

United Bank for Africa Plc
Audited Results for the Year Ended December 31, 2020

UBA DELIVERS N132 BILLION PROFIT, AN 18.5% GROWTH

This Earnings Press Release should be read in conjunction with the Audited 2020 Consolidated Financial Statements. The Earnings Press Release is also available on our website at <https://www.ubagroup.com/investor-relations/>. This analysis is dated March 8, 2021. 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 – March 8, 2021 – United Bank for Africa Plc ("UBA", the "Bank" or the "Group"), (Bloomberg: UBA: NL; Reuters: UBA.LG) has announced its audited 2020 financial results. Gross earnings grew 10.8% year-on-year (YoY) to ₦620.4 billion, total assets grew 37.0% to ₦7.7 trillion, whilst profit before tax grew 18.5% to ₦131.9 billion. The Bank has proposed a final dividend of 35 kobo for every 50 kobo ordinary share, bringing the total dividend for the financial year ended December 31, 2020 to ₦0.52.

Highlights:

Income Statement

- Gross Earnings: N620.4 billion, compared to N559.8 billion in 2019FY (10.8% YoY growth).
- Operating Income: N407.6 billion, a 17.7% YoY increase compared to N346.3 billion in 2019FY.
- Operating Expenses of N249.8 billion, compared to N217.2 billion in 2019FY (15.0% YoY growth).
- Profit Before Tax: N131.9 billion, compared to N111.3 billion in 2019FY (18.5% YoY growth).
- Profit After Tax: N113.8 billion, a 27.7% YoY growth, compared to N89.1 billion in 2019FY.
- Cost-to-Income Ratio: 61.3%; compared to 62.7% in 2019FY.
- Return on Average Equity (RoAE): 17.2%; compared to 16.6%; in 2019FY.

Balance Sheet

- Total Assets: N7.7 trillion, compared to N5.6 trillion, as at 2019FY (37.0% YoY growth).
- Net Loans: N2.6 trillion; reflecting an impressive 24.0% YoY growth in the loan book.
- Customer Deposits: N5.7 trillion, compared to N3.8 trillion as at 2019FY; representing 48.1% YoY growth.
- Shareholders' Funds: N 724.1 billion, up 21.1% YoY compared to 2019FY.

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

We ended a very challenging year on a reassuring note. The Bank recorded double-digit growth in both our top and bottom lines, as gross earnings and after-tax profit grew 10.8% and 27.7% to N620.4 billion and N113.8 billion respectively. Return on equity was 17.2%, even as our cost-to-income ratio moderated to 61.3%. Our earnings per share of N3.20 is a 26.8% growth from the preceding year, as we continue to ensure maximum value creation for our highly esteemed shareholders.

Despite the tumultuous impact of Covid-19 pandemic globally and across our 23 countries of operation, we created N519.0 billion additional loans as we continued to support our customers and their businesses. Customer deposits grew 48.1% to N5.7 trillion, driven primarily by additional N1.8 trillion in low-cost deposits. As a global bank, we remain well capitalized and determined to successfully drive financial inclusion on the continent through our innovative products and vast network. Our capital adequacy and liquidity ratios came in at 22.4% and 44.3%, well above the respective regulatory minimum of 15.0% and 30.0%.

Our primary strategy will continue to focus on providing excellent services from our customers' standpoint, putting the customer first (C1st Philosophy). Looking ahead, I am inspired by the achievements we have made since the launch of our transformation programme. We have expanded market share considerably across the geographies where we operate and are consolidating our digital banking leadership in Africa. We will continue to leverage our diversified business model and dedicated workforce to further strengthen our position as 'Africa's Global Bank'.

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

The persistent low interest rate environment in 2020 exerted significant downward pressure on margins. Notwithstanding, our interest income for the year grew by 5.7% (to N427.9 billion), driven by 8.2% and 7.5% year-on-year growth on interest income on loans and investment securities respectively. Our interest expense declined by 8.0% (to N168.4 billion) driven largely by a 51.9% decline in interest expense on customer deposits in our Nigerian operations, bringing down the Group's cost of funds to 2.9%, 113 basis points below 2019 position.

We have prudently stepped-up our reserves for loan impairments, hence the 37.4% YoY growth to N22.4 billion, yielding a 0.9% cost of risk. These reserves provide adequate cover for impairments, and should help minimize the need for further reserves in the current year, in view of the improving global operating environment. Our NPL ratio has declined to 4.7% (from 5.3% in 2019), driven largely by growth in loan book, robust credit risk monitoring architecture, and payment of Past Due Obligations (PDOs).

As we continue to see signs of recovery from the Covid-19 pandemic, led by resumption of economic activities across the globe, increase in consumer spending and continued progress on vaccine deployment, we have positioned our businesses for greater synergy across the Group. We remain committed to our prudent risk management practices, and optimistic of best value for our stakeholders in the days ahead.

United Bank for Africa Plc
Consolidated and Separate Statements of Comprehensive Income
For the year ended 31 December 2020

In millions of Nigerian Naira

	Group		Bank	
	2020	2019	2020	2019
Interest income	427,862	404,830	274,975	307,433
Interest income on amortised cost and FVOCI securities	422,655	390,304	269,918	292,907
Interest income on FVTPL securities	5,207	14,526	5,057	14,526
Interest expense	(168,395)	(182,955)	(116,748)	(156,580)
Net interest income	259,467	221,875	158,227	150,853
Impairment charge for credit losses on Loans	(22,443)	(16,336)	(14,146)	(14,695)
Net impairment charge on other financial assets	(4,566)	(1,916)	(7,718)	(1,674)
Net interest income after impairment on financial and non-financial instruments	232,458	203,623	136,363	134,484
Fees and commission income	126,943	110,561	58,802	59,136
Fees and commission expense	(44,335)	(30,557)	(28,660)	(22,556)
Net fee and commission income	82,608	80,004	30,142	36,580
Net trading and foreign exchange income	59,450	37,627	40,266	19,081
Other operating income	6,120	6,787	7,433	20,950
Employee benefit expenses	(87,545)	(75,099)	(47,178)	(43,774)
Depreciation and amortisation	(20,005)	(15,490)	(15,036)	(11,772)
Other operating expenses	(142,297)	(126,578)	(93,630)	(85,486)
Share of profit of equity-accounted investee	1,071	413	-	-
Profit before income tax	131,860	111,287	58,360	70,063
Income tax expense	(18,095)	(22,198)	(1,449)	(7,313)
Profit for the year	113,765	89,089	56,911	62,750
Other comprehensive income				
Items that will be reclassified to Profit or loss:				
Exchange differences on translation of foreign operations	37,926	(12,958)	-	-
Fair value changes on investments in debt securities at fair value through other comprehensive income (FVOCI):				
Net change in fair value during the year	5,102	44,942	5,044	44,914
Net amount transferred to profit or loss	(10,577)	(5,893)	(10,492)	(5,893)
	32,451	26,091	(5,448)	39,021
Items that will not be reclassified to Profit or loss:				
Fair value changes on equity investments designated at FVOCI	10,875	9,259	10,875	9,223
	10,875	9,259	10,875	9,223
Other comprehensive income for the year, net of tax	43,326	35,350	5,427	48,244
Total comprehensive income for the year	157,091	124,439	62,338	110,994
Profit for the year attributable to:				
Owners of Parent	109,327	86,220	56,911	62,750
Non-controlling interests	4,438	2,869	-	-
Profit for the year	113,765	89,089	56,911	62,750
Total comprehensive income attributable to:				
Owners of Parent	147,416	124,173	62,338	110,994
Non-controlling interests	9,675	266	-	-
Total comprehensive income for the year	157,091	124,439	62,338	110,994
Earnings per share attributable to owners of the parent				
Basic and diluted earnings per share (Naira)	3.20	2.52	1.66	1.83

The accompanying notes to the financial statements are an integral part of these consolidated and separate financial statements.

United Bank for Africa Plc
Consolidated and Separate Statements of Financial Position
As at 31 December 2020

	Group		Bank	
	31 Dec.20	31 Dec.19	31 Dec.20	31 Dec.19
<i>In millions of Nigerian Naira</i>				
ASSETS				
Cash and bank balances	1,874,618	1,396,228	1,436,822	1,182,554
Financial assets at fair value through profit or loss	214,400	102,388	171,058	102,388
Derivative assets	53,148	48,131	53,148	48,131
Loans and advances to banks	77,419	108,211	65,058	99,849
Loans and advances to customers	2,554,976	2,061,147	1,812,536	1,503,380
Investment securities:				
- At fair value through other comprehensive income	1,421,527	901,048	1,233,684	772,658
- At amortised cost	1,159,264	670,502	71,479	73,556
Other assets	115,431	139,885	96,524	111,607
Investment in equity-accounted investee	4,504	4,143	2,715	2,715
Investment in subsidiaries	-	-	103,275	103,275
Property and equipment	153,191	128,499	123,435	107,448
Intangible assets	28,900	17,671	16,237	7,070
Deferred tax assets	40,602	43,054	21,862	21,862
TOTAL ASSETS	7,697,980	5,620,907	5,207,833	4,136,493
LIABILITIES				
Deposits from banks	418,157	267,070	121,815	92,717
Deposits from customers	5,676,011	3,832,884	3,824,143	2,764,388
Derivative liabilities	508	852	508	852
Other liabilities	157,827	107,255	93,669	57,150
Current income tax payable	9,982	9,164	1,478	722
Borrowings	694,355	758,682	688,280	744,094
Subordinated liabilities	-	30,048	-	30,048
Deferred tax liability	16,992	16,974	-	-
TOTAL LIABILITIES	6,973,832	5,022,929	4,729,893	3,689,971
EQUITY				
Share capital	17,100	17,100	17,100	17,100
Share premium	98,715	98,715	98,715	98,715
Retained earnings	255,059	184,685	95,480	90,090
Other reserves	324,194	278,073	266,645	240,617
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	695,068	578,573	477,940	446,522
Non-controlling interests	29,080	19,405	-	-
TOTAL EQUITY	724,148	597,978	477,940	446,522
TOTAL LIABILITIES AND EQUITY	7,697,980	5,620,907	5,207,833	4,136,493

The accompanying notes to the financial statements are an integral part of these consolidated and separate financial statements.

Presentation of 2020 Full Year Results – Conference Call Invitation

UBA Plc's audited 2020 full year results conference call is scheduled for Wednesday, March 10, 2021 at 3:00pm Lagos time (2:00pm London / 09:00am New York / 4:00pm Johannesburg).

To participate in the call, kindly click [here](#) to register.

CONFERENCE CALL DETAILS					
Conference Name	UBA Plc Audited 2020 Full 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"> • Oliver Alawuba (DMD, Rest of Africa) • Ayoku Liadi (DMD, Nigeria) • Uche Ike (ED, Risk Management, Governance & Compliance) • Chiugo Ndubisi (ED, Treasury & International Banking) • Bola Atta (Group Head, Corporate Communications) • Hassan Olatunji (Group Executive Office) 				
Call Date	Wednesday, March 10, 2021				
Call Time	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-right: 1px solid black; padding: 5px;">Lagos 3:00pm</td> <td style="border-right: 1px solid black; padding: 5px;">London 2:00pm</td> <td style="border-right: 1px solid black; padding: 5px;">New York 9:00am</td> <td style="padding: 5px;">Johannesburg 4:00pm</td> </tr> </table>	Lagos 3:00pm	London 2:00pm	New York 9:00am	Johannesburg 4:00pm
Lagos 3:00pm	London 2:00pm	New York 9:00am	Johannesburg 4:00pm		
Duration (hh:mm)	02:00				
Platform	Online				

- Click [here](#) to download the Audited 2020 Full Year Results

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Editor's comment

United Bank for Africa Plc is a leading Pan-African financial institution, offering banking services to more than twenty-one (21) 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 2021 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.