

For Immediate Release

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Union Bank of Nigeria Plc: Group Unaudited Financial Statements for the Half Year ended June 30, 2024

LAGOS, NIGERIA – Union Bank Plc. has released its unaudited financial statements for the half-year ended June 30, 2024. The main highlights are as follows.

Bank Financial Highlights:

- **Gross Earnings:** up 58% to **₦333bn** (**₦210.5bn** in H1 2023), driven by robust growth in earning assets from lending to critical sectors of the economy and diversification of deposits mix.
- **Net Operating Income after Impairments:** Up 32% to **₦143.6bn** (**₦108.5bn** in H1 2023)
- **Non-Interest Income:** Marginally reduced by 3% to **₦108.3bn** (**₦112.1bn** in H1 2023) due to foreign exchange revaluation loss
- **Profit Before Tax:** Rose 20% to **N79.8 billion** in H1 2024, from **N66.5 billion** in H1 2023 and **N71.8 billion** in FY 2023, showing strong growth.
- **Operating Expenses:** Up by 52% to **₦63.8bn** (**₦42bn** in H1 2023), resulting from the inflationary environment, an increase in power costs, and an increase in non-discretionary regulatory costs.
- **Gross Loans:** Up 24% at **₦1.93trn** (**₦1.55trn** in Dec 2023)
- **Customer Deposits:** Up marginally 1% at **₦2.36trn** (**₦2.34trn** in Dec 2023), reflecting the impact of the socio-economic pressures in our operating environment

It is noteworthy that the bank's financial performance was achieved despite the challenging environment following the Central Bank of Nigeria's intervention in January 2024, which led to heightened customer concerns. This accomplishment demonstrates the bank's resilience and commitment to delivering results in uncertain times.

Commenting on the results, **Yetunde B. Oni**, Managing Director and Chief Executive Officer, said:

"I am pleased that Union Bank of Nigeria has delivered a progressive financial performance in the first half of the year, with a significant boost in Net Interest Income, Net Operating Income, and Net Trading Income.

At the beginning of the year, our top priority was to keep the momentum going with a strong focus on stability following the intervention of the Central Bank of Nigeria. We also continued with the planned strategic priorities, which are centred around scaling our digital play, driving hypergrowth in target sectors, optimising our wholesale bank structure, aggressively ensuring recoveries of past-due obligations, and orchestrating a robust ecosystem play through existing and new partnerships.

So far, we are seeing the direct impact of our strategy on our financial performance. We achieved a substantial increase in Gross Earnings by 58% to ₦333bn compared to ₦210.5bn in H1 2023. Net Operating Income after Impairments increased by 32% to ₦143.6bn from ₦108.5bn in H1 2023, attributed to enhanced interest income, fees, commissions, and margin expansion. Similarly, we achieved Profit Before Tax (PBT) of ₦79.8bn, representing 20% growth compared to ₦66.5bn in H1 2023.

*In pursuit of our strategic priority to scale our digital play, Union Bank successfully launched its digital lending platform, UnionKash. This platform enables existing and new-to-bank customers to access soft loans easily. Since its launch in the first quarter of the year, over 14,000 customers have successfully accessed soft loans through the USSD code *826*41#.*

These achievements reflect the remarkable resilience and dedication of our staff, who have been instrumental in navigating the challenges of a demanding operating environment. Despite the pressures of inflation, exchange rate volatility, and increased operational costs, our team has remained steadfast and committed to delivering excellence. I extend my sincere appreciation to all our employees for their hard work and unwavering dedication, which have been critical to our success in the first half of 2024.

I also want to express our deep gratitude to our customers, whose loyalty to the Union Bank brand has been unwavering. Their trust and continued patronage have been vital to our success, and we remain committed to serving them with excellence. Additionally, we acknowledge the invaluable support from our regulators as we navigated the complexities of our operating environment.

In line with the realities of our environment, the bank has initiated the process of recapitalisation. The Banking Sector Recapitalisation Program, introduced by the Central Bank of Nigeria (CBN), mandates banks to increase their minimum paid-in common equity capital to a specified amount by April 2026, per their license category and authorisation. This strategic initiative is not only aimed at aligning our capital adequacy with regulatory standards but also at surpassing them, thereby fortifying our financial stability and positioning us to capitalise on emerging market opportunities.

As we move forward, our focus remains on building a controlled, compliant, and profitable organisation. We are committed to maintaining strong governance frameworks, ensuring regulatory compliance, and driving sustainable profitability. These pillars will not only fortify our financial stability but also position us to capitalise on emerging opportunities in the market. I am confident that with our continued focus on these priorities, we will sustain our positive momentum and deliver long-term value to our stakeholders.”

Speaking on the H1 2024 numbers, Acting Chief Financial Officer **Oluwagbenga Adeoye** said:

“Our H1 2024 financial performance is a testament to the Bank’s resilience because it came on the backdrop of a slow start, occasioned by the effect of inflation on the economy, exchange rate volatility, increased power costs and other factors.

Nevertheless, we were not entirely insulated from these shocks as Non-Interest Income reduced marginally in H1 2024 by 3% to ₦108.3bn from ₦112.1bn in H1 2023 due to foreign exchange revaluation loss. Operating Expenses increased by 52% to ₦63.8bn against ₦42bn in H1 2023, majorly due to the high inflationary environment, increased power cost and increased non-discretionary regulatory cost. Notwithstanding, our Cost to Income Ratio

remains below 50% at 44% compared to 39% recorded in H1 2023 on the back of implementing planned cost-efficiency initiatives.

The Bank continued to grow its loan book cautiously, with gross loans increasing by 24% to ₦1.93trn compared to ₦1.55trn in December 2023. Customer deposits grew marginally by 1% to ₦2.36trn from ₦2.34trn in December 2023, reflecting the impact of the challenges posed by the socio-economic environment on our operations.

In the second half of the year, we will focus on improving efficiency and driving our non-interest income. We are confident that we will finish the year strong and sustain the returns on equity and returns on assets, which stood at 40.6% and 3.68%, respectively.

Financial Summary

	BANK			GROUP		
Balance Sheet (in billions of Naira)	Jun-24	Dec-23	Change	Jun-24	Dec-23	Change
Total Assets	4,541.0	4,233.8	7.3%	4,543.1	4,235.2	7.3%
Gross Loans & Advances	1,934.4	1,559.1	24.1%	1,934.4	1,559.1	24.1%
Customer Deposits	2,363.8	2,340.3	1.0%	2,357.1	2,333.6	1.0%
Shareholders' Funds	408.5	361.9	12.9%	409.0	362.2	12.5%
Ratios						
Non-Performing Loan Ratio	3.69%	3.9%	0.23	3.69%	3.9%	0.23
Net Asset Value per share	N13.96	N12.37	1.59	N14.23	N12.64	1.58
Capital Adequacy	9.1%	7.1%	2.0%	N/A	N/A	N/A

	BANK				GROUP		
Income Statement (in billions of Naira)	FY 2023	H1 2024	H1 2023	Change	H1 2024	H1 2023	Change
Gross Earnings	393.6	330.0	210.5	58.2%	333.2	211.6	57.5%
Net Interest Income	59.1	81.1	28.4	185.7%	81.2	28.8	181.6%
Non-Interest Income	138.0	108.3	112.1	-3.3%	108.4	112.7	-3.8%
Credit Impairment	(58.5)	(45.8)	(32.0)	-43.1%	(45.8)	(32.0)	-43.1%
Operating Expenses	98.0	63.8	42.0	52.0%	63.9	42.1	51.7%
Profit Before Tax	71.8	79.8	66.5	20.1%	79.9	67.4	18.6%
Profit After Tax	65.9	77.3	64.7	19.6%	77.5	65.6	18.0%
Ratios							
Cost to Income Ratio	57.7%	44.4%	38.7%	-5.7%	44.4%	38.5%	-6.0%
Return on Equity	22.1%	40.6%	40.5%	0.1%	39.8%	40.5%	-0.7%
Return on Assets	2.05%	3.68%	4.22%	-0.5%	3.68%	4.28%	-0.6%
Earnings per share	225k	264k	221k	43k	264k	221k	43k

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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Note to Editors:

About Union Bank Plc:

Established in 1917 and listed on the Nigerian Stock Exchange in 1971, Union Bank of Nigeria Plc. is a household name and one of Nigeria's long-standing and most respected financial institutions. The Bank is a trusted and recognisable brand with an extensive network of over 300 branches across Nigeria. The Bank currently offers a variety of banking services to both individual and corporate clients, including current, savings and deposit account services, funds transfer, foreign currency domiciliation, loans, overdrafts, equipment leasing and trade finance. The Bank also offers customers convenient electronic banking channels and products, including Online Banking, Mobile Banking, Debit Cards, ATMs, and POS Systems.

More information can be found at: www.unionbankng.com

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