

United Bank for Africa Plc

Nine Months 2012 Results



Investors/Analysts Presentation

October 19, 2012

Forward Looking Statements

From time to time, the Bank makes written and/or oral forward-looking statements, including in this presentation and in other communications. In addition, representatives of the Bank may make forward-looking statements orally to analysts, investors, the media and others. All such statements are intended to be forward looking statements. Forward looking statements include, but are not limited to, statements regarding the Bank's objectives and priorities for 2012 and beyond and strategies to achieve them, and the Bank's anticipated financial performance. Forward looking statements are typically identified by words such as "will", "should", "believe", "expect", "anticipate", "intend", "estimate", "may" and "could".

By their very nature, these statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, general and specific. Especially in light of the uncertainty related to the financial, economic and regulatory environments, such risks and uncertainties – many of which are beyond the Bank's control and the effects of which are difficult to predict – may cause actual results to differ materially from the expectations expressed in the forward-looking statements. Risk factors that could cause such differences include: credit, market (including equity, commodity, foreign exchange, and interest rate), liquidity, operational, reputational, insurance, strategic, regulatory, legal, environmental, and other risks. All such factors should be considered carefully, as well as other uncertainties and potential events, and the inherent uncertainty of forward looking statements, when making decisions with respect to the Bank and we caution readers not to place undue reliance on the Bank's forward looking statements.

Any forward looking statements contained in this presentation represent the views of management only as of the date hereof and are presented for the purpose of assisting the Bank's investors and analysts in understanding the Bank's financial position, objectives and priorities and anticipated financial performance as at and for the periods ended on the dates presented, and may not be appropriate for other purposes. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf, except as required under applicable securities legislation

Important Notes

Definition of terms:

FY means “Full Year”; 1Q means “First Quarter”; 2Q means “Second Quarter”; 1H means “Half Year”; 3Q means “Third Quarter” and 9M means “Nine Months”. The Nine Months 2012 result was prepared in line with the IFRS. In our analysis, the nine months 2012 balance sheet was compared with full year 2011 audited IFRS balance sheet statement, while its income statement is compared with nine months 2011 IFRS version of the results..

Regional split of African countries we operate in

WAMZ	UEMOA	CEMAC	E&SA
Ghana	Burkina Faso	Cameroon	Kenya
Guinea	Benin Republic	Chad	Mozambique
Liberia	Cote d'Ivoire	Congo Brazzaville	Tanzania
Sierral Leone	Senegal	Congo DRC	Uganda
		Gabon	Zambia

Important disclosure:

This report was prepared by UBA to provide background information on the Group. The report is issued for information purposes only, especially with regards to enabling users understand the inherent potentials of the business. It is therefore not a solicitation to buy or sell the stock.

The information contained herein is subject to change and neither the bank nor its staff is under any obligation to notify you or make public any announcement with respect to such change.

Users are hereby advised to exercise caution in attempting to rely on these information and carry out further research before reaching conclusions regarding their investment decisions.

Outline

- Section 1** Financial Highlights
- Section 2** Review of Financial Performance
- Section 3** Key Management
- Section 4** Africa Focus: UBA Ghana
- Section 5** Objectives for 2012
- Section 6** Outlook
- Section 7** Appendix



1. Financial Highlights

Highlights – 9 Months 2012 Results

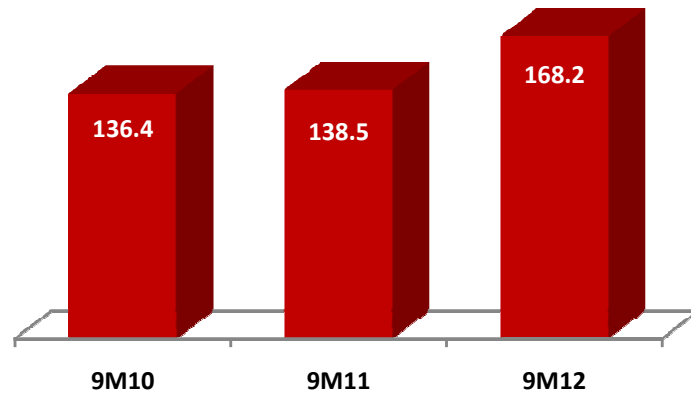
	Income & Profitability	30-Sep-12	30-Sep-11	% Change
INCOME TREND	Gross Earnings	168,200	138,504	+21.4%
	Net Interest Income	69,706	61,355	+13.6%
	Other Income	53,364	43,904	+21.6%
	Operating Income	121,803	104,084	+17.0%
	Operating Expenses	(75,015)	(77,754)	-3.5%
	Profit Before Tax	44,859	9,423	+376.0%
	Profit After Tax	39,119	7,385	+429.7%
EFFICIENCY AND RETURN	Cost-to-Income Ratio (%)	61.6%	79.3%	
	Return on Equity (%)	27.1%	6.0%	
	Balance Sheet	30-Sep-12	31-Dec-11	% Change
BALANCE SHEET TREND	Total Assets	2,162,046	1,945,840	+11.1%
	Total Deposits	1,637,663	1,463,634	+11.9%
	Net Loans	711,890	690,412	+3.1%
	Net Assets	211,238	173,323	+21.9%
BUSINESS CAPACITY RATIOS	Loan-to-Deposit Ratio (%)	43.5%	47.2%	
	Capital Adequacy Ratio (%)	23.9%	17.0%	
	Liquidity Ratio (%)	58.6%	42.3%	



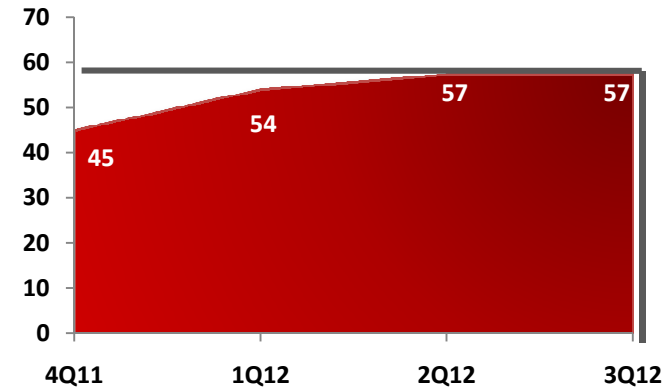
2. Review of Financial Performance

Revenue Trend

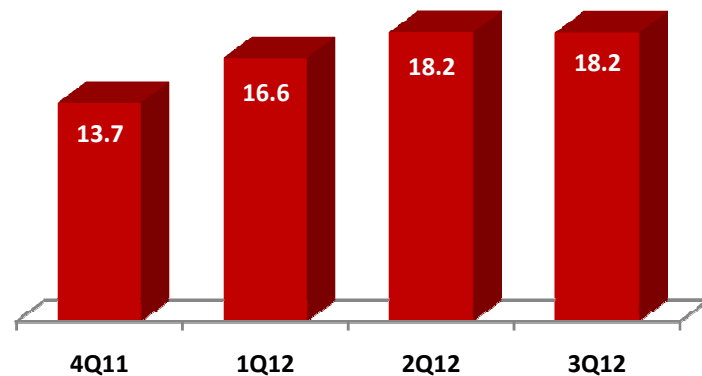
Growing revenue base (N'bn)



Revenue streams, last four quarters (N'bn)



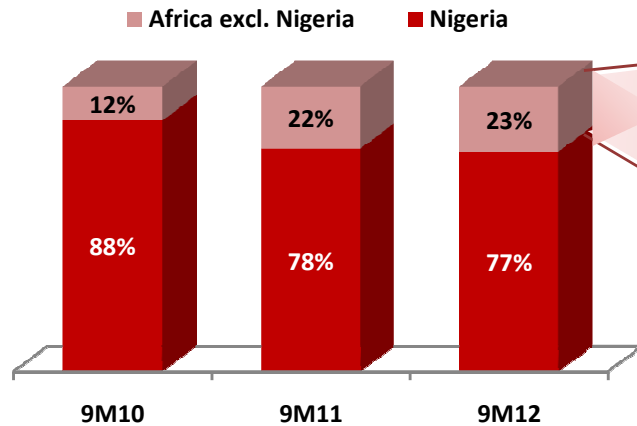
Growing non-interest income (N'bn)



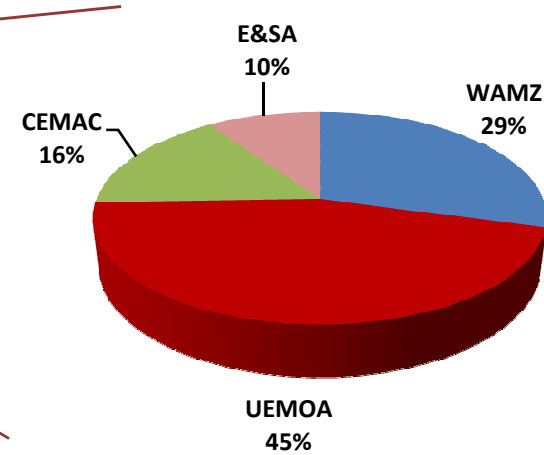
- Strong growth in gross earnings, 21.4% improvement year-on-year.
- Revenues normalize at +N57bn in the last two quarters – expected to break that ceiling in the coming quarters.
- Non-interest income also growing. Quarterly run-rate of N18.2bn recorded.

Revenue Mix

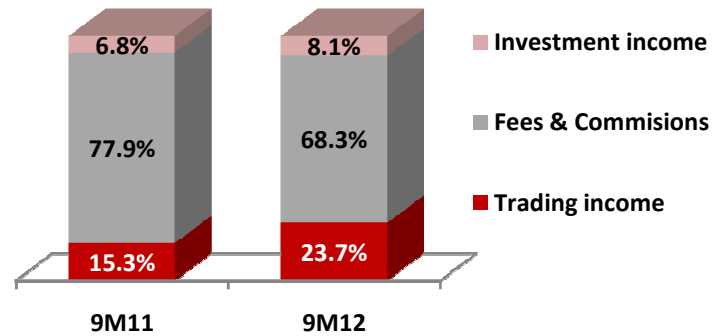
Revenue mix, by geography



Regional Revenue split, Africa excl-Nigeria



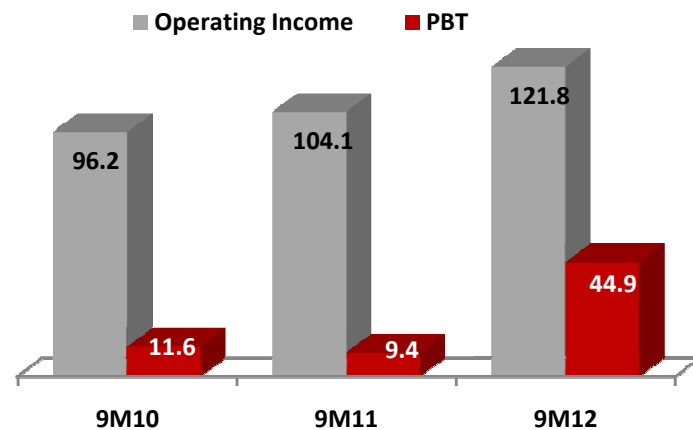
Non-interest income mix (N'bn)



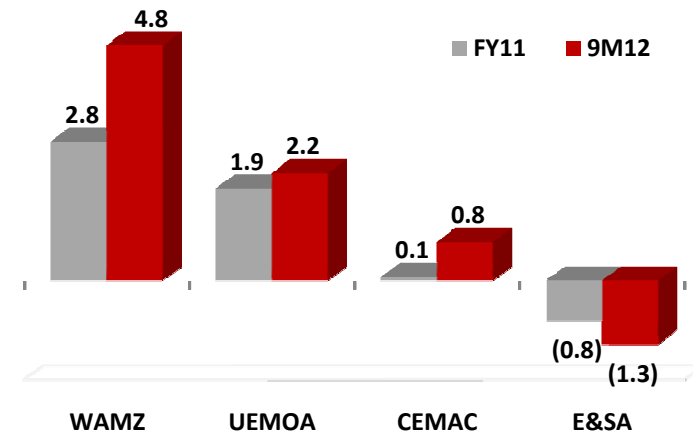
- Revenue contribution from bank subsidiaries continue to move in line with our expectation
- Key driver of non-interest income remains fees and commissions, accounting for over 68% of that pool.
- UEMOA Region contribute 45% to revenues from Africa, excluding Nigeria.

Profit Analysis

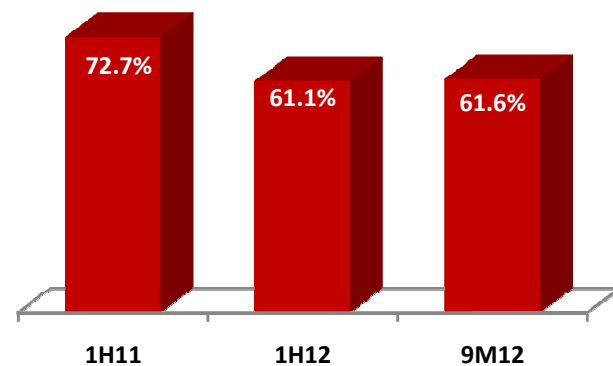
Operating income & PBT (N'bn)



Improving PBT in Africa excl-Nigeria (N'bn)



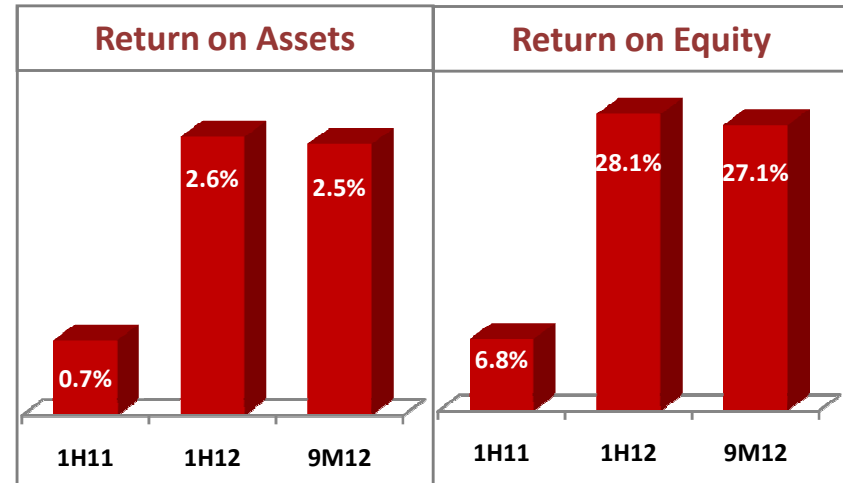
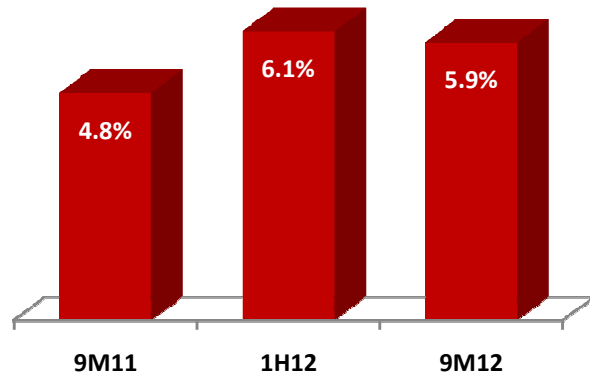
Improving cost to income ratio



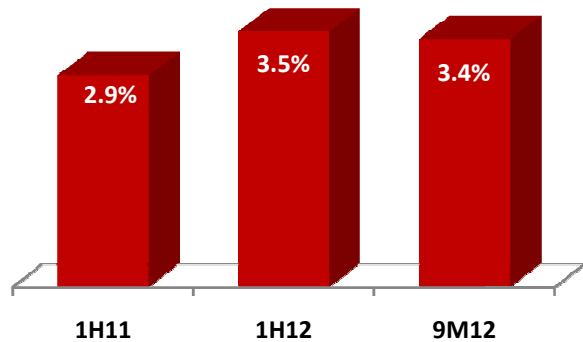
- Strong operating income of N122bn, up by 17% YoY. This attests to the strength of the Group's underlying business
- Improving PBT of N44.9bn, driven by normalized cost of risk, strong revenue streams and efficient cost of operations.
- PBT would have been stronger but for slow down in Q3 after charging the impairment on Air Nigeria.
 - Normalized Quarterly PBT for 2012 is N16bn
- PBT in other African countries also improving
- Cost-to-income ratio stable at 61.6%.

Interest Margins and Return Analysis

Net Interest Margins



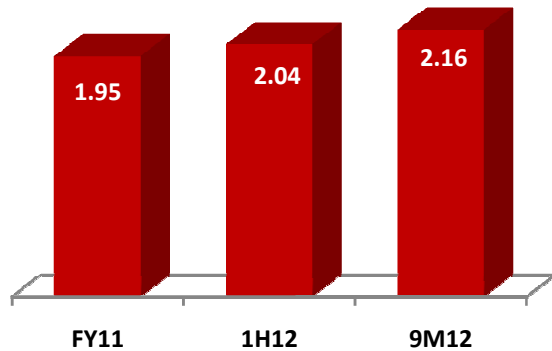
Cost of funds



- Net interest margins now 5.9%. Slip is largely as a result of the low margins on foreign currency (fcy) assets, in which the bulk of our fcy deposits generated in Q3 are held.
- Cost of funds remain stable at 3.4%
- Healthy returns on assets and equity at 2.5% and 27.1% respectively. Trend to be sustained into full year 2012.

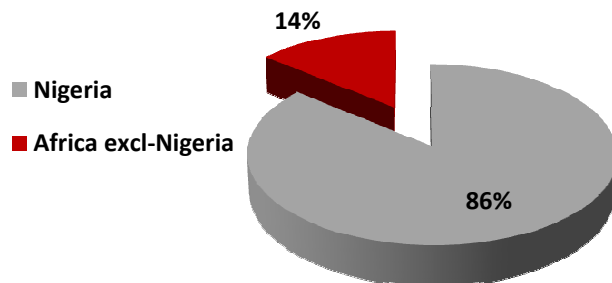
Assets Analysis

Total assets, N'tr

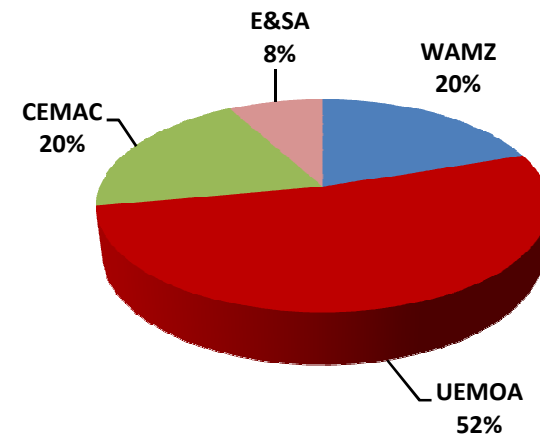


- Total assets rose by 11.1% to N2.16tr on the back of sizeable growth in funding base.
- African operations (excl-Nigeria) represent 14% of total assets
- UEMOA region account for 57% of assets outside Nigeria.

Total asset split by geography

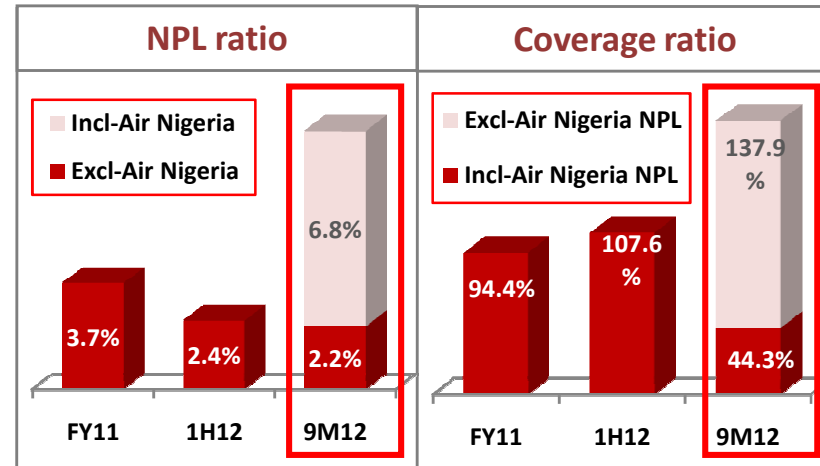
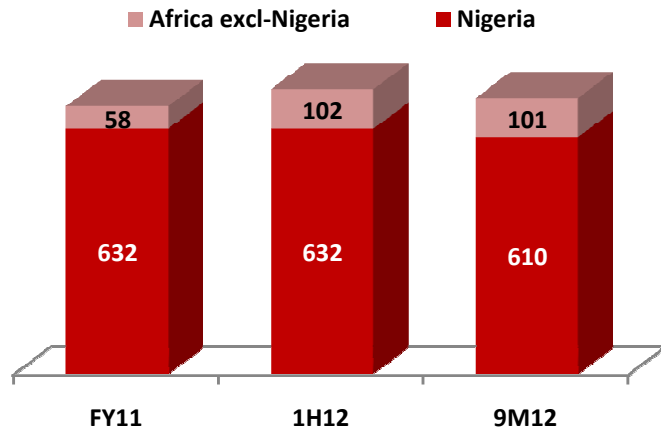


Regional Assets split, Africa excl-Nigeria

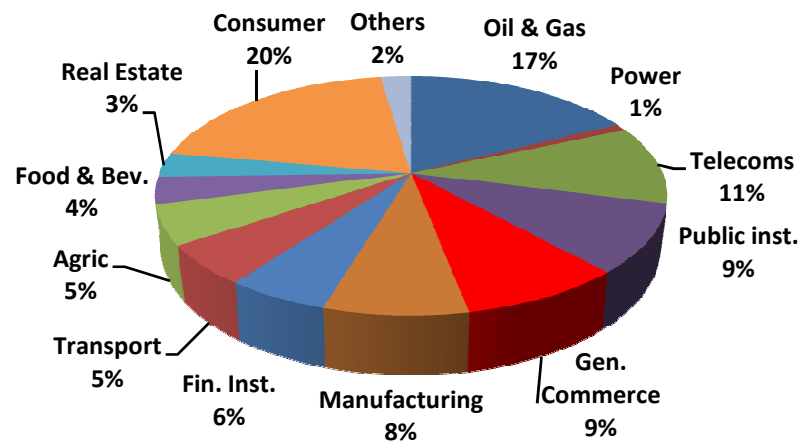


Loans Analysis

Net loan portfolio, N'bn



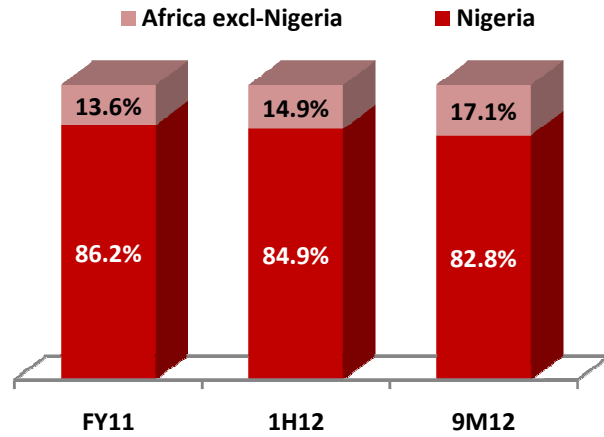
Loan split by industry



- Loans have risen 3.1% since December 2011, but down QoQ.
 - QoQ decline is due to repayment by customers and new loans not yet drawn at the end of the period.
 - Oil & Gas, consumer and telecoms account for about 50% of our loan portfolio
- NPL ratio temporarily at 6.8%, following the classification of our exposure to Air Nigeria.
 - NPL ratio to normalize when the exposure is resolved in the fourth quarter.

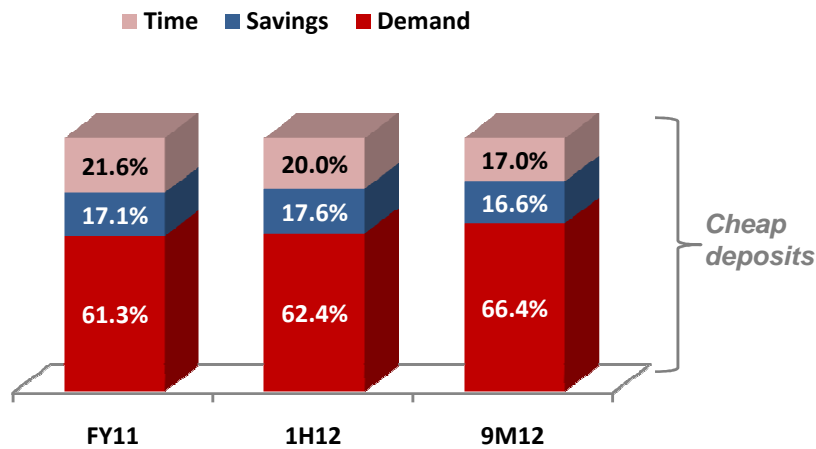
Deposits Analysis

Total deposits

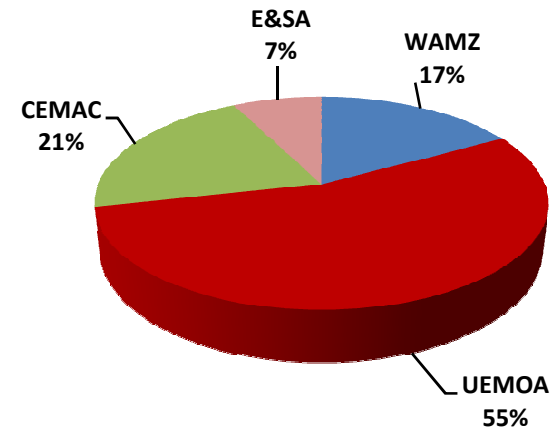


- Growth in deposit base continues
 - Group deposits up 12% over 2011 position.
- Proportion of low cost deposits improved further to 83% (1H12: 80%)
- UEMOEA region accounts for 55% of deposits outside Nigeria.

Deposit split by type



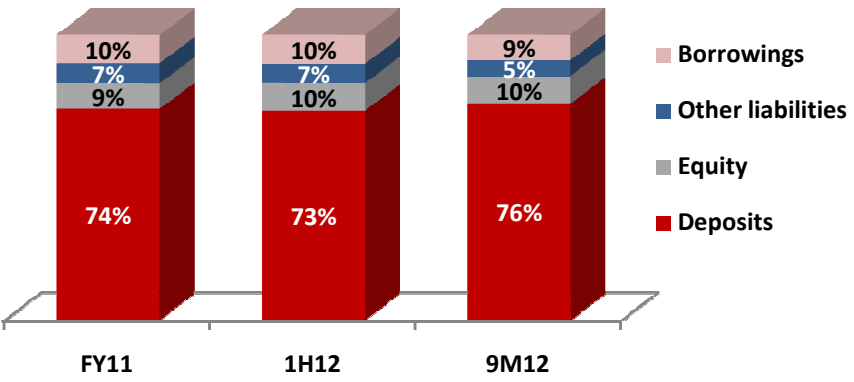
Regional Deposit split, Africa excl-Nigeria



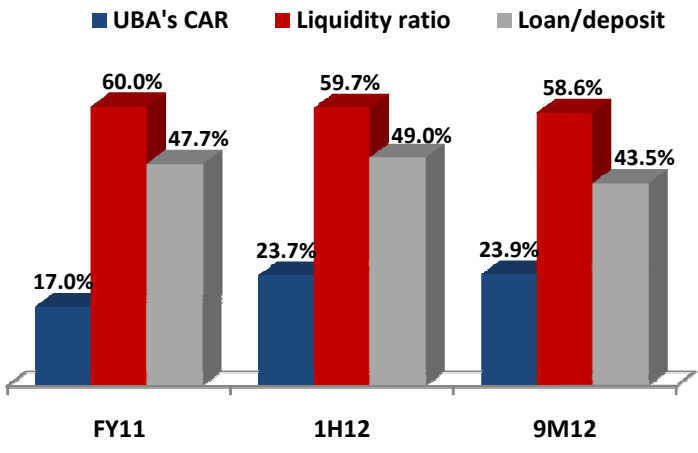
Funding and Risk Profile



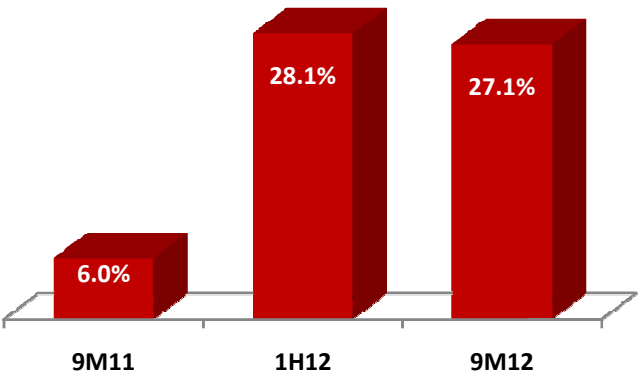
Funding mix



Robust liquidity & capital adequacy



Strong ROE



- Funding base driven by deposits with 78% contribution
 - Equity constitute 10% (FY11: 9%)
- Robust return on equity delivered so far.
- Strong liquidity and capital adequacy of 59% and 24%. These, plus a loan to deposit ratio of 44%, leave ample room for loan growth.



3. Key Management

Key Management Personnel

	Name	Position	Years of Experience	Experience
	Phillips Oduoza	GMD/CEO	25	
	Kennedy Uzoka	DMD	18+	
	Rasheed Olaoluwa	ED, UBA Nigeria, South	25+	
	Emmanuel N. Nnorom	ED, Risk Management	25+	
	Alhaji Abdulqadir J. Bello	ED, UBA Nigeria, North	20+	

Key Management Personnel (cont'd)



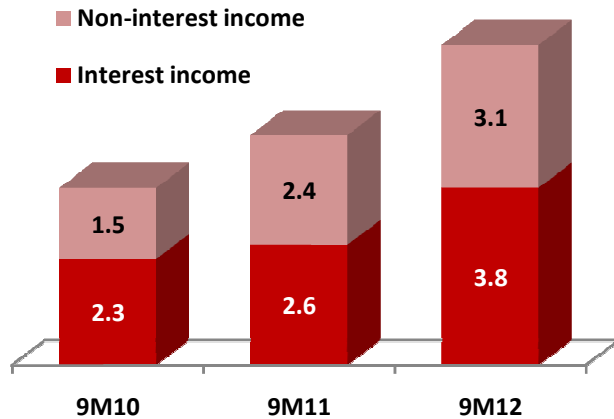
Name	Position	Years of Experience	Experience
 Ifeatu Onejeme	ED, Head of Corporate Banking	25+	  
 Femi Olaloku	ED, Operations and Info. Tech	20+	
 Dan Okeke	ED, UBA Nigeria , North	17+	   
 Ugo Nwaghodoh	Chief Finance Officer	18+	  



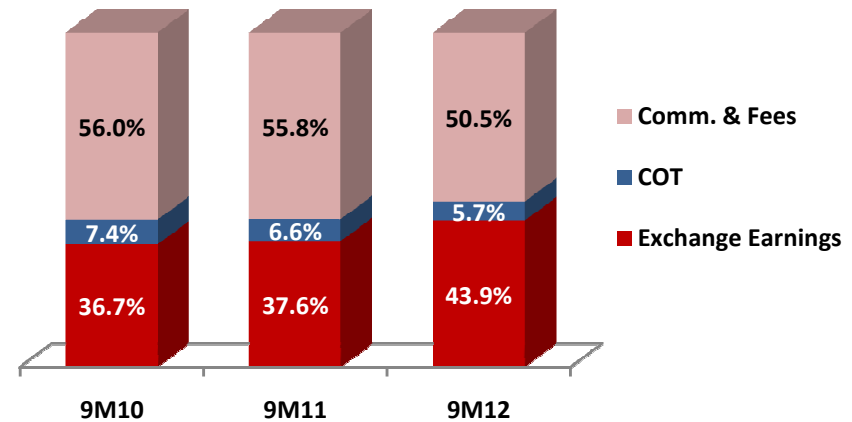
4. Africa Focus: **UBA Ghana**

UBA Ghana: Income and Profit Analyses

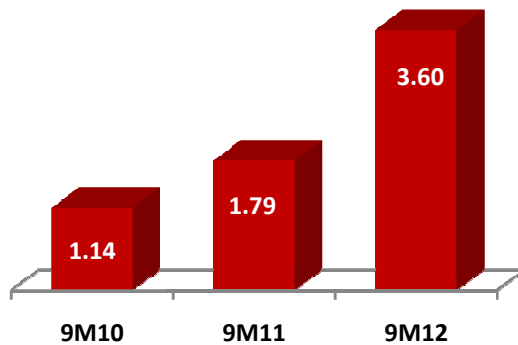
Gross Earnings Mix (N'bn)



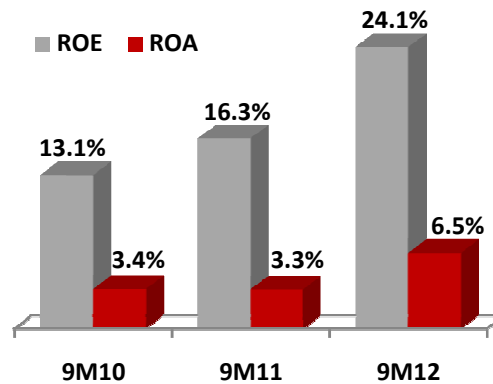
Distribution of non-interest income



Profits Before Tax (N'bn)



Solid returns on investments

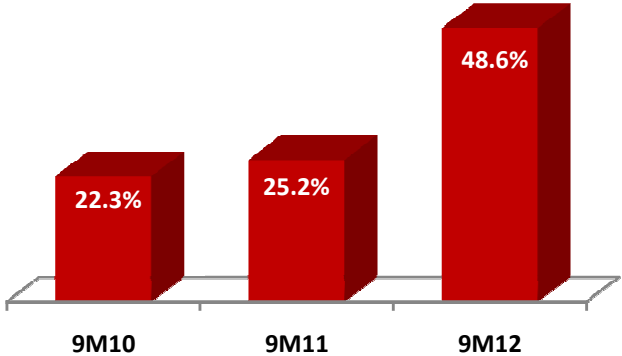


- Strong growth in revenues, CAGR of 34.8% over the last two periods.
 - Fairly balanced revenue mix – non-interest earnings representing between 40-45% of gross earnings.
- Non-interest earnings driven by commissions/fees and forex
- Highly profitable business, 2-year CAGR of 78% in PBT to N3.6bn
- Solid delivery of returns; ROE and ROA of 24.1% and 6.5% respectively

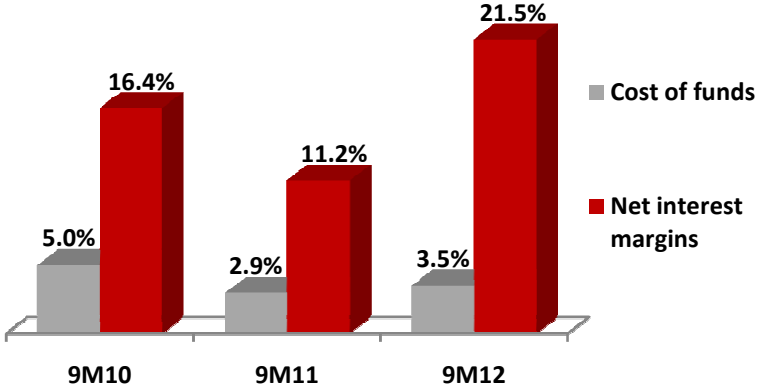
UBA Ghana: Income and Profit Drivers



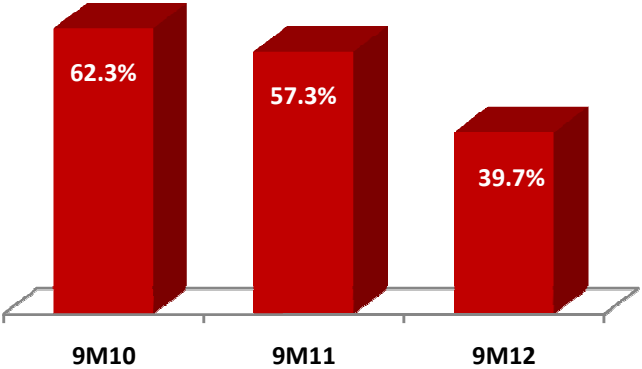
Loan-to-deposit ratio



Robust Net Interest Margin over Cost of Funds



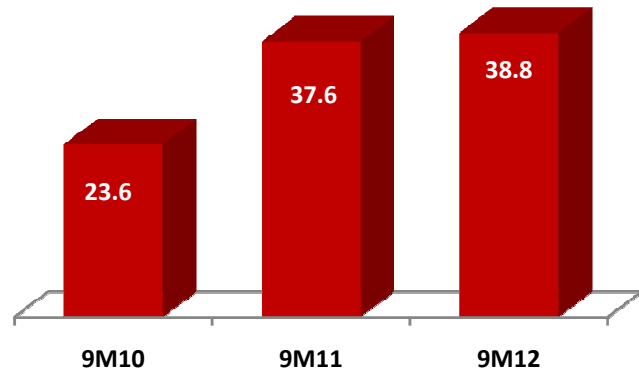
Efficient cost-to-income ratio



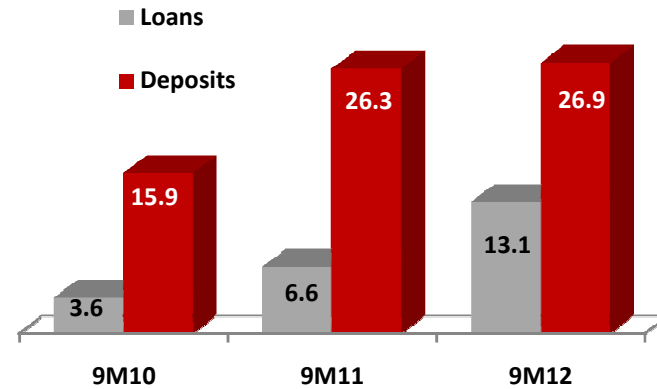
- Sustained credit expansion continue to support revenue growth
 - 49% loan to deposit ratio suggests ample room for further loan growth still exists.
- With interest margins averaging 16.4% over the last 3years, source of profitability is clear
- UBA Ghana remains one of the least-cost service providers in Africa with 39.7% cost-to-income ratio.

UBA Ghana: Growing Balance Sheet

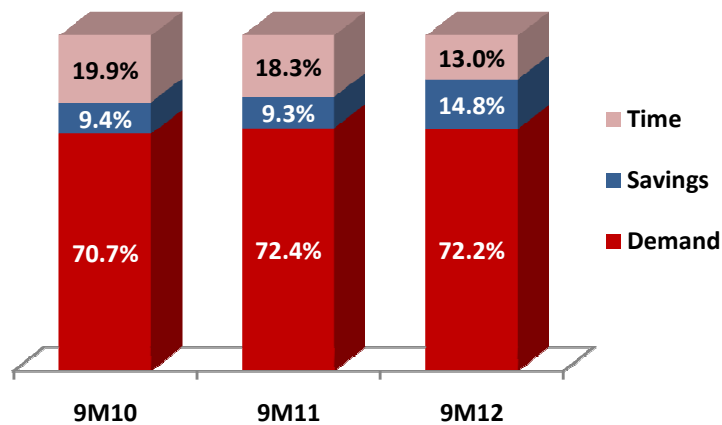
Total assets, N'bn



Growing loans and deposits, N'bn



Deposit mix



- Impressive growth in assets recorded.
- Loan book and deposits also on the rise with N13.1bn and N26.9bn recorded respectively as at September 2012.
- Bank continues to attract low cost deposits to fund asset expansion. 87% of deposits are cheap funds.



5. Objectives for 2012

Objectives and Strategies for 2012

	OBJECTIVES	STRATEGIES
Group Strategic Objectives 2012	Grow Low Cost Deposits <i>Target: 80%</i>	<ul style="list-style-type: none"> ▪ Energize the Bank’s large branch network for low cost deposit mobilization ▪ Aggressively drive e-banking businesses to grow cheap deposit ▪ Utilize an appropriate performance mgt system to focus sales teams on deposit mobilization
	Improve Balance Sheet Yield	<ul style="list-style-type: none"> ▪ Adopt a treasury-led strategy to take advantage of existing high interest rate regime and large deposit base to improve balance sheet yield ▪ Realign/reinforce our treasury organisation in line with this strategy ▪ Adopt competitive pricing across all asset types for improved profitability
	Pursue Cost Efficiency <i>Target: 65% CIR</i>	<ul style="list-style-type: none"> ▪ Increasingly leverage the Bank’s Group Shared Services platform ▪ Address redundant loss making business offices to avoid their cost impact ▪ Adopt cost-containment measures to achieve improved efficiencies
	Drive Quality Risk Assets	<ul style="list-style-type: none"> ▪ Strengthen the Bank’s capacity to target the growth sectors of oil & gas, power, agriculture, infrastructure and general commerce ▪ Focus on the key names in these growth sectors ▪ Aggressively target value-chain opportunities tied to these key names
	Consolidate Business in Africa	<ul style="list-style-type: none"> ▪ Focus on deepening market penetration and market share growth of African bank subsidiaries, with the end of the bank’s African expansion phase, ▪ Reinforce the sales organization in African banking subsidiaries ▪ Grow the bank’s global and regional trade and remittance businesses



6. Outlook

Outlook for Full Year 2012

- We are poised to withstand the challenges posed by the economies we operate in;
- Recent trend in performance to be sustained;
- Contributions from bank subsidiaries in Africa to be sustained;
- Compliance plan on Holding Company model to be concluded;
- Resolution of Air Nigeria exposure to be completed in Q4;
- Low cost deposit drive to continue;
- Revised financial targets for 2012 to be achieved;
 - ROE of circa 25%
 - Cost-to-income ratio of <65%
 - NIM of > 6%
 - Loan growth of 5% – 7%
- Shareholders to be rewarded with a decent dividend.

In Summary, we have sustained a strong Result...

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	Liquidity Ratio (%)	58.6%	42.3%	



7. Appendix

Summary Historical Financials

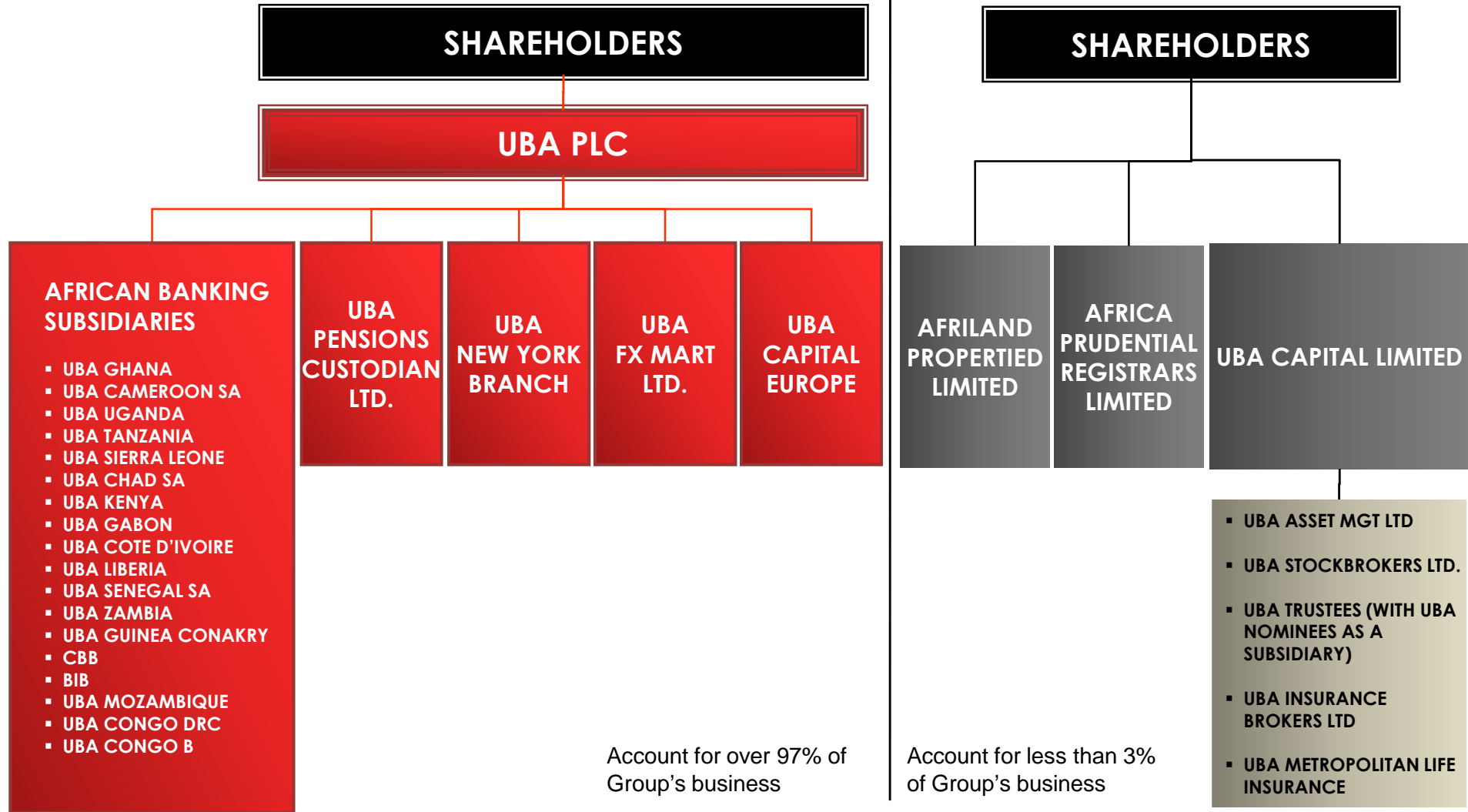


	2009	2010	2011	1Q 2012	2Q 2012	3Q 2012
Key P & L line (N' million)						
Gross earnings	194,315	177,571	184,833	53,864	57,140	57,196
Interest income	142,278	117,745	121,422	36,833	38,962	39,041
Interest expense	(47,727)	(46,969)	(46,125)	(14,485)	(14,921)	(15,724)
Net interest income	94,551	70,776	75,297	22,348	24,041	23,317
Non interest income	52,037	67,441	63,411	17,031	18,178	18,155
Operating income	146,588	138,217	138,708	39,198	41,369	41,177
Operating expenses	(102,723)	(103,981)	(107,716)	(25,600)	(23,825)	(25,770)
(Provisions)/write back	(31,871)	(18,213)	(22,628)	2,249	(1,870)	(2,546)
Profit/(Loss) Before Tax	10,930	3,219	(28,496)	16,020	15,822	13,017
Key Balance Sheet Items (N' million)						
Net loans	636,793	628,811	689,625	703,708	734,421	711,890
Total assets	1,548,777	1,617,696	1,942,793	2,119,763	2,044,434	2,162,046
Total deposits	1,245,650	1,267,171	1,444,988	1,600,832	1,498,785	1,637,663
Shareholders' funds	183,862	176,529	166,461	181,131	199,558	211,238
Key Ratios						
Non Int. Rev/Total Rev	26.8%	37.9%	34.3%	31.6%	31.8%	31.7%
Cost to income	70.1%	75.2%	77.7%	65.3%	57.6%	62.3%
Loan/deposit Ratio	51.1%	49.6%	47.7%	46.1%	49.0%	43.5%
Loan/assets Ratio	41.1%	38.9%	35.5%	33.2%	35.9%	32.9%
Equity/assets Ratio	11.9%	10.9%	8.6%	8.6%	9.8%	9.8%
Pre Tax ROA	0.9%	0.4%	(6.1%)	3.0%	3.1%	2.4%
Pre Tax ROE	0.1%	0.0%	(0.6%)	35.4%	31.7%	24.6%
Tier 1 capital adequacy ratio	15.2%	15.3%	15.2%	16.0%	17.2%	18.4%
Total capital adequacy ratio	16.3%	18.2%	21.7%	22.9%	23.7%	23.9%

Revised Restructuring Plan Approved by the CBN



UBA POST-RESTRUCTURE



Thank you

