
Q1 2014 – Earnings Press Release

This Q1 2014 Earnings Press Release should be read in conjunction with our unaudited Q1 2014 Consolidated Financial Statements. The Earnings Press Release is also available on our website at <http://www.ubagroup.com/ir/>. This analysis is dated April 17, 2014. Unless otherwise indicated, all amounts are expressed in Nigerian Naira, and have been primarily derived from the Bank's Interim Consolidated Financial Statements prepared in accordance with the International Financial Reporting Standards ("IFRS"). The accounting policies used in the preparation of these consolidated financial results are consistent with those used in the Bank's Q1 2014 unaudited financial reports. Additional information relating to the Bank is available on the Bank's website <http://www.ubagroup.com>.

Q1 2014 FINANCIAL HIGHLIGHTS:

Income Statement for Q1 2014 compared with Q1 2013;

- Gross earnings was ₦68.08 billion, compared with ₦62.94 billion (an increase of 8.2%)
- Profit before Tax was ₦13.54 billion, compared with ₦17.16 billion (a decrease of 21.1%)
- Total comprehensive income attributable to equity holders was ₦11.24 billion, compared with ₦16.32 billion (a decrease of 31.1%)

Statement of Financial Position for Q1 2014 compared with Audited FY 2013;

- Total loans were ₦1.010 trillion, compared with ₦963.87 billion (an increase of 4.8%)
- Total Deposits were ₦2.189 trillion, compared with ₦2.221 trillion (a decrease of 1.4%)
- Total equity was ₦246.28 billion, compared with ₦235.04 billion (an increase of 4.8%)

Q1 2014 (ITEMS OF NOTE)

Comparing Q1 2014 with Q1 2013, there are a few items to note, such as:

- Net interest income- There is a 16.8% increase in net interest income QoQ as a result of the re pricing of some of our assets. Interest income from loans and advances to customers grew by about 22% from ₦24.34 billion in Q1 2013 to ₦29.58 billion in Q1 2014. (kindly refer to note 2 in the financial statements for further details).
- Profit after tax- There is a 36.37% increase in profit after tax QoQ from ₦9.23 billion to ₦12.59 billion in Q1 2014. This was mainly due to a 59.3% increase in the bank's foreign exchange gains YoY from ₦3.42 billion to ₦5.45 billion in Q1 2014. (Kindly refer to note 5 in the financial statements for further details).

FIRST QUARTER 2014 FINANCIAL COMPARATIVE ANALYSIS & RATIOS:

Financial Metric (N' Billion)	Q1'14	Q1'13	Change
Gross Earnings	68.1	62.9	8.2%
Net Interest Income	29.3	27.2	7.7%
Non-interest Income	16.2	17.5	(7.4%)
Operating Income	45.5	44.6	2.0%
Operating Expenses	31.4	27.3	15.0%
Profit/(Loss) Before Tax	13.5	17.2	(21.1%)
Profit/(Loss) After Tax	12.6	15.6	(19.2%)
Basic Earnings Per Share (Kobo) (Annualized)	153	189	(19.2%)
Total Assets	2,613.3	2,434.4	7.4%
Total Deposits	2,188.9	2,017.0	8.5%

Key Ratios	Q1'14	FY'13	Q1'13
Net Interest Margins	5.9%	5.9%	6.0%
Cost of Funds	3.6%	3.6%	3.3%
Cost-to-Income Ratio	69.1%	60.9%	61.2%
Return on Assets	1.9%	1.9%	2.6%
Return on Equity	22.1%	21.8%	31.0%
Loan-to-Deposit Ratio	46.1%	44.3%	33.7%
Liquidity Ratio	50.5%	55.0%	73.8%
Capital Adequacy Ratio	21.2%	23.2%	26.3%
BVPS(Kobo)	635	690	747
Annualized EPS(Kobo)	153	152	189

Lagos, April 17, 2014 – United Bank for Africa Plc (“UBA” or “the Bank”) today announced its unaudited financial results for the first quarter ended March 31, 2014. Gross earnings increased from ₦62.9billion in Q1 2013 to ₦68.1billion in Q1 2014, representing an 8.2% increase YoY.

“Our focus is on a number of strategic initiatives aimed at increasing the bank's market share in the Nigerian and African markets. We are optimistic that the gains of improved electronic banking channels and financial inclusion will materialize in successive quarters during the year. We remain confident that we have the right tools to achieve our business goals for the year whilst ensuring we continue to improve our customer service delivery and further consolidate our growth momentum.” said Mr. Oduoza, UBA's Group Managing Director and Chief Executive Officer.

Consolidated and Separate Statements of Financial Position

As at	Group		Bank	
	Mar-14	Dec-13	Mar-14	Dec-13
In millions of Nigerian Naira				
ASSETS				
Cash and bank balances	752,057	716,803	620,426	629,481
Financial assets held for trading	2,140	784	777	456
Derivative assets	2,729	3,265	3,265	-
Loans and advances to banks	3,097	26,251	3,097	26,251
Loans and advances to customers	1,006,714	937,620	844,681	796,942
Investment securities	687,656	811,206	495,400	585,445
- Available for sale	163,075	253,834	154,049	244,467
- Held to maturity	524,581	557,372	341,351	340,978
Other assets	41,721	30,436	29,780	19,069
Investment in equity-accounted investee	2,963	2,977	1,770	1,770
Investments in subsidiaries	-	-	65,767	65,727
Property and equipment	76,770	75,409	68,925	67,661
Intangible assets	7,271	7,356	1,310	1,401
Deferred tax assets	30,138	30,189	28,643	28,643
	2,613,256	2,642,296	2,191,349	2,217,417
Non-current assets held for distribution	-	63,563	-	5,808
TOTAL ASSETS	2,613,256	2,642,296	2,191,349	2,217,417
LIABILITIES				
Derivative liabilities	-	31	-	31
Deposits from banks	119,330	60,582	51,640	-
Deposits from customers	2,069,531	2,161,182	1,721,260	1,797,376
Other liabilities	74,086	78,071	47,002	54,351
Current tax liabilities	2,735	2,861	2,004	1,602
Borrowings	47,379	48,866	47,379	48,866
Subordinated liabilities	53,900	55,653	53,900	55,653
Deferred tax liabilities	16	14	-	-
	2,366,977	2,407,260	1,923,185	1,957,879
Liabilities directly attributable to non-current assets held for distribution	-	51,534	-	-
TOTAL LIABILITIES	2,366,977	2,407,260	1,923,185	1,957,879
EQUITY				
Share capital	16,491	16,491	16,491	16,491
Share premium	107,932	107,932	107,932	107,932
Retained earnings	82,760	70,480	75,900	67,443
Other reserves	31,551	32,746	67,841	67,672
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	238,734	227,649	268,164	259,538
Non-controlling interests	7,545	7,387	-	-
TOTAL EQUITY	246,279	235,036	268,164	259,538
TOTAL LIABILITIES AND EQUITY	2,613,256	2,642,296	2,191,349	2,217,417

Consolidated and Separate Statements of Comprehensive Income

In millions of Nigerian Naira	Group		Bank	
	3 months to March 2014	3 months to March 2013	3 months to March 2014	3 months to March 2013
Gross earnings	68,079	62,942	53,370	50,388
Interest income	49,917	44,373	40,256	36,454
Interest expense	(20,645)	(17,214)	(18,061)	(14,824)
Net interest income	29,272	27,159	22,195	21,630
Net impairment loss on loans and receivables	(527)	(177)	(362)	(258)
Net interest income after impairment on loans and receivables	28,745	26,982	21,833	21,372
Fees and commission income	12,169	13,081	8,438	10,305
Fees and commission expense	(1,922)	(1,096)	(1,708)	(926)
Net trading income	5,082	4,106	3,915	2,499
Gain on non-current assets distributed to owners	-	-	-	-
Other operating income	911	1,383	761	1,130
Net (losses)/gains on investment securities	(225)	977	(225)	(129)
Loss on loans sold to Asset Management Corporation of Nigeria	-	-	-	-
Personnel expenses	(13,673)	(11,756)	(10,514)	(8,903)
Depreciation and amortisation	(1,432)	(1,695)	(1,007)	(1,230)
Other operating expenses	(16,322)	(13,850)	(12,858)	(10,530)
Share of loss of equity-accounted investee	(14)	-	-	-
Profit before income tax	13,544	17,156	8,860	13,716
Taxation (charge)/credit	(957)	(1,593)	(402)	(1,190)
Profit for the year from continuing operations	12,587	15,563	8,458	12,526
Profit for the year from discontinued operations	-	-	-	-
Profit for the year	12,587	15,563	8,458	12,526
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Gains on revaluation of land and buildings	-	-	-	-
	-	-	-	-
Items that will be reclassified to profit or loss:				
Foreign currency translation differences	(1,514)	841	-	-
Fair value gains on available-for-sale investments	170	(80)	170	(80)
Other comprehensive income ¹	(1,344)	761	170	(80)
Total comprehensive income for the year	11,243	16,323	8,628	12,446
Profit attributable to:				
Owners of Parent	12,280	15,268	8,458	12,526
Non-controlling interest	307	295	-	-
Profit for the year	12,587	15,563	8,458	12,526
Total comprehensive income attributable to:				
Owners of Parent	11,085	15,727	8,628	12,446
Non-controlling interest	158	597	-	-
Total comprehensive income for the year	11,243	16,324	8,628	12,446

Conclusion

“We are optimistic that the current and expected changes in the operating environment will present a unique set of opportunities that UBA can benefit from. For instance, the nationwide launch of the cashless initiative scheduled to commence in July 2014, would create a platform for the expansion of our e-business across the country. We have already invested heavily in a strong and robust IT infrastructure that is able to serve as a major driver of growth in the e business space and in our intra Africa trade. Our investments in key emerging sectors such as power, agriculture and infrastructure will also create more avenues for us to generate income.”

We are encouraged by the traction gained so far with our strategic initiatives and we will continue to align our structures to optimize emerging business opportunities whilst also adopting strong risk management framework to mitigate likely exposures in our operations both within the local and global environment. We expect an excellent year in 2014 for our businesses with the aim of being a leading bank in service delivery and in generating superior returns for our investors and stakeholders.” said Phillips Oduoza, Group Managing Director and Chief Executive Officer, UBA.

EDITOR'S COMMENT

United Bank for Africa Plc is one of Africa's leading financial institutions offering banking services to more than 7 million customers across 605 branches 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, trade finance and investment banking.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

From time to time, the Bank makes written and/or oral forward-looking statements, including in this press release and in 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 2014 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 presentation 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.

