

United Bank for Africa Plc Unaudited Results for the Period Ended March 31, 2017.

STRONG START TO THE YEAR, UBA GROWS PROFIT BY 41% IN FIRST QUARTER

This Earnings Press Release should be read in conjunction with the Unaudited First Quarter 2017 Consolidated Financial Statements. The Earnings Press Release is also available on our website at <http://www.ubagroup.com/ir/>. This analysis is dated April 27, 2017. 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 2016 Financial Statements. Additional information relating to the Bank is available on the Bank's website <http://www.ubagroup.com>.

LAGOS, NIGERIA – April 27, 2017 – United Bank for Africa Plc ("UBA" or "the Bank"), announced its Unaudited 2017 First Quarter Financial Results, showing gross earnings of ₦101.2 billion and profit before tax of ₦25.5 billion for the three months ended March 2017. The Group sustained its strong profitability, recording an annualized 19.4% return on average equity (RoAE).

HIGHLIGHTS OF THE RESULT:

Income Statement

- Gross Earnings: ₦101.2 billion, compared to ₦73.7 billion in 2016Q1 (37.5% YoY growth);
- Net Operating Income: ₦69.5 billion, compared to ₦50.2 billion in 2016Q1 (:38.3% YoY growth);
- Operating Expenses of ₦44.0 billion, compared to ₦32.1 billion in 2016Q1 (37.0% YoY growth);
- Profit Before Tax: ₦25.5 billion, compared to ₦18.1 billion in 2016Q1 (40.8% YoY growth);
- Profit After Tax: ₦22.4 billion, an impressive 31.6% YoY growth compared to ₦17.0 billion in 2016Q1;
- Cost-to-Income Ratio: 63.4%; a 60bps YoY moderation from 64.0% in 2016Q1.
- Annualized Return on Average Equity: 19.4%, which is broadly in line with our 20% target for the year.

Balance Sheet

- Total Assets: ₦3.66 trillion, compared to ₦3.50 trillion as at 2016FY (4.3% YTD growth);
- Net Loans: ₦1.54 trillion; reflecting a modest 2% YTD growth in the loan book;
- Customer Deposits: ₦2.60 trillion, a 4.5% YTD growth driven by strong retail deposit growth;
- Shareholders' Funds: ₦472.0 billion, up 5.3% YTD.

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

"Our performance in the first quarter of the year strengthens optimism on economic and business recovery in Nigeria and many of our markets in Africa. More importantly, this result is an evidence of efficiency gains in our pricing, balance sheet management and service-focused operations. Driven by our balance sheet liquidity, we grew interest income by 43% to an unprecedented quarterly run-rate of N77 billion. Buoyed by improving foreign currency supply in Nigeria, remittance and trade services fees almost doubled and foreign currency trading income grew 148% year-on-year, as we leveraged our Customer First initiatives to gain market share in these offerings. More so, it is my pleasure to report that we made further progress on our consistent retail penetration, as reflected in the 12% year-to-date growth in retail savings and current account deposits. Notwithstanding the tight interest rate environment, we recorded a 30bps reduction in cost of funds to 3.4%, a positive result of our customer service-led approach to low cost deposit mobilization. As at Q1, low cost savings and current accounts (CASA) represent 80% of our deposit funding.

The impact of Naira devaluation, higher fuel prices and elevated domestic inflation drove the growth of OPEX; albeit the cost-to-income ratio moderated 60bps year-on-year to 63.4%, which is in line with our 2017 target. Our businesses outside Nigeria continued to wax stronger, contributing 35% of earnings in the period. Notwithstanding our positive macroeconomic outlook, we remain prudent in risk asset creation; we grew net loans by 2% year-to-date, as we continue to monitor development in key sectors of the economy to take advantage of emerging bankable opportunities in due time. Notwithstanding the structural challenges in Africa, the opportunities and returns are immense and compelling. We will deepen our penetration across our chosen markets, as we diligently execute our strategies for consistent market share gain. I am confident that we have the right people, technology, products and strategy to win across our Africa."

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

"Our performance in the first quarter further proves the resilience and the strong prospect of our businesses across our chosen markets. Beyond the sterling growth in top and bottom lines, I am particularly impressed with the quality of the earnings, which reflects our focus on the core business of financial intermediation and transaction banking. We furthered our efficiency gain, with a 40bps year-to-date improvement in net interest margin (NIM) to 7.1%, which reflects the simultaneous impact of higher asset yield and lower funding cost. Our profit after tax of N22.4 billion translates to a 19.4% return on average equity, which is broadly in line with our 2017 target. We remain steadfast on our prudent and proactive risk management, which helps to minimize the impact of the macroeconomic pressures on our portfolio. Our non-performing loan ratio stood at 3.95%, with a 136% provisions coverage (inclusive of regulatory risk reserve). We remained well capitalized and liquid to fulfill our growth strategy; 19.4% BASEL II capital adequacy ratio and 41% liquidity ratio, which present opportunity to explore the headroom in our low loan-to-deposit ratio of 61%.

Statements of Comprehensive Income for the Three Months Ended 31 March

	Group	
	2017	2016
<i>In millions of Nigerian Naira</i>		
Gross earnings	101,249	73,658
Interest income	76,764	53,816
Interest expense	(25,175)	(20,520)
Net interest income	51,589	33,296
Fees and commission income	16,502	15,299
Fees and commission expense	(3,507)	(2,376)
Net fee and commission income	12,995	12,923
Net trading and foreign exchange income	7,746	3,489
Other operating income	237	1,054
Total non-interest income	20,978	17,466
Operating income	72,567	50,762
Net impairment loss on loans and receivables	(3,103)	(527)
Net operating income after net impairment loss on loans and receivables	69,464	50,235
Employee benefit expenses	(16,667)	(13,803)
Depreciation and amortisation	(2,345)	(2,006)
Other operating expenses	(25,011)	(16,334)
Total operating expenses	(44,023)	(32,143)
Share of profit/(loss) of equity-accounted investee	29	(9)
Profit before income tax	25,470	18,083
Taxation charge	(3,120)	(1,097)
Profit for the period	22,350	16,986
Other comprehensive income		
Items that will be reclassified to income statement		
Exchange difference on translation of foreign operations	400	923
Fair value (losses)/gains on available-for-sale investments	1,132	(3,196)
Other comprehensive income, net of tax	1,532	(2,273)
Total comprehensive income for the period	23,882	14,713
Profit attributable to:		
Owners of Parent	21,483	16,683
Non-controlling interest	867	303
Profit for the period	22,350	16,986
Total comprehensive income attributable to :		
Owners of Parent	22,787	14,086
Non-controlling interest	1,095	627
Total comprehensive income for the period	23,882	14,713
Basic and diluted earnings per share (annualised) expressed in Naira	2.52	1.96

Consolidated and Separate Statements of Financial Position

As at	Group	
	Mar-17	Dec-16
<i>In millions of Nigerian Naira</i>		
ASSETS		
Cash and bank balances	789,944	760,930
Financial assets held for trading	73,095	52,295
Derivative assets	8,874	10,642
Loans and advances to banks	21,228	22,765
Loans and advances to customers	1,538,992	1,505,319
Investment securities	1,019,375	970,392
Other assets	55,573	37,849
Investment in equity-accounted investee	2,954	2,925
Property and equipment	97,789	93,932
Intangible assets	14,409	14,361
Deferred tax assets	33,060	33,060
TOTAL ASSETS	3,655,293	3,504,470
LIABILITIES		
Derivative liabilities	260	14
Deposits from banks	103,736	109,080
Deposits from customers	2,598,460	2,485,610
Other liabilities	116,769	110,596
Current tax liabilities	4,713	5,134
Borrowings	273,841	259,927
Subordinated liabilities	85,501	85,978
Deferred tax liabilities	62	62
TOTAL LIABILITIES	3,183,342	3,056,401
EQUITY		
Share capital	18,140	18,140
Share premium	117,374	117,374
Retained earnings	160,106	138,623
Other reserves	162,018	160,714
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	457,638	434,851
Non-controlling interests	14,313	13,218
TOTAL EQUITY	471,951	448,069
TOTAL LIABILITIES AND EQUITY	3,655,293	3,504,470

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 2017 and beyond and 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.