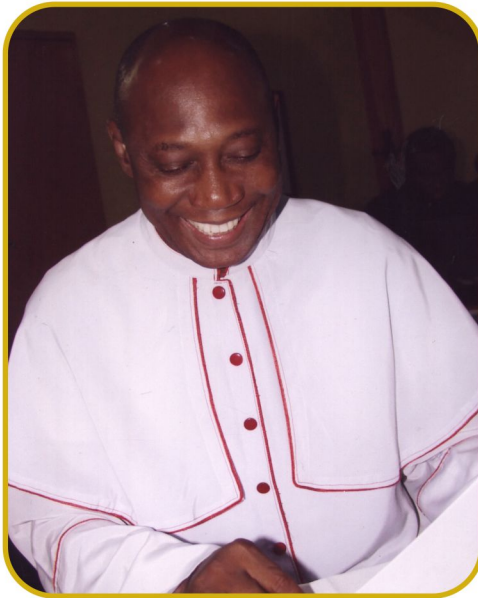


STATEMENT OF THE CHAIRMAN OF UP MFB LTD AT THE ANNUAL GENERAL MEETING OF THE BANK



INTRODUCTION:

The Bishop,

Vicar General,

Monsignori, Fathers, Sisters, Shareholders of UP-MFB, Distinguished Ladies and Gentlemen. At our Annual General Meeting of the past year (2010) we announced to the shareholders of UP-MFB a message of “HOPE” which is a key value for humanity without which life is unthinkable”. We were not mistaken because 2011 challenging as it was brought to UP-MFB many fulfilled hopes. As we gather for 2011 AGM, I have the singular privilege to welcome all of you to this meeting. I thank God Almighty who has brought you all here safely and whose mercy continues to sustain our lives, our works and our future. I hereby present before the distinguished Shareholders, Members of Board, Management Staff, Our Customer, Friends,

Partners and Regulators of the banking industry our statement of the Chairman of UP-MFB for the current year.

OPERATING ENVIRONMENT:

2011 started off in Nigeria with a political crises triggered off by the fanatical fundamentalist Islamic Sect, Boko Haram which unleashed violence and mayhem on the innocent citizens at their places of work, churches, homes and schools. The fuel subsidy deregulation process initiated by the Federal Government of Nigeria on 1st January 2012 led to a standoff between the Government and Nigeria Labour Congress which paralyzed economic activities and virtually all aspects of lives in Nigeria for one month. Fuel price jumped from N67 per liter to N97 (official price) thus creating inflation, scarcity, pains and difficulties for many families.

The oil sector reforms, constitutional review, the contradictions within the political establishments and the banking sector reforms impacted negatively on the business sector including banks. 2011 therefore assume the proportion of global financial crises experienced in Greece and other European Nations, the Arab World, the USA, Asia and our dear Continent of Africa. Yet UP-MFB which claimed hope over hopelessness as a value wielded through the tough year successfully, robust with a positive accounting balance at the end of the period.

Founded on sustainable hope, the bank embarked on construction works:

1. At its main branch and expanded the banking hall to a best in class environmental friendly business area.
2. The bank opened its Regional Office at 9TH Mile with the blessings of His Lordship Rev. C.V.C Onaga amidst customers of the bank, Priests, Religious, Parish Priests, Parish Community, Youths, Friends, Management of the Bank and the General Public.
3. Godfrey Okoye University Campus CMP was also raised to a full branch by the CBN and now housed in a befitting bank premises for financial services to over 3000 staff and

students of the University, the Ecumenical Institute and the Primary and Secondary School.

4. The bank relocated its former Meeting Point (CMP) at Garriki to a new and well befitting Centre at Agbani Road and was elevated from a CMP to a full branch.
5. We also established a new CMP at Ugbodogwu with the good effort of a distinguished shareholder, Igwe R.C Ani.

The overall number of branches has increased to six (6) with Nine (9) Customer Meeting Points, making our bank the most rural spread and service oriented MFB in the South East with 15 customer points. Efforts are underway to upgrade Amokwe as a branch to serve Udi, Orji River and so on. Umumba Ndiuno, Ebe, Owhum are on the pipe line. Permanent site at Agbani is underway.

STATUS OF UP-MFB AS A STATE MICROFINANCE BANK:

With our application to the CBN in May 2011, for upgrading to a full State networked Bank, the regulator approved application so that your bank is now a State Bank and no more a unit MFB. A State Bank with fully paid Share Capital of N274, 266, 570 as at 31st December 2011 (CBN requirement is N100 million) and Shareholder's Fund is N618,902,164 as at today

ACCESS OF CAPITAL TO THE POOR:

UP-MFB is committed to the active poor and has a statistical data of over 55,000 customers of all strata of the society, middle, top and low class, traders, entrepreneurs, students, NGOs, and corporations etc. With its profile and reputation, UP-MFB has continued to expand and improve its qualitative services to the customers in more diligent and refined manner offering financial services and products that are innovative, socially responsible, customer focused, grass root and community oriented with ethical standards that promote sustainable stakeholders participation for integral human development. This is possible because, the governance structure of the bank is purposeful.

PERFORMANCE AND FINANCIAL INDICATORS:

Ladies and gentlemen I have the pleasure to inform you that UP-MFB recorded a 32.66% Growth in gross earnings from N178,151,236 in December 2010 to N235,679,216 in December 2011 driven by increase in loan volume as well as investment activities.

The Bank concluded 2011 with a net profit after tax of N34,547,643, that is an increase of 25.90% from N27,441,303 in 2010.

Apart from profit, UP-MFB asset base increased by 23.83% from N1,474,040,319 in December, 2010 to N1,825,362,815 in December 2011. The paid up capital also rose from N247,916,510 in December 2010 to N274,266,570 in December 2011 (10.63% growth). Similarly shareholder's fund increased from N392,514,853 to N447,197,893 within the same period, representing a growth rate of 13.93%. Due to the conversion of Garriki and GOU Customer Meeting Points to branches and the establishment of Ugbodogwu CMP within the year under review, the number of

staff increased from 82 main staff and 34 outsourced staff in 2010 to 85 main staff and 40 outsourced staff in 2011. The customer base of the bank similarly increased by 10.45%, from 43,172 in December 2010 to 47,682 in December 2011. Today our customers are over 55,000.

In 2011, UP-MFB delivered strong risk ratio, thus providing a strong platform for exceptional performance in 2012. Capital adequacy ratio was over 59.19% compared to a regulatory minimum of 10%. NDIC report of April 2012 confirmed that UP-MFB was adequately capitalized for its operation. Our average liquidity ratio was 99%% compared to a regulatory prescribed minimum ratio of 20%.

The size and structure of our Balance Sheet equally improved in 2011. The balance sheet grew by 23.83% to reach N1.8 billion at the end of 2011. Total deposit grew by 27.34% to N1.35 billion in 2011 while gross loan grew by 48.90% to close at N394.12 million (2010: N264.68 million). As a result, loan to deposit ratio was 29.26%, that is, well below the CBN benchmark of 70%. This leaves an ample room to grow the loan book in 2012.

In line with UP-MFB's five years financial plan aimed at community development, poverty reduction and financial intermediation, the bank in 2011 got approval from the CBN to convert Garriki and Godfrey Okoye (GOU) Customer Meeting Points (CMPs) to branches. Also Ugbodogwu Customer Meeting Point was established in July 2011. The primary objective is to reaching the unserved market with a range of financial products and services and to position the bank as a State Microfinance Bank.

In view of the fact that we need to consolidate our asset base and yet satisfy shareholders interest, Board has proposed a dividend payable for each share of 3k. The external auditor and CBN have accepted this recommendation. I hereby request the respected shareholders at this AGM to accept the recommendation. For the coming year, the dividend/bonus provision for the shareholders shall by the grace of God be much higher.

In view of the challenging operating conditions of the year, the achievements in 2011 may not have been attained without the sheer dedication and commitment of our workforce, the loyalty of our customers as well as the unwavering support of our shareholders. I therefore like to extend my sincere gratitude to you all for the continued belief in us.

BOARD OF DIRECTORS:

The new Board Directors nominated at the AGM of 2010 held in November 2011 have began work in earnest. Rev Fr. Anthony Igwe, Chief Sir, G. Obu and Mrs E. Enebe are awaiting CBN clearance as required by law to commence full involvement and activities within the bank.

The governance model applied in UP-MFB is one that is strictly ethical, respectful of competence and jurisdiction between Management and Board and is decentralized to engage the expertise of each Board Member to carry out assignment for the bank in purely professional manner.

May I present to you the current Members of Board Committee who already have their terms of reference and are functional under the Chairman's Coordination:

Mrs. Eucharia Enebe	Director	
Mrs. Nnenna M. Ekeke	Managing Director	
Mr. Cajetan Eze	Head, Human Resources	
Rev. Sr. Barr. Benedicta Odoh		Company Secretary

SECURITY COMMITTEE:

Rev. Dr. Anthony Igwe	Director	Chairman
Mrs. Nnenna M. Ekeke	Managing Director	
Rev. Msgr. Tobias Anichebe	Shareholder	
Inspector T. Ohaeri	Shareholder	Vice Chairman
Chief Ifeanyi Ottah	Shareholder	
Mr. Cajetan Eze	Head, Human Resources	
Rev. Sr. Barr. Benedicta Odoh		Company Secretary

MANAGEMENT AND HUMAN CAPITAL:

Following the approval of the Bank as a State Microfinance Bank by the CBN in 2012, Some Management Staff were elevated to the position of Senior Managers. The Managers include: Mr. Chijioke Iheanacho who is the Regional Manager of Ninth Mile Branch, Mr. Odinaka H. Okeke who is the Head, Business Development, Mr. Ikechukwu Ngene who is the Head, Credit/Risk Management, Mrs. Bibian Ofoje who is the Head, Finance & Accounts, Mr. Cyprain Ezeagu who is the Head, Internal Audit. Mr. Cyprian Ezeagu was redeployed from Enugu Main Branch to Head the Internal Audit of the Bank following the sad loss to death of the former Internal Auditor, Mr. Stephen Nnamani in January 2012.

Mr. Emeka Arum and Mr. Alex Achu were promoted to the position of Branch Managers for Abakpa and Garriki respectively while Mr. Fabian Ozoana was redeployed from Abakpa Branch to Godfry Okoye University Branch as the Branch Manager. Mr John Umeh was also promoted to Agbani Branch Manager.

Additionally, two more management staff of UP-MFB emerged successful in the CBN Microfinance Certification Programme and were subsequently inducted by the Institute of Chartered Bankers of Nigeria. The staffs are Mr Charles Ozor (Head of Operation) and Mr. Odinaka H. Okeke (Head, Business Development). With this development, UP-MFB now has four (4) Certified Microfinance Bankers.

Similarly, two Board Members attended CBN training for Directors in 2012 and were awarded certificates. The Board Members are the Board Chairman, Rev. Dr. Prof. Msgr. Obiora Ike and Rev. Fr. Dr. Geoffrey Aguigwo.

OUTLOOK, PROJECTIONS AND CONCLUSION:

As we look forward to our activities in 2012, I invite you to meditate and imbibe the spiritual profundity in the core by the pontefex maximus (Supreme Pontiff) Pope Benedict the 16th who has called mankind to a YEAR OF FAITH. As a bank we need to deepen our faith in God, in humanity, in ourselves and in our bank. Our credible for 2012 is YES, WE BELIEVE. *Permit me to summarize this for this dignified audience in the following manner: with the eyes of faith everything is a gift, every gift is a call, every call is an opportunity, every opportunity is a challenge, every challenge is a cross and cross is victory.*

Yes, we believe that 2012 shall be a record year in our banking operation as Microfinance Bank. This believe is not elusory. It is well grounded in the complete confidence and support of the faithful of the Catholic Diocese of Enugu of the Bishop Rev. C.V.C Onaga. As the largest Community Shareholders (CDA) of the UP-MFB, the Diocese with the Parishes, Associations, Solidarities, Clergies, Religious, Institutes, Individuals, Friends, Corporations, Businesses, Entrepreneurs are well positioned to confront the challenges of the present and future and to make gospel values bear good fruit in the concrete lives of people in our time, place, church and country. This is the faith we learn from applying Catholic Social Teaching. May it be so. I thank you all for your patience and continued support. God bless you, God bless UP-MFB, God bless Nigeria and the Catholic Church.



Rev. Dr. Prof. Msgr. Obiora Ike
Chairman