



# **Union Bank of Nigeria Plc 2014 Results - Summary Highlights**



16 April 2015

## Union Bank of Nigeria Plc (UBN) - Financial Results – 2014\*

---

- “ Atlas Mara Limited (Atlas Mara or the Company) consolidated reported results include its **30% equity accounted shareholding** in UBN, held both directly and indirectly:
  - “ The effective 9% investment, held by way of ADC African Development Corporation AG (ADC) stake in Union Global Partners Limited, was accounted for on a fair value accounting method from 1 September 2014
  - “ The further acquisition of 21% of UBN shares, which was completed on 19 December 2014, have been accounted for on an equity method basis with effect from the closing
- “ Atlas Mara has also prepared a set of pro forma accounts that include the 30% associate investment in UBN on a fully equity-accounted basis
- “ At the time of release of Atlas Mara's financial results release on 25 March 2015, UBN had not yet released its results for the year ended 31 December 2014. As such, in Atlas Mara's accounts, UBN's 30 September 2014 financial results were annualized to form the basis for inclusion in Atlas Mara's pro-forma accounts
- “ The difference in income from associates on the annualized basis versus the actual December basis is immaterial and no changes will be made to the Atlas Mara published results for 2014
- “ The results reflected in this overview thus differ from the annualized September figures presented previously by Atlas Mara, now that UBN's results have been approved by the Central Bank of Nigeria and released on the Nigerian Stock Exchange
- “ However, due to Atlas Mara's 30% shareholding in UBN, it was thought useful to present selected financial highlights from UBN's 2014 results, given both UBN's positive full-year performance and its importance in the context of Atlas Mara's West Africa strategy

\*UBN's 2014 results are available on the NSE website:

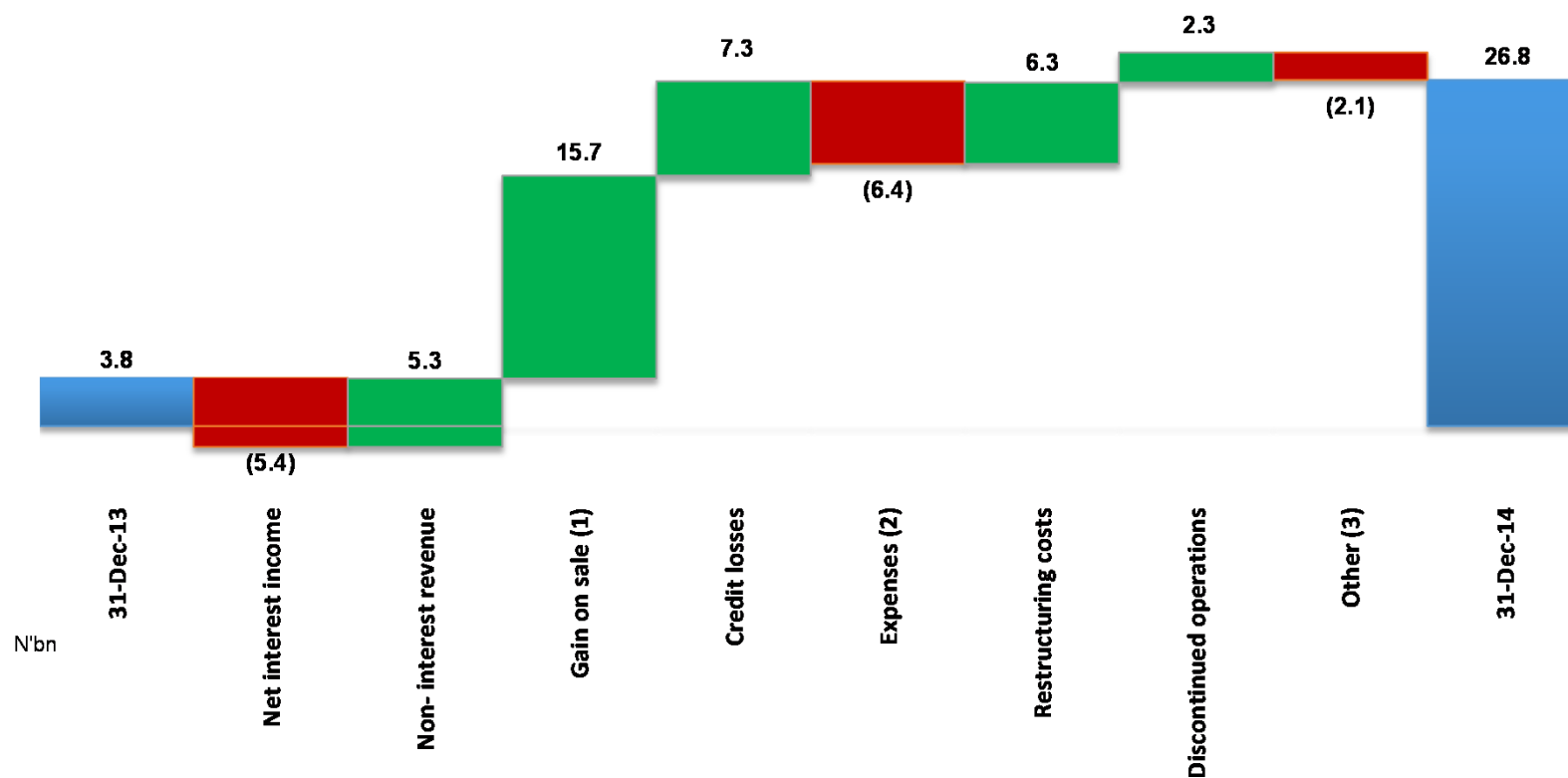
[http://www.nse.com.ng/Financial\\_NewsDocs/FinancialStatementFull\\_UNION%20BANK%20NIG.PLC.\\_2015-04-15.pdf](http://www.nse.com.ng/Financial_NewsDocs/FinancialStatementFull_UNION%20BANK%20NIG.PLC._2015-04-15.pdf)

## Union Bank of Nigeria – 2014 Results Highlights (Group)

	N'bn	
	2014	2013
Net interest income	51.9	57.3
Non-interest revenue	43.4	22.4
<b>Total income</b>	<b>95.3</b>	<b>79.7</b>
Credit impairment	(4.8)	(12.1)
Impairment of financial assets	(4.8)	(3.7)
<b>Net operating income</b>	<b>85.7</b>	<b>63.9</b>
Expenses	(58.7)	(58.6)
Discontinued operations	0.7	(1.6)
<b>Profit before taxation</b>	<b>27.7</b>	<b>3.7</b>
Taxation	(0.9)	0.1
<b>Profit after taxation</b>	<b>26.8</b>	<b>3.8</b>
Loans and advances	312.8	229.5
<b>Total assets</b>	<b>1 009.0</b>	<b>1 002.8</b>
<b>Equity</b>	<b>222.1</b>	<b>199.4</b>
Deposits	589.5	529.5
<b>Total liabilities</b>	<b>786.9</b>	<b>803.4</b>
Return on equity	12.7%	2.0%
Return on assets	2.7%	0.4%
Net interest margin	5.1%	5.7%
Cost to income ratio	61.6%	73.5%
Credit loss ratio	1.5%	5.3%
Asset quality ratio	7.0%	7.9%
Loan to deposit ratio	53.1%	43.3%
Capital adequacy ratio	16.04%	24.8%

- Profit before tax increased to N27.7bn (USD168m\*) from N3.7bn (USD22m) in 2013. This includes one-off profits from the disposal of non-core subsidiaries included in other income totaling N15.7bn (USD95m)
- Excluding profits from disposal of subsidiaries, profit before tax is N12.0bn (\$73m), a substantial year-on-year increase, albeit off a low base in 2013
- Other non-recurring items contributing to profit growth include:
  - Reduction in credit impairments to N4.8bn (\$29m) from N12.1bn (\$73m) in 2013. The 2013 balance includes the write-off of various loans that defaulted . part of the clean-up of the asset book, a component of the focused transformation program that began in early 2013
  - N6.3bn (\$38m) reduction in restructuring expenses included in the 2013 base
- Interest income from loans and advances from customers have increased over 25% in-line with the year-end loan balance growth of ca. 35%, reflecting the positive application of capital and liquidity
- The reduction in net interest income, however, was driven by lower earnings from reduced holdings of investment securities, as well as an increased deposit base with some increase in the average cost of funds
- Following the 2013 asset book clean-up, the balance sheet appears healthy with good growth in customer-related balances, providing proof of growing public confidence in the bank
- The bank is sufficiently capitalized under Basel II and the minimum capital holding is in-line with Central Bank of Nigeria guidelines
- The impact of the depreciating Naira on capital is closely monitored by the UBN Board and sub-Committees with oversight of these matters (Atlas Mara has three representative seats on the Board)

## Union Bank of Nigeria – Profit After Taxation (Group)



(1) Gain on sale of non-core subsidiaries in line with the Transformation Program

(2) Expenses excluding restructuring costs

(3) Other includes taxation, impairment on other assets, and profit on equity accounted instruments

# UBN Transformation Program

---

## Designed to re-establish UBN as one of Nigeria's leading financial institutions

During late 2012 - early 2013, the new Board of Directors and Executive Management embarked on a comprehensive Transformation Program at UBN, focusing on reengineering functions across the platform. The Program has begun yielding positive results as evidenced by UBN's year-end performance

### Workforce

- Optimizing the talent base by securing significant hires for key roles
- Ensuring the right people are in the right functions to drive customer-centric delivery
- Aligning staff compensation and overall staff costs to the market. Incentivizing delivery towards shared objectives

### E-Business

- Positive trend in revenue from ATMs and POS with more growth expected in key channels as mobile banking goes live in 2015 (earmarked for Q2 2015)

### Technology

- Enhancing the IT foundation with a focus on building the right support systems, ensuring they are fit for purpose, are supporting business development and are delivering a positive customer experience

### Operations and Risk

- Implementation of crucial processes and control improvement initiatives
- Retail credit factory operational and positive progress recorded in recovery of non-performing loans

### Cost

- Implementation of various cost transformation initiatives, yielding positive results as evidenced by the reduction in the cost to income ratio and overall cost spend
- Simplified procurement process developed, communicated and enforced

# Disclaimer

---

## IMPORTANT INFORMATION

This presentation has been prepared by Atlas Mara Limited (the "Company") for information purposes only. This reflects the Company's assessment of UBN's 2014 financial results, not the views of UBN itself. By attending any meeting where this presentation is made public, or by reading this document, you agree to be bound by the following terms and conditions.

THIS PRESENTATION DOES NOT, AND IS NOT INTENDED TO, CONSTITUTE OR FORM PART OF ANY OFFER OR INVITATION TO SELL, ISSUE, PURCHASE OR SUBSCRIBE FOR (OR ANY SOLICITATION OF ANY OFFER TO PURCHASE OR SUBSCRIBE FOR) ANY SECURITIES OF THE COMPANY (THE "SECURITIES") IN ANY JURISDICTION.

The distribution of this document and the offering of the securities in certain jurisdictions may be restricted by law or regulation. No action has been taken by the Company or any of its affiliates that would permit an offering of its securities or possession or distribution of this document or any other offering or publicity material relating to such securities in any jurisdiction where action for that purpose is required. Persons into whose possession this document comes are required by the Company to inform themselves about and to observe such restrictions. This document is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

In particular, this presentation does not constitute or form a part of any offer or solicitation to purchase or subscribe for Securities in the United States of America. The Securities discussed in this presentation have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or qualified for sale under the law of any state or other jurisdiction of the United States of America and may not be offered or sold in the United States of America except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Company is not and does not intend to become an "investment company" within the meaning of the U.S. Investment Company Act of 1940, as amended (the "U.S. Investment Company Act"), nor is it engaged or propose to engage in the business of investing, reinvesting, owning, holding or trading in securities. Accordingly, the Company is not and will not be registered under the U.S. Investment Company Act and Investors will not be entitled to the benefits of that Act. Neither the United States Securities and Exchange Commission nor any securities regulatory body of any state or other jurisdiction of the United States of America, nor any securities regulatory body of any other country or political subdivision thereof, has approved or disapproved of this presentation or the Securities discussed herein or passed on the accuracy or adequacy of the contents of this presentation. Any representation to the contrary is a criminal offence in the United States of America.

No representation or warranty, express or implied, is given by or on behalf of the Company or any of the Company's directors, officers or employees or any other person as to the fairness, currency, accuracy or completeness of the information or opinions contained in this document and no liability is accepted whatsoever for any loss howsoever arising from any use of this presentation or its contents.

The information and opinions contained in this presentation are provided as at the date of this presentation, in summary form and do not purport to be complete. The presentation includes certain forward-looking statements which are based on the Company's belief or current expectations, intentions and projections with respect to its future performance, anticipated events or trends and other matters.

Although the Company believes the statements are based on reasonable assumptions, such statements may or may not be correct and should not be construed in any way as a guarantee of future performance. Factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include risks specific to the industry, unanticipated economic and market conditions as well as other relevant developments and risks described in the Company's periodic, current or other reports.

No information included in this presentation is intended to be a profit forecast or a financial projection or prediction. No representations or warranties, express or implied, are given as to the achievement or reasonableness of, and no reliance should be placed on, statements pertaining to financial performance, including (but not limited to) any estimates, forecasts or targets contained herein. The achievability of the Company's proposed strategy set out in this presentation and the delivery of any increase in shareholder value cannot be guaranteed.

Except as may be required by applicable law or regulation, the Company assumes no obligation to publicly release the result of any update or revisions to these forward-looking statements to reflect new information, future events or circumstances after the date hereof, or otherwise. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties.