Unaudited 2016 First Quarter Results Presentation

April 2016

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Presentation Outline

- Evolution of UBA
- Macroeconomic Update
- Regulatory environment
- 2016 First Quarter Performance Review
- 2016 FY Performance Guidance

Evolution of UBA Plc

- **1949**: French & British Bank Limited ("FBB") commenced business
- **1961**: UBA incorporated to take over the banking business of the FBB
- **1970**: IPO on the NSE
- **1984**: Established New York branch
- **1997**: Standard Trust Bank commenced operations
- **1998**: GDR programme established
- **2004**: STB Ghana established
- **2005**: UBA merged with Standard Trust Bank; Continental Trust Bank acquired; New management team constituted
- **2007**: Fresh equity capital raised successfully; UBA Capital (Europe) London opened
- **2008-10**: Acquired majority interest in two banks based in B/Faso and Benin; Successfully raised N20bn debt capital; Commenced operations in some African countries including Kenya, Uganda, Cameroon, Cote d' Ivoire, S/Leone and Mozambique
- **2011**: Commenced operations in Congo DR and Brazzaville.; Successfully raised N35bn debt capital
- **2012**: Won Financial Times' Bankers' Awards for Best Overall Bank in Africa;, Best Bank in Cameroun and Best Bank in Senegal
- **2013**: Successfully divested from its non-bank subsidiaries and property mgt business
- **2015**: Successfully completed Tier 1 capital raising in 2015

Pre-Merger | Post-Merger

UBA Profile at a Glance

A truly Pan-African Bank, with operations across 19 key un(der)banked African markets

A unique and scalable platform to take full advantage of growth opportunities in all sectors of the African economy

- Third largest bank in Nigeria (the biggest economy), with an estimated c.10% market share
- The Nigerian bank with the largest earnings diversification and footprints across the African continent
- Full scale exposure to key growth poles of the African economy; consumer, commodities and infrastructure
- Meeting customers' global transaction need through its presence in London, New York and Paris
- Serving over 8million customers, through one of the most revered diverse channels in Africa;
  614 business offices, 1,738 ATMs, 13,452 PoS, robust online and mobile banking platforms and social media.

Moderate risk appetite, with a good balance between profitability and sustainability

- Enhanced risk management and control framework, with clear definition of risk appetite
- Well diversified loan book with compelling quality ratios: 1.7% NPL with c.130% coverage & 0.4% cost of risk.
- Minimal exposure to volatile sectors and segments of the market
- Strong governance structure and oversight, with zero tolerance for regulatory and internal policy infractions

Funding, Liquidity and Capital

- Strong 80% stable CASA funding
- Relatively low 3.5% cost of funds
- Headroom for lower CoF, on growing African retail penetration
- Liquid balance sheet to take advantage of emerging opportunities
- Adequate BASEL II CAR of 20%

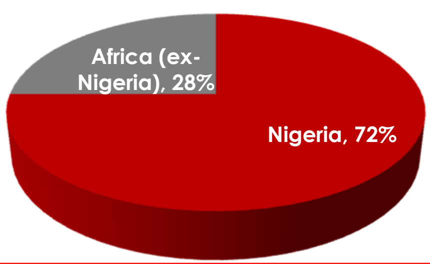
Asset Creation and Quality

- ≈ USD14bn balance sheet size
- Biased loan exposure to lower risk corporate and commercial markets
- Bouquet of holistic financial solutions to regional businesses
- Target to formalize the unbanked USD30bn intra-Africa trade

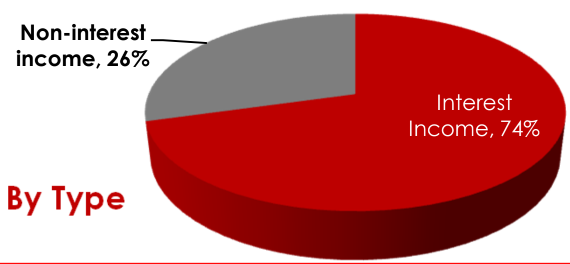
Profitability

- RoAE of 20% in Q1 2016
- NIM of 6.7%, with notable upside in 2016, as asset yield improves and CoF moderates
- Moderating CIR of 64%, with a more benign outlook
- Profitability target built on sustainability and long term value creation

Profit By Geography



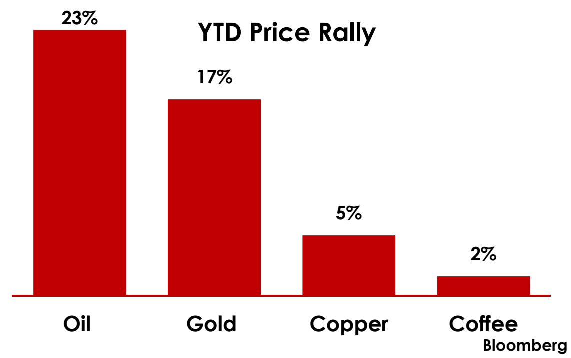
Gross Earnings By Type



Macroeconomic Update

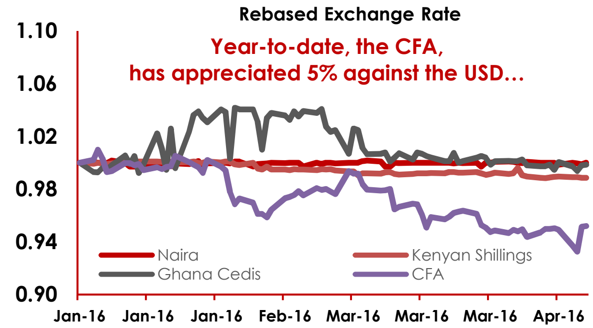
❖ **Economic Growth: Commodity prices rebound due to supply cut**

- Africa's output growth is believed to have bottomed out in 2015 (3.5% GDP growth), with a positive outlook of 4% growth in 2016, as commodity prices gradually recovers and reforms help to stimulate economic activities.
- The prices of crude oil, gold, copper and coffee have seen steady recovery YTD, gaining 23%, 17%, 5% and 2% respectively. Whilst the rally has been largely driven by reduced supply, demand is expected to strengthen in the quarters ahead.
- Nigeria, Kenya and Ghana are expected to see relatively better growth in 2016; 3%, 4% and 5% respectively, even so tight monetary policy and weak fiscal positions are expected to weigh down growth potentials in the near term. .



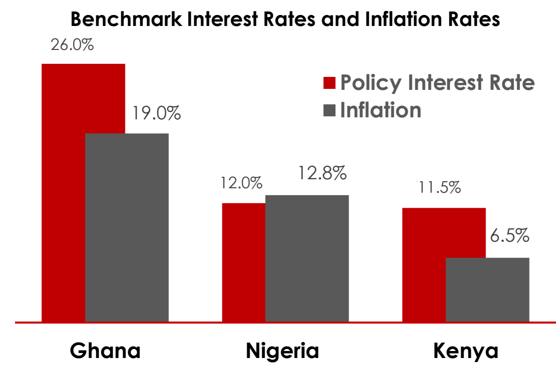
❖ **Exchange Rate: Volatile local currencies, with calls for further devaluation**

- Africa's local currencies, which were under pressure in 2015, have been relatively stable thus far in the year, as tight monetary policy and a host exchange rate measures help to moderate demand-supply gaps. YTD, the CFA has appreciated 5% against the USD whilst NGN, Cedi and Shilling are been relatively stable. However the Mozambique metical has depreciated 11% YTD.
- Negative commodity price trend, slowing China and concerns on rate hike in the U.S remain risk factors to currency stability in Africa,



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

- Monetary policy authorities maintained tight measures – MPR at 26% in Ghana, Kenya – 11.5%; Nigeria – 12%, following 100bps increase in Q1 2016.
- High yields on Sovereign treasuries (treasuries trading at; Nigeria – 11%; Ghana – 24%; Kenya -9%) 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 – 19%; Nigeria – 13% (from 9.6% in Dec 2015 – out of CBN target); Kenya – 7%. Consumer prices are however stable in the CFA countries.
- All eyes on 2016 expansionary budget in Nigeria. Military gaining grounds against insurgency and expectations are high on anti-corruption reforms. It is a year of election for Ghana

Policy and regulatory environment

❖ Nigeria

Implications

- MPR increased by 100bps to 12% and CRR increased to 22.5%
  - A shift in MPC's stance on interest rate environment aimed at stemming inflationary and exchange rate pressures. Yields are up 150bps YTD.
- Increase in general provisions on performing loans to 2% (from 1%)
  - Aimed at building capital buffers. The impact is on regulatory reserves, distributable earnings and capital ratios, and it has no effect on income statement
- Revised Bank Charges
  - COT is now zero but a new account maintenance charge has been introduced, with charges limited to N1/mille (same as 2015 COT)

❖ Other African Markets

- Ghana: MPR maintained at 26%, to stem inflationary pressures and sustainably stabilize the Cedi
  - Cedi has been relatively stable YTD but borrowing cost remains elevated
- Kenya:
  Whilst inflation is believed to have peaked and is now moderating, the policy rate remains at 11.5% to sustain the stability in the exchange rate market.
  - Higher lending rate and overall cost of borrowing for businesses

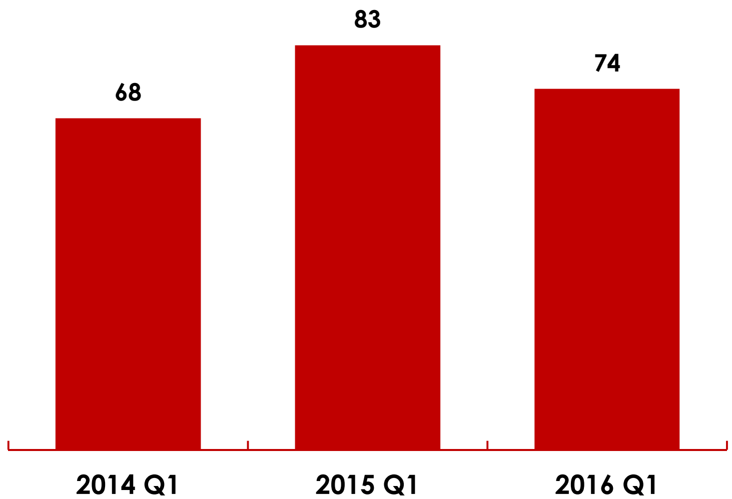
  The Central Bank pledged liquidity support to the interbank market to restore confidence in banks, following the crisis at Chase Bank.
  - There has been relative calm after the knee jack market reaction to Chase Bank crisis
- Francophone West African markets: Relatively stable economies
  - Stable operating margins

2016 First Quarter Results Snapshot

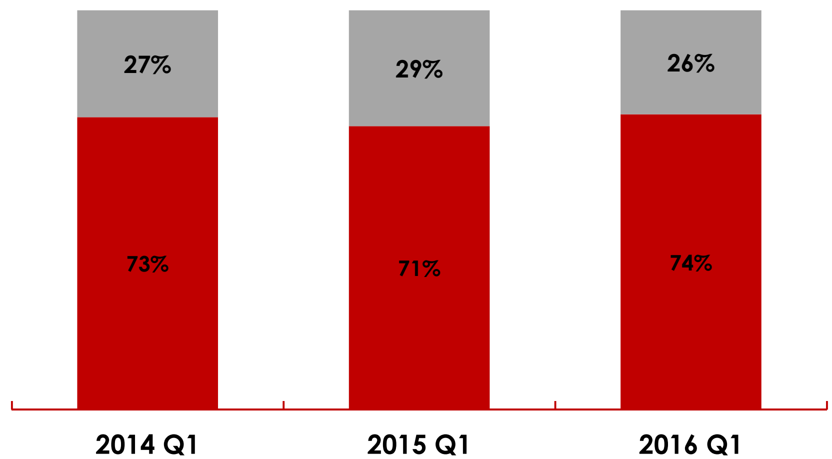
		31-Mar-16	31-Mar-15	% Change
COMPREHENSIVE INCOME & PROFIT TREND (N'million)	Gross Earnings	**74,134**	83,098	-10.8%
	Net Interest Income	**34,421**	30,783	+11.8%
	Net Operating Income	**50,235**	50,905	-1.3%
	Operating Expenses	**(32,143)**	(32,530)	-1.2%
	Profit Before Tax	**18,083**	18,389	-1.7%
	Profit After Tax	**16,986**	16,956	+0.2%
EFFICIENCY AND RETURN	Cost-to-Income Ratio	**64.0%**	63.9%	
	Post-Tax Return on Average Equity	**20%**	25%	
	Post-Tax Return on Average Assets	**2.5%**	2.4%	
		31-Mar-16	**31-Dec-15**	**% Change**
FINANCIAL POSITION TREND (N'million)	Total Assets	**2,733,679**	2,752,622	-0.69%
	Customer Deposits	**2,006,196**	2,081,704	-3.63%
	Net Loans to Customers	**1,049,424**	1,036,637	+1.23%
	Shareholders' Fund (Equity)	**347,334**	332,621	+4.42%
BUSINESS CAPACITY AND ASSET QUALITY RATIOS	Total Loan-to-Deposit Ratio	**50%**	49%	
	Capital Adequacy Ratio (BASEL II)	**20%**	20%	
	Non-Performing Loan Ratio	**1.7%**	1.7%	

2016 First Quarter Results Snapshot

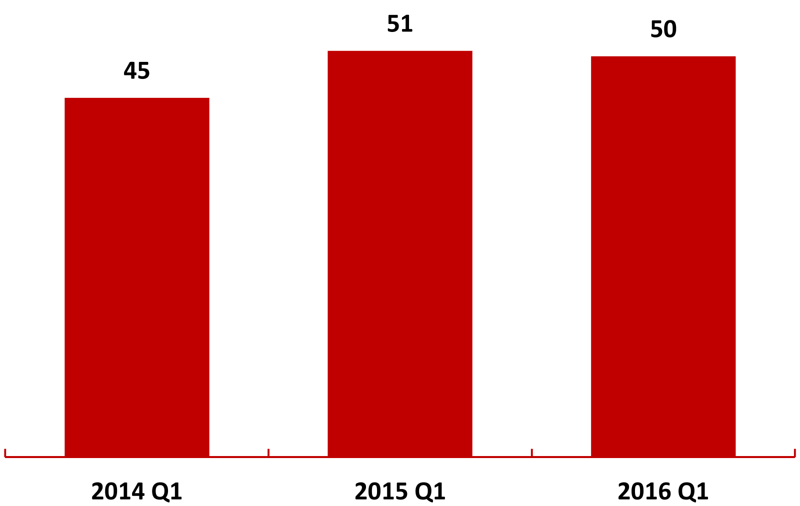
Gross earnings trend (N'billion)



Gross earnings by source (%)



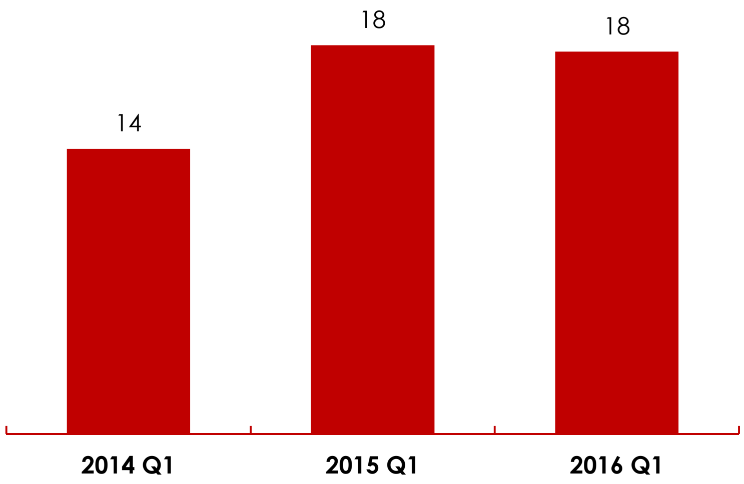
Net Operating Income (N'billion)



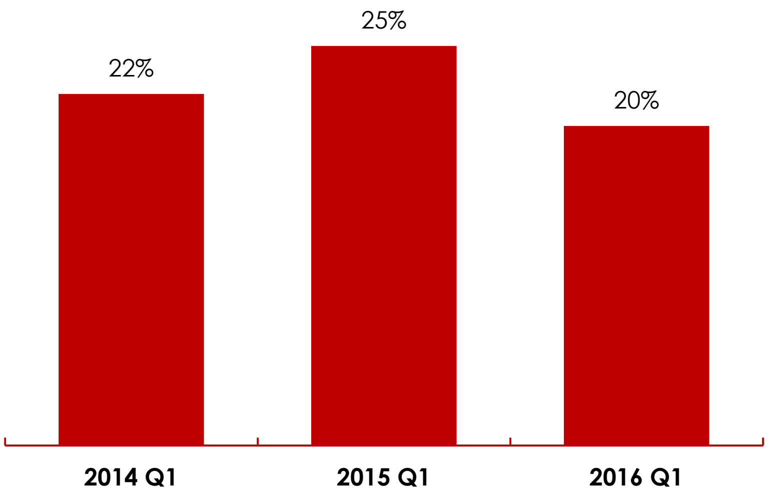
- The modest decline in the Group's revenue reflects the relatively weak liquidity in the FX market in the period; a phenomenon which moderated FCY-related income.
- Interest income represents 74% of the gross earnings, with a strong 11.4% growth in net interest income.
- Net operating income stabilized at ₦50 billion in the first three months of the year, reinforcing efficiency gains

2016 First Quarter Results Snapshot

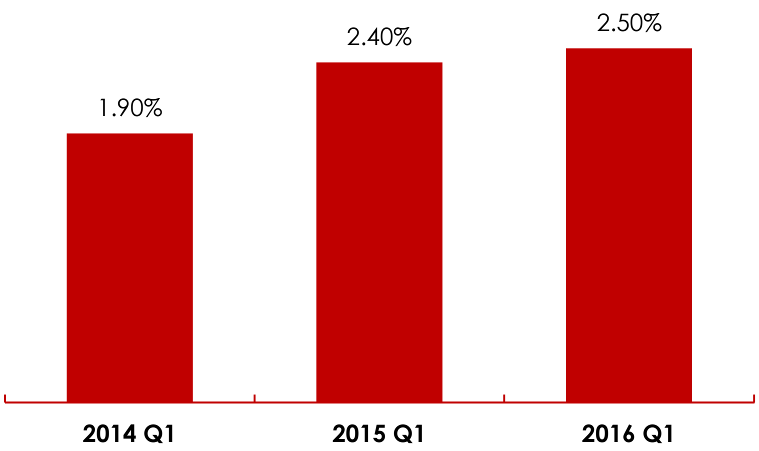
Profit Before Tax (N'billion)



Return on Average Equity (%)



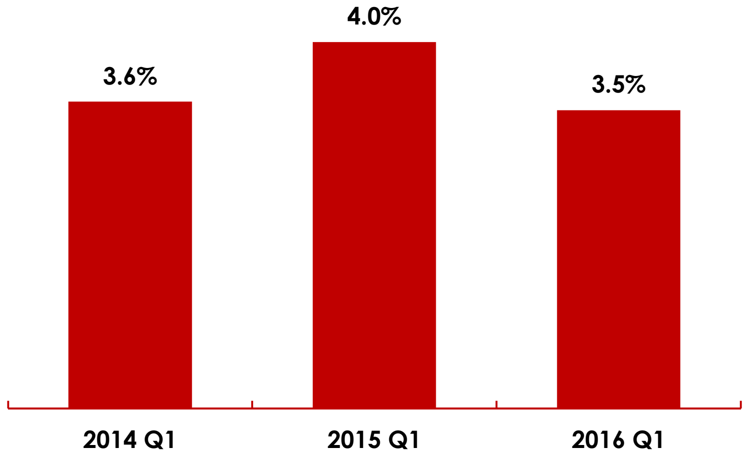
Return on Average Asset (%)



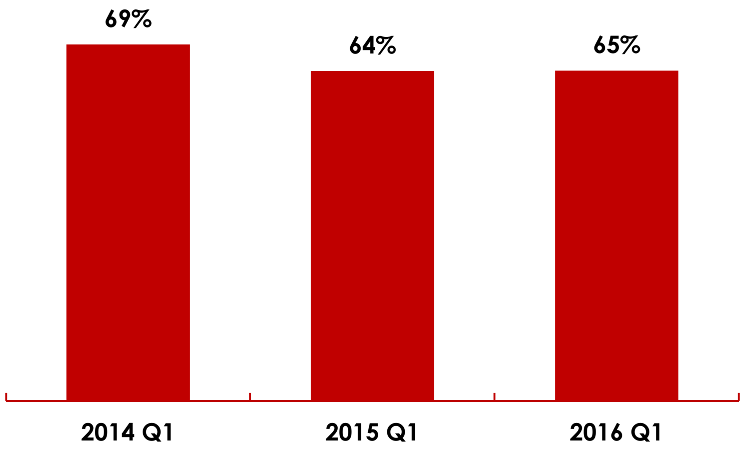
- The Group maintained its strong profitability, defying macroeconomic pressures in its core market; Nigeria.
- Sustaining profit before tax at ₦18 billion, the Group closed the first quarter of the year with an annualized 20% return on average equity.
- UBA Africa (the subsidiaries in Africa, ex-Nigeria) contributed 28% of the Group's profit, as the businesses grow scale and scope.

2016 First Quarter Results Snapshot

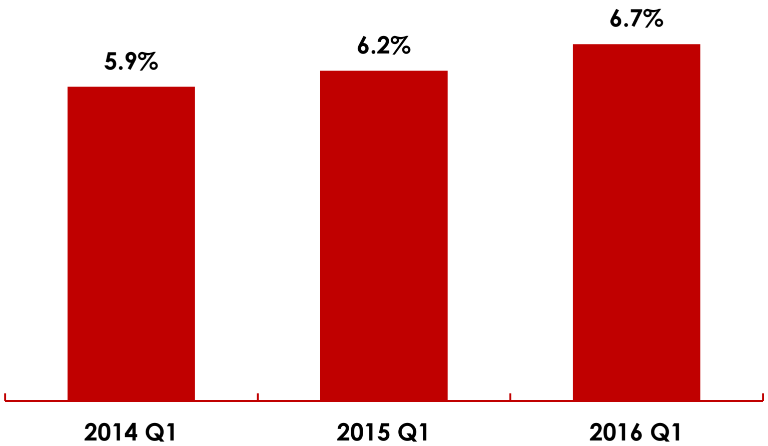
Cost of Funds (%)



Cost-to-income Ratio (%)



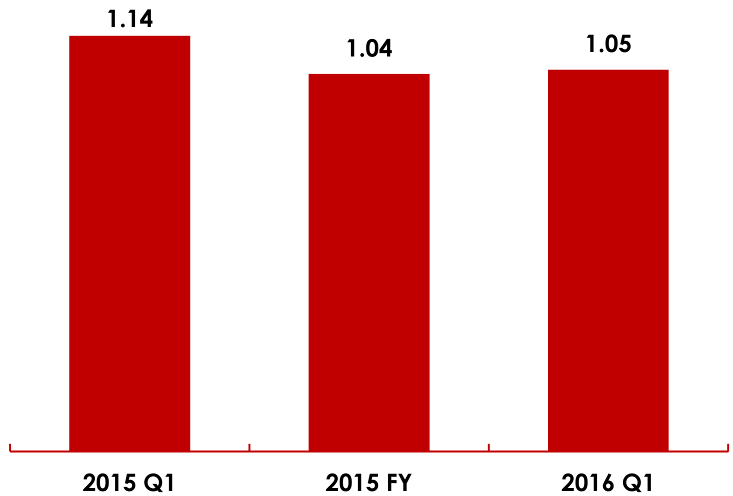
Net Interest Margin (%)



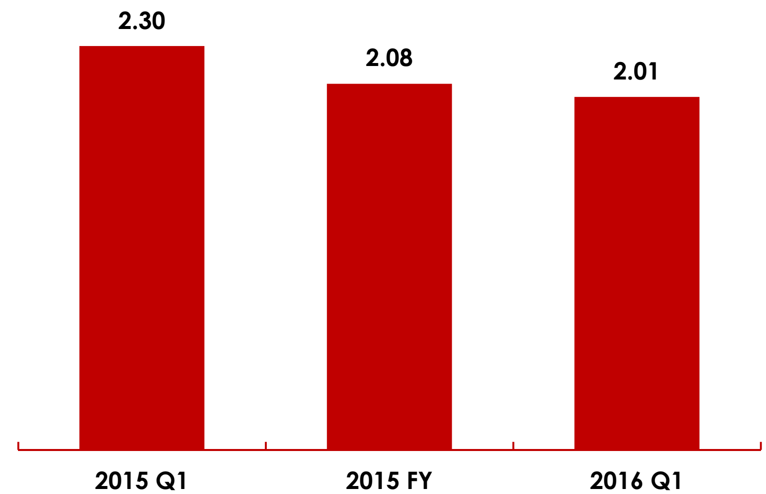
- Given notable improvement in funding mix and re-priced liabilities, cost of funds improved 50bps to 3.5% in the first quarter of the year, with a strong outlook on sustaining this feat through the year.
- Given the improved yield on treasury assets (some 150bps rise in sovereign yield in the quarter) and defense of yield on loan portfolio, the Group recorded a 50bps YoY improvement in net interest margin (NIM) to 6.7%, outperforming market guidance of 6.3% for the 2016FY.
- Notwithstanding inflation (headline inflation rose to 12.8% in 2016Q1 from 9.6% in Dec. 2015) and FCY-induced cost pressures, the Group maintained a tight hold on operating expenses, which moderated 1.2% YoY and resulted into a modest 65% cost-to-income ratio; broadly in line with our 2015FY guidance.

2016 First Quarter Results Snapshot

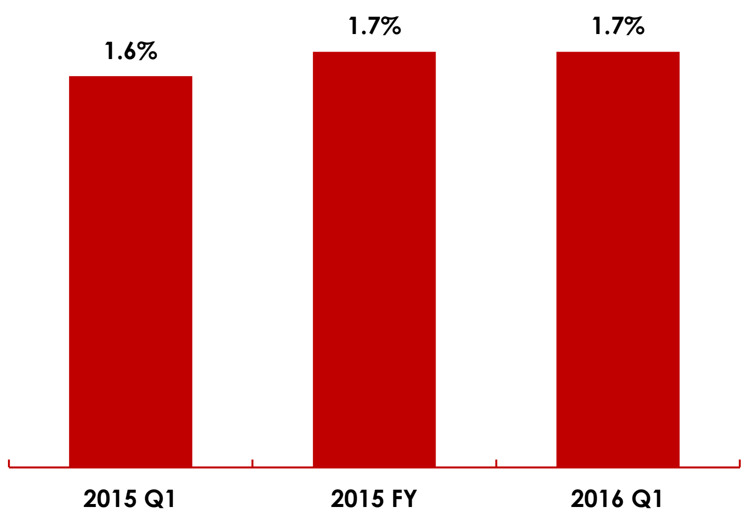
Loan Book (N'trillion)



Customer Deposit (N'trillion)



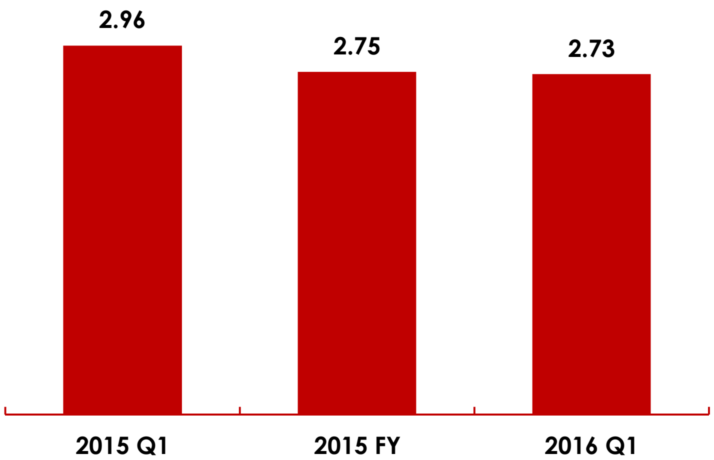
NPL Ratio (%)



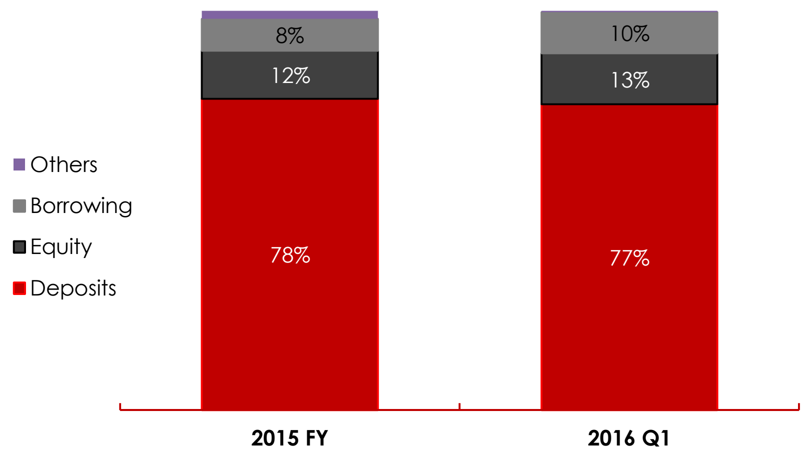
- Whilst maintaining our low-to-moderate risk appetite and cautious stance, we stabilized our loan book, growing the credit portfolio marginally by 1% YTD.
- The loan book remained well diversified across sectors, with limited or no exposure to volatile and vulnerable sectors and segments of the economy/markets. Non-Performing Loan (NPL) ratio remained stable at 1.7% in 2016Q1, with a moderate 0.4% cost of risk, partly helped by recoveries.
- We improved the mix of our deposits in the first quarter of the year, with current and savings accounts (low cost stable deposits) now representing 80% of our deposit funding; albeit this resulted into a marginal drop in deposit base, as we re-price deposit liabilities, relieving the Bank of expensive funds

2016 First Quarter Results Snapshot

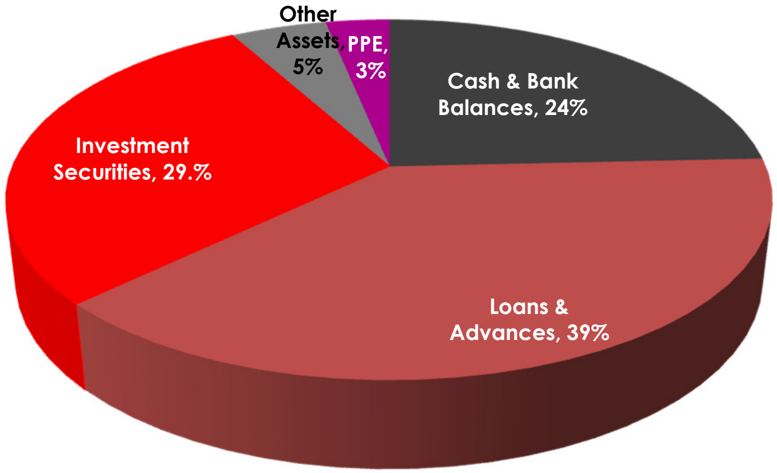
Total Asset (N'trn)



Funding Structure



Composition of Total Asset Portfolio



- Given macroeconomic uncertainties in some of our markets in the past two years, the Group balanced its growth appetite with the culture of maintaining quality portfolio, thus keeping the balance sheet stable.
- The Group maintains its strong funding base, with low cost stable deposits (quasi-equity) and tier-1 equity, being the core funding sources.
- The balance sheet remains liquid, with a 50% liquidity ratio at the end of the first quarter of the year.

2016 Financial Year Earnings Guidance

Headlines	2015FY Actual	2016FY Guidance
Net Interest Margin	6.3%	>6.3%
Cost-to-Income Ratio	66.7%	≈65.0%
Cost of Risk	0.5%	≈1%
Non-Performing Loan Ratio	1.7%	<2.5%
Net Customer Loan Growth	-3.3%	10% - 15%
Customer Deposit Growth	-4.1%	10% - 15%
Return on Average Asset	2.2%	≈2.2%
Return on Average Equity (RoAE)	20.0%	≈20.0%

Questions & Answers