



2008/09 Third Qtr Results Investor Briefing

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3Q-Jun 2009 financials at a glance



PARAMETERS	Jun-09	Jun-08	%
	ACTUAL (N' bn)	ACTUAL (N' bn)	GROWTH
GROSS EARNINGS	160.6	120.3	34%
PBT & EXCEPTIONAL ITEMS	33.7	34.9	-3%
EXCEPTIONAL ITEMS	21.3	1.7	1123%
PROFIT BEFORE TAX	12.4	33.1	-63%
BALANCE SHEET SIZE	1,979	1,586	25%
TOTAL ASSETS	1,452	1,146	27%
DEPOSITS	1,154	865	33%
SHAREHOLDERS' FUNDS	208	185	13%
ROaE	9.7%	18.8%	
ROaA	1.5%	2.8%	
COST/INCOME RATIO	67.2%	59.2%	

Performance impacted by challenging operating environment

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Outline

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

Executive Summary

1) UBA – Overview of 3Q09 performance

- **Steady Growth in market share**
 - 46% CAGR in Gross Earnings
 - 35% CAGR in Balance Sheet; Industry leader
 - 31% CAGR in Deposits; Industry leader
 - 12% YoY growth in branches. Current levels: 694 branches
 - 32% YoY growth in ATMs to 1,592
 - 6% growth in Customer base to 6.9m

- **Profitability and efficiency impacted by exceptional charge of N21.3bn**
 - Exceptional Charge of N21.3bn precipitates a decline in PBT to N12.4bn (N1.7bn in 3Q08)
 - Charge comprises of Special Asset of N4.1bn, ML N11.7bn, Others N5.5bn
 - PBT before exceptional items stable at N33.7bn
 - ...and largely driven by improving fund-based income
 - Fee based income flat
 - Enhanced contribution from ex Nigeria operations (11%)
 - ROaA and C/I dipped due to Interest rate peg and increased levels of provisions

Executive Summary

- **Stable Funding mix and Robust capital adequacy**
 - Low cost funds steady at 61%
 - Capital Adequacy Ratio (CAR) of 19.3; 9% above regulatory minimum
- **Strong liquidity**
 - Liquid asset/total asset at 34%
 - Liquidity Ratio of 41% (16% buffer on regulatory minimum)
 - Huge net placer of funds in the Interbank market
- **Stable Fitch Rating, despite challenging landscape**
 - B+/Stable Outlook
- **More Conservative Risk Management posture**
 - **NPL ratio dips to 8.9%**
 - Full provisioning for Margin loans, despite CBN's respite till Dec' 09
 - Convergence between local GAAP and IFRS provisioning standards
 - Speedy implementation of Basel II, COSO and IFRS
 - Regular Internal Capital Adequacy Assessment Process (ICAAP)
 - **Net coverage ratio - 82%**
 - **Loan/deposit ratio at 46.4% consistent with group targets** www.ubagroup.com

Executive Summary

2) Key Milestones with the Quarter

- **Major deals/Pan African aspirations**
 - Received \$150m, 5-year trade finance facility from AfDB
 - Received \$200m, 3-year clean line from Standchart
 - Led a \$265mn upstream financing deal for Exxon Mobil/NNPC
 - Led an N18.5bn Bond for Imo State govt.
 - Commenced operations in Senegal
 - **UBA Group now has 694 branches in 14 countries**
 - License received to operate in Zambia

- **Towards Service Excellence....**
 - Launched Nigeria's first cash and cheque deposit ATM
 - Customer Complaint Management System (CCMS) launched
 - Female Leadership Group (FLG) established for service excellence
 - GSS now fully operational in 140 branches

- **Commitment to enhanced stakeholder value**
 - A. J. Bello appointed to the Board as Executive Director
 - Partnership with CNBC for live broadcast of Nigerian capital market updates
 - Launched 'UBA DNA program' to reinvigorate our Core Values, H.E.R. www.ubagroup.com

Executive Summary



3) Operating environment

Local

- Fitch affirms Nigeria's BB- rating with stable outlook – July'09
- External reserves at \$43.2bn as CBN pursues measures to strengthen it
- GDP growth at 4.85% as inflation rate eases to 11.2%
- New CBN Governor appointed
 - Pursues Risk Management, Regulation and Reporting
 - FX rates remains fairly stable at N146/\$1
 - Liquidity squeeze eases
- New DG appointed at the SEC to resume later in the year
- Equity market gained 35% in 2Q09, but volatility remains
- Increased capital flows
 - World Bank released \$1bn for infrastructure and \$500mn as budgetary support
 - ADB \$200m expected

Global

- Recession eases??
 - Rate of GDP decline and job losses slow down
 - Rally in oil prices, up 35% in 2Q09; now \$71pbl
 - Global equity index rebounds from March lows
 - Massive Injection of fiscal stimulus supports liquidity
 - US/UK companies start to report quarterly profits

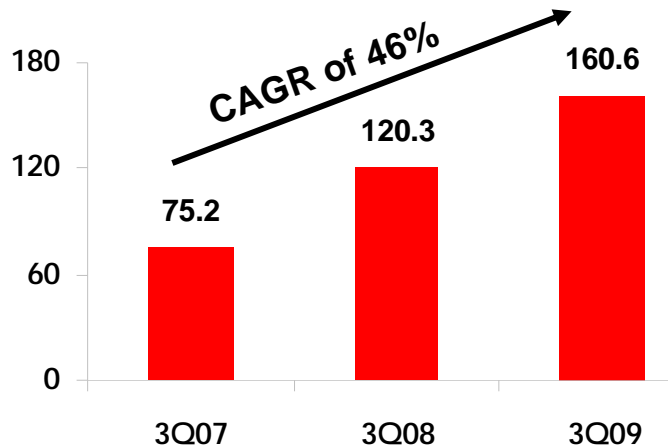
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- **Detailed Analysis of results**
 - **Growth in market share**
 - Profitability
 - Efficiency
 - Balance Sheet Growth
 - Risk management – Capital Adequacy, Liquidity & Asset Quality
- Key Milestones
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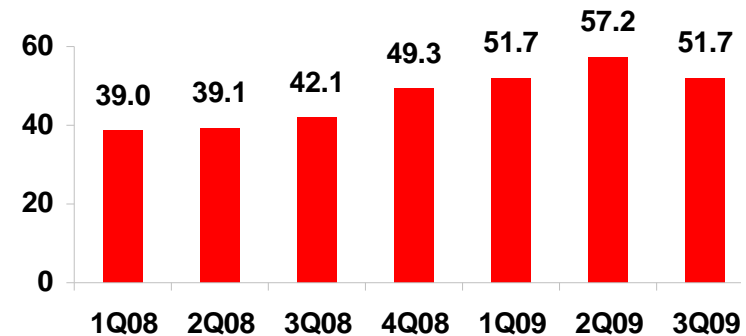
Growth in market share – Gross Income



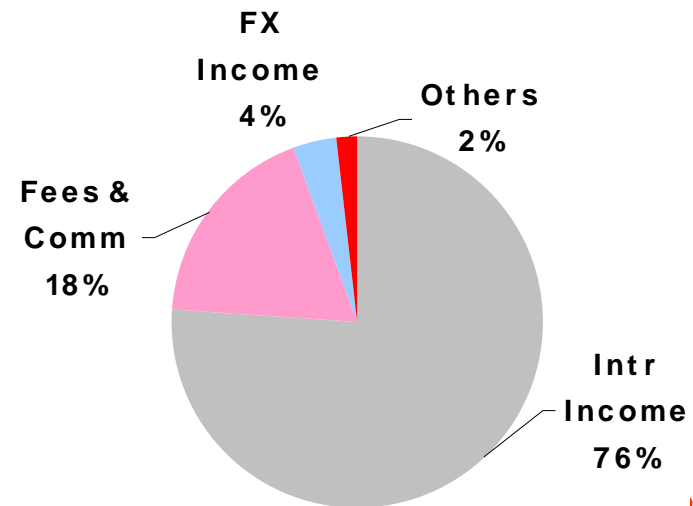
YoY Gross Earnings 2007 – 09 (N' bn)



Quarterly Gross Earnings (N' bn)



Composition of Gross Earnings



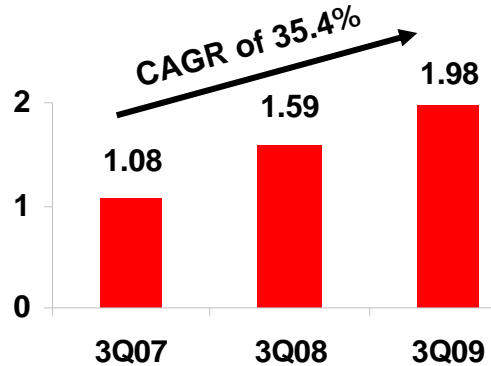
up.com

- 46% CAGR in Gross Earnings (GE)
- Steady growth in GE QoQ
- Fund-Based Income is the key driver
 - accounts for 76% (68% in 3Q08)
 - Fueled by wide branch network, low cost deposit and strong liquidity

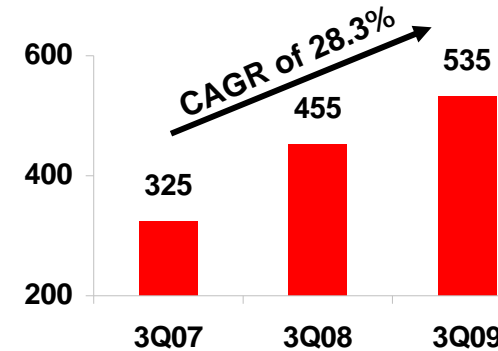
Growth in market share – Balance Sheet



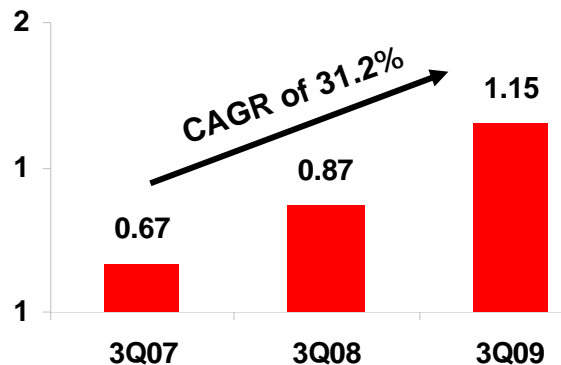
Strong Balance Sheet Size (N'trillion)



Net Loans (N'billion)



Solid Deposit Base (N'trillion)



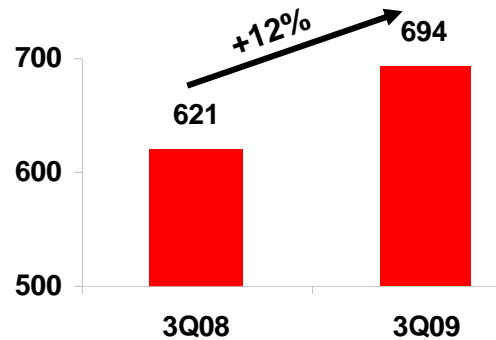
Strong balance sheet evolution

- Wider network in Nigeria
- Pan African expansion
- IT/GSS Enablement
- enhanced risk management framework

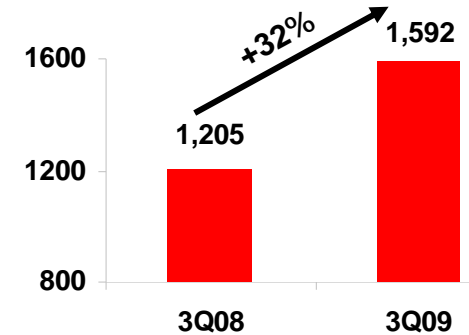
Growth in market share – footprints



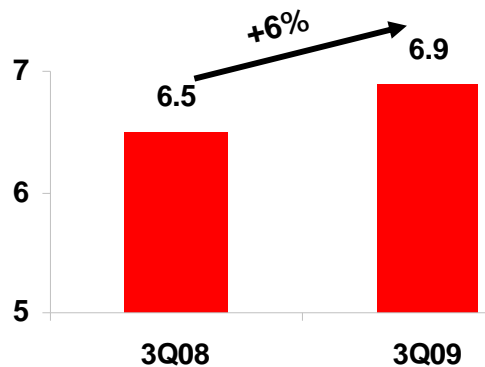
Largest Branch Network



Strong growth in ATM Channels



Solid Customer Base (in million)



- **Market leader in distribution network**

- **Market share in excess of 20%**
- **Easy access to cheap customer deposits**
- **Convenient banking for customers**
- **Supported by state of the art IT platform**

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Outline

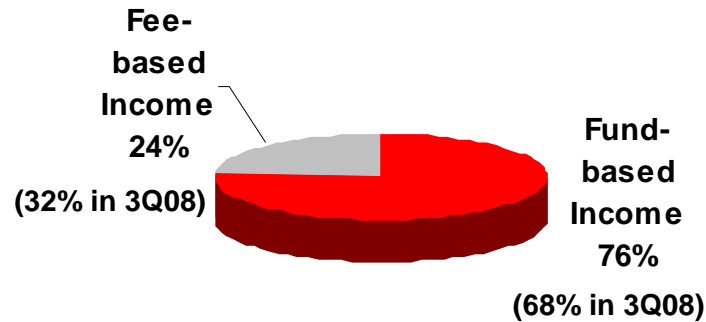


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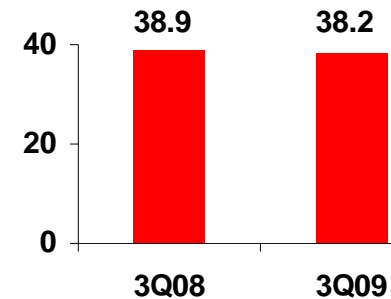
Earnings driven Largely by fund-based Income



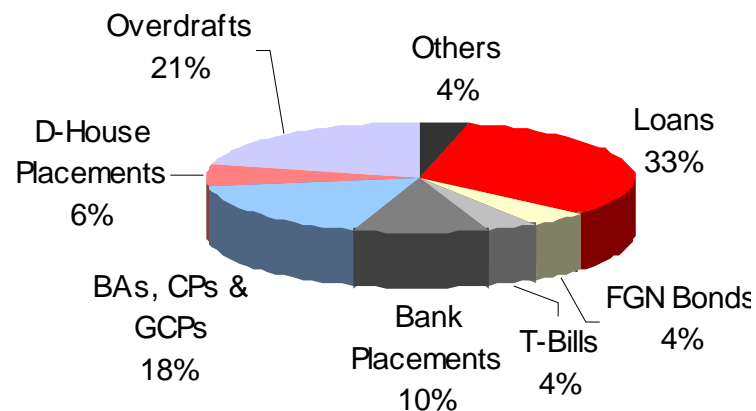
Fund based income drive gross earnings



Fee Based income flat (N'bn)



Composition of fund based income



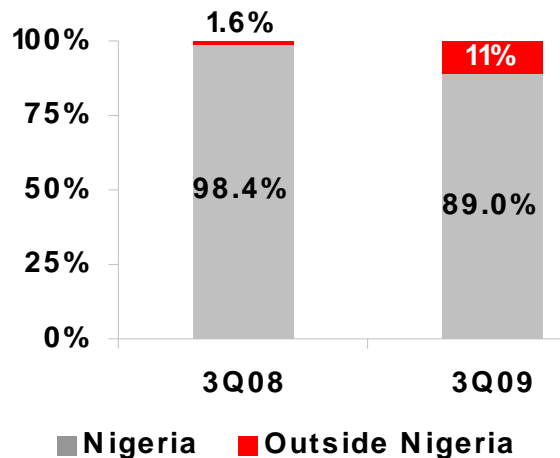
- Interest & discount contribute 76% to GE
 - Driven by investment in Govt securities, placement, Loans and advances
- Fee based Income relatively flat
 - Reduced investment banking income
 - Open Position Limits (OPL) reduced from 20% to 5% of Shareholder funds
 - Reduced spreads, holding period and tradable FX volumes

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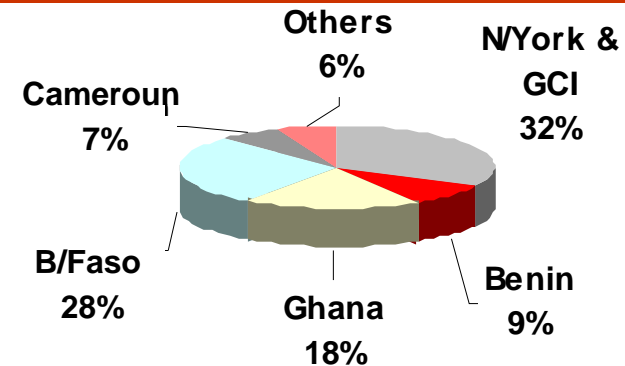
Improving diversification of Earnings



Gross Earnings by Geography



Analysis of Ex-Nigeria Gross Earnings

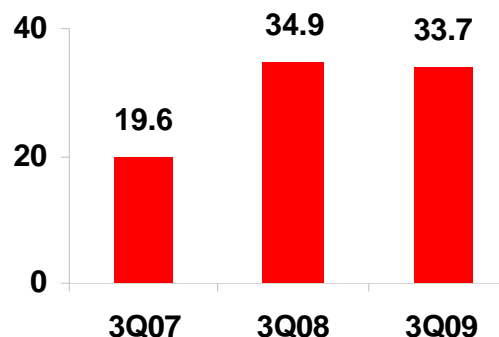


- Ex Nigeria operations are 11% of Gross Earnings (1.6% in 3Q08)
 - N/York and B/Faso account for 60%
- Contribution from Non Bank Subs dipped to 2.5% (9% in 3Q08)
 - Low capital market activities
 - Increase in number of Bank subs

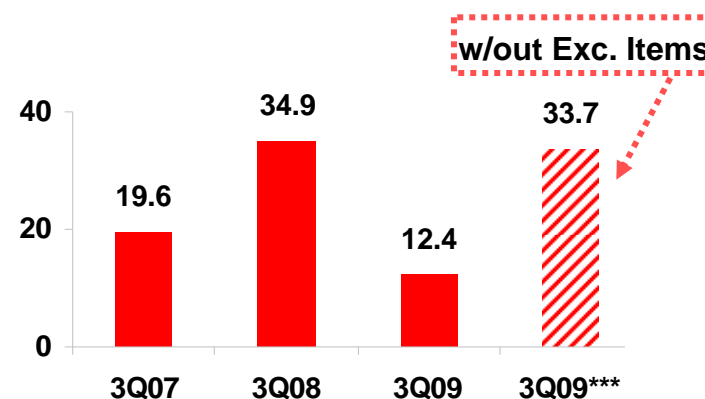
Group Profitability impacted by provisions and Exc. Items



Stable PBT Before Exc Items (N' bn)

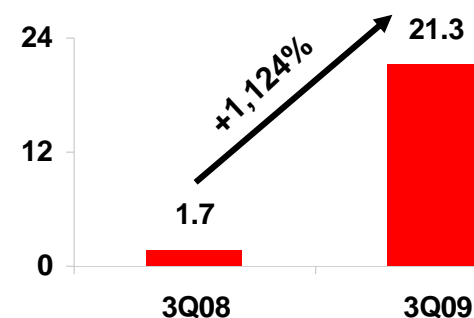


PBT After Exc Items (N' bn)



- Increase in provisions forces PBT to dip
 - PBT stable despite provisions and decline in fee based income
 - Provisions were made on loans, diminution on investments, capital market exposures
 - Mgt' aggressive provisioning/conservative risk mgt posture/convergence to IFRS manifest
- Exceptional provisions totaled N21.3bn (N1.74bn in 3Q08)

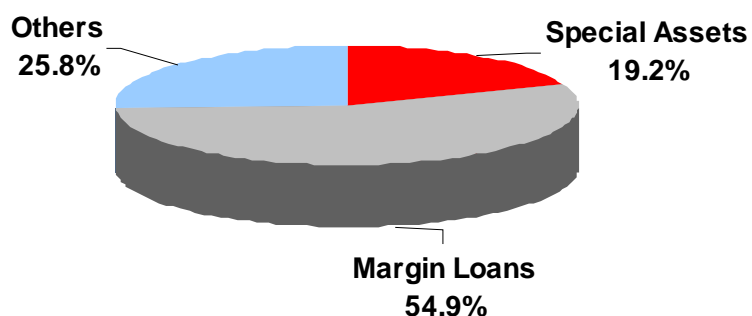
Exceptional Items (N' bn)



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Breakdown of the Exceptional Items

Bulk of Exceptional Items are for Margin Loans



- Conservative Risk Management
- Provisions on margin loans may be written back
 - Market sentiments are positive
 - Equities market is currently undervalued

Application of Exceptional Items (N' bn)

Special Assets	4.1
Margin Loans	11.7
Others	5.5
Totals	21.3

▪ Margin Loans

- Current outstanding Balance: N24bn
- Restructured N16bn
- LTV 70%
- Stock price erosion: 50%
- Provision to date: N11.7bn

▪ Transcorp

- Offered a loan by a consortium of Banks to procure 51% of NITEL/MTEL
- FGN revoked the sale this year and has offered a refund.
- Mechanics/Instruments are being finalized and signed.
- Potential loss relates solely to disputes over interest rate for which we have made anticipated provisions

▪ VNA

- Owned by a core foreign investor and other diverse local Institutional Investors
- UBA provides banking relationship and extended two facility types to VNA in 2008.
 - A Bond secured by two embracer planes
 - and A Working Capital facility tied to daily sales, and collateralized with a letter of comfort etc
 - UBA co-locates with VNA in and outside Nigeria for synergistic benefits
- VNA's turnover has grown four fold in the last 2 years on the back of good customer patronage, increased fleet and routes.
- Loans are well serviced and YTD repayment is in excess of \$32m.

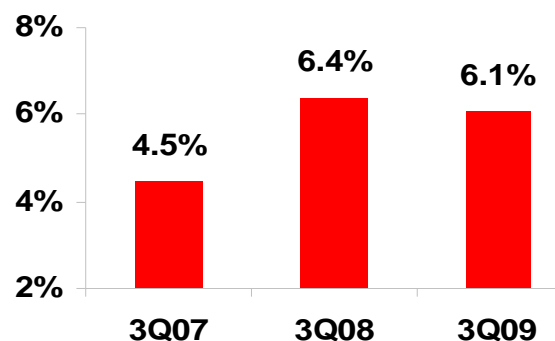
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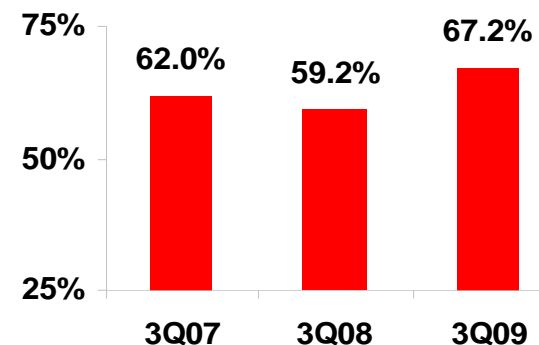
Efficiency Ratios dip..



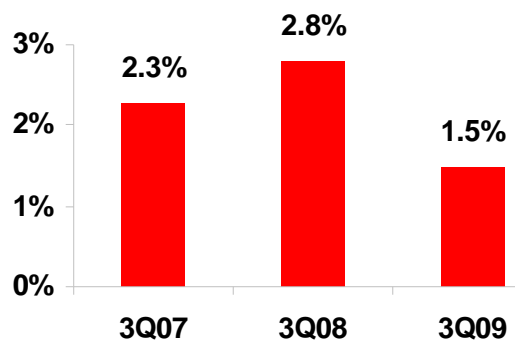
Net Interest Margins



Cost to Income (C/I) Ratios



Return on average Assets



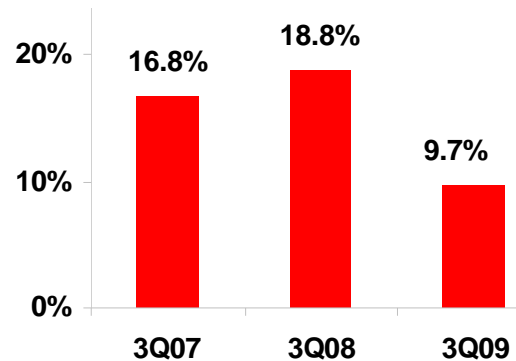
- Interest rate peg
 - This has however has now been liberalized
- Increased provisioning levels
- Higher proportion of Loans to Corporate, now 68% (64% in 3Q08)
- Higher proportion of tenored deposit, now 39% (34% in 3Q08)
- We expect improvements in coming periods:
 - GSS initiative and P20

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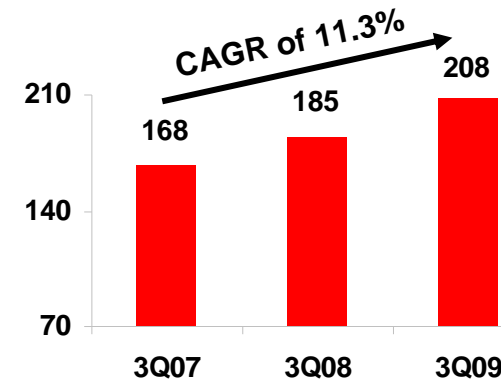
Attractive enterprise value despite a temporary drop in ROaE



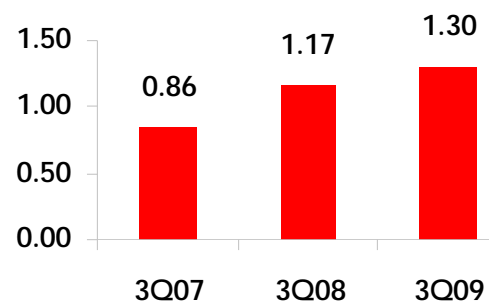
Return on average Equity



Shareholders' Funds (N' billion)



Price to Book Ratio (x)



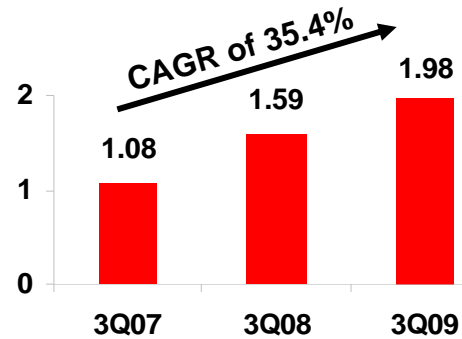
- Stronger capital base
 - 11.3% CAGR in owners' equity

Outline

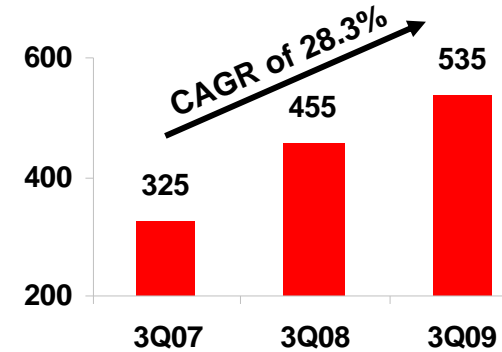
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Strong Balance Sheet....1

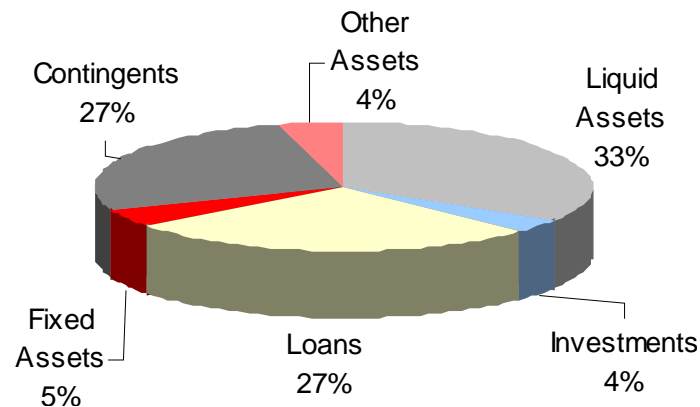
Bal Sheet size (N'bn)



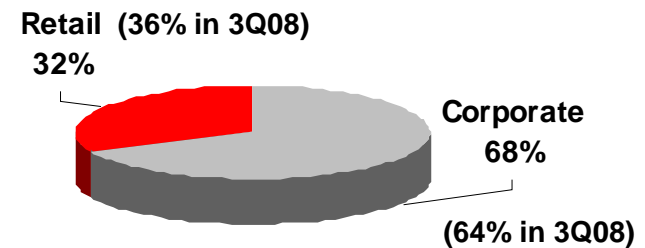
Net Loans (N'bn)



Balance Sheet Mix



Loan distribution by type

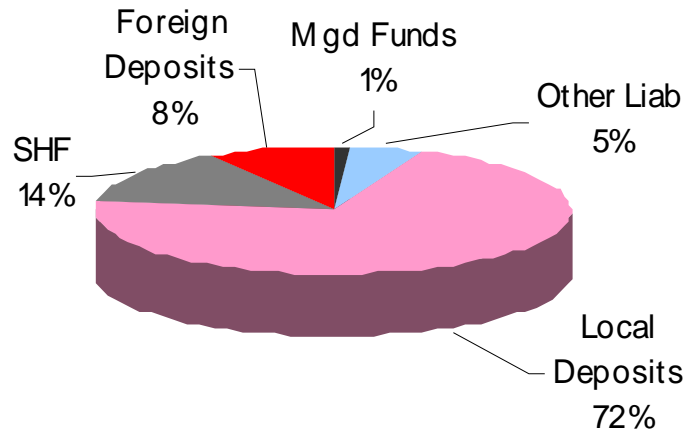


- N475bn are Liquid assets
- Liquidity ratio (Liquid Assets//Deposit – 41%)
- Growing Balance Sheet Size – N2tr

Strong Balance Sheet....2

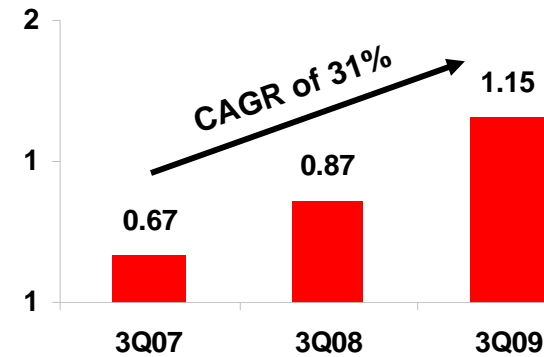


Local Deposits drive funding

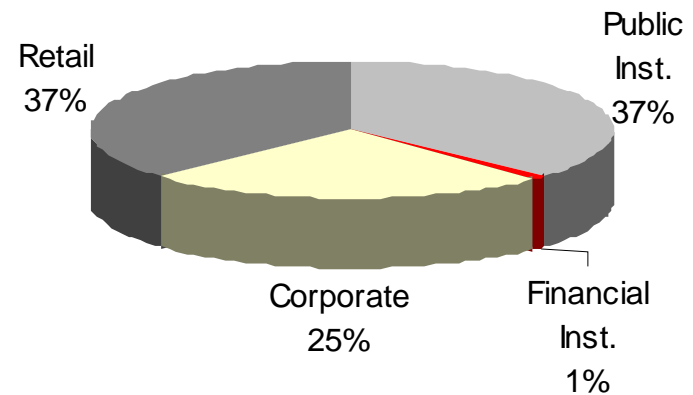


- 14% of Balance sheet funded by equity
- Deposits contribute 80% to funding
- Retail remains key source of deposits

Growing Deposit Base (N'tn)



Analysis of Deposits – By source

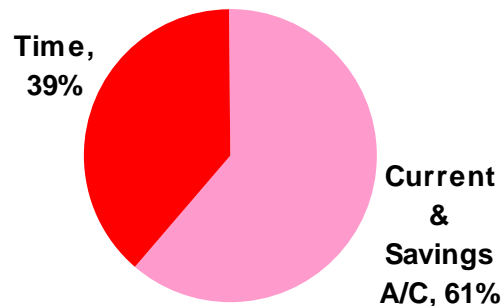


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Cheap and improving spread in funding base

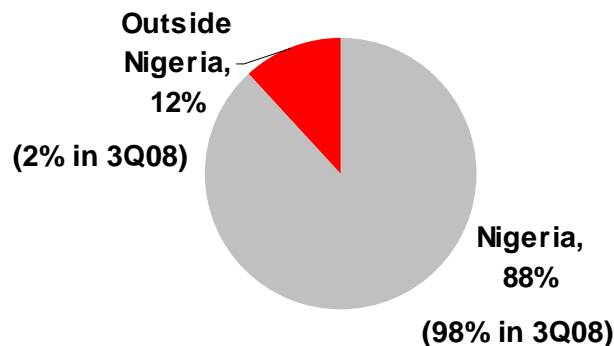


Structure of Deposits, by type



- Large distribution channels facilitate access to cheap deposits.
 - 694 branch network
 - 21 to be added from countries we have obtained fresh licenses
- Current and Savings deposits account for 61% of deposits
- 88% of deposits generated in Nigeria
 - Contribution from ex Nigeria operations increase from 2% to %12

Deposit Liabilities by location



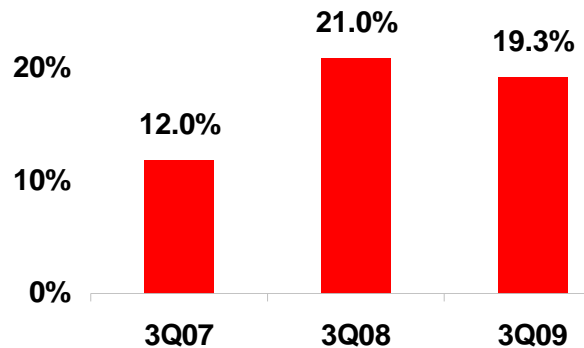
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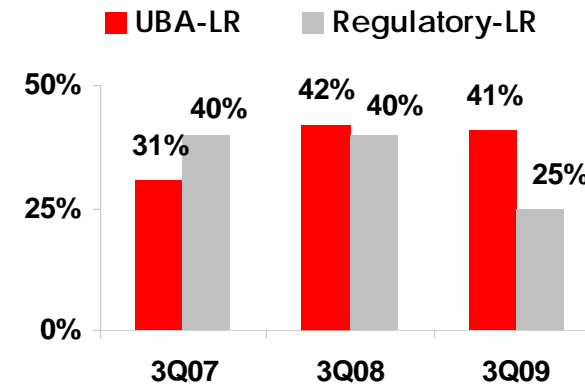
Liquidity and Capital Adequacy



Capital Adequacy Ratio

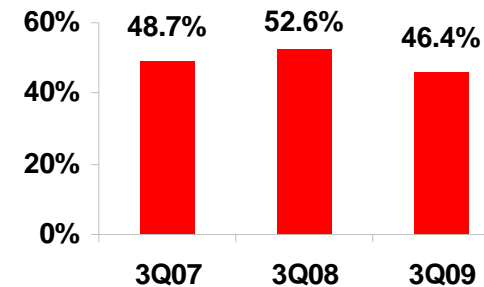


LR - Liquid Assets to Total Deposits



- LR has a 16% buffer over regulatory minimum
- Good CAR despite challenging operating environment
- Loan/Deposit ratio in line with group targets

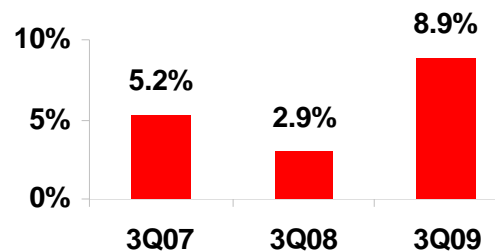
Loan to Deposit Ratio



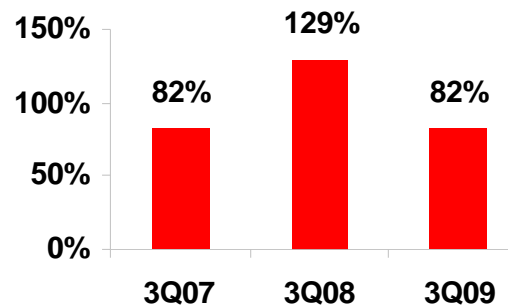
More Conservative Risk Management posture



NPL Ratio



Net NPL Coverage Ratio



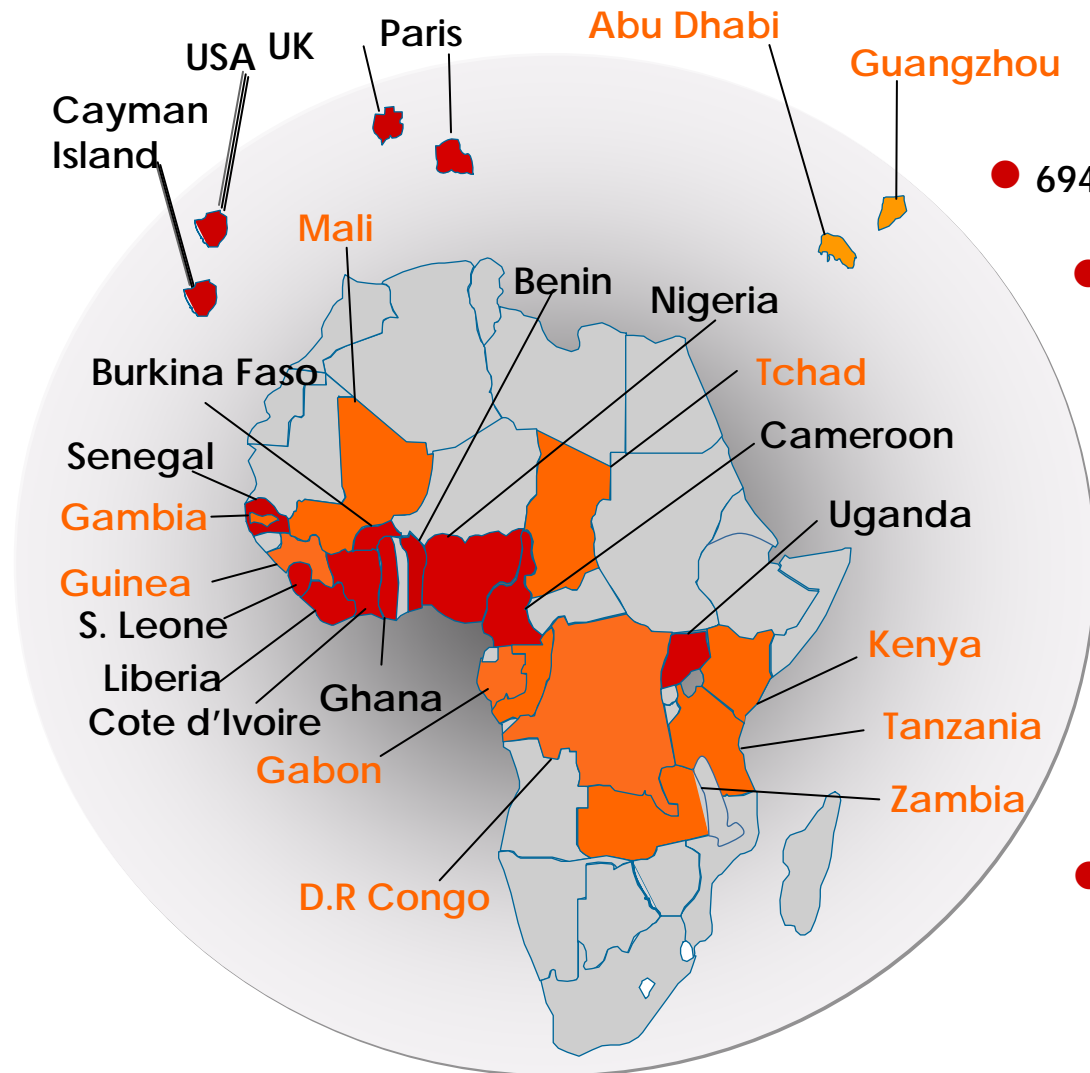
Key Management Actions

- Aggressive provisioning stance on Margin Loans despite CBN's window of Dec'09
- Pursuit of convergence between local GAAP and IFRS provisioning standards ahead of Dec
- Speedy implementation of Basel II and IFRS
- Regular Internal Capital Adequacy Assessment Process (ICAAP)
- Regular Stress Testing
- Scenario planning
- Sustain strong capital base and CAR

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Extending our Global Footprint



- 694 branches; up from 621
- 1,592 ATMs; up from 1,205
- 3,713 POS Term.; up from 3,296
- Over 200 banking products; up from 145
- 6.9mn accounts; up from 6.5mn
- Operations in 14 countries; up from 8

■ Operational
 ■ Regulatory approval

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Operation commenced in Senegal



- Total Assets – N3.1bn
- Deposit Base – N943mn
- Net Assets – N1.74bn
- 4 branches
- 15 ATMs

- First Cash/Cheque Deposit ATMs launched
- With strong security features



Key Milestones

- \$150mn Trade Finance Facility from the AfDB



AFRICAN DEVELOPMENT BANK GROUP

- Led a \$265mn upstream financing deal for Exxon Mobil/NNPC



UBA Capital N18.5bn Imo State Bond Issue



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Outline

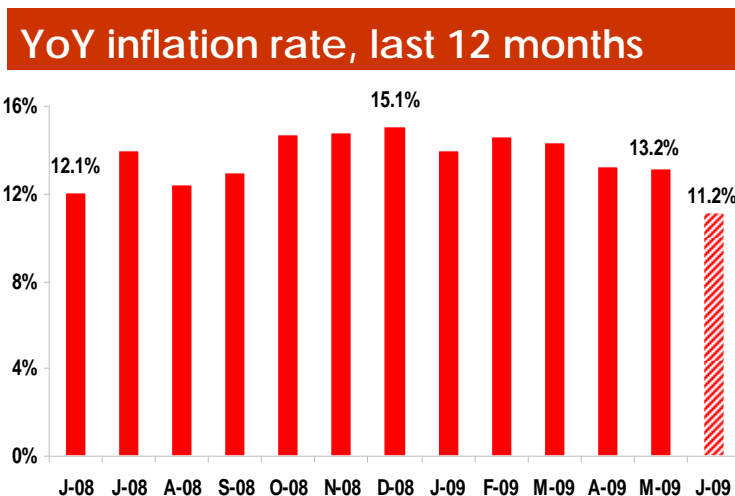
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Overview of Nigerian economy..1



- Fitch affirms Nigeria's rating at BB- with stable outlook
- Foreign reserves at \$43.2bn- July 7 report
- 1st Qtr GDP growth at 4.85%;
 - Inflation rate eased to 11.2%
- Rally in oil prices – up by 35%; now \$71/bl; Production levels impacted by Niger Delta challenges
- Relative stability in FX rates N146/1\$
 - Supply levels increase
 - Margins btw official and parallel rates shrink to 5% (23% in 2QU9)
- Liquidity improves
 - M2 rose 15.6% YoY in May 2009
 - N806bn FAAC funds released in 2Q09

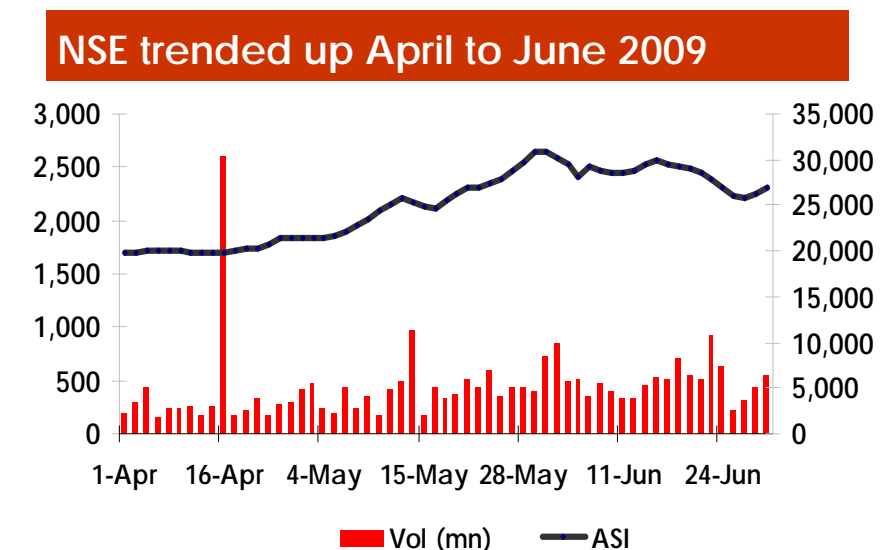
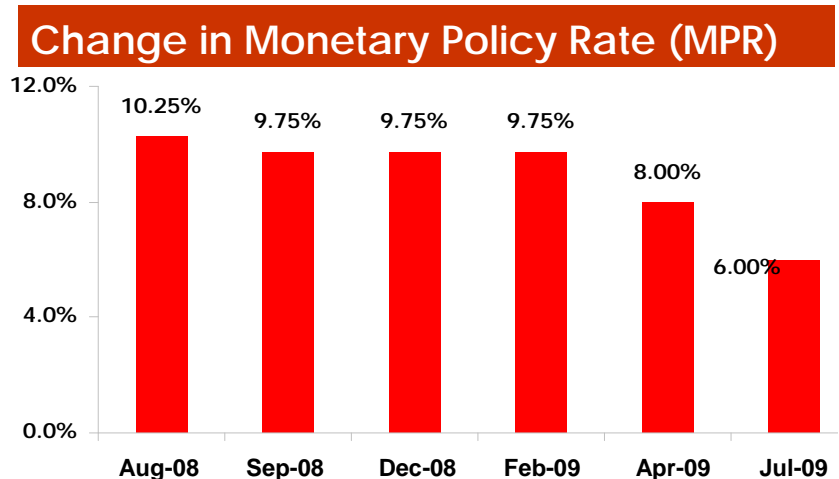
Key Macro-Economic Variables	2009	2008
GDP Growth (Mar-09)	4.85%	6.60%
Inflation Rate (Jun-09)	11.2%	12.4%
Monetary Policy Rate (Jul-09)	6.0%	10.3%
Official Exchange Rate (N/US\$)	146.5	117.0
External Reserves (US\$)	43.2	62.0
NIBO Rate (Jun-09)	21.4%	13.1%
NSE All Share Index (Jun-09)	26,862	55,949
Market Cap - N'trn (Jun-09)	6.13	10.92



Overview of Nigerian economy...2



- New CBN Governor appointed
 - Promises to strengthen regulation, risk mgt and reporting
 - Releases over 15 circulars on liquidity, Credit, FX matters etc
 - Cuts MPR to 6% but to hover within +/-2% band
 - WDAS reintroduced
 - Target exams on Banks
 - Guaranties Interbank lending and placements by PFAS
 - Opens up Repo window for FGN Bonds
 - etc
- New SEC DG appointed – to resume in September 2009
- NSE performance remains volatile
 - Increased activity
 - Avg. daily volume of 438mn (235mn in 1Q09)



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Positive outlook for oil prices



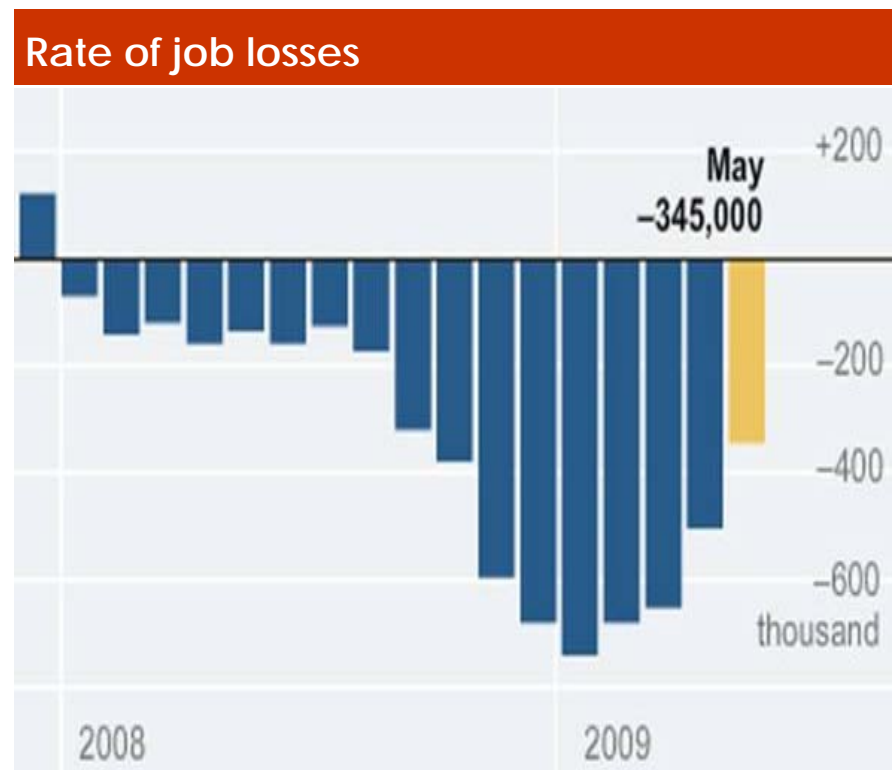
Strong recovery in Brent crude price (US\$/bbl)



- Oil price has recovered by 102% in the last 6mths
- Sustained growth in Asia should keep oil demand strong

Source: eia

Confidence level rebounds and slow rate of job losses



- Confidence hits rebounds but remains volatile and indeterminate

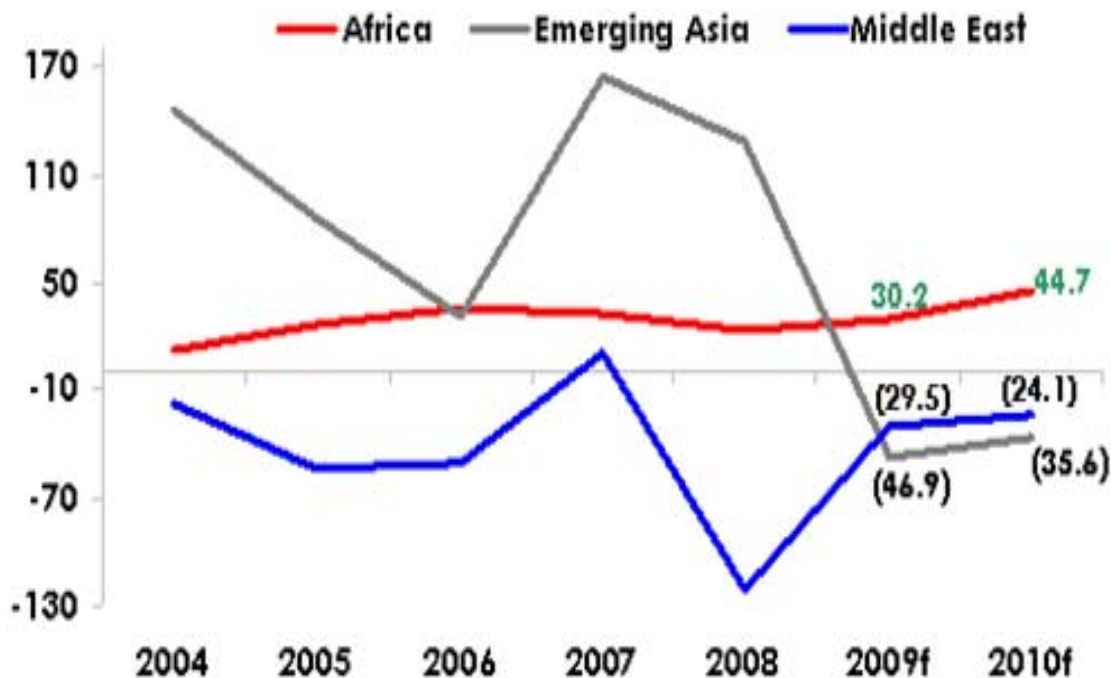
- Monthly rate of job losses slows in the US to 345,000 in May-09 (780,000 in Jan-09)

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Stable capital flows to Africa



Steady Capital Flows to Africa (US\$'Billion)



Source: IMF

- IMF forecasts Positive net flow into Africa in 2009/10
 - This suggests the region has good potential
- Nigeria has received \$1.5bn from the World Bank for infrastructure and budgetary support
- This should boost local capacity

Global Equities recover from March Lows



Global Dow Index



- Equity markets gained 57% since mid March 2009
- Corporate releases looking up
- Impacting investor demand

Source: WSJ

Outline

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

Overall outlook for the next quarter

- Global output to continue its rebound
 - IMF projects 1.4% decline in 2009 and a 2.5% growth in 2010
- Fitch rating to reinforce confidence in Nigeria
- Nigeria's GDP growth to hover around 4.5%
- Oil price to remain strong (at btw \$60-\$70) on the back of sustained demand esp from China
- Liquidity ease to continue
- Increased activity in the bond market
 - Capital market to deepen – CBN to collaborate with SEC, NSE
- Challenging FX rates stability; CBN to defend the Naira
- Stock market volatility to remain
- Regulation, Risk Management and Reporting- A key focus for banks

Conclusion



UBA's performance remain solid despite challenging operating environment

- Fitch affirmed rating of B+/Stable outlook
- Solid Capital Adequacy Ratio (19.3%)
- Growing market share; strong balance sheet and gross earnings
- Well diversified income stream – 11% from ex-Nigeria operations
- Largest distribution channels in the region – 694 branches, 1,592 ATMs
- Largest customer base
- PBT before exc item stable at N33.7bn, despite challenging operating environment.
- Integrated risk management posture – Aggressive Margin loan etc provisioning of N21.3bn despite CBN's respite
- Huge net placer of funds in the interbank market
- Appealing Enterprise Value (P/B of 1.3x)
- Pan African Expansion strategy (14 countries)
- Increased disclosure standards (IFRS) and Risk Management architecture (Basel 2)
- Aggressive cost saving initiatives (GSS, P20)

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Thank you

Q&A

Appendix

Brief history of UBA

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