

United Bank for Africa Plc
Audited 2016 Results for the Year Ended December 31, 2016.

UBA GROWS PROFIT BY 32%, DECLARES ₦0.55 KOBO FINAL DIVIDEND PER SHARE

This Earnings Press Release should be read in conjunction with the Audited Full Year 2016 Consolidated Financial Statements. This Earnings Press Release is also available on our website at <http://www.ubagroup.com/ir/>. This analysis is dated March 24, 2017. Unless otherwise indicated, all amounts are expressed in Nigerian Naira, and have been primarily derived from UBA'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 UBA's Audited Full Year 2015 Financial Statements. Additional information relating to the Bank is available on UBA's website <http://www.ubagroup.com>.

LAGOS, NIGERIA – March 24, 2017 – United Bank for Africa Plc ("UBA" or "the Group") announced its Audited 2016 Financial Results, showing a 32% YoY growth in profit before tax to ₦90.6 billion and a 19% annualized post tax return on average equity. Demonstrating its prudent culture of risk asset creation and management, UBA maintained a conservative balance sheet, with 3.9% non-performing loan ratio and 20% BASEL II capital adequacy ratio. The Board of Directors proposed a final dividend of ₦0.55/share, subject to shareholder approval at the Annual General Meeting.

HIGHLIGHTS

Income Statement

1. Gross Earnings: ₦384 billion, up 22% YoY, compared to 2015FY Gross Earnings of ₦315 billion;
2. Operating Income: ₦271 billion, a 29% YoY growth, relative to 2015FY performance;
3. Operating Expenses of ₦153 billion, up 12% from ₦137 billion in 2015FY;
4. Profit Before Tax: ₦91 billion, translating to 32% YoY growth, compared to the ₦68 Billion in 2015FY;
5. Profit After Tax: ₦72 billion, compared to ₦60 billion recorded in 2015FY (22% YoY growth);
6. Cost-to-Income Ratio: c.63%, a 388bps YoY reduction, in line with management guidance;
7. Return on Average Equity: relatively stable at 19%.

Balance Sheet

8. Total Assets: ₦3.50 trillion, compared to ₦2.75 trillion as at 2015FY (27% YoY growth);
9. Net Loans: ₦1.51 trillion; a 45% YoY growth, but partly driven by Naira depreciation;
10. Deposits: ₦2.49 trillion, translating to 19% YoY growth;
11. Total Equity: ₦448 billion, up from ₦333 billion as at 2015FY (35% YoY growth).

Commenting on the result, Kennedy Uzoka, the GMD/CEO of UBA Plc, said;

“Given the operating environment in 2016, I am very pleased with our profitability; an impressive 32% growth in profit before tax to ₦91 billion; whilst we have also focused keenly on operational efficiencies, illustrated by the reduction in our Cost-to-Income Ratio.

Despite the slowdown in the Nigerian economy, our largest market and the need for a prudent approach to business, nonetheless we demonstrated our entrepreneurial culture, enhanced customer service and geographic diversification, which all contributed to growing major income lines. We grew gross earnings by 22% to ₦384 billion, supported by strong growth in both interest and non-interest income lines. The local currency weakness in a number of our chosen markets, particularly the Naira devaluation in Nigeria, impacted on our cost of doing business. Nonetheless, we continued to implement our cost management initiatives, which helped to mitigate the inflationary pressure on our operating expenses. Overall, we improved on our cost-to-income ratio, closing the year at 63%, in line with our target. The ₦72 billion post-tax profit translates to 19% return on average equity, which is broadly in line with our guidance for the 2016 Financial Year.

Notwithstanding the volatile and uncertain operating environment, we maintained a healthy balance sheet, as reflected in our prudential ratios; 40% and 20% liquidity and BASEL II capital adequacy ratios respectively. Our relatively conservative risk appetite was justified, even as the macroeconomic pressures increased the non-performing loan ratio to 3.9%. We will remain prudent in our risk asset creation, with diligent adherence to our risk management best practices. Whilst we will continue to grow across our operations in Africa, now representing 32% of Group revenue, we will maintain our culture of banking only quality and profitable assets.

As we implement our CustomerFirst Philosophy, we are approaching 2017 with real optimism, especially as the outlook remains positive in many of our markets and we benefit from our increasingly diverse revenue streams. We reiterate our pledge to delivering excellent service to our customers, as we remain committed to creating superior and sustainable return for our shareholders.”

Also speaking on UBA’s financial performance and position, the Group CFO, Ugo Nwaghodoh said:

“Our performance in 2016 reflects the strong potential and resilience of our business. We grew top and bottom lines by 22% and 32% respectively, despite the stagflation in Nigeria, our core market. Reflecting improved balance sheet management and better value extraction, our net interest margin (NIM) improved 40bps YoY to 6.7%. Even as we prudently increased our collective impairment on performing loans to accommodate the weak fundamentals of the economy, our cost of risk remained relatively modest at 2.1%.

We are also making remarkable progress towards our medium-term vision for our African subsidiaries (ex-Nigeria), which contributed a third of our profit, as we continue to leverage innovative offerings to grow our share of the respective markets. As we diligently execute our CustomerFirst initiative, I am particularly upbeat on the future of our business and the value creation for shareholders.”

Statements of Comprehensive Income For the Year Ended 31 December

In millions of Nigerian Naira

	Group		Bank	
	2016	2015	2016	2015
Gross earnings	383,647	314,844	269,895	247,378
Interest income	263,970	229,629	177,313	185,919
Interest expense	(98,770)	(96,030)	(68,525)	(83,161)
Net interest income	165,200	133,599	108,788	102,758
Fees and commission income	73,199	61,892	49,836	42,103
Fees and commission expense	(13,988)	(8,557)	(11,139)	(6,740)
Net fee and commission income	59,211	53,335	38,697	35,363
Net trading and foreign exchange income	43,820	20,366	32,678	12,615
Other operating income	2,658	2,957	10,068	6,741
Total net non-interest income	105,689	76,658	81,443	54,719
Operating income	270,889	210,257	190,231	157,477
Net impairment loss on financial assets	(27,683)	(5,053)	(25,521)	(3,491)
Net operating income after net impairment loss on financial assets	243,206	205,204	164,710	153,986
Personnel expenses	(64,614)	(57,446)	(43,501)	(42,033)
Depreciation and amortisation	(8,650)	(7,968)	(6,281)	(6,281)
Other operating expenses	(79,237)	(71,226)	(57,279)	(54,937)
Total operating expenses	(152,501)	(136,640)	(107,061)	(103,251)
Share of profit/(loss) of equity-accounted investee	(63)	(110)	-	-
Profit before income tax	90,642	68,454	57,649	50,735
Income tax expense	(18,378)	(8,800)	(10,108)	(3,093)
Profit for the year	72,264	59,654	47,541	47,642
Other comprehensive income				
Items that will be reclassified to income statement				
Foreign currency translation differences	38,960	(1,937)	-	-
Fair value (losses)/gains on available-for-sale investments	26,926	8,105	26,896	8,119
Other comprehensive income	65,886	6,168	26,896	8,119
Total comprehensive income for the period	138,150	65,822	74,437	55,761
Profit attributable to:				
Owners of Parent	69,404	58,604	47,541	47,642
Non-controlling interest	2,860	1,050	-	-
Profit for the period	72,264	59,654	47,541	47,642
Total comprehensive income attributable to :				
Owners of Parent	130,783	65,108	74,437	55,761
Non-controlling interest	7,367	714	-	-
Total comprehensive income for the period	138,150	65,822	74,437	55,761
Basic and diluted earnings per share (annualised) expressed in Naira	2.04	1.79	1.31	1.36

Consolidated and Separate Statements of Financial Position

As at	Group		Bank	
	Dec-16	Dec-15	Dec-16	Dec-15
<i>In millions of Nigerian Naira</i>				
ASSETS				
Cash and bank balances	760,930	655,371	610,910	590,774
Financial assets held for trading	52,295	11,249	52,295	11,249
Derivative assets	10,642	1,809	10,642	1,809
Loans and advances to banks	22,765	14,600	23,850	14,591
Loans and advances to customers	1,505,319	1,036,637	1,090,355	822,694
Investment securities	970,392	856,870	533,016	568,203
Other assets	37,849	40,488	31,192	22,528
Investment in equity-accounted investee	2,925	2,236	1,770	1,770
Investments in subsidiaries	-	-	70,702	65,767
Property and equipment	93,932	88,825	80,252	80,145
Intangible assets	14,361	11,369	4,905	4,954
Deferred tax assets	33,060	33,168	29,696	31,853
TOTAL ASSETS	3,504,470	2,752,622	2,539,585	2,216,337
LIABILITIES				
Derivative liabilities	14	327	14	327
Deposits from banks	109,080	61,066	30,484	350
Deposits from customers	2,485,610	2,081,704	1,698,859	1,627,060
Other liabilities	110,596	54,885	72,901	34,219
Current tax liabilities	5,134	6,488	522	634
Borrowings	259,927	129,896	259,927	129,896
Subordinated liabilities	85,978	85,620	85,978	85,620
Deferred tax liabilities	62	15	-	-
TOTAL LIABILITIES	3,056,401	2,420,001	2,148,685	1,878,106
EQUITY				
Share capital	18,140	18,140	18,140	18,140
Share premium	117,374	117,374	117,374	117,374
Retained earnings	138,623	113,063	110,152	100,900
Other reserves	160,714	77,250	145,234	101,817
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	434,851	325,827	390,900	338,231
Non-controlling interests	13,218	6,794	-	-
TOTAL EQUITY	448,069	332,621	390,900	338,231
TOTAL LIABILITIES AND EQUITY	3,504,470	2,752,622	2,539,585	2,216,337

About UBA Plc

United Bank for Africa Plc is a leading financial services group in sub-Saharan Africa, with presence in 19 African countries, as well as the United Kingdom, the United States of America and France.

From a single country operation founded in 1949 in Nigeria, Africa's largest economy, UBA has emerged as a pan-African provider of banking and other financial services, to c.11 million customers globally, through one of the most diverse service channels in sub-Sahara Africa; 632 business offices, 1,750 ATMs, some 13,500 PoS, and a robust online and mobile banking platform.

UBA was the first Nigerian bank to make an Initial Public Offering (IPO), following its listing on the NSE in 1970. It was also the first Nigerian bank to issue Global Depository Receipts (GDRs). The shares of UBA are publicly traded on the Nigerian Stock Exchange (NSE) and the Bank has a well-diversified shareholder base, including foreign and local institutional investors as well as individual shareholders.