

**United Bank for Africa Plc**  
**Unaudited Results for the First Quarter Ended March 31, 2020**

**STARTING STRONG, UBA RECORDS DOUBLE-DIGIT EARNINGS GROWTH**

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 23, 2020. Unless otherwise indicated, all amounts are expressed in 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** – April 23, 2020 – United Bank for Africa Plc ("UBA", the "Bank" or the "Group"), (Bloomberg: UBA: NL/Reuters: UBA.LG) announced its Unaudited 2020 First Quarter Financial Results. Gross earnings grew 11.8% year-on-year (YoY) to ₦147.2 billion, net loans to customers grew by 9.5% year-to-date (YTD) to ₦2.3 trillion, whilst profit before tax grew 8.5% YoY to ₦32.7 billion.

**Highlights:**

**Income Statement**

- Gross Earnings: ₦147.2 billion, up from ₦131.7 billion in 2019Q1 (11.8% YoY growth).
- Operating Income: ₦93.9 billion, compared to ₦83.7 billion in 2019Q1 (12.2% YoY growth).
- Operating Expenses: ₦58.6 billion, as against ₦51.9 billion in 2019Q1 (12.9% YoY growth).
- Profit Before Tax: ₦32.7 billion, compared to ₦30.2 billion in 2019Q1 (8.5% YoY growth).
- Cost-to-Income Ratio: 62.4%, compared to 62.1% in 2019Q1.
- Annualized ROAE: 19.9%, compared to 16.2% in 2019FY.

**Balance Sheet**

- Total Assets: ₦6.4 trillion, up from ₦5.6 trillion as at 2019FY (13.4% YTD growth).
- Net Loans: ₦2.3 trillion, compared to ₦2.1 trillion as at 2019FY (9.5% YTD growth).
- Customer Deposits: ₦4.3 trillion, compared to ₦3.8 trillion as at 2019FY (11.5% YTD growth).
- Shareholders' Funds: ₦612.6 billion, a growth from ₦597.9 billion as at 2019FY (2.5% YTD growth).

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

"We are pleased with our top and bottom lines in the first quarter of 2020, delivering ₦147.2billion in gross earnings and profit before tax of ₦32.7billion. The double-digit growth in the topline testifies to the resilience of our business model as a group, even as the 17% growth in our fees and commission income underscores our diversified business model, enabling us to deliver best value to our stakeholders, even in tough macroeconomic scenarios.

I am very excited about recent successes we have recorded in all our business segments, especially our retail and electronic banking businesses within the period, with retail deposits accounting for 72% of customer deposits even as cost-of-funds moderates to 3.3%. We will continue to grow market share in all our markets, whilst maintaining cost discipline across our businesses, driving efficiency in our processes using best-rated technology.

In response to the spread of COVID-19, several national governments have announced a partial or total lock down in a number of our markets, post Q1 2020. Fortunately, we have built robust electronic channel platforms to enable us effectively serve our customers from the convenience of their homes. Despite the lock down, our banking channels have remained open to our customers 24/7, even as we continue to align and adapt our operating model to ensure we service our customers excellently and safely.

As economies and businesses adjust to the headwinds occasioned by the novel Covid-19 pandemic, we have been identifying emerging strategic opportunities arising from this and positioning to take full advantage of this to delight our customers and create value for stakeholders. We also remain committed to our prudent risk management practices, as profitable growth and good asset quality remain our priority in 2020.

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

"Our profitability ratios are upbeat and indicative of our good earnings quality and cost efficiencies. We recorded a return on average equity (ROAE) of 20% for the period, bolstered by a net interest margin of 6% and 11.6% growth in net fee and commission income. Amidst the volatile operating environment, the Bank recorded a net loan growth of 9.5% whilst maintaining our low to moderate risk appetite. Remarkably, our operating income grew 12.2%, giving credence to improved operational efficiency across the group, and the increasing contribution of subsidiaries to our earnings base. We are exploring and taking advantage of all opportunities to improve our operational and balance sheet efficiencies, given the prevailing market conditions".

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

| In millions of Nigerian Naira                                                                     | Group           |                |
|---------------------------------------------------------------------------------------------------|-----------------|----------------|
|                                                                                                   | 2020            | 2019           |
| <b>Gross earnings</b>                                                                             | <b>147,169</b>  | <b>131,668</b> |
| Interest income                                                                                   | 109,107         | 98,561         |
| Interest income on amortised cost and FVOCI securities                                            | 106,457         | 95,228         |
| Interest income on FVTPL securities                                                               | 2,650           | 3,333          |
| Interest expense                                                                                  | (43,690)        | (40,486)       |
| <b>Net interest income</b>                                                                        | <b>65,417</b>   | <b>58,075</b>  |
| Fees and commission income                                                                        | 28,237          | 24,228         |
| Fees and commission expense                                                                       | (9,535)         | (7,469)        |
| <b>Net fee and commission income</b>                                                              | <b>18,702</b>   | <b>16,759</b>  |
| Net trading and foreign exchange income                                                           | 9,145           | 6,142          |
| Other operating income                                                                            | 680             | 2,737          |
| <b>Total non-interest income</b>                                                                  | <b>28,527</b>   | <b>25,638</b>  |
| <b>Operating income</b>                                                                           | <b>93,944</b>   | <b>83,713</b>  |
| Net impairment loss on loans and receivables                                                      | (2,642)         | (1,714)        |
| <b>Net operating income after impairment loss on loans and receivables</b>                        | <b>91,302</b>   | <b>81,999</b>  |
| Employee benefit expenses                                                                         | (21,979)        | (18,094)       |
| Depreciation and amortisation                                                                     | (4,180)         | (3,747)        |
| Other operating expenses                                                                          | (32,498)        | (30,103)       |
| Total operating expenses                                                                          | (58,657)        | (51,944)       |
| Share of profit /(loss) of equity-accounted investee                                              | 81              | 102            |
| <b>Profit before income tax</b>                                                                   | <b>32,726</b>   | <b>30,157</b>  |
| Taxation charge                                                                                   | (2,625)         | (1,492)        |
| <b>Profit for the period from continuing operations</b>                                           | <b>30,101</b>   | <b>28,665</b>  |
| Profit for the period from discontinued operations                                                | -               | -              |
| <b>Profit for the period</b>                                                                      | <b>30,101</b>   | <b>28,665</b>  |
| <b>Other comprehensive income</b>                                                                 |                 |                |
| <b>Items that will be reclassified to income statement:</b>                                       |                 |                |
| Exchange differences on translation of foreign operations                                         | 15,398          | (1,133)        |
| <b>Fair value changes on investments at fair value through other comprehensive income(FVOCI):</b> |                 |                |
| Net fair value (loss)/ gain during the period                                                     | (30,839)        | 13,077         |
|                                                                                                   | <b>(15,441)</b> | <b>11,944</b>  |
| Items that will not be reclassified to the income statement:                                      |                 |                |
| Fair value changes on equity investments at FVOCI                                                 | -               | -              |
| <b>Other comprehensive income, net of tax</b>                                                     | <b>(15,441)</b> | <b>11,944</b>  |
| <b>Total comprehensive income for the period</b>                                                  | <b>14,660</b>   | <b>40,609</b>  |
| <b>Profit attributable to:</b>                                                                    |                 |                |
| Owners of Parent                                                                                  | 28,388          | 27,999         |
| Non-controlling interest                                                                          | 1,713           | 666            |
| <b>Profit for the period</b>                                                                      | <b>30,101</b>   | <b>28,665</b>  |
| <b>Total comprehensive income attributable to:</b>                                                |                 |                |
| Owners of Parent                                                                                  | 9,691           | 38,090         |
| Non-controlling interest                                                                          | 4,969           | 2,519          |
| <b>Total comprehensive income for the period</b>                                                  | <b>14,660</b>   | <b>40,609</b>  |
| <b>Basic and diluted earnings per share expressed in Naira</b>                                    | <b>0.83</b>     | <b>0.82</b>    |

**Condensed Consolidated Statements of Financial Position**

| As at                                                 | Group            |                  |
|-------------------------------------------------------|------------------|------------------|
|                                                       | Mar. 2020        | Dec. 2019        |
| In millions of Nigerian Naira                         |                  |                  |
| <b>ASSETS</b>                                         |                  |                  |
| Cash and bank balances                                | 1,768,809        | 1,396,228        |
| Financial assets at fair value through profit or loss | 119,594          | 102,388          |
| Derivative assets                                     | 47,570           | 48,131           |
| Loans and advances to banks                           | 49,884           | 108,211          |
| Loans and advances to customers                       | 2,256,429        | 2,061,147        |
| Investment securities:                                |                  |                  |
| - At fair value through other comprehensive income    | 1,101,878        | 901,048          |
| - At amortised cost                                   | 719,455          | 670,502          |
| Other assets                                          | 97,544           | 139,886          |
| Investment in equity-accounted investee               | 4,160            | 4,142            |
| Investments in subsidiaries                           | -                | -                |
| Property and equipment                                | 133,601          | 128,499          |
| Intangible assets                                     | 28,933           | 17,671           |
| Deferred tax assets                                   | 23,214           | 26,199           |
| <b>TOTAL ASSETS</b>                                   | <b>6,351,071</b> | <b>5,604,052</b> |
| <b>LIABILITIES</b>                                    |                  |                  |
| Derivative liabilities                                | 301              | 852              |
| Deposits from banks                                   | 401,463          | 267,070          |
| Deposits from customers                               | 4,272,351        | 3,832,884        |
| Other liabilities                                     | 167,835          | 107,255          |
| Current tax liabilities                               | 1,297            | 9,164            |
| Borrowings                                            | 863,833          | 758,682          |
| Subordinated liabilities                              | 31,325           | 30,048           |
| Deferred tax liabilities                              | 28               | 119              |
| <b>TOTAL LIABILITIES</b>                              | <b>5,738,433</b> | <b>5,006,074</b> |
| <b>EQUITY</b>                                         |                  |                  |
| Share capital                                         | 17,100           | 17,100           |
| Share premium                                         | 98,715           | 98,715           |
| Retained earnings                                     | 213,073          | 184,685          |
| Other reserves                                        | 259,376          | 278,073          |
| <b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>    | <b>588,264</b>   | <b>578,573</b>   |
| Non-controlling interests                             | 24,374           | 19,405           |
| <b>TOTAL EQUITY</b>                                   | <b>612,638</b>   | <b>597,978</b>   |
| <b>TOTAL LIABILITIES AND EQUITY</b>                   | <b>6,351,071</b> | <b>5,604,052</b> |

## **Editor's comment**

United Bank for Africa Plc is a leading Pan-African financial institution, offering banking services to more than eighteen (18) 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 2020 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.