

UNITED BANK FOR AFRICA Plc
Consolidated Profit and Loss Account
For the Period Ended 30 June 2010



		6 months to 30 June 2010 N'million	GROUP	6 months to 30 June 2009 N'million
	Note	<u>93,656</u>		<u>108,986</u>
Gross earnings				
Interest and similar income	2	67,728		82,094
Interest and similar expense	3	<u>(29,927)</u>		<u>(39,081)</u>
Net interest income		37,801		43,013
Other income	4	25,497		26,892
Income from investments		431		-
Operating income		<u>63,729</u>		<u>69,905</u>
Operating expenses		(51,771)		(48,797)
Appreciation/ (diminution) in asset values	9	321		(18,524)
Share of loss in associate	11	(123)		-
Profit before taxation and exceptional items		12,156		2,584
Exceptional items		<u>(3,520)</u>		<u>(2,449)</u>
Profit before tax and after exceptional items		8,636		135
Taxation		<u>(3,789)</u>		<u>(4,073)</u>
Profit after taxation and exceptional items		4,847		(3,938)
Non-controlling interest		<u>(528)</u>		<u>184</u>
Profit attributable to the group		<u>4,319</u>		<u>(3,754)</u>

UNITED BANK FOR AFRICA Plc

**Consolidated Balance Sheet
As at 30 June 2010**

		30 June 2010 N'million	GROUP 31 December 2009 N'million
Assets	Note		
Cash and balances with central banks	5	80,777	68,225
Treasury bills	6	57,520	42,035
Due from other banks	7	444,920	470,195
Loans and advances to customers	8	664,204	606,616
Investment securities	10	264,430	188,407
Investment in associate	11	9,145	9,261
Investment in joint venture		245	245
Goodwill		2,983	2,983
Investment property		269	269
Other assets	12	114,707	87,003
Property and equipment		<u>69,810</u>	<u>73,042</u>
		<u>1,709,010</u>	<u>1,548,281</u>
Liabilities			
Customers' deposits	13	1,233,198	1,245,650
Due to other banks	14	3,463	15,807
Liability on investment contracts	15	25,536	22,138
Other borrowings		14,805	14,760
Current income tax		1,324	3,385
Other liabilities	16	240,224	58,207
Deferred income tax liabilities		-	2
Retirement benefit obligations		<u>1,786</u>	<u>1,503</u>
		<u>1,520,336</u>	<u>1,361,452</u>
Equity			
Ordinary share capital	17	12,934	10,778
Share premium account	18	111,489	113,645
Revaluation reserve		11,231	11,231
Retained earnings		24,509	18,317
Other reserves		<u>25,214</u>	<u>27,542</u>
Attributable to equity holders of the parent		185,377	181,513
Non-controlling interest		<u>3,297</u>	<u>5,316</u>
Total Equity		<u>188,674</u>	<u>186,829</u>
Total equity and liabilities		<u>1,709,010</u>	<u>1,548,281</u>
Off-balance sheet engagements and contingencies	19	<u>829,196</u>	<u>689,479</u>

UNITED BANK FOR AFRICA Plc

**Consolidated Cash Flow Statement
For the Period Ended 30 June 2010**

		30 June 2010 N'million	GROUP 30 June 2009 N'million
	Note	<u> </u>	<u> </u>
OPERATING ACTIVITIES			
Cash generated from operations	20	91,403	(303,828)
Tax paid		<u>(5,850)</u>	<u>(3,852)</u>
Net cash from/(used in) operating activities		<u>85,553</u>	<u>(307,680)</u>
FINANCING ACTIVITIES			
Dividend paid to shareholders		<u>(2,156)</u>	<u>(12,956)</u>
Net cash used in financing activities		<u>(2,156)</u>	<u>(12,956)</u>
INVESTING ACTIVITIES			
Purchase of investments		(76,023)	(25,062)
Treasury bills and government bonds held to maturity		(16,475)	111,894
Purchase of property, plant and equipment		<u>(2,076)</u>	<u>(37,405)</u>
Net cash (used in)/from investing activities		<u>(94,574)</u>	<u>49,427</u>
Decrease in cash and cash equivalents		<u>(11,177)</u>	<u>(271,209)</u>
Analysis of changes in cash and cash equivalents			
At start of period		526,085	781,135
At end of period	21	<u>514,908</u>	<u>509,926</u>
Decrease in cash and cash equivalents		<u>(11,177)</u>	<u>(271,209)</u>

UNITED BANK FOR AFRICA Plc**Notes to the Consolidated Financial Statements
For the Period Ended 30 June 2010****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 one (21) subsidiaries as analysed below:

UBA Ghana Limited	-	91%
UBA Cameroun SA	-	99%
UBA Cote d'voire	-	99%
UBA Liberia Limited	-	99%
UBA (SL) Limited	-	99%
UBA Uganda Limited	-	99%
Banque International Du Burkina Faso	-	57%
UBA Chad SA	-	99%
UBA Senegal (SA)	-	99%
Continental Bank Benin	-	76%
UBA Kenya Bank Limited	-	99%
UBA Asset Management Limited	-	99%
UBA Capital (Africa) Limited	-	99%
UBA FX Mart Limited	-	99%
UBA Pension Custodian Limited	-	99%
UBA Retail Financial Services Limited	-	99%
UBA Insurance Brokers	-	99%
UBA Zambia Limited	-	99%
UBA Gabon Limited	-	99%
UBA Tanzania Limited	-	99%
UBA Guinea Limited	-	99%

UNITED BANK FOR AFRICA Plc**Notes to the Consolidated Financial Statements
For the Period Ended 30 June 2010****Interest and similar income**

	6 months to 30 June 2010 N'million	GROUP	6 months to 30 June 2009 N'million
<i>Analysis by nature:</i>			
Placement	8,132		14,189
Treasury bills and investment securities	19,793		(1,603)
Loans and advances	39,803		69,508
	<u>67,728</u>		<u>82,094</u>
 <i>Analysis by sources:</i>			
Interest income - bank sources	27,925		12,586
Interest income - non-bank sources	39,803		69,508
	<u>67,728</u>		<u>82,094</u>

Interest and similar expense

<i>Analysis by sources:</i>			
Interest expense - non-bank sources	29,235		35,861
Interest expense - bank sources	692		3,220
	<u>29,927</u>		<u>39,081</u>

Other income

Fees	3,795		6,490
Foreign exchange earnings	3,900		3,574
Commissions and charges	17,802		16,827
	<u>25,497</u>		<u>26,892</u>

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**Notes to the Consolidated Financial Statements
For the Period Ended 30 June 2010**

Cash and balances with Central Bank

	30 June 2010 N'million	GROUP 31 December 2009 N'million
Cash	25,376	35,386
Operating account with Central Bank Included in cash and cash equivalents	<u>44,612</u>	<u>19,514</u>
	69,988	54,900
Mandatory reserve deposits with Central Bank	<u>10,789</u>	<u>13,325</u>
	<u>80,777</u>	<u>68,225</u>

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

Treasury bills

	30 June 2010 N'million	GROUP 31 December 2009 N'million
Nigerian government treasury bills	15,285	16,225
Ghana government treasury bills	12,655	13,665
Other government treasury bills	<u>29,580</u>	<u>12,145</u>
	<u>57,520</u>	<u>42,035</u>

Due from other banks

Current balances with banks within Nigeria	4,057	64,653
Current balances with banks outside Nigeria	151,234	238,134
Placements with banks and discount houses	<u>289,629</u>	<u>167,408</u>
	<u>444,920</u>	<u>470,195</u>

Loans and advances

Overdrafts	181,256	151,690
Term loans	523,247	485,305
Others	<u>8,879</u>	<u>6,461</u>
	<u>713,382</u>	<u>643,456</u>
Provisions	<u>(49,178)</u>	<u>(36,840)</u>
	<u>664,204</u>	<u>606,616</u>

(Appreciation)/ diminution in asset values

	6 months to 30 June 2010 N'million	6 months to 30 June 2009 N'million
The write back of/ provision made for losses in the period is analysed as follows:		
Loans and advances -specific	2,693	18,524
Loans and advances -general	(234)	-
Recoveries	(2,673)	-
Investments	<u>(107)</u>	<u>-</u>
	<u>(321)</u>	<u>18,524</u>

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**Notes to the Consolidated Financial Statements
For the Period Ended 30 June 2010**

Investment securities

	30 June 2010 N'million	GROUP 31 December 2009 N'million
Long term investment		
Debt securities		
Listed	190,730	105,946
Unlisted	18,544	21,887
Equity Securities - at cost		
Listed	1,382	1,382
Unlisted	36,056	31,466
	<u>246,712</u>	<u>160,681</u>
Provision for diminution in value	(1,402)	(1,619)
	<u>245,310</u>	<u>159,062</u>
Short term investment		
Equity Securities - at lower of cost and market value		
Listed	9,417	6,368
Unlisted	1,491	-
Debt Securities:		
Listed	6,137	21,043
Unlisted	5,023	4,486
Provision for diminution in value	(2,948)	(2,552)
	<u>19,120</u>	<u>29,345</u>
Total investment securities	<u>264,430</u>	<u>188,407</u>

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:

	30 June 2010 N'million	GROUP 31 December 2009 N'million
At start of period	9,261	588
Additions during the period	-	9,348
Share of results	(123)	(675)
Exchange difference	7	-
At end of period	<u>9,145</u>	<u>9,261</u>

UNITED BANK FOR AFRICA Plc

**Notes to the Consolidated Financial Statements
For the Period Ended 30 June 2010**

	GROUP	
	30 June 2010 N'million	31 December 2009 N'million
Other assets		
Interest and fee receivable	35,828	21,912
Prepayments	18,154	14,236
Due from clients	-	1,287
Accounts receivable	33,868	11,675
Open buy back Treasury bills	-	9,150
Staff share investment scheme	30,947	30,882
Special assets accounts (note 12.1)	3,361	7,032
Provision for doubtful receivables	(7,451)	(9,171)
	114,707	87,003

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:

	GROUP	
	30 June 2010 N'million	31 December 2009 N'million
At start of period	7,032	14,065
Recoveries	(151)	(8)
Amortized during the period	(3,520)	(7,025)
At end of period	3,361	7,032

Customers' deposits

	30 June 2010 N'million	31 December 2009 N'million
Current deposits	472,204	528,640
Savings deposits	195,843	182,981
Term deposits	396,160	330,704
Domiciliary deposit	168,991	203,325
	1,233,198	1,245,650

UNITED BANK FOR AFRICA Plc**Notes to the Consolidated Financial Statements
For the Period Ended 30 June 2010**

	GROUP	
	30 June 2010	31 December 2009
	<u>N'million</u>	<u>N'million</u>
Due to other banks		
Current balances with banks	-	5,255
Open buy back takings	-	9,150
Inter-bank takings	3,463	1,402
	<u>3,463</u>	<u>15,807</u>

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.

Other liabilities

	GROUP	
	30 June 2010	31 December 2009
	<u>N'million</u>	<u>N'million</u>
Customers' deposits for letter of credit	9,867	7,952
Deposit for foreign currency	197	892
Interest payable	2,589	3,373
Account payable	14,353	128
Accruals and provisions	19,673	12,061
Information technology levy	-	191
Others	193,545	33,610
	<u>240,224</u>	<u>58,207</u>

Share capital**Authorised**

35,000,000,000 ordinary shares of 50 kobo each
(2009: 35 billion ordinary shares of 50k each)

17,500	17,500
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Issued and fully paid:*Ordinary shares:*

At start of period	10,778	8,622
Transfer from share premium (note 19)	2,156	-
Transfer from bonus issue reserve	-	2,156
	<u>12,934</u>	<u>10,778</u>

Share premium

At start of period	113,645	114,036
Transfer to share capital (note 18(b))*	(2,156)	-
Prior period share issue expenses	-	(391)

111,489

113,645

*Following the resolution at the 48th Annual General Meeting of United Bank for Africa Plc, the shareholders approved the capitalisation of a bonus of 1 share for every 5 shares from share premium to existing shareholders whose names appeared in the register of members as at close of business on 23 April 2010.

UNITED BANK FOR AFRICA Plc

**Notes to the Consolidated Financial Statements
For the Period Ended 30 June 2010**

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:

	GROUP	
	30 June 2010 N'million	31 December 2009 N'million
Performance bonds and guarantees	271,093	254,236
Letters of credits	15,055	49,213
Contingent liability/funds under custody	543,048	386,030
	829,196	689,479

	30 June 2010 N'million	30 June 2009 N'million
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Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

Profit after taxation	4,319	6,864
Add back: Taxation	3,789	3,852
Depreciation of property and equipment	5,308	6,883
Exceptional items charged	3,520	4,207
Provision for other assets	-	182
Provision for bad and doubtful account	2,459	18,342
Provision for retirement benefit obligations	283	-
Operating profit before changes in operating assets and liabilities	19,678	40,330

(Increase)/decrease in operating assets:

Loans to customers	(60,047)	(106,427)
Other assets	(31,224)	4,098
Non-controlling interest	(2,019)	-
Share of profit in equity accounted associate	116	-
Share of profit in equity accounted joint venture	-	-
	(93,174)	(102,329)

UNITED BANK FOR AFRICA Plc

**Notes to the Consolidated Financial Statements
For the Period Ended 30 June 2010**

Cash generated from operations - continued

	31 March 2010	GROUP	31 March 2009
	<u>N'million</u>		<u>N'million</u>
<i>Increase/(decrease) in operating liabilities:</i>			
Customers' deposits	(12,452)		(179,076)
Due to other banks	(12,344)		-
Investment contract liabilities	3,398		(23,903)
Cash reserve balances	2,536		-
Other liabilities	183,761		(38,850)
	<u>164,899</u>		<u>(241,829)</u>
Cash generated from/ (used in) operations	<u>91,403</u>		<u>(303,828)</u>

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.

	30 June 2010	GROUP	30 June 2009
	<u>N'million</u>		<u>N'million</u>
Cash and balances with central	69,988		95,960
Treasury bills and eligible bills	-		9,750
Due from other banks	444,920		404,216
	<u>514,908</u>		<u>509,926</u>