

## Union Bank of Nigeria Plc.

### Unaudited results for the half year ended 30 June, 2016

**LAGOS, NIGERIA – July 27, 2016** - 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 30<sup>th</sup> June 2016.

#### **Bank Financial Highlights for the Half Year:**

- **Profit before tax (PBT)** of ₦9.1bn (₦10.2bn in H1 2015); excluding gain on sale of subsidiaries, PBT is up 23% to ₦8.3bn (₦6.7 in H1 2015).
- **Gross earnings** up 3% to ₦59.0bn (₦57.1bn in H1 2015); excluding gain on sale of subsidiaries\*, gross earnings increased by 9% to ₦58.2bn (₦53.7bn in H1 2015).
- **Interest income** up 3% to ₦43.3bn (₦41.9bn in H1 2015). Improved asset yields: 16.1% in H1 2016 from 14.6% in H1 2015.
- **Interest expense** down 20% to ₦13.4bn (₦16.6bn in H1 2015). Continued optimisation of funding costs, resulting in a reduction in primary cost of funds to 4.8% in H1 2016, from 6.3% in H2 2015 and 6.3% in H1 2015.
- **Non-interest revenue** up 3% to ₦15.7bn (₦15.2bn in H1 2015); excluding gain on sale of subsidiaries, up 27% to ₦14.9bn (₦11.8bn in H1 2015), driven by e-business fees, gain on securities trading and some revaluation gains.
- **Operating expenses** of ₦28.0bn (₦27.3bn in H1 2015); in line with planned investments in technology and network infrastructure.
- **Customer deposits** up 6% to ₦604.5bn (₦569.1bn Dec 2015); expanded/improved service offerings continue to generate customer confidence.
- **Gross loans** up 33% to ₦491.9bn (₦370.9bn Dec 2015); core volume growth of 13% to ₦417.6bn; additional growth to ₦491.9bn driven by the impact of currency devaluation on foreign currency loans.

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

*"Our sustained focus on executing Union Bank's strategic transformation objectives during the first half of 2016 has delivered growth in our core business, notwithstanding a difficult economic environment.*

*The Bank recorded 9% year-on-year growth in core gross earnings, driven primarily by balance sheet optimisation. With the combination of an improved retail portfolio of product and service offerings, securities trading and efficient cost management, the Bank was able to deliver ₦8.2bn in core PBT, up 23% when compared to ₦6.7bn in the same period in 2015.*

*Our core business remains resilient in these challenging times and we maintain our commitment to delivering value to all our stakeholders. We also remain confident that our profit retention strategy will adequately support the Bank's medium term growth*

objectives, and continue to strengthen our risk management to mitigate risk and losses.”

Speaking further on the Bank numbers, Chief Financial Officer, Oyinkan Adewale said:

*“We are pleased that our focus on building the business fundamentals is yielding significant value across the Bank. With increasing consumer confidence in our products and services, we have increased our low cost deposits, making us less reliant on more expensive alternative funding sources. This has led to a 20% reduction in cost of funds year-on-year. We are also seeing impact on non-interest revenue, which grew during the period. Excluding one-time gains on sale of subsidiaries, non-interest revenue is up by 27% to ₦14.9bn in H1 2016 compared to H1 2015.*

*Notwithstanding an inflationary environment, our operating costs remain in line with expectations, as our investments in technology continue to yield improved efficiency across the Bank.*

*Our liquidity ratio, at 39%, remains well in excess of the regulatory minimum. With a coverage ratio of 188%, we believe that the loan book is well provisioned, given the current economic climate.*

## Bank H1 2016 Financial Summary

<b>Balance Sheet</b> <i>(in billions of Naira)</i>	<b>June 2016</b>	<b>Dec 2015</b>	<b>Δ</b>
Total Assets	1,059.2	998.1	6%
Gross Loans & Advances	491.9	370.9	33%
Customer Deposits	604.5	569.1	6%
Shareholders' Funds	233.5	230.7	1%
<b>Ratios</b>			
Loan to Deposit Ratio	81%	65%	16%
Non-Performing Loan Ratio	7.1%	7.0%	0.1%
Coverage Ratio (incl regulatory risk reserves)	188%	161%	27%
Liquidity Ratio (regulatory minimum - 30%)	39%	43%	(4%)
Capital Adequacy Ratio	15.2%	15.3%	(0.1%)
<b>Income Statement</b> <i>(in billions of Naira)</i>			
	<b>H1 2016</b>	<b>H1 2015</b>	<b>Δ</b>
Gross Earnings	59.0	57.1	3%
<i>Gross Earnings**</i>	58.2	53.7	9%
Net Interest Income	30.0	25.3	19%
<i>Non-Interest Income**</i>	14.9	11.8	27%
Gain on sale of subsidiaries	0.8	3.4	(78%)
Impairment	8.7	3.0	>100%
Operating Expenses	28.0	27.3	3%
Profit Before Tax	9.1	10.2	(11%)
<i>Profit Before Tax**</i>	8.2	6.7	23%
Profit After Tax	9.0	10.1	(11%)
<i>Profit After Tax**</i>	8.2	6.7	23%

**Ratios**

Net Interest Margin	8.8%	7.9%	0.8%
Cost to Income Ratio	61%	68%	(7%)
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%
Net Asset Value per share	₦13.79	₦12.74	₦1.05
Earnings Per Share	53k	60k	(7k)
<i>Earnings Per Share**</i>	48k	39k	9k

**Group H1 2016 Financial Summary**

<b>Balance Sheet</b> (in billions of Naira)	<b>June 2016</b>	<b>Dec. 2015</b>	<b>Δ</b>
Total Assets	1,152.2	1,046.9	10%
Gross Loans & Advances	514.5	388.8	32%
Customer Deposits	611.9	570.6	7%
Shareholders' Funds	252.9	243.9	4%

**Ratios**

Loan to Deposit Ratio	84%	68%	16%
Non-Performing Loan Ratio	6.8%	6.7%	0.1%
Coverage Ratio (incl regulatory risk reserves)	188%	161%	27%

<b>Income Statement</b> (in billions of Naira)	<b>H1 2016</b>	<b>H1 2015</b>	<b>Δ</b>
Gross Earnings	60.1	55.4	8%
<i>Gross Earnings**</i>	59.8	55.9	7%
Net Interest Income	30.9	26.3	18%
<i>Non-Interest Income</i>	15.7	12.6	25%
Gain/(loss) on sale of subsidiaries	0.3	(0.5)	>100%
Impairment	8.8	3.0	>100%
Operating Expenses	29.1	29.3	(1%)
Profit Before Tax	8.9	6.6	35%
<i>Profit Before Tax**</i>	8.6	7.1	21%
Profit After Tax	8.8	6.5	36%
<i>Profit After Tax**</i>	8.4	7.0	21%

**Ratios**

Net Interest Margin	9.1%	7.5%	1.6%
Cost to Income Ratio	62%	76%	(14%)
Return on Equity	6.9%	5.8%	2.4%
Return on Assets	1.6%	1.2%	0.3%
Net Asset Value per share	₦14.93	₦13.54	₦1.39
Earnings Per Share	52k	38k	14k

\*Gain on sale of subsidiaries represents one-time gains realised on the sale of the bank's subsidiaries in compliance with the Central Bank of Nigeria's Regulation 3

\*\*Excludes gain on sale of subsidiaries

For the detailed Profit and Loss Account, Balance Sheet, Cash flow statement and notes to the accounts [www.unionbankng.com](http://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.

For more information about Union Bank of Nigeria, please visit [www.unionbankng.com](http://www.unionbankng.com).

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[Click here to watch the "Breaking Down of the H1 2016 Numbers by the Chief Financial Officer Oyinkan Adewale"](#).

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