

Union Bank of Nigeria Plc
Unaudited Results for the Nine Months Ended 30 September, 2017

LAGOS, NIGERIA – October 30, 2017 - Union Bank, one of Nigeria's long-standing and most respected financial institutions, announces its unaudited results for the nine months ended 30th September 2017.

Union Bank remains on course to deliver on its key objectives in 2017. As previously announced, the Bank's plans to raise fifty billion Naira (₦50 billion) in tier 1 capital through a rights issue formally opened on September 20th and will close on October 30th. The capital increase supports the Bank's short to medium term growth objectives as it looks to re-position itself as one of Nigeria's leading commercial banks. The new capital will also ensure the bank maintains a strong buffer above regulatory capital adequacy requirements.

Group Financial Highlights:

- **Gross earnings:** up by 16% to ₦109.5bn (₦94.8bn in 9M 2016); *fuelled mostly by 22% increase in interest income.*
- **Profit before tax:** down 2% to ₦13.0bn (₦13.3bn in 9M 2016); *Net Income is up 7% but operating expenses increased 10%.*
- **Interest income:** up 22% to ₦88.5bn (₦72.3bn in 9M 2016); *driven mostly by 23% growth in average gross loans from ₦412bn for 9M 2016 to ₦507bn for 9M 2017.*
- **Net interest income after impairment:** up 16% to ₦40.9bn (₦35.2bn in 9M 2016)
- **Impairment:** down 53% to ₦6.0bn (₦12.9bn in 9M 2016); *coverage ratio has strengthened to 203% as at 30 September 2017, from 182% as at December 2016.*
- **Non-interest revenue:** down 6% to ₦21.0bn (₦22.5bn in 9M 2016); *excluding non-recurring naira devaluation gain of ₦4.7bn in 9M 2016, 9M 2017 improved by 18%.*
- **Operating expenses:** up 10% at ₦49.0bn (₦44.6bn in 9M 2016); *increase driven largely by double-digit inflation amid continued capital investments in technology and naira devaluation.*
- **Gross loans:** down 5% to ₦508.6bn (₦535.8bn in Dec 2016)
- **Customer deposits:** up 17% to ₦767.9bn (₦658.4bn in Dec 2016); *a customer-centric product suite, a revamped digital platform and the launch of a new advertising campaign have delivered 63% YTD increase in new-to-bank customers in 2017.*

Commenting on the Bank's results for the nine month period, Emeka Emuwa, Chief Executive Officer said:

*"We remain encouraged by the results of our customer acquisition strategy, as customers continue to respond to our targeted market offerings and increased brand awareness, following the debut of a new advertising campaign to support the launch of Union Bank's new digital platform, including our revamped mobile banking app and *826#, our SMS banking platform.*

Customer deposits are up 17% from December 2016 to close the period at ₦767.9bn. Group Gross Earnings, at ₦109.5bn, reflect a 16% growth compared to the period

ended 30 September 2016.

However, a challenging macro-operating environment, characterised by double-digit inflation, continues to create headwinds for businesses, constrict consumer purchasing power and pressure operating expenses as well as portfolio quality.

Consequently, core pre-tax earnings for the period were marginally lower at ₦13.0bn compared to ₦13.3bn in 9M 2016.

With the ₦50bn capital raise underway, we remain focused on our strategic priorities and expect this new capital to deliver the momentum needed to accelerate the pace of our business growth.”

Speaking further on the numbers, Chief Financial Officer, Oyinkan Adewale said:

“The Group’s net interest income after impairments improved significantly by 16% from ₦35.2bn to ₦40.9bn compared to the period ended 30 September 2016. Non-interest income is down by 6% compared to 9M 2016, which included one-time revaluation gains.

With our continued focus on early problem recognition and prudent provisioning, our coverage ratio has strengthened to 203% as at 30 September 2017, from 182% as at December 2016.

The impact of naira devaluation, coupled with the inflationary environment, has pressured our cost-to-income ratio, especially as we continue to make investments in technology critical to our long-term business strategy. We are confident that these investments will deliver the expected cost benefits in the medium term. We also expect improved capital adequacy and higher revenues, fuelled by ₦50bn of new capital.

Group Nine Months 2017 Financial Summary

Balance Sheet (in billions of Naira)	Sep 2017	Dec. 2016	Change
Total Assets	1,358.2	1,252.7	8%
Gross Loans & Advances	508.6	535.8	(5)%
Customer Deposits	767.9	658.4	17%
Shareholders’ Funds	285.6	271.7	5%
Ratios			
Loan to Deposit Ratio	66.0%	81.4%	(15.4%)
Non-Performing Loan Ratio	9.14%	6.91%	2.23%
Coverage Ratio	203.0%	182.3%	20.7%
Income Statement (in billions of Naira)	9M 2017	9M 2016	Change
Gross Earnings	109.5	94.8	16%
Net Interest Income	46.9	48.1	(3)%
Net Interest Income after impairment	40.9	35.2	16%
Non-Interest Income	21.0	22.5	6%
Impairment charge	6.0	12.9	(53)%
Operating Expenses	49.0	44.6	10%
Profit Before Tax	13.0	13.3	(2)%
Profit After Tax	12.4	13.0	(5)%

Ratios

Net Interest Margin	7.5%	8.8%	(1.3%)
Cost to Income Ratio	72%	63%	(9%)
Return on Equity	6.0%	6.9%	(0.9%)
Return on Assets	1.3%	1.6%	(0.3%)
Net Asset Value per share	₦16.86	₦14.95	₦1.91
Earnings Per Share	72k	76k	(4k)

Bank Nine Months 2017 Financial Summary
Balance Sheet *(in billions of Naira)*

	Sep 2017	Dec 2016	Change
Total Assets	1,248.1	1,123.5	11%
Gross Loans & Advances	486.5	518.3	6%
Customer Deposits	757.9	633.8	20%
Shareholders' Funds	264.1	251.3	5%

Ratios

Liquidity Ratio (regulatory minimum - 30%)	40.6%	33.1%	7.5%
Loan to Deposit Ratio	64%	81.8%	(17.6%)
Non-Performing Loan Ratio	9.6%	7.1%	(2.5%)
Coverage Ratio	202%	181.8%	20.2%

Income Statement *(in billions of Naira)*

	9M 2017	9M 2016	Change
Gross Earnings	105.3	92.7	14%
Net Interest Income	43.8	46.4	(6%)
<i>Net Interest Income after impairment</i>	38.0	33.5	13%
Non-Interest Income	20.3	21.4	(5%)
Gain on sale of subsidiaries*	-	0.8	(100%)
Impairment charge	5.9	12.8	(54%)
Operating Expenses	46.6	42.7	9%
Profit Before Tax	11.7	13.2	(11%)
Profit After Tax	11.5	13.1	(12%)

Ratios

Net Interest Margin	8.2%	10.0%	(1.8%)
Cost to Income Ratio	73%	62%	(11%)
Return on Equity	5.9%	7.5%	(1.6%)
Return on Assets	1.3%	1.7%	(0.4%)
Net Asset Value per share	₦15.59	₦13.98	₦1.61
Earnings Per Share	67k	77k	(10k)

For the detailed Profit and Loss Account, Balance Sheet, Cash flow statement and notes to the accounts, please visit <https://www.unionbankng.com/investor-relations/>

Financial Results Analyst Call – 9M 2017

Please find below the dial-in details for the call on Tuesday November 7th, 2017 at 12:00pm WAT (11:00am GMT):

Dial-in details: **Nigeria:** +234 1 903 0080
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Participant PIN: 32096328#

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Notes to editors:

About Union Bank 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 is a trusted and recognizable brand, with an extensive network of over 300 branches across Nigeria.

In late 2012, a new Board of Directors and Executive Management team were appointed to Union Bank and in 2014 the Bank began executing a transformation programme to re-establish it as a highly respected provider of quality financial services.

The Bank currently offers a variety of banking services to both individual and corporate clients including current, savings and deposit account services, funds transfer, foreign currency domiciliation, loans, overdrafts, equipment leasing and trade finance. The Bank also offers its customers convenient electronic banking channels and products including Online Banking, Mobile Banking, Debit Cards, ATMs and POS Systems.

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

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