



FY 2018 Results Presentation

April 2019

Your simpler, smarter bank



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Union Bank at a Glance



Assets / Equity

| | | |
|--------------|--|---------|
| Total Equity | | ₺ 225bn |
| Total Assets | | ₺ 1.4tn |

Our Channels

| | | |
|-------------------------|--|-------|
| ATM | | 1,100 |
| Debit Cards | | 3.5m |
| POS Terminals | | 7.9k |
| Online Banking | | 443k |
| Mobile Banking | | 1.3m |
| Branches / Cash Centers | | 300 |

Our People

| | | |
|-----------|--|-----------|
| Customers | | 4,500,000 |
| Employees | | 2,600 |

Ratings

| | |
|---|-----------------------|
| Agusto&Co <small>Research, Credit Ratings, Credit Risk Management</small> | A- (Stable Outlook) |
| MOODY'S | B3 (Stable Outlook) |
| Fitch Ratings | B- (Stable Outlook) |
| GCR | BBB+ (Stable Outlook) |

Social Engagement

| | |
|---------|---------|
| 146,000 | 841,157 |
| 25,703 | 53,500 |

Awards

Excellence in Banking Innovation -
2018 New Age Banking Awards

Best Company in Environmental Excellence and Most Outstanding Company in CSR/Sustainability -
2018 Sustainability, Enterprise and Responsibility Awards (SERAs)

2019 Advertiser of the Year -
Pitcher Awards



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1

The Operating Environment

Emeka Emuwa
Chief Executive Officer

Overview of the Nigerian Economy



Macro-Economic Conditions

- **Inflation** down to 11.31% in Feb'19 (11.37% in Jan'19)
- **Gross Domestic Product (GDP)** grew by 2.38% in Q4'2018 y/y
- **External reserves** grew to \$44.1bn as at 31st Mar'19 (Dec'18 - \$43.2bn)
- **Oil price** (Bonny Light) closed at \$67.55 per barrel as at 31st Mar '19



Regulatory Updates

- **Monetary Policy Committee** reduced the MPR by 0.5% in March 2019 to 13.5%. CRR & Liquidity Ratio remain unchanged
- CBN Introduced the **Consumer Complaints Management System**
- CBN increased the **minimum capital requirement** for **microfinance banks** in Nigeria



Political Updates

- **President Buhari wins a second term**
- **Gubernatorial and State Assembly elections** conducted in 27 States
- **2019 Budget** presented to the National Assembly ₦8.8tr for 2019 vs. ₦9.1tr

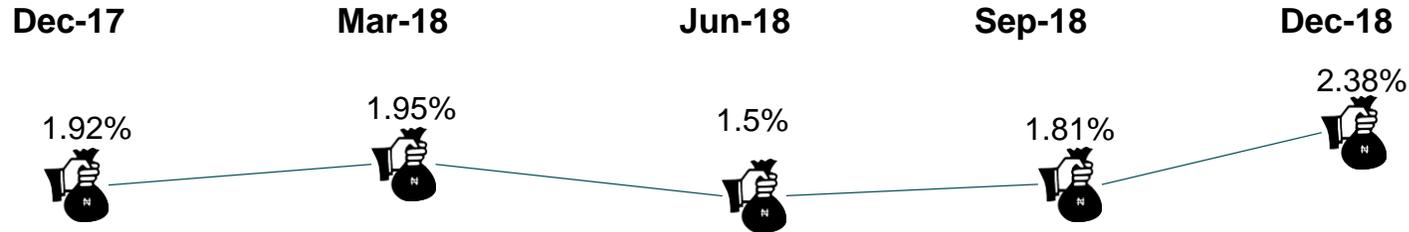


Socio- Economic Trends

- **Rise in minimum wage to ₦30,000** is expected to increase consumer spending
- **Increasing mobile and internet penetration** driving consumer engagement
- Building **data analytics and digital solutions competencies** is a focus of businesses and financial institutions

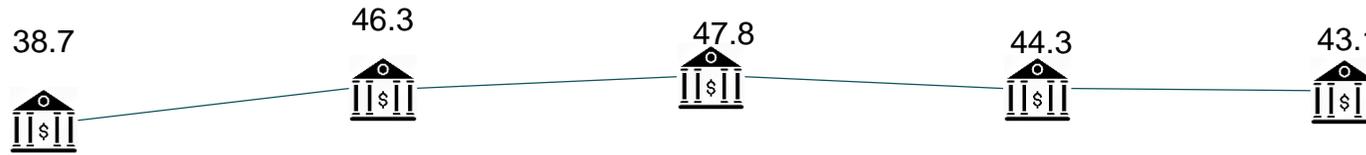
FY '18 Macro-Economic Trends in Nigeria

GDP



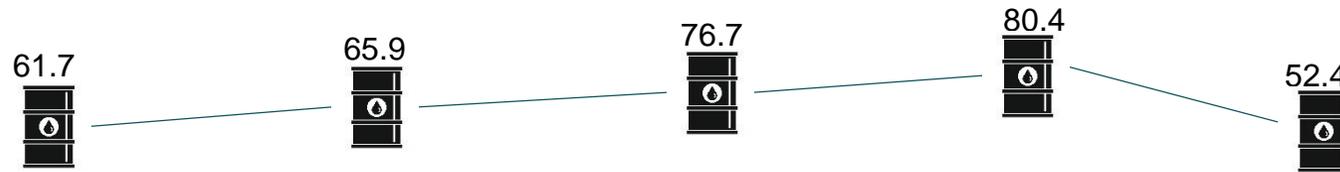
2.38% growth in Q4'18. FY'18 was 1.93% (0.82% in 2017).

Reserve \$'bn



\$43.12bn in Dec '18; (\$44.1bn in Mar '19).

Oil Price \$/barrel



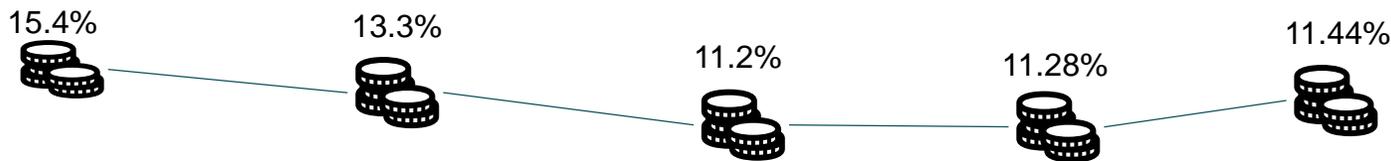
Closed at \$52.4pb in Dec '18, pressured by concerns surrounding global oversupply and softening oil demand.

FX

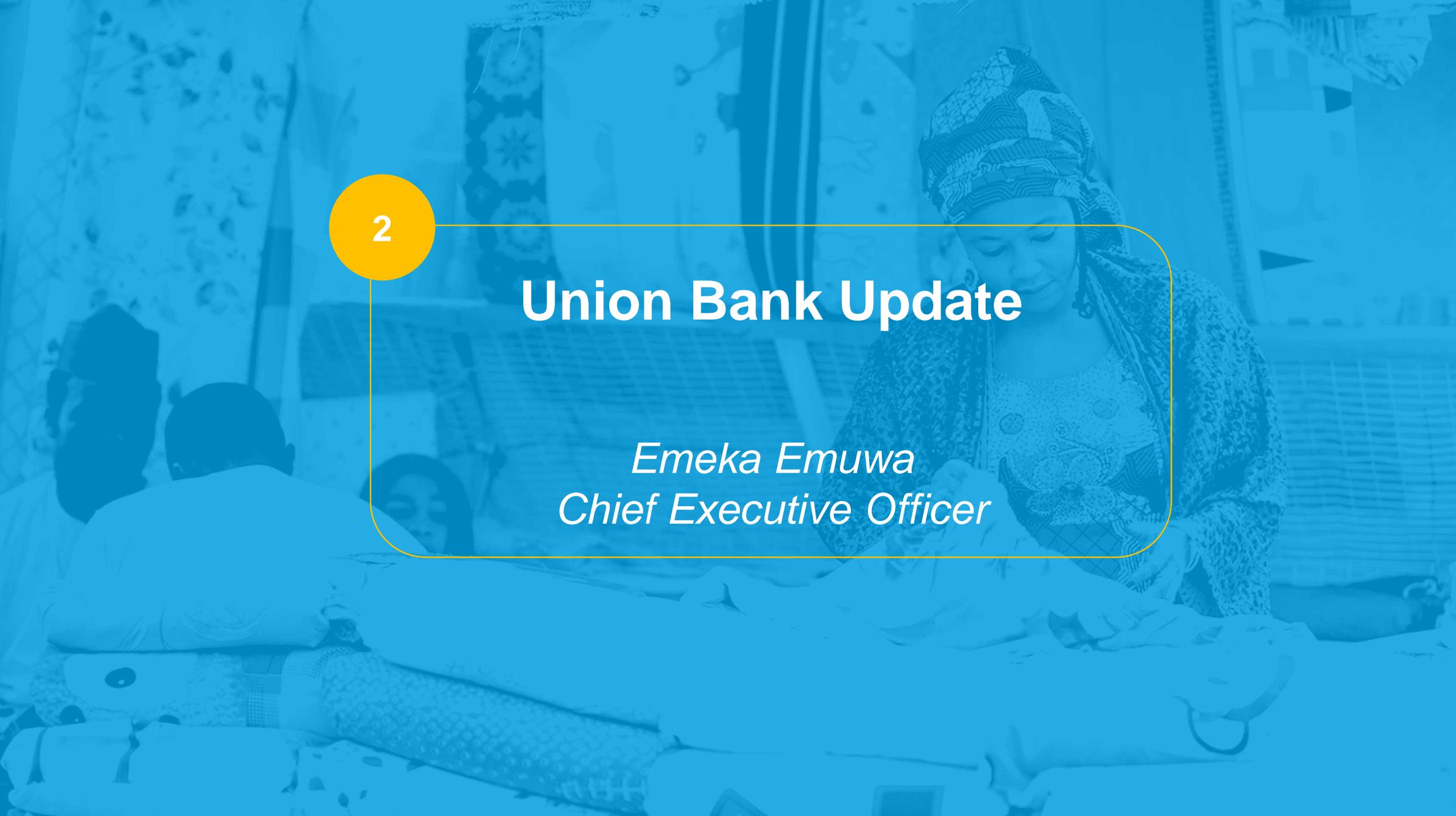


I&E FX rates converged with the parallel market rates, closed at ₦359/\$1 in Dec'18.

Inflation



Steady decline from 15.4% in Dec '17 to 11.44% in Dec '18.

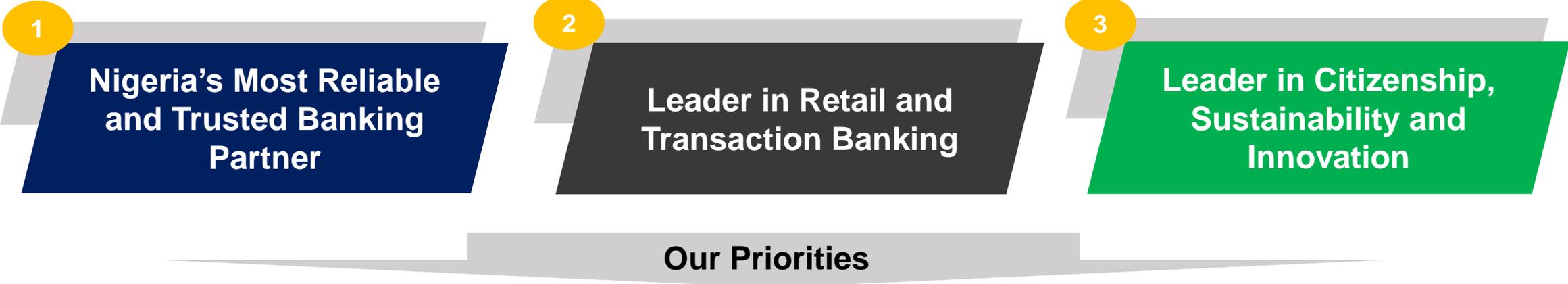
A blue-tinted photograph of a group of people in a meeting. In the foreground, a woman wearing a patterned headscarf and a patterned top is looking down at a large document or map spread out on a table. Other people are visible in the background, some looking towards the camera and others looking at the document. The overall scene suggests a professional or community meeting.

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Union Bank Update

Emeka Emuwa
Chief Executive Officer

Our Ambitions



- Digital and Automation
- Service and Product Innovation
- Operational Efficiency
- Ecosystems for Value Creation and Growth
- Enabling Nigeria's Success – Education, Technology, Women, SMEs

UNION BANK UPDATE

2018 Achievements



UNION BANK UPDATE



Risk Management

Optimization of our loan portfolio which should lead to more predictable earnings growth.

Portfolio Optimization



Robotics Process Automation

Industry leading RPA technology to deliver efficiency on operations.

Service & Product Innovation



Debt Capital

Debut bond 165% subscribed.

Diversified Funding



Ecosystem Enhancement

Focus on mining opportunities in Education (Edu360), Technology (TechVentures), and Trade (Local LC).

Value Creation

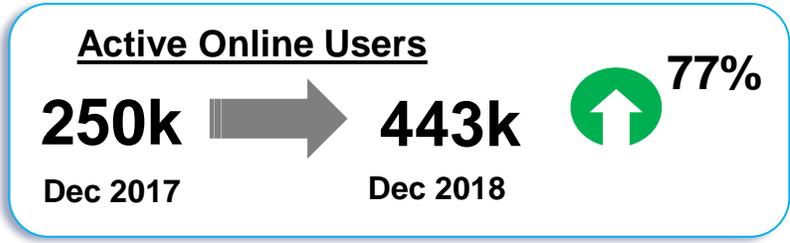
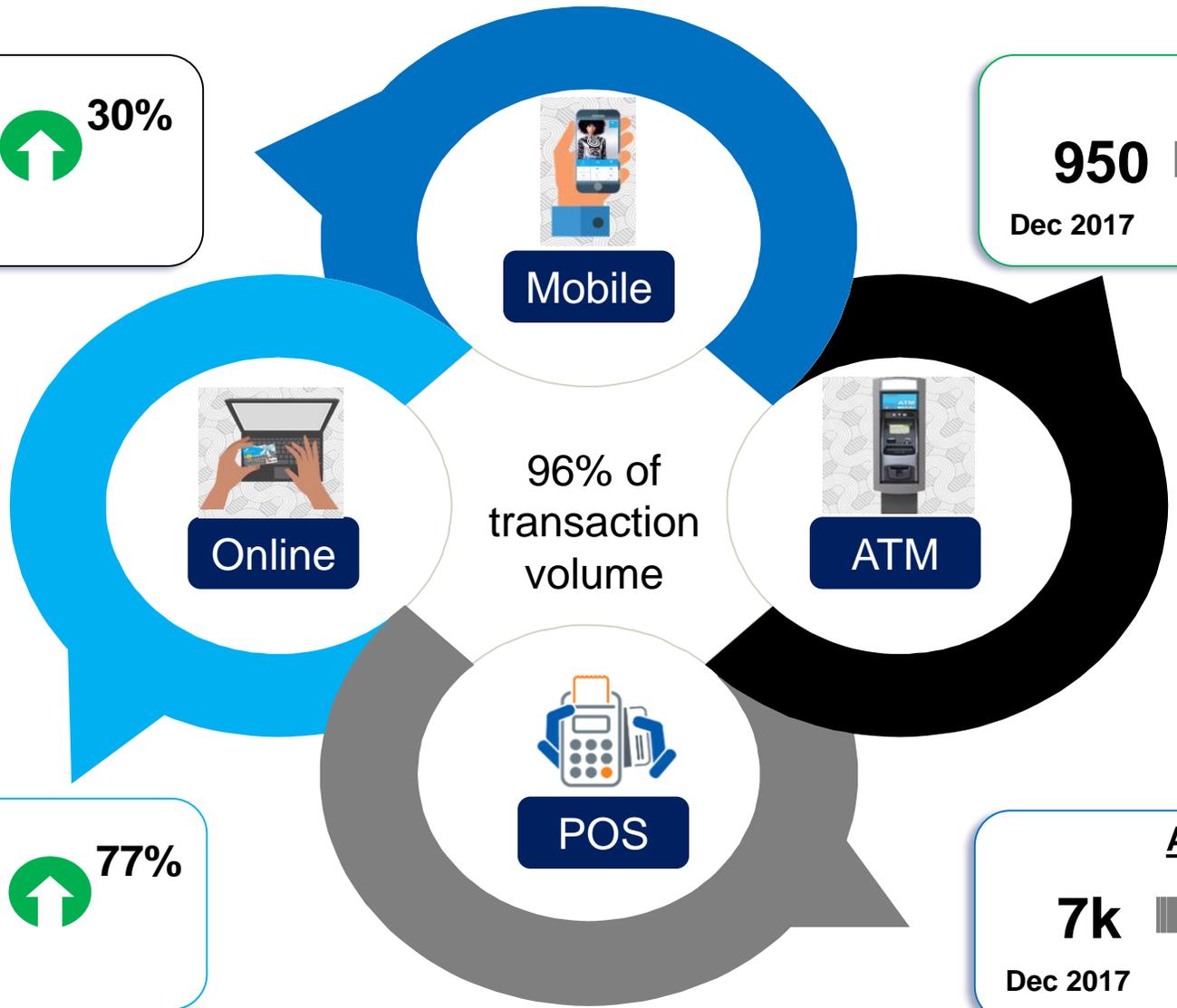
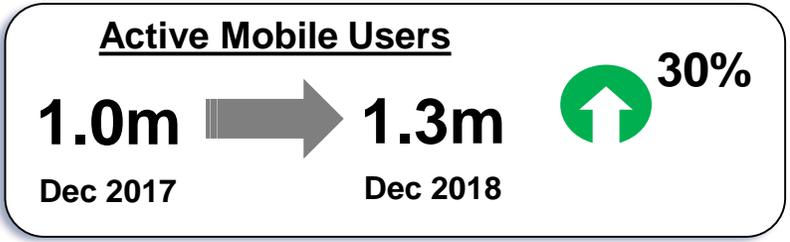


Brand

Enabling Success
Most viewed Nigerian ad on YouTube.

Brand & Citizenship

Improved Digital Footprint

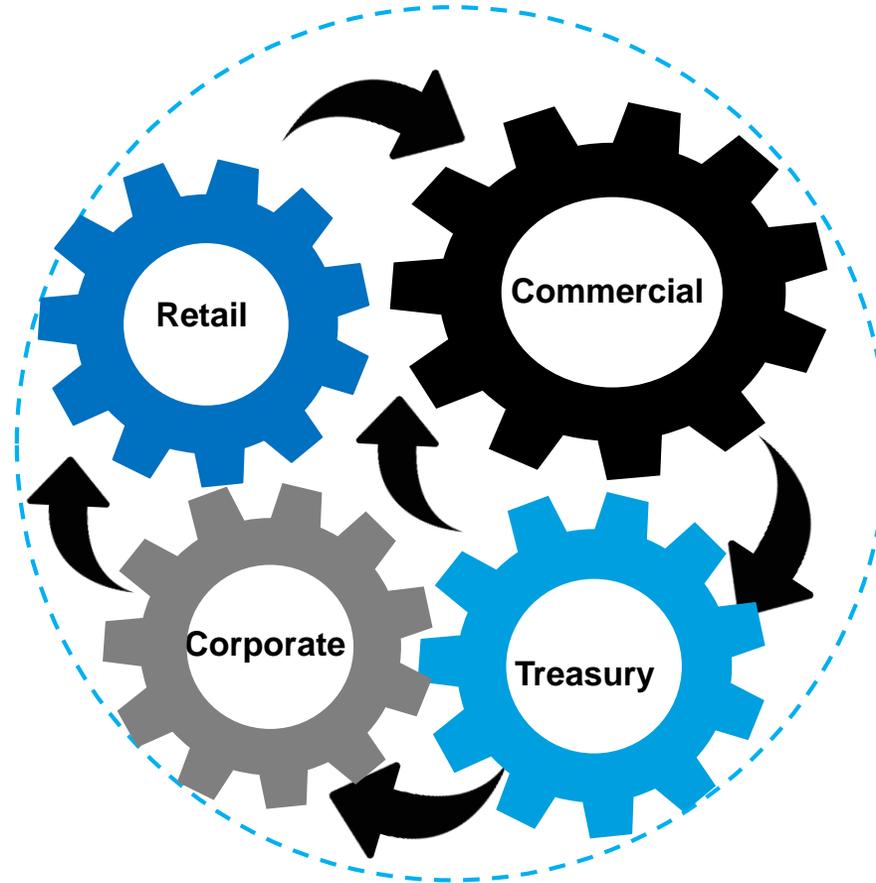


UNION BANK UPDATE

Strong Business Interdependencies

Retail

- 68% increase in New to Bank accounts y-o-y
- 342% growth in new loans y-o-y



Commercial

- Introduced Edu360 to facilitate development in the education sector
- 27% growth in deposits
- Launched Union360 - an enterprise online payment solution

Corporate

- Launched first local LC proposition in the market
- Deposit y-o-y growth largely driven by FCY and low cost LCY deposits

Treasury

- Issued first LCY bond with 3 and 7 years tenors

Citizenship, Sustainability and Innovation

Community Impact



8,000
UnionCares bag
donated across Nigeria



500
hygiene care products
donated to girls in Lagos State for the
commemoration of the International Day
of the Girl Child

Environmental Impact



96%
sustainability
enabled
branches



40%
of our
branches
with water meters
installed

Education



6,433
students impacted
during the Financial Literacy Day & World
Savings Day initiatives

Diversity & Inclusion



69%
of bank locations
are accessible
for physically challenged individuals

Employee Engagement



200
free breast cancer
screening

Group Financial Performance



Income Statement



Gross Earnings (₦'bn)

FY 2018

FY 2017

Trend

145.5

163.8

-11.2%



Net Revenue after Impairments (₦'bn)

93.9

80.4

16.8%



Profit Before Tax (PBT) (₦'bn)**

18.5

13.9

32.6%

Balance Sheet



Customer Deposits (₦'bn)

Dec 2018

Dec 2017

Trend

857.6

802.4

7.0%



Gross Loans (₦'bn)

519.7

560.7

-7.3%

Ratios



RoTE

FY 2018

FY 2017

Trend

9.6%

6.2%



RoA

1.3%

1.0%



CAR**

16.4%

16.7%



Cost to Income

82.9%

63.0%



NPL Ratio*

8.1%

20.8%

* Bank Figures. ** Dec 2017 Restated.



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FY 2018 Financial Performance

Joe Mbulu
Chief Financial Officer

Group Highlights: FY 2018

FY 2018 PERFORMANCE

| | |
|---|---|
| Gross Earnings |  Down 11% to ₦145.5bn (₦163.8bn in 2017) |
| Net Interest Income after Impairment |  Up 43% to ₦58.7bn (₦41.0bn in 2017) |
| Non-Interest Income |  Down 11% to ₦35.2bn (₦39.3bn in 2017) |
| Profit Before Tax* |  Up by 33% to ₦18.5bn (₦13.9bn in 2017) |
| Customer Deposits |  Up by 7% to ₦857.6bn (₦802.4bn as at Dec 2017) |
| Gross Loans |  Down 7% to ₦519.7bn (₦560.7bn as at Dec 2017) |
| Capital Adequacy Ratio* |  Down to 16.4% (16.7% as at Dec 2017) |

* Dec 2017 Restated.



FY 2018 Performance – Group Financial Summary

FY 2018 PERFORMANCE

| | | Dec-2018 | Dec-2017 |
|--------------------------|--------------------------|----------|----------|
| Balance Sheet (₹ 'bn) | Assets | 1,463.9 | 1,455.5 |
| | Gross Loans and Advances | 519.7 | 560.7 |
| | Customer Deposits | 857.6 | 802.4 |
| Key Ratios | NPL Ratio* | 8.1% | 20.8% |
| | Capital Adequacy Ratio** | 16.4% | 16.7% |
| | Coverage Ratio | 102% | 103.3% |

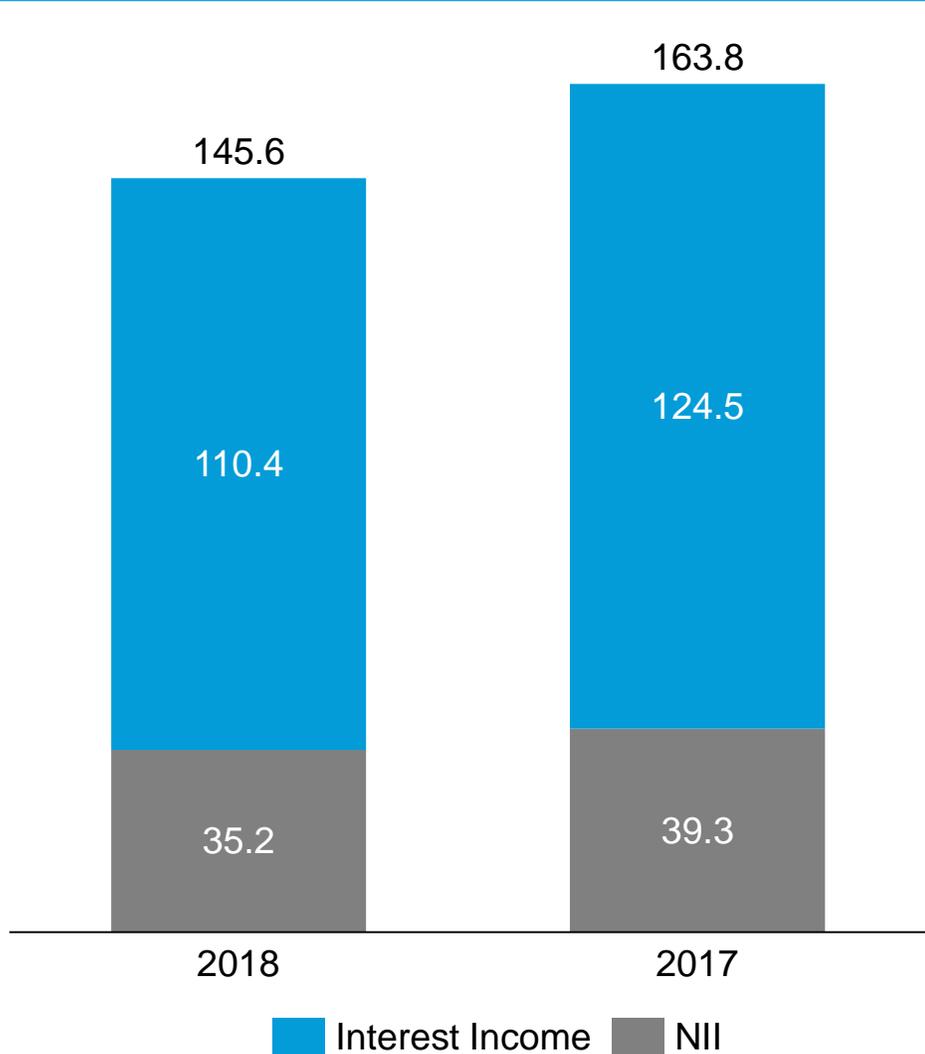
| | | FY 2018 | FY 2017 |
|-----------------------------|--------------------------------|---------|---------|
| Income Statement (₹ 'bn) | Gross Earnings | 145.5 | 163.8 |
| | Net Interest Income | 55.4 | 66.7 |
| | Non-Interest Income | 35.2 | 39.3 |
| | Credit/Other Impairment Charge | 3.4 | (25.6) |
| | Operating Expenses | 75.0 | 66.7 |
| | Profit Before Tax** | 18.5 | 13.9 |
| | Profit After Tax | 18.1 | 13.0 |
| Key Ratios | Net Interest Margin | 6.6% | 7.8% |
| | Cost to Income Ratio | 82.9% | 63% |
| | Return on Tangible Equity | 9.6% | 6.2% |
| | Return on Assets | 1.3% | 1.0% |
| | Net Asset Value per share | 7.75 | 11.79 |
| | Earnings Per Share | 61k | 72k |

* Bank figures. ** Dec 2017 Restated.

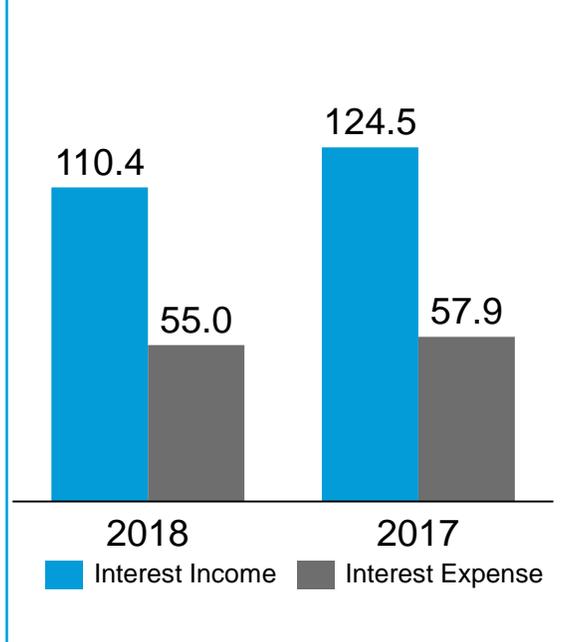
Gross Earnings



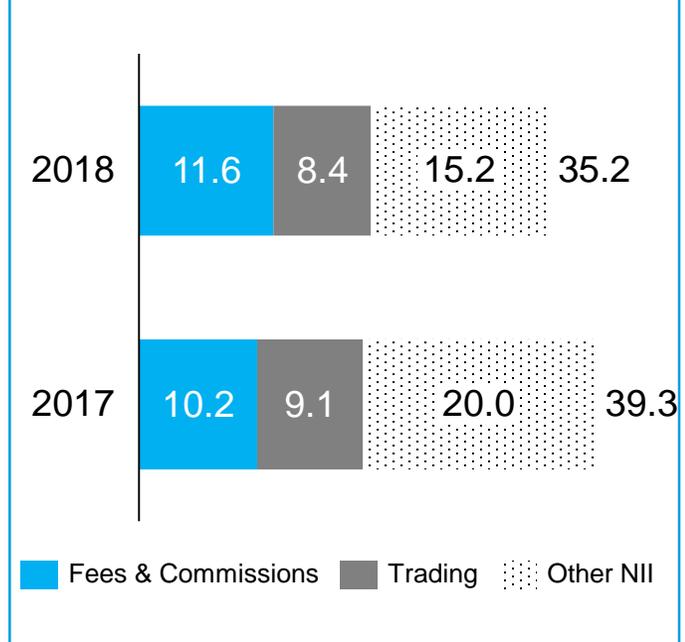
Gross Earnings (₦'bn)



NRFF (₦'bn)



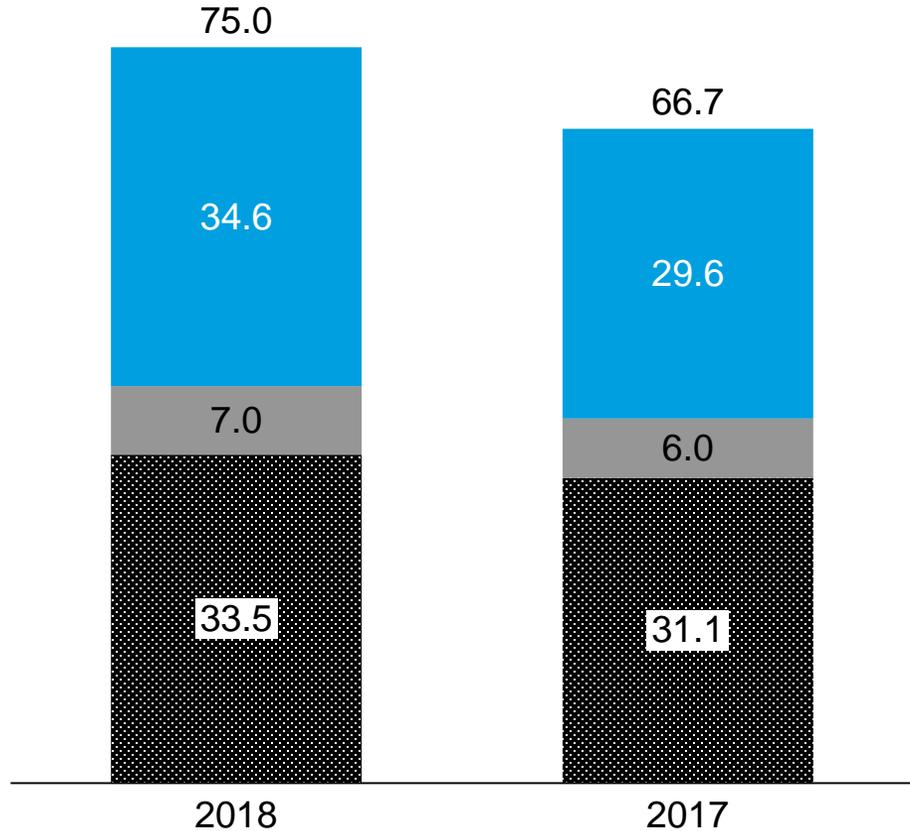
Non Interest Income (₦'bn)



- Gross Earnings are down by 11% due to the clean up of our loan book.
- Interest expense down by 5% due to average cheaper cost of funds.
- Non-interest income down 11% to ₦35.2bn from ₦39.2bn (2017).

Operating Expenses

Operating Expenses (₹'bn)



Other Overheads – Major Drivers (₹'m)

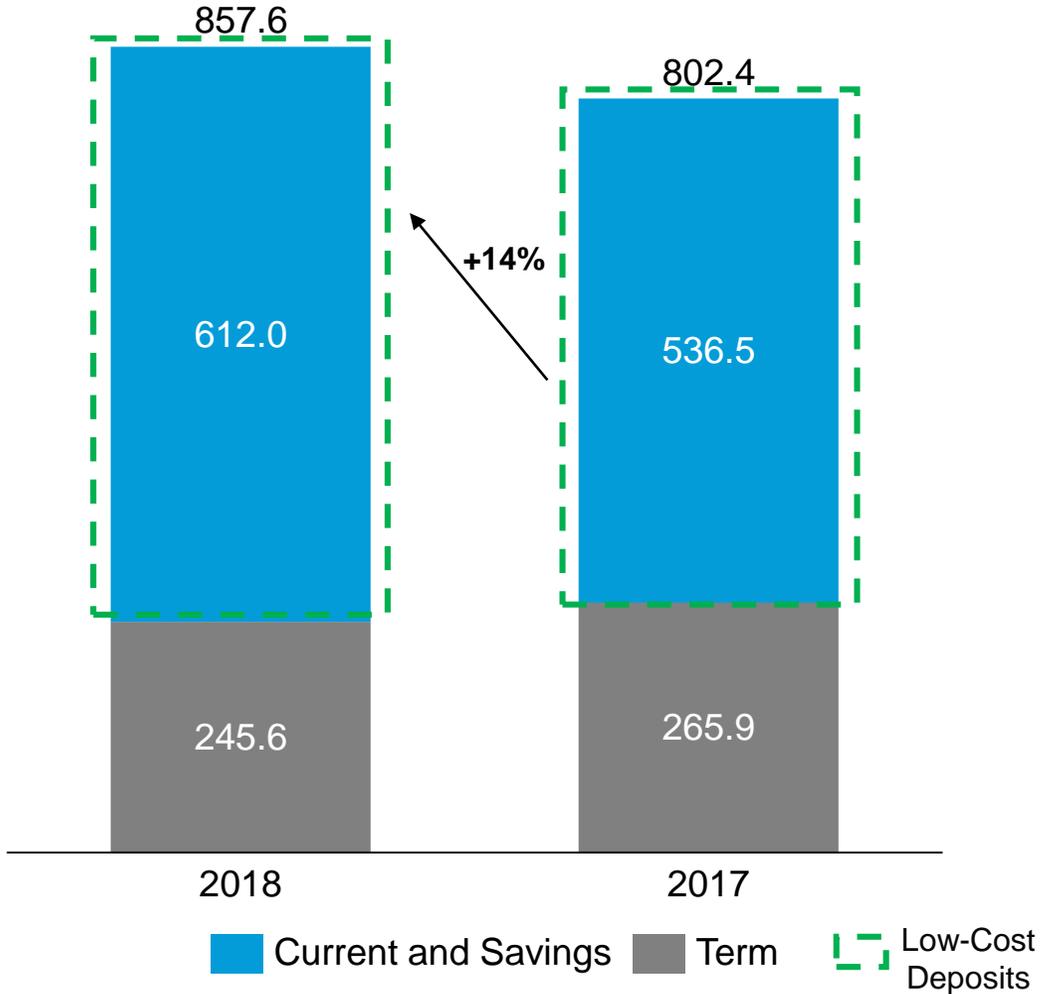
| Expense | 2018 | 2017 | Var |
|-----------------------|--------|--------|-----|
| Repairs & Maintenance | 1,743 | 1,458 | 20% |
| AMCON & NDIC | 11,279 | 10,321 | 9% |

FY 2018 PERFORMANCE

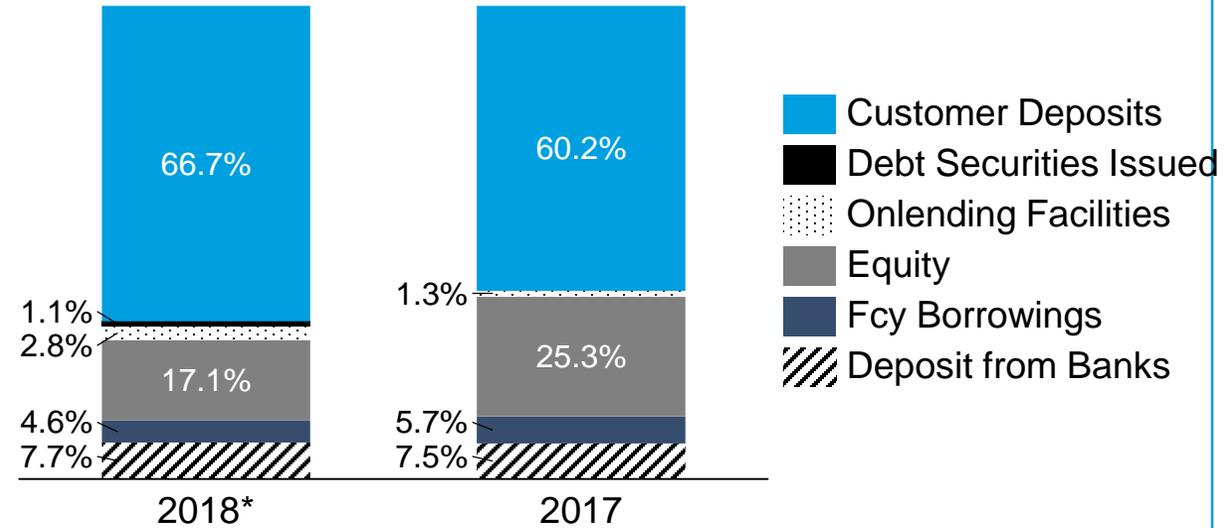
■ Staff Cost
 ■ Dep & Amor
 ■ Other Overhead Costs

Funding Mix

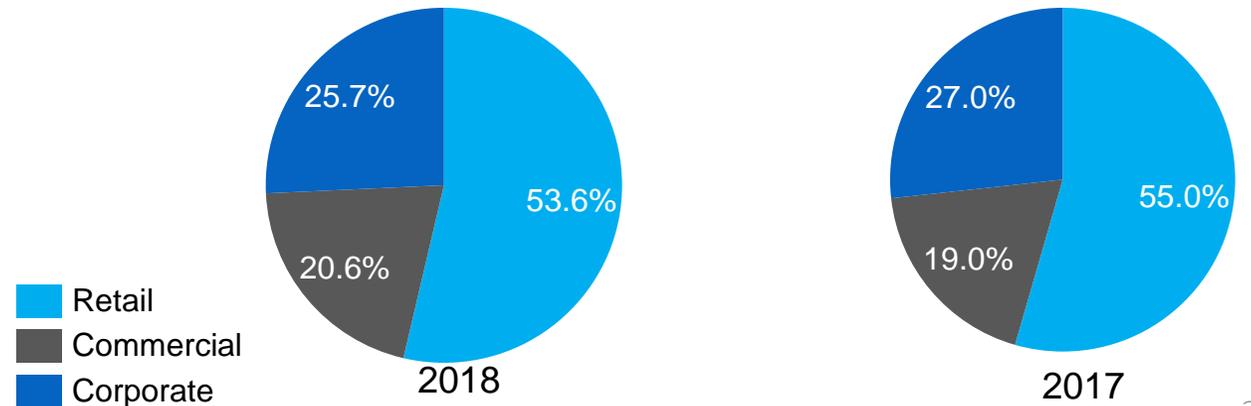
Customer Deposits (₦'bn)



Funding Mix



Deposit by Segment

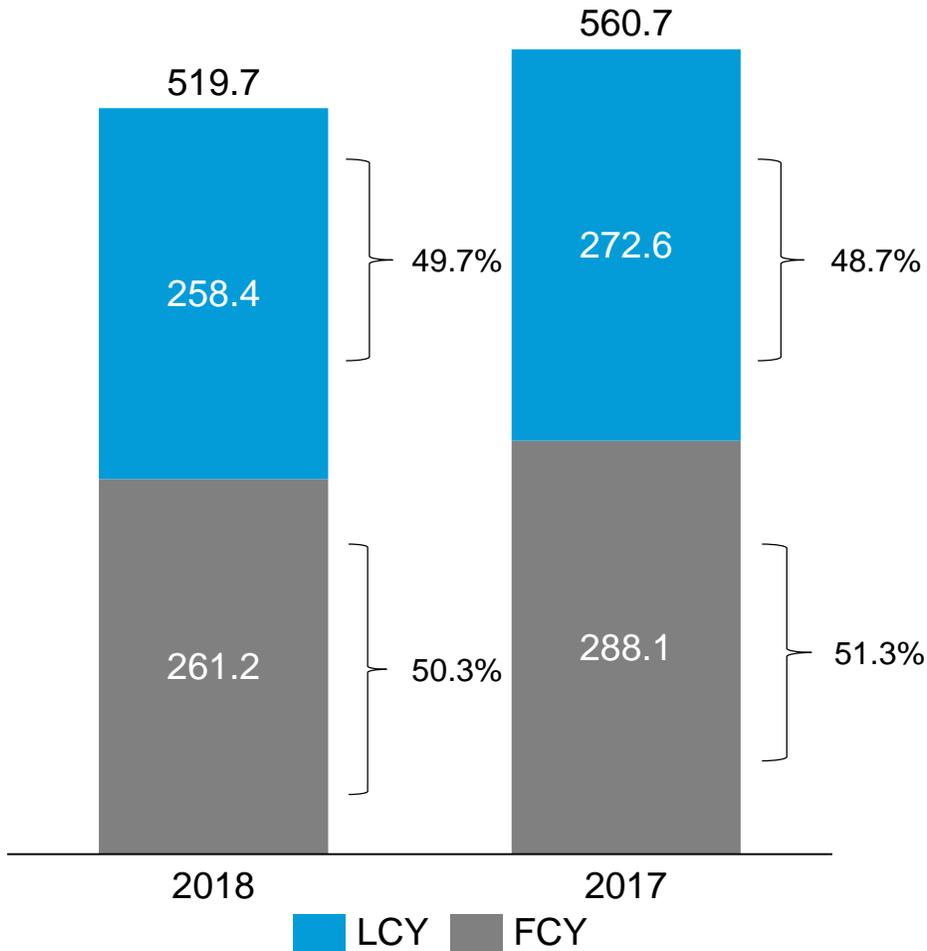


* N13.5bn Bond issued in LCY

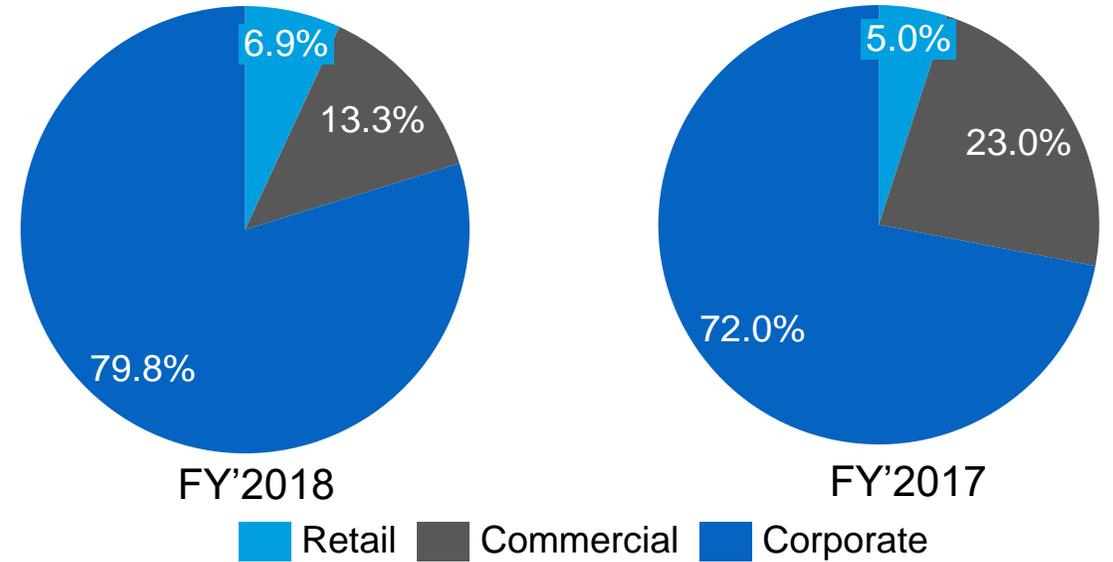
Optimized Loan Portfolio



Loans By Currency (₹'bn)



Loans By Segment



- We have reduced our exposure in our Foreign currency book as we look to mitigate any future FX risks.
- The Bank continues to diversify its loan portfolio with improved propositions to Retail Segment, SMEs and other entrepreneurs.

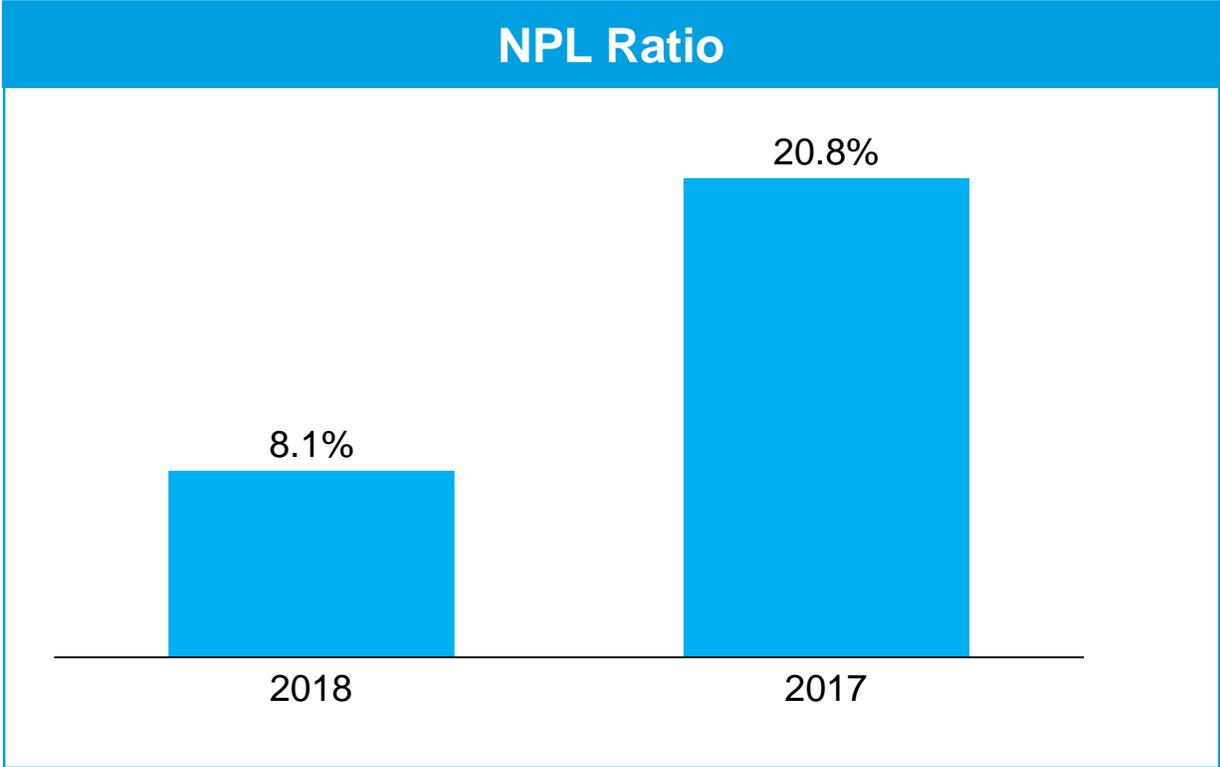
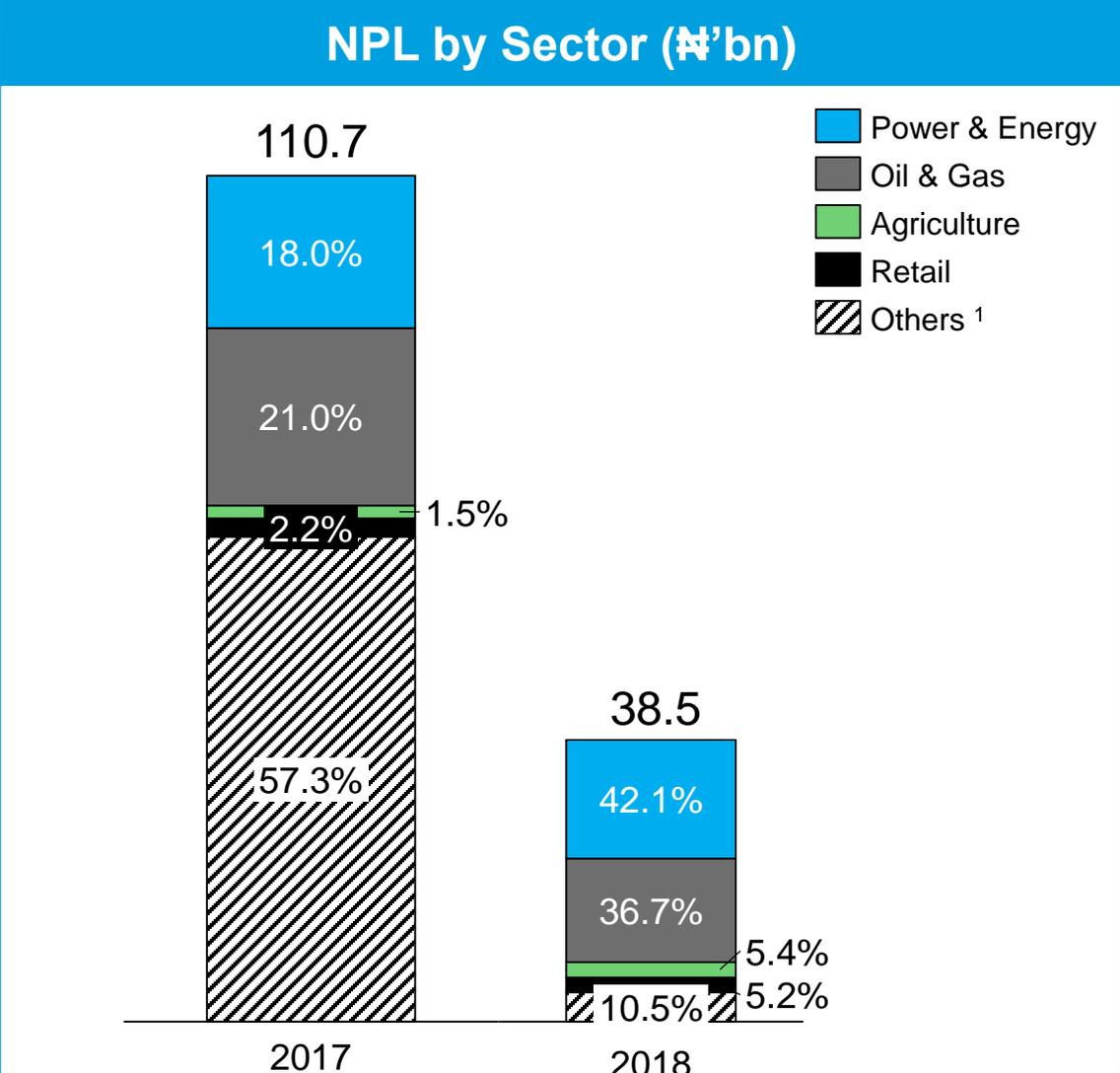
Portfolio Diversification

FY 2018 PERFORMANCE

| <u>Loans by Sector</u> | | <u>FY'18</u> | <u>FY'17</u> |
|---|---------------------|--------------|--------------|
|  | Oil & Gas | 38.2% | 43.1% |
|  | Manufacturing | 16.0% | 10.3% |
|  | General Commerce | 9.7% | 6.9% |
|  | Power & Energy | 7.7% | 10.3% |
|  | Retail | 6.9% | 5.0% |
|  | Construction | 6.7% | 6.7% |
|  | Agriculture | 4.9% | 3.8% |
|  | Info & Comms | 3.2% | 3.6% |
|  | Others ¹ | 6.7% | 10.3% |

1. Others includes Construction, Education, Finance and Insurance, Human health and Social work, Manufacturing.

Improved NPL Ratio



- NPL ratio of 8.1% (20.8% in Dec'2017).
- NPL reduction as a result of loan resolutions.

1. Others includes Construction, Education, Finance and Insurance, Human health and Social work, Manufacturing.



4

Looking Ahead

Emeka Emuwa
Chief Executive Officer

Looking Ahead



LOOKING AHEAD



Customer Acquisition

Deepen customer acquisition and penetration through our channels and products



Portfolio Diversification

Aligning our risk assets with priority sectors of the Nigerian economy



Emerging Segments

New propositions; TechVentures, alpHer (Women), SME



Cost Optimization

Long Term Efficiency Acceleration Programme (LEAP) to drive cost efficiency



Value Chain Synergies

Foster existing synergies across our business to capture value within the ecosystem



Digitization

Driving productivity and operational efficiency through our digital strategy

2019 Guidance

| | FY 2017 Actual | FY 2018 Actual | FY 2019 Guidance |
|----------------|----------------|----------------|------------------|
| PBT** | ¥13.9bn | ¥18.5bn | ¥19.5 - 21bn |
| Loan Growth | 2.2% | (7.3%) | 10 - 12% |
| Deposit Growth | 21.9% | 7% | 12 -15% |
| NPL Ratio* | 20.8% | 8.1% | <8% |
| ROE | 4.3% | 6.4% | 6.5 - 7% |
| ROA | 1.0% | 1.3% | 1.4 -1.5% |
| NIM | 7.8% | 6.6% | 6.5 - 7% |
| CIR | 63% | 82.9% | 70 - 75% |

LOOKING AHEAD

* Bank Figures. **Dec 2017 Restated.

A photograph of four women wearing hijabs, gathered around a smartphone. They are all looking at the screen with interest and joy. The image is overlaid with a semi-transparent blue filter. A yellow circle containing the text '5a' is positioned on the left side, with a yellow line extending from it to the right, framing the main title.

5a

Appendix- Group Financials

FY 2018 Performance: Group Profit and Loss Statement



| ₹'million | FY'18 | FY'17 | Δ |
|--|----------------|----------------|-------------|
| Gross earnings | 145,517 | 163,844 | -11% |
| Interest income | 110,366 | 124,549 | -11% |
| Interest expense | (55,016) | (57,880) | -5% |
| Net interest income | 55,350 | 66,669 | -17% |
| Impairment charge for credit loss | 3,374 | (25,609) | -113% |
| Net interest income after impairment charge | 58,724 | 41,060 | 43% |
| Net trading income | 8,410 | 9,129 | -8% |
| Fees and commissions | 3,905 | 3,150 | 24% |
| Net income from other financial instruments at fair value through profit or loss | 5,556 | 362 | 1435% |
| Other operating Income | 17,280 | 26,654 | -54% |
| Non interest income | 35,151 | 39,295 | -11% |
| Operating Income | 93,875 | 80,355 | 17% |
| Net impairment write-back on other financial assets | (382) | 292 | -231% |
| Operating expenses | (75,040) | (66,728) | 12% |
| Profit before tax | 18,453 | 13,919 | 33% |
| Profit after tax | 18,093 | 13,008 | 39% |



December 2018 Performance: Group Balance Sheet

| ₹'million | Dec-2018 ₹'million | Dec-2017 ₹'million | Δ |
|--|-----------------------|-----------------------|------------|
| Assets | | | |
| Cash and cash equivalents | 233,566 | 222,577 | 5% |
| Non-pledged trading assets | 14,271 | 20,076 | -29% |
| Pledged assets | 48,839 | 54,079 | -10% |
| Derivative assets held for risk management | 1,029 | 1,297 | -21% |
| Loans and advances to customers | 473,462 | 517,103 | -8% |
| Investment securities | 199,317 | 185,658 | 7% |
| Trading properties | 186 | 1,153 | -84% |
| Investment properties | 5,030 | 4,951 | 2% |
| Property and equipment | 59,954 | 55,986 | 7% |
| Intangible assets (software) | 6,045 | 4,344 | 39% |
| Deferred tax assets | 95,875 | 95,875 | 0% |
| Other assets | 42,409 | 40,399 | 5% |
| Defined benefit assets | 1,610 | 352 | 357% |
| Assets classified as held for sale | 397 | 397 | 0% |
| Total Assets | 1,463,858 | 1,455,540 | -1% |

December 2018 Performance Group Balance Sheet (Cont'd)



| ₹'million | Dec-2018 ₹'million | Dec-2017 ₹'million | Δ |
|---|-----------------------|-----------------------|-------------|
| Liabilities | | | |
| Deposits from banks | 99,477 | 100,131 | -1% |
| Deposits from customers | 857,593 | 802,384 | 7% |
| Current tax liabilities | 581 | 524 | 11% |
| Deferred tax liabilities | 262 | 259 | 0% |
| Derivative liabilities held for risk management | 1,120 | 972 | 15% |
| Other Liabilities | 169,655 | 113,731 | 49% |
| Retirement benefit obligations | 788 | 857 | -8% |
| Other borrowed funds | 94,891 | 93,211 | 2% |
| Total Liabilities | 1,238,277 | 1,112,069 | 11% |
| Equity | | | |
| Share capital and share premium | 201,652 | 201,652 | 0% |
| Retained earnings / (accumulated loss) | (48,389) | (16,314) | 197% |
| Other reserves | 62,084 | 81,275 | -24% |
| Equity attributable to equity-holders | | | |
| Non-controlling interest | | | |
| Total Equity | 225,631 | 343,471 | -34% |
| Total Liabilities and Equity | 1,463,858 | 1,455,540 | 1% |



5b

Appendix- Bank Financials

FY 2018 Performance Bank Profit and Loss Statement



| ₹'million | FY'18 | FY'17 | Δ |
|--|----------------|----------------|---------|
| Gross earnings | 140,066 | 157,666 | -11.2% |
| Interest income | 104,792 | 119,875 | -12.6% |
| Interest expense | (53,867) | (57,554) | -6.4% |
| Net interest income | 50,925 | 62,321 | -18.0% |
| Impairment charge for credit loss | 3,897 | (25,510) | -115.3% |
| Net interest income after impairment charge | 54,822 | 36,811 | 49.0% |
| Net trading income | 8,410 | 9,036 | -6.9% |
| Fees and commissions | 3,164 | 2,522 | 25.5% |
| Net income from other financial instruments at fair value through profit or loss | 5,556 | 362 | 1434.8% |
| Other operating Income | 18,114 | 25,771 | -29.6% |
| Non interest income | 35,274 | 37,691 | -6.4% |
| Operating Income | 90,096 | 74,502 | 20.9% |
| Operating expenses | (71,054) | (62,958) | 12.9% |
| Profit before tax | 18,660 | 11,576 | 61.2% |
| Profit after tax | 18,438 | 11,239 | 64.1% |

December 2018 Performance Bank Balance Sheet



| ₹'million | Dec-2018 ₹'million | Dec-2017 ₹'million | Δ |
|--|-----------------------|-----------------------|--------------|
| Assets | | | |
| Non-pledged trading assets | 14,271 | 20,076 | -28.9% |
| Pledged assets | 48,839 | 54,079 | -9.7% |
| Derivative assets held for risk management | 1,029 | 1,297 | -20.7% |
| Loans and advances to customers | 428,037 | 488,555 | -12.4% |
| Investment securities | 175,068 | 175,329 | -0.1% |
| Trading properties | 187 | 513 | -63.5% |
| Investment properties | | | |
| Property and equipment | 59,830 | 55,801 | 7.2% |
| Intangible assets | 5,628 | 3,949 | 42.5% |
| Deferred tax assets | 95,875 | 95,875 | 0.0% |
| Other assets | 324,003 | 290,706 | 11.5% |
| Defined benefit assets | 1,610 | 352 | 357.4% |
| | | | |
| Assets classified as held for sale | 325 | 325 | 0.0% |
| Total Assets | 1,324,297 | 1,334,921 | -0.8% |



December 2018 Performance Bank Balance Sheet (Cont'd)

| #'million | Dec-2018 #'million | Dec-2017 #'million | Δ |
|---|-----------------------|-----------------------|---------------|
| Liabilities | | | |
| Deposits from banks | - | 10,686 | |
| Deposits from customers | 844,413 | 796,708 | 6.0% |
| Current tax liabilities | 232 | 271 | -14.4% |
| Derivative liabilities held for risk management | 1,117 | 972 | 14.9% |
| Other Liabilities | 168,827 | 110,628 | 52.6% |
| Retirement benefit obligations | 786 | 801 | -1.9% |
| Debt Securities issued | 13,860 | - | |
| Other borrowed funds | 94,975 | 95,736 | -0.8% |
| Total Liabilities | 1,124,210 | 1,015,802 | 10.7% |
| Equity | | | |
| Share capital and share premium | 201,652 | 201,652 | |
| Retained earnings / (accumulated loss) | (51,744) | (21,047) | 145.8% |
| Other reserves | 46,171 | 67,487 | -31.6% |
| Equity attributable to equity-holders | | | |
| Total Equity | 200,087 | 319,119 | -37.3% |
| Total Liabilities and Equity | 1,324,297 | 1,334,921 | -1% |



Thank You