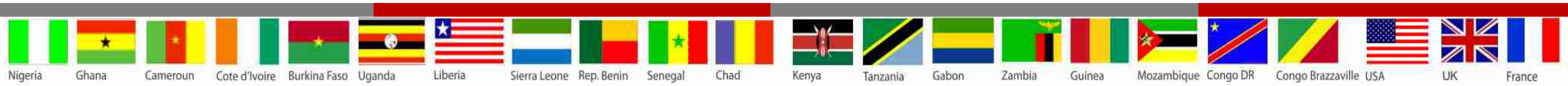
2015 Unaudited Nine Months Results Management Presentation



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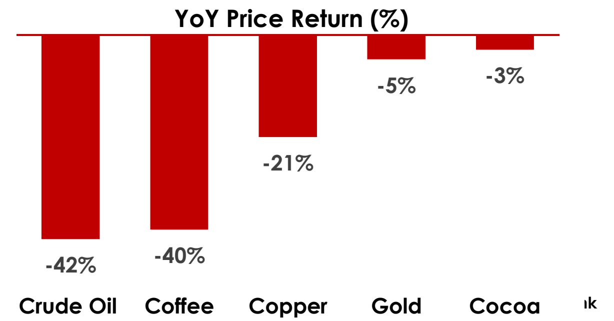
Presentation Outline

- Macroeconomic Update
- Regulatory environment
- 2015 Nine Months Performance Review
- Review of 2015FY Performance Guidance
- Questions

Operating Environment…a mix of global and domestic challenges

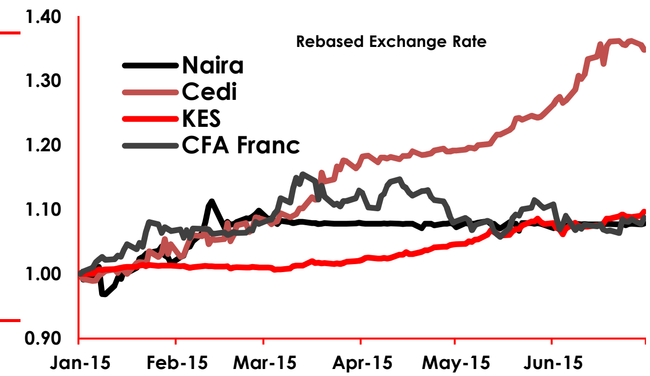
❖ **Economic Growth: Low commodity prices weigh down growth prospects**

- The International Monetary Fund (IMF) revised downward its 2015 global economic growth expectation to 3.1%; 20bps lower than July forecast and 30bps behind 2014 growth rate;
- Africa's GDP is projected to grow 3.8% in 2015 (Vs. 5.0% in 2014); the lowest feat in the last decade.
- Africa's economic growth is particularly weighed down by protractedly low commodity prices, reduced foreign capital inflows and attendant pressure on local currencies.
- The price of cocoa, copper, gold and most other commodities exported out of Africa has remained at historic-low levels; thus weakening fiscal and FX revenue of African economies
- On the back of macroeconomic pressures (domestic and external), GDP growth rates have fallen; Nig. (+2.8%); Ghana (3.9%); Kenya (5%)



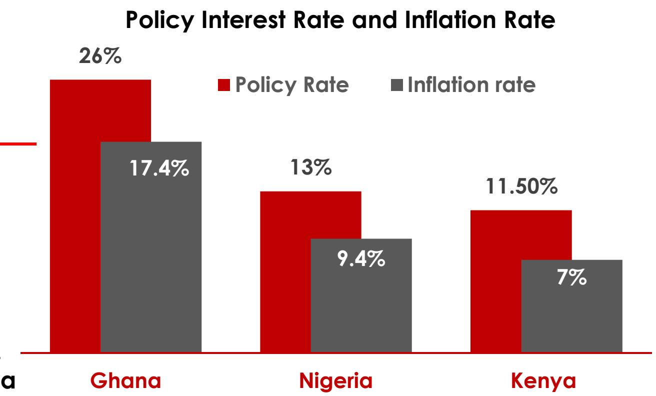
❖ **Exchange Rate: Volatile local currencies, with calls for further devaluation**

- Except for the CFA which is pegged to the Euro, local African currencies have been under pressure due to weak FDI/FPI, reduced FX receipts from commodity exports, fragile external reserves and weak tourist flows. However, USD/NGN remained stable as CBN maintained its "pegged" FX management policy. External reserve waned to c.5% to USD29.7 billion
- Negative commodity price trend, slowing China and concerns on rate hike in the U.S are increasing the risk of further currency devaluation in African countries like Nigeria, Ghana and Kenya, where local currencies have weakened 8%, 35% and 10% YTD respectively.



❖ **Interest Rate: Tight monetary policies to stem FX and inflation pressures**

- Monetary policy authorities maintained tight measures, raising policy rates to historic-high levels – MPR at 26% in Ghana, Kenya – 11.5%; Nigeria - 13%, all at all-time high
- High yields on Sovereign instruments (90-day treasuries trading at; Nigeria – 8%; Ghana – 25%; Kenya -21%) continue to sustain market attraction to public sector debt, thus crowding out private sector borrowing and elevating the cost of borrowing for African businesses.



❖ **Inflation and Politics: Currency weakness feeding into inflation**

- Consumer goods prices are seeing steady rises, in the form of cost-push inflation, given currency weaknesses in import dependent African economies. Ghana – 17%; Nigeria – 9.4% (out of CBN target); Kenya – 7.5%. Consumer prices are however stable in the CFA countries.
- Successful political transition in Nigeria but fiscal direction still unclear; delay in cabinet formation; Military gaining grounds against insurgency and expectations are high on anti-corruption reforms. Tanzania and Cote D'Ivoire - Elections in Q4; Energy crisis in Ghana, Constitutional frictions in Kenya

Policy and regulatory environment

❖ Nigeria

- Implementation of Treasury Single Accounts, with MDAs funds moved to Consolidated Revenue Fund with the CBN.
- Restructuring of State Government loans
- Reduction in cash reserve ratio (CRR) to 25% (previously 31%)
- Extension of Biometric Verification Number registration to 31 Oct. 2015
- Extension of cashless policy to other States in the country.

Implications

- Sterilized liquidity from the system, thus leading to reduced deposit and overall banking sector balance sheet. This policy has intensified competition for stable private sector deposits
- Improved liquidity and capital adequacy ratio; higher 21.2% tax equivalent yield, lower asset yields/NIM and longer asset duration. This has also resulted in lower loan book size/growth and it distorts NPL ratio
- Partly offsets the impact of TSA on system liquidity and alleviates the impact of TSA on funding cost and NIMs.
- BVN exercise should partly stimulate appetite for retail lending, as it is expected to solve the challenge of unique identification in the system
- Expected to reduce cash management cost, reduce currency outside the banking system and improve monetary policy transmission

❖ Other African Markets

- Ghana: Increased MPR to 26%, to stem Cedi depreciation
  Introduction of a 7-day reverse repo window
  Expected issue of USD1.5billion Eurobond
- Kenya:
  300bps increase in policy rate to 11.5% within 3 months
  Increased Repo rate to 9.87%, and introduced a 3-day contract
  Consistent Open Market Operation to sterilize system liquidity
  S&P revised downward credit rating outlook to negative
- Francophone West African markets: Relatively stable economies

Implications

- Notable impact on cost of funds and moderated appetite for credit
- Enhanced liquidity management
- Eurobond to provide FCY liquidity to the system but raises debt ratio

- Fast loan re-pricing by banks, leading to higher lending rates
- Yields on treasuries have risen to 21% level
- Increases the fiscal cost of borrowing, as the govt plans Eurobond

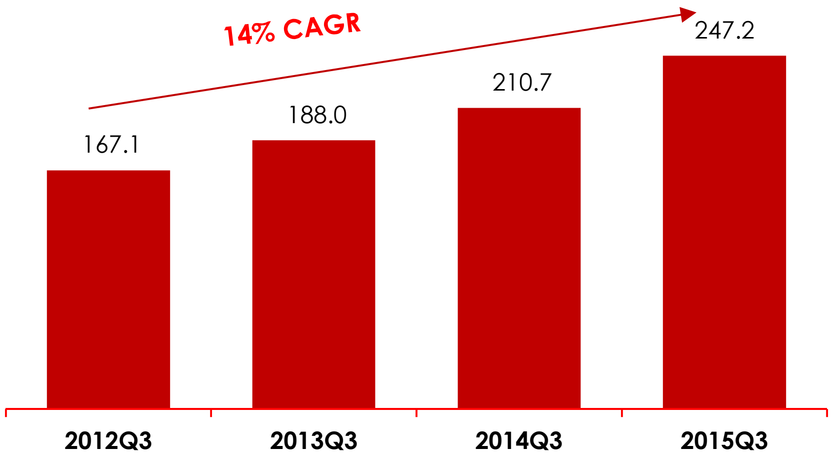
- Stable operating margins

2015 Nine Months Results Snapshot ::: Consolidating Gains

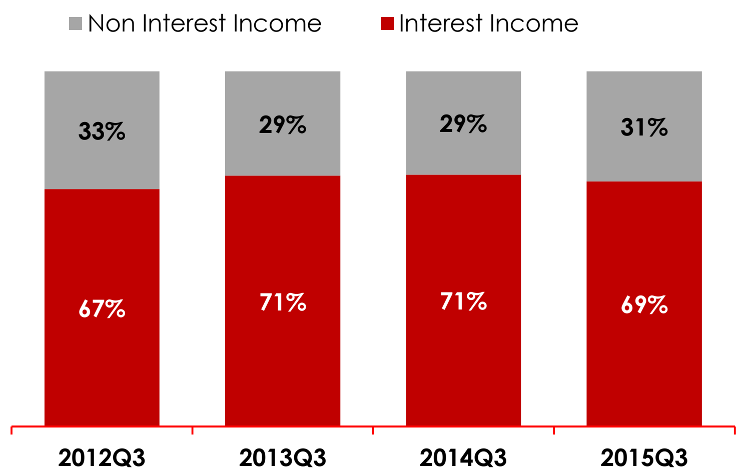
		30-Sept-15	30-Sept-14	% Change
COMPREHENSIVE INCOME & PROFIT TREND (N'million)	Gross Earnings	247,205	210,715	+17.3%
	Net Interest Income	102,115	81,960	+24.6%
	Net Operating Income	162,028	136,042	+19.1%
	Operating Expenses	(104,607)	(93,460)	+11.9%
	Profit Before Tax	57,366	42,543	+34.8%
	Profit After Tax	48,557	33,628	+44.4%
EFFICIENCY AND RETURN	Cost-to-Income Ratio	64.6%	68.7%	
	Post-Tax Return on Average Equity	22.0%	18.6%	
	Post-Tax Return on Average Assets	2.3%	1.7%	
		30-Sept-15	31-Dec-14	% Change
FINANCIAL POSITION TREND (N'million)	Total Assets	2,872,591	2,762,573	+4.0%
	Customer Deposits	2,176,070	2,169,663	+0.3%
	Net Loans to Customers	1,014,834	1,071,859	-5.3%
	Shareholders' Fund (Equity)	322,558	265,406	+21.5%
BUSINESS CAPACITY AND ASSET QUALITY RATIOS	Total Loan-to-Deposit Ratio	46.6%	49.4%	
	Capital Adequacy Ratio (BASEL II)	20.0%	17.0%	
	Non-Performing Loan Ratio	2.1%	1.9%	

2015 Nine Months Results Snapshot ::: Consolidating Gains

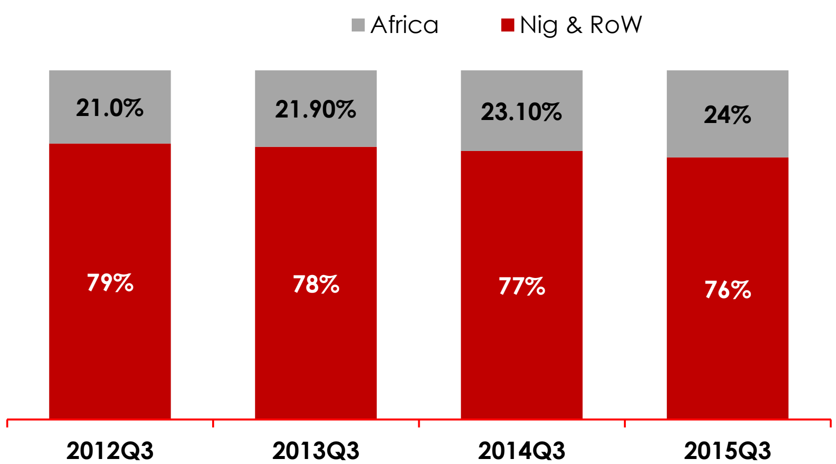
Gross earnings Trend (N'billion)



Gross earnings by source



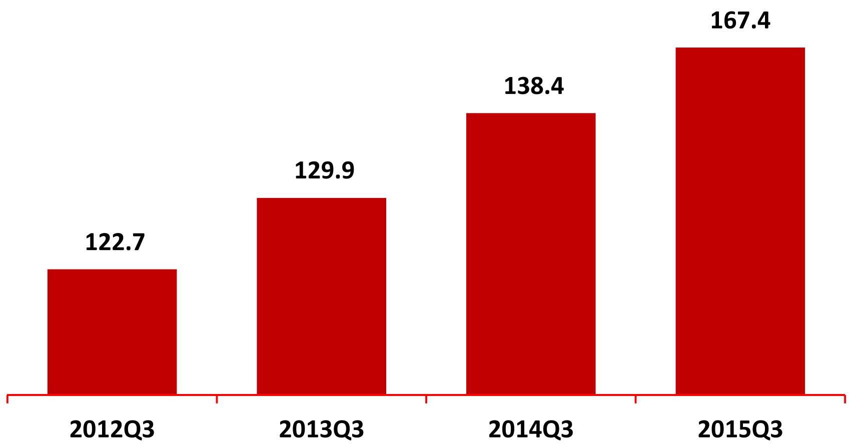
Gross earnings split by geography



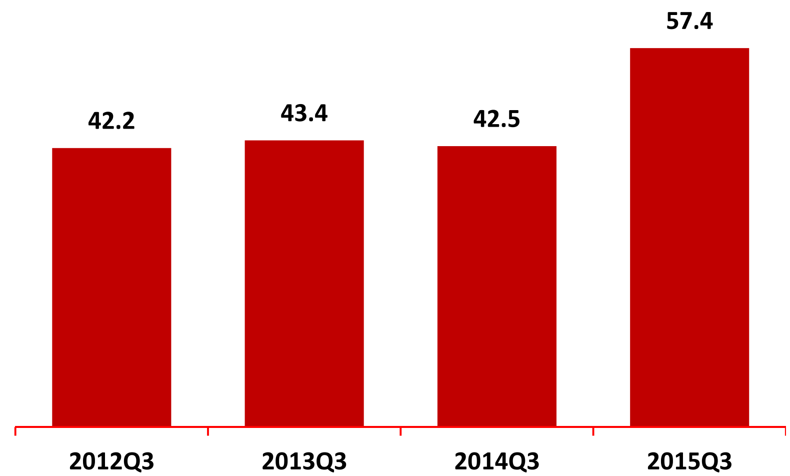
- Consistently strong growth in gross earnings over the past four years, despite intensifying competition in our core markets.
- The sustained earnings growth reflects improving extraction of latent opportunities across our channels, growing share of our customers' wallet, improving performance of African subsidiaries and enhanced yield on assets.
- Growing fees from e-banking (Cards, web and mobile banking, PoS and other e-commerce), remittance services, as well as treasury activities provided support for non-interest income, as industry-wide FX related income softens.
- Africa contributed 24% of the Group's gross earnings, with an even stronger outlook, as the subsidiaries consolidate positions in there respective markets

2015 Nine Months Results Snapshot ::: Consolidating Gains

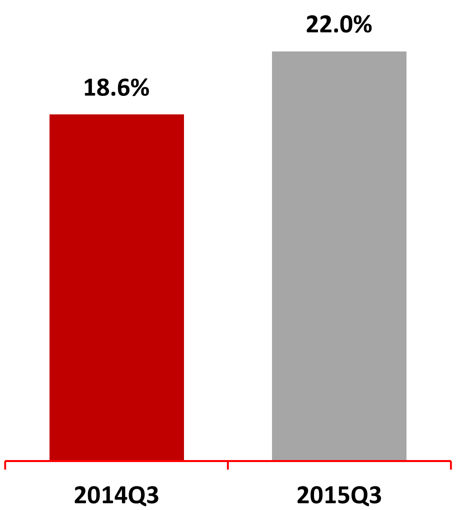
Operating Income (N'billion)



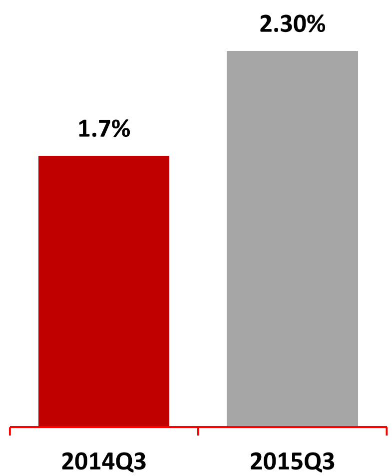
Profit Before Tax (N'billion)



Return on Average Equity (%)



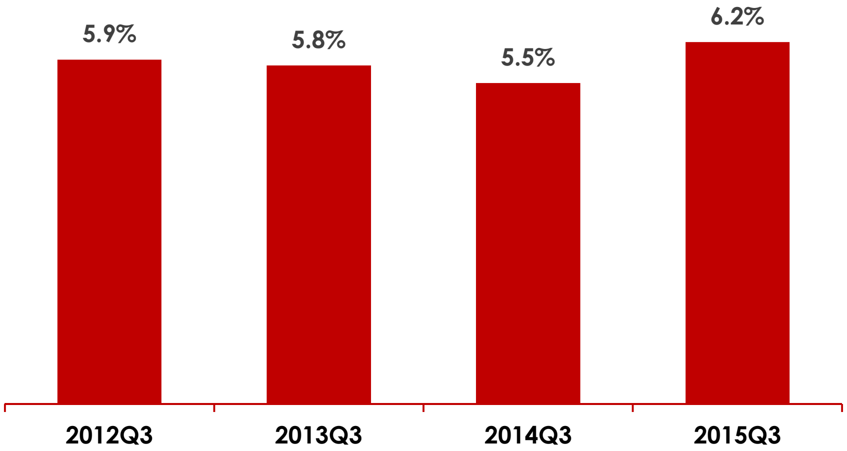
Return on Average Assets (%)



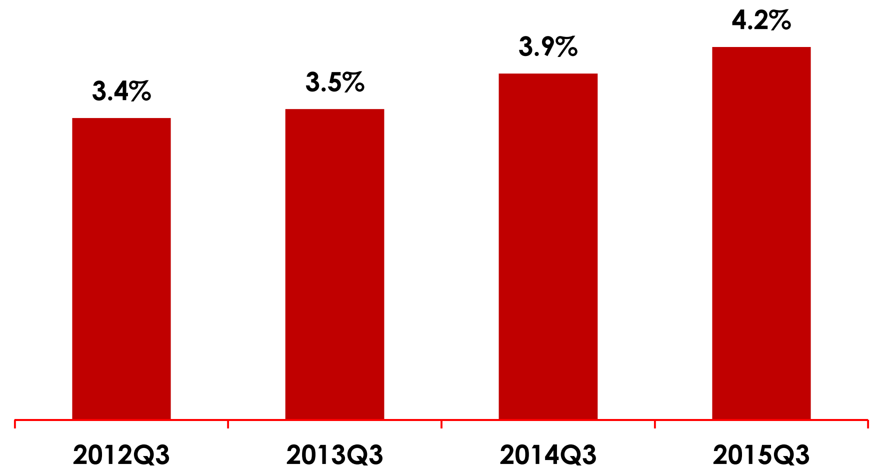
- A strong 35% YoY growth in Profit Before Tax, reflecting enhanced earnings generation and improving cost efficiency.
- Annualized return on average equity (RoAE) of 22%, despite equity capital raising in the year.
- Modest improvement in return on average assets to 2.3% reinforces the strong outlook on RoAE over the medium term and potential value creation for shareholders.

2015 Nine Months Results Snapshot ::: Consolidating Gains

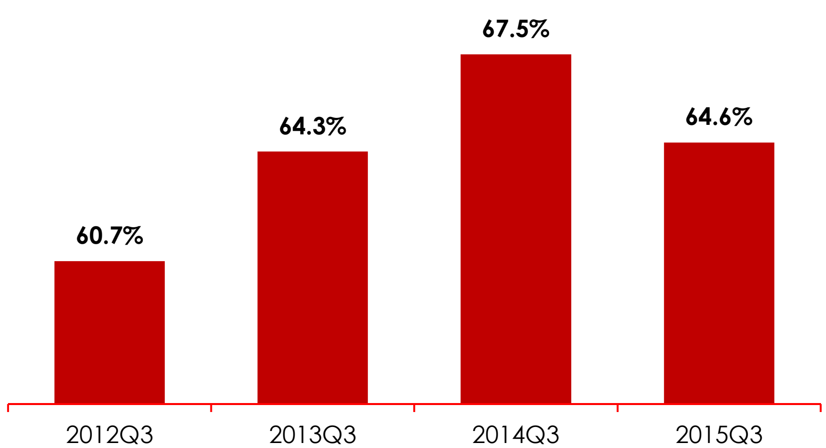
Net Interest Margin (%)



Cost of Funds (%)



Cost-to-Income Ratio (%)



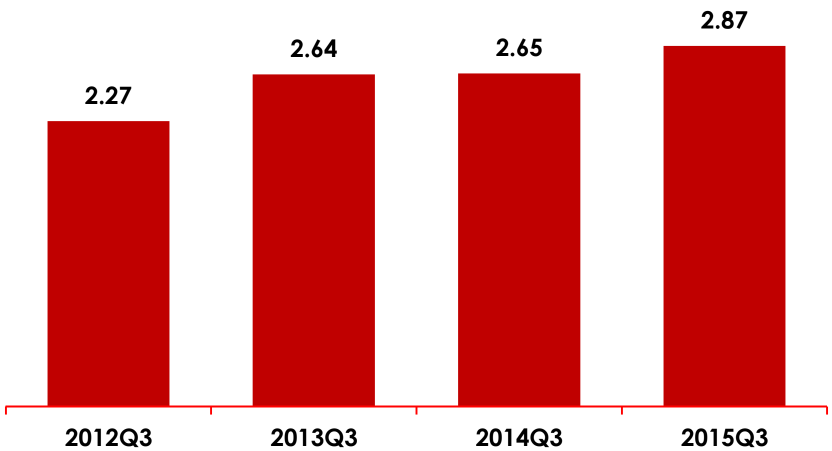
- Tight monetary policies and cash crunch in most African economies resulted in higher funding cost, albeit; net interest margin improved 30bps YoY to 6.2%; on the back of asset re-pricing and strategic reallocation of assets.

- Disciplined execution of our funding initiatives, which focused on deposit mix and pricing should help improve cost of funds, despite regulatory and macroeconomic pressures.

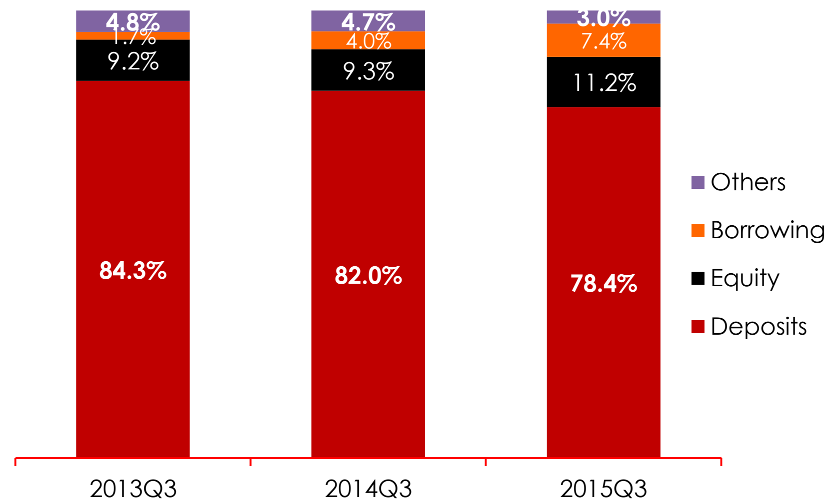
- Even as regulatory (AMCON and NDIC) as well as other external cost pressures led to a 12% YoY rise in operating expenses (ahead of inflation rate in Nigeria), the cost-to-income ratio remained within our 2015 target of 65%, as the strong growth in income compensated for higher operating cost.

2015 Nine Months Results Snapshot ::: Consolidating Gains

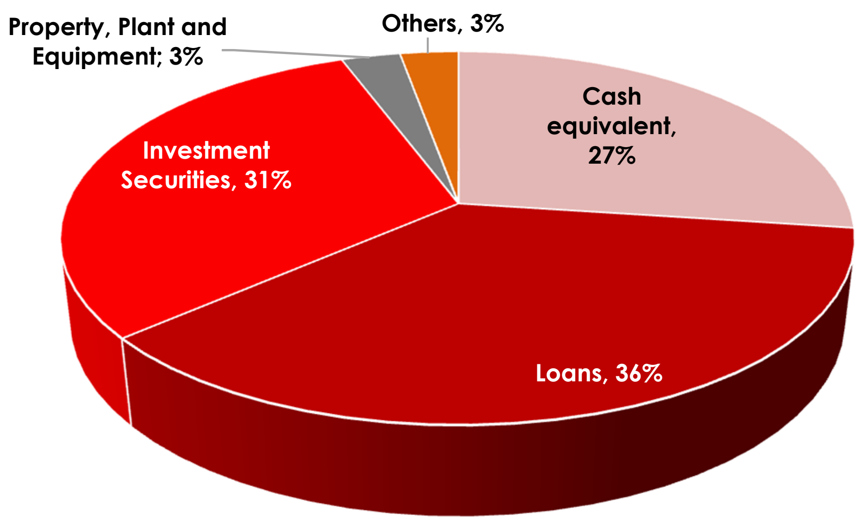
Total Assets (N'trillion)



Funding Structure



Composition of Total Asset Portfolio



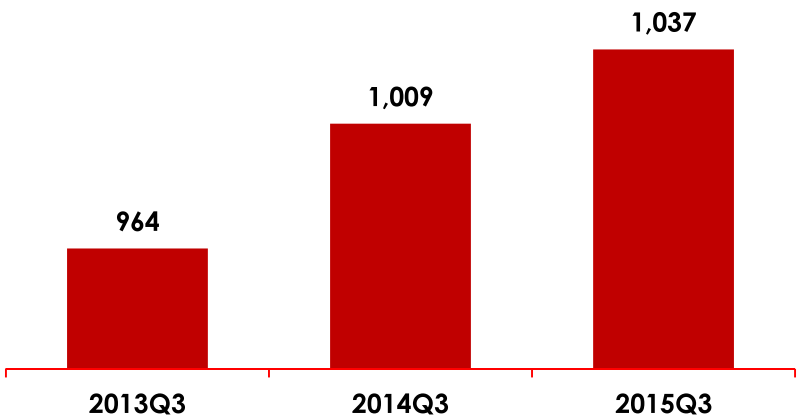
The group maintains its focus on balance sheet efficiency, whilst achieving sustainable growth in assets across its markets.

Improving profitability and earnings retention strengthen the equity base of the Group, as it complements the rich pool of stable deposits in the Bank.

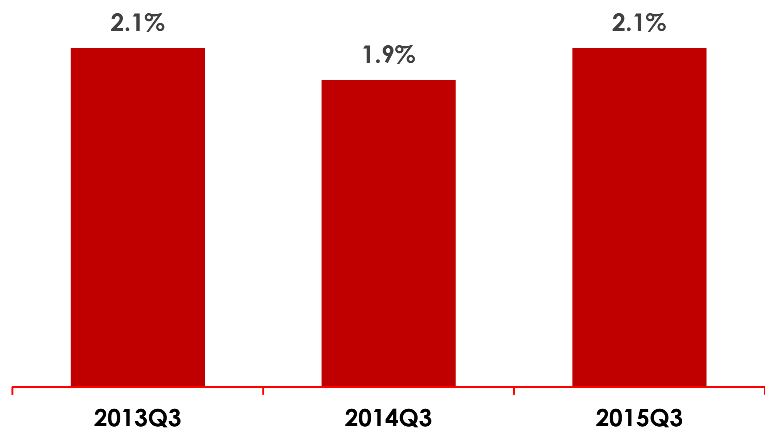
Given macroeconomic uncertainties, our priority is to ensure the quality and efficiency of the balance sheet, as reflected by the 8% YoY and 4% YTD growth in total assets.

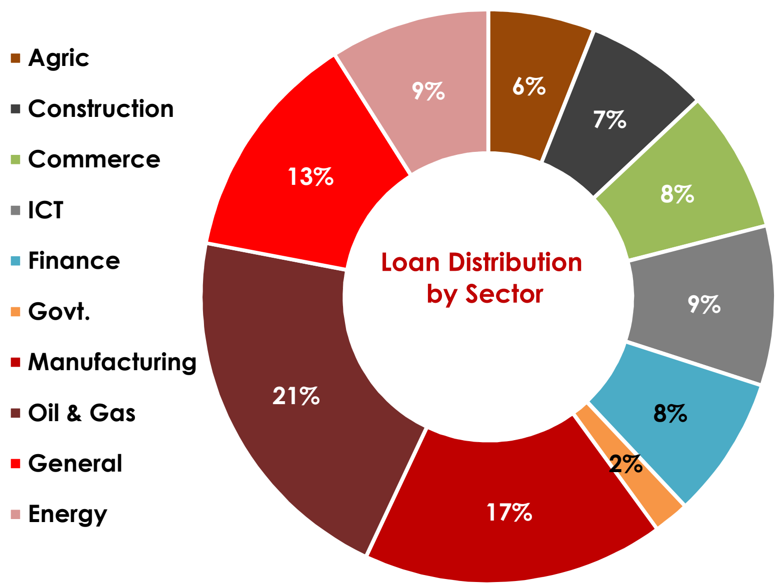
2015 Nine Months Results Snapshot ::: Consolidating Gains

Total Loan Book (N'trillion)



NPL Ratio (%)

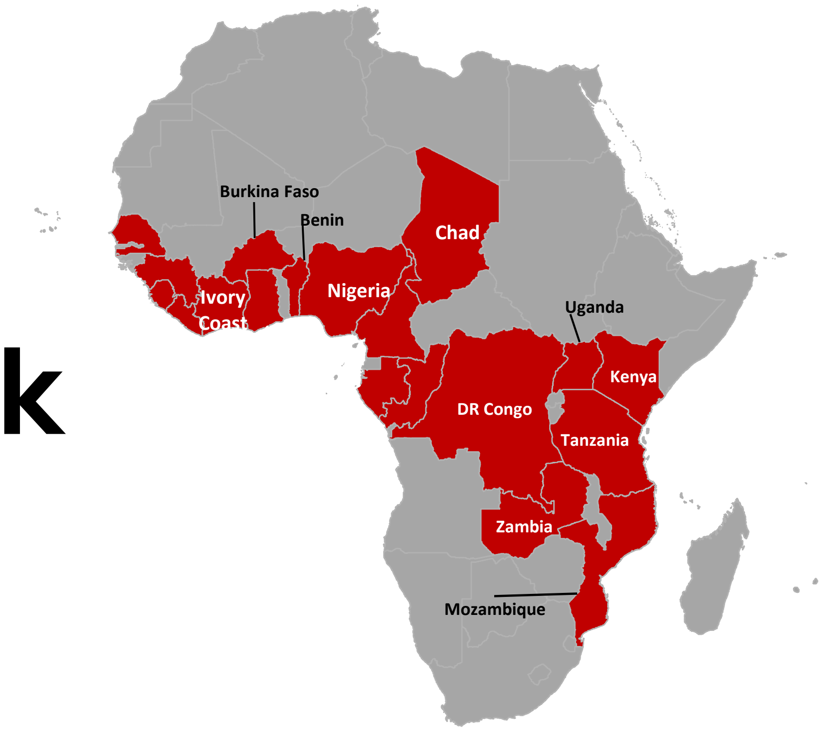




- The real growth in loan book was muted by the conversion of State Government loan exposures in Nigeria into Federal Government Bonds; thus loan growth remained modest
- The loan portfolio is well diversified, with less exposure in volatile sectors and market segments.
- NPL ratio stretched up slightly to 2.1%, due to the reduction in gross loan book, after offloading the State Government loan exposures in Nigeria. There is no deterioration in the portfolio; no notable growth in NPL volume.
- The modest QoQ rise in NPL to 2.1% was largely due to the lower size of the loan portfolio, following conversion of State Government loan exposures in Nigeria into FGN bonds.

2015FY Guidance

Year-end Outlook



The Four Tactical Strategic Thrusts

UBA

1 Earnings Optimization

- Achieve higher yields on assets, through (right) pricing; new mix of LCY/FCY assets, and asset allocation
- Increase transaction banking income through captive volume, increased share of customer wallet and enhanced service offerings
- Grow market share in e-banking and trade services and reinvigorate the drive for remittance offerings
- Leverage e-banking (U-Direct, U-Mobile, U-Social, ATMs, Cards products etc) and new corporate solutions to grow non-funded income lines.
- Take advantage of improved service quality to increase collection accounts and pricing power

2 Cost Efficiency

- Improve efficiency of centralized operations
- Continuous migration of customers to low cost alternative channels to achieve lower cost/customer
- Improved knowledge sharing and performance management to drive staff productivity
- Leverage technology to service a wider customer base at lower cost and achieve better vendor management
- Re-engineer the drive for low cost deposits using service quality and value adding services to moderate cost of funds

3 Asset Quality and Capital Management

- Sustain focus on quality obligors with strong and sustainable fundamentals in stable growth sectors
- Enhanced portfolio monitoring and consistent sensitivity to macro/industry variables to pick up early warning signals and take proactive measures for safety
- Continuous investment in human capital, risk management framework and tools and governance structure
- Increase internally generated capital to fund growth outlook
- Optimize RWA mix to further sweat capital

4 Leveraging Africa Platform

- Achieve scale and scope in Africa, with a target to replicate the success story we achieved in Ghana, Senegal and Cameroon across all our African subsidiaries
- Deepen share of trade flows in Africa, and achieve 5% additional trade formalization using technology
- Turnaround East Africa businesses, with focus of breaking even by year-end, through increased penetration
- Leverage e-banking success in Nigeria to deepen brand penetration and customer acquisition

Review of 2015 Guidance

Headlines	2014FY	2015FY Guidance	2015Q3 Actual	Review
Net Interest Margin	5.9%	>6.0%	6.2%	In-line
Cost-to-Income Ratio	69.8%	<65.0%	64.6%	In-line
Cost of Risk	0.7%	≈1%	0.7%	In-line
Non-Performing Loan Ratio	1.6%	≈2%	2.1%	In-line
Net Customer Loan Growth	14.0%	5% - 8%	-5.3%	Below Target
Customer Deposit Growth	0.4%	5% - 10%	0.3%	Below-Target
Return on Average Asset	1.8%	>2.0%	2.3%	In-line
Return on Average Equity (RoAE)	19.2%	>20.0%	22.0%	In-line

Note: 2015Q3 figures are annualised where applicable

Key Takeaways

- Committed to sustaining our improved profitability; as we explore latent opportunities and adequately position our business to take full advantage of emerging opportunities in Africa.

- Our diligent assessment of risk and return of every opportunity should sustain the quality of the balance sheet and thus ensure moderate NPL and cost of risk.

- We are committed to clear strategies of achieving further cost efficiency gains from our Pan-African platforms, as we extract scale and scope economies

- New initiatives should drive further success for our business in Nigeria and deliver even stronger results in our African subsidiaries

Conclusion

Questions & Answers