

UNITED BANK FOR AFRICA Plc
Consolidated Profit and Loss Account
For the Period Ended 30 September 2010



| | | 9 months to 30 Sept 2010 N'million | GROUP 9 months to 30 Sept 2009 N'million |
|---|------|---|--|
| | Note | <u>136,366</u> | <u>146,411</u> |
| Gross earnings | | | |
| Interest and similiar income | 2 | 94,779 | 103,776 |
| Interest and similar expense | 3 | <u>(40,167)</u> | <u>(44,163)</u> |
| Net interest income | | 54,612 | 59,613 |
| Other income | 4 | 41,026 | 42,635 |
| Income from investments | | 561 | - |
| Operating income | | <u>96,199</u> | <u>102,248</u> |
| Operating expenses | | (73,545) | (78,575) |
| Appreciation/ (diminution) in asset values | 9 | (5,711) | (37,124) |
| Share of loss in associate | 11 | (75) | - |
| Profit before taxation and exceptional items | | 16,868 | (13,451) |
| Exceptional items | | <u>(5,280)</u> | <u>(3,856)</u> |
| Profit before tax and after exceptional items | | 11,588 | (17,307) |
| Taxation | | <u>(4,940)</u> | <u>(787)</u> |
| Profit after taxation and exceptional items | | 6,648 | (18,094) |
| Non-controlling interest | | <u>(828)</u> | <u>55</u> |
| Profit attributable to the group | | <u>5,820</u> | <u>(18,039)</u> |

UNITED BANK FOR AFRICA Plc

Consolidated Balance Sheet

As at 30 September 2010

| | | 30 Sept 2010 N'million | GROUP 31 December 2009 N'million |
|--|------|---------------------------------------|---|
| Assets | Note | | |
| Cash and balances with central banks | 5 | 79,117 | 68,225 |
| Treasury bills | 6 | 85,144 | 42,035 |
| Due from other banks | 7 | 402,514 | 470,195 |
| Loans and advances to customers | 8 | 636,174 | 606,616 |
| Investment securities | 10 | 275,870 | 188,407 |
| Investment in associate | 11 | 9,186 | 9,261 |
| Investment in joint venture | | 245 | 245 |
| Goodwill | | 2,983 | 2,983 |
| Investment property | | 269 | 269 |
| Other assets | 12 | 105,710 | 87,003 |
| Property and equipment | | <u>67,607</u> | <u>73,042</u> |
| | | <u>1,664,819</u> | <u>1,548,281</u> |
| Liabilities | | | |
| Customers' deposits | 13 | 1,338,169 | 1,245,650 |
| Due to other banks | 14 | 31,262 | 15,807 |
| Liability on investment contracts | 15 | 8,591 | 22,138 |
| Other borrowings | | 14,935 | 14,760 |
| Current income tax | | 3,400 | 3,385 |
| Other liabilities | 16 | 76,863 | 58,207 |
| Deferred income tax liabilities | | - | 2 |
| Retirement benefit obligations | | <u>1,836</u> | <u>1,503</u> |
| | | <u>1,475,056</u> | <u>1,361,452</u> |
| Equity | | | |
| Ordinary share capital | 17 | 12,934 | 10,778 |
| Share premium account | 18 | 111,489 | 113,645 |
| Revaluation reserve | | 11,231 | 11,231 |
| Retained earnings | | 21,009 | 18,317 |
| Other reserves | | <u>29,998</u> | <u>27,542</u> |
| Attributable to equity holders of the parent | | 186,661 | 181,513 |
| Non-controlling interest | | <u>3,102</u> | <u>5,316</u> |
| Total Equity | | <u>189,763</u> | <u>186,829</u> |
| Total equity and liabilities | | <u>1,664,819</u> | <u>1,548,281</u> |
| Off-balance sheet engagements and contingencies | 19 | <u>816,177</u> | <u>689,479</u> |

UNITED BANK FOR AFRICA Plc

**Consolidated Cash Flow Statement
For the Period Ended 30 September 2010**

| | | 30 Sept 2010 N'million | GROUP 30 Sept 2009 N'million |
|--|------|---------------------------------------|---|
| | Note | <u> </u> | <u> </u> |
| OPERATING ACTIVITIES | | | |
| Cash generated from operations | 20 | 84,790 | (199,453) |
| Tax paid | | <u>(4,925)</u> | <u>(7,868)</u> |
| Net cash from/(used in) operating activities | | <u>79,865</u> | <u>(207,321)</u> |
| FINANCING ACTIVITIES | | | |
| Dividend paid to shareholders | | (2,156) | (12,956) |
| Share issue expenses | | | (391) |
| Net cash used in financing activities | | <u>(2,156)</u> | <u>(13,347)</u> |
| INVESTING ACTIVITIES | | | |
| Purchase of investments | | (87,558) | (62,219) |
| Treasury bills and government bonds held to maturity | | (23,849) | 137,991 |
| Purchase of property, plant and equipment | | (2,072) | (25,182) |
| Net cash (used in)/from investing activities | | <u>(113,479)</u> | <u>50,590</u> |
| Decrease in cash and cash equivalents | | <u>(35,770)</u> | <u>(170,078)</u> |
| Analysis of changes in cash and cash equivalents | | | |
| At start of period | | 526,085 | 774,957 |
| At end of period | 21 | <u>490,315</u> | <u>604,879</u> |
| Decrease in cash and cash equivalents | | <u>(35,770)</u> | <u>(170,078)</u> |

UNITED BANK FOR AFRICA Plc**Notes to the Consolidated Financial Statements
For the Period Ended 30 September 2010****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 St

The Bank has twenty one (21) subsidiaries as analysed below:

| | | | |
|----|---------------------------------------|---|-----|
| 1 | UBA Ghana Limited | - | 91% |
| 2 | UBA Cameroun SA | - | 99% |
| 3 | UBA Cote d'voire | - | 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% |
| 18 | UBA Zambia Limited | - | 99% |
| 19 | UBA Gabon Limited | - | 99% |
| 20 | UBA Tanzania Limited | - | 99% |
| 21 | UBA Guinea Limited | - | 99% |

UNITED BANK FOR AFRICA Plc

**Notes to the Consolidated Financial Statements
For the Period Ended 30 September 2010**

2 Interest and similar income

| | 9 months to 30 Sept 2010 N'million | GROUP | 9 months to 30 Sept 2009 N'million |
|------------------------------------|---|--------------|---|
| <i>Analysis by source:</i> | | | |
| Interest income - bank sources | 35,599 | | 19,471 |
| Interest income - non-bank sources | 59,180 | | 84,305 |
| | <u>94,779</u> | | <u>103,776</u> |

3 Interest and similar expense

| | | | |
|-------------------------------------|----------------------|--|----------------------|
| <i>Analysis by source:</i> | | | |
| Interest expense - non-bank sources | 39,143 | | 42,837 |
| Interest expense - bank sources | 1,024 | | 1,326 |
| | <u>40,167</u> | | <u>44,163</u> |

4 Other income

| | | | |
|---------------------------|----------------------|--|----------------------|
| Fees | 4,952 | | 9,772 |
| Foreign exchange earnings | 8,416 | | 8,063 |
| Commissions and charges | 27,658 | | 24,800 |
| | <u>41,026</u> | | <u>42,635</u> |

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**Notes to the Consolidated Financial Statements
For the Period Ended 30 September 2010**

5 Cash and balances with Central Bank

| | 30 Sept 2010 N'million | GROUP | 31 December 2009 N'million |
|--|---------------------------------------|--------------|---|
| Cash | 30,383 | | 35,386 |
| Operating account with Central Bank Included in cash and cash equivalents | <u>37,168</u> | | <u>19,514</u> |
| | 67,551 | | 54,900 |
| Mandatory reserve deposits with Central Bank | <u>11,566</u> | | <u>13,325</u> |
| | <u>79,117</u> | | <u>68,225</u> |

Mandatory reserve deposits are not available for use in the Group's day to day operations.

6 Treasury bills

| | 30 Sept 2010 N'million | GROUP | 31 December 2009 N'million |
|------------------------------------|---------------------------------------|--------------|---|
| Nigerian government treasury bills | 29,731 | | 16,225 |
| Ghana government treasury bills | 3,964 | | 13,665 |
| Other government treasury bills | <u>51,449</u> | | <u>12,145</u> |
| | <u>85,144</u> | | <u>42,035</u> |

7 Due from other banks

| | | | |
|---|-----------------------|--|-----------------------|
| Current balances with banks within Nigeria | 2,428 | | 64,653 |
| Current balances with banks outside Nigeria | 259,497 | | 238,134 |
| Placements with banks and discount houses | <u>140,589</u> | | <u>167,408</u> |
| | <u>402,514</u> | | <u>470,195</u> |

8 Loans and advances

| | | | |
|------------|-----------------------|--|-----------------------|
| Overdrafts | 229,106 | | 151,690 |
| Term loans | 448,872 | | 485,305 |
| Others | <u>7,079</u> | | <u>6,461</u> |
| | <u>685,057</u> | | <u>643,456</u> |
| Provisions | <u>(48,883)</u> | | <u>(36,840)</u> |
| | <u>636,174</u> | | <u>606,616</u> |

9 Diminution in asset values

| | 9 months to 30 Sept 2010 N'million | GROUP | 9 months to 30 Sept 2009 N'million |
|---|---|--------------|---|
| The write back of/ provision made for losses in the period is analysed as follows: | | | |
| Loans and advances -specific | 2,723 | | 35,462 |
| Loans and advances -general | 2 | | - |
| Recoveries | (4,453) | | - |
| Amount written off | 7,209 | | - |
| Investments | <u>230</u> | | <u>1,662</u> |
| | <u>5,711</u> | | <u>37,124</u> |

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Notes to the Consolidated Financial Statements
For the Period Ended 30 September 2010

10 Investment securities

| | 30 Sept 2010 N'million | GROUP | 31 December 2009 N'million |
|---|---------------------------------------|--------------|---|
| Long term investment | | | |
| Debt securities | | | |
| Listed | 199,418 | | 105,946 |
| Unlisted | 17,075 | | 21,887 |
| | - | | |
| Equity Securities - at cost | | | |
| Listed | 1,382 | | 1,382 |
| Unlisted | 30,364 | | 31,466 |
| | 248,239 | | 160,681 |
| Provision for diminution in value | (1,486) | | (1,619) |
| | <u>246,753</u> | | <u>159,062</u> |
| Short term investment | | | |
| Equity Securities - at lower of cost and market value | | | |
| Listed | 5,580 | | 6,368 |
| Debt Securities: | | | |
| Listed | 20,487 | | 21,043 |
| Unlisted | 4,117 | | 4,486 |
| Provision for diminution in value | (1,067) | | (2,552) |
| | <u>29,117</u> | | <u>29,345</u> |
| Total investment securities | <u>275,870</u> | | <u>188,407</u> |

11 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 operations on 1 October 1995.

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

| | 30 Sept 2010 N'million | GROUP | 31 December 2009 N'million |
|-----------------------------|---------------------------------------|--------------|---|
| At start of period | 9,261 | | 588 |
| Additions during the period | - | | 9,348 |
| Share of results | (75) | | (675) |
| At end of period | <u>9,186</u> | | <u>9,261</u> |

UNITED BANK FOR AFRICA Plc

Notes to the Consolidated Financial Statements
For the Period Ended 30 September 2010

| | 30 Sept 2010 N'million | GROUP | 31 December 2009 N'million |
|-------------------------------------|---------------------------------------|--------------|---|
| 12 Other assets | | | |
| Interest and fee receivable | 37,293 | | 21,912 |
| Prepayments | 14,191 | | 14,236 |
| Due from clients | - | | 1,287 |
| Accounts receivable | 29,532 | | 11,675 |
| Open buy back Treasury bills | - | | 9,150 |
| Staff share investment scheme | 31,444 | | 30,882 |
| Special assets accounts (note 12.1) | 1,601 | | 7,032 |
| Provision for doubtful receivables | (8,351) | | (9,171) |
| | 105,710 | | 87,003 |

- 12.1** 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 take over of Continental Trust

The balance outstanding in the special assets accounts is expected to be fully written off by financial year end 2010.

The movement in special assets account during the period is as follows:

| | 30 Sept 2010 N'million | GROUP | 31 December 2009 N'million |
|-----------------------------|---------------------------------------|--------------|---|
| At start of period | 7,032 | | 14,065 |
| Recoveries | (151) | | (8) |
| Amortized during the period | (5,280) | | (7,025) |
| At end of period | 1,601 | | 7,032 |

| 13 Customers' deposits | 30 Sept 2010 N'million | GROUP | 31 December 2009 N'million |
|-------------------------------|---------------------------------------|--------------|---|
| Current deposits | 589,821 | | 528,640 |
| Savings deposits | 206,787 | | 182,981 |
| Term deposits | 259,921 | | 330,704 |
| Domicilliary deposit | 281,640 | | 203,325 |
| | 1,338,169 | | 1,245,650 |

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Notes to the Consolidated Financial Statements
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| | 30 Sept 2010 | GROUP | 31 December 2009 |
|--|------------------|-------|---------------------|
| | <u>N'million</u> | | <u>N'million</u> |
| 14 Due to other banks | | | |
| Current balances with banks | - | | 5,255 |
| Open buy back takings | - | | 9,150 |
| Inter-bank takings | 31,262 | | 1,402 |
| | <u>31,262</u> | | <u>15,807</u> |
| 15 Liability on investment contracts | | | |
| Liability on investment contracts represents other managed funds. Other managed funds represent monies administered by the Group under various Asset Management and Trust contracts. | | | |
| 16 Other liabilities | | GROUP | |
| | 30 Sept 2010 | | 31 December 2009 |
| | <u>N'million</u> | | <u>N'million</u> |
| Customers' deposits for letter of credit | 15,012 | | 7,952 |
| Deposit for foreign currency | 131 | | 892 |
| Interest payable | 3,209 | | 3,373 |
| Account payable | 13,102 | | 128 |
| Accruals and provisions | 11,983 | | 12,061 |
| Information technology levy | - | | 191 |
| Others | 33,426 | | 33,610 |
| | <u>76,863</u> | | <u>58,207</u> |
| 17 Share capital | | | |
| (a) Authorised | | | |
| 35,000,000,000 ordinary shares of 50 kobo each (2009: 35 billion ordinary shares of 50k each) | <u>17,500</u> | | <u>17,500</u> |
| (b) Issued and fully paid: | | | |
| <i>Ordinary shares:</i> | | | |
| At start of period | 10,778 | | 8,622 |
| Transfer from share premium (note 18) | 2,156 | | - |
| Transfer from bonus issue reserve | - | | 2,156 |
| | <u>12,934</u> | | <u>10,778</u> |
| 18 Share premium | | | |
| At start of period | 113,645 | | 114,036 |
| Transfer to share capital | (2,156) | | - |
| Prior period share issue expenses | - | | (391) |
| | <u>111,489</u> | | <u>113,645</u> |

UNITED BANK FOR AFRICA Plc

**Notes to the Consolidated Financial Statements
For the Period Ended 30 September 2010**

19 Off-balance sheet engagements and contingencies

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.

| | 30 Sept 2010 N'million | GROUP 31 December 2009 N'million |
|----------------------------------|---------------------------------------|---|
| Performance bonds and guarantees | 148,710 | 254,236 |
| Letters of credits | 15,018 | 49,213 |
| Contingent liability | 283,977 | 103,633 |
| Funds under custody | <u>368,472</u> | <u>282,397</u> |
| | <u>816,177</u> | <u>689,479</u> |

| 20 Cash generated from operations | 30 Sept 2010 N'million | 30 Sept 2009 N'million |
|--|---------------------------------------|---------------------------------------|
| Reconciliation of profit before tax to cash generated from operations: | | |
| Profit after taxation | 6,648 | (9,122) |
| Add back: Taxation | 4,940 | 2,260 |
| Depreciation of property and equipment | 7,507 | 9,178 |
| Exceptional items charged | 5,431 | 5,614 |
| Share of gain/loss in investments in associates | 75 | - |
| Provision for other assets | (820) | 1,662 |
| Provision for bad and doubtful account | (1,618) | 35,462 |
| Provision for retirement benefit obligations | 333 | - |
| Exchange gain on long term borrowings | 175 | - |
| Exchange gain/(loss) | <u>(1,430)</u> | <u>-</u> |
| Operating profit before changes in operating assets and liabilities | <u>21,241</u> | <u>45,054</u> |
| <i>(Increase)/decrease in operating assets:</i> | | |
| Loans to customers | (29,558) | (149,053) |
| Cash reserve requirements | 1,759 | - |
| Other assets | (19,519) | 8,100 |
| Non-controlling interest | (2,214) | 3,173 |
| Goodwill arising on consolidation of subsidiaries | <u>-</u> | <u>(2,983)</u> |
| | <u>(49,532)</u> | <u>(140,763)</u> |

UNITED BANK FOR AFRICA Plc

**Notes to the Consolidated Financial Statements
For the Period Ended 30 September 2010**

| 20 | Cash generated from operations - continued | GROUP |
|-----------|--|-------------------------|
| | 30 Sept 2010 | 30 Sept 2009 |
| | N'million | N'million |
| | <i>Increase/(decrease) in operating liabilities:</i> | |
| | Customers' deposits | (87,606) |
| | Due to other banks | (32,000) |
| | Investment contract liabilities | (24,202) |
| | Other liabilities | 40,064 |
| | 113,081 | (103,744) |
| | Cash generated from/ (used in) operations | (199,453) |

21 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, eligible treasury bills, operating account balances with other banks and amounts due from other banks.

| | GROUP |
|--------------------------------------|-------------------------|
| | 30 Sept 2010 |
| | 30 Sept 2009 |
| | N'million |
| Cash and balances with central banks | 115,300 |
| Eligible treasury bills | 489,579 |
| Due from other banks | 604,879 |
| | 490,315 |