



Q1 2019 Results Analyst Presentation

Unaudited Financial Results for the
3 months ended March 31, 2019

April 2019

Your simpler, smarter bank

Disclaimer

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Union Bank at a Glance

Assets / Equity

Total Equity		₱ 233bn
Total Assets		₱ 1.5tn





Our Channels

ATM		1,100
Debit Cards		3.7m
POS Terminals		7.4k
Online Banking		630k
Mobile Banking		1.5m
Branches / Cash Centers		300





Our People

Customers		4,500,000
Employees		2,600

Ratings

 <small>Research, Credit Ratings, Credit Risk Management</small>	A- (Stable Outlook)
	B3 (Stable Outlook)
	B- (Stable Outlook)
	BBB+ (Stable Outlook)

Social Engagement

	147,000		834,000
	27,000		55,000

Awards

Best Company in Environmental Excellence and Most Outstanding Company in CSR/Sustainability - 2018 Sustainability, Enterprise and Responsibility Awards (SERAs)

2019 Advertiser of the Year - Pitcher Awards

Recipient of the Bronze award for Integrated Marketing Campaign – 2019 Pitcher Awards



1

**The
Operating
Environment**

2

**Union Bank
Update**

3

**Q1 2019
Financial
Performance**

4

**Looking
Ahead**



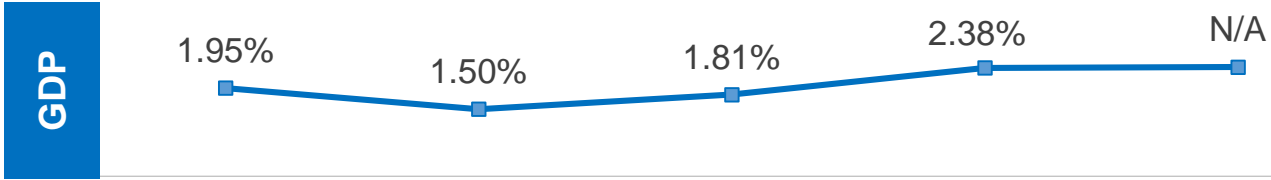
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The Operating Environment

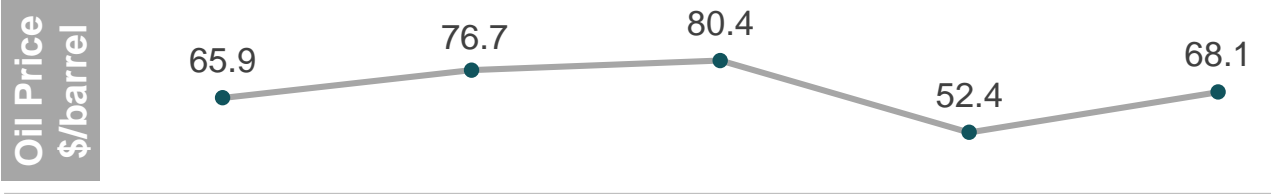
Emeka Emuwa
Chief Executive Officer

Q1 '19 Macro-Economic Trends in Nigeria

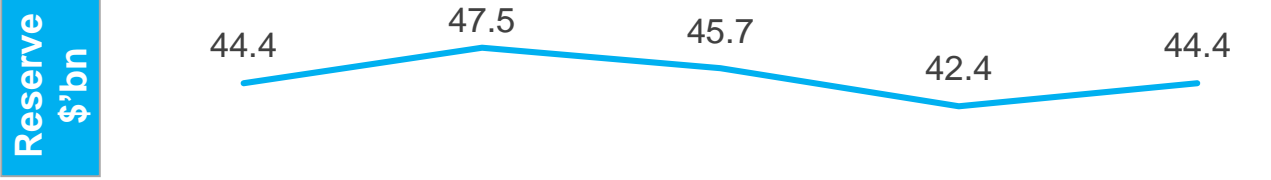
Mar - 18 Jun - 18 Sep - 18 Dec - 18 Mar - 19



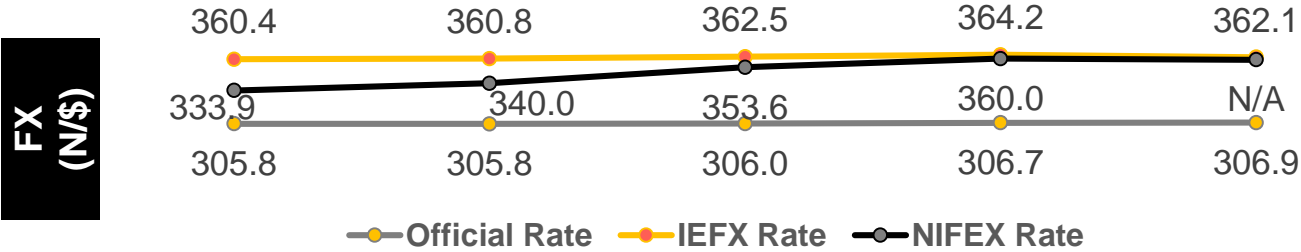
- Nigeria's GDP grew by 2.38% (y/y) in Q4'18, with an annual growth rate of 1.93%



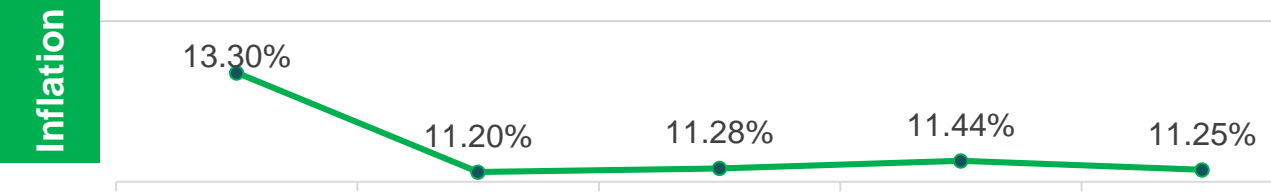
- Oil prices closed at \$68.1/barrel in March 2019



- Nigeria's foreign reserves declined in the last quarter of 2018, rose in Q1'19



- I & E and NIFEX FX rates converged in Q4'18, as the CBN stepped up its interventions across its different FX windows



- There has been a steady decline in inflation rate from 13.3% in Q1'18 to 11.25% in Q1'19

A blue-tinted photograph of a group of people in a meeting. In the foreground, a woman wearing a patterned headscarf and a patterned top is looking down at a document on a table. Other people are visible in the background, some looking towards the camera and others looking away. The overall scene suggests a professional or community gathering.

2

Union Bank Update

Emeka Emuwa
Chief Executive Officer

Our Ambitions

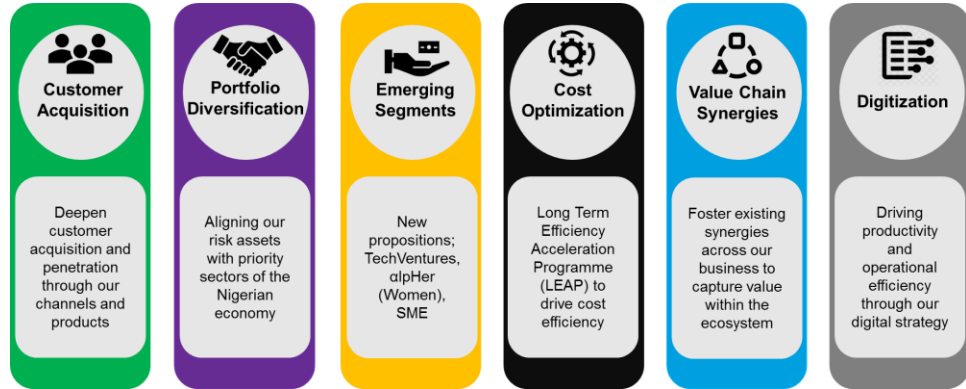


UNION BANK UPDATE

- Digital and Automation
- Service and Product Innovation
- Operational Efficiency
- Ecosystems for Value Creation and Growth
- Enabling Nigeria's Success – Education, Technology, Women, SMEs

Q1 2019 Achievements

UNION BANK UPDATE




Customer Acquisition

- We have seen a 45% increase in New to Bank (NTB) accounts in Q1'19. We continue to intensify our pursuit for quality customers and deepen our relationship with existing customers.



Emerging Segments

- The TechVentures was launched in January to support tech-based businesses in various lifecycle stages, providing them with funding and advisory services.
- Our alpHer proposition launched in March is designed to empower and 'enable success' for women across all segments of the Nigerian society through tailored financial services, capacity building opportunities etc.

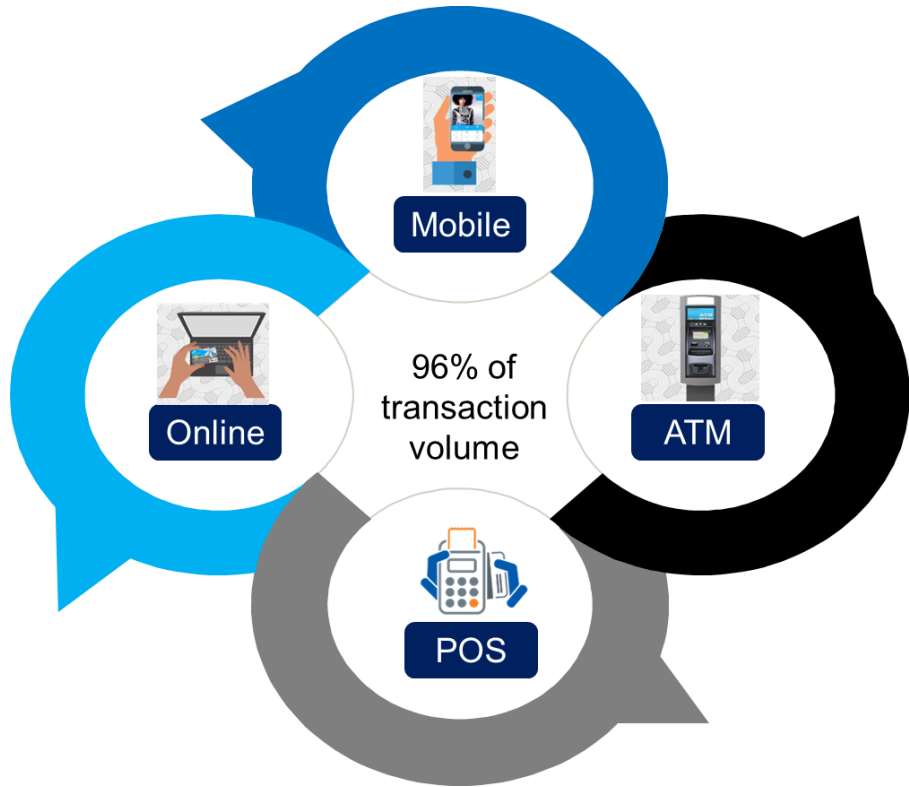


Cost Optimization

- Our Long Term Efficiency Acceleration Programme is in full swing, we expect to record savings on the expense lines in 2019.

Improved Digital Penetration (Q-o-Q)

UNION BANK UPDATE



Mobile

User count is up 128% to 1.5m

Online

Our total online users is up by 133% to 630k with our new users up 51% to 96k.

POS

Total POS volume is up 41% to 3.5m with the value up by 33% from N17.7bn to N24bn in Q1 2019

ATM

Our total transaction volume is up 5% to 20.8m while the total transaction value is up 4% to N187bn

Group Financial Performance



Income Statement



Gross Earnings (₦'bn)

Q1 2019

Q1 2018

Trend

37.7

39.5

-4.5%



Net Revenue after Impairments (₦'bn)

23.7

23.3

1.7%



Profit Before Tax (PBT) (₦'bn)

5.4

5.4

1%

Balance Sheet



Customer Deposits (₦'bn)

Mar 2019

Dec 2018

Trend

867.2

857.6

1.1%



Gross Loans (₦'bn)

539.4

519.7

3.8%

Ratios



RoE

Q1 2019

FY 2018

Trend

9.3%

6.8%



RoA

1.6%

1.6%



CAR

16.5%

16.4%



Cost to Income

80.9%

82.9%



NPL Ratio*

7.0%

8.1%

* Bank Figures.



3

Q1 2019 Financial Performance

Joe Mbulu
Chief Financial Officer

Group Highlights: Q1 2019

Q1 2019 PERFORMANCE

Gross Earnings	↓	Down 5% to ₦37.7bn (₦39.5bn in Q1'18)
Net Interest Income after Impairment	↑	Up 2% to ₦23.7bn (₦23.3bn in Q1'18)
Non-Interest Income	↑	Up 39% to ₦10.8bn (₦7.8bn in Q1'18)
Profit Before Tax	↑	Up 1% ₦5.4bn (₦5.4bn in Q1'18)
Customer Deposits	↑	Up by 1% to ₦867.2bn (₦857.6bn as at Dec 2018)
Gross Loans	↑	Up 4% to ₦539.4bn (₦519.7bn as at Dec 2018)
Capital Adequacy Ratio	↑	Up to 16.5% (16.4% as at Dec 2018)



Q1 2019 Performance – Group Financial Summary

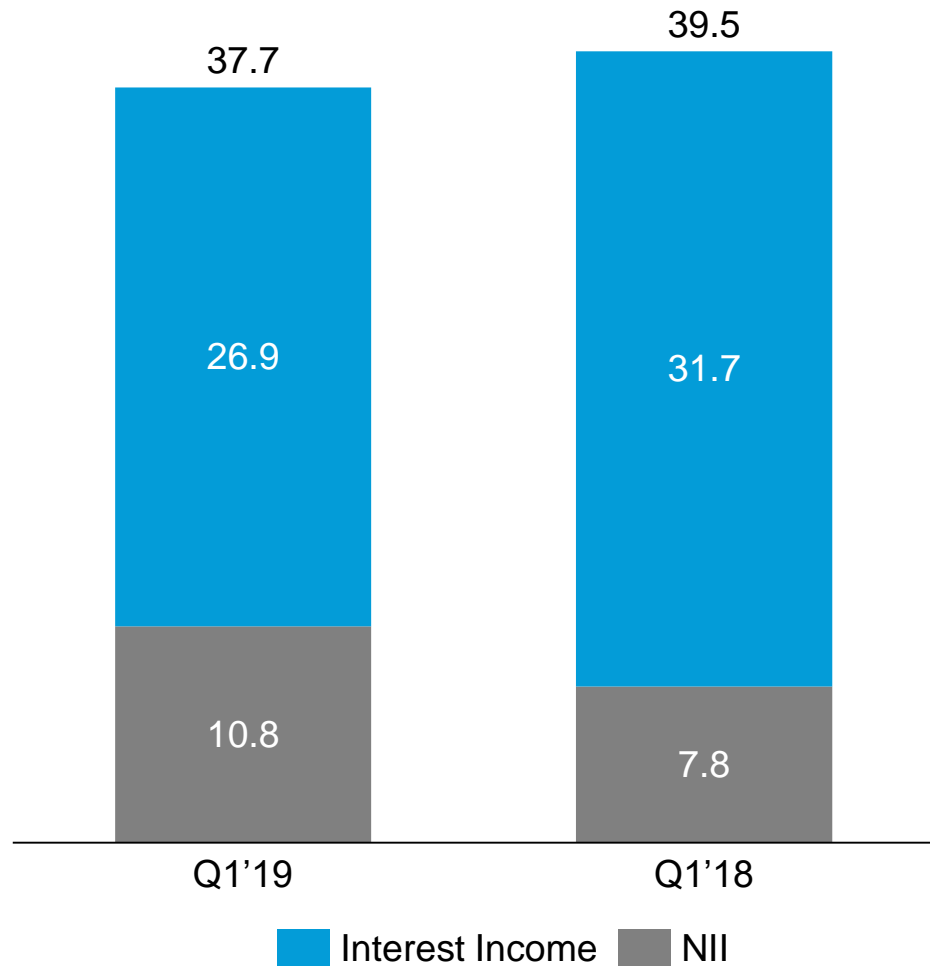
		Mar-2019	Dec-2018
Balance Sheet (₹ 'bn)	Assets	1,521.4	1,463.9
	Gross Loans and Advances	539.4	519.7
	Customer Deposits	867.1	857.6
Key Ratios	NPL Ratio*	7.0%	8.1%
	Capital Adequacy Ratio	16.5%	16.4%
	Coverage Ratio	106%	102%

		Q1 2019	Q1 2018
Income Statement (₹ 'bn)	Gross Earnings	37.7	39.5
	Net Interest Income	12.0	17.8
	Non-Interest Income	10.8	7.8
	Credit/Other Impairment Charge	0.8	(2.3)
	Operating Expenses	(18.5)	(17.9)
	Profit Before Tax	5.4	5.4
	Profit After Tax	5.3	5.3
Key Ratios	Net Interest Margin	5.7%	8.4%
	Cost to Income Ratio	80.6%	69.7%
	Return on Equity	9.3%	6.8%
	Return on Assets	1.5%	1.5%
	Net Asset Value per share	₹8.01	₹9.81
	Earnings Per Share	18k	18k

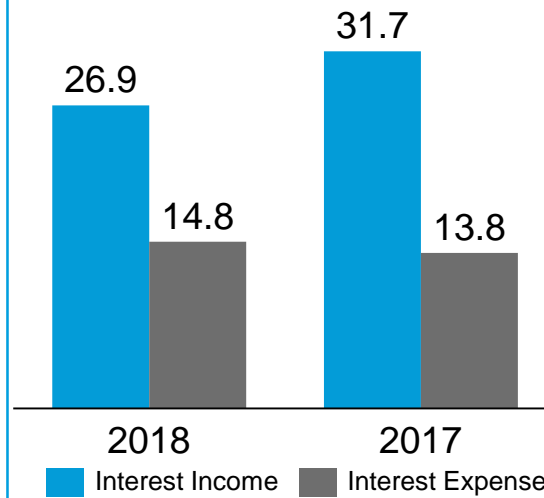
* Bank figures.

Gross Earnings

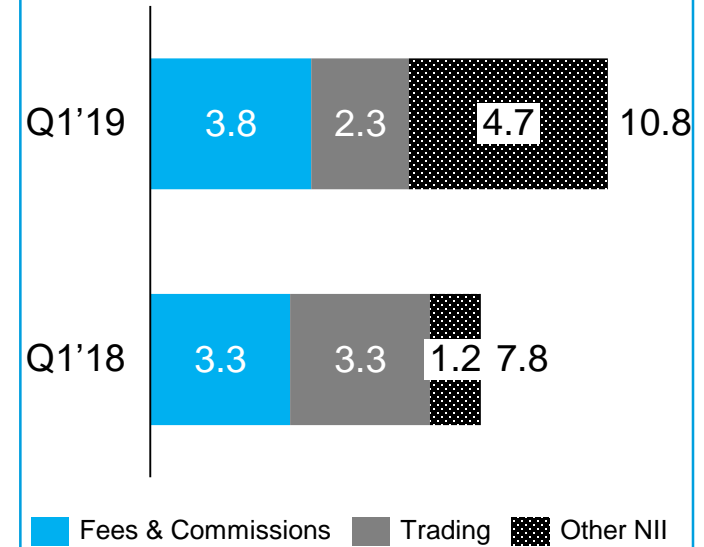
Gross Earnings (₦'bn)



NRFF (₦'bn)



Non Interest Income (₦'bn)

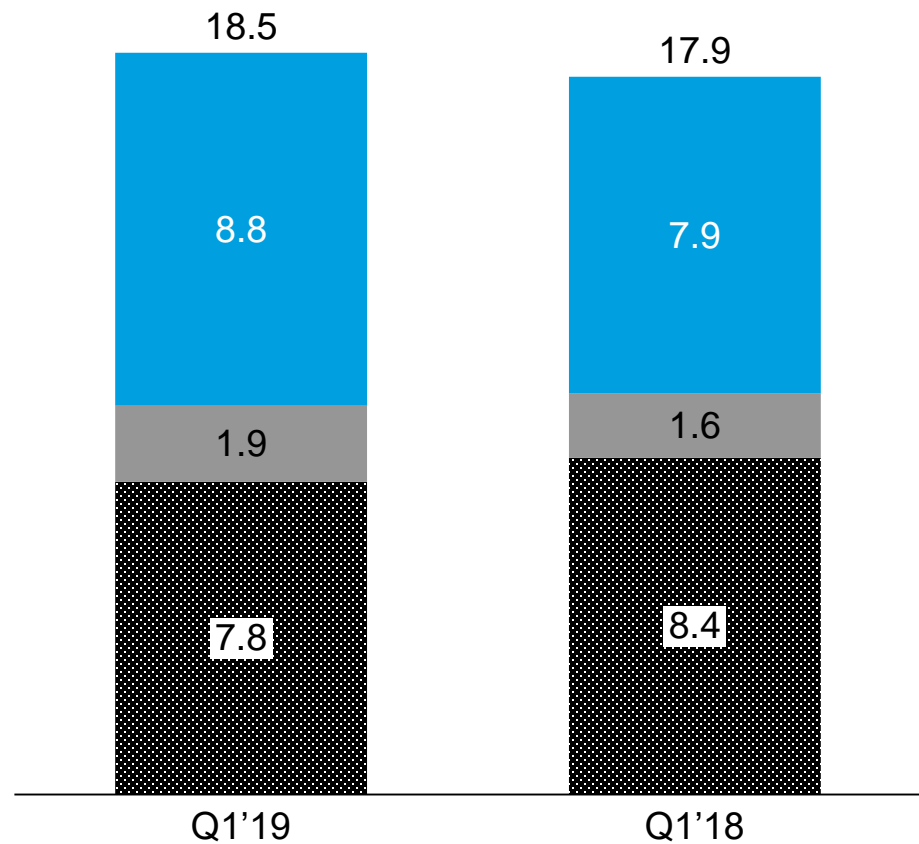


- Gross Earnings are down by 4.6% due to lower earning assets.
- Non-interest income is up 38% on the back of increased loan growth, increase in customer transactions, and significant recoveries.

Operating Expenses



Operating Expenses (₹'bn)



■ Staff Cost
 ■ Dep & Amor
 ■ Other Overhead Costs

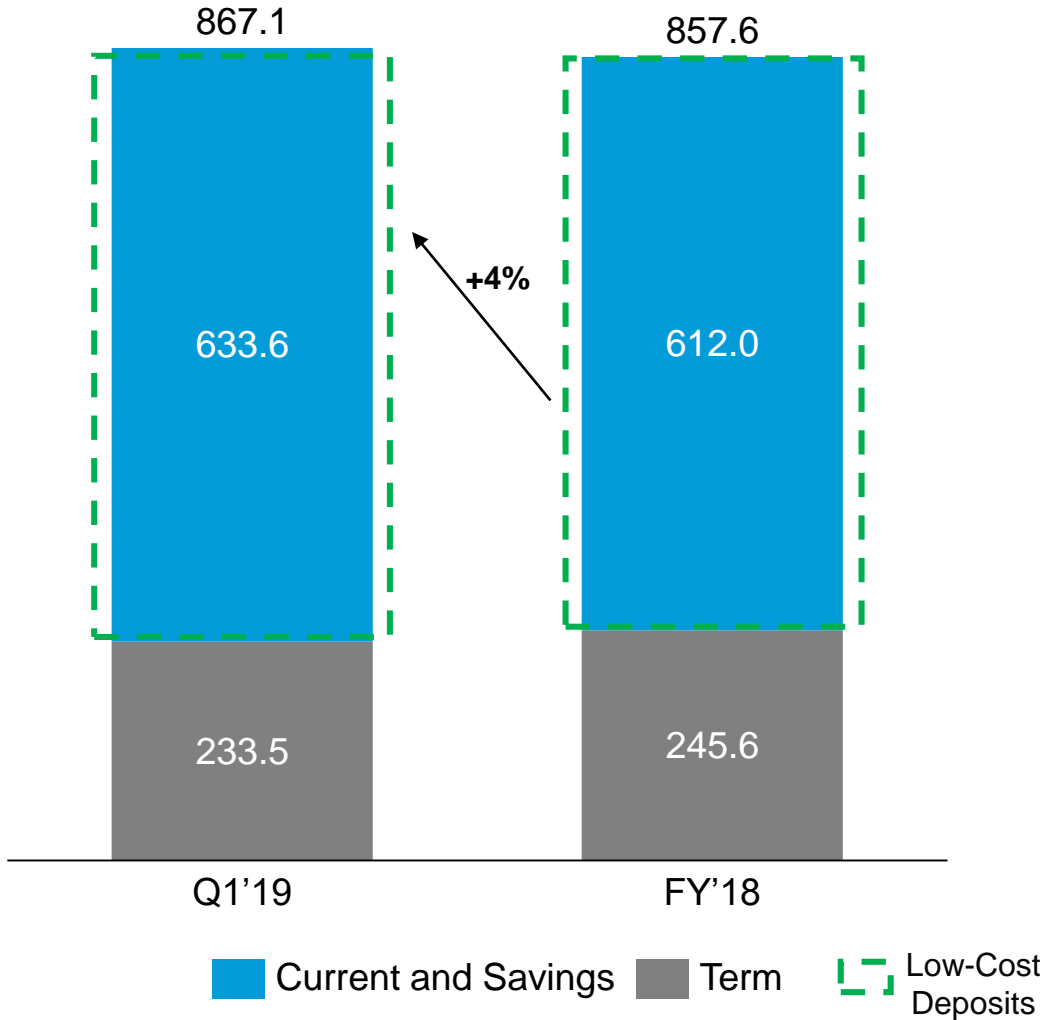
Major Drivers (₹'bn)

Expense	Q1'19	Q1'18	Var
Staff Expense	8.8	7.9	11%
Depreciation & Amortisation	1.9	1.6	19%
AMCON & NDIC	2.9	2.6	12%

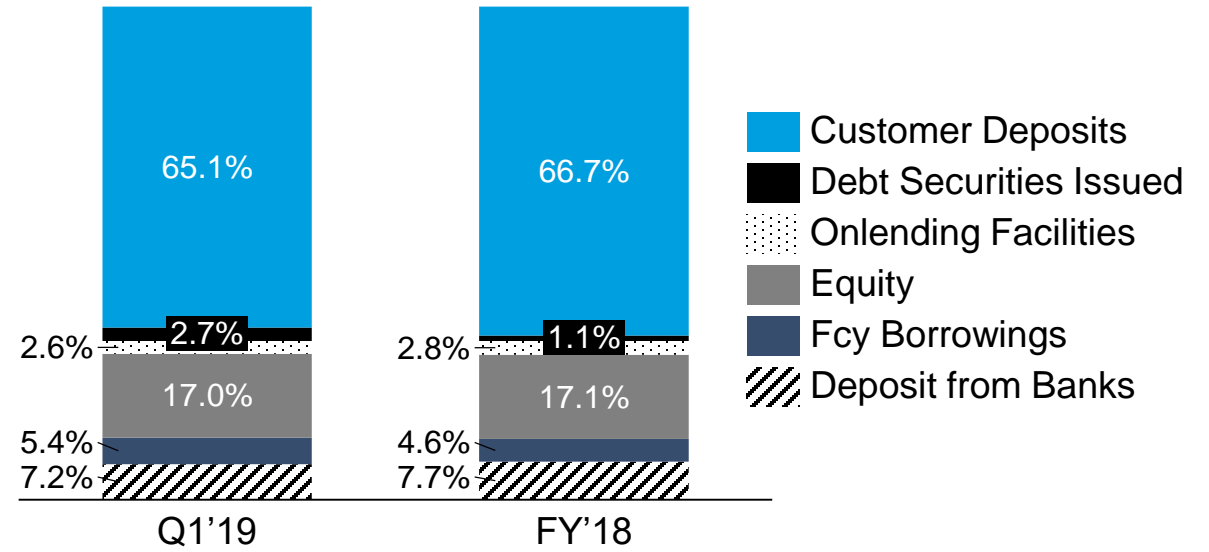
Q1 2019 PERFORMANCE

Funding Mix

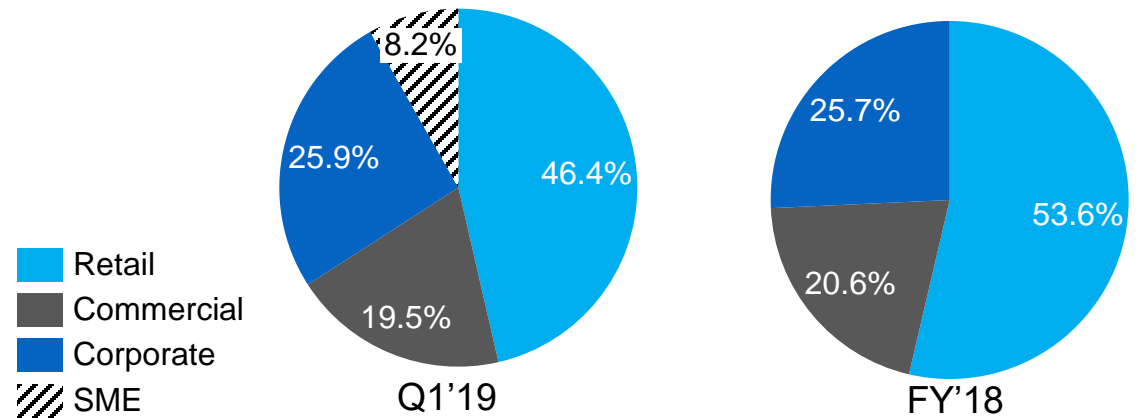
Customer Deposits (₹'bn)



Funding Mix

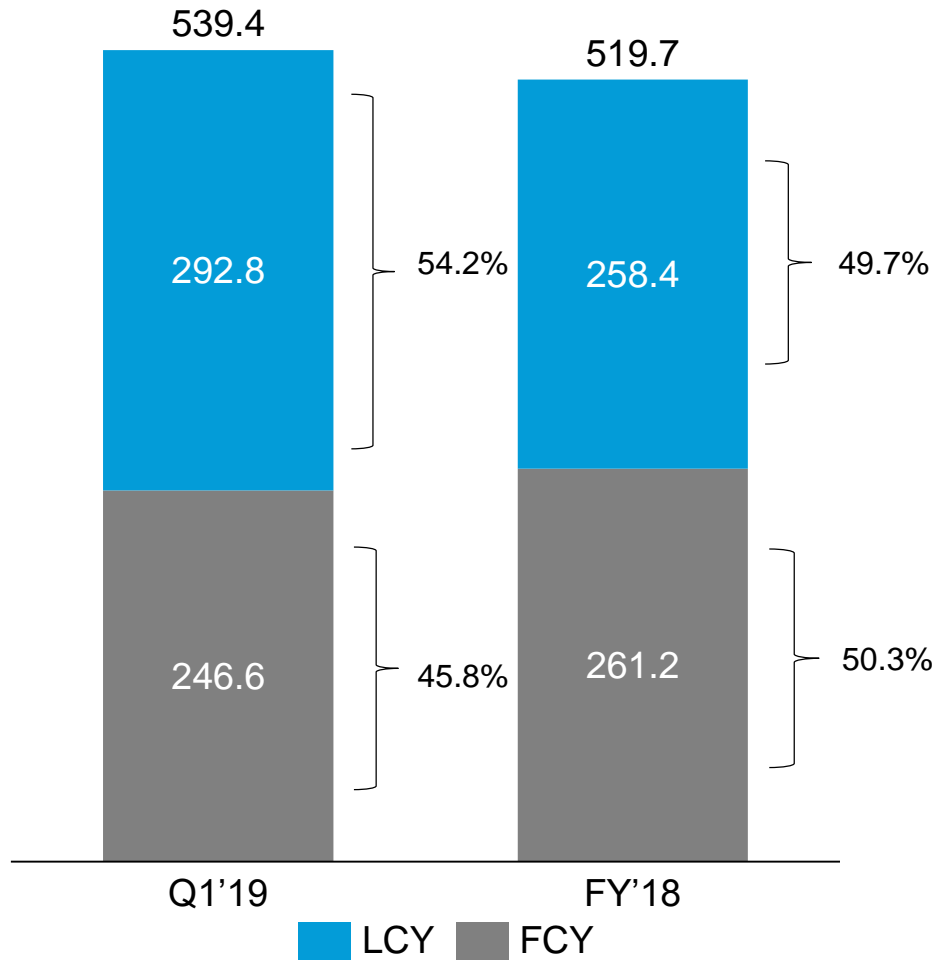


Deposit by Segment

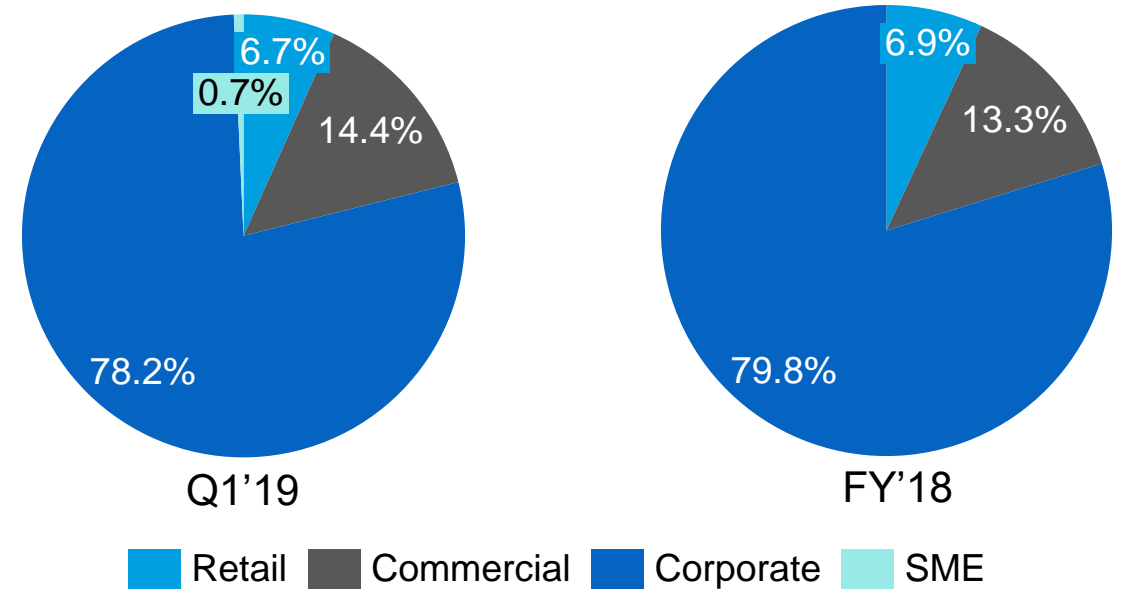


Optimized Loan Portfolio

Loans By Currency (₹'bn)












Loans By Segment



- We continue to reduce our exposure in our Foreign currency book as we look to mitigate any future FX risks.
- The Bank continues to diversify its loan portfolio with improved propositions to Retail Segment, SMEs and other entrepreneurs.

Portfolio Diversification

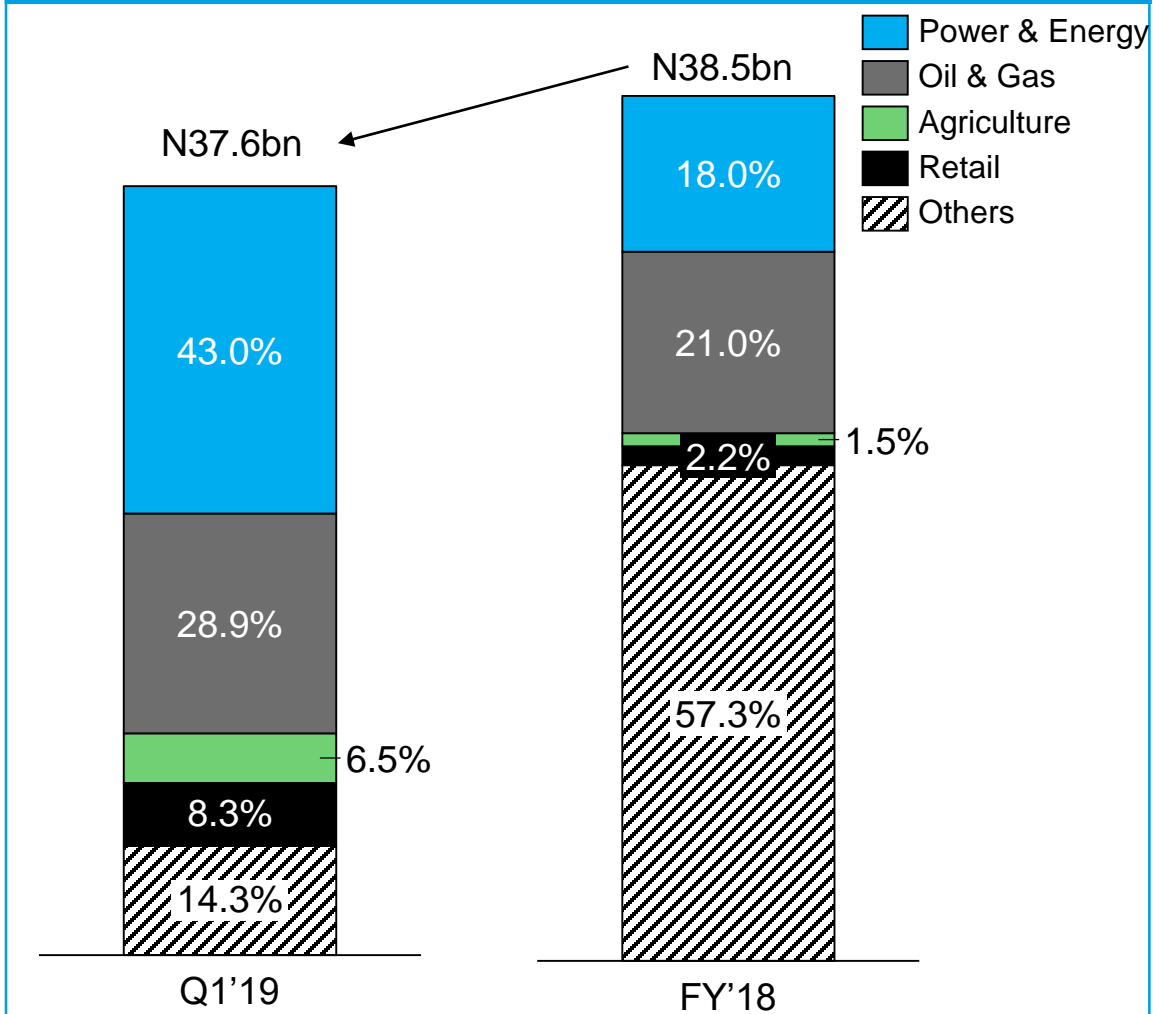
Q1 2019 PERFORMANCE

<u>Loans by Sector</u>		<u>Q1'19</u>	<u>FY'18</u>
	Oil and Gas	36.9%	38.2%
	Manufacturing	14.2%	16.0%
	General Commerce	9.7%	9.7%
	Power and Energy	7.5%	7.7%
	Construction	7.2%	6.7%
	Retail	6.7%	6.9%
	Information and Communication	6.4%	3.2%
	Agriculture	4.3%	4.9%
	Others ¹	7.1%	6.7%

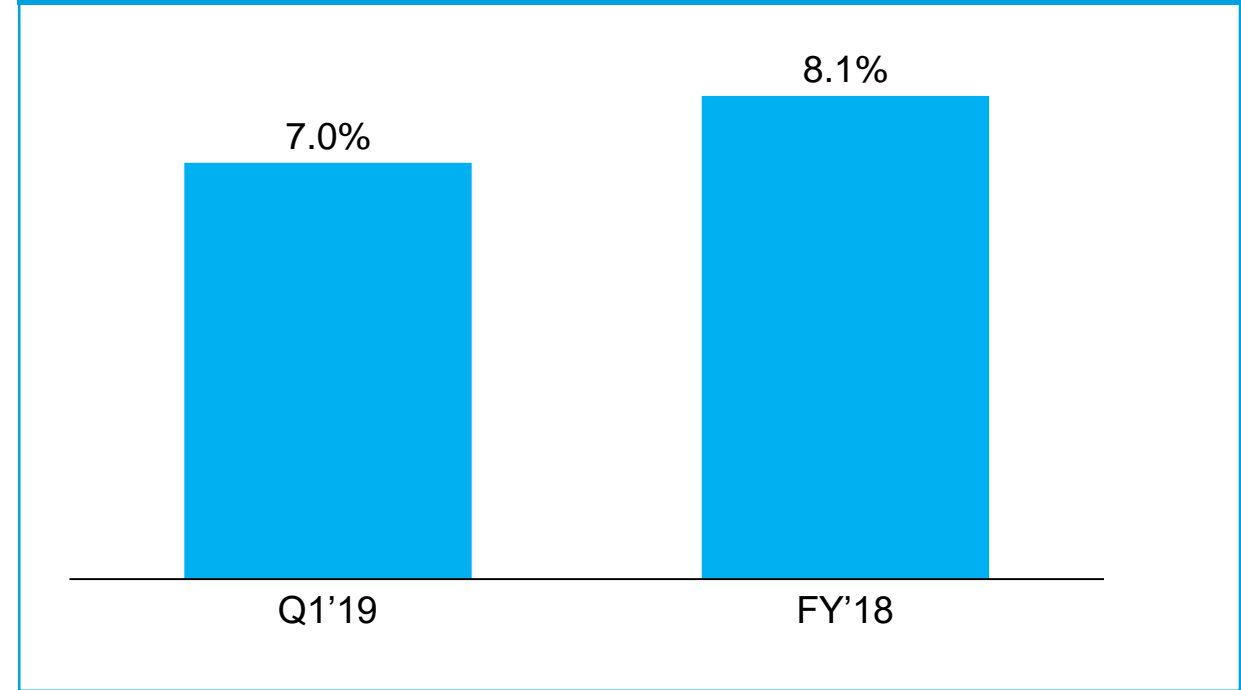
1. Others includes, Education, Finance and Insurance, SME, Hospitality, Human health and Social work, Public Utilities, Real Estate, Transportation and Storage

Improved NPL Ratio

NPL by Sector (₹'bn)



NPL Ratio



- NPL ratio down 110bps to 7% in Mar'19 (Dec'18: 8.1%), due to improved asset quality

1. Others includes Construction, Education, Finance and Insurance, Human health and Social work, Manufacturing.



4

Looking Ahead

Emeka Emuwa
Chief Executive Officer



Customer Acquisition

Deepen customer acquisition and penetration through our channels and products




Portfolio Diversification

Aligning our risk assets with priority sectors of the Nigerian economy




Emerging Segments

New propositions; TechVentures, alpHer (Women), SME



Cost Optimization

Long Term Efficiency Acceleration Programme (LEAP) to drive cost efficiency



Value Chain Synergies

Foster existing synergies across our business to capture value within the ecosystem



Digitization

Driving productivity and operational efficiency through our digital strategy

2019 Guidance

	FY 2017 Actual	FY 2018 Actual	FY 2019 Guidance
PBT**	¥13.9bn	¥18.5bn	¥19.5 - 21bn
Loan Growth	2.2%	(7.3%)	10 - 12%
Deposit Growth	21.9%	7%	12 -15%
NPL Ratio*	20.8%	8.1%	<8%
ROE	4.3%	6.4%	6.5 - 7%
ROA	1.0%	1.3%	1.4 -1.5%
NIM	7.8%	6.6%	6.5 - 7%
CIR	63%	82.9%	70 - 75%

LOOKING AHEAD

* Bank Figures. **Dec 2017 Restated.

A photograph of four women wearing hijabs, gathered around a smartphone. They are all looking at the screen with interest and joy. The image is overlaid with a semi-transparent blue filter. A yellow rounded rectangle frames the text in the center.

Appendix- Group Financials

Q1 '19 Unaudited Financial Results

March 2019 Performance: Group Profit and Loss Statement

₹'million	Q1'19	Q1'18	Δ
Gross earnings	37,675	39,466	-5%
Interest income	26,859	31,674	-15%
Interest expense	(14,810)	(13,843)	7%
Net interest income	12,049	17,831	-32%
Impairment charge for credit loss	806	(2,349)	-134%
Net interest income after impairment charge	12,855	15,482	-17%
Net trading income	2,267	3,345	-32%
Fees and commissions	3,765	3,276	15%
Net income from other financial instruments at fair value through profit or loss	802	-	
Other operating Income	1,188	867	37%
Non interest income	10,816	7,792	39%
Operating Income	23,672	23,274	2%
Net impairment write-back on other financial assets	262	-	
Operating expenses	(18,496)	(17,867)	4%
Profit before tax	5,438	5,407	1%
Profit after tax	5,274	5,288	0%



March 2019 Performance: Group Balance Sheet

₹'million	Mar-2019 ₹'million	Dec-2018 ₹'million	Δ
Assets			
Cash and cash equivalents	264,574	233,566	13%
Non-pledged trading assets	48,290	14,271	238%
Pledged assets	58,846	48,839	20%
Derivative assets held for risk management	986	1,029	-4%
Loans and advances to customers	494,899	473,462	5%
Investment securities	161,552	199,317	-19%
Trading properties	186	186	0%
Investment properties	5,103	5,030	1%
Property and equipment	59,886	59,954	0%
Intangible assets (software)	5,802	6,045	-4%
Deferred tax assets	95,875	95,875	0%
Other assets	43,051	42,409	2%
Defined benefit assets	1,531	1,610	-5%
Assets classified as held for sale	397	397	0%
Total Assets	1,521,363	1,463,858	4%



March 2019 Performance: Group Balance Sheet (Cont'd)

₹'million	Mar-2019 ₹'million	Dec-2018 ₹'million	Δ
Liabilities			
Deposits from banks	95,978	99,477	-4%
Deposits from customers	867,154	857,593	1%
Current tax liabilities	744	581	28%
Deferred tax liabilities	263	262	0%
Derivative liabilities held for risk management	3,839	1,120	243%
Other Liabilities	176,888	169,655	4%
Retirement benefit obligations	785	788	0%
Other borrowed funds	105,905	94,891	12%
Total Liabilities	1,288,061	1,238,226	4%
Equity			
Share capital and share premium	201,652	201,652	0%
Retained earnings / (accumulated loss)	(40,102)	(44,380)	-10%
Other reserves	65,415	62,084	5%
Equity attributable to equity-holders			
Non-controlling interest			
Total Equity	233,302	225,632	3%
Total Liabilities and Equity	1,521,363	1,463,858	4%

A photograph of four women wearing hijabs, gathered around a smartphone. They are all looking at the screen with interest and joy. The image is overlaid with a semi-transparent blue filter. A yellow rounded rectangle is centered over the text.

Appendix- Bank Financials



March 2019 Performance: Bank Profit and Loss Statement

₹'million	Q1'19	Q1'18	Δ
Gross earnings	36,111	37,735	-4%
Interest income	25,191	30,334	-17%
Interest expense	(14,427)	(13,683)	5%
Net interest income	10,764	16,651	-35%
Impairment charge for credit loss	775	(2,136)	-136%
Net interest income after impairment charge	11,539	14,515	-21%
Net trading income	2,228	3,310	-33%
Fees and commissions	3,578	3,114	
Net income from other financial instruments at fair value through profit or loss	802	-	
Other operating Income	1,518	673	126%
Non interest income	10,920	7,401	48%
Operating Income	22,460	21,916	2%
Operating expenses	(17,483)	(16,867)	4%
Profit before tax	5,239	5,049	4%
Profit after tax	5,187	4,999	938%



March 2019 Performance: Bank Balance Sheet

₹'million	Mar-2019 ₹'million	Dec-2018 ₹'million	Δ
Assets			
Non-pledged trading assets	48,290	14,271	238%
Pledged assets	58,846	48,839	20%
Derivative assets held for risk management	986	1,029	-4%
Loans and advances to customers	448,245	428,037	5%
Investment securities	134,228	175,068	-23%
Trading properties	187	187	0%
Investment properties			
Property and equipment	59,766	59,830	0%
Intangible assets	5,436	5,628	-3%
Deferred tax assets	95,875	95,875	0%
Other assets		324,003	-100%
Defined benefit assets	1,531	1,610	-5%
Assets classified as held for sale	325	325	0%
Total Assets	1,378,788	1,324,297	4%



March 2019 Performance: Bank Balance Sheet (Cont'd)

₹'million	Mar-2019 ₹'million	Dec-2018 ₹'million	Δ
Liabilities			
Deposits from banks	-	-	
Deposits from customers	847,918	844,413	0%
Current tax liabilities	284	232	22%
Derivative liabilities held for risk management	3,823	1,117	242%
Other Liabilities	175,945	168,827	4%
Retirement benefit obligations	782	786	-1%
Debt Securities issued	13,376	13,860	-3%
Other borrowed funds	105,989	94,975	12%
Total Liabilities	1,171,247	1,124,210	4%
Equity			
Share capital and share premium	201,652	201,652	0%
Retained earnings / (accumulated loss)	(43,484)	(51,744)	-16%
Other reserves	49,373	46,171	7%
Equity attributable to equity-holders			
Total Equity	207,541	200,087	4%
Total Liabilities and Equity	1,378,788	1,324,297	4%



Thank You