

United Bank for Africa Plc
Unaudited Results for the Third Quarter Ended September 30, 2021

UBA GROSS EARNINGS HIT ₦490.3 BILLION, REPORTS 36% GROWTH IN PROFIT

This Earnings Press Release should be read in conjunction with the Unaudited 2021 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 October 25, 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 – October 25, 2021 – United Bank for Africa Plc ("UBA", the "Bank" or the "Group"), (Bloomberg: UBA: NL; Reuters: UBA.LG) has announced its unaudited 2021 Third Quarter Ended September 30, 2021, showing an 8% year-on-year (YoY) growth in gross earnings to ₦490.3 billion, and an increase in Profit After Tax by 36% to ₦104.6 billion in the same period.

Key Performance Highlights:

Income Statement

- Gross Earnings: ₦490.3 billion, up from ₦454.4 billion in 9M'2020 (8% YoY growth).
- Operating Income: ₦331.7 billion, compared to ₦293.7 billion in 9M'2020 (13% YoY growth)
- Operating Expenses of ₦206 billion, compared to ₦192.7 billion in 9M'2020 (7% YoY growth).
- Profit Before Tax: ₦123.4 billion, compared to ₦90.4 billion in 9M'2020 (37% YoY growth).
- Profit After Tax: ₦104.6 billion, compared to ₦77.1 billion in 9M'2020 (36% YoY growth)
- Cost-to-Income Ratio: 61.9%; compared to 65.4% in 9M'2020.
- Annualized RoAE: 19.2%; compared to 16.4% in 9M'2020.

Balance Sheet

- Total Assets: ₦8.3 trillion, compared to ₦7.7 trillion, as at FY2020 (8.0% YTD growth).
- Net Loans: ₦3.0 trillion; a 14.2% YTD growth compared to ₦2.6 trillion as at FY2020.
- Customer Deposits: ₦6.1 trillion, compared to ₦5.7 trillion as at FY2020; representing 7.2% growth.
- Shareholders' Funds: ₦798.3 billion, up 10.3% compared to ₦724.1 billion as at FY2020.

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

Once again, the bank has shown resilience in delivering on its commitment to shareholders, stakeholders, and the investing public, evident in the strong positive financial metrics recorded in the reporting period.

Particularly, gross earning was up 8% to ₦490.3 billion in the nine-month period, mirroring the improvements seen in both the domestic and international economies as countries roll out vaccines, helping to return economic activities nearer to pre-pandemic levels. Similarly, our profit before tax was up by a record 37% to ₦123.4 billion, with an annualised RoAE of 19.2%, showing our renewed commitment to creating more value for our shareholders.

Our prudent approach to risk management and the efficacy of our digital-first customer-centric business strategy, helped in keeping loan growth steady at double-digit, while still being able to moderate our cost in the period.

Through the help of our digital-first strategy, we were able to increase the number of our agent network in the period by over 140%, increasing our controlling stake in the market.

Looking ahead, we believe our huge investments in digital business following lessons learnt from the pandemic, will continue to pay off in delivering significant growth opportunities across our business operations even as the economy speedily heals from the impact/effect of the pandemic.

We will continue to remain a bank holding company, leveraging on our robust balance sheet and diverse customer-base to deliver (above the expectation of our shareholders) sound rewards to our shareholders.

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

The performance reflects our progressive efforts in building on our robust balance sheet, strong customer base and our people, in delivering impressive earnings.

Particularly, I am pleased at the improvement by 90bps to 2.3% in Cost of Funds (CoF) in the period. This was despite the increase in our customer deposits by 7.2% to ₦6.1 trillion, portraying the Bank's deliberate effort to substitute high-cost funds for low-cost deposits.

The Group recorded a 0.1% cost-of-risk reflecting our thorough credit process as we strive to preserve shareholder's wealth. YoY improvement in Cost – to – income ratio was noticeable to 61.9% from 65.4% the same period last year, driven by a 13% rise in operating income, and further enshrining the bank's strong profitability.

We have continued to optimize our digital banking offerings, and this is paying-off hugely, evident in the jump of 50.4% to ₦41.9 billion in our income from electronic banking

As we will continue to pursue a cautious loan growth strategy in 2021, we have strategically maintained strong capital adequacy and liquidity ratios at 23.7% and 53.0% respectively, a pointer to how well the bank's buffers remain positioned to withstand impending shocks and ensuring enough headroom for growth.

The Bank will sustain this growth momentum, to ensure we consistently deliver sustainable value to our valued stakeholders".

Condensed Consolidated Statements of Comprehensive Income

<i>In millions of Nigerian Naira</i>	Group 9 months to		Group 3 months to	
	Sep. 2021	Sep. 2020	Sep. 2021	Sep. 2020
Interest income	343,709	317,142	121,078	111,556
Interest income on amortised cost and FVOCI securities	341,294	315,249	120,972	110,512
Interest income on FVTPL securities	2,415	1,893	106	1,044
Interest expense	(114,444)	(131,120)	(39,881)	(44,858)
Net interest income	229,265	186,022	81,197	66,698
Fees and commission income	110,982	85,011	36,897	29,143
Fees and commission expense	(43,064)	(28,766)	(14,747)	(11,480)
Net fee and commission income	67,918	56,245	22,150	17,663
Net trading and foreign exchange income	27,329	45,721	18,227	10,513
Other operating income	7,172	5,796	(2,336)	2,201
Total non-interest income	102,419	107,762	38,041	30,377
Operating income	331,684	293,784	119,238	97,075
Net impairment charge on loans and receivables	(3,405)	(11,476)	732	(3,669)
Net operating income after impairment loss on loans and receivables	328,279	282,308	119,970	93,406
Employee benefit expenses	(66,492)	(66,617)	(23,869)	(22,052)
Depreciation and amortisation	(16,304)	(14,371)	(4,847)	(4,781)
Other operating expenses	(123,217)	(111,671)	(44,466)	(33,700)
Total operating expenses	(206,013)	(192,659)	(73,182)	(60,533)
Share of profit of equity-accounted investee	1,088	723	378	371
Profit before income tax	123,354	90,372	47,166	33,244
Income tax expense	(18,757)	(13,240)	(3,152)	(542)
Profit for the period	104,597	77,132	44,014	32,702
Other comprehensive income				
Items that will be reclassified to income statement:				
Exchange differences on translation of foreign operations	840	(7,136)	840	(15,640)
Fair value changes on investments at fair value through other comprehensive income(FVOCI):				
Net fair value gains/(loss) during the period	(10,401)	22,092	13,405	20,847
Net amount transferred to the income statement	(1,247)	(11,501)	-	(11,501)
	(10,808)	3,455	14,245	(6,294)
Items that will not be reclassified to the income statement:				
Fair value changes on equity investments at FVOCI	(849)	9,935	55	-
	(849)	9,935	55	-
Other comprehensive income, net of tax	(11,657)	13,390	14,300	(6,294)
Total comprehensive income for the period	92,940	90,522	58,314	26,408
Profit attributable to:				
Owners of Parent	100,542	73,814	42,597	31,837
Non-controlling interest	4,055	3,318	1,417	865
Profit for the period	104,597	77,132	44,014	32,702
Total comprehensive income attributable to:				
Owners of Parent	90,464	83,159	56,435	18,449
Non-controlling interest	2,476	7,363	1,879	287
Total comprehensive income for the period	92,940	90,522	58,314	26,408
Basic and diluted earnings per share expressed in Naira	2.94	2.16	1.25	0.70

Consolidated Statements of Financial Position

As at	Group	
	Sep. 2021	Dec. 2020
<i>In millions of Nigerian Naira</i>		
ASSETS		
Cash and bank balances	1,750,176	1,874,618
Financial assets at fair value through profit or loss	43,147	214,400
Derivative assets	47,594	53,148
Loans and advances to banks	134,507	77,419
Loans and advances to customers	2,872,143	2,554,975
Investment securities:		
- At fair value through other comprehensive income	1,080,404	1,421,527
- At amortised cost	1,954,086	1,159,264
Other assets	229,838	115,432
Investment in equity-accounted investee	6,043	4,504
Investments in subsidiaries	-	-
Property and equipment	159,147	153,191
Intangible assets	31,804	28,900
Deferred tax assets	40,432	40,602
TOTAL ASSETS	8,349,322	7,697,980
LIABILITIES		
Derivative liabilities	220	508
Deposits from banks	552,027	418,157
Deposits from customers	6,084,143	5,676,011
Other liabilities	407,720	157,827
Current income tax liabilities	10,497	9,982
Borrowings	479,254	694,355
Deferred tax liabilities	17,181	16,992
TOTAL LIABILITIES	7,551,043	6,973,832
EQUITY		
Share capital	17,100	17,100
Share premium	98,715	98,715
Retained earnings	304,373	255,059
Other reserves	346,535	324,194
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	766,723	695,068
Non-controlling interests	31,556	29,080
TOTAL EQUITY	798,279	724,148
TOTAL LIABILITIES AND EQUITY	8,349,322	7,697,980

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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 considering 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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