

# STANBIC IBTC COMPANY NEWS



A member of Standard Bank Group

## SELECTED INDICES

Sector : Banking  
 Current Price : N60.90  
 Shares Outstanding : 11.49bn  
 Market Cap : 700.1Nbn

Total Assets 2007 : N1.911tn  
 Total Deposits 2007 : N905.8bn  
 Shareholders Funds 2007 : N167.7bn  
 Loans and Advances 2007 : N320.4bn  
 NPL 2007 : N1.688bn  
 Cost to Income 2007 : 69.61%  
 Net Interest Income 2007 : 45.075bn  
 Cost to Income 2007 : 4.58%

Liquidity : High  
 Price to Book : 3.19  
 Industry Average : 5.22  
 ROA 2006 : 4.63%  
 ROA 2007 : 2.43%  
 ROE 2006 : 12.78%  
 ROE 2007 : 23.90%  
 PAT (2007) : N21.4bn  
 PAT (2008) est\* : N27.0bn  
 EPS (2007) : N2.90  
 EPS (2008) est : N2.76  
 PE (2007) : 21.0  
 Industry Average PE (2007) : 33.7  
 PE 2008 est : 25.91  
 Industry Average PE est : 24.73  
 Dividend Yield (2007) : 1.97%  
 Dividend Yield (2008) est : 2.32%  
 Industry Average DYield est : 2.77%

Fair Value : N45.53  
 Projected Price (2008) : N45.00

\* UBA's 2008 estimates is based on 9 months ending in December 2008

## Recommendation

**BUY** **SHORT TERM**

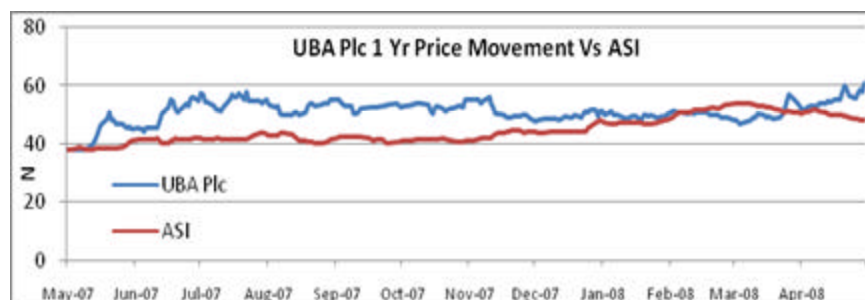
**BUY** **LONG TERM**

## UNITED BANK FOR AFRICA PLC AUDITED RESULT FOR THE SECOND QUARTER ENDED 31 MARCH 2008

	2008	2007	Growth
<b>Gross Earnings (N'Bn)</b>			
	<b>78.103</b>	<b>46.883</b>	<b>66.59%</b>
<b>EXCEPTIONAL ITEMS (N'Bn)</b>			
	<b>(1.740)</b>		
<b>PBT (N'Bn)</b>			
	<b>20.125</b>	<b>11.761</b>	<b>71.12%</b>
<b>PAT (N'Bn)</b>			
	<b>18.420</b>	<b>10.765</b>	<b>71.11%</b>
<b>PROPOSED DIVIDEND (N)</b>	<b>0.25</b>		
<b>PROPOSED BONUS</b>		<b>1 FOR 2</b>	
<b>CLOSURE DATE 2<sup>ND</sup> JUNE TO 4<sup>TH</sup> JUNE 2008</b>			

## ANALYST'S OPINION

United Bank for Africa Plc (UBA) released its audited second quarter result for the period ended 31 March 2008. The company recorded a 66.59% growth in its gross earnings (measured against its 2007 unaudited six months result) from N78.103 billion to N46.883 billion, while its Profit Before Tax (PBT) increased by 71.12%. The US Office of the Comptroller of the Currency ("OCC") and Financial Crime Enforcement Network ("FinCEN") issued a joint press release announcing a US\$15 million civil penalty against the New York Branch ("NYB") of UBA for violations of the Bank Secrecy Act ("BSA"). Our analysts are of the opinion that the N1.74 billion external item written off was due to the penalty. Profit After Tax (PAT) increased from N18.480 billion in 2008 to N10.765 billion in 2007 representing a growth of 71.11%. The bank proposed a dividend pay-out of 25 kobo per share and a bonus of 1 for 2 for the six month period. The bank is currently working with McKinsey in the strategic repositioning of the bank. Based on the above result, we are projecting a PAT of N27.0 billion for the year-ending December 2008 (9 months period). This is in line with the Central Banks directive that all banks maintain a uniform year end by December 2008. Considering the bonus of 1 for 2, this translates to a projected P/E ratio of 25.9x its EPS of 235 kobo for the nine month period as against the industry average of 22.79 x and its peer average (Projected P/E of banks with similar market cap.) of 24.73 x while projected dividend yield is 2.32% as compared to industry average of 2.77%. Accordingly, we arrived at a price of N45.53 per share as UBA's fair value after it is marked down. Bearing in mind the proposed bonus the bank intends to pay, and the fact that the bank is currently trading at a 12.14% discount of its fair value, our analysts therefore assign a **BUY** recommendation for the stock in the short term and a **BUY** recommendation in the long term.



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