United Bank for Africa Plc

Building Africa's Global Bank

2008 *Group Annual Report and Financial Statements*

United Bank for Africa Plc

2008 Group Annual Report and Financial Statements

Table of contents

Page

Group overview
Group at a glance 2
Business operations 4
2008 year in review 6
Innovative products and services 8
Board of Directors 12
Executive committee 16

Review of operations
Chairman's statement 18
CEO's statement 24
Highlights of 2007/2008 financial year 30
Analytical review of the Group's financial performance 32
Review of operations 36

Corporate social responsibility report 52

Risk management report 58

Corporate governance
Corporate governance report 74
Report of the audit committee 78
Report to the Directors of UBA on outcome of Board Evaluation 79
Director's report 80

Financial statements
Report of the independent auditors 84
Statement of significant accounting policies 85
Results at a glance 89
Balance sheet 90
Profit and loss account 91
Statement of cash flows 92
Notes to the financial statements 93
Group value added statement 112
Bank value added statement 113
Group five-year financial summary 114
Bank five-year financial summary 115

Shareholder information 116

Glossary 122

Notice of AGM 123

Proxy form 124

www.ubagroup.com

Gross earnings up 55%

N169.6 billion

Profit before tax and exceptional items up 82%

N56.8 billion

Total assets and contingencies up 39%

N2.3 trillion

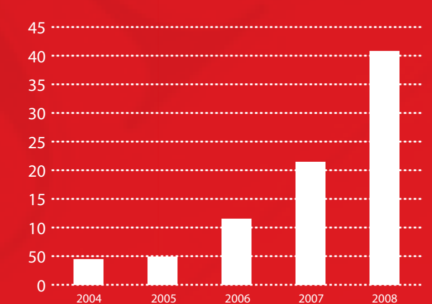
Deposits up 47%

N1.3 trillion

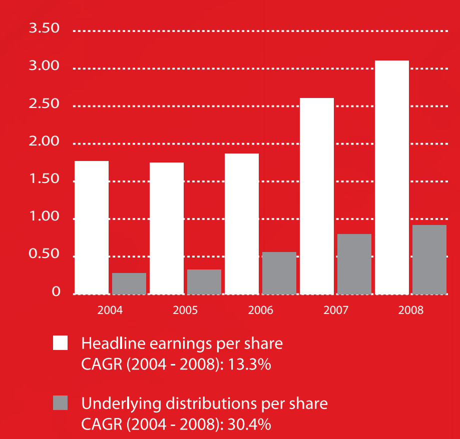
Financial highlights

- *Profit after tax up 90% to N40,825 million*
- *Headline earnings per share up 19% to 311 kobo*
- *Underlying earnings per share up 48% to 237 kobo*
- *Net interest margin up to 5.9%*
- *Cost-to-income ratio down to 54.8%*
- *Return on equity up to 22.6%*
- *Return on assets up to 2.9%*
- *Non-performing loans ratio down to 3.5%*
- *Capital adequacy ratio of 22.2%*

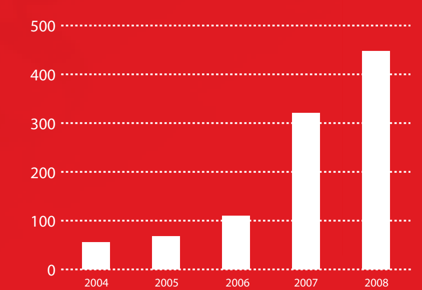
Profit after tax
(N'billion)
CAGR (2004 - 2008): 63.0%



Earnings and distributions per share
(N)



Loans and advances
(N'billion)
CAGR (2004 - 2008): 58.6%



UBA

Building Africa's Global Bank

Vision

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

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

Group overview
Review of operations
Corporate social responsibility
Risk management
Corporate governance
Financial statements
Shareholder information

Group at a glance

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.

Where we came from

UBA's history dates back to 1948 when the British and French Bank Limited ("BFB") commenced business in Nigeria. Following Nigeria's independence from Britain, UBA was incorporated in 1961 to take over the business of BFB.

Today's UBA is the product of the 2005 merger between UBA and Standard Trust Bank, which were then Nigeria's third and fifth largest banks respectively. This was followed shortly after by the acquisition of Continental Trust Bank. The union emerged as the first successful corporate combination in the history of Nigerian banking.

Although today's UBA emerged at a time of regulatory-induced industry consolidation, the consolidated UBA was born out of a desire to lead Nigeria to a new era of global relevance by championing the creation of the consumer finance market, leading a private/public sector partnership in supporting the acceleration of Africa's economic development, and growing the institution from a bank to a full service financial institution, while spreading its footprint across Africa to earn the reputation as the face of banking on the continent.

What we do

Products

UBA is a full service financial institution offering a complete range of over 200 banking, bancassurance and wealth-management products and services.

Market

UBA has over 6.5 million customers in personal, commercial and corporate market segments; and over 8.4 million cards issued.

Channels

UBA has the largest distribution network in Nigeria. As at 30 September 2008 we had 613 branches and retail outlets, 1 256 ATMs, 3 296 POS machines deployed. Outside of Nigeria, we had a further 55 branches and 76 ATMs.

Staff

UBA has over 14 000 full-time staff worldwide.

UBA

Geography

In addition to every state in Nigeria, as at 30 September 2008 UBA had operations in Burkina Faso, Cameroun, Côte d'Ivoire, Ghana, Liberia, Sierra Leone, Uganda, the United Kingdom and the United States of America.

Business operations

Geographic focus

UBA Nigeria North

Wholesale, commercial, consumer and transactional banking services in Northern Nigeria

Gross earnings	***N37.7 billion***
Profit before tax	***N12.6 billion***

UBA Nigeria South

Wholesale, commercial, consumer and transactional banking services in Southern Nigeria

Gross earnings	***N83.6 billion***
Profit before tax	***N26.2 billion***

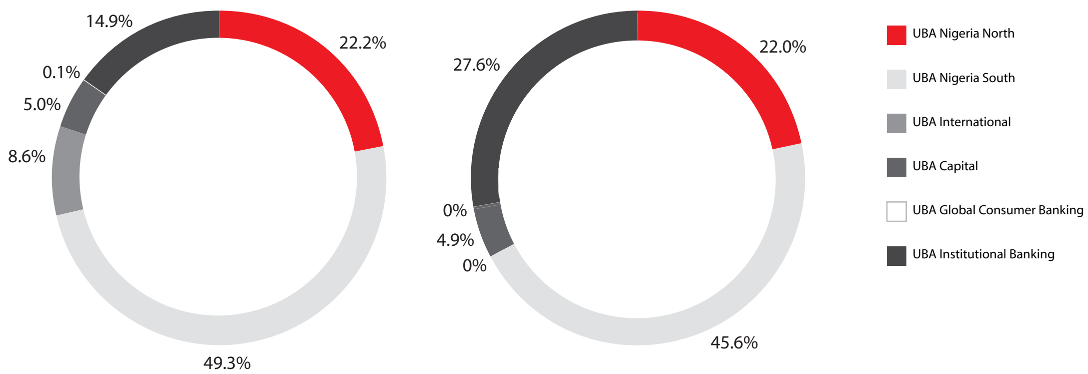
UBA International

Wholesale, correspondent, commercial, consumer and transactional banking services outside of Nigeria

- *Africa*
- *Americas*

Gross earnings	***N14.6 billion***
Profit before tax	***N(0.6) billion***

Gross earnings Profit before tax



Operations are conducted through six strategic business groups

UBA

Product focus

UBA Capital

Investment banking and wealth management services

- Global markets
- Stockbroking
- Asset management
- Trustees
- Registrars
- Custody
- Merchant banking

Gross earnings N8.5 billion
Profit before tax N2.8 billion

UBA Global Consumer Banking

Develops products and services for the consumer market

- Cards
- Consumer finance
- Asset finance
- Mortgages
- Microfinance
- Global payments
- Direct channels
- e-Solutions

Gross earnings N0.1 billion
Profit before tax N0.0 billion

UBA Institutional Banking

Manages relationships with global financial institutions

- Treasury and investments
- Correspondent banking
- Global financial institutions
- Insurance broking

Gross earnings N25.2 billion
Profit before tax N15.8 billion

Other activities

- Group Operations
- Group Finance
- Group Risk
- UBA Metropolitan Life

2008 YEAR IN REVIEW

Milestones and achievements

Objectives

Full service financial institution

New business lines

- UBA Prestige
- UBA Microfinance Bank
- UBA Metropolitan Life
- UBA Global Investor Services
- UBA Capital (Europe)
- UBA Stockbrokers
- UBA FxMart

Dominate Nigeria

Assets

Total assets and contingencies up 39% to N2 290 billion

Loans and advances up 40% to N448 billion

Deposits

Deposits up 47% to N1 333 billion

Profits

Profit before tax and exceptionals up 82% to N56.8 billion

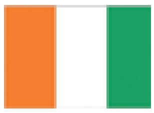
Cost-to-income ratio down to 54.8%

Underlying EPS up 48% to N2.37

Pan-African

UBA Ghana
Established in January 2005

UBA Cameroun
Established in December 2007



UBA Côte d'Ivoire
Established in May 2008

UBA Uganda
Established in May 2008

Global financial centres

New York
US regulated branch presence since 1984

London
UBA Capital (Europe) established as UK regulated investment banking operation in January 2008

UBA HAS A VISION TO BE THE UNDISPUTED LEADING AND DOMINANT FINANCIAL SERVICES INSTITUTION IN AFRICA BY 2010

Product innovation

- U-Pay
- IATA BSP contract
- Arsenal debit and prepaid cards
- Mortgages up to 20 years
- Asset finance and car loans up to 5 years
- Credit Registry Corporation
- 3iOP Registrar Portal
- U-Mobile
- Cheque acceptance ATMs
- Tourism paycard
- Auto-Reg
- Visa dual-currency debit card

Service channels

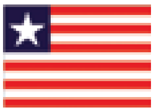
- 668 branches and retail outlets
- 1 332 ATMs
- 3 296 POS deployed

Brand awareness and awards

- UBA sponsors Dragons' Den
- This Day Award for Corporate Social Responsibility 2007
- Vanguard Award for Nigeria's Emerging Global Bank 2008

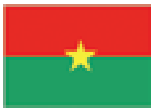
UBA Sierra Leone

Established in July 2008



UBA Liberia

Established in July 2008



Burkina Faso

Acquired majority stake in the biggest bank in Burkina Faso in September 2008

2010 target

Top 3 in each business line

25% – 30% market share

Presence in 30 African countries

Presence in all major financial centres

Innovative products and services

We are at the forefront of championing the African consumer banking revolution

UBA Mortgages

Product

Home acquisition
Home renovation
Land acquisition
Home refinance

Benefits

Discipline and financial prudence
Tax advantage
Wealth creation
Freedom from astronomical rental growth
Hedge against inflation
Investment and annuity income
Post retirement cashflow and passive income

Asset Finance/Auto Loans

Product

Up to 60 month tenor on loans for a limited range of new cars and for purchase of other assets such as generators and laptops

Benefits

The opportunity to acquire an asset without having to save for a long period or deplete your savings
Considerable and convenient payment terms
Competitive interest rates

Overdrafts

Benefits

Pay for goods and services and meet daily expenses without having a kobo in your account

Self administered with your cheque, other payment instruments and debit card at an ATM or POS terminal

Charges calculated only on utilised amount

Charges calculated only for the number of days your account is in debit

Competitive interest rate

Pride points are accumulated when you use your debit card

UBA Dual Currency Card

Product

The UBA dual currency card is a debit card from VISA International that has dual currency functionalities by being linked to both a Naira account and a domiciliary account. It is a chip enabled debit card and is the first international debit card in Nigeria

Benefits

Cash withdrawal from ATMs both at home and abroad

Account to account transfers (local transfers)

Customer balance enquiries

Payment for goods and services at merchant outlets around the globe

Generation of mini account statements

Can be attached to an overdraft account

UBAfxmart

Product

Buy foreign currencies

Sell travel allowance (BTA, MTA and PTA)

Remittances (mortgage remittance, school fees remittances, medical bills, credit card payments, utility bills, life insurance premium)

You can also book your travel allowances and change your currency while booking your ticket at your favourite travel agency

Benefits

Efficient and professional service

Convenient – available at non-bank channels including international airports

Fast – you get your money when and where you want it

Available to UBA and non-UBA customer channels

Innovative products and services

We have been working behind the scenes, deploying state-of-art technology to improve service delivery.

UBA Arsenal Debit Card and Prepaid Card

Benefits

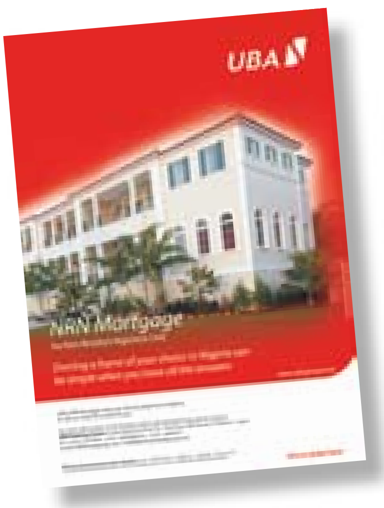
Products are linked to a range of loyalty reward options such as

Arsenal signed/autographed items

Arsenal branded promotional items

Arsenal memorabilia

Free ticket to watch live Arsenal matches



Non-Resident African ("NRA") Banking

Product

Bank accounts (Local currency, USD, GBP, Euro)

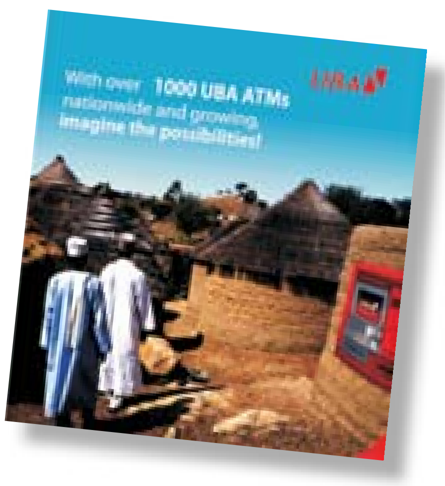
Mortgages (Local or foreign currency)

Personal loans

Wealth management

Benefits

Allows Africans not resident in Africa to obtain all the benefits of a bank account in Africa without having to physically visit.



ATMs

Product

Self service channel that allows cardholders access to cash (and other basic transactions) across a shared network. With over 1 330 units, UBA has the largest network

Benefits

Convenient

Secure

Available 24/7

Accepts Interswitch cards, Visa Cards, VPAY and MasterCard

Open platform (UBA and non-UBA customers)

U-Mobile

Product

Mobile banking made easy. This is UBA's menu driven mobile banking solution that allows banking transactions to be done using GPRS/Java enabled cell phones

Benefits

Affordability
Convenience
Accessibility
Secure
Available on all networks

Cash Fast

Product

The fast, easy, and convenient way to send and receive money

Benefits

Secure – Pin protected
Fast – Money transfer in 2 seconds
Convenient – Available in branches and retail outlets nationwide
Available to UBA and non-UBA customers

Auto-Reg

Product

Registration or renewal of vehicle licence, insurance and hackney permit. This product is available at any UBA business office in Lagos State

Benefits

Convenient
Accessible
Easy

Board of Directors

CHIEF FERDINAND ALABRABA

Non-Executive Chairman

Appointed 2005

Graduate of Quantity Surveying from the University of Reading, UK; MSc in Construction Economics and Management from Aston University, UK. Fellow of various professional bodies including the Royal Institution of Chartered Surveyors, Nigerian Institute of Quantity Surveyors and Institute of Construction Industry Arbitrators, Nigeria

Has served as a director on many boards including African Continental Bank, Continental Trust Bank, Crown Realties and Standard Trust Bank and is currently the Managing Partner/Chief Executive of Aman Associates. He is also the Chairman of Bicontinental Investments Nigeria.

Chief Alabraba has received several awards, such as the Nigerian Institute of Quantity Surveyors Merit Award and Winner, Fellowship of the Science Research Council of England.

TONY ELUMELU, MFR

Group Managing Director/ Chief Executive Officer

Appointed 2005

Holds graduate and post-graduate honours degrees in Economics; and alumnus of Harvard Business School and IMD Advanced Management Programmes

In a banking career spanning two decades, he was appointed the MD/CEO of Standard Trust Bank in 1997. Prior to this he was co-founder and pioneer Chief Executive Officer of BGL Limited and a former Executive Director of Linkage Assurance Limited. He is a founding Director of Africa Finance Corporation.

Honoured as a Member of the Federal Republic of Nigeria (MFR) in 2003 and winner of the African Investor magazine African Business Leader award in 2006 and African Banker of the Year award in 2008. Global Excellence magazine awarded him 2007 Banker of the Year and 2008 CEO of the Year. Currently President of West African Bankers Association, and Chairman of ValuCard Nigeria Plc. In the public sector, he has served on various national and Presidential committees.

PHILLIPS ODUOZA

Deputy Managing Director, UBA Nigeria South

Appointed 2005

Holds an MBA (Finance) and a first class BSc degree in Civil Engineering from the University of Lagos. Alumnus of the Harvard Business School Advanced Management Programme. An honorary senior member of the Chartered Institute of Bankers of Nigeria

Over two decades of experience having worked with several banks culminating with joining Standard Trust Bank as an Executive Director.

FAITH TUEDOR-MATTHEWS

Deputy Managing Director, UBA Nigeria North

Appointed 2005

MBA from University of Aston, UK; degree from the Southampton Institute and a Post-Graduate Diploma in Marketing from Staffordshire University, UK. Alumnus of the Harvard Business School Senior Executive Programme. Graduate member of the Chartered Institute of Marketing, London and a member of the Chartered Institute of Bankers

Worked for several banks before joining Standard Trust Bank as an Executive Director in 2003.

VICTOR OSADOLOR

Group Chief Finance Officer

Appointed 2005

Accounting degree from the University of Benin, a fellowship of the Institute of Chartered Accountants of Nigeria and honorary life membership of the Chartered Institute of Bankers of Nigeria. An alumnus of Harvard Business School's Advanced Management Programme.

A seasoned banker and chartered accountant, Victor began his career at PriceWaterhouseCoopers. He subsequently worked at a number of Nigerian banks before joining Standard Trust Bank in 2000.

He serves on the board of directors of ATM Consortium Nigeria Limited as Vice Chairman.

GODWIN IZE-IYAMU

Executive Director, Institutional Banking

Appointed 2004

Attended Edo College in Benin City and later obtained a BSc in Mechanical Engineering (*magna cum laude*) from the University of Central Florida and an MSc in Accounting from University of Houston, a Certified Public Accountant. and alumnus of the Advanced Management Programme at Insead, France .

With over 20 years of banking experience, Godwin is an acknowledged industry authority in corporate and wholesale banking. Prior to joining the banking industry, he worked for Deloitte-Touche and Mobil.

ANGELA NWABUOKU

Chief Executive Officer, UBA Global Consumer Banking

Appointed 2008

BSc from The American University Washington DC and became an international associate of the American Institute of Certified Public Accountants in 1985. She is currently pursuing an MBA at the Warwick Business School, UK. She has over 23 years' experience in financial services institutions in countries across West Africa, having held senior management positions in several international and regional banks in West Africa.

EMMANUEL NNOROM

Group Chief Operations Officer

Appointed 2008

Alumnus of the Oxford University Templeton College. Fellow of the Institute of Chartered Accountants of Nigeria and the Chartered Institute of Bankers of Nigeria

Trained as an accountant with KPMG and has over two decades of experience. Previously worked with Standard Trust Bank.

IBRAHIM JEGA

Executive Director, Public Sector Banking

Appointed 2007

BSc in Business Administration and MBA from Ahmadu Bello University, Nigeria

Has over 25 years' experience in banking before joining UBA in 2004.

RASHEED OLAOLUWA

Chief Executive Officer, UBA Africa

Appointed 2008

BSc (First Class) in Civil Engineering, Associate of the Institute of Chartered Accountants of Nigeria and MBA from International Graduate School, Barcelona

Before joining UBA in 2006 he served at Arthur Andersen and occupied various senior roles within the financial services industry.

Board of Directors

CHIEF KOLAWOLE B JAMODU, OFR

Director

Appointed 2007

Alumnus of the Harvard Business School and a fellow of several professional institutes, including the Chartered Institute of Management Accountants, Chartered Institute of Secretaries, Chartered Institute of Taxation and Institute of Chartered Accountants of Nigeria

Chief Jamodu was the first Nigerian Chairman/Chief Executive Officer of Paterson Zochonis Group of Companies. He was also the Chairman of Universal Trust Bank Plc until February 2001, when he was appointed Minister of Industry by the Nigerian Federal Government. Currently the Chairman of Nigerian Breweries.

He is a recipient of the national honour of Member of the Order of the Federal Republic of Nigeria (MFR), Officer of the Order of the Federal Republic of Nigeria (OFR) and a recipient of the National Productivity Merit Award – adjudged the most Productive Chief Executive.

CHIEF ISRAEL C OGBUE

Director

Appointed 2005

Qualified as a Chartered Secretary following graduation from South-West London College of Commerce, UK. He has 41 years' working experience, including serving as the General Manager of National Insurance Corporation of Nigeria (NICON) for seven years. He has served as a director on many boards including the NICON NOGA-HILTON Hotel, Abuja and NAL Bank.

ADEKUNLE OLUMIDE, OON

Director

Appointed 2007

A quintessential diplomat, distinguished career public servant and accomplished technocrat of the organised private sector. Former federal Permanent Secretary. He has represented Nigeria in numerous global forums, including the United Nations, as Minister-Counsellor with concurrent Accreditation to Vienna, where he served on the Board of the International Atomic Energy Agency (IAEA).

He reopened the Nigerian Embassy in Gabon in 1974, after the Nigerian civil war, as the Chargé d' Affaires. He retired as the Director-General of The Lagos Chamber of Commerce and Industry in 2005. He is a recipient of the national honour of Officer of the Order of the Niger (OON) and is also a Member of the Nigerian Economic Summit Group.

FOLUKE ABDUL-RAZAQ

Director

Appointed 2008

An accountant by training with a Masters in Banking and Finance. She has over 15 years combined banking experience, first at Afribank Nigeria Plc and later at Credit Bank Nigeria Limited, where she rose to become Acting CEO (1995) and Executive Chairman of the CBN and NDIC-appointed Interim Management Board (1995 - 1997)

Between 1997 and 1999, she was Chairman, Lagos State Tenders Board; Member of Nigeria's revenue allocation Federal Accounts Allocation Committee (FAAC); Commissioner of Finance, Lagos State and member, Lagos State Executive Council; and Commissioner for Women Affairs and Social Development, Lagos State as well as member, Lagos State Executive Council. Executive Director, ML Securities Limited (1999 - 2001) and held senior management positions at the Nigerian Security Printing and Minting Company (2001 - 2005). She is currently Executive Director and proprietress, Head-Bridge House College, Ikoyi, Lagos.

ROSE A OKWECHIME

Director

Appointed 2005

Masters degree in Banking and Finance and has served the banking industry for over 24 years including time at the Bank of England. A distinguished banker, she has been the Managing Director of Abbey Building Society Limited since 1992.

She has at least eight notable awards to her credit in recognition of her achievements and contributions to womanhood. She currently serves as a director of several other companies.

RUNA N ALAM

Director

Appointed 2007

Studied International and Development Economics at Princeton University, where she was Winner of The Harry S. Truman Scholarship. MBA from Harvard Business School, and Winner of The Annual Agri-Business Report.

Currently Executive Officer of Development Partners International. Prior to that, she was Chief Executive Officer of Kingdom Zephyr Africa Management and Zephyr Management Africa Investment Fund Kingdom Zephyr Africa Management is a joint venture management company of Kingdom Holdings, owned by Prince Alwaleed of Saudi Arabia and Zephyr Management, a New York based private equity company. Prior to joining Zephyr, her experience includes stints at Merrill Lynch and Morgan Stanley & Co.

JA'AFARU PAKI

Director

Appointed 2008

DSc in Business Administration from Bradley University, USA.

Distinguished career working for Mobil Oil Nigeria , the Nigerian National Petroleum Corporation (NNPC) and Unipetrol Nigeria, rising to Managing Director/ CEO of Unipetrol from 1999 to 2001.

Has held directorships in several companies including Kaduna State Housing and Property Development Authority, Kaduna State Industrialisation Board, African Petroleum, and Stallion Property and Development Company. He was Special Assistant on Petroleum Matters to President Olusegun Obasanjo (2003 – 2007).

He is currently Chairman of Nymex Investment Limited, Chairman of Kaduna State Inter-Ministerial Committee on Industrial Parks and an active participant in the Extractive Industries Transparency Initiative (NEITI).

WILLY KROEGER

Director

Appointed 1996

Graduate of Banking Economics from Bankakademie Hamburg, Germany. He has worked with Deutsche Bank for over 35 years in various capacities and is currently with the London Branch as Global Assets- Relationship Manager for North and West African Financial Institutions.

PAOLO DI MARTINO

Director

Appointed 2005

An alumnus of M. Da Passano's Commercial School in Italy. He also has a Doctorate in Agriculture from Pisa University, Italy

In 1975, he joined Italian-based bank Monte Dei Pesci Di Siena, where he handled several responsibilities including being the bank's representative in several countries at different times. In 1988, he was seconded to UBA Plc, Lagos Head Office as Technical Assistant, a position he held until 1991, when he returned to Italy.

ALHAJI GARBA RUMA

Director

Appointed 2007

A former banker and political scientist. He worked at the Bank of Industry (formerly Nigerian Industrial Development Bank between 1991 and 1998, rising to the position of Controller/Area Administrator (North West). He has also served on the Board of the Federal Ministry of Labour & Productivity as Director of Personnel & Administration and as Director of Cooperatives, Arewa Hotels, among other high profile appointments.

Executive Committee

UBA's management team consists of seasoned and recognised industry professionals with diverse and complementary skills. In addition to the Executive Directors, the Executive Committee comprises the following seven individuals

ANDRE BLAAUW

Group Chief Risk Officer

He holds a BCom, BSc and MBA from various South African universities. He has over 20 years of banking experience, 12 of which have been dedicated to the risk management field.

DAVID ISIAVWE

Head, Group Internal Audit

He holds a BSc in Accounting from University of Benin and MSc in Accounting from the University of Lagos.

Certified Information Systems Security Professional, Certified Information Security Auditor (CISA) and Certified Information Security Manager (CISM). Fellow of the Institute of Chartered Accountants of Nigeria and Certified in the Governance of Enterprise Information Technology. Chairman of Board of Trustees of the Information Security Society of Africa – Nigeria.

NANDAN MER

CEO, UBA Capital & UBA International (ROW)

Holds MBA in Finance from the University of Massachusetts and has an undergraduate degree in Economics from University of Delhi.

Joined UBA in 2008 after a 20 year career in banking, having held senior positions in the UK, Russia, Czech Republic, Israel and India.

KENNEDY UZOKA

Group Director of Resources

Holds a BSc in Mechanical Engineering from the University of Benin and an MBA in Finance from the University of Lagos. He has received training in competition and strategy from Harvard University and leading corporate renewal from International Institute of Management, Switzerland. He has over 17 years banking experience, culminating in working with Standard Trust Bank Plc prior to the merger with UBA.

AIDEVO ODU-THOMAS

Company Secretary

A law graduate of the University of Ife, she holds a Master of Laws degree from Queen Mary and Westerfield College, University of London and was called to the Nigerian Bar in 1983. Prior to joining UBA, she was in private legal practice and has worked as an in-house counsel in several organisations since 1985.

FEMI OLALOKU

Group Chief Information Officer

He holds a BSc in Civil Engineering and MSc in Business Administration, both from the University of Lagos. Extensive experience in the Nigerian banking sector prior to joining UBA in 2006.

ABHINAV NEHRA

Deputy Chief Executive Officer – UBA Global Consumer Bank

He holds a BSc and an MBA from Panjab University, India. Has 20 years of banking experience and previously held senior retail banking positions in Kuwait, India, UK, Ireland, Indonesia and Australia.

Chairman's statement

CHIEF FERDINAND ALABRABA
Chairman

Highlights for the year

Gross earnings increased by 55% as we continue to grow key business segments

Underlying profit grew by 82% in challenging conditions

Dividend distribution for the year increased by 15%

Distinguished shareholders

Underlying profit grew by 82% in challenging market conditions

It gives me great pleasure to highlight to you the progress UBA has made during 2008. It has been another year of huge changes globally and UBA has been at the forefront.

Gross earnings for 2008 increased by 55% to N169.6 billion (2007: N109.5 billion) with strong contributions from all of our business lines. Profit before tax and exceptional items for 2008 increased by 82% to N56.8 billion (2007: N31.2 billion) and profit after tax increased by 90% to N40.8 billion (2007: N21.5 billion).

A final dividend of 75 kobo per share is proposed

Your Board has proposed a final dividend of 75 kobo and a 1 for 4 bonus share issue to be paid in January 2009. This is in addition to the interim cash dividend of 25 kobo per share and 1 for 2 bonus share issue that was paid in June 2008. Total cash dividends paid for the year grew by 15% to N15.8 billion (2007: N13.8 billion).

I would like to highlight the key events during the year that have shaped our operating environment.

GLOBAL ENVIRONMENT

2008 was a seismic year in global financial markets

2008 was a seismic year in global financial markets. Crude oil prices peaked at over US$145 per barrel in July 2008 on the back of concerns about world supply being unable to meet demand. However, in the second half of 2008 commodity prices, including oil, declined markedly as the USA and other developed and developing economies slipped into recession.

UBA

In Africa, continued political turmoil in Kenya, Zimbabwe and South Africa added to concerns of rising commodity prices and a worsening external environment. In early 2008 riots broke out in Cameroun over rising food and fuel prices. Similarly, inflation in global commodity prices drove up the costs of basic foodstuffs in Nigeria. The Federal Government of Nigeria ("FGN") has responded by providing assistance to farmers; for example by removing import duties on rice and making N10 billion available for the importation of rice.

Inf ation in global commodity prices drove up the costs of food

Towards the end of 2007, a marked tightening took place in global credit conditions and central banks acted to inject liquidity into their economies. However, the situation proved to be much worse than expected and as confidence fell, we witnessed a domino effect of financial services firms' failure.

In two tumultuous weeks in July 2008 the US Federal Reserve and Treasury nationalised the mortgage giants Fannie Mae and Freddie Mac, took over AIG and temporarily banned short-selling on over 900 stocks. They also pledged to take up to US$700 billion in toxic mortgage related assets onto their own books.

We have witnessed a domino ef ect of financial services firms' failure

In recent months we have seen the extinction of the independent investment bank as Lehman Brothers collapsed, Bear Stearns and Merrill Lynch were acquired by commercial banks, and Goldman Sachs and Morgan Stanley themselves became commercial banks. Similar bailouts have been required for banks across Europe. Central banks have acted to alleviate fears by guaranteeing depositors' funds, reducing interest rates and making cash available to banks to enable them to shore up their capital bases.

NIGERIAN ECONOMY

Nigeria's current dependence on oil revenue remains critical to the economic outlook. Oil prices averaged over US$105 during the year. The 2008 federal budget was benchmarked on US$59 per barrel and a projected production of 2.45 million barrels per day. However, conflict in the Niger Delta remains a stumbling block to political and economic stability. Oil production actually fell below 2 million barrels per day during 2008. It is encouraging to see how seriously the FGN is taking the problem, with the establishment of a Ministry of the Niger Delta.

It is encouraging to see how seriously the FGN is taking the crisis in the Niger Delta, with the establishment of a Ministry of the Niger Delta

Power generation fell to a critical 2 500 MW/h during 2008 and remains the greatest impediment to economic development. The Manufacturer's Association of Nigeria recently estimated requirements to be 25 000 - 30 000 MW/h per year.

Chairman's statement

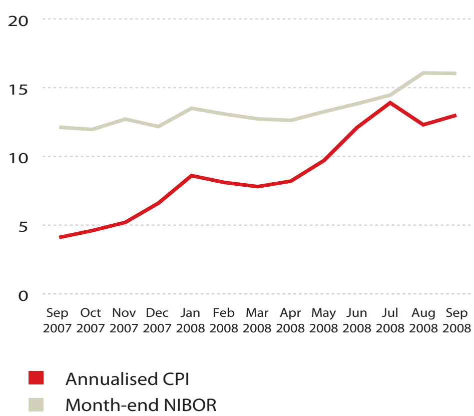
Despite these problems, Nigeria's non-oil economy continues to grow strongly. In their October 2008 World Economic Outlook, the International Monetary Fund ("IMF") forecast real non-oil GDP growth at 8.9% for 2008 as compared to 6.2% for the economy as a whole.

Interbank interest rates increased significantly over the course of the year as liquidity dried up

BANKING SECTOR

Combined with increasing inflationary expectations we saw a sharp increase in inter-bank interest rates in the middle of the year and a liquidity squeeze.

Nigerian Inter-bank Interest Rates
and Consumer Price Index
(%)



Concerned at the turmoil in global financial markets, on 18 September 2008 the Monetary Policy Committee of the CBN reduced the Monetary Policy Rate ("MPR") from 10.25% to 9.75%, and dropped the Cash Reserve Ratio ("CRR") from 4% to 2% and the Liquidity Ratio ("LR") from 40% to 30%.

Following the conclusion of the first phase of banking consolidation which was largely induced by regulation, the pace of market-induced consolidation has begun to pick up. While it appears that the CBN has effectively limited the prospects of any further foreign acquisitions of Nigerian banks, much public speculation remains about other potential transactions between Nigerian banks.

The pace of industry consolidation will increase over the next 12–24 months

It is my belief that the pace of consolidation will increase considerably over the next 12–24 months, and I expect to see more of such announcements in the coming year, driven by considerations of economies of scale, reach and regionalisation. Recent competition amongst

UBA

While Nigerian banks have been largely isolated from the global credit crunch due to our strong deposit base and consequent minimal reliance on wholesale funding, we are not immune to global trends

banks driving deposit rates to uneconomic levels underscores the need for continued consolidation. With share prices at extremely low levels, there are many opportunities out there – and we will continue to review all opportunities.

BEARISH STOCK MARKET

While Nigerian banks have been largely isolated from the global credit crunch due to our strong deposit base and consequent minimal reliance on wholesale funding, we are not immune to global trends.

The Nigerian Stock Exchange ("NSE") has now been in a period of continued bearish sentiment since May 2008. This change in investor sentiment is attributable to a number of factors: over-leveraged positions of many of the brokers and banks no longer extending them credit; uncertainty about margin lending by the banks; strong risk-adjusted returns offered by many of the banks on term deposits; healthy returns offered by the renewed interest in alternate asset classes such as property; general investor fatigue; and reduced international investor interest due to global market turmoil. The difficulty some Nigerian banks have had recently in raising capital through secondary market offers is testament to how circumstances have changed in the 12 months since we last raised capital.

The FGN formulated a number of measures aimed at helping to stabilise the NSE:

- Setting up a 16-member Presidential Advisory Team;
- SEC approved guidelines for share buyback, that will enable quoted companies to repurchase up to 15% of their share capital each year (subject to shareholder approval);
- SEC and NSE each reduced their fees by 50%;
- NSE is reviewing its trading rules and regulations;
- Banks to restructure existing facilities extended to investors to allow for longer repayment periods;
- Repo transactions against eligible securities for 90, 180 and 360 days are now permitted;
- Banks to partner with the Market Makers, who are essentially dealers with the strength and liquidity to buy and sell securities on a regular and continuous basis, to inject funds into the stock market; and
- Presidential Advisory Team on the stock market to continue to meet regularly to articulate and implement measures necessary for the healthy growth and development of the market.

The FGN formulated a number of measures aimed at helping to stabilise the NSE

Chairman's statement

UBA's fundamentals are strong and we will continue to focus on delivering shareholder value

Sentiment is beginning to change for the better

It appears that sentiment is beginning to change for the better. On 6 November 2008, the NSE index started to rise again. Some comfort may be found in the hope that Nigerian investors have now developed a much clearer picture of the risks and returns of investing in the stock market and will focus more on investing in long-term fundamentals rather than for short-term trading profits.

UBA's fundamentals are strong and we will continue to focus on delivering shareholder value. I am confident that over the next 12 months, sentiment will rebound and the share price will respond positively as confidence returns.

OUTLOOK

The global economic outlook remains extremely uncertain at this time. The International Monetary Fund ("IMF") and the World Bank have downgraded their estimates for global and regional growth in 2008 and 2009 due to the difficult global environment. In its November 2008 World Economic Outlook Update, the IMF estimates that growth in Sub-Saharan Africa will moderate from 6.8% in 2007 to 5.5% in 2008, and 5.1% in 2009. Global growth is estimated to fall from 3.7% in 2008 to 2.2% in 2009. The world economic slowdown is already impacting on commodity prices such as oil and base metals.

In Nigeria, the FGN has projected a US$45 per barrel benchmark oil price for the 2009 budget. The budget is anchored on a crude production of 2.3 million barrels per day and will give priority to areas such as power, agriculture, job creation, education and transportation. These conservative projections provide comfort.

We remain extremely positive about the future for UBA

We remain extremely positive about the future for UBA. Opportunities are blossoming in servicing the emerging African consumer market, public private partnerships in infrastructure financing, growth in both the oil and the non-oil sectors, and trade between African countries.

During the year, Suzanne Soboyejo-Iroche and Chika Mordi resigned from the Board. Chika is currently pursuing research on public sector policy and administration in emerging economies under a prestigious Mason Fellowship at Harvard University. I thank them both for their meritorious services to UBA. Also during the year, Emmanuel Nnorom, Angela Nwabuoku and Rasheed Olaoluwa were appointed to the Board as executive Board members. Ja'afaru Aliyu Paki and Foluke Kafayat Abdul-Razaq also joined us as independent Board members; and they have already made significant contributions to your Board.

On behalf of the entire Board of Directors and fellow shareholders of your Bank, I thank our valued customers and other stakeholders for their support and custom. At this time too, I would like to commend the staff and management of UBA for their dedication to the vision of our company. It is gratifying to note that our management team has remained resilient in the face of fierce competition in the industry. I would also like to thank my fellow Board members and all other stakeholders for their continued support and confidence in UBA. Together, we will continue to set the pace in the local and regional markets.

Together, we will continue to set the pace in the local and regional markets

Chief Ferdinand Alabraba
Chairman
12 November 2008

Chief Executive Officer's report

TONY ELUMELU
Group Managing Director / Chief Executive Officer

Highlights for the year

Total assets and contingencies grew 39% to N2.2 trillion

Loans and advances grew 40% to N448 billion

Deposits grew 47% to N1.3 trillion

1 332 ATMs and 668 branches and retail outlets

Building an enduring brand as the undisputed leading and dominant financial services institution in Africa

It is with great pleasure that I report to you the considerable progress we made as an organisation in 2008. This time last year I was telling you how UBA had emerged from the consolidation process as the leading financial services institution in West Africa. This year, I will describe how, in a time of global economic crisis, we have cemented our position and commenced extending our reach across the entire continent; putting in place the sustainable building blocks of an enduring brand as the "undisputed leading and dominant financial services institution in Africa".

This leadership is measured across a number of indices – asset base, deposit base, profitability, customer service, network and brand equity. Our significant progress during the year on all criteria is summarised on pages 6 to 7.

We have the right base in place for the next phase of our strategic growth and global expansion

EMBRACING TRANSFORMATION

In May 2008, I announced a major restructure aimed at ensuring we have the right base in place for the next phase of our strategic growth and global expansion. Six strategic business groups and three strategic support groups report directly to me. The six strategic business groups have responsibility for customer interface and business development:

- UBA Nigeria South, headed by Phillips Oduoza;
- UBA Nigeria North, headed by Faith Tuedor-Matthews;
- UBA Global Consumer Banking, headed by Angela Nwabuoku;
- UBA Institutional Banking, headed by Godwin Ize-Iyamu;
- UBA International, headed by Rasheed Olaoluwa (Africa) and Nandan Mer (Americas); and
- UBA Capital, headed by Nandan Mer.

The three strategic support groups have responsibility for Group Shared Services that will enable UBA to exploit the benefits of scale and instil more rigorous discipline across business processes. This is designed to enable the delivery of superior operational efficiency, governance standards, controls and superlative customer service – with the intent of driving our cost-to-income ratio down to 50% by 2011. The groups are:

- Group Operations Office, headed by Emmanuel Nnorom;
- Group Finance Office, headed by Victor Osadolor; and
- Group Risk Office, headed by Andre Blaauw.

A profile of each of these nine groups appears on pages 36 to 51.

BUILDING THE RIGHT SKILL BASE

I remain convinced that the secret to our success is our team. More than any other challenge, I am focused on attracting and retaining the right people to continue our success. We have recruited and are developing the best skills from across the globe to achieve this.

Attracting and retaining the right people to continue our success

This commitment to skills extends to creating a performance culture within the Bank. We have gone to great lengths to develop a performance management system for all staff to ensure that their goals are aligned with those of UBA – delivering long-term earnings growth. We are also committed to making UBA the best place to work by creating an environment where all staff are able to excel and achieve their full potential.

Creating a performance culture within the Bank

UBA now employs a multicultural workforce of over 14 000 full-time men and women. Studies have shown that up to 70% of all brand perceptions are based on interactions with people. Our employees represent the largest touch-point for the UBA brand. We believe that such a diverse pool of talent is a strategic differentiator and we are thus launching a series of transformation initiatives aimed at engaging our employees and ensuring that there is total brand alignment between what our brand promises externally and how we operate internally. By embarking on a mission to make UBA the employer of choice in Africa, we will be able to translate such sentiment into improved financial performance.

Mission to make UBA the employer of choice in Africa

In January 2008 I introduced a seven-point agenda to guide all our actions:

1. **Service Quality Initiatives:** One of our main challenges is managing the increasingly complex, multifaceted customer experience. With the right service attitude, we will take UBA to the next level of customer patronage and profitability. Therefore, we will continue to emphasise and reward those values and virtues that engender quality service.
2. **Living the Brand Campaign:** This is a corporate initiative to inculcate the right UBA DNA in each and every member of the UBA team. We must all live the UBA brand.
3. **Compliance with Regulation and Policy:** We will continue to emphasise zero tolerance for breach of regulation, bank policy or procedure.
4. **People Happiness:** We will continue our commitment to human capital development and ensure that every staff member is able to achieve their full potential.
5. **Performance Measurement:** The performance of frontline officers and back office staff must be properly aligned and adequately appraised and rewarded accordingly. A new system of performance management has now been implemented for all staff.

Chief Executive Officer's report

By embarking on a mission to make UBA the employer of choice in Africa, we will be able to translate such sentiment into improved financial performance

6. **Culture of Execution:** For us to achieve the laudable goals we have set for ourselves, we need passionate leaders who will drive the culture of execution down to their respective next levels. We must dispense with rhetoric and get down to accomplishing set goals within agreed time lines.
7. **Efficiency-generating ideas:** Encouragement of idea generation to achieve efficiency in every facet of our activity – including operations, processes, cost optimisation, transaction processing and relationship management.

RISK MANAGEMENT

Our risk management practices have now been completely overhauled

The larger and more complex UBA becomes, the greater the range of risks that we face. The issues we faced in the USA since the merger are testament to this. A major positive from this experience is that not only have our risk management practices in the USA been totally revised, but they have also been reviewed across the entire organisation as a result.

The other key milestone in this regard during the year was the appointment in May 2008 of Andre Blaauw as Chief Risk Officer to head a new specialised risk management team. During 2008 we completely re-engineered our credit risk management and commenced the implementation of sophisticated market risk measurement and reporting tools. We are now working to move towards Basel II compliance by the end of 2009, which involves a major upgrade of all our financial and operating risk monitoring practices.

PURCHASE & ASSUMPTION ("P&A") PROGRAMME

UBA has been a strong supporter of the Central Bank of Nigeria's P&A programme to rescue depositors from liquidated banks. During 2007 we acquired Trade Bank, Metropolitan Bank, City Express Bank and African Express Bank and during 2008 we added Gulf Bank and Liberty Bank to the list. We have supported the P&A programme for a number of reasons. It has helped us to strategically broaden our footprint across Nigeria with branch licences in locations we did not previously have – a total of 148 additional branch licences. It has also served to widen our deposit base as we are happy to welcome these former banks' depositors to the UBA family. As at 30 September 2008 over 70% of deposits assumed have remained with UBA.

CONSUMER BANKING

The re-emergence of the Nigerian middle class has given rise to a class of knowledgeable and financially savvy customers. Their benchmarks for service quality have also risen, aided by the intense competition among financial services providers to attract new customers. The world around us is changing very fast. In September 2008 our non-branch channel consumer finance business, established during 2008, was merged with consumer banking components of the Products & Segments team to form a new Global Consumer Banking group.

The re-emergence of the Nigerian middle class has given rise to a class of knowledgeable and financially savvy customers

We also established UBA Prestige during 2008 to meet the needs of this emerging mass affluent class. UBA Prestige is a completely separate branch network, aimed at delivering a much higher level of service to present and potential mass affluent customers. This goes hand in hand with development of a wealth management offering – for Africans at home and the diaspora throughout the world.

We continue to be at the forefront of the consumer banking revolution in Nigeria. During 2008 we launched the first Visa dual currency debit cards, cheque-accepting ATMs and Arsenal football club affinity cards. We introduced terms of up to 20 years for mortgages and five years for car loans. UBAfxmart was launched to increase the ability of Africans to change money wherever they are.

We continue to be at the forefront of the consumer banking revolution in Nigeria

An initiative that I am particularly proud of is the launch of UBA Microfinance Bank in May 2008. This is the first and only national microfinance licence in Nigeria and demonstrates our commitment to provide banking services to every segment of society.

ELECTRONIC BANKING

We have been working behind the scenes deploying technology to improve service delivery and reduce costs. Technology is an enabler/platform for innovation and we will use technological advancements to make our various banking services more readily available.

Not only do we have the largest branch network, we have the largest network of electronic channels in Nigeria. Nigerians have embraced ATMs whole-heartedly as a convenient way to do their banking outside of the branches. As Nigerians become more used to cashless transactions, we expect Point of Sale ("POS") machines to become increasingly important and have invested heavily in this area. Alternate electronic distribution channels are much more cost effective to deploy, enabling us to reach our customers in more locations and providing greater convenience.

We have the largest network of electronic channels in Nigeria

While M-banking, our mobile banking solution has been available for some time now, it is still being used on a small scale. However, we have seen that Nigerians are rapid adopters of new technology and we expect explosive growth in mobile banking in the next two years.

We are also now the leading payments processing provider in Nigeria and the only Nigerian bank with a full electronic platform for payroll and cash management collection for corporate and

Chief Executive Officer's report

Technology is an enabler/platform for innovation and we will use technological advances as a way to make our banking services more readily available

public sector clients. The strength of our electronic processing proposition was demonstrated during the year when we were awarded the International Air Transport Association ("IATA") mandate to be the Clearing Bank for the US$1 billion Billing and Settlement Plan for the entire travel industry in Nigeria.

We are operational in eight African countries as well as the USA and UK

INTERNATIONAL EXPANSION

Twelve months ago our international operations extended only to the USA and Ghana. We are now operational in eight African countries as well as the USA and the UK. At 30 September 2008 we had over 200 000 customers outside of Nigeria and 55 branches.

Continuing our African regionalisation strategy is crucial for three principal reasons:

1. It diversifies our asset and revenue base to reduce risk.
2. Many of these countries are growing more rapidly than Nigeria and frequently with much lower levels of banking sophistication. There are real opportunities to deliver services developed in Nigeria, after suitable adaptation, to our neighbouring countries.
3. Trade between African nations is becoming more important as well and we want to ensure that we are there to facilitate growth in trade and investment flows across Africa.

Our investment banking ambitions were also bolstered significantly by our investment in UBA Capital (Europe). Based in London, UBA Capital (Europe) offers research, sales and trading as well as trade finance and advisory services to international investors.

But we are by no means nearing completion of our project. We plan to be operational in 30 African countries by 2010. We are already in advanced stages of discussion in many markets and expect to be in another 10-15 countries by the end of 2009. This will diversify our earnings with at least 10% of Group earnings being derived outside of Nigeria by 2010.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

We are extremely proud of our CSR programme, and have invested over N748 million since 2006 in a range of environmental, economic empowerment, educational and community projects; culminating in our winning the ThisDay Corporate Social Responsibility Award in 2007. Going forward we shall continue to invest in the community as a way of building true brand affinity and to making UBA synonymous with "partnerships across Africa".

BUILDING AN ENDURING GLOBAL BRAND

I have never been more optimistic about our continent's future in spite of the global economical crisis. With the 2010 football World Cup coming to the continent for the first time, it's clear that Africa is ready for business. By 2010, UBA will be the bank of choice for all Africa related business, inbound and outbound.

By 2010, United Bank for Africa will be the bank of choice for all Africa related business

We realise that it takes more than scale to build an enduring brand that extends its reach across the entire continent and to key markets around the globe. We need to win the admiration and trust of key opinion leaders in the various markets that we enter into. Thus, in 2009 we will be investing heavily in our people and platform. We shall seek to deliver customised experiences that help our customers, corporate or retail, achieve their financial aspirations and visions.

We have the management expertise and strategic alliances to propel us into the next stage of our vision, where we will begin to compete directly with other major international financial institutions in markets that they have traditionally dominated. I thank all our shareholders, staff and all other stakeholders once again for your unwavering commitment and encouragement. I look forward to sharing even more successes with you in the new year.

Thank you.

Tony Elumelu, MFR
Group Managing Director/Chief Executive Officer
12 November 2008

Highlights of 2007/2008 Financial year

OCTOBER 2007

- UBA takes over the fixed assets and private sector deposit liabilities of African Express Bank (in liquidation) under the Purchase & Assumption ("P&A") arrangement of Nigeria's financial regulatory bodies
- UBA beats contenders such as JP Morgan Chase and Standard Bank to win the Emerging Global Bank Award at the annual African Banker awards in Washington DC

NOVEMBER 2007

- UBA signs a Memorandum of Understanding with China Development Bank ("CDB") to cooperate on infrastructure financing opportunities in West Africa. CDB is a major player in long-term financing for key infrastructure projects and had US$281 billion of loans outstanding at the end of June 2007
- UBA announces a substantial equity investment in Afrinvest, a privately owned UK investment bank specialising in African securities. Rebranded as UBA Capital (Europe), this marks the first stage in an aggressive investment banking expansion plan
- In a customer survey conducted by Intermac Consulting Limited, UBA is named the bank with the "best e-banking footprint and presence in Nigeria" because of the large spread and usage of its e-banking products and services by the banking public

DECEMBER 2007

- UBA commences operations in Cameroun after obtaining a full banking licence

JANUARY 2008

- The GMD/CEO of UBA, Tony Elumelu, distributes awards to 128 deserving staff at the Bank's inaugural CEO Awards Ceremony held in Lagos
- UBA deploys state-of-the-art anti-money laundering software designed to monitor and detect money-laundering activity based on predefined rules and scenarios. The software system has been integrated into UBA's electronic banking systems with the capability of confirming customer identity, authenticating new and existing account holders, as well as recording and reporting suspicious transactions to the regulatory bodies

FEBRUARY 2008

- UBA Foundation voted the most socially responsible organisation in Nigeria at the This Day Awards for Excellence 2007 in Lagos

MARCH 2008

- The GMD/CEO of UBA, Tony Elumelu, is one of three distinguished Nigerians to be awarded honorary doctorate degrees by the University of Nigeria Nsukka during the institution's 37th convocation ceremony
- UBA enters into an exclusive partnership with sole distributors of Suzuki vehicles in Nigeria, C & I Motors Limited, to give eligible customers loans to buy Suzuki cars. The loans, provided under the bank's Auto Loan scheme, enable beneficiaries to purchase Suzuki vehicles of their choice and repay over a five year period at very attractive interest rates

APRIL 2008

- In recognition of its uncompromising adherence to best practices, quality standards in the conduct of its businesses and having successfully surmounted the stringent audit of its systems and processes, UBA is formally awarded the ISO 9001:2000 certificate, presented by the Director-General of the Standards Organisation of Nigeria
- UBA is appointed by the International Air Transport Association platform ("IATA") to handle the US$1 billion Billings Settlement Plan ("BSP") project for simplified e-ticketing in Nigeria. Explaining the rationale for choosing UBA ahead of other banks, IATA stated "UBA had the resources, skills and capability to deliver on the BSP"
- UBA Metropolitan Life Insurance is formally launched. UBA Metropolitan Life Insurance is a product of the strategic vision of two financial services giants on the continent, UBA and Metropolitan Holdings of South Africa, Africa's largest insurer

MAY 2008

- In an unprecedented move, the directors of UBA propose a bonus of one new share for every two held by shareholders and an interim cash dividend of 25 kobo per ordinary share
- UBA launches a microfinance subsidiary known as UBA Microfinance Bank, in furtherance of its retail banking strategy and leadership role in the industry. UBA Microfinance Bank is the first stand alone subsidiary of its kind in the Nigerian banking sector and is capitalised at N3 billion
- UBA enters into an exclusive and strategic financial services partnership deal with Arsenal Football Club of England, which will see UBA and Arsenal collaborate on a variety of Arsenal financial services and grassroots football initiatives. The financial services will include co-branded electronic payment solutions such as debit and credit cards for consumers in all West African locations where UBA operates

- UBA repositions to fully realise the next phase of its strategic growth and global expansion. The repositioning exercise follows a three-year strategic revalidation, carried out by the Bank, in collaboration with McKinsey, the global management consulting firm, on its objective of becoming the leading financial services group in Africa by 2010. The strategic repositioning involves a new operating structure and realignment of the portfolios of existing senior management
- UBA commences operations in Uganda and Côte d'Ivoire after obtaining full banking licences

JUNE 2008

- UBA takes over the fixed assets and private sector deposit liabilities of Liberty Bank Plc (in liquidation) under the P&A arrangement of Nigeria's financial regulatory bodies
- UBA announces the introduction of a Visa Dual Currency Debit Card in Nigeria, which can be used domestically and internationally. This card can be used for Naira, US Dollars and other international currency transactions. The Chip and PIN driven card is issued by the bank on the platform of Visa International, which accords maximum protection, security and global acceptance
- UBA Global Investor Services ("GIS") wins the prestigious Money Market Innovation award for West Africa, thus becoming the first and only West African Custodian to receive the coveted award
- UBA GIS appointed sub-custodian in Nigeria for the Bank of New York Mellon's ("BNYM") depository receipt programmes. BNYM is the world's largest global custodian and depository bank with over US$20 trillion in custodial assets, and a market share of 80% in Africa
- UBA introduces UBA Tourism Paycard into Nigeria. The Bank partnered with the Tourism Ministry and Nigerian Tourism Development Corporation to co-brand the Tourism Paycard – an electronic wallet which is poised to be Africa's premier tourist payment solution
- UBA acquires 38% of Banque Internationale du Burkina Faso (subsequently increased to 51% by year end)

JULY 2008

- UBA provides N5 million to sponsor the Nigerian Arsenal Fans Soccer Club (Naija Gunners FC) to participate in the 2008 WorldNet Soccer competition in the United Kingdom
- UBA commences operations in Sierra Leone after obtaining a full banking licence
- The business reality show Dragons Den commences in Nigeria with UBA and MTN as key sponsors
- In response to a call for a public/private sector partnership in the fight against crime, UBA donates five security vehicles and other communication equipment to the Imo State Government in a drive to safeguard life and property of the residents and corporate investments in the state
- 33 winners emerge in the final draw of the MoneyGram UBA Easter Double Reward Promo held in Lagos. Of the winners, three were Nigerians living abroad who won three return tickets to Nigeria for sending money through MoneyGram
- UBA commences operations in Liberia after obtaining a full banking licence
- UBA launches UBAfxmart, an innovative Bureau de Change service, in a drive to bring new levels of convenience and world class services to the retail foreign exchange market in Nigeria

AUGUST 2008

- UBA Foundation, UBA's Corporate Social Responsibility arm, hosts a seminar entitled "Money Matters for Kids" at the NAF Club, Kaduna. The seminar was aimed at instilling good savings habits in children

SEPTEMBER 2008

- 12 customers drawn from across Nigeria win prizes in the maiden draw of the Grand Slam promotion. The promotion arose from the need to continue to impact the lives of UBA's customers and alleviate poverty by encouraging a savings habit and rewarding customers through promotions
- UBA reiterates its support for women and children by sponsoring a charity concert aimed at raising funds for the Calabar Women and Children Hospital in Cross River State. The concert was organised by the Child Survival and Development Organisation of Nigeria to advance the construction of the Calabar Women & Children Hospital with an emphasis on the management of critically ill newborn babies
- UBA unveils a new marketing and advertising campaign for its array of product and services built on the theme "U Can". The campaign reinforces and strengthens the image of the Bank as a one stop financial services supermarket

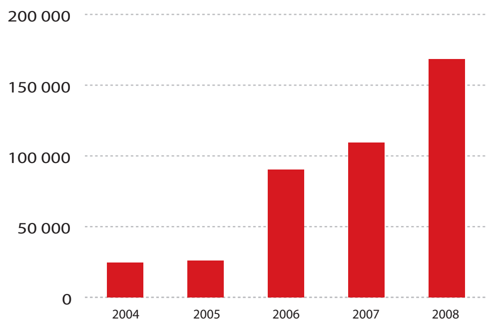
Analytical review of the Group's financial performance

GROSS EARNINGS

Gross earnings is an important measure of market share as it represents our total revenue from all interest and fee earning sources. In 2008 UBA increased gross earnings by 55% to N169.6 billion (2007: N109.5 billion). This growth was underpinned by a strong growth from all business lines in both interest income and in fee income.

Gross earnings (N'million)

CAGR (2004 – 2008): 53.7%

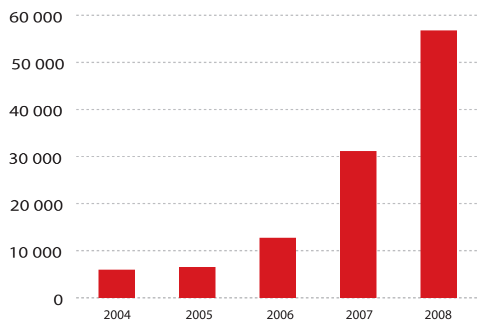


PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS

Profit before tax and exceptional items reflects the underlying profitability of UBA. Profit before tax and exceptional items in 2008 increased by 82% to N56.8 billion (2007: N31.2 billion). Challenging conditions in the second and third quarters, particularly in relation to deposit-taking, put pressure on our margins. This strong result demonstrates our ability to leverage profitability out of our economies of scale.

Profit before tax and exceptional items (N'million)

CAGR (2004 – 2008): 64.7%



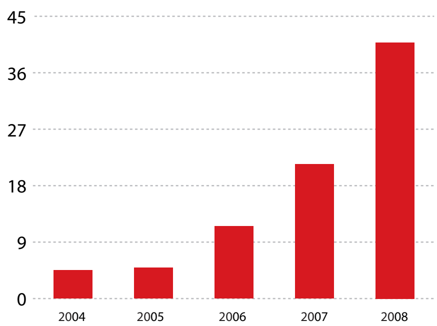
PROFIT AFTER TAX

Profit after tax increased by 90% to N40.8 billion (2007: N21.4 billion).

The effective tax rate for the year was 14.0% (2007: 15.5%). In addition, 1% of profit before tax was charged under the National Information Technology Development Levy.

Profit after tax (N'million)

CAGR (2004 - 2008): 63.0%

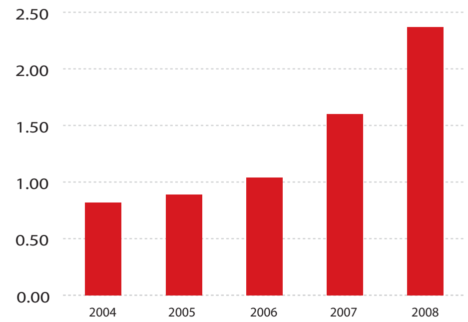


EARNINGS PER SHARE ("EPS")

Headline EPS increased by 19% to N3.11 (2007: N2.61). However, underlying EPS increased by 48% to N2.37 (2007: N1.60). Underlying earnings per share eliminates the effect of bonus share issues which have a dilutive effect on EPS.

Underlying earnings per share (N)

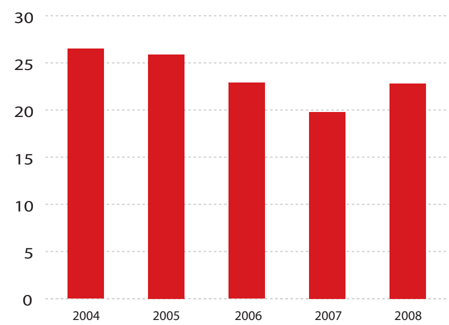
CAGR (2004 – 2008): 26.5%



RETURN ON AVERAGE EQUITY ("ROE")

Following the completion of our capital raising exercise in 2007 we announced a long-term ROE target of 25%. UBA increased ROE by 2.8% in 2008 to 22.6% (2007: 19.8%). While we did not achieve our target in 2008, it is a pleasing improvement representing the highest ROE among Nigerian banks and reflecting how quickly we have been able to put the funds raised in 2007 to use. We are confident that we will be able to achieve at least 25% in 2009.

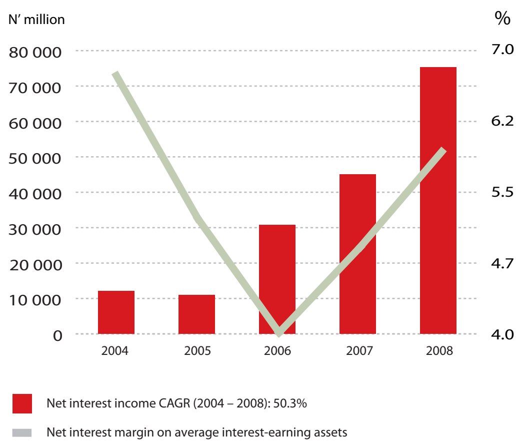
Return on average equity (%)



NET INTEREST INCOME

UBA increased net interest income by 67% to N75.4 billion (2007: N45.1 billion). Growth is attributable to expansion in the interest-earning asset base by 40% to N1 479 billion (2007: N1 058 billion) and improvement in the net interest margin by 1.0% to 5.9% (2007: 4.9%) principally attributable to our ability to control our average cost of funds despite interest rate increases over the period.

Net interest margin



Analytical review of the Group's financial performance

LOANS AND ADVANCES

In 2008 UBA increased net loans and advances by 40% to N447.6 billion (2007: N320.4 billion).

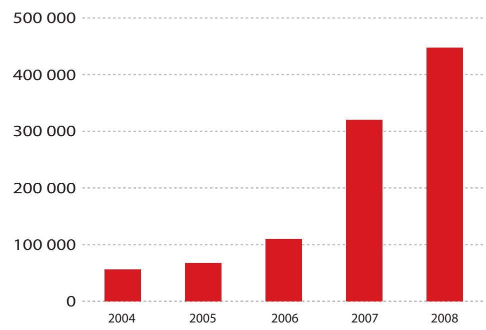
Balancing risk and opportunity is very difficult in Africa, particularly without credit rating agencies and credit histories. Retail credit growth was slower than initially expected during 2008, primarily due to delays in launching the credit bureau. However we experienced strong growth in asset-backed finance.

The entrance of several new telecommunications companies into the Nigerian market provided opportunities to extend corporate lending.

Importantly, as described below, our growth in lending has been accompanied by a reduction in non-performing loans.

Loans and advances (N'million)

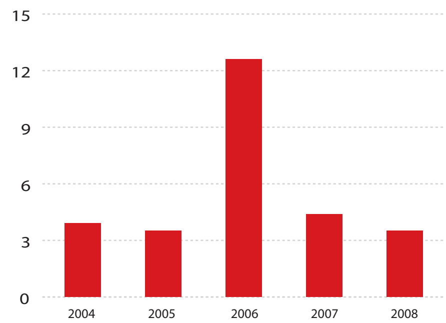
CAGR (2004 – 2008): 58.6%



NON-PERFORMING LOANS ("NPL")

In December 2007, we announced a target of maintaining a ratio of non-performing loans to gross loans of less than 5%. NPLs decreased by 0.9% to 3.5% (2007: 4.4%). This result was due to stronger credit control and recovery policies put into effect during the year.

Non-performing loans to gross loan book (%)



DEPOSITS

In 2008 UBA increased deposits by 47% to N1 333 billion (2007: N905.8 billion). Our deposit growth slowed in the third quarter as competition amongst the banks, commonly attributed to the common year-end initiative, caused term deposit rates to soar. UBA's response was to avoid the battle for term deposits and focus on continuing to grow our demand deposit base.

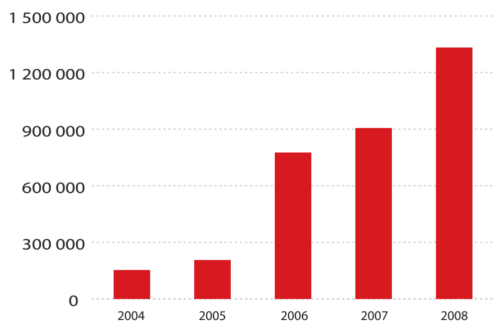
Importantly, our focus on savings and demand deposits ensures our average cost of funds remains low.

UBA's strategy for deposit growth is focused on expansion of our branch and electronic banking networks to provide convenience for customers, combined with leveraging our technology to manage payroll and cash management solutions for corporate and public sector clients. For example, our ability to fully manage corporate payroll also encourages hosting of salary accounts.

Our participation in the purchase and assumption programme since 2007 has assumed N26.0 billion in deposits, over 70% of which has remained with us as at 30 September 2008.

Deposits and current accounts (N'million)

CAGR (2004 – 2008): 62.0%

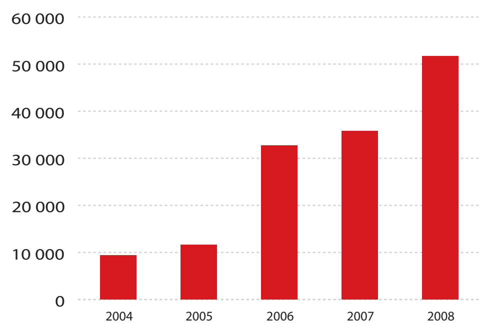


NON-INTEREST INCOME

Non-interest income grew by 48% to N52.9 billion (2007: N35.7 billion). Growth was delivered through continued expansion of our electronic banking channels, including ATMs, POS machines and the internet. However, commission on turnover ("COT"), letters of credit and foreign exchange arrangements still drive the bulk of our fee income. Fee income was also derived from continued growth in the businesses within UBA Capital.

Non-interest income (N'million)

CAGR (2004 – 2008): 46.9%



OPERATING EXPENDITURE

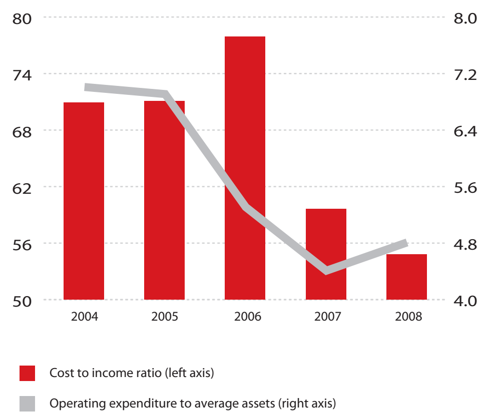
UBA remains focused on leveraging our economies of scale in order to reduce costs. In May 2008 we announced a target cost-to-income ratio of 50% by 2011.

The cost-to-income ratio is calculated as operating expenditure divided by the sum of net interest income, other income and the provision for losses on loans and other assets. Our cost-to-income ratio for 2008 reduced by 4.8% to 54.8% (2007: 59.6%).

The key driver of efficiencies across UBA is the Group Shared Services project ("GSS"), which aims to redesign all our core business processes to both reduce costs and improve customer service.

The biggest cost challenge in Nigeria remains staff costs. Due to skilled labour shortages, salary costs are increasing in excess of inflation. One of the key outcomes of the GSS project is to ensure more efficient utilisation of our staff.

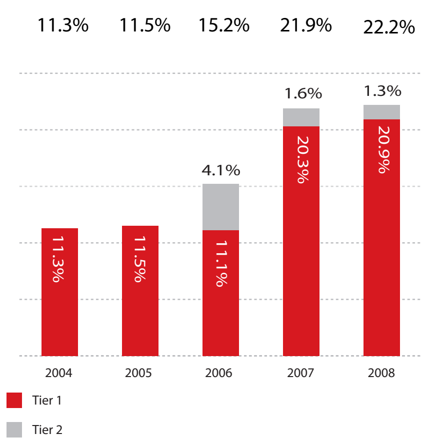
Cost to income ratio and operating expenditure to average assets (%)



CAPITAL ADEQUACY RATIO ("CAR")

CAR is a measure of capital compared to the risk profile of the Group. The regulatory minimum is 10%. In 2008, UBA's CAR improved to 22.2% (2007: 21.9%) following the capital raising in 2007.

Capital adequacy ratio (%)



Review of operations

UBA Nigeria South

Financial review

	2008 N'billion
Gross earnings	**83.6**
Profit before tax	**26.2**

Operational highlights

Staff 8 485

UBA Nigeria South covers the Southern region of Nigeria, constituting 18 of the 36 states of the Federation: Abia, Akwa Ibom, Anambra, Bayelsa, Cross Rivers, Delta, Ebonyi, Edo, Ekiti, Enugu, Imo, Kwara, Lagos, Ogun, Ondo, Osun, Oyo and Rivers. With a population of 67 million, the South represents approximately 75% of the gross state product of the entire nation with a rich mix of industry and commerce, including agriculture, manufacturing, entertainment, oil and gas and public sector participation.

CORPORATE BANKING

We serve customers across various industry lines: aviation, conglomerates, health and educational institutions, export and agricultural companies, financial institutions, FMCGs, manufacturing companies, automobile and logistics, real estate and construction, telecommunication and technology. Key customer accounts include Virgin Nigeria, Dangote Industries, Olam Nigeria, First Pension Custodian, Nigerian Breweries, West African Milk Company Nigeria, Cappa & D'Alberto, MTN Communications Nigeria, Zain Nigeria, TATA, Lekki Infrastructure, Stallion Nigeria, China Southern Airlines, Etisalat, British American Tobacco and Egypt Air.

ENERGY BANKING

UBA Nigeria South's Energy Bank is dedicated to customers in the oil and gas industry. We have strong business relationships with the key companies in the upstream division and provide wide ranging financial services such as project finance, LPO financing, treasury products and work programme finance for JV/PSC operations. In the downstream subsector, UBA partners with major oil marketers in providing infrastructure finance, financial advisory and capital raising, loan syndication, import finance and guarantees. Similarly, UBA is a partner to major oil trading companies such as Trafigura and Arcadia and key oil serving companies. UBA provides export finance, bankers' acceptances, commercial papers and import finance to a growing clientele.

UBA Nigeria South's extensive branch network and coverage makes quality financial services easily available

Improvements in the security situation in the Niger Delta and the FGN's plan to end gas flaring will provide significant opportunities for growth. The accelerated development of the gas sector will further create opportunities to partner with various companies on projects aimed at achieving their objectives. UBA will also continue to seek opportunities in developing the electricity sector.

PUBLIC PRIVATE PARTNERSHIPS

UBA established a PPP team in August 2008. PPP is conceived as a collaboration between public and private sectors for the purpose of designing, planning, financing, constructing and/or operating projects normally provided by government through traditional procurement mechanisms.

PPP is not just about the private sector financing projects in return for an income stream, but also makes use of private sector skills and management expertise to deliver and operate public projects more efficiently. PPP therefore covers the entire spectrum of economic and social infrastructure and also handles relationships with multi and bilateral development agencies, including international development finance institutions, sovereign wealth funds, international foundations and NGOs, and pension funds.

In 2008 UBA participated in and remains a key partner to Lagos State and Lekki Concession Company on a syndicated project finance for road infrastructure. UBA sees a growing window of opportunities in PPP and will remain pivotal to its success.

CONSUMER BANKING

UBA has made significant inroads in retail service delivery. With continuous product development and service delivery channels, UBA is a dominant player in this market segment. UBA's extensive branch network and coverage makes quality financial services easily available, thereby creating place and time value for clients.

PRESTIGE BANKING

UBA Prestige was established in 2008 to serve the growing mass affluent and high net worth social classes in Nigeria, providing private banking, asset management and financial planning services. To achieve this, we have deployed highly skilled personnel working in dedicated branches that create an inviting, comforting and trustworthy environment. UBA Nigeria South's Prestige Banking is strategically positioned to meet the needs of its clients.

PUBLIC SECTOR

Government at all tiers plays a leading role in Nigeria's economy. UBA has continued to position itself to be a major banker to this strategic sector through our network of branches, array of products and services and good relationship management. Our services to the public sector are tailored towards making the business of governance more efficient and cover such activities as collection schemes for revenues, payment solutions for staff salaries, vendors and contractors by deploying e-banking solutions such as U-Pay.

UBA Nigeria South has also successfully assisted certain state governments in deploying land automation solutions, while providing financial advisory and related banking services on raising of government bonds. We also partner various state governments on financing major projects.

Review of operations

UBA Nigeria North

Financial review

	2008 N'billion
Gross earnings	37.7
Profit before tax	12.6

Operational highlights

Staff 2 917

UBA Nigeria North covers the Northern region of Nigeria, including Abuja, Kaduna, Kano, Katsina, Jigawa, Sokoto, Kebbi, Zamfara, Borno, Gombe, Adamawa, Taraba, Yobe, Bauchi, Plateau, Niger, Kogi, Benue and Nassarawa States. The economy of the region is largely agrarian, with a low level of manufacturing activity in such sectors as food processing, vehicle assembly, textiles, cement and plastics. Commercial trading activities are widespread to meet the needs of the region's 70 million population.

WHOLESALE AND CORPORATE BANKING

The North boasts thriving construction, real estate, building materials, agriculture and textile sector. Wholesale banking provides services tailored to the key players in these sectors. We are one of the leading providers of finance in the FGN privatization scheme, having lead and arranged acquisition finance in excess of for investors in hospitality and telecommunications and contributed significantly to loan syndications. In 2009 we expect to see particular demand from clients in real estate, construction, hospitality, agriculture and manufacturing.

On the downstream side, UBA is a partner in NNPC's expansion of its retail business. UBA intends to provide asset, construction and trade finance; and financial advisory services to assist the company in attaining its objectives. We also partner with major independent marketers predominant in the North to provide project finance, trade finance, asset acquisition and collection services which assist in ensuring that petroleum products are widely available in the North despite the geographic distance from the ports and refineries.

UBA

UBA has made significant inroads into the retail segment of Nigeria's financial services industry. With substantial investment in product development and service delivery channels, UBA is poised for leadership in this market segment

UBA has been following the Nigerian Gas Masterplan closely and will play a major role in its implementation. Opportunities exist in financing exploration, production and distribution as well as contractor and asset financing.

UBA is also in the forefront of providing facilities to promoters of power projects, with projects for over 10 000 mega-watts of power in the pipeline.

PUBLIC PRIVATE PARTNERSHIPS ("PPP")

In 2008 we were principal sponsor of a Ministry of Finance Infrastructure Summit. The potential for PPPs in Nigeria is enormous and we are currently focusing attention on the Ministries of Agriculture and Rural Development, Water Resources, Transportation, Federal Capital Territory, Power, States and Local Governments for their respective PPP programmes. In 2009, roads, rail and airport projects are likely to be a priority.

CONSUMER BANKING

UBA has made significant inroads into the retail segment of Nigeria's financial services industry. With substantial investment in product development and service delivery channels, UBA is poised for leadership in this market segment. Our retail business cuts across market segments including: individuals, small business enterprises, schools and universities, professional firms and religious organisations.

PRESTIGE BANKING

UBA Prestige was established in 2008 to serve the growing mass affluent and high net worth social classes in Nigeria, providing private banking, asset management and financial planning services. To achieve this, we have deployed highly skilled personnel working in dedicated branches that create an inviting, comforting and trustworthy environment. In addition, we have forged strategic alliances with reputable institutions to meet the needs of these valued clients. In 2009 we will extend the service beyond Abuja to other States.

PUBLIC SECTOR

Our services to the public sector are tailored towards making the business of governance more efficient and cover such activities as collection schemes for revenues, payment solutions for staff salaries, vendors and contractors. We have also played a significant role in facilitating the delivery of public services by funding the States and Federal Agencies to execute infrastructure and socio-economic projects in critical sectors such as transportation, education, agriculture, health, water supply and housing.

During 2008 we made significant progress in winning payroll and collections mandates with our U-Pay solution, including the Federal Road Safety Commission and several State and Municipal Governments. We intend to continue this success with all levels of government in 2009.

Review of operations

UBA Global Consumer Banking

Financial review

	2008 N'billion
Gross earnings	0.1
Profit before tax	0.0

Operational highlights

Staff 255

Cards issued 8.4 million

UBA Global Consumer Banking ("UBA GCB") was formed in September 2008 out of the merger of the retail banking elements of the former Products & Segments strategic business group with UBA Retail Financial Services, the subsidiary established in September 2007 to manage consumer credit growth outside of the traditional branch network. Prior to the restructure, retail banking revenue was primarily attributable to the geographically focused strategic business groups. The combined business has a sharpened focus on the African consumer banking market.

The growing African economy and increasing levels of income provides huge opportunities to extend retail credit – first in Nigeria and then across other African countries in line with UBA's regional expansion strategy. However, balancing risk and opportunity is complex in Africa, particularly without credit rating agencies and credit histories. Consequently our loan growth remained cautious in 2008. Prior to 2008, the CBN operated the only credit rating agency in Nigeria. However in 2008, the Credit Registry Corporation ("CRC"), championed by UBA and other banks in conjunction with Accenture and Dun & Bradstreet, became the pioneer private credit bureau in Nigeria. It is expected to go live early in 2009.

In order to streamline the approvals process we deployed an automated credit scoring system which enables the loan officer to get back to the customer within 24 hours. Further, a risk-based pricing strategy allows credit to be extended to segments of the community previously un-banked. We are also progressing with our direct sales model utilising direct sales agents and service centres. By bringing services directly to clients, congestion in the branches is avoided and the customer experience enhanced.

MORTGAGES

UBA is the leading player in mortgages in Nigeria with a current mortgage loan portfolio of N41.8 billion. During 2008, UBA expanded lending areas to all state capitals and is now offering loans of up to 20 year duration – to employees

The growing African economy and increasing levels of income provide huge opportunities to extend retail credit – first in Nigeria and then across other African countries in line with UBA's regional expansion strategy

and cooperatives, on loan-to-value ratios of up to 70%. We not only originate mortgages through our extensive branch network, but also through alternate distribution channels such as clubs, associations, church groups and developers. 2009 will see the introduction of product focused outlets – that sell only mortgages.

During the year, UBA was awarded the distinction of "Mortgage Bank of the Year" by Property and Housing News Magazine and was the only Nigerian bank nominated for "Best Mortgage Bank in Africa" in the African Banker Awards in 2008. We also signed an MOU with Shelter Afrique to improve access to housing across Africa.

ASSET-BACKED LOANS

In car loans, we have been innovative in partnering with dealers. In March 2008, for example, UBA entered into an exclusive partnership with the sole distributors of Suzuki vehicles in Nigeria; to give eligible customers loans to buy Suzuki cars. The loans, which are provided under the Bank's Auto Loan scheme, enable beneficiaries to purchase Suzuki vehicles of their choice and repay over a five year period at very attractive interest rates.

Retail customers have been able to make use of the share-backed products of UBA to create additional wealth. The customer can borrow against the value of shares already owned, the share purchase facility (where the customer requires the Bank to finance purchase of shares on the stock market) and the SharePlus facility (a margin facility for the purchase of shares).

Retail loan book	2008 N'billion
Mortgages	41.8
Share purchase facility	8.1
Asset-backed	4.2
Consumer finance	116.4
Total	170.5

CONSUMER FINANCE

UBA provides personal loans that offer the customer a quick and convenient means of accessing funds for a specific purpose. Product examples are the No Wahala and Executive Loans.

UBA also provides specialised overdraft facilities for customers with salaries domiciled with us. This is an open ended revolving facility that allows a customer to have 50% of his monthly salary created as a limit on his account. Once the limit is created, the customer can utilise the funds whenever and wherever needed and the facility is available as long as the salary is domiciled with us.

MICROFINANCE

In 2008 we launched UBA Microfinance Bank, a separately capitalised entity created for a segment of the Nigerian population currently under-serviced. UBA Microfinance Bank takes deposits, makes loans, facilitates local money transfers and provides other financial solutions.

Review of operations

UBA Global Consumer Banking

UBA Microfinance Bank has a separate branch network from UBA and at 30 September 2008, UBA Microfinance Bank was operating out of four branches and four service centres, with loans of around N16 million and N67 million in deposits. Initially located in urban areas and focused on both individual and group lending, services will be expanded to rural areas and individuals over time. In 2009, UBA Microfinance Bank will launch ATM/debit cards for account holders to improve access to their money and expand across Lagos and other states over time.

GLOBAL PAYMENTS

UBA is one of six MoneyGram agents in Nigeria and the only "Super Agent" remitting over 50 000 payments on a monthly basis from Nigerians in diaspora. UBA's extensive branch network ensures people across the country have access to payments and we are responsible for over 55% of MoneyGram's business in Nigeria.

Changes in the regulatory framework mean that it is now possible for UBA to also act as an agent for Western Union, which is expected to drive growth in 2009.

During 2008 we launched UBAfxmart, an innovative Bureau de Change that takes services beyond the confines of the traditional banking halls into other non-conventional channels such as travel agencies, corporate organisations, airports and hotels. 2008 also saw the introduction of Afritrade to facilitate efficient funds transfers between West African countries, parties in either country having the convenience of dealing with their own local currencies.

CARDS

UBA is the market leader in card products in Nigeria. As at 30 September 2008, UBA had 8.4 million cards on issue and processed over 24% of all card transactions during the year.

UBA remains the only bank in Nigeria with a full electronic platform

To further drive growth in card penetration in the market, UBA entered into an affinity agreement with Arsenal Football Club of England for the issuance of UBA-Arsenal co-branded cards, the first such venture of its kind in Africa. We expect this initiative to significantly grow the number of UBA cards issued. Other aspects of the agreement include cooperation on grassroots football development, Arsenal football academy initiatives and the co-branding of more than 10 football pitches.

Another first achieved by UBA was the launch of Visa Dual Currency Debit Cards for domestic and international transactions. It was no surprise UBA won an InterMac Consulting award as "Best Bank'" for Electronic Banking footprint and presence. We anticipate the launch of our first credit card products in 2009, which will further stimulate credit growth.

ELECTRONIC SERVICE CHANNELS

During the year UBA retained leadership in the payment landscape across manual and electronic channels. UBA has the highest number of retail outlets in Nigeria with 613 branches and other retail outlets at 30 September 2008. In 2008, 465 additional ATMs were installed, bringing the total owned to 1 256. 1 995 POS terminals were also installed for a current count of 3 296 POS machines. During 2008 UBA processed 10% of the total value of all POS transactions in Nigeria. In 2008 UBA also pioneered the deployment of cheque-deposit ATMs into the Nigerian market. These successes will be consolidated in 2009 and extended to the rest of Africa.

U- Mobile is a menu-driven mobile banking solution that works on all networks. Strong growth is anticipated on this platform in the coming years.

UBA remains the only bank in Nigeria with a full electronic platform for payroll administration for corporate clients. Going beyond payment of salaries, corporates are given a convenient, secure electronic alternative to managing employees. This product will continue to generate deposit growth during 2009, especially across the public sector in Nigeria and other African countries.

In 2008, renewed focus was placed on the use of electronic platforms to assist companies with their collections and payments requirements. A key success with this drive was the securing of the International Air Transport Association ("IATA") mandate to be the Clearing Bank for the US$1 billion Billing and Settlement Plan ("BSP") in Nigeria. In winning the mandate, IATA indicated that the Nigeria implementation will be a model for Africa. We expect UBA will be successful at winning the BSP business in other African countries in the future. In 2009, even more resources will be dedicated to globalisation of these platforms to enable seamless, uniform and centrally coordinated service to both regional and global multi-national companies.

Electronic banking	2008 %
Market share of cards transactions processed	24.1
Market share of value of acquired POS transactions	10.0
Market share of value of web acquired transactions	27.6

Review of operations

UBA Institutional Banking

Operational highlights

Staff 22

UBA Institutional Banking is a strategic business group formed in September 2008, responsible for developing and managing business relationships with banks and other financial institutions across the globe and integrating these relationships with the rest of UBA.

TREASURY AND INVESTMENTS

We have an integrated treasury function which is focused on minimising UBA's costs, enhancing liquidity and providing sound risk management. Treasury has four functional units: trading, balance sheet optimisation, business support and sales.

Trading is responsible for trading of foreign currencies, interest rates and fixed income products. **Treasury sales** is centred on the distribution of treasury products and identifying and developing client relationships. This unit was created in 2008 to provide an enhanced customer focus. **Balance sheet optimisation** is responsible for asset and liability management, and liquidity management. **Business support** comprises shared services, research and group synergy.

Treasury revolves around a group and country operational framework. The country treasury is responsible for the tactical day to day sales functions and balance sheet optimization while the group function provides strategic direction, support and trading.

2008 was another successful year for improving market share in foreign exchange, interest rates and fixed income products. During 2009, we anticipate continued growth in the Nigerian market and outside Africa in line with UBA's expansion strategy.

Financial review

	2008 N'billion
Gross earnings	25.2
Profit before tax	15.8

CORRESPONDENT BANKING

Inward Correspondent Banking

Inward Correspondent Banking is responsible for establishing partnerships with Tier-one international banks with an understanding, capacity and appetite for Nigerian transactions. In 2008, we strengthened existing relationships while adding a number of quality relationships across the globe. Our partnerships with the international banks have been in the areas of cash and payment, currency trading, money market and settlements, risk participation and trade finance. Trade finance lines sourced from foreign banks increased four-fold to over US$1 billion. We provided US$1.9 billion export letters of credit and US$1.2 billion import letters of credit. In addition, we financed Bills for Collections and Standby Letters of Credit of US$500 million.

Outward Correspondent Banking

Outward Correspondent Banking provides trade lines to Nigerian and regional banks meeting our risk acceptance criteria and trade finance funding to our subsidiaries across Africa. The trade lines are used by the various institutions to finance documentary credits. Market acceptance of our product offering has been high, with over 40% of the banks in Nigeria utilising our trade lines and we are rapidly making inroads in other African countries.

GLOBAL FINANCIAL INSTITUTIONS

Global Financial Institutions ("GFI") evolved out of the unit charged with managing the relationships between UBA and its bilateral and multilateral agencies and partners in order to secure cost-efficient credit lines. GFI is also tasked with creating new cross-border, sub-regional, regional and inter-continental alliances and partnerships for UBA.

UBA INSURANCE BROKERS

Established in 2007 to handle all classes of insurance business generated through UBA's operations, including trade, marine, credit and life insurance. We plan to expand the operations of the business beyond UBA in 2009.

Review of operations

UBA International






Financial review

	2008 N'billion
Gross earnings	14.6
Profit before tax	(0.6)

Operational highlights

Branches and retail outlets 55

ATMs 76

Staff 843

AFRICA

We are confident about the future of Africa and believe that we can be a driver of change. Banking is less developed in many African countries than in Nigeria. There are also significant opportunities in financing trade between these countries. Where similar forces to Nigeria are in play, we can leverage our domestic success, experience and technology platform to deliver services in these markets, where returns are expected to be at least as high as those in Nigeria.

UBA Ghana commenced operations in January 2005 and has played a pioneering role in transforming banking in that country. On the basis of our successful rollout in Ghana, UBA has moved ahead with plans to expand across the continent. In December 2007 we announced plans to be present in 30 African countries by 2010, representing 10% of Group earnings and 15% of Group deposits.

In May 2008 we announced the creation of a strategic business group called UBA International, tasked with spearheading UBA's international growth strategy and with the mandate to provide wholesale, correspondent, commercial, consumer and transactional banking services outside of Nigeria.

UBA

In December 2007 we announced plans to be present in 30 African countries by 2010

During the year ended 30 September 2008, we commenced operations in Cameroun, Côte d'Ivoire, Liberia, Uganda and Sierra Leone. A strategic acquisition in Burkina Faso gave UBA 51% holding in Banque Internationale du Burkina Faso, the largest bank in that country.

While it is our overarching strategy to be represented throughout Africa, the method and timing of entry into each market is predicated upon a number of factors. As of 31 October 2008 we had already obtained licences to operate in Chad, Senegal, Gambia and Tanzania. We anticipate commencing operations in 15 African countries in 2009.

AMERICAS

UBA has been operating in the USA since 1984 and in the Cayman Islands since 1987 and provides correspondent banking services, payments, trade finance, working capital finance and foreign exchange services.

During 2008 UBA New York branch was operating under a consent order which required implementation of significantly enhanced internal controls.

Country	Commencement	Number of customer accounts ('000)	Number of ATMs	Number of branches
USA	1984	*	0	1
Ghana	January 2005	68	16	16
Cameroun	December 2007	6	10	6
Côte d'Ivoire	May 2008	2	6	2
Uganda	May 2008	4	5	5
Burkina Faso	June 2008	117	32	21
Liberia	July 2008	1	2	2
Sierra Leone	July 2008	1	5	2
Total		199	76	55

* UBA NYB is focused on wholesale customers

Review of operations

UBA Capital

Financial review

	2008 N'billion
Gross earnings	8.5
Profit before tax	2.8

UBA Capital is the strategic business group that comprises the investment banking businesses of UBA. Activities cover a full range of investment banking, trading, asset management, wealth management, merchant banking and securities services. The scope of operations covers Nigeria, the African continent and key global financial centres. UBA Capital has the capability to originate transactions across Africa and distribute globally. We have focused on building a team of top African and international talent and now have a platform for regional and international expansion.

Operational highlights

Staff 231

GLOBAL MARKETS

Principal business entities:
UBA Capital (Africa) Limited
UBA Capital (Europe) Limited

UBA Capital (Africa) is our investment banking operation covering the African market. Principal activities include debt and equity capital markets, sales and trading, foreign exchange, commodities and energy markets, money markets, structured finance, corporate finance and advisory, and research. It has redefined the Nigerian debt capital market with a number of landmark transactions.

During 2008 we made an investment in UBA Capital (Europe) (formerly known as Afrinvest). Based out of London and regulated by the UK Financial Services Authority (FSA), UBA Capital (Europe) offers Africa focused research, sales and trading, corporate and trade finance, advisory and asset management.

Events in global and Nigerian financial markets in 2008 have had a slow-down effect on this business, however, we remain confident about the opportunities. In 2009 we will upgrade core technology platforms.

GLOBAL WEALTH MANAGEMENT

Principal business entities:
UBA Asset Management Limited
UBA Capital (Europe) Limited
UBA Stockbrokers Limited

UBA Asset Management is a top 3 fund manager in Nigeria, with over N30 billion in funds under management on behalf of governments, corporates and high net worth individuals. In 2006 we launched four flagship mutual fund products: equity, bond, money market and balanced funds which are listed on the NSE. We have had significant success since then in securing private mandates. In 2009 we intend to focus on developing a global asset management business involving an offshore umbrella mutual fund structure for investment in Africa.

UBA Stockbrokers was set up in 2007 to act as the retail equities broking arm for UBA and is already a top 10 market participant in Nigeria, acting as joint stockbroker on several landmark transactions in 2008. Technology has now been deployed to implement a new trade order management system, which includes an online service channel, that will streamline execution and customer experience in 2009.

We are now in the process of establishing private wealth management and private banking initiatives.

GLOBAL SECURITIES SERVICES

Principal business entities:

UBA Pensions Custodian Limited
UBA Registrars Limited
UBA Trustees Limited
UBA Global Investor Services

UBA Pensions Custodian ("UBA PFC") was established to administer pensions under the Pensions Reform Act 2004. This is a rapidly growing market with regulations in Nigeria requiring employers and workers in the public sector and private sector organisations with five or more employees to each contribute 7.5% of the salary of the employee into a Retirement Savings Account ("RSA"). UBA PFC provides a full range of custodial services and is now the second largest in Nigeria, protecting over N150 billion of Nigerian workers' savings.

UBA Registrars is the third largest registry company in Nigeria with over 30 years of experience, managing the share register for over 43 clients and servicing over 730 000 shareholders. In 2008 UBA Registrars launched its web-based 3-in-1 portal ("3iOP"), the first and only one of its kind in Nigeria that permits companies, shareholders and brokers to access details regarding their holdings online anytime anywhere. UBA Registrars now provides a full range of e-Share registration solutions.

Established in 1964, UBA Trustees is the leading corporate trustee in Nigeria and Trustee to a diverse range of money and capital market transactions with aggregate value in excess of N500 billion. UBA Trustees offers its services in corporate finance, investment banking and asset management transactions.

UBA Global Investor Services ("UBA GIS") was established as a division of UBA in 2007 to provide domestic custodial services to global custodians and international investors in Africa. During 2008, UBA GIS was appointed as sub-custodian in Nigeria for Bank of New York Mellon (BNYM) DR programmes. BNYM is the world's largest global custodian and depository bank with over US$20 trillion in custodial assets globally and a market share of 80% in Africa. UBA GIS is licensed to operate in Nigeria and in the eight francophone West African countries of the West African Monetary Union ("WAEMU"). UBA GIS won the Money Markets International Journal "Innovation Award" in 2008 as leading custodian in West Africa. In 2009 we intend to extend UBA GIS services to Côte d'Ivoire for custodial services in WAEMU.

INFRASTRUCTURE AND PRINCIPAL INVESTMENTS

Principal business entities:

UBA Merchant Banking Limited
UBA Private Equity Limited

We are a strong believer in infrastructure opportunities in Africa. In 2008 we established a new business unit to consolidate our direct investment business and provide infrastructure financing opportunities across Africa, including direct investment, private equity, advisory and project finance.

Review of operations

UBA Metropolitan Life

Operational highlights

Staff 44

Agents 95

UBA Metropolitan Life is a 50/50 joint venture between UBA and Metropolitan Holdings Limited ("Metropolitan") of South Africa. The company was formally launched in April 2008. Metropolitan is a leading financial services group specialising in individual and group life insurance and has proved to be the perfect partner for us in its ability to bring a high level of technical expertise.

Penetration of life insurance products in Nigeria is extremely low at present; however with the re-emergence of the Nigerian middle-class and with compulsory group life legislation now in place for all employers, it is a market that is expected to grow significantly.

UBA Metropolitan Life has developed a wide range of individual and group life insurance, investment and retirement solution products. Distribution is through our own consultants as well as through independent brokers. The pillars of the UBA Metropolitan Life value proposition are:

- product development expertise to meet the needs of ordinary Nigerians;
- operational efficiency through locally deployed ICT systems and management;
- risk management – including actuarial, finance, asset management, reinsurance and corporate governance;
- strategic marketing and distribution capabilities through the UBA network; and
- trust embodied in the co-branding strategy, with over 16 million combined customers of UBA and Metropolitan.

A three tier product and distribution strategy of UBA Metropolitan will ensure that:

1. UBA is protected when unfortunate life events cause its customers to default; and UBA customer loyalty is strengthened by offering a wider range of financial services products to UBA customers.
2. The penetration of life insurance in Nigeria is deepened though its suite of Group Life and Annuity products as required by the Pension Reform Act, 2004.
3. Micro-insurance is taken to the mass market in Nigeria through innovative and affordable distribution channels.

The CEO of UBA Metropolitan Life was recently invited to serve on the Governing Council of the Nigerian Insurance Association ("NIA"), the voice of the industry in Nigeria.

Despite a slow start while waiting for regulatory reform of the life insurance industry in Nigeria, UBA Metropolitan Life is confident that it is growing at the pace required to become the preferred supplier of life insurance products and services in Nigeria.

Support groups

Operational highlights

Staff 1 324

The three strategic support groups have responsibility for Group Shared Services ("GSS") that will enable UBA to exploit the benefits of scale and instil more rigorous discipline across business processes.

This is designed to enable the delivery of superior operational efficiency, governance standards, controls and superlative customer service.

GROUP OPERATIONS OFFICE

Headed by the Group Chief Operating Officer ("GCOO"), the role of this group is to ensure efficient delivery of business infrastructure, operational controls and business oversight across UBA, and to improve overall efficiency and performance in line with group strategy. Group Operations Office encompasses Information Technology, Human Capital Management, Operations, Communications, Facilities Management, Regulatory Affairs and the UBA Foundation. GCOO has primary responsibility for delivery of the GSS project.

GROUP FINANCE OFFICE

Headed by the Group Chief Finance Officer, this group helps to channel and focus efforts towards ensuring that UBA delivers on its financial targets. The group is also responsible for maintaining and managing systems and processes that promote the financial efficiency and financial integrity of UBA's operations, including management information system, performance management, financial and regulatory reporting, financial control and cost management, corporate productivity enhancement, capital management, tax and insurance, mergers and acquisitions, legal, investor relations, budgeting and associated imperatives.

GROUP RISK OFFICE

Under the leadership of the Group Chief Risk Officer, this group designs, maintains and manages frameworks, policies and processes that ensure that potential losses from significant risks are contained within approved risk appetite. Frameworks, policies and processes are continuously enhanced to ensure that significant risks are proactively identified, assessed, monitored and effectively mitigated across the UBA Group, delivering full regulatory compliance in all jurisdictions in which the Group operates.

Corporate social responsibility

This section presents a broad overview of UBA's non-financial performance and addresses our key business-related social, environmental and economic impacts to build value for all our stakeholders. Refer to pages 112 to 113 of the financial statements for analysis of the value UBA adds to stakeholders in the community.

EMPOWERING CUSTOMERS

In essence, everything UBA does is geared towards economic betterment for customers through providing access to banking services.

Customer service

Expansion of our branch and ATM networks is making banking accessible to an expanding segment of the African population. At 30 September 2008 we had 5 165 retail points of presence ("POPs") in Nigeria and 131 outside of Nigeria.

	Nigeria	International	Total
Branches and other retail outlets	613	55	668
ATMs	1 256	76	1 332
POS	3 296	–	3 296
Total POPs	5 165	131	5 296

This expansion of our service channels has directly led to growth in the number of customers whom we service.

Providing access to retail credit

In order for an economy to thrive, business and private individuals need access to credit. In conjunction with eight other banks UBA is a founding member of Credit Reference Company ("CRC"), the first private credit bureau in Nigeria. Technical partners on the project are Accenture and Dun & Bradstreet. The CRC will build credit histories for customers and the successful operation of CRC will be an important advance in improving the access of our stakeholders to credit.

However, we are also innovating in finding other ways to extend credit to those who may not have formal credit histories; for example, through the establishment of UBA Microfinance Bank.

The table below illustrates growth in cards and credit-related products.

	2007 '000	**2008 '000**	**% change**
Cards issued	6 550	**8 423**	29
Credit products	51	**54**	6

EMPLOYEES

UBA's goal is to be the employer of choice. To that end we have implemented an industry-leading and performance-oriented remuneration structure.

Compensation guiding principles

1. Provide a total compensation package that enables UBA to attract and retain highly skilled and quality employees while recognising the need to manage payroll costs
2. Benchmark employee compensation against other reputable financial institutions
3. Reward employees for outstanding performance
4. Motivate employees to encourage desired attitudes
5. Focus on shareholder value creation and long-term wealth from stock ownership
6. Alignment with and support of UBA business goals and objectives which use an objective method to assessing employee performance
7. Appropriate balance between short-term and deferred/long-term compensation elements

Structure of pay

At executive management level, total compensation is the aggregate of base pay, non-cash benefits, corporate bonus and individual incentive pay. At lower and mid-management level it is the aggregate of base pay and performance pay.

Performance management

UBA implemented a new performance management system during the year. This system, which is driven by the principles of the Balanced Scorecard Approach, was implemented across the Group. The Balanced Scorecard is a strategic planning and management system that uses both financial and non-financial metrics as a business planning and performance measurement mechanism. Performance measurement is viewed from four perspectives:

- financial;
- internal process;
- customer service; and
- learning and growth.

In order to assess UBA's performance against its stated objectives, financial and non-financial key performance indicators ("KPIs") have been developed along the Balanced Scorecard dimensions. To drive this new performance management system, UBA deployed a new performance management tool called Infopool FE. The recent introduction of performance incentive pay is in line with UBA's commitment to boost employee morale and increase productivity. High performers are objectively identified and rewarded appropriately in line with predefined percentages of their pay.

Another key initiative under the new performance management system is the effective career management of exceptional performers at UBA. This pool of people commonly referred to as "Most Valuable Performers" will have their careers actively managed by the HCM team.

Learning and development

We are committed to the development of our most important assets – our employees. To this end we have invested in training and transforming our workforce. The training focus for 2008 was based around:

- leadership development.
- creating the ideal UBA person;
- marketing and selling UBA's products and services;
- customer service;
- technology; and
- regulatory compliance.

Corporate social responsibility

In 2008 UBA invested a total of N225.9 million (about 1% of payroll) on learning and skills development. Over 8 000 staff completed the Compliance and Anti-money Laundering Training in 2008 and 3 942 staff were sponsored for various training courses both locally and overseas.

A significant milestone for UBA was the launch of the UBA Learning Management System – our e-Learning capability which gives staff the opportunity for "anytime learning" at their own pace and time. This is in addition to the other benefits that accrue from leveraging on technology, enabling standardised learning to take place across all UBA locations at minimum cost.

Recruitment programmes

Partnership with DRAGNET

During the year, UBA entered into a strategic partnership with DRAGNET, a resourcing organisation that makes pre-tested applicants available to employers. DRAGNET facilitates the globally renowned Graduate Standardisation Examination for candidates in Nigeria interested in working with organisations of UBA's calibre. UBA's decision to partner with DRAGNET stemmed from the need to continue to identify and grow talent in a sustainable manner, to develop young leaders who would contribute to its mission of building an enduring financial institution.

Lagos Business School Summer Internship Programme

UBA participates in the Lagos Business School Summer Internship Programme by engaging students involved in the MBA programme. The MBA programme includes a compulsory 30 months paid internship to complement the first year of the programme. This provides students with an opportunity to put their first year learning into an organisational context. For example, in 2008 students undertook several studies that were key to establishing one of the subsidiaries of UBA.

Induction of new staff

UBA takes talent management very seriously, starting with an induction programme for new employees that:

- educates them about UBA's vision, mission, values and history;
- ensures they have a quick learning curve and become productive as soon as possible;
- ensures that they assimilate UBA's culture;
- assists them learn from experienced staff about UBA's structure, business activities and operating policies; and
- provides a unique welcoming experience into the UBA family.

Induction in UBA is structured to cater for the unique needs of each staff member and employs the services of senior staff.

Employee welfare

UBA ensures that our employees have a satisfactory work environment and maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, UBA provides a comprehensive medical scheme for employees, their spouses and up to four children under the age of 21 years. This scheme is managed by approved service providers.

At the annual CEO Awards, UBA recognises outstanding employees. UBA also recognises those who have shown loyalty and commitment to its overarching goals through its Long Service Award made to staff that have been in its employ for over 10 years. During the financial year under review, the Bank also established its employee engagement function, designed to reinforce management's commitment to listening to its people.

Bonding and team spirit amongst staff is encouraged through the organisation of regular social events.

Equity ownership

UBA believes in the economic empowerment and alignment of interests arising from equity ownership. Consequently a scheme has been launched which is open to all permanent staff of the Group enabling them to purchase shares in UBA. This scheme is known as the Staff Share Investment Trust ("SSIT") scheme. UBA will provide staff loans of up to one year's gross salary to take up their allotment at a subsidised interest rate of 3% per annum. The loan must be repaid over five years. Shares purchased vest in stages over a five year period.

The trustees of the SSIT scheme exercise the voting rights attached to all shares, vested or not, on behalf of the staff.

At 30 September 2008, 4 201 staff members were participating in the scheme.

Analysis of staffing

At 30 September 2008, the Group had 14 077 staff and the Bank had 13 003 staff (2007: 5 076).

UBA Group staff by location

Nigeria – UBA Plc	13 003
Nigeria – subsidiaries	214
Rest of Africa	840
Rest of world	20
Total	14 077

During the year the Bank employed staff who were formerly on contract and not included in the accounts last year.

Movements in staff for UBA Plc during the year

Employees at beginning of the year	4 639
Net transfer onto payroll of former contract staff	6 306
New hires during the year	4 083
Mode of exit	
Death	32
Dismissal	76
Resignation	1 913
Retirement	4
Total	2 025
Employees at end of the year	13 003
Attrition rate	15.6%

Diversity

UBA operates a non-discriminatory policy in the consideration of applications for employment including those received from physically challenged persons. UBA's policy is that the most qualified persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition. UBA's staff come from diverse cultural backgrounds.

UBA Plc staff by gender		%
Female	5 355	41
Male	7 648	59
Total	13 003	100

UBA Plc staff by age		%
18-25	1 040	8
26-30	6 275	48
31-40	4 623	36
41-50	978	7
51 and above	87	1
Total	13 003	100

UBA Plc staff by length of service		%
Less than 2 years*	7 558	58
2 – 5 years	3 225	25
6 – 10 years	1 657	13
11 – 15 years	154	1
Over 15 years	409	3
Total	13 003	100

**comprises mostly of contracts staff converted to permanent staff during the year.*

THE UBA FOUNDATION

At the heart of UBA is UBA Foundation ("UBAF"), a grant-making and operational foundation through which UBA's Corporate Social Responsibility ("CSR") initiatives are driven. UBAF receives 1% of the Group's profit before tax for use in strategically crafting development solutions for communities. UBAF is committed to the socio-economic betterment of the communities in which UBA operates, focusing on development in the areas of environment, education, economic empowerment and special projects ("EEES") – providing ease to our community. This is the EEES philosophy.

UBAF's approach is to form strategic alliances with communities in order to ensure sustainability. UBAF has identified alliances with hospitals, universities, schools and other NGOs.

Since its inception in 2006, the UBAF has invested over N748 million across a range of projects. UBAF intends to use its base in Nigeria to extend development and empowerment strategies across every country where UBA operates. Our focus will centre on the provision of potable borehole water and education support with the EEES philosophy as our guiding principle.

Environment

So far environmental focus has been geared towards beautification and waste-management schemes. The total investment in the environmental focus area for the year was N30.9 million.

Project Clean-Up is a nationwide scheme to work with disadvantaged youth to clean up the environs and create employment. UBAF is also a contributor to the Nigerian Conservation Foundation. Areas such as Marina/Apongbon Roundabout, Allen Avenue Roundabout, Allen Avenue

Corporate social responsibility

Obafemi Awolowo Way Triangle, Festac 1st Gate, Agboju Market axis, Lekki Beach Road Median and UBA House Gardens have all been transformed under the scheme.

Various local contractors and small businesses have been engaged to provide services such as boreholes, lighting, electrical works, plumbing, construction, welding, painting and security. Apart from the aesthetic value associated with projects in this focus area, UBAF also creates employment opportunities for disadvantaged youth who are employed for maintenance, cleaning and gardening services.

On 21 May 2008, UBAF became a member of the United Nations Environment Programme Financial Institutions African Task Force ("UNEP-FI"). Through this, we have pledged our commitment to improving the environment and promoting sustainable development by forging best practice throughout the industry

Economic empowerment

UBAF's economic empowerment programme is specifically tailored for groups such as children and women; providing education on subjects such as credit management, personal improvement, leadership, investment and other key skills necessary for nurturing and developing themselves. During the year UBAF sponsored several skills acquisition and empowerment conferences workshops and seminars, investing a total of N22.1 million.

UBAF co-sponsored the NDDC/NBA Conference on Law, Peace and Development in the Niger Delta. It created an opportunity for policy makers and other stakeholders in the Niger Delta Region to come to a consensus on unique strategies for the region's development.

UBAF led other organisations in sponsoring the first ever children's finance workshop series in Nigeria: "Money Matters for Kids" on 18 August 2008 in Kaduna State. This workshop was aimed at helping children develop good financial habits through the principles they learn early in life. They were taught to set personal goals, develop their passions, and the concept of investment in an open and interactive way. The children showed their enthusiasm by voluntarily opening savings accounts and participating in entrepreneurial and investment role-play during the workshop. UBAF will take this initiative around the country in the next financial year.

Recently, UBAF subscribed to the NOI Polls Select Club; an opinion research organisation that provides relevant information on people's perspectives on a variety of social and economic issues. NOI Polls works with the Gallup Organisation – an internationally renowned polling and opinion research organisation. We believe that the output of NOI Poll's opinion research will help support our work and enhance the value of our service to the community.

Education

UBAF's educational programme leads diverse educational opportunities, ranging from collaborations with local NGOs, state governments and projects in educational institutions. Some of the projects include:

- building and equipping universities with information communication and technology centres, including Federal College of Education–Osiele, Ogun State; University of Ilorin; University of Benin; Adekunie Ajasin University-Akure, Ondo State;
- donation of school buses;
- rehabilitation of school buildings;
- "Study Technology" programme to empower public school teachers to acquire new learning techniques and methodologies;
- scholarship scheme for students;
- support of children with developmental disabilities (autism) organised by Zamarr Institute Learning Centre; and
- construction of a hostel in the University of Port-Harcourt, Rivers State.

UBA invested N62.7 million in education projects in 2008.

Special community development projects

Our CSR programmes foster local community participation to limit dependence and promote the concept of self-help development. In UBAF, we believe in intervening and building capacity within the community to facilitate projects that act as a catalyst to social and economic development.

UBAF contributed a total of N52.5 million to such projects during 2008. Some of the contributions and donations made to improve adverse living conditions included:

- funding the establishment of an HIV/AIDS clinic in Benue State;
- a hospital ward in Nasarawa State;
- surgery for a 13 year old victim of an advanced case of scoliosis – a degenerative spine disease;
- donation of 38 wheelchairs and 10 computers towards the support of Kogi State Family Advancement Programme for the disabled;
- sponsorship of Lagos Business School's 6th LBS International Banking Conference;
- contribution to Youth Business Initiative;
- contribution to Freedom Foundation;
- sponsorship of the 10 000 Man Walk for Life in Enugu to create awareness of health and well-being; and
- collaborative project with Family Re-orientation Education and Empowerment to raise awareness.

Winning ways

UBAF's dedication to promoting development has been recognised by external awarding bodies, which recently include:

1. This Day Group "Best Corporate Socially Responsible Company of the Year" – 2007
2. Lagos State Ministry of Environment's Merit Award for UBA Foundation's Outstanding Contribution to the State's Environmental Policy – 2008
3. Lagos State Educational Award for Excellence for UBA Foundation's Contribution to the Growth of Education – 2008.

Risk management report

RISK MANAGEMENT CULTURE AND STRATEGY

Risk management in UBA is enterprise-wide and integrated. Its application is targeted at enhancing as well as protecting the unique combination of tangible and intangible assets that make up the Group's business model. Risk management is integral to the Group's strategy setting process. This is achieved by keeping risk management at the centre of all executive agenda and building a culture in which risk management is embedded and integrated in all banking activities.

UBA's risk management philosophy is tailored to achieve the following objectives:

1. Meet and exceed best practice standards in risk management as defined by local and international regulatory bodies. We aim to achieve this by adhering to the sound practice principles of the Basel II Accord and COSO ("Commission of Sponsoring Organisations") for the effective implementation of Enterprise-wide Risk Management ("ERM") in the Group. This involves an ongoing process for the management of credit, market, operational and other risks in a holistic manner.
2. Maintain appropriate checks and balances by segregating risk-taking functions from risk-control functions.
3. Automate and innovate by utilising state-of-the-art enterprise tools and electronic platforms that act as enablers for enterprise risk management.
4. Enhance corporate governance by inextricably linking ERM and corporate governance. Minimise the Group's risk exposure, liability, related management costs and ensure that the Group is fully compliant in the relevant regulatory environment.
5. Strong and visible commitment from the Board and senior management by defining the Group's risk appetite; establishing a central oversight of Group-wide risk management; designing, approving and implementing policies, guidelines and procedures which are supported by best practice principles and ensuring that management controls and reporting procedures are satisfactory and reliable.

Oversight of risk management is the responsibility of the Board Risk Management Committee and informed through the Group Asset and Liability Committee ("GALCO") as well as other risk management committees. The statutory Audit Committee assists the Board with regard to financial information, accounting policies, internal control and compliance matters. A key responsibility of the Board is defining risk appetite.

RISK APPETITE

Risk appetite is the level of risk that the Group is willing to accept in fulfilling its business objectives.

1. To determine this acceptable level of risk, potential earnings volatility is first considered against financial objectives. As part of the planning process, management estimates the potential earnings volatility from its different businesses under various scenarios.
2. We then estimate the capacity to absorb unexpected losses in terms of the tolerable level of variance from financial targets, by considering the ability to support business growth, desired dividend payout levels and capital ratio targets.
3. If the projections entail a very high level of risk, management challenges each area to find new ways to rebalance the business mix in order to reduce risk exposures on a diversified basis.

PRINCIPAL RISKS IDENTIFIED

Credit risk

Wholesale credit risk

The failure by corporate borrowers or counterparties to perform their payment, guarantee and/or other obligations.

Retail credit risk

The risk of suffering financial loss, should any of the Group's consumer borrowers or counterparties fail to fulfil their contractual obligations to perform on their payment, guarantee and/or other obligations.

Market risk

The risk of losses in on and off balance sheet positions arising from movements or volatility in market prices that could adversely affect business objectives.

Liquidity risk

The risk to the Group's earnings and capital arising from its inability to fund increases in assets or to meet its payment obligations to its customers as they fall due or to replace funds when they are withdrawn.

Operational risk

The risk of direct and/or indirect losses resulting from inadequate or failed internal processes, people, systems, or from external events including legal risk but not strategic risk. Major sources of operational risk include: operational processes, Information Communication Technology ("ICT"), outsourcing activities, service providers, strategy implementation, mergers and acquisitions, fraud, error, regulatory compliance, staff, social and environmental factors.

Financial crime risk

The risk of failure to monitor, report and act on financial crime and money laundering thereby exposing UBA to losses, penalties or reputational damage. Financial crimes include offences involving money laundering, fraud or dishonesty, or market abuse.

Financial reporting risk

The risk of failure to monitor and report on statutory financial requirements in line with regulatory requirements leading to penalties. In addition, it is the risk that internal controls over financial reporting fail to detect a material misstatement or omission within the Group's external reporting.

Tax risk

The risk associated with failure to comply with tax laws and practices (or provide accordingly, where appropriate) leading to financial loss and/or reputational damage. The risk increases where there are changes in tax laws or in the interpretation of these laws. It also includes the risk of changes in tax rates and the risk of failure to comply with procedures required by tax authorities. Failure to manage tax risk could lead to additional tax liabilities and financial penalties for non-compliance.

Legal risk

Legal risk is the risk arising from the type and nature of the Group's contractual agreements. It also involves the risk that contracts may render UBA particularly vulnerable to litigation. These risks, if not addressed, may result in unspecified erosion of value.

People risk

People risk is the risk that possible inadequacies in human capital and inadequate management of human resource practices, policies and processes will result in the inability of the Group to attract, manage, develop and retain competent resources.

Regulatory risk

The risk of non-compliance with applicable financial services regulatory rules, thereby exposing the Group to penalties and reputational damage. It may also include the risk that a change in laws and regulation or increased complexity in local and international regulatory environment will materially impact the Group.

Technology risk

The risk includes technology framework components such as design, alignment, architecture, deployment, security, change management, support and data integrity. Technology is a key aspect of many of the Group's business decisions and most of the Group's new products are reliant on technology.

Brand risk

The risk of brand erosion, reputational loss as well as a change in the ability to deliver on brand promise. It includes failure to understand, identify or subsequently manage developments that could negatively impact on the brand and its value.

RISK MANAGEMENT FRAMEWORK AND GOVERNANCE

Risk management framework

The functional components of the UBA risk management value chain are depicted in the organisational framework below. Risk functions are integrated at the centre to ensure a consistent approach to risk assessment and monitoring of risks across the entire risk spectrum. Group Risk and Compliance further performs an oversight role over decentralised risk management and compliance functions in subsidiaries. Subsidiary risk heads have a hard reporting line to the Group Chief Risk Officer ("GCRO").

The Credit Risk Management unit is responsible for the full value chain of credit processes as well as for retail credit risk management, whilst wholesale credit assessment and sanctioning are housed within the Chief Credit Office directed from the centre. A dedicated Collections and Recoveries unit is directed from the centre and oversees decentralised collections infrastructures, particularly in respect of remedial actions on consumer loans.

The Compliance and Financial Crimes unit encompasses the Group Anti-Money Laundering team and directs the Group Ethics and Corporate Governance policies and framework. Compliance offices are located in countries where UBA has a presence, and report to the Centre.

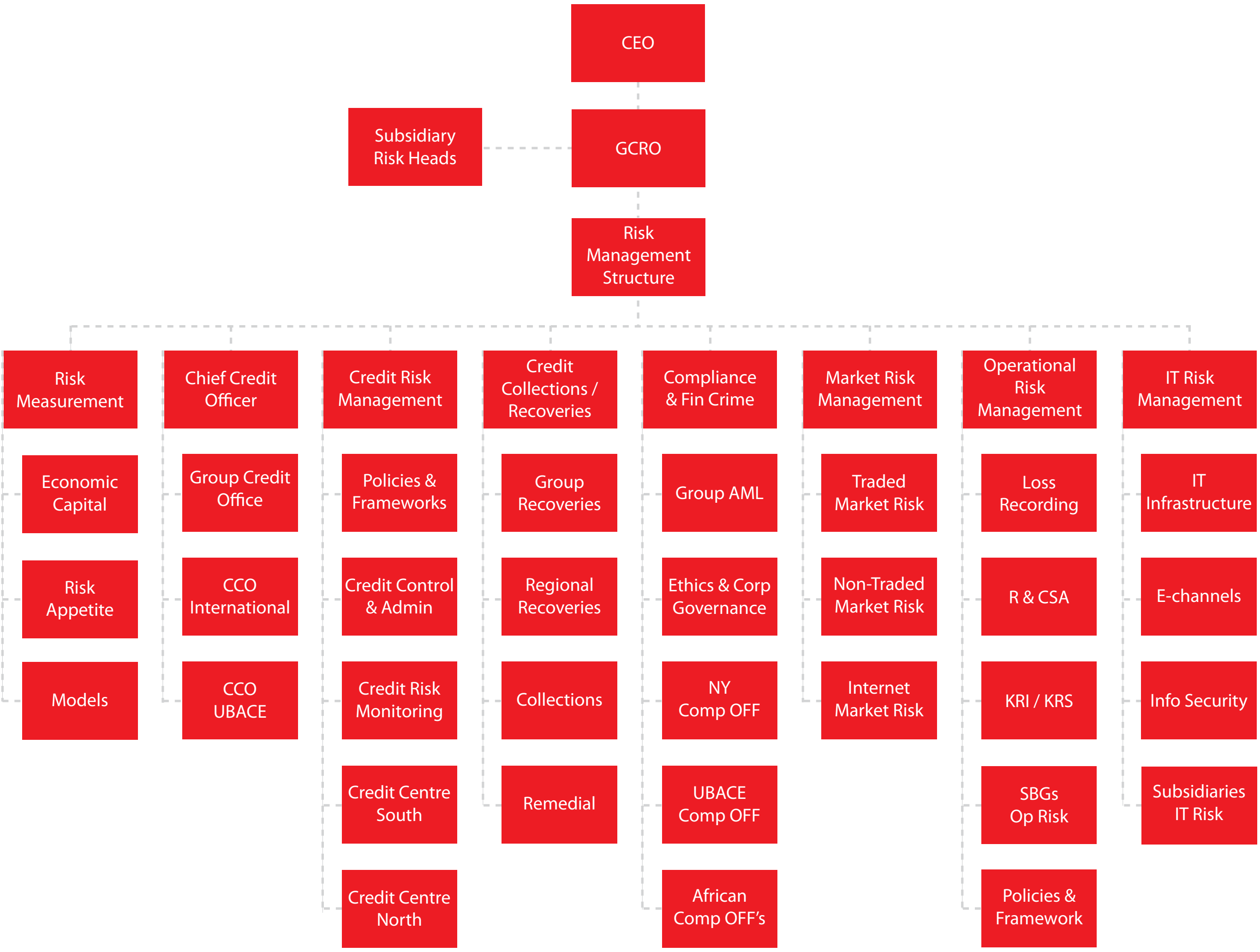
The Market Risk Management unit is responsible for market and liquidity risk management and control framework and, under delegated authority from the GCRO, sets a limit framework within the context of the approved market and liquidity risk appetite as set by executive management and approved by the Risk Management Committee of the Board. The Board approves the market risk appetite for all market risk types within Nigeria and the various offshore subsidiaries.

The Operational Risk Management unit, under the supervision of the GCRO, is directly responsible for defining Operational Risk policies (Board policies, management resolutions, and procedures). The unit monitors overall operational risk exposures and works in close collaboration with business and support units to obtain a top-down view of the operational risks.

The Information Technology Risk unit, under supervision of the GCRO, manages all risks arising from the nature of management information and controls over the Group's ICT infrastructure. These include the adequacy, accuracy, relevance, timeliness, procedure for implementation, procurement and security framework as well as the effectiveness and efficiency of the ICT infrastructure.

Risk management report

Risk management policies and standards are set for each risk type, adopting a standard methodology consisting of five risk management steps: identification, assessment and measurement, controlling, reporting and management. Each of the five steps is adopted for each risk type.



The control frameworks are prepared in conjunction with business units and according to the delineated responsibilities via a comprehensive subset of risk management control frameworks that are maintained and mandated through the entrenched risk governance structures.

Integrated, structured risk assessments take place across all risk types and businesses in accordance with established risk management frameworks.

UBA

UBA maintains effective governance and control over its entire risk management process.

Identify
- Identify the risk inherent in achieving UBA's goals and objectives
- Establish risk appetite across the entire risk spectrum
- Establish and communicate risk management frameworks

Assess
- Build accurate and consistent risk assessment
- Establish and implement measurement reporting standards/methodologies
- Build a risk profile for UBA

Control
- Establish key control processes, practices and reporting requirements
- Monitor the effectiveness of control
- Ensure all UBA's exposures are adequately identified, measured and managed in accordance with Board approved frameworks
- Provide early warning signals
- Ensure risk management practices are adequate and appropriate for managing UBA's risks

Report
- Report areas of stress where crystallisation of risks is imminent
- Present remedial actions to reduce and/or mitigate such risks
- Report on sensitive and key risk indicators
- Communicate with relevant parties

Manage and Challenge
- Review and challenge all aspects of UBA's risk profile
- Advise on optimising and improving UBA's risk profile
- Review and challenge risk management practices

RISK GOVERNANCE STRUCTURE

Responsible for:

Setting and approval of:
- Risk philosophy
- Risk management principles
- Risk appetite and tolerance

Implementation of:
- Risk management principles

Approval of:
- Risk policies
- Risk limits

Oversight of:
- Risk profile of the Group
- Risk limits per business unit / subsidiary and risk type
- Control and compliance environment

Management of:
- All risk exposures in the business unit/subsidiary

Structure

UBA BOARD

BOARD COMMITTEES
Risk Management; Finance & General Purpose; Nomination & Evaluation; Ethics & Corporate Governance

GMD/CEO; EXCO

MANAGEMENT COMMITTEES
CRESCO; GALCO; EXCO

ENTERPRISE-WIDE RISK MANAGEMENT

Risk Management Dimension | **Risk Control Departments**

BUSINESS UNITS / SUBSIDIARIES

Accountable to:

- Stakeholders
- Regulators
- The community

- Board of Directors
- Regulators
- Stakeholders

- Board of Directors
- Group Risk Committee
- GMD/CEO

- GCRO

Risk management report

Roles and responsibilities

The key role players in the risk management framework (as indicated in the governance structure) and their responsibilities are detailed in this section.

Board of Directors

The ultimate responsibility for risk management in UBA lies with the Board of Directors. The roles and responsibilities of the Board with respect to risk management include (but are not limited to):

- ensure appropriate corporate governance frameworks are established and operating;
- endorse Group risk management policies;
- provide guidelines regarding the management of risk in the Group;
- decide on the Group's risk appetite;
- ensure that management controls and reporting procedures are satisfactory and reliable;
- approve large credit exposures;
- approve loan write-offs above set threshold; and
- approve capital demand plans based on risk budgets.

The Board of Directors has delegated its responsibilities to the Group Risk Management Committee ("GRMC").

Group Risk Management Committee

The GRMC is a committee that provides overall oversight (on behalf of the Board) for the management of cross enterprise risks in the Group. The roles and responsibilities of the GRMC include (but are not limited to):

- management oversight over the Group's risk exposures;
- reviewing the Group's risk management activities and reports;
- aligning enterprise risk to the Group's risk profile;
- sponsoring the adoption of strong internal controls and ensuring that management effectively communicates these throughout the Group; and
- ensuring the Group's ERM framework is subject to effective and comprehensive periodic review by Internal Audit.

Group Asset and Liability Committee

Group Asset and Liability Committee ("GALCO") is a sub-committee of the Group Executive Committee ("EXCO") that has responsibility for oversight and strategic direction for the balance sheet management of UBA. This committee manages traded and non-traded market risks as well as steering the Basel II requirements for market risk. Strategic decisions on liquidity are taken by this committee.

Group Investment Committee

The Group Investment Committee governs investment risk, investment decisions and all sub-investment committees. Its terms of reference include reviewing Group investment policies; approving the appropriate investment portfolio mix; approving equity investment proposals and debt financing. Membership of the committee is advised by the Executive Committee and the Risk Management Directorate is fully represented on the committee.

IT Risk Committee

The Group IT Risk Committee is a committee that provides oversight for ICT and e-business risks. Membership of the committee spans IT Risk Management, Resources, Enterprise Systems, Operations, IT Audit, IT Transformation, e-channels, Systems Security, Core Banking Application and Chief Inspection. The roles and responsibilities of the committee include (but are not limited to):

- reviewing all significant ICT and e-business risks;
- obtaining regular assurance on the security of the Group's Information Communication Technology and e-business infrastructure; and
- monitoring the effectiveness and efficiency of the Group's ICT Infrastructure with respect to enabling and supporting business units.

Watch-list Committee

The Watch-list Committee is a sub-committee of the GRMC. The Watch-list Committee develops strategies to reduce UBA's portfolio of watch-listed and delinquent accounts to approved levels as set by executive management. It monitors implementation of strategies developed for reduction of loan delinquencies, ratifies proposed classification of accounts with provisioning levels and recommends proposals for write-offs at the appropriate level from the Group Managing Director ("GMD") up to the Board.

Group Chief Risk Officer

The GCRO has overall responsibility for the development and implementation of the Group's risk control principles, frameworks and processes across the entire risk spectrum. He is responsible for the effective and efficient governance of all identified risks in the Group as well as compliance with all applicable regulations.

Central risk function

Each risk function has direct responsibility for the development and management of risk management frameworks. The responsibilities of divisional functions with respect to risk include:

- provide and maintain policies, frameworks and risk management methodologies;
- promote and assist with the implementation of risk policies and strategies;
- provide guidance on the management of risks;
- consolidate risk reporting and report to the GRMC and/or Board of Directors;
- provide senior management with practical recommendations for the improvement of risk management; and
- provide assurance that risk management policies and strategies are operating effectively to achieve the Group's business objectives.

YEAR UNDER REVIEW – KEY INITIATIVES

Economic capital

The amount of capital necessary as a buffer for unexpected losses will be the basis for setting the Group's risk appetite as well as considering tolerances under stressed conditions for financial performance targets and performing risk-adjusted performance measurement across various business units, product lines and customer segmentations.

During the year, a Risk Measurement team was established. It forms part of the Group Risk Management structure and is positioned to provide the enabling mechanisms towards greater sophistication in the quantification of risks in anticipation of increased scale and organisational complexity as a result of increased international presence.

The "Economic Capital Measurement" initiative commenced during the year and is aimed at establishing the building blocks for effective quantification and aggregation of risk across various businesses and risk types, including risks not covered by the minimum prudential requirements but specific to UBA's activities.

The intention is to incorporate economic capital measures into management processes such as strategic planning, performance measurement and business processes such as customer selection and pricing.

Basel II implementation

UBA has embraced the principles of the "Basel Committee on Banking Supervision" as outlined in the Basel II Accord, it has taken preparatory steps and is building capacity towards adoption under various approaches within the timelines proposed by the Central Bank of Nigeria ("CBN"). To this end, the Risk directorate has invested significant time and resources in initial gap/readiness assessments; has completed a diagnostic review of risk systems and data and is preparing a "capital impact study" to effectively guide further commitments and resources towards full compliance under CBN agreed approaches.

Ongoing training and awareness is top of the agenda for all risk practitioners within the Group. Board and senior management engagement has been demonstrably inclusive, and will extend more broadly across the entire Group as the planned Basel II initiatives become formalised in the coming year.

Market risk

The key market risk initiatives for the financial year include the implementation of sophisticated market risk measurement and reporting tools, dissecting of all market risk components and a new reporting structure for African subsidiaries.

Liquidity risk

In recognition of the prevailing market conditions, UBA has comprehensively reviewed its Contingency Funding Planning process to incorporate more severe stress scenarios as well as systemic liquidity freezes and has implemented contingency plans for extreme liquidity stress events, should they occur.

IT risk

Key initiatives in IT Risk Management include establishment of a Group IT Risk Committee to continuously evaluate IT risks inherent in operations; UBA invested in Actimize – a sophisticated Enterprise Fraud Prevention and Anti-Money Laundering ("AML") solution. Actimize is a leading provider of software solutions for anti-money laundering, brokerage compliance and fraud prevention. Built on a patented, scalable and extensible analytics platform, Actimize solutions enable financial institutions to increase their insight into real-time customer behaviour and improve risk and compliance performance.

This solution when deployed in 2009 will assist in mitigating transactional risk across enterprise silos and also heighten the Group's e-channel and insider fraud prevention capability.

Compliance risk

UBA's Compliance department was involved in various initiatives including investment in internationally renowned anti-money laundering IT solutions at Group and branch levels; extensive recruitment of experienced compliance staff Group-wide as well as strengthening relationships with regulators in all jurisdictions where UBA operates.

Risk management report

CREDIT RISK

Credit risk philosophy

UBA's approach to growing its risk asset portfolio is one of moderate risk appetite with a focus on sustainable growth. Whilst there is considerable potential to capture credit market share in the segments that we operate, the rate of acquiring credit exposures will be constrained by our ability to manage and mitigate credit risks effectively.

Credit risk policy

UBA's vision is to be a global player and a role model for African businesses. It therefore adopts world-class benchmarks in all its activities. Credit risk management is considering the Basel II approaches in line with global best practice. The CBN has also issued policy guidelines in this direction to ensure commencement from 2008 with go-live by 2012.

Basel II entails the development of a statistical framework to identify key risk elements that impact on the Bank's portfolio. These elements include the Probability that customers will Default ("PD"); the amount outstanding or Exposure during the Default event ("EAD") and the Loss the Bank suffers Given Default ("LGD"). These factors will be used to drive the Bank's risk exposure, determine economic capital requirements as well as compute Risk Adjusted Pricing Models ("RAPM") to optimise returns relative to the risk taken. UBA intends to be the leader in the development and deployment of this initiative. Other key elements of UBA's policy include clear definition of authority limits for staff that approve credits and institution of proper checks and balances including separation between approval and disbursement functions.

Credit risk framework and strategy

UBA's credit risk management framework is based on defining a clear customer focus ("Target Market") as well as the acceptable lending criteria under which the Group will engage these customers ("Risk Acceptance Criteria"). This is done through an annual "portfolio setting" exercise carried out jointly by credit risk management and business teams.

Credit risk management process

In line with global best practice, UBA engaged one of the top three global management consultancy firms to re-engineer its credit risk management process and included the automation of the consumer banking segment. This re-engineering will be rolled out to cover the commercial and corporate segments.

Credit rating system

UBA uses a variant of the Moody's Portfolio Tools application for its corporate risk rating and a derivative of the Fair Isaacs consumer model for its consumer/retail risk rating. However, as part of the credit re-engineering process, the various credit rating systems are being upgraded to handle the middle market segment.

Credit portfolio review

UBA has continued to maintain a conservative and prudent approach to lending which has been validated by modest increases in direct lending obligations in response to the uncertainties in the domestic stock market as well as the global financial crisis. UBA's credit portfolio (direct exposures, excluding off balance sheet items) is represented below:

Group loan market segment profile

Market segment	2007 N'million	% of total	**2008 N'million**	**% of total**
Retail & Consumer	123 356	39	**175 306**	**39**
Commercial	19 224	6	**65 917**	**15**
Corporate	176 854	55	**202 529**	**45**
Public Sector	972	0	**3 867**	**1**
Total	320 406	100	**447 618**	**100**

UBA's current investment in an expansive retail branch network is to position it to capture an increasingly significant part of the consumer market. The Global Consumer Banking strategic business group has been set up to further complement the consumer target market strategy and endeavours to provide requisite and focused management oversight to this segment. The corporate segment remains core to UBA's aspirations to have a well diversified risk asset portfolio across various obligor ratings, products and segments. This is consistent with its strategic intent to be a global bank with a full spectrum of products/activities available to its broad customer base. Whilst direct lending facilities to corporates contracted to 45.2% of risk assets (2007: 55.2%), there was an increase in Bankers Acceptances and Commercial Paper transactions (contingent commitments only). UBA's direct exposure to the commercial sector has increased significantly as new product programmes have come on stream. Product programmes are central to UBA's credit risk management framework, defining related target market criteria and specifying terms and conditions for the facility to ensure consistency in decisioning and booking of transactions. Our exposure to the public sector remains cautious.

UBA

Group loan maturity profile

Maturity	2007 N'million	% of total	**2008 N'million**	**% of total**
<1 month	156 884	49	**100 892**	**23**
1-3 months	110 671	34	**118 110**	**26**
3-6 months	25 938	8	**65 766**	**15**
6-12 months	18 535	6	**63 678**	**14**
Over 12 months	8 378	3	**99 172**	**22**
Total	320 406	100	**447 618**	**100**

78% of UBA's exposure is short-term (within a year). This is reflective of a cash-driven market, intended to enhance liquidity under such operating conditions and is in line with market availability of funds which are primarily short-term. However, UBA is extending its maturity profile up to five years for car loans and up to twenty years for mortgage facilities.

Country/market segment exposure concentration profile

Market segment	Nigeria N'million	Americas N'million	Burkina Faso N'million	Other N'million	**Total N'million**
Retail & Consumer	168 836	–	4 807	1 663	**175 306**
Commercial	63 029	–	2 727	161	**65 917**
Corporate	137 105	44 415	19 610	1 398	**202 528**
Public Sector	1 210	–	16	2 641	**3 867**
Total	370 180	44 415	27 160	5 863	**447 618**

UBA has a domestic bias with over 92% of exposures in Nigeria, of which approximately 80% is local currency denominated. This is in line with the Group's strategy, which is a cautious approach to foreign exposure. Foreign subsidiaries, comprising less than 8% of direct exposures, are not permitted to lend until they gain adequate comfort in their operating environments. The risks attributable to foreign subsidiaries are covered by the appropriate capital investments in different jurisdictions.

Group industry exposure concentration profile

Industry segment	2007 N'million	% of total	**2008 N'million**	**% of total**
Personal & Professional	93 243	29	**127 568**	**28**
Oil & Gas	73 411	23	**65 047**	**15**
Banking/Financial Services	45 881	14	**42 553**	**10**
Real Estate	34 674	11	**46 429**	**10**
Manufacturing	28 223	9	**88 750**	**20**
General Commerce	16 949	5	**34 868**	**8**
Telecommunication	15 035	5	**18 445**	**4**
Transportation	6 432	2	**1 727**	**0**
Power	2 002	1	**133**	**0**
Others	4 556	1	**22 098**	**5**
Total	320 406	100	**447 618**	**100**

While the highest contribution is in the Personal & Professional segment, these sometimes comprise obligations that are supported by underlying corporate commitments through co-operative schemes, as well as domiciliation of proceeds and other non-retail lending characteristics. The Personal & Professional portfolio is reasonably well diversified. Similarly, the Real Estate segment includes co-operative arrangements concluded within key industry segments, typically Oil & Gas, and is governed by local legislation. Exposure in the manufacturing sector grew significantly and is largely attributable to an expansion brought about by finalisation of target criteria and formalisation of product programmes during the period.

Risk management report

Analysis of loan-to-value ratio of mortgages of UBA Plc

Loan band	Loan value N'million	Recovery value N'million	LTV ratio %
Up to N50 million	5 900	9 111	65
N50 million to N500 million	4 042	7 022	58
N500 million to N1billion	6 009	7 241	83
Greater than N1 billion	25 834	29 705	87
Total	**41 785**	**53 079**	**79**

The table above reflects the origination loan-to-value and an estimated recovery value "forced sale" that is determined in line with external valuators' assessments. This comprises a discount of approximately 25% for residential mortgages. Mortgage loan-to-value has improved relative to origination values, reflecting the amortisation of balances over lower effective maturities.

Group contingent liabilities

Type of facilities	2007 N'million	**2008 N'million**
Bonds and performance guarantees issued to third parties	102 336	**120 363**
Acceptances, guarantees and indemnities	159 170	**114 308**
Confirmed letters of credit to customers	111 096	**212 786**
Contingent liabilities – funds under custody	78 508	**169 277**
Total	451 110	**616 734**

UBA actively intermediates through select off-balance-sheet engagements with potentials for increased liquidity and short take-out. This enables UBA to leverage its balance sheet more efficiently. Most of the guarantees are 100% cash-collateralised.

Group collateral profile	Facility value N'million	% of total	Remark
Assets debenture	67 178	15	Principally corporate guarantees and letters of comfort and domiciliation (for individuals), subventions, Lien over shares and proceeds of contract (for domestic contract finance)
Real estate mortgage (legal/equitable)	93 470	21	
Otherwise secured	278 423	62	
Unsecured	8 547	2	
Total	447 618	100%	

Work out and recovery

The Remedial Management & Credit Recovery Division ("RMCRD") is the collections arm of Credit Risk Management that evaluates, monitors and supervises the re-structuring, repayments and collections of all past due obligations that have been prudentially classified or show early warning signs of default. The division has a three level governance structure:

- Level 1 is an oversight and supervisory function performed by the Divisional Head through the Regional Heads;
- Level 2 is a supervisory and management function performed by the Regional Heads through the Zonal Heads; and
- Level 3 is an operational function performed by the Zonal Heads in conjunction with the Recovery/Remedial officers from the regional bank offices.

RMCRD maintains effective governance and control over its entire process and adopts a standard methodology consisting of five steps.

Risk Management and Credit Recovery Division methodology

Step	Description
1. Identification	• Identification of past due obligations due for recovery, collections and remedial action • Identification of strategies to be adopted • Identification of the least cost alternative of achieving timely collections within resource constraints
2. Assessment & Implementation	• Accurate review and professional assessment of credit records • Implementation of identified strategies • Update the database
3. Management & Monitoring	• Proffer professional work-out situations to aid prompt settlement • Review identified strategies for adequacy in managing past due obligations • Monitor and ensure performance of past due obligations
4. Controlling	• Establish key control processes, practices and reporting requirements on a case-by-case basis • Ensure work-out situations align with UBA's strategic framework • Proffer solutions that will aid the credit decision making process
5. Reporting	• Communicate learning points from case profiles on past due obligations in order to improve the quality of lending practices • Report cases of imminent crystallisation of default • Present remedial actions to reduce and/or mitigate defaults

Risk management report

Group NPL ratios for key portfolios

Market segment	Total portfolio N'million	% of total portfolio	NPL N'million	% of total NPL	Classification Sub-standard N'million	Doubtful N'million	Lost N'million
Retail & Consumer	175 306	39	3 199	20	1 454	624	1 132
Commercial	65 917	15	5 992	37	1 720	1 040	3 208
Corporate	202 529	45	5 911	36	3 134	744	2 452
Public Sector	3 867	1	1 097	7		475	216
Total	447 618	100	16 199	100	6 308	2 883	7 008
% of total					39	18	43

OPERATIONAL RISK

Operational risk is the risk of direct and/or indirect losses resulting from inadequate or failed internal processes, people, systems, human factors, or from external events including legal risk but not strategic risk. Major sources of operational risk include: operational processes, ICT, outsourcing activities, service providers, strategy implementation, mergers and acquisitions, fraud, error, regulatory compliance, staff, social and environmental factors.

Operational risk strategy and framework

A formal definition of the operational risks UBA faces, as defined by regulatory requirements such as Basel II, provides the opportunity to formalise its consideration in a structured mode by management. The integration of operational risk has become increasingly important to attain sufficient, sustainable, predictable and properly managed growth. UBA is committed to the management of operational risk and has developed and implemented an efficient operational risk management framework which proactively identifies and mitigates losses within the Group. In addition, substantial investment has been made in technology and people to improve risk awareness, enhance operational risk capital modelling capability and facilitate regulatory approval for the application of scenario based Advance Measurement Approach ("sbAMA") under the Basel II Accord in the calculation of the Bank's operational risk capital charge.

UBA's operational risk management framework consists of two main segments:

Static segment	Dynamic segment
There are three consistent fundamentals that form the basis of UBA's approach to operational risk management:	*This includes the iterative process for:*
• operational risk governance;	• operational risk identification and assessment;
• operational risk culture and competencies; and	• operational risk measurement;
• operational risk management process.	• operational risk monitoring;
	• operational risk mitigation and control; and
	• operational risk reporting.

Operational risk management process

Identification

UBA's Operational Risk group adopts a benchmark methodology for identifying operational risk Group-wide. Internal identification includes identifying operational risk across all business and support units using risk maps and risk and control self-assessments. External identification includes identifying all changes in the operating, economic, legal, global and regulatory environment that may have an impact on the Group's operational risk profile.

Assessment and measurement

Key Risk Indicators ("KRIs") are the basis for operational risk assessment and measurement in UBA. KRIs provide objective early warning indicators of human, technical, process and external risk factors. Plans are however underway to implement other risk measurement approaches such as Operational Value at Risk ("VaR") as the Group develops operational loss data over time.

Monitoring

Monitoring of operational risks in UBA is centred on risk indicators.

Mitigation and control

Operational risk mitigation and control is achieved through efficient incident management and loss data management.

Reporting

Reporting embodies the presentation of periodic reports to different stakeholders highlighting:

- incidents analysis report showing operational loss events;
- UBA's operational risk profile;
- significant operational risks facing, or potentially facing UBA;
- areas of stress where crystallisation of operational risks is imminent;
- remedial actions to reduce and/or mitigate operational risks; and
- status of remedial steps taken to address significant operational risks.

Operational risk loss event report

The collation and population of loss events in UBA commenced in October 2005. The Group continued with the process of capturing losses and loss events through the central loss depository system – OpRisk Manager. During the year under review, UBA Group recorded operational risk losses of N800 million in 346 cases which represents 0.47% of the gross income (2007: N4.631bn in 233 cases representing 4.23% of the gross income) This has fully been written off to profit and loss account. In absolute terms, there has been a decline of 82.73% in operational losses experienced despite a significant increase in the scale of operating activities.

Loss data collection and tracking, though backward-looking, enables monitoring of trends, identification of high risk areas and analysis of root causes which have all led to an improved internal control environment and process efficiency. The risk profiles, loss trends and risk mitigation actions are monitored and reported in accordance with the risk governance structure of the Group.

IT RISK

UBA is highly dependent on information technology in all facets of its operation and is in the forefront in deploying electronic channel solutions. To ensure that UBA effectively manages information technology and e-business risks, we established the Information Technology and e-business Risk Management Group ("ITERM"). The ITERM takes the following measures in managing the risks associated with information technology and e-business:

- development and implementation of appropriate IT and e-Banking risk management frameworks;
- continuous risk assessments of information technology /e-business infrastructures;
- formulation of appropriate risk management plans to address identified IT/e-business risks,
- IT/e-business risk dashboards where identified risks are tracked and monitored till closure;
- periodic vulnerability assessment and penetration testing of UBA's network; and
- information security awareness campaign Group-wide.

PEOPLE RISK

People risk is managed jointly in UBA by Human Capital Management and the Operational Risk Management unit. Managing people risk in UBA includes monitoring key risk indicators such as staff turnover ratios, average time to fill, number of staff not completing their probationary period, exit interview summaries, benchmark salaries against industry standards and staff survey summaries among others.

MARKET RISK

In the past year there have been changes in the Group's risk profile. As the Group expands across geographies, taking into consideration the worldwide market turbulence, additional foreign exchange risks alongside interest rate risks open up in the different countries where UBA operates. Other areas with market risk exposures include UBA subsidiaries within Nigeria that take-on equity positions as well as UBA Treasury which has the responsibility for managing the Group's risk taking positions and harmonising the operations of various countries.

Market risk governance

The Board is responsible for the overall governance of market risk as well as defining the terms of reference and delegating responsibilities to both the GRMC and GALCO. GALCO has Group oversight and is charged with ensuring that market risks are managed homogeneously in all areas of operation.

Risk management report

Market risk measurement

Market risk management in UBA relies on quantitative measures of risks, all of which aim to capture the variation of a given target variable generated by uncertainty in market conditions. Measures used are a mix of "volume methods", which base risk exposures on absolute positions such as portfolio size, and newer methods of risk measurement which measure value. The "value measures" are used for standardising results across products and countries as well as measuring financial risks in day-to-day business especially with the increasing use of derivatives.

UBA introduced VaR measurement in the third quarter of 2007, and will migrate to a more sophisticated model before the end of 2009. VaR measures the worst expected loss over a given time interval under normal market conditions at a given confidence level. It is a down-side measure of risk that we have been able to apply in our developing economy due to our ability to generate sufficient historical data and time series to produce meaningful results for market risk analysis. By assigning a value to risk, there is a transparent and uniform means for investors and regulators to ascertain capital that must be allocated for market risk taking activities.

Market risk limits

UBA takes proprietary trading positions in equities, foreign exchange, money market and bonds, primarily in the Nigerian financial market. Market risk limits are based on recommendations by GALCO and approved by the Board, as may be required. Transaction size and portfolio volume limits are in place for each trading portfolio. VaR limits will be introduced for all trading portfolios from the first quarter of 2009. We believe that market risk is most effectively managed through a combination of VaR and volume limits and not VaR limits only.

VaR on trading portfolios is measured at 99% confidence limit over a 10-day holding period. No diversification deductions to stand-alone VaR numbers are made for prudence sake, given that we operate in inefficient markets. Our approach to proprietary trading will remain cautious.

VaR recorded on total UBA trading portfolio during 2008:

Highest VaR	Lowest VaR	Average VaR
N3 943 million	N830 million	N2 080 million

Derivative trading activities

UBA does not trade in derivatives as part of its proprietary trading activities. Derivative contracts may be entered into as part of our sales activities, if so, equal and opposite contracts are executed to fully eliminate market risk. UBA invests in structured investment products, with embedded derivative components from time to time to optimally utilise surplus cash. Only principal guaranteed investment products are considered for this purpose. The total nominal value of positions held in these products at year end was immaterial.

Current maturity mis-match profile

Over the past five years, the Nigerian yield curve has lengthened significantly with much longer tenors being available for investors. This is a significant change from being a predominantly 90-day economy. There are available tenors of up to ten years, with much activity in the 3 – 5 year tenor buckets.

The mortgage industry is growing rapidly and borrowers are able to access credit for up to ten years. This has caused financial institutions to open up liquidity mis-matches that hitherto did not exist. UBA has however taken special care to ensure maintenance within internally imposed limit of 20%. UBA's reported position for year end was an 11.6% net asset gap.

Refer to note 30 of the financial statements on page 107 for analysis of maturity gap.

Exchange rate exposure limits

Exchange rate limits are volume based. UBA operates within the exchange controls defined by the CBN and remained within the Open Position Limit throughout 2008 as evidenced by daily reports to the Trade and Exchange Department of the CBN.

The Naira has appreciated steadily over the past four years, as earnings from crude oil have been robust and level of foreign reserves increased by 100% in the past two years. UBA remains the largest single player in the foreign exchange market and accounts for 15% – 20% of total inter-bank volumes (excluding the CBN). UBA is also very active in third currency trading, with "enforcement of stop loss limits on position taking" acting as a primary risk mitigant.

LIQUIDITY RISK

Prudent management of liquidity contributes positively to earnings, with sound liquidity risk management being pivotal to the viability of UBA and the maintenance of overall banking stability. Accordingly all Nigerian banks are required by regulation to provide daily updates to the CBN evidencing compliance with the liquidity and cash reserve ratios. UBA maintained sufficient liquidity levels throughout the period of review and as at year-end held liquid assets at 2.34 times the minimum requirement of 30% of deposits.

Liquidity risk management focuses on a number of key areas including:

- the continuous management of net anticipated cumulative cash flows;
- the active participation in local money and capital markets required to support day-to-day funding needed to refinance maturities, meet customer withdrawals and growth in advances;
- the maintenance of a portfolio of highly liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- the monitoring and managing of liquidity costs;
- running of a liquidity strategy in each of the jurisdictions where each of the foreign offices are opened; and
- the ongoing assessment and evaluation of various funding sources designated to grow and diversify the Group's funding base in order to achieve an optimal funding profile and sound liquidity risk management.

Liquidity risk policy and framework

In order to effectively manage liquidity risk, UBA measures, monitors and manages on-and off-balance-sheet liquidity mismatch risk, taking cognisance of business-as-usual liquidity conditions, stress liquidity scenarios, guidelines and limits as set by the regulatory requirements and requirements in terms of best practice liquidity contingency planning.

In recognition of the prevailing market conditions, UBA comprehensively reviewed its Contingency Funding Planning process to incorporate more severe stress scenarios as well as systemic liquidity freezes and has implemented contingency plans for extreme liquidity stress events, should they occur. A separate capital committee plans for strategic longer-term funding requirements over a 3 – 5 year time-frame.

At 11.6%, as at 30 September 2008, the assets and liabilities maturity gap was maintained well within the internally established limit of 20% and was largely attributable to the 1 year and longer maturities. The balance sheet structure is however highly weighted towards shorter maturities, with 75% of assets and 83% of liabilities carrying maturities of less than 6 months.

Liquidity risk management process

Our long-term liquidity needs are managed strategically in three broad categories:

- 6 – 12 months for continuity and business as usual;
- 1 – 3 years for growth and capital expenditure; and
- 3 – 10 years for strategic positioning.

Key liquidity ratios

UBA ended 2008 financial year with strong financials and compliance with all budgeted ratios:

Key liquidity indicator at 30 September 2008	Regulatory limit	Internal limit	Actual
Liquidity ratio	30% minimum	30% minimum	70.3%
Loans/deposits ratio	80% maximum	60% maximum	33.6%
Capital Adequacy Ratio	10% minimum	15% minimum	22.2%
Interbank borrowing		5% maximum	0.0%
Liquidity gap		20% maximum	11.6%

ENVIRONMENTAL RISK

The Group effectively manages direct environmental impacts associated with its operations. UBA's Environmental Risk Management Programme covers the Group's business operations and extends to properties, corporate buildings and facilities, energy, waste, pollution and procurement. The management programme includes:

- health and safety management;
- pollution management;
- lending/financing activities;
- recycling;
- responsible energy and water consumption;
- facility management contractor compliance;
- waste disposal management;
- hazardous material management;
- risk management and assessment;
- procurement from sustainable sources; and
- training and awareness.

Risk management report

Environmental risk framework

The GRMC supervises the implementation of Group environmental risk management policies. At the management level, Group environmental risk managers are responsible for monitoring environmental risks and ensuring adherence to environmental risk policies.

Through the activities of UBA Foundation and in partnership with other organisations, UBA has executed several socially responsible and corporate environmental projects.

COMPLIANCE REPORT

Compliance with the provisions of regulatory authorities is critical for the survival of any bank; it is an integral part of UBA's core fundamental structure and continues to have the full support of UBA's executive and senior management.

Ongoing changes to legislation, and the introduction of new legislation, has placed a greater emphasis on the formal and structured monitoring of compliance with legal, regulatory and supervisory requirements. The Group Compliance Office ("GCO") carries out the following:

- ensures that Group compliance remains the hub of excellence and that information is duly cascaded to all branches and subsidiaries;
- revises the compliance framework to ensure that policies and procedures are reviewed to reflect any regulatory changes and/or recent international best practices;
- liaises with stakeholders (business units, subsidiaries and branches) and provides them with compliance advice in respect of new products and services;
- provides a robust rule-book. This is an operational guide for ensuring compliance by the various business units, strategic resource functions and head office departments that have key regulatory compliance risks. As a compendium of regulations, it is updated regularly to reflect changes in regulation;
- retrospective customer due diligence projects. This is to ensure that up-to-date satisfactory data is obtained in respect of all customers;
- constant dialogue and proper reporting lines between Group compliance and all subsidiaries/branches; and
- aggressive compliance and corporate governance training for all staff.

Compliance framework

Regulatory risk is the risk that financial institutions do not comply with the spirit and the letter of applicable laws and regulations or supervisory requirements.

The objectives of the compliance function, as part of an effective risk management framework, include:

- assisting and supporting line management in ensuring that business is conducted in accordance with applicable statutory, regulatory and supervisory requirements;
- enabling UBA to demonstrate to local and global regulators that it is fit and proper to undertake its business;
- maintaining fairness in all of the Group's dealings;
- facilitating the management of compliance risks; and
- minimising the possibility of civil and criminal action against UBA.

The compliance function is therefore responsible for ensuring compliance with all rules imposed on the business by external parties whilst internal audit is responsible for managing the day to day functions of the compliance unit. Group compliance renders the following services to the Group, including *inter alia*:

- AML and Financial Crime Prevention strategies;
- regulatory reporting;
- training to ensure a compliance awareness is embedded in all staff members;
- monitoring to ensure adherence not only to regulatory, statutory and supervisory requirements but also to internal policies and procedures;
- provision of advisory services by virtue of combined expertise;
- research and analysis to disseminate national and international findings; and
- corporate governance.

AML and the prevention of terrorist financing are key components of UBA's compliance function, with Know Your Customer ("KYC")/Customer Due Diligence ("CDD") being the focal point of AML training. AML/KYC policies are continuously revised to reflect global best practice within the spirit of the law while remaining customer focused.

The following policies and standards are applied to manage regulatory and compliance risk in UBA:

Independence – Compliance officers are independent in performing their duties efficiently, effectively and objectively, without being hindered in expressing a true and honest opinion.

Status – The compliance function is an independent function, and monitors the compliance risk management process. The Group Chief Compliance Officer ("GCCO") has senior status within UBA and is given the necessary rights and powers to fulfil this role impartially and effectively.

Knowledge of the business and regulations – The GCCO and all compliance officers have sufficient theoretical and practical knowledge of the business activities and the statutory, regulatory and supervisory requirements that are applicable to specific entities or business units.

Compliance rule book and manual – The Compliance Function compiles and maintains a compliance manual for the Group in conjunction with line management. Part of this compliance manual entails preparing risk management plans, setting out the rules to be complied with, the controls in place to ensure compliance as well as plans for monitoring compliance. Compilation of the risk management plans is an incremental process and a risk based approach is followed, focusing on the highest legislation risk first.

Regulatory and legislative changes – The GCCO is constantly vigilant to changes and proposed changes in regulation, legislation and statements of good practice, assessing the potential impact on existing business and proposed developments. The GCCO identifies regulatory and legislative changes, analysing these and disseminating the new requirements to all compliance officers in the business units.

New product development – The Product Development unit of the bank involves the Compliance Office in all new product development initiatives to ensure that compliance risks inherent in products are identified at an early stage with the appropriate mitigating factors addressed accordingly. The GCCO signs-off on all new products prior to launching.

Human performance – The GCCO and all compliance officers have adequate and relevant skills and experience to carry out their compliance duties and they continuously enhance these skills by means of continuous professional education and training programmes.

Resources – Adequate resources are made available to the Compliance Function, in line with the approved structure. Resources include staff, information technology, funding and logistical support.

Relationships – The GCCO and all compliance officers deployed in the business units establish and maintain excellent working relationships with all internal and external stakeholders.

Due care and diligence – The GCCO and all compliance officers exercise skill, care and judgment as would be expected of any responsible and competent person under similar circumstances. They are expected to show that their work has been conducted in a manner consistent with industry standard and in line with best practice.

Recording – The GCCO and all compliance officers keep adequate records to demonstrate that they have properly fulfilled their responsibilities and that recommendations given by them are fully supported. These records include information documented in compliance manuals and compliance monitoring working paper files.

Reporting – The GCCO and all compliance officers deployed in business units ensure that relevant and significant compliance matters including regulatory reporting are promptly reported to the appropriate persons.

Rule identification and analysis – The GCO, in conjunction with executive and senior management, facilitate the process of identifying the regulatory universe for UBA Group.

Communication with regulators – As a result of the diverse jurisdictional sphere of UBA, the Group is subject to a wide range of statutory and regulatory obligations. Consequently, the Group maintains a transparent relationship with all applicable regulators.

Compliance governance - The responsibility for managing compliance risk rests with the Board of Directors and the GCCO in line with international best practice. The GCO, structured as part of UBA's risk-management framework with the GCCO reporting to the GCRO, is responsible for ensuring that the Group continuously manages its compliance and regulatory risk. Each UBA subsidiary as well as each branch has a designated compliance officer with a reporting line to GCO.

BUSINESS CONTINUITY AND DISASTER RECOVERY

UBA recognises the overarching significance of having business continuity and disaster recovery plans that will address the impact of potential business interruptions arising from unplanned events. As such the Group has put in place appropriate measures to guarantee business resumption in the event of a disaster.

Corporate governance report

UBA Plc ("the Bank") is committed to high standards of corporate governance. During the year ended 30 September 2008, UBA complied with the provisions of the Group's Code of Corporate Governance which is published on our website and the Code of Corporate Governance for Banks Post Consolidation, issued by the Central Bank of Nigeria ("CBN").

KEY GOVERNANCE DEVELOPMENTS

1. Continuous compliance with the principles laid out in the following codes of corporate governance:
   - Code of Corporate Governance for Banks Post Consolidation;
   - Securities and Exchange Commission ("SEC") Code of Corporate Governance for Nigeria; and
   - UBA Group's Code of Corporate Governance.
2. Internal monthly review of compliance with best practices in corporate governance.
3. Institutionalised evaluation of corporate governance practices of the Board by external consultants.
4. Continuous director and employee training programmes on best practices in corporate governance.
5. Tracking and implementation of best practices in corporate governance.

CORPORATE GOVERNANCE FRAMEWORK

The Board

Presently the Bank has a 20-member Board led by a Chairman who is a non-executive Director. There are nine executive Directors on the Board, including the Group Managing Director ("GMD"), and 11 non-executive Directors. The Board has appointed two of the Directors as Independent Directors, subject to CBN approval.

All the Directors bring various and varied competencies to bear on all Board deliberations. The Directors individually have attained the highest pinnacle of their chosen professions. The Board meets regularly and is responsible for effective control and monitoring of the Bank's strategy. The number of meetings held during the last financial year and the attendance of each Director is set out on page 75.

The Board has established a number of committees to assist it in the discharge of its responsibilities. The composition and purpose of the committees are spelt out on pages 76 to 77. The Board is however aware that it is ultimately responsible and accountable for the performance of the Group. It recognises that the use of delegated authorities to Board committees and management in no way mitigates or dissipates the discharge by the Board of its responsibilities.

Each of the Board committees has clear cut terms of reference confirmed by the Board. There is transparency and full disclosure from Board committees to the Board. Directors have full access to all Board committee documents and the committees are free to seek professional advice when and if they deem fit.

In spite of the existence of Board committees the Board retains control over a range of key decisions such that its ability to direct and control the business of the Group is not hampered. All Board committees are chaired by non-executive Directors. In the year under review, the Board is of the opinion that the Board committees have diligently discharged their responsibilities as contained in their terms of reference.

Responsibilities

It is the responsibility of the Board to provide strategic direction for the Bank. It reviews and approves the major strategies, financial and other objectives and plans of the Bank. It also approves the budget of the Bank. The Board ensures that adequate systems of internal controls, risk management, financial reporting and compliance are in place as well as ensuring the processes for evaluating the adequacy of these systems on an ongoing basis. Other functions of the Board include:

- to select directors, review succession planning and determine management compensation;
- to ensure that the Bank operates ethically and in compliance with all applicable laws and regulations;
- to advise management on significant issues facing the Bank;
- to approve the disposal and acquisition of assets of the Bank and its subsidiaries, where necessary; and
- to approve extra budgetary investments and capital projects.

In furtherance of the above objectives, the Board met ten times in the year under review.

Chairman and Chief Executive

Conscious always of best practice and in accordance with the provisions of both the CBN Code of Corporate Governance and the UBA Group Code of Corporate Governance, the responsibilities of the Chairman and the GMD/Chief Executive Officer ("CEO") have remained separate. Whilst the Group's Chairman is responsible for the leadership of the Board and creating the conditions for overall board and individual Directors' effectiveness, the GMD/CEO is responsible for the overall performance of the Group, including the responsibility of arranging effective day to day management controls.

BOARD MEETINGS

Membership and attendance of board meetings is set out below:

Name	Membership	Date appointed	Number of meetings held[1]	Number of meetings attended
Chief Ferdinand Alabraba	Chairman	1 August 2005	10	9
Tony O Elumelu, MFR	GMD	27 July 2005	10	10
Phillips Oduoza	Executive	1 August 2005	10	9
Faith Tuedor-Matthews	Executive	1 August 2005	10	8
Godwin Ize-Iyamu	Executive	29 September 2004	10	8
Alhaji Ibrahim M Jega	Executive	31 January 2007	10	10
Victor Osadolor	Executive	1 August 2005	10	10
Emmanuel Nnorom	Executive	4 March 2008	6	6
Rasheed Olaoluwa	Executive	4 March 2008	6	6
Angela Nwabuoku	Executive	4 March 2008	6	6
Chief Israel C Ogbue	Non-Executive	1 August 2005	10	9
Rose A Okwechime	Non-Executive	1 August 2005	10	10
Willy Kroeger	Non-Executive	5 June 1996	10	5
Paolo A Di Martino	Non-Executive	7 December 2005	10	2
Adekunle A Olumide, OON	Non-Executive	9 January 2007	10	9
Chief Kolawole B Jamodu, OFR	Non-Executive	9 January 2007	10	9
Alhaji Garba Ruma	Non-Executive	9 January 2007	10	10
Runa N Alam	Non-Executive	31 January 2007	10	5
Ja'afaru A Paki	Non-Executive	3 April 2008	4	4
Foluke K Abdul-Razaq	Non-Executive	3 April 2008	4	4

[1] Number of meetings held during the time the Director was a member of the Board. Five emergency meetings were held during the year.

PERFORMANCE MEASUREMENT

The performance of the Board and Directors individually is evaluated by an independent consultant. The report of the independent consultant on the evaluation of the Board and Directors for the year ended 30 September 2008 is on page 79.

REMUNERATION REPORT

Refer to note 34 of the financial statements on pages 108 to 109 for details of Directors' remuneration.

PROFESSIONAL DEVELOPMENT

During the last financial year four training programmes were organised for Directors. In accordance with best practice in corporate governance, the Directors may take independent professional advice at the expense of the Bank, on technical issues which require professional advice.

Corporate governance report

BOARD COMMITTEES

The Risk Management Committee

The Risk Management Committee is chaired by a non-Executive Director. The committee has the following terms of reference:

1. To set the Group's tolerance for risks.
2. To ensure that management establishes a framework for assessing the various risks and develops systems to relate risks to the institution's capital level.
3. To consider and approve the credit and risk management policies of the Bank. This will include policies on:
   a. balance sheet interest rate and liquidity risk management;
   b. controlling market risks associated with investment and proprietary trading activities;
   c. credit strategy, credit underwriting risk acceptance criteria, credit collections and recoveries;
   d. managing concentration risk;
   e. managing operational and IT risks; and
   f. managing compliance risks.
4. To consider and approve credits in line with credit approval policies and make recommendations to the Board for credits above the committee's authority.
5. To review reports and monitor trends in the institution's risk profile.
6. To approve non-performing asset write-off policies.
7. To obtain assurance regarding the soundness of the institution's risk management framework and request actions for improvements.
8. To promote overall effectiveness of corporate governance in the Group.

The Nomination and Evaluation Committee

All members of the Nomination and Evaluation Committee are non-Executive Directors. The GMD is in attendance but does not participate in decision making. The terms of reference of the committee include:

1. To recommend a executive remuneration and incentive policies.
2. To determine the entitlements of Executive Directors of the Bank on the recommendation of the GMD.
3. To select, review and nominate candidates for all Board positions (both Executive and non-Executive) in consultation with the GMD.
4. To select, review and nominate candidates for the position of GMD.
5. To review succession plans and make recommendations to the Board.
6. To annually evaluate the performance of the GMD and when necessary, decide on his/her compensation package.
7. To review the GMD's annual evaluation of Executive Directors and decide on their individual compensation packages in accordance with the executive remuneration policy.

The Audit Committee

The Audit Committee is a statutory committee established in accordance with Section 359 (3) and (4) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004. The committee is made up of non-Executive Directors and shareholders' respresentatives appointed at the Annual General Meeting ("AGM"). Its terms of reference are:

1. The committee ascertains whether the accounting and reporting policies of the Group are in accordance with legal requirements and agreed ethical practices.
2. It reviews the scope and planning of audit requirements.
3. It reviews findings on management matters in conjunction with the external auditor.
4. The committee reviews the effectiveness of the Group's system of accounting and internal control.
5. It makes recommendations to the Board with regard to the appointment, removal and remuneration of the external auditors of the Group.
6. It has the powers to instruct the internal auditor to carry out investigations into any of the Group's activities which may be of interest or concern to the committee.
7. The committee is responsible for the review of the integrity of the Bank's financial reporting and to oversee the independence and objectivity of the external auditors.
8. The committee may seek explanations and additional information from the external auditors without management presence.
9. It receives quarterly reports of the internal auditor.

The CBN's Code of Corporate Governance for Banks Post-Consolidation requires that some members of the Audit Committee be knowledgeable in internal control processes.

The Finance and General Purpose Committee

The terms of reference of the Finance and General Purpose Committee include:

1. To recommend strategic initiatives to the Board.
2. To consider and approve extra-budgetary expenditure.
3. To give anticipatory approvals on behalf of the Board and to ensure that such approvals are ratified by the Board at its next sitting.
4. To approve compensation policy and review compensation for Assistant General Managers and above.
5. To review appeals on disciplinary issues affecting General Managers and above.
6. To review the budget of the Group and the audited accounts and make recommendation to the Board.

Committee	Meetings planned	Members	Number of meetings held	Number of meetings attended
Risk Management	Quarterly	Rose A Okwechime	5	5
		Chief Kolawole B Jamodu	5	3
		Victor Osadolor	5	5
		Godwin Ize-Iyamu	5	5
Nomination and Evaluation	On needs basis	Alhaji Garba S Ruma	4	4
		Chief Israel C Ogbue	4	4
		Rose A Okwechime	4	4
Audit	Quarterly	Jonathan Anolu	3	2
		Rose A Okwechime	3	3
		Henry Laraiyetan	3	2
		Alhaji Umar Al-Kassim	3	2
		Chief Israel C Ogbue	3	2
		Alhaji Garba Ruma	3	2

Finance & General Purpose Committee is constituted by Chief Israel C Ogbue, Adekunle A Olumide (OON), Tony O Elumelu (MFR), Godwin Ize-Iyamu, Victor Osadolor and Phillips Oduoza. It is convened on an as needs basis.

INTERNAL CONTROL

It is the responsibility of the Board of Directors to ensure that all the records are accurate and correctly reflect the financial position of the Group. The Board is mindful of the fact that as a Group with global visibility, great reliance is placed by potential investors on the accuracy of information contained in its financial statements. In order to ensure the accuracy of its records, the Board sets standards and management implements systems of internal control, comprising policies, standards and procedures to ensure the safety of assets and the reduction of the risk of loss, error, fraud and other irregularities. Both the internal auditors and the external auditors independently appraise the adequacy of internal controls.

Akintola Williams Deloitte acted as external auditors to the Group for the 2008 financial year. Their report for the year under review is contained on page 84 of the annual report.

SHAREHOLDER RIGHTS

The Board places considerable importance on effective communication with its shareholders. It recognises the importance of ensuring an appropriate balance in meeting the many needs of its shareholders and at the same time building enduring relationships with them. UBA recognises the need to correctly communicate to the shareholders all issues relating to the Group. The Board ensures that shareholders receive prior notice of meetings and that all other statutory notices and information are communicated to them regularly.

Shareholders may freely communicate their thoughts and recommendations whenever they see the need to do so, to the Head, Investor Relations or the Company Secretary. Refer to back cover for contact details.

Report of the Audit Committee

To members of United Bank for Africa Plc

In accordance with the provision of Section 359(6) of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004, we the members of the Audit Committee hereby report as follows:

- We confirm that we have seen the audit plan and scope, and the Management Letter on the audit of the accounts of the Bank and the responses to the said letter.
- In our opinion, the plan and scope of the audit for the period ended 30 September 2008 were adequate. We have reviewed the Auditors' findings and we are satisfied with the Management responses thereon.
- We also confirm that the accounting and reporting policies of the Bank are in accordance with legal requirements and ethical practices.
- As required by the provisions of the Central Bank of Nigeria circular 85D/1//2004 dated 18 February 2004 on "Disclosure of Insider-Related Credits in Financial Statements" we reviewed the insider-related credits of the Bank and found them to be as analysed in the financial statement as at 30 September 2008.

Jonathan Anolu
Chairman
Audit Committee

Members of the Audit Committee

Jonathan Anolu	Chairman/Shareholder
Henry Larayeitan	Shareholder
Alhaji Umar Al-Kassim	Shareholder
Alhaji Garba S Ruma	Non-Executive Director
Chief Israel C Ogbue	Non-Executive Director
Rose A Okwechime	Non-Executive Director

Report to the Directors of UBA Plc on the outcome of the Board Evaluation

UBA

Dear Sirs

PricewaterhouseCoopers was engaged to carry out an evaluation of the Board of Directors of United Bank for Africa Plc ("UBA") as required by Section 5.4.6 of the Central Bank of Nigeria ("CBN") Code of Corporate Governance for Banks in Nigeria ("the Code"), covering all aspects of the Board's structure and composition, responsibilities, processes and relationships for the period ended 30 September 2008.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This Standard requires that we comply with ethical requirements, plan and perform the assurance engagement to obtain limited assurance as to whether any matters come to our attention that cause us to believe that the requirements of the Code have not been complied with in all material aspects.

The Board is responsible for the preparation and presentation of the information relevant to its performance. Our responsibility is to reach a conclusion on the Board's performance based on work carried our within the scope of our engagement as contained in our letter of engagement of 22 September 2008.

On the basis of our work, it is our conclusion that nothing has come to our attention which causes us to believe that the Board's performance does not comply within any material respect with the criteria set out in the Code. We have recommended that there is a need to set and agree annual objectives for individual directors. Other recommendations are contained in our detailed report.

Yours faithfully

Ken Igbokwe
Managing Partner

PRICEWATERHOUSECOOPERS

Directors' report

RESULTS

	2008 N'million
Profit before tax and exceptional items	56 815
Exceptional items	(8 786)
Profit before tax	48 029
Tax	(7 204)
Profit after tax	40 825
Minority interest	414
	41 239
Less appropriations:	
Statutory Reserve	(12 001)
Interim dividend paid	(2 874)
Transfer to General Reserve	26 364

DIVIDEND

In respect of the current year, the Directors propose that a final dividend of 75 kobo per ordinary share be paid to shareholders after approval at the Annual General Meeting ("AGM") on 5 January 2009. The proposed dividend is subject to withholding tax at the appropriate tax rate and is payable to shareholders whose names appear on the Register of Members at the close of business on 18 December 2008.

LEGAL FORM

The Bank was incorporated in Nigeria as a limited liability company on 23 February 1961 under the Companies Ordinance (CAP 37) 1922. It took over the assets and liabilities of the British and French Bank Limited which had carried on banking business in Nigeria since 1949. The Bank was the first Nigerian bank to offer an IPO by listing on the floor of the Nigerian Stock Exchange in 1970. The Bank was also the first Nigerian company with a GDR programme. Following the consolidation reforms introduced and driven by the Central Bank of Nigeria in 2004, the Bank merged with Standard Trust Bank Plc on 1 August 2005 and also acquired Continental Trust Bank Limited on 31 December 2005.

MAJOR ACTIVITIES

The Company is engaged in the business of banking and provides corporate, commercial, consumer and international banking, trade services, cash management, treasury and capital market services and electronic banking products. Trust services, pension management and administration, insurance, asset management services, stockbroking, issuing house, underwriting, security registration, bureau de change, microfinance and custodial services are provided through subsidiaries.

BUSINESS REVIEW AND FUTURE DEVELOPMENT

The Bank carried out banking activities in accordance with its Memorandum and Articles of Association. A comprehensive review of the business for the year and the prospects for the ensuing year is contained in the Analysis of Group Financial Performance on pages 32 to 35.

DIRECTORS

The names of the Directors during the year ended 30 September 2008 are as shown on page 81.

Emmanuel Nnorom, Rasheed Olaoluwa and Angela Nwabuoku were appointed as Executive Directors on 4 March 2008 and Ja'afaru A Paki and Foluke K Abdulrazaq were appointed as non-Executive Directors on 3 April 2008 in accordance with Article 75 of the Articles of Association of the Bank. They will retire at the AGM and are offering themselves for election.

In accordance with Articles 97 of the Articles of Association of the Bank, the following Directors will retire by rotation and being eligible will offer themselves for re-election:

- Adekunle Olumide, OON
- Paolo Di Martino
- Willy Kroeger

During the year Chika M Mordi and Suzanne Soboyejo-Iroche resigned from the Board. Chika M Mordi is currently pursuing research on public sector policy and administration at Harvard University.

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Bank and of the profit or loss for that period and comply with the provisions of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004 and the Banks and Other Financial Institutions Act, CAP B3 Laws of the Federation of Nigeria 2004. In so doing, they ensure that:

- proper accounting records are maintained;
- applicable accounting standards are followed;
- suitable accounting policies are adopted and consistently applied;
- judgments and estimates made are reasonable and prudent;
- the going concern basis is used, unless it is inappropriate to presume that the Bank will continue in business; and
- internal control procedures are instituted which, as far as reasonably possible, safeguard the assets of the Bank and prevent and detect fraud and other irregularities.

DIRECTORS' INTERESTS

The interests of the Directors in the issued share capital of the Bank are recorded in the register of Director's Shareholding as at 30 September 2008 as follows:

Number of shares held at 30 September	2008	2007
Chief Ferdinand Alabraba	**7 500 000**	4 850 000
Tony O Elumelu, MFR	**52 366 500**	32 092 200
Godwin Ize-Iyamu	**404 100**	2 520 000
Chief Israel C Ogbue	**432 000**	288 000
	850 233 483 [2]	566 822 322 [2]
Ibrahim M Jega	**404 100**	472 500
Victor Osadolor	**9 384 700**	8 400 000
Phillips Oduoza	**5 690 100**	3 524 000
Faith Tuedor-Matthews	**15 878 100**	9 316 000
Rose A Okwechime	**39 000 000** [2]	25 700 000 [2]
Willy Kroeger	**NIL**	NIL
Paolo A Di Martino	**132 192 000** [2]	88 128 000 [2]
Adekunle A Olumide, OON	**151 143**	44 762
Chief Kolawole B Jamodu, OFR	**253 080**	38 720
	28 137 [2]	71 814 [2]
Alhaji Garba S Ruma	**NIL**	NIL
Runa N Alam	**NIL**	NIL
Angela Nwabuoku	**28 720**	
Emmanuel Nnorom	**1 534 050**	
Rasheed Olaoluwa	**2 647 500**	
Foluke K Abdulrazaq	**1 500 150** [2]	
Ja'afaru A Paki	**12 000 000** [2]	
Chika M Mordi[1]		9 240 000
Suzanne Soboyejo-Iroche[1]		150 000

[1] *Resigned from the Board during 2008*

[2] *Indirect shareholding*

ANALYSIS OF SHAREHOLDERS

A comprehensive analysis of shareholdings and trading in UBA's shares is shown on pages 116 to 117.

Directors' report

ACQUISITION OF OWN SHARES

The Bank did not purchase its own shares during the period.

DONATIONS

In order to identify with the aspirations of the community and the environment within which the Group operates, a total sum of N307.0 million (2007: N318.5 million) was distributed as donations and charitable contributions during the period. No donation was made to any political party. Details of such donations and charitable contributions are as follows:

Beneficiary	Purpose	N'million
Nigerian Police Force	Armoured personnel carriers	35
University of Benin Teaching Hospital	Infrastructure development	25
Imo State Government	Security pick-up vans for state security patrol	19
Anambra State Government	Police escort vans	17
Nigeria Leadership Initiative	Education fund	7
Ekiti State Government	Summit	9
Kaita Local Government, Katsina State	Borehole project	10
Nigeria Infrastructure Summit	Lead sponsorship	12
Federal Road Safety Commission	VSAT deployment in 12 locations	26
Federal Ministry of Aviation	Sponsorship of NANTA	10
Kano State	Refurbishment of 11 school labs	8
Nasarawa State Government	Donation of hospital ward	10
Adekunle Ajasin University	Construction of ICT centre	15
Sub total		**203**
Others	N1 million – N5 million	76
	Below N1 million	28
Total donations		**307**

FIXED ASSETS

Movements in fixed assets during the period are shown in note 9 of the financial statements on pages 98 to 99. In the opinion of the Directors, the market value of the Bank's properties is not less than the value shown in the financial statements.

EMPLOYMENT AND EMPLOYEES

Employment of physically challenged persons

The Bank operates a non-discriminatory policy in the consideration of applications for employment including those received from physically challenged persons. The Bank's policy is that the most qualified persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition.

Health, safety at work and welfare of employees

The Bank maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Bank provides medical facilities to its employees and their immediate families at its expense.

Employee involvement and training

UBA aims to be the employer of choice in Africa and places a high premium on the development of its manpower. The Bank provides opportunities where employees deliberate on issues affecting the Bank and employees' interest, with a view to making inputs to decisions thereon. A comprehensive analysis of our employees, and the benefits and opportunities we provide them is on pages 53 to 55.

RESEARCH AND DEVELOPMENT

The Bank carries out research on a continuous basis into new banking products and services.

POST-BALANCE SHEET DATE EVENTS

There are no post-balance sheet events which could have had a material effect on the financial state of affairs as at 30 September 2008 and the profit for the period ended on that date.

AUDIT COMMITTEE

Pursuant to Section 359(3) of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004, the Bank has an Audit Committee comprising three non-Executive Directors and three shareholders as follows:

1. Jonathan Anolu	Chairman/Shareholder
2. Henry Larayeitan	Shareholder
3. Alhaji Umar Al-Kassim	Shareholder
4. Alhaji Garba S Ruma	Non-Executive Director
5. Chief Israel C Ogbue	Non-Executive Director
6. Rose Ada Okwechime	Non-Executive Director

The functions of the Audit Committee are as laid down in Section 359(6) of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004.

AUDITORS

Messrs Akintola Williams Deloitte have indicated their willingness to continue in office in accordance with Section 357(2) of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004.

By the order of the Board

Aidevo Odu-Thomas
Company Secretary
57 Marina, Lagos

Report of the independent auditors

TO THE MEMBERS OF UNITED BANK FOR AFRICA PLC

We have audited the financial statements of United Bank for Africa Plc, as at 30 September 2008, set out on pages 85 to 115, including the explanatory notes on pages 93 to 111, which have been prepared on the basis of the significant accounting policies stated on pages 85 to 88.

Directors' responsibilities for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004, the Banks and Other Financial Institutions Act CAP B3 LFN 2004. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Group and the Bank have kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Companies and Allied Matters Act CAP C20 LFN 2004 and the Banks and Other Financial Institution Act CAP B3 LFN 2004. The financial statements give a true and fair view of the financial position of United Bank for Africa Plc as at 30 September 2008, and of its financial performance and its cashflows for the year then ended in accordance with the Statements of Accounting Standards issued by the Nigerian Accounting Standards Board.

Report on Compliance with Banking Regulations

We confirm that our examination of loans and advances was carried out in accordance with the Prudential Guidelines for licensed banks issued by the Central Bank of Nigeria.

In accordance with circular BSD/1/2004 issued by the Central Bank of Nigeria, details of insider-related credits are as disclosed in note 37.

Contraventions

No contravention of the provision of the Banks and Other Financial Institutions Act CAP B3 LFN 2004 was brought to our attention during the audit of the financial statements for the year ended 30 September 2008.

Akintola Williams Deloitte

Chartered Accountants
Lagos, Nigeria
10 November 2008

Statement of significant accounting policies

for the year ended 30 September 2008

UBA

The following are the significant accounting policies which have been consistently applied during the current and preceding year in the preparation of these financial statements:

1. BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention as modified by revaluation of certain fixed assets and dealing securities.

2. BASIS OF CONSOLIDATION

Subsidiaries

The group financial statements incorporate the financial statements of United Bank for Africa Plc and its subsidiaries. Entities qualify as subsidiaries where the Group has majority shareholding and/or control of the board of directors and management. This is depicted by a shareholding of more than one half of the voting rights and the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Intra-group transactions and balances are eliminated on consolidation and consistent accounting policies are applied for the purposes of the consolidation. Details of the principal subsidiaries are given in note 5 to the financial statements.

Associates and joint ventures

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial management policy decisions. This is generally demonstrated by the Group holding in excess of 20%, but no more than 50%, of the voting rights.

A company is accounted for as a joint venture where the Group has a contractual arrangement with one or more parties to undertake activities typically, though not necessarily, through entities which are subject to joint control. The Group's investment in an associate or joint venture is initially recorded at cost and increased or reduced each year by the Group's share of the post-acquisition profit or loss, or other movements reflected directly in the equity of the associated or jointly controlled entity.

Foreign entities

Transactions denominated in foreign currencies are recorded in Naira at the actual exchange rate at the date of transactions. The assets and liabilities of foreign entities are translated to Naira at the exchange rates at the reporting date except for share capital and pre-acquisition reserves which are translated at their historical rates. Income and expenses are translated to Naira using average rates.

3. SEGMENT REPORTING

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's geographical and business segments. The Group's primary format for segment reporting is based on geographical and business segments. The segments are determined by management based on the Bank's internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4. LOANS AND ADVANCES

Loans and advances are stated net of provision for bad and doubtful items. Recoveries are written back to the profit and loss account when received. Interest income on non-performing loans is suspended and only recognised on cash basis.

Statement of significant accounting policies

for the year ended 30 September 2008

Credit facilities are classified as either performing or non-performing. For the purpose of this, non-performing facilities are classified in line with the Prudential Guidelines issued by the Central Bank of Nigeria and are provided for, as follows:

Interest and/or principal outstanding	Classification	Provision %
90 days but less than 180 days	Substandard	10
180 days but less than 360 days	Doubtful	50
360 days and above	Lost	100

A general provision of at least 1% is made for all performing accounts to recognise inherent portfolio risk.

5. INCOME RECOGNITION

Credits to profit and loss account are recognised as follows:

Interest income

Interest income is recognised on an accrual basis, except for interest in suspense which is recognised only to the extent of cash received.

Fees and commissions are amortised over the life of the related service.

Non-credit related fees

These are recognised when the successful outcome of the assignment can be determined and the assignment is considered substantially completed.

Credit related fees

These are spread systematically over the tenor of the credit facilities where they constitute at least 10% of the projected average annual yield of the facility; otherwise they are credited to the profit and loss account at the time of occurrence.

Commission and fee charge to customers for services rendered

These are recognised at the time the services or transactions are effected.

Investment income

Investment income is recognised on an accrual basis.

Dividend income

Dividend income is recognised when the right to receive income is established.

6. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost or valuation less accumulated depreciation. Historical cost includes expenditure directly attributable to the acquisition of the asset (costs of bringing the asset to its location and working condition). Revaluation of plant and equipment is carried out as the need arises. Work in progress represents property under construction, or plant and equipment undergoing installation, and is not depreciated; upon completion of construction or installation, the attributable cost of each asset is transferred to the relevant asset category. Gains or losses on disposal of plant, property and equipment are included in the profit and loss account.

7. DEPRECIATION

Depreciation of property and equipment is calculated to write off the cost or valuation over the estimated useful lives of the assets on a straight line basis. Property and equipment are depreciated from the month the asset is brought into use. The annual rates adopted for the various asset categories are as follows:

i. Leasehold land and improvements – Over the term of the leases
ii. Leasehold buildings – 2.5%
iii. Motor vehicles – 25%
iv. Computers – 20%
v. Furniture and fittings – 20%
vi. Equipment – 20%

UBA

8. INVESTMENTS

Investments are classified as either long-term or short-term investments.

Short-term investments

Debt and equity securities held for a period not exceeding one year or with an outstanding tenor to maturity not exceeding one year, and such instruments held for trading are classified as short-term investments. They are valued at the lower of cost and market value on an item-by-item basis. The amount by which cost exceeds market value (where applicable) is charged to the profit and loss account.

Bonds and treasury bills issued by the Federal Government of Nigeria that are held for trading are classified as short-term investments and carried at net realisable value. Gains or losses resulting from market valuation are recognised in the profit and loss account.

Treasury bills not held for trading are presented net of unearned discount. Unearned discount is deferred and amortised as earned. Interest earned while holding short-term securities is reported as interest income.

Long-term investments

Debt and equity securities which are held or intended to be held for more than one year or to maturity are classified as long-term investments. They are stated at cost, and provision is made in the financial statements for any diminution in value.

9. SALE AND REPURCHASE AGREEMENTS

The Bank enters into purchases (sales) of securities under agreements to resell (repurchase) substandard identical securities at a certain date in the future at a fixed price. Securities purchased subject to commitments to resell them at a future date are accounted for as repurchase transactions.

Securities sold under repurchase agreements continue to be recognised in the balance sheet and the proceeds from the sale of securities are reported as liabilities to either banks or customers. The difference between the sale and repurchase considerations is recognised on an accrual basis over the period of the transaction.

10. FOREIGN CURRENCIES

Transactions denominated in foreign currencies are recorded in Naira at the rates of exchange ruling at the date of transactions. Assets and liabilities in foreign currencies are converted to Naira at the rate of exchange ruling at the balance sheet date and the resultant profit or loss on exchange is taken to the profit and loss account.

11. TAXATION

Income tax

Current income tax is payable on the taxable income for the year, based on statutory tax rates at the balance sheet date.

Deferred tax

Deferred tax, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred tax is provided fully on timing difference, which is expected to reverse at the rate of tax likely to be in force at the time of reversal.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unutilised tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Statement of significant accounting policies

for the year ended 30 September 2008

12. RETIREMENT BENEFITS

The Group operates a defined contribution scheme, which is funded by contributions from the Group and employees. Funding under the scheme is 7.5% each by staff and the Group based on annual basic salary, housing and transport allowances in line with the Pension Reform Act 2004.

Liabilities in respect of the defined contribution scheme are charged against the profit of the year in which they become payable. Payments are made to Pension Fund Administration companies, who are not controlled by the Group.

13. OFF-BALANCE SHEET TRANSACTIONS

Transactions that are not currently recognised as assets or liabilities in the balance sheet but which nonetheless give rise to credit risks, contingencies and commitments are reported off-balance sheet. Such transactions include letters of credit, bonds, guarantees, indemnities, acceptances and trade related contingencies such as documentary credits.

Outstanding and unexpired commitments at the year end in respect of these transactions are shown in note 31 of the financial statements.

Income earned on such off-balance sheet transactions is accrued for and included in other income in the profit and loss account.

14. PROVISION

Provision is recognised when the Group has a present obligation whether legal or constructive as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

15. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents include cash in vaults, non-restricted balances with central banks, short-term government securities, operating account balances due from other banks and money at call.

16. DIVIDEND

Dividends proposed by the Directors but not approved by members are disclosed in the notes to the financial statements, but not recorded as a liability as there is no obligation at the balance sheet date. Dividend distribution to the shareholders is recognised in the financial statements in the year in which the dividend is approved by the shareholders.

17. EARNINGS PER SHARE

The Group presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year.

18. PREMIUM REVENUE

Premium revenues are recognised and credited to the life insurance revenue account when due for payment from policy holders. Actuarial valuation is carried out once every three years.

19. RESERVE FOR OUTSTANDING CLAIMS

Full provision is made for the estimated cost of all claims notified but not settled at balance sheet date, less reinsurance recoveries, using the best information available at the time.

Balance sheet

as at 30 September 2008

	Notes	GROUP 2008 N'million	GROUP 2007 N'million	BANK 2008 N'million	BANK 2007 N'million
ASSETS					
Cash and short-term funds	2	**200 820**	129 897	**162 978**	102 724
Due from other banks and financial institutions	3	**574 295**	449 822	**524 550**	415 577
Treasury bills and government bonds	4	**256 368**	157 519	**246 105**	149 472
Investments in subsidiaries and associated companies	5	**900**	6 854	**15 057**	12 640
Long-term investments	6	**45 121**	31 871	**21 695**	15 074
Loans and advances	7	**447 618**	320 406	**421 748**	320 229
Other assets	8	**86 294**	44 926	**71 795**	38 419
Property and equipment	9	**61 575**	49 747	**56 165**	48 213
Total assets		**1 672 991**	1 191 042	**1 520 093**	1 102 348
LIABILITIES					
Deposit and current accounts	10	**1 333 289**	905 806	**1 258 035**	897 651
Managed funds	11	**40 558**	66 013	**–**	–
Other liabilities	12	**97 641**	43 825	**69 427**	33 749
Taxation	13	**5 606**	5 149	**3 443**	3 959
Deferred tax	14	**993**	994	**991**	991
Dividend payable	15	**42**	42	**42**	42
Term loan	16	**–**	1 135	**–**	1 135
Total liabilities		**1 478 129**	1 022 964	**1 331 938**	937 527
CAPITAL AND RESERVES					
Share capital	17	**8 622**	5 748	**8 622**	5 748
Share premium	18	**114 788**	119 066	**114 036**	119 066
Other reserves	19	**58 400**	31 674	**54 266**	28 776
Core capital		**181 810**	156 488	**176 924**	153 590
Property and equipment revaluation reserve		**11 231**	11 231	**11 231**	11 231
Shareholders' funds		**193 041**	167 719	**188 155**	164 821
Minority interest	20	**1 821**	359	**–**	–
		1 672 991	1 191 042	**1 520 093**	1 102 348
Contingent liabilities and other obligations on behalf of and customers' liabilities thereof	31	**616 734**	451 110	**446 754**	372 325

The financial statements were approved by the Board of Directors on 10 November 2008 and signed on its behalf by:

Tony O Elumelu, MFR
Group Managing Director/Chief Executive Officer

Victor Osadolor
Executive Director/Group Chief Finance Officer

The accounting policies on pages 85 to 88 and notes on pages 93 to 111 form an integral part of these financial statements.

Profit and loss account

for the year ended 30 September 2008

		GROUP		BANK	
	Notes	**2008 N'million**	2007 N'million	**2008 N'million**	2007 N'million
Gross earnings	21	**169 581**	109 457	**154 093**	101 106
Interest and discount income	22	**116 704**	73 724	**111 118**	68 575
Interest expense	23	**(41 354)**	(28 649)	**(39 800)**	(26 531)
Net interest margin		**75 350**	45 075	**71 318**	42 044
Provision for loans and other accounts	24	**(2 616)**	(3 702)	**(1 548)**	(3 163)
		72 734	41 373	**69 770**	38 881
Other income	25	**52 877**	35 733	**42 974**	32 531
Operating income		**125 611**	77 106	**112 744**	71 412
Operating expenses		**(68 796)**	(45 954)	**(58 107)**	(42 797)
Profit before taxation and exceptional items	26	**56 815**	31 152	**54 637**	28 615
Exceptional items	27	**(8 786)**	(5 788)	**(8 786)**	(5 788)
		48 029	25 364	**45 851**	22 827
Information technology development levy	12	**(559)**	–	**(546)**	-
Taxation	13	**(6 645)**	(3 923)	**(5 303)**	(2 996)
Profit on ordinary activities after taxation and exceptional items		**40 825**	21 441	**40 002**	19 831
Minority interest	20	**414**	99	**–**	-
		41 239	21 540	**40 002**	19 831
APPROPRIATIONS					
Transfer to statutory reserve	19	**(12 001)**	(2 975)	**(12 001)**	(2 975)
Interim dividend paid		**(2 874)**	–	**(2 874)**	-
Retained profit transferred to general reserve	19	**26 364**	18 565	**25 127**	16 856
Earnings per share (in kobo) - basic		**311**	261	**305**	241

The accounting policies on pages 85 to 88 and notes on pages 93 to 111 form an integral part of these financial statements.

Financial statements

Statement of cash flows

for the year ended 30 September 2008

	Notes	GROUP 2008 N'million	GROUP 2007 N'million	BANK 2008 N'million	BANK 2007 N'million
Cash flows from operating activities					
Interest and commission receipts		**165 750**	105 767	**150 218**	97 416
Foreign exchange income received		**3 926**	3 657	**3 926**	3 657
Interest expense	23	**(41 354)**	(28 649)	**(39 800)**	(26 531)
Cash payments to employees and suppliers		**(63 233)**	(45 999)	**(52 908)**	(42 957)
		65 088	34 776	**61 436**	31 585
Income tax paid	13	**(6 188)**	(926)	**(5 819)**	(904)
Operating profit before changes in operating assets		**58 900**	33 850	**55 617**	30 681
Changes in operating assets/liabilities:					
Loans and advances		**(125 542)**	(213 789)	**(99 438)**	(216 125)
Other assets		**(41 399)**	(11 065)	**(24 967)**	(7 120)
Deposit and current accounts		**427 483**	143 232	**360 384**	140 244
Other liabilities		**53 816**	(3 684)	**35 678**	(1 369)
Managed funds		**(25 455)**	52 452	**–**	–
Net cash from /(used in) operating activities	35	**347 803**	996	**327 274**	(53 689)
Cash flows from investing activities					
Purchase of property and equipment	9	**(18 579)**	(20 645)	**(14 314)**	(19 943)
Proceeds from sale of property and equipment		**723**	94	**666**	76
Proceeds from the disposal of investments		**–**	5 000	**–**	5 000
Treasury bills and government bonds held to maturity		**(224 753)**	1 244	**(214 490)**	1 244
Purchase of investments		**(19 034)**	(17 351)	**(31 098)**	(20 077)
Net cash used in investing activities		**(261 643)**	(31 658)	**(259 236)**	(33 700)
Cash flows from financing activities					
Proceeds on issue of shares		**–**	102 968	**–**	102 968
Share issue expenses		**–**	(5 599)	**–**	(5 599)
Dividend paid	15	**(16 668)**	(7 060)	**(16 668)**	(7 060)
Net cash (used in)/from financing activities		**(16 668)**	90 309	**(16 668)**	90 309
Net increase in cash and cash equivalents		**69 492**	59 647	**51 370**	2 920
Cash and cash equivalents at the beginning of the year		**711 643**	651 996	**642 178**	639 258
Cash and cash equivalents at end of the year	39	**781 135**	711 643	**693 548**	642 178

The accounting policies on pages 85 to 88 and notes on pages 93 to 111 form an integral part of these financial statements.

Notes to the financial statements

for the year ended 30 September 2008

	GROUP 2008 N'million	GROUP 2007 N'million	BANK 2008 N'million	BANK 2007 N'million

1. THE BANK

The Bank was incorporated in Nigeria as a limited liability company on 23 February 1961 under the Companies Ordinance Cap 37 1922. Following the consolidation reforms introduced and driven by the Central Bank of Nigeria in 2004, the Bank merged with Standard Trust Bank Plc on 1 August 2005 and subsequently acquired Continental Trust Bank Limited ("CTB") on 31 December 2005.

2. CASH AND SHORT-TERM FUNDS

	GROUP 2008 N'million	GROUP 2007 N'million	BANK 2008 N'million	BANK 2007 N'million
2.1 Cash	**39 369**	18 639	**23 991**	18 358
2.2 Balances with banks				
In Nigeria	**73 727**	63 550	**67 242**	38 431
Outside Nigeria	**7 005**	2 164	**2**	391
	80 732	65 714	**67 244**	38 822
2.3 Balances held with the Central Banks				
Current account	**67 898**	33 447	**59 406**	33 447
Cash reserve requirement	**12 821**	12 097	**12 337**	12 097
	80 719	45 544	**71 743**	45 544
	200 820	129 897	**162 978**	102 724

3. DUE FROM OTHER BANKS AND FINANCIAL INSTITUTIONS

	GROUP 2008 N'million	GROUP 2007 N'million	BANK 2008 N'million	BANK 2007 N'million
With banks in Nigeria	**277 372**	139 986	**240 512**	106 021
With banks outside Nigeria	**296 923**	309 836	**284 038**	309 556
	574 295	449 822	**524 550**	415 577

Included in balances held with banks outside Nigeria was the sum of N5 917 million (2007: N8 946 million) which represents the value of foreign currencies held on behalf of customers. The corresponding credit is disclosed as foreign currency payable in other liabilities (note 12).

4. TREASURY BILLS AND GOVERNMENT BONDS

	GROUP 2008 N'million	GROUP 2007 N'million	BANK 2008 N'million	BANK 2007 N'million
Nigerian government treasury bills	**171 402**	74 870	**171 402**	74 870
United States government treasury bills	**–**	12 390	**–**	12 390
Ghana government treasury bills	**2 603**	3 631	**–**	-
Government bonds (note 4.1)	**69 227**	56 930	**61 567**	52 514
Central Bank of Nigeria promissory notes (note 4.2)	**13 136**	9 698	**13 136**	9 698
	256 368	157 519	**246 105**	149 472
4.1 Analysis of government bonds held				
Federal Government of Nigeria bonds – trading	**9 030**	18 020	**9 030**	18 020
Federal Government of Nigeria bonds – held to maturity	**60 177**	37 216	**52 517**	33 482
State Government bonds	**20**	1 694	**20**	1 012
	60 197	38 910	**52 537**	34 494
	69 227	56 930	**61 567**	52 514

Financial statements

Notes to the financial statements

for the year ended 30 September 2008

			GROUP 2008 N'million	GROUP 2007 N'million	BANK 2008 N'million	BANK 2007 N'million

4. TREASURY BILLS AND GOVERNMENT BONDS (CONTINUED)

4.2 The Central Bank of Nigeria ("CBN") issued promissory notes to the Bank in respect of purchase and assumption transactions – see note 40 for details. The promissory notes are interest bearing and repayable to the Bank between one to three years from their effective dates.

	GROUP 2008 N'million	GROUP 2007 N'million	BANK 2008 N'million	BANK 2007 N'million
4.3 Maturity profile of government bonds held to maturity				
Maturing within one year:				
– Federal Government bonds	**6 000**	12,799	**6 000**	8 383
– State Government bonds	**20**	516	**20**	516
Maturing between 1 and 5 years:				
– Federal Government bonds	**36 552**	18 587	**28 892**	18 587
– State Governments bonds	**–**	496	**–**	496
Maturing after 5 years:				
– Federal Government bonds	**17 625**	6 512	**17 625**	6 512
	60 197	38 910	**52 537**	34 494

5. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

	Business activity	% holding	GROUP 2008 N'million	GROUP 2007 N'million	BANK 2008 N'million	BANK 2007 N'million
5.1 Subsidiaries						
UBA Ghana Limited	Banking	51	**–**	–	**1 389**	1 383
UBA Cameroon SA	Banking	100	**–**	796	**762**	796
UBA Côte d'Ivoire SA	Banking	100	**–**	1 621	**1 514**	1 621
UBA Liberia Limited	Banking	100	**–**	758	**758**	758
UBA (S L) Limited*	Banking	100	**–**	–	**602**	–
UBA Uganda Limited*	Banking	100	**–**	–	**1 464**	–
Banque Internationale Du Burkina Faso SA*	Banking	51	**–**	–	**1 530**	–
UBA Microfinance Bank Limited	Microfinance	100	**–**	1 063	**1 140**	1 063
UBA Asset Management Limited	Asset management	100	**–**	–	**403**	403
UBA Capital (Africa) Limited	Investment banking	100	**–**	–	**2 000**	2 000
UBA Capital (Europe) Limited	Investment banking	49	**–**	595	**595**	595
UBA Pension Custodian Limited	Pension custodian	100	**–**	–	**2 000**	2 000
			–	4 833	**14 157**	10 619
5.2 Joint venture						
UBA Metropolitan life Insurance Limited	Insurance	50	**900**	2 000	**900**	2 000
			900	2 000	**900**	2 000
5.3 Associate						
STB Capital Market Limited	Investment banking	30.7	**21**	21	**21**	21
Provision for doubtful investment			**(21)**	–	**(21)**	–
			–	21	**–**	21
			900	6 854	**15 057**	12 640

** Investments in these subsidiaries represent the new additions to regional expansion in Africa during the year*

	GROUP 2008 N'million	GROUP 2007 N'million	BANK 2008 N'million	BANK 2007 N'million
6. LONG-TERM INVESTMENTS				
6.1 Quoted securities				
Nigeria International Debt Fund ("NIDF") (Market value – N304 141 000 (2007: N214 812 000))	**309**	309	**309**	309
Other quoted investments (Market value – N2 100 001 481 (2007: Nil))	**2 797**	–	**–**	–
	3 106	309	**309**	309
Provision for diminution in value of quoted investments	**(702)**	(94)	**(4)**	(94)
	2 404	215	**305**	215
6.2 Debenture stock				
P Z Industries Plc	**–**	2	**–**	2
Neimeth Pharmaceuticals Plc	**–**	8	**–**	8
	–	10	**–**	10
6.3 Unquoted securities				
Africa Export-Import Bank	**110**	10	**110**	10
ATM Consortium Limited	**167**	167	**167**	167
Nigeria Automated Clearing	**34**	34	**34**	34
Smartcard Nigeria Plc	**389**	389	**389**	389
Central Securities and Clearing System	**88**	88	**88**	88
African Finance Corporation	**13 409**	12 768	**12 768**	12 768
Investment in SMEEIS (note 6.4)	**1 393**	1 396	**1 393**	1 396
UBA Senegal SA*	**1 473**	–	**1 473**	–
UBA Democratic Republic Congo Limited*	**590**	–	**590**	–
UBA Guinea SA*	**354**	–	**354**	–
UBA Gabon*	**590**	–	**590**	–
UBA Kenya Bank Limited*	**1 770**	–	**1 770**	–
UBA Tchad SA*	**1 179**	–	**1 179**	–
UBA Retail Financial Services Limited*	**600**	–	**600**	–
Other unquoted investments	**21 326**	17 421	**–**	–
	43 472	32 273	**21 505**	14 852
Provision for diminution in value of unquoted investments	**(755)**	(627)	**(115)**	(3)
Unquoted securities net of provisions	**42 717**	31 646	**21 390**	14 849
Total long-term investments	**45 121**	31 871	**21 695**	15 074

* *These represent start-up investments made to date on subsidiaries yet to commence operations. In the opinion of the Directors, the market value of the unquoted investments is not lower than cost.*

Notes to the financial statements

for the year ended 30 September 2008

	GROUP 2008 N'million	GROUP 2007 N'million	BANK 2008 N'million	BANK 2007 N'million
6. LONG-TERM INVESTMENTS (CONTINUED)				
6.4 Investments in SMEEIS				
Interswitch Nigeria Limited	**31**	31	**31**	31
Afrione Limited	**44**	44	**44**	44
Marina Medical Services	**23**	23	**23**	23
Education Empowerment Centre	**17**	17	**17**	17
Accel Capital Partners	**66**	66	**66**	66
Eastern Ice Company Limited	**100**	100	**100**	100
Omonefe Foods Limited	**18**	18	**18**	18
Abuja Leasing Company Limited	**342**	342	**342**	342
MP Budget Limited	**70**	70	**70**	70
Lekki Budget Hotels Limited	**71**	71	**71**	71
Tinapa Business Resorts Limited	**550**	550	**550**	550
Leo Chartered Services Limited	**–**	3	**–**	3
Vine Foods Limited	**35**	35	**35**	35
National e-Government Strategies ("NeGSt")	**26**	26	**26**	26
	1 393	1 396	**1 393**	1 396
7. LOANS AND ADVANCES				
7.1 Analysis of loans and advances by security				
Secured against real estate	**95 220**	109 140	**94 608**	108 986
Otherwise secured	**357 928**	223 399	**332 208**	223 085
Unsecured	**8 547**	2 852	**8 421**	2 848
	461 695	335 391	**435 237**	334 919
Provision for loan losses (note 7.4)	**(14 077)**	(14 985)	**(13 489)**	(14 690)
	447 618	320 406	**421 748**	320 229
7.2 Analysis of loans and advances by quality:				
Non-performing:				
– Substandard	**6 308**	1 303	**5 987**	1 010
– Doubtful	**2 883**	3 495	**2 684**	3 394
– Lost	**7 008**	9 866	**6 908**	9 683
	16 199	14 664	**15 579**	14 087
Performing	**445 496**	320 727	**419 658**	320 832
	461 695	335 391	**435 237**	334 919
7.3 By maturity				
Under 1 month	**100 892**	173 376	**96 814**	173 132
1 – 3 months	**118 111**	109 551	**114 557**	109 397
3 – 6 months	**65 766**	25 675	**50 089**	25 639
6 –12 months	**63 678**	18 495	**62 354**	18 469
Over 12 months	**113 248**	8 294	**111 423**	8 282
	461 695	335 391	**435 237**	334 919

	Specific N'million	General N'million	**Total 2008 N'million**	Total 2007 N'million
7. LOANS AND ADVANCES (CONTINUED)				
7.4 Provision for loans and advances				
7.4.1 Group				
At beginning of year	7 743	3 207	**10 950**	8 789
Written off	(2 873)	–	**(2 873)**	(1 149)
	4 870	3 207	**8 077**	7 640
Additional provision	5 053	2 270	**7 323**	6 032
Provision no longer required	(4 678)	(817)	**(5 495)**	(2 753)
Per profit and loss account (note 24)	375	1 453	**1 828**	3 279
Add: Interest in suspense (note 7.5)	4 172	–	**4 172**	4 066
At end of year	9 417	4 660	**14 077**	14 985
7.4.2 Bank				
At beginning of year	7 448	3 208	**10 656**	8 715
Written off	(2 755)	–	**(2 755)**	(1 149)
	4 693	3 208	**7 901**	7 566
Additional provision	4 717	2 238	**6 955**	5 802
Provision no longer required	(4 690)	(817)	**(5 507)**	(2 712)
Per profit and loss account (note 24)	27	1 421	**1 448**	3 090
Interest in suspense (note 7.5)	4 140	–	**4 140**	4 034
At end of year	8 860	4 629	**13 489**	14 690

	GROUP		**BANK**	
	2008 N'million	2007 N'million	**2008 N'million**	2007 N'million
7.5 Interest in suspense				
At beginning of year	**4 066**	1 058	**4 034**	1 054
Written off	**(3 171)**	–	**(3 171)**	–
Release	**(358)**	–	**(358)**	–
Additions in the year	**3 635**	3 008	**3 635**	2 980
At end of period	**4 172**	4 066	**4 140**	4 034
8. OTHER ASSETS				
8.1 Summary				
Interest receivable	**8 145**	7 730	**6 500**	6 936
Prepayments	**16 887**	9 205	**15 556**	7 522
Sundry accounts	**16 361**	8 027	**4 729**	3 862
Treasury bills on open buy back (note 12)	**32 000**	–	**32 000**	–
Special assets account (note 8.2)	**14 065**	21 097	**14 065**	21 097
	87 458	46 059	**72 850**	39 417
Provision for doubtful accounts (note 8.3)	**(1 164)**	(1 133)	**(1 055)**	(998)
	86 294	44 926	**71 795**	38 419

Notes to the financial statements

for the year ended 30 September 2008

8. OTHER ASSETS (CONTINUED)

8.2 Special assets

The CBN granted a regulatory approval to write off the special assets over a fifteen year period as contained in the CBN's letter reference BSD/G5.715/STB/VOL.29/34 of 29 December 2005 during the takeover of CTB by United Bank for Africa Plc. As part of the consolidation incentive of CBN, the special assets were expected to be assumed by Asset Management Company when it commences operation. The Bank had amortised for two years based on the regulatory approval. However in 2008, an accelerated amortisation came into effect based on the agreement reached with the Nigerian Accounting Standards Board to write off the special assets over a period, not exceeding five years effective from 2006. The balance outstanding in the special assets is expected to be fully written off by September 2010.

	GROUP		BANK	
	2008 N'million	2007 N'million	**2008 N'million**	2007 N'million
At 1 October 2007	**21 097**	22 812	**21 097**	22 812
Recoveries	**–**	(88)	**–**	(88)
Amortised during the year (note 27.1)	**(7 032)**	(1 627)	**(7 032)**	(1 627)
At end of year	**14 065**	21 097	**14 065**	21 097
8.3 Provision for other assets				
At beginning of period	**1 133**	1 157	**998**	964
Write-off	**–**	(66)	**–**	–
	1 133	1 091	**998**	964
Provision for the year	**878**	551	**899**	543
No longer required	**(847)**	(509)	**(842)**	(509)
Per profit and loss	**31**	42	**57**	34
At end of year	**1 164**	1 133	**1 055**	998

9. PROPERTY AND EQUIPMENT

9.1 Group

	Leasehold land, buildings and improvement N'million	Motor vehicles N'million	Furniture and office equipment N'million	Branches under construction N'million	**Total N'million**
Cost/valuation:					
At beginning of year	23 450	7 528	26 163	13 615	**70 756**
Additions during the year	1 045	2 885	8 398	6 251	**18 579**
Reclassifications	8 794	127	7 405	(16 326)	**–**
Disposals	(244)	(732)	(330)	–	**(1 306)**
At end of year	33 045	9 808	41 636	3 540	**88 029**
Depreciation:					
At beginning of year	2 702	3 139	15 168	–	**21 009**
Charge for the year	653	1 713	3 757	–	**6 123**
Disposals	(8)	(353)	(317)	–	**(678)**
At end of year	3 347	4 499	18 608	–	**26 454**
Net book value:					
At 30 September 2008	29 698	5 309	23 028	3 540	**61 575**
At 30 September 2007	20 748	4 389	10 995	13 615	**49 747**

	Leasehold land, buildings and improvement N'million	Motor vehicles N'million	Furniture and office equipment N'million	Branches under construction N'million	Total N'million
9. PROPERTY AND EQUIPMENT (CONTINUED)					
9.2 Bank					
Cost/valuation:					
At beginning of year	23 200	7 147	24 590	13 789	**68 726**
Additions	407	2 553	5 317	6 037	**14 314**
Reclassifications	6 001	115	5 060	(11 176)	**–**
Disposals	(244)	(722)	(300)		**(1 266)**
At end of year	29 364	9 093	34 667	8 650	**81 774**
Depreciation:					
At beginning of year	2 620	2 998	14 895	–	**20 513**
Charge for the year	631	1 713	3 403	–	**5 747**
Disposals	(8)	(353)	(290)	–	**(651)**
At end of year	3 243	4 358	18 008	–	**25 609**
Net book value:					
At 30 September 2008	26 121	4 735	16 659	8 650	**56 165**
At 30 September 2007	20 580	4 149	9 695	13 789	**48 213**

9.3 Office equipment consists of computers, strongroom and other equipment.

9.4 Leasehold land and buildings with a net book value of N5.6 billion, including those revalued at 31 July 1997, were professionally revalued at 31 August 2006 in the sum of N30.6 billion by Messrs Jide Taiwo & Co and Ubosi Eleh & Co, estate surveyors and valuers. The valuation, which was based on open market value between a willing seller and willing buyer, produced a revaluation surplus of N25 million over the net book value of the assets. This surplus has been discounted by 55% to N11 231 million in compliance with the CBN's circular No. BSD/PS/23/VOL.1/15 of 7 November 1991.

Revaluation of land and building is carried out at the discretion of the Directors and it is considered as and when necessary.

	GROUP		BANK	
	2008 N'million	2007 N'million	**2008 N'million**	2007 N'million
10. DEPOSIT AND CURRENT ACCOUNTS				
10.1 Summary				
In Nigeria:				
Demand	**713 555**	421 263	**673 719**	420 578
Savings	**148 221**	116 375	**146 876**	115 733
Time	**347 666**	153 932	**347 665**	153 932
	1 209 442	691 570	**1 168 260**	690 243
Outside Nigeria:				
Demand	**107 479**	62 724	**89 775**	60 536
Time	**16 368**	151 512	**–**	146 872
	123 847	214 236	**89 775**	207 408
	1 333 289	905 806	**1 258 035**	897 651

Notes to the financial statements

for the year ended 30 September 2008

	GROUP 2008 N'million	GROUP 2007 N'million	BANK 2008 N'million	BANK 2007 N'million
10. DEPOSIT AND CURRENT ACCOUNTS (CONTINUED)				
10.2 Analysis of deposit liabilities by maturity profile				
Under 1 month	**720 804**	733 762	**678 681**	732 803
1 – 3 months	**257 931**	63 108	**239 576**	61 074
3 – 6 months	**154 482**	47 029	**147 598**	44 054
6 – 12 months	**100 537**	35 246	**97 140**	34 371
Over 12 months	**99 535**	26 661	**95 040**	25 349
	1 333 289	905 806	**1 258 035**	897 651
11. MANAGED FUNDS				
Guarantee return funds	**14 029**	38 136	**–**	–
Sinking fund	**795**	1 227	**–**	–
Personal portfolio plans	**213**	186	**–**	–
Other funds	**25 521**	26 464	**–**	–
	40 558	66 013	**–**	–
12. OTHER LIABILITIES				
Interest payable	**2 391**	572	**2 201**	480
Accruals and provisions	**16 945**	15 387	**16 843**	15 306
Unearned income	**3 616**	3 842	**3 616**	3 842
Foreign currency transfers payable	**5 917**	8 946	**5 917**	8 946
Other credit balances	**36 212**	15 078	**8 304**	5 175
Information technology levy (note 12.1)	**559**	–	**546**	–
Secured buy back takings (note 8)	**32 000**	–	**32 000**	–
	97 641	43 825	**69 427**	33 749

12.1 National Information Technology Development Levy

This represents 1% of profit before tax in line with section 12(2a) of the National Information Technology Development Agency (NTDA) Act.

	GROUP 2008 N'million	GROUP 2007 N'million	BANK 2008 N'million	BANK 2007 N'million
13. TAXATION				
13.1 Per profit and loss account				
Based on the profit for the period:				
– Income tax	**4 124**	4 010	**2 989**	3 125
– Education tax	**494**	421	**454**	379
– Under provision in prior year	**2 028**	–	**1 860**	–
	6 646	4 431	**5 303**	3 504
Deferred tax charge (note 14)	**(1)**	(508)	**–**	(508)
	6 645	3 923	**5 303**	2 996
13.2 Per balance sheet				
At beginning of year	**5 149**	1 644	**3 959**	1 359
Based on profit for the year (note 13.1)	**6 646**	4 431	**5 303**	3 504
Payment during the period	**(6 189)**	(926)	**(5 819)**	(904)
At end of year	**5 606**	5 149	**3 443**	3 959

13.3 The charge for taxation is based on the provisions of Companies Income Tax Act, Cap C21 LFN 2004 and the Education Tax Act CAP E4 LFN 2004.

	GROUP 2008 N'million	GROUP 2007 N'million	BANK 2008 N'million	BANK 2007 N'million
14. DEFERRED TAXATION				
At beginning of year	**994**	1 502	**991**	1 499
Arising during the period (note 13.1)	**(1)**	(508)	**–**	(508)
At end of year	**993**	994	**991**	991
The charge for deferred tax for the year resulted in an asset of N11 547 060 which has not been recognised in these financial statements.				
15. DIVIDEND				
At beginning of year	**42**	7 102	**42**	7 102
Transfer from general reserve: Final dividend 2007	**13 794**	–	**13 794**	–
Transfer from profit and loss: Interim dividend 2008	**2 874**	–	**2 874**	–
Payment during the year	**(16 668)**	(7 060)	**(16 668)**	(7 060)
At end of year	**42**	42	**42**	42

In respect of the current year, an interim dividend of 25 kobo per share has been paid by the Directors to shareholders while a final dividend of N0.75 will be proposed for the approval of shareholders at the next Annual General Meeting. Dividend to shareholders is accounted for on the date of declaration as they do not meet the criteria of present obligation as required by Statement of Accounting Standard (SAS 23). The total estimated final dividend to be paid is N12 934 million. The proposed dividend is subject to withholding tax at the appropriate tax rate and is payable to shareholders whose names appear on the register of members as at closure date.

16. TERM LOAN

The CBN letter dated 2 December 2005 approved a write-off of 80% of the former CTB's indebtedness of N5 675 542 142 to the CBN as at 1 April, 2005. The amount of N1 135 108 428 which represents the remaining 20% was converted to a seven year term loan at 3% per annum with a moratorium of two years beginning 1 April 2005. This outstanding amount has subsequently been extinguished based on the forbearance of the CBN.

	GROUP 2008 N'million	GROUP 2007 N'million	BANK 2008 N'million	BANK 2007 N'million
17. SHARE CAPITAL				
17.1 Authorised:				
25 000 000 000 ordinary shares of 50 kobo each (2007: 12 000 000 000)	**12 500**	6 000	**12 500**	6 000
17.2 Allotted, called up and fully paid ordinary shares of 50 kobo each				
At beginning of year	**5 748**	3 530	**5 748**	3 530
Arising during the year:				
– Rights issue	**–**	147	**–**	147
– Public issue	**–**	1 208	**–**	1 208
Convertible debenture	**–**	157	**–**	157
Transfer from share premium (note 18)	**2 874**	–	**2 874**	–
Transfer from bonus issue reserve (note 18)	**–**	706	**–**	706
At end of year	**8 622**	5 748	**8 622**	5 748

At the Annual General Meeting held on 18 January 2008, the Shareholders approved the increase of the Bank's authorised share capital from N6 billion to N12.5 billion by the creation of additional 13 billion ordinary shares of 50 kobo each. The new shares rank *pari-passu* with the existing ordinary shares of the Bank.

Notes to the financial statements

for the year ended 30 September 2008

	GROUP 2008 N'million	GROUP 2007 N'million	BANK 2008 N'million	BANK 2007 N'million
18. SHARE PREMIUM				
At beginning of year	**119 066**	23 209	**119 066**	23 209
Arising during the year	**752**	101 456	**–**	101 456
Transfer to bonus issue reserve	**(2 156)**	–	**(2 156)**	–
Transfer to share capital	**(2 874)**	–	**(2 874)**	–
Share issue expenses	**–**	(5 599)	**–**	(5 599)
At end of year	**114 788**	119 066	**114 036**	119 066

Following the resolution at the Extra-ordinary General Meeting held on 18 June 2008, the shareholders approved a bonus of 1 share for every 2 shares amounting to N2 874 million from share premium account and distributed as bonus shares to existing shareholders whose names appeared in the register of members as at close of business on 31 May 2008.

	Capital reserve N'million	Bonus issue reserve N'million	Statutory reserve N'million	Exchange difference reserve N'million	General reserve N'million	Small scale industries reserve N'million	Total 2008 N'million	Total 2007 N'million
19. OTHER RESERVES								
19.1 Group								
At beginning of year	527	–	7 223	1 997	19 292	2 635	**31 674**	10 840
Transfer to dividend payable			–	–	(13 795)	–	**(13 795)**	–
Transfer from share premium		2 156					**2 156**	–
Transfer to paid up capital	–	–	–	–	–	–	**–**	(706)
Appropriation from profit and loss account	–		12 001	–	26 364	–	**38 365**	21,540
At end of year	527	2 156	19 224	1 997	31 861	2 635	**58 400**	31 674
19.2 Bank								
At beginning of year		-	7 223	1 997	16 921	2 635	**28 776**	9 651
Transfer to dividend payable		-	-	-	(13 794)	-	**(13 794)**	-
Transfer to paid up capital		-	-	-	-	-	**–**	(706)
Transfer from share premium		2 156	-	-	-	-	**2 156**	-
Appropriation from profit and loss account		-	12 001	-	25 127	-	**37 128**	19 831
At end of year		2 156	19 224	1 997	28 254	2 635	**54 266**	28 776

19.3 Small scale industries reserve

This is computed at 10% of profit after tax in accordance with Central Bank of Nigeria Guideline. The Group has invested the sum of N1.4 billion (2007: N1.4 billion) in SMEEIS out of the N2.6 billion earmarked for the investment. However, appropriation to the scheme has been discontinued.

19.4 Statutory reserve

The appropriation for the year represents 30% of the profit after tax in accordance with section 16 of the Banks and Other Financial Institutions Act CAP B3 LFN 2004.

UBA

	GROUP 2008 N'million	GROUP 2007 N'million
20. MINORITY INTEREST		
At beginning of year	**359**	418
Transfer from profit and loss	**(414)**	(99)
UBA Ghana Limited	**212**	40
Banque Internationale Du Burkina Faso SA	**1 664**	–
At end of year	**1 821**	359

	GROUP 2008 N'million	GROUP 2007 N'million	BANK 2008 N'million	BANK 2007 N'million
21. GROSS EARNINGS				
Gross earnings are analysed as follows:				
21.1 By geography				
Nigeria	**163 866**	86 208	**148 936**	86 263
Overseas	**5 715**	23 249	**5 157**	14 843
	169 581	109 457	**154 093**	101 106
21.2 By nature				
Banking	**161 380**	102 897	**154 093**	101 106
Investment banking	**5 197**	3 231	**–**	–
Pension custodian	**714**	458	**–**	–
Asset management	**2 290**	2 871	**–**	–
	169 581	109 457	**154 093**	101 106
22. INTEREST AND DISCOUNT INCOME				
Non-bank sources:				
Interest on loans and advances	**81 594**	44 865	**76 008**	41 237
Interest on government bonds	**8 576**	5 420	**8 576**	5 420
Discount income	**7 217**	3 959	**7 217**	2 926
Bank sources:				
Placement with local banks	**16 021**	13 104	**16 021**	12 616
Placement with foreign banks	**3 296**	6 376	**3 296**	6 376
	116 704	73 724	**111 118**	68 575
23. INTEREST EXPENSE				
Bank sources	**4 681**	326	**3 126**	326
Non-bank sources	**36 673**	28 323	**36 674**	26 205
	41 354	28 649	**39 800**	26 531
24. PROVISION FOR LOANS AND OTHER ACCOUNTS				
Loans and advances (note 7.4)	**1 828**	3 279	**1 448**	3 090
Other assets (note 8.1)	**31**	42	**57**	34
Investments in subsidiaries and associated companies (note 5.3)	**21**	–	**21**	–
Long-term investments	**736**	381	**22**	39
	2 616	3 702	**1 548**	3 163

Notes to the financial statements

for the year ended 30 September 2008

	GROUP		BANK	
	2008	2007	**2008**	2007
	N'million	N'million	**N'million**	N'million
25. OTHER INCOME				
Fees	**12 707**	9 449	**10 200**	7 090
Foreign exchange earnings	**3 926**	3 657	**3 926**	3 657
Commissions and charges	**29 685**	19 598	**25 718**	19 260
Other income	**6 559**	3 029	**3 130**	2 524
	52 877	35 733	**42 974**	32 531
26. PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS				
This is stated after charging/(crediting):				
Auditors' remuneration	**86**	86	**80**	75
Directors' emoluments	**73**	31	**73**	28
Deposit liabilities insurance premium	**2 578**	2 240	**2 578**	2 240
Depreciation	**6 123**	4 028	**5 747**	3 913
Exchange gain	**1**	49	**1**	49
Stamp duty	**60**	–	**60**	–
Loss/(profit) on sale of property and equipment	**95**	(33)	**51**	(33)
27. EXCEPTIONAL ITEMS				
27.1 Discharge of judgement debt in favour of BTL Industries Limited	**–**	3 500	**–**	3 500
Payment to OCC (notes 27.2 and 27.3)	**1 754**	661	**1 754**	661
Write-off of special assets (note 8.2)	**7 032**	1 627	**7 032**	1 627
	8 786	5 788	**8 786**	5 788

27.2 On 28 April 2008, the Office of the Comptroller of the Currency ("OCC") in the United States of America ("USA") assessed a civil money penalty against the New York branch in which a fine of US$15 million (N1 754 million) was imposed and fully discharged by the Bank. The OCC directives on the effective course of action on cease and desist order have been complied by the Bank involving appointment of professional/consultants to oversee and report on the operations and compliance framework of the New York branch. Satisfactory report was submitted by the consultants to OCC in October 2008.

27.3 On 6 July 2007, the Board and management of the new United Bank for Africa Plcs as part of measures to bring all legacy issues to a close, entered into negotiation and co-operated fully with the USA Attorney's office leading to the signing of a non-prosecution agreement to forfeit the sum of US$5 334 331 (N660 924 000) to the USA Attorney's office. This amount was charged against the year 2007 profit and loss account and treated as an exceptional item.

	Retail commercial banking N'million	Asset management N'million	Investment banking N'million	Pension custodian N'million	**2008 N'million**	2007 N'million
28. SEGMENTAL INFORMATION BY BUSINESS SEGMENT						
Net interest income	73 438	752	1 160	–	**75 350**	45 075
Non-interest income	46 275	1 538	4 351	714	**52 877**	35 733
Total income	119 712	2 290	5 511	714	**128 227**	80 808
Operating expenses	(63 766)	(735)	(3 923)	(372)	**(68 796)**	(45 954)
Provisions	(1 866)	(747)	–	(2)	**(2 616)**	(3 702)
Profit before tax and exceptional items	54 080	808	1 588	339	**56 815**	31 152
Total assets	1 590 283	49 479	30 712	2 516	**1 672 991**	1 191 042

29. SEGMENTAL INFORMATION BY GEOGRAPHIC SEGMENT

The following tables set out the profit and loss information, average loans and advances to customers, net interest margin and selected balance sheet information by geographic segment for the year ended

	Nigeria		Foreign		Total	
	2008 N'million	2007 N'million	**2008 N'million**	2007 N'million	**2008 N'million**	2007 N'million
29.1 Profit and loss account						
Interest income	**105 135**	61 259	**11 569**	12 465	**116 704**	73 724
Interest expense	**(34 757)**	(21 069)	**(6 597)**	(7 580)	**(41 354)**	(28 649)
Net interest margin	**70 378**	40 190	**4 972**	4 885	**75 350**	45 075
Fees and commissions received net	**40 567**	27 864	**1 825**	1 183	**42 392**	29 047
Income from foreign exchange transactions	**3 926**	2 610	**–**	1 047	**3 926**	3 657
Other operating income	**6 557**	2 881	**2**	148	**6 559**	3 029
Non-interest income	**51 051**	33 355	**1 827**	2 378	**52 877**	35 733
Net revenue	**121 428**	73 545	**6 799**	7 263	**128 227**	80 808
Operating expenses	**(58 648)**	(39 505)	**(4 026)**	(2 417)	**(62 673)**	(41 922)
Depreciation	**(4 622)**	(3 860)	**(1 501)**	(172)	**(6 123)**	(4 032)
Total cost	**(63 269)**	(43 365)	**(5 527)**	(2 589)	**(68 796)**	(45 954)
Operating profit before provision for loan losses	**58 159**	30 180	**1 272**	4 674	**59 431**	34 854
Loan loss and other provision	**(2 236)**	(3 124)	**(380)**	(578)	**(2 616)**	(3 702)
Profit before tax and exceptional items	**55 924**	27 056	**892**	4 096	**56 815**	31 152

Notes to the financial statements

for the year ended 30 September 2008

	Nigeria		Foreign		Total	
	2008 N'million	2007 N'million	**2008 N'million**	2007 N'million	**2008 N'million**	2007 N'million
29. SEGMENTAL INFORMATION BY GEOGRAPHIC SEGMENT (CONTINUED)						
29.2 Balance sheet						
Assets:						
Cash and short-term funds	**182 228**	105 999	**18 592**	23 898	**200 820**	129 897
Due from other banks and financial institutions	**488 836**	371 143	**85 459**	69 275	**574 295**	440 418
Treasury bills and government bonds	**250 842**	141 498	**5 526**	16 021	**256 368**	157 519
Investments in subsidiaries and associated companies	**900**	21	**–**	–	**900**	21
Long-term investments	**35 089**	48 108	**10 032**	–	**45 121**	48 108
Loans and advances	**378 149**	222 702	**69 470**	97 704	**447 618**	320 406
Other assets	**82 206**	43 124	**4 087**	1 802	**86 294**	44 926
Property and equipment	**56 889**	49 031	**4 686**	716	**61 575**	49 747
	1 475 139	981 626	**197 852**	209 416	**1 672 991**	1 191 042
Liabilities:						
Deposit and current accounts	**1 168 468**	703 613	**164 821**	202 193	**1 333 289**	905 806
Managed funds	**40 558**	66 013	**–**	–	**40 558**	66 013
Other liabilities	**96 508**	41 772	**1 133**	2 054	**97 641**	43 826
Taxation	**5 606**	5 149	**–**	–	**5 606**	5 149
Deferred tax	**993**	994	**–**	–	**993**	994
Dividend payable	**42**	42	**–**	–	**42**	42
Term loan	**–**	1 135	**–**	–	**–**	1 135
	1 312 174	818 718	**165 954**	204 246	**1 478 129**	1 022 964
Capital and reserves:						
Share capital	**8 622**	5 748	**–**	–	**8 622**	5 748
Share premium	**114 036**	119 066	**752**	–	**114 788**	119 066
Other reserves	**29 076**	26 863	**29 325**	4 811	**58 400**	31 674
Core capital	**151 734**	151 677	**30 077**	4 811	**181 810**	156 488
Fixed assets revaluation reserve	**11 231**	11 231	**–**	–	**11 231**	11 231
Shareholders' funds	**162 965**	162 908	**30 077**	4 811	**193 041**	167 719
Minority interest	**–**	–	**1 821**	359	**1 821**	359
	1 475 139	981 626	**197 852**	209 416	**1 672 991**	1 191 042

	0 – 30 days N'million	1 – 3 months N'million	3 – 6 months N'million	6 – 12 months N'million	Over 1 year N'million	**2008 N'million**
30. MATURITIES OF ASSETS AND LIABILITIES						
Assets						
Cash and short-term funds	125 867	31 084	35 124	8 745	-	**200 820**
Due from other banks and financial institutions	374 007	117 819	72 811	8 253	1 405	**574 295**
Treasury bills and government bonds	145 637	21 274	6 092	23 188	60 177	**256 368**
Investments in subsidiaries and associated companies	-	-	-	-	900	**900**
Long-term investments	-	-		-	45 121	**45 121**
Loans and advances	100 892	118 111	65 766	63 678	99 172	**447 618**
Other assets	5 867	8 734	22 167	24 004	25 522	**86 294**
Property and equipment	-	-	-	-	61 575	**61 575**
	752 270	297 021	201 961	127 868	293 872	**1 672 991**
Liabilities						
Deposit and current accounts	720 804	257 931	154 482	100 537	99 535	**1 333 289**
Managed funds	4 056	8 112	10 139	6 084	12 167	**40 558**
Other liabilities	20 590	16 160	21 461	15 870	23 560	**97 641**
Taxation	848	1 696	3 062	-	-	**5 606**
Deferred tax	107	214	268	161	244	**993**
Dividend payable	-	-	-	-	42	**42**
	746 405	284 113	189 412	122 651	135 548	**1 478 129**
Net liquidity gap as at 30 September 2008	5 865	12 909	12 549	5 217	158 323	**194 862**
Assets as at 30 September 2007	563 655	321 425	84 896	63 691	157 375	**1 191 042**
Liabilities as at 30 September 2007	(540 672)	(297 471)	(74 186)	(62 432)	(48 203)	**(1 022 964)**
Net liquidity gap as at 30 September 2007	22 983	23 954	10 710	1 259	109 172	**168 078**

Notes to the financial statements

for the year ended 30 September 2008

31. OFF BALANCE SHEET TRANSACTIONS

31.1 The Bank enters into various transactions in the normal course of business which are not reflected on the balance sheet and in respect of which there are corresponding obligations to customers. These are set out below:

	GROUP		BANK	
	2008 N'million	2007 N'million	**2008 N'million**	2007 N'million
Bonds and performance guarantees issued to third parties	**120 363**	102 336	**119 660**	102 059
Acceptances, guarantees and indemnities	**114 308**	159 170	**114 308**	159 170
Confirmed letters of credit to customers	**212 786**	111 096	**212 786**	111 096
Contingent liabilities – funds under custody	**169 277**	78 508	**–**	–
	616 734	451 110	**446 754**	372 325

31.2 There were contingent liabilities in respect of legal actions against the Bank for amount totalling N1 483 million (2007: N15.0 billion) for which provisions amounting to N40 million (2007: N94.8 million) have been made. The actions are being vigorously contested and the Directors are of the opinion that no significant liability will arise therefrom in excess of the provisions made in the financial statements.

32. CONTRAVENTION OF BANKS AND OTHER FINANCIAL INSTITUTION ACT, CAP B3 LFN 2004

The Bank did not contravene any section of the Banks and Other Financial Institution Act Cap B3 LFN 2004.

33. STAFF PENSION FUND SCHEME CONTRIBUTION

33.1 The Bank operates a defined contribution scheme for its employees which is managed by Pension Fund Administration companies. The scheme is funded by contributions from employees and the Bank at 7.5% each, in line with Pension Reform Act 2004

	GROUP		BANK	
	2008 N'million	2007 N'million	**2008 N'million**	2007 N'million
33.2 At 1 October	**895**	776	**880**	776
Contribution during the year	**1 764**	1 719	**1 749**	1 704
Remitted during the year	**(2 659)**	(1 600)	**(2 629)**	(1 600)
At 30 September	**–**	895	**–**	880

34. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

34.1 Chairman and Directors emoluments

	BANK	
	2008 N'million	2007 N'million
i. Chairman	**3**	**2**
ii. Other Directors	**8**	**5**
Fees	4	3
Emoluments	4	2
Emoluments as executive	62	38
Total	**73**	**45**
iii. Highest paid Directors	10	7

UBA

34. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTINUED)

	Number 2008	Number 2007
34.1 iv. The number of Directors excluding the Chairman whose emoluments were within the following ranges:		
Below N500 000	**–**	5
N500 001 - N1 000 000	**8**	4
N5 000 000 and above	**12**	8

	GROUP Number 2008	GROUP Number 2007	BANK Number 2008	BANK Number 2007
34.2 i. Average number of persons employed during the year				
Management	**630**	396	**586**	351
Senior staff	**1 831**	1 326	**1 509**	1 232
Junior staff	**4 220**	3 354	**3 520**	3 056
	6 681	5,076	**5 615**	4 639
	N'million	N'million	**N'million**	N'million
ii. Staff cost				
Wages and salaries	**12 056**	7 199	**9 918**	6 092
Staff welfare	**11 580**	6 012	**9 436**	5 335
Pension costs	**1 764**	1 719	**1 749**	1 704
	25 400	14 930	**21 103**	13 131

	GROUP Number 2008	GROUP Number 2007	BANK Number 2008	BANK Number 2007
34.2 iii Employees remunerated at higher rates excluding directors The number of employees in receipt of emoluments, excluding allowances, and pension contributions within the following ranges were:				
Below N1 000 000	**1 475**	1 265	**1 201**	1 149
N1 000 001 – N1 500 000	**982**	977	**807**	917
N1 500 001 – N2 000 000	**1 763**	1 601	**1 512**	1 482
N2 000 001 – N2 500 000	**547**	289	**483**	282
N2 500 001 – N3 000 000	**331**	160	**207**	103
N3 000 001 – N3 500 000	**351**	281	**278**	266
N3 500 001 – N4 000 000	**401**	163	**345**	155
N4 000 001 – N4 500 000	**201**	105	**196**	89
N4 500,001 – N5 000 000	**329**	84	**305**	80
Above N5 000 000	**301**	151	**281**	116

Notes to the financial statements

for the year ended 30 September 2008

	GROUP		BANK	
	2008	2007	**2008**	2007
	N'million	N'million	**N'million**	N'million
35. RECONCILIATION OF PROFIT AFTER TAX TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Profit after tax	**40 825**	21 441	**40 002**	19 831
Adjustments to:				
Depreciation of property and equipment	**6 123**	4 028	**5 747**	3 913
Exceptional items charged	**8 786**	1 715	**8 786**	1 715
Provision for bad and doubtful accounts	**2 616**	3 702	**1 548**	3 163
Provision for deferred tax	**(1)**	(508)	**–**	(508)
Increase in corporate tax	**457**	3 505	**(516)**	2 600
Profit/(loss) on disposal of property and equipment	**95**	(33)	**51**	(33)
Changes in assets and liabilities:				
Increase in loans and advances	**(125 542)**	(213 789)	**(99 438)**	(216 125)
Increase in other assets	**(41 399)**	(11 065)	**(24 968)**	(7 120)
Increase in deposit and current accounts	**427 483**	143 232	**360 384**	140 244
Increase/(decrease) in other liabilities	**53 816**	(3 684)	**35 678**	(1 369)
(Decrease)/increase in managed funds	**(25 455)**	52 452	**–**	-
Net cash from/(used in) operating activities before changes in operating assets	**347 803**	996	**327 274**	(53,689)

36. RELATED PARTY TRANSACTIONS

Certain of the Bank's Directors are also directors of other companies with whom the Bank does business. The Directors believe that since the transactions were in accordance with the agreed terms, which are comparable to other.

37. INSIDER RELATED CREDIT

Transaction that qualified for insider-related credit as defined by the Central Bank of Nigeria circular BSD/1/2004 as at 30 September 2008 is stated below:

Customer	Relationship	Authorised limit N'million	Balance N'million	Status	Securities
Vine Foods Limited	Director – Emmanuel Nnorom	100	91.3	Performing	Mortgage debenture
Rosabon Financial Services Limited	Director – Rose A Okwechime	600	610.8	Performing	Equitable mortgage

	GROUP 2008 Number	GROUP 2007 Number	BANK 2008 Number	BANK 2007 Number
38. EARNINGS PER SHARE				
Profit attributable to shareholders (N' million)	**40 825**	21 441	**40 002**	19 831
Weighted average number of ordinary shares in issue	**13 134**	8 226	**13 134**	8 226
Basic earnings per share (kobo)	**311**	261	**305**	241
39. CASH AND CASH EQUIVALENTS				
Cash and short-term funds	**200 820**	129 897	**162 978**	102 724
Due from other banks and other financial institutions	**574 295**	449 822	**524 550**	415 577
Treasury bills and government bonds (within one year)	**6 020**	131 924	**6 020**	123 877
	781 135	711 643	**693 548**	642 178

40. PURCHASE AND ASSUMPTION

Under the purchase and assumption scheme adopted by the CBN and the Nigeria Deposit Insurance Corporation ("NDIC"), in liquidating banks that failed to meet the minimum recapitalisation requirement imposed by the 2005 deadline, UBA took over selected assets and assumed the private sector deposit liabilities of six banks. These are: Trade Bank Plc, Metropolitan Bank Limited, City Express Bank Plc, Afex Bank Plc, Gulf Bank Plc and Liberty Bank Plc. The deposits assumed exceeded selected assets. During the year, the Bank assumed certain deposit liabilities amounting to N5 255 million of the defunct Gulf Bank Plc and Liberty Bank Plc under Purchase and Assumption arrangements with the NDIC and the CBN. The net deposit liabilities are fully covered by CBN Promissory Notes. See note 4.2.

41. POST BALANCE DATE EVENTS

There are no post balance sheet events that could materially affect either the reported state of affairs of the Bank and the Group as at 30 September 2008 or the profit for the year ended on the same date which have not been adequately provided for or disclosed.

42. COMPARATIVE FIGURES

Certain balances relating to the previous year have been reclassified to conform with current year's presentation.

Group value added statement

for the year ended 30 September 2008

	2008 N'million	2008 %	2007 N'million	2007 %
Gross earnings	**169 582**		109 457	
Interest expense	**(41 355)**		(28 649)	
	128 227		80 808	
Overheads and payment for other services:				
Local	**(52 118)**		(33 071)	
Imported	**(5 527)**		(2 589)	
Provision for risk assets	**(2 616)**		(3 702)	
Value added	**67 966**	**100**	41 446	100
Applied as follows:				
In payment of employees:				
Salaries, bonus, gratuities and other benefits	**25 400**	**37**	14 930	36
In payment to government:				
Taxation	**6 646**	**10**	4 431	11
Information technology levy	**559**		–	–
In payment to shareholders:				
Interim dividend	**2 874**	**5**	–	–
Retained for future replacement of assets, expansion of business and payment of dividend to shareholders:				
Depreciation	**6 123**	**9**	4 028	10
Deferred taxation	**(1)**	**(0)**	(508)	(1)
Profit re-invested in the business	**26 364**	**39**	18 565	44
	67 966	**100**	41 446	100

Value added is the wealth created by the efforts of the Group and its employees and its allocation between employees, shareholders, government and re-investment for the future creation of more wealth.

Bank value added statement

for the year ended 30 September 2008

	2008 N'million	2008 %	2007 N'million	2007 %
Gross earnings	**154 093**		101 106	
Interest expense	**(39 800)**		(26 531)	
	114 293		74 575	
Overheads and payment for other services:				
Local	**(47 064)**		(27 860)	
Imported	**(5 527)**		(6 656)	
Provision for risk assets	**(1 548)**		(3 163)	
Value added	**60 154**	**100**	36 896	100
Applied as follows:				
In payment of employees:				
Salaries, bonus, gratuities and other benefits	**21 103**	**35**	13 131	36
In payment to shareholders:				
Interim dividend	**2 874**	**5**	–	–
In payment to government:				
Taxation	**5 303**	**9**	3 504	9
Retained for future replacement of assets and expansion of business:				
Depreciation	**5 747**	**10**	3 913	10
Deferred taxation	**–**	**–**	(508)	(1)
Profit re-invested in the business	**25 127**	**41**	16 856	46
	60 154	**100**	36 896	100

Value added is the wealth created by the efforts of the Bank and its employees and its allocation between employees, shareholders, government and re-investment for the future creation of more wealth.

Group five-year financial summary

		30 September		31 March	
	2008	2007	2006	2005	2004
	N'million	N'million	N'million	N'million	N'million
ASSETS					
Cash and short-term funds	**200 820**	129 897	79 825	37 262	40 913
Due from other banks and financial institutions	**574 295**	449 822	391 669	73 255	49 296
Treasury bills and government bonds	**256 368**	157 519	207 341	58 444	40 497
Investments in subsidiaries and associated companies	**900**	6 854	-	-	-
Long-term investments	**45 121**	31 871	26 597	3 581	3 460
Loans and advances	**447 618**	320 406	109 896	67 610	56 136
Other assets	**86 294**	44 926	35 618	4 455	15 343
Property and equipment	**61 575**	49 747	33 191	6 176	6 379
	1 672 991	1 191 042	884 137	250 783	212 024
LIABILITIES					
Deposit and current accounts	**1 333 289**	905 806	762 574	205 110	151 929
Managed funds	**40 558**	66 013	13 561	-	-
Other liabilities	**97 641**	43 825	47 784	20 946	33 700
Taxation	**5 606**	5 149	1 644	2 535	2 373
Deferred tax	**993**	994	1 502	1 073	1 104
Dividend payable	**42**	42	7 102	-	-
Term loan	**-**	1,135	1 135	-	-
	1 478 129	1 022 964	835 302	229 664	189 106
BORROWINGS	**-**	-	-	1 676	3 385
CAPITAL AND RESERVES					
Share capital	**8 622**	5 748	3 530	1 530	1 275
Share premium	**114 788**	119 066	23 209	-	-
Other reserves	**58 400**	31 674	10 565	17 913	18 258
Core capital	**181 810**	156 488	37 304	19 443	19 533
Fixed assets revaluation reserve	**11 231**	11 231	11 231	-	-
SHAREHOLDERS' FUNDS	**193 041**	167 719	48 535	19 443	19 533
Minority interest	**1 821**	359	300	-	-
	1 672 991	1 191 042	884 137	250 783	212 024
Gross earnings	**169 581**	109 457	90 447	26 089	24 510
Profit before taxation and exceptional items	**56 815**	31 152	12 811	6 520	6 010
Exceptional items	**(8 786)**	(5 788)	-	-	-
Information technology levy	**(559)**	-	-	-	-
Taxation	**(6 645)**	(3 923)	(1 261)	(1 599)	(1 485)
Profit after taxation and exceptional items	**40 825**	21 441	11 550	4 921	4 525
Transfer to reserves	**(40 825)**	(21 441)	(4 490)	(3 085)	(2 995)
Dividend (Gross)	**-**	-	(7 060)	(1 836)	(1 530)
Earnings per share (in kobo) – basic	**311**	261	187	263	164
Net asset per share (kobo)	**1 119**	1 459	687	635	766

Basic earnings per share is based on the weighted average number of ordinary shares of 50 kobo each in issue during the respective years.

Net assets per share is based on the number of ordinary shares in issue at the end of the respective years.

Bank five-year financial summary

UBA

		30 September		31 March	
	2008	2007	2006	2005	2004
	N'million	N'million	N'million	N'million	N'million
ASSETS					
Cash and short-term funds	**162 978**	102 724	72 920	36 461	40 913
Due from other banks and financial institutions	**524 550**	415 577	391 185	73 255	48 907
Treasury bills and government bonds	**246 105**	149 472	201 992	58 444	40 497
Investments in subsidiaries and associated companies	**15 057**	12 640	5 554	403	3
Long-term investments	**21 695**	15 074	7 122	2 432	2 384
Loans and advances	**421 748**	320 229	107 194	67 610	56 136
Other assets	**71 795**	38 419	33 048	4 169	13 603
Property and equipment	**56 165**	48 213	32 226	6 154	6 363
	1 520 093	1 102 348	851 241	248 928	208 806
LIABILITIES					
Deposit and current accounts	**1 258 035**	897 651	757 407	205 110	151 929
Other liabilities	**69 427**	33 749	35 118	20 876	32 051
Taxation	**3 443**	3 959	1 359	2 494	2 279
Deferred tax	**991**	991	1 499	1 070	1 103
Dividend payable	**42**	42	7 102	-	-
Term loan	**-**	1 135	1 135	-	-
	1 331 938	937 527	803 620	229 550	187 362
BORROWINGS	**-**	-	-	1 676	3 385
CAPITAL AND RESERVES					
Share capital	**8 622**	5 748	3 530	1 530	1 275
Share premium	**114 036**	119 066	23 209	-	-
Other reserves	**54 266**	28 776	9 651	16 172	16 784
Core capital	**176 924**	153 590	36 390	17 702	18 059
Fixed assets revaluation reserve	**11 231**	11 231	11 231	-	-
SHAREHOLDERS' FUNDS	**188 155**	164 821	47 621	17 702	18 059
	1 520 093	1 102 348	851 241	248 928	208 806
Gross earnings	**154 093**	101 106	86 079	25 506	23 928
Profit before taxation and exceptional item	**54 637**	26 988	12 514	6 239	5 608
Taxation	**(5 303)**	(2 996)	(1 046)	(1 586)	(1 423)
Profit after taxation and exceptional item	**40 002**	19 831	11 468	4 653	4 185
Transfer to reserves	**25 127**	16 856	(4 408)	(2 817)	(2 655)
Dividend (Gross)	**-**	-	(7 060)	(1 836)	(1 530)
Earnings per share (kobo) – basic	**305**	241	186	249	164
Net asset per share (kobo)	**1 070**	1 434	675	578	708

Basic earnings per share is based on the weighted average number of ordinary shares of 50 kobo each in issue during the respective years.

Net assets per share is based on the number of ordinary shares in issue at the end of the respective years.

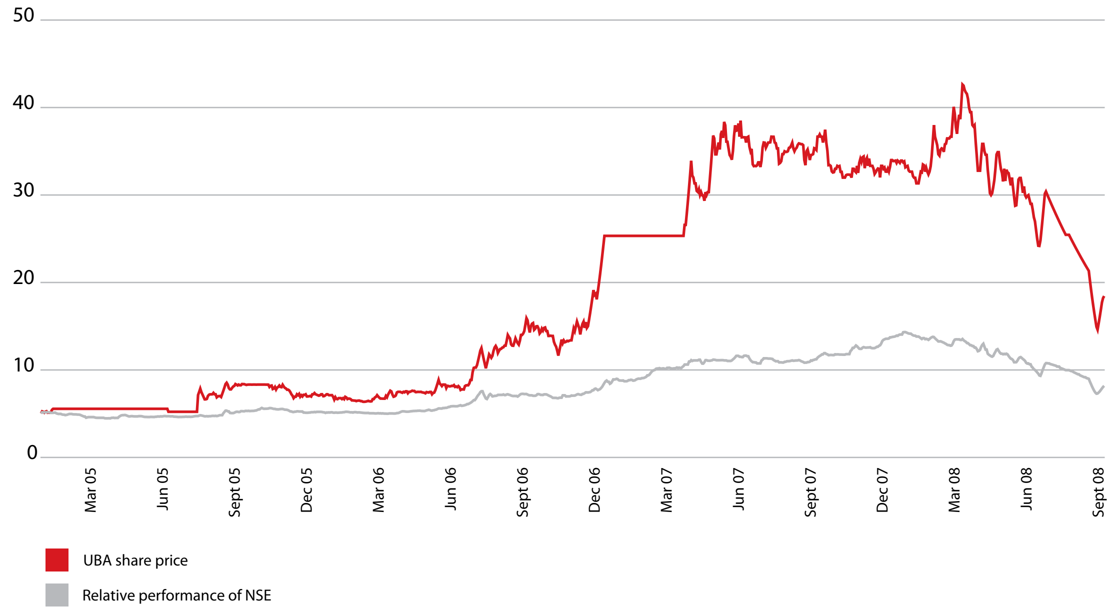
Shareholder information

MARKET STATISTICS

UBA has been listed on the NSE since 1970. UBA's share price performance since 1 January 2005 is illustrated in the chart below which represents the performance of UBA shares after adjusting for all bonus share issues compared to the NSE Index.

UBA share price (N)

For the period 1 January 2005 to 30 September 2008



- UBA's share price has increased by 246% as compared to 56% increase in the value of the index over the same period
- At 30 September 2008 UBA's market capitalisation was N448 890 million which represented 4.5% of the total market capitalisation of the NSE

SUMMARY OF DEALINGS

Quarter	Volume	Value (N)	Average monthly volume	Average monthly value (N)
December 2007	834 901 576	42 814 124 030	278 300 525	14 271 374 677
March 2008	1 915 905 370	95 323 645 018	638 635 123	31 774 548 339
June 2008	3 452 374 850	171 038 847 245	1 150 791 617	57 012 949 082
September 2008	1 195 747 076	36 210 450 730	398 582 359	12 070 150 243
	7 398 928 872	345 387 067 023	2 466 309 624	115 129 022 341

Source: CSCS

- During 2008, trading in UBA shares totalled N345 387 067 023 of UBA shares were traded, representing 77% of market capitalisation at 30 September 2008
- UBA is one of the most actively traded stocks on the NSE and during 2008 averaged over 6% of total value traded on the NSE

UBA

SHAREHOLDING STRUCTURE

The authorised share capital of the Bank is N12 500 000 000 made up of 25 000 000 000 ordinary shares of 50 kobo each.
The issued and paid up share capital of the Bank as at 30 September 2008 was N8 622 584 985 made up of 17 245 169 970 ordinary shares of 50 kobo each.

Top 10 shareholders at 30 September 2008

Shareholder	Number of shares held	% of total
First Dominion Investment Limited	1 122 660 000	6.5
The Bank of New York Mellon	975 841 084	5.7
Consolidated Trust Funds Limited	850 233 483	4.9
BGL Securities Limited/MM	629 776 834	3.7
STH Limited	588 252 240	3.4
Poshville Investments Limited	516 935 875	3.0
Stanbic Nominees Nigeria Limited	436 166 136	2.5
BGL Investment Limited	404 736 105	2.3
International Finance Corporation	309 750 000	1.8
African Development Bank	270 621 427	1.6
Total	6 105 000 184	35.4

The top 10 shareholders hold 6 105 000 184 which is equal to 35.4% of the total shares on issue.

The Bank of New York Mellon administers UBA's GDR programme – Refer page 118 for details.

ANALYSIS OF SHAREHOLDINGS

Range		Holders	Holders %	Units	Units %
1	20 000	215 168	87.4	819 767 712	4.8
20 001	40 000	14 325	5.8	399 408 076	2.3
40 001	60 000	5 356	2.2	262 156 392	1.5
60 001	100 000	4 042	1.6	312 969 514	1.8
100 001	300 000	4 914	2.0	823 956 062	4.8
300 001	500 000	864	0.3	337 862 222	2.0
500 001	1 000 000	733	0.3	509 256 143	2.9
1 000 001	5 000 000	656	0.3	1 320 682 162	7.7
5 000 001	1 000 000 000	193	0.1	11 336 451 687	65.7
1 000 000 001 and above		1	0.0	1 122 660 000	6.5
		246 252	100.0	17 245 169 970	100.0

No individual shareholder held over 10% of the issued share capital of the Bank as at 30 September 2008.

Shareholder information

GDR PROGRAMME

In order to facilitate investment from foreign institutions which are unable to invest directly into Nigeria, a GDR programme was established in 1998. This GDR programme trades over-the-counter and is administered by the Bank of New York Mellon. The GDRs are denominated in US$ and 1 GDR is equivalent to 200 underlying shares. GDRs are freely fungible into local shares, but local shares are not fungible into GDRs.

HISTORY OF CAPITALISATION

Date	Authorised N	Issued and fully paid capital N	Consideration
23 February 1961	4 000 000	4 000 000	Cash
3 January 1970	6 000 000	4 000 000	–
24 November 1970	6 000 000	4 500 000	Cash
24 July 1973	10 000 000	6 000 000	Bonus (1:3)
2 July 1974	10 000 000	8 000 000	Bonus (1:3)
9 July 1975	20 000 000	10 000 000	Bonus (1:4)
9 March 1977	20 000 000	15 000 000	Bonus (1:2)
27 July 1977	30 000 000	20 000 000	Bonus (1:3)
2 August 1978	50 000 000	30 000 000	Bonus (1:2)
28 July 1981	100 000 000	65 000 000	Bonus (1:6)
28 July 1982	100 000 000	70 000 000	Bonus (1:7)
27 July 1983	100 000 000	75 000 000	Bonus (1: 8)
30 July 1986	100 000 000	75 000 000	Bonus (2:3)
25 July 1990	200 000 000	100 000 000	Bonus (1:3)
24 July 1991	200 000 000	100 000 000	–
8 September 1994	300 000 000	300 000 000	Bonus (2:1)
16 October 1997	1 000 000 000	500 000 000	Bonus (2:3)
3 August 2000	1 000 000 000	850 000 000	Bonus (7:10)
3 August 2002	2 000 000 000	1 275 000 000	Bonus (1:2)
30 September 2004	6 000 000 000	1 530 000 000	Bonus (1:5)
1 August 2005	6 000 000 000	3 530 000 000	Merger with STB
22 February 2007	6 000 000 000	4 236 000 000	Bonus (1:5)
4 May 2007	6 000 000 000	4 236 000 000	Foreign loan stock conversion
25 September 2007	6 000 000 000	5 748 389 990	Cash (rights & public offer)
18 January 2008	7 500 000 000	5 748 389 990	–
18 June 2008	12 500 000 000	8 622 584 985	Bonus (1:2)

TEN YEAR DIVIDEND HISTORY

Dividend number	Dividend type	Year ended	Date declared	Total amount (N'million)	Dividend per share N	% of issued capital
46	Final	31 March 1999	12 October 1999	580	0.58	116
47	Final	31 March 2000	3 August 2000	850	0.85	170
48	Final	31 March 2001	2 August 2001	425	0.25	50
49	Final	31 March 2002	1 August 2002	510	0.30	60
50	Final	31 March 2003	8 August 2003	1 148	0.45	90
51	Final	31 March 2004	30 September 2004	1 530	0.60	120
52	Final	31 March 2005	22 July 2005	1 836	0.60	120
53	Final	30 September 2006	31 January 2007	7 060	1.00	200
54	Final	30 September 2007	18 January 2007	13 796	1.20	244
55	Interim	30 September 2008	18 June 2008	2 874	0.25	51

UNCLAIMED DIVIDENDS AS AT 30 SEPTEMBER 2008

Year ended	Dividend number	Dividend type	Net unclaimed amount (N)	Dividend per share (N)
31 March 1993	40	Final	282 680	0.20
31 March 1994	41	Final	3 400 802	0.25
31 March 1995	42	Interim	5 426 294	0.17
31 March 1996	43	Final	8 615 501	0.33
31 March 1997	44	Final	4 294 485	1.00
31 March 1998	45	Final	5 052 894	0.30
31 March 1999	46	Final	12 285 333	0.58
31 March 2000	47	Final	19 376 711	0.58
31 March 2001	48	Final	18 981 636	0.25
31 March 2002	49	Final	27 702 405	0.30
31 March 2003	50	Final	22 298 550	0.45
31 March 2004	51	Final	13 382 560	0.60
31 March 2005	52	Final	9 938 339	0.60
30 September 2006	53	Final	89 648 911	1.00
30 September 2007	54	Final	659 177 630	1.20
Total			899 864 730	

If you have not received any of your past share certificates and dividends kindly contact:

The Registrar
UBA Registrars Limited
Raymond House 4th Floor
97/105 Broad Street
PO Box 6492
Lagos
Nigeria
Tel: +234-1-4612373

Shareholder information

2009 FINANCIAL CALENDAR

Although we make every attempt to observe the dates below, please note that all future dates are provisional and subject to change.

15 December 2008	Last day of trading in shares cum-2008 final dividend
5 January 2009	Annual General Meeting
8 January 2009	2008 final dividends paid
Mid-January 2009	2009 first quarter results announcement
Mid-April 2009	2008 second quarter results announcement
Mid-July 2009	2009 third quarter results announcement
30 September 2009	Financial year-end
Late November 2009	2009 annual results announcement

CREDIT RATINGS

UBA Plc is rated by leading independent rating agencies. We have favourable credit ratings as shown.

Credit ratings of UBA Plc

	Short-term rating	Long-term rating	Previous ratings	Outlook
Fitch Ratings (May 2008)				
Foreign Currency	B	B+		Stable
National	F1(nga)	A+(nga)	unchanged	
Sovereign Foreign		BB-		Stable
Sovereign Local		BB		Stable
Global Credit Rating Co (April 2008)				
National	A1+	AA+	unchanged	
International		BB-		
Agusto & Co (April 2008)				
National	Aa		Aa+	

Fitch credit ratings

Fitch's credit ratings provide an opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. Credit ratings are used by investors as indications of the likelihood of receiving their money back in accordance with the terms on which they invested. Fitch's credit ratings cover the global spectrum of corporate, sovereign (including supranational and sub-national), financial, bank, insurance, municipal and other public finance entities and the securities or other obligations they issue, as well as structured finance securities backed by receivables or other financial assets.

The use of credit ratings defines their function: "investment grade" ratings (International Long-term, 'AAA' to 'BBB-'; Short-term, 'F1' to 'F3') indicate relatively low to moderate credit risk, while those in the "speculative" or "non investment grade" categories (International Long-term, 'BB+' to 'D'; Short-term, 'B' to 'D') signal either a higher level of credit risk or that a default has already occurred. Credit ratings express risk in relative rank order, which is to say they are ordinal measures of credit risk and are not predictive of a specific frequency of default or loss.

International credit ratings

International credit ratings assess the capacity to meet foreign currency or local currency commitments. Both "foreign currency" and "local currency" ratings are internationally comparable assessments. The local currency rating measures the likelihood of repayment in the currency of the jurisdiction in which the issuer is domiciled and hence does not take account of the possibility that it will not be possible to convert local currency into foreign currency or make transfers between sovereign jurisdictions.

National credit ratings

In certain markets, Fitch provides National Ratings, which are an assessment of credit quality relative to the rating of the "best" credit risk in a country. This "best" risk will normally, although not always, be assigned to all financial commitments issued or guaranteed by the sovereign state. For particular countries, Fitch Ratings also assigns National Insurance Financial Strength Ratings, using a scale unique to such ratings. National Ratings are not intended to be internationally comparable and are denoted by a special identifier for the country concerned.

Country ceiling ratings

Country ceiling ratings are assigned internationally and reflect Fitch's judgment regarding the risk of capital and exchange controls being imposed by the sovereign authorities that would prevent or materially impede the private sector's ability to convert local currency into foreign currency and transfer to non-resident creditors transfer and convertibility ("T&C") risk. Given the close correlation between sovereign credit and T&C risks, where the country ceiling is above the sovereign rating, ratings at the country ceiling may exhibit a greater degree of volatility than would normally be associated with ratings at that level.

GCR's rating symbols and definitions

Short-term debt rating

A short-term debt rating rates an organisation's general unsecured creditworthiness over the short-term (i.e. over a 12 month period). Such a rating provides an indication of the probability of default on any unsecured short-term debt obligations, including commercial paper, bank borrowings, bankers acceptances and negotiable certificates of deposit.

A1+ Highest certainty of timely payment. Short-term liquidity, including internal operating factors and/or access to alternative sources of funds is outstanding, and safety is just below that of risk-free treasury bills.

Long-term debt rating

A long-term debt rating rates the probability of default on specific long-term debt instruments over the life of the issue. It is possible that different issues by a single issuer could be accorded different credit ratings, depending on the underlying characteristics of each issue (e.g. is it a senior or a subordinated debt instrument, is it secured or unsecured and, if secured, what is the nature of the security).

AA+ Very high credit quality. Protection factors are very strong. Adverse changes in business, economic or financial conditions would increase investment risk although not significantly.

Agusto & Co

Aa A financial institution of very good financial condition and strong capacity to meet its obligations as and when they fall due. Adverse changes in the environment (macro-economic, political and regulatory) will result in a slight increase in the risk attributable to an exposure to this financial institution. However, financial condition and ability to meet obligations as and when they fall due should remain strong. Although regulatory support is not assured, shareholder support will be obtained, if required.

Glossary

3iOP: 3 in One Portal, an innovative service from UBA Registrars which allows shareholders, companies and stock-brokers to manage their holdings online
AGM: Annual General Meeting
AML: Anti-money laundering
ATM: Automated teller machine
BA: Bankers acceptance
BFB: British and French Bank Limited, the antecedent bank that later became UBA
BNYM: Bank of New York Mellon UBA's GDR custodian bank
BSP: A system designed to facilitate and simplify the selling, reporting and remitting of procedures of IATA Accredited passengers sales agents, as well as improve financial control and cash flow for BSP airlines. BSP operates in 160 countries and territories. Over 80% of worldwide airline revenues are ticketed via IATA travel agencies in the BSP system.
CAGR: Compound annual growth rate
CAR: Capital adequacy ratio
CBN: Central Bank of Nigeria, the organisation with principal responsibility for managing the stability of the financial system in Nigeria, including regulatory supervision of the banks
CDB: China Development Bank, a state-owned Chinese bank, which is is one of the three policy banks of the PRC, primarily responsible for raising funding for large infrastructure projects
CEO: Chief Executive Officer
CIBN: Chartered Institute of Bankers of Nigeria
COT: Commission on turnover – a fee of not more than 0.5% levied by Nigerian banks on debits on current accounts
CRC: Credit Registry Corporation, the credit bureau in which UBA is a founding shareholder
CSCS: Central Securities Clearing System Limited, the clearing house of the NSE
CSR: Corporate social responsibility
CTB: Continental Trust Bank Limited
EGM: Extraordinary General Meeting
EPS: Earnings per share
ERM: Enterprise-wide risk management
EXCO: Group Executive Committee
FGN: Federal Government of Nigeria
FX: Foreign exchange
GALCO: Group Asset and Liability Committee
GCCO: Group Chief Compliance Officer
GCO: Group Compliance Office
GCOO: Group Chief Operating Officer
GCFO: Group Chief Financial Officer
GCRO: Group Chief Risk Officer
GDR: Global Depository Receipt
GMD: Group Managing Director
GRMC: Group Risk Management Committee
GSS: Group Shared Services project
HCM: Human Capital Management
IATA: International Air Travel Association
ICT: information and communication technology
IFRS: International Financial Reporting Standards
IMF: International Monetary Fund
ITERM: information Technology and E-Business Risk Management Group
LC: Letter of Credit
MD: Managing Director
MOU: Memorandum of Understanding
MWh: Megawatt hours
NCD: Negotiable certificate of deposit
NDIC: Nigeria Deposit Insurance Corporation, the organisation responsible for protecting bank depositors in Nigeria
NNPC: Nigerian National Petroleum Corporation
NPL: Non-performing loans
NSE: the Nigerian Stock Exchange
OCC: Office of the Controller of the Currency, the principal US banking regulator
P&A: Purchase & Assumption arrangement of Nigeria's financial regulatory bodies, the Central Bank of Nigeria and the Nigerian Deposit Insurance Corporation in order to protect depositors of banks that failed to meet minimum capital requirements
PFA: Pension Fund Administrator, registered under the Pensions Reform Act 2004
PFC: Pension Fund Custodian, registered under the Pensions Reform Act 2004
POS: Point of Sale machine
PPP: Public private partnership
RMCRD: Remedial Management & Credit Recovery Division
ROA: Return on average assets
ROE: Return on average equity
RSA: Retirement savings account
SEC: Securities and Exchange Commission
SWF: Sovereign wealth funds
T&C Risk Transfer and convertibility risk
UBA: United Bank for Africa Plc, sometimes referred to as "the Bank" but also may be used in reference to the Group consisting of UBA and its subsidiaries and affiliates
UBA GIS: UBA Global Investor Services
UBA NYB: UBA New York branch
UK: The United Kingdom
USA: The United States of America
VaR: Value at Risk
WAEMU: West African Economic and Monetary Union (or UEMOA in French) is an organisation of eight West African States that share a common currency. The member states are: Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo.

Designed by motiv
Printed by INCE

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 47th Annual General Meeting of United Bank for Africa Plc will be held at the **Forshams Hall, 3 Dipcharima Road, Old GRA, Maiduguri, Borno State** at **11:00 am** on **Monday, the 5th day of January 2009** to transact the following business:

ORDINARY BUSINESS

1. To receive the audited Accounts for the year ended 30 September 2008 together with the reports of the Directors, Auditors and the Audit Committee thereon
2. To declare a final dividend
3. To elect/re-elect Directors
4. To authorise the Directors to fix the remuneration of the Auditors
5. To elect members of the Audit Committee

SPECIAL BUSINESS

To consider and if thought fit, to pass the following as an ordinary resolution:

"That following the recommendation of the Directors pursuant to Article 115 of the Bank's Articles of Association, the sum of N2 155 646 246 be and is hereby capitalised from the share premium of the Bank into 4 311 292 492 ordinary shares of 50 kobo each and appropriated to members whose names appear in the Register of Members at the close of business on 18 December 2008 in proportion of one new share for every four shares registered in such member's name on that date, the shares so distributed being treated as for all purposes as capital and not as income shall rank *pari-passu* with the existing issued ordinary shares of the Bank provided that the shares issued pursuant to this resolution shall not rank for the dividend recommended for the year ended 30 September 2008."

PROXY

A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. To be valid, a proxy form must be duly stamped at the Stamp Duties office and returned to the Registrar, UBA Registrars Limited, Raymond House, 97/105 Broad Street, PO Box 6492, Lagos, not less than 48 hours prior to the time of the meeting.

NOTES

1. Dividend

If the proposed dividend of 75 kobo for every share of 50 kobo is approved at the Annual General Meeting, direct payment (via e-dividend) to the respective bank accounts of shareholders shall be effected on 8 January 2009 and the dividend warrants for shareholders who have not completed the e-dividend Mandate Form shall also be posted on 8 January 2009. In line with the foregoing, shareholders are encouraged to complete the Mandate Form for the payment of the e-dividend and send same to the Registrar.

2. Closure of Register of Members

The Register of Members will be closed from 16 December 2008 to 18 December 2008 (both dates inclusive), to enable the Registrar to prepare for the payment of dividend and the bonus issue.

3. Audit Committee

In accordance with Section 359(5) of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004, any shareholder may nominate another shareholder for appointment to the Audit Committee. Such nomination should be in writing and should reach the Company Secretary at least 21 days before the date of the Annual General Meeting.

Dated this 27th day of November 2008.

By Order of the Board.

Aidevo Odu-Thomas
Company Secretary
57 Marina, Lagos

Proxy form

UBA

United Bank for Africa Plc (RC 2457)

47th ANNUAL GENERAL MEETING

47th Annual General Meeting of United Bank for Africa Plc which will be held at Forshams Hall, 3 Dipcharima Road, Old GRA, Maiduguri, Borno State at 11:00 am on Monday, the 5th day of January 2009.

I/We **(block capitals please)**

Being a member/members of UNITED BANK FOR AFRICA PLC, hereby appoint **

(block capitals please)

or failing him, the Chairman of the meeting as my/our proxy to act and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Forshams Hall, 3 Dipcharima Road, Old GRA, Maiduguri at 11.00am or at any adjournment hereof.

Date

Shareholder's signature

NOTE

1. A member (shareholder) who is unable to attend the 47th Annual General Meeting is allowed by law to vote by proxy and this proxy form has been prepared to enable you to exercise your right to vote in case you cannot personally attend the meeting.
2. Following the normal practice, the Chairman of the meeting has been entered on the form to ensure that someone will be at the meeting to act as your proxy, but if you wish, you may insert in the blank space (marked**) the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf.
3. Please sign and post the proxy so as to reach "The Registrar, UBA Registrars Limited, Raymond House, 97/105, Broad Street, Lagos" not later than 48 hours before the meeting and ensure that the proxy form is dated, signed and stamped by the Commissioner for Stamp Duties.
4. If executed by a corporate body, the proxy form should be sealed with the common seal or under the hand of an officer or attorney duly authorised in that behalf.

S/N	Resolutions	for	against	abstain
1.	To receive the audited accounts and the reports of the Directors, Auditors and Audit Committee thereon			
2.	To declare a final dividend			
3.	To elect/re-elect Directors			
4.	To authorise the Directors to fix the remuneration of the Auditors			
5.	To elect members of the Audit Committee			
	Special business			
6.	To declare a bonus issue			

Please indicate, by marking 'X' in the appropriate space, how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed the proxy will vote or abstain from voting at his discretion.

ADMISSION CARD

Before posting the above form, please tear off this part and retain it for admission to the meeting

ANNUAL GENERAL MEETING

United Bank for Africa Plc RC 2457

Please admit the shareholder named on this card or his duly appointed proxy to the Annual General Meeting of the Company to be held at Forshams Hall, 3 Dipcharima Road, Old GRA, Maiduguri, Borno State at 11:00 am on Monday the 5th day of January 2009.

Please tick appropriate box before admission to the meeting

☐ Proxy

☐ Shareholder

Name and address of Shareholder

Number of shares

Signature of Shareholder

Card is to be signed at the venue in the presence of the Registrar

Corporate information

REGISTERED OFFICE
UBA House
57 Marina
Lagos, Nigeria

Phone +234-1-2644651-700
Fax +234-1- 2662223

COMPANY REGISTRATION
RC No: 2457

COMPANY SECRETARY
Aidevo Odu-Thomas

CUSTOMER INTERACTION CENTRE
Phone +234-700-22558222
Email cic@ubagroup.wm

AUDITORS
Akintola Williams Deloitte
235 Ikorodu Road
Ilupeju
Lagos, Nigeria

Phone +234-1-4930720-4
Fax +234-1-4970023

REGISTRARS
UBA Registrars Limited
Raymond House
95/105 Broad Street
Lagos, Nigeria

Phone +234-1-4612373

www.ubaregistrars.com

INVESTOR RELATIONS
UBA House
12th Floor, 57 Marina
Lagos, Nigeria

Phone +234-1-2808504
Email investor.relations@ubagroup.com

TO BUY OR SELL SHARES IN UBA
UBA Stockbrokers Limited
UBA House
10th Floor, 57 Marina
Lagos, Nigeria

Phone +234-1-2808919
Fax +234-1-2800059

www.ubastockbrokersltd.com

OTHER UBA BUSINESSES

UBA METROPOLITAN LIFE INSURANCE
Plot 1662
Oyin Jolayemi Street
Victoria Island
Lagos, Nigeria
Nigeria

Phone +234-1-4620570

www.ubametropolitan.com

UBA PENSIONS CUSTODIAN
30 Adeola Hopewell Street
Victoria Island
Lagos, Nigeria

Phone: +234-1-2718000-4
Fax: +234-1-2718009

www.ubapensions.com

UBA CAPITAL (AFRICA)
UBA House
11th Floor, 57 Marina
Lagos, Nigeria

Phone +234-1-2800021-44
Fax +234-1-4612379

www.ubaglobalmarkets.com

UBA CAPITAL (EUROPE)
3rd floor, 2-4 King Street
London SWIY 6QL
United Kingdom

Phone +44 207 766 4600
Fax +44 207 766 4601

www.ubacapital.com

UBA ASSET MANAGEMENT
22B Idowu Taylor Street
Victoria Island
Lagos, Nigeria

Phone +234-1-2700750-6
Fax +234-1-2700762

www.ubaassetmanagement.com

UBA MICROFINANCE BANK
UBA House
57 Marina
Lagos, Nigeria

Phone +234-1-2807822

UBA FOUNDATION
UBA House
3rd Floor, 57 Marina
Lagos, Nigeria

Phone +234-1-2808490

UBA TRUSTEES
UBA House
2nd Floor, 57 Marina
Lagos, Nigeria

Phone +234-1-2807302
Phone +234-1-2807275
Fax +234-1-2800056