

# Investor Presentation

2019FY and 2020Q1 Results

Africa's Global Bank



# Outline

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# About UBA

## Our Strategic Focus





# We are ***Africa's Global Bank***



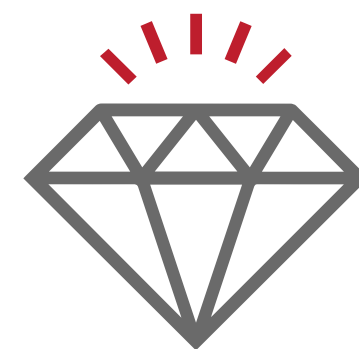
## **Our Vision**

To be the undisputed leading and dominant financial services institution in Africa.



## **Our Mission**

To be a role model for African businesses by creating superior value for all our stakeholders, abiding by the utmost professional and ethical standards, and by building an enduring institution.



## **Core Values**

Enterprise,  
Excellence and  
Execution (the EEEs)

# A Leading Full-Service Pan-African Banking Franchise

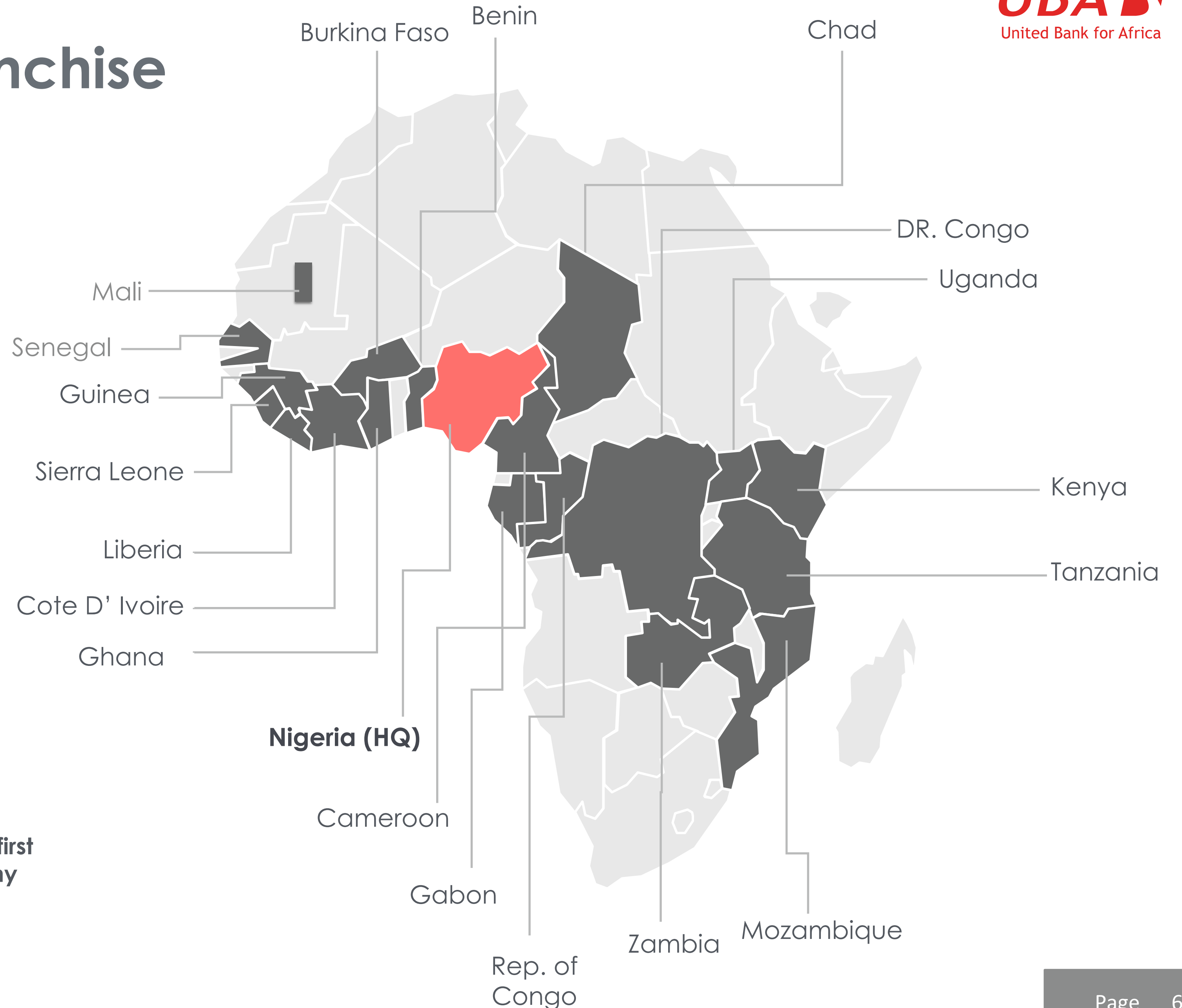
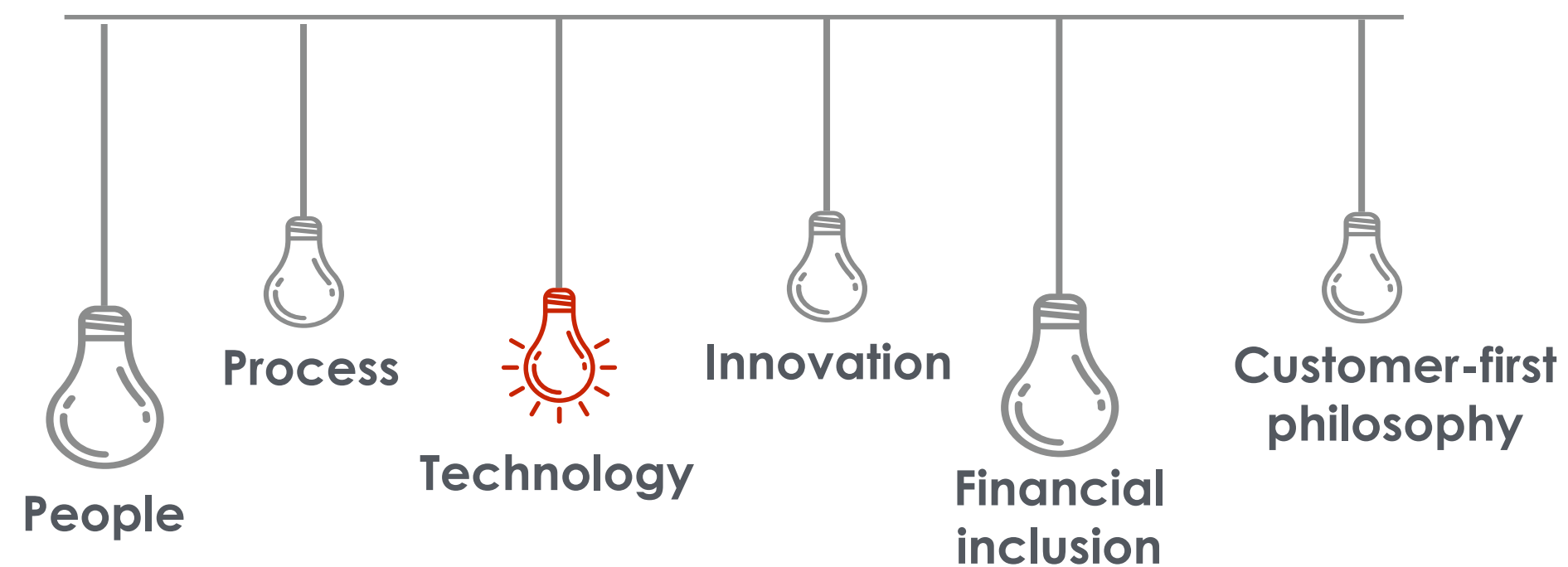
## Footprint Across Africa



With a **71-year history**, UBA is one of the strongest and most recognised banking brands to originate from Sub-Sahara Africa.

**UBA has growing operations in 20 African countries, the UK and USA, with a Rep. office in Paris, France**

### Our Strategic Levers





# UBA at a Glance

## Footprint /Channels

**20**  
African Countries

+  
London  
New York  
Paris



**18 million+**  
Customers



**20,000+**  
Staff\*



**1,000+**  
Branches



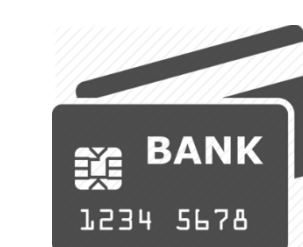
**2,561**  
ATMs



**24,947**  
PoS



**7 million**  
Debit/Credit  
Cards



## Financial Highlights

**₦5.6tn**

↑ 15%

**Assets**

**₦598bn**

↑ 19%

**Equity**

**₦3.8tn**

↑ 14%

**Deposits**

**₦2.1tn**

↑ 20%

**Loans**

**₦560bn**

↑ 13.3%

**Earnings**

**₦111bn**

↑ 4%

**PBT**

**CAR 23.4%**

**LR 54.9%**

**NIM 6.0%**

**ROE 16.2%**

### Funding, Liquidity & Capital

- Strong, stable CASA funding of 74%
- Relatively low cost of funds at 4%
- Headroom for lower CoF, on aggressive retail penetration
- Liquid balance sheet to fund emerging opportunities
- Strong BASEL II CAR at 23.4%

### Asset Creation and Quality

- ₦5.6 trillion total assets
- Loan book focused on corporate, commercial and retail customers
- Geographic, sector and customer diversification, with less vulnerability to macro and market volatilities
- NPL ratio at 5.3%

### Profitability

- Annualised RoAE of 16.2%
- Annualised RoA of 1.7%
- Notable upside to NIM (6.0%), on the back of balance sheet efficiency
- Cost-to-Income ratio of 62.7%
- Profitability built on sustainability and long term value creation

### Risk appetite

- Moderate risk appetite, with a good balance between profitability and sustainability
- Well diversified loan book across sectors and markets
- Relatively low exposure to volatile sectors and segments of the market
- Strong governance structure and oversight

# UBA's Credit Ratings



**National**

- Short-term: AA-



**National**

- Short-term: A1+ (NG)
- Long-term: AA - NG

**International**

- Long-term: B+



**National**

- Short-term: F1+ (nga)
- Long-term: AA- (nga)

**International**

- Short-term: B
- Long-term: B



**National**

- ngA/--/ngA-1

**International**

- Long-term: B-

Note: S&P and Fitch assigned Credit Rating of "B-" and "B" on the Nigerian Sovereign; thus the ratings of UBA from S&P and Fitch ranks at par with the Nigerian Sovereign rating and these are the highest ratings for any Nigerian corporate, as the Sovereign rating underpins the ratings of corporates operating in the country.



# Corporate Social Responsibility

## Education



₦260.8  
million

## Empowerment



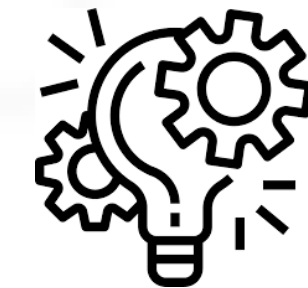
₦41.7  
million

## Environment



₦115.9  
million

## Special Projects\*



₦334.6  
million

**FY2019 CSR Spend: ₦752.82m**

Through its special purpose CSR vehicle, UBA Foundation, the Group donated ₦752.8million in 2019 across its four cardinal focus areas. **UBA National Essay Competition** and the **UBA Foundation's 'Read Africa'** are resounding successes in terms of impact on educational development of our youth across Africa.

*\* Projects in the health sector , security and support to institutions with substantial societal impact*



# Our Operating Environment



# Global Economic Performance

## Slow, Volatile Progress

Growth(%)	2017	2018	2019	2020f
World	3.9	3.6	2.9	-3.0
Advanced Economies	2.5	2.2	1.7	-6.1
Emerging Market	4.8	4.5	3.7	-1.0
Sub-Saharan Africa	3.0	3.3	3.1	-1.6
MENA	1.7	1.0	0.3	-3.3
Global Merchandise Trade Growth(%)	4.7	2.9	-0.1	-13 to - 40
Brent Crude Oil (\$pb)	54.1	71.2	64.4	33.0
Global Inflation (%)	2.2	2.4	3.4	3.6

Source: EIA, IMF, WTO, April 2020



## Themes that shaped Global Economy in 2019/2020

### US-China Trade War



US-China trade tension still persists; tensions between US & Iran, BREXIT uncertainties, etc. impacted global trade and growth

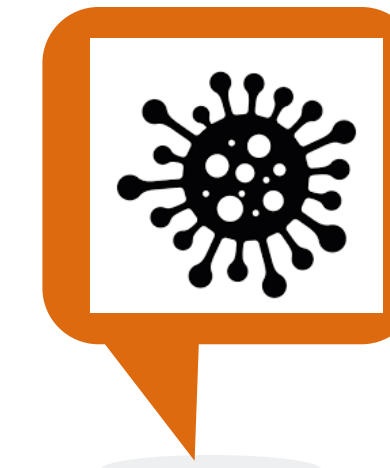
### Weak Growth



Rising trade barriers and associated uncertainty weighed on business sentiment and activity globally.

Global growth in 2019 recorded its weakest pace since the global financial crisis.

### Shrink in Industrial Production



9.1 million cases and 471k deaths recorded so far (June 2020),

Distorted global manufacturing value chains, with severe impact on commodity prices

### Monetary Policy Cuts



To stimulate growth, US Federal Reserve, the European Central Bank (ECB), and select emerging market central banks cut interest rates

### Crude oil price decline



Brent crude oil declined by 11% y/y in 2019 as global demand headed south, amidst increased inventory levels.

As at June 22, 2020, price is on an uptrend at \$42.99pb



# Nigeria - Recent Regulatory/Policy Events

## **FEB.** Exclusions from the OMO market

CBN announced exclusion of local corporates and individuals from OMO, keeping Banks and FPI as key players.

## **MAR.** MPC meets, lowers interest rates

The Monetary Policy Committee (MPC) reduced policy rate by 50bps to 13.5% in March, the first rate cut since Nov. 2015.

## **MAY.** CBN Governor re-appointed

President Buhari reappoints Godwin Emefiele as the CBN Governor for a second 5-year term . The Governor unveiled his agenda for his 2019 - 2024 tenure, revealing a possible stress test.

## **JUL.** Nigeria Signed AfCFTA

Nigeria signed the African Continental Free Trade Area (AfCFTA), opening the country to the \$3 trillion, 1.3 billion people African trade opportunity.

## **JUL.** Minimum SDF reduced to N2Bn

The CBN reduced the minimum remunerated daily placement for Standard Deposit Facility (SDF) to N2billion (from N7.5billion).

## **JUL. AUG.** LFR increased to 65%

The CBN increased the minimum Loan-to-Funding Ratio (LFR) of 60% effective Sept. 30, 2019; and to 65%, effective December 31, 2019. A 50% additional CRR charge applies on any loan growth shortfall.

## **SEP.** Cashless Policy

The CBN released guidelines for the cashless policy in 5 states: Lagos, Ogun, Kano, Abia, Anambra, Rivers and the FCT.; announcing a handling charge for cash deposits and withdrawals above set thresholds.

## **DEC.** Banking fees/charges slashed

The CBN announced downward review of electronic transfer and ATM fees, card maintenance fee, amongst others, in enhance flexibility, transparency and competition in the Nigerian banking industry.

## **MAR** CBN embarks on technical devaluation

The rate at which banks and BDCs can access USD from the CBN was adjusted to N376 and N378 . BDCs are to sell to end-users at no more than N380 per dollar. The policy seeks to further achieve a convergence of the multiple exchange rate system operational in Nigeria.

## **MAR** CBN Announced Covid-19 Response/Stimulus

The stimulus package include N50 billion target credit facility to households/SMEs, moratorium and interest rate reduction on CBN facilities, N1 trillion and N100 billion intervention funds respectively to manufacturing and healthcare

## **MAY** MPR reduced to 12.5%

The Monetary Policy Committee (MPC) of the CBN slashed the benchmark interest rate by 100 basis points to 12.5% from 13.5%, the first easing since March 2019. This reduces savings interest rate to 3.75%.

## IMPACT

### Economic growth

Pro growth polices of 2019 supported economic performance as the country sustains an exit from recession. The 2.27% 2019 real growth beat analysts and IMF forecasts by 10 - 20bps

### Lending growth

Bank lending to the real sector of the economy saw an impressive 15% growth in 2019, which is expected to rub-off on jobs/economic growth. Worries of near-term credit defaults remain.

### Liquidity squeeze across banks

Over N1trillion has been debited from banks since September 2019, for not meeting set minimum LDR requirement. Opportunity cost of this to the industry is substantial.

### Decline in yields

As systemic liquidity increased, yields crashed especially at the fixed income market. Lending, rates and Interest rates from OBB and interbank markets also headed south

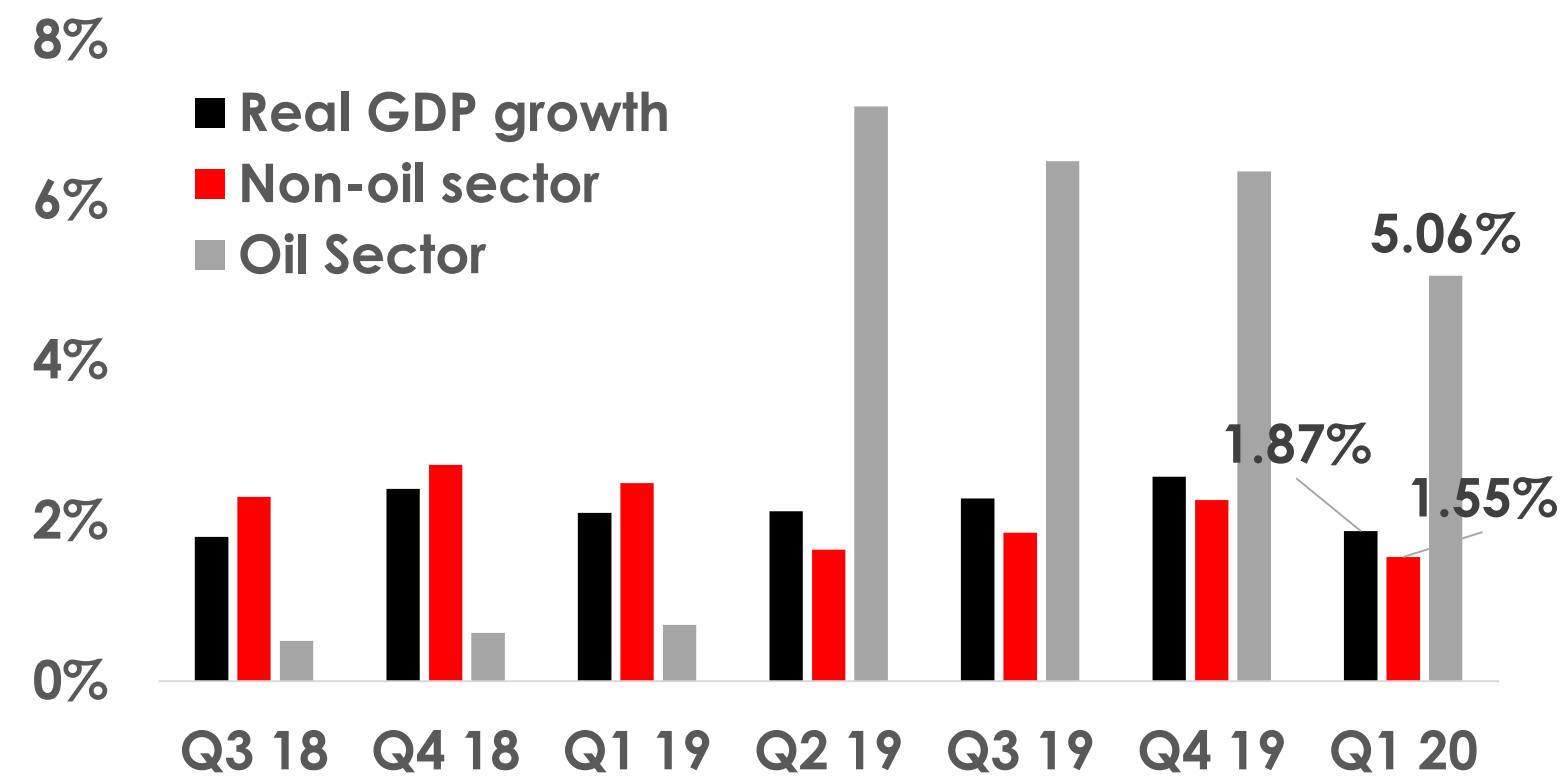
2019

2020



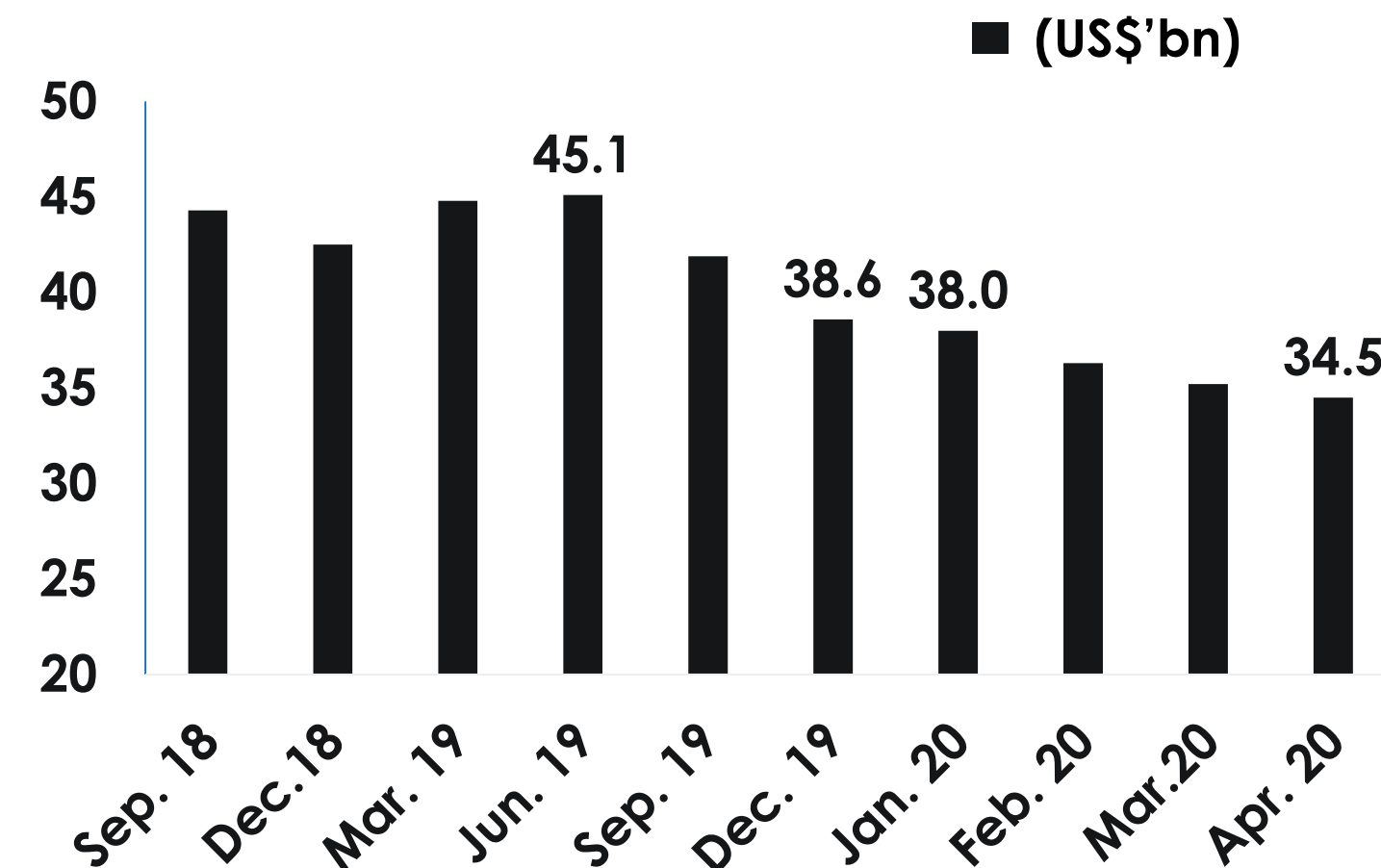
# Nigeria: Macro variables relatively stable..1/2

## Gross Domestic Product



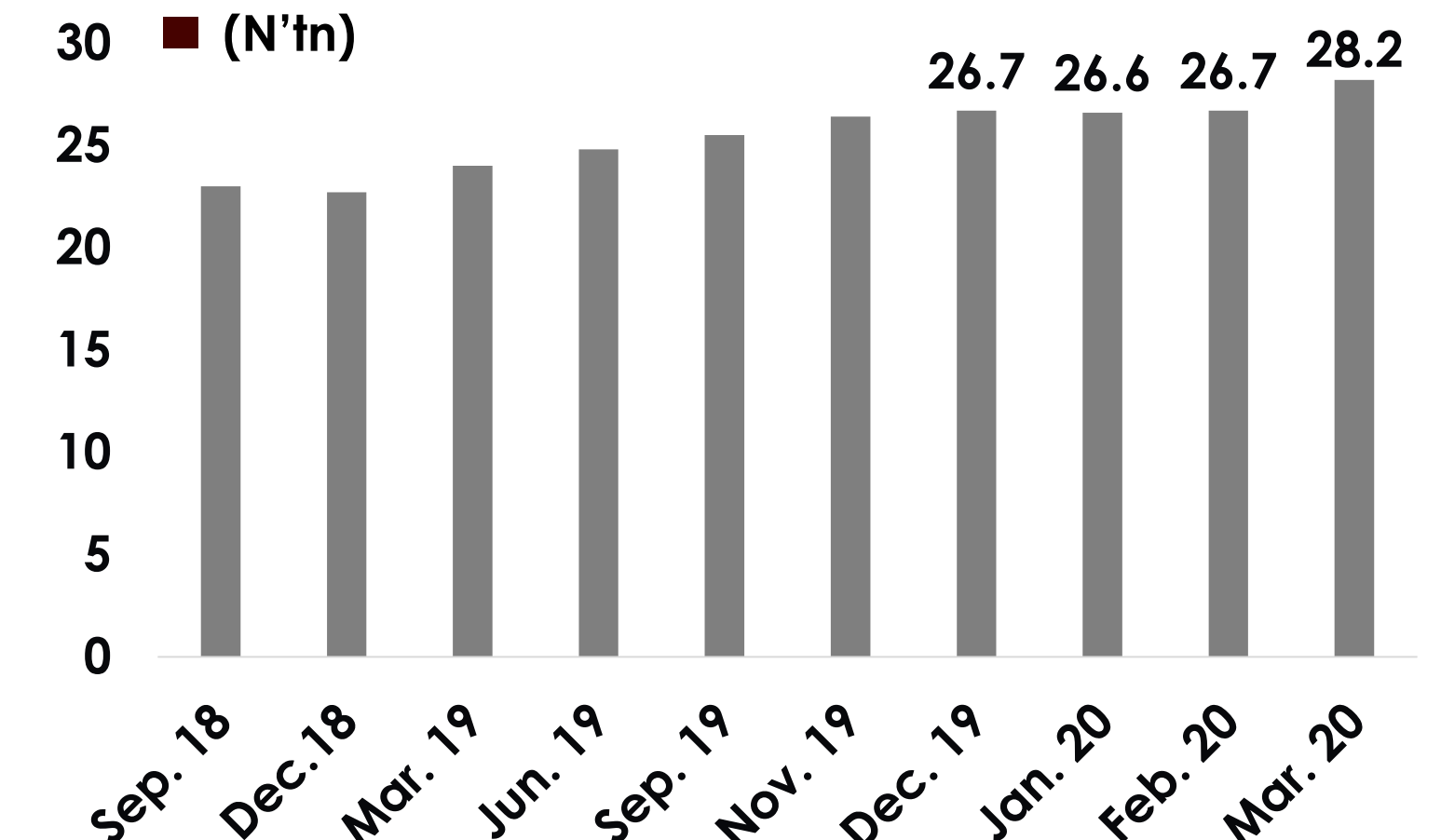
- Nigerian economy grew 2.27% in 2019 (2018:1.9%), progressing from 2.1% in Q1, to 2.55% by Q4.
- Increased daily crude oil production 2019 (2.0 mbpd vs 1.9 mbpd in 2018) resulted to a 4.5% oil sector growth (1.9% in 2018)
- By Q1:2020, growth moderated to 1.8%, presenting early signs of covid-induced economic weakness

## External Reserves



- The reserves has declined 10.6% (to \$34.5bn) so far in 2020
- Nigeria's foreign reserves declined by 9.2% in 2019, closing the year below the \$40billion mark
- Amidst move to support the Naira, the reserves remain exposed to shocks from the international oil market.
- At Dec. 2019 levels, the reserves remains sufficient for 9 months of import cover

## Credit to Private Sector

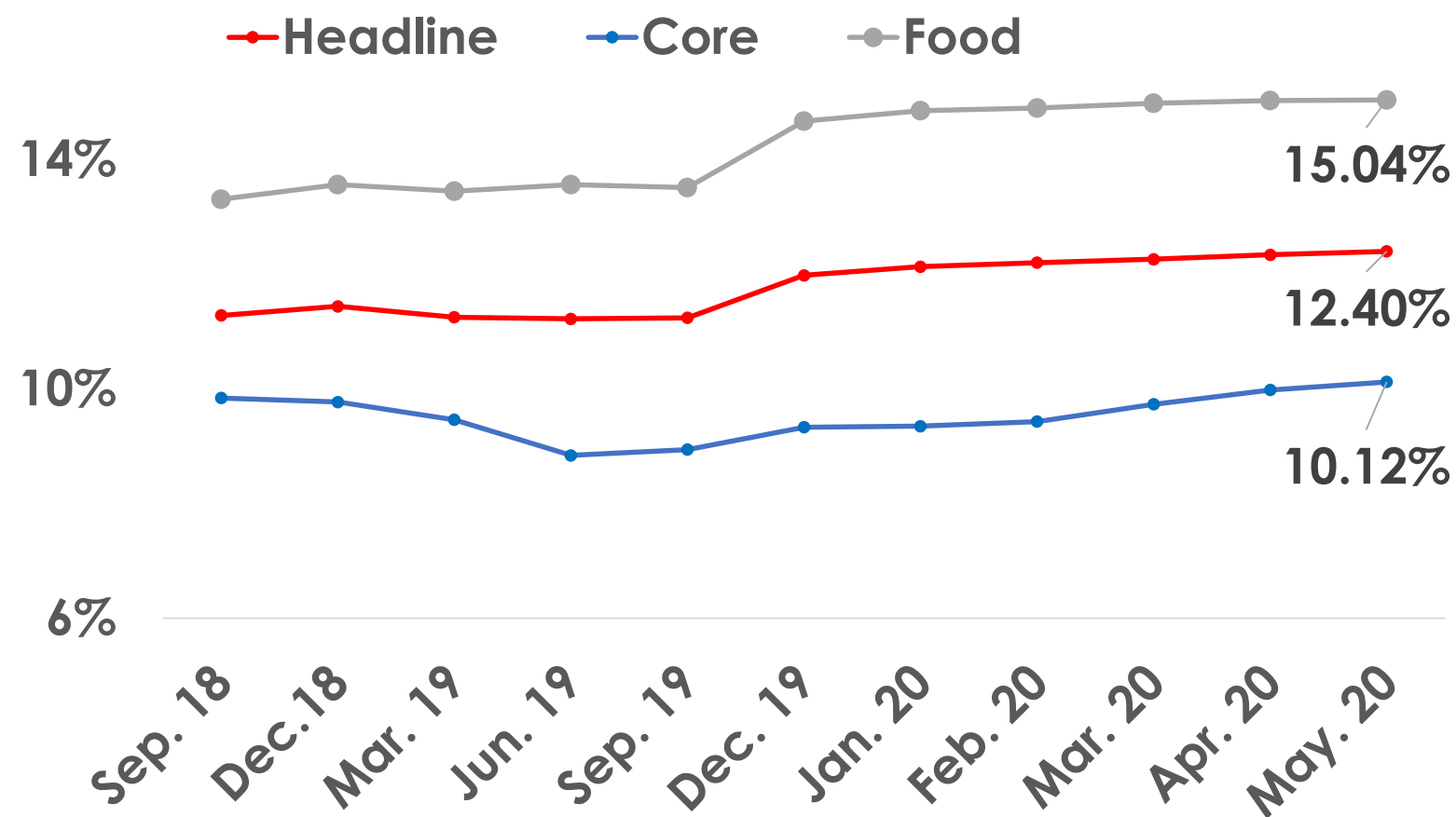


- Banks' credit to the private sector grew by N3.7tn in 2019, to N26.4trillion by Nov. 2019 and has remained largely flat.
- The growth shows impact of recent CBN-led initiatives to stimulate credit growth.
- Effectively, private sector credit constitutes 74% of net credit in the domestic economy, whilst credit to government constitutes 26%



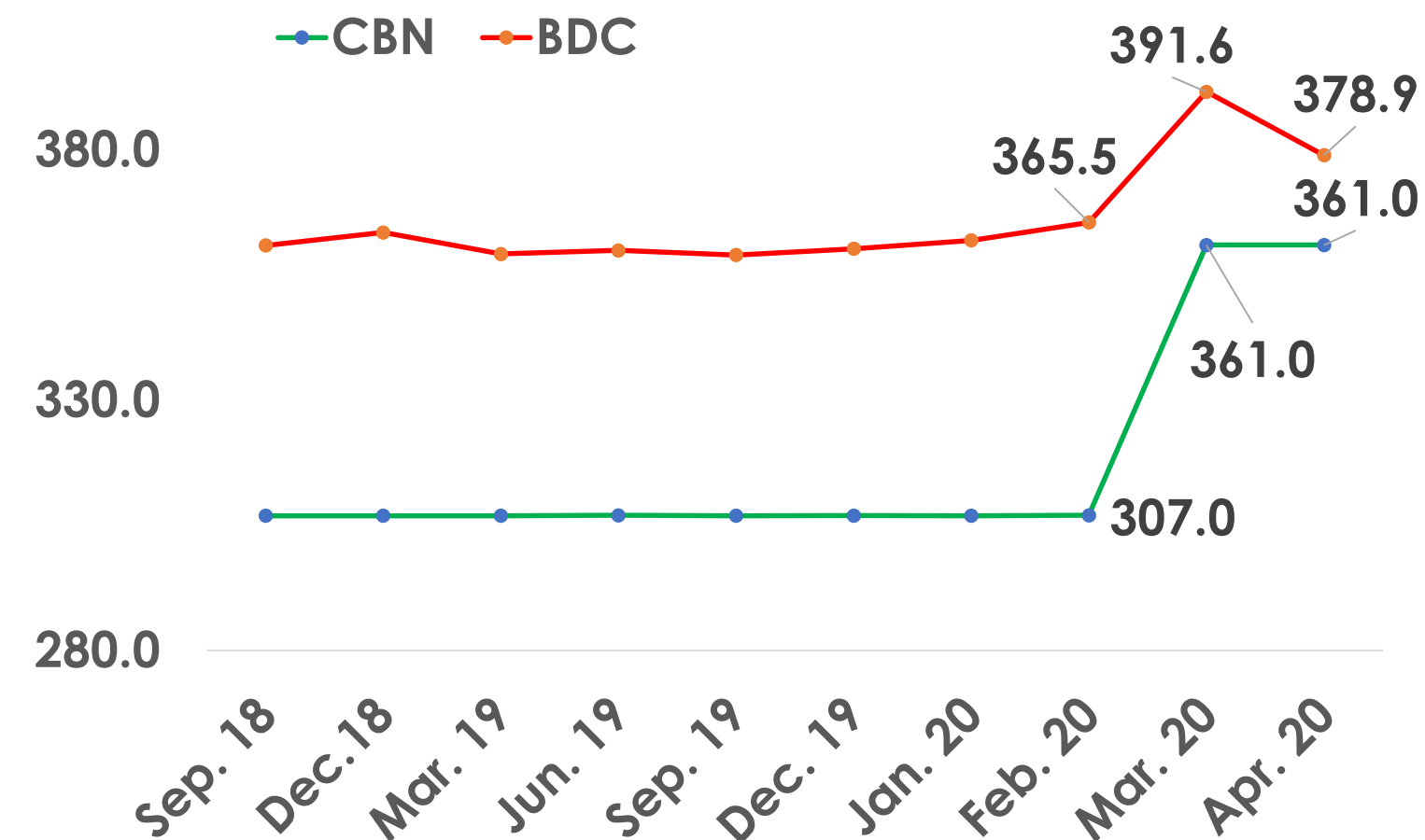
# Nigeria: Macro variables relatively stable..2/2

## Inflation



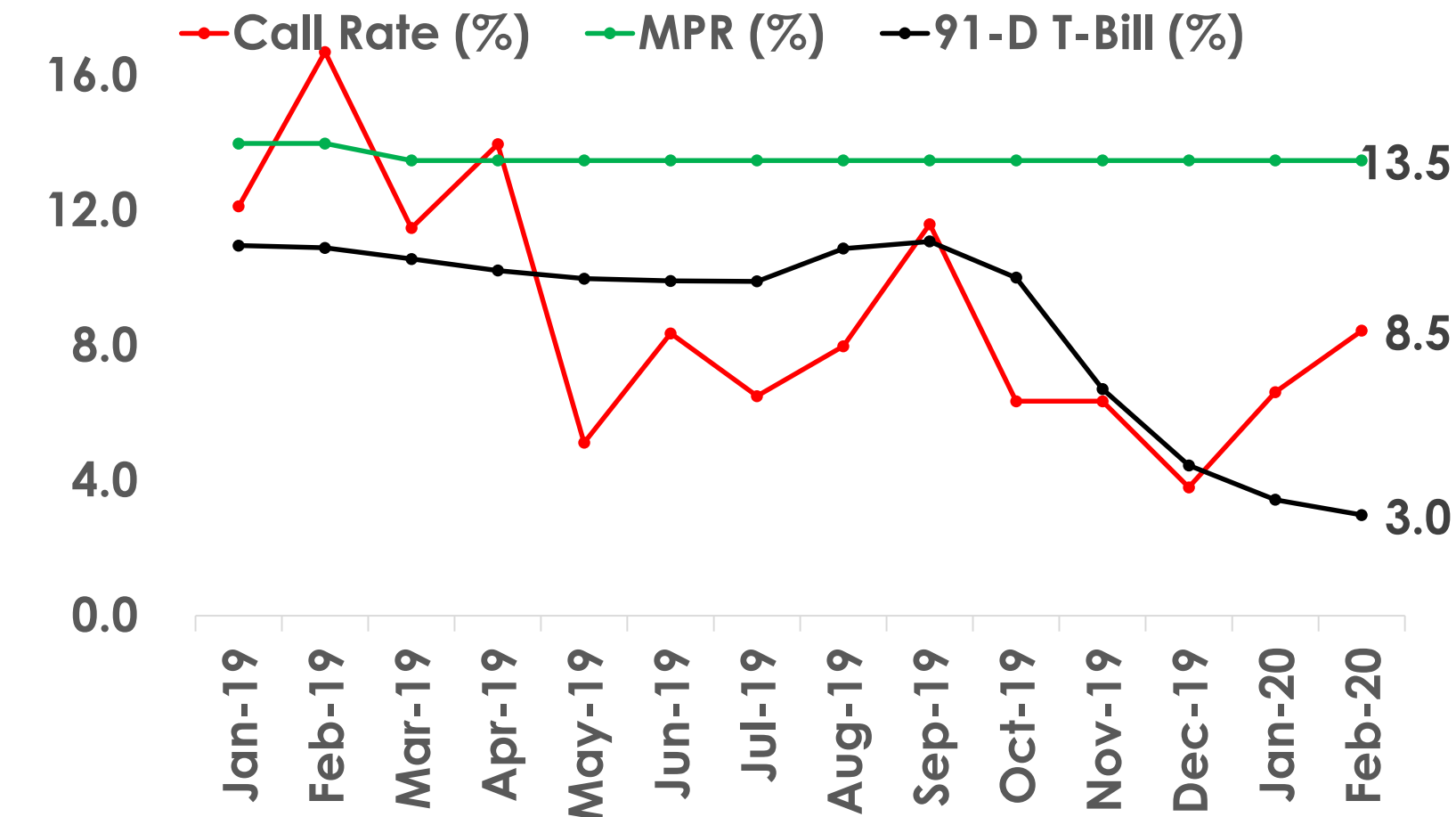
- Latest estimate (May 2020) puts Nigeria's headline inflation at 12.4%
- Inflationary threats persisted through 2019 (average: 11.39%), closing the year (Dec.) at 11.98%. (2020 April: 12.34%)
- Food prices kept a north trend during the year (average: 13.73%), as food index jumped to 14.67% in December 2019
- Land boarder closure in August 2019 is a key driver of recent inflation uptrend

## Exchange Rate



- March 2020: The CBN adjusts the USD/NGN market rate to N380 (from N366) and official rate to N360 (from N306)
- NGN/USD rate remained stable in 2019, staying within N360 and N365 per USD at the BDC and I&E Windows respectively.
- CBN interventions in 2019 helped to keep the Naira stable

## Interest Rate



- In Jan 2019, the MPC cut the MPR from 14% to 13.5%, in a bid to stimulate lending and economic growth
- Average prime lending rate declined 130bps to 15.61%, whilst the average 91 Day T-Bill Rate declined 135bps to 9.65%
- Interest rate environment was largely dovish in 2019, amidst marked volatilities especially at the interbank and OBB windows



# Selected African Markets – Key developments

## Ghana

- Ghana grew 4.9% YOY in Q1 2020, against 7.9% in the same period of 2019. Ghana remain amongst the largest exporters of gold and cocoa globally.
- The Bank of Ghana has kept monetary policy rate (MPR) at 14.5% (as at May 2020) since it reduced the MPR from 16% in March 2020.
- Headline inflation rose to 11.3% in May 2020, above the 8% target, recording marked increase in both food and core inflation components.
- Economic growth in Ghana for 2020 is projected at 1.5%, as the increase in the prices of gold and cocoa offer some respite amidst threat of covid-19 pandemic.

## Senegal

- The economy of Senegal advanced by 3.3% y/y in Q4:2019. Oil and gas production is expected in 2022 and should boost growth further.
- Inflation rate in Senegal declined to 2.7% in May. 2020 from 3.3% in July., mainly due to declines in the prices of food & non-alcoholic beverages
- Senegal struggles to simultaneously maintain high GDP growth rates and fiscal sustainability needed to create jobs for its 17 million population.
- Growth has been high, over 6% since 2014. This is expected to substantially accelerate when offshore oil and gas production begins.in 2022.

## Kenya

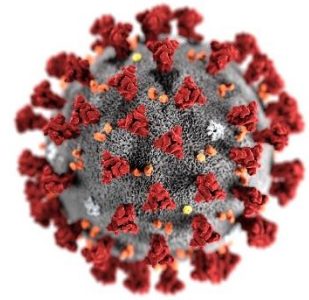
- Kenya's economy grew by 5.5% y/y in Q4:2019, following an upwardly revised 5.2% growth in the previous period.
- The Central Bank of Kenya left its benchmark interest rate at 7% during its May. 2020, after a 25bps cut in April 2020.
- Inflation rate in Kenya declined to 5.47% in May 2020 (from 5.62% in April), its lowest since October 2019.
- Recent growth has been driven by advances in wholesale & retail trade, transport & storage, ICT, and professional, administrative and support services.
- Kenya has made significant political, structural and economic reforms that have largely driven sustained economic growth, social development and political gains over the past decade

## Uganda

- Uganda's GDP grew 0.3% in Q4 2019, (1.0% Q3:2019). The services sector is the most important sector of Uganda's economy and accounts for around 51 percent of total GDP.
- The Bank of Uganda cut its benchmark interest rate by 100bps to 7% in June 2020 (after 100bos cut in April), aiming to support economic growth.
- Inflation eased to 2.8% in May. 2020 from 3.2% in the prior month; driven by prices of food & non-alcoholic beverages
- In line with efforts to start oil and gas production in 2022, Uganda's government plans to boost the economy by spending on new infrastructure in its oil-rich region.



# COVID-19 Locked Down Global Economies

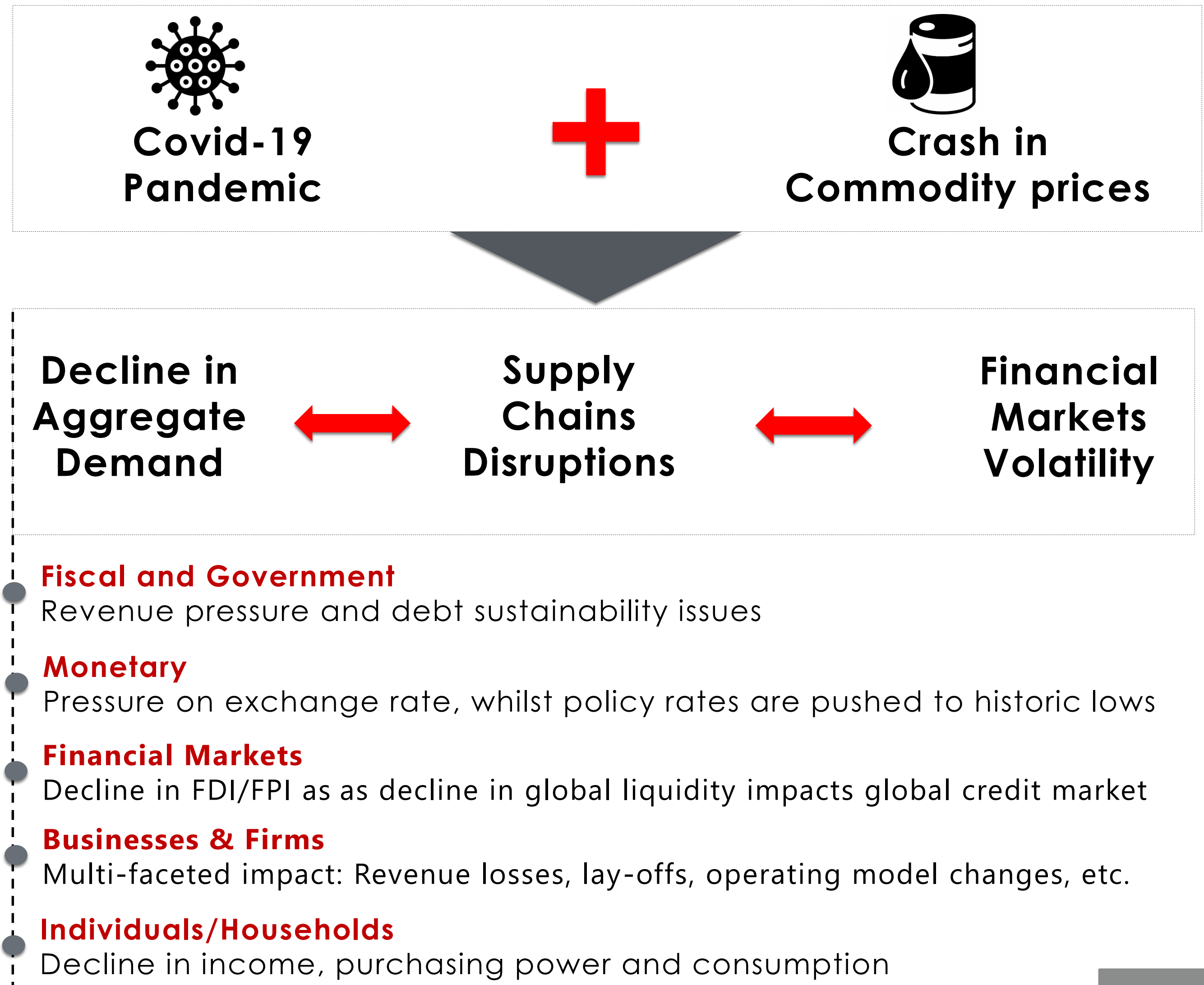


Source: worldometer

22/06/20	Cases	Deaths	Recoveries	Countries
Global	9.1m	471k	4.8m	215
Africa	309k	8.1k	148k	57
Nigeria	20k	518	6.8k	NA

	2019	2020 Growth Outlook (%)	
		Issued Oct. 2019	Revised Apr. 2020
<b>World</b>	<b>3</b>	<b>3.4</b>	<b>-3</b>
<b>Advanced Economies</b>	<b>1.7</b>	<b>1.7</b>	<b>-6.1</b>
USA	2.4	2.1	-5.9
Euro Area	1.2	1.4	-7.5
United Kingdom	1.2	1.4	-5.3
<b>Emerging Markets</b>	<b>3.9</b>	<b>4.6</b>	<b>-1</b>
China	6.1	5.8	1.2
India	6.1	7	1.9
Russia	1.1	1.9	-5.5
<b>Sub-Saharan Africa</b>	<b>3.2</b>	<b>3.6</b>	<b>-1.6</b>
South Africa	0.7	1.1	-5.8
Nigeria	2.3	2.5	-3.4
Ghana	7.5	5.6	1.5
Senegal	6	6.8	3
Cameroon	4	4.2	-1.2

## Economic & Business Implications





# COVID-19: Opportunities and Threats to Our Business

## Development Opportunities

<b>1</b>	<b>Significant intervention funds from national &amp; supranational agencies</b>
<b>Our Response</b>	<b>Funding/float</b> - UBA to trap funds in all jurisdictions across the Group mostly through our EMDOs machinery.
<b>2</b>	<b>Funding requirements to strengthen healthcare and food supply</b>
<b>Our Response</b>	<b>Loan growth</b> - Opportunity to grow loans in healthcare, education, and agricultural sectors.
<b>3</b>	<b>Restrictions on branch-based transactions</b>
<b>Our Response</b>	<b>E-Banking growth</b> - Aggressive e-channels penetration as customers embrace digital banking lifestyle, in view of social distancing
<b>4</b>	<b>Cost optimisation</b>
<b>Our Response</b>	<b>Operational efficiency</b> - Innovative deployment of technology as we overhaul the way we work and serve customers

## Potential Threats

<b>1</b>	<b>Heightened risk of credit default</b>
<b>Our Response</b>	We will defensively monitor the loan portfolio, whilst maintaining a moderate risk appetite during the year.
<b>2</b>	<b>Revenue compression as transaction volumes shrinks</b>
<b>Our Response</b>	We are leveraging our customer-first strategy to protect our market share, whilst deploying digital sales to expand our retail banking franchise.
<b>3</b>	<b>Increase in e-fraud</b>
<b>Our Response</b>	Fortification of our IT security infrastructure Robust engagement with customers on how best to protect their accounts from fraudsters during the lockdown and beyond.
<b>4</b>	<b>Loss of man hours</b>
<b>Our Response</b>	Our robust business continuity plan have been activated, allowing staff members to function remotely and effectively.





# Financial Performance Highlights (FY 2019 & Q1 2020)



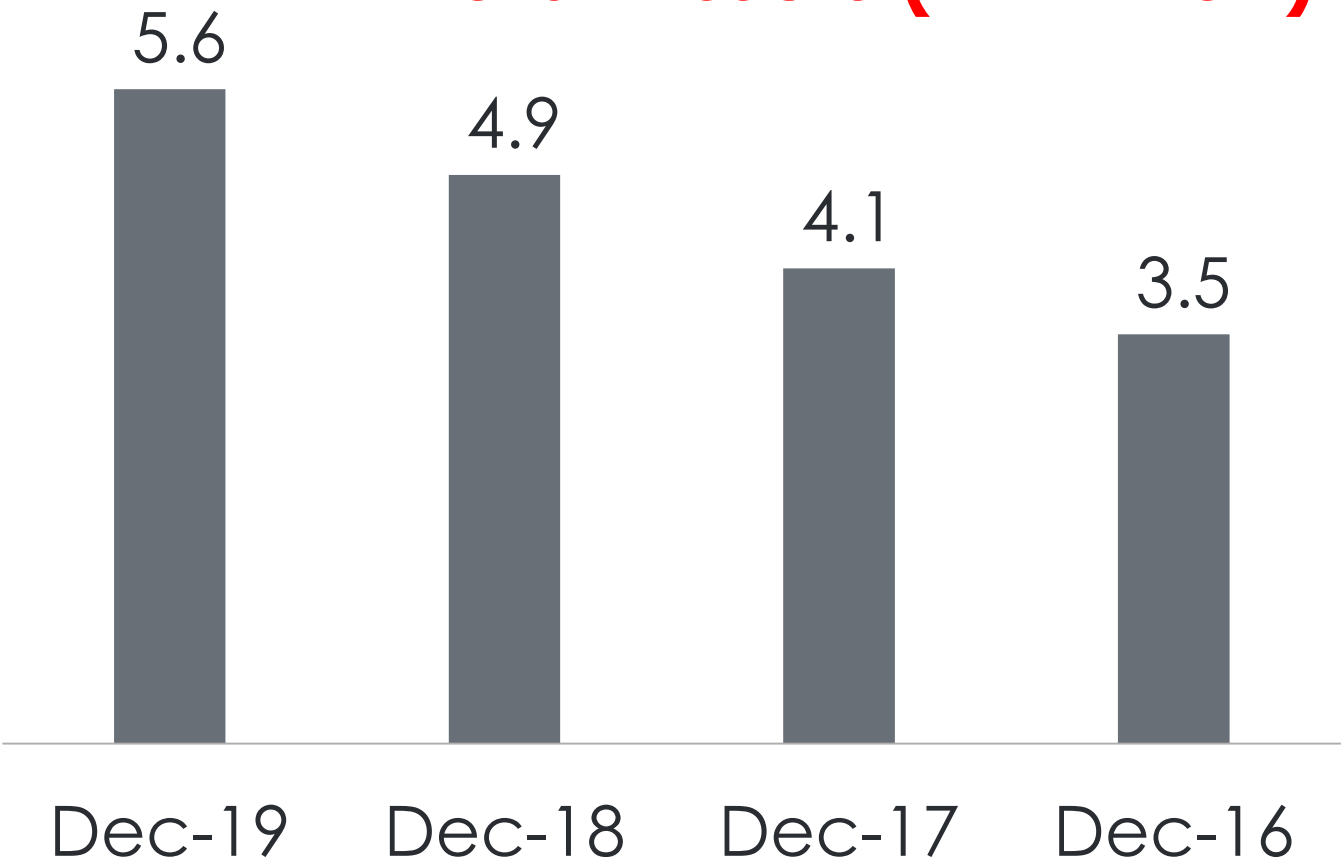
# Group FY2019 Financial Highlights

		2019	2018	% Change
<b>Comprehensive Income &amp; Profit Trend</b> (N' Million)	Gross Earnings	559,805	494,045	<b>13.3%</b>
	Net Interest Income	221,875	205,646	<b>7.9%</b>
	Net Operating Income	346,293	308,218	<b>12.4%</b>
	Operating Expenses	(217,167)	(197,342)	<b>10.0%</b>
	Profit Before Tax	111,287	106,766	<b>4.2%</b>
	Profit After Tax	89,089	78,607	<b>13.3%</b>
<b>Efficiency and Return (%)</b>	Cost-to-Income Ratio	62.7%	64.0%	<b>-131bps</b>
	Post-Tax Return on Average Equity	16.2%	16.1%	<b>+10bps</b>
	Post-Tax Return on Average Assets	1.7%	1.8%	<b>-5bps</b>
		31-Dec-19	31-Dec-18	% Change
<b>Financial Position</b> (N' Million)	Total Assets	5,604,052	4,869,738	<b>15.1%</b>
	Customer Deposits	3,832,884	3,349,120	<b>14.4%</b>
	Net Loans to Customers	2,061,147	1,715,285	<b>20.2%</b>
	Total Equity	597,978	502,608	<b>19.0%</b>
<b>Business Capacity and Asset Quality Ratios (%)</b>	Net Loan-to-Deposit Ratio	52.9%	49.1%	<b>+378bps</b>
	Capital Adequacy Ratio (BASEL II)	23.43%	23.81%	<b>-37bps</b>
	Non-Performing Loan Ratio	5.3%	6.45%	<b>-114bps</b>

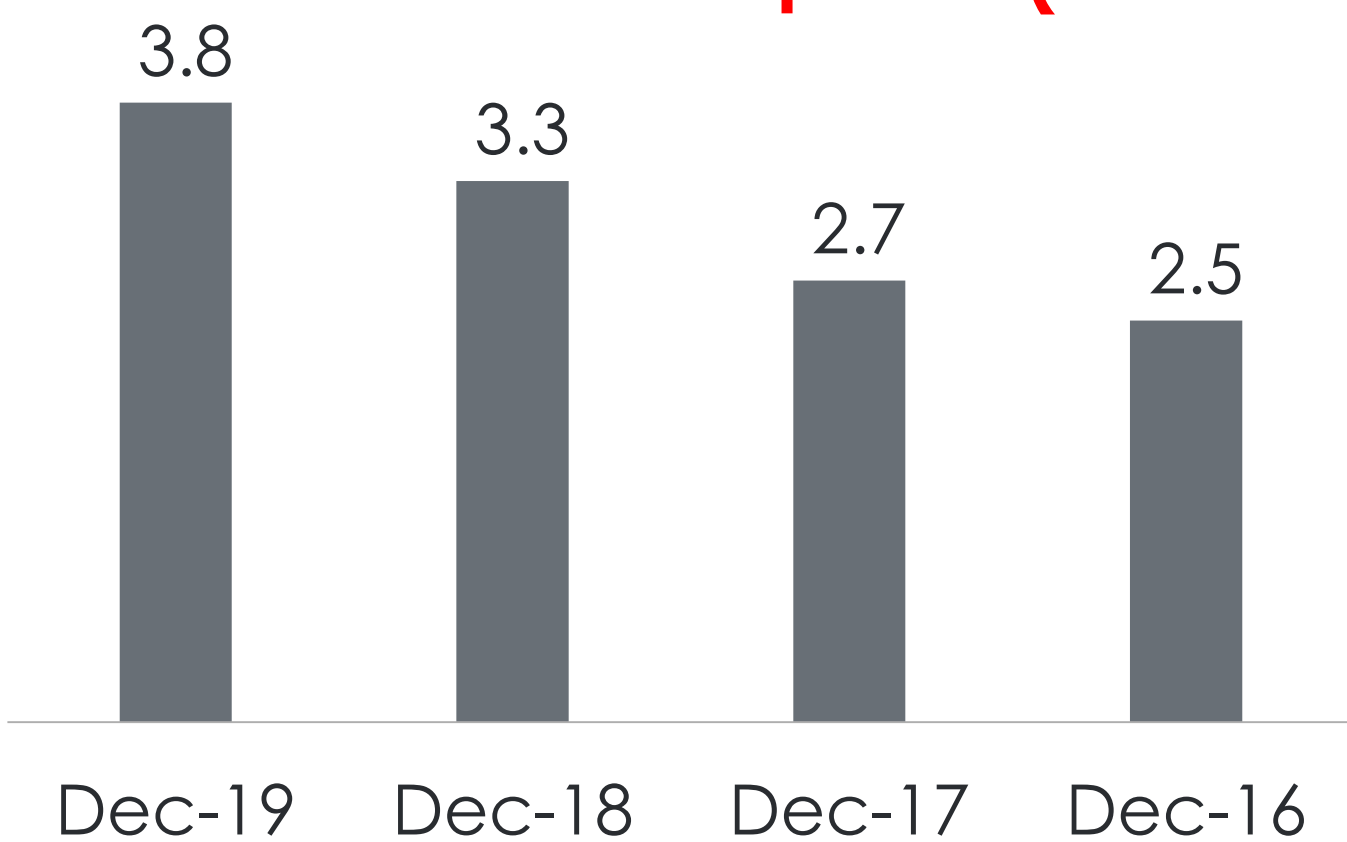


# Group Balance Sheet

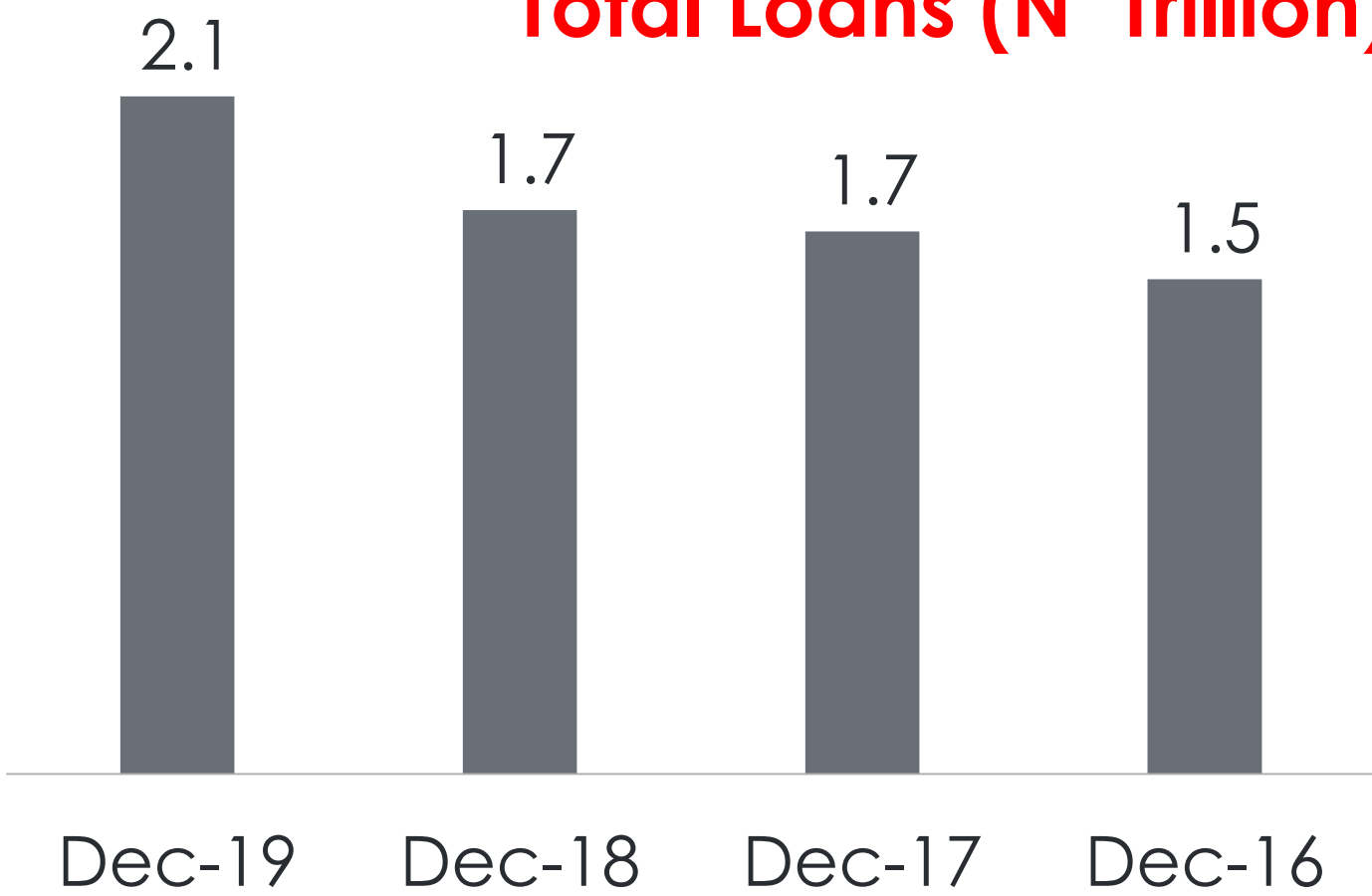
**Total Assets (N' Trillion)**



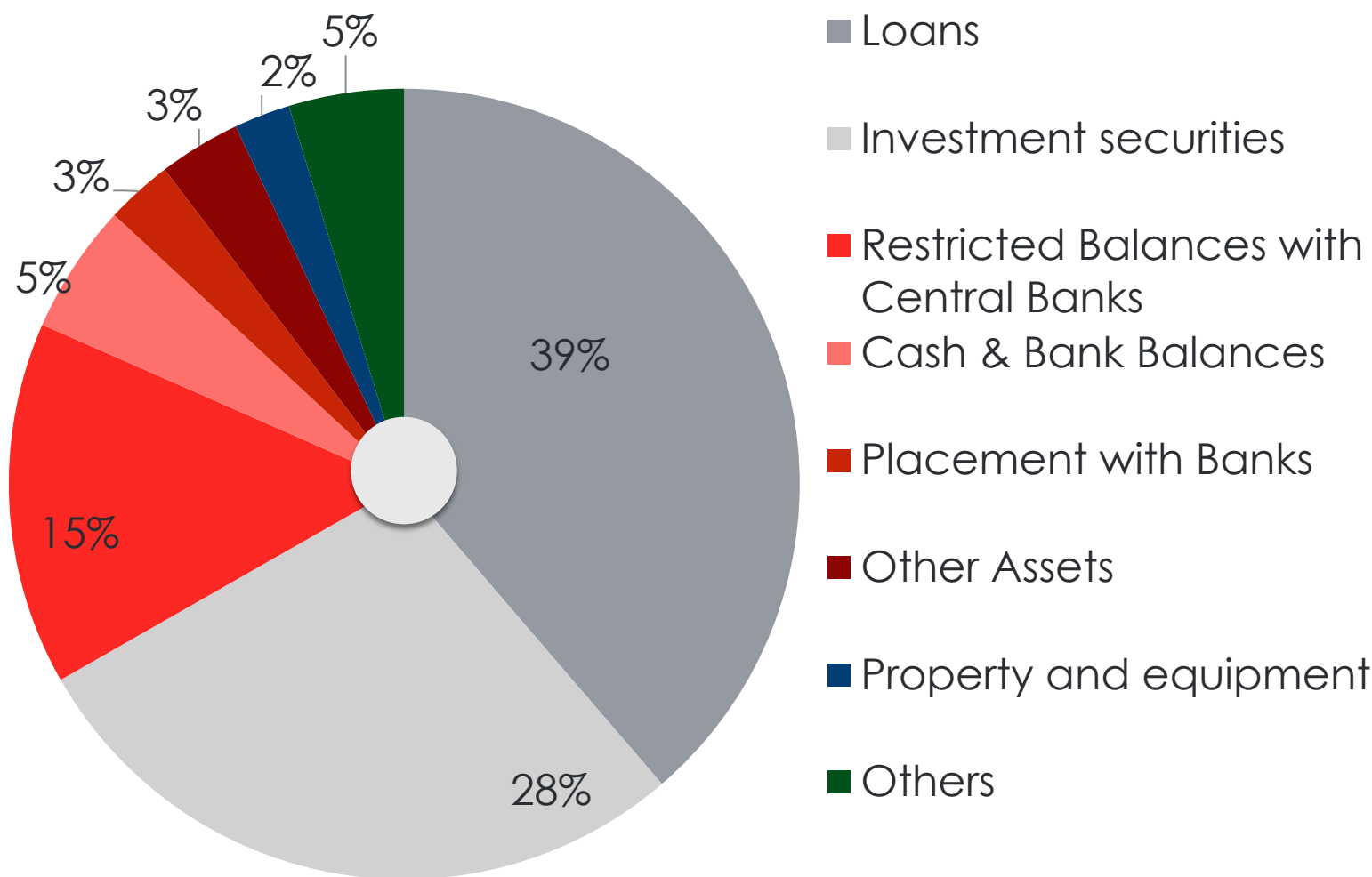
**Total Deposits (N' Trillion)**



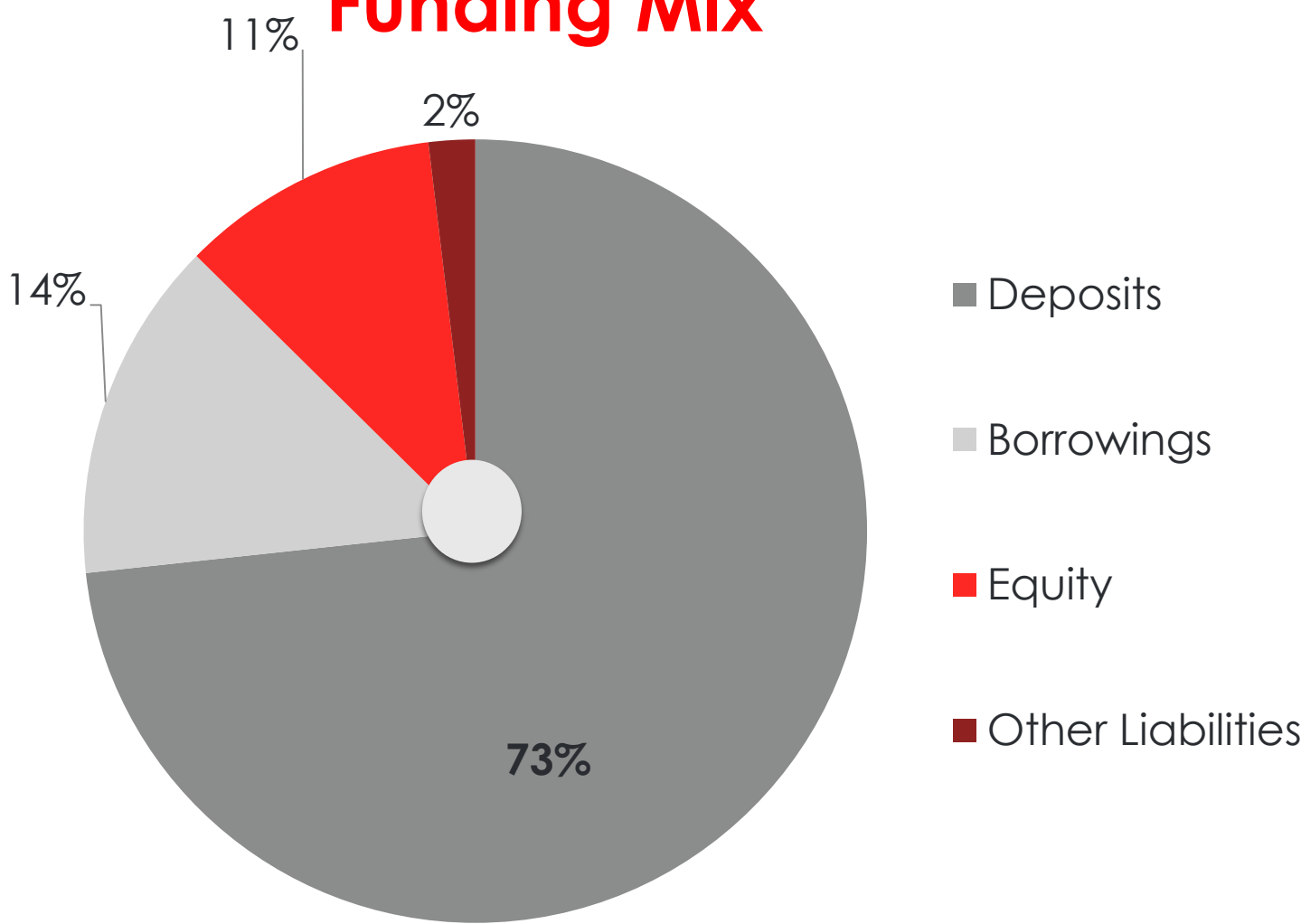
**Total Loans (N' Trillion)**



**Components of Total Assets**



**Funding Mix**

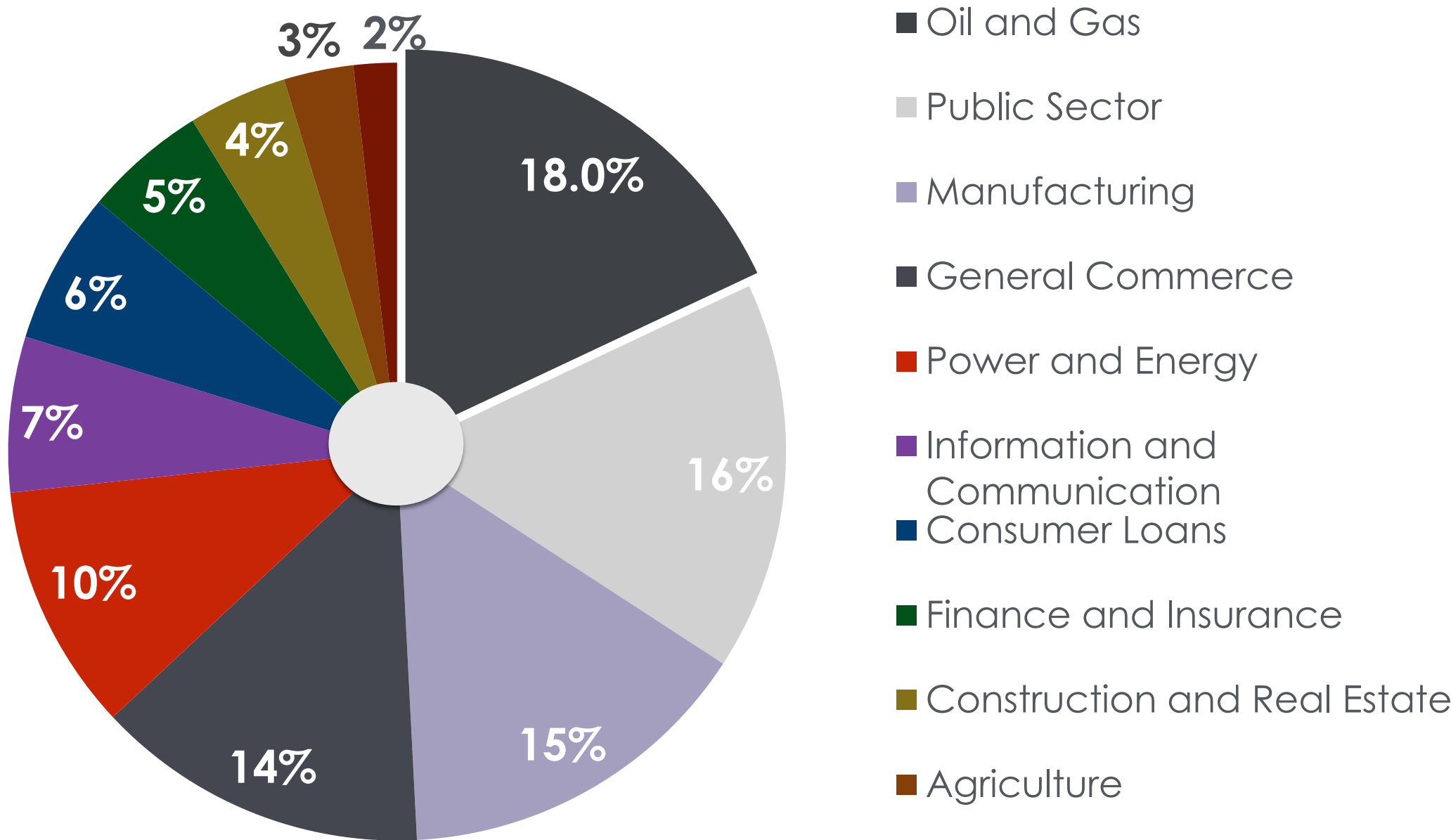


- Total asset grew 15.1% YoY in 2019FY, driven largely by 20% growth in customer loans
- The Group maintains a well-diversified balance sheet, with over 50% of the assets in liquid, low-risk instruments
- Customer deposits continues to dominate the Bank's funding mix (73%), even as CASA grew 9.3% YoY in 2019 following consolidation of the Groups retail banking business.

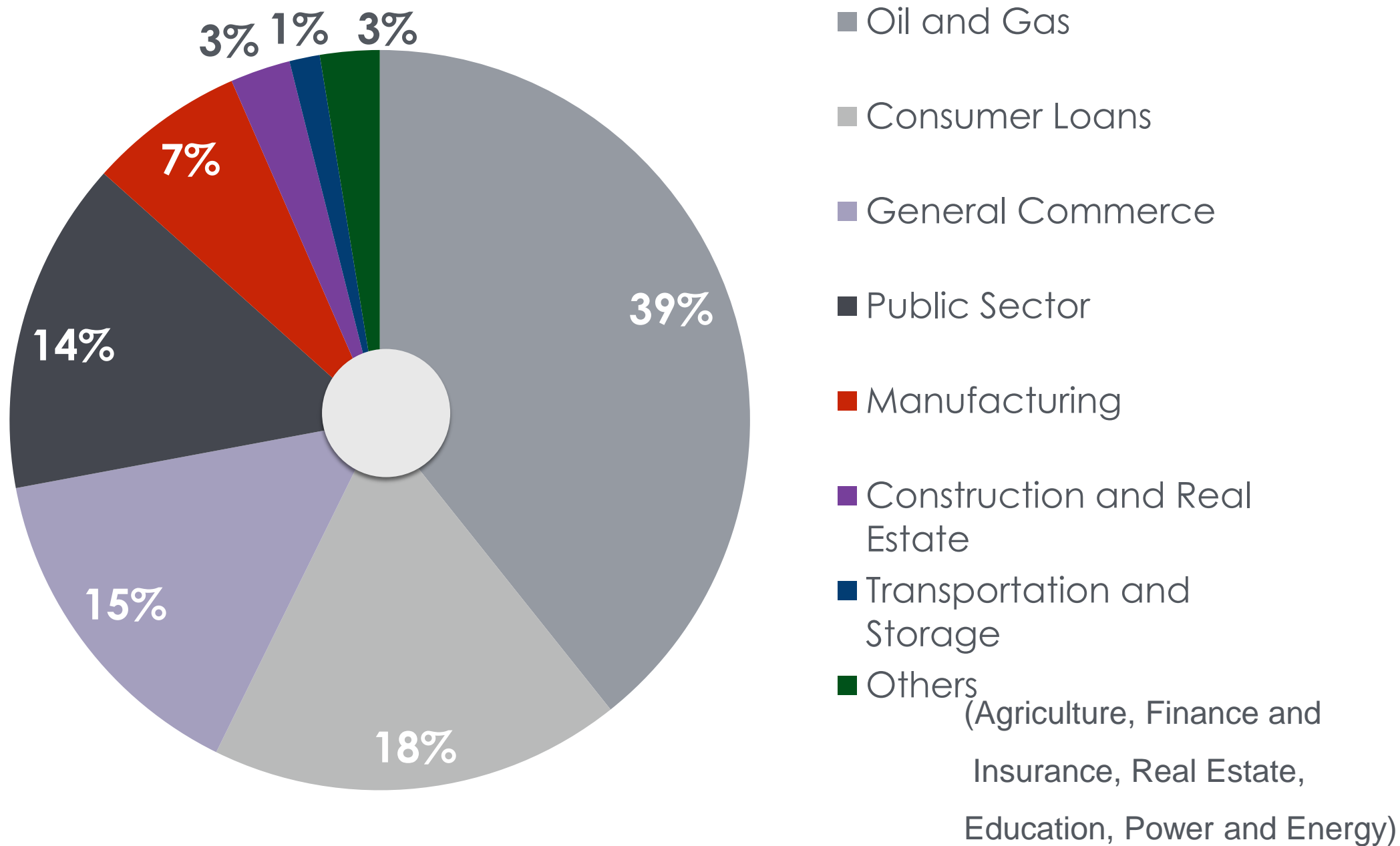


# Risk Asset Portfolio Analysis

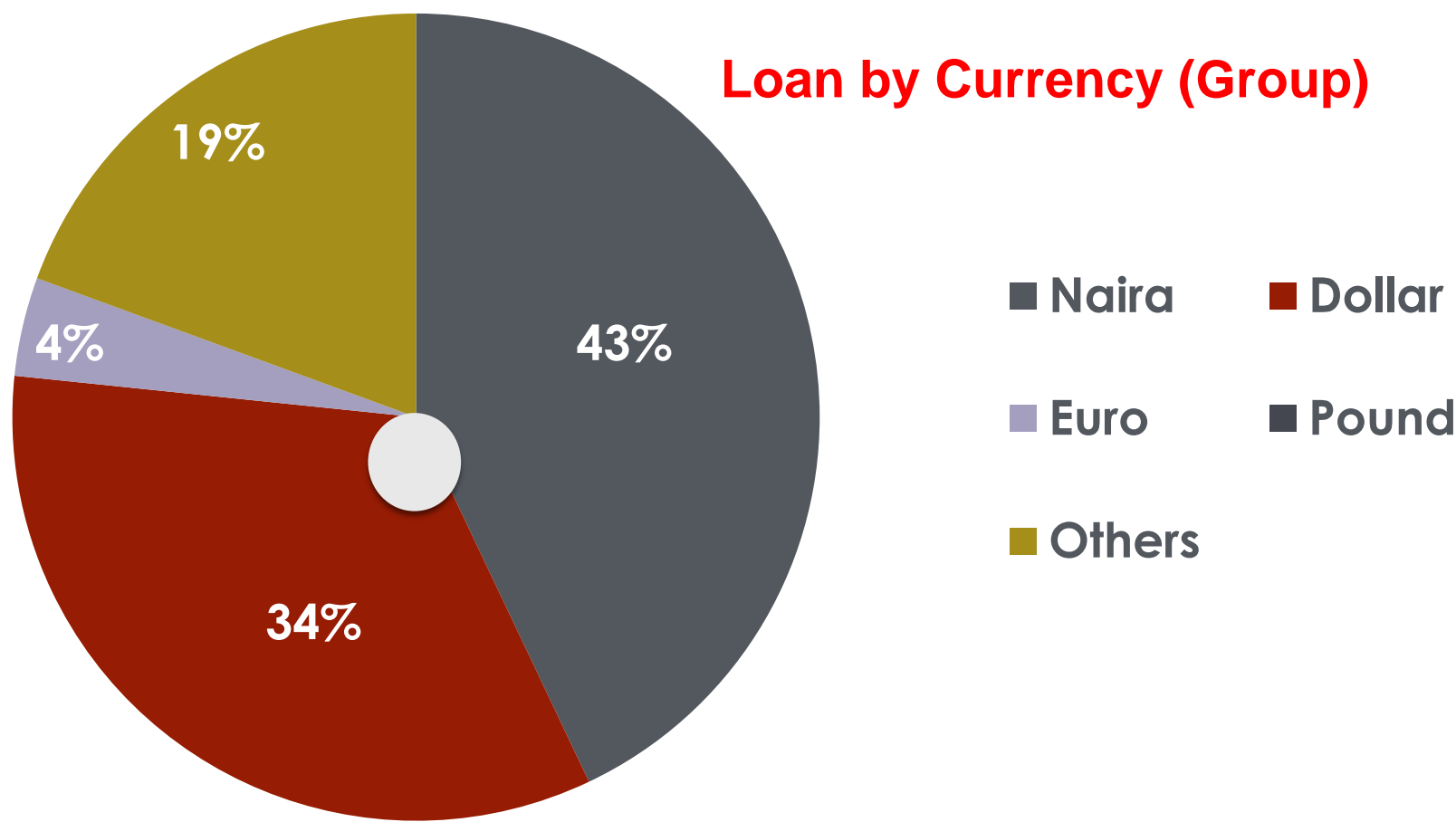
Loan Book Distribution by Sector



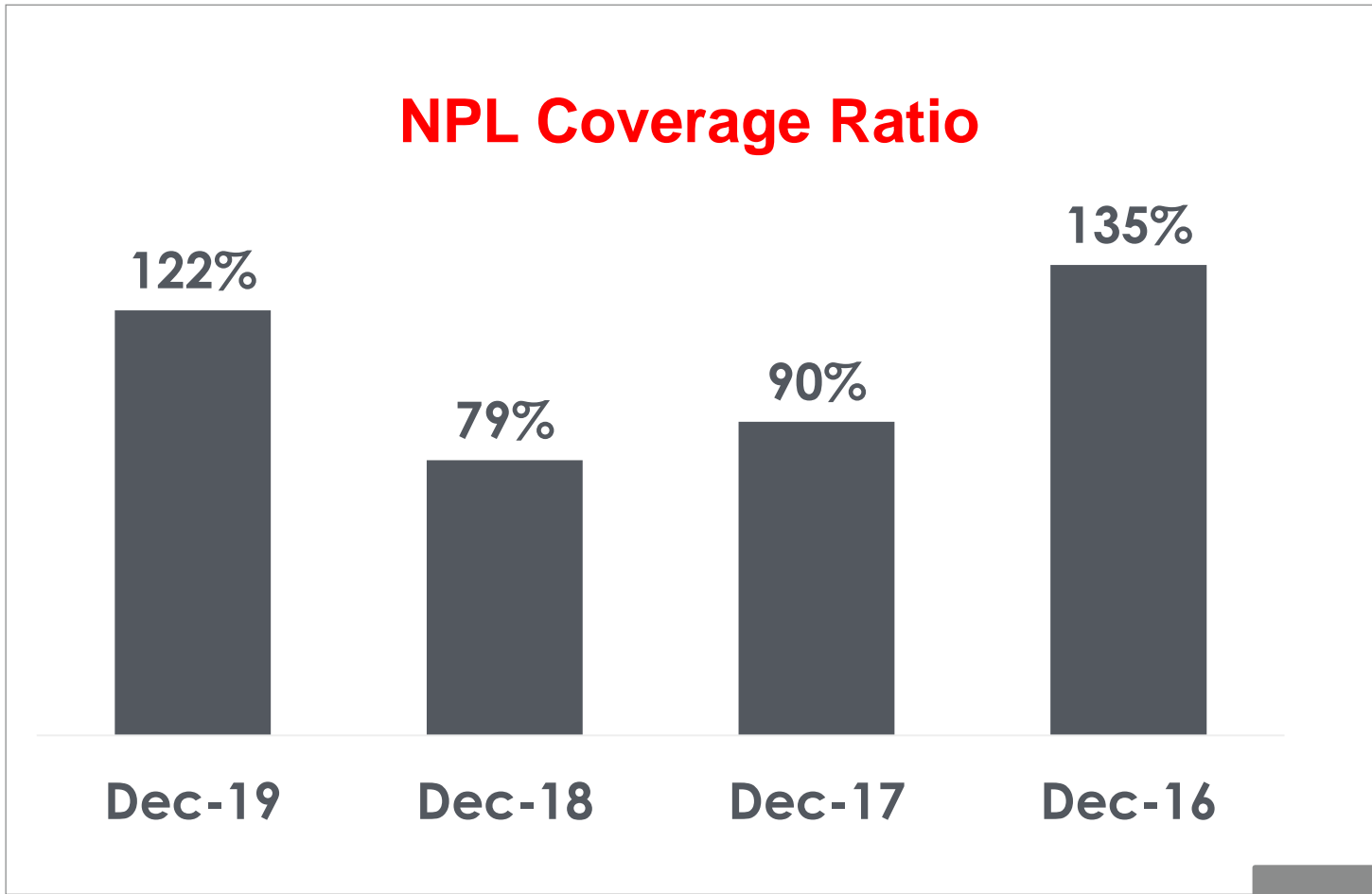
NPL Distribution By Sector



Loan by Currency (Group)

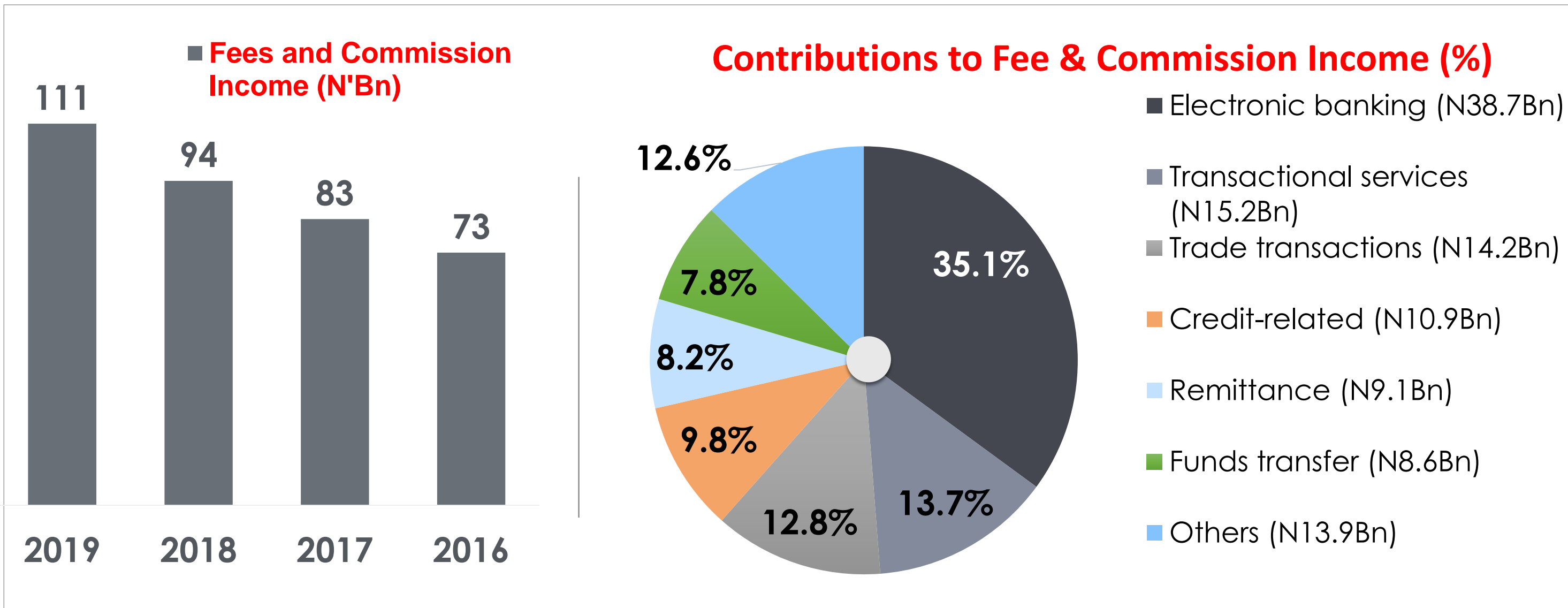
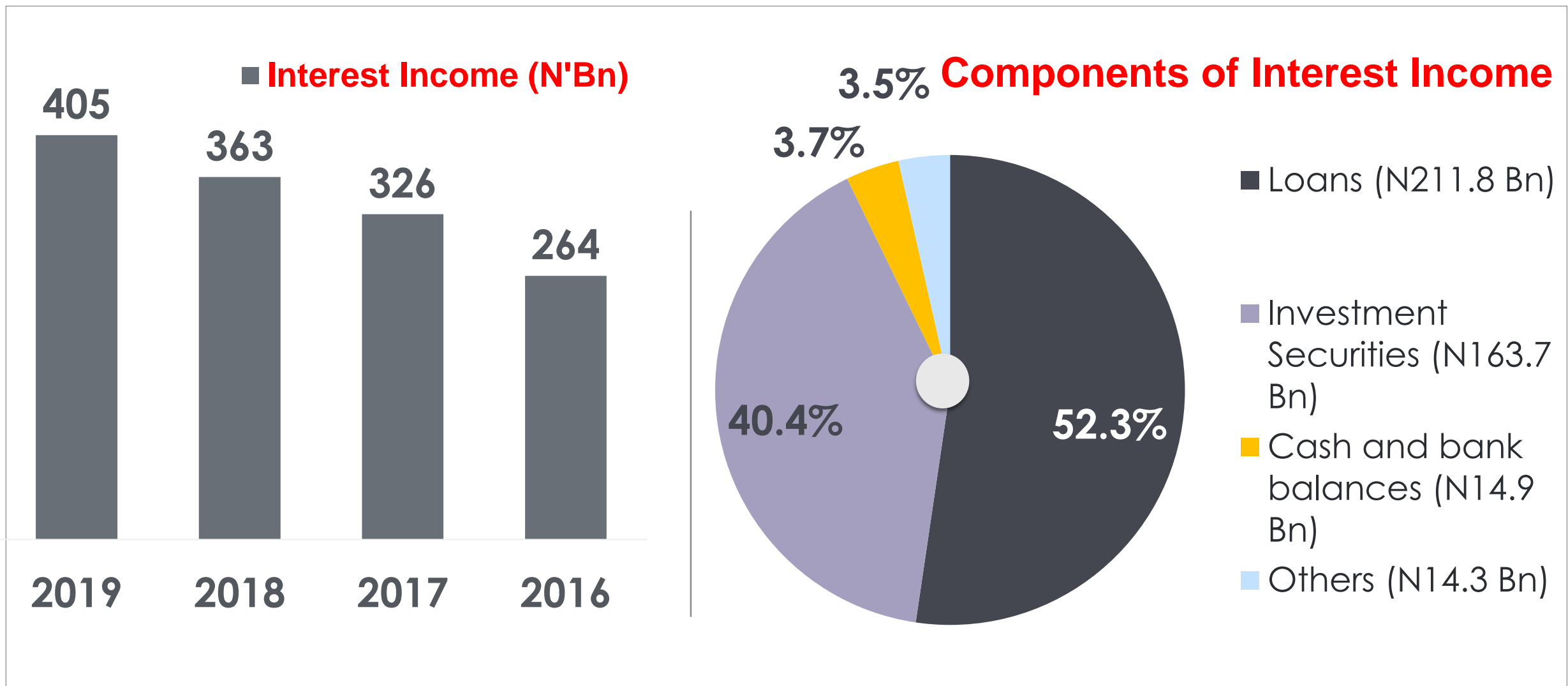
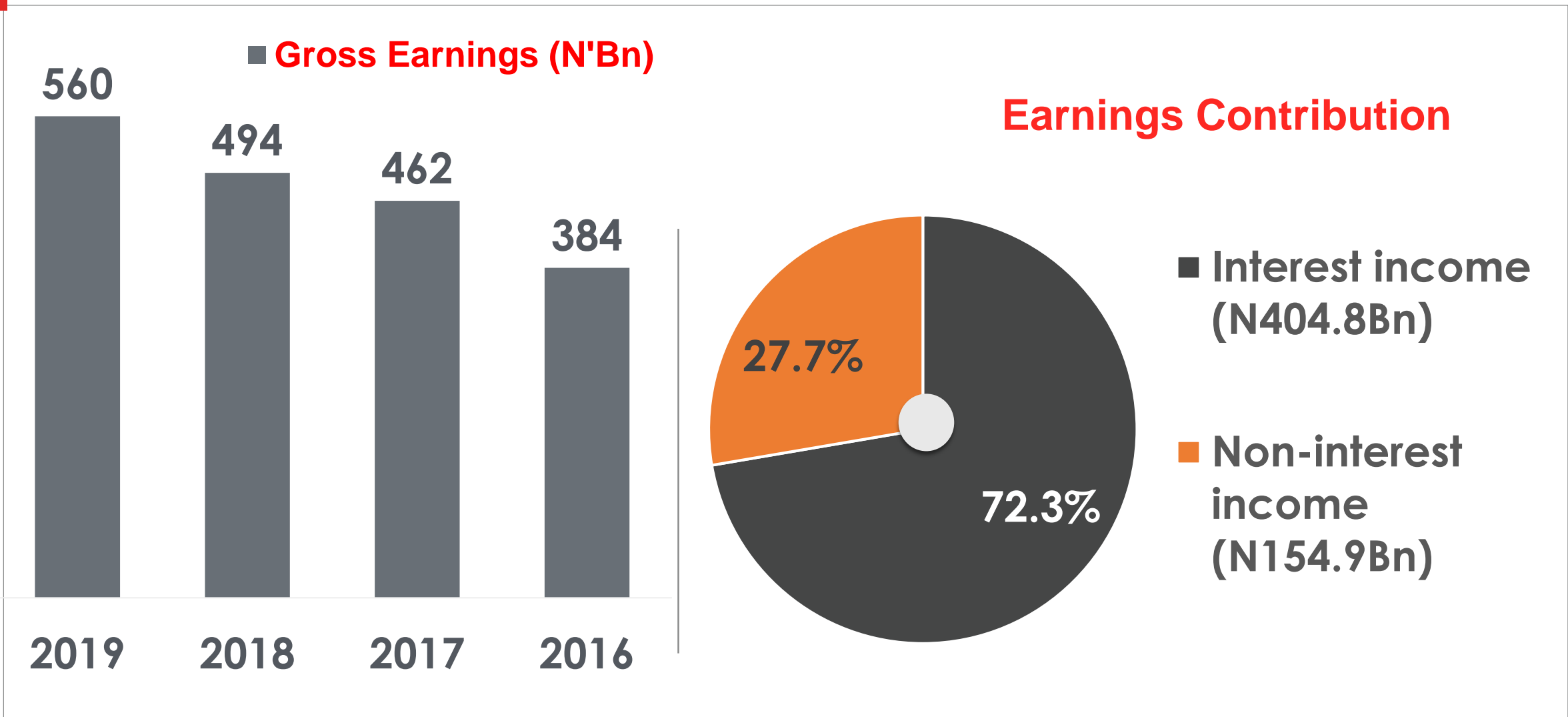


NPL Coverage Ratio





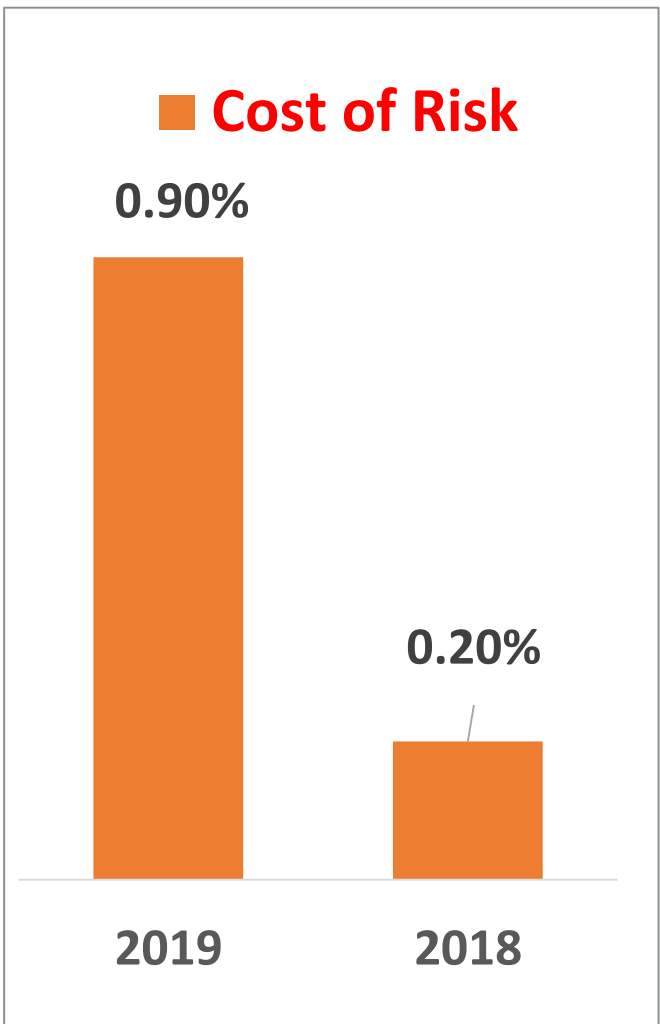
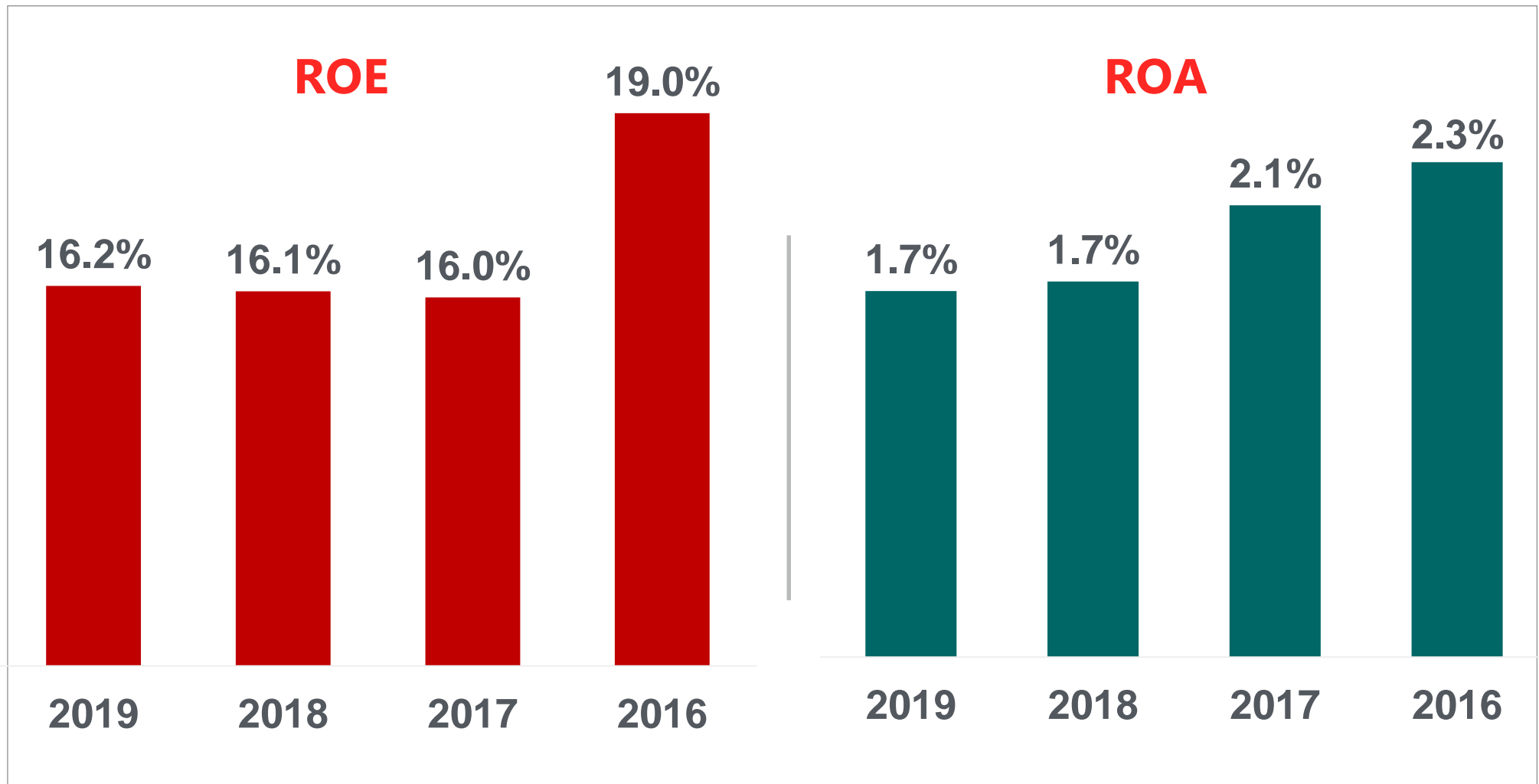
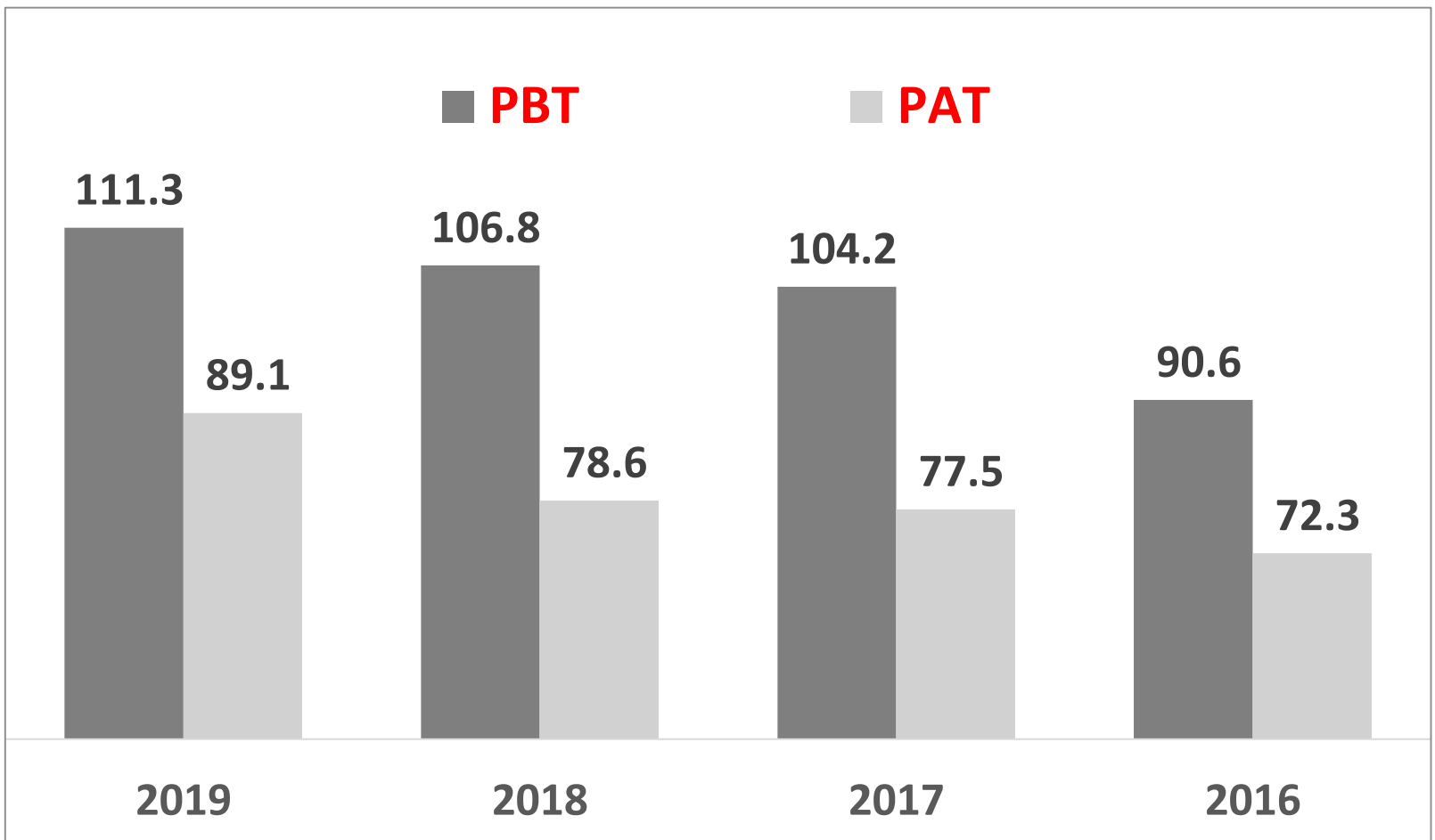
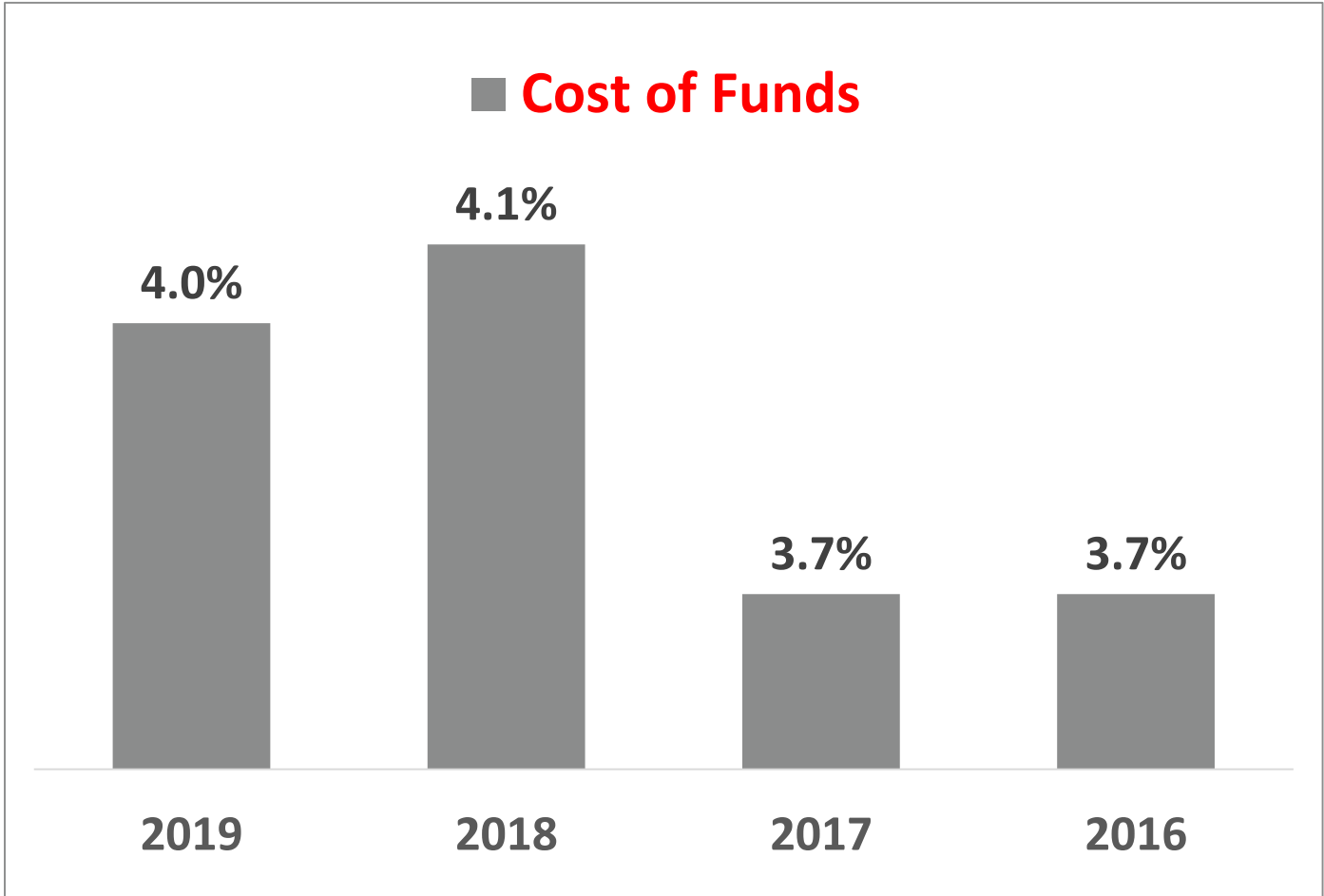
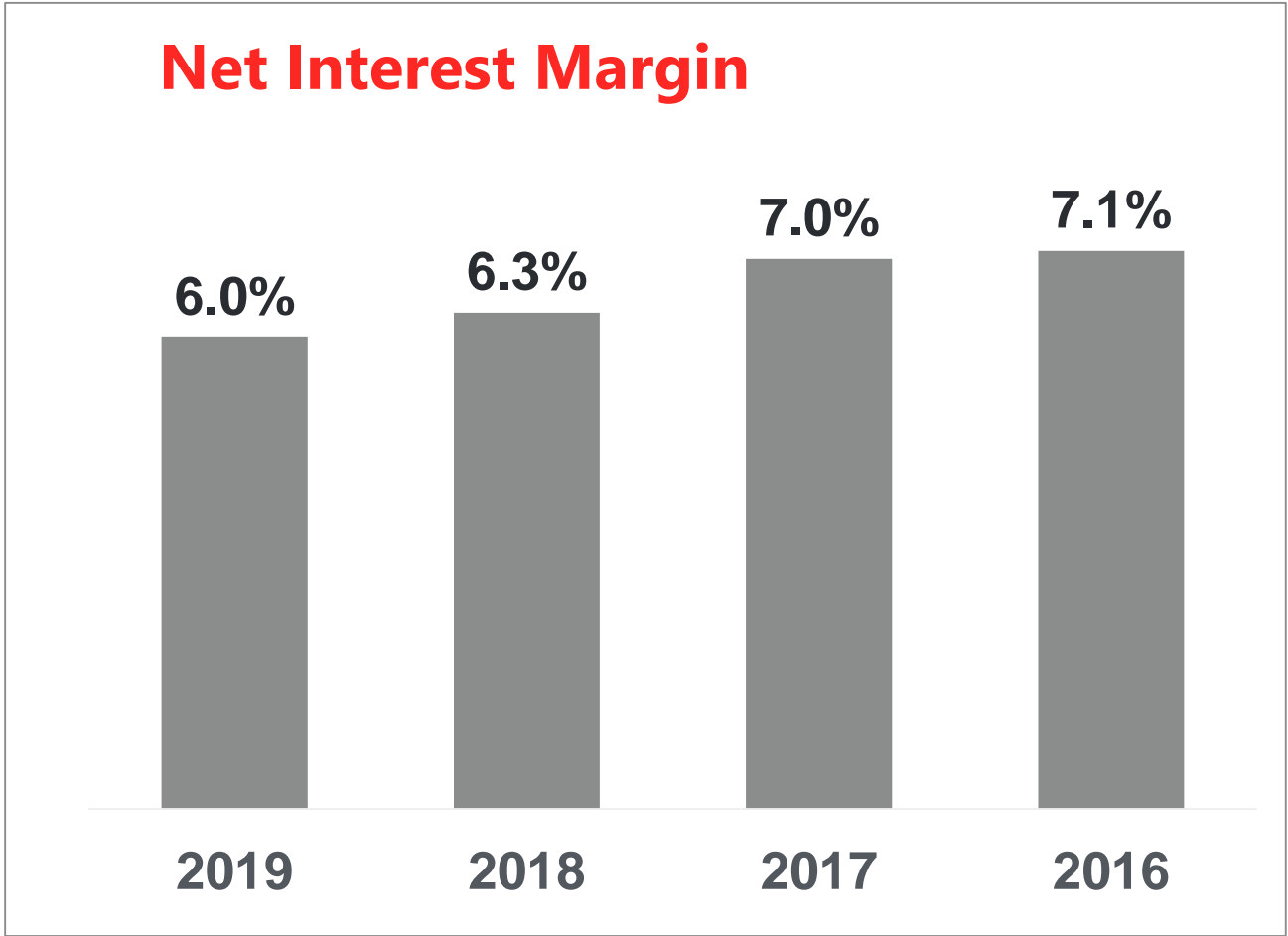
# Revenue Decomposition



- UBA Group has grown earnings by 13% CAGR over the past 3 years, leveraging the scale and scope of its operations, as well as geographic diversification
- Interest income grew by an impressive 11.4%, buoyed by inspiring yields from loans and investment securities
- The Group recorded 18.2% y/y growth in non-interest income, driven by growth in fees and commission income, and net trading and foreign exchange income
- Electronic banking income now contributes 35.1% of total fee and commission income, a reflection of the Bank's increased leverage on its revamped digital channels



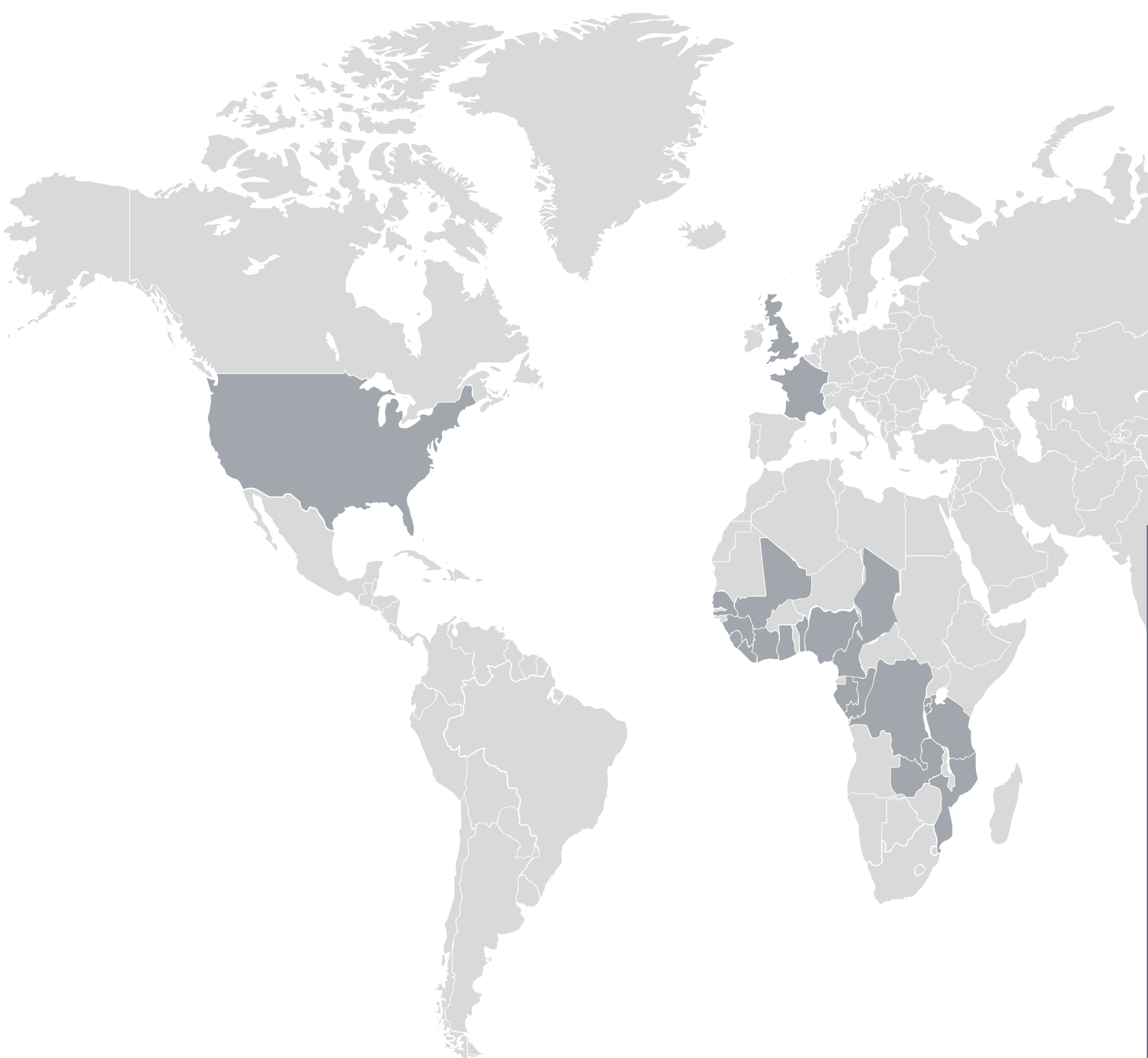
# Margins Analysis



- The Group has maintained impressive profitability, with 2019FY PAT growth of 13.3%, and a 3-year CAGR of 7.2%.
- Net Interest Margin (NIM) for 2019FY declined by 30bps to 6.0%; reflecting depressed yield on assets and declining cost of funds as rate environment moderates
- The Group recorded a 16.2% return on average equity, a 10bps improvement from FY2018.



# Performance By Geography- FY 2019



## CONTRIBUTION

	Nigeria	Rest of Africa	Rest of the World*	Group
Total revenue	69%	28%	3%	100%
Operating expenses	65%	32%	3%	100%
Profit before tax	52%	42%	6%	100%
Loans and advances	68%	25%	7%	100%
Deposits from customers and banks	67%	29%	4%	100%

## GROWTH

	Nigeria	Rest of Africa	Rest of the World*	Group
Total revenue	20%	9%	25%	13.3%
Operating expenses	12%	8%	14%	10.0%
Profit before tax	56%	29%	16%	4.2%
Loans and advances	27%	7%	53%	20.2%
Deposits from customers and banks	15%	2%	46%	14.4%

\* Rest of the world represents the Group's business outside of Africa



# Digital Banking Presence- FY 2019

						
<b>Users/Issuances</b>	<b>2,561</b> 3.3% Growth	<b>24,947</b> 24% Growth	<b>2,962,590</b> 35% Growth	<b>3,628,884</b> 47% Growth	<b>2,023,370</b> 41% Growth	<b>2,136,402</b> 113% Growth
<b>Transaction Volume (NGN) (N'm)</b>	<b>1,773,944</b> 10.6% Growth	<b>331,631</b> 64.4% Growth	<b>2,850,582</b> 5.8% Growth	<b>329,266</b> 4.2% Growth	<b>3,659,883</b> 150.2% Growth	<b>17,930</b> 109.5% Growth
<b>Transaction Count</b>	<b>196,945,696</b> 10.5% Growth	<b>44,760,502</b> 93.5% Growth	<b>321,490,770</b> 35.5% Growth	<b>160,850,465</b> 51.2% Growth	<b>95,575,062</b> 110.6% Growth	<b>2,643,009</b> 150.2% Growth

## Highlights

- New lifestyle features
- More inclusive propositions
- Robust technology optimization
- LEO WhatsApp deployed to 18 countries
- Launch of LEO Apple business Chat

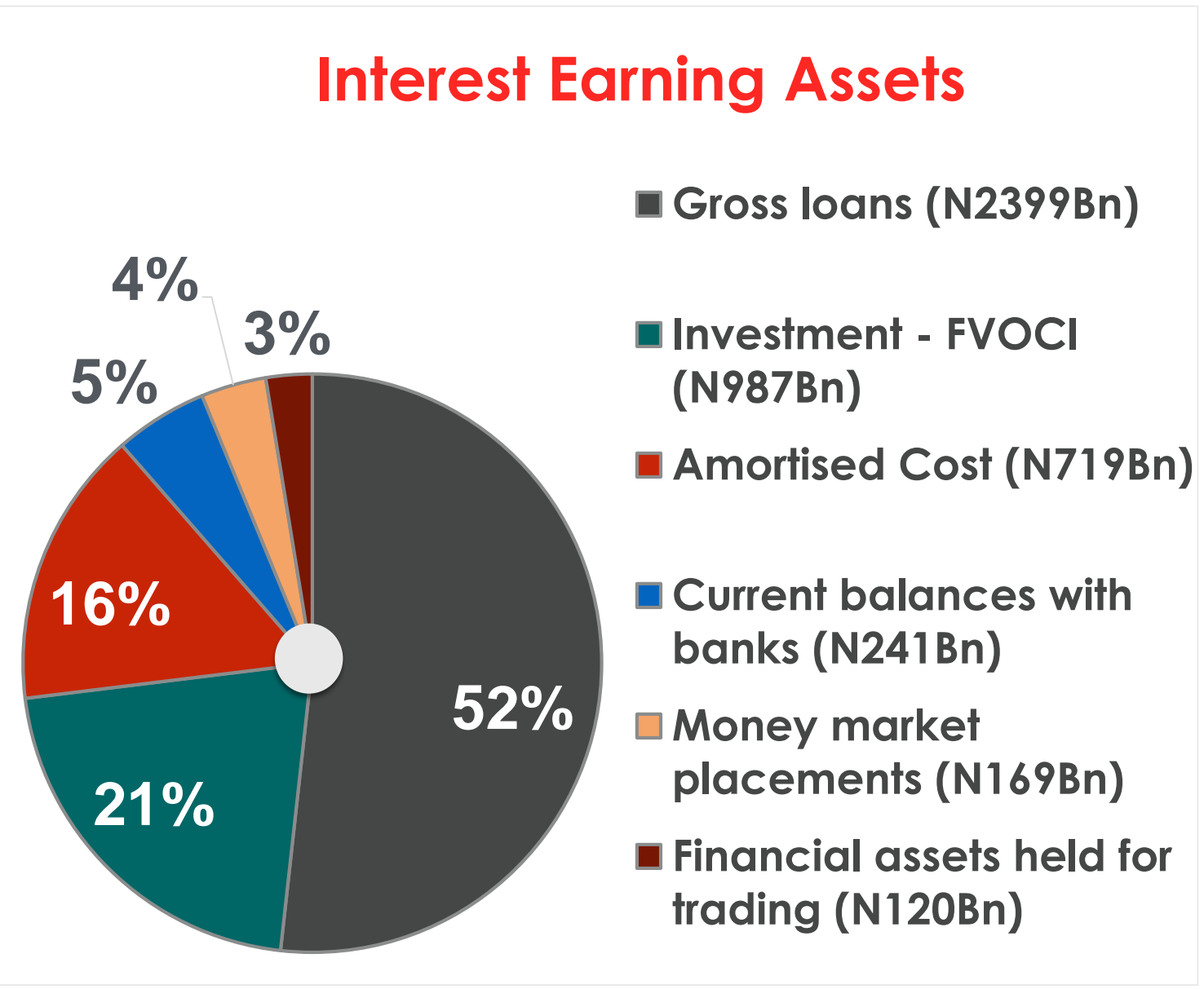
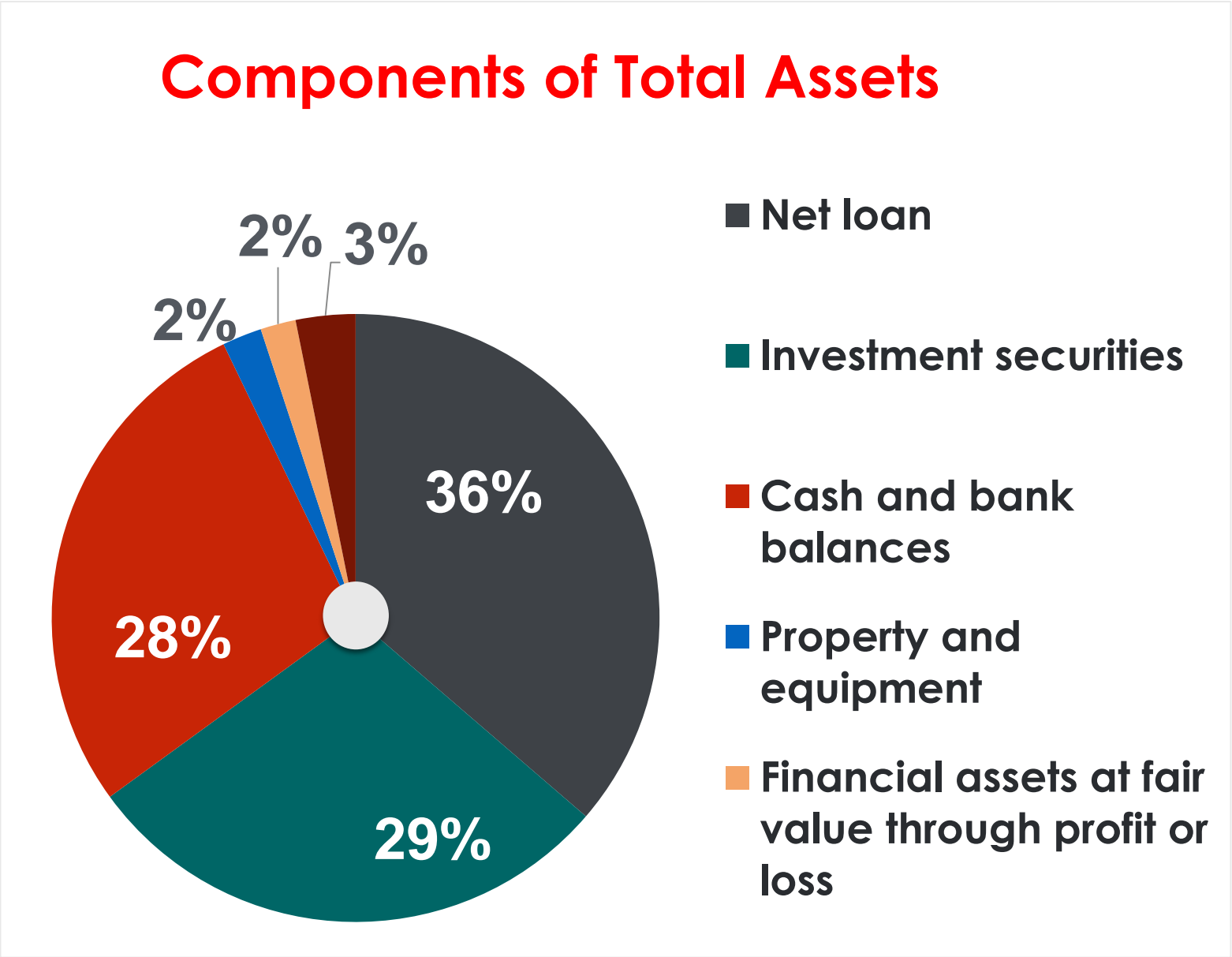
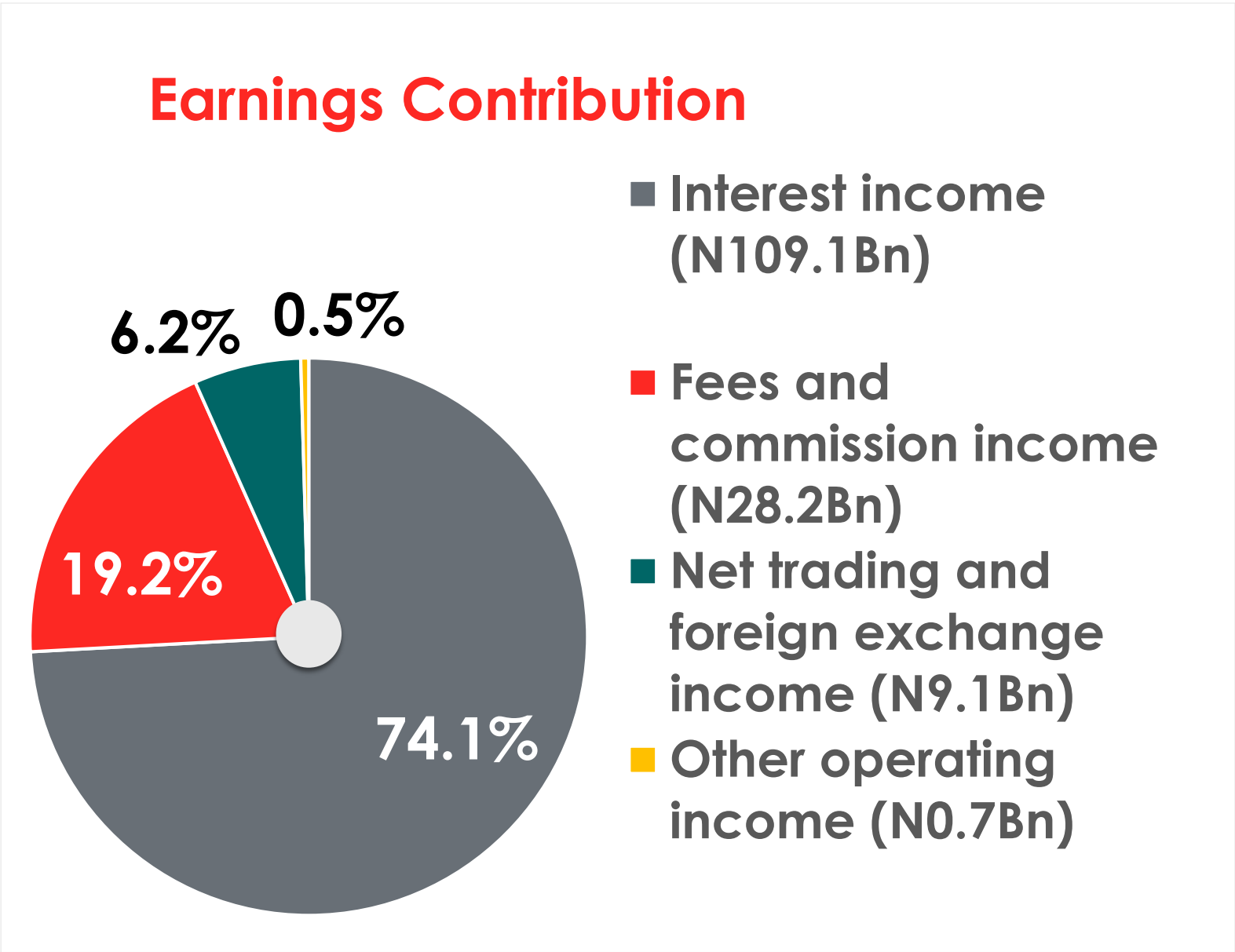
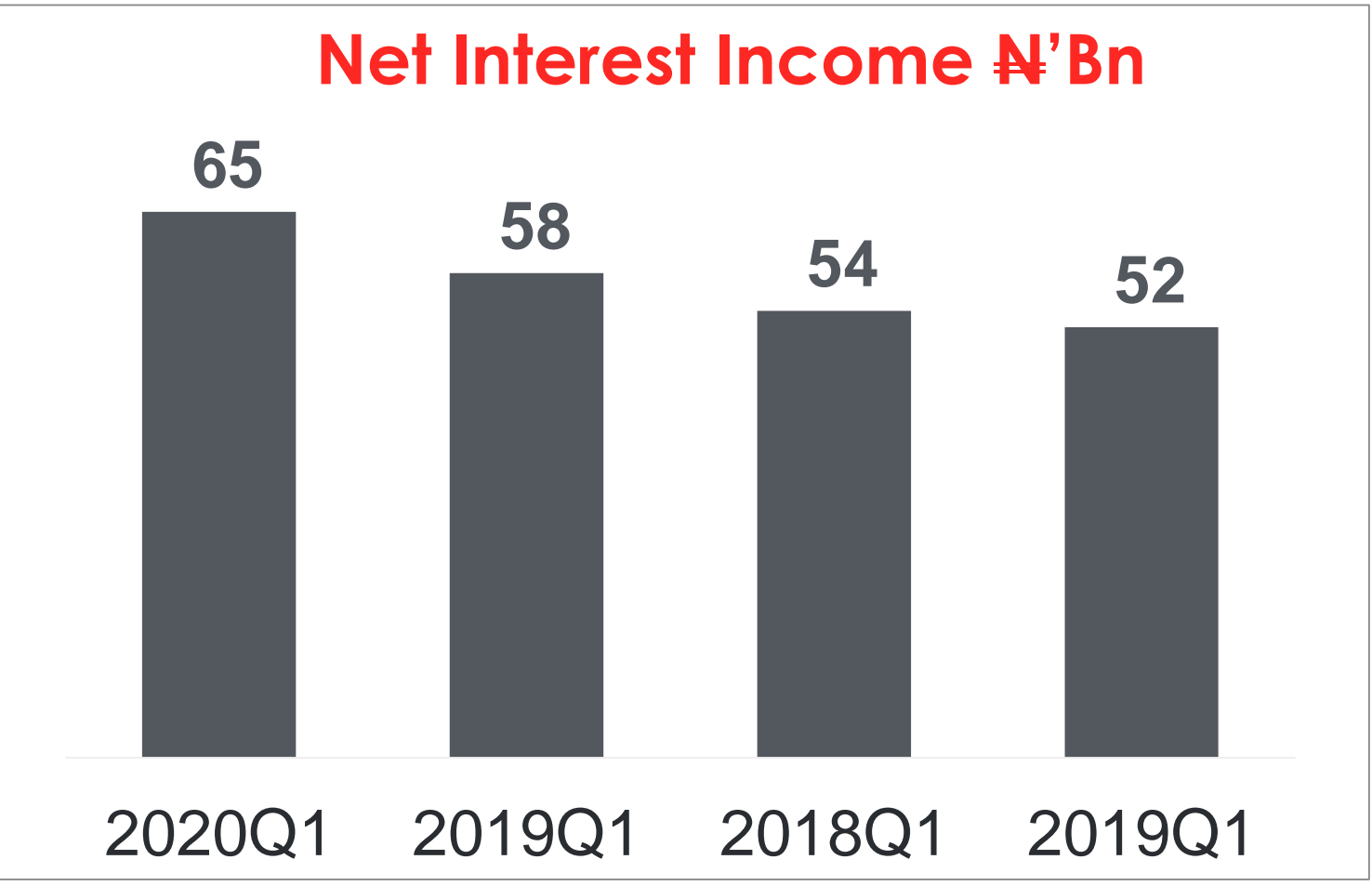
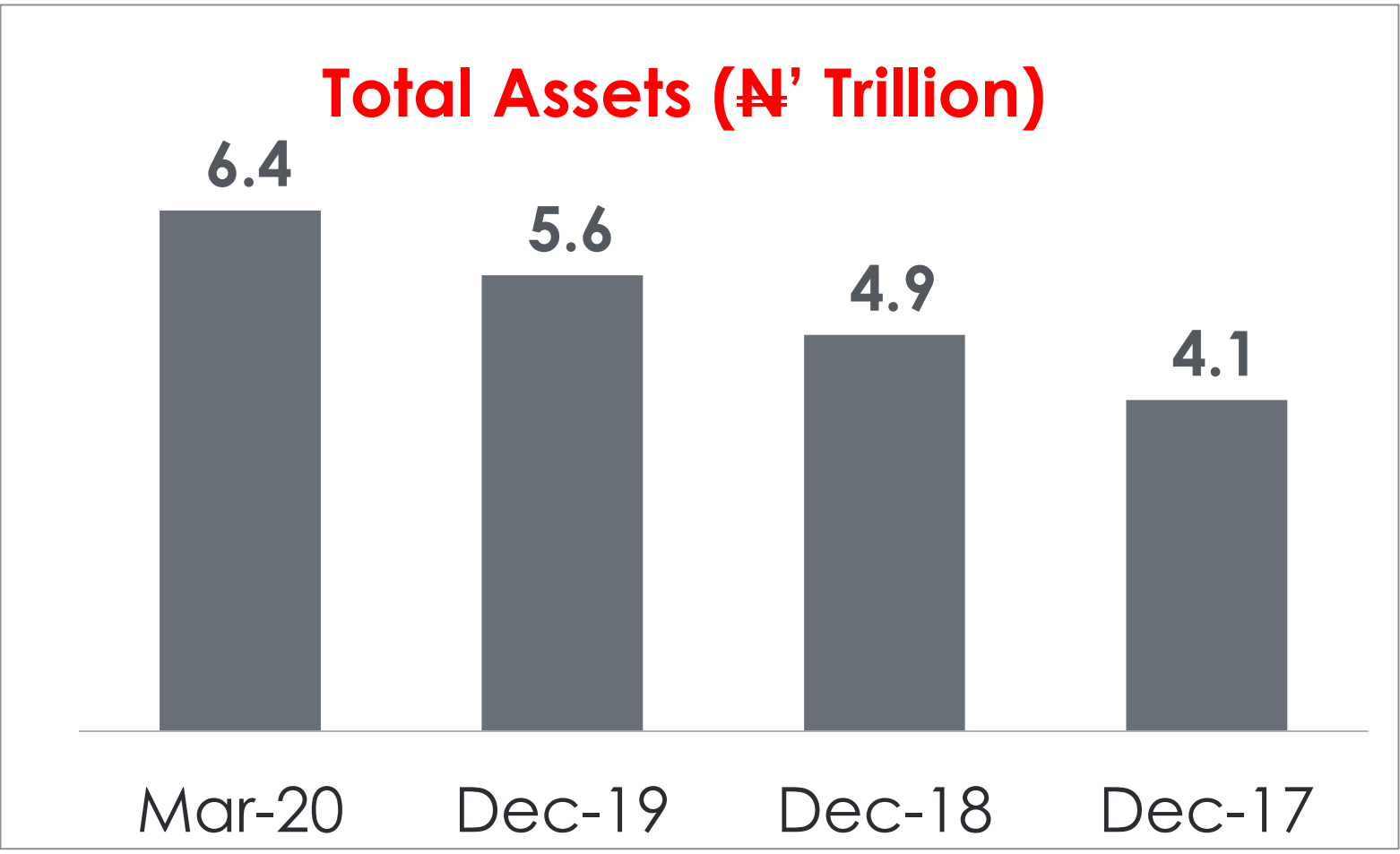
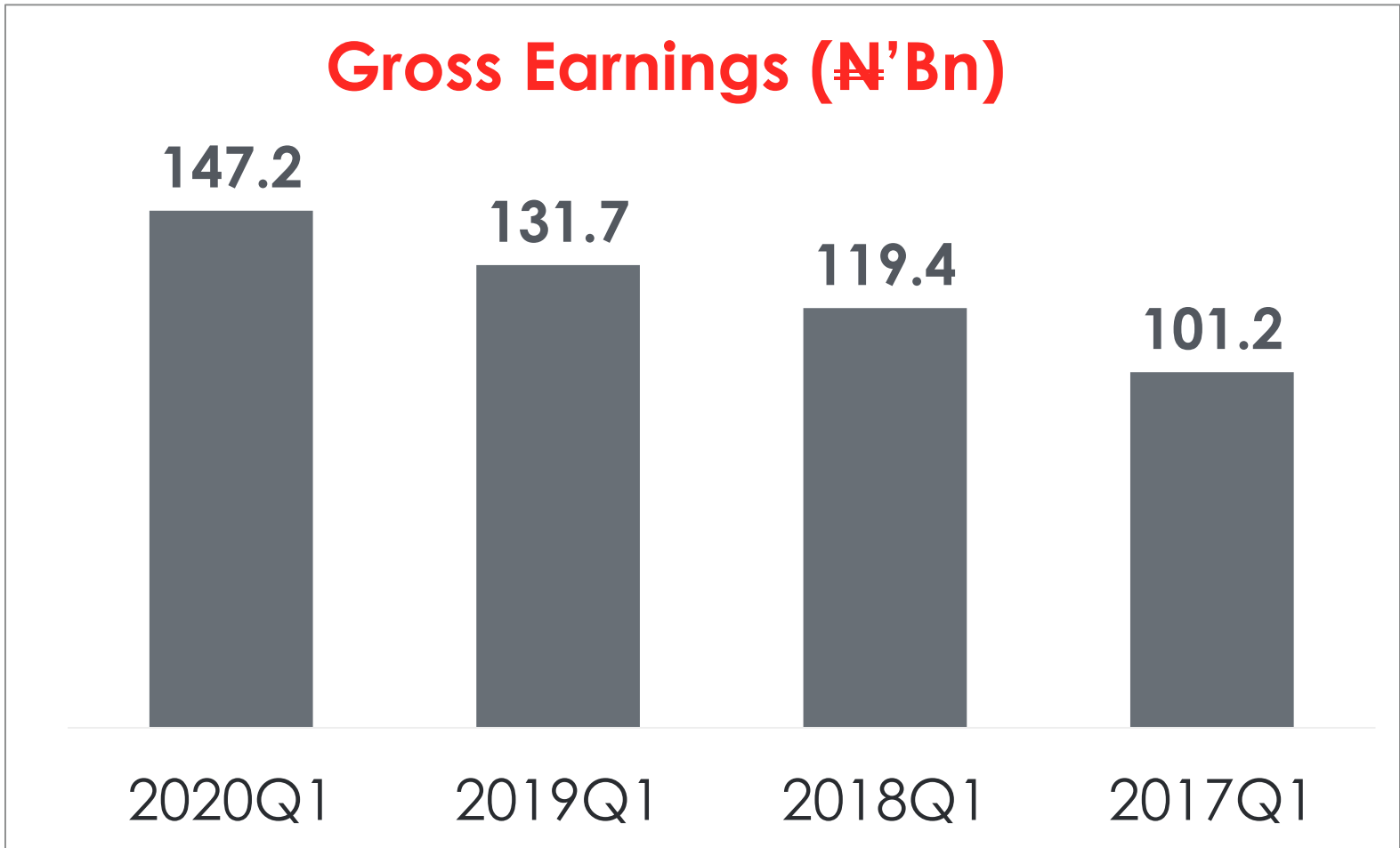


# Group 2020 Q1 Financial Highlights

		2020 Q1	2019 Q1	% Change
<b>Comprehensive Income &amp; Profit Trend (N' Million)</b>	Gross Earnings	147,169	131,668	11.77%
	Net Interest Income	65,417	58,075	12.64%
	Net Operating Income	91,302	81,999	11.35%
	Operating Expenses	(58,657)	(51,944)	12.92%
	Profit Before Tax	32,726	30,157	8.52%
	Profit After Tax	30,101	28,665	5.01%
<b>Efficiency and Return (%)</b>	Cost-to-Income Ratio	62.4%	62.0%	+39bps
	Post-Tax Return on Average Equity	19.9%	21.9%	-204bps
	Post-Tax Return on Average Assets	2.0%	2.3%	-28bps

		31-Mar-2020	31-Dec-2019	% Change
<b>Financial Position (N' Million)</b>	Total Assets	6,351,071	5,604,052	13.3%
	Total Customer Deposits	4,272,351	3,832,884	11.5%
	Net Loans to Customers	2,256,429	2,061,147	9.5%
	Total Equity	612,638	597,978	2.5%
<b>Business Capacity and Asset Quality Ratios (%)</b>	Net Loan-to-Deposit Ratio	52.8%	53.0%	-446bps
	Capital Adequacy Ratio (BASEL II)	24.0%	23.4%	58bps
	Non-Performing Loan Ratio	5.3%	5.3%	

# 2020 Q1 Financial Highlights





# Outlook/Guidance

# Outlook for 2020

## Macroeconomic Environment

COVID-19 scare and the oil price war poses huge risk to global growth and financial stability

Sub-Saharan Africa is projected to contract by -1.6% (IMF), as a result of the COVID-19 pandemic

Growth in Nigeria is projected to be negative by 3.4% (IMF); as COVID-19 causes declining oil prices and reduced economic activity

Double-digit inflationary threats to persist (~12.5%)

Increased focus on non-oil sector (agric, SMEs, services) to drive inclusive growth

Threat of lower oil prices (<\$40pb) amidst stable output (>2mbpd)

Contentious political environment

## Banking Industry/Policy Environment

Recession likely

Interest rates to remain volatile, as government is expected to significantly increase domestic borrowing

Exchange rate volatility expected, due to FX receipts, following oil price decline

CBN to introduce new lending schemes to encourage economic recovery.

Retail lending as a new competitive frontier, driven by policy and infrastructural/institutional improvements

NIM to come under more intense pressure as interest rates decline

Possible banking industry stress test

## UBA Group - 2020 Key Focus Areas

Market share growth across all geographies

Cautious loan growth

Technology-led efficiency

Growth in retail deposits and lending

Innovation and improved customer experience

Cost efficiency to drive CIR sub 60%

Value-based digital banking

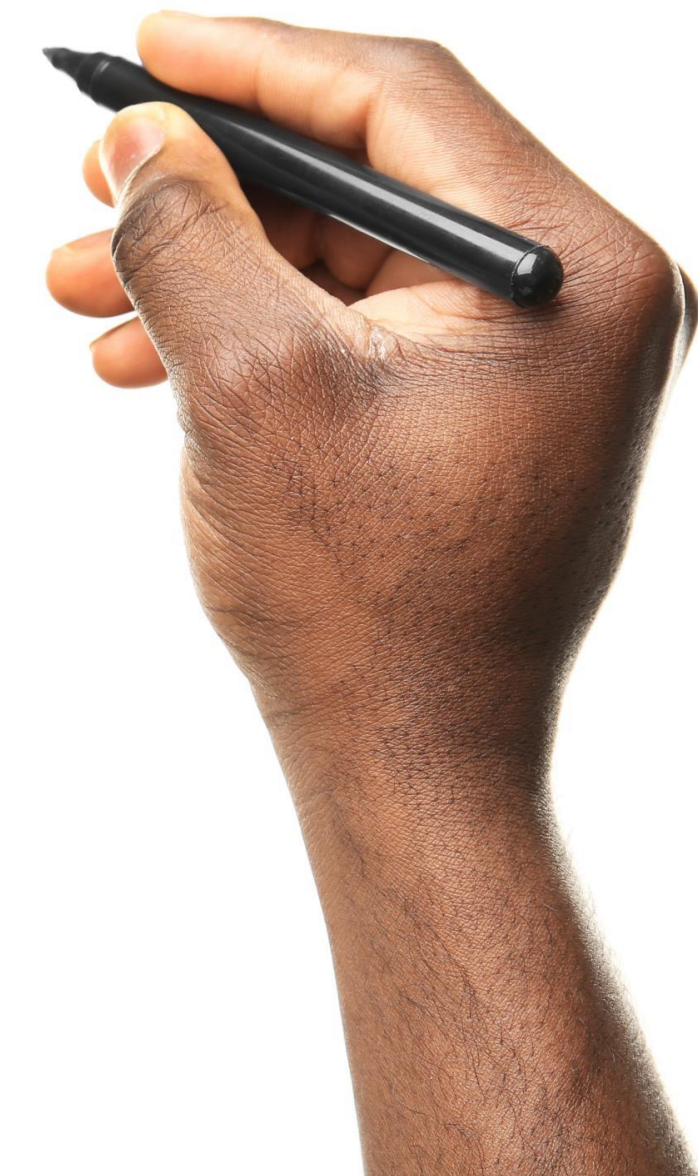
## Key Risks to Outlook

- Sustained economic/business shut down following escalation of COVID-19 spread
- Security concerns in most parts of the country
- Increased geo-political tensions between US and China
- Oil prices decline/remain below \$35/b
- Volatile regulatory and policy environment



# 2020 FY Guidance

	FY 2019 (Guidance)	FY 2019 (Achieved)	FY 2020 (Guidance)
Deposit Growth	~8%	14.4%	~20%
Gross Loan Growth	~18%	23.8%	~15%
Cost of Risk	~1%	0.9%	~1%
NPL Ratio	~5%	5.3%	~6.5%
RoAE	~18%	16.2%	~16%
RoAA	~2.2%	1.7%	~1.6%
CAR	NA	23.4%	~23%
CIR (ex impairment)	~60%	62.70%	~62%
NIM	>6.0%	6.0%	~6%



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Further escalation of Covid-19 pandemic beyond 2020Q3 and its impact on commodities prices and fiscal tensions pose major risk to our outlook

# Appendix



# Summary Financials..1/3

## Statements of Comprehensive Income

*In millions of Nigerian Naira*

	<b>For the year ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
Interest income	404,830	362,922
Interest income on amortised cost and FVOCI securities	390,304	360,583
Interest income on FVTPL securities	14,526	2,339
Interest expense	(182,955)	(157,276)
<b>Net interest income</b>	<b>221,875</b>	<b>205,646</b>
Allowance for credit losses on financial and non-financial instruments	(18,252)	(4,529)
<b>Net interest income after impairment on financial and non-financial instruments</b>	<b>203,623</b>	<b>201,117</b>
Fees and commission income	110,561	93,997
Fees and commission expense	(30,557)	(28,551)
Net trading and foreign exchange income	37,627	31,675
Other operating income	6,787	5,451
Employee benefit expenses	(75,099)	(71,158)
Depreciation and amortisation	(15,490)	(11,801)
Other operating expenses	(126,578)	(114,383)
Share of gain of equity-accounted investee	413	419
<b>Profit before income tax</b>	<b>111,287</b>	<b>106,766</b>
Income tax expense	(22,198)	(28,159)
<b>Profit for the period</b>	<b>89,089</b>	<b>78,607</b>

# Summary Financials..2/3

## Statements of Financial Position

As at	31 December 2019	31 December 2018
<i>In millions of Nigerian Naira</i>		
<b>ASSETS</b>		
Cash and bank balances	1,396,228	1,220,596
Financial assets at fair value through profit or loss	102,388	19,439
Derivative assets	48,131	34,784
Loans and advances to banks	108,211	15,797
Loans and advances to customers	2,061,147	1,715,285
Investment securities:		
- At fair value through other comprehensive income	901,048	1,036,653
- At amortised cost	670,502	600,479
Other assets	139,885	63,012
Investment in equity-accounted investee	4,143	4,610
Investment in subsidiaries	-	-
Property and equipment	128,499	115,973
Intangible assets	17,671	18,169
Deferred tax asset	26,199	24,942
<b>TOTAL ASSETS</b>	<b>5,604,052</b>	<b>4,869,738</b>



# Summary Financials..3/3

## Statements of Financial Position

**As at**

*In millions of Nigerian Naira*

	31 December 2019	31 December 2018
<b>LIABILITIES</b>		
Derivative liabilities	852	99
Deposits from banks	267,070	174,836
Deposits from customers	3,832,884	3,349,120
Other liabilities	107,255	120,764
Current tax liability	9,164	8,892
Borrowings	758,682	683,532
Subordinated liabilities	30,048	29,859
Deferred tax liability	119	28
<b>TOTAL LIABILITIES</b>	<b>5,006,074</b>	<b>4,367,130</b>
<b>EQUITY</b>		
Share capital	17,100	17,100
Share premium	98,715	98,715
Retained earnings	184,685	168,073
Other reserves	278,073	199,581
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>578,573</b>	<b>483,469</b>
Non-controlling interests	19,405	19,139
<b>TOTAL EQUITY</b>	<b>597,978</b>	<b>502,608</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>5,604,052</b>	<b>4,869,738</b>



# Thank you



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