



TURBOCHARGED
FOR SUCCESS



9M 2021
Results Presentation

October 2021

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Union Bank at a Glance



Financial



Total Assets **₺2.5tn**



Total Equity **₺249bn**

People



Customers

7.3m



Employees

2.2k



Ratings



Agusto&Co

Research, Credit Ratings, Credit Risk Management

A-



GCR

BBB+

FitchRatings

B-

Channels

UnionMobile



3.3m

UnionOnline



1.3m

Cards



6.7m

POS



5.8k

UnionDirect



20.4k

ATM



938

Branches



258

Presentation Outline



1 The Operating Environment

2 Union Bank Update

3 9M 2021 Financial Performance

4 Looking Ahead

1 The Operating Environment

2 Union Bank Update

3 9M 2021 Financial Performance

4 Looking Ahead



Emeka Okonkwo
CEO

Overview of the Nigerian Economy



Macro Updates

- **Economy grew by 5.0% YoY in Q2 2021**, driven by a rebound in services and continued growth in agriculture
- **Reserves increased by ~\$3bn MoM to \$36.7bn** in September, driven by IMF receipts. The balance currently stands at \$40bn boosted by the FG's issuance of \$4bn Eurobonds.
- Oil price continues to trend above the \$70 mark recording **\$74.6/bbl** in September 2021.
- **Inflation declined for the 6th consecutive month to 16.6%** in September 2021 from 17.0% in August



Regulatory Trends

- **CBN retained rates in September 2021** to sustain positive and inclusive real GDP growth.
 - MPR – 11.5%
 - CRR – 27.5%
 - LR – 30%
- **CBN has set Nov 2021** as the deadline for banks to begin parallel run of the **Basel III criteria**
- **CBN launched eNaira** on Oct 25 after it was earlier postponed from Oct 1, and N500m minted for the launch
- **CBN issued guidelines to sanction BVN violators** to deter infractions in the BVN process



Socio- Political Trends

- **CBN through the DCRR intervention to disburse an additional N15bn to the N45bn previously disbursed to fund Blue Line railway project in Lagos**
- On Oct 7, Buhari presented the **2022 budget of economic growth and sustainability of N16.4tn** (vs N14.6bn in 2021)
- **CBN to support the healthcare sector with additional N100bn**
- FIRS announces plans to introduce **Road Infrastructure Tax** to improve the informal sector's contribution to taxes



Consumer Trends

- **Currency pressures taking a toll on commodity prices** (commodities with import content up 20.2% YTD in September 2021)¹.
- **Average price for refilling a 15kg cylinder for LPG (Cooking Gas)** increased by 50% YoY in Sep 21
- **Increased adoption of cashless payments as POS transactions continue to trend higher** (N3tn in H1 21 vs N2.7tn in H1 20)
- **Consumer spending continues to be weighed down** by high unemployment and high inflation

Macroeconomic Overview



Real GDP Growth Rate (%)



- The economy expanded by 5.01% in Q2 2021, recording a 3rd consecutive expansion from Q4 2020
- IMF revised Nigeria's 2021 growth forecast from 1.5% to 2.5%

Inflation (%)



- Inflation dropped for the sixth consecutive month to close at 16.6% in September 2021 from 17.0% in August 2021.

External Reserves (\$'bn)



- Reserves increased by ~\$3bn QoQ in September 2021 driven by drawdowns on IMF's \$3.4bn Special Drawing Rights (SDR) allocation and rising crude prices.

Crude Oil (Bonny Light) (\$/barrel)



- Upward trajectory of oil prices in September following an energy crisis in some parts of Europe, hurricanes in the Gulf of Mexico and rising natural gas prices resulting in increased demand for crude products

Exchange Rate (IEFX) (N/\$)



- The parallel market widened in September 2021 to ~N570/\$, following the stoppage of FX sale to Bureau de Change operators at the end of July

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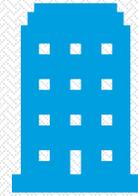
Emeka Okonkwo
CEO

9M 2021 Highlights: Strong synergies across customer segments



Corporate

- Net revenue up marginally by 1% YoY (N20.1bn vs N19.9bn) driven by an increase in fees and commissions
- 32% YTD growth in deposits (N414bn vs N313bn in Dec 2020) driven by increase in CASA deposits
- 15% YTD growth in loans (N624bn vs N541bn in Dec 20)
- 44% YoY increase in trade volumes to \$634m (vs. \$441m in 9M 2020)



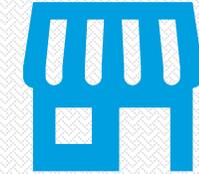
Business Banking

- Net revenue declined marginally by 3% YoY (N9.7bn vs N9.3bn) due to lower net interest income
- 11% YTD growth in deposits (N199bn vs N178bn in Dec 2020) and 30% YTD growth in loans (N153bn vs N118bn in Dec 2020) as the new structure shows positive results
- 69% YoY increase in trade volumes to \$227m (vs \$133m in 9M 2020)



Retail

- Net revenue up by 19% YoY (N21.0bn vs N17.6bn) largely due to an increase in NRFF and fees and commissions
- 19% YTD increase in loans (N74bn vs N62bn)
- 6% YTD increase in deposits to N571bn (vs N540bn in Dec 2020) driven by the Save and Win Palli campaign
- Hosted a refresher training for UnionDirect Agents with over 1.8k agents in attendance



SME

- Net revenue increased by 6% (N2.5bn vs N2.4bn) due to an increase in fees and commissions
- 14% YTD increase in deposits to N78bn (N69bn in Dec. 2020) driven by increase in current and Dom CASA deposits
- 83% YTD growth in loans (N6.6bn vs. N3.6bn)
- 331% YoY growth in trade volumes (\$13.2m vs. \$3.1m) driven by an increase in import related transactions

9M 2021 Highlights: Steady channel growth and transaction metrics



Channel Update



UnionMobile

Mobile Users **↑** 23% (3.3m vs 2.7m)
Volume **↑** 98% (162.2k vs 81.9k)
Value **↑** 78% (N1.8tn vs N1.0tn)



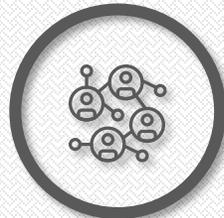
Union360

Union360 users **↑** 13% (23.6k vs 20.8k)
Volume **↑** 24% (1,039k vs 836k)
Value **↑** 15% (N1,885bn vs N1,637bn)



POS

POS count **↓** 4% (5.8k vs 6.0k)
Volume **↑** 58% (11.6m vs 7.3m)
Value **↑** 64% (N90.2bn vs N55.2bn)



UnionDirect

Agents **↑** >100% (20.4k vs 8.8k)
Volume **↑** >100% (38.1m vs 9.5m)
Value **↑** >100% (N686bn vs N196bn)

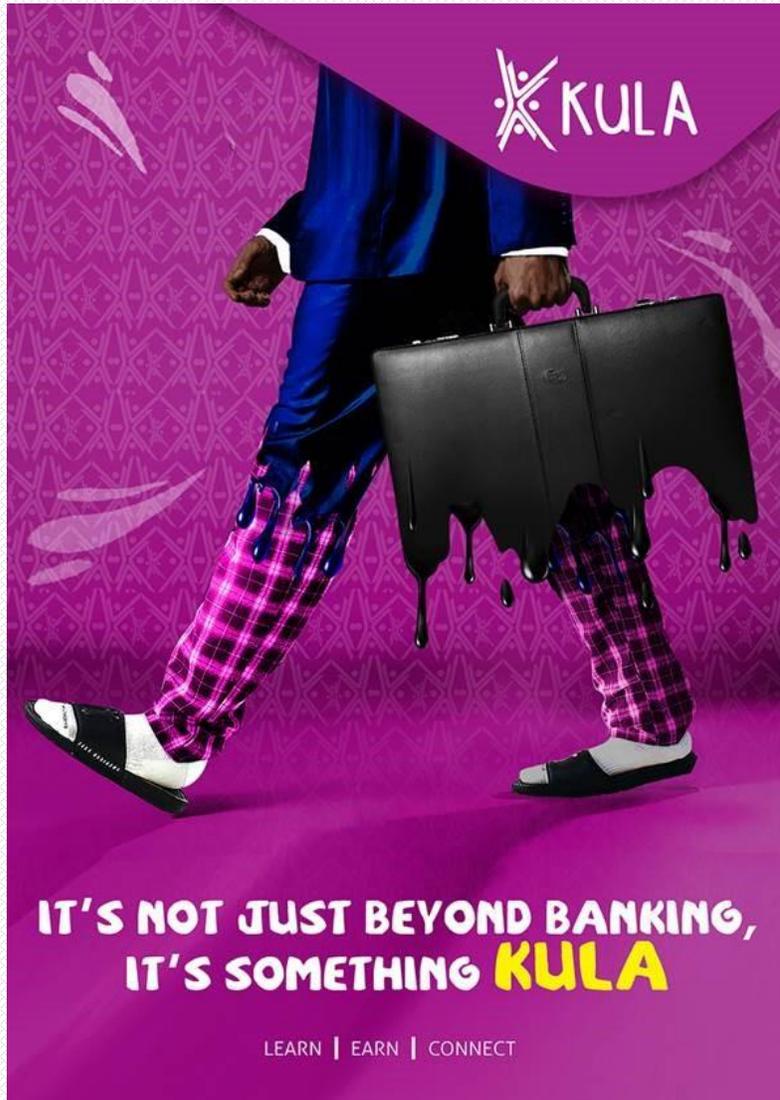


ATM*

ATMs **↓** 0% (938 vs 940)
Volume **↓** 11% (32.8m vs 37.0m)
Value **↓** 7% (N222bn vs N238bn)

9M 2021 Highlights: Launched and Revamped Digital Products

Kula – A Digital Marketplace to Learn, Grow and Earn



Networking

Gig Market

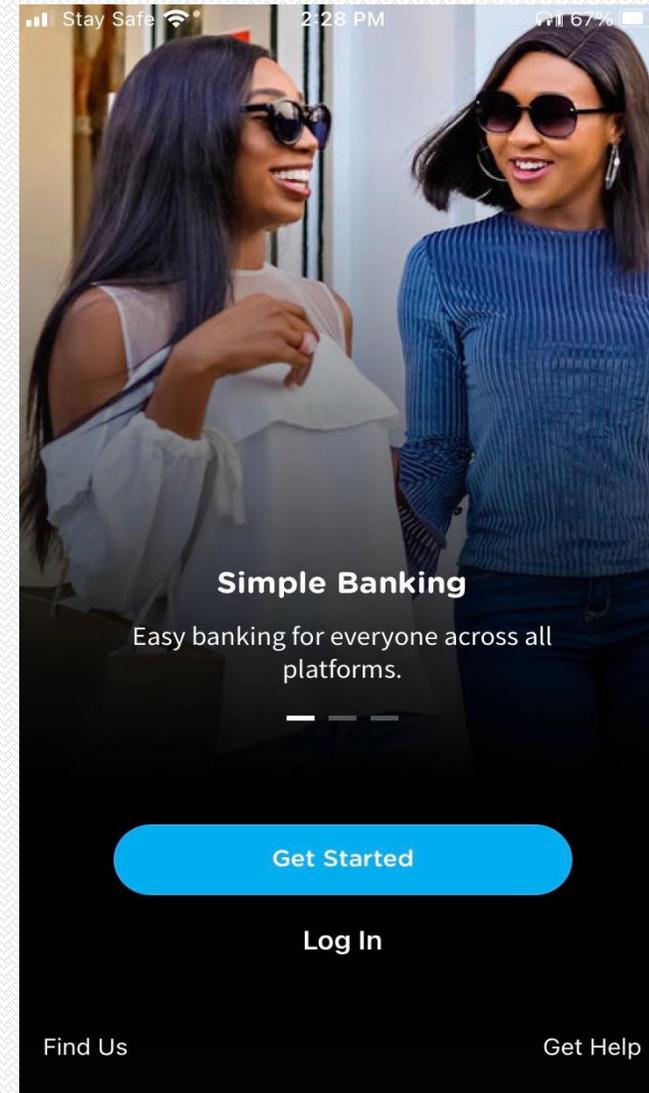
E-Learning

Wallet (Naira and Dollar)

Loans

Virtual Cards

Union Mobile – New Features



Hide/Display account number

Transaction Dispute without visiting the branch

Refreshed User Interface (UI)

Education



40 Social Innovators
empowered through
partnership with LEAP Africa



40 Students trained
In partnership with Awarri on
robotics and artificial
intelligence in the Next
Robotics Legend Challenge

Diversity & Inclusion



Disbursed >26.1k loans
to women and women led
businesses



41% of branches
accessible to physically
challenged persons

Environmental Impact



142
Solar Powered Branches
(111 at FY 2020)



Over 55% of total ATMs
are Solar Powered

Employee Engagement



150 attendees
In the 1st edition of the Wehub
Café Conversation series
(a platform to highlight growth
opportunities for female
employees, and promote
organizational loyalty)

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Joe Mbulu
CFO

9M 2021 Highlights: Key Performance Indicators



Income Statement		9M'21	9M'20	% Change
	Gross Earnings (₱'bn)	121.8	118.8	↑ 2.5%
	Net Revenue after Impairments (₱'bn)	71.1	69.3	↑ 2.7%
	Profit Before Tax (PBT) (₱'bn)	16.0	15.9	↑ 0.6%
Balance Sheet		Sep'21	Dec'20	% Change
	Customer Deposits (₱'bn)	1,284.4	1,131.1	↑ 13.6%
	Gross Loans (₱'bn)	855.7	736.7	↑ 16.2%
Key Ratios		9M'21	9M'20	% Change
	Return on Average Equity (ROAE)	8.2%	8.8%	↓ 0.6%
	Return on Assets (ROA)	0.9%	1.1%	↓ 0.2%
	Capital Adequacy Ratio (CAR)*	15.8%	17.5%	↓ 1.7%
	Cost to Income Ratio (CIR)	77.6%	77.1%	↑ 0.5%
	Non-Performing Loans (NPL)*	4.7%	4.0%	↑ 0.7%

*Balance Sheet Ratio as at Dec. 2020

9M 2021 Performance – Bank Financial Summary



		Sep-21	Dec-20	Variance
Balance Sheet (₹ 'bn)	Assets	2,495.7	2,073.8	421.9
	Gross Loans and Advances	855.7	736.7	119.0
	Customer Deposits	1,284.4	1,131.1	153.3
Key Ratios	NPL Ratio	4.7%	4.0%	0.7%
	Capital Adequacy Ratio	15.8%	17.5%	-1.7%
	Coverage Ratio*	151.2%	149.0%	2.2%

		9M'21	9M'20	Variance
Income Statement (₹ 'bn)	Gross Earnings	121.8	118.8	3.0
	Net Interest Income	31.5	41.7	-10.2
	Non-Interest Income	42.0	33.4	8.6
	Credit/Other Impairment Charge	(2.4)	(5.8)	3.4
	Operating Expenses	(55.2)	(53.4)	-1.8
	Profit Before Tax	16.0	15.9	0.1
	Profit After Tax	15.2	15.5	-0.3
Key Ratios	Net Interest Margin	3.0%	5.1%	-2.1%
	Cost to Income Ratio	77.6%	77.1%	0.5%
	Return on Equity	8.2%	8.8%	-0.6%
	Return on Assets	0.9%	1.1%	-0.2%
	Net Asset Value per share	₹8.5	₹8.5	₹0
	Earnings Per Share	52k	53k	1k

*Coverage Ratio – Excludes prior year adjustment

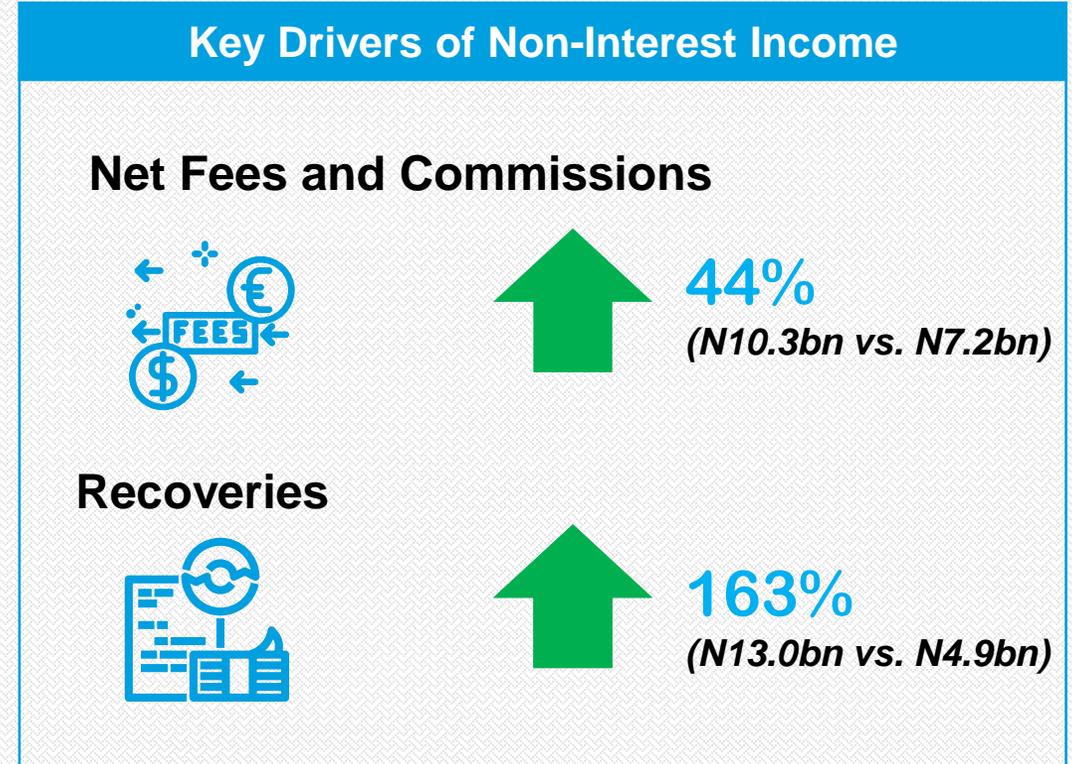
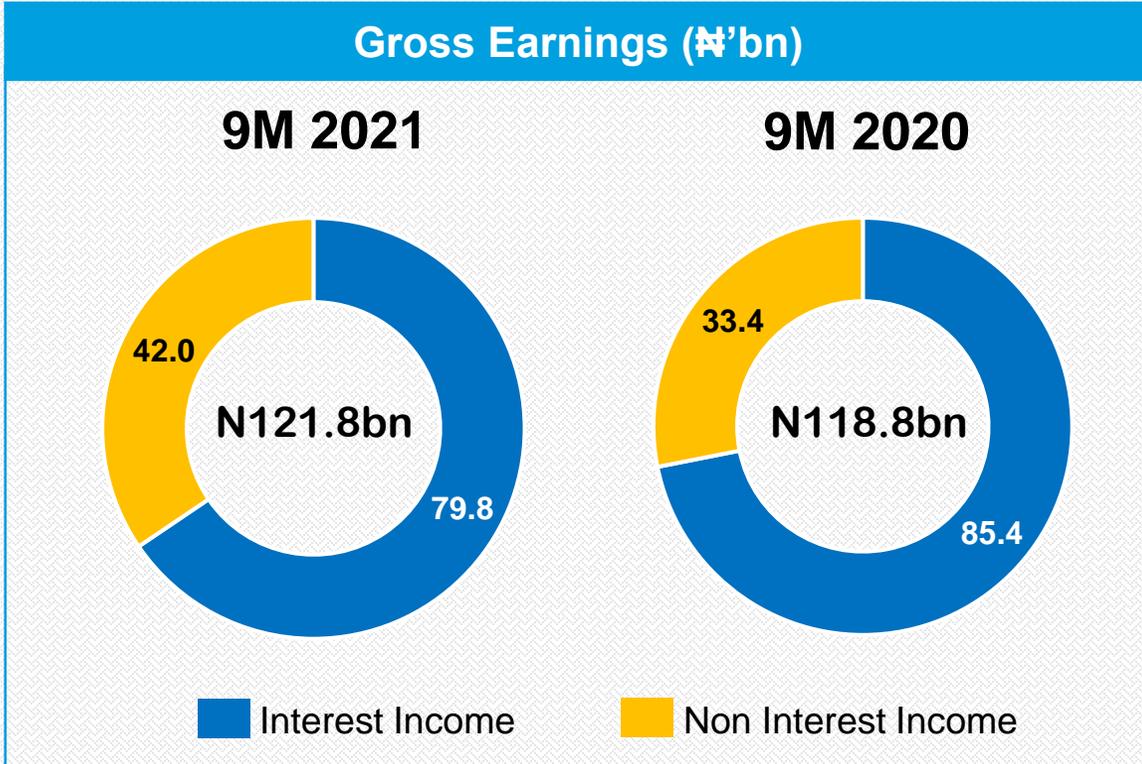
9M 2021 Performance – Group Financial Summary



		Sep-21	Dec-20	Variance
Balance Sheet (₱ 'bn)	Assets	2,561.0	2,191.0	370.0
	Gross Loans and Advances	855.7	736.7	119.0
	Customer Deposits	1,279.8	1,126.3	153.5
Key Ratios	NPL Ratio	4.7%	4.0%	0.7%
	Capital Adequacy Ratio	N/A	N/A	N/A
	Coverage Ratio	151.2%	149.0%	2.2%

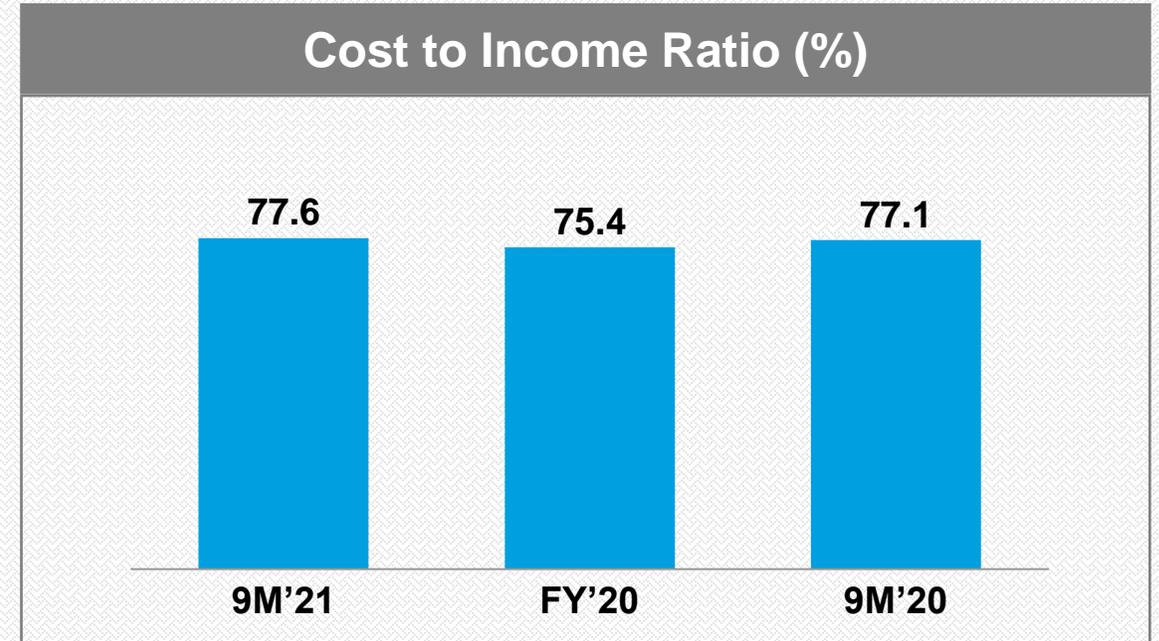
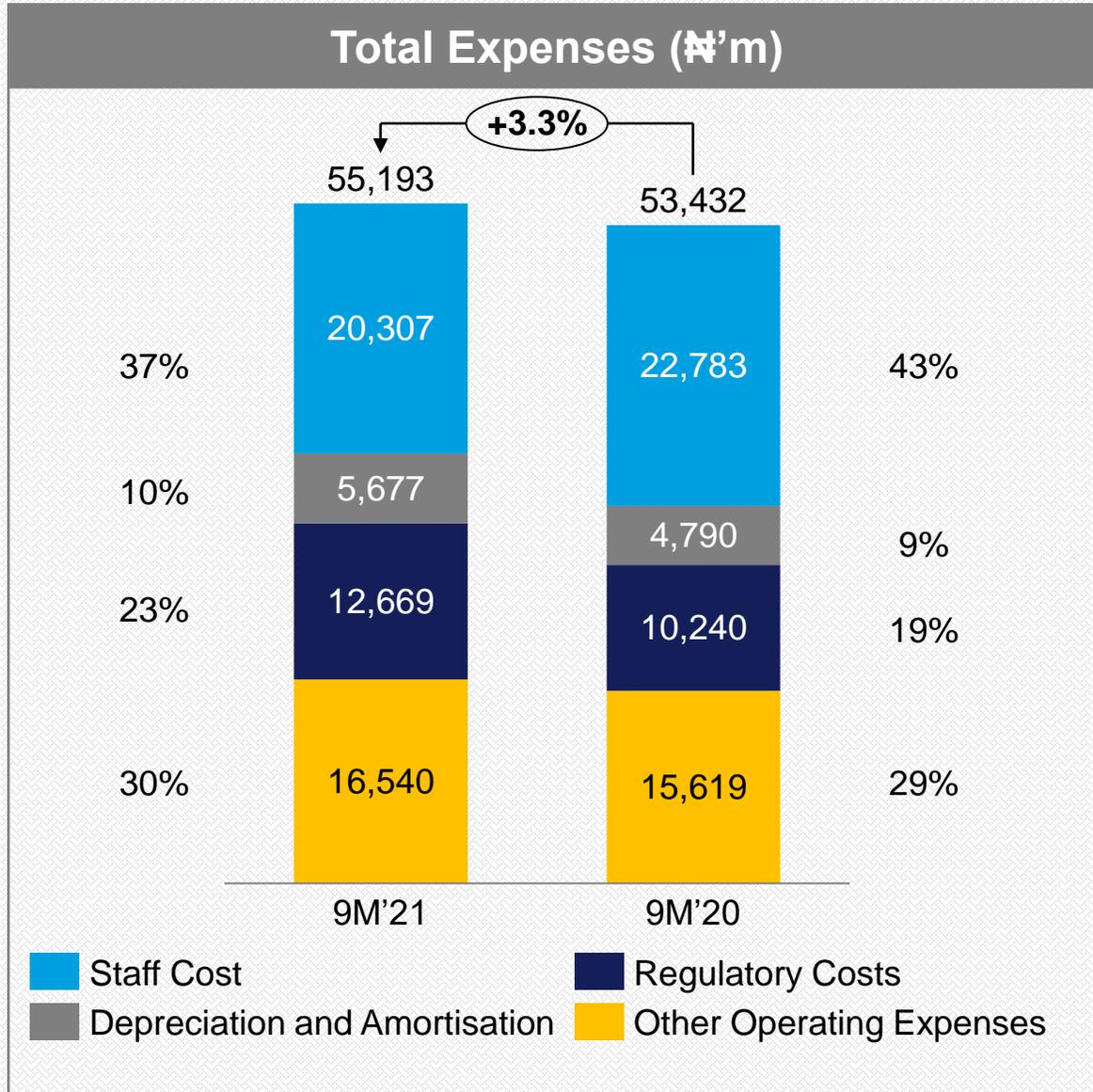
		9M'21	9M'20	Variance
Income Statement (₱ 'bn)	Gross Earnings	123.1	121.4	-5.5
	Net Interest Income	31.8	42.1	-7.7
	Non-Interest Income	42.1	33.5	5.1
	Credit/Other Impairment Charge	(2.4)	(5.8)	5.2
	Operating Expenses	(55.3)	(53.6)	-1.5
	Profit Before Tax	16.2	16.2	0.1
	Profit After Tax	15.4	15.9	0.1
Key Ratios	Net Interest Margin	3.0%	5.1%	-2.1%
	Cost to Income Ratio	77.4%	76.8%	0.5%
	Return on Equity	7.8%	7.8%	0%
	Return on Assets	0.9%	1.0%	-0.1%
	Net Asset Value per share	N8.5	N8.5	N0
	Earnings Per Share	53k	54k	1k

*Coverage Ratio – Excludes prior year adjustment



- Gross Earnings increased by 2.5% from N118.8bn in 9M'20 to N121.8bn in 9M'21 driven by a 26% increase in non-interest income, primarily from net fees & commissions and recoveries
- Interest Income down by 6.6% from N85.4bn to N79.8bn reflecting the impact of relatively low risk asset margins
- Growth in net fees and commissions majorly driven by a 42% and 22% YoY increase in account maintenance and e-business fees respectively.
- Contribution of Non-Interest Income to revenue continues to trend upwards (35% in 9M'21 vs. 28% in 9M'20)

Operating Expenses

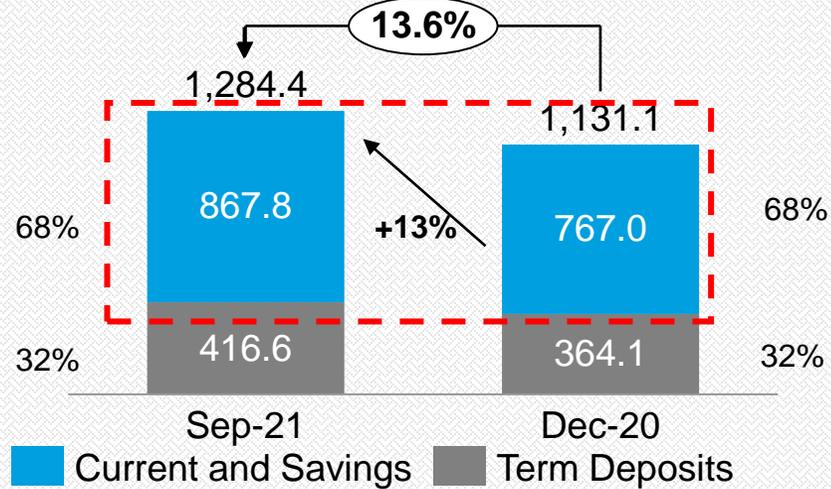


- OPEX increased by 3.3% YoY reflecting higher non-discretionary regulatory costs as well as depreciation and amortisation costs from technology spend
- Cost to income Ratio (CIR) increased by 50bps from 77.1% in 9M 2020 to 77.6% in 9M 2021.

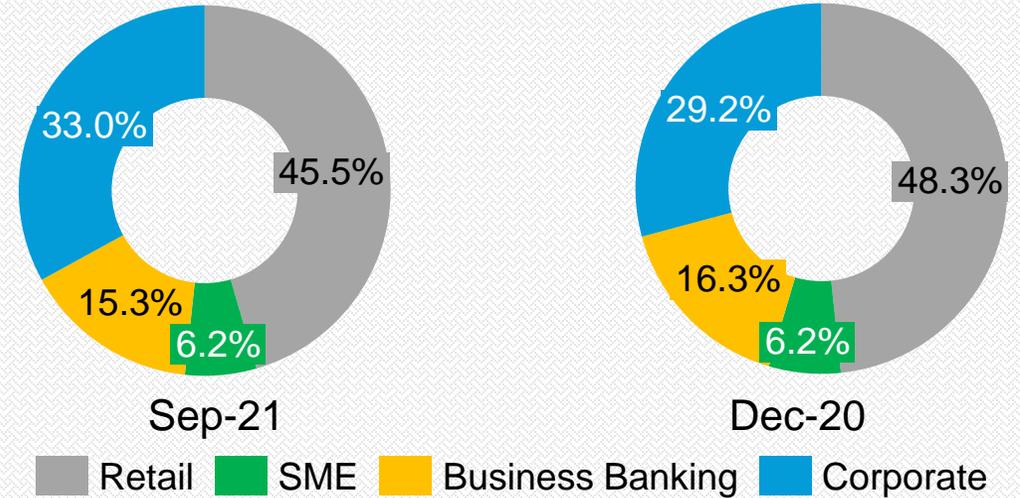
Funding Mix



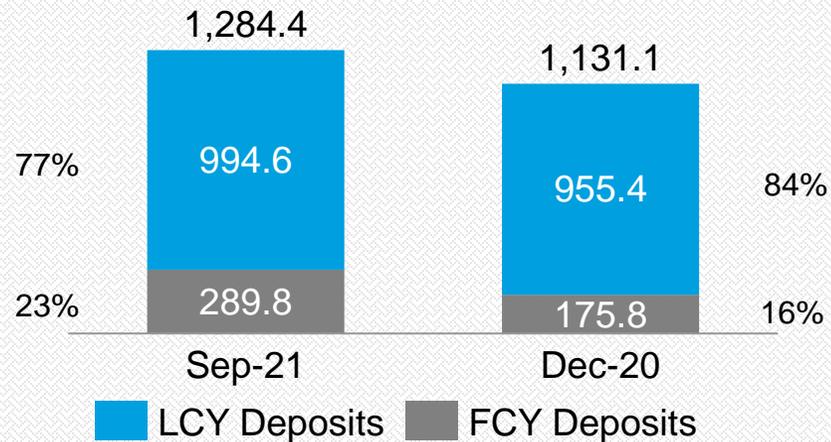
Customer Deposits (₹'bn)



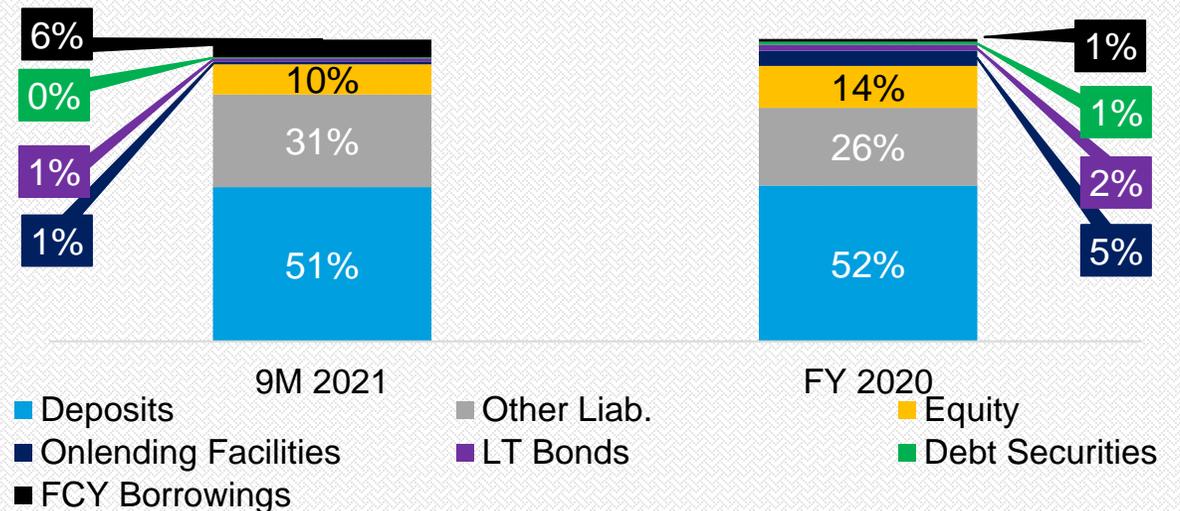
Deposits by Segment (₹'bn)



Deposits by Currency (₹'bn)

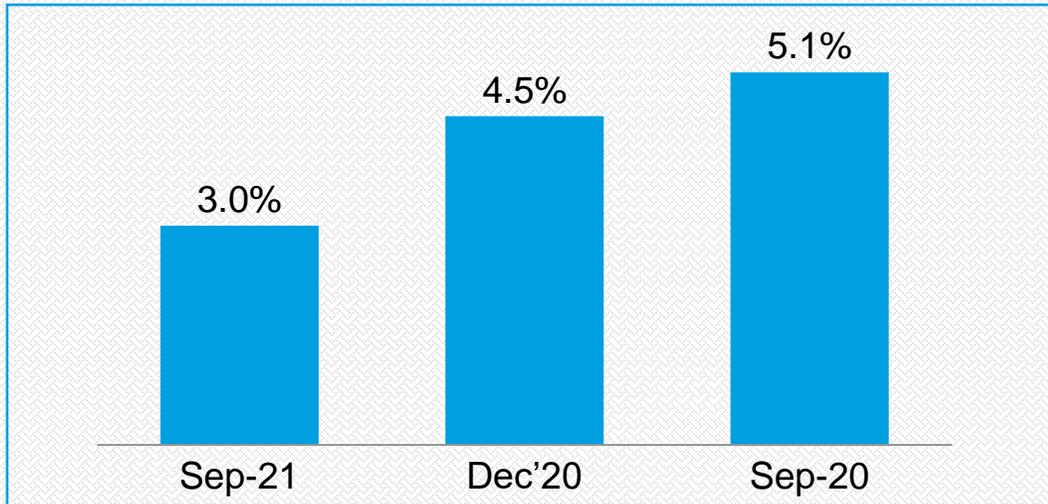


Funding Mix (Sep 2021)

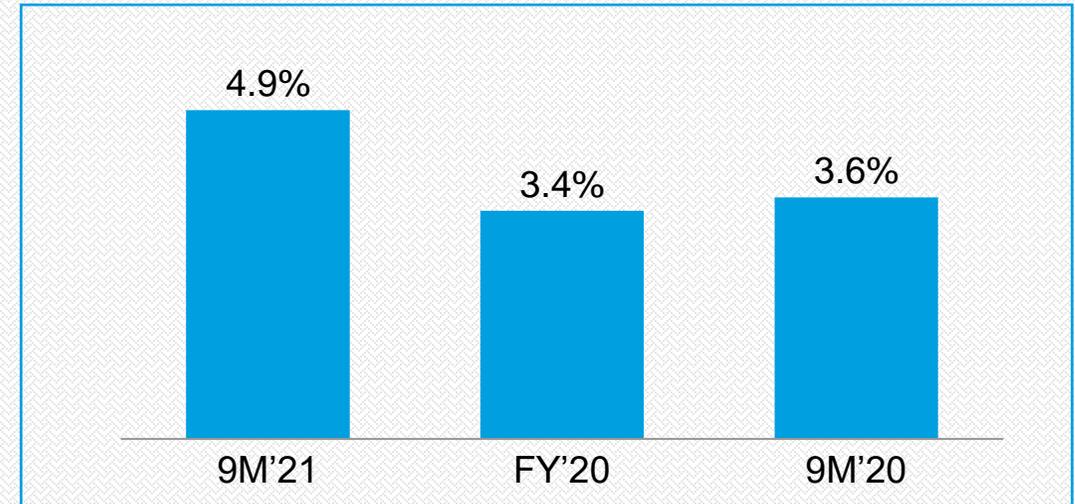


Margins

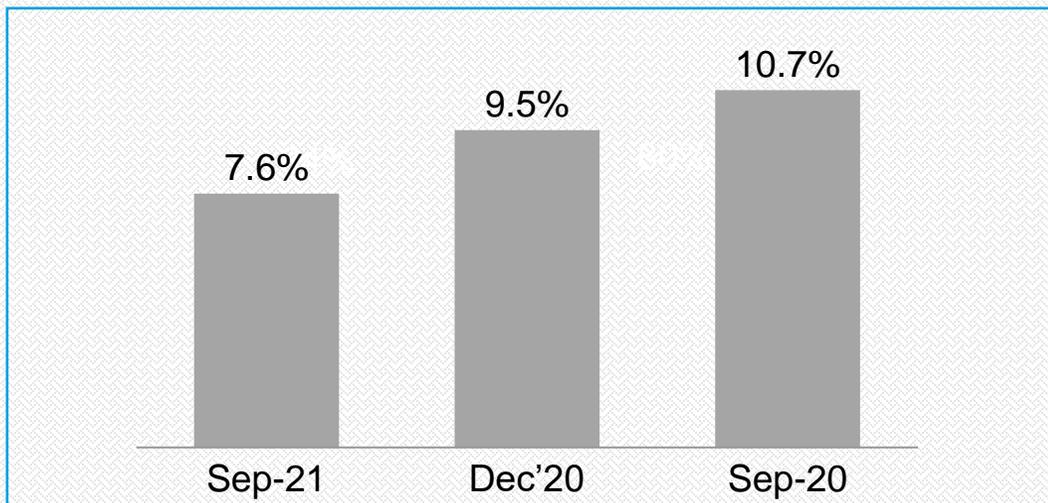
Net Interest Margin



Cost of Funds

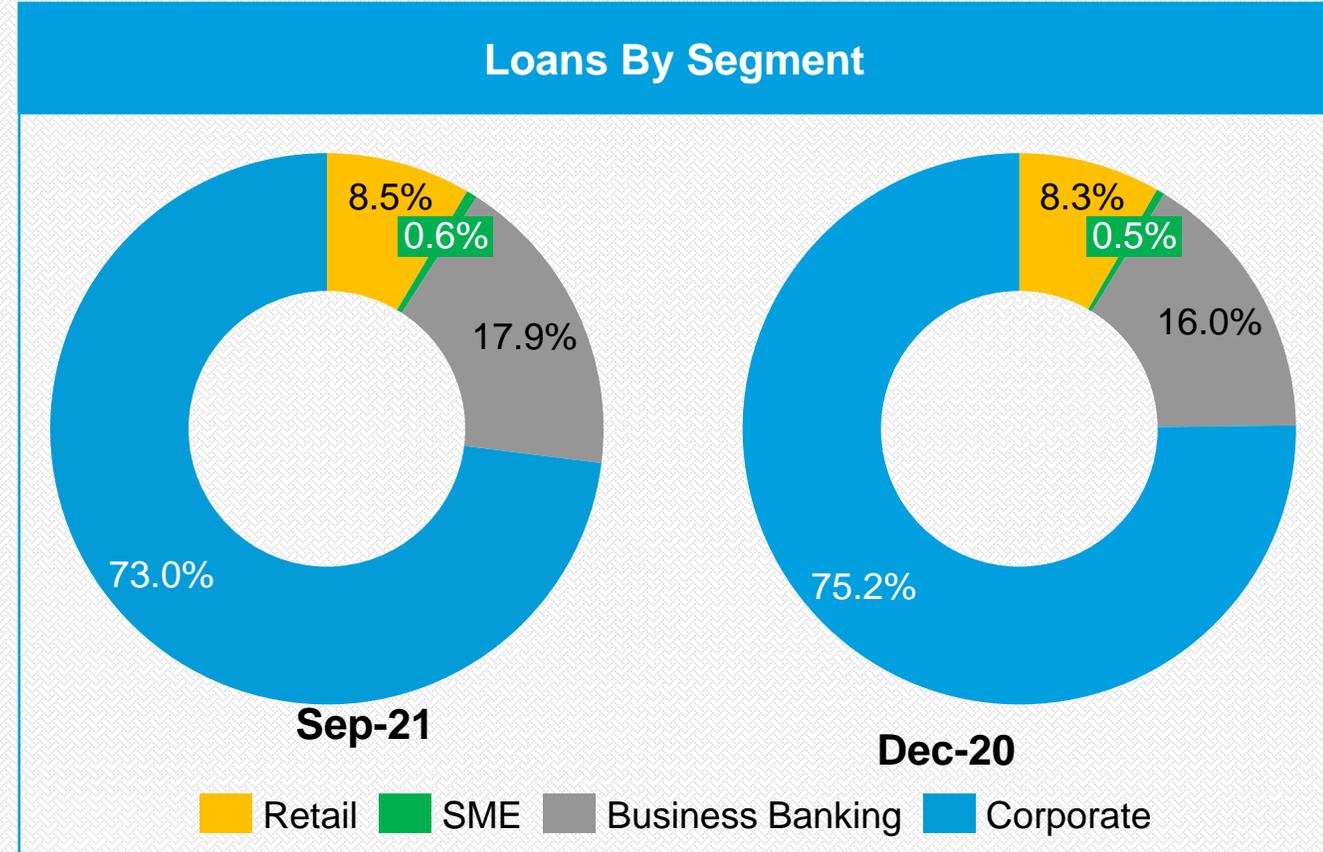
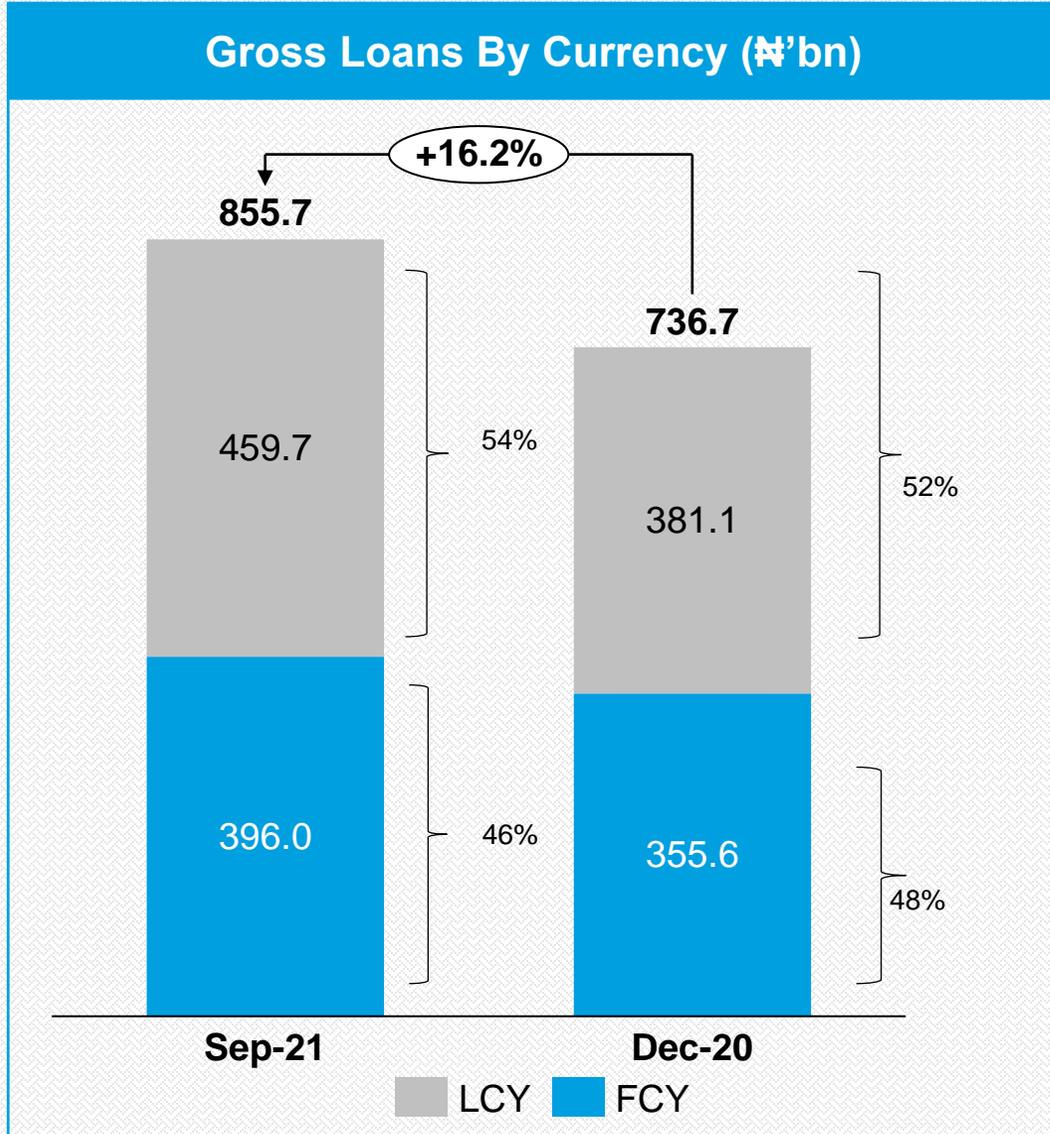


Yield on Interest Earning Assets



- The moderation in yield on interest earning assets and NIM was due to lower interest/lending rates.

Optimized loan portfolio with increasing focus on business banking



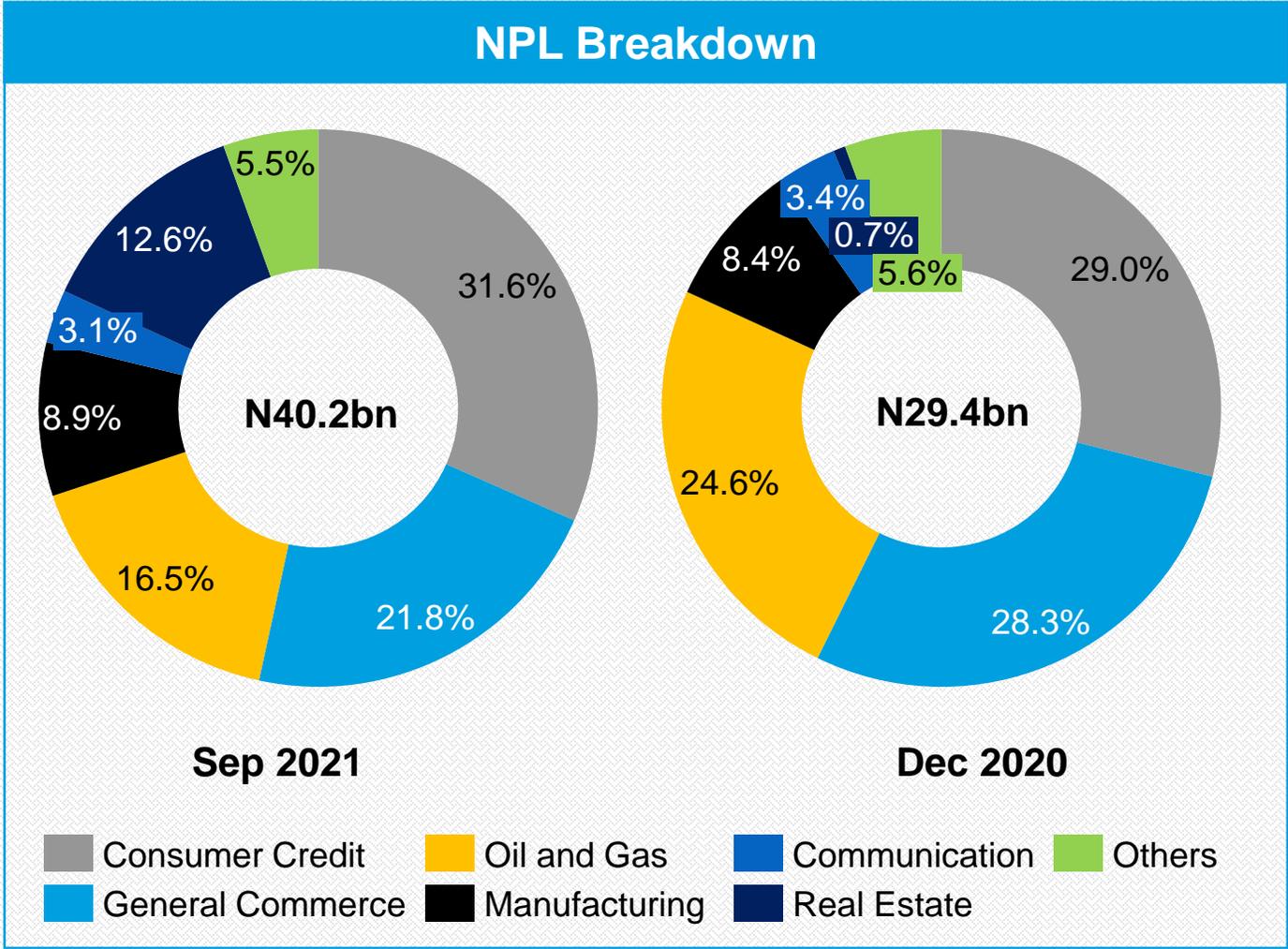
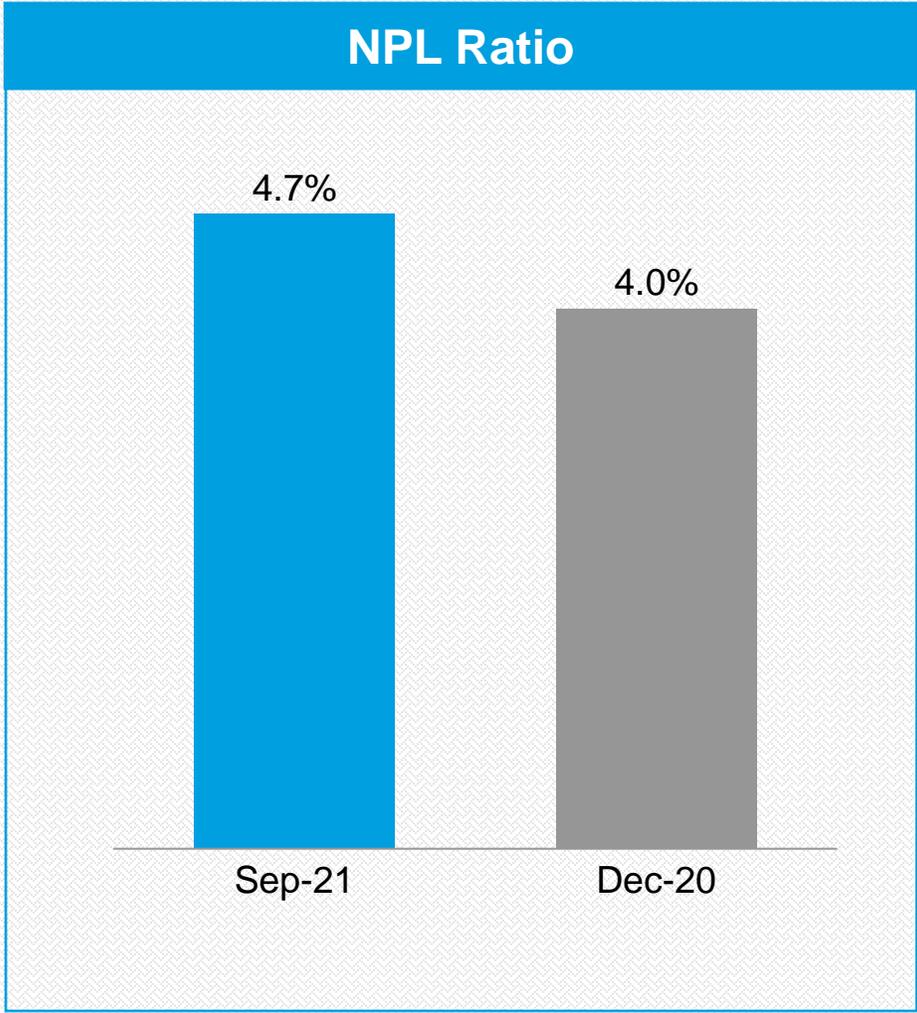
- Gross loans to customers grew by 16% YTD as we continue to lend to key segments in the economy within the set risk criteria.

Diversified loan portfolio



	Sep'21	Dec'20
 Oil and Gas	26.7%	30.7%
 Manufacturing	22.6%	19.0%
 Consumer Credit	8.5%	8.3%
 General Commerce	10.4%	12.0%
 Power	7.5%	8.3%
 Real Estate	5.4%	4.9%
 Communication	4.0%	5.2%
 Agriculture	3.6%	1.9%
 Education	0.4%	0.6%
 Others	10.8%	10.9%

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

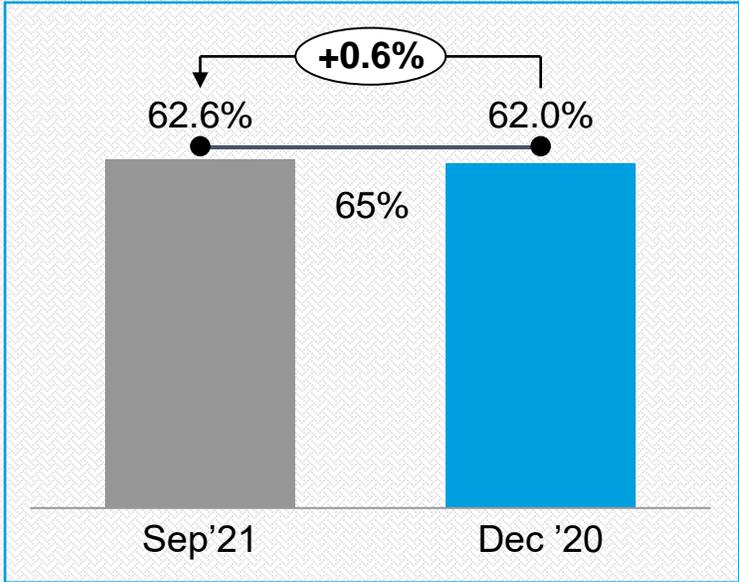


1. Others includes Power, Government, Agriculture, Real Estate, Education, Finance and Insurance, Human health and Social work.

Key ratios above regulatory requirements

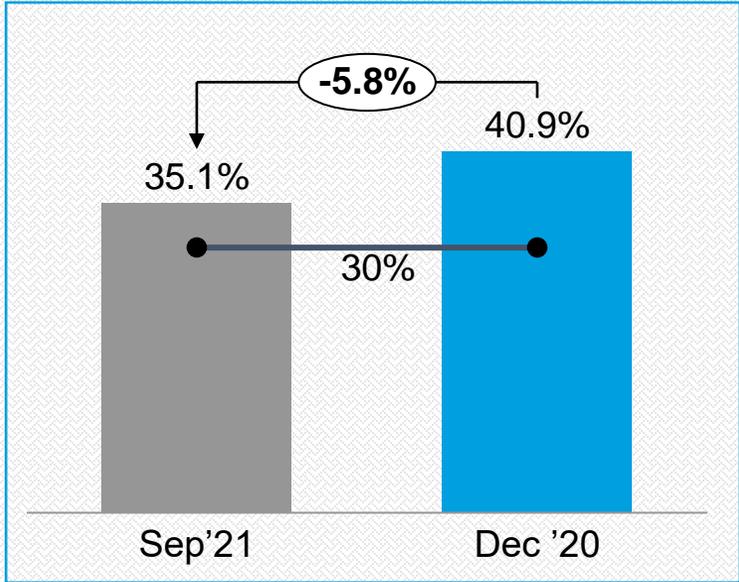


Loan to Deposit Ratio



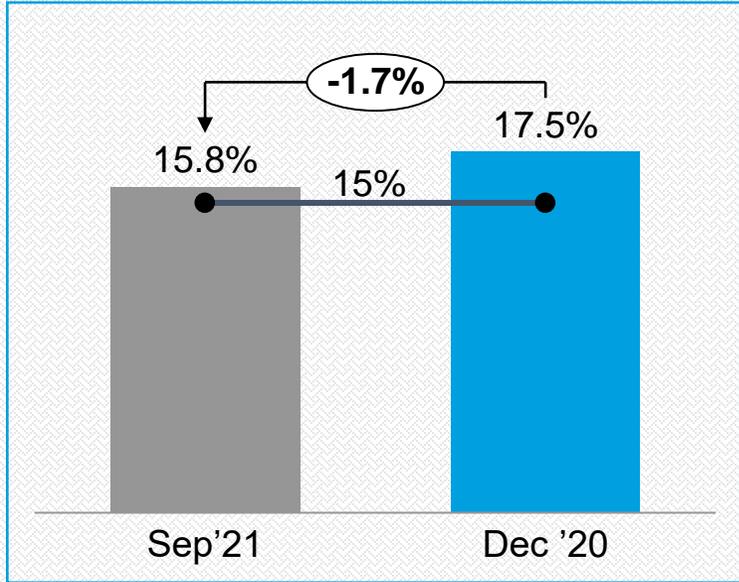
●—● CBN Minimum

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

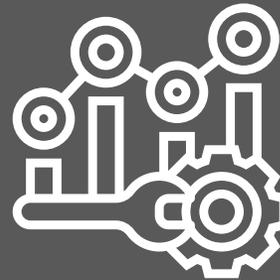


Growing Customer Acquisition, Engagement & Transactions



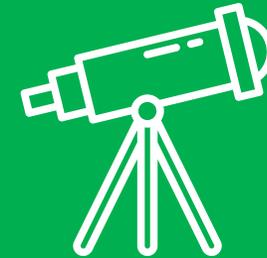
*Customer segment strategies
Build & monetise ecosystems*

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

We will continuously leverage our strong risk management framework to deliver value to stakeholders



Risk

Mitigation Actions

1

Liquidity

- Focus on raising longer term liabilities in local and foreign currency
- Continuous engagement with FCY funding partners to maintain existing credit lines
- Working with our customers to effectively hedge all key exposures

2

Asset
Quality

- Ongoing portfolio review and obligor engagement in vulnerable sectors towards possible restructuring with CBN's forbearance
- Heightened early problem recognition especially for vulnerable areas (e.g. oil & gas, trade)
- Intensifying support for key sectors via local currency lending - healthcare, local manufacturing
- Leverage CBN intervention funds available to key sectors to drive lending
- Ongoing stress testing of portfolio with oil price and exchange rate sensitivities

3

Profitability

- Grow lending to essential sectors - healthcare, local manufacturing, FMCG
- Intensify digital efforts and incentivize usage of channels for efficiency
- Intensify cost optimization efforts

A Group
Financials

B Bank
Financials

A Group
Financials

B Bank
Financials

9M 2021 Performance: Group Profit and Loss Statement



N million	9M'21	9M'20	Δ
Gross earnings	123,099	121,385	1%
Interest income	79,911	85,611	-7%
Interest expense	(48,129)	(43,507)	11%
Net interest income	31,782	42,104	-25%
Net impairment charge for credit losses	(2,701)	(6,096)	-56%
Net interest income after impairment charge	29,081	36,008	-19%
Net fee and commission income	10,335	7,186	44%
Net trading income	6,606	11,886	-44%
Cash recoveries	12,994	4,944	163%
Other operating income	12,181	9,463	29%
Non interest income	42,116	33,479	26%
Operating income	71,197	69,486	2%
Net impairment write-back on other financial assets	340	306	11%
Operating Expenses	(55,344)	(53,583)	3%
Profit before tax	16,193	16,209	0%
Profit for the year	15,421	15,842	-3%

9M 2021 Performance: Group Balance Sheet



N million	Sep-21	Dec-20	Δ
	N million	N million	
ASSETS			
Cash and cash equivalents	395,635	270,707	46%
Financial assets at fair value through profit or loss	10,971	52,212	-79%
Pledged assets	127,023	100,007	27%
Derivative assets held for risk management	2,809	520	440%
Loans and advances to customers at amortised cost	809,128	692,803	17%
Investment securities	355,547	351,862	1%
Trading properties	187	187	0%
Investment properties	5,218	4,817	8%
Property and equipment	57,585	57,364	0%
Intangible assets	4,097	5,212	-21%
Right of Use Assets	2,558	2,740	-7%
Deferred tax assets	95,875	95,875	0%
Other assets	621,904	439,952	41%
Defined benefit assets	1,616	1,475	10%
Assets classified as held for sale	70,861	115,292	-39%
TOTAL ASSETS	2,561,014	2,191,026	17%

9M 2021 Performance: Group Balance Sheet (Cont'd)



₺ million	Sep-21	Dec-20	Δ
Liabilities			
Derivative liabilities held for risk management	273	2	13550%
Deposits from banks	-	4,018	-
Deposits from customers	1,279,814	1,126,287	14%
Current tax liabilities	799	797	0%
Deferred tax liabilities	175	280	-38%
Lease Liabilities	1,776	1,812	-2%
Other liabilities	697,287	425,714	64%
Retirement benefit obligations	1,213	996	22%
Debt securities issued	40,257	48,629	-17%
Long term subordinated bond	30,861	29,546	4%
Other borrowed funds	186,485	184,223	1%
Liabilities classified as held for sale	57,486	104,400	-45%
Total Liabilities	2,296,406	1,926,708	19%
Equity			
Share capital and share premium	148,090	148,090	0%
Accumulated losses	23,448	23,399	0%
Other reserves	86,416	86,149	0%
Equity attributable to equity holder	264,608	257,638	3%
Non-controlling Interest	6,654	6,680	0%
Total Liabilities and Equity	2,561,014	2,191,026	17%

A Group
Financials

B Bank
Financials

9M 2021 Performance: Bank Profit and Loss Statement



	9M'21	9M'20	Δ
	₹'million	₹'million	
Gross earnings	121,822	118,793	3%
Interest income	79,791	85,432	-7%
Interest expense	(48,308)	(43,709)	11%
Net interest income	31,483	41,723	-25%
Impairment charge for credit loss	(2,701)	(6,096)	-56%
Net interest income after impairment charge	28,782	35,627	-19%
Net trading income	6,605	11,885	-44%
Net Fees and commissions Income	10,334	7,186	44%
Cash Recoveries	12,994	4,944	163%
Net income from other financial instruments at fair value through profit or loss	6,782	4,870	39%
Other operating Income	5,316	4,477	19%
Non interest income	42,031	33,361	26%
Operating Income	70,813	68,988	3%
Operating expenses	(55,193)	(53,432)	1%
Profit before tax	15,960	15,862	-2%
Profit after tax	15,192	15,511	-2%

9M 2021 Performance: Bank Balance Sheet



N million	Sep-21 N million	Dec-20 N million	Δ
ASSETS			
Cash and cash equivalents	395,635	262,730	51%
Financial assets at fair value through profit or loss	10,971	52,212	-79%
Pledged assets	127,023	100,007	27%
Derivative assets held for risk management	2,809	520	440%
Loans and advances to customers at amortised cost	809,128	692,803	17%
Investment securities	355,547	351,862	1%
Trading properties	187	187	0%
Investment in Subsidiaries	2,195	2,195	0%
Property and equipment	57,566	57,342	0%
Intangible assets	4,097	5,211	-21%
Right of Use Assets	2,558	2,740	-7%
Deferred tax assets	95,875	95,875	0%
Cash reserve requirement	424,862	356,452	19%
Other assets	622,115	83,775	643%
Defined benefit assets	1,616	1,475	10%
Assets classified as held for sale	8,372	8,372	0%
TOTAL ASSETS	2,495,695	2,073,758	20%

9M 2021 Performance: Bank Balance Sheet (Cont'd)



	Sep-21 ₹'million	Dec-20 ₹'million	Δ
Liabilities			
Derivative liabilities held for risk management	273	2	13550%
Deposits from banks	-	4,018	
Deposits from customers	1,284,446	1,131,116	14%
Current tax liabilities	770	778	-1%
Other liabilities	700,485	425,117	65%
Lease Liabilities	1,776	1,812	-2%
Employee benefit obligations	1,211	996	22%
Debt securities issued	40,257	48,629	-17%
Long term subordinated bond	30,861	29,546	4%
Other borrowed funds	186,485	184,223	1%
Total Liabilities	2,246,564	1,826,237	23%
Equity			
Share Capital	14,633	14,633	0%
Share premium	133,457	133,457	0%
Retained earnings/(accumulated losses)	33,176	31,403	6%
Other reserves	67,864	68,028	0%
Total Equity	249,130	247,521	1%
Total Liabilities and Equity	2,495,694	2,073,758	20%



Thank You

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