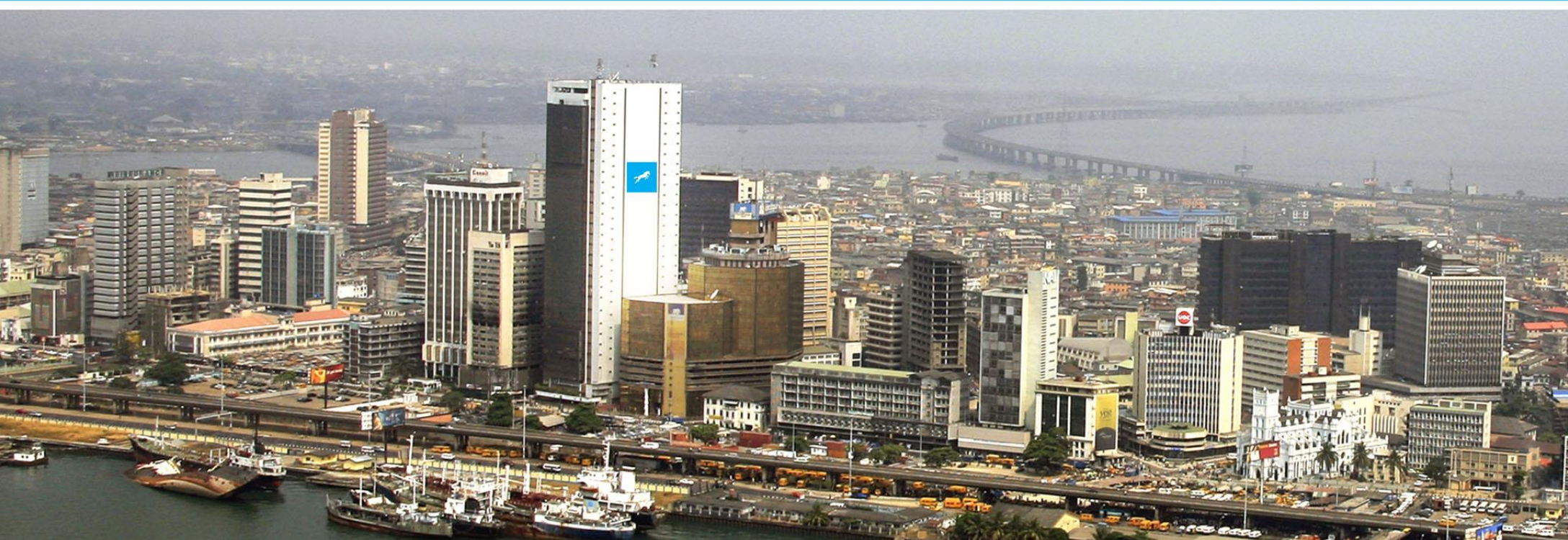




H1 2016 Financial Results Presentation to Investors & Analysts



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The Operating Environment

Overview of Union Bank

Financial Performance

Full Year 2016 Expectations



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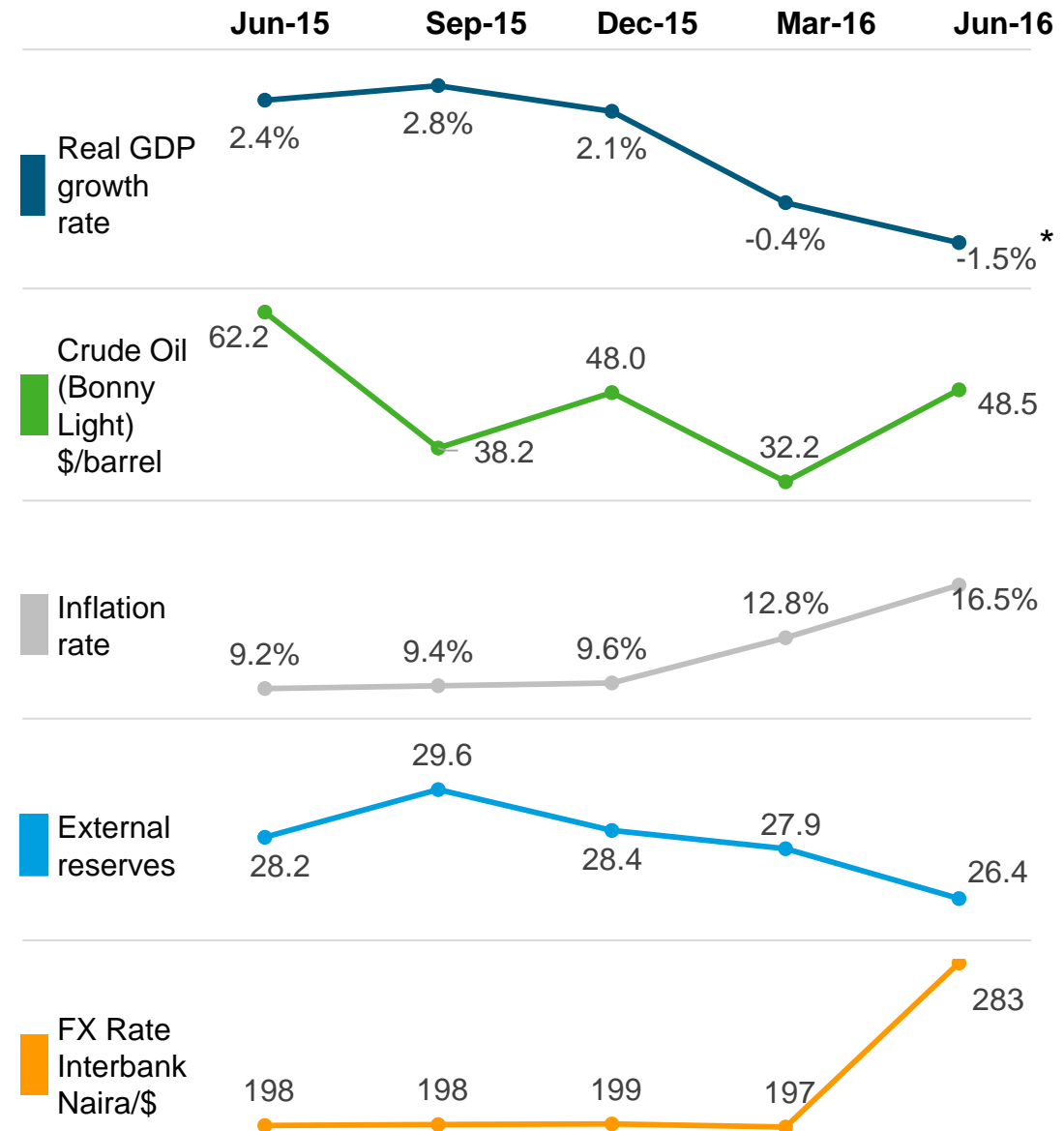
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The Operating Environment

Falling oil prices continue to impacts economic growth & inflation

- Nigeria's GDP contracted following FCY shortages caused by lower oil receipts and weak investor confidence. GDP growth estimated at -1.5% for H1'16.
- Crude oil price improved to \$48.48/barrel in June'16. However the benefits are limited following recent terrorist attacks on pipelines which reduced supply
- Inflation reached an all time high of 16.5% in Jun'16, driven by increased price of electricity, kerosene, furniture and furnishing materials, transport, etc.
- External reserves further depleted to \$26.4bn due to low crude oil prices and high demand for foreign exchange (FX)
- Interbank FX rate depreciated significantly from ₦197/\$ in Mar'16 to ₦283/\$ in Jun'16 following the new FX regime



CBN introduced flexible exchange rate policy amid acute FX scarcity and economic decline

Q1 2016

- Monetary policy rate (MPR) increased from 11% to 12%
- Cash reserve requirement increased from 20% to 22.5%
- Introduction of ₦50 stamp duty charge on transactions above ₦1,000 to receiving bank accounts
- FX sales to Bureau de Change (BDC) stopped

Q2 2016

- Introduction of flexible exchange rate policy in a bid to alleviate pressure from the spot inter-bank market and also encourage foreign investment
- Futures & Forwards market also introduced
- Regional banking license granted to Providus Bank Plc in June

July 2016

- FX sales to BDCs resumed
- MPR increased from 12% to 14% in a bid to tackle current hyper inflation



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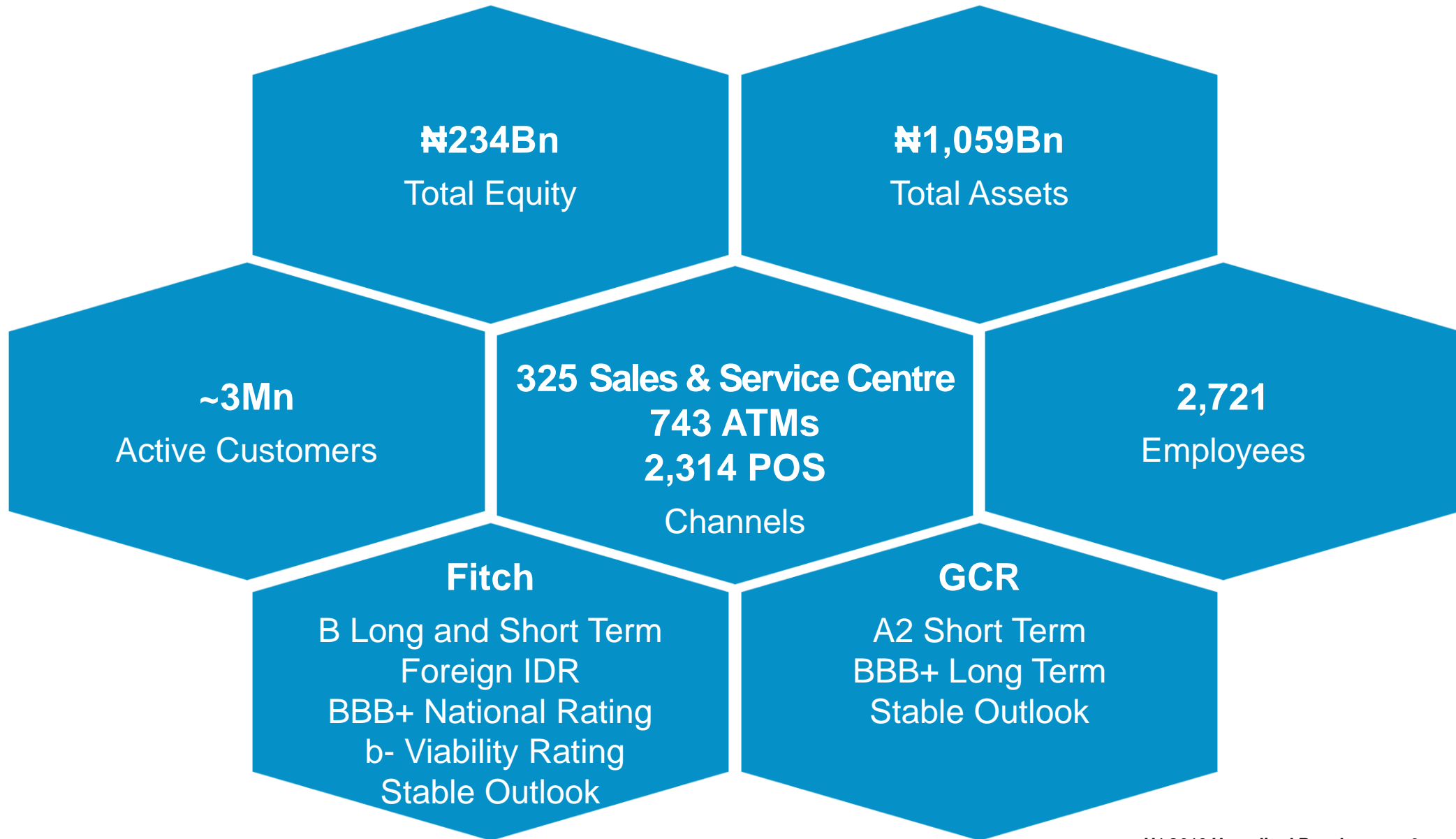
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Overview of Union Bank

Union Bank at a Glance



Select 2016 Achievements

20 Newly Refurbished Branches



Community and Sustainability Achievements

- LEAP Africa – Enabling 20 Social Entrepreneurs
- Junior Achievement of Nigeria LEAD Camp – Investing in leadership, empowerment, achievement and development (“LEAD”) of 50 students
- Google Africa – Digital Marketing Skills training for 250 youths
- ENGAGE – Senior executive knowledge transfer series with 50 young professionals and entrepreneurs
- Launched “wehub” to motivate, connect and provide support to the women of Union Bank
- Introduced recycling in Head Office and select branches

Expanded Product Portfolio

- New savings products launched:
 - UnionKorrek Dai-Dai for northern Nigeria
 - UnionGoal, a goal-oriented savings account
 - UnionFuture, a retirement savings product
 - UnionKorrek Exclusive for high net worth individuals
- 18 Bancassurance products launched
- New SME specialised lending products introduced

International Awards Won for New Brand





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CBC
National Lotteries Regulatory Commission,
Lagos State Lotteries Board

Financial Performance

Bank's Key Financial Achievements – H1 2016

Profit Before Tax (PBT)	<ul style="list-style-type: none"> • PBT of ₦9.1bn (₦10.2bn in H1'15) <ul style="list-style-type: none"> • <i>excluding gain on sale of subsidiaries*</i>, PBT of ₦8.3bn (₦6.7bn in H1'15); up 23%
Gross Earnings	<ul style="list-style-type: none"> • Gross earnings of ₦59.0bn (₦57.1bn in H1'15) <ul style="list-style-type: none"> • <i>excluding gain on sale of subsidiaries*</i>, ₦58.2bn (₦53.7bn in H1'15); up 9%
Net Interest Income (NII)	<ul style="list-style-type: none"> • Interest income up 3% to ₦43.3bn (₦41.9bn in H1'15) due to improved asset yield from 14.6% in H1'15 to 16.1% in H1'16 • Interest expense down 20% to ₦13.4bn (₦16.6bn in H1'15) as a result of optimisation of funding sources, resulting in reduced cost of funds to 4.8%% from 6.3% in H1'15
Operating Expenses	<ul style="list-style-type: none"> • ₦28.0bn (₦27.3bn in H1'15) • Expected increase as a result of investments in technology and network infrastructure
Customer Deposits	<ul style="list-style-type: none"> • Up 6% to ₦604.6bn (₦569.1bn in Dec'15) • Successful transformation and improved service offerings continue to generate customer confidence
Gross Loans	<ul style="list-style-type: none"> • Up 33% to ₦491.9bn (₦370.9bn in Dec'15) <ul style="list-style-type: none"> • 13% core volume growth • 20% growth driven by the impact of currency devaluation on FCY loans

*Gain on sale of subsidiaries: H1'16 – ~~₦~~0.8; H1'15 – ~~₦~~3.4;

H1 2016 Performance - Bank Financial Highlights

		Jun 2016	Dec 2015	Δ
Balance Sheet (₹ 'm)	Assets	1,059,172	998,137	6%
	Gross Loans	491,901	370,949	33%
	Customer Deposits	604,547	569,116	6%
	Equity	233,501	230,668	1%
Key Ratios	Loan to Deposit	81%	65%	16%
	Non Performing Loans Coverage Ratio ¹	7.1%	7.0%	0.1%
	Capital Adequacy	188%	161%	27%
	Liquidity Ratio	15.2%	15.3%	(0.1%)
		39%	43%	(4%)
		H1 2016 ²	H1 2015 ²	Δ
Income Statement (₹ 'm)	Gross Earnings	58,996	57,071	3%
	Net Interest Income	29,969	25,273	19%
	Operating Expenses	28,006	27,312	3%
	Profit Before Tax	9,052	10,153	(11%)
	Profit After Tax	8,962	10,079	(11%)
Key Ratios	Net Interest Margin	8.8%	7.9%	0.9%
	Cost to Income	61%	68%	(7%)
	Asset Yield	16.1%	14.6%	1.5%
	Return on Equity	7.7%	9.3%	(1.6%)
	<i>Return on Equity*</i>	7.1%	6.2%	0.8%
	Return on Assets	1.7%	2.0%	(0.3%)
	<i>Return on Assets*</i>	1.6%	1.3%	0.3%
Earnings Per Share	53k	60k	(7k)	

¹ Includes regulatory risk reserves

² Includes one-time gain on sale of subsidiaries: H1'16 – ₹0.8; H1'15 – ₹3.4;

H1 2016 Performance - Bank Profit and Loss Statement

#'million				Variance	
	H1'16	H1'15	H2'15	vs H1'15	vs H2'15
Gross earnings	58,996	57,071	61,295	3%	(4%)
Interest income	43,339	41,908	46,971	3%	(8%)
Interest expense	(13,370)	(16,635)	(18,462)	(20%)	(28%)
Net interest income	29,969	25,273	28,509	19%	5%
Impairment charge for credit loss	(8,733)	(2,971)	(6,910)	194%	26%
Net interest income after impairment charge	21,236	22,302	21,599	(5%)	(2%)
Net trading income	3,191	2,824	2,312	13%	38%
Gain on sale of subsidiaries	752	3,412	179	(78%)	320%
Fees, commissions and other operating Income	11,714	8,927	11,833	31%	(1%)
Non interest income	15,657	15,163	14,324	3%	9%
Operating income	36,893	37,465	35,923	(2%)	3%
Net impairment gain on financial assets	165	-	704	100%	(77%)
Operating expenses	(28,006)	(27,312)	(28,639)	3%	(2%)
Profit before tax	9,052	10,153	7,988	(11%)	13%
Income tax expense	(90)	(74)	(346)	22%	(74%)
Profit after tax	8,962	10,079	7,642	(11%)	17%

H1 2016 Performance - Bank Balance Sheet

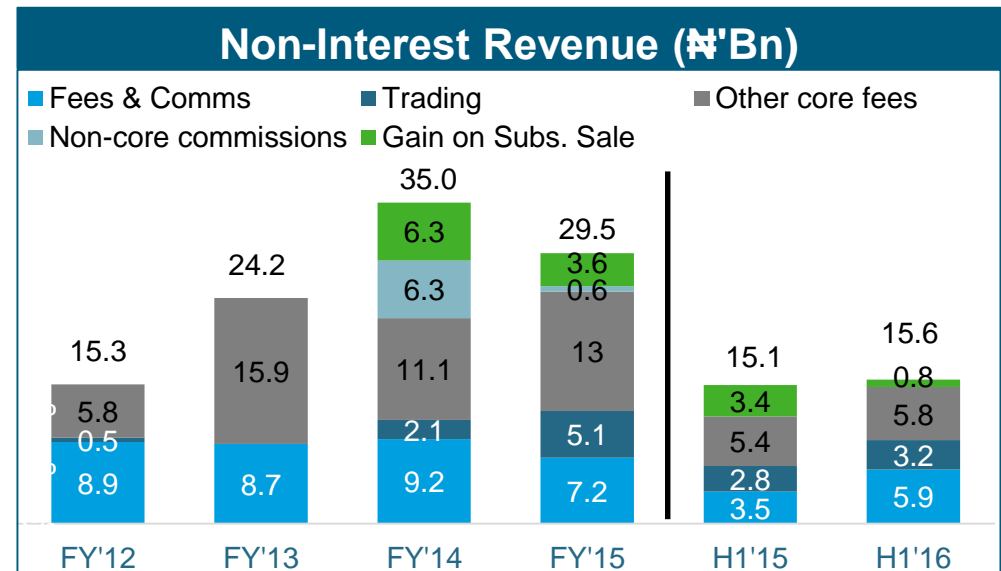
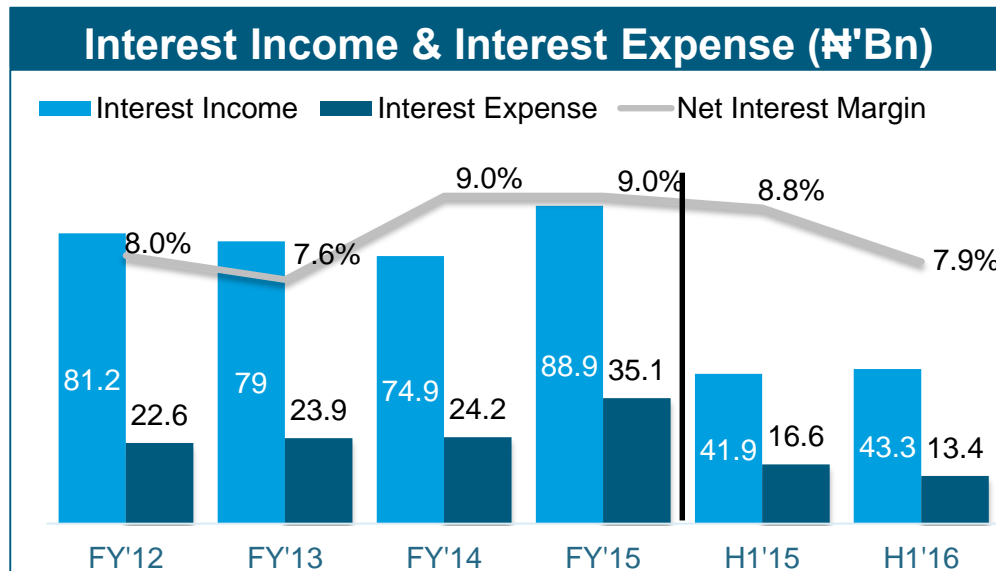
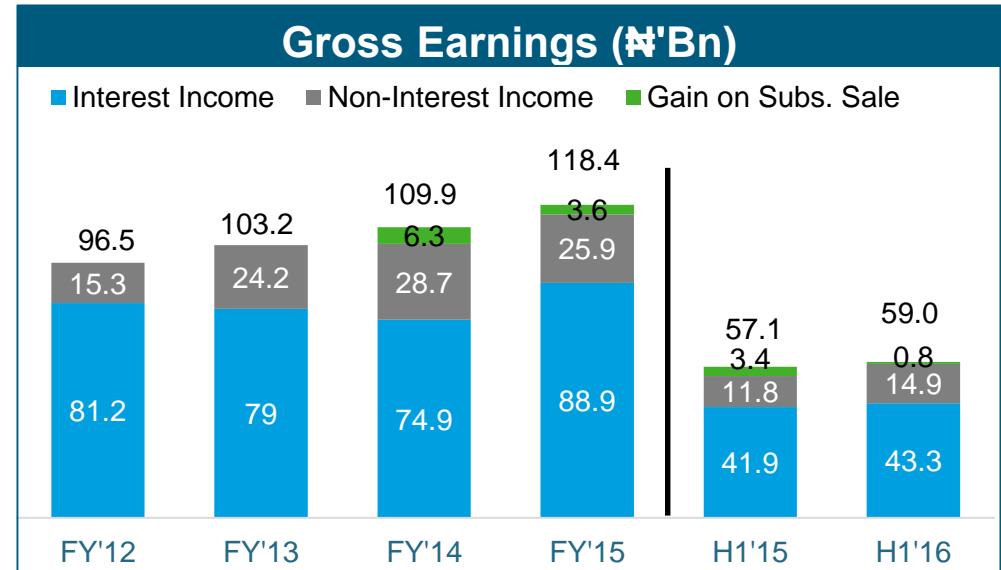
	Jun-16 ₹'million	Dec-15 ₹'million	% change
Assets			
Cash and cash equivalents	42,852	54,451	(21%)
Non-pledged trading assets	13,256	-	100%
Pledged assets	61,452	84,728	(27%)
Derivative assets held for risk management	-	1,820	(100%)
Loans and advances to customers	453,442	348,984	30%
Investment securities	160,305	209,223	(23%)
Trading properties	1,124	1,124	-
Investment in subsidiaries	10,567	10,567	-
Property and equipment	49,657	49,692	(0%)
Intangible assets (software)	3,132	3,318	(6%)
Deferred tax assets	95,875	95,875	0%
Cash reserve requirement	152,190	127,613	19%
Other assets (excluding CRR)	14,995	10,417	44%
	1,058,847	997,812	6%
Assets classified as held for sale	325	325	-
Total assets	1,059,172	998,137	6%

H1 2016 Performance - Bank Balance Sheet (cont'd)

	Jun-16 ₹'million	Dec-15 ₹'million	% change
Liabilities			
Deposits from banks – FCY	3,702	11,800	(69%)
Deposits from customers	604,547	569,116	6%
Current tax liabilities	99	229	(57%)
Derivative Liabilities	697	-	100%
Other liabilities	121,407	106,035	14%
Retirement benefit obligations	3,633	4,230	(14%)
Intervention/On-lending funds	17,232	18,778	(8%)
Other borrowed funds – FCY	74,354	57,281	30%
Total liabilities	825,671	767,469	8%
Equity			
Share capital and share premium	400,109	400,109	-
Retained earnings / (accumulated loss)	(246,059)	(249,372)	(1%)
Other reserves	79,451	79,931	(1%)
Equity attributable to equity-holders of the bank	233,501	230,668	1%
Total liabilities and equity	1,059,172	998,137	6%

Revenue growth reflective of balance sheet optimisation

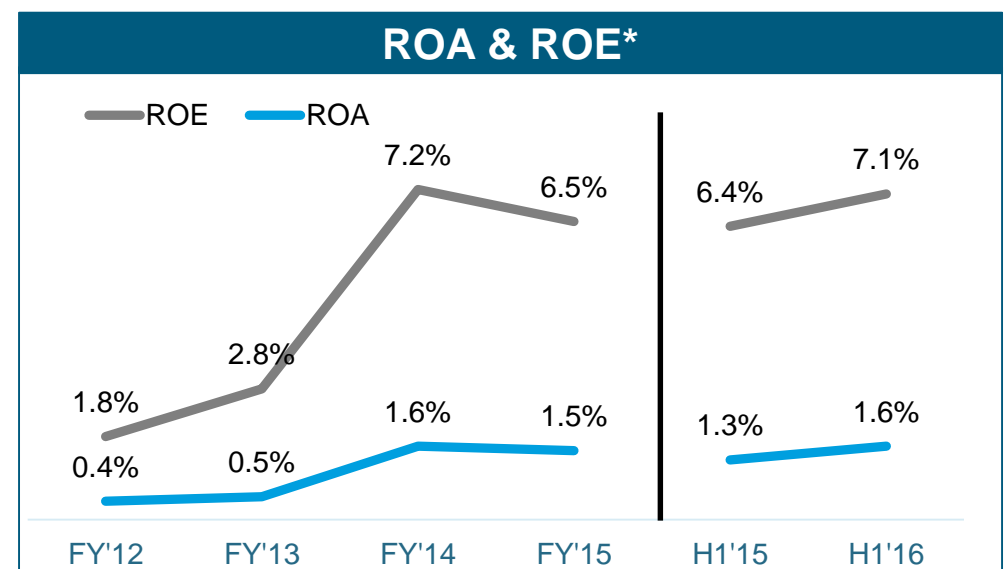
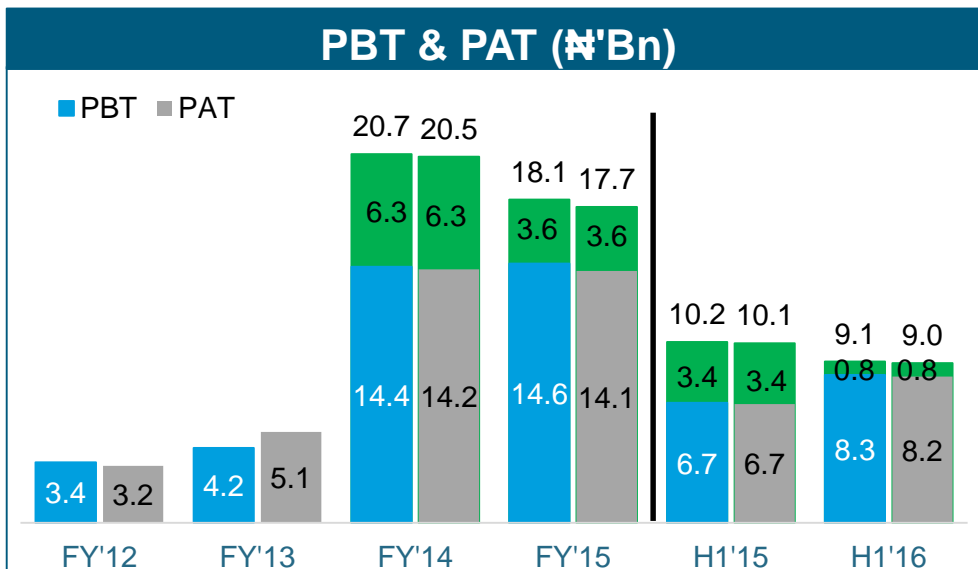
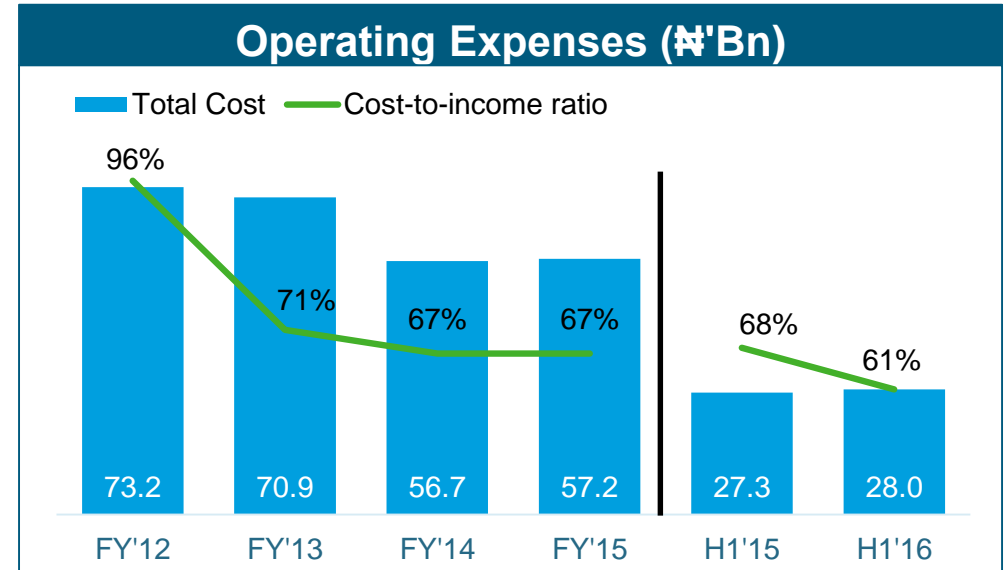
- Gross Earnings at **₦59.0bn** (**₦57.1bn** in H1'15)
 - Excluding gain on sale of subsidiaries*, gross earnings up 9% to **₦58.2bn** (**₦53.7bn** in H1'15)
- Interest income up 3% from improved asset yield of 16.1% in H1'16 from 14.6% in H1'15
- Interest expense down 20% from lower cost of funds of 4.8% in H1'16 from 6.3% in H1'15
- Excluding gain on sale of subsidiaries*, non-interest revenue up 27% to **₦14.9bn** (**₦11.8bn** in H1 2015), driven by e-business fees, gain on securities trading and some revaluation gains.



*Gain on sale of subsidiaries: H1'16 – ₦0.8; H1'15 – ₦3.4;

Cost management and profitability focus delivering results

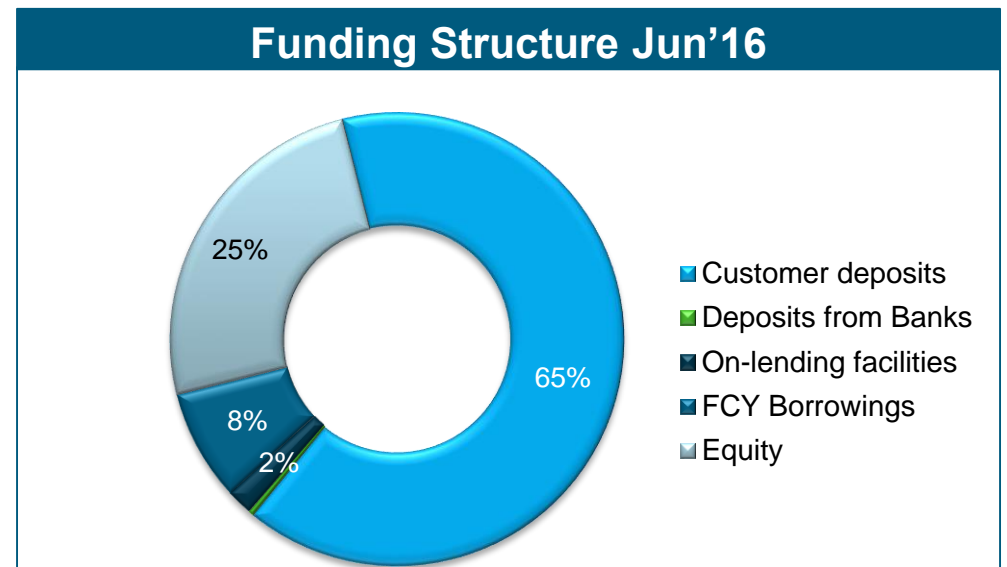
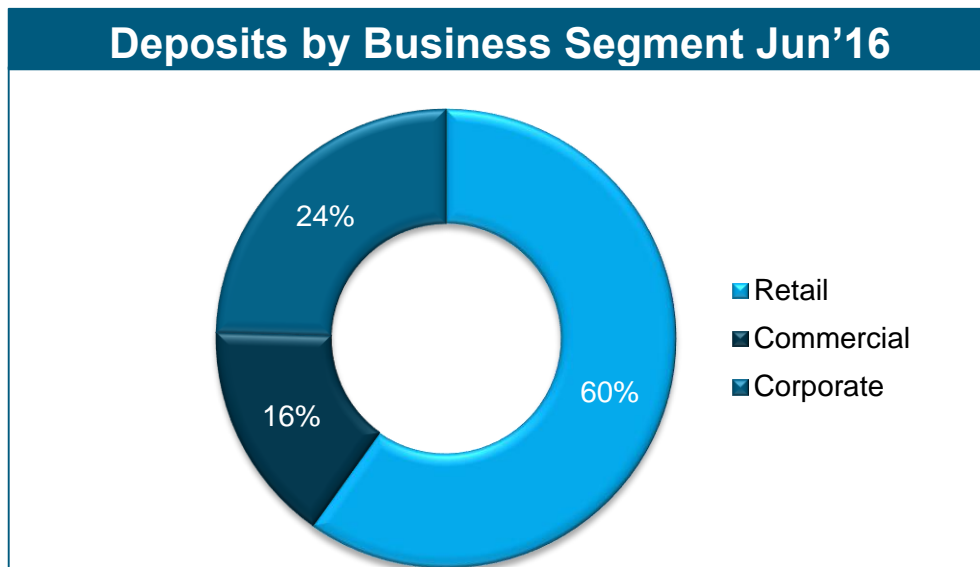
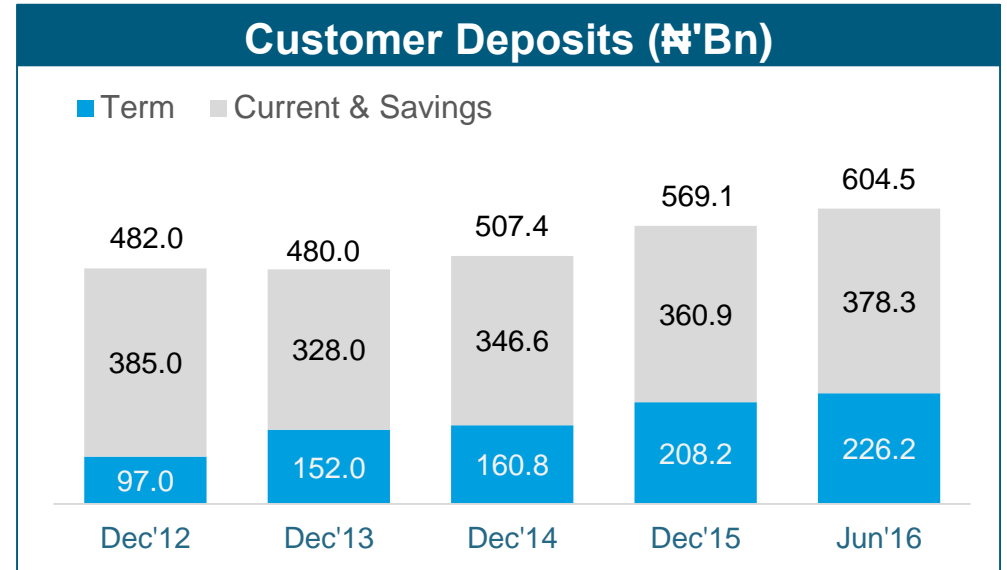
- Expenses ~~₹~~28.0bn (~~₹~~27.3bn in H1'15) in line with planned investments in technology and network infrastructure
- PBT & PAT ~~₹~~9.1bn and ~~₹~~9.0bn respectively
- Excluding gain on sale of subsidiaries, PBT up 23% to ~~₹~~8.2bn in H1'16 from ~~₹~~6.7bn in H1'15
- Excluding gain on sale of subsidiaries, improved ROE and ROA to 7.1% (6.4% in H1'15) and 1.6% (1.3% in H1'15) respectively



*Excludes one-time gain on sale of subsidiaries: FY'14 – ~~₹~~6.3bn; FY'15 – ~~₹~~3.6bn; H1'15 – ~~₹~~3.4bn; H1'16 – ~~₹~~0.8bn;

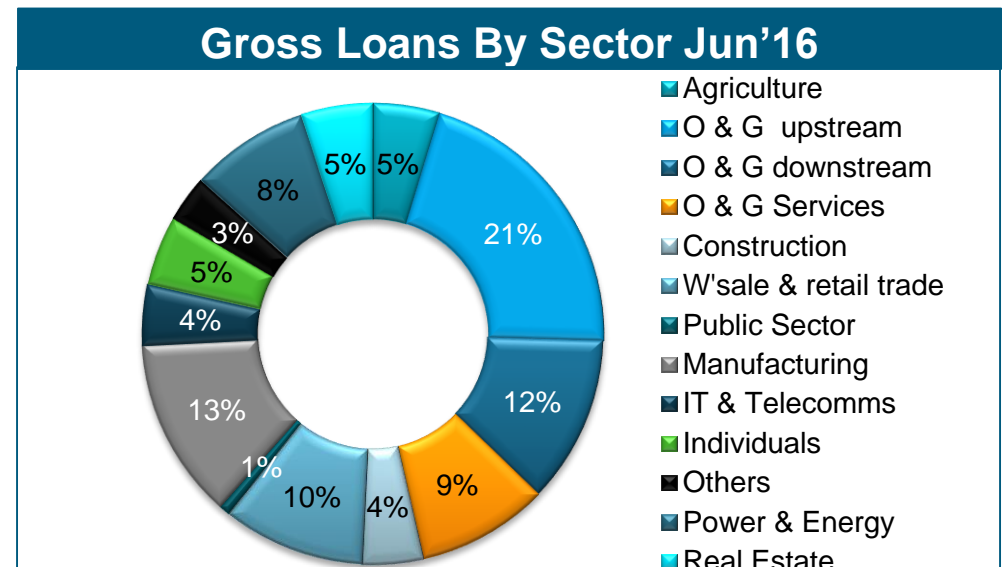
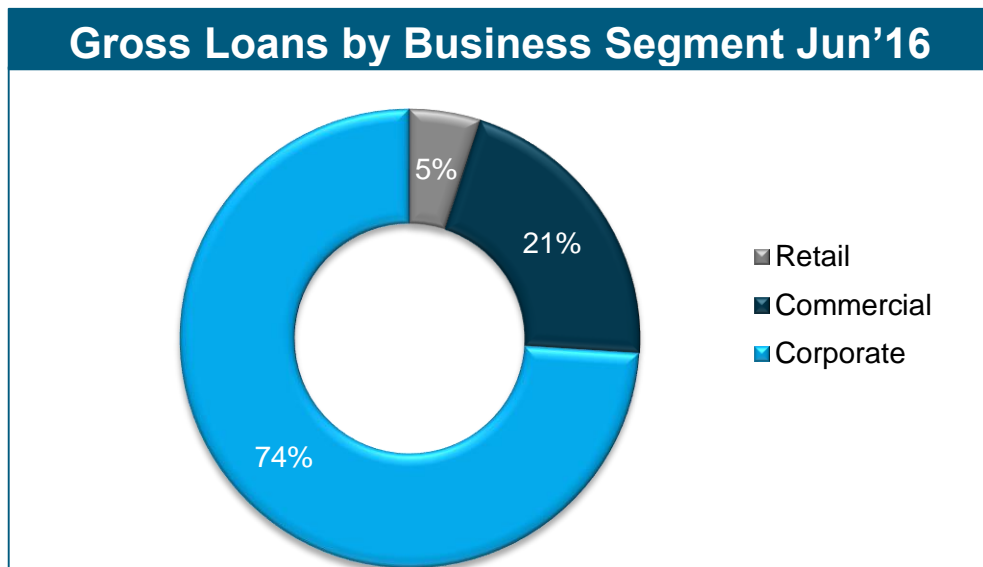
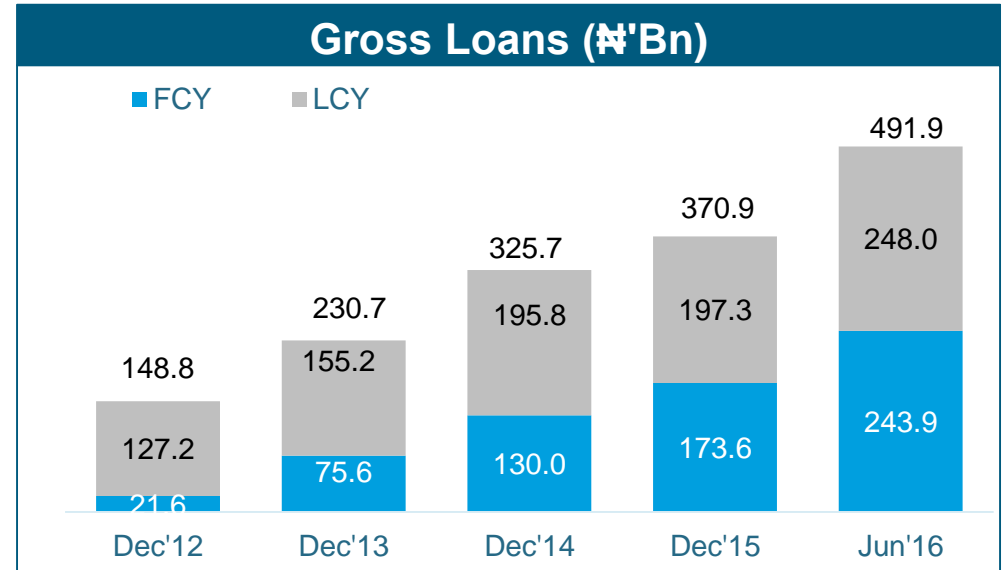
Customer deposit growth from increasing customer confidence

- Customer deposits ~~N~~604.5bn, up 6% from Dec'15; expanded and improved service offerings continue to generate customer confidence
- On-lending facilities comprise of funding from BOI and CACS
- FCY borrowings are largely medium term borrowings from various financial institutions



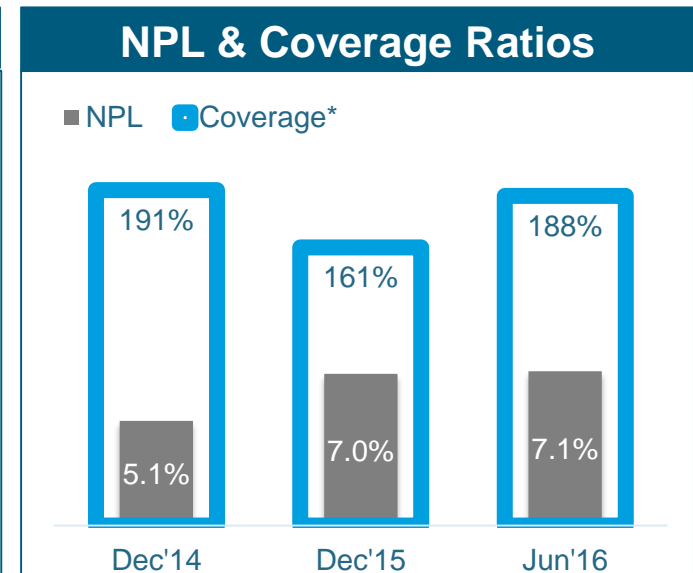
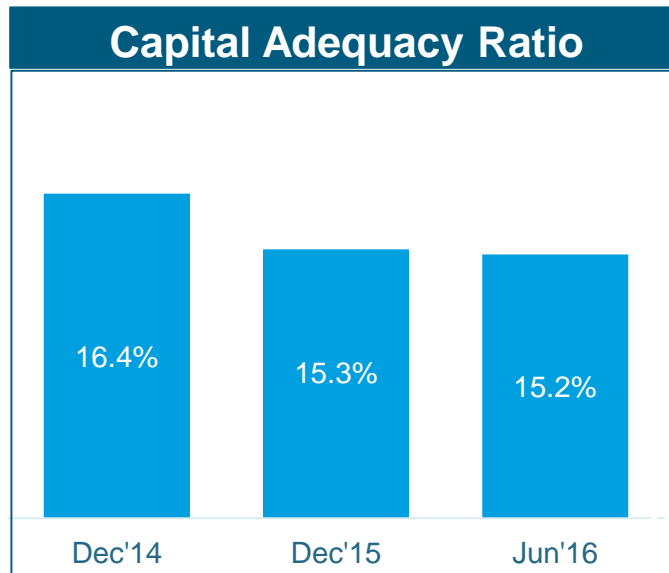
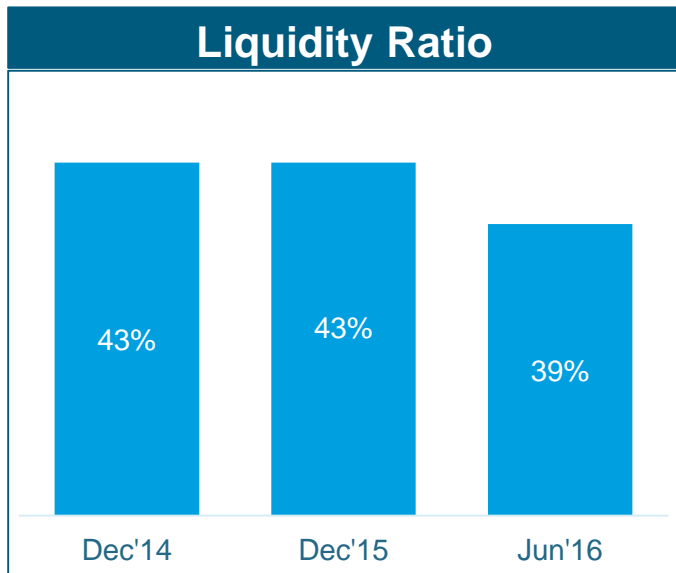
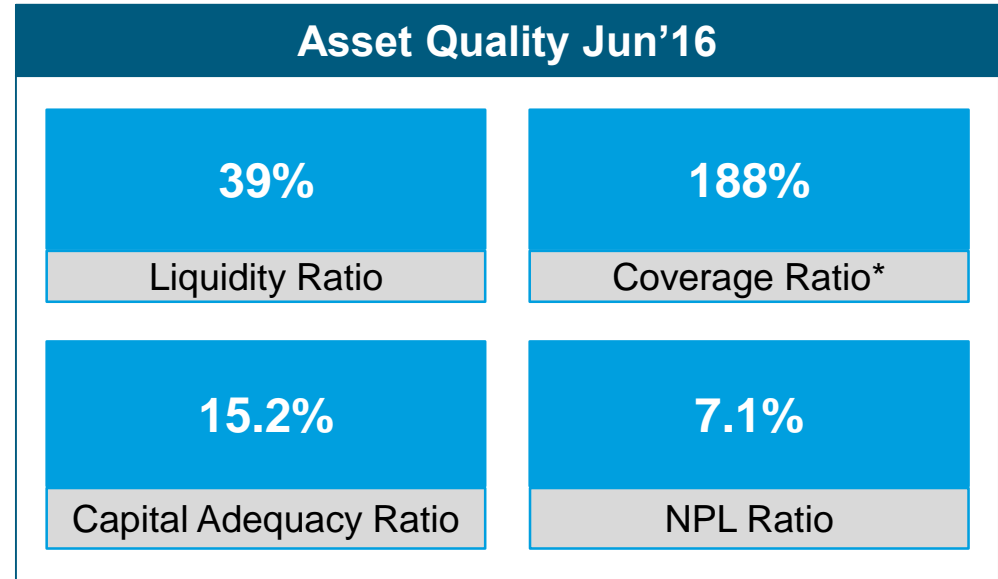
Cautious loan growth in target sectors and enhanced monitoring

- Gross Loans ~~₹~~₹491.9bn, up 33% from Dec'15
 - Core volume growth of 13%
 - Further 20% growth driven by impact of currency devaluation on foreign currency loans
- Loan book remains well diversified across economic sectors
- Loan monitoring enhanced given current operating environment



Strong focus on asset quality given current realities

- Capital and liquidity ratios of 15.2% and 39% respectively, remain above regulatory requirements
- NPL ratio of 7.1% as at June'16 (7.0% in Dec'15), reflects increasingly difficult macroeconomic conditions for our customers
- Coverage ratio of 188% as at Jun'16 reflects adequate provisioning
- NPL recovery and continuous monitoring of existing loan book should see a reduction in the NPLs and reduced levels of impairment losses



*Includes regulatory risk reserves

Bank's Performance Trajectory

	<u>FY</u> <u>2011</u>	<u>FY</u> <u>2012</u>	<u>FY</u> <u>2013</u>	<u>FY</u> <u>2014*</u>	<u>FY</u> <u>2015*</u>	<u>H1</u> <u>2015*</u>	<u>H1</u> <u>2016*</u>
Gross Earnings (₦'bn)	71.2	96.5	103.2	109.8	118.4	57.1	59.0
Profit Before Tax (₦'bn)	(102.6)	3.4	4.2	20.7	18.1	10.2	9.1
Customer Deposits (₦'bn)	400	482	480	507	569	548	605
Gross Loans (₦'bn)	156	149	231	326	371	380	492
Cost To Income Ratio	183%	96%	71%	67%	67%	68%	61%
Return On Equity	(428%)	1.8%	2.8%	10.4%	8.1%	9.3%	7.7%
Return On Assets	(12.3%)	0.4%	0.5%	2.3%	1.9%	2.0%	1.7%

*Includes one-time gain on sale of subsidiaries: FY'14 – ₦6.3bn; FY'15 – ₦3.6bn; H1'15 – ₦3.4bn; H1'16 – ₦0.8bn;



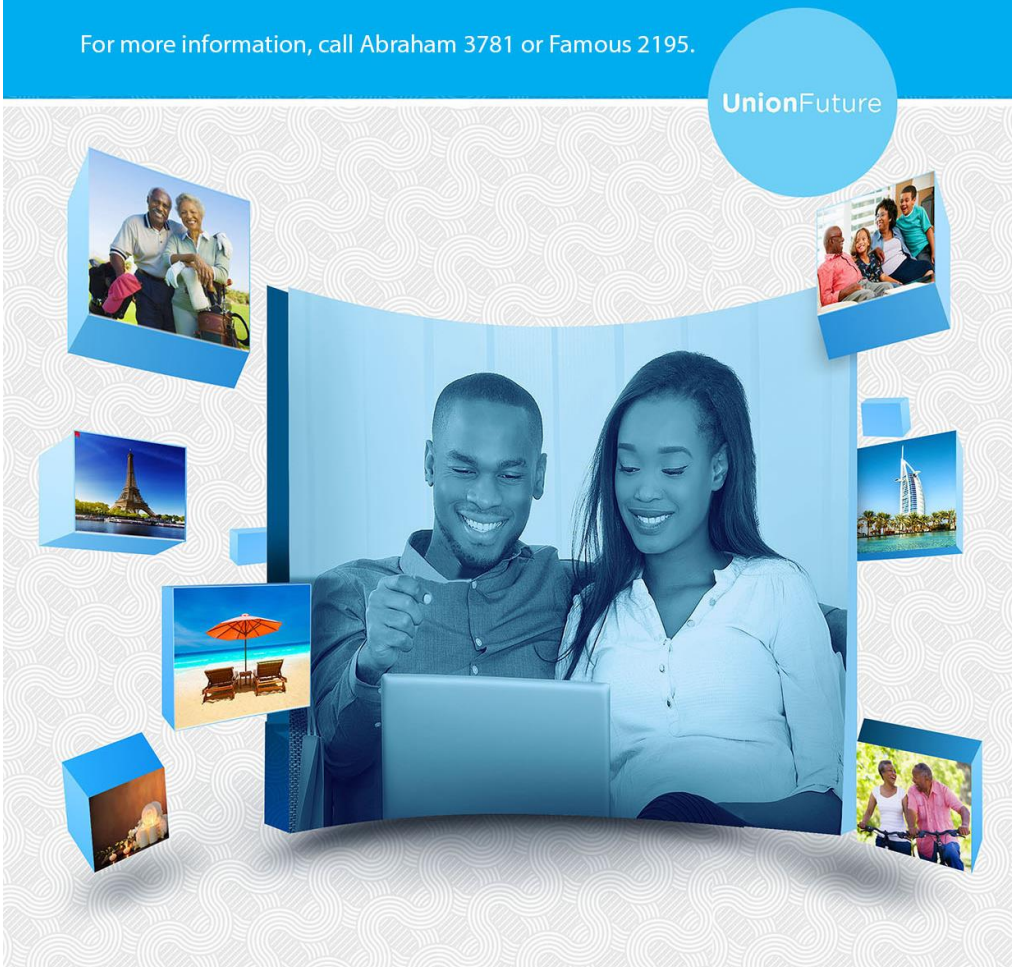
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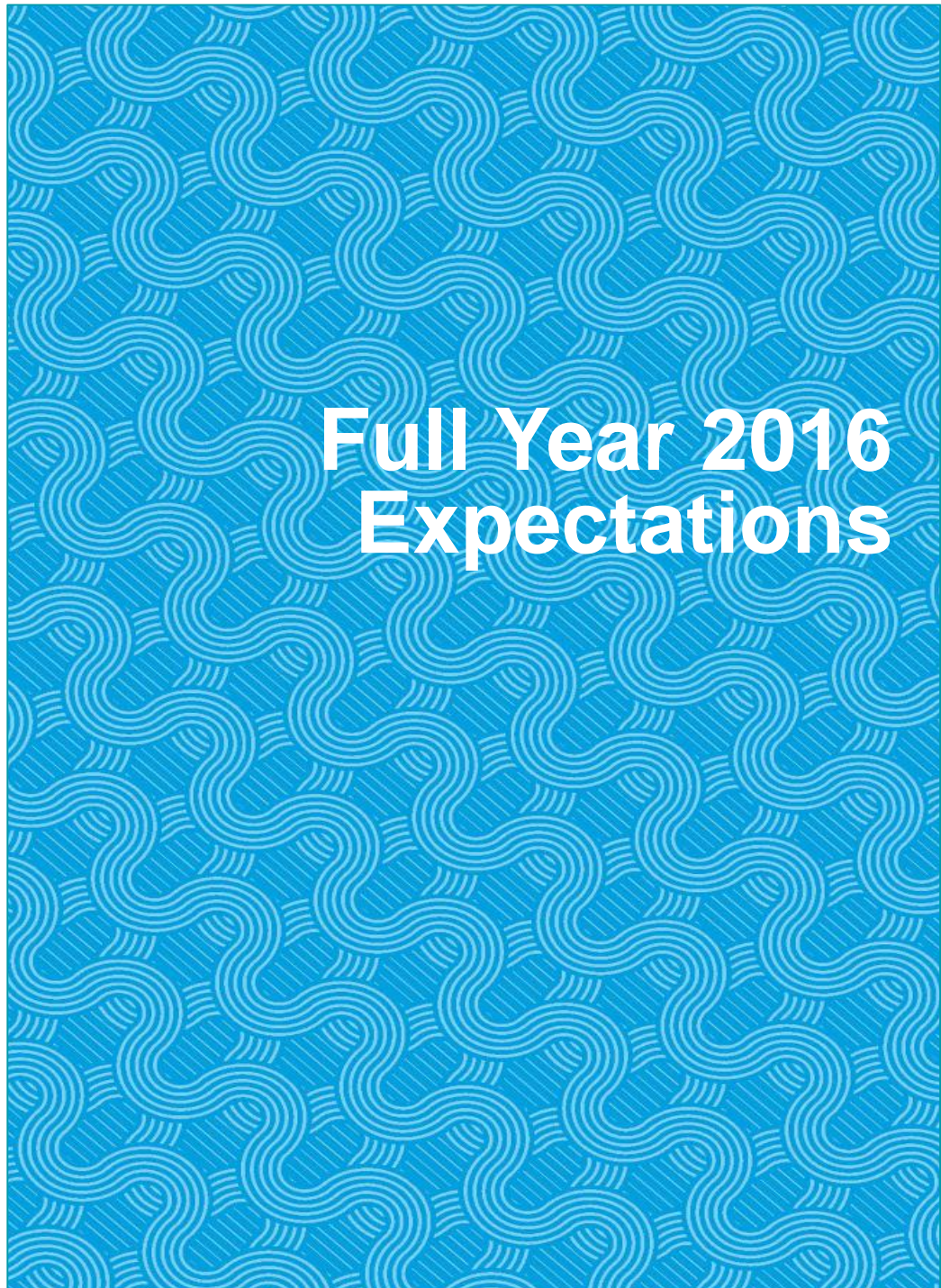
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Full Year 2016 Expectations



2016 Priorities

Execute

- Client retention and acquisition
- Risk management and recoveries
- Capital and liquidity management
- Cost management
- Best-in-class risk and compliance standards

Grow

- Deposits and transactional income
- Domestic and foreign trade book
- Retail business
- Public sector business
- Value chain opportunities

Innovate

- Technology platforms
- Branch network and channel optimization
- Business process improvement
- Strategic partnerships

Position

- Revitalized brand
- Sales and service excellence
- Employer of choice
- Simpler and smarter bank

2016 Expectations

	<u>FY 2015</u> <u>Actual</u>	<u>H1 2016</u> <u>Actual</u>	<u>FY 2016</u> <u>Expectation</u>
Customer Deposit Growth	12%	6%	15% - 20%
Gross Loan Growth*	14%	13%	10% - 15%
Net Interest Margin	9.0%	8.8%	8.5% - 10.0%
Cost To Income Ratio	67%	61%	≤ 65.0%
Return On Equity	8.1%	7.7%	8.0 - 9.0%

*New loan growth; excludes impact of Naira devaluation



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cpc
National Lotteries Regulatory Commission,
Lagos State Lotteries Board

Appendix - Group Financial Performance

H1 2016 Performance - Group Financial Highlights

		Jun'16	Dec'15	Δ
Balance Sheet (¥ 'm)	Assets	1,152.2	1,046.9	10%
	Gross Loans	514.5	388.8	32%
	Customer Deposits	611.9	570.6	7%
	Equity	252.9	243.9	4%
Key Ratios	Loan to Deposit	84%	68%	16%
	Non Performing Loans	6.8%	6.7%	0.1%
		H1'16 ¹	H1'15 ¹	Δ
Income Statement* (¥ 'm)	Gross Earnings	60.1	55.4	8%
	Net Interest Income	30.9	26.3	18%
	Operating Expenses	29.1	29.3	(1%)
	Profit Before Tax	8.9	6.6	35%
	Profit After Tax	8.8	6.5	36%
Key Ratios*	Net Interest Margin	9.1%	7.5%	1.6%
	Cost to Income	62%	76%	(14%)
	Return on Equity	6.9%	5.8%	2.4%
	Return on Asset	1.6%	1.2%	0.3%
	Earnings Per Share	52k	38k	14k

¹ Includes one-time gain on sale of subsidiaries: H1'16 – ¥0.3; H1'15 – (¥0.5);

H1 2016 Performance - Group Profit and Loss Statement

#'million	H1'16	H2'15	H1'15	Variance	
				vs H2'15	vs H1'15
Gross earnings	60,069	61,822	55,389	(3%)	8%
Interest income	44,344	48,212	42,690	(8%)	4%
Interest expense	(13,397)	(18,798)	(16,421)	(29%)	(18%)
Net interest income	30,947	29,414	26,269	5%	18%
Impairment charge for credit loss	(8,780)	(6,975)	(2,973)	26%	195%
Net interest income after impairment charge	22,167	22,439	23,296	(1%)	(5%)
Net trading income	3,289	2,345	2,886	40%	14%
Gain on sale of subsidiaries	318	179	(511)	78%	(162%)
Fees, commissions and other operating Income	12,118	11,087	10,181	9%	19%
Non interest income	15,725	13,611	12,556	16%	25%
Operating Income	37,892	36,049	35,853	5%	6%
Net impairment loss on financial assets	165	704	0	(77%)	>100%
Operating expenses	(29,132)	(28,819)	(29,345)	1%	(1%)
Profit before tax from discontinued operations	-	106	-	(100%)	-
Profit before tax	8,925	7,935	6,613	12%	35%
Income tax expense	(164)	(405)	(156)	(60%)	5%
Profit after tax	8,761	7,529	6,458	16%	36%

June 2016 Group Balance Sheet

#'million	Jun-2016	Dec-2015	% Variance
ASSETS			
Cash and cash equivalents	107,868	82,252	31%
Non-pledged trading assets	13,256	-	>100%
Pledged assets	61,452	84,728	(27%)
Derivative assets held for risk management	0	1,820	(100%)
Loans and advances to customers	475,942	366,721	30%
Investment in equity accounted investee	24	24	-
Investment securities	169,206	215,137	(21%)
Trading properties	2,462	3,177	(23%)
Investment properties	4,557	4,546	0%
Property and equipment	49,745	49,772	(0%)
Intangible assets (software)	3,673	3,749	(2%)
Deferred tax assets	95,883	95,883	-
Cash reserve requirement	152,190	127,613	19%
Other assets (excluding CRR)	15,520	11,073	40%
	1,151,778	1,046,495	10%
Assets classified as held for sale	397	397	-
TOTAL ASSETS	1,152,175	1,046,892	10%

June 2016 Group Balance Sheet (contd.)

₹'million

	Jun-2015	Dec-2015	% Variance
LIABILITIES			
Deposits from banks – FCY	67,753	44,091	54%
Deposits from customers	611,914	570,639	7%
Current tax liabilities	333	382	(13%)
Other Liabilities	123,332	107,534	15%
Retirement benefit obligations	3,662	4,267	(14%)
Intervention/On-lending funds	91,586	76,059	20%
Other borrowed funds – FCY	17,232	18,778	(8%)
Total Liabilities	882,045	784,194	12%
EQUITY			
Share capital and share premium	400,109	400,109	0%
Retained earnings / (accumulated loss)	(241,727)	(244,902)	(1%)
Other reserves	89,141	83,377	7%
Equity attributable to equity-holders of the bank	247,523	238,584	4%
Non-controlling interest	5,375	5,337	1%
Total Equity	252,898	243,921	4%
Total Liabilities and Equity	1,152,175	1,046,892	10%



THANK YOU



Head Office

Stallion Plaza 36, Marina
P.M.B 2027 Lagos, Nigeria

London Office

14–18 Copthall Avenue
London
EC2R 7BN



Contact Info

Website: www.unionbankng.com

Email: investorrelations@unionbankng.com
customerservice@unionbankng.com



Telephone

UnionCare: +234-1-2716816
+234-7007007000