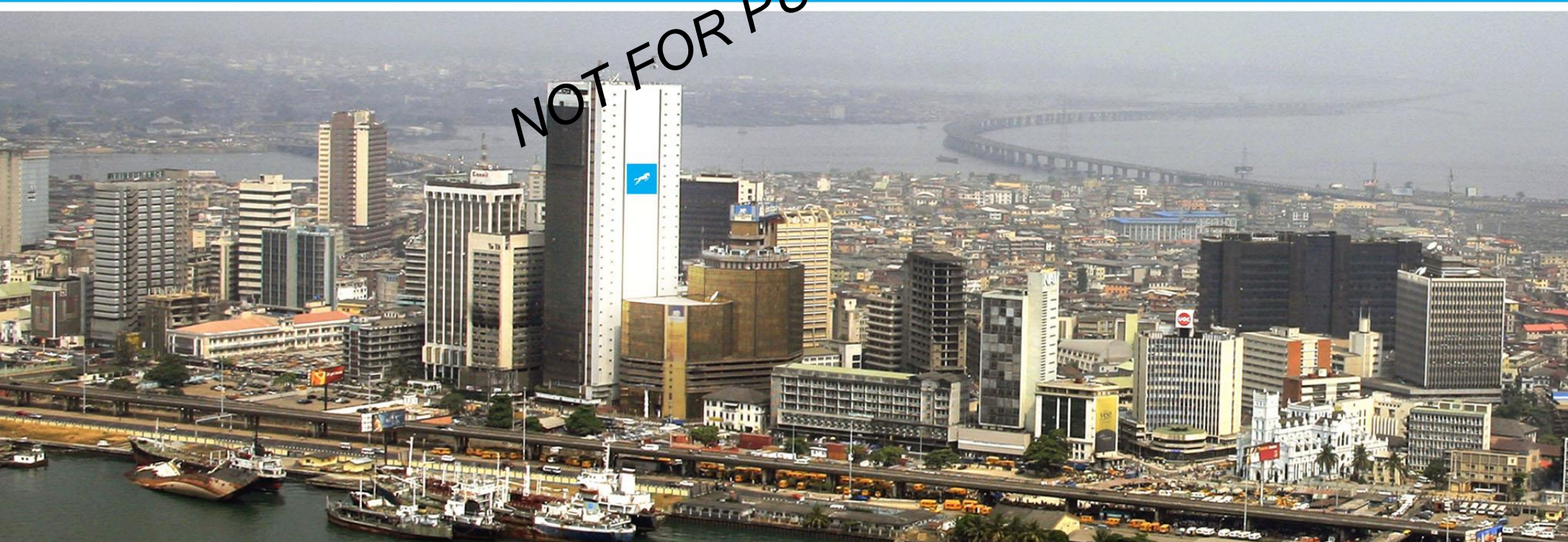


Q1 2016 Financial Results Presentation to Investors & Analysts

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The Operating Environment

UBN Overview

UBN Financial Performance

2016 Expectations

Q & A



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SMARTER LIFE.**



UNIONMOBILE



UNIONONLINE



DEBIT CARD



ATM



SMARTER BANKING
CENTRE

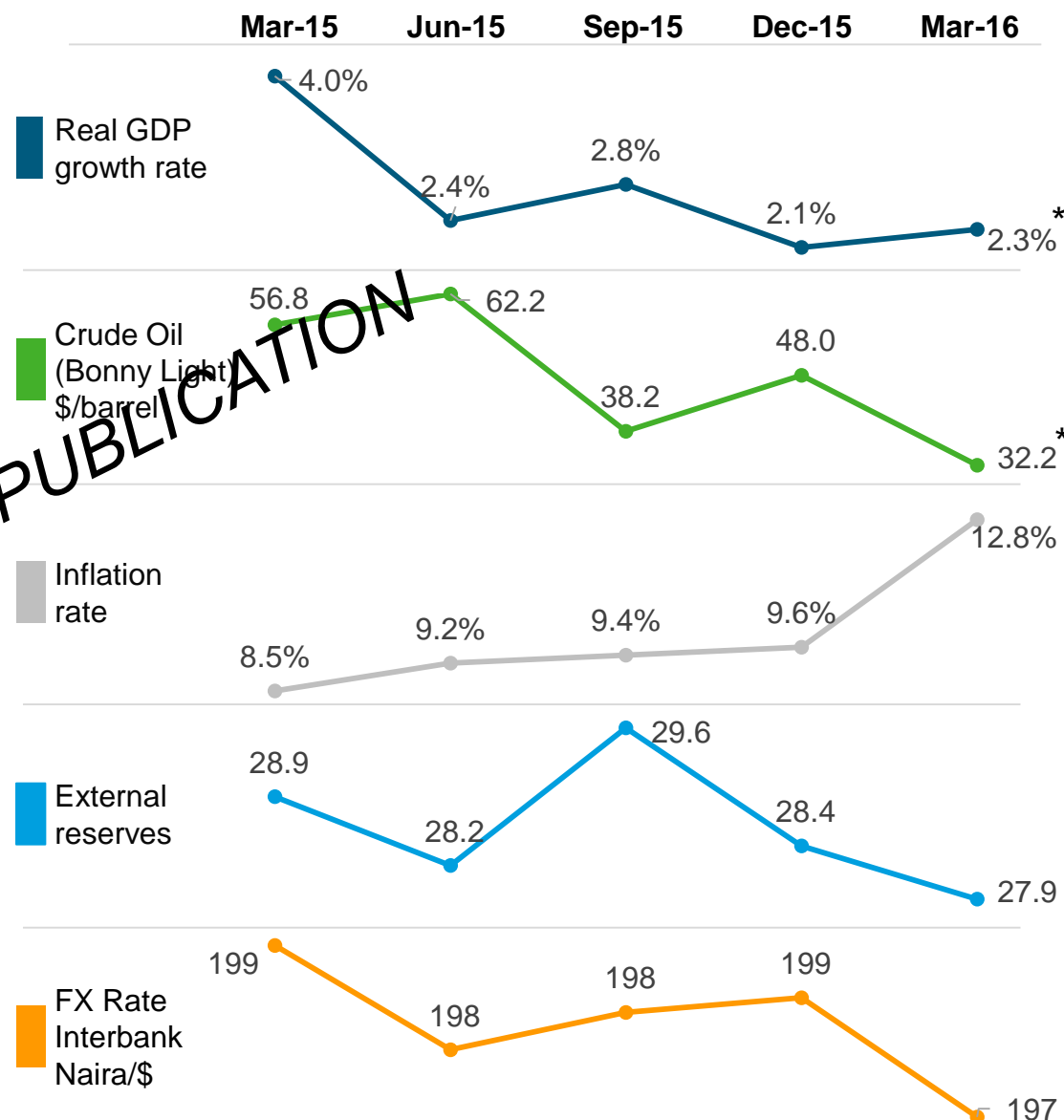
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The Operating Environment

Emeka Emuwa
Chief Executive Officer

Falling oil prices continue to impact key macro indicators

- Quarterly GDP growth estimated at 2.3% for Q1'16. 2016 growth forecast at 4% due to declining income from the drop in crude oil prices
- Crude oil price declined in the quarter to \$32.2/barrel in Mar'16 due to continued supply glut in the international market
- Inflation rose to 4-year high due to the impact of exchange rate depreciation on imports and petrol scarcity on distribution costs of goods/services
- External reserves further depleted due to low crude oil price and high demand for foreign exchange (FX)
- Interbank FX rate appreciated marginally from ₦198.6/\$ in Dec'15 to ₦197/\$ by Mar'16 despite plummeting oil prices



Source: Central Bank of Nigeria, National Bureau of Statistics, Other research

* Estimated

CBN reverted to monetary tightening amid slow growth and rising inflation

- Monetary policy rate 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 stopped



SAVE BIG DO GREAT THINGS

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cpc
National Lottery Regulatory Commission
Lagos State Lotteries Board

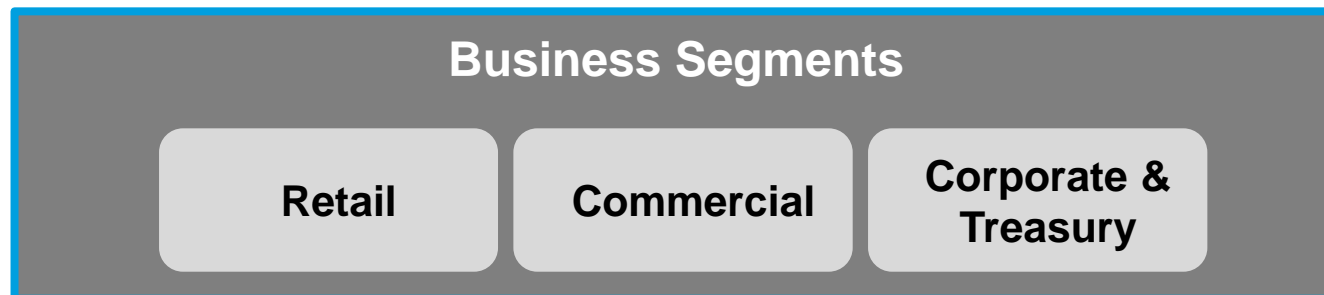
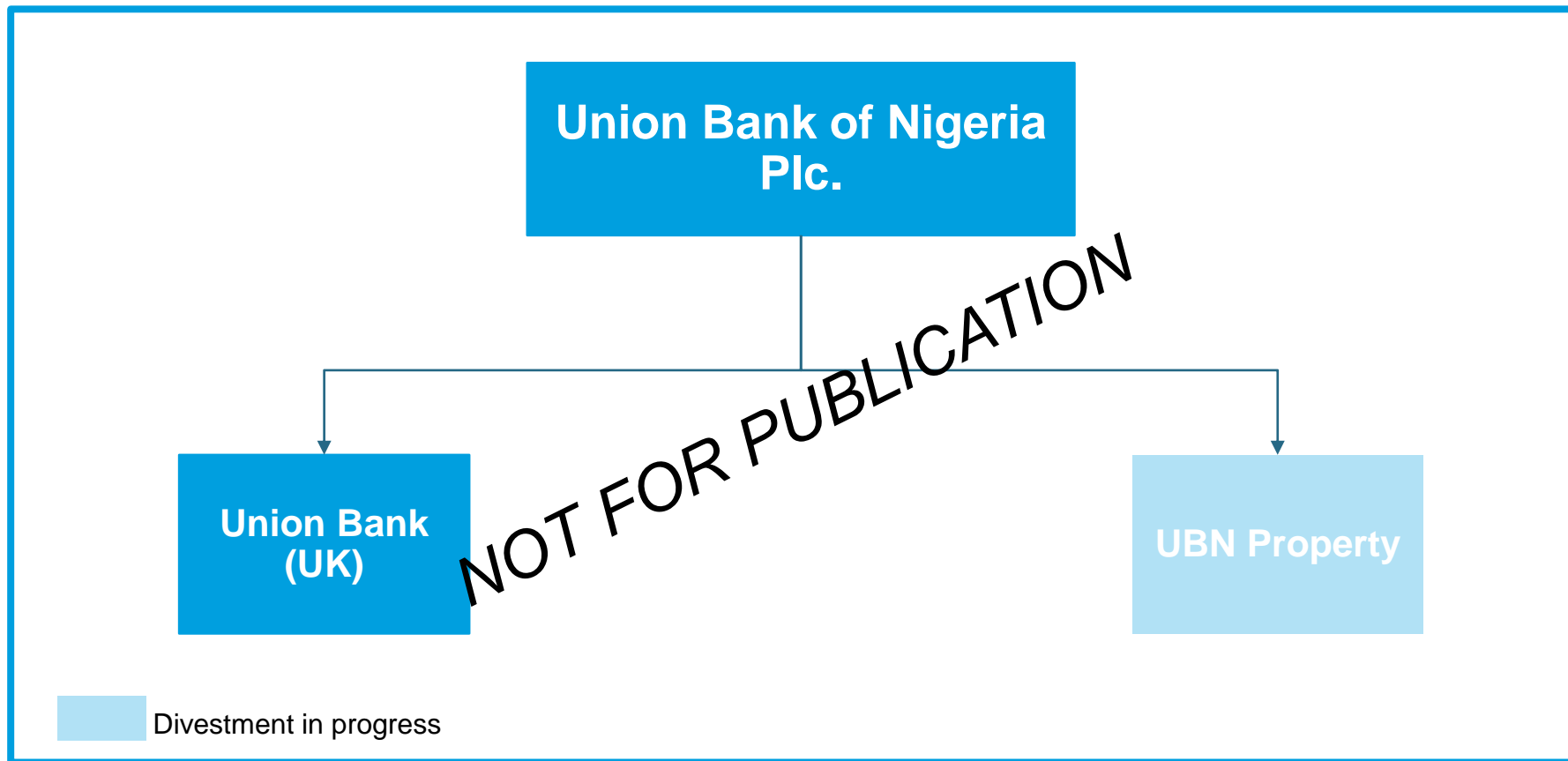
UBN Overview

Emeka Emuwa
Chief Executive Officer

Union Bank as at March 2016

₦230Bn Total Equity	₦1,013Bn Total Assets	>1.8Mn Active Customers	2,675 Employees
Channels*			
325 Sales & Service Centre	720 ATMs	2,317 Active POS	UnionMobile UnionOnline UnionOne
Credit Rating Agency			
KPMG Professional Services	Fitch: B- Long term		GCR: A2 Short Term BBB+ Long Term

Corporate Structure and Business Segments





**SET YOUR TARGET,
HIT YOUR GOAL!**

BECOME A MILLIONAIRE WITH UNIONGOAL.

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UBN Financial Performance

Oyinkan Adewale
Chief Financial Officer

Bank's Key Achievements - Q1 2016

Profit Before Tax (PBT)

- ~~₦4.7bn~~ (₦4.9bn in Q1'15)
- Excluding gain on sale of subsidiaries*, PBT up 85% (~~₦4.7bn~~ Q1'16 vs. ~~₦2.5bn~~ Q1'15)

Gross Earnings

- ~~₦26.6bn~~ (~~₦29.0bn~~ in Q'15)
- Excluding gain on sale of subsidiaries*, earnings of ~~₦26.6bn~~ at par with prior year

Net Interest Income (NII)

- Up 19% to ~~₦14.4bn~~ (~~₦12.2bn~~ in Q1'15)
- Interest income up 5% from improved asset yield at 15.6% in Q1'16 (14.36% in Q1'15)
- Interest expense down 19% from lower cost of funds at 4.73% in Q1'16 (6.07% in Q'15)

Operating Expenses

- ~~₦14.2bn~~ (~~₦13.8bn~~ in Q1 2015), an expected increase of 3%
- Impact of budgeted investments in technology and network infrastructure

Customer Deposits

- Up 9% to ~~₦587.2bn~~ (~~₦539.4bn~~ Mar'15)
- Reflects growing customer confidence in the re-energised brand

Gross Loans

- Up 2% to ~~₦383.6bn~~ (~~₦375.6bn~~ Mar'15)
- Reflects cautious loan growth in targeted sectors of the economy

*One-time gain on sale of subsidiaries: Nil in Q1'16; ~~₦2.4bn~~ in Q1'15

Q1 2016 Performance - Bank Financial Highlights

		Q1 2016	Q1 2015*	Δ
Balance Sheet (₹ 'm)	Assets	1,013,387	956,754	6%
	Gross Loans	383,596	375,588	2%
	Customer Deposits	587,236	539,433	9%
	Equity	229,622	211,587	9%
Key Ratios	Loan to Deposit	65%	70%	(4%)
	Non Performing Loans	6.03%	6.01%	0.92%
	Capital Adequacy	15.4%	15.2%	0.2%
	Liquidity Ratio	45%	37%	8%
Income Statement (₹ 'm)	Gross Earnings	26,600	26,597	0%
	Net Interest Income	14,433	12,168	19%
	Operating Expenses	14,225	13,774	3%
	Profit Before Tax	4,656	2,515	85%
	Profit After Tax	4,610	2,486	85%
Key Ratios	Net Interest Margin	9.4%	8.7%	0.7%
	Cost to Income	71%	77%	(6%)
	Return on Equity	8.1%	4.8%	3.3%
	Return on Asset	1.9%	1.8%	0.1%
	Earnings Per Share	27k	15k	12k

*Excludes one-time gain on sale of subsidiaries: Q1'16 – Nil; Q1'15 - ₹2.4bn;

Solid 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>Q1</u> <u>2015*</u>	<u>Q1</u> <u>2016</u>
Gross Earnings (₦'bn)	71.2	96.5	103.2	109.8	118.4	29.0	26.6
Profit Before Tax (₦'bn)	(102.6)	3.4	4.2	20.7	18.1	4.9	4.7
Customer Deposits (₦'bn)	400	482	480	506	569	539	587
Gross Loans (₦'bn)	156	149	231	326	371	376	384
Cost To Income Ratio	183%	96%	71%	67%	67%	65%	71%
Return On Equity	(428%)	1.8%	2.8%	10.4%	8.1%	9.5%	8.1%
Return On Assets	(12.3%)	0.4%	0.5%	2.3%	1.8%	2.1%	1.9%

*Includes one-time gain on sale of subsidiaries: FY'14 – ₦6.3bn; FY'15 – ₦3.6bn; Q1'15 – ₦2.4

Q1 2016 Performance - Bank Profit and Loss Statement

#'million				Variance	
	Q1'16	Q4'15	Q1'15	vs Q4'15	vs Q1'15
Gross earnings	26,600	31,928	29,018	(17%)	(8%)
Interest income	21,021	23,546	20,046	(11%)	5%
Interest expense	(6,588)	(8,568)	(7,878)	(23%)	(16%)
Net interest income	14,433	14,978	12,168	(4%)	19%
Impairment charge for credit loss	(1,131)	(5,460)	(2,430)	(79%)	(53%)
Net interest income after impairment charge	13,302	9,518	9,738	40%	37%
Net trading income	2,681	1,610	2,099	67%	28%
Gain on sale of subsidiaries	-	179	2,421	(100%)	(100%)
Fees, commissions and other operating income	2,898	6,623	4,452	(10%)	(35%)
Non interest income	5,579	8,412	8,972	(34%)	(38%)
Operating Income	18,881	17,930	18,710	5%	1%
Net impairment loss on financial assets	-	704	-	(100%)	-
Operating expenses	(14,225)	(13,660)	(13,774)	4%	3%
Profit before tax	4,656	4,973	4,936	(6%)	(6%)
Income tax expense	(46)	(334)	(29)	(86%)	59%
Profit after tax	4,610	4,639	4,907	(1%)	(6%)

Q1 2016 Performance - Bank Balance Sheet

₹'million

ASSETS

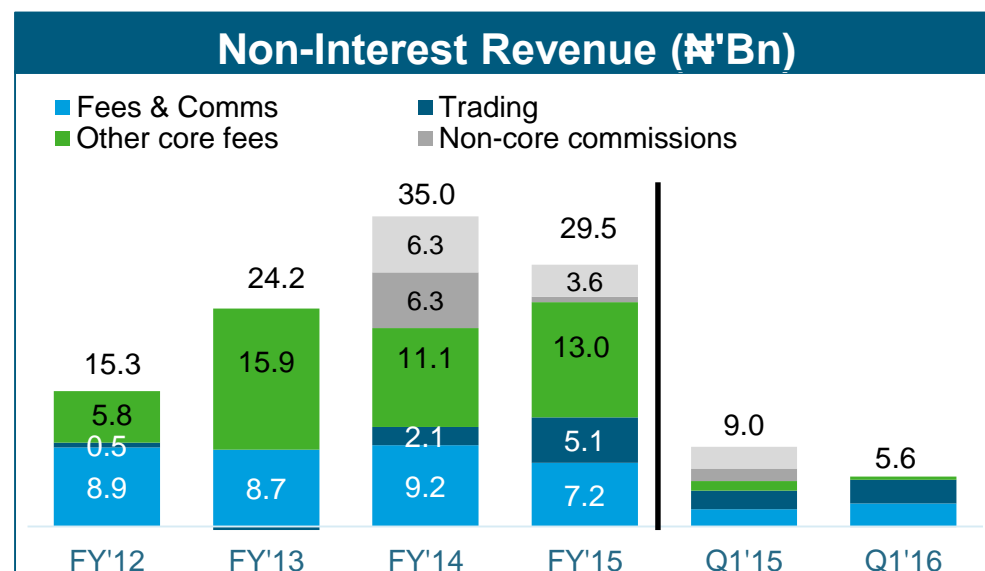
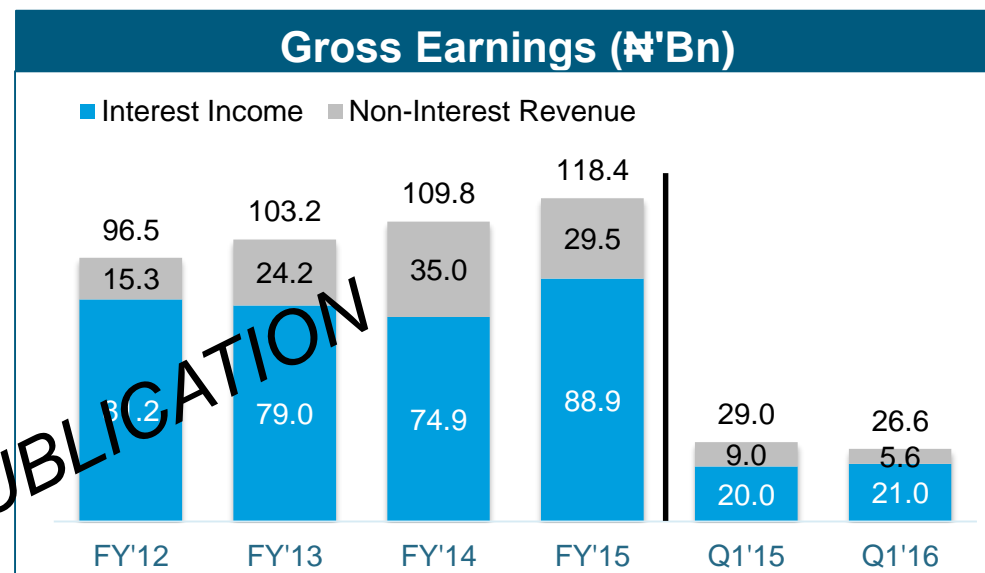
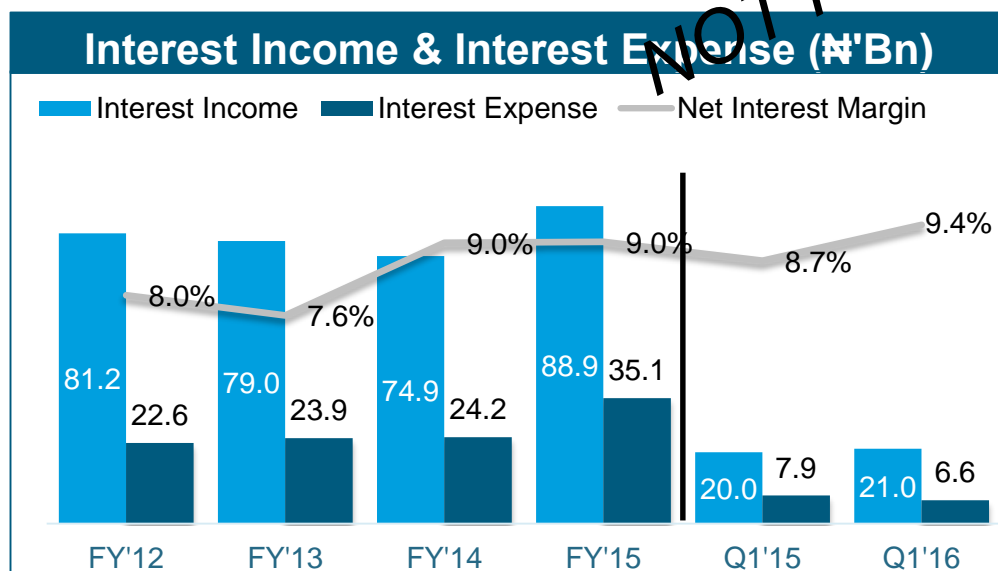
	Mar-16	Dec-15	% Variance
Cash and cash equivalents	86,133	54,451	58%
Non-pledged trading assets	4,652	-	100%
Pledged assets	57,378	84,728	(20%)
Derivative assets held for risk management	1,722	1,820	(5%)
Loans and advances to customers	358,470	348,984	3%
Investment securities	171,671	209,223	(18%)
Trading properties	1,124	1,124	0%
Investment in subsidiaries	10,567	10,567	0%
Property and equipment	50,269	49,692	1%
Intangible assets (software)	3,102	3,318	(7%)
Deferred tax assets	95,875	95,875	0%
Cash reserve requirement	147,583	127,613	16%
Other assets (excluding CRR)	14,516	10,417	39%
	1,013,062	997,812	2%
Assets classified as held for sale	325	325	0%
TOTAL ASSETS	1,013,387	998,137	2%

Q1 2016 Performance - Bank Balance Sheet (cont'd)

₹'million	Mar-16	Dec-15	% Variance
LIABILITIES			
Deposits from banks – FCY	7,642	11,800	(35%)
Deposits from customers	587,236	569,116	3%
Current tax liabilities	278	229	21%
Other liabilities	109,413	106,035	3%
Retirement benefit obligations	3,889	4,230	(8%)
Intervention/On-lending funds	17,763	18,778	(5%)
Other borrowed funds – FCY	57,546	57,281	0%
TOTAL LIABILITIES	783,765	767,469	2%
EQUITY			
Share capital and share premium	400,109	400,109	0%
Retained earnings / (accumulated loss)	(249,028)	(249,490)	(0%)
Other reserves	78,541	80,049	(2%)
Equity attributable to equity-holders of the bank	229,622	230,668	(0%)
TOTAL LIABILITIES AND EQUITY	1,013,387	998,137	2%

Consistent Earnings Growth

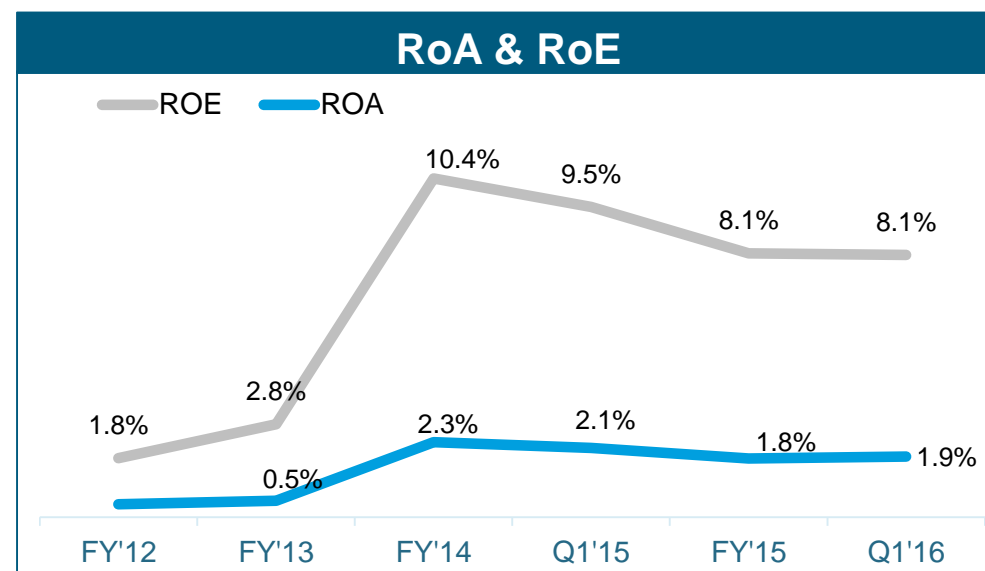
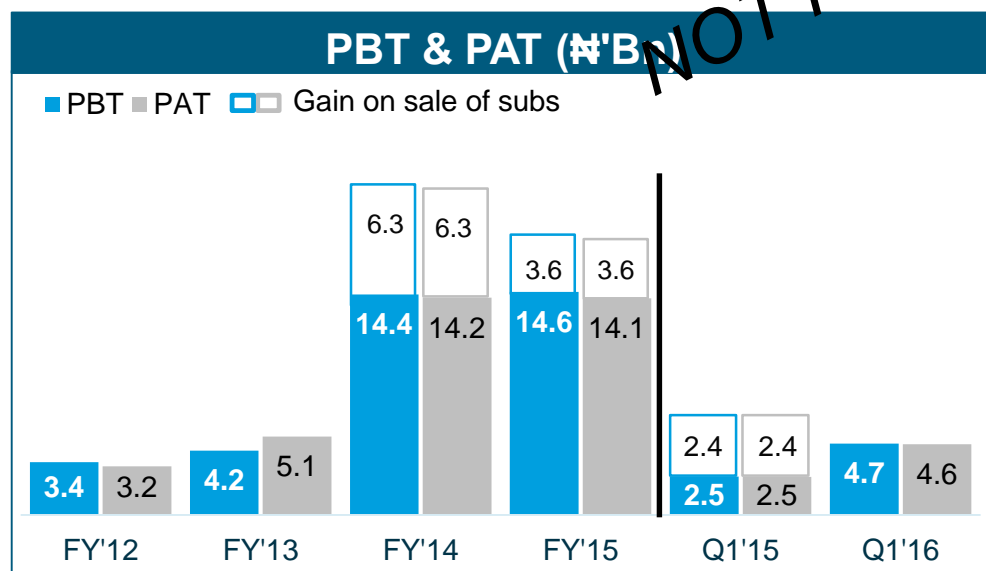
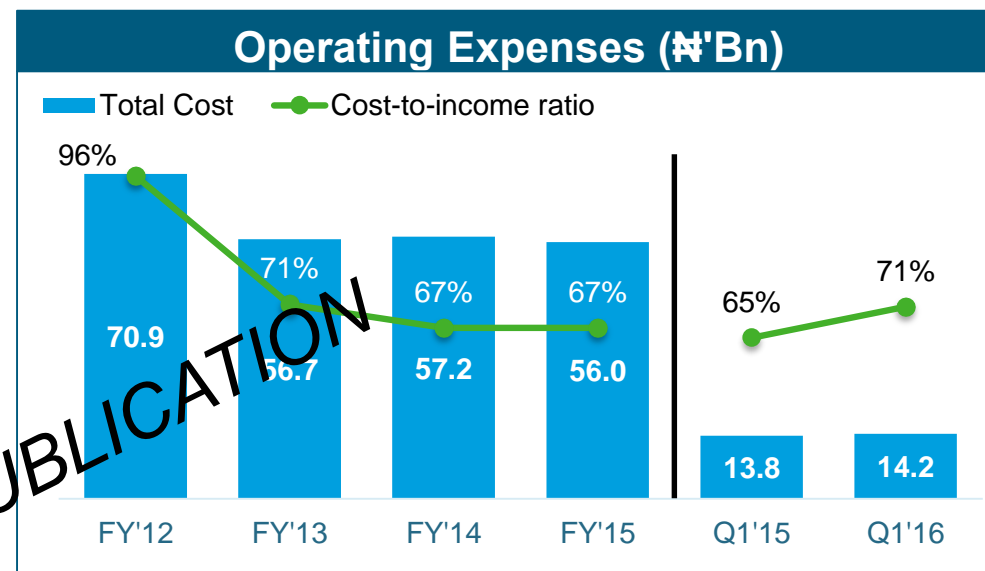
- Gross Earnings at ~~₹~~26.6bn (~~₹~~29.0bn in Q'15)
- Excluding gain on sale of subsidiaries*, earnings of ~~₹~~26.6bn at par with prior year
- NII up 19% to ~~₹~~14.4bn (~~₹~~12.2bn in Q1'15)
- Interest income up 5% from improved asset yield at 15.6% in Q1'16 (14.36% in Q1'15)
- Interest expense down 16% from lower cost of funds at 4.7% in Q1'16 (6.1% in Q'15)



*One-time gain on sale of subsidiaries: Q1'16 – Nil; Q1'15 - ₹2.4bn

Continued Focus on Cost and Profitability

- Expenses ~~₹~~14.2bn (~~₹~~13.8bn in Q1 2015), an expected increase of 3%
- Impact of budgeted investments in technology and network infrastructure
- PBT & PAT ~~₹~~4.7bn and ~~₹~~4.6bn respectively
- Excluding gain on sale of subsidiaries*, PBT up 85% (~~₹~~4.7bn Q1'16 vs. ~~₹~~2.5bn Q1'15)
- ROA and ROE 8.1% and 1.9% respectively

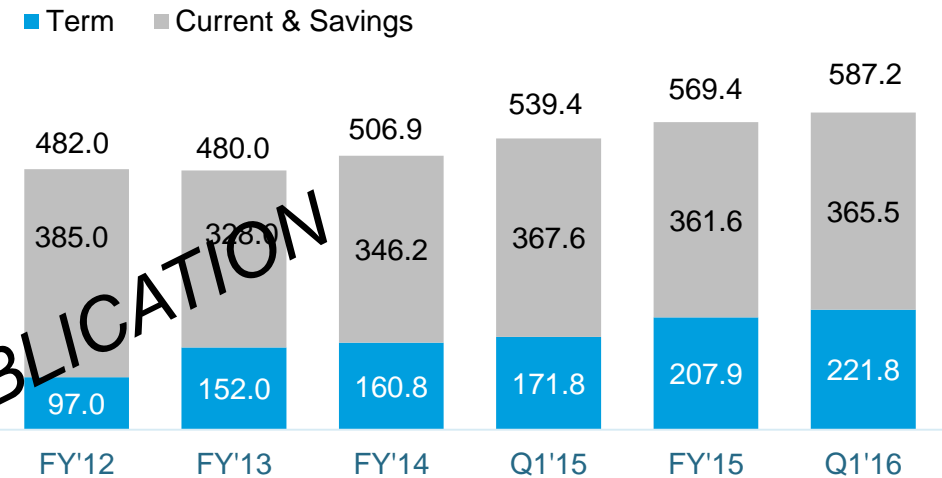


*One-time gain on sale of subsidiaries: Q1'16 – Nil; Q1'15 - ~~₹~~2.4bn

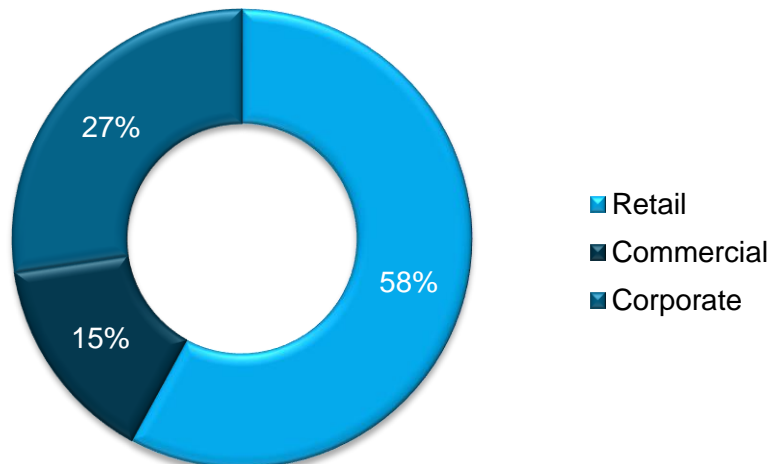
Deposit & Funding Composition

- Customer deposits ₹587.2bn, up 9% from Mar'15 and 3% from Dec'15; driven by growing customer confidence in service and product offers as well as a re-energised brand identity
- Customer deposits remain the bank's primary source of funding
- On-lending facilities comprise of funding from BOI and CACS
- FCY borrowings are largely medium term borrowings from various financial institutions

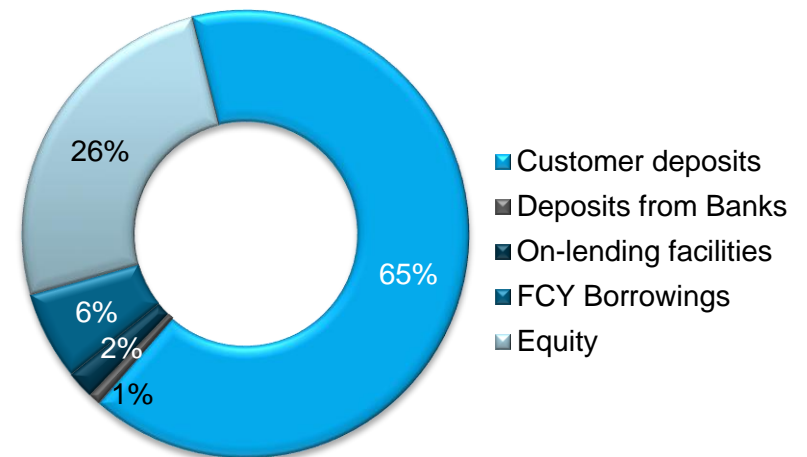
Customer Deposits (₹'Bn)



Deposits by Business Segment Mar'16

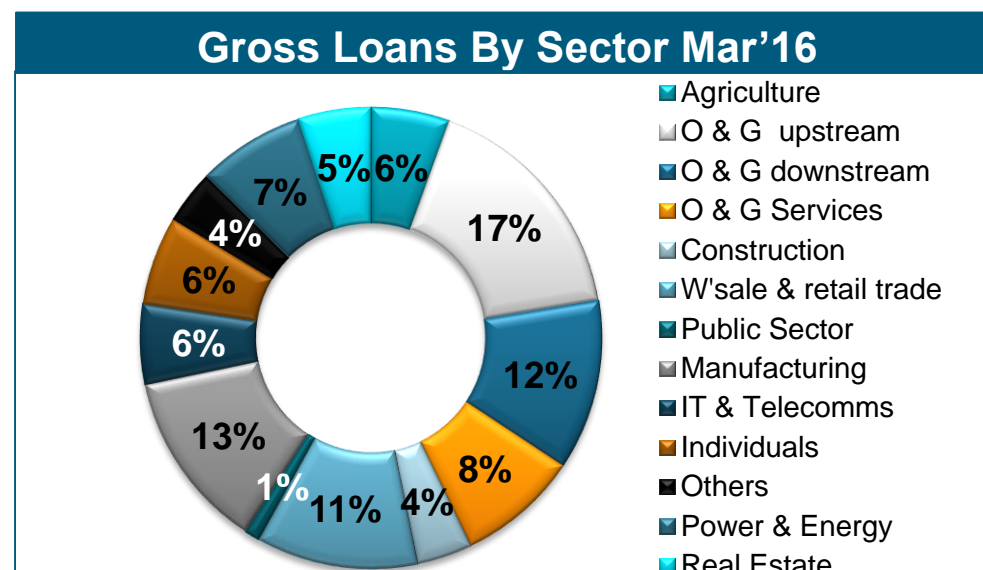
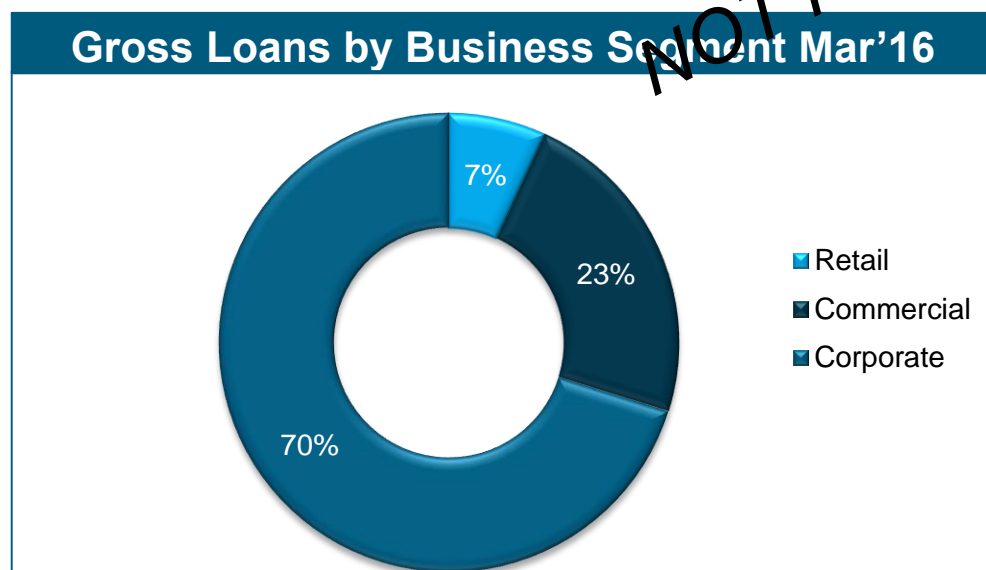
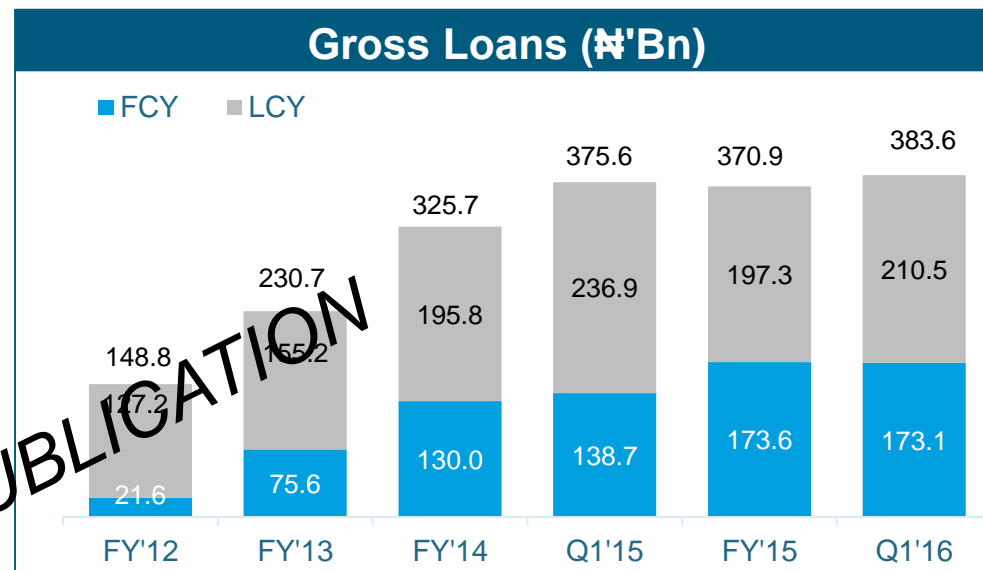


Funding Structure Mar'16



Cautious Loan Growth in Target Sectors

- Gross Loans ~~₹~~₹383.6bn, up 2% from Mar'15 and 3% from Dec'15
- Reflects cautious loan growth in targeted sectors of the economy
- Loan book remains well diversified across economic sectors
- We have tightened the risk acceptance criteria for new lending, enhanced loan monitoring and strengthened recovery efforts



Ongoing Focus on Asset Quality

- NPL ratio of 6.93% as at Mar'16 (6.99% in Dec'15), reflects increasingly difficult macroeconomic conditions for our customers
- NPL recovery and continuous monitoring of existing loan book should see a reduction in the NPLs and reduced levels of impairment losses
- Coverage ratio of 196% reflects an adequate provisioning policy
- Capital and liquidity ratios remain above regulatory requirements

Asset Quality Mar'16

Coverage Ratio*
196%

Dec'15: 177% | Mar'15: 158%

NPL Ratio
6.93%

Dec'15: 6.99% | Mar'15: 6.01%

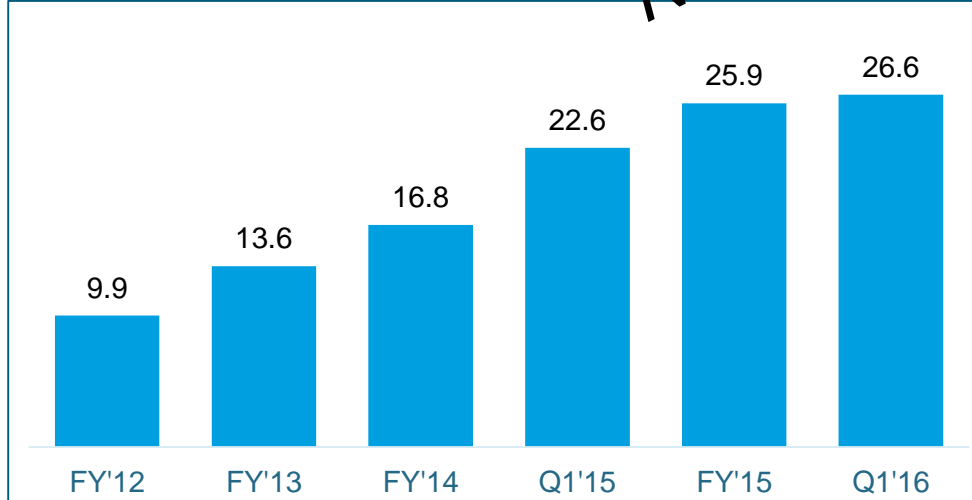
Liquidity Ratio
45%

Dec'15: 43% | Mar'15: 37%

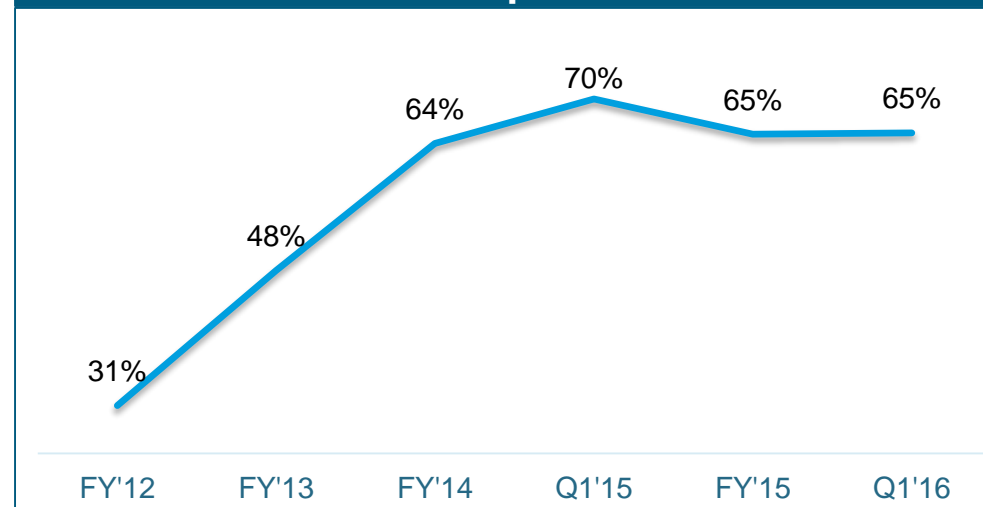
Capital Adequacy
15.4%

Dec'15: 15.3% | Mar'15: 15.2%

Non Performing Loans (₹Bn)



Loan to Deposit Ratio



*Includes regulatory risk reserves



OLD GENERATION STYLE, MEET NEW GENERATION VIBE

DISCOVER THE NEW WAYS
WE ARE WORKING TO SERVE
YOU BETTER.



2016 Expectations

Emeka Emuwa
Chief Executive Officer

2016 Priorities for Sustained Growth

Execution

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

Growth

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

Innovation

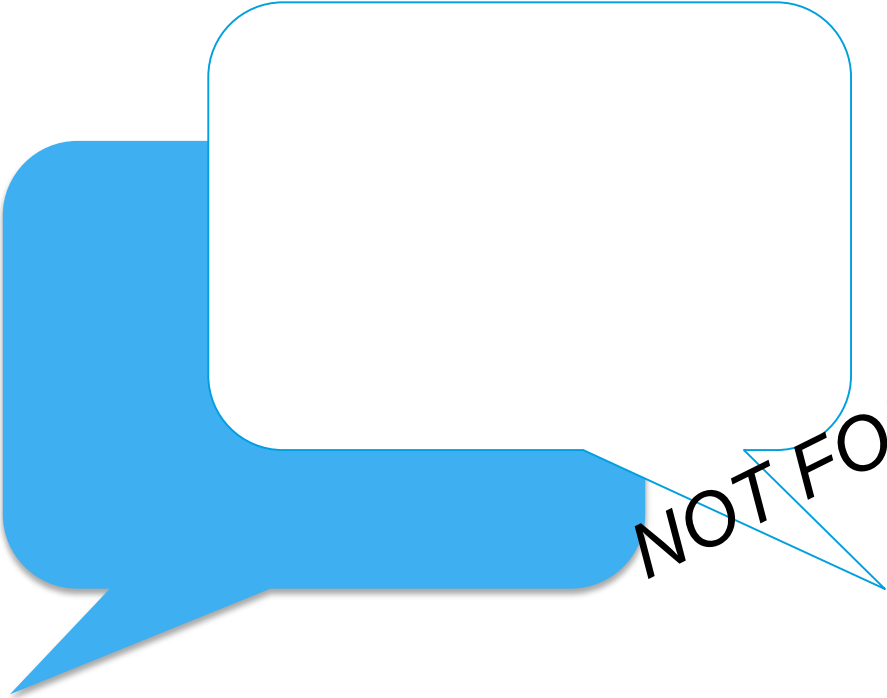
- Technology platforms
- Branch network and channel optimization
- Business process improvement
- Strategic partnerships

Positioning

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

2016 Expectations

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



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Q&A





Save Small
DO BIG THINGS

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Appendix - Group Financial Performance

Q1 2016 Performance - Group Financial Highlights

		Q1'16	Q1'15	Δ
Balance Sheet (₹ 'm)	Assets	1,087,072	1,024,263	6%
	Gross Loans	397,592	393,250	1%
	Customer Deposits	602,666	545,800	10%
	Equity	243,009	226,418	7%
Key Ratios	Loan to Deposit	66%	72%	(6%)
	Non Performing Loans	6.69%	5.74%	0.95%
Income Statement (₹ 'm)	Gross Earnings	27,275	27,283	0%
	Net Interest Income	14.9	12.6	18%
	Operating Expenses	14.7	14.4	2%
	Profit Before Tax	4.8	2.5	93%
	Profit After Tax	4.7	2.4	96%
Key Ratios	Net Interest Margin	8.76%	8.04%	0.72%
	Cost to Income	71%	74%	(3%)
	Return on Equity	7.8%	4.4%	3.4%
	Return on Asset	1.8%	1.0%	0.8%
	Earnings Per Share	28k	14k	14k

Q1 2016 Performance - Group Profit and Loss Statement

R'million				Variance	
	Q1'16	Q4'15	Q1'15	vs Q4'15	vs Q1'15
Gross earnings	27,275	32,492	27,283	(16%)	(0%)
Interest income	21,488	24,266	20,530	(11%)	5%
Interest expense	(6,599)	(8,585)	(7,912)	(23%)	(17%)
Net interest income	14,889	15,681	12,618	(5%)	18%
Impairment charge for credit loss	(1,140)	(4,494)	(2,432)	(79%)	(53%)
Net interest income after impairment charge	13,749	10,187	10,186	35%	35%
Net trading income	2,740	1,633	2,135	68%	28%
Gain on sale of subsidiaries	-	(14,270)	(185)	(100%)	(100%)
Fees, commissions and other operating income	3,047	21,268	4,661	(86%)	(35%)
Non interest income	5,787	8,631	6,611	(33%)	(12%)
Operating Income	19,536	18,818	16,797	4%	16%
Net impairment loss on financial assets	-	704	-	(100%)	-
Operating expenses	(14,741)	(14,460)	(14,414)	2%	2%
Net impairment loss on financial assets	-	(70)	-	100%	-
Profit before tax from discontinued operations	-	-	106	-	(100%)
Profit before tax	4,795	4,992	2,489	(4%)	93%
Income tax expense	(76)	(342)	(85)	(78%)	(11%)
Profit after tax	4,719	4,650	2,404	1%	96%

March 2016 Group Balance Sheet

₹'million

ASSETS

	Mar-2016	Dec-2015	% Variance
Cash and cash equivalents	142,352	82,252	73%
Non-pledged trading assets	4,652	-	>100%
Pledged assets	67,378	84,728	(20%)
Derivative assets held for risk management	1,722	1,820	(5%)
Loans and advances to customers	372,408	366,721	2%
Investment in equity accounted investee	24	24	0%
Investment securities	178,496	215,137	(17%)
Trading properties	2,608	3,177	(18%)
Investment properties	4,511	4,546	(1%)
Property and equipment	50,341	49,772	1%
Intangible assets (software)	3,504	3,749	(7%)
Deferred tax assets	95,882	95,883	(0%)
Cash reserve requirement	147,583	127,613	16%
Other assets (excluding CRR)	15,214	11,073	37%
	1,086,675	1,046,495	4%
Assets classified as held for sale	397	397	0%
TOTAL ASSETS	1,087,072	1,046,892	4%

March 2016 Group Balance Sheet (contd.)

₹'million	Dec-2015	Dec-2015	% Variance
LIABILITIES			
Deposits from banks – FCY	50,634	44,091	15%
Deposits from customers	602,666	570,639	6%
Current tax liabilities	519	382	52%
Other Liabilities	110,954	107,533	3%
Retirement benefit obligations	3,921	4,267	(8%)
Intervention/On-lending funds	17,763	18,778	(5%)
Other borrowed funds – FCY	57,546	57,281	0%
Total Liabilities	844,063	802,971	5%
EQUITY			
Share capital and share premium	400,109	400,109	0%
Retained earnings / (accumulated loss)	(244,352)	(245,020)	(0%)
Other reserves	81,911	83,495	(2%)
Equity attributable to equity-holders of the bank	237,668	238,584	(0%)
Non-controlling interest	5,341	5,337	
Total Equity	243,009	243,921	(0%)
Total Liabilities and Equity	1,087,072	1,046,892	4%



THANK YOU



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