UBA
United Bank for Africa Plc

Annual Report and Accounts 2010

Africa...United by One Bank

West Africa

Nigeria | Ghana | Rep. Benin | Liberia | Cote d'Ivoire | Burkina Faso | Guinea Conakry | Senegal | Sierra Leone

Southern Africa

Mozambique | Zambia

East Africa

Uganda | Kenya | Tanzania

Central Africa

Congo DR | Cameroun | Chad | Gabon

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www.ubagroup.com

Africa's global bank

United Bank for Africa Plc

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Africa's global bank

UBA
United Bank for Africa Plc

About Us

Vision

To be the undisputed leading and dominant financial services institution in Africa.

Mission

To be a role model for African businesses by creating superior value for all our stakeholders, abiding by the utmost professional and ethical standards, and by building an enduring institution.

Who we are

UBA Plc is the leading financial services group in West Africa with presence in 18 African countries (including Nigeria) as well as United Kingdom, United States of America, and France. Beyond traditional banking services, the Group provides innovative financial services through its network of subsidiaries, providing investment banking, wealth management, trusteeship, life insurance, pension custody, stockbroking and share registration services. UBA Plc is quoted on the Nigerian Stock Exchange.

What we do

PRODUCTS AND SERVICES

UBA is a full service financial institution offering a complete range of over 200 banking, bancassurance and wealth management products and services.

MARKET

UBA Group has over 7.2 million customers in retail, commercial and corporate market segments. The bank's operations is spread across 21 countries, consisting of Nigeria, 17 other African countries, United States of America, United Kingdom and France.

CHANNELS

UBA has the largest distribution network in Nigeria. As at 31st December 2010, the Group had 726 branches and retail outlets, 1,223 ATMs and 1,230 POS machines.

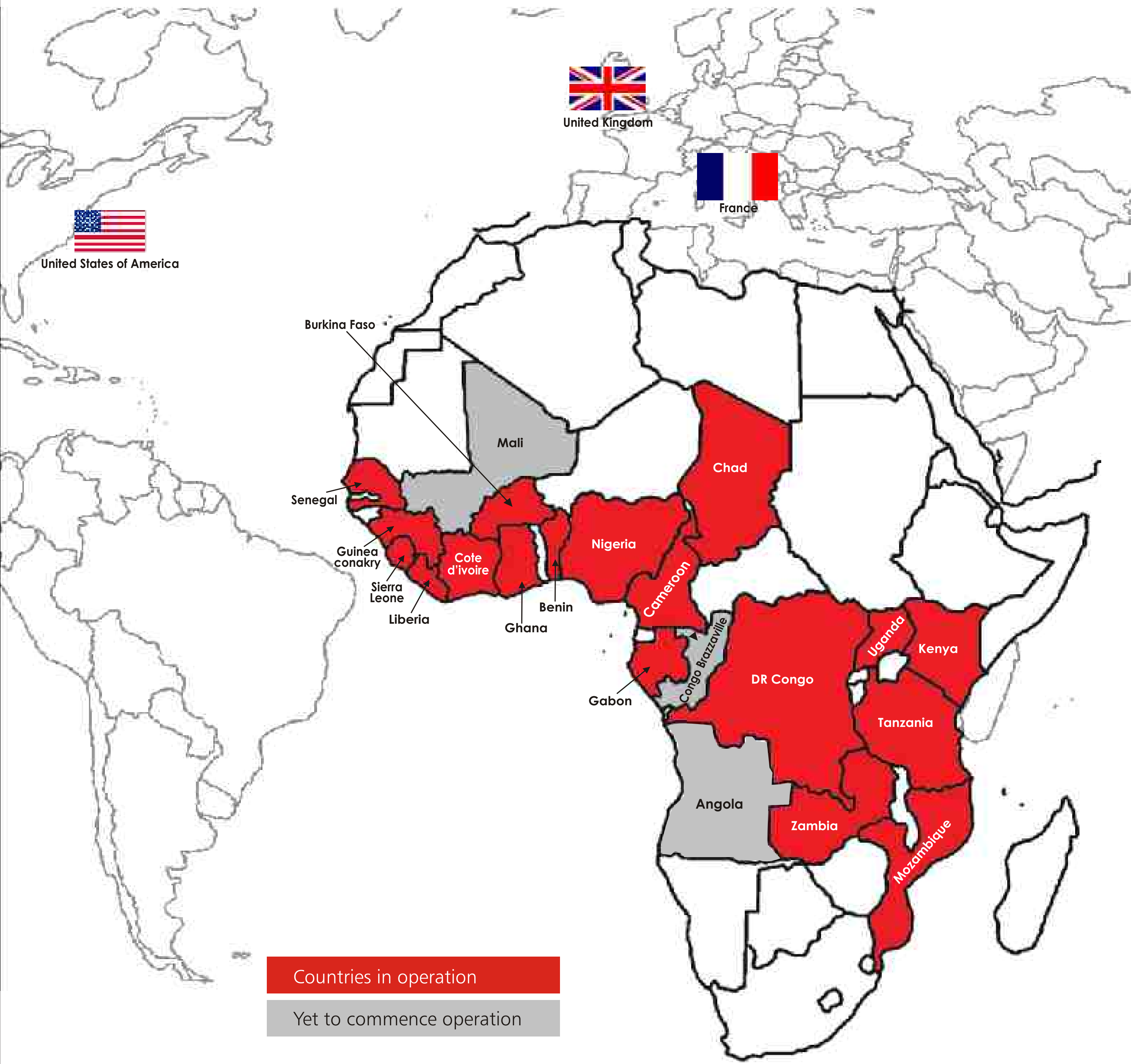
STAFF

As at 31st December 2010, the group had over 12,891 staff worldwide.

UBA

United Bank for Africa Plc

Our Global Footprint



Board of Directors

UBA's board of directors comprises of distinguished individuals, whose brief profiles are below:

Chief Israel Ogbue, Chairman

Appointed non-executive director in 2005 and chairman of the board, from 1st January 2011.

Qualified as a Chartered Secretary upon graduation from South-West London College of Commerce, England. Holds the fellowship of the Chartered Institute of Secretaries. Has work experience spanning over four decades, seven of which were at a senior management level as General Manager of National Insurance Corporation of Nigeria (NICON), prior to his retirement. Has served as a Director on the boards of many companies, including Transcorp Hilton Hotel and NAL Bank (now Sterling Bank Plc).

Ambassador Joseph Chiedu Keshi (OON), *Vice Chairman*

Appointed non-executive director in 2010 and Vice Chairman of the Board from 1st January 2011.

Obtained a B.Sc (Political Science) degree from University of Ibadan Nigeria: M.A. degree (Administration and Development) from Institute of Social Studies, The Hague, Netherlands; Post Graduate Diploma (International Relations and Diplomacy) from Nigerian Institute of International Affairs, Lagos, Nigeria; and attended executive course on "Leadership in the 21st Century" at the Kennedy School of Government, Harvard University, Boston, USA.

He has over 35 years work experience at the highest level of Government, serving as a Federal Permanent Secretary - Ministry of Foreign Affairs; Permanent Secretary - Cabinet Secretariat, The Presidency; Charge d'Affaires, Embassy of Nigeria, The Hague, Netherlands; as well as Consul-General of Nigeria, Atlanta, Georgia, USA.

Mr. Phillips Oduoza, *Group Managing Director/Chief Executive Officer (GMD/CEO)*

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. 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.

He was Deputy Managing Director in UBA Plc prior to his current appointment as the GMD/CEO.

Mrs. Faith Tuedor-Matthews,
Deputy Managing Director (UBA Nigeria, Abuja)

Appointed executive director in 2005 and Deputy Managing Director (UBA Nigeria, North) in March 2008.

Holds an MBA from the University of Aston, Birmingham, Bachelor's degree from the Southampton Institute and a post-graduate Diploma in Marketing from North Staffordshire University, all in England. Alumnus of the Harvard Business School Senior Executive Programme. Graduate member of the Chartered Institute of Marketing, London and a member of the Chartered Institute of Bankers.

Banking career spans over 20 years with cognate experience in various areas of banking, including Corporate Banking, International and Domestic Operations, Branch Management and Risk Asset Management. Joined Standard Trust Bank as an Executive Director and was appointed Deputy Managing Director, UBA Nigeria (North) in 2008. She chairs the Group Assets and Liabilities committee (GALCO) of the bank.

Mr. Victor Osadolor,
Deputy Managing Director (UBA Nigeria, East)

Appointed executive director in 2005 and Deputy Managing Director (UBA Nigeria, South) in August 2010.

A banking strategist and finance expert with over 23 years experience in diverse areas of Risk Management, Finance, Operations, Treasury and Information Technology.

A fellow of the Institute of Chartered Accountants of Nigeria (ICAN), an alumnus of both Harvard Business School (Advanced Management Programme) and International Institute for Management Development (IMD), Switzerland and also an Honorary Life Member, Chartered Institute of Bankers of Nigeria (CIBN). He served on the Board of ATM Consortium Limited as Vice Chairman.

Was Executive Director and the Group Chief Finance Officer of UBA, prior to his appointment as Deputy Managing Director.

Mr. Rasheed Olaoluwa,
Executive Director (Lagos and West)

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. Started his career at Arthur Andersen, where he qualified as a chartered accountant. 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. Played various key roles within UBA such as Director, Strategy and Business Transformation, Director, Corporate and Investment Bank; Regional Bank Head, Ikeja Bank; and CEO, UBA Africa.

Appointed Chief Executive Officer of UBA Africa in March 2008 and has succeeded in extending UBA's operations into West, Central, East and Southern African regions.

Board of Directors *cont'd*

Mr. Emmanuel N. Nnorom,
Executive Director (Finance)

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 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 of the Nigerian economy spanning over two decades. Previously worked at 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.

He is currently the Group Chief Finance Officer.

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 21 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.

Mr. Kennedy Uzoka,
Executive Director (Resources)

Kennedy Uzoka is the Executive Director, Resources. He has a B.Sc in Mechanical Engineering from the University of Benin and an MBA in Finance from the University of Lagos. Kennedy, a multiple awards winner, brings a unique set of experience which spans almost two decades in marketing, business strategy and now resources management to the executive team.

He was Head, Strategy & Business Transformation of UBA Group and later Regional Bank Head, South Bank covering over 17 states in southern part of Nigeria. Prior to the merger, he was Regional Director - South East, Vice President-Northern Nigeria, Chief Marketing Officer - Federal Capital Territory (FCT), Chief Marketing Officer, Lagos and later, Managing Executive Officer at erstwhile Standard Trust Bank.

He is an alumnus of Harvard Business School in Boston, USA, International Institute of Management Development (IMD) in Lausanne, Switzerland and the London Business School, UK.

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

Appointed executive director in 2010.

Holds BSc (Civil Engineering) and MBA degrees, both from the University of Lagos. Has over 16 years of work experience in the banking sector, holding several management positions in Operations and Information Technology.

Mr. Ifeatu Onejeme,
Executive Director
(Corporate and International 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. An alumnus of two Ivy League schools in the USA at the post-graduate level; The Wharton Business School and the University Of Chicago Graduate School Of Business.

Has over 24 years of active banking and financial services experience across several areas, including Treasury and Financial Services, Operations and Information Technology, Risk Management, Strategic Planning and Management, Performance Management, and Budgeting and Financial Control.

Mr. Paolo Di Martino (Italian), *Director*

Appointed non-executive director in 2005.

An alumnus of M. Da Passano's Commercial School in Italy graduating with the 1970 accountancy class, he holds a doctorate in Agriculture from Pisa University, Italy.

In 1975, he joined Monte Dei Paschi Siena, an Italian-based bank, where he handled several responsibilities, including being the bank's representative in several countries at different times. In 1988, he was seconded to UBA Plc, Lagos Head Office as Technical Assistant, a position he held until 1991, when he returned to Italy.

Board of Directors *cont'd*

Mr. Adekunle A. Olumide (OON), *Director*

Appointed non-executive director in 2007.

Holds a second class upper honours degree in History (London) from the then University College of Ibadan. A former career diplomat, distinguished public servant and accomplished technocrat of the organized private sector.

He held some key positions, including Minister-Councillor at the Permanent Mission of Nigeria to the United Nations Office in Geneva, member of the Board of the International Atomic Energy Agency (IAEA), Charge'd'Affairs at the Nigerian Embassy, Gabon, Chairman of the Employment Committee of the International Labour Organization (ILO), Federal Permanent Secretary, Chairman of the then National Provident Fund (NPF) and first Director General of the Lagos chamber of Commerce and Industry.

Chief Kola Jamodu (OFR), *Director*

Appointed non-executive director in 2007.

Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), Chartered Institute of Management Accountants (CIMA), Chartered Institute of Secretaries and the Chartered Institute of Taxation. He is an alumnus of the Harvard Business School's Senior and Advanced Management Programs. An industrialist and the first Nigerian Chairman/Chief Executive Officer of Paterson Zochonis Group of Companies. He was also the Chairman of Universal Trust Bank Plc until February 2001, when he was appointed Minister of Industry by the Federal Government of Nigeria.

Recipient of the national awards of 'Member of the Order of the Federal Republic of Nigeria' (MFR) and 'Officer of the Order of the Federal Republic of Nigeria' (OFR). He is also a recipient of the National Productivity Merit Award adjudged the most productive Chief Executive.

Mrs. Foluke Abdul-Razaq, *Director*

Appointed non-executive director in 2008.

Holds an M.Sc. (Banking and Finance) degree and is an accountant by training.

Has over 15 years' work experience in banking, at the height of which she was the CEO of the defunct Credite Bank Nigeria Limited and later Executive Chairman of the CBN and NDIC appointed Interim Management Board of the bank. At different times, in the public service, she has been Chairman of Lagos State Tenders Board, member of Nigeria's Federal Accounts Allocation Committee and two-time Commissioner in Lagos State.

She has held other board appointments in other private sector organizations and is currently the executive director and proprietress of Bridge House College, Ikoyi, Lagos, Nigeria.

Ms. Runa N. Alam (American),
Director

Appointed non-executive director in 2007.

Studied International and Development Economics at Princeton University, USA (where she was winner of the Harry S. Truman Scholarship) and holds an MBA from Harvard Business School, USA (where she was winner of the Annual Agri-Business Report). She was Chief Executive Officer of Kingdom Zephyr Africa Management (a joint venture management company of Kingdom Holdings, owned by Prince Alwaleed of Saudi Arabia, and Zephyr Management, a New York based private equity firm) and Zephyr Management Africa Investment Fund. Prior to joining Zephyr, she had stints at Merrill Lynch and Morgan Stanley & Co.

She is currently Chief Executive Officer of Development Partners International.

Alhaji Ja'afaru Paki,
Director

Appointed non-executive director in 2008.

Obtained a D.Sc. degree in Business Administration from Bradley University, USA. Has had a distinguished career working for Mobil Oil Nigeria, the Nigerian National Petroleum Corporation (NNPC) and Unipetrol Nigeria where he served as Managing Director/CEO between 1999 and 2001.

Has held directorship positions in several organizations, including Kaduna State Housing and Property Development Authority, Kaduna State Industrialization Board, African Petroleum, and Stallion Property and Development Company. He was Special Assistant on Petroleum Matters to President Olusegun Obasanjo (2003 2007).

He is currently Chairman of Nymex Investment Limited and an active participant in the Extractive Industries Transparency Initiative (NEITI).

Mrs. Angela Nwabuoku,
Director

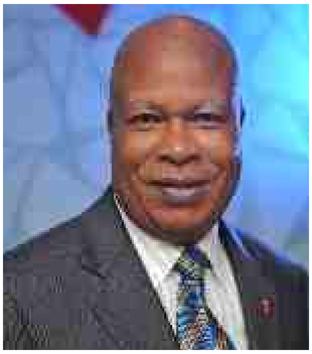
Appointed non-executive director in 2010.

Holds a B.Sc. degree from The America University, Washington D.C. USA and qualified as an International Associate of the American Institute of Certified Public Accountants in 1985. Her MBA from the Warwick Business School, UK is in view.

Working career spans over 26 years with experience in key financial services institutions in countries across West Africa, having held executive management positions in international and regional banks. Holds board positions in UBA Liberia, Tanzania, Kenya, Zambia, Chad and Guinea Conakry. She is Chairman of UBA Metlife and was until December 2010 the Chairman of CRC Credit Bureau.

Retired as an executive director of UBA Plc in March 2010 and was appointed a non-executive director in July 2010.

Board of Directors *cont'd*



Mr. Yahaya Zekeri,
Director

Appointed non-executive director in 2010.

A chartered accountant and seasoned banker with over 35 years banking experience across leading financial institutions. He is an associate member, Chartered Institute of Bankers, London (ACIB) and an associate member, Institute of Chartered Accountants of Nigeria (ICAN). He is also a fellow, Association of Chartered Certified Accountants, London (FCCA).

Senior Executive Management

In addition to executive directors and non-executive directors of the Bank profiled above, UBA has the following principal officers:

Mr. Andre Blaauw,
Group Chief Risk Officer

Holds B.Sc. (Hons), BCom. (Hons) and MBA degrees from South African universities and is a CFA (Chartered Financial Analyst) charter holder.

Has extensive experience in the application of advanced risk management practices. At ABSA, he led the group's Basel II and IFRS risk implementation as well as many other frameworks – stress testing, risk appetite, economic capital, credit rating systems, market risk VaR measurement and risk-reward pricing tools.

Andre oversees the risk management and compliance framework across the UBA Group. Prior to joining UBA in January 2008, he was an Executive of Group Risk at ABSA (a member of the Barclays Group).

Mr. Leke Ogunlewe, Group Director (Energy)

Holds degrees in Economics and Business Administration. He is an alumnus of INSEAD.

Has over 25 years experience covering Banking Operations, Corporate and Investment Banking, Energy Banking as well as Financial Advisory Services.

Has been involved in a number of private and public capital market issues, mergers and acquisition exercises in the Nigerian investment banking environment and a number of Project finance transactions for major corporate and energy projects. Also has extensive experience in structured finance, local and international trade finance.

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.

Senior Executive Management cont'd

Mr. Gabriel Edgal,
CEO, UBA West Africa

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

He is multi-skilled, with experience spanning almost two decades, in Banking and Financial Services.

He is currently responsible for overseeing all of UBA's country of operations in West Africa. Prior to this role, he was the MD/CEO, UBA Ghana and had also served as the Director, Group Treasury & Investments; globally providing expert advice and support to grow regional and country Treasury Management and Sales business.

Mr. Dan Okeke,
Group Director (Nigeria North)

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 15 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, excluding Abuja.

Emeke E. Iweriebor,
CEO, UBA Central, East & Southern Africa.

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

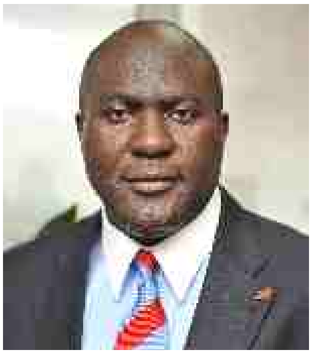
Has almost two decades experience in banking and financial services and is currently responsible for building the Bank's business and governance in UBA country subsidiaries in Central, Eastern and Southern Africa. Prior to this role, he was the MD/CEO of UBA Cameroon.

Mr. Launce Moses,
Director
(Control and Regulatory Affairs, UBA Africa)

Holds a B.Sc. degree in Engineering and a Masters of Business Administration from India.

His banking career spans 20 years in various areas of banking including Credit Risk Management, Audit, Consumer Banking, Internal Control, Electronic banking, Wealth Management business and Insurance products development.

He is responsible for Internal Control, Audit, Fraud Prevention and Investigations for UBA Africa.



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.

As the Group Director, Electronic Banking and Retail Products across UBA Group, Luqman is charged with the responsibility of ramping up the bank's penetration ratios for the various e-banking products and channels. His responsibilities in this role include delivering new and existing product offerings to our teeming customers via an integrated multi-channel platform.

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.

Chairman's Statement

Esteemed Shareholders,

The financial year 2010 (FY2010) was another remarkable year, as international economies continued to contend with the pervading global economic crisis that caused severe shock to several financial institutions worldwide since 2008.

Without doubt, FY2010 was a challenging year for Central Banks and other financial institutions regulators because of the need to fix disequilibria in macroeconomic indices, foster safe, sound and stable financial system as well as restore stakeholders' confidence in financial institutions.

To deal with the high credit and liquidity risks occasioned by the economic crisis, governments partnered with their central banks to formulate strategies to counter these twin-problems. Quantitative easing, creation of intervention funds, issuance of guarantees and adjustments of monetary policy rate were among the veritable tools adopted to deal with macroeconomic imbalances caused by prevalence of toxic assets and high inflationary trend.

Some of the lessons learnt from the crises caused the review and issuance of new frameworks by regulators to guide the banking business, with greater emphasis on best risk management practices, best corporate governance practices and structures, restriction of speculative activities, as well as optimal business models.

The Nigerian banking reforms progressed steadily during the year under review, with more attention given to regular review of the financial condition of Deposit Money Banks (DMBs) through on-site and off-site activities of the Central Bank of Nigeria; institution and entrenchment of the culture of transparency and increased disclosure; proactive management of the monetary policy and assurance responsibility. All these led to the establishment of the Asset Management Corporation of Nigeria (AMCON) and the purchase of delinquent risk assets of the deposit money banks (i.e. delinquent facilities of the rescued banks and margin facilities/share loans for other DMBs).

In spite of the challenges posed by the operating environment, your Bank remained undaunted in focusing on its three-pronged strategic intent of maintaining its dominance in Nigeria, becoming a leading bank in Africa and maintaining presence in key global financial centres. The contribution from our African businesses, excluding Nigeria, improved during the 2010 financial year and further validates the vision behind this strategy.

The Bank's performance depicted mixed fortunes during the 12-month period as Gross Income was N186 billion (2009: N195 billion annualized). The profit before tax and exceptional items was N15.9 billion, as against an annualized figure of N10.9 billion in 2009. This performance was helped by the lower net charge for diminution in value of assets in 2010. The Group's Capital Adequacy Ratio as at 31st December 2010 was 18% (16.3% in 2009), while liquidity ratio remained strong at 39% (compared to 47% in 2009).

All of these were achieved, despite the various challenges prevalent in the environments we operated in. I am therefore pleased to inform you that your board has recommended a cash dividend of 5kobo for every ordinary share and a bonus issue of one new share for every four ordinary shares previously held.

OVERVIEW OF WORLD ECONOMIES

On the global front, recent trends have shown that the world economy is gradually recovering on the back of rising oil prices, capital markets recovery and growth in the world's largest markets: The United States of America (USA), Europe and China. However, concern looms on the sustainability of these recovery signs.

Unemployment rate in the USA was reported at 8.9% at the end of 2010, compared to a 5-year average of 5.7% and an average of 9.6% for 2010. The US gross domestic product (GDP) growth was 3.1% in the fourth quarter of 2010 and analysts believe the GDP growth resulted from higher business exports and consumer spending.

While GDP growth in the Euro area was 0.3% by fourth quarter of 2010, rate of job losses rose to 9.9%. In view of this, the European Central Bank (ECB) retained benchmark rates at 1% to drive low-cost lending across the region. The situation is not so different in China, where GDP rose by 9.8%. While this may appear strong, it is lower than the average growth rate in 2010 and below the double digit growth target for the country.

Notwithstanding the lackluster behavior of more developed markets, Africa continued to benefit from recent trends in commodity prices at the international markets. Commodities like Oil, Sugar, Copper, and Gold are trading at premiums to 2009 prices due to growth, increasing global demand driven by growth in China, improving world industrial production and disturbances in the Middle East and North Africa. There was a strong recovery in crude oil price from under $40/barrel in January 2009 to $93/barrel in December 2010. These trends are encouraging and continue to make Africa "the next frontier".

OPERATING ENVIRONMENT ACROSS AFRICA

Before discussing the Nigerian economy, let me highlight key economic developments in some of the markets we operated in, during the 2010 financial year.

GHANA:

Ghana is one of the politically stable countries in Africa. Government has been committed to improving the living standards in the country evidenced by improving infrastructure and security. GDP growth in the fourth quarter of 2010 was 9.1% (3.4% in third quarter), driven by activities in the construction, agriculture and industry sectors. Inflation in the country eased to 8.6% in December 2010 on the back of increased output. Also, exchange rates remained stable against the US Dollar at (GHS1.48 to 1US$) and gross external reserves rose to $4.7 billion in 2010 ($3.2 billion in 2009). These economic indicators, in addition to the discovery of oil in Ghana, attest to the potential that abound in the country. Oil is projected to generate revenues in excess of $400 million in 2011 and should drive growth in subsequent years.

Based on data from the Bank of Ghana, the country's banking sector is expanding fast with total assets rising by 28.2% to GHS15.1bn or $10.2bn (58.4% of GDP) in July 2010 from GHS11.8bn or $7.8bn (55.2% of GDP) in July 2009. As a key player in the market, your bank is well positioned to play in the growth sectors.

KENYA:

The economy presents unique opportunities, drawing from the level of information technology, infrastructural development and an environment that provides a fair play ground for all operators in the market. Inflation in Kenya has been fairly stable, averaging 5% in 2010 and recently, the World Bank forecast an economic growth of 6% for 2011, largely due to the country's telecommunications revolution, strong macroeconomic management and investment in public infrastructure. The financial markets in Kenya are also growing, as over 70% of the adult population have access to financial services (up from 55% in 2006). Exchange rate remained stable at about 80 kes to US$1 (2009; 75.70 Kes to US$1). The country's exchange rate is expected to strengthen on the back of increased investments in its productive sector, as foreign and domestic firms position themselves to benefit from an attractive domestic and regional consumer markets, considering its status as the economic hub of the East African region.

In addition, there has been a significant reduction in political risk after a new constitution was enacted in 2010, thereby laying the foundation for a peaceful election in 2012. This development is expected to further strengthen investor confidence, and UBA Kenya is well positioned to take advantage of the abundant economic opportunities in the country.

CAMEROUN:

Cameroun is a conservative economy with solid fundamentals. Real GDP growth of 2.6% for 2010, inflation rate of 3%, economic size of $21.8 billion and per capital GDP in excess of $1,000, are all credentials of this African economy that is rich in cocoa. Sustained political stability and fair diversity in sources of government revenues (cocoa, oil, etc) will help sustain growth for the country. Real GDP growth in 2011 is forecast at 2.9%, hinged partly on increasing commodity prices. Besides, oil production is expected to rise from 2012.

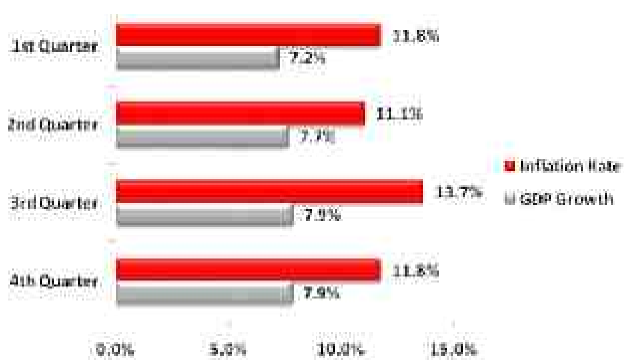
The government has also announced a debt relief and development grant of $436 million from France, over the next five years, which would be substantially invested in agriculture, rural development, urban infrastructure projects and for research and training. These portend great opportunities for our wide range of financial services.

NIGERIA

Over the last year, Nigeria's economy has evolved and is tending towards a more business friendly environment, where the respective interests of all stakeholders are well considered. This assertion draws credence from recent efforts by key regulatory institutions aimed at addressing some observed anomalies within the system and general improvement in investor confidence. In this light, Fitch Ratings affirmed its sovereign rating of Nigeria at BB- for 2010, but changed its outlook from 'stable' to 'negative'.

On the macroeconomic front, driven by the non-oil sector and increased government spending, Nigeria's GDP grew by 7.86% for the third quarter of 2010 and the full year target is put at 7.85%. Government revenue was boosted by higher oil prices (averaged $79/barrel in 2010) and stable oil production (averaged 2.1 million barrels/day). However, Nigeria's external reserves have declined steadily over the course of the year to $33 billion ($42.4 billion in 2009). 2010 quarterly trend in GDP growth and inflation rates are depicted below:

Nigeria's GDP Growth and Inflation Rates for 2010

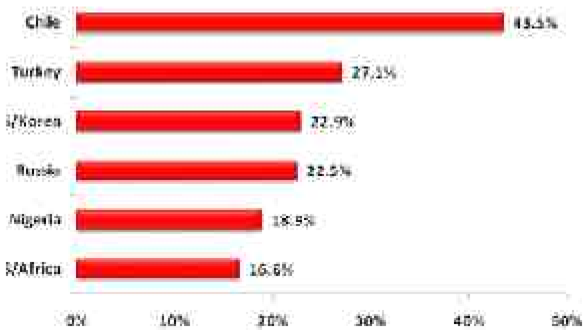


Source: CBN, NBS

Managing general price levels has been one of the key objectives of monetary policy management (through the use of interest rates and liquidity control tools). Government's target of single digit inflation was not met, as month-on-month inflation rates trended upwards through the first half of 2010, peaked at 14.7% in July 2010 and receded gradually to close at 11.8% in December 2010. The behavior of aggregate prices resulted from liquidity surge in the system and attendant low interest rate regime that ensued during the first three quarters of the year.

The Nigerian capital market did not gain the predicted momentum in 2010 as lull in investor confidence remained. Key performance indicators at the Stock Exchange recorded some improvement, but still trailed emerging or frontier market peers in recovery. The NSE All-Share Index gained 18.9% over the year from 20,827.17 points (at the beginning of the year) to 24,770.5 points as at December 31, 2010. Similarly, aggregate market capitalization rose to N7.91 trillion in December 31, 2010 (61.4% higher than N4.9 trillion closing figure in 2009). It is instructive to note that the strong growth in market capitalization was driven by the N2.1 trillion listing of a Cement conglomerate during the year. The overall lull in the market resulted from slow recovery in overall economic activities, banking sector reforms and the general elections. How Nigeria's stock market performance fared against emerging market peers is shown below:

Stock Market Performance in selected Countries



Growth rate in market all share index

Source: Trading economics

NIGERIAN BANKING INDUSTRY SPECIFIC DEVELOPMENTS

The reform activities of the Central Bank of Nigeria (CBN) continued unabated in 2010. For system liquidity management, the CBN held Monetary Policy Rates (MPR) at 6% for several months before raising it to 6.25% in September 2010. It was observed that the adjustment in September, led to a re-pricing in various asset classes and improved the yield on government securities, making them more attractive.

Taking a cue from 2009 audit on banks, an estimated N2.2 trillion worth of bad loans in the sector were sold to state-owned Asset Management Corporation of Nigeria (AMCON). The Bill defining the strategy and operational management of the corporation was passed into law in 2010 and a board and management team constituted.

On December 31 2010, AMCON acquired all capital market related loans (margin and share backed loans) in the industry and issued guaranteed zero coupon bonds to the banks. AMCON management had announced plans to issue up to N3 trillion bonds to finance the acquisition of non-performing assets in the banking system . As part of the banking sector resolution costs, banks are expected to contribute 0.3% of their total assets yearly to fund the corporation over the next ten years. This will cost your bank over N4 billion in 2011.

In a bid to also boost liquidity in the system, government released N500 billion intervention fund, consisting of a N200 billion refinancing facility for Small and Medium-Scale Enterprises (SMEs) and N300 billion for the power and aviation sectors. Beneficiaries have started tapping into this financing opportunity, which provides access to cheaper funding.

Following the elimination of the erstwhile universal banking model and the directive that banks adopt one of the specified models (International, National, Regional and Specialized banking models), many banks have made public announcements on their choice of banking models and it is becoming clearer what the competitive landscape would look like in the future. At UBA, we have officially announced our plan to adopt the Holding Company (Holdco) operating model, subject to the approval of the CBN.

It will be worthy to reiterate that we are in compliance with regulatory directives of the CBN.

AFRICAN EXPANSION

Having secured all necessary approvals, the Bank commenced operations in Guinea Conakry and Mozambique during the year, bringing the number of African operations to seventeen (excluding Nigeria).

Also, the bank is planning to commence operations in Congo Brazzaville and Mali to conclude the first phase of its pan African expansion.

APPRECIATION

The Bank's achievements over the years are largely attributable to the unflinching support of our key players and stakeholders, particularly the unwavering belief of our customers in the ability of the Bank to provide the platform for their business endeavours, committed workforce and resolute shareholders.

Permit me to convey, on behalf of the entire staff, management and other board members, the Bank's profound gratitude to our amiable and gregarious immediate past GMD/CEO, Mr. Tony O. Elumelu MFR, for his unblemished, selfless and meritorious service to the Bank over the years. He resigned his appointment with the Bank on 31st July 2010 in compliance with the code of corporate governance (issued by the CBN) on tenure of chief executives of banks, which allowed a maximum of ten years. We all wish him tremendous success in his future endeavour.

The Bank also appreciates two former executive directors, Angela Nwabuoku and Godwin Ize-Iyamu, who retired from the Bank during the course of 2010 financial year.

Consequent upon this, the board approved the appointment of Mr. Phillips Oduoza as the Group Managing Director/ CEO of the Bank with effect from 1st August 2010; elevation of Mr. Victor Osadolor to Deputy Managing Director (Nigeria South) and three new executive directors Messrs. Ifeatu Onejeme, Kennedy Uzoka and Femi Olaloku to oversee Corporate and International Banking, Group Resources and Information Technology/Operations, respectively.

Also, I wish to convey the sincere appreciation of the Bank to the immediate past chairman of the board, Chief Ferdinand Alabraba, who retired from the Board effective 31st December 2010.

Other non-executive directors Mr. Willy Kroeger, Alhaji Garba Ruma and Mrs. Ada Okwechime also retired from the board during the year, while Mrs. Angela Nwabuoku, Ambassodor Joseph Keshi and Mr. Yahaya Zekeri were appointed to the board in non-executive capacity.

Our appreciation goes to all these noble people that have served the Bank in various capacities, while welcoming the new members of the board. The Bank shall benefit immensely from the wealth of diverse experiences of these gentlemen and lady.

OUTLOOK

The gradual recovery of the world economy is expected to firm up from 2011 and countries will gradually begin to attain respective macroeconomic targets. We expect to see improvement in global capital flows. The World economy is projected to grow by 3.5% in 2011, Africa and Nigeria by 5.5% and 7.8% respectively, on the back of strong commodity prices at the international markets. These growth expectations portend good potential for our business.

In view of this, we look forward to a better 2011 financial year, as we stay focused on our vision of being Africa's global bank, leveraging our strengths to take advantage of the opportunities that abound in the markets we operate in.

Thank you

Chief Israel Ogbue
Chairman

Group Managing Director/ Chief Executive Officer's Report

Dear Shareholders,

I am delighted to present the overall performance of the Group to you, the first, since I took over as CEO of this great institution.

The year 2010 witnessed significant changes that impacted on businesses globally and locally, with many organizations including ours being severally tested. I am proud to say that our Bank, the United Bank for Africa (UBA) Plc, surmounted these challenges with character and dignity, thereby re-affirming our resilience in an ever changing environment.

Our bank ended the year 2010 stronger and better positioned to attain our Pan African vision. Through creativity and innovation, and by building strategic and supportive foundations to deliver better service to our esteemed customers, we have fundamentally and strategically positioned all of our business portfolios for growth and superior performance in the current and future financial periods.

We started the 2010 financial year with an agenda captioned "GETTING THE BASICS RIGHT" with the aim of reinforcing our role model status in the industry. Our focus was to leverage our strengths and strengthen all internal capabilities, including our corporate governance, risk management, compliance and human capital. We know that by consistently doing simple things right, we shall safeguard our institutional longevity and continue to drive sustainability in business with superior performance. The tools we have implemented in driving this agenda include customer service/relationship management, cost management, performance management and process efficiency.

This agenda is designed and anchored on seven pillars that signify our key priorities for the near future and which will provide us the key capabilities to effectively harness the opportunities in the market place and attain enviable business performance. These pillars are:

1. Improved customer service delivery
2. Simplified processes and procedures
3. Strict regulatory compliance
4. Sharpened business focus
5. Sustained brand enhancement
6. Sustained employee involvement and motivation
7. Improved productivity and profitability

With these seven interconnected and interrelated pillars, we have no doubt that we will build an enduring institution of pride to all.

Now, let me review some of the events that made 2010 a very unique year and which will engrave it in the annals of the UBA history.

CEO transition

Mr. Tony Elumelu's mantle of leadership, having served this great institution for thirteen years, was extended to the new management team headed by my humble self. This followed the Central Bank of Nigeria's (CBN) requirement that all bank CEOs must not exceed ten years in office. We deeply miss Mr. Elumelu's visionary leadership that took this bank to unimaginable heights. We have no doubt that he will soar in his business and philanthropic endeavours. His legacies shall live on and your new management team will work assiduously with all staff to achieve every aspect of our bank's audacious vision of being "the undisputed leading dominant financial services institution in Africa"

Executive management appointments

There were changes in executive management, following your board's approval of fresh appointments and portfolio adjustment of some existing members. The following appointments were approved by the CBN during the year:

- I, Phillips Oduoza, was appointed GMD/CEO. Until this appointment, I was a Deputy Managing Director overseeing the Southern Nigeria business of the bank.
- Victor Osadolor was appointed Deputy Managing Director in charge of UBA Nigeria-South. He was Executive Director/Group CFO until the appointment.
- Emmanuel Nnorom, who was an Executive Director in charge of the Group Executive Office, was appointed Executive Director, Finance and Risk.
- Kennedy Uzoka was appointed Executive Director of the bank in charge of Group Resources. Before this appointment, he was the Group Human Resources Director.
- Femi Olaloku was appointed Executive Director in charge of Information Technology and Operations. Before this appointment to the board, he was the Group Chief Operating Officer.
- Ifeatu Onejeme was appointed to the board as an Executive Director in charge of Corporate and International Banking. He was Group Director of Institutional Banking and Financial Institutions before this appointment.

Major deals executed

- Secured a multi-million Euro Oil and Gas financing deal in Senegal. UBA's subsidiary in Senegal received support from the group to provide a facility worth Euro 234 million for Societe Africaine de Raffinage (SAR), the National Refinery of Senegal.
- Collaborated with another bank to provide a $70 million medium-term infrastructure funding for Accugas Limited, a wholly-owned subsidiary of Seven Energy International Limited.
- Lead arranger and underwriter for N37.5 billion corporate bonds raised on behalf of Flour Mills of Nigeria Plc, (one of the leading conglomerates in Nigeria). The issuance is the first series of the company's N70 billion debt program.
- Issuing house /lead arranger to two state government bonds: Bayelsa (N30bn) and Ebonyi (N20bn).
- Collaborated with other local and international banks, to support the $375 million refinancing (tranche 1) and $540 million increase in the existing facility (tranche 2), for the Nigerian gas to liquids project (NGL2). This was a landmark project, aimed at reducing gas flaring in Nigeria and extracting value from the nation's gas resources.
- Financial adviser and joint mandate lead arranger, for the $202 million facility, for the construction of hydro-power projects that are strategic to the Gabonese government's objectives of boosting electricity generation by 200% by the year 2020.

Major developments and achievements

- Our board approved the adoption of a Holding Company (Holdco) model with effect from the second half of 2011, subject to CBN approval. In line with CBN's cancellation of the universal banking model, UBA decided to adopt the Holdco operating structure that will be suitable for our international banking status. It is instructive to note that UBA will be run as a holding company and this made the decision an easy one for us.
- We launched U-Mo (UBA's mobile money), a product that allows users to transfer money or execute transactions without necessarily having a bank account. It requires the connection of a telecoms provider and an agent.
- The extension of the Global Shared Services (GSS) platform to our bank subsidiaries in Africa. GSS is a cost-saving initiative of the group that facilitates the execution of widespread transactions from a central location.
- UBA Global Investor Services (GIS) was appointed a custodian of money market and fixed income instruments by the CBN.
- UBA received an “A” rating in the 2010 annual ranking of banks by the Banker Magazine. In the ranking, UBA's brand value was estimated at $322 million and this improved its ranking by 161 places to the 285th position among the top 500 banks globally. UBA was adjudged the second fastest growing financial brand worldwide (excluding the USA)by this improvement.
- The Boston Consulting Group (BCG) ranked UBA amongst the top 40 African Challengers (companies that have been competing and rapidly expanding in the global economy). UBA is one of the two Nigerian companies and the only Nigerian bank on the list. This underscores the efficacy of the pan African aspirations of the UBA Group.

- We received the Afrexim Bank's Gold Award as "The Best Bank in Project Finance" across Africa.
- We issued the first ever Naira denominated subordinated and unsecured debt instrument in the history of the Nigerian capital market. The issue, worth N20 billion, is the first series of the N400 billion medium-term debt program of the bank. The issue was at par, with a fixed coupon rate of 13%, payable semi-annually and callable after five years.
- Three regional products (Afritrade, Africard and Africash) were formally launched during the year. These unique products are designed to facilitate trade and money transfer transactions across the continent, leveraging UBA's growing presence in the region.
- Our alliance with Western Union in Nigeria commenced in 2010, in a bid to provide additional service delivery to our teeming customers, leveraging our large network for convenience and value creation.
- We commenced operations in Guinea and Mozambique, thereby bringing the number of countries we had full operations in Africa to seventeen, at the end of the financial year. Congo Democratic Republic has also joined the UBA family in January this year (2011).
- We also received an award from the CBN, as the best performing bank in agriculture financing. The award was in recognition of UBA's exemplary performance under the Agricultural Credit Scheme of the Federal Government.

These achievements attest to our ability to take advantage of the opportunities that abound in the markets in which we operate, by deploying the resources and capabilities that distinguish us from the competition.

Customer service and relationship management

We deepened our relationship with UBA customers, by re-dedicating ourselves to serving them and bringing the best possible solutions to their financial needs. Our service excellence program was entrenched with vigor, through our monthly Service Excellence Day (SED). In fact, our customer service approach in 2010 received a boost when the Consumer Protection Council of Nigeria collaborated with UBA to carry out a sensitization program on customers across forty UBA business offices in Nigeria.

UBA Foundation and Corporate Social Responsibility (CSR)

In pursuance of our CSR objectives and in the spirit of giving back to the society, we embarked on two major initiatives at the group level in addition to specific activities carried out in the countries we operate in. In May 2010, we engaged employees in the "UBA Lions for Children" initiative in which clothes, food items, shoes, bags, etc, were donated to the needy across Africa. UBA Staff were involved in the distribution of these items, in demonstration of Humility and Empathy that make up the UBA being.

We also commenced the "Read Africa" program designed to rekindle the reading culture amongst African children. The program, which is expected to continue in 2011, has now become a model used by many bodies and governments in Africa. My executive team and I have been visiting selected schools to mentor the students, join in the reading sessions and donate books written by celebrated authors.

GROUP FINANCIAL PERFORMANCE

I will now present highlights of the Group's financial performance in 2010

a. Balance sheet and capital management

Total assets and contingents of the Group were resilient, in spite of the tough operating conditions.

i. Assets

The Group's total assets rose by 5% to N1.62tr (2009: N1.55tr), as we consolidated on the efforts we made in the previous year. Gross loans and advances to customers were flat at N674 bn as against N680bn in 2009. Our liquidity ratio remained strong at 39%, (9% above regulatory minimum), in spite of our lending, additional investments in our Africa rollout, and fixed assets.

ii. Liabilities

Customers' deposits as at December 31, 2010 closed at N1.27tr (2009: N1.25tr) in spite of our decision to shed costly deposits. The growth is a reflection of market confidence in the Bank. Our loan to deposit ratio stood at 49.6% (2009: 51%), indicating a strong elbow room to grow loans, as this is well below peer average of 70%. We shall however continue to adopt a cautious lending strategy and prudently grow the loan book in 2011 financial year, to boost revenue growth.

iii. Shareholders' funds

Shareholders' funds stood at N179bn (2009: N186.8bn), culminating in a risk-weighted capital adequacy ratio of 18%, in excess of the regulatory threshold of 10%.

b. Income statement

The year 2010 was the first 12-month financial period that we operated since the CBN advised a uniform financial reporting period (January to December) for all deposit money banks. This means that the comparable period for the income statement is a 15-month period to 31st December, 2009.

i. Revenues

Gross earnings for the Group dropped by 5% during the year from N195bn (annualized) to N185bn. Interest and similar incomes remained a substantial portion of the Group's revenue profile and underscore the strength of the Group's core business of financial intermediation. During the period under review, interest and similar incomes accounted for 64% of revenues (2009: 73%).

The Group continues to make efforts towards growing other lines of income, through focus on product innovation and development, particularly in the area of payments, international trade and electronic banking. Other income, comprising largely of fees, commissions, investment and foreign exchange income was N67bn, compared to N52bn (annualized) for 2009. We believe that 2011 holds strong prospects for revenue growth.

When we annualized 2009, that is, adjusted the income statement to 12-months, we observed that we fared well in 2010. Notwithstanding, we believe that the 2011 financial period holds strong prospects for our business, so much that a robust financial performance will be presented next year.

Expenses

Operating expenses were flat at N104bn in 2010 as against N103bn(annualized) in 2009. Contributing to the pressure on group costs is the operating costs of running our new African bank subsidiaries, whose revenues are not currently strong enough to cover the costs. Also, poor infrastructure continues to constitute a major contributor to the increasing cost of doing business. However, we remain committed to improving the cost to income ratio by driving revenues and continuing with the implementation of cost-saving initiatives across the group.

Over N18bn was charged to the profit and loss account as net loan loss expense in continuation of our resolve to provide for all known losses this financial year.

ii. Profits before tax and after exceptional items

We recorded a profit before tax and exceptional items of N15.9bn for the year ended 31st December 2010, representing a 45% increase over the annualized figure of N10.9bn for 2009.

For the third consecutive financial year, UBA made an exceptional write-off of N7bn, relating to the impaired assets, which the Group acquired upon the take-over of Continental Trust Bank (CTB). It is gratifying to note however, that the last portion of the CTB special assets was written off in 2010 and going forward, this amount will no longer be a drag on the Group's performance. Another N5.7bn representing the discounted value of the Asset Management Corporation of Nigeria (AMCON) bonds received on share based loans sold to them.

iii. Value distribution

A profit of N598 mn was recorded by the group after taxation, as against N2.4bn recorded for the 15 months ended December 2009. The board is proposing a cash dividend of 5 kobo per share and a bonus of one new share for every four shares previously held by shareholders.

c. Pan African strategy

During the year, we recorded improved contribution from our African subsidiaries outside Nigeria. Africa accounted for 13% of revenues (10% in 2009), with deposits and total assets at 13%. Although their contribution to profits is yet to reach the desired levels, we are confident that the African story portends strong prospects for the group.

OUTLOOK FOR THE CURRENT FINANCIAL YEAR

Having reviewed the performance of the past year, we must now face the expectations and challenges of 2011 with renewed vigour. We will continue to raise the bar to deliver superior value to all stakeholders. The crux of our strategy shall be the Seven Pillars of our operating agenda. Executive management will focus on ensuring the implementation of the seven pillars with the support of all staff, shareholders and other stakeholders.

A key event that will shape this financial year is the implementation of the Holdco structure in line with the new guidelines of the apex bank in the country. Upon approval therefore, the necessary implementation framework will be released along the lines earlier advised when the announcement was first made.

The achievements made in our cost optimization strategies will be sustained bearing in mind the need to support business growth and development. Our vendor management office will streamline costs and relationships with vendors across the Group. Above all, we are determined to drive business and generate revenues that will improve our cost to income ratio.

Excellent customer service delivery will be pursued this year through our Service Excellence Program (SEP) and we shall take necessary steps to harness employee potentials to serve the customers better. We will overhaul internal processes especially in the areas of transactions processing, credit delivery and recruitment, to achieve the desired level of service delivery. Also, a deliberate effort will be made to roll out Global Shared Services (GSS) to our other African operations. To further facilitate the simplification of internal processes, the bank will focus on intensive automation of activities and migration of customers to e-channel platforms, with the aim of achieving a minimum penetration ratio of 75%.

Our business focus will remain on the wholesale, commercial and retail market segments supported by treasury activities and electronic solutions. We will enhance market share across the geographies and markets we play in, leveraging the competitive advantage presented by our robust balance sheet size, strong brand name, wide network and unique products and services. Our corporate play will be supported by a deliberate focus on infrastructure especially power, roads, rail, ports (tolling and concessioning), large scale agriculture as well as oil & gas.

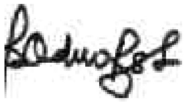
We will fine-tune our performance measurement system to achieve fairness in our appraisal and reward system.

APPRECIATION

I thank all our stakeholders, particularly our employees and shareholders. The UBA staff has an enterprising mindset, and dedication to work. Indeed, without them, the achievements of 2010 would not have been possible. Our shareholders are appreciated for their patience and continuing commitment to our long term strategy. We thank our customers for their loyalty and continued patronage. Other stakeholders, including our regulators and the communities we serve, have been exceptionally useful to our overall corporate existence.

We remain indebted to you all, and as we move into the future, we would appreciate your continued support towards building an enduring institution we all desire; "Africa's global bank."

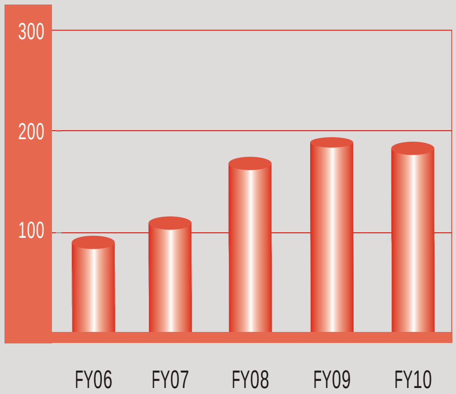
Thank you



Phillips Oduoza

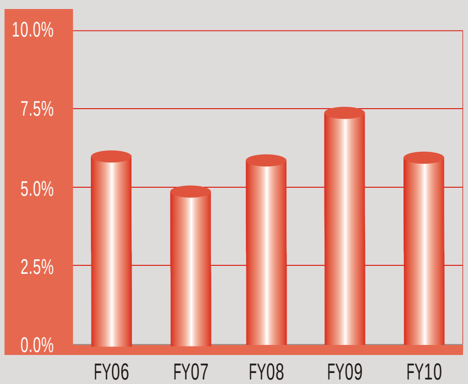
Group Managing Director/CEO

Gross earnings (N' billion)



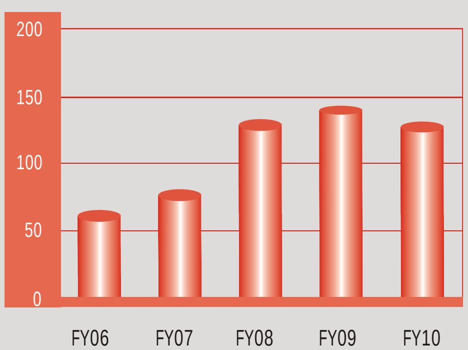
Gross revenue of N185billion was achieved in FY10 compared to the N195.3billion recorded in 2009 (annualized), when the Group operated for 15-months. The decline in gross earnings resulted mainly from low interest rate regime of 2010 as highly liquid, money market instruments constituted significant component of our balance sheet. For the 2011 financial period, planned growth in loan-book, transaction and fee incomes as well as growth in business volumes from other African countries are expected to increase revenues significantly.

Net Interest Margin (NIM)



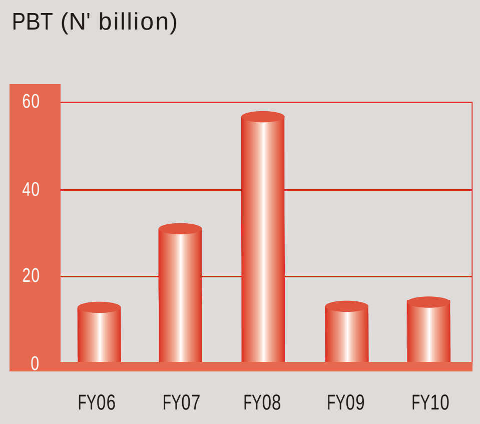
Net Interest Margins (NIM) came under pressure due to the low interest rate environment for most part of 2010. Consequently, the yield on earning assets slipped from levels attained in the 2009 financial period.

Operating income (N' billion)

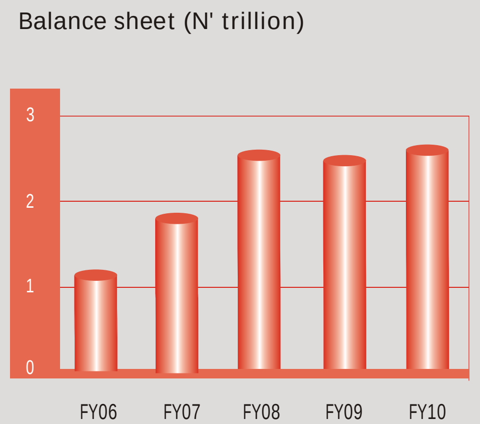


Operating income slipped by 5.7% from N146.5 billion in 2009 (annualized) to N138.2 billion in 2010, largely as a result of decline in gross revenue, which declined by a similar margin during the period. We expect that the bank will derive better value from its underlying operations in the coming periods.

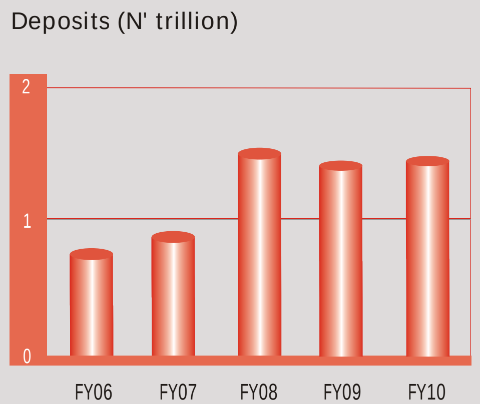
Review of Group Financial Performance *cont'd*



Despite the operating conditions in 2010, our profit before tax (PBT) was resilient given that margins were lower during the period. With our strategy to optimize costs across the group and increasing contributions from other African countries, we expect performance in 2011 to be significantly better.

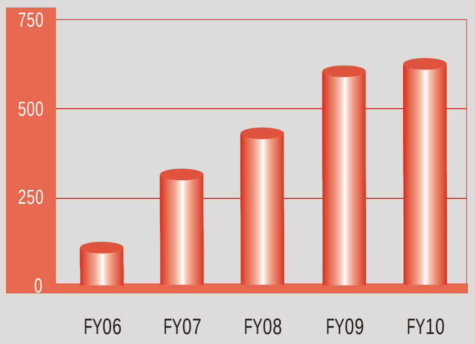


Group balance sheet size rose by 2% during the year from N2.24 trillion in 2009 to N2.27 trillion. Key drivers of our balance sheet growth in 2010 were deposits and tier two capital raised. Our balance sheet size remains one of the largest in the industry and we will endeavour to derive optimum value from its components.



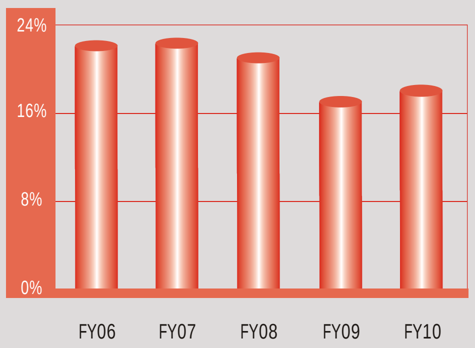
Total deposits closed at N1.27 trillion compared to N1.25 trillion in the corresponding period of 2009. The Group maintained its share of industry deposits and will continue to leverage on its wide distribution network to grow cheap deposits in the coming years.

Loans and advances (N' billion)



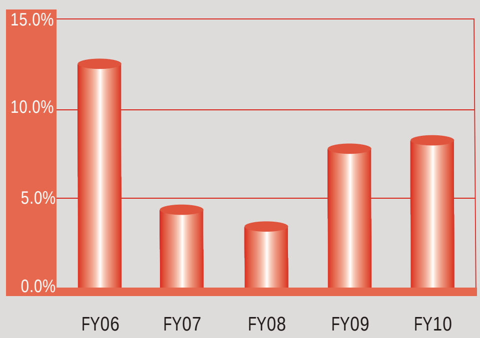
At the end of the financial year, gross loans and advances closed flat at N674 billion (2009: N680 billion), as we maintained our lending strategy of focusing largely on the top end of the corporate market in selected sectors like oil and gas, telecommunications, Finance etc. We believe our loan book will be stronger in 2011 with a projected loan to deposit ratio of 60% for 2011 (2010: 50%) on the back of planned loan growth of between 15% - 20%.

Capital Adequacy Ratio (CAR)



UBA continues to monitor and maintain higher capital adequacy above the regulatory minimum. At the end of the year, Capital Adequacy Ratio (CAR) improved to 18% as against 16.3% in the corresponding period of 2009. Our CAR is 8% above prescribed minimum of 10%. The N20 billion bonds issued in September 2010 contributed to the improved capital adequacy.

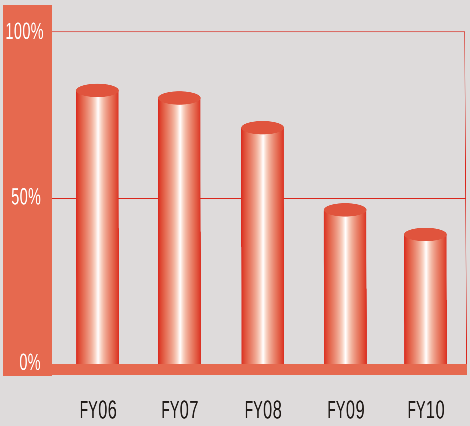
NPL ratio



Our Non-Performing Loans to Gross Loans (NPL) ratio was resilient in 2010. NPL ratio closed at 8.8% in 2010 (2009: 7.9%), with a coverage ratio of 81% (2009: 69%) reflecting full provision charge required in line with prudential guidelines as advised by the Central Bank of Nigeria.

Review of Group Financial Performance

Liquidity ratio



As UBA embarks on improving its gross revenues through loan growth, we have traded off some liquidity to gradually build up our loan book. In spite of this, liquidity ratio has remained strong over the years, closing at 39% in 2010. This ratio is well above the regulatory minimum and leaves a lot of room for risk assets creation.

As one of Africa's largest financial institutions, corporate social responsibility has always been a key element in our endeavours. In line with our philosophy of do well, do good, the Group is committed beyond doing business, to the socio-economic development of the communities where it operates. The thrust of our CRS strategy is to actively engage the local communities where we operate, with a view to empowering them through collaborative works and initiatives. As the Group expanded to new communities, we increased our conscientiousness to play more active roles in addressing key issues in these communities.

UBA Foundation (UBAF), the vehicle through which our Corporate Social Responsibility (CSR) initiatives are driven, focuses on this commitment and acts as a catalyst for progress in the communities where the Group operates, concentrating on developments in the areas of Environment, Education, Economic Empowerment and Special Projects. UBAF has invested over N1 billion since 2006 across a range of projects/initiatives and has dedicated resources towards ensuring that our CSR objectives are achieved. UBAF recognizes CSR as it really should be; a corporate contribution towards promoting sustainable development in communities where it operates.

Education

Education is central to the promotion of social development goals and the Group supports educational initiatives that benefit student in particular and the society in general. The UBAF's educational programme leads diverse educational opportunities, ranging from collaborations with local NGOs state government and projects in educational institutions. During the year, the Group provided financial assistance to students from less privileged families to assist them towards the completion of their education. Further to its CSR objectives in the educational sector, the Group made various donations to schools across Africa, part of which was a special presentation to Shehu Malami Primary School Sokoto for infrastructural development. Also, during the year, the Group handed over an ultra modern hostel facility to the authorities of the University of Port Harcourt. The hostel, constructed by UBAF, is a 30-room luxury apartment with modern facilities. UBAF had, in the past, donated modern facilities to aid learning and development to some universities in the geopolitical zones of Nigeria, including the donation of an e-library to the University of Ilorin, an Information Technology Center to the University of Benin, and Transit buses to the Nnamdi Azikiwe University, among other initiatives for the education sector.

Of notable significance in 2010 was the UBA “Read Africa” initiative. In order to further boost the reading culture amongst African youths, the Foundation introduced the “Read Africa" initiative. Backed by a financial commitment from UBA of N200 million, this initiative involves the provision of recommended English/French literature books to students in the 18 African countries where the Group operates as well as visits to selected schools across Africa by UBA's top management, staff and representatives of UBAF, both to distribute the books and to inspire the students on the benefit of reading. In 2010, the CEOs of our African subsidiaries also visited schools in their various countries of operation in furtherance of this laudable initiative. The students were inspired by the senior executives, who spent time reading passages of the books with them, advising them on the benefits of reading and recommending some of the values they require to succeed in life. The programme was very well received, as the students appreciated their interaction with executives of the bank.

L-R: Mr. Dele Olapeju, Principal King's College, Lagos; Mr. Phillips Oduoza, GMD/CEO, UBA Plc; Student of King's College and Ms. Ijeoma Aso, MD, UBA Foundation during a reading session at King's College, Lagos.

Mr. Victor Osadolor, DMD East, UBA Plc listens while a student read at St Gregory's College, Lagos.

Mr. Femi Olaloku, ED/Chief Operating Officer, UBA Plc; Ms. Ijeoma Aso, MD UBA Foundation with students and staff of Apata Memorial School, Lagos after the presentation of books.

Mrs. Angela Nwabuoku, non-executive Director, UBA Plc, reading to teachers and students of Holy Child College, Ikoyi, Lagos.

L-R: A Student of Baptist Academy Obanikoro, Lagos; Mr. Kennedy Uzoka, ED, Resources, UBA Plc and Mrs Adebimpe Ladoba, Principal Baptist Academy Lagos, during a reading session at Baptist Academy Obanikoro, Lagos.

Mrs. Faith Tuedor-Matthews, DMD Abuja Bank, UBA Plc, presenting a book to a student of Community Staff Schools, Abuja.

L-R: Mr. Dele Olapeju, Principal King's College, Lagos; Mr. Phillips Oduoza, GMD/CEO, UBA Plc; Student of King's College and Ms. Ijeoma Aso, MD, UBA Foundation during a reading session at King's College, Lagos.

Mr. Obaro Odeghe, Regional Bank Head, Apapa Bank, UBAPlc, with Ms. Ijeoma Aso, MD, UBA Foundation, reading to the students of Apapa High School, Lagos.

Mr. Chris Byaruhanga, Chief Operating Officer, UBA Uganda (2nd from right) at a reading session with students of Emma High School in Kampala, Uganda, while others look on.

Mrs. Chioma Mang, CEO Liberia;, Mr. Adedayo Adesipo, Chief Operating Officer UBA Ghana; Mrs. Dake, School Headmistress; School board member; Mr. Gabriel Edgal, CEO West Africa and Mr. Oliver Alawuba, CEO Ghana, at a formal book presentation ceremony at Ridge Church School in Accra, Ghana.

Mr. Abba Bello, CEO, UBA Zambia, addressing the students of Munali Boys Secondary School, Lusaka, Zambia.

Mr. Ayobola Abiola, CEO, UBA Tanzania (2nd from left) presenting some of the books donated to Jangwani Secondary School in Dar es Salaam, Tanzania.

Environment

The Group has been playing a visible role in providing facelifts to the environment within which it operates, focusing on the cleaning and beautification of selected sites in different communities. UBAF has transformed the Marina/Apongbon Roundabout, Allen Avenue Roundabout and Allen Avenue/Obafemi Awolowo Way Triangle all in Lagos, Nigeria. Apart from the aesthetic value created, these projects have also been used to provide employment opportunities for youths, who have employed been employed for maintenance, cleaning and gardening at these sites. In 2010 alone, over 50 youths were employed by the UBAF in Nigeria to engage in activities relating to this focus area.

The Group also constructed a recreational park at the University of Lagos at a cost of N120m. The location was swampy and lying fallow, UBAF got it cleared and sand-filled it before constructing the park, thereby transforming it to an attractive spot in the university. As with all its CSR activities, UBA also encourage staff involvement in protecting the environment by raising employees' awareness of environmental issues and helping to build ties between our staff, the bank and the communities in which we operate.

Economic Empowerment

The very nature of our business means that long term sustainability of success is linked to a strong global economy. Bearing in mind the importance of supporting small businesses in the current difficult economic environment, UBA's Economic Empowerment Programmes are aimed at increasing the economic well-being of individuals, groups and communities through direct intervention programmes. To this end, the Group during the year undertook a number of initiatives aimed at raising the living standards of people and to alleviate poverty. During the year, the Group sponsored several skills acquisition and empowerment conferences, workshops and seminars across regions and countries of its operations. This created an opportunity for small-scale business owners, budding entrepreneurs, journalists and other stakeholders to arrive at a consensus on viable strategies for nation building.

UBA is committed to its non-discriminatory policy of recruiting its staff based on qualification rather than origin, religion, ethnic background nor physical condition. During the year, the Group employed more than ten physically challenged, but qualified personnel.

Special Projects

The goals of UBAF Foundation are achieved through a focus on the implementation of laudable programmers through special projects. In 2010, a new approach was introduced into our CSR initiatives, where UBA employees volunteered their time and money to various non-profit causes, in collaboration with UBAF, including the support for the less privileged children. This group-wide initiative, known as the "UBA LIONS FOR CHILDREN" initiative, saw members of staff in all countries of operation across Africa donate items and cash that were taken to orphanages and schools during the Children's day celebration on May 27, 2010.

Alhaji Abdulqadir Bello, ED, Risk Management and some senior management staff at the Abuja Children's Home, Karu, Abuja.

Eli Muzzu, Head of Corporate Communications, UBA Ghana in a group photograph with other staff as well as management and children of the Country Side orphanage, Ghana.

Report of the Directors

The Directors present their report together with the audited financial statements of the Group for the year ended December 31, 2010.

1. RESULTS

	GROUP		BANK	
	2010 N'million	2009 N'million	2010 N'million	2009 N'million
Profit before tax and exceptional Items	15,885	13,662	16,359	22,989
Exceptional items	(12,666)	(7,025)	(12,666)	(7,025)
Taxation	(2,621)	(4,262)	(1,526)	(3,075)
Profit after tax	598	2,375	2,167	12,889
Non controlling interest	70	(262)	–	–
Profit attributable to the Group	668	2,113	2,167	12,889
Appropriations: Transfer to statutory reserve	325	1,934	325	1,934
Transfer to retained earnings reserve	343	179	1,842	10,955
	668	2,113	2,167	12,889

2. DIVIDEND

In respect of the current year, the Directors propose that a dividend of 5 kobo per ordinary share of 50 kobo each, amounting to N1.293 billion, be paid to shareholders upon approval at the Annual General Meeting. The proposed dividend is subject to withholding tax at the appropriate tax rate and is payable to shareholders, whose names appear on the Register of Members at the close of business on 27th to 29th April 2011, both dates inclusive.

3. LEGAL FORM

United Bank for Africa Plc was incorporated in Nigeria as a limited liability company on 23rd February, 1961 under the Companies Ordinance [Cap 37] 1922. It took over the assets and liabilities of the British and French Bank Limited, which had carried on banking business in Nigeria since 1949. UBA is the first Nigerian Bank to offer an Initial Public Offer (IPO), following its listing on the floor of the Nigerian Stock Exchange in 1970. The Bank is also the first Nigerian company with a GDR programme. Following the consolidation reforms by the Central Bank of Nigeria in 2004, the Bank merged with Standard Trust Bank Plc on 1st August 2005 and also acquired Continental Trust Bank Limited on 31st December, 2005.

4. MAJOR ACTIVITIES

UBA Plc is engaged in the business of banking and provides corporate, commercial, retail and international banking, trade services, cash management, treasury and capital market services and electronic banking products. Trust services, pension management and administration, insurance, asset management services, stock broking, issuing house, underwriting, share registration, bureau de change and custodial services are provided through its subsidiaries.

5. BUSINESS REVIEW AND FUTURE DEVELOPMENTS

UBA Plc carries out banking activities in accordance with its Memorandum and Articles of Association. A comprehensive review of the business for the year and the prospects for the ensuing year is contained in the Group Managing Director/Chief Executive Officer's report.

6. DIRECTORS

The names of the directors during the year ended December 31, 2010 are as shown on page 35.

During the course of the year three non-executive directors, Mr. Willy Kroeger, Alhaji Garba Ruma and Mrs. Rose Okwechime retired from the board. The following Executive Directors also retired from the Board: Mr. Godwin Izelyamu, Mrs. Angela Nwabuoku and the then Group Managing Director/Chief Executive Officer, Mr. Tony Elumelu MFR.

The following executive directors were appointed to the board: Mr. Kennedy Uzoka, Mr. Femi Olaloku and Mr. Ifeatu Onejeme. While the non-executive directors also appointed to the board were: Mrs. Angela Nwabuoku, Ambassador Joe Keshi OON and

Alhaji Yahaya Zekeri. In accordance with Article 75 of the Articles of Association of the bank, they will retire at the Annual General Meeting and offer themselves for re-election.

In accordance with Articles 97 of the Articles of Association of the bank, the following directors will retire by rotation and, being eligible would offer themselves for re-election:
1. Mr. Adekunle Olumide OON; and
2. Ms. Runa Alam

7. DIRECTORS' SHAREHOLDING

The interests of the Directors in the issued share capital of the bank as recorded in the register of shareholding as at December 31, 2010 are as follows:

	31-Dec-10	31-Dec-10	31-Dec.09	31-Dec-09
NAMES OF DIRECTORS	DIRECT	INDIRECT	DIRECT	INDIRECT
Ferdinand Alabraba (retired Dec. 31, 2010)	11,250,000	NIL	9,375,000	NIL
Tony O. Elumelu, MFR (resigned July 31, 2010)	78,549,750	NIL	60,697,875	NIL
Godwin Ize-Iyamu (retired May 30, 2010)	1,752,732	NIL	1,752,732	NIL
Chief I. C. Ogbue	648,000	1,215,350,223	540,000	1,062,791,853
Abdulqadir J. Bello	NIL	NIL	NIL	NIL
Emmanuel N. Nnorom	3,411,148	955,250	3,659,290	129,375
Angela Nwabuoku (Mrs.)	1,270,009	NIL	1,058,341	NIL
Victor Osadolor	17,104,171	NIL	14,243,476	NIL
Phillips Oduoza	11,700,602	13,532,,733	9,245,377	11,277,278
Faith Tuedor-Matthews [Mrs.]	26,172,625	NIL	21,810,521	NIL
Rose A. Okwechime (retired May10, 2010)	NIL	30,222,867	NIL	30,222,867
Willy Kroeger (retired June 4,2010)	NIL	NIL	NIL	NIL
Paolo A. Di Martino	NIL	198,288,000	NIL	165,240,000
Adekunle A. Olumide, OON	226,713	NIL	188,928	NIL
Kolawole B. Jamodu,OFR	NIL	42,205	316,350	35,171
Garba S. Ruma (retired July 31, 2010)	NIL	NIL	NIL	NIL
Runa N. Alam [Ms]	NIL	NIL	NIL	NIL
Rasheed Olaoluwa	4,085,541	NIL	4,237,951	NIL
Jaafaru Paki	NIL	18,000,000	NIL	15,000,000
Foluke K. Abdulrazaq	NIL	4,800,000	NIL	4,000,000
Yahaya Zekeri	9,180	NIL	7,650	NIL
Joseph Keshi, OON	NIL	NIL	NIL	NIL
Kennedy Uzoka	16,200,000	NIL	13,500,000	NIL
Femi Olaloku	564,424	NIL	455,354	NIL
Ifeatu Onejeme	2,051,561	NIL	1,709,635	NIL

8. ANALYSIS OF UBA SHAREHOLDING

The shareholding structure of the bank as at December 31, 2010 is as stated below

Range of Shareholding	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shares held
1 - 1,000	24,378	8.67%	12,155,558	0.05%
1,001 - 50,000	238,054	84.71%	1,849,411,865	7.15%
50,001 - 100,000	8,516	3.03%	600,692,561	2.32%
100,001 - 500,000	8,024	2.86%	1,615,817,999	6.25%
500,001 - 1,000,000	985	0.35%	690,634,994	2.67%
1,000,001 and Above	1,080	0.38%	21,099,041,977	81.56%
Total	281,037	100.00%	25,867,754,954	100.00%

9. ACQUISITION OF OWN SHARES

The bank did not purchase its own shares during the period.

10. DONATIONS

In order to identify with the aspirations of the community and the environment within which the Group operates, a total sum of N59.9Million was given out as donations and charitable contributions during the period. These comprise donations to educational institutions and a charitable organization. Details of such donations and charitable contributions are as follows;

S/N	Beneficiary	Purpose	N'million
1	University of Ilorin	Donation of Cyber Cafe to the University	34.35
2	Benue State University	To support the University endowment fund	10.00
3	National Agency For Control of Aids (NACA)	To support programme and initiative	10.00
4	Afe Babalola University Ado Ekiti	To support the University endowment fund	2.50
5	University of Jos	To support University initiatives	1.00
6	Federal University of Technology, Akure	To support University initiatives	2.00
7	Nigerian Navy Secondary School, Port Harcourt, Rivers State	To support the school initiatives	0.02
	Total		59.87

The Group also, through UBA Foundation (solely funded by the Group), committed N523 million to several social and community development initiatives during the year.

11. FIXED ASSETS

Information relating to changes in property and equipment is given in Note 22 to the financial statements. In the opinion of the directors, the market value of the Group's properties is not less than the value shown in the financial statements.

12. EMPLOYMENT AND EMPLOYEES

i. Employment of physically challenged persons

The Group operates a non-discriminatory policy in the consideration of applications for employment including those received from physically challenged persons. The Group's policy is that the most qualified persons are recruited for appropriate job levels irrespective of an applicant's state of origin, ethnicity, religion or physical condition.

ii. Health, safety at work and welfare of employees

The Group's business premises are designed with a view to guaranteeing the safety and healthy living conditions of its employees and customers alike. Employees are adequately insured against occupational and other hazards. In addition, the Group retains top-class private hospitals, where medical facilities are provided for employees and their immediate families at the Group's expense.

The Group has provided a state of the art gymnasium and fitness centre at its Head Office to enable employees keep fit and maintain a healthy life style.

The Group operates a Workmen's Compensation Insurance cover for the benefit of its employees. In Nigeria, we also operate a contributory pension plan in line with the Pension Reform Act, 2004, while in other countries, the practices are guided by local laws and regulations.

iii Employee involvement and training

The Group encourages participation of its employees in arriving at decisions in respect of matters affecting their-well being. Employees may through formal and informal communication channels contribute towards deliberations on issues that pertain to their welfare. Furthermore there is constant communication and a two way feedback system between management and employees.

The Group places a high premium on the development of its manpower. A lot of employees benefitted from training programmes organized via the e-learning portal. The Bank also sponsored a total of 11,819 employees for various training courses both locally and overseas in the last financial year.

iv Research and Development

The Group, on a continuous basis, carries out research into new banking products and services.

13. POST-BALANCE SHEET EVENTS

There are no post balance sheet events, which could have material effect on the financial state of affairs of the Group as at December 31, 2010 and the profit for the period ended on that date, that has not been adequately provided for.

14. AUDIT COMMITTEE

Pursuant to Section 359(3) of the Companies and Allied Matters Act Cap 20 Laws of the Federation of Nigeria 2004, the Group has an Audit Committee comprising three non-executive directors and three shareholders. The members of the audit committee are as follows:

1.	Mr. Obinna Ufudo	-	Chairman/shareholder
2.	Mr. Charles Odita	-	Shareholder
3.	Alhaji Umar Al-Kassim	-	Shareholder
4.	Alhaji Garba S. Ruma	-	Non-executive Director (Retired July 31, 2010)
5.	Mrs. Foluke Abdulrazaq	-	Non-executive Director
6.	Chief Israel Ogbue	-	Non-executive Director

The functions of the Audit Committee are as laid down in Section 359(6) of the Companies and Allied Matters Act Cap 20 Laws of the Federation of Nigeria 2004.

15. AUDITORS

Messrs PricewaterhouseCoopers were appointed auditors to the Bank at the last Annual General Meeting for the first time, and having indicated their willingness to continue in office, will do so in accordance with Section 357(2) of Companies and Allied Matters Act, Cap 20 Laws of the Federation of Nigeria 2004.

A resolution will be proposed at the Annual General Meeting to authorise the directors to determine their remuneration.

BY THE ORDER OF THE BOARD

BILI A. ODUM
Group Company Secretary
57 Marina,
Lagos, Nigeria
15th April 2011

Corporate Governance Report

United Bank for Africa Plc (UBA Plc) holds good governance as one of its core values and confirms its commitment to the implementation of effective corporate governance principles in its business operations. The directors endorse the principles of best practice Corporate Governance as stated in the "Code of Corporate Governance For Banks in Nigeria Post Consolidation" issued by the Central Bank of Nigeria (CBN) and further guided by the Securities and Exchange Commission's (SEC) "Code of Corporate Governance".

During the course of the year, the Bank reviewed and revised its corporate governance policies and came out with three Governance Charters and ninety Group policy documents, which became effective from the 1st of August 2010. The Board is of the opinion that UBA Plc has, in all material respects, complied with the requirements of the CBN code, the SEC code and its own Governance Charters, during the 2010 financial year.

The board of directors of UBA Plc has the overall responsibility for ensuring that the highest standards of corporate governance are maintained and adhered to by the Bank. In order to promote effective governance of the UBA Group, the following structures have been put in place for the execution of UBA Plc's Corporate Governance strategy:

1. Board of directors
2. Board committees
3. Executive management committees

As at December 31, 2010, the board comprised a non-executive chairman, a non-executive vice chairman, seven non-executive directors, two independent non-executive directors and nine executive directors, all of whom bring a wide range of skills and experience to the Board.

The board of directors carries out its responsibility through its standing committees. These are the board audit committee, the board risk management committee, the finance and general purpose committee, the nominations and governance committee, the board credit committee and the statutory audit committee. Through the workings of these committees, the board sets broad policy guidelines and ensures the proper management and direction of the Bank.

In addition to the board committees, there are a number of management committees which ensure effective and good corporate governance at the managerial level.

A. THE BOARD

The Board presently consists of 20 members, 9 of whom, inclusive of the GMD/CEO, are executive directors and 11 non-executive directors. Two (2) of the 11 non-executives are independent directors. The non-executive directors have the requisite integrity, skills and experience to bring independent judgment to bear on board deliberations and discussions.

Responsibility

The roles of chairman and chief executive officer are separated and clearly defined. The chairman is primarily responsible for the working of the board, whilst the chief executive officer is responsible for the running of the business and implementation of board strategy and policy. The chief executive officer is assisted in managing the business of the bank on a day-to-day basis by the executive management committee, which he chairs and which meets every other week and comprises all executive directors. The board's primary responsibility are to drive corporate governance and to increase shareholder wealth. The board is accountable to shareholders and is responsible for the management of the relationships with its various stakeholders.

Executive management is accountable to the board for the development and implementation of strategy and policies. The board regularly reviews group performance, matters of strategic concern and any other matter it regards as material.

The board as per our charter, meets quarterly and additional meetings are convened as the need arises. During the 2010 financial year, the board met eleven times.

The board is also responsible for the bank's structure and areas of operation, financial reporting, ensuring there is an effective system of internal controls and risk management and appointments to the board. The board has the authority to delegate matters to directors, board committees and the executive management committee.

Appointments and retirements

During the course of the 2010 financial year, the following directors retired from the board: Mr. Willy Kroeger, Alhaji Garba Ruma, Mrs. Rose Okwechime, Mr. Godwin Ize-Iyamu, Mrs. Angela Nwabuoku* and the immediate past Group Managing Director/Chief Executive Officer, Mr. Tony Elumelu MFR.

The following directors were appointed to the board: Mr. Kennedy Uzoka, Mr. Femi Olaloku, Mr. Ifeatu Onejeme, Mrs. Angela Nwabuoku*, Ambassador Joe Keshi OON and Alhaji Yahaya Zekeri.

*Mrs Angela Nwabuoku retired from the board as an executive director. She was subsequently appointed a non-executive director.

Professional independent advice

All directors are aware that they may take independent professional advice at the expense of the company, in the furtherance of their duties. They all have access to the advice and services of the company secretary, who is responsible to the Board for ensuring that all governance matters are complied with and assists with professional development as required.

B. ACCOUNTABILITY AND AUDIT

Financial reporting

The board has presented a balanced assessment of the company's position and prospects. The board is mindful of its responsibilities and is satisfied that, in the preparation of its financial report, it has met with its obligations under the Group's code of corporate governance.

The directors make themselves accountable to the shareholders through regular publication of the Group's financial performance and annual reports. The board has ensured that, the Group's reporting procedure is conveyed on the most up-to-date infrastructure to ensure accuracy. This procedure involves the monitoring of performance throughout the financial year, in addition to monthly reporting of key performance indicators.

PricewaterhouseCoopers acted as external auditors to the bank during the 2010 financial year. Their report is contained on page 55 of this annual report.

Internal controls

The Group has consistently improved its internal control system to ensure effective management of risks. The directors review the effectiveness of the system of internal controls through regular reports and reviews at board and risk management committee meetings.

C. CONTROL ENVIRONMENT

The board has continued to place emphasis on risk management as an essential tool for achieving the Group's objectives. Towards this end, it has ensured that the Group has in place, robust risk management policies and mechanisms to ensure identification of risk and effective control.

The board approves the annual budget for the Group and ensures that a robust budgetary process is operated with adequate authorization levels put in place to regulate capital expenditure.

D. SHAREHOLDER RIGHTS

The board of UBA Plc has always placed considerable importance on effective communication with its shareholders. It ensures that the rights of shareholders are protected at all times. Notice of meetings and all other statutory notices and information are communicated to the shareholders regularly.

Shareholders are encouraged to communicate their opinions and recommendations whenever they see the need to do so, to either the Head of Investor Relations or the Company Secretary. Their contact details are available on the bank's website and are reproduced at the back cover of this annual report.

E. BOARD COMMITTEES

The board of UBA Plc has the following committees: the board audit committee, the board risk management committee, the finance and general purpose committee, the nominations and governance committee, the board credit committee and the statutory audit committee.

Board Audit Committee

The board audit committee comprises the following:

1. Mr. Adekunle Olumide, OON – Chairman
2. Mrs. Foluke Abdulrazaq – Member
3. Chief Kola Jamodu, OFR – Member
4. Mr. Rasheed Olaoluwa – Member
5. Mr. Kennedy Uzoka – Member

The board audit committee was set up to further strengthen internal controls across the Group. It assists the board of directors in fulfilling its audit responsibilities by ensuring that effective systems of financial and internal controls are in place within the Group.

Meetings are held at least once a quarter, with the chief inspector of the bank in attendance.

Attendance of Board Audit Committee Meetings

Members	Number of Meetings Held	Number of Meetings Attended	Comments
Adekunle Olumide*	3	3	
Foluke Abdulrazaq*	3	3	
Kola Jamodu*	3	0	Appointed July 2010
Rasheed Olaoluwa*	3	1	Appointed July 2010
Kennedy Uzoka*	3	1+	Appointed July 2010
Victor Osadolor	3	2	Member till July 2010
Emmanuel Nnorom	3	1	Member till July 2010
Godwin Ize-Iyamu	3	1	Member till July 2010
Launce Moses	3	1	Member till July 2010

Current Members*
+ Attended all the meeting during the period he was a member.

Board Risk Committee

The board risk management committee comprises of the following directors:

1. Chief Kola Jamodu, OFR – Chairman
2. Mr. Phillips Oduoza – Member
3. Mrs. Faith Tuedor-Matthews – Member
4. Mr. Victor Osadolor – Member
5. Mr. Femi Olaloku – Member
6. Mr. Emmanuel Nnorom – Member
7. Alhaji Jaafaru Paki – Member
8. Mr. Yahaya Zekeri – Member

Meetings are held at least once a quarter and the responsibilities of the committee include to review and recommend risk management strategies, policies and risk tolerance for the board's approval; to review management's periodic reports on risk exposure, risk portfolio composition and risk management activities; and to consider and examine such other matters as the Board requires, the committee considers appropriate, or which are brought to its attention, and make recommendations or reports to the board accordingly.

Attendance of Board Risk Committee Meetings

Members	Number of Meetings Held	Number of Meetings Attended	Comments
Kola Jamodu*	4	4	
Ja'afaru Paki*	4	2	
Yahaya Zekeri*	4	1+	Appointed July 2010
Adekunle Olumide	4	2	Member till July 2010
Phillips Oduoza*	4	0	Appointed July 2010
Faith Tuedor-Matthews*	4	0	Appointed July 2010
Victor Osadolor*	4	3	
Emmanuel Nnorom*	4	3	
Femi Olaloku*	4	4	
Godwin Ize-Iyamu	4	1	Member till July 2010
Andre Blaauw	4	2	Member till July 2010
Kevin Ugwuoke**	4	1	Appointed July 2010

Current Members*
+ Attended all meetings held since appointment as a member.
**Not a board member, but in attendance as head of risk/compliance

Board Credit Committee

The board credit committee is made up of 5 non-executive directors and is responsible for approval of credit facilities in the bank. It reviews all material credits granted by the bank and meetings are held at least once a quarter. Members of the board credit committee are:

1. Mrs. Foluke Abdulrazaq – Chairman
2. Alhaji Ja'afaru Paki – Member
3. Amb. Joseph C. Keshi OON – Member
4. Mrs. Angela Nwabuoku – Member
5. Mr. Yahaya Zekeri – Member

The board credit committee was set up to assist the board of directors to discharge its responsibility to exercise due care, diligence and skill to oversee, direct and review the management of the credit portfolio of the Group. Its terms of reference include determining and setting the parameters for credit risk and asset concentration and reviewing compliance within such limits; determining and setting the lending limits; reviewing and approving the Group's credit strategy and the credit risk tolerance. The committee also reviews the loan portfolio of the Bank. It also reviews and approves country risks exposure limits. The Chief Credit Officer and the Group Chief Risk and Compliance Officer are in attendance at every meeting of the committee.

Attendance of Board Credit Committee Meetings

Members	Number of Meetings Held	Number of Meetings Attended	Comments
Foluke Abdulrazaq*	9	8	
Ja'afaru Paki*	9	4	Appointed July 2010
Angela Nwabuoku*	9	4	Appointed July 2010
Joseph C. Keshi*	9	5	Appointed July 2010
Yahaya Zekeri*	9	4	Appointed July 2010
Rose A. Okwechime	9	4	Member till July 2010
Garba S. Ruma	9	2	Member till July 2010
Emmanuel Nnorom	9	3	Member till July 2010
Victor Osadolor	9	1	Member till July 2010
Andre Blaauw	9	2	Member till July 2010

Current Members*

Nominations and Governance Committee

The nominations and governance committee is comprised of 5 non-executive directors namely:

1. Amb. Joe Keshi, OON – Chairman
2. Chief Israel Ogbue – Member
3. Mrs. Foluke Abdulrazaq – Member
4. Mrs. Angela Nwabuoku – Member
5. Mr. Yahaya Zekeri – Member

Meetings are held at least once annually and the responsibilities of the committee include reviewing, considering and determining the appropriate remuneration payable to the bank's executive directors.

Attendance of Nomination and Governance Committee Meetings

Members	Number of Meetings Held	Number of Meetings Attended	Comments
Joseph C. Keshi*	2	1	Appointed July 2010
Angela Nwabuoku*	2	1	Appointed July 2010
Yahaya Zekeri*	2	1	Appointed July 2010
Foluke Abdulrazaq*	2	1	Appointed July 2010
Isreal Ogbue	2	1	Member till July 2010
Garba S. Ruma	2	1	Member till July 2010
Rose A. Okwechime	2	0	Member till July 2010
Tony Elumelu (MFR)	2	1	Member till July 2010

Current Members*

Finance and General Purpose Committee

The terms of reference of this committee include:

1. To recommend strategic initiatives to the board;
2. To consider and approve extra-budgetary expenditures;
3. To review the budget of the Group and make recommendations to the board; and
4. To review compensation for assistant general managers and above.

Members of this committee are:

1.	Chief Israel Ogbue	–	Chairman
2.	Mrs. Angela Nwabuoku	–	Member
3.	Mr. Adekunle Olumide, OON	–	Member
4.	Mr. Phillips Oduoza	–	Member
5.	Mr. Emmanuel Nnorom	–	Member
6.	Mr. Kennedy Uzoka	–	Member
7.	Alhaji Ja'afaru Paki	–	Member
8.	Amb. Joe C. Keshi OON	–	Member

Attendance of Finance and General Purpose Committee Meetings

Members	Number of Meetings Held	Number of Meetings Attended	Comments
Chief Isreal Ogbue*	6	6	
Phillips Oduoza*	6	4	
Emmanuel Nnorom*	6	6	
Adekunle Olumide*	6	4	
Ja'afaru Paki*	6	6	
Kennedy Uzoka*	6	4+	Appointed July 2010
Angela Nwabuoku*	6	5	Appointed July 2010
Joseph C. Keshi*	6	2	Appointed July 2010
Faith Tuedor-Matthews	6	1	Member till July 2010
Tony Elumelu (MFR)	6	1	Member till July 2010
Victor Osadolor	6	0	Member till July 2010

Current Members*

+ Attended all the meetings during the period he was a member.

Statutory Audit Committee

The statutory audit committee was set up in accordance with the provisions of the Companies and Allied Matters Act, CAP20, LFN 2004. It comprises of a mixture of non-executive directors and ordinary shareholders elected at the annual general meeting. Its terms of reference include the monitoring of processes designed to ensure compliance by the Group in all respects with legal and regulatory requirements, including disclosure, controls and procedures, and the impact (or potential impact) of developments related thereto. It evaluates annually, the independence and performance of the external auditors. The committee also reviews with management and the external auditors, the annual audited financial statement before its submission to the Board.

The members of the statutory audit committee in 2010 are as follows:

1. Mr. Obinna Ufudo – Chairman
2. Mr. Charles Odita – Member
3. Alhaji Umar Alkassim – Member
4. Alhaji Garba Ruma – Member (Resigned July 31, 2010)
5. Mrs. Foluke Abdulrazaq – Member
6. Chief Israel Ogbue – Member

Attendance at Board Meetings

Membership and attendance at board meetings is set out below:

Attendance of Board Meetings

Members	Number of Meetings Held	Number of Meetings Attended	Comments
Chief Isreal C. Ogbue*	11	9	
Phillips Oduoza*	11	11	
Faith Tuedor-Matthews*	11	9	
Victor Osadolor*	11	11	
Emmanuel Nnorom*	11	10	
Rasheed Olaoluwa*	11	10	
Abdulqadir J. Bello*	11	9	
Kennedy Uzoka*	11	7+	Appointed May 2010
Femi Olaloku*	11	7+	Appointed May 2010
Ifeatu Onejeme*	11	3+	Appointed August 2010
Chief Kola Jamodu, OFR*	11	10	
Alhaji Ja'afaru Paki*	11	11	
Mr. Adekunle Olumide, OON*	11	9	
Paolo Di Martino*	11	7	
Mrs. Foluke Abdulrazaq*	11	11	
Runa Alam*	11	4	
Angela Nwabuoku*	11	5+	Appointed July 2010
Yahaya Zekeri*	11	4	Appointed July 2010
Joe. C. Keshi, OON*	11	3	Appointed July 2010
Chief Ferdinand Alabraba	11	11	Retired Dec. 2010
Tony Elumelu, MFR	11	8+	Resigned July 2010
Godwin Ize-Iyamu	11	2	Retired March 2010
Rose Okwechime	11	0	Retired May 2010
Alhaji Garba Ruma	11	8+	Retired July 2010
Willy Kroeger	11	4	Retired June 2010

Current Members*
\+ Attended all the meetings during the period of appointment.

Executive Management Committees

These are committees comprising of senior management officers of the bank. The committees are also risk-driven, as they are basically set up to identify, analyse, synthesize and make recommendations on risks arising from day to day activities of the bank. They also ensure that risk limits, as contained in the board and regulatory policies, are complied with at all times. They provide inputs for the respective board committees and also ensure that recommendations of the board committees are effectively and efficiently implemented. They meet as frequently as risk issues occur, to immediately take actions and decisions within the confines of their powers. Some of these executive management committees include the Group Asset and Liability Committee (GALCO), the Executive Credit Committee (ECC) and the Executive Management Committee (EMC).

Chief Israel Ogbue
Chairman

Phillips Oduoza
GMD/CEO

Report of the Audit Committee
to the members of United Bank for Africa Plc

In accordance with the provision of Section 359[6] of the Companies and Allied Matters Act CAP 20 Laws of the Federation of Nigeria 2004, we, the members of the audit committee hereby report as follows:

- We confirm that we have seen the audit plan & scope, and the management letter on the audit of the accounts of the bank and the responses to the said letter.

- In our opinion, the plan and scope of the audit for the period ended 31st December, 2010 were adequate. We have reviewed the auditors' findings and we are satisfied with the Management responses thereon.

- We also confirm that the accounting and reporting policies of the Bank are in accordance with legal requirements and ethical practices.

- As required by the provisions of the Central Bank of Nigeria circular 85D/1//2004 dated February 18, 2004 on "disclosure of insider-related credits in financial statements", we reviewed the insider - related credits of the Bank and found them to be as analysed in the financial statements as at December 31, 2010.

Dated 1st April, 2011

Obinna Ufudo

Chairman
Audit Committee

MEMBERS OF THE AUDIT COMMITTEE ARE:

1.	Mr. Obinna Ufudo	-	Chairman/shareholder
2.	Mr. Charles Odita	-	Shareholder
3.	Alhaji Umar Al-Kassim	-	Shareholder
4.	Alhaji Garba S. Ruma	-	Non-executive Director (Retired July 31, 2010)
5.	Mrs. Foluke Abdulrazaq	-	Non-executive Director
6.	Chief Israel Ogbue	-	Non-executive Director

United Bank for Africa Plc

Deloitte.

Akintola Williams Deloitte
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P. O. Box 965, Marina
Lagos
Nigeria
Tel: +234 (1) 271 7800
Fax: +234 (1) 271 7801
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14 April, 2011

Board of Directors
United Bank for Africa Plc
UBA House, 57 Marina
Lagos.

Dear Sir

REPORT TO THE DIRECTORS OF UBA PLC ON THE OUTCOME OF THE BOARD EVALUATION

Akintola Williams Deloitte was engaged to conduct an evaluation of the Board of Directors of United Bank for Africa Plc ('UBA or the Bank') as at 31 December 2010, in compliance with the requirements of the Central Bank of Nigeria (CBN) Code of Corporate Governance for Banks in Nigeria (the Code). The Code requires that there should be annual Board and Directors' review/appraisal covering all aspects of the Board's structure and composition, responsibilities, processes and relationships, as well as individual members' competencies and respective roles in the Board's performance.

Our evaluation was undertaken based on information provided by the Bank. Our responsibility is to determine the level of performance of the Board with respect to the Code based on the work carried out within the scope of our engagement letter of 10 March, 2011 as well as identity areas of improvement for the Board to address in its commitment to continuous improvement in corporate governance.

On the basis of our work, we conclude that the Board's performance complied materially with the standards contained in the Code. The Bank is committed to continuous improvement in its corporate governance practices and made significant progress in its corporate governance practices in 2010.

Yours faithfully,

Joseph Olofinsola
Partner, Consulting

D/L: +234-1-2717814
Cell: +234-805-5417712
Email: jolofinsola@deloitte.com

UBA
United Bank for Africa Plc

Statement of Directors' Responsibility
in Relation to the Financial Statements for the Year Ended December 31, 2010

In accordance with the provisions of Sections 334 and 335 of the Companies and Allied Matters Act, Cap 20 Laws of the Federation of Nigeria 2004, and Sections 24 and 28 of the Banks and Other Financial Institutions Act CAP B3 Laws of the Federation of Nigeria 2004, the Directors are responsible for the preparation of the financial statements, which give a true and fair view of the state of affairs of the Group and of the profit or loss for the period ended December 31, 2010; and in so doing they ensure that:

- Proper accounting records are maintained;
- Applicable accounting standards are followed;
- Suitable accounting policies are adopted and consistently applied;
- Judgments and estimates made are reasonable and prudent;
- The going concern basis is used, unless it is inappropriate to presume that the Bank will continue in business, and
- Internal control procedures are instituted which as far as reasonably possible, safeguard the assets of the Group and prevent and detect fraud and other irregularities.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with Statements of Accounting Standards, the requirements of the Companies and Allied Matters Act, Cap 20 Laws of the Federation of Nigeria 2004, the Banks and Other Financial Institutions Act CAP B3 Laws of the Federation of Nigeria 2004, the Central Bank of Nigeria Prudential Guidelines and other relevant circulars issued by the Central Bank of Nigeria.

The Directors are of the opinion that the 2010 financial statements give a true and fair view of the state of the financial affairs of the Bank and Group.

The Directors accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of the financial statements as well as adequate systems of financial control.

Nothing has come to the attention of the Directors to indicate that the Bank and its subsidiaries will not remain going concerns for at least twelve months from the date of this statement.

SIGNED ON BEHALF OF THE DIRECTORS:

Phillips Oduoza	Emmanuel N. Nnorom
GMD/CEO	ED, Finance

UBA

United Bank for Africa Plc

Financials

Report of the Independent Auditors
to the members of United Bank for Africa Plc

pwc

Report on the financial statements
We have audited the accompanying financial statements of United Bank for Africa Plc ("the bank") and its subsidiaries (together, "the group") which comprise the balance sheets as of 31 December 2010 and the profit and loss accounts and cash flow statements for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements
The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Nigerian Statements of Accounting Standards and with the requirements of the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion the financial statements give a true and fair view of the financial position of the bank and the group as of 31 December 2010 and of their financial performance and their cash flows for the year then ended in accordance with Nigerian Statements of Accounting Standards and in the manner required by the Companies and Allied Matters Act and the Banks and Other Financial Institutions Act.

The Companies and Allied Matters Act and the Banks and Other Financial Institutions Act require that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
ii) the bank has kept proper books of account so far as appears from our examination of those books and we have received proper returns adequate for the purposes of our audit from branches not visited by us;
iii) the bank's balance sheet and profit and loss account are in agreement with the books of account;
iv) our examination of loans and advances was carried out in accordance with the Prudential Guidelines for licensed banks issued by the Central Bank of Nigeria;
v) Insider credits are disclosed in Note 34 as required by CBN Circular No. BSD/1/2004.

PricewaterhouseCoopers
Chartered Accountants
Lagos, Nigeria
1 April 2011

PricewaterhouseCoopers Chartered Accountants, 252E Muri Okunola Street, Victoria Island, Lagos, Nigeria

The following are the significant accounting policies which have been consistently applied in the preparation of our financial statements:

1. BASIS OF PREPARATION

These financial statements are the consolidated financial statements of United Bank for Africa Plc, a company incorporated in Nigeria on 23 February, 1961 and its subsidiaries (hereinafter collectively referred to as "the Group"). The financial statements are prepared under the historical cost convention modified by the revaluation of property, plant and equipment, and comply with the Statement of Accounting Standards issued by the Nigerian Accounting Standards Board.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

2. CONSOLIDATION

a) Subsidiaries

Subsidiary undertakings, which are those companies in which the Bank, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over their operations, have been consolidated. Where necessary, the accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Bank. Separate disclosure is made for non controlling interest.

The acquisition method is used to account for business combinations. The cost of an acquisition is measured as the market value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their market values at acquisition date, irrespective of the extent of any non controlling interest. The excess of the cost of acquisition over the value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the value of the net assets of the subsidiary acquired, the difference is recognized directly in the profit and loss account.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

b) Associates

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial management policy decisions. This is generally demonstrated by the Group holding in excess of 20%, but no more than 50%, of the voting rights.

Investments in associates are accounted for by the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement; its share of post-acquisition movements in reserves is recognized in reserves.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

c) Joint ventures

A company is accounted for as a joint venture where the Group has a contractual arrangement with one or more parties to undertake activities typically, though not necessarily, through entities which are subject to joint control. The Group's investment in a joint venture is initially recorded at cost and increased or reduced each year by the Group's share of the post-acquisition profit or loss, or other movements reflected directly in the equity of the jointly controlled entity.

3. SEGMENT REPORTING

A business segment is a distinguishable component of the Group that is engaged in providing related products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of other segments operating in other economic environments.

Segment information is presented in respect of the Group's geographical and business segments. The segments are determined by management based on the Bank's internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4. FOREIGN CURRENCY TRANSLATION

Reporting currency

The consolidated financial statements are presented in Nigerian Naira, which is the Bank's reporting currency.

Transactions and balances

Foreign currency transactions are translated into the reporting currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

Group companies

The results and financial position of all Group entities that have a currency different from the reporting currency are translated into the reporting currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of reserves.

On consolidation, exchange differences arising from the translation of the investment in foreign entities are taken to shareholders' funds. When a foreign operation is sold, such exchange differences are recognised in the profit and loss account as part of the gain or loss on sale.

5. LOANS AND ADVANCES

Loans and advances are stated net of provision for bad and doubtful items. Recoveries are written back to the profit and loss account when received. Interest income on non-performing loans are suspended and only recognized on cash basis.

Credit facilities are classified as either performing or non-performing. For the purpose of this, non-performing facilities are classified in line with the Prudential Guidelines issued by the Central Bank of Nigeria and are provided for in line with loan type and performance status as specified in the prudential guidelines, as follows:

<u>Non specialised loans:</u>

Interest and or principal outstanding for :	Classification	Provision %
90 days but less than 180 days	Substandard	10
180 days but less than 360 days	Doubtful	50
360 days and above	Lost	100

Specialised Loans:
Provision has been made for specialized loans in accordance with the prudential guidelines issued by the Central bank of Nigeria. Provision in respect of non-performing specialised loans are determined as follows:

Real estate and object finance

% repayment on outstanding obligations due and / or days past due			
Classification	% repayment on Outstanding obligations due and / or days past due	Days past due for aggregate instalments	% provision on total outstanding balance
Watch list	Between 60% and 75%	>180days	0%
Substandard	<60%	180days to 1 year	25%
Doubtful	<60%	1 to 2 years	50%
Very Doubtful	<60%	2 to 3 years	75%
Lost	<60	more than 3 years	100%

Project financing

% repayment on outstanding obligations due and / or days past due			
Classification	% repayment on outstanding obligations due and / or days past due	Days past due for aggregate instalments	% provision on total outstanding balance
Watch list	Between 60% and 75%	>180days	0%
Substandard	<60%	180days to 2 years	25%
Doubtful	<60%	2 to 3 years	50%
Very Doubtful	<60%	3 to 4 years	75%
Lost	<60	more than 4 years	100%

Mortgage loans

Classification	Days past due for mark-up/interest for short term facilities	% provision on outstanding balance
Watch list	>90 days	0%
Substandard	>180 days	15%
Doubtful	>1 year	The un-provided balance of mortgage loans classified as substandard does not exceed 50% of the estimated net realisable value of the related securities.
Lost	>2 years	100%

Agricultural financing - short term loans

Classification	Days past due for mark-up/interest for short term facilities	% provision on outstanding balance
Watch list	90 days	0%
Substandard	90 days to 1 year	25%
Doubtful	1 to 1.5 years	50%
Very Doubtful	1.5 to 2 years	75%
Lost	>2 years	100%

Agricultural financing - long term loans

Classification	Days past due for mark-up/interest for short term facilities	% provision on outstanding balance
Watch list	90 days	0%
Substandard	90 days to 1 year	25%
Doubtful	1 to 2 years	50%
Very Doubtful	2 to 3 years	75%
Lost	> 3 years	100%

SME financing - short term loans

Classification	Days past due for mark-up/interest for short term facilities	% provision on outstanding balance
Watch list	90 days	0%
Substandard	90 days to 1 year	25%
Doubtful	1 to 1.5 years	50%
Very Doubtful	1.5 to 2 years	75%
Lost	>2 years	100%

SME financing - long term loans

Classification	Days past due for mark-up/interest for short term facilities	% provision on outstanding balance
Watch list	90 days	0%
Substandard	90 days to 1 year	25%
Doubtful	1 to 2 years	50%
Very Doubtful	2 to 3 years	75%
Lost	> 3 years	100%

Margin financing:

Margin facilituies are assessed for impairment by making the underlying securities to market. Provision is made for the excess of the carrying value of the margin facilities over the value of the underlying securities.

Hair cut adjustments:

The Bank makes hair cut adjustments to the value of qualifying collaterals for all facilities classified as lost. The hair cut adjustments are in line with the prudential guidelines and are shown below:

Description of collateral	Haircut adjustments weightings
Cash collateral	0%
Treasury bills and government securities eg bonds	0%
Quoted equities and other traded securities	20%
Bank guarantees and receivables of blue chip companies	20%
Residential legal mortgage	50%
Commercial legal mortgage	50%

When a loan is deemed not collectible, it is written off against the related provision for impairments and subsequent recoveries are credited to the profit and loss account.

Risk assets in respect of which a previous provision was not made are written directly to the profit and loss account when they are deemed to be non-collectible.

6. INCOME RECOGNITION

Credits to profit and loss account are recognized as follows:

a) Interest income

Interest income is recognized on an accrual basis, except for interest overdue by more than 90 days which is suspended and recognized only to the extent of cash received.

b) Non-credit related fees

These are recognized when the successful outcome of the assignment can be determined and the assignment is considered substantially completed.

c) Credit related fees

These are spread systematically over the tenor of the credit facilities, where they constitute at least 10% of the projected average annual yield of the facility; otherwise, they are credited to the profit and loss account at the time of occurrence.

d) Commission and fee charge to customers for services rendered

Fees and commissions, where material, are amortized over the life of the related service. Otherwise, fees, commissions and other income are recognized as earned upon completion of the related service.

e) Investment income

Investment income is recognized on an accrual basis.

f) Dividend income

Dividend income is recognized when the right to receive income is established.

7. OFFSETTING

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

8. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are carried in the company's balance sheet at cost less provisions for impairment losses. Where, in the opinion of the Directors, there has been impairment in the value of an investment, the loss is recognized as an expense in the period in which the impairment is identified. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

9. INVESTMENT PROPERTIES

An Investment Property is an investment in land or buildings held primarily for generating income or capital appreciation and not occupied substantially for use in the operations of the enterprise. A piece of property is treated as an investment property if it is not occupied substantially for use in the operations of the Group, where an occupation of more than 15% of the property lettable space is considered substantial.

Investment properties are carried in the balance sheet at their market value and revalued periodically on a systematic basis at least once in every three years. Investment properties are not subject to periodic charge for depreciation.

When there has been a decline in value of an investment property, the carrying amount of the property is written down to recognize the loss. Such a reduction is charged to the profit and loss account. Reductions in carrying amount are reversed when there is an increase, following a revaluation of the investment property, or if the reasons for the reduction no longer exist.

An increase in carrying amount arising from the revaluation of an investment property is credited to owners' equity as revaluation surplus. To the extent that a decrease in carrying amount offsets a previous increase, for the same property that has been credited to revaluation surplus and not subsequently reversed or utilized, it is charged against that revaluation surplus rather than the profit and loss account.

An increase on revaluation which is directly related to a previous decrease in carrying amount for the same property that was charged to the profit and loss account is credited to profit and loss account to the extent that it offsets the previously recorded decrease.

Investment properties are disclosed separate from the property and equipment used for the purposes of the business.

10. PROPERTY AND EQUIPMENT

All property and equipment are initially recorded at cost. They are subsequently stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably.

All other repairs and maintenance costs are charged to the profit and loss account during the financial period in which they are incurred.

Construction cost in respect of offices is carried at cost as work in progress. On completion of construction, the related amounts are transferred to the appropriate category of property and equipment. Payments in advance for items of property and equipment are included as Prepayments in Other Assets and upon delivery are reclassified as additions in the appropriate category of property and equipment. No depreciation is charged until the assets are put into use.

11. DEPRECIATION

Depreciation of property and equipment is calculated to write off the cost or valuation over the estimated useful lives of the assets on a straight line basis.

Property and equipment are depreciated from the month the asset is brought into use. The annual rates adopted for the various asset categories are as follows:

i.	Leasehold land and improvements	–	Over the term of the lease
ii.	Leasehold buildings	–	2.5%
iii.	Motor vehicles	–	20%
iv.	Computers	–	20%
v.	Furniture and fittings	–	20%

vi.	Equipment	–	20%
vii.	Other transportation equipment	–	10%

Where items of property and equipment are subsequently carried at revalued amounts, an entire class of property and equipment is revalued or the selection of the items for revaluation is done on a systematic and consistent basis. Any accumulated depreciation at the date of the revaluation is not credited to profit and loss account or retained profit.

On revaluation of property and equipment, an increase in the net book value is credited to a revaluation surplus reserve. A decrease in the net book value is used to reduce the amount of any existing revaluation surplus on the same item before it is charged to profit and loss account.

Upon sale or disposal of an item of property and equipment, the difference between the proceeds and the net book value will be transferred to profit and loss account. Any balance in the revaluation surplus reserve in respect of such item is transferred to profit and loss account (or retained profit reserve).

Subsequent depreciation on revalued items of property, plant and equipment should be calculated on the new value and charged to income.

12. INVESTMENT SECURITIES

The Group categorizes its investment securities into the following categories: short-term investments and long-term investments. Investment securities are initially recognized at cost and management determines the classification at initial investment.

Short-term investments

Debt and equity securities held for a period not exceeding one year or with an outstanding tenor to maturity not exceeding one year, and such other instruments held for trading, are classified as short-term investments. They are valued at the lower of cost and market value on an item-by-item basis. The amount by which cost exceeds market value (where applicable) is charged to the profit and loss account.

Bonds and treasury bills issued by the Federal Government of Nigeria that are held for trading are classified as short-term investments and carried at net realizable value. Gains or losses resulting from market valuation are recognized in the profit and loss account.

Treasury bills not held for trading are presented net of unearned discount. Unearned discount is deferred and amortized as earned. Interest earned while holding short-term securities is reported as interest income.

Long-term investments

Long-term investments are investments held by management over a long period of time to earn income. Long-term investments may include debt and equity securities.

Long-term investments are carried at cost less impairment. An investment is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of the impairment loss for assets carried at amortized cost is calculated as the difference between the asset's carrying amount and the market value.

Interest earned whilst holding investment securities is reported as interest income. Dividends receivable are included separately in dividend income when a dividend is declared. A change in market value of investment securities is not taken into account unless it is considered to be permanent.

13. TAXATION

a. Income tax

Current income tax is payable on the taxable income for the period, based on statutory tax rates at the balance sheet date.

b. Deferred tax

Deferred tax, which arises from timing differences in the recognition of items for accounting and tax purposes, is calculated using the liability method. Deferred tax is provided fully on timing difference, which is expected to reverse at the rate of tax likely to be in force at the time of reversal.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated unutilized tax losses and deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

14. RETIREMENT BENEFITS

The Group has both defined benefit and defined contribution scheme.
The defined contribution scheme is funded by contributions from the Group and employees. Funding under the scheme is 7.5% each by staff and the Group based on annual basic salary, housing and transport allowances in line with the Pension Reform Act 2004.

Liabilities in respect of the defined contribution scheme are charged against the profit of the period in which they become payable. Payments are made to Pension Fund Administration companies, who are appointed by respective staff of the Group.

The Group operates a defined benefit (gratuity) scheme where qualifying employees receive a lump sum payment based on the number of years served after an initial qualifying period of 10 years and gross salary on date of retirement.

15. OFF-BALANCE SHEET TRANSACTIONS

Contingent liabilities arising from guaranteed commercial papers, letters of credit, performance bonds and guarantees, issued on behalf of customers in the ordinary course of business, are reported off-balance sheet in recognition of the risk inherent in those transactions. Incomes on these transactions are recognized as earned on issuance of the bond or guarantee.

16. SALE OF LOANS OR SECURITIES

A sale of loans or securities without recourse to the seller is accounted for as a disposal and the assets excluded from the balance sheet. Profits or losses on sale of loans or securities without recourse to the seller are recognized by the seller when the transaction is completed.
The Group regards a sale of loans or securities as without recourse, if it satisfies all the following conditions. Any sale not satisfying these conditions will be regarded as with recourse:

- control over the economic benefits of the asset must be passed on to the buyer;
- the seller can reasonably estimate any outstanding cost; and
- there must not be any repurchase obligations.

A sale or transfer of loans or securities with recourse is when there is an obligation to, or an assumption of, repurchase, which is not treated as a sale, and the asset remains in the Group's balance sheet, with any related cash received recognized as a liability.

Profit arising from sale or transfer of loan or securities with recourse to the seller is amortized over the remaining life. However, losses are recognized as soon as they can reasonably be estimated. Where there is no obligation or assumption of repurchase, the sale should be treated as disposal and the asset excluded from the balance sheet, and any contingent liability disclosed.

17. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are liabilities that are uncertain in timing or amount.

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.
Provisions are normally made for restructuring costs and legal claims.

In addition, general provisions are made on performing risk assets balances in accordance with the Prudential Guidelines for Licensed Banks. Risk assets comprise of loans and advances, advances under finance leases, etc.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present obligation as a result of past events but is not recognized because it is not likely that an outflow of resources will be required to settle the obligation; or the amount cannot be reliably estimated.

Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to eventuate.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are never recognized; rather, they are disclosed in the financial statements when they arise.

18. CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits denominated in Naira and foreign currencies. Cash equivalents are short-term, highly liquid instruments which are:

(a) readily convertible into cash, whether in local or foreign currency; and

(b) so near to their maturity dates as to present insignificant risk of changes in value as a result of changes in interest rates.

19. ORDINARY SHARE CAPITAL

Share issue costs

Incremental costs directly attributable to the issue of new shares or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

Dividends on ordinary shares

Dividends on ordinary shares are appropriated from revenue reserve in the period they are approved by the Bank's shareholders.

Dividends for the period that are approved by the shareholders after the balance sheet date are disclosed in the notes.

Dividends proposed by the Directors' but not yet approved by members are disclosed in the financial statements in accordance with the requirements of the Company and Allied Matters Act, CAP 20 LFN 2004.

20. EARNINGS PER SHARE

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the bank by the weighted average number of ordinary shares outstanding during the period.

21. GOODWILL

Goodwill arises on the acquisition of a subsidiary. Goodwill represents the excess of the purchase consideration over the fair value of the Group's interest in the net identifiable assets of the acquired subsidiary.
Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Losses arising from impairment are charged to profit and loss account in the period in which they arise.

22. BORROWED FUNDS

Borrowed funds are recognized initially at their issue proceeds and subsequently stated at cost less any repayments.

Transaction costs where immaterial, are recognized immediately in the profit and loss account. Where transaction costs are material, they are capitalized and amortized over the life of the loan. Interest paid on borrowings is recognized in the profit and loss account for the period.

23. FIDUCIARY ACTIVITIES

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Group.

UBA
United Bank for Africa Plc

Profit and Loss Account

For the Period Ended 31 December 2010

		GROUP		BANK	
	Note	12 months to 31 December 2010 N'million	15 months to 31December 2009 N'million	12 months to 31 December 2010 N'million	15 months to 31December 2009 N'million
Gross earnings		185,186	244,110	157,666	219,843
Interest and similar income	3	117,745	177,848	106,597	163,456
Interest and similar expense	4	(46,969)	(59,659)	(43,670)	(54,920)
Net interest income		70,776	118,189	62,927	108,536
Fee and commission income	5	50,852	50,075	40,052	45,753
Foreign exchange income		9,232	10,543	5,275	8,524
Trusteeship income		600	576	-	-
Other income		855	5,068	1,224	2,110
Income/(loss) from investments	6	5,902	(1,216)	4,518	(1,649)
Operating income		138,217	183,235	113,996	163,274
Operating expenses	7	(103,981)	(128,404)	(82,458)	(107,717)
Diminution in asset values	14	(18,213)	(39,839)	(15,179)	(32,568)
Share of loss in associate	17a	(82)	(675)	-	-
Share of loss in joint venture	17b	(56)	(655)	-	-
Profit before taxation and exceptional items		15,885	13,662	16,359	22,989
Exceptional items	8	(12,666)	(7,025)	(12,666)	(7,025)
Profit before tax and after exceptional items		3,219	6,637	3,693	15,964
Taxation	9	(2,621)	(4,262)	(1,526)	(3,075)
Profit after taxation and exceptional items		598	2,375	2,167	12,889
Non-controlling interest	30	70	(262)	-	-
Profit attributable to equity holders of the parent		668	2,113	2,167	12,889
Appropriated as follows:					
Statutory reserve	32	325	1,934	325	1,934
Retained earnings	32	343	179	1,842	10,955
		668	2,113	2,167	12,889
Earnings per share - basic (kobo)	38	3	10	8	60

The accompanying statement of significant accounting policies and explanatory notes form an integral part of these financial statements.

Balance Sheet
As at 31 December, 2010

	Note	GROUP 31 December 2010 N'million	GROUP 31 December 2009 N'million	BANK 31 December 2010 N'million	BANK 31 December 2009 N'million
ASSETS					
Cash and balances with central banks	10	68,056	68,225	39,819	38,972
Treasury bills	11	123,455	42,035	78,703	15,945
Due from other banks	12	302,272	470,195	290,735	459,829
Loans and advances to customers	13	628,811	636,793	569,312	573,465
Investment securities	15	384,453	188,407	313,659	150,565
Investment in subsidiaries	16	-	-	50,355	37,753
Investment in associate	17 (a)	9,179	9,261	9,943	9,943
Investment in joint venture	17(b)	939	245	900	900
Goodwill	19	3,479	3,479	-	-
Deferred tax assets	28	3,341	-	3,131	-
Other assets	20	28,511	56,826	19,859	50,010
Investment properties	21	-	269	-	-
Property and equipment	22	65,200	73,042	56,216	63,497
		1,617,696	1,548,777	1,432,632	1,400,879
LIABILITIES					
Customers' deposits	23	1,267,171	1,245,650	1,119,063	1,151,086
Due to other banks	24	7,456	15,807	51	10,080
Liability on investment contracts	25	33,090	22,096	–	–
Other borrowings	26	82,144	14,760	83,956	14,760
Current income tax	9	2,794	3,385	1,148	1,416
Other liabilities	27	43,599	58,382	38,698	33,974
Deferred income tax liabilities	28	30	24	–	–
Retirement benefit obligations	29	1,986	1,844	1,986	1,844
		1,438,270	1,361,948	1,244,902	1,213,160
EQUITY					
Share capital	31	12,934	10,778	12,934	10,778
Share premium	31.2	111,489	113,645	111,489	113,645
Revaluation reserve on fixed assets		11,231	11,231	11,231	11,231
Retained earnings	32	16,504	18,317	25,961	26,275
Other reserves	32	24,371	29,891	26,115	25,790
Attributable to equity holders of the parent		176,529	183,862	187,730	187,719
Non-controlling interest	30	2,897	2,967	–	–
Total equity		179,426	186,829	187,730	187,719
Total equity and liabilities		1,617,696	1,548,777	1,432,632	1,400,879
Off-balance sheet engagements and contingencies	33	654,360	689,479	628,253	684,047

The accompanying statement of significant accounting policies, financial statements and explanatory notes were approved by the Board of Directors on 29 March 2011 and signed on its behalf by:

Chief Israel Ogbue
Chairman

Phillips Oduoza
Group Managing Director

Emmanuel N. Nnorom
Executive Director, Finance

UBA
United Bank for Africa Plc

Cash Flow Statement

For the Period Ended 31 December 2010

	Note	GROUP 31 December 2010 N'million	GROUP 31 December 2009 N'million	BANK 31 December 2010 N'million	BANK 31 December 2009 N'million
OPERATING ACTIVITIES					
Cash generated from/(used in) operations	36	54,492	(262,976)	9,088	(227,056)
Tax paid	9	(6,511)	(7,283)	(4,889)	(5,933)
VAT paid		(305)	(436)	(305)	(436)
Net cash from/(used in) operating activities		47,676	(270,695)	3,894	(233,425)
FINANCING ACTIVITIES					
Dividend paid to shareholders	32	(2,156)	(12,934)	(2,156)	(12,934)
Share issue expenses	31	–	(391)	–	(391)
Net proceeds from long term borrowings		67,344	14,760	69,156	14,760
Net cash from financing activities		65,188	1,435	67,000	1,435
INVESTING ACTIVITIES					
(Purchase)/sale of long term investments		(202,425)	13,141	(184,815)	(4,976)
Sale of short term investments		5,811	118,936	22,087	150,243
Dividend received	6	1,475	363	81	216
Investment in subsidiaries		–	(4,268)	(12,602)	(24,191)
Additional investment in joint venture and associate	17	(750)	(9,348)	–	(9,348)
Treasury bills and government bonds held to maturity		(66,568)	(69,363)	(47,906)	(50,400)
Proceeds on disposal of property And equipment		2,528	4,227	1,630	3,022
Proceeds on disposal of investment property		269	1,820	–	–
Purchase of property and equipment	22	(5,381)	(28,319)	(3,310)	(21,704)
Net cash (used in)/from investing activities		(265,041)	27,189	(224,835)	42,862
Decrease in cash and cash equivalents		(152,177)	(242,071)	(153,941)	(189,128)
Analysis of changes in cash and cash equivalents					
At start of year	40	526,085	768,156	492,079	681,207
At end of year	40	373,908	526,085	338,138	492,079
Decrease in cash and cash equivalents		(152,177)	(242,071)	(153,941)	(189,128)

1 GENERAL INFORMATION

The Bank was incorporated in Nigeria as a limited liability company on 23 February 1961 under the Companies Ordinance [Cap 37] 1922. Following the consolidation reforms introduced and driven by the Central Bank of Nigeria in 2004, the Bank merged with Standard Trust Bank Plc on 1 August 2005 and subsequently acquired Continental Trust Bank Limited on 31 December 2005.

2 SEGMENT ANALYSIS

(a) By geographical segment

The geographical segment has been categorized into Nigeria, Rest of Africa and Rest of the world. Transactions between the business segments are at normal commercial terms and conditions.

	Nigeria N'million	Rest of Africa N'million	Rest of the World N'million	Eliminations N'million	Total N'million
At 31 December 2010					
External revenues	162,699	23,883	2,203	(3,599)	185,186
Profit before tax	18,266	(2,922)	679	-	16,023
Loss in joint venture	(56)	-	-	-	(56)
Loss in associate	-	-	(82)	-	(82)
Profit before tax and exceptional items	18,210	(2,922)	597	-	15,885
Income tax expense	(2,315)	(306)	-	-	(2,621)
Exceptional items	(12,666)	-	-	-	(12,666)
Profit/(loss) for the year	3,229	(3,228)	597	-	598
Total segment assets	1,435,004	218,609	53,468	(89,385)	1,617,696
Total segment liabilities	1,247,227	210,926	52,789	(72,672)	1,438,270
Other segment items					
Depreciation	8,222	1,699	144	-	10,065
Amortisation	7,032	-	-	-	7,032

	Nigeria N'million	Rest of Africa N'million	Rest of the World N'million	Total N'million
At 31 December 2009				
External revenues	220,580	17,864	5,666	244,110
Profit before tax	17,603	(4,226)	1,615	14,992
Loss in joint venture	(655)	–	–	(655)
Loss in associate	–	–	(675)	(675)
Profit before tax and exceptional items	16,948	(4,226)	940	13,662
Income tax expense	(4,194)	(68)	-	(4,262)
Exceptional items	(7,025)	-	-	(7,025)
Profit/(loss) for the year	5,729	(4,294)	940	2,375
Total segment assets	1,305,320	175,075	68,382	1,548,777
Total segment liabilities	1,150,069	145,114	66,765	1,361,948
Other segment items				
Depreciation	10,329	1,048	246	11,623
Amortisation	7,025	-	-	7,025

(b) By business segment

The Group's business can be categorised into four main product segments namely Banking, Asset Management, Investment Banking and Pension Custodian.

Banking: Offering a comprehensive range of retail, commercial and corporate banking services to customers.

Asset Management: This provides individuals and financial institutions with asset management and advisory services.

Investment Banking: This provides investment and capital market services to both individual and institutional investors. It also provides share registration services to listed and private companies.

Pension Custodian: This provides custodial services to various pension fund administrators and corporate customers.

At 31 December 2010

	Banking N'million	Asset management N'million	Investment banking N'million	Pension custodian N'million	Eliminations N'million	Group N'million
External revenue	181,514	2,557	3,335	1,379	(3,599)	185,186
Profit before tax	13,391	(47)	1,689	990	-	16,023
Loss in joint venture	(56)	-	-	-	-	(56)
Share of loss in associate	-	-	(82)	-	-	(82)
Profit before tax and exceptional items	13,335	(47)	1,607	990	-	15,885
Income tax expense	(1,832)	(157)	(304)	(328)	-	(2,621)
Exceptional items	(12,666)	-	-	-	-	(12,666)
Profit for the year	(1,163)	(204)	1,303	662	-	598
Total segment assets	1,652,283	34,045	16,664	4,089	(89,385)	1,617,696
Total segment liabilities	1,463,827	31,030	15,542	543	(72,672)	1,438,270
Other segment information						
Depreciation	9,964	16	53	32	-	10,065
Amortisation	7,032	-	-	-	-	7,032

At 31 December 2009

	Banking N'million	Asset manage-ment N'million	Invest-ment banking N'million	Pension custodian N'million	Group N'million
External revenue	235,947	2,886	3,839	1,438	244,110
Profit before tax	18,501	(125)	(4,245)	861	14,992
Loss in joint venture	(655)	-	-	-	(655)
Share of loss in associate	-	-	(675)	-	(675)
Profit before tax and exceptional items	17,846	(125)	(4,920)	861	13,662
Income tax expense	(3,143)	(327)	(508)	(284)	(4,262)
Exceptional items	(7,025)	-	-	-	(7,025)
Profit for the year	7,678	(452)	(5,428)	577	2,375
Total segment assets	1,451,091	26,735	67,576	3,375	1,548,777
Total segment liabilities	1,270,642	23,510	67,278	518	1,361,948
Other segment information					
Depreciation	11,456	40	80	47	11,623
Amortisation	7,025	-	-	-	7,025

3 INTEREST AND SIMILAR INCOME

	GROUP		BANK	
	12 months to 31 December 2010 N'million	15 months to 31 December 2009 N'million	12 months to 31 December 2010 N'million	15 months to 31 December 2009 N'million
Analysis by nature:				
Placements	8,946	32,986	10,873	30,055
Treasury bills and investment securities	36,822	29,236	29,380	25,055
Loans and advances	71,977	115,626	66,344	108,346
	117,745	177,848	106,597	163,456
Analysis by geography:				
Interest income earned in Nigeria	104,746	160,920	104,746	158,483
Interest income earned outside Nigeria	12,999	16,928	1,851	4,973
	117,745	177,848	106,597	163,456
Anaysis by sources:				
Interest income - bank sources	45,768	62,222	40,253	55,110
Interest income - non-bank sources	71,977	115,626	66,344	108,346
	117,745	177,848	106,597	163,456

4 INTEREST AND SIMILAR EXPENSE

Current accounts	7,846	7,650	7,279	5,676
Savings accounts	1,651	3,127	1,420	2,588
Time deposits	34,995	44,948	33,126	43,420
Inter-bank takings	636	3,911	305	3,219
Other borrowings	1,841	23	1,540	17
	46,969	59,659	43,670	54,920
Analysis by sources:				
Interest expense - non-bank sources	44,492	55,725	41,825	51,684
Interest expense - bank sources	2,477	3,934	1,845	3,236
	46,969	59,659	43,670	54,920

Interest expense paid outside Nigeria amounted to N4.60 billion (2009: N6.89 billion) for the Group and N183 million (2009: N2.15 billion) for the Bank.

5 FEE AND COMMISSION INCOME

Credit related fees /commission on off-balance sheet transactions	14,358	14,153	14,100	13,889
Commission on turnover	11,880	15,545	11,320	15,468
Remittance fees	183	320	13	214
Letters of credit commissions and fees	1,967	2,090	1,299	1,796
Other fees and commissions	22,464	17,967	13,320	14,386
	50,852	50,075	40,052	45,753

	GROUP		BANK	
	12 months to 31 December 2010 N'million	15 months to 31 December 2009 N'million	12 months to 31 December 2010 N'million	15 months to 31 December 2009 N'million
6 INCOME/(LOSS) FROM INVESTMENTS				
Dividend income	1,475	363	81	216
Profit on disposal of investment property	-	1,500	-	-
Rental income	344	752	354	408
Gain/(loss) on sale of investment	4,083	(3,831)	4,083	(2,273)
	5,902	(1,216)	4,518	(1,649)
7 OPERATING EXPENSES				
Staff cost (note 35)	37,905	39,067	28,457	34,054
Depreciation (note 22)	10,065	11,623	8,250	10,370
Auditor's remuneration	222	106	90	80
Directors' emoluments (note 35b)	764	376	764	376
Profit)/Loss on disposal of property and equipment	(99)	1,067	(99)	1,067
Other operating expenses	55,124	76,165	44,996	61,770
	103,981	128,404	82,458	107,717
8 EXCEPTIONAL ITEMS				
Loss on loans sold to Asset Management Corporation of Nigeria (AMCON)	5,634	-	5,634	-
Write-off of special assets (note 20.3)	7,032	7,025	7,032	7,025
	12,666	7,025	12,666	7,025
9 TAXATION				
Charge for the period:				
Education tax	37	200	-	182
Under provision in prior years	3,686	2,640	3,497	2,490
Income tax charge	2,197	2,222	1,124	1,234
	5,920	5,062	4,621	3,906
Deferred tax (note 28)	(3,335)	(991)	(3,131)	(991)
Technology levy	36	191	36	160
Charge for the period	2,621	4,262	1,526	3,075
Payable:				
At start of year	3,385	5,606	1,416	3,443
Tax paid	(6,511)	(7,283)	(4,889)	(5,933)
Income tax charge	5,920	5,062	4,621	3,906
At end of year	2,794	3,385	1,148	1,416

		GROUP		BANK	
		31 December 2010 N'million	31 December 2009 N'million	31 December 2010 N'million	31 December 2009 N'million
10	CASH AND BALANCES WITH CENTRAL BANKS				
	Cash	30,442	35,386	21,345	23,725
	Operating accounts with Central Banks	25,352	19,514	10,216	7,535
	Included in cash and cash equivalents	55,794	54,900	31,561	31,260
	Mandatory reserve deposits with Central Banks	12,262	13,325	8,258	7,712
		68,056	68,225	39,819	38,972
	Mandatory reserve deposits are not available for use in the Group's day to day operations.				
11	TREASURY BILLS				
	Nigerian government treasury bills	78,703	16,225	78,703	15,945
	Other government treasury bills	44,752	25,810	–	–
		123,455	42,035	78,703	15,945
	Included in treasury bills are bills amounting to N8.25 billion (2009: N11 billion) held by third parties as collateral for various transactions.				
12	DUE FROM OTHER BANKS				
	Current balances with banks within Nigeria	9,646	64,653	8,456	40,605
	Current balances with banks outside Nigeria	132,140	238,134	119,417	223,824
	Placements with banks and discount houses	160,486	167,408	162,862	195,400
		302,272	470,195	290,735	459,829

Balance with banks outside Nigeria include N15.10 billion (2009: N7.95 billion) which represents the naira value of foreign currency bank balance held on behalf of customers in respect of letters of credit transactions. The corresponding liability is included in other liabilities (see note (27)). The amount is not available for the day to day operations of the Bank.

Included in placements with banks and discount houses are placements within Nigeria of N84.70 million (2009: N161.88 million).

		GROUP		BANK	
13	LOANS AND ADVANCES TO CUSTOMERS	31 December 2010 N'million	31 December 2009 N'million	31 December 2010 N'million	31 December 2009 N'million
	Overdrafts	138,438	151,690	118,608	134,172
	Term loans	529,906	521,799	481,849	473,209
	Others	5,752	6,461	315	4,466
		674,096	679,950	600,772	611,847
	Provision	(28,879)	(40,393)	(21,061)	(35,618)
	Interest in suspense	(16,406)	(2,764)	(10,399)	(2,764)
		628,811	636,793	569,312	573,465
13.1	Analysis by security				
	Secured against real estate	240,472	99,900	221,767	99,900
	Secured by shares of quoted securities	18,859	35,965	18,853	35,965
	Otherwise secured	356,293	520,352	320,508	452,257
	Unsecured	58,472	23,733	39,644	23,725
		674,096	679,950	600,772	611,847
13.2	Analysis by performance				
	Performing	573,741	626,291	519,651	572,210
	Watchlist	40,921	-	40,921	-
	Non-performing:				
	- substandard	17,325	13,594	14,325	5,056
	- doubtful	7,768	9,648	6,867	6,524
	- very doubtful (specialised)	378	1,037	378	1,037
	- lost	33,963	29,380	18,630	27,020
		674,096	679,950	600,772	611,847
13.3	Analysis by maturity				
	0 - 30 days	247,406	315,038	220,384	285,557
	1 - 3 months	92,695	53,045	91,017	47,432
	3 - 6 months	65,837	51,895	42,293	46,402
	6 - 12 months	37,970	36,185	35,995	32,354
	Over 12 months	230,188	223,787	211,083	200,102
		674,096	679,950	600,772	611,847

		GROUP		BANK	
		31 December 2010 N'million	31 December 2009 N'million	31 December 2010 N'million	31 December 2009 N'million
13.4	Movement in loan loss provision				
	At start of year				
	- Non performing	40,362	5,245	35,618	4,720
	- Performing	31	4,660	-	4,629
		40,393	9,905	35,618	9,349
	Additional provision:				
	- Non-performing	9,870	42,668	5,671	37,900
	- Performing	-	(4,629)	-	(4,629)
	Provision no longer required	(12,651)	(4,267)	(11,817)	(3,718)
	Amount written off	(8,733)	(3,284)	(8,411)	(3,284)
		(11,514)	30,488	(14,557)	26,269
	At end of year				
	- Non-performing	28,848	40,362	21,061	35,618
	- Performing	31	31	-	-
		28,879	40,393	21,061	35,618
13.5	Movement in interest in suspense				
	At start of year	2,764	4,172	2,764	4,140
	Suspended during the year	19,845	(727)	12,965	(695)
	Amount written off	(6,203)	(681)	(5,330)	(681)
	At end of year	16,406	2,764	10,399	2,764

13.6 Included in loans and advances is an amount of N31.5 billion (2009: N30.9 billion) availed to the bank's Staff Share Investment Trust Scheme, which is managed by trustees appointed by the staff of the bank. The scheme was set up to manage staff investments in the bank's shares and loans are granted to the Trust at concessionary rates.

		31 December 2010 N'million	31 December 2009 N'million	31 December 2010 N'million	31 December 2009 N'million
14	DIMINUTION IN ASSET VALUES				
	The provision made for losses is analysed as follows:				
	Loans and advances -specific	9,870	36,351	5,671	37,900
	Loans and advances -general	-	(4,629)	-	(4,629)
	Recoveries on loans	(12,651)	(4,267)	(11,817)	(3,718)
	(Writeback)/provision for diminution on long term investments	(76)	2,714	(366)	1,391
	(Writeback)/provision for diminution on short term investments	(644)	-	-	-
	Provision/(writeback) for other assets	3,375	8,007	3,352	(39)
		(126)	38,176	(3,160	30,905
	Amount written off	18,339	1,663	18,339	1,663
		18,213	39,839	15,179	32,568

15 INVESTMENT SECURITIES	GROUP 31 December 2010 N'million	GROUP 31 December 2009 N'million	BANK 31 December 2010 N'million	BANK 31 December 2009 N'million
Long term investment				
Debt securities				
Listed	278,547	105,946	263,200	105,946
Unlisted (see note 15.1 below)	38,799	21,887	16,336	–
Equity Securities - at cost				
Listed	1,382	1,382	1,382	1,382
Unlisted	43,682	31,466	27,483	25,408
	362,410	160,681	308,401	132,736
Provision for diminution in value	(1,160)	(1,619)	(1,144)	(1,510)
	361,250	159,062	307,257	131,226
Short term investment				
Equity Securities - at lower of cost and market value				
Listed	4,517	6,368	–	–
Debt Securities:				
Listed	5,765	21,043	5,765	19,339
Unlisted	15,804	4,486	637	-
	26,086	31,897	6,402	19,339
Provision for diminution in value	(2,883)	(2,552)	–	–
	23,203	29,345	6,402	19,339
Total investment securities	384,453	188,407	313,659	150,565
Movement in long-term investments				
At start of year	159,062	103,002	131,226	77,241
Additions during the year	202,143	69,360	175,696	55,376
(Provision)/writeback for diminution in value	76	(162)	366	(1,391)
Written off during the year		(1,322)	–	–
Disposal during the year	(31)	(11,816)	(31)	–
At end of year	361,250	159,062	307,257	131,226

15.1 Included in unlisted debt securities are bonds issued by the Asset Management Corporation of Nigeria. These are analysed as follows:

	31 December 2010 N'million	31 December 2009 N'million	31 December 2010 N'million	31 December 2009 N'million
Face value of bonds	21,970	–	21,970	–
Un-earned income on bonds	(5,634)	–	(5,634)	–
Carrying value of bonds	16,336	–	16,336	–

15 INVESTMENT SECURITIES *cont'd*

These are 3-year, zero coupon bonds issued at an interest rate of 10.125%.

15.2 The market value of short term listed debt securities are N5.7 billion (2009: N25.92 billion) for the Group and N5.7 billion (2009: N20.4 billion) for the Bank.

15.3 The market value of long term listed debt securities are N255 billion for the Group (2009: N116.824 billion) and N240 billion (2009: N110.538 billion) for the Bank.

15.4 Included in listed debt securities is N186 billion (2009: N110.8 billion) in various Federal Government of Nigeria bonds. The maturity dates of these bonds range from April 2010 to May 2030 with interest rates ranging from 4% to 15%. An amount of N27.9 billion (2009: N15 billion) of these bonds is pledged with Central Bank of Nigeria as collateral for various transactions.

15.5 The Bank made investments under the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) in line with the Monetary Policy Circular No. 35). Included in unlisted equity long term investments are the Bank's investment under the SMEEIS. A total of N1.18 billion (2009: N1.36 billion) is outstanding under the scheme.

16 INVESTMENT IN SUBSIDIARIES

	Year of Commencement of operations/ Acquisition	Holding	Country	Industry	31 Dec., 2010 N'million	31 Dec., 2009 N'million
Bank subsidiaries:						
UBA Ghana Limited	2004	91%	Ghana	Banking	8,048	8,048
UBA Cameroun SA	2007	100%	Cameroun	Banking	1,845	1,310
UBA Cote d'voire	2008	100%	Cote d'Ivoire	Banking	4,850	3,223
UBA Liberia Limited	2008	100%	Liberia	Banking	1,784	1,327
UBA (SL) Limited	2008	100%	Sierra leone	Banking	1,160	977
UBA Uganda Limited	2008	100%	Uganda	Banking	2,070	1,464
Banque International Du Burkina Faso	2008	57%	Burkina Fasso	Banking	3,832	3,832
UBA Zambia Limited	2010	100%	Zambia	Banking	1,770	-
UBA Tanzania Limited	2010	100%	Tanzania	Banking	1,770	-
UBA Gabon Limited	2010	100%	Gabon	Banking	1,996	-
UBA Guinea Limited	2010	100%	Guinea	Banking	1,475	-
UBA Chad SA	2009	100%	Chad	Banking	2,210	1,179
UBA Senegal (SA)	2009	100%	Senegal	Banking	2,400	1,745
Continental Bank Benin	2008	76%	Benin Republic	Banking	6,726	6,229
UBA Kenya Bank Limited	2009	100%	Kenya	Banking	1,770	1,770
UBA Retail Financial Services Limited (RFS)	2008	100%	Nigeria	Banking	1,739	1,739
Non-bank subsidiaries:						
UBA Asset Management Limited (see (ii) below)	1964	100%	Nigeria	Asset management	403	403
UBA Capital Limited (see (iii) below)	2005	100%	Nigeria	Investment banking	2,000	2,000
UBA FX Mart Limited (see (iv) below)	2008	100%	Nigeria	Banking	502	502
UBA Pensions Custodian Limited (see (v) below)	2004	100%	Nigeria	Pensions	2,000	2,000
UBA Insurance Brokers Limited (see (vi) below)	2006	100%	Nigeria	Insurance brokerage	5	5
					50,355	37,753

16 INVESTMENT IN SUBSIDIARIES *cont'd*

(i) Bank subsidiaries are engaged in the business of banking and provide corporate, commercial, consumer and international banking, trade services, cash management and treasury services.

(ii) UBA Asset Management Limited was incorporated on 1st June 1964. It is registered and licensed by the Securities and Exchange Commission (SEC) as investment advisers and fund/portfolio managers (collective investment schemes, corporate/individual portfolios, sinking funds, Foundations etc). It currently manages four mutual funds: UBA Equity Fund, UBA Balanced Fund, UBA Bond Fund and UBA Money Market Fund.

(iii) UBA Capital Limited is the investment banking subsidiary of UBA Plc, engaged in equity and debt capital markets raising, corporate finance advisory, infrastructure finance, project finance advisory and term loan syndication services. UBA Capital was formerly known as UBA Securities Limited until 19th April, 2005.

(iv) UBA FX Mart carries on business as a Bureaux de change. It deals in foreign currency, traveller's cheques, and agency business. It was incorporated on 30 January 2008 and commenced operations on 22 May 2008.

(v) UBA Pensions Custodian Limited was incorporated on 30 September 2005. It obtained an operating license on 20 February 2006 and commenced operations on 3 May 2006. Its principal activities include the provision of the custody of pension assets, to hold and deal in such assets in accordance with the directives of the Pension Fund Administrators and the National Pension Commission in conformity with the Pensions Reforms Act 2004.

(vi) UBA Insurance Brokers Limited was incorporated under the Companies and Allied Matters Act, CAP C20, LFN 2004, as a limited liability company on 1 September 2006 and commenced operations on 1 April 2007. It engages in the business of insurance as well as general advisory and consulting service.

17 INVESTMENT IN ASSOCIATE AND JOINT VENTURE

(a) Investment in associate

The Bank has a 49% stake in UBA Capital Europe Limited. UBA Capital Europe Limited is a London-based investment banking company primarily engaged in brokerage, trade finance and wealth management businesses. It was incorporated on 25 September 1995 and commenced operation same day.

The movement in investment in UBA Capital Europe is as shown below:

	GROUP		BANK	
	31 December 2010 N'million	31 December 2009 N'million	31 December 2010 N'million	31 December 2009 N'million
At start of year	9,261	588	9,943	595
Additions during the year	-	9,348	-	9,348
Share of curent year results	(82)	(675)	-	-
At end of year	9,179	9,261	9,943	9,943

(b) Investment in joint venture

UBA Metropolitan Life Insurance Limited was incorporated as HEIRS Life Assurance Company Limited in August 2004. Its name was changed in January 2007 when it became equally owned (50:50) by United Bank for Africa Plc and MHG (UK) Limited. On 1 January 2008, the holding of MHG (UK) Limited was transfered to Metropolitan International (Pty) Limited. The company's principal activities are individual life insurance, group life insurance, credit life insurance and deposit administration. UBA Metropolitan Life sells its products and services across the branch network of UBA Plc in line with the bancassuarance model. According to the joint venture agreement, management and operations of the business are jointly controlled.

The movement in investment in UBA Metropolitan Life Insurance joint venture is as shown below:

	GROUP		BANK	
	31 December 2010 N'million	31 December 2009 N'million	31 December 2010 N'million	31 December 2009 N'million
At start of year	245	900	900	900
Share of current year results	(56)	(655)	–	–
Additions during the year	750	–	–	–
At end of year	939	245	900	900

18 CONDENSED RESULTS OF CONSOLIDATED ENTITIES

	UBA Ghana Limited N'million	UBA Cameroun Limited N'million	UBA Cote D'ivoire Limited N'million	UBA Liberia Limited N'million	Continental Bank Benin N'million
Condensed profit and loss					
Operating income	4,696	1,963	885	576	1,913
Operating expenses	(2,838)	(1,472)	(1,686)	(637)	(1,440)
Diminution in asset value	(402)	(20)	(36)	(15)	(277)
Profit/(loss) before tax	1,456	471	(837)	(76)	196
Tax	(480)	-	(4)	-	-
Profit/(loss) for the year	976	471	(841)	(76)	196
Condensed financial position					
Assets					
Cash and balances with central banks	3,492	3,781	1,536	1,384	5,325
Treasury bills	4,177	2,151	-	-	8,889
Due from other banks	8,952	2,152	298	388	1,684
Loans and advances to customers	8,363	6,572	4,876	2,038	13,291
Investment securities	12,657	3,567	5,602	2,081	781
Other assets	2,076	109	542	544	864
Property and equipment	750	373	727	355	558
	40,467	18,705	13,581	6,790	31,392
Financed by:					
Customer deposits	31,689	15,223	10,989	5,133	19,815
Due to other banks	-	-	2	-	4,803
Current income tax	426	-	-	-	-
Other liabilities	1,450	1,261	972	152	2,907
Equity and reserves	6,902	2,221	1,618	1,505	3,867
	40,467	18,705	13,581	6,790	31,392
Condensed cash flow					
Net cash (used in)/from operating activities	(5,867)	(7,086)	(1,242)	(725)	2,521
Net cash from financing activities	-	266	1,376	457	-
Net cash used in investing activities	(82)	-	-	-	-
(Decrease)/increase in cash and cash equivalents	(5,949)	(6,820)	134	(268)	2,521
At year start	22,570	14,904	1,700	2,040	13,377
At year end	16,621	8,084	1,834	1,772	15,898
	(5,949)	(6,820)	134	(268)	2,521

18 CONDENSED RESULTS OF CONSOLIDATED ENTITIES - continued

	UBA Uganda Limited N'million	Banque Int'l Du Burkina Faso N'million	UBA RFS Limited N'million	UBA Asset Mgt. Limited N'million	UBA Ins. Brokers Limited N'million
Condensed profit and loss					
Operating income	227	5,886	21	753	293
Operating expenses	(835)	(3,757)	(67)	(1,515)	(190)
Diminution in asset value	(10)	(2,588)	–	715	–
(Loss)/profit before tax	(618)	(459)	(46)	(47)	103
Tax	-	(26)		(157)	(40)
(Loss)/profit for the year	(618)	(485)	(46)	(204)	63
Condensed financial position					
Assets					
Cash and balances with central banks	552	1,953	807	259	26
Treasury bills	96	17,032	–	–	–
Due from other banks	543	3,834	–	–	489
Loans and advances to customers	1,597	17,357	–	–	–
Investment securities	708	11,856	–	33,005	–
Other assets	590	2,846	114	768	14
Property and equipment	388	2,798	120	13	1
	4,474	57,676	1,041	34,045	530
Financed by:					
Customer deposits	3,231	50,829	277	–	–
Due to other banks	763	–	–	–	12
Investment contracts liabilities	–	–	–	30,371	–
Current income tax	–	–	–	173	–
Other liabilities	221	3,696	38	486	164
Equity and reserves	259	3,151	726	3,015	354
	4,474	57,676	1,041	34,045	530
Condensed cash flow					
Net cash (used in)/ from operating activities	(3,322)	17,501	(786)	7,707	(230)
Net cash from financing activities	550	–	–	–	–
Net cash from/(used in) investing activities	–	–	29	(10,987)	–
(Decrease)/increase in cash and cash equivalents	(2,772)	17,501	(757)	(3,280)	(230)
At year start	3,963	5,318	775	19,936	745
At year end	1,191	22,819	18	16,656	515
	(2,772)	17,501	(757)	(3,280)	(230)

18 CONDENSED RESULTS OF CONSOLIDATED ENTITIES - continued

	UBA FX Mart Limited N'million	UBA Chad SA Limited N'million	UBA Senegal (SA) Limited N'million	UBA (SL) Limited N'million	UBA Capital Africa Limited N'million
Condensed profit and loss					
Operating income	85	232	772	277	3,038
Operating expenses	(86)	(618)	(1,235)	(415)	(1,069)
Diminution in asset value	–	–	–	(3)	(382)
(Loss)/profit before tax	(1)	(386)	(463)	(141)	1,587
Tax	(3)	–	–	–	(260)
Profit/(loss) for the year	(4)	(386)	(463)	(141)	1,327
Condensed financial position					
Assets					
Cash and balances with central banks	634	1,571	1,797	104	1,039
Treasury bills	–	1,214	5,093	1,239	–
Due from other banks	19	631	4,060	605	11,151
Loans and advances to customers	–	1,989	1,987	134	–
Investment securities	–	–	–	–	2,077
Other assets	–	241	290	190	1,118
Property and equipment	12	351	683	236	83
	665	5,997	13,910	2,508	15,468
Financed by:					
Customer deposits	–	4,045	11,149	1,591	–
Due to other banks	–	–	111		881
Investment contracts liabilities	–	–	–	–	2,719
Current income tax	–	–	–	–	593
Other liabilities	424	198	632	300	10,513
Deferred income tax liabilities	–	–	–	–	21
Equity and reserves	241	1,754	2,018	617	741
	665	5,997	13,910	2,508	15,468
Condensed cash flow					
Net cash from operating activities	30	1,456	3,026	1,070	3,749
Net cash from/(used in) financing activities	–	773	905	132	(50,133)
Net cash (used in)/from investing activities	(2)	–	(29)	–	38
Increase/(decrease) in cash and cash equivalents	28	2,229	3,902	1,202	(46,346)
At year start	626	1,187	7,048	746	58,796
At year end	654	3,416	10,950	1,948	12,450
	28	2,229	3,902	1,202	(46,346)

18 CONDENSED RESULTS OF CONSOLIDATED ENTITIES - continued

	UBA Gabon Limited N'million	UBA Zambia Limited N'million	UBA Tanzania Limited N'million	UBA Pensions Custodian Limited N'million	UBA Kenya Limited N'million
Condensed profit and loss					
Operating income	496	147	277	1,379	589
Operating expenses	(946)	(1,362)	(513)	(389)	(838)
Diminution in asset value	–	–	(7)	–	(5)
(Loss)/profit before tax	(450)	(1,215)	(243)	990	(254)
Tax	–	205	–	(328)	-
(Loss)/profit for the year	(450)	(1,010)	(243)	662	(254)
Condensed financial position					
Assets					
Cash and balances with central banks	2,282	497	392	3	960
Treasury bills	693	1,458	693	–	–
Due from other banks	1,194	90	378	3,810	595
Loans and advances to customers	1,228	1,140	280	–	503
Investment securities	–	–	1,642	–	845
Other assets	371	301	191	253	969
Property and equipment	226	328	280	24	414
	5,994	3,814	3,856	4,090	4,286
Financed by:					
Customer deposits	3,715	2,044	2,273	–	2,531
Current income tax	–	–	–	384	–
Other liabilities	580	176	52	160	167
Equity and reserves	1,699	1,594	1,531	3,546	1,588
	5,994	3,814	3,856	4,090	4,286
Condensed cash flow					
Net cash from operating activities	2,696	779	212	714	1,219
Net cash from financing activities	1,699	1,594	1,531	–	–
Net cash (used in)/from investing activities	(226)	(328)	(280)	(4)	–
Increase in cash and cash equivalents	4,169	2,045	1,463	710	1,219
At year start	–	–	–	3,103	336
At year end	4,169	2,045	1,463	3,813	1,555
	4,169	2,045	1,463	710	1,219

18 CONDENSED RESULTS OF CONSOLIDATED ENTITIES - continued

	UBA Guinea Limited N'million	Bank N'million	Total N'million	Eliminations N'million	Group N'million
Condensed profit and loss					
Operating income	530	113,996	139,032	(815)	138,217
Operating expenses	(435)	(82,458)	(104,799)	818	(103,981)
Diminution in asset value	–	(15,179)	18,210)	(141)	(18,351)
Exceptional items		(12,666)	(12,666)		(12,666)
Profit/(loss) before tax	95	3,693	3,357	(138)	3,219
Tax	–	(1,526)	(2,621)	–	(2,621)
Profit/(loss) for the year	95	2,167	736	(138)	598
Condensed financial position					
Assets					
Cash and balances with central banks	1,673	39,819	69,886	(1,830)	68,056
Treasury bills	2,578	78,703	24,016	(561)	123,455
Due from other banks	183	290,735	331,792	29,520)	302,272
Loans and advances to customers	289	569,312	630,955	(2,144)	628,811
Investment securities	–	374,857	449,678	(55,107)	394,571
Goodwill				3,479	3,479
Other assets	171	22,990	35,554	(3,702)	31,852
Property and equipment	267	56,216	65,200		65,200
	5,161	1,432,632	1,707,081	(89,385)	1,617,696
Financed by:					
Customer deposits	3,349	1,119,063	1,286,946	(19,775)	1,267,171
Due to other banks	–	51	6,624	832	7,456
Investment contract	–	–	33,090	–	33,090
Other borrowings		83,956	83,956	(1,812)	82,144
Current income tax	–	1,148	2,724	70	2,794
Other liabilities	496	40,684	65,727	(20,142)	45,585
Deferred income tax liabilities	–	–	21	9	30
Equity and reserves	1,316	187,730	227,993	(48,567)	179,426
	5,161	1,432,632	1,707,081	(89,385)	1,617,696

Condensed cash flow	
Net cash from operating activities	3,385
Net cash from financing activities	1,316
Net cash used in investing activities	(267)
Increase in cash and cash equivalents	4,434
At year start	–
At year end	4,434
	4,434

19 GOODWILL

	GROUP		BANK	
	31 December 2010 N'million	31 December 2009 N'million	31 December 2010 N'million	31 December 2009 N'million
Acquisition cost less impairment	3,479	3,479	–	–

The goodwill arose from the Bank's acquisition of Continental Bank Benin on 31 December 2008. Goodwill is tested annually for impairment, or more frequently when there are indications that impairment may have occurred. Goodwill has been tested for impairment and there is no impairment arising therefrom.

20 OTHER ASSETS

		GROUP		BANK	
		31 December 2010 N'million	31 December 2009 N'million	31 December 2010 N'million	31 December 2009 N'million
Interest and fee receivable		5,829	16,300	2,106	13,827
Prepayments		8,471	14,236	4,256	8,547
Due from clients	(note 20.1)	35	1,287	–	-
Accounts receivable		18,635	11,675	17,444	12,470
Open buy back treasury bills	(note 20.2)	–	9,150	–	9,150
Special assets account	(note 20.3)	–	7,032	–	7,032
		32,970	59,680	23,806	51,026
Provision for doubtful receivables	(note 20.4)	(4,459)	(2,854)	(3,947)	(1,016)
		28,511	56,826	19,859	50,010

20.1 Due from clients represents amounts receivable from clients of the Asset Management business of the Group and amounts due from Trusteeship clients of the Trust business of the Group.

20.2 Treasury bills sold under repurchase agreements are classified as other assets balance in accordance with Central Bank of Nigeria circular BSD/8/2003.

20.3 During the take over of Continental Trust Bank Limited by United Bank for Africa Plc, the Central Bank of Nigeria (CBN) granted a regulatory approval to the bank to write-off the special assets over a fifteen year period as contained in CBN's letter of 29 December 2005 referenced BSD/G5.715/STB/VOL.29/34. As part of the consolidation incentive of CBN, the special assets were expected to be assumed by Asset Management Corporation of Nigeria (AMCON) when it commences operation. In 2008, an accelerated amortization came into effect based on the agreement reached with the Nigerian Accounting Standards Board (NASB) to write off the special assets over a period, not exceeding 5 years with effect from 2006. This has now been fully written off in 2010.

Movement in special assets account during the year is as follows:

	GROUP 31 December 2010 N'million	GROUP 31 December 2009 N'million	BANK 31 December 2010 N'million	BANK 31 December 2009 N'million
At start of year	7,032	14,065	7,032	14,065
Recoveries	–	(8)	–	(8)
Amortized during the year	(7,032)	(7,025)	(7,032)	(7,025)
At end of year	–	7,032	–	7,032

20.4 Movement in provision for doubtful receivables

	GROUP 31 December 2010 N'million	GROUP 31 December 2009 N'million	BANK 31 December 2010 N'million	BANK 31 December 2009 N'million
At start of year	2,854	1,164	1,016	1,055
Additional provision/provision no longer required	2,026	1,690	3,352	(39)
Amount written off	(421)	–	(421)	–
At 31 December	4,459	2,854	3,947	1,016

21 INVESTMENT PROPERTIES

	GROUP 31 December 2010 N'million	GROUP 31 December 2009 N'million	BANK 31 December 2010 N'million	BANK 31 December 2009 N'million
Opening net book amount	269	589	–	–
Disposal of investment property	(269)	(320)	–	–
Closing net book amount	–	269	–	–

22 PROPERTY AND EQUIPMENT

22.1 Group:

	At start of Period N'million	Additions N'million	Disposals/ Write-offs N'million	Reclassifi-cations N'million	Exchange difference N'million	At end of period N'million
Cost						
Work in progress	10,005	1,723	(785)	(7,938)	17	3,022
Leasehold land, buildings and improvement	39,205	1,277	(336)	3,958	12	44,116
Motor vehicles	14,077	569	(4,105)	(7)	7	10,541
Other transportation equipment	3,186	-	-	-	-	3,186
Furniture and office equipment	49,659	1,812	(240)	3,987	59	55,277
	116,132	5,381	(5,466)	-	95	116,142
Accumulated depreciation						
Leasehold land, buildings and improvement	7,135	1,245	(200)	(408)	5	7,777
Motor vehicles	7,679	1,585	(1,928)	(359)	1	6,978
Other transportation equipment	26	318	-	-	-	344
Furniture and office equipment	28,250	6,917	(96)	767	5	35,843
	43,090	10,065	(2,224)	-	11	50,942

Net book value

	At start of period N'million	At end of period N'million
Work in progress	10,005	3,022
Leasehold land, buildings and improvement	32,070	36,339
Motor vehicles	6,398	3,563
Other transportation equipments	3,160	2,842
Furniture and office equipment	21,409	19,434
	73,042	65,200

During the year ended 31 December 2010 the useful life of motor vehicles was revised from 4 to 5 years. Consequently the annual charge of depreciation expense in the year and in future years will decrease by N 248 million for all assets which existed and had not been fully depreciated as at that date.

22.2 Bank:

	At start of Period N'million	Additions N'million	Disposals/ Write-offs N'million	Reclassifi-cations N'million	Exchange difference N'million	At end of period N'million
Cost						
Work in progress	9,227	1,597	(729)	(7,379)	-	2,716
Leasehold land, buildings and improvement	33,202	355	-	3,745	1	37,303
Motor vehicles	11,170	367	(3,332)	62	-	8,267
Other transportation equipment	3,186	-	-	-	-	3,186
Furniture and office equipment	42,310	991	(50)	3,572	6	46,829
	99,095	3,310	(4,111)	-	7	98,301
Accumulated depreciation						
Leasehold land, buildings and improvement	4,159	685	-	-	-	4,844
Motor vehicles	6,605	1,247	(1,726)	-	-	6,126
Other transportation equipment	26	318	-	-	-	344
Furniture and office equipment	24,808	6,000	(41)	-	4	30,771
	35,598	8,250	(1,767)	-	4	42,085

Net Book Value

	At start of period N'million	At end of period N'million
Work in progress	9,227	2,716
Leasehold land, buildings and improvement	29,043	32,459
Motor vehicles	4,565	2,141
Other transportation equipment	3,160	2,842
Furniture and office equipment	17,502	16,058
	63,497	56,216

	GROUP		BANK	
23 CUSTOMERS' DEPOSITS	31 December 2010 N'million	31 December 2009 N'million	31 December 2010 N'million	31 December 2009 N'million
Current deposits	504,851	528,640	434,034	462,627
Savings deposits	220,769	182,981	192,969	155,050
Term deposits	285,933	330,704	252,315	330,643
Domicilliary deposit	255,618	203,325	239,745	202,766
	1,267,171	1,245,650	1,119,063	1,151,086
23.1 Analysis by maturity				
0 - 30 days	981,238	1,117,496	977,803	1,008,998
1 - 3 months	216,034	78,411	106,728	102,010
3 - 6 months	37,701	44,435	18,625	36,699
6 - 12 months	10,777	4,400	5,324	2,598
Over 12 months	21,421	908	10,583	781
	1,267,171	1,245,650	1,119,063	1,151,086
24 DUE TO OTHER BANKS				
Items in course of collection	51	–	51	–
Current balances with banks	2,342	5,255	–	–
Open buy back takings	–	9,150	–	9,150
Inter-bank takings	5,063	1,402	–	930
	7,456	15,807	51	10,080
25 LIABILITY ON INVESTMENT CONTRACTS				
At start of year	22,096	40,558	–	–
Additions	57,866	39,860	–	–
Withdrawals	(49,704)	(59,245)	–	–
Investment returns	2,832	923	–	–
At end of year	33,090	22,096	–	–

Liability on investment contracts represent monies administered by the Group under various Asset Management and Trust contracts.

26 OTHER BORROWINGS	GROUP 31 December 2010 N'million	GROUP 31 December 2009 N'million	BANK 31 December 2010 N'million	BANK 31 December 2009 N'million
AfDB loans (note 26.1)	22,301	14,760	22,301	14,760
Corporate bonds (note 26.2)	18,851	–	20,663	–
On-lending for manufacturing and agric companies (note 26.3)	40,992	–	40,992	–
	82,144	14,760	83,956	14,760

26.1 This represents the amount drawn down under the African Development Bank (AfDB) long term unsecured loan facilities. The AfDB borrowing comprises an unsecured term loan facility (TLF) and an unsecured trade finance initiative facility (TFI). Interest rate on the TLF is six (6) months USD Libor plus 500 basis points . Interest rate on the TFI is six (6) months USD Libor plus 450 basis points. Interest on both the TLF and TFI loans are payable semi-annually.

Analysis by maturity:	GROUP 31 December 2010 N'million	GROUP 31 December 2009 N'million	BANK 31 December 2010 N'million	BANK 31 December 2009 N'million
Over 12 months	22,301	14,760	22,301	14,760
Movement in AfDB loans:				
At start of year	14,760	–	14,760	–
Additions	7,501	14,760	7,501	14,760
Exchange gain	40	–	40	–
At end of year	22,301	14,760	22,301	14,760

26.2 Amount represents long term bonds issued by the Bank. The Bank offered for subscription; N20 billion fixed rate subordinated unsecured notes, maturing in 2017. The notes were issued at fixed coupon rate of 13%. This is the first issuance under the Bank's N400 billion medium term note programme.

Analysis by maturity:	GROUP 31 December 2010 N'million	GROUP 31 December 2009 N'million	BANK 31 December 2010 N'million	BANK 31 December 2009 N'million
Over 12 months	18,851	–	20,663	–

26.3 Amount represents on-lending facilities povided by the Central Bank of Nigeria with the sole purpose of granting loans, at subsidised rates, to companies engaged in agriculture. The funds are at concessionary rates.

27 OTHER LIABILITIES	GROUP		BANK	
	31 December 2010 N'million	31 December 2009 N'million	31 December 2010 N'million	31 December 2009 N'million
Customers' deposits for letter of credit (note 12)	15,082	7,952	14,366	7,528
Deposit for foreign currency	106	892	106	884
Interest payable	3,632	3,373	1,789	2,648
Account payable	7,626	128	12,280	2,776
Accruals and provisions	5,924	12,032	3,326	11,720
Information technology levy (note (27.1) below)	75	191	38	160
Others	11,154	33,814	6,793	8,258
	43,599	58,382	38,698	33,974

27.1 The movement in information technology levy during the year is as analysed below:

At start of year	191	559	160	546
Remitted during the year	(158)	(559)	(158)	(546)
Additions during the year	42	191	36	160
At end of year	75	191	38	160

28 DEFERRED TAXES	GROUP		BANK	
	31 December 2010 N'million	31 December 2009 N'million	31 December 2010 N'million	31 December 2009 N'million
Deferred tax assets	3,341	–	3,131	–
Deferred tax liabilities	(30)	(24)	–	–
	3,311	(24)	3,131	–
Movement in deferred tax assets:				
At start of year	–	–	–	–
Abatement (note 9)	3,341	–	3,131	–
At end of year	3,341	–	3,131	–
Movement in deferred tax liabilities:				
At start of year	24	1,015	–	991
Charge/(Abatement) (note 9)	6	(991)	–	(991)
At end of year	30	24	–	–

29 RETIREMENT BENEFIT OBLIGATIONS

	GROUP		BANK	
	31 December 2010 N'million	31 December 2009 N'million	31 December 2010 N'million	31 December 2009 N'million
Defined contribution schemes	674	341	674	341
Defined benefit schemes (see note 29.1)	1,312	1,503	1,312	1,503
	1,986	1,844	1,986	1,844

Movement in the defined contribution liability recognised in the balance sheet:

At start of year	341	29	341	29
Charge to profit and loss	1,905	1,357	1,798	1,357
Contributions remitted	(1,572)	(1,045)	(1,465)	(1,045)
At end of year	674	341	674	341

For entities within the Group and domiciled in Nigeria, the Group and its employees make a joint contribution of 15% of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominated Pension Fund Administrators. For entities outside Nigeria, pension arrangements are in line with their domestic pension regulators.

29.1 Movement in the defined benefit liability recognised in the balance sheet:

	GROUP		BANK	
	31 December 2010 N'million	31 December 2009 N'million	31 December 2010 N'million	31 December 2009 N'million
At start of year	1,503	–	1,503	–
Charge to profit and loss account	999	2,416	967	2,416
Payments in the year	(1,190)	(913)	(1,158)	(913)
At end of year	1,312	1,503	1,312	1,503

The Group had a defined benefit (gratuity) scheme where qualifying employees receive a lump sum payment based on the number of years served (after an initial qualifying year of 10 years) and gross salary on date of retirement. However, this scheme was terminated effective 31 December 2009. The outstanding liability as at 31 December 2010 was actuarially valued using the Projected Unit Credit Method and management has made adequate provision for the liability.

30. NON-CONTROLLING INTEREST

	GROUP	
	31 December 2010 N'million	31 December 2009 N'million
At start of year	2,967	2,705
Transfer from profit and loss account	(70)	262
At end of year	2,897	2,967

31 SHARE CAPITAL

	GROUP		BANK	
	31 December 2010 N'million	31 December 2009 N'million	31 December 2010 N'million	31 December 2009 N'million
Authorised				
35,000,000,000 ordinary shares of 50 kobo each	17,500	17,500	17,500	17,500

Issued and fully paid:

31.1 Ordinary shares:

	GROUP		BANK	
	31 December 2010 N'million	31 December 2009 N'million	31 December 2010 N'million	31 December 2009 N'million
At start of year	10,778	8,622	10,778	8,622
Transfer from share premium	2,156	2,156	2,156	2,156
At end of year	12,934	10,778	12,934	10,778

31.2 Share premium

At start of year	113,645	114,036	113,645	114,036
Prior year share issue expenses	-	(391)	–	(391)
Transfer to share capital	(2,156)	–	(2,156)	–
At end of year	111,489	113,645	111,489	113,645

At the 48th Annual General Meeting, the shareholders approved of a bonus issue (from the share premium account) of 1 share for every 5 shares held as at close of business on 23 April 2010.

32. RESERVES

Group:	Statutory reserve N'million	SMIEIS reserve N'million	Capital reserve N'million	Translation reserve N'million	Bonus issue reserve N'million	Total other reserves N'million	Retained earnings N'million	Total reserves N'million
At 1 October 2008	19,224	2,635	1,698	1,997	2,156	27,710	31,861	59,571
Prior year adjustment	–	–	–	2,349	–	2,349	–	2,349
Re-stated opening balances	19,224	2,635	1,698	4,346	2,156	30,059	31,861	61,920
Transfer to share capital	–	–	–	–	(2,156)	(2,156)	-	(2,156)
Arising during the year	–	–	–	–	–		(789)	(789)
Transfer from profit and loss account 1,934	–	–	–	–	1,934	179	2,113	
Net change due to exchange rate movement	–	–	–	54	–	54	–	54
Dividend paid	–	–	–	–	–	–	(12,934)	(12,934)
At 31 December 2009	21,158	2,635	1,698	4,400	–	29,891	18,317	48,208
Transfer from profit and loss Account 325	–	–	–	–	325	343	668	
Net change due to exchange rate movement	–	–	–	(5,845)	–	(5,845)	–	(5,845)
Dividend paid	–	–	–	–	–	–	(2,156)	(2,156)
At 31 December 2010	21,483	2,635	1,698	(1,445)	–	24,371	16,504	40,875

Bank:	Statutory reserve N'million	SMIEIS reserve N'million	Translation reserve N'million	Bonus issue reserve N'million	Total other reserves N'million	Retained earnings N'million	Total reserves N'million
At 1 October 2008	19,224	2,635	1,997	2,156	26,012	28,254	54,266
Transfer from profit and loss Account 1,934	–	–	–	1,934	10,955	12,889	
Transfer to share capital	–	–	–	(2,156)	(2,156)	-	2,156)
Dividend paid	–	–	–	–	–	(12,934)	(12,934)
At 31 December 2009	21,158	2,635	1,997	–	25,790	26,275	52,065
Transfer from profit and loss account	325	–	–	–	325	1,842	2,167
Dividend paid	–	–	–	–	–	(2,156)	(2,156)
At 31 December 2010	21,483	2,635	1,997	–	26,115	25,961	52,076

33 OFF-BALANCE SHEET ENGAGEMENTS AND CONTINGENCIES

Legal proceedings

The Group in the ordinary course of business is presently involved in a number of litigation suits in respect of which a provision of N113 million (2009: N56 million) has been made in the accounts. The Directors are of the opinion that none of the remaining cases is likely to have a material adverse effect on the financial position of the Group and are not aware of any other pending or threatened claims and litigations.

Capital commitments

At the balance sheet date, the Bank had capital commitments amounting to N293 million (2009: N246 million) in respect of authorised and contracted capital projects.

Off-balance sheet engagements

The Group is party to financial instruments with off-balance sheet risk in the normal course of business. The instruments are used to meet the credit and other financial requirements of customers. The contractual amounts of the off-balance financial instruments are:

	GROUP		BANK	
	31 December 2010 N'million	31 December 2009 N'million	31 December 2010 N'million	31 December 2009 N'million
Performance bonds and guarantees	139,653	254,236	124,602	254,236
Letters of credits	64,824	49,213	62,312	49,213
Other contingent liability	17,927	103,633	9,383	98,201
Funds under custody	431,956	282,397	431,956	282,397
	654,360	689,479	628,253	684,047

34 RELATED PARTY TRANSACTIONS

A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits, and foreign currency transactions. The volumes of related party transactions, outstanding balances at year end, and related expenses and income for the year are as follows:

(a) Risk assets outstanding as at 31 December 2010

Direct credit assets

Included in loans and advances is an amount of N1,566.4 million (2009: N117 million) representing credit facitlities to companies in which certain directors and shareholders have interests. The balances as at 31 December, 2010 are as follows:

Name of company/individual	Relationship	Facility Type	N'million	Status	Security
Bridge House College	Director	Overdraft	39.0	Performing	Cash-backed
Vine Foods Limited	Director	Finance lease & overdraft	52.4	Performing	Legal Mortgage
Angela Nwabuoku	Director	Term loan	63.3	Performing	Legal Mortgage
Hon. Ndudi Godwin Elumelu	Brother to Ex-Director	Term loan	25.8	Performing	Legal Mortgage
UBA Capital Limited	Subsidiary	Term Loan	1,385.7	Performing	Ownership of Shares underwritten by UBA Plc
UBA Stockbrokers Limited	Subsidiary	Overdraft	0.2	Performing	Clean
			1,566.4		

(b) Deposits outstanding as at 31 December 2010

Name of company/individual	Relationship	Type of Deposit	2010 N'million	2009 N'million
Abbey Building Society Ltd	Ex-Director	Call deposits	76.9	420.0
Abbey Building Society Ltd	Ex-Director	Time deposits	1,004.0	-
Advance Link Petroleum Ltd	Director	Demand deposit	31.6	3.8
Bridge House College	Director	Demand deposit	21.0	13.0
Bridge House College	Director	Time deposits	73.8	110.0
Rosanbond financial Services	Ex-Director	Demand deposits	22.3	2.5
Rosanbond financial Services	Ex-Director	Domiciliary deposit	0.03	3.4
Infant Jesus Academy	Ex-Director	Demand deposits	0.8	-
Paki International Motors Limited	Director	Demand deposits	0.1	-
Regent Int'l School	Director	Demand deposits	13.3	-
Tony Elumelu Foundation	Ex-Director	Time deposits	497.6	-
Tony Elumelu Foundation	Ex-Director	Demand deposits	31.0	-
CRC Credit Bureau Limited	Common director	Demand deposits	1.2	-
			1,773.63	552.7

35 EMPLOYEES AND DIRECTORS	GROUP 31 December 2010	GROUP 31 December 2009	BANK 31 December 2010	BANK 31 December 2009
(a.) Employees				
The number of persons in the employment of the Group as at year end is as follows:	Number	Number	Number	Number
Executive Directors	9	9	9	9
Management	457	743	328	555
Non-management	12,425	13,068	10,314	11,227
	12,891	13,820	10,651	11,791
Compensation for the above staff	N'million	N'million	N'million	N'million
Salaries and wages	35,001	35,294	25,692	30,281
Retirement benefit costs:				
Defined contribution plans	1,905	1,357	1,798	1,357
Defined benefit plans	999	2,416	967	2,416
	37,905	39,067	28,457	34,054

The number of employees of the Group, other than Directors, who received emoluments in the following ranges (excluding pension contributions) was:

	GROUP		BANK	
	31 December 2010 Number	31 December 2009 Number	31 December 2010 Number	31 December 2009 Number
N300,001 - N2,000,000	9,018	9,639	7,602	8,564
N2,000,001 - N2,800,000	334	225	2	178
N2,800,001 - N3,500,000	129	364	-	270
N3,500,001 - N4,000,000	706	744	595	597
N4,000,001 - N5,500,000	586	781	487	526
N5,500,001 - N6,500,000	765	706	721	595
N6,500,001 - N7,800,000	496	591	461	49
N7,800,001 - N9,000,000	292	360	257	271
N9,000,001 - above	565	410	526	299
	12,891	13,820	10,651	11,791

b. Directors

	GROUP		BANK	
	31 December 2010 N'million	31 December 2009 N'million	31 December 2010 N'million	31 December 2009 N'million
Remuneration paid to the Group's Directors was:				
Fees and sitting allowances	62	50	62	50
Executive compensation	689	326	689	326
Retirement benefit costs	13	-	13	-
	764	376	764	376
Fees and other emoluments disclosed above including amounts paid to:				
The Chairman	6	7	6	7
The highest paid Director	57	46	57	46

The number of Directors who received fees and other emoluments (excluding pension contributions) in the following ranges was:

	2010 Number	2009 Number
Below N1,000,000	-	-
N1,000,001 - N2,000,000	3	-
N2,000,001 - N3,000,000	-	5
N3,000,001 - N5,000,000	4	1
N5,500,001 and above	12	14
	19	20

36 RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS	GROUP 31 December 2010 N'million	GROUP 31 December 2009 N'million	BANK 31 December 2010 N'million	BANK 31 December 2009 N'million
Profit before tax	3,219	6,637	3,693	15,964
Depreciation of property and equipment	10,065	11,623	8,250	10,370
Provision for other assets	1,605	8,007	2,931	6,278
Provision for investments	568	2,714	(366)	1,391
Provision for loan loss	9,870	31,722	5,671	26,954
Loans written off	18,339	(3,284)	18,339	(3,284)
Amounts written back on previously provisioned account	(12,651)	(4,267)	(11,817)	(3,718)
Net interest suspended	13,642	(3,710)	7,635	(3,678)
Exchange difference	(44)	(32)	37	(87)
Write-off of special assets	7,032	7,025	7,032	7,025
Dividend income	(1,475)	(363)	(81)	(216)
Gain on disposal of property and equipment	99	1,067	99	1,067
Write-off of property and equipment	615	–	615	–
Loss on disposal of investment property	–	(1,500)	–	–
Translation loss	(5,845)	–	–	–
Non-controlling interest	–	3,233	–	–
Share of loss in equity accounted associate	82	675	–	–
Share of loss in equity accounted joint venture	56	655	–	–
Provision for retirement benefit obligations	2,904	3,793	2,765	3,773
Operating profit before changes in operating assets and liabilities	48,081	63,995	44,803	61,839
(Increase)/decrease in operating assets:				
Loans to customers	(21,218)	(195,667)	(15,675)	(154,023)
Cash reserve requirements	1,063	(504)	(546)	4,625
Interest receivable and prepayments	5,765	(11,137)	16,012	(5,929)
Accounts receivable	12,661	785	4,176	(7,737)
Due from clients	1,252	2,568	-	-
Other receivables	-	8,184	-	8,184
	(477)	(195,771)	3,967	(154,880)

RECONCILIATION OF PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS *continued*	GROUP 31 December 2010 N'million	GROUP 31 December 2009 N'million	BANK 31 December 2010 N'million	BANK 31 December 2009 N'million
Increase/(decrease) in operating liabilities:				
Customers' deposits	21,521	(87,639)	(32,023)	(106,950)
Due to other banks	(8,351)	(16,193)	(10,029)	(21,920)
Customers' deposits for foreign currency denominated obligations	6,344	2,927	6,060	2,495
Investment contract liabilities	10,994	(18,462)	–	–
Interest payable and unearned income	259	981	(859)	446
Accounts payable	7,498	(1,053)	9,504	1,697
Other liabilities	(31,377)	(11,761)	(12,335)	(9,783)
	6,888	(131,200)	(39,682)	(134,015)
Cash generated from/ (used in) operations	54,492	(262,976)	9,088	(227,056)

37 DIVIDEND

	GROUP 31 December 2010 N'million	GROUP 31 December 2009 N'million	BANK 31 December 2010 N'million	BANK 31 December 2009 N'million
Proposed dividend	1,293	2,156	1,293	2,156

In the financial year ended 31 December 2009, a final dividend of 10k per share was proposed and was approved at the AGM by shareholders. A total of N2.156 billion was paid out to share holders during the year, in relation to the financial year ended 31 December 2009. In the current financial period ended 31 December 2010, a dividend of 5 kobo per share is proposed for the approval of the shareholders at the next Annual General Meeting (AGM). Dividend to shareholders is accounted for on the date of declaration as they do not meet the criteria of present obligation as required by the Statement of Accounting Standard (SAS 23). Proposed dividend is subject to a withholding tax at the appropriate tax rate and is payable to shareholders whose names appear in the register of members as at closure date. The total proposed dividend to be paid is estimated at N1.293 billion (gross).

38 EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the profit after tax attributable to the Group shareholders by the weighted average number of ordinary shares during the year.

	GROUP 31 December 2010	GROUP 31 December 2009	BANK 31 December 2010	BANK 31 December 2009
Net profit attributable to shareholders (N'million)	668	2,113	2,167	12,889
Amount attributable to preference Shareholders	–	–	–	–
	668	2,113	2,167	12,889
Number of ordinary shares in issue as at year end (millions)	25,868	21,556	25,868	21,556
Time weighted average number of ordinary shares in issue (millions)	25,868	21,556	25,868	21,556
Basic earnings per share (kobo)	3	10	8	60

39 ACQUISITIONS AND DISPOSALS

There was no acquisition or disposal of any subsidiary during the year.

40 CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents include cash and non-restricted balances with central banks, eligible treasury bills, operating account balances with other banks, amounts due from other banks and short-term government securities.

	GROUP		BANK	
	31 December 2010 N'million	31 December 2009 N'million	31 December 2010 N'million	31 December 2009 N'million
Cash and balances with central banks	55,794	54,900	31,561	31,260
Eligible treasury bills	15,842	990	15,842	990
Due from other banks	302,272	470,195	290,735	459,829
	373,908	526,085	338,138	492,079

41 COMPLIANCE WITH BANKING REGULATIONS

The Bank did not contravene any regulation of the Banks and Other Financial Institutions Act CAP B3 LFN 2004 or relevant circulars issued by the Central Bank of Nigeria.

42 EVENTS AFTER THE BALANCE SHEET DATE

There are no post balance sheet events that could materially affect either the reported state of affairs of the Bank and the Group as at 31 December 2010 or the profit for the year ended on the same date, which have not been adequately provided for or disclosed.

43 COMPARATIVES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in current year. Prior year adjustments impact on the following areas: goodwill, loans and advances, other assets, retirement benefit obligations, other liabilities, investment income, tax payable, group retained earnings and operating expense.

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Statement of Value Added

For the Period Ended 31 December 2010

	2010 N'million	%	2009 N'million	%
GROUP				
Gross earnings	185,186		244,110	
Interest paid	(46,969)		(59,659)	
	138,217		184,451	
Administrative overheads:				
- local	(60,528)		(76,320)	
- foreign	(8,287)		(10,965)	
Value added	69,402	100	97,166	100
Distribution				
Employees				
- Salaries and benefits	37,905	54	39,067	40
Government				
- Taxation	2,621	4	4,262	4
The future				
- Asset replacement (depreciation)	10,065	14	11,623	11
- Asset replacement (provision for losses)	18,213	27	39,839	41
– To pay proposed dividend	1,293	2	2,156	3
- Expansion (transfer to reserves and non-controlling interest)	(695)	(1)	219	1
	69,402	100	97,166	100
BANK				
Gross earnings	157,666		219,843	
Interest paid	(43,670)		(54,920)	
	113,996		164,923	
Administrative overheads:				
- local	(57,873)		(70,829)	
- foreign	(544)		(1,138)	
Value added	55,579	100	92,956	100
Distribution				
Employees				
- Salaries and benefits	28,457	51	34,054	37
Government				
- Taxation	1,526	3	3,075	3
The future				
- Asset replacement (depreciation)	8,250	15	10,370	11
- Asset replacement (provision for losses)	15,179	27	32,568	36
- To pay proposed dividend	1,293	2	2,156	3
- Expansion (transfer to reserves and non-controlling interest)	874	2	10,733	10
	55,579	100	92,956	100

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Group Five - Year Financial Summary

For the Period Ended 31 December 2010

	31 December 2010 N'million	31 December 2009 N'million	<------------ 2008 N'million	30 September 2007 N'million	----------> 2006 N'million
Assets:					
Cash and balances with central banks	68,056	68,225	120,088	64,183	58,466
Treasury bills and other eligible bills	123,455	42,035	174,005	100,589	160,975
Due from other banks	302,272	470,195	654,869	506,132	413,028
Loans and advances to customers	628,811	606,616	431,410	320,406	109,896
Investment securities	384,453	188,407	126,895	105,038	72,942
Investment in subsidiaries	–	–	–	–	–
Investment in associates	9,179	9,261	588	21	21
Investment in joint venture	939	245	900	–	–
Goodwill	3,479	2,983	–	–	–
Deferred tax assets	3,341				
Investment properties	–	269	589	–	–
Other assets	28,511	87,003	102,436	44,926	35,618
Property and equipment	65,200	73,042	61,553	49,747	33,191
	1,617,696	1,548,281	1,673,333	1,191,042	884,137
Finance by:					
Ordinary share capital	12,934	10,778	8,622	5,748	3,530
Share premium account	111,489	113,645	114,036	119,066	23,209
Reserves	52,106	57,090	70,802	42,905	21,796
Non-controlling interest	2,897	5,316	1,821	359	300
Customers' deposits	1,267,171	1,245,650	1,333,289	905,806	762,574
Due to other banks	7,456	15,807	32,000	–	–
Liability on investment contracts	33,090	22,138	40,558	66,013	13,561
Borrowings	82,144	14,760	–	1,135	1,135
Current income tax	2,794	3,385	5,606	5,149	1,644
Other liabilities	43,599	58,187	65,564	43,825	47,784
Deferred income tax liabilities	30	2	993	994	1,502
Dividend payable		20	42	42	7,102
Retirement benefit obligations	1,986	1,503	–	–	–
Total equity and liabilities	1,617,696	1,548,281	1,673,333	1,191,042	884,137
Off balance sheet engagements and contingencies	654,360	689,479	616,734	451,110	167,184

	12 months to 31 December 2010 N'million	15 months to 31 December 2009 N'million	12 months to <----------- 2008 N'million	12 months to 30 September 2007 N'million	18 months to ----------> 2006 N'million
Gross earnings	185,186	244,110	169,506	109,512	90,447
Net operating income	138,217	183,235	128,151	80,808	63,493
Operating expenses	(104,119)	(128,404)	(68,720)	(47,581)	(45,111)
Provision for losses	(18,213)	(39,839)	(2,616)	(3,702)	(5,571)
Profit before taxation and exceptional items	15,885	13,662	56,815	29,525	12,811
Exceptional items	(12,666)	(7,025)	(8,786)	(4,161)	–
Taxation	(2,621)	(4,262)	(7,204)	(3,923)	(1,261)
Profit after taxation and exceptional items	598	2,375	40,825	21,441	11,550
Non-controlling interest	70	(262)	414	99	–
Profit attributable to shareholders	668	2,113	41,239	21,540	11,550
Earnings per share(basic) - kobo	3	10	314	261	187

Basic earnings per share is based on the weighted average number of ordinary shares of 50 kobo each in issue during the respective periods.

UBA

United Bank for Africa Plc

Bank Five - Year Financial Summary

For the Period Ended 31 December 2010

	31 December 2010 N'million	31 December 2009 N'million	<------------ 2008 N'million	30 September 2007 N'million	----------> 2006 N'million
Assets:					
Cash and balances with central banks	39,819	38,972	95,733	63,902	57,866
Treasury bills and other eligible bills	78,703	15,945	171,401	96,958	159,571
Due from other banks	290,735	459,829	591,791	454,399	406,239
Loans and advances to customers	569,312	543,289	405,540	320,229	107,194
Investment securities	313,659	150,565	96,397	74,421	49,543
Investment in subsidiaries	50,355	37,753	13,562	5,786	5,533
Investment in associates	9,943	9,943	595	21	21
Investment in joint venture	900	900	900		
Deferred tax assets	3,131				
Other assets	19,859	80,186	88,007	38,419	33,048
Property and equipment	56,216	63,497	56,165	48,213	32,226
	1,432,632	1,400,879	1,520,091	1,102,348	851,241
Finance by:					
Ordinary share capital	12,934	10,778	8,622	5,748	3,530
Share premium account	111,489	113,645	114,036	119,066	23,209
Reserves	63,307	63,296	65,497	40,007	20,882
Customers' deposits	1,119,063	1,151,086	1,258,036	897,651	757,407
Due to other banks	51	10,080	32,000	–	–
Borrowings	83,956	14,760	–	1,135	1,135
Current income tax	1,148	1,416	3,443	3,959	1,359
Other liabilities	38,698	34,273	37,424	33,749	35,118
Deferred income tax liabilities	–	–	991	991	1,499
Dividend payable		42	42	42	7,102
Retirement benefit obligations	1,986	1,503	–	–	–
Total equity and liabilities	1,432,632	1,400,879	1,520,091	1,102,348	851,241
Off balance sheet engagements and contingencies	628,253	684,047	616,031	372,325	167,184

	12 months to 31 December 2010 N'million	15 months to 31 December 2009 N'million	12 months to <----------- 2008 N'million	12 months to 30 September 2007 N'million	18 months to ----------> 2006 N'million
Gross earnings	157,666	220,467	154,330	101,106	86,079
Net operating income	113996	165,547	114,530	74,575	61,200
Operating expenses	(82,458)	(111,653)	(58,345)	(44,424)	(43,522)
Provision for losses	(15,179)	(30,905)	(1,548)	(3,163)	(5,164)
Profit before taxation and exceptional items	16,359	22,989	54,637	26,988	12,514
Exceptional items	(12,666)	(7,025)	(8,786)	(4,161)	–
Taxation	(1,526)	(3,075)	(5,849)	(2,996)	(1,046)
Profit after taxation and exceptional items	2,167	12,889	40,002	19,831	11,468
Profit attributable to shareholders	2,167	12,889	40,002	19,831	11,468
Earnings per share(basic) - kobo	8	60	305	241	186

Basic earnings per share is based on the weighted average number of ordinary shares of 50 kobo each in issue during the respective periods.

ENTERPRISE-WIDE RISK MANAGEMENT

Risk culture and strategy

Risk management in UBA is enterprise-wide and integrated. It application targeted at enhancing as well as protecting the unique combination of tangible and intangible assets that make up the Group's business model. Risk management is integral to the Group's strategy setting process. This is achieved by keeping risk management at the centre of all executive agenda and building a culture in which risk management is embedded and integrated in all banking activities.

UBA's risk management philosophy is tailored to achieve the following objectives:

1. Meet and exceed best practice standards, as defined by local and international regulatory bodies. We aim to achieve this by adhering to the principles of the Basel II Accord and COSO (Commission of Sponsoring Organisations) for the effective implementation of Enterprise-wide Risk Management (ERM) in the Group. This involves an on-going process for the management of credit, market, operational and other risks in a holistic manner.
2. Maintain appropriate checks and balances by segregating risk-taking functions from risk-control functions.
3. Automate and innovate by utilizing state-of-the-art enterprise tools and electronic platforms that act as enablers for ERM.
4. Enhance corporate governance by linking ERM and corporate governance and minimizing the Group's risk exposure, liability, related management costs, while ensuring that the Group is fully compliant with the relevant regulatory provisions.
5. Board and senior management involvement in setting the tone for risk management agenda. This is achieved by defining the Group's risk appetite; establishing a central oversight of group-wide risk management; designing, approving and implementing policies, guidelines and procedures which are supported by best practice principles and ensuring that management controls and reporting procedures are satisfactory and reliable.

The output of a robust framework leads to optimal risk and compliance costs and profitability enhancement as part of the value-based objectives of striving for an optimal trade-off between risk and reward. Similarly, the principles underlying our ERM framework are in tandem with CBN risk-based supervision framework. The key activities of UBA's ERM and governance framework are depicted as follows:

Key Activities			
Risk Governance	Risk Assessment	Risk Monitoring	Risk Mitigation
• Risk committee structures • Policies and framework • Set risk appetite • Corporate governance • Compliance rule book	• Credit default measurement • Operational risk assessment • Trading loss elimination • Recovery risk	• Effective reporting • Early warning • Event tracking • Compliance dashboard • Key risk indicator tracking	• Effective controls • Debt restructuring • Maximised recoveries • Limit concentration • Risk appetite management • Hedging

Outputs
Optimised Risk Profile
• Market risk • Credit risk • Operational risk
Minimised Compliance Cost
• Effective compliance process • Reduced non-compliance cost • Reduced reputational risk

UBA's approach to risk management involves a number of fundamental elements that drive its processes across the Group:

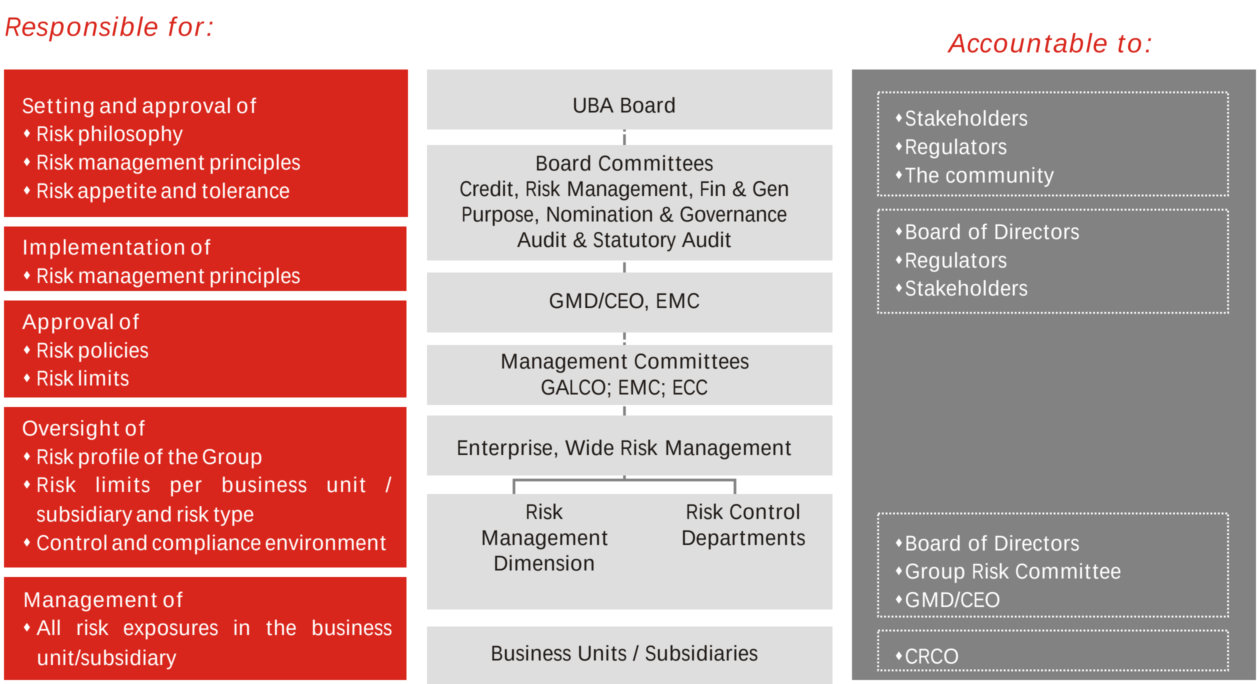
The Principal Risk Policy covers the Group's main risk types, assigning responsibility for the management of specific risks, and setting out the requirements for control frameworks for all risk types.

A Risk Appetite framework that considers the level of risk that the Board is willing to take in pursuit of its business objectives. This is expressed as the Group's appetite for earnings volatility across all businesses from a credit, marketing, and operational risk perspective. It is calibrated against our broad financial targets, including income and impairment targets, dividend coverage and capital levels. It is prepared each year as part of the Group's budget and planning process, and combines a top-down view of the Group's risk capacity with a bottom-up view of the risk profile requested and recommended by each business. This entails making business plan adjustments as necessary to ensure that our targeted position creates a risk profile that meets our risk appetite.

Fundamental to the delivery of the Group's risk management objectives are a series of risk methodologies that allow it to measure, model, price, stress, aggregate, report and mitigate the risks that arise from its activities. Many of the most important processes relate to the development of internal ratings used in granting credit. The specific methodologies used to manage market risk, liquidity risk, operational risk and capital risk are also discussed more fully in their corresponding sections below.

RISK GOVERNANCE STRUCTURES

Oversight of risk management is the responsibility of the Board Risk Committee, which is supported by and informed through the Group Risk Management Committee (GRMC), the Group Asset and Liability Committee (GALCO) as well as other risk management committees. The Board Audit Committee assists the Board with regard to financial information, accounting policies, internal controls and compliance matters. The Board Credit Committee considers and recommends large exposure underwriting decisions to the board, as well as exercises oversight on the credit risk portfolio. Below is a schematic illustration of the Group risk governance framework.



ROLES AND RESPONSIBILITIES

The key role players in the risk management framework (as indicated in the above governance structure) and their responsibilities are:

Board of Directors

The ultimate responsibility for risk management in UBA lies with the Board of Directors. The roles and responsibilities of the Board with respect to risk management include, but are not limited to:

- Ensuring an appropriate corporate governance framework is established and operating;
- Endorsing Group risk management policies;
- Providing guidelines regarding the management of risk in the Group;
- Deciding on the Group's risk appetite;
- Ensuring that management controls and reporting procedures are satisfactory and reliable;
- Approving large credit exposures;
- Approving loan write-offs above set threshold; and
- Approving capital demand plans based on risk budgets.

The Board of Directors has established various Board-level risk committees, to support its risk oversight roles and responsibilities. These committees review and advise on numerous risk matters requiring Board approvals.

A list of various board committees are contained in the corporate governance report on page 38.

Management Committee

Executive Management Committee (EMC)

The EMC has overall management responsibility for all risks in the Group. it is responsible for:

i. Formulating and recommending strategy
ii. Executing strategy
iii. Managing the Group's risks
iv. Oversight of the Group
v. Decision making

Executive Credit Committee

The Committees main objective is to develop and maintain a sound credit risk portfolio for the Group and to oversee the development and deployment of credit risk practices across the Group.

Its principal activities and functions are:-

- Direct initiation, development, review and recommendation of credit risk management policies to the GRMC;
- Monitor the implementation of Basel II Accord Credit Risk Framework implementation and compliance programme for the Group;
- Ensure the uniform application of credit policies in all the entities across the Group;
- Periodically review credit policy manuals to ensure continued relevance;
- Review and approve credit product programmes subject to empowerment framework;
- Monitor the implementation and compliance with credit policy paying particular attention to the following:
  - Credit concentration
  - Credit portfolio performance
  - Credit portfolio quality
- Review credit classification schedule to ensure completeness and adequacy of provisions
- Review, approve and monitor remedial strategies and recovery targets
- Review all major credit audit issues with a view to taking learning points for further decision making; and
- Review and recommend credit training programmes

Group Asset and Liability Committee

- The Group Asset and Liability Committee (GALCO), is a sub-committee of the EMC that has responsibility for oversight and strategic direction for managing UBA Group's balance sheet. This committee manages traded and non-traded market risks as well as steering the implementation of Basel II requirements for market risk.

  In playing this role, GALCO does the following:- Managing overall liquidity and driving consistent and effective practices across the Group. It sets policies for balance sheet management; sets pricing strategies on assets and liabilities (pool rate, assets and/or liability composition) and examines liquidity risks to ensure adequate funding is always maintained and balance sheet well positioned for future funding. This is done through a review of:

- Liquidity gap analysis;
- Maximum cumulative outflow (MCO);
- Stress tests;
- Wholesale borrowing guidelines; and
- Contingency Liquidity Plan (ensure up to date and tested)

- The Committee also monitors the group interest rate, liquidity and currency risk profiles and develops liquidity risk, interest rate risk and currency risk management frameworks that:
  - Address Basel II compliance gaps for interest rate and currency risk mitigation matters; and
  - Support recommendations on counterparties' limits to serve as inputs for credit office processing

- GALCO also governs investment risk, investment decisions as well as all sub-Investment committees. Its terms of reference include – reviewing Group investment policies; approving the appropriate investment portfolio mix; and approving equity investment proposals and debt financing. GALCO also provides guidance on best practices market risk management procedures across the Group. In addition to the ECC, the EMC is supported by specialist management sub-committees such as GALCO, IT Steering Committee and Criticized Assets Committee.

Group Risk Management Committee (GRMC)

The GRMC provides oversight for the management of enterprise risks across the Group. The responsibilities of the GRMC include, but are not limited to:

- Monitoring overall risk management framework and its uniform application across the Group;
- Monitor the implementation of Basel II Accord Capital framework and compliance programme across the Group;
- Coordinating the implementation of risk mitigation action plans in the Group;
- Reviewing and recommending to EMC, risk policies designed for the management of risk in the Group and also Provide feedback through EMC to the Board Risk Committee; and
- Annual review and recommendation to EMC, the Risk Management staffing model and manpower development programmes.

IT Steering Committee

The Group IT Steering Committee provides oversight for information and communication technology (ICT) and E-business risks. Membership of the committee spans various functions such as; IT Risk Management, Resources, Enterprise Systems, Operations, IT Audit, IT Transformation, E-Channels, Systems Security, Core Banking Application and internal audit . The main objective is to provide overall direction to position IT as a business enabler in delivering business value for all stakeholders. Manage IT Risk for optimal delivery therein:-

For optimal service delivery, IT also manages IT risk through the following;

- Continuously evaluating the IT Risk inherent in the service delivery channels in the Group and recommending appropriate mitigating controls.
- Regularly obtain, review and challenge assurance on the Group's IT network; server and database security
- Review all significant IT audit issues raised by internal and external auditors
- Conduct regular reviews of IT systems, vendors and IT service delivery
- Review and monitor end-to-end security of the Enterprise Infrastructure in the Group,
- Provide necessary input for the IT budgeting process; and
- Monitor the effectiveness and efficiency of the group's IT Infrastructure at enabling/supporting business

Criticized Assets Committee

The Criticized Assets Committee reviews past due obligations (PDOs) and develops strategies to reduce the Group's portfolio of credits on watch-list as well as delinquent accounts. . It monitors the implementation of strategies developed for the reduction of loan delinquencies, ratifies proposed classification of accounts with provisioning levels and recommends write-offs for approval at the appropriate level from the GMD up to the Board. It also ensures that recoveries are made on all PDOs.

Chief Risk and Compliance Officer (CRCO)

The CRCO of the group is the ED Risk management, who has overall responsibility for the development and implementation of the Group's risk control principles, frameworks and processes across the entire risk spectrum. He is responsible for the effective and efficient governance of all identified risks in the Group as well as compliance with all applicable regulations.

Central Risk Functions

Each risk function has direct responsibility for the development and management of risk management frameworks. The responsibilities of divisional functions with respect to risk include:

- Provide and maintain policies, frameworks and risk management methodologies
- Promote and assist with the implementation of risk policies and strategies
- Provide guidance on the management of risks
- Consolidate risk reporting to the various board & management committees under one unit; EMC, ECC and GRMC and/or Board of Directors
- Provide senior management with practical recommendations for the improvement of risk management; and
- Provide assurance that risk management policies and strategies are operating effectively to achieve the Group's business objectives

Policies and framework

UBA ensures that it has the functional capacity to manage the risk in new and existing businesses.

At a strategic level, our risk management objectives are:

- To identify the Group's material risks and ensure that business profile and plans are consistent with risk appetite.
- To optimize risk/return decisions by taking them as closely as possible to the business, while establishing strong and independent review and challenge structures.
- To ensure that business growth plans are properly supported by effective risk infrastructure.
- To manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions.
- To help executives improve the control and co-ordination of risk taking across the business.

In pursuit of its risk management objectives, policies and standards are set for each risk type, adopting a standard methodology consisting of five risk management steps namely: identification, assessment and measurement, controlling, reporting and management. Each of the five steps (depicted in the following diagram) is adopted for each risk type:

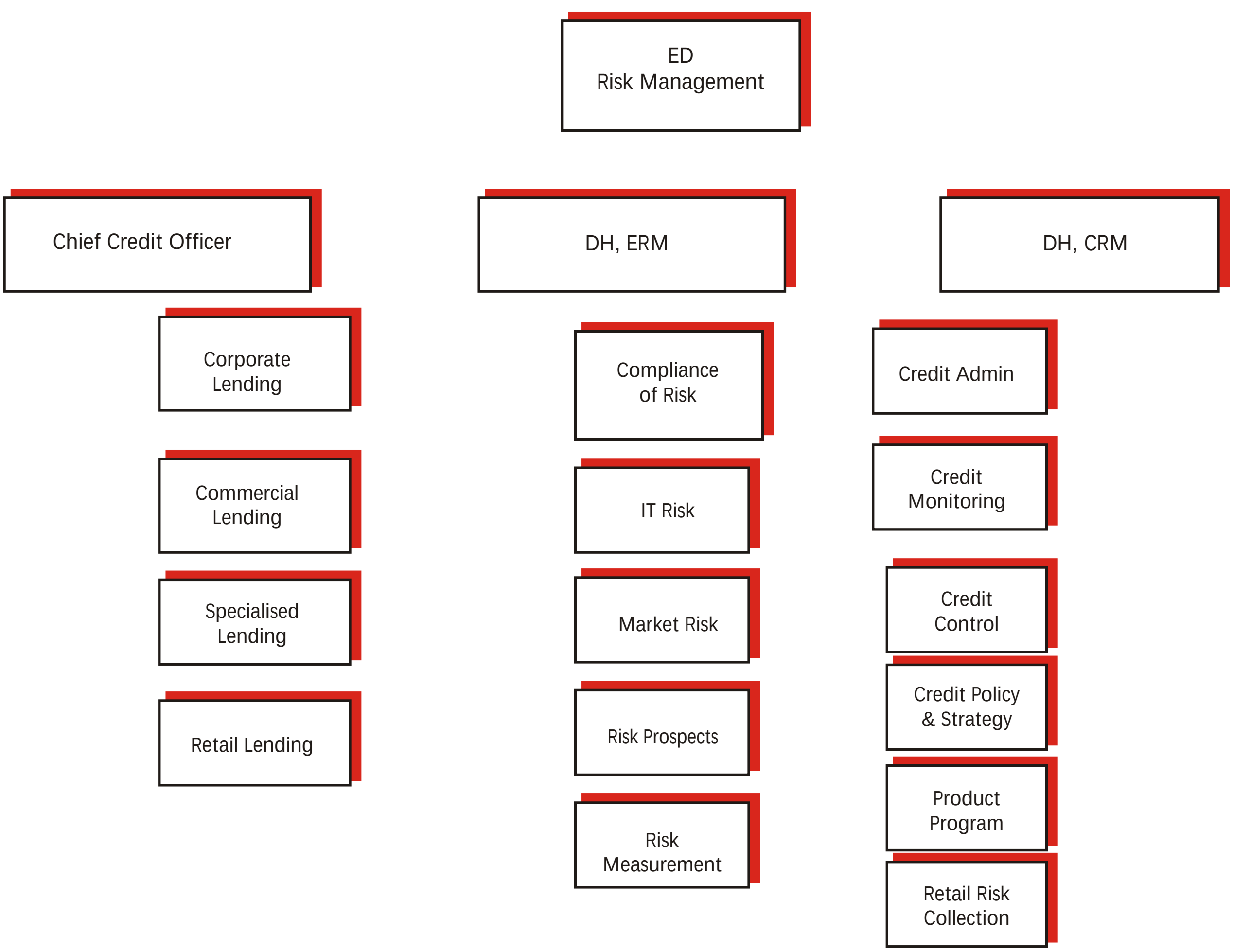
Identify	Assess	Control	Report	Manage and Challenge
• Identify the risk inherent in achieving UBA's goals and objectives • Establish risk appetite across the entire risk spectrum • Establish and communicate risk management frameworks	• Build accurate and consistent risk assessment • Establish and implement measurement reporting standards / methodologies • Build a risk profile for UBA	• Establish key control processes, practices and reporting requirements • Monitor the effectiveness of controls • Ensure all UBA's exposures are adequately identified, measured and managed in accordance with Board approved frameworks • Provide early warning signals • Ensure risk management practices are adequate and appropriate for managing UBA's risks	• Report areas of stress where crystallisation of risks is imminent • Present remedial actions to reduce and/or mitigate such risks • Report on sensitive and key risk indicators • Communicate with relevant parties	• Review and challenge all aspects of UBA's risk profile • Advise on optimising and improving UBA's risk profile • Review and challenge risk management practices

Risk management framework

The functional components of the UBA risk management value chain is depicted in the organizational framework below. Risk functions are integrated at the Centre to ensure a consistent approach to risk monitoring and assessment across the entire risk spectrum. The Group Risk and Compliance directorate further performs an oversight role over decentralized risk management and compliance functions in subsidiaries. Subsidiary risk heads have a hard reporting line to the Chief Risk and Compliance Officer, who is the Executive Director, Risk Management.

The functional components of UBA's risk management value chain is depicted in the organizational framework shown below

RISK MANAGEMENT STRUCTURE



Enterprise Risk management (ERM)
The objective of the division is to lead the development of quantitative measurement skills, provide model development support across various risk types towards attaining various Basel II advanced approaches and to align risk measurement disclosures with international best practice standards.

Underpinning the risk measurement framework is the development of an economic capital framework to serve as the foundation of our Internal Capital Adequacy Assessment Process (ICAAP) and ultimately, to refine the risk-reward based portfolio management frameworks.

Credit Office
This division is headed by the Chief Credit Officer, who is responsible for assessing and approving all credits outside the scope of the product programme. It ensures credits are made in line with internally set and regulatory standards, whilst affirming that they are properly structured and adequately secured.

Credit Risk Management
The Credit Risk Management division acts as the custodian of Group credit policy and recommends reviews based on regulatory changes and other emerging realities. It develops and implements Group credit risk management framework, as well as a portfolio management strategy towards achieving a diversified, high quality asset mix to minimize delinquencies.

In addition, CRM ensures appropriate control measures are taken in the documentation and administration of loans.

Risk appetite
A key responsibility of the Board is the determination of an acceptable relates to risk appetite.

Risk appetite is the level of risk that the Group is willing to accept in fulfilling its business objectives.
To determine this acceptable level of risk, potential earnings volatility is first considered against financial objectives. As part of the planning process, management estimates the potential earnings volatility from its different businesses under various scenarios.

If the projections entail a very high level of risk, management challenges each area to find new ways to rebalance the business mix in order to reduce risk exposures on a diversified basis.

Risk appetite is institutionalized by establishing scale of activities through clearly defined target market criteria, portfolio limits and product risk acceptance criteria as well as consideration of risk-return requirements. These are communicated group-wide to guide marketing and underwriting effort and flows naturally into the budget setting processes.

The Group also sets internal credit approval limits for various levels in the credit process, as shown in the following table:

Authorizing level	Approval limit Investment grade	Approval limit Non-investment grade
Board	Above N20billion	Above N2.5billion
Board Credit Committee	N20billion	N2.5billion
Executive Credit Committee	N10billion	N1.0billion
Managing Director & CCO	N5billion	N500million

These approval limits are set by the Board of Directors and reviewed from time to time as the circumstances of the Group demand.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Risk Assessment
The following risk types are assessed, monitored and managed in terms of the Group's risk management framework

Capital adequacy risk
This is the risk that the Group has insufficient capital resources to meet minimum regulatory capital requirements in Nigeria and in

other jurisdictions such as in the UK, USA, and other African countries, where regulated activities are undertaken. Alternatively, it is the risk that capital resources may be inadequate to absorb unexpected losses under severely stressed conditions or may arise due to inefficient utilisation of available capital resources or attributed to reduced returns through sub-optimal capital structures.

Wholesale credit risk
This relates to the probability that corporate borrowers or counterparties may fail to perform their payment, guarantee and/or other obligations.

Retail credit risk
This is the risk that the group may suffer financial loss, where any of its consumer borrowers/counterparties fail to fulfill their contractual obligation and including the performance on their payment, guarantee and/or other obligations.

Market risk
This relates to risk of losses on off-balance sheet positions that may arise from movements or volatility in market prices that could adversely affect business objectives.

Liquidity risk
This is the risk of loss in earnings and capital that arise from the Group's inability to fund increases in assets or to meet its payment obligations to its customers as they fall due or to replace funds when they are withdrawn.

Operational risk (OpRisk)
The risk of direct and/or indirect losses may arise from inadequacy or failure of internal processes, people, systems, or external events, including legal risk but not strategic risk. Major sources of operational risk include: operational processes, Information and communication technology, outsourcing activities, service providers, strategy implementation, mergers and acquisitions, fraud, error, regulatory compliance, staff, social and environmental factors.

Financial Crime risk
This is the risk of failure to monitor, report and act on financial crimes, thereby exposing UBA to losses and penalties. Financial crimes include offences involving money laundering, fraud or dishonesty, and market abuse.

Financial reporting risk
This relates to the risk of failure to monitor and report on statutory financial requirements in line with regulatory requirements leading to penalties. In addition, it is the risk that internal controls over financial reporting fail to detect a material misstatement or omission within the Group's financial statements.

Tax risk
This is the risk associated with failure to comply with tax laws and practices (or provide accordingly, where appropriate), leading to financial loss. The risk increases where there are changes in tax laws or in the interpretation of these laws. It also includes the risk of changes in tax rates and the risk of failure to comply with procedures required by tax authorities. Failure to manage tax risk could lead to additional tax liabilities and financial penalties for non-compliance.

Legal risk
Legal risk is the risk arising from the type and nature of the Group's contractual agreements. It also involves the risk that contracts may render the Group or any part therefore, particularly vulnerable to litigation. These risks, if not addressed, may result in unspecified erosion of value.

People risk
People risk is the risk that possible inadequacies in human capital and inadequate management of human resource practices, policies and processes may result in the inability of the Group to attract, manage, develop and retain competent resources.

Regulatory risk
This is the risk of non-compliance with applicable financial services regulatory rules that could expose the Group to penalties. It may also include the risk that a change in laws and regulation or increased complexity in local and international regulatory environment may materially impact the Group.

Technology risk
Technology risk is that, which impacts on the integrity of the Group's information systems and technology infrastructure. It is also the risk associated with missing the benefit of adopting a technology that could have enhanced operational efficiency.

Brand Reputational risk
This is the risk of brand erosion, reputation loss of the group. It includes failure to understand, identify or manage developments that could negatively impact on the brand and its value, especially its image, as perceived by its various stakeholders.

Risk Monitoring

Key Risk Indicators (KRIs)
Key risk indicators (KRIs) are central to our risk monitoring and reporting processes. They constitute a systematic means of informing our risk measurement framework and approach, by employing various qualitative and quantitative risk assessment methods, to generate risk exposures and potential loss estimates at business unit and enterprise-wide levels. Comprehensive MIS platforms are used to support the tracking process.

The KRIs also provide a basis for our assessment of all inherent risk types and supports our decision on materiality, rating and direction of overall risk.

Risk Mitigation

Controls
Risk controls / mitigants, identified and approved for the group, are documented for existing and new products, processes and systems.

The adequacy of these mitigants are tested on a periodic basis through administration of control self assessment questionnaires, using OpRisk Manager – (an operational risk management tool) – requiring risk owners to confirm the effectiveness of established controls.

Debt Restructuring
Depending on the severity of classification, the Group's remedial corrective action is geared towards ensuring performance of weak credits. Early attention, including substantive discussions with borrowers, is required to correct deficiencies. Our approach towards achieving this goal will invariably involve extensive dialogue between the relationship officer, remedial officers, recovery officers and legal counsel. Whilst the primary responsibility for renegotiating/restructuring the contract terms lies with the relationship officer, it is the remedial and recovery officers that will be called upon to agree to a repair and/or recovery strategy. Under certain conditions it may however be decided rather as part of an overall portfolio strategy to consider restructuring of a sub-portfolio/product group towards mitigating the overall potential loss.

Remedial Management Process
The remedial management process is defined as a flow of planned, recognizable and sequential events involved in the nurturing and management of PDOs performing obligations or to full recovery.

This process covers the evaluation, analysis and approval of credit facilities for existing PDOs. Remedial process includes new extensions of credit, incremental risk, restructuring and/or annual review of previously approved facilities summarised as follows:

- Rate/Payment modification or longer-term payment relief - adjusting interest rates or payment frequency;
- Ageing/Extension: Modify the length of the loan;
- Cash Out: Refinancing a loan at a higher principal amount in order to get additional funds for other uses;
- Loan and Collateral Consolidation: Combining several loans into a single payment which is lower than if the payments were separate;
- Short Sale – Loan is discounted to prevent imminent foreclosure; and
- Deed in lieu – Voluntary conveyance of interest in property to the bank

The process calls for full information gathering, together with financial and risk analysis leading up to the approval decision. Analysis and standards vary according to business product, market, transaction characteristics and environmental issues. In all cases, we strive to achieve good judgement, in ensuring that all relevant issues have been addressed in each situation.

Maximizing Recoveries

The Group Remedial & Recovery Division (GRRD) manages the repayment of all PDOs that are classified as substandard, doubtful or lost. It also intervenes in those accounts that appear on Watch list that may be past due but yet to be impaired. Any accounts remaining on the bank's memorandum database are also managed for potential write-off recoveries.

The aim of GRRD is to manage and track those accounts that show early warning signs of distress and to assist to pro-actively identify loans for immediate recovery action.

GRRD has established a framework in order to ensure maximized recoveries that is intended to:

Ensure clear definition of recovery accounts and recovery function within the Group;
Clarify and streamline decision-making at each recovery operating unit;
Streamline the methodology for recoveries within the Group's;
Achieve uniformity in recovery process and the need to create excellence by consolidating similar functions in all locations where the Group's operates into a single organizational unit;
Promote efficiency in the services being rendered by staff of the Group;
Ensure a high level of accountability and transparency in the recovery process;
Have a reference point that enables the extraction of learning points for the Group from various recovery interventions in the collection of bad debts; and
Serve as a reference document for the development of service level agreements for the Group.

Limit Concentrations

The Group applies a comprehensive concentration risk management framework that sets exposure limits as a function of capital across all dimensions – country, sector, single obligor, product, etc, of its asset portfolio.

Risk Appetite Management
Risk appetite limits are continuously reviewed and altered when assessed diverge from risk tolerance levels.

Key Initiatives and Risk Assets Metrics

Internal Capital Adequacy Assessment Process (ICAAP)

The ongoing development of an internal measurement framework, premised on Basel II and best practice techniques, to quantity risk capital requirements (Economic Capital) has been concluded during the year. The economic capital measurement framework forms the foundation of our ICAAP, a process for assessing overall capital adequacy in relation to our risk profile, and informs our capital planning strategies for maintaining adequate levels. Planned benefits also include risk-based allocation of economic capital; risk-based budgeting/forecast and planning as well as a basis of defining our risk taking capacity and appetite.

During the 2010 financial year, the Group engaged in business within prescribed limits and under stringent risk management standards. This enabled it to attain a robust capital adequacy level as shown in the table below:

	Group 31 Dec., 10 N'million	Group 31 Dec., 09 N'million
Tier 1 Capital		
Share capital	**12,934**	10,778
Share premium	**111,489**	113,645
Statutory reserve	**21,483**	21,158
SMIEIS reserve	**2,635**	2,635
Capital reserve	**1,698**	1,698
Retained earnings	**16,504**	18,317
Less goodwill	**(3,479)**	(3,479)
Total qualifying Tier 1 capital	**163,264**	164,752
Tier 2		
Minority interest	**2,897**	2,967
Revaluation reserve - fixed assets	**11,231**	11,231
Translation reserve	**(1,445)**	4,400
Corporate bonds	**18,851**	–
Total qualifying Tier 2 capital	**31,534**	18,598
Total Tier 1 and Tier 2 capital	**194,798**	183,350
Less: unconsolidated subsidiaries and associates	**–**	–
Total qualifying capital	**194,798**	183,350
Risk-weighted assets		
On-balance sheet	**940,822**	940,052
Off-balance sheet	**130,872**	136,960
Total risk-weighted assets	**1,071,694**	1,077,012
Risk-weighted capital adequacy ratio (Tier 1 + Tier 2)	**18.2%**	17.0%
Risk-weighted capital adequacy ratio (Tier 1)	**15.2%**	15.3%

Economic Capital

The amount of capital necessary as a buffer for unexpected losses will be the basis for setting the Group's risk appetite. It will also form the basis for tolerances under stressed conditions for financial performance targets and conducting risk-adjusted performance measurement across various business units, product lines and customer segments.

The development of the 'Economic Capital Measurement' (ECM) framework progressed well during 2010, with various iterations successfully concluded. This is aimed at establishing the building blocks for effective quantification and aggregation of risk across various businesses and risk types, including risks not covered by the minimum prudential requirements but are specific to UBA's activities.

The ECM framework is being developed to address the capital adequacy risk, as part of our overall ICAAP framework.

The ongoing objective for the Group is to continue to incorporate economic capital measures into management processes such as strategic planning, performance measurement and business processes () to achieve greater sophistication in our measurement methodologies that are consistent with fundamental elements of ERM supporting processes.

UBA commenced a comprehensive enhancement of its ERM framework more than four years ago, involving;

- Significant investment in international expertise, tools, systems, MIS capabilities, and training;
- Further diversification of asset portfolio;
- Achievement of capital adequacy that is sufficient to absorb losses under worst case scenarios, which was recently further strengthened with issuance of Tier 2 capital.

The objectives of our ICAAP framework is ultimately to quantify minimum level of capital required as a buffer against worst case unexpected losses across all risk types – credit, market and operational. In addition, it is aimed at assisting to;

- Quantify capital impairment due to credit provision shortfall;
- Meet CBN's requirements for Basel II capital impact study, as part of the industry implementation plan expected in 2011;
- Provide a baseline for business strategy, capital planning, etc, to optimise capital resources going forward; and
- Provide an initial risk-based pricing curve.

Basel II Implementation

UBA has embraced the principles of the 'Basel Committee on Banking Supervision' as outlined in the Basel II Accord. It has taken preparatory steps and is building capacity towards adoption under various approaches within the timelines proposed by the Central Bank of Nigeria. To this end, the Risk Management directorate has invested significant time and resources in initial gap and readiness assessments; completed a diagnostic review of risk systems and data; and has prepared 'capital impact study' to effectively guide further commitments and resources towards full compliance under CBN agreed approaches.

Ongoing training and awareness is on top of the agenda for all risk practitioners within the Group. Board and senior management engagement has been demonstrably inclusive, and will extend more broadly across the entire group as the planned Basel II initiatives become formalized in the coming year.

Credit Risk

The key credit risk initiatives for the financial year included a substantial re-engineering of existing credit structures to build end-to-end single point of responsibility. It is also aimed at placing emphasis on customer orientation, through the appointment of dedicated product managers for consumer and commercial credits, who have responsibility for portfolio growth and are accountable for loss norms in line with pre-defined risk acceptance criteria and benchmarks.

There has also been increased emphasis on vertical integration of credit processes and systems for our African subsidiaries, particularly through substantial revisions of credit policy and strategy documents for all Group operations towards enhancing their credit take-off. In addition to a bank-wide training programme that was initiated during the year, various product programme reviews and refinements, featured strongly in reinforcing the credit mandate.

Credit process enhancements initiates undertaken during the year included segmentation of credit product management to improve operational focus and engender higher level of accountability for product/segment performances along similar lines. Also, the identification of a risk management platform to assist in monitoring loan booking group-wide was brought in line with the recommendations of independent external Basel II gap assessment findings. Substantial improvements were achieved in our credit risk MIS capability and this has set the stage for further enhancements in the context of our portfolio MIS aspirations. Ongoing automation of key functions in our administration and monitoring units remain a key priority.

Active collateral management discipline was initiated during the period, including periodic revaluation of existing collaterals. Various debt re-structuring of equity-backed facilities were undertaken during the year to address CBN directive on this matter.

Risk Assets (Loans and Advances, off-balance sheet direct credit substitutes, etc)

Loans and advances are summarized as follows:

	2010	2009
Performing	573,741	626,291
Watchlist	40,921	–
Substandard	17,325	13,594
Doubtful	7,768	9,648
Very doubtful	378	1,037
Lost	33,963	29,380
	674,096	679,950

Performing but past due loans

Loans and advances less than 90 days past due are considered performing, unless other information is available to indicate the contrary. Gross amount of loans and advances by class of customers that were past due but performing is analyzed s as follows:

	Retail N' million	Corporate N' million	SME N' million	Financial institutions N' million	Total N' million
At 31 December 2010					
Past due up to 30 days	1,553	12,473	4	693	14,723
Past due 30-60 days	538	9,644	-	176	10,358
Past due 60-90 days	691	10,649	-	4,501	15,840
TOTAL	2,782	32,766	4	5,370	40,921

At December 2009	Retail N'million	Corporate N'million	SME N'million	Financial Institutions N'million	Total N'million
Past due up to 30 days	5,564	20,674	19,314	22	45,574
Past due 30 - 60 days	3,178	4,886	1,124	4	9,192
Past due 60 - 90 days	3,009	8,771	1,106	43	12,929
	11,750	34,331	21,544	70	67,695

Non-performing loans by Industry

	Group 2010 N'million	Group 2009 N'million
Agriculture	811	268
Banking/financial services	3,133	3,548
Capital market	–	6,320
Consumer credit	20,975	14,287
Education	201	302
General commerce	14,952	12,218
Government	577	412
Hospitality	373	303
Manufacturing	10,370	6,365
Oil & Gas	1,858	1,870
Others - service	1,244	898
Power	48	1,501
Real estate & construction	3,794	2,966
Telecommunication	100	162
Transportation	917	2,240
Health	80	–
	59,433	53,660

Non-performing loans by Geography

	Group 2010 N'million	Group 2009 N'million
North Central	4,120	6,187
North East	1,016	964
North West	1,833	613
South East	3,244	1,328
South South	2,222	6,246
South West	27,764	24,301
Rest of Africa	19,234	14,021
New York		–
	59,433	53,660

Concentration of risks of financial assets with credit risk exposure:

At 31 December 2010	Due from banks N' million	Loans and advances N' million	Debt instruments N' million	Total N' million
North Central	–	36,982	213,354	250,336
North East	–	4,700	–	4,700
North West	–	10,555	–	10,555
South East	–	11,145	4,013	15,158
South South	224,391	25,764	3,501	253,656
South West	–	499,870	45,282	545,152
Rest of Africa	27,563	73,324	50,221	151,108
New York	50,318	11,756	22,544	84,618
	302,272	674,096	338,915	1,315,283

(a) Geographical sectors:

The geographical breakdown of the Group's credit exposure, as at 31st December 2010, is shown in the tables below. The geographical distribution is based on counterparties' account domiciliation.

Geographic sectors

At 31 December 2009	Due from banks N' million	Loans and advances N' million	Debt instruments N' million	Total N' million
South South	–	54,862	–	54,862
South West	225,243	438,557	4,682	668,482
South East	–	14,233	2,005	16,238
North West	–	3,523	–	3,523
North Central	–	68,289	110,781	179,070
North East	–	9,557	–	9,557
Rest of Africa	6,388	68,094	23,704	98,186
New York	238,564	22,835	12,190	273,589
	470,195	679,950	153,362	1,303,507

Concentration of risks of financial assets with credit risk exposure

Industry sectors

At 31 December 2010	Due from banks N' million	Loans and advances N' million	Debt instruments N' million	Total N' million
Agriculture	–	39,903	–	39,903
Banking/financial services	302,272	65,298	34,420	370,475
Capital market	–	10,687	–	10,687
Consumer credit	–	90,443	–	121,958
Education	–	2,865	–	2,865
General commerce	–	45,217	16,330	61,547
Government	–	65,477	282,090	347,567
Health	–	784	–	784
Hospitality	–	3,084	–	3,084
Manufacturing	–	61,927	5,038	66,965
Mortgage	–	27,482	–	27,482
Oil & Gas	–	110,721	–	110,721
Other public utilities	–	–	–	–
Power	–	5,048	–	5,048
Real estate & construction	–	46,934	1,037	47,971
Services	–	6,028	–	6,028
Telecommunication	–	54,037	–	54,037
Transportation	–	38,161	–	38,161
	302,272	674,096	338,915	1,315,283

Industry sectors

At 31 December 2009	Due from banks N' million	Loans and advances N' million	Debt instruments N' million	Total N' million
Agriculture	–	27,121	–	27,121
Banking/financial services	470,195	76,716	12,499	528,528
Capital market	–	35,964	–	35,964
Consumer credit	–	121,210	–	152,092
Education	–	3,050	–	3,050
General commerce	–	45,581	4,373	49,954
Government	–	31,201	136,490	167,691
Health	–	57	–	57
Hospitality	–	981	–	981
Manufacturing	–	53,837	–	53,837
Mortgage	–	49,185	–	49,185
Oil & Gas	–	103,263	–	103,263
Other public utilities	–	4,749	–	4,749
Power	–	994	–	994
Real estate & construction	–	8,731	–	8,731
Services	–	1,869	–	1,869
Telecommunication	–	61,672	–	61,672
Transportation	–	53,769	–	53,769
	470,195	679,950	153,362	1,303,507

Market Risk

The key market risk initiatives for the financial year includes the ongoing implementation and enhancement of sophisticated market risk measurement and reporting tools, the dissection of all market risk components and a new reporting structure put in place for African subsidiaries. The scenario planning process was institutionalized and the scope of management oversight, on Asset and liability management and balance sheet optimization framework, was improved.

In relation to trading position risk, we improved our trading systems and middle office functions as part of our strategy of revamping sales and trading business model. These improvements reaffirmed our discipline and practices around market data sourcing and maintenance, and enabled the upgrade of trading risk monitoring processes with more sophisticated market volatility - based portfolio risk measurement tools that were introduced for key portfolios.

Our commitment to strengthening off our risk management oversight roles during the year are considered prudent, against the backdrop of limited sales and trading activities in the face of increased revenue pressures.

Foreign Exchange Risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The board sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which must be in line with regulatory Open Position Limits (OPL). Compliance with both internal limits and regulatory OPL is monitors daily. The Group's exposure to foreign currency exchange risk and the carrying amounts of its financial instruments, categorized by currency as at 31st December 2010 are shown in the table below.

Concentration Of Currency Risk : On and Off Balance Sheet as at December 31, 2010

	Naira million	Dollar million	GBP million	Euro million	Others million	Total million
Assets						
Cash and balances with central banks	36,817	4,244	902	1,956	24,138	68,056
Treasury bills	78,703				44,752	123,455
Due from other banks	170,132	100,069	4,039	23,795	4,236	302,272
Loans and advances to customers	425,003	146,780	93	291	56,643	628,811
Investment securities	325,804	19,750			38,900	384,453
Investment in associate	9,179					9,179
Investment in joint venture	939					939
Other assets	23,003	2,110	1,051	596	1,751	28,511
Total Financial Assets	1,069,579	272,953	6,085	26,639	170,420	1,545,676
Liabilities						
Customers' deposits	753,110	352,277	2,184	4,987	154,613	1,267,171
Due to other banks	2,282				5,173	7,456
Liability on investment contracts	33,090					33,090
Other borrowings	59,843	22,301				82,144
Current income tax	2,368				426	2,794
Other liabilities	12,455	13,245	715	3,776	13,407	43,599
Retirement benefit obligations	1,986					1,986
Total Financial Liabilities	865,134	387,823	2,899	8,763	173,621	1,438,240
Net on-balance sheet financial position	204,445	(114,870)	3,187	17,875	(3,200)	107,437
Off-balance sheet	534,470	116,172	52	3,656	10	654,360

Liquidity Risk

UBA placed strong emphasis on managing liquidity risk, given limited access to liquidity resources at the peak of the Nigerian market liquidity crisis.

Techniques at our disposal towards proactive management of liquidity risk include:-

- Liquidity stress testing;
- Maturity gap limits;
- Contingency funding plans;
- Static liquidity ratios targets/triggers;
- Dynamic – cumulative cash flow shortfall;
- Deposit concentration limits; and
- Account withdrawal alerts/follow ups.

The Contingency Funding Planning process is well established and able to anticipate adverse conditions as well as consider more severe stress scenarios for which contingency plans are identified. Our emphasis is on strengthening the liquidity management practice of our African operations in line with Group standards.

Further refinements to liquidity risk management framework currently involve the implementation and roll-out of dynamic liquidity measures (such as cash flow forecasting; and non-performing loans impact) and liquidity stress testing. Further alignment of these to best practice guidelines (FSA ILAAS) will be enabled through key technology investment in this regard.

- In addition to liability management, we focus on asset liquidity, ensuring that;
- Lending is within target loan-to-deposit ratio;
- Emphasis is on liquidity light lending; pro-active recovery efforts are undertaken;
- There is intense focus on the sell-off of non-performing loans and preference for self liquidating finance products.

As shown in the tables below, UBA is able to absorb any unexpected liquidity shocks in the course of its business dealings.

Contractual Maturity Profile

GROUP	0 - 30 Days	1 - 3 Months	3 - 6 Months	6- 12 Months	Over 1 year	Total
ASSETS						
Cash and balances with Central banks	68,056					68,056
Treasury bill	47,455	9,750	39,500	26,750	–	123,455
Due from other bank	287,569	13,320	937	446		302,272
Loans and advances to customers	230,786	86,468	61,414	35,419	214,724	628,811
Investment Securities	198,945	2,000	1,850	3,978	177,680	384,453
Investment in associates					9,179	9,179
Investment in joint venture					939	939
Goodwill					3,479	3,479
Deffered tax assets					3,341	3,341
Other assets	10,464	3,921	2,785	1,606	9,736	28,511
Property and equipment					65,200	65,200
	843,274	115,458	106,485	68,199	484,279	1,617,696
LIABILITIES						
Customer deposits	981,238	216,034	37,701	10,777	21,421	1,267,171
Due to other banks	5,063	2,393				7,456
Liabilities on investment contracts					33,090	33,090
Other borrowings					82,144	82,144
Current income tax			2,794			2,794
Other liabilities	33,761	7,433	1,297	371	737	43,599
Deferred income tax liabilities					30	30
Retirement benefit obligations					1,986	1,986
Capital and reserves					179,426	179,426
	1,020,062	225,860	41,792	11,148	318,834	1,617,696
NET LIQUIDITY GAP AS AT 31DECEMBER 2010	(176,788)	(110,402)	64,693	57,051	165,445	

Behavioural Maturity Profile (N'million)

GROUP	0 - 30 Days	1 - 3 Months	3 - 6 Months	6- 12 Months	Over 1 year	Total
ASSETS						
Cash and balances with Central banks	68,056					68,056
Treasury bill	47,455	9,750	39,500	26,750	–	123,455
Due from other bank	287,569	13,320	937	446		302,272
Loans and advances to customers	148,700	194,980	53,788	37,504	193,840	628,811
Investment Securities	198,945	2,000	1,850	3,978	177,680	384,453
Investment in associates					9,179	9,179
Investment in joint venture					939	939
Goodwill					3,479	3,479
Deferred tax assets					3,341	3,341
Other assets	10,464	3,921	2,785	1,606	9,736	28,511
Property and equipment					65,200	65,200
	761,189	223,970	98,859	70,283	463,394	1,617,696
LIABILITIES						
Customer deposits	311,385	212,672	71,164	161,891	510,059	1,267,171
Due to other banks	5,063	2,393				7,456
Liabilities on investment contracts					33,090	33,090
Other borrowings					82,144	82,144
Current income tax			2,794			2,794
Other liabilities	33,761	7,433	1,297	371	737	43,599
Deferred income tax liabilities					30	30
Retirement benefit obligations					1,986	1,986
Capital and reserves					179,426	179,426
	350,209	222,498	75,255	162,262	807,472	1,617,696
NET LIQUIDITY GAP AS AT 31DECEMBER 2010	410,980	1,472	23,603	(91,979)	(344,077)	

Operational Risk

Process mapping and risk identification in subsidiaries and strategic services groups continued during the period with further progress in loss events tracking and reporting achieved. The successful deployment of the risk Oprisk management framework across a number of our Africa operations was achieved.

A key initiative for the year was the review and deployment of the Group Oprisk Policy and consolidation co-ordination of the losses and loss-events reported by all local and foreign subsidiaries into a central loss database. In addition, BCP was developed and implemented for all key operations. Development and implementation of business continuity planning BCP process for all key operations.

IT Risk

IT Risk Management continuously evaluates IT risks inherent in the Group's operations; UBA acquired Actimize, a sophisticated enterprise software solution for anti-money laundering (AML), brokerage compliance and fraud prevention. Built on a patented, scalable and extensible analytics platform, Actimize solutions enable financial institutions to increase their insight into real-time customer behaviour and improve risk and compliance performance.

The AML component of the application consisting of Watch List Filtering and Suspicious Activity Monitoring modules has since been deployed to production. The above, coupled with the Enterprise Fraud Prevention modules (ATM & Debit Card, Electronic payment and Employee fraud), which is currently in the process of implementation, will assist in mitigating transactional risk across enterprise silos and also strengthen the Group's e-channel and insider fraud prevention capability.

In addition, UBA is currently deploying Entrust two-factor authentication application and implementing robust network security controls (such as Imperia and Arcsight) towards ensuring the security of web/critical applications and the Group's global network infrastructure respectively.

Compliance Risk

UBA's Compliance department was involved in various initiatives, including the- deployment of AML IT solutions in offices across the group, including subsidiaries. Experienced compliance staffs were recruited group-wide, while relationships with regulators were strengthened in all jurisdictions that UBA operates.

In 2009, we commenced compliance monitoring in all our branches and subsidiaries and drafted a comprehensive Compliance Manual, which includes a record retention policy. Our bank-wide data gathering initiatives continue strongly, as we endeavour to achieve continuous improvement in our data standards and reporting. The automation of suspicious transaction monitoring process was extended Group-wide to include all subsidiary operations, where a strengthening of AML processes were treated as a strategic priority.

Staff training and development through Computer Based Training (CBT) form the cornerstone of our compliance agenda and much energy and commitment was applied in ensuring global knowledge and awareness is transferred through the CBT programme. Our competencies are reaffirmed and reinforced throughout the institution at the UBA Annual Compliance Officers' Conference.

Investment Risk

In line with our expanded identification of principal risks, we prepared a Policy on investment risk and constituted an investment committee to ensure proper governance and oversight. After a framework for investment underwriting risk acceptance has been implemented, a draft investment decision risk assessment methodology covering scenario and assumption sensitivity analysis was prepared, with a view to formalizing the investment risk assessment methodology in 2010.

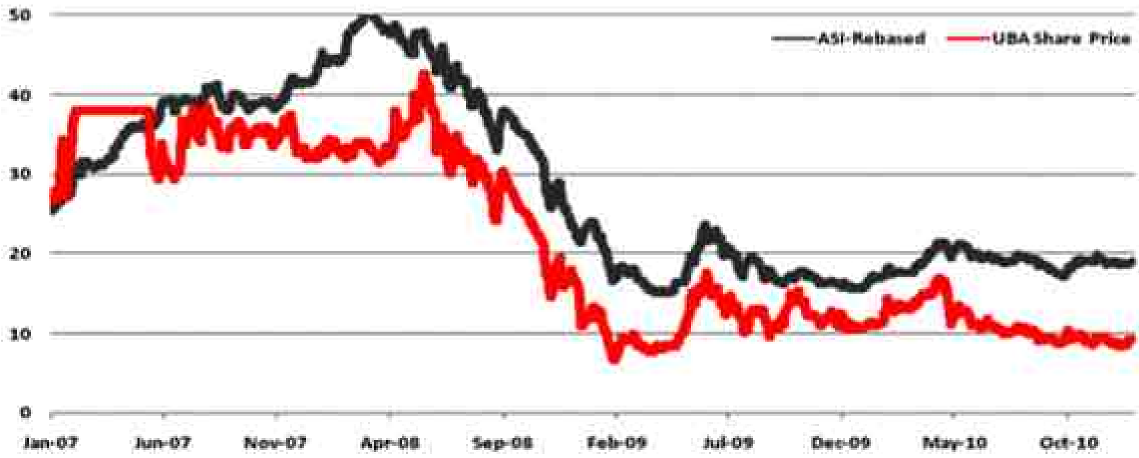
Cross-border risk management framework

To address risks associated with the Group's Pan-African expansion strategy, investment have been made to enhance the Group's cross-border risk management framework. Specifically, in-country risk management functions were established and enhanced. The scope of central risk functions were broadened to provide effective oversight over the risk profiles of the African subsidiaries.

Market Statistics

UBA has been listed on the Nigerian Stock Exchange (NSE) since 1970. The chart below illustrates UBA's share price performance over the last three years to 31st December 2010. The chart compares the NSE market index with the performance of UBA's share price after adjusting for all bonus issues during the period.

UBA share price (N)
For the period 1 January 2007 to 31 December 2010



- UBA's shares, like most bank shares, listed on the local bourse, underperformed the market index, due to the regulatory actions taken by the Central Bank of Nigeria (CBN) on the industry and investor reactions that followed. While financial performances of the key players in the industry are normalizing, sustained equity recovery orchestrated by robust investor confidence remains to be seen.

- As at 31st December 2010, UBA's market capitalization was N236,683 million, which represented 2.95% of total market capitalization of listed equities.

Shareholding Structure

The authorized share capital of the Bank is N17,500,000,000 made up of 35,000,000,000 ordinary shares of 50 kobo each. The issued and paid-up share capital of the bank as at 31st December 2010 was N12,933,877,477 made up of 25,867,754,954 ordinary shares of 50 kobo each.

Top 10 shareholders at 31 December 2010

Shareholder	Number of shares held	% of total
Stanbic Nominees Nig. Ltd - Trading A/C	3,296,292,906	12.74%
UBA Staff Investment Trust Scheme	2,079,599,093	8.04%
Consolidated Trust Funds Ltd	1,215,350,223	4.70%
The Bank Of New York Mellon	1,156,640,346	4.47%
STH Limited	680,100,000	2.63%
BGL Securities Limited/Mm	1,093,876,974	4.23%
African Development Bank	405,932,139	1.57%
Poshville Investments Limited	390,010,237	1.51%
African Capital Holding Limited	264,000,000	1.02%
First Dominion Investment Limited	258,390,000	1.00%
Total	10,840,191,918	41.91%

The top 10 shareholders held 10 840 191 918 shares accounting for 41.91% of the total shares in issue. The Bank of New York Mellon administers UBA's GDR programme.

Shareholder Information cont'd

Analysis of UBA Shareholding

Range of Shareholding	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shares held
1 - 1,000	24,378	8.67%	12,155,558	0.05%
1,001 - 50,000	238,054	84.71%	1,849,411,865	7.15%
50,001 - 100,000	8,516	3.03%	600,692,561	2.32%
100,001 - 500,000	8,024	2.86%	1,615,817,999	6.25%
500,001 - 1,000,000	985	0.35%	690,634,994	2.67%
1,000,001 and Above	1,080	0.38%	21,099,041,977	81.57%
Total	281,037	100.00%	25,867,754,954	100.00%

Global Depository Receipts (GDR) Programme

In order to facilitate investment from foreign institutions which are unable to invest directly into Nigeria, a GDR programme was established in 1998. This GDR programme trades over-the-counter and is administered by the Bank of New York Mellon. The GDRs are denominated in US$ and 1 GDR is equivalent to 200 underlying UBA shares. GDRs are freely fungible into local shares, but local shares are not fungible into GDRs.

History of Capitalization

Date	Authorized Capital (N)	Issued and Fully Paid Capital (N)	Consideration
23th February 1961	4 000 000	4 000 000	Cash
3rd January 1970	6 000 000	4 000 000	–
24th November 1970	6 000 000	4 500 000	Cash
24th July 1973	10 000 000	6 000 000	Bonus (1:3)
2nd July 1974	10 000 000	8 000 000	Bonus (1:3)
9th July 1975	20 000 000	10 000 000	Bonus (1:4)
9th March 1977	20 000 000	15 000 000	Bonus (1:2)
27th July 1977	30 000 000	20 000 000	Bonus (1:3)
2nd August 1978	50 000 000	30 000 000	Bonus (1:2)
28th July 1981	100 000 000	65 000 000	Bonus (1:6)
28th July 1982	100 000 000	70 000 000	Bonus (1:7)
27th July 1983	100 000 000	75 000 000	Bonus (1: 8)
30th July 1986	100 000 000	75 000 000	Bonus (2:3)
25th July 1990	200 000 000	100 000 000	Bonus (1:3)
24th July 1991	200 000 000	100 000 000	–
8th September 1994	300 000 000	300 000 000	Bonus (2:1)
16th October 1997	1 000 000 000	500 000 000	Bonus (2:3)
3rd August 2000	1 000 000 000	850 000 000	Bonus (7:10)
3rd August 2002	2 000 000 000	1 275 000 000	Bonus (1:2)
30th September 2004	6 000 000 000	1 530 000 000	Bonus (1:5)
1st August 2005	6 000 000 000	3 530 000 000	Merger with STB
22nd February 2007	6 000 000 000	4 236 000 000	Bonus (1:5)
4th May 2007	6 000 000 000	4 236 000 000	Foreign loan stock conversion
25th September 2007	6 000 000 000	5 748 389 990	Cash (rights & public offer)
18th January 2008	7 500 000 000	5 748 389 990	–
18th June 2008	12 500 000 000	8 622 584 985	Bonus (1:2)
8th January 2009	12 500 000 000	10 778 231 231	Bonus (1:4)
2nd October 2009	17 500 000 000	10 778 231 231	
13th May 2010	17 500 000 000	12 933 877 477	Bonus (1:5)

Ten Year Dividend History

Dividend Number	Dividend Type	Date Declared		Total Amount (n'million)	Dividend Per Share N	% Of Issued Capital
46	Final	31st March 1999	12th October 1999	580	0.58	116
47	Final	31st March 2000	3rd August 2000	850	0.85	170
48	Final	31st March 2001	2nd August 2001	425	0.25	50
49	Final	31st March 2002	1st August 2002	510	0.30	60
50	Final	31st March 2003	8th August 2003	1 148	0.45	90
51	Final	31st March 2004	30th September 2004	1 530	0.60	120
52	Final	31st March 2005	22nd July 2005	1 836	0.60	120
53	Final	30th September 2006	31st January 2007	7 060	1.00	200
54	Final	30th September 2007	18th January 2007	13 796	1.20	244
55	Interim	30th September 2008	18th June 2008	2 874	0.25	51
56	Final		8th January 2009	12 934	0.75	150
57	Final		13th May 2010	2 113	0.10	20

Unclaimed Dividends as at 31 December 2010

Year ended	Div no.	Dividend type	Net unclaimed amount (N)	Dividend per share (N)
31st March 1993	40	Final	281,555.00	0.20
31st March 1994	41	Final	604,439.28	0.25
31st March 1995	42	Interim	1,075,554.72	0.17
31st March 1996	43	Final	1,248,513.26	0.33
31st March 1997	44	Final	1,049,577.07	1.00
31st March 1998	45	Final	639,507.09	0.30
31st March 1999	46	Final	666,014.46	0.58
31st March 2000	47	Final	55,131.45	0.58
31st March 2001	48	Final	988,846.35	0.25
31st March 2002	49	Final	287,804.14	0.30
31 Mar. 2003	50	Final	32,645.95	0.45
31st March 2004	51	Final	2,002,538.66	0.60
31st March 2005	52	Final	185,314.52	0.60
30th September 2006	53	Final	12,114,695.77	1.00
30th September 2007	54	Final	35,360,849.85	1.20
30th September 2008	55	Interim	16,518,644.64	0.25
30th September 2008	56	Final	45,788,136.34	0.75
30th December 2009			274,137,284.40	0.10
Total			393,037,052.95	

If you have not received any of your past share certificates and dividends, kindly contact:

The Registrar
UBA Registrars Limited
Raymond House 4th Floor
97/105 Broad Street
PO Box 6492
Lagos
Nigeria
Tel: +234-1-4612373

2011 Financial Calendar

Although we make every attempt to observe the dates below, please note that all future dates are provisional and subject to change:

1-Jan-11	First Quarter for 2011 Financial Year commences
End of March 2011	Full Year results for 2010 released to the Nigerian Stock Exchange
31-Mar-11	First Quarter for 2011 ends
Mid April 2011	FY10 Investor/Analyst conference call or Briefing
Mid April 2011	First Quarter results for 2011 released to the Nigerian Stock Exchange
Mid April 2011	First Quarter Investor/Analyst Conference Call holds
Mid May 2011	FY10 AGM holds
30-Jun-11	Second Quarter for 2011 financial period ends
Mid July 2011	Second Quarter results for 2011 released to the Nigerian Stock Exchange
End of July 2011	Second Quarter Investor/Analyst Conference Call
30-Sep-11	Third Quarter for 2011 financial period ends
Mid October 2011	Third Quarter results 2011 financial period released to the Nigerian Stock Exchange
End of October 2011	Third Quarter Investor/Analyst Conference Call holds
31-Dec-11	2011 financial period ends
Mid March 2012	Full Year results for 2011 financial period released to the Nigerian Stock Exchange
End of March 2012	FY11 Investor/Analyst conference call or Briefing

Credit Ratings

UBA Plc is rated by leading independent rating agencies. We have favourable credit ratings as shown below:

Credit ratings of UBA Plc	Short-term (IDR)	long-term (IDR)	Previous rating	Outlook
Fitch Ratings (November 2010)				
Foreign Currency	B	B+	unchanged	Negative
National	F1(nga)	A+(nga)	unchanged	
Sovereign Foreign		BB-	unchanged	Stable
Sovereign Local		BB	unchanged	Stable
Global Credit Rating Co. (August 2010)				
National	A1+	AA	unchanged	
International		BB-		

Fitch credit ratings

Fitch's credit ratings provide an opinion on the relative ability of an entity to meet its financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. Credit ratings are used by investors as indications of the likelihood of receiving their money back in accordance with the terms on which they invested. Fitch's credit ratings cover the global spectrum of corporate, sovereign (including supranational and sub-national), financial, bank, insurance, municipal and other public finance entities and the securities or other obligations they issue, as well as structured finance securities backed by receivables or other financial assets.

Fitch credit rating symbols and definitions

The use of credit ratings defines their function: "investment grade" ratings (International Long-term, 'AAA' to 'BBB-'; Short-term, 'F1' to 'F3') indicate relatively low to moderate credit risk, while those in the "speculative" or "non investment grade" categories (International Long-term, 'BB+' to 'D'; Short-term, 'B' to 'D') signal either a higher level of credit risk or that a default has already occurred. Credit ratings express risk in relative rank order, which is to say they are ordinal measures of credit risk and are not predictive of a specific frequency of default or loss.

International credit ratings

International credit ratings assess the capacity to meet foreign currency or local currency commitments. Both "foreign currency" and "local currency" ratings are internationally comparable assessments. The local currency rating measures the likelihood of repayment in the currency of the jurisdiction in which the issuer is domiciled and hence, does not take account of the possibility that it will not be possible to convert local currency into foreign currency or make transfers between sovereign jurisdictions.

National credit ratings

In certain markets, Fitch provides National Ratings, which are an assessment of credit quality relative to the rating of the "best" credit risk in a country. This "best" risk will normally, although not always, be assigned to all financial commitments issued or guaranteed by the sovereign state. For particular countries, Fitch Ratings also assigns National Insurance Financial Strength Ratings, using a scale unique to such ratings. National Ratings are not intended to be internationally comparable and are denoted by a special identifier for the country concerned.

Country ceiling ratings

Country ceiling ratings are assigned internationally and reflect Fitch's judgment, regarding the risk of capital and exchange controls being imposed by the sovereign authorities, that would prevent or materially impede the private sector's ability to convert local currency into foreign currency and transfer to non-resident creditors transfer and convertibility ("T&C") risk. Given the close correlation between sovereign credit and T&C risks, where the country ceiling is above the sovereign rating, ratings at the country ceiling may exhibit a greater degree of volatility than would normally be associated with ratings at that level.

GCR's rating symbols and definitions

Short-term debt rating

A short-term debt rating rates an organization's general unsecured creditworthiness over the short-term (i.e. over a 12 month period). Such a rating provides an indication of the probability of default on any unsecured short-term debt obligations, including commercial paper, bank borrowings, bankers' acceptances and negotiable certificates of deposit.

A1+ Highest certainty of timely payment. Short-term liquidity, including internal operating factors and/or access to alternative sources of funds is outstanding, and safety is just below that of risk-free treasury bills.

Long-term debt rating

A long-term debt rating rates the probability of default on specific long-term debt instruments over the life of the issue. It is possible that different issues by a single issuer could be accorded different credit ratings, depending on the underlying characteristics of each issue (e.g. is it a senior or a subordinated debt instrument, is it secured or unsecured and, if secured, what is the nature of the security).

AA+ Very high credit quality. Protection factors are very strong. Adverse changes in business, economic or financial conditions would increase investment risk although not significantly.

UBA

United Bank for Africa Plc

Corporate information

Registered Office
UBA House
57 Marina
Lagos, Nigeria

Company Registration
RC No: 2457

Company Secretary
Bili Odum

Auditors
PricewaterhouseCoopers
252E Muri Okunola Street
Victoria Island
Lagos, Nigeria

Registrars
UBA Registrars Limited
Raymond House
95/105 Broad Street
Lagos, Nigeria

Phone +234-1- 8752604

www.ubaregistrars.com

UBA BUSINESSES

UBA Stockbrokers Limited
UBA House
15th Floor, 57 Marina
Lagos, Nigeria

Phone +234-1- 2808945

www.ubastockbrokersltd.com

UBA Metropolitan Life Insurance Limited
UBA House
4th Floor, 57 Marina
Lagos, Nigeria

Phone +234 (01) 9068800 (01) 9068805
Fax +234 (01) 9068811

www.ubametropolitan.com

UBA Pensions Custodian Limited
30 Adeola Hopewell Street
Victoria Island
Lagos, Nigeria

Phone +234-1-271- 8000-4
Fax +234-1-271-8009

www.ubapensions.com

UBA Capital Limited
UBA House
6th Floor, 57 Marina
Lagos, Nigeria

Phone +234-1- 2800066
Fax +234-1-

www.ubaglobalmarkets.com

UBA Capital (Europe) Limited
3rd floor, 2-4 King Street
London SW1Y 6QL
United Kingdom
Phone +44- 20 7766 4606
Fax +44- 20 7766 4601

www.ubacapital.com

UBA Asset Management Limited
UBA House
17th Floor, 57 Marina
Lagos, Nigeria

Phone +234-1- 280-7822

www.ubaassetmanagement.com

UBA Trustees Limited
UBA House
9th floor, 57 Marina
Lagos, Nigeria

Phone +234-1- 2808603

COUNTRY	HEAD OFFICE ADDRESS	NO OF BRANCHES	TELEPHONE NO.
Ghana	Heritage Towers Near Cedi House Ambassadorial Enclave Off Liberia Road, West Ridge Accra, Ghana	24	Office: +233 21 683526-30; +233 21 672727; 683509-12; 689444;
Liberia	Bushrod Island Freeport of Monrovia Monrovia	4	+231 77448000 / 6448000/ 5448000
Sierra Leone	15 Charlotte Street, Freetown, Sierra Leone	5	+232-22-225508, +232-22-227990
Cote d'Ivoire	Abidjan Plateau Boulevard Botreau-Roussel Immeuble Kharrat 2è Etage, 17 BP 808 Abidjan 17	5	Office: +225-20-312221-2; 312225; +225-07464092
Tanzania	30C/30D Nyerere Road Dar Es Salaam Tanzania	3	Office: +255 222 86 3459 +255 222 86 3452-3
Burkina Faso	Banque Internationale du Burkina (BIB) 1340 Avenue Dimdolobsom 01 BP 362 Ouagadougou	20	Office: +226 50 49 33 29 226 50 49 33 06 226 50 49 33 02
Cameroon	Boulevard De la Liberté, 2088 Douala, Cameroon	10	Office: +237-33-433638; 433707 +237-33-433636; 334-336-38
Benin Republic	Continental Bank du Benin (CBB) Boulevard Inter-Etrat Carrefour des Irois Banques Avenue Pape Jean-Paul II Cotonou	11	+229 21 31 24 24 +229 21 31 20 35
Uganda	Spear House, 22A Jinja Rd, P.O Box 7396, Kampala Uganda.	9	Office: +256 417 715102 +256 417 715138
Senegal	Zone 12, Lot D, Route des Almadies Dakar, Senegal	3	Office : +221 33 820 34 46 +221 33 859 51 12 +221 33 859 51 40
Kenya	13th floor, Landmark Plaza Arwinges Khodek Road, Opposite Nairobi Hospital Nairobi	3	Office: +254-20-3673686/87 +254-20 361 2000 +254-30 361 2007

Corporate information *cont'd*

COUNTRY	HEAD OFFICE ADDRESS	NO OF BRANCHES	TELEPHONE NO.
TChad	UBA Tchad Avenue Charles de Gaulle Po Box 1148 N'djamena Tchad	2	Office: +235 252 19 53 +235 252 19 54
Gabon	8th Floor, Imm. Panoramique 282 Avenue Marquis de Compiegne. B.P. 12035, Libreville Gabon	2	Office: +241 014 0624 +241 0572 9898 +241 07 68 03 63
Zambia	Stand 22768, Thabo Mbeki Road Lusaka, Zambia	2	Office: +260 211 255 951-3
Guinea Conakry	BP: 1198 Conakry Rue chateau d'eau , Marché Niger - Kaloum	2	Office: +224-65800800
Mozambique	UBA Moçambique, SA Praça 16 Junho-Malanga-Maputo Moçambique	1	Office: + 258-848623703
Congo DRC	1853 Avenue de la liberation Kinshasa Gombe, DR Congo	2	Office: +243992006651

NOTICE IS HEREBY GIVEN that the 49th Annual General Meeting of United Bank for Africa Plc will be held at Grand Hotel, Asaba at 10:00 AM on Friday, May 13, 2011 to transact the following business:

ORDINARY BUSINESS

1. To receive the audited accounts for the year ended December 31, 2010 together with the reports of the Directors, Auditors and the Audit Committee thereon
2. To declare a dividend
3. To re-elect retiring Directors
4. To approve the remuneration of Directors
5. To authorize the Directors to fix the remuneration of the Auditors
6. To elect members of the Audit Committee

SPECIAL BUSINESS

To consider and if thought fit, to pass the following as Ordinary Resolutions:

7. “That following the recommendation of the Directors pursuant to Article 115 of the Bank's Articles of Association, the sum of N3,233,469,369 be and is hereby capitalized from the share premium of the Bank into 6,466,938,739 ordinary shares of 50 kobo each and appropriated to members whose names appear in the Register of Members at the close of business on 27th April, 2011 in proportion of one (1) new share for every four (4) shares registered in such member's name on that date, the shares so distributed being treated for all purposes as capital and not as income and shall rank pari-passu with the existing issued ordinary shares of the Bank, provided that the shares issued pursuant to this resolution shall not rank for the dividend recommended for the year ended 31st December, 2010.

8. “That the Directors fees for the financial year ending December 31, 2011 be and is hereby fixed at N1,250,000.00 per annum and N1,000,000.00 per annum, for the Chairman and Directors respectively.”

To consider and if thought fit, to pass the following as Special Resolutions:

9. “That subject to all relevant regulatory approvals being obtained, the Directors be and are hereby authorized to take steps to comply with the requirements of the Central Bank of Nigeria (CBN) new licensing regime by relinquishing the Bank's current universal banking license and applying to the CBN for a commercial banking license with international banking authorization.”

10. That the Board of Directors be and is hereby authorized to incorporate UBA Holdings Plc (Parent Holdco) and subsidiary holding companies (i.e., UBA Africa Holdings Ltd and UBA Capital Holdings Ltd), in furtherance of the restructuring exercise and take necessary steps including the transfer of assets and liabilities, from UBA Plc to any of the entities formed or existing, in furtherance of this restructuring plan.”

11. “That the Board of Directors be and is hereby authorized to exchange the shares of UBA Plc for the shares of UBA Holdings Plc in such ratio as may be required to achieve 100% equity holding of existing shareholders in UBA Holdings Plc while UBA Holdings will own 60% of UBA Plc.”

12. “That the Board of Directors be and is hereby authorized to take necessary steps to list the shares of UBA Plc and UBA Holdings Plc on the Nigerian Stock Exchange.”

13. “That the Directors be and are hereby authorized to take all necessary steps to comply with the directives of the Central Bank of Nigeria by separating the non-banking subsidiaries from the Bank and re-organizing the non-bank businesses within a Group arrangement as they consider necessary within the period prescribed by the CBN, and upon such terms and conditions as the Directors may determine to be in the best interest of the Bank.”

14. “That the Board of Directors be and is hereby empowered and authorized to carry out as it deems appropriate and in accordance with any relevant laws thereto, any actions, including but not limited to restructuring, acquisition, investment, reconstruction and business arrangement exercise and actions for the Bank as may be necessary to achieve competitive business advantage and/or comply with any legislation and/or directives and guidelines of the Central Bank of Nigeria.”

Notice of Annual General Meeting *(contd)*

PROXY

A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. To be valid, a Proxy Form must be duly stamped at the Stamp Duties Office and returned to the Registrar, UBA Registrars Limited, Raymond House, 97/105 Broad Street, PO Box 6492, Lagos, Nigeria not less than 48 hours prior to the time of the meeting.

NOTES

1. Dividend
   If the proposed dividend of 5 kobo for every share of 50 kobo is approved at the Annual General Meeting, direct payment (via e-dividend) to the respective bank accounts of shareholders shall be effected on 17th May, 2011 and the dividend warrants for shareholders who have not completed the e-dividend Mandate Form shall also be posted on 18th May, 2011. In line with the foregoing, shareholders are encouraged to complete the Mandate Form for the payment of the e-dividend and send same to the Registrar.

2. Closure of Register of Members
   The Register of Members will be closed from 27th April, 2011 to 29th April, 2011 (both dates inclusive), to enable the Registrar to prepare for the payment of Dividend and the Bonus Issue.

3. Audit Committee
   In accordance with Section 359(5) of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004, any shareholder may nominate another shareholder for appointment to the Audit Committee. Such nomination should be in writing and should reach the Company Secretary at least 21 days before the date of the Annual General Meeting.

4. Accreditation of shareholders shall commence at 8:00AM and end at 9:50AM to enable prompt commencement of the AGM by 10:00AM.

Dated this 15th day of April, 2011.

By Order of the Board

Bili A. Odum
Group Company Secretary
57 Marina, Lagos

UBA
Registrars

Share allotment mandate form

To: The Registrar
UBA Registrars Limited
97/105 Raymond House
Broad Street, PMB 12649
Lagos

I/We hereby request that from now on, all my/our shares (Bonus, Right Issue, Public Offer and Reconstructed Shares) due to me/us from my/our holdings in the companies ticked below be credited directly to my/our CSCS account as per the details provided below.

(*-Compulsory fields)

Shareholder's name*

Surname

First name

Other name

Mobile number*:

E-mail*:

CSCS Clearing House No*:

Signature*

Joint Shareholder's Signature: 2.

If Company, Authorised Signatures: 1:

2:

Shareholder to affix N50.00 stamp and sign across

Company Seal:

Information on your CSCS Clearing House Number, and Mobile Number are required to process your mandate.

Name of Stockbroker*:

Address of Stockbroker*:

Authorised signature and stamp of stock broking firm

Note: This form must be completed in the event that you want direct credit of your bonus, Right Issue, Public Offer and Reconstructed Share or the crediting of your account with a particular stockbroker of choice

- Please attach a copy of your CSCS statement to this form as evidence that a CSCS account has been opened for you.
- For other enquiries, kindly contact us via e-mail: temp.ubaregistrars@ubagroup.com or registrars@ubagroup.com

Please tick against the company(ies) where you have shareholding

Clientele

1. Abbey Building Society Plc ☐
2. Afprint Nigeria Plc ☐
3. A&G Insurance Plc ☐
4. Alumaco Plc ☐
5. ARM Properties Plc ☐
6. BECO Petroleum Product Ltd ☐
7. Cappa and Dalberto Plc ☐
8. Cement Coy. of Northern NG ☐
9. Champion Breweries Plc ☐
10. Computer Warehouse ☐
11. Crystalife Assurance Coy Ltd ☐
12. Dorman Long ☐
13. Golden Securities Plc ☐
14. Incar Nigeria Plc ☐
15. International Breweries Plc ☐
16. Investment & Allied Assurance ☐
17. Jaiz International Plc ☐
18. NEM Insurance Plc ☐
19. Personal Trust & Savings Ltd ☐
20. PS Mandries Plc ☐
21. Poly Product ☐
22. Portland Paints & Products ☐
23. Premier Breweries Plc ☐
24. Resort Savings & Loans Ltd. ☐
25. Roads Nigeria Plc ☐
26. Scoan igeria Plc ☐
27. UBA Balance Fund ☐
28. UBA Bond Fund ☐
29. UBA Equity Fund ☐
30. UBA Money Market Fund ☐
31. UBA Bank for Africa Plc ☐
32. United Nigeria Textiles Plc ☐
33. UTe Nigeria Plc ☐
34. West African Glass Ind Plc ☐

Other(s) specify

Lagos
3rd and 4th Floors, Raymond House
97/105 Broad Street,
PMB 12649, Marina
Lagos.
Tel: 01-4612374 - 6

Abuja
11 Lafia Close
Area 8, Garki, Abuja
Tel: 09-8701645

Port-Harcourt
Plot 137, Oluobasanjo Road
(2nd floor), Port-Harcourt
Rivers State
Tel: 08-48403171

UBA
Registrars

e-Dividend mandate form

Dear Shareholder,

We are pleased to advice you of our new e-dividend service, which enables direct credit of your dividend to your bank account regardless of the bank or account type, i.e. Current/Savings Accounts. Should you prefer this service, please fill in the spaces provided below and return to us.

Please use the name(s) in which your shares are held, with the signature on your Application or Transfer Form.

Thank you.

The Managing Director/Registrar
UBA Registrars Limited
Raymond House (3rd and 4th Floor)
97/105 Broad Street,
Lagos
Tel: 01-4612373-6; 8752604

Company where share is held: ____________________

Please take this as authority to credit my/our under-mentioned account with any dividend payment(s) due on my/our shareholding in the aforementioned company (ies), the particulars of which are stated below from the date hereof:

Shareholder's Name*: ____________________
(Surname) (Other Names)

Shareholder's Account No (if known):

Address: ____________________

____________________ Mobile Number*: ____________________

Fax Number: ____________________ e-mail Address*: ____________________

Bank name*: ____________________ Branch*: ____________________

Bank Account No*: Account Type*: ____________________

Dated this* __________ day of __________ 20 ______

Bank Stamp & Authorised Signatories

Note:

Information on your Name, Bank, Bank Account No, Email address and Mobile number are required to enable us to process your mandate.

We wish to inform shareholders in the North and South-south region of the country to please contact our Abuja or Port-Harcoutt Liaison Office for all enquiries concerning your shareholding in all our client companies (see address below).

Lagos
3rd and 4th Floors, Raymond House
97/105 Broad Street,
PMB 12649, Marina
Lagos.
Tel: 01-4612374 - 6

Abuja
11 Lafia Close
Area 8, Garki, Abuja
Tel: 09-8701645

Port-Harcourt
Plot 137, Oluobasanjo Road
(2nd floor), Port-Harcourt
Rivers State
Tel: 08-48403171

UBA

Proxy Form

United Bank for Africa Plc (2457)

I/We……………………………………………………………..

Being a member/members of United Bank For Africa Plc, hereby appoint **……………………..

……………………………………………………...........................

……………………………………………………. ....

(block capitals please)

or failing him, the Chairman of the meeting as my/our proxy to act and vote for me/us on my/our behalf at the Annual General Meeting of the company to be held on Friday, 13th May 2011 at any adjournment hereof.

Dated this ……….. ....day of …………........………….. 2011

Shareholder's signature:………………………………...............

NOTE
Please sign this form and deliver or post it to reach the Registrar, United Bank for Africa Plc, Raymond House, 97/105, Broad Street, P. O. Box 6492, Lagos, not later than 48 hours before the meeting and ensure that the proxy form is dated, signed and stamped by the Commissioner for Stamp Duties.

Provision has been made on this form for the Chairman of the meeting to act as your proxy, but if you wish you may insert in the blank space on the form (marked)** the name of any person whether a member of the Company or not, who will attend the meeting and vote on your behalf instead of the Chairman of the meeting.

If the shareholder is a Corporation, this form must be under its common seal or under the hand of a duly authorised officer or attorney.

ADMISSION CARD

Before posting the above form, please tear off this part and retain it for admission to the meeting

ANNUAL GENERAL MEETING

United Bank for Africa Plc RC 2457

Please admit the shareholder named on this card or his duly appointed proxy to the Annual General Meeting of the company to be held at Grand Hotel, Asaba, Delta State on Friday, May 13, 2011.

Name and address of Shareholder

____

____

____

Account Number ____________________

Bili A. Odum

Company Secretary

Signature

This card is to be signed at the venue in the presence of the Registrar

Please tick appropriate box before ☐ Proxy

Admission to the meeting ☐ Shareholder

This proxy is solicited on behalf of the Board of Directors and is to be used at 49th Annual General Meeting to be held on Friday, 13th May 2011.

ORDINARY BUSINESS	For	Against	Abstain
1 To receive the audited Accounts for the year ended December 31, 2009 together with the reports of the Directors, Auditors and the Audit Committee thereon.			
2 To declare a dividend			
3 To re-elect retiring Directors			
4 To approve the remuneration of Directors			
5 To authorize the Directors to fix the remuneration of the Auditors			
6 To elect members of the Audit Committee			
SPECIAL BUSINESS			
7 "That following the recommendation of the Directors pursuant to Article 115 of the Bank's Articles of Association, the sum of N3,233,469,369 be and is hereby capitalized from the share premium of the Bank into 6,466,93B,739 ordinary shares of 50 kobo each and appropriated to members whose names appear in the Register of Members at the close of business on 27th April, 2011 in proportion of one (1) new share for every four (4) shares registered in such member's name on that date, the shares so distributed being treated for all purposes as capital and not as income and shall rank pari-passu with the existing issued ordinary shares of the Bank provided that the shares issued pursuant to this resolution shall not rank for the dividend recommended for the year ended 31st December, 2010."			
8 "That the Directors Fees for the financial year ending December 31,2011 be and is hereby fixed at N1,250,000.00 per annum and N1,000,000.00 per annum for the Chairman and Director respectively." To consider and if thought fit, to pass the following as Special Resolutions:			
9 "That subject to all relevant regulatory approvals being obtained, the Directors be and are hereby authorized to take steps to comply with the requirements of the Central Bank of Nigeria (CBN) new licensing regime by relinquishing the Bank's current universal banking license and applying to the CBN for a commercial banking license with international banking authorization,'"			
10 "That the Board of Directors be and is hereby authorized to incorporate UBA Holdings Plc (Parent Holdco) and subsidiary holding companies: UBA Africa Holdings Ltd and UBA Capital Holdings Ltd, in furtherance of the restructuring exercise and take necessary steps including the transfer of assets and liabilities from UBA Plc to any of the entities formed or existing in furtherance of this restructuring plan."			
11 "That the Board of Directors be and is hereby authorized to exchange the shares of UBA Plc for the shares of UBA Holdings Plc in such ratio as may be required to achieve 100% equity holding of existing shareholders in UBA Holdings Plc while UBA Holdings will own 60% of UBA Plc."			
12 "That the Board of Directors be and is hereby authorized to take necessary steps to list the shares of USA Plc and USA Holdings Plc on the Nigerian Stock Exchange."			
13 "That the Directors be and are hereby authorized to take all necessary steps to comply with the directives of the Central Bank of Nigeria by separating the non-banking subsidiaries from the Bank and re-organizing the non-bank businesses within a Group arrangement as they consider necessary within the period prescribed by the CBN, and upon such terms and conditions as the Directors may determine to be in the best interest of the Bank."			
14 "That the Board of Directors be and is hereby empowered and authorized to carry out as it deems appropriate and in accordance with any relevant laws thereto, any actions, including but not limited to restructuring, acquisition, investment, reconstruction and business arrangement exercise and actions for the Bank as may be necessary to achieve competitive business advantage and/or comply with any legislation and/or directives and guidelines of the Central Bank of Nigeria:'			

Please indicate, by marking 'X' in the appropriate space, how you wish your votes to be cast on the resolutions set out above, unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.

Registrars
UBA Registrars limited
Raymond House
95/105 Broad Street,
Lagos, Nigeria

UBA
United Bank for Africa

U-Mobile...

Unlimited Mobile Banking Experience

Loaded with full mobile banking capabilities!!

- Check account balance and mini statements - Secondary accounts can also be linked
- Transfer funds to UBA accounts and to accounts in other banks (Inter-bank transfer)
- Pay your bills (DSTV, HiTV, Airtel, MTN and more)
- Buy Airtime (MTN, Glo, Etisalat, Airtel and others)
- Send money to any GSM phone and collect cash at any UBA ATM (Cardless Transaction)
- Request for your cheque book and lots more...

It's convenient, safe and secure!

Visit any UBA branch today Or call cic 07002255822 or email: ebankingservices@ubagroup.com

Africa ▪ London ▪ New York ▪ Paris

Web: www.ubagroup.com Email: cic@ubagroup.com *Africa's global bank*

AFRICA ■ LONDON ■ NEW YORK ■ PARIS