

Union Bank of Nigeria Plc.

Group Unaudited Financial Statements for the Quarter Ended March 31, 2022

LAGOS, NIGERIA – 28th April 2022: Union Bank of Nigeria Plc has released its unaudited financial statements for the quarter ended 31st March 2022.

Bank Financial Highlights:

- **Gross earnings:** up 18% to ₦42.9bn (~~₦36.4bn~~ in Q1 2021), driven by strong earning assets from on-lending to key sectors in the Nigerian economy
- **Net interest income after impairments:** up 27% to ₦12.9bn (~~₦10.1bn~~ in Q1 2021)
- **Non-interest income:** down 19.1% to ₦11.5bn (~~₦14.2bn~~ in Q1 2021)
- **Profit before tax:** down by 8.8% to ₦6.4bn (~~₦7.0bn~~ in 2021)
- **Operating expenses:** up by 3.9% to ₦18.0bn (~~₦17.3bn~~ in Q1 2021), notwithstanding high inflationary environment
- **Gross loans:** down 1.8% at ₦882.9bn (~~₦899.1bn~~ in Dec 2021). Non-Performing Loan (NPL) ratio was flat at 4.3%
- **Customer deposits:** down 3.5% at ₦1.31trillion (~~₦1.36trillion~~ in Dec 2021); following the pay down of expensive time deposits

Commenting on the results, Emeka Okonkwo, CEO said:

“In 2022, we renewed our focus on turbocharging productivity and ensuring we fully leverage the strength of our digital channels, regional network and talent to maximise the bottom line.

Our efforts are gaining momentum and notwithstanding a challenging economic climate in Q1 2022, our Net Interest Income after impairment grew by 27% compared to the same quarter in 2021 from ~~₦10.1 billion~~ to ₦12.9 billion. Gross Earnings are also up by 18% to ₦42.9 billion against ~~₦36.4 billion~~ in Q1 2021. This was bolstered by improved asset yields, treasury trading income and revenues from our alternate channels. We are steadily seeing increasing customer adoption with a 36% YoY increase in active users on UnionDirect, our agency banking network, and increasing transaction volumes with a 20% YoY growth across our digital channels.

Interest Income grew by 41% from ~~₦22.2 billion~~ to ₦31.4 billion as our earnings asset base expanded with a more viable loan portfolio.

Our NPL ratio is flat at 4.3% (from December 2021), well within the regulatory limit, while cost to income ratio dropped from 79.4% in December 2021 to 73.9% in March 2022. We will continue to drive cost optimization to ensure consistent improvement in efficiencies.

With a Capital Adequacy Ratio (CAR) of 15.6%, our capital position remains strong.

On the innovation side, we launched **SpaceNXT** – a purpose-built hub created to encourage innovation and foster collaboration within the Nigerian tech ecosystem. This remains a space where Union Bank desires to maintain a leading position.

For the rest of H1 2022, we will continue to focus on driving productivity, mining targeted opportunities across regions and optimising our digital platforms to deliver improved customer service and acquisition.”

Speaking on the Q1 2022 numbers, Chief Financial Officer Joe Mbulu said:

“The Bank continued to demonstrate resilience in our Q1 2022 results. Headline Gross Earnings increased by 18% to ₦42.9 billion from ₦36.4 billion in Q1 2021. Net interest income after impairment charges grew by 27% driven by 41% increase in Interest Income to ₦31.4 billion from ₦22.2 billion in Q1 2021. Non-Interest Income declined by 19.1% from ₦14.2 billion to ₦11.4 billion driven by higher foreign currency revaluation loss.

Operating Expenses increased marginally by 3.9% QoQ, as a result of higher regulatory, diesel, and software expenses. In Q2 2022, we will focus on optimising operating costs by intensifying measures to mitigate the impact of high inflation.

We will also continue to drive for a more efficient balance sheet by paying down expensive deposits and pricing our risk assets better.”

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Financial Summary

	BANK			GROUP		
Balance Sheet (in billions of Naira)	Mar-22	Dec-21	Change	Mar-22	Dec-21	Change
Total Assets	2,523.6	2,567.4	-1.7%	2,577.7	2,595.8	-0.7%
Gross Loans & Advances	882.9	899.1	-1.8%	882.9	899.1	-1.8%
Customer Deposits	1,313.3	1,361.3	-3.5%	1,313.3	1,355.9	-3.1%
Shareholders' Funds	261.2	251.5	3.7%	275.7	266.9	3.3%
Ratios						
Coverage Ratio (incl. regulatory risk reserves)	141.4%	145.1%	-3.7%	141.4%	145.1%	-3.7%
Average Liquidity Ratio (regulatory minimum - 30%)	35%	35%	-		N/A	N/A
Loan to Deposit Ratio	67.9%	66.0%	1.9%	67.9%	66.0%	1.9%
Non-Performing Loan Ratio	4.3%	4.3%	-	4.3%	4.3%	-
Net Asset Value per share	₦8.93	₦8.59	34k	₦9.42	₦9.12	30k
Capital Adequacy	15.6%	14.6%	1.0%	N/A	N/A	N/A

	BANK			GROUP		
Income Statement <i>(in billions of Naira)</i>	Q1 2022	Q1 2021	Change	Q1 2022	Q1 2021	Change
Gross Earnings	42.9	36.4	18.0%	43.4	36.8	18.0%
Net Interest Income	13.2	10.9	21.4%	13.5	11.0	21.4%
Non-Interest Income	11.5	14.2	-19.1%	11.5	14.2	-19.1%
Credit Impairment/(write Back)	0.4	0.8	-	0.4	0.8	-
Operating Expenses	18.0	17.3	3.9%	18.0	17.3	3.9%
Profit Before Tax	6.4	7.0	-8.8%	5.8	6.5	-8.6%
Profit After Tax	6.1	6.7	-9.6%	5.6	6.2	-9.4%
Ratios						
Net Interest Margin	3.0%	3.4%	-0.4%	3.0%	3.4%	-0.4%
Cost to Income Ratio	73.9%	71.3%	2.6%	73.7%	71.1%	-2.6%
Return on Equity	9.6%	11.0%	-1.4%	8.3%	9.5%	-1.2%
Return on Assets	1.0%	1.4%	-0.4%	0.9%	1.2%	-0.3%
Earnings per share	21k	23k	-2k	21k	23k	-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 250 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 account and savings products portfolio, Union Bank has launched pioneering products into the Nigerian retail market including UnionKorrect, UnionGoal and UnionBetta.

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

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