

## United Bank for Africa Plc Audited Results for the Year Ended December 31, 2017

### UBA SUSTAINS STRONG PERFORMANCE – GROWING CONTRIBUTION AND MARKET SHARE FROM PAN AFRICAN NETWORK

This Earnings Press Release should be read in conjunction with the Audited 2017 Consolidated Financial Statements. The Earnings Press Release is also available on our website at <http://www.ubagroup.com/ir/>. This analysis is dated March 23, 2018. 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 2016 Financial Statements. Additional information relating to the Bank is available on the Bank's website <http://www.ubagroup.com>.

**LAGOS, NIGERIA** – March 23, 2018 – United Bank for Africa Plc ("UBA", the "Bank" or the "Group") announced its Audited 2017 Financial Results.

Gross earnings grew by 20% to ₦462 billion and the Group delivered a strong 16% year-on-year growth in profit before tax of ₦105 billion

#### Highlights:

#### Income Statement

- Gross Earnings: ₦461.6 billion, compared to ₦383.6 billion in 2016FY (20.3% YoY growth).
- Operating Income: ₦326.6 billion, compared to ₦270.9 billion in 2016FY (20.6% YoY growth).
- Operating Expenses of ₦188.6 billion, compared to ₦152.5 billion in 2016FY (23.7% YoY growth).
- Profit Before Tax: ₦105.3 billion, compared to ₦90.6 billion in 2016FY (16.1% YoY growth).
- Profit After Tax: ₦78.6 billion, an 8.8% YoY growth compared to ₦72.3 billion in 2016FY.
- Cost-to-Income Ratio: 57.8%; compared to 56.3% in 2016FY.
- Annualized Return on Average Equity: 16%.

#### Balance Sheet

- Total Assets: ₦4.07 trillion, compared to ₦3.50 trillion as at 2016FY (16.1% YoY growth).
- Net Loans: ₦1.65 trillion; reflecting a prudent 9.7% YoY growth in the loan book.
- Customer Deposits: ₦2.73 trillion compared to ₦2.49 trillion as at 2016FY; representing 10.0% YoY growth.
- Shareholders' Funds: ₦529.4 billion, up 18.2% YoY; reflecting strong internal capital generation.

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

"This set of results, underlines the success of our strategy of expanding across Africa, diversifying revenues and capturing the broader business opportunities inherent in Africa's growth. The results reinforce the sustainability of our business model and the capacity to deliver superior long-term return to shareholders, as the economic and business environment improve. In 2017, we made strong progress in our strategic initiative of dominating transaction banking across all our countries of operation, gaining market share in all lines of our business. Even as the non-oil sectors of our largest country of operation, Nigeria, remained relatively weak, we still grew earnings by 20% to ₦462 billion, a third of which is attributable to non-funded income.

I am particularly excited by the strong performance of our subsidiaries. Our banking operations outside of Nigeria contributed a third of the Group's top-line and 45% of the profit for the year. Our flagship subsidiaries are increasingly becoming systemically important in their respective markets, and we are leveraging customer-centric strategies, speed to market, innovation and an exceptional culture of enterprise to consolidate our market share.

We are emerging as a clear leader in digital banking offerings, as we leverage new technologies and strategic alliances, to provide products and services that provide convenience and empowerment to our customers. Whilst we continue to invest in the future of the business, we remained focused on cost efficiency and we are on track to deliver our medium term cost-to-income ratio (CIR) target. We closed 2017 with 58% CIR, despite the impact of Naira devaluation, on the cost of doing business in Nigeria.

Overall, we achieved a profit before tax of ₦105.3 billion, translating to 16% return on average equity. Importantly, we are optimistic on the future earnings capacity of the Group, as our entrenched approach to customer engagement positions us for sustainable growth."

**Also speaking on UBA's financial performance and position, the Group CFO, Ugo Nwaghodoh said;**

"In a period of high interest rates, we achieved a relatively low 3.7% cost of funds. This operational efficiency reflects the benefit of our rich pool of stable savings and current account deposits. The net interest margin stabilized at c.7%, even as yields on treasury assets dropped in the last quarter of 2017. Our core transaction banking offerings gained strong momentum, with income from these business lines growing by double digits.

We remain committed to our responsible approach to balance sheet management, with focus on growing risk asset and broader balance sheet in a profitable and prudent manner. Amidst a subdued Nigerian credit market, we grew our loan portfolio by 10%, leveraging our robust liquidity and capitalization to support good businesses through this challenging economic cycle. We closed the year with a Basel II capital adequacy ratio of 19% and a liquidity ratio of 50%, well ahead of 15% and 30% regulatory requirement respectively. Our disciplined approach to lending and broader risk management continues to uphold our asset quality."

**Statements of Comprehensive Income for the Year Ended 31 December**
*In millions of Nigerian Naira*

	Group		Bank	
	2017	2016	2017	2016
<b>Gross earnings</b>	<b>461,557</b>	<b>383,647</b>	<b>316,263</b>	<b>269,895</b>
Interest income	325,657	263,970	227,335	177,313
Interest expense	(118,025)	(98,770)	(95,093)	(68,525)
<b>Net interest income</b>	<b>207,632</b>	<b>165,200</b>	<b>132,242</b>	<b>108,788</b>
Fees and commission income	82,937	73,199	51,530	49,836
Fees and commission expense	(16,967)	(13,988)	(11,891)	(11,139)
<b>Net fee and commission income</b>	<b>65,970</b>	<b>59,211</b>	<b>39,639</b>	<b>38,697</b>
Net trading and foreign exchange income	49,063	43,820	31,210	32,678
Other operating income	3,900	2,658	6,188	10,068
<b>Total non-interest income</b>	<b>118,933</b>	<b>105,689</b>	<b>77,037</b>	<b>81,443</b>
<b>Operating income</b>	<b>326,565</b>	<b>270,889</b>	<b>209,279</b>	<b>190,231</b>
Net impairment loss on loans and receivables	(32,895)	(27,683)	(30,433)	(25,521)
<b>Net operating income after net impairment loss on loans and receivables</b>	<b>293,670</b>	<b>243,206</b>	<b>178,846</b>	<b>164,710</b>
Employee benefit expenses	(68,972)	(64,614)	(42,343)	(43,501)
Depreciation and amortisation	(10,091)	(8,650)	(7,058)	(6,281)
Other operating expenses	(109,547)	(79,237)	(75,608)	(57,279)
<b>Total operating expenses</b>	<b>(188,610)</b>	<b>(152,501)</b>	<b>(125,009)</b>	<b>(107,061)</b>
Share of profit/(loss) of equity-accounted investee	204	(63)	-	-
<b>Profit before income tax</b>	<b>105,264</b>	<b>90,642</b>	<b>53,837</b>	<b>57,649</b>
Taxation charge	(26,674)	(18,378)	(11,399)	(10,108)
<b>Profit for the period</b>	<b>78,590</b>	<b>72,264</b>	<b>42,438</b>	<b>47,541</b>
<b>Other comprehensive income</b>				
<b>Items that will be reclassified to income statement</b>				
Exchange difference on translation of foreign operations	12,151	38,960	-	-
Fair value (losses)/gains on available-for-sale investments	15,701	28,114	15,751	28,084
Net amount transferred to the income statement	(83)	(1,188)	(83)	(1,188)
<b>Other comprehensive income, net of tax</b>	<b>27,769</b>	<b>65,886</b>	<b>15,668</b>	<b>26,896</b>
<b>Total comprehensive income for the period</b>	<b>106,359</b>	<b>138,150</b>	<b>58,106</b>	<b>74,437</b>
<b>Profit attributable to:</b>				
Owners of Parent	76,046	69,404	42,438	47,541
Non-controlling interest	2,544	2,860	-	-
<b>Profit for the period</b>	<b>78,590</b>	<b>72,264</b>	<b>42,438</b>	<b>47,541</b>
<b>Total comprehensive income attributable to :</b>				
Owners of Parent	99,972	130,783	58,106	74,437
Non-controlling interest	6,387	7,367	-	-
<b>Total comprehensive income for the period</b>	<b>106,359</b>	<b>138,150</b>	<b>58,106</b>	<b>74,437</b>
<b>Basic and diluted earnings per share expressed in Naira</b>	<b>2.22</b>	<b>2.04</b>	<b>1.20</b>	<b>1.31</b>

## Consolidated and Separate Statements of Financial Position

As at	Group		Bank	
	Dec-17	Dec-16	Dec-17	Dec-16
<i>In millions of Nigerian Naira</i>				
<b>ASSETS</b>				
Cash and bank balances	898,083	760,930	727,546	610,910
Financial assets held for trading	31,898	52,295	31,898	52,295
Derivative assets	8,227	10,642	7,911	10,642
Loans and advances to banks	20,640	22,765	19,974	23,850
Loans and advances to customers	1,650,891	1,505,319	1,173,214	1,090,355
Investment securities	1,216,053	970,392	665,478	533,016
Other assets	86,729	37,849	77,949	31,192
Investment in equity-accounted investee	2,860	2,925	1,770	1,770
Investment in subsidiaries	-	-	103,777	70,702
Property and equipment	107,636	93,932	89,285	80,252
Intangible assets	16,891	14,361	5,846	4,905
Deferred tax assets	29,566	33,060	27,178	29,696
<b>TOTAL ASSETS</b>	<b>4,069,474</b>	<b>3,504,470</b>	<b>2,931,826</b>	<b>2,539,585</b>
<b>LIABILITIES</b>				
Derivative liabilities	123	14	123	14
Deposits from banks	134,289	109,080	15,290	30,484
Deposits from customers	2,733,348	2,485,610	1,877,736	1,698,859
Other liabilities	96,622	110,596	67,104	72,901
Current tax liabilities	7,668	5,134	1,108	522
Borrowings	502,209	259,927	502,209	259,927
Subordinated liabilities	65,741	85,978	65,741	85,978
Deferred tax liabilities	40	62	-	-
<b>TOTAL LIABILITIES</b>	<b>3,540,040</b>	<b>3,056,401</b>	<b>2,529,311</b>	<b>2,148,685</b>
<b>EQUITY</b>				
Share capital	17,100	18,140	17,100	18,140
Share premium	98,715	117,374	98,715	117,374
Retained earnings	154,527	138,623	99,332	110,152
Other reserves	240,861	160,714	187,368	145,234
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>511,203</b>	<b>434,851</b>	<b>402,515</b>	<b>390,900</b>
Non-controlling interests	18,231	13,218	-	-
<b>TOTAL EQUITY</b>	<b>529,434</b>	<b>448,069</b>	<b>402,515</b>	<b>390,900</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>4,069,474</b>	<b>3,504,470</b>	<b>2,931,826</b>	<b>2,539,585</b>

## **Editor's comment**

United Bank for Africa Plc is a leading Pan-African financial institution, offering banking services to more than fourteen million customers, across 1,000 business offices and customer touch points in 19 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 2018 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.