

United Bank for Africa Plc
Unaudited Results for the Third Quarter Ended September 30, 2020

UBA GROWS GROSS EARNINGS TO ₦454.4 BILLION, DELIVERS ₦90.4 BILLION PBT

This Earnings Press Release should be read in conjunction with the Unaudited 2020 Third Quarter Financial Statements. The Earnings Press Release is also available on our website at <https://www.ubagroup.com/investor-relations/>. This analysis is dated November 20, 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 – November 20, 2020 – United Bank for Africa Plc ("UBA", the "Bank" or the "Group"), (Bloomberg: UBA: NL/Reuters: UBA.LG) has announced its Unaudited Results for the Third Quarter Ended September 30, 2020, showing gross earnings of ₦454.4billion and profit before tax of ₦90.4billion, for the same period.

The Group recorded ₦2.4 trillion in net loans to customers, representing a 15.6% year-to-date (YTD) growth, whilst deposits from customers grew 35.7% YTD to ₦5.2 trillion. Net interest income grew 17.1% Year-on-Year (YOY) to ₦186.0billion as net fee and commission income settled at ₦56.2billion (11.1% YOY decline).

Highlights:

Income Statement

- Gross Earnings: ₦454.4 billion, up from ₦428.7 billion in 9M 2019 (6.0% YoY growth).
- Operating Income: ₦293.7 billion, compared to ₦265.9 billion in 9M 2019 (10.4% YoY growth).
- Operating Expenses: ₦192.7 billion, as against ₦161.6 billion in 9M 2019 (19.2% YoY growth).
- Profit Before Tax: ₦90.4 billion, compared to ₦98.2 billion in 9M 2019 (8.0% YoY decline).
- Cost-to-Income Ratio: 65.4%, compared to 62.7% in FY 2019.
- Annualized ROAE: 16.4%, compared to 16.2% in 2019FY.

Balance Sheet

- Total Assets: ₦7.1 trillion, up from ₦5.6 trillion as at 2019FY (26.0% YTD growth).
- Net Loans to Customers: ₦2.4 trillion, compared to ₦2.1 trillion as at 2019FY (15.6% YTD growth).
- Customer Deposits: ₦5.2 trillion, compared to ₦3.8 trillion as at 2019FY (35.7% YTD growth).
- Shareholders' Funds: ₦655.3 billion, a 9.6% growth from ₦598.0 billion as at 2019FY.

Commenting on the result, UBA's Group Managing Director/CEO, Mr. Kennedy Uzoka said:

In spite of the current turbulence in the operating environment, occasioned by the global pandemic (COVID-19), the Group delivered gross earnings of ₦454.4 billion, which is a 6% growth from the ₦428.7 billion recorded in 9M 2019. This was driven largely by a 6% growth in our interest income (to ₦317.1 billion) despite the depressed yield environment across our major markets. We achieved a profit before tax of ₦90.4 billion and ₦77.1 billion, after tax, delivering an annualized ROE of 16.4%.

We have continued to record significant progress in our financial inclusion propositions which have helped us moderate cost-of-funds to 3.2% (4.0% in FY 2019), as low-cost deposits (which accounts for 76.2% of our customer deposits) grew 40.8% by the end of the third quarter. Our Direct Sales Agents, Agency Banking Network, and Digital Banking propositions have positioned us at the forefront of financial inclusion across geographies where we operate.

During this period, the Bank was able to provide support to customers across our footprint, assisting them to navigate the negative impact that the Covid-19 pandemic has had on livelihoods, businesses and social life. Since March 2020, we have provided transaction fee waivers to customers, rescheduled loans where business cashflows have been impacted, and donated generously to governments and communities to help catalyse a comprehensive pan-African response to the fight against the COVID-19 Pandemic.

Whilst the outlook for the rest of 2020 is expected to remain challenging, our diversified model provides sufficient resilience, enabling us to continue to delight our customers with innovative banking products within our robust risk management framework".

Also speaking on the performance, UBA's Group CFO, Ugo Nwaghodoh said:

"We achieved substantial growth in the underlying business, having grown customer loans by 15.6% (to ₦2.4trillion) and deposits by 35.7% (to ₦5.2trillion) within the period, as interest and fee income from loans settled at ₦172.9 billion and ₦8.9billion respectively. Credit impairment charges increased by ₦4.8billion YoY (to ₦11.5billion), providing adequate reserve for impaired loans, which should help moderate the need for further reserves later in the year. NPL ratio and cost-of-risk settled at 5.2% (5.3% in FY 2019) and 0.64% (0.9% in FY 2019) respectively.

As we deploy rigorous balance sheet management strategies to protect our margins, we will sustain cost discipline to push CIR to our desired sub-60% target in the short-term. The Group continues to target 15% loan growth, a NIM of >6.0% and ROE of >16% for the 2020 financial year, but targets remain subject to the evolution of the COVID-19 pandemic and its implications on the operating environment".

Condensed Consolidated Statements of Comprehensive Income				
In millions of Nigerian Naira	Group		Group	
	9 months to		3 months to	
	Sep. 2020	Sep. 2019	Sep. 2020	Sep. 2019
Interest income	317,142	297,903	111,556	93,018
Interest income on amortised cost and FVOCI securities	315,249	291,373	110,512	86,597
Interest income on FVTPL securities	1,893	6,530	1,044	6,421
Interest expense	(131,120)	(138,989)	(44,858)	(44,227)
Net interest income	186,022	158,914	66,698	48,791
Fees and commission income	85,011	86,530	29,143	34,186
Fees and commission expense	(28,766)	(23,236)	(11,480)	(6,947)
Net fee and commission income	56,245	63,294	17,663	27,239
Net trading and foreign exchange income	45,721	35,720	10,513	2,974
Other operating income	5,796	8,066	2,201	4,351
Total non-interest income	107,762	107,080	30,377	34,564
Operating income	293,784	265,994	97,075	83,355
Net impairment charge on loans and receivables	(11,476)	(6,663)	(3,669)	(3,543)
Net operating income after impairment loss on loans and receivables	282,308	259,331	93,406	79,812
Employee benefit expenses	(66,617)	(55,204)	(22,052)	(18,026)
Depreciation and amortisation	(14,371)	(11,606)	(4,781)	(3,653)
Other operating expenses	(111,671)	(94,811)	(33,700)	(30,355)
Total operating expenses	(192,659)	(161,621)	(60,533)	(52,034)
Share of profit of equity-accounted investee	723	523	371	181
Profit before income tax	90,372	98,233	33,244	27,959
Income tax expense	(13,240)	(16,605)	(542)	(3,071)
Profit for the period	77,132	81,628	32,702	24,888
Other comprehensive income				
Items that will be reclassified to income statement:				
Exchange differences on translation of foreign operations	(7,136)	(10,123)	(15,640)	1,227
Fair value changes on investments at fair value through other comprehensive income(FVOCI):				
Net fair value gains/(loss) during the period	22,092	5,255	20,847	(7,379)
Net amount transferred to the income statement	(11,501)	1,758	(11,501)	-
	3,455	(3,110)	(6,294)	(6,152)
Items that will not be reclassified to the income statement:				
Fair value changes on equity investments at FVOCI	9,935	3,472	-	-
	9,935	3,472	-	-
Other comprehensive income, net of tax	13,390	362	(6,294)	(6,152)
Total comprehensive income for the period	90,522	81,990	26,408	18,736
Profit attributable to:				
Owners of Parent	73,814	79,319	31,285	24,023
Non-controlling interest	3,318	2,309	1,417	865
Profit for the period	77,132	81,628	32,702	24,888
Total comprehensive income attributable to:				
Owners of Parent	83,159	79,738	24,529	18,449
Non-controlling interest	7,363	2,252	1,879	287
Total comprehensive income for the period	90,522	81,990	26,408	18,736
Basic and diluted earnings per share expressed in Naira	2.16	2.32	0.91	0.70

Condensed Consolidated Statements of Financial Position		
As at	Group	
	Sep. 2020	Dec. 2019
<i>In millions of Nigerian Naira</i>		
ASSETS		
Cash and bank balances	2,103,690	1,396,228
Financial assets at fair value through profit or loss	172,609	102,388
Derivative assets	56,849	48,131
Loans and advances to banks	67,360	108,211
Loans and advances to customers	2,382,683	2,061,147
Investment securities:		
- At fair value through other comprehensive income	1,089,702	901,048
- At amortised cost	897,841	670,502
Other assets	88,854	139,885
Investment in equity-accounted investee	4,406	4,143
Investments in subsidiaries	-	-
Property and equipment	143,033	128,499
Intangible assets	29,613	17,671
Deferred tax assets	23,157	26,199
TOTAL ASSETS	7,059,797	5,604,052
LIABILITIES		
Derivative liabilities	138	852
Deposits from banks	399,788	267,070
Deposits from customers	5,202,228	3,832,884
Other liabilities	200,454	107,255
Current income tax liabilities	6,845	9,164
Borrowings	594,927	758,682
Subordinated liabilities	-	30,048
Deferred tax liabilities	90	119
TOTAL LIABILITIES	6,404,470	5,006,074
EQUITY		
Share capital	17,100	17,100
Share premium	98,715	98,715
Retained earnings	234,823	184,685
Other reserves	277,921	278,073
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	628,559	578,573
Non-controlling interests	26,768	19,405
TOTAL EQUITY	655,327	597,978
TOTAL LIABILITIES AND EQUITY	7,059,797	5,604,052

Click [HERE](#) to download the UBA PLC Unaudited 2020 Third Quarter Financial Results.

For further information please contact:

Chigozie Muogbo (Team Lead, Investor Relations & Investment Portfolios)

+234-1-2807329

Chigozie.muogbo@ubagroup.com

Editor's comment

United Bank for Africa Plc is a leading Pan-African financial institution with footprint in 20 African countries and offering banking services to more than twenty-one million customers across over 1,000 business offices and customer touch points. With operations in the United States of America, the United Kingdom and France, UBA is connecting people and businesses globally 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 other stakeholders. 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. They may also include 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, both general and specific. 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 should other uncertainties and potential events. Due to the inherent uncertainty of forward looking statements, when making decisions with respect to the Bank, 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 as well as anticipated financial performance as at, and for the period ended on the date 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.