



Union Bank of Nigeria Plc

Group Unaudited Financial Statements for the Nine Months Ended September 30, 2020

LAGOS, NIGERIA – November 18, 2020 - Union Bank, one of Nigeria's longest standing and most respected financial institutions, announces its unaudited financial statements for the quarter ended September 30, 2020.

Bank Financial Highlights:

- **Profit before tax:** up 2% to ₦15.9bn (from ₦15.5bn in 9M 2019).
- **Gross earnings:** up 6% to ₦118.8bn (from ₦111.9bn in 9M 2019), driven by an increase in earning assets.
- **Interest income:** up 1% at ₦85.4bn (from ₦84.9bn in 9M 2019).
- **Net interest income before impairment:** up 15% to ₦41.7bn (from ₦36.4bn in 9M 2019), driven by increase in earnings assets and lower interest expense.
- **Non-interest income:** up 23% to ₦33.4bn (from ₦27.1bn in 9M 2019), supported by increased trading income and asset revaluation gains.
- **Net operating income:** up 1% to ₦69.3bn (from ₦68.7bn in 9M 2019).
- **Operating expenses:** relatively flat at ₦53.4bn (from ₦53.2bn in 9M 2019), despite currency depreciation, inflationary pressures and unplanned Covid-19 related expenses.
- **Gross loans:** up 14% to ₦678.0bn (from ₦595.3bn in Dec 2019), reflecting the impact of our targeted lending to the real sector.
- **Customer deposits:** up 28% to ₦1.1tr (from ₦886.3bn in Dec 2019) reflecting gains on our investments in customer-led products and digital channels which resulted in the acquisition of over 600K new-to-bank customers and deepening of wallet share of existing customers.

Commenting on the results, Emeka Emuwa, CEO said:

“Notwithstanding the realities of a tougher operating environment arising from the ripple effects of the Covid-19 pandemic, the Bank delivered a 6% growth in gross earnings from ₦111.9 billion in 9M 2019 to ₦118.8 billion in 9M 2020. In addition, net interest income before impairment rose by 15% to ₦41.7 billion, while non-interest income grew by 23% to ₦33.4 billion.

We reached a major milestone as our customer deposits crossed the ₦1 trillion mark this quarter, growing by 28% to ₦1.1 trillion compared to ₦886.3 billion at the end of 2019. This reflects increasing customer loyalty and our intense retail drive. Our customer acquisition strategy has been reinforced by the versatility of our digital platforms and channels which continue to drive customer satisfaction.



We grew our loan book by 14% to ₦678.0 billion from ₦595.3 billion in December 2019 as we cautiously extended credit to the real sector. We will continue to explore bankable lending opportunities in the Nigerian economy guided by our robust risk management practices.

The civil unrest which erupted in October and led to significant destruction of property and small businesses across the country, will have real impact on business and the operating environment; and even as restrictions have eased, Covid-19 also remains a present threat in our day to day operations.

Heading into the final stretch in 2020, our overarching commitment is to the health and wellbeing of our employees and the safety of our customers. Showing up for our communities is also at the core of who we are and therefore we will work with our partners and through our corporate citizenship initiatives to support individuals, businesses and our communities where we operate as we begin to rebuild and heal as a country.

Speaking on the 9M 2020 numbers, Chief Financial Officer, Joe Mbulu said:

“Union Bank’s nine-month results reflect the strength and resilience of the business. Our Profit Before Tax (PBT) grew by 2% to ₦15.9 billion, from ₦15.5 billion in the previous period.

Our operating expenses were relatively flat year-on-year at ₦53.4 billion, compared to ₦53.2 billion in 9M 2019 despite inflationary pressures on cost and higher regulatory costs. This reflects continuing focus on cost management.

Our asset quality continues to improve with Non-Performing Loans (NPLs) down to 3.6% from 5.8% as at December 2019, supported by ongoing efforts to diversify our loan book to include viable businesses and households. Our Capital Adequacy Ratio remains robust at 19.5%, well above the regulatory threshold.

With the \$40 million (USD) financing secured from the International Finance Corporation for on-lending to trade finance customers, we are continuing to expand our funding engagements with DFIs to support our strategic business initiatives.

For the rest of the year, we remain focused on our business priorities in the face of the Covid-19 challenge and will continue to leverage increasing customer loyalty, stronger digital platforms and channels as well as solid risk management structure to deliver on our objectives.”



Financial Summary

	GROUP			BANK		
Balance Sheet <i>(in billions of Naira)</i>	Sep-20	Dec-19	Change	Sep-20	Dec-19	Change
Total Assets	2,235.2	1,872.2	19%	2,106.4	1,712.0	23%
Gross Loans & Advances	678.0	595.3	14%	678.0	595.3	14%
Customer Deposits	1,131.7	886.3	28%	1,131.9	886.3	28%
Shareholders' Funds	262.5	252.3	4%	240.4	231.2	4%
Ratios						
Coverage Ratio (incl. regulatory risk reserves)	216%	138%	78%	216%	138%	78%
Loan to Deposit Ratio	60%	67%	-7%	60%	67%	-7%
Non-Performing Loan Ratio	3.6%	5.8%	-2.2%	3.6%	5.8%	-2.2%

	GROUP			BANK		
Income Statement <i>(in billions of Naira)</i>	9M 2020	9M 2019	Change	9M 2020	9M 2019	Change
Gross Earnings	121.4	117.1	4%	118.8	111.9	6%
Net Interest Income	42.1	36.9	14%	41.7	36.4	15%
Non-Interest Income	33.5	26.5	26%	33.4	27.1	23%
Credit Impairment	(6.1)	4.8	-228%	(6.1)	4.7	-228%
Operating Expenses	(53.6)	(53.4)	0.3%	(53.4)	(53.2)	0.4%
Profit Before Tax from Continued Operations	16.2	15.3	6%	15.9	15.5	2%
Profit After Tax from Continued Operations	15.8	15.1	5%	15.5	15.3	1%
Ratios						
Net Interest Margin	5.1%	5.8%	-0.7%	5.1%	5.8%	-0.7%
Cost to Income Ratio	77.1%	78.3%	1.2%	77.5%	78.0%	0.5%
Return on Equity	7.8%	8.8%	-1.0%	8.8%	9.8%	-1.0%
Return on Assets	1.0%	1.3%	-0.3%	1.1%	1.4%	-0.3%
Capital Adequacy Ratio				19.5%	19.9%	0.4%
Earnings Per Share	54k	51k	3k	53k	53k	

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 240 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

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