

2017

INTERIM REPORT

#EnrichingLives

■ 6 Months Performance ■ Half Year Summary ■ Corporate Social Responsibility

Africa's foremost financial institutions and today we are positioning our brand as a platform for enriching lives that plays a deeper role in the social and commercial lives of all its stakeholders.

We continued to make significant investments in our digital capabilities whilst leveraging partnerships and collaborations to improve the customer experience and our service reach, drive financial inclusion and, invariably, grow our customer base. We partnered with Downstream Retailers to launch our 737 cash out service; a service initiative that allows our customers withdraw cash at Service Stations across Nigeria using our 737 banking platform. Within the first month of this initiative, more than 2500 customers made cash withdrawals using our 737 cash out service in 204 locations across the country. We have also partnered retail merchants to launch our cash out services at various retail locations via the POS (Point of Sale) Terminal. These partnerships allow our customers save time and money as we continue to bring our services even closer to them.

Understanding that mobile is now the first screen for most of our customers; we continued to focus on driving innovation around mobile technology whilst maintaining a "mobile first" strategy in delivering service across our digital channels. During the period in review, we expanded the services available on our USSD-based banking platform "Bank 737," which now serves as a full service channel for our customers and is a real alternative to banking in any of our branches. Today, by simply dialing *737#, our customers can carry out most of their banking needs including withdrawing money at our ATMs without their debit cards, withdrawing cash at our partner fuel service stations across the country and at select merchant locations.

In order to ensure that we cover the needs and expectations across our customer segments on mobile banking, we launched GTWorld, our new mobile banking app that breaks all market conventions, to offer our customers personalized access to all of the Bank's services. Featuring biometric authentication, such as facial recognition and fingerprint technology, the GTWorld Mobile App also offers another layer of security to our customers and at the same time guarantees a greater level of efficiency and convenience when banking with us via their mobile phones. With the GTWorld Mobile Banking App, non-GTBank customers can also engage with us using our free services such as traffic updates, branch and ATM locations across the country, shopping on our SME Markethub as well as giving us feedback on our service using the i-report feature. The deployment of these products and services, is in line with our digital transformation strategy, which places our customers at the heart of everything we do, and drives us to constantly push the boundaries in product and service innovation.

We also recently introduced the GTPatriot Account,

a package which allows members of military and paramilitary institutions to open accounts with zero balance, whilst offering them reduced Current Account maintenance fees, life insurance and access to loans at reduced interest rates, amongst other value added services. The GTPatriot Account goes beyond providing best in-class banking products to servicemen and women; it is our special way of recognizing, applauding and appreciating the invaluable service that our servicemen and women offer to the nation. This is inspired by our strong belief in genuinely enriching lives.

Our belief in Africa's economic growth potential remains strong and continues to drive our expansion into Africa. We have a well-established presence across Anglophone and Francophone Africa, which, together, now accounts for about 17% of total deposits, more than 11% of loans and just over 9% of the group's profit. Over the next few years, we expect our subsidiaries to record further growth across these key financial indices, even as we prepare to commence operation in our Tanzanian subsidiary in the second half of the year.

I am pleased to report that our Bank recorded growth across all the key financial indices during the half year period of 2017. Balance Sheet size i.e. Total Assets and Contingents for the period closed at N3.75trillion and positive returns resulted in Shareholders' Funds increasing by 6.6% to N538.0bn in June 2017 from N504.9bn in December 2016. Investment in Fixed income securities increased by 18% to N687.5bn in June 2017 from N584.6bn in December 2016. The Loan book contracted by 6% to N1.49trn from N1.59trn due to conscious effort to de-risk the balance sheet and unwinding of trade obligations.

Customers' deposits dipped marginally by 1% to N1.97trn in June 2017 from N1.99trn in December 2016 as a result of increased customers' appetite for Treasury bills investment as well as utilization of naira deposits by customers to clear pent up FX obligations. Despite the negative growth in the economy and non-recurrence of FX revaluation gains during the period, Gross earnings for the period grew by 2% to N214.1bn from N209.9bn posted in comparative period of June 2016. Increase in Gross earnings was driven primarily by 51.1% growth in interest income. Profit before tax stood at N101.1bn, representing a growth of 18% over N85.7bn posted in the comparative period of 2016.

In terms of Asset quality, Non-performing loans closed at 3.7% (Bank: 3.4%) with coverage ratio of 222.9% (Bank: 256.9%). Cost of risk also moderated to 0.5% during the period from 2.48% of comparative period of June 2016. In addition, Capital and Liquidity remain very strong with Capital Adequacy Ratio (CAR) of 23.1% (Bank: 22.2%) and Liquidity Ratio of 48.52% respectively. On the back of the strong earnings posted during the 2017 Inter-



Dear Shareholders,

We are pleased to present our audited results for the first half of the 2017 financial year.

The successes and progress we achieved across the Group's businesses and operations clearly demonstrates our ability to deliver sustainable growth in spite of the varying degrees of uncertainty and volatility that characterized market conditions for the most part of this half year period.

Starting out this year, our objective was to continue to deliver sustainable returns to shareholders, consolidate our position in all the economies wherein we operate and enhance the service experience across our digital channels, whilst positioning our Bank as a platform for enriching lives that provides benefits beyond banking to its customers.

This year marks the 10th anniversary of the Bank's listing on the London Stock Exchange whereby we became the first Nigerian Bank to list on the London Stock Exchange, the first to dual list on an international exchange, and the first Nigerian company to raise international capital using listed Global Depositary Receipts. The memories of that pioneering feat remains fresh in our minds and characterizes our remarkable successes over the past 10 years, during which we have increased our customer base to more than 10 million customers, grown to become one of

im period, the Bank achieved a NIM of 10.4%, while Post Tax Return on Equity (ROE) and Post Tax Return on Assets (ROA) closed at 32.09% and 5.27% respectively. The Bank is proposing an interim dividend of 30k per unit of ordinary share held by shareholders.

In recognition of our collective efforts at building a Proudly African and Truly International Bank, we received numerous International awards from reputable organizations for product and service innovation and sound corporate governance principles. Some of the international awards received include the Best Corporate Governance – Financial Services – Africa from Ethical Boardroom, African Bank of the Year from the African Banker Magazine, and the Best Bank in Nigeria and Best Bank in Africa for SMEs from The Euro-money Magazine, amongst several others.

Beyond the value our business creates for the communities in which we operate, we continued to give back to society by expanding the scope and reach of our Corporate Social Responsibility initiatives. Understanding the role of public libraries in community development, and motivated by the belief that quality education is crucial for nation building, we remodeled the old Herbert Macaulay Library, Yaba, into a state of the art learning, research and recreational facility open to the general public. We continued our advocacy for people living with Autism and organized the 7th annual Autism programme, which featured a series of initiatives focused on increasing awareness and societal acceptance of Autism and people living with Autism as well as care and management of Autism and other developmental disabilities.

Looking ahead, we foresee a more challenging

second half of the year with economic and socio-political uncertainty expected to persist. On our part, we will remain focused on our core strategy of differentiating ourselves by serving the full value chain of our customers' needs whilst maintaining high standards of customer service using cost-effective delivery channels. For us, the ultimate test of our strategy is whether it will enable us to deliver superior ROE and sustainable growth in earnings over the long term.

I would like to thank you all for your trust and assure you of our commitment to building an enduring Proudly African and Truly International institution.

Thank you for your continued support.

SEGUN AGBAJE

6 Months Performance

The 2017 financial year continued with the macro-economic challenges that pervaded most parts of 2016 as foreign exchange scarcity continued to hurt businesses and households. The severe dollar shortage was in spite of the growth in external reserves from \$24.8bn in November 2016 to \$29.2bn as of mid-February as well as the Federal Government's ability to successfully raise a \$1bn Eurobond note.

As the year progressed, the economic situation in the country worsened with headline inflation climbing for the 15th consecutive month to 18.72% in January. In response to this worrisome trend, the National Executive Council prevailed on the CBN to review its FX policy by leveraging on the built-up reserves at its disposal. The apex bank aptly responded by beginning an aggressive and sustained intervention in the FX market in late February. The result of the intervention manifested almost instantly as Naira began to appreciate at the parallel market, strengthening from the peak of N513/\$ on February 21 to N450/\$ at the end of February while headline inflation—partly aided by base effect—declined to 17.78% in February. These positive developments were followed by the release of the Economic Recovery and Growth Plan 2017 – 2020; the Federal Government's blueprint which outlined the path for driving and achieving sustained inclusive growth by year 2020.

In March, the Naira continued to appreciate at the parallel market, strengthening to N385/\$ at the end of the month while inflation reduced further to 17.26%. Despite the improvement in the macro-indicators, the 2017 first quarter GDP report showed that the domestic economy contracted by -0.52%.

A major cause attributed to this contraction was the inability of businesses to access foreign exchange to drive local trade and stimulate economic growth. In April, the CBN created the Investors & Exporters FX window, otherwise known as Nigerian Autonomous Foreign Exchange Market (NAFEX) to further deepen the FX market, improve liquidity and more importantly, create a window for foreign portfolio investors who had hitherto been restricted from accessing FX from the intervention sales. The creation of the NAFEX market ushered in an increased FX supply by the apex Bank for invisibles (i.e. PTA, BTA, school fees and medicals), increased weekly FX allocation to BDCs and creation of special FX window for SMEs.

So far, the new FX market has proven successful with total turnover in excess of \$3.8bn between April and June 2017. As at the end of Q2 2017, the CBN accounted for only 30% of the trades in the new FX window while other FX users (i.e. portfolio investors, non-oil exporters, autonomous sources, oil companies etc) accounted for 70%. In addition, the Naira closed at N366.4/\$ and N365/\$ at the NAFEX and parallel markets respectively at the end of June compared to N513/\$ as at February 21.

The improvement in dollar supply occasioned by the sustained CBN intervention sales and the NAFEX market has positively impacted general economic activities especially for the manufacturing and services sectors. As at June, the Purchasing Managers' Index (PMI)—a gauge of the economic health of the manufacturing sector, increased for the third consecutive month to 52.9% while the improved system liquidity from the greater interest and participation of foreign

portfolio investors in the NAFEX market significantly boosted equity prices as the stock market bounced back from a -5.1% year-to-date loss at the end of the first quarter to a year-to-date gain of +23.2% at the end of the June. In addition to this, headline inflation declined for the fifth consecutive month to 16.1% in June.

Following the success recorded by the CBN thus far in managing the FX market and exchange rate policy, the National Assembly complemented the effort with the passage of the 2017 Budget which was signed into law by the Acting President in June. The judicious implementation of the 2017 budget is expected to stimulate further economic growth.

OUTLOOK

Given the current atmosphere of improved macro-economic conditions and a coherent sense of direction with respect to fiscal policy, there is a growing expectation that the Nigerian economy may exit recession much earlier than projected. This expectation is anchored on the sustenance of the FX intervention sales of the CBN, improvement in capital inflows via the NAFEX market, maintenance of the yield on fixed income securities and acceleration in budget implementation by the federal government in the second half of the year. Also, the rise in domestic crude oil production to 1.83mbpd in Q1-2017 from 1.61mpd in Q3-2016 as well as oil prices presently trading above the 2017 budget benchmark price of \$44.5bbl gives cause for optimism and further validates the expectation of analyst that the economy may come out of recession faster than predicted.

2017 HALF YEAR AUDITED RESULT SUMMARY

	Group Jun-2017	Group Jun-2016	Parent Jun-2017	Parent Jun-2016
	N'000	N'000	N'000	N'000
Gross Earnings	214,097,579	209,872,662	186,601,905	191,362,945
Profit Before Tax	101,100,510	85,688,338	94,558,420	82,032,794
Taxation	(17,421,102)	(13,920,717)	(14,123,341)	(12,189,789)
Profit After Tax	83,679,408	71,767,621	80,435,079	69,843,005

Corporate Social Responsibility

Our CSR initiatives are targeted at the areas where we believe we can have the greatest impact and which are crucial to the development of our communities. These areas, which we describe as the four major pillars of our CSR efforts, are Education, Community Development, Arts and the Environment.

CHAMPIONING EDUCATION FOR ALL

We believe that quality education is a fundamental right of every child irrespective of their background, race or economic status. To this end, we have designed a unique and effective policy of adopting and supporting public schools and learning centres across Nigeria with the objective of reaching the most number of children in need of learning facilities. We have also incorporated sports into our education programmes to enable children maximise their potentials through participation in extracurricular activities.

THE GTBANK YOU READ INITIATIVE

This year, the bank launched the YouRead CSR Initiative, which is aimed at encouraging and engaging students across all levels (Primary, Secondary and Tertiary), as well as the general public, to read, build capacity and connect with educators around the world.

The YouRead Initiative debuted with the Bank's remodelling of the Old Herbert Macaulay Library, Yaba, Lagos. This included a complete refurbishing of the building, equipping the library with state of the art furniture, the installation of computers and internet facilities and the provision of books to ensure a pleasurable and highly rewarding library experience.

THE ADOPT-A-SCHOOL PROGRAMME

In 2004, we started the GTBank Adopt-a-School programme to improve the quality of education available to children in public schools across the country by providing critical educational infrastructure, training teachers and supporting students with scholarships. Since the inception of the programme, we have adopted a total of 8 schools and supported several other schools across the country.

As part of the Adopt-a-School programme we have carried out the following activities in the first half of the year:

- Renovation of the school grounds and buildings of Government Day Senior Secondary School, Shadawanka, Bauchi.
- Training of 873 students across the 6 geopolitical zones on financial literacy by the Bank's members of staff.
- Provision of sports education through football tournaments, for 763 secondary schools in Lagos and Ogun States.

SPORTS EDUCATION

Our sports education program includes the Principals Cup tournament in Lagos and Ogun States, the Masters Cup tournament and the Super Cup, as well as the Players Development Program and Tournament Ambassadors Program. These tournaments serve as a platform

for identifying, nurturing and grooming young and talented players to become successful football stars in the future.

This year, the Lagos State Principals Cup competition completed its 8th season with 575 teams participating in both the male and female categories. The Ogun State version of the tournament is in its 6th season with 380 schools participating, while a total of 29 teams in both the male and female categories participated in the 6th season of the Masters Cup Competition.

SUPPORTING OUR COMMUNITIES

Of utmost importance to our organization, beyond providing first class banking services, is the role we play in the communities in which we operate. To achieve this, we work in partnership with Non-Governmental and Charity Organisations that share our vision and values, to support people living with developmental disabilities, and their families, to stimulate investment child health care and to extend a helping hand to victims of natural disasters and other humanitarian issues in the world.

During the first half of the year, we invested in the following community development projects:

GTBANK ORANGE RIBBON INITIATIVE – THE AUTISM PROGRAMME

We began the Guaranty Trust Bank Orange Ribbon Initiative in 2009 as an advocacy program designed to support children with developmental disabilities and special needs in Nigeria, especially Autism Spectrum Disorders (ASD). This year, our

Annual Autism Program, themed **"Childhood to Adulthood: Communication and Social Interaction"** focused on the aforementioned challenge and assumed a broader spectrum in the scope and scale of the Bank's Orange Ribbon Initiative.

Some of the highlights of this year's program include:

- A 2-day conference attended by over 1,500 participants (i.e. health practitioners, caregivers, teachers and parents) daily, to train them on the management and care for children living with autism.
- Free consultation/assessment service was provided for over 276 children in Lagos State.
- Enlightenment talks on management and care for children living with autism were provided to the general public through the radio to further enlighten the general public.
- Awareness walk and cycle in Lagos on World Autism Day

PROMOTING ARTS

Art plays a crucial role in helping communities thrive, and our arts initiatives seek to not just connect, enrich and educate individuals, but to also promote cultural exchanges that break down societal barriers and builds global relationships. Over the years, we have cultivated global cultural partnerships with Tate and other

Art institutions to increase understanding and interaction among cultures whilst investing in Art projects that provide tangible benefits for African Artists nationally and globally.

Between December 2016 and January 2017, the Bank sponsored, together with the British Council, the first solo presentation of Yinka Shonibare's iconic Wind Sculpture IV at the Ndubuisi Kanu Park, Lagos. The exhibition marked a new paradigm in the role of public art in Nigeria and inspired the Bank to organise an on-the-spot creation of art by artists at different levels of their development, ranging from secondary school students to professionals in the arts industry. Powered by Art635, a wholly free Virtual Art Gallery created by GTBank, the event helped groom future artists whilst connecting them with their peers to exchange ideas.

PROTECTING OUR ENVIRONMENT

The Bank consciously takes steps to safeguard its environment by ensuring the sustainable use of its resources. We invest in renewable energy and implement energy efficient ways of doing business. The Bank is also a signatory to the United Nations Environmental Program Finance Initiative; a global partnership between the United Nations Environment Program and the Global Financial Sector.

STAFF CHARITY INITIATIVE

This is a fundraising effort by staff, to help disadvantaged people or communities. An initiative which began on February 14, 2012, has become a tradition in the Bank. Every year, our staff make voluntary contributions and the money raised is used to support persons or communities that desperately need our support. This year, donations received from bank staff were used to provide free medical services to Sickle Cell patients.

INTERVENTIONS IN KEY ECONOMIC SECTORS

Understanding that we have a responsibility to help our customers thrive, especially in these tough economic times, we are leveraging our expertise and networks to create free business platforms for our SME customers to build capacity and expand their businesses to a wider audience of consumers. Through these platforms, we are intervening in key economic sectors to strengthen small businesses whilst presiding over the unveiling of new ideas and the creation of business relationships.

In the first half of 2017, we organized the 2nd edition of the GTBank Food and Drink Fair, which had in attendance over 100,000 guests and more than 130 small businesses in the food sector. The 2nd edition of the GTBank Fashion Weekend will hold later in the year, as we continue in our efforts to empower our customers with the knowledge, expertise and networks to grow their business.

Non Financial Highlights

JAN

GTBank commenced the 2017 financial year
 GTBank gets triple honors at the Euromoney Private Banking Awards
 GTBank named Best Bank in Africa for Corporate Governance
 GTBank empowers young Nigerian artists through its 'ARTmosphere' initiative
 Bolaji Lawal appointed GTBank Executive Director with effect from March 17, 2017

FEB

GTBank sponsors 2017 Lagos International Polo Tournament
 GTBank holds first edition of its SME Non-Oil Export Forum
 GTBank wins multiple awards at the Electronic Payment Incentive Scheme (EPIS) Awards

MAR

GTBank Declared N165.14Billion Profit Before Tax for FY 2016
 GTBank marks World Autism Awareness Day with Walk and Cycling Campaign.

APR

GTBank – Lagos State Principals Cup Season 8 Draws
 GTBank announced N50.39Billion Profit before Tax for Q1 2017
 GTBank's Masters Cup Season 5 Enters Semi Final Stage
 GTBank held its 27th Annual General Meeting at Oriental Hotel, Victoria Island, Lagos.

MAY

GTBank hosts the second edition of GTBank Food & Drink Fair to promote enterprise
 GTBank wins 2016 African Bank of the Year - Africa Banker Awards
 GTBank Remodels Herbert Macaulay Library
 GTBank Launches GTWorld, Nigeria's First Fully Biometric Mobile Banking App
 GTBank organizes special Virtual Reality (VR) experience to mark Children's Day Celebrations.
 GTBank Lagos State Principals Cup (Season 8) Finals

JUN

GTBank Introduces the GTPatriot account, a Subsidized Banking Package for Nigeria's Military and Paramilitary Personnel
 GTBank Masters Cup (Season 6) Finals

Our Business Locations



NIGERIA
 Capital Abuja
 Official language English



GAMBIA
 Capital Banjul
 Official language English



COTE D'IVOIRE
 Capital Yamoussoukro
 Official language French



SIERRA LEONE
 Capital Freetown
 Official language English



GHANA
 Capital Accra
 Official language English



LIBERIA
 Capital Monrovia
 Official language English



UGANDA
 Capital Kampala
 Official languages English, Swahili



KENYA
 Capital Nairobi
 Official languages English, Swahili



RWANDA
 Capital Kigali
 Official languages English, French, Kinyarwanda



UNITED KINGDOM (UK)
 Capital London
 Official language English