

UNITED BANK FOR AFRICA Plc
Consolidated Profit and Loss Accounts
For the Quarter ended 30 September 2011

	Note	GROUP		BANK	
		9 months to 30 September 2011 N'million	9 months to 30 September 2010 N'million	9 months to 30 September 2011 N'million	9 months to 30 September 2010 N'million
Gross earnings		132,814	136,366	104,032	114,813
Interest and similar income	2	89,309	94,779	74,915	83,909
Interest and similar expense	3	(33,245)	(40,167)	(28,689)	(35,346)
Net interest income		56,064	54,612	46,226	48,563
Other Income	4	43,505	41,587	29,117	30,904
Operating income		99,569	96,199	75,343	79,467
Operating expenses		(78,934)	(73,545)	(60,230)	(59,205)
(Diminution)/appreciation in asset values	9	(8,744)	(5,711)	(7,079)	(5,446)
Share of profit/(loss) in associate	11 (a)	68	(75)	-	-
Share of profit in joint venture	11 (b)	184	-	-	-
Profit before taxation and exceptional items		12,143	16,868	8,034	14,816
Exceptional items		-	(5,280)	-	(5,280)
Profit before tax and after exceptional items		12,143	11,588	8,034	9,536
Taxation		(2,038)	(4,940)	(393)	(4,422)
Profit after taxation and exceptional items		10,105	6,648	7,641	5,114
Non-controlling interest		1,028	(828)	-	-
Profit attributable to equity holders of the parent		11,133	5,820	7,641	5,114

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Consolidated Balance Sheet

As at 30 September 2011

	Note	GROUP		BANK	
		30 September 2011 N'million	31 December 2010 N'million	30 September 2011 N'million	31 December 2010 N'million
Assets					
Cash and balances with central banks	5	201,148	68,056	158,525	39,819
Treasury bills	6	181,097	123,455	123,703	78,703
Due from other banks	7	302,045	302,272	246,380	290,735
Loans and advances to customers	8	705,289	628,811	604,979	569,312
Investment securities	10	506,903	384,453	431,213	313,659
Investment in subsidiaries		-	-	57,767	50,355
Investment in associate	11 (a)	9,247	9,179	9,943	9,943
Investment in joint venture	11 (b)	1,123	939	900	900
Goodwill		3,479	3,479	-	-
Deferred tax assets		3,736	3,341	3,131	3,131
Other assets	12	50,837	28,511	42,689	19,859
Property and equipment		60,475	65,200	51,295	56,216
		2,025,379	1,617,696	1,730,525	1,432,632
Liabilities					
Customers' deposits	13	1,498,644	1,267,171	1,258,073	1,119,063
Due to other banks	14	31,347	7,456	28,406	51
Liability on investment contracts	15	39,241	33,090	-	-
Debt securities in issue	16	53,217	18,851	55,029	20,663
Other borrowings	17	134,700	63,293	134,700	63,293
Current income tax		2,125	2,794	838	1,148
Other liabilities	18	70,658	43,599	57,692	38,698
Deferred income tax liabilities		21	30	-	-
Retirement benefit obligations		1,620	1,986	1,620	1,986
		1,831,573	1,438,270	1,536,358	1,244,902
Equity					
Share capital		16,168	12,934	16,168	12,934
Share premium		108,256	111,489	108,256	111,489
Revaluation reserve on fixed assets		11,231	11,231	11,231	11,231
Retained earnings		26,342	16,504	32,334	25,961
Other reserves		27,960	24,371	26,178	26,115
Attributable to equity holders of the parent		189,957	176,529	194,167	187,730
Non-controlling interest		3,849	2,897	-	-
Total Equity		193,806	179,426	194,167	187,730
Total equity and liabilities		2,025,379	1,617,696	1,730,525	1,432,632
Off-balance sheet engagements and contingencies					
	19	914,598	654,360	848,887	628,253

UNITED BANK FOR AFRICA Plc
Consolidated Cash Flow Statements
For the Quarter ended 30 September 2011

	Note	GROUP		BANK	
		30 September 2011 N'million	30 September 2010 N'million	30 September 2011 N'million	30 September 2010 N'million
OPERATING ACTIVITIES					
Cash generated from operations	20	229,025	85,859	155,849	33,112
Income tax paid		(822)	(4,925)	(822)	(3,615)
VAT paid		(1,152)	(1,069)	(1,152)	(1,069)
Net cash from operating activities		227,051	79,865	153,875	28,428
FINANCING ACTIVITIES					
Net proceeds from long term borrowings		102,342	-	102,342	-
Investment in subsidiaries		-	-	(7,412)	(10,828)
Dividend paid to shareholders		(1,294)	(2,156)	(1,294)	(2,156)
Interest paid on debt securities in issue		(1,289)	-	(1,289)	-
Net cash from/(used in) financing activities		99,759	(2,156)	92,347	(12,984)
INVESTING ACTIVITIES					
Purchase of investments		(122,450)	(87,558)	(117,554)	(87,526)
Treasury bills and government bonds held to maturity		(73,484)	(23,849)	(60,842)	(13,969)
Purchase of property, plant and equipment		(2,798)	(2,072)	(1,059)	(775)
Net cash used in investing activities		(198,732)	(113,479)	(179,455)	(102,270)
Increase/(decrease) in cash and cash equivalents		128,078	(35,770)	66,767	(86,826)
Analysis of changes in cash and cash equivalents:					
At start of period		373,908	526,085	338,138	492,079
At end of period	21	501,986	490,315	404,905	405,253
Increase/(decrease) in cash and cash equivalents		128,078	(35,770)	66,767	(86,826)

UNITED BANK FOR AFRICA Plc

**Notes to the Financial Statements
For the Quarter ended 30 September 2011**

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 Interest and similar income

	GROUP		BANK	
	9 months to 30 September 2011 N'million	9 months to 30 September 2010 N'million	9 months to 30 September 2011 N'million	9 months to 30 September 2010 N'million
<i>Analysis by nature:</i>				
Placements	7,103	8,652	6,323	8,059
Treasury bills and investment securities	36,107	26,947	29,204	20,302
Loans and advances	46,099	59,180	39,388	55,548
	89,309	94,779	74,915	83,909

Analysis by sources:

Interest income - bank sources	43,210	35,599	35,527	28,361
Interest income - non-bank sources	46,099	59,180	39,388	55,548
	89,309	94,779	74,915	83,909

3 Interest and similar expense

Analysis by sources:

Interest expense - non-bank sources	32,689	39,143	28,482	34,575
Interest expense - bank sources	556	1,024	207	771
	33,245	40,167	28,689	35,346

4 Other Income

Fees	15,001	4,952	9,861	4,952
Foreign exchange income	6,071	8,416	2,079	5,255
Other fees and commissions	22,433	28,219	17,177	20,697
	43,505	41,587	29,117	30,904

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5 Cash and balances with central banks

	GROUP		BANK	
	30 September 2011 N'million	31 December 2010 N'million	30 September 2011 N'million	31 December 2010 N'million
Cash	48,787	30,442	35,698	21,345
Operating accounts with Central Banks (note 5.1)	151,154	25,352	122,827	10,216
Included in cash and cash equivalents	199,941	55,794	158,525	31,561
Mandatory reserve deposits with Central Banks (note 5.1)	1,207	12,262	-	8,258
	201,148	68,056	158,525	39,819

5.1 Mandatory reserve deposits are not available for use in the Group's day to day operations. The Central Bank of Nigeria (CBN) in its circular dated 3 March 2011 with reference number FPR/DIR/CIR/GEN/01/014, modified the framework for the computation and maintenance of Cash Reserve Requirement. Accordingly, existing balances in the mandatory reserves were liquidated into the banks' operating accounts with CBN as disclosed above.

6 Treasury bills

	GROUP		BANK	
	30 September 2011 N'million	31 December 2010 N'million	30 September 2011 N'million	31 December 2010 N'million
Nigerian government treasury bills	123,703	78,703	123,703	78,703
Other government treasury bills	57,394	44,752	-	-
	181,097	123,455	123,703	78,703

7 Due from other banks

Current balances - banks within Nigeria	33,976	9,646	33,888	8,456
Current balances - banks outside Nigeria	100,727	132,140	90,909	119,417
Placements - banks and discount houses	167,342	160,486	121,583	162,862
	302,045	302,272	246,380	290,735

8 Loans and advances to customers

Overdrafts	185,681	138,438	151,835	118,608
Term loans	538,274	529,906	463,168	481,849
Others	15,359	5,752	9,285	315
	739,314	674,096	624,288	600,772
Provisions for loans and advances	(34,025)	(45,285)	(19,309)	(31,460)
	705,289	628,811	604,979	569,312

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**Notes to the Financial Statements
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9 Diminution/(appreciation) in asset values

	GROUP		BANK	
	9 months to 30 September 2011 N'million	9 months to 30 September 2010 N'million	9 months to 30 September 2011 N'million	9 months to 30 September 2010 N'million
Provision/(write back) made for losses is analysed as follows:				
Loans and advances	15,132	2,725	11,990	2,713
Investments and other assets	310	230	200	(23)
Amounts written off	5,256	7,209	5,393	7,209
Recoveries	(11,954)	(4,453)	(10,504)	(4,453)
	8,744	5,711	7,079	5,446

10 Investment securities

	GROUP		BANK	
	30 September 2011 N'million	31 December 2010 N'million	30 September 2011 N'million	31 December 2010 N'million
Debt securities	461,563	338,915	407,623	285,938
Equity Securities	48,159	49,581	24,793	28,865
	509,722	388,496	432,416	314,803
Provision for diminution in value	(2,819)	(4,043)	(1,203)	(1,144)
	506,903	384,453	431,213	313,659

11(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	
	30 September 2011 N'million	31 December 2010 N'million	30 September 2011 N'million	31 December 2010 N'million
At start of period	9,179	9,261	9,943	9,943
Share of results	68	(82)	-	-
At end of period	9,247	9,179	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 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.

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11 (b) The movement in investment in UBA Metropolitan Life Insurance joint venture is as shown below:

	GROUP		BANK	
	30 September 2011 N'million	31 December 2010 N'million	30 September 2011 N'million	31 December 2010 N'million
At start of period	939	245	900	900
Share of results	184	(56)	-	-
Additions	-	750	-	-
At end of period	1,123	939	900	900
12 Other assets				
Interest and fee receivable	3,167	5,829	1,081	2,106
Prepayments	9,112	8,471	4,917	4,256
Accounts receivable	44,116	18,670	40,682	17,444
	56,395	32,970	46,680	23,806
Provision for doubtful receivables	(5,558)	(4,459)	(3,991)	(3,947)
	50,837	28,511	42,689	19,859

12.1 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.

	GROUP		BANK	
	30 September 2011 N'million	31 December 2010 N'million	30 September 2011 N'million	31 December 2010 N'million
13 Customers' deposits				
Current deposits	639,701	504,851	527,004	434,034
Savings deposits	251,580	220,769	218,104	192,969
Term deposits	412,876	285,933	330,112	252,315
Domicilliary deposit	194,487	255,618	182,853	239,745
	1,498,644	1,267,171	1,258,073	1,119,063
14 Due to other banks				
Items in course of collection	26,250	51	28,406	51
Current balances with banks	688	2,342	-	-
Inter-bank takings	4,409	5,063	-	-
	31,347	7,456	28,406	51
15 Liability on investment contracts				

Balance represents monies administered by the Group under various Asset Management and Trust contracts.

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Notes to the Financial Statements

For the Quarter ended 30 September 2011

16 Debt securities in issue

Amount represents long term bonds issued by the Bank. The Bank offered for subscription; N20 billion fixed rate subordinated unsecured notes, maturing in 2017 with a coupon of 13%. In another issue, the Bank offered N35 billion fixed rate subordinated unsecured notes, maturing in 2018 with a coupon of 14%. These represent the first and second issuance under the Bank's N400 billion medium term note programme. Coupon on the note is payable semi-annually.

17 Other borrowings

	GROUP		BANK	
	30 September 2011 N'million	31 December 2010 N'million	30 September 2011 N'million	31 December 2010 N'million
African Development Bank	23,115	22,301	23,115	22,301
Standard Chartered Bank	15,410	-	15,410	-
Afrexim Bank	15,410	-	15,410	-
On-lending for manufacturing companies	42,991	5,835	42,991	5,835
On-lending for agric companies	37,774	35,157	37,774	35,157
	134,700	63,293	134,700	63,293

18 Other liabilities

Customers' deposits for letter of credit	35,174	15,082	32,701	14,366
Deposit for foreign currency	123	106	104	106
Interest payable	2,259	3,632	3,335	1,789
Account payable	29,267	18,780	19,612	19,073
Accruals and provisions	3,835	5,924	1,940	3,326
Information technology levy	-	75	-	38
	70,658	43,599	57,692	38,698

19 Off-balance sheet engagements and contingencies

The Group, in the normal course of business, 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		BANK	
	30 September 2011 N'million	31 December 2010 N'million	30 September 2011 N'million	31 December 2010 N'million
Performance bonds and guarantees	198,151	139,653	171,336	124,602
Letters of credits	179,851	82,751	140,955	71,695
Funds under custody	536,596	431,956	536,596	431,956
	914,598	654,360	848,887	628,253

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Notes to the Financial Statements
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20	Cash generated from operations	GROUP		BANK	
		30 September 2011	30 September 2010	30 September 2011	30 September 2010
		N'million	N'million	N'million	N'million
Reconciliation of profit before tax to cash generated from operations:					
	Profit after tax	12,161	6,648	7,641	5,114
	Add back: taxation	2,038	4,940	393	4,422
	Depreciation of property and equipment	7,523	7,507	5,980	5,910
	Provision on investments and other assets	310	-	200	-
	Exceptional items charged	-	5,431	-	5,280
	Exchange difference	4,327	(1,255)	904	175
	Interest paid on debt securities in issue	1,289	-	1,289	-
	Provision/(write back) for loans and investments	15,132	(2,438)	11,990	2,690
	Loans written off	5,256	7,209	5,393	7,209
	Share of profit in equity accounted associate	(68)	75	-	-
	Share of profit in equity accounted joint venture	(184)	-	-	-
	Provision for retirement benefit obligations	-	333	-	333
	Operating profit before changes in operating assets and liabilities	47,784	28,450	33,790	31,133
<i>(Increase)/decrease in operating assets:</i>					
	Loans to customers	(96,866)	(36,767)	(53,050)	(47,733)
	Cash reserve requirements	11,055	1,759	8,258	(769)
	Other assets	(22,636)	(19,519)	(23,030)	(17,939)
	Non-controlling interest	-	(2,214)	-	-
		(108,447)	(56,741)	(67,822)	(66,441)
<i>Increase/(decrease) in operating liabilities:</i>					
	Customers' deposits	231,473	92,519	139,010	35,150
	Due to other banks	23,891	15,455	28,355	13,263
	Investment contract liabilities	6,151	(13,547)	-	-
	Other liabilities	28,539	19,723	22,882	20,007
	Retirement obligations	(366)	-	(366)	-
		289,688	114,150	189,881	68,420
	Cash generated from operations	229,025	85,859	155,849	33,112

UNITED BANK FOR AFRICA Plc

**Notes to the Financial Statements
For the Quarter ended 30 September 2011**

21 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, eligible treasury bills, operating account balances with other banks, amounts due from other banks and short-term government securities.

	GROUP		BANK	
	30 September 2011 N'million	30 September 2010 N'million	30 September 2011 N'million	30 September 2010 N'million
Cash and balances with central banks	199,941	87,801	158,525	37,601
Due from other banks	302,045	402,514	246,380	367,652
	501,986	490,315	404,905	405,253