

2008/09 Half Year Results Investor Briefing

**Victor Osadolor
Executive Director/Group CFO
UBA PLC
May 7, 2009**



Forward looking statements & restatement of prior years



Presentation and subsequent discussion may contain certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. These forward-looking statements represent the Group's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Certain prior year numbers have been restated in order to conform with the classification of the 2008 numbers.

1 H-Mar 2009 financials at a glance



PARAMETERS	Mar-09	Mar-08	%
	ACTUAL (N' bn)	ACTUAL (N' bn)	GROWTH
GROSS EARNINGS	108.9	78.1	39%
PBT & EXCEPTIONAL ITEMS	25.9	21.9	18%
EXCEPTIONAL ITEMS	3.9	1.8	117%
PROFIT BEFORE TAX	22.0	20.1	9%
BALANCE SHEET SIZE	1,829	1,617	13%
ASSETS	1,340	1,137	18%
DEPOSITS	1,023	834	23%
SHAREHOLDERS' FUNDS	201	173	16%
ROE	24.8%	19.5%	
ROA	3.2%	2.6%	
COST/INCOME RATIO	60.0%	59.9%	

Strong performance despite challenging operating environment

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Outline



- **Executive Summary**
- Detailed Analysis of results
- Overview of UBA
- Operating environment
- Outlook for the remaining quarters
- Q & A

Executive Summary



■ Operating environment

■ World economy crisis deepens

- Recession in many geographies
- Sub-prime mortgage crisis remains
- Global credit crunch
- Decline in equity prices (over 25% shed in 1Q09)
- Job losses (51 million jobs to be lost in 2009 – ILO)
- etc

■ Nigeria impacted by global recession

- Sharp decline in oil prices; presently firm at \$50/bl
- Reduced foreign reserves; presently hovering around \$50bn and stabilising
- Reduction in FAAC allocation to states and MDAs
- Depreciation of the Foreign exchange now N145/\$1 (down from N117)
- Weakened capital market (37% decline in 1Q09)
- Reduced Foreign Direct Investments
- Credit Contraction
- Margin Loans challenges
- Reduced liquidity

- **Concerted actions to contain the impact**
 - Liquidity infused
 - FX Regime altered
 - Interest rates pegged
 - Govt focuses on Agric and Infrastructural development
 - N1trn earmarked for infrastructure
 - N171bn released for Roads
 - N200bn earmarked for commercial agric
 - N100bn released so far (UBA got N75bn (75%))
 - Balance of N100bn to be released soon
 - UBA expects to receive 75% of this sum also

- **UBA operated under this challenging operating environment but leveraged its key strength to weather the storm**

Executive Summary

UBA'S PERFORMANCE HIGHLIGHTS

- **Growing market share**
 - Consistent growth in gross earnings (49% CAGR)
 - Strong deposit base (12.5% of sector deposits)
 - Increased Branch Network (24 in Ghana, 21 in BIB, 613 in Nigeria, 32 in others)
 - Cautious global expansion
 - Operations in 8 countries
 - Licences in an additional 9 and various stages of commencement
 - Another acquisition Benin (BIB acquired last year)
 - Remains focused on being in 23 by 2010/2011
 - Operations in the rest of the world: New York, United Kingdom, and a newly established Rep office in Paris

- **Profitability and efficiency**
 - Diversified earnings base
 - Established Project 20 and GSS initiatives
 - However we have a declining earning mix
 - Low investment banking income
 - Reduced OPL and Fx trading incomes

- **Funding and capital adequacy**
 - **72% of deposits are cheap funds**
 - Strong retail network
 - 6.6 million customer base
 - **Strong deposit growth due to articulated strategy**
 - **Capital Adequacy Ratio (CAR) of 19%**
 - Well above minimum requirement of 10%

- **Strong liquidity, stable asset quality despite Margin Loans**
 - **Strong liquidity ratio of 51% (twice the minimum threshold of 25%)**
 - Despite a progressive reduction in;
 - regulatory liquidity requirement from 40% to 25%
 - Cash Reserve Ratio down to 1% from 3%
 - MPR down to 8% from 9.75%
 - **Stable NPL ratio of 4.9% (4.8% in 1H08)**
 - **Improving NPL coverage ratio**
 - Gross NPL coverage - 98.9% (89.7% in 1H08)
 - Net NPL coverage - 123% (112% in 1H08)

Outline

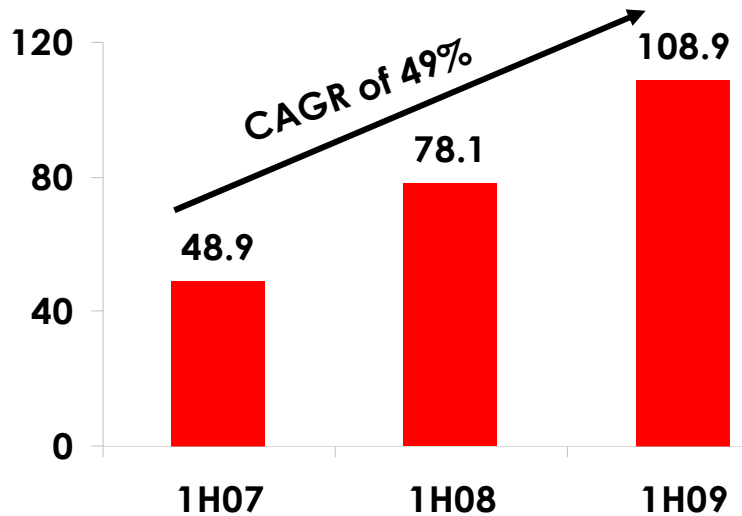


- Executive Summary
- **Detailed Analysis of results**
 - **Strong market share**
 - Profitability & Efficiency
 - Risk management & Liquidity
- Overview of UBA
- Operating environment
- Outlook for the remaining quarters
- Q & A

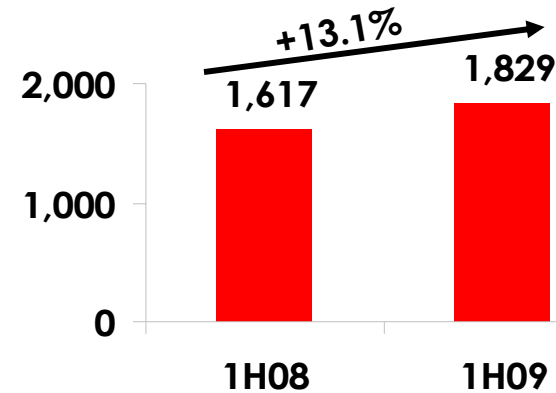
Growing market share



Gross Earnings 2007 – 09 (N' bn)

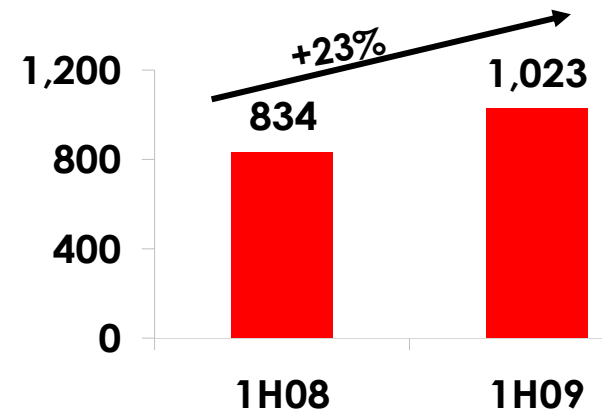


Total Assets plus Contingents (N' billion)



- Revenue growth driven largely by growth in interest and discount income.
- Stable Balance Sheet growth
 - Wider network in Nigeria
 - Pan African expansion
 - IT/GSS Enablement

Deposit Base (N' billion)



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Outline

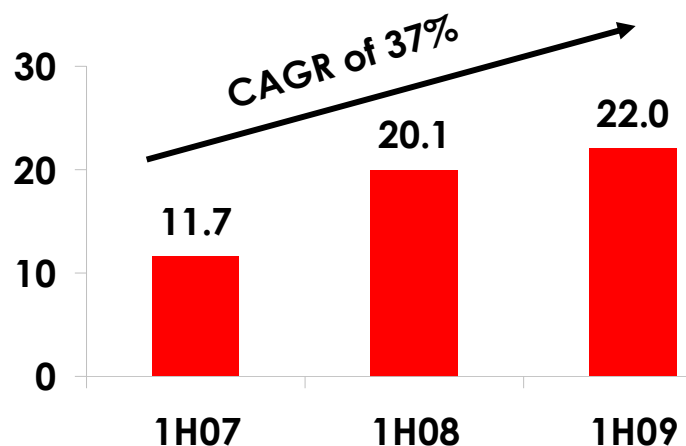


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Stable profitability...

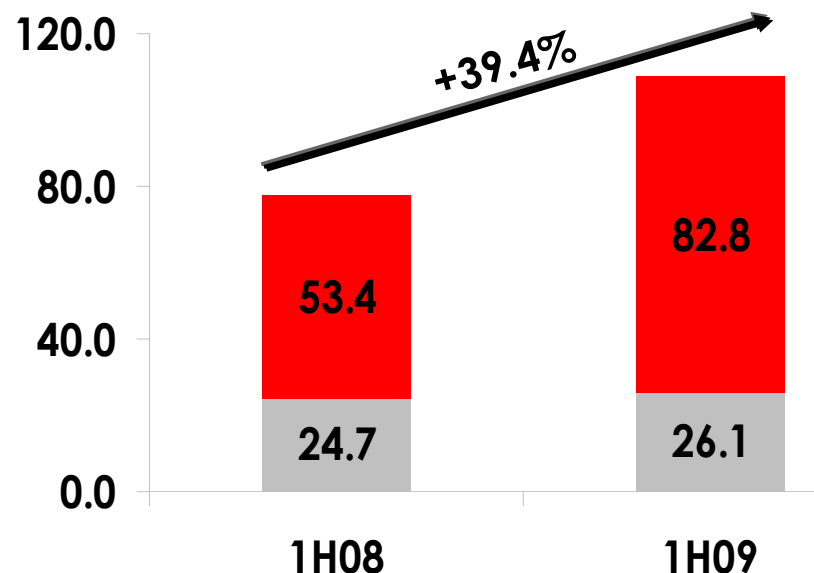


PBT 2007 – 09 (N' bn)



- Stable PBT despite severe challenges
- Interest & discount incomes up by 55% to N83 bn
- Slow growth in fee based income
 - Reduced investment banking income
 - Reduction in Open Position Limits (OPL) from 20% to 1% of SHF resulting in low fx income

Interest and non interest Income (N'bn)

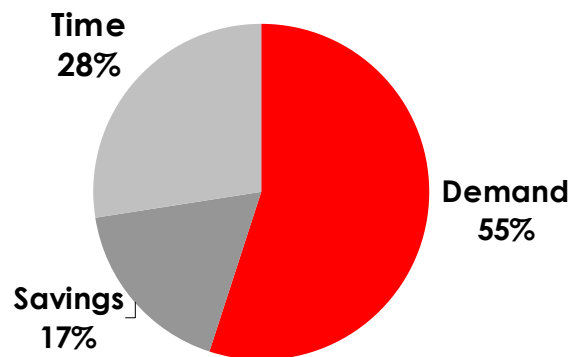


- Interest & Disc Income
- Non Interest Income

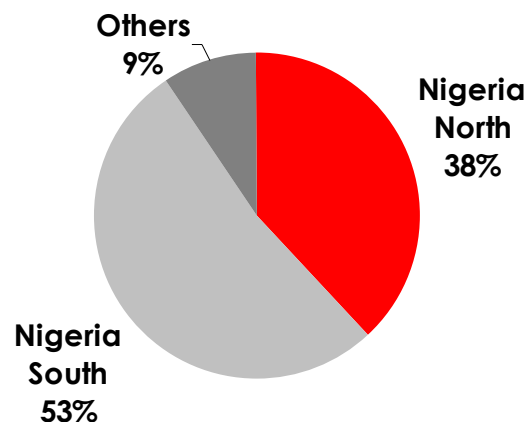
...Driven by Low cost, growing and diversified funding base...



Structure of Deposits, by type



Deposit Liabilities by location



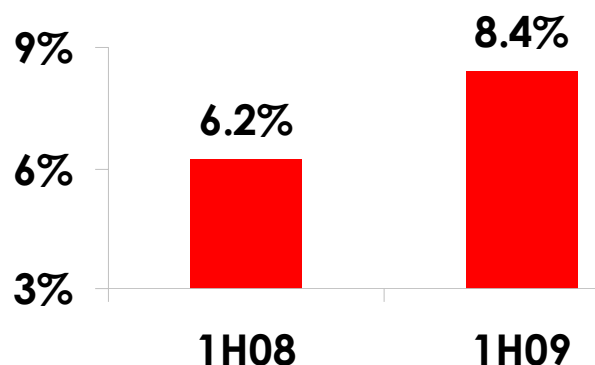
- **Deposit Mix: 72% in cheap Current and Savings Account**
- **Wide distribution network as a catalyst**
- **91% of deposits generated in Nigeria**
 - **Diversification is imperative; hence our African expansion drive**
- **Over 6.6m customers providing a good platform for cross-sell and customer wallet share increases**

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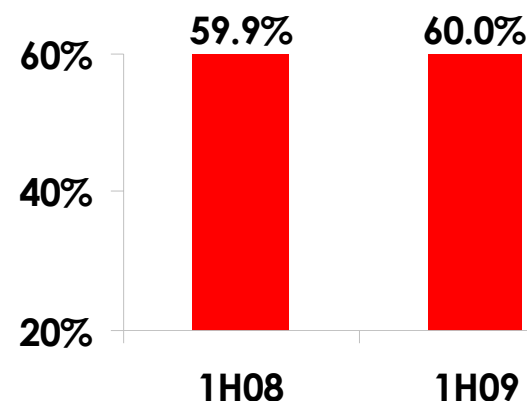
... and improved operating efficiency



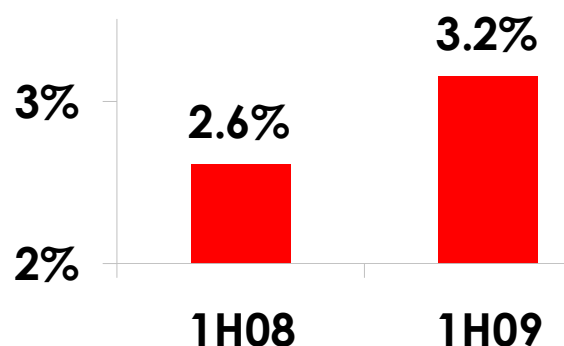
Net Interest Margins (NIM)



Cost to Income ratio



Return on Total Assets



- Cost to Income ratio stable.
 - Project 20 and GSS established should extract more value from operations and improve efficiency
- Enhanced Asset utilization; RoA of 3.2%.
- Better efficiency achieved despite challenging operating environment

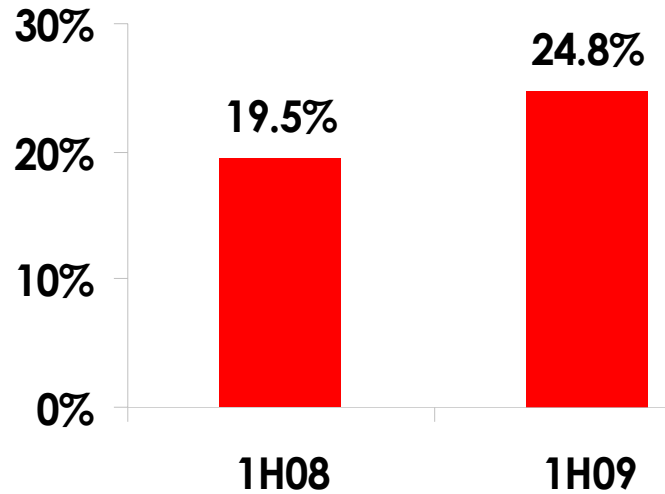
Note: income data was annualized in calculating RoAA

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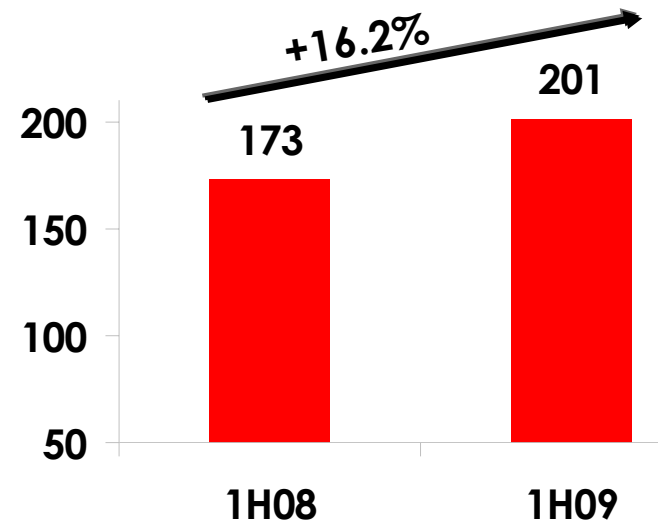
Enhanced shareholder value



Return on Equity



Shareholders' Funds (N' billion)



- RoE improved by 53 basis points
- UBA continues to enhance shareholder value
- Dividend policy is expected to remain consistent with trend

Outline

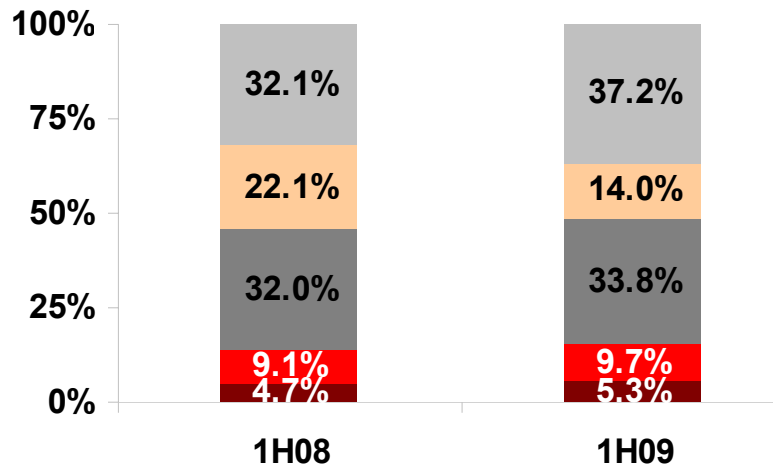


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Good liquidity management

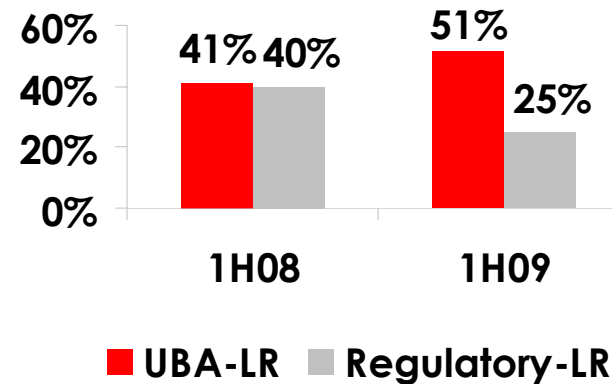


Structure of Total Assets



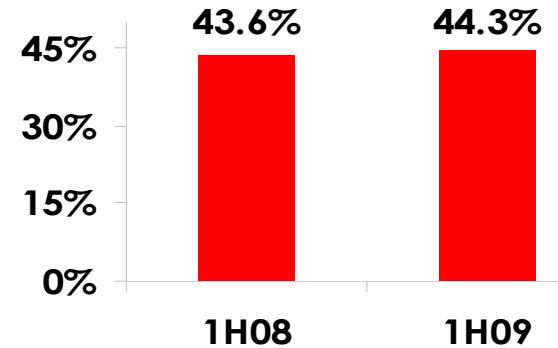
- Cash and S.T. Funds & Other Fin Inst.
- Investments
- Loans and advances
- Other assets
- Fixed assets

LR - Liquid Assets to Total Deposits



26% above required threshold LR of 25%

Loan to Deposit Ratio

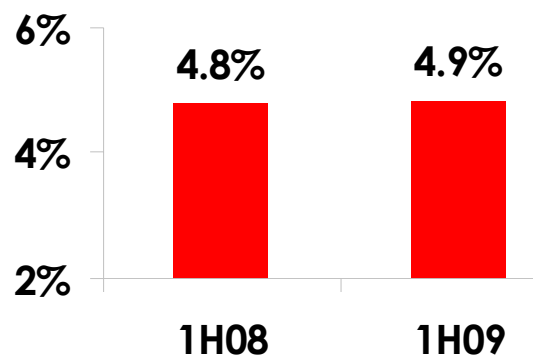


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Risk management

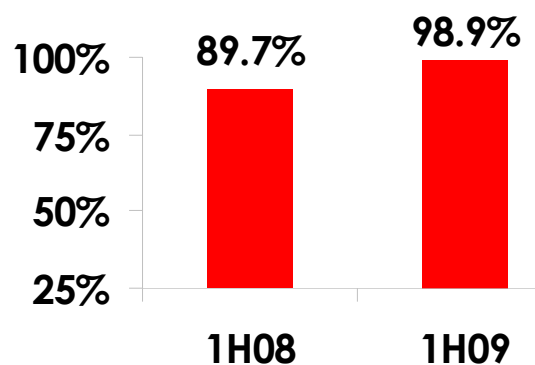


NPL Ratio

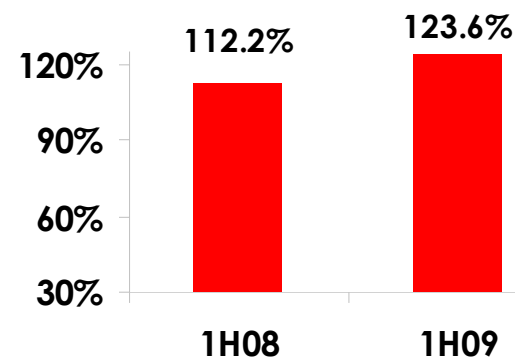


- Stable risk asset quality
- Margin loan exposure now 5.5% of gross loans and advances

Coverage Ratio



Net Coverage Ratio



Risk Management: Margin loans (MLs)



MLs are 5.5% of gross loans. They are of three classes

- **Retail MLs of about 30%**
 - Most restructured for 2 years at reduced loan rates
 - And alternative sources of repayment
 - Various levels of provisioning made
- **40% of MLs to our subsidiaries (capital market operators)**
 - Holdings are being marked to market and
 - Losses to-date have been fully recognized
- **The balance (30%) are to corporates and emerging corporate customers**
 - Restructured and subsumed under such customers total loan portfolio and tied to cash flows from other business lines
 - Tenors lengthened
 - Interest rates reduced
 - Various levels of provisioning made

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About us



Who we are

United Bank for Africa Plc (“UBA”) is the leading financial services institution in West Africa. Listed on the Nigerian Stock Exchange, UBA is rapidly evolving into a pan African full service financial institution

Our Vision

To be an undisputed leading and dominant financial services institution in Africa

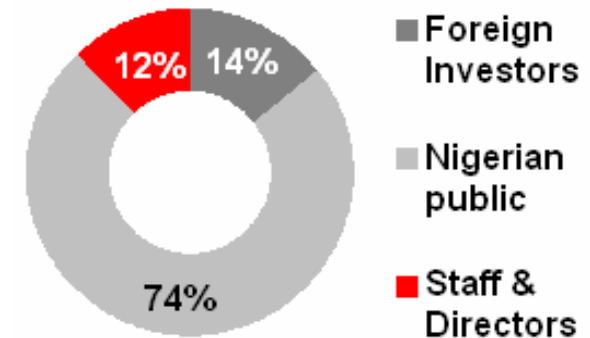
Our Mission

To be a role model for African businesses by creating superior value for all our stakeholders, abiding by the utmost professional and ethical standards, and by building an enduring institution

Our core Values

- H - Humility
- E - Empathy
- I - Integrity
- R - Resilience

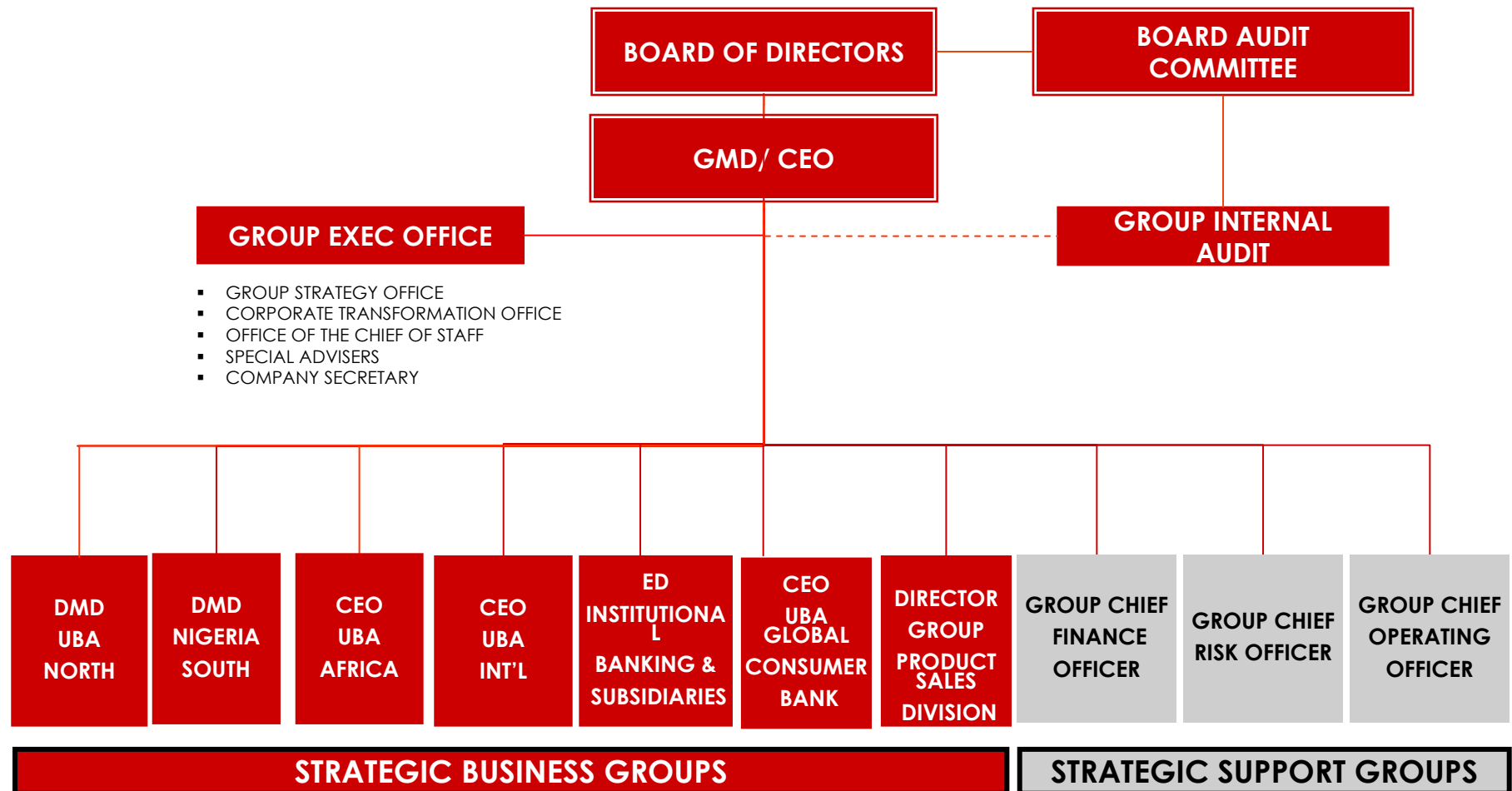
Shareholding Structure



Group Organization Structure

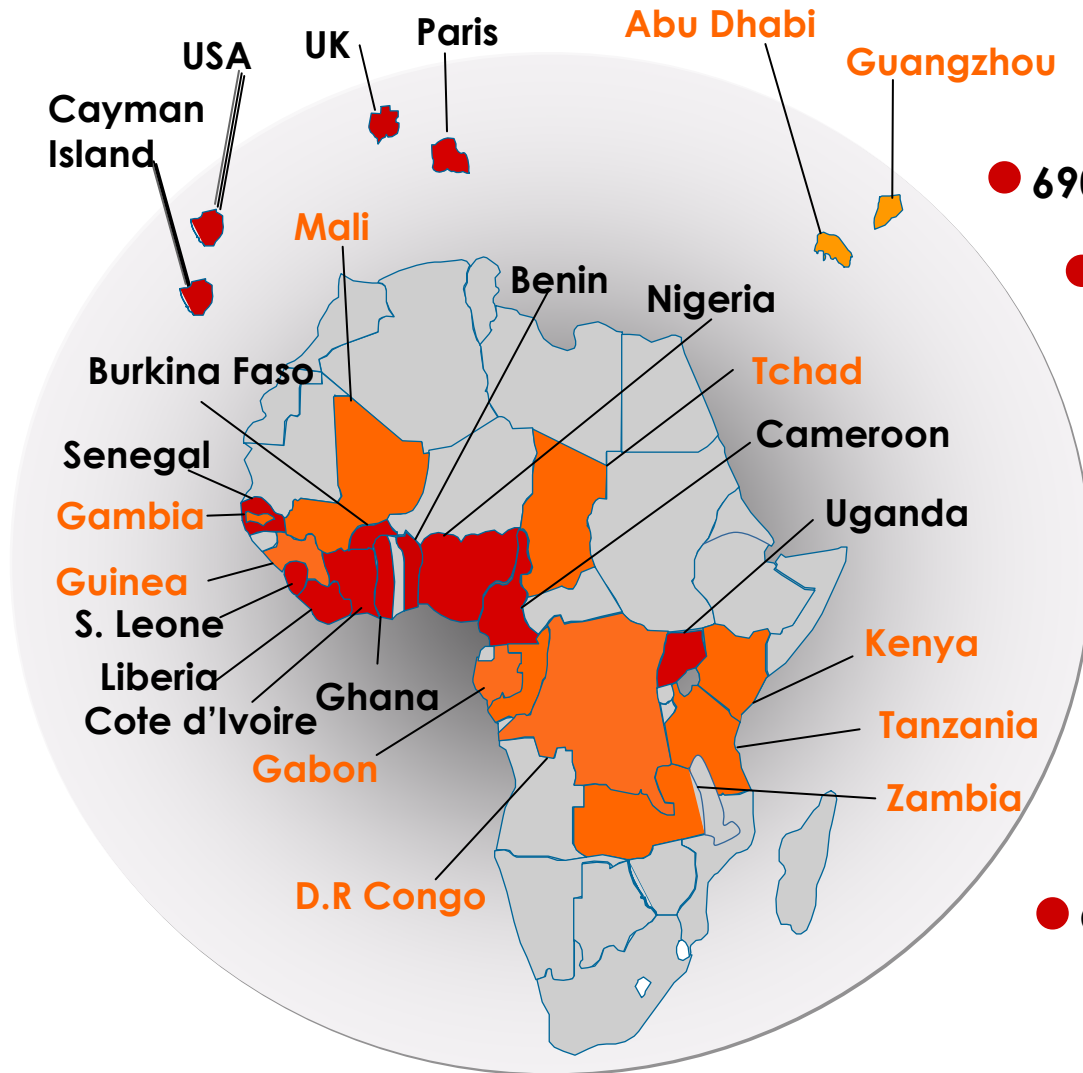


- UBA's Organization Structure is one that facilitates speedy decision making, entrepreneurship & effective corporate support



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A true Global Bank...



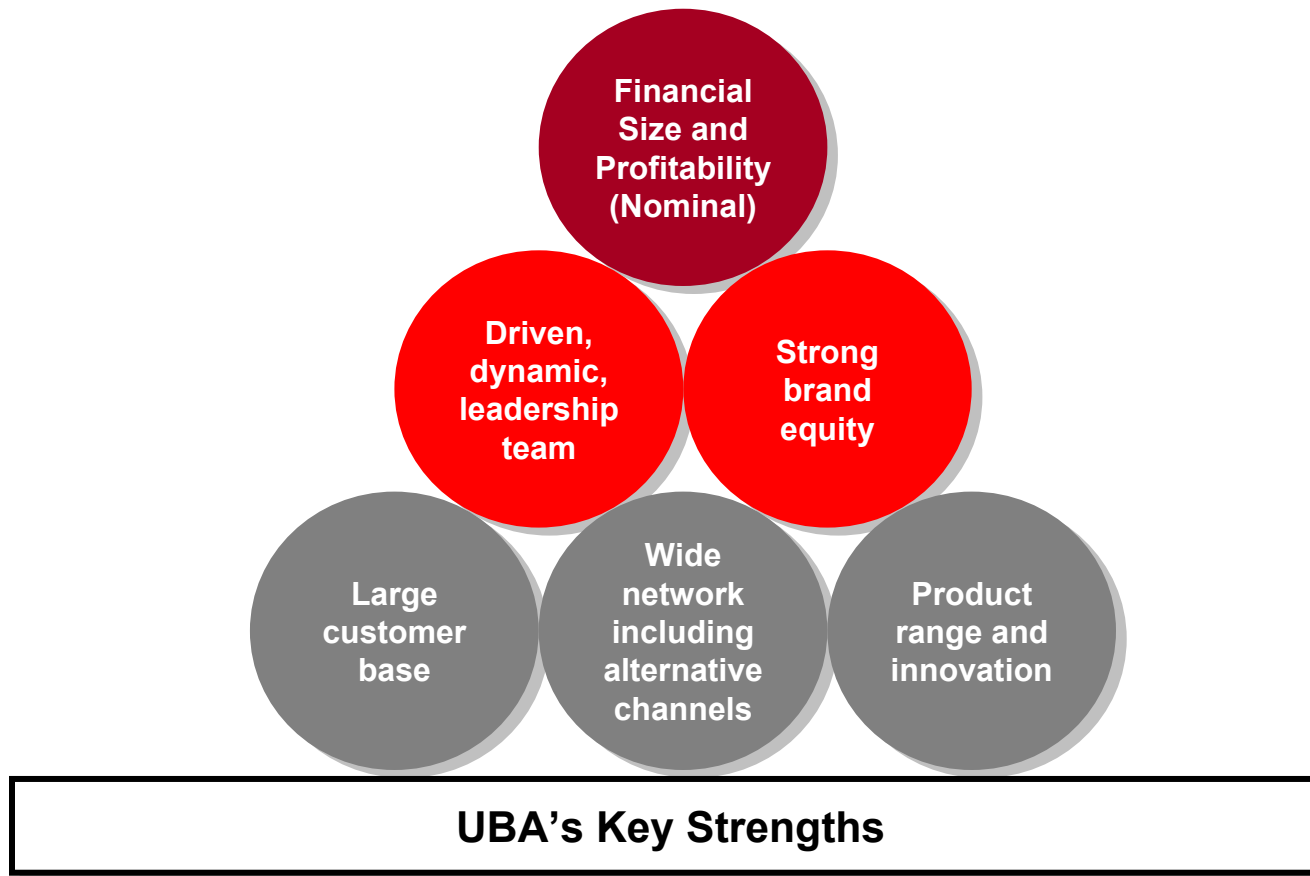
- 690 branches; up from 621
- 1,557 ATMs; up from 1,256
- 3,769 POS Term.; up from 3,296
- Over 200 banking products; up from 145
- Over 6.6mn accounts; up from 6mn
- 14,000 employees; up from 5,081 (absorption of OND/HND graduates)
- Operations in 14 countries; up from 9

■ Operational ■ Regulatory approval

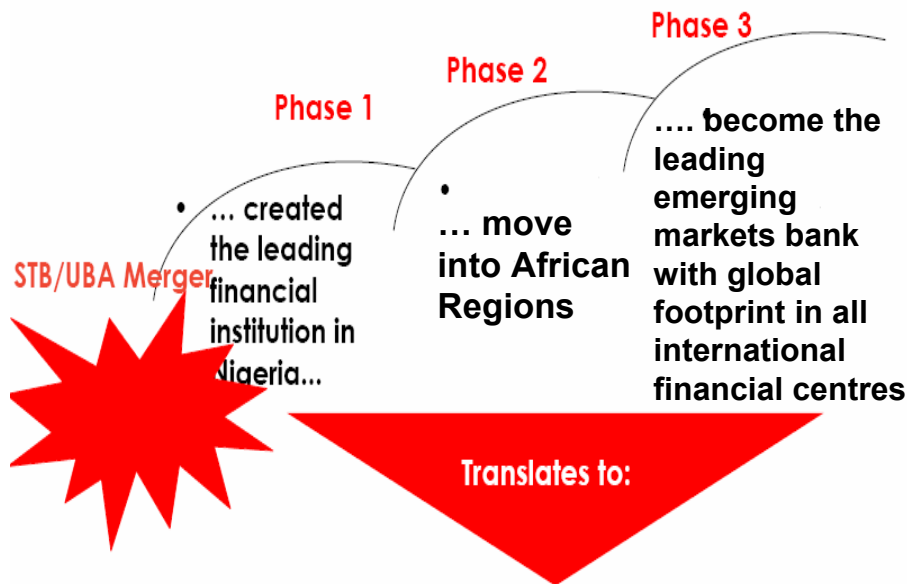
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...built on well nurtured strengths

- UBA's market leadership has been built on the following key strengths



Overall strategic intent



Establishing a global brand that will become the leading bank in emerging markets, whilst remaining bank of choice for Africans and African businesses globally

- Increase market share to 25% by 2011
 - Presence in 23 African countries by 2011
 - Regulatory approvals have been obtained to operate in additional 3 countries
 - To be top 3 in each business segment
 - Exploit viable acquisition opportunities
 - Presence in all major financial centres
- Dominate in retail banking
 - Enhance distribution channels, ATMs and POS terminals, branch network
 - Partner with Credit Reference Corporation (CRC)
 - Create value adding products
- Achieve Cost to income ratio of 50% by 2011
 - Group Shared Services framework
 - N20bn cost savings initiative
 - Staff performance optimization
- Deploy risk management standards in key areas of our business

Outline

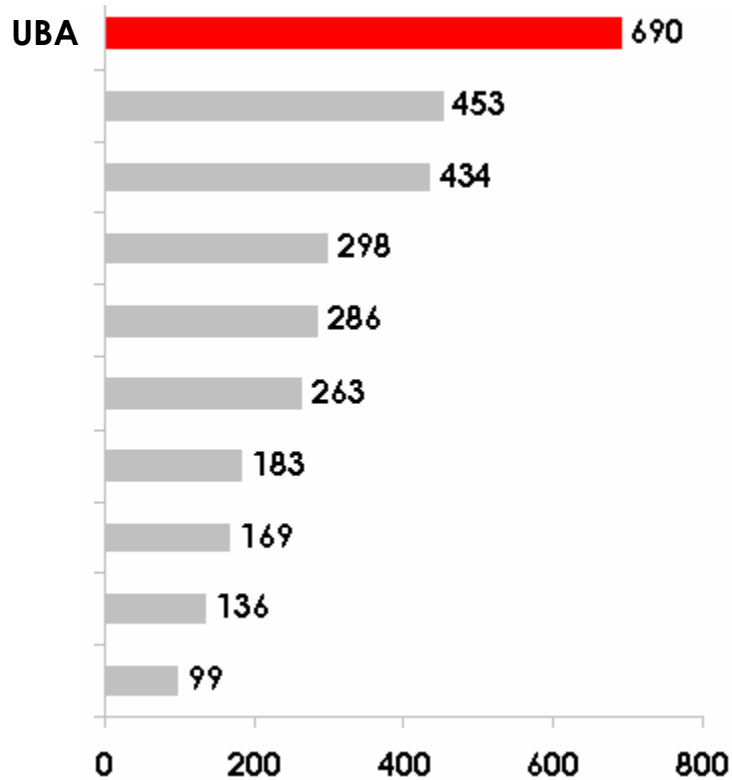


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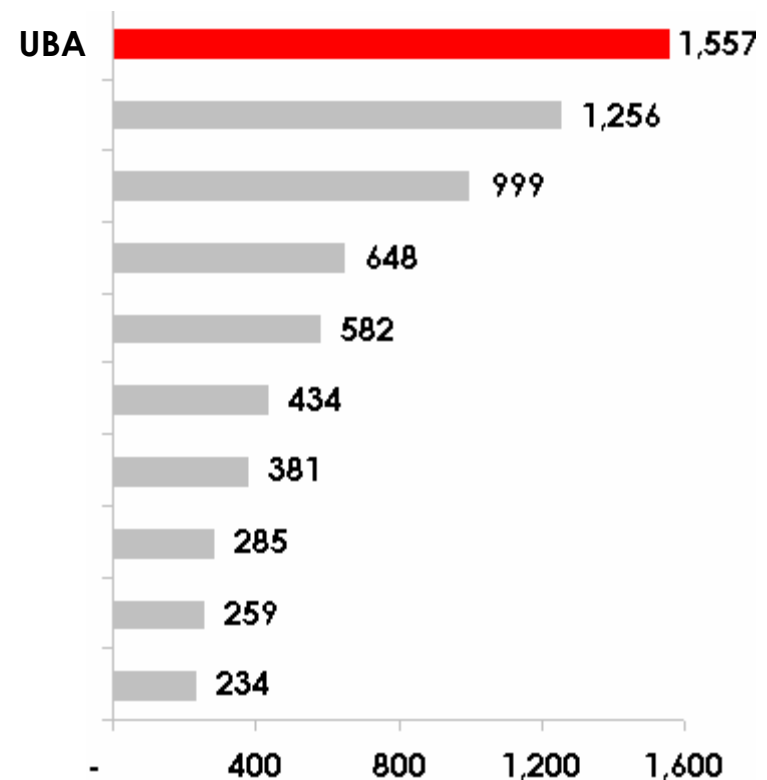
We lead in distribution channels



Branch Network, Top Banks



ATMs Deployed, top ten banks

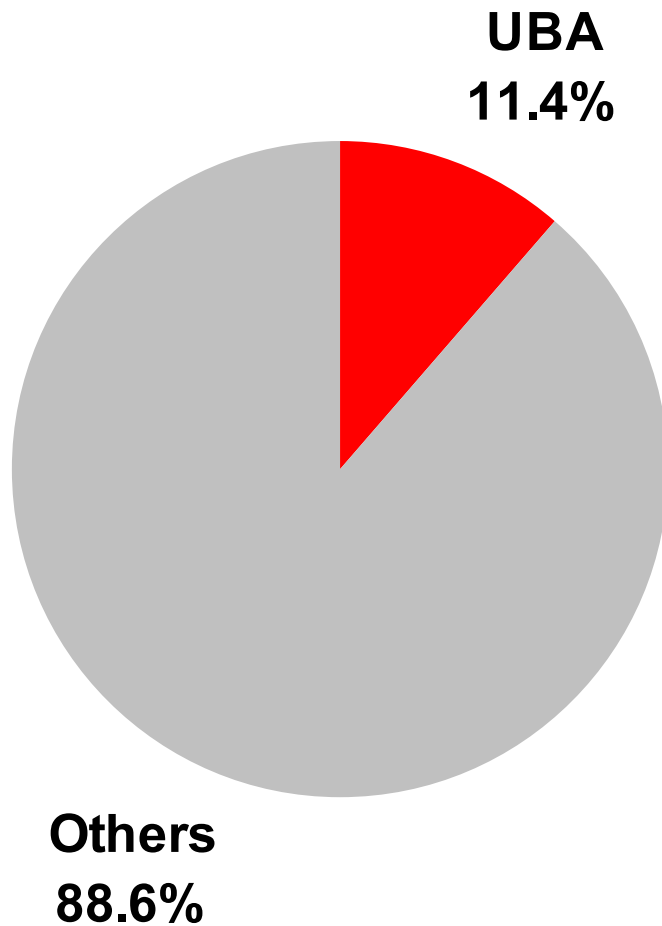


- UBA controls over 20% of sector distribution channels

Solid balance sheet...



Total assets + contingents, Nigerian Banks (N'billion)

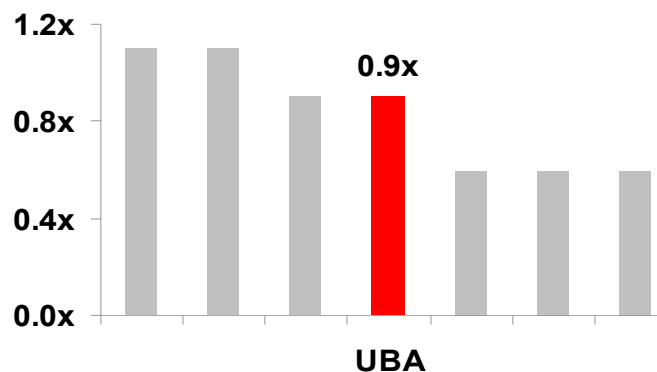


- **UBA has 11.4% market share of total assets**

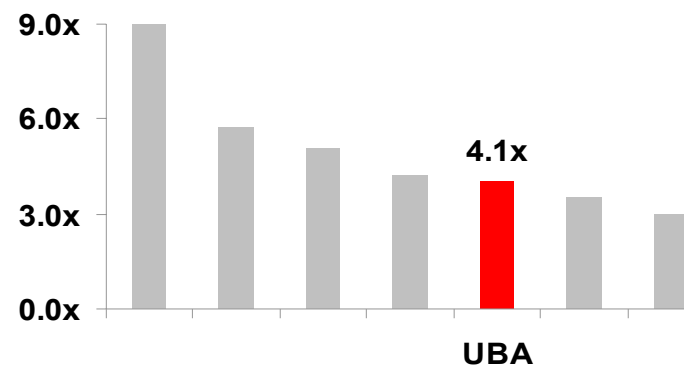
...still undervalued at the Equity market



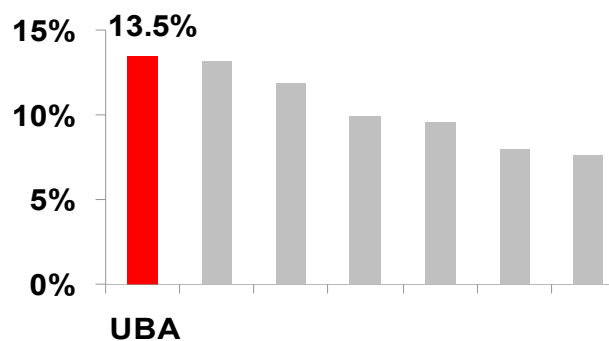
P/B Ratio, largest banks (31Mar09)



P/E Ratio, largest banks (31Mar09)



Div. Yield, largest banks (31Mar09)



Good valuations (Time to Buy)

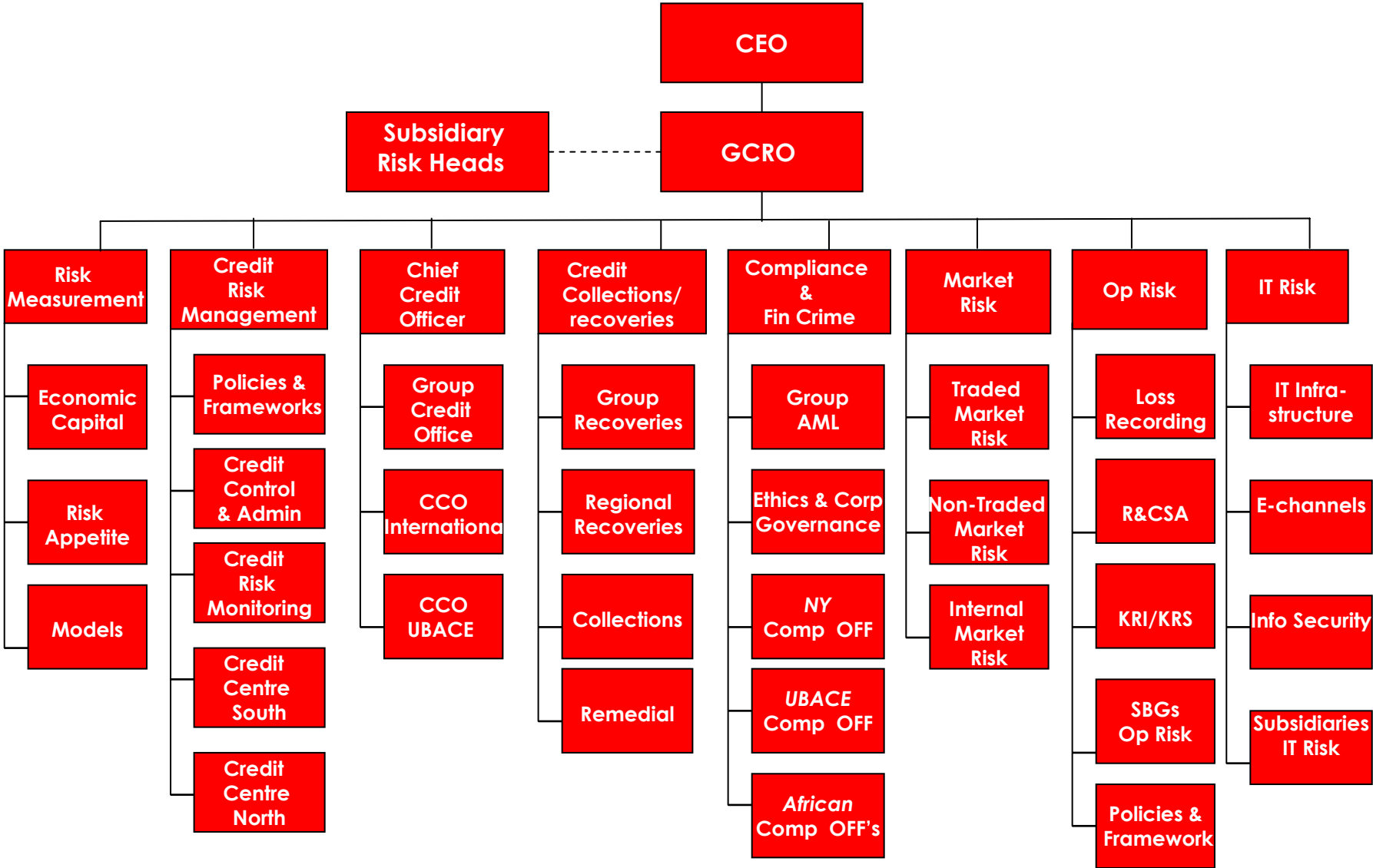
- P/B less than 1 (0.9x)
- P/E of 4.1x despite positive earnings outlook
- Best Div Yield of 13.5%

Outline

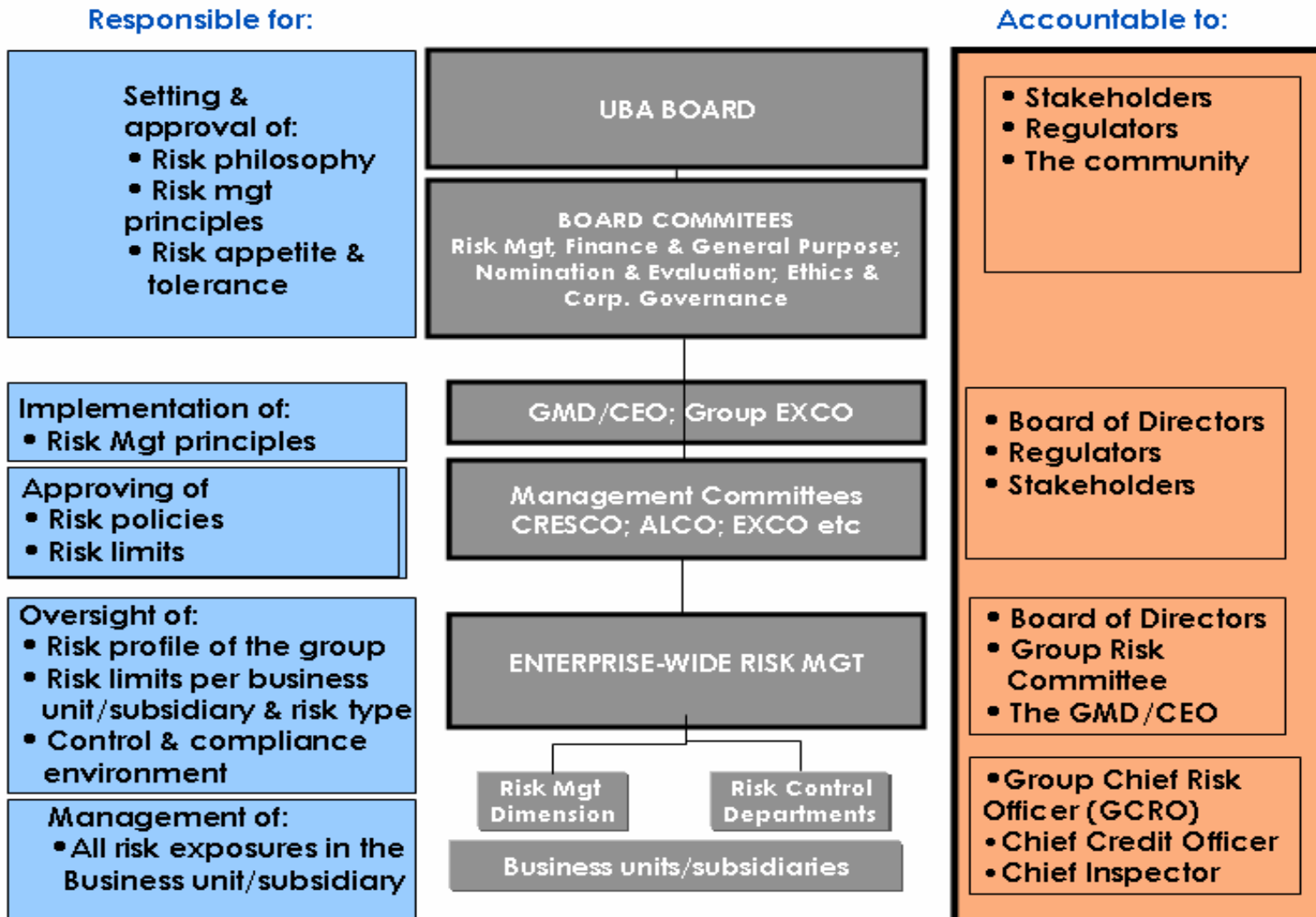


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Group Risk Management Structure



Enabled by... ...A Strong Corporate Governance Framework



UBA Principal Risks



Capital risk

Compliance risk

Concentration risk

Credit recovery risk

Credit default risk

Currency risk

Equity or investment risk in banking book

Interest-rate risk in banking book

Liquidity risk

Market risk (position risk) in the trading book

Process risk

Reputational risk

Information integrity risk

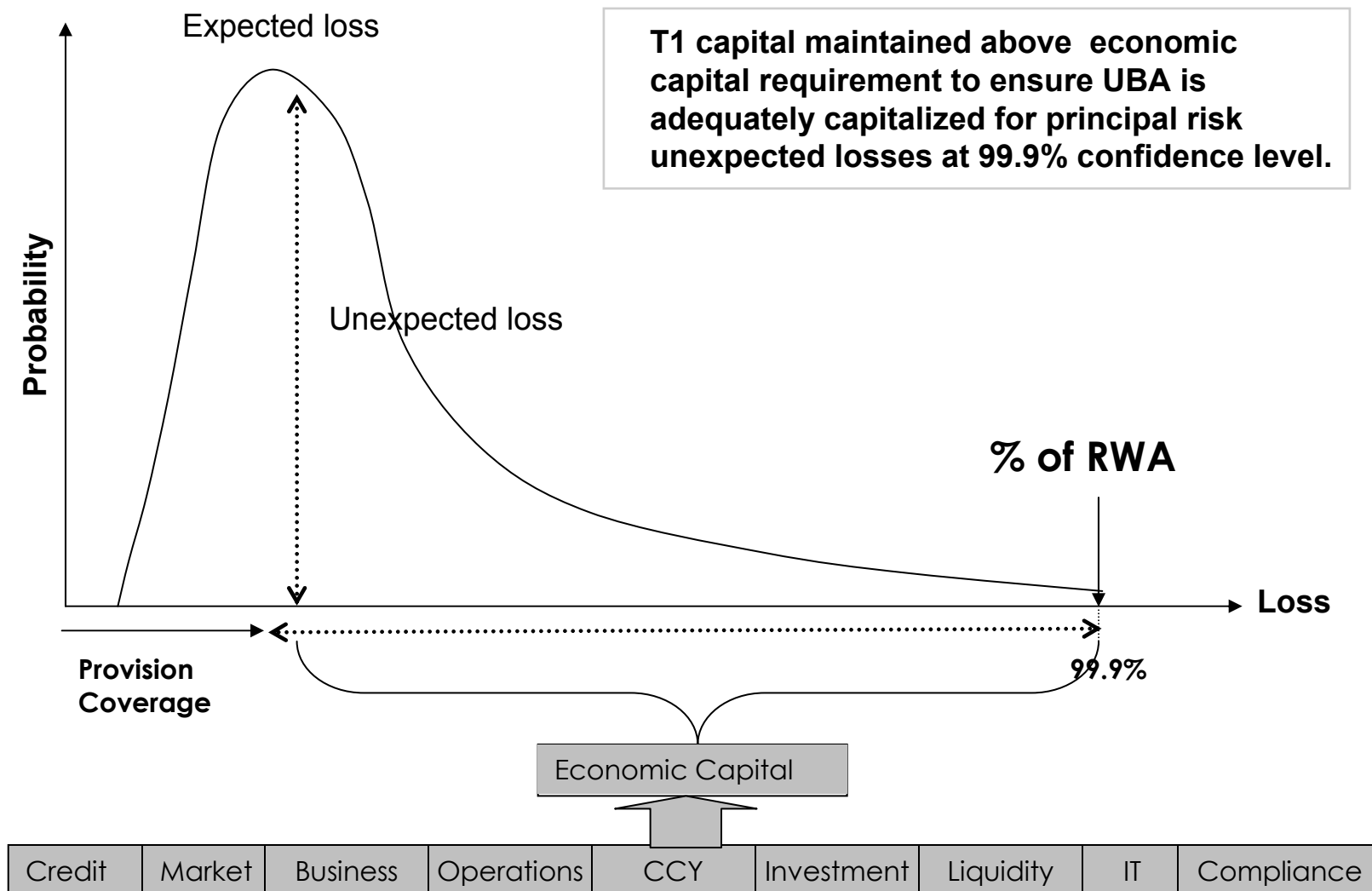
People risk

Technological risk

Project Risk

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Economic capital Framework ensures adequate capitalization for all risks



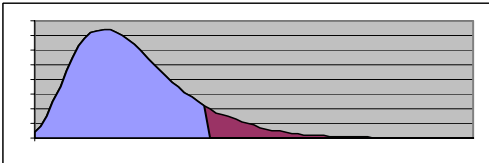
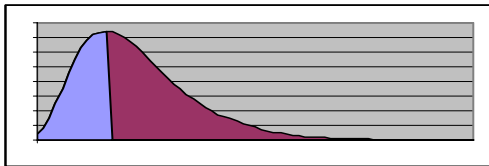
Risk Appetite/Stress Testing framework



Financial volatility risk appetite is used to limit stress scenario impacts.

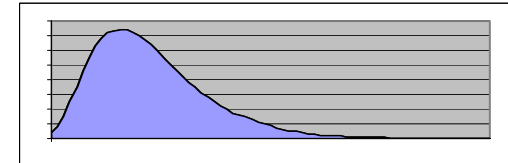
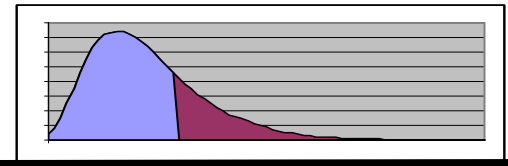
Business as Usual

- PBT must be at least 3 times expected loss (provisions)



1 in 7 Stress

- We must be able to maintain dividend level
- Free cash flow must be able to fund planned balance sheet growth capital needs



- Establish the **strategic constraint** for each part of the risk profile
- There can be more than one constraint for any one part of the risk profile

- Positive PBT of at least 50% of current level
- Must be able to fund 1/3 of planned b/sheet growth capital needs from free cash flow

1 in 20 Stress

- No strategic constraint at present
- Economic Profit considerations will be paramount

Extreme Stress (Economic Capital)

Outline

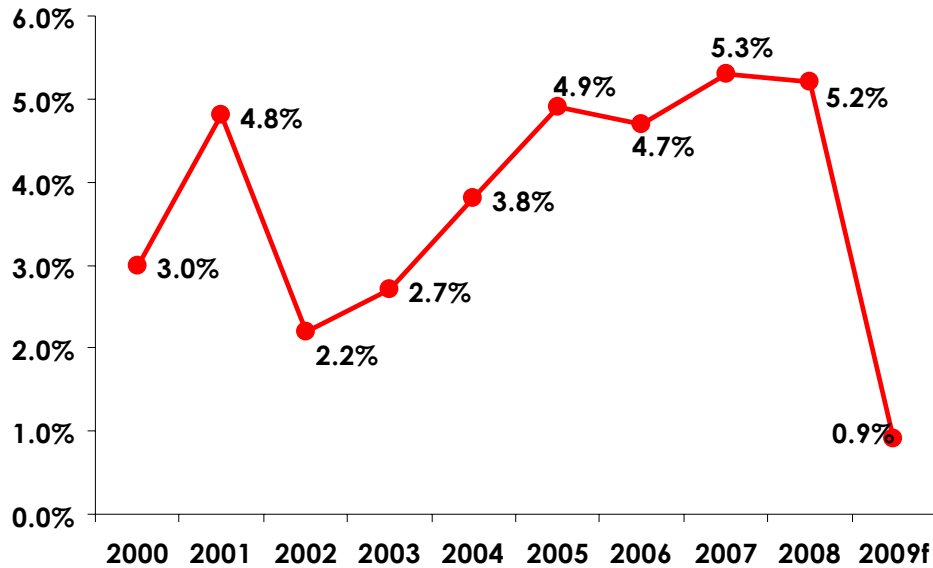


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 - Sub Sahara Africa Economy
 - Nigerian Economy
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Global recession deepens...



World GDP growth, 2000 - 2008



- World Bank reduced its 2009 global growth forecast from 2.5% to 0.9%
- Sharp decline to come mostly from recession in developed economies

S&P 500 vs. Barclays Govt. Bond Index



- Equity risk premium has been eliminated
- Bond yields now exceed stock returns.
- YTD decline on equities average 30% globally

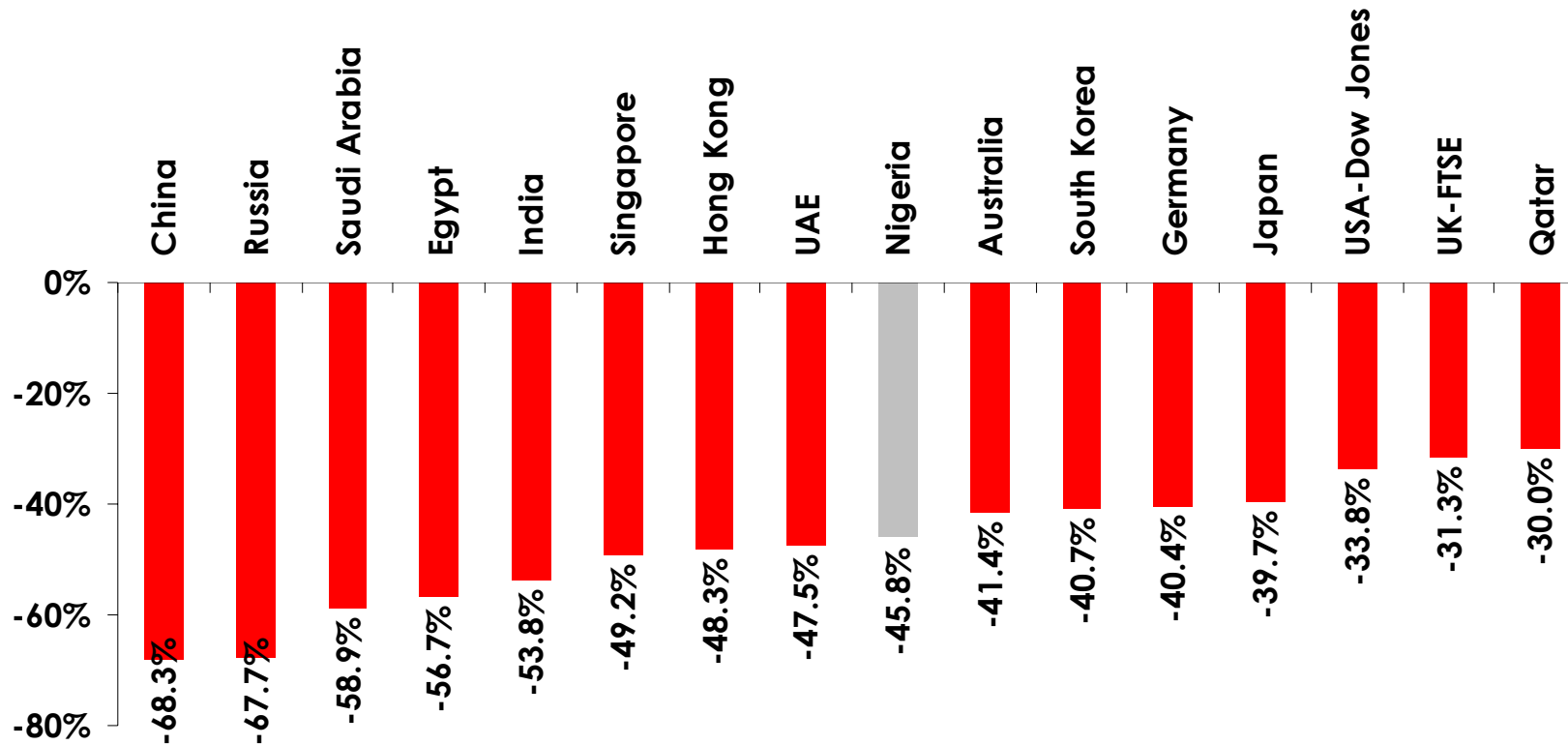
Source: Economic Data

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with decline in world stock markets...



Performance of selected world stock markets in 2008



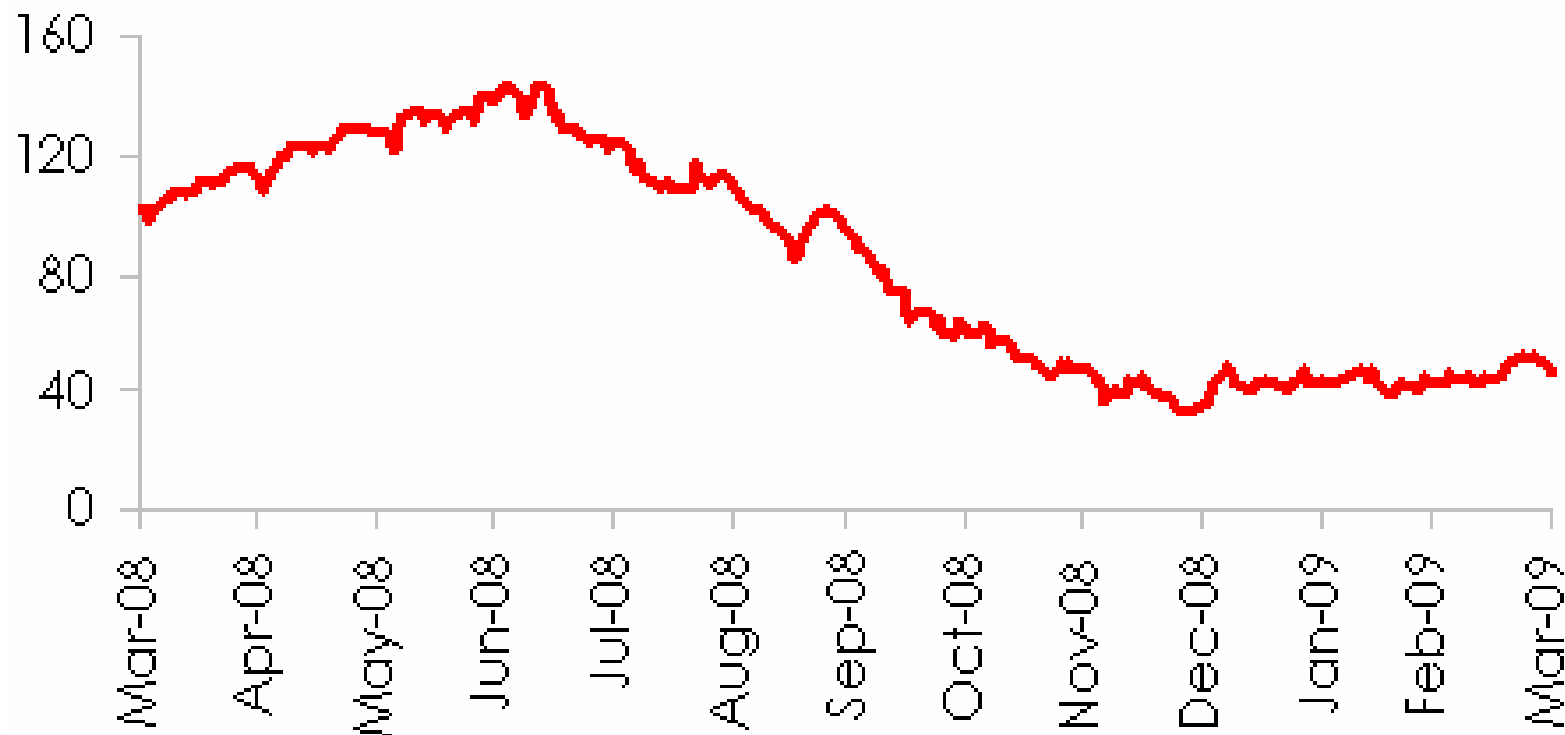
Source: Wall Street Journal

- In 2009, stock markets have recorded choppy movements .
- Nigerian Stock market has recorded a YTD decline of 37% by end of March 2009

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...and drop in Oil prices

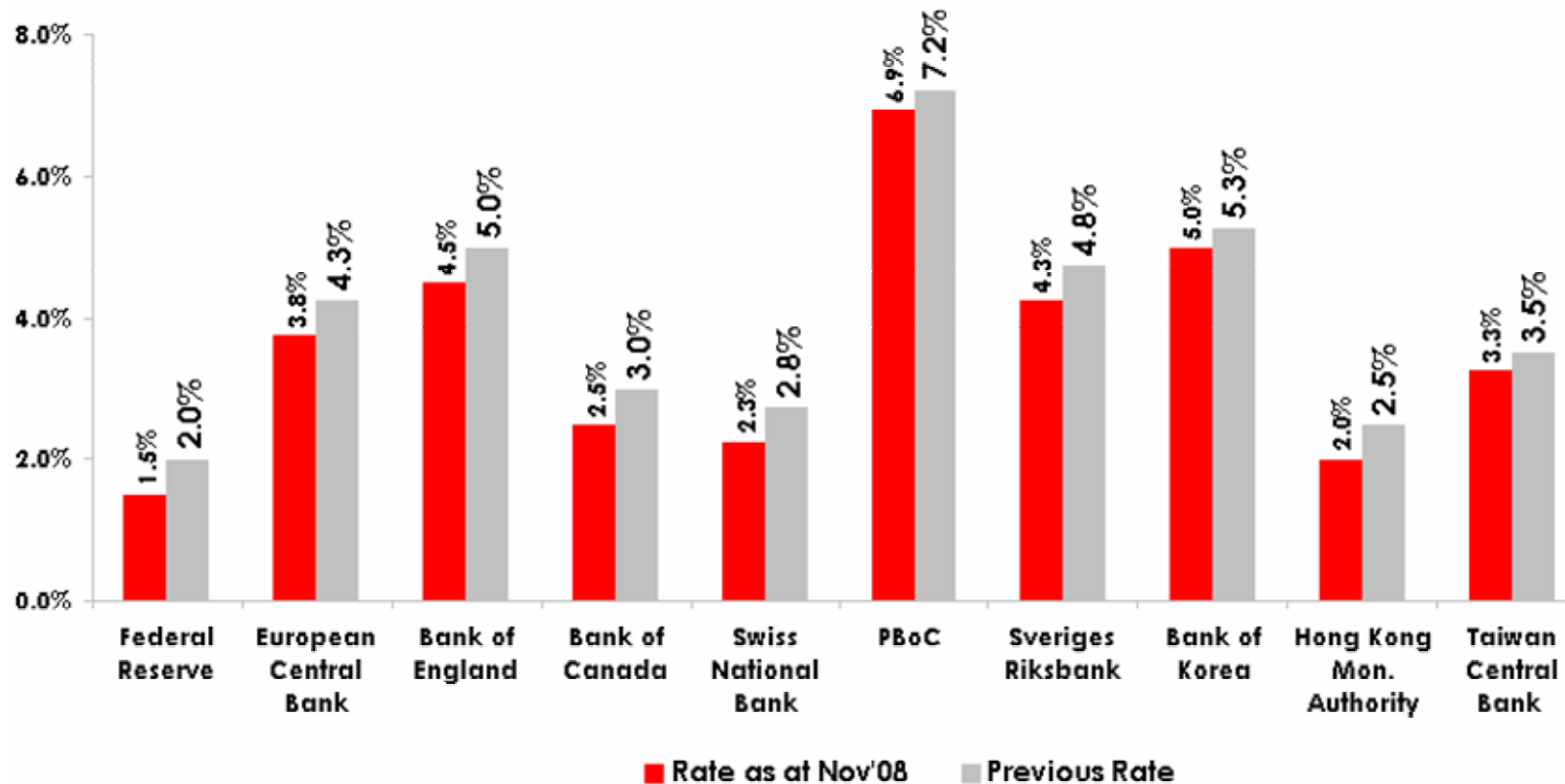
Oil price trend, last one year (US\$/barrel)



Continued downward interest rate adjustments and financial stimulus; to boost spending



Monetary Policy actions by regulatory authorities in 2008

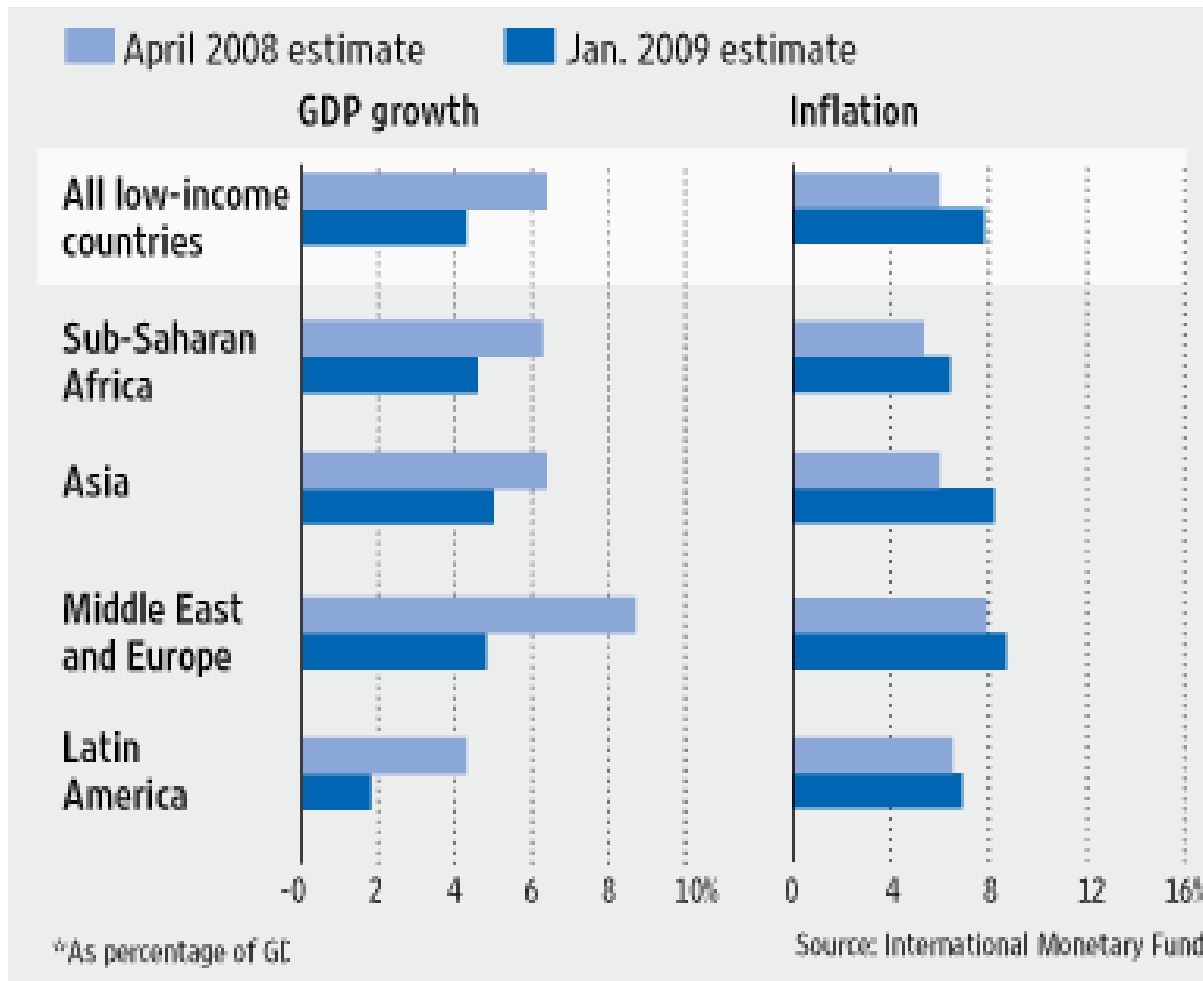


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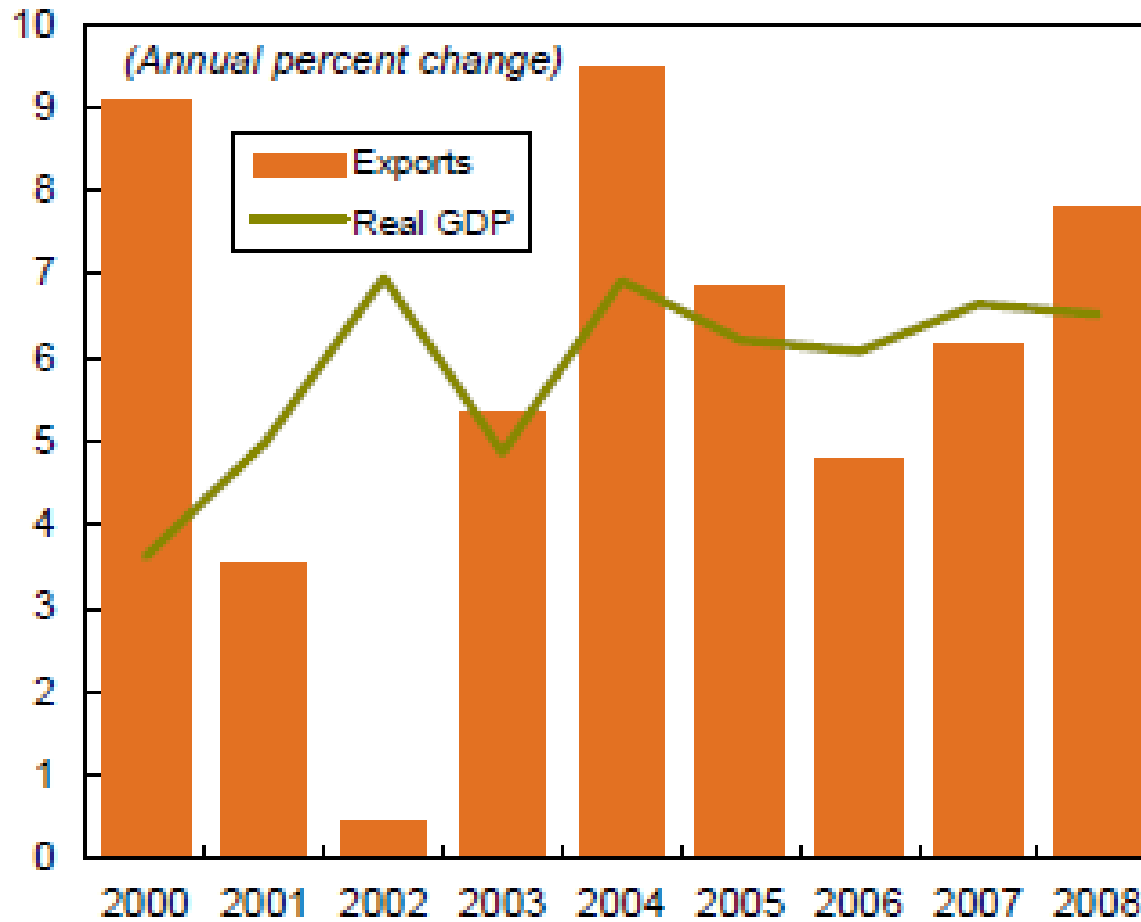
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PROSPECTS IN SSA BETTER THAN EUROPE AND LATAM, and COMPARES WELL WITH ASIA-IMF



- IMF reviewed growth expectation for SSA by 160 bpts to 4.6% in Jan'09
- Growth expectation for Asia slightly higher at 4.8% (6.3% in Apr'08)
- Inflation rate of 6.5% expected (4.6% in Apr'08)

Exports and Growth in SSA



- SSA exports grew by almost 8% in 2008
- Export growth consistent with output growth

Sources: IMF, *World Economic Outlook*; and IMF, African Department database

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Overview of Nigerian economy

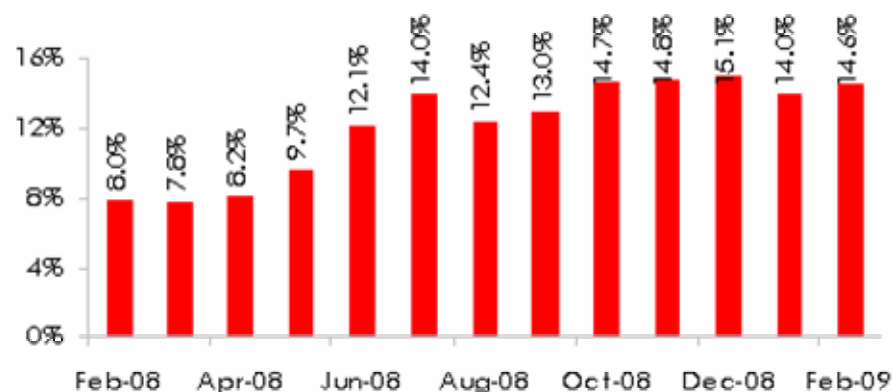


- **Reduced capital inflows**
 - Most FDIs are going into Oil & Gas
- **Decline in global oil prices**
 - \$147/barrel as at July 2008
 - Now \$50/barrel
- **Exchange rate depreciation**
 - Now relatively stable
 - Margin between official and parallel market rates however remains wide
- **Foreign reserves, shrank but now stable at \$50bn**
- **Contraction of credit**
 - But increased lending to Oil & Gas
- **Weak stock market**

Selected macro economic data

GDP growth (Dec, 2008)	6.77%
Inflation rate (Feb, 2009)	14.6%
External Reserves (Jan' 2009)	\$50.9 bn
Official Exchange Rate (US\$)	N145.8
Monetary Policy Rate (April 2009)	8.0%
182 day Treasury Bill rate – 31/03/09	9.43%

YoY inflation rate, last 12 months



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▪ **Q1 GDP growth rate: 6.3%**

CBN initiates expansionary policy measures, stabilises exchange rate



- **Benchmark rate reduced by 175 bpts to 8.0%**
- **Cash Reserve Ratio reduced progressively from 3 % to 2% and now 1%**
- **Liquidity Ratio reduced from 40% to 30% and now 25%**
- **Set the Maximum Deposit and lending rates at 15% and 24% respectively, prescribing the following sanctions for its breach;**
- **Reclassified BDCs into “A” and “B”**
 - **Class A with N500m minimum capital can access Forex from the CBN**
 - **Maximum transaction limit of \$5,000 for Class B**

Outline



- Executive Summary
- Detailed Analysis of results
- Overview of UBA
- **Operating environment**
 - World Economy
 - Sub Sahara Africa Economy
 - Nigerian Economy
 - **The Banking Sector**
- Outlook for the remaining quarters
- Q & A

Overview of the Banking sector



Upside	Downside
<ul style="list-style-type: none">▪ Relatively strong capital base at N3 trillion▪ improving risk management and corporate governance awareness▪ Improving disclosure▪ improving distribution channels – over 7,500 ATMs▪ Lower government revenue but increased government spending▪ Aggressive cost control▪ Stricter regulatory oversight▪ Implementation of IFRS in 2009▪ Common year-end for all banks by December 2009	<ul style="list-style-type: none">▪ Equity market exposure estimated at 10% of total loans (N700bn – N1trillion)▪ Exposure to downstream petroleum segment▪ High operating cost▪ Decline in credit lines▪ Decline in FDIs▪ Decline in credit to the economy

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Outlook for the rest of the year



- **Global growth forecast to remain weak; from 2.5% to 0.9%**
- **Nigeria's GDP growth to stabilise at about 4.5%**
 - **N3.1tr expansionary budget for 2009**
 - **N200bn Agric fund will drive growth (Agric is 46% of GDP)**
 - **N1trillion earmarked for infrastructure spending in 2009**
 - **Aggressive Taxes, levies and duties will drive government revenue**
 - **Excess Crude reserves to be injected into the economy**
- **Stability in Fx rates around N145-N150**
- **Stable margins between official and autonomous FX rates**

Outlook for the rest of the year



- **Stability in Inflation levels (14-15%)**
- **Fee based income shrinkage to continue**
- **Softening of liquidity squeeze**
- **Increased Provisioning for Margin Loans etc**
- **Stock Prices will remain soft (Time to buy?)**
- **Increased consolidated regulation and surveillance**
- **Improved disclosure, risk mgt and corporate governance**

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Conclusion

UBA's fundamentals remain very solid

- **Strong liquidity (50%)**
- **Solid Capital Adequacy Ratio (19%)**
- **Adequate NPL coverage (123%)**
- **Strong earning capacity (ROA 3.2%)**
- **Appealing Enterprise Value (P/E 4.2x, PB 0.9x)**
- **Pan African Expansion strategy (15 countries)**
- **Increased disclosure standards (IFRS) and Risk Management architecture (Basel 2)**
- **Potentials for significant cost savings (GSS, P20)**



Thank you



Q&A



Appendices

Brief history of UBA

- 1949** French & British Bank Limited (“FBB”) commences business
- 1961** Incorporation of UBA to take over the banking business of the FBB
- 1970** IPO on the NSE
- 1984** Establishment of NY branch
- 1998** GDR programme established
- 2004** Establishment of UBA Ghana
- 2005** Merger with Standard Trust Bank
Acquisition of Continental Trust Bank
New senior management team in place
- 2006** Purchase & assumption of Trade Bank out of liquidation
- 2007** Successful Public Offer and Rights Offer
Purchase & assumption of 3 liquidated banks: City Express Bank, Metropolitan Bank & African Express Banks
Investment in Afrinvest in UK (re-branded UBA Capital)
- 2008** Purchase & assumption of 2 liquidated banks: Gulf Bank & Liberty Bank
Establishment of UBA Cameroun, UBA Cote d’Ivoire, UBA Uganda, UBA Sierra Leone & UBA Liberia
Launch of UBA Microfinance Bank
Launch of UBA FX Mart (Bureau de change)
Acquisition of 51% of Banque Internationale du Burkina Faso
- 2009** Representative office opened in Paris, France

Loan portfolio: local distribution



Net Loans by industry segment

Oil & Gas	28.1%
Personal & Prof.	27.1%
Real Estate	12.5%
Manufacturing	11.6%
General Commerce	9.8%
Telecommunications	4.5%
Banking & Fin Services	4.2%
Others	2.2%
Total	<u>100.0%</u>

- Oil and Gas sector accounts for 28.1% of loans
- UBA has a strong retail and corporate lending strategy