UNITED BAND FOR AFRICA PLC

...Treasury Bill Boosts Interest Income.

June 23, 2026.

Earnings Note

Highlights

- Gross earnings increased by 5% year-on-year (YoY) from ₦764.31 billion (Q1 2025) to ₦801.46 billion (Q1 2026).
- Net interest income grew by 10% YoY from ₦347.28 billion (Q1 2025) to ₦383.71 billion (Q1 2026).
- Profit after tax declined by 23% YoY from ₦189.84 billion (Q1 2025) to ₦146.62 billion (Q1 2026).
- Earnings Per Share (EPS) declined from ₦5.35k (Q1 2025) to ₦3.11k (Q1 2026).

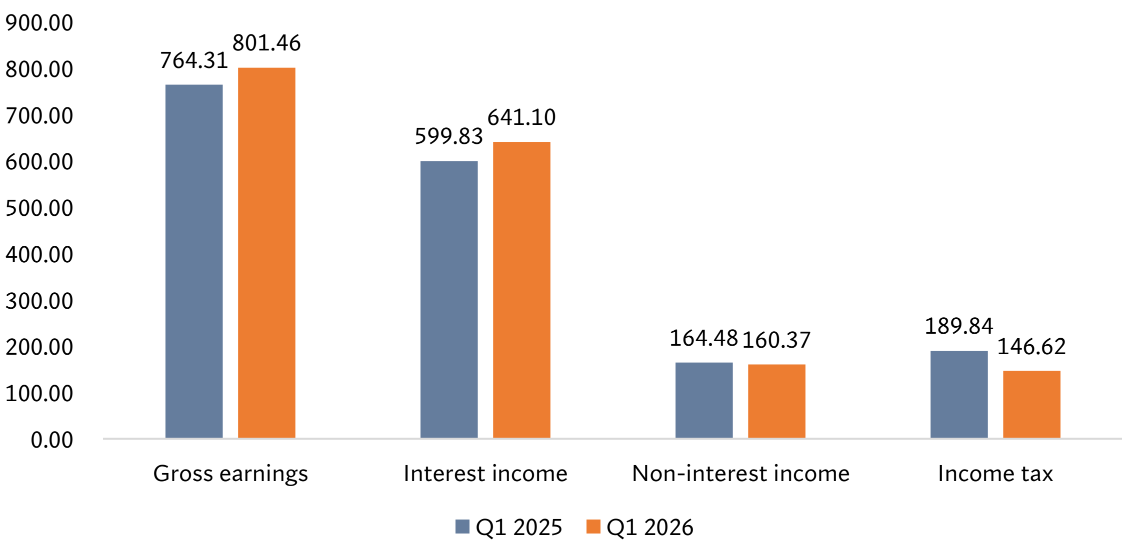
Income statement

Gross earnings increased by 5% YoY from ₦764.31 billion (Q1 2025) to ₦801.46 billion (Q1 2026), Interest income amounted to 80% of the gross earnings, while 20% was driven by non-interest income. Our analysis shows interest income rose by 7% YoY from ₦599.83 billion (Q1 2025) to ₦641.10 billion (Q1 2026).

Income on loans and advances to banks increased by 87% from ₦31.20 billion (Q1 2025) to ₦58.49 billion (Q1 2026), while income on loans and advances to customers dropped by 20% from ₦229.35 billion (Q1 2025) to ₦182.97 billion (Q1 2026). This decline is due to a decline in corporate interest income.

The Group earned more from investing in treasury bills, as its interest income increased by 101% YoY from ₦96.05 billion (Q1 2025) to ₦193.49 billion (Q1 2026), while interest income on bonds dropped by 49% from ₦192.69 billion (Q1 2025) to ₦98.09 billion (Q1 2026).

Income statement (N'Billion)



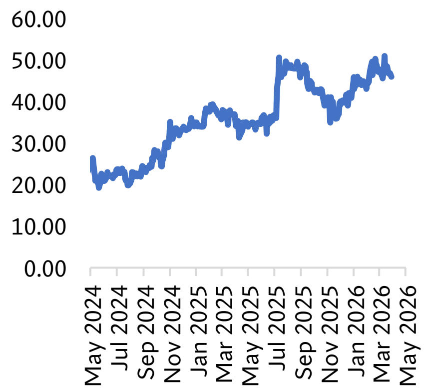
Source: Company Accounts, WSTC Research

Interest expense also increased by 2% YoY from ₦252.56 billion (Q1 2025) to ₦257.38 billion (Q1 2026). This came from an increase in cost of funds from deposits from banks and customer deposits that grew by 18% YoY and 3% YoY, respectively.

Fair Value Estimate: ₦47.07

Stock Data	
Current price (N)	40.05
Shares Outstanding (mn)	44,196
Market Cap (N'mn)	1,770,057
52-week high (N)	55.20
52-week low (N)	34.25
Trailing EPS (N)	9.16
Forward EPS (N)	17.23
Forward PE (X)	2.32
Justified PE Multiple (X)	2.73

Price Movement



Stock Data	FY 2024	FY 2025	FY 2026F
P/E	2.31x	4.37x	2.32x
P/BV	0.52x	0.42x	0.41x
PBT Margin	25%	14%	29%
PAT Margin	24%	13%	20%
RoE	35%	11%	18%
Dividend Yield	12%	1%	12%

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As a result, net interest income grew by 10% YoY from ₦347.28 billion (Q1 2025) to ₦383.71 billion (Q1 2026).

Impairment charges increased by 191% YoY from ₦14.18 billion (Q1 2025) to ₦41.24 billion (Q1 2026). Though it was not clearly stated, we believe that this level of impairment increase is because of loans gone bad, for which the CBN gave forbearance until mid- 2025. For this reason, net interest income after impairment increased by 3% YoY from ₦333.10 billion (Q1 2025) to ₦342.47 billion (Q1 2026).

Non-interest income declined by 2% YoY from ₦164.48 billion (Q1 2025) to ₦160.37 billion (Q1 2026). Fee and commission income declined by 11% YoY from ₦124.07 billion to ₦110.85 billion. Commission on transactional services declined 62% YoY due to low transaction volumes. Fee and commission expense declined at a rate of 51% YoY from ₦47.52 billion (Q1 2025) to ₦23.23 billion (Q1 2026).

As a result, net fee and commission income increased by 14% YoY from N76.56 billion (Q1 2025) to N87.62 billion (Q1 2026). Operating income increased by 7% YoY from ₦450.06 billion (Q1 2025) to ₦479.61 billion (Q1 2026).

Profit before tax declined by 21% YoY from ₦204.27 billion (Q1 2025) to ₦160.66 billion (Q1 2026). After a tax expense of ₦14.03 billion, profit after tax declined by 23% YoY from ₦189.84 billion to ₦146.62 billion, while Earnings Per Share declined by 41% from ₦5.35k to ₦3.11k. The decline in the EPS is not only attributable to the decline in PAT, but also the increase in the weighted average number of ordinary shares, i.e. from 34.19 billion units in Q1 2025 to 44.19 billion units in Q1 2026, post-recapitalisation.

Outlook

The Group's balance sheet remains resilient on the back of a growing loan book and investment securities. That said, the 12% YTD decline in customer deposits warrants attention, as deposits remain a key source of low-cost funding for the bank, i.e., low interest expense.

Despite the decline in customer and bank deposits, UBA Plc stands as a bank that will remain core to the Nigerian financial services landscape given its balance sheet size and footprint. However, its current tail winds (impairment losses) do not make it an immediate bestseller. Its fundamentals from an analysis perspective show UBA Plc as a good candidate for one to buy and hold in their stock portfolio.

Q1 2026 Financial Performance

Income Statement (N'mn)	Q1 2026	Q1 2025	(%)
Gross earnings	**801,462**	**764,312**	**5%**
Interest income	**641,095**	**599,834**	**7%**
Interest expense	(257,384)	(252,558)	2%
Net interest income	**383,711**	**347,276**	**10%**
Impairment charge for credit losses on financial assets	(41,242)	(14,179)	191%
Net interest income after impairment on financial assets	**342,469**	**333,097**	**3%**
Non-interest income	**160,367**	**164,478**	**-2%**
Fee and commission income	110,851	124,074	-11%
Fee and commission expense	(23,229)	(47,518)	-51%
Net fee and commission income	87,622	76,556	14%
Net trading and FX gain	35,214	37,035	-5%
Other operating income	14,302	3,369	325%
Operating income	**479,607**	**450,057**	**7%**
Personnel expense	(98,587)	(84,316)	17%
Depreciation and amortization	(16,117)	(12,927)	25%
Other operating expenses	(204,248)	(148,548)	37%
Operating expense	**(318,952)**	**(245,791)**	**30%**
Profit before tax	**160,655**	**204,266**	**-21%**
Income tax	(14,032)	(14,422)	-3%
Profit after tax	**146,623**	**189,844**	**-23%**

Source: Company Accounts, WSTC Research

Financial Projection

Income Statement (N' mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Gross earnings	3,186,880	3,089,967	3,807,451	4,268,255	4,775,461	5,312,497	5,925,841	6,592,039
Interest income	2,370,037	2,647,470	3,088,842	3,517,727	3,952,914	4,456,583	4,997,304	5,610,654
Interest expense	(839,250)	(1,002,637)	(1,016,539)	(1,083,047)	(1,166,614)	(1,220,735)	(1,303,724)	(1,397,387)
Net interest income after impairment	1,277,222	1,315,485	1,854,928	2,319,730	2,662,843	3,063,375	3,538,438	4,043,436
Non-interest income	582,845	213,954	465,574	488,863	530,164	556,160	604,250	638,051
Net Operating Income	1,860,067	1,529,439	2,320,501	2,808,594	3,193,007	3,619,535	4,142,688	4,681,488
Net Operating Expenses	(1,056,341)	(1,106,040)	(1,232,706)	(1,283,951)	(1,403,262)	(1,458,966)	(1,606,921)	(1,709,863)
Profit before income tax	803,726	423,399	1,088,055	1,524,712	1,789,837	2,160,690	2,535,930	2,971,752
Profit for the period	766,568	404,695	761,639	1,143,534	1,431,870	1,728,552	2,028,744	2,377,401
EPS	18.68	9.16	17.23	25.87	32.40	39.11	45.90	53.79
DPS	5.00	0.25	4.61	6.93	8.67	10.47	12.29	14.40

Balance Sheet (N'mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Cash and cash balances	8,163,668	8,952,012	10,296,272	10,624,843	11,347,594	11,793,672	12,642,493	13,439,573
Loans and advances to banks	556,072	437,526	498,026	516,039	559,969	583,715	631,694	668,338
Loans and advances to customers	6,954,545	7,022,396	7,619,597	8,084,863	8,874,920	9,327,836	10,192,639	10,732,080
Investment securities	12,534,505	14,427,340	15,366,012	16,457,718	17,564,996	18,462,165	19,897,057	21,094,919
Property, plant, and equipment	416,623	448,997	494,060	520,567	560,148	586,356	633,221	670,657
Other assets	1,697,942	1,885,042	1,955,116	2,112,381	2,244,767	2,364,556	2,545,569	2,700,285
Total assets	30,323,355	33,173,313	36,229,084	38,316,412	41,152,394	43,118,300	46,542,673	49,305,852
Deposits from banks	2,756,472	3,259,133	3,172,730	3,559,973	3,713,674	3,948,599	4,231,146	4,498,787
Deposits from customers	21,894,688	23,948,907	27,062,643	28,141,864	30,482,534	31,803,692	34,402,360	36,406,181
Borrowings	1,394,796	923,656	1,228,904	800,118	1,127,622	1,040,940	1,199,466	1,230,497
Other liabilities	858,760	538,743	400,231	1,410,808	927,897	1,121,879	1,180,916	1,334,099
Total liabilities	26,904,716	28,670,439	31,864,508	33,912,763	36,251,727	37,915,110	41,013,888	43,469,563
Shareholder's Funds	3,418,639	4,252,942	4,364,575	4,403,649	4,900,667	5,203,189	5,528,785	5,836,289
BV/Share	83.30	96.23	98.75	99.64	110.88	117.73	125.10	132.05

Ratios	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F	FY 2031F
Net margin	24.05%	13.10%	20.00%	26.79%	29.98%	32.54%	34.24%	36.06%
RoE	28.14%	10.55%	17.68%	26.08%	30.78%	34.22%	37.81%	41.84%
RoA	3.01%	1.27%	2.19%	3.07%	3.60%	4.10%	4.53%	4.96%
Financial leverage	8.87x	7.80x	8.30x	8.70x	8.40x	8.29x	8.42x	8.45x
Cost / Income	-56.79%	-72.32%	-53.12%	-45.72%	-43.95%	-40.31%	-38.79%	-36.52%
Loans / Deposit	31.76%	29.32%	28.16%	28.73%	29.11%	29.33%	29.63%	29.48%

Source: Company Accounts, WSTC Research

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