

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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