'000	Total N'000
Assets					
Cash and balances with central banks	34,175,376	5,746,384	351,537	972,135	41,245,431
Due from banks	12,343,223	1,166,964	76,701	-	13,586,888
Loans and advances to customers	185,999,907	3,041,437	-	-	189,041,345
Financial investments – available-for-sale	25,247,739	-	-	-	25,247,739
Financial investments – available-for-sale as pledged as collateral	6,295,200	-	-	-	6,295,200
Financial investments – held-to-maturity	55,072,364	-	-	-	55,072,364
Other assets	14,856,131	4,415,398	-	-	19,271,529
Non Current Assets held for sale	427,115	-	-	-	427,115
Property and equipment	20,886,553	-	-	-	20,886,553
Goodwill and other intangible assets	17,498,195	-	-	-	17,498,195
Deferred tax assets	7,147,823	-	-	-	7,147,823
Investment in subsidiaries	-	-	-	-	-
TOTAL ASSETS	379,949,624	14,370,183	428,238	972,135	395,720,180
Liabilities					
Due to customers	263,091,215	6,080,224	150,614	-	270,060,046
Debt issued and other borrowed funds	46,591,999	7,842,500	-	-	54,434,499
Current tax liabilities	591,511	-	-	-	591,511
Other liabilities	18,405,320	477,189	4,162	-	18,856,671
Employee benefit liabilities	319,771	-	-	-	319,771
Deferred tax liabilities	-	-	-	-	-
Equity	51,457,682	-	-	-	51,457,682
Total liabilities	380,457,498	14,369,914	154,776	737,992	395,720,180
Gap	(507,873)	269	273,461	234,143	

Sensitivity analysis of currency risks

The table below indicates the currencies to which the Bank had significant exposure at 31 December 2012 on its non-trading assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Naira (all other variables being held constant) on the income statement and equity. In carrying out this sensitivity analysis the closing exchange rates were varied at 5 % and 2.5 %

	2012 Effect on PAT N'000	2012 Effect on Equity N'000	2011 Effect on PAT N'000	2011 Effect on Equity N'000
Dollar +5%	2	2	131,686	131,686
Pounds +5%	3,496	3,496	5,038	5,038
Euro +5%	2,442	2,442	2,472	2,472
Dollar -5%	(2)	(2)	(131,686)	(131,686)
Pounds -5%	(3,496)	(3,496)	(5,038)	(5,038)
Euro -5%	(2,442)	(2,442)	(2,472)	(2,472)
Dollar +2.5%	1	1	65,843	65,843
Pounds +2.5%	1,748	1,748	2,519	2,519
Euro +2.5%	1,221	1,221	1,236	1,236
Dollar -2.5%	(1)	(1)	(65,843)	(65,843)
Pounds -2.5%	(1,748)	(1,748)	(2,519)	(2,519)
Euro -2.5%	(1,221)	(1,221)	(1,236)	(1,236)

Measuring, Controlling and Managing Foreign Exchange Risk

Foreign exchange risk in the Bank's books are being managed within the context of open position monitoring – specifically by computing the Net Open Position (i.e. the difference between the foreign currency denominated assets and liabilities) and maturity gaps for forward contracts. More sophisticated approaches such as value at risk methodology, stress test and variance/covariance approaches shall be adopted to measure the Bank's exposure at the appropriate time in the future.

Some of the key foreign exchange risk indicators and limit system to control and manage its exposure to foreign exchange risk include:-

- Net open position limit;
- Dealing and dealers' limits;
- Overnight position limit;

- Intra-day limits;
- Single currency limits;
- Maturity gap limit;
- Stop loss/take profit limit; and

Asset-Liabilities Management Committee

The Bank set up two levels of Asset Liability Committees to consistently review its liquidity and asset-liability gaps as affected by exposure to interest rate risk, currency risk and general macro-economic conditions

The senior executive of the Bank meets on monthly basis under the auspices of Strategic ALCO. The key term of reference is to ensure that the Bank's profitability and liquidity objectives are met on a proactive basis

Membership includes:-

Managing Director/CEO	Chairman
ED, Risk Management	Member
ED, IT & Operations	Member
ED, Central	Member
ED, Lagos & West	Member
ED, North West	Member
GM, Operations	Member
GM, Internal Audit	Member
DGM, Strategy & Corporate Development.	Member
DGM, Financial Control	Member
DGM, Risk Management	Member
DGM, Corporate Services	Member
DGM, North-East	Member
DGM, South	Member
AGM, Products & Channels	Member
PM, Enterprise Risk Management	Secretary

The Technical ALCO is made up of the following members:-

DGM, Strategy	Chairman
GM, Operations	Member
DGM, Products & Channels	Member
DGM, Financial Control	Member
DGM, Treasury	Member
AGM, IT	Member
AGM, Risk Management	Member
AGM, Abuja Region	Member
AGM, Garki Region	Member

AGM, Victoria Island Region	Member
AGM, Credit Administration	Member
SM, Strategy Implementation & Monitoring	Member
PM, Enterprise Risk Management	Member
Unit Head, Market Risk Unit	Secretary

The Technical ALCO meets every other week with a key focus on detail issues of gaps, capital adequacy, profitability and growth. The Committee reports to the Bank's Executive Management Committee and Strategic ALCO.

Liquidity Risk

Liquidity Risk is the risk that the Bank may suffer loss due to inability to fund increases in assets and or meeting deposit or other liability obligations as they fall due at reasonable cost or its inability to close out trading position as a result of adverse incidents in the market. Thus if asset growth or obligations falling due are met at unreasonable cost, liquidity risk has crystallised.

Liquidity risk management is central to short-run on-going concern status of a Bank. It entails managing changes in the balance sheet specifically with respect to cash inflow and outflow to ensure that any imbalance is proactively bridged to avoid liquidity challenge.

A major goal of the bank is to maintain adequate liquidity to meet the expected and potential (unexpected) funding needs of loan and deposit customers within the broader objectives of profitability. The objective of the bank is to strike a prudent balance between liquidity and profitability.

A combination of risk appetite definition and risk response framework shall be deployed by the Bank for early detection of various categories of liquidity risk profile or status of the Bank.

There are two types of liquidity risk namely trading or market liquidity risk and funding liquidity risk.

Risk Limits are set by the Bank to set triggers should the limits be exceeded. These limits include loan-to-deposit ratio – 70% as against Regulatory 80%, Liquidity ratio 32.5% as against 30% of Regulatory benchmark and Net Open Position Limit in line with regulatory benchmarks.

The Bank also has a liquidity and capital contingency plan to ensure that pragmatic steps are taken to manage exposure to liquidity and solvency risks in an optimal way.

The Asset and Liability Committee (ALCO) is responsible for managing the overall liquidity of the Bank. The specific responsibilities of ALCO are spelt out accordingly.

ALCO shall delegate the day to day operating responsibilities for liquidity risk management to the Market and

Liquidity Risk management division.

The following rating grid shall be applied to describe the liquidity risk position of the Bank at any point in time based on the evaluation carried out weekly by Enterprise Risk Management Department.

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Liquidity Rating	Description
1	The Bank has more than adequate volume of liquid assets and very ready and easy access to external sources of liquidity on favourable terms with no dependence on purchased funds, expensive tenor deposits/interbank funds
2	The Bank can obtain sufficient funds by increasing liabilities or by converting assets promptly at a reasonable cost. Liquidity ratio is generally in line with peer group.
3	The liquidity position of the Bank reflects a lack of sufficient liquid assets and or a reliance on interest-sensitive funds approaching intolerable proportions; some reliance on purchased funds/interbank funds
4	It represents an increasingly serious liquidity position. Liquidity needs cannot be met through liquid assets holdings. The Bank is heavily dependent on purchased/interbank funds
5	Liquidity risk is critical and constitutes a threat to the on-going concern status of the Bank and therefore requires an immediate remedial action or external financial assistance

Liquidity Ratios

	31 December 2012	31 December 2011
Maximum	55.91%	51.58%
Minimum	31.34%	32.45%
Average	42.99%	41.64%

Loans to Deposit

	31 December 2012	31 December 2011
Maximum	73.56%	68.00%
Minimum	49.72%	54.09%
Average	62.20%	60.89%

Treasury Marketing Department

Liquidity risk management is centralized in the Bank with Treasury Management Department and oversight residing with Enterprise Risk Management Department. Daily liquidity ratio report is being circulated to all Management members.

The Treasury function is responsible for implementing the Bank's funding policies. The Business Units have their role clearly spelt out with respect to volumes and mixture of assets and liabilities.

The Bank has introduced daily liquidity risk rating framework which is being implemented subsequent to year-end.

Strategic Risk

The following key areas are identified as key risk exposures to strategic risk in the Bank. The steps taken to manage them are enumerated below:

- Integrate risk management practices into the Bank's strategic planning process.
- Align resource requirements with strategic deliverables and ensure availability of commensurate resources working in conjunction with Corporate Services and make recommendations to MD/CEO.
- Provide the right platform to generate input for the evolution of an appropriate and effective strategic plan for the Bank.
- Ensure the effective communication and assimilation of the Bank's strategy to all staff and Management.
- ensure the alignment of the Bank's goal with its risk appetite definitions
- Ensure the effective and proactive monitoring of the Bank's strategic plan.
- Implement risk-adjusted performance management system in conjunction with ERM's Office of the ED, Risk Management.
- proactively monitor business performance vis-a-vis strategic targets through
- Periodic appraisal of strategy implementation on monthly quarterly, bi-annual review.
- Competition review.

Reputational Risk

The Bank takes the risk of brand capital very seriously and consequently a number of robust risk treatment plans have been implemented to manage this risk. Such include the Rebranding Projects, Customer satisfaction training project which include the hiring of a renowned American-based service excellent specialist for management and staff capacity building.

Corporate Communications Department is saddled with the direct responsibility to manage the Bank's reputation risk. Appointment of Chief Customer Care Officer at Management level is being done subsequent to year-end to ensure that customer satisfaction is given the top most drive.

The Bank has also created a Customer Service and Total Quality Department that is saddled with the responsibility of reviewing the processes to make them more customer friendly without compromising risk management. Certain processes are automated – Credit Risk Process has been automated and others are being considered for automation.

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■ **Engr. Ahmed Ibrahim**
Non-Executive Director

Engr. Ahmed Ibrahim is forty eight years old and was appointed Non- Executive Director on April 23, 2007. He has considerable exposure in corporate leadership by his membership in the Boards of Ashaka Cement Plc, Warri Refining & Petrochemical Co. Ltd, Drake & Scull Nig. Ltd (a subsidiary of New Nigeria Development Co. Ltd), Bank of the North Ltd, NNIL Commercial Co. Ltd, among others and Alpha-Praxis (Nig.) Ltd, where he is now Chief Executive Officer.

Engr. Ahmed is a member of the Institute of Directors, Nigerian Institute of Management, Nigeria Societies of Engineers (NSE), Nigerian Society For Chemical Engineers (NSChE) and the Council for the Regulations of Engineering in Nigeria (COREN).

He studied Chemical Engineering at the Ahmadu Bello University, Zaria where he also obtained an MBA in Finance.

in order to shorten turn-around time and give customers' satisfactory experience at all times.

Legal Risks

A full fledged Legal Department had been created with the Head of Department reporting to the ED, Risk Management & Control Directorate. All exposures to legal risks are being managed and mitigated on a proactive basis. Contingent liabilities are monitored closely and disclosed accordingly.

Systemic Risk

The Bank designed a comprehensive action plan to manage exposure to systemic risk. Transmission points of systemic risks were identified as follows:

1. Lending transactions
2. Interbank activities
3. Clearing activities

It is the responsibility of the Divisional Head, Risk Management to declare the occurrence of systemic risk situation.

Credit Risk

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 Department headed by a Principal Manager. The Department is under the Risk Management Division which is headed by a Deputy General Manager.

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

Principal Credit Policies

The Bank's Risk Assets mission is "to generate and manage a qualitative diversified loan portfolio that provides returns consistent with the Bank's expectations in terms of assumed risk, return on asset and value added to individual credit transactions within the context of the overall regulatory requirements".

The main objective for creating risk assets are:

1. To generate income, while ensuring Liquidity, Safety Solvency and Growth
2. Market for and obtain credit businesses that are consistent with the Bank's Risk Assets Acceptance Criteria as defined in the Credit Policy;
3. Manage credit risk so that the Bank's portfolio performance measured by levels of non-performing assets and write-offs is consistently one of the best in the industry;
4. In a timely and professional manner avoid granting credit facilities to customers not able to, on a sustainable basis, satisfy the Risk Assets Acceptance Criteria and;
5. Maintain a Deposit Ratio within the levels provided by regulatory authorities as may be prevailing from time to time.

Other Key Objectives for Credit Risk Management include:

1. Deliberately manage its risk asset portfolio to ensure that the risk of concentration to any sector or individual customer is minimized and ensuring portfolio flexibility and liquidity.
2. Ensure exposure to any industry or customer is determined by the regulatory guidelines, internal policies and procedures, debt service capability and balance sheet management.
3. Extend credit to only suitable and well identified customers who have complied with the "Know Your Customer" KYC principle and meet the "Risk Assets Acceptance Criteria" RAAC of the Bank.
4. Credits are to be extended to customers where the source of repayment is known and can be ascertained but not for speculative purposes and where the purpose and destination of funds are not disclosed.
5. Ensure that primary source of repayment for each credit is from an identifiable cash flow from the counterpart's normal business operations or other financial arrangements. Realization of security remains a fall back option.

6. Adoption of a pricing model that reflects variation in the risk profile of various exposures to ensure that higher risks are compensated by higher returns.
7. Ensure that the quantum of exposure and quality and value of collateral required are determined based on the risk profile of the counterparty.
8. Avoid all conflict of interest situations and report all insider related credits to appropriate bodies.

Credit Rating System

The Bank currently has an Internal Rating System designed in-house. The rating system was designed around the following criteria with scores ranging between 1 and 5 for every parameter under these criteria.

- Borrowers Economic Performance
- Industry performance
- Collateral
- Actual Credit/Track Record or Performance with Unity Bank Plc or other related Banks

The Credit Scoring ranges from A and C as depicted below:

- A Rating with scores between 15 and 12
- B+ Rating with scores between 11 and 10
- B- Rating with scores between 9 and 8
- C Rating with scores between 7 and below

This rating system has been reviewed for it to be more applicable to the Bank's target market definition. It shall be deployed accordingly. The risk appetite setting and portfolio management including pricing will be guided with this rating system.

Internal Rating	31 December 2012 N,000	Internal Rating	31 December 2011 N,000
A	93,994,761	A	62,771,168
B+	42,064,355	B+	28,091,233
B-	10,781,886	B-	7,200,312
C	1,912,246	C	1,277,027
Total	148,753,248	Total	99,339,741

An age analysis of risk assets that are past due but not impaired at the end of the reporting period is shown below.

Age Analysis	Amount as at 31 December 2012 N'000	Age Analysis	Amount as at 31 December 2011 N'000
0-30 days	715,167	0-30 days	471,623.42
31-60 days	1,810,999	31-60 days	873,376.71
61- 90 days	385,090	61- 90 days	401,753.29
	2,911,256		1,746,753.42

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.

The Managing Director in consequence of business exigencies further delegated Business powers to key officers based on responsibilities and accountability as follows:

- Executive Directors (Business Directorates)
- Zonal Heads

The credit powers of Regional Managers were suspended during the year in a credit process re-engineering that was embarked upon by the Bank.

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.

The following structure exists for the Management of Credit risk in the Bank:

- The Board has ownership of the Bank's credit risk. Policies and Procedures are approved by the Board and reviewed from time-to-time.
- Credit management is carried out in the Bank under well-defined credit policies and procedure manuals. There is dual control in credit origination in the Bank, namely the Business Units with the concurrence of Risk Management Unit.
- Credit approval powers are devolved across authority lines in the Bank.
- Credit Administration Department is saddled with the responsibility of general administration of the Bank's credit process. Disbursement and documentation, remedial management, monitoring and classification of credit exposures, as well as credit portfolio reporting are the primary concern of the Department.
- Also there is a full-fledged Debt Recovery Department that concentrates on the recovery of certain non-performing loans

- Portfolio distribution is being watched regularly to ensure that there is no risk of concentration.

Credit Risk Assessment

For accounting purposes, the Bank uses an incurred loss model for the recognition of losses on impaired financial assets. This means that losses can only be recognized when objective evidence of a specific loss event has been observed. Triggering events include the following

- Significant financial difficulty of the customer
- A breach of contract such as a default of payment
- Where the bank grants the customer a concession due to the customer experiencing financial difficulty.
- It becomes probable that the customer will enter bankruptcy or other financial reorganization
- Observable data that suggests that there is a decrease in the estimated future cash flows from the loans

This approach differs from the expected loss model used for regulatory capital purposes in accordance with Basel II

31 December 2012

Fair Value of collateral and credit enhancements held

	Maximum Exposure to credit	Cash	Securities	Letters of Credit/ Guarantees	Property	Others	Netting agreements	Net collateral	Net Exposure
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Maximum exposure to credit risk									
Due from banks	13,586,888	-	-	-	-	-	-	-	13,586,888
Loans & Advances	189,041,345	-	3,570,224	-	46,911,251	118,726,927	-	169,208,402	19,832,943
Financial Investments- Available for sale	31,542,939	-	-	-	-	-	-	-	31,542,939
Held to maturity	55,072,364	-	-	-	-	-	-	-	55,072,364
Financial guarantees	58,346,233	-	-	-	-	-	-	-	58,346,233
Letters of credits	26,531,977	26,531,977	-	-	-	-	-	26,531,977	-
Other commitments	115,506,758	-	-	-	-	-	-	-	115,506,758
	489,628,502	26,531,977	3,570,224	-	46,911,251	118,726,927	-	195,740,379	293,888,123

31 December 2011 Fair Value of collateral and credit enhancements held

	Maximum Exposure to credit	Cash	Securities	Letters of Credit/ Gaurantees	Property	Others	Netting agreements	Net collateral	Net Exposure
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Due from banks	61,034,229	-	2,247,949	-	-	-	-	-	61,034,229
Loans & Advances	117,875,258	-	-	-	29,537,113	74,755,003	-	106,540,066	11,335,192
Financial Investments- Available for sale	29,825,810	-	-	-	-	-	-	-	29,825,810
Held to maturity	55,939,144	-	-	-	-	-	-	-	55,939,144
Financial guarantees	53,774,909	-	-	-	-	-	-	-	53,774,909
Letters of credits	4,660,170	4,660,170	-	-	-	-	-	4,660,170	-
Other commitments	77,051,634	-	-	-	-	-	-	-	77,051,634
	400,161,155	4660,170	2,247,949	-	29,537,113	74,755,003	-	111,200,23	288,960,919

31 December 2010 Fair Value of collateral and credit enhancements held

	Maximum Exposure to credit	Cash	Securities	Letters of Credit/ Gaurantees	Property	Others	Netting agreements	Net collateral	Net Exposure
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Maximum exposure to credit risk									
Due from banks	31,721,963	-	-	-	-	-	-	-	-
Loans & Advances	116,688,894	-	-	-	86,847,312	24,656,145	-	111,503,458	31,721,963
Financial Investments- Available for sale	25,734,365	-	-	-	-	-	-	-	5,185,436
Held to maturity	35,427,340	-	-	-	-	-	-	-	25,734,365
Financial guarantees	4,132,198	-	-	-	-	-	-	-	35,427,340

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Letters of credits	-	-	-	-	-	-	-	4,132,198
Other commitments	-	-	-	-	-	-	-	-
	213,704,760	-	-	-	86,847,312	24,656,145	-	111,503,458
								102,201,303

Individually Assessed Allowance

The Bank determines the allowances appropriate for each individually significant loan or advance on a individual basis, including any overdue payments of interests, credit rating downgrades, or infringement of the original terms of the contract. Items considered when determining allowance amounts include the sustainability of the counterparty's business plan, its ability to improve performance if it is in a financial difficulty projected receipts and the expected payout should bankruptcy ensue, the availability of other financial support, the realizable value of collateral and the timing of the expected cash flows. Impairment allowances are evaluated at each reporting date, unless unforeseen circumstances require more careful attention.

Gross amount of individually assessed loans during the year amounted to N6.94 billion. An analysis of risk assets that were individually determined to be impaired as at the end of the reporting period, based on the factors earlier highlighted in page 134 is shown in the following table.

Analysis of individually assessed loans as at 31 December 2012.

S/N	INDUSTRY	GROSS INDIVIDUALLY LOANS IMPAIRED N'000	IMPAIRMENT N'000
1	REAL STATE	421,643	60,262
2	AGRICULTURE	998,178	427,163
3	MANUFACTURING	834,598	582,922
5	COMMERCE	842,708	444,586
6	GENERAL	1,263,050	458,250
8	CONSTRUCTION	1,493,705	1,422,884
9	FINANCE	52,551	2,551
10	GOVERNMENT	729,101	729,101
11	TRANSPORT	122,077	122,077
12	EDUCATION	183,480	183,480
		6,941,090	4,433,276
	Ratio of gross amount of Individually Impaired loans to total gross loans	3.56	-
	Ratio of Individual Impairment to total impairment	-	77.24

Collectively Assessed Allowance

Allowances are assessed collectively for losses on loans and advances that are not individually significant based on the Bank's threshold and for individually significant loans and advances that have been assessed individually and found not to be impaired.

The Bank generally bases its analyses on historical experience. However, when there are significant market developments, regional and/or global, the bank would include macroeconomic factors within its assessments. These factors include, depending on the characteristics of the individual or collective assessment: unemployment rates, current levels of bad debts, changes in laws, changes in regulations, bankruptcy trends, and other consumer data. The bank may use the aforementioned factors as appropriate to adjust the impairment allowances. Allowances are evaluated separately at each reporting date with each portfolio.

Probability of Default (PD)

This is the chance that an obligor will fail in meeting up with the financial obligations on its debt as and when due. PD calculation is based on historical experience over twelve calendar months.

The collective assessment is made for groups of assets with similar risk characteristics (buckets) in order to determine whether provision should be made due to incurred losses for which there is objective evidence, but the effects of which are not yet evident in the individual loans assessments. The collective assessment takes account of data from the loan portfolio (such as historical losses on the portfolio, levels of arrears, credit utilization, loan to collateral ratios and expected receipts and recoveries once impaired) or economic data (such as current economic conditions, unemployment levels and local or industry-specific problems). The approximate delay between the time a loss is likely to have been incurred and the time it will be identified (Lag Identification Period) as requiring an individually assessed impairment allowance is also taken into consideration in adjusting the probability of default. Since a credit asset is assessed for objective evidence of impairment monthly, our 1/12. The impairment allowance is then reviewed by credit management to ensure alignment with the bank's overall policy.

Loss Given Default (LGD)

This is the probable loss that the Bank stands to incur (suffer) if an exposure becomes impaired after consideration of expected cash inflow including realization of the associated collateral security. This is computed by discounting the expected cash flows from the impaired loan to present value.

Credit-Related Commitments Risks

The bank makes available to its customers guarantees that may require that the bank makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. 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. Such commitments expose the bank to similar risks to loans and are mitigated by the same control processes and policies.

Collateral and Other Credit Enhancement

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral. The main types of collateral obtained are as follows:

- i) Securities lending and reverse repurchase transactions, cash or securities
- ii) Commercial lending, charges over real estate properties, inventory and trade receivables
- iii) Retail lending, mortgages over residential properties

Management monitors the market value of collateral, and will request additional collateral in accordance with the underlying agreement. It is the bank's policy to dispose of repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Bank does not occupy repossessed properties for business use.

The bank also makes use of master netting agreements with counterparties with whom a significant volume of transactions are undertaken. Such an arrangement provides for a single net settlement of all financial instruments covered by the agreement in the event of default on any one contract. Master netting arrangements do not normally result in an offset of balance sheet assets and liabilities unless certain conditions for offsetting under IAS 32 apply.

Although master netting arrangements may significantly reduce credit risk, the credit risk is eliminated only to the extent that amounts due to the same counterparty will be settled after the assets are realized.

Integrated Capital Adequacy Assessment Process (ICAAP)

The key objectives of capital management in the Bank includes:-

- o Sets out the general framework for the management of the bank's capital, in line with present and anticipated risk levels
- o Ensure that the available capital is in line with both overall level of risk being taken and anticipated in line with the bank's business and growth plans
- o Ensures the meeting of minimum capital adequacy standards as required by regulatory authorities
- o Defines additional capital adequacy standards to be maintained by the Bank in-house
- o Sets out the framework for an Integrated Capital Adequacy Assessment Process in the Bank

The Bank continued to employ traditional Basle 1 template to monitor its capital adequacy during the year. The Asset-Liability Management Committee reviews movements and risks of the Bank's capital at its sittings and reports to Executive Management, who in turn escalates to the Board with respect to any major exceptions, for direction and appropriate remedial action.

The Board has approved the implementation of the integrated approach in managing the Bank's capital using Basle 2. This comprises Standardized approach for credit risk and market risk management respectively and Modified Basic Indicator Approach to measuring exposure to operations risk. This will run in parallel with the Basle 1 template until regulatory approval is obtained for the new template.

Stress Testing and Reverse Stress Testing

The Bank also has as part of its ERM framework the policies and process of subjecting its operations to barrage of stress tests and reverse stress tests to put extreme scenarios in perspective of risk review and mitigation planning. Quarterly stress tests were carried out on credit risk during the year. The results of these tests were employed in designing appropriate response to credit risk portfolio management.

Full implementation of the approved policies subsequent to year-end an all-encompassing stress test as well as reverse stress test exercises which will provide comprehensive input into the Bank's risk management processes.

Risk Concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location. In order to avoid excessive concentrations of risk, the Bank's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective approval is used within the bank to manage risk concentrations at both the relationship and industry levels.

The amount of risk exposure associated with all financial instruments sharing industry characteristics is shown in the following table:

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■ **Aminu Babangida**
Non-Executive Director

Aminu Babangida is thirty six years old and was appointed Non-Executive Director on March 18, 2011. He is an Entrepreneur. He is a co-founder and Chief Executive Officer of Phoenix Energy, Abuja and part of the running team members of El-Amin International School, Minna. Prior to that, he worked on the trading floor of Tarfigura BV, London, UK.

He attended Regents Business School, London, UK, where he obtained a BA in International Business in 2001 and Westminster Business School London, UK where he obtained an MA in International Business Management in 2003. Aminu has also attended other professional courses in the course of his career

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Analysis of concentration of financial instruments by industry

Industry Type	Cash and balances with Central Bank	Due from banks	Loans and advances to customers	Financial investments available for sale	Financial investments available-for sale pledged as collateral	Financial investments held to maturity	Total
AGRICULTURE	-	-	25,031,257	-	-	-	25,031,257
OIL & GAS	-	-	9,738,374	-	-	-	9,738,374
CAPITAL MARKET	-	-	1,139,857	-	-	-	1,139,857
REAL ESTATE ACTIVITIES	-	-	5,561,565	-	-	-	5,561,565
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	-	-	2,833,773	-	-	-	2,833,773
ADMINISTRATIVE, SUPPORT SERVICE ACTIVITIES	-	-	558,965	-	-	-	558,965
EDUCATION	-	-	1,996,372	-	-	-	1,996,372
HUMAN HEALTH & SOCIAL WORK ACTIVITIES	-	-	122,538	-	-	-	122,538
MANUFACTURING	-	-	18,093,680	-	-	-	18,093,680
ARTS, ENTERTAINMENT & RECREATION	-	-	10,142,761	-	-	-	10,142,761
WATER SUPPLY, SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	-	-	100,978	-	-	-	100,978
REAL ESTATE & CONSTRUCTION	-	-	22,283,835	-	-	-	22,283,835
FINANCE & INSURANCE	-	13,586,888	7,015,251	-	-	-	20,602,139
GOVERNMENT	41,245,431	-	12,800,439	18,900,659	6,295,200	55,072,364	134,314,094
POWER	-	-	869,589	-	-	-	869,589
GENERAL COMMERCE	-	-	66,350,740	6,347,079	-	-	72,697,820
OTHER PUBLIC UTILITIES	-	-	3,220	-	-	-	3,220
TRANSPORTATION	-	-	1,371,170	-	-	-	1,371,170
COMMUNICATION	-	-	8,766,804	-	-	-	8,766,804
							-
	41,245,431	13,586,888	194,781,168	25,247,739	6,295,200	55,072,364	336,228,789

Risk Mitigation

As part of its overall risk management, the Bank actively uses numerous approaches to manage to reduce its credit risk exposures. Some of these are:

- i) Existence of well articulated credit policies
- ii) Existence of credit risk analysis and documentation procedures
- iii) Existence of hierarchical credit approval process
- iv) Use of perfected collaterals to hedge exposures
- v) Existence of efficient credit review, monitoring and reporting processes.

39. Contingent Liabilities, Commitments and Lease Arrangements

a. Legal claims

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

The Bank in the ordinary course of business is presently involved in 328 litigation suits: 145 cases instituted by the Bank and 183 cases instituted against the bank, none of which is likely to give rise to any material contingent liability. The Directors are of the opinion that none of the aforementioned cases is likely to have a single material effect on the Bank and are not aware of any other pending or threatened claims and litigations.

b. Capital Commitments

At 31 December 2012, the Bank had capital commitments amounting to N 64.570 million (2011: N326.666 million) in respect of authorized and contacted capital projects.

c. Contingent Liabilities

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

Even though these obligations may not be recognised 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.

These instruments are used to meet the financial requirements of customers. The contractual amounts of the contingent liabilities are as follows:

	31 December 2012 N'000	31 December 2011 N'000
Performance Bonds and Guarantees	58,346,233	53,774,909
AMCON Liability account	103,812,112	71,248,932
Letters of credit	26,531,977	4,660,170
AMC Liability	11,694,646	5,802,702
	<u>200,384,967</u>	<u>135,486,713</u>

40. Lease arrangements

Operating lease commitments – bank as lessee

The bank has entered into commercial leases for premises and equipment. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases

Future minimum lease payments under non-cancellable operating leases as at 31 December are as follows:

	31 December 2012 N'000	31 December 2011 N'000
Within one year	84,623	310,233
After one year but not more than five years	1,337,557	1,063,756
More than five years	272,141	1,278,316
	<u>1,694,320</u>	<u>2,652,305</u>

41. Related party disclosures

a. bank IAS 24.17

	2012 N'000	2011 N'000
Short-term employee benefits	582,977	495,539
Termination benefits	-	262,021
	<u>582,977</u>	<u>757,560</u>

entitlements from the bank.

b. Transactions with key management personnel of the bank

The bank enters into transactions, arrangements and agreements involving directors, senior management and their related concerns in the ordinary course of business at commercial interest and commission rates.

The following table provides the total amount of transactions, which have been entered into with key management personnel for the relevant financial year.

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	31 December 2012 N'000	31 December 2011 N'000	Income 2011 N'000
Key management personnel of the bank:			
Loans and advances	1,034,431	290,797	69,368
Deposits	114,012	125,413	-

c. Risk assets outstanding as at 31 December 2011.

- I. Included in loans and advances is an amount of N15.007 billion (2011: N15.093) representing credit facilities to companies in which certain directors and shareholders have interest. The balances as at 31 December 2012 are as follows:

NAME OF BORROWERS	ACCT. NO	CMS BORROWER'S CODE NO.	RELATIONSHIP TO REP OR THE INSTITUTION	NAME OF THE RELATED PARTY	DATE GRANTED	EXPIRY DATE	APPROVED CREDIT LIMIT ₦=	PRINCIPAL AMOUNT GRANTED ₦=	PERFORMING ₦=	NON-PERFORMING ₦=	TOTAL ₦=	RATE OF INTEREST %	PERFECTED SECURITY VALUE ₦=
ALHAJI HABIBUNA USMAN ILO	2011297429110	00322705	EX-DIRECTOR (BON)	ALHAJI HABIBUNA USMAN ILO	20-06-1995	05-12-1999	19,200,000.00	19,200,000.00	0.00	2,933,579.90	2,935,579.90	0	UK ON C of O No. BA /C2334 & L/A on BA /C028
ALHAJI HABIBUNA USMAN ILO	2581297429110	00322705	EX-DIRECTOR (BON)	ALHAJI HABIBUNA USMAN ILO	06-01-1997	10-01-1999	5,000,000.00	5,000,000.00	876,085.45	0.00	876,085.45	26	UK ON C of O No. BA /C2334 & L/A on BA /C028
ADAMU BELO	207136451110		EX- (EN) CHAIRMAN	ADAMU BELO	12-12-2011	03-12-2012	3997,744,097.75	3997,744,097.75	0.00	481,015,018.91	481,015,018.91	24	EQUITABLE MORTGAGE OVER PROPERTY LOCATED AT 2A REEVE ROAD IKOYI VALUED AT 30 MILLION (ONY AND N600 MILLION ₦=)
SALUNHA INVESTMENT COMPANY LIMITED	219172080120		CHAIRMAN	ALHAJI USMAN BAKU DANBATA	24-2-2011	25-2-2012	285,000,000.00	285,000,000.00	243,027,604.42	0.00	243,027,604.42	27	EQUITABLE MORTGAGE OVER PROPERTY LOCATED AT 2A REEVE ROAD IKOYI VALUED AT 30 MILLION (ONY AND N600 MILLION ₦=)
BAGALDA TEXTILE (ABUSSAMAD I. BABU)	403573367120	0007975	EX-TEB CHAIRMAN	ABUSSAMAD I. BABU	26-07-1995	26-02-1996	10,000,000.00	10,000,000.00	865,382.55	0.00	865,382.55	24	PC OF DIRECTOR
BEAHWA BABANGIDA B.	203107998112010	0034811	RELATION OF DIRECTOR	MALLAW AMINU BABANGIDA	25/02/2010	25/05/2011	500,000,000.00	500,000,000.00	500,000,000.00	0.00	500,000,000.00	22	EQUITABLE MORTGAGE
ADO YAKUBU WANKA	2331024062112150		MD	ADO YAKUBU WANKA	22/10/2010	10/1/2017	9,337,232.02	20,000,000.00	0.00	9,337,232.02	4	UNITY BANK SHARES	
ADO YAKUBU WANKA	2331024062112150		MD	ADO YAKUBU WANKA	29/10/2010	10/1/2017	305,834,104.32	305,834,104.32	34,050,693.89	0.00	34,050,693.89	4	UNITY BANK SHARES
ADO YAKUBU WANKA	2331024062112150		MD	ADO YAKUBU WANKA	01-06-2012	10/1/2017	113,502,312.95	113,502,312.95	0.00	113,502,312.95	4	UNITY BANK SHARES	
ADO YAKUBU WANKA	2331024062112060		MD	ADO YAKUBU WANKA	05-09-2012	9/5/2013	730,000,000.00	730,000,000.00	0.00	730,000,000.00	20	UNITY BANK SHARES	
EVANS EIKE WOHEREA	33074966112151		EX-DIRECTOR	EVANS EIKE WOHEREA	05-03-2012	31/01/2017	23,734,110.77	22,979,544.65	0.00	22,979,544.65	4	UNITY BANK SHARES	
EVANS EIKE WOHEREA	33074966112152		EX-DIRECTOR	EVANS EIKE WOHEREA	21/02/2012	21/02/2017	54,437,610.75	54,437,610.75	0.00	54,437,610.75	4	UNITY BANK SHARES	
SMALIA ABDULLAH GALDANCIH	208146862112150		DIRECTOR	I.A. GALDANCIH	29/10/2010	10/1/2017	8,000,000.00	8,000,000.00	5,401,739.12	0.00	5,401,739.12	4	UNITY BANK SHARES
SMALIA ABDULLAH GALDANCIH	208146862112151		DIRECTOR	I.A. GALDANCIH	29/10/2010	10/1/2017	20,000,000.00	20,000,000.00	2,142,149.85	0.00	2,142,149.85	4	UNITY BANK SHARES
SMALIA ABDULLAH GALDANCIH	208146862112152		DIRECTOR	I.A. GALDANCIH	01-06-2012	10/1/2017	7,182,592.43	7,182,592.43	7,237,332.51	0.00	7,237,332.51	4	UNITY BANK SHARES
MOHAMMED IBRAHIM TANKO	207141813112150		DIRECTOR	LT. MOHAMMED	29/10/1010	10/1/2017	20,000,000.00	20,000,000.00	2,142,271.44	0.00	2,142,271.44	4	UNITY BANK SHARES
MOHAMMED IBRAHIM TANKO	207141813112152		DIRECTOR	LT. MOHAMMED	29/10/1010	10/1/2017	7,183,245.44	7,183,245.44	0.00	7,183,245.44	4	UNITY BANK SHARES	
MOHAMMAD BISLANUDEEN	40357277112150		DIRECTOR	MOHAMMAD BISLANUDEEN	26/10/2010	10/1/2017	20,000,000.00	20,000,000.00	12,448,695.64	0.00	12,448,695.64	4	UNITY BANK SHARES
MOHAMMAD BISLANUDEEN	40357277112151		DIRECTOR	MOHAMMAD BISLANUDEEN	11-02-2010	10/1/2017	120,000,000.00	120,000,000.00	9,448,812.68	0.00	9,448,812.68	4	UNITY BANK SHARES
MOHAMMAD BISLANUDEEN	40357277112152		DIRECTOR	MOHAMMAD BISLANUDEEN	29/10/1010	10/1/2017	31,486,574.71	31,486,574.71	0.00	31,486,574.71	4	UNITY BANK SHARES	
AHMED YUSUF	207142487112068		DIRECTOR	AHMED YUSUF	29/10/1010	10/1/2017	6,852,271.00	6,852,271.00	678,190.44	0.00	678,190.44	18	STAFF SALARY AND ALLOWANCES
AHMED YUSUF	207142487112150		DIRECTOR	AHMED YUSUF	01-05-2012	10/1/2017	15,600,000.00	15,600,000.00	0.00	15,600,000.00	4	UNITY BANK SHARES	
AHMED YUSUF	207142487112151		DIRECTOR	AHMED YUSUF	25/10/2010	10/1/2017	10,000,000.00	10,000,000.00	8,000,000.00	0.00	8,000,000.00	4	UNITY BANK SHARES
AHMED YUSUF	2071424871120610		DIRECTOR	AHMED YUSUF	03-01-2012	10/1/2017	40,000,000.00	40,000,000.00	40,000,000.00	0.00	40,000,000.00	20	EQUITABLE MORTGAGE OVER PROPERTY AT MMAR ESTATE
AHMED YUSUF	2071424871120610		DIRECTOR	AHMED YUSUF	12-10-2012	10/3/2014	120,000,000.00	30,000,000.00	30,000,000.00	0.00	30,000,000.00	20	STAFF SALARY AND ALLOWANCES
KUNLE OYINLOYE	2321975112090		EX-DIRECTOR	KUNLE OYINLOYE	29/10/2010	23/11/2016	12,000,000.00	12,000,000.00	5,173,160.63	0.00	5,173,160.63	18	STAFF SALARY AND ALLOWANCES
MR. ABELUPO ADEBEMI	201496303110	NIL	EX-DIRECTOR	MR. ABELUPO ADEBEMI	18/09/2008	31/12/2009	10,000,000.00	10,000,000.00	5,085,147.12	0.00	5,085,147.12	0	1.A. HOLD IS PLACED ON SHARES TO BE ACQUIRED
INGER NORTH LIMITED	203114927112026	NIL	EX-DIRECTOR	A.H. UMARU INDIANUSA	24/07/2011	21/11/2016	40,190,001.99	40,190,001.99	25,847,060.35	0.00	25,847,060.35	10.75	(1) Legal Mortgage over landed property located at 2A Reeve Road Ikoyi valued at N600million (b) Legal Mortgage over property located at Aso Drive Maitama, Abuja valued at N2.1 billion (in Place)
ETUH THOMAS	359170653812010	0	DIRECTOR	THOMAS ETUH	02-10-2012	02-07-2014	2,460,224,076.72	2,460,224,076.72	2,160,224,076.72	0.00	2,160,224,076.72	20	(1) Legal Mortgage over landed property located at 2A Reeve Road Ikoyi valued at N600million (b) Legal Mortgage over property located at Aso Drive Maitama, Abuja valued at N2.1 billion (in Place)
TAK CONTINENTAL LIMITED	3591713235120	0	DIRECTOR	THOMAS ETUH	30/10/2009	30/10/2010	800,000,000.00	800,000,000.00	651,394,853.90	0.00	651,394,853.90	24	(1) legal Mortgage over the present and future assets of both Tak Air Services & Associated Companies Ltd (2) Personal Guarantee of all the Directors supported with statement of net worth.
TAK AGRO & CHEMICAL LIMITED	3591775990120	0	DIRECTOR	THOMAS ETUH	17/01/2011	27/07/2011	320,000,000.00	320,000,000.00	3,452,077,044.71	0.00	3,452,077,044.71	18	(1) legal Mortgage over landed property located at 2A Reeve Road Ikoyi valued at N600million (2) Legal mortgage on property at 4, Kukuluku Close, Aso Drive, Asokoro Abuja valued at N2.1 Billion (3) Lien on Shipping Documents assigned to Unity Bank Plc and endorsed to Tak Agro & Chemicals Limited. (4) 90 days Warehousing arrangement between the Bank, Tak Agro & Chemicals Ltd and Warehousing Agent. (5) Domiciliation of Sales Proceeds through Cash or Bank Guarantee from Tak Agro & Chemicals Ltd. (6) Personal Guarantee of all the Directors of the Company supported with statements of their personal net worth.

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TKA AGRO & CHEMICAL LIMITED	3891775990112020						02-02-2012	31/01/2014	2,259,000,000.00	2,259,000,000.00	1,411,875,000.00	0.00	1,411,875,000.00	20	(1) Legal Mortgage over landed property located at ZA Reeve Road Ikoji valued at N600Million (2) Legal mortgage on property at 4, Kukuuku Road, Ikoji, Akoko Abajo valued at N2.1 Billion (3) Lien on Shipping Documents consigned to Unity Bank Plc and endorsed to Tak Agro & Chemicals Limited. (4) Tripartite Warehousing arrangement between the Bank, Tak Agro & Chemicals Ltd and Warehousing Agent. (5) Domiciliation of Sales Proceeds through Cash or Bank Guarantee from Tak Agro & Chemicals Ltd. (6) Personal Guarantees of all the Directors of the company supported with statements of their personal net worths.
TEMPO STARCH AND GLUCOSE LTD	418988394120						21/3/2011	19/3/2012	500,000,000.00	500,000,000.00	1,535,061,774.48	0.00	1,535,061,774.48	19	(1) Fixed and floating debenture over the present and future plants and machineries of the company equivalent to 130% of the exposure of the Bank. (2) Legal Mortgage on landed property measuring 27 hectares on which the factory is situated in Abeokuta. (3) Personal Guarantees of the Group Managing Director Elder D.W. Aisi and two other Directors supported with statement of networth. (4) Corporate Guarantee of Obasanjo Holdings Limited.
TEMPO STARCH AND GLUCOSE LTD	41898839412021						31/7/2008	29/11/2013	923,163,856.63	923,163,856.63	174,742,732.06	0.00	174,742,732.06	15	(1) Fixed and floating debenture over the present and future plants and machineries of the company equivalent to 130% of the exposure of the Bank. (2) Legal Mortgage on landed property measuring 27 hectares on which the factory is situated in Abeokuta. (3) Personal Guarantees of the Group Managing Director Elder D.W. Aisi and two other Directors supported with statement of networth. (4) Corporate Guarantee of Obasanjo Holdings Limited.
AK S MERCHANTS	207137052112026						21/02/2012	21/02/2013	1,800,000,000.00	1,800,000,000.00	1,800,000,000.00	0.00	1,800,000,000.00	18	LEGAL MORTGAGE OVER PROPERTY LOCATED AT NO. 15 CHILD AVENUE, APAPA GRA, LAGOS VALUED AT N370 MILLION (OMV) AND N350 MILLION (FSV). LEGAL MORTGAGE OVER LANDED PROPERTY LOCATED AT 'MANDO LIGHT INDUSTRIAL AREA VALUED AT N240 MILLION (OMV) AND N160 MILLION (FSV). LIEN ON DOCUMENTS OF TITLE OF THE CO-OPERATIVE SOCIETY OF BANKERS AND OFFICIALS BETWEEN MBS MERCHANTS LTD, OFF TAKERS AND UNITY BANK PLC. TRIPARTITE WAREHOUSING AGREEMENT FOR THE ENTIRE FERTILIZER PRODUCTION. COMPREHENSIVE INSURANCE WITH UNITY BANK'S INTEREST NOTED AS FIRST LOSS PAYEE. PERSONAL GUARANTEES OF TWO (2) DIRECTORS OF THE COMPANY.
TEMPO STARCH AND GLUCOSE LTD	418988394112860						27/09/2010	30/9/2016	1,000,000,000.00	1,000,000,000.00	750,000,000.00	0.00	750,000,000.00	4	(1) Fixed and floating debenture over the present and future plants and machineries of the company equivalent to 130% of the exposure of the Bank. (2) Legal Mortgage on landed property measuring 27 hectares on which the factory is situated in Abeokuta. (3) Personal Guarantees of the Group Managing Director Elder D.W. Aisi and two other Directors supported with statement of networth. (4) Corporate Guarantee of Obasanjo Holdings Limited.
BACBONE CONNECTIVITY NET WORK	32688840120						29/07/2008	28/07/2011	1,245,918,745.22	1,245,918,745.22	1,252,121,360.27	0.00	1,252,121,360.27	27	Deed of Debenture on fixed and floating assets of the company valued N300 Million. Lien on complete set of shipping documents, receivable documents, bills of lading, bills of exchange, Bill of Lading, Zenta Domiciliation of proceeds of proposed or proposed private placement to the Bank. Personal Guarantees of all the Directors, supported by notarised statements of net worth.

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42. Events after the reporting date

There are no events after the reporting date which could have had a material effect on the financial statements as at 31 December 2012.

43. Capital

The bank maintains an actively managed capital base to cover risks inherent in the business and meet the capital adequacy requirements of the local banking supervisor, Central Bank of Nigeria. The adequacy of the bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision (BIS rules/ratios) and adopted by the Central Bank of Nigeria in supervising the bank. During the past year, the bank had complied fully with all its externally imposed capital requirements.

Capital management

The primary objectives of the bank's capital management policy are 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 to maximise shareholder value.

The bank manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

	31 December 2012 N'000	31 December 2011 N'000
Regulatory capital		
Tier 1 capital		
Share capital	17,475,768	17,475,768
Share premium	13,677,092	13,677,092
Share Reconstruction	14,501,904	14,501,904
Statutory Reserves	7,691,052	5,837,033
SMEIES Reserves	440,116	440,116
Retained earnings	(14,697,138)	(18,901,091)
Other Reserves	4,541,768	4,419,678
Less: goodwill and intangible assets		
Assets		
Less: Deferred Tax Assets	(17,498,195)	(17,928,538)
Total qualifying Tier 1 Capital	<u>(7,147,823)</u>	<u>(7,634,265)</u>
	<u>18,984,544</u>	<u>11,887,697</u>
Tier 2 capital		
Preference Share	-	-
Non-Controlling Interest	-	240,031
Convertible Bonds	-	-
Term Loan Facility_ AFREXIM	11,357,500	11,357,500
Revaluation Reserve_Fixed Assets	7,219,000	7,219,000
Revaluation Reserve_Investment Securities	(847,817)	(653,965)
Adjustment		(6,274,869)
Total qualifying Tier 2 Capital	<u>17,728,683</u>	<u>11,887,697</u>
Total Qualifying Capital	<u>36,713,227</u>	<u>23,775,394</u>
Risk - weighted assets:		
On balance sheet	232,574,263	187,276,656
Contingents	42,440,960	10,754,981
Total risk-weighted assets	<u>275,015,223</u>	<u>198,031,637</u>
Ratio	<u>13.35%</u>	<u>12.01%</u>

44. Maturity Profile of Assets and Liabilities

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

As at 31 December 2012	Assets	Up to 1 Month N'000	1 to 3 Month N'000	3 to 6 Month N'000	6 to 12 Month N'000	1 to 3 Years N'000	Over 3 Years N'000	Total N'000
	Cash and balances with central banks	41,245,431	-	-	-	-	-	41,245,431
	Due from banks	13,586,888	-	-	-	-	-	13,586,888
	Loans and advances to customers	45,194,550	13,275,780	41,161,423	72,068,522	4,820,554	12,520,514	189,041,345
	Financial investments – available-for-sale	-	-	-	25,247,738.60	-	-	25,247,739
	Financial investments – available-for-sale pledged as collateral	-	-	-	6,295,200.00	-	-	6,295,200
	Financial investments – held-to-maturity	-	-	-	-	-	55,072,364	55,072,364
	Other assets	10,507,932.46	6,186,068.08	1,031,011.27	859,176.06	687,340.85	-	19,271,529
	Non current assets held for sale	-	-	427,115	-	-	-	427,115
	Property and equipment	-	-	-	-	-	20,886,553	20,886,553
	Goodwill and other intangible assets	-	-	-	-	-	17,498,195	17,498,195
	Deferred tax assets	-	-	-	7,147,823	-	-	7,147,823
	Investment in subsidiaries	-	-	-	-	-	-	-
	Total assets	110,534,801	19,461,849	42,619,550	111,618,460	5,507,895	105,977,626	395,720,180
	Liabilities							
	Due to customers	179,303,498	43,451,822	25,281,961	18,961,471	3,061,294	-	270,060,046
	Debt issued and other borrowed funds	-	-	-	3,605,350	22,032,694	28,796,454	54,434,499
	Current tax liabilities	-	-	591,511	-	-	-	591,511
	Other liabilities	9,341,868	5,382,320	1,196,632	1,593,558	1,274,847	67,447	18,856,671
	Employee benefit liabilities	-	-	319,771	-	-	-	319,771
	Deferred tax liabilities	-	-	-	-	-	-	-
	Equity	-	-	-	-	-	51,457,682	51,457,682
	Total liabilities	188,645,366	48,834,142	27,389,875	24,160,379	26,368,835	80,321,582	395,720,180
	Gap	(78,110,565)	(29,372,293)	15,229,674	87,458,081	(20,860,940)	25,656,044	

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As at 31 December 2012	Up to 1 Month N'000	1 to 3 Month N'000	3 to 6 Month N'000	6 to 12 Month N'000	1 to 3 Years N'000	Over 3 Years N'000	Total N'000
Assets							
Cash and balances with central banks	27,702,285	-	-	-	-	-	27,702,285
Due from banks	61,034,229	-	-	-	-	-	61,034,229
Loans and advances to customers	28,951,818	8,271,948	2,747,857	45,495,714	206,799	12,201,123	117,875,258
Financial investments – available-for-sale	-	-	-	16,221,557	-	-	16,221,557
Financial investments – available-for-sale pledged as collateral	-	-	-	13,604,253	-	-	13,604,253
Financial investments – held-to-maturity	-	-	-	-	-	55,939,144	55,939,144
Other assets	17,246,436	10,153,056	1,692,176	1,410,147	1,128,117	21,011,961	31,629,931
Property and equipment	-	-	-	-	942,494	-	21,954,455
Goodwill and other intangible assets	-	-	-	-	-	17,928,538	17,928,538
Deferred tax assets	-	-	-	-	-	7,634,265	7,634,265
Investment in subsidiaries	-	-	1,402,832	-	-	-	1,402,832
Total assets	134,934,767	18,425,004	25,842,865	76,731,670	2,277,410	114,715,032	372,926,747
Liabilities							
Due to customers	177,190,431	42,939,748	24,984,017	18,738,013	3,025,217	-	266,877,426
Debt issued and other borrowed funds	-	-	-	2,848,529	17,407,679	22,751,617.00	43,007,826
Current tax liabilities	-	-	642,480	-	-	-	642,480
Other liabilities	8,386,871	4,832,098	1,074,303	1,430,652	1,144,522	60,551.95	16,928,998
Employee benefit liabilities	16,483	32,967	32,967	82,417	164,834	1,318,668	1,648,335
Deferred tax liabilities	-	-	-	-	-	-	-
Equity	-	-	-	-	-	43,821,683	43,821,683
Total liabilities	185,593,785	47,804,813	26,733,767	23,099,611	21,742,252	67,952,520	372,926,748
Gap	50,659,018	29,379,809	890,902	(53,632,059)	(46,762,511)	(46,762,511)	

Board of Directors

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■ **Thomas Etuh**
Non-Executive Director

Thomas Etuh is forty eight years old and was appointed Non-Executive Director on March 18, 2011. He has been widely exposed to corporate business leadership for more than a decade. He is presently the Managing Director/Chief Executive Officer of TAK Continental Limited.

He is a Director on the Board of Federal Superphosphate Fertilizer Company, Kaduna, Tak Agro & Chemical Limited, Lagos, Cape Cross Salt (PTY), Namibia, and a Principal Partner of Thomasses & Associates Limited, Kaduna, among others.

He studied Management, Banking and Public Administration at the Ahmadu Bello University, Zaria, Abubakar Tafawa Balewa University, Bauchi and University of Jos respectively.

Thomas Etuh holds a Post Graduate Diploma in Management from the Abubakar Tafawa Balewa University. He is also an alumnus of the Lagos Business School (Chief Executive Programme), University of Navarra, Barcelona, Spain (Advanced Mgt. Programme), and the London Business School (Leadership Programme).

45. Maturity Profile of Contingents

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

As at 31 December 2012

	Up to 1 Month N'million	1 to 3 Months N'million	3 to 6 Months N'million	6 to 12 Months N'million	1 to 3 Years N'million	Over 3 Years N'million
Performance Bonds & Guarantees						
AMCON Liability Account	622	6,201	2,641	46,595	2,287	2,287
Letters of credit	-	-	-	-	103,812	103,812
AMC Liability	-	-	-	26,531.98	-	26,531.98
	622	6,201	2,641	73,127	117,794	200,385
Performance Bonds & Guarantees						
AMCON Liability Account	573	5,715	2,434	42,942	2,108	53,772
Letters of credit	-	-	-	-	71,248	71,248
AMC Liability	-	-	1,660	-	-	1,660
	573	5,715	4,094	42,942	79,158	132,482

46. ATM Complaints Data

In line with CBN circular Ref FPR/DIR/CIR/GEN/01/020, we present below the customer complaints statistics for the year:

	Number on Our Machine	Number on others' machine	Total
Number of complaints	4,530	3,684	8,214
Number of complaints resolved	4,530	3,684	8,214
Number of complaints unresolved	-	-	-
Amounts in Dispute	48,445,265	40,410,588	88,855,853
Customer Complaints Data			
Number of Customer Complaints Received	836	834	1,670
Number in process of resolution	-	-	2

47. Concentrations of currency risk: Financial Instruments

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

As at 31 December 2012	Naira N'000	Dollar N'000	Pound N'000	Euro N'000	Total N'000
Assets					
Cash and balances with central banks	34,175,376	5,746,384	351,537	972,135	41,245,431
Due from banks	12,343,223	1,166,964	76,701	-	13,586,888
Loans and advances to customers	185,999,907	3,041,437	-	-	189,041,345
Financial investments – available-for-sale	25,247,739	-	-	-	25,247,739
Financial investments – available-for-sale pledged as collateral	-	-	-	-	-
Financial investments – held-to-maturity	55,072,364	-	-	-	6,295,200
Other assets	14,856,131	4,415,398	-	-	55,072,364
Non current assets held for sale	427,115	-	-	-	19,271,529
Property and equipment	20,886,553	-	-	-	427,115
Goodwill and other intangible assets	17,498,195	-	-	-	20,886,553
Deferred tax assets	7,147,823	-	-	-	17,498,195
Investment in subsidiaries	-	-	-	-	7,147,823
Total assets	373,654,424	14,370,183	428,238	972,135	395,720,180
Liabilities					
Due to customers	263,091,215	6,080,224	150,614	737,992	270,060,046
Debt issued and other borrowed funds	46,591,999	7,842,500	-	-	54,434,499
Current tax liabilities	591,511	-	-	-	591,511
Other liabilities	18,405,320	447,189	4,162	-	18,856,671
Employee benefit liabilities	319,771	-	-	-	319,771
Deferred tax liabilities	-	-	-	-	-
Equity	51,457,682	-	-	-	51,457,682
Total liabilities	380,457,498	14,369,914	154,776	737,992	395,720,180
Gap	(507, 873)	269	273,461	234,143	

48. Interest Rate Risk

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

As at 31 December 2012	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	13,586,888	-	-	-	-	-	13,586,888
Loans and advances to customers	45,194,550	13,275,780	41,161,423	72,068,522	4,820,554	12,520,514	189,041,345
Financial investments – available-for-sale	-	-	-	18,900,659	-	-	18,900,659
Financial investments – available-for-sale pledged as collateral	-	-	-	6,295,200	-	-	6,295,200
Financial investments – held-to-maturity	-	-	-	-	-	55,072,364	55,072,364
Total assets	58,781,437	13,275,780	41,161,423	97,264,382	4,820,554	67,592,878	282,896,455
Liabilities							
Due to customers	179,303,498	43,451,822	25,281,961	18,961,471	3,061,294	-	270,060,046
Debt issued and other borrowed funds	-	-	-	3,605,350	22,032,694	28,796,454	54,434,499
Total liabilities	179,303,498	43,451,822	25,281,961	22,566,821	25,093,988	28,796,454	324,494,545
Gap	(120,522,061)	(30,176,041)	15,879,462	74,697,561	(20,273,434)	38,796,424	(41,598,090)
As at 31 December 2011							
Assets							
Due from banks	61,034,229	-	-	-	-	-	61,034,229
Loans and advances to customers	28,951,818	8,271,948	22,747,857	45,495,714	206,799	12,201,123	117,875,258
Financial investments – available-for-sale	-	-	-	10,370,654	-	-	10,370,654
Financial investments – available-for-sale pledged as collateral	-	-	-	13,604,253	-	-	13,604,253
Financial investments – held-to-maturity	-	-	-	-	-	55,939,144	55,939,144
Total assets	89,986,047	8,271,948	22,747,857	69,470,621	206,799	68,140,268	258,823,539
Liabilities							
Due to customers	177,190,431	42,939,748	24,984,017	18,738,013	3,025,217	-	266,877,426
Debt issued and other borrowed funds	-	-	-	2,848,529	17,407,679	22,751,617	43,007,826
Total liabilities	177,190,431	42,939,748	24,984,017	21,586,542	20,432,896	22,751,617	309,885,252
Gap	(87,204,384)	(34,667,800)	(2,236,160)	47,884,079	(20,226,097)	45,388,651	(51,061,713)

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	31 December 2012	31 December 2011
49. Employees and Directors		
a. The average number of persons employed by the Bank during the year was as follows		
	Number	Number
Executive Directors	6	6
Management	322	461
Non-management	1,750	2,322
	<u>2,078</u>	<u>2,789</u>
Compensation for the above staff (excluding executive directors) include:		
	N'000	N'000
Salaries and wages	14,012,266	11,827,678
Pension costs:		
Defined Contribution plans	564,830	890,395
Defined benefit plans	-	-
Other retirement plans	-	-
	<u>14,577,095</u>	<u>12,718,073</u>

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

	Number	Number
N300,000 and below		-
N300,001 - N2,000,000		-
N2,000,000 - N2,800,000	883	1,367
N2,800,001 - N3,500,000	427	345
N3,500,001 - N4,000,000	59	-
N4,000,001 - N5,500,000	335	628
N5,500,001 - N6,500,000	64	155
N6,500,001 - N7,800,000	95	80
N7,800,001 - N9,000,000	56	97
N9,000,001 and above	153	111
	<u>2,072</u>	<u>2,783</u>

	31 December 2012	31 December 2011
The number of directors who received fees and other emoluments(excluding pension contributions)		
	Number	Number
Below N1,000,000	-	-
N1,000,000 - N2,000,000	-	-
N2,000,001 - N3,000,000	-	-
N5,000,001 and above	16	16
	<u>16</u>	<u>16</u>

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50. Reconciliation of profit before tax to cash generated from operation

	N'000	N'000
Profit before tax	6,456,727	3,457,682
Adjustments to reconcile profit to net cashflow from operating activities		
Depreciation	2,545,017	2,285,770
Amortization of intangible assets	395,053	391,258
Profit on sale of fixed assets	(68,791)	(1,355,137)
Profit from sale of Investment	(902,081)	(140,347)
Net change in operating assets	(39,473,878)	(22,123,134)
Net change in operating liabilities	3,730,760	42,993,072
Increase/(Decrease) in tax payable	(50,968)	(256,797)
Prior year adjustments	-	(215,738)
Net Cash from operating activities	<u>(27,368,160)</u>	<u>25,036,627</u>

51. No dividend was declared in respect of the prior year. Under current regulations, dividend to shareholders is now accounted for on the date of declaration as it does not meet the criteria of current obligation in accordance with IAS

52. Acquisitions and disposals

In line with directives of Central Bank of Nigeria, the Board and Shareholders approved the disposal of the Bank subsidiaries in 2011. Most of subsidiaries have been disposed and the ones not yet disposed are being treated as non-current assets held for sale in line with IFRS 5

53. Future Accounting Development and its impact on the Bank

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Bank's financial statements are listed below. This listing of standards and interpretations issued are those that the Bank reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Bank intends to adopt these standards when they become effective.

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Company's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IAS 19 Employee Benefits (Amendment)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Bank is currently assessing the full impact of the remaining amendments. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 7 Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements

The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Company's financial statements understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment affects disclosure only and has no impact on the Bank's financial position or performance.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the course of 2011 or the first half of 2012. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Bank's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Bank will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Bank is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

54. Contraventions

The bank contravened some extant regulatory provisions during the year. The details of such contraventions and the penalties paid are shown below.

S/n	Nature of Contravention	Regulatory Body	Penalty Paid N'000
1	Extant regulations of CBN with respect to FOREX dealings	CBN	2,000
2	Anti Money Laundering Act	NDIC	4,000
3	Enforcement defaults	CAC	969
4	Unauthorized publication	NSE	1,544
			8,513

Statement of Value Added

for The Year Ended 31 December 2012

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	2012		2011	
	N'000	%	N'000	%
Gross earnings	53,760,353		46,267,626	
Interest expense	(15,974,022)		(9,155,906)	
	37,786,331		37,111,721	
Administrative and other expenses:				
Local	(11,310,824)		(16,124,996)	
Provision for diminution in value of assets	(2,274,388)		(2,447,115)	
	24,201,119	100	18,539,610	100
Applied to pay:				
Employees:				
Wages, salaries and pensions	14,577,095	60	13,038,844	70
Taxes	520,586	2	612,010	3
Information technology levy	67,220	0	30,470	0
Shareholders:				
Dividend	-	-	-	-
To be retained in the business for expansion for expansion and future wealth creation				
Depreciation				
Deferred taxation	2,545,017	11	2,285,770	12
Profit for the year	311,140	1	(121,343)	(1)
	6,180,061	26	2,693,859	15
	24,201,119	100	18,539,610	100

Value Added is the 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.

Five Year Financial Summary- Statement of Financial Position

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	31 December 2012 N'000	31 December 2011 N'000	31 December 2010 N'000	31 December 2009 N'000	31 December 2008 N'000
Assets					
Cash and balances with Central Bank	41,245,431	27,702,285	17,334,975	7,708,254	11,878,594
Due from banks	13,586,888	61,034,229	31,721,963	52,720,679	156,933,845
Loans and advances to customers	189,041,345	117,875,258	116,688,894	87,817,499	51,882,213
Financial investments – available-for-sale	25,247,739	16,221,557	19,439,165	7,961,549	37,911,360
"Financial investments – available-for-sale pledged as collateral"	6,295,200	13,604,253	6,295,200	9,500,000	9,500,000
	55,072,364	55,939,144	35,427,340	-	-
Financial investments – held-to-maturity					
Other assets	19,271,529	31,629,931	27,120,262	46,487,582	64,786,412
Property and equipment	20,886,553	21,954,455	22,076,596	16,525,180	13,905,349
Goodwill and other intangible assets	17,498,195	17,928,538	18,263,550	17,085,024	17,085,024
Deferred tax assets	7,147,823	7,634,265	7,755,608	7,796,712	-
Investment in subsidiaries	-	1,402,832	1,921,177	1,572,867	198,040
Non current assets held for sale	427,115	-	-	-	-
TOTAL ASSETS	395,720,180	372,926,748	304,044,730	255,175,346	364,080,837
Liabilities and Equity					
Liabilities					
Due to customers	270,060,046	266,877,426	222,145,561	214,986,082	320,139,525
Debt issued and other borrowed funds	54,434,499	43,007,826	17,738,789	-	-
Current tax liabilities	591,511	642,480	899,277	309,598	88,063
Other liabilities	18,856,671	16,928,998	18,666,506	32,540,891	23,218,455
Deferred Tax liability	319,771	1,648,335	1,392,823	-	1,788,112
Employee benefit liabilities	-	-	-	155,097	52,413
TOTAL LIABILITIES	344,262,498	329,105,065	260,842,956	247,991,668	345,286,568
Equity					
Issued share capital	17,475,768	17,475,768	16,643,588	7,976,047	7,250,952
Share premium	13,677,092	13,677,092	14,509,272	5,841,730	6,566,825
Statutory reserve	7,691,052	5,837,033	5,106,539	1,381,897	1,381,897
Retained earnings	(14,697,138)	(18,901,091)	(17,773,895)	(22,958,016)	(11,347,425)
Other reserves	27,310,908	25,732,881	24,716,270	14,942,020	14,942,020
TOTAL EQUITY	51,457,682	43,821,683	43,201,774	7,183,678	18,794,269
TOTAL LIABILITIES AND EQUITY	395,720,180	372,926,748	304,044,730	255,175,346	364,080,837

Note that financial statements for 2008 and 2009 were prepared under local GAAP

Five Year Financial Summary- Income Statement

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	2012	2011	2010	2009	2008
	N'000	N'000	N'000	N'000	N'000
Net operating income	37,786,331	37,111,721	50,177,125	29,668,397	34,483,805
Operating expenses	(29,669,741)	(32,330,846)	(30,067,172)	(36,552,487)	(26,722,159)
Provision for losses	(1,659,863)	(1,323,194)	(6,795,204)	(14,086,398)	(29,525,454)
Profit before exceptional item and taxation	<u>6,456,727</u>	<u>3,457,682</u>	<u>13,314,749</u>	<u>(20,970,488)</u>	<u>(21,763,808)</u>
Exceptional item	-	-	-	-	8,609,735
Profit after exceptional item before taxation	<u>6,456,727</u>	<u>3,457,682</u>	<u>13,314,749</u>	<u>(20,970,488)</u>	<u>(13,154,073)</u>
Information technology Levy	(67,220)	(30,470)	-	-	-
Current taxation	(520,586)	(612,010)	(899,277)	(224,926)	(88,063)
Deferred taxation	311,140	(121,343)	-	5,339,559	-
Profit after taxation	<u>6,180,061</u>	<u>2,693,859</u>	<u>12,415,472</u>	<u>(15,855,855)</u>	<u>(13,242,136)</u>
Profit attributable to shareholders	<u>6,180,061</u>	<u>2,693,859</u>	<u>12,415,472</u>	<u>(15,855,855)</u>	<u>(13,242,136)</u>
Earnings per share (basic)	<u>17.68</u>	<u>7.71</u>	<u>37.52</u>	<u>(1.01)</u>	<u>4.97</u>

Note that financial statements for 2008, 2009 and 2010 were prepared under local GAAP

Board of Directors

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■ **Engr. Oluseun A. Mabogunje**
Non-Executive Director

Engr. Oluseun A. Mabogunje is fifty three years old and was appointed Non- Executive Director on March 18, 2011. He is a corporate leader of good standing and an entrepreneur.

Before venturing into private business, he was in public service where he worked in the Department of State Services. Engr. Mabogunje is the Chief Executive Officer of Integrated Systems & Services Limited (ISDL), an electronic security and communications security company. He is also a Director of Crystal Gold Microfinance Bank, Shomolu, Ancient International, and Safety Consultants & Solutions Providers, Lagos

He is an Electrical/Electronic Engineer trained at the University of Ife (now Obafemi Awolowo University). He is also a member of the Nigerian Society of Engineers (NSE), Council for the Regulation of Engineering in Nigeria (COREN) and several other professional bodies



■ Corporate Information

CORPORATE SOCIAL RESPONSIBILITY

In 2012, Unity Bank Plc upheld its guiding business values which include empathy and dependability among others by supporting several sectors, organisations and individuals in various spheres of life.

By way of financial input and supportive presence, the Bank committed the sum of N39,260,433 (Thirty Nine Million, Two Hundred and Sixty Thousand, Four Hundred and Thirty Three Naira) in several CSR engagements covering the fields of Education/Capacity Building, Trade Promotions, Professional Development, Community Intervention, Sports, and Health. Details of the Bank's CSR engagements in 2012 are as detailed below:

EDUCATION/CAPACITY BUILDING

Bus donation to College of Education, Bauchi	N5,500,000.00
Book Launch in honour of Dr. Alh. Ado Bayero	N1,000,000.00
Agricultural Sector Exhibition—Frontier Info Access	N2,500,000.00
ABU Zaria 50th Anniversary	N3,000,000.00
Compumetrics Solution Nig.—ICT Conference & Exhibition	N 500,000.00
Nigerian Society of Chemical Engineers—AGM	N1,000,000.00
Aspirers Theatre Concept, Unijos	N 300,000.00

TRADE PROMOTIONS

Kaduna Chamber of Commerce Dinner	N2,000,000.00
Maritime Expo	N 100,000.00
D8 Small & Medium Enterprise Meeting	N2,500,000.00

PROFESSIONAL DEVELOPMENT

Nigeria Airspace Management Agency	N1,000,000.00
17TH African Bank Note & Security Doc. Printers	N1,000,000.00
CIBN - AGM	N2,000,000.00
Chief Inspectors of Banks in Nig—Annual Retreat	N 200,000.00
Alumni Association of the National Institute	N2,000,000.00
Association of Pathologists	N 500,000.00

COMMUNITY INTERVENTION

Unity Bank/ FRSC Safety Reflective Jackets	N2,960,433.00
Completion- NYSC Orientation Camp Clinic, Abuja	N1,000,000.00
Burial of Police Corporal killed at Iyarra Branch	N 100,000.00
Purchase of Police patrol vehicles in Kano	N1,000,000.00
National Youth Organization Award	N1,000,000.00

SPORTS

National Unity Polo Tournament	N3,000,000.00
Minna National Polo Tournament	N3,000,000.00
Zaria International Polo Tournament	N1,000,000.00
Lead City University Polo Team	N 100,000.00
Ministry of Youth & Sports, Kaduna	N1,000,000.00

TOTAL

N39,260,433.00

Recognising the importance of trade exhibitions to its business strategy, the Bank also participated in three trade fairs during the year under review. These are Kaduna, Kano and Lagos International Trade Fairs.

Principal Officers

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PRINCIPAL OFFICERS

ZONAL HEADS

NAME	GRADE	ZONE
Abaji Usman	General Manager	North East
Nwaiwu Idu Patricia Mrs.	Deputy General Manager	South

DIVISIONAL HEADS

NAME	GRADE	DIVISION
Adamu Bashir	General Manager	Internal Audit
Akinniyi Babatunde Sunday	General Manager	Operations
Umar Larai Bilkisu Mrs.	Deputy General Manager	Compliance
Yusuf M.I.S Khalifa	Deputy General Manager	Strategy & Corporate Development
Abubakar Baba Danlami	Deputy General Manager	Risk Management
Dalhatu Umar	Deputy General Manager	Corporate Services
Usman Tukur Fatimah Mrs.	Assistant General Manager	Products & Channels
Atiku Abubakar Zubairu	Assistant General Manager	Information Technology

HEADS OF DEPARTMENT

NAME	GRADE	DEPARTMENT
Abraham Azumi Aisha Mrs.	Deputy General Manager	Company Secretariat
Onyilokwu Ochofie Andrew	Deputy General Manager	Financial Control Department
Adamu Mohammed Umar	Assistant General Manager	Legal Services Department
Adenowo Bilau Adekayode	Assistant General Manager	Foreign & Treasury Operations Department
Muhammad Mustapha	Assistant General Manager	Internal Control (Branches) Department
Lere Aliyu Yahaya	Assistant General Manager	Credit Administration Department
Aliyu Ma'Aji Iliyasu	Assistant General Manager	Corporate Communication Department
Abiade Ademola Muraina	Principal Manager	General Audit & Inspection Department
Alhassan Danhama Zulkiflih	Principal Manager	Domestic Operations Department
Ibrahim Giddi Mohammed	Principal Manager	Consumer Products Department
Dania Majebi Steve	Principal Manager	Treasury Marketing Department
Ososanya Oluwagbemiga Bosun	Principal Manager	Credit Risk Department
Williams Adejumobi Alaba	Principal Manager	Debt Recovery Department
Ahmadu Habibu	Principal Manager	Network & End User Support Department
Owolewa Anthony Oluyide	Principal Manager	Enterprise Risk Management Department
Jamoh Yusuf Mustapha	Principal Manager	Human Capital Management Department
Gama Mohammed Umar	Principal Manager	Reconciliation Department
Akpakpan Okon Ibere-Abasi	Senior Manager	E-Business Department
Abba Kazaure Yahaya	Senior Manager	Business Support Department
Mamman Da Bature Abubakar	Senior Manager	Training & Development Department
Mohammed Abimbola Aleem	Senior Manager	Internal Control (Head Office) Department
Abubakar Siddiki Adamu	Senior Manager	Strategy Implementation & Monitoring Department
Imam Zahradddeen	Senior Manager	Administration Department
Yahaya Bungudu Rufai	Senior Manager	Investigation Department
Yomi-Balagun Chinyere Grace Mrs.	Senior Manager	E-Settlement/Clearing Department
Amechi Nwaego Theodora Mrs.	Senior Manager	Service Delivery Department
Sani Ismaila Sabiu Mr.	Manager	Agric Business
Sani Alhaji Lokoja Mr.	Manager	Datacentre Operations & ISS Department
Alade Adeyemi Emmanuel Mr.	Manager	Payments & Collections Department
Hussein Mohammed Gambo Mr.	Manager	Audit Monitoring & Control
Ibrahim Fatima Bintu Mrs.	Manager	Performance Management
Yakubu Abubakar Lawal Mr.	Manager	Regulatory Compliance Department
Mshelia Musa Adamu Mr.	Deputy Manager	Information Systems Audit

Principal Officers

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PRINCIPAL OFFICERS

Ahmad Munir Mr.
Gbijah Danjuma Abimbola Mr.

Deputy Manager
Banking Officer

Business Process Improvement
Research and Development

REGIONAL MANAGERS

NAME

Adeyinka Bridget Ibiyemi Mrs.
Baffa Aminu
Olufe Omosede Modupe Mrs.
Chukwurah Dac
Umar Abdullahi Ahmad
Muhammad Shu'aibu Sani
Sayyadi Lawan
Umar Adabara Mohammed
Bashir Mohammed Nuruddin
Guri Muhammad Alhaji
Mahmud Elems Umar
Adamu Mohammed Kabir
Lawan Alhaji Bulama
Ahunanya Chinwe Patricia Mrs.
Sani Shehu
Ahmed Aishatu Mrs.
Hussaini Kabir
Ikwudogu Obiechina Ernest
Owoeye Olutayo Akinniyi
Gana Ibrahim Abbakura
Umar Aliyu Suleiman

GRADE

Deputy General Manager
Deputy General Manager
Deputy General Manager
Assistant General Manager
Assistant General Manager
Assistant General Manager
Assistant General Manager
Assistant General Manager
Assistant General Manager
Assistant General Manager
Assistant General Manager
Assistant General Manager
Principal Manager
Principal Manager
Principal Manager
Principal Manager
Senior Manager
Senior Manager
Senior Manager
Senior Manager
Senior Manager

REGION

Regional Office - Ikeja
Regional Office - Abuja Central
Regional Office - Victoria Island
Regional Office - Port Harcourt
Regional Office - Garki
Regional Office - Kano-South
Regional Office - Kano-North
Regional Office - Apapa
Regional Office - Kaduna
Regional Office - Sokoto
Regional Office - Benin
Regional Office - Minna
Regional Office - Dutse
Regional Office - Lagos Island
Regional Office - Bauchi
Regional Office - Abuja Satellite
Regional Office - Katsina
Regional Office - Makurdi
Regional Office - Ibadan
Regional Office - Maiduguri
Regional Office - Lafia

BUSINESS DEVELOPMENT MANAGERS

NAME

Agu Chukwudi Magnus
Makinde Christiana Oyebisi Mrs.
Awotunde Bamidele Raphael
Egena Idris Adejo

GRADE

Principal Manager
Principal Manager
Principal Manager
Senior Manager

BUSINESS DEVELOPMENT AREA

Business Development Area - Enugu
Business Development Area - Yaba
Business Development Area - Akure
Business Development Area - Lokoja

PRODUCT INFORMATION

PRODUCTS	FEATURES	BENEFITS
1. DOUBLE EDGE SAVINGS ACCOUNT	<ul style="list-style-type: none"> ·Combines features of savings and current account ·Non-clearing customised cheque ·Opening and minimum operating balance of N20, 000 for individuals and N50, 000 for corporate bodies 	<ul style="list-style-type: none"> ·Cheque and dividend warrant lodgements allowed. ·Interest bearing at normal savings rate. ·COT free ·Collateral for borrowing ·Instant access to electronic banking ·Facilities (Internet Banking, ATM, SMS Alerts). ·On-line withdrawal /deposit from any of our branches ·Allows withdrawals by third party but subject to maximum of N50, 000.
2. TARGET SAVINGS ACCOUNT(TSA)	<ul style="list-style-type: none"> ·Flexible opening balance ·Personal cheque and dividend warrant lodgement applicable ·Cash lodgement and payment Monthly statements of account (By email). 	<ul style="list-style-type: none"> ·ATM card. (for individuals) ·Internet banking access. ·SMS alert ·Interest Bearing.
3. UNITY KIDS ACCOUNT	<ul style="list-style-type: none"> ·Normal savings interest rate. ·One withdrawal allowed monthly ·Converts automatically to current account when the child turns 18 years 	<ul style="list-style-type: none"> ·Encourages savings and banking habits from childhood ·The child gets free birthday gift. ·Access to scholarship.
4. BETA ACCOUNT (BUSINESS EMPOWERMENT THRIFT ACCOUNT)	<ul style="list-style-type: none"> ·Flexible Opening Balance ·Regular periodic deposit up to targeted amount over a specific period (max period of 5yrs). ·Interest Bearing. ·Personal cheque lodgement in the name of the account holder (Conditions Apply) ·Only one withdrawal in a quarter 	<ul style="list-style-type: none"> ·Account can be used as collateral for loan ·Minimum of N50, 000 for three consecutive months provides an opportunity to win tools, materials for business expansion (conditions apply). ·ATM card. ·SMS alert. ·Cheques and Dividend warrants payable to the account.
5. HOLY TRIP MUSLIM	<ul style="list-style-type: none"> ·Non-interest savings account (Payable on demand). ·Deposit and withdrawal slips for cash lodgements and withdrawals ·Initial deposit of N5,000 ·Duration as required by the customer. ·Maximum of one withdrawal per quarter. 	<ul style="list-style-type: none"> ·Access to PTA For international passengers. ·Direct payment to Travel agencies.

PRODUCT INFORMATION

- Personal cheque and dividend warrant lodgement.
- Duration as required by the customer.
- Maximum of one withdrawal per quarter.

Current Account

Features

Account Opening balance of N5000.00 for individuals and N10,000.00 for Corporate, cash/cheque lodgment, Clearing of banking and financial instrument, unlimited withdrawals, Flexible third party transactions. Benefits:- ATM card, Internet banking, SMS alert, COT Concessions, personalized cheque booklet, attract interest payment

Savings Account

Features

Minimum opening balance of N2000.00, allow cash lodgment/payment, quarterly statements of accounts. Benefits:- ATM card, Internet banking, SMS alert, Interest, online deposit/withdrawal.

Double Edge

Features

Combines features of savings and current accounts, Non clearing customized cheque, opening minimum balance of N20,000.00 for individual and N50,000.00 for Corporate. Benefits:- Cheque/ dividend warrant lodgement, Interest bearing, COT free, Access to internet banking, Allow withdrawals by third party.

Target Savings Account

Features

Flexible opening balance, cheque / dividend warrant lodgment, Cash lodgment and payment, Monthly statements of account. Benefits:- ATM card, Internet banking access, SMS alert, Interest Bearing

Unity Kids Account:

Features

Normal savings interest, One withdrawal per month, Converts automatically to major when the child turns to 18 yrs. Benefits:- Free birthday gifts, Lodgment of cash/cheques, A chance to win scholarship, Simplify payment of school fees.

Business Empowerment and Thrift Account (BEA)

Features

N2,000.00 Opening Balance, Personal cheque lodgment. Benefits:- Account can be used as collateral, ATM card, SMS alert, Cheques /Dividend warrants lodgment, Promotional gift pack, normal saving rate, access to credit facility and Minimum deposit of N50,000 for three consecutive months provides an opportunity to win empowerment tools

Holy Trip (Christian)

Features

Deposit and withdrawal slips for cash lodgments, Initial deposit of N5,000.00, duration as required by customer, allow bridging finance facility up to 50%. Benefits:- Access to PTA/BTA, normal interest rate payable.

Holy Trip (Muslim)

Features

Non-interest savings account (Payable on demand), Deposit and withdrawal slips for cash lodgments and withdrawals, Initial deposit of N5,000, Duration as required by the customer, Personal cheque and dividend warrant lodgment. Benefits: .Access to PTA/BTA,

PRODUCT INFORMATION

ELECTRONIC PRODUCTS

At Unity Bank Plc, we continue to innovate to bring financial services closer to our customers and make it more convenient for them to create success stories. Our electronic banking services complement our widespread branch network by enabling customers to use channels such as the Internet, ATMs and mobilephones to initiate, monitor and complete financial transactions.

From our flagship electronic banking products, the Unity Bank cards (a naira debit card usable on all Interswitch ATMs & merchant pos), to our Web School product, we provide new perspectives to the use of electronic channels to facilitate transactions.

You can access the following electronic services today:

1. **ATM:** Automated Teller Machine is a device deployed by banks to serve customers basic cash needs among other value added services, 24/7.
2. **Pos:** Point of Sale is a device deployed by banks to facilitate cash movement tool in major retail outlets. It is one major channel for effective migration to a cashless society. This service is provided to serve customers on a 24/7 basis.
3. **Internet Banking:** This is an online real-time platform that offers customers real time access to their account anytime, anywhere, through the web. It is secure, convenient and reliable.
4. **Western Union:** Western Union Money Transfer provides consumers fast, reliable and convenient ways to send and receive money around the world as well as send payments and purchase money orders. Consumers can conveniently check the status of their transfer online.
5. **E-recruitment:** This is a product designed to cater for the recruitment needs of organizations, particularly organizations that engage in regular periodic recruitment such as the armed forces and the police. Applicants can apply from any location without necessarily being at a particular designated point.
6. **E-collection:** E-collection is an integrated multi-channel revenue collection management developed by banks for their corporate customers for the purpose of capturing payments, providing customized collections capabilities tailored to particular corporate business processes.
7. **Web School:** This is specially designed for the educational sector. Web School simplifies school management processes, especially those related to revenue assurance, examination management and result publishing. Web school supports online payment for all fees including tuition, faculty department, registration, etc and has an easy interface for the institution to manage all collections online/real-time.
8. **Unity Remits:** Unity Remits is a product developed to handle electronic payments to contractors and suppliers as well as salaries and pensions on behalf of clients in such a way that authorized account officers from the client, depending on his or her role in the organization, could initiate payment. It authorizes payment directly into the beneficiary's account irrespective of which bank the account is domiciled.
9. **Unity Bank Cards:** Unity Bank provides its numerous customers with different variety of cards to serve different customers needs. These includes;
 - a. **MasterCard Verve Card:** This is a naira denominated debit card linked to a customer's savings or current account that can be used for both domestic and international payment transactions.
 - b. **Holy trip MasterCard:** This is a dollar denominated prepaid card that is targeted to both Christian and Muslim pilgrims. This type of MasterCard is reloadable and can be issued to both account holders and non-account holders alike.
 - c. **Prepaid MasterCard:** This is a generic prepaid card denominated in dollars acceptable worldwide wherever MasterCard logo is seen. This is targeted to walk-in customers who have need for international payment transactions.

- d. Prepaid Verve Card: This is a prepaid verve card Naira denominated card that is not linked to any account rather it is a reloadable card that can be used to settle purchases locally.
10. **E-ticketing:** this gives travelers and airline/transporters security, flexibility, convenience and cost effective means of banking and payments for tickets. It also offers standard assurance of traditional paper tickets such as seating choice, travel time option and other flexibilities.
 11. **Mobile Banking:** This is a product that offer services as you go. You can make your transactions anywhere such as account balance, top up and Bank transfers.
 12. **SMS Alert:** This is an electronic mode of transaction notification on mobile phones or other electronic device(s). This includes Deposit /Credit Transaction Alert, Withdrawal/Debit Transaction Alert. SMS Alert services enable customers to keep track of transaction done on their account realtime.
 13. **MOBILE PAYMENT (POCKETMONI):** This is a mobile payment solution designed to allow users conduct financial transaction anytime, anywhere, from their phones by account holders and non-account holders

AGRIC PRODUCTS

PRODUCTS	FEATURES	BENEFITS
1. UNITY FARMERS COOPERATIVES FINANCE SCHEME.	<ul style="list-style-type: none"> • Targeted at farmers' cooperative societies/ farmers groups to meet their financial needs for the production of crops such as maize, cotton, rice, cassava etc. • Maintenance of 30% in savings account to serve as collateral support • Counter guarantee of members of the Cooperative Societies. 	<ul style="list-style-type: none"> • Loan amount to be granted is up to 3 times the collateral balance • Maximum tenor of 12 months • Free Professional advice from Agric Desk. • Flexible repayment periods • CBN guarantee with interest rebate under NIRSAL
2. UNITY FARMERS COOPERATIVES LEASING SCHEME	<ul style="list-style-type: none"> • Targeted at farmer's cooperative societies / farmers groups in need of farming tools and equipment e.g irrigation pumps, sprayers, ploughs etc. • Maintenance of 30% in savings account to serve as collateral support • Counter guarantee of members of the cooperative Society. 	<ul style="list-style-type: none"> • Maximum loan amount is 3 times the collateral balance. • Maximum tenor of 36 months. • The leased equipments serve as part of the collateral. • Free Professional advice from Agric Desk. • Flexible repayment periods. • CBN guarantee with interest rebate under NIRSAL
3. UNITY INDUSTRIAL INPUT FARMERS SCHEME	<ul style="list-style-type: none"> • Targeted at farmers that grow crops on large scale or can purchase produce/animal by-products in large quantities to serve as raw materials for industries. • To maintain a collateral of 30% 	<ul style="list-style-type: none"> • Facility has no limit • Tenor depends on business analysis of the project to be financed subject to a maximum period of 12 months. • Free Professional advice from Agric Desk. • Flexible repayment periods. • CBN guarantee with interest rebate under

	of facility required ·Domiciliation of sales proceeds to the bank	under NIRSAL
4. GENERAL AGRO –ALLIED FARMERS SCHEME	·Targeted at farmers who need farm equipments such as: planters, harvesters, irrigation equipments, battery cages, storage facilities etc. ·Collateral includes equipments to be purchased.	·No facility limit. ·Tenor depends on business analysis of what is to be financed. ·Flexible repayment period. ·Free Professional advice from Agric Desk. ·CBN guarantee with interest rebate under NIRSAL
5. COMMERCIAL AGRICULTURE CREDIT SCHEME.	·Targeted at Corporate, large and Medium scale commercial farmers/Agro enterprises as well as State Governments ·Business plan ·Submission of financials i.e. audited account, cash flow projections etc	·Single digit interest rate (9%). ·Relatively longer period of loan repayment ·Free Professional advice from Agric Desk. ·State Governments have a loan limit of N1 billion to on lend to farmers, provision of an Irrevocable Standing Payment Order (ISPO) ·Based on funding availability by Central Bank of Nigeria (CBN)
6. AGRICULTURAL TRUST FUND MODEL	·Designed to partner with Federal, State/Local Governments, Non-Governmental organizations and private companies (Blue Chips) in making credits available to small and medium scale farmers and cooperative societies, that lack tangible collateral to offer for agricultural loan facilities. ·Employer or partnering body to contribute at least 50% of loan able funds. Farmers to contribute 25% of the loan	·Farmers/Farmer group to access agric facilities up to 4 times the collateral balance ·Flexible tenure ·Refund of deposit held in lien after the loan repayment. ·Free Professional advice from Agric Desk. ·CBN guarantee with interest rebate under NIRSAL
7. NIGERIAN INCENTIVE BASED RISK SHARING SYSTEM FOR AGRICULTURAL LENDING (NIRSAL)	·A Federal Government Initiative ·Targeted at all categories of Agric Business ·Borrower to contribute 20% equity contribution. ·Finances all activities within the agribusiness value chain ·Support the borrowings to State, Federal and Local Government entities if acting as project sponsors along the agribusiness value chain.	·No facility limit. ·Tenor depends on business analysis of what is to be financed. ·Flexible repayment period. ·Free Professional advice from Agric Desk. ·Credit Risk guarantee with interest rebate support

8. GROWTH ENHANCEMENT
SUPPORT SCHEME(GES).

- A Federal Government Initiative
- Targeted at Tertiary, Secondary and Primary Agro dealers, and also key value chain actors in the fertilizer business.
- Interest rate at 7%
- Agro dealer to provide 25% collateral and equity

- No facility limit to suppliers
- Tenor is a maximum of six (6) months.
- Free Professional advice from Agric Desk.
- Buy back of unsold fertilizer
- K400M limit to dealers

UNITYBANK PLC

Annual Report
& accounts

A grayscale world map with a grid of latitude and longitude lines. A network of thin white lines connects various points across the continents, suggesting global connectivity or a network. The map is centered on the Atlantic Ocean.

2012

Board of Directors

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■ **Gimba H. Ibrahim**
Independent Director

Gimba H. Ibrahim is sixty years old and was appointed Independent Director on March 18, 2011. He has exposure in banking and financial services spanning commercial, development and agricultural banking.

He is presently the Managing Director/Chief Executive Officer of Gammas Resources Ltd, Kaduna. He has in the course of his banking career been the Area Manager/Business Development Manager with the First Bank Plc. He also worked with the NNDC Group and the Nigeria Agricultural & Co-operative Bank Ltd.

Ibrahim also served on the boards of several companies including Arewa Textiles Plc, Kaduna, Northern Nigeria Flour Mills, Kano, Cristal-Hope Nigeria Limited, United Nigeria Textiles Plc, Kaduna, Guinea Insurance Plc, Lagos, and others.

He obtained a B.Sc in Economics and M.A. in Business Administration from Ahmadu Bello University, Zaria. He has attended a number of professional courses and is a member of several professional bodies including the Nigeria Institute of Management, Institute of Directors, Nigerian American Chamber of Commerce, and the Nigeria Institute of Bankers.

Branch Network Information

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BRANCH NETWORK INFORMATION

S.NO	BRA. CODE	BRANCH NAME	BRANCH ADDRESS	STATE	REGION	ZONE
1	227	Nass Branch, Abuja	National Assembly, White House, Basement 3 Arms Zone	FCT	Abuja	Central
2	233	Head Office Branch, Abuja	Plot 785, Herbert Marcuseley Way, CBD, Abuja	FCT	Abuja	Central
3	234	Hafsat Plaza Branch, Abuja	Hafsat Plaza, Plot 472, Constitution Ave. Central Area, Abuja	FCT	Abuja	Central
4	321	Russell Center Branch, Abuja	Russell Centre Complex, Plot 2097, Herbert Macaulay Way, Wuse Zone 4, Abuja	FCT	Abuja	Central
5	326	Maitama Branch, Abuja	11 Imami Est, Shehu Shagari Way, Maitama, Abuja	FCT	Abuja	Central
6	327	Fmbn Building Branch, Abuja	Plot 266, Cadastral A O, FMBN Building, CBD Abuja	FCT	Abuja	Central
7	408	Banex Plaza Branch, Abuja	Aminu Kano Crescent, Abuja	FCT	Abuja	Central
8	380	Mararaba Branch, Nasarawa State	2, Baba Street, Keffi Road, Mararaba	Nassarawa	Abuja	Central
9	417	Bwari Branch, Abuja	Bwari, Opposite JAMB Office, FCT	FCT	Abuja Satellite	Central
10	420	Kubwa Branch, Abuja	Kubwa by Gado Nsako Junction	FCT	Abuja Satellite	Central
11	466	Gwarimpa Branch, Abuja	Anafara'a Plaza, Gwarimpa Estate.	FCT	Abuja Satellite	Central
12	250	Gwagwalada Branch, Abuja	Secretariat Road, Gwagwalada, FCT	FCT	Abuja Satellite	Central
13	274	Kwali Branch, Abuja	Area Council Road, Kwali LGA, FCT	FCT	Abuja Satellite	Central
14	206	Suleja Branch	Usman Farouk Rd, Suleja	Niger	Abuja Satellite	Central
15	304	Dawaki Road, Suleja	Dawaki Road, Suleja, After Shuaibu Naibi Primary School	Niger	Abuja Satellite	Central
16	210	Evarist House Branch, Abuja	Evarist House, Plot 1529, Noutakhatt Str, Wuse Zone I	FCT	Garki	Central
17	219	Jabi Branch, Abuja	Sabon Dale Shopping Complex, Obafemi Awolowo Street, Jabi District, Abuja	FCT	Garki	Central
18	232	Garki Area 3 Branch, Abuja	No.11 Faskari Street, Area III Garki, Abuja	FCT	Garki	Central
19	336	Wuse Zone 5 Branch, Abuja	No. 4, Algies Street, Copper House, Wuse Zone 5	FCT	Garki	Central
20	365	Wuse 2 Branch, Abuja	515 Adetokunbo Ademola Way, Wuse II	FCT	Garki	Central
21	385	Wuse Market Branch, Abuja	Wuse Market, Wuse, Abuja	FCT	Garki	Central
22	264	Lafia Branch	Shadam Road, Opposite State. Secretariate	Nassarawa	Lafia	Central
23	265	Keffi Branch	2 Abubakar Buga Road, Keffi	Nassarawa	Lafia	Central
24	303	Akwanga Branch	Lafia Road, Akwanga	Nassarawa	Lafia	Central
25	430	Doma Branch	No. 27 Lafia Road, Doma town, Nassarawa State	Nassarawa	Lafia	Central
26	218	Beach Road Branch, Jos	12 Beach Road, Jos	Plateau	Lafia	Central
27	269	Ahmadu Bello Way Branch, Jos	7, Ahmadu Bello Way, Jos	Plateau	Lafia	Central
28	307	Anglo Jos Branch	41, Yakubu Gowon Way Jos	Plateau	Lafia	Central
29	308	Wase Branch	New layout, Lamtang Road, Wase	Plateau	Lafia	Central
30	309	Pankshin Branch	New layout, Langtang Road, Pankshin	Plateau	Lafia	Central
31	363	Farin Gada Branch, Jos	No. 1 Farin Gada, Kaduna-Zaria Rd, Jos	Plateau	Lafia	Central
32	253	New Bridge Road Branch, Makurdi	Plot 1339, New Bridge Road, Makurdi	Benue	Makurdi	Central
33	283	Gboko Branch	42, J S tarika Way, Gboko	Benue	Makurdi	Central
34	286	Zaki Biam Branch	Y- Junction, Zaki Biam.	Benue	Makurdi	Central
35	338	Bank Road, Makurdi	35, Bank Road, Makurdi	Benue	Makurdi	Central
36	284	Orukpo Branch	63, Ahmadu Bello Way, Orukpo	Benue	Makurdi	Central
37	285	Ugbokolo Branch	Old Orukpo Road, Ugbokolo	Benue	Makurdi	Central
38	431	Apa Branch	Adoka - Ugbokpo Road, Ugbokpo, Benue State	Benue	Makurdi	Central
39	259	Ajaokuta Branch	Geregu Camp, Ajaokuta	Kogi	Lokoja	Central
40	260	Lokoja Branch	Murtala Moh'd Way, Lokoja	Kogi	Lokoja	Central
41	261	Okene Branch	Lokoja/Ajaokuta Road Junction, Okene	Kogi	Lokoja	Central
42	299	Ankpa Branch	Ayangba Road, Ankpa	Kogi	Lokoja	Central

Branch Network Information

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43	300	Iyara Branch	Ilupa Qtrs Iayara-Kabba, Kogi	Kogi	Lokaja	Central
44	419	Anyigba Branch	Km 1, Ankpa Road, Anyigba,	Kogi	Lokaja	Central
45	262	Ilorin Main Branch, Ilorin	1.47 Murtala Mohammed Way, Ilorin	Kwara	Minna	Central
46	263	Iwo Road, Offa	Ibrahim Taiwo Road, Offa	Kwara	Minna	Central
47	302	New Market Road, Ilorin	New Market Road, Ilorin	Kwara	Minna	Central
48	203	Bosso Rd, Minna	No. 3 Commercial Complex, Bosso Road, Minna	Niger	Minna	Central
49	226	Bcc Rd Branch, Bida	48 BCC Rd, Bida	Niger	Minna	Central
50	301	Paiko Rd, Minna	No. 3, Paiko Road, Minna.	Niger	Minna	Central
51	305	Bida Branch	Zungeru Road, Bida	Niger	Minna	Central
52	306	Zungeru Branch	Old Kontagora Road, Zungeru	Niger	Minna	Central
53	411	Agwara Branch	Allong Yauri-Gallah Road, Agwara	Niger	Minna	Central
54	367	Ado Ekiti Branch	158, Opopogboro Street, Ado-Ekiti	Niger	Minna	Central
55	368	Otun Ekiti Branch, Ekiti state	Moba Local Govt. secretariat Otun Eki	Ekiti	Akure	Lagos & West
56	267	Oba Adesida Branch	No 15A, Oba Adesida Road Akure	Ekiti	Akure	Lagos & West
57	331	Commercial Zone Branch, Akure	Plot 9 Block XLIII Commercial Zone GRA Alagbaka Akure	Ondo	Akure	Lagos & West
58	381	Oyemekun Rd Branch, Akure	59/61, Oyemekun Road, Akure, Ondo	Ondo	Akure	Lagos & West
59	382	Igbokoda Branch, Ondo	54, Broad Street, Igbokoda, Ondo	Ondo	Akure	Lagos & West
60	222	Eleganza Plaza, Apapa	Eleganza Plaza, Wharf Road	Lagos	Apapa	Lagos & West
61	244	Creek Rd, Apapa	18 Creek Road	Lagos	Apapa	Lagos & West
62	328	Ibafon, Apapa	Bank House No.1 capital Oil Close WestMinister, Ibru Jetty Complex, Apapa	Lagos	Apapa	Lagos & West
63	357	Burma Rd 1, Apapa	44 Burma Road	Lagos	Apapa	Lagos & West
64	378	Tincan Port, Apapa	Behind Tincan Port Admin Block	Lagos	Apapa	Lagos & West
65	386	Burma Rd 2, Apapa	32, Burma Road, Apapa	Lagos	Apapa	Lagos & West
66	405	Apapa Comm Ave, Apapa	1, Commercial Avenue, Eleganza Plaza	Lagos	Apapa	Lagos & West
67	415	Alaba Int'l Branch	9/11 Dubbil Ave Alaba Intl Mkt	Lagos	Apapa	Lagos & West
68	442	Aspamda Branch	Aspamda market, Lagos - Badagry Express way, Lagos.	Lagos	Apapa	Lagos & West
69	462	Festac Branch	No. 26, second Avenue, Festac Town	Lagos	Apapa	Lagos & West
70	383	Oshagbo Branch	Gbongan/Ibadan Road, Oshagbo	Osun	Ibadan	Lagos & West
71	441	Ede Branch	Station Road, Back to land Junction, Agip Area, Ede	Osun	Ibadan	Lagos & West
72	268	Oduola Road Branch, Ibadan	Jimoh Oduola Street old Gbagi	Oyo	Ibadan	Lagos & West
73	332	Lebanon Road Branch, Ibadan	9, Lebanon Road	Oyo	Ibadan	Lagos & West
74	439	Bodija Branch	No. 98 Bodija-Agbowo Road, New Bodija Ibadan.	Oyo	Ibadan	Lagos & West
75	440	Iwo Road Branch	No. 96, Iwo Road, Ibadan, Ibadan NorthEast LGA, Ibadan, Oyo State	Oyo	Ibadan	Lagos & West
76	245	Allen Branch	NO 95, Allen Avenue	Lagos	Ikeja	Lagos & West
77	329	Opebi Branch	37, Opebi Road	Lagos	Ikeja	Lagos & West
78	360	Oba Akran Branch	42, Oba Akran Avenue	Lagos	Ikeja	Lagos & West
79	372	Abule Egba Branch	Abule Egba Junction, Oko Oba	Lagos	Ikeja	Lagos & West
80	376	Mile 12 Branch	565, Ikorodu Road, Mile 12	Lagos	Ikeja	Lagos & West
81	377	Oregun Road Branch	100, Kudirat Abiola Way, Ikeja	Lagos	Ikeja	Lagos & West
82	443	Ikorodu Branch, Lagos Road	No. 32 Lagos Road, Ikorodu	Lagos	Ikeja	Lagos & West
83	418	Abeokuta Branch	4, Tinubu Street, Ita -eko	Ogun	Ikeja	Lagos & West
84	204	Adetokumbo Ademola 2 Branch	No 38, Adetokumbo Ademola St. V/I	Lagos	Island	Lagos & West
85	247	Bar Beach Branch	NO 1230E, Ahmadu Bello Way, V/I	Lagos	Island	Lagos & West

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BRANCH NETWORK INFORMATION

86	359	Head Office Annex Branch	Plot 290A, Akin Olugbade Street	Lagos	Victoria Island	Lagos & West
87	379	Adetokumbo Ademola 1 Branch	Plot 1704, Adetokumbo Ademola St. V/I	Lagos	Victoria Island	Lagos & West
88	387	Sanusi Fafunwa Road Branch	Plot 1683, Sanusi Fafunwa Street	Lagos	Victoria Island	Lagos & West
89	406	Adeola Odeku Branch	19, Adeola Odeku Street	Lagos	Victoria Island	Lagos & West
90	416	Awolowo Road Branch	Awolowo Road, Lagos	Lagos	Victoria Island	Lagos & West
91	444	Lekki Express Way Branch	No. 1 Prince Ibrahim Odofin Street, Lekki Expressway.	Lagos	Victoria Island	Lagos & West
92	209	Balogun Branch	32, Balogun Street	Lagos	Lagos Island	Lagos & West
93	246	Broad Street Branch	114 Broad Street	Lagos	Lagos Island	Lagos & West
94	330	Marina Branch	2/4 Davies Street Off Marina	Lagos	Lagos Island	Lagos & West
95	361	Oke Arin Branch	No. 1 John Street	Lagos	Lagos Island	Lagos & West
96	374	Ebure Ero Branch	110, Alakoro Street	Lagos	Lagos Island	Lagos & West
97	205	Yaba Comm Avenue Branch	32A, Commercial Avenue, Sabo Yaba	Lagos	Yaba	Lagos & West
98	362	Idi Oro Branch	No. 94, Agege Motor Road, Idi Oro, Mushin, Lagos	Lagos	Yaba	Lagos & West
99	414	Mushin Branch	87, Ladipo Street, Mushin	Lagos	Yaba	Lagos & West
100	437	Iddo Branch	No. 53 Bode Thomas Street, Surulere	Lagos	Yaba	Lagos & West
101	438	Surulere Branch	No. 8, Taylor Road, Jddo, Lagos	Lagos	Yaba	Lagos & West
102	251	Yala Branch	No. 1 Bank Road, Bekaji, Yola	Adamawa	Adamawa	NorthEast
103	276	Mubi Branch	Ahmadu Bello Way, Mubi	Adamawa	Adamawa	NorthEast
104	277	Numan Branch	Plot 24/26 Yola Road, Numan	Adamawa	Adamawa	NorthEast
105	278	Uba Branch	Mubi Road, Uba	Adamawa	Adamawa	NorthEast
106	271	Jalingo Branch	No. 11 Hamma Ruwa Road, Jalingo	Taraba	Adamawa	NorthEast
107	316	Wukari Branch	Ibbi Road, Wukari	Taraba	Adamawa	NorthEast
108	224	Murtala Mohd Way Branch	560 Murtala Muh'd Way, Bauchi	Bauchi	Bauchi	NorthEast
109	252	Commercial Road Branch	Ahmed Abulkadir Road Bauchi	Bauchi	Bauchi	NorthEast
110	281	Alkaleri Branch	Gombe Road, Alkaleri Town	Bauchi	Bauchi	NorthEast
111	282	Azare Branch	Jama are Road, Azare	Bauchi	Bauchi	NorthEast
112	228	Biu Road Branch, Gombe	Plot 9, Gombe/Biu Rd, Gombe	Bauchi	Bauchi	NorthEast
113	254	Gombe Commercial Area Branch	Commercial Area, Gombe	Gombe	Bauchi	NorthEast
114	289	Billiri Branch	Yola Road, Billiri Town	Gombe	Bauchi	NorthEast
115	426	Tudun Hasi Branch	Tudun Hasi Grain Market, Emirs Palace Road, Gombe State	Gombe	Bauchi	NorthEast
116	217	Kirkasama Road Branch	10 Kirkisama Road, Maiduguri	Gombe	Bauchi	NorthEast
117	235	Bama Road Branch	11 Bama Road, Maiduguri	Borno	Maiduguri	NorthEast
118	236	Lake Chad Road Branch	Lake Chad Road, Maiduguri	Borno	Maiduguri	NorthEast
119	287	Monday Mkt Branch, Maiduguri	Mongonu Road, Monday Market, Maiduguri.	Borno	Maiduguri	NorthEast
120	288	Dikwa Branch	Gomboru Ngala Road, Dikwa, Maiduguri.	Borno	Maiduguri	NorthEast
121	390	Baga Road Branch, Maiduguri	Baga Road, Maiduguri	Borno	Maiduguri	NorthEast
122	272	Damaturu Branch	Maiduguri Road, Damaturu	Borno	Maiduguri	NorthEast
123	317	Nguru Yobe Branch	Market Road, Nguru	Yobe	Maiduguri	NorthEast
124	318	Potiskum Branch	Market Road, Potiskum	Yobe	Maiduguri	NorthEast
125	255	New Road Branch, Duse	New Duse Road, Duse	Yobe	Maiduguri	NorthEast
126	290	Abubakar Maje Road Branch.	Abubakar Maje Road, Hadejia	Jigawa	Duste	NorthWest
127	391	Birninikudu Town Branch.	Maiduguri Road, Birninikudu Town	Jigawa	Duste	NorthWest
128	392	Kiyawa Road Branch	Opposite PHCN, Kiyawa Rd, Duse	Jigawa	Duste	NorthWest

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129	Mallam	Madori Road Branch		Jigawa	NorthWest
130		Kazaure Branch		Jigawa	NorthWest
131		Maigatari Branch		Jigawa	NorthWest
132		Gwararam Branch		Jigawa	NorthWest
133		Jahun Branch		Jigawa	NorthWest
134		Ringim Branch		Jigawa	NorthWest
135		Gumel Branch		Jigawa	NorthWest
136		Kafin Hausa Branch		Jigawa	NorthWest
137		Interity Bank Street Branch		Kaduna	NorthWest
138		Sokoto Road Branch, Zaria		Kaduna	NorthWest
139		Inuwa Abdulkadir Road Branch		Kaduna	NorthWest
140		Ikara Branch		Kaduna	NorthWest
141		Abubakar Gumi Market Branch 1, Kaduna		Kaduna	NorthWest
142		Yakubu Gowon Way Branch		Kaduna	NorthWest
143		Kachia Road Branch		Kaduna	NorthWest
144		Kafanchan Branch		Kaduna	NorthWest
145		Main Street Zaria Branch		Kaduna	NorthWest
146		Continental Lane Branch		Kaduna	NorthWest
147		Bakori House Branch		Kaduna	NorthWest
148		Birnin Gwari Branch		Kaduna	NorthWest
149		Abubakar Gumi Market Branch 2, Kaduna		Kaduna	NorthWest
150		Independence Way Branch, Kaduna		Kaduna	NorthWest
151		Junction Road, Kaduna Branch		Kaduna	NorthWest
152		Kaduna Refinery Branch		Kaduna	NorthWest
153		Pambegua Branch		Kaduna	NorthWest
154		Ibrahim Taiwo Road Branch		Kaduna	NorthWest
155		Kantim Kwari Branch (Relocated Branch)		Kaduna	NorthWest
156		Kano City Branch		Kano	North
157		Nassarawa Branch		Kano	North
158		Sharada Branch		Kano	North
159		Takai Branch		Kano	North
160		Dambatta Branch		Kano	North
161		Murtala Mohammed Way Branch		Kano	North
162		Wudi Branch		Kano	North
163		Dawanau Grain Market Branch, Kano		Kano	North
164		Sani Abacha Way Branch		Kano	North
165		Chiomawa Toll Gate Branch		Kano	North
166		Kofar Ruwa Market Branch		Kano	North
167		31/32 Bello Rd Branch		Kano	North
168		Zoo Road Branch		Kano	North
169		10E Bello Road Branch		Kano	North
170		Dawakin Kudu Branch		Kano	North
171		Ub Plc (Tab) - IBB Way Branch, Kano		Kano	North
129	Malam Madori Road, Hadejia Town			Jigawa	NorthWest
130	Daura Road, Kazaure			Jigawa	NorthWest
131	Chiroma Ahmadu Sir. Maigatari			Jigawa	NorthWest
132	Busirka Road, Gwararam			Jigawa	NorthWest
133	Kafin Hausa Road, Jahun			Jigawa	NorthWest
134	Sabon Gida, Ringim Town, Jigawa State			Jigawa	NorthWest
135	No. 2 Unguwar Yadi Gumel			Jigawa	NorthWest
136	Kafin Hausa By Main Market and Old Motor Park			Jigawa	NorthWest
137	No. 1, Interity Bank Street, Kaduna			Jigawa	NorthWest
138	Sokoto Road, Zaria			Jigawa	NorthWest
139	24 Inuwa Abdulkadir Road, Kaduna South, Kaduna			Jigawa	NorthWest
140	No. 7, Secretariat Road, Ikara			Jigawa	NorthWest
141	Shiek Abubakar Gumi Mkt Road			Jigawa	NorthWest
142	Plot 1B Yakubu Gowon Way, Kaduna			Jigawa	NorthWest
143	No. 7 Kachia Road, Kaduna.			Jigawa	NorthWest
144	Kagoro Road, Kafanchan			Jigawa	NorthWest
145	No. 1 Main Street, Zaria			Jigawa	NorthWest
146	Mangal Plaza, Broadcasting Road, Kaduna			Jigawa	NorthWest
147	No. A3 Ahmadu Bello Way, Bakori House, Kaduna			Jigawa	NorthWest
148	Kaduna-Lagos Road, Birnin Gwari			Jigawa	NorthWest
149	Ibrahim Taiwo Road, Kaduna			Jigawa	NorthWest
150	Opp. Ranchas Babes Stadium, Independence Way, Kaduna			Jigawa	NorthWest
151	No.175BZ, Junction Road, Kaduna.			Jigawa	NorthWest
152	NNPC Staff Cooperative Plaza Building Kaduna Refinery, Kaduna.			Jigawa	NorthWest
153	Kaduna - Jos Road, Near UBE Primary Education, Pambegua.			Jigawa	NorthWest
154	89E Ibrahim Taiwo Road, Kano			Jigawa	NorthWest
155	No. 50, Ibrahim Taiwo Rd, Kantim Kwari Mkt, Kano.			Jigawa	NorthWest
156	No. 2, Durumin Iya Qtrs, Beside PHCN Kano City Service Station			Jigawa	NorthWest
157	No.2, Zaria Road, Kano.			Jigawa	NorthWest
158	Sharada Ind Est, Phase 1, Kano			Jigawa	NorthWest
159	No 2A Albasu Road, Takai Kano			Jigawa	NorthWest
160	Kazaure Road, Dambatta			Jigawa	NorthWest
161	72B Murtala Mohammed Way, Kano			Jigawa	NorthWest
162	Gaya Road, Wudil			Jigawa	NorthWest
163	Dawanau Grain Market, Katsina Road, Dawakin Tafa Local Govt.			Jigawa	NorthWest
164	5A Sani Abacha Way, Kano			Jigawa	NorthWest
165	Chiomawa Toll Gate, Kano-Zaria Road			Jigawa	NorthWest
166	Kofar Ruwa Market, Opposite Bank PHB, Kano			Jigawa	NorthWest
167	31/32 Bello Rd, Kano			Jigawa	NorthWest
168	No.1 Zoo Road by New Court Road, Kano			Jigawa	NorthWest
169	10E Bello Road, Kano			Jigawa	NorthWest
170	Dawakin Kudu Unguwar Naibi, Kofar Arewa, Dawakin Kudu			Jigawa	NorthWest
171	4 IBB Way, Kantim Kwari, Kano			Jigawa	NorthWest

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172	402	Bompai Branch	188 Murtala Mohammed Way, Bompai	Kano	Kano	NorthWest
173	435	Tal'Udu Branch, Kano	No.311 Aminu Kano Way, Opposite Jagora Bookshop, Kano.	Kano	Kano South	NorthWest
174	445	Gwarzo Branch	Adjacent to Honeywell Filling Station, Kano-Gwarzo Road.	Kano	Kano South	NorthWest
175	455	Bichi Branch	No. 24 Gwale Road, Along Katsina Road, Bichi	Kano	Kano South	NorthWest
176	456	Karaye Branch	Beside Alh Isa Karaye Petroleum Co Ltd.	Kano	Kano South	NorthWest
177	221	Kipdeco Building Branch	61 IBB Way KIPDECO Building Katsina	Katsina	Katsina	NorthWest
178	256	Katsina Branch	210 IBB Way, PMB 2002, Katsina	katsina	Katsina	NorthWest
179	257	Funtua Branch	Sokoto Road, Funtua	Katsina	Katsina	NorthWest
180	295	Daura Branch	Kongalon Road, Daura	Katsina	Katsina	NorthWest
181	296	Dutsin-Wa Branch	Opp.Gen. Hospital Dutsin-Wa	Katsina	Katsina	NorthWest
182	429	Katsina Central Market Branch	Katsina Central Market, Katsina State	Katsina	Katsina	NorthWest
183	467	Musawa Branch	Musawa Town, Adjacent Musawa market, Katsina	Katsina	Katsina	NorthWest
184	230	Sultan Abubakar Road Branch	1 Sultan Abubakar Road, Birnin Kebbi	Kebbi	Katsina	NorthWest
185	231	Jega Branch	Jega, Kebbi State	Kebbi	Sokoto	NorthWest
186	258	Birnin Kebbi Main Branch	Ahmadu Bello Way, Birnin Kebbi	Kebbi	Sokoto	NorthWest
187	298	Wasagu Branch	Wasagu Town	Kebbi	Sokoto	NorthWest
188	433	Yauri Branch	No.35 Kontagora - Sokoto Road, Yauri, Kebbi State	Kebbi	Sokoto	NorthWest
189	220	Aliyu Jodi Road Branch	No. 1 Aliyu Jodi Road, Sokoto	Sokoto	Sokoto	NorthWest
190	270	Gusau Road Branch	Gusau Road, Sokoto	Sokoto	Sokoto	NorthWest
191	310	Bodinga Branch	Birnin Kebbi Bodinga	Sokoto	Sokoto	NorthWest
192	311	Gada Branch	Gada Town	Sokoto	Sokoto	NorthWest
193	312	Gwadabawa Branch	Lailah Road Gwadabawa Town	Sokoto	Sokoto	NorthWest
194	313	Sabon Birnin Branch	Sabon Birni Town	Sokoto	Sokoto	NorthWest
195	314	Market Branch	No. 1 Aliyu Jodi Road, Sokoto	Sokoto	Sokoto	NorthWest
196	315	Yabo Branch	Yabo Town, Sokoto	Sokoto	Sokoto	NorthWest
197	211	Canteen Road Branch	35 Canteen Area, Gusau	Zamfara	Sokoto	NorthWest
198	273	Gusau Main Branch	5 Canteen Road, Gusau	Zamfara	Sokoto	NorthWest
199	319	Talatan Mafara Branch	Gusau Road, Talata Mafara	Zamfara	Sokoto	NorthWest
200	339	Abaraka Branch	Delta State University Road	Delta	Sokoto	NorthWest
201	340	Agbor Branch	Old Lagos / Asaba Road	Delta	Asaba	South
202	341	Asaba Branch	Dennis Osadebey Way	Delta	Asaba	South
203	342	Effurun Branch	29, Effurun/Warri Road	Delta	Asaba	South
204	343	Kwale Branch	109, Umusadege Road	Delta	Asaba	South
205	344	Oleh Branch	6, IDC Road Oleh	Delta	Asaba	South
206	345	Sapele Branch	Court Road	Delta	Asaba	South
207	346	Ughelli Branch	2, Post Office Road	Delta	Asaba	South
208	347	Warri Branch	10 Warri Sapele Road	Delta	Asaba	South
209	423	Orerokpe Branch	No. 124 Orerokpe Road, Delta State	Delta	Asaba	South
210	424	Ozorro Branch	Urude Road, Ozoro, Delta State	Delta	Asaba	South
211	348	Afuze Branch	Auchi Afuze Road	Edo	Benin	South
212	349	Auchi Branch	Otaru Road	Edo	Benin	South
213	213	Mission Road Branch	69 Mission Road	Edo	Benin	South
214	351	New Benin Branch	98 New Lagos Road	Edo	Benin	South

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215	Ring Road Branch	Ring Road Benin	Edo	South
216	Uromi Branch	Market Road	Edo	South
217	Igarra Branch	Momodu Ajayi Road, by Nigerian police Divisional HQ, Igarra, Edo	Edo	South
218	Uniben Branch	University of Benin, Ugbowo Campus, Edo State	Edo	South
219	Niger House Branch	No. 1 B Bright Street, Opposite De-Young Shopping Complex	Anambra	South
220	SGBN Building Branch	38, New Market Road, Nkpor	Anambra	South
221	New Market Road Branch	No. 33 New Market Road, Onitsha.	Anambra	South
222	Awka Branch	37, Zik Avenue, Awka	Anambra	South
223	Enugu Branch	46, Ogui Road, Enugu	Enugu	South
224	Owerri Branch	23 Wetheral Road, Owerri	Imo	South
225	Yenagoa Branch	No. 552 Chief Melford Okilo Express way, Ebis Junction, Biogbalo, Yenagoa.	Bayelsa	South
226	Azikiwe Road Branch	No. 3 Azikiwe Road Port Harcourt	Rivers	South
227	Old Aba Road Branch	No. 28A Old Aba Road, Port Harcourt	Rivers	South
228	Omoku Branch	171, Ahoada Road Omoku Rivers	Rivers	South
229	Aba Road 1 Branch	198A, Aba Road, Opposite Presidential Hotel	Rivers	South
229	Woji Branch	No. 46 Woji Road, Woji	Rivers	South
231	Trans Amadi Branch	474, Trans Amadi Layout, Port Harcourt	Rivers	South
232	Olu Obasanjo Branch	Olu Obasanjo street, Port Harcourt	Rivers	South
233	Aba Road 2 Branch	112E, Aba Road Port Harcourt	Rivers	South
234	Onne Branch (Regional Office Branch)	Opposite Trailer Park, Bari Road Onne	Rivers	South
235	Factory Road Branch	No 7 Factory Road Aba	Abia	South
236	Faulks Road Branch	185, Faulks Road, Aba	Abia	South
237	Umuahia Branch	No. 2 Club Road, Umuahia, Abia	Abia	South
238	Ikot Ekpene Branch	164 Ikot Ekpene Road Uyo	A \ Ibom	South
239	Calabar Branch	Ediliba road by Ndidem Usang Iso Road junction.	C \ River	South
240	Aka Road Branch, Uyo	26B, Aka road Uyo, Akwa Ibom	A \ Ibom	South

Cash Centres

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CASH CENTRE INFORMATION

STATE	CASH CENTRE	BRANCH ATTACHED TO	REGION
Ekiti	Ikere Ekiti	367-Ado Ekiti Branch	Ibadan
Oyo	Lead City University	332 Lebanon Branch	Ibadan
Edo	Irrua	353 Uromi Branch	Benin
Delta	Secretariate- Asaba	341 Asaba Branch	Benin
Adamawa	Savannah Sugar Numan	277 Numan Branch	Yola
Lagos	Lekki	444 Lekki Express Way Branch	Lagos Island
Lagos	Apapa Port	378 Tin Can Port Branch	Apapa
Lagos	Pan Atlantic	379 Tin Can Port Branch	Apapa
Rivers	NPA	248 Azikiwe Branch	Port Harcourt
Rivers	Slaughter House	249 Azikiwe Branch	Port Harcourt
Kaduna	Army Depot Zaria	293 Main Street Zaria Branch	Kaduna
Edo	Ubiaja	353 Uromi Branch	Benin
Benue	BCC (Benue Cement Company)	283 Gboko Branch	Makurdi
Niger	Bosso	203 Bosso Road Branch	Minna
Edo	Medical Centre	422 UniBen Branch	Benin
FCT	Head Office	233 Head Office Branch	Abuja Central
Kano	TudunWada Doguwa	294 Chiromawa Toll Gate Branch	Kano South



■ Share Holder Information

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of members of UNITYBANK PLC will be held on Wednesday, 26th June, 2013, at 11.00 a.m. at the Continental Hall, Reiz Continental Hotel, Plot 779 Cadastral Zone A0, Central Business District, Abuja to transact the following:

ORDINARY BUSINESS

1. To receive the audited accounts for the year ended 31st December, 2012 together with the reports of the Directors, Auditors and Audit Committee thereon.
2. To appoint/re-elect Director(s).
3. To authorize the Directors to fix the remuneration of the Auditors.
4. To approve the remuneration of Directors.
5. To elect members of the Audit Committee.

SPECIAL BUSINESS

To consider and if thought fit, pass the following as Special Resolutions:

6. "That the authorized share capital of the Company be and is hereby increased from N30,000,000,000.00 to N40,000,000,000.00 by the addition thereto of the sum of N10,000,000,000.00 divided into 20,000,000,000.00 ordinary shares of 50 kobo each ranking pari-passu with the existing shares of the Company"
7. "That the Memorandum and Articles of Association of the Company be amended by deleting the words 'the authorized share capital of the Company is N30,000,000,000.00 divided into 60,000,000,000.00 ordinary shares of 50 kobo each' and substituting therefore the following words "the authorized share capital of the Company is N40,000,000,000.00 divided into 80,000,000,000.00 ordinary shares of fifty 50 kobo each"
8. "That Article 84 of the Articles of Association of the Company be altered by inserting the words "The Directors shall for the purpose of expedience, hold any of their meetings via video conference if the need arises" immediately after the words "... meeting of the Directors" on line 4.

Dated this 26th day of February 2013

PROXY

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not also be a member. A proxy form is attached at the end of the financial statements. All instruments of proxy should be duly stamped at the Stamp Duties Office and deposited at the registered office of the Company or the office of the Registrar, 94, Agege Motor Road, Idi-Oro, Lagos, not later than 48 hours before the time of holding the meeting.

NOTES:

1. Closure of Register of Members

The Register of Members shall be closed from June 10, 2013 to June 14, 2013 (both dates inclusive).

2. Audit Committee

In accordance with Section 359 (5) of the Companies & Allied Matters Act, 2004, any shareholder may nominate a shareholder for appointment to the Audit Committee. Such nomination should be in writing and must reach the Company Secretary not less than 21 days before the Annual General Meeting.

By Order of the Board



AISHA A. ABRAHAM

Company Secretary

Plot 785 Herbert Macaulay Way
Central Business District Abuja, FCT.

Board of Directors

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■ **Hakeem Shagaya**
Non-Executive Director

Hakeem Shagaya is thirty one years old and was appointed Non- Executive Director on March 18, 2011. He was a one-time Technical Adviser to the Honourable Minister of State (Finance). He is a certified Project Manager.

In the course of his career he has worked with the United Bank of Africa and Bolmus Group Nigeria Limited. He attended Adesoye College, Offa, Nigeria; Kings College, Taunton, Somerset, United Kingdom, and the University of Sheffield where he obtained a B.Sc in Information Management and Business Studies

He holds a graduate degree in Management of Science, Technology & Innovation from the Manchester Business School, UK.

Proxy Form

Being member/members of UnityBank Plc hereby appoint..... or failing him NU'UMAN BARAU DANBATTA, OON, mni or failing him ALHAJI ADO Y. WANKA, as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Bank to be held on Thursday, June 26, 2013 at 11.00 a.m. and at any adjournment thereof.

As witness my/our hand this.....day of ...2013.

Signed:.....

NOTE:

A member to attend and vote at the General Meeting is entitled to appoint a proxy in his stead. All proxy forms should be deposited at the Office of the Registrar, Unity Registrars Limited, 94 Agege Road, Idi-Oro, Lagos not less than 48 hours before the time for holding the meeting. A proxy need not be a member of the company.

In the case of joint shareholders, any one of such may complete the form but the name of all joint shareholders must be stated.

It is required by law under the Stamp Duties Act, Cap 41 Law of the Federation of Nigeria 1990, that any adjustment of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must bear Stamp Duty at the appropriate rate, not adhesive postage stamps.

If the shareholder is a corporation, this form must be under its common seal or under the hand of some officers or attorney duly authorised in that behalf.

	ORDINARY BUSINESS	FOR	AGAINST
I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside (strike out whichever is not desired).	1 To receive the audited accounts for the year ended 31st December, 2012 together with the Reports of the Directors, Auditors and the Audit Committee thereon.		
	2 To appoint/re-elect Director(s)		
	3 To authorize the Directors to fix the remuneration of the Auditors.		
	4 To approve the remuneration of Directors.		
	5 To elect members of the Audit Committee.		
	6 <u>SPECIAL BUSINESS</u> To increase the Company's share capital		
	7 To alter the MEMART		
Please indicate with "X" in the appropriate box how you wish your vote to be cast on the resolution set out above. Unless otherwise instructed, the proxy votes or abstains from voting at his/her discretion.			

Before depositing the above card, tear off this part and retain it.

ADMISSION CARD

7th UNITY BANK PLC
ANNUAL GENERAL MEETING

PLEASE ADMIT ONLY THE SHAREHOLDERS NAMED ON THIS CARD OR HIS DULY APPOINTED PROXY TO THE SEVENTH ANNUAL GENERAL MEETING BEING HELD AT

ON

NAME OF SHAREHOLDERS/PROXY

SIGNATURE.....

ADDRESS.....

THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REGISTRAR.





■ **Dr. Oluwafunsho Obasanjo**
 Non-Executive Director

Dr. Oluwafunsho Obasanjo is twenty seven years old and was appointed Non-Executive Director on March 18, 2011. She is a scientist with insight in the areas of Molecular Biology/Biochemistry, Chemistry, Analytical Techniques and Bioinformatics. She obtained an M.Sc in Medicinal Chemistry from University College, London, United Kingdom and also holds a PhD in Bio-Organic Chemistry from the University of East Anglia.



Ibrahim Muhammad Abega Kaugama
 Non-Executive Director

Ibrahim M. A. Kaugama is forty three years old and was appointed Non-Executive Director on March 18, 2011. He is an educationist and a public administrator. He was a teacher in the employment of Federal Ministry of Education, Kiriya Yawuri (2005-2007) and was appointed Kaugama Local Government Caretaker Chairman (2007-2008).

He was educated at the Arabic Teachers College, College of Education, Gumel, Kano and Federal College of Education, Kano, where he obtained a Bachelor's degree in Education.



■ **Richard Gboyega Asabia**
Independent Director

Richard Asabia is fifty one years old and was appointed Independent Director on March 18, 2011. He trained as a Legal Practitioner and Investment Banker and has been the Chairman/ Chief Executive Officer of Interstate Securities Limited since 1993. Prior to joining Interstate in 1989, he worked with NAL Merchant Bank Plc, Dr. F. A. Ajayi & Co and NCR (Nigeria) Limited.

Asabia is a former Director of the erstwhile First Interstate Bank Plc. At various times, he also served as a Non-Executive Director of the following firms: Banque International Du Benin, Cotonou, Custodian & Allied Insurance Plc, and Future Glanvills Pension Limited. He attended the London School of Economics & Political Science (University of London). He also attended the Nigerian Law School, and the University of Wales where he obtained an MBA.



■ **Aisha Azumi Abraham**
Company Secretary

Mrs. Abraham comes with a rich experience in legal practice spanning solicitorship, university lecturing and company secretarial practice. She was a Senior Partner in Baiye, Abubakar & Co where she was involved in the setting up of small scale businesses.

Between 1985 and 1986, she was a Graduate Assistant in the Faculty of Law, Ahmadu Bello University, Zaria. Mrs. Abraham was in the Legal and Company Secretariat Department of NAL Merchant Bank Plc between 1986 and 1988, Credit & Marketing Department of Ivory Merchant Bank in 1990, and Company Secretary/Legal Adviser of Shelter Savings & Loans Limited 1992-1994.

She was also one of the pioneer Directors of Urban Development Bank of Nigeria in 1992 and was Company Secretary/Legal Adviser of First Interstate Bank Plc 2002 to 2006. She was the Project Secretary and the Secretary to the Steering Committee and Committee of Directors of the Banks in-consolidation that became UnityBank Plc.

She has been the Company Secretary of Unity Bank Plc from inception. Mrs. Abraham obtained an LLB degree from the Ahmadu Bello University, Zaria in 1982 and was called to the Nigerian Bar in 1983.



■ Professional Advisers

Professional Advisers

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FINANCIAL STATEMENTS | CORPORATE INFORMATION | SHAREHOLDER INFORMATION

AUDITORS

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

REGISTRAR AND TRANSFER OFFICE

Unity Registrars Limited
Plot 1683 Sanusi Fafunwa Street
Victoria Island,
Lagos

SETTLEMENT BANK

First Bank of Nigeria PLC
Samuel Asabia House
35 Marina
Lagos

FOREIGN CORRESPONDENT BANKS

Deutsche Bank, New York
Standard Chartered Bank, London
Habibson Bank, London
FBN Bank, UK
Union Bank, UK
Habib Bank, UK
Banque SBA, Paris
Sumitomo Mitsui, London



■ Chairman's Statement



Nu'uman Barau Danbatta, OON, mni,
Ajiyan Kazaure
Chairman, Board of Directors

Annual General Meeting for the Year Ended 31st December, 2012

Fellow Shareholders, invited guests and distinguished ladies and gentlemen, I sincerely welcome you all to the 7th Annual General Meeting (AGM) of our great Financial Institution, Unity Bank Plc. In presenting to you the Annual Report and Financial Statements for the financial year ended December 31, 2012, I would like to start by briefly reviewing the socio-political and economic environment within which our bank operated.

Global Economy

Production stabilized at 10% year-on-year, retail sales enjoyed a steady growth of 14.3% while the growth rate of import and exports declined.

In the Euro Area, efforts by the European Central Bank to halt the downward trend of the economic and financial conditions have not yielded much result. Sovereign debt yields in the troubled economies on the southern and western periphery of the 17-country Euro Zone have fallen sharply since the ECB made a commitment (subject to strict conditions) to buy without limit short-term government bonds of countries that apply for and get help from the Euro Area's main rescue fund.

There has also been more rebalancing in the periphery than is generally appreciated. Current-account deficits which had ballooned in the first decade of the Euro have narrowed in countries like Portugal and Spain. Ireland's has returned to surplus. Primary budget balances (i.e., before interest) – a crucial measure in determining the sustainability of public finances – have improved, with deficits shrinking and Italy's returning to surplus.

Corporate Philosophy

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Vision

To be Nigeria's retail bank of choice.

Mission

To create superior wealth for our stakeholders

Business Definition

A national commercial bank with a retail soul

Our Core Values

TEAMWORK

All levels of staff within the bank work together to ensure our commitments to our stakeholders are delivered.

PASSION

We are driven by the desire to exceed the qualitative and quantitative expectations of our customers

RESOURCEFULNESS

Our people are ingenious and imaginative in providing solutions to challenges.

INTEGRITY

Our people are forthright in all their dealings with internal and external customers and stakeholders.

DEPENDABILITY

The bank's stakeholders can always count on its reliability and loyalty

EMPATHY

Unity Bank holds itself to the enduring principle of showing respect and compassion to all.

EXCELLENCE

We seek to create and raise standards in our dealings

Chairman's Statement

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Economic conditions in sub-Saharan Africa remained generally robust despite the sluggish growth in the global economy. Prudent policies and improved fundamentals in most countries provided additional impetus for increased economic activity in the region.

Despite these improvements, government debt levels are now worryingly high in the periphery, with debt burdens (i.e. as a share of GDP) above 100% in Greece, Italy, Ireland and Portugal.

And when it comes to growth and unemployment the divide between the creditor countries in the north and the debtor nations in the south continues to widen. The Euro Area has fallen back into recession, but that economic reverse is much deeper on the periphery than in the core.

The performance of countries outside the Euro Zone has been uneven. Sweden has done much better than Britain, which experienced a second recession between late 2011 and mid-2012. The Euro crisis has contributed to Britain's difficulties, but they were essentially home-grown: government and consumers loaded up on debt before the banking crisis of 2007-09. Countries in Eastern Europe like Poland have fared particularly well.

The Middle East and North Africa (MENA) region recorded mixed performance, evidenced by the divergence between the economies of oil-exporting and oil-importing countries. Oil-importing countries experienced subdued economic performance with an estimated growth of 2.0% in 2012 while the oil-exporting countries grew at an average rate of 6.6%. Growth in oil-exporting countries was driven largely by high oil output and prices coupled with the early post-conflict recovery of Libya.

Economic conditions in sub-Saharan Africa remained generally robust despite the sluggish growth in the global economy. Prudent policies and improved fundamentals in most countries provided additional impetus for increased economic activity in the region.

The South African economy continued to trudge along, growing at its slowest pace since the recession in 2009, Bloomberg reports. The economy was severely impacted by violent mining strikes that gripped the nation a few months ago and consequent wage settlements that further exacerbated a weakening in the economy. Strikes at the country's gold and platinum mines slashed mining output by over \$1.1 billion in 2012, and are also expected to cut 50 basis points off economic growth, as noted by the National Treasury. In addition to the mining crisis, the Bloomberg report also mentioned a slump in the overall economic momentum of the African continent's largest economy.

Domestic Economy

On the domestic scene the economy showed signs of resilience with increased activities in the financial markets. However, the economy has suffered a number of shocks such as continued pass-through effects of the increase in pump prices resulting from partial removal of fuel (PMS) subsidy, periodic fuel scarcity and increase in electricity tariff, security challenge and variation in weather conditions.

The National Bureau of Statistics (NBS) estimated real Gross Domestic Product (GDP) growth of 7.09% in the fourth quarter of 2012, up from 6.17%, 6.28%, and 6.48% recorded in the first, second and third quarters respectively. The overall GDP growth for 2012 was estimated to be 6.61%, compared to the revised growth rate of 7.68% recorded in 2011. The non-oil sector remained the major driver of growth recording 8.23% increase in contrast to the oil sector, which contracted by 0.17% during the period.

The year-on-year average headline inflation rate in 2012 stood at 12.24%, while the average core and food inflation year-on-year stood at 13.87 and 11.32%, respectively. The major drivers of headline inflation in December 2012 included food and non-alcoholic beverages, housing, water, electricity and transport. The exchange rate of the Naira against the US dollar experienced relative stability throughout the year due to combined effects of improved supply of foreign exchange from oil companies and enhanced capital inflow (hot money) from portfolio investors. The exchange rate closed at N155.77/US\$1 at end-December 2012 compared to N158.21/US\$1 at which it closed in December 2011.

The overall GDP growth for 2012 was estimated to be 6.61%, compared to the revised growth rate of 7.68% recorded in 2011. The non-oil sector remained the major driver of growth recording 8.23% increase in contrast to the oil sector, which contracted by 0.17% during the period.

On Monetary, Credit and Financial Market Developments, Central Bank of Nigeria Communiqué No. 87 of the Monetary Policy Committee Meeting of Monday, January 21, 2013 noted that broad money supply (M2) grew by 13.72% in December 2012 over the level at end-December 2011. Aggregate domestic credit (net) grew by 1.98% in December 2012, which was substantially below the benchmark of 52.17% for the year. Credit to Government contracted between September and December 2012; occasioned by the sustenance of government as a net creditor to the banking system, reflecting more prudent fiscal measures, including the introduction of the Treasury Single Account. Credit to private sector (CPS) grew by 1.101 trillion or 7.76% closing at N15.285 trillion as at end-December 2012 compared to N14.184 trillion as at December 2011.

On the banking sector, the Central Bank of Nigeria (CBN) increased Cash Reserve Ratio (CRR) from 8% to 12%

and started implementation of Treasury Single Account (TSA) which led to withdrawal of Government Ministries, Departments and Agencies (MDAs) Deposits from Banks. The combined effect of these measures led to liquidity squeeze in the banking industry and put pressure on Bank's ability to create more income generating assets

The Nigerian Stock Exchange (NSE) was one of the top performing exchanges globally in the year under review. The market experienced steady growth as investors' confidence returned. The Nigerian Stock Exchange (NSE) All-Share Index (ASI) increased from 20,730.63 points as at end-December 2011 to 28,078.80 points as at end-December 2012, representing an increase of 35.45%. The Market Capitalization (MC) of the Exchange increased from N6.54 trillion as at end-December 2011 to N8.98 trillion as at end-December 2012, representing an increase of 37.31%. The positive performance of the ASI and MC was due to the sustained increase in the demand for blue-chip stocks particularly in the banking and consumer goods sectors following improvements in earnings and growing investor-confidence. It is pertinent to note that significant growth achieved in the market was as a result of capital inflow from portfolio investors. The Nigerian Capital Market will continue to face challenges around liquidity and depth if concerted efforts are not put in place to address the structural funding base

Unity Bank Performance

Despite the stiffer competition and stringent regulatory environment in the year under review our bank posted impressive performance. For the financial year ended December 31, 2012 customer deposits grew by 1.19% from N266.88 billion as at end-December 2011 to N270.06 billion in December 2012. Loans and Advances also grew by 60.37% from N117.86 billion to N189.04 billion during the same period while shareholders' funds grew by 17.43% from N43.82 billion in 2011 to N51.46 billion in 2012.

Overall the total assets of the Bank grew by 6.0% from N372.92 billion in December 2011 to N375.72 billion in December 2012.

On the Income Statement, profit for the year grew by 86.74% from N3.46 billion to N6.58 billion while Gross Earnings grew by 19.17% and 76.89% from N34.60 billion to N41.24 billion in the year under review.

Our Future Posture

For the financial year 2013, Unity Bank has been repositioned to deliver our strategic objective of significantly growing our size (earning assets and deposits), improving our efficiency and profitability. This will be achieved through cost optimization and the implementation of the new retirement policy which is aimed at revitalising and rejuvenating the workforce to reposition our bank for the challenges ahead.

Our ultimate aim is to have a highly trained and committed workforce to drive our business. Towards this end, we will put a lot of efforts into attracting and retaining the best people. Also, being a good corporate citizen conscious of our role in the society, we will continuously seek to meet the highest levels of sound business ethics and corporate social responsibility.

To support our on-going plans of rolling out massive retail banking infrastructure including various card based products that have been on offer to our customers, the Bank has achieved Payment Card Industry Data Security Standard (PCIDSS) certification which is an attainment of high security standard in the protection of Card Holder Data (CHD). Our teeming customers would not only be delighted that we are concerned with providing unparalleled services but also concerned with the safety of their data.

Unity Bank will continue with innovations centred on technology and product development.

Board of Directors

During the year under review, Mr. Henry James Semenitari was appointed Non-Executive Director. Ladies and Gentlemen, join me in welcoming Mr. Henry James Semenitari. The following Directors served the bank in their respective positions during the review period:

Nu'uman Barau Danbatta, OON, mni	Chairman
Ado Yakubu Wanka	Managing Director
Rislanudeen Muhammad	Executive Director (Risk Mgt & Controls)
Ahmed Yusuf	Executive Director (IT & Operations)
Ismaila A. Galadandhi	Executive Director (North West),
I. T. Mohammed	Executive Director (Central),
Lanre Elisha Fagbohun	Executive Director (Lagos & West),
Engr. Oluseun Mabogunje	Non-Executive Director,
Engr. Ahmed Ibrahim	Non-Executive Director,
Alhaji Aminu Babangida	Non-Executive Director,
Mr. Thomas Etuh	Non-Executive Director,
Alhaji Ibrahim M. A. Kaugama,	Non-Executive Director,
Dr. Oluwafunsho Obasanjo	Non-Executive Director,
Mr. Hakeem Shagaya	Non-Executive Director,
Mallam Gimba H. Ibrahim	Non-Executive Director (Independent),
Mr. Richard Gboyega Asabia	Non-Executive Director (Independent)

Appreciation

On behalf of the entire Board of Directors and fellow shareholders, I thank our valued customers and other stakeholders for their support over this period. I would also like to thank my fellow Board members and all other stakeholders for their continued support and confidence in Unity Bank. Please accept my deepest appreciation for your unwavering support and commitment to the full realisation of our bank's motto which is Succeeding Together.

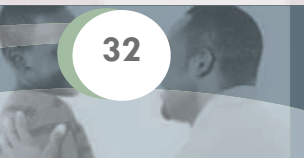
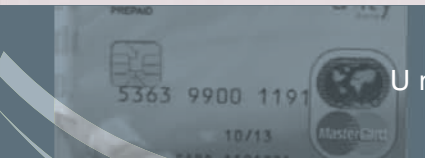
Thank you for your attention.

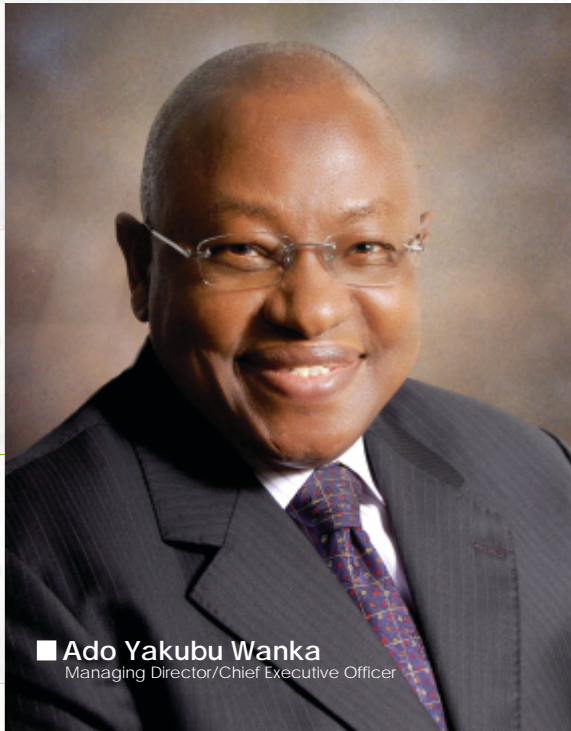


Nu'uman Barau Danbatta, OON, mni
Chairman of the Board



■ Managing Director's Review





Ado Yakubu Wanka
Managing Director/Chief Executive Officer

It is worthy to note that Unity Bank has successfully implemented the cheque clearing process. This has improved the efficiency of clearing as the cumbersome process of exchanging physical cheques to clearing banks has been eliminated. This initiative has reduced the clearing cycle from T+2.

Distinguished Shareholders, invited guests, ladies and gentlemen, it is my honour and privilege to brief you on Unity Bank's activities and financial performance during the last financial year ended 31st December, 2012. Before doing so, kindly permit me to briefly review the operating environment that shaped the operations of the bank during the review period, January-December, 2012.

The Global Economy

Years after the global financial meltdown, many economies are still struggling to recover from their losses as economic growth of the world weakened significantly during the 2012.

According to United Nations Department for Economic and Social Affairs, several European economies and the euro zone as a whole are already in recession, and that euro zone unemployment increased further to almost 12 per cent. Also, the US economy slowed significantly during 2012 and growth is expected to remain meager at 1.7 per cent in 2013. Deflationary conditions continue to prevail in Japan. In Germany, growth slowed significantly, while France's economy is stagnating.

A growing number of developed economies have fallen into a double-dip recession. Those in severe sovereign debt distress moved even deeper into recession, caught in the downward spiraling dynamics from high unemployment, weak aggregate demand compounded by fiscal austerity, high public debt burdens, and financial sector fragility.

According to the World Economic Situation and Prospects Report 2013 (WESP), the unemployment rate in the United States stayed above eight per cent for the most part of 2012, but dropped to just below that level from September onwards. Risks remain high for a much bleaker scenario, emanating from the 'fiscal cliff,' which would entail a drop in aggregate demand by as much as four per cent of GDP during 2013 and 2014, as well as from the spillover effects of a further intensification of the euro area crisis and a possible hard landing of the Chinese economy and further weakening of other major developing economies.

The UN report states that economies in developing Asia also weakened considerably during 2012, as the region's growth engines, China and India, have shifted into lower gear. The significant deceleration in exports has been a key factor behind their slowdown; both economies also face a number of structural challenges that hamper growth. Given persistent inflationary pressures and large fiscal deficits, the scope for policy stimulus in India and other South Asian countries is limited.

Domestic Economy

Data released by the National Bureau of Statistics on the performance of the Nigerian economy for the 3rd Quarter 2012, revealed that the economy when measured by the Real Gross Domestic Product (GDP), grew by 6.48 percent as against 7.37 percent in the corresponding quarter of 2011. The economy, comprising two broad output groups of Oil and Non-oil sectors, witnessed slower growth output in the third quarter of 2012 as a result of declines in non-oil sector output. However, the oil sector witnessed positive growth.

Agriculture continued to be the highest contributor to GDP growth as it contributed 42.62%, though in terms of output, the real agricultural GDP growth in the third quarter of 2012 stood at 3.89 per cent as against 5.76 per cent in the corresponding period of 2011. Growth in the sector was affected by the security challenges facing most agricultural producing states in Northern Nigeria and the nationwide flood crisis of 2012.

The Non-oil sector remains the major driver of the economy. Growth in this sector was driven by strong growth activities recorded in Solid Minerals, Telecommunication, Wholesale and Retail Trade, Building and Construction, Hotel & Restaurants and Real Estate. Each of these sectors grew at an average rate of over 10% during the year. Telecommunication remains the most vibrant sector in the economy with over 31% growth rate in 2012.

The Nigerian Capital Market showed signs of recovery from the global financial crisis which hit the system in 2009. The positive performance of the market especially in the 3rd quarter raised Investor's hopes as the market recorded a growth of 37.4 percent. The Nigerian All Share Index which is the gauge for measuring aggregate growth in the Capital Market increased from 20,725.30 points on January 6, 2012 to 28,078.51 points as at December 31, 2012. Market Capitalization also improved by N2.4 trillion from N6.5 trillion

recorded in January to N8.97 trillion as at the end of December 31, 2012.

During the year under review, inflationary pressure continued to be a major challenge for the monetary authorities as the single digit benchmark could not be achieved. Figures released by the NBS show that inflation rate surged to 12.3% in November. The inflationary pressure necessitated the monetary authorities to maintain its contractionary stance by keeping Monetary Policy Rate (MPR) at 12% all through the year. The increase of Cash Reserve Ratio (CRR) from 8% to 12% also created liquidity constraint in the financial industry.

The Central Bank of Nigeria reform program continued during the year. One of the major milestones of the reform program in 2012 was the full implementation of the Cashless Initiative in Lagos and the proposed extension to other cities in 2013. Other major reforms in the Industry in 2012 were the introduction of cheque truncation, the continuing implementation of the financial inclusion initiative, Single Treasury Account and the issuance of Merchant Banking license to two financial institutions.

It is worthy to state that our Bank has fully adopted the cheque truncation process. This has improved the efficiency of cheque clearing as the cumbersome process of exchanging physical cheques amongst clearing banks has been eliminated. This initiative has reduced clearing cycle to T+1 from T+2.

In our quest to make Banking services more convenient for our esteemed customer whilst ensuring the success of the cashless initiative, your Bank made significant investments in e-channels. The Bank deployed over 1198 POS terminals, 150 Automated Teller Machines, internet banking, mobile banking and Unity Bank Pocket Moni. In 2013, we shall double our investment to ensure more locations are covered.

Financial Result

Despite a less-than-salutary operating environment in 2012, Unity Bank exploited the opportunities in the environment and was able to close the financial year profitably. Despite the increasing level of Inflation in the country which generally reduces customer's propensity to save, the Bank was able to retain its deposit of 2011 and grew same by N3.2 billion. The Bank's deposit base grew from N266.9 billion in 2011 to N270.1 billion in 2012. This success was a reflection of customer's confidence in the bank's brand and as we seek improved performance in year 2013.

Loans and Advances grew by 60% from N117.8 billion in 2011 to N189.0 billion in 2012. The bank's Total Assets also grew by N22.7 billion from N372.9 billion in 2011 to N395.7 billion in 2012. The increase in loans and advance is in line with the bank's commitment to support its esteemed customers' businesses.

Notwithstanding the tough operating environment and the prevailing (though gradually improving) security challenges facing many locations where the Bank has comparative advantage, the bank's profit before tax also grew by 86.7% from N3.4 billion in 2011 to N6.5 billion 2012. The bank was also able to compensate the marginal fall in its operating income by reducing its operating expense by about 27%.

Future Outlook

The United Nations in its latest issue of the World Economic Situation and Prospects for 2013 (WESP), inferred that growth of the economy is expected to remain subdued in the coming two years as global economy is expected to grow at 2.4 per cent in 2013 and 3.2 per cent in 2014 respectively. The pace of growth may be far from sufficient to overturn the unrelenting unemployment in many countries. The US economy which slowed in 2012 is expected to remain meager at 1.7 per cent in 2013. Risks remain high for a much bleaker scenario, emanating from the 'fiscal cliff' which would entail a drop in aggregate demand by as much as four per cent of GDP during 2013 and 2014, as well as from the spillover effects of a further intensification of the euro area crisis and a possible hard landing of the Chinese economy and further weakening of other major developing economies. Economies in Africa are forecast to see a slight moderation in output growth in 2013 to 4.8 per cent, down from 5.0 per cent in 2012, according to the WESP report. Major factors underpinning this continued growth trajectory include the strong performance of oil-exporting countries, continued fiscal spending on infrastructure projects, and expanding economic ties with Asian economies.

On the domestic front, the Nigerian economy is expected to grow at 6.5%. Oil production is projected at 2.53 million barrels per day with a benchmark of US\$79/barrel. Growth in 2013 is expected to be driven by major sectors of the economy (Agriculture, Crude Petroleum & Natural Gas, Telecommunication, Real Estate, Solid Mineral, Manufacturing and Wholesale & Retail Trade). The Power Sector reforms complemented by infrastructural development will also be a catalyst to economic growth and development in 2013. We also expect that the Monetary Authorities will begin to consider an expansionary monetary policy. We are optimistic that inflation will trend towards single digit in the second half of the year 2013 and the Naira remain reasonably stable on the back of increased yield on treasury bills and other fixed income earning assets.

The introduction of Market Maker and the announcement of forbearance package to brokers should further restore the local Investor's confidence in the Capital Market in 2013.

As a bank we are well-positioned to take full advantage of the opportunities that are forthcoming from the above and have also put in place mitigants for every risk inherent in same.

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Business Review/ Future Focus

The bank will continue in its quest to achieving its strategic objectives in 2013. Some of the milestones recorded and our focus in 2013 are highlighted below:

Financials

The bank is presently at the advanced stage of raising additional Tier 1 capital. The new capital will be deployed towards increasing the lending and investment capacity of the bank. Branch expansion, IT infrastructure, employee training and additional deployment of ATM and POS Terminals are some areas where the additional capital will be invested.

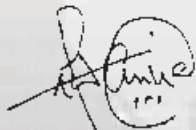
To further underline the bank's improving financial profile, Agosto & Co., a leading credit rating agency, upgraded Unity Bank's credit rating to 'Bbb-' in November 2012, one notch above its previous rating of 'Bb'. The rating agency stated that the bank's improved rating incorporated its good liquidity profile, improved asset quality, adequate capitalization as well as experienced Management team.

Ladies and Gentlemen, I am delighted to also point out that our bank has taken another giant stride in demonstrating its commitment to our esteemed customers by attaining the much coveted payment Card Industry Data Standard (PCIDSS) certification. This shows our readiness to keep protecting our information asset including the control of our processes while preventing customer data compromise.

Customers

Further to our business focus which aspires to build superior and world class customer service delivery, we rolled out new card products and launched Aim, Save & Win promo to improve our deposit base. We also launched the Unity Bank Mobile Banking and Pocket Moni to ensure that our customers can access banking services anywhere in Nigeria and abroad at every point in time. In 2013, we shall deploy more Automated Teller Machines and POS in many locations across the country. Efficiency and excellent customer service will be our mantra for 2013.

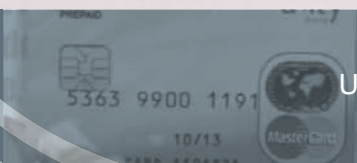
Thank you.



Ado Yakubu Wanka
Managing Director



■ Directors Report



The Directors present their annual report on the affairs of Unity Bank Plc (“the Bank”) together with the financial statements and Auditor's report for the twelve months ended 31st December, 2012.

a. Representation

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

b. Legal Form

The Bank was incorporated in Nigeria under the Companies and Allied Matters Act CAPC20 LFN 2004 as a private limited company on 27th April, 1987 under the name Intercity Bank Limited. It was granted license on 28th October, 1987 to carry on the business of commercial banking. It commenced full banking business operation on 28th October, 1988. The Bank was converted to 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 merged with the following Banks on 22 December 2005:

1. CentrePoint Bank Plc;
2. First Interstate Bank Plc;
3. Pacific Bank Limited;
4. Societe Bancaire Nigeria Limited;
5. Tropical Commercial Bank Plc.

However, it changed its name to Unity Bank Plc on 30th December, 2005 and further merged with the following other Banks on 2nd March, 2006:

1. Bank of the North Limited;
2. New Africa Bank Plc;
3. NNB International Bank Plc.

The Bank's 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.

e. Fixed Assets

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

F. Operating Results

Gross earnings increased by 8.5% and profit before tax of the Bank by 30%. Highlights of the Bank's operating results for the year under review are as stated below:

	2012 N	2011 N
Profit after taxation	6,180,062	2,693,859
Profit Attributable to shareholders	6,180,062	2,693,859
APPROPRIATIONS		
Transfer to statutory reserve	1,854,019	730,494
Transfer to small scale industries reserve	-	-
Transfer to general reserve	4,326,043	1,963,365

g. Directors

The names of the Directors during the year ended 31st December, 2012 are as follows:

NAMES	POSITION HELD
Nu'uman Barau Danbatta, OON, mni	- Chairman
Ado Yakubu Wanka	- Managing Director/CEO
Engr. Oluseun Mabogunje	- Director
Dr. Oluwafunsho Obasanjo	- Director
Mr. Thomas Etuh	- Director
Alhaji Ibrahim M. A. Kaugama	- Director
Alhaji Hakeem Shagaya	- Director
Engr. Ahmed Ibrahim	- Director

Directors Report

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Mr. Richard Gboyega Asabia	Director (Independent)
Alhaji Aminu Babangida	Director
Mallam Gimba Hassan Ibrahim	Director (Independent)
Mr. Rislannudeen Muhammad	Executive Director
Alhaji Ahmed Yusuf	Executive Director
Alhaji Ismaila A. Galadanchi	Executive Director
Alhaji Ibrahim Tanko Mohammed	Executive Director
Mr. Lanre Elisha Fagbohun	Executive Director

In accordance with Article 82(1) of the Bank's Articles of Association, the following Directors will retire by rotation at this Annual General Meeting:

Mr. Richard Gboyega Asabia
Mr. Thomas Etuh
Dr. Oluwafunsho Obasabjo

and being eligible, offer themselves for re-election.

h. Director's shareholding

The direct and indirect interests of Directors in the issued share capital of the Bank as recorded in the register of Directors' shareholding and/or as notified by the Directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange is as stated below:

Number of Ordinary Shares held			
Directors' Name	Direct	Indirect	Name of Organization
Nu'uman Barau Danbatta, OON, mni	-	18,191,250	Salnuha Investment Ltd
Ado Yakubu Wanka	267,725,188	-	
Mallam Gimba Hassan Ibrahim	-	-	
Mr. Richard Gboyega Asabia	979,256	-	
Mr Thomas Etuh	-	3,236,194,500	Arewa Investment Alliance Limited
Engr. Ahmed Ibrahim	-	1,188,947,229	19 Northern states, Alpha Praxis Limited
Mr. Hakeem Shagaya	3,103,485	684,672,614	Hajia Bola M. Shagaya
Alhaji Ibrahim M. A. Kaugama	-	1,304,444,835	19 Northern States, Jigawa Forum
Dr. Oluwafunsho Obasanjo	-	3,209,044,117	Tempo Food & Packaging Limited, Obasanjo Holdings, Alarab Properties Limited, Agro Mixed Nigeria Limited and Ibad Limited.

Directors Report

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Rislanudeen Muhammad	148,345,407	-	
Alhaji Ahmed Yusuf	46,200,000	-	
Alhaji Ismaila A. Galadanchi	23,201,613	-	
Alhaji Ibrahim Tanko Mohammed	23,169,554	-	
Mr Lanre Elisha Fagbohun	1,100,00	-	
Alhaji Aminu Babangida	-	2,234,638,683	El-Amin (Nig.) Limited
Engr. Oluseun Mabogunge	-	33,456,135	Prof. A. L. Mabogunje

i. Shareholding Analysis

The shareholding pattern of the Bank as at 31st December, 2012 is as stated below:

RANGE	NO OF SHAREHOLDERS	UNITS
1-9999	47,742	99,113,391
10000-50000	19,060	294,374,904
50001-100000	5,935	202,418,760
100001-500000	4,811	1,038,468,006
500001-1000000	1,062	784,933,273
1000001-5000000	950	1,925,671,086
5000001-10000000	108	725,975,599
10000001-50000000	83	1,782,056,732
50000001-100000000	16	1,168,813,198
100000001-500000000	23	4,973,355,340
500000001-1000000000	21	12,997,261,523
1000000001-50000000000	6	12,454,247,898
TOTAL	79,817	38,446,689,710

j. Substantial interest in shares

According to the register of members as at 31st December 2012, no shareholder held more than 5% of the issued share capital of the Bank except the following:

Shareholder	No of Shares Held	Shareholding (%)
Arewa Investment Alliance Limited	3,236,194,500	8.42%
Ibad Limited	2,482,901,714	6.46%
El-Amin Nig Limited	2,234,638,683	5.81%
Mr Ikwe Ernest	2,092,749,995	5.44%
TOTAL	10,046,484,892	26.13%

k. Acquisition of own shares

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

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I. Donations and Charitable Gifts

The Bank has continued its tradition of making contributions to charitable and non-political organizations. Contributions during the year amounted to N27,586,902, details of which are presented below:

S/N	BENEFICIARIES	
1	Donation to National Agric Foundation of Nigeria	300,000.00
2	Sponsorship of Aspirers Theatre concept University of Jos	300,000.00
3	Purchase of patrol vehicle for the Nigeria Police in Kano	1,000,000.00
4	Donation to Universal Basic Education, Katsina State	1,000,000.00
5	Sponsorship of the 42nd AGM Conference&Exhibition-NSCE	1,000,000.00
6	Sponsorship of the CIBN -AGM	2,000,000.00
7	Contribution to the Africa Forum	3,000,000.00
8	Donation to the Paupers Fund Project	3,000,000.00
9	Sponsorship of the Kaduna Polo Club	5,000,000.00
10	Donation for IFRS Academy Nigeria contribution	8,500,000.00
11	Sponsorship of dinner organised by KADCCIMA	2,000,000.00
12	Bankers Committee Seminar 2012	486,902.00
TOTAL		27,586,902.00

The Bank has between 2008 to date made a total contribution of over N227 million to charitable and non political causes

m. Events after Reporting Date

There were no events after the reporting date that could have a material effect on the affairs of the Bank as at 31st December 2012 which have not been adequately provided for or disclosed.

n. Human Resources

Commitment to Equal Employment Opportunity

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

ANALYSIS OF EXECUTIVE MANAGEMENT AND BOARD BY GENDER

Grade	NUMBER			PERCENTAGE	
	Male	Female	Total	Male	Female
ED to MD	6	0	6	100%	0%
AGM to GM	23	5	28	77%	23%
Other Directors					

ANALYSIS OF STAFF BY GENDER

Employees	Total Number	%	Employed during the year	%
Male	1455	70	97	63
Female	629	30	58	37
Total	2,084	100	155	100

Employment of Disabled Persons

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

Health, Safety and Welfare at Work

The Bank enforces strict health and safety rules and practices at the work environment, which are reviewed and tested regularly and employees are aware of existing regulations. The Bank provides subsidies to all levels of employees for transportations, housing, lunch and also medical expenses both for staff and their immediate families.

Fire prevention and fire-fighting equipment are installed in strategic locations within the company's premises.

The Bank operates both a Group Personal Accident and the Workmen's Compensation Insurance covers for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act 2004.

Employee Involvement and Training

The Bank is committed to keeping employees fully informed as much as possible regarding the Bank's performance and progress and seeking their opinion where practicable on matters which particularly affect them as employees.

In accordance with the Bank's policy of continuous development, training is carried out at various levels and employees are nominated to attend both local and international courses. These are equally complimented by

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on-the-job training.

Formal and informal channels are also employed in communicating with employees with an appropriate two-way feedback mechanism. Incentive schemes designed to encourage involvement of employees in the Bank's performance are implemented when ever appropriate.

o. Audit Committee

Pursuant to Section 359 (3) of the Companies and Allied Matters Act, CAP C20 LFN 2004, the Bank has in place an Audit Committee comprising three Directors and three Shareholders as follows:

- | | | |
|---|---|----------|
| 1. Alhaji Mustapha B. Atiku (Shareholder) | - | Chairman |
| 2. Mr. Joseph Akin Ogbeni (Shareholder) | - | Member |
| 3. Ms. Olufunke Titilayo Shodeinde (Shareholder) | - | Member |
| 4. Engr. Oluseun Mabogunḡ (Non-Executive Director) | - | Member |
| 5. Alhaji Ibrahim M.A. Kaugama (Non-Executive Director) | - | Member |
| 6. Alhaji Aminu Babangida (Non-Executive Director) | - | Member |

BY ORDER OF THE BOARD



AISHA A. ABRAHAM

Company Secretary

Unity Bank Tower

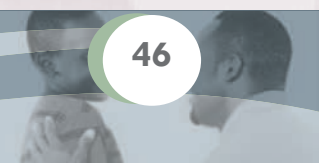
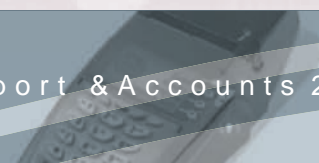
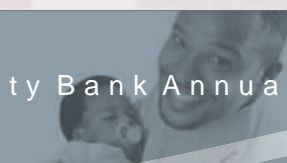
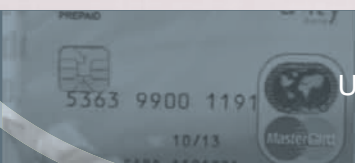
Plot 785 Herbert Macaulay Way

Central Business District, Abuja

Dated this 26th Day of February 2013.



■ Statutory Reports



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Corporate Governance

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Corporate Governance

The Central Bank of Nigeria in its Circular BSD/04/2006 of March 2, 2006 released a new Corporate Governance Code which includes the protection of equity ownership, enhancement of sound organizational structure and promotion of industry transparency. The Code requires Banks to include in their annual report and accounts compliance report to the Code of Corporate Governance. In compliance therefore, we state below our Compliance Report as at December 31st 2012:

Compliance Status

In line with the provisions of the new Code, the Bank has put in place a robust internal control and risk management framework that will ensure optimal compliance with internationally acceptable corporate governance indices in all its operations. In the opinion of the Board of Directors, the Bank has substantially complied with the new Code of Corporate Governance during the 2012 financial year.

Statutory Bodies

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

Shareholders' meeting

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

Ownership Structure

Although the Public Sector ownership structure within the bank is more than 10%, the Bank had through its recent Rights Issue, reduced the public sector shareholding from 70% to 30.40%. An understanding has been reached with the Public Sector Shareholders on the need to reduce their shareholding to not more than 10% and efforts are on to ensure that this is achieved.

Board of Directors

The 16 member Board of Directors consists of the Chairman, Managing Director/Chief Executive Officer (MD/CEO), Five (5) Executive Directors (EDs), Seven (7) Non-Executive Directors (Non-EDs) and Two (2)

Independent Directors. The members of the Board of Directors have diversified 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 31st December, 2012 were as follows:

S/N	NAME	POSITION HELD
1	Nu'uman Barau Danbatta, OON, mni	Chairman
2	Alhaji Ado Y. Wanka	Managing Director/CEO
3	Mallam Gimba Hassan Ibrahim	Independent Director
4	Dr. Oluwafunsho Obasanjo	Director
5	Engr. Ahmed Ibrahim	Director
6	Mr. Thomas Etuh	Director
7	Alhaji Aminu Babangida	Director
8	Mr. Hakeem Shagaya	Director
9	Engr. Oluseun Mabogunje	Director
10	Alhaji Ibrahim M.A. Kaugama	Director
11	Mr. Richard Gboyega Asabia	Independent Director
12	Mr. Rislanudeen Muhammad	Executive Director
13	Alhaji Ahmed Yusuf	Executive Director
14	Alhaji Ismaila A. Galadanchi	Executive Director
15	Alhaji Ibrahim Tanko Mohammed	Executive Director
16	Mr. Lanre E. Fagbohun	Executive Director

Tenure of Office

The tenure of office of an Executive and a Non-Executive Director is as per the CBN code of Corporate Governance for Banks in Nigeria.

Delegation of Power

The Board of Directors delegates any of their powers to Committees consisting of such members of their

body as they think fit and have oversight functions on the Committees. The Board also delegates authority to Management.

In line with the best practices, the ongoing reforms of the Bank's corporate governance framework transcends the Board's obligation of just providing strategic guidance to the Bank, to effectively monitor Management but equally stress the importance of local responsiveness of the Board. The key challenge in this regard is ensuring that the Board is accountable to the Bank's shareholders.

As representative of shareholders, the Board has delegated the responsibility for the day-to-day Management of the Bank to the MD/CEO who is supported in this task by the five (5) Executive Directors.

Standing Board Committees

The Board carries out its oversight responsibilities through six (6) 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 has in place the following Committees and reporting structures through which its oversight functions are performed:

- Board Audit Committee;
- Board Credit Committee;
- Board Risk Management Committee;
- Board Finance and General Purpose Committee;
- Board Information Technology Strategy Committee;
- Board Compensation & Appointment Committee

Board Audit Committee

This is a joint shareholders/Board Committee populated by equal number of shareholders and Board members. The Committee has oversight function on Internal Control system and financial reporting. The Committee's terms of reference are;

General

- Ensure that there is an open avenue of communication between the External 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.

Whistle Blowing

- Review arrangements by which staff of the Bank and the 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. This global best practice has been established in the Bank.

Regulatory Reports

- Examine CBN/NDIC examination Reports and make recommendations
- Monitor and review the standards of risk management and internal control, including the processes and procedures for ensuring that material business risks, including risks relating to IT security, fraud and related matters, are properly identified and managed, the effectiveness of internal control, financial reporting, accounting policies and procedures, and the Bank's statements on internal controls before they are agreed by the Board for each year's Annual Report.
- Consider and review the process for risk management annually to ensure adequate oversight of risk faced by the Bank and the system of internal controls and reporting of those risks within the Bank.
- Receive regular Reports on significant litigation and financial commitments and potential liability (including tax) issues involving the Bank.

The Committee comprises of a total number of six (6) members made up of three (3) Directors and three (3) Shareholders as follows:

Shareholders

- | | | | |
|----|------------------------------|---|----------|
| 1) | Alhaji Mustapha B. Atiku | - | Chairman |
| 2) | Mr. Joseph Akin Ogbeni | - | Member |
| 3) | Ms. Funke Titilayo Shodeinde | - | " |

Non - Executive Directors

- | | | | |
|----|-----------------------------|---|--------|
| 4) | Alhaji Aminu Babangida | - | Member |
| 5) | Engr. Oluseun Mabogunje | - | " |
| 6) | Alhaji Ibrahim M.A. Kaugama | - | " |

Quorum : Four (4) members

Board Credit Committee (BCC)

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

Roles

The Role of the Committee shall be to:

- i. Oversee Management's establishment of policies and guidelines to be adopted by the Board
- ii. Articulate the Bank's tolerances with respect to credit risk, and shall oversee Management's administration of, and compliance with, these policies and guidelines
- iii. Oversee Management's establishment of appropriate systems (including policies, procedures, management committees and credit risk stress testing) that support measurement and control of credit risk.
- iv. Periodically review 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. Oversee Management's 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 objectives.
- xi. Review of classification of credit advances of the Bank based on prudential guidelines on quarterly basis.
- xii. Approve 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 ten (10) members comprising five (5) Non-Executive Directors and five (5) Executive Directors as follows:

1.	Mr. Richard Gboyega Asabia	-	Chairman
2.	Alhaji Aminu Babangida	-	Member
3.	Mr. Hakeem Shagaya	-	“
4.	Mr. Thomas Etuh	-	“
5.	Engr. Ahmed Ibrahim	-	“
6.	Managing Director/Chief Executive Officer	-	“
7.	Executive Director (Central Directorate)	-	“
8.	Executive Director (North West Directorate)	-	“
9.	Executive Director (Lagos & West Directorate)	-	“
10.	Executive Director (Risk Management & Controls)	-	“

Quorum

Five (5) members with at least two (2) Non-Executive Directors and two (2) Executive Directors

Board Risk Management Committee (BRMC)

The Board Risk Management Committee has the oversight function of insulating the Bank from operational and lending risks and is charged with the following responsibilities:

ROLES

The Roles and Responsibilities of the Committee are:

- 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 Risk Compliance reports for Regulatory Authorities;
- Reviewing and approving exceptions to the Bank's Risk Policies;
- Reviewing policy violations on Risk issues at Senior Management Level;
- Certifying Risk Reports for Credits, Operations, Market/Liquidity subject to limits set by the Board;
- Evaluating the risk profile and risk management plans for major projects and new ventures to determine the impact on the Bank's risk profile.
- Ensuring compliance with global best practice standards as required by the Regulators.

- Monitoring the market, Operational, Reputational, Liquidity, Compliance, Strategic, Legal and other Risks as determined by the Board.
- Any other oversight functions as may, from time to time, be expressly requested by the Board.

Membership

The Committee has Six (6) members; three (3) Non-Executive Directors and three (3) Executive Directors as follows:

1.	Mallam Gimba Hassan Ibrahim	-	Chairman
2.	Dr. Oluwafunsho Obasanjo	-	Member
3.	Mr. Richard Gboyega Asabia	-	“
4.	Managing Director/Chief Executive Officer	-	“
5.	Executive Director (Risk Management & Controls)	-	“
6.	Executive Director (IT & Operations)	-	“

Quorum

Three (3) members with a member each of the Non-Executive and Executive Director status

Board Finance and General Purposes Committee (F&GPC)

The Finance & General Purposes 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:

Periodic review of the Bank's Strategic Plans inclusive of required Organisational Structure to drive the plans;

- Review of the Bank's Annual Budget and on quarterly basis, Budget variances.
- Review Management Accounts and operating results with a view to measuring actual performance against budget;
- Hire, Fire and Promote staff of Principal Manager grade and making recommendations on such issues of staff on the grades of AGM and above to the Board;
- Monitor compensation arrangements to ensure that the Bank is attracting and retaining highly qualified staff through competitive salary and benefits programmes and awards;
- Review long range planning for Top and Senior Management development and succession;- Formulate Board Training Program/Schedule;
- 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 membership of the Committee is seven (7) made up of four (4) Non-Executive Directors and three (3) Executive Directors as follows:

1.	Engr. Ahmed Ibrahim	-	Chairman
2.	Alhaji Ibrahim M. A. Kaugama	-	Member
3.	Mr. Hakeem Shagaya	-	“
4.	Mr. Thomas Etuh	-	“
5.	Managing Director/Chief Executive Officer	-	“
6.	Executive Director (Operations & IT)	-	“
7.	Executive Director (Risk Management & Controls)	-	“

Quorum

Four (4) members with a member each from the Executive and Non-Executive Director status.

Board Information Technology (I.T.) Strategy Committee

The IT Strategy Committee, on behalf of the Board, drives the Bank's computerization process and ensures value is derived from expenditure on computerization. Specifically the Committee has the following functions:

Strategic Alignments

- A) Provide strategic direction and ensure IT strategy is aligned with the Bank's business objective.
- B) Issue high level policy guidance relating to risk funding and partnerships.
- C) Verify the compliance of the implementation of the strategy to the agreed objectives and goals.

IT Resource Management

- A) Provide high level direction on sourcing and utilization of IT resources;
- B) Oversee funding of IT and approve all expenditures to be incurred on IT within the delegated powers approved by the Board.

Risk Management

- A) Ascertain that Management has resources in place to ensure management of IT risks.
- B) Confirm that critical IT risks are managed.

Performance Management

- A) Review strategic compliance and achievement of goals and objectives.
- B) Review IT performance measurement and contribution to the business

Membership

Membership of the Committee is seven (7) made up of four (4) Non-Executive Directors and three (3) Executive Directors as follows:

1. Engr. Ahmed Ibrahim	-	Ag. Chairman
2. Engr. Oluseun Mabogunje	-	Member
3. Mr. Hakeem Shagaya	-	"
4. Dr. Oluwafunsho Obasanjo	-	"
5. Managing Director/Chief Executive Officer	-	"
6. Executive Director (Operations & IT)	-	"
7. Executive Director (Risk Management & Controls)	-	"

Quorum

Three (3) members with at least one each from the Non-Executive and Executive Director status

Board Compensation and Appointment Committee (BCAC)

The BCAC concentrates on Board Compensations and Appointment matters with the following membership and terms of reference:

Membership:

1. Mallam Gimba Hassan Ibahim	-	Chairman
2. Mr. Hakeem Shagaya	-	"
3. Alhaji Aminu Babangida	-	"
4. Dr. Oluwafunsho Obasanjo	-	"

Quorum

Three members constitute a quorum.

Meeting

The Committee meets once in a year or when necessary

Functions

- The Committee handles matters relating to Board's Remunerations and Appointment;
- Determine the remuneration, incentive arrangements and benefits of the Chairman of the Board;
- Determine the incentive arrangements and benefits of the Executive and Non- Executive Directors of the Bank within the limits imposed by Regulatory Authorities
- Review and submit to the full Board, recommendations concerning Executive Directors compensation and perquisites and ensure that their packages are competitive;

- Recommend any proposed change(s) to the Board;
- Keeps under review the need for appointments;
- 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 sub appointments to the Board;
- Review the tenor of the 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 tem of office based on the outcome of review of Directors performance;
- Advise the Board on succession planning regarding the roles of the Chaiman, 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 sub matters as the Board may refer to it.

Remuneration of Directors

The Shareholders, at the Bank's Annual General Meeting, shall set and approve the annual remuneration of members of the Board of Directors



■ Financial Highlights

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 31, 2012 to December 31, 2012.

S/n	Directors	Board	Board Credit Committee	Board Risk Management Committee	Board Audit Committee	Board Finance & General Purpose Committee	Board Information Technology Strategy Committee	Board Compensation / Appointment Committee
	Date of Meetings	02/02/12 28/03/12 20/06/12 16/07/12 18/10/12 06/12/12	01/02/12 30/05/12 17/10/12	01/02/12 31/05/12 26/09/12	31/01/12 22/03/12 16/04/12 22/05/12 25/07/12 11/10/12 21/12/12	31/01/12 08/02/12 01/06/12 18/06/12 06/09/12 27/09/12 04/12/12	31/01/12 01/06/12 27/09/12	11/07/12
	Number of meetings	6	3	3	7	7	3	1
1	Nu'uman Barau Danbatta, OON, mni	5	N/A	N/A	N/A	N/A	N/A	N/A
2	Alh. Ado Yakubu Wanka	6	3	3	N/A	7	3	1
3	Mr. Richard Gboyega Asabia	5	3	2	N/A	N/A	N/A	N/A
4	Engr. Oluseun A. Mabogunje	5	N/A	N/A	6	N/A	3	N/A
5	Alh. Ibrahim M. A. Kaugama	4	N/A	N/A	7	7	N/A	N/A
6	Mr. Hakeem Shagaya	5	N/A	N/A	N/A	6	2	1
7	Engr. Ahmed Ibrahim	6	3	N/A	N/A	7	3	N/A
8	Mr. Thomas A. Etuh	5	3	N/A	N/A	3	N/A	N/A
9	Mal. Gimba H. Ibrahim	6	3	3	N/A	N/A	N/A	1
10	Alh. Aminu Babangida	6	3	N/A	5	N/A	N/A	NIL
11	Dr. Oluwafunsho Obasanjo	6	N/A	3	N/A	N/A	3	1
12	Alh. Rislanudeen Muhammad	5	3	2	N/A	5	N/A	N/A
13	Alh. Ahmed Yusuf	5	N/A	2	N/A	6	2	N/A
14	Alh. Ismaila A. Galadanchi	5	3	N/A	N/A	N/A	N/A	N/A
15	Alh. I.T Mohammed	5	2	N/A	N/A	N/A	N/A	N/A
16	Mr. Lanre Elisha Fagbohun	5	N/A	N/A	N/A	N/A	N/A	N/A
	Quorum for Meetings	7	5	3	4	4	3	3

EXPLANATORY NOTES ON ATTENDANCE OF BOARD & COMMITTEES MEETINGS

Board Meeting of 16-7-12

1. Nu'uman Barau Danbatta- absent on account of being on official assignment.
2. Alh. Ibrahim M. A. Kaugama- absent on account of delay in obtaining British Visa.
3. Mr. Thomas A. Etuh was indisposed.
4. Alh. I. T. Mohammed, Rislanudeen Muhammad, Alh. Ahmed Yusuf, Mr. Lanre Elisha Fagbohun, Alh. Ismaila A. Galadanchi, were all absent on account of being on official assignments.

Internal Audit

The Bank has an independent Internal Audit function with a clear 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. In line with the Charter, the Internal Auditors' report is submitted directly to the Board Audit Committee.

Management Credit Committee

The Committees' main functions are providing direction on Risk Assets creation for the Bank, to review and approve Credit Facilities up to its limit, ensure compliance and enforcement of Credit Standards as contained in the credit Policy and Guidelines of the Bank ensure optimal liquidity and pricing. Alignment to the Bank's strategy, to identify, analyze, synthesize and make recommendations on risks arising from day to day activities of the Bank and to ensure that risk limits as contained in the Board and Regulatory policies are complied with at all times. The Committees further provide inputs for the respective Board Committees and also ensure that recommendations of the Board Committees are effectively and efficiently implemented. They meet as frequently as risk issues occur to take actions and decisions within the confines of their powers.

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 as follows:

Chairman: Managing Director / Chief Executive Officer

Members: Executive Director, Risk Management & Control Directorate

Executive Director, Operations & IT Directorate

Executive Director, Central Directorate

Executive Director, Lagos and West Directorate

Executive Director, North West Directorate

Zonal Head, Southern Directorate

Zonal Head, North East Directorate

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 ₦251 Million to ₦750 Million for fund based facilities and ₦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 Finance & General Purpose Committee (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.
Make recommendations to the Board on recruitment, promotion and discipline of employees from AGM grade level.
- 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 and submit reports on its activities to the Board
- Reports on its activities to the Board.

Assets and Liability Committee (ALCO)

The Assets and Liability Committee meet 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:	Managing Director/Chief Executive Officer
Member:	Executive Director, Risk Management & Controls Directorate Executive Director, Operations & IT Directorate Executive Director, Central Directorate Executive Director, Lagos & West Directorate Executive Director, North West Directorate Zonal Head, Southern Directorate Zonal Head, North-East Directorate Divisional Head, Products and Channels Divisional Head, Operations Head, Financial Control Department Divisional Head, Corporate Services Divisional Head, Risk Management Divisional Head, IT Department Divisional Head, Strategy & Corporate Development Department Head, Treasury Department
Secretary:	Head, Enterprise Risk Management Department

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.

Technical Assets and Liability Committee (TALCO)

The Technical ALCO is made up of the following membership:-

Chairman: Division Head, Strategy & Corporate Development

Member: Divisional Head, Operations
Divisional Head, Products & Channels
Divisional Head, I.T. Department
Divisional Head, Risk Management
Regional Manager, Abuja Region
Regional Manager, Garki Region
Head, Treasury Department
Head, Enterprise Risk Management Department
Regional Manager, Victoria Island
Head, Strategy, Implementation & Monitoring
Head, Credit Administration Department
Head, Financial Control Department;

Secretariat: Enterprise Risk Management Department

The Technical Assets and Liability Committee meets on a weekly basis with focus on issues of gaps, profitability and growth. The Committee reports to the Bank's Executive Management Committee and Strategic ALCO through the Managing Director.

Management IT Steering Committee

Membership of the Management IT Steering Committee is as follows:

Chairman: Executive Director, IT & Operations Directorate

Members: Divisional Head, Internal Audit
Divisional Head, Operations
Divisional Head, Risk Management
Head, Financial Control Department
DH, Corporate Services
DH, Information Technology
Head, Enterprise Risk Management Department
Head, e-Business Department
Head, IS Audit Department
Zonal BOCD Head, Central

Secretariat: Information Technology Department

Functions of the Management IT Steering Committee are as follows:

- IT Policy formulation
- Alignment of IT activities to the bank strategy
- To Ensure project direction and milestones monitoring
- Budgetary authority

Enterprise Risk Management Committee

The Enterprise Risk Management Committee oversees the establishment and management of written policy on the overall Risk 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 reports provided by Management, Internal and External (Statutory) Auditors and the Supervisory Authorities. On periodic basis, the Committee re-evaluates the Risk Management Policy of the Bank to accommodate major changes in the internal and external factors. The Committee meets monthly and render report to the Executive Management Committee through the Executive Director, Risk Management & Controls.

Membership

The Committee has the following membership:

Chairman: E.D., Risk Management & Controls

Members: Divisional Head, Risk Management;
Divisional Head, Operations;
Divisional Head, Internal Audit and Inspection;
Divisional Head, Corporate Services;
Divisional Head, Compliance;
Head, Enterprise Risk Management;
Representative of Strategy and Corporate Development;
A representative from the Business Directorate;
Head, Treasury;
Head, Financial Control;

Secretariat: Enterprise Risk Management Department

Functions of the Committee

- To establish the Bank's risk profile and manage the profile to be in line with the Bank's risk appetite.
- Review and ensure the adequacy of enterprise 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 risk reports with a view to making necessary remedial recommendations.
- Review adequacy of controls bank-wide.

- Review the 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 areas.

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 Code No 6.1.11, the Bank has established a Compliance Division that is charged with responsibility of implementing the Code of Corporate Governance in addition to monitoring compliance of the Money Laundering requirements.

- In compliance with section 6.1.12 of the code of Corporate Governance, the Bank has established an alert menu on its web site where all stakeholders can access and provide useful information or grievances on any issue that directly and /or indirectly affect them or the Bank.
- 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.

Breaches of the Code

Ownership Structure

Although the Public Sector holding in the Bank is more than 10%, a Memorandum of Understanding (MOU) between the Northern Governor's Forum and the Bank has been signed and submitted to CBN. The implementation of the provisions of the MOU towards the divestment of Government holding is being pursued.

Apart from the above, we are not aware of any other violation to the Code of Corporate Governance.

DIRECTORS RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act, require the Directors to prepare financial statements for each financial year that gives a true and fair view of the state of financial affairs of the Bank at the end of the year and of its profit or loss. The responsibilities include ensuring that the Bank:

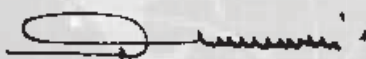
- i. Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act;
- ii. Establishes adequate internal controls to safeguard its assets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

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with,

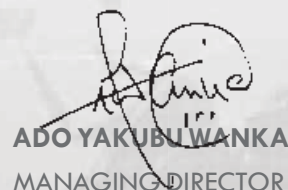
- International Financial Reporting Standards;
- Prudential Guidelines for Licensed Banks;
- Relevant circulars issued by the Central Bank of Nigeria;
- The requirements of the Banks and Other Financial Institutions Act; and
- The requirements of the Companies and Allied Matters Act.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Bank and of the profit for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Bank will not remain a going concern for at least twelve months from the date of this statement.



RISLANUDEEN MUHAMMAD
ED, RISK MANAGEMENT & CONTROLS



ADO YAKUBU WANKA
MANAGING DIRECTOR



Ahmed Zakari & Co.

(CHARTERED ACCOUNTANTS)

REPORT OF THE AUDITORS TO THE MEMBERS OF UNITY BANK PLC

Report on the financial statements

We have audited the accompanying financial statements of Unity Bank Plc which comprise the statement of financial position as at 31 December, 2012, the income statement, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements which include a summary of significant accounting policies and other explanatory notes as set out on pages 71 to 132

Directors' responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with Nigerian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. *In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 company's internal control.* An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the financial statements give a true and fair view of the financial position of Unity Bank Plc as at 31 December 2012 and of its financial performance and cash flows for the year then ended in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011 and in accordance with the International Financial Reporting Standards and the Companies and Allied Matters Act, CAP C20, LFN 2004 and the Banks and Other Financial Institutions Act, CAP B3, LFN 2004.

Partners: Shuaibu A. Ahmed | Isma'ila M. Zakari | Tajudeen Adetokunbo Oni

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Lagos Office: 175B Isale Eko Avenue, Dolphin Estate, P.O. Box 54478, Falomo, Ikoyi, Lagos. Tel: +234-1-7431279, +234-1-7431280.

Abuja Office: 2nd Floor, Akintola Williams House, Plot 2048 Michael Opara way, Wuse Zone 7, Abuja.

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Financial Highlights

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	31 December 2012 N'000	31 December 2011 N'000
MAJOR STATEMENT OF FINANCIAL POSITION ITEMS		
Total Assets	395,720,180	372,926,748
Loans and Advances	189,041,345	117,875,258
Deposits	270,060,046	266,877,426
Share Capital	17,475,768	17,475,768
ShareHolders Fund	51,457,682	43,821,683
MAJOR INCOME STATEMENT ITEMS		
Gross Earnings	53,760,353	46,267,626
Charge for Doubtful Accounts	(1,659,863)	(1,323,194)
Profit Before Taxation	6,456,727	3,457,682
Taxation	(276,666)	(763,823)
Profit After Taxation	6,180,061	2,693,859
RATIOS		
	%	%
Cost to Income	79	87
Return on Assets	2	1
Return on Share Holders Fund	12	6
Capital Adequacy	13	12
Liquidity	36	38
Non Performing Loans	5	6
OTHERS		
	Number	Number
Number of Branches	240	242
Number of Staff	2081	2,789
Number of Shares in Issue ('000)	34,951,536	34,951,536

Report on Other Legal and Regulatory Requirements

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

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) In our opinion proper books of account have been kept by the Bank;
- iii) The Bank's balance sheet and profit and loss account are in agreement with the books of account;

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

- i) Our examination of loans and advances was carried out in accordance with the Prudential Guidelines for Deposit Money Banks in Nigeria issued by the Central Bank of Nigeria and in accordance with the requirements of the International Financial Reporting Standards;
- ii) Related party transactions and balances are disclosed in Note 41 to the financial statements in accordance with the Central Bank of Nigeria Circular BSD/1/2004;
- iii) The Bank contravened the requirements of some Central Bank of Nigeria circulars during the financial year. Details of these are stated in Note 54 of the financial statements.

Ahmed Zakari & Co.
(Chartered Accountants)
FRC/2013/ICAN/00000000749

February 26, 2013
Abuja, Nigeria



Report of the Audit Committee

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Report of the Audit Committee

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

In our opinion, the scope and planned of both the internal and external audits for the year ended 31st December, 2012 were adequate. we have also received, reviewed, discussed the auditors's findings on Management matters and were satisfied with the departmental responses thereon.

The committee reviewed the Audit Report on the insider related party transactions and were satisfied with their status as required by the central Bank of Nigeria (CBN)

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

Dated this 26th day of February, 2013



Alhaji Mustapha B. Atiku
Chairman, Audit Committee

Members of the Audit Committee

Alhaji Mustapha B. Atiku
Mr. Joseph Akin Ogbeni
Ms. Funke Titilayo Shodeinde
Engr. Oluseun Mabogunje
Alhaji Ibrahim M. A. Kaugama
Alhaji Aminu Babangida

REPORT ON BOARD EVALUATION

SIAO was mandated to conduct the Unity Bank Board Evaluation for the 2012 fiscal year in compliance with the CBN Code of Corporate Governance and in accordance with best practices.

We wish to comment as follows:

The Unity Bank Board of Directors in the year under review (2012) comprises of diverse individuals, all of whom possess the requisite skills and experience required to be a member of the Board of a banking institution. A new director has been appointed in the person of Mr. Henry Semenitari bringing to a total of 17 board members. The new director has over 23 years experience in banking and Unity Bank has ensured that the new director was provided with proper orientation and induction on his appointment as a member of the Board. The new director will be presented at the 2012 AGM for approval by shareholders (Section 13.4 & 22.1, SEC Code of Corporate Governance).

Engineer Ahmed Ibrahim will be stepping down from the board in April 2013 after serving a 12 year tenure on the Bank's Board based on CBN's Corporate Governance requirements (Clause 5.3.10).

There remains a separation of powers between the Chairman and the Chief Executive Officer in accordance with the CBN Code.

There are 11 Non-Executive Directors (2 of which are Independent Directors) and 6 Executive Directors. The Directors provide oversight functions in all key areas of banking operations. In addition the body drives the long term strategies and goals of the Bank.

Six board meetings were held during the year. There was a high level of attendance at the meetings and the agenda and the minutes of Board meetings are properly documented.

Various board training programs were held during the year covering areas such as Risk Management, Credit Analysis and Approval, Corporate Governance and Board Effectiveness, to mention a few.

The Board has complied with the provisions of the CBN Code with regards to the requisite committees the Board of a banking institution must have. The Committees have charters and all the members of these committees are qualified and fully understand their responsibilities.

The Board has ensured changes in the Risk Management structure of the Bank and this has resulted in a higher degree of efficiency in its Risk Management Processes; especially the management of the banks credit portfolio. In line with recommendations made last year, the Bank has created a comprehensive Remuneration Policy Document which details Directors' remuneration, benefits and allowances and links performance of directors to their remuneration.

Further to recommendations made last year, the Bank has also procured for its Non-Executive Directors:

- 1. Directors and Officers Liability Insurance; and*
- 2. Life Insurance*

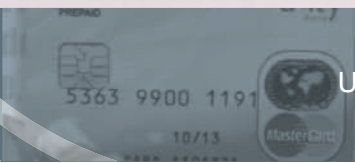
Government direct and indirect equity holdings in the Bank has been cut down from 30.40% to 29.32%. It is therefore recommended that the Board should ensure that the plans already put in motion to ensure that public sector holding is cut down to a maximum of 10% as directed by the CBN Code (Clause 5.1.2) are expedited.

In conclusion we would like to state that the board as a whole is cohesive and functional. Committees have effectively carried out their duties by putting to good use the skills and core competencies of each of the directors who make up the Committees. Members have shown dedication to improve their knowledge and skills as is evidenced in the attendance of directors at the intensive training sessions organized by the Bank. Overall, corporate governance provisions as required by CBN have been complied with.





■ Financial Statements



Income Statement

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	Notes	31 December 2012 N'000	31 December 2011 N'000
Interest and similar income	7	41,237,494	31,706,490
Interest and similar expense	8	(15,974,022)	(9,155,906)
Net interest income		25,263,472	22,550,585
Fee and commission income	9	9,890,248	8,345,097
Fee and commission expense	9	-	-
Net fee and commission income	9	9,890,248	8,345,097
Net trading income	10	35,947	356,489
Other operating income	11	2,596,664	5,859,550
		2,632,611	6,216,039
Total operating income		37,786,331	37,111,721
Credit loss expense	12	(1,352,911)	(1,118,008)
Impairment losses on Financial investments	12	-	(205,186)
Impairment losses on Goodwill	12	(104,435)	-
Impairment losses on Non current assets held for sale	12	(202,517)	-
Net operating income		36,126,468	35,788,527
Personnel expenses	13	(14,577,095)	(13,038,844)
Depreciation of property and equipment	23	(2,545,017)	(2,285,770)
Amortisation of intangible assets	24	(395,053)	(391,258)
Other operating expenses	14	(12,152,575)	(16,614,974)
Total operating expenses		(29,669,741)	(32,330,846)
Profit before tax		6,456,727	3,457,682
Income tax expense	15	(276,666)	(763,823)
Profit for the year		6,180,061	2,693,859
Earnings per share			
Basic earnings per share	16	17.68	7.71

Statement of Comprehensive Income

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Notes	31 December 2012 N'000	31 December 2011 N'000
Profit for the year	6,180,061	2,693,859
Other comprehensive income		
Net gain on available-for-sale financial assets	2,052,784	(334,721)
Others		
Income tax (charge)/credit relating to components of other comprehensive income	(596,847)	-
Other comprehensive income for the year, net of tax	1,455,937	(334,721)
Total comprehensive income for the year, net of tax	7,635,998	2,359,138

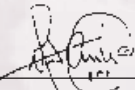
Statement of Financial Position

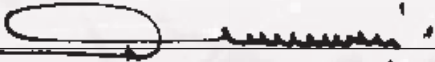
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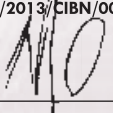
	Notes	31 December 2012 N'000	31 December 2011 N'000	1 January 2011 N'000
Assets				
Cash and balances with Central Bank	18	41,245,431	27,702,285	17,334,975
Due from banks	19	13,586,888	61,034,229	31,721,963
Loans and advances to customers	20	189,041,345	117,875,258	116,688,894
Financial investments – available-for-sale	21(a)	25,247,739	16,221,557	19,439,165
Financial investments – available-for-sale pledged as collateral	21(b)	6,295,200	13,604,253	6,295,200
Financial investments – held-to-maturity	21(c)	55,072,364	55,939,144	35,427,340
Other assets	22	19,271,529	31,629,931	27,120,262
Property and equipment	23	20,886,553	21,954,455	22,076,596
Goodwill and other intangible assets	24	17,498,195	17,928,538	18,263,550
Deferred tax assets	25	7,147,823	7,634,265	7,755,608
Investment in subsidiaries	26	-	1,402,832	1,921,177
Non current assets held for sale	27	427,115		
TOTAL ASSETS		395,720,180	372,926,748	304,044,730
Liabilities and Equity				
Liabilities				
Due to customers	28	270,060,046	266,877,426	222,145,561
Debt issued and other borrowed funds	29	54,434,499	43,007,826	17,738,789
Current tax liabilities	30	591,511	642,480	899,277
Other liabilities	31	18,856,671	16,928,998	18,666,506
Employee benefit liabilities	32	319,771	1,648,335	1,392,823
TOTAL LIABILITIES		344,262,498	260,842,956	260,842,956
Equity				
Issued share capital	33	17,475,768	17,475,768	16,643,588
Share premium		13,677,092	13,677,092	14,509,272
Statutory reserve		7,691,052	5,837,033	5,106,539
Retained earnings		(14,697,138)	(18,901,091)	(17,773,895)
Other reserves		27,310,908	25,732,881	24,716,270
TOTAL EQUITY	34	51,457,682	43,821,683	43,201,774
TOTAL LIABILITIES AND EQUITY		395,720,180	372,926,748	304,044,730

The financial statements on pages 71 to 132 were approved by the Board of Directors on 26th February, 2013 and signed on its behalf by:


Ochofie Andrew Onyilokwu
Chief Financial Officer
FRC/2013/ICAN/00000001759


Mallam Ado T. Wanka
Managing Director
FRC/2013/CIBN/00000002127


Mr. Rislanudeen Muhammad
Executive Director
FRC/2013/CIBN/00000002130


Mallam Nu'uman B. Danbatta, (OON, mni)
Chairman

Statement on Changes in Equity

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	Issued Capital	Share Premium	Statutory Reserves	Retained Earnings	Other Reserves	Total Equity
	N'000	N'000	N'000	N'000	N'000	N'000
At January 1, 2011	16,643,588	14,509,272	5,106,539	(17,773,895)	24,716,270	43,201,774
Prior period adjustment				(215,738)		(215,738)
Restated balance	16,643,588	14,509,272	5,106,539	(17,989,633)	24,716,270	42,986,036
Profit for the year	832,180			2,693,859		2,693,859
Issued share capital		(832,180)				
Dividend paid				(1,664,360)		(1,664,360)
Transfer from retained earnings			730,494	(730,494)		
Transfer from retained earnings				(1,210,463)	1,210,463	
Other comprehensive income					(334,721)	(334,721)
Reclassification of fair value adjustments					140,869	140,869
Total Comprehensive Income for the year						
At 31 December, 2011	17,475,768	13,677,092	5,837,033	(18,901,091)	25,732,881	43,821,683
Profit for the period				6,180,061	122,090	6,180,061
Transfer from retained earnings				(122,090)		
Transfer from retained earnings			1,854,019	(1,854,019)		
Dividend paid					1,455,937	1,455,937
Other comprehensive income						
At 31 December, 2012	17,475,768	13,677,092	7,691,052	(14,697,138)	27,310,908	51,457,682

Statement of Financial Cash Flow

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	31 December 2012 N'000	31 December 2011 N'000
Operating Activities		
Profit before tax	6,456,727	3,457,682
Adjustment for non cash items:		
Impairment losses on financial investments	-	205,186
Depreciation of property and equipment	2,545,017	2,285,770
Amortisation of intangible assets	395,053	391,258
Movement in other comprehensive income	2,052,784	(334,721)
Profit on disposal of Property and equipment	(68,791)	(1,355,137)
Gains from sale of investments	(902,081)	(140,347)
	10,478,710	1,052,008
Changes in operating assets		
Deposits with the Central Bank of Nigeria	10,154,720	(15,246,518)
Loans and advances to customers	(71,166,087)	(1,186,364)
Other assets	19,433,736	(6,033,252)
	(41,577,631)	(22,466,134)
Changes in operating liabilities		
Due to customers	3,182,620	44,731,865
Current tax liabilities	(50,968)	(256,797)
Other liabilities	1,927,673	(1,737,508)
Defined contribution	(1,328,565)	255,512
	3,730,760	42,993,072
Cash generated from operations	(27,368,160)	25,036,627
Income tax paid	(638,774)	(1,024,084)
Net cash flows from/(used in) operating activities	(28,857,282)	24,012,543
Investing activities		
Purchase of property and equipment	(1,512,799)	(3,111,923)
Purchase of intangible assets	(69,144)	(56,246)
Proceeds from sale of property and equipment	1,286,346	2,275,781
Proceeds from sale of investment in subsidiaries	218,088	528,925
Available for sale investments	(1,717,129)	(4,731,995)
Held to maturity investments	866,781	(18,887,985)
Net cash flows from/(used in) investing activities	(927,857)	(23,983,442)
Financing activities:		
Debt issued and other borrowed funds	11,426,673	25,269,037
Dividends paid	-	(1,664,360)
Net cash flows from/(used in) financing activities	11,426,673	23,604,677
Net increase/(decrease) in cash and cash equivalents	(17,508,118)	23,633,778
Cash and cash equivalents at 1 January	72,340,437	48,607,905
Cash and cash equivalents at 31 December	54,832,319	72,340,437



■ Board of Directors

Statement of Prudential Adjustments

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	Impairment Losses Under IFRS N'000	Impairment Losses Under PG N'000	Difference taken to Regulatory Reserve
Cash bank balances	59,836	59,836	-
Due from Banks	982,359	982,359	-
Risk Assets	5,739,824	5,861,913	(122,090)
Available for Sale Investment	1,330,497	1,330,497	-
Held to Maturity investments	56,428	56,428	-
Other Assets	13,191,768	13,191,768	-
Non Current assets	202,517	202,517	-
	<u>21,360,711</u>	<u>21,482,800</u>	<u>(122,090)</u>

Statement of Accounting Policies

1.1 Corporate Information

Unity Bank Plc provides banking and other financial services to corporate and individual customer. 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 banking.

Unity Bank is public limited liability company incorporated and domiciled in Nigeria. Its registered office is at Plot 785, Herbert Macaulay Way, Central Business District, Abuja. The Bank is listed on the Nigerian Stock Exchange.

The financial statements for the year ended 31 December 2012 were authorized for issue in accordance with a resolution of the Board of Directors on 26th February, 2013.

1.2 Basis of preparation

The financial statements have been prepared on a historical cost basis, except for available for sale investments, derivative financial instruments, other financial assets and liabilities held for trading, financial assets and liabilities designated at fair value through profit or loss.

The financial statements are presented in Nigeria naira (N) and all values are rounded to the nearest thousand naira, except when otherwise indicated.

Statement of compliance

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

Presentation of financial statements

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

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

1.3 Significant accounting judgments, estimates and assumptions

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

Going concern

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

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

Impairment losses on loans and advances

The Bank divides its loan portfolio into significant and insignificant loans based on Management approved materiality threshold. The Bank also groups its risk assets into buckets with similar risk characteristics (industry) for the purpose of collective impairment of insignificant loans and unimpaired significant loans. The Probability of Default (PD) and the Loss Given default (LGD) are then computed using historical data from the loan buckets. The PD is adjusted by a Lag Identification Period (LIP) factor.

The Bank reviews its individually significant loans and advances at each statement of financial position date to assess whether an impairment loss should be recorded in the income statement. In particular, Management judgment is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance. The Present Value of such cash flows as well as the present value of the fair value of the collateral is then compared to the Exposure at Default.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively in buckets of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident. The collective assessment of impaired insignificant loans is done with a PD of 100% and the historical LGD adjusted with the LIP factor while the collective assessment of unimpaired insignificant loans and significant loans is done with the historical PD and LGD adjusted with the LIP factor.

Impairment of available-for-sale investments

The bank reviews its debt securities classified as available-for-sale investments at each statement of financial position date to assess whether they are impaired. This requires similar judgment as applied to the individual assessment of loans and advances.

The bank also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the bank evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

Pension obligations

The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.3 Summary of significant accounting policies

(1) Foreign currency translation

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

(I) Transactions and balances

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

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

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

(2) Financial instruments initial recognition and subsequent measurement

(i) Date of recognition

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the bank becomes a party to the contractual provisions of the instrument.

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the purpose and the management's intention for which the financial instruments were acquired and their characteristics. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

(iii) Financial assets or financial liabilities held-for-trading

Financial assets or financial liabilities held-for-trading are recorded in the statement of financial position at fair value. Changes in fair value are recognised in 'Net trading income'. Interest and dividend income or expense is recorded in 'Net trading income' according to the terms of the contract, or when the right to the payment has been established.

(iv) Financial assets and financial liabilities designated at fair value through profit or loss

Financial assets and financial liabilities classified in this category are those that have been designated by Management on initial recognition. Management may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met, and designation is determined on an instrument by instrument basis:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.
- The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.
- The financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in 'Net gain or loss on financial assets

and liabilities designated at fair value through profit or loss'. Interest earned or incurred is accrued in 'Interest income' or 'Interest expense', respectively, using the effective interest rate (EIR), while dividend income is recorded in 'Other operating income' when the right to the payment has been established. Capital gains on assets not yet disposed are not recognised in the income statement.

(v) 'Day 1' profit or loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the bank immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Net trading income'. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the income statement when the inputs become observable, or when the instrument is derecognised.

(vi) Available-for-sale financial investments

Available-for-sale investments include equity and debt securities. Equity investments classified as available-for-sale are those which are neither classified as held-for-trading nor designated at fair value through profit or loss.

Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value.

Unrealised gains and losses are recognised directly in equity (other comprehensive income) in the 'Available-for-sale reserve'. When the investment is disposed of, the cumulative gain or loss previously recognised in equity is recognised in the income statement in 'Other operating income'. Where the bank holds more than one investment in the same security they are deemed to be disposed of on a first-in first-out basis. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR. Dividends earned whilst holding available-for-sale financial investments are recognised in the income statement as 'Other operating income' when the right to the payment has been established. The losses arising from impairment of such investments are recognised in the income statement in 'Impairment losses on financial investments' and removed from the 'Available-for-sale reserve'.

(vii) Held-to-maturity financial investments

Held-to-maturity financial investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Bank has the intention to hold to maturity. After initial measurement, held-to-maturity financial investments are subsequently measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the EIR. The amortisation is included in 'Interest and similar

income' in the income statement. The losses arising from impairment of such investments are recognised in the income statement line 'Credit loss expense'.

If the Bank were to sell or reclassify more than an insignificant amount of held-to-maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. The Bank would no longer classify such financial instruments as Held-to-Maturity during the following 2 years.

(viii) Due from banks and loans and advances to customers

'Due from banks' and 'Loans and advances to customers', include nonderivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the bank intends to sell immediately or in the near term and those that the bank upon initial recognition designates as at fair value through profit or loss
- Those that the bank, upon initial recognition, designates as available for sale.
- Those for which the bank may not recover substantially all of its initial investment, other than because of credit deterioration.

After initial measurement, amounts 'Due from banks' and 'Loans and advances to customers' are subsequently measured at amortised cost using the EIR, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in 'Interest and similar income' in the income statement. The losses arising from impairment are recognised in the income statement in 'Credit loss expense'.

(ix) Debt issued and other borrowed funds

Financial instruments issued by the bank, that are not designated at fair value through profit or loss, are classified as liabilities under 'Debt issued and other borrowed funds', where the substance of the contractual arrangement results in the bank having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, debt issued and other borrowings are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

(X) Reclassification of financial assets

Reclassification is at the election of management, and is determined on an instrument by instrument basis. The Bank does not reclassify a financial instrument into the fair value through profit or loss category after initial recognition.

The Bank is permitted to reclassify, in certain circumstances, nonderivative financial assets out of the 'Held for trading' category and into the 'Available-for-sale', 'Loans and receivables', or 'Held-to-maturity' categories. It was also permitted to reclassify, in certain circumstances, financial instruments out of the 'Available-for-sale' category and into the 'Loans and receivables' category.

Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortised cost.

For a financial asset reclassified out of the 'Available-for-sale' category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is recycled to the income statement.

The Bank may reclassify a nonderivative trading asset out of the 'Held for trading' category and into the 'Loans and receivables' category if it meets the definition of loans and receivables and the bank has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the bank subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognised as an adjustment to the EIR from the date of the change in estimate.

(3) Derecognition of financial assets and financial liabilities

(I) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement; and either:
 - The Bank has transferred substantially all the risks and rewards of the asset, or
 - The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the bank's continuing involvement in the asset. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the bank could be required to repay. Differences between the carrying value of the asset and the consideration received and/or receivable is recognised in the profit and loss account.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

(4) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date are not derecognised from the statement of financial position as the bank retains substantially all the risks and rewards of ownership. The corresponding cash received is recognised in the consolidated statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within 'Cash collateral on securities lent and repurchase agreements', reflecting the transaction's economic substance as a loan to the bank. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the EIR. When the counterparty has the right to sell or re-pledge the securities, the bank reclassifies those securities in its statement of financial position to 'Financial assets held-for-trading pledged as collateral' or to 'Financial investments available-for-sale pledged as collateral', as appropriate.

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the statement of financial position. The consideration paid, including accrued interest, is recorded in the statement of financial position, within 'Cash collateral on securities borrowed and reverse repurchase agreements', reflecting the transaction's economic substance as a loan by the bank. The difference between the purchase and resale prices is recorded in 'Net interest income' and is accrued over the life of the agreement using the EIR.

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return

the securities is recorded as a short sale within 'Financial liabilities held for trading' and measured at fair value with any gains or losses included in 'Net trading income'.

(5) Determination of fair value

The fair value for financial instruments traded in active markets at the statement of financial position date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models. Consultations with experts may also be made where necessary.

(6) Impairment of financial assets

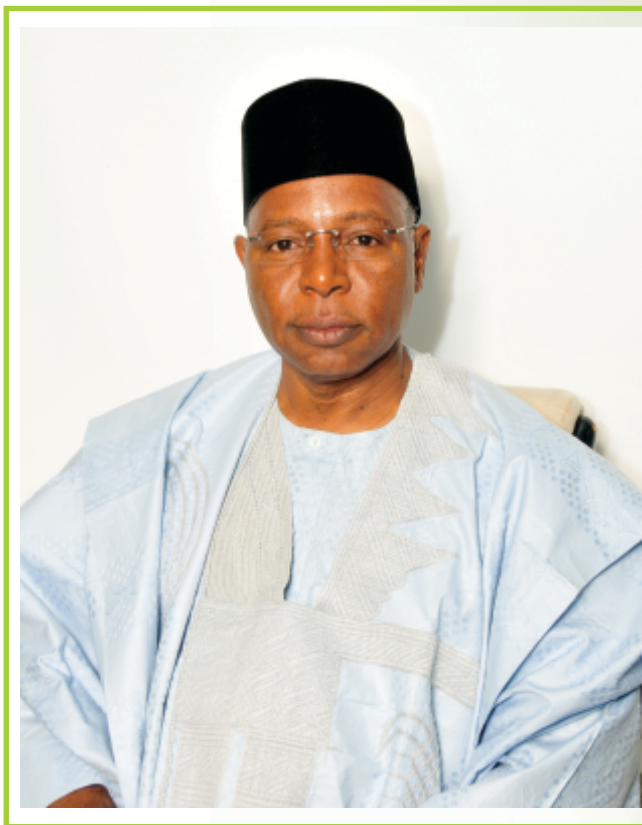
The bank assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation, default or delinquency in interest or principal payments and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(i) Financial assets carried at amortised cost

For financial assets carried at amortised cost (such as amounts due from banks, loans and advances to customers as well as held to maturity investments), the bank first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the bank determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows



■ **Nu'uman Barau Danbatta**, OON, mni
Ajiyan Kazaure
Chairman, Board of Directors

Nu'uman Barau Danbatta is fifty eight years old and was appointed to the Board of the Bank on 2nd June, 2011. He is a consummate public officer with a sterling career in the Kano State and the Federal Civil Services. He served as a Director in the Federal Civil Service for ten years and Permanent Secretary for nine years, before retiring in 2010 having put in more than thirty years in service.

He was at various times Permanent Secretary, Mines & Power, Public Service Office, Ministries of Transport and Education among others. He is also a member of the National Institute (mni), and a recipient of the National Honour of Officer of the Order of the Niger (OON). In the course of his illustrious service, Nu'uman Barau was at various times, Chairman of the Interim Board of the Nigerian Institute of Transport Technology, Maritime Organisation of West and Central Africa, Ministry of Education Technical Committee and Co-Chairman Infrastructure Policy Commission of Nigerian Economic Summit among others. He has also been a member of Bayero University Kano Endowment Fund Board Trustees/Fund Raising Committee.

Nu'uman Barau holds a B.Sc in Political Science and MPA (Course Work) from Ahmadu Bello University Zaria. He is the Chairman, Board of Directors of Unity Bank Plc and a director of some other companies.

(excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of 'Interest and similar income'. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future writeoff is later recovered, the recovery is credited to the 'Credit loss expense'.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Bank's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. Estimates of changes in future cash flows reflect, and are directionally consistent with, changes in related observable data from year to year (such as changes in unemployment rates, property prices, commodity prices, payment status, or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

With respect to loans and advances, the Provisioning determined under IFRS as stated above is compared with the requirement of the Central Bank of Nigeria Prudential Guidelines. Where the:

- Prudential Provisions is greater than IFRS provisions, the difference is transferred from the General Reserve to a non-distributable regulatory reserve.

- Prudential Provisions is less than IFRS provisions, the excess charges resulting is transferred from the regulatory reserve account to the General Reserve to the extent of the non-distributable reserve previously recognized.

The non distributable reserve is classified under Tier 1 as part of core capital.

(ii) Available-for-sale financial investments

For available-for-sale financial investments, the bank assesses at each statement of financial position date whether there is objective evidence that an investment is impaired.

In the case of debt instruments classified as available for sale, the bank assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost.

However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income is recorded as part of 'Interest and similar income'. If in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

In the case of equity investments classified as available for sale, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement is removed from equity and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in the fair value after impairment are recognised in other comprehensive income.

(iii) Renegotiated loans

Where possible, the bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans

continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

(7) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(8) Leasing

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

Bank as lessee

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

Bank as lessor

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

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

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

(9) Recognition of income and expenses

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

(i) Interest and similar income and expense

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

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

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

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

(iii) Dividend income

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

(10) Cash and cash equivalents

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

(11) Property, Plant and Equipment

Property, Plant and Equipment (including equipment under operating leases where the Bank is the lessor) is stated at cost excluding the costs of day to day servicing, less accumulated depreciation and accumulated

impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

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

- Buildings... 50 years
- Computer equipments... 5 years
- Equipments... 5 years
- Motor Vehicles... 4 years
- Furniture and fittings... 5 years

Land is accounted for as finance lease and depreciated over the lease term usually 99 years. Where in managements' view the land constitutes an operating lease, it is treated as prepayment and spread over the lease term.

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

(12) Business combinations and goodwill

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

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

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the bank's cash generating units (CGUs) or group of CGUs, which are expected to benefit from the synergies of the

combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit to which the goodwill is allocated represents the lowest level within the bank at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment in accordance with IFRS 8 Operating Segments.

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

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

(13) Intangible assets

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

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

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

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

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

Computer software 5 years

(14) Impairment of nonfinancial assets

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

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

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

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

(15) Financial guarantees

In the ordinary course of business, the bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised in the financial statements (within 'Other liabilities') at fair value, being the premium received. Subsequent to initial recognition, the bank's liability under each guarantee is measured at the higher of the amount initially recognised less, when appropriate, cumulative amortisation recognised in the income statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recorded in the income statement in 'Credit loss expense'. The premium received is recognised in the income statement in 'Net fees and commission income' on a straight line basis over the life of the guarantee.

(16) Pension benefits

Defined contribution pension plan

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

(17) Provisions

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

(18) Taxes

(i) Current tax

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

(ii) Deferred tax

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

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

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

which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

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

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

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

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

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

(19) 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.

(20) Dividends on ordinary shares

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



Statement of Accounting Policies

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

(21) Equity reserves

The reserves recorded in equity (other comprehensive income) on the bank's statement of financial position include:

'Available-for-sale' reserve which comprises changes in fair value of available-for-sale investments.

'Statutory reserves are reserves mandated by statutory requirements

'Share reconstruction reserve, Asset revaluation reserve and share premium are all capital reserves.

(22) Segment reporting

The Bank's prepares 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 operates five (5) geographical segments which are: Central, North West, North East, Lagos & West and South.