First Half 2013

Strategic Overview

Phillips Oduoza, Group Managing Director/CEO

Thank you everyone for joining us this afternoon.

Ugo will be up shortly to discuss our half-year results in detail, but before he comes up, let me start by sharing some thoughts on the half-year result and what we're expecting for the rest of the 2013 financial year.

We remain focused on the delivery of our three-tier strategic intent of:

1. Dominance in Nigeria;
2. Leading Bank in Africa; and
3. Maintaining a profitable global presence.

We have gone through the "expansion" and "consolidation" phases since 2005 and we are now at the "industry leadership" phase. To this end, the Bank defined a set of strategic imperatives that will underpin an aggressive transformation agenda tagged "Project Alpha" for the medium term (2013-2015) at the end of 2012 financial year. The key deliverables of Project Alpha are:

- Re-engineering the customer experience through a Customer Service Transformation Programme;
- Aggressive accounts acquisition and reactivation drive;

- Aggressive deposit mobilization drive through the reinvigoration of the Strategic Business Unit structure at branches;
- Positioning for leadership in e-banking space through the deployment of e-channels and products; and
- Reinforcing the platform to drive increased synergy among the Bank's African subsidiaries.

I can affirm to you that project Alpha is fully on course and with our performance at half-year, I am more confident that we would achieve our goal of industry leadership in the medium term.

The following are the key highlights of our half-year performance:

- Revenue of N126billion. An increase of 16.8% over first half 2012 numbers
- Profits before tax of N33.2 billion, an increase of 9.2% over N30.4 billion achieved in first half 2012
- Loan book grew by 14.6% from N664 billion in Q1-2013 to N761 billion in 1H-2013.

African Business

Revenue contribution from Africa was N24.6billion representing 20% of the group revenue. Part of the 18 subsidiaries, 13 of them were profitable as at half year, as we continue to see more synergistic benefits of our African expansion. We are beginning to see more of our African subsidiaries outperform our internal ROE expectations of 20%, with our subsidiaries in Guinea;

Ghana; Senegal; Cameroun; and Sierra Leone all surpassing the internal expectation for returns.

Let me share the CBN's review on fees and commission with you. You will recall that The Central Bank of Nigeria issued a circular revising its guideline on bank charges, with a view to reducing the cost of banking services borne by customers amongst other things, and also to drive financial inclusion.

We have now operated under the new guideline in the second quarter of 2013 and I am glad to announce that our plans minimised the effect of the reduced fees and commission are already bearing fruits.

We adopted a number of initiatives to address the new guideline. These initiatives include:

- Creation of better quality assets. The loan book grew 14.6% quarter on quarter in line with our guidance of 25%-30% for full-year. This loan growth was driven mainly by lending to Power, Telecoms and Upstream Oil & Gas sectors;
- Improved service delivery to attract and retain high value customers. We effectively commenced this as we hired an Executive Director sorely in-charge of Customer Care and Human Resources; and
- Deepening our play in other African countries we operate. Operations in these countries are not subject to CBN required guidelines for fees and commission, as the fees and tariffs applies only to operators in Nigeria.

Update on 2013 Guidance

I would now like to give you an update of the guidance we issued earlier in the year.

Ratio/Item	Guidance for 2013	Actual as at 1H2013
Net Interest Margin	6%	5.8%
Return on Equity	> 22.5%	28.4%
Return on Assets	> 2.5%	2.4%
Cost of Funds	< 3.5%	3.3%
Cost to Income Ratio	< 60%	62.0%
Liquidity Ratio	> 55.0%	53.5%
Capital Adequacy Ratio	>18.0%	22.3%
Loan to Deposit Ratio	45%	37.7%
NPL Ratio	< 3%	2.0%
NPL Coverage Ratio	100.0%	98.9%
Cost of Risk	1.5%	0.1%
Expected Growth in Key Lines	**Guidance for 2013**	**YoY growth if 1H2013 results are annualised**
Gross earnings growth	25.0%	14.5%
Operating income growth	20.0%	14.5%
PBT growth	25%-30%	27.7%
Loan growth	25%-30%	10.7%
Total asset growth	15%-20%	6.9%
Deposit growth	15%-20%	13.5%
Cheap deposit ratio	80.0%	**79.8%
Equity growth	15%-20%	7.9%

*** represents proportion of total deposits that is cheap*

With that let me wrap up.

I say that in pursuit of our industry leadership, our decision to shift our focus from a treasury-led to an asset creation-led strategy is paying off, as we have achieved quality growth in loan book and profitability in line with our guidance for the year. I believe that we would be able to deliver on the key projections we issued at the beginning of the year, in spite of the expected impact of CBN's recent review on the fees and commission, increase in AMCON levy, as well as the increase in cash reserve requirement on public sector deposits.

With this, I will turn you over to Ugo, our Group Chief Finance Officer to take us through the numbers.

Call Closing

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

To achieve industry leadership, our priorities remain the following:

- 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; to this effect, our team will focus on our customers and improve on the way we bank them.

- Continuous pursuit of regional synergies across the various jurisdictions we operate and leverage on our unique technology platform to offer value adding services to our customers across Africa; this is firmly on course, as the appointment of the new CEO for UBA Africa has paid off with revenue contributions from Africa at 20%.

Thank you.