

United Bank for Africa Plc
Audited Results for the Half Year Ended June 30, 2021

UBA RECORDS 33% YoY PROFIT GROWTH, DECLARES N0.20K PER SHARE INTERIM DIVIDEND

This Earnings Press Release should be read in conjunction with the Audited 2021 Half Year Consolidated Financial Statements. The Earnings Press Release is also available on our website at <https://www.ubagroup.com/investor-relations/>. This analysis is dated September 9, 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 – September 9, 2021 – United Bank for Africa Plc ("UBA", the "Bank" or the "Group"), (Bloomberg: UBA: NL; Reuters: UBA.LG) has announced its Audited 2021 Half Year Financial Results, showing a 5.1% year-on-year (YoY) growth in gross earnings to ₦316.0 billion, year-to-date (YTD) total assets growth of 8.0% to ₦8.3 trillion, whilst profit before tax grew 33.4% YoY to ₦76.2 billion.

Highlights:

Income Statement

- Gross Earnings: N316.0 billion, compared to N300.6 billion in 2020H1 (5.1% YoY growth).
- Operating Income: N213.2 billion, an 8.2% YoY increase compared to N197.1 billion in 2020H1.
- Operating Expenses of N132.8 billion, compared to N132.1 billion in 2020H1 (0.5% YoY growth).
- Profit Before Tax: N76.2 billion, compared to N57.1 billion in 2020H1 (33.4% YoY growth).
- Profit After Tax: N60.6 billion, a 36.3% YoY growth, compared to N44.4 billion in 2020H1.
- Cost-to-Income Ratio: 62.3%; compared to 67.0% in 2020H1.
- Return on Average Equity (RoAE): 17.5%; compared to 14.4% in 2020H1.

Balance Sheet

- Total Assets: N8.3 trillion, compared to N7.7 trillion, as at FY2020 (8.0% YTD growth).
- Net Loans: N2.8 trillion; a 5.9% YTD growth compared to N2.6 trillion as at FY2020.
- Customer Deposits: N6.1 trillion, compared to N5.7 trillion as at FY2020; representing 7.4% growth.
- Shareholders' Funds: N752.5 billion, up 3.9% compared to N724.1 billion as at FY2020.

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

This has been a strong first half for us, as global economic recovery exceeded expectations, creating a positive rub-off on consumer and corporate confidence, savings, and investment activities. We saw this positively impact our business, as we continued to leverage our key strategic levers – People, Process and Technology, and our Customer 1st Philosophy to revolutionise customer experience in UBA.

The benefits of pan-African business diversification accruing to the Group is once again evident, with gross earnings and interest income growth of 5.1% and 8.3% respectively, despite the low yield environment in our largest market, Nigeria. We are making remarkable progress on our strategy that is progressively positioning UBA as the bank of choice on the continent, driven by our emphasis on tech-led innovation and best customer experience.

At UBA, we recognise the far-reaching effects of the pandemic on businesses globally and remain focused on our brand promise to always provide our customers with the best banking experiences possible. Our H12021 performance reflects our progressive efforts in building on the strong momentum that we started the year with. As a purpose-driven organization, we remain resolute in our drive for sustained growth in customer acquisition, transaction volumes and balance sheet, as we consolidate our 'Africa's Global Bank' market position in the years ahead, uplifting livelihoods across the continent.

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

Our overarching goal is to achieve marked improvement in our earnings quality, maintain positive operating leverage, and a top-notch asset quality. The Group recorded an RoAE of 17.5% (from 14.4% in 2020H1) and a NIM of 5.8% (from 5.4% in H12020) as we played the volatile yield environment diligently for best return on our interest earning assets. Capital position remained strong, with a capital adequacy and liquidity ratios of 23.9% (22.4% in 2020H1) and 58.3% (58.2% in 2020H1) respectively; robust enough to support our growth ambitions.

Cost containment initiatives and revenue growth delivered marked improvement in CIR to 62.3% (from 67.0%), whilst cost-of-funds declined to 2.3% (from 3.4% in H12020), driven by the growth in our low-cost deposits, which now accounts for some 84.3% of our total deposits. Credit impairment charges moderated by 47.0%, given improved macroeconomic outlook, customer repayments and lower delinquencies; whilst our robust credit monitoring architecture helped achieve a lower 3.5% in NPL ratio (4.1% in 2020H1).

The operating environment remains largely uncertain and volatile, despite marked improvement from Covid-19 induced macroeconomic stress. Nonetheless, we will continue to build resilience through our geographically diversified business model to support headline earnings growth for the Group. We remain committed to our 18% and 15% respective RoAE and deposit growth guidance for FY 2021, as we continue to invest in growth opportunities across our geographies of operation, whilst managing capital and balance sheet prudently.

Interim Consolidated and Separate Statements of Comprehensive Income				
For the period ended 30 June 2021				
	Group		Bank	
<i>In millions of Nigerian Naira</i>	2021	2020	2021	2020
Interest income	222,631	205,586	132,976	135,983
Interest income on amortised cost and FVOCI securities	220,322	204,737	132,821	135,134
Interest income on FVTPL securities	2,309	849	155	849
Interest expense	(74,563)	(86,262)	(47,237)	(63,068)
Net interest income	148,068	119,324	85,739	72,915
Impairment charge for credit losses on financial assets	(4,137)	(7,807)	(2,145)	(7,069)
Net interest income after impairment on financial assets	143,931	111,517	83,594	65,846
Fees and commission income	74,085	55,868	34,657	26,307
Fees and commission expense	(28,317)	(17,286)	(19,969)	(11,844)
Net fee and commission income	45,768	38,582	14,688	14,463
Net trading and foreign exchange income	9,102	35,208	(1,234)	24,647
Other operating income	9,508	3,595	9,007	4,036
Employee benefit expenses	(42,623)	(44,565)	(20,303)	(24,973)
Depreciation and amortisation	(11,457)	(9,590)	(8,153)	(7,111)
Other operating expenses	(78,753)	(77,971)	(52,692)	(56,278)
Share of gain of equity-accounted investee	710	353	-	-
Profit before income tax	76,186	57,129	24,907	20,630
Income tax expense	(15,605)	(12,698)	(770)	(1,079)
Profit for the period	60,581	44,431	24,137	19,551
Other comprehensive income / (loss)				
Items that may be reclassified to Profit or Loss				
Exchange differences on translation of foreign operations	5,708	8,504	-	-
Fair value changes on investments in debt securities at fair value through other comprehensive income (FVOCI):				
Net change in fair value during the period	(23,806)	12,746	(23,918)	12,647
Net amount transferred to Profit or Loss	(1,247)	(11,501)	(1,247)	(11,346)
	(19,345)	9,749	(25,165)	1,301
Items that will not be reclassified to Profit or Loss:				
Fair value changes on equity investments at FVOCI	(904)	9,935	(904)	9,667
	(904)	9,935	(904)	9,667
Other comprehensive income / (loss) for the period, net of tax	(20,249)	19,684	(26,069)	10,968
Total comprehensive income for the period	40,332	64,115	(1,932)	30,519
Profit for the period attributable to:				
Owners of Parent	57,767	42,530	24,137	19,551
Non-controlling interests	2,814	1,901	-	-
Profit for the period	60,581	44,431	24,137	19,551
Total comprehensive income attributable to:				
Owners of Parent	38,085	58,631	(1,932)	30,519
Non-controlling interests	2,247	5,484	-	-
Total comprehensive income for the period	40,332	64,115	(1,932)	30,519
Earnings per share attributable to owners of the parent				
Basic and diluted earnings per share (Naira)	1.69	1.24	0.71	0.57

Interim Consolidated and Separate Statements of Financial Position				
As at 30 June 2021	Group		Bank	Parent
	Jun. 2021	Dec. 2020	Jun. 2021	Dec. 2020
<i>In millions of Nigerian Naira</i>				
ASSETS				
Cash and bank balances	2,065,021	1,874,618	1,650,541	1,436,822
Financial assets at fair value through profit or loss	147,867	214,400	14,255	171,058
Derivative Financial Assets	47,594	53,148	47,594	53,148
Loans and advances to banks	151,965	77,419	103,139	65,058
Loans and advances to customers	2,634,556	2,554,975	1,838,967	1,812,536
Investment securities:				
- At fair value through other comprehensive income	807,553	1,421,527	672,924	1,233,684
- At amortised cost	2,022,940	1,159,264	741,171	71,479
Other assets	196,495	115,432	115,892	96,524
Investment in equity-accounted investee	5,299	4,504	2,715	2,715
Investment in subsidiaries	-	-	103,275	103,275
Property and equipment	166,735	153,191	133,368	123,435
Intangible assets	28,304	28,900	15,902	16,237
Deferred tax assets	40,981	40,602	21,862	21,862
TOTAL ASSETS	8,315,310	7,697,980	5,461,605	5,207,833
LIABILITIES				
Derivative Financial Liabilities	220	508	79	508
Deposits from banks	561,545	418,157	290,742	121,815
Deposits from customers	6,095,574	5,676,011	3,924,651	3,824,143
Other liabilities	315,879	157,827	215,330	93,669
Current income tax liabilities	7,319	9,982	1,670	1,478
Borrowings	565,095	694,355	565,095	688,280
Deferred tax liabilities	17,157	16,992	-	-
TOTAL LIABILITIES	7,562,789	6,973,832	4,997,567	4,729,893
EQUITY				
Share capital	17,100	17,100	17,100	17,100
Share premium	98,715	98,715	98,715	98,715
Retained earnings	271,406	255,059	102,549	95,480
Other reserves	333,962	324,194	245,674	266,645
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	721,183	695,068	464,038	477,940
Non-controlling interests	31,338	29,080	-	-
TOTAL EQUITY	752,521	724,148	464,038	477,940
TOTAL LIABILITIES AND EQUITY	8,315,310	7,697,980	5,461,605	5,207,833

Presentation of 2021 Half Year Results – Conference Call Invitation

UBA Plc's audited 2021 half year results conference call is scheduled for Thursday, September 16, 2021 at 3:00pm Lagos time (2:00pm London / 09:00am New York / 4:00pm Johannesburg).

To participate in the call, kindly click [here](#) to register.

CONFERENCE CALL DETAILS					
Conference Name	UBA Plc Audited 2021 Half Year Results Presentation				
Chairperson's Name	Kennedy Uzoka - Group Managing Director/CEO				
Additional Speaker	Ugo Nwaghodoh - Group Chief Financial Officer				
In attendance	<ul style="list-style-type: none"> • Oliver Alawuba (DMD, Rest of Africa) • Ayoku Liadi (DMD, Nigeria) • Uche Ike (ED, Risk Management, Governance & Compliance) • Chiugo Ndubisi (ED, Treasury & International Banking) • Kayode Ishola (Chief Digital Officer) • Bola Atta (Group Head, Corporate Communications) • Olatunji Hassan (Group Executive Office) 				
Call Date	Thursday, September 16, 2021				
Call Time	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; border-right: 1px solid black; padding: 5px;">Lagos 3:00pm</td> <td style="width: 25%; border-right: 1px solid black; padding: 5px;">London 2:00pm</td> <td style="width: 25%; border-right: 1px solid black; padding: 5px;">New York 9:00am</td> <td style="width: 25%; padding: 5px;">Johannesburg 4:00pm</td> </tr> </table>	Lagos 3:00pm	London 2:00pm	New York 9:00am	Johannesburg 4:00pm
Lagos 3:00pm	London 2:00pm	New York 9:00am	Johannesburg 4:00pm		
Duration (hh:mm)	02:00				
Platform	Online				

Click [here](#) to download the Audited 2021 Half Year Results

For further information please contact:

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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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