

United Bank for Africa Plc Unaudited Results for the Third Quarter Ended September 30, 2019

UBA GROWS NET PROFIT BY 32.3% AS GROSS EARNINGS HIT ₦428.22 BILLION

This Earnings Press Release should be read in conjunction with the Unaudited 2019 Third Quarter Financial Statements. The Earnings Press Release is also available on our website at <https://www.ubagroup.com/investor-relations/>. This analysis is dated October 21, 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 – October 21, 2019– United Bank for Africa Plc ("UBA", the "Bank" or the "Group") announced its Unaudited 2019 Third Quarter Financial Results, showing gross earnings of ₦428.22 billion and profit before tax of ₦98.23 billion, for the nine months ended September 30, 2019.

The Group delivered an annualized 20.6% Return on Average Equity (RoAE), whilst earnings per share recorded a 34.6% year-on-year (YoY) growth amidst strong topline growth and improved operating efficiency.

Highlights of the Result:

Income Statement

- Gross Earnings: ₦428.22 billion, compared to ₦374.83 billion in 9M 2018 (14.2% YoY growth).
- Operating Income: ₦265.99 billion, compared to ₦238.36 billion in 9M 2018 (11.6% YoY growth).
- Operating Expenses: ₦161.62 billion, compared to ₦149.09 billion in 9M 2018 (8.4% YoY growth).
- Profit Before Tax: ₦98.23 billion, compared to ₦79.11 billion in 9M 2018 (24.2% YoY growth).
- Profit After Tax: ₦81.63 billion, a 32.3% YoY growth compared to ₦61.69 billion in 9M 2018.
- Cost-to-Income Ratio: 60.80%; a 178 basis points YoY reduction from 62.55% in 9M 2018.
- Annualized Return on Average Equity: 20.6%, as against 15.8% in 9M 2018.

Balance Sheet

- Total Assets: ₦4.96 trillion, compared to ₦4.87 trillion as at 2018FY (1.9% YTD growth).
- Net Loans: ₦1.98 trillion; reflecting a 14.7% YTD growth from ₦1.73 trillion as at 2018FY.
- Customer Deposits: ₦3.37 trillion, a 0.7% increase over ₦3.35 trillion as at 2018FY.
- Shareholders' Funds: ₦555.53 billion, up 10.5% from 2018FY; reflecting strong capacity for internal capital generation.

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

"I am pleased that UBA Group is on track towards consolidating our leadership position in Africa, whilst creating superior value for all our stakeholders. In the nine months ended 30 September 2019, the Group delivered ₦428.2 billion in gross earnings (14.2% YoY growth) with an inspiring 32.3% growth in net profit. The resilience of our business model and our focused growth of earning assets have yielded a 10.8% growth in interest income. In addition to the commendable yield on interest earning assets, we also achieved a 22.1% growth in non-interest income, driven largely by the increased penetration of our superior digital banking offerings, credit expansion, remittances and other lifestyle transactional services".

He further stated that "UBA has made notable progress in terms of asset quality management, having achieved a 14.7% growth in risk assets during the period, whilst reducing NPL ratio to 5.7% and net impairment loss YoY by 37.6%. These are testaments to our resolve of maintaining best-in-class risk management culture, whilst supporting customers and businesses across diverse segments of the African economy.

UBA remains committed to its vision of becoming the undisputed leading and dominant financial services institution in Africa. We will continue to innovate and lead in all our business segments, whilst delivering top-notch operational efficiencies and best-in-class customer service. We are beginning to realise early gains from our ongoing Transformation Program and I am indeed excited about the days ahead".

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

I am particularly excited about our profitability ratios. Annualized Return on Average Equity of 20.6% (15.8% in 9M 2018) and Return on Asset of 2.2% (1.9% in 9M 2018) are trending in the right direction. We were able to grow loan book by 14.7%, (well ahead of our guidance) focusing on growth poles of various economies in which we operate. We have also developed new credit products targeted at specific consumer and SME market segments, and would continue to do so with strict adherence to best credit/underwriting standards, as we strive to achieve the statutory loan-to-funding ratio threshold set by the apex bank".

Interim Consolidated Statements of Comprehensive Income for the period ended 30 September

<i>In millions of Nigerian Naira</i>	Group		Group	
	9 months to		3 months to	
	Sep. 2019	Sep. 2018	Sep. 2019	Sep. 2018
Interest income	297,903	268,937	93,018	81,643
Interest income on amortised cost and FVOCI securities	291,373	266,599	90,509	81,639
Interest income on FVTPL securities	6,530	2,338	2,509	4
Interest expense	(138,989)	(118,239)	(44,227)	(42,021)
Net interest income	158,914	150,698	48,791	39,622
Fees and commission income	86,530	68,756	34,186	22,911
Fees and commission expense	(23,236)	(18,226)	(6,947)	(4,978)
Net fee and commission income	63,294	50,530	27,239	17,933
Net trading and foreign exchange income	35,720	32,401	2,974	11,945
Other operating income	8,066	4,735	4,351	412
Total non-interest income	107,080	87,666	34,564	30,290
Operating income	265,994	238,364	83,355	69,912
Net impairment loss on loans and receivables	(6,663)	(10,674)	(3,543)	(3,942)
Net operating income after impairment loss on loans and receivables	259,331	227,690	79,812	65,970
Employee benefit expenses	(55,204)	(53,254)	(18,026)	(18,040)
Depreciation and amortisation	(11,606)	(8,610)	(3,653)	(2,951)
Other operating expenses	(94,811)	(87,221)	(30,355)	(24,390)
Total operating expenses	(161,621)	(149,085)	(52,034)	(45,381)
Share of profit / (loss) of equity-accounted investee	523	506	181	382
Profit before income tax	98,233	79,111	27,959	20,971
Taxation charge	(16,605)	(17,413)	(3,071)	(3,065)
Profit for the period from continuing operations	81,628	61,698	24,888	17,906
Profit for the period from discontinued operations	-	-	-	-
Profit for the period	81,628	61,698	24,888	17,906
Other comprehensive income				
Items that will be reclassified to income statement:				
Exchange differences on translation of foreign operations	(10,123)	(15,435)	1,227	(489)
Fair value changes on investments at fair value through other comprehensive income(FVOCI):				
Net fair value gains during the period	5,255	1,378	(7,379)	2,408
Net amount transferred to the income statement	1,758	(758)	-	49
	(3,110)	(14,815)	(6,152)	1,968
Items that will not be reclassified to the income statement:				
Fair value changes on equity investments at FVOCI	3,472	3,472	-	-
	3,472	3,472	-	-
Other comprehensive income, net of tax	362	(11,343)	(6,152)	1,968
Total comprehensive income for the period	81,990	50,355	18,736	19,874
Profit attributable to:				
Owners of Parent	79,319	58,914	24,023	17,157
Non-controlling interest	2,309	2,784	865	749
Profit for the period	81,628	61,698	24,888	17,906
Total comprehensive income attributable to:				
Owners of Parent	82,134	48,103	18,449	19,125
Non-controlling interest	(144)	2,252	287	749
Total comprehensive income for the period	81,990	50,355	18,736	19,874
Basic and diluted earnings per share expressed in Naira	2.32	1.72	0.70	0.50

Interim Consolidated Statements of Financial Position

As at	Group	
	Sep. 2019	Dec. 2018
<i>In millions of Nigerian Naira</i>		
ASSETS		
Cash and bank balances	1,242,260	1,220,596
Financial assets at fair value through profit or loss	58,528	19,439
Derivative assets	39,655	34,784
Loans and advances to banks	49,201	15,797
Loans and advances to customers	1,936,012	1,715,285
Investment securities:		
- At fair value through other comprehensive income	852,265	1,036,653
- At amortised cost	543,910	600,479
Other assets	75,038	63,012
Investment in equity-accounted investee	4,368	4,610
Property and equipment	120,953	115,973
Intangible assets	15,505	18,168
Deferred tax assets	23,200	24,942
TOTAL ASSETS	4,960,895	4,869,738
LIABILITIES		
Derivative liabilities	574	99
Deposits from banks	167,490	174,836
Deposits from customers	3,372,903	3,349,120
Other liabilities	122,112	120,764
Current tax liabilities	4,876	8,892
Borrowings	706,117	683,532
Subordinated liabilities	31,250	29,859
Deferred tax liabilities	45	28
TOTAL LIABILITIES	4,405,367	4,367,130
EQUITY		
Share capital	17,100	17,100
Share premium	98,715	98,715
Retained earnings	212,249	168,073
Other reserves	208,469	199,581
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	536,533	483,469
Non-controlling interests	18,995	19,139
TOTAL EQUITY	555,528	502,608
TOTAL LIABILITIES AND EQUITY	4,960,895	4,869,738

Presentation slides on the 2019 Half Year Results

A presentation with detailed discussion of the Bank's performance during the reporting period can be downloaded from the UBA Group website on or before midday on Monday October 28, 2019, via the following link: <https://www.ubagroup.com/investor-relations>.

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.