

United Bank for Africa Plc Unaudited Results for the First Quarter Ended March 31, 2019

A STRONG START, UBA DELIVERS 22% ROAE WITH DOUBLE DIGIT GROWTH IN BOTH TOP AND BOTTOM LINES

This Earnings Press Release should be read in conjunction with the Unaudited 2019 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, 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 2018 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, 2019 – United Bank for Africa Plc ("UBA", the "Bank" or the "Group") announced its Unaudited 2019 First Quarter Financial Results.

Gross earnings grew by 10% to ₦132 billion and the Group delivered a strong 22% annualized return on average equity.

Highlights:

Income Statement

- Gross Earnings: ₦131.7 billion, compared to ₦119.4 billion in 2018Q1 (10.3% YoY growth).
- Operating Income: ₦83.7 billion, compared to ₦77.6 billion in 2018Q1 (7.9% YoY growth).
- Operating Expenses of ₦51.9 billion, compared to ₦49.7 billion in 2018Q1 (4.6% YoY growth).
- Profit Before Tax: ₦30.2 billion, compared to ₦26.6 billion in 2018Q1 (13.6% YoY growth).
- Profit After Tax: ₦28.7 billion, a 21.1% YoY growth compared to ₦23.4 billion in 2018Q1.
- Annualized Return on Average Equity: 22%.

Balance Sheet

- Total Assets: ₦5.11 trillion, compared to ₦4.87 trillion as at 2018FY (5.0% YTD growth).
- Net Loans: ₦1.69 trillion; relatively flat compared to ₦1.72 trillion loan portfolio as at 2018FY.
- Customer Deposits: ₦3.53 billion, compared to ₦3.35 trillion as at 2018FY; representing 5.4% YTD growth.
- Shareholders' Funds: ₦543.3 billion, up 15.0% YTD; reflecting strong internal capital generation.

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

"This impressive set of first quarter result is encouraging and reinforces the resilience of our business model and capacity to sustainably grow earnings, even in a slow economic growth environment. Notwithstanding the election season in Nigeria and Senegal, two of our high impact markets, we grew fees and commission income by double digits. Reflecting our enhanced customer service and digital channels, we recorded strong accretion of remittance, transaction banking and fund transfer fees, which grew 73%, 35% and 30% respectively. Given our commitment to diligent execution of cost efficiency initiatives, operating expenses grew barely 4.6%, thus improving cost-to-income ratio by 200bps. Growing profit before tax by 13.6% to N30.2 billion and recording N28.7 billion profit after tax, I am particularly pleased by the annualized return on average equity of 22%, as this reinforces the strong upside to our performance over the medium term, as we extract the benefits of our digital strategies and balance sheet efficiency initiatives.

We are constructive on the macros of our countries of operation, especially as inflation outlook remains benign and local currencies are stabilizing across most of our markets. As broad macro risks abate, especially in Nigeria and Senegal where elections were concluded in the first quarter of the year, we look forward to growing our loan portfolio and overall balance sheet. Nonetheless, we will maintain a low to moderate risk profile and sustain our prudent risk management practice, as profitable growth and asset quality remain our priority. I am excited the 5.4% YTD growth in deposit, as it puts us on track to further gain market share this year. More so, improved contribution from savings and current account deposits (CASA), which now represent some 79% of customer deposits, is a positive fundamental that should support our NIM and ROAE upside over the medium term. It is our commitment to sustain this strong start through the year, as we look forward to delivering stronger returns to our esteemed shareholders in 2019.

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

"We have a strong start to the year and are optimistic on sustaining this exciting performance through the year. With improving deposit mix, positive trends in interest and non-interest income as well as improving cost profile, we are upbeat on the quarters ahead, with expectation of outperforming our 18% ROAE target for the year. With increased focus on our offshore operations (Africa ex-Nigeria, United Kingdom and United States), which contributed half of the earnings in 2019Q1, we are confident on the strong prospect for earnings growth, particularly as we are better positioned to gain market share in Nigeria and elsewhere in Africa. Furthermore, our strong capital adequacy ratio of 24% and 50% average liquidity ratio provide headroom for growth, even in BASEL III environment. Thus, we are excited to leverage our unique fundamentals in profitably growing our balance sheet and sustainably creating wealth for our esteemed shareholders.

Statements of Comprehensive Income for the Three Months Ended 31 March

	Group	
	2019	2018
<i>In millions of Nigerian Naira</i>		
Gross earnings	131,668	119,366
Interest income	98,561	90,333
Interest expense	(40,486)	(36,780)
Net interest income	58,075	53,553
Fees and commission income	24,228	20,028
Fees and commission expense	(7,469)	(5,032)
Net fee and commission income	16,759	14,996
Net trading and foreign exchange income	6,142	6,732
Other operating income	2,737	2,273
Total non-interest income	25,638	24,001
Operating income	83,713	77,554
Allowance for credit losses on financial assets	(1,714)	(1,454)
Net operating income after net impairment loss on loans and receivables	81,999	76,100
Employee benefit expenses	(18,094)	(17,536)
Depreciation and amortisation	(3,340)	(2,787)
Other operating expenses	(30,510)	(29,356)
Total operating expenses	(51,944)	(49,679)
Share of profit of equity-accounted investee	102	134
Profit before income tax	30,157	26,555
Taxation charge	(1,492)	(2,819)
Profit for the period	28,665	23,736
Other comprehensive income		
Items that will be reclassified to income statement		
Exchange difference on translation of foreign operations	(1,133)	4,619
Fair value change on investments at fair value through OCI	13,077	6,620
Net amount transferred to the income statement	-	-
Other comprehensive income, net of tax	11,944	11,239
Total comprehensive income for the period	40,609	34,975
Profit attributable to:		
Owners of Parent	27,999	22,921
Non-controlling interest	666	815
Profit for the period	28,665	23,736
Total comprehensive income attributable to :		
Owners of Parent	38,090	33,031
Non-controlling interest	2,519	1,944
Total comprehensive income for the period	40,609	34,975
Basic and diluted earnings per share expressed in NGN	0.82	0.61

Consolidated and Separate Statements of Financial Position

As at	Group	
	Mar-19	Dec-18
<i>In millions of Nigerian Naira</i>		
ASSETS		
Cash and bank balances	1,375,272	1,220,596
Financial assets at fair value through profit or loss	141,934	19,439
Derivative assets	29,007	34,784
Loans and advances to banks	22,716	15,797
Loans and advances to customers	1,689,668	1,715,285
Investment securities	1,600,387	1,637,132
Other assets	90,603	63,012
Investment in equity-accounted investee	4,661	4,610
Property and equipment	119,986	115,973
Intangible assets	17,235	18,168
Deferred tax assets	23,288	24,942
TOTAL ASSETS	5,114,757	4,869,738
LIABILITIES		
Derivative liabilities	34	99
Deposits from banks	163,156	174,836
Deposits from customers	3,530,890	3,349,120
Other liabilities	162,884	120,764
Current tax liabilities	4,538	8,892
Borrowings	678,844	683,532
Subordinated liabilities	31,135	29,859
Deferred tax liabilities	59	28
TOTAL LIABILITIES	4,571,540	4,367,130
EQUITY		
Share capital	17,100	17,100
Share premium	98,715	98,715
Retained earnings	196,072	168,073
Other reserves	209,672	199,581
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	521,559	483,469
Non-controlling interests	21,658	19,139
TOTAL EQUITY	543,217	502,608
TOTAL LIABILITIES AND EQUITY	5,114,757	4,869,738

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 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 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.