

United Bank for Africa Plc Unaudited Results for the First Quarter Ended March 31, 2018

UBA STARTS STRONG, GROWING FIRST QUARTER EARNINGS BY 18%

This Earnings Press Release should be read in conjunction with the Unaudited 2018 First Quarter Consolidated Financial Statements. The Earnings Press Release is also available on our website at <http://www.ubagroup.com/ir/>. This analysis is dated April 23, 2018. 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 Full Year Financial Statements. Additional information relating to the Bank is available on the Bank's website <http://www.ubagroup.com>.

LAGOS, NIGERIA – April 23, 2018 – United Bank for Africa Plc ("UBA", the "Bank" or the "Group") announced its Unaudited 2018 First Quarter Financial Results.

Gross earnings grew by 18% to ₦119 billion and the Group delivered a strong 18% annualized return on average equity.

Highlights:

Income Statement

- Gross Earnings: ₦119.4 billion, compared to ₦101.2 billion in 2017Q1 (17.9% YoY growth).
- Operating Income: ₦77.6 billion, compared to ₦72.6 billion in 2017Q1 (6.9% YoY growth).
- Operating Expenses of ₦49.7 billion, compared to ₦44.0 billion in 2017Q1 (12.8% YoY growth).
- Profit Before Tax: ₦26.6 billion, compared to 25.5 billion in 2017Q1 (4.3% YoY growth).
- Profit After Tax: ₦23.7 billion, a 6.2% YoY growth compared to ₦22.4 billion in 2017Q1.
- Annualized Return on Average Equity: 18%.

Balance Sheet

- Total Assets: ₦4.30 trillion, compared to ₦4.07 trillion as at 2017FY (5.5% YoY growth).
- Net Loans: ₦1.61 trillion; relatively flat compared to ₦1.65 trillion loan portfolio as at 2017FY.
- Customer Deposits: ₦2.85 billion, compared to ₦2.73 trillion as at 2017FY; representing 4.1% YoY growth.
- Shareholders' Funds: ₦537.6 billion, up 17.8% YoY; reflecting strong internal capital generation.

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

"This set of first quarter result is a good start to the year and a reflection of our capacity to sustainably grow earnings over the medium to long term. We recorded 18% growth in gross earnings, as both interest and non-interest income grew 18% and 19% respectively. Notwithstanding the moderation in sovereign yield in Nigeria and Ghana, we achieved a 60bps improvement in net interest margin (NIM) to 7.6%, as we extract efficiency gains from balance sheet management. I am particularly pleased with the 8% year-to-date growth in our retail deposit, as it reflected the benefit of improved customer service and continued customer acquisition. We are committed to exceeding our 2018 deposit growth target in the year, with strategic focus on retail, low cost savings and current accounts, which is critical to sustaining our NIM uptrend.

Whilst we are constructive on the recovery of the Nigerian economy and improving fundamentals of most African countries where we operate, we remain prudent in our risk asset creation. We are committed to responsible lending, as we seek to maintain our asset quality. Reflecting our market share gain, we have grown the balance by 6% in the first three months of the year, as we increasingly become systemically important across the nineteen ex-Nigeria markets, where we operate in Africa. Barring unforeseen circumstances, we look forward to sustaining this strong performance through the year, with the primary objective of delivering superior return to our shareholders."

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

"We are diligently executing our priorities for the year, as we focus on profitable growth. We are making strong progress in Nigeria, where our continuous market share gain is translating into higher profit. We grew non-funded income by 20%, driven by annuity-type offerings in digital banking. Precisely, the electronic banking income grew 33% year-on-year and we recorded an impressive 40% growth in trade service income, as customers become loyal ambassadors of our enhanced service channels and customer service. I am pleased that our drive towards optimal scale across our subsidiary operations is progressing well. More importantly, the contribution of these foreign operations to the Group's profit is impressively reflective of geographic diversification.

We remain resolute on our determination to leverage growing scale across our foreign operations to extract further cost efficiency, with an objective to continuously moderate our cost-to-income ratio. More so, our profitability in the first quarter of the year reinforces the Group's capacity to deliver on target, as our profit for the quarter translates to 18% return on average equity."

Statements of Comprehensive Income for the Three Months Ended 31 March

	Group	
	2018	2017
<i>In millions of Nigerian Naira</i>		
Gross earnings	119,366	101,249
Interest income	90,333	76,764
Interest expense	(36,780)	(25,175)
Net interest income	53,553	51,589
Fees and commission income	20,028	16,502
Fees and commission expense	(5,032)	(3,507)
Net fee and commission income	14,996	12,995
Net trading and foreign exchange income	6,732	7,746
Other operating income	2,273	237
Total non-interest income	24,001	20,978
Operating income	77,554	72,567
Net impairment loss on loans and receivables	(1,454)	(3,103)
Net operating income after net impairment loss on loans and receivables	76,100	69,464
Employee benefit expenses	(17,536)	(16,667)
Depreciation and amortisation	(2,787)	(2,345)
Other operating expenses	(29,356)	(25,011)
Total operating expenses	(49,679)	(44,023)
Share of profit of equity-accounted investee	134	29
Profit before income tax	26,555	25,470
Taxation charge	(2,819)	(3,120)
Profit for the period	23,736	22,350
Other comprehensive income		
Items that will be reclassified to income statement		
Exchange difference on translation of foreign operations	4,619	400
Fair value gains on available-for-sale investments	6,620	1,132
Other comprehensive income, net of tax	11,239	1,532
Total comprehensive income for the period	34,975	23,882
Profit attributable to:		
Owners of Parent	22,921	21,483
Non-controlling interest	815	867
Profit for the period	23,736	22,350
Total comprehensive income attributable to :		
Owners of Parent	33,031	22,787
Non-controlling interest	1,944	1,095
Total comprehensive income for the period	34,975	23,882
Basic and diluted earnings per share (annualised) expressed in NGN	2.68	2.52

Consolidated and Separate Statements of Financial Position

As at	Group	
	Mar-18	Dec-17
<i>In millions of Nigerian Naira</i>		
ASSETS		
Cash and bank balances	1,122,935	898,083
Financial assets held for trading	30,387	31,898
Derivative assets	5,055	8,227
Loans and advances to banks	31,678	20,640
Loans and advances to customers	1,613,878	1,650,891
Investment securities	1,227,717	1,216,053
Other assets	105,850	86,729
Investment in equity-accounted investee	3,352	2,860
Property and equipment	108,779	107,636
Intangible assets	16,685	16,891
Deferred tax assets	28,871	29,566
TOTAL ASSETS	4,295,187	4,069,474
LIABILITIES		
Derivative liabilities	121	123
Deposits from banks	164,917	134,289
Deposits from customers	2,846,736	2,733,348
Other liabilities	146,996	96,622
Current tax liabilities	3,697	7,668
Borrowings	529,201	502,209
Subordinated liabilities	65,881	65,741
Deferred tax liabilities	19	40
TOTAL LIABILITIES	3,757,568	3,540,040
EQUITY		
Share capital	17,100	17,100
Share premium	98,715	98,715
Retained earnings	177,448	154,527
Other reserves	224,181	240,861
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	517,444	511,203
Non-controlling interests	20,175	18,231
TOTAL EQUITY	537,619	529,434
TOTAL LIABILITIES AND EQUITY	4,295,187	4,069,474

Editor's comment

United Bank for Africa Plc is a leading Pan-African financial institution, offering banking services to more than fourteen million customers, across 1,000 business offices and customer touch points in 19 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 orally 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 2018 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.