FY 2012 & Q1 2013

Strategic Overview

Phillips Oduoza, Group Managing Director/CEO

Thank you Kayode, and special thanks to everyone for joining us this afternoon.

Ugo will be up shortly to discuss our FY 2012 and Q1 2013 results in detail, while Emmanuel will discuss our African businesses in view of the progress we have made. Before they both come up, let me start by sharing some thoughts on the FY 2012 and Q1 2013 result and what we're expecting for the rest of the 2013 financial year.

You may recall that I stated at the Q1 2012 conference call that we expected a very good year in 2012 and that going by our various initiatives, we were positioning to have a successful and complete return to profitability. I am happy to announce to you today that 2012 was indeed a very good year for us at the bank, as we ended the year with ROE of 31.9%, having achieved a profit of N54.77billion for year ended December 31, 2012, coming out of a loss position in 2011. We also recorded growth in the following areas amongst, other things:

Gross earnings growth – 34.5%

Operating income growth – 28.7%

Growth in profit for the year – 905.4%

Indeed, 2012 was not entirely about quantitative improvements, as we successfully concluded the restructuring of our business in compliance with the Central Bank of Nigeria ("CBN") pronouncement on universal banking model, by either choosing the Holding Company Model or the Monoline Banking Model. We chose the Monoline Banking Model in UBA and we have successfully spun off our non commercial banking subsidiaries namely: UBA Capital Plc, Africa Prudential Registrars Plc (both listed companies on the Nigerian Stock Exchange ["NSE") and Afriland Properties Plc (to be listed at a later date).

First quarter 2013 was a good start to the year for UBA. Gross earnings hit a new record of N62.8billion. These earnings represented a 19.8% increase over the corresponding period. There was also growth of 23.6% in Net Interest Income; 17.4% in Operating Income and 19.1% in Profit after Tax over the corresponding period. Our record earnings provide tangible evidence that the course we are charting for UBA is the right one. We are pursuing market share growth in every region of Nigeria and Africa and we are optimistic that the process of regulatory reform will lead to a more competitive market for all participants, and in this context, we see emerging opportunities to fundamentally improve our market positioning.

African Business

Revenue contribution from Africa was N41.4billion representing 18.7% of the group revenue for full year 2012. We believe we are on course to achieving the projected revenue contribution from Africa, with the progress we are making in terms of product penetration and market share expansion in most of the countries we operate in.

Overall, we are determined to enhance shareholder value by unlocking existing potentials in the Bank, leveraging on our huge resource base and vantage positioning in Africa.

Review of Operating Environment

The Central Bank of Nigeria recently issued a circular revising its guide on bank charges, with a view to reducing the cost of providing banking services to customers amongst other things. The circular focused the following key issues:

- Interest on deposits;
- Lending rates/fees;
- Commission on turnover ("COT");
- Commission on bonds, guarantees and indemnities;
- Foreign exchange commission;
- Bills for collection;
- Inward and outward letters of credit; and
- Electronic banking.

We have sensitized our earnings in response to this development. While some of these changes will reduce revenue directly, others will lead to increase in cost. It is important to note that the impact of COT will be minimal on us, as the bulk of our transactions are currently priced below the new COT limit of N3 per mille.

We have also evaluated the impact of these changes by applying them retrospectively on our 2012 financial performance. Had the implementation commenced in 2012, it would have led to a decrease of less than 5% of gross earnings.

Another industry development is the increase in annual AMCON levy from 0.3% to 0.5% of prior year's average total assets.

In reaction to these changes, we have adopted a number of initiatives aimed at revenue and shareholders' value maximization. Some of these initiatives include but not limited to:

- Added products on our electronic banking platform aimed at increased cheap deposit generation and retention;
- Issuance of more cards, including a prepaid card for non account holders;
- Increase in business volume through value chain banking;
- Accelerate asset growth early enough in any year to ensure they earn more revenue ahead of the application of AMCON levy in the subsequent year;

- Creation of better quality assets;
- Strong Asset Growth;
- Improve our service delivery to attract and retain high value customers; and
- Deepening our play in other African countries where we operate, as these changes will impact our Nigeria business only. This is one of the benefits of our diversification strategy.

Outlook for 2013

With the successful stabilization achieved in our business in 2012, the Bank has set the stage for rapid growth going forward with the aim of regaining our industry leadership. To this end, the Bank has defined a set of strategic imperatives that will underpin a transformation agenda for the medium term (2013 – 2015):

- Re-engineering the customer experience through a Customer Service Transformation Programme;

- Driving aggressive accounts acquisition and reactivation as well as financial inclusion;

- Aggressively mobilizing deposits through the re-invigoration of the Strategic Business Units (SBU) structure at branches;

- Positioning for leadership in e-Banking space, through deployment of e-channels and products;

- Building the platform to drive increased synergy among the Bank's African subsidiaries;

- Initiating organizational realignment and infusion of new personnel at senior level for improved market penetration;
- Focusing on the improvement of employee motivation with the objectives of driving improved productivity and positioning the Bank as “the employer of choice in the industry”;

We are convinced that the disciplined execution of these initiatives will enable us to reclaim our leadership position in the domestic market, whilst we aspire for leadership in the rest of Africa.

Guidance for 2013

I believe our investors and other stakeholders would be interested in having the projections for our business in 2013. The following are therefore our guidance in view of what we expect in 2013, having factored in the anticipated impact of all the policy changes recently advised by the CBN:

Ratio/Item	**Guidance for 2013**
Net Interest Margin	6%
Return on Equity	> 22.5%
Return on Assets	> 2.5%
Cost of Funds	< 3.5%
Cost to Income Ratio	< 60%

Liquidity Ratio	> 55.0%
Capital Adequacy Ratio	>18.0%
Loan to Deposit Ratio	45%
NPL Ratio	< 3%
NPL Coverage Ratio	100.0%
Cost of Risk	1.5%
Expected Growth in Key Lines	**Guidance for 2013**
Gross earnings growth	25.0%
Operating income growth	20.0%
PBT growth	25%-30%
Loan growth	25%-30%
Total asset growth	15%-20%
Deposit growth	15%-20%
Cheap deposit	80.0%
Equity growth	15%-20%

Executive Appointments

Emeke Iweriebor was appointed Executive Director to oversee our business in Corporate Banking as well as UBA Nigeria (Lagos & West) (His appointment is subject to CBN's approval). Ike Uche (formerly Head of UBA New York) was also appointed Chief Risk Officer following the appointment of Emmanuel Nnorom (formerly, Executive Director/Chief Risk Officer) to a new role as CEO, UBA Africa. Some other senior level appointments are in the pipeline.

With that let me wrap up.

We're off to an excellent start in 2013, with a very good performance in Q1 2013 from our Nigerian and African operations. We believe that with good focus and hard work, we would move past the challenges around the regulatory, operating and economic environment to deliver excellent results in 2013.

Now, let me turn the call over to Ugo.

Call Closing

Let me close by leaving you with a few key points.

As we commence on the "Industry Leadership" phase in our growth trajectory, our immediate priorities are the:

- Adoption of an enhanced customer centric approach to market and service delivery. This will be the key driver of our strategic thrust, with focus on low cost deposits mobilization efficiency and quality asset creation;

- Continuous pursuit of regional synergies across our various jurisdictions and leveraging on our unique technology platform to offer value added services to our customers across Africa.

We strongly believe that as we pursue these initiatives the benefits of our unique structure will help us deliver an excellent performance this year.

Thank you.