

Union Bank of Nigeria Plc.

Group Unaudited Financial Statements for the Nine Months ended 30th September 2022

Bank records 14% growth in Profit Before Tax and 12.7% growth in Customer Deposits

LAGOS, NIGERIA – 27th October 2022: Union Bank announces its unaudited financial statements for the quarter ended 30th September 2022.

Bank Financial Highlights:

- **Profit before tax:** up 14% to ₦18.2bn (₦16.0bn in 9M 2021)
- **Gross earnings:** up 12.4% to ₦140.6bn (₦125.2bn in 9M 2021) driven by higher earning assets.
- **Net operating income after impairments:** up 7.3% to ₦76.3bn (₦71.2bn in 9M 2021) driven by higher interest income.
- **Non-interest income:** down 32.7% to ₦28.3bn (₦42bn in 9M 2021) due to lower recoveries
- **Operating expenses:** up 5.2% to ₦58.1bn (₦55.2bn in 9M 2021) an outcome of higher non-discretionary regulatory costs, software expenses and power costs.
- **Customer deposits:** up 12.7% at ₦1.53 trillion (₦1.36 trillion in Dec 2021)
- **Gross loans:** up 10.1% at ₦990.3bn (₦899.1bn in Dec 2021)
- **Non-performing loans ratio:** down 50bps at 4.2% (4.7% as at 9M 2021)

Commenting on the results, Mudassir Amray, CEO said:

"We had a good third-quarter performance, with strong growth in profits supported by additional net interest income. Our strategy remains on track, with good delivery in all areas. This was reflected in more consistent top-line growth, robust lending pipelines across our businesses, and rising lending to key sectors.

Our performance reflects the continued impact of our strategy, with gathering revenue momentum. The progress that we have made means we are in a strong position. In 9M 2022, compared to 9M 2021, the Bank's Gross Earnings, Net Interest Income and Profit Before Tax grew by 12.4%, 59.8%, and 14% respectively.

As we look towards the rest of the year, we retain a cautious outlook on the external risk environment believing that the lows of recent quarters are behind us. This confidence, together with our focus on building on our efficiency, expanded synergies and robust cost control, will put the Bank in a stronger position"

Speaking on the 9M 2022 numbers, Chief Financial Officer, Joe Mbulu said:

“Notwithstanding our deposit book growth, our focus on optimizing our funding costs have started yielding results which has driven profitability from gross revenues to the bottom line, with higher net revenue from funds (after impairment) in the period.

Interest Income grew by 37% to N109.3 billion as a result of higher earning assets while Non-Interest Income (NII) declined by 33% to N28.3bn compared to prior year driven by decline in recoveries by 64.5% (to N4.6 billion) during the period.

We grew our loan book by 10% from N899.1 billion as at December 2021 to N990.1 billion as at the end of Q3 2022. Customer deposits increased by 12.7% to N1.5 trillion. Our non-performing loan ratio as at 9M 2022 was 4.2% while our coverage ratio remains robust at 143.2%.

Operating Expenses grew by only 5% from N55.2 billion as at 9M 2021 to N58 billion due to inflationary pressures. Consequently, our cost to income ratio decreased from 77.6% to 76.1% as at September 2022.

The Bank remains adequately capitalized to pursue its growth ambitions with Capital Adequacy Ratio (CAR) at 15.3%.”

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Financial Summary

	BANK			GROUP		
Balance Sheet (in billions of Naira)	Sep-22	Dec-21	Change	Sep-22	Dec-21	Change
Total Assets	2,666.0	2,567.4	3.6%	2,662.8	2,595.8	2.6%
Gross Loans & Advances	990.3	899.1	10.0%	990.3	899.1	-0.4%
Customer Deposits	1,533.9	1,361.3	12.7%	1,527.4	1,355.9	12.7%
Shareholders' Funds	263.1	251.5	4.6%	270.2	266.9	1.2%
Ratios						
Coverage Ratio (incl. regulatory risk reserves)	143.2%	166.2%	-23%	143.2%	166.2%	-23%
Average Liquidity Ratio (regulatory minimum - 30%)	36.0%	34.3%	1.7%	N/A	N/A	N/A
Loan to Deposit Ratio	71.1%	62.0%	9.10%	N/A	N/A	N/A
Non-Performing Loan Ratio	4.2%	4.3%	-0.1%	4.2%	4.0%	0.4%
Net Asset Value per share	N8.99	N8.59	4.7%	N9.23	N9.12	0.11
Capital Adequacy	15.3%	14.6%	0.7%	N/A	N/A	N/A
	BANK			GROUP		
Income Statement (in billions of Naira)	9M 2022	9M 2021	Change	9M 2022	9M 2021	Change
Gross Earnings	140.6	125.1	12.4%	141.5	125.4	12.9%
Net Interest Income	50.3	31.5	60.0%	50.6	31.8	59.3%
Non-Interest Income	28.3	42.0	-33%	28.8	42.1	-31.5%
Operating Expenses	58.0	55.2	5%	58.3	55.3	5.3%
Profit Before Tax (Continued Operations)	18.2	15.9	14.2%	19.0	16.2	17.1%
Profit After Tax	17.3	15.2	14.2%	18.0	15.4	16.7%

Ratios

Net Interest Margin	3.6%	3.0%	0.6%	3.6%	3.0%	0.6%
Cost to Income Ratio	76.1%	77.6%	-1.5%	75.4%	77.4%	-2.0%
Return on Equity	9.0%	8.2%	0.8%	9.0%	7.8%	1.2%
Return on Assets	0.9%	0.9%	-	0.9%	0.9%	-
Earnings per share	59k	52k	7k	60k	53k	7k

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 255 Sales and Service Centers across Nigeria and over 925 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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