

**United Bank for Africa Plc  
Audited Results for the Year Ended December 31, 2018**

**POSITIVE EARNINGS, SIGNIFICANT ASSET GROWTH, DRIVEN BY MARKET SHARE GAINS  
ACROSS AFRICA**

This Earnings Press Release should be read in conjunction with the Audited 2018 Consolidated Financial Statements. The Earnings Press Release is also available on our website at <http://www.ubagroup.com/ir/>. This analysis is dated March 15, 2019. Unless otherwise indicated, all amounts are expressed in Nigerian Naira, and have been primarily derived from the Bank's Consolidated Financial Statements, prepared in accordance with the International Financial Reporting Standards ("IFRS"). The accounting policies used in the preparation of these consolidated financial statements are consistent with those used in the Bank's Audited 2017 Financial Statements. Additional information relating to the Bank is available on the Bank's website <http://www.ubagroup.com>.

**LAGOS, NIGERIA** – March 15, 2019 – United Bank for Africa Plc ("UBA", the "Bank" or the "Group") announced its Audited 2018 Full Year Financial Results. Gross earnings grew 7.0% year-on-year, to ₦494.0 billion and total assets grew 19.7% to ₦4.9 trillion. The results again demonstrated the benefits of the Group's pan-African foot print and continued growth in market share in key countries of operation across Africa.

**Highlights:**

**Income Statement**

- Gross Earnings: ₦494.0 billion, compared to ₦461.6 billion in 2017FY (7.0% YoY growth).
- Operating Income: ₦308.2 billion, a 5.6% YoY decline, reflecting moderated non-interest income.
- Operating Expenses of ₦197.3 billion, compared to ₦189.7 billion in 2017FY (4.1% YoY growth).
- Profit Before Tax: ₦106.8 billion, compared to ₦104.2 billion in 2017FY (2.4% YoY growth).
- Profit After Tax: ₦78.6 billion, a 1.4% YoY growth, compared to ₦77.5 billion in 2017FY.
- Cost-to-Income Ratio: 63.9%; compared to 58.0% in 2017FY.
- Annualized Return on Average Equity: 15.3%.

**Balance Sheet**

- Total Assets: ₦4.9 trillion, compared to ₦4.1 trillion as at 2017FY (19.7% YoY growth).
- Net Loans: ₦1.72 trillion; reflecting a prudent 3.9% YoY growth in the loan book.
- Customer Deposits: ₦3.3 trillion, compared to ₦2.7 trillion as at 2017FY; representing 22.5% YoY growth.
- Shareholders' Funds: ₦502.6 billion, down 4.8% YoY; reflecting the impact of IFRS 9 implementation.

**Commenting on the result, Kennedy Uzoka, the GMD/CEO, said;**

"2018 was another important year for our Group, as we gained further market share in many of our countries of operation and saw important strategic achievements, including the start of wholesale banking operations in London, which will leverage significantly our unique network and the opening of our 20th African country.

Defying the relatively weak economic growth in Africa, earnings were positive and we grew balance sheet by c.20%, driven by the 23% growth in our deposit funding. In a period of economic uncertainty, we have focused on retail deposit mobilization, with encouraging results. We recorded a 48% year-on-year growth in retail deposits and improved our CASA ratio to 77%, optimizing our funding mix, which will protect and grow our net interest margin (NIM), over the medium term. Despite regulatory changes and market volatility impacting foreign currency trading income, we grew gross earnings by 7% year-on-year to an unprecedented ₦494billion. I would highlight particularly the robust fee growth contribution from our service-based offerings, a testament to our enhanced customer service. We recorded 45% and 29% respective growth in trade and payment transaction fees, strengthening our annuity-based income and demonstrating our commitment to growing diversified income streams.

Given the election cycle in Nigeria and Senegal, two major economies in our footprint, and broader macro uncertainties in many African markets, our appetite for credit remained conservative in 2018, reflected in the modest 4% growth in our loan portfolio. We are constructive on the new year, as fiscal reforms should stimulate new opportunities in infrastructure, manufacturing, agriculture and resource sectors. As always, we will continue to focus on asset quality, as we look forward to reducing our 6.4% NPL ratio.

Our operations in the United Kingdom now offer end-to-end trade, treasury, structured finance, wholesale deposit taking and ancillary services. We are better positioned to fulfill our aspiration of deepening trade and capital flows between Europe and Africa. Our new subsidiary in Mali has also opened for business and we are pleased by the market acceptance. I am very positive on the profitability of our ex-Nigeria subsidiaries, with now a c.40% earnings contribution to the Group. Our Nigerian business is benefiting from our product and operational focus, gaining market share and the increasing penetration of our retail offerings is reassuring, as this fundamental progress aligns with our strategy of focusing on sustainable growth. In 2019, we look forward to a more rewarding year for our shareholders, as we further sweat our resources and optimize productivity towards delivering superior returns.

**Also speaking on the performance, the Group CFO, Ugo Nwaghodoh said;**

"Our profit after tax of ₦79 billion translates to 15% return on average equity (RoAE), even as higher funding cost lowered the net interest margin (NIM). Funding cost surged 50bps to 4.2%, due mainly to pricey market for wholesale deposits. However, the improving mix of our funding base and asset pricing, reinforce our positive outlook on NIM and broader balance sheet efficiency. Whilst considerable investment in people, digital transformation and channel enhancement masked cost efficiency gains within the year, with cost-to-income

ratio at 64%, we are convinced that our diligent execution of new initiatives will ensure falls CIR towards our medium-term target. Our balance sheet is being positioned to take full advantage of market swings and our strong 25% capital adequacy ratio provides headroom for growth, even under a BASEL III scenario. We have started the year on a good note and should sustain the momentum, as we work towards improving our RoAE."

**Statements of Comprehensive Income for the Year Ended 31 December**

	Group		Bank	
	2018	Restated 2017	2018	Restated 2017
<i>In millions of Nigerian Naira</i>				
<b>Gross earnings</b>	<b>494,045</b>	<b>461,557</b>	<b>341,504</b>	<b>316,263</b>
Interest income	362,922	325,657	265,698	227,335
Interest expense	(157,276)	(118,025)	(129,396)	(95,093)
<b>Net interest income</b>	<b>205,646</b>	<b>207,632</b>	<b>136,302</b>	<b>132,242</b>
Fees and commission income	93,997	82,937	53,488	51,530
Fees and commission expense	(28,551)	(16,967)	(20,964)	(11,891)
<b>Net fee and commission income</b>	<b>65,446</b>	<b>65,970</b>	<b>32,524</b>	<b>39,639</b>
Net trading and foreign exchange income	31,675	49,063	12,818	31,210
Other operating income	5,451	3,900	9,500	6,188
<b>Total non-interest income</b>	<b>102,572</b>	<b>118,933</b>	<b>54,842</b>	<b>77,037</b>
<b>Operating income</b>	<b>308,218</b>	<b>326,565</b>	<b>191,144</b>	<b>209,279</b>
Allowance for credit losses on financial assets	(4,529)	(32,895)	(4,257)	(30,433)
<b>Net operating income after net impairment loss on loans and receivables</b>	<b>303,689</b>	<b>293,670</b>	<b>186,887</b>	<b>178,846</b>
Employee benefit expenses	(71,158)	(68,972)	(41,537)	(42,343)
Depreciation and amortisation	(11,801)	(10,091)	(8,670)	(7,058)
Other operating expenses	(114,383)	(110,589)	(81,330)	(76,650)
<b>Total operating expenses</b>	<b>(197,342)</b>	<b>(189,652)</b>	<b>(131,537)</b>	<b>(126,051)</b>
Share of profit of equity-accounted investee	419	204	-	-
<b>Profit before income tax</b>	<b>106,766</b>	<b>104,222</b>	<b>55,350</b>	<b>52,795</b>
Taxation charge	(28,159)	(26,674)	(14,303)	(11,399)
<b>Profit for the period</b>	<b>78,607</b>	<b>77,548</b>	<b>41,047</b>	<b>41,396</b>
<b>Other comprehensive income</b>				
<b>Items that will be reclassified to income statement</b>				
Exchange difference on translation of foreign operations	(21,264)	12,151	-	-
Fair value change on investments at fair value through OCI	-	2,476	-	2,476
Fair value changes on available-for-sale equity investments	-	2,476	-	2,476
Net amount transferred to the income statement	(777)	(83)	(777)	(83)
Net change in fair value during the period	(14,498)	13,225	(14,498)	13,275
	<b>(36,539)</b>	<b>27,769</b>	<b>(15,275)</b>	<b>15,668</b>
<b>Items that will not be reclassified to income statement</b>				
Fair value changes on equity investments designated at FVOCI	3,266	-	3,266	-
<b>Total comprehensive income for the period</b>	<b>45,334</b>	<b>105,317</b>	<b>29,038</b>	<b>57,064</b>
<b>Profit attributable to:</b>				
Owners of Parent	75,359	75,004	41,047	41,396
Non-controlling interest	3,248	2,544	-	-
<b>Profit for the period</b>	<b>78,607</b>	<b>77,548</b>	<b>41,047</b>	<b>41,396</b>
<b>Total comprehensive income attributable to :</b>				
Owners of Parent	44,426	98,930	29,038	57,064
Non-controlling interest	908	6,387	-	-
<b>Total comprehensive income for the period</b>	<b>45,334</b>	<b>105,317</b>	<b>29,038</b>	<b>57,064</b>
<b>Basic and diluted earnings per share expressed in NGN</b>	<b>2.20</b>	<b>2.19</b>	<b>1.20</b>	<b>1.17</b>

## Consolidated and Separate Statements of Financial Position

As at	Group		Bank	
	Dec-18	Restated Dec-17	Dec-18	Restated Dec-17
<i>In millions of Nigerian Naira</i>				
<b>ASSETS</b>				
Cash and bank balances	1,220,596	898,083	1,015,199	727,546
Financial assets at fair value through profit or loss	19,439	31,898	19,439	31,898
Derivative assets	34,784	8,227	34,784	7,911
Loans and advances to banks	15,797	20,640	15,516	19,974
Loans and advances to customers	1,715,285	1,650,891	1,213,801	1,173,214
Investment securities	1,637,132	1,216,053	1,010,157	665,478
Other assets	63,012	86,729	49,642	77,949
Investment in equity-accounted investee	4,610	2,860	2,715	1,770
Investment in subsidiaries	-	-	103,777	103,777
Property and equipment	115,973	107,636	97,502	89,285
Intangible assets	18,168	16,891	6,911	5,846
Deferred tax assets	24,942	29,566	21,862	27,178
<b>TOTAL ASSETS</b>	<b>4,869,738</b>	<b>4,069,474</b>	<b>3,591,305</b>	<b>2,931,826</b>
<b>LIABILITIES</b>				
Derivative liabilities	99	123	99	123
Deposits from banks	174,836	134,289	30,502	15,290
Deposits from customers	3,349,120	2,733,348	2,424,108	1,877,736
Other liabilities	120,764	98,277	84,299	68,759
Current tax liabilities	8,892	7,668	706	1,108
Borrowings	683,532	502,209	657,134	502,209
Subordinated liabilities	29,859	65,741	29,859	65,741
Deferred tax liabilities	28	40	-	-
<b>TOTAL LIABILITIES</b>	<b>4,367,130</b>	<b>3,541,695</b>	<b>3,226,707</b>	<b>2,530,966</b>
<b>EQUITY</b>				
Share capital	17,100	17,100	17,100	17,100
Share premium	98,715	98,715	98,715	98,715
Retained earnings	168,073	152,872	89,217	97,677
Other reserves	199,581	240,861	159,566	187,368
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>483,469</b>	<b>509,548</b>	<b>364,598</b>	<b>400,860</b>
Non-controlling interests	19,139	18,231	-	-
<b>TOTAL EQUITY</b>	<b>502,608</b>	<b>527,779</b>	<b>364,598</b>	<b>400,860</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4,869,738</b>	<b>4,069,474</b>	<b>3,591,305</b>	<b>2,931,826</b>

## **Editor's comment**

United Bank for Africa Plc is a leading Pan-African financial institution, offering banking services to more than fifteen million customers, across 1,000 business offices and customer touch points in 20 African countries. With presence in New York, London and Paris, UBA is connecting people and businesses across Africa through retail, commercial and corporate banking, innovative cross-border payments and remittances, trade finance and ancillary banking services.

## **Caution regarding forward looking statements**

From time to time, the Bank makes written and/or oral forward-looking statements in press releases and other communications. In addition, representatives of the Bank may make forward-looking statements to analysts, investors, the media and others. All such statements are intended to be forward looking statements. Forward looking statements include, but are not limited to, statements regarding the Bank's objectives and priorities for 2019 and beyond as well as strategies to achieve them, and the Bank's anticipated financial performance. Forward looking statements are typically identified by words such as "will", "should", "believe", "expect", "anticipate", "intend", "estimate", "may" and "could".

By their very nature, these statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, general and specific. Especially in light of the uncertainty related to the financial, economic and regulatory environments, such risks and uncertainties – many of which are beyond the Bank's control and the effects of which are difficult to predict – may cause actual results to differ materially from the expectations expressed in the forward-looking statements. Risk factors that could cause such differences include: credit, market (including equity, commodity, foreign exchange, and interest rate), liquidity, operational, reputational, insurance, strategic, regulatory, legal, environmental, and other risks. All such factors should be considered carefully, as well as other uncertainties and potential events, and the inherent uncertainty of forward looking statements, when making decisions with respect to the Bank and we caution readers not to place undue reliance on the Bank's forward looking statements.

Any forward looking statements contained in this press release represent the views of management, only as of the date hereof and are presented for the purpose of assisting the Bank's investors and analysts in understanding the Bank's financial position, objectives and priorities and anticipated financial performance as at and for the periods ended on the dates presented, and may not be appropriate for other purposes. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf, except as required under applicable securities legislation.