



**TURBOCHARGED**  
FOR SUCCESS



**Q1 2021**  
**Results Presentation**

April 2021

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# Union Bank at a Glance – Q1 2021



### Financial

**Total Assets**    **₱2.1tn**

**Total Equity**    **₱249bn**

### People

**Customers**    **6.8m**

**Employees**    **2.2k**

### Ratings

**Agusto&Co**    **A-**  
Research, Credit Ratings, Credit Risk Management

**GCR**    **BBB+**

**MOODY'S**    **B2**

**FitchRatings**    **B-**

### Channels

**UnionMobile**

**2.9m**

**UnionOnline**

**1.6m**

**Cards**

**6.1m**

**POS**

**6.1k**

**UnionDirect**

**15.4k**

**ATM**

**942**

**Branches**

**272**

# Presentation Outline



**1** The Operating Environment

**2** Union Bank Update

**3** Q1 2021 Financial Performance

**4** Looking Ahead

**1** The Operating Environment

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**Emeka Okonkwo**  
CEO

# Overview of the Nigerian Economy



## Macro Updates

- **Reserves declined to \$34.8bn** in Mar. 2021 driven by CBN's ongoing FX interventions.
- **Oil price recovery** with oil prices closing in March at **\$63/bl.**
- **Inflation at 4-year high of 18.2%** in Mar '21 (vs. 12.2% - Mar '20) as food prices soar.
- **Exchange rates adjusted** towards rates unification.



## Regulatory Trends

- **CBN retained rates in March** to drive credit expansion & economic output
  - MPR –11.5%
  - CRR –27.5%
  - LR – 30%
- **CBN authorizes DMBs and BDCs** in Apr '21 to accept both old series and lower denomination of USD.
- **CBN introduces Trade Monitoring Portal** which reduces export documentation to 30 minutes from 2 weeks **to support businesses seeking to expand into new markets.**



## Socio- Political Trends

- In Mar '21, Nigeria received about **4 million doses** of COVAX vaccines . ~1.2m vaccinated so far.
- **FG proposes N296bn** for the purchase of Covid-19 vaccines to cover 2021 & 2022 as part of the supplementary budget
- **FG plans to spend N720bn** in the next 6 months on PMS subsidies
- **FG amends PIB terms** to include the reduction of hydrocarbon tax to 30% from 42.5% attracting more investors to the sector



## Consumer Trends

- **Inflationary pressure** as food inflation continues to spring upwards (22.9% in Mar. 2021)
- **Transportation prices up by 21% YoY** as at Mar. 2021, with transport inflation at 14.7% in the same period
- **Electricity and petrol tariffs** increased by 123% and 13% respectively as at Mar. 2021
- **Rising Unemployment, 33.5%** in Q4 2020 vs. 27.1% in Q2 2020
- **Focus on essential products and services** (e.g., food, personal care, airtime) continues to boost the FMCG and Telcos industries

# Macroeconomic Overview



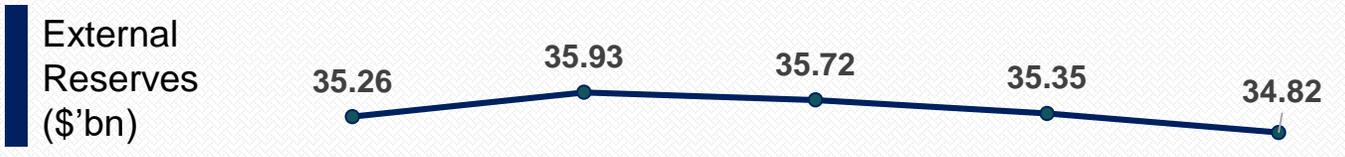
Mar 20    Jun 20    Sep 20    Dec 20    Mar 21



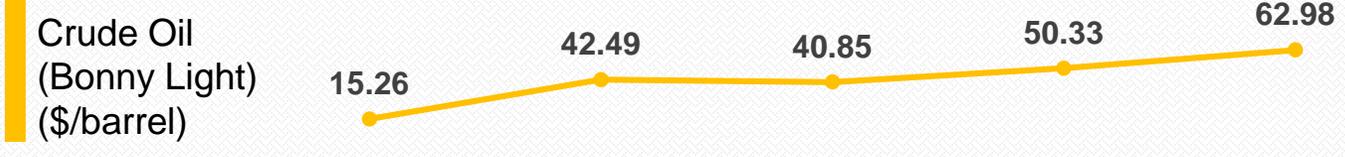
- The economy slipped into recession in 2020
  - GDP contracted by 1.9% in 2020 (vs. 2.3% in 2019)
- IMF projects GDP to rebound by +2.5% in 2021



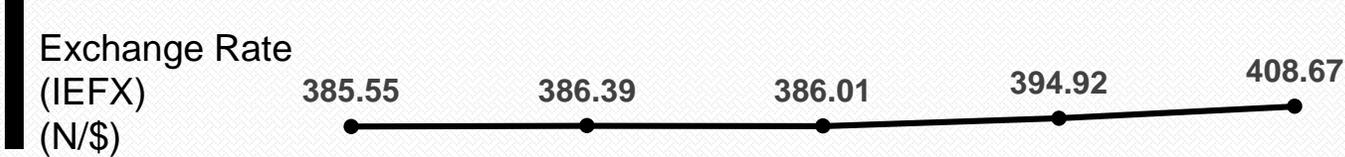
- Rise driven by increased food prices, Covid-19 crisis, insecurity, FX restriction and petrol price hike
- Further rise expected due to pressure on food prices



- Reserves declined further in March as outflows exceeded inflows given continuous FX interventions by the CBN.



- Oil prices advanced in March given vaccine rollout progress, supply cuts and the blockage of the Suez Canal.



- CBN depreciated the official rate in 2021 to N410/\$ in order to adjust for the decrease in the supply of foreign exchange

**1** The Operating Environment

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**Emeka Okonkwo**  
CEO

# Q1 2021 Highlights: Customer Engagement & Transactions Growth



## Corporate

- Net revenue up 14%
- 17% YoY growth in loan volumes
- 3% YoY growth in active customers
- Held Global Trade Review event with over 300 clients
- New functionalities for clients on Union 360.



## Commercial

- 7% YoY increase in deposit volumes to N197bn
- 52% YoY growth in loan volumes
- Introduced a self-service guide on Union360
- Introduced Quick Response Code - instant payment by scanning QR code



## SME

- 25% growth YoY in loan book
- 13% YoY growth in deposits.
- 4x YoY growth in trade volumes
- New functionalities on Union360 for Sole Proprietors.



## Retail

- 20% growth in Deposits
- 40% increase in loan volumes
- Launched Mortgage Loans
- Launched Lounge Key which provides access to over 800 Airport Lounges in the world
- Introduced Loan Request on Mobile
- Introduced Tier 1 domiciliary savings account

# Q1 2021 Highlights: Steady channel growth and transaction metrics



## Channel Update



### UnionMobile

Mobile Users **↑** 31% (2.9m vs 2.2m)  
Volume **↑** 95% (47.4k vs 24.3k)  
Value **↑** 80% (N520bn vs N289bn)



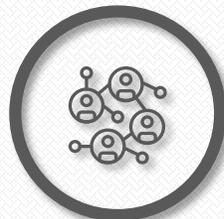
### Union360

Union360 users **↓** 7% (23.7k vs 25.5k)  
Volume **↑** 16% (287k vs 247k)  
Value **↓** 29% (N488bn vs N684bn)



### POS

POS count **↑** 5% (6.1k vs 5.8k)  
Volume **↑** 48% (3.7m vs 2.5m)  
Value **↑** 61% (N28bn vs N18bn)



### UnionDirect

Agents **↑** 8% (15.4k vs 2.4k)  
Volume **↑** >100% (10.7m vs 2.2m)  
Value **↑** >100% (N200bn vs N41bn)



### ATM

ATMs **↔** (942 vs 942)  
Volume **↓** 22% (11.3k vs 14.4k)  
Value **↓** 15% (N76bn vs N90bn)

# Q1 2021 Highlights: Launched and Revamped Digital Products



## M36



Wealth Management

Personal Travel Allowance

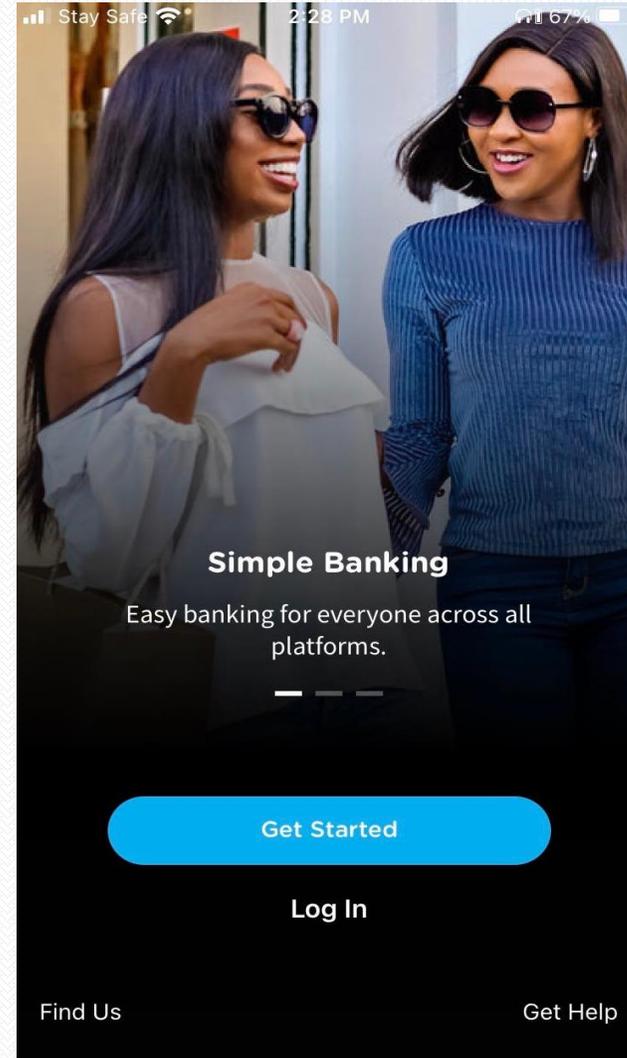
Investments

Digital Concierge

Loans

Will & Trust Services

## Union Mobile – New Features



HMO Payment

Electricity Token

Zero Balance Account Opening

Self Service Loan Request

Block Account (Self & 3<sup>rd</sup> party)

Display of BVN and RM Details

## Mortgage Loans



### Own your Home

With a mortgage from us, you too can become a home owner in no time!  
That's the **Union Advantage!**



To find out more, send an email to [customerservice@unionbankng.com](mailto:customerservice@unionbankng.com)

## Lounge Key For Elite & Royalty Customers



### Premium lounge access? Here's the key!



Unlock unparalleled access to over 1000 premium airport lounges across the world with the Union Bank MasterCard

- 2 free visits annually
- 2 free guest visits annually
- Complimentary refreshments

Dial \*826\*21#, log in to UnionMobile or call 07007007000 to request a card today

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**Joe Mbulu**  
CFO

# Q1 2021 Highlights: Key Performance Indicators



Income Statement		Q1'21	Q1'20	% Change
	Gross Earnings (₦'bn)	36.4	42.6	↓ 14.7%
	Net Revenue after Impairments (₦'bn)	24.3	24.2	↑ 0.3%
	Profit Before Tax (PBT) (₦'bn)	7.0	6.2	↑ 11.9%
Balance Sheet		Mar'21	Dec'20	% Change
	Customer Deposits (₦'bn)	1,126.3	1,131.1	↓ 0.4%
	Gross Loans (₦'bn)	757.4	736.7	↑ 2.8%
Key Ratios		Q1'21	Q1 '20	% Change
	Return on Average Equity (ROAE)	10.9%	10.3%	↑ 0.6%
	Return on Assets(ROA)	1.4%	1.4%	↔
	Capital Adequacy Ratio (CAR)	17.3%	18.3%	↓ 1.0%
	Cost to Income Ratio (CIR)	71.4%	74.3%	↓ 2.9%
	Non-Performing Loans (NPL)	4.0%	4.0%	↔

\*Balance Sheet Ratio as at Dec. 2020

# Q1 2021 Performance – Bank Financial Summary



		Mar-21	Dec-20	Variance
Balance Sheet (₹ 'bn)	Assets	2,104.0	2,073.8	30.2
	Gross Loans and Advances	757.4	736.7	20.7
	Customer Deposits	1,126.3	1,131.1	-4.8
	NPL Ratio	4.0%	4.0%	-
Key Ratios	Capital Adequacy Ratio	17.3%	17.5%	-0.2%
	Coverage Ratio*	177.3%	149.1%	28.2%

		Q1'21	Q1'20	Variance
Income Statement (₹ 'bn)	Gross Earnings	36.4	42.6	-6.2
	Net Interest Income	10.9	14.8	-3.9
	Non-Interest Income	14.2	12.9	1.3
	Credit/Other Impairment Charge	(0.8)	(3.6)	2.8
	Operating Expenses	(17.3)	(18.0)	-0.7
	Profit Before Tax	7.0	6.2	0.8
	Profit After Tax	6.7	6.0	0.7
Key Ratios	Net Interest Margin	3.4%	5.9%	-2.5%
	Cost to Income Ratio	71.4%	74.3%	-2.9%
	Return on Equity	11.0%	10.3%	0.7%
	Return on Assets	1.4%	1.4%	-
	Net Asset Value per share	₹8.5	₹8.46	4k
	Earnings Per Share	23k	20k	3k

\*Coverage Ratio – Excludes prior year adjustment

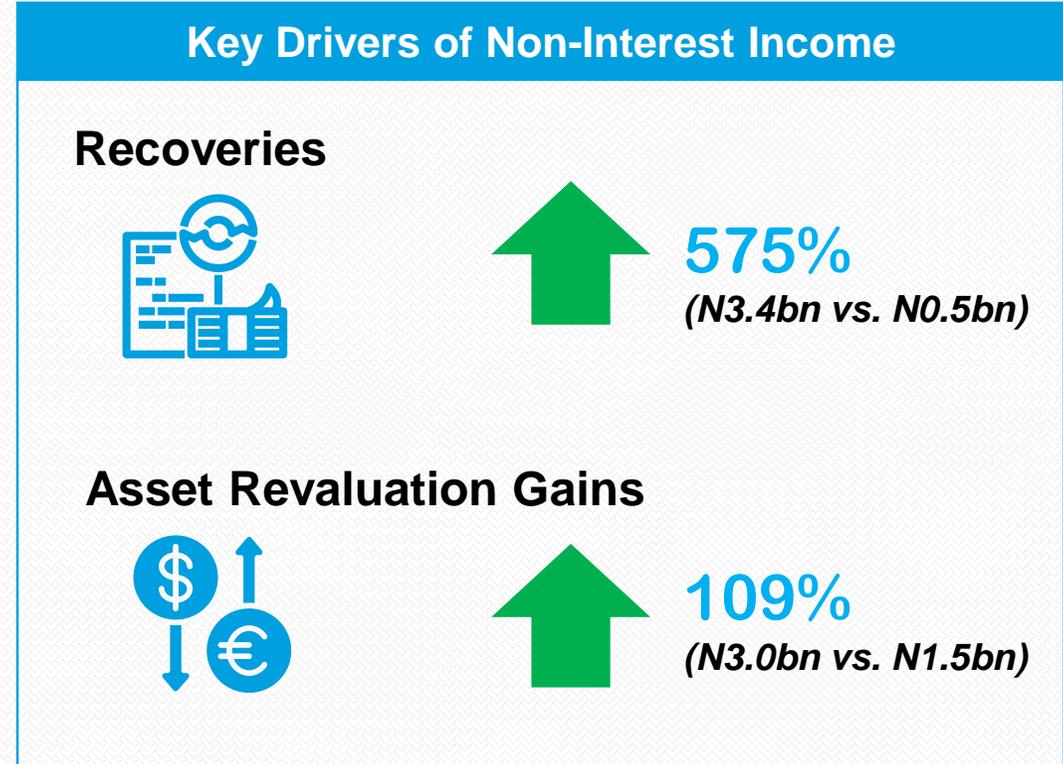
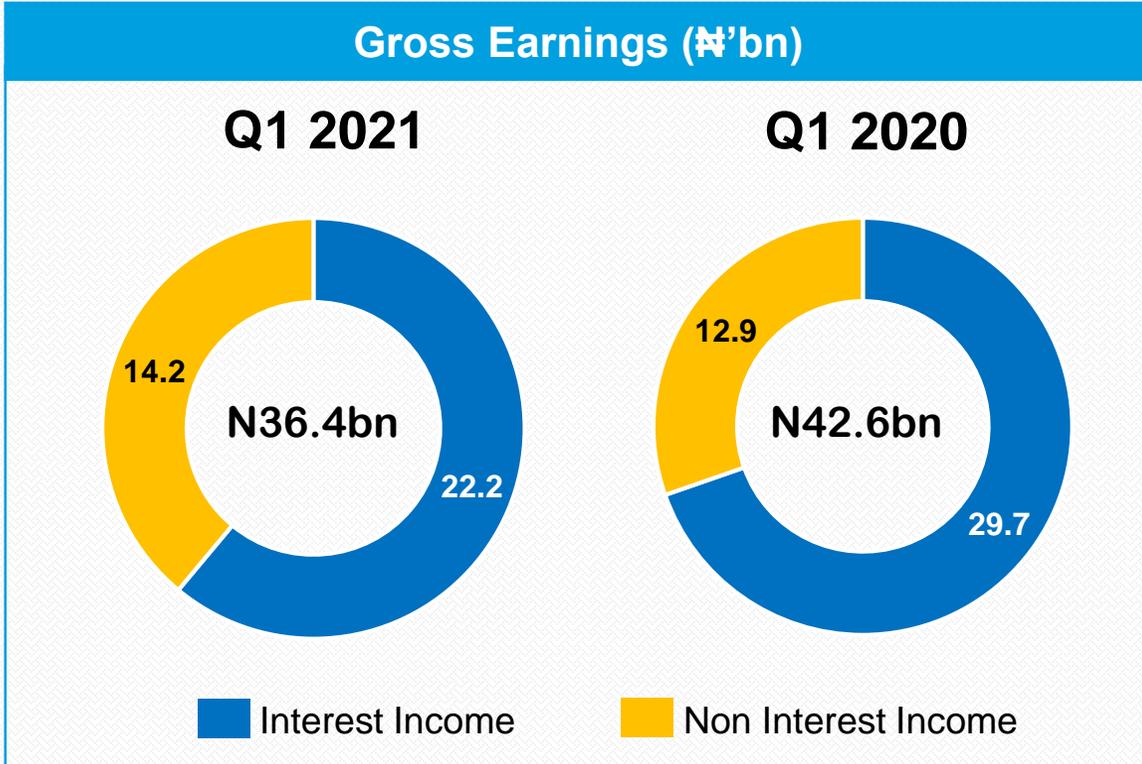
# Q1 2021 Performance – Group Financial Summary



		Mar-21	Dec-20	% Change
<b>Balance Sheet</b> (₹ 'bn)	Assets	2,156.0	2,191.0	-35.0
	Gross Loans and Advances	757.4	736.7	20.7
	Customer Deposits	1,121.4	1,126.3	-4.9
<b>Key Ratios</b>	NPL Ratio	4.0%	4.0%	-
	Capital Adequacy Ratio	17.3%	18.3%	-1.0%
	Coverage Ratio	177.3%	141.9%	28.2%

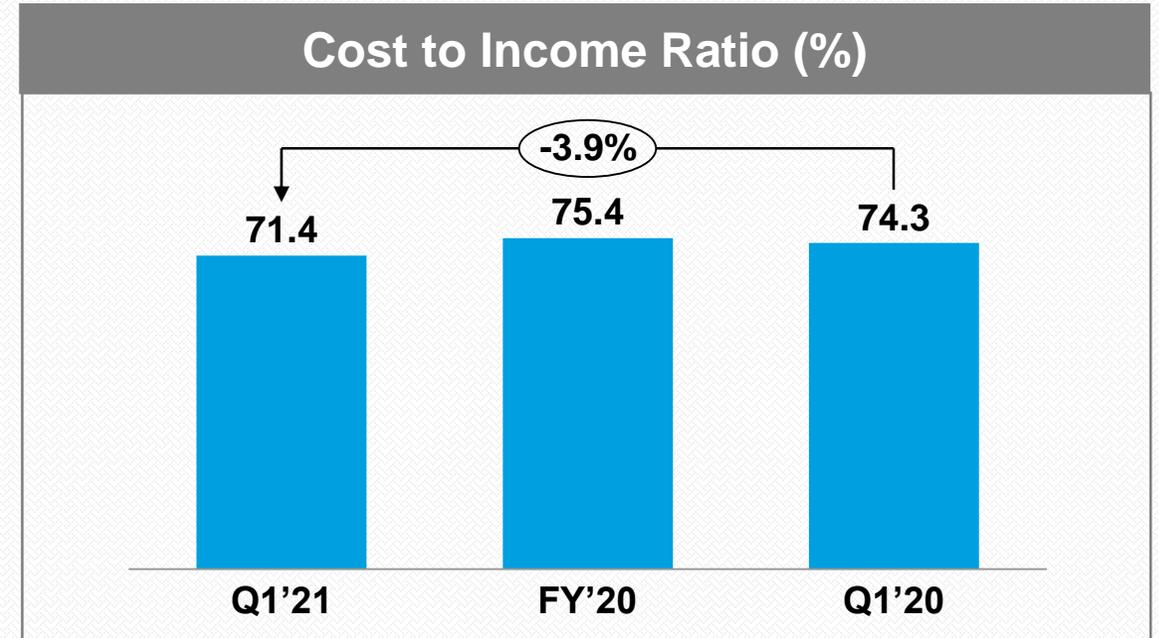
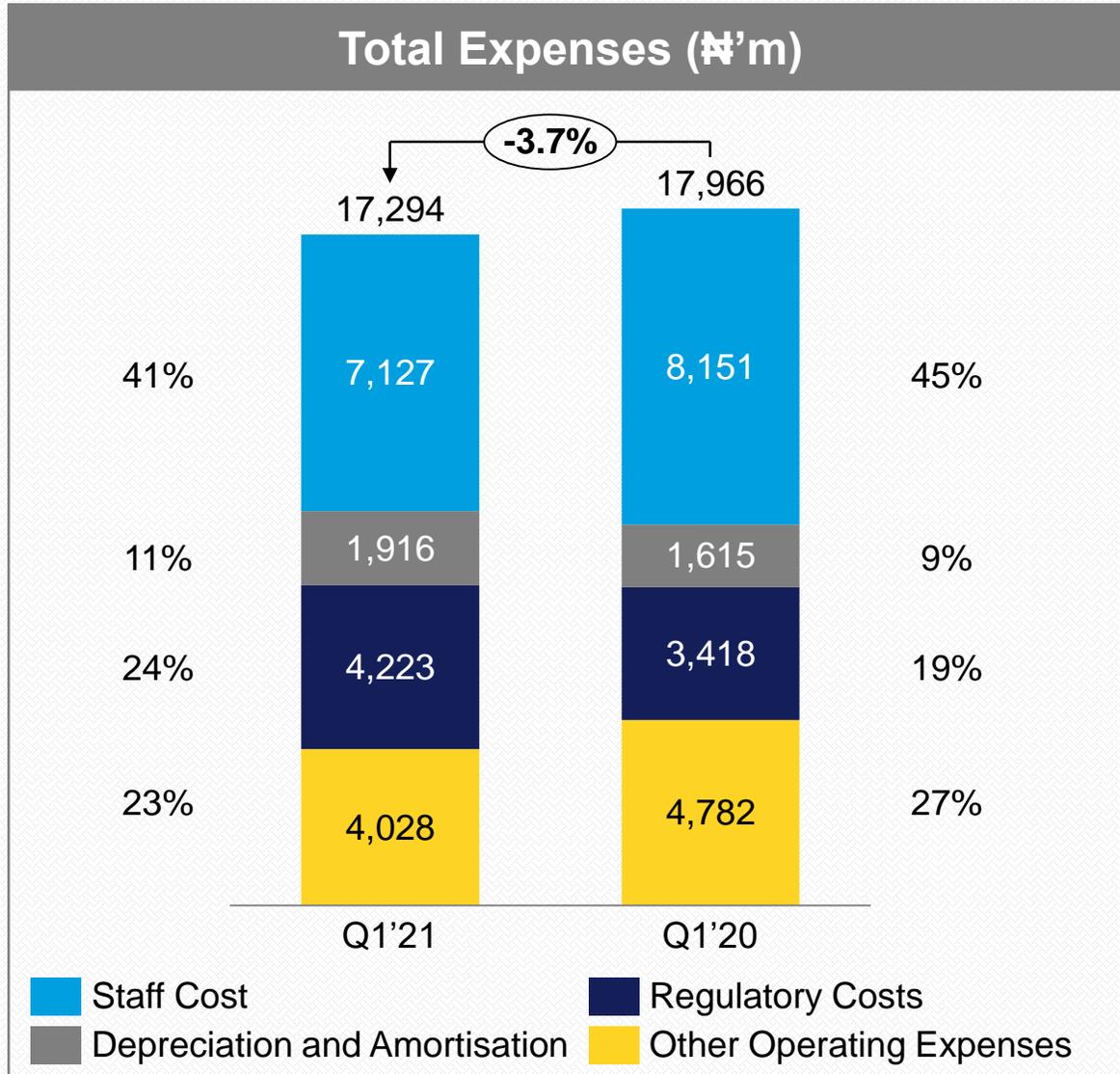
		Q1'21	Q1'20	% Change
<b>Income Statement</b> (₹ 'bn)	Gross Earnings	36.8	43.9	-7.1
	Net Interest Income	11.0	15.0	-4.0
	Non-Interest Income	14.2	13.0	1.2
	Credit/Other Impairment Charge	(0.8)	(3.6)	2.8
	Operating Expenses	(17.3)	(18.0)	0.7
	Profit Before Tax	6.5	6.3	0.7
	Profit After Tax	6.2	6.0	0.7
<b>Key Ratios</b>	Net Interest Margin	3.4%	5.9%	-2.5%
	Cost to Income Ratio	73.9%	75.3%	-1.4%
	Return on Equity	9.5%	9.6%	-0.1%
	Return on Assets	1.2%	1.4%	-0.2%
	Net Asset Value per share	₹9.06	₹9.03	3K
	Earnings Per Share	23k	21k	2k

\*Coverage Ratio – Excludes prior year adjustment



- Gross Earnings declined by 14.7% from N42.6bn in Q1'20 to N36.4bn in Q1'21
- Interest Income down by 25.2% from N29.7bn to N22.2bn driven by the low interest rate environment in the Nigeria financial sector
- Contribution of Non-Interest Income to revenue continues to trend upwards (39% in Q1'20 vs. 30% in Q1'21)

# Operating Expenses

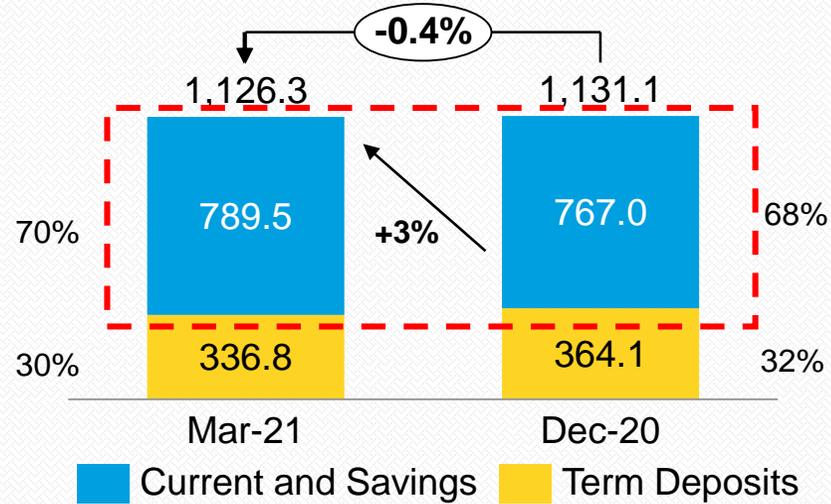


- OPEX declined by 3.7% YoY despite a 22% increase in regulatory contributions.
- Cost to Income (CIR) improved by 390bps from 74.3% in Q1 2020 to 71.4% in Q1 2021.
- Travel and Diesel/Power costs declined by 63% and 60% YoY respectively

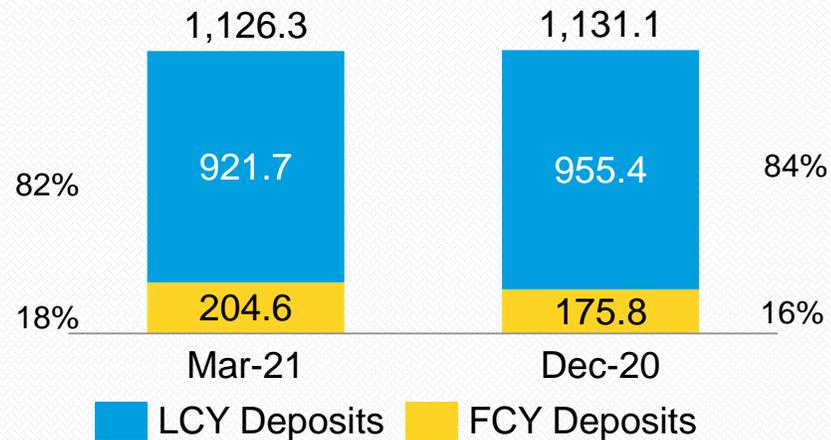
# Funding mix increasingly bolstered by stable customer deposits



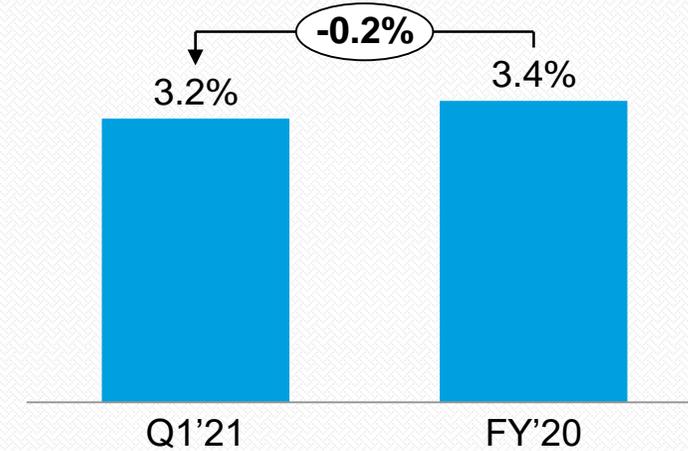
## Customer Deposits (₹'bn)



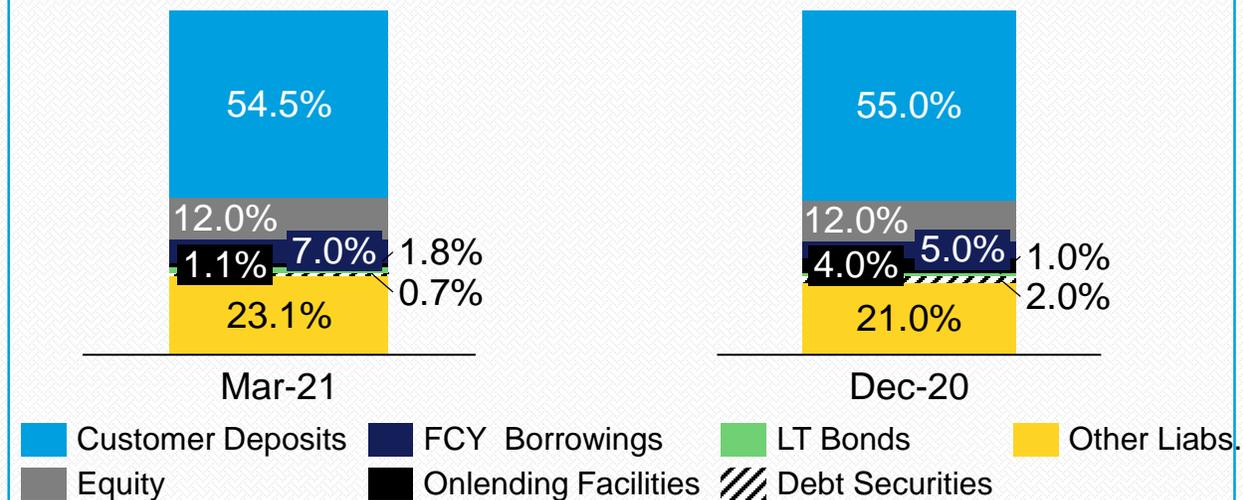
## Deposits by Currency (₹'bn)



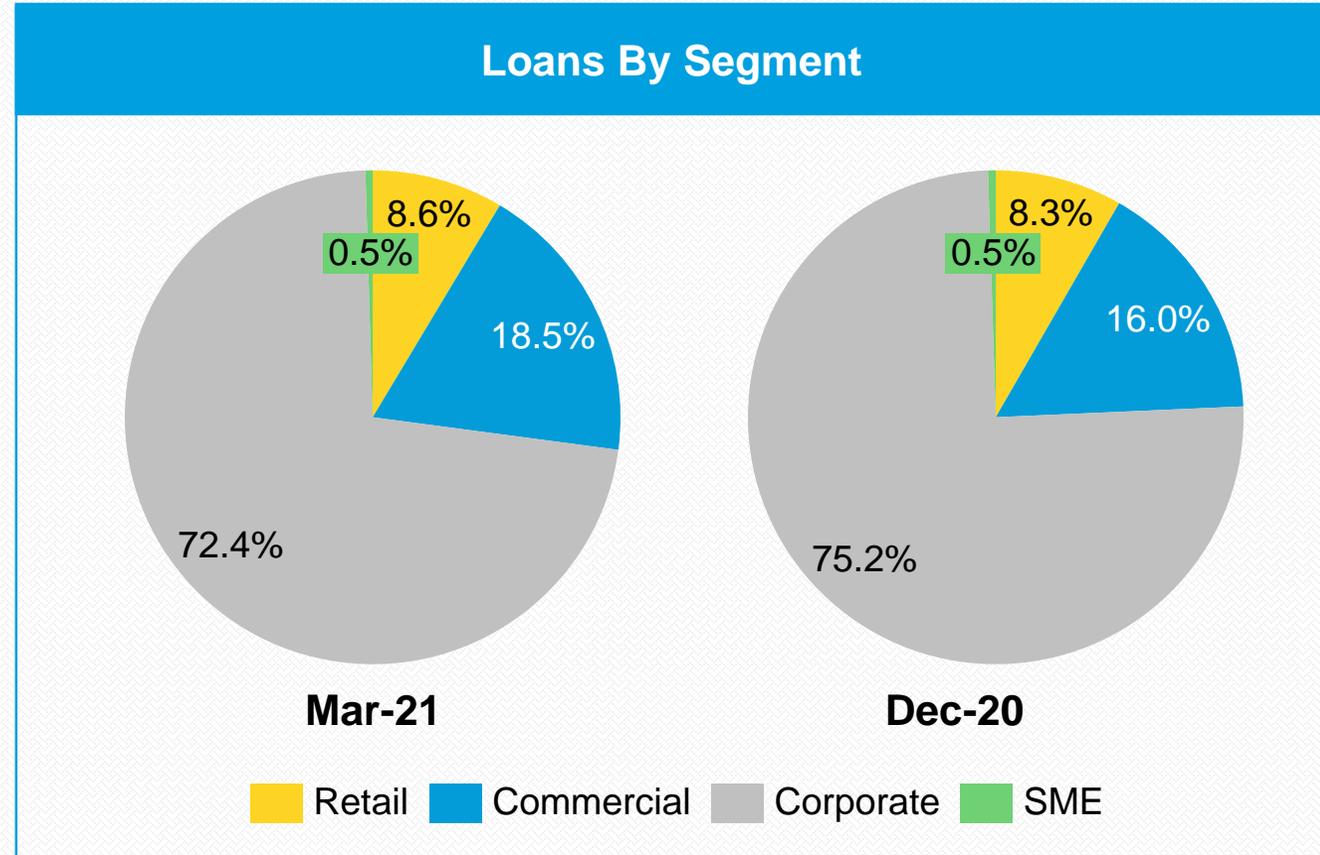
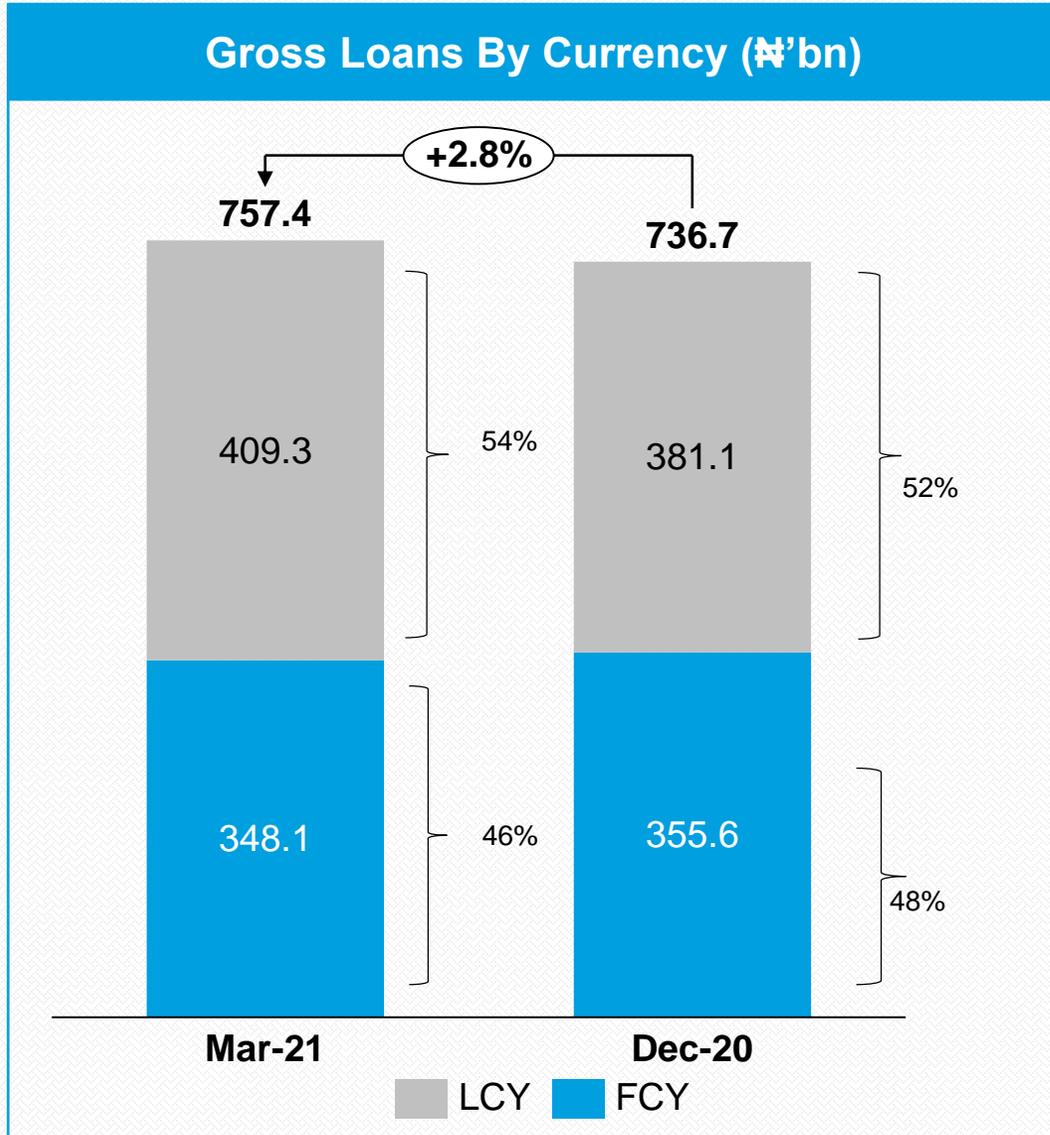
## Cost of Funds



## Funding Mix (Mar 2021)

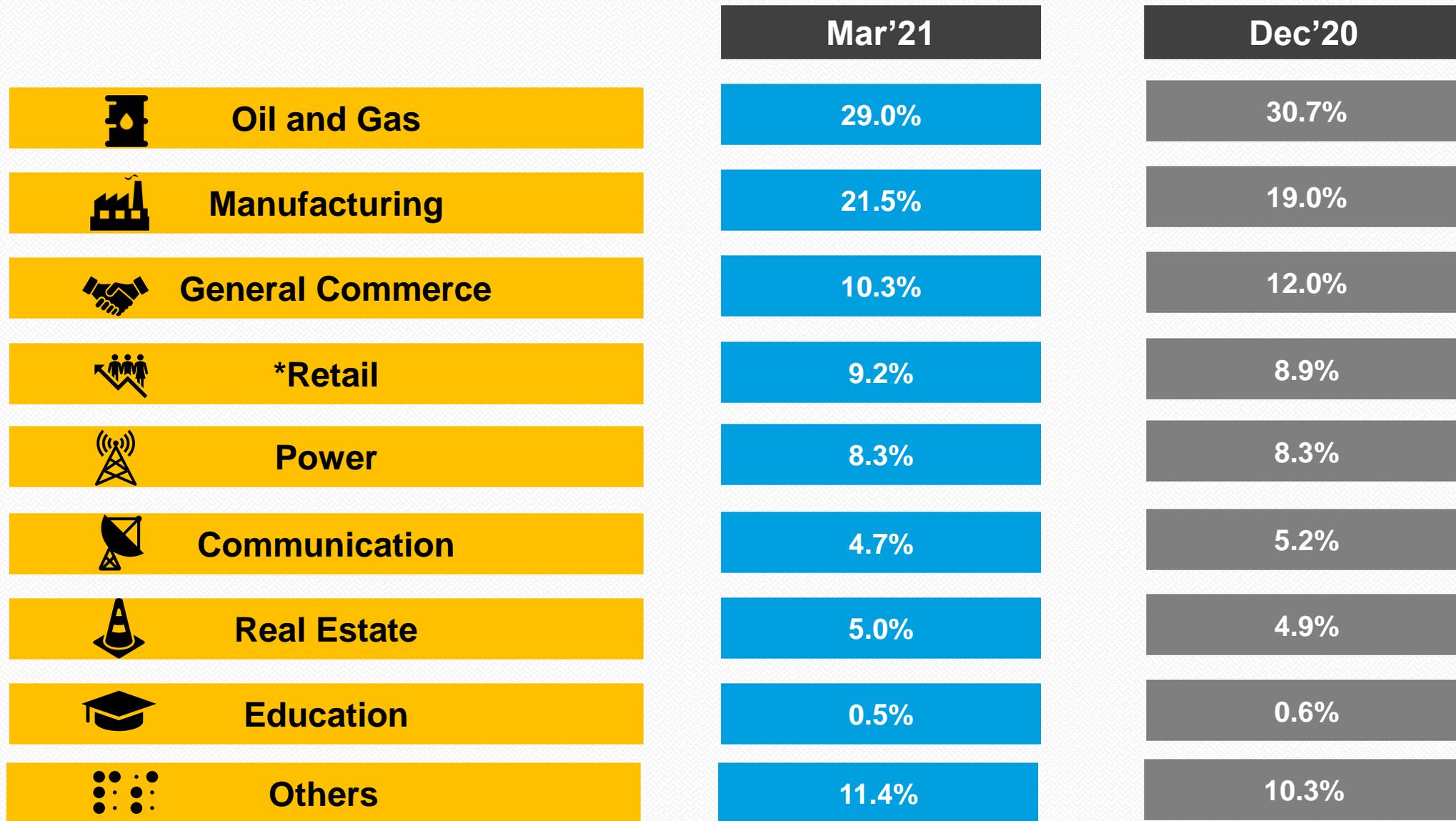


# Optimized loan portfolio with increasing focus on the retail segment



• We continue to lend to key growth segments in the economy within the set risk criteria.

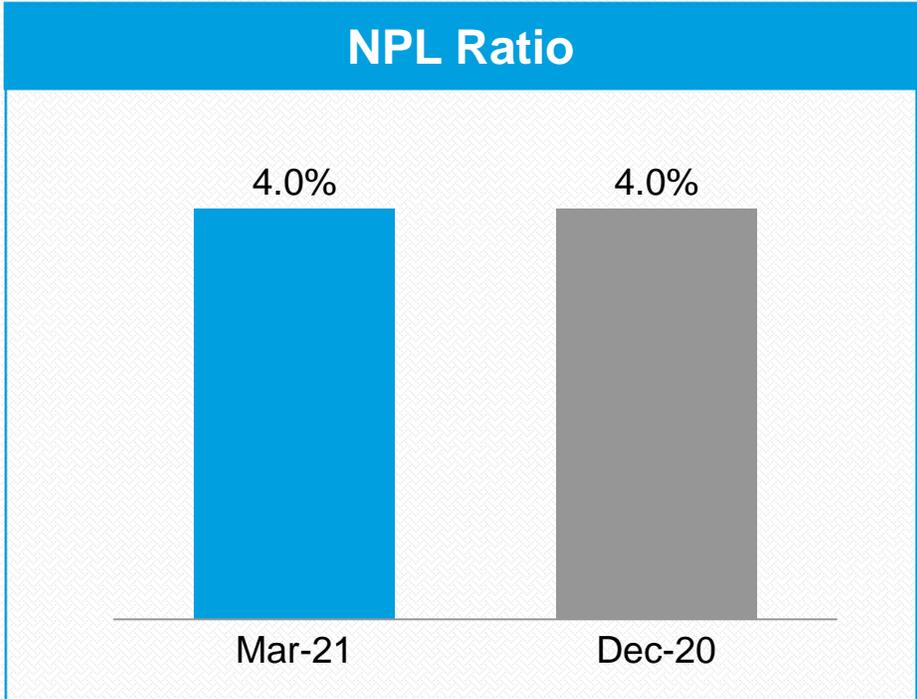
# Diversified loan portfolio



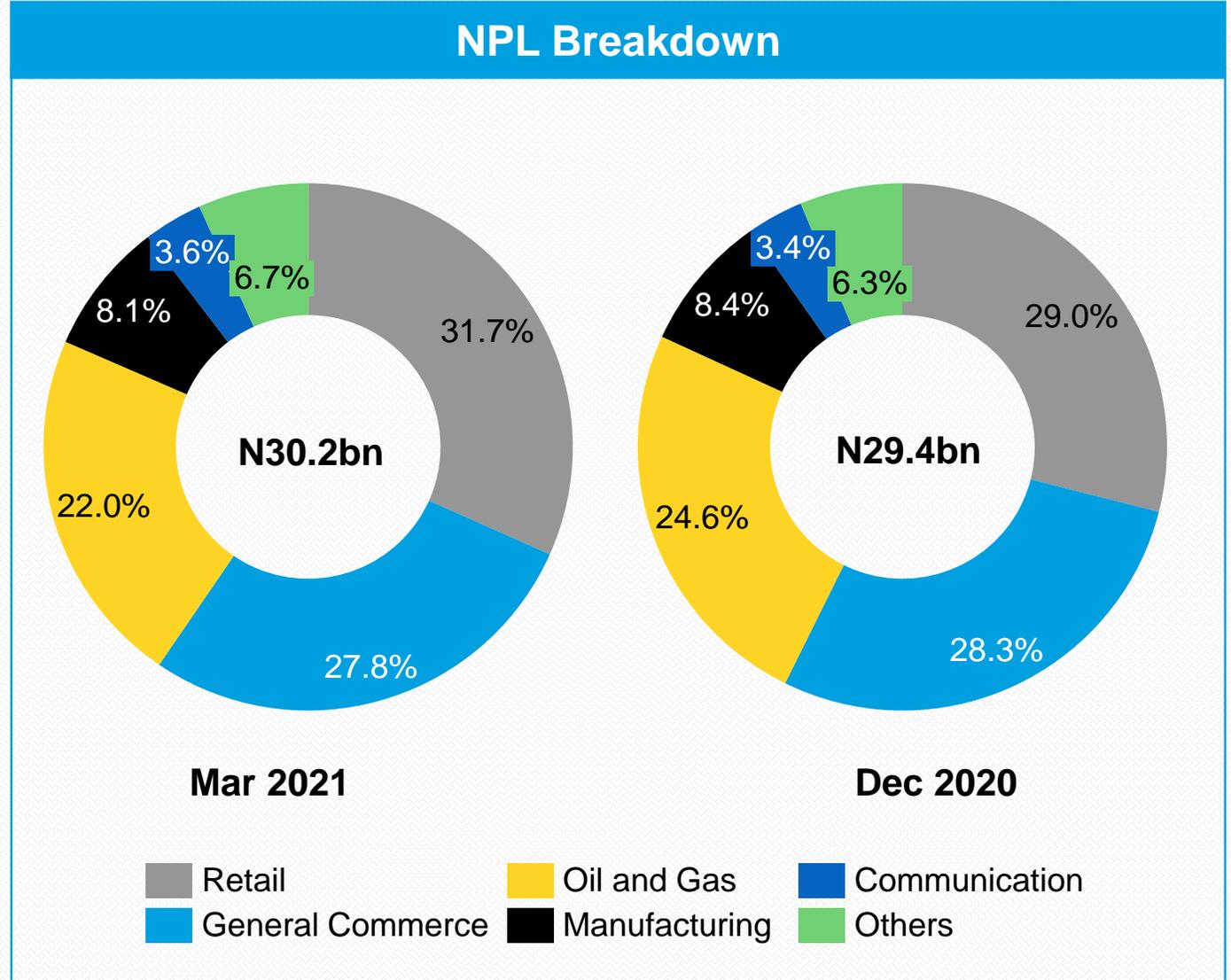
1. Others includes, Agriculture, Finance and Insurance, SME, Hospitality, Human health and Social work, Public Utilities, Real Estate, Transportation and Storage

\*Retail – Consumer Credit

# Improved asset quality



- NPL ratio was unchanged in Q1 2021 driven by our strong risk management practices.

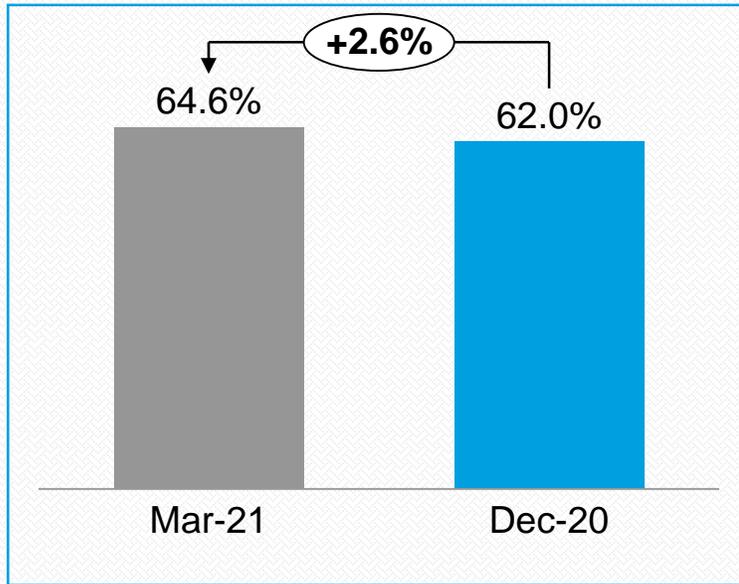


1. Others includes Power, Government, Agriculture, Real Estate, Education, Finance and Insurance, Human health and Social work.

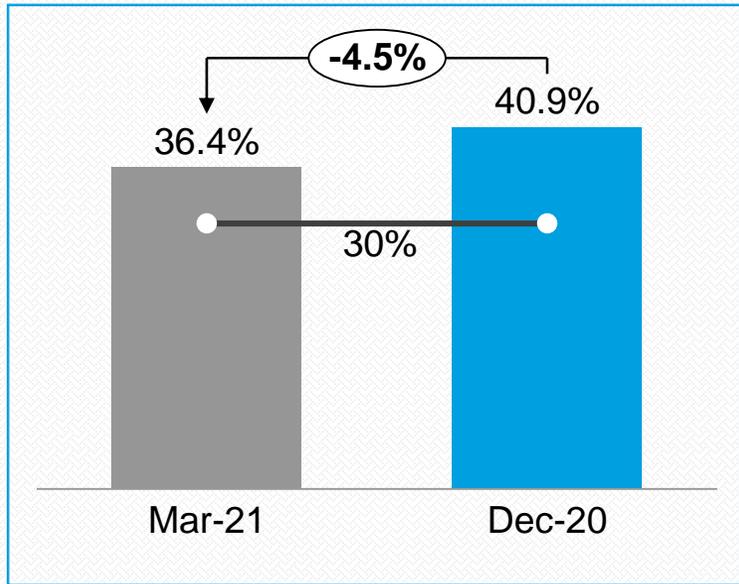
# Key ratios



## Loan to Deposit Ratio

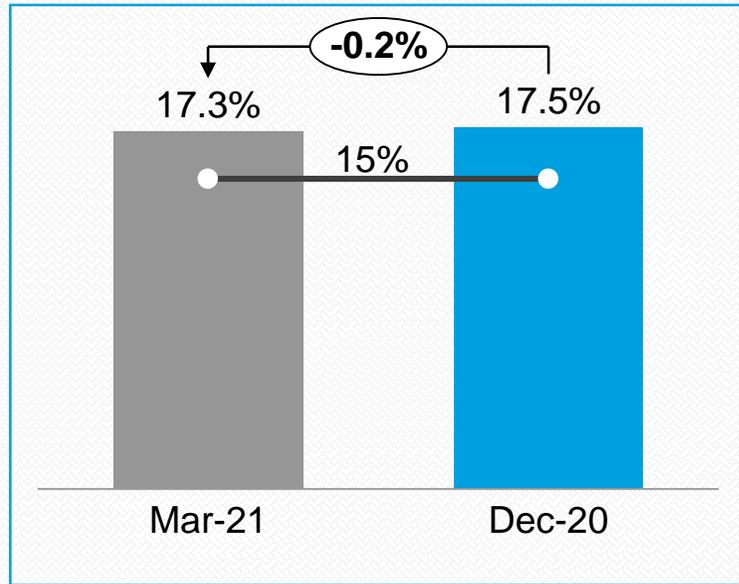


## Liquidity Ratio



○—○ CBN Minimum

## Capital Adequacy Ratio



○—○ CBN Minimum

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**Emeka Okonkwo**  
CEO

# In 2021, we continue to focus on driving growth via three priority areas

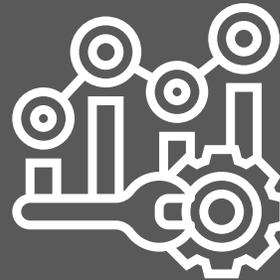


## Growing Customer Acquisition, Engagement & Transactions



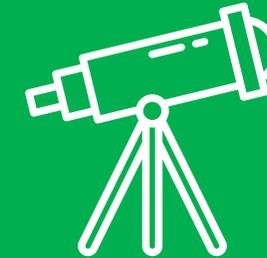
*Customer segment strategies  
Build & monetise ecosystems*

## Optimising Service Delivery



*Optimized end to end customer experience  
Driving high value engagements with customers*

## Exploring Beyond Banking Opportunities



*Explore adjacent non-traditional banking opportunities*

**Enhance Revenues | Accelerate Effectiveness**

**A** Group  
Financials

**B** Bank  
Financials

**A** Group  
Financials

**B** Bank  
Financials

# Q1 2021 Performance: Group Profit and Loss Statement



N million	Q1'21	Q1'20	Δ
<b>Gross earnings</b>	<b>36,793</b>	<b>43,912</b>	<b>-16%</b>
Interest income	22,249	29,780	-25%
Interest expense	(11,253)	(14,827)	-24%
<b>Net interest income</b>	<b>10,996</b>	<b>14,953</b>	<b>-26%</b>
Net impairment charge for credit losses	(802)	(3,558)	-77%
<b>Net interest income after impairment charge</b>	<b>10,194</b>	<b>11,395</b>	<b>-11%</b>
Net fee and commission income	3,059	3,110	-2%
Net trading income	2,352	5,001	-53%
Cash recoveries	3,382	501	575%
Other operating income	5,399	4,346	24%
<b>Non interest income</b>	<b>14,192</b>	<b>12,959</b>	<b>10%</b>
<b>Operating income</b>	<b>24,386</b>	<b>24,354</b>	<b>9%</b>
Net impairment write-back on other financial assets	(4)	-	-
Operating Expenses	(17,346)	(18,019)	-4%
<b>Profit before tax</b>	<b>7,036</b>	<b>6,335</b>	<b>11%</b>
<b>Profit for the year</b>	<b>6,785</b>	<b>6,054</b>	<b>12%</b>

# Q1 2021 Performance: Group Balance Sheet



N million	Mar-21	Dec-20	Δ
	N million	N million	
<b>ASSETS</b>			
Cash and cash equivalents	296,951	270,707	10%
Financial assets at fair value through profit or loss	9,786	52,212	-81%
Pledged assets	96,077	100,007	-4%
Derivative assets held for risk management	616	520	18%
Loans and advances to customers at amortised cost	712,582	692,803	3%
Investment securities	330,013	351,862	-6%
Trading properties	187	187	0%
Investment properties	4,831	4,817	0%
Property and equipment	57,284	57,364	0%
Intangible assets	4,800	5,212	-8%
Right of Use Assets	2,707	2,740	-1%
Deferred tax assets	95,875	95,875	0%
Other assets	484,761	439,952	10%
Defined benefit assets	1,475	1,475	0%
Assets classified as held for sale	58,062	115,292	-50%
<b>TOTAL ASSETS</b>	<b>2,156,007</b>	<b>2,191,026</b>	<b>-2%</b>

# Q1 2021 Performance: Group Balance Sheet (Cont'd)



N million	Mar-21	Dec-20	Δ
<b>Liabilities</b>			
Derivative liabilities held for risk management	87	2	4250%
Deposits from banks	-	4,018	-
Deposits from customers	1,121,407	1,126,287	0%
Current tax liabilities	1,047	797	31%
Deferred tax liabilities	280	280	0%
Lease Liabilities	1,868	1,812	3%
Other liabilities	425,714	425,714	-2%
Retirement benefit obligations	1,079	996	8%
Debt securities issued	48,405	48,629	0%
Long term subordinated bond	30,776	29,546	4%
Other borrowed funds	166,721	184,223	-10%
Liabilities classified as held for sale	42,539	104,400	-59%
<b>Total Liabilities</b>	<b>1,890,847</b>	<b>1,926,708</b>	<b>-2%</b>
<b>Equity</b>			
Share capital and share premium	148,090	148,090	0%
Accumulated losses	28,403	23,399	21%
Other reserves	81,983	86,149	-5%
<b>Equity attributable to equity holder</b>	<b>258,476</b>	<b>257,638</b>	<b>0%</b>
Non-controlling Interest	6,685	6,680	0%
<b>Total Liabilities and Equity</b>	<b>2,156,008</b>	<b>2,191,026</b>	<b>1%</b>

**A** Group  
Financials

**B** Bank  
Financials

# Q1 2021 Performance: Bank Profit and Loss Statement



	Q1'21	Q1'20	Δ
	₹'million	₹'million	
<b>Gross earnings</b>	<b>36,396</b>	<b>42,644</b>	<b>-15%</b>
Interest income	22,235	29,712	-25%
Interest expense	(11,326)	(14,890)	-24%
<b>Net interest income</b>	<b>10,909</b>	<b>14,822</b>	<b>-26%</b>
Impairment charge for credit loss	(802)	(3,558)	-77%
<b>Net interest income after impairment charge</b>	<b>10,107</b>	<b>11,264</b>	<b>-10%</b>
Net trading income	2,351	5,001	-53%
Net Fees and commissions Income	3,057	3,110	-2%
Cash Recoveries	3,382	501	575%
Net income from other financial instruments at fair value through profit or loss	3,030	1,451	109%
Other operating Income	2,340	2,868	-18%
<b>Non interest income</b>	<b>14,160</b>	<b>12,932</b>	<b>9%</b>
<b>Operating Income</b>	<b>24,268</b>	<b>24,196</b>	<b>0%</b>
Operating expenses	(17,294)	(17,966)	-4%
<b>Profit before tax</b>	<b>6,970</b>	<b>6,230</b>	<b>12%</b>
<b>Profit after tax</b>	<b>6,719</b>	<b>5,955</b>	<b>13%</b>

# Q1 2021 Performance: Bank Balance Sheet



	Mar-21 ₹'million	Dec-20 ₹'million	Δ
<b>Assets</b>			
Cash and Cash equivalents	296,951	262,730	13%
Financial assets at fair value through profit or loss	9,786	52,212	-81%
Pledged assets	96,077	100,007	-4%
Derivative assets held for risk management	616	520	18%
Loans and advances to customers	712,582	692,803	3%
Investment securities	330,013	351,862	-6%
Trading properties	187	187	0%
Investment in subsidiaries	2,195	2,195	0%
Property and equipment	57,264	57,342	0%
Right of Use Assets	2,707	2,740	-1%
Intangible assets	4,800	5,211	-8%
Deferred tax assets	95,875	95,875	0%
Cash reserve requirement	402,355	356,452	13%
Other assets	82,742	83,775	-1%
Defined benefit assets	1,475	1,475	0%
Assets classified as held for sale	8,372	8,372	0%
<b>Total Assets</b>	<b>2,103,997</b>	<b>2,073,758</b>	<b>1%</b>

# Q1 2021 Performance: Bank Balance Sheet (Cont'd)



	Mar-21	Dec-20	Δ
	₹'million	₹'million	
<b>Liabilities</b>			
Derivative liabilities held for risk management	87	2	4250%
Deposits from banks	-	4,018	-
Deposits from customers	1,126,321	1,131,116	0%
Current tax liabilities	1,028	778	32%
Other liabilities	479,014	425,117	13%
Lease Liabilites	1,868	1,812	3%
Employee benefit obligations	1,077	996	8%
Debt securities issued	48,405	48,629	0%
Long term subordinated bond	30,776	29,546	4%
Other borrowed funds	166,721	184,223	-10%
<b>Total Liabilities</b>	<b>1,855,296</b>	<b>1,826,237</b>	<b>2%</b>
<b>Equity</b>			
Share Capital	14,633	14,633	0%
Share premium	133,457	133,457	0%
Retained earnings/(accumulated losses)	36,922	31,403	18%
Other reserves	63,690	68,028	-6%
<b>Total Equity</b>	<b>248,702</b>	<b>247,521</b>	<b>0%</b>
<b>Total Liabilities and Equity</b>	<b>2,103,997</b>	<b>2,073,758</b>	<b>1%</b>



**Thank You**

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