

UNITED BANK FOR AFRICA Plc
Consolidated Profit and Loss Account
For the Quarter Ended 31 March 2010



		GROUP	
	Note	3 months to 31 March 2010 N'million	3 months to 31 March 2009 N'million
Gross earnings		48,174	57,290
Interest and similar income	2	37,001	42,466
Interest and similar expense	3	(18,404)	(19,188)
Net interest income		18,597	23,278
Other income	4	11,239	14,824
Operating income		29,836	38,102
Operating expenses		(26,458)	(24,991)
Appreciation/ (diminution) in asset values	10	1,729	(1,265)
Share of profit in associate	12 (a)	28	-
Share of profit in joint venture	12(b)	120	-
Profit before taxation and exceptional items		5,255	11,846
Exceptional items		(1,761)	(2,141)
Profit before tax and after exceptional items		3,494	9,705
Taxation		(1,937)	(606)
Profit after taxation and exceptional items		1,557	9,099
Non-controlling interest		(178)	315
Profit attributable to the group		1,379	9,414

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**Consolidated Balance Sheet
As at 31 March 2010**

		31 March 2010 N'million	GROUP	31 December 2009 N'million
Assets	Note			
Cash and balances with central banks	6	60,204		68,225
Treasury bills	7	42,209		42,035
Due from other banks	8	480,115		470,195
Loans and advances to customers	9	590,154		606,616
Investment securities	11	264,161		188,407
Investment in associate	12 (a)	9,296		9,261
Investment in joint venture	12(b)	365		245
Goodwill		2,983		2,983
Investment property		-		269
Other assets	13	143,432		87,003
Property and equipment		71,730		73,042
		<u>1,664,649</u>		<u>1,548,281</u>
Liabilities				
Customers' deposits	14	1,357,017		1,245,650
Due to other banks	15	2,479		15,807
Liability on investment contracts	16	27,565		22,138
Other borrowings		14,801		14,760
Current income tax	5	1,416		3,385
Other liabilities	17	70,992		58,207
Deferred income tax liabilities		-		2
Retirement benefit obligations		1,644		1,503
		<u>1,475,914</u>		<u>1,361,452</u>
Equity				
Ordinary share capital		10,778		10,778
Share premium account		113,645		113,645
Revaluation reserve		11,231		11,231
Retained earnings		23,878		18,317
Other reserves		25,921		27,542
Attributable to equity holders of the parent		185,453		181,513
Non-controlling interest		3,282		5,316
Total Equity		<u>188,735</u>		<u>186,829</u>
Total equity and liabilities		<u>1,664,649</u>		<u>1,548,281</u>
Off-balance sheet engagements and contingencies	18	<u>826,359</u>		<u>689,479</u>

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**Consolidated Cash Flow Statement
For the Quarter Ended 31 March 2010**

		31 March 2010 N'million	GROUP	31 March 2009 N'million
	Note	<u> </u>		<u> </u>
OPERATING ACTIVITIES				
Cash generated from operations	19	83,180		(365,156)
Tax paid		<u>(3,906)</u>		<u>(1,765)</u>
Net cash (used in)/from operating activities		<u>79,274</u>		<u>(366,921)</u>
FINANCING ACTIVITIES				
Dividend paid to shareholders		-		(12,956)
Proceeds from long term loan		41		-
Net cash from/(used in) financing activities		<u>41</u>		<u>(12,956)</u>
INVESTING ACTIVITIES				
Purchase of investments		(72,924)		(29,976)
Treasury bills and government bonds held to maturity		(1,164)		144,548
Purchase of property, plant and equipment		<u>(1,488)</u>		<u>(6,667)</u>
Net cash used in investing activities		<u>(75,576)</u>		<u>107,905</u>
Increase/ (decrease) in cash and cash equivalents		<u>3,739</u>		<u>(271,972)</u>
Analysis of changes in cash and cash equivalents				
At start of period	20	526,085		781,135
At end of period	20	<u>529,824</u>		<u>509,163</u>
Increase/ (decrease) in cash and cash equivalents		<u>3,739</u>		<u>(271,972)</u>

UNITED BANK FOR AFRICA Plc**Notes to the Consolidated Financial Statements
For the Quarter Ended 31 March 2010****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.

The Bank has twenty (20) subsidiaries as analysed below:

1	UBA Ghana Limited	-	91%
2	UBA Cameroun SA	-	99%
3	UBA Cote d'voire	-	99%
4	UBA Liberia Limited	-	99%
5	UBA (SL) Limited	-	99%
6	UBA Uganda Limited	-	99%
7	Banque International Du Burkina Faso	-	57%
8	UBA Chad SA	-	99%
9	UBA Senegal (SA)	-	99%
10	Continental Bank Benin	-	76%
11	UBA Kenya Bank Limited	-	99%
12	UBA Asset Management Limited	-	99%
13	UBA Capital (Africa) Limited	-	99%
14	UBA FX Mart Limited	-	99%
15	UBA Pension Custodian Limited	-	99%
16	UBA Retail Financial Services Limited	-	99%
17	UBA Insurance Brokers	-	99%
18	UBA Zambia Limited	-	99%
19	UBA Gabon Limited	-	99%
20	UBA Tanzania Limited	-	99%

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**Notes to the Consolidated Financial Statements
For the Quarter Ended 31 March 2010**

2 Interest and similar income

	3 months to 31 March 2010 N'million	GROUP	3 months to 31 March 2009 N'million
<i>Analysis by nature:</i>			
Placement	5,615		8,579
Treasury bills and investment securities	10,632		(5,528)
Loans and advances	20,754		39,415
	37,001		42,466
<i>Analysis by sources:</i>			
Interest income - bank sources	16,247		3,051
Interest income - non-bank sources	20,754		39,415
	37,001		42,466

3 Interest and similar expense

<i>Analysis by sources:</i>			
Interest expense - non-bank sources	18,027		18,197
Interest expense - bank sources	377		991
	18,404		19,188

4 Other income

Fees	1,778		3,392
Foreign exchange earnings	1,820		2,162
Commissions and charges	7,641		9,270
	11,239		14,824

5 Taxation

	31 March 2010 N'million	31 December 2009 N'million
<i>Payable:</i>		
At start of period	3,385	5,606
Tax paid	(3,906)	(7,283)
Income tax charge	1,937	5,062
At end of period	1,416	3,385

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**Notes to the Consolidated Financial Statements
For the Quarter Ended 31 March 2010**

6 Cash and balances with Central Bank

	31 March 2010 N'million	GROUP	31 December 2009 N'million
Cash	27,395		35,386
Operating account with Central Bank Included in cash and cash equivalents	<u>22,314</u>		<u>19,514</u>
	49,709		54,900
Mandatory reserve deposits with Central Bank	<u>10,495</u>		<u>13,325</u>
	<u>60,204</u>		<u>68,225</u>

Mandatory reserve deposits are not available for use in the Group's day to day operations.

7 Treasury bills

	31 March 2010 N'million	GROUP	31 December 2009 N'million
Nigerian government treasury bills	10,252		16,225
Ghana government treasury bills	14,616		13,665
Other government treasury bills	<u>17,341</u>		<u>12,145</u>
	<u>42,209</u>		<u>42,035</u>

8 Due from other banks

Current balances with banks within Nigeria	31,323		64,653
Current balances with banks outside Nigeria	177,187		238,134
Placements with banks and discount houses	<u>271,605</u>		<u>167,408</u>
	<u>480,115</u>		<u>470,195</u>

9 Loans and advances

Overdrafts	166,490		151,690
Term loans	414,000		448,465
Others	<u>9,664</u>		<u>6,461</u>
	<u>590,154</u>		<u>606,616</u>

10 (Appreciation)/ diminution in asset values

The write back of/ provision made for losses in the period is analysed as follows:

Loans and advances	(1,622)		1,265
Investments	<u>(107)</u>		<u>-</u>
	<u>(1,729)</u>		<u>1,265</u>

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Notes to the Consolidated Financial Statements
For the Quarter Ended 31 March 2010

11 Investment securities

	GROUP	
	31 March 2010	31 December 2009
	N'million	N'million
Debt securities	192,222	127,833
Equity securities	73,341	62,193
Provision for diminution in value	<u>(1,402)</u>	<u>(1,619)</u>
Total investment securities	<u>264,161</u>	<u>188,407</u>

12 (a) Investment in associate

The Bank has a 49% stake in UBA Capital Europe. UBA Capital Europe is a London-based investment banking company primarily engaged in brokerages, 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	
	31 March 2010	31 December 2009
	N'million	N'million
At start of period	9,261	588
Additions during the period	-	9,348
Share of results	28	(675)
Exchange difference	<u>7</u>	<u>-</u>
At end of period	<u>9,296</u>	<u>9,261</u>

(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 transferred 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 bancassurance 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	
	31 March 2010	31 December 2009
	N'million	N'million
At start of period	245	900
Share of results	<u>120</u>	<u>(655)</u>
At end of period	<u>365</u>	<u>245</u>

13 Other assets

Interest and fee receivable	37,993	21,912
Prepayments	22,821	14,236
Due from clients	-	1,287
Accounts receivable	55,224	11,675
Open buy back Treasury bills	-	9,150
Staff share investment scheme	30,942	30,882
Special assets accounts (note 13.1)	5,122	7,032
Provision for doubtful receivables	<u>(8,670)</u>	<u>(9,171)</u>

143,43287,003**UNITED BANK FOR AFRICA Plc****Notes to the Consolidated Financial Statements
For the Quarter Ended 31 March 2010****13 Other assets - continued**

- 13.1** The Central Bank of Nigeria (CBN) granted a regulatory approval to write-off the special assets over a fifteen year period as contained in the CBN's letter reference BSD/G5.715/STB/VOL.29/34 of 29 December 2005 during the take over of Continental Trust Bank Limited by United Bank for Africa Plc. As part of the consolidation incentive of CBN, the special assets were expected to be assumed by Asset Management Company (AMC) when it commences operation. The Bank had amortised for two years based on the regulatory approval. However 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 effective from 2006.

The balance outstanding in the special assets accounts is expected to be fully written off by financial year end 2010.

The movement in special assets account during the period is as follows:

	31 March 2010 N'million	GROUP 31 December 2009 N'million
At start of period	7,032	14,065
Recoveries	(149)	(8)
Amortized during the period	(1,761)	(7,025)
At end of period	<u>5,122</u>	<u>7,032</u>

14 Customers' deposits

	31 March 2010 N'million	31 December 2009 N'million
Current deposits	555,827	528,640
Savings deposits	188,127	182,981
Term deposits	428,965	330,704
Domiciliary deposit	184,098	203,325
	<u>1,357,017</u>	<u>1,245,650</u>

15 Due to other banks

	31 March 2010 N'million	31 December 2009 N'million
Current balances with banks	-	5,255
Open buy back takings	-	9,150
Inter-bank takings	2,479	1,402
	<u>2,479</u>	<u>15,807</u>

16 Liability on investment contracts

Liability on investment contracts represents other managed funds. Other managed funds represent monies administered by the Group under various Asset Management and Trust contracts.

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**Notes to the Consolidated Financial Statements
For the Quarter Ended 31 March 2010**

17 Other liabilities

	31 March 2010 N'million	GROUP	31 December 2009 N'million
Customers' deposits for letter of credit	7,773		7,952
Deposit for foreign currency	828		892
Interest payable	2,603		3,373
Account payable	13,453		128
Accruals and provisions	18,689		12,061
Information technology levy	-		191
Others	27,646		33,610
	70,992		58,207

18 Off-balance sheet engagements and contingencies

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

	31 March 2010 N'million	GROUP	31 December 2009 N'million
Performance bonds and guarantees	280,614		254,236
Letters of credits	14,799		49,213
Contingent liability - funds under custody	530,946		386,030
	826,359		689,479

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Notes to the Consolidated Financial Statements
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	31 March 2010 N'million	GROUP 31 March 2009 N'million
19 Cash generated from operations		
Reconciliation of profit before tax to cash generated from operations:		
Profit after taxation	1,557	19,901
Add back: Taxation	1,937	606
Depreciation of property and equipment	2,800	4,523
Exceptional items charged	1,761	3,899
Provision for bad and doubtful account	-	1,265
Provision for retirement benefit obligations	141	-
Increase in corporate tax	-	45
Operating profit before changes in operating assets and liabilities	8,196	30,239
<i>(Increase)/decrease in operating assets:</i>		
Loans to customers	16,462	(8,989)
other assets	(58,190)	(44,240)
Non-controlling interest	(2,212)	-
Share of profit in equity accounted associate	(35)	-
Share of profit in equity accounted joint venture	(120)	-
	(44,095)	(53,229)
	31 March 2010 N'million	31 March 2009 N'million
<i>Increase/(decrease) in operating liabilities:</i>		
Customers' deposits	111,367	(310,137)
Due to other banks	(13,328)	-
Investment contract liabilities	5,427	(26,314)
Cash reserve balances	2,830	-
Other liabilities	12,783	(5,715)
	119,079	(342,166)
Cash generated from/ (used in) operations	83,180	(365,156)

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**Notes to the Consolidated Financial Statements
For the Quarter Ended 31 March 2010**

20 Cash and cash equivalents

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

	31 March 2010 N'million	GROUP	31 December 2009 N'million
Cash and balances with central	49,709		96,459
Treasury bills and eligible bills	-		11,172
Due from other banks	480,115		401,532
	<u>529,824</u>		<u>509,163</u>