United Bank for Africa Plc

RC: 2457

Annual Report 2009

Africa's global bank

2005 – 2010: 5 Years of Achievement

1 Merger of STB& UBA

- The historic merger of the then STB and UBA in 2005; the 5th and 3rd largest Banks in Nigeria – The first of its kind in Nigeria.
- Key elements of the integration of the two culturally different institutions were achieved in record time.

2 Our Vision, Mission and Core Values

Vision and Mission statements were developed that would direct our employees and keep us all focused on our aspirations. Core Values were also articulated and communicated to ensure values were shared across the organisation.

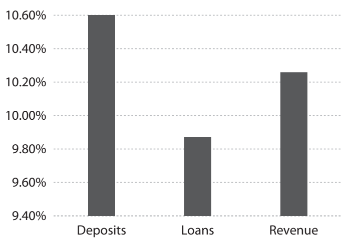
- Vision – To be the undisputed leading and dominant financial service provider in Africa
- Mission Statement – To be a role model for African businesses by creating superior value for all our stakeholders; abiding by the utmost professional and ethical standards and by building an enduring institution
- Core Values – H – Humility; E – Empathy; I – Integrity; R – Resillence

3 UBA's 3-Tier Strategic Intent – 'Africa's global bank'

3-Tier strategic intent:

- To be the dominant and clear leader in the financial services industry in Nigeria
- To be a leading African Bank with presence in most African countries
- To establish a Global presence with a footprint in key financial centres in the world

UBA Africa's Contribution to the Group



- 700 branches in Nigeria – the largest branch network in the country
- Operating presence in 16 African countries
- Branch in New York, a subsidiary in the UK and a representative office in France
- All locations outside Nigeria with exception of New York and Ghana branches which were established within the last four years
- Twenty (20) African countries by 2010 and will soon extend our global presence to China and Dubai

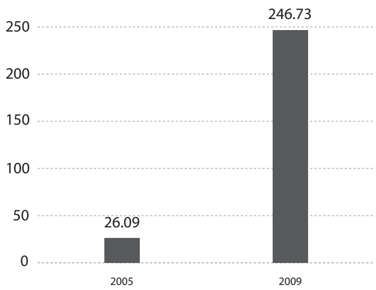
4 Brand Enhancement & Visibility

- Invested in brand building activities across our geographies as part of our global brand visibility drive
- Moved up 166 places from 451 to 285 positions in the Top 500 global banking brands as ranked by the Banker Magazine
- Awarded an "A" rating in the annual ranking of banks worldwide, with a brand value estimated at US$322 million
- Second fastest growing financial services brand in the world and the first outside of the United States of America
- Named by The Boston Consulting Group among one of 40 African Challengers

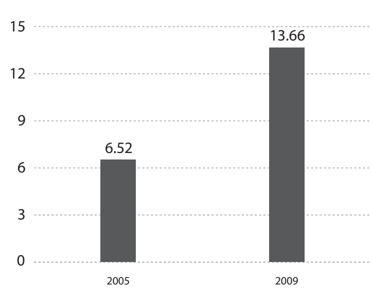
5 e-Payment Leadership & Africa . . . United by One Bank

- Dominant market share across all e-payment channels, including ATMs, Internet and mobile banking
- Largest ATM network
- Leader in Nigeria on cards
- Launched Africash and Afritrade products to provide integrated platforms to facilitate remittances and trade across Africa
- Africard will soon be launched to enable UBA cardholders transact across our African network

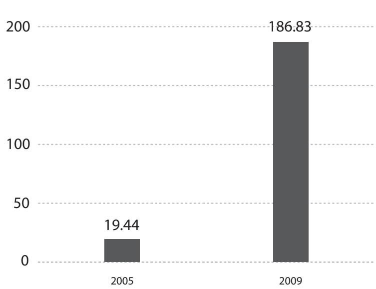
Gross Earnings
(N'Billion)



Profit Before Tax and Exceptional Items
(N'Billion)



Equity Base
(N'Billion)



6 Leadership Training & Development

- Established a performance management system built on meritocracy
- Attracted the best of local and foreign talent. Africans in Diaspora have returned to Africa through UBA
- Established an in house training institution, the UBA Academy to train all cadres of staff in banking and leadership programmes
- UBA Academy launched the GMD Inspirational Lecture Series (GILS) in 2009, a quarterly interactive learning platform targeted at the Group's senior executives
- Notable past guest speakers of GILS include Dr Christopher Kolade, Dr Ngozi Okonjo-Iweala, and most recently Gen. Martin Lurther Agwai (Rtd.) Amongst others

7 Customer Service

Established a Customer Service Directorate focused on three pillars:

- Training our customers and staff
- Customer Interaction and Complaint Management

Service Quality Assurance

- Customer Service Training
- Trained over 11 000 staff on our H.E.I.R. core values
- Over 2 000 marketing staff on product-specific knowledge
- Over 9 000 staff on the Customer Service Excellence Programme
- Instituted various Customer Service initiatives such as the Customer Service Day is held on the last Friday of the month to better manage and serve our customers

8 Group Shared Services (GSS)

- To transform our branches from a reactive operations centre focusing on transactions to a proactive sales and service centre focusing on customer relationship and sales
- The GSS platform now covers all our operations in Nigeria and we are extending this to all subsidiaries in Africa and non bank subsidiaries
- Implementation of the GSS has resulted in 40% reduction in direct operations costs across the bank and process improvements

9 Cost Management

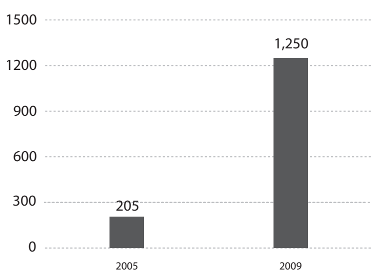
- We have increased focus on managing cost, driving efficiency and embedding cost reduction consciousness in our employees
- Project 20 was launched to research our existing business models, apply rigorous thinking and best practices for sustainable profitability

10 Financial Performance

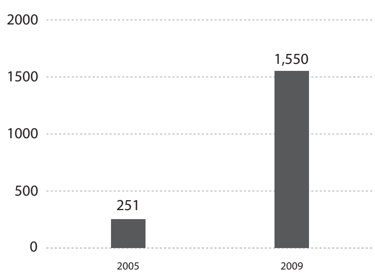
Growth in most financial indices

	Unit/Currency	2005	**2009**
Gross earnings	N'Billion	26.09	**246.73**
Profit before tax and exceptional items	N'Billion	6.52	**13.66**
Equity base	N'Billion	19.44	**186.83**
Deposits	N'Billion	205.00	**1 250.00**
Total assets	N'Billion	250.80	**1 550.00**
Balance sheet size	N'Billion	332.60	**2 240.00**
Share price	Naira	10.00	**14.85**

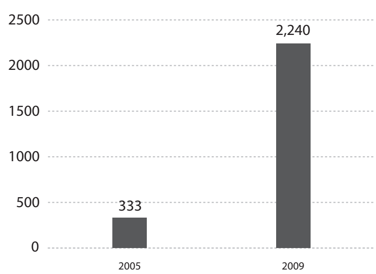
Deposits
(N'Billion)



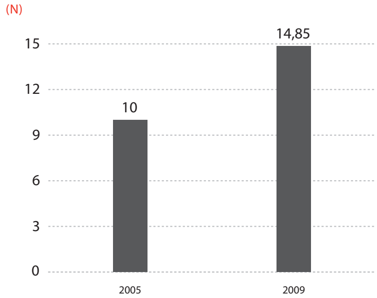
Total Assets
(N'Billion)



Balance Sheet Size
(N'Billion)



Share Price
(N)



Products & channels launched

UBA
United Bank for Africa plc

Cards
- Global prepaid mastercard
- Visa Dual Currency Debit Card
- UBA Debit Card
- UBA Gunners Card

E-Banking
- Paymanager
- EMS
- U-Direct
- U-Mobile
- Eduportal
- Bank Collect
- Schools Online
- U-Pay
- E-Dividend
- SMS/E-mail Alerts
- Cash and Cheque deposit ATM

Remittances
- CashFast
- Moneygram
- Western Union
- AfriCash

Consumer Credit
- UBA Mortgages
- No Wahala Loans
- Asset Finance
- Auto Finance
- Executive Loans
- Overdraft Max

Retail Liabilities
- Patriot Savings Account
- Employee Savings Account
- Professional Account
- Regular Current Account
- Lion Prime Account
- Freedom Savings Account
- UBA Gold Savings Account
- UBA Gold Plus Savings Account
- U-Care Savings Account
- Corpers Savings Account
- UBA General Savings Account

Social Media Presence
- Facebook
- Youtube
- Twitter

Global Alliances
- VISA
- Arsenal
- UBS
- IATA
- Moneygram
- Metlife
- Shelter-Afrique
- MasterCard
- Emirates
- Western Union

Deals done

2005	2006	2007	2008	2009	2010
		Shell Petroleum Development Company US$150m Global Facility Agent			
		UBA Rights Issue/Offer NGN 53bn Joint Lead Arranger			
		Eleme Petrochemical Company US$130m Co-Lender			
	Nigerian Content Support Fund US$350m (UBA: US$50m) Financial Advisor/Lead Arrange	FCMB NGN65bn Joint Issuing House			
	TINAPA Calabar NGN10bn Lead Arranger/Underwriter	Federal Mortgage Bank of Nig. NGN 100bn Lead Arranger/Co-underwriter	IATA/BSP BSP Clearing Bank		
	Oceanic Bank International Plc NGN 2bn Lead Arranger	Chams NGN 5bn Lead Issuing House	NNPC/Mobil NGL2 US$220m (UBA: US$50m) Facility Agent		
	Kebbi State Government Bond NGN3.5bn Lead Arranger/Underwriter	Dangote Flour NGN 18.7bn Joint Issuing House	MTN Communications NGN 8.5bn Top Up (VTU) Project		
NNPC/MPN Satellite Oil Field US$600m (UBA: US$12.5m) Co-Lender	Energy Company Nigeria Limited US$140m Mandate Lead Arranger	Dunlop Nigeria NGN 9.5bn Lead Arranger/Co-underwriter	Dangote S.A. Rands Sephake US$45m Dollar Term Loan	African Development Bank US $150million Trade Finance	Accugas Limited US$70m (UBA: US$35m) Co-lender
NNPC/Mobil Natural Gas liquid US1.275bn (UBA: US$25m) Facility Agent	Oceanic Bank International Plc NGN55.4bn Joint Issuing Arranger	Virgin Nigeria US$100m Sole Lead Arranger/Structurer	Dangote US$1.8bn Syndicate Load	ICT Connect NGN 4.5m APG Facility	NNPC/MPN NGL2 US$265m Lead Underwriter/Facility Agent
Elf Petroleum US$40m Project Financing	Transcorp NGN 60bn Joint Lead Arranger	Notore Chemical Industries US$222m Financial Adviser/Lead Arranger/ Trustee	Strategic Alliance with Arsenal Football Club	Imo State Government NGN 18.5 bn Lead Arranger	Virgin Nigeria Airways US$800,000 AFRIEMEX Loan

Group at a glance

Countries of operation

United Bank for Africa plc

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

Who we are

UBA Plc is the leading financial services group in West Africa with presence in 16 African countries as well as United Kingdom, United States of America and France.

Beyond traditional banking services, the Bank provides innovative financial services through its network of subsidiaries, providing investment banking, wealth management, trusteeship, life insurance, pension custody, stock-broking and investor registrarship services. UBA Plc. is quoted on the Nigerian Stock Exchange.

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 7.2 million customers in personal, commercial and corporate market segments. The bank's operations is spread across 19 countries, consisting of Nigeria, 15 other African countries, United States of America, United Kingdom and France.

CHANNELS

UBA has the largest distribution network in Nigeria. As at 31 December 2009, there were 711 branches and retail outlets, 1 635 ATMs and 1 230 POS machines fully deployed.

STAFF

The group currently has over 13 000 staff worldwide.

Board of directors

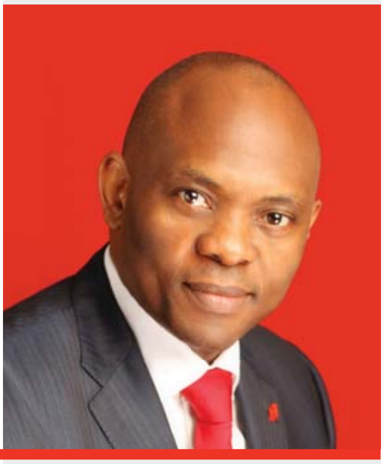
CHIEF FERDINAND ALABRABA

Non-Executive Chairman

Appointed 2005

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

Served as a Director on many boards, including African Continental Bank, Continental Trust Bank, Crown Realities and Standard Trust Bank; Currently the Managing Partner/Chief Executive of Aman Associates.



TONY ELUMELU, MFR

Group Managing Director/CEO

Appointed 2005 Retiring 2010

Holds graduate and post-graduate degrees in Economics and alumnus of Harvard Business School and IMD Advanced Management Programmes. Has been actively involved in the Nigerian private sector for the past two decades.

Conceived and managed the merger of Standard Trust Bank and United Bank for Africa and the subsequent acquisition of Continental Trust Bank, creating the largest financial services group in West Africa; Championed UBA Plc's purchase and assumption of Trade Bank, City Express Bank, Gulf Bank, Metropolitan Bank, Afex Bank and Liberty Bank; Presided over the acquisition and integration of two major banks in West Africa (Burkina Faso and Republic of Benin) and the rollout of banking operations in 12 other African countries with total branch network of about 117 – all in pursuance of the UBA Group's aspiration to be Africa's Global Bank.

Honoured as a Member of the Order of the Federal Republic of Nigeria (MFR) in 2003 and holder of numerous other local and international awards, he is a strong proponent of public-private partnership for national development. Sits on the boards of several companies [including ValuCard Nigeria Plc, Central Securities Clearing System and United Bank for Africa (Ghana) Limited] and has served on various national and presidential committees.

Steps down as GMD/CEO on 31 July 2010 after 13 years at the helm.

Executive directors

PHILLIPS ODUOZA
Executive Director (Deputy Managing Director, Nigeria-South and GMD/CEO-Designate)

Appointed 2005

Holds an MBA (Finance) and first class BSc (Civil Engineering) degrees from the University of Lagos. Alumnus of the Harvard Business School's Advanced Management Programme.

Working career spans over two decades with experience in several areas of banking, including Credit and Marketing, Treasury Relationship Management, IT, Business Development, Internal Control and International Operations with C-suite appointments before joining UBA in 2004.

Appointed as GMD/CEO designate of UBA Group to take over from Tony Elumelu effective 1 August 2010.

FAITH TUEDOR-MATTHEWS
Executive Director (Deputy Managing Director, Nigeria-North)

Appointed 2005

Holds an MBA from University of Aston, Birmingham, first degree from the Southampton Institute and a post-graduate Diploma in Marketing from North Staffordshire University, all in England. 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.

Banking career spans over 20 years with cognate experience in various areas of banking, including Corporate Banking, International and Domestic Operations, Branch Management and Risk Asset Management. Joined Standard Trust Bank as an Executive Director and was appointed Deputy Managing Director, UBA Nigeria (North) in 2008.

VICTOR OSADOLOR
Executive Director (Group Chief Finance Officer and DMD designate)

Appointed 2005

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

Began his career at PriceWaterhouseCoopers and has over 20 years' experience in the financial services industry. At the executive level, he has played several key roles, including serving as the Chairman of Standard Trust Bank Plc/UBA Plc's Integration Committee. He was one of the principal executive officers responsible for the successful delivery of all UBA's merger and acquisition transactions to date.

He chairs both the Group Risk Management Committee of the Bank and the CIBN Bookshop Management Committee.

Appointed as Deputy Managing Director designate of UBA Group effective from 1 August 2010.

GODWIN IZE-IYAMU
Executive Director (Subsidiaries and Specialized Products)

Appointed 2004 Retired 2010

Holds a BSc degree in Mechanical Engineering (*magna cum laude*) from the University of Central Florida and an MSc (Accounting) degree from University of Houston, both in USA. A Certified Public Accountant (CPA), after training in the United States as a professional accountant, sat for and passed the CPA examinations in the State of Texas, and was honoured with a 'Top Ten Award' in the final CPA examinations in that state. Alumnus of Insead (France) Advanced Management Programme.

Professional accounting career has seen him work with some renowned accounting firms, both in Nigeria and the USA as well as Mobil, prior to joining the banking industry.

Banking career spans over 25 years and within the financial services industry, is an acknowledged authority in corporate banking and energy finance He was a co-chairman of the steering committee that mid-wifed the merger/integration of UBA and STB merger.

Retired from the Board of UBA in March 2010 after a meritorious service.

Board of directors *(continued)*

ANGELA NWABUOKU

Executive Director (CEO, UBA Global Transaction and Consumer Banking)

Appointed 2008 Retired 2010

Holds a BSc degree from The America University, Washington DC and qualified as an International Associate of the American Institute of Certified Public Accountants in 1985. Currently pursuing an MBA at the Warwick Business School, UK.

Working career spans over 23 years with experience in key financial services institutions in countries across West Africa, having held executive management positions in international and regional banks.

Holds board positions in UBA Liberia, Tanzania, Kenya, Zambia, Chad and Guinea Conakry. Also a member of the Board of UBA Metlife and Chairman of CRC Credit Bureau.

Retired as an Executive Director of UBA in March 2010 and was appointed a Non-executive Director inJuly 2010.

EMMANUEL NNOROM

Executive Director (Group Executive Office)

Appointed 2008

Alumnus of the Oxford University Templeton College and trained as an accountant with the accounting firm of Peat Marwick Caselleton Elliot & Co., where he qualified as a professional accountant. Holds the fellowship of the Institute of Chartered Accountants of Nigeria and the Chartered Institute of Bankers of Nigeria.

Has had extensive work experience in accounting and finance (including at executive levels) in both the real and banking sectors of the Nigerian economy spanning over two decades. Previously worked with Standard Trust Bank and since joining UBA, has been involved in several functions, including financial control, operations, regulatory reporting and management.

RASHEED OLAOLUWA

Executive Director (CEO, UBA Africa)

Appointed 2008

Mr. Rasheed Olaoluwa, Executive Director, United Bank for Africa Plc (UBA) holds a first class honours degree in Civil Engineering and an Executive MBA from International Graduate School of Management (IESE), Spain. He started his career at Arthur Andersen where he qualified as a Chartered Accountant. He has had an illustrious banking career, playing senior roles in marketing and relationship management, treasury management, currency trading and investment banking. He was the MD/CEO of the erstwhile Universal Trust Bank Plc prior to joining UBA Group in 2006.

He has played various key roles within UBA such as Director, Strategy & Business Transformation, Director, Corporate & Investment Bank, Regional Bank Head, Ikeja Regional Bank, and Regional CEO-UBA West and Central Africa. He was appointed Chief Executive Officer, UBA Africa in March 2008 and has succeeded in extending UBA's operations into West, Central, East and Southern African regions.

ABDULQADIR BELLO

Executive Director (North Bank)

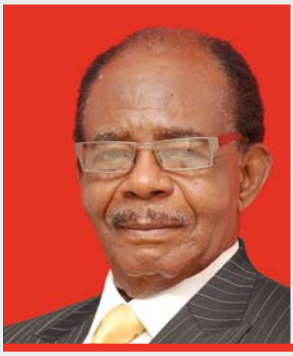
Appointed 2009

Holds a BSc (Accounting) degree from Bayero University, Kano and associate membership of The Institute of Chartered Accountants of Nigeria.

Has over 20 years' experience in the banking sector, during which period he held several senior management positions in various banks. Until his appointment as Executive Director, he was Chief Credit Officer of UBA Plc.

Non-executive directors

CHIEF ISRAEL C. OGBUE
Director



Appointed 2005

Qualified as a Chartered Secretary following graduation from South-West London College of Commerce, England. Holds the fellowship of the Chartered Institute of Secretaries.

Has work experience spanning over four decades, seven of which were at Senior Management level as General Manager of National Insurance Corporation of Nigeria (NICON), prior to his retirement. Has served as a Director on the boards of many companies, including Transcorp Hilton Hotel and NAL Bank (now Sterling Bank Plc).

ADA R. OKWECHIME
Director

Appointed 2005

Holds Masters degree (Banking and Finance) and membership of the Chartered Institute of Bankers since 1976.

Has served in the banking industry for over 25 years, including her time at the Bank of England. A distinguished banker, she has been the Managing Director of Abbey Building Society Limited since 1992.

Sits on the boards of several companies.

WILLY KROEGER (GERMAN)
Director

Appointed 1996

Graduate of Banking Economics from Bankademie Hamburg, Germany.

Has worked with Deutsche Bank (formerly Bankers Trust Company) for over 35 years in various capacities and is currently with the UK subsidiary of the Group as Global Assets Relationship Manager for North and West African Financial Institutions.

PAOLO DI MARTINO (ITALIAN)
Director

Appointed 2005

An alumnus of M. Da Passano's Commercial School in Italy graduating with the 1970 Accountancy class, he holds a doctorate in Agriculture from Pisa University, Italy.

In 1975, he joined Monte Dei Paschi Siena, an Italian-based bank, 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.

Board of directors *(continued)*

GARBA RUMA
Director

Appointed 2007

A former banker and political scientist, he holds a BSc (Political Science) degree from the Ahmadu Bello University, Zaria.

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 at Federal Ministry of Labour and Productivity as Director of Personnel and Administration and as Director of Cooperatives, Arewa Hotels, among other high profile appointments.

ADEKUNLE A OLUMIDE, OON
Director

Appointed 2007

Obtained a BA Degree (History) from the University College of Ibadan in 1964.

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

Oversaw the re-opening of the Nigerian Embassy in Gabon in 1974, after the Nigerian civil war as the Charge'd'Affaires. He retired as the Director General of Lagos Chambers of Commerce and Industry in 2005. He is a recipient of the national honour of Officer of the Order of the Niger (OON) and a member of the Nigerian Economic Summit Group (NESG).

CHIEF KOLA JAMODU, OFR
Director

Appointed 2007

Fellow of the Institute of Chartered Accountants of Nigeria, Chartered Institute of Management Accountants, Chartered Institute of Secretaries and the Chartered Institute of Taxation. He is an alumnus of the Harvard Business School, USA.

An industrialist and 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 Nigerian Minister of Industry by the Federal Government.

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

FOLUKE ABDULRAZAQ
Director

Appointed 2008

Holds an MSc (Banking and Finance) degree and is an accountant by training.

Has over 15 years' work experience in banking, at the height of which she was the CEO of the defunct Credit Bank Nigeria Limited and and later Executive Chairman of the CBN and NDIC-appointed interim Management Board.

At different times in the public service, she has been Chairman of Lagos State Tenders Board, member of Nigeria's Federal Accounts Allocation Committee and two-time Commissioner of Lagos State. She has held other board and board-level appointments in other private sector organisations and is currently the Executive Director and Proprietress of Bridge House College, Ikoyi.

RUNA N. ALAM (AMERICAN)
Director

Appointed 2007

Studied International and Development Economics at Princeton University, USA (where she was winner of The Harry S. Truman Scholarship) and holds an MBA from Harvard Business School, USA (where she was winner of the Annual Agri-Business Report).

She was Chief Executive Officer of Kingdom Zephyr Africa Management (a joint venture management company of Kingdom Holdings owned by Prince Alwaleed of Saudi Arabia, and Zephyr Management, a New York based private equity firm) and Zephyr Management Africa Investment Fund. Prior to joining Zephyr, she had stints at Merrill Lynch and Morgan Stanley & Co.

She is currently Executive Officer of Development Partners International.

JA'AFARU PAKI
Director

Appointed 2008

Obtained a DSc degree in Business Administration from Bradley University, USA.

Has had a distinguished career working for Mobil Oil Nigeria, the Nigerian National Petroleum Corporation (NNPC) and Unipetrol Nigeria where he served as Managing Director/CEO between 1999 and 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).

Senior management

The management team of UBA Group includes professionals who have both functional expertise and managerial skills that are collectively complementary. In addition to the Executive Directors, the Executive Committee comprises the following principal officers, all of whom are Group General Managers:

KENNEDY UZOKA

Group Human Resources Director

An award-winning graduate of Mechanical Engineering (BSc) from the University of Benin, he holds an MBA (Finance) degree from the University of Lagos and had training at both International Institute of Management Development, Lausanne, Switzerland and Harvard Business School, Boston Massachusetts, USA.

Has over 17 years' working experience in the banking sector, during which period he has played several roles at senior and executive levels in retail banking, strategy and business transformation and branch expansion. He served as the Chairman of the Integration Committee for the Bank's Purchase and Assumption transactions between 2007 and 2008.

He currently has supervisory responsibilities for Human Capital Management in the Bank.

ANDRE BLAAUW

Group Chief Risk Officer

Holds BCom, BSc and MBA degrees from various South African Universities. As a Chartered Financial Analyst, he holds the membership of the Association of Investment Management Research (AIMR).

Has over 20 years of banking experience in strategy, treasury and business transformation. The last 12 years of his career have been dedicated to the risk management field.

FEMI OLALOKU

Group Chief Operating Officer

Holds BSc (Civil Engineering) and MBA degrees, both from the University of Lagos.

Has over 15 years of work experience in the banking sector, holding several management positions in Operations and Information Technology.

IFEATU ONEJEME

Group Director, Group Treasury and Financial Services

Holds a first class honours degree in Accountancy from the University of Nigeria and the fellowship of the Institute of Chartered Accountants of Nigeria. An alumnus of two Ivy League schools in the USA at the post-graduate level – The Wharton Business School and the University of Chicago Graduate School of Business.

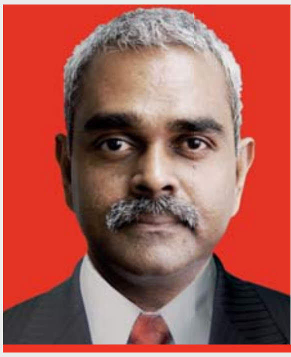
Has over 23 years of active banking and financial services experience across several areas, including Treasury and Financial Services, Operations and Information Technology, Risk Management, Strategic Planning and Management, Performance Management, and Budgeting and Financial Control.

IKE ONYENOKWE
Group Chief Strategy Officer

Holds a BSc (Mechanical Engineering) degree from the University of Ibadan and a Diploma in Advanced Management Programme from Lagos Business School.

He has over 25 years' cognate experience as a management consultant and has worked with major multinationals and consulting firms. Prior to his joining UBA, he was the Founder/Managing Partner and CEO of a leading research, management and technical consulting firm in Lagos. He also serves as guest lecturer in Strategy and Competition at the Lagos Business School.

LAUNCE MOSES
Group Director, Audit and Control



Holds an engineering degree with an MBA from India.

Began his banking career in an international bank in 1992, and played different roles across the audit, internal control and credit risk management functions in the UK, subsidiaries and regional offices of the bank.

BILI ODUM
Group Company Secretary

He holds an LLB (Hons) degree from Bendel State University and was enrolled as a Solicitor and Advocate of the Supreme Court of Nigeria in 1990. He is a member of the Chartered Institute of Arbitrators (United Kingdom), the Nigerian Bar Association and the International Bar Association.

He has held high-level strategic positions in top financial services institutions in Nigeria with responsibilities that encompassed asset management, structured finance, legal advisory, corporate governance, human resource management, administration, knowledge management, strategy and business communication.

Chairman's statement

CHIEF FERDINAND ALABRABA
Chairman

Our market share was sustained as gross earnings rose by 46%

The Board has proposed respective cash and stock dividends of 10 kobo and "1 for 5"

According to the World Bank, global real GDP declined by 2.2%

Highlights for the year

Strong growth in gross earnings: 46% rally resulting largely from core operations

Operating income rose 48% to N187 billion

Twin dividend declaration: 10 kobo cash dividend and bonus of "1 for 5"

Fellow shareholders,

I am very pleased to present our Bank's performance in the last financial year. The year was marked by a spate of challenges in the operating environment, but your Bank showed resilience and remained focused during the period in spite of the circumstances.

Our market share was sustained as gross earnings rose by 46% from N169 billion recorded in 2008 to N247 billion in 2009. The strong growth was driven by our core business and contributions from our operations outside Nigeria.

However, exceptional provisions made in 2009 and evident infrastructural challenges led to a decline in Profits before tax and exceptional items to N13.7 billion (N56.8 billion in 2008), while Profits after tax dropped to N2.3 billion (N40.8 billion in 2008).

Notwithstanding, the Board has proposed respective cash and stock dividends of 10 kobo and "1 for 5". Total cash dividends payable is N2.1 billion (N15.8 billion was paid in 2008).

Let me now highlight the key events that defined the environment in which we operated during the 2008/09 financial period.

GLOBAL ENVIRONMENT

The global economy continued to be impacted by the financial crisis of 2008 with more bank failures in developed markets, weak global demand, low oil prices and credit contraction inhibiting global output in 2009. These contributed to a challenging operating environment for UBA in 2009.

Although global economic conditions improved slightly in 2009 after the deep recession of 2008, financial conditions remained difficult and real sector dynamics were sluggish. According to the World Bank, global real GDP declined by 2.2%. The pace of economic recovery during the year was constrained by low credit availability, as major banks de-leveraged in the United States, Europe and other key financial markets.

Across the globe, different governments employed stimulus packages to induce demand and to lower uncertainty and systemic risks in their financial markets. Central Banks took expansionary monetary policy initiatives to enhance liquidity in the system. These measures yielded significant results in the economy, particularly in the last quarter of 2009. Decline in world economy abated with many key economies getting out of recession by year-end. China, United States, and a number of countries in the Eurozone and Asia also fared better than expected.

In Africa, the impact of global economic crisis on nations remained a function of the degree of their exposure to the global economy. Most African countries, including Nigeria, were affected by weak export demand, low oil and commodity prices, low credit penetration and weak capital flows. Economic conditions improved in the last quarter of the year due to stability in oil and commodity prices, growing aggregate demand and increasing consumer and business confidence.

DOMESTIC ECONOMY

Nigeria's economy recorded some improvements despite the global recession that filtered into the nation partly through trade and capital flight, as the local stock market bowed to selling pressure. The Federal Government's target of 6 000 MW/h of power generation for the year could not be met, and inadequate power supply posed further challenge to industrial capacity utilisation, economic recovery and development. Overall, the real GDP growth rate in 2009 was estimated at 6.9%. Single digit inflation target of 8.2% was not achieved as general price increases averaged 12.4% in 2009.

Oil prices (average of US$61/barrel) remained well above budget benchmark of US$45/barrel, but low output (average of 1.7 million barrels/day versus 2.29 million barrels/day budget benchmark) doused the expected benefits, as external reserves hovered around US$42 billion for most part of the year. However, oil output has improved considerably after the amnesty agreement was reached in 2009 to contain the Niger Delta crisis. Nonetheless, external reserves closed the year at US$42.41 billion, 19.7% lower than the preceding year's position of US$52.82 billion.

There was not much respite in the capital market, as share price performance was generally weak compared to the performance recorded in 2008, particularly for the banking sector. The Nigerian Stock Exchange All-Share Index closed the year at 20 827.17 points, 33.8% lower than the 31 450.78 points closing figure in 2008. Capital market liquidity remained tight as turnover on the Stock Exchange declined by 71.2% to N685.72 billion, compared to the N2.4 trillion recorded in 2008. The market value of the 216 listed equities closed the year at N4.9 trillion, down by 28.9% from the N6.9 trillion opening value. The reduced level of confidence in the capital market was largely due to uncertainty surrounding the macroeconomic environment, banking industry crisis and credit freeze, low foreign portfolio investment, low investor confidence and stringent/changing regulatory reforms that swept through the banking sector.

BANKING SECTOR REFORMS

2009 was an exceptionally difficult year for the Nigerian banking system with significant reforms and shake-ups in the second half of the year. The CBN instituted a series of policy responses to stabilise the financial system and increase credit flows to the economy.

In April 2009, Liquidity Ratio Requirement was reduced from 30.0% to 25.0%, while the Cash Reserve Requirement (CRR) was reduced to 1.0% from 2.0%. The Monetary Policy Rate (MPR) earlier slashed to 9.75% in February 2009 was further reduced to 6% in July and remained so till the end of the year. An interest rate corridor was restored but made asymmetric; the Weekly Dutch Auction System (WDAS) was reintroduced; and all interbank transactions guaranteed.

The CBN conducted a special audit of and stress test on all 24 banks operating in Nigeria and declared 10 of them as being in grave conditions for having liquidity, capital adequacy and corporate governance challenges. This led to the removal of eight banks' management teams and the injection of N620 billion as Tier 2 capital to support the affected banks. As a result of the banking industry challenge and falling oil revenues, Standard & Poor's reduced Nigeria's sovereign credit ratings from BB- to B+ in August 2009.

Only recently, the CBN redefined the licensing model of banks by replacing the one-size-fits-all universal banking licence model with a four-tiered licensing model that allows banks to be licensed, operated and classified as International, Regional, National, or Specialised banks. Also the apex regulatory body has introduced the holding company model that allows a non-operating holding company to have investments in core-banking business (the bank) as well as other bank and non-bank subsidiaries.

Overall, these CBN reforms have changed the banking landscape in Nigeria. It is my strong belief that more events will unfold in terms of further banking sector consolidation. Competition will

Overall, the real GDP growth rate in 2009 was estimated at 6.9%

The Nigerian Stock Exchange All-Share Index closed the year at 20 827.17 points, 33.8% lower than the 31 450.78 points closing figure in 2008

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At UBA, we have proactively internalised frameworks to ensure best practices in credit, market and operational risk management. We have adopted advanced approaches of Basel II be stronger with the emergence of fewer but bigger players in the industry. Foreign players are expected to participate in the consolidation process and this should lead to an improved landscape as we move forward.

We applaud the CBN efforts. Good governance frameworks and practices are key to a stable financial system. The globalisation of financial markets requires a shift in regulatory frameworks to enhance regulatory oversights. Coordination of regulatory efforts across borders is essential in ensuring a stable development of international financial markets for the common good of all. At UBA, we have proactively internalised frameworks to ensure best practices in credit, market and operational risk management. We have adopted advanced approaches of Basel II Prudential Standards, International Financial Reporting Standards (IFRS) and Committee of Standards Organisations (COSO) compliance in order to position the bank at the forefront of regulatory compliance and match global reporting standards.

UBA'S PERFORMANCE

It is my pleasure to report that in spite of all these, our Bank continued to show its leadership pedigree.

We grew our gross earnings by 46% to N247 billion (2008: N169.6 billion), buoyed by improved contributions from operations outside Nigeria

We grew our gross earnings by 46% to N247 billion (2008: N169.6 billion), buoyed by improved contributions from operations outside Nigeria. However, profit before tax and exceptional items dipped from N56.8 billion in 2008 to N13.7 billion due to provisioning, pre-operational charges by our new African subsidiaries and exceptional write-offs during the year, reflecting the challenging environment in which we operated in 2009.

Despite these challenges, the Bank continued to show strong risk ratios that exceeded regulatory-required minimum. Our liquidity ratio was 47% (2008: 42%), and capital adequacy ratio was 16% (2008: 22%). Our approach to balance sheet management has been cautious while maintaining a well diversified balance sheet mix and strong liquid asset base. We continued our expansion into Africa, albeit cautiously, with the following seven additional countries coming on board during the financial period: Benin, Senegal, Chad, Kenya, Tanzania, Gabon and Zambia. This brings our African play to a total of 16 countries, in addition to our presence in the USA, United Kingdom and France.

MAINTAINING A CLEAR STRATEGY

By maintaining this focus, we are confident that we will deliver sustainable growth and provide adequate returns to our shareholders

UBA continues to pursue its strategy relentlessly. This is to increase our footprint in the continent and become the Pan African Bank that offers the advantage of global reach and scale, making UBA the dominant bank in Africa. During the 2008/09 financial period, gross earnings from UBA operations in other African countries outside Nigeria grew from N5.7 billion in 2008 to N27 billion in 2009 (over 376% growth). In a similar vein, deposits rose from N124 billion to N200 billion, representing a growth of 61%. The recent financial and economic turmoil only serves to reinforce our conviction that this strategy is the right one. By maintaining this focus, we are confident that we will deliver sustainable growth and provide adequate returns to our shareholders.

THANK YOU TO OUR PEOPLE AND CUSTOMERS

2009 has been an unusual year with varying degrees of unusual demands on many of our people and resources. The banking industry came under intense regulatory and public scrutiny this year, and it is through our staff that UBA has weathered the storm, letting our unique character stand out for our customers. I wish to express my sincere appreciation to our people for all their efforts and achievements, and to all our customers, whose support has ensured that we remained strong to serve them. Despite the macroeconomic and political uncertainties about the future, we believe UBA will continue to deliver value to all its stakeholders in the years ahead.

OUTLOOK

Global economic growth is expected to return to positive territory in the year ahead, though the pace of recovery will likely be slow and subject to uncertainty.
I am optimistic about the recovery in Africa, in line with the International Monetary Fund's forecast of above 4 percent growth for the continent in the light of positive policy responses in sub-Saharan Africa and an improving world outlook.

UBA is firmly committed to its strategic focus as Africa's economy recovers from the global downturn. Africa's gross domestic product is likely to grow by between 5.5% and 6% in 2010. I am also optimistic about outlook in the countries in which UBA has presence, presenting us with great opportunities to grow our earnings and profitability. Almost all of the major African frontier economies are in the line for Eurobond issuance. Sierra Leone and Ghana have discovered oil and their economies will benefit significantly from such diversification.

UBA is firmly committed to its strategic focus as Africa's economy recovers from the global downturn

While I expect the Nigerian operating environment to remain tough in the year ahead, it will also present great business opportunities to be explored. Sustaining the relative peace achieved in the Niger Delta will be key to improved oil production. New investment flows into the economy are expected, particularly in the banking sector, as foreign players gear up to gain stronger foothold in the country and banks access the bond market for funds.

Our strength leads to opportunities and we will continue to improve our competitive position

We remain confident that UBA is well-positioned to play a dominant role in today's environment. Our strength leads to opportunities and we will continue to improve our competitive position. Our strategy has served us well and positions us for long-term growth with attractive returns to all our stakeholders.

It is important to notify you of major Board changes during the period. In June 2009, Alhaji Ibrahim Jega passed away. It is our prayer that the Almighty grants his soul eternal rest. Meanwhile, during the period also, Alhaji Abdulqadir J Bello was appointed an Executive Director. Until his appointment, he was the Chief Credit Officer of UBA Group. Alhaji Bello is expected to bring his wealth of experience, especially in the area of credit, to bear at Board deliberations.

Recently, Godwin Ize-Iyamu and Angela Nwabuoku resigned their appointments as Executive Directors and stepped down from the Board. We thank both of them for their immense contributions to the success of the Bank while in their executive roles, and wish them well in their future endeavours.

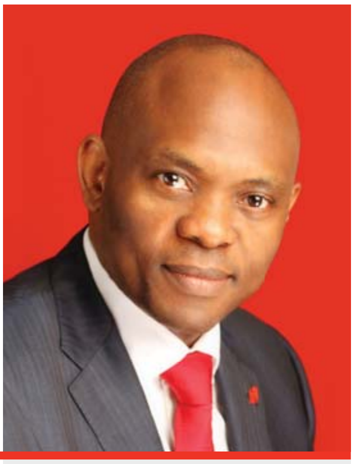
I would like to thank our esteemed customers, shareholders and other stakeholders for their continued support, whilst appreciating all staff and management for their demonstrated professionalism, commitment and zeal towards building an enduring institution. And to the entire Board, I want to say a big thank you for the confidence reposed in the business. I would implore you all to lend your support as we look forward to consolidating on both our achievements and out foothold in the marketplace this financial year.

Thank you.

Chief Ferdinand Alabraba
Chairman

14 April 2010

Group Managing Director/Chief Executive Officer's statement



TONY O. ELUMELU
Group Managing Director/Chief Executive Officer's

2009 was a particularly eventful year for the African financial services sector

UBA demonstrated resilience, emerging from these events stronger than ever

Recognised as the second fastest growing brand within the world's top 500 global financial institutions by the Financial Times (FT)/ The Banker Magazine

Highlights for the year

"I am pleased to report that we achieved significant milestones on each goal, which when combined, set the stage for what I believe will be the platform for growth and profitability in 2010 and the years to come"

Distinguished shareholders,
It is my pleasure to present to you our Group performance for the period ended December 31, 2009.

2009 was a particularly eventful year for the African financial services sector, as the impact of the global financial crises of the previous year began to take its toll. However, the fractures in the international financial system provided opportunities for well capitalised and liquid banks, such as UBA, to further consolidate their position as market leaders. The Central Bank of Nigeria (CBN) implemented resolute regulatory measures to ensure the stability of the Nigerian banking system, including a special audit or stress-test on all banks, and I am pleased to record that UBA was one of the first five banks to pass the audit.

UBA demonstrated resilience, emerging from these events stronger than ever, thus vindicating our risk management and governance practices. Our focus has always been on building the necessary institutional and governance frameworks to ensure business sustainability and continuity. Indeed, in 2009 we consolidated our position as a leading financial services institution in Africa.

I would highlight some key transactions and milestones achieved during the period, which illustrate our progress, despite the global financial storm.

KEY TRANSACTIONS

- Arranger and lead underwriter of a USD265 million loan to Nigerian National Petroleum Corporation/ Mobil Producing Nigeria Unlimited for the Natural Gas Liquid II Supplemental Refinancing; and
- Lead arranger and underwriter for N18.5 billion Imo State Government of Nigeria Bond

KEY MILESTONES

- Launched our Africash and Afritrade products to facilitate swift and cost effective transfers across Africa;
- Initiated the Western Union Money Transfer service, thereby becoming the first bank in Nigeria to be an agent of the two largest Money Transfer Operators (the other being Moneygram) since the non-exclusive environment came into being as directed by the Central Bank of Nigeria. We are also replicating this in other non exclusive countries across Africa;
- Expanded operations in seven new African countries, bringing to 16 the number of African countries we currently operate in;
- Launched a Group Shared Services platform designed to unlock scale economies in our operations and transform customer service. This is the first of its kind in this part of the world; and
- Recognised as the second fastest growing brand within the world's top 500 global financial institutions by the Financial Times (FT)/The Banker Magazine; recognition of our position, as "the Bank that unites Africa".

Each in a different way attests to our ability to pursue disciplined growth, to compete with peers locally and globally and find new ways to serve our huge and growing customer base.

I am elated in the way UBA has navigated through one of the most serious global financial crises of recent decades. Equally, I feel extremely confident about the future, our business prospects in Africa and the ability of African institutions such as UBA to drive economic development across the continent. At the beginning of the last financial year, we set out our corporate objectives, which were aimed at further consolidating the considerable progress we made in 2008 towards achieving our vision of being **'Africa's Global Bank'**. I am pleased to report that we achieved significant milestones on each goal, which when combined, **sets the stage for what I believe will be the platform for growth and profitability in 2010 and the years to come**.

1. FOCUS ON THE FUTURE

Looking forward, our focus this year will be on the following key aspects of our business:

a. Delivering Exceptional Customer Service

As customer service mastery remains the primary differentiator between successful and unsuccessful service organisations, UBA is extremely focused on ensuring that we build this competence into every facet of our business. To this end, we commissioned our **Service Excellence Programme** in May 2009, aimed at ensuring that UBA ranks amongst the most customer-focused service providers in Africa, by the end of 2010.

The programme is anchored on six customer-centric touch points including:

- Process Excellence
- Branch Transformation
- Training/Culture Change
- IT Optimisation
- Service Management
- Pricing & Product Management

GMD/CEO, Tony Elumelu attending to a customer of the bank at a teller point in one of the branches

As part of the programme, a Service Excellence Day (SED) initiative was launched to change our staff's attitude towards internal and external customers. SED is observed on the last Friday of every month Group-wide, and involves putting our leadership team at the front-line, directly serving our customers. It also provides management with the opportunity to recognise and reward staff who demonstrate exceptional customer service attitudes.

We commissioned our Service Excellence Programme in May 2009, aimed at ensuring that UBA ranks amongst the most customer-focused service providers in Africa, by the end of 2010

Group Managing Director/Chief Executive Officer's statement *(continued)*

Nigeria is currently the second largest economy in Sub-Saharan Africa

Consequently, we have strengthened our business capabilities and executive oversight in both UBA Nigeria North and South, to ensure we provide unmatched banking services to our ever-teeming customer base

We commenced operations in seven new African countries bringing the total number of African countries we operate in to 16

The Group balance sheet as at December 31, 2009 reflects strength upheld by solid capital and liquidity positions

Our focus on internal and external customer service reaffirms our commitment to our customers and colleagues, thus further positioning us to compete effectively in the increasingly sophisticated markets.

b. Maintaining Leadership in Nigeria

Nigeria is currently the second largest economy in Sub-Saharan Africa – and is projected to be the largest in less than a decade.

Apart from being our headquarter location, Nigeria's inherent growth potential makes it a crucial market for us and with our deep local knowledge, we have the ability to bring real scale advantages to the delivery of our products and services. Consequently, we have strengthened our business capabilities and executive oversight in both UBA Nigeria North and South, to ensure we provide unmatched banking services to our ever-teeming customer base.

We also refocused our attention on our corporate and institutional customers to deliver tailored cash management and trade solutions to meet their cash flow needs. In 2009, we introduced the CEOs Business Breakfast sessions as an interactive platform to engage this customer segment. The Bank co- hosted one such session with the British High Commissioner and the UK Trade and Investment department, and others with the South African High Commissioner and the South African business community, the Aviation Industry and Oil & Gas Industry. We shall build on this in 2010.

c. Expanding our African and Global Reach

In 2009, UBA made further significant progress in accomplishing its goal of extending operations across the African continent. We commenced operations in seven new African countries bringing the total number of African countries we operate in to 16, Nigeria Inclusive – Francophone West Africa – Burkina Faso, Cote d'Ivoire, Guinea Conakry, Republic of Benin and Senegal; Anglophone West Africa – Ghana, Liberia and Sierra Leone; Central Africa – Cameroun, Tchad (Chad) and Gabon; East Africa – Kenya, Tanzania and Uganda, Southern Africa – Zambia. Notably, we moved significantly into Eastern and Southern Africa; and are recording achievements that show that we can compete efficiently and win market share in new, often complex markets.

We have established a representative office in Paris, in addition to an affiliate presence in the United Kingdom and a branch in the United States. UBA is also in the process of establishing its presence in China and United Arab Emirates to facilitate trade in these key corridors for Africa. In 2010, with our growing global reach, we will support our customers' international businesses and participate more actively in the global financial arena.

The global economic downturn and financial crisis has changed the landscape significantly, offering considerable advantages to banks like ours. A number of the large banking mandates we won last year were achieved in spite of stiff competition from global peers. Our ability to expand in this way augurs well for the growth of our corporate business.

2. 2009 FINANCIAL PERFORMANCE

a. Balance Sheet

Despite the challenging operating environment and the introduction of a common year-end for all banks operating in Nigeria, the Group balance sheet as at December 31, 2009 reflects strength upheld by solid capital and liquidity positions.

i. Assets

The Group's total assets dropped slightly to N1.55 trillion (2008: N1.67 trillion), as we made additional provisions for diminution offset against the asset value. There was a 44% growth in gross loans and advances to customers from N445 billion to N643 billion, demonstrating our commitment to support the various economies in which we operate. Our liquidity ratio remained strong at 47% (22% above regulatory minimum), in spite of increased lending activities, additional investments in our Africa rollout, and fixed assets infrastructure.

ii. Liabilities

Customers' deposits as at December 31, 2009 held up well at N1.25 trillion (2008: N1.33 trillion), a reflection of market confidence in the Bank and in spite of our cutting back on expensive customer deposits. Our loan to deposit ratio stood at 48.7% (2008: 32.4%) indicating increased leveraging of our balance sheet. This is still below peer average. Though we note the CBN loan-to-deposit ceiling of 80%, we however continue to adopt a cautious mode in growing our loan portfolio. As we continue to strengthen our risk management capacity, we will prudently grow the loan book in 2010 financial year to boost revenue growth. Our shareholders' funds stood at N186.8 billion (2008: N195 billion), culminating in a risk-weighted capital adequacy ratio of 16.3%. This is well in excess of the 10% minimum stipulated by the CBN.

Our shareholders' funds stood at N186.8 billion (2008: N195 billion), culminating in a risk-weighted capital adequacy ratio of 16.3%. This is well in excess of the 10% minimum stipulated by the CBN

b. Income Statement

Given the requirement by the Central Bank of Nigeria for all banks in Nigeria to have a common year end of December 31 commencing in 2009, our income statement was based on a 15 month period to 31 December 2009, as against 12 months for the prior period.

i. Income

Gross earnings for the Group rose 46% during the period from N169.5 billion to N246.7 billion. Interest and similar income remained significant in the Group's income profile and underscores the strength of the Group's core business of financial intermediation. During the period under review, net interest income grew by 57% from N75 billion to N118 billion, while net interest margin improved from 5.9% in 2008 to 7.4% in 2009.

Gross earnings for the Group rose 46% during the period from N169.5 billion to N246.7 billion

The Group continues to make efforts towards growing other lines of income, through focus on product innovation and development, particularly in the area of payments, international trade and electronic-banking. Other income comprising largely of fees, commissions, investment and foreign exchange income, grew 30% from N53 billion in 2008 to N69 billion in 2009. Growth in our operating income remained strong at 46% for the period from N128 billion in 2008 to N187 billion, reflecting the earnings capacity of our underlying operating activities.

ii. Expenses

The Group recorded a 91% growth in operating expense from N68 billion in 2008 to N130 billion in 2009 arising from harsh operating conditions, increased staff costs and increasing infrastructure challenges. This was further accentuated by start-up costs arising from our Pan-African expansion. However, while scale has necessitated an increase in our overall cost, UBA still remains efficient on a unit cost basis (considering our staff strength and large branch network) and cost management remains one of the major items in executive management's agenda.

The Group increased its provision for diminution in the value of assets by 1362% from N2.6bn to N38bn. The increased provision reflects both the effects of decline in stock and oil prices on the value of loans to customers as well as the exceptional provisioning recommended by the CBN following its special examination of all banks during the period. These contributed largely to the decline in profit before tax and exceptional items which declined from N56bn in 2008 to N13.7bn in 2009.

Group Managing Director/Chief Executive Officer's statement (continued)

The Board of Directors is proposing a dividend of 10 kobo per share and a bonus share issue of 1 new share for every 5 shares held

Our African strategy is beginning to yield the desired results, with the African Bank subsidiaries contributing about 10% (2008: 5,6%) to deposit liabilities of the Group

The past thirteen years during which I served as Chief Executive Officer first at the erstwhile Standard Trust Bank Plc and now at UBA have been particularly rewarding for shareholders who shared this exciting journey with me

The sum of N10 000 000.00 invested in the equity of STB in 1997, converted to UBA shares in 2005 and held to date would be worth N662.7 million today. This is a straight line return of 6 527% in 13 years

I will be retiring as CEO of UBA on July 31, 2010 following the new regulation by the Central Bank of Nigeria

iii. Exceptional items

The Bank wrote off special assets of N7 billion during the period. The special assets relate to impaired assets acquired during the takeover of Continental Trust Bank Limited by United Bank for Africa Plc in 2005. The write off is consistent with the agreement reached with the Nigerian Accounting Standards Board to write off special assets over a period not exceeding five years effective from 2006. Consequently, the balance outstanding in the special assets account is expected to be written off in full by the end of 2010 financial year.

iv. Returns to shareholders

The Group recorded a profit after tax and exceptional items of N2.4 billion for the period ended December 31, 2009. In line with our tradition of distributing returns to our shareholders, the Board of Directors is proposing a dividend of 10 kobo per share and a bonus share issue of 1 new share for every 5 shares held.

c. Africa Expansion

Our African strategy is beginning to yield the desired results, with the African Bank subsidiaries contributing about 10% (2008: 5.6%) to deposit liabilities of the Group. Whilst the Group performance has been impacted this year by the investment needs of subsidiaries, we have focused on building scale and diversifying our earnings geography, and remain confident that most of the subsidiaries will achieve break even positions in 2010, and contribute very significantly in the future profitability of our Group.

3. 13 YEARS OF WEALTH CREATION FOR OUR SHAREHOLDERS

The past thirteen years during which I served as Chief Executive Officer first at the erstwhile Standard Trust Bank Plc and now at UBA have been particularly rewarding for shareholders who shared this exciting journey with me as:

- Crystal Bank was financially distressed and had closed operations to the public for months when I led a group of investors and management to acquire the bank and christened it Standard Trust Bank in 1997;
- Customers and shareholders had lost all their deposits and investments in Crystal Bank, but subsequently all the bank's depositors were repaid;
- Existing shareholders regained their investments; and
- Investors in 50 000 ordinary shares of Standard Trust Bank in 1997 saw its value rise to N7,41/share in 2005 at the time of the merger with UBA. When you take into consideration the bonuses and dividends of N0,89k per share that they also received during the period, their total return on investment for the eight years (1997 – 2005) came to 2 209%;
- Similarly, investors in the shares of UBA which were priced at N10/share in July 2005 at the time of the merger with STB have received significant returns on their investment in spite of the current capital market down turn. Again, when you take into account the four bonus payments we have declared (i.e. 1:5 in 2005, interim 1:2 in 2008, final 1:4 in 2008 and 1:5 in 2010) and the dividend payments since 2006 totalling N3.25, the return on investment is a princely 300.1% !
- All in all the sum of N10 000 000.00 invested in the equity of STB in 1997, converted to UBA shares in 2005 and held to date would be worth N662.7 million today. This is a straight line return of 6 527% in 13 years.

I am therefore fulfilled that we have created significant wealth for our shareholders who bought into the vision and supported us through the past 13 exciting years!! The years ahead look even brighter!

4. PASSING THE BATON

As you are aware, I will be retiring as CEO of UBA on July 31, 2010 following the new regulation by the Central Bank of Nigeria announced in January 2010 which limits the tenure of bank CEOs to 10 years

I have served as CEO of United Bank for Africa Plc since its merger with Standard Trust Bank Plc (STB) in August 2005. Prior to this, I had been CEO of STB, since 1997; bringing the total number of years I have served as CEO to 13. During this time, we have gone through periods of prosperity and challenges, emerging bigger, stronger and better focused on our vision of becoming Africa's Global Bank. We successfully carried out the largest bank merger and integration in Sub-Saharan Africa and have within five years transformed the institution from a single country operating entity to a Pan African and global player with operating presence in 16 African countries spread across West Africa, Central Africa, East Africa and Southern Africa; and additional presence in Paris, New York and London. All these have been made possible by the commitment shown by the UBA workforce and continued support of our customers, Board and shareholders.

The Board of Directors, after due consideration, approved the appointment of Mr. Phillips Oduoza as my successor effective August 1, 2010

In line with our robust succession plans and in compliance with the CBN guideline, the Board of Directors, after due consideration, approved the appointment of Mr. Phillips Oduoza as my successor effective August 1, 2010, subject to the approval of the CBN. Prior to his appointment, Mr. Oduoza was the Deputy Managing Director, UBA South Bank – the Group's largest Strategic Business Group in terms of revenue contribution. Phillips holds a 1st Class degree in Civil Engineering and an MBA (Finance) from the University of Lagos. He is also an alumnus of the Advanced Management Programme (AMP) of Harvard Business School and has over 20 years banking experience spanning all facets of the profession. A seasoned professional, Phillips has operated at Executive Management level for over 10 years, initiating and implementing strategic policies across the industry. I am confident that he will build on the foundation that we have established and launch the Group on a new growth trajectory for the benefit of all shareholders.

Mr. Oduoza was the Deputy Managing Director, UBA South Bank – the Group's largest Strategic Business Group in terms of revenue contribution

I wish to specially thank you, our shareholders, for the opportunity to serve you and your support during my tenure as we strove to deliver a vision of building a world class financial institution in Africa, by Africans, serving businesses across Africa and beyond. This race we run is a marathon, and as I pass the baton to Mr. Oduoza, I ask you all to extend the same support to him so that together, we will deliver on the bank of our dreams – i.e. UBA …Africa's Global Bank.

I wish to specially thank you, our shareholders, for the opportunity to serve you

God bless you all and long live UBA.

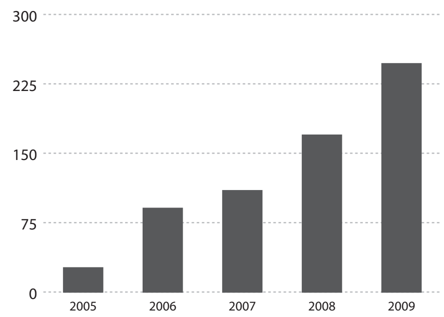
Tony O. Elumelu, MFR
Group Managing Director/CEO

Review of Group's financial performance

GROSS EARNINGS

Gross earnings grew 45.6% to N246.7 billion during the 15-month period (2008: 12-month period: N169 billion). This was achieved largely through increased lending activities and operations in African countries. We expect to see further growth in earnings as we diversify across Africa.

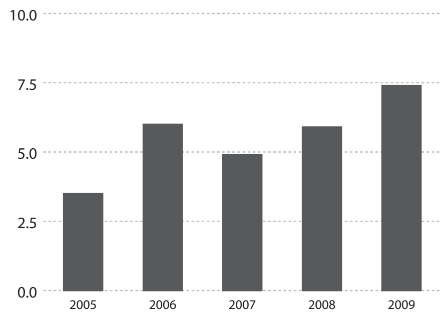
Gross earnings (N'billion)
CAGR (2005 – 2009): 40%



NET INTEREST MARGIN (NIM)

The Group's Net Interest Margin (NIM) ratio defined as the ratio of our Net Interest Income (i.e. Interest Income less Interest Expense) to average interest earning assets held as at 31 December 2009, improved over the levels attained in the last financial year. This affirms the strength and quality of our core business.

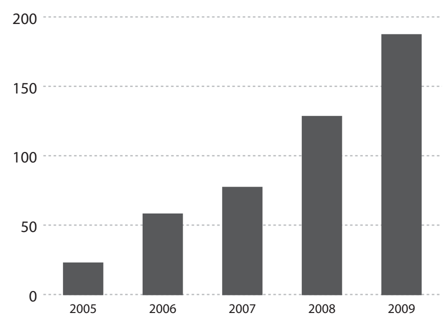
Net interest margin (%)
CAGR (2005 – 2009): 42%



OPERATING INCOME

Operating income came up strong, with a 45% growth in the period, reflecting our revenue generating capacity from underlying operations. This is mainly resulting from the increase in our earning assets and protection of our interest margins in the face of intense market pressures. We remain very optimistic that this growth trend will continue in the future, as we consolidate our distribution network in Africa.

Operating income (N'billion)
CAGR (2005 – 2009): 48%

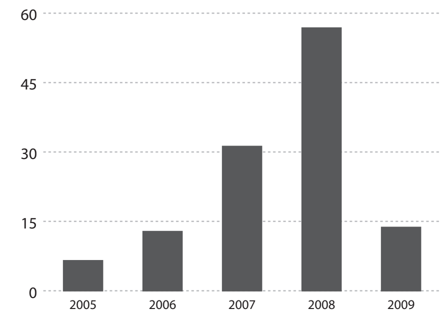


PROFIT BEFORE TAX (PBT)

Our profit before tax (PBT) in FY09 attests to the fact that 2009 was indeed a tough year. The Group's focus on extending distribution network across Africa contributed to growth in operating costs from these locations, without commensurate momentum of earnings growth as some of the subsidiaries across Africa are still budding; though show strong potentials for breakeven. Furthermore, exceptional write-offs and reserves for diminution in assets also impacted profitability.

Profit before tax (N'billion)

CAGR (2005 – 2009): -316%

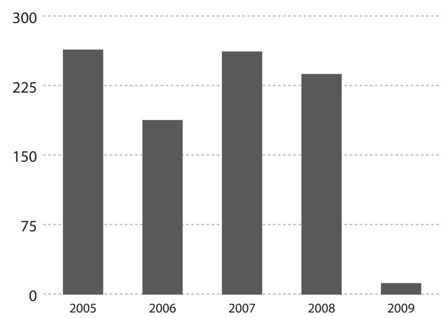


EARNINGS PER SHARE (EPS)

With the decline in our PBT levels, earnings on each outstanding share of the Bank expectedly came out low at N0.10. However, we remain gratified by the fact that the Bank sustained its profitability in spite of the tough operating conditions we were faced with.

Earnings per share (Kobo)

CAGR (2005 – 2009): -61%

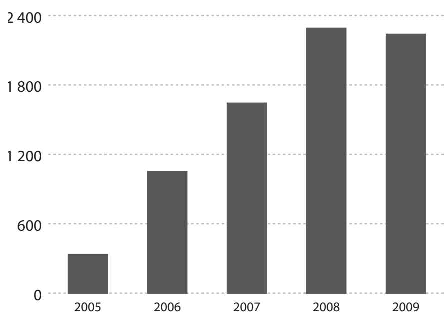


BALANCE SHEET

Our balance sheet size dropped slightly by 2.3% to N2.24 trillion from N2.29 trillion FY08, largely as a result of our conscious effort to shed costly deposits and provision charges offset against assets. However, our balance sheet still remains one of the biggest in the industry and therefore presents great opportunities to extract significant scale economies. We will continue to optimise our balance sheet for utmost efficiency in the years ahead.

Balance sheet (N'billion)

CAGR (2005 – 2009): 29%

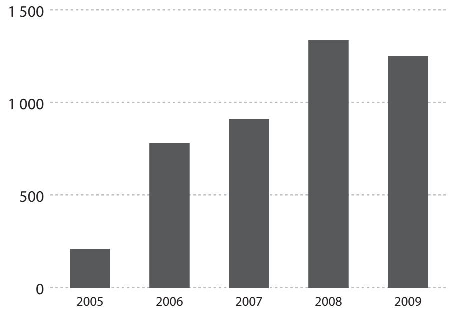


Review of Group's financial performance *(continued)*

DEPOSITS

UBA closed the year with a deposit base of N1.25 trillion, slipping by 2% from N1.33 trillion recorded in 2008. A CAGR analysis shows 17% over the last three years. The slip in deposits resulted from the Bank's decision to cut back on costly deposits as interest rates came under pressure. This initiative also helped in improving our net interest margins during the year.

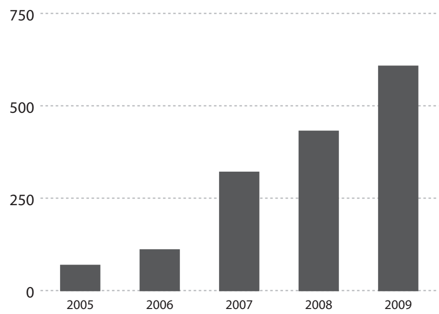
Deposits (N'billion)
CAGR (2005 – 2009): 17%



LOANS AND ADVANCES

Our gross loans and advances increased 44% to N643 billion, up from N445 billion in FY08. We increased our loan portfolio by carefully selecting highly rated obligors within the key sectors of the economies in which we operate. By this loan portfolio growth, we achieved a loan-to-deposit ratio of 51.7% as against 33.4% in FY08. We continue to reinforce our risk management capacity, as we look to further improve on this ratio in FY10.

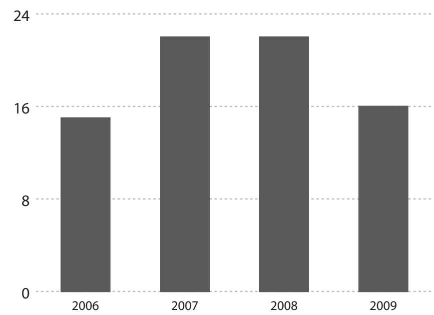
Loans and advances (N'billion)
CAGR (2005 – 2009): 77%



CAPITAL ADEQUACY RATIO (CAR)

Capital Adequacy Ratio (CAR) dropped 700 basis points to 16.3% in 2009 (6.3% above the regulatory minimum of 10%). This was attributable mainly to the growth in our risk weighted assets, as we increased our loan portfolio as well as long-term investments in our African roll out. We however, look to shore up our capital in FY10 as we commence the implementation of our five-year hybrid capital funding programme.

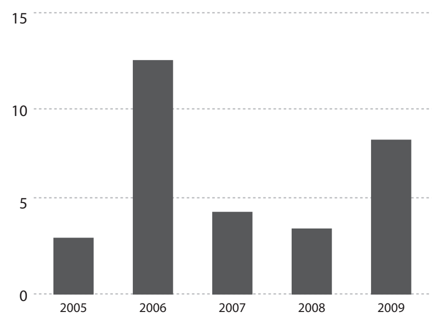
Capital adequacy ratio (%)



NON-PERFORMING LOANS (NPL) RATIO

The bank's Non-Performing Loans to Gross Loans (NPL) ratio came under pressure during the year. From 3.5% recorded in FY08, the NPL ratio stood at 8.3% arising from challenges faced by the general commerce and manufacturing sectors. Nonetheless, our NPL ratio is better than the industry average estimated at over 15%.

Non-performing loans ratio (%)



Our products and services

Selected retail liability account products

UBA Gold Savings Account
This is a hybrid of a savings and current account which gives the customer the desired benefits derived from both accounts.

UBA Gold Plus Savings Account
This is a variant of UBA Gold account. It is a savings account that allows writing of non- clearing cheques to third parties.

Freedom Savings Account
A cashless account that requires no funding in opening the account to encourage the un-banked and under-banked to open an account with the Bank.

Employee Savings Account
A savings account for effective salary/payroll administration for organisations.

UBA Professional Account:
A current account for salary/pay roll administration of employees in private and public sector. It has zero opening balance and operating balance of N1 000 and provides benefits of consumer credit facilities for account holder.

Lion Prime Account
A special current account for individuals, enterprises, societies and associations designed to reward account holders who maintain operating balance of N500 000 with benefit of zero COT and credit interest.

Domiciliary Account
An account operated in foreign currencies with opening balances of $100, €80, £70. Account holder enjoys benefits such as non-clearing Cheque book, Dual Currency Debit Card and credit interest payable on account with balance of $1 000 or its equivalent.

Payments and remittance products

CASHF@ST

The pioneer and flagship of UBA Local Money Transfer and the most successful branded domestic funds transfer product in the country. It was designed to meet the money transfer needs of the teeming populations of account holders, as well as non-account holders, and allows the receiver of such transfer to get the fund in record time of two seconds. This product is available in all UBA branches nationwide.

AFRICASH

A secured electronic payment service that allows money transfers across African countries with UBA presence. The product was designed to provide an efficient payment system for the largely informal trade activities within Africa as well as provide a platform for settlement of imports and exports in respect of formal trade transactions. The transfer can be collected within two seconds.

MoneyGram

A safe, fast and reliable International electronic money transfer product that enables people to send and receive money instantly from 150 000 locations in over 180 countries. Due to regulatory policy Nigeria is currently a receive only country. MoneyGram has six agents in Nigeria of which UBA is the only Super Agent with a relationship spanning over 10 years. Payouts are in Naira and Dollar and recipients need not be account holders with the Bank to enjoy the service.

Western Union Money Transfer

International money transfer service which enables individuals all over the world to send and receive money quickly and conveniently. UBA is a direct agent and by this status UBA can access the Western Union Translink network at any of its locations and pay beneficiaries and perform domestic transfers.

Corporate social responsibility report

The Bank is committed to managing its business in a socially responsible manner

Top management identifies possible critical areas and designs measures that will uphold corporate values

The FLG became the pinnacle of customer service excellence at UBA and has ensured the basic tenets of our customer service strategy are adhered to

During the financial period ended December 2009, issues regarding Social responsibility as a Corporate in Nigeria with a global footprint remained an integral part of our business. Corporate Social Responsibility (CSR) activities characterised the business of the various departments of the Bank. At UBA, CSR is a reflection of our approach to everyday business and relationship with our internal and external stakeholders including the customers, employees, shareholders, suppliers, regulators, the community and environment.

Some of the basic tenets of UBA's CSR as set out by top management are:
- Good customer service quality
- Imbibing the UBA culture; norms and values
- Compliance with regulatory prescriptions
- Employee fulfilment
- Community development

The Bank is committed to managing its business in a socially responsible manner. Our CSR programme is designed to address the important CSR issues that we face, to facilitate appropriate management behaviour and be aligned with the Group's business strategy. Our aim is to continually improve our management of the social, environmental and economic issues within our control.

We believe the management of CSR is not only the right thing to do, it also adds enormous value to existing business relationships, and we see it as a core business consideration as it gives us strategic, commercial and reputational benefits. We aim to achieve prescribed standards of responsible care for a number of key areas, including: customer service, trading, health and safety, the environment, employee welfare and the community.

Our CSR policy is being designed to meet the changing nature of the markets and communities in which we operate and that the associated Key Performance Indicators (KPIs) accurately reflect the Group's success or otherwise in implementing this policy.

The Bank adopts defined implementation and control mechanisms through which the board receives ongoing communication regarding ordinary operations as well as the management of unforeseen situations. This way, top management identifies possible critical areas and designs measures that will uphold corporate values.

UBA Foundation (UBAF), the vehicle used by the Bank to pursue its community development initiatives, is responsible for coordinating CSR activities and guaranteeing the consistency of initiatives within the Group in terms of integrating social and environmental responsibility criteria into normal business operations.

CUSTOMER SERVICE

The attention to customers forms the essence of our existence at UBA. Our activities have always focused on pursuing improved product and service quality, whilst ensuring maximum customer protection, based on existing relationship of trust and a need to sustain relationship with customers over the long term. Our service model allows the Bank to responsibly manage household and business savings and optimally allocate credits to our private and corporate customers with the aim of contributing to overall economic development.

On 15 May 2009, the Bank launched a Service Excellence Programme (SEP) aimed at sensitising staff about the importance of the customer to our success in business. Further to this, management introduced the Female Leadership Group (FLG) comprising very senior female workforce of the Bank. The FLG became the pinnacle of customer service excellence at UBA and has ensured the basic tenets of our customer service strategy are adhered to.

In view of this, the last Friday of every month (since December 2009) has been set aside as "Service Excellence Day" when all staff (group-wide) will individually and collectively reflect the quality of services we deliver to our customers. On this day, all staff is required to dress in UBA branded T-shirts over plain black/dark blue jeans. The objective is to re-energise and re-commit ourselves to consistent service excellence towards "delighting the UBA customer".

Service Excellence Day initiative premiered on 4 December 2009

In addition, our resolve to empower our customers was further entrenched with the provision of easier and better access to quality banking solutions. During the year, the Bank opened 43 new service outlets and added 379 new ATMs to its network, including the cash cheque deposit ATMs. This process facilitated the provision of seamless interaction with the UBA customer. During the year also, we embarked on the refurbishment of our business offices across the country while the SEP team launched a project to "turbo-charge" connectivity between business offices nationwide.

During the year, the Bank opened 43 new service outlets and added 379 new ATMs to its network, including the cash cheque deposit ATMs

EMPLOYEE WELFARE

At UBA, we believe the successes we have achieved as a bank could not have been without the support and commitment extended by all staff. We therefore recognise our employees as the single most valuable asset.

We recognise our employees as the single most valuable asset

OPPORTUNITY AND DIVERSITY

UBA recruits, trains, promotes and retains its skilled and motivated workforce irrespective of their gender, marital status, race, religion, or nationality. We are an equal opportunity employer. In view of this, we promote a culture of fairness and responsibility within our business. The stakes are high for the UBA employee and everyone is expected to perform and deliver value. This creates an enabling environment that is challenging and rewarding, thereby allowing staff to develop quickly and pursue new and multifarious opportunities across the Group.

COMMUNICATION

Flow of information is one of the problem solving tools used by management. To drive people's happiness, the Bank adopts strategies that facilitate regular communication between staff and top management. On the one hand, "Staff meet the executive" is a quarterly interactive session that allows staff to air their views on any issue that impacts them and the organisation. Since this initiative kicked off, we have observed the significant impact it has on employees, who are now able to contribute to decision making indirectly. On the other hand, we have a disciplinary and grievance framework that allows staff to present genuine grievances in the workplace or alleged breach of the Bank's policy on this.

The Bank adopts strategies that facilitate regular communication between staff and top management

Corporate social responsibility report *(continued)*

Continuous development and orientation of staff is believed to be crucial to the overall success of our business

The Bank encourages staff to engage in extracurricular activities

Our policy on charitable giving is one of supporting the communities we serve through several initiatives aimed at improving their welfare

The framework is designed such that no staff will suffer as a consequence of notifying management of such alleged breaches in accordance with our fraud and whistle blowing policy. In October 2009, executive management introduced the "HCM Engagement" mail address that has served as a quick avenue for staff to report unprofessional use of language on them in the course of doing their work.

EMPLOYEE DEVELOPMENT

To foster career development, the Group provides staff with access to appropriate training and development programmes. Given our scale, size and vast network, continuous development and orientation of staff is believed to be crucial to the overall success of our business. Staff development is carried out both internally and externally. UBA Academy is a division set up by the Bank to facilitate training across the Group and outsource such development needs for which internally available resources are insufficient.

WORKING HARD AND PLAYING HARD

UBA believes in leisure and relaxation. The Bank encourages staff to engage in extracurricular activities including sporting engagements and other non-sporting activities (like jogging the bond and TGIF). In 2009, the soccer team of our bank, UBA Lion's FC, won the prestigious trophy at the Bankers' games.

COMMUNITY AND EDUCATIONAL DEVELOPMENT

The responsibility of our bank includes people/community empowerment by creating sustainable initiatives or forging strategic partnerships that will be beneficial to various causes in education, environment and special projects. Our policy on charitable giving is one of supporting the communities we serve through several initiatives aimed at improving their welfare.

BEAUTIFICATION

UBA has taken it upon itself to add value to its environment. It has become a known responsibility for the Bank to decorate the environs of its head office in Lagos. The Akpongbon area and its link to the Marina axis are maintained by the Bank. This also created jobs for cleaners of the road and its vicinity.

Akpongbon Roundabout area

Corporate social responsibility report *(continued)*

Staff of UBA Foundation, recruited to maintain gardens developed and managed by the Bank

UBA REWARDS WINNERS WITH SCHOLARSHIPS AND BURSARIES AT THE U-CARE PROMO DRAWS

The UBA U-Care promo was organised by the Bank to reward its customers for their loyalty. At the grand draw of the promo held at the UBA corporate head office in Lagos, some customers benefited from the one million, five hundred thousand naira (N1.5mn) scholarship, while others were awarded bursaries of fifty thousand naira (N50 000).

In another promo/campaign (UBA Gunners Promo), customers were rewarded for their patronage. Prizes won included brand new car, all expense paid trip to watch Arsenal play and so on.

HEALTH AND SAFETY PROJECTS

UBA continued to support the healthcare sector. In 2009, the Bank's corporate social responsibility arm, UBA Foundation engaged in a number of activities to drive initiative. It donated N.5 million towards assisting one year old Abel Chukwu, who underwent neurosurgery at the University of Nigeria Teaching Hospital (UNTH), Enugu. The money was presented to the parents Mr. and Mrs. Christian Chukwu by the Education Programme Manager, UBA Foundation, Mrs. Gloria Braimah-Imoukhuede. Little Abel Chukwu fell from a building and suffered some haemorrhaging which caused damage to his brain. UBA Foundation was touched by little Abel's plight and committed to assist him. The Management and Staff of the University of Nigeria Teaching Hospital in Enugu, where Abel will undergo the surgery, were elated and in turn pledged to do their best to ensure that little Abel's surgery was successful.

In a similar vein, it donated two dialysis machines to the Lagos University Teaching Hospital (LUTH) amongst others.

There are other projects that UBA Foundation has been engaged in:

- Infrastructural Development – the ongoing University of Lagos Leisure Park Project.
- The Aqua-Vita Projects – This is a Pan-African initiative that is to provide 'Water for Life' for various communities where UBA operates.

Some customers benefited from the one million, five hundred thousand naira (N1.5mn) scholarship

Prizes won included brand new car, all expense paid trip to watch Arsenal play and so on

Donated two dialysis machines to the Lagos University Teaching Hospital (LUTH) amongst others

Corporate social responsibility report *(continued)*

UBA Foundation has a full-fledged environmental maintenance team that manages the beautified gardens at The UBA House, Apongbon/Marina Roundabout, Allen Avenue/Obafemi Awolowo Triangle, Festac/Agboju axis and ASPAMDA gardens

- Educational Endeavours-School rehabilitation for Government Day Secondary School, Kashere, Gombe State, donation of computer systems and printers to Federal College of Education, Osiele, Abeokuta, Ogun State etc
- In Liberia, the Bank's Easter Kitchen fed hundreds of people

ENTREPRENEURIAL DEVELOPMENT PROJECTS

UBA Foundation has a full-fledged environmental maintenance team that manages the beautified gardens at The UBA House, Apongbon/Marina Roundabout, Allen Avenue/Obafemi Awolowo Triangle, Festac/Agboju axis and ASPAMDA gardens.

These area people are given employment opportunities and are mentored by other UBA staff to acquire additional skills, further their education or develop business plans for their overall development.

Corporate social responsibility report *(continued)*

DONATIONS AND SPONSORSHIPS FOR THE PERIOD

1	10 000 Man Walk in Enugu	Sponsorship of 10 000 Man Walk for Life in Enugu to promote fitness and general fitness practices amongst the state's citizenry.	1 500 000.00
2	Women Mentoring Women	Sponsorship of the maiden edition of the "Women Mentoring Women" seminar	1 000 000.00
3	Women Mentoring Women	Sponsorship of 7 UBA Lioness to attend Women Mentoring Women seminar	300 000.00
4	Soup Kitchen Event	An employee volunteer scheme to reach out to the under-served in Lagos/Marina axis	680 000.00
5	Federal College of Education, Osiele, Abeokuta, Ogun state	Donation of computer systems and printers to Federal College of Education, Osiel, Abeokuta, Ogun state	1 249 500.00
6	Baby Covenent Oghogho	Part-sponsorship/donation for medical surgery in India: Open heart surgery – Tretalogy of Fallot	350 000.00
7	University of Port-Harcourt	UNIPORT Hostel Project (B.O.T.) (part payment)	5 241 278.68
8	Wasiu Yusuf – Disabled Wheel Chair Lawn Tennis Champion, Nigeria	Full sponsorship travel to Airports Company South Africa (ASCA) wheel chair tennis championship	300 000.00
9	Inspire Africa Foundation	Sponsorship of "The Inspire Africa Benefit Concert" for the rehabilitation of street children.	N10 000 000.00
11	Abia State Government	Donation of three Hilux vans to combat crime in Abia state	
12	ZADAF Foundation	Donation of N5 million to Kebbi State's Pet Project for the construction of boreholes	5 000 000.00
13	Kwara Football Academy (KFA)	Donation to support KFA Trust Fund for the development of sports in Nigeria.	25 000 000.00
14	Fullaution Services Ltd	Beautification of Marina Median commemorative monument	2 224 425.00
15	University of Port-Harcourt	UNIPORT Hostel Project (B.O.T.) (part payment)	3 193 404.52
16	Kogi State Family Advancement Programme	Donation to support Kogi State The Family Advancement Programme	1 000 000.00
17	Rivers State Ministry of Environment	Donation to for the sponsorship of " Operation Keep Port Harcourt Clean"	500 000.00
18.	Neuro-surgery for 1 year-old Abel Chukwu		500 000.00
19.	The Free Medical Mission Project	Collaboration with Wish for Africa Project to provide free surgery and health-care services to The Mafoluku-Oshodi Community	1 000 000.00
20.	Government Day Secondary School, Kashere, Gombe State	School rehabilitation	18 000 000.00
21.	University of Lagos	Leisure Park Project	125 000 000.00
22	Surgery for kidney transplant beneficiary		1 000 000.00
	Sub total		

Directors' report

for the period ended 31 December 2009

The Directors present their annual report on the affairs of UBA Bank Plc (the Bank) and its subsidiaries (together the Group), together with the financial statements and auditors' report for the fifteen months ended 31 December 2009.

LEGAL FORM

The Bank was incorporated in Nigeria under the Companies Ordinance, CAP 37 1922 as a limited liability company on 23 February 1961. 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 converted into a Public Limited Liability Company by listing on the floor of the Nigerian Stock Exchange in 1970. 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.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Bank is the provision of banking and other financial services to corporate and individual customers. Such services include granting of loans and advances, corporate finance and money market activities. Its major subsidiaries carry on capital market (stockbroking, issuing house, underwriting), insurance, asset management, security registration, pension custodian, bureau de change and trusteeship businesses.

The Bank has the following subsidiaries:

- UBA Ghana Limited
- UBA Kenya Bank Limited
- UBA Liberia Limited
- UBA (Sierra Leone) Limited
- UBA Uganda Limited
- Banque Internationale du Burkina Faso SA
- Continental Bank du Benin
- UBA Cameroon SA
- UBA Chad SA
- UBA Cote d'Ivoire
- UBA Senegal (SA)
- UBA Tanzania
- UBA Guinea
- UBA Gabon
- UBA Zambia Limited
- UBA Asset Management Limited
- UBA Capital Limited
- UBA FX Mart (Bureau de Change) Limited
- UBA Pension Custodian Limited
- UBA Retail Financial Services Limited

The Bank prepares consolidated financial statements.

OPERATING RESULT

Gross earnings increased by 46% and profit before tax of the Group decreased by 86%. Highlights of the Group's operating results for the period under review are as follows:

	2009 N'million	2008 N'million
Gross earnings	**246 725**	169 506
Profit before tax	**6 637**	48 029
Taxation	**(4 262)**	(7 204)
Profit after tax	**2 375**	40 825
Non-controlling interest	**(262)**	414
Profit attributable to the Group	**2 113**	41 239
Appropriations:		
Transfer to statutory reserve	**1 934**	12 001
Interim dividend	**–**	2 874
Transfer to retained earnings reserve	**179**	26 364
	2 113	41 239

DIVIDEND

In respect of the current year, the Directors propose a dividend of 10 kobo per ordinary share of 50 kobo each, amounting to N2.156 billion, to be paid to shareholders upon approval at the Annual General Meeting. 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 26 April 2010.

BOARD CHANGES

Abdulqadir J Bello was appointed an Executive Director on 10 June 2009 and in accordance with Article 75 of the Articles of Association of the Bank he will retire at the Annual General Meeting and offer himself for re-election.

In June 2009 Alhaji Ibrahim Jega, an Executive Director of the Bank, regrettably passed away.

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

1. Chief Kola Jamodu (OFR)
2. Mr. Ja'afaru A Paki

Mrs. Rose A Okwechime will retire at the AGM but will not seek re-election.

DIRECTORS' SHAREHOLDING

The direct and indirect interests of Directors in the issued share capital of the company as recorded in the register of directors shareholding and/or as notified by the Directors for the purposes of sections 275 and 276 of the Companies and Allied Matters Act and the listing requirements of the Nigerian Stock Exchange are as noted below:

Names of directors		Number of shares 31 December 2009	Number of shares 30 September 2008
Chief Ferdinand Alabraba		**9 375 000**	7 500 000
Tony Elumelu		**60 697 875**	56 174 700
Godwin Ize-Iyamu		**1 752 732**	404 100
Chief Israel C Ogbue	*– Direct*	**540 000**	432 000
	– Indirect	**1 062 791 853**	850 233 483
Abdulqadir Bello		**932 083**	NIL
Victor Osadolor		**14 243 476**	9 384 700
Phillips Oduoza	*– Direct*	**9 245 377**	6 094 200
	– Indirect	**11 277 278**	9 021 823
Faith Tuedor-Matthews		**21 810 521**	15 878 100
Rose A Okwechime	*– Indirect*	**30 222 867**	39 000 000
Willy Kroeger		**NIL**	NIL
Paolo A Di Martino		**165 240 000**	132 192 000
Adekunle Olumide		**188 928**	151 143
Chief Kolawole Jamodu	*– Direct*	**316 350**	253 080
	– Indirect	**35 171**	28 137
Garba Ruma		**NIL**	NIL
Runa Alam		**NIL**	NIL
Angela Nwabuoku		**1 058 341**	28 720
Emmanuel Nnorom	*– Direct*	**3 659 290**	1 534 050
	– Indirect	**129 375**	103 500
Rasheed Olaoluwa		**4 237 951**	2 647 500
Foluke K Abdulrazaq	*– Indirect*	**4 000 000**	1 500 150
Ja'afaru A Paki	*– Indirect*	**15 000 000**	12 000 000

Directors' report *(continued)*

- Chief Israel C Ogbue has indirect shareholding amounting to 1,062,791,853 (2008: 850,233,483) through Consolidated Trust Funds Limited.
- Rose Okwechime has indirect shareholding amounting to 30,222,867 (2008: 39,000,000) through Infant Jesus Academy.
- Paolo A Di Martino has indirect shareholding amounting to 165,240,000 (2008: 132,192,000) through Banca Monte Dei Paschi Di Siena.
- Chief Kolawole Jamodu has indirect shareholding amounting to 35,171 (2008: 28,137) through Jamkol Investments Limited.
- Phillips Oduoza has indirect shareholding amounting to 11,277,278 (2008: 9,021,823) through BOP Integrated Investment Limited.
- Emmanuel Nnorom has indirect shareholding amounting to 129,375 (2008: 103,500) through Vine Foods Limited.
- Foluke K Abdulrazaq has indirect shareholding amounting to 4,000,000 (2008: 1,500,150) through Bridgehouse College.
- Ja'afaru A Paki has indirect shareholding amounting to 15,000,000 (2008: 12,000,000) through Nymex Investments Limited.

DIRECTORS' INTERESTS IN CONTRACTS

For the purpose of section 277 of the Companies and Allied Matters Act, CAP C20 LFN 2004, none of the Directors had direct or indirect interest in contracts or proposed contracts with the company during the year.

PROPERTY AND EQUIPMENT

Information relating to changes in property and equipment is given in note 22 to the Accounts. In the Directors' opinion, the market value of the Group's properties is not less than the value shown in the financial statements.

SHAREHOLDING ANALYSIS

The shareholding pattern of the Bank as at 31 December 2009 is as stated below:

Range			Holders	Holders' %	Holders' Cum	Units	Units %	Units Cum
1	–	1 000	47 160	16.5	47 160	33 118 004	0.2	33 118 004
1 001	–	50 000	221 585	77.5	268 745	1 706 169 605	7.9	1 739 287 609
50 001	–	100 000	8 397	2.9	277 142	587 093 283	2.7	2 326 380 892
100 001	–	500 000	6 987	2.4	284 129	1 420 112 305	6.6	3 746 493 197
500 001	–	1 000 000	894	0.3	285 023	636 836 098	3.0	4 383 329 295
1 000 001	&	above	972	0.3	285 995	17 173 133 167	79.7	21 556 462 462
			285 995	**100.0**		**21 556 462 462**	**100.0**	

SUBSTANTIAL INTEREST IN SHARES

According to the register of members at 31 December 2009, no shareholder held more than 5% of the issued share capital of the Bank except the UBA Staff Investment Trust Scheme which held 1 707 841 140 units constituting 7.9% as at 31 December 2009.

DONATIONS AND CHARITABLE GIFTS

The Bank made contributions to charitable and non-political organisations amounting to N58.48 million (2008: N307 million) during the period, analysed as follows.

Beneficiary	Purpose	N'million
Institute of Chartered Accountants of Nigeria	ICAN Multi-purpose Hall	23.96
Athletics Federation of Nigeria	To support programmes	10.00
Lagos Business School	Infrastructure development	10.00
National Agricultural Show	Agriculture summit	5.00
Tai Solarin University	Donation of 18 seater bus	2.94
Christian Association of Nigeria	Donation of 21 boreholes	2.50
Federal Road Safety Commission (FRSC)	To support initiatives	1.03
Financial Institutions Training Center	To support programmes	0.77
University of Jos	To support initiatives	0.50
National Economic Summit	To support programmes	0.27
Chamber of Commerce & Industry	To support initiatives	0.25
National Council of Arts and Culture	To support programmes	0.25
National Food Reserve Agency	To support programmes	0.25
		57.71
Others less than N250 000	To support initiatives	0.77
		58.48

POST-BALANCE SHEET EVENTS

There are no post-balance sheet events which could have had a material effect on the financial state of affairs as at 31 December 2009 and the profit for the period ended on that date, which have not been adequately provided for or recognised.

HUMAN RESOURCES

Employment of disabled persons

UBA operates a non-discriminatory policy in the consideration of applications for employment, including those received from disabled persons. The Bank's policy is to recruit the most qualified candidate for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition. Accordingly, the Bank's policy prohibits discrimination against disabled persons in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the Bank continues and appropriate training is arranged to ensure that they fit into the Bank's working environment.

Health, safety and welfare at work

The Bank maintains strict health and safety rules and practices at the work environment, which are reviewed and tested regularly. The Bank retains top-class private hospitals where medical facilities are provided for staff and their immediate families at the Bank's expense.

Fire prevention and fire-fighting equipment are installed in strategic locations within the company's premises.

The Bank operates a Workmen's Compensation Insurance cover for the benefit of its employees. It also operates a contributory pension plan in line with the Pension Reform Act, 2004.

Employee involvement and training

The Bank ensures, through various fora, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees, with an appropriate two-way feedback mechanism.

In accordance with the Bank's policy of continuous development, training facilities are provided in the Bank's well-equipped Training School. In addition, employees of the Bank are nominated to attend both locally and internationally organised courses. These are complemented by on-the job training.

Directors' report (continued)

AUDIT COMMITTEE

Pursuant to section 359(3) of the Companies and Allied Matters Act, CAP 20 Laws of the Federation of Nigeria, the Bank has an Audit Committee comprising three Non-Executive Directors and three Shareholders as follows:

1.	Mr. Jonathan Anolu	Chairman/shareholder
2.	Mr. Henry Laraiyetan	Shareholder
3.	Alhaji Umar Al-Kassim	Shareholder
4.	Alhaji Garba S Ruma	Non-Executive Director
5.	Chief Israel C Ogbue	Non-Executive Director
6.	Mrs. 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 20 Laws of the Federation of Nigeria 2004.

AUDITORS

The Auditors, Messrs Akintola Williams Deloitte have served the Bank for over 10 years and in line with the provisions of the CBN Code of Corporate Governance will not seek re-appointment. A resolution will be proposed at the Annual General Meeting for the appointment of new Auditors and to authorise the Directors to determine their remuneration.

By order of the Board

Bili Odum
Group Company Secretary
57 Marina, Lagos, Nigeria

Corporate governance report

INTRODUCTION

The Board of Directors has continued to ensure proper implementation of Corporate Governance principles in the operations of the Group. The Directors have also continued to endorse and insist on compliance with the provisions of the Group's Code of Corporate Governance, which has incorporated most of the provisions of the Central Bank of Nigeria (CBN) Code on Corporate Governance for Banks in Nigeria – Post Consolidation, and the revised Securities and Exchange Commission (SEC) Code of Corporate Governance.

THE BOARD

The Board is composed of 20 members, including the Chairman, who is a Non-Executive Director, the Managing Director, eight executive Directors and 10 Non-Executive Directors.

The Board has five Committees. These are the Risk Management Committee, Finance and General Purpose Committee, Credit Committee, Audit Committee and the Nomination and Evaluation Committee. In addition to the Board Committees there are regular Management meetings.

Responsibility

The Board reviews corporate performance, authorises and monitors strategic decisions whilst ensuring regulatory compliance and safeguarding the interests of shareholders. It is committed to ensuring that the Group is managed in a manner that will fulfil stakeholders' aspirations and societal expectations. The Board has provided leadership for achieving the strategic objectives of the Group.

The Board met seven times during the 2008/2009 financial year, and had one orientation session for new Directors.

Appointments and retirements

Sadly during the last financial year Mallam Ibrahim Jega passed away. Alhaji Abdulqadir Jelli Bello who was a senior management staff member in the Bank, was appointed an Executive Director. The appointment was subject to the usual rigorous and transparent process as laid down by both the CBN and the Group's code of Corporate Governance. This is driven by a desire to ensure that all the Directors of the Bank bring the requisite skills, integrity and experience to bear on the Board's proceedings.

Chairman and Chief Executive

In line with best practice and in accordance with the Provisions of both the CBN and the UBA Group Codes of Corporate Governance, the responsibilities of the Chairman and the Chief Executive Officer have remained separate. While the Group's Chairman, Chief Ferdinand Alabraba, is responsible for the leadership of the Board and creating the conditions for overall Board and individual Directors' effectiveness, the Chief Executive Officer, Mr. Tony Elumelu (MFR), is responsible for the overall performance of the Group, including the responsibility of arranging effective day-to-day management controls.

Independent professional advise

All Directors are aware that they may take independent professional advice at the expense of the company, in the furtherance of their duties. They all have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that all governance matters are complied with and assists with professional development as required.

ACCOUNTABILITY AND AUDIT

Financial reporting

The Board has presented a balanced assessment of the company's position and prospects. The Board is mindful of its responsibilities and is satisfied that in the preparation of its Financial Report it has met with its obligations under the Group's Code of Corporate Governance.

The Directors make themselves accountable to the shareholders through regular publication of the Group's financial performance and Annual Reports. The Board has ensured that the Group's reporting procedure is conveyed on the most up-to-date infrastructure to ensure accuracy. This procedure involves the monitoring of performance throughout the financial year in addition to monthly reporting of key performance indicators.

Internal controls

The Group has consistently improved on its internal control system to ensure effective management of risks. The Directors review the effectiveness of the system of internal control through regular reports and reviews at Board and Risk Management Committee meetings.

CONTROL ENVIRONMENT

The Board has continued to place emphasis on risk management as an essential tool for achieving the Group's objectives. Towards this end, it has ensured that the Group has in place robust risk management policies and mechanisms to ensure identification of risk and effective control.

The Board approves the annual budget for the Group and ensures that a robust budgetary process is operated with adequate authorisation levels put in place to regulate capital expenditure.

SHAREHOLDER RIGHTS

The Board places considerable importance on effective communication with its shareholders. It ensures that the rights of shareholders are protected at all times. Notice of meetings and all other statutory notices and information are communicated to the shareholders regularly.

BOARD COMMITTEES

The Board Committees consist of:

The Risk Management Committee: This Committee comprises three Executive Directors and three Non-Executive Directors (one of whom acts as Chairman). The Group Chief Credit Officer and the Group Legal Counsel are in attendance at the Committee meetings. The Director, Group Audit and Control gives regular reports to the Committee on Internal Control exceptions and the compliance status of the Bank. Amongst its other functions, the Committee sets out the Bank's policies on monitoring, reviewing and assessing the integrity and adequacy of the overall risk management framework of the Group; setting the Group's appetite and tolerance for risk and approving risk limits within acceptable tolerance for risk; considering and approving all risk management policies and frameworks for the Group and monitoring compliance risk; and ensuring that the Group operates ethically. The Board Risk Management Committee also oversees the OCC Remediation process. The quorum for its meetings is four.

The Nomination and Evaluation Committee: This Committee comprises three Non-Executive Directors. The terms of reference of the Committee include to recommend an executive remuneration and incentive policies; to determine the entitlements of Non-Executive Directors of the Bank in conjunction with the Managing Director; to select, review and nominate candidates for all Board positions, both executive and non-executive. Quorum for meetings is three with the Group Managing Director in attendance. The Committee meets as may be required by the Bank.

The Finance and General Purpose Committee: The Committee comprises Executive Directors and Non-Executive Directors, one of whom is Chairman of the Committee. The quorum for the meeting is five, of which one must be a Non-Executive Director. Amongst its functions is to recommend strategic initiatives to the Board, review the budget and the audited accounts of the Group, approve a compensation policy and to review compensation for Assistant General Managers and above.

The Board Audit Committee: The Board Audit Committee was set up to further strengthen internal controls in the Group. It assists the Board of Directors in fulfilling its audit responsibilities by ensuring that an effective system of financial and internal controls is in place within the Group. The Committee comprises an equal number of Executive and Non-Executive Directors.

The Statutory Audit Committee: The Statutory Audit Committee was set up in accordance with the provisions of the Companies and Allied Matters Act, CAP20, 2004. Its membership comprises a mix of Non-Executive Directors and ordinary shareholders elected at an Annual General Meeting. Its terms of reference include the monitoring of processes designed to ensure compliance by the Group in all respects with legal and regulatory requirements, including disclosure, controls and procedures, and the impact (or potential impact) of developments related thereto. It evaluates annually, the independence and performance of the External Auditors. The Committee also reviews with Management and the External Auditors, the annual audited financial statement before its submission to the Board.

The Board Credit Committee: The Board Credit Committee was set up to assist the Board of Directors in the discharge of its responsibility to exercise due care, diligence and skill in overseeing, directing and reviewing the management of the credit portfolio of the Group. Its terms of reference include determining and setting the parameters for credit risk and asset concentration and reviewing compliance with such limits; determining and setting the lending limits; reviewing and approving the Group's credit strategy and credit risk tolerance. The Committee also reviews the loan portfolio of the Bank. It also reviews and approves country risks exposure limits. The Committee comprises six members, with the Group Chief Risk Officer in attendance.

RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

The Companies and Allied Matters Act CAP C20 LFN 2004 and the Banks and Other Financial Institutions Act CAP B3 LFN 2004, require the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Bank at the end of the year and of its profit or loss. The responsibilities include ensuring that the Bank:

(i) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and comply with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act;

(ii) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

(iii) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, that are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with:

– Nigerian Accounting Standards;
– Prudential Guidelines for licensed Banks;
– relevant circulars issued by the Central Bank of Nigeria;
– the requirements of the Banks and Other Financial Institutions Act; and
– the requirements of the Companies and Allied Matters Act.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the United Bank for Africa Plc and Group, and of the profit for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Bank will not remain a going concern for at least twelve months from the date of this statement.

Ferdinand Alabraba
Chairman

Tony Elumelu
Group Managing Director/CEO

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 31 December 2009 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 31 December 2009.

In line with the provisions of the CBN Code of Corporate Governance and the Bank's Code of Corporate Governance, the External Auditors of the Bank, having served the Bank for over ten years, will resign at the Annual General Meeting and will not seek re-appointment. The Audit Committee has made recommendations to the Board regarding the appointment of new External Auditors.

Jonathan Anolu
Chairman
Audit Committee

MEMBERS OF THE AUDIT COMMITTEE

Jonathan Anolu	Chairman/Shareholder
Henry Laraiyetan	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

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 31 December 2009.

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 out within the scope of our engagement as contained in our letter of engagement of 5 February 2010.

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

Financials

Report of the independent auditors

To the Members of United Bank for Africa Plc

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of United Bank for Africa Plc and its subsidiary companies (the Group), which comprise the balance sheet as at 31 December 2009, the income statement, statement of cash flows for the period then ended, and significant accounting policies and other financial information set out on pages 45 to 83.

DIRECTORS' RESPONSIBILITY 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, and the Banks and Other Financial Institutions Act, CAP B3, LFN 2004, and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 financial statements present fairly, in all material respects, the financial position of the Group and the Bank as at 31 December 2009, and of its financial performance and its cash flows for the period then ended; the Group and the Bank has kept proper books of account, which are in agreement with the balance sheet and income statement, in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004, and the Banks and Other Financial Institutions Act, CAP B3, LFN 2004, in accordance with the Statements of Accounting Standards issued by the Nigerian Accounting Standards Board.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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 34.

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 period ended 31 December 2009.

Akintola Williams Deloitte

Akintola Williams Deloitte
Chartered Accountants
23 March 2010

Accounting policies

for the period ended 31 December 2009

The following are the significant accounting policies which have been consistently applied in the preparation of these financial statements:

1. BASIS OF PREPARATION

These financial statements are the consolidated financial statements of United Bank for Africa Plc, a company incorporated in Nigeria on 23 February 1961 and its subsidiaries (hereinafter collectively referred to as the Group). The financial statements are prepared under the historical cost convention modified by the revaluation of property, plant and equipment, and comply with the Statement of Accounting Standards issued by the Nigerian Accounting Standards Board.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

2. CONSOLIDATION

(a) Subsidiaries

Subsidiary undertakings, which are those companies in which the Bank, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over their operations, have been consolidated. Where necessary, the accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Bank. Separate disclosure is made for minority interest.

The acquisition method is used to account for business combinations. The cost of an acquisition is measured as the market value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their market values at acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the value of the net assets of the subsidiary acquired, the difference is recognised directly in the profit and loss account.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

(b) Associates

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.

Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement; its share of post-acquisition movements in reserves is recognised in reserves.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

(c) Joint ventures

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 a 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 jointly controlled entity.

3. SEGMENT REPORTING

A business segment is a distinguishable component of the Group that is engaged in providing related products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of other segments operating in other economic environments.

Segment information is presented in respect of the Group's 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. FOREIGN CURRENCY TRANSLATION

Reporting currency

The consolidated financial statements are presented in Nigerian Naira, which is the Bank's reporting currency.

Transactions and balances

Foreign currency transactions are translated into the reporting currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Group companies

The results and financial position of all Group entities that have a currency different from the reporting currency are translated into the reporting currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each profit and loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of reserves.

On consolidation, exchange differences arising from the translation of the investment in foreign entities are taken to shareholders' funds. When a foreign operation is sold, such exchange differences are recognised in the profit and loss account as part of the gain or loss on sale.

5. 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.

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 for:	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

In addition, a provision of 1% minimum is made for all performing accounts to recognise losses in respect of risks inherent in any credit portfolio (waived for the current period in line with the decisions reached by the Central Bank of Nigeria and as contained in its Communiqué No. 66 of the Monetary Policy Committee Meeting dated 3 November 2009).

When a loan is deemed not collectible, it is written off against the related provision for impairments and subsequent recoveries are credited to the profit and loss account.

Risk assets in respect of which a previous provision was not made are written directly to the profit and loss account when they are deemed to be not collectible.

6. INCOME RECOGNITION

Credits to profit and loss account are recognised as follows:

(a) Interest income

Interest income is recognised on an accrual basis, except for interest overdue by more than 90 days which is suspended and recognised only to the extent of cash received.

(b) Non-credit related fees

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

(c) 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.

(d) Commission and fee charge to customers for services rendered

Fees and commissions, where material, are amortised over the life of the related service. Otherwise fees, commissions and other income are recognised as earned upon completion of the related service.

(e) Investment income

Investment income is recognised on an accrual basis.

(f) Dividend income

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

7. OFFSETTING

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

8. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are carried in the company's balance sheet at cost less provisions for impairment losses. Where, in the opinion of the Directors, there has been impairment in the value of an investment, the loss is recognised as an expense in the period in which the impairment is identified. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

9. INVESTMENT PROPERTIES

An investment property is an investment in land or buildings held primarily for generating income or capital appreciation and not occupied substantially for use in the operations of the enterprise. A piece of property is treated as an investment property if it is not occupied substantially for use in the operations of the Group, an occupation of more than 15% of the property lettable space is considered substantial.

Investment properties are carried in the balance sheet at their market value and revalued periodically on a systematic basis at least once in every three years. Investment properties are not subject to periodic charge for depreciation.

When there has been a decline in value of an investment property, the carrying amount of the property is written down to recognise the loss. Such a reduction is charged to the profit and loss account. Reductions in carrying amount are reversed when there is an increase, following a revaluation of the investment property, or if the reasons for the reduction no longer exist.

An increase in carrying amount arising from the revaluation of investment property is credited to owners' equity as revaluation surplus. To the extent that a decrease in carrying amount offsets a previous increase, for the same property that has been credited to revaluation surplus and not subsequently reversed or utilised, it is charged against that revaluation surplus rather than the profit and loss account.

9. INVESTMENT PROPERTIES (continued)

An increase on revaluation which is directly related to a previous decrease in carrying amount for the same property that was charged to the profit and loss account is credited to the profit and loss account to the extent that it offsets the previously recorded decrease.

Investment properties are disclosed separate from the property and equipment used for the purposes of the business.

10. PROPERTY AND EQUIPMENT

All property and equipment are initially recorded at cost. They are subsequently stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably.

All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Construction cost in respect of offices is carried at cost as work in progress. On completion of construction, the related amounts are transferred to the appropriate category of property and equipment. Payments in advance for items of property and equipment are included as Prepayments in Other Assets and upon delivery are reclassified as additions in the appropriate category of property and equipment. No depreciation is charged until the assets are put into use.

11. 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%
(vii)	Other transportation equipment	10%

Where items of property and equipment are subsequently carried at revalued amounts, an entire class of property and equipment is revalued or the selection of the items for revaluation is done on a systematic and consistent basis. Any accumulated depreciation at the date of the revaluation is not credited to the profit and loss account or retained profit.

On revaluation of property and equipment, an increase in the net book value is credited to a revaluation surplus reserve. A decrease in the net book value is used to reduce the amount of any existing revaluation surplus on the same item before it is charged to the profit and loss account.

Upon sale or disposal of an item of property and equipment, the difference between the proceeds and the net book value should be transferred to the profit and loss account. Any balance in the revaluation surplus reserve in respect of such item is transferred to the profit and loss account (or retained profit reserve).

Subsequent depreciation on revalued items of property, plant and equipment should be calculated on the new value and charged to income.

12. INVESTMENT SECURITIES

The Group categorises its investment securities into the following categories: short-term investments and long-term investments. Investment securities are initially recognised at cost and management determines the classification at initial investment.

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

Long-term investments are investments held by management over a long period of time to earn income. Long-term investments may include debt and equity securities.

Long-term investments are carried at cost less impairment. An investment is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the market value.

Interest earned whilst holding investment securities is reported as interest income. Dividends receivable are included separately in dividend income when a dividend is declared. A change in market value of investment securities is not taken into account unless it is considered to be permanent.

13. TAXATION

(a) Income tax

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

(b) 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.

14. RETIREMENT BENEFITS

The Group has both defined benefit and defined contribution schemes.

The defined contribution scheme 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 period in which they become payable. Payments are made to Pension Fund Administration companies, who are appointed by respective staff of the Group.

The Group operates a defined benefit (gratuity) scheme where qualifying employees receive a lump sum payment based on the number of years served after an initial qualifying period of 10 years and gross salary on date of retirement.

15. OFF-BALANCE SHEET TRANSACTIONS

Contingent liabilities arising from guaranteed commercial papers, letters of credit, performance bonds and guarantees issued on behalf of customers in the ordinary course of business are reported off-balance sheet in recognition of the risk inherent in those transactions. Incomes on these transactions are recognised as earned on issuance of the bond or guarantee.

16. SALE OF LOANS OR SECURITIES

A sale of loans or securities without recourse to the seller is accounted for as a disposal and the assets excluded from the balance sheet. Profits or losses on sale of loans or securities without recourse to the seller are recognised by the seller when the transaction is completed.

The Group regards a sale of loans or securities as without recourse, if it satisfies all the following conditions. Any sale not satisfying these conditions will be regarded as with recourse:

- control over the economic benefits of the asset must be passed on to the buyer;
- the seller can reasonably estimate any outstanding cost; and
- there must not be any repurchase obligations.

A sale or transfer of loans or securities with recourse is when there is an obligation to, or an assumption of, repurchase is not treated as a sale, and the asset remains in the Group's balance sheet, with any related cash received recognised as a liability.

Profit arising from sale or transfer of loan or securities with recourse to the seller is amortised over the remaining life. However, losses are recognised as soon as they can reasonably be estimated. Where there is no obligation or assumption of repurchase, the sale should be treated as disposal and the asset excluded from the balance sheet, and any contingent liability disclosed.

17. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are liabilities that are uncertain in timing or amount.

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are normally made for restructuring costs and legal claims.

In addition, general provisions are made on performing risk assets balances in accordance with the Prudential Guidelines for Licensed Banks. Risk assets comprise loans and advances, advances under finance leases, etc.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or the Group has a present obligation as a result of past events but is not recognised because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

Contingent liabilities normally comprise legal claims under arbitration or court process in respect of which a liability is not likely to eventuate. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent asset is never recognised; rather they are disclosed in the financial statements when they arise.

18. CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits denominated in Naira and to foreign currencies. Cash equivalents are short-term, highly liquid instruments which are:

(a) readily convertible into cash, whether in local or foreign currency; and
(b) so near to their maturity dates as to present insignificant risk of changes in value as a result of changes in interest rates.

19. ORDINARY SHARE CAPITAL

Share issue costs

Incremental costs directly attributable to the issue of new shares or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

Dividends on ordinary shares

Dividends on ordinary shares are appropriated from revenue reserve in the period they are approved by the Bank's shareholders.

Dividends for the period that are approved by the shareholders after the balance sheet date are disclosed in the notes.

Dividends proposed by the Directors but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act, CAP 20 LFN 2004.

20. 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 period.

21. GOODWILL

Goodwill arises on the acquisition of subsidiary. Goodwill represents the excess of the purchase consideration over the fair value of the Group's interest in the net identifiable assets of the acquired subsidiary.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Losses arising from impairment are charged to the profit and loss account in the period in which they arise.

22. BORROWED FUNDS

Borrowed funds are recognised initially at their issue proceeds and subsequently stated at cost less any repayments.

Transaction costs, where immaterial, are recognised immediately in the profit and loss account. Where transaction costs are material, they are capitalised and amortised over the life of the loan. Interest paid on borrowings is recognised in the profit and loss account for the period.

23. FIDUCIARY ACTIVITIES

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

Consolidated profit and loss account

for the period ended 31 December 2009

	Note	GROUP 15 months to 31 December 2009 N'million	GROUP 12 months to 30 September 2008 N'million	BANK 15 months to 31 December 2009 N'million	BANK 12 months to 30 September 2008 N'million
Gross earnings		**246 725**	169 506	**220 467**	154 330
Interest and similar income	3	**177 848**	116 448	**163 456**	111 172
Interest and similar expense	4	**(59 659)**	(41 355)	**(54 920)**	(39 800)
Net interest income		**118 189**	75 093	**108 536**	71 372
Fee and commission income	5	**50 075**	42 422	**45 753**	35 949
Foreign exchange income		**10 543**	3 918	**8 524**	3 918
Trusteeship income		**576**	117	**–**	–
Income from investments	6	**2 615**	1 487	**624**	179
Other income		**5 068**	5 114	**2 110**	3 112
Operating income		**187 066**	128 151	**165 547**	114 530
Operating expenses	7	**(130 067)**	(68 475)	**(109 380)**	(58 107)
Loss on sale of securities		**(3 831)**	(238)	**(2 273)**	(238)
Diminution in asset values	14	**(38 176)**	(2 616)	**(30 905)**	(1 548)
Share of loss in associate	17(a)	**(675)**	(7)	**–**	–
Share of loss in joint venture	17(b)	**(655)**	–	**–**	–
Profit before taxation and exceptional items		**13 662**	56 815	**22 989**	54 637
Exceptional items	8	**(7 025)**	(8 786)	**(7 025)**	(8 786)
Profit before tax and after exceptional items		**6 637**	48 029	**15 964**	45 851
Taxation	9	**(4 262)**	(7 204)	**(3 075)**	(5 849)
Profit after taxation and exceptional items		**2 375**	40 825	**12 889**	40 002
Non-controlling interest	30	**(262)**	414	**–**	–
Profit attributable to the Group		**2 113**	41 239	**12 889**	40 002
Appropriated as follows:					
Statutory reserve	32	**1 934**	12 001	**1 934**	12 001
Interim dividend		**–**	2 874	**–**	2 874
Retained earnings reserve	32	**179**	26 364	**10 955**	25 127
		2 113	41 239	**12 889**	40 002
Earnings per share – basic	38	**10k**	314k	**60k**	305k
Dividend per share (proposed/paid)	37	**10k**	100k	**10k**	100k

The accounting policies on pages 45 to 51 and notes on pages 55 to 82 form an integral part of these financial statements.

Consolidated balance sheet

as at 31 December 2009

	Note	GROUP 31 December 2009 N'million	GROUP 30 September 2008 N'million	BANK 31 December 2009 N'million	BANK 30 September 2008 N'million
ASSETS					
Cash and balances with central banks	10	**68 225**	120 088	**38 972**	95 733
Treasury bills	11	**42 035**	174 005	**15 945**	171 401
Due from other banks	12	**470 195**	654 869	**459 829**	591 791
Loans and advances to customers	13	**606 616**	431 410	**543 289**	405 540
Investment securities	15	**188 407**	126 895	**150 565**	96 397
Investment in subsidiaries	16	**–**	–	**37 753**	13 562
Investment in associates	17(a)	**9 261**	588	**9 943**	595
Investment in joint venture	17(b)	**245**	900	**900**	900
Goodwill	19	**2 983**	–	**–**	–
Investment properties	20	**269**	589	**–**	–
Other assets	21	**87 003**	102 436	**80 186**	88 007
Property and equipment	22	**73 042**	61 553	**63 497**	56 165
		1 548 281	1 673 333	**1 400 879**	1 520 091
LIABILITIES					
Customers' deposits	23	**1 245 650**	1 333 289	**1 151 086**	1 258 036
Due to other banks	24	**15 807**	32 000	**10 080**	32 000
Liability on investment contracts	25	**22 138**	40 558	**–**	–
Other borrowings	26	**14 760**	–	**14 760**	–
Current income tax	9	**3 385**	5 606	**1 416**	3 443
Other liabilities	27	**58 207**	65 606	**34 315**	37 466
Deferred income tax liabilities	28	**2**	993	**–**	991
Retirement benefit obligations	29	**1 503**	–	**1 503**	–
		1 361 452	1 478 052	**1 213 160**	1 331 936
EQUITY					
Ordinary share capital	31	**10 778**	8 622	**10 778**	8 622
Share premium	31	**113 645**	114 036	**113 645**	114 036
Revaluation reserve		**11 231**	11 231	**11 231**	11 231
Retained earnings	32	**18 317**	31 861	**26 275**	28 254
Other reserves	32	**27 542**	27 710	**25 790**	26 012
Attributable to equity holders of the parent		**181 513**	193 460	**187 719**	188 155
Non-controlling interest	30	**5 316**	1 821	**–**	–
Total equity		**186 829**	195 281	**187 719**	188 155
Total equity and liabilities		**1 548 281**	1 673 333	**1 400 879**	1 520 091
Off-balance sheet engagements and contingencies	33	**689 479**	616 734	**684 047**	616 031

The accounting policies on pages 45 to 51 and financial statements and notes on pages 55 to 82 were approved by the Board of Directors on 22 February 2010 and signed on its behalf by:

Chief Ferdinand Alabraba
Chairman

Tony O Elumelu, MFR
Group Managing Director/CEO

Victor Osadolor
Executive Director/Group CFO

Consolidated cash flow statement

for the period ended 31 December 2009

	Note	GROUP 31 December 2009 N'million	GROUP 30 September 2008 N'million	BANK 31 December 2009 N'million	BANK 30 September 2008 N'million
OPERATING ACTIVITIES					
Cash generated from operations	36	**(148 744)**	216 155	**(77 249)**	194 092
Tax paid	9	**(7 283)**	(6 188)	**(5 933)**	(5 819)
Net cash (used in)/from operating activities		**(156 027)**	209 967	**(83 182)**	188 273
FINANCING ACTIVITIES					
Dividend paid to shareholders	32	**(12 934)**	(16 668)	**(12 934)**	(16 668)
Share issue expenses	31	**(391)**	–	**(391)**	–
Repayment of long-term borrowings		**–**	(1 135)	**–**	(1 135)
Proceeds from long-term loan	26	**14 760**	–	**14 760**	–
Net cash from/(used in) financing activities		**1 435**	(17 803)	**1 435**	(17 803)
INVESTING ACTIVITIES					
Purchase of long-term investment		**13 141**	(8 185)	**(4 976)**	(6 643)
Dividend received	6	**363**	1 308	**216**	–
Additional investment in subsidiaries		**–**	–	**(24 191)**	(2 417)
Additional investment in associate	17	**(9 348)**	–	**(9 348)**	–
Purchase of treasury bills and government bonds held to maturity		**(69 363)**	(98 849)	**(50 400)**	(96 633)
Proceeds on disposal of investment property		**1 820**	–	**–**	–
Purchase of property, plant and equipment	22	**(28 319)**	(18 550)	**(21 704)**	(14 314)
Proceeds from sale of property and equipment		**4 227**	723	**3 022**	666
Net cash used in investing activities		**(87 479)**	(123 553)	**(107 381)**	(119 341)
(Decrease)/increase in cash and cash equivalents		**(242 071)**	68 611	**(189 128)**	51 129
Analysis of changes in cash and cash equivalents					
At start of period	40	**(768 156)**	(699 545)	**(681 207)**	(630 078)
At end of period	40	**526 085**	768 156	**492 079**	681 207
(Decrease)/increase in cash and cash equivalents		**(242 071)**	68 611	**(189 128)**	51 129

1. GENERAL INFORMATION

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 on 31 December 2005.

The Bank has seventeen (17) subsidiaries as analysed below:

1.	UBA Ghana Limited	91%
2.	UBA Cameroun SA	99%
3.	UBA Cote d'Ivoire	99%
4.	UBA Liberia Limited	99%
5.	UBA (SL) Limited	99%
6.	UBA Uganda Limited	99%
7.	Banque International du Burkina Faso	57%
8.	UBA Chad SA	99%
9.	UBA Senegal (SA)	99%
10.	Continental Bank Benin	76%
11.	UBA Kenya Bank Limited	99%
12.	UBA Asset Management Limited	99%
13.	UBA Capital (Africa) Limited	99%
14.	UBA FX Mart Limited	99%
15.	UBA Pension Custodian Limited	99%
16.	UBA Retail Financial Services Limited	99%
17.	UBA Insurance Brokers	99%

2. SEGMENT ANALYSIS

(a) By geographical segment

As a result of the Group's expansion into African territories, it has become imperative to redefine the Group's geographical segment from Nigeria and Foreign in prior period to Nigeria, Rest of Africa and Rest of the World in current period. Accordingly, prior period balances have been restated to reflect this change in the definition of the Group's geographical segment. Geography is assumed as the primary segment of the Group.

Transactions between the business segments are at normal commercial terms and conditions.

	Nigeria N'million	Rest of Africa N'million	Rest of the World N'million	Total N'million
At 31 December 2009				
External revenues	**223 195**	**17 864**	**5 666**	**246 725**
Operating profit	**170 423**	**13 131**	**3 512**	**187 066**
Profit before tax and exceptional items	**17 063**	**(4 226)**	**1 615**	**14 992**
Loss in joint venture	**(655)**	**–**	**–**	**(655)**
Loss in associate	**–**	**–**	**(675)**	**(675)**
	16 948	**(4 226)**	**940**	**13 662**
Income tax expense	**(4 194)**	**(68)**	**–**	**(4 262)**
Exceptional items	**(7 025)**	**–**	**–**	**(7 025)**
Profit/(loss) for the period	**5 729**	**(4 294)**	**94**	**2 375**
Total segment assets	**1 304 824**	**175 075**	**68 382**	**1 548 281**
Total segment liabilities	**1 149 573**	**145 114**	**66 765**	**1 361 452**
Other segment items				
Depreciation	**10 329**	**1 048**	**246**	**11 623**
Amortisation	**7 025**	**–**	**–**	**7 025**

2. SEGMENT ANALYSIS (continued)

(a) By geographical segment (continued)

	Nigeria N'million	Rest of Africa N'million	Rest of the World N'million	Total N'million
At 30 September 2008				
External revenues	156 185	4 158	9 163	169 506
Operating profit	121 428	2 603	4 120	128 151
Profit before tax	55 924	(292)	1 190	56 822
Share of loss in associate	–	–	(7)	(7)
	55 924	(292)	1 183	56 815
Exceptional items	(7 032)	–	(1 754)	(8 786)
Income tax expense	1 296	–	(8 500)	(7 204)
Profit/(loss) for the period	50 188	(292)	(9 071)	40 825
Total segment assets	1 464 511	115 258	93 564	1 673 333
Total segment liabilities	1 312 112	71 818	94 122	1 478 052
Other segment items				
Depreciation	5 669	369	78	6 116
Amortisation	7 032	–	–	7 032

(b) By business segment

The Group's business can be categorised into four main product segments, namely Retail and Commercial Banking, Asset Management, Investment Banking and Pension Custodian.

Retail and Commercial Banking: Offering a comprehensive range of retail, personal, commercial and corporate banking services and products to individuals, small business customers, corporate, medium and large business customers.

Asset Management: This provides individuals and financial institutions with asset management and advisory services.

Investment Banking: This provides investment and capital market services to both individual and institutional investors. It also provides insurance and registrar services to listed and private companies and individual customers.

Pension Custodian: This provides custodian services to various pension fund administrators, individuals and corporate customers.

	Banking N'million	Asset management N'million	Investment banking N'million	Pension custodian N'million	Group N'million
At 31 December 2009					
External revenue	**238 562**	**2 886**	**3 839**	**1 438**	**246 725**
Profit/(loss) before tax and exceptional items	**18 501**	**(125)**	**(4 245)**	**861**	**14 992**
Loss in joint venture	**(655)**	**–**	**–**	**–**	**(655)**
Loss in associate	**–**	**–**	**(675)**	**–**	**(675)**
	17 846	**(125)**	**(4 920)**	**861**	**13 662**
Income tax expense	**(3 143)**	**(327)**	**(508)**	**(284)**	**(4 262)**
Exceptional items	**(7 025)**	**–**	**–**	**–**	**(7 025)**
Profit for the period	**7 678**	**(452)**	**(5 428)**	**577**	**2 375**
Total segment assets	**1 450 595**	**26 735**	**67 576**	**3 375**	**1 548 281**
Total segment liabilities	**1 270 146**	**23 510**	**67 278**	**518**	**1 361 452**
Other segment information					
Depreciation	**11 456**	**40**	**80**	**47**	**11 623**
Amortisation	**7 025**	**–**	**–**	**–**	**7 025**

2. SEGMENT ANALYSIS (continued)

(b) By business segment (continued)

	Banking N'million	Asset management N'million	Investment banking N'million	Pension custodian N'million	Group N'million
At 31 September 2008					
External revenue	159 493	2 290	7 009	714	169 506
Profit before tax	54 080	808	1 595	339	56 822
Share of loss in associate	–	–	(7)	–	(7)
	54 080	808	1 588	339	56 815
Income tax expense	(5 849)	(30)	(1 223)	(102)	(7 204)
Exceptional items	(8 786)	–	–	–	(8 786)
Profit for the period	39 445	778	365	237	40 825
Total segment assets	1 590 343	27 407	55 341	242	1 673 333
Total segment liabilities	1 404 728	45 750	27 333	241	1 478 052
Other segment information					
Depreciation	5 973	33	62	48	6 116
Amortisation	7 032	–	–	–	7 032

3. INTEREST AND SIMILAR INCOME

	GROUP		BANK	
	15 months to 31 December 2009 N'million	12 months to 30 September 2008 N'million	**15 months to 31 December 2009 N'million**	12 months to 30 September 2008 N'million
Analysis by nature:				
Placement	**32 986**	15 219	**30 055**	15 219
Treasury bills and investment securities	**29 236**	17 048	**25 055**	17 048
Loans and advances	**115 626**	84 181	**108 346**	78 905
	177 848	116 448	**163 456**	111 172
Analysis by geography:				
Interest income earned in Nigeria	**160 920**	105 190	**158 483**	103 491
Interest income earned outside Nigeria	**16 928**	11 258	**4 973**	7 681
	177 848	116 448	**163 456**	111 172
Analysis by sources:				
Interest income – bank sources	**62 222**	32 267	**55 110**	32 267
Interest income – non-bank sources	**115 626**	84 181	**108 346**	78 905
	177 848	116 448	**163 456**	111 172

	GROUP		BANK	
	15 months to 31 December 2009 N'million	12 months to 30 September 2008 N'million	**15 months to 31 December 2009 N'million**	12 months to 30 September 2008 N'million
4. INTEREST AND SIMILAR EXPENSE				
Current accounts	**7 650**	1 471	**5 676**	1 471
Savings accounts	**3 127**	1 858	**2 588**	1 858
Time deposits	**44 948**	31 248	**43 420**	29 693
Inter–bank takings	**3 911**	6 778	**3 219**	6 778
Borrowed funds	**23**	–	**17**	–
	59 659	41 355	**54 920**	39 800
Analysis by sources:				
Interest expense – non-bank sources	**55 725**	34 577	**51 684**	33 022
Interest expense – bank sources	**3 934**	6 778	**3 236**	6 778
	59 659	41 355	**54 920**	39 800
Interest expense paid outside Nigeria amounted to N6.89 billion for the Group (2008: N6.6 billion) and N2.15 billion (2008: N5.04 billion) for the Bank.				
5. FEES AND COMMISSION INCOME				
Credit related fees	**13 415**	10 943	**13 151**	8 436
Commission on turnover	**15 545**	11 051	**15 468**	11 051
Commission on off-balance sheet transactions	**738**	598	**738**	598
Remittance fees	**320**	201	**214**	201
Letters of credit commissions and fees	**2 090**	1 719	**1 796**	1 719
Other fees and commissions	**17 967**	17 910	**14 386**	13 944
	50 075	42 422	**45 753**	35 949
6. INCOME FROM INVESTMENTS				
Dividend income	**363**	1 308	**216**	–
Profit on disposal of investment property	**1 500**	–	**–**	–
Rental income	**752**	179	**408**	179
	2 615	1 487	**624**	179
7. OPERATING EXPENSES				
Staff costs (note 35)	**39 067**	25 400	**34 054**	21 103
Depreciation (note 22)	**11 623**	6 116	**10 370**	5 747
Auditors' remuneration	**196**	86	**170**	80
Directors' emoluments (note 35)	**376**	73	**376**	73
Loss on disposal of property and equipment	**1 067**	95	**1 067**	51
Other operating expenses	**77 738**	36 705	**63 343**	31 053
	130 067	68 475	**109 380**	58 107
8. EXCEPTIONAL ITEMS				
Payment to OCC	**–**	1 754	**–**	1 754
Write-off of special assets (note 21.4)	**7 025**	7 032	**7 025**	7 032
	7 025	8 786	**7 025**	8 786

Notes to the consolidated financial statements

for the period ended 31 December 2009 (continued)

	GROUP		BANK	
	15 months to 31 December 2009 N'million	12 months to 30 September 2008 N'million	**15 months to 31 December 2009 N'million**	12 months to 30 September 2008 N'million
9. TAXATION				
Charge				
Education tax	**200**	494	**182**	454
Under provision in prior periods	**2 640**	2 028	**2 490**	1 860
Income tax charge	**2 222**	4 124	**1 234**	2 989
	5 062	6 646	**3 906**	5 303
Deferred tax reversal (note 28)	**(991)**	(1)	**(991)**	–
Technology levy	**191**	559	**160**	546
Charge for the period	**4 262**	7 204	**3 075**	5 849
Payable				
At start of period	**5 606**	5 149	**3 443**	3 959
Tax paid	**(7 283)**	(6 188)	**(5 933)**	(5 819)
Income tax charge	**5 062**	6 645	**3 906**	5 303
At end of period	**3 385**	5 606	**1 416**	3 443

	GROUP		BANK	
	31 December 2009 N'million	30 September 2008 N'million	**31 December 2009 N'million**	30 September 2008 N'million
10. CASH AND BALANCES WITH CENTRAL BANKS				
Cash	**35 386**	39 370	**23 725**	23 991
Operating account with Central Banks	**19 514**	67 897	**7 535**	59 405
Included in cash and cash equivalents (note 40)	**54 900**	107 267	**31 260**	83 396
Mandatory reserve deposits with Central Banks	**13 325**	12 821	**7 712**	12 337
	68 225	120 088	**38 972**	95 733
Mandatory reserve deposits are not available for use in the Group's day to day operations.				
11. TREASURY BILLS				
Nigerian government treasury bills	**16 225**	171 402	**15 945**	171 401
Ghana government treasury bills	**13 665**	2 603	**–**	–
Other government treasury bills	**12 145**	–	**–**	–
	42 035	174 005	**15 945**	171 401
12. DUE FROM OTHER BANKS				
Current balances with banks within Nigeria	**64 653**	80 730	**40 605**	67 241
Current balances with banks outside Nigeria	**238 134**	296 769	**223 824**	284 039
Placements with banks and discount houses	**167 408**	277 370	**195 400**	240 511
	470 195	654 869	**459 829**	591 791

Balances with banks outside Nigeria include N7.952 billion (2008: N5.039 billion) which represents the naira value of foreign currency bank balance held on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities (see note (27)). The amount is not available for the day to day operations of the Bank.

Included in placements with banks and discount houses are placements with banks within Nigeria of N161.88 million (2008: N144.4 million).

Notes to the consolidated financial statements

for the period ended 31 December 2009 (continued)

	GROUP		BANK	
	31 December 2009 N'million	30 September 2008 N'million	**31 December 2009 N'million**	30 September 2008 N'million
13. LOANS AND ADVANCES				
Overdrafts	**151 690**	102 903	**134 172**	102 903
Term loans	**485 305**	298 238	**436 716**	271 780
Others	**6 461**	44 346	**4 466**	44 346
	643 456	445 487	**575 354**	419 029
Loan loss provision (see note (13.4))	**(34 076)**	(9 905)	**(29 301)**	(9 349)
Interest-in-suspense (see note (13.5))	**(2 764)**	(4 172)	**(2 764)**	(4 140)
	606 616	431 410	**543 289**	405 540
13.1 Analysis by security				
Secured against real estate	**99 900**	95 220	**99 900**	94 608
Secured by shares of quoted companies	**35 965**	–	**35 965**	–
Otherwise secured	**483 858**	341 720	**415 764**	316 000
Unsecured	**23 733**	8 547	**23 725**	8 421
	643 456	445 487	**575 354**	419 029
13.2 Analysis by performance				
Performing	**589 798**	429 288	**535 717**	403 450
Non-performing				
– substandard	**13 480**	6 308	**4 942**	5 987
– doubtful	**9 371**	2 883	**6 247**	2 684
– lost	**30 807**	7 008	**28 448**	6 908
	643 456	445 487	**575 354**	419 029
13.3 Analysis by maturity				
0 – 30 days	**278 544**	100 892	**249 064**	96 814
1 – 3 months	**53 045**	118 111	**47 432**	114 557
3 – 6 months	**51 895**	65 766	**46 402**	50 089
6 – 12 months	**36 185**	63 678	**32 354**	62 354
Over 12 months	**223 787**	97 040	**200 102**	95 215
	643 456	445 487	**575 354**	419 029
13.4 Movement in loan loss provision				
At start of period				
– Non-performing	**4 428**	7 743	**3 903**	7 448
– Performing	**5 477**	3 207	**5 446**	3 208
	9 905	10 950	**9 349**	10 656
Additional provision:				
– Non-performing	**57 916**	5 053	**53 313**	4 717
– Performing	**(4 629)**	2 270	**(4 629)**	2 238
Provision no longer required	**(25 832)**	(5 495)	**(25 448)**	(5 507)
Amount written off	**(3 284)**	(2 873)	**(3 284)**	(2 755)
	24 171	(1 045)	**19 952**	(1 307)
At end of period				
– Non-performing	**33 228**	4 428	**28 484**	3 903
– Performing	**848**	5 477	**817**	5 446
	34 076	9 905	**29 301**	9 349

	GROUP		BANK	
	31 December 2009 N'million	30 September 2008 N'million	**31 December 2009 N'million**	30 September 2008 N'million
13. LOANS AND ADVANCES (continued)				
13.5 Movement in interest-in-suspense				
At start of period	**4 172**	4 066	**4 140**	4 034
Suspended during the period	**2 983**	3 635	**2 983**	3 635
Amounts written back	**(3 710)**	(358)	**(3 678)**	(358)
Amount written off	**(681)**	(3 171)	**(681)**	(3 171)
At end of period	**2 764**	4 172	**2 764**	4 140
14. DIMINUTION IN ASSET VALUES				
The net provision charge for losses in the period is analysed as follows:				
Loans and advances – specific	**36 351**	375	**31 583**	27
Loans and advances – general (write back)/charge	**(4 629)**	1 453	**(4 629)**	1 421
Recoveries	**(4 267)**	–	**(3 718)**	–
Provision for diminution of investments	**2 714**	757	**1 391**	43
Provision for other assets (note 21.5)	**8 007**	31	**6 278**	57
	38 176	2 616	**30 905**	1 548
15. INVESTMENT SECURITIES				
Long-term investments				
Debt securities – at cost:				
Listed	**105 946**	58 470	**105 946**	55 546
Unlisted	**21 887**	–	**–**	–
Equity securities – at cost:				
Listed	**1 382**	3 106	**1 382**	309
Unlisted	**31 466**	42 883	**25 408**	21 505
	160 681	104 459	**132 736**	77 360
Provision for diminution in value	**(1 619)**	(1 457)	**(1 510)**	(119)
	159 062	103 002	**131 226**	77 241
Short-term investments				
Equity securities (at lower of cost and market value):				
Listed	**6 368**	–	**–**	–
Debt securities:				
Listed	**21 043**	10 757	**19 339**	6 020
Unlisted	**4 486**	13 136	**–**	13 136
Provision for diminution in value	**(2 552)**	–	**–**	–
	29 345	23 893	**19 339**	19 156
Total investment securities	**188 407**	126 895	**150 565**	96 397
Movement in long-term investments:				
At start of period	**103 002**	32 592	**77 241**	40 766
Additions during the period	**69 360**	71 146	**55 376**	36 497
Provision for diminution in value	**(162)**	(736)	**(1 391)**	(22)
Written off during the period	**(1 322)**	–	**–**	–
Disposal during the period	**(11 816)**	–	**–**	–
At end of period	**159 062**	103 002	**131 226**	77 241

15. INVESTMENT SECURITIES (continued)

(i) The market value of short-term investments are N25.92 billion (2008: N23.9 billion) for the Group and N20.4 billion (2008: N19.16 billion) for the Bank.

(ii) The market value of long-term listed investments are N116.824 billion for the Group (2008: N60.119 billion) and N110.538 billion (2008: N55.736 billion) for the Bank.

(iii) Included in listed debt securities is N110.8 billion (2008: N61.546 billion) in various Federal Government of Nigeria bonds. The maturity dates of these bonds range from April 2010 to May 2029 with interest rates ranging from 7% to 15%.

		BANK	
	%	**31 December 2009 N'million**	30 September 2008 N'million
16. INVESTMENT IN SUBSIDIARIES			
UBA Ghana Limited (see (i) below)	91	**8 048**	1 389
UBA Cameroun SA (see (ii) below)	99	**1 310**	762
UBA Cote d'Ivoire (see (iii) below)	99	**3 223**	1 514
UBA Liberia Limited (see (iv) below)	99	**1 327**	758
UBA (SL) Limited (see (v) below)	99	**977**	602
UBA Uganda Limited (see (vi) below)	99	**1 464**	1 464
Banque International du Burkina Faso (see (vii) below)	57	**3 832**	1 530
UBA Retail Financial Services Limited (RFS) (see (viii) below)	99	**1 739**	1 140
UBA Asset Management Limited (see (ix) below)	99	**403**	403
UBA Capital (Africa) Limited (see (x) below)	99	**2 000**	2 000
UBA Chad SA (see (xi) below)	99	**1 179**	–
UBA Senegal (SA) (see (xii) below)	99	**1 745**	–
Continental Bank Benin (see (xiii) below)	76	**6 229**	–
UBA FX Mart Limited (see (xiv) below)	99	**502**	–
UBA Pension Custodian Limited (see (xv) below)	99	**2 000**	2 000
UBA Kenya Bank Limited (see (xvi) below)	99	**1 770**	–
UBA Insurance Brokers Limited (see (xvii) below)	99	**5**	–
		37 753	13 562

(i) UBA Ghana Limited is engaged in the business of banking and provides corporate, commercial, consumer and international banking, trade services, cash management and treasury services. It was incorporated on 17 May 2003 and commenced operations on 15 December 2004.

(ii) UBA Cameroun SA is engaged in the business of banking and provides corporate, commercial, consumer and international banking, trade services, cash management and treasury services. It was incorporated on 28 November 2006 and commenced operations on 22 December 2007.

(iii) UBA Cote d'Ivoire is engaged in the business of banking and provides corporate, commercial, consumer and international banking, trade services, cash management and treasury services. It was incorporated on 30 April 2008 and commenced operations on 22 May 2008.

(iv) UBA Liberia Limited is engaged in the business of banking and provides corporate, commercial, consumer and international banking, trade services, cash management and treasury services. It was incorporated on 10 October 2006 and commenced operations on 21 July 2008.

(v) UBA (SL) Limited is engaged in the business of banking and provides corporate, commercial, consumer and international banking, trade services, cash management and treasury services. It was incorporated on 31 August 2007 and commenced operations on 22 July 2008.

16. INVESTMENT IN SUBSIDIARIES (continued)

(vi) UBA Uganda Limited is engaged in the business of banking and provides corporate, commercial, consumer and international banking, trade services, cash management and treasury services. It was incorporated on 1 November 2007 and commenced operations on 2 May 2008.

(vii) Banque International du Burkina Faso (UBA BIB) is engaged in the business of banking and provides corporate, commercial, consumer and international banking, trade services, cash management and treasury services. It was acquired by UBA Plc in September 2008.

(viii) UBA Retail Financial Services Limited (RFS) is engaged in the business of banking and provides corporate, commercial, consumer and international banking, trade services, cash management and treasury services. It was incorporated on 30 November 2007 and commenced operations on 1 November 2008.

(ix) UBA Asset Management Limited is engaged in the business of management and administration of funds, trusteeship business, receivership/liquidation, agency business, property management, mortgage, capital raising, royalty, venture capital fund activities, corporation registration, wholesale portfolio and other financial services to individuals, corporate bodies and the Government (shares, stocks, debentures, bonds and loans). It was incorporated on 1 June 1964 and commenced operations on the same day.

(x) UBA Capital (Africa) Limited is engaged in incorporation and IPO underwriting, securities trading, securities registrars, profit sharing and joint venture, securities agency, land and property development business, issuing house functions, capitalists and financiers, hire purchase and credit finance, and spin-offs. It was incorporated on 19 August 2005 and commenced operations on the same day.

(xi) UBA Chad SA is engaged in the business of banking and provides corporate, commercial, consumer and international banking, trade services, cash management, treasury and treasury services. It was incorporated on 7 March 2008 and commenced operations on 14 September 2009.

(xii) UBA Senegal (SA) is engaged in the business of banking and provides corporate, commercial, consumer and international banking, trade services, cash management, treasury and treasury services. It was incorporated on 9 January 2009 and commenced operations on 4 May 2009.

(xiii) Continental Bank Benin is engaged in the business of banking and provides corporate, commercial, consumer and international banking, trade services, cash management, treasury and treasury services. It was acquired by UBA Plc on 31 December 2008.

(xiv) UBA FX Mart is engaged to carry on business as BDC proprietors, deal in foreign currency and traveller's cheques, agency business, mortgage property business, and capital raising. It was incorporated on 30 January 2008 and commenced operations on 22 May 2008.

(xv) UBA Pension Custodian Limited was incorporated on 30 September 2005. It obtained an operating licence on 20 February 2006 and commenced operations on 3 May 2006. Its principal activities include the provision of the custody of pension assets, to hold and deal in such assets in accordance with the directives of the Pension Fund Administrators and the National Pension Commission in conformity with the Pensions Reforms Act 2004.

(xvi) UBA Kenya Bank Limited was incorporated on 8 August 2008 and commenced operations on 7 October 2009. It engages in the business of banking, and provides corporate, commercial, consumer and international banking, trade services, cash management and treasury services.

(xvii) UBA Insurance Brokers Limited was incorporated under the Companies and Allied Matters Act, CAP C20, LFN 2004, as a limited liability company on 1 September 2006 and commenced operations on 1 April 2007. It engages in the business of insurance as well as general advisory and consulting service.

17. (a) Investment in associate

The Bank has a 49% stake in UBA Capital Europe. UBA Capital Europe is a London-based investment banking company primarily engaged in brokerages, trade finance and wealth management businesses. It was incorporated on 25 September 1995 and commenced operation on the same day.

The movement in investment in UBA Capital Europe is as shown below:

	GROUP		BANK	
	31 December 2009 N'million	30 September 2008 N'million	**31 December 2009 N'million**	30 September 2008 N'million
At start of period	**588**	21	**595**	21
Addition during the period	**9 348**	595	**9 348**	595
Share of results of associate	**(675)**	(7)	**–**	–
Provision	**–**	(21)	**–**	(21)
At end of period	**9 261**	588	**9 943**	595

(b) Investment in joint venture

UBA Metropolitan Life Insurance Limited was incorporated as HEIRS Life Assurance Company Limited in August 2004. Its name was changed in January 2007 when it became equally owned (50:50) by United Bank for Africa Plc and MHG (UK) Limited. On 1 January 2008, the holding of MHG (UK) Limited was transferred to Metropolitan International (Pty) Limited. The company's principal activities are individual life insurance, group life insurance, credit life insurance and deposit administration. UBA Metropolitan Life sells its products and services across the branch network of UBA Plc in line with the bancassurance model. According to the joint venture agreement, management and operations of the business are jointly controlled.

The movement in investment in UBA Metropolitan Life Insurance joint venture is as shown below:

	GROUP		BANK	
	31 December 2009 N'million	30 September 2008 N'million	**31 December 2009 N'million**	30 September 2008 N'million
At start of period	**900**	900	**900**	900
Share of results	**(655)**	–	**–**	–
At end of period	**245**	900	**900**	900

	UBA Ghana Limited N'million	UBA Cameroun Limited N'million	UBA Cote d'Ivoire Limited N'million	UBA Liberia Limited N'million	Continental Bank Benin N'million
18. CONDENSED RESULTS OF CONSOLIDATED ENTITIES					
Condensed profit and loss					
Operating income	2 142	1 609	691	266	1 840
Operating expenses	(2 680)	(1 547)	(2 013)	(455)	(1 372)
Provision expense	(257)	(32)	(2)	(17)	(883)
(Loss)/profit before tax	(795)	30	(1 324)	(206)	(415)
Tax	(12)	–	–	–	–
(Loss)/profit for the period	(807)	30	(1 324)	(206)	(415)
Condensed financial position					
Assets					
Cash and balances with central banks	3 642	7 627	858	857	7 241
Treasury bills	12 689	–	–	–	4 733
Due from other banks	6 239	7 277	842	1 183	1 403
Loans and advances to customers	3 542	7 139	6 640	662	10 077
Investment securities	–	–	650	–	1 154
Other assets	289	160	356	186	1 220
Property and equipment	975	599	903	485	660
	27 376	22 802	10 249	3 373	26 488
Financed by:					
Customer deposits	20 597	20 646	7 513	2 149	21 110
Due to other banks	–	–	488	–	354
Current income tax	12	–	–	–	–
Other liabilities	722	937	968	95	1 189
Equity and reserves	6 045	1 219	1 280	1 129	3 835
	27 376	22 802	10 249	3 373	26 488
Condensed cash flow					
Net cash from/(used in) operating activities	4 070	5 806	(995)	1 077	4 734
Net cash from financing activities	5 854	248	1 436	703	1 488
Net cash (used in)/from investing activities	(815)	(306)	(1 423)	(358)	733
Increase/(decrease) in cash and cash equivalents	9 109	5 748	(982)	1 422	6 955
At period start	13 461	9 156	2 682	618	6 422
At period end	22 570	14 904	1 700	2 040	13 377
	9 109	5 748	(982)	1 422	6 955

	UBA Uganda Limited N'million	Banque Int'l du Burkina Faso N'million	UBA RFS Limited N'million	UBA Asset Mgt. Limited N'million	UBA Ins. Brokers Limited N'million
18. CONDENSED RESULTS OF CONSOLIDATED ENTITIES (continued)					
Condensed profit and loss					
Operating income	338	5 674	225	1 809	469
Operating expenses	(1 385)	(4 861)	(435)	(1 575)	(80)
Provision expense	–	236	(51)	(359)	
(Loss)/profit before tax	(1 047)	1 049	(261)	(125)	389
Tax	–	(39)	–	(327)	–
(Loss)/profit for the period	(1 047)	1 010	(261)	(452)	389
Condensed financial position					
Assets					
Cash and balances with central banks	702	3 321	22	344	336
Treasury bills	2 861	–	20	–	–
Due from other banks	400	1 997	733	–	754
Loans and advances to customers	798	34 093	–	–	–
Investment securities	–	21 887	–	24 942	–
Other assets	480	5 127	80	1 145	39
Investment properties	–	–	–	269	–
Property and equipment	620	2 887	133	35	1
	5 861	69 312	988	26 735	1 130
Financed by:					
Customer deposits	4 966	50 602	228	–	–
Due to other banks	–	563	–	–	253
Investment contracts liabilities	–	–	–	22 095	–
Current income tax	–	40	–	285	–
Other liabilities	635	9 036	32	1 131	408
Deferred income tax liabilities	–	–	–	–	–
Equity and reserves	260	9 071	728	3 224	469
	5 861	69 312	988	26 735	1 130
Condensed cash flow					
Net cash (used in)/ from operating activities	(884)	8 112	(48)	(14 646)	584
Net cash (used in)/from financing activities	(46)	5 343	–	(3 394)	5
Net cash from/(used in) investing activities	120	(13 701)	(110)	9 457	–
(Decrease)/increase in cash and cash equivalents	(810)	(246)	(158)	(8 583)	589
At period start	4 773	5 564	933	29 495	501
At period end	3 963	5 318	775	20 912	1 090
	(810)	(246)	(158)	(8 583)	589

Included in the Investment securities of UBA Asset Management Limited is N20.569 million short-term investments classified as cash and cash equivalents.

18. CONDENSED RESULTS OF CONSOLIDATED ENTITIES (continued)

	UBA FX Mart Limited N'million	UBA Chad SA Limited N'million	UBA Senegal (SA) Limited N'million	UBA (SL) Limited N'million	UBA Capital Africa Limited N'million
Condensed profit and loss					
Operating income	61	40	364	68	1 752
Operating expenses	(40)	(287)	(727)	(574)	(4 177)
Provision expense	–	–	–	(1)	(2 230)
Profit/(loss) before tax	21	(247)	(363)	(507)	(4 655)
Tax	–	–	–	–	(509)
Profit/(loss) for the period	21	(247)	(363)	(507)	(5 164)
Condensed financial position					
Assets					
Cash and balances with central banks	556	327	1 193	138	2 013
Treasury bills	–	–	5 524	260	
Due from other banks	70	860	331	348	58 424
Loans and advances to customers	–	6	352	18	
Investment securities	–	–	–	–	3 092
Other assets	–	315	170	15	2 139
Property and equipment	23	372	914	282	130
	649	1 880	8 484	1 061	65 798
Financed by:					
Customer deposits	–	347	6 006	508	–
Due to other banks	–	–	–	–	5 255
Investment contracts liabilities	–	–	43	–	–
Borrowed funds	–	–	–	–	–
Current income tax	–	–	–	–	1 347
Other liabilities	363	130	848	100	59 651
Deferred income tax liabilities	–	–	–	–	–
Equity and reserves	286	1 403	1 587	453	(455)
	649	1 880	8 484	1 061	65 798
Condensed cash flow					
Net cash from/(used in) operating activities	284	(64)	6 134	(94)	(2 258)
Net cash from financing activities	280	1 650	1 950	379	44 111
Net cash (used in)/from investing activities	(1)	(399)	(1 036)	(133)	4 602
Increase in cash and cash equivalents	563	1 187	7 048	152	46 455
At period start	63	–	–	594	12 342
At period end	626	1 187	7 048	746	58 797
	563	1 187	7 048	152	46 455

	UBA Pension Custodian Limited N'million	UBA Kenya Limited N'million
18. CONDENSED RESULTS OF CONSOLIDATED ENTITIES (continued)		
Condensed profit and loss		
Operating income	1 438	98
Operating expenses	(576)	(520)
Provision expense	–	–
Profit/(loss) before tax	862	(422)
Tax	(284)	–
Profit/(loss) for the period	578	(422)
Condensed financial position		
Assets		
Cash and balances with central banks	17	63
Due from other banks	3 086	273
Investment securities	–	1 167
Other assets	220	281
Property and equipment	53	468
	3 376	2 252
Financed by:		
Customer deposits	–	366
Due to other banks	–	–
Current income tax	284	–
Other liabilities	234	69
Deferred income tax liabilities	–	–
Equity and reserves	2 858	1 817
	3 376	2 252
Condensed cash flow		
Net cash from/(used in) operating activities	771	(257)
Net cash from financing activities	–	2 239
Net cash from/(used in) investing activities	75	(1 646)
Increase in cash and cash equivalents	846	336
At period start	2 257	–
At period end	3 103	336
	846	336

	GROUP		BANK	
	31 December 2009 N'million	30 September 2008 N'million	**31 December 2009 N'million**	30 September 2008 N'million
19. GOODWILL				
Acquired during the period (note 39)	**2 983**	–	**–**	–
The goodwill arose as a result of the Bank's acquisition of Continental Bank Benin on 31 December 2008. Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. Goodwill has been tested for impairment and there is no impairment arising therefrom.				
20. INVESTMENT PROPERTIES				
Opening net book amount	**589**	589	**–**	–
Disposal of investment property	**(320)**	–	**–**	–
Closing net book amount	**269**	589	**–**	–
21. OTHER ASSETS				
Interest and fees receivable	**21 912**	8 144	**19 438**	6 500
Prepayments	**14 236**	16 867	**8 547**	15 556
Due from clients (note 21.1)	**1 287**	3 856	**–**	–
Accounts receivable	**11 675**	12 460	**12 470**	4 733
Open buy back Treasury bills (note 21.2)	**9 150**	32 000	**9 150**	32 000
Staff share investment scheme (note 21.3)	**30 882**	16 208	**30 882**	16 208
Special assets accounts (note 21.4)	**7 032**	14 065	**7 032**	14 065
Provision for doubtful receivables (note 21.5)	**(9 171)**	(1 164)	**(7 333)**	(1 055)
	87 003	102 436	**80 186**	88 007

21.1 Due from clients represents amounts receivable from clients of the Asset Management business of the Group and amounts due from Trusteeship clients of the Trust business of the Group.

21.2 Treasury bills sold under repurchase agreements are classified as other assets in accordance with Central Bank of Nigeria circular BSD/8/2003. The corresponding liability is included in amounts due to other banks (note 24).

21.3 The Staff Share Investment Scheme balance represents the outstanding investment in the shares of UBA Plc by the Staff Share Investment Trust. This is a closed investment scheme designed to encourage staff to invest in shares of the Bank to engender a strong sense of belonging. The Central Bank of Nigeria in its letter dated 5 August 2005, ref: BSD/G5P15/STB/volume 29/15 conveyed its approval of the Scheme, which is only allowed to hold a maximum of 10% of the outstanding shares in issue of UBA Plc.

21.4 The Central Bank of Nigeria (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 acquisition of Continental Trust Bank Limited by United Bank for Africa Plc. As part of the consolidation incentives of CBN, the special assets were expected to be assumed by Asset Management Company (AMC) 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 (NASB) to write off the special assets over a period not exceeding five years effective from 2006. The balance outstanding in the special assets accounts is expected to be fully written off by financial year-end 2010.

	GROUP 31 December 2009 N'million	GROUP 30 September 2008 N'million	BANK 31 December 2009 N'million	BANK 30 September 2008 N'million
21. OTHER ASSETS (continued)				
The movement in special assets account during the period is as follows:				
At start of period	**14 065**	21 097	**14 065**	21 097
Recoveries	**(8)**	–	**(8)**	–
Amortised during the period (note 8)	**(7 025)**	(7 032)	**(7 025)**	(7 032)
At end of period	**7 032**	14 065	**7 032**	14 065
21.5 Movement in provision for doubtful receivables				
At start of period	**1 164**	1 133	**1 055**	998
Additional provision	**8 007**	878	**6 278**	899
Amount written off	**–**	(847)	**–**	(842)
At 31 December	**9 171**	1 164	**7 333**	1 055

22. PROPERTY AND EQUIPMENT

	At start of period N'million	Additions N'million	Disposals/ Write-offs N'million	Reclassifi-cations N'million	Exchange difference N'million	At end of period N'million
22.1 Group						
Cost						
Work in progress	3 540	7 468	(382)	(5 300)	–	**5 326**
Leasehold land, buildings and improvement	33 045	4 239	(81)	1 327	30	**38 560**
Motor vehicles	9 804	2 921	(662)	989	–	**13 052**
Other transportation equipment	–	7 196	(4 010)	–	–	**3 186**
Furniture and office equipment	41 595	6 495	(870)	2 984	145	**50 349**
	87 984	28 319	(6 005)	–	175	**110 473**
Accumulated depreciation						
Leasehold land, buildings and improvement	3 347	1 176	(5)	(4)	2	**4 516**
Motor vehicles	4 476	2 927	(351)	–	–	**7 052**
Other transportation equipment	–	193	(167)	–	–	**26**
Furniture and office equipment	18 608	7 327	(188)	4	86	**25 837**
	26 431	11 623	(711)	–	88	**37 431**

	At start of period N'million	**At end of period N'million**
22. PROPERTY AND EQUIPMENT (continued)		
22.1 Group (continued)		
Net book value		
Work in progress	3 540	**5 326**
Leasehold land, buildings and improvement	29 698	**34 044**
Motor vehicles	5 328	**6 000**
Other transportation equipment	–	**3 160**
Furniture and office equipment	22 987	**24 512**
	61 553	**73 042**

The Group has no leased assets as at 31 December 2009.
The Group does not have any commitment on its assets as at 31 December 2009.

	At start of period N'million	Additions N'million	Disposals/ Write-offs N'million	Reclassifi-cations N'million	Exchange difference N'million	**At end of period N'million**
22.2 Bank						
Cost						
Work in progress	8 650	5 877	–	(5 300)	–	**9 227**
Leasehold land, buildings and improvement	29 364	2 481	–	1 327	30	**33 202**
Motor vehicles	9 093	1 628	(540)	989	–	**11 170**
Other transportation equipment	–	7 196	(4 010)			**3 186**
Furniture and office equipment	34 667	4 522	(8)	2 984	145	**42 310**
	81 774	21 704	(4 558)	–	175	**99 095**
Accumulated depreciation						
Leasehold land, buildings and improvement	3 243	918	–	(4)	2	**4 159**
Motor vehicles	4 358	2 542	(295)	–	–	**6 605**
Other transportation equipment		193	(167)	–	–	**26**
Furniture and office equipment	18 008	6 717	(7)	4	86	**24 808**
	25 609	10 370	(469)	–	88	**35 598**

	At start of period N'million	**At end of period N'million**
Net book value		
Work in progress	8 650	**9 227**
Leasehold land, buildings and improvement	26 121	**29 043**
Motor vehicles	4 735	**4 565**
Other transportation equipment	–	**3 160**
Furniture and office equipment	16 659	**17 502**
	56 165	**63 497**

*The Bank has no leased assets as at 31 December 2009.
*The Bank does not have any commitment on its assets as at 31 December 2009.

22. PROPERTY AND EQUIPMENT (continued)

22.3 Work in progress represents construction costs in respect of new offices. On completion of construction, the related amounts are transferred to other categories of property and equipment.

22.4 Land and buildings are independently valued once every three years. They were last revalued as at 31 August 2006 by Messrs. Jide Taiwo & Co and Ubosi Eleh & Co. estate surveyors and valuers. The valuation was made on the basis of open market value.

	GROUP		BANK	
	31 December 2009 N'million	30 September 2008 N'million	**31 December 2009 N'million**	30 September 2008 N'million
23. CUSTOMERS' DEPOSITS				
Current deposits	**528 640**	777 197	**462 627**	655 689
Savings deposits	**182 981**	148 221	**155 050**	146 876
Term deposits	**330 704**	364 033	**330 643**	347 665
Domiciliary deposits	**203 325**	43 838	**202 766**	107 806
	1 245 650	1 333 289	**1 151 086**	1 258 036
23.1 Analysis by maturity				
0 – 30 days	**1 117 496**	720 804	**1 008 998**	678 681
1 – 3 months	**78 411**	257 931	**102 010**	239 576
3 – 6 months	**44 435**	154 482	**36 699**	147 598
6 – 12 months	**4 400**	100 537	**2 598**	97 141
Over 12 months	**908**	99 535	**781**	95 040
	1 245 650	1 333 289	**1 151 086**	1 258 036
24. DUE TO OTHER BANKS				
Current balances with banks	**5 255**	–	**–**	–
Open buy back takings	**9 150**	32 000	**9 150**	32 000
Inter-bank takings	**1 402**	–	**930**	–
	15 807	32 000	**10 080**	32 000
25. LIABILITY ON INVESTMENT CONTRACTS				
Movement in other managed funds				
At start of period	**40 558**	66 013	**–**	–
Additions	**39 902**	65 842	**–**	–
Withdrawals	**(59 245)**	(92 202)	**–**	–
Investment returns	**923**	905	**–**	–
At end of period	**22 138**	40 558	**–**	–

Other managed funds represent monies administered by the Group under various Asset Management and Trust contracts.

	GROUP		BANK	
	31 December 2009 N'million	30 September 2008 N'million	**31 December 2009 N'million**	30 September 2008 N'million
26. OTHER BORROWINGS				
African Development Bank (see (i) below)	**14 760**	–	**14 760**	–
(i) This represents the amount drawn down under the African Development Bank (AfDB) long-term unsecured loan facilities. The AfDB borrowing comprises an unsecured term loan facility (TLF) and an unsecured trade finance initiative facility (TFIF). The TLF loan is repayable over five years from December 2010 with moratorium period not exceeding three (3) years on principal. Interest rate on the TLF is six (6) months USD Libor plus 500 basis points . The TFIF loan is to be repaid in a single (bullet) payment at final maturity which is repayable by May 2013. Interest rate on the TFIF is six (6) months USD Libor plus 450 basis points. Interest on both the TLF and TFIF are payable semi-annually.				
Analysis by maturity:				
Over 12 months	**14 760**	–	**14 760**	–
27. OTHER LIABILITIES				
Customers' deposits for letters of credit	**7 952**	5 039	**7 528**	5 039
Deposit for foreign currency	**892**	878	**884**	878
Interest payable	**3 373**	2 392	**2 648**	2 202
Accounts payable	**128**	1 181	**2 776**	1 079
Accruals and provisions	**12 061**	16 842	**12 061**	16 842
Information technology levy (note (i) below)	**191**	559	**160**	546
Others	**33 610**	38 715	**8 258**	10 880
	58 207	65 606	**34 315**	37 466
(i) The movement in information technology levy during the period is as analysed below:				
At start of period	**559**	–	**546**	–
Remitted during the period	**(559)**	–	**(546)**	–
Additions during the period	**191**	559	**160**	546
At end of period	**191**	559	**160**	546
28. DEFERRED TAXES				
Movement in deferred tax liabilities:				
At start of period	**993**	994	**991**	991
Abatement (note 9)	**(991)**	(1)	**(991)**	–
At end of period	**2**	993	**–**	991

The Bank has a deferred tax asset of N4 491 273 523 which has not been recognised in these financial statements.

Financials

	GROUP		BANK	
	31 December 2009 N'million	30 September 2008 N'million	**31 December 2009 N'million**	30 September 2008 N'million
29. RETIREMENT BENEFIT OBLIGATIONS				
Defined contribution schemes	**–**	–	**–**	–
Defined benefit schemes	**1 503**	–	**1 503**	
	1 503	–	**1 503**	–
Movement in the defined contribution liability recognised in the balance sheet:				
At start of period	**–**	–	**–**	–
Charge to profit and loss	**1 377**	1 764	**1 357**	1 749
Contributions remitted	**(1 377)**	(1 764)	**(1 357)**	(1 749)
At end of period	**–**	–	**–**	–
The Group and its employees make a joint contribution of 15% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated Pension Fund Administrators. All contributions were remitted before the balance sheet date.				
Movement in the defined benefit liability recognised in the balance sheet:				
At start of period	**–**	–	**–**	–
Charge to profit and loss account	**2 416**	–	**2 416**	–
Payments in the period	**(913)**	–	**(913)**	–
At end of period	**1 503**	–	**1 503**	–

The Group operates a defined benefit (gratuity) scheme where qualifying employees receive a lump sum payment based on the number of years served (after an initial qualifying period of 10 years) and gross salary on date of retirement.

The Directors have provided for the sum of N1.503 billion for employee gratuity benefits. This has been charged to the profit and loss account.

	GROUP	
	31 December 2009 N'million	30 September 2008 N'million
30. NON-CONTROLLING INTEREST		
At start of period	**1 821**	359
Transfer from P&L	**262**	(414)
Continental Bank Benin	**1 004**	–
UBA Ghana Limited	**450**	212
Banque International du Burkina Faso	**1 779**	1 664
At end of period	**5 316**	1 821

	GROUP		BANK	
	31 December 2009 N'million	30 September 2008 N'million	**31 December 2009 N'million**	30 September 2008 N'million
31. SHARE CAPITAL				
Authorised:				
35 000 000 000 ordinary shares of 50 kobo each (2008: 25 billion ordinary shares of 50 kobo each)	**17 500**	12 500	**17 500**	12 500

	Number Million	Group N'million	Bank N'million
Issued and fully paid:			
(i) Ordinary shares			
At start of period	**17 244**	**8 622**	**8 622**
Transfer from bonus issue reserve *	**4 312**	**2 156**	**2 156**
At end of period	**21 556**	**10 778**	**10 778**

* *Following the resolution at the 47th Annual General Meeting of United Bank for Africa Plc held on 5 January 2009, the shareholders approved a bonus of 1 share for every 4 shares as bonus shares to existing shareholders whose names appeared in the register of members as at close of business on 18 December 2008.*

	Group N'million	Bank N'million
(ii) Share premium		
At 1 October 2007	119 066	119 066
Transfer to bonus issue reserve	(2 156)	(2 156)
Transfer to share capital	(2 874)	(2 874)
At 30 September 2008/1 October 2008 (start of period)	114 036	114 036
Prior period share issue expenses *	(391)	(391)
At 31 December 2009 (end of period)	**113 645**	**113 645**

* *This relates to 2007 share issue expenses which were paid in the current financial period following the conclusion of the final reconciliation exercise done between the issuing house to the offer and the stockbrokers.*

The Board of Directors have proposed a bonus of 1 share for every 5 shares as bonus shares to be issued from share premium, subject to the approval of the shareholders at the next Annual General Meeting.

32. RESERVES

	Statutory reserve N'million	SMIEIS reserve N'million	Capital reserve N'million	Translation reserve N'million	Bonus issue reserve N'million	Other reserve N'million	Retained earnings N'million	**Total N'million**
Group								
At start of period	19 224	2 635	1 698	1 997	2 156	27 710	31 861	**59 571**
Transfer to share capital	–	–	–	–	(2 156)	(2 156)	–	**(2 156)**
Arising during the period	–	–	–	–	–	–	(789)	**(789)**
Transfer from profit and loss account	1 934	–	–	–	–	1 934	179	**2 113**
	21 158	2 635	1 698	1 997	–	27 488	31 251	**58 739**
Net change due to exchange rate movement	–	–	–	54	–	54	–	**54**
Dividend paid	–	–	–	–	–	–	(12 934)	**(12 934)**
At end of period	21 158	2 635	1 698	2 051	–	27 542	18 317	**45 859**

	Statutory reserve N'million	SMIEIS reserve N'million	Translation reserve N'million	Bonus issue reserve N'million	Other reserve N'million	Retained earnings N'million	**Total N'million**
Bank							
At start of period	19 224	2 635	1 997	2 156	26 012	28 254	**54 266**
Transfer from profit and loss account	1 934	–	–	–	1 934	10 955	**12 889**
	21 158	2 635	1 997	2 156	27 946	39 209	**67 155**
Transfer to share capital	–	–	–	(2 156)	(2 156)	–	**(2 156)**
Dividend paid	–	–	–	–	–	(12 934)	**(12 934)**
At end of period	21 158	2 635	1 997	–	25 790	26 275	**52 065**

Nigerian banking regulations require the Bank to make an annual appropriation to a statutory reserve. As stipulated by section 16(1) of the Bank and Other Financial Institutions Act of 1991 (amended), an appropriation of 30% of the profit after tax is made if the statutory reserve is less than the paid up share capital and 15% of profit after tax if the statutory reserve is greater than the paid up share capital.

The SMEIS reserve is maintained to comply with the Central Bank of Nigeria (CBN) requirement that all licensed banks set aside a portion of their profit after tax in a fund to be used to finance equity investments in qualifying small and medium scale enterprises. Under the terms of the guideline (amended by CBN letter dated 11 July 2006), the contributions will be 10% of profit after tax and shall continue after the first five years but banks' contributions shall thereafter reduce to 5% of profit after tax. However, this is no longer mandatory. The small and medium scale industries equity investment scheme reserves are non-distributable.

33. OFF-BALANCE SHEET ENGAGEMENTS AND CONTINGENCIES

Legal proceedings

The Group in the ordinary course of business is presently involved in 120 litigation suits amounting to N15 817 430 533.04 of which a provision of N56 129 949.85 has been made in the accounts. The Directors are of the opinion that none of of the remaining cases is likely to have a material adverse effect on the Bank and are not aware of any other pending or threatened claims and litigations.

Capital commitments

At the balance sheet date, the Bank had capital commitments amounting to N246 million (2008: N11.5 million) in respect of authorised and contracted capital projects.

33. OFF-BALANCE SHEET ENGAGEMENTS AND CONTINGENCIES (continued)

Off-balance sheet engagements

In the normal course of business, the Group is party to financial instruments with off-balance sheet risk. The instruments are used to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance financial instruments are:

	GROUP		BANK	
	31 December 2009 N'million	30 September 2008 N'million	**31 December 2009 N'million**	30 September 2008 N'million
Performance bonds and guarantees	**254 236**	234 671	**248 981**	233 968
Letters of credits	**49 213**	212 786	**49 036**	212 786
Contingent liability – funds under custody	**386 030**	169 277	**386 030**	169 277
	689 479	616 734	**684 047**	616 031

34. RELATED PARTY TRANSACTIONS

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits, and foreign currency transactions. The volumes of related party transactions, outstanding balances at period-end, and relating expenses and income for the period are as follows:

(a) Risk assets outstanding as at 31 December 2009

Direct credit assets

Included in loans and advances is an amount of N117 million (2008: N805 million) representing credit facilities to companies in which certain directors and shareholders have interests. The balances as at 31 December, 2009 are as follows:

Name of company/individual	Relationship	Facility type	N'million	Status	Security
Abbey Building Society	Director	Overdraft	48	Performing	Cash collateral
Vine Foods Limited	Director	Overdraft	3	Performing	Mortgage debenture
Vine Foods Limited	Director	Term loan	66	Performing	Mortgage debenture
			117		

(b) Deposits outstanding as at 31 December 2009

Name of company/individual	Relationship	Type of Deposit	**2009 N'million**	2008 N'million
Abbey Building Society Limited	Director	Demand	**1 115**	0.03
Abbey Building Society Limited	Director	Call Deposits	**420**	1 188
Abbey Building Society Limited	Director	Commercial Papers	**590**	–
Abbey Building Society Limited	Director	Time	**701**	–
Bridge House College	Director	Demand	**13**	13
Bridge House College	Director	Time	**110**	40
Infant Jesus Academy	Director	Demand	**1**	0.4
Rosabon Financial Services Limited	Director	Demand	**–**	3

Name of company/individual	Relationship	Nature of transaction	2009 N'million	2008 N'million
34. RELATED PARTY TRANSACTIONS (continued)				
(c) Interest income for the period ended 31 December 2009				
Abbey Building Society Limited	Director	Overdraft	**1.9**	2.91
Rosabon Financial Services Limited	Director	Overdraft	**58**	19
Vine Foods Limited	Director	Overdraft	**0.02**	0.1
Vine Foods Limited	Director	Term loan	**1**	1
(d) Expenses as at 31 December 2009				
Abbey Building Society	Director	Call	**14.5**	–
Bridge House College	Director	Time	**1**	–

	GROUP 31 December 2009 Number	GROUP 30 September 2008 Number	BANK 31 December 2009 Number	BANK 30 September 2008 Number
35. EMPLOYEES AND DIRECTORS				
(a) Employees				
The average number of persons employed by the Group during the period was as follows:				
Executive Directors	**9**	9	**9**	9
Management	**743**	621	**555**	577
Non-management	**13 068**	6 051	**11 227**	5 029
	13 820	6 681	**11 791**	5 615
Compensation for the above staff (excluding Executive Directors):				
	N'million	N'million	**N'million**	N'million
Salaries and wages	**36 777**	23 636	**31 784**	19 354
Pension costs				
Defined contribution plans	**1 377**	1 764	**1 357**	1 749
Defined benefit plans	**913**	–	**913**	–
	39 067	25 400	**34 054**	21 103

35. EMPLOYEES AND DIRECTORS (continued)

	GROUP 31 December 2009	GROUP 30 September 2008	BANK 31 December 2009	BANK 30 September 2008
(a) Employees (continued)				
The number of employees of the Group, other than Directors, who received emoluments in the following ranges (excluding pension contributions) were:				
N300 001 – N2 000 000	**9 639**	4 220	**8 564**	3 520
N2 000 001 – N2 800 000	**225**	547	**178**	483
N2 800 001 – N3 500 000	**364**	682	**270**	345
N3 500 001 – N4 000 000	**744**	401	**597**	504
N4 000 001 – N5 500 000	**781**	533	**526**	95
N5 500 001 – N6 500 000	**706**	101	**595**	80
N6 500 001 – N7 800 000	**591**	84	**491**	60
N7 800 001 – N9 000 000	**360**	68	**271**	43
N9 000 001 – above	**410**	45	**299**	–
	13 820	6 681	**11 791**	5 130

	GROUP 31 December 2009 N'million	GROUP 30 September 2008 N'million
(b) Directors		
Remuneration paid to the Group's Directors was:		
Fees and sitting allowances	**50**	11
Executive compensation	**326**	62
Retirement benefit costs	**–**	–
Other Director expenses and benefits	**–**	–
	376	73
Fees and other emoluments disclosed above including amounts paid to:		
The Chairman	**7**	3
The highest paid Director	**46**	10
	Number	Number
The number of Directors who received fees and other emoluments (excluding pension contributions) in the following ranges was:		
Below N1 000 000	**–**	8
N1 000 001 – N2 000 000	**–**	–
N2 000 001 – N3 000 000	**5**	–
N3 000 001 – N5 000 000	**1**	
N5 500 001 and above	**14**	12
	20	20

Financials

	GROUP		BANK	
	31 December 2009 N'million	30 September 2008 N'million	**31 December 2009 N'million**	30 September 2008 N'million
36. CASH GENERATED FROM OPERATIONS				
Reconciliation of profit before tax to cash generated from operations:				
Operating profit	**2 375**	40 825	**12 889**	40 002
Add back: Taxation	**4 262**	7 204	**3 075**	5 849
Provision for loan loss	**36 351**	7 323	**31 583**	6 955
Amounts written back on previously provisioned account	**(4 267)**	(6 342)	**(3 718)**	(6 349)
Provision for deferred tax	**–**	(1)	**–**	–
Interest in suspense	**(3 710)**	137	**(3 678)**	106
Exchange difference	**(32)**	–	**(87)**	–
Write back of general loan loss provision	**(4 629)**	–	**(4 629)**	–
Loans written off	**(3 284)**	–	**(3 284)**	–
Provision for other assets	**8 007**	878	**6 278**	899
Special assets written off	**7 025**	7 032	**7 025**	7 032
Movement in provision for investment	**2 714**	736	**1 391**	22
Loss/(profit) on disposal of fixed assets	**1 067**	(95)	**1 067**	(51)
Profit on disposal of investment property	**(1 500)**	–	**–**	–
Provision for retirement benefit obligations	**1 503**	–	**1 503**	–
Dividend income	**(363)**	(1 308)	**(216)**	–
Depreciation	**11 623**	6 116	**10 370**	5 747
Adjustments for carrying amount of investment and reserves of acquired subsidiaries	**(789)**	–	**–**	–
Operating profit before changes in operating assets and liabilities	**56 353**	62 505	**59 569**	60 212
(Increase)/decrease in operating assets:				
Cash reserve balances	**(504)**	(724)	**4 625**	(240)
Loans to customers	**(195 667)**	(129 177)	**(154 023)**	(103 073)
Short-term investments	**118 936**	(125 904)	**150 243**	(117 857)
Interest receivable and prepayment	**(11 137)**	(8 097)	**(5 929)**	(7 598)
Accounts receivable	**785**	(32 000)	**(7 737)**	(32 000)
Due from clients	**2 568**	–	**–**	–
Other receivables	**8 184**	(8 269)	**8 184**	(867)
Non-controlling interest	**3 233**	1 876	**–**	–
Share of loss in equity accounted associate	**675**	–	**–**	–
Share of loss in equity accounted joint venture	**655**	–	**–**	–
Goodwill arising during the period	**(2 983)**	–	**–**	–
	(75 255)	(302 295)	**(4 637)**	(261 635)

	GROUP		BANK	
	31 December 2009 N'million	30 September 2008 N'million	**31 December 2009 N'million**	30 September 2008 N'million
36. CASH GENERATED FROM OPERATIONS (continued)				
Increase/(decrease) in operating liabilities:				
Customers' deposits	**(87 639)**	427 483	**(106 950)**	360 384
Due to other banks	**(16 193)**	32 000	**(21 920)**	32 000
Customers' deposits for foreign currency denominated obligations	**2 927**	(3 030)	**2 495**	(3 029)
Investment contract liabilities	**(18 420)**	(25 455)	**–**	–
Interest payable and unearned income	**981**	1 593	**446**	1 495
Accounts payable	**(1 053)**	1 483	**1 697**	1 537
Outstanding claims, public offer proceeds, other payables	**(10 445)**	21 871	**(7 949)**	3 128
	(129 842)	455 945	**(132 181)**	395 515
Cash (used in operations)/generated	**(148 744)**	216 155	**(77 249)**	194 092
37. DIVIDEND				
Proposed dividend 10 kobo (2008: 100 kobo) per share	**2 156**	15 808	**2 156**	15 808

In the financial period ended 30 September 2008 (prior period), a final dividend of 75 kobo per share was proposed and an interim dividend of 25 kobo per share was paid by the Directors to shareholders. In respect of the current financial period ended 31 December 2009, a final dividend of 10 kobo is proposed for the approval of shareholders at the next Annual General Meeting (AGM). 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). Proposed dividend is subject to a withholding tax at the appropriate tax rate and is payable to shareholders whose names appear in the register of members as at closure date. The total estimated dividend to be paid is proposed at N2.156 billion (gross).

38. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares during the period.

	GROUP		BANK	
	31 December 2009	30 September 2008	**31 December 2009**	30 September 2008
Net profit attributable to shareholders (N'million)	**2 113**	41 239	**12 889**	40 002
Amount attributable to preference shareholders	**–**	–	**–**	–
	2 113	41 239	**12 889**	40 002
Number of ordinary shares in issue as at period end (millions)	**21 556**	17 244	**21 556**	17 244
Time weighted average number of ordinary shares in issue (millions)	**21 556**	13 134	**21 556**	13 134
Basic earnings per share (kobo)	**10**	314	**60**	305

39. ACQUISITIONS AND DISPOSALS

39.1 Acquisitions

On 31 December 2008, the Group acquired 76.39% of the share capital of Continental Bank Benin. The acquired company contributed operating loss of N452 million to the Group for the period ended 31 December 2009.

			GROUP
			31 December 2009
	N'million	N'million	**N'million**
Purchase consideration (settled in cash)		6 229	
Less Net assets as at 31 December 2008 analysed as follows			
Share capital	(3 573)		
Minority deposit for shares	1 004		
Retained earnings brought forward	(677)		
Net assets as at 31 December 2008		(3 246)	
Goodwill on acquisition			**2 983**

39.2 Disposals

There was no disposal of any of the Group's subsidiaries during the period.

40. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents include cash and non-restricted balances with central banks, treasury bills and eligible bills, operating account balances with other banks, amounts due from other banks and short-term government securities.

	GROUP		BANK	
	31 December 2009 N'million	30 September 2008 N'million	**31 December 2009 N'million**	30 September 2008 N'million
Cash and balances with central banks (less restricted balances)	**54 900**	107 267	**31 260**	83 396
Treasury bills and eligible bills	**990**	6 020	**990**	6 020
Due from other banks	**470 195**	654 869	**459 829**	591 791
	526 085	768 156	**492 079**	681 207

41. COMPLIANCE WITH BANKING REGULATIONS

The Bank did not contravene any regulation of the Banks and Other Financial Institutions Act, CAP B3 LFN 2004 or relevant circulars issued by the Central Bank of Nigeria.

42. EVENTS AFTER THE BALANCE SHEET DATE

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 31 December 2009 or the profit for the period ended on the same date which have not been adequately provided for or disclosed.

43. COMPARATIVES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in current year.

Statement of value added

for the period ended 31 December 2009

Group	2009 N'million	2009 %	2008 N'million	2008 %
Gross income	**246 725**		169 506	
Interest paid	**(59 659)**		(41 355)	
	187 066		128 151	
Administrative overheads:				
– local	**(80 376)**		(39 530)	
– foreign	**(10 965)**		(5 527)	
Value added	**95 725**	**100**	83 094	100
Distribution				
Employees				
– Salaries and benefits	**39 067**	**40**	25 400	31
Providers of funds				
– Proposed dividend	**2 156**	**2**	15 808	19
Government				
– Taxation	**4 262**	**5**	7 204	8
The future				
– Asset replacement (depreciation)	**11 623**	**12**	6 116	8
– Asset replacement (provision for losses)	**38 176**	**40**	2 616	4
– Expansion (transfer to reserves and non-controlling interest)	**441**	**1**	25 950	30
	95 725	**100**	83 094	100

Bank	2009 N'million	2009 %	2008 N'million	2008 %
Gross income	**220 467**		154 330	
Interest paid	**(54 920)**		(39 800)	
	165 547		114 530	
Administrative overheads:				
– local	**(72 894)**		(37 348)	
– foreign	**(1 138)**		(2 000)	
Value added	**91 515**	**100**	75 182	100
Distribution				
Employees				
– Salaries and benefits	**34 054**	**37**	21 103	29
Providers of funds				
– Proposed dividend	**2 156**	**2**	15 808	21
Government				
– Taxation	**3 075**	**4**	5 849	7
The future				
- Asset replacement (depreciation)	**10 370**	**12**	5 747	7
- Asset replacement (provision for losses)	**30 905**	**33**	1 548	3
- Expansion (transfer to reserves)	**10 955**	**12**	25 127	33
	91 515	**100**	75 182	100

Group five-year financial summary

	31 December 2009 N'million	30 September 2008 N'million	2007 N'million	2006 N'million	31 March 2005 N'million
Assets					
Cash and balances with central banks	**68 225**	120 088	64 183	58 466	12 411
Treasury bills and other eligible bills	**42 035**	174 005	100 589	160 975	53 444
Due from other banks	**470 195**	654 869	506 132	413 028	98 106
Loans and advances to customers	**606 616**	431 410	320 406	109 896	67 610
Investment securities	**188 407**	126 895	105 038	72 942	7 432
Investment in subsidiaries	**–**	–	–	–	1 128
Investment in associates	**9 261**	588	21	21	21
Investment in joint venture	**245**	900	–	–	–
Goodwill	**2 983**	–	–	–	–
Investment properties	**269**	589	–	–	–
Other assets	**87 003**	102 436	44 926	35 618	4 455
Property and equipment	**73 042**	61 553	49 747	33 191	6 176
	1 548 281	1 673 333	1 191 042	884 137	250 783
Finance by:					
Ordinary share capital	**10 778**	8 622	5 748	3 530	1 530
Share premium account	**113 645**	114 036	119 066	23 209	–
Reserves	**57 090**	70 802	42 905	21 796	17 913
Non-controlling interest	**5 316**	1 821	359	300	–
Customers' deposits	**1 245 650**	1 333 289	905 806	762 574	205 110
Due to other banks	**15 807**	32 000	–	–	–
Liability on investment contracts	**22 138**	40 558	66 013	13 561	–
Borrowings	**14 760**	–	1 135	1 135	1 676
Current income tax	**3 385**	5 606	5 149	1 644	2 535
Other liabilities	**58 187**	65 564	43 825	47 784	19 068
Deferred income tax liabilities	**2**	993	994	1 502	1 073
Dividend payable	**20**	42	42	7 102	1 878
Retirement benefit obligations	**1 503**	–	–	–	–
Total equity and liabilities	**1 548 281**	1 673 333	1 191 042	884 137	250 783
Acceptance and guarantees	**689 479**	616 734	451 110	167 184	81 821

	15 months to 31 December 2009 N'million	12 months to 30 September 2008 N'million	12 months to 30 September 2007 N'million	18 months to 30 September 2006 N'million	12 months to 31 March 2005 N'million
Gross earnings	**246 725**	169 506	109 512	90 447	26 089
Net operating income	**187 066**	128 151	80 808	63 493	22 599
Operating expenses	**(135 228)**	(68 720)	(47 581)	(45 111)	(16 039)
Provision for losses	**(38 176)**	(2 616)	(3 702)	(5 571)	(40)
Profit before taxation and exceptional items	**13 662**	56 815	29 525	12 811	6 520
Exceptional items	**(7 025)**	(8 786)	(4 161)	–	–
Taxation	**(4 262)**	(7 204)	(3 923)	(1 261)	(1 599)
Profit after taxation and exceptional items	**2 375**	40 825	21 441	11 550	4 921
Non-controlling interest	**(262)**	414	99	–	–
Profit attributable to shareholders	**2 113**	41 239	21 540	11 550	4 921
Earnings per share (basic) – kobo	**10**	314	261	187	263

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

Bank five-year financial summary

	31 December 2009 N'million	30 September 2008 N'million	30 September 2007 N'million	30 September 2006 N'million	31 March 2005 N'million
Assets					
Cash and balances with central banks	**38 972**	95 733	63 902	57 866	12 411
Treasury bills and other eligible bills	**15 945**	171 401	96 958	159 571	53 444
Due from other banks	**459 829**	591 791	454 399	406 239	97 305
Loans and advances to customers	**543 289**	405 540	320 229	107 194	67 610
Investment securities	**150 565**	96 397	74 421	49 543	7 432
Investment in subsidiaries	**37 753**	13 562	5 786	5 533	403
Investment in associates	**9 943**	595	21	21	
Investment in joint venture	**900**	900			
Other assets	**80 186**	88 007	38 419	33 048	4 169
Property and equipment	**63 497**	56 165	48 213	32 226	6 154
	1 400 879	1 520 091	1 102 348	851 241	248 928
Finance by:					
Ordinary share capital	**10 778**	8 622	5 748	3 530	1 530
Share premium account	**113 645**	114 036	119 066	23 209	
Reserves	**63 296**	65 497	40 007	20 882	16 172
Customers' deposits	**1 151 086**	1 258 036	897 651	757 407	205 110
Due to other banks	**10 080**	32 000	–	–	–
Borrowings	**14 760**	–	1 135	1 135	1 676
Current income tax	**1 416**	3 443	3 959	1 359	2 494
Other liabilities	**34 273**	37 424	33 749	35 118	18 998
Deferred income tax liabilities	**–**	991	991	1 499	1 070
Dividend payable	**42**	42	42	7 102	1 878
Retirement benefit obligations	**1 503**	–	–	–	–
Total equity and liabilities	**1 400 879**	1 520 091	1 102 348	851 241	248 928
Acceptance and guarantees	**684 047**	616 031	372 325	167 184	81 821

	15 months to 31 December 2009 N'million	12 months to 30 September 2008 N'million	12 months to 30 September 2007 N'million	18 months to 30 September 2006 N'million	12 months to 31 March 2005 N'million
Gross earnings	**220 467**	154 330	101 106	86 079	25 506
Net operating income	**165 547**	114 530	74 575	61 200	22 016
Operating expenses	**(111 653)**	(58 345)	(44 424)	(43 522)	(15 737)
Provision for losses	**(30 905)**	(1 548)	(3 163)	(5 164)	(40)
Profit before taxation and exceptional items	**22 989**	54 637	26 988	12 514	6 239
Exceptional items	**(7 025)**	(8 786)	(4 161)	–	–
Taxation	**(3 075)**	(5 849)	(2 996)	(1 046)	(1 586)
Profit after taxation and exceptional items	**12 889**	40 002	19 831	11 468	4 653
Profit attributable to shareholders	**12 889**	40 002	19 831	11 468	4 653
Earnings per share (basic) – kobo	**60**	305	241	186	249

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

Risk management report

ENTERPRISE-WIDE RISK MANAGEMENT

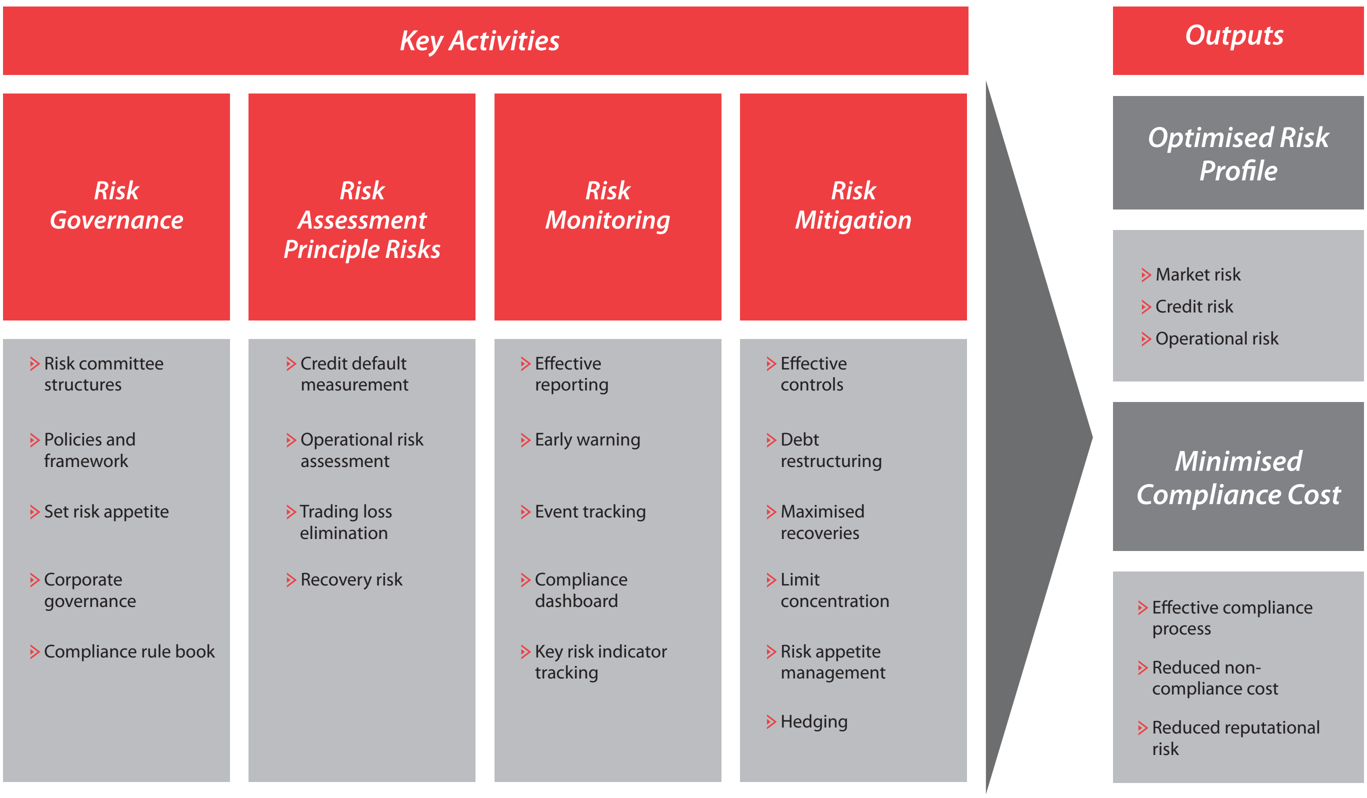
Risk culture and strategy

Risk management in UBA is enterprise-wide and integrated. Its application is targeted at enhancing and 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:

- 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 on-going process for the management of credit, market, operational and other risks in a holistic manner.
- Maintain appropriate checks and balances by segregating risk-taking functions from risk-control functions.
- Automate and innovate by utilising state-of-the-art enterprise tools and electronic platforms that act as enablers for enterprise risk management.
- 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.
- 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.

The key activities of UBA enterprise-wide risk management and governance framework are depicted below. The output of a robust framework leads to optimal risk and compliance costs and profitability enhancement as part of the value-based objectives of striving for an optimal trade-off between risk and reward. Similarly these principles are aligned to Central Bank of Nigeria (CBN) risk based supervision framework that is under review and consideration for implementation in 2010.



Risk management report *(continued)*

UBA's approach to risk management involves a number of fundamental elements that drive our processes across the Group:
The **Principal Risk Policy** covers the Group's main risk types, assigning responsibility for the management of specific risks, and setting out the requirements for control frameworks for all of the risk types.

A Risk Appetite framework that considers the level of risk that the Board is willing to take in pursuit of its business objectives. This is expressed as the Group's appetite for earnings volatility across all businesses from credit, market and operational risk. It is calibrated against our broad financial targets, including income and impairment targets, dividend coverage and capital levels. It is prepared each year as part of the Group's Budget and Planning process, and combines a top-down view of the Group's risk capacity with a bottom-up view of the risk profile requested and recommended by each business. This entails making business plan adjustments as necessary to ensure that our targeted position creates a risk profile that meets our Risk Appetite.

Fundamental to the delivery of the Group's risk management objectives are a series of risk methodologies that allow it to measure, model, price, stress, aggregate, report and mitigate the risks that arise from its activities. Many of the most important processes relate to the development of internal ratings used in granting credit and are discussed separately on page 95. The specific methodologies used to manage market risk, liquidity risk, operational risk and capital risk are also discussed more fully in their corresponding sections below.

RISK GOVERNANCE STRUCTURES

Oversight of risk management is the responsibility of the Board Risk Committee and informed through the Group Risk Management Committee, the Group Asset and Liability Committee (GALCO) as well as other risk management committees. The Board Audit Committee assists the Board with regard to financial information, accounting policies, internal control and compliance matters. The Board Credit Committee oversees credit risk and considers and recommends large exposure underwriting decisions to the Board.

Responsible for:		*Accountable to:*
Setting and approval of: • Risk philosophy • Risk management principles • Risk appetite and tolerance	**UBA BOARD** **BOARD COMMITTEES** Risk Management; Finance & General Purpose; Nomination & Evaluation; Ethics & Corporate Governance	• Stakeholders • Regulators • The community
Implementation of: • Risk management principles	**GMD/CEO; EXCO**	• Board of Directors • Regulators • Stakeholders
Approval of: • Risk policies • Risk limits	**MANAGEMENT COMMITTEES** GALCO; EXCO	
Oversight of: • Risk profile of the Group • Risk limits per business unit/ subsidiary and risk type • Control and compliance environment	**ENTERPRISE-WIDE RISK MANAGEMENT** **Risk Management Dimension** / **Risk Control Departments**	• Board of Directors • Group Risk Committee • GMD/CEO
Management of: • All risk exposures in the business unit/subsidiary	**BUSINESS UNITS / SUBSIDIARIES**	• GCRO

Risk management report *(continued)*

ROLES AND RESPONSIBILITIES

The key role players in the risk management framework (as indicated in the governance structure) and their responsibilities are:

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
- Approve capital demand plans based on risk budgets

The Board of Directors have established various Board-level Risk Committees, as specialized committees, in support of their risk oversight objectives and responsibilities. These committees review and advise on numerous risk matters requiring Board approvals.

Group Risk Management Committee

The Group Risk Management Committee 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):

- Monitor overall risk management framework and ensure that the framework is uniformly applied in all the entities in the Group
- Review the sub-committees' reports (Group Credit Risk, Group IT Risk, Group Operational Risk) and approve recommendations from these sub-committees
- Monitor the Basel II Accord Capital Framework implementation and compliance programme in the Group
- Coordinate the implementation of risk mitigation action plans in the Group
- Review and recommend to EXCO and the Board Risk Management Committee policies designed for the management of risk in the Group and also providing feedback through EXCO to the Board Risk Management Committee
- Review and recommend to EXCO yearly Risk Management staffing model and manpower development programmes

The Group Risk Management Committee has three sub-committees to support its terms of reference in a focused manner, for credit, operational and information technology/e-business risks.

Group Credit Risk Committee

The Committee's main objective is to develop and maintain a sound credit risk portfolio for the Group and to oversee the development and deployment of credit risk practices across the Group.

Its principal activities and functions are:

- Direct initiation, development, review and recommend credit risk management policies to Group Risk Management Committee
- Monitor the Basel II Accord Credit Risk Framework implementation and compliance programme for the Group
- Monitor to ensure that credit policies are uniformly applied in all the entities within the Group
- Periodically review credit policy manuals to ensure continued relevance
- Review and approve credit product programmes subject to empowerment framework
- Monitor implementation and compliance with credit policy paying particular attention to the following:
  - Credit concentration
  - Credit portfolio performance
  - Credit portfolio quality
- Review credit classification schedule to ensure completeness and adequacy of the attended provisions
- Review, approve and monitor remedial strategies and recovery targets
- Review all major credit audit issues with a view to taking learning points for further decision making
- Review and recommend credit training programme

Operational Risk Committee

Advise, guide and manage operational risk for the Group. Prevent or minimise losses resulting from inadequate/failed internal processes, people and systems or from any external events. Its key functions comprise the following:

- Direct initiation, development (including periodic reviews) and recommend operational risk management policies and framework to the Group Risk Management Committee for approval
- Monitor the Basel II Accord Operational Risk Management Framework implementation for the Group
- Monitor to ensure that operational risk management policies and frameworks are uniformly implemented in all the entities within the Group
- Establish tolerance limits for Key Risk Indicators (KRIs); monitor changes in operational risk profile and control effectiveness within the Group
- Monitor implementation of operational risk mitigating action plans by risk and control owners to ensure effectiveness and adequacy of such initiatives
- Monitor the adequacy and completeness of losses and loss event database for the Group to ensure that it meets the requirement of Basel II Accord for the calculation of operational risk capital charge
- Approve operational risk capital calculation model to ensure consistency with the provisions of Basel II Accord requirements

IT Risk Committee

The Group IT Risk Committee is a committee that provides oversight for Information Communication Technology (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 main objective is to provide overall direction, positioning IT as a business enabler in delivering business value for all stakeholders. Manage IT Risk for optimal delivery therein:

- Continuously evaluate the IT risk inherent in the service delivery channels in the Group and recommend appropriate mitigating controls
- Regularly obtain, review and challenge assurance on the Bank's Network, Server and Database Security
- Review all significant IT Audit issues
- Conduct regular reviews of IT systems, vendors and IT service delivery
- Review and monitor end to end security of the Enterprise Infrastructure in the Group
- Provide necessary input into the IT Budgeting process
- Monitor the effectiveness and efficiency of the Bank's IT Infrastructure at enabling/supporting business

Group Asset and Liability Committee

The Group Asset and Liability Committee (GALCO) is a sub-committee of the Group EXCO that has responsibility for oversight and strategic direction for the balance sheet management of UBA Group. This committee manages traded and non-traded market risks as well as steering the Basel II requirements for market risk. This committee is supported by three sub-committees to achieve its objectives in a focused manner, namely the Group Investment Committee, Liquidity Management Committee and Market Risk Committee.

Group Liquidity Management Committee

Manages the overall liquidity and drives consistent and effective practices across the Group. It sets policies in BS management; sets pricing strategies on assets and liabilities (pool rate, assets and/or liability composition) and examines liquidity risks to ensure adequate funding is always maintained and BS well positioned for future funding through review of:

- Liquidity Gap Analysis
- Maximum Cumulative Outflow (MCO)
- Stress Tests
- Wholesale Borrowing Guidelines
- Contingency Liquidity Plan (ensure up to date and tested)

The committee also monitors the Group interest rate, liquidity and CCY risk profiles and develops liquidity risk; interest rate risk and currency risk management frameworks that:

- Address Basel II compliance gaps for interest rate and currency risk mitigation matters
- Support recommendations on counterparties' limits to serve as inputs for credit office processing

Group Investment Committee

The Group Investment Committee governs investment risk, investment decisions as well as all investment sub-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.

Group Market Risk Committee

The objective of the Group Market Risk Committee is to advise the GALCO and to provide guidance on best practices in order to manage all market risk aspects for the Group. Its key purpose outlined as part of its terms of reference is to:

- Analyse net interest margin
- Ensure regulatory compliance
- Address Basel II compliance gaps
- Monitor trading portfolio risk profile

Watch-list Committee

The Watch-list and Delinquent Committee reviews past due obligations and develops strategies to reduce the Bank'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 GMD up to the Board. It also ensures recoveries are made on all past due obligations under its purview.

GROUP CHIEF RISK OFFICER (GCRO)

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 FUNCTIONS

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
- Provide assurance that risk management policies and strategies are operating effectively to achieve the Group's business objectives

POLICIES AND FRAMEWORK

UBA ensures that it has the functional capacity to manage the risk in new and existing businesses.

At a strategic level, our risk management objectives are:

- To identify the Group's material risks and ensure that business profile and plans are consistent with risk appetite
- To optimise risk/return decisions by taking them as closely as possible to the business, while establishing strong and independent review and challenge structures
- To ensure that business growth plans are properly supported by effective risk infrastructure
- To manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions
- To help executives improve the control and co-ordination of risk taking across the business.

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

Risk management report *(continued)*

Identify	Assess	Control	Report	Manage and Challenge
• 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	• Build accurate and consistent risk assessment • Establish and implement measurement reporting standards/methodologies • Build a risk profile for UBA	• 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 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	• 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 MANAGEMENT FRAMEWORK AND ORGANISATION

The functional components of the UBA risk management value chain are depicted in the organisational framework on page 90. Risk functions are integrated at the Centre to ensure a consistent approach to risk assessment and monitoring of risks across the entire risk spectrum. The Group Risk and Compliance Directorate 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.

Outlined below are the key activities of UBA's enterprise-wide risk management framework that supports our robust risk governance foundation, namely risk assessment, monitoring and risk mitigation.

RISK ASSESSMENT

The following risk types are assessed, monitored and managed in terms of the Group's Principal Risk Management Framework.

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, outsourcing activities, service providers, strategy implementation, mergers and acquisitions, fraud, error, regulatory compliance, staff, social and environmental factors.

Capital adequacy risk

The risk that the Group has insufficient capital resources to meet minimum regulatory capital requirements in Nigeria and elsewhere, in other jurisdictions such as in the UK, USA, or at various Africa operations where regulated activities are undertaken. Alternatively, the risk that capital resources may be inadequate to absorb unexpected losses under severely stressed conditions or arise due to inefficient utilisation of available capital resources or attributed to reduced returns through sub-optimal capital structures.

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 reputation 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 reputation 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 the 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 reputation 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 and reputational risk

The risk of brand erosion, reputation 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 MONITORING

Key risk indicator tracking

Key risk indicators (KRIs) are central to our risk monitoring and reporting processes and are a systematic means of informing our risk measurement framework and approach, employing various qualitative and quantitative risk assessment methods, in order to generate risk exposures and potential loss estimates at business unit and enterprise-wide levels. Comprehensive MIS platforms are in support of the tracking process.

The KRIs also provide a basis for our assessment of all inherent key (principal) risks and supports our decisioning on materiality, rating and direction of overall risk.

RISK MITIGATION

Controls

Controls/mitigants are identified and documented for existing and new products, processes and systems to ensure that inherent risks are appropriately mitigated.

The adequacy of these mitigants are tested on periodic basis through administration of control self assessment questionnaires using OpRisk Manager – an operational risk management tool – to risk owners to confirm the effectiveness of established controls.

Limit concentrations

The Group applies a comprehensive concentration risk management framework that sets exposure limits as a function of capital across all dimensions – country, sector, single obligor, product, etc. of its asset portfolio.

Risk appetite management

Risk appetite limits are continuously reviewed and reduced when assessed risk exceeds risk tolerance levels.

Hedging

Hedging transactions are used to mitigate commodity and currency risk, where liquid markets for hedging instruments exist.

DEBT RESTRUCTURING

Depending on the severity of classification, the Bank's remedial corrective action is geared towards enhancing the performance of weak credits. Early attention, including substantive discussions with borrowers, is required to correct deficiencies. Our approach towards achieving this goal will always involve extensive dialogue between the relationship officer, remedial officers, recovery officers and legal counsel. Whilst the primary responsibility for renegotiating/restructuring the contract terms lies with the relationship manager, it is the remedial and recovery officers that have the responsibility for repair and/or recovery strategy.

Under certain conditions it may be decided as part of an overall portfolio strategy to consider restructuring of a sub-portfolio/product group in mitigation of the overall potential loss.

REMEDIAL MANAGEMENT PROCESS

The remedial management process is defined as a flow of planned, recognisable and sequential events involved in the nurturing and management of past due obligations to performing obligations or to full recovery.

This process covers the evaluation, analysis and approval of credit facilities for existing past due obligations. Remedial process includes new extensions of credit, incremental risk, restructuring and/or annual review of previously approved facilities summarised as follows:

Rate/Payment modification or longer-term payment relief: Adjusting interest rates or payment frequency

Ageing/Extension: Modifying the length of the loan

Cash Out: Refinancing a loan at a higher principal amount in order to secure additional funds for other uses

Loan and Collateral Consolidation: Combining several loans into a single payment which is lower than if the payments were separate

Short Sale – Loan is discounted to prevent imminent foreclosure

Deed in lieu – Voluntary conveyance of interest in property to the Bank

The process involves full information gathering, together with financial and risk analysis leading up to the approval decision. Analysis and standards vary according to business product, market, transaction characteristics and environmental issues, and good judgement is always applied in ensuring that all relevant issues have been addressed in each situation.

RECOVERY MANAGEMENT

The Group Recovery Division (GRD) manages the repayment of all past due obligations that are classified as either substandard, doubtful or loss as well as intervenes with those accounts that appear on Watchlist that may be past due however not yet impaired. Any accounts remaining on the Bank's memorandum database are also managed for potential write-off recoveries.

Risk management report (continued)

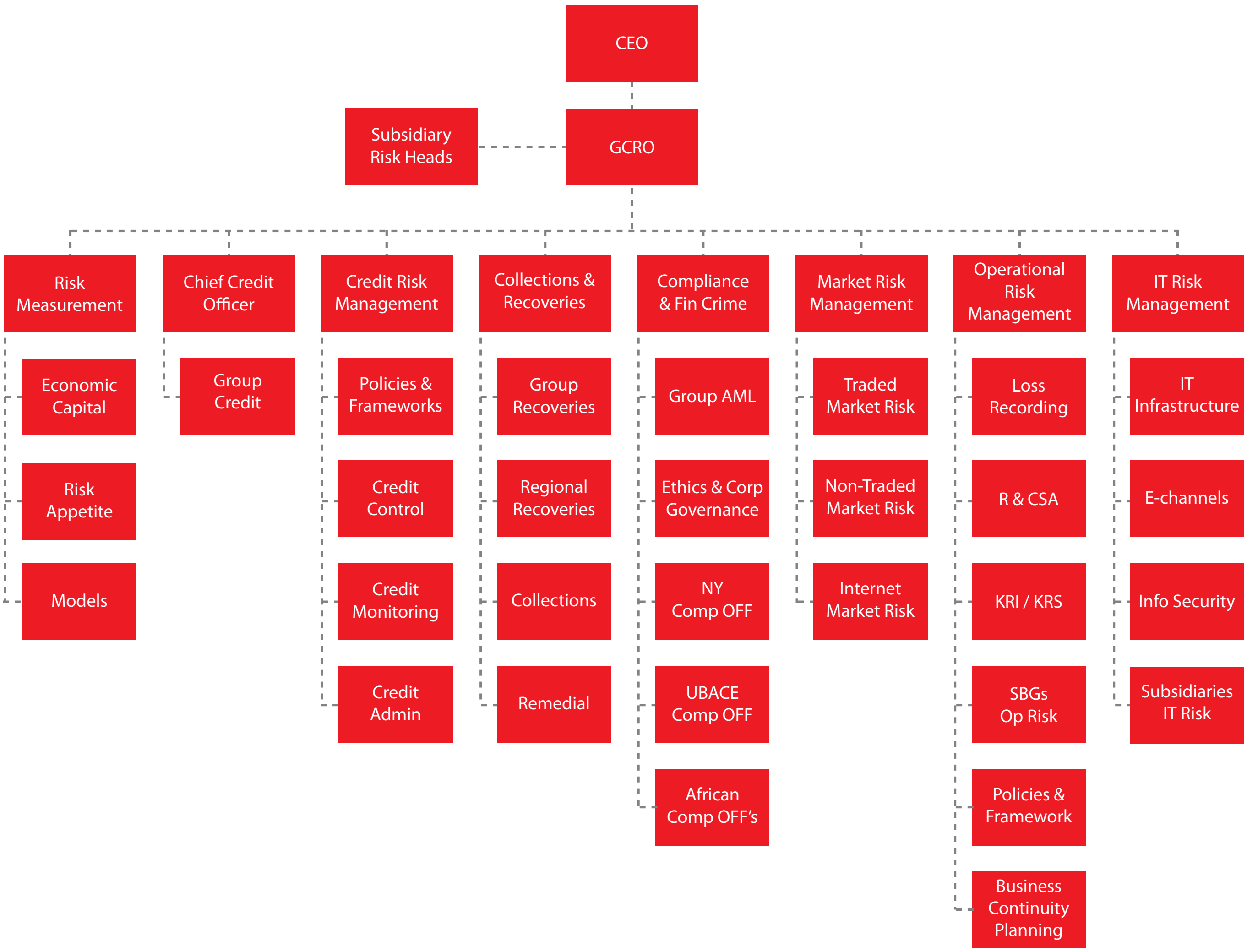
The aim of GRD is to manage and track those accounts that show early warning signs of distress and to assist to pro-actively identify loans for immediate recovery action.

GRD has established a framework in order to ensure maximised recoveries that is intended to:

- Ensure clear definition of recovery accounts and recovery function within the Group
- Clarify and streamline decision-making at each recovery operating unit
- Streamline the methodology for recoveries within the Bank
- Achieve uniformity in recovery process and the need to create excellence by consolidating similar functions in all locations where the Bank operates into a single organisational unit
- Promote efficiency in the services being rendered by staff of the Group
- Ensure a high level of accountability and transparency in the recovery process
- Have a reference point that enables the extraction of learning points for the Bank from various recovery interventions in the collection of bad debts
- Serve as a reference document for the development of service level agreements for the Group

RISK MANAGEMENT ORGANISATION

The function of the UBA risk management value chain is depicted in the organsational framework below.



Risk Measurement Division

The objective of the division is to lead the development of quantitative measurement skills and provide model development support across various risk types towards attaining various Basel II advanced approaches accreditations and to align risk measurement disclosures with international best practice standards.

Underpinning the risk measurement framework is the development of an Economic Capital framework to serve as the foundation of our Internal Capital Adequacy Assessment Process [ICAAP] and ultimately to refine the risk-reward based portfolio management frameworks.

Credit Risk Management

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk is the most significant risk for the Group's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and other bills into the Group's asset portfolio. There is also credit risk in off-balance sheet financial instruments. 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 and reported to the Board of Directors and head of each business unit regularly.

Credit risk measurement

(a) Loans and advances

In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the Group reflects the following components (i) the character and capacity to pay of the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development; (iii) credit history of the counterparty and (iv) the likely recovery ratio in case of default obligations – value of collateral and other ways out.

UBA uses various tools, ranging from Qualitative risk assessments, Fundamental analysis, External ratings, Product programmes as well as Concentration risk policy and frameworks to guide the decision-making in underwriting. At a credit portfolio level we use expert analytical and statistical models to inform our strategy and set targets on underwriting, concentrations and profitability/pricing.

The Group's rating scale, which is shown below, reflects the range of quality grades inferred for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary. The Group regularly validates the performance of the ratings and their predictive power with regard to quality migration and/or default events.

The Group's internal ratings scale and mapping to external ratings is presented below:

Internal Grade	Description of grade	National ratings (inferred)
1	Prime 1	AAA to AA-
2	Prime 2	A+ to A-
3	Investment	BBB+ to BBB-
4	Sub Investment 1	BB+ to B-
5	Sub Investment 2	CCC+ to C
6	Watchlist	C-
7	Sub-standard	D
8	Doubtful	D
9	Loss	D

Provisioning policies
The internal and external rating systems described on page 95 focus more on credit-quality mapping from the inception of the lending and investment activities. In contrast, loan loss provisions are recognised for financial reporting purposes only for losses that have been incurred at the balance sheet date based on criteria set out in the Prudential Guidelines for Licensed Banks.

Non-performing credit:
A credit facility is regarded as non-performing when any of the following conditions exists:
- Interest on principal is due and unpaid for 90 days and above
- Where principal is outstanding for 90 days and above

Non-performing credit is categorised into three namely:
- Sub-standard – This occurs where principal and or interest remain outstanding for more than 90 days but less than 180 days and 10% provision is suspended on the outstanding balance.
- Doubtful – This occurs where principal and/or interest remain outstanding for at least 180 days, but less than 360 days.
- Lost – This occurs where principal and or interest remain outstanding for more than 360 days.

These definitions are the same for both personal and corporate loans.

In the determination of the amount to be raised as provision according to the above categorisation, no value of collateral is recognised and set off against the final provision amount.

(b) Debt securities and other bills
For debt securities and other bills, external rating such as Standard & Poor's rating or their equivalents are used by Treasury primarily to manage their liquidity risk exposures.

RISK LIMIT CONTROL AND MITIGATION POLICIES
The Group manages limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries and countries.

The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers (single obligor limits), and to geographical and industry segments.

Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by country are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub-limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily.

The Group also sets internal credit approval limits for various levels in the credit process as is shown in the table below.

Authorising level	Approval limit
Board	N15 billion – Lending Limit
Board Credit Committee	N7.5 billion – N15 billion
Managing Director	N100 million – N7.5 billion (Subject to Group Lending Committee recommendation)
Deputy Managing Director	Up to N100 million (Subject to Divisional Lending Centre recommendation)

Approval limits are set by the Board of Directors and reviewed from time to time as the circumstances of the Group demand.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Credit Collections Recoveries
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.

Collateral
The Group employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice. The Group implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal types of collateral accepted for credit exposures are:

a. Legal Mortgages (Land; Ships; Shares; Life Policy) ;
b. Debenture, including Mortgage Debenture;
c. Guarantees & Bonds;
d. Others (Negative pledge; Letter of comfort ;Hypothecation, Domiciliation of Payments, Leases)

For purposes of prudence and in compliance with regulation, the Bank ensures that all of its risk assets are sufficiently mitigated and secured, whether they are long-term credits, exposures to corporate entities or revolving individual credit facilities.

Collaterals held as securities for financial assets other than loans and advances are determined by the nature of the instruments. Debt securities, treasury and other eligible bills are appropriately structured, especially asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

(a) Master netting arrangements
The Group further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities, as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

(b) Credit-related commitments
The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

Risk management report *(continued)*

RISK ASSETS (LOANS AND ADVANCES, OFF-BALANCE SHEET DIRECT CREDIT SUBSTITUTES, ETC)

Loans and advances are summarised as follows:

	2009 N'million	2008 N'million
Performing	**589 871**	429 288
Non-performing		
– Sub-standard	**13 480**	6 308
– Doubtful	**9 371**	2 883
– Lost	**30 734**	7 008
	643 456	445 487

Performing but past due loans

Loans and advances less than 90 days past due are considered performing, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but performing was as follows:

	Retail N'million	**Corporate N'million**	**SME N'million**	**Financial Institutions N'million**	Total N'million
At December 2009					
Past due up to 30 days	**5 564**	**20 674**	**19 314**	**22**	**45 574**
Past due 30 - 60 days	**3 178**	**4 886**	**1 124**	**4**	**9 192**
Past due 60 - 90 days	**3 009**	**8 771**	**1 106**	**43**	**12 929**
	11 750	**34 331**	**21 544**	**70**	67 695
At September 2008					
Past due up to 30 days	424	13 708	392	11 144	25 668
Past due 30 - 60 days	2 741	3 107	3 113	5 609	14 571
Past due 60 - 90 days	1 443	12 072	2 955	229	16 699
	4 609	28 888	6 460	16 982	56 938

Non-performing loans by Industry

Industry	31 Dec 2009 N'million	30 Sep 2008 N'million
Agriculture	**268**	206
Banking/Financial services	**3 548**	1 071
Capital market	**6 320**	–
Consumer credit (personal & professional)	**14 287**	3 062
Education	**302**	82
General commerce	**12 218**	6 996
Government	**412**	1 039
Hospitality	**303**	13
Manufacturing	**6 365**	381
Oil & gas	**1 870**	1 698
Others – Services	**898**	37
Power	**1 501**	–
Real estate & Construction	**2 966**	559
Telecommunication	**162**	1 003
Transportation	**2 240**	52
Grand total	**53 658**	16 199

Non-performing loans by Geography

Geo-political zone	31 Dec 2009 N'm	30 Sep 2008 N'm
North Central	**6 187**	1 873
North East	**964**	437
North West	**613**	465
South East	**1 328**	463
South South	**6 246**	2 095
South West	**24 293**	10 247
Rest of Africa	**14 021**	620
Grand total	**53 658**	16 199

Concentration of risks of financial assets with credit risk exposure

(a) Geographical sectors

The following table breaks down the Group's main credit exposure at their carrying amounts, as categorised by geographical region as of 31 December 2009. For this table, the Group has allocated exposures to regions based on the region of domicile of our counterparties.

At 31 December 2009	Due from banks N'million	Loans and advances N'million	Debt instruments N'million	Total N'million
South South	**–**	**54 862**		**54 862**
South West	**225 243**	**402 062**	**36 520**	**663 825**
South East	**–**	**14 233**	**2 005**	**16 238**
North West	**–**	**3 523**		**3 523**
North Central	**–**	**68 289**	**91 442**	**159 731**
North East	**–**	**9 557**		**9 557**
Rest of Africa	**6 388**	**68 094**	**1 817**	**76 299**
New York	**238 564**	**22 835**	**12 190**	**273 589**
	470 195	**643 456**	**143 974**	**1 257 625**
At 30 September 2008				
South South	–	47 032	–	47 032
South West	351 097	283 637	20	634 754
South East	–	9 106	–	9 106
North West	–	3 097	–	3 097
North Central	–	27 537	69 207	96 744
North East	–	2 884	–	2 884
Rest of Africa	19 889	27 780	–	47 668
New York	283 883	44 414	–	328 298
	654 869	445 487	69 227	1 169 584

(b) Industry sectors

At 31 December 2009	Due from banks N'million	Loans and advances N'million	Debt instruments N'million	Total N'million
Agriculture	–	**27 121**	–	**27 121**
Banking/Financial services	**470 195**	**45 834**	**31 838**	**547 867**
Capital market	–	**35 964**	–	**35 964**
Mortgage	–	**49 185**	–	**49 185**
Real estate & Construction	–	**8 731**	–	**8 731**
Education	–	**3 050**	–	**3 050**
General commerce	–	**42 356**	–	**42 356**
Government	–	**31 201**	**112 136**	**143 336**
Health	–	**57**	–	**57**
Hospitality	–	**981**	–	**981**
Manufacturing	–	**53 837**	–	**53 837**
Oil & gas	–	**103 263**	–	**103 263**
Consumer credit (personal & professional)	–	**118 823**	–	**118 823**
Power	–	**994**	–	**994**
Services	–	**1 869**	–	**1 869**
Telecommunication	–	**61 672**	–	**61 672**
Transportation	–	**53 769**	–	**53 769**
Other public-utilities	–	**4 749**	–	**4 749**
Grand total	**470 195**	**643 456**	**143 974**	**1 257 625**
At 30 September 2008				
Agriculture	–	15 026	–	15 026
Banking/Financial services	654 869	43 624	–	698 493
Capital market	–	–	–	–
Mortgage	–	41 785	–	41 785
Real estate & Construction	–	6 248	–	6 248
Education	–	2 465	–	2 465
General commerce	–	41 864	–	41 864
Government	–	2 240	69 227	71 467
Health	–	–	–	–
Hospitality	–	792	–	792
Manufacturing	–	89 131	–	89 131
Oil & gas	–	66 745	–	66 745
Consumer credit (personal & professional)	–	112 301	–	112 301
Power	–	240	–	240
Services	–	1 800	–	1 800
Telecommunication	–	19 448	–	19 448
Transportation	–	1 778	–	1 779
Other public-utilities	–	–	–	–
Grand total	654 869	445 487	69 227	1 169 584

Risk management report (continued)

Market Risk Management
The unit under the supervision of Group Chief Risk Officer is responsible for market and liquidity risk management and control.

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 is one of the tools used by UBA Group to monitor and limit risk exposure. We believe that market risk is most effectively managed through a combination of VaR and volume limits and not VaR limits only.

VaR is a technique that estimates the potential losses that could occur on risk positions as a result of movements in market prices over a specified time horizon and a given confidence level.

The Bank generally uses variance and co-variance VaR approach to derive quantitative measures, specifically for market risk under normal market conditions. Equities VaR is calculated based on a holding period of 10 days and a confidence interval of 99% using the current MTM values of the portfolio. FX VaR is calculated on the basis of exposures outstanding at the close of business each day using a holding period of one day and a confidence interval of 99%.

Below are Equities and FX VaR numbers as at 31 December 2009

FX VaR for the period 1 June – 31 December 2009 (7 months)			
Min	**Max**	**Average**	**31 Dec 09**
N'm	**N'm**	**N'm**	**N'm**
1.05	**77.65**	**25.53**	**3.06**

Equities holding period VaR for the period January to December 2009			
Min	**Max**	**Average**	**31 Dec 09**
N'bn	**N'bn**	**N'bn**	**N'bn**
-1 771	**1 363**	**574**	**-1 579**

FOREIGN EXCHANGE RISK
The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which must be in line with regulatory Open Position Limit (OPL). Compliance with both internal limits and regulatory OPL is monitored daily. The table below summarises the Group's exposure to foreign currency exchange rate risk at 31 December. Included in the table are the Group's financial instruments at carrying amounts, categorised by currency.

Multi-currency balance sheet as at 31 December 2009

	Naira million	Dollar million	GBP million	Euro million	Others million	**Total million**
Assets						
Cash and balances with central banks	23 983	2 084	1 312	460	40 387	**68 225**
Treasury bills	15 945	–	–	–	26 090	**42 035**
Due from other banks	237 092	200 506	5 585	26 929	82	**470 195**
Loans and advances to customers	506 073	32 853	2 199	2 254	63 237	**606 616**
Investment securities	153 175	12 190	–	–	23 041	**188 407**
Investment in associates	9 261	–	–	–	–	**9 261**
Investment in joint venture	245	–	–	–	–	**245**
Goodwill	2 983	–	–	–	–	**2 983**
Investment properties	269	–	–	–	–	**269**
Other assets	76 721	1 892	29	9	8 352	**87 003**
Property and equipment	63 600	335	–	–	9 106	**73 042**
Total assets	1 089 348	249 860	9 124	29 653	170 295	**1 548 281**
Financed by						
Customer deposits	779 562	305 347	2 026	3 613	155 102	**1 245 650**
Due to other banks	14 877	930	–	–	–	**15 807**
Liability on investment contracts	22 138	–	–	–	–	**22 138**
Other borrowings	–	14 760	–	–	–	**14 760**
Current income tax	3 385	–	–	–	–	**3 385**
Other liabilities	31 184	9 243	173	1 595	16 013	**58 207**
Deferred income tax liabilities	2	–	–	–	–	**2**
Retirement benefit obligations	1 503	–	–	–	–	**1 503**
Capital and reserves	236 697	(80 419)	6 925	24 445	(820)	**186 829**
Total equity and liabilities	1 089 348	249 860	9 124	29 653	170 295	**1 548 281**
Off-balance sheet engagement and contingencies	532 963	135 212	1 555	14 113	5 637	**689 479**

Risk management report *(continued)*

LIQUIDITY RISK

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

Liquidity risk management process

The Group's Liquidity Risk Measurement technique is approached from two angles; the development of cash flow projections and ratio analysis. The Balance Sheet Management Team uses a combination of both techniques to measure the Bank's exposure to liquidity risk.

The cash flow technique is applied through the use of maturity ladder by assessing all of the Bank's cash inflows against its outflows to identify the potential for net shortfalls or net funding requirements (i.e. a cumulative net excess or deficit of funds) at selected maturity dates. The maturity ladder is monitored on a day to day basis and stress testing is undertaken on a quarterly basis by applying different scenarios to the maturity ladder and assessing the Bank's funding requirements under each scenario.

These scenarios are useful in managing the Bank's net funding requirements under extreme cases and give an indicator as to the Bank's capacity for coping with less drastic internal and external problems. In creating scenarios, the Balance Sheet Management Team develops and incorporates assumptions based on the behaviour of assets, liabilities and off-balance-sheet activities as they affect the cash inflow and outflow All UBA countries and subsidiaries also construct their maturity ladder and compile a monthly report based on agreed assumptions, which is consolidated into a global report for Group ALCO review. The Country Treasurer for each subsidiary/Group Head, Balance Sheet Management also documents the appropriate actions and includes the same into the Contingency Funding Plan (CFP) for implementation.

The Balance Sheet Management Team uses liquidity ratios to quantify liquidity. Ratios are usually expressed as either a percentage or an equivalent amount. Liquidity ratios are not interpreted on their own but in conjunction with the outcome of the maturity ladder scenarios. The Middle Office monitors the various internal as well as market risk indicators of potential liquidity problems at the Bank. The Middle Office also monitors compliance with set internal and regulatory limits.

Country ALCO and Group ALCO controls the Bank's exposure to liquidity risk by ensuring that limits are set and that Contingency Funding Plan (CFP) are in place across the Group and are based on realistic assumptions.

Statutory liquidity ratios	Limit allowed	Group		Bank	
		2009	2008	**2009**	2008
Liquidity ratio (%)	25	**47.1**	70.9	**45.7**	68.0

Internal liquidity ratios	Limits allowed	Group		Bank	
		2009	2008	**2009**	2008
Loans/deposits	< 55	**48.7**	32.4	**47.2**	32.2
Liquidity ratio	>28	**47.1**	70.9	**45.7**	68.0
Interbank borrowings (net of open buy back takings)/total deposits	< 3	**0.1**	–	**0.1**	–

FUNDING APPROACH

Funding mix targets are maintained in terms of the balance sheet management process, to ensure *inter alia* that adequate diversification of funding sources by currency, geography, provider, product and term, etc, exist at all times.

In UBA Group, our primary funding sources follows the typical profile of a multinational financial institution. This includes capital and third party deposits in the form of savings accounts, demand/term deposits as well as longer-term financing sourced strategically from Development Banks.

Contingency funding sources in periods of tightened market liquidity include sale or repurchase of Government Securities and inter-Bank Borrowing. In some jurisdictions where the Group operates, the Central Bank intervenes during periods of reduced liquidity in the market through activation of monetary policy mechanisms such as adjustment of the reserve requirements and quantitative easing.

The Group structure provides inter-subsidiary funding support where required by way of direct borrowing between affiliates and inter-company placements.

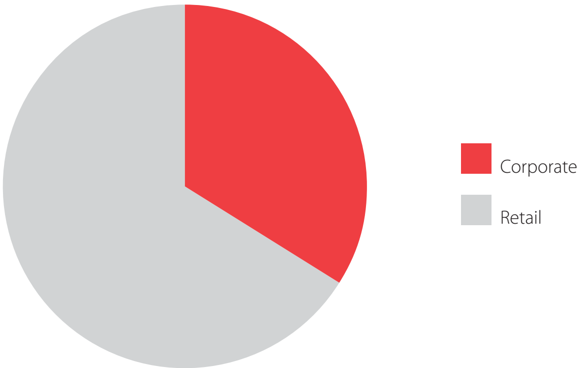
In order to deepen the funding structure and support longer tenured assets, UBA PLC secured a number of foreign currency facilities from Developmental Financial Institutions (DFIs) such as ADB and Afrexim. In addition, we have increased our standby facilities for structured trade finance from international commercial banks in Europe.

This strategy has enabled us to support the increasing volume of requests for mid- to long-term facilities which are needed for stability in the manufacturing and Telecoms sectors.

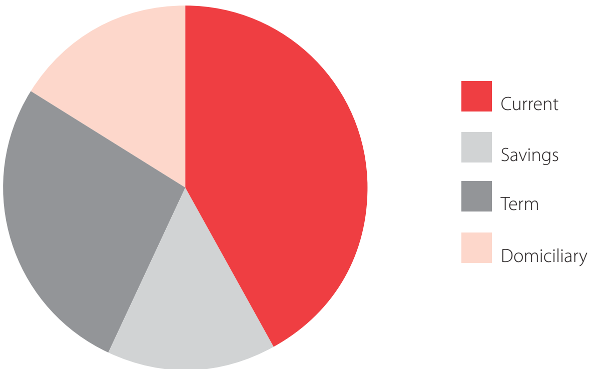
Over the past three years, we have determined that we have a stable core that has grown steadily year on year. Total deposits increased from N0.76 trillion in 2006 to over N1.25 trillion by the end of 2009, despite a challenging environment and economic downturn.

Our deposit product and sector diversification spread is illustrated in the charts below.

DEPOSIT CLASS



DEPOSIT TYPE



The liquidity gap analysis (below) indicates that the Group is very liquid, and able to meet its maturing obligations as they fall due for the next financial year. It is apparent from the analysis that UBA is able to absorb any unexpected liquidity shock in case the market situation changes during 2010.

Almost 100% of the African countries in which UBA operates have fundamentally liquid economies, and this is reflected in the Group liquidity profile.

Risk management report *(continued)*

Maturity profile

Balance sheet as at 31 December 2009

	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	**Total N'million**
Assets						
Cash and balances with central banks	68 225	–	–	–	–	**68 225**
Treasury bills	3 654	9 516	25 185	3 680	–	**42 035**
Due from other banks	374 616	95 579	–	–	–	**470 195**
Loans and advances to customers	278 510	53 039	51 889	36 180	186 998	**606 616**
Investment securities	9 235	14 560	17 327	25 992	121 293	**188 407**
Investment in subsidiaries	–	–	–	–	–	**–**
Investment in associates	–	–	–	–	9 261	**9 261**
Investment in joint venture	–	–	–	–	245	**245**
Goodwill	–	–	–	–	2 983	**2 983**
Investment property	–	–	–	–	269	**269**
Other assets	8 614	34 034	–	16 080	28 275	**87 003**
Property and equipment	–	–	–	–	73 042	**73 042**
	742 854	206 728	94 401	81 932	422 366	**1 548 281**
Liabilities						
Customer deposits	306 089	209 062	69 956	159 143	501 400	**1 245 650**
Due to other banks	–	15 807	–	–	–	**15 807**
Liability on investment contracts	–	–	–	–	22 138	**22 138**
Other borrowings	–	–	–	–	14 760	**14 760**
Current income tax	–	3 385	–	–	–	**3 385**
Other liabilities	–	4 174	–	25 000	29 033	**58 207**
Deferred income tax liabilities	–	–	–	2	–	**2**
Retirement benefit obligations	1 503	–	–	–	–	**1 503**
Capital and reserves	–	–	–	–	186 829	**186 829**
	307 592	232 428	69 956	184 145	754 160	**1 548 281**
Net liquidity gap as at 31 December 2009	435 262	(25 700)	24 445	(102 213)	(331 794)	**–**

Financials

Maturity profile

Balance sheet as at 30 September 2008

	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	**Total N'million**
Assets						
Cash and balances with central banks	75 267	18 588	21 004	5 229	–	**120 088**
Treasury bills	145 637	21 274	6 092	1 002	–	**174 005**
Due from other banks	424 607	130 315	86 932	9 410	3 605	**654 869**
Loans and advances to customers	100 892	118 111	65 766	63 678	82 963	**431 410**
Investment securities	–	–	–	–	126 895	**126 895**
Investment in subsidiaries	–	–	–	–	–	**–**
Investment in associates	–	–	–	–	588	**588**
Investment in joint venture	–	–	–	–	900	**900**
Goodwill	–	–	–	–	–	**–**
Investment property	–	–	–	–	589	**589**
Other assets	5 867	8 734	22 167	48 548	17 120	**102 436**
Property and equipment	–	–	–	–	61 553	**61 553**
	752 270	297 022	201 961	127 867	294 213	**1 673 333**
Liabilities						
Customer deposits	720 804	257 931	154 482	100 537	99 535	**1 333 289**
Due to other banks	6 755	5 302	7 041	5 207	7 695	**32 000**
Liability on investment contracts	4 056	8 112	10 139	6 084	12 167	**40 558**
Other borrowings	–	–	–	–	–	**–**
Current income tax	848	1 696	3 062	–	–	**5 606**
Other liabilities	13 835	10 858	14 420	10 663	15 830	**65 606**
Deferred income tax liabilities	107	214	268	161	243	**993**
Retirement benefit obligations	–	–	–	–	–	**–**
Capital and reserves	–	–	–	–	195 281	**195 281**
	746 405	284 113	189 412	122 652	330 751	**1 673 333**
Net liquidity gap as at 30 September 2008	5 865	12 909	12 549	5 215	(36 538)	**–**

Operational Risk Management

The unit under the supervision of the Group Chief Risk Officer 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 Group has a comprehensive operational risk management framework in place which aims to prevent or minimise losses resulting from inadequate/failed internal processes, people and systems or from any external events. The key activities of performed in terms of this framework are:

- Develop (including periodic reviews) and recommend operational risk management policies and framework for approval by the Board Risk Committee
- Monitor adherence to, and ensure that, operational risk management policies and frameworks are uniformly implemented in all the entities within the Group
- Key Risk Indicators (KRI) tracking are central to our operational risk monitoring and reporting processes and are a systematic means of informing our risk measurement framework and approaches to risk capital allocation. We employ various qualitative risk assessment methods in order to calculate the potential loss estimates at business unit and enterprise-wide levels. KRIs reporting feeds into our operational risk measurement framework. Comprehensive MIS platforms are in support of the tracking process.

- Monitor changes in operational risk profile and control effectiveness within the Group
- Monitor implementation of operational risk mitigating action plans by risk and control owners to ensure effectiveness and adequacy of such initiatives
- Maintain operational loss event database for the Group to ensure that economic capital charges for operational risk can be measured accurately

Operational losses

The comparative analysis of the losses and loss events for the financial years are stated as below:

Comparative losses and loss events for 2009 & 2008 Financial Years

Basel categories	2009 (N'm)	2008 (N'm)
Business disruption and system failures	–	10
Clients, products & business practices	**426**	1955
Damage to physical assets	**10**	6
Execution, delivery & process management	**242**	238
External fraud	**297**	204
Internal fraud	**295**	152
Total	**1 270**	**2 565**

The above analysis indicates over one hundred (100) percentage reduction in the losses and loss events recorded during these periods mainly in the area of clients, products and business practices.

The Bank is developing preventive strategies toward ensuring further reduction as we continue in the implementation of operational risk framework in the Group.

STRATEGY RISK

The Group has a comprehensive framework to address risk of flawed strategy formulation or strategy implementation failure. This framework comprises the following:

- Independent strategy validation
- Scenario construction and simulation based strategy viability evaluation
- Risk-adjusted hurdle rate based investment decisions
- Programme management standards for strategy implementation
- Pro-active strategy outcome monitoring and risk mitigation actions

Compliance and financial crimes

The unit encompasses the Group Anti-money Laundering/KYC team and is responsible for ensuring compliance with all rules imposed on the business by the regulators. The unit also monitors the Group's corporate governance framework. Compliance officers are located in countries where UBA has a presence and report to the Centre.

INFORMATION TECHNOLOGY RISK

The unit under supervision of the Group Chief Risk Officer has responsibility for the Group Information Security and E-Business Risk Management Strategy. The group ensures that all key risks facing the bank's information assets are proactively managed in line with best practices and international standards. To ensure that UBA effectively manages information technology and e-business risks, IT Risk takes the following measures in managing the risks associated with information technology and e-business:

- Development and implementation of appropriate IT and e-Banking isk management frameworks and policies
- Continuous risk assessments of information technology /e-business infrastructures
- Formulation of appropriate risk treatment plans to address identified IT/e-business risks
- IT/e-businessrisk dashboards where identified risks are tracked and monitored till closure
- Periodic vulnerability assessment and penetration testing of UBA's network
- Information security awareness campaign Group-wide.

Risk management report *(continued)*

RISK APPETITE

A key responsibility of the Board is risk appetite.

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

- 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.
- 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.

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.

Risk appetite is institutionalised by establishing scale of activities through clearly defined target market criteria, portfolio limits and product risk acceptance criteria as well as consideration of risk-return requirements. These are communicated Group-wide to guide marketing and underwriting effort and flow naturally into the budget setting processes.

CORPORATE GOVERNANCE

Key governance developments to date include:

- Continuous compliance with the principles laid out in the following codes of corporate governance:
  - Code of Corporate Governance for Banks Post Consolidation
  - Elements of international codes of corporate governance
  - Securities and Exchange Commission Code of Corporate Governance for Nigeria
- Internal monthly review of compliance with best practices in corporate governance
- Institutionalised evaluation of corporate governance practices of the Board by external consultants
- Continuous director and employee training programmes on best practices in corporate governance
- Tracking and implementation of best practices in corporate governance

Compliance rule book

A Group Compliance rule book is in place. This s a compendium of all the regulatory requirements for UBA Plc and its subsidiaries in one dashboard for easy tracking of our requirements in all those countries where we have a presence.

CAPITAL MANAGEMENT

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:

1. To comply with the minimum regulatory capital requirements set by the regulators of the banking markets where the entities within the Group operate;
2. To maintain an adequate capital buffer to absorb potential worst case aggregate credit, market and operational losses in order to safeguard the Group's ability to continue as a going concern and protect depositors;
3. To optimise capital utilisation so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
4. To maintain an efficient capital structure with an appropriate mix of capital instruments.

The Group applies economic capital principles to ensure that risk sensitive capital levels are maintained, which are adequate to absorb unexpected losses arising from all material risks to which the Group is exposed. In terms of this framework, Tier 1 capital is maintained at a level sufficient to protect all debt holders against unexpected losses at a statistical confidence limit, selected in line with the Group's risk appetite. Internal risk sensitive capital adequacy ratios so derived are above the regulatory minimum requirements.
Internal capital adequacy and the use of regulatory capital are monitored daily by the Group's management, employing the economic capital framework and techniques based on the guidelines developed by the Central Bank of Nigeria (CBN), for supervisory purposes. The required information is filed with the CBN on a monthly basis. Auditors to the Group are also required to render an annual certificate to the Nigerian Deposit Insurance Corporation (NDIC) that includes the computed capital adequacy ratio of the Group.

The CBN requires each bank to:

(a) Hold the minimum level of the regulatory capital of N25 billion; and

(b) Maintain a ratio of total regulatory capital to the risk-weighted asset at or above the minimum of 10%. In addition, those individual banking subsidiaries or similar financial institutions not incorporated in Nigeria are directly regulated and supervised by their local banking supervisor, which may differ from country to country.

The Group's regulatory capital as managed by its Financial Control and Treasury Units is divided into two tiers:

Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill is deducted in arriving at Tier 1 capital; and

Tier 2 capital: preference shares, minority interests arising on consolidation, qualifying debt stock, fixed assets revaluation reserves, foreign currency revaluation reserves, general provisions subject to maximum of 1.25% of risk assets and hybrid instruments convertible bonds.

Investments in unconsolidated subsidiaries and associates are deducted from Tier 1 and Tier 2 capital to arrive at the bank solo regulatory capital adequacy measurement.

The risk-weighted assets are measured by means of a hierarchy of five risk weights classified according to the nature of – and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The table below summarises the composition of regulatory capital and the ratios of the Group for the years ended 31 December. During those two years, the individual entities within the Group and the Group complied with all of the externally imposed capital requirements to which they are subject.

Tier 1 capital	**Group 31 Dec 09 N'million**	Group 30 Sep 08 N'million
Share capital	**10 778**	8 622
Share premium	**113 645**	114 036
Statutory reserve	**21 084**	19 224
Contingency reserve		
SMIEIS reserve	**2 635**	2 635
Bonus issue reserve	**–**	2 156
Capital reserve	**1 698**	1 698
Retained earnings	**18 317**	31 861
Less: goodwill and intangible assets	**(2 983)**	–
Total qualifying Tier 1 capital	**165 174**	180 232
Tier 2 capital		
Minority interest	**5 316**	1 821
Revaluation reserve – fixed assets	**11 231**	11 231
Translation reserve	**2 051**	1 997
General provision	**–**	4 660
Total qualifying Tier 2 capital	**18 598**	19 709
Total Tier 1 and Tier 2 capital	**183 772**	199 941
Less: unconsolidated subsidiaries and associates	**(8 049)**	(5 955)
Total qualifying capital	**175 723**	193 986
Risk-weighted assets		
On-balance sheet	**940 052**	798 458
Off-balance sheet	**136 960**	159 893
Total risk-weighted assets	**1 077 012**	958 351
Risk-weighted capital adequacy ratio (%)	**16.3**	20.2

The decrease in the regulatory capital in 2009 is mainly due to the contribution of the current-year loss arising from significant loan loss provisions for loans, and capital market losses. The increase of the risk-weighted assets by 12,42% reflects the expansion of the Group into many other African countries in 2009.

Risk management report *(continued)*

YEAR UNDER REVIEW – KEY INITIATIVES

Internal capital adequacy assessment process

The development of an initial measurement framework, premised on Basel II and Best Practice techniques, to quantify risk capital requirements (economic capital) has been a key initiative concluded during the year. The economic capital measurement framework forms the foundation of our internal capital adequacy assessment process, a process for assessing overall capital adequacy in relation to our risk profile and informs our capital planning strategies for maintaining adequate levels. Planned benefits also include risk-based allocation of economic capital; risk-based budgeting/forecast and planning as well as a basis of defining our risk taking capacity and appetite.

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.

In 2008, a Risk Measurement team was created. The team forms part of the Group Risk Management structure and is positioned to providing 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 development of the 'Economic Capital Measurement' framework progressed well during 2009 with various iterations successfully concluded 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 Economic Capital Measurement framework is being developed to address the capital adequacy risk as part of our overarching ICAAP framework.

The ongoing objective for the Group is to continue to incorporate economic capital measures into management processes such as strategic planning, performance measurement and business processes (such as customer selection and pricing) to achieve greater sophistication in our measurement methodologies that are consistent with fundamental elements of enterprise-risk management supporting processes.

UBA commenced with a comprehensive enhancement of its enterprise risk management framework more than three years ago as evidenced through:

- Significant investment in international expertise, tools, systems and MIS capabilities. Also appropriate training has been made
- A new platform created that has enabled pro-active risk mitigation decisions, long before the onset of the current global crisis
- An asset portfolio that is well diversified
- Top line growth momentum that continues with high income buffer and provision coverage to absorb unexpected volatility in impairments
- Capital adequacy that is sufficient to absorb losses under worst case scenario impact
- The objectives of our ICAAP framework are ultimately to quantify minimum level of capital required as a buffer against worst case unexpected losses across all risk types – credit, market, operational, and further to:-
- Quantify capital impairment due to credit provision shortfall
- Meet CBN's requirements for Basel II capital impact study, as part of the industry implementation plan expected in 2010
- Provide a baseline for business strategy, capital planning, etc, to optimise capital resources going forward and
- Provide an initial risk based pricing curve

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. 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 has prepared 'capital impact study' to effectively guide further commitments and resources towards full compliance under CBN agreed approaches.

Ongoing training and awareness is on 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.

Credit risk

The key credit risk initiatives for the financial year included a substantial re-engineer of existing credit structures to build end-to-end single point of responsibility and to place emphasis on customer orientation through appointment of dedicated product managers for consumer and commercial credits in charge of portfolio growth and accountable for loss norms in line with pre-defined risk acceptance criteria and benchmarks.

Emphasis on vertical integration of credit processes and systems for our African subsidiaries, particularly through substantial revisions of credit policy and strategy documents for all Group operations to enhance their credit take-off. In addition to a bank-wide training programme that was initiated during the year, various product programme reviews and refinements, particularly Nigerian segments, featured strongly in reinforcing the credit mandate.

Credit process enhancements included segmentation of credit product management to enhance operational focus and to engender higher level accountability for product/segment performances along similar lines. The identification of a risk management platform to assist in monitoring of loan booking group-wide was brought in line with the recommendations of independent external Basel II gap assessment findings. Substantial improvements were achieved in our credit risk MIS capability and this has set the stage for further enhancements in the context of our portfolio MIS aspirations. Ongoing automation of key functions in our administration and monitoring units remains a key priority and is ongoing.

Active collateral management discipline was initiated during the period, including periodic revaluation of existing collaterals. Various debt re-structuring of equity-backed facilities were undertaken during the year to address CBN directive on this matter.

Market risk

The key market risk initiatives for the financial year include the ongoing implementation and enhancement of sophisticated market risk measurement and reporting tools; dissecting of all market risk components and a new reporting structure for African subsidiaries. The scenario planning process was institutionalised and improved the scope of our management oversight in terms of Asset and Liability Management and Balance Sheet optimisation framework.

In relation to trading position risk we improved our trading systems platform and middle office functions as part of our revamped Sales and Trading business model. These improvements reaffirmed our discipline and practices around market data sourcing and maintenance and enabled the upgrade of trading risk monitoring processes with more sophisticated market volatility based portfolio risk measurement tools that were introduced for key portfolios.

Our commitment to strengthening our risk management oversight roles was considered prudent against the backdrop of limited sales and trading activities during the year against the backdrop of increased revenue pressures.

Liquidity risk

UBA placed strong emphasis on managing liquidity risk, given limited access to liquidity resources during the peak of the Nigerian market liquidity crisis.

Techniques at our disposal towards proactive management of liquidity risk include:

- Liquidity stress testing
- Maturity gap limits
- Contingency funding plans
- Static liquidity ratios targets/triggers
- Dynamic – cumulative cash flow shortfall
- Deposit concentration limits
- Account withdrawal alerts/follow ups

The Contingency Funding Planning process is well established and able to anticipate adverse conditions as well as consider more severe stress scenarios for which contingency plans are identified. Our emphasis is on strengthening the liquidity management of our African operations in line with Group standards.

Further refinements to liquidity risk management framework currently involve implementation and roll-out of dynamic liquidity measures (such as cash flow forecasting; non-performing loans impact) and liquidity stress testing and further alignment to best practice guidelines (FSA ILAAS) will be enabled through key technology investment in this regard.

In addition to liability management we focus on asset liquidity, ensuring that lending is within target loan deposit ratio constraints; emphasis on liquidity light lending; pro-active recovery efforts; sell-off of loans and preference for self liquidating finance products.

Operational risk

Process mapping and risk identification in subsidiaries and strategic services groups continued during the period with further progress in loss events tracking and reporting achieved. The successful deployment of the Operational Risk Management framework across a number of our Africa operations was achieved.

A key initiative for the year was the review and deployment of the Group Oprisk Policy and co-ordination of the losses and loss events reporting by all local and foreign subsidiaries to the central loss database.

IT risk

Key initiatives in IT Risk Management include establishment of a Group IT Risk committee to continuously evaluate IT risks inherent in the Bank's operations; UBA invested in Actimize – a sophisticated Enterprise Fraud Prevention and Anti-Money Laundering 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.

The Actimize Anti-Money Laundering component consisting of Watch List Filtering and Suspicious Activity Monitoring modules has since been deployed to production. The above coupled with the Enterprise Fraud Prevention modules (ATM & Debit Card, Electronic payment and Employee fraud) which are currently in the process of implementation, will assist in mitigating transactional risk across enterprise silos and also heighten the Group's e-channel and insider fraud prevention capability.

In addition, UBA is currently deploying entrust two-factor authentication and the implementation of robust network security controls towards ensuring the security of web/critical applications and the bank's global network infrastructure respectively.

Compliance risk

UBA's Compliance department was involved in various initiatives including Investments in and deployment of 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.

In 2009 we commenced with compliance monitoring at all our branches and subsidiaries and drafted a comprehensive Compliance Manual which includes record retention policy. Our Bank-wide data gathering initiatives continue strongly as we endeavour towards continuous improvement in our data standards and reporting. The automation of a suspicious transaction monitoring process was extended Group-wide to include all subsidiary operations, where a strengthening of AML processes was treated as a strategic priority.

Staff training and development of CBT form the cornerstone of our compliance agenda and much energy and commitment was applied in ensuring global knowledge and awareness is transferred. Our competencies are further reaffirmed with the industry at the UBA Annual Compliance Officers Conference that held its inaugural meeting in 2009.

Investment risk

In line with our expanded identification of principal risks, we prepared a Policy on Investment Risk and constituted an Investment Committee to ensure proper governance and oversight. A draft investment decision risk assessment methodology covering scenario analysis, assumption sensitivity analysis was prepared with a view to formalisation of the investment risk assessment methodology in 2010, after a framework for investment underwriting risk acceptance has been implemented.

Cross-border risk management framework

To address risks of the Group's Pan-African expansion strategy, investment has been made in enhancing the Group's cross-border risk management framework. A dedicated Chief Risk Officer for Africa was appointed to drive the Africa risk management framework. In-country risk functions management was established and enhanced. The scope of central risk functions was broadened to provide effective oversight over the risk profiles of the African subsidiaries.

Hedging

During the year under review, the group has initiated a hedging programme. The objective of the programme is to implement hedging structures that will protect the Group's earnings stream from downside volatility in all the markets in which it operates. The programme leverages off the Group's risk and risk measurement capabilities and will deploy derivatives based hedging structures to protect the Group's earnings from the impact of currency and commodity price volatility going forward.

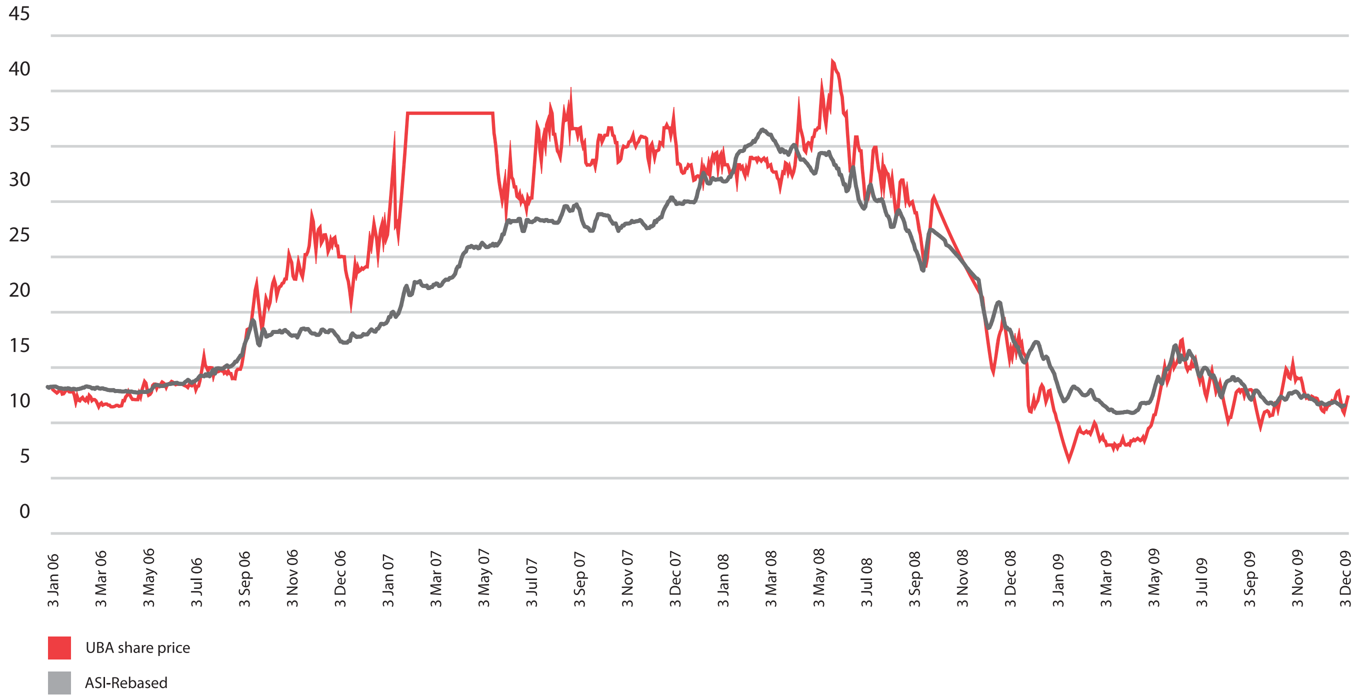
Shareholder information

MARKET STATISTICS

UBA has been listed on the NSE since 1970. The chart below illustrates UBA's share price performance over the last three years to December 2009. The chart compares the NSE market index with the performance of UBA shares after adjusting for all bonus issues during the period.

UBA share price versus the NSE All Share Index

for the period 3 January 2006 to 31 December 2009



- UBA's share price has outperformed the NSE Index over the years till 2008, underperformed the index in the first quarter of 2009 before moving in tandem with the market during the last three quarters of 2009. These periods of sub-optimal performance resulted from the global financial market challenges, which impacted Nigeria's banking industry with the attendant impact on banks' shares.
- As at 31 December 2009 UBA's market capitalisation was N232 805 million which represented 4.5% of total market capitalisation of listed equities.

SHAREHOLDING STRUCTURE

The authorised share capital of the Bank is N17 500 000 000 made up of 35 000 000 000 ordinary shares of 50 kobo each.

The issued and paid-up share capital of the Bank as at 31 December 2009 was N10 778 231 231 made up of 21 556 462 462 ordinary shares of 50 kobo each.

Shareholder information *(continued)*

Top 10 shareholders as at 31 December 2009

Shareholder	Number of shares held	% of total
UBA Staff Investment Trust Scheme	1 292 363 502	6.00
Consolidated Trust Funds Limited.	1 062 791 853	4.93
The Bank of New York Mellon	1 054 729 955	4.89
Stanbic Nominees Nigeria Limited (SNNL)	871 910 012	4.04
STH Limited.	735 315 300	3.41
Poshville Investments Limited	560 858 531	2.60
BGL Investment Limited	505 953 881	2.35
BGL Securities Limited/Mm	481 816 421	2.24
First Dominion Investment Limited	403 325 000	1.87
International Finance Corporation	387 187 500	1.80
Total	7 356 251 955	34.13

The top 10 shareholders hold 7 356 251 955 shares representing 34.13% of the total shares in issue. No individual shareholder held over 5% of the issued share capital of the Bank as at 31 December 2009, except the Bank's SSIT. The Bank of New York Mellon administers UBA's GDR programme.

ANALYSIS OF SHAREHOLDINGS

Range	Holders	Holders (%)	Holders (cum)	Units	Units (%)	Units (cum)
1 – 1 000	47 160	16.49	47 160	33 118 004	0.15	33 118 004
1 001 – 50 000	221 585	77.48	268 745	1 706 169 605	7.91	1 739 287 609
50 001 – 100 000	8 397	2.94	277 142	587 093 283	2.72	2 326 380 892
100 001 – 500 000	6 987	2.44	284 129	1 420 112 305	6.59	3 746 493 197
500 001 – 1 000 000	894	0.31	285 023	636 836 098	2.95	4 383 329 295
1 000 001 & above	972	0.34	285 995	17 173 133 167	79.67	21 556 462 462
	285 995	100.00		21 556 462 462	100.00	

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 Dollars and 1 GDR is equivalent to 200 underlying shares. GDRs are freely fungible into local shares, but local shares are not fungible into GDRs.

Shareholder information *(continued)*

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 and 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)
8 January 2009	12 500 000 000	10 778 231 231	Bonus (1:4)

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
56	Final		8 January 2009	12 934	0.75	150

UNCLAIMED DIVIDENDS AS AT 31 DECEMBER 2009

Year ended	Dividend number	Dividend type	Net unclaimed amount (N)	Dividend per share (N)
31 March 1993	40	Final	281 555	0.20
31 March 1994	41	Final	607 890	0.25
31 March 1995	42	Interim	1 091 620	0.17
31 March 1996	43	Final	1 263 828	0.33
31 March 1997	44	Final	1 069 863	1.00
31 March 1998	45	Final	692 047	0.30
31 March 1999	46	Final	727 430	0.58
31 March 2000	47	Final	84 794	0.58
31 March 2001	48	Final	1 205 345	0.25
31 March 2002	49	Final	434 514	0.30
31 March 2003	50	Final	38 039	0.45
31 March 2004	51	Final	2 930 850	0.60
31 March 2005	52	Final	403 092	0.60
30 September 2006	53	Final	20 279 412	1.00
30 September 2007	54	Final	85 511 531	1.20
30 September 2008	55	Interim	58 886 153	0.25
30 September 2008	56	Final	247 872 006	0.75
Total			423 379 969	

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 *(continued)*

2010 Financial Calendar

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

1 January 2010	First Quarter for 2010 Financial Year commences
End of March 2010	Full Year results for 2008/2009 released to the Nigerian Stock Exchange
31 March 2010	First Quarter for 2010 ends
Early April 2010	FY09 Investor/Analyst conference call or Briefing
Early May 2010	FY09 AGM holds
Early May 2010	First Quarter results for 2010 released to the Nigerian Stock Exchange
Early May 2010	First Quarter Investor/Analyst Conference Call holds
30 June 2010	Second Quarter for 2010 financial period ends
Mid July 2010	Second Quarter results for 2010 released to the Nigerian Stock Exchange
End of July 2010	Second Quarter Investor/Analyst Conference Call
30 September 2010	Third Quarter for 2010 financial period ends
Mid October 2010	Third Quarter results 2010 financial period released to the Nigerian Stock Exchange
End of October 2010	Third Quarter Investor/Analyst Conference Call holds
31 December 2010	2010 financial period ends
Mid March 2011	Full Year results for 2010 financial period released to the Nigerian Stock Exchange
End of March 2011	FY10 Investor/Analyst conference call or Briefing

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 (August 2009)				
Foreign Currency	B	B+		Stable
National	F1(nga)	A+(nga)	Unchanged	
Sovereign Foreign		BB-	Unchanged	Stable
Sovereign Local		BB	Unchanged	Stable
Global Credit Rating Co (June 2009)				
National	A1+	AA	Changed	
International		BB-		

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.

Glossary

AML	Anti Money Laundering
ATM	Automated Teller Machines
BA	Bankers' Acceptance
BFB	British and French Bank Ltd
BFB	British and French Bank Ltd: the antecedent bank that later became UBA
BNYM	Bank of New York Mellon: UBA's GDR custodian bank
CAGR	Compound Annual Growth Rate
CAR	Capital Adequacy Ratio
CBN	Central Bank of Nigeria
CEO	Chief Executive Officer
CIBN	Chartered Institute of Bankers of Nigeria
COT	Commission on Turnover
CRC	Credit Reference Company: the credit bureau in which UBA is a founding shareholder
CSCS	Central Securities Clearing System: the clearing house of the NSE
CTB	Continental Trust Bank
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
ERM	Enterprise wide Risk Management
EXCL	Excluding
EXCO	Executive Committee
FGN	Federal Governement of Nigeria
FX	Foreign Exchange
GALCO	Group Asset and Liability Committee
GCCO	Group Chief Compliance Officer
GCFO	Group Chief Finance Officer
GCOO	Group Compliance Officer
GCOO	Group Chief Operating Officer
GCRO	Group Chief Risk Officer
GDP	Gross Domestic Product
GDR	Global Depository Receipts
GE	Gross Earnings
GMD	Group Managing Director
GRMC	Group Risk Management Committee
GSS	Group Shared Services
HCM	Human Capital Management
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	Mmorandum of Understanding
MW	Megawatt
NCD	Negotiable Certificate of Deposits
NDIC	Nigeria Deposit Insurance Corporation
NII	Net Interest Income
NIM	Net Interest Margins
NNPC	Nigerian National Petroleum Corporation
NPL	Non Performing Loans
POS	Point of Sales
UBA	United Bank for Africa
PLC	Public Limited Company
NSE	Nigerian Stock Exchange
OCC	Office of the Controller of Currency: the principal US banking regulator
P&A	Purchase and Assumption
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
PPP	Public Private Partnership
RMCRD	Remedial Management and Credit Recovery Division
ROA	Return on Assets
ROE	Return on Equity
RSA	Retirement Savings Account
SEC	Securities and Exchange Commission
SWF	Soverign Wealth Funds
T&C Risk	Transfer and Convertible Risk
GIS	Global Investor Services
NYB	New York Branch
UK	United Kingdom
USA	United States of America
VaR	Value at Risk
WAEMU	West African Economic and Monetary Union (or UEMOA in French) is an organization of eight West African Countries that share a common curerncy. The member countries are Benin, Burkina Faso, Cote d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo
Co	Company

Corporate information

Registered Office
UBA House
57 Marina
Lagos, Nigeria

Company Registration
RC No: 2457

Company Secretary
Bili Odum

Auditors
Akintola Williams Deloitte
235 Ikorodu Road
Ilupeju
Lagos, Nigeria

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

Phone +234-1- 8752604

www.ubaregistrars.com

UBA Businesses

UBA Stockbrokers Limited
UBA House
9th Floor, 57 Marina
Lagos, Nigeria

Phone +234-1- 2808945

www.ubastockbrokersltd.com

UBA Metropolitan Life Insurance
Plot 1662
Oyin Jolayemi Street
Victoria Island
Lagos, Nigeria

Phone +234-1- 462-0570

www.ubametropolitan.com

UBA Pensions Custodian
30 Adeola Hopewell Street
Victoria Island
Lagos, Nigeria

Phone +234-1-271- 8000-4
Fax +234-1-271-8009

www.ubapensions.com

UBA Capital Limited
UBA House
6th Floor, 57 Marina
Lagos, Nigeria

Phone +234-1- 2800066

www.ubaglobalmarkets.com

UBA Capital (Europe)
3rd floor, 2-4 King Street
London SW1Y 6QL
United Kingdom

Phone +44- 20 7766 4606
Fax +44- 20 7766 4601

www.ubacapital.com

UBA Asset Management
UBA House
9th Floor, 57 Marina
Lagos, Nigeria

Phone +234-1- 280-7822

www.ubaassetmanagement.com

UBA Trustees
UBA House
9th floor, 57 Marina
Lagos, Nigeria

Phone +234-1- 2808603

Corporate information *(continued)*

Name of Country	Head Office Address	Telephone Numbers
Ghana	Heritage Towers Near Cedi House Ambassadorial Enclave Off Liberia Road, West Ridge Accra, Ghana	Office: +233 21 683526-30; 683509-12; 689444; +233 21 672727
Liberia	Bushrod Island Freeport of Monrovia Monrovia	+231 77 448000
Sierra Leone	15 Charlotte Street, Freetown Sierra Leone	Office: +232 22 227990 +232 22 225508
Cote d'Ivoire	Abidjan Plateau Boulevard Botreau-Roussel Immeuble Kharrat 2è Etage, 17 BP 808 Abidjan 17	Office: +225 20 312221-2; 312225 +225 07464092
Burkina Faso	Banque Internationale du Burkina (BIB) 1340 Avenue Dimdolobsom 01 BP 362 Ouagadougou	Office: +226 50 493329
Cameroon	Boulevard de la Liberté 2088 Douala, Cameroon	Office: +237 33 433638; 433707 +237 33 433636; 33 43 3638
Benin Republic	Continental Bank du Benin (CBB) Boulevard Inter-Etrat Carrefour des Irois Banques Avenue Pape Jean-Paul II Cotonou	+229 21 31242424; +229 21 312035
Uganda	Spear House, 22A Jinja Road PO Box 7396, Kampala Uganda	Office: +256 417 715102 +256 41 7715138
Senegal	Zone 12, Lot D, Route des Almadies Dakar, Senegal	Office: +221 33 8203446 +221 33 8595112 +221 33 8595140
Kenya	13th floor, Landmark Plaza Arwinges Khodek Road Opposite Nairobi Hospital Nairobi	Office: +254 20 3673686/87 +254 20 3612000 +254 20 3612007
Chad	UBA Tchad Avenue Charles de Gaulle PO Box 1148 N'djamena Tchad	Office: +235 25 21953 +235 25 21954
Tanzania	30C/30D Nyerere Road Dar es Salaam Tanzania	+255 22 2863459 +225 22 2863452-3
Gabon	282 Avenue Marquis de Compiegne Centre Ville Immeuble Panoramique, BP 12035 Libreville, Gabon	+241 07 40624 +241 05 729898
Zambia	Stand 22768 Thabo Mbeki Road Lusaka, Zambia	+260 211 25595-3

Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the 48th Annual General Meeting of United Bank for Africa Plc will be held at Congress Hall, Transcorp Hilton, Aguiyi Ironsi Street, Maitama District, Federal Capital Territory (FCT), Abuja at 10:00 a.m. on Monday, 10 May 2010 to transact the following business:

ORDINARY BUSINESS

1. To receive the audited Accounts for the year ended 31 December 2009 together with the reports of the Directors, Auditors and the Audit Committee thereon
2. To declare a dividend
3. To elect/re-elect Directors
4. To appoint Auditors
5. To authorise the Directors to fix the remuneration of the Auditors
6. To elect members of the Audit Committee

SPECIAL BUSINESS

1. 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 NGN2 155 646 246.00 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 Friday, 23 April 2010 in proportion of one (1) new share for every five (5) shares registered in such member's name on that date, the shares so distributed being treated for all purposes as capital and not as income and 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 31 December 2009."

2. To consider and if thought fit, to pass the following as a Special Resolution:
   "That the regulations contained in the printed document submitted to the meeting and for purpose of identification signed by the Chairman thereof, be approved and adopted as the Memorandum and Articles of Association of the Bank in substitution for and to the exclusion of the existing Memorandum and Articles of Association of the Bank."

3. To consider and if thought fit, to pass the following as a Special Resolution:
   "That the Board of Directors be and is hereby empowered and authorised to carry out as it deems appropriate and in accordance with any relevant laws thereto, any restructuring, acquisition, investment, reconstruction and business arrangement exercise and actions for the Bank as may be necessary to achieve competitive business advantage and/or comply with any legislation and/or directives and guidelines of the Central Bank of Nigeria."

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 10 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 Thursday, 13 May 2010 and the dividend warrants for shareholders who have not completed the e-dividend Mandate Form shall also be posted on Friday, 14 May 2010. 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 Monday, 26 April 2010 to Friday, 30 April 2010 (both dates inclusive), to enable the Registrar to prepare for the payment of Dividend and the Bonus Issue.

Notice of annual general meeting (continued)

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.

4. Amendment of the Memorandum & Articles of Association*

The Bank has conducted a comprehensive review of its Articles of Association. The main objective of the exercise was to update and streamline the provisions of the Articles in order to ensure compliance as well as conformity with the current regulatory environment. The proposed amendments are as presented below:

ARTICLE 2(K)

Revised Provision

Directors: The Directors or such number of Directors forming a quorum for any meeting of members of the Board as stipulated in the Articles herein.

ARTICLE 59

Revised Provision

The Chairman of the Board of Directors shall preside at every General Meeting, but if there be no such Chairman, or if at any meeting he shall not be present within one hour after the time appointed for holding the same or shall be unwilling to act as Chairman, the Directors present may elect one of the Non-Executive Directors present to be Chairman of that meeting.

ARTICLE 73

Revised Provision

The number of Directors shall not be less than twelve (12) or more than twenty (20). The Board shall have a Chairman who shall be elected by the Directors from among the Non-Executive Directors.

ARTICLE 81(1)

Revised Provision

A Director who is any way interested whether directly or indirectly in any advance, loan or credit facility or proposed advance, loan or credit facility or any contract of any other nature with the Bank shall declare in writing or cause to be declared in writing the nature of his interest at a meeting of the Board in accordance with the provisions of section 18 of the Banking Act or of section 276 and 277 of the Act, as the case may be.

ARTICLE 83(B) (NEW PROVISION)

Where powers of the Board are exercised or delegated to a Committee of the Board, the Board or such Committee shall operate in conformity with the Board Governance Charter and Board Committee Governance Charter.

ARTICLE 84(B)

Revised Provision

Delegate to the Managing Director any of their powers either through policies approved by the Board or specifically through a Board Resolution upon such terms and conditions and with such restrictions and remuneration as they may think fit and may from time to time revoke, withdraw, alter or vary all or any of such powers.

ARTICLE 86

Revised Provision

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. The quorum for all Board meetings shall be twelve Directors out of which at least seven (7) shall be Non-Executive Directors. The Directors shall be given notice in writing at least fourteen days prior to the date of any meeting of the Board of Directors unless a majority of twelve Directors, at least seven (7) of which shall be Non-Executive Directors, agree to such shorter period of notice as is reasonable under the circumstances.

ARTICLE 103

Revised Provision

The Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors and in the presence of at least one Director and the Secretary and such Director and the Secretary shall sign every instrument to which the Seal shall be affixed in their presence and in favour of any purchaser or person *bona fide* dealing with the Bank such signatures shall be conclusive evidence of the fact that the Seal has been properly affixed, but so that the Directors may by resolution determine, either generally or in any particular case, that the signature of any Director may be affixed by some mechanical means to be specified in such resolution and restricted to certificates which have first been approved for sealing by the Auditors, or Transfer Auditors of the Bank in writing.

**Draft copies of the new Memorandum and Articles of Association and a more detailed explanation can be obtained from the Registrar, UBA Registrars Limited, Raymond House, 97/105 Broad Street, Lagos.*

Dated this 9th day of April 2010.

By the Order of the Board

Bili A Odum

Group Company Secretary

57 Marina, Lagos

Notes

Share allotment mandate form

UBA Registrars

To: The Registrar
UBA Registrars Limited
Raymond House
97/105 Broad Street, PMB 12649
Lagos

I/We hereby request that from now on, all my/our shares (Bonus, Right Issue, Public Offer and Reconstructed Shares) due to me/us from my/our holdings in the companies ticked below be credited directly to my/our CSCS account as per the details provided below.

(*-Compulsory fields)

Shareholder's name*: ______________________
Surname
____
First name
____
Other name

Mobile number*: ______________________

E-mail*: ______________________

CSCS Clearing House No*: ______________________

Signature* ______________________

Joint Shareholder's Signature: 2. ______________________

If Company, Authorised Signatories: 1: ______________________

2: ______________________

Shareholder to affix N20:00 stamp and sign across

Company Seal: ______________________

The provision of information on your CSCS Clearing House Number, and Mobile Number is very important to enable us to process your mandate.

Name of Stockbroker*: ______________________

Address of Stockbroker*: ______________________

Authorised signature and stamp of stock broking firm

Note: This form must be completed in the event that you want direct credit of your Bonus, Right Issue, Public Offer and Reconstructed Shares or the crediting of your account with a particular stockbroker of choice.

- Please attach a copy of your CSCS statement to this form as evidence that a CSCS account has been opened for you.
- For other enquiries, kindly contact us via our e-mail: temp.ubaregistrars@ubagroup.com or registrars@ubagroup.com

Please tick against the company(ies) where you have shareholding

Clientele

1. Abbey Building Society Plc ☐
2. Affrintnigeria Plc ☐
3. A&G Insurance Plc ☐
4. Alumaco Plc ☐
5. ARM Properties Plc ☐
6. BECO Petroleum Product Ltd. ☐
7. Cappa and Dalberto Plc ☐
8. Cement Coy. of Northern NG. ☐
9. Champion Breweries Plc ☐
10. Computer Warehouse ☐
11 Crystalife Assurance Coy. Ltd ☐
12. Dorman Long ☐
13. Golden Securities Plc ☐
14. Incar Nigeria Plc ☐
15. International Breweries Plc ☐
16. Investment & Allied Assurance ☐
17. Jaiz International Plc ☐
18. NEM Insurance Plc ☐
19. Personal Trust & Savings Ltd. ☐
20. PS Mandries Plc ☐
21. Poly Product ☐
22. Portland Paints & Products ☐
23. Premier Breweries Plc ☐
24. Resort Savings & Loans Ltd. ☐
25. Roads Nigeria Plc ☐
26. Scoanigeria Plc ☐
27. UBA Balance Fund ☐
28. UBA Bond Fund ☐
29. UBA Equity Fund ☐
30. UBA Money Market Fund ☐
31. United Bank for Africa Plc ☐
32. United Nigeria Textiles Plc ☐
33. UTC Nigeria Plc ☐
34. West African Glass Ind Plc ☐

Other(s) specify ______________________

Lagos
3rd and 4th Floors, Raymond House
97/105 Broad Street
PMB 12649, Marina

Abuja
11 Lafia Close
Area 8, Garki, Abuja
09-8701645

Port-Harcourt
Plot 137, Oluobasanjo Road
(2nd floor), Port-Harcourt
Rivers State

e-Dividend mandate form

UBA
Registrars

Dear Shareholder,

We are pleased to advise you of our new e-dividend service, which enables direct credit of your dividend to your bank account regardless of the bank or account type, i.e. Current/Savings Accounts. Should you prefer this service, please fill in the spaces provided below and return to us.

Please use the name(s) in which your shares are held, with the signature on your Application or Transfer Form.

Thank you.

The Managing Director/Registrar
UBA Registrars Limited
Raymond House (3 and 4 Floor)
97/105 Broad Street
Lagos
Tel: 01-46 12373-6; 8752604

Company where share is held: ______

Please take this as authority to credit my/our under-mentioned account with any dividend payment(s) due on my/our Shareholding in the aforementioned company(ies), the particulars of which are stated below from the date hereof:

Shareholder's Name*: ______
(Surname) (Other Names)

Shareholder's Account No (if known): ______

Address*: ______
______ Mobile Number*: ______

Fax Number: ______ e-mail Address*: ______

Bank Name*: ______ Branch*: ______

Bank Account No*: ______ Account Type*: ______

Dated this* ______ day of ______ 20 ______

Bank Stamp & Authorised Signatories Shareholder(s) Signatories

Note:
The provision of information on your Bank, Name, Bank Account No E-mail address and Mobile number are very important to enable us to process your mandate.

We wish to inform shareholders in the North and South-south region of the country to please contact our Abuja or Port-Harcourt Liaison Office for all enquiries concerning your shareholding in all our client companies (see addresses below).

Lagos
3rd and 4th Floors, Raymond House
97/105 Broad Street
PMB 12649, Marina

Abuja
11 Lafia Close
Area 8, Garki, Abuja
09-8701645

Port-Harcourt
Plot 137, Oluobasanjo Road
(2nd floor), Port-Harcourt
Rivers State

UBA

Form of proxy

United Bank for Africa Plc (RC 2457)

I/We

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 on Monday, 10 May 2010 at 10.00 am or at any adjournment hereof.

Dated this day of 2010

Shareholder's signature

NOTE

Please sign this form and deliver or post it to reach the Registrar, United Bank for Africa Plc, Raymond House, 97/105 Broad Street, PO Box 6492, 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.

Provision has been made on this form for the Chairman of the meeting to act as your proxy, but if you wish you may insert in the blank space on the form (marked)** the name of any person whether a member of the Company or not, who will attend the meeting and vote on your behalf instead of the Chairman of the meeting.

If the shareholder is a Corporation, this form must be under its common seal or under the hand of a duly authorised officer or attorney.

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 on Monday, 10 May 2010 at 10.00 am at the Congress Hall, Transcorp Hilton, Aguiyi Ironsi Street, Maitama District, Federal Capital Territory (FCT), Abuja

Name and address of Shareholder

Account Number

Bili A Odum
Company Secretary

Signature

This card is to be signed at the venue in the presence of the Registrar

Please tick appropriate box before admission to the meeting

☐ Proxy

☐ Shareholder

This proxy is solicited on behalf of the Board of Directors and is to be used at 48th Annual General Meeting to be held on Monday, 10 May 2010

Ordinary Business		**For**	**Against**	**Abstain**
1	To receive the audited Accounts for the year ended 31 December 2009 together with the reports of the Directors, Auditors and the Audit Committee thereon			
2	To declare a dividend			
3	To elect/re-elect Directors			
4	To appoint Auditors			
5	To authorise the Directors to fix the remuneration of the Auditors			
6	To elect members of the Audit Committee			
Special Business				
7	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 NGN2 155 646 246.00 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 Friday, 23 April 2010 in proportion of one (1) new share for every five (5) shares registered in such member's name on that date, the shares so distributed being treated for all purposes as capital and not as income and 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 31 December 2009."			
8	To consider and if thought fit, to pass the following as a Special Resolution: "That the regulations contained in the printed document submitted to the meeting and for purpose of identification signed by the Chairman thereof be approved and adopted as the Memorandum and Articles of Association of the Bank in substitution for and to the exclusion of the existing Memorandum and Articles of Association of the Bank."			
9	To consider and if thought fit, to pass the following as a Special Resolution: "That the Board of Directors be and is hereby empowered and authorised to carry out as it deems appropriate and in accordance with any relevant laws thereto, any restructuring, acquisition, investment, reconstruction and business arrangement exercise and actions for the Bank as may be necessary to achieve competitive business advantage and/or comply with any legislation and/or directives and guidelines of the Central Bank of Nigeria."			

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/her discretion.

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

www.ubagroup.com

UBA

United Bank for Africa Plc