



Union Bank of Nigeria Plc.

Group Audited Financial Statements for the Year Ended December 31, 2021

Steady revenue growth and strong business momentum driven by non-interest income

LAGOS, NIGERIA – 12th April 2022: Union Bank has released its audited financial statements for the year ended 31st December 2021 which reflects resilient revenue growth in the face of macroeconomic headwinds.

Union Bank has sustained steady performance as a result of increased customer engagement from an enhanced operating and go-to-market model and gains derived from our digital penetration strategy.

Bank Financial Highlights:

- **Gross earnings:** up 8.9% to ₦175.0bn (₦160.7bn in FY 2020), driven by strong non-interest income.
- **Non-interest income:** up 26.7% to ₦55.7bn (₦44.0bn in FY 2020) driven by significant increases in debt recoveries.
- **Net operating income after impairments:** down 3.6% to ₦99.7bn (₦103.4bn in FY 2020).
- **Profit before tax:** down by 19.3% to ₦20.5bn (₦25.4bn in 2020).
- **Operating expenses:** marginally grew by 1.5% to ₦79.1bn (₦78.0bn in FY 2020), reflecting tight cost control despite inflationary pressures.
- **Gross loans:** up 22% at ₦899.1bn (₦736.7bn in Dec 2020) as we expand our lending to key economic sectors of opportunity.
- **Customer deposits:** up 20.4% at ₦1.4trillion (₦1.1 trillion in Dec 2020) as we continue to expand our product base and digital channels.

Key Operational Highlights:

Channels & Distribution

- **E-Banking Channels:** Active users across our mobile and digital platforms grew by 23% as we delivered a range of upgrades across our channels including account opening and account blocking as well as features like QR payments and HMO payments.
- **Retail and Digital Offerings:** Our expanded retail and digital portfolio enabled growth across our business segments with the retail deposit and loan books growing by 10% respectively while our SME loan book grew by 233%, a trend expected to continue across all business segments.
 - *Loans:* We introduced new group loans and asset financing solutions for small businesses making it easier for collectives to access credit and



simplified loan products and payment solutions for retail customers.

- *Deposit Drive:* We launched the “Save & Win Palli Promo,” a nationwide campaign to generate low cost deposits while rewarding new and existing customers for higher savings as well as deposits in current accounts. The success of the promo was key to the 20% incremental growth in customer deposits in 2021.
- **Agent Banking Network:** We grew UnionDirect, our agent banking network, by 123% to nearly 32,000 agents delivering transaction volumes and value increases of 170% and 142% respectively as we continue to push the expansion of our retail business across the regions.

Digital

- **Digital Ventures:** Our focus on exploring new frontiers in the digital space contributed to growth in our digital revenue from ₦6.9bn to ₦7.4bn. In 2021, we made strides in creating new revenue streams and scaling digital payments, platforms, and partnerships.
 - **M36:** As part of our drive towards self-service and customer empowerment leveraging technology, we debuted our investment app M36 on the market giving customers the ability to invest in various instruments via the self-service platform. We expect to significantly scale access and investment options available on the app in a second phase of the launch in 2022.
 - **Kula:** With the growth in the global gig economy and Covid-19 significantly disrupting mode of work, especially for millennials, we introduced Kula, a platform that connects Nigerian freelancers with employers requiring short-term resources while Union Bank acts as a payment gateway. A full launch of Kula is expected in Q2 2022.

Citizenship, Sustainability and Innovation

- **Corporate Citizenship:** In 2021, we continued to expand the scope of our CSI initiatives, successfully impacting more than one (1) million people nationwide, while deepening our focus on diversity and inclusion.
 - **Community:** Union Bank remains committed to supporting our communities, impacting more than 250,000 people through projects and initiatives in education, healthcare and welfare working with partners including Lagos Food Bank and FoodClique. As part of an industry response to the #EndSars riots, Union Bank donated ₦1.1bn to the Nigeria Police Force to support the Police Equipment Fund.
 - **Education and Innovation:** More than 4,500 students were impacted through our Financial Literacy Day and World Savings Day activities. We also



empowered 40 social innovators in partnership with LEAP Africa and trained 40 students on robotics and Artificial Intelligence in collaboration with our partner, Awarri.

- **Sustainability:** Over half of our branches across the network now employ clean energy technology, relying on solar power to run the branches and ATMs. The Bank continued to demonstrate our support for the United Nations Sustainable Development Goals (SDGs), marking World Environment Day, World Water Day and Employee Volunteer (EV) Day with projects impacting over 300,000 people.
- **Diversity and Inclusion:** As a Bank that is deeply committed to the empowerment of women and girls, we continuously implement business practices and initiatives that promote gender equality. Presently, women make up about 40% of total employees and about 53% of our training spend in 2021 went to deepening the capacity of female employees.
- **Divestment by Core Investors:** In December 2021, Union Bank's core investors - Union Global Partners Limited and Atlas Mara - notified the Board of Directors of a Share Sale and Purchase Agreement (SSPA) reached with Titan Trust Bank ("TTB") for the proposed sale of 89.39% of Union Bank's issued share capital. The agreement comes a decade after the initial investment by the core investors in 2012 and will effectively transfer majority ownership of the Bank to TTB. The transaction is in the process of final regulatory approvals.

Consequently, the transaction also triggers the hive-out of Union Bank UK ("UBUK") which was approved by shareholders in an Extra-Ordinary General Meeting on 29th March 2022. This allows the Bank transition from an international to a national focus, facilitating a more flexible and efficient deployment of capital towards strategic opportunities identified within sectors of the Nigerian economy.

Commenting on the results, Emeka Okonkwo, CEO said:

"Following an enhancement to our operating and go-to-market model to deliver better performance and efficiency leveraging our network across the regions, we are increasing our customer engagement and product penetration which is translating into higher customer revenues across geographies.

On the back of this, the Bank has continued to record headline growth by diversifying our income streams and accelerating our recoveries programme.

For the full year, our gross earnings grew by 8.9% from ₦161bn to ₦175bn, while our net operating income after impairments dropped by 3.6% to ₦99.7bn from ₦103.4bn. Interest income grew by 1% as our earnings asset base expanded with a growing loan book.

We continued our strong growth in non-interest income through a combination of aggressive recoveries, which grew 119% in the period, from ₦7.2bn to ₦15.9bn and further growth in fee and commission income (33%) and e-business (26%). These were delivered on the back of

sustained multi-channel growth in users, volume and value across our digital and agent channels. Total active UnionMobile users now stands at 3.3 million, up 20% while our Union360 customer base grew by 22% to 26,400.

In 2022, the Bank will continue to focus on broadening and deepening the strong foundations we have built, while enhancing our digital delivery platforms and service propositions to customers. We remain deeply thankful to our erstwhile core investors, Union Global Partners and Atlas Mara who have been instrumental to our journey since 2012. Their invaluable support and expertise helped steer the Bank through turbulent waters and into an era of growth and stability.

As we turn a new chapter for our Bank with a new core investor expected to come on board, we are proud of the solid foundation built over the last ten years and look forward to a seamless transition and continued successes in the future.”

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

“We maintained very strong cost controls during the year despite the inflationary pressures and the translation effect of currency depreciation on our cost base. Operating expenses increased marginally by 1.5% with increasing regulatory, depreciation and amortisation costs.

Customer deposits grew by 20% while our loan book grew by 22% from ₦736.7bn to ₦899.1bn, as we deepened support for key sectors in the economy.

We have been remained proactive in the way we manage our growing risk assets, maintaining our asset quality during the year with our NPL ratio growing marginally from 4% to 4.3%.”

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Financial Summary

	BANK			GROUP		
	Dec-21	Dec-20	Change	Dec-21	Dec-20	Change
Balance Sheet (in billions of Naira)						
Total Assets	2,567.4	2,073.8	23.8%	2,595.8	2,191.0	18.5%
Gross Loans & Advances	899.1	692.8	22.0%	899.1	736.7	22.0%
Customer Deposits	1,361.3	1,131.1	20.4%	1,355.9	1,126.3	20.4%
Shareholders' Funds	251.5	247.5	1.6%	266.9	264.6	1.0%
Ratios						
Coverage Ratio (incl. regulatory risk reserves)	145.1%	175.2%	-30%	145.1%	175.2%	-30%
Average Liquidity Ratio (regulatory minimum - 30%)	35%	36%	-1%	N/A	N/A	N/A
Loan to Deposit Ratio	66.0%	65.1%	1.0%	66.0%	65.1%	1.0%
Non-Performing Loan Ratio	4.3%	4.0%	0.3%	4.3%	4.0%	0.3%
Net Asset Value per share	₦8.59	₦8.46	1.6%	₦9.12	₦9.03	1.0%
Capital Adequacy	14.6%	15.8%	-1.2%	N/A	N/A	N/A

	BANK			GROUP		
Income Statement <i>(in billions of Naira)</i>	FY 2021	FY 2020	Change	FY 2021	FY 2020	Change
Gross Earnings	169.8	156.9	8.2%	172.0	160.3	7.3%
Net Interest Income	44.2	56.9	-22.2%	44.5	57.4	-22.5%
Non-Interest Income	55.7	43.9	26.7%	55.9	44.5	25.8%
Credit Impairment	-0.6	2.2	-129.0%	-0.6	2.2	-129.0%
Operating Expenses	79.1	78.0	1.4%	79.3	78.5	1.1%
Profit Before Tax	20.5	25.4	-19.2%	20.8	25.9	-20.0%
Profit After Tax	19.2	24.6	-22.2%	19.4	25.1	-22.9%
Ratios						
Net Interest Margin	3.0%	4.5%	-1.5%	3.2%	5.3%	-1.9%
Cost to Income Ratio	79.4%	75.4%	-4.0%	79.2%	75.1%	-4.1%
Return on Equity	7.7%	10.3%	-2.6%	7.3%	10.3%	-3.0%
Return on Assets	0.9%	1.3%	-0.4%	0.9%	1.3%	-0.4%
Earnings per share	66k	84k	-18k	66k	85k	-19k

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 and savings product 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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