

Union Bank of Nigeria Plc.

Group Unaudited Financial Statements for the Quarter Ended March 31, 2021

LAGOS, NIGERIA – April 29, 2021: Union Bank, one of Nigeria’s longest-standing and most respected financial institutions, announces its unaudited financial statements for the quarter ended March 31, 2021.

Bank Financial Highlights:

- **Profit before tax:** up 12% to ₦6.9bn (₦6.2bn in Q1 2020); driven by higher non-interest income and lower operating expenses.
- **Gross earnings:** down 15% to ₦36.4bn (₦42.6bn in Q1 2020) driven by lower interest environment in the Nigeria financial sector
- **Net operating income after impairments:** relatively flat at ₦24.3bn (₦24.2bn in Q1 2020).
- **Non-interest income:** up 10% to ₦14.1bn (₦12.9bn in Q1 2020); driven by successful debt recovery efforts.
- **Operating expenses:** down 4% to ₦17.3bn (₦18bn in Q1 2020); an outcome of sustained cost optimisation efforts
- **Gross loans:** up 3% at ₦757.4bn (₦736.7bn in Dec 2020)
- **Customer deposits:** flat at ₦1.1trillion (₦1.1 trillion in Dec 2020)
- **Non-performing loans ratio:** flat at 4%

Commenting on the results, Emeka Okonkwo, CEO said:

“I’m pleased to be able to provide the first set of quarterly results under my tenure as CEO following a smooth transition in leadership. Despite the challenging economic climate, our Bank has maintained a steady performance that we can build on for the rest of the year.

The Bank has responded well to the challenges in the market since the onset of the pandemic. Our overall efforts in Q1 delivered a 12% growth in PBT.

We are particularly pleased with the consistent growth we are seeing in transaction volumes which validates our digital-led strategy and is delivering returns. By prioritizing personalized solutions and enabling self-service, we are attracting transaction-backed deposits and enhancing customer knowledge to better manage risk.

Our performance was also supported by strong debt recovery efforts which contributed to growth in non-interest income, enabling us to maintain net operating income at ₦24.3bn despite the significant reductions on net interest margins across the industry since Q1 2020.

Going forward, we will continue to focus on accelerating digitization to drive customer acquisitions and transactions. Our business and operating model are being enhanced to deliver on revenue and product penetration targets across geographies and segments where we have identified opportunities.

Speaking on the Q1 2021 numbers, Chief Financial Officer, Joe Mbulu said:

“We have continued to deliver improved efficiency, enabling growth in PBT, which grew by 12% to ₦6.9bn. We are continuing to partly mitigate the impact of a lower interest margin and high inflation environment by maintaining a focus on cost which drove a reduction in operating expenses by 3.4% from ₦18bn to ₦17.3bn and an enhanced cost-income ratio of 71.4%, from 74.3% in Q1 2020.

The 10% growth in non-interest income recorded during the quarter was supported by strong growth in recoveries as well as an improvement in net income from other financial instruments which rose by 109% to ₦3bn from ₦1.4bn.

Our capital position remains strong, with a capital adequacy ratio (CAR) of 17.3%, while our non-performing loan ratio remains good at 4%. These are critical enablers to deliver our 2021 strategic priorities.”

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Financial Summary

| | BANK | | | GROUP | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Balance Sheet (in billions of Naira) | Mar-21 | Dec-20 | Change | Mar-21 | Dec-20 | Change |
| Total Assets | 2,104.0 | 2,073.7 | 1.5% | 2,156.0 | 2,191.0 | -1.6% |
| Gross Loans & Advances | 757.4 | 736.7 | 2.8% | 757.4 | 736.7 | 2.8% |
| Customer Deposits | 1,126.3 | 1,131.1 | -0.4% | 1,121.4 | 1,126.3 | -0.4% |
| Shareholders' Funds | 248.7 | 247.5 | 0.5% | 265.2 | 264.3 | 0.3% |
| Ratios | | | | | | |
| Coverage Ratio (incl. regulatory risk reserves) | 177.3% | 149.1% | 28.2% | 177.3% | 149.1% | 28.2% |
| Average Liquidity Ratio (regulatory minimum - 30%) | 36.4% | 40.9% | -4.5% | N/A | N/A | N/A |
| Loan to Deposit Ratio | 64.6% | 62.0% | 2.6% | N/A | N/A | N/A |
| Non-Performing Loan Ratio | 4.0% | 4.0% | - | 4.0% | 4.0% | - |
| Net Asset Value per share | N8.50 | N8.46 | 0.5% | N9.06 | N9.03 | 0.3% |
| Capital Adequacy | 17.3% | 17.5% | -0.2% | 17.3% | 18.3% | -1% |

| | BANK | | | GROUP | | |
|--|----------------|----------------|---------------|----------------|----------------|---------------|
| Income Statement (in billions of Naira) | Q1 2021 | Q1 2020 | Change | Q1 2021 | Q1 2020 | Change |
| Gross Earnings | 36.4 | 42.6 | -14.7% | 36.8 | 43.9 | -16.2% |
| Net Interest Income | 10.9 | 14.8 | -26.5% | 11.0 | 14.9 | -26.4% |
| Non-Interest Income | 14.2 | 12.9 | 10% | 14.2 | 13.0 | 9.5% |
| Credit Impairment | | | | | | |
| Operating Expenses | 17.3 | 18.0 | 3.7% | 17.3 | 18.0 | 3.7% |
| Profit Before Tax | 7.0 | 6.2 | 12% | 6.5 | 6.3 | 2.6% |
| Profit After Tax | 6.7 | 6.0 | 12.8% | 6.2 | 6.0 | 3.2% |

Ratios

| | | | | | | |
|----------------------|-------|-------|-------|-------|-------|-------|
| Net Interest Margin | 3.4% | 5.9% | -2.5% | 3.4% | 5.9% | -2.5% |
| Cost to Income Ratio | 71.4% | 74.3% | 3.0% | 73.9% | 75.3% | 1.4% |
| Return on Equity | 11.0% | 10.3% | 0.7% | 9.5% | 9.6% | -0.1% |
| Return on Assets | 1.4% | 1.4% | 0.0% | 1.2% | 1.4% | -0.2% |
| Earnings per share | 23k | 20k | 3k | 23k | 21k | 2k |

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 260 Sales and Service Centers across Nigeria and over 930 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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