

INVESTOR PRESENTATION H1 2022 FINANCIAL RESULTS

July 2022

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Union Bank at a Glance (H1 2022)

Financial Highlights

Total Assets of N2.5tn

Total Equity of N266bn

People

7.8m Customers, (up 4% from Dec '21)

2.0k Employees

Ratings

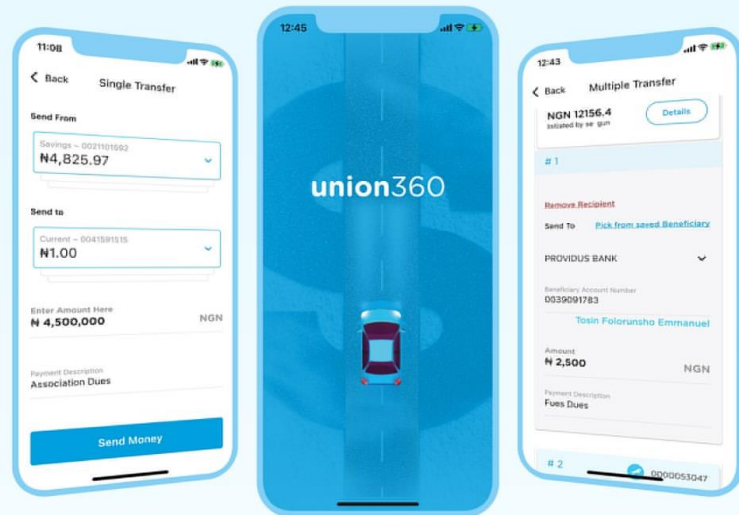
Agusto&Co A -
Research, Credit Ratings, Credit Risk Managemen

GCR BBB+

FitchRatings B -



The Union360 Mobile app is now live!



1 | The Operating Environment

2 | Union Bank Update

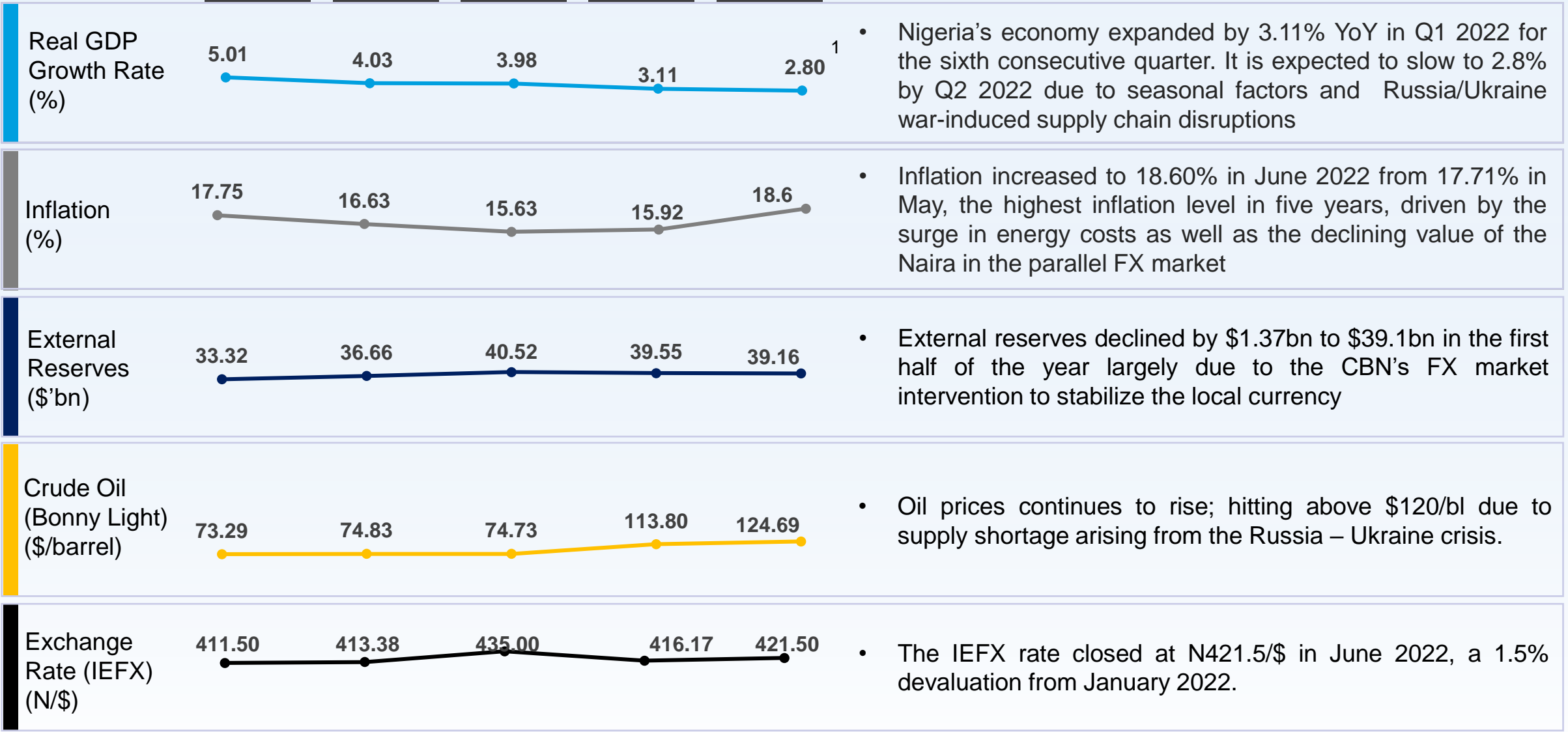
3 | H1 2022 Financial Performance

4 | Looking Ahead



Macroeconomic Overview

Jun-21 Sep-21 Dec-21 Mar-22 Jun-22





Overview of the Nigerian Economy

Macroeconomic Trends

- **Slowing GDP growth** over the last 4 quarters since the recession
- **Declining reserves** in the first half of 2022 despite rising **oil prices**.
 - Oil revenues affected by dwindling oil production due to oil theft in the country
- Oil prices **trending above \$120/bl in June 2022** due to supply shortage arising from the Ukraine – Russia crisis
- **5-year inflation high in June 2022 to 18.6%** attributed to high energy costs and weaker Naira

Regulatory Trends

- **CBN raises MPR** from **11.5% to 13.0%** in May and further to **14%** in July to curb inflation, moderate capital flow reversal and strengthen the Naira
- **CBN raises minimum bid for non-interest asset-backed securities from N1m to N100m**
- **CBN raises online transfer limit to N25m and N250m** for individuals and companies respectively
- CBN issues “**digital financial services awareness guidelines**” to address gaps in consumer knowledge and practices with Digital Financial Services (DFS)

Socio-Political Trends

- **FG approves multiple projects of over ~N15bn to boost power supply across Nigeria**
- **FG approves N400bn** for the expansion of various programmes under the **National Poverty Reduction and Growth Strategy** scheme
- **FG unveils NNPC Ltd.** to sustain Nigeria’s energy security
 - The newly formed company plans to open over **500 retail outlets in 6 months**.
 - NNPC Ltd is expected to list on the stock exchange by mid-2023

Consumer Trends

- **Transportation inflation and high energy costs driving higher cost of living**
 - **Diesel up 181% YoY** in May 2022
 - **Transport inflation at 17.0%** in Jun-22 (vs. 15% in Jun-21)
 - **Average price for refilling a 15kg cylinder for LPG (Cooking Gas) increased by 103%** YoY in May 2022
 - **PMS up 6% to N180/litre** in June 2022



- 1 | The Operating Environment
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H1 2022 Highlights: Strong synergies across customer segments



Corporate

- Deposits up by 14% YTD from N453bn in Dec-21 to N515bn in Jun-22
- Loans up by 1.2% YTD from N649bn in Dec-21 to N657bn in Jun-22
- Net revenue up by 2% YoY to N15.4bn



Commercial

- Deposits up 8% YTD from N234bn in Dec-21 to N248bn in Jun-22
- Loans down by 11% YTD from N170bn to N151bn in Jun-22



Retail

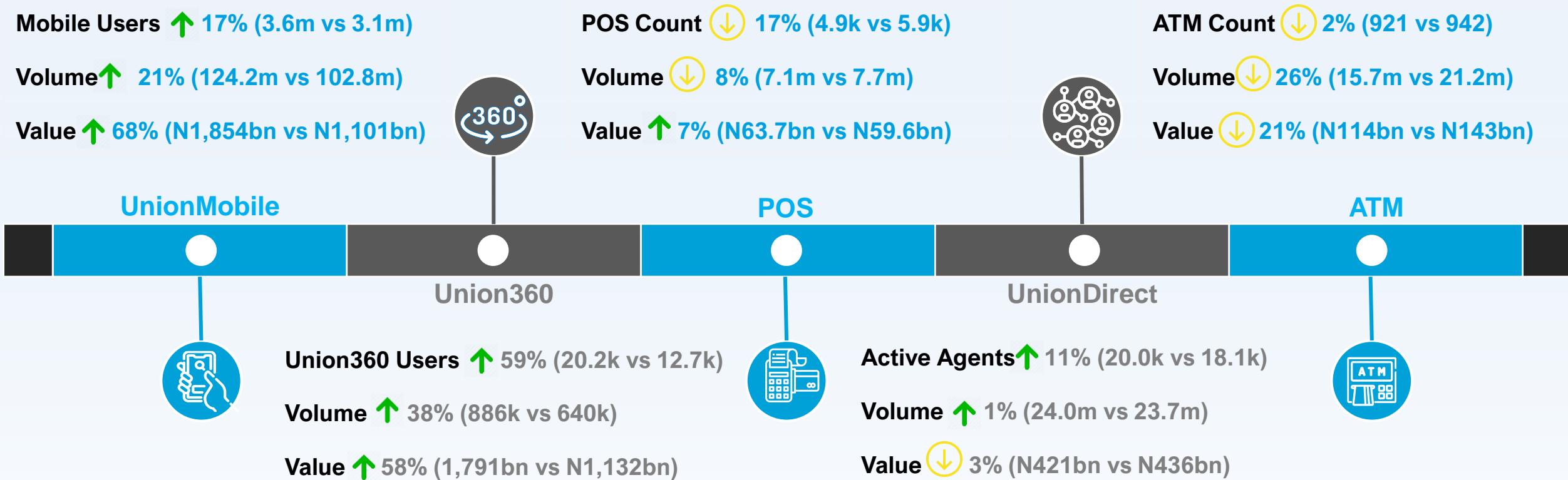
- Deposits up by 3% YTD from N595bn to N612bn in Jun-22
- Loans down marginally by 0.9% YTD from N68.3bn to N67.7bn in Jun-22
- Net revenue up 25% YoY to N16.8bn in Jun-22
- Commenced the second edition of the N55m Save & Win Promo for customers



SME

- Loans increased by 66% YTD from N11.8bn in Dec-21 to N19.3bn in Jun-22
- Deposits increased by 12% YTD from N78.6bn to N87.7bn in Jun-22
- Net revenue increased by 97% YoY to N2.8bn in Jun-22
- Hosted engagements for SME customers across the country on “maximizing your banking relationship”

H1 2022 Highlights: Steady channel growth and transaction metrics



H1 2022 Highlights: New Retail Offerings

Save & Win Palli Promo 2



How to Participate

Existing Customers

Grow existing balance by N10k or more monthly

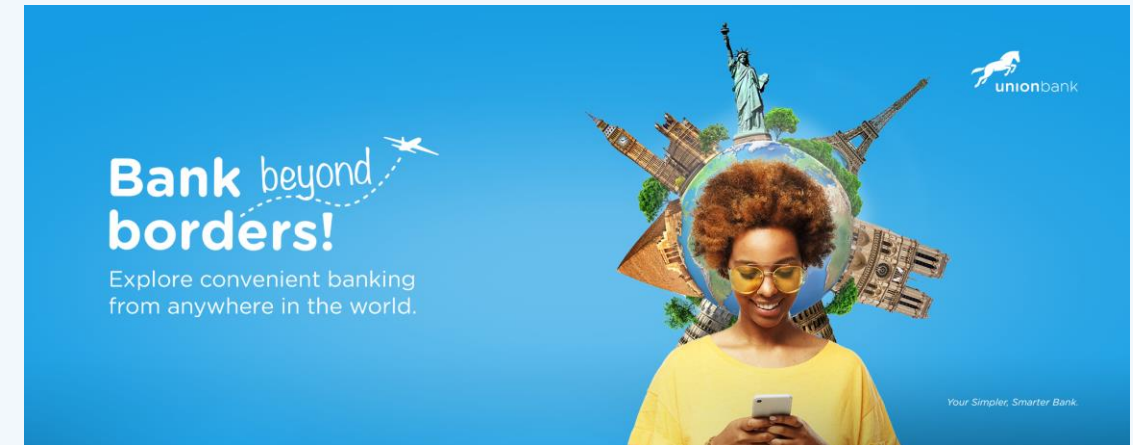
New to Bank

Open a savings or current account and grow balance with a minimum of N10k or more monthly

Dormant/ Inactive

Reactivate accounts, grow and maintain balance with N10k or more monthly

Non-Resident Banking



Diaspora Banking

Dedicated RM

Priority Service

24/7 Digital Banking

Debit Cards

Online Payments

Access ATMs worldwide

Competitive interest rates

Investments

H1 2022 Highlights: Revamped Retail Offerings

Asset Financing



Buy a car or generator using our asset financing loans

Access up to N50 million

Partners – Elizade Motors, CFAO Motors, CIG Motors, Mikano, Autocheck

UnionAce – Domiciliary Account

UnionAce gives you the winning hand

Earn up to 4% on your dollar deposits and a card that gives you the freedom to spend globally.



Contact your Relationship Manager or

[click here to get started.](#)

www.unionbankng.com



Your Simpler, Smarter Bank.

Remittance



Money transfers made easy!

Fast! Secure! Convenient!



Receive money transfers from anywhere in the world directly to your Union Bank account when you use any of our trusted partners



New IMTO Partner - AFTAB

Direct to Account service now available with WorldRemit

H1 2022 Highlights: CSI initiatives

Diversity and Inclusion



- 47% of UBN training spend expended on capacity building for female employees
- 41% of branches are accessible to physically challenged persons
- Provided 10 girls scholarships through partnership with Give Girls A Chance (GGAC)

Education & Innovation



- Over 1.5k students impacted in the 2022 Financial Literacy Day and World Savings Day initiatives
- Launched an innovation hub designed as a co-creation hub for technopreneurs, visionaries, and innovators.
- Partnered with Lifeline Orphanage home to provide formal/ informal education for young boys
- 12 social innovators empowered in the 2nd edition of Mobo Game jam (Edu360 x Kucheza Gaming)

Environmental Impact



- 143 solar powered branches
- 507 solar powered ATMs (>55% of total ATMs)
- Reaffirmed our climate change aspirations in the 2022 World Environmental Day

Employee Engagement



- Over 13,000 retired employees and their spouses are granted access to free medical care
- Over 4,300 employees & their families participated in the virtual fitness events and activities.



Save & Get Rewarded!

Do you want to be a millionaire?

unionbank

unionkorrekt

**It could happen!
Here's how:**
Save all through the year and stand a chance to win up to ₱1 million in our annual draws.

Terms and Conditions apply*

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3 | **H1 2022 Financial Performance**

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H1 2022 Highlights

Income Statement		H1' 22	H1' 21	% Change
	Gross Earnings (₺'bn)	87.4	77.7	↑ 12.5%
	Net Revenue after Impairments (₺'bn)	49.6	48.3	↑ 2.7%
	Profit Before Tax (PBT) (₺'bn)	12.3	11.5	↑ 7.0%
Balance Sheet		H1' 22	FY'21	% Change
	Customer Deposits (₺'bn)	1,456.9	1,361.3	↑ 7.0%
	Gross Loans (₺'bn)	895.3	899.1	↓ 0.4%
Key Ratios		H1' 22	H1' 21	% Change
	Return on Average Equity (RoAE)	9.1%	9.1%	↔
	Return on Assets (ROA)	1.0%	1.1%	↓ 0.1%
	Capital Adequacy Ratio (CAR)	16.4%	16.1%	↑ 0.3%
	Cost to Income Ratio (CIR)	75.2%	76.1%	↓ 0.9%
	Non-Performing Loans* (NPL)	4.4%	4.3%	↑ 0.1%



H1 2022 Highlights: Bank Financial Summary

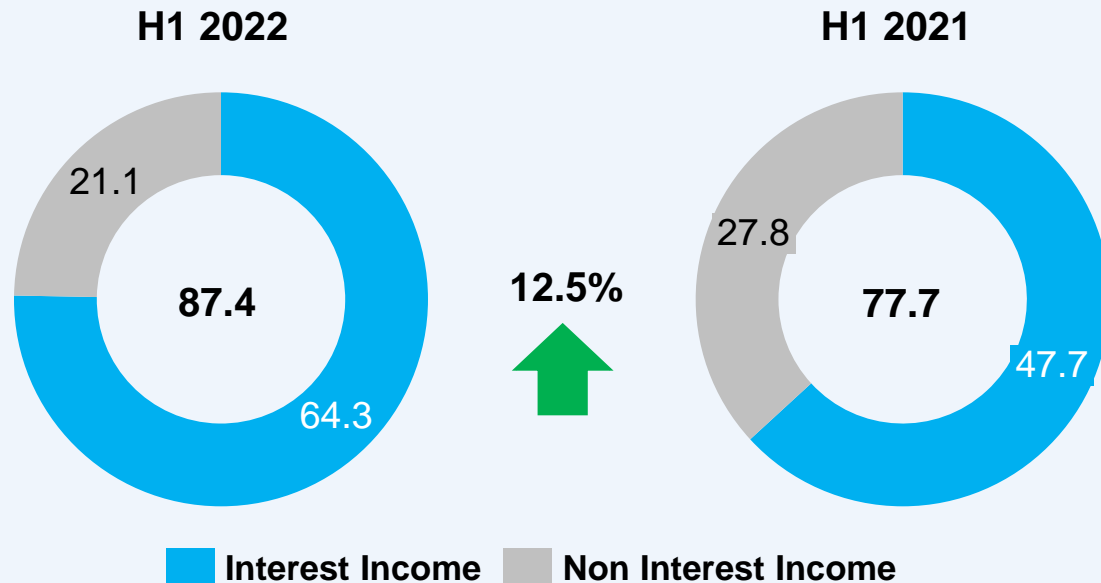
		Jun-22	Dec-21	Variance
Balance Sheet (₹ 'bn)	Assets	2,497.3	2,567.4	-70.1
	Gross Loans and Advances	895.3	899.1	-3.8
	Customer Deposits	1,456.9	1,361.3	95.6
Key Ratios	NPL Ratio	4.4%	4.3%	0.1%
	Capital Adequacy Ratio	16.4%	14.6%	1.8%
	Coverage Ratio	140.7%	166.2%	-25.5%
		H1'22	H1'21	Variance
Income Statement (₹ 'bn)	Gross Earnings	87.4	77.7	9.7
	Net Interest Income	28.7	20.4	8.3
	Non-Interest Income	21.1	27.8	-6.7
	Credit/Other Impairment Charge	0	(0.3)	0.3
	Operating Expenses	(37.3)	(36.8)	-0.5
	Profit Before Tax	12.3	11.5	0.8
	Profit After Tax	11.7	11.0	0.7
Key Ratios	Net Interest Margin	3.0%	3.2%	-0.2%
	Cost to Income Ratio	75.2%	76.1%	-0.9%
	Return on Equity	9.1%	9.1%	-
	Return on Assets	1.0%	1.1%	-0.1%
	Net Asset Value per share	₹9.1	₹8.3	₹0.8
	Earnings Per Share	42k	38k	4k

H1 2022 Highlights: Group Financial Summary

		Jun-22	Dec-21	Variance
Balance Sheet (₹ 'bn)	Assets	2,541.1	2,596.8	-55.7
	Gross Loans and Advances	895.3	899.1	-3.8
	Customer Deposits	1,450.4	1,355.9	94.5
Key Ratios	NPL Ratio	4.4%	4.3%	0.1%
	Capital Adequacy Ratio	16.4%	14.6%	1.8%
	Coverage Ratio	140.7%	166.2%	-25.5%
		H1'22	H1'21	Variance
Income Statement (₹ 'bn)	Gross Earnings	87.7	77.8	9.9
	Net Interest Income	28.9	20.5	8.4
	Non-Interest Income	21.2	27.8	-6.6
	Credit/Other Impairment Charge	0	(0.3)	0.3
	Operating Expenses	(37.4)	(36.9)	-0.5
	Profit Before Tax	12.5	11.6	0.9
	Profit After Tax	11.9	11.1	0.8
Key Ratios	Net Interest Margin	3.0%	3.2%	-0.2%
	Cost to Income Ratio	75.2%	76.2%	-1.0%
	Return on Equity	9.1%	9.1%	-
	Return on Assets	1.0%	1.1%	-0.1%
	Net Asset Value per share	₹9.3	₹8.3	₹1.0
	Earnings Per Share	43k	39k	4k

Earnings across key income lines

Gross Earnings (₦'bn)



Key Drivers of Non-Interest Income (₦'bn)

Trading Income



↑ 55%
(N6.4bn vs. N4.1bn)

Recoveries

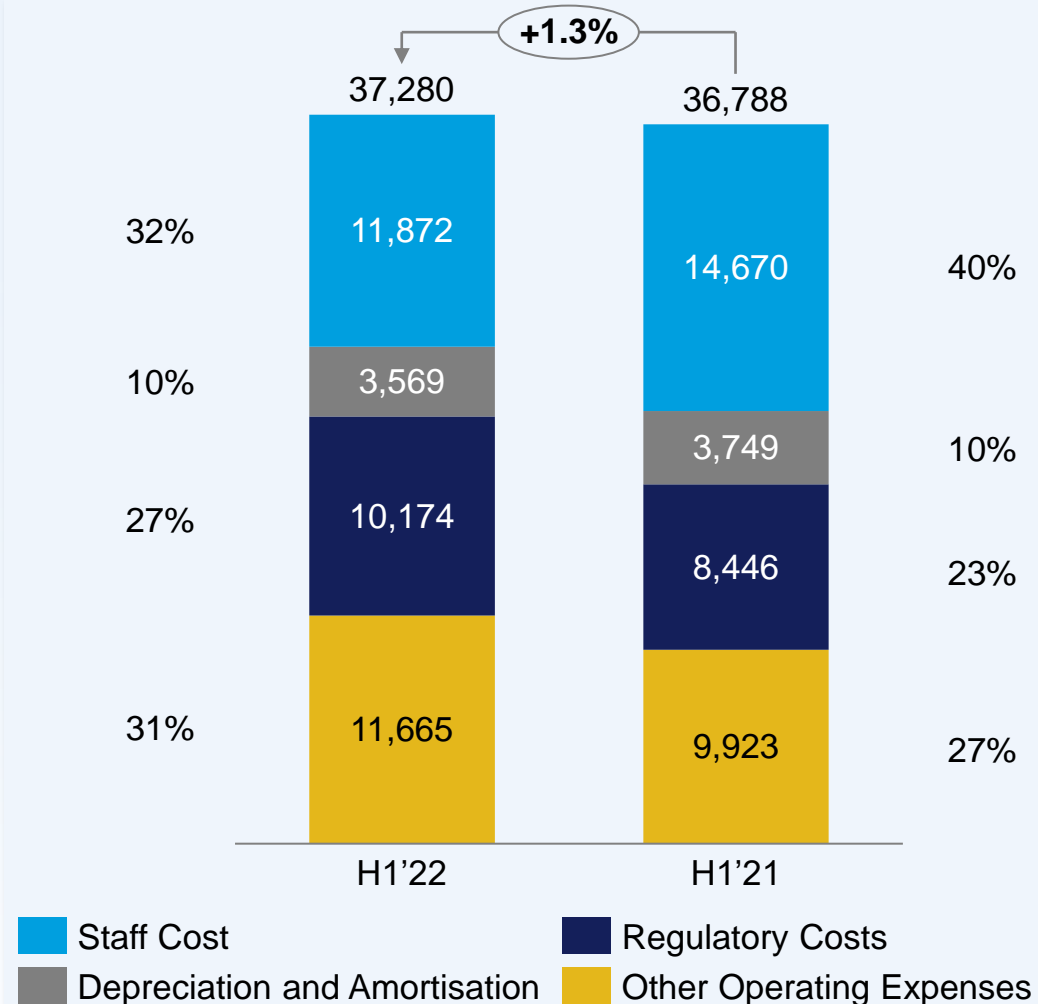


↓ 64%
(N3.1bn vs. N8.6bn)

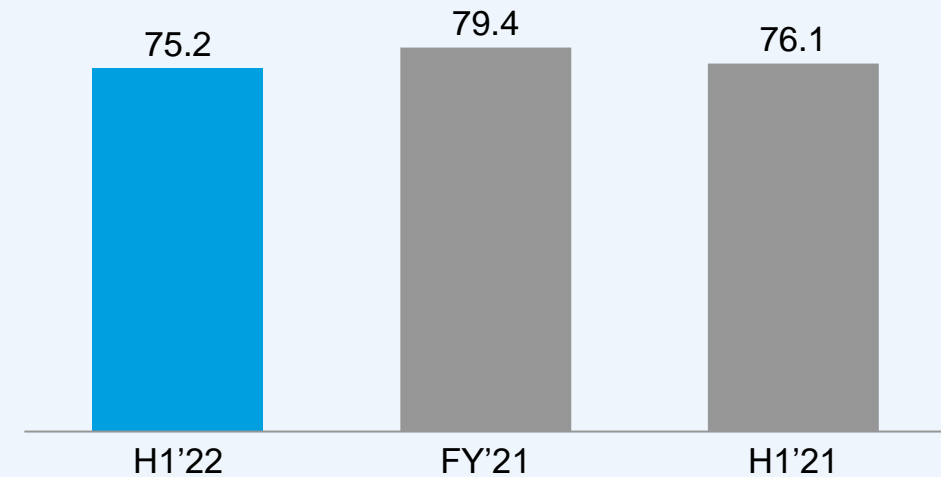
- Gross Earnings rose by 12.5% from N77.7bn in H1 2021 to N87.4bn in H1 2022 due to increase in earning assets
- Net interest income grew by 41% YoY from N20.4bn to N28.7bn in H1 2022 driven by a 35% YoY growth in interest income from N47.7bn to N64.3bn.
- Non-interest income declined by 24% YoY despite the increase in net trading income, driven largely by a 6% decline in net fees and commission income (from N6.6bn to N6.2bn in H1 2022) and a 64% decline in Recoveries (from N8.6bn to N3.1bn in H1 2022)

Operating Expenses

Total Expenses (₹'m)



Cost to Income Ratio (%)

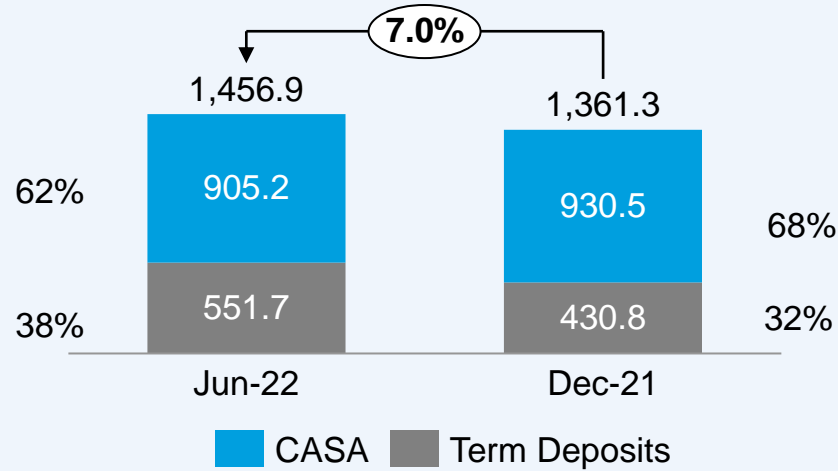


- OPEX increased marginally by 1.3% YoY, as a result of a 20% increase in non-discretionary regulatory costs
- Operating expenses (excluding regulatory costs) reduced by 4.4% YoY
- Cost to income Ratio (CIR) decreased by 0.9% from 76.1% in H1 2021 to 75.2% in H1 2022 our strong cost management model continues to yield dividends.

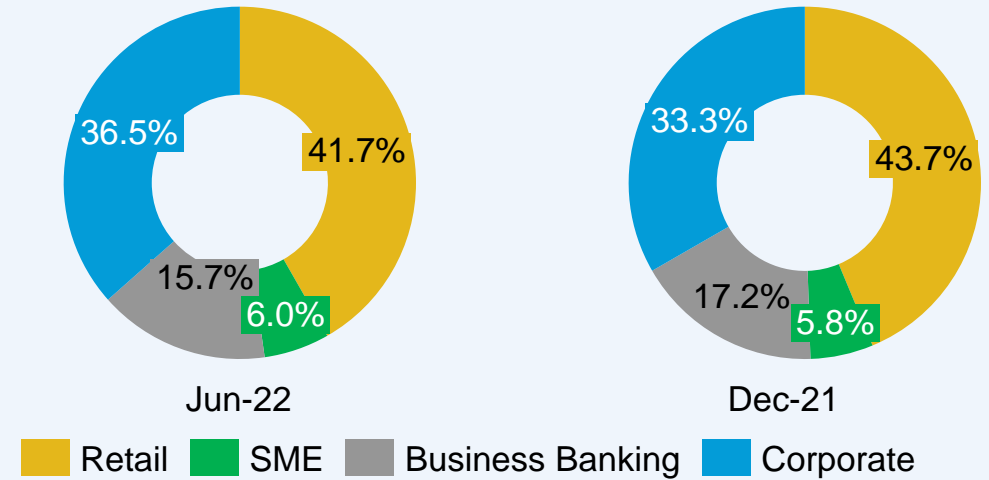


Funding mix increasingly bolstered by stable customer deposits

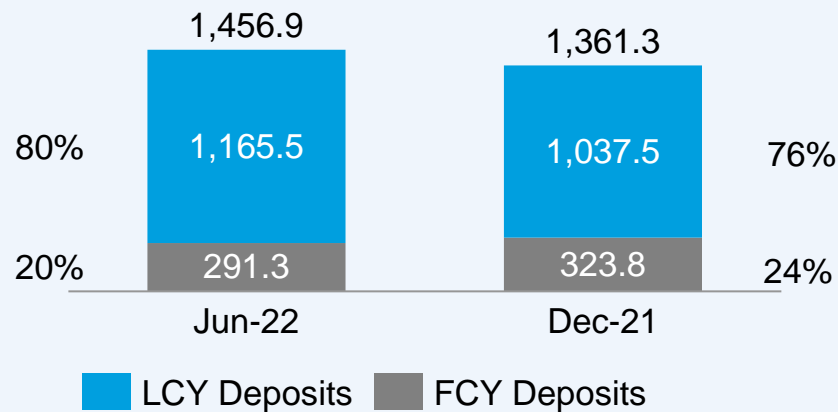
Customer Deposits (₹'bn)



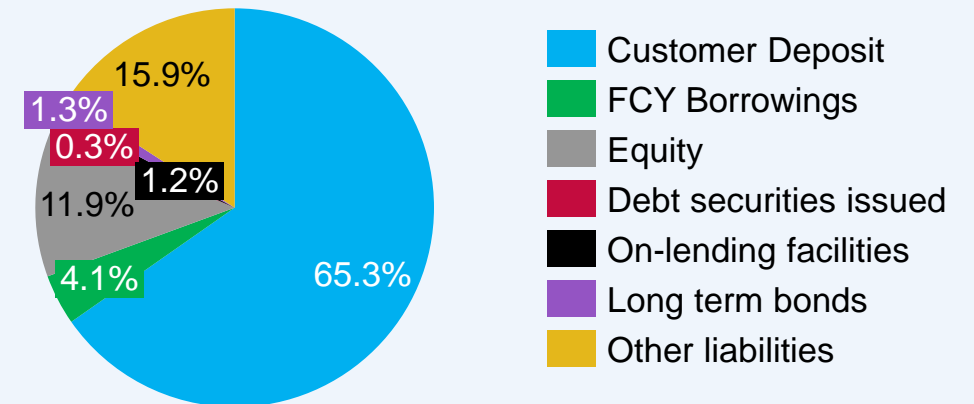
Deposits by Segment (₹'bn)



Deposits by Currency (₹'bn)

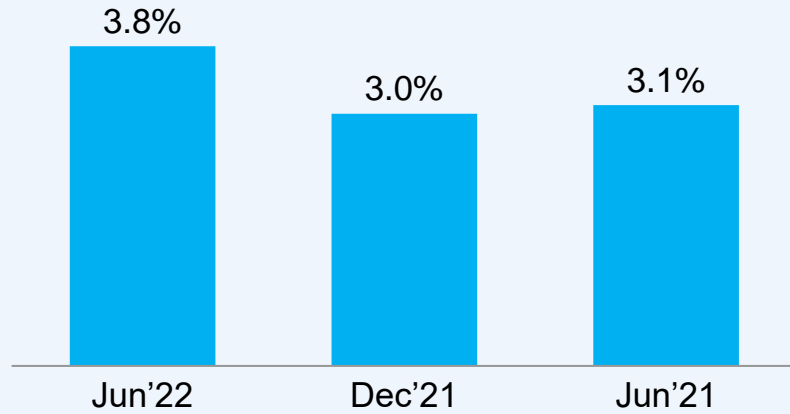


Funding Mix (Jun 2022)

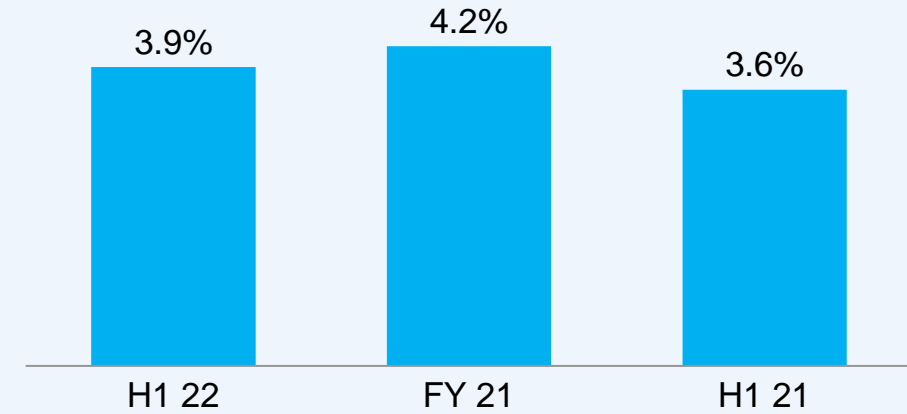


Margins

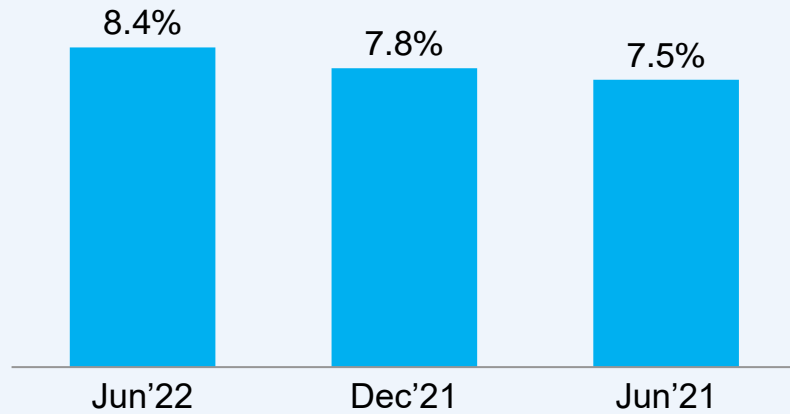
Net Interest Margin



Cost of Funds



Yield on Interest Earning Assets

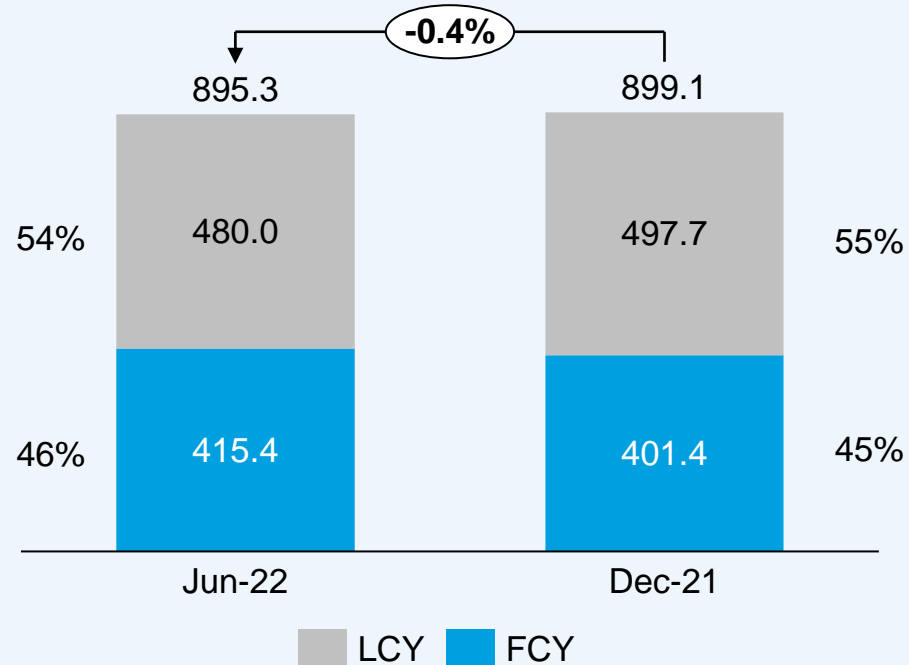


- Average cost of funds decreased by 30bps to 3.9% as a result of lower cost of deposits



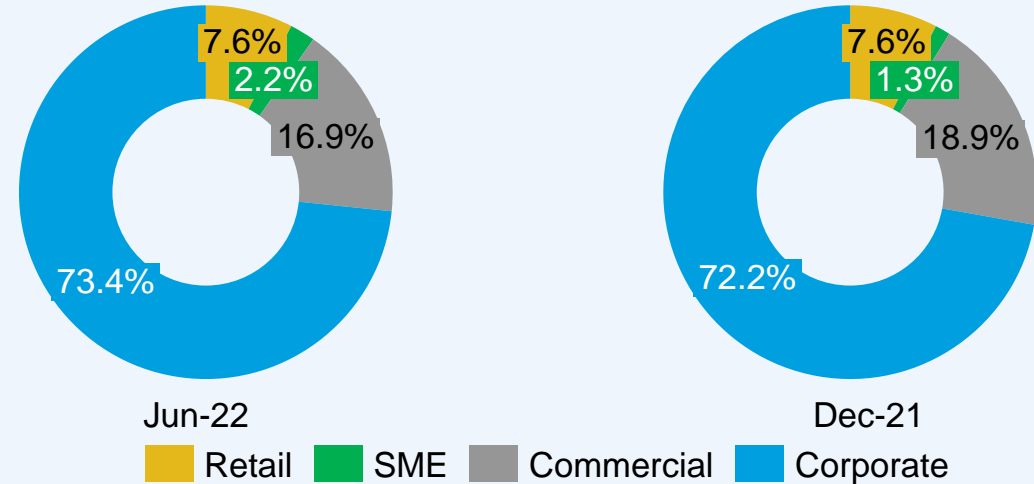
Gross loans

Gross Loans By Currency (N'bn)

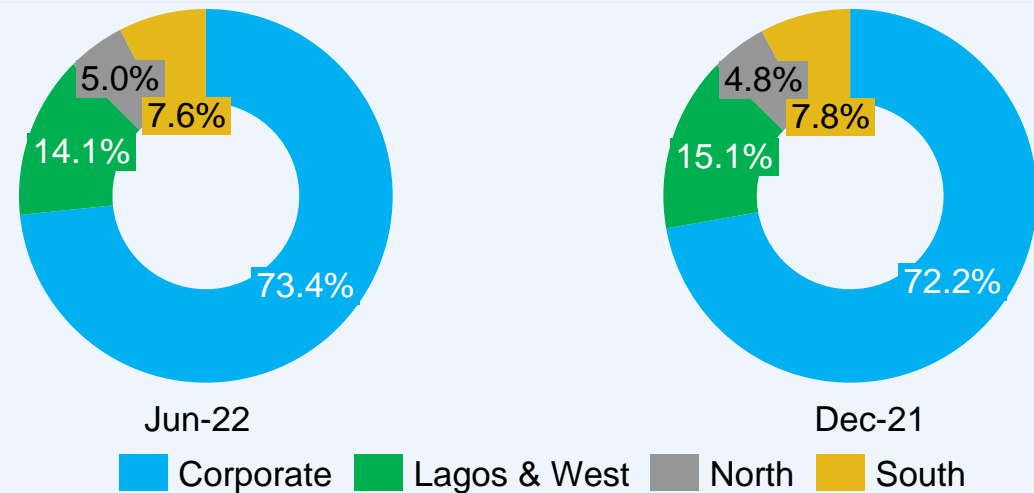


- Gross loans to customers declined marginally by 0.4% YTD to N895.3bn from N899.1bn in December 2021










Loans by Segments



Loans by Region



Loan portfolio

	Jun'22	Dec'21
 Oil and Gas	26.5%	28.4%
 Manufacturing	25.9%	22.3%
 General Commerce	11.1%	11.8%
 *Retail	7.6%	7.6%
 Power	7.2%	7.4%
 Real Estate	4.8%	5.2%
 Communication	3.1%	3.6%
 Agriculture	5.5%	3.5%
 Others	8.2%	10.0%

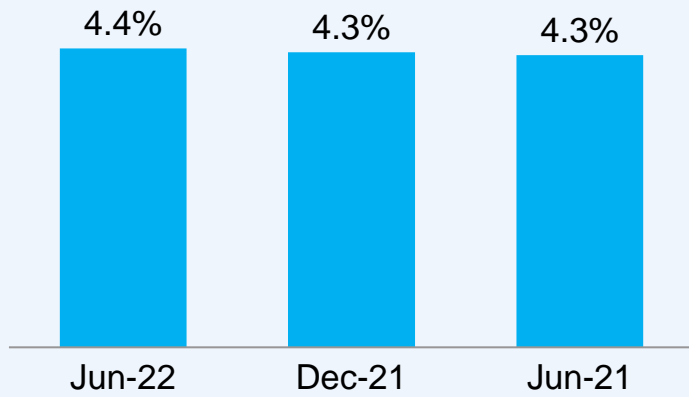
1. Others includes, Education, Finance and Insurance, SME, Hospitality, Human health and Social work, Public Utilities, Transportation and Storage

2. *Retail – Consumer Credit



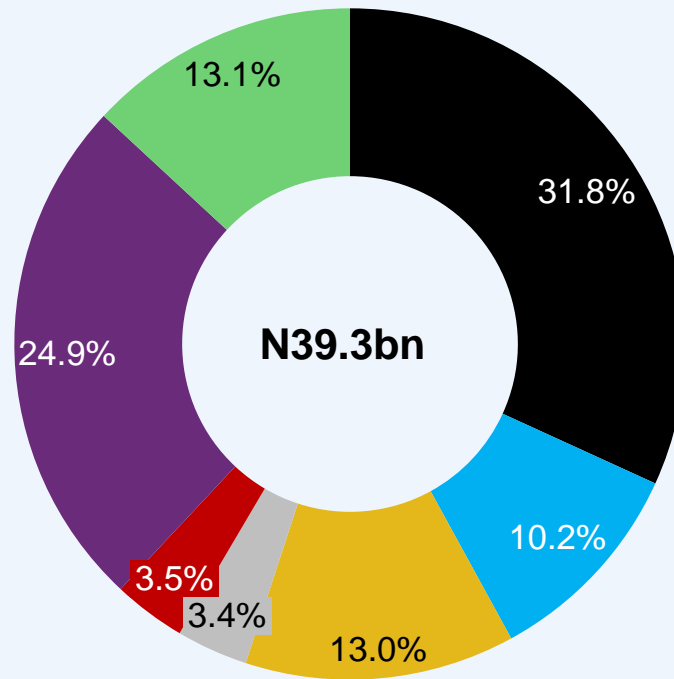
Asset quality

NPL Ratio

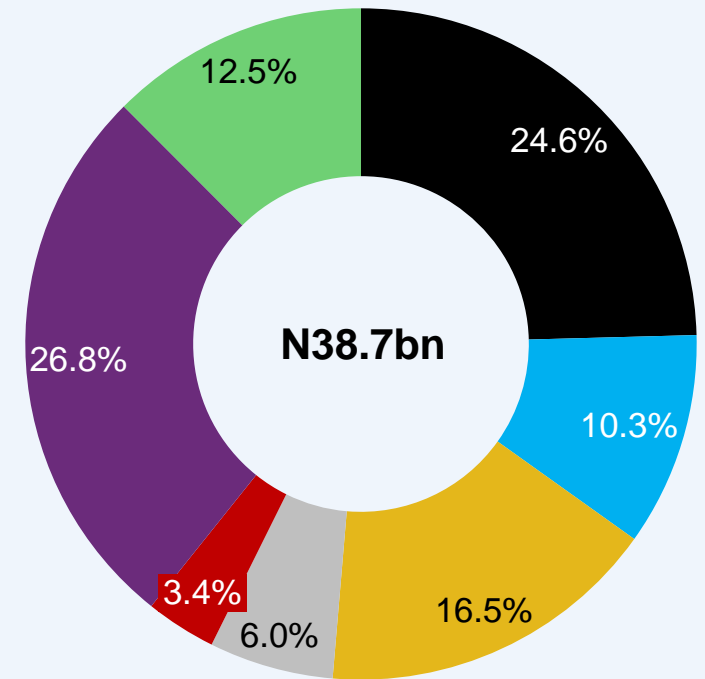


- NPL ratio relatively flat at 4.4%.

NPL Breakdown



Jun 2022



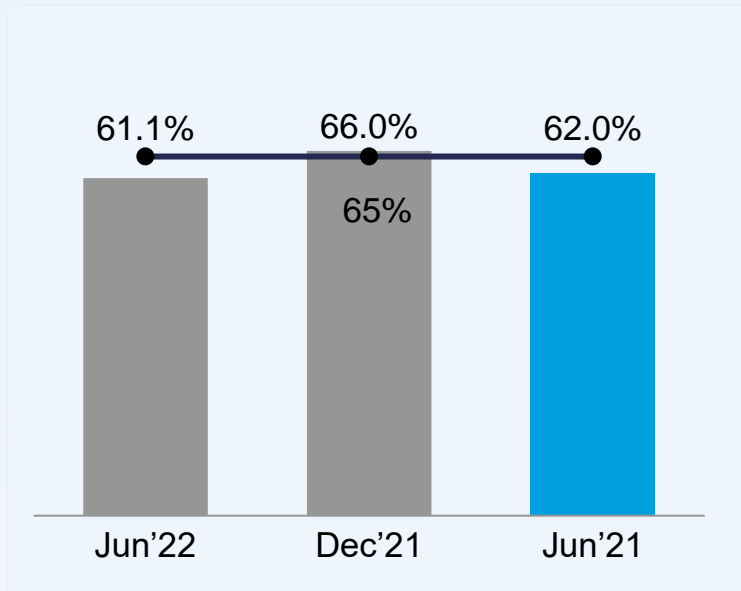
Dec 2021





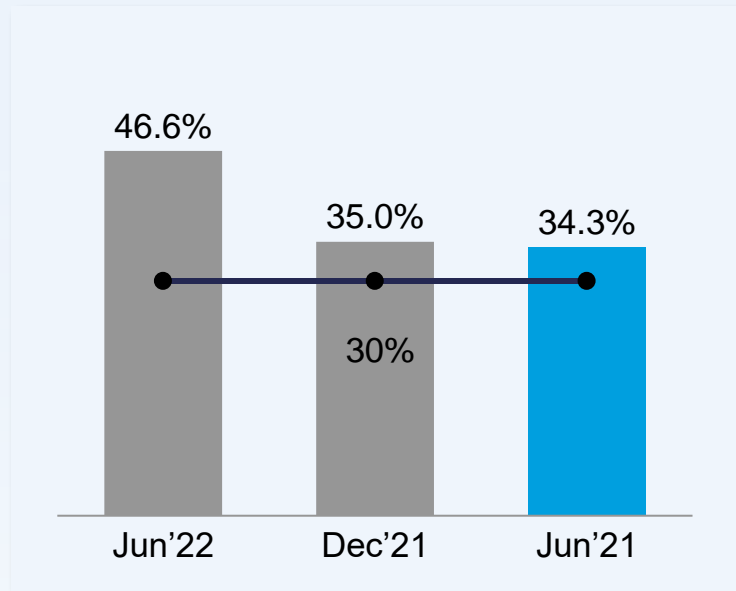
Key ratios

Loan to Deposit Ratio



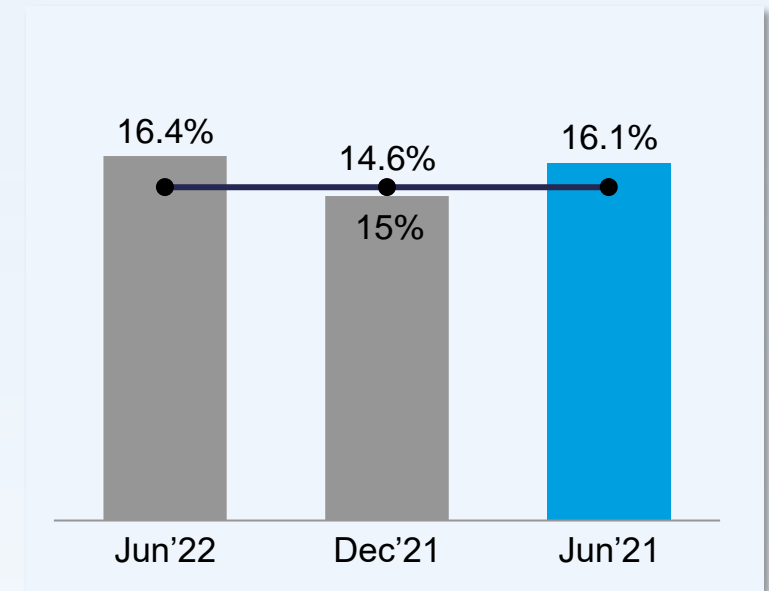
●—● CBN Minimum

Liquidity Ratio



●—● CBN Minimum

Capital Adequacy Ratio



●—● CBN Minimum



LEVEL
UP!!!



Get your generators and cars today
through our asset financing loans.

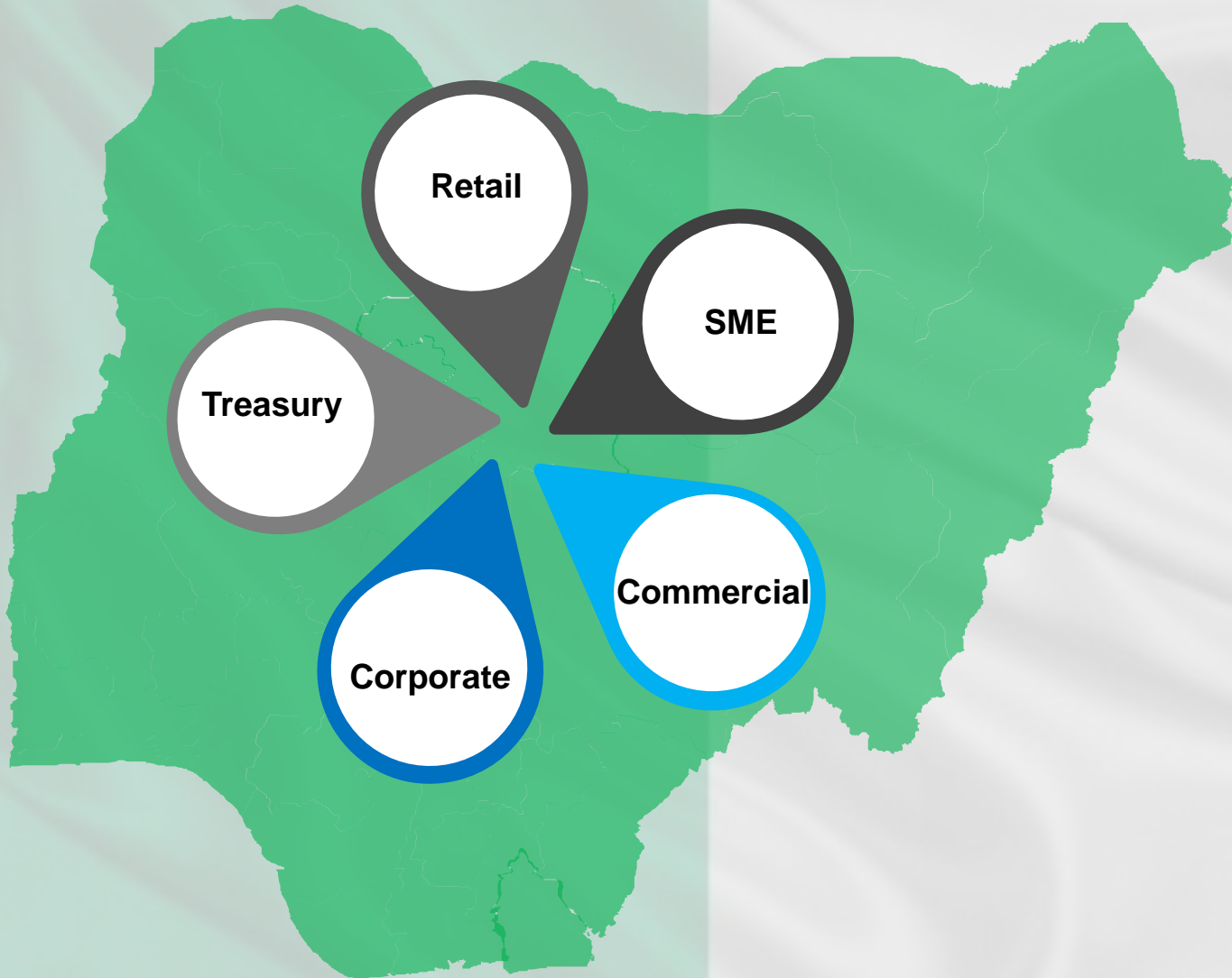
Go to a Union Bank branch close to you or call 0700 700 7000 to get started.

Terms and conditions apply

Your Simpler, Smarter Bank

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UBN as a partner that supports & amplifies “All Things Nigeria-Centric”



Local Manufacturing
“Made in Nigeria and by Nigerians”

Education & Learning
“Learn and Earn”

Digital First and Always

In 2022, we continue to focus on driving growth via four priority areas



Deepening our Core Business



Digital Ventures as a “True Business”



Enhancing Employee Experience



Branding & Positioning

Appendix

1 | **Bank Financials**

2 | **Group Financials**

H1 2022 Performance: Bank Profit and Loss Statement

₹'million	H1'22	H1'21	Δ
Gross earnings	87,390	77,682	12%
Interest income	64,334	47,689	35%
Interest expense	(35,636)	(27,334)	30%
Net interest income	28,698	20,355	41%
Impairment charge for credit loss	(199)	(153)	30%
Net interest income after impairment charge	28,499	20,202	41%
Net trading income	6,404	4,120	55%
Net Fees and commissions Income	6,171	6,590	-6%
Cash Recoveries	3,107	8,645	-64%
Net income from other financial instruments at fair value through profit or loss	5,172	4,568	13%
Other operating Income	210	3,831	-95%
Non interest income	21,064	27,754	-24%
Operating Income	49,563	47,956	3%
Operating expenses	(37,280)	(36,788)	1%
Net impairment write-back on other financial assets	-	340	-100%
Profit before tax	12,284	11,508	7%
Profit after tax	11,725	11,016	6%

H1 2022 Performance: Bank Balance Sheet

₹'million	Jun-22	Dec-21	Δ
Assets			
Cash and Cash equivalents	351,708	445,804	-21%
Financial assets at fair value through profit or loss	2,316	1,485	56%
Pledged assets	87,911	110,226	-20%
Derivative assets held for risk management	2,584	9,640	-73%
Loans and advances to customers	865,566	868,840	0%
Investment securities	508,701	387,508	31%
Trading properties	187	187	0%
Investment in subsidiaries	2,195	2,195	0%
Property and equipment	54,933	57,653	-5%
Intangible assets	3,008	3,782	-20%
Right of Use Assets	2,749	2,777	-1%
Deferred tax assets	95,875	95,875	0%
Cash reserve requirement	323,388	454,802	-29%
Other assets	194,606	116,734	67%
Defined benefit assets	1,561	1,561	0%
Assets classified as held for sale	-	8,372	-100%
Total Assets	2,497,288	2,567,441	-3%

H1 2022 Performance: Bank Balance Sheet (Cont'd)

#'million	Jun-22	Dec-21	Δ
Liabilities			
Derivative liabilities held for risk management	-	8,684	-100%
Deposits from banks	27,585	0	-
Deposits from customers	1,456,859	1,361,323	7%
Current tax liabilities	1,602	1,356	18%
Other liabilities	570,052	697,996	-18%
Lease Liabilities	1,726	1,895	-9%
Employee benefit obligations	1,100	1,068	3%
Debt securities issued	6,545	6,536	0%
Commercial Papers	-	32,262	-100%
Long term subordinated bond	29,701	29,716	0%
Other borrowed funds	136,085	175,118	-22%
Total Liabilities	2,231,254	2,315,954	-4%
Equity			
Share Capital	14,632	14,632	0%
Share premium	133,458	133,458	0%
Retained earnings	34,461	24,112	43%
Other reserves	83,483	79,285	5%
Total Equity	266,034	251,487	6%
Total Liabilities and Equity	2,497,288	2,567,411	-3%

Appendix

1 | **Bank Financials**

2 | **Group Financials**

H1 2022 Performance: Group Profit and Loss Statement

₹'million	H1'22	H1'21	Δ
Gross earnings	87,725	77,798	13%
Interest income	64,534	47,751	35%
Interest expense	(35,636)	(27,260)	31%
Net interest income	28,898	20,491	41%
Impairment charge for credit loss	(199)	(153)	30%
Net interest income after impairment charge	28,699	20,338	41%
Net trading income	6,404	4,121	55%
Net Fees and commissions Income	6,172	6,591	-6%
Cash Recoveries	3,107	8,645	-64%
Net income from other financial instruments at fair value through profit or loss	5,172	4,568	13%
Other operating Income	346	3,885	-91%
Non interest income	21,202	27,810	-24%
Operating Income	49,901	48,487	3%
Operating expenses	(37,393)	(36,893)	1%
Net impairment write-back on other financial assets	-	340	-100%
Profit before tax	12,508	11,594	8%
Profit after tax	11,926	11,102	7%

H1 2022 Performance: Group Balance Sheet

₹'million	Jun-22	Dec-21	Δ
Assets			
Cash and Cash equivalents	351,816	407,143	-14%
Financial assets at fair value through profit or loss	2,316	1,485	56%
Pledged assets	87,911	110,226	-20%
Derivative assets held for risk management	2,584	9,640	-73%
Loans and advances to customers	865,566	868,840	0%
Investment securities	508,701	387,508	31%
Trading properties	187	187	0%
Investment Properties	5,246	5,226	0%
Property and equipment	54,955	57,673	-5%
Right of Use Assets	3,008	3,783	-20%
Intangible assets	2,749	2,777	-1%
Deferred tax assets	95,688	95,875	0%
Cash reserve requirement	323,388	454,801	-29%
Other assets	186,294	116,752	60%
Defined benefit assets	1,561	1,561	0%
Assets classified as held for sale	49,170	72,479	-32%
Total Assets	2,541,141	2,595,769	-2%

H1 2022 Performance: Group Balance Sheet (Cont'd)

#'million	Jun-22	Dec-21	Δ
Liabilities			
Derivative liabilities held for risk management	-	8,684	-100%
Deposits from banks	27,585	-	-
Deposits from customers	1,450,447	1,355,910	7%
Current tax liabilities	1,660	1,420	17%
Commercial Papers	-	32,262	-100%
Other liabilities	572,857	699,819	-18%
Lease Liabilities	1,726	1,895	-9%
Employee benefit obligations	1,101	1,069	3%
Debt securities issued	6,545	6,536	0%
Long term subordinated bond	29,701	29,716	0%
Other borrowed funds	136,085	175,119	-22%
Liabilities classified as held for sale	32,967	16,473	-100%
Total Liabilities	2,260,674	2,328,902	-3%
Equity			
Share Capital and Share Premium	148,090	148,090	0%
Retained earnings	23,298	13,723	70%
Other reserves	102,152	98,250	4%
Non-Controlling Interest	6,927	6,804	2%
Total Equity	272,655	266,867	2%
Total Liabilities and Equity	2,541,141	2,595,769	-2%



Thank You

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