

Union Bank of Nigeria Plc

Group Unaudited Financial Results for the Nine Months Ended September 30, 2018

LAGOS, NIGERIA – October 29, 2018 - Union Bank, one of Nigeria's longest standing and most respected financial institutions, announces its unaudited financial statements for the nine month period ended September 30 2018.

Group Financial Highlights:

- **Profit before tax:** up 14% to ₦14.9bn (₦13.0bn in Q3 2017).
- **Gross earnings:** up 12% to ₦122.2bn (₦109.5bn in Q3 2017), driven by higher earning assets and a 46% growth in non-interest income.
- **Interest income:** up 3% to ₦91.5bn (₦88.5bn in Q3 2017).
- **Net interest income before impairment:** up 5% to ₦49.4bn (₦46.9bn in Q3 2017); continuously led by increased earning assets.
- **Non-interest income:** up 46% to ₦30.8bn (₦21.0bn in Q3 2017); a result of intensified recovery efforts, continued improvements in alternative channel revenues and treasury trading gains.
- **Net operating income:** up 17% to ₦72.8bn (₦62.0bn in Q3 2017).
- **Operating expenses:** up 18% to ₦58.0bn (₦49.0bn in Q3 2017); driven mostly by a 28% increase in regulatory levies.
- **Gross loans:** up 5% to ₦588.9bn (₦560.7bn Dec 2017) as we begin to selectively create new risk assets across various business lines.
- **Customer deposits:** up 10% to N882.2bn (N802.4bn Dec 2017); showing a 37% increase in foreign currency deposits (excluding impact of devaluation) alongside a growing low-cost deposit book.

Commenting on the results, Emeka Emuwa, CEO said:

“In the third quarter of the year, our numbers continue to track strongly across all performance metrics. The Group’s gross earnings grew by 12% to ₦122.2 billion from ₦109.5 billion in Q3 2017. Profit Before Tax (PBT) is up 14% to ₦14.9 billion compared to Q3 2017 as a result of strong treasury trading income, intensified recoveries and a 144% growth in alternate channel revenues.

The Non-Performing Loan (NPL) ratio is down to 9.8% from 10.8% as at H1 2018 as asset quality continues to strengthen as we realize more recoveries while continuing to selectively grow our loan book with high quality risk assets.

Leveraging positive investor confidence in the Bank, we concluded a successful inaugural issuance of Series I and II bonds under our newly-registered N100billion bond program. We will remain focused on driving and enhancing productivity across the Bank to ensure we deliver on our expectations for the year.”

Speaking on the Q3 2018 numbers, Chief Financial Officer, Joe Mbulu said:

“Notwithstanding our deposit book growth, our focus on optimizing our funding costs ensured that they remained flat year-on-year. This drove profitability from gross revenues to the bottom line, with higher net revenue from funds (after impairment) in the period.

Non-Interest Income (NII) is up by 46% compared to prior year as recoveries grew by 94% to ₦3.9 billion during the period, up from ₦2.0 billion in Q3 2017 and fee and commission income grew 22% in the same period driven by higher transaction volumes. In addition, the Bank also benefitted from opportunistic treasury trading income realized in the period.

Our foreign currency deposits are up 37% compared with December 2017, as we continued to optimize our balance sheet. Notwithstanding a challenging macro-economic backdrop, we are judiciously growing the Group loan book, which is up by 5% from ₦560.7 billion as at December 2017 to ₦588.9 billion as at the end of Q3 2018.

The Bank remains adequately capitalized to pursue its growth ambitions with Capital Adequacy Ratio (CAR) at 16.8%.”

Group Q3 2018 Financial Summary

Balance Sheet <i>(in billions of Naira)</i>	Sep 2018	Dec 2017	Change
Total Assets	1,581.8	1,455.5	9%
Gross Loans & Advances	588.9	560.7	5%
Customer Deposits	882.2	802.4	10%
Shareholders' Funds	293.5	345.7	(15%)
Number of shares in issue (billions)	29.12	29.12	Flat
Ratios			
Coverage Ratio (incl. RRR)	94%	103%	(9%)
Loan to Deposit Ratio	66.8%	69.9%	(3.1%)
Net Asset Value per share	₦10.08	₦11.87	(₦1.79)
Non-Performing Loan Ratio	9.8%	19.8%	(10.0%)
Income Statement <i>(in billions of Naira)</i>			
	Q3 2018	Q3 2017	Change
Gross Earnings	122.2	109.5	12%
Net Interest Income	49.4	46.9	5%
Non-Interest Income	30.7	21.0	46%
Credit /other Impairment charge	7.3	5.9	24%
Operating Expenses	58.0	49.0	18%
Profit Before Tax	14.9	13.0	14%
Profit After Tax	14.7	12.4	18%

Ratios

Net Interest Margin	7.3%	7.5%	(0.2%)
Cost of Funds	5.8%	6.7%	(0.9%)
Cost to Income Ratio	72.3%	72.2%	0.1%
Cost of Risk	1.8%	1.6%	0.2%
Return on Equity	6.1%	6.0%	0.1%
Return on Tangible Equity	8.8%	9.2%	(0.4%)
Return on Assets	1.3%	1.3%	flat
Earnings Per Share	49k	72k	(23k)

Bank Q3 2018 Financial Summary

Balance Sheet (in billions of Naira)	Sep 2018	Dec 2017	Change
Total Assets	1,422.3	1,334.9	7%
Gross Loans & Advances	551.5	531.8	4%
Customer Deposits	851.8	796.7	7%
Shareholders' Funds	267.9	321.4	(17%)
Number of shares in issue (billions)	29.12	29.12	flat

Ratios

Coverage Ratio (incl. RRR)	98%	103%	5%
Loan to Deposit Ratio	64.7%	66.8%	(2.1%)
Net Asset Value per share	₦9.2	₦11.0	(₦1.8)
Non-Performing Loan Ratio	9.95%	20.81%	(10.86%)

Income Statement (in billions of Naira)	Q3 2018	Q3 2017	Change
Gross Earnings	118.4	105.3	12%
Net Interest Income	46.2	43.8	5%
Non-Interest Income	31.2	20.3	54%
Credit/other Impairment charge	6.9	5.8	19%
Operating Expenses	55.1	46.6	18.2%
Profit Before Tax	15.4	11.7	31%
Profit After Tax	15.2	11.4	33%

Ratios

Net Interest Margin	8.2%	8.2%	flat
Cost of Funds	5.8%	6.7%	(0.9%)
Cost to Income Ratio	71.2%	73.0%	(1.8%)
Cost of Risk	1.8%	1.6%	0.2%
Return on Equity	6.9%	5.9%	1.0%
Return on Tangible Equity	10.3%	9.5%	0.8%
Return on Assets	1.5%	1.3%	0.2%
Earnings Per Share	52k	67k	(15k)

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 be hosting a conference call for investors, analysts and financial journalists on Thursday November 1st, 2018 at 13:00 Lagos / 12:00 London / 08:00 New York / 14:00 Johannesburg with its executive management team, to discuss the Q3 2018 results and respond to questions. To participate in the call, [register online here](#) for your personal PIN, and dial:

Nigeria: +234 (1) 903 0080
United Kingdom: +44 (0)2034262891
United States Toll: +1 2024030719
South Africa Toll: +27 (0)216724117

For attendees dialing the Nigerian number +234 (0)12775820 PIN: 22741764# and quote your personal pin code when accessing the call.

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 Centers 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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