

Union Bank of Nigeria Plc.

Group Unaudited Financial Statements for the Quarter Ended 30th June, 2021

LAGOS, NIGERIA – 29th July, 2021: Union Bank, one of Nigeria’s longest-standing and most respected financial institutions, announces its unaudited financial statements for the quarter ended 30th June, 2021.

Bank Financial Highlights:

- **Profit before tax:** up 1.4% to ₦11.5bn (₦11.3bn in H1 2020) driven by higher non-interest income.
- **Gross earnings:** down 6.1% to ₦75bn (₦79.9bn in H1 2020) reflecting a low interest environment.
- **Net operating income after impairments:** up 3.3% to ₦48.3bn (₦46.8bn in H1 2020) driven by higher net fee & commission income and recoveries.
- **Non-interest income:** up 22.3% to ₦27.7bn (₦22.7bn in H1 2020) spurred by debt recoveries.
- **Operating expenses:** up 3.9% to ₦36.8bn (₦35.4bn in H1 2020) an outcome of higher depreciation and amortisation costs for upgrading technology and operating systems.
- **Gross loans:** up 6% at ₦778.1bn (₦736.7bn in Dec 2020)
- **Customer deposits:** up 4% at ₦1.2trillion (₦1.1 trillion in Dec 2020)
- **Non-performing loans ratio:** down to 4.3% (6.4% as at June 2020)

Commenting on the results, Emeka Okonkwo, CEO said:

“I am pleased that our business has remained resilient in the face of a persistently challenging economic environment. The Bank delivered a 1.4% growth in Profit Before Tax (PBT), recording ₦1.5 billion in H1 2021 compared to ₦1.3 billion in H1 2020. This steady performance reflects our successful efforts in turbocharging transaction volumes, which have delivered higher net fees and commission income, as well as a concerted focus on debt recoveries.

While the industry continues to be impacted by lower interest rate environment, we have reinforced our branches and the network to aggressively mine opportunities and value across our entire geographic footprint. This is part of a deliberate shift towards being closer to the customer. Consequently, we have seen our Retail loan book and revenues grow by 14% and 10% respectively and expect to continue to see robust growth across all business segments as this new structure becomes further entrenched.

In June, we launched the “Save & Win Palli Promo,” a nationwide campaign to reward new and existing customers with up to ₦55 million. During the promo period (June to December),

customers who save a minimum amount of ₦10,000 monthly will be eligible to win cash prizes and gifts to encourage a savings culture even in the current economic climate. The campaign also provides an opportunity for the Bank to bring some relief to customers who have been impacted by the economic hardship brought on by the COVID-19 pandemic.

Looking ahead to the second half of the year, we will continue to focus on driving productivity across the entire network to deliver our business objectives

Speaking on the H1 2021 numbers, Chief Financial Officer, Joe Mbulu said:

“Our focus on efficiency has helped drive growth in Profit Before Tax to N11.5 billion. Non-interest income increased by 22% during the period, driven by recoveries which grew by 226% to ₦8.6 billion from ₦2.6 billion, while net income from other financial instruments rose by 139% to ₦4.5 billion from ₦1.9 billion. These achievements counteracted the impact of the low interest rate environment seen in the market and its impact on net interest margins for the period. Deposits increased by 4% to ₦1.2 trillion while our risk assets also grew by 6% to ₦778.1 billion compared to year-end 2020.

Our capital position remains strong with a Capital Adequacy Ratio of 16.1% and non-performing loan ratios at 4.3%. Furthermore, our coverage ratio remains robust at 166%. We continue to sustain our strong foundation as we move into the second half of the year.”

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Financial Summary

	BANK			GROUP		
Balance Sheet (in billions of Naira)	Jun-21	Dec-20	Change	Jun-21	Dec-20	Change
Total Assets	2,164.0	2,073.8	4.4%	2,211.1	2,191.0	0.9%
Gross Loans & Advances	778.1	736.7	5.6%	778.1	736.7	5.6%
Customer Deposits	1,172	1,131.1	3.6%	1,167.1	1,126.3	3.6%
Shareholders' Funds	242.2	247.5	-2.2%	258.1	264.3	-2.3%
Ratios						
Coverage Ratio (incl. regulatory risk reserves)	166.2%	149.1%	17.1%	166.2%	149.1%	17.1%
Average Liquidity Ratio (regulatory minimum - 30%)	34.3%	40.9%	-5.6%	N/A	N/A	N/A
Loan to Deposit Ratio	62.0%	62.0%	-	N/A	N/A	N/A
Non-Performing Loan Ratio	4.3%	4.0%	-0.3%	4.3%	4.0%	-0.3%
Net Asset Value per share	N8.28	N8.46	-2.2%	N8.82	N9.03	-2.3%
Capital Adequacy	16.1%	17.5%	-1.4%	N/A	N/A	N/A

	BANK			GROUP		
Income Statement (in billions of Naira)	H1 2021	H1 2020	Change	H1 2021	H1 2020	Change
Gross Earnings	75.4	79.9	-5.6%	76.3	81.8	-6.8%
Net Interest Income	20.4	28.0	-27.4%	20.5	28.2	-27.5%
Non-Interest Income	27.7	22.7	22.3%	27.8	22.7	22.3%
Credit Impairment	(1)	4.2	97.2%	(1)	4.2	97.2%
Operating Expenses	36.8	35.4	3.9%	36.9	35.4	3.9%
Profit Before Tax	11.5	11.3	1.4%	11.6	11.5	0.5%
Profit After Tax	11.0	10.8	1.7%	11.1	11.0	0.8%
Ratios						
Net Interest Margin	3.2%	5.2%	-2%	3.2%	5.3%	-1.9%
Cost to Income Ratio	76.1%	75.7%	-0.4%	76.2%	75.5%	-0.7%
Return on Equity	9.1%	9.3%	-0.2%	9.1%	8.5%	0.6%
Return on Assets	1.1%	1.3%	-0.2%	1.1%	1.2%	-0.1%
Earnings per share	37k	37k	-	38k	37k	1k

For the detailed Profit and Loss Account, Balance Sheet, Cash flow statement and notes to the accounts, please visit www.unionbankng.com

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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 260 Sales and Service Centers across Nigeria and over 930 automated teller machines spread 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, SME, 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

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