

UNITED BANK FOR AFRICA PLC

Weaker operating income underpins modest PAT increase

United Bank for Africa Plc (NGX: UBA; TP: N54.06), in its unaudited 9M'25 results, reported a modest 2.3% YoY rise in Profit After Tax (PAT) to N537.5 billion. The subdued earnings growth was primarily driven by a mild expansion in Net Interest Income (NII), compounded by a decline in Non-Interest Revenue (NIR) during the period.

The Group reported a 10.1% YoY growth in interest income to N2.0 trillion boosted by higher yields on its investment securities. However, the faster rise in interest expense (+16.3% YoY to N809 billion) limited the growth in NII, which only increased by 6.2% YoY to N1.2 trillion. As a result, net interest margin (NIM) moderated to 7.2% (from 8.0% in 9M'24).

Non-Interest Revenue (NIR) fell by 28.9% YoY to N310.0 billion, primarily reflecting a steep 77.3% YoY decline in net trading and foreign exchange income, amidst a flattish print in net fee & commission income.

Meanwhile, with operating expenses rising by 4.2% YoY to N846.1 billion, and operating income declining by 3.7% YoY to N1.5 trillion, the cost-to-income ratio inched up to 57.1% (vs. 52.8% in 9M'24).

Elsewhere, we note that the Group's net impairment charge on loans and receivables declined sharply by 53.9% YoY to N56.9 billion, driven by a 40.4% YoY reduction in impairment charges on loans to customers, which closed at N85.0 billion, alongside a 176.5% YoY surge in recoveries on previously written-off loans as the bank recovered N50.4 billion during the period. Notably, the Cost of Risk (CoR) moderated to 1.5% (vs. 2.8% in 9M'24).

Overall, UBA's 9M'25 Profit After Tax (PAT) of N537.5 billion (+2.3% YoY) translated to Earnings per Share (EPS) of N14.2, marking a 7.6% YoY decline. The divergence between profit and EPS growth reflects an increase in the weighted average shares outstanding to approximately 37.9 billion (from 34.2 billion in 9M'24). Likewise, profitability ratios weakened, with Return on Average Assets (ROAA) and Return on Average Equity (ROAE) declining by 0.5ppt and 4.9ppt YoY to 2.2% and 16.8%, respectively.

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9M'25 Earnings Breakdown

₦' billion	9M'25	9M'24	YoY Growth	FY'25E	% of FY'25E
Gross Earnings	2,468.9	2,398.0	3.0%	3,319.0	74.4%
Interest income	1,980.3	1,798.9	10.1%	2,754.9	71.9%
Interest expense	(808.7)	(695.6)	16.3%	(1,102.0)	73.4%
Net interest income	1,171.6	1,103.3	6.2%	1,652.8	70.9%
Loan Loss Expenses	(56.9)	(123.5)	-53.9%	(98.3)	57.9%
Non-interest income	310.1	435.8	-28.9%	564.2	55.0%
Operating Expenses	(846.1)	(812.2)	4.2%	(1,152.8)	73.4%
Profit before tax	578.6	603.5	-4.1%	965.9	59.9%
Income tax expense	(41.1)	(78.2)	-47.5%	(140.1)	29.3%
Profit for the period	537.5	525.3	2.3%	825.8	65.1%

Ratio Analysis

Net-interest margin (NIM)	7.2%	8.0%
Cost-of-risk (CoR)	1.5%	2.8%
Cost to income (CIR)	57.1%	52.8%
Annualised ROA	2.2%	2.7%
Annualised ROE	16.8%	21.7%
EPS (Naira)	14.20	15.36
P/B	0.4x	
10-yr average P/B	0.4x	

Q3'25 Earnings Breakdown

₦' billion	Q3'25	Q3'24	YoY	Q2'25	QoQ
Gross Earnings	860.9	973.5	-11.6%	843.7	2.0%
Interest income	646.6	795.3	-18.7%	733.8	-11.9%
Interest expense	(248.1)	(366.6)	-32.3%	(312.6)	-20.6%
Net interest income	398.5	428.7	-7.0%	421.2	-5.4%
Loan Loss Expenses	(24.9)	(63.3)	-60.6%	(17.8)	40.1%
Non-interest income	147.7	142.7	3.5%	55.4	166.6%
Operating Expenses	(331.2)	(341.7)	-3.1%	(274.6)	20.6%
Profit before tax	190.2	201.9	-5.8%	184.1	3.3%
Income tax (expense)/credit	11.8	7.0	67.6%	(38.5)	NM
Profit for the period	202.0	209.0	-3.3%	145.7	38.6%

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