

Union Bank of Nigeria Plc.
Unaudited results for the quarter ended 31 March, 2017

LAGOS, NIGERIA – April 27, 2017 - Union Bank of Nigeria Plc., one of Nigeria's long-standing and most respected financial institutions, announces its unaudited results for the quarter ended 31 March 2017.

In its full year 2016 results release, Union Bank announced plans to launch a rights issue in the second quarter of 2017 to raise up to fifty billion Naira (N50 billion) in Tier 1 capital, as it looks to accelerate business growth and position as a leading commercial bank in Nigeria. The additional funding will also allow Union Bank to maintain compliance with regulatory capital requirements.

2017 also marks the Bank's 100th anniversary which it will commemorate with a series of activities under three broad themes – **Celebrate, Impact** and **Lead**.

Celebrations kicked off in February in Lagos, followed by a celebratory dinner event and the launch of five branches in Edo State. In April, the **Union Bank Centenary Innovation Challenge**, a nationwide competition to find and support young entrepreneurs developing sustainable business solutions to solve social problems in Nigeria was launched in partnership with [Co-Creation Hub](#). Information on the Centenary Innovation Challenge can be found at www.unionbank100.com/challenge.

Union Bank is also the first organization in Nigeria to partner with [GoMyWay](#), a technology start-up, to provide an in-house rideshare programme for the Bank's employees. Under the new programme, employees can book and share rides to and from work with their colleagues, eliminating the burden of running a limited staff bus programme while promoting a culture of ridesharing which ultimately will help reduce carbon emissions.

More activities and initiatives are planned and will be announced accordingly throughout the year

Q1- 2017 Financial Results

Group Financial Highlights:

- **Gross earnings:** up 24% to ₦33.8bn (₦27.3bn in Q1 2016).
- **Profit before tax:** down 3% to ₦4.7bn (₦4.8bn in Q1 2016).
- **Interest income:** up 27% to ₦27.2bn (₦21.5bn in Q1 2016); driven largely by the impact of Naira devaluation on the loan book.
- **Net interest income after impairment:** up 4% to ₦14.3bn (₦13.7bn in Q1 2016).
- **Non-interest revenue:** increased by 14% to ₦6.6bn (₦5.8bn in Q1 2016); buoyed by effective loan recovery and the growth in e-business channel income.
- **Net revenue before impairment:** up 3% to ₦21.2bn (₦20.7bn in Q1 2016).

- **Gross loans:** down 3% to ₦518.5bn (₦507.2bn Dec 2016); due to improving FX availability which facilitated liquidation of mature obligations in the foreign currency loan book.
- **Customer deposits:** up 6% to ₦695.2bn (₦658.4bn Dec 2016); continues to demonstrate strengthening customer confidence and successful liability generation strategies.

Commenting on Union Bank's first quarter results, Mr. Emeka Emuwa, Chief Executive Officer said:

"2017 will be a very busy year for our Bank, with our 100th anniversary celebrations running through the year and the launch of our ₦50 billion rights issue in the second quarter.

The Bank continues to focus on liability generation which translated to a 24% increase in Gross Earnings to ₦33.8bn at the Group level, compared to ₦27.3bn in the same period of 2016. Notwithstanding reduced customer purchasing power, our enhanced customer value proposition and energised brand continue to drive our Customer Deposits up, with a 6% increase to ₦695.2bn from ₦658.4bn as at December 2016. Non-interest income from e-business channels grew by 66% against Q1 2016 as a result of increased customer adoption of our alternate channels.

Expectedly, due to inflationary impact on operating expenses, Profit Before Tax for the quarter declined marginally by 3% to ₦4.7bn from ₦4.9bn in Q1 2016. We remain confident that we are on track to meet our growth and revenue objectives for 2017.

In Q2, we are focused on launching a successful rights issue which will be critical to executing our short and medium term business priorities.

Discussing the first quarter numbers, Chief Financial Officer, Oyinkan Adewale, said:

"Improved foreign exchange availability allowed the Bank streamline its loan book, bringing the foreign currency loan book down to 49% of Gross Loans, compared to 53% at December 2016. With 6% increase in deposits and 3% drop in loans, we were able to bring the Loans to Deposit Ratio to 75%, from 81% at December 2016. The 3% drop in Gross Loans in the quarter is responsible for the marginal increase in our NPL ratio from 6.69% December 2016 to 7.27% March 2017. Meanwhile, our effective loan recovery machine recorded good success, thus offsetting the impact of tightening net interest margins.

Gross Earnings and Net Income before Impairment were both up by 24% and 3% respectively compared to the same period in 2016. Inflationary and Naira devaluation pressures in the economy drove Operating Expenses up by 10%, also impacting cost-to-income ratio which went up by 5.25%.

We will continue to focus on delivering consistent results each quarter as we adapt to evolving circumstances in the Nigerian economy."

Group Financial Summary

Balance Sheet (in billions of Naira)	Mar. 2017	Dec. 2016	Δ
Total Assets	1,298.0	1,252.7	4%
Net Loans & Advances	490.0	507.2	(3%)
Customer Deposits	695.2	658.4	6%
Shareholders' Funds	277.5	271.7	2%

Income Statement (in billions of Naira)	Q1 2017	Q1 2016	Δ
Gross Earnings	33.8	27.3	24%
Net Interest Income	14.6	14.9	(2%)
<i>Non-Interest Income</i>	6.6	5.8	14%
Impairment	(0.3)	(1.1)	(72%)
Operating Expenses	16.3	14.7	10%
Profit Before Tax	4.7	4.8	(3%)
Profit After Tax	4.5	4.7	(4%)

Key Ratios	Q1 2017	Q1 2016	Δ
Loan to Deposit Ratio	74.6%	66.0%	8.6%
Non-Performing Loan Ratio	7.27%	6.69%	0.58%
Net Interest Margin	7.14%	8.76%	(1.62%)
Cost to Income Ratio	76.55%	71.29%	5.25%
Return on Equity	6.7%	7.8%	(1.1%)
Return on Assets	1.5%	1.8%	(0.3%)
Net Asset Value per share	N16.38	N14.35	14%
Earnings Per Share	26k	28k	(2k)

Bank Financial Summary

Balance Sheet (in billions of Naira)	Q1 2017	Dec 2016	Δ
Total Assets	1,162.5	1,123.5	3%
Net Loans & Advances	464.4	489.9	(5%)
Customer Deposits	686.4	633.8	8%
Shareholders' Funds	256.6	251.3	2%

Income Statement (in billions of Naira)	Q1 2017	Q1 2016	Δ
Gross Earnings	32.6	26.6	22%
Net Interest Income	13.6	14.4	(6%)
<i>Non-Interest Income</i>	6.4	5.6	15%
Impairment	(0.3)	(1.1)	(72%)
Operating Expenses	15.5	14.2	9%
Profit Before Tax	4.2	4.7	(10%)
Profit After Tax	4.2	4.6	(10%)

Key Ratios	Q1 2017	Q1 2016	Δ
Loan to Deposit Ratio	71.9%	65.3%	6.5%

Non-Performing Loan Ratio	7.65%	6.93%	0.7%
Liquidity Ratio (regulatory minimum - 30%)	37%	45%	(8%)
Net Interest Margin	7.9%	9.4%	(1.5%)
Cost to Income Ratio	77.4%	71.1%	6.3%
Return on Equity	6.7%	8.1%	(1.4%)
Return on Assets	1.5%	1.9%	(0.4%)
Net Asset Value per share	N15.15	N13.56	12%
Earnings Per Share	25k	27k	(2k)

Q1 Financial Results Analysts Call:

Please find below the dial-in details for the call on Wednesday, May 3rd 2017 at 15:00 GMT.

United Kingdom: +44 800 358 9473

United States: +1 877 788 9027

South Africa: +27 800 111 446

Participant PIN: 44373279#

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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Notes to editors:

About Union Bank Plc.

Union Bank has been in business for over a century. Established in 1917 and listed on the Nigerian Stock Exchange in 1971, Union Bank of Nigeria Plc. 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

Media Enquiries: Email investorrelations@unionbankng.com

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