

Union Bank of Nigeria Plc.
Unaudited results for the half year ended 30 June, 2017

LAGOS, NIGERIA – July 27, 2017 - Union Bank of Nigeria Plc., one of Nigeria's long-standing and most respected financial institutions, announces its unaudited results for the half year ended 30th June 2017.

Union Bank remains on course to meet its key 2017 business objectives, including plans to raise up to fifty billion Naira (N50 billion) in Tier 1 capital through a rights issue during the third quarter. The capital increase supports UBN's strategy to accelerate business growth and position itself as a leading commercial bank in Nigeria. The rights issue is expected to launch in the third quarter once all regulatory approvals have been secured.

H1 2017 Financial Results

Group Financial Highlights:

- **Gross earnings:** up 23% to N73.7bn (N60.1bn in H1 2016).
- **Profit before tax:** up 6% at N9.5bn (N8.9bn in H1 2016).
- **Interest income:** up 31% to N58.3bn (N44.3bn in H1 2016) driven largely by Naira devaluation-fuelled foreign currency loan book growth.
- **Net interest revenue before impairment:** up 2% to N31.7bn (N30.9bn in H1 2016). Net interest margins tightened from 9.1% to 7.9%.
- **Net interest income:** up 19% to N26.3bn (N22.2bn in H1 2016); driven by a reduction in impairment charges.
- **Non-interest revenue:** down 2% at N15.4bn (N15.7bn in H1 2016).
- **Cost to income ratio:** 68.7% (62.4% in H1 2016); reflects increased investments in the brand, continuing technology CAPEX investments and a high inflationary environment.
- **Gross loans:** down 5% to N511.0bn (N535.8bn Dec 2016); improved foreign exchange availability enabled optimizing of the foreign currency loan book.
- **Customer deposits:** up 15% to N759.3bn (N658.4bn Dec 2016); affirms the growing confidence of customers in the bank.

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

" As our centenary celebrations continue and with the launch of our N50 billion rights issue in the second half of the year, 2017 will remain a very busy year for the Bank. With our clear focus on enhancing the operational efficiency of the franchise, Gross Earnings grew by 23% in the first half of the year to N73.7 billion, from N60.1 billion in H1 2016. In a challenged economy, the Group delivered Profit Before Tax (PBT) of N9.5 billion, a 6% growth over the corresponding period in 2016.

Despite stiff competition, our sales strategy and competitive brand continue to provide positive momentum, with Customer Deposits growing by 15% from December 2016 to ₦759.3 billion at the end of the period.

In the second half of the year, our focus will centre on our rights issue launch; we will remain nimble to take advantage of emerging opportunities and while improving on service delivery to our customers."

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

"Improved foreign exchange availability enabled us to bring our foreign currency loan book down to 44% of total loans, from 50% at the end of 2016. 18% customer deposit growth in the Nigerian bank allowed us to bring Loans to Deposit Ratio down to 65% from 82% at the end of 2016. Sustaining low cost deposit generation momentum, we were able to improve our low-cost deposit base to 69% of total deposits, from 65% at the end of 2016.

The Group NPL ratio increased to 8.2%. This increase reflects the impact of a 5% decline in Gross Loans over the period, without which June 2017 NPL ratio would have been 7.82%. With total provision coverage in excess of 185%, NPLs remain extremely well covered.

Going into H2 2017, we will focus on optimising funding costs and continue to keep operating expenses in check, while applying sound risk management practices to minimize impairment costs to ensure we deliver a sustainable financial performance."

Group Financial Summary

Balance Sheet (in billions of Naira)	June 2017	Dec. 2016	Δ
Total Assets	1,325.1	1,252.7	6%
Net Loans & Advances	477.7	507.2	(6%)
Customer Deposits	759.3	658.4	15%
Shareholders' Funds	281.8	271.7	4%
Key Ratios	H1 2017	Dec. 2016	Δ
Loan to Deposit Ratio	67.3%	81.4%	(14.1%)
Non-Performing Loan Ratio	8.20%	6.91%	129bps
Coverage Ratio	186.1%	182.3%	3.70%

Income Statement (in billions of Naira)	H1 2017	H1 2016	Δ
Gross Earnings	73.7	60.1	23%
Net Interest Income	31.7	30.9	3%
<i>Net Interest Income after impairment</i>	26.3	22.2	19%
<i>Non-Interest Income</i>	15.4	15.7	(2%)
Impairment charge	5.4	8.8	(39%)
Operating Expenses	32.4	29.1	11%
Profit Before Tax	9.5	8.9	7%
Profit After Tax	9.2	8.8	5%

Key Ratios	H1 2017	H1 2016	Δ
Net Interest Margin	7.9%	9.1%	(120bps)
Cost to Income Ratio	68.7%	62.4%	630bps
Return on Equity	6.8%	6.9%	(0.1%)
Return on Assets	1.5%	1.6%	(0.1%)
Net Asset Value per share	N16.40	N14.93	N1.47
Earnings Per Share	54k	52k	2k

Bank Financial Summary

Balance Sheet (in billions of Naira)	June 2017	Dec 2016	Δ
Total Assets	1,209.1	1,123.5	8%
Net Loans & Advances	452.6	489.9	(8%)
Customer Deposits	749.5	633.8	18%
Shareholders' Funds	260.8	251.3	4%
Key Ratios	H1 2017	Dec. 2016	Δ
Liquidity Ratio (regulatory minimum - 30%)	37.0%	33.1%	390bps
Loan to Deposit Ratio	64.8%	81.8%	(17.0%)
Non-Performing Loan Ratio	8.6%	7.1%	148bps
Coverage Ratio	185.2%	181.8%	3.35%

Income Statement (in billions of Naira)	H1 2017	H1 2016	Δ
Gross Earnings	71.0	59.0	20%
Net Interest Income	29.8	30.0	(1%)
<i>Net Interest Income after impairment</i>	<i>24.5</i>	<i>21.2</i>	<i>15%</i>
<i>Non-Interest Income</i>	<i>14.9</i>	<i>15.7</i>	<i>(5%)</i>
Gain on sale of subsidiaries	-	0.8	(100%)
Impairment charge	5.3	8.7	(39%)
Operating Expenses	30.8	28.0	10%
Profit Before Tax	8.7	9.1	(4%)
Profit After Tax	8.6	9.0	(4%)

Key Ratios	H1 2017	H1 2016	Δ
Net Interest Margin	8.8%	8.8%	-
Cost to Income Ratio	68.9%	61.4%	7.6%
Return on Equity	6.8%	7.7%	(0.9%)
Return on Assets	1.5%	1.7%	(0.2%)
Net Asset Value per share	N15.40	N13.79	12%
Earnings Per Share	51k	53k	(2k)

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.

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

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