



Earnings Update: UNITED BANK FOR AFRICA PLC

Strong Income Lines Buoyed Overall Performance

10 September 2021

THINGS WE LIKE ABOUT THE RESULT

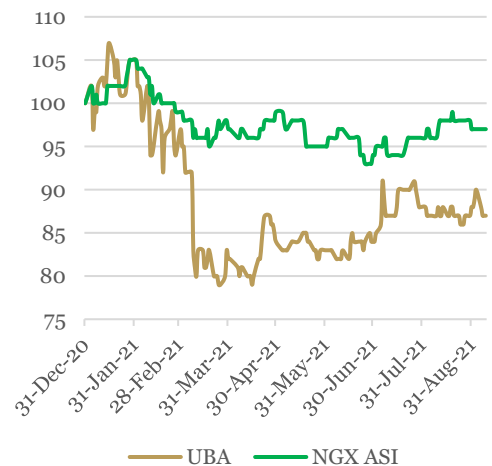
1. Net Interest Income grew by 24.1% to ₦148.1 billion in H1-2021 from the ₦119.3 billion recorded in the corresponding period in 2020 due to a 13.6% decline in Interest expense.
2. The 18.6% growth in Net Fee and Commission Income to ₦45.8 billion compared to the ₦38.6 billion recorded in 2020. The increase was largely due to the 65.1% growth in Electronic Banking Income at ₦29.6 billion in H1-2021 from ₦17.9 billion in H1-2020.
3. Other Operating Income surged by 164.5% to ₦9.5 billion versus the ₦3.6 billion in 2020.
4. Employee Benefit Expenses declined marginally by 4.4% to ₦42.6 billion from ₦44.6 billion due to a 5.9% decline in Wages and Salaries.
5. Growth in the bottom-line numbers; Profit Before Tax and Profit After Tax both advanced by 33.4% and 36.4% to ₦76.2 billion and ₦60.6 billion (versus the ₦57.1 billion and ₦44.4 billion recorded in H1-2020).
6. Earnings Per Share grew by 36.3% to 1.69 from the 1.24 recorded last year.

THINGS WE DID NOT LIKE ABOUT THE RESULT

1. Net Trading and Foreign Exchange Income fell by 74.2% to ₦9.1 billion from the ₦35.2 billion recorded in Q2-2020 due to a steep decline in Foreign Currency Revaluation gain (-135.5%).
2. A decline in the value of Financial Assets by 31.0% to ₦147.9 billion from the ₦214 billion in 2020. This was due to the drop in the value of Treasury Bills less than 90 days maturity (-93.6%) and Treasury Bills above 90 days maturity (-14.2%).

TICKER	UBA
Price (₦) at 09 Sep 2021	7.85
Shares Outstanding	34,199,421,368
P/E	1.85
Entry Price 1 (₦)	7.55
Entry Price 2 (₦)	7.50
Exit Price 1 (₦)	7.80
Exit Price 2 (₦)	7.75
Expected Return 1 (%)	16.6%
Expected Return 2 (%)	14.7%
Rating	BUY

REBASED PRICE MOVEMENT IN UBA & NGX ASI



Source: Investing, PSL Research

Kindly click [here](#) for the full financial statement.

Disclaimer

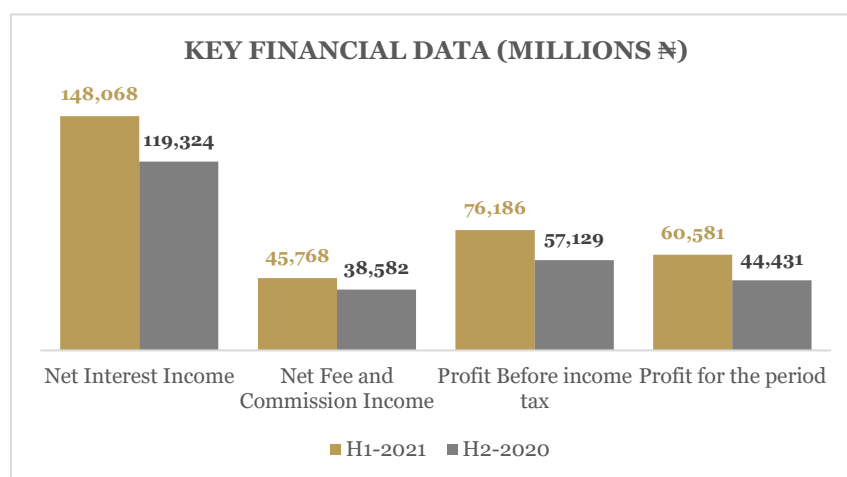
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INCOME STATEMENT	H1-2021	H1-2020	Change (%)
Interest income	222,631	205,586	8.29%
Interest expense	-74,563	-86,262	-13.56%
Net interest income	148,068	119,324	24.09%
Impairment charge for credit losses on financial assets	-4,137	-7,807	-47.01%
Net interest income after impairment on financial assets	143,931	111,517	29.07%
Fees and commission income	74,085	55,868	32.61%
Fees and commission expense	-28,317	-17,286	63.81%
Net fee and commission income	45,768	38,582	18.63%
Net trading and foreign exchange income	9,102	35,208	-74.15%
Other operating income	9,508	3,595	164.48%
Employee benefit expenses	-42,623	-44,565	-4.36%
Depreciation and amortisation	-11,457	-9,590	19.47%
Other operating expenses	-78,753	-77,971	1.00%
Share of gain of equity-accounted investee	710	353	101.13%
Profit before income tax	76,186	57,129	33.36%
Income tax expense	-15,605	-12,698	22.89%
Profit for the period	60,581	44,431	36.35%
BALANCE SHEET	H1-2021	Dec-2020	Change (%)
Cash and bank balances	2,065,021	1,874,618	10.16%
Financial assets at fair value through profit or loss	147,867	214,400	-31.03%
Derivative Financial Assets	47,594	53,148	-10.45%
Loans and advances to banks	151,965	77,419	96.29%
Loans and advances to customers	2,634,556	2,554,975	3.11%
Investment securities FV through OCI	807,553	1,421,527	-43.19%
TOTAL ASSETS	8,315,310	7,697,980	8.02%
Derivative Financial Liabilities	220	508	-56.69%
Deposits from banks	561,545	418,157	34.29%
Deposits from customers	6,095,574	5,676,011	7.39%
Other liabilities	315,879	157,827	100.14%
Current income tax liabilities	7,319	9,982	-26.68%
Borrowings	565,095	694,355	-18.62%
Deferred tax liabilities	17,157	16,992	0.97%
TOTAL LIABILITIES	7,562,789	6,973,832	8.45%
CASH FLOW STATEMENT	H1-2021	H1-2020	Change (%)
Net cash generated from operating activities	546,147	628,495	-13.10%
Net cash used in investing activities	-326,894	-469,665	-30.40%
Net cash used in financing activities	-181,865	-302,314	-39.84%



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