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UNITED BANK FOR AFRICA PLC

Briefing on 2011 Profit Warning & Q1-2012 Forecast

9th February, 2012

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UBA

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2011 FYE PROFIT WARNING

UBA

- We have issued a Profit Warning for the 2011 Financial Year
- The Bank expects to announce a loss, driven principally by one off write-offs against earnings including write-offs from disposal of loans to AMCON with the Zenon write-off of N15bn being the largest
- There are also losses from long-term trading contracts that were prematurely liquidated
- The Bank's capital position, however, remains strong with a capital adequacy ratio of approximately 18%, compared to the regulatory minimum of 10%
- Management does not anticipate further similar write-offs in 2012 and following these actions, affirms that the Group's balance sheet and capital are in a robust position, providing a solid foundation for the Group's future growth path
- As a result, the Bank today has a very clean, strong and sound balance sheet
  - NPL Ratio is currently 3.9% for the entire Group (3.2% for Nigeria)
  - Capital Adequacy Ratio is 18%
  - Liquidity Ratio is 60%

UBA's CAPITAL RAISING PLANS

UBA

2011 CAPITAL RAISING

- The Board and shareholders approved a medium term capital raising plan of N500bn in 2009 to fund our business plan and strategic objectives
- Two tranches of debt capital amounting to N20bn and N35bn were raised in 2010 and 2011 respectively
- The debt capital raised and the planned additional equity were meant to strengthen our play in Nigeria and Africa
- Given the current global and local market conditions, we have suspended equity capital raising at this point in time
- The Bank's current capital base is strong with a capital adequacy ratio of approximately 18%, compared to the regulatory minimum of 10%
- Having completed the more capital-intensive expansion phase of our African Strategy, we shall continue to meet the **near-term** requirements of African countries internally

STATUS OF HOLDCO RESTRUCTURE

UBA

HOLDCO RESTRUCTURE

- The CBN released a new circular on the definition and structure of Financial Holding Companies (see circular at http://www.cenbank.org/OUT/2011/CIRCULARS/GOV/HOLDCO%20CIRCULAR.PDF)
- In the circular, all commercial banking activities whether offshore or onshore must come under a parent commercial bank
- This informs a review of our initial compliance plan that was originally approved by the Central Bank of Nigeria and the Security & Exchange Commission, in which our African commercial banking Subsidiaries had a dedicated Intermediate Holding Company
- UBA has submitted a new compliance plan in line with the new CBN circular and await s the CBN's approval
- The new compliance plan is designed to guarantee the Bank's continued competitiveness across all our target markets

IMPROVING COST-TO-INCOME RATIO IN 2012 (1)

UBA

IMPROVE CIR

- Overall, the objective is to reduce our CIR to 65%, from current level of 78%
- We will rationalize identified loss-making branches plus branches made redundant from the impact of the CashLite initiative on customer footfalls in our branches, subject to regulatory approvals
- The CashLite initiaitive is a CBN initiative to encourage the migration of transactions from cash to electronic platforms thereby reducing cash dependence in the economy
- Our cash handling costs of about N1.5b annually is expected to fall significantly with the cashLite project
- Increase Average Product Per Customer to optimize customer acquisition costs through further cross selling to our large customer base of over 7 million
- We will revise the staff mix at the branches to achieve a 50:50 sales to non-sales mix from current 30:70 sales to non-sales staff mix

IMPROVING COST-TO-INCOME RATIO IN 2012 (2)

UBA

IMPROVE CIR

- Improving the staff mix will be achieved by leveraging the CashLite banking initiative, consolidating our GSS platform e.t.c.
- We will optimize the deployed resources in our African operations for growth through rigorous performance monitoring, having completed the expansion phase
- We have also defined revenue enhancement strategies

2012 1st QUARTER FORECAST

UBA

- In the process of ensuring a healthy balance sheet, we have also built a strong platform to achieve a high level of profitability for the 2012 Financial Year End

- As a result our financial projection for Q1 2012 is as follows:
  - Gross Earnings: N59.4 Billion
  - Net Earnings: N43.2 Billion
  - Other Income: N19.0 Billion
  - PBT: N15.1 Billion
  - PAT: N12.1 Billion

- Earnings from the underlying operations of the Group's Nigerian business give considerable grounds for optimism for this year, and the Group continues to witness significant growth in its operations across Africa, with an increasing contribution to Group profitability

- Our Year to date performance is on track to achieve this projection

- The growth will largely come from increased loan-to-deposit ratio, treasury business e.t.c

DRIVING REVENUE IN 2012

UBA

GROW LOW COST DEPOSITS

- Build on the momentum in deposit growth leveraging our large branch network with the objective of improving low cost deposit ratio from current 71% to a minimum of 75% by year end 2012
- Specific strategies will include:
  - ✓ Continue low-cost deposit promotions
  - ✓ Improve our mobile payments offerings, such as U-Mo, to target the unbanked
  - ✓ Develop and promote new innovative liability products to target customer segments
  - ✓ Utilize our existing e-banking platforms to win collections mandates from corporate and commercial businesses

DRIVING REVENUE IN 2012

UBA

IMPROVING BALANCE SHEET YIELD

- Take advantage of the existing high interest rate regime and our significant deposit base to improve the yield on our balance sheet
  - ✓ Realignment and reinforcement of our treasury organisation in line with this strategy with Treasury reporting directly to the DMD for full focus
  - ✓ Significant margin opportunities given the low cost deposit ratio of 71%
  - ✓ Focus on balance sheet realignment to achieve treasury-led strategy
- Strengthen market risk management capabilities & systems to effectively play in this market

DRIVING REVENUE IN 2012

UBA

DRIVING QUALITY RISK ASSETS

- Sale of the Bank's non-performing assets to AMCON has enabled us clean up our books and remove toxic assets from our balance sheet
- Current loan to deposit ratio of less than 50 % shows there is significant room for quality asset growth
- Loan growth will target each of the key sectors driving growth in Nigeria and other African countries focusing on corporate customers
- Bank's entire credit process has been reviewed and this will result in overall asset book quality
- A combination of these factors will result in the significant increase in our earnings

DRIVING REVENUE IN 2012

UBA

DOMINANCE OF EMERGING OPPORTUNITIES

- Maintain dominance in Agriculture to benefit from government reforms in this area especially the CBN in derisking the sector
  - ✓ Increase in tariffs on wheat and rice will further increase the attraction of this sector
  - ✓ Significant tax advantage
  - ✓ Effective positioning has won the Bank the "Best Performing Bank in Agric Finance for the year 2010" in recognition of the Bank's exemplary performance under the Agricultural Credit Schemes of the CBN.
- Target opportunities in the Oil and Gas space due to implementation of Local Content Act and anticipated passage of the Petroleum Industry Bill
  - ✓ Strong Energy desk with track record of significant deals with more focus on up-stream transactions
- Target emerging opportunities in the power sector
  - ✓ Build competencies by leveraging alliances with partner international banks to play in this space
- Secure arrangements for long term FCY funding to prevent currency and funding mismatch

DRIVING REVENUE IN 2012

UBA

CASH LITE INITIATIVE

- Pre-"Cash Lite initiative", UBA is a leader in the Nigeria e-banking space and is effectively positioned to take advantage of this industry initiative
  - ✓ 15% Market Share in ATMs
  - ✓ 13% Market Share in POS
  - ✓ 10% Market Share in Cards

- In order to maintain our leadership in this space, the Bank has embarked on several initiatives and deployed significant amount of resources
  - ✓ Deployment of 3,000 POSs with an additional 30,000 planned for this year
  - ✓ Launch of U-Mo giving the bank first-mover advantage in the mobile payment space targeting the un-banked
  - ✓ Strong cash mgt capabilities and suite of collection solutions to dominate the corporate e-payment space e.g. Pay Manager and Bank Collect

ENHANCE RISK MANAGEMENT

UBA

IMPROVED RISK MGT

- Risk Management in the Bank has now been consolidated under an Executive Director who was trained by leading industry experts
  - ✓ Supported by GMs with experience of working in International banks
  - ✓ NPL ratio is currently 3.9% for the entire Group
- Governance and oversight of risk management has been strengthened in Nigeria and all our operating countries
  - ✓ Strong board credit committee consisting of ex-senior bankers
  - ✓ Executive Credit Committees
- Deployment of robust risk management framework to guide operations in Nigeria and all our operating geographies
- Strengthen the Bank's IT risk mgt frameworks to mitigate all risks in the e-Banking space

PROGRESS MADE SO FAR….

UBA

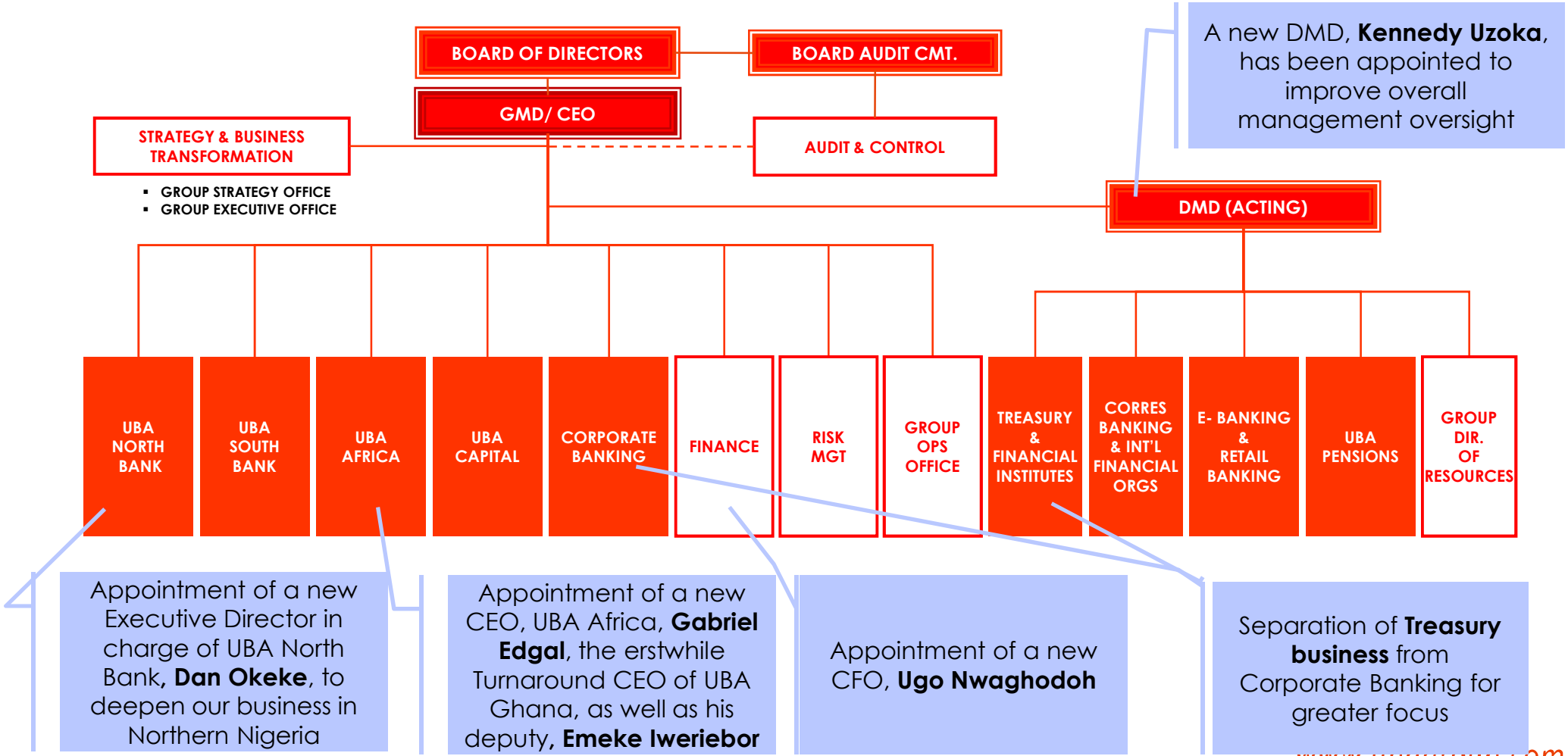
- Our year to date profit performance indicates that we are on track
- Our African Operations, for the first time, are now collectively profitable
- Significant improvement in customer service
- On-going improvements in credit delivery process and credit risk mgt.
- Improved balance sheet optimization
- Rapid capacity building to support growth

APPENDIX

WE HAVE DEPLOYED A NEW MANAGEMENT STRUCTURE BETTER ALIGNED TO OUR STRATEGIC FOCUS

UBA

UBA's NEW OPERATING STRUCTURE



www.ubagroup.com

MANAGEMENT PROFILE

UBA

Mr. Phillips Oduoza
Group Managing Director/Chief Executive Officer

Appointed executive director in 2005 and GMD/CEO on 1st August 2010.

Holds an MBA (Finance) and first class honours (Civil Engineering) degrees from the University of Lagos.

He is an Alumnus of the Harvard Business School's Advanced Management Programme.

Working career spans over two decades with experience in several areas of banking, including Credit and Marketing, Treasury, Relationship Management, Information Technology, Business Development, Internal Control and International Operations with several senior level appointments before joining Standard Trust Bank in 2004.

MANAGEMENT PROFILE

UBA

Mr. Kennedy Uzoka
Deputy Managing Director (Ag)

Holds a B.Sc. And a Masters in Business Administration

Possesses a strong and unique set of experience which he brings to UBA Plc. He is one of the few members on the dynamic mgt team that have served in both sales and support functions rising to become the Deputy Managing Director with a combined responsibility for some strategic support functions such as Group HR & Legal Services as well as certain key business groups like Treasury, e-Banking etc. including the offices in New York, Paris & London.

Prior to his current role, he was Head, Strategy & Business Transformation of UBA Group, Regional Bank Head, South Bank & later the Group Human Resources Director. Before the merger of Standard Trust Bank and UBA Plc, he was at various times Regional Director-South East, Vice President-Northern Zone, Chief Marketing Officer-FCT Abuja, Chief Marketing Officer, Lagos & Executive Director Retail Banking at legacy Standard Trust Bank. He also served as the Managing Executive Officer of the same institution.

He is an alumnus of Harvard Business School in Boston USA, London Business School, UK & the International Institute of Mgt Devt (IMD) in Lausanne, Switzerland.

Mr. Emmanuel N. Nnorom
Executive Director (Group Executive Office)

Appointed executive director in 2008.

Alumnus of the Oxford University Templeton College and trained with the accounting firm of Peat Marwick Caselleton Elliot & Co., where he qualified as a professional accountant. Holds the fellowship of the Institute of Chartered Accountants of Nigeria (ICAN) and a Honourary membership of the Chartered Institute of Bankers of Nigeria (CIBN).

Has had extensive work experience in accounting and finance (including at executive levels) in both the real and banking sectors spanning over two decades. Previously worked with ANZ Merchant Bank, (now Stanbic Bank), Diamond Bank, Standard Trust Bank and since joining UBA, has been involved in several functions, including Financial Control, Operations, Regulatory Affairs, Executive Office and Supervision of Non-Bank Subsidiaries

MANAGEMENT PROFILE

Mr. Rasheed Olaoluwa
Executive Director (UBA Nigeria-South)

Appointed executive director in 2008.

Holds a first class honours degree in Civil Engineering and an executive MBA from International Graduate School of Management (IESE), Spain. Has had an illustrious banking career, playing senior roles in Marketing and Relationship Management, Treasury Management, Currency Trading and Investment Banking.

Was the MD/CEO of the erstwhile Universal Trust Bank Plc prior to joining UBA Group in 2006.

He was the Chief Executive Officer of UBA Africa and succeeded in extending UBA's operations into West, Central, East and Southern African regions.

Mr. Abdulqadir Bello
Executive Director (Risk Management)

Appointed executive director in 2009.

Holds a B.Sc. (Accounting) degree from Bayero University, Kano and the associate membership of The Institute of Chartered Accountants of Nigeria (ICAN).

Has over 22 years' experience in the banking sector, during which period he held several senior management positions in various banks.

Until his appointment as executive director, he was the Group Chief Credit Officer.

MANAGEMENT PROFILE

Mr. Ifeatu Onejeme
Executive Director (Corporate Banking)

Appointed executive director in 2010.

Holds a first class honours degree in Accountancy from the University of Nigeria and the fellowship of the Institute of Chartered Accountants of Nigeria (ICAN). An alumnus of two Ivy League schools in the USA at the executive education level – The Wharton Business School of the University of Pennsylvania and the University Of Chicago Graduate School Of Business, Chicago Illinois.

Has over 25 years of active banking and financial services experience across several areas, including Corporate and Commercial Banking Treasury and Financial Services, Operations and Information Technology, Risk Management, Strategic Planning and Management, Performance Management, Budgeting and Financial Control.

Mr. Femi Olaloku
Executive Director/GCOO (Operations and Information Technology)

Appointed executive director in 2010.

Holds BSc (Civil Engineering) and MBA degrees from the University of Lagos.

Has over 21 years of work experience in the banking sector, holding several management positions in Operations and Information Technology.

MANAGEMENT PROFILE

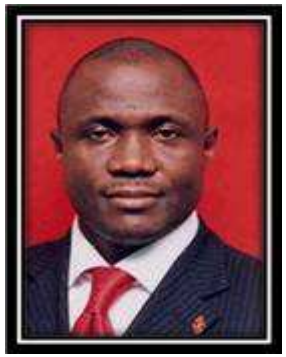
Mr. Dan Okeke
Executive Director (UBA Nigeria, North)

Appointed Executive Director in 2011

Holds a B.Sc. degree in Geography and Planning from the University of Nigeria Nsukka and an MBA (Finance) from the ESUT Business School Lagos. He is also an associate of the Nigerian Institute of Management (NIM) and has attended various local and international programmes, including the Competition and Strategy program at the Harvard Business School.

He acquired varied work experience in the Manufacturing industry before moving to the financial services sector. He has over 17 years banking experience, garnering capabilities in Domestic and International Operations, Credit and Marketing.

He is currently responsible for the bank's business in Northern Nigeria.



Udochi Nwaodu
Group Chief Inspector

Holds a First Class Degree in Management and Accounting from the Obafemi Awolowo University, Ile Ife Nigeria and an MBA from IESE, University of Barcelona, Spain. He is also a fellow of the Institute of Chartered Accountants of Nigeria (ICAN), Chartered Institute of Bankers Nigeria (CIBN) and the Chartered Institute of Taxation (CIT).

He has over 20 years banking experience covering key areas of banking including operations and audit.

MANAGEMENT PROFILE

Mr. Gabriel Edgal
CEO, UBA Africa

Holds a Bachelor's degree in Engineering from the University of Benin and an MBA from the University of Lagos, Nigeria.

His experience in Banking and Financial Services spans almost two decades.

He was appointed MD/CEO UBA Africa in 2011 and oversees the Pan-African thrust of UBA Plc's commercial banking businesses in 18 African Countries excluding Nigeria. Previous roles include CEO – UBA West Africa, CEO – UBA Ghana and Director – Group Treasury & Investments.

Emeke E. Iweriebor
Deputy CEO, UBA Africa

Holds a B.Sc, and M.Sc. in Political Science (Int'l Relations) as well as an MBA from the University of Lagos. He is also an alumnus of the Wharton Business School's Executive Development Program.

Has about two decades experience in banking and financial services and is currently Deputy CEO, UBA Africa, also with responsibility for building the Bank's business and governance in UBA country subsidiaries in Africa. Prior to this role, he was the CEO UBA CES Africa, the Bank's country subsidiaries in Central, East and Southern Africa, and before then, the pioneer MD/CEO of UBA Cameroun.

MANAGEMENT PROFILE

UBA

Ms. Olufunsho Olusanya
(Group Treasurer)

Holds a BSc. degree in Banking and Finance, MSc. In Corporate Governance and Master of Business Administration. An alumnus of University of Lagos, Nigeria, London Business School and Leeds Metropolitan University United Kingdom.

She has over 20 years banking experience spanning Treasury, Securities Trading, Asset and Liability Management, Relationship Management and Research. She also has demonstrated capability in Product Development and Management Control.

Mr. Ugo A. Nwaghodoh
Chief Financial Officer

Holds a BSc. from the University of Ibadan, Nigeria and MSc. in Finance and Management from Cranfield University, England. He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN) and a member of the Cranfield Management Association.

He is a seasoned financial analyst and accountant with about two decades experience spanning, assurance, advisory, financial control, strategy and business transformation, investor relations, M&As, business integration and project management. Prior to his current role, he was, at different times, Group Financial Controller, Group Chief Compliance Officer and Head – Performance Management in UBA.

Before joining UBA in 2004, he had almost one decade experience with Deloitte and PricewaterhouseCoopers.

MANAGEMENT PROFILE

Mr. Luqman Balogun
Group Director (E-Banking and Retail Products)

Holds B.Sc. degree in Finance from the University of Lagos, Nigeria and M.Sc degree in Information Technology from the University of East London in England. He is also a Certified Energy Manager (CEM) of the Association of Energy Engineers (AEE) and Certified Project Management Professional (PMP) of Project Management Institute (PMI) of USA.

He is responsible for ramping up the bank's penetration ratios for the various e-banking products and channels by delivering new and existing product offerings to our teeming customers via an integrated multi-channel platform.

Mr. Benedict Okwueze Odukwe
Group Human Resource Director

Holds a B.Sc. degree in Business Administration from the University of Benin and M.Sc. in Banking and Finance from the University of Ibadan. He is a fellow of the Nigerian Institute of Cost Management (NICM), an associate of the Chartered Institute of Bankers of Nigeria (CIBN), Nigerian Institute of Management (NIM), American Institute of Management and a member of the Oxford Club, Geneva Switzerland. Also an Alumnus of the IMD International, Lausanne Switzerland.

Has held senior level and top management positions in the manufacturing and financial services sectors, garnering capabilities in Cash/Treasury Management, Operations, Audit, Corporate Banking, Financial Control, Corporate Finance and Investment Banking.

Responsible for human capital policies and practices across the Group.

MANAGEMENT PROFILE

Mr. Bili Odum
Group Company Secretary

Holds an LLB (Hons) degree from Edo State University, Ekpoma and was enrolled as a Solicitor and Advocate of the Supreme Court of Nigeria in 1990. He is a member of the Chartered Institute of Arbitrators (United Kingdom), the Nigerian Bar Association and the International Bar Association.

He has held high-level strategic positions in top financial services institutions in Nigeria with responsibilities that encompassed Asset Management, Structured Finance, Legal Advisory, Corporate Governance, Human Resource Management, Administration, Knowledge Management, and Business Communication.