

## Union Bank of Nigeria Plc

### Group Unaudited Financial Statement for the Quarter Ended March 31, 2019

**LAGOS, NIGERIA – April 29, 2019** - Union Bank, one of Nigeria's longest standing and most respected financial institutions, announces its unaudited financial statement for the quarter ended 31<sup>st</sup> March 2019.

#### **Group Financial Highlights:**

- **Profit Before Tax:** unchanged at ~~₦5.4bn~~ (₦5.4bn in Q1 2018).
- **Gross Earnings:** down 5% to ~~₦37.7bn~~ (₦39.5bn in Q1 2018); driven by a lower loan book base and declining yields in the current interest rate environment.
- **Net Interest Income After Impairment:** down 17% to ~~₦12.9bn~~ (₦15.5bn in Q1 2018); a result of lower volume of earning assets.
- **Non-Interest Income:** up 39% to ~~₦10.8bn~~ (₦7.8bn in Q1 2018); an outcome of ongoing debt recovery efforts, improved fees and commission income and dividends from investments.
- **Net Operating Income:** up 3% to ~~₦23.9bn~~ (₦23.3bn in Q1 2018).
- **Operating Expenses:** up 4% to ~~₦18.5bn~~ (₦17.9bn in Q1 2018); driven by investments to strengthen our workforce and our treasury and transaction banking platforms.
- **Gross Loans:** up 5% to ~~₦494.9bn~~ (₦473.5bn Dec 2018).
- **Customer Deposits:** up 1% to ~~₦867.2bn~~ (₦857.6bn Dec 2018); driven predominantly by low cost deposits.

#### **Key Operational Highlights:**

- 42% increase in **active debit cards** (vs. Q1 2018), highlighting our focus on customer penetration through digital products and channels.
- Launched Series 1 and 2 debt notes under the ~~₦100~~ billion **Commercial Paper issuance** programme. Raised ~~₦23~~ billion from the domestic capital market across tenors ranging from 90 to 180 days.
- Launched **alpher**, Union Bank's women proposition, on March 8<sup>th</sup> to mark International Women's Day. *alpher* is designed to empower and 'enable success' for women across all segments of the Nigerian society through tailored financial services, capacity building opportunities including scholarships and networking platforms.
- Chaired the '**Creating a Better Africa**' programme, a platform to inspire social purpose, sustainability and creativity as a catalyst for development in Africa. The event

was organized by the promoters of the Pitcher Awards which honours the best work in advertising and marketing in Nigeria.

- Pitcher Award for Integrated Marketing Campaign for the ‘Enabling Success’ campaign in addition to being honored as ‘**Advertiser of the Year**’.

Commenting on the results, Emeka Emuwa, the CEO said:

*“Our focus in 2019 is to leverage our platform to deliver efficiency and seek to maximize value across all areas of the Bank.*

*In a low yield environment, the Group’s Non-Interest Income growth compensated for the slowdown in interest income stemming from the optimization of our loan portfolio in 2018. Consequently, Profit Before Tax (PBT) was maintained at ₦5.4 billion, consistent with Q1 2018.*

*Customer Deposits continue to grow, up 14% YoY to ₦867.2 billion compared to ₦759.1 billion at the end of Q1 2018, driven by a 3% increase in our low cost current and savings accounts deposit balances. Rebalancing our deposit mix is key as we push to conservatively rebuild our loan book with high quality risk assets.*

*In line with our priorities, we recorded a material improvement of 819% in loan recoveries with ₦2.8 billion recovered during the period. Our asset quality continues to improve, with Non-Performing Loans (NPLs) down to 7.8% from 8.7% as at December 2018.*

*We are employing a multi-pronged approach focused on increasing revenue and optimizing cost to ensure we deliver enhanced performance in 2019.”*

Speaking on the Q1 2019 numbers, the Chief Financial Officer, Joe Mbulu said:

*“The Group’s resilience in a challenged environment is demonstrated in these first quarter numbers. While Gross Earnings declined by 5% to ₦37.7 billion from ₦39.5 billion in Q1 2018 due to loan book resolutions from the previous year, our Non-Interest Income grew by 39% from ₦7.8 billion to ₦10.8 billion driven by recoveries, credit-related fees and dividends from investments.*

*Operating Expenses increased marginally by 4% QoQ, reflecting adjustment to staff compensation to strengthen our workforce; and increased depreciation expenses from technology investments to strengthen our treasury and transaction banking platforms in 2018, in line with our desire to lead in the transaction banking space. With the commencement of our Long-term Efficiency Acceleration Programme (LEAP), we expect to record savings on the expense line in 2019.*

*Notwithstanding a challenging macro-economic backdrop, the Group improved Return on Equity to 9.3% from 6.8% as at December 2018. The Bank remains well capitalized with a Capital Adequacy Ratio (CAR) of 16.5%, which provides room to grow quality risk assets as the economy recovers.*

## Group Q1 2019 Financial Summary

<b>Balance Sheet</b> <i>(in billions of Naira)</i>	<b>Mar 2019</b>	<b>Dec 2018</b>	<b>Change</b>
Total Assets	1,521.0	1,463.5	4%
Gross Loans & Advances	494.9	473.5	5%
Customer Deposits	867.2	857.6	1%
Shareholders' Funds	233.0	226.0	3%
<b>Ratios</b>			
Coverage Ratio	106%	102%	4%
Loan to Deposit Ratio	62.2%	60.6%	1.6%
Net Asset Value per share	₦8.01	₦7.75	₦0.26
Non-Performing Loan Ratio	7.79%	8.74%	(0.96%)
<b>Income Statement</b> <i>(in billions of Naira)</i>			
	<b>Q1 2019</b>	<b>Q1 2018</b>	<b>Change</b>
Gross Earnings	37.7	39.5	(5%)
Net Interest Income	12.1	17.8	(32%)
Non-Interest Income	10.8	7.8	39%
Credit /other Impairment charge	1.1	(2.4)	145%
Operating Expenses	18.5	17.9	4%
Profit Before Tax	5.4	5.4	1%
Profit After Tax	5.3	5.3	0%
<b>Ratios</b>			
Net Interest Margin	5.7%	8.73%	(3.03%)
Cost to Income Ratio	80.9%	69.7%	11.2%
Return on Equity	9.3%	6.8%	2.5%
Return on Assets	1.5%	1.5%	0.0%
Earnings Per Share	18k	18k	0k

## Bank Q1 2019 Financial Summary

<b>Balance Sheet</b> <i>(in billions of Naira)</i>	<b>Mar 2019</b>	<b>Dec 2018</b>	<b>Change</b>
Total Assets	1,378.8	1,324.3	4%
Gross Loans & Advances	448.2	428.0	4%
Customer Deposits	847.9	844.4	0.4%
Shareholders' Funds	207.5	200.1	4%
<b>Ratios</b>			
Coverage Ratio (incl. RRR)	116.1%	117.8%	(1.77%)
Loan to Deposit Ratio	58.0%	56.1%	1.95%
Net Asset Value per share	₦7.13	₦6.87	₦0.26
Non-Performing Loan Ratio	7.6%	8.1%	(0.5%)

<b>Income Statement (in billions of Naira)</b>	<b>Q1 2019</b>	<b>Q1 2018</b>	<b>Change</b>
Gross Earnings	36.1	37.7	(4%)
Net Interest Income	10.8	16.7	(35%)
Non-Interest Income	10.9	7.4	48%
Credit/other Impairment charge	1.04	(2.1)	144%
Operating Expenses	17.5	16.9	4%
Profit Before Tax	5.2	5.1	4%
Profit After Tax	5.2	5.0	4%
<b>Ratios</b>			
Net Interest Margin	6.1%	9.5%	3.4%
Cost of Funds	5.6%	6.4%	0.8%
Cost to Income Ratio	80.6%	70.1%	10.5%
Return on Equity	10.3%	7.0%	3.3%
Return on Assets	1.6%	1.6%	0.0%
Earnings Per Share	18k	17k	1k

For the detailed Profit and Loss Account, Balance Sheet, Cash flow statement and notes to the accounts, please visit [www.unionbankng.com](http://www.unionbankng.com)

- ENDS -

**Notes to editors:****About Union Bank of Nigeria, PLC.**

Established in 1917 and listed on the Nigerian Stock Exchange in 1971, Union Bank is a household name and one of Nigeria's long-standing and most respected financial institutions. The Bank has a network of over 300 Sales and Service Centers across Nigeria.

Following recapitalisation in 2012 from new investors and a new Executive Management team, Union Bank has undergone an award winning transformation programme to re-establish the bank as a leading provider of financial services in Nigeria.

Union Bank is focused on Retail, Commercial and Corporate Banking businesses. In addition to standard current and savings product portfolio, Union Bank has launched pioneering products into the Nigerian retail market including UnionKorrect, UnionGoal and UnionBeta.

More information can be found at: [www.unionbankng.com](http://www.unionbankng.com)

Media Enquiries: Email [investorrelations@unionbankng.com](mailto:investorrelations@unionbankng.com)

**Forward Looking Statement and Disclaimers**

This announcement does not constitute or form part of any offer or invitation to purchase, otherwise acquire, issue, subscribe for, sell or otherwise dispose of any securities, nor any solicitation of any offer to purchase, otherwise acquire, issue, subscribe for, sell, or otherwise dispose of any securities.

The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this announcement is released, published or distributed should inform themselves about and observe such restrictions.