

## United Bank for Africa Plc Audited Results for the Half Year Ended June 30, 2017

### UBA DELIVERS STELLAR PERFORMANCE; GROWS PROFIT BY 66% YEAR-ON-YEAR AND DECLARES ₦0.20 PER SHARE INTERIM DIVIDEND

This Earnings Press Release should be read in conjunction with the Audited 2017 Half Year Consolidated Financial Statements. The Earnings Press Release is also available on our website at <http://www.ubagroup.com/ir/>. This analysis is dated August 24, 2017. 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 Full Year 2016 Financial Statements. Additional information relating to the Bank is available on the Bank's website <http://www.ubagroup.com>.

**LAGOS, NIGERIA** – August 24, 2017 – United Bank for Africa Plc ("UBA" or the "Bank") announced its Audited 2017 Half Year Financial Results, showing gross earnings of ₦222.7 billion and profit before tax of ₦57.5 billion, for the six months ended 30 June 2017. The Group delivered an annualized 18.2% return on average equity (RoAE) and declared an Interim Dividend of ₦0.20 per Share.

#### Highlights of the Result:

##### Income Statement

- Gross Earnings: ₦222.7 billion, compared to ₦165.6 billion in 2016H1 (34.5% YoY growth).
- Operating Income: ₦161.8 billion, compared to ₦116.2 billion in 2016H1 (39.2% YoY growth).
- Operating Expenses of ₦94.8 billion, compared to ₦74.5 billion in 2016H1 (27.2% YoY growth).
- Profit Before Tax: ₦57.5 billion, compared to ₦34.8 billion in 2016H1 (65.5% YoY growth).
- Profit After Tax: ₦42.3 billion, an impressive 56.2% YoY growth compared to ₦27.1 billion in 2016H1.
- Cost-to-Income Ratio: 58.6%; a 660bps YoY reduction from 64.2% in 2016H1.
- Annualized Return on Average Equity: 18.2%.

##### Balance Sheet

- Total Assets: ₦3.69 trillion, compared to ₦3.50 trillion as at 2016FY (5.3% YTD growth).
- Net Loans: ₦1.56 trillion; reflecting a prudent 4% YTD growth in the loan book.
- Customer Deposits: ₦2.45 trillion, relatively stable YTD, when compared to ₦2.49 trillion as at 2016FY.
- Shareholders' Funds: ₦483.1 billion, up 8% YTD; reflecting strong capacity for internal capital generation.

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

"The results demonstrate again the strong momentum of the Bank, as we deliver continuous improvement across our businesses and key performance metrics.

I am pleased that our unwavering focus on customer service excellence is translating to strong operational and financial efficiency gains. We have achieved better pricing on assets and liabilities, leading to continued improvement in the net interest margin to 7.3%. Leveraging our service-focused strategy and treasury management, we grew non-interest income by 17% year-on-year, reinforcing our transaction-banking-led approach towards deepening financial inclusion in Sub-Saharan Africa. We made further progress in our retail banking penetration, gaining market share in deposits, at a time when a sizeable percentage of households are challenged due to inflationary pressures on disposable income. We grew our retail savings and current account deposits by 23% and 5% YTD respectively.

Operating costs have grown, driven partly by higher personnel cost, following the justified promotion of 3,000 staff; but domestic inflationary pressure and impact of Naira devaluation have also contributed. However, our overall efficiency gain is reflected in the 660bps reduction in the Bank's cost-to-income ratio, now 58.6%. Notwithstanding the lagged impact of macroeconomic pressures on our risk asset portfolio, the NPL ratio and annualized cost of risk remain modest at 4.2% and 1.2% respectively. We prudently grew our loan book by 3% in the first half of the year; nonetheless we are relatively optimistic on the improving business environment in Nigeria and more broadly in Africa. Hence, we remain upbeat on achieving our 2017FY loan growth target of 10%.

We grew profit before tax by 66% year-on-year to ₦58 billion, an unprecedented performance, which reflects the earnings capacity of the Group and its capability to progressively deliver superior return."

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

"We had a strong start in the year, despite continued recession in Nigeria, our largest market. Our profit after tax of ₦42 billion translates to 18.2% return on average equity, broadly in line with our 2017FY guidance.

Buoyed by enhanced customer service, high yield environment and balance sheet optimization, we recorded a 44% YoY growth in interest income.

Our African subsidiaries (ex-Nigeria) contributed 32% of the Group's earnings, as we continue to leverage digital offerings to gain market share across the different markets. We maintain our discipline of banking only quality and profitable assets, a conservative stance which reflects on our asset quality. Notwithstanding consistent liquidity mop-up by the CBN, we maintained an average balance sheet liquidity ratio of 42%. Further reinforcing the Bank's capacity is the strong BASEL II capital adequacy ratio of 20%, which underpins our ability to grow, as the macro risks decline."

**Statements of Comprehensive Income for the Period Ended 30 June**
*In millions of Nigerian Naira*

	Group		Bank	
	2017	Restated 2016	2017	Restated 2016
<b>Gross earnings</b>	<b>222,718</b>	<b>165,580</b>	<b>152,204</b>	<b>121,251</b>
Interest income	154,954	107,418	107,456	78,459
Interest expense	(53,575)	(43,286)	(42,427)	(29,924)
<b>Net interest income</b>	<b>101,379</b>	<b>64,132</b>	<b>65,029</b>	<b>48,535</b>
Fees and commission income	36,466	36,936	21,255	26,696
Fees and commission expense	(7,366)	(6,098)	(5,122)	(4,914)
<b>Net fee and commission income</b>	<b>29,100</b>	<b>30,838</b>	<b>16,133</b>	<b>21,782</b>
Net trading and foreign exchange income	28,294	19,637	21,007	14,790
Other operating income	3,004	1,589	2,486	1,306
<b>Total non-interest income</b>	<b>60,398</b>	<b>52,064</b>	<b>39,626</b>	<b>37,878</b>
<b>Operating income</b>	<b>161,777</b>	<b>116,196</b>	104,655	86,413
Net impairment loss on loans and receivables	(9,441)	(6,821)	(7,193)	(5,569)
<b>Net operating income after net impairment loss on loans and receivables</b>	<b>152,336</b>	<b>109,375</b>	<b>97,462</b>	<b>80,844</b>
Employee benefit expenses	(33,958)	(29,273)	(20,721)	(20,888)
Depreciation and amortisation	(4,792)	(4,065)	(3,336)	(3,115)
Other operating expenses	(56,054)	(41,202)	(39,875)	(31,885)
<b>Total operating expenses</b>	<b>(94,804)</b>	<b>(74,540)</b>	<b>(63,932)</b>	<b>(55,888)</b>
Share of profit/(loss) of equity-accounted investee	(1)	(79)	-	-
<b>Profit before income tax</b>	<b>57,531</b>	<b>34,756</b>	<b>33,530</b>	<b>24,956</b>
Taxation charge	(15,192)	(7,649)	(7,676)	(5,419)
<b>Profit for the period</b>	<b>42,339</b>	<b>27,107</b>	<b>25,854</b>	<b>19,537</b>
<b>Other comprehensive income</b>				
<b>Items that will be reclassified to income statement</b>				
Exchange difference on translation of foreign operations	7,694	32,432	-	-
Fair value (losses)/gains on available-for-sale investments	3,345	23,703	3,345	23,674
Net amount transferred to the income statement	(162)	26	(162)	26
Other comprehensive income, net of tax	10,877	56,161	3,183	23,700
<b>Total comprehensive income for the period</b>	<b>53,216</b>	<b>83,268</b>	<b>29,037</b>	<b>43,237</b>
<b>Profit attributable to:</b>				
Owners of Parent	41,449	26,491	25,854	19,537
Non-controlling interest	890	616	-	-
<b>Profit for the period</b>	<b>42,339</b>	<b>27,107</b>	<b>25,854</b>	<b>19,537</b>
<b>Total comprehensive income attributable to :</b>				
Owners of Parent	51,788	79,892	29,037	43,237
Non-controlling interest	1,428	3,376	-	-
<b>Total comprehensive income for the period</b>	<b>53,216</b>	<b>83,268</b>	<b>29,037</b>	<b>43,237</b>
<b>Basic and diluted earnings per share (annualised) expressed in Naira</b>	<b>1.21</b>	<b>0.78</b>	<b>0.71</b>	<b>0.54</b>

## Consolidated and Separate Statements of Financial Position

As at	Group		Bank	
	Jun-17	Dec-16	Jun-17	Dec-16
<i>In millions of Nigerian Naira</i>				
<b>ASSETS</b>				
Cash and bank balances	763,224	760,930	624,747	610,910
Financial assets held for trading	43,878	52,295	43,878	52,295
Derivative assets	13,931	10,642	13,931	10,642
Loans and advances to banks	11,505	22,765	16,889	23,850
Loans and advances to customers	1,560,337	1,505,319	1,123,398	1,090,355
Investment securities	1,093,464	970,392	632,126	533,016
Other assets	56,574	37,849	44,686	31,192
Investment in equity-accounted investee	3,029	2,925	1,770	1,770
Investment in subsidiaries	-	-	70,702	70,702
Property and equipment	98,944	93,932	82,777	80,252
Intangible assets	15,002	14,361	5,026	4,905
Deferred tax assets	30,401	33,060	28,937	29,696
<b>TOTAL ASSETS</b>	<b>3,690,289</b>	<b>3,504,470</b>	<b>2,688,867</b>	<b>2,539,585</b>
<b>LIABILITIES</b>				
Derivative liabilities	61	14	61	14
Deposits from banks	139,630	109,080	41,434	30,484
Deposits from customers	2,448,617	2,485,610	1,677,971	1,698,859
Other liabilities	126,811	110,596	79,555	72,901
Current tax liabilities	3,681	5,134	1,646	522
Borrowings	401,984	259,927	401,984	259,927
Subordinated liabilities	86,231	85,978	86,231	85,978
Deferred tax liabilities	143	62	-	-
<b>TOTAL LIABILITIES</b>	<b>3,207,158</b>	<b>3,056,401</b>	<b>2,288,882</b>	<b>2,148,685</b>
<b>EQUITY</b>				
Share capital	18,140	18,140	18,140	18,140
Share premium	117,374	117,374	117,374	117,374
Retained earnings	149,469	138,623	101,512	110,152
Other reserves	183,502	160,714	162,959	145,234
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>468,485</b>	<b>434,851</b>	<b>399,985</b>	<b>390,900</b>
Non-controlling interests	14,646	13,218	-	-
<b>TOTAL EQUITY</b>	<b>483,131</b>	<b>448,069</b>	<b>399,985</b>	<b>390,900</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,690,289</b>	<b>3,504,470</b>	<b>2,688,867</b>	<b>2,539,585</b>

## Presentation of 2017 Half Year Results – Conference Call Invitation

Please accept our invitation to attend a teleconference call with UBA Plc's Management, as the Group Managing Director/CEO leads the presentation of the Audited 2017 Half Year Results.

The presentation can be downloaded from UBA Group website on or before 2:00pm on Tuesday, August 29, 2017, via the following link: <http://www.ubagroup.com/ir/>.

Kindly dial-in five minutes before start time. Full details of the call are shown below.

<b>CONFERENCE CALL DETAILS</b>	
Conference Name	UBA Plc Audited 2017 Half Year Results Presentation
Chairperson's Name	Kennedy Uzoka - Group Managing Director/CEO
Additional Speaker	Ugo Nwaghodoh - Group Chief Financial Officer
In attendance	Victor Osadolor (Deputy Managing Director); Oliver Alawuba (ED/Regional CEO, Anglophone Africa); Uche Ike (ED, Risk Management, Compliance and Corporate Governance); Ayoku Liadi (ED, Lagos and South West); Chuks Nweke (ED/GCOO); Bola Atta (Group Head, Corporate Communications and Marketing); Hassan Olatunji (Group Executive Office) and Abiola Rasaq (Head, Investor Relations)
Call Date	Tuesday, August 29, 2017
Call Time	3:00hr Lagos time
Duration (hh:mm)	01:00
Required participant Information	Name and Company
Participant Dial In Number(s)	To be communicated
Password	To be communicated

## **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 the second half of 2017 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.