

**Union Bank of Nigeria Plc**  
**Group Unaudited Financial Statements for the Quarter Ended June 30, 2020**

**LAGOS, NIGERIA – July 29, 2020** - Union Bank, one of Nigeria's longest standing and most respected financial institutions, announces its unaudited financial statements for the quarter ended June 30 2020.

**Bank Financial Highlights:**

- **Profit before tax:** sustained at ₦11.3bn (₦11.2bn in H1 2019).
- **Gross earnings:** up 10% to ₦79.9bn (₦72.4bn in H1 2019); driven by an increase in earning assets.
- **Interest income:** up 6% to ₦57.2bn (₦53.8bn in H1 2019); also driven by increase in earning assets
- **Net interest income before impairment:** up 21% to ₦28.0bn (₦23.2bn in H1 2019); driven largely by a reduction in interest expense.
- **Non-interest income:** up 22% to ₦22.7bn (₦18.6bn in H1 2019); driven by robust growth in e-business and revaluation gains.
- **Net operating income:** flat at ₦46.5bn (₦46.3bn in H1 2019).
- **Operating expenses:** flat at ₦35.4bn (₦35.5bn in H1 2019); notwithstanding inflationary pressures and COVID-19-related costs.
- **Gross loans:** up 6% to ₦630.5bn (₦595.3bn Dec 2019); reflecting the opportunities for risk asset creation given economic realities.
- **Customer deposits:** up 12% to ₦995.2bn (₦886.3bn Dec 2019); reflecting increased demand for our innovative offerings and the continued benefits of our brand growth.

Commenting on the results, Emeka Emuwa, CEO said:

*“The impact of COVID-19 and associated movement restrictions on the Bank and the wider economy has been broad. The total lockdown of major commercial centers Lagos, Abuja and Ogun and partial lockdowns across the country, slowed business operations in Q2 2020.*

*Notwithstanding these significant headwinds, the Bank delivered a 10% increase in its top line revenue of ₦79.9bn for H1 2020. In addition, net interest income before impairments is up 21% to ₦28.0bn and non-interest income up 22% to ₦22.7bn.*

*The slowdown limited growth in key income lines including fees and commissions and cash recoveries. However, we continue to reinforce the use of our digital channels with*

*90% of transactions completed digitally in H1 2020 (vs. 57% in H1 2019), which translated to a 42% growth in e-business fees from ₦2.5bn in H1 2019 to ₦3.6bn in H1 2020.*

*We deliberately grew our loan portfolio both in the retail and commercial/corporate banking space resulting in a 6% growth in interest income.*

*Given the constrained operating environment, we continue to proactively monitor our loan portfolio and support our customers in line with the Central Bank's guidance on forbearances. Nevertheless, growing our loan book remains a strategic focus area for us for the rest of the year as we continue to identify new opportunities emerging in the face of the pandemic.*

*I am pleased that the Bank has been able to support our employees, customers and the wider community through the ongoing COVID-19 crisis. In particular, the #UnionRiseChallenge which we launched in June, recognised and rewarded customers who inspite of the Covid-19 pandemic are rising to support their communities. The Bank awarded ₦15 million to 90 recipients over a period of 4 weeks and helped amplify the great work of over 1500 community initiatives that were submitted through the campaign.*

*As we navigate the realities of the pandemic for the remainder of the year, we will continue to focus on increasing transaction volumes on our electronic channels, managing cost and strategic targeting of key customer segments to ensure we end the year well.*

*We will also continue to prioritise the health and safety of our employees and customers, while finding innovative ways to meet and exceed our customer expectations.”*

Speaking on the H1 2020 numbers, Chief Financial Officer, Joe Mbulu said:

*“Our H1-2020 Bank numbers reflect the performance of our continuing operations<sup>1</sup> for the period.*

*Notwithstanding increasing inflation and unexpected costs related to the changes to our operating structures during COVID-19 lockdown, we have been able to keep operating expenses under control during H1 2020. This is indicative of the strength of our Long-Term Efficiency Acceleration Programme (LEAP) which continues to optimise key cost lines.*

*The continued expansion in the loan book led to enhanced interest income while lower*

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<sup>1</sup> Union Bank announced the sale of its UK Subsidiary Union Bank UK Plc in 2019 and as such UBUK has been classified as a discontinued operation.

*interest rates enabled a reduction in interest expense.*

*We also grew customer deposits by 12% to ~~₱~~995.2bn from ~~₱~~886.4bn in December 2019 as a result of increased customer demand for our banking products and the continued positive perception of our brand. We continue to deliberately expand our loan book with a focus on key industry segments.*

*As impairments began to rise as a result of COVID-19 disruptions, the NPL ratio ticked up marginally to 6.3%, compared to 5.8% in December 2019, while our Capital Adequacy Ratio is at 19.2%, remaining well above the regulatory threshold.*

*We remain focused on achieving our 2020 objectives leveraging our solid risk management structures and executing our business priorities.”*

## Financial Summary

	GROUP			BANK		
<b>Balance Sheet</b> <i>(in billions of Naira)</i>	<b>Jun-20</b>	<b>Dec-19</b>	<b>Change</b>	<b>Jun-20</b>	<b>Dec-19</b>	<b>Change</b>
Total Assets	2,211	1,872	18%	2,046	1,712	20%
Gross Loans & Advances	630.5	595.3	6%	630.5	595.3	6%
Customer Deposits	995.0	886.3	12%	995.2	886.3	12%
Shareholders' Funds	258.2	252.3	2%	235.7	231.2	2%
<b>Ratios</b>						
Coverage Ratio (incl. regulatory risk reserves)	127.5%	138.1%	(10.6%)	127.5%	138.1%	(10.6%)
Loan to Deposit Ratio	65.1%	67.2%	(2.1%)	65.1%	67.2%	(2.1%)
Non-Performing Loan Ratio	6.3%	5.8%	0.5%	6.3%	5.8%	0.5%

	GROUP			BANK		
<b>Income Statement</b> <i>(in billions of Naira)</i>	<b>H1 2020</b>	<b>H1 2019</b>	<b>Change</b>	<b>H1 2020</b>	<b>H1 2019</b>	<b>Change</b>
Gross Earnings	81.9	76.0	8%	79.9	72.3	10%
Net Interest Income	24.0	28.0	(14%)	23.8	27.7	(14%)
Non-Interest Income	22.7	18.3	24%	22.7	18.5	22%
Credit Impairment	4.2	(4.5)	-	4.2	(4.5)	-
Operating Expenses	35.5	35.6	-	35.4	35.5	-
Profit Before Tax	11.3	12.1	(7%)	11.3	11.2	1%
Profit After Tax	10.7	11.9	(9%)	10.8	11.1	(3%)
<b>Ratios</b>						
Net Interest Margin	5.3%	5.8%	(0.5%)	5.2%	5.9%	(0.7%)
Cost to Income Ratio	75.5%	76.1%	0.5%	75.7%	75.9%	0.2%
Return on Equity	8.5%	10.8%	(2.4%)	9.3%	10.8%	(1.5%)
Return on Assets	1.2%	1.6%	(0.4%)	1.3%	1.6%	(0.3%)
Capital Adequacy Ratio				19.2%	19.5%	(0.3)
Net Asset Value Per Share	₦8.82	₦8.21	₦0.61	₦8.05	₦7.33	₦0.72
Earnings Per Share	37k	37k	-	37k	38k	(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)

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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 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)

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