



PFI Capital Research | Earnings Update

United Bank for Africa Plc (UBA) 9M'21 Financials

Interest segment sustains resilience

The remarkable performance in UBA's topline was sustained in the 9M'21 reporting period, as the bank was able to simultaneously increase the Interest income in addition to the Gross Earnings while moderating the interest expense. Interest income improved by 8.38% to ₦343.71 billion in 9M'21 on the back of a robust growth of 22.72% in the loans and advances book. The Gross Income also increased by 7.90% to close at ₦490.3 billion and the Net Expense closed on a positive note as it declined by 12.72% to close at ₦ 114.44 bn.

Bottom-line mirrors topline growth

Given the impressive performance recorded in the interest and non-interest segments, UBA was able to scale up their profitability in the review period, with the PBT and PAT surging by 36.50% and 35.61% to ₦ 123.35 bn and ₦104.60bn respectively in addition to the significant decline of 70.33% in Net Impairment loss.

Loans and Advances Book continues to increase

On the back of the increase in the total deposit by 18.46%, the firm was able to ramp up its risk assets, with the loans and advances book rising by 22.72% to ₦3.01 trillion. Though the capital buffer of the bank remained above the 15% regulatory minimum, at 23.90% in the review period, but the firm was unable to meet the 65% loan-to-deposit (LDR) regulatory minimum set by the CBN as the LDR for the review period stood at 45.31%.

EPS Grows by 36.11%

Following the impressive bottom-line performance (the PAT increased by 35.61%), the EPS advanced by 36.11% from ₦2.16 to ₦2.94.

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| United Bank for Africa Plc (UBA) 9M'21 Unaudited Result | | | |
|--|----------------|----------------|---------------|
| Financial Highlights (₦' Mn) | | | |
| Headlines | 9M-2021 | 9M-2020 | Change |
| Gross Earnings | 490,300 | 454,400 | 7.90% |
| Interest Income | 343,709 | 317,142 | 8.38% |
| Interest Expense | (114,444) | (131,121) | 8.38% |
| Net Interest Income | 229,265 | 186,021 | 23.25% |
| Impairment loss | (3405) | (11,476) | -70.33% |
| Operating Expense | (206,013) | (192,659) | 6.93% |
| Operating Profit | 328,279 | 282,308 | 16.28% |
| Profit Before Tax (PBT) | 123,354 | 90,372 | 36.50% |
| Taxation | (18,757) | (13,240) | 41.67% |
| Profit After Tax (PAT) | 104,597 | 77,132 | 35.61% |
| | | | |
| Basic EPS (N) | 2.94 | 2.16 | 36.11% |
| | | | |
| | 9M-2021 | FY-2020 | |
| Cash and Cash Equivalents | 1,750,176 | 2,103,690 | -16.80% |
| Loans & Advances | 3,006,650 | 2,450,043 | 22.72% |
| Total Deposits | 6,637,170 | 5,602,016 | 18.48% |
| Borrowings | 479,254 | 594,927 | -19.44% |
| Total Assets | 8,349,322 | 7,059,797 | 18.27% |
| Net Assets/Total Equity | 798,279 | 655,327 | 21.81% |
| | | | |
| Gross Margin | 46.76% | 40.94% | 5.82% |
| Operating Margin | 66.95% | 62.13% | 4.83% |
| Net Margin | 21.33% | 16.97% | 4.36% |
| Leverage (Debt/Equity) | 60.04% | 90.78% | -30.75% |

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