

United Bank for Africa Plc
Audited Results for the Year Ended December 31, 2019

UBA RECORDS 13% EARNINGS GROWTH AND DELIVERS N111BILLION PROFIT

This Earnings Press Release should be read in conjunction with the Audited 2019 Consolidated Financial Statements. The Earnings Press Release is also available on our website at <http://www.ubagroup.com/ir/>. This analysis is dated February 28, 2020. 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 2019 Financial Statements. Additional information relating to the Bank is available on the Bank's website <http://www.ubagroup.com>.

LAGOS, NIGERIA – February 28, 2019 – United Bank for Africa Plc ("UBA", the "Bank" or the "Group"), (Bloomberg: UBA: NL/Reuters: UBA.LG) announced its Audited 2019 Financial Results. Gross earnings grew 13.3% year-on-year (YoY) to ₦559.8 billion, total assets grew 15.1% to ₦5.6 trillion and profit before tax of ₦111.3 billion. The Bank has proposed a final dividend of 80 kobo for every 50 kobo ordinary share, bringing the total dividend for the financial year ended December 31, 2019 to ₦1.00.

Highlights:

Income Statement

- Gross Earnings: ₦559.8 billion, compared to ₦494.0 billion in 2018FY (13.3% YoY growth).
- Operating Income: ₦346.3 billion, a 12.4% YoY increase compared to ₦308.2 billion in 2018FY.
- Operating Expenses of ₦217.2 billion, compared to ₦197.3 billion in 2018FY (10.1% YoY growth).
- Profit Before Tax: ₦111.3 billion, compared to ₦106.8 billion in 2018FY (4.2% YoY growth).
- Profit After Tax: ₦89.1 billion, a 13.3% YoY growth, compared to ₦78.6 billion in 2018FY.
- Cost-to-Income Ratio: 62.7%; compared to 63.9% in 2018FY.
- Annualized Return on Average Equity (RoAE): 16.2%; compared to 16.1% in 2018FY.

Balance Sheet

- Total Assets: ₦5.6 trillion, compared to ₦4.9 trillion, as at 2018FY (15.1% YoY growth).
- Net Loans: ₦2.1 trillion; reflecting an impressive 20.2% YoY growth in the loan book.
- Customer Deposits: ₦3.8 trillion, compared to ₦3.3 trillion as at 2018FY; representing 14.4% YoY growth.
- Shareholders' Funds: ₦597.9 billion, up 19% YoY compared to 2018FY.

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

"The year 2019 was a very remarkable one for UBA given the adverse market developments. Nonetheless, we achieved sizable growth in balance sheet and earnings, even as we reposition the bank for the future. Gross earnings crossed the ₦500 billion threshold to ₦559 billion, whilst total assets also crossed the ₦5 trillion mark for the first time to ₦5.6 trillion.

Our strategy remains centered around unparalleled service to our esteemed customers. Accordingly, we are making significant investments in a technology-driven transformation journey. We have recorded early gains as reflected in a 39% growth in electronic banking income to ₦38.8bn in 2019 from ₦27.9bn in 2018. Our businesses are gaining commendable share in their markets across regions in Africa, as we deepen the scale and scope of our operations.

He further stated; "I am indeed excited about the synergy we have built within the UBA Group and the significant progress we have made in our transformation drive. We have positioned the Bank as a truly pan-African banking franchise, leveraging our operations in France, United Kingdom and the USA to deepen intra-African trade, and facilitate capital flows between Africa and the rest of the world. In 2020, we will pursue aggressive deepening of market share in all our subsidiaries, leveraging technology, rich human resources and our customer-first strategy to win in all the markets we operate, notwithstanding the challenges of our operating environment".

Also speaking on the performance, the Group CFO, Ugo Nwaghodoh said;

"We navigated the fragile yield environment in our largest market, to deliver a 7.9% growth in net interest income to ₦221.9 billion. This was bolstered by a 7.8% and 13.9% growth in interest income from corporate loans and investment securities respectively, as well as a 4.0% cost of funds driven by our stable retail deposits. Resulting from cost efficiency gains within the year, cost-to-income ratio moderated to 62.7% (64% in 2018), whilst profit for the year grew 13.3%, to ₦89.1 billion, translating to 16.2% return on average equity (RoAE).

The Group recorded a 0.8% cost-of-risk reflecting our strict credit and underwriting standards, which has helped to keep Group NPL at 5.3% (and 2.5% for the parent bank). As we will continue to pursue a cautious loan growth strategy in 2020, we have strategically maintained strong capital adequacy and liquidity ratios at 23.4% and 43.9% respectively, ensuring sufficient headroom for growth. The Bank will sustain this growth momentum, to ensure we consistently deliver sustainable value to our valued stakeholders".

Statements of Comprehensive Income for the year ended 31 December 2019
In millions of Nigerian Naira

	Group		Bank	
	FY2019	FY2018	FY2019	FY2018
Gross Earnings	559,805	494,045	412,624	341,504
Interest income	404,830	362,922	307,433	265,698
Interest income on amortised cost and FVOCI securities	390,304	360,583	292,907	263,359
Interest income on FVTPL securities	14,526	2,339	14,526	2,339
Interest expense	(182,955)	(157,276)	(156,580)	(129,396)
Net interest income	221,875	205,646	150,853	136,302
Allowance for credit losses on financial and non-financial instruments	(18,252)	(4,529)	(16,369)	(4,257)
Net interest income after impairment on financial and non-financial instruments	203,623	201,117	134,484	132,045
Fees and commission income	110,561	93,997	65,160	53,488
Fees and commission expense	(30,557)	(28,551)	(22,556)	(20,964)
Net trading and foreign exchange income	37,627	31,675	19,081	12,818
Other operating income	6,787	5,451	20,950	9,500
Employee benefit expenses	(75,099)	(71,158)	(43,774)	(41,537)
Depreciation and amortisation	(15,490)	(11,801)	(11,772)	(8,670)
Other operating expenses	(126,578)	(114,383)	(91,510)	(81,330)
Share of gain of equity-accounted investee	413	419	-	-
Profit before income tax	111,287	106,766	70,063	55,350
Income tax expense	(22,198)	(28,159)	(7,313)	(14,303)
Profit for the period	89,089	78,607	62,750	41,047
Other comprehensive income				
Items that may be reclassified to the income statement:				
Exchange differences on translation of foreign operations	(12,958)	(21,264)	-	-
Fair value changes on investments in debt securities at fair value through other comprehensive income (FVOCI):				
Net change in fair value during the period	44,942	(14,498)	44,914	(14,498)
Net amount transferred to the income statement	(5,893)	(777)	(5,893)	(777)
	26,091	(36,539)	39,021	(15,275)
Items that will not be reclassified to the income statement:				
Fair value changes on equity investments designated at FVOCI	9,259	3,266	9,223	3,266
	9,259	3,266	9,223	3,266
Other comprehensive income for the period, net of tax	35,350	(33,273)	48,244	(12,009)
Total comprehensive income for the period	124,439	45,334	110,994	29,038
Profit for the period attributable to:				
Owners of Parent	86,220	75,359	62,750	41,047
Non-controlling interest	2,869	3,248	-	-
Profit for the period	89,089	78,607	62,750	41,047
Total comprehensive income attributable to:				
Owners of Parent	124,173	44,426	110,994	29,038
Non-controlling interest	266	908	-	-
Total comprehensive income for the period	124,439	45,334	110,994	29,038
Total comprehensive income attributable to equity shareholders arises from:				
- Continuing operations	123,997	44,426	110,818	29,038
- Discontinued operations	176	-	176	-
Total comprehensive income for the period	124,173	44,426	110,994	29,038
Earnings per share attributable to owners of the parent				
Basic and diluted earnings per share (Naira)	2.52	2.20	1.83	1.20

Consolidated and Separate Statements of Financial Position

As at	Group		Bank	
	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018
<i>In millions of Nigerian Naira</i>				
ASSETS				
Cash and bank balances	1,396,228	1,220,596	1,182,554	1,015,199
Financial assets at fair value through profit or loss	102,388	19,439	102,388	19,439
Derivative assets	48,131	34,784	48,131	34,784
Loans and advances to banks	108,211	15,797	99,849	15,516
Loans and advances to customers	2,061,147	1,715,285	1,503,380	1,213,801
Investment securities:				
- At fair value through other comprehensive income	901,048	1,036,653	772,658	925,892
- At amortised cost	670,502	600,479	73,556	84,265
Other assets	139,885	63,012	111,607	49,642
Investment in equity-accounted investee	4,143	4,610	2,715	2,715
Investment in subsidiaries	-	-	103,275	103,777
Property and equipment	128,499	115,973	107,448	97,502
Intangible assets	17,671	18,169	7,070	6,911
Deferred tax asset	26,199	24,942	21,862	21,862
TOTAL ASSETS	5,604,052	4,869,738	4,136,493	3,591,305
LIABILITIES				
Derivative liabilities	852	99	852	99
Deposits from banks	267,070	174,836	92,717	30,502
Deposits from customers	3,832,884	3,349,120	2,764,388	2,424,108
Other liabilities	107,255	120,764	57,150	84,299
Current tax liability	9,164	8,892	722	706
Borrowings	758,682	683,532	744,094	657,134
Subordinated liabilities	30,048	29,859	30,048	29,859
Deferred tax liability	119	28	-	-
TOTAL LIABILITIES	5,006,074	4,367,130	3,689,971	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	184,685	168,073	113,484	89,217
Other reserves	278,073	199,581	217,223	159,566
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	578,573	483,469	446,522	364,598
Non-controlling interests	19,405	19,139	-	-
TOTAL EQUITY	597,978	502,608	446,522	364,598
TOTAL LIABILITIES AND EQUITY	5,604,052	4,869,738	4,136,493	3,591,305

Editor's comment

United Bank for Africa Plc is a leading Pan-African financial institution, offering banking services to more than eighteen (18) 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 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 2020 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.