



Union Bank of Nigeria Plc

Group Unaudited Financial Statements for the Half-Year Ended June 30, 2019

LAGOS, NIGERIA – July 29, 2019 - Union Bank, one of Nigeria's longest standing and most respected financial institutions, announces its unaudited financial statements for the period ended June 30, 2019.

Group Financial Highlights:

- **Profit before tax:** up 4% to ₦12.1bn (₦11.7bn in H1 2018).
- **Gross earnings:** declined 9% to ₦76.0bn (₦83.3bn in H1 2018), due to a decrease in average earning assets.
- **Interest income:** down 8% to ₦57.3bn (₦62.2bn in H1 2018).
- **Net interest income after impairment:** up 3% to ₦30.5bn (₦29.7bn in H1 2018); supported by an aggressive drive in collections.
- **Non-interest income:** down 12% to ₦18.7bn (₦21.1bn in H1 2018); due to muted volatility negatively impacting trading income, despite a 27% growth in credit-related fees and 169% growth in cash recoveries at ₦5.3bn (₦1.9bn in H1 2018)
- **Net operating income:** slightly down 2% to ₦49.6bn (₦50.9bn in H1 2018).
- **Operating expenses:** down 4% to ₦37.5bn (₦39.2bn in H1 2018); reflecting the gains of our cost optimization programme – Project LEAP¹.
- **Gross loans:** up 8% to ₦563.0bn (₦519.7bn Dec 2018) driven by increased risk asset creation across priority economic sectors.
- **Customer deposits:** up 4% to ₦889.5bn (₦857.6bn Dec 2018); demonstrating the success of our on-going acquisition of low-cost deposits driven by strengthened brand affinity.

Commenting on the results, Emeka Emuwa, CEO said:

“Notwithstanding the realities of operating in a challenging economic environment, the Group delivered a 4% growth in Profit Before Tax (PBT) to ₦12.1 billion from ₦11.7 billion in H1 2018.

To sustain growth in earnings, we remained steadfast in our commitment to delivering value and first-class customer experience to all our customers. We have developed a concerted and clear plan to increase our risk assets with our loan book growing by 8% to ₦563.0 billion compared to year-end 2018. The ability to take on more risk is hinged on our robust risk management and debt recovery processes working in sync which led to recoveries of over ₦5 billion in the period.

We successfully closed our Series 3, 10 year ₦30 billion bond in June, as part of our ₦100 billion debt capital programme. This series, which was once again fully subscribed, is the largest 10-year bond issued by a Nigerian corporate to date. This further reinforces the confidence of the investor community in Union Bank. With this new injection of tier 2 capital, we are well positioned to deliver on our growth strategy and priorities.

¹ LEAP - Long-Term Efficiency Acceleration Programme



Looking ahead, we will continue to focus on opportunities to deliver our simpler, smarter banking promise to our customers while improving internal operational efficiencies which will translate to enhanced shareholder value.”

Speaking on the H1 2019 numbers, Chief Financial Officer, Joe Mbulu said:

“In the first half of 2019, we continued with our expansion strategy to grow our agency banking footprint which in turn boosted customer confidence in our brand. Customer deposits have followed the same trajectory with a 4% growth, to ₦889.5 billion as at June 2019 from ₦857.6 billion in December 2018. Net Interest Income after Impairments is also up 3% to ₦30.5 billion compared to ₦29.7 billion in the same period in 2018.

With our aggressive focus on recoveries and improving asset quality, the Bank’s NPL ratio has continued its downward trend, declining to 7.3% from 8.1% as at December 2018 ahead of full year 2019 guidance. Improvement in asset quality has enabled us to grow our loan book optimally in the first half of 2019, positioning us with the ability to take on emerging opportunities in key sectors of the economy.

Having completed our Series 3 ₦30 billion funding, our Capital Adequacy Ratio (CAR) further strengthened, closing at 19.4% in June 2019 compared to 16.4% as at December 2018.

Our comprehensive cost optimisation programme, the Long-Term Efficiency Acceleration Programme (LEAP), has begun to yield dividends across board with operating expenses declining by 4% to ₦37.5 billion compared to ₦39.2 billion in H1 2018. We believe LEAP will continue to deliver material cost savings through 2019 and beyond, supporting our Cost-to-Income Ratio (CIR) ambition.”

Financial Summary

GROUP				BANK		
Balance Sheet (in billions of Naira)	Jun-19	Dec-18	Change	Jun-19	Dec-18	Change
Total Assets	1,713.5	1,463.9	17%	1,573.8	1,324.3	19%
Gross Loans & Advances	563.0	519.7	8%	518.3	473.4	9%
Customer Deposits	889.5	857.6	4%	875.3	844.4	4%
Shareholders' Funds	239.0	225.6	6%	213.5	200.1	7%
Ratios						
Coverage Ratio (incl. regulatory risk reserves)	92%	102%	(10%)	96.1%	117.8%	(21.2%)
Liquidity Ratio (regulatory minimum - 30%)				38%	38%	0%
Loan to Deposit Ratio	63.3%	60.6%	2.7%	59%	56%	3%
Non-Performing Loan Ratio	7.1%	8.7%	1.6%	7.3%	8.1%	0.8%

GROUP				BANK		
Income Statement (in billions of Naira)	H1 2019	H1 2018	Change	H1 2019	H1 2018	Change
Gross Earnings	76.0	83.3	(9%)	72.4	81.0	(11%)
Net Interest Income after impairment	30.5	29.7	3%	27.7	27.8	0%
Non-Interest Income	18.7	21.1	(12%)	18.6	21.6	(14%)
Credit Impairment	-4.5	4.6	197%	(4.5)	4.3	204%
Operating Expenses	37.5	39.2	4%	35.5	37.3	5%
Profit Before Tax	12.1	11.7	4%	11.2	12.1	7%
Profit After Tax	11.9	11.5	3%	11.1	12.0	7%
Ratios						
Net Interest Margin	5.6%	8.2%	(2.6%)	5.9%	9.2%	(3.3%)
Cost to Income Ratio	76.3%	77.1%	0.8%	76.7%	75.5%	(1.2%)
Return on Equity	10.3%	7.3%	3.0%	10.9%	8.2%	1.5%
Return on Assets	1.5%	1.6%	(0.1%)	1.6%	1.8%	(0.2%)
Capital Adequacy	N/A	N/A	N/A	19.4%	16.4%	3.0%
Net Asset Value per share	₦8.21	₦7.75	₦0.46	₦7.33	₦6.87	₦0.46
Earnings Per Share	40k	38k	2k	38k	41k	(3k)

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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Investor & Analyst Call Details

Union Bank will host a conference call for investors, analysts and financial journalists on Tuesday July 30th, 2019 at 14:00 Lagos & London / 09:00 New York / 15:00 Johannesburg with its executive management team, to discuss the H1 2019 results and respond to questions. To participate in the call, please dial:

Nigeria: +234 1 903 0080
United Kingdom: +44 3333 000 804
United States Toll: +1 631 913 1422
South Africa Toll: +27 21 672 4118

Please enter the following PIN to access the call:

PIN 59557476#

For further information, please contact InvestorRelations@unionbankng.com

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 300 Sales and Service Centres 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

Media Enquiries: Email investorrelations@unionbankng.com

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