



UBA Q1 2025 Report: Higher Non-interest Income Rallies Profitability, Gross Earnings Rise 34.04% Y-o-Y.



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Key Highlights.

The prevailing high-interest environment and rapid digital penetration sustained **United Bank of Africa's** positive financial performance in Q1 2025. The Pan African bank's gross earnings climbed to N764.31 bn in Q1 2025, up 34.04% from N570.20bn in Q1 2024. The growth came from interest and non-interest income generated from investment securities returns, lending activities, FX income, and digital banking. The dimension of the bank's gross earnings reaffirms a deliberate diversion from core banking activities to evade heightened loan assets risk, which reflected in the +592.96% growth in impairment charges to N11.12bn in Q1 2024 and simultaneously prioritising balance sheet activity as a shield.

The group made additional income from fees and commission, net trading FX income and other operating income that cushioned cost pressure to achieve higher profits and retain a cost-to-income ratio around 50%. The pre- and post-tax profit increased by double digits to N204.27bn and N189.84bn in Q1 2024, respectively. The modest growth of 4.04% in deposit size to N25.65trn led to a -6.62% drop in total loan advances to N7.01trn in Q1 2025, but shareholders' equity leveraged higher retained earnings to grow by 40.76% to N3.55trn (see table 1).

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Table 1:

UBA'S KEY HIGHLIGHTS			
Key Highlights	FY 2023 (Nbn)	FY 2024 (Nbn)	Growth Rate (%)
Gross Earnings	570.20	764.31	34.04%
Interest income	440.76	559.83	27.01%
Interest expense	140.09	247.96	77.00%
Net Fees and commission income	62.17	71.96	15.75%
Operating expenses	218.97	245.79	12.25%
Net Trading and foreign exchange gain	11.90	37.04	211.26%
E-banking income	4.436	47.84	7.84%
Profit Before Tax	156.34	204.27	30.66%
Profit After Tax	142.58	189.84	33.15%
Earnings per share (Naira)	3.96	5.35	35.10%
Total Assets	25,368.42	31,721.73	25.04%
Shareholder's Equity	2,524.22	3,553.21	40.76%
Deposit size	24,651.16	25,647.56	4.04%
Loan advances	7,510.61	7,013.24	-6.62%
Retained Earnings	1,055.44	1,608.05	52.36%
Cash and Cash balances	7,739.44	9,542.27	23.29%

Source: Financial Statement, Proshare Research

Ratios.

UBA's financial ratios rose in Q1 2025 with higher profit margins, return on equity and assets. The higher top-line earnings lowered the group's cost-to-income ratio to 52.95%, and loan-to-deposits declined to 27.34% (see table 2).

Table 2:

UBA'S RATIOS		
Ratios	Q1 2024	Q1 2025
Net profit margin	37.99%	42.18%
Return on equity	4.17%	5.17%
Return on assets	0.56%	0.60%
Net interest margin	8.00%	5.02%
Cost-to-income	57.84%	52.95%
Loan-to-deposit (LDR)	30.47%	27.34%
Loan-to-assets	29.61%	22.11%

Source: Financial Statement, Proshare Research

Valuation.

UBA's price-to-book value (PBV) rose to 0.34x in Q1 2025 from 0.28x in Q1 2024, but the price-to-earnings ratio (P/E) fell to 6.90x in Q1 2025. Market review indicate heightened risk expectations due to presence in multiple African economies (see table 3).

Table 3:

UBA'S VALUATION		
Valuation	Q1 2024	Q1 2025
Price to Earnings (P/E)	7.07x	6.90x
Price to Book (P/B)	0.28x	0.34x

Source: Financial Statement, Proshare Research

Share Price Movement.

UBA's share price saw mild volatility in Q1 2025. The share price began to rally in the last week of January, rising to a 52-week high of N39.00k on February 13, 2025, but became unpredictable thereafter. By March, the share price began a gradual descent amid a mild rebound while eventually settling at N34.00k by April 25, 2025 (see chart 1).

Chart 1:



Concluding Thoughts.

UBA's positive Q1 2025 financial numbers, relying on the high-yield investment returns, larger loan spreads, and exchange rate stability, could extend to the other quarters in 2025. The increased certainty about interest rates staying higher for longer to tackle rising inflation and sustain FX inflows would remain an earnings stimulant for the Pan African bank while the asset quality risks linger. UBA is expected to resume an organic growth by expanding operations to more than the existing 20 countries, according to a statement by the group's CEO, 'In the next 75 years, we envision a UBA with a presence in every African country and an expansion to over 100 countries worldwide.' Analysts believe the cost implication of expansion will weigh on the bank's finances in the short-term, but lower than its long-term impact on wider penetration in Africa and increased participation in continental trades.

For further updates on **UBA**, follow the company **Proshare Investor Relations (IR) Portal**.

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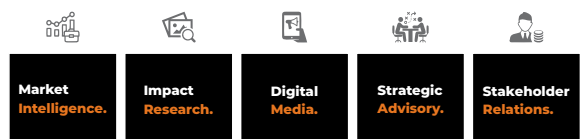
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