

A tall, modern office building with a red roof and many windows, serving as the background for the left side of the slide.

2008 Annual Results Investor Briefing

Victor Osadolor
Executive Director/Group
Chief Finance Officer

10-12 December 2008

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 2008 numbers.

- 
- A solid red vertical bar on the left side of the slide.
- **Financial highlights**
 - 2008 operating environment
 - Detailed financial analysis
 - Outlook for 2009
 - Q & A

2008 financials at a glance



PARAMETERS	2008 ACTUAL	2007 ACTUAL	% GROWTH
GROSS EARNINGS	170	109	55%
PBT & EXCEPTIONAL ITEMS	57	31	82%
BALANCE SHEET SIZE	2,290	1,642	39%
ASSETS	1,673	1,191	40%
DEPOSITS	1,333	906	47%
HEADLINE EPS	3.11	2.61	19%
DIVIDEND	N1.37	N1.20	
SCRIP ISSUE	1/2 & 1/4	1/5	
ROE	22.6%	19.8%	
ROA	2.9%	2.1%	

Outperformed 2007 in all parameters

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Strong performance against forecast



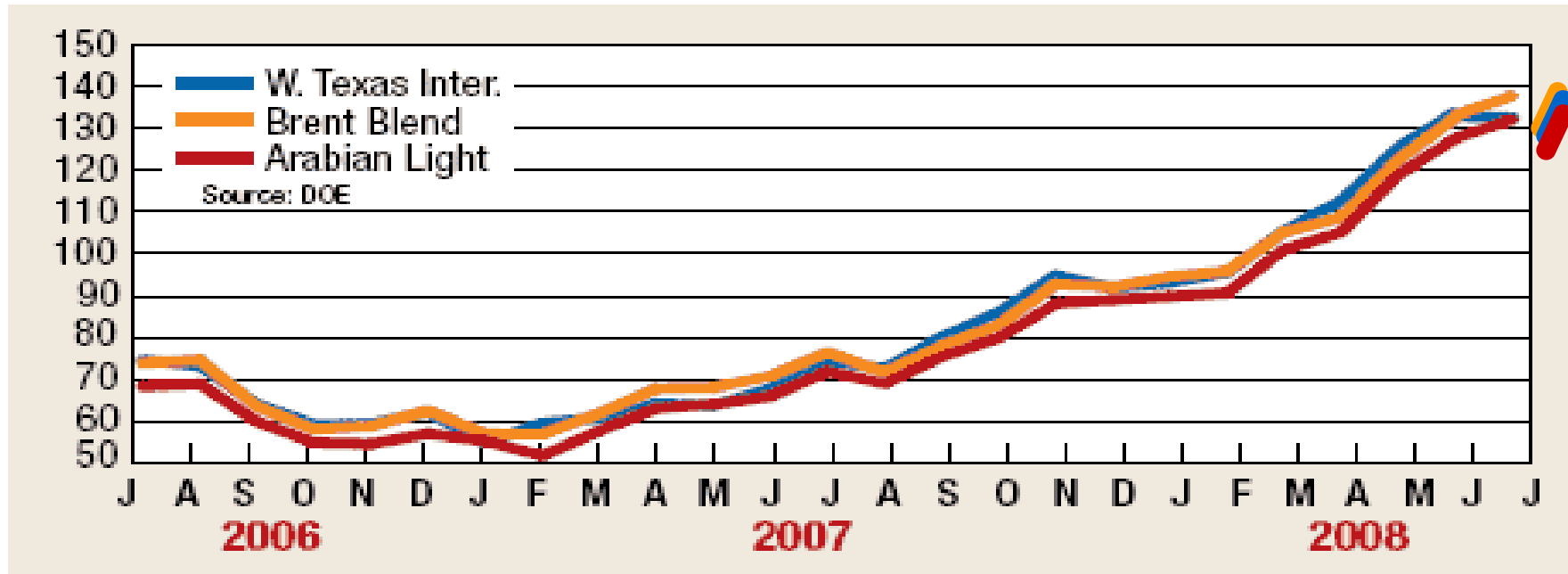
PARAMETERS	2008 N'Bn	Forecast N'Bn	% Change
GROSS EARNINGS	170	180	-6
PBT & EXCEPTIONAL ITEMS	57	60	-5
ASSETS	1,673	1,750	-4
DEPOSITS	1,333	1,500	-11
ROE (%)	22.6	25	

Outline



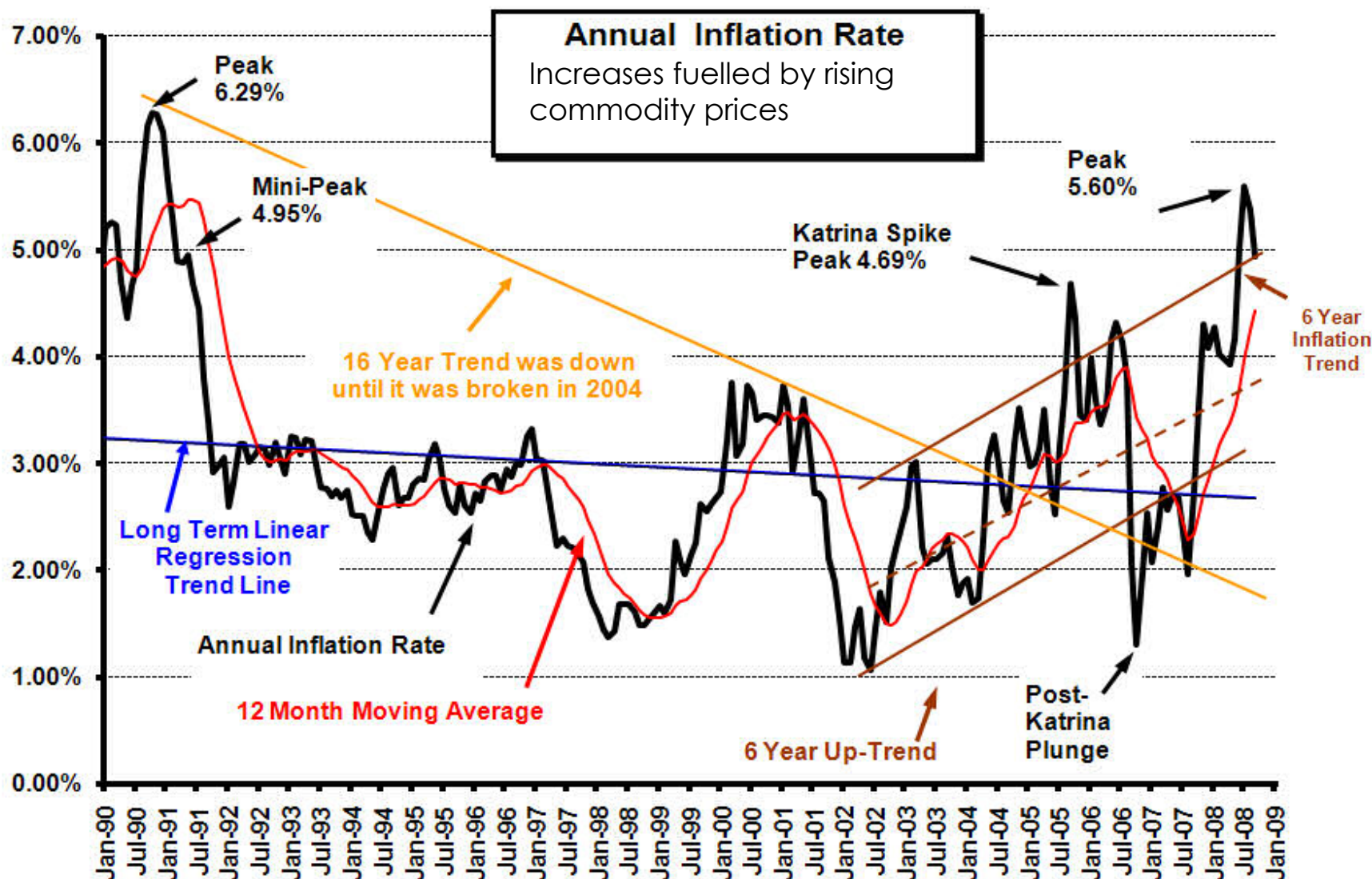
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Oil price peak & crash



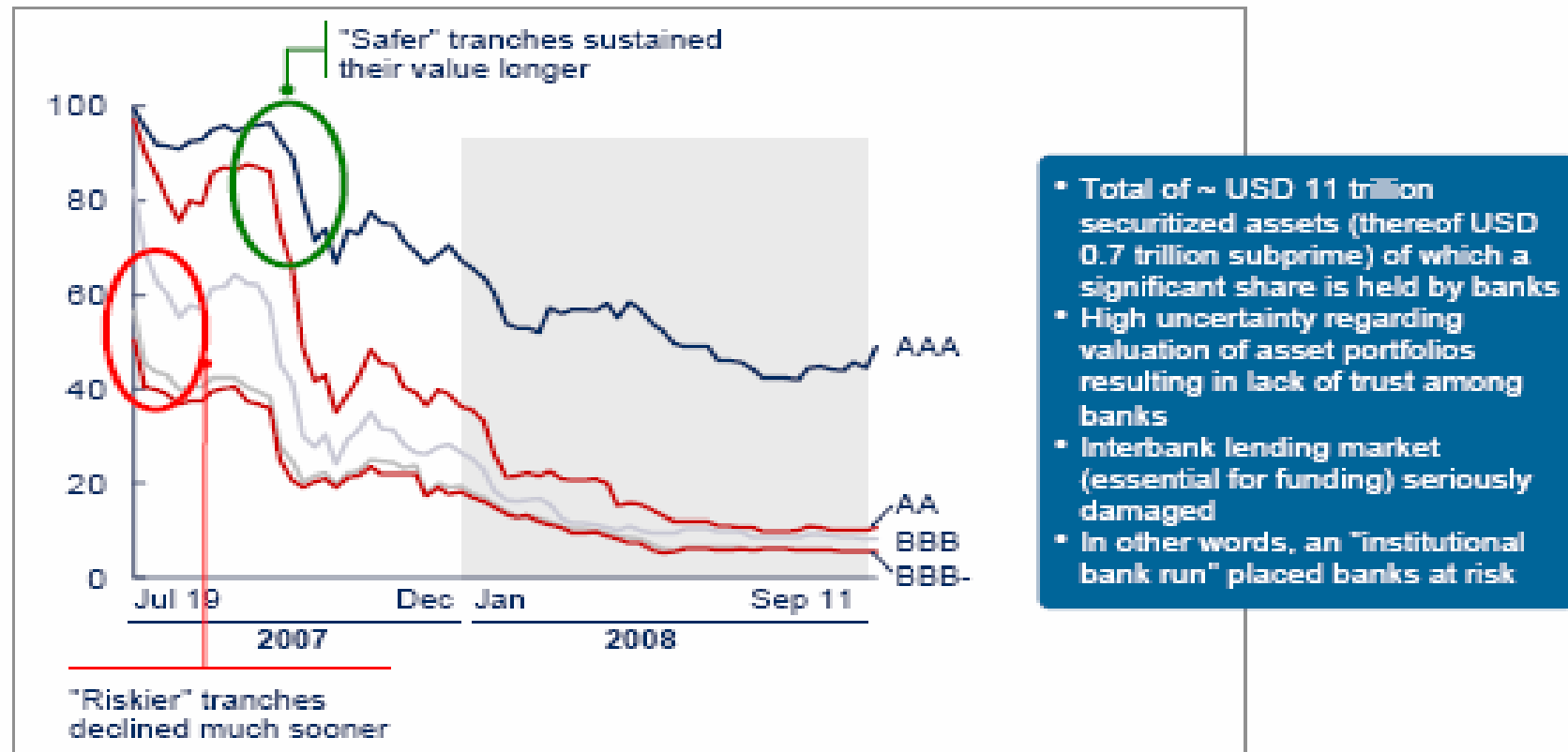
- Peaked at \$147 on 11 July 2008
- Now down by 71% \$43pb
- Triggered economic crises for some and joy for others

Inflation rose to record levels



The crisis started in subprime mortgage lending ...

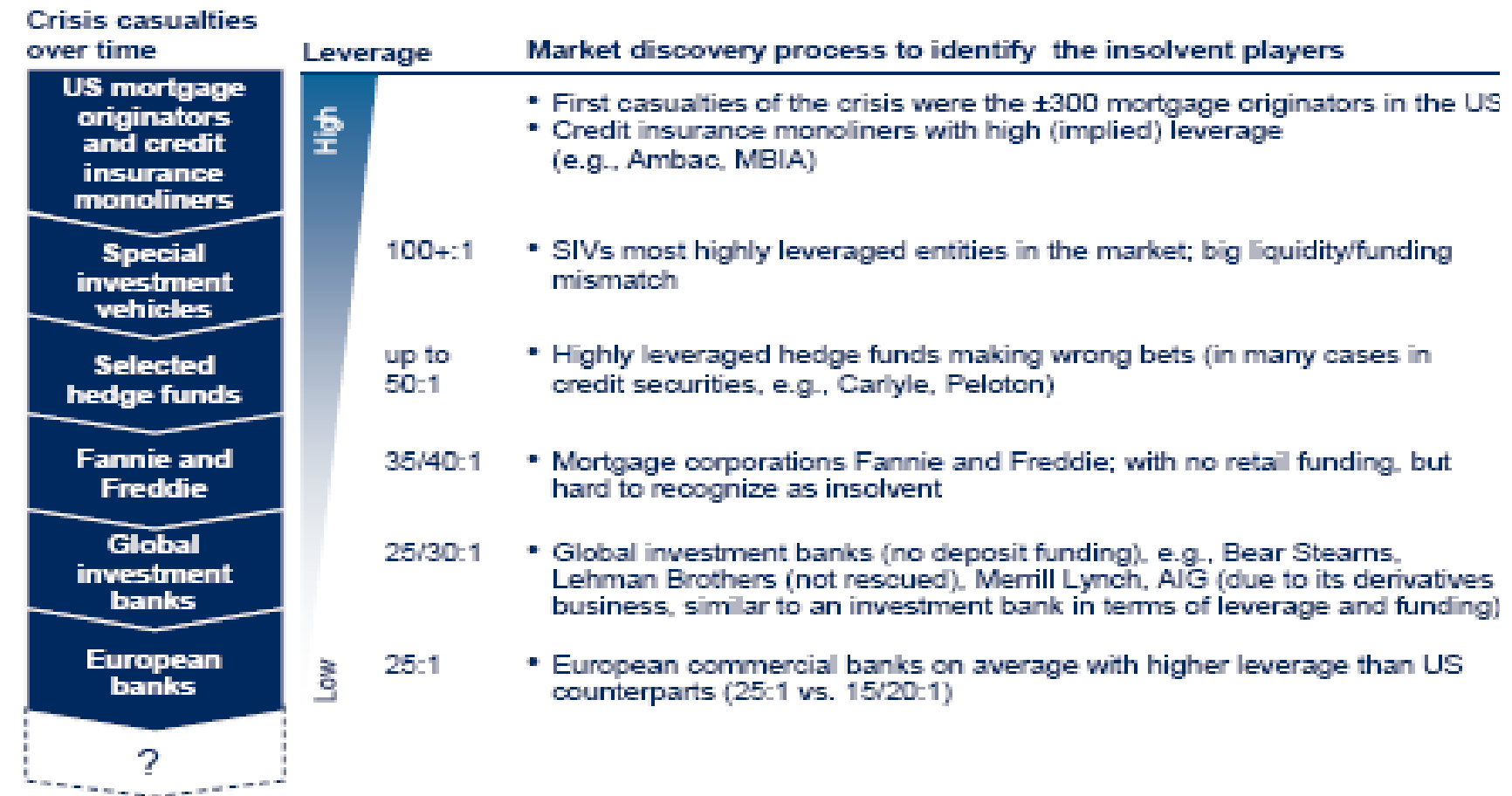
Current value of CDOs of subprime mortgages
Percent



Source: McKinsey

Systemic spread

... and spread to a wide range of market participants so far in decreasing order of leverage



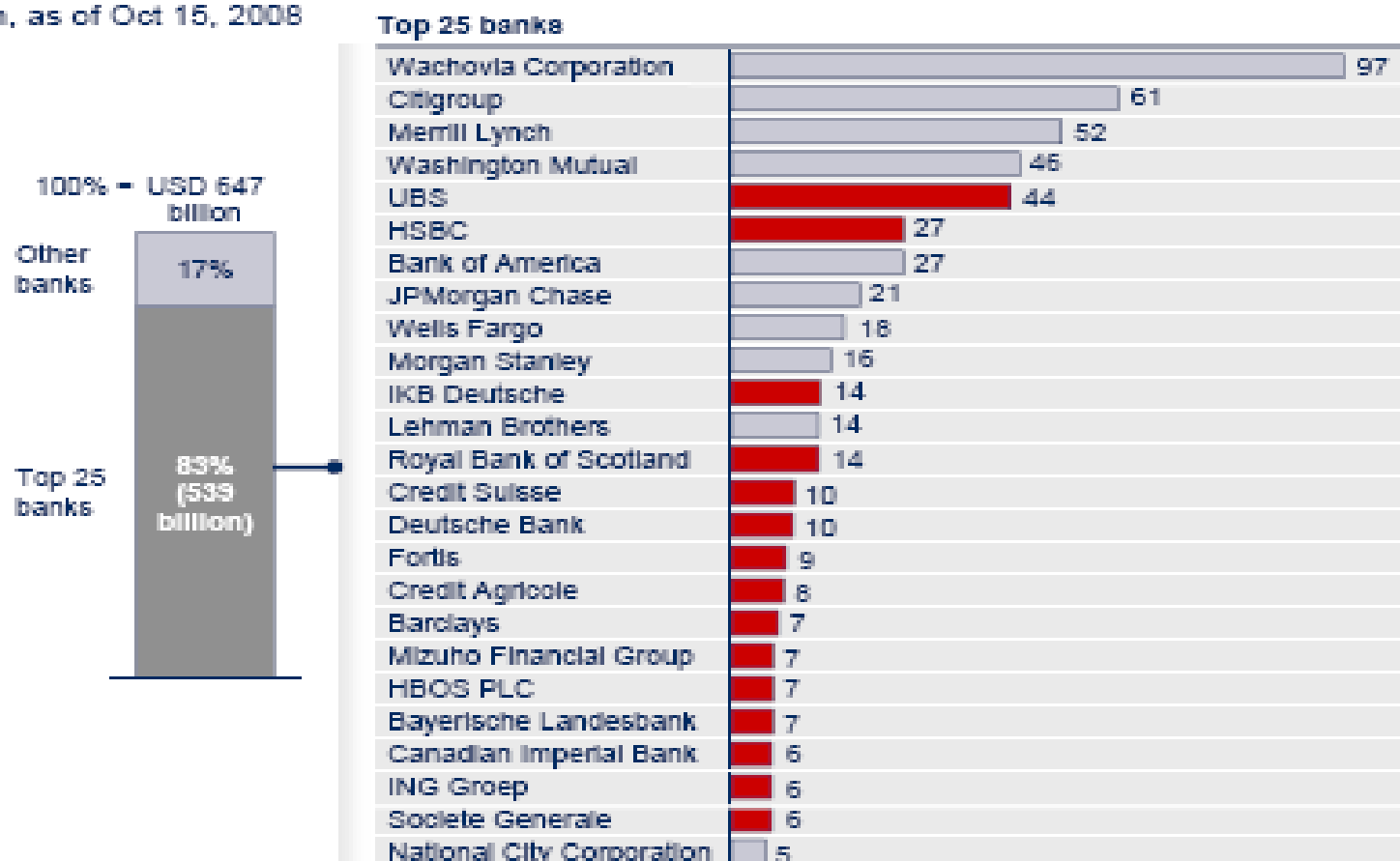
Source: McKinsey

Bank write-offs

The crisis has hit banks hard – so far banks recognized losses of ~ USD 650 billion

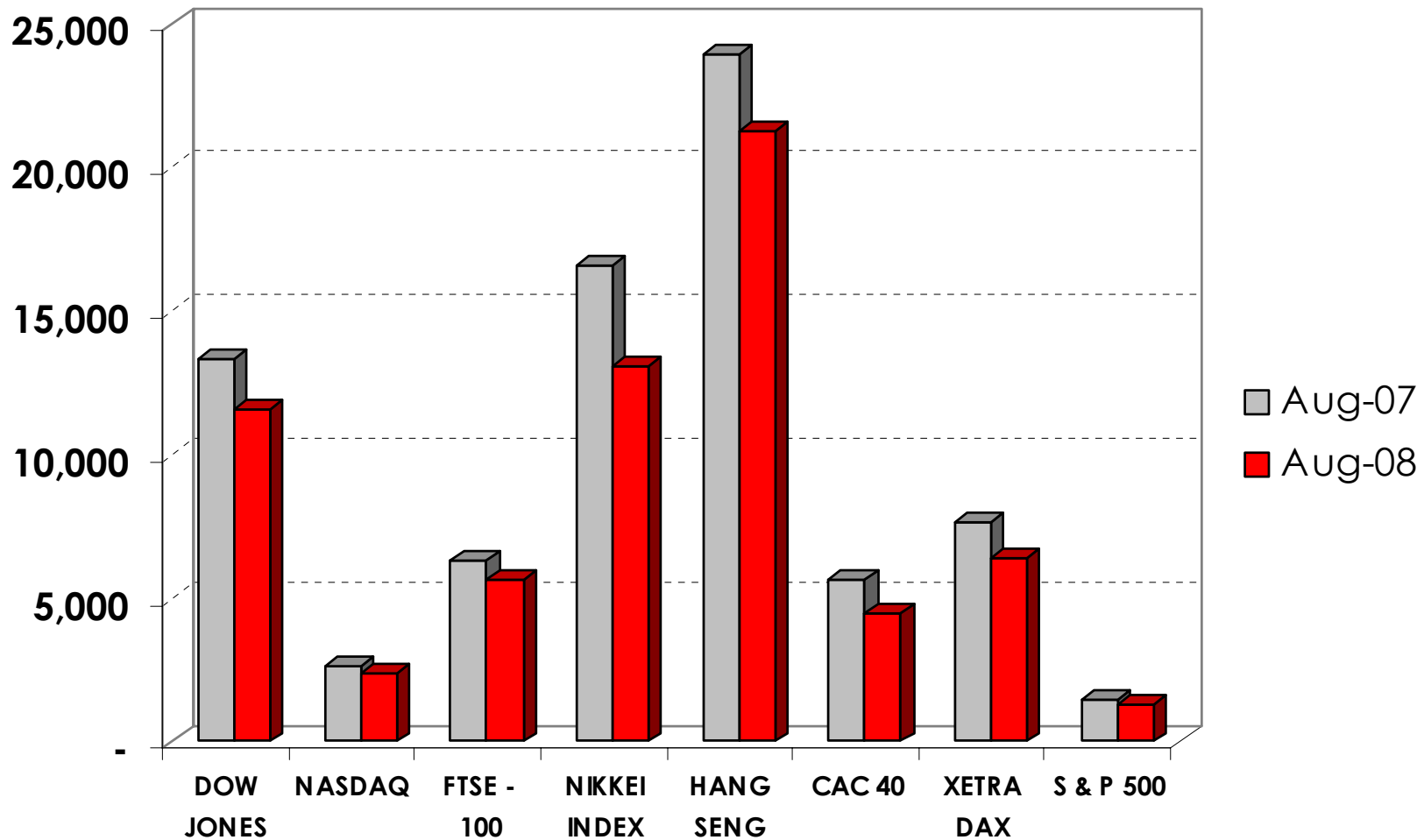
Credit crisis write-downs/impairments
USD billion, as of Oct 15, 2008

US Non-US

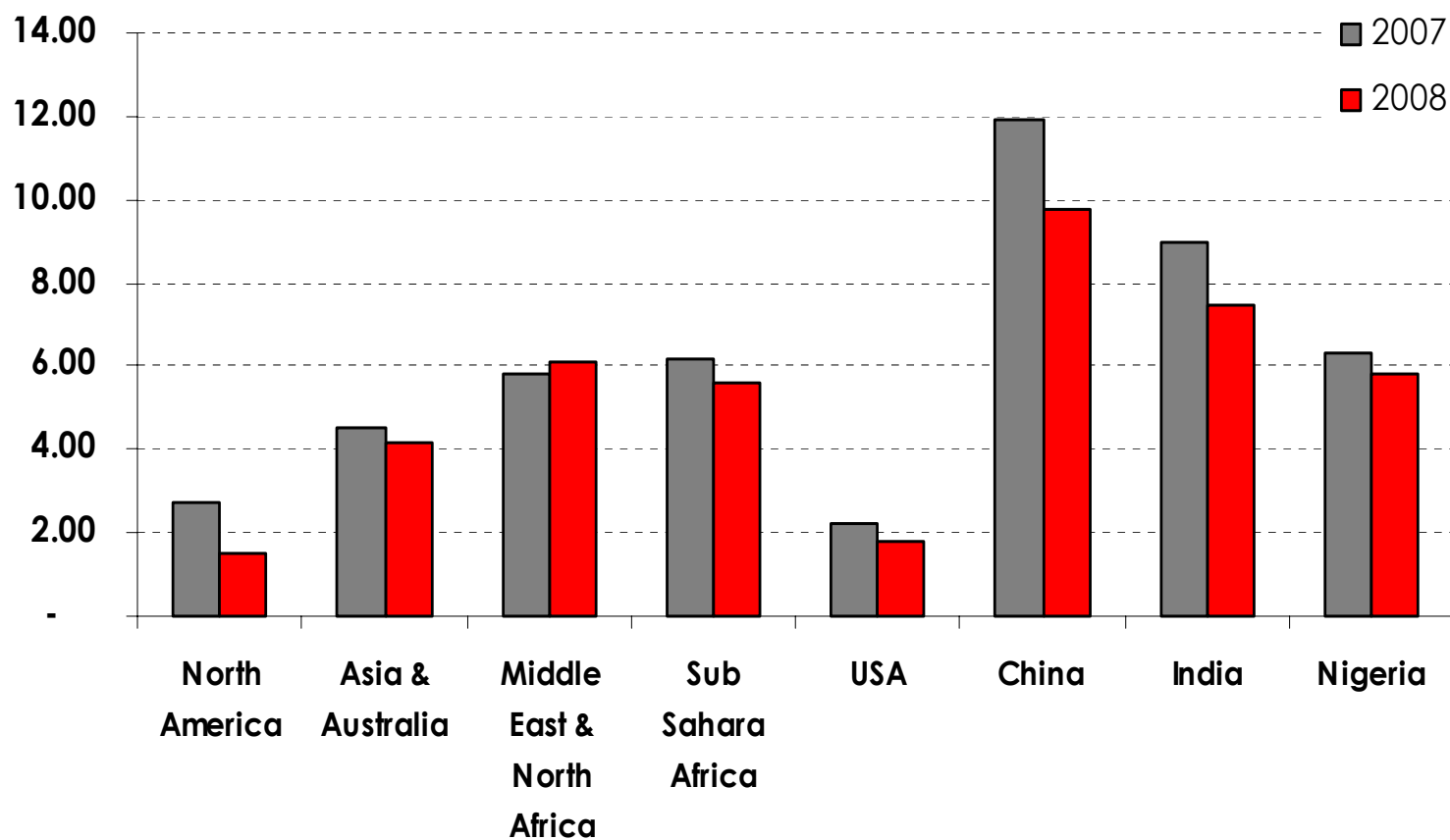


Source: Bloomberg

Global stock market meltdown



Economic Growth Index

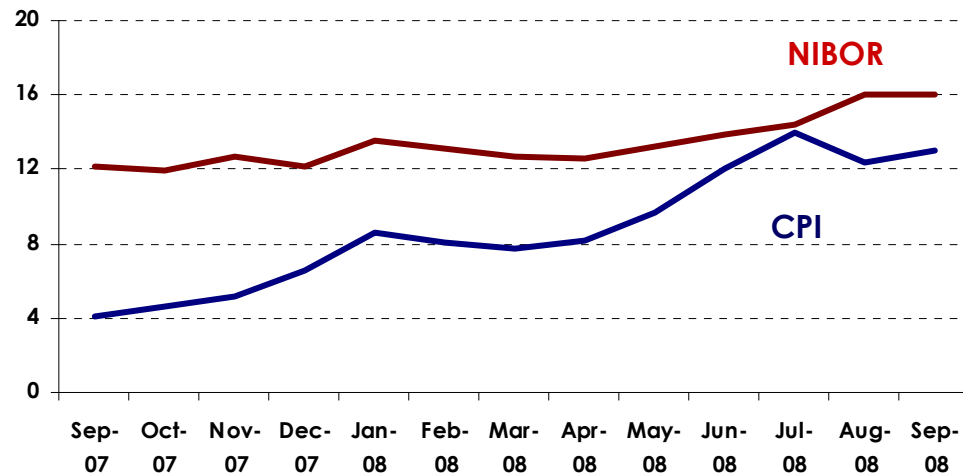


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Nigerian economy in 2008

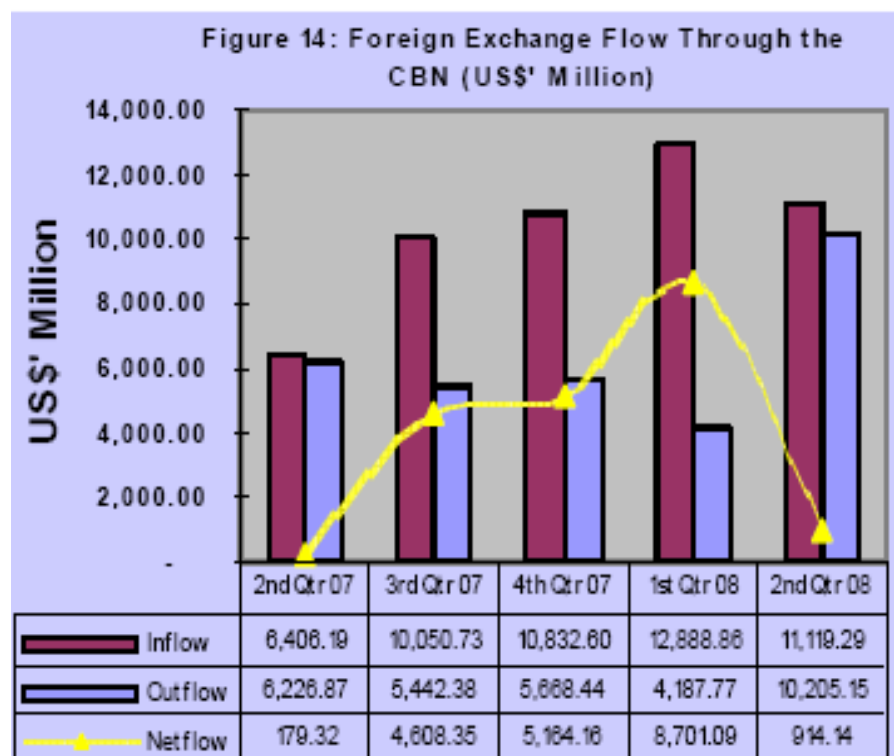
- Upsurge in inflation rate (food prices, scramble for deposits)
- Escalating interest rates, thinner margins/ income for operators
- Liquidity squeeze on NIBOR (CRR, LR & MPR reduced)
- Stock market melt down
 - Market cap and ASI down by almost 50%
 - Huge margin trading losses
 - Precipitating further liquidity squeeze/insolvency risk in the financial system

NIBOR & CPI (%)



Nigerian economy in 2008

- Strong oil prices in Q1 and Q2; took a dive thereafter
 - FX reserves currently at \$57b under threat
 - FGN revenues already dwindling
- Surge in FX Outflow and decrease in inflow giving rise to Naira depreciation
- Exposures to downstream oil sector under significant pressures



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Increased Business Capacity

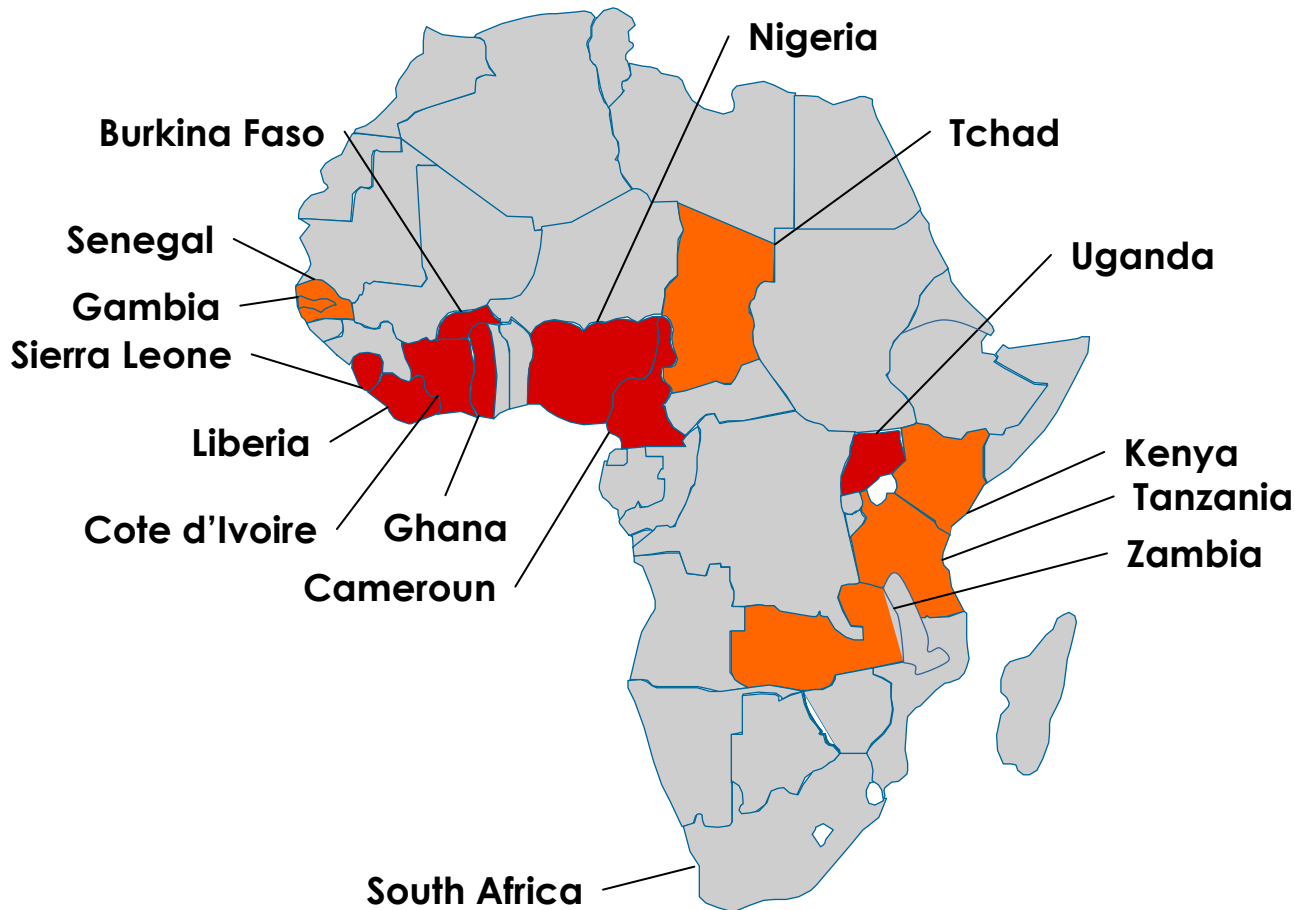


2007 2008

Outlets	Retail branches and outlets in Nigeria	583	613
	Presence in Africa	4	8
	Number of branches in the rest of Africa	7	54
	Presence in the rest of the world	3	4
	Microfinance branches	0	8
	Red shops - Dedicated moneygram services	0	1
	FXMart	0	6
Channels	Automated Teller Machines	791	1,256
	Point-of-Sale terminals	1,301	3,296
	Avg monthly transactions processed	8.5m	15.4m
Others	No of Accounts	6m	6.6m
	No of Products	145	196
	No of Employees	10,975	13,033
	No of Joint Venture Relationships	0	1
	No of Corr. Banking Relationships	13	13

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Expanding African operations



- Now operating in 7 other African countries
- Regulatory approvals obtained to operate in 6 other countries
- 54 branches & 76 ATMS
- >200,000 customers
- Acquisition of largest bank in Burkina with 40% market share

■ Operational ■ Regulatory approval

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Operating highlights



- Acquisition of UBA Capital (Europe)
- Taking advantage of market downturn to selectively hire in UK and other key markets
- Strengthen risk management oversight in NYB



UBA Capital (Europe)



UBA New York branch

2008 milestones



- **Alliances:**
 - UBA GIS sub-custodian for Bank of New York Mellon in Nigeria
 - Shelter Afrique for provision of housing
 - IATA BSP
 - Arsenal FC in cards
- **Product innovation:**
 - UBA FX Mart
 - Visa dual currency debit card
 - Registrars 3iOP (online portal)
 - Cheque accepting ATMs
- **Software implementation/initiatives:**
 - Sungard BancWare for integrated treasury management
 - VTN technology
 - Anti-money laundering software
 - MIS
 - GSS pilot

Retail market leader



	Market share	Market size	Market position
Cards issued	>30%	26.3m	★1
Cards transaction volume	>24%	N659m in 2008	★1
ATMs	>20%	6,253	★1
Active POS terminals	>33%	2,212	★1
Web acquired transactions value	>47%	N8.8 billion in 2008	★1



Source: Interswitch at end of September 2008

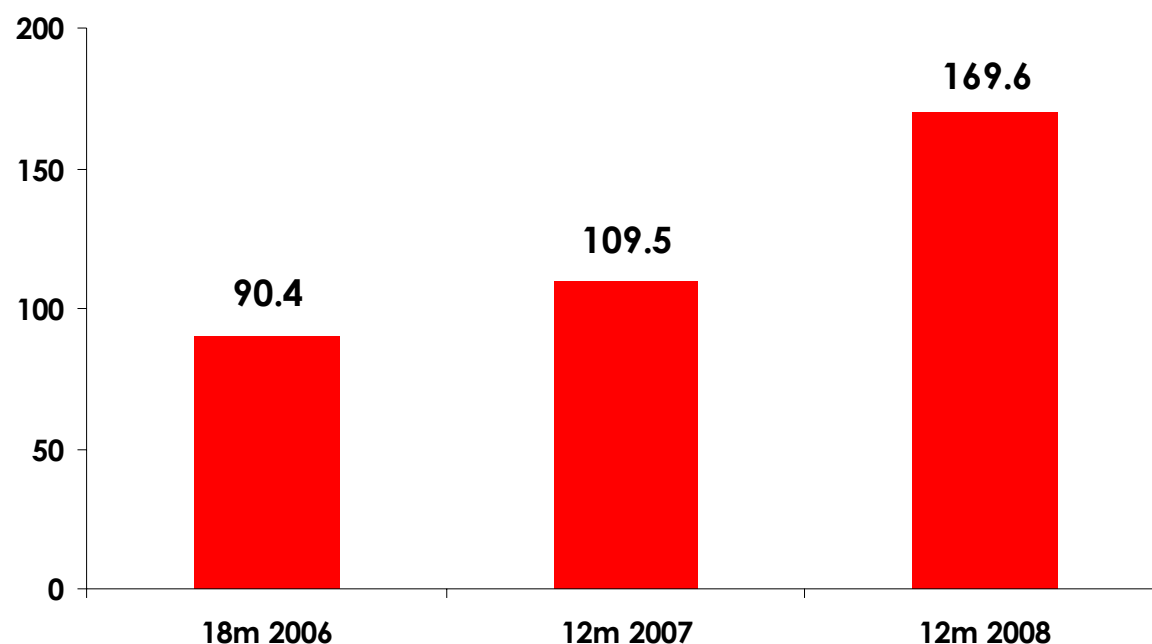
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Growing market share



Gross earnings (N billion)



Note: 2006 FY was 18 months

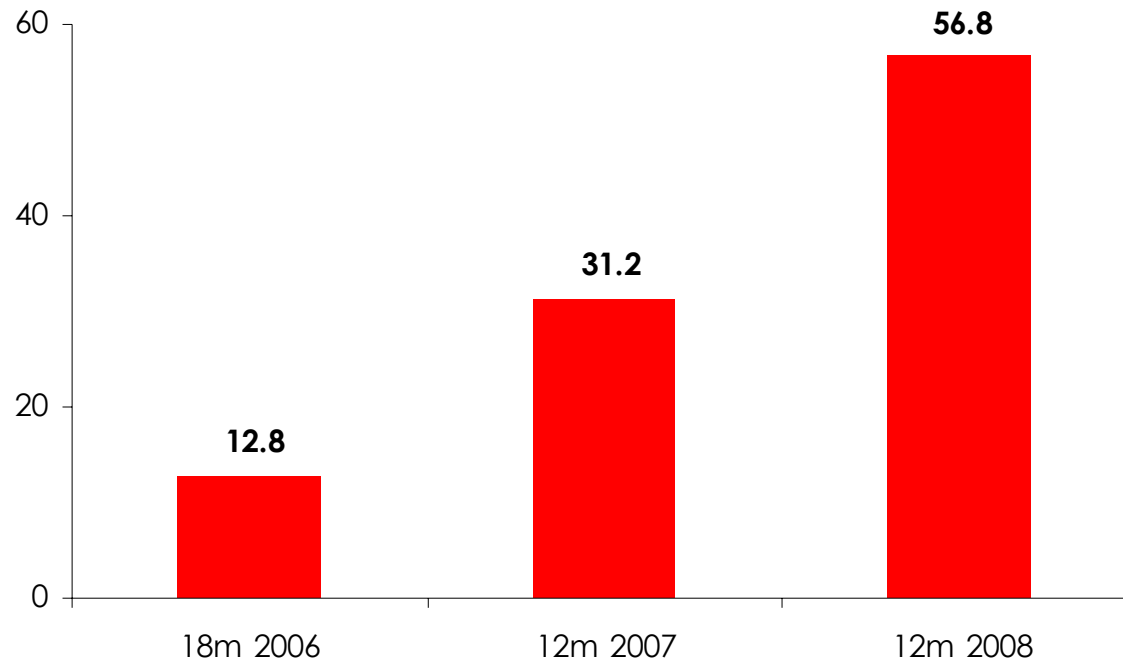
- Gross earnings is a proxy for market share in Nigeria
- 55% increase in 2008
- 68% CAGR since 2006
- Increase far in excess of GDP growth assuring sustainable shareholder value

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Delivering underlying earnings growth



Profit before tax & exceptional items (N billion)



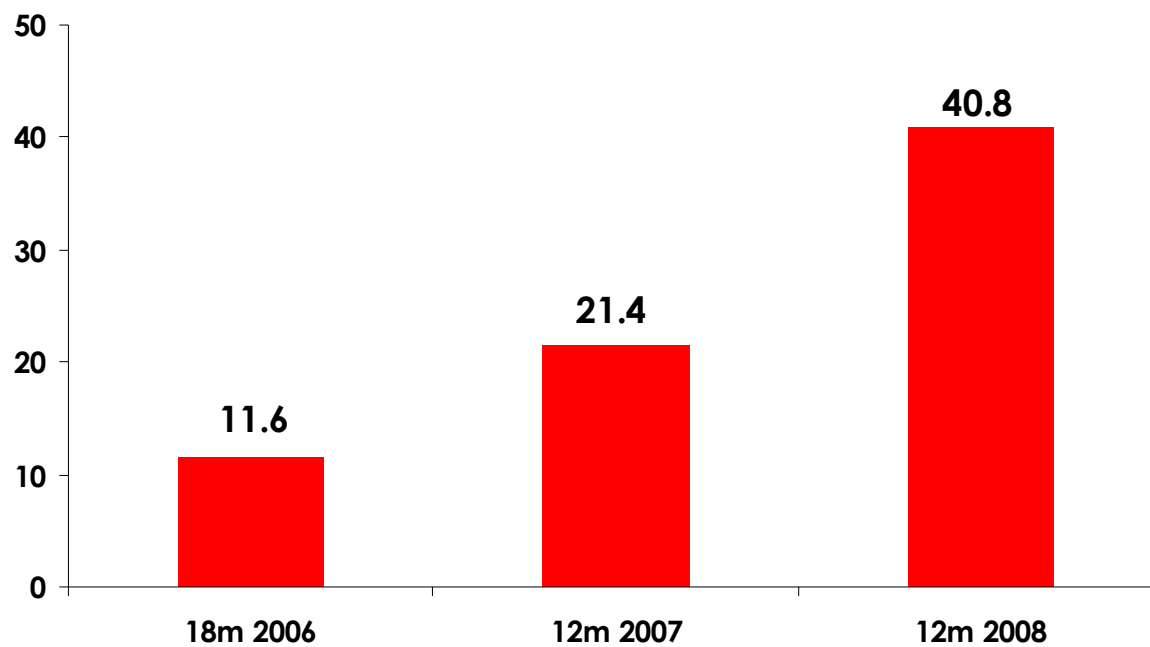
- Profit before tax & exceptional items reflects underlying profitability of ongoing business
- 82% increase in 2008
- 158% CAGR since 2006

Note: 2006 FY was 18 months

Strong return for shareholders



Profit after tax (N billion)



- 90% increase in 2008
- 130% CAGR since 2006

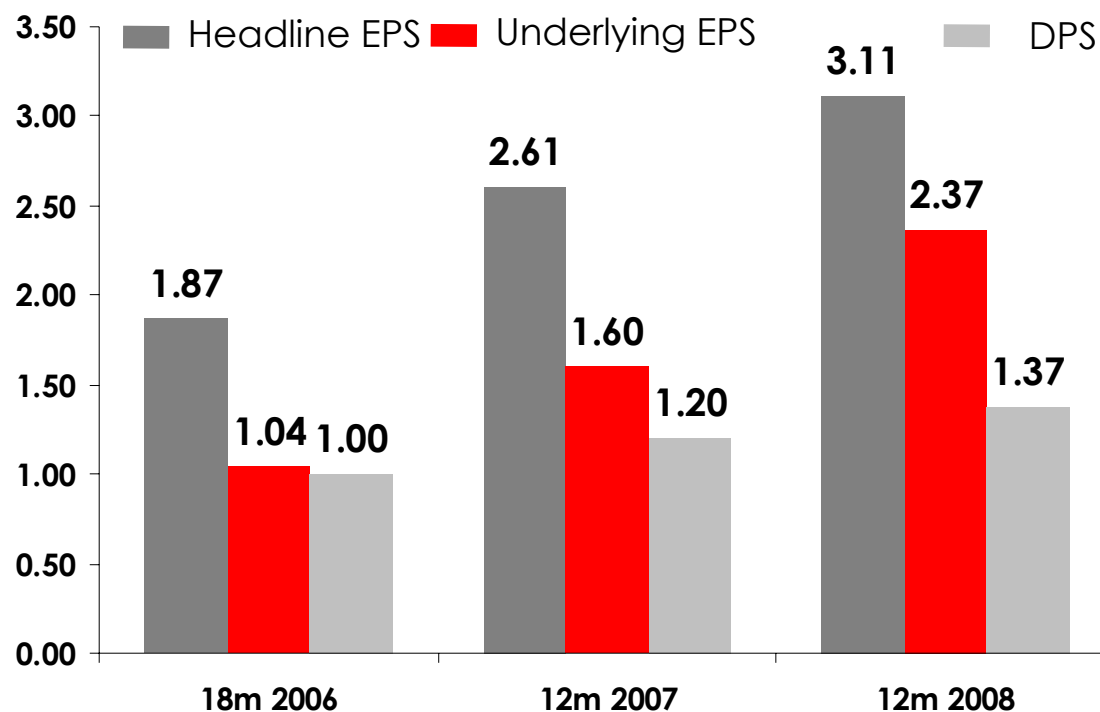
This is after impact of:

- N1.8b OCC fine
- N7.0b accelerated amortisation of special assets

Note: 2006 FY was 18 months

Rapid EPS growth

Earnings per share & dividends per share (N)



- **Headline EPS up 19% in 2008**
- **Underlying EPS up 48% in 2008**
- **Underlying EPS 85% CAGR since 2006**
- **DPS up 14%**

Notes:

¹ September 2006 results represent 18 months of trading

² EPS based on weighted average number of shares outstanding over the year. DPS based on shares outstanding at end of relevant period

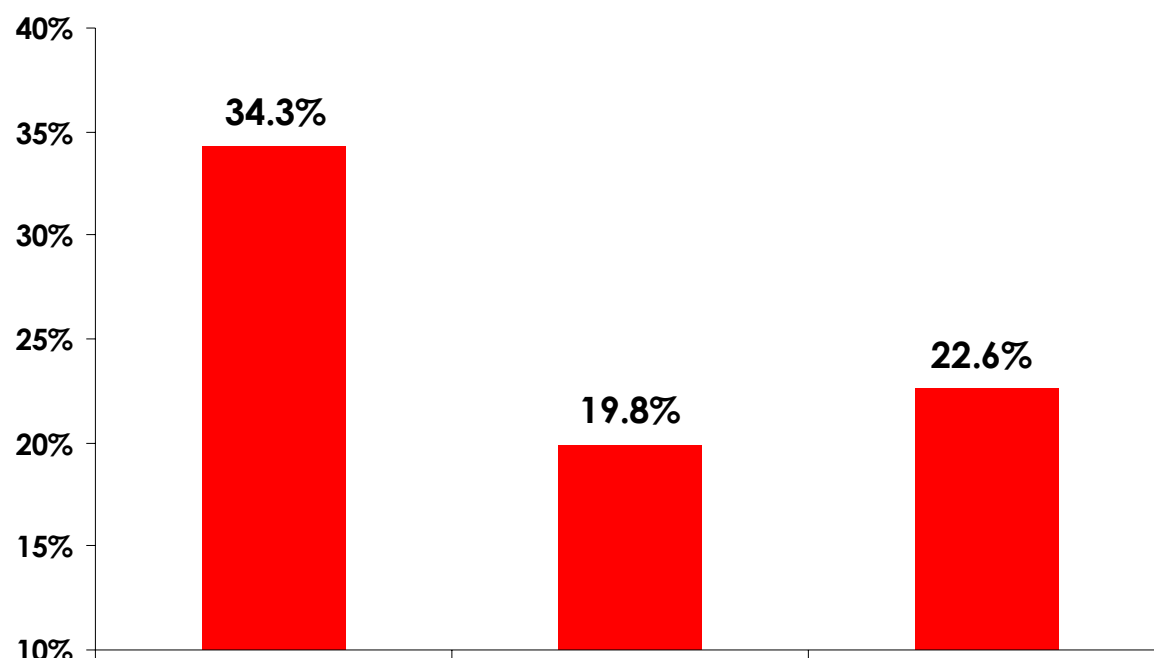
³ Underlying EPS adjusted to account for the effect of bonus share issues in 2007 and 2008 in order to give truer picture of underlying growth

⁴ FY2008 DPS proposed – but must be ratified by shareholders at AGM in January 2009

Increasing ROE



Return on equity (%)



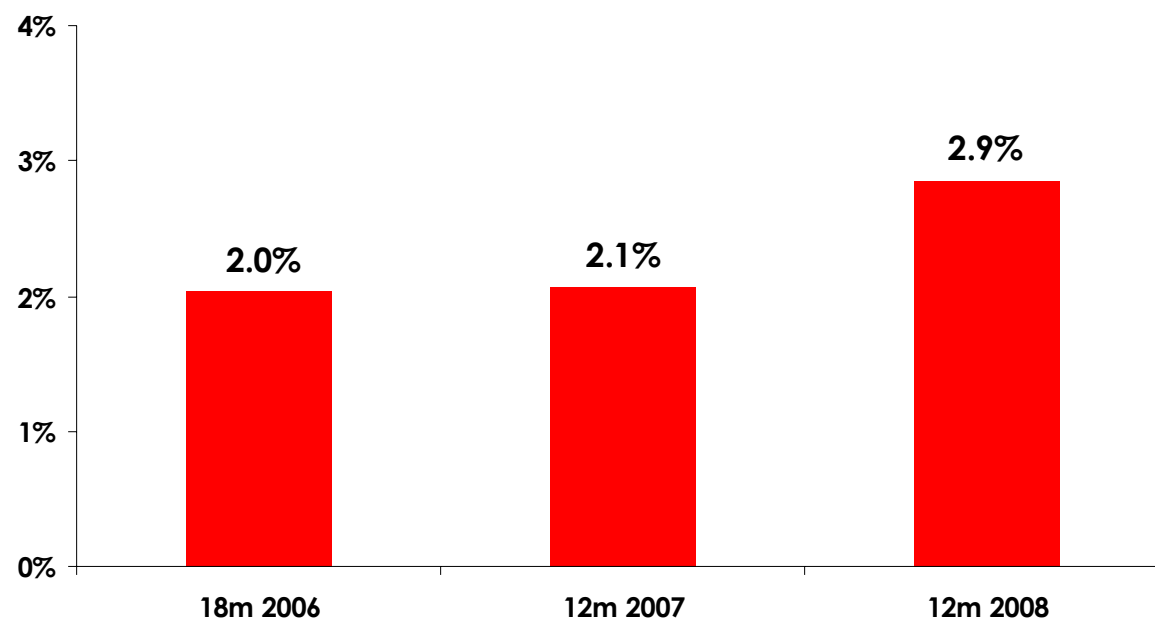
- Historical industry-leading ROE
- Short-term impact of 2007 capital raising
- ROE up 2.8% in 2008
- Targeting 25% in 2009

Note: ROE calculated on simple average equity for the period

Making asset base work harder



Return on average assets (%)



- ROA +0.8% in 2008
- Reduced NEAs
- Increased NIM ratio
- GSS initiative
- Increased Staff productivity through higher sales/non-sales staff ratio

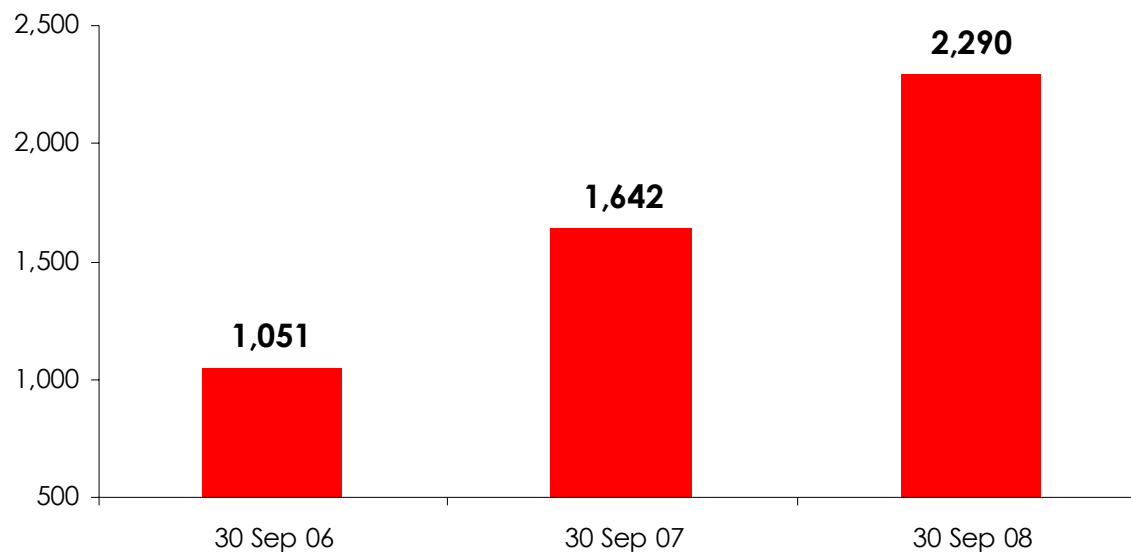
Note: ROA calculated on simple average assets for the relevant period

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Asset growth



Total assets + contingents (N billion)

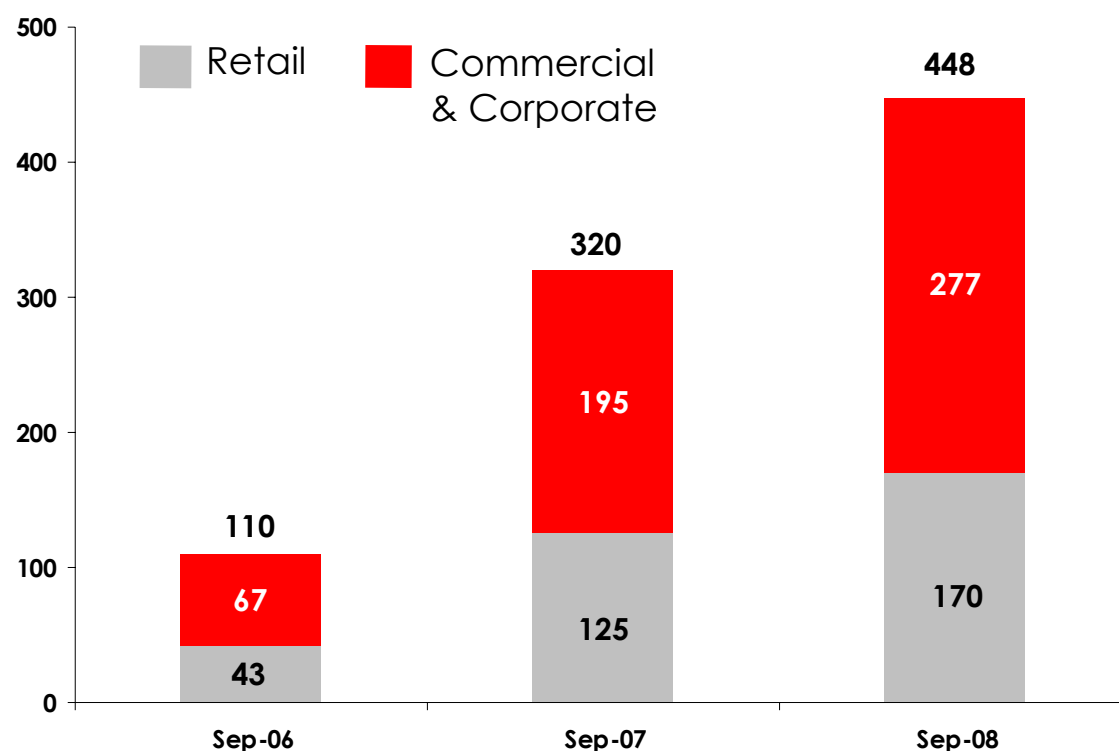


- 39% increase in 2008
- 48% CAGR since 2006

Growth in corporate & retail lending



Net loans by type (N billion)



- Loans up 40% in 2008
- 102% CAGR since 2006
- Growth in both corporate and retail lending
- Exposure under margin lending 10% with 128% LTV
- Growth will increase with the launch of Credit Bureau in 2009

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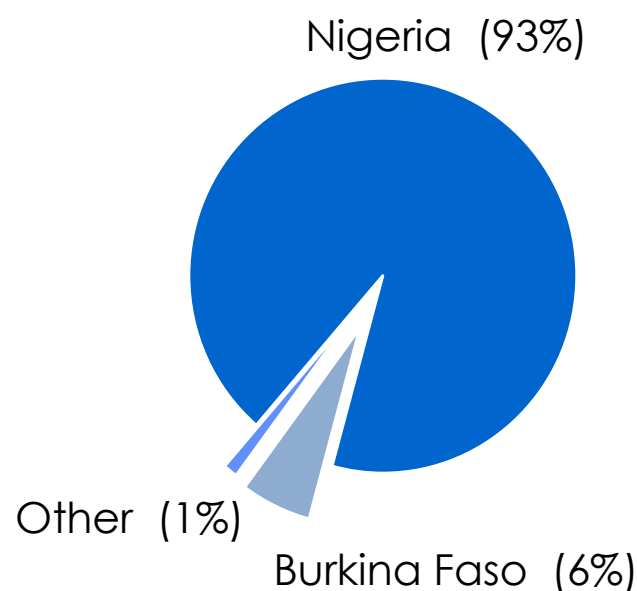
Well diversified loan book



Net loans by industry segment

Personal & Professional	27%
Oil & Gas	15%
Banking/Financial Services	10%
Real Estate	10%
Manufacturing	19%
General Commerce	12%
Telecommunications	4%
Other	3%
Total	100%

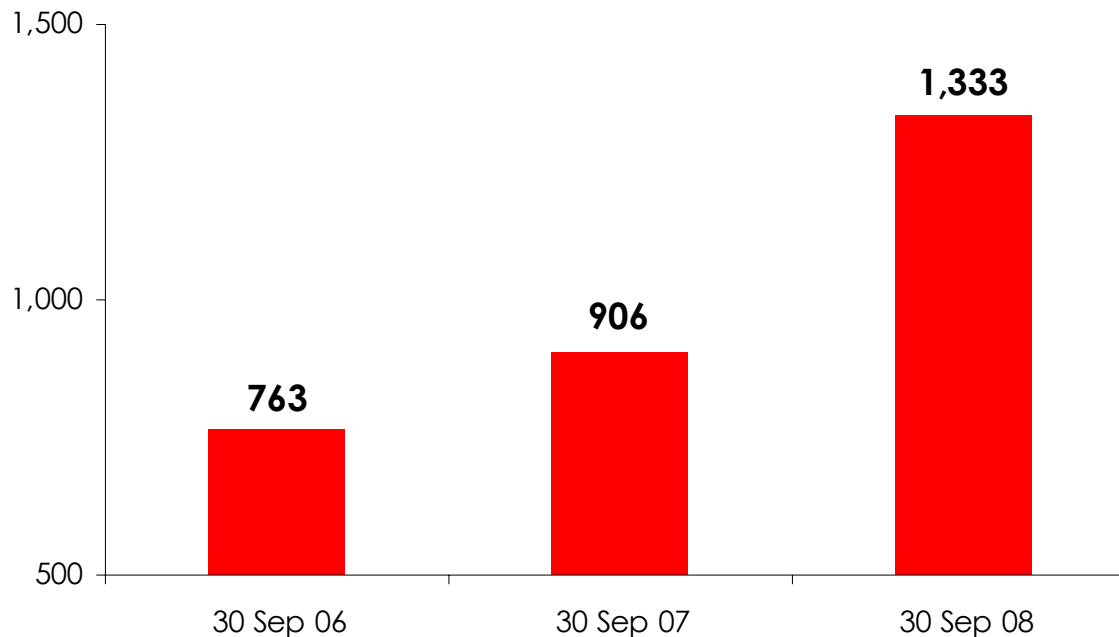
Net loans by market



Strong deposit growth



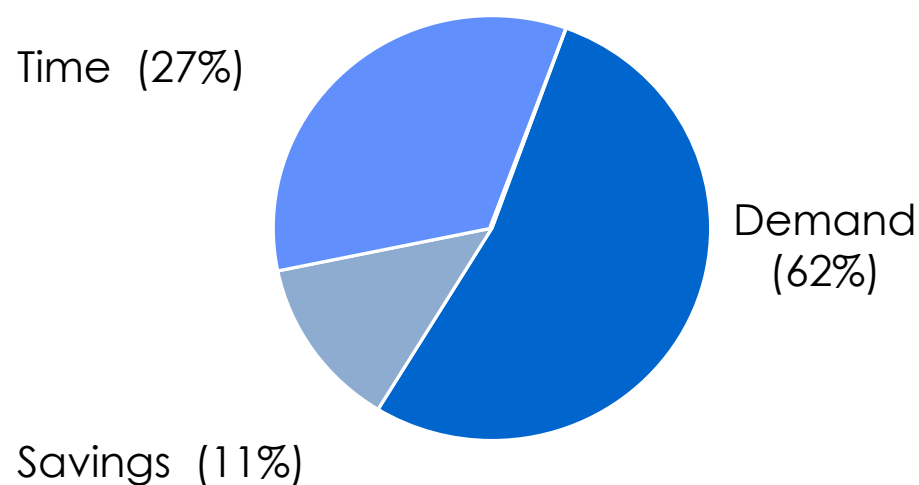
Deposits (N billion)



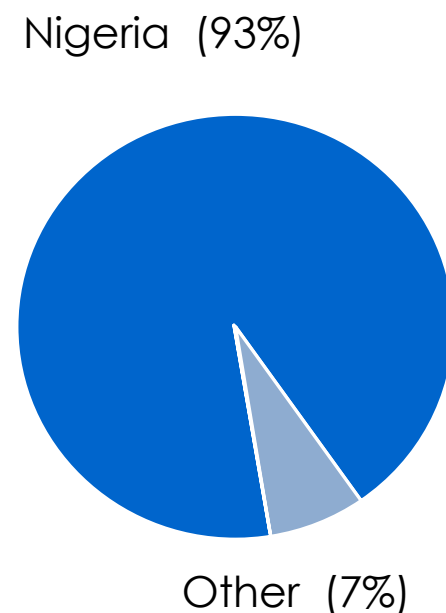
- Deposit growth slowed in 3Q due to equity market activity and competition for deposits amongst banks
- 47% growth for 2008 following strong 4Q
- 32% CAGR since 2006

Focus on low-cost deposit mix

Deposits by class



Deposits by geography



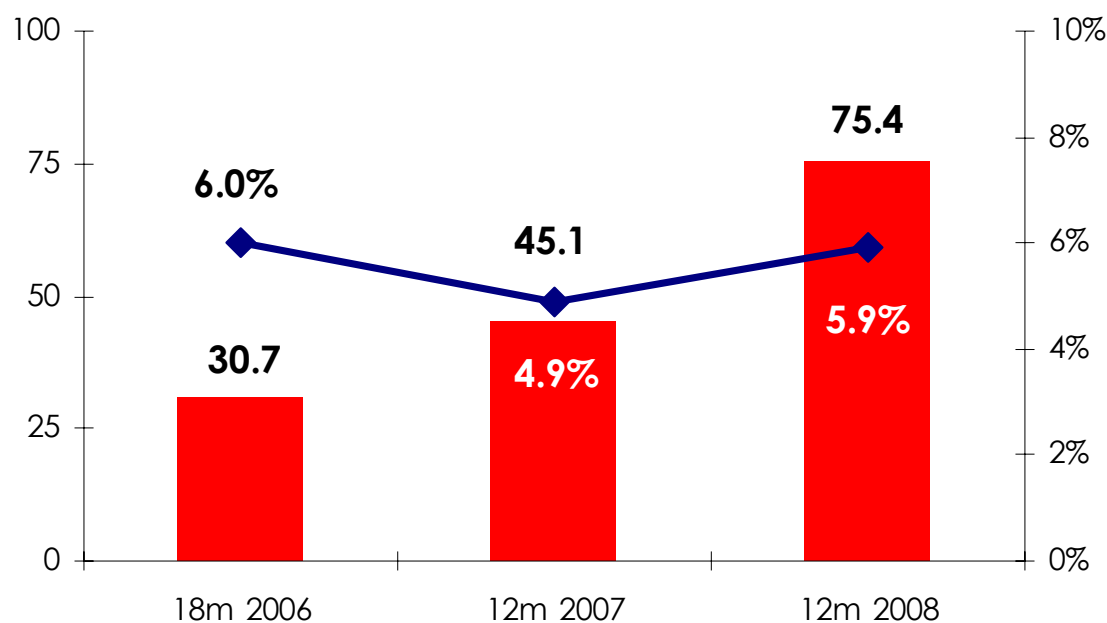
- **Average cost of funds under 4%**

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Increasing net interest income



Net interest margin (N billion) & NIM/average interest earning assets (%)



- NIM up 67% in 2008
- 92% CAGR since 2006
- Short-term impact on NIM% of 2007 capital raising
- NIM/Interest earnings assets up 1.0% to 5.9%

Note:

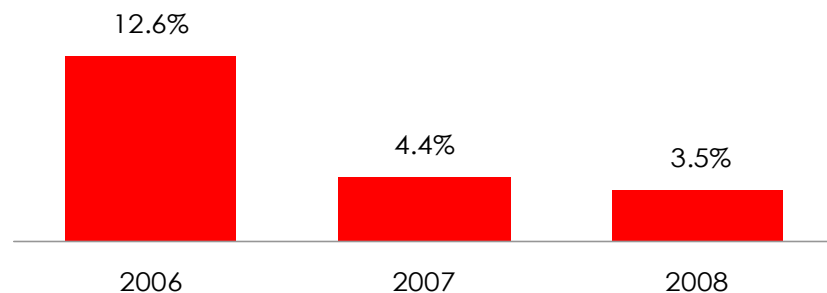
1 NIM/average interest earning assets calculated on simple average for the relevant period

2 Note: 2006 FY was 18 months

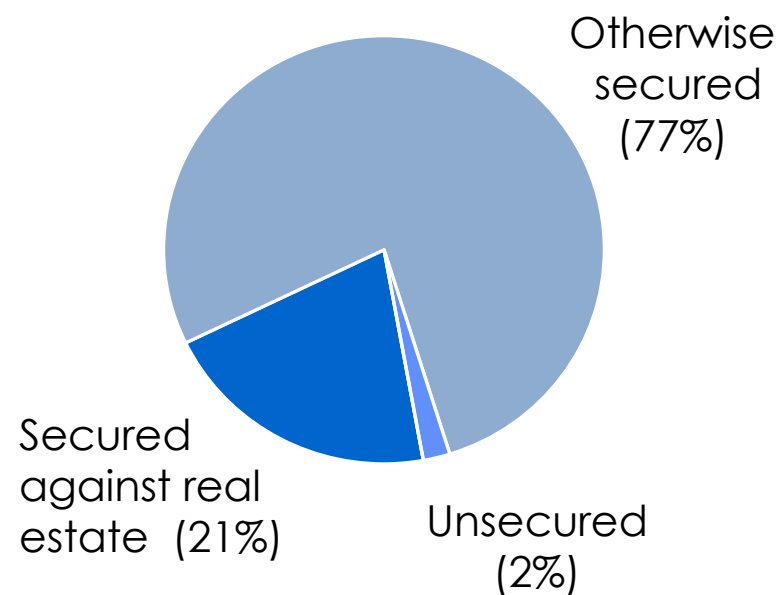
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Improving asset quality

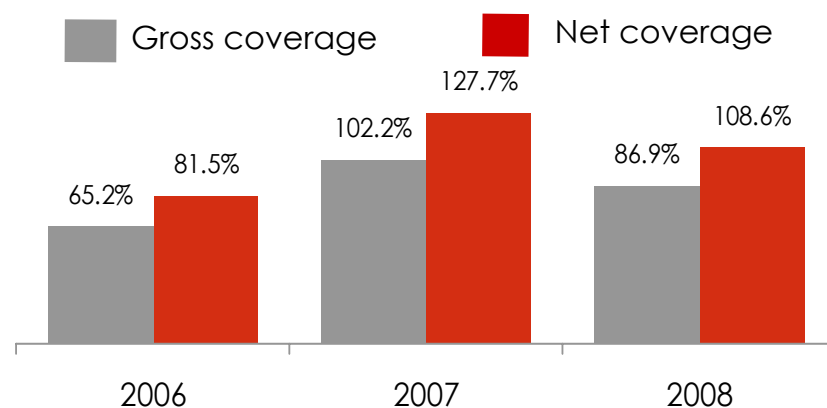
NPL ratio¹



Gross loans by security type



Coverage ratio²



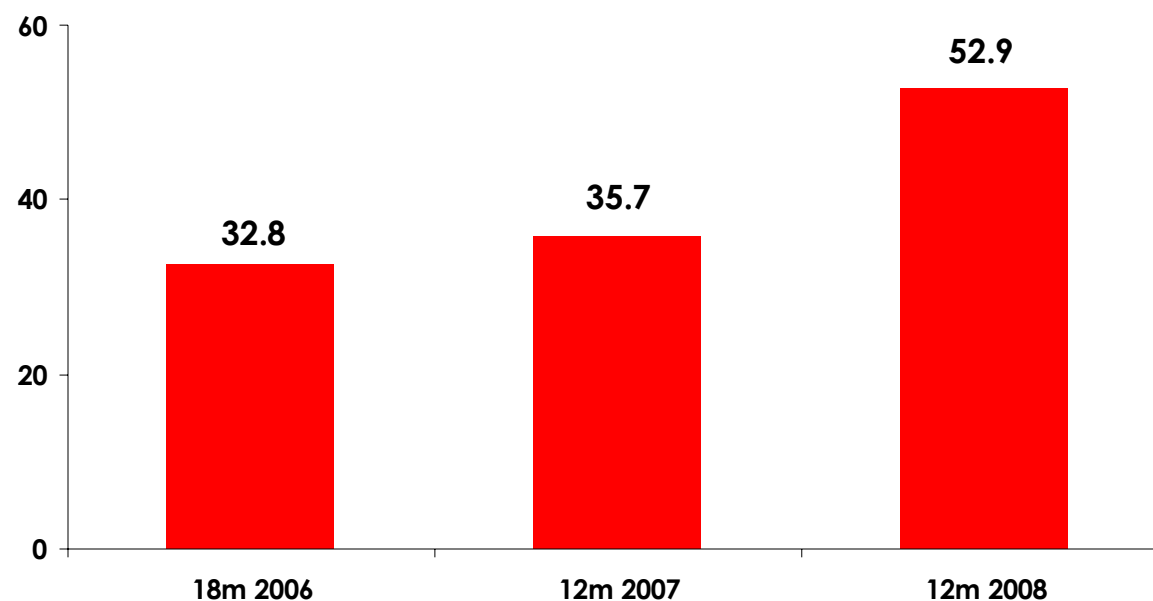
Notes:

¹ NPL ratio defined as total non-performing loans as a percentage of gross loans

² Coverage ratio defined as provisions for loan losses as a percentage of non-performing loans. Provisions include interest in suspense. Net coverage ratio calculations NPLs net of expected recoveries

Growth in fee income

Non-interest income (N billion)



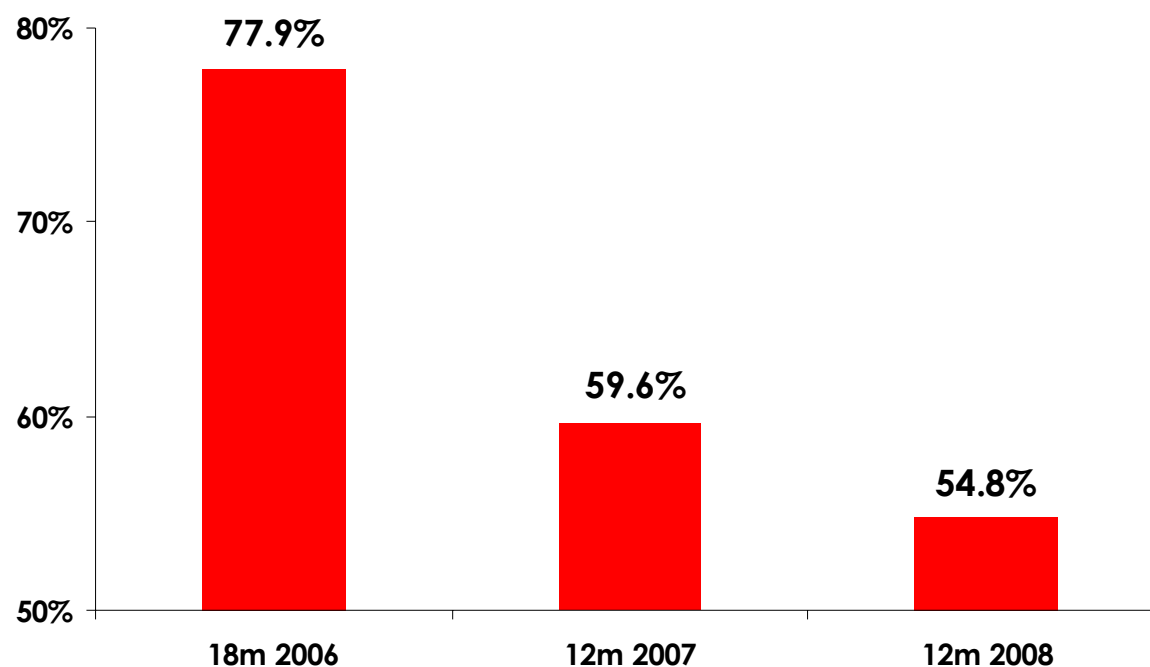
- **48% increase in non-interest income in 2008**
- **56% CAGR since 2006**
- **Largest source of fee income remains COT**

Notes:

¹ 2006 FY was 18 months

Leveraging economies of scale

Cost-to-income ratio (%)



- **4.8% reduction in 2008**
- **Budget discipline**
- **Strong MIS**
- **Group Shared Services project target 50% by 2011**

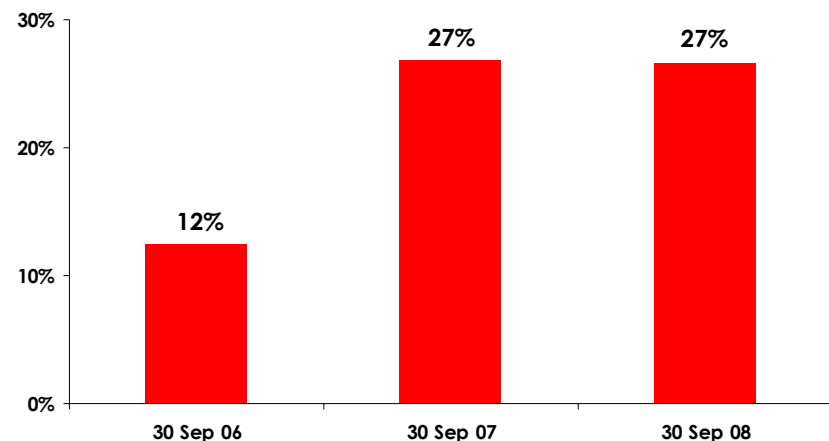
Note: Cost/Income ratio calculated as Operating expenses / (Net interest income + other banking income – provision of loans)

Outline

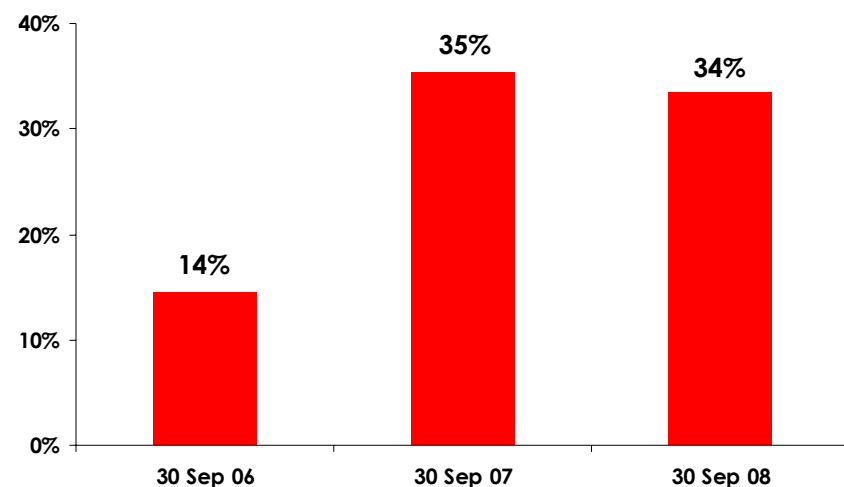
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Highly conservative balance sheet

Loans to total assets (%)



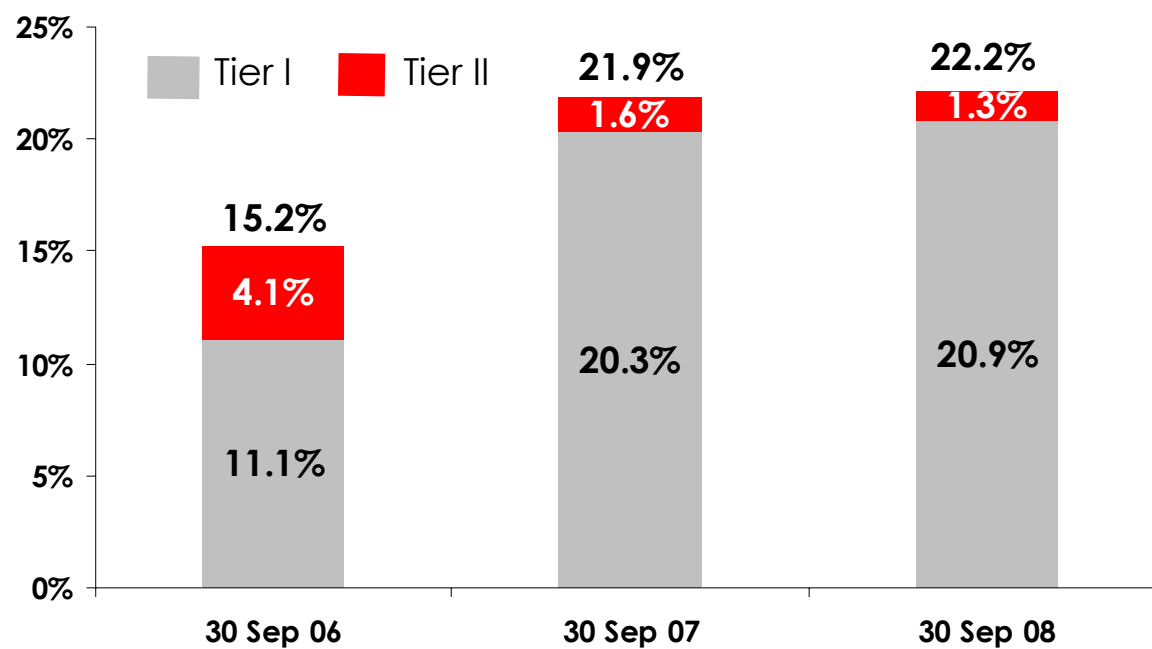
Loans to deposits (%)



- Highly liquid balance sheet
- Maintaining loan growth in line with deposit growth
- Cash is king at this crucial time!!!

Sound capital management

Capital adequacy ratios



- Strong liquidity cushion
- Regulatory minimum = 10%

Risk-Weighted Assets (N billion)

318.8

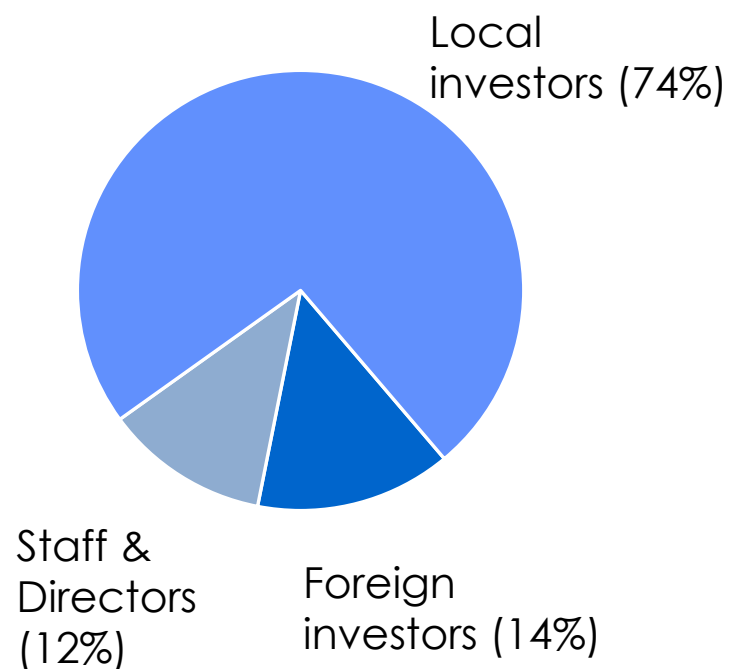
771.4

879.0

Blue-chip shareholder base



Shareholders



- **17,245m outstanding shares**

Note: Shareholder data based on Registry records at 30 September 2008

Top 10 shareholders

FIRST DOMINION INVESTMENT LIMITED	1,122.7	6.5%
THE BANK OF NEW YORK MELLON	975.8	5.7%
CONSOLIDATED TRUST FUNDS LTD	850.2	4.9%
BGL SECURITIES LIMITED/MM	629.8	3.7%
STH LIMITED	588.3	3.4%
POSHVILLE INVESTMENTS LIMITED	516.9	3.0%
STANBIC NOMINEES NIGERIA LTD (SNNL)	436.2	2.5%
BGL INVESTMENT LTD	404.8	2.3%
INTERNATIONAL FINANCE CORPORATION	309.8	1.8%
AFRICAN DEVELOPMENT BANK	270.6	1.6%
	<u>6,105.0</u>	<u>35.4%</u>

Long-term ratings

	Local	International
▪ Fitch:	A+	B+
▪ GCR:	AA+	BB-

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- **Economic slowdown/recession**
- **Oil/commodity price decline**
- **Credit crunch**
- **FDI decline**
- **More stringent regulation**
- **Further financial stimulus by governments**

Nigerian outlook



- Oil revenue decline
- Naira depreciation
- Reduced FX reserves
- Weak capital market
- Increase in domestic debt
- Limited foreign currency credit lines
- Reduced diaspora flows
- Intense competition/reduced interest margins
- Liquidity squeeze
- Risk management

Initiatives for 2009



- **Guided consumer credit expansion**
- **Mobile banking**
- **Operations in 10-15 additional African countries**
- **Internal transformation through IT & shared services**
- **CDB partnership**
- **IFRS & Basle II compliance by end of 2009 for stronger reporting and risk mgmt systems**
- **Scan/seize more brownfield opportunities**
- **Cost management/service delivery enhancement**
- **Training**

2009 financial forecasts



PARAMETERS	2008 N'Bn	2009 N'Bn	% GROWTH
GROSS EARNINGS	170	217	28%
PBT & EXCEPTIONAL ITEMS	57	65	14%
BALANCE SHEET SIZE	2,290	2,650	16%
DEPOSITS	1,333	1,600	20%
NPL RATIO	3.5%	3%	
COST/INCOME	54.80%	55%	
ROE	22.6%	25%	



Thank you



Q&A



Appendices

Detailed earnings



For the:	12 months to 31 March 2004 N million	12 months to 31 March 2005 N million	18 months to 30 September 2006 N million	12 months to 30 September 2007 N million	12 months to 30 September 2008 N million
Gross earnings	24,510	26,089	90,447	109,512	169,581
Interest income	15,155	14,456	57,693	73,724	116,704
Interest expense	(3,107)	(3,490)	(26,954)	(28,649)	(41,354)
Net interest income	12,048	10,966	30,739	45,075	75,350
Other income	9,355	11,633	32,754	35,733	52,877
Operating expenses	(14,632)	(16,039)	(45,111)	(45,954)	(68,796)
Provision for loans & other accounts	(761)	(40)	(5,571)	(3,702)	(2,616)
Profit before tax & exceptional items	6,010	6,520	12,811	31,152	56,815
Exceptional items	-	-	-	(5,788)	(8,786)
Profit before tax	6,010	6,520	12,811	25,364	48,029
Taxation	(1,485)	(1,599)	(1,261)	(3,923)	(7,204)
Profit after tax	4,525	4,921	11,550	21,441	40,825
Minority interest	-	-	-	99	414
Transfer to reserves	4,525	4,921	11,550	21,540	41,239

Detailed financial position



As at:	31 March		30 September		
	2004 N million	2005 N million	2006 N million	2007 N million	2008 N million
Assets					
Cash & short-term funds	90,209	110,517	79,825	129,897	200,820
Due from other banks & financial institutions	-	-	391,669	449,822	574,295
Treasury bills & government bonds	40,497	59,832	207,341	157,519	256,368
Other assets	15,343	4,455	35,618	44,926	87,194
Loans & advances	56,136	67,610	109,896	320,406	447,618
Investments	3,460	2,193	26,597	38,725	45,121
Fixed assets	6,379	6,176	33,191	49,747	61,575
Total assets	212,024	250,783	884,137	1,191,042	1,672,991
Liabilities					
Deposits & current accounts	151,929	205,110	776,135	905,806	1,333,289
Managed funds	-	-	13,561	66,013	40,558
Other liabilities	33,700	19,068	47,784	43,825	97,641
Taxation payable	2,373	2,535	1,644	5,149	5,606
Deferred tax	1,104	1,073	1,502	994	993
Dividend payable	-	1,878	7,102	42	42
Borrowings	3,385	1,676	1,135	1,135	-
Total liabilities	192,491	231,340	848,863	1,022,964	1,478,129
Equity					
Share capital	1,275	1,530	3,530	5,748	8,622
Share premium	-	-	23,209	119,066	114,788
Other reserves	18,003	17,207	10,565	31,674	56,307
Fixed assets revaluation reserve	-	-	11,231	11,231	11,231
Shareholder's funds	19,278	18,737	48,535	167,719	190,948
Minority interest	-	-	300	359	1,384
	19,278	18,737	48,835	168,078	192,332
Liabilities & equity	211,769	250,077	884,137	1,191,042	1,670,461
Acceptances & guarantees	81,719	81,821	167,184	451,110	616,734

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Detailed cashflow



(N million)	As at 31 March 2005	As at 30 September 2006	As at 30 September 2007	As at 30 September 2008
Cash flows from operating activities				
Interest and commission receipts	25,644	89,093	105,767	165,750
Foreign exchange income received	445	1,354	3,657	3,926
Interest expense	(3,490)	(26,954)	(28,649)	(41,354)
Cash payments to employees and suppliers	(14,881)	(37,790)	(45,999)	(63,233)
Income tax paid	(1,470)	(2,757)	(926)	(6,188)
Operating profit before changes in operating assets	6,248	22,946	33,850	58,901
Changes in Operating Assets/ Liabilities				
Loans and advances	(11,474)	(47,730)	(213,789)	(125,542)
Exchange reserve	(3,175)	(822)	-	-
Term loan	-	1,135	-	-
Borrowing	(1,709)	(1,676)	-	-
Other assets	10,888	(31,845)	(11,065)	(41,399)
Deposit and current accounts	53,181	571,025	143,232	427,483
Other liabilities	(12,754)	28,716	(3,684)	53,816
Managed funds	0	0	52,452	(25,455)
Net cash from operating activities	41,205	541,749	996	347,804
Cash flows from Investing Activities				
Purchase of fixed assets	(1,315)	(12,470)	(20,645)	(18,579)
Proceeds from sale of fixed assets	16	62	94	723
Proceeds from the disposal of investments	(1)	8,684	5,000	-
Treasury bills held to maturity	(17,946)	(26,050)	1,244	(224,753)
Purchase of investments	(121)	(27,703)	(17,351)	(19,034)
Net cash used in investing activities	(19,367)	(57,477)	(31,658)	(261,643)
Cash flows from Financing Activities				
Proceeds on sale of shares	0	0	102,968	0
Share issue expenses	0	0	(5,599)	0
Dividend paid	(1,530)	(1,836)	(7,060)	(16,668)
Net cash used in financing activities	(1,530)	(1,836)	90,309	(16,668)
Net increase in cash and cash equivalents	20,308	482,436	59,647	69,493
Cash and cash equivalents at the beginning of the period	149,252	169,560	651,996	711,643
Cash and cash equivalents at end of the period	169,560	651,996	711,643	781,136

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