

UNITY BANK PLC
Unaudited Management Accounts
30 June 2019

UNITYBANK PLC
STATEMENT OF ACCOUNTING POLICIES

1.1 Corporate Information

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

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

The Financial Statements for the period ended 30 June 2019 were authorized for issue in accordance with a resolution of the Board of Directors

1.2 Basis of preparation

This financial statements have been prepared on a historical cost basis, except for Fair Value through OCI 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 have been prepared in accordance with IAS34 'Interim Financial Reporting', its interpretation issued by the International Accounting Standards and adopted by the Financial Reporting Council of Nigeria.

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

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

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 (non-current) are presented.

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

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1.3 Standards and interpretations issued/amended but not yet effective

The following standards have been issued or amended to become effective for annual periods beginning on or after 1 January 2018:

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. The Bank is negotiating with potential investors for investment in its equity to address the Bank's negative capitalisation. Management is optimistic that negotiations shall be successful. Consequently, management is of the opinion that the application of the going concern assumption is appropriate. Therefore, Management will continue to prepare the financial statements on the going concern basis.

2017 IFRS 15 - Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers.

However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable (e.g., IFRS 9, and IFRS 16 Leases) standards.

Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transfer or anticipates entitlement to goods and services. The also specifies a comprehensive set of disclosure requirements regarding the nature, extent standard and timing as well as any uncertainty of revenue and the corresponding cashflows with customers. The Bank is currently evaluating the impact of this new Standard.

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IFRS 9 - Financial instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and is effective for annual periods beginning on or after 1 January 2018.

Classification and Measurement

IFRS 9 requires financial assets to be classified into one of three measurement categories, fair value through profit or loss, fair value through other comprehensive income or amortised cost. Financial assets will be measured at amortised cost if they are held within a business model the objective of which is to hold financial assets in order to collect contractual cashflows, and their contractual cash flows represent solely payments of principal and interest.

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model the objective of which is achieved by both collecting contractual cashflows and selling financial assets and their contractual cashflows represent solely payments of principal and interest. Financial assets not meeting either of the set of business models; and all equity instruments (unless designated at inception to fair value through other comprehensive income); and all derivatives are measured at fair value through profit or loss. An entity may, at initial recognition, designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

The Bank has undertaken an assessment to determine the potential impact of changes in classification and measurement of financial assets. The adoption of IFRS 9 is unlikely to result in significant changes to existing asset measurement bases, however, the final impact will be dependent on the facts and circumstances that exist on 1 January 2018.

IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at fair value through profit or loss, gains or losses attributable to changes in own credit risk may be presented in other comprehensive income.

Impairment Overview

The IFRS 9 impairment model will be applicable to all financial assets at amortised cost, debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantees not measured at fair value through profit or loss. IFRS 9 replaces the existing 'incurred loss' impairment approach with an Expected Credit Loss ('ECL') model, resulting in earlier recognition of credit losses compared with IAS 39. Expected credit losses are the unbiased probability weighted average credit losses determined by evaluating a range of possible outcomes and future economic conditions.

The ECL model has three stages. Entities are required to recognise a 12 month expected loss allowance on initial recognition (stage1) and a life time expected loss allowance when there has been a significant increase in credit risk since initial recognition (stage2). Stage3 requires objective evidence that an asset is credit-impaired, which is similar to the guidance on incurred losses in IAS 39.

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Under IAS 39, provisions are recognised for losses that have been incurred but may not have been separately identified. An assessment is made of the likelihood of assets being impaired at the balance sheet date and being identified subsequently; the length of time taken to identify that an impairment event has occurred is known as the loss emergence period. The Bank has a range of emergence periods which are dependent upon the business segment of the exposures, but typically range between 6 months and 12 months based on historical experience. Unsecured portfolios tend to have shorter emergence periods than secured portfolios. Under IFRS 9, all loans in stage 1 will require a loss allowance measured at an amount equal to 12 months ECL and is therefore longer than current emergence periods for certain portfolios.

The requirement to recognise lifetime ECL for loans which have experienced a significant increase in credit risk since origination, but which are not credit impaired, does not exist under IAS 39. The assessment of whether an asset is in stage 1 or 2 considers the relative change in the probability of default occurring over the expected life of the instrument, not the change in the amount of expected credit losses. This will involve setting quantitative tests combined with supplementary indicators such as credit risk classification. Reasonable and supportable forward-looking information will also be used in determining the stage allocation. In general, assets more than 30 days past due, but not credit impaired, will be classed as stage 2.

IFRS 9 requires the use of more forward-looking information including reasonable and supportable forecasts of future economic conditions. The need to consider a range of economic scenarios and how they could impact the loss allowance is a subjective feature of the IFRS 9 ECL model. The Bank is developing the capability to model a number of economic scenarios and capture the impact on credit losses to ensure the overall ECL represents a reasonable distribution of economic outcomes. Appropriate governance and oversight will be established around the process.

IFRS 9 Impairment Models

For all material portfolios, IFRS 9 ECL calculation will leverage past and current data, develop new systems and methodology and incorporate forward-looking information in calculating the ECL.

Impact of IFRS 9 on the Bank

The adoption of IFRS 9 may result in an increase in the Bank's balance sheet provisions for credit losses. This increase may have a significant impact on regulatory capital although the Bank has set aside substantial sums of money in regulatory risk reserves.

The extent of the increase in provisions will depend on a number of factors including the composition of the Bank's lending portfolios and forecast economic conditions at the impairment model. Impairment charges being moderately higher when compared to the current IAS 39 expected credit loss calculation, including multiple economic scenarios, could result in assets between ECL stages and the need to incorporate forward-looking data into the date of implementation. It is also noteworthy to state that the requirement to transfer

IFRS 9 Implementation Programme

The Bank has an established IFRS 9 programme to ensure a high-quality implementation in compliance with the standard and regulatory guidance note that was issued by the Central Bank of Nigeria in December 2016. The programme involves Finance and Risk functions across the Bank with the steering committees providing oversight.

The key responsibilities of the programme include defining IFRS 9 methodology and accounting policy, development of ECL models, identifying data and system requirements, and establishing an appropriate operating model and governance framework. The programme is progressing in line with current delivery plans. Credit risk methodologies have been defined and model development and approval are under way for core portfolios. Models and credit risk processes will be tested during the parallel run period to embed the changes and help improve the understanding of the new impairment models.

Finance systems and reporting requirements are being developed and tested. Existing controls and governance structures are being reviewed and changes identified as IFRS 9 will be affected. The governance framework includes the review of, and result challenges encountered in obtaining forward looking information for a range of economic scenarios. Communication and training plans are in place and some training sessions have already been conducted for the relevant functions and divisions within the Bank and for the finance, treasury and risk management functions of the subsidiaries across the Bank.

Furthermore, the impact on resources within Finance and Risk functions is being assessed to ensure the business is ready to implement the new standard.

Impairment of Fair Value through OCI investments

The bank reviews its debt securities classified as Fair Value through OCI 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 Fair Value through OCI 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.

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.

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

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

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.

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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) Fair Value through OCI financial investments

Fair Value through OCI 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, Fair Value through OCI 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 Fair Value through OCI financial investments is reported as interest income using the EIR. Dividends earned whilst holding Fair Value through OCI financial investments are recognised in the income statement as 'Other operating income' when the right of 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 'Fair Value through OCI reserve'.

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(vii) At Amortised costs financial investments

At Amortised costs 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, At Amortised costs 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 At Amortised costs investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as Fair Value through OCI. 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 non-derivative 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.

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(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 any financial instrument into the fair value through profit or loss category after initial recognition.

The Bank is permitted to reclassify, in certain circumstances, non-derivative financial assets out of the 'Held-for-trading' category and into the 'Fair Value through OCI', 'Loans and receivables', or 'At Amortised costs' categories. It was also permitted to reclassify, in certain circumstances, financial instruments out of the 'Fair Value through OCI' 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 'Fair Value through OCI' 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 non-derivative 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 'pass-through' 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 pass-through 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 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 Fair Value through OCI 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 re-organisation, 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 At Amortised costs 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 (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.

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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 write-off 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.

(ii) Fair Value through OCI financial investments

For Fair Value through OCI financial investments, the bank assesses at each statement of financial position date whether there is objective evidence that an investment is impaired.

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In the case of debt instruments classified as Fair Value through OCI, 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 Fair Value through OCI, 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.

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Bank as a 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 a 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'.

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

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

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

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

(iv) Dividend income

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

10. Cash and cash equivalents

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

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 straight-line method to write down the cost of Property, Plant and Equipment to their residual values over their estimated useful lives. The estimated useful lives are as follows:

- Buildings..... 50 years
- Computer equipments..... 5 years
- Equipments..... 5 years
- Motor Vehicles..... 4 years
- Furniture and fittings..... 5 years
- Leasehold Over the life of the leasehold

Land is not depreciated

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

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 each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

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

- Computer software 5 years

14. Impairment of non-financial assets

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

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

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

Impairment losses relating to goodwill **CANNOT** be reversed in future periods.

UNITYBANK PLC
STATEMENT OF ACCOUNTING POLICIES

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 at the statement of financial position date.

(ii) Deferred tax

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

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

UNITYBANK PLC
STATEMENT OF ACCOUNTING POLICIES

- 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.

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.

UNITYBANK PLC
STATEMENT OF ACCOUNTING POLICIES

21. Equity reserves

The reserves recorded in equity (other comprehensive income) on the bank's statement of financial position include:

'Fair Value through OCI' reserve which comprises changes in fair value of Fair Value through OCI investments.

'Statutory reserves are reserves mandated by statutory requirements.

'Share reconstruction reserve and share premium are all capital reserves.

22. Segment reporting

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

23. Non Current Assets Held for Sale

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

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

UNITY BANK PLC

Statement of Profit or Loss & Other Comprehensive Income

For The 6 Months Ended 30 June 2019

Notes	6 Months		6 Months		12 Months
	30 June 2019		30 June 2018	Changes	31 December 2018
	Unaudited	N'000	Unaudited	%	Audited
Gross Income					
Interest and similar income	1	17,271,378	14,087,704	23%	29,505,960
Interest and similar expense	2	(9,858,360)	(6,345,808)	55%	(15,535,823)
Net interest income		7,413,019	7,741,896	-4%	13,970,137
Fee and commission income	3	756,391	750,492	1%	1,522,424
Net fee and commission income		756,391	750,492	1%	1,522,424
Net Trading Income	4	64,087	28,446	125%	103,263
Other operating income	5	2,455,037	2,624,943	-6%	5,168,214
		2,519,124	2,653,390	-5%	5,271,477
Total operating income		10,688,533	11,145,778	-4%	20,764,038
Credit loss expense	6a	(491,137)	(223,135)	120%	(161,178)
Net operating income		10,197,396	10,922,642	-7%	20,602,859
Personnel expenses	7	(4,738,467)	(5,055,061)	-6%	(9,980,645)
Depreciation of property and equipment	14b	(544,207)	(711,781)	-24%	(1,296,491)
Amortisation of intangible assets	14b	(23,835)	(65,418)	-64%	(81,885)
Other operating expenses	8	(3,839,242)	(4,554,731)	-16%	(8,858,330)
Total operating expenses		(9,145,751)	(10,386,991)	-12%	(20,217,351)
Profit before tax		1,051,645	535,651	96%	385,508
Taxation		(84,132)	(42,852)	96%	(141,619)
Profit for the period		967,514	492,799	96%	243,889
Other Comprehensive Income					
Items Reclassifiable to Profit or Loss					
Profit/(Loss) for the period		967,514	492,799	96%	243,889
Net gain/(loss) on available for sale financial assets		(429,520)	1,620,896	-126%	(620,023)
Total comprehensive income for the period, net of tax		537,994	2,113,695	-75%	(376,134)
Earnings Per Share(Basic) Annualized		16.55 Kobo	8.43 Kobo		13.03 Kobo

UNITY BANK PLC

Statement of Profit or Loss & Other Comprehensive Income

For The 3 Months Ended 30 June 2019

	3 Months	3 Months		12 Months
	30 June 2018	30 June 2018	Changes	31 December 2018
	Unaudited	Unaudited		Audited
	N'000	N'000	%	N'000
Gross Income				
Interest and similar income	10,497,251	8,697,440	21%	36,299,860
Interest and similar expense	8,779,645	6,408,604	37%	29,505,960
	(4,989,521)	(2,989,855)	67%	(15,535,823)
Net interest income	3,790,123	3,418,748	11%	13,970,137
Fee and commission income	370,477	398,186	-7%	1,522,424
Net fee and commission income	370,477	398,186	-7%	1,522,424
Net Trading Income	(254,810)	9,984	-2652%	103,263
Other operating income	1,601,939	1,880,667	-15%	5,168,214
	1,347,129	1,890,651	-29%	5,271,477
Total operating income	5,507,729	5,707,585	-4%	20,764,038
Credit loss expense	(295,057)	(122,243)	141%	(161,178)
Net operating income	5,212,673	5,585,342	-7%	20,602,859
Personnel expenses	(2,379,486)	(2,576,869)	-8%	(9,980,645)
Depreciation of property and equipment	(266,595)	(360,889)	-26%	(1,296,491)
Amortisation of intangible assets	(12,674)	(20,687)	-39%	(81,885)
Other operating expenses	(2,007,565)	(2,576,654)	-22%	(8,858,330)
Total operating expenses	(4,666,319)	(5,535,099)	-16%	(20,217,351)
Profit before tax	546,354	50,243	987%	385,508
Taxation	(43,708)	(4,019)	987%	(141,619)
Profit for the period	502,645	46,224	987%	243,889
Other Comprehensive Income				
Items Reclassifiable to Profit or Loss				
Profit/(Loss) for the period	502,645	46,224	987%	243,889
Net gain/(loss) on available for sale financial asset	(858,813)	2,195,358	-139%	(620,023)
Total comprehensive income for the period, net of tax	(356,168)	2,241,582	-116%	(376,134)

STATEMENT TO THE NIGERIAN STOCK EXCHANGE AND THE SHAREHOLDERS ON THE EXTRACT OF
THE UNAUDITED RESULTS OF UNITY BANK PLC FOR THE SIX MONTHS ENDED 30 JUNE 2019.

The Board of Directors of Unity Bank Plc is pleased to present an extract of the unaudited financial statements for the six months ended 30 June 2019

Statement of Financial Position

In thousands of Naira

	Notes	30 June 2019	31 December 2018	% Changes
Assets				
Cash and balances with central banks	9	13,391,666	8,860,991	51%
Due from banks	10	33,265,375	33,139,298	0%
Net Loans and advances to customers	11	70,617,063	43,657,372	62%
Financial investments – FVOCI	12	79,202,606	76,251,190	4%
Financial investments – Amortised Cost	12	25,352,578	26,071,227	-3%
Other assets	13	5,212,022	7,023,180	-26%
Property and equipment	14	20,300,395	20,602,236	-1%
Goodwill and other intangible assets	15	158,784	80,866	96%
Deferred tax assets	16	20,289,830	20,289,830	0%
TOTAL ASSETS		267,790,320	235,976,190	13%
Liabilities and Equity				
Liabilities				
Due to customers	17	242,219,928	241,936,006	0%
Due to Other Banks	18	105,508,011	100,347,202	5%
Debt issued and other borrowed funds	19	146,848,820	124,180,055	18%
Current tax liabilities	20	540,319	501,187	8%
Other liabilities	21	15,822,214	12,664,213	25%
Employee benefit liabilities	22	-	34,493	-100%
Total liabilities		510,939,291	479,663,155	7%
Equity				
Issued share capital	23	5,844,669	5,844,669	0%
Share premium	24	10,485,871	10,485,871	0%
Statutory reserve	25	12,120,153	12,120,153	0%
Retained earnings	26	(339,054,014)	(340,021,528)	0%
Other reserves	27	67,454,350	67,883,871	-1%
Total equity		(243,148,971)	(243,686,965)	0%
Total liabilities and equity		267,790,320	235,976,190	13%

The account was approved by the Board of Directors on 26 July 2019. The Board expects that barring unforeseen circumstances, the results would improve materially following initiatives already set in motion.


Ebenezer Kolawole
Chief Financial Officer

FRC/2013/ICAN/00000001964


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

UNITY BANK PLC
Statement of Changes in Equity
for The 6 Months Ended 30 June 2019

	Issued Capital N'000	Share Premium N'000	Statutory Reserves N'000	Retained Earnings N'000	Non-distributable Regulatory Reserve N'000	Other Reserves N'000	Totals N'000
At 31 December, 2017	5,844,669	10,485,871	11,929,737	(338,694,711)	0	68,241,281	(242,193,153)
Impact of adopting IFRS 9	-	-	-	(2,143,225)	-	-	(2,143,225)
Profit/(Loss) for the period	-	-	-	1,269,435	-	-	1,269,435
Transfer to Statutory Reserve	-	-	190,415	(190,415)	-	-	-
Transfer to Non Distributable Reserve	-	-	-	(199,140)	199,140	-	-
Issued Share Capital	-	-	-	-	-	-	-
Share Capital Reconstruction Reserve	-	-	-	-	-	-	-
Transfer to CBN - AGSMEIS Reserve	-	-	-	(63,472)	-	63,472	-
Dividend paid	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	(620,023)	(620,023)
Reclassification of Prior Year AFS Reserve	-	-	-	-	-	-	-
At 31 December, 2018	5,844,669	10,485,871	12,120,153	(340,021,528)	199,141	67,684,730	(243,686,965)
Profit/(Loss) for the period	-	-	-	967,514	-	-	967,514
Transfer from/to retained earnings	-	-	-	-	-	-	-
Share Reconstruction	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	(429,520)	(429,520)
At 30 June 2019	5,844,669	10,485,871	12,120,153	(339,054,014)	199,141	67,255,210	(243,148,971)

UNITY BANK PLC
Statement of Cash Flows
For the 6 Months Ended 30 June 2019

	30 June 2019 N'000	31 December 2018 N'000
Profit before tax	1,051,645	385,508
Adjustment for non cash items:		
Impairment losses on Risk assets	491,137	161,178
Depreciation of property and equipment	544,207	1,296,491
Amortisation of intangible assets	23,835	81,885
Profit on disposal of Property and equipment	4,510	(99,101)
Gains from sale of investments	-	(3,194,215)
	<u>2,115,335</u>	<u>(1,368,254)</u>
Changes in operating assets		
Deposits with the Central Bank of Nigeria	(6,748,989)	-
Loans and advances to customers	(27,450,828)	(34,536,943)
Other assets	1,811,157	(1,166,017)
	<u>(32,388,659)</u>	<u>(35,702,960)</u>
Changes in operating liabilities		
Due to customers	283,921	(10,374,463)
Due to Other Banks	5,160,809	57,389,359
Other liabilities	3,158,001	(11,947,536)
Defined contribution	(34,493)	(10,317)
	<u>8,568,239</u>	<u>35,057,043</u>
Cash generated from operations	(21,705,086)	(2,014,171)
Income tax paid	(45,000)	(491,747)
Net cash flows from/(used in) operating activities	<u>(21,750,086)</u>	<u>(2,505,918)</u>
Investing activities		
Purchase of property and equipment	(251,655)	(650,729)
Purchase of intangible assets	(101,754)	(50,426)
Proceeds from sale of property and equipment	4,779	355,345
Proceeds from sale of investment	-	3,472,215
Available for sale investments	(3,380,936)	(18,307,856)
Held to maturity investments	718,649	(5,799,266)
Net cash flows from/(used in) investing activities	<u>(3,010,916)</u>	<u>(20,980,717)</u>
Financing activities:		
Share Capital	-	-
Debt issued and other borrowed funds	22,668,765	43,633,691
Net cash flows from / (used in) financing activities	<u>22,668,765</u>	<u>43,633,691</u>
Net increase/(decrease) in cash and cash equivalents	(2,092,237)	20,147,056
Cash and cash equivalents at 1 January	40,265,554	20,118,498
Cash and cash equivalents at 30 June 2019	38,173,318	40,265,554

	30 June 2019 Unaudited N'000	30 June 2018 Unaudited N'000	31 December 2018 Audited N'000
UNITY BANK PLC			
Notes to the financial statements			
1 Interest and similar income			
Due from banks	328,871	169,388	361,303
Loans and advances to customers	10,383,783	8,495,550	17,635,510
Financial investments – available-for-sale	4,765,564	4,024,473	8,521,370
Financial investments – held-to-maturity	1,793,160	1,398,294	2,987,776
	17,271,378	14,087,704	29,505,960
2 Interest and similar expense:			
Due to banks	4,817,270	2,311,040	7,768,366
Due to customers	3,960,800	2,087,048	4,552,582
Debt issued and other borrowed funds	1,080,290	1,947,719	3,214,874
	9,858,360	6,345,808	15,535,823
3 Fees and commission income			
Credit related fees and commission	34,233	75,862	135,931
Account Maintenance Fee	426,103	310,474	653,773
Other fees and commission	296,055	364,156	732,720
Fees and commission income	756,391	750,492	1,522,424
4 Trading Income			
Foreign Exchange Trading Income	64,087	28,446	103,263
	64,087	28,446	103,263
5 Other Operating Income			
Dividend income	51,202	125,007	151,143
Gains from sale of financial investments	-	-	3,194,215
Recoveries	1,131	35	-
E-Banking	1,425,939	262,831	779,389
Other	976,766	2,237,071	2,069,012
	2,455,037	2,624,943	5,168,214
6a Impairment losses			
Charge for the Period	491,137	223,135	164,598
Recoveries	-	-	(3,420)
Credit loss expense	491,137	223,135	161,178

UNITY BANK PLC Notes to the financial statements	30 June 2019	30 June 2018	31 December 2018
	Unaudited N'000	Unaudited N'000	Audited N'000
7 Personnel expenses			
Wages and salaries	4,553,855	4,825,926	9,504,244
Pension costs – Defined contribution plan	184,612	229,135	476,401
	4,738,467	5,055,061	9,980,645
8 Other operating expenses			
Advertising and marketing	87,155	76,799	151,187
Pension costs – Defined benefit plan	17,287	767	787
Professional fees	66,161	25,669	54,743
Rental charges payable under operating leases	224,819	287,523	622,275
NDIC Premium	643,477	671,310	1,375,561
Banking Sector Resolution Cost	589,940	391,266	782,533
Administrative expenses	2,210,403	3,101,397	5,871,246
	3,839,242	4,554,731	8,858,330
9 Cash and balances with central bank			
Cash on hand	5,908,612	7,091,504	8,140,045
Current account with the Central Bank of Nigeria	24,876	111,239	11,756
Deposits with the Central Bank of Nigeria	7,348,989	600,000	600,000
CBN - AGSMEIS ACCOUNT	109,190	109,190	109,190
	13,391,666	7,911,934	8,860,991
10 Due from banks			
Placements with banks and discount houses	21,129,974	10,464,859	18,584,593
Balances with banks within Nigeria	2,431,861	660,037	3,078,143
Balances with banks outside Nigeria	9,558,347	12,986,848	11,476,561
Clearing	122,405	133,452	-
Disc Hou/Bank Plcmnts - Interest Receivable	22,788	2,211	-
	33,265,375	24,247,407	33,139,298
Less: Allowance for impairment losses	-	-	-
	33,265,375	24,247,407	33,139,298
11 Loans & Advances			
By Product Type			
Loans & Advances - Overdrafts	46,478,209	5,870,746	37,605,103
Loans & Advances - Term Loans	24,660,078	7,061,536	5,799,647
Loans & Advances- Other Loans	783,801	-	996,819
Less: Allowance for impairment losses	(1,305,024)	(149,853)	(744,197)
	70,617,063	12,782,429	43,657,372
12 Financial investments			
12a Fair Value Through PL (FVTPL)			
Debt securities - bills	-	-	-
Debt securities - bonds	-	-	-
Equities	-	-	-
	-	-	-

UNITY BANK PLC Notes to the financial statements	30 June 2019	30 June 2018	31 December 2018
	Unaudited N'000	Unaudited N'000	Audited N'000
12b Fair Value Through OCI (FVOCI)			
Debt securities - bills	72,194,144	63,630,320	69,510,551
Debt securities - bonds	7,207,699	5,925,939	6,989,876
	79,401,843	69,556,260	76,500,427
Equities	211,722	146,337	161,722
	211,722	146,337	161,722
Financial investments – Fair Value Through OCI	79,613,566	69,702,597	76,662,150
Less: Allowance for impairment	(410,960)	-	(410,960)
	79,202,606	69,702,597	76,251,190
12c Financial investments – FVOCI and pledged as collateral			
	-	9,196,869	-
	-	9,196,869	-
12d Amortised Cost			
Government debt securities	25,352,578	19,610,296	26,071,227
	25,352,578	19,610,296	26,071,227
13 Other assets			
Prepayments	2,671,075	4,275,627	1,886,520
Fraud suspense	403,988	387,955	387,286
Stationery stocks	231,954	209,811	277,642
Other stocks	17,416	23,544	131,177
Account receivables	301,689	3,458,164	3,858,223
Other debits balances	2,743,356	4,534,819	1,639,788
	6,369,478	12,889,919	8,180,636
Less:			
Allowance for impairment on other assets	(1,157,456)	(1,159,744)	(1,157,456)
	5,212,022	11,730,176	7,023,180
14 Property and equipment			
Furn & Fittings:			
Cost	3,420,871	3,398,805	3,417,222
Accummulated Depreciation	(3,313,210)	(3,246,348)	(3,281,670)
Net Book value	107,661	152,457	135,552
Leasehold Land & Building			
Cost	2,455,692	2,434,583	3,123,304
Accummulated Depreciation	(2,394,067)	(2,342,002)	(3,036,482)
Net Book value	61,625	92,581	86,823

	30 June 2019	30 June 2018	31 December 2018
	Unaudited N'000	Unaudited N'000	Audited N'000
UNITY BANK PLC			
Notes to the financial statements			
Freehold Land & Buildings			
Cost	22,476,034	22,774,021	21,801,275
Accumulated Depreciation	(4,265,784)	(3,872,256)	(3,378,116)
Net Book value	18,210,250	18,901,765	18,423,159
Motor Vehicles			
Cost	3,756,231	3,524,837	3,640,862
Accumulated Depreciation	(3,443,255)	(3,312,441)	(3,390,797)
Net Book value	312,976	212,396	250,065
Plant & Equipment			
Cost	14,573,754	14,254,745	14,304,944
Accumulated Depreciation	(13,641,700)	(13,339,327)	(13,460,581)
Net Book value	932,053	915,418	844,363
Capital Work in Progress	675,830	920,125	862,275
Total Property and Equipment			
Cost	47,358,411	47,307,116	47,149,882
Accumulated Depreciation	(27,058,016)	(26,112,374)	(26,547,646)
Property and equipment	20,300,395	21,194,742	20,602,236
14b Current Depreciation Charge			
Furn & Fittings	31,233	49,848	85,655
Leasehold Land & Building	26,106	48,354	87,096
Freehold Land & Buildings	218,975	232,392	442,537
Motor Vehicles	62,036	79,359	157,457
Plant & Equipment	205,857	301,827	523,747
	544,207	711,781	1,296,491
15 Goodwill and other intangible assets			
Computer Software			
Cost	3,267,449	3,267,449	3,278,653
Accumulated Amortisation	(3,181,824)	(3,181,824)	(3,197,787)
Net Book value	85,625	85,625	80,866
Goodwill and other intangible assets			
Cost:	3,380,225	3,267,449	3,278,653
Accumulated Amortisation	(3,221,441)	(3,181,824)	(3,197,787)
Net book value:	158,784	85,625	80,866
15b Amortisation charge for the Period			
Computer Software	(23,835)	(65,418)	81,885
	(23,835)	(65,418)	81,885

		30 June 2019	30 June 2018	31 December 2018
		Unaudited N'000	Unaudited N'000	Audited N'000
16 Deferred tax				
Deferred tax assets		20,289,830	20,289,830	20,289,830
17 Due to customers				
Analysis by type of account:				
Demand		79,660,187	79,149,833	81,353,453
Savings		59,228,063	48,988,075	55,997,846
Time deposits		69,626,316	98,904,953	69,743,839
Domiciliary		33,705,361	34,416,226	34,840,868
		242,219,928	261,459,087	241,936,006
18 Due to other banks		105,508,011	83,692,270	100,347,202
		105,508,011	83,692,270	100,347,202
19 Debt issued and other borrowed funds				
Other Long Term Loans - Other On-Lending		40,316,678	17,402,259	18,962,542
Other Long Term Loans RIFAN		43,690,837	-	42,798,352
Other Long Term Loan-Afrexim Bank		12,841,305	11,967,773	12,419,160
CBN Loan		50,000,000	50,000,000	50,000,000
		146,848,820	79,370,032	124,180,055
20 Current tax liabilities				
Current tax payable		456,187	607,155	501,187
21 Other liabilities				
Accounts payable		2,880,770	4,226,099	2,270,372
Bankers payment and branch drafts		1,184,353	1,103,509	943,548
Deferred fees		317,277	357,618	305,984
Accruals		1,833,823	1,721,865	1,067,628
Margin on letters of credit		3,466,221	1,929,954	3,446,672
Sundry Creditors		3,419,270	1,851,166	2,968,307
Settlement Payable		1,058,799	471,586	-
Impairment on Contingent		1,661,701	-	1,661,701
		15,822,214	11,661,797	12,664,213
22 Retirement benefit plan				
Defined contribution obligation		-	41,023	34,493
		-	41,023	34,493
23 Issued capital and reserves				
120,000,000,000 ordinary shares of 50 kobo each		60,000,000	60,000,000	60,000,000
Ordinary shares				
Issued and fully paid:		5,844,669	5,844,669	5,844,669
11,689,337,942 ordinary shares of 50k each		5,844,669	5,844,669	5,844,669
24 Other reserves				
Share premium		10,485,871	10,485,871	10,485,871
25 Statutory reserve		12,120,153	11,929,737	12,120,153

UNITY BANK PLC Notes to the financial statements	30 June 2019	30 June 2018	31 December 2018
	Unaudited N'000	Unaudited N'000	Audited N'000
26 Retained earnings			
Impact of adopting IFRS 9	(340,021,528)	(338,694,712)	(338,694,711)
Profit for the period	967,514	492,799	1,269,435
Transfer from retained earnings To Non-Distributable Regulatory Reserve & Statutory Reserve	-	-	(453,027)
	(339,054,014)	(338,201,913)	(340,021,528)
27 Other reserves			
Available for Sale Reserve	(461,491)	13,586	(31,972)
Share Reconstruction Reserve	67,103,925	67,103,925	67,103,925
Reserve for SMIEIS and CBN AGSMIEIS	612,778	549,306	612,778
Non- Distributable Regulatory Reserve	199,140	-	199,140
	67,454,350	67,666,817	67,883,871
28 Contingents Assets			
Performance Bonds and Guarantees	56,428,120	62,300,695	59,733,009
Letters of credit	4,890,999	12,812,315	19,666,794
Others	-	-	7,546,000
	61,319,118	75,113,011	86,945,803
Contingent Liabilities			
	61,319,118	75,113,011	94,813,861

29 STATEMENT OF COMPLIANCE

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

30 OTHER DISCLOSURES

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

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

There are no events after the reporting date which could have had a material effect on the interim financial statements as at 30 June 2019.