

## H1 2014 – Earnings Press Release

This H1 2014 Earnings Press Release should be read in conjunction with our unaudited half year 2014 consolidated financial statements. This Earnings Press Release is also available on our website at <http://www.ubagroup.com/ir/>. This analysis is dated July 25, 2014. Unless otherwise indicated, all amounts are expressed in Nigerian Naira, and have been primarily derived from the Bank's interim consolidated financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS"). Additional information relating to the Bank is available on the Bank's website <http://www.ubagroup.com>.

### H1 2014 FINANCIAL HIGHLIGHTS:

Income Statement for H1 2014 compared with H1 2013;

- Gross earnings was ₦138.32 billion, compared with ₦127.25 billion (an increase of 8.7%)
- Operating income for the period was N 92.17 billion compared with N89.73 billion (an increase of 2.7%)
- Profit before tax was ₦28.89 billion, compared with ₦33.25 billion (a decrease of 13.1%)

Statement of Financial Position for H1 2014 compared with Audited FY 2013:

- Total Assets was ₦2.490 trillion, compared with ₦2.642 trillion (a decrease of 5.8%)
- Total deposits was ₦2.055 trillion, compared with ₦2.222 trillion (a decrease of 7.5%)
- Total Equity was ₦238.71 billion, compared with ₦235.04 billion (an increase of 1.6%)

## H1 2014 (ITEMS OF NOTE)

- Comparing H1 2014 with H1 2013, there was a 34.6% increase in net trading income; comprising mainly of foreign exchange income which grew by 55.8% YoY.
- Gross loans declined by 4.8% from ₦963.87 billion in FY 2013 to ₦917.89 billion in H1 2014; due to the maturities of some short term facilities booked in the previous year.

## 1H 2014 COMPARATIVE FINANCIAL ANALYSIS & RATIOS:

Financial Metric (N' Billion)	H1'14	H1'13	Change	Key Ratios	H1'14	H1'13
Gross Earnings	138.3	127.3	8.6%	Net Interest Margins	5.9%	5.8%
Net Interest Income	55.2	53.4	3.4%	Cost of Funds	3.9%	3.3%
Non-interest Income	39.8	38.6	3.1%	Cost-to-Income Ratio	66.3%	62.0%
Operating Income	92.2	89.7	2.8%	Return on Assets	1.9%	2.4%
Operating Expenses	(61.2)	(54.8)	11.5%	Return on Equity	21.0%	28.4%
Profit/(Loss) Before Tax	28.9	33.2	(13.0%)	Loan-to-Deposit Ratio	46.2%	37.7%
Profit/(Loss) After Tax	22.9	28.4	(19.4%)	Liquidity Ratio	43.0%	53.5%
	<b>1H'14</b>	<b>FY'13</b>	<b>Change</b>	Capital Adequacy Ratio	21.0%	22.3%
Total Assets	2,490	2,642	(5.8%)	BVPS	724k	629k
Total Deposits	2,055	2,222	(7.5%)	EPS (Annualised)	146k	172K

**Lagos, July 25, 2014** – United Bank for Africa Plc (“UBA” or “the Bank”) today announced its unaudited financial results for the half year ended June 30, 2014. Total gross earnings increased from ₦127.3 billion in H1 2013 to ₦138.3 billion representing an increase of 8.6% YoY.

"Once again, our H1 2014 results show our bank's ability to take advantage of business opportunities even in an increasingly challenging business environment. The bank continues to leverage on its strengths and capabilities whilst improving our customer service across all our businesses and upgrading our I.T infrastructure to provide cutting edge e-banking products and services. We have remained focused on our project alpha strategy to grow our market share in all our businesses across Africa, manage costs and ultimately deliver value to all our stakeholders." said Mr. Oduoza, UBA's Group Managing Director and Chief Executive Officer.

**Statements of Comprehensive Income**  
**For the half year ended 30 June**

	Group		Bank	
	6months to Jun-14	Jun-13	6months to Jun-14	Jun-13
<i>In millions of Nigerian Naira</i>				
<b>Gross earnings</b>	138,318	127,254	108,146	105,939
Interest income	98,497	88,624	80,304	71,355
Interest expense	(43,336)	(35,217)	(38,425)	(29,594)
<b>Net interest income</b>	<b>55,161</b>	<b>53,407</b>	<b>41,879</b>	<b>41,761</b>
Net impairment loss on loans and receivables	(2,049)	(1,672)	(1,264)	(615)
<b>Net interest income after impairment on loans and receivables</b>	<b>53,112</b>	<b>51,735</b>	<b>40,615</b>	<b>41,146</b>
Fees and commission income	27,016	24,594	18,633	18,493
Fees and commission expense	(2,809)	(2,309)	(2,396)	(1,951)
Net trading income	10,000	7,430	7,137	5,176
Other operating income	2,805	6,606	2,072	10,915
Personnel expenses	(28,573)	(26,180)	(21,075)	(20,173)
Depreciation and amortisation	(2,837)	(3,505)	(1,998)	(2,585)
Other operating expenses	(29,803)	(25,123)	(24,061)	(18,805)
Share of loss of equity-accounted investee	(18)	-	-	-
<b>Profit before income tax</b>	<b>28,893</b>	<b>33,248</b>	<b>18,927</b>	<b>32,216</b>
Taxation (charge)/credit	(6,037)	(4,839)	(4,771)	(4,082)
<b>Profit for the period</b>	<b>22,856</b>	<b>28,409</b>	<b>14,156</b>	<b>28,134</b>
<b>Other comprehensive income</b>				
<b>Items that will be reclassified to profit or loss:</b>				
Foreign currency translation differences	(3,286)	(2,936)	-	-
Fair value gains on available-for-sale investments	592	(621)	592	(621)
Other comprehensive income <sup>1</sup>	<b>(2,694)</b>	<b>2,315</b>	<b>592</b>	<b>(621)</b>
<b>Total comprehensive income for the period</b>	<b>20,162</b>	<b>30,724</b>	<b>14,748</b>	<b>27,513</b>
<b>Profit attributable to:</b>				
Owners of Parent	22,281	27,719	14,156	28,134
Non-controlling interest	575	690	-	-
<b>Profit for the period</b>	<b>22,856</b>	<b>28,409</b>	<b>14,156</b>	<b>28,134</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	22,100	29,748	14,748	27,513
Non controlling interest	(1,938)	976	-	-
<b>Total comprehensive income for the period</b>	<b>20,162</b>	<b>30,724</b>	<b>14,748</b>	<b>27,513</b>
Total comprehensive income attributable to equity shareholders arises from:				
- Continuing operations	22,100	29,748	14,748	27,513
<b>Total comprehensive income for the period</b>	<b>22,100</b>	<b>29,748</b>	<b>14,748</b>	<b>27,513</b>
Basic earnings per share(annualised) expressed in Naira	1.46	1.79	0.86	1.71
Diluted earnings per share(annualised) expressed in Naira	1.46	1.79	0.86	1.71

## Statements of Financial Position

As at	Group		Bank	
	Jun-14	Dec-13	Jun-14	Dec-13
<i>In millions of Nigerian Naira</i>				
<b>ASSETS</b>				
Cash and bank balances	713,200	716,803	597,380	620,426
Financial assets held for trading	6,304	784	6,294	777
Derivative assets	2,566	3,265	2,566	3,265
Loans and advances to banks	13,194	26,251	30,977	26,251
Loans and advances to customers	904,244	937,620	744,869	796,942
Investment securities	689,680	811,206	520,645	585,445
Other assets	43,147	30,436	31,375	19,069
Investment in equity-accounted investee	2,959	2,977	1,770	1,770
Property and equipment	77,605	75,409	69,907	67,661
Intangible assets	7,359	7,356	1,384	1,401
Deferred tax assets	29,850	30,189	28,643	28,643
<b>TOTAL ASSETS</b>	<b>2,490,108</b>	<b>2,642,296</b>	<b>2,101,577</b>	<b>2,217,417</b>
<b>LIABILITIES</b>				
Derivative liabilities	-	31	-	31
Deposits from banks	72,604	60,582	31,261	-
Deposits from customers	1,982,511	2,161,182	1,642,098	1,797,376
Other liabilities	61,609	78,071	36,488	54,351
Current tax liabilities	2,164	2,861	1,437	1,602
Borrowings	76,745	48,866	76,745	48,866
Subordinated liabilities	55,752	55,653	55,752	55,653
Deferred tax liabilities	16	14	-	-
<b>TOTAL LIABILITIES</b>	<b>2,251,401</b>	<b>2,407,260</b>	<b>1,843,781</b>	<b>1,957,879</b>
<b>EQUITY</b>				
Share capital	16,491	16,491	16,491	16,491
Share premium	107,932	107,932	107,932	107,932
Retained earnings	76,270	70,480	65,108	67,443
Other reserves	32,565	32,746	68,265	67,672
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>233,258</b>	<b>227,649</b>	<b>257,796</b>	<b>259,538</b>
Non-controlling interests	5,449	7,387	-	-
<b>TOTAL EQUITY</b>	<b>238,707</b>	<b>235,036</b>	<b>257,796</b>	<b>259,538</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,490,108</b>	<b>2,642,296</b>	<b>2,101,577</b>	<b>2,217,417</b>

## Conclusion

“UBA’s half year results was modest as we have taken a conscious decision to move away from our public sector business and refocus our resources on private sector businesses. Our decision is not unconnected with the volatility associated with public sector businesses in the past year.

Revenue contribution from our Africa subsidiaries remained topmost of our priorities as we re-aligned our organizations leadership to grow and deepen our presence in these subsidiaries.

“As we move into the second half of the year, we remain confident of our ability to fully leverage on our extensive branch network and our African presence to improve our country to country synergies. We aim to benefit from the successful execution of quality relationship management process which is driving client acquisition and engagement. To re ignite the growth momentum of the previous year, we will harness new efficiency initiatives, increase lending to key growth sectors of the economy, continuously develop our intra Africa trade among the Bank’s African subsidiaries and identify viable opportunities to leverage our strong capital position and make the right investments in our business.”

“While economic growth remains modest, there are signs that business returns will be much better going forward. Our customers are the reasons we are in business, and we will not relent on our efforts to seek new and innovative ways of delivering unique and value adding products to meet their banking needs” said Phillips Oduoza, Group Managing Director and Chief Executive Officer, UBA.

## **EDITOR'S COMMENT**

United Bank for Africa Plc is one of Africa's leading financial institutions offering banking services to more than 7 million customers across 605 branches 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, trade finance and investment banking.

## **CAUTION REGARDING FORWARD LOOKING STATEMENTS**

From time to time, the Bank makes written and/or oral forward-looking statements, including in this press release and in 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 2014 and beyond and 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 presentation 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.