

United Bank for Africa Plc Audited Results for the Half Year Ended June 30, 2019

UBA DELIVERS 21% GROWTH IN PROFIT, 21.7% RoAE, AND DECLARES ₦0.20 PER SHARE INTERIM DIVIDEND

This Earnings Press Release should be read in conjunction with the Audited 2019 Half Year Consolidated Financial Statements. The Earnings Press Release is also available on our website at <https://www.ubagroup.com/investor-relations/>. This analysis is dated August 30, 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 Full Year 2018 Financial Statements. Additional information relating to the Bank is available on the Bank's website <http://www.ubagroup.com>.

LAGOS, NIGERIA – August 30, 2019 – United Bank for Africa Plc ("UBA", the "Bank" or the "Group") announced its Audited 2019 Half Year Financial Results, showing gross earnings of ₦293.7 billion and profit before tax of ₦70.3 billion, for the six months ended June 30, 2019.

The Group delivered an annualized 21.7% return on average equity (RoAE) and declared an Interim Dividend of ₦0.20 per Share.

Highlights of the Result:

Income Statement

- Gross Earnings: ₦293.7 billion, compared to ₦257.9 billion in 2018H1 (13.9% YoY growth).
- Operating Income: ₦182.6 billion, compared to ₦168.5 billion in 2018H1 (8.4% YoY growth).
- Operating Expenses of ₦109.6 billion, compared to ₦103.7 billion in 2018H1 (5.7% YoY growth).
- Profit Before Tax: ₦70.3 billion, compared to ₦58.1 billion in 2018H1 (20.9% YoY growth).
- Profit After Tax: ₦56.7 billion, a 29.6% YoY growth compared to ₦43.8 billion in 2018H1.
- Cost-to-Income Ratio: 60.00%; a 156 basis points YoY reduction from 61.56% in 2018H1.
- Annualized Return on Average Equity: 21.7%, as against 17.1% in 2018H1.

Balance Sheet

- Total Assets: ₦5.10 trillion, compared to ₦4.87 trillion as at 2018FY (4.8% YTD growth).
- Net Loans: ₦1.69 trillion; reflecting a 1.62% YTD moderate decline from ₦1.72 trillion as at 2018 FY.
- Customer Deposits: ₦3.51 trillion, a 4.8% increase over ₦3.35 trillion as at 2018FY.
- Shareholders' Funds: ₦542.5 billion, up 7.9% from 2018FY; reflecting strong capacity for internal capital generation.

Commenting on the result, the Group Chief Executive Officer, Kennedy Uzoka said;

"I am pleased with the half year performance of the Group, having delivered 14% growth in gross earnings and 21% growth in profit before tax.

In spite of the subdued yield environment in some of our large markets, we achieved a 9% growth in interest income, and defended the net interest margin. We also achieved a 39% growth in our electronic banking revenues, as we broaden and deepen our digital banking play across Africa. Revenues from our remittance and funds transfer businesses grew 69% and 53% respectively. All these attest to the efficacy of our strategies and resilience of our business model."

He further stated "I am very optimistic that the ongoing Group-wide transformation program, will in the quarters ahead, enable the Bank deliver substantial operational efficiencies and best-in-class customer service, which would ultimately boost earnings. We sustained our asset quality, with the NPL ratio down to 5.62%, from 6.45% as at 2018FY. We would continue to adopt best practice standards to grow and manage the portfolio in the quarters ahead."

Also speaking on UBA's results, the Group CFO, Ugo Nwaghodoh said;

"We had a strong start in the year given the prevailing macroeconomic environment across our various markets. There is better dispersion in profit contribution as our banking subsidiaries across Africa contributed 38% of the profit before tax, whilst our recently repositioned UK business contributed 4%. We expect this dispersion to continue, as the subsidiaries consolidate on their share of the various markets.

I am particularly delighted that the key ratios are trending in the right direction. The net interest margin at 6.4% is trending upwards and will continue to improve as we responsibly grow the risk asset portfolio and realign the funding mix to lower our cost of funds. The cost-to-income ratio (CIR) trended down to 60% as we focus on balance sheet and operational efficiencies which should enable us deliver our medium term CIR target. Capital adequacy ratio increased to 28% from 23.6% in December 2018, providing very strong buffer for asset growth.

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Interim Consolidated and Separate Statements of Comprehensive Income For the period ended 30 June

In millions of Nigerian Naira

	Group		Bank	
	2019	2018	2019	2018
Interest income	204,885	187,294	155,027	128,137
Interest income on amortised cost and FVOCI securities	204,781	184,960	154,923	125,803
Interest income on FVTPL securities	104	2,334	104	2,334
Interest expense	(94,762)	(76,218)	(81,702)	(61,169)
Net interest income	110,123	111,076	73,325	66,968
Allowance for credit losses on financial assets	(3,120)	(6,732)	(3,071)	(1,648)
Net interest income after impairment on loans and receivables	107,003	104,344	70,254	65,320
Fees and commission income	52,344	45,845	30,587	28,345
Fees and commission expense	(16,289)	(13,248)	(11,547)	(10,218)
Net fee and commission income	36,055	32,597	19,040	18,127
Net trading and foreign exchange income	32,746	20,456	20,546	18,216
Other operating income	3,715	4,323	8,235	5,426
Employee benefit expenses	(37,178)	(35,214)	(20,775)	(20,449)
Depreciation and amortisation	(8,812)	(5,659)	(5,930)	(4,026)
Other operating expenses	(63,597)	(62,831)	(47,740)	(48,438)
Share of gain of equity-accounted investee	342	124	-	-
Profit before income tax	70,274	58,140	43,630	34,176
Income tax expense	(13,535)	(14,348)	(7,164)	(12,529)
Profit for the year from continuing operations	56,739	43,792	36,466	21,647
Profit for the year from discontinued operations	-	-	-	-
Profit for the period	56,739	43,792	36,466	21,647
Other comprehensive income				
Items that may be reclassified to the income statement:				
Exchange differences on translation of foreign operations	(11,350)	(14,946)	-	-
Fair value changes on investments in debt securities at fair value through other comprehensive income(FVOCI):				
Net change in fair value during the period	12,634	(1,030)	12,547	(1,030)
Net amount transferred to the income statement	1,758	(807)	1,758	(807)
	3,042	(16,783)	14,305	(1,837)
Items that will not be reclassified to the income statement:				
Fair value changes on equity investments designated at FVOCI	2,299	3,472	2,299	3,472
	2,299	3,472	2,299	3,472
Other comprehensive income for the period, net of tax	5,341	(13,311)	16,604	1,635
Total comprehensive income for the period	62,080	30,481	53,070	23,282
Profit for the period attributable to:				
Owners of Parent	55,295	42,192	36,466	21,647
Non-controlling interest	1,444	1,600	-	-
Profit for the period	56,739	43,792	36,466	21,647
Total comprehensive income attributable to:				
Owners of Parent	62,511	30,748	53,070	23,282
Non-controlling interest	(431)	(267)	-	-
Total comprehensive income for the period	62,080	30,481	53,070	23,282
Earnings per share attributable to owners of the parent				
Basic and diluted earnings per share (Naira)	1.62	1.23	1.07	0.63

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Interim Consolidated and Separate Statements of Financial Position

As at	Group		Bank	
	Jun. 2019	Dec. 2018	Jun. 2019	Dec. 2018
<i>In millions of Nigerian Naira</i>				
ASSETS				
Cash and bank balances	1,416,170	1,220,596	1,205,804	1,015,199
Financial assets at fair value through profit or loss	89,419	19,439	72,783	19,439
Derivative assets	41,948	34,784	41,948	34,784
Loans and advances to banks	81,257	15,797	59,078	15,516
Loans and advances to customers	1,687,506	1,715,285	1,192,564	1,213,801
Investment securities:				
- Fair value through other comprehensive income	924,415	1,036,653	851,720	925,892
- Held at amortised cost	616,411	600,479	83,165	84,265
Other assets	81,318	63,012	65,751	49,642
Investment in equity-accounted investee	3,889	4,610	2,715	2,715
Investment in subsidiaries	-	-	103,275	103,777
Property and equipment	118,571	115,973	100,138	97,502
Intangible assets	17,969	18,168	7,056	6,911
Deferred tax asset	23,250	24,942	21,862	21,862
TOTAL ASSETS	5,102,123	4,869,738	3,807,859	3,591,305
LIABILITIES				
Derivative liabilities	1,285	99	1,285	99
Deposits from banks	171,191	174,836	25,608	30,502
Deposits from customers	3,510,237	3,349,120	2,557,366	2,424,108
Other liabilities	150,885	120,764	102,256	84,299
Current tax liability	6,317	8,892	6,293	706
Borrowings	689,637	683,532	689,637	657,134
Subordinated liabilities	29,976	29,859	29,976	29,859
Deferred tax liability	137	28	-	-
TOTAL LIABILITIES	4,559,665	4,367,130	3,412,421	3,226,707
EQUITY				
Share capital	17,100	17,100	17,100	17,100
Share premium	98,715	98,715	98,715	98,715
Retained earnings	195,065	168,073	89,153	89,217
Other reserves	212,870	199,581	190,470	159,566
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	523,750	483,469	395,438	364,598
Non-controlling interests	18,708	19,139	-	-
TOTAL EQUITY	542,458	502,608	395,438	364,598
TOTAL LIABILITIES AND EQUITY	5,102,123	4,869,738	3,807,859	3,591,305

Presentation of 2019 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 2019 Half Year Results.

The presentation can be downloaded from UBA Group website on or before midday on Thursday September 5, 2019, via the following link: <https://www.ubagroup.com/investor-relations>.

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

CONFERENCE CALL DETAILS	
Conference Name	UBA Plc Audited 2019 Half Year Results Presentation
Chairperson's Name	Kennedy Uzoka - Group Managing Director/CEO
Additional Speaker	Ugo Nwaghodoh - Group Chief Financial Officer
In attendance	<ul style="list-style-type: none"> • Victor Osadolor (Deputy Managing Director); • Uche Ike (ED, Risk Management) • Ayoku Liadi (ED, Lagos and South West); • Chuks Nweke (ED/GCOO); • Bola Atta (Group Head, Corporate Communications); • Hassan Olatunji (Group Executive Office)
Call Date	Thursday, September 5, 2019
Call Time	15:00hr (3 pm) 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 eighteen 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 the second half of 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.