

United Bank for Africa Plc
Unaudited Results for the First Quarter Ended March 31, 2021

STARTING STRONG, UBA RECORDS 27% PROFIT GROWTH AND 20.5% ROAE

This Earnings Press Release should be read in conjunction with the Unaudited Q1 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 April 19, 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 2020 Financial Statements. Additional information relating to the Bank is available on the Bank's website <http://www.ubagroup.com>.

LAGOS, NIGERIA – April 19, 2021 – United Bank for Africa Plc ("UBA", the "Bank" or the "Group"), (Bloomberg: UBA: NL; Reuters: UBA.LG) has announced its Unaudited 2021 First Quarter Financial Results. Gross earnings grew 5.6% year-on-year (YoY) to ₦155.4 billion, total assets grew 2.5% year-to-date to ₦7.9 trillion, whilst profit before tax grew 24.0% to ₦40.6 billion.

Highlights:

Income Statement

- Gross Earnings: N155.4 billion, compared to N147.2 billion in 2020Q1 (5.6% YoY growth).
- Operating Income: N106.6 billion, a 13.5% YoY increase compared to N93.9 billion in 2020Q1.
- Operating Expenses of N64.5 billion, compared to N58.7 billion in 2020Q1 (9.9% YoY growth).
- Profit Before Tax: N40.6 billion, compared to N32.7 billion in 2020Q1 (24.0% YoY growth).
- Profit After Tax: N38.2 billion, a 26.8% YoY growth, compared to N30.1 billion in 2020Q1.
- Cost-to-Income Ratio: 60.4%; compared to 62.4% in 2020Q1.
- Return on Average Equity (RoAE): 20.5%; compared to 19.9% in 2020Q1.

Balance Sheet

- Total Assets: N7.9 trillion, compared to N7.7 trillion, as at FY2020 (2.5% YTD growth).
- Net Loans: N2.8 trillion; a 4.6% YTD compared to N2.6 trillion as at FY2020.
- Customer Deposits: N5.8 trillion, compared to N5.7 trillion as at FY2020; representing 2.0% growth.
- Shareholders' Funds: N762.4 billion, up 5.3% compared to N724.1 billion as at FY2020.

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

This impressive 2021Q1 results reflect the capacity of our business to sustainably grow earnings, even in a highly uncertain macroeconomic environment. The Group achieved 5.6% year-on-year (YoY) growth in gross earnings to N155.4 billion, even as profit for the period grew 27% YoY to N38.2billion. Operating income for the period was N106.6 billion, a 13.5% growth when compared to 2020Q1. We remain optimistic on the macroeconomic outlook of the countries we operate in, especially as COVID-19 vaccine distribution gains traction globally, whilst commodity prices and currencies continue to stabilize. Our robust capital and liquidity positions have positioned us to continue to support our customers across diverse sectors and markets, guided by prudent risk management practices.

We are diligently executing our priorities for the year, as we continue to leverage our people, process, and technology to deliver best customer experience across all our channels and touchpoints, achieving industry leadership and dominance. The bank is making strong progress in Nigeria, where our continuous market share and efficiency gains are translating into higher profit. We have also recorded commendable wins across all our geographies in terms of customer acquisition, transaction volumes and profitability. We are committed to sustaining this strong start through the year; leveraging our Customer-First (C-1st) philosophy and unparalleled execution to deliver even stronger returns to our esteemed shareholders in 2021 and beyond.

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

I am particularly pleased with our annualized return on average equity of 20.5% and return on average asset of 2.0%, as these buttress our commitment to delivering sustainable value to our stakeholders. We continued to deploy our balance sheet efficiency and digital-led cost optimization initiatives to achieve desired outcomes. Cost-to-income ratio improved by 200bps to 60.4% during the period, whilst cost of funds settled at 2.0%, a 130bps reduction from 3.3% in 2020Q1.

We grew non-funded income by 23.1%, driven by electronic banking income, commissions on transactional services and credit-related fees and commissions, amongst others. Notably, electronic banking income grew by 50.4% year-on-year following impressive group-wide growth in our digital banking customer base and transactions.

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, and optimistic of outperforming our 18% ROAE target for the year. We are confident on the strong prospect for earnings growth, particularly as we are better positioned to consolidate recent market share gains in Nigeria and other geographies where we operate. This result is a strong start for the year; and we are optimistic on sustaining this exciting performance through the year and beyond.

Condensed Consolidated Statements of Comprehensive Income
For the three months ended 31 March

<i>In millions of Nigerian Naira</i>	Group	
	2021	2020
Interest income	108,590	109,107
Interest income on amortised cost and FVOCI securities	108,482	106,457
Interest income on FVTPL securities	108	2,650
Interest expense	(34,209)	(43,690)
Net interest income	74,381	65,417
Fees and commission income	34,955	28,237
Fees and commission expense	(14,589)	(9,535)
Net fee and commission income	20,366	18,702
Net trading and foreign exchange income	10,469	9,145
Other operating income	1,432	680
Total non-interest income	32,267	28,527
Operating income	106,648	93,944
Impairment charge for credit losses on Loans	(1,182)	(2,265)
Net impairment charge on other financial assets	(846)	(377)
Net operating income after impairment loss on loans and receivables	104,620	91,302
Employee benefit expenses	(21,311)	(21,979)
Depreciation and amortisation	(4,848)	(4,180)
Other operating expenses	(38,295)	(32,498)
Total operating expenses	(64,454)	(58,657)
Share of profit / (loss) of equity-accounted investee	415	81
Profit before income tax	40,581	32,726
Taxation charge	(2,426)	(2,625)
Profit for the period	38,155	30,101
Other comprehensive income		
Items that will be reclassified to income statement:		
Exchange differences on translation of foreign operations	11,212	15,398
Fair value changes on investments at fair value through other comprehensive income(FVOCI):		
Net fair value (loss)/ gain during the period	(11,142)	(30,839)
	70	(15,441)
Items that will not be reclassified to the income statement:		
Fair value changes on equity investments at FVOCI	-	-
Other comprehensive income, net of tax	70	(15,441)
Total comprehensive income for the period	38,225	14,660
Profit attributable to:		
Owners of Parent	35,567	28,388
Non-controlling interest	2,588	1,713
Profit for the period	38,155	30,101
Total comprehensive income attributable to:		
Owners of Parent	36,378	9,691
Non-controlling interest	1,847	4,969
Total comprehensive income for the period	38,225	14,660
Basic and diluted earnings per share expressed in Naira	16	1.04
		0.83

United Bank for Africa Plc
Condensed Consolidated Statements of Financial Position

As at	Group	
	Mar. 2021	Dec. 2020
<i>In millions of Nigerian Naira</i>		
ASSETS		
Cash and bank balances	1,902,655	1,874,618
Financial assets at fair value through profit or loss	117,740	214,400
Derivative assets	53,148	53,148
Loans and advances to banks	21,127	77,419
Loans and advances to customers	2,733,054	2,554,975
Investment securities:		
- At fair value through other comprehensive income	1,683,876	1,421,527
- At amortised cost	971,406	1,159,264
Other assets	176,730	115,432
Investment in equity-accounted investee	4,765	4,504
Investments in subsidiaries	-	-
Property and equipment	153,423	153,191
Intangible assets	34,129	28,900
Deferred tax assets	40,285	40,602
TOTAL ASSETS	7,892,338	7,697,980
LIABILITIES		
Deposits from banks	380,498	418,157
Deposits from customers	5,788,852	5,676,011
Derivative liabilities	508	508
Other liabilities	233,588	157,827
Current income tax payable	2,096	9,982
Borrowings	707,367	694,355
Deferred tax liabilities	17,056	16,992
TOTAL LIABILITIES	7,129,965	6,973,832
EQUITY		
Share capital	17,100	17,100
Share premium	98,715	98,715
Retained earnings	290,626	255,059
Other reserves	325,005	324,194
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	731,446	695,068
Non-controlling interests	30,927	29,080
TOTAL EQUITY	762,373	724,148
TOTAL LIABILITIES AND EQUITY	7,892,338	7,697,980

The accompanying notes are an integral part of these condensed consolidated financial statements

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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-five (25) 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.

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