



United Bank for Africa Plc.
RC No. 2457



ACCT. NO. 128
MI ENIKO
ULERE

2006 Annual Report & Accounts

VISION

"To be the undisputed leading and dominant financial services institution in Africa."

MISSION

"To be a role model for African businesses by creating superior value for all our stakeholders, abiding by the utmost professional ethical standards, and by building an enduring institution."

1



Core Values

Humility

Synonymous with meekness and a belief that the "Customer is King", our products and services cover every segment of the market. At UBA, staff are taught not to despise small beginnings. By a deliberate business philosophy, numerous start-ups and new business initiatives have been supported from incubation to maturity.



Empathy



Knowledge of the customer and intimate understanding of their businesses is an integral part of the Group's marketing strategy, and this is done with a view to developing mutually beneficial and enduring relationships. We are constantly driven by a strong desire to assist our customers in their efforts to create value. We partner with our customers in a way that reflects understanding and appreciation of their businesses.

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Integrity

Every member of the UBA group is taught to uphold the virtues of moral excellence, honesty, wholeness and sincerity in all interactions with customers, service providers, fellow staff and all other stakeholders. This value has proven tremendously helpful in building the UBA brand.



Resilience



It is part of the culture in UBA to proactively conceptualise, design and develop products and services, which surpass the expectations of customers, no matter the odds. The Bank's innate strength also enables it to adapt to fast changing economic trends and cycles.

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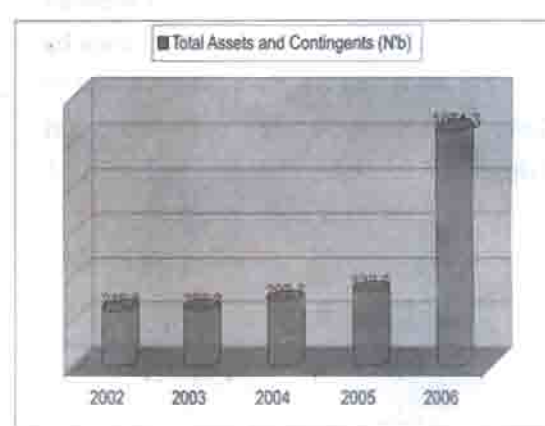
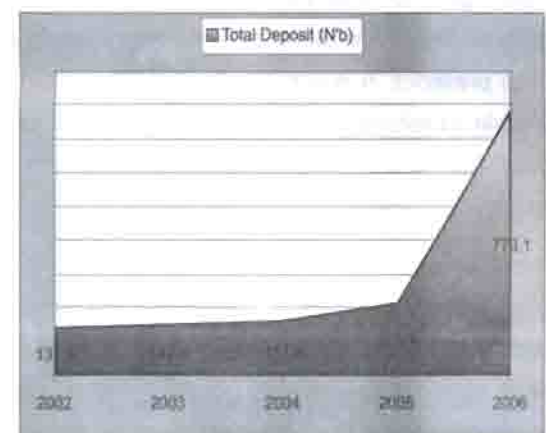
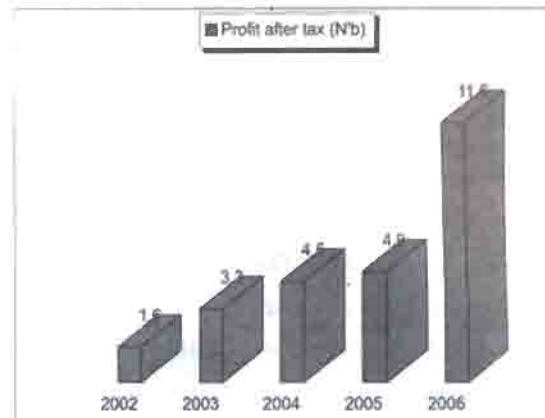
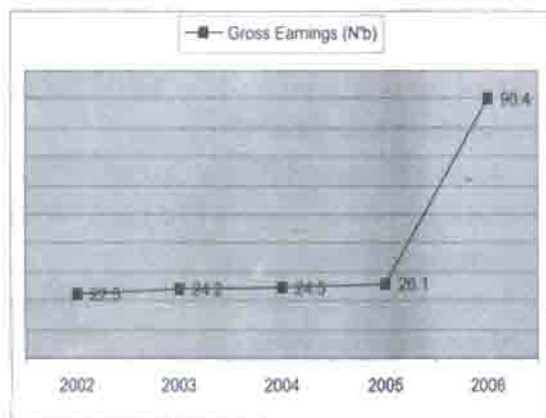
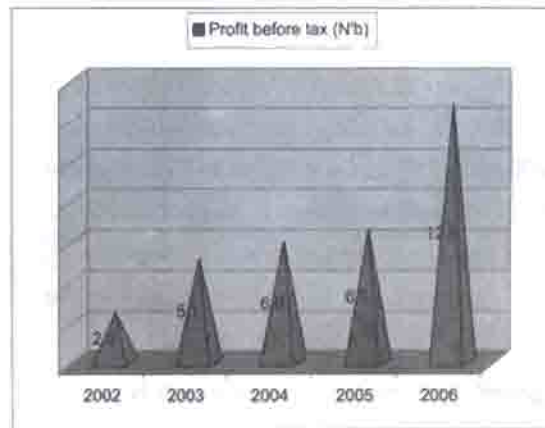
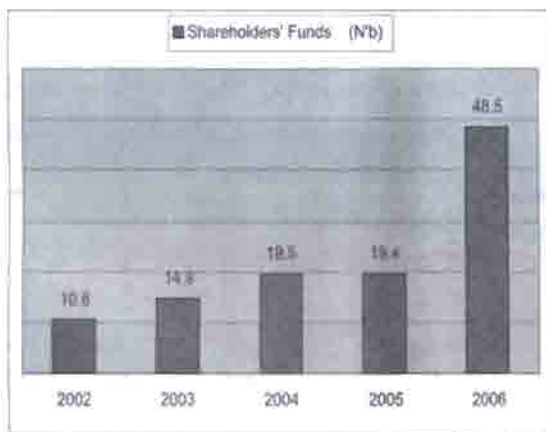
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Group Financial Highlights

2006

	30 Sept. 2006 Nmillion	31 March 2005 Nmillion	Change %
PROFIT & LOSS ACCOUNT			
Gross earnings	30,447	26,089	247
Profit before taxation	12,811	6,520	96
Profit after taxation	11,550	4,921	135
Dividend	7,060	1,836	285
BALANCE SHEET			
Loans and advances	109,896	67,610	63
Deposits and current accounts	776,135	205,110	278
Share capital	3,530	1,530	131
Shareholders' funds	48,535	19,443	150
Total assets plus contingents	1,051,321	332,604	216
PER SHARE DATA			
Earnings - basic (kobo)	187	263	(29)
Dividend (kobo)	100	60	67
Dividend cover (times)	2	3	(39)
Net assets (kobo)	687	635	8
Stock exchange quotation (N)	23.69	10.00	137
Number of employees	4,659	3,787	23
Number of shares in issue (in million)	7,060	3,060	131

Group Financial Highlights



Corporate Profile

LEADERSHIP

From its towering headquarters building located at the Marina, the heart of the central business district of Lagos, the commercial capital of Nigeria, United Bank for Africa (UBA) Plc bestrides the Nigerian banking landscape like a colossus. Established in 1961, it is the largest financial services Group in Nigeria and West Africa, with a balance sheet size in excess of N1trillion, the first Nigerian Bank ever to achieve this feat in the Nigerian and West African banking industry.

UBA has grown from more than just a bank to a one-stop-shop financial services institution, providing solutions to more than 6 million core and walk-in customers through its expansive retail network of over 460 business offices. Having presence in all the commercial centers and major cities in Nigeria, UBA is often referred to as the neighborhood bank, which aligns with the bank's strategic intent and brand strap "the wise choice within reach". UBA's aim is to deliver what the customer wants and expects; closeness and proximity, choice, convenience and customization.

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HISTORIC MILESTONES

Founded over 45 years ago, UBA was the first Nigerian Bank to be listed on The Nigerian Stock Exchange by way of an IPO in 1970. The bank was also the first to issue a Global Depository Receipt (GDR) which has attracted significant foreign investment. In 2005, UBA merged with Standard Trust Bank Plc in advance of the reform-induced banking consolidation, the first successful merger in the Nigerian banking industry, creating the current UBA Plc. Today the consolidated UBA is the largest financial services institution in Nigeria and West Africa, operating out of two of the most vibrant economies in the sub-region – Nigeria and Ghana. UBA also has presence in New York and in the Cayman Islands.

Other historic and significant milestones in UBA's history include:

- The only African bank to have presence in the United States.
- Excellent credit ratings (short and long term) i.e. Global Credit Rating AA+ (Long Term) & A1+ (Short Term) in 2005.
- Consistent and solid financial performance in its 45-year history since it began business in 1961.
- Winning the Euromoney 2000 Award for Excellence as Best Domestic Bank in Nigeria.
- First Nigerian bank to introduce a cheque guarantee scheme known as UBACARD in 1986.
- First among international banks to be registered under the Nigerian law.
- Voted as Merger & Acquisition of the year 2006 by one of Nigeria's foremost daily newspapers, This Day.
- Voted as Bank of the year 2005 by Nigeria's daily newspaper, News Day.

CORPORATE IDENTITY

The UBA logo is distinct and recognizable anywhere in Nigeria and West Africa and indeed every where the bank has presence. It is simple, elegant, vibrant and memorable, combining the mustard seed of the old Standard Trust Bank and typographic execution of the old UBA.

The brand identity is in an attractive and distinctive red and white. The red is energetic, dynamic, innovative and impactful, representing excitement, strength and boldness, which aligns with our ambitious aspirations. The white represents brightness and clarity of focus and bespeaks of our integrity and professionalism.

The mustard seed reflects fertility, development and sustained growth. It also connotes deep personal relationships based on the spirit of giving, sharing and mutualism.

Corporate Information

DIRECTORS:

Kayode Sofola, SAN	Chairman
Ferdinand Alabraba	Vice Chairman
Tony O. Elumelu, MFR	Group Managing Director/Chief Executive Officer
Bello Garba	
Chika M. Mordi	
Faith Tuedor- Matthews (Mrs)	
Godwin Ize-Iyamu	
Israel C. Ogbue	
Paolo Di Martino (Italian)	
Phillips Oduoza	
Rose A. Okwechime (Mrs)	
Suzanne Soboyejo-Iroche (Mrs)	
Victor Osadolor	
Willy Kroeger (German)	

COMPANY SECRETARY:

Aidevo Odu- Thomas (Mrs)

REGISTERED NO:

RC No : 2457

REGISTERED OFFICE:

UBA House, 57 Marina, Lagos, Nigeria.

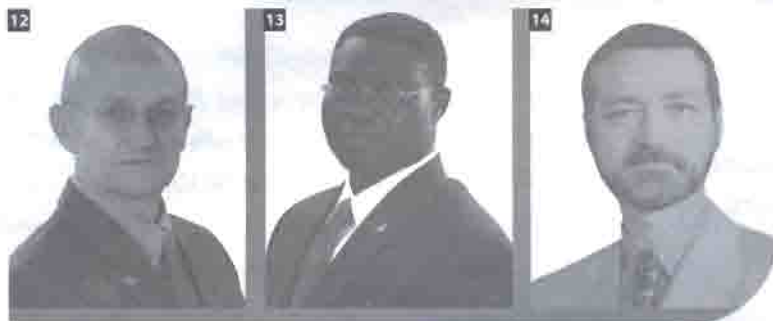
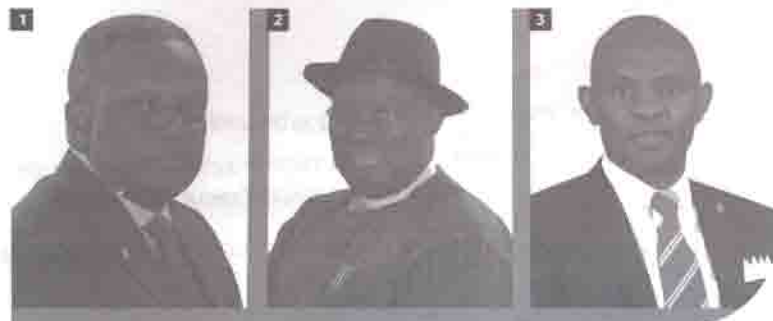
AUDITORS:

Akintola Williams Deloitte
(Chartered Accountants)
235, Ikorodu Road,
Ilupeju,
Lagos, Nigeria

REGISTRARS:

UBA Registrars Limited
Raymond House
95/105 Broad Street,
Lagos, Nigeria .

Board of Directors



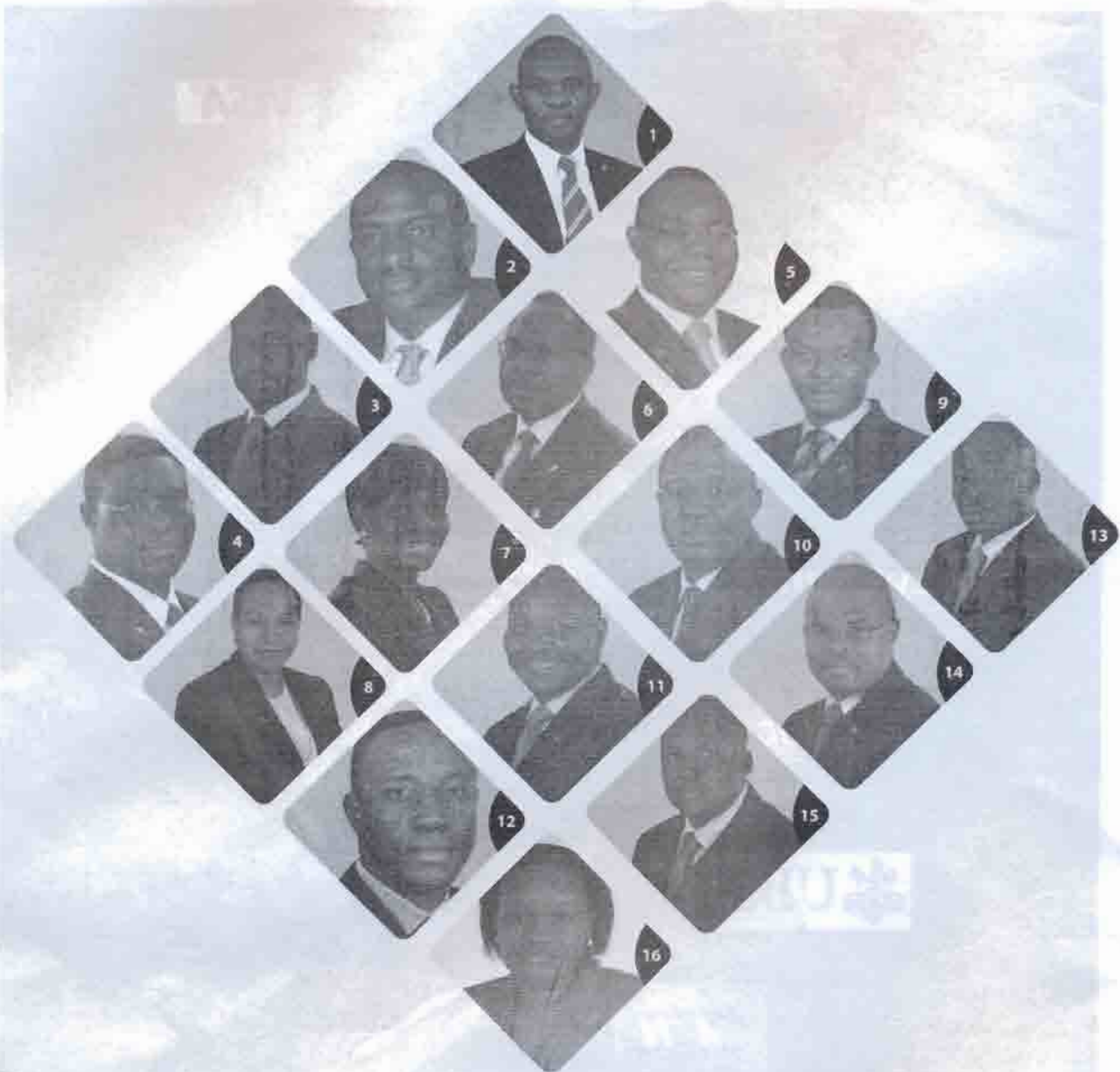
1. **KAYODE SOFOLA, SAN**
Chairman
2. **FERDINAND ALABRABA**
Vice Chairman
3. **TONY O. ELUMELU, MFR**
Group Managing Director/CEO
4. **CHIKA M. MORDI**
Executive Director
5. **FAITH TUEDOR- MATTHEWS (MRS)**
Executive Director

6. **BELLO GARBA**
Executive Director
7. **GODWIN IZE-IYAMU**
Executive Director
8. **ISRAEL C. OGBUE**
Director
9. **ROSE A. OKWECHIME (MRS)**
Director

10. **SUZANNE SOBOYEJO-IROCHE (MRS)**
Executive Director
11. **VICTOR OSADOLOR**
Executive Director
12. **WILLY KROEGER**
Director
13. **PHILLIPS ODUOZA**
Executive Director
14. **PAOLO DI MARTINO**
Director

Executive Committee

2007/2008



1. **TONY ELUMELU**
GMD/CEO

2. **BELLO GARBA**
Executive Director & Head, North Bank

3. **CHIKA MORDI**
Executive Director, Retail Banking

4. **PHILLIPS ODUOZA**
Executive Director, Operations & Information Technology

5. **VICTOR OSADOLOR**
Executive Director, Risk Management & Finance

6. **GODWIN IZE-IYAMU**
Executive Director & Head, Lagos Bank

7. **FAITH TUEDOR-MATTHEWS (MRS.)**
Executive Director & Head, Abuja Bank

8. **SUZANNE SOBOYEJO-IROCHE (MRS.)**
Executive Director, Global Banking

9. **KENNEDY UZOKA**
GM, Resources

10. **EMMANUEL NNOROM**
GM, Group Executive Office

11. **RASHEED OLAOLUWA**
GM, Corporate and Investment Banking

12. **HENRY AJAGBAWA**
GM & Head, South Bank

13. **PAM Y. DACHOMO**
Chief Credit Officer

14. **ADETUNJI ADENIYI**
GM & Head, West Bank

15. **DAVID T. ISIAVWE**
GM & Head, Corporate Audit & Compliance

16. **AIDEVO ODU-THOMAS (MRS.)**
Company Secretary

Executives and Other Principal Officers

EXECUTIVE DIRECTORS

Tony O. Elumelu , MFR
 Bello Garba
 Chika M. Mordi
 Faith Tuedor-Matthews
 Godwin Ize-Iyamu
 Suzanne O. Iroche
 Phillips Oduoza
 Victor A. Osadolor

POSITION HELD

Group Managing Director/Chief Executive Officer
 Executive Director & Head, North Bank
 Executive Director, Retail Banking
 Executive Director & Head, Abuja Bank
 Executive Director & Head, Lagos Bank
 Executive Director, Global Banking
 Executive Director, Operations & Information Technology
 Executive Director, Risk Management and Finance

GENERAL MANAGERS

Adekunle M. Adeosun
 Adetunji O. Adesida
 Adetunji Adeniyi
 Babatunde O. Kasali
 David T. Isiyawwe
 Emmanuel N. Nnorom
 Henry O. Ajagbawa
 Isabella E. Okagbue (Prof)
 Kennedy Uzoka
 Manasseh O. Zorto
 Nnamdi Okonkwo
 Oluleke Ogunlewe
 Oluwafemi O. Olaloku
 Oluwagbemiga O. Kuye
 Pam Y. Dachomo
 Philip C. Ikeazor
 Rasheed A. Olaoluwa
 Sonnie Ayere

Regional Director- Lagos Mainland
 Divisional Head, Credit Risk Management
 GM & Head, West Bank
 Regional Director, Apapa
 GM & Head, Corporate Audit and Compliance
 GM, Group Executive Office
 GM & Head, South Bank
 Divisional Head, Legal Services and Recoveries
 GM, Resources
 Divisional Head, Transaction Services
 MD/CEO , UBA Ghana
 Divisional Head, Energy Bank
 Divisional Head, Information Technology
 Divisional Head. Operations (Group wide)
 Chief Credit Officer
 Divisional Head, Corporate Bank
 GM, Corporate and Investment Banking
 Divisional Head, Investment Bank

Executives and Other Principal Officers

DEPUTY GENERAL MANAGERS

Abba Yusufu-Katsina	Regional Director, North Central
Abdulqadir J. Bello	Deputy Chief Credit Officer- Corporate Lending
Abdulrahman Yinusa	Divisional Head, Asset Management
Abubakar Abba Bello	Divisional Head, Information , Communication & Technology
Aham K. Uko	Regional Director, Central- Rivers Region
Ayodeji Adigun	Divisional Head, Performance Management
Charles A. Oben	Divisional Head, Corporate Services
Christabel P. Onyejekwe	Regional Director, Lagos Island
Dan I. Okeke	Regional Director, Lower Benue
Feyisayo C.A. Ogoji	Regional Director, Core West
Gabriel O. Edgal	Group Head, Treasury
Gboyega R. Sadiq	Group Head, Lagos Bank Operations
Goddy O. Oki	Deputy Chief Credit Officer -Up Country Lending
Ibrahim Jega	Regional Director, North West
Imohimi Aig-Imoukhuede	Head, Loan Monitoring
Kubi H. M. Momoh	Group Head, Market Risk
Mohammed L. Balarabe	Divisional Head, Conglomerate & Other Manufacturing
Muyiwa A. Akinyemi	Group Head, Power & Downstream Oil
David I. Ojomo	Divisional Head, Collections
Babatunde O. Okeniyi	Chief Information Officer & Deputy Head -Information Technology
Olubunmi A. Akinremi	Deputy Head, New York Branch
Oluwatoyin F. Sanni	MD/CEO, UBA Trustees
Oluwatoyin Oyewo	Head, Transportation and Services
Oyenyi A. Adebayo	Head, Retail Investment
Peter Iwegbu	Divisional Head, Electronic Banking
Manasseh T. Denga	Deputy Chief Credit Officer- Lagos/West
Timothy O.Banjoko	Regional Auditor, Lagos
Uche R. Ike	Group Head, South Bank Operations
Udochi A. Nwaodu	Group Head, Group Executive Office
Usman I. Isiaka	Regional Auditor, North

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 45th Annual General Meeting of United Bank for Africa Plc. will be held at the Grand Hotel, 112 Nnebisi Road Asaba, on Wednesday January 31, 2007 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive the Audited Accounts for the period ended 30th September 2006, together with the reports of the Directors, Auditors and the Audit Committee thereon.
2. To declare a dividend.
3. To elect / re-elect Directors.
4. To appoint Auditors
5. To authorize the Directors to fix the remuneration of the Auditors.
6. To elect members of the Audit Committee.

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

[1] "That the Directors having recommended that it is desirable to capitalize the sum of N706 million from the share premium of the Bank and accordingly that the sum be set free for distribution amongst the holders of the Ordinary Shares of the Bank in the Register of Members at the close of business on the 24th day of January 2007 in proportion to the shares held by them respectively on that day, on the condition that the same be not paid in cash but be applied in paying up in full 1.412 billion of the unissued Ordinary Shares of 50k each to be allotted and be credited as fully paid up to and amongst the said holders of Ordinary Shares in the proportion of one new share for every five shares then held and such

new shares shall rank for all purposes pari-pasu with the existing issued Ordinary Shares of the Bank except that they shall not rank for the dividend recommended for the period ended 30th September, 2006."

[ii] "Notwithstanding Article 50 of the Articles of Association of the Bank that the Directors be and are hereby authorized to issue shares to increase the Bank's paid up share capital up to the sum of N 6 billion or by any fraction thereof by way of rights issues and/ or fresh public issues in such proportions and timing and for such consideration as the Directors deem fit"

[iii] "That the Directors be and are hereby authorized to convert convertible loans from international investors into ordinary shares of the Bank on such terms and price as the Directors deem fit"

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NOTES

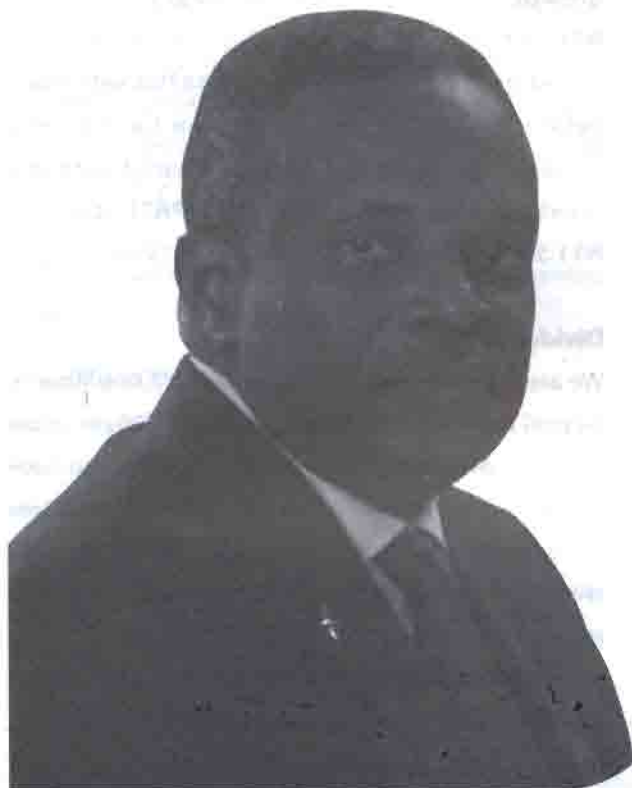
1. PROXY

A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. To be valid, the proxy form must be duly stamped at the Stamp Duties office and returned to the Registrar, UBA Registrars Limited, Raymond House, 97/105 Broad Street, P. O. Box 6492, Lagos, not less than 48 hours prior to the time of the meeting.

2. DIVIDEND WARRANTS

If the dividend recommended by the Directors is approved, dividend warrants will be posted on February 2, 2007 to all shareholders whose names are registered in the Company's Register of Members at the close of business on January 24, 2007.

Chairman's Statement

**Distinguished Shareholders,**

It is with great pleasure that I welcome you to the 45th Annual General Meeting (AGM) of our Bank and present to you a review of the environment in which our Bank operated over the 18-month period to September 30, 2006, our first financial year-end, post merger.

It is said that *"Change is the only thing that is permanent"*. Indeed, years 2005 and 2006 have epitomized this. The global economy, domestic economy as well as Nigeria's Financial Services sector, witnessed rapid and fundamental changes these past 18 months.

OPERATING ENVIRONMENT

The Nigerian banking industry witnessed a massive consolidation exercise that gave rise to a reduction in the number of operators in the industry from 89 banks to 25 at the end of 2005. The banking consolidation exercise is one of the reform programmes of the present administration expected to usher in more capitalized, healthier and competitive banking institutions. As you are aware, our bank is the product of the merger between legacy Standard Trust Bank Plc and old United Bank for Africa Plc, and the subsequent acquisition of former Continental Trust Bank Ltd. We are happy to report that UBA Plc was the first to conclude the merger process as well as all integration matters arising. Today, this marriage has resulted in the creation of the largest financial services powerhouse in Nigeria and West Africa.

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THE BUDGET FOR 2007

On October 12, 2006, the President, Olusegun Obasanjo, announced the nation's budget, which includes a major increase in expenditure estimates. He optimistically highlighted a benchmark oil price of US\$40 per barrel, up 14.2% from the 2005 levels of US \$35 per barrel; an exchange rate of N126/US\$ with a budget deficit of N500 billion or 2.9% of a higher GDP. It was also indicated that domestic borrowing would increase by N200 billion and debt service cost to increase by 20% to N265 billion, envisaging an aggressive bond issuance programme.

The 2007 budget focuses on infrastructure and human capital development, and is predicated on projected revenue to the federation account of N3.70 trillion, 4%

Chairman's Statement

turn is based on an expected N2.8 trillion from the sale of crude oil, gas and associated distillates; N197 billion from excise duties; N45 billion from VAT and N23 billion from companies income tax.

NIGERIA: FUTURE OUTLOOK

Nigeria faces a period of considerable political uncertainty in the run-up to the next presidential and legislative elections, which are scheduled to be held in April 2007. This reflects the nature of the political system, where competition for office is intense. Already, most leading politicians have begun to plan and actively campaign for what they anticipate to be a more open and closely contested election than was the case in either 1999 or 2003.

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There is an expectation of economic growth to remain robust in the non-oil sector; on-going unrest in the Niger Delta will continue to constrain oil production in 2006, probably pushing down overall GDP growth to about 4.2%. However, with oil production set to pick up strongly in the second half of 2007, the growth rate should also rise up to about 5.6% in 2007. Nigeria being highly dependent on the global economy is vulnerable to shocks generated by the global economic system. The apparent slowdown in the growth of the world economy will affect imports from Nigeria, unless we succeed, early in 2007, in increasing the share of China in Nigeria's oil exports (away from the US, who are currently our major oil trading partner). China's economy is projected to continue to experience growth in 2007 and beyond.

Overall, we envisage a vibrant business environment in the ensuing year.

UBA GROUP

Operating Results

The Group's balance sheet size as at September 30, 2006 soared to **N1.051 trillion**, representing a **216%**

growth from the previous year's figure of N332.60billion. The gross earnings for the 18 month period grew by **247%** to hit **N90.447bn** with Profit Before Tax (PBT) of **N12.811billion** for the same period, an increase of **96%** compared with the previous year. Profit After Tax (PAT) stood at **N11.550billion**, with a growth rate of 135%.

Dividends

We are proposing a total dividend of **N7.06billion** to be paid to shareholders, representing **N1.00** per share, against **60k** paid last year. Further to our determination to satisfy our shareholders expectations, we are proposing a bonus issue of **N706million**, which translates to an additional one UBA share for every five shares held. It is to be understood that these achievements were made against the substantial one-off expenditure arising from a robust merger and substantial integration and other costs.

CONCLUSION

Our strategy of diversifying our portfolio of businesses and geographies in which we compete, has proved to be sound and as such, our overall strategy would remain unchanged. During the course of the past 18 months, our Management Team has remained resilient in the face of the intense competitive pressures in the market place. I must therefore commend the staff and management of the Group for their exemplary contributions to ensuring a well orchestrated integration process, whilst maintaining focus on the business goals and objectives. To you all, I say "well done and keep up the good work!" while I wish you many more years of success.

Kayode Sofola, SAN

Chairman, Board of Directors

Corporate Social Responsibility

In line with the Bank's mission to be a role model for African businesses, abiding by the utmost professional and ethical standards, UBA Foundation was created to harness the Bank's commitment to Corporate Social Responsibility.

UBA Foundation focuses its resources in the following areas:

THE ENVIRONMENT

UBA Foundation has been very active in the environment sector for this financial year. For instance, UBAF's *CLEAN UP PROJECT* consisted of providing UBAF branded bins which were commissioned for distribution around the Lagos area. In addition, UBAF collaborated with LAWMA to maintain the surroundings of Eko Bridge descending to UBA House. Environment efforts have also been geared toward

beautifying strategic points in Marina and Ikeja. Funds were provided to clean up and develop the Allen Avenue Roundabout Garden. The UBA House Garden is also currently under construction. Over N5 million has been spent on the development and construction of the UBA House and the Allen Avenue Roundabout Gardens.

The UBA Foundation is also involved in some conservation projects with the National Conservation Fund (NCF).

ECONOMIC EMPOWERMENT

As part of our efforts towards the economic empowerment of the Nation's restive youth arising out of unemployment, UBA Foundation reached out to "area boys" within the Marina area. The Foundation engaged some of the former street urchins in



UBA Foundation Lagos Cleaning Team

Corporate Social Responsibility

providing cleaning, gardening and other maintenance services around the UBA House Garden on a contractual basis. To date the Foundation has committed over N1 million to this initiative.

Furthermore, UBA Foundation is concluding arrangements with supportive donor organisations and agencies by which sustainable improvement will be made to the lives of the needy and under-privileged. Under this initiative, low-cost credit / start up capital will be sourced and provided for local and cottage industries, small scale factories, etc .

EDUCATION

UBAF recently partnered with Philips Consulting and MTN to set up the *afroscholars.com* web portal. The web portal will provide African students and young professionals who wish to further their education or

advance their careers, with information on scholarships, admission procedures, and employment opportunities. In total, N17.6 million has been dedicated to the Afroscholar's project for this financial period.

SPECIAL PROJECTS

Under our special projects, donations have also been extensive within this reporting period. A Toyota Coaster bus was donated to Nnamdi Azikiwe University. N5 million was provided to Zamfara state government for the rebuilding of the collapsed Gusau Dam. More recently, a donation was made to the United Nation's Children's Fund (UNICEF) for its 60th Anniversary Cup Challenge.

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Vice-Chancellor of Nnamdi Azikiwe University (wearing glasses), Awka Prof. Ilochi Okafor with Ms. Funlola Adewale, MD/CEO of UBA Foundation, during the donation ceremony of a brand new 4-coaster bus to the university

Report of the Directors

The Directors present their report together with the audited financial statements of the group for the period ended September 30, 2006.

1. RESULTS	N-million	N-million
Profit before tax		12,811
Tax		<u>(1,261)</u>
Profit after tax:		11,550
Less : Appropriations:		
Statutory Reserve	1,720	
Small Scale Industries Reserve	1,147	
Proposed Dividend	<u>7,060</u>	
		<u>(9,927)</u>
Transfer to: General Reserve		<u>1,623</u>

2. LEGAL FORM

The Bank was incorporated in Nigeria as a limited liability company on 23rd February, 1961 under the Companies Ordinance (Cap 37) 1922. It took over the assets and liabilities of the British and French Bank Limited which carried on banking business in Nigeria since 1949. Following the consolidation reforms introduced and driven by the Central Bank of Nigeria in 2004, the Bank merged with Standard Trust Bank Plc on 1st August, 2005 and also acquired Continental Trust Bank Limited on 31st December, 2005. The Bank's shares are currently quoted on the Nigerian Stock Exchange.

3. MAJOR ACTIVITIES

The Company is engaged in the business of banking and provides corporate, commercial, consumer and international banking, trade services, cash management, treasury and capital market services and electronic banking products. Trust Services, Pension Management and Administration, Insurance, Asset Management Services, Stock broking, Issuing house, Underwriting, Security Registration and Custodial Services are provided through subsidiaries.

Report of the Directors

4. DIRECTORS

The names of the Directors during the year ended September 30, 2006 are as follows :

NAMES	POST HELD
Kayode Sofola, SAN	Chairman
Ferdinand Alabraba	Vice Chairman
Tony O. Elumelu, MFR	Group Managing Director/ Chief Executive Officer
Bello Garba	Executive Director
Godwin Ize-Iyamu	Executive Director
Suzanne Soboyejo- Iroche (Mrs)	Executive Director
Phillips Oduoza	Executive Director
Victor Osadolor	Executive Director
Chika Matthias Mordi	Executive Director
Faith Tuedor-Matthews (Mrs)	Executive Director
Willy Kroeger	
Israel C. Ogbue	
Rose Ada Okwechime (Mrs)	
Junaid Dikko	(Resigned with effect from 08/12/2006)
Paolo Di Martino	(Appointed on 7/12/2005)

Paolo Di Martino was appointed Director during the period and in accordance with Article 76 of the Bank's Articles of Association he will retire at the Annual General Meeting and being eligible, he offers himself for election.

In accordance with Article 101 of the Bank's Articles of Association, the following Directors will retire by rotation at the Annual General Meeting:

Willy Kroeger

Faith Tuedor-Matthews (Mrs)

Phillips Oduoza

Suzanne Soboyejo-Iroche (Mrs)

and being eligible , they offer themselves for re-election .

Report of the Directors

5. DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Bank and of the profit or loss for that period and comply with the provisions of the Companies and allied Matters Act, 1990 and the Banks and Other Financial Institutions Act, 1991. In so doing they ensure that:

- Proper accounting records are maintained;
- Applicable accounting standards are followed
- Suitable accounting policies are adopted and consistently applied;
- Judgments and estimates made are reasonable and prudent;
- The going concern basis is used, unless it is inappropriate to presume that the Bank will continue in business; and
- Internal control procedures are instituted which, as far as is reasonably possible, safeguard the assets of the Bank and prevent and detect fraud and other irregularities:

6. DIRECTORS' INTERESTS

The interests of the Directors in the issued share capital of the Bank are recorded in the Register of Director's Shareholding as at September 30 2006 is as follows:

	Number of shares held as at	
	30/9/06	31/3/05
Kayode Sofola, SAN	903,566*	903,566
Ferdinand Alabraba	5,000,000	-
Tony O. Elumelu, MFR	25,470,000	-
Bello Garba	22,950	22,950
Phillips Oduoza	2,400,000	-
Victor Osadolor	8,400,000	-
Chika Mordi	2,400,000	-
Faith Tuedor-Matthews (Mrs.)	6,600,000	-
Israel C. Ogbue	449,858,986*	-
Rose Ada Okwechime (Mrs.)	52,000,000*	-

*Indirect Shareholding

Report of the Directors

7. SUBSTANTIAL INTERESTS IN SHARES

The ordinary shares of the Bank as at 30th September, 2006 were held as follows:

	Ordinary Shares of 50K each			
	2006		2005	
	Number of Shares held	%	Number of shares held	%
Nigerian Citizens and Associations	6,423,593,962	90.99	1,665,213,506	54.42
*Stanbic Nominees Nigeria Limited	562,966,038	7.97	1,110,206,494	36.28
+Bankers International Corp, USA	-	-	137,700,000	4.50
Banca Nazionale del Lavoro, Italy	-	-	73,440,000	2.40
Monte del Paschi di Siena, Italy	73,440,000	1.04	73,440,000	2.40
	7,060,000,000	100.00	3,060,000,000	100.00

Of this number, Stanbic Nominees Nigeria Limited held 440,150,687 units (6.23%) as Custodian under the Bank's GDR Programme.

+ Bankers international Corporation is a member of the Deutsche Bank Group

8. BONUS ISSUE RESERVE

The Directors recommend that the sum of N706 million be set side out of the share premium account to be capitalized by issuing one ordinary bonus share of 50k for every five ordinary shares previously held.

9. STATISTICAL ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	Number of Shareholders	Number of Shares held	% of Shareholding
1 - 1,000	42,595	25,243,128	0.36
1001 - 10,000	75,553	257,420,231	3.64
10,001 - 50,000	20,150	413,803,714	5.86
50,001 - 100,000	3,188	224,694,863	3.18
100,001 - 500,000	2,376	487,165,360	6.9
500,001 - 1,000,000	314	217,544,001	3.08
1,000,001 - 100,000,000	333	2,352,996,608	3.33
100,000,001 - 500,000,000	8	1,910,536,302	27.07
500,000,001 - 1,000,000,000	2	1,170,595,793	16.59
	144,519	7,060,000,000	100.00

Report of the Directors

10. DONATIONS

Donations made during the year amounted to N65, 026,000 details of which are shown below. No donation was made to any political organization

Name of Beneficiary	Amount N
Sokoto State Market Disaster Relief Fund (Donation)	10,000,000
Nnamdi Azikwe University Akwa (Donation of Bus)	7,665,000
Lagos University Teaching Hosp. (Donation of Equipment)	7,000,000
Leon H. Sullivan (Sponsorship of Leadership Summit)	5,108,000
National E-Govt. Strategies (Sponsorship of Summit)	10,000,000
Nigerian Immigration Service (Donation of Bus)	3, 937,500
Nigeria Stock Exchange (Sponsorship of Roadshow)	3,960,000
Nig. Army Wives Association (Donation)	2,000,000
Chartered Inst. of Bankers of Nigeria (Sponsorship)	1, 500,000
Taraba State Disaster Fund (Donation)	562,500
Institute of Chartered Accountants of Nigeria (Sponsorship of 36 th Annual Accountants Conference)	250,000
Central Bank of Nigeria, Lagos Clearing House (Sponsorship)	120,000
Credit Risk Management Association (Sponsorship of Annual National Conference)	100,000
Police Commission – (Donation of Computer)	100,000
National Association of Resident Doctors , LUTH(Donation)	150,000
Polio Eradication Fund (Donation)	100,000
Others (below N100,000)	<u>12,473,000</u>
	<u>65,026,000</u>

11. ACQUISITION OF OWN SHARES

The bank did not purchase its own shares during the period.

12. FIXED ASSETS

Movements in fixed assets during the period are shown on Pages 39 & 40. In the opinion of the Directors, the market value of the Bank's properties is not less than the value shown in the financial statements.

13. EMPLOYMENT AND EMPLOYEES

i. Employment of Physically Challenged Persons

It is the policy of the Bank that there should be no discrimination in considering applications for employment including those from physically challenged persons. All employees whether or not physically challenged are given equal opportunity to develop.

Report of the Directors

ii. **Health, Safety at Work and Welfare of Employees**

Health and Safety regulations are in force within the Bank's premises and employees are aware of existing regulations. The bank provides subsidies to all levels of employees for medical expenses, transportation, housing, lunch, etc

iii. **Employee Involvement and Training**

The Bank is committed to keeping employees fully informed as much as possible regarding the Bank's performance and progress and seeking their opinion where practicable on matters which particularly affect them as employees.

Training is carried out at various levels through both-in house and external courses and 4,011 employees benefited from such courses in the period under review. Incentive schemes designed to encourage the involvement of employees in the Bank's performance are implemented whenever appropriate.

14. **POST- BALANCE SHEET EVENTS**

There are no post balance sheet events which could have had a material effect on the financial state of affairs as at 30th September, 2006 and the profit for the period ended that date.

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15. **AUDIT COMMITTEE**

Pursuant to Section 359(3) of the Companies and Allied Matters Act No1 of 1990, the Bank has an Audit Committee comprising three Directors and three Shareholders as follows:

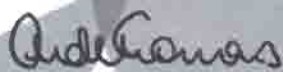
1.	Mr. Jonathan Anolu	-	Chairman
2.	Alhaji Alkassim Umar	-	Member
3.	Mr. Niyi Elumaro	-	Member
4.	Chief Israel C. Ogbue	-	Member
5.	Mrs. Rose Ada Okwechime	-	Member
6.	Mr. Victor Osadolor	-	Member

The functions of the Audit Committee are as laid down in Section 359(6) of the Companies and Allied Matters Act of 1990.

16. **AUDITORS**

The tenure of the current Auditors have lapsed and a resolution will be proposed at the Annual General Meeting to appoint new Auditors for the Bank .

BY THE ORDER OF THE BOARD



Aidevo Odu-Thomas

Company Secretary

57 Marina, Lagos

24 November, 2006



Deloitte.

Report of the Independent Auditors

Akinola Williams Deloitte
 (West and Central Africa)
 Chartered Accountant
 205 Ikorodu Road, Ilupeju
 P.O. Box 165, Marina
 Lagos, Nigeria
 Tel: +234 1 2717800; 4897204
 Fax: +234 1 4870023
 www.deloitte.com

TO THE MEMBERS OF UNITED BANK FOR AFRICA PLC

We have audited the financial statements of **United Bank for Africa Plc** as at 30 September 2006 set out on pages 30 to 58 which have been prepared on the basis of the accounting policies on pages 27-29.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

In accordance with the Companies and Allied Matters Act, CAP C20 LFN 2004, the Bank's Directors are responsible for the preparation of the financial statements. Our responsibility is to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with the international standards on auditing issued by the International Federation of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Bank's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement.

However, in line with Central Bank of Nigeria circular BSD/24/2006 and upon receipt of the Central Bank of Nigeria approval, the Bank charged the sum of N4.2billion against the general reserve representing restructuring cost arising from the merger. The Bank also wrote off the sum of N1.6billion against the general reserve representing one-fifteenth of the warehoused risk assets of Continental Trust Bank Limited under recovery as approved by the Central Bank of Nigeria's letter referenced BSD/G5.T15/STB/VOL29/34 dated 29 December, 2005. As stated in the note 6.2 to the accounts, the assets of Continental Trust bank Limited of N24.4 billion were warehoused by the Bank for ongoing recovery. N1.6 billion of this account was written off during the period.

Had these merger related amounts been charged to the profit and loss accounts, the profit before tax would have been reduced by N5.8billion.

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We also draw your attention to note 17 on page 45 of these financial statements in respect of goodwill on consolidation that was charged to the special reserve account created from the share premium account.

In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements and assessed whether the Bank's accounting records have been properly kept.

OPINION

Except for the effect of the amounts charged directly to the general reserve; in our opinion the Bank has kept proper accounting records and the financial statements are in agreement with the records. The financial statements drawn up in conformity with Statement of Accounting Standards issued by the Nigerian Accounting Standards Board and relevant International Accounting Standards, give a true and fair view of the state of affairs of the Bank at 30 September 2006 and of the profit and cash flows for the period ended on that date, and have been properly prepared in accordance with the Companies and Allied Matters Act, CAP C20 LFN 2004, the Banks and Other Financial Institutions Act, CAP B3 LFN 2004.

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OTHER REPORTING RESPONSIBILITIES

The bank has complied with the requirements of the relevant circulars issued by Central Bank of Nigeria.

In accordance with circular BSD/1/2004 issued by the Central Bank of Nigeria, details of insider-related credits are as disclosed in note 30 on page 52.

The Bank did not contravene any section of the Banks and Other Financial Institutions Act CAP B3 LFN 2004.

Akinola Williams Deloitte

Chartered Accountants

Lagos

24 November, 2006



A member firm of
 Deloitte Touche Tohmatsu

Report of the Audit Committee

TO MEMBERS OF UNITED BANK FOR AFRICA PLC

In accordance with the provision of Section 359(6) of the Companies and Allied Matters Act 1990, we confirm that we have seen the audit plan & scope, and the Management Letter on the audit of the accounts of the Bank and the responses.

In our opinion, the plan & scope of the audit for the period ended 30th September, 2006 were adequate. We have reviewed the Auditors' findings and we are satisfied with the Management responses thereon.

We also confirm that the accounting and reporting policies of the Bank are in accordance with legal requirements and ethical practices.

We have complied with the provisions of the Central Bank of Nigeria circular 8SD/1/2004 dated February 18, 2004 on "Disclosure of Insider-Related Credits in Financial Statements" and hereby confirm that non-performing insider-related credits, as defined by the CBN circular, amounted to N625,746,981 as at 30th September, 2006.



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JONATHAN ANOLU

Chairman,

Audit Committee

MEMBERS OF THE AUDIT COMMITTEE

Mr. Jonathan Anolu	-	Chairman
Alhaji Alkassim Umar	-	Member
Mr. Niyi Elumaro	-	Member
Chief Israel C. Ogbue	-	Member
Mrs. Rose Ada Okwechime	-	Member
Mr. Victor Osadolor	-	Member

Statement of Accounting Policies for the period ended 30 September, 2006

The following are the significant accounting policies adopted by the Bank in the preparation of its financial statements:

1. BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention as modified by revaluation of certain fixed assets.

2. BASIS OF CONSOLIDATION

The Group financial statements incorporate the financial statements of the Bank and three of its wholly owned subsidiaries, UBA Asset Management Limited, UBA Global Market Limited and UBA Pension Custodian Limited. The bank owns 57.7% of UBA Insurance Limited and 51% of UBA Ghana Limited. All the financial statements are made up to 30 September 2006.

Subsidiaries are consolidated from the date effective control is transferred to the group.

During the period the former Standard Trust Bank Plc (STB Plc) acquired 27.34% of United Bank for Africa Plc (UBA Plc) and this transaction resulted into a merger between the two Banks, whereby all assets and liabilities of Standard Trust Bank Plc were transferred to (UBA Plc). The entire share capital of STB was cancelled and STB was dissolved without being wound up and holders of STB shares were allotted UBA shares.

There was also a take-over of the Continental Trust Bank Limited during the period.

All intra group transactions, balances, income and expenses are eliminated on consolidation.

3. LOANS AND ADVANCES

Credit facilities are classified as either performing or non-performing and are stated after the deduction of provisions.

Loans and advances are stated net of provisions for classified credits. This provision is determined from specific assessment of each customer's account. Specific provisions are made on non-performing accounts as follows:

	%
More than 90 days but less than 180 days	10
180 days but less than 360 days	50
360 days and over	100

A general provision of at least 1% is made on all risk assets not specifically provided for in compliance with the Prudential Guidelines issued by the Central Bank of Nigeria.

Statement of Accounting Policies

for the period ended 30 September, 2006

4. INCOME RECOGNITION

Credits to profit and loss accounts are recognized as follows:

Interest: Interest on loans and advances is accrued to profit until such a time as reasonable doubt exists about its collectibility. Interest accruing on non-performing accounts is not taken to the credit of profit and loss account until the debt is recovered.

Non-Credit related fees:

When the successful outcome of the assignment can be determined and the assignment is considered substantially completed.

Credit related fees:

Spread systematically over the credit facility where they constitute at least 10% of the projected average annual yield of the facility, otherwise credited to the profit and loss account at the time of occurrence.

Commission and fees charges to customers for services rendered:

At the time the service or transaction is effected.

Investment income:

On an accrual basis and credited to the profit and loss account.

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5. ADVANCES UNDER FINANCE LEASE

Advances to customers under finance lease are stated net of unearned income and provision for bad and doubtful advances. Lease finance income is recognized on a basis that provides a constant yield on the outstanding principal over the lease term.

In accordance with the prudential Guidelines for licenced banks specific provisions are made on leases that are considered not performing. A minimum general provision of 1% is made on advances which have not been specifically provided for.

6. FIXED ASSETS

Fixed assets are stated at cost or valuation less accumulated depreciation.

7. DEPRECIATION

Depreciation of fixed assets is calculated to write off the cost or valuation over their estimated useful lives on a straight line basis. Fixed assets are depreciated effective from the month an asset is brought into use. The annual rates adopted by the bank for the various categories of fixed assets are as follows:

i.	Leasehold land & Improvement	-	Over the term of the leases
ii.	Leasehold Buildings	-	2.5%
iii.	Motor Vehicles	-	25%
iv.	Computers	-	25%
v.	Furniture & Fittings	-	20%
vi.	Plant & Machinery	-	20%

Gains or losses arising from the disposal of fixed assets are included in the profit and loss accounts.

Notes to the Financial Statements for the period ended 30 September, 2006

8. INVESTMENTS

Investments are stated at cost. It is the bank's policy to hold its investments till maturity. However, provision is made in the financial statements for diminution in value of investments, which are doubtful of full realization

9. INVESTMENTS IN ASSOCIATED COMPANY

Investments in associated company are carried in the balance sheet at cost. Profit and loss are eliminated to the extent of the group's interest in the associate.

10. FOREIGN CURRENCIES

Transactions denominated in foreign currencies are recorded in Naira at the rates of exchange ruling at the dates of transactions. Assets and liabilities in foreign currencies are converted to Naira at the rate of exchange ruling at the balance sheet date and the resultant profit or loss on exchange is taken to the profit and loss account.

11. TAXATION

Taxation

Income tax payable is provided on taxable profits at the current rate

Deferred taxation

Provision for deferred taxation is made by the liability method and calculated at the current rate of taxation on the difference between the net book value of qualifying fixed assets and their corresponding tax written down value.

12. STAFF PENSION SCHEME CONTRIBUTION

Retirement benefits to employees are provided under a defined contribution scheme, which is funded by contributions from the bank and employees. Funding under the new scheme is 7.5% and 7.5% by staff and the bank respectively based on annual basic salary, housing and transport allowances.

The bank's liabilities in respect of the defined contribution scheme are charged against the profit of the year in which they become payable. Payments are made to Pension Fund Administration companies, who are financially independent of the Bank.

13. OFF-BALANCE SHEET ENGAGEMENTS

Acceptances:

Transactions that are not currently recognized as assets or liabilities in the balance sheet but which nonetheless give rise to credit risks, contingencies and commitments are reported off balance sheet. Such transactions include letters of credit, bonds, guarantee, indemnities, acceptances, trade related contingencies such as documentary credits etc.

Outstanding and unexpired commitments at the period end in respect of these transactions are shown by way of note to the financial statements.

Income earned on such Off Balance Sheet transactions are accrued for and included in other income in the Profit and Loss Account.

Balance Sheet

as at 30 September, 2006

	Note	GROUP		BANK	
		2006 Nmillion	2005 Nmillion	2006 Nmillion	2005 Nmillion
ASSETS					
Cash and short term funds	1	471,494	110,517	464,105	109,716
Treasury bills and government bonds	2	207,341	59,832	201,992	59,832
Investments in subsidiaries and associate companies	3	21	1,149	5,908	403
Other investments	4	26,576	1,044	7,122	1,044
Loans and advances	5	109,896	67,610	107,194	67,610
Other assets	6	35,618	4,455	32,694	4,169
Fixed assets	7	33,191	6,176	32,226	6,154
TOTAL ASSETS		884,137	250,783	851,241	248,928
LIABILITIES					
Deposit and current accounts	8	776,135	205,110	757,407	205,110
Other liabilities	9	47,784	19,068	35,118	18,998
Taxation payable	10	1,644	2,535	1,359	2,494
Deferred taxation	11	1,502	1,073	1,499	1,070
Dividend payable	12	7,102	1,878	7,102	1,878
Term loan	13	1,135	-	1,135	-
		835,302	229,664	803,620	229,550
BORROWINGS		-	1,676	-	1,676
CAPITAL AND RESERVES					
Share capital	14	3,530	1,530	3,530	1,530
Share premium	15	23,209	-	23,209	-
Other reserves	16	10,565	17,913	9,651	16,172
Core capital		37,304	19,443	36,390	17,702
Fixed assets revaluation reserve		11,231	-	11,231	-
SHAREHOLDERS' FUNDS		48,535	19,443	47,621	17,702
Minority interest		300	-	-	-
TOTAL LIABILITIES		884,137	250,783	851,241	248,928
<i>Confirmed credits and other obligations on behalf of customers and customers' liability thereof</i>	25	167,184	81,821	167,184	81,821

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The financial statements were approved by the Board of Directors on 24th November 2006 and signed on its behalf by:

)
CHIEF KAYODE SOFOLA (SAN))
 CHAIRMAN)
)
ALH. BELLO GARBA)
 EXECUTIVE DIRECTOR)
)
TONY ELUMELU (MFR))
 GROUP MANAGING DIRECTOR/CEO)

The accounting policies on pages 27 to 29 and notes on pages 33 to 54 form an integral part of these financial statements.

Profit and Loss Account

for the period ended 30 September, 2006

	Note	GROUP		BANK	
		18 Months ended 30 Sept. 2006 Nmillion	12 Months ended 31 March 2005 Nmillion	18 Month ended 30 Sept. 2006 Nmillion	12 Months ended 31 March 2005 NMillion
Gross earnings		<u>90,447</u>	<u>26,089</u>	<u>86,079</u>	<u>25,506</u>
Interest and discount income	18	57,693	14,456	57,207	14,456
Interest expenses	19	(26,954)	(3,490)	(24,879)	(3,490)
Net interest margin		30,739	10,966	32,328	10,966
Provision for loans and other accounts	20	(5,571)	(40)	(5,174)	(40)
		25,168	10,926	27,154	10,926
Other income	21	<u>32,754</u>	<u>11,633</u>	<u>28,872</u>	<u>11,050</u>
Operating income		57,922	22,559	56,026	21,976
Operating expenses		(45,111)	(16,039)	(43,512)	(15,737)
Profit on ordinary activities before taxation	22	12,811	6,520	12,514	6,239
Tax on profit on ordinary activities	10	(1,261)	(1,599)	(1,046)	(1,586)
Profit on ordinary activities after taxation		11,550	4,921	11,468	4,653
APPROPRIATIONS					
Transfer to statutory reserve	16	(1,720)	(697)	(1,720)	(697)
Reserve for Small Scale Industries	16	(1,147)	(624)	(1,147)	(624)
Proposed dividend	12	(2,050)	(1,836)	(2,040)	(1,836)
Retained profit transferred to general reserve	16	<u>1,623</u>	<u>1,764</u>	<u>1,541</u>	<u>1,496</u>
Earnings per share (basic)		187k	263k	186k	249k
Dividend per share (actual)		100k	60k	100k	60k
Dividend per share (adjusted)		100k	26k	100k	26k

The accounting policies on pages 27 to 29 and notes on pages 33 to 54 form an integral part of these financial statements

Statement of Cashflows

for the period ended 30 September, 2006

	Note	18 Months ended 30 Sept. 2006 Nmillion	12 Months ended 31 March 2005 Nmillion	18 Month ended 30 Sept. 2006 Nmillion	12 Months ended 31 March 2005 Nmillion
CASH FLOWS FROM OPERATING ACTIVITIES					
Interest and commission receipts		89,093	25,644	84,725	25,061
Foreign exchange income received		1,354	445	1,354	445
Interest expenses		(26,954)	(3,490)	(24,879)	(3,490)
Cash payments to employees and suppliers		(37,790)	(14,881)	(36,669)	(14,335)
		25,703	7,718	24,531	7,681
Income tax paid		(2,757)	(1,470)	(2,329)	(1,404)
Operating profit before changes in operating assets		22,946	6,248	22,202	6,277
CHANGES IN OPERATING ASSETS/LIABILITIES					
32 Loans and advances		(47,730)	(11,474)	(44,950)	(11,474)
Exchange reserve		(822)	(3,175)	(822)	(3,175)
Term loan		1,135	-	1,135	-
Borrowing		(1,676)	(1,709)	(1,676)	(1,709)
Other assets		(31,845)	10,888	(29,014)	9,434
Deposit and current accounts		571,025	53,181	552,297	53,181
Other liabilities		28,716	(12,754)	16,120	(11,175)
Net cash from operating activities	29	541,749	41,205	515,292	41,106
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of fixed assets		(12,470)	(1,315)	(11,911)	(1,299)
Proceeds from sale of fixed assets		62	16	84	15
Exchange difference on fixed assets		-	(1)	-	(1)
Proceeds from the disposal of investments		8,684	-	8,306	-
Purchase of treasury bills		(147,509)	(17,946)	(142,160)	(17,947)
Purchase of investments		(27,703)	(121)	(13,364)	(448)
Net cash used in investing activities		(178,936)	(19,367)	(159,067)	(19,680)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		(1,836)	(1,530)	(1,836)	(1,530)
Net cash used in financing activities		(1,836)	(1,530)	(1,836)	(1,530)
Net increase in cash and cash equivalents		360,977	20,308	354,389	19,896
Cash and cash equivalents at the beginning of the period		110,517	90,209	109,715	89,820
Cash and cash equivalents at end of the period		471,494	110,517	464,105	109,716

Notes to the Financial Statements

for the period ended 30 September, 2006

	GROUP		BANK	
	2006 Nmillion	2005 Nmillion	2006 Nmillion	2005 Nmillion
1. CASH AND SHORT TERM FUNDS				
.1 Cash	9,139	3,031	8,574	3,031
<i>Balances with other banks:</i>				
In Nigeria	20,212	5,535	14,898	4,734
Outside Nigeria	1,147	19,367	156	19,367
<i>Money at call with banks:</i>				
In Nigeria	60,000	3,300	60,000	3,300
Outside Nigeria	331,720	69,955	331,230	69,955
	422,218	101,188	414,864	100,387
<i>Less: Provision for doubtful balances</i>	(51)	(51)	(51)	(51)
	<u>422,167</u>	<u>101,137</u>	<u>414,813</u>	<u>100,336</u>
.2 Balances with Central Bank of Nigeria				
Current account	24,639	7,788	24,604	7,788
Cash reserve requirement	24,688	1,592	24,688	1,592
	49,327	9,380	49,292	9,380
	<u>471,494</u>	<u>110,517</u>	<u>464,105</u>	<u>109,716</u>

Included in balances held with other banks outside Nigeria was the sum of N13,973,276,000 (2005 - N3,966,455,345) which represents the value of foreign currencies held on behalf of customers. The corresponding credit is included in other liabilities (note 9).

2. TREASURY BILLS AND GOVERNMENT BONDS

Nigerian government treasury bills	134,642	53,444	134,269	53,444
US Government	25,302	-	25,302	-
Ghana Government	1,031	-	-	-
Government bonds	46,306	6,388	42,421	6,388
	<u>207,341</u>	<u>59,832</u>	<u>201,992</u>	<u>59,832</u>

Notes to the Financial Statements

for the period ended 30 September, 2006

	GROUP		BANK	
	2006 Nmillion	2005 Nmillion	2006 Nmillion	2005 Nmillion
.1 The breakdown of the Federal Government bonds held is as follows:				
FGN Bond-Trading	10,527	-	6,582	-
FGN Bond-Held to maturity (Market value - N34billion (2005 -N5 billion))	34,320	5,000	34,320	5,000
State Bond (Market value - N1.5 billion (2005 -N1.3 billion))	1,519	1,388	1,519	1,388
	<u>46,366</u>	<u>6,388</u>	<u>42,421</u>	<u>6,388</u>
.2 Maturity profile of Government bonds held to maturity				
<i>Maturing within one year:</i>				
Federal Government Bonds	8,586	5,000	8,586	5,000
State Governments Bonds	414	599	414	599
<i>Maturing between 1 and 5 years:</i>				
Federal Government Bonds	25,449	-	25,449	-
State Governments Bonds	1,104	789	1,104	789
<i>Maturing after 5 years:</i>				
Federal Government Bonds	286	-	286	-
	<u>35,839</u>	<u>6,388</u>	<u>35,839</u>	<u>6,388</u>

3. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

	Percentage Holding	GROUP		BANK	
		2006	2005	2006	2005
.1 Subsidiaries :					
UBA Asset Management Limited	100	-	-	403	403
UBA Insurance Limited	58	-	-	354	-
UBA Global Market Limited	100	-	-	2,000	-
UBA Ghana Limited	51	-	-	1,130	-
UBA Pension Custodian Limited	100	-	-	2,000	-
Other investment in equities		-	1,149	-	-
		-	1,149	5,887	403
.2 Associate					
STB Capital Market Ltd		21	-	21	-
		<u>21</u>	<u>1,149</u>	<u>5,908</u>	<u>403</u>

The bank acquired controlling interest of 51% in the equity of UBA Ghana Ltd during the period.

Notes to the Financial Statements

for the period ended 30 September, 2006

	GROUP		BANK	
	2006 Nmillion	2005 Nmillion	2006 Nmillion	2005 Nmillion
4. OTHER INVESTMENTS				
.1 Quoted securities				
P.Z Industries	2	3	2	3
<i>(Market value - N1,875,000 (2005 N2,812,500))</i>				
Nigeria International Debt Fund	309	309	309	309
<i>(Market value - N250,545,153 (2005 -N260,550,962))</i>				
Other quoted investment	<u>2,590</u>	<u>-</u>	<u>-</u>	<u>-</u>
	2,901	312	311	312
Provision for diminution in value of quoted investments	<u>(58)</u>	<u>(26)</u>	<u>(58)</u>	<u>(26)</u>
	<u>2,843</u>	<u>286</u>	<u>253</u>	<u>286</u>
.2 Unquoted securities				
Africa Export-Import Bank	10	11	10	11
ATM Consortium Limited	142	74	142	74
Nigeria Automated Clearing	34	27	34	27
Value Card Nigeria Plc	177	177	177	177
Tinapa Business Resort Limited	5,000	-	5,000	-
Central Securities and Clearing System	88	-	88	-
Vehicle Insurance Sinking Fund	-	258	-	258
Investment in SMEEIS (Note 4. 3)	1,418	212	1,418	212
Other unquoted investment	<u>17,146</u>	<u>-</u>	<u>-</u>	<u>-</u>
	24,015	759	6,869	759
Provision for diminution in value of unquoted investments	<u>(282)</u>	<u>(1)</u>	<u>-</u>	<u>(1)</u>
	<u>23,733</u>	<u>758</u>	<u>6,869</u>	<u>758</u>
	<u>26,576</u>	<u>1,044</u>	<u>7,122</u>	<u>1,044</u>
.3 Investments in SMEEIS				
Name				
Interswitch Nigeria Limited	31	31	31	31
Afrione Limited	44	44	44	44
Marina Medical Services	23	15	23	15
Education Empowerment Centre	17	16	17	16
United Microfinance Company	110	106	110	106
Accel Capital Partners	66	-	66	-

Notes to the Financial Statements

for the period ended 30 September, 2006

	GROUP		BANK	
	2006 Nmillion	2005 Nmillion	2006 Nmillion	2005 Nmillion
Eastern Ice Company Limited	100	-	100	-
Omonefe Foods Limited	18	-	18	-
Abuja Leasing Company Limited	342	-	342	-
MP Budget Limited	75	-	75	-
Lekki Budget Hotels Limited	36	-	36	-
Tinapa Business Resorts Limited	550	-	550	-
Leo Chartered Services Limited	3	-	3	-
Others	<u>3</u>	<u>-</u>	<u>3</u>	<u>-</u>
	1,418	212	1,418	212
5. LOANS AND ADVANCES				
.1 Analysis of loans and advances by security				
Secured against real estate	47,779	13,275	47,779	13,275
Otherwise secured	66,724	43,958	64,409	43,958
Unsecured	<u>5,240</u>	<u>12,853</u>	<u>4,773</u>	<u>12,853</u>
	119,743	70,086	116,963	70,086
Provision (note 5.4)	<u>(9,847)</u>	<u>(2,476)</u>	<u>(9,769)</u>	<u>(2,476)</u>
	109,896	67,610	107,194	67,610
.2 Analysis of loans and advances by quality:				
Non-performing				
Substandard	7,978	455	7,963	455
Doubtful	505	565	438	565
Lost	<u>5,612</u>	<u>1,400</u>	<u>6,596</u>	<u>1,400</u>
	15,095	2,420	14,997	2,420
Performing	<u>104,648</u>	<u>67,666</u>	<u>101,966</u>	<u>67,666</u>
	119,743	70,086	116,963	70,086
.3 By maturity				
Under 1 month	44,698	16,468	44,698	16,468
1 - 3 months	32,090	34,877	32,090	34,877
3 - 6 months	27,103	8,969	27,103	8,969
6 -12 months	9,912	578	7,132	578
Over 12 months	<u>5,940</u>	<u>9,194</u>	<u>5,940</u>	<u>9,194</u>
	119,743	70,086	116,963	70,086

Notes to the Financial Statements

for the period ended 30 September, 2006

4 Provision for loans and advances

i Group	Specific	General	Total	Total
	Nmillion	Nmillion	2006 Nmillion	2005 Nmillion
At 1 April per UBA Plc	1,549	677	2,226	2,359
At 1 April per STB Plc	3,406	367	3,773	-
At 1 April per UBA Ghana	14	-	14	-
Written off	(1,927)	-	(1,927)	(785)
	<u>3,042</u>	<u>1,044</u>	<u>4,086</u>	<u>1,574</u>
Additional provision	4,111	2,020	6,131	1,191
Provision no longer required	(1,428)	-	(1,428)	(540)
Per profit and loss account (note 19)	<u>2,683</u>	<u>2,020</u>	<u>4,703</u>	<u>651</u>
Add: Interest in suspense (note 5.5)	<u>1,058</u>	<u>-</u>	<u>1,058</u>	<u>251</u>
At 30 September	<u>6,783</u>	<u>3,064</u>	<u>9,847</u>	<u>2,476</u>
ii Bank				
At 1 April per UBA Plc	1,549	677	2,226	2,359
At 1 April per STB Plc	3,406	367	3,773	-
Written off	(1,927)	-	(1,927)	(785)
	<u>3,028</u>	<u>1,044</u>	<u>4,072</u>	<u>1,574</u>
Additional provision	4,051	2,020	6,071	1,191
Provision no longer required	(1,428)	-	(1,428)	(540)
Per profit and loss account (note 19)	<u>2,623</u>	<u>862</u>	<u>3,485</u>	<u>651</u>
Interest in suspense (note 5.5)	<u>1,054</u>	<u>-</u>	<u>1,054</u>	<u>251</u>
At 30 September	<u>6,705</u>	<u>1,906</u>	<u>8,611</u>	<u>2,476</u>

The cumulative balance in the memorandum accounts in respect of loans and advances written off as at 30 September, 2006 amounted to N29.41billion

5 Interest in suspense	GROUP		BANK	
	2006 Nmillion	2005 Nmillion	2006 Nmillion	2005 Nmillion
At 1 April per UBA Plc	251	360	251	360
At 1 April per STB Plc	1,353	-	1,353	-
At 1 April per UBA Ghana	2	-	-	-
Written off	(1,299)	(388)	(1,299)	(388)
Additions in the period	<u>751</u>	<u>279</u>	<u>749</u>	<u>279</u>
At 30 September	<u>1,058</u>	<u>251</u>	<u>1,054</u>	<u>251</u>

Notes to the Financial Statements

for the period ended 30 September, 2006

	GROUP		BANK	
	2006 Nmillion	2005 Nmillion	2006 Nmillion	2005 Nmillion
6 OTHER ASSETS				
.1 Summary				
Prepayments	4,754	3,441	4,205	3,155
Interest receivable	2,914	367	2,765	367
Interest paid in advance	628	-	288	-
Sundry accounts	4,071	-	1,942	-
Deferred Merger Cost	-	364	-	364
Inter branch	1,545	758	1,646	758
Special assets account (note 6.2)	22,812	-	22,812	-
	<u>36,775</u>	<u>4,930</u>	<u>33,658</u>	<u>4,644</u>
Less: Provision (note 6.3)	<u>(1,157)</u>	<u>(475)</u>	<u>(964)</u>	<u>(475)</u>
	<u>35,618</u>	<u>4,455</u>	<u>32,694</u>	<u>4,169</u>

38 .2 Special assets

The special assets account represents the unamortised portion of the warehoused assets of Continental Trust Bank Limited in course of recovery, unrecovered balances are to be written off over fifteen years as stated in Central of Nigeria Letter reference BSD/G5.715/STB/VOL.29/34 of 29th December 2005 approving the take over of Continental Trust Bank Limited by United Bank for Africa Plc

3 Provision for other assets

At 1 April - UBA Plc	475	1,156	475	1,156
Provision for the period	929	-	489	-
No longer required	<u>(426)</u>	<u>(681)</u>	<u>-</u>	<u>(681)</u>
Per profit and loss	<u>503</u>	<u>(681)</u>	<u>489</u>	<u>(681)</u>
At 30 September	<u>978</u>	<u>475</u>	<u>964</u>	<u>475</u>

Notes to the Financial Statements

for the period ended 30 September, 2006

7 FIXED ASSETS

.1 Group

<i>Summary</i>	Leasehold land, buildings & improvement	Motor vehicles	Computers, furniture, strongroom & equipment	Construction in progress	2006 Total
	Nmillion	Nmillion	Nmillion	Nmillion	Nmillion
Cost/valuation:					
At 1 April - UBA Plc	3,275	1,014	8,490	382	13,161
<i>Additions as a result of merger/Acquisition:</i>					
At 1 April - STB Plc	2,648	1,337	4,842	1,588	10,415
At 1 April - CTB Ltd.	1,237	337	977	80	2,631
At 1 April - UBA Ghana	102	70	309	-	481
At 1 - UBA Insurance Ltd.	638	116	108	-	862
Additions during the year	1,525	994	4,351	5,600	12,470
Reclassifications	179	-	612	(791)	-
Eliminated on disposals	(635)	(97)	(47)	-	(779)
Revaluation surplus	<u>11,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,231</u>
At 30 September	<u>20,200</u>	<u>3,771</u>	<u>19,642</u>	<u>6,859</u>	<u>50,472</u>
Depreciation:					
At 1 April - UBA Plc	660	683	5,642	-	6,985
<i>Additions as a result of merger/Acquisition:</i>					
At 1 April - STB Plc	680	672	3,180	-	4,532
At 1 April - CTB Ltd.	545	334	952	-	1,831
At 1 April - UBA Ghana	15	9	43	-	67
At 1 - UBA Insurance Ltd.	8	32	16	-	56
Charge for the year	354	663	2,851	-	3,868
Eliminated on disposals	<u>(2)</u>	<u>(48)</u>	<u>(8)</u>	<u>-</u>	<u>(58)</u>
At 30 September	<u>2,260</u>	<u>2,345</u>	<u>12,676</u>	<u>-</u>	<u>17,281</u>
Net book value:					
At 30 September 2006	<u>17,940</u>	<u>1,426</u>	<u>6,966</u>	<u>6,859</u>	<u>33,191</u>
At 31 March 2005	<u>2,615</u>	<u>331</u>	<u>2,848</u>	<u>382</u>	<u>6,176</u>

Notes to the Financial Statements

for the period ended 30 September, 2006

FIXED ASSET (Contd)

.2 Bank

Summary	Leasehold land, buildings & improvement Nmillion	Motor vehicles Nmillion	Computers, furniture, strongroom & equipment Nmillion	Construction in progress Nmillion	2006 Total Nmillion
Cost/valuation:					
At 1 April - UBA Plc	3,275	983	8,437	382	13,077
At 1 April - STB Plc	3,888	1,674	5,820	1,669	13,051
Additions	1,423	915	3,973	5,600	11,911
Reclassifications	179	-	612	(791)	-
Disposals	(30)	(87)	(34)	-	(121)
Revaluation	<u>11,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,231</u>
At 30 September	<u>19,966</u>	<u>3,485</u>	<u>18,808</u>	<u>6,860</u>	<u>49,149</u>
Depreciation:					
At 1 April - UBA Plc	661	664	5,598	-	6,923
At 1 April - STB Plc	1,224	1,008	4,132	-	6,364
Charge for the year	322	611	2,724	-	3,657
On disposals	<u>(1)</u>	<u>(46)</u>	<u>(4)</u>	<u>-</u>	<u>(51)</u>
At 30 September	<u>2,206</u>	<u>2,237</u>	<u>12,450</u>	<u>-</u>	<u>16,893</u>
Net book value:					
At 30 September, 2006	<u>17,760</u>	<u>1,248</u>	<u>6,358</u>	<u>6,860</u>	<u>32,226</u>
At 31 March, 2005	<u>2,614</u>	<u>319</u>	<u>2,839</u>	<u>382</u>	<u>6,154</u>

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- .2 During the period, the leasehold land and buildings with a net book value of N 5.6 billion including those revalued at 31 July 1997, were professionally revalued at 31 August 2006 in the sum of N30.6 billion by Messrs Jide Taiwo & Co. and Ubosi Eleh & Co., Estate Surveyors and Valuers. The valuation which was based on open market value between a willing seller and buyer, produced a revaluation surplus of N 25 billion over the net book value of the assets. This surplus has been discounted by 55% to N 11.231 billion in compliance with the Central Bank of Nigeria's circular No. BSD/PS/23/VOL.1/15 of 7 November, 1991. The revaluation of land and building is carried out at the discretion of the Directors and it is considered as and when necessary.

Notes to the Financial Statements
for the period ended 30 September, 2006

	GROUP		BANK	
	2006 Nmillion	2005 Nmillion	2006 Nmillion	2005 Nmillion
8. DEPOSIT AND CURRENT ACCOUNTS				
.1 Summary				
Demand				
- In Nigeria	209,477	60,536	209,477	60,536
- In Abroad	50,679	27,039	48,645	27,039
	<u>260,156</u>	<u>87,575</u>	<u>258,122</u>	<u>87,575</u>
Savings	90,425	41,365	90,101	41,365
Time				
- In Nigeria	116,086	18,592	102,525	18,592
- In Abroad	100,038	57,578	92,823	57,578
	<u>216,124</u>	<u>76,170</u>	<u>195,348</u>	<u>76,170</u>
Domiciliary accounts	209,380	-	208,836	-
	<u>776,135</u>	<u>205,110</u>	<u>757,407</u>	<u>205,110</u>
.2 The maturity profile of deposit liabilities is analysed as follows:				
Under 1 month	618,314	138,117	618,314	138,117
1 - 3 months	51,532	65,699	51,532	65,699
3 - 6 months	37,171	877	37,171	877
6 - 12 months	34,169	396	29,001	396
Over 12 months	34,949	21	21,389	21
	<u>776,135</u>	<u>205,110</u>	<u>757,407</u>	<u>205,110</u>
9. OTHER LIABILITIES				
Interest payable	14,038	15,074	14,038	15,004
Unearned income	3,090	-	3,090	-
Other credit balances	6,023	-	3,180	-
Foreign currency transfers payable	13,973	3,994	13,973	3,994
Due to pension funds administrators	8,750	-	-	-
Deposit for shares	210	-	37	-
	<u>47,784</u>	<u>19,068</u>	<u>35,118</u>	<u>18,998</u>

Notes to the Financial Statements

for the period ended 30 September, 2006

	GROUP		BANK	
	2006	2005	2006	2005
	Nmillion	Nmillion	Nmillion	Nmillion
10. TAXATION				
.1 Per profit and loss account				
Based on the profit for the period:				
- Income tax	764	1,286	549	1,273
- Education tax	68	113	68	113
- Under/(over) provision in respect of prior period	(3)	233	-	233
	829	1,632	617	1,619
Deferred tax (Note 11)	432	(33)	429	(33)
	<u>1,261</u>	<u>1,599</u>	<u>1,046</u>	<u>1,586</u>
.2 Per balance sheet				
At 1 April per UBA Plc	2,543	2,373	2,494	2,279
At 1 April per STB Plc	556	-	556	-
At 1 April per CTB Ltd	21	-	21	-
At 1 April per UBA Insurance Ltd	20	-	-	-
Based on profit for the period (note 10.1)	1,261	1,632	617	1,619
Payment during the period	(2,757)	(1,470)	(2,329)	(1,404)
At 30 September	<u>1,644</u>	<u>2,535</u>	<u>1,359</u>	<u>2,494</u>
.3 The charge for taxation is based on the provisions of Companies Income Tax Act, Cap C21 LFN 2004 and the Education Tax Act. CAP E4 LFN 2004.				
11. DEFERRED TAXATION				
At 1 April	1,070	1,106	1,070	1,103
Arising during the period (note 10)	432	(33)	429	(33)
At 30 September	<u>1,502</u>	<u>1,073</u>	<u>1,499</u>	<u>1,070</u>
12. DIVIDEND				
At 1 April	1,678	1,572	1,878	1,572
Payment during the period	(1,836)	(1,530)	(1,836)	(1,530)
Proposed for the period	2,060	1,836	2,060	1,836
At 30 September	<u>2,102</u>	<u>1,878</u>	<u>2,102</u>	<u>1,878</u>

Notes to the Financial Statements

for the period ended 30 September, 2006

13. TERM LOAN

The Central Bank of Nigeria (CBN) letter dated December 2, 2005 approved a write off of 80% of the former Continental Trust Bank Ltd indebtedness of N5,675,542,142 to CBN as at April 1, 2005. The amount of N1,135,108,428 represents the remaining 20% converted to 7 year term loan at 3% per annum with a moratorium of 2 years beginning April 1, 2005.

	GROUP		BANK	
	2006 Nmillion	2005 Nmillion	2006 Nmillion	2005 Nmillion
14. SHARE CAPITAL				
.1 Authorised:				
12,000,000,000 ordinary shares of 50 kobo each	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
.2 Alloted, called up and fully paid				
Ordinary shares of 50 kobo each				
At 1 April	1,530	1,530	1,530	1,530
New Issue arising on consolidation:				
Standard Trust Bank Plc	<u>2,000</u>	-	<u>2,000</u>	-
At 30 September	<u>3,530</u>	<u>1,530</u>	<u>3,530</u>	<u>1,530</u>

During the period, 4billion ordinary share of 50kobo each were alloted to former Standard Trust Bank Plc Shareholders in exchange for 8billion ordinary shares of 50kobo each of United Bank for Africa Plc, in line with the Scheme of Merger.

15. SHARE PREMIUM

Arising during the period	38,000	-	38,000	-
Transfer to bonus issue reserve	(706)	-	(706)	-
Transfer to special reserve	<u>(14,085)</u>	-	<u>(14,085)</u>	-
At 30 September	<u>23,209</u>	-	<u>23,209</u>	-

- .1 The share premium arose as a result of the exchange of 4 billion ordinary shares of 50kobo each of former Standard Trust Bank Plc (STB Plc) for 2billion ordinary shares of 50kobo each of United Bank for Africa Plc(UBA Plc) at a ratio of two Standard Trust Bank Plc shares in exchange for one United Bank Africa Plc share at the market value of N10 at the date of share exchange .
- .2 The Bank obtained the approval of shareholders at an extraordinary general meeting held on 26 July, 2006 and the sanction of the Federal High Court on 31 August, 2006 to write off the sum of N14.08 billion which represents the goodwill on consolidation to the Special Reserve Account created from the share premium account
- .3 At the Board Meeting of the Bank held on 24 November, 2006, the board proposed the issue of bonus shares of one (1) new share for every five (5) ordinary shares held by existing shareholders on that date. At the same meeting, the sum of N706million was approved to be transferred from the Share Premium Account to reserve for bonus shares.

Notes to the Financial Statements

for the period ended 30 September, 2006

16. OTHER RESERVES

	Bonus issue Nmillion	Capital Nmillion	Statutory Nmillion	Exchange difference Nmillion	General Nmillion	Small scale industries Nmillion	Total Nmillion
.1 Group							
At 1 April	-	22	3,710	3,880	8,251	2,050	17,913
Arising from merger	-	-	(952)	(1,061)	(2,266)	(562)	(4,841)
Consolidation adjustment	-	-	-	-	(909)	-	(909)
Transfer from share premium	706	-	-	-	-	-	706
Exchange difference in the period	-	-	-	(822)	-	-	(822)
Appropriation from profit and loss account	-	-	1,720	-	1,623	1,147	4,490
Write-off of CTB Special Assets	-	-	-	-	(1,629)	-	(1,629)
Write-off of merger cost	-	-	-	-	(4,343)	-	(4,343)
At 30 September, 2006	<u>706</u>	<u>22</u>	<u>4,478</u>	<u>1,997</u>	<u>727</u>	<u>2,635</u>	<u>10,565</u>
At 31 March, 2005	<u>-</u>	<u>22</u>	<u>3,710</u>	<u>3,880</u>	<u>8,251</u>	<u>2,050</u>	<u>17,913</u>
.2 Bank							
At 1 April	-	-	3,480	3,880	6,762	2,050	16,172
Arising from merger	-	-	(952)	(1,061)	(2,266)	(562)	(4,841)
Transfer from share premium	706	-	-	-	-	-	706
Exchange difference in the period	-	-	-	(822)	-	-	(822)
Appropriation from profit and loss account	706	-	1,720	-	1,541	1,147	4,408
Write-off of CTB Special Assets	-	-	-	-	(1,629)	-	(1,629)
Write-off of merger related cost	-	-	-	-	(4,343)	-	(4,343)
At 30 September, 2006	<u>706</u>	<u>-</u>	<u>4,248</u>	<u>1,997</u>	<u>65</u>	<u>2,635</u>	<u>9,651</u>
At 31 March, 2005	<u>-</u>	<u>-</u>	<u>3,480</u>	<u>3,880</u>	<u>6,762</u>	<u>2,050</u>	<u>16,172</u>
.3 Small Scale Industries Reserve.							
This is computed at 10% of profit after tax in accordance with Central Bank of Nigeria Guideline. As at 30 September, 2006, the Group has invested the sum of N 1.4 billion (2005- N 212 million) in SMEEIS.							
.4 Statutory Reserve							
The appropriation for the period represents 15% of the profit after tax in accordance with section 16 of the Banks and Other Financial Institution Act, CAP B3 LFN 2004.							

Notes to the Financial Statements

for the period ended 30 September, 2006

	GROUP		BANK	
	18 Months ended 30 Sept. 2006 Nmillion	12 Months ended 31 March 2005 Nmillion	18 Month ended 30 Sept. 2006 Nmillion	12 Months ended 31 March 2005 Nmillion
17. SPECIAL RESERVE				
Transfer from share premium	14,085	-	14,085	-
Goodwill written off on consolidation At 30 September	<u>(14,085)</u>	<u>-</u>	<u>(14,085)</u>	<u>-</u>
18. INTEREST AND DISCOUNT INCOME				
<i>Non-bank sources:</i>				
Interest on loans and advances	33,740	7,676	33,254	7,676
Interest on Government bonds	3,930	-	3,930	-
Discount income	2,461	5,617	2,461	5,617
<i>Bank sources:</i>				
Placement with local banks	11,430	291	11,430	291
Placement with foreign banks	<u>6,132</u>	<u>872</u>	<u>6,132</u>	<u>872</u>
	<u>57,693</u>	<u>14,456</u>	<u>57,207</u>	<u>14,456</u>
19. INTEREST EXPENSES				
Other banks in Nigeria	112	83	112	83
Customers and staff	<u>26,842</u>	<u>3,407</u>	<u>24,767</u>	<u>3,407</u>
	<u>26,954</u>	<u>3,490</u>	<u>24,879</u>	<u>3,490</u>
20. PROVISION FOR LOANS AND OTHER ACCOUNTS				
Loans and advances (note 5.4)	4,703	651	4,643	651
Non-performing investments	279	19	-	19
Other assets (note 6.3)	557	(630)	499	(630)
Quoted Investments (note 4.1)	<u>32</u>	<u>-</u>	<u>32</u>	<u>-</u>
	<u>5,571</u>	<u>40</u>	<u>5,174</u>	<u>40</u>
21 OTHER INCOME				
Commissions and charges	18,145	8,413	17,936	8,413
Fees	7,222	-	7,089	-
Foreign exchange earnings	1,354	445	1,354	445
Other income	<u>6,033</u>	<u>2,775</u>	<u>2,493</u>	<u>2,192</u>
	<u>32,754</u>	<u>11,633</u>	<u>28,872</u>	<u>11,050</u>

Notes to the Financial Statements

for the period ended 30 September, 2006

	GROUP		BANK	
	18 Months ended 30 Sept. 2006 Nmillion	12 Months ended 31 March 2005 Nmillion	18 Month ended 30 Sept. 2006 Nmillion	12 Months ended 31 March 2005 Nmillion
22. PROFIT BEFORE TAXATION				
<i>This is stated after charging/(crediting):</i>				
Directors' emoluments				
- Nigeria operations	-	20	33	20
- Overseas operations	-	11	-	11
Auditors' remuneration	59	40	59	40
Directors' remuneration	149	46	132	46
Deposit insurance premium	2,861	1,324	2,861	1,324
Depreciation	3,756	1,412	3,706	1,402
(Profit)/Loss on sale of fixed assets	(14)	90	(14)	90

23. SEGMENTAL INFORMATION BY GEOGRAPHIC SEGMENT

The following tables set out the profit and loss information, average loans and advances to customers, net interest margin and selected balance sheet information by geographic segment for the period ended

	Nigeria		United States		Total	
	2006 Nmillion	2005 Nmillion	2006 Nmillion	2005 Nmillion	2006 Nmillion	2005 Nmillion
1 Profit and loss account						
Interest income	47,285	12,254	10,408	2,202	57,693	14,456
Interest expense	(20,654)	(2,735)	(6,300)	(755)	(26,954)	(3,490)
Net interest income	26,631	9,519	4,108	1,447	30,739	10,966
Fees and commissions received net	24,717	7,012	650	1,401	25,367	8,413
Income from foreign exchange transactions	(183)	427	1,537	18	1,354	445
Other operating income	5,992	1,769	41	1,006	6,033	2,775
Non-interest income	30,526	9,208	2,228	2,425	38,245	11,633
Net revenue	57,157	18,727	6,336	3,872	63,519	22,599
Operating expenses	(39,984)	(13,929)	(1,371)	(698)	(41,355)	(14,627)
Depreciation	(3,669)	(1,404)	(87)	(8)	(3,756)	(1,412)
Total cost	(43,653)	(15,333)	(1,458)	(706)	(45,111)	(16,039)
Operating profit before provision for loan losses	13,504	3,394	4,878	3,166	18,382	6,560
Loan loss and other provision	(5,571)	(40)	-	-	(5,571)	(40)
Profit before taxation	7,933	3,354	4,878	3,166	12,811	6,520
Total assets employed	725,899	168,056	158,238	82,727	884,137	250,783
Total risk weighted assets and contingents	-	93,000	-	56,431	-	149,431
Net interest margin(%)	56	78	39	66	96	72

Notes to the Financial Statements

for the period ended 30 September, 2006

23. SEGMENTAL INFORMATION BY GEOGRAPHIC SEGMENT (CONTD.)

	Nigeria		United States		Total	
	2006	2005	2006	2005	2006	2005
	Nmillion	Nmillion	Nmillion	Nmillion	Nmillion	Nmillion
.2 Balance Sheet						
ASSETS						
Cash and short term funds	376,490	57,836	95,004	52,681	471,494	110,517
Treasury bills	182,039	59,832	25,302	-	207,341	59,832
Investments	21	1,149	-	-	21	1,149
Other investments	26,576	1,044	-	-	26,576	1,044
Loans and advances	72,596	38,029	37,300	29,581	109,896	67,610
Other assets	35,013	4,075	605	380	35,618	4,455
Fixed assets	33,164	6,091	27	85	33,191	6,176
	<u>725,899</u>	<u>168,056</u>	<u>158,238</u>	<u>82,727</u>	<u>884,137</u>	<u>250,783</u>
LIABILITIES						
Deposit and current accounts	622,807	148,095	153,328	57,015	776,135	205,110
Other liabilities	47,784	15,793	-	5,408	47,784	19,068
Taxation payable	1,612	1,890	32	645	1,644	2,535
Deferred taxation	1,502	1,073	-	-	1,502	1,073
Term loan	1,135	-	-	-	1,135	-
Dividend payable	7,102	-	-	-	7,102	1,878
	<u>681,942</u>	<u>166,851</u>	<u>153,360</u>	<u>63,068</u>	<u>835,302</u>	<u>229,664</u>
Borrowings	-	-	-	1,676	-	1,676
CAPITAL AND RESERVES						
Share capital	3,530	1,275	-	-	3,530	1,530
Share premium	23,209	-	-	-	23,209	-
Other reserves	10,565	17,913	-	-	10,565	17,913
Core capital	37,304	19,188	-	-	37,304	19,443
Fixed assets revaluation reserve	11,231	-	-	-	11,231	-
SHAREHOLDERS' FUNDS	<u>48,535</u>	<u>19,188</u>	-	-	<u>48,535</u>	<u>19,443</u>

Notes to the Financial Statements

for the period ended 30 September, 2006

MATURITY PROFILE OF ASSETS AND LIABILITIES

	0 - 30 days	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	2006
	Nmillion	Nmillion	Nmillion	Nmillion	Nmillion	Nmillion
ASSETS						
Cash and short term funds	471,494	-	-	-	-	471,494
Treasury bills	-	207,341	-	-	-	207,341
Loans and advances	44,694	30,285	19,231	9,407	7,200	109,896
Investments	-	-	-	9,000	17,341	26,597
Other assets	-	-	-	-	35,662	35,618
Fixed assets	-	-	-	-	35,713	33,191
	<u>516,188</u>	<u>237,626</u>	<u>19,231</u>	<u>18,407</u>	<u>95,916</u>	<u>894,132</u>
LIABILITIES						
Deposit and current accounts	624,122	51,532	37,171	34,169	34,949	776,135
Other liabilities	-	-	-	-	41,976	47,784
Taxation payable	-	-	-	2,119	-	1,644
Deferred taxation	-	-	-	-	1,502	1,502
Dividend payable	-	-	-	7,102	-	7,102
Term loan	-	-	-	-	1,135	1,135
	<u>624,122</u>	<u>51,532</u>	<u>37,171</u>	<u>43,390</u>	<u>79,562</u>	<u>835,802</u>
Net liquidity gap as at 30 September	<u>(107,934)</u>	<u>186,094</u>	<u>(17,940)</u>	<u>(24,983)</u>	<u>16,354</u>	<u>48,835</u>
Assets as at 31 March 2005	174,942	44,258	8,969	578	30,133	258,880
Liabilities as at 31 March 2005	(158,993)	(65,699)	(877)	(2,890)	(2,767)	(231,226)
Net liquidity gap as at 31 March, 2005	<u>15,949</u>	<u>(21,441)</u>	<u>8,092</u>	<u>(2,312)</u>	<u>27,366</u>	<u>27,654</u>

Notes to the Financial Statements

for the period ended 30 September, 2006

25. OFF BALANCE SHEET ENGAGEMENTS

- .1 The bank enters into various commitments in the normal course of business which are not reflected on the balance sheets and in respect of which there are corresponding obligations to the customers.

	GROUP		BANK	
	2006	2005	2006	2005
	Nmillion	Nmillion	Nmillion	Nmillion
These are as follows:				
Bonds and guarantees issued to third parties	62,789	38,292	62,789	38,292
Acceptances	48,620	18,847	48,620	18,847
Confirmed letters of credit and liabilities to customers thereon	<u>55,775</u>	<u>24,682</u>	<u>55,775</u>	<u>24,682</u>
	<u>167,184</u>	<u>81,821</u>	<u>167,184</u>	<u>81,821</u>

- .2 There were contingent liabilities in respect of litigations against the bank for amount totalling N29.3billion for which no provisions have been made in the financial statements. The actions are being contested and Directors are of the opinion that no significant liabilities will arise therefrom.
- .3 Judgement in the sum N6,238million was awarded against the Bank in the case of BTL industries Limited vs UBA Plc. The Bank is currently on appeal to the Supreme Court. The Supreme Court granted a stay of the judgement of the Court of Appeal on the condition that UBA Plc produces acceptable Bank guarantees to cover the entire judgement sum. The Directors are of the opinion that it is unlikely to have a material adverse effect on the Bank. However, a provision of N600million (2005:N500 million) has been made in these financial statements
- .4 In the course of the period, United Bank for Africa Plc and Standard Trust Bank Plc concluded the merger arrangement that commenced in 2004/2005 financial year. The merger agreement specified that in order to protect the shareholders of STB Plc from suffering a reduction in the value of their investment in the post-merger UBA Plc and should the supreme court uphold the decision of the Court of Appeal, UBA Plc and STB Plc agreed as part of the scheme of merger that additional shares shall be issued to the shareholders (i.e. Shareholders of STB Plc prior to the merger) whose names appear in STB Plc register of shareholders as at the close of business on the terminal date.

The additional shares in the capital of the enlarged (post-merger) UBA Plc would be issued pro-rata to compensate the pre-merger shareholders of STB Plc for any disadvantage that they may have suffered in the valuation process by virtues of the contingent liability arising from the judgement in the BTL suit not being taken into account in determining the value of pre-merger UBA Plc. Such shares will be issued by the post-merger UBA Plc within six months after the date of the Supreme Court judgement in the suit instituted against pre-merger UBA Plc by BTL Industries Limited.

26. CONTRAVENTION OF BANKS AND OTHER FINANCIAL INSTITUTION ACT, CAP B3 LFN 2004

The Bank did not contravene any provisions of BOFIA during the period ended 30 September, 2006

Notes to the Financial Statements

for the period ended 30 September, 2006

27. STAFF PENSION FUND SCHEME CONTRIBUTION

The Bank operated a defined contribution scheme for its employees which is managed by Pension Fund Administration companies. The scheme is funded by contribution from Employees and the Bank at 7.5% and 7.5% respectively and Employees have the option of making additional contributions to the scheme. The movement in the staff pension fund scheme contribution during the period ended was as follows:

	GROUP		BANK	
	18 Months ended 30 Sept. 2006	12 Months ended 31 March 2005	18 Months ended 30 Sept. 2006	12 Months ended 31 March 2005
	Nmillion	Nmillion	Nmillion	Nmillion
At April	1,573	1,333	1,573	1,333
Contribution during the period	748	550	748	550
Payment during the period	(1,545)	(310)	(1,545)	(310)
At 30 September, 2006	<u>776</u>	<u>1,573</u>	<u>776</u>	<u>1,573</u>

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28. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

.1 Directors' emoluments:

	BANK	
	2006	2005
	Nmillion	Nmillion
i Chairman	1.2	1.8
ii Other Directors		
Fees	2.5	5.4
Other emolument	2.0	9.0
	4.5	14.4
Emolument as executive	27.5	29.6
Total	33.2	45.8
iii Highest paid Directors	6.5	5.0

Notes to the Financial Statements

for the period ended 30 September, 2006

	GROUP		BANK	
	18 Months ended 30 Sept. 2006 Nmillion	12 Months ended 31 March 2005 Nmillion	18 Month ended 30 Sept. 2006 Nmillion	12 Months ended 31 March 2005 Nmillion
17. SPECIAL RESERVE				
Transfer from share premium	14,085	-	14,085	-
Goodwill written off on consolidation At 30 September	<u>(14,085)</u>	<u>-</u>	<u>(14,085)</u>	<u>-</u>
18. INTEREST AND DISCOUNT INCOME				
<i>Non-bank sources:</i>				
Interest on loans and advances	33,740	7,676	33,254	7,676
Interest on Government bonds	3,930	-	3,930	-
Discount income	2,461	5,617	2,461	5,617
<i>Bank sources:</i>				
Placement with local banks	11,430	291	11,430	291
Placement with foreign banks	<u>6,132</u>	<u>872</u>	<u>6,132</u>	<u>872</u>
	<u>57,693</u>	<u>14,456</u>	<u>57,207</u>	<u>14,456</u>
19. INTEREST EXPENSES				
Other banks in Nigeria	112	83	112	83
Customers and staff	<u>26,842</u>	<u>3,407</u>	<u>24,767</u>	<u>3,407</u>
	<u>26,954</u>	<u>3,490</u>	<u>24,879</u>	<u>3,490</u>
20. PROVISION FOR LOANS AND OTHER ACCOUNTS				
Loans and advances (note 5.4)	4,703	651	4,643	651
Non-performing investments	279	19	-	19
Other assets (note 6.3)	557	(630)	499	(630)
Quoted Investments (note 4.1)	<u>32</u>	<u>-</u>	<u>32</u>	<u>-</u>
	<u>5,571</u>	<u>40</u>	<u>5,174</u>	<u>40</u>
21 OTHER INCOME				
Commissions and charges	18,145	8,413	17,936	8,413
Fees	7,222	-	7,089	-
Foreign exchange earnings	1,354	445	1,354	445
Other income	<u>6,033</u>	<u>2,775</u>	<u>2,493</u>	<u>2,192</u>
	<u>32,754</u>	<u>11,633</u>	<u>28,872</u>	<u>11,050</u>

Notes to the Financial Statements

for the period ended 30 September, 2006

	GROUP		BANK	
	18 Months ended 30 Sept. 2006 Nmillion	12 Months ended 31 March 2005 Nmillion	18 Month ended 30 Sept. 2006 Nmillion	12 Months ended 31 March 2005 Nmillion
22. PROFIT BEFORE TAXATION				
<i>This is stated after charging/(crediting):</i>				
Directors' emoluments				
- Nigeria operations	-	20	33	20
- Overseas operations	-	11	-	11
Auditors' remuneration	59	40	59	40
Directors' remuneration	149	46	132	46
Deposit insurance premium	2,861	1,324	2,861	1,324
Depreciation	3,756	1,412	3,706	1,402
(Profit)/Loss on sale of fixed assets	(14)	90	(14)	90

23. SEGMENTAL INFORMATION BY GEOGRAPHIC SEGMENT

The following tables set out the profit and loss information, average loans and advances to customers, net interest margin and selected balance sheet information by geographic segment for the period ended

	Nigeria		United States		Total	
	2006 Nmillion	2005 Nmillion	2006 Nmillion	2005 Nmillion	2006 Nmillion	2005 Nmillion
1 Profit and loss account						
Interest income	47,285	12,254	10,408	2,202	57,693	14,456
Interest expense	(20,654)	(2,735)	(6,300)	(755)	(26,954)	(3,490)
Net interest income	26,631	9,519	4,108	1,447	30,739	10,966
Fees and commissions received net	24,717	7,012	650	1,401	25,367	8,413
Income from foreign exchange transactions	(183)	427	1,537	18	1,354	445
Other operating income	5,992	1,769	41	1,006	6,033	2,775
Non-interest income	30,526	9,208	2,228	2,425	38,245	11,633
Net revenue	57,157	18,727	6,336	3,872	63,519	22,599
Operating expenses	(39,984)	(13,929)	(1,371)	(698)	(41,355)	(14,627)
Depreciation	(3,669)	(1,404)	(87)	(8)	(3,756)	(1,412)
Total cost	(43,653)	(15,333)	(1,458)	(706)	(45,111)	(16,039)
Operating profit before provision for loan losses	13,504	3,394	4,878	3,166	18,382	6,560
Loan loss and other provision	(5,571)	(40)	-	-	(5,571)	(40)
Profit before taxation	7,933	3,354	4,878	3,166	12,811	6,520
Total assets employed	725,899	168,056	158,238	82,727	884,137	250,783
Total risk weighted assets and contingents	-	93,000	-	56,431	-	149,431
Net interest margin(%)	56	78	39	66	96	72

Notes to the Financial Statements

for the period ended 30 September, 2006

23. SEGMENTAL INFORMATION BY GEOGRAPHIC SEGMENT (CONTD.)

	Nigeria		United States		Total	
	2006	2005	2006	2005	2006	2005
	Nmillion	Nmillion	Nmillion	Nmillion	Nmillion	Nmillion
.2 Balance Sheet						
ASSETS						
Cash and short term funds	376,490	57,836	95,004	52,681	471,494	110,517
Treasury bills	182,039	59,832	25,302	-	207,341	59,832
Investments	21	1,149	-	-	21	1,149
Other investments	26,576	1,044	-	-	26,576	1,044
Loans and advances	72,596	38,029	37,300	29,581	109,896	67,610
Other assets	35,013	4,075	605	380	35,618	4,455
Fixed assets	33,164	6,091	27	85	33,191	6,176
	<u>725,899</u>	<u>168,056</u>	<u>158,238</u>	<u>82,727</u>	<u>884,137</u>	<u>250,783</u>
LIABILITIES						
Deposit and current accounts	622,807	148,095	153,328	57,015	776,135	205,110
Other liabilities	47,784	15,793	-	5,408	47,784	19,068
Taxation payable	1,612	1,890	32	645	1,644	2,535
Deferred taxation	1,502	1,073	-	-	1,502	1,073
Term loan	1,135	-	-	-	1,135	-
Dividend payable	7,102	-	-	-	7,102	1,878
	<u>681,942</u>	<u>166,851</u>	<u>153,360</u>	<u>63,068</u>	<u>835,302</u>	<u>229,664</u>
Borrowings	-	-	-	1,676	-	1,676
CAPITAL AND RESERVES						
Share capital	3,530	1,275	-	-	3,530	1,530
Share premium	23,209	-	-	-	23,209	-
Other reserves	10,565	17,913	-	-	10,565	17,913
Core capital	37,304	19,188	-	-	37,304	19,443
Fixed assets revaluation reserve	11,231	-	-	-	11,231	-
SHAREHOLDERS' FUNDS	<u>48,535</u>	<u>19,188</u>	-	-	<u>48,535</u>	<u>19,443</u>

Notes to the Financial Statements

for the period ended 30 September, 2006

MATURITY PROFILE OF ASSETS AND LIABILITIES

	0 - 30 days	1 - 3 months	3 - 6 months	6 - 12 months	Over 1 year	2006
	Nmillion	Nmillion	Nmillion	Nmillion	Nmillion	Nmillion
ASSETS						
Cash and short term funds	471,494	-	-	-	-	471,494
Treasury bills	-	207,341	-	-	-	207,341
Loans and advances	44,694	30,285	19,231	9,407	7,200	109,896
Investments	-	-	-	9,000	17,341	26,597
Other assets	-	-	-	-	35,662	35,618
Fixed assets	-	-	-	-	35,713	33,191
	<u>516,188</u>	<u>237,626</u>	<u>19,231</u>	<u>18,407</u>	<u>95,916</u>	<u>894,132</u>
LIABILITIES						
Deposit and current accounts	624,122	51,532	37,171	34,169	34,949	776,135
Other liabilities	-	-	-	-	41,976	47,784
Taxation payable	-	-	-	2,119	-	1,644
Deferred taxation	-	-	-	-	1,502	1,502
Dividend payable	-	-	-	7,102	-	7,102
Term loan	-	-	-	-	1,135	1,135
	<u>624,122</u>	<u>51,532</u>	<u>37,171</u>	<u>43,390</u>	<u>79,562</u>	<u>835,802</u>
Net liquidity gap as at 30 September	<u>(107,934)</u>	<u>186,094</u>	<u>(17,940)</u>	<u>(24,983)</u>	<u>16,354</u>	<u>48,835</u>
Assets as at 31 March 2005	174,942	44,258	8,969	578	30,133	258,880
Liabilities as at 31 March 2005	(158,993)	(65,699)	(877)	(2,890)	(2,767)	(231,226)
Net liquidity gap as at 31 March, 2005	<u>15,949</u>	<u>(21,441)</u>	<u>8,092</u>	<u>(2,312)</u>	<u>27,366</u>	<u>27,654</u>

Notes to the Financial Statements

for the period ended 30 September, 2006

25. OFF BALANCE SHEET ENGAGEMENTS

- .1 The bank enters into various commitments in the normal course of business which are not reflected on the balance sheets and in respect of which there are corresponding obligations to the customers.

	GROUP		BANK	
	2006	2005	2006	2005
	Nmillion	Nmillion	Nmillion	Nmillion
These are as follows:				
Bonds and guarantees issued to third parties	62,789	38,292	62,789	38,292
Acceptances	48,620	18,847	48,620	18,847
Confirmed letters of credit and liabilities to customers thereon	<u>55,775</u>	<u>24,682</u>	<u>55,775</u>	<u>24,682</u>
	<u>167,184</u>	<u>81,821</u>	<u>167,184</u>	<u>81,821</u>

- .2 There were contingent liabilities in respect of litigations against the bank for amount totalling N29.3billion for which no provisions have been made in the financial statements. The actions are being contested and Directors are of the opinion that no significant liabilities will arise therefrom.
- .3 Judgement in the sum N6,238million was awarded against the Bank in the case of BTL industries Limited vs UBA Plc. The Bank is currently on appeal to the Supreme Court. The Supreme Court granted a stay of the judgement of the Court of Appeal on the condition that UBA Plc produces acceptable Bank guarantees to cover the entire judgement sum. The Directors are of the opinion that it is unlikely to have a material adverse effect on the Bank. However, a provision of N600million (2005:N500 million) has been made in these financial statements
- .4 In the course of the period, United Bank for Africa Plc and Standard Trust Bank Plc concluded the merger arrangement that commenced in 2004/2005 financial year. The merger agreement specified that in order to protect the shareholders of STB Plc from suffering a reduction in the value of their investment in the post-merger UBA Plc and should the supreme court uphold the decision of the Court of Appeal, UBA Plc and STB Plc agreed as part of the scheme of merger that additional shares shall be issued to the shareholders (i.e. Shareholders of STB Plc prior to the merger) whose names appear in STB Plc register of shareholders as at the close of business on the terminal date.

The additional shares in the capital of the enlarged (post-merger) UBA Plc would be issued pro-rata to compensate the pre-merger shareholders of STB Plc for any disadvantage that they may have suffered in the valuation process by virtues of the contingent liability arising from the judgement in the BTL suit not being taken into account in determining the value of pre-merger UBA Plc. Such shares will be issued by the post-merger UBA Plc within six months after the date of the Supreme Court judgement in the suit instituted against pre-merger UBA Plc by BTL Industries Limited.

26. CONTRAVENTION OF BANKS AND OTHER FINANCIAL INSTITUTION ACT, CAP B3 LFN 2004

The Bank did not contravene any provisions of BOFIA during the period ended 30 September, 2006

Notes to the Financial Statements

for the period ended 30 September, 2006

27. STAFF PENSION FUND SCHEME CONTRIBUTION

The Bank operated a defined contribution scheme for its employees which is managed by Pension Fund Administration companies. The scheme is funded by contribution from Employees and the Bank at 7.5% and 7.5% respectively and Employees have the option of making additional contributions to the scheme. The movement in the staff pension fund scheme contribution during the period ended was as follows:

	GROUP		BANK	
	18 Months ended 30 Sept. 2006	12 Months ended 31 March 2005	18 Months ended 30 Sept. 2006	12 Months ended 31 March 2005
	Nmillion	Nmillion	Nmillion	Nmillion
At April	1,573	1,333	1,573	1,333
Contribution during the period	748	550	748	550
Payment during the period	(1,545)	(310)	(1,545)	(310)
At 30 September, 2006	<u>776</u>	<u>1,573</u>	<u>776</u>	<u>1,573</u>

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28. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

.1 Directors' emoluments:

	BANK	
	2006	2005
	Nmillion	Nmillion
i Chairman	1.2	1.8
ii Other Directors		
Fees	2.5	5.4
Other emolument	2.0	9.0
	4.5	14.4
Emolument as executive	27.5	29.6
Total	33.2	45.8
iii Highest paid Directors	6.5	5.0

Notes to the Financial Statements for the period ended 30 September, 2006

28. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONTD.)

- iv The number of Directors excluding the chairman whose emoluments were within the following ranges are:

	BANK	
	2006	2005
	Number	Number
Up to - N 10,000	-	-
N10,001 - N100,000	1	-
N300,001 - N400,000	1	-
Over - N600,000	<u>12</u>	<u>15</u>

- 2 i The number of persons employed by the Bank during the period was as follows:

	GROUP		BANK	
	18 Months ended 30 Sept. 2006	12 Months ended 31 March 2005	18 Months ended 30 Sept. 2006	12 Months ended 31 March 2005
	Number	Number	Number	Number
General management	234	203	184	203
Senior staff	1,811	2,698	1,795	2,698
Junior staff	<u>2,614</u>	<u>886</u>	<u>2,589</u>	<u>886</u>
	<u>4,659</u>	<u>3,787</u>	<u>4,568</u>	<u>3,787</u>

- ii Staff Costs are as follows:

	GROUP		BANK	
	18 Months ended 30 Sept. 2006	12 Months ended 31 March 2005	18 Months ended 30 Sept. 2006	12 Months ended 31 March 2005
	NMillion	NMillion	NMillion	NMillion
Wages and salaries	8,032	4,597	7,789	4,597
Staff welfare	8,654	1,520	8,595	1,520
Pension costs	<u>750</u>	<u>550</u>	<u>748</u>	<u>550</u>
	<u>17,436</u>	<u>6,667</u>	<u>17,132</u>	<u>6,667</u>

Notes to the Financial Statements

for the period ended 30 September, 2006

28. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (CONT'D)

iii *Employees remunerated at higher rates excluding directors*

	GROUP		BANK	
	18 Months ended 30 Sept. 2006 Number	12 Months ended 31 March 2005 Number	18 Months ended 30 Sept. 2006 Number	12 Months ended 31 March 2005 Number
The number of employees in receipt of emoluments, excluding allowances, and pension contributions within the following ranges were:				
160,001 - 170,000	141	3,787	120	3,787
220,001 - 230,000	43	-	20	-
240,001 - 250,000	113	-	111	-
300,001 - 310,000	2	-	2	-
470,001 - 480,000	2	-	2	-
500,001 and above	<u>2,968</u>	-	<u>2,948</u>	-

29. RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES

	GROUP		BANK	
	18 Months ended 30 Sept. 2006 NMillion	12 Months ended 31 March 2005 NMillion	18 Months ended 30 Sept. 2006 NMillion	12 Months ended 31 March 2005 NMillion
Profit after tax	11,550	4,921	11,468	4,653
<i>Adjustments to reconcile profit after tax to net cash provided by operating activities</i>				
Depreciation of fixed assets	3,756	1,412	3,706	1,402
Provision for bad and doubtful accounts	5,571	40	5,174	40
Provision for deferred taxes	432	(33)	429	(33)
Increase/(decrease) in corporate tax	829	114	617	163
(Profit)/Loss on disposal of fixed assets	(14)	90	(14)	90
Changes in assets and liabilities				
Increase in loans and advances	(47,730)	(11,474)	(44,950)	(11,474)
Increase in other assets	(31,845)	10,888	(29,014)	9,434
Increase in deposit and current accounts	571,025	53,181	552,297	53,181
Decrease in exchange reserves	-	(3,175)	-	(3,175)
Decrease in borrowing/term loan	(541)	(1,709)	(541)	(1,709)
Increase / (decrease) in other liabilities	<u>28,716</u>	<u>(13,050)</u>	<u>16,120</u>	<u>(11,466)</u>
Net cash flow from operating activities before changes in operating assets	<u>541,749</u>	<u>41,205</u>	<u>515,292</u>	<u>41,106</u>

30. RELATED PARTY TRANSACTIONS

- Some of the Banks' Directors are also Directors of other companies with whom the Bank does business. All such transactions are conducted at arm's length.
- All loans to Directors and Companies in which they are also Directors are listed on Note 30.1

Notes to the Financial Statements
for the period ended 30 September, 2006

30.1 Related parties cont'd

S/N	Customer Name	Account Number	Relationship to Reporting Institution	Date Granted	Expiry Date	Authorized	Balance as at	Performing	Non-performing	Rate of Interest	Perfected Security and Nature	Value
						Credit	Sept. 30, 2006	N	N			
1	RESOURCEERY LTD.	03420030006082	Director's Brother- Junaid Dikko.	11-03-04	29-04-05	420,000,000	539,661,921	-	539,661,921	30	PG N26A, INDEMNITY, LIEN	420,000,000
2	RESOURCEERY LTD.	03420030006280	Director's Brother- Junaid Dikko	29-09-04	27-01-08	-	1,174,875	-	1,174,875	31	PG N26A, INDEMNITY, LIEN	-
3	RESOURCEERY LTD.	03420030006495	Director's Brother- Junaid Dikko.	31-12-04	31-03-05	-	84,910,188	-	84,910,188	32	PG N26A, INDEMNITY, LIEN	260,000,000
4	TRIPLE EDGE NIG. LTD.	TL034200010003	Director's Brother- Junaid Dikko.	18-05-06	18-10-07	82,743,000	68,952,958	68,952,958	-	19	DEBENTURE, PERSONAL GUARANTEE	82,743,549
5	TRIPLE EDGE NIG. LTD.	LN099900000092	Director's Brother- Junaid Dikko.	1-02-04	1-11-07	50,000,000	19,796,507	19,796,507	-	20	DEBENTURE, PERSONAL GUARANTEE	29,668,001
6	E M WEST AFRICA	1932010005904	Director's Brother-	13-09-06	13-06-08	151,932,000	72,758,422	72,758,422	-	11.33	DEBENTURE	201,000,000
TOTAL						704,675,000	787,214,868	161,667,987	625,746,981			

Notes to the Financial Statements for the period ended 30 September, 2006

31. EARNINGS PER SHARE

	GROUP		BANK	
	18 Months ended 30 Sept. 2006 Nmillion	12 Months ended 31 March 2005 Nmillion	18 Months ended 30 Sept. 2006 Nmillion	12 Months ended 31 March 2005 Nmillion
Profit attributable to shareholders of the bank	11,550	4,921	11,468	4,653
Weighted average number of ordinary shares in issue (in million)	6,169	1,868	6,169	1,868
Basic earnings per share (kobo)	<u>187k</u>	<u>263k</u>	<u>186k</u>	<u>249k</u>

Earnings per share relates to equity in issue derived during the period. A total of 4 billion ordinary shares of 50 kobo each of United Bank for Africa Plc. were allotted to shareholders of former Standard Trust Bank Plc in exchange for 8 billion ordinary shares of 50 kobo each, in line with the Scheme of Merger on 1 August, 2005.

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32. COMPARATIVE FIGURES

Comparative figures represents the balances of pre-merger UBA Plc as at 31 March, 2005

Group Statement of Value Added

for the period ended 30 September, 2006

	18 Months ended		12 Months ended	
	30 September		31 March	
	2006		2005	
	Nmillion	%	Nmillion	%
Gross earnings	90,447		26,089	
Interest expenses	(26,954)		(3,490)	
	63,493		22,599	
Overheads and payment for other services:				
Local	(18,330)		(4,226)	
Foreign	(5,546)		(3,560)	
Provision for risk assets	(5,571)		(40)	
Value added	<u>34,046</u>	<u>100</u>	<u>14,773</u>	<u>100</u>
Applied as follows:				
In payment of employees:				
Salaries, bonus, gratuities and other benefits	17,479	51	6,841	46
In payments to providers of capital:				
Dividend to shareholders	7,060	21	1,836	12
In payment to government:				
Taxation	829	2	1,632	11
Deferred taxation	432	1	(33)	-
Retained for future replacement of assets and expansion of business:				
Depreciation	3,756	11	1,412	10
Profit re-invested in the business	<u>4,490</u>	<u>13</u>	<u>3,085</u>	<u>21</u>
	<u>34,046</u>	<u>100</u>	<u>14,773</u>	<u>100</u>

Value added is the wealth created by the efforts of the Bank and its Employees and its allocation between employees, shareholders, government and re-investment for the future creation of more wealth.

Shareholder's Information

C. TEN YEAR DIVIDEND HISTORY

DIV NO	YEAR ENDED	DATE DECLARE	TOTAL AMOUNT (N' 000)	DIVIDEND PER SHARE	% OF ISSUED CAPITAL
43	MARCH 31, 1996	OCT. 17, 1996	200,000	33K	67%
44	MARCH 31, 1997	OCT 16, 1997	60,000	10K	20%
45	MARCH 31, 1998	DEC. 3, 1998	300,000	30K	60%
46	MARCH 31, 1999	OCT 12, 1999	580,000	58K	116%
47	MARCH 31, 2000	AUG. 3, 2000	850,000	85K	170%
48	MARCH 31, 2001	AUG. 2, 2001	425,000	25K	50%
49	MARCH 31, 2002	AUG. 1, 2002	510,000	30K	60%
50	MARCH 31, 2003	AUG.8, 2003	1,148,000	45K	90%
51	MARCH 31, 2004	SEP. 30, 2004	1,530,000	60K	120%
52	MARCH 31, 2005	JUL. 22, 2005	1,836,000	60K	120%

Proxy Form

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS AND IS TO BE USED AT THE ANNUAL GENERAL MEETING TO BE HELD ON WEDNESDAY JANUARY 31, 2007.

I/We.....
 of.....

being a member of United Bank for Africa Plc, do hereby appoint

.....
 or failing him, the Chairman of the meeting as my/our proxy to act and vote for me/us on my/our behalf at the Annual General Meeting of the Bank holding on Wednesday, January 31 2007 at 11.00 am or at any adjournment thereof.

Dated thisday of.....2007

Shareholder's Signature(s).....

NOTE:

1. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy in his/her stead. All proxies should be deposited at the Office of the Registrar, UBA Registrars, Raymond House, 95/105 Broad Street, Lagos, not less than 48 hours before the time for holding the meeting.
2. The Chairman of the meeting has been entered on the Proxy Form to ensure that someone will be at the Meeting to act as your proxy, but if you wish, you may insert in the blank space marked on the proxy form the name of any person whether a member of the Company or not who will attend the meeting and vote on your behalf instead of the chairman of the meeting.
3. If the shareholder is a corporation, this form must be under its common seal or under the hand of a duly authorized attorney.

S/N	ORDINARY BUSINESS	FOR	AGAINST
1.	To receive the Accounts and the Reports		
2.	To declare a dividend		
3.	To elect/ re-elect Directors		
4.	To appoint Auditors		
5.	To authorize the Directors to fix the remuneration of the Auditors		
6.	To elect members of the Audit Committee		
SPECIAL BUSINESS			
7.	To declare bonus shares		
8.	To authorize the Directors to issue shares		
9.	To authorize Directors to convert convertible loans from international investors into ordinary shares of the Bank on such terms and price they deem fit.		

Please indicate with an "X" in the appropriate box how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.

Before delivering/posting the above proxy form, please tear off this part Admission Card and retain it for admission to the meeting.

ADMISSION CARD UBA PLC
UNITED BANK FOR AFRICA PLC
 45th ANNUAL GENERAL MEETING

PLEASE ADMIT ONLY THE SHAREHOLDER NAMED ON THIS CARD OR HIS DULY APPOINTED PROXY TO THE 45th ANNUAL GENERAL MEETING OF UNITED BANK FOR AFRICA PLC BEING HELD AT GRAND HOTEL, ASABA ON WEDNESDAY JANUARY 31, 2007, AT 11.00 AM.

NAME OF SHAREHOLDER /PROXY.....SIGNATURE.....

ADDRESS.....

THIS CARD IS TO BE SIGNED AT THE VENUE IN THE PRESENCE OF THE REIGISTRAR