Investor/Analyst Briefing

FOR THE HALF YEAR ENDED 30TH JUNE 2010

By

United Bank for Africa (UBA) PLC

July 21, 2010

FORWARD LOOKING STATEMENTS & RESTATEMENT OF PRIOR YEARS

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

Certain prior year numbers have been restated in order to conform with the classification of the 2010 numbers.

IMPORTANT DISCLOSURES

- This presentation reviews results for Half Year ended June 2010
- The comparable period is June 2009 for P&L and December 2009 for Balance Sheet items
- June 2009 figures are derived from 6-mths (January – June) results for P&L only
- FY means “Full Year”
- 1Q, 2Q, 3Q, 4Q and 5Q are quarterly results within the financial period
- EI means “Exceptional Items”
- ROE means “Return on Equity”
- ROA means “Return on Assets”
- ROE and ROA were calculated using (Last 12-mths profits to June)
- CAR means “Capital Adequacy Ratio”
- LR means “Liquidity Ratio”
- Excl-Nigeria – “outside Nigeria” or “group excluding Nigeria”

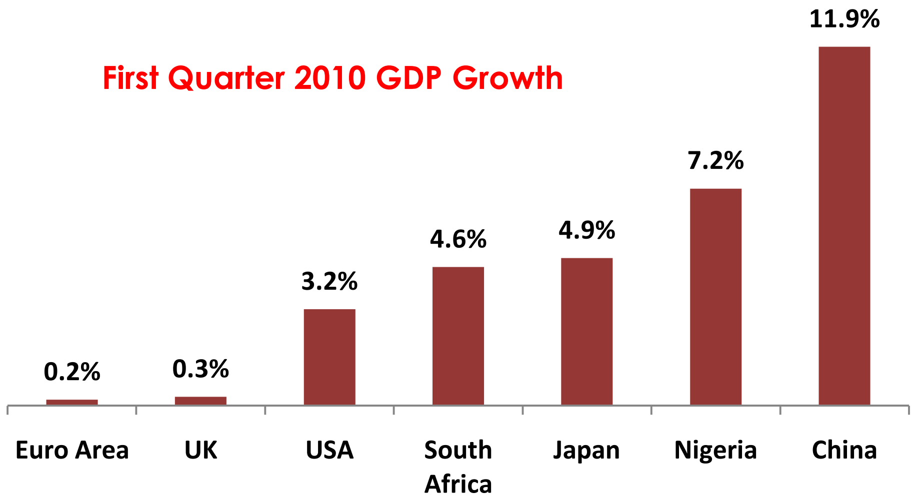
OUTLINE

- REVIEW OF OPERATING ENVIRONMENT
- ANALYSIS OF HALF YEAR FINANCIAL RESULTS
  - FINANCIAL HIGHLIGHTS
  - KEY FACTORS THAT IMPACTED HALF YEAR RESULTS
  - REVENUE ANALYSIS
  - PROFITABILITY
  - BALANCE SHEET ANALYSIS
  - EFFICIENCY
  - LIQUIDITY AND ASSET QUALITY
- OUTLOOK
- Q & A

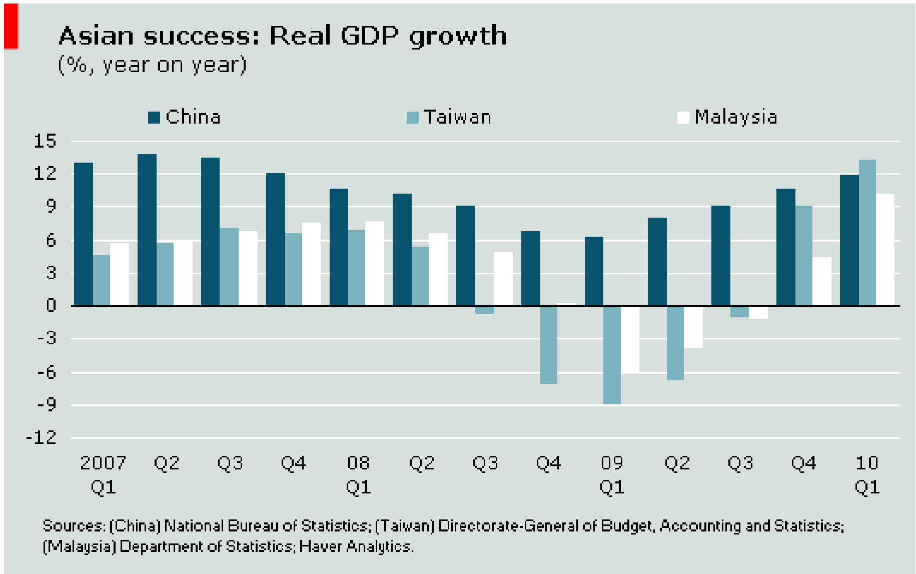
REVIEW OF OPERATING ENVIRONMENT

REVIEW OF GLOBAL ECONOMY

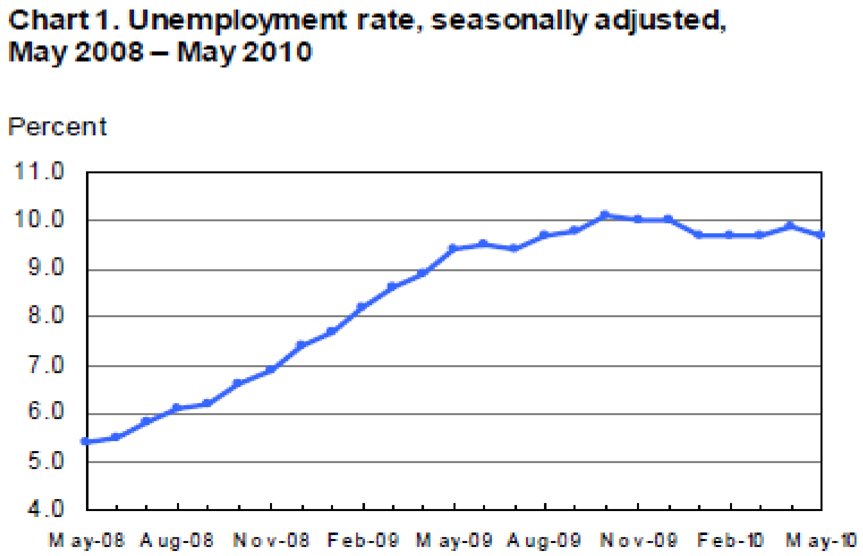
GRADUAL RECOVERY SEEN SO FAR IN 2010

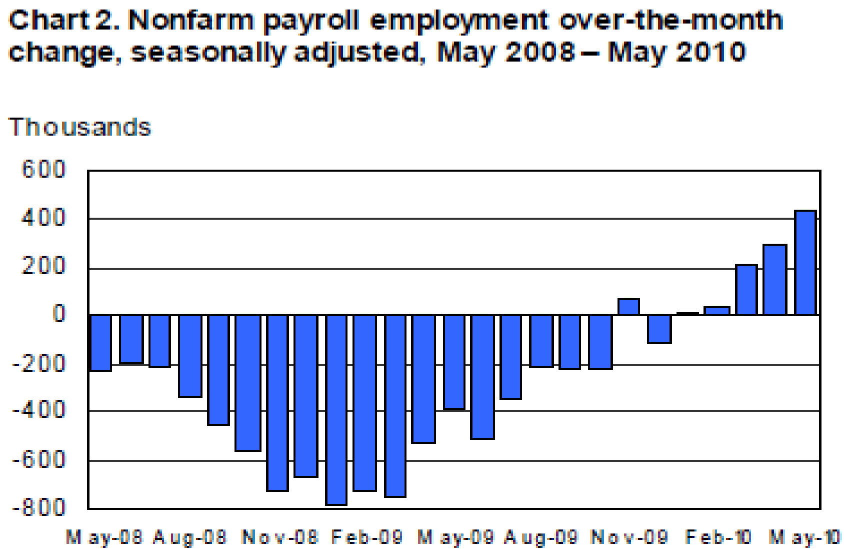


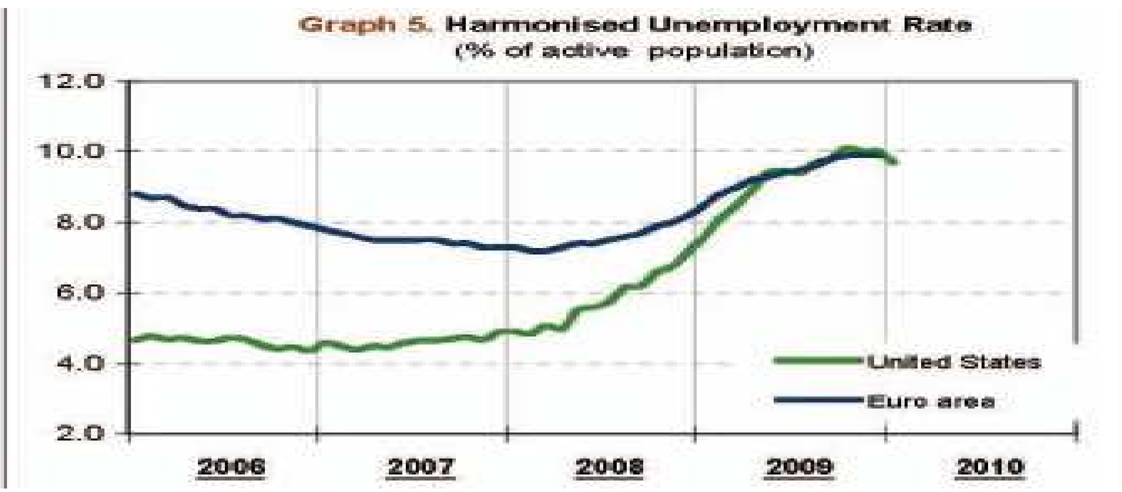
- Global economy rebounding
- Strongest 1Q10 growth recorded in Asia: China (11.9%), Taiwan (12.2%)
- Nigeria also strong at 7.2%, but with some fundamental imbalances



UNEMPLOYMENT ABATES

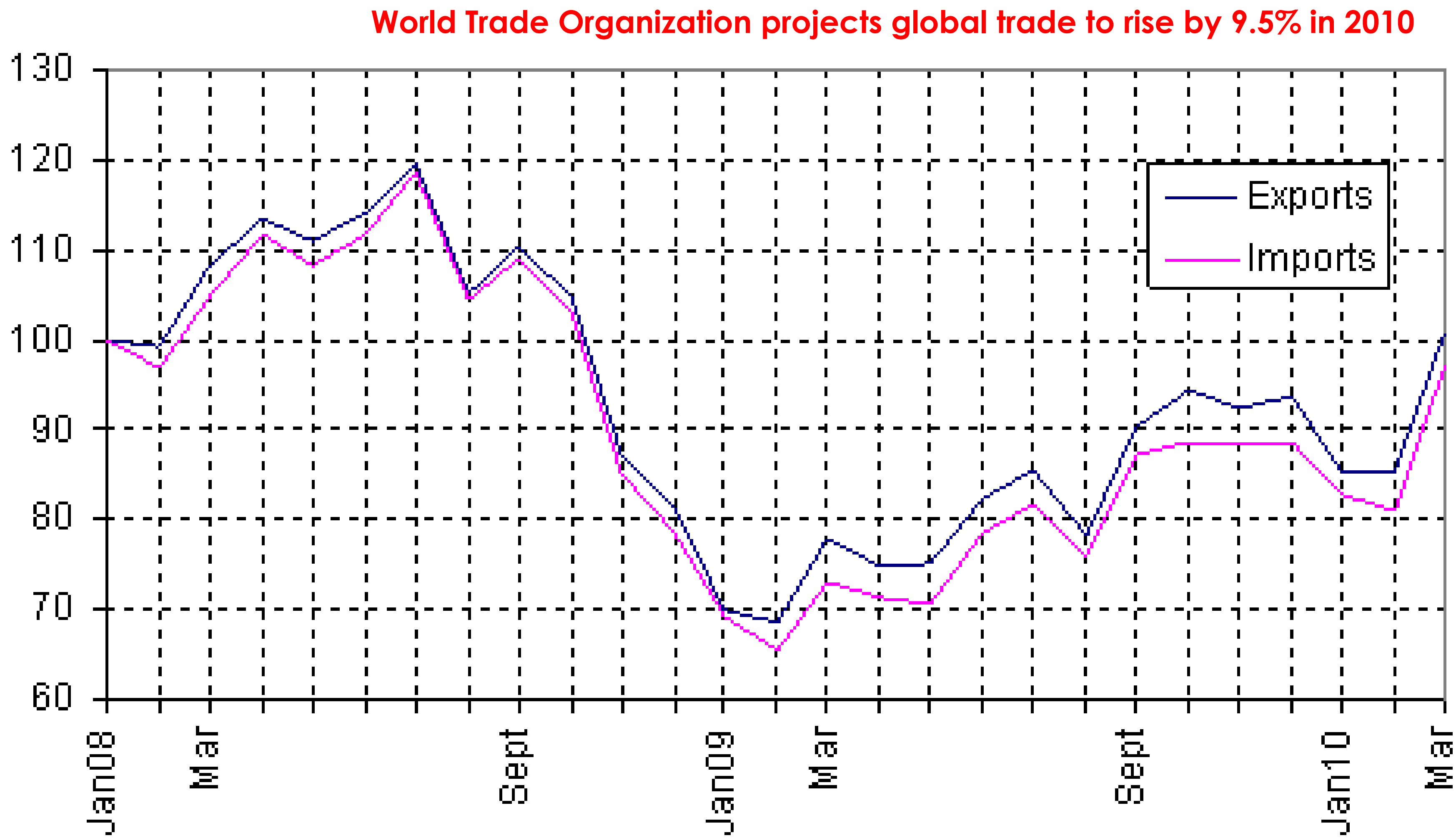




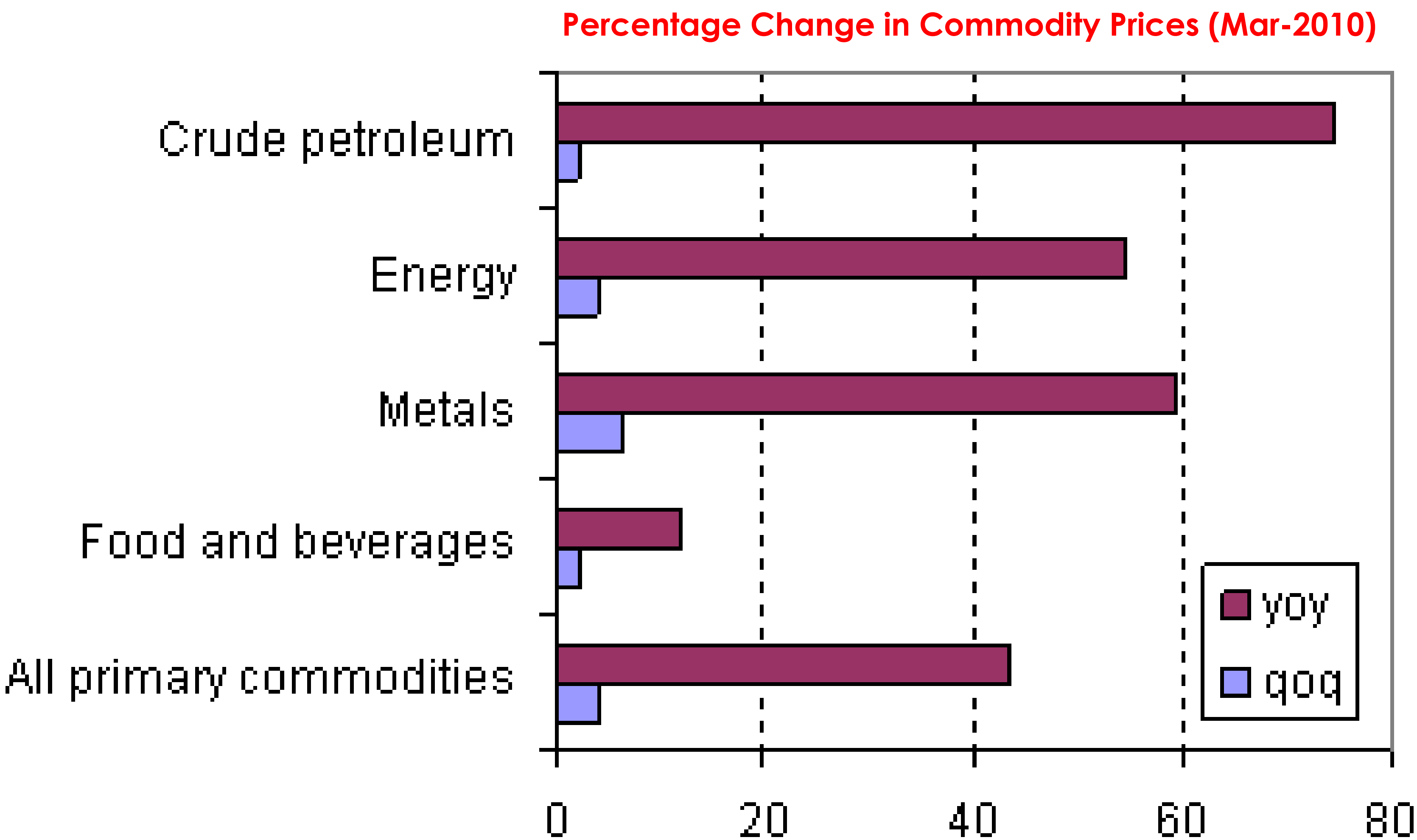


- **Global unemployment reducing**
- **More jobs created in the US**
  - **Over 400,000 in May-10**
- **Unemployment stabilizes in Euro Area**

GLOBAL TRADE RECOVERS STRONGLY



COMMODITY PRICES FIRM UP IN 2010



EQUITY MARKETS IMPROVE

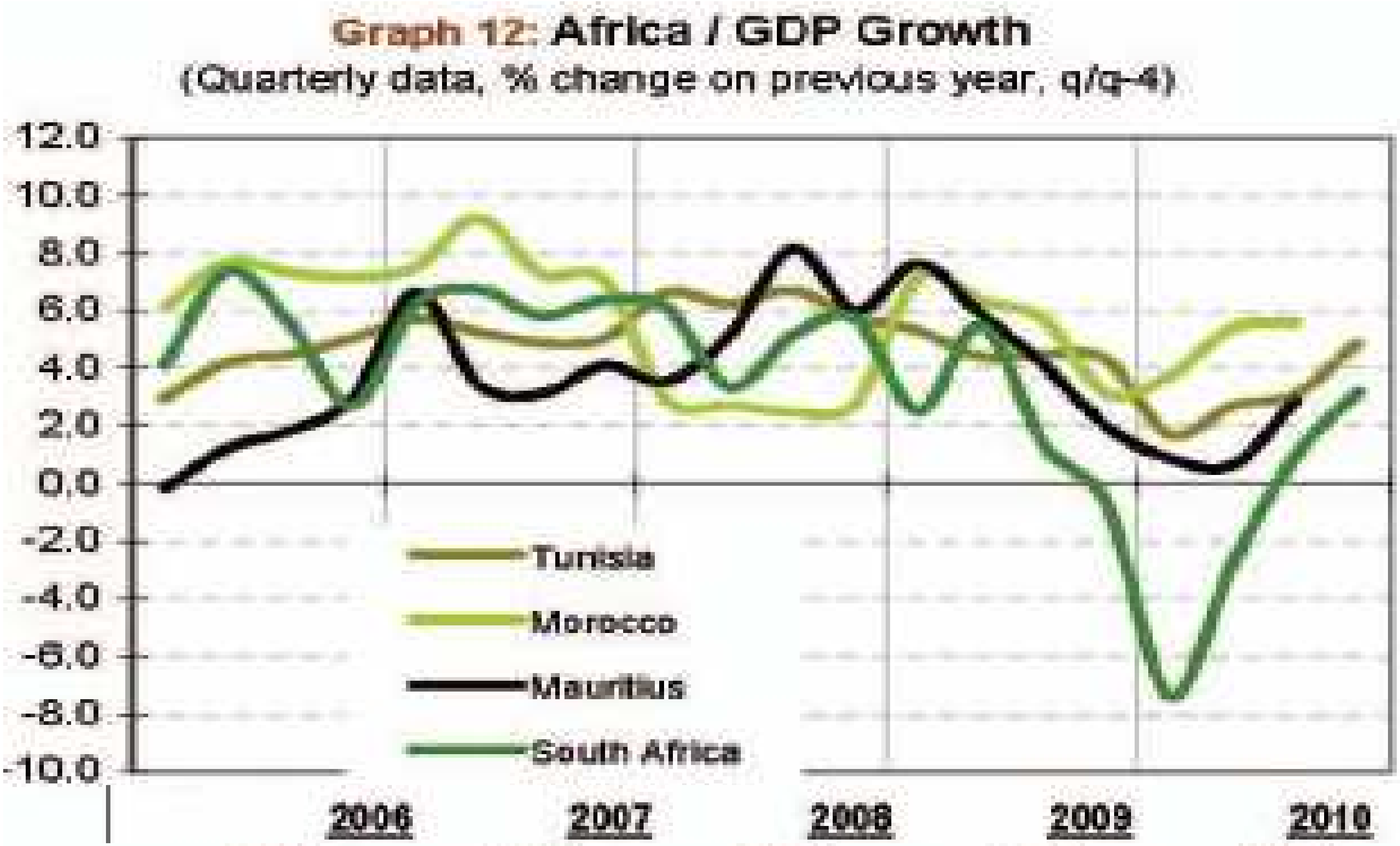
Selected Stock Market Indices				
Country	**Index**	**Jun-10**	**Dec-09**	**YTD Chg (%)**
Colombia	CSE All Share	4,612	3,386	36.2%
Indonesia	JSX Composite	2,914	2,534	15.0%
India	BSE 500	7,092	6,842	3.7%
Saudi Arabia	TASI	6,094	6,122	-0.5%
Argentina	Composite Index	123,884	126,570	-2.1%
Germany	CDAX Price	313	320	-2.3%
Egypt	EGX 30 Index	6,033	6,209	-2.8%
South Africa	JSE All Share	26,259	27,666	-5.1%
USA	Composite	2,109	2,269	-7.0%
Japan	TOPIX	841	908	-7.3%
UK	FTSE	2,543	2,761	-7.9%
USA	Composite	6,470	7,185	-10.0%
Australia	All Price Index	4,325	4,883	-11.4%
France	Lux General Price	1,046	1,207	-13.3%
China	SSE	2,398	3,277	-26.8%

WORLD STOCK MARKETS RECOVERED $21TR SINCE 2009

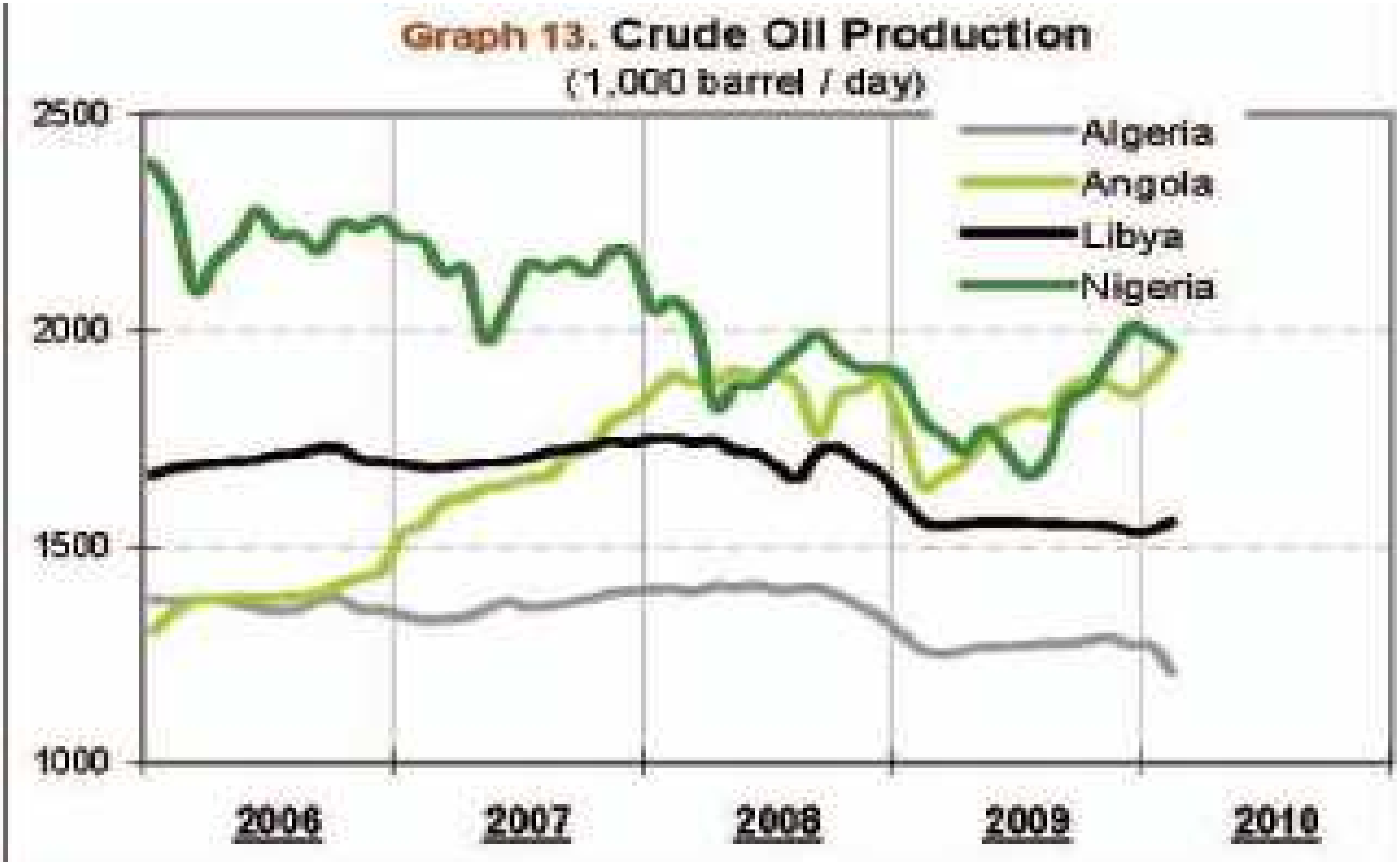
WORLD STOCK MARKET CAPITALIZATION
JANUARY 1996 – JUNE 2010

REVIEW OF AFRICAN ECONOMY

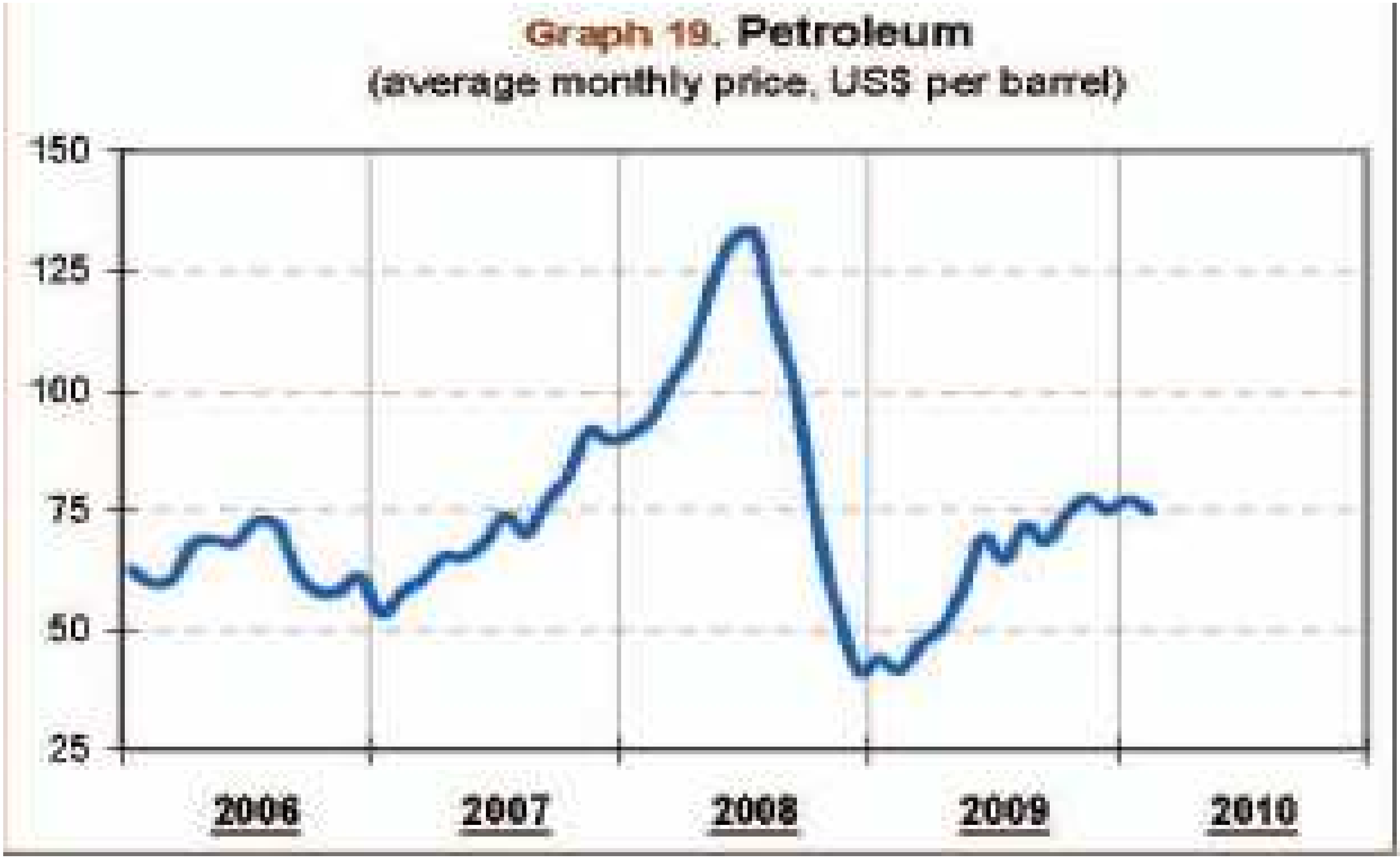
GDP IN AFRICA ECONOMIES TRENDS UP



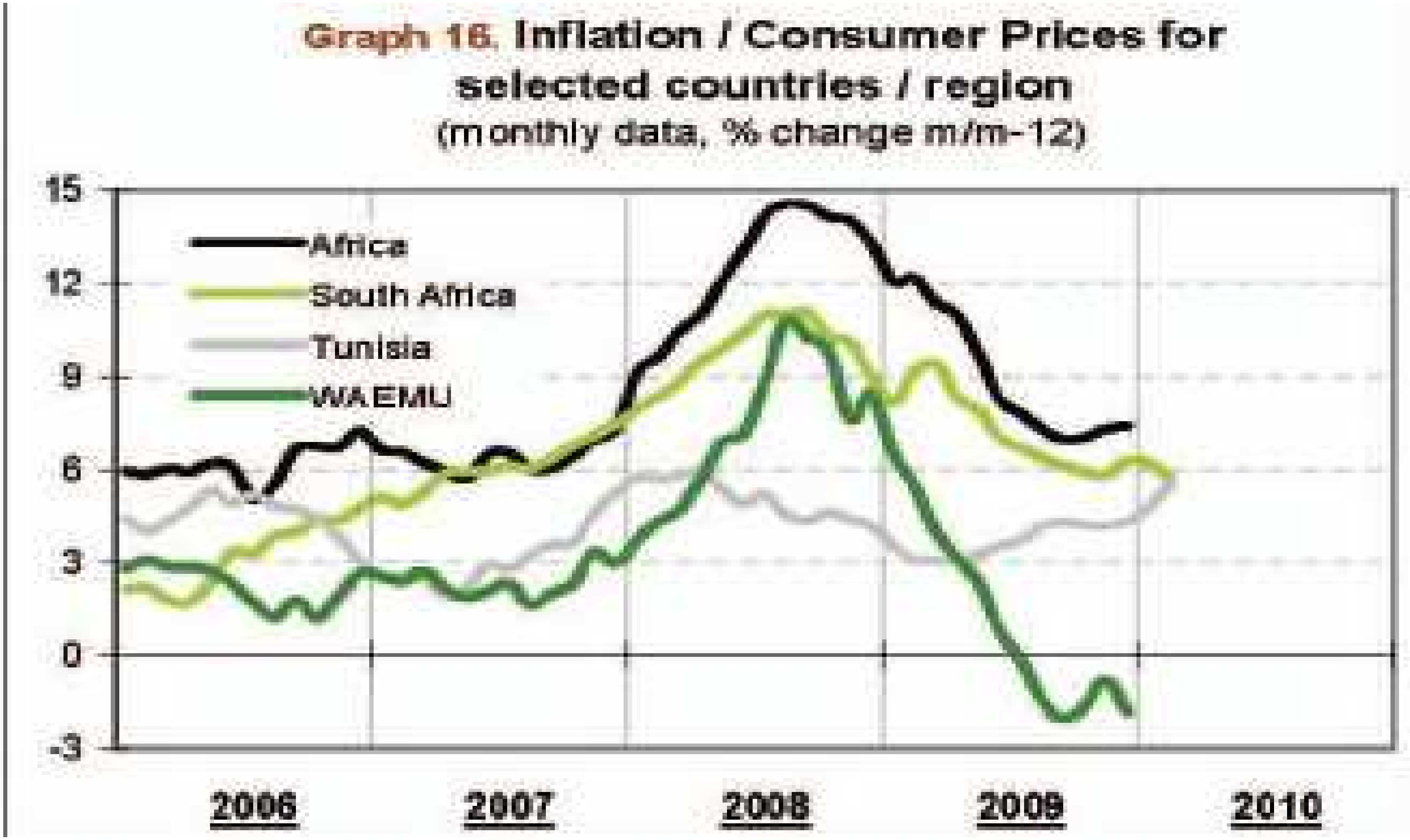
CRUDE OUTPUT STABILIZES…



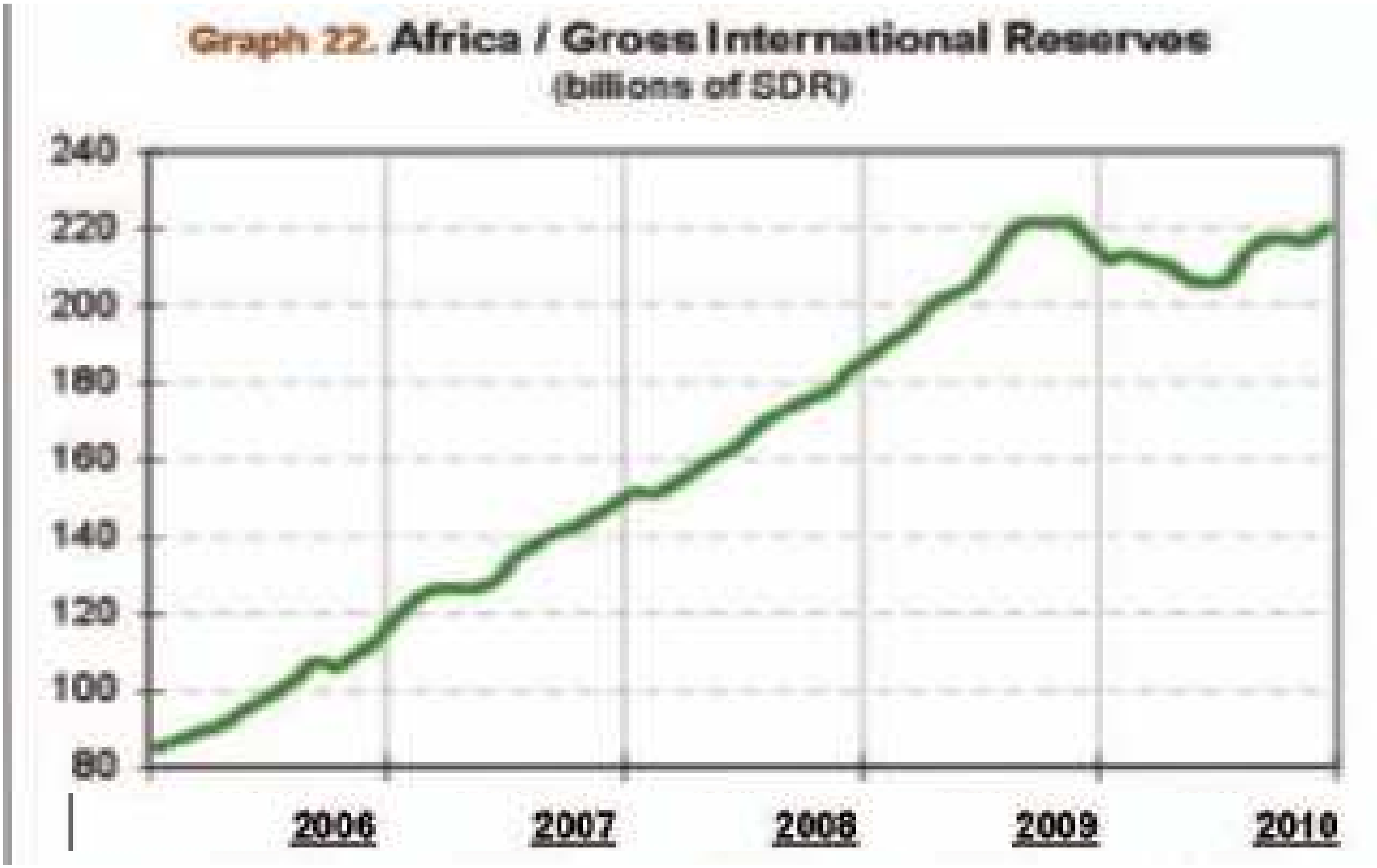
…AS OIL PRICE HOVERED AROUND $75/BARREL



CONSUMER PRICES UNSETTLED



BUT EXTERNAL RESERVES ARE STABILIZING

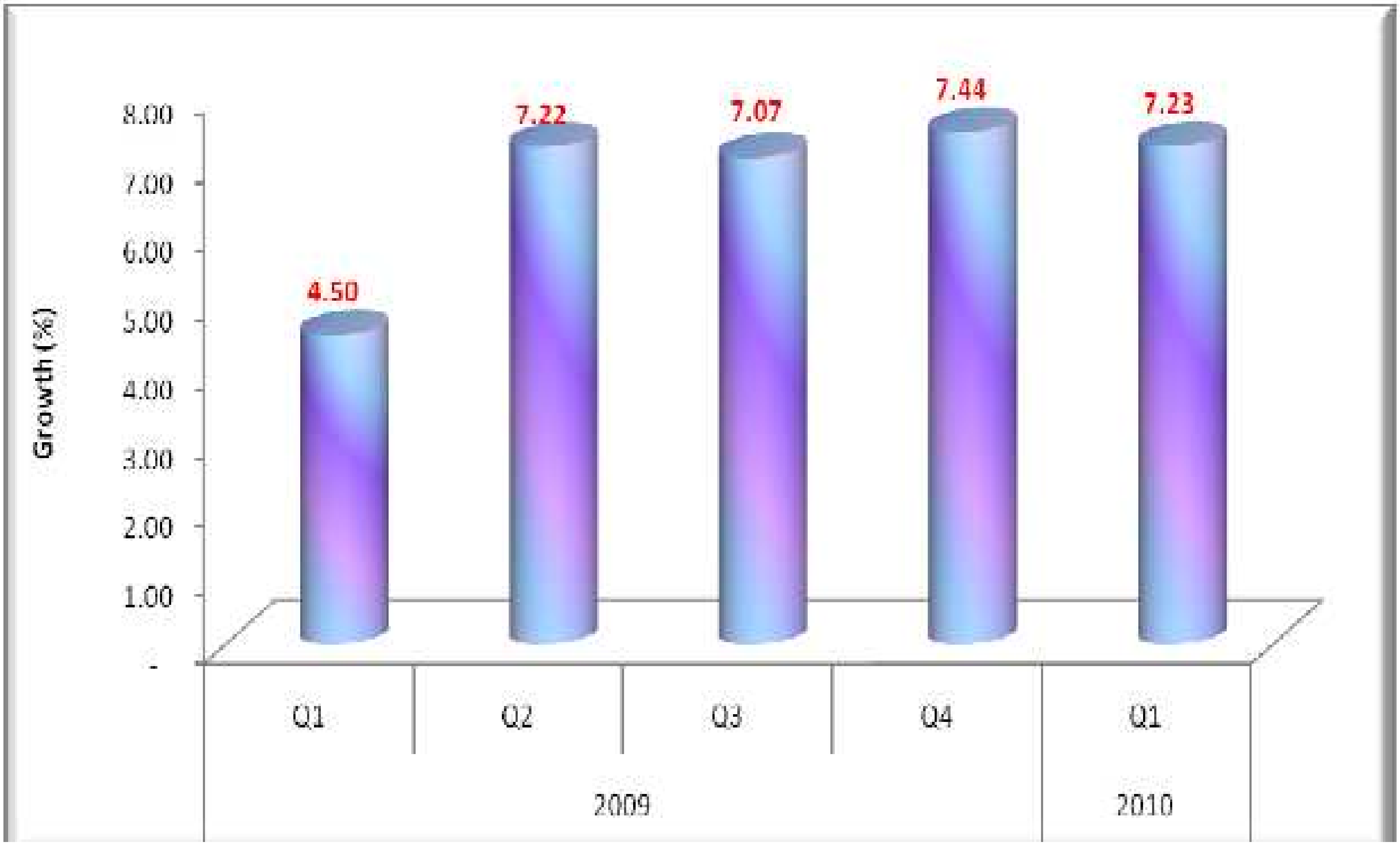


REVIEW OF NIGERIAN ECONOMY

KEY HIGHLIGHTS

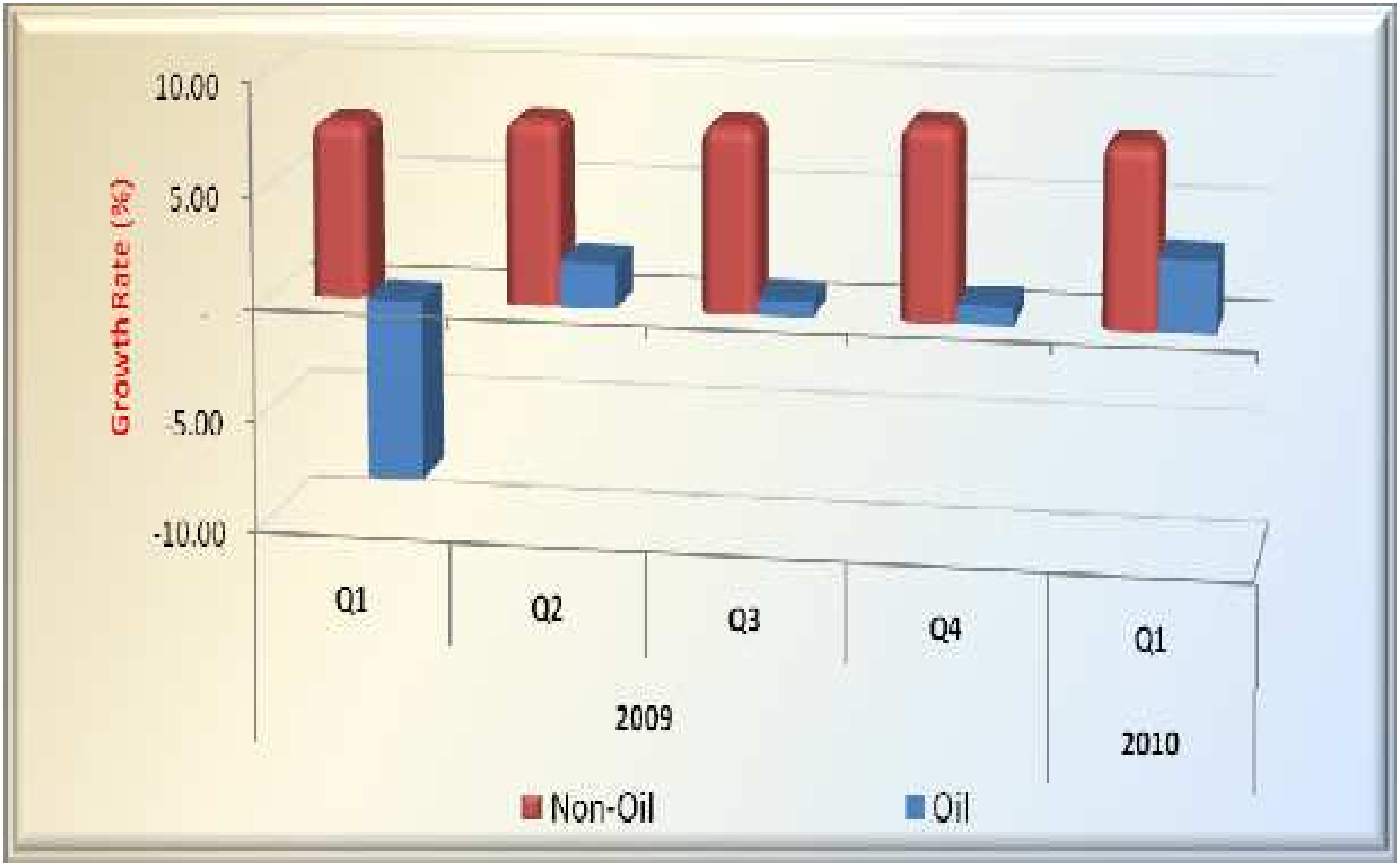
- Aggregate economy shows resilience – GDP in excess of 7% in the last few quarters
- MPR held firm at 6%: asymmetric corridor now +2% and -5%
- Although inflation rate remains in the double digit (12.3% in Mar-10 and 11% in May-10), the trend is downward.
- Naira has remained fairly stable against the US dollar (around N150/$1)
- Oil prices have remained stable in the range of $70-$78/barrel: Although the External Reserves is down, it remains strong at $37.4bn at the end of Jun-10
- Expansionary budget of N4.2tr approved for 2010: N80bn FGN bonds of (3-yr, 5-yr and 20-yr tenors) issued in Jun-10
- AMC Bill now passed into law after President's sign-off
    - Company to be valued at N10bn; will issue 7-yr bonds for banks' assets
- CBN guaranty of interbank transactions and international bank exposures now extended till June 2011
- N500bn released by CBN: N300bn for Infrastructure/Airlines, N200bn to refinance SME loans
- Indications are that Banks' financial performance which showed some recovery in 1Q10 will witness stronger growth in 2Q10 and beyond.
- Although the lull in the equities market continues, the expectation is for a better 3Q10 in view of the approved AMC bill and new rules set for margin lending

STRONG GDP GROWTH (QOQ)



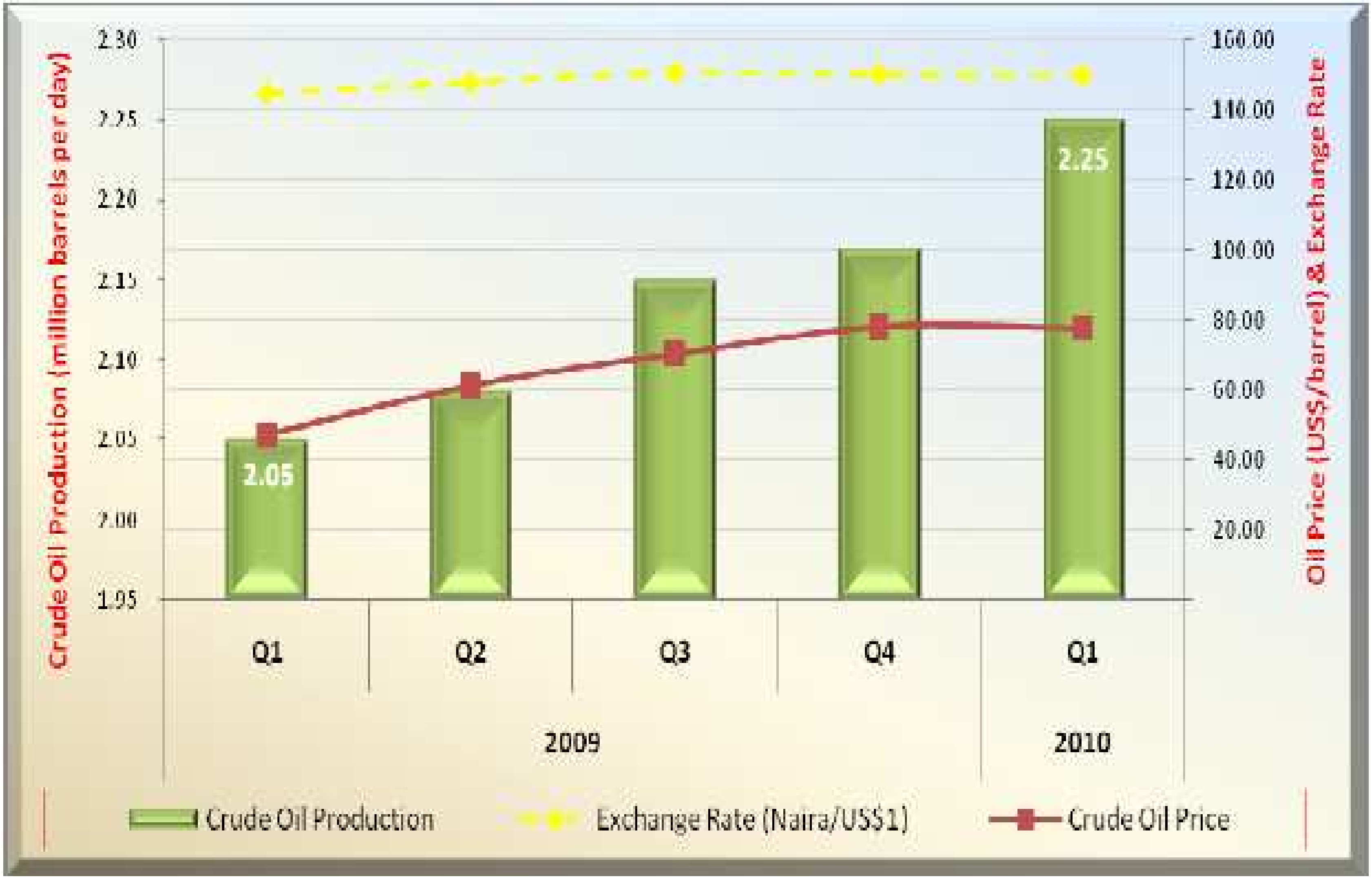
CBN's Monetary Policy Committee estimates an output growth of 7.2% in 2nd Qtr

DRIVEN MAINLY BY NON-OIL

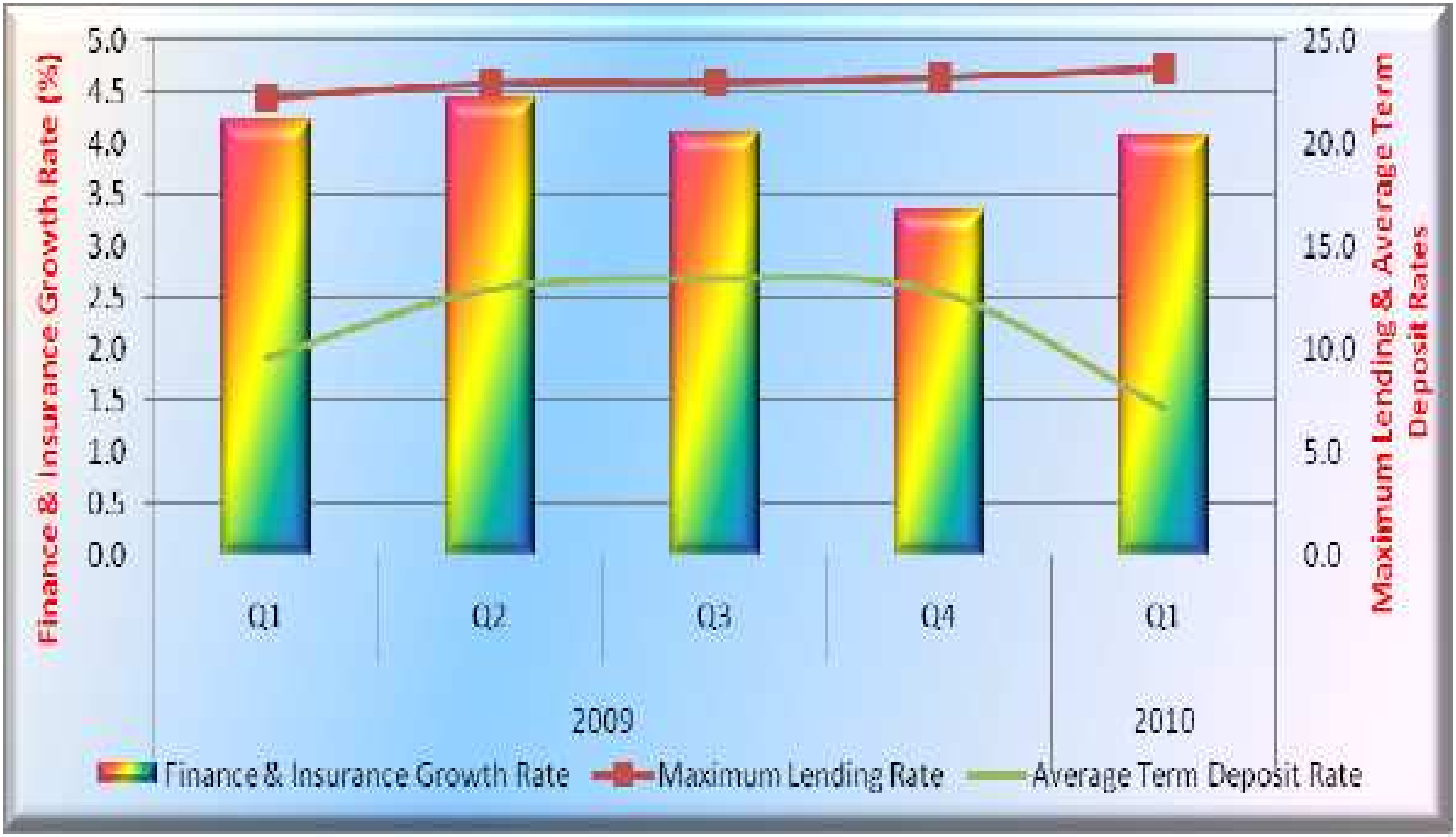


SURGE IN OIL PRODUCTION

…Success of the amnesty deal

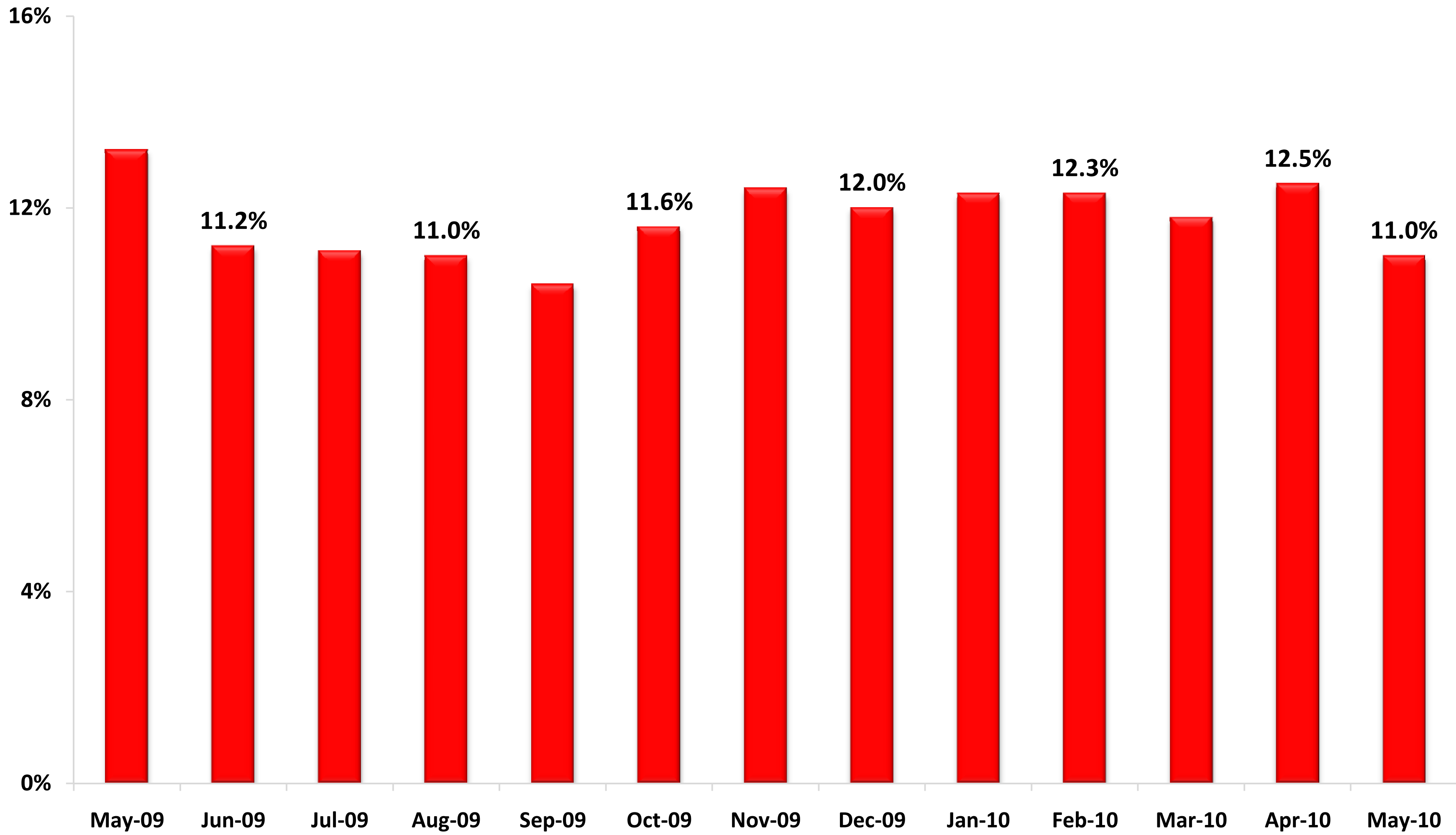


FINANCIAL SERVICES GROW…



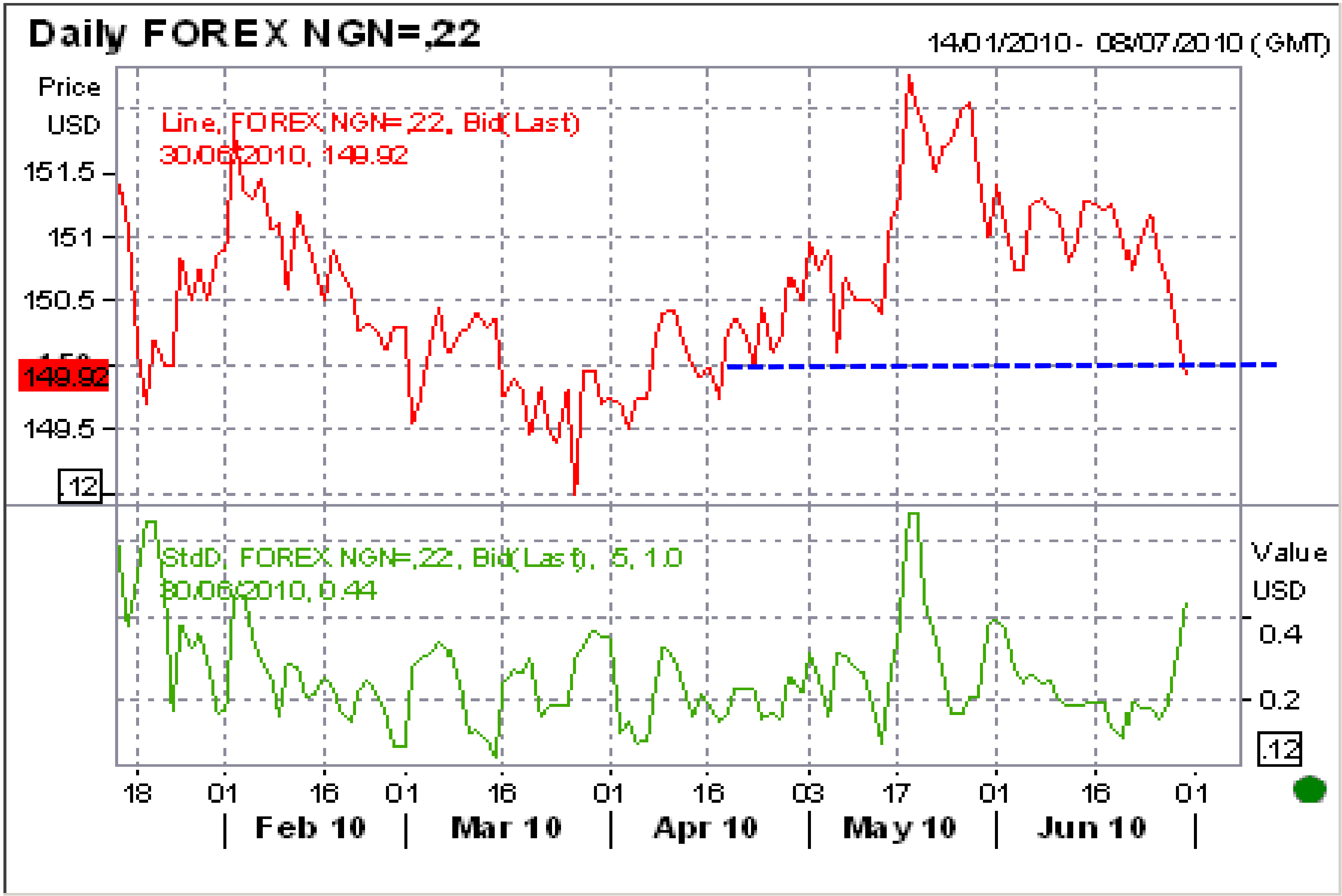
…In spite of decline in average term deposit rates in 1Q10

INFLATION RATES REDUCED IN MAY 2010

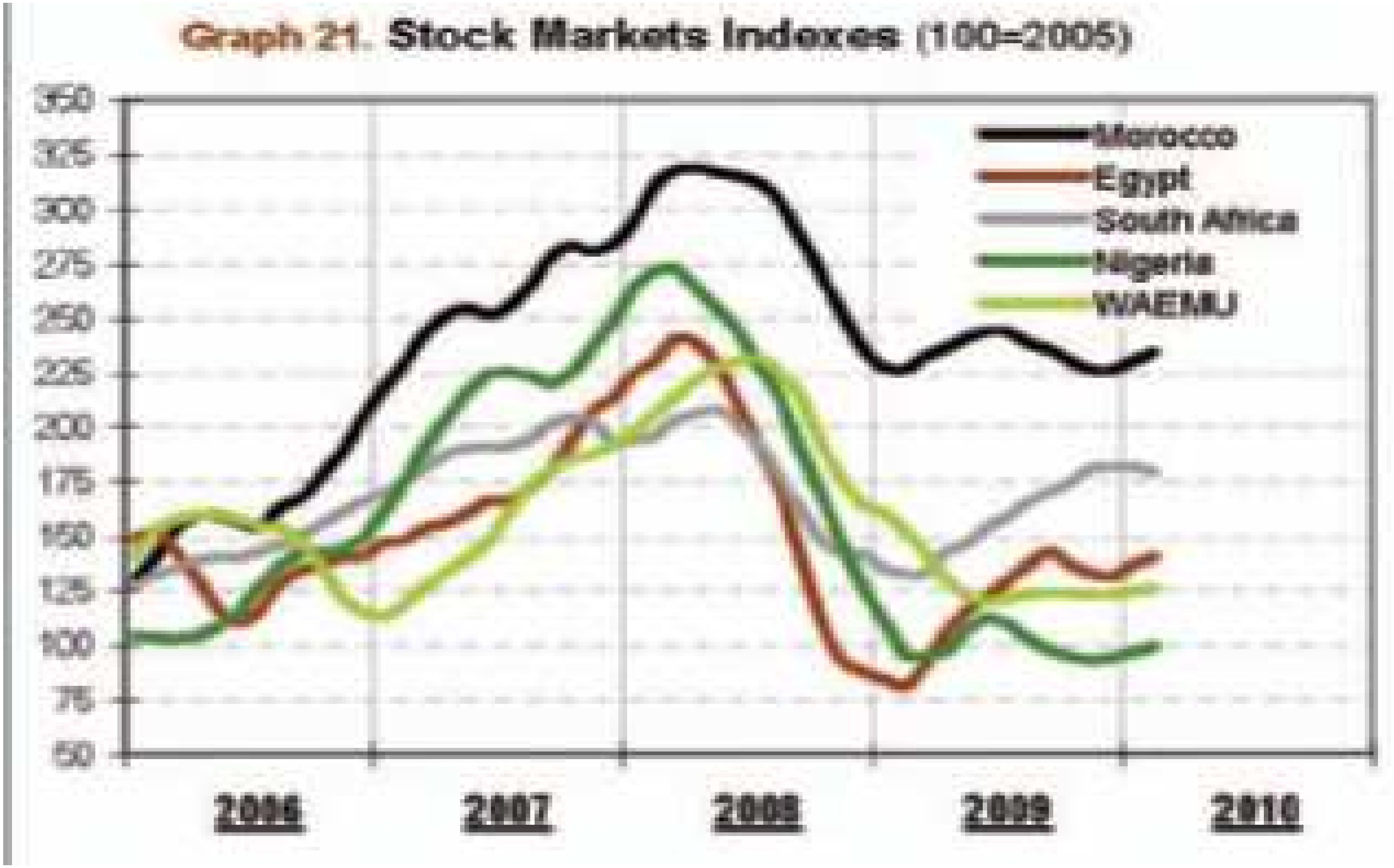


…In spite of decline in average term deposit rates in 1Q10

NAIRA'S VALUE TO THE USD HITS 3-MTH HIGH OF N149.9



BUT NIGERIAN EQUITIES UNDERPERFORM REGIONAL PEERS



REVIEW OF BANKING INDUSTRY

RECENT DEVELOPMENTS

- Revised prudential guidelines released with effect from 1st July 2010
- Four international banks bid for CBN managed banks
  - Bid results to be released in September 2010
- Recapitalization deadlines for pardoned banks extended till Sep-2010
- Capital base for mortgage banks increased from N100m to N5bn – CBN
- New guidelines issued on liquidity criteria for banks' investment in state government bonds. This will surely deepen the market and help the states in raising funds for infrastructural developments.
- Banks' financial performance show resilience in first quarter of 2010.
  - The big four report avg PBT of N10bn: 5 CBN managed banks report avg PBT of N2bn
- Recoveries improved in 1H10 and expected to positively impact on sector performance
- Industry lending is gradually growing – consortium of 15 Nigerian banks granted N318bn loan to MTN recently
- AMC bill signed into law by the Presidency – to induce investor confidence
- Bank stocks still undervalued – but liquidity remain strong.

ANALYSIS OF HALF YEAR 2010 RESULTS

FINANCIAL HIGHLIGHTS

PARAMETERS	6MTHS (JUN-10)	6MTHS (JUN-09)	% Change
	ACTUAL (N'BN)	ACTUAL (N'BN)	FY09/FY08
GROSS EARNINGS	93.7	109.0	-14%
PROFITS B/F TAX & EX ITEMS	12.2	2.6	370%
EXCEPTIONAL ITEMS	(3.5)	(2.4)	44%
PBT AFTER EX ITEMS	8.6	0.1	6297%
	30-Jun-10	31-Dec-09	% Change
BALANCE SHEET SIZE	2,500	2,238	12%
TOTAL ASSETS	1,671	1,548	8%
LOANS & ADVANCES	664	607	9%
DEPOSITS	1,359	1,246	9%
SHAREHOLDERS' FUNDS	189	187	1%
NET INTEREST MARGIN	7.0%	7.4%	-0.4%
COST OF FUNDS	2.5%	3.8%	-1.3%
NPL RATIO	8.3%	8.3%	0.0%
LIQUIDITY RATIO	41.0%	47.0%	-6.0%
CAPITAL ADEQUACY RATIO	15.1%	16.3%	-1.2%

KEY FACTORS THAT IMPACTED HALF YEAR RESULTS

The economic situations in the industry is improving and lending portfolio is gradually growing. However, some unfavourable macro factor remains:

- Excessive liquidity in the system prevails leading to very low rates on securities -
  - Bonds fell from btw 9 - 11% to 3.5% - 8.6%
  - T-bills fell from btw 5 – 7% to 2.6% - 3.9%
  - Interbank fell from >18% to 1 – 2% (for overnight)
  - CBN ON investment fell from 2% to 1%

- Restructured loans running at much lower interest rates than originally booked, in some cases at 0%;

- Write off of loans, and reserves against non-performing loans;

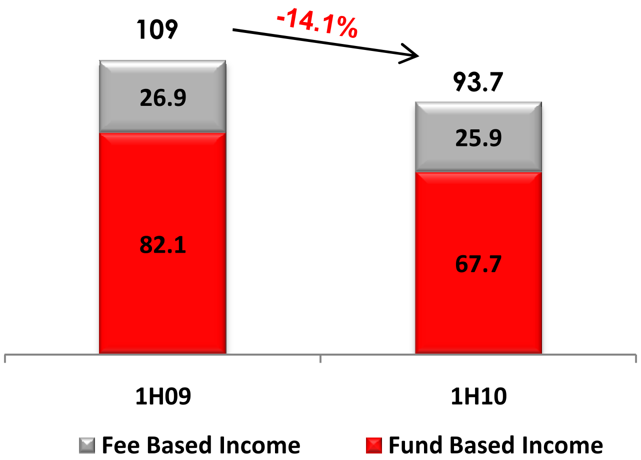
- Mark-to-market of existing equity portfolios across the Group, as specific stocks decline further in the capital market.

- The results were however helped by income from structured investment products – Option/hedging contracts.

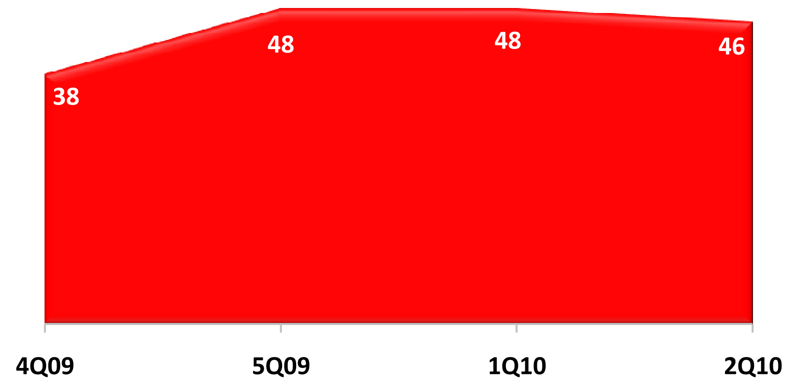
REVENUES ANALYSIS

REVENUE TREND

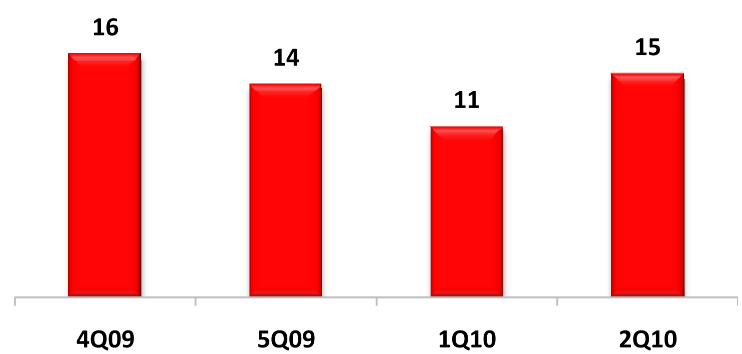
Revenues (N'bn)



Qtrly Revenue Streams Returning (N'bn)



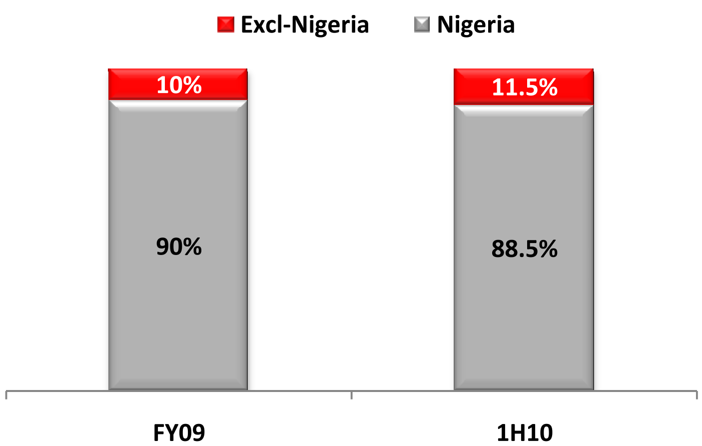
Qtrly Fee Based Income Improves (N'bn)



- **Gross Earnings dropped by 14% to N94bn compared to 1H09**
- **Quarterly revenues around N50bn**
- **Fee based income recover in 1H10**
  - **Driven largely by COT, Forex, Fees and option/hedging contracts income**

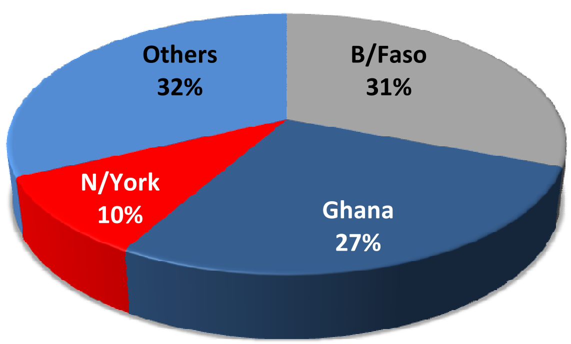
REVENUE MIX

Revenue Mix, By Geography

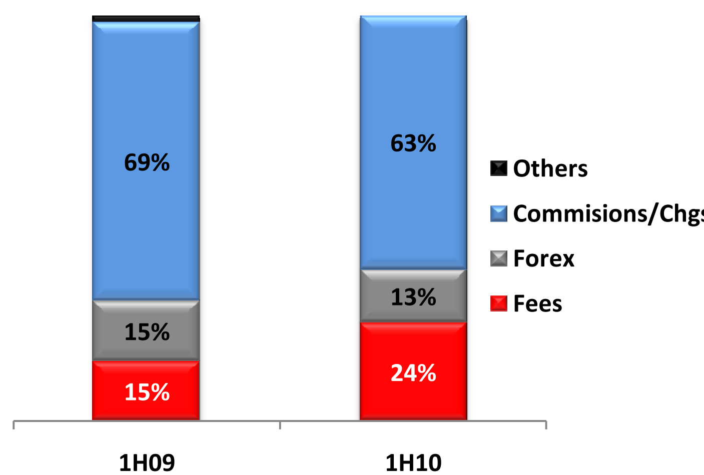


- Contributions from Excl-Nigeria operations now 11.5% (10% in FY09) as results from our diversification outside Nigeria gather steams
- Operations outside Nigeria driven largely by B/Faso, New York and Ghana
  - 68% of excl-Nigeria revenues
- Structure of non-interest income changing; fees now account for 24% (15% in 1H09)

Revenue Mix, UBA Africa and N/York



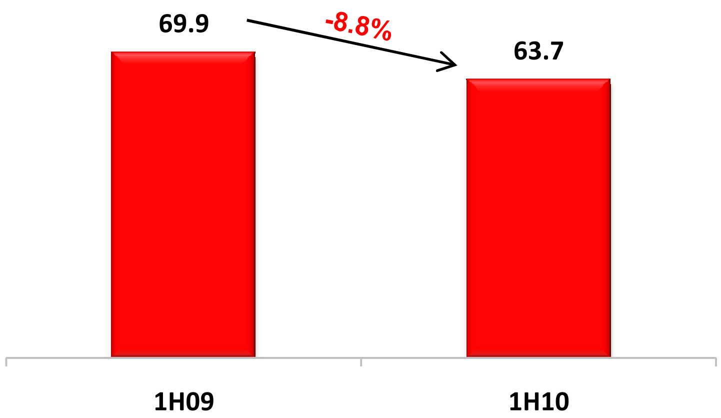
Fee Based Income Mix



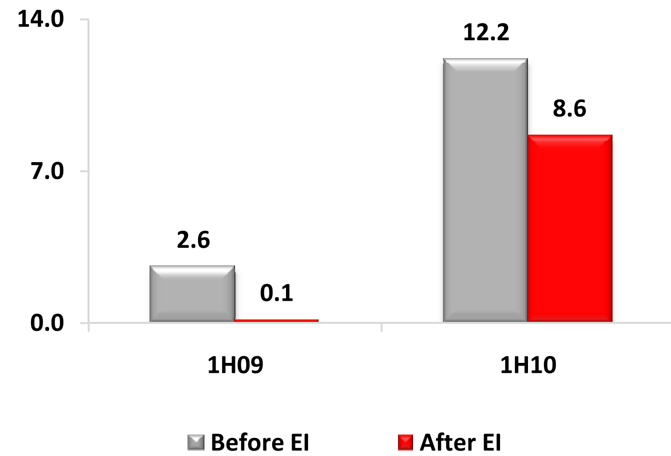
PROFITABILITY

PROFITS ANALYSIS

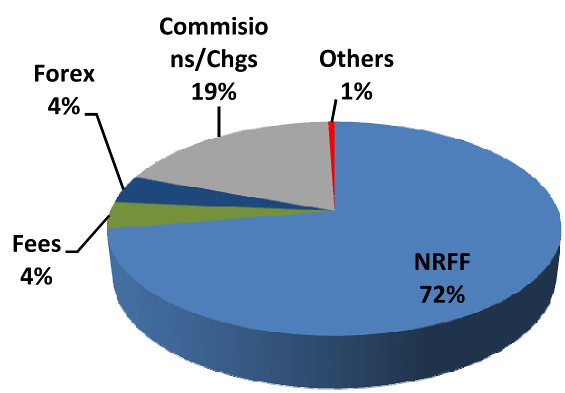
Operating Income (N'bn)



Strong Growth in PBT (N'bn)



Breakdown of Operating Income

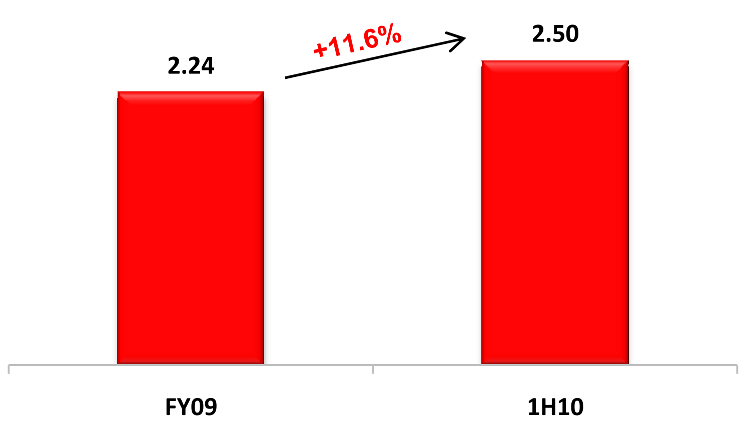


- Operating income slightly down but efficiency improved
- Net Revenue From Funds (NRFF) a key driver – 72% contribution (66% in FY09)
- PBT before exceptional items leaped to N12.2bn
  - PBT & EI low in 1H09 due to write-offs taken in 2009
- PBT in future quarters expected to recover

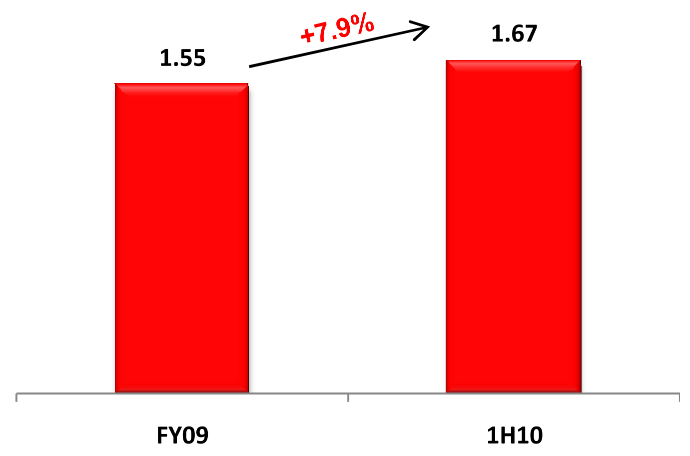
BALANCE SHEET ANALYSIS

TOTAL ASSET AND CONTINGENTS

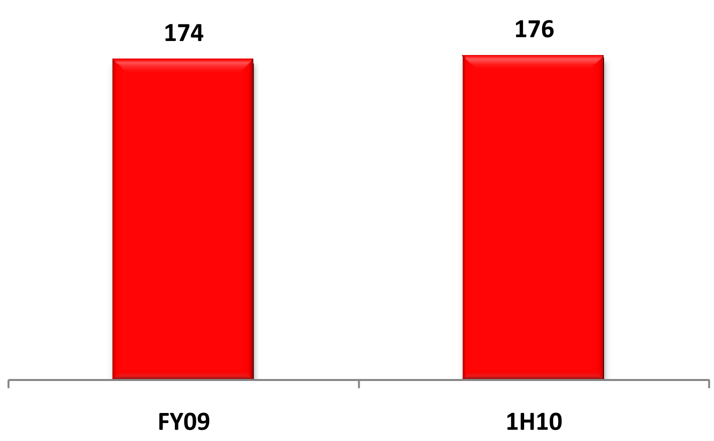
Growth in Balance Sheet Size (N'trn)



Growth in Total Assets (N'trn)



Total Assets Grow in Other Africa Subs (N'bn)

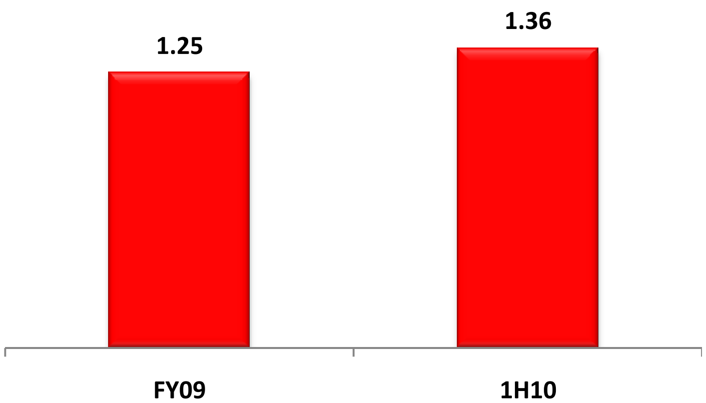


- Balance sheet items improving
    - Total assets + contingents up 12%
- Major improvement witnessed in Nigeria with slight improvements also recorded in UBA Africa

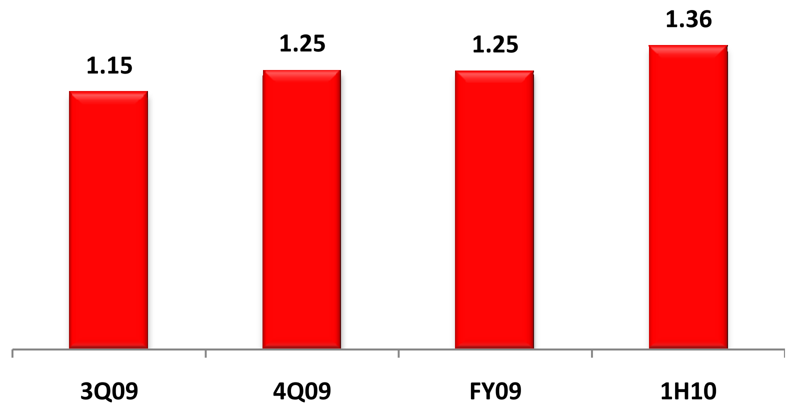
Presentation of Group Performance

DEPOSIT BASE

Stable Deposits (N'trn)

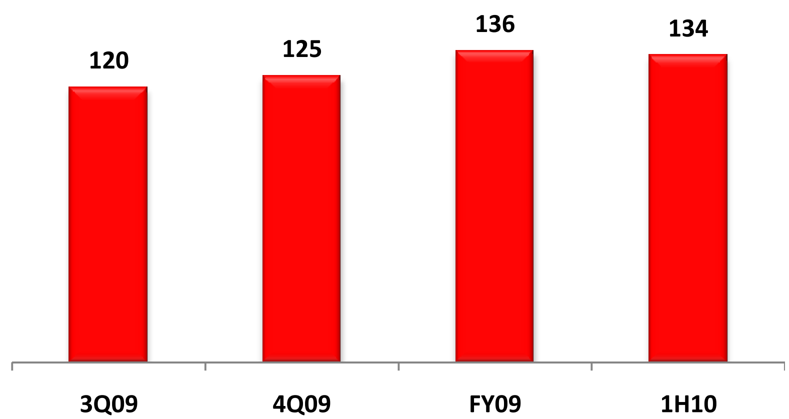


Qtrly Trend in Group Deposits (N'trn)



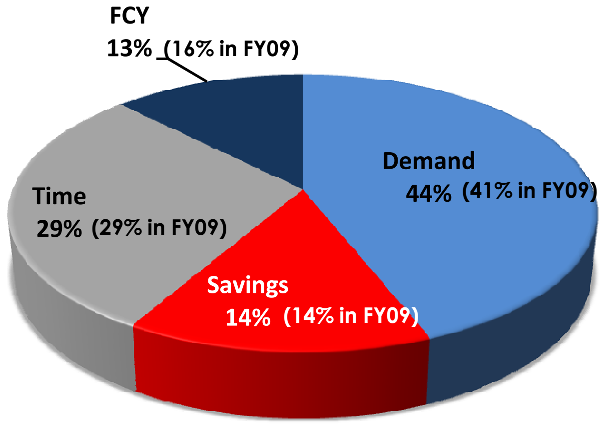
- Stable deposits base
  - Consistent growth QoQ through 2009, to N1.36trn as at Jun-10
  - UBA Africa deposits behaved in a similar fashion

Qtrly Trend in UBA Africa Deposits (N'bn)

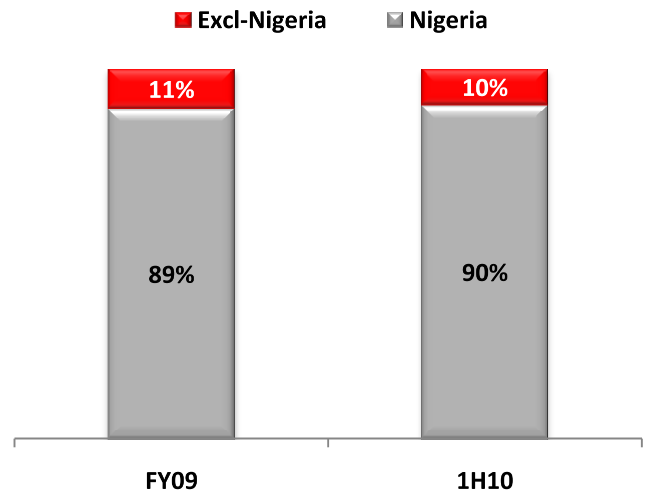


DEPOSIT MIX

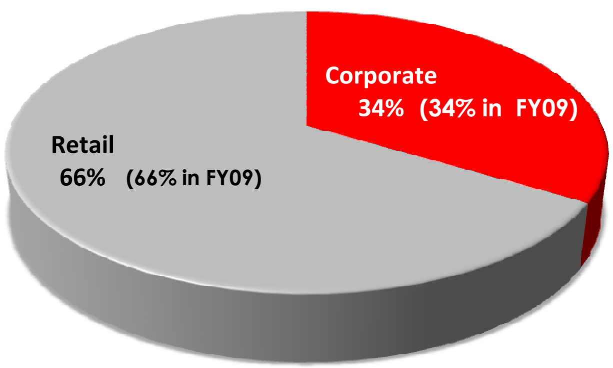
Deposit Mix, By Type



Deposit Mix, By Geography

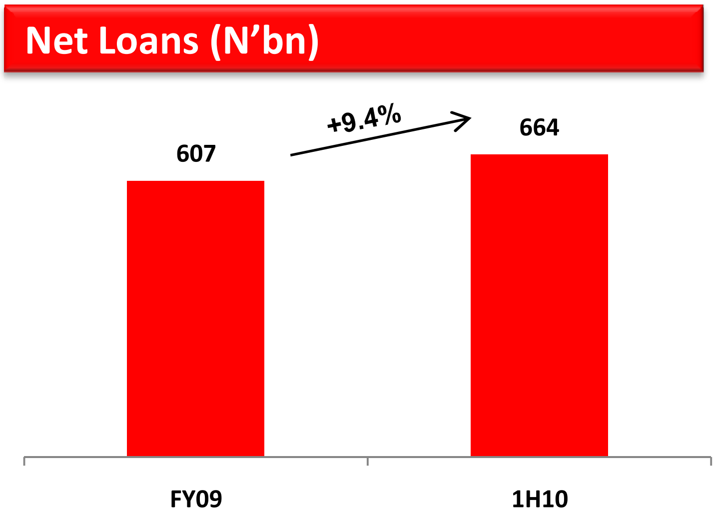


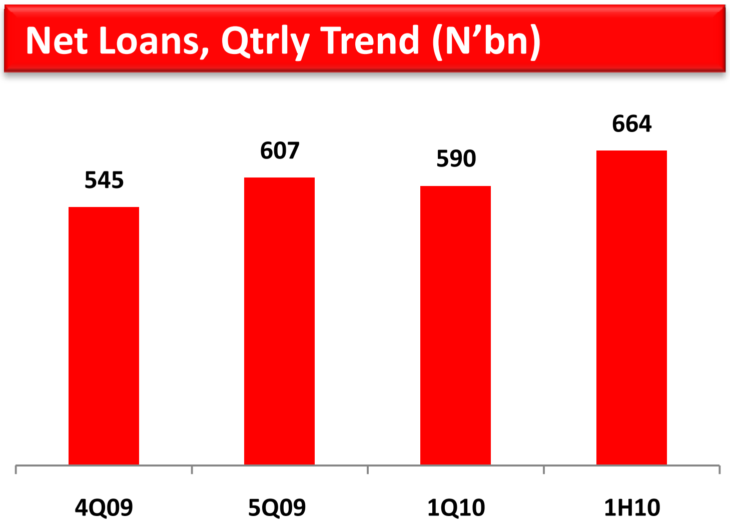
Deposit Mix, By Class



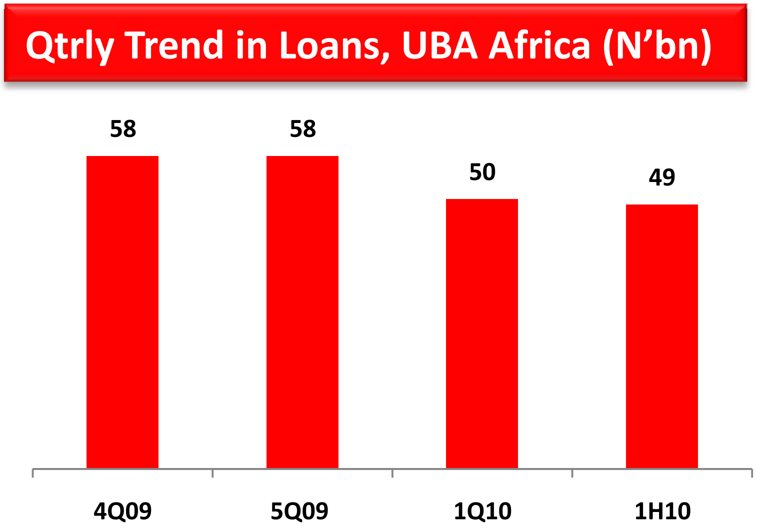
- Low cost deposit account for 71% of total deposit (71% in FY09)
- Contributions from outside Nigeria fairly stable at 10% - slight slippage resulted from growth in local deposits (+N115bn)
- Retail customers still account for bulk of group deposits at 66%
    - Same structure in FY09

GROUP LENDING





- Loan book grew (+9.4% since Dec-09) significantly due to lending to high end corporate names
- Loan growth continued in 1H10 after a slight slip in 1Q10
- Loan in UBA Africa subsidiaries stable.



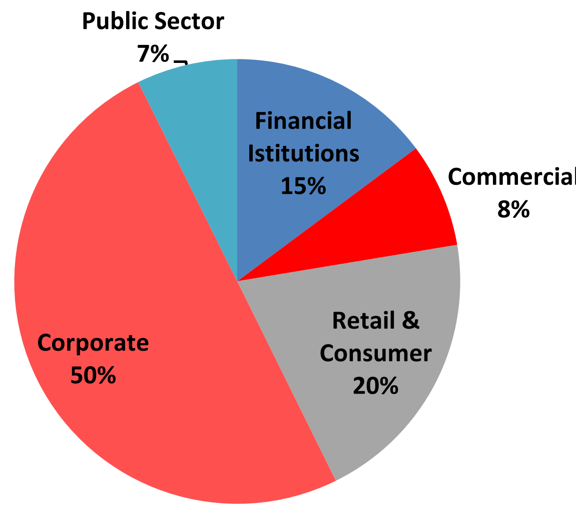
ANALYSIS OF LENDING PORTFOLIO

DISTRIBUTION OF LOANS: By Sector

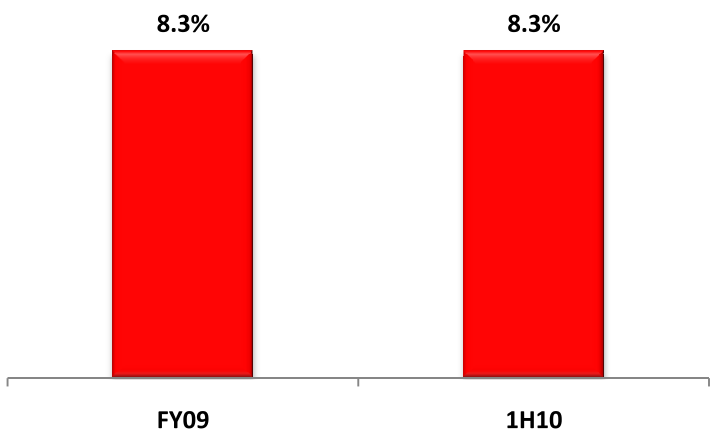
Sector	Loan (N'bn)	Proportion
Oil & Gas	141.54	19.8%
Personal & Professional	121.17	17.0%
Fin Institutions	104.79	14.7%
Telecoms	60.83	8.5%
Manufacturing	56.70	7.9%
General Commerce	49.51	6.9%
Government	47.72	6.7%
Real Estate	45.67	6.4%
Transportation	35.91	5.0%
Agriculture	34.92	4.9%
Others	14.83	2.1%
Gross Loans	713.61	100.0%

- Oil & Gas, personal/prof and FIs account for 52%
- Corporate loans are 80% of total
- NPL ratio stable at 8.3%; group target remains 5%

Loans, By Class



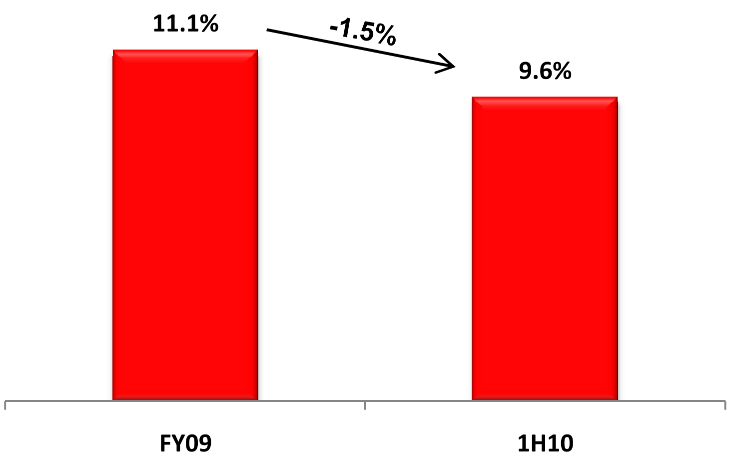
NPL Ratio



EFFICIENCY

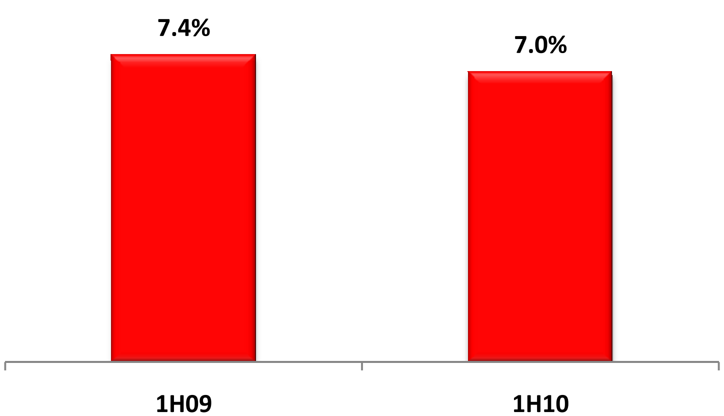
QUALITY OF EARNING ASSETS…

Yield on Earning Assets

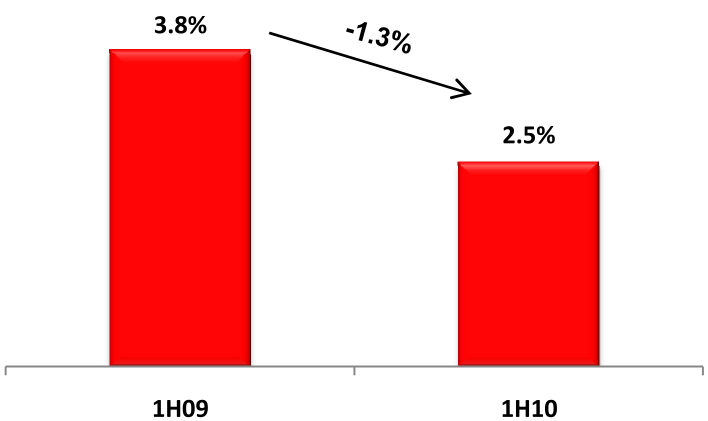


- Drop in yield on earning assets reflects the excessive liquidity in the system that has significantly affected yields across all asset types.
- NIMs stable around 7%; decline in interest yields almost equal to decline in costs
- While there has also been a significant drop in cost of funds (now 2.5%), the drop was not as steep as that on yields.

Net Interest Margins



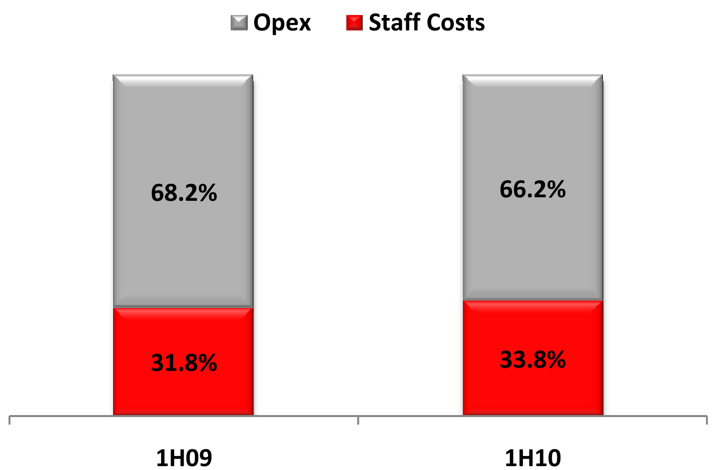
Cost of Funds



Presentation of Group Performance

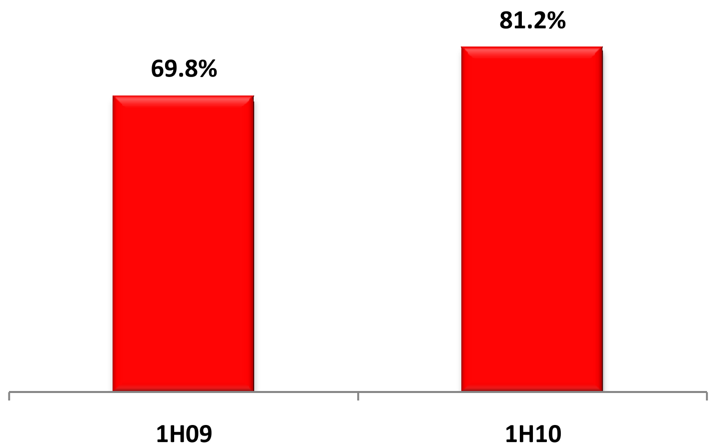
COST ANALYSIS

Staff Cost reducing

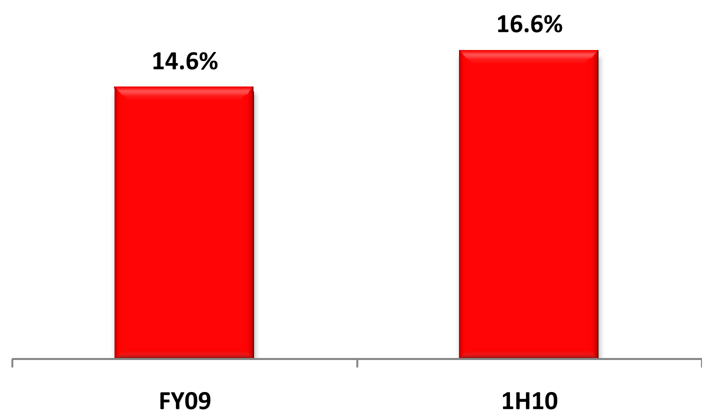


- Staff costs to total costs stable
- While the cost to income ratio increased to 81% due mainly to pre-op costs from UBA Africa, our medium term target remains 55%
- Implementation of Group Shared Services (GSS) in Nigeria is showing results. The benefits from this initiatives will further be felt when the rollout is extended to our operations in Africa.

Cost Income Ratio (Group)



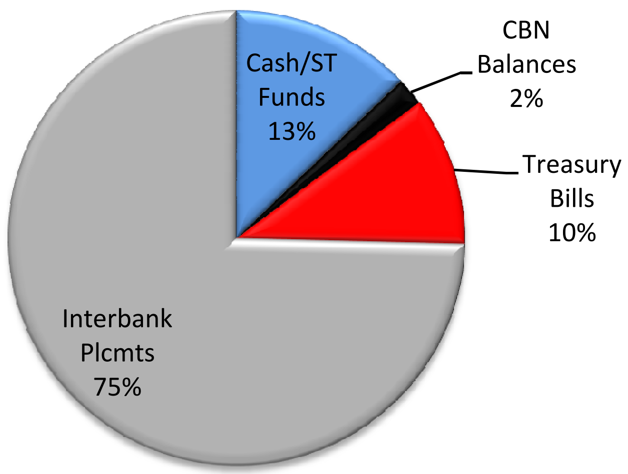
Ratio of Africa's Cost to Group Cost



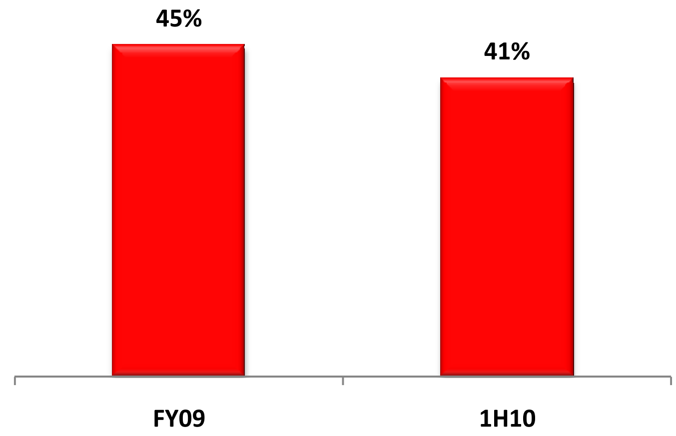
LIQUIDITY & ASSET QUALITY

LIQUIDITY

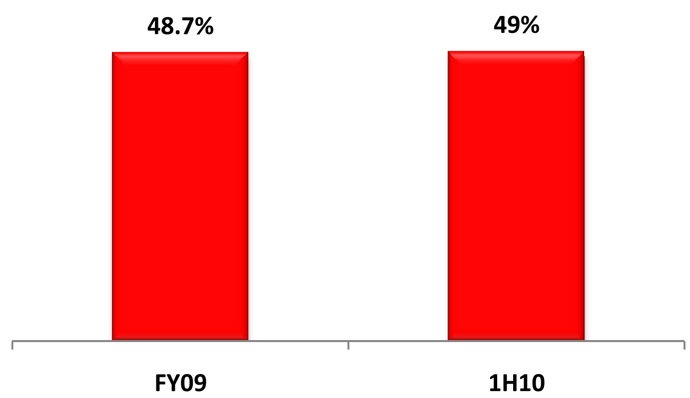
Liquid Assets



Liquidity Ratio



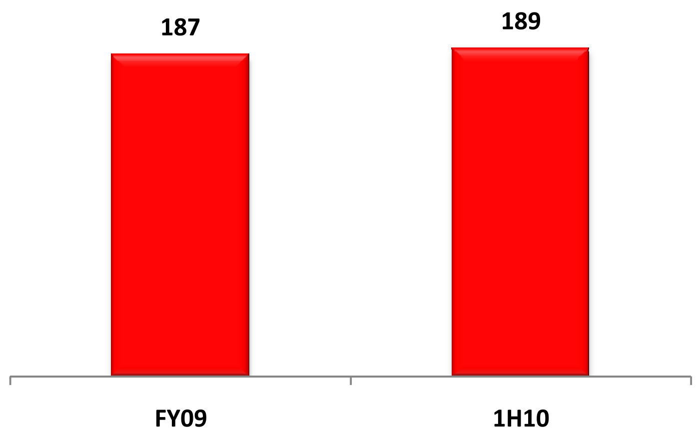
Loan to Deposit Ratio



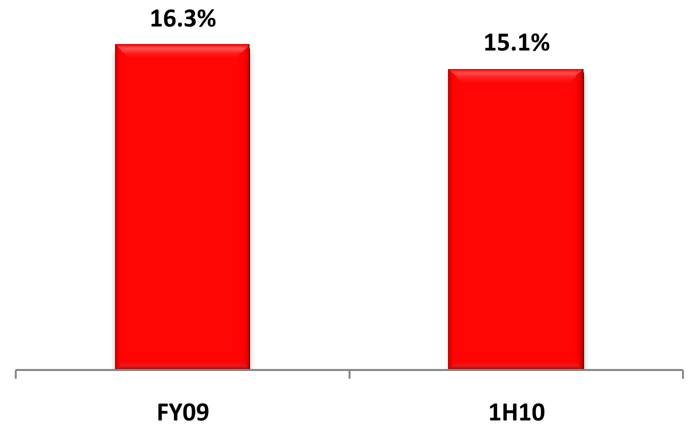
- Highly liquid balance sheet
  - Liquidity Ratio stood at 41%
  - 16% above regulatory threshold of 25%
- Interbank placements are 75% of liquid assets (81% in FY09)
  - Int/bank plcmts are guaranteed by CBN
- Loan to deposit stable at 49%. Strong room for further loan growth existent

FUNDING AND CAPITAL ADEQUACY

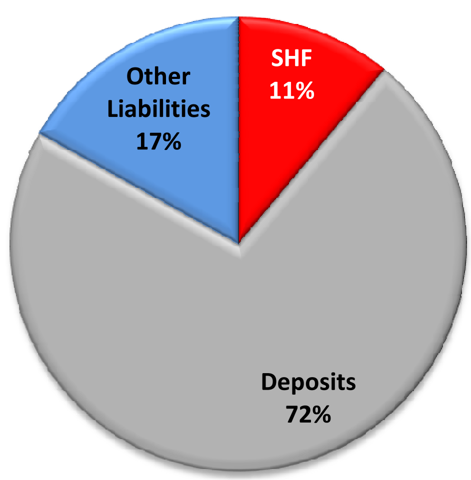
Shareholders' Funds (N'bn)



Stable Capital Adequacy Ratio



Funding Mix



- Owners' equity up to N189bn
- Capital Adequacy Ratio (CAR) strong at 15.1% in 1H10. Still above the regulatory minimum of 10% by 5.1%.
- Drop in CAR from FY09 due to growth in risk assets
- Group assets largely funded by deposits – accounts for 72%

OUTLOOK

OUTLOOK FOR THE OPERATING ENVIRONMENT

- Global GDP growth projected at 4.2%; SSA to grow by 4.7% and Nigeria to expand by 7.0% - IMF
- Lending and capital flows to improve globally
- Oil price to average $75-80 per barrel for the rest of 2010
- Power generation to improve – NNPC/PHCN sign gas supply deal
  - Govt to spend N46bn on electricity subsidy
  - US to support sector with $323mn facility in 2010
- President's sign-off on the AMC to restore industry confidence
- System liquidity to strengthen in Nigeria
  - Expansionary budget of N4.2tr approved for 2010 based on
    - Oil output of 2.2mn barrels/day and oil price of $60/barrel
  - Excess crude savings to improve
  - Spending on 2011 elections expected
  - Low interest rates to induce borrowing

OUTLOOK FOR UBA

- Consolidate on the strong corporate governance and risk management standards across the group
- Group-wide strategy to be sustained despite CEO transition
- Sustain strong Liquidity and Capital Adequacy
  - Capital raising to provide cushion
  - Regular ICAAP/Stress tests
- Adopt assertive initiative to achieve efficiencies
  - Group Shared Services/Low Cost Strategy
  - IT transformation/E-Banking products as platforms
  - CIR of 60%/ROaA of 3%
- Drive Profitability and enhance stakeholder value
  - Improved ROaE especially across Africa – 15% expected group wide
  - NPL ratio of 5%
  - Low cost deposit at 75% of total deposit base
  - Lending strategy to focus on corporate clients

THANK YOU

Q & A

APPENDIX

Consolidated Profit and Loss Account
For the Period Ended 30 June 2010

	6 months to 30 June 2010 N'million	6 months to 30 June 2009 N'million
Gross earnings	93,656	108,986
Interest and similiar income	67,728	82,094
Interest and similar expense	(29,927)	(39,081)
Net interest income	37,801	43,013
Other income	25,497	26,892
Income from investments	431	-
Operating income	63,729	69,905
Operating expenses	(51,771)	(48,797)
Operating expenses	(52,069)	(48,797)
Appreciation/ (diminution) in asset values	321	(18,524)
Share of loss in associate	(123)	-
Share of profit in joint venture	-	-
Profit before taxation and exceptional items	12,156	2,584
Exceptional items	(3,520)	(2,449)
Profit before tax and after exceptional items	8,636	135
Taxation	(3,789)	(4,073)
Profit after taxation and exceptional items	4,847	(3,938)
Non-controlling interest	(528)	184
Profit attributable to the group	4,319	(3,754)

Consolidated Balance Sheet
As at 30 June 2010

	30 June 2010 N'million	31 December 2009 N'million
Assets		
Cash and balances with central banks	80,777	68,225
Treasury bills	57,520	42,035
Due from other banks	406,920	470,195
Loans and advances to customers	664,204	606,616
Investment securities	264,430	188,407
Investment in associate	9,145	9,261
Investment in joint venture	245	245
Goodwill	2,983	2,983
Investment property	269	269
Other assets	114,707	87,003
Property and equipment	69,810	73,042
	1,671,010	1,548,281
Liabilities		
Customers' deposits	1,358,522	1,245,650
Due to other banks	3,463	15,807
Liability on investment contracts	25,536	22,138
Other borrowings	14,805	14,760
Current income tax	1,324	3,385
Other liabilities	76,900	58,207
Deferred income tax liabilities	-	2
Retirement benefit obligations	1,786	1,503
	1,482,336	1,361,452
Equity		
Ordinary share capital	12,934	10,778
Share premium account	111,489	113,645
Revaluation reserve	11,231	11,231
Retained earnings	24,509	18,317
Other reserves	25,214	27,542
Attributable to equity holders of the parent	185,377	181,513
Non-controlling interest	3,297	5,316
Total Equity	188,674	186,829
Total equity and liabilities	1,671,010	1,548,281
Off-balance sheet engagements and contingencies	829,196	689,479

Brief history of UBA

1949	French & British Bank Limited (“FBB”) commences business
1961	Incorporation of UBA to take over the banking business of the FBB
1970	IPO on the NSE
1984	Establishment of NY branch
1998	GDR programme established
2004	Establishment of UBA Ghana
2005	Merger with Standard Trust Bank Acquisition of Continental Trust Bank New senior management team in place
2006	Purchase & assumption of Trade Bank out of liquidation
2007	Successful Public Offer and Rights Offer Purchase & assumption of 3 liquidated banks: City Express Bank, Metropolitan Bank & African Express Banks Investment in Afrinvest in UK (re-branded UBA Capital)
2008	Purchase & assumption of 2 liquidated banks: Gulf Bank & Liberty Bank Establishment of UBA Cameroun, UBA Cote d’Ivoire, UBA Uganda, UBA Sierra Leone & UBA Liberia Launch of UBA Microfinance Bank Launch of UBA FX Mart (Bureau de change) Acquisition of 51% of Banque Internationale du Burkina Faso
2009	Representative office in Paris, France Operations commenced in Senegal Subsidiary in Chad commenced operations Operations commenced in Kenya Tanzania opened its doors to the public Gabon was added as one of our operating countries
2010	Zambia resumes operations Business began in Guinea