

Building Africa's global bank

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Merrill Lynch EEMEA Banks Investor Forum
10-11 September 2008

Forward looking statements

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.

Key messages



- **Market leader in Nigeria**
- **Focus on earnings growth**
- **Careful cost control**
- **Best-in-class risk management**
- **Asset growth in challenging conditions**
- **Clear growth strategy**

Key ratios



- **NIM/Average Interest Earning Assets**
- **Return on average Assets**
- **Return on average Equity**
- **Cost to Income ratio**

- **NPL/Gross Loans**
- **Loans/Assets**
- **Loans/Deposits**
- **Capital Adequacy ratio**

12m2007

4.9%

2.1%

20%

62%

4.4%

27%

35%

22%

9m2008

6.4%

3.3%

22%

59%

2.9%

40%

54%

21%

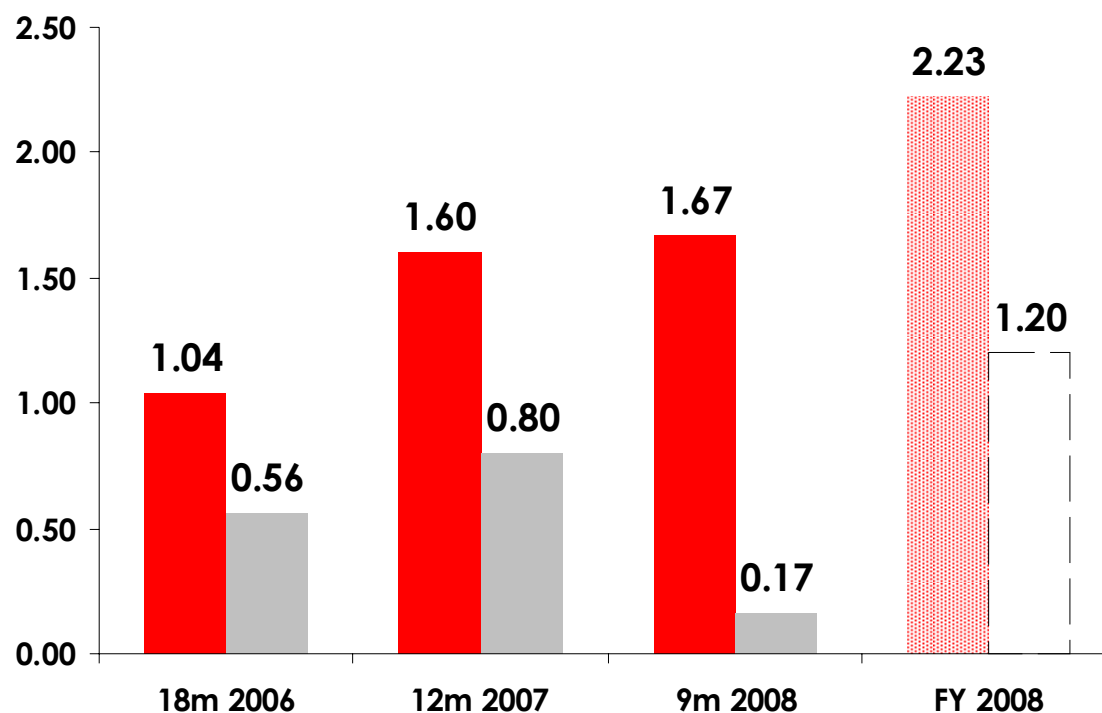
The background is a solid red color with a repeating pattern of white, stylized, rounded triangular shapes. Each shape consists of multiple concentric outlines, creating a sense of depth and movement. The shapes are arranged in a grid-like fashion, slightly offset from each other.

Focus on shareholder returns

Rapid underlying EPS growth



Earnings per share & dividends per share (N)



- **95% CAGR in underlying EPS since 2006 despite major capital raising**
- **@40% growth in EPS in 2008**
- **2008 final dividend has not yet been declared**

Notes:

¹ Following the merger with STB in 2005, UBA changed its financial year end from March to September in 2006. 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

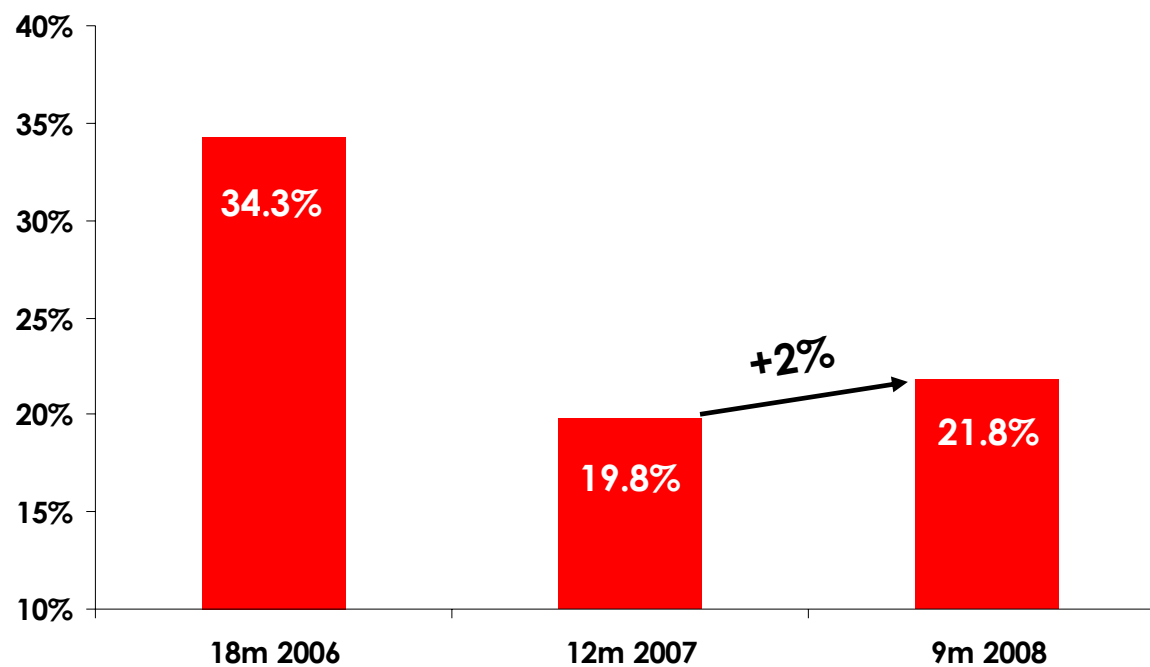
³ EPS & DPS have been adjusted to account for the effect of bonus share issues in 2007 and 2008 in order to give truer picture of underlying growth

⁴ FY2008 EPS based on extrapolation of first 9 months results. FY2008 DPS indicative only based on prior year

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Increasing ROE

Return on equity (%)



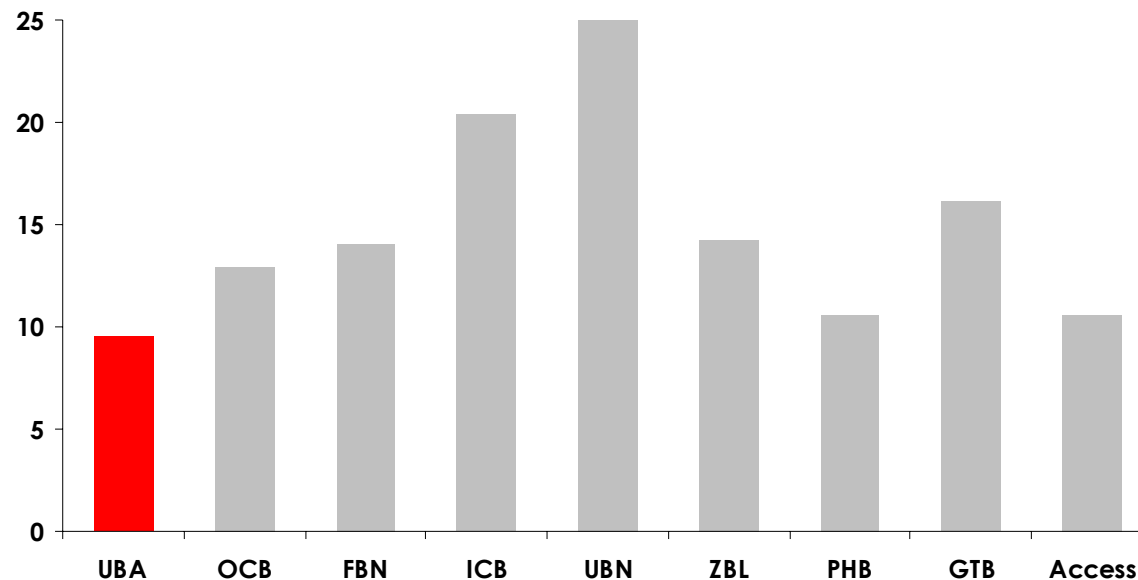
- Historical industry-leading ROE
- Short-term impact of 2007 capital raising

Note: ROE calculated on simple average equity for the period

UBA provides value relative to sector



Price/Earnings ratio (2008E)



- **Lowest current year PE ratio of Nigerian peers**
- **PE < 10 also presents value compared to emerging markets banks**

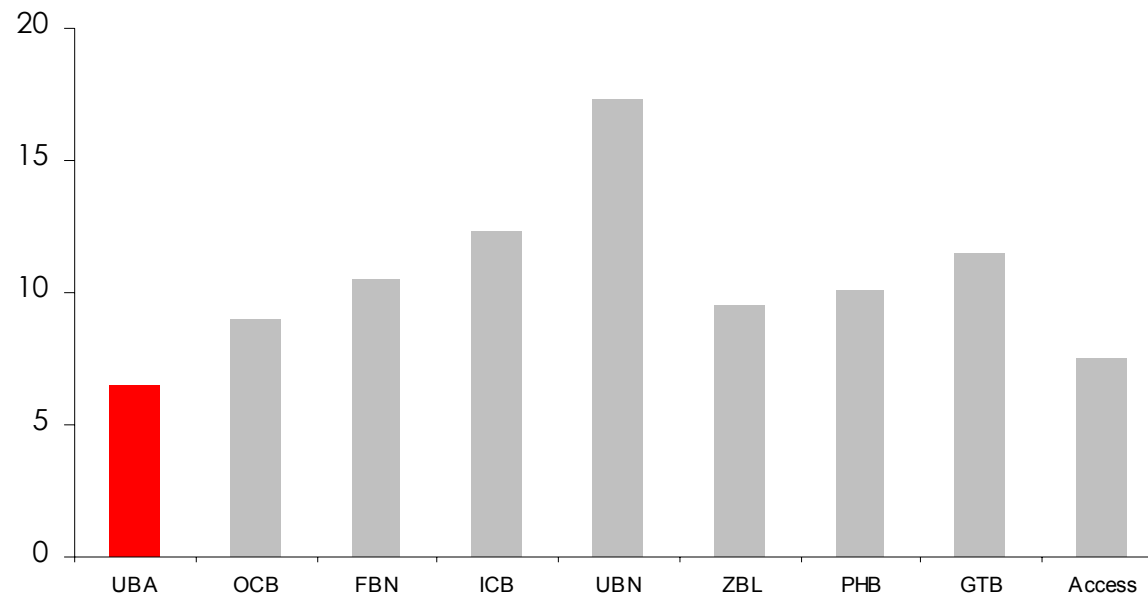
Source: Renaissance Capital estimates as at 8 August 2008

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UBA provides value relative to sector



Price/Earnings ratio (2009E)



- PE = 6.5 for 2009 earnings

Source: Renaissance Capital estimates as at 8 August 2008

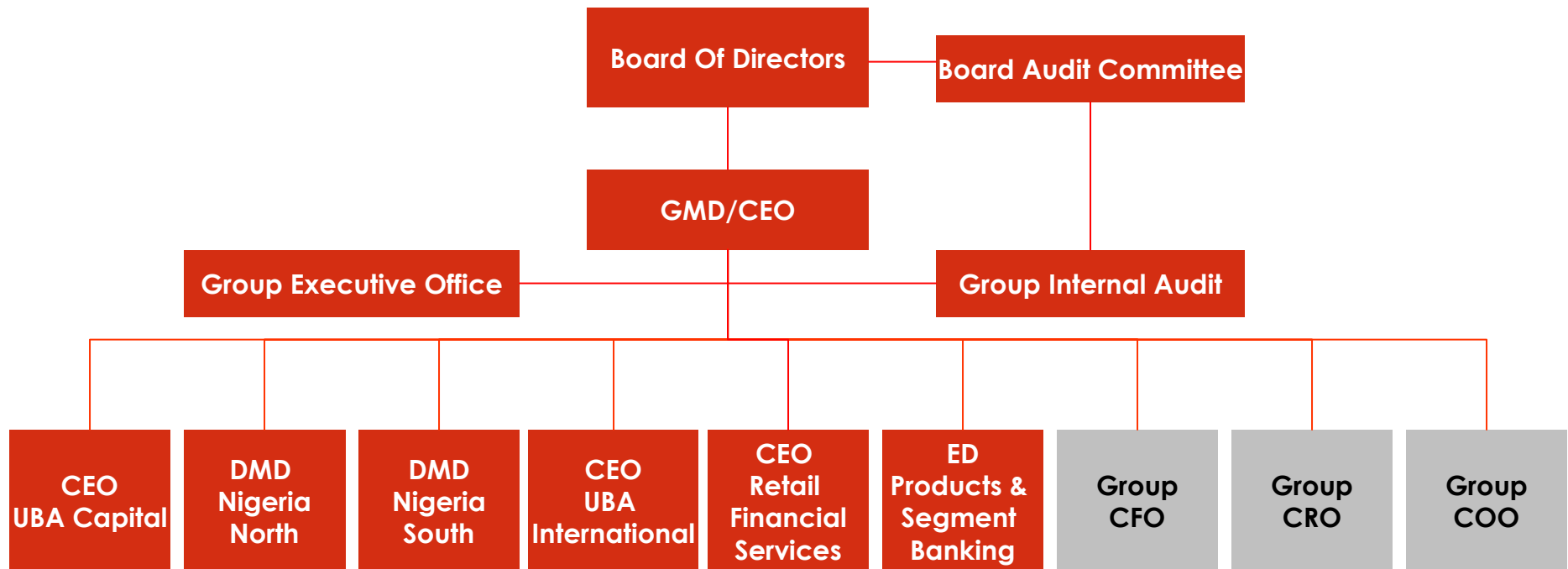


Overview of UBA Group

Group structure



6 strategic business units & 3 strategic support units



Largest Nigerian distribution network



- 3 distinct branch networks: myUBA, UBA Prestige & UBA Microfinance
- 621 operational branches
- 1,205 ATMs in Nigeria
- 855 active POS machines
- >6.5 million customer accounts
- 72% deposit conversion from P&A
- 5,081 employees in Nigeria



Note: All operational data as at 31 July 2008

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Nigerian market leader



	Market share	Market size	Market position
Cards volume	>30%	24.4 million	★1
ATMs	>20%	5,894	★1
POS terminals	>30%	2,746	★1
Web acquired transactions value	>40%	N625 million	★1
Card usage on mobile channels	>30%	15,046	★1



Source: Interswitch at end of July 2008

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Expanding international operations



Dubai



India



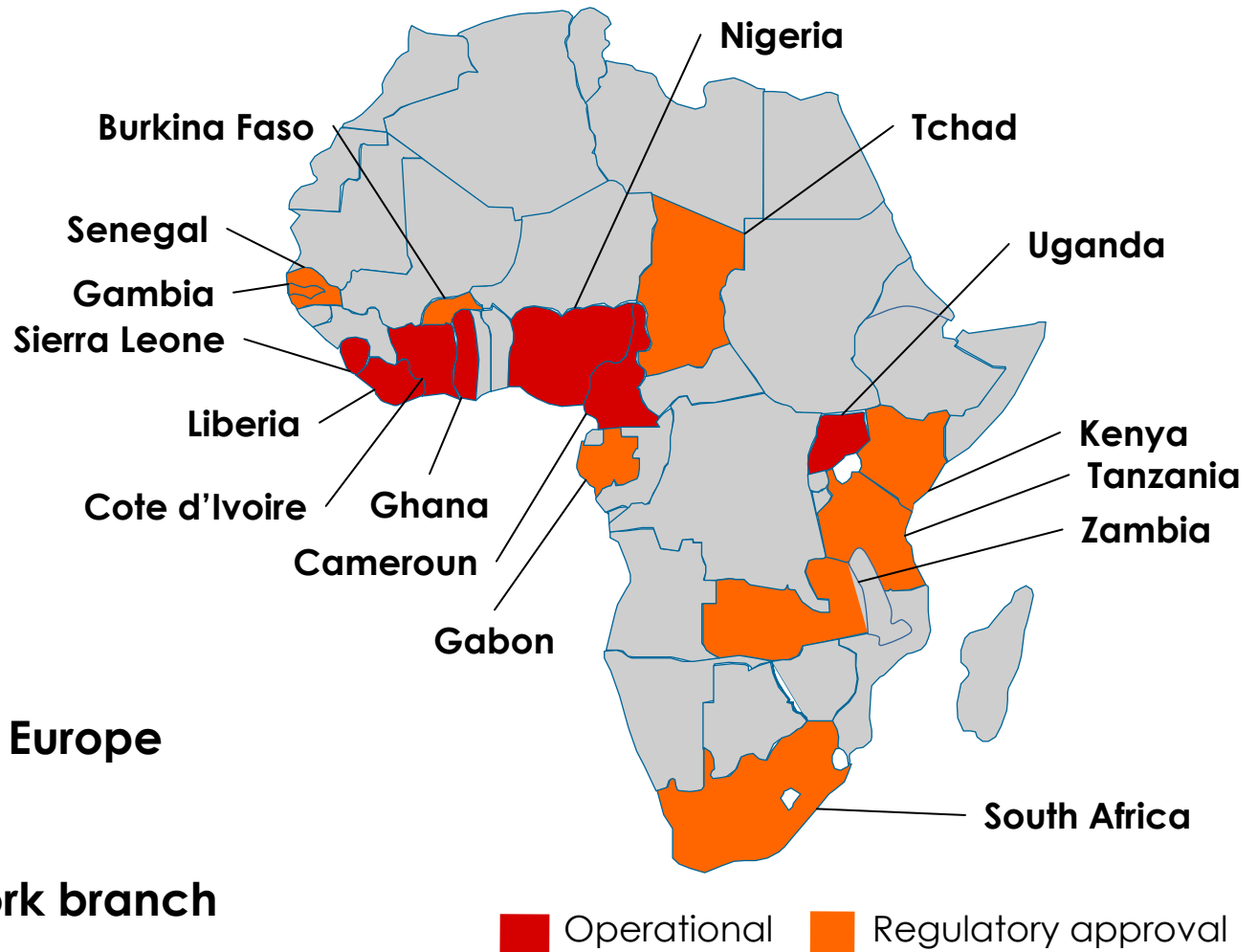
China



UBA Capital Europe



UBA New York branch



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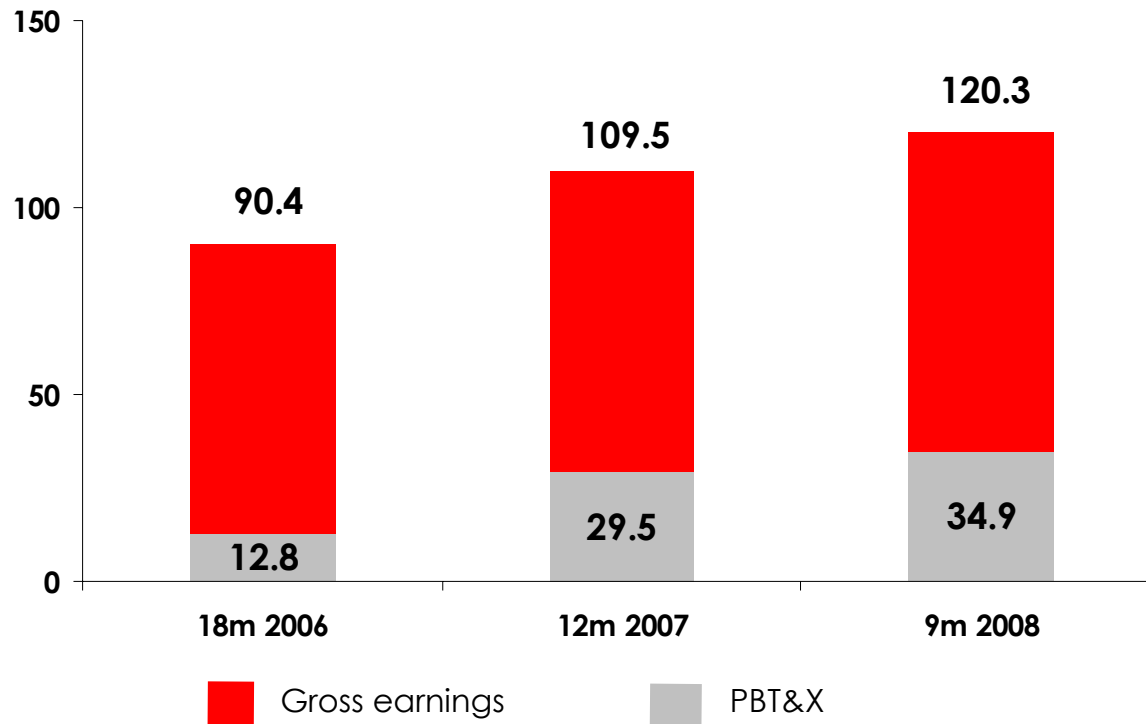
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Track record of earnings growth

Focus on delivering earnings growth



Gross earnings and profit before tax & exceptionals (N billion)



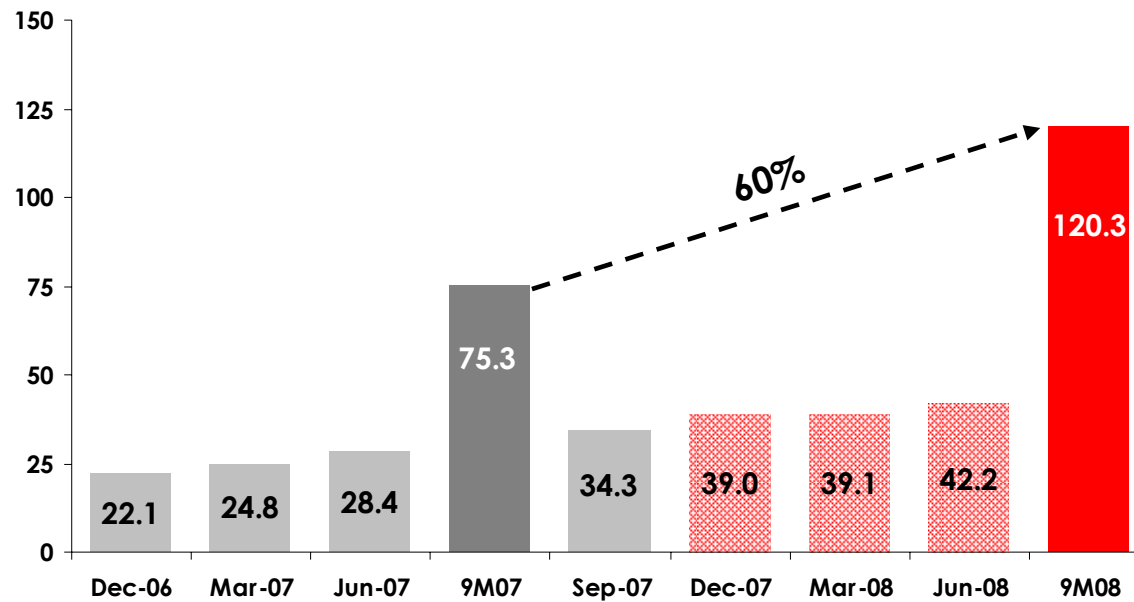
- 75% CAGR in gross earnings
- 163% CAGR in PBT&X

Note: 2006 FY was 18 months. 9 months to June 2008 are unaudited

Consistent income growth



Gross earnings (N billion)



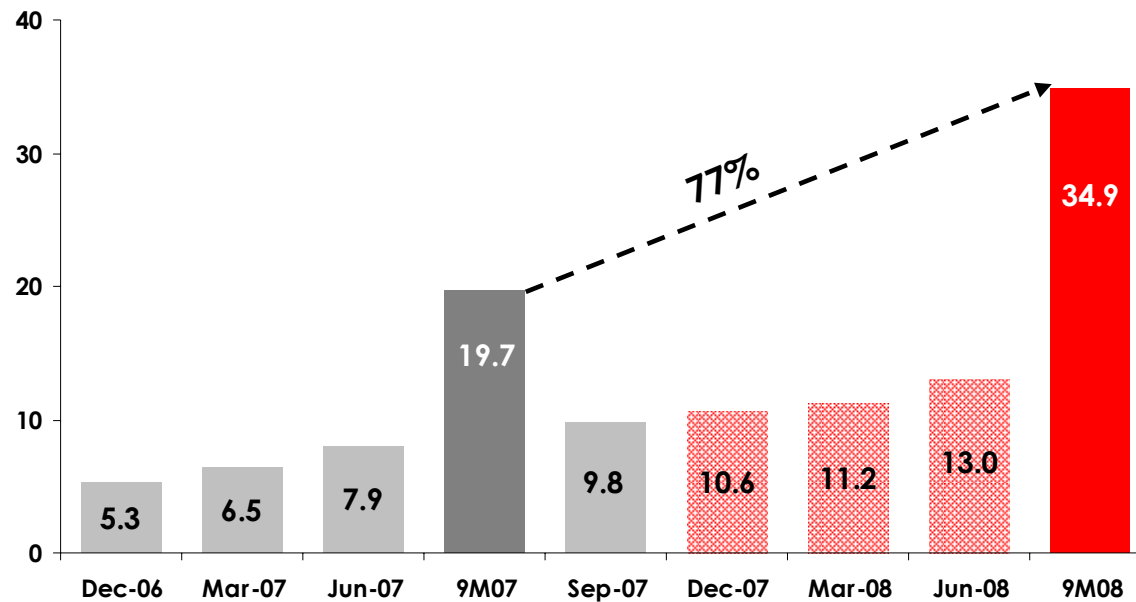
- Consistent QoQ growth
- Gross earnings +60% for 9 months of 2008
- Capital raising and expanding operations in 2H07 facilitated quantum leap in performance

Note: Quarterly results are unaudited

Consistent profit growth



Profit before tax & exceptionals (N billion)

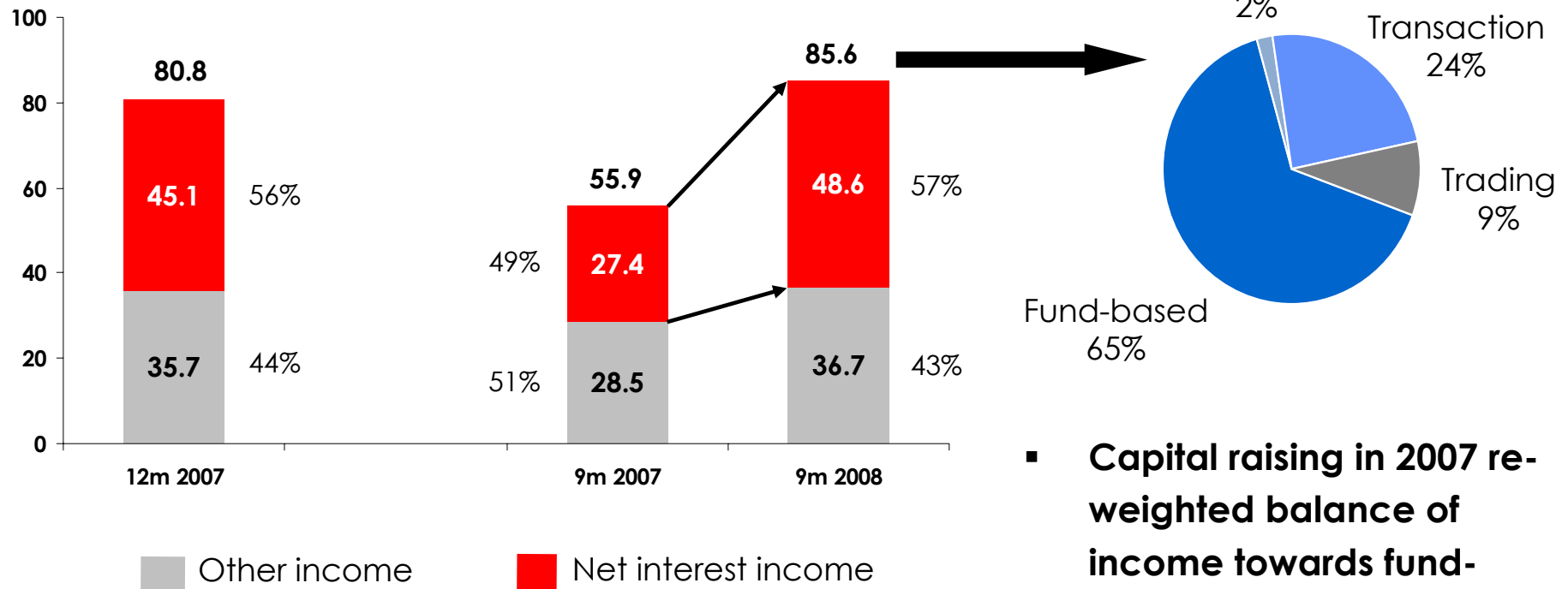


- Consistent QoQ growth
- PBT&X +77% for 9 months of 2008

Note: Quarterly results are unaudited

Growth in both interest & fee income

Operating income (N billion)



- Capital raising in 2007 re-weighted balance of income towards fund-based sources

Notes:

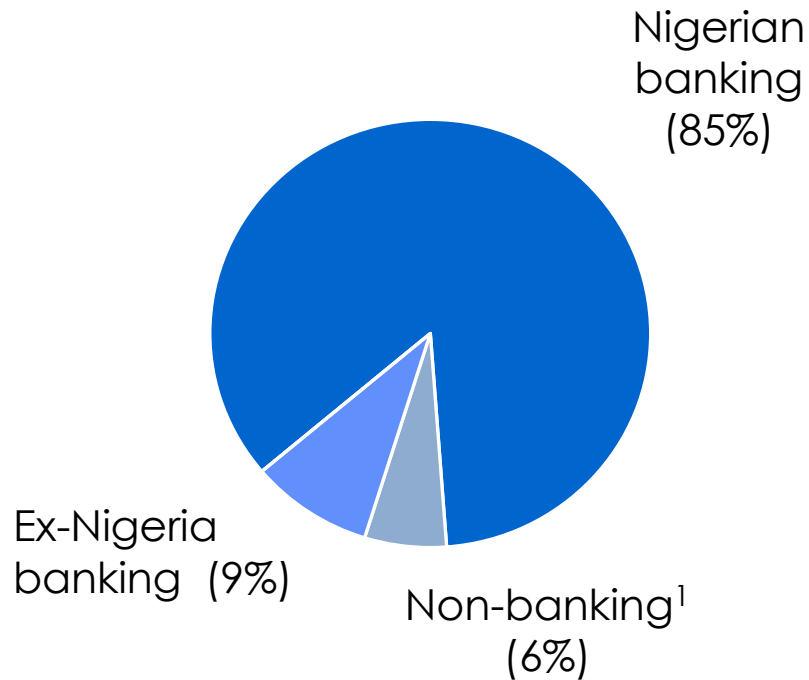
¹ Results for 9-months ended 30 June 2007 and 30 June 2008 are unaudited

² Operating income excludes provision for non-performing loans

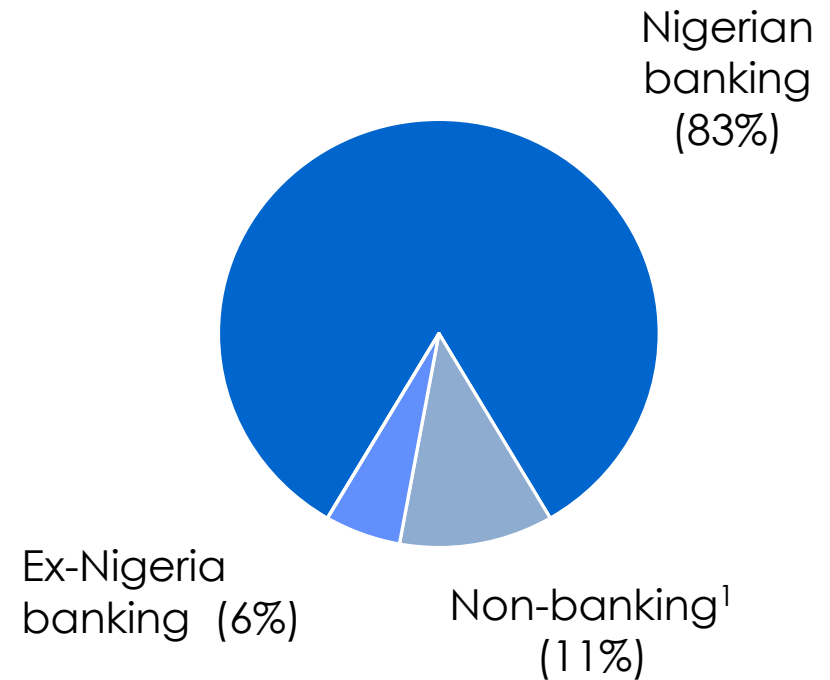
Core business remains Nigerian banking



Gross earnings (1H08)



Profit before tax & exceptionals (1H08)



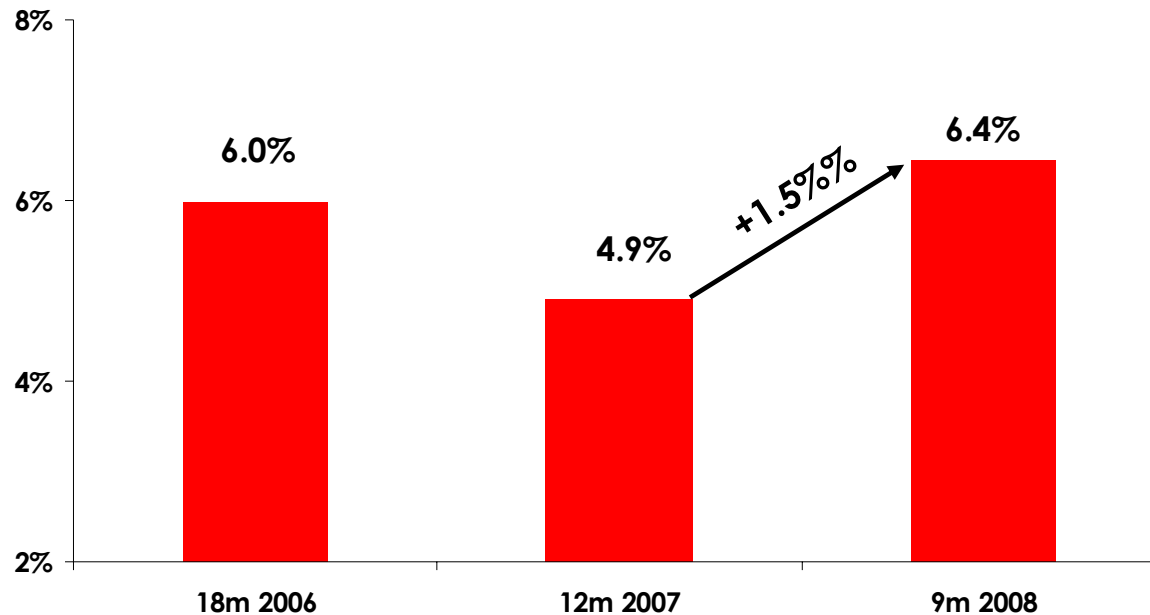
Note 1: Non-banking operations encompass all subsidiary activities including investment banking, asset management, custody, registrars, stock-broking & insurance-broking

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Increasing efficiency

Increasing interest margin

Net interest margin/average interest earning assets (%)



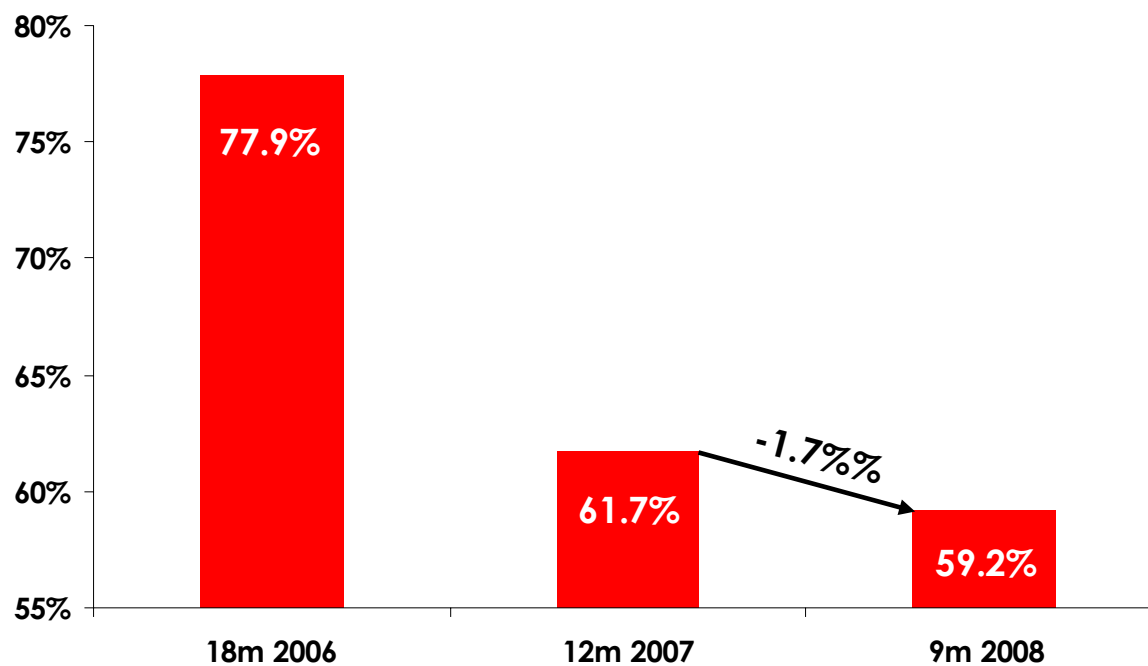
- Capital raising in 2007 impacted returns
- Asset base rapidly re-weighting towards higher yielding loans

Note: Denominator calculated on simple average for the relevant period

Leveraging economies of scale



Cost-to-income ratio (%)

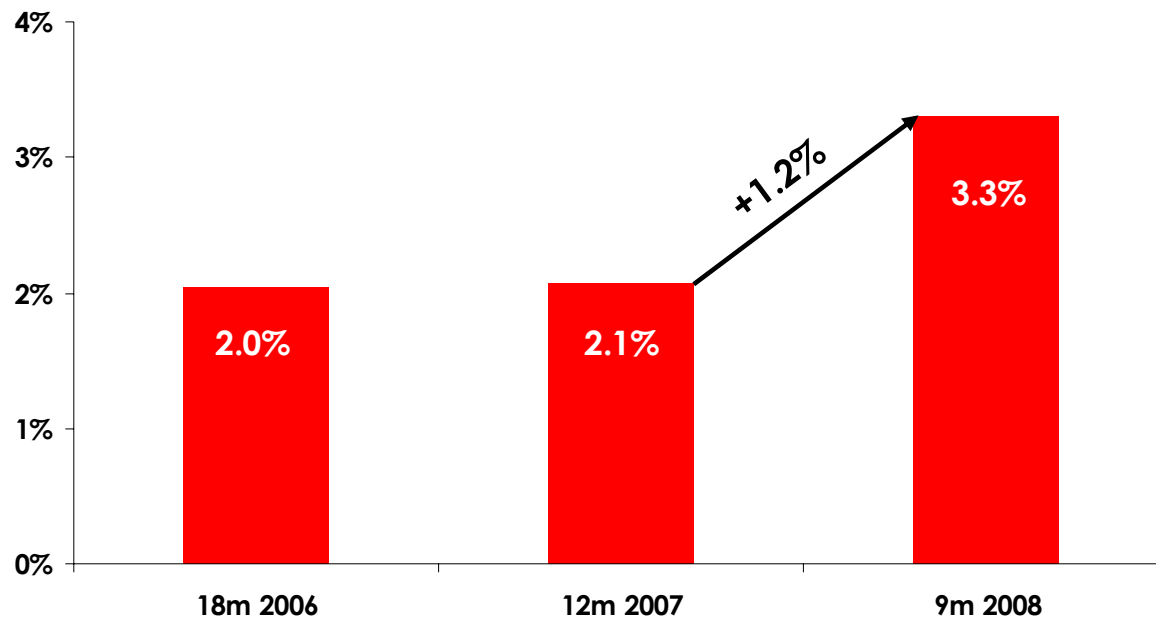


- Negative short-term impact of merger in 2006
- Group-shared services- project covering entire bank
- Target 50% by 2011

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

Making asset base work harder

Return on average assets (%)

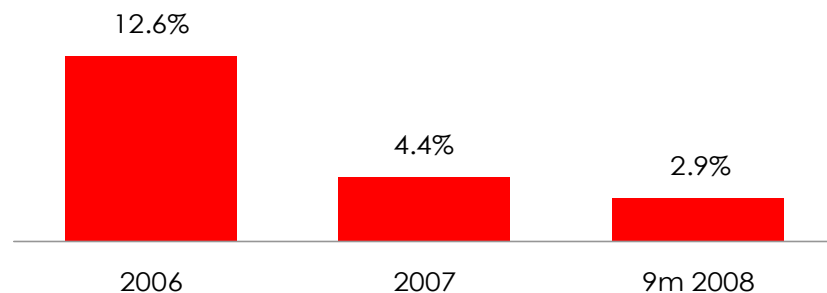


- Strong ROA improvement as lending grows

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

Improving asset quality

NPL ratio¹



Comments

- NPL ratio improving due to recoveries in specific provisioning

Coverage ratio²



Notes:

¹ NPL ratio defined as non-accrual portion of overdue 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

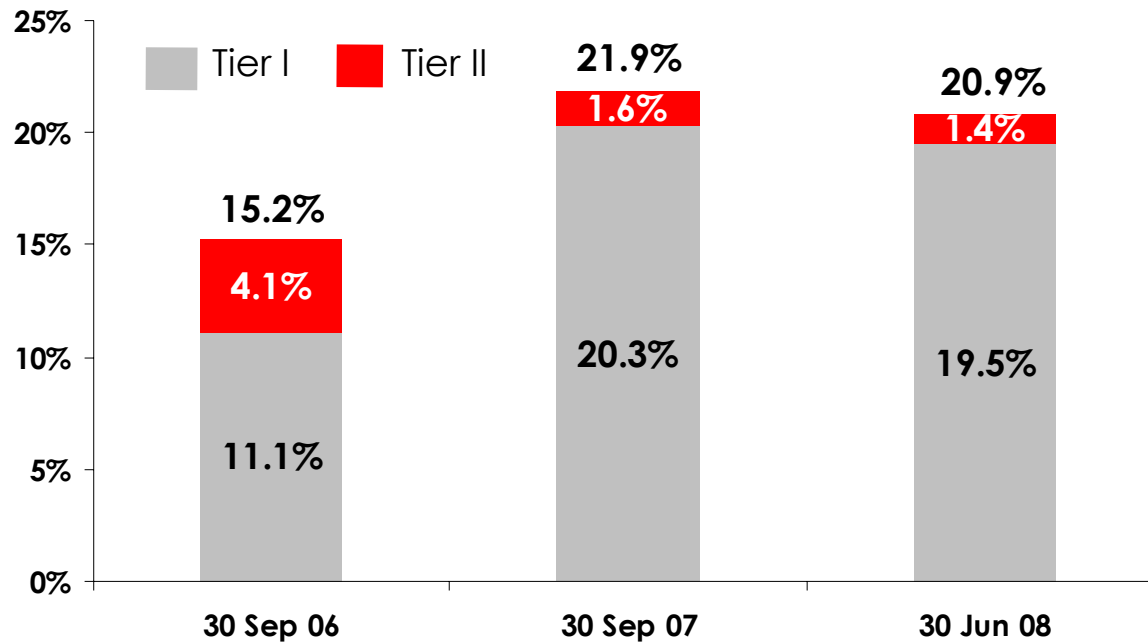
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Sound risk management

Sound capital management



Capital adequacy ratios



- Highly liquid position
- Regulatory minimum = 10%
- UBA prudential guide-line = 15%

Risk-Weighted Assets (N billion)

318.8

771.4

889.5

Investment grade risk ratings



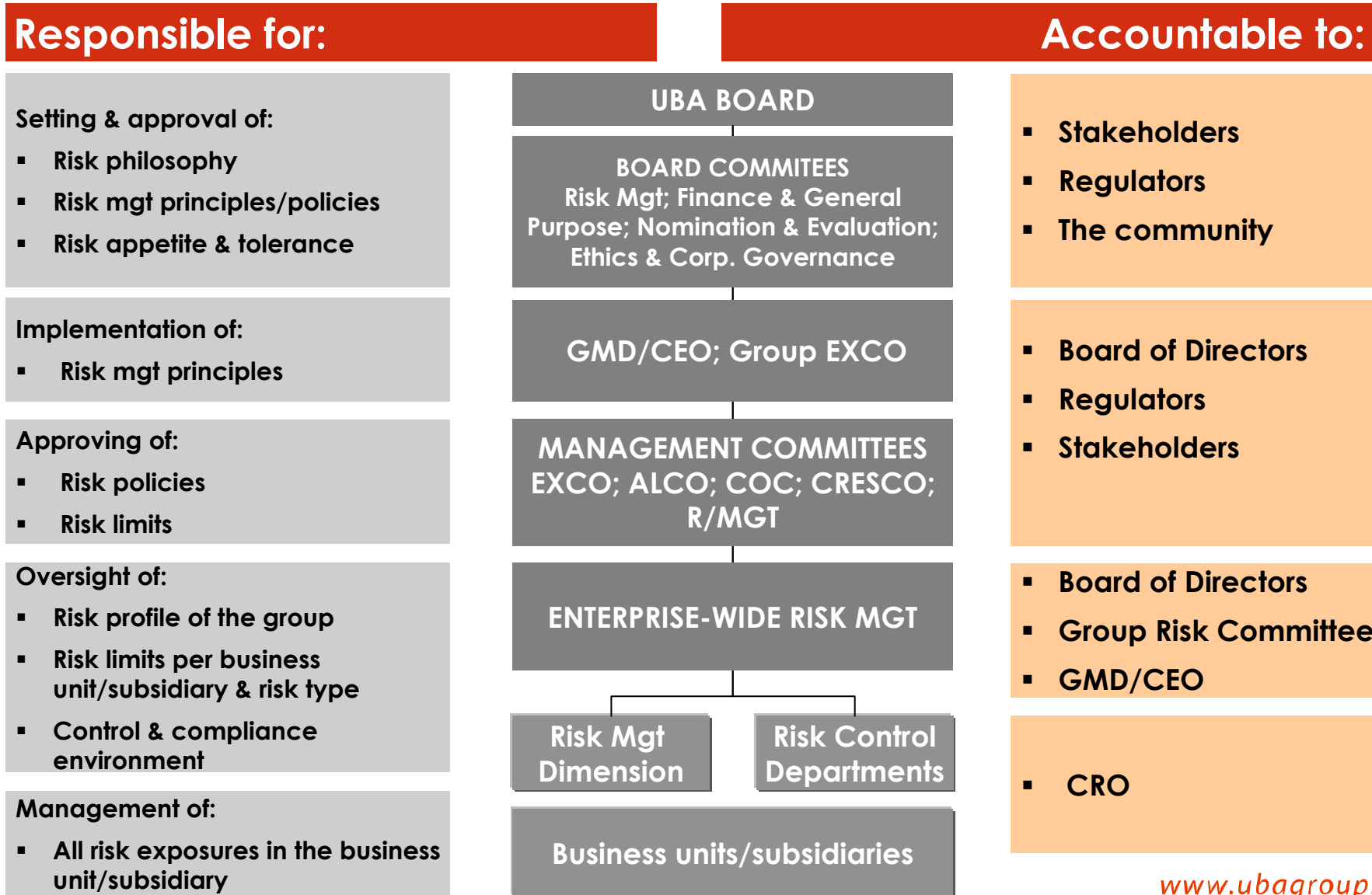
Short-term ratings

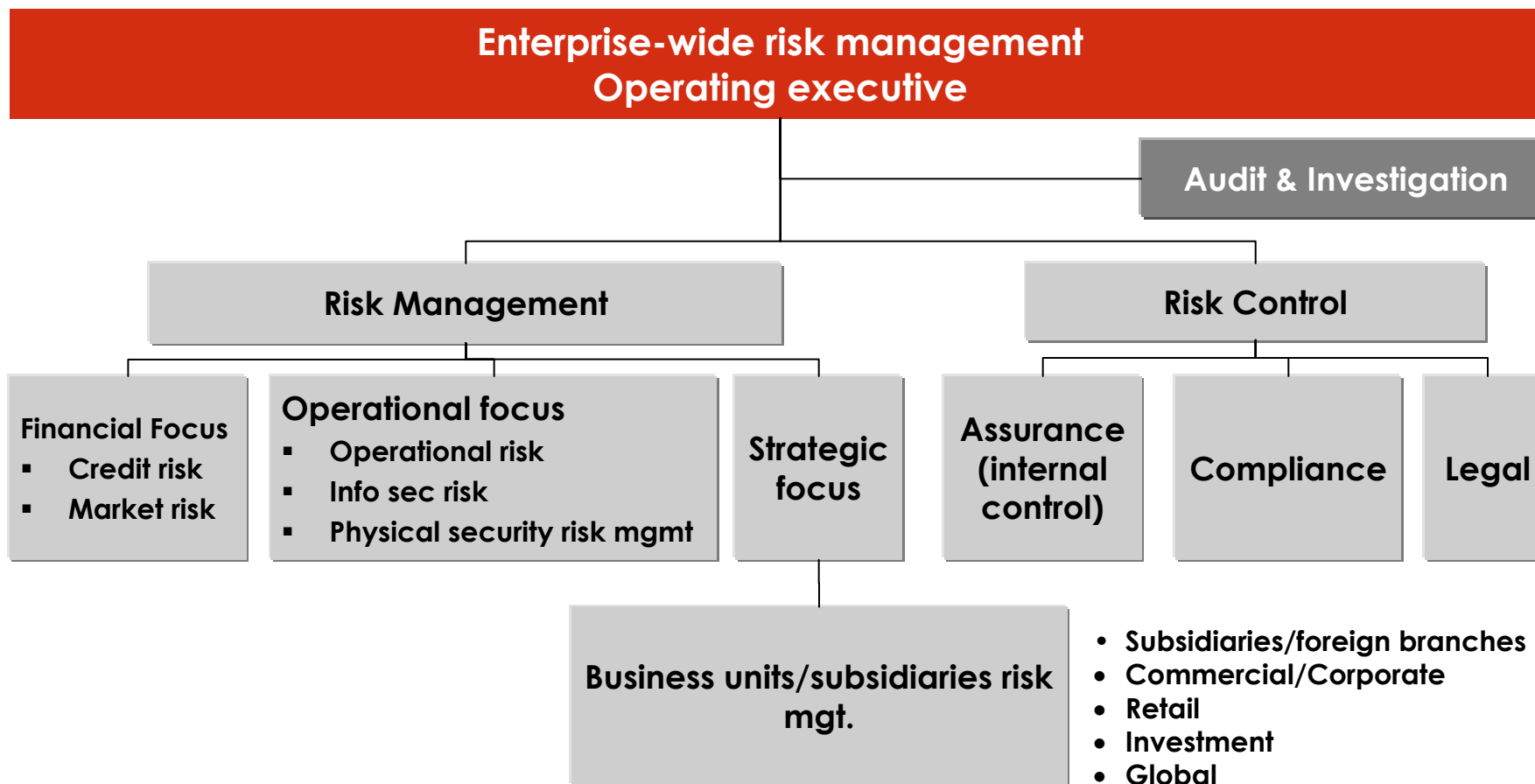
	Local	International
▪ Fitch:	F1	B
▪ GCR:	A1+	

Long-term ratings

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

Strong corporate governance framework

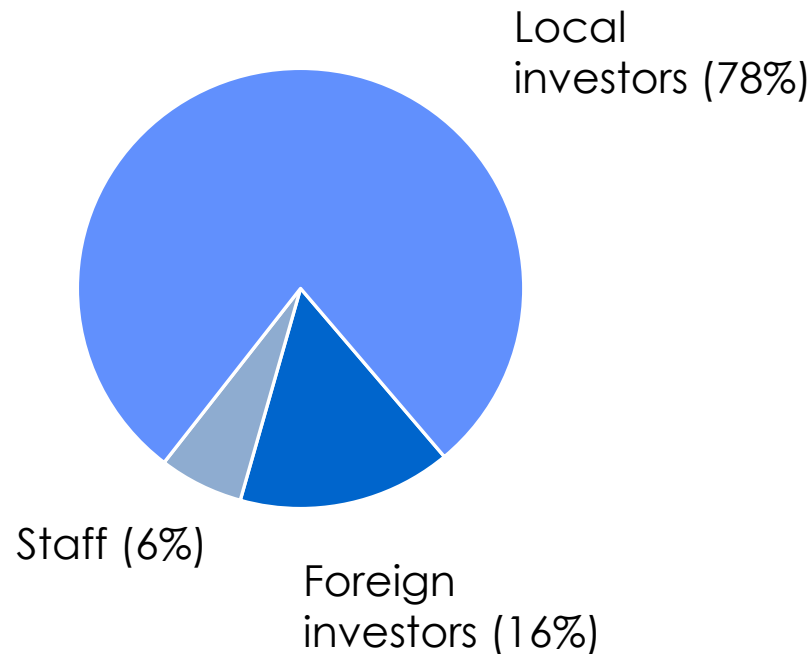




Enterprise-wide risk management across functions

Stable capital structure

Shareholders



Comments

- **17,245m outstanding shares (after June 2008 bonus issue)**
- **Foreign institutions include IFC (1.8%) & African Development Bank (1.6%)**
- **Significant shareholders are Stanbic Nominees (10%), BGL Securities (9.4%) & First Dominion Investment (6.5%)**

Note: Shareholder split is UBA estimate based on Registry records at 15 May 2008

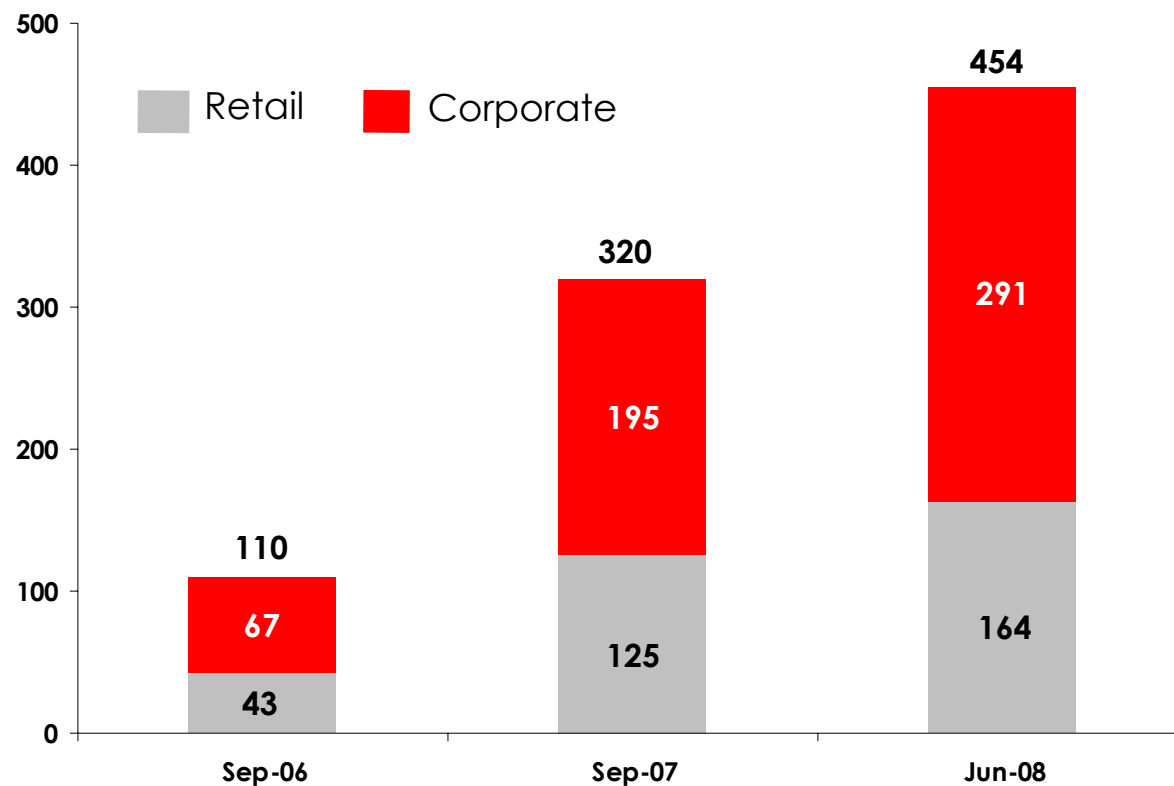
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Asset growth in challenging market conditions

Growth in corporate & retail lending



Net loans by type (N billion)

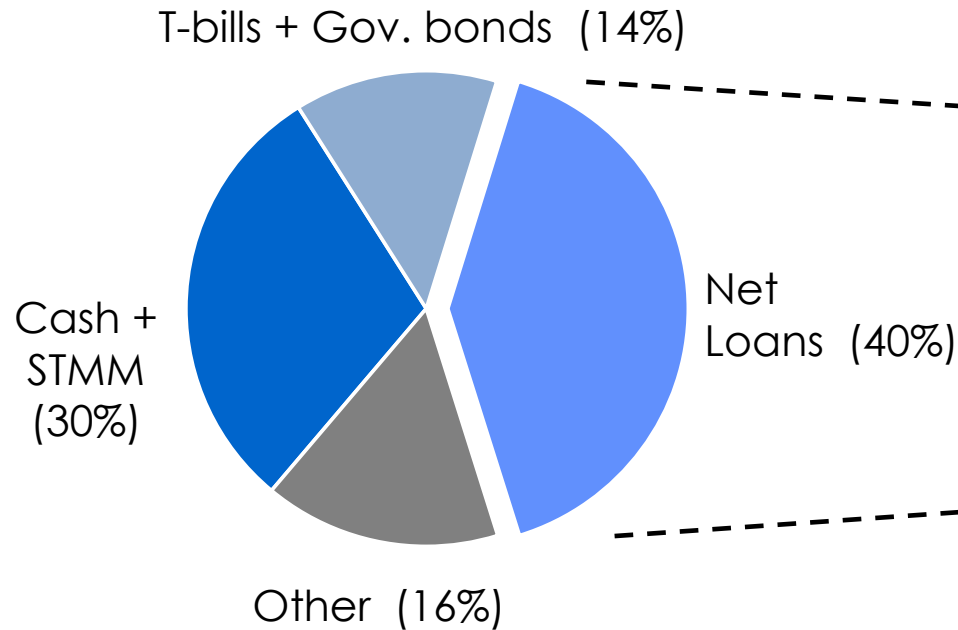


- 128% CAGR in net loans & advances
- Significant growth in corporate lending in 3Q08
- Retail lending continues steady growth

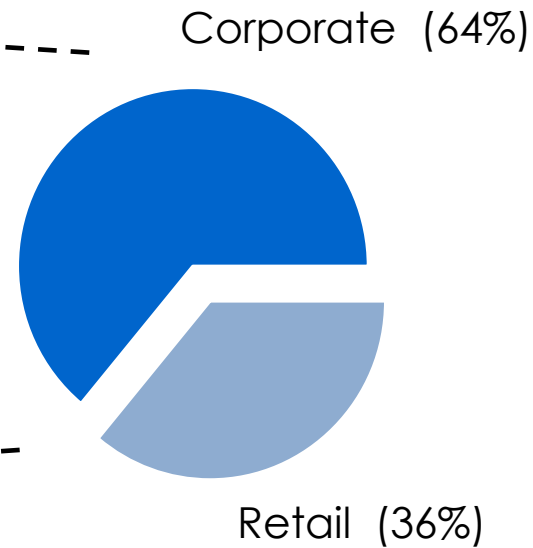
Significant capacity for loan growth



Assets by type (Jun 08)



Net loans by type (Jun 08)

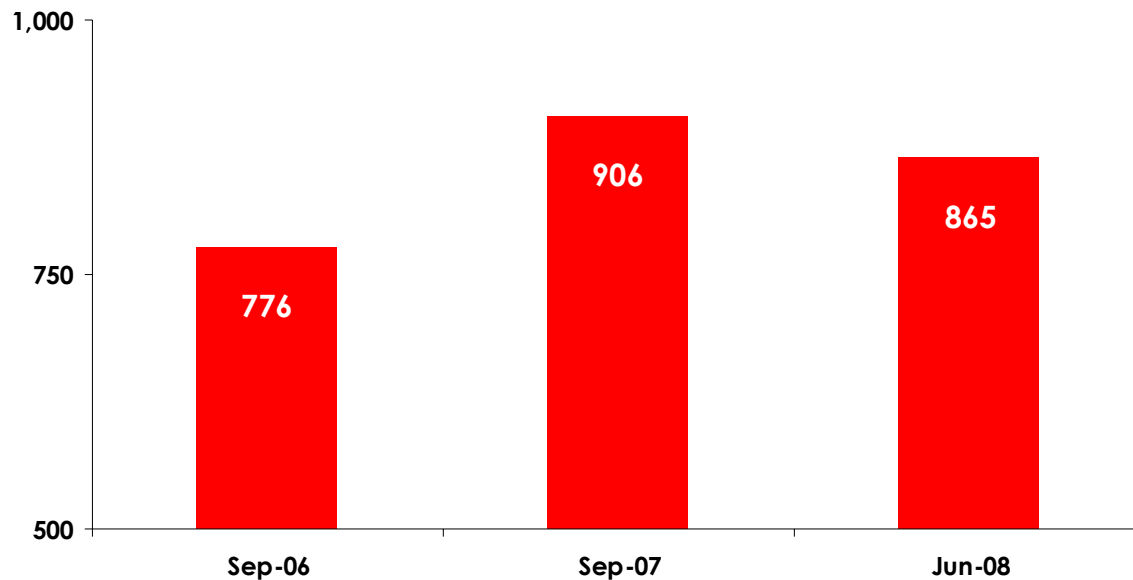


**Total assets
= N1,146b**

Challenging deposit-taking environment



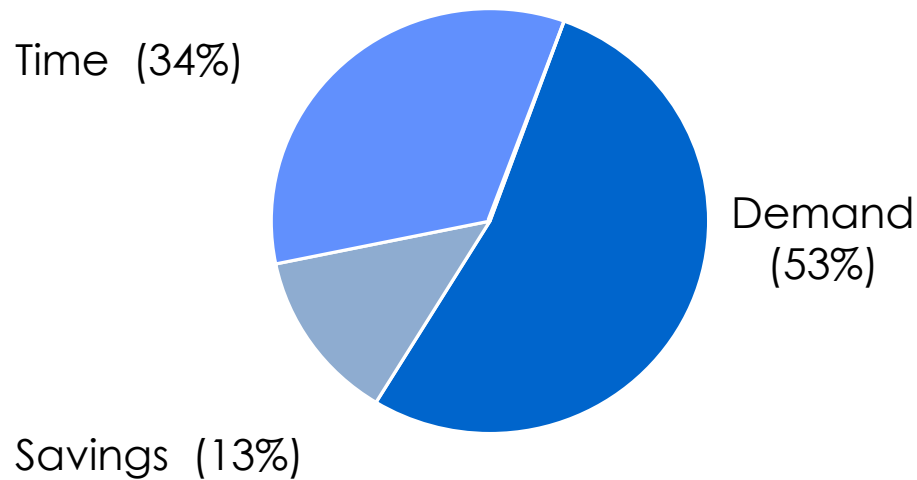
Deposits (N billion)



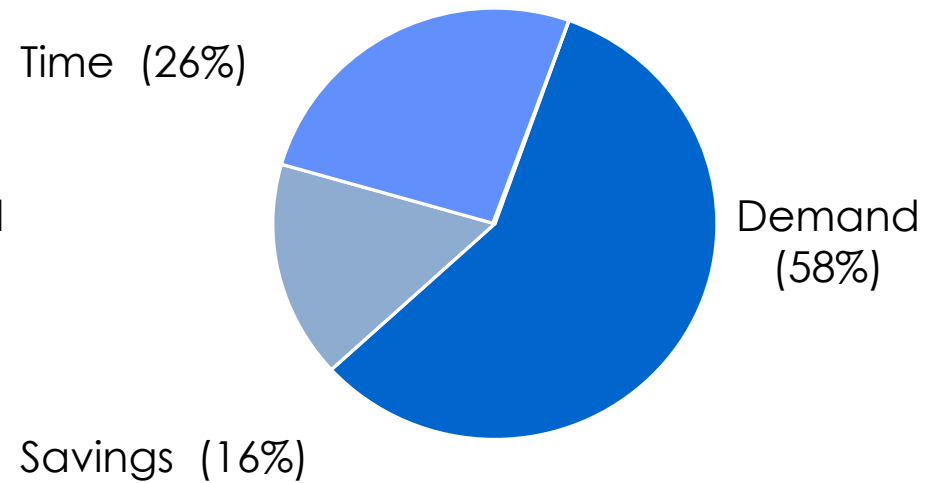
- Deposit growth slowed in 2008 due to equity market activity
- Uniform accounting year-end caused intense competition for deposits & race to be “biggest”
- Following withdrawal of requirement we have reached N1,016b by end of August 2008

Focus on improved deposit mix

Deposits by class (Sep 2007)



Deposits by class (Jun 2008)

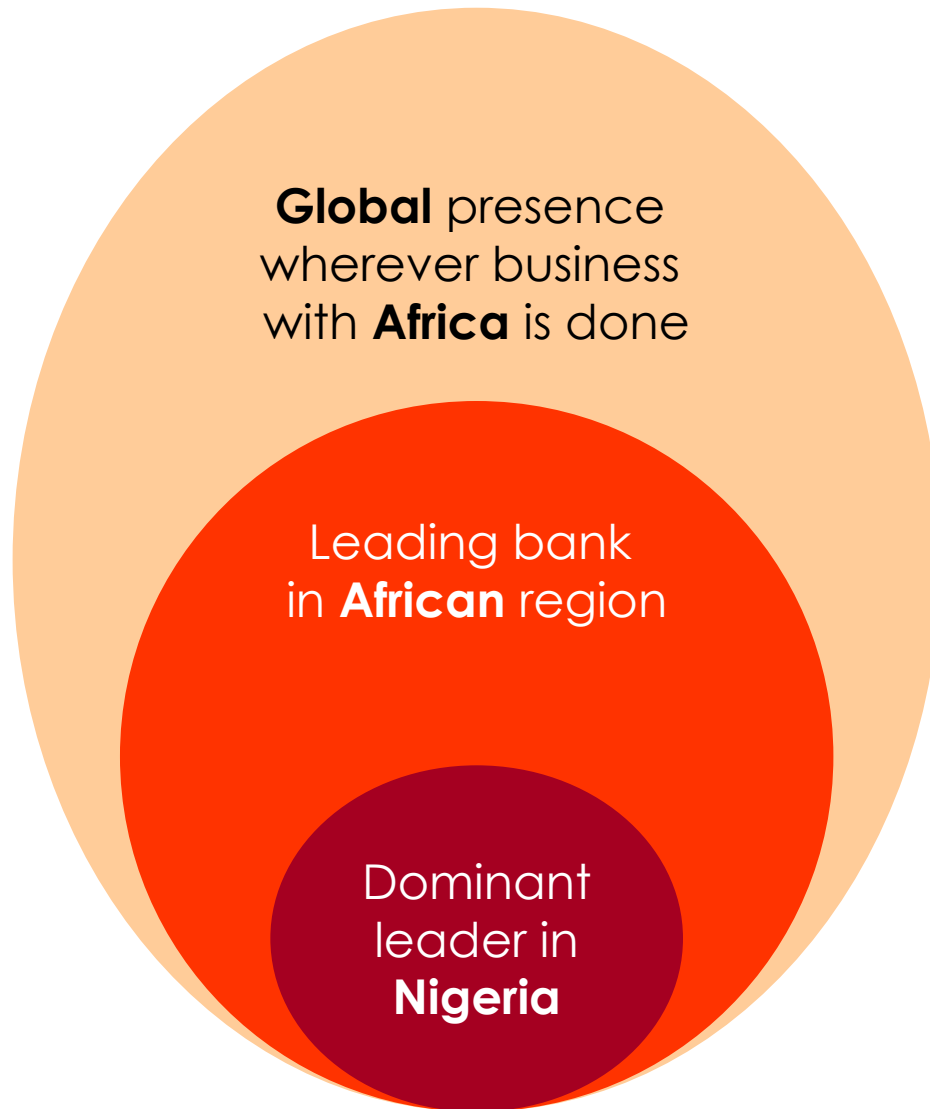


- **Choosing not to compete for expensive time-deposits**



Growth strategy

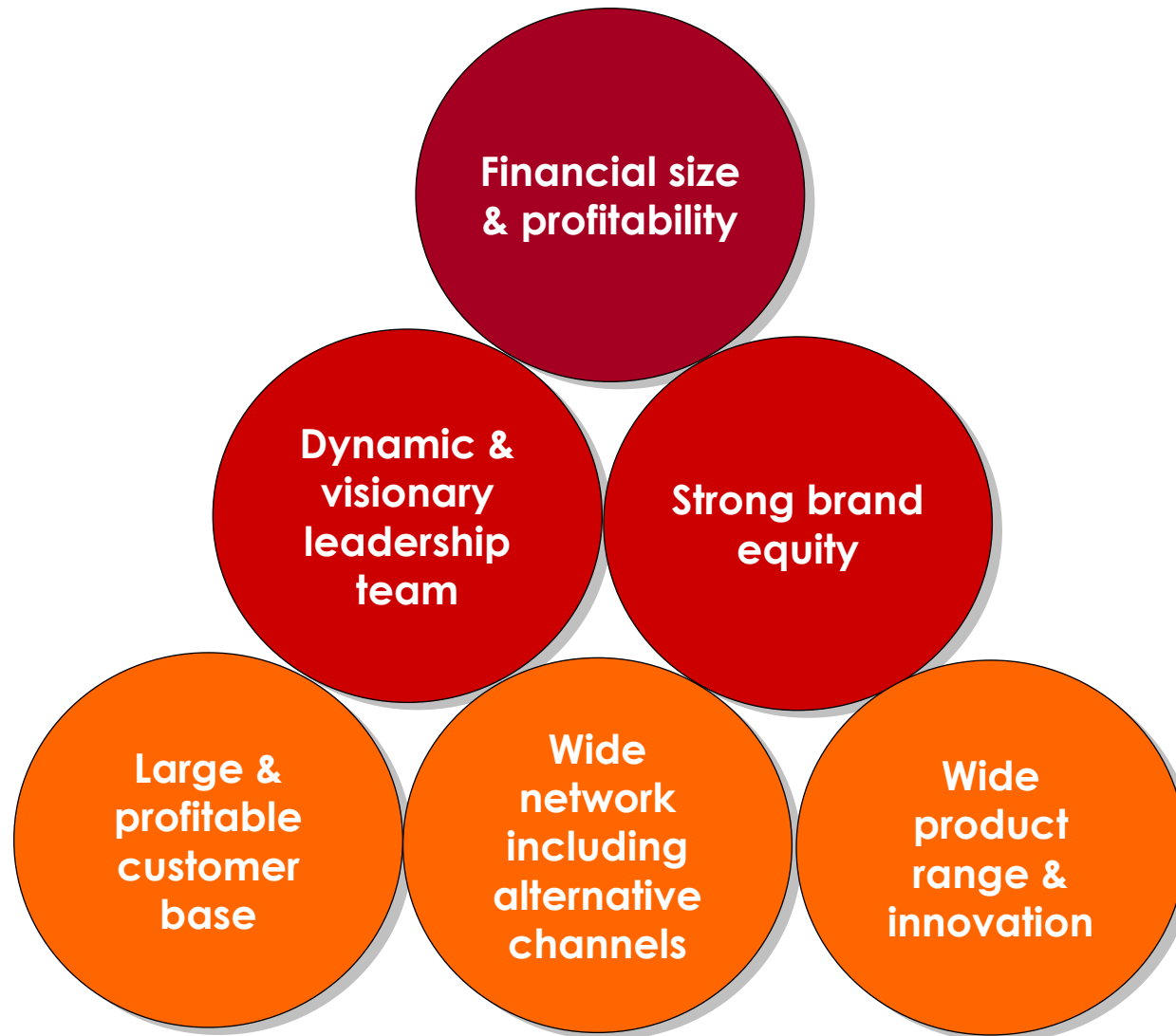
Africa's global bank



- **Representation in key money centres globally**
- **Operational in 30 African countries by 2010**
- **Target 25-30% market share in all businesses**

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Nigerian market leadership built on key strengths **UBA**

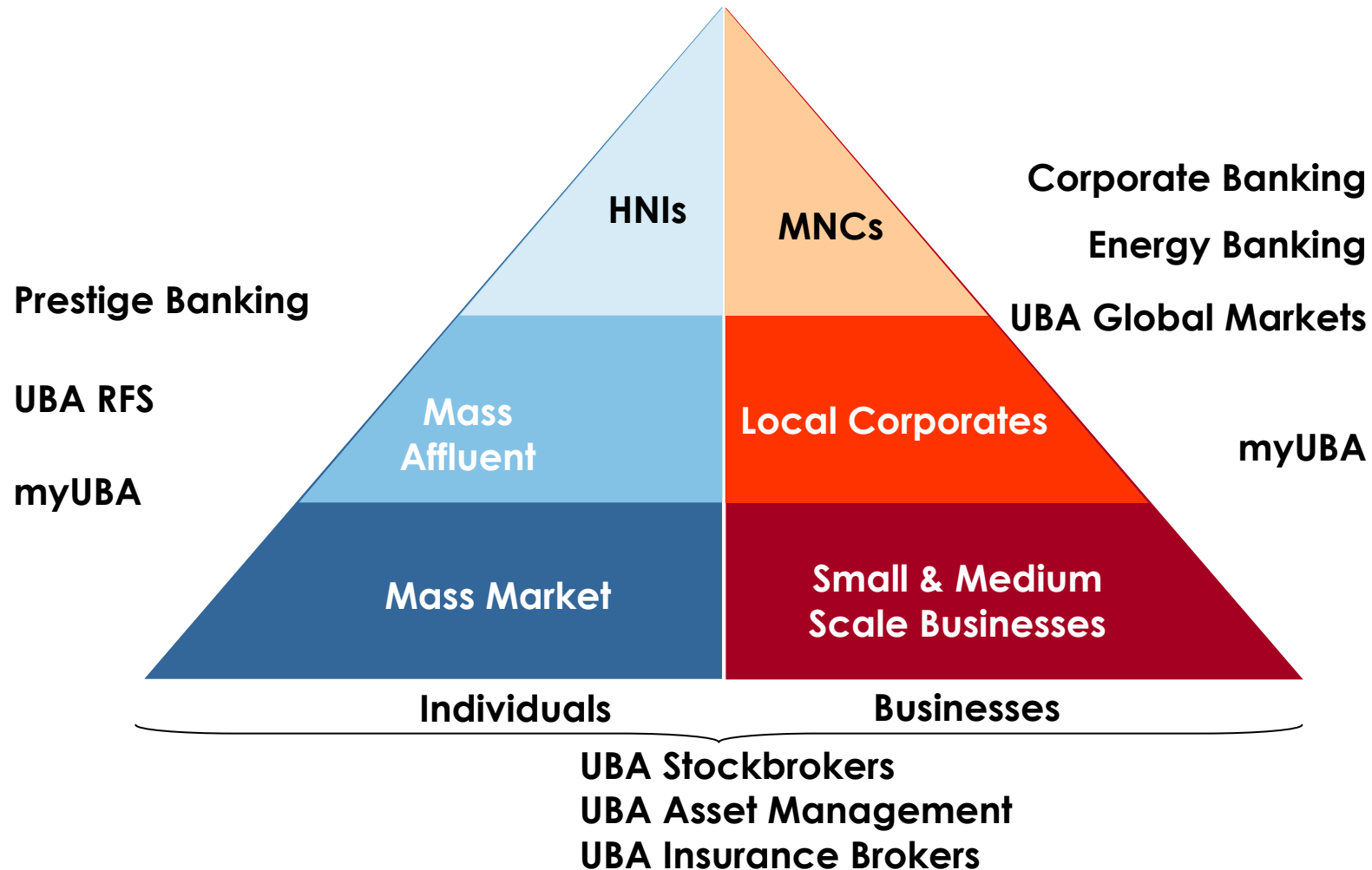


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Nigerian market segmentation



Different entities for different clientele



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Outlook

Outlook for 2009



- **Reversal of uniform year-end to take some heat out of market**
- **UBA FX Mart & Microfinance Bank already launched with rest of Consumer-banking platform imminent**
- **Strategic partnership with Arsenal FC to stimulate product demand with more partnerships to follow Aggressive international expansion**
- **Mobile banking**
- **Internal transformation through IT & shared services**
- **CDB partnership**
- **IFRS & Basle II compliance by end of 2009**



Q&A



Appendices

Detailed earnings



(N million)	12 months to 31 March 2005	18 months to 30 September 2006	12 months to 30 September 2007	9 months to 30 June 2008
Gross earnings	26,089	90,447	109,512	120,256
Interest income	14,456	57,693	73,724	
Interest expense	(3,490)	(26,954)	(28,649)	
Net interest income	10,966	30,739	45,075	
Other banking income	11,633	32,754	35,733	
Operating expenses	(16,039)	(45,111)	(47,581)	
Provision for loans & other accounts	(40)	(5,571)	(3,702)	
Profit before tax & exceptional items	6,520	12,811	29,525	34,889
Exceptional items	-	-	(4,161)	(1,740)
Profit before tax	6,520	12,811	25,364	33,149
Taxation	(1,599)	(1,261)	(3,923)	(4,301)
Profit after tax	4,921	11,550	21,441	28,848
Minority interest	-	-	99	
	4,921	11,550	21,540	
Transfer to statutory reserves	(697)	(1,720)	(2,975)	
Transfer to SSI reserve	(624)	(1,147)	-	
Transfer to bonus issue reserve	-	-	-	
Proposed dividend	(1,836)	(7,060)	-	
Transfer to general reserve	(6,685)	(1,623)	(18,565)	
Earnings per share - basic (k)	263	187	261	
Dividend per share- actual (k)	60	100	120	

Detailed financial position



(N million)	As at 31 March 2005	As at 30 September 2006	As at 30 September 2007
Assets			
Cash and short-term funds	110,517	471,494	570,315
Treasury bills and government bonds	59,832	207,341	157,519
Loans and advances	67,610	109,896	320,406
Other assets	4,455	35,618	44,926
Investment securities	2,193	26,597	48,129
Fixed assets	6,176	33,191	49,747
Total assets	250,783	884,137	1,191,042
Liabilities			
Deposits	205,110	776,135	971,819
Other liabilities	19,068	47,784	43,825
Taxation payable	2,535	1,644	5,149
Deferred tax	1,073	1,502	994
Dividend payable	1,878	7,102	42
Borrowings	1,676	1,135	1,135
Total liabilities	231,340	835,302	1,022,964
Equity			
Share capital	1,530	3,530	5,748
Share premium	-	23,209	119,066
Other reserves	17,207	10,565	31,674
Fixed assets revaluation reserve	-	11,231	11,231
Shareholder's funds	18,737	48,535	167,719
Minority interest	-	300	359
	18,737	48,835	168,078
Liabilities and equity	250,077	884,137	1,191,042
Acceptances and guarantees	81,821	167,184	451,110

Detailed cashflow

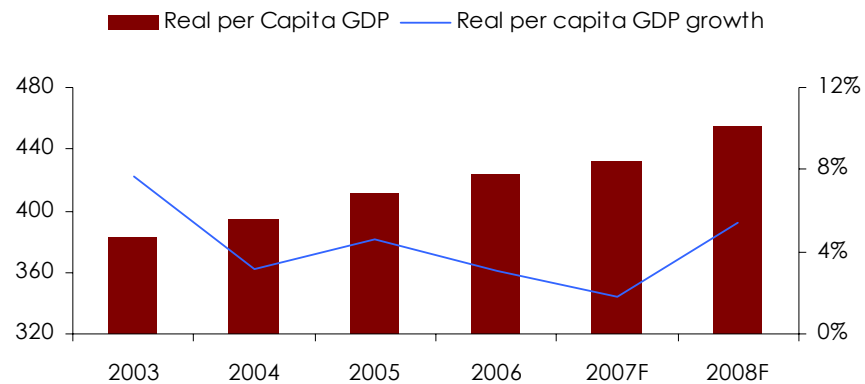


(N million)	As at 31 March 2005	As at 30 September 2006	As at 30 September 2007
Cash flows from operating activities			
Interest and commission receipts	25,644	89,093	105,767
Foreign exchange income received	445	1,354	3,657
Interest expense	(3,490)	(26,954)	(28,649)
Cash payments to employees and suppliers	(14,881)	(37,790)	(45,999)
Income tax paid	(1,470)	(2,757)	(926)
Operating profit before changes in operating assets	6,248	22,946	33,850
Changes in Operating Assets/ Liabilities			
Loans and advances	(11,474)	(47,730)	(213,789)
Exchange reserve	(3,175)	(822)	-
Term loan	-	1,135	-
Borrowing	(1,709)	(1,676)	-
Other assets	10,888	(31,845)	(11,065)
Deposit and current accounts	53,181	571,025	143,232
Other liabilities	(12,754)	28,716	(3,684)
Managed funds	0	0	52,452
Net cash from operating activities	41,205	541,749	996
Cash flows from Investing Activities			
Purchase of fixed assets	(1,315)	(12,470)	(20,645)
Proceeds from sale of fixed assets	16	62	94
Exchange difference on fixed assets	(1)	-	5,000
Proceeds from the disposal of investments	-	8,684	1,244
Purchase of treasury bills	(17,946)	(26,050)	(26,755)
Purchase of investments	(121)	(27,703)	-
Net cash used in investing activities	(19,367)	(57,477)	(41,062)
Cash flows from Financing Activities			
Proceeds on sale of shares	0	0	102,968
Share issue expenses	0	0	(5,599)
Dividend paid	(1,530)	(1,836)	(7,060)
Net cash used in financing activities	(1,530)	(1,836)	90,309
Net increase in cash and cash equivalents	20,308	482,436	50,243
Cash and cash equivalents at the beginning of the period	149,252	169,560	651,996
Cash and cash equivalents at end of the period	169,560	651,996	702,239

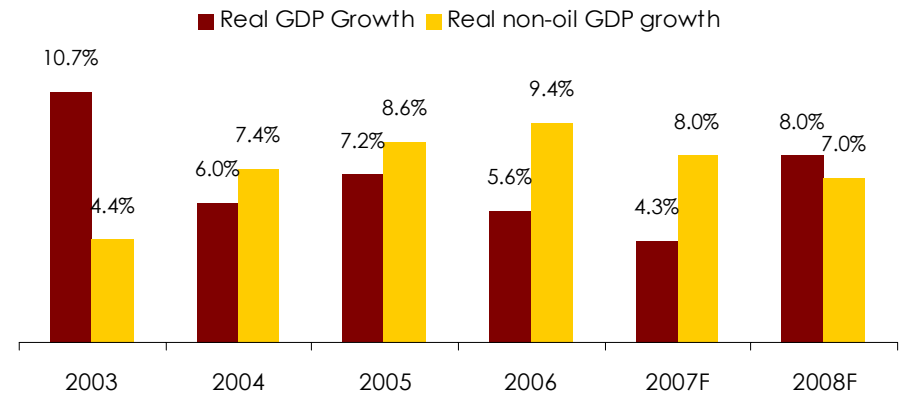
A positive outlook for Nigeria



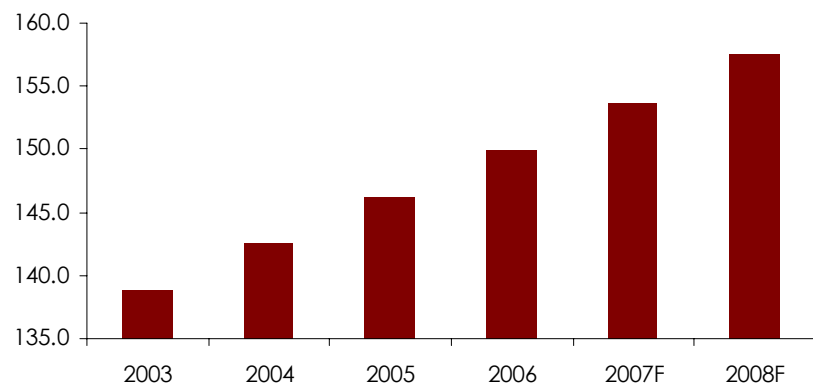
Real GDP Indicators



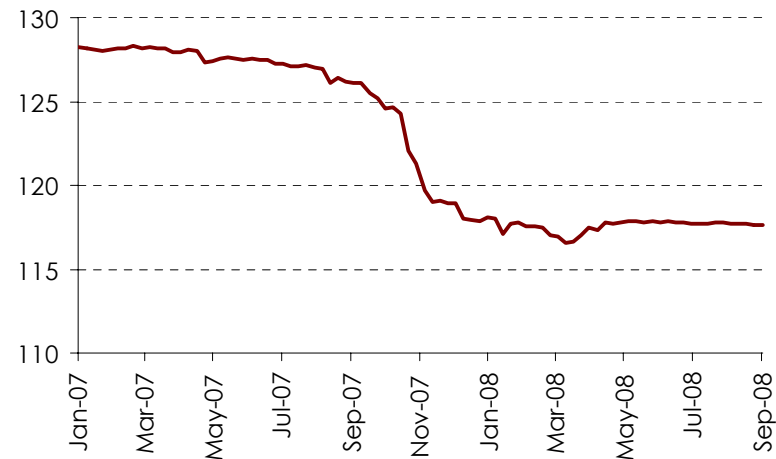
Growth in non-oil sector



Population (million)



US\$/Naira exchange rate



Source: IMF Regional Economic Outlook April 2008, Bloomberg

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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)

Consensus estimates

	12m to 30 September 2008		
	Mean	High	Low
	N billion	N billion	N billion
Sales	170.3	181.8	155.3
Profit before tax	51.6	63.1	37.3
Profit after tax	44.8	55.4	31.6
	N	N	N
Target share price	48.24	62.48	25.82
BVPS	10.95	11.14	10.64
EPS	2.62	3.21	1.83
DPS	1.42	1.87	0.92

Note: consensus estimates current as at 7 August 2008



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