COUNTRY: Nigeria

PROJECT NAME: UBA II

SECTOR: Financial Services

CONTRIBUTION OF ADB: US DOLLAR 50 MILLION

PROJECT DESCRIPTION: The Bank will take a USD 50 million equity stake in UBA within the context of its current share capital increase being conducted through a public offer of shares on the Nigerian Stock Exchange taking place in April 2007. Total equity investment from the proposed Public Offer is expected to raise NGN54 billion (USD400 million) in new capital. This capital increase will enable UBA to undertake a comprehensive domestic and regional expansion program. Domestically, UBA intends to undertake an ambitious branch network roll-out, which will increase its branch network by 70% from the current 500 to 850 branches. This will enable UBA to capture deposits from the unbanked mid-mass market. Reach is a critical factor for capturing this segment in a country the size of Nigeria. It is estimated that less than 10% of Nigerians have a bank account. UBA Management also plans to grow its loan book aggressively through the branch network to distribute its retail products, which include mortgages, insurance, e-products and eventually credit cards. Only 8% of lending in the banking industry is to the retail market. Consequently, the key to growth in Nigeria lies in the effective distribution of lending products.

PROJECT BENEFITS: The Bank’s intervention, will contribute to the ADB objective of supporting economic growth in catalysing and providing additional capital to a hitherto successful financial institution, which will have enhanced capacity to fund business-enabling infrastructure, such as telecommunications, port and airport infrastructure (20%), and hospitality (5%). Infrastructure sectors have received little or no attention in Nigeria over the last 15-20 years (save for advances made in the telecoms industry through privatization and liberalization). While the benefits of investments in infrastructure are expected to ease and reduce the cost of doing business in Nigeria, the increased capacity of the Bank’s investment will allow UBA’s borrowers to scale up their production facilities, with an outreach to manufacturing (15%), agribusiness (10%), and indigenous oil and gas.