

UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2022

UBA RECORDS 23.2% GROWTH IN GROSS EARNINGS AND 12.3% GROWTH IN PROFIT BEFORE TAX (PBT)

Income Statement (₦'M)	Q3'22	Q3'21	Change
Gross earnings	608,289	493,442	23.2%
Interest income	420,234	343,709	22.3%
Net-interest income	282,513	229,265	23.2%
Non-interest income [1]	131,884	105,581	24.9%
Operating Income [2]	414,397	334,846	23.8%
Operating expenses	262,628	206,013	27.5%
Profit before tax	138,493	123,354	12.3%
Profit after tax [3]	116,042	104,597	10.9%
Basic EPS (naira) [4]	3.27	2.94	11.30%
Balance Sheet (₦'M)	Q3'22	FY'21	Change
Total assets	9,318,700	8,541,318	9.10%
Net Loans	3,212,667	2,834,564	13.30%
Customer deposits	7,028,740	6,369,189	10.40%
Shareholders' funds	808,622	804,807	0.50%
Non-performing loans (NPL) ratio	3.20%	3.60%	-0.40%
NPL coverage ratio [10]	112.90%	134.10%	-21.20%
Capital adequacy ratio	30.3	24.90%	5.40%
Profitability Metrics	Q3'22	Q3'21	Change
Cost-to-income ratio (CIR) [9]	63.20%	61.90%	+1.30bps
Return on average equity (RoAE) [5]	19.20%	19.20%	-
Return on average asset (RoA) [6]	1.70%	1.60%	+0.1bps
Cost-of-risk (CoR) [11]	0.70%	0.60%	+0.1bps
Cost-of-fund (CoF) [8]	2.30%	2.30%	-
Net interest margin (NIM) [7]	5.90%	5.60%	+0.3bps

1. Non-interest income is net of fee and commission expenses
2. Operating income defined as net interest income plus non-interest income
3. Profit for the period includes discontinued operations
4. Basic EPS computed as profit after tax divided by weighted average number of shares in issue
5. Post-tax return on average equity computed as annualised profit after tax attributable to shareholders divided by the average opening and closing balances attributable to equity holders
6. Post-tax return on average assets computed as annualised profit after tax divided by the average opening and closing balances of its total assets
7. Net-interest margin computed as annualised net interest income divided by the average opening and closing balances of interest earning assets.
8. Cost of funds computed as annualised interest expense divided by average interest-bearing liabilities
9. Cost to income ratio computed as operating expenses divided by operating income
10. NPL coverage computed as total allowance for impairment plus regulatory risk reserve divided by total stage 3 loans
11. NPL coverage computed as total allowance for impairment plus regulatory risk reserve divided by total stage 3 loans
12. Cost of risk computed as annualised credit impairment charges divided by the average opening and closing gross loans balances

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

The Group continues to show remarkable operating resilience amid significant headwinds in our presence markets and a heightened global risk environment. This is evidenced in our third quarter performance, with gross earnings growing by 23.2%, on the back of strong improvement in net interest (+23.2%) and non-interest income (+24.6%). The Group's Profit Before Tax increased by 12.3% to N138.5 billion, with underlying growth in our key income lines and moderation in cost of funds year-on-year.

The global economy continues to grapple with the effect of macroeconomic headwinds: rising rates, inflation, and heightened risk of recession. Furthermore, the continuing geopolitical conflict has also contributed to what has been till date, a challenging year, weighing heavily on the performance of asset classes in the third quarter. Emerging markets faced similar challenges with several sovereign and corporate debt asset classes ending in negative valuation territory, as most local currencies suffer remarkable devaluation.

We remain very cautious in risk asset creation as we defensively position our asset portfolios to minimize the impact of the heightened credit risk. Consequently, our NPL ratio remains within acceptable threshold at 3.2%.

This has translated into strong financial gains evident in growth in our customer deposits and Net interest margin. In addition, we are strategically positioned to drive our market share in our operating countries, with the strong growth of our payments and transaction banking offerings.

We continue to reap the benefits of our diversification strategy and Customer -1st philosophy and build resilience in our operations across Africa and the Rest of the World to support the mission of providing superior value to our stakeholders. This has translated into strong financial gains as evident in the 10.4% growth in our customer deposits to N7trillion and driving the 9.1% growth in total assets to N9.3trillion. We are also diligently cutting down of expensive funding and repricing assets to protect our Net interest margin. In addition, we are strategically positioned to drive further market share growth in our operating countries, leveraging our innovative payments and transaction banking offerings, while leveraging technology to improve service delivery.

STATEMENT TO THE NIGERIAN EXCHANGE LIMITED AND THE SHAREHOLDERS ON THE UNAUDITED RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September

In millions of Nigerian Naira

	GROUP	
	2022	2021
Gross earnings	608,289	493,442
Interest income	420,234	343,709
Interest income on amortised cost and FVOCI securities	416,623	341,294
Interest income on FVTPL securities	3,611	2,415
Interest expense	(137,721)	(114,444)
Net interest income	282,513	229,265
Impairment charge for credit losses on Loans	(15,893)	(5,685)
Net impairment Write back / (charge) on other financial assets	2,306	(882)
Net interest income after impairment charge on financial assets.	268,926	222,698
Fees and commission income	138,079	110,982
Fees and commission expense	(55,860)	(43,064)
Net fee and commission income	82,219	67,918
Net trading and foreign exchange income/(loss)	38,409	27,329
Other operating income	11,256	10,334
Employee benefit expenses	(80,769)	(66,492)
Depreciation and amortisation	(18,438)	(16,304)
Other operating expenses	(163,421)	(123,217)
Share of profit of equity-accounted investee	311	1,088
Profit before income tax	138,493	123,354
Income tax expense	(22,451)	(18,757)
Profit for the period	116,042	104,597
Other comprehensive income / (loss)		
Items that will be reclassified to Profit or loss:		
Exchange differences on translation of foreign operations	(56,311)	840
Fair value changes on investments in debt securities at fair value through other comprehensive income (FVOCI):		
Net change in fair value during the period	(16,915)	(10,401)
Net amount transferred to profit or loss	(551)	(1,247)
Items that will not be reclassified to Profit or loss:	(73,777)	(10,808)
Fair value changes on equity investments designated at FVOCI	(8,510)	849
Other comprehensive loss for the period, net of tax	(82,287)	(11,657)
Total comprehensive income/(loss) for the period	33,755	92,940
Profit for the year attributable to:		
Owners of Parent	111,903	100,542
Non-controlling interest	4,139	4,055
Profit for the period	116,042	104,597
Total comprehensive income attributable to:		
Owners of Parent	33,053	90,464
Non-controlling interest	702	2,476
Total comprehensive income for the period	33,755	92,940
Basic and diluted earnings per share (Naira)	3.27	2.94

STATEMENT OF FINANCIAL POSITION

As at

In millions of Nigerian Naira

	GROUP	
	Sep. 2022	Dec. 2021
ASSETS		
Cash and bank balances	2,260,520	1,818,784
Financial assets at fair value through profit or loss	20,662	13,096
Derivative assets	10,937	33,340
Loans and advances to banks	163,299	153,897
Loans and advances to customers	3,049,368	2,680,667
Investment securities		
- At fair value through other comprehensive income	1,836,512	993,791
- At amortised cost	1,445,381	2,341,839
Other assets	183,609	149,154
Investment in equity-accounted investee	-	8,945
Property and equipment	182,096	178,117
Intangible assets	33,594	30,450
Deferred tax asset	34,549	43,329
	9,220,527	8,445,409
Non-Current Assets Held for Sale	98,173	95,909
TOTAL ASSETS	9,318,700	8,541,318
LIABILITIES		
Derivative liabilities	306	98
Deposits from banks	782,533	654,211
Deposits from customers	7,028,740	6,369,189
Other liabilities	187,023	216,209
Current income tax payable	15,058	21,415
Borrowings	485,119	455,772
Deferred tax liability	11,299	19,617
TOTAL LIABILITIES	8,510,078	7,736,511
EQUITY		
Share capital	17,100	17,100
Share premium	98,715	98,715
Retained earnings	405,091	335,843
Other reserves	255,762	324,516
Equity Attributable to Owners of the Parent	776,668	776,174
Non-controlling interests	31,954	28,633
TOTAL EQUITY	808,622	804,807
TOTAL LIABILITIES AND EQUITY	9,318,700	8,541,318

The Board of Directors is optimistic that barring unforeseen circumstances, this performance trend will be sustained.

By Order of the Board
DATED THIS 20TH DAY OF OCTOBER, 2022



BILI A. ODUM
GROUP COMPANY SECRETARY
FRC/2013/NBA/0000001954

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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, Paris and the UAE, 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 2022 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.