

20 Interim 18 Report



Guaranty Trust Bank



6 Months
Performance

Half Year
Summary

Corporate Social
Responsibility

#EnrichingLives

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Corporate Social
Responsibility

MD's Statement

Dear Shareholders,

We are pleased to present our audited interim results for the first half of the 2018 financial year.

Going into the new financial year, we knew that some of the challenges of the previous year would persist in 2018 and that we would face even greater pressures given the low interest-rate-environment as well as the pace of technological advancement, which is changing our competitive landscape. In spite of these challenges, we stayed focused on strengthening customer relationships, maintaining our digital-first strategy and delivering financial services that are simpler, cheaper and faster. By doing this, we recorded growth across key financial indices during the half-year period of 2018 and reaffirmed our position as one of the most profitable and well managed financial institutions in Nigeria.

Our businesses continued to perform strongly, with gross earnings for the period growing by 5.9% to N226.6billion from N214.1billion reported in June 2017. Our disciplined approach to growth and returns also came through with profit before tax at N109.6billion, representing a growth of 8.4% over N101.1billion recorded in the corresponding period of June 2017. Although the Bank's Loan Book dipped by 10.8% from N1.449trillion recorded as at December 2017 to N1.293trillion in June 2018, due to a conscious effort to de-risk the balance sheet, the progress we are making in building customer relationships was reflected in the 10.0% growth of customer' deposits to N2.269trillion from N2.062trillion in December 2017.

The Bank's balance sheet remained strong with a 5.9% growth in Total assets as the Bank closed the period ended June 2018 with Total Assets of N3.549trillion and Shareholders' Funds of N497.1Billion. In terms of Assets quality, NPL ratio improved to 5.8% in June 2018 from 7.7% in December 2017. Overall, Asset quality improved with Cost of Risk of 0.1% and adequate coverage of 167.5% for Lifetime Credit Impaired Loans, i.e., NPLs. Capital remains strong with CAR of 22.04% despite the implementation of IFRS 9. On the backdrop of this result, Post- Tax Return on Equity (ROAE) and Return on Assets (ROAA) closed at 34.1% and 5.5% respectively. The Bank is proposing an interim dividend of 30k per unit of ordinary shares held by shareholders.

The best assessment of whether we are achieving our goal of transforming our organization into a platform for enriching lives comes from analyzing the value we offer our customers. In the first half of the year, we continued to expand the offerings available on our "Bank 737" to enable our customers do more and in the shortest possible time, using their mobile phones. Now, by simply dialing *737#, our customers can pay their bills, apply for loans and send money to another mobile number. Creating more value for customers also means giving them greater access to personal and business credit facilities that are simple and readily available. During the half year period, we launched Hub Credit; a personal loan product, which allows our customers that prefer to shop online, buy what they need when they need it and pay later. Hub Credit is available on our SME MarketHub platform. When we set up the SME MarketHub four years ago, our vision was to provide a free e-commerce platform for SMEs that will enhance their sales and ultimately, profitability. We believed that an e-commerce platform will increase their business capabilities and put SMEs in a better position to access financing for their businesses. As we have started to see the increase in the business capabilities of our SME customers that sell on the MarketHub, we launched Hub Advance, an inventory finance product for our SME customers that sell on the SME MarketHub.

Our commitment to delivering a superior banking experience also demands that we continue to push the limits in service innovation and service delivery. We now issue Naira Master Cards instantly in our branches; allowing our customers replace their cards instantly at their convenience. To personalize service even more, we created a Video Banking Service that enables customers anywhere in the world to speak face-to-face, with our customer service representatives for all their banking needs.

One of the fundamental ways that we are adding real value to our customers' lives is by building free business platforms where they can connect to more customers and new markets. This year, we added an extra day to the third edition of the GTBank Food and Drink Fair, thereby increasing the opportunities for small businesses to connect with more consumers and business experts from around the world. Held on April 29, 30 and May 1, 2018, the event, which was attended by more than

250,000 people, featured entrepreneurial masterclasses by international chefs and food business experts and helped over 160 small businesses in the food sector achieve record sales.

Partnerships are vital to how we give back to the communities in which we operate. During the year, we launched a nationwide campaign, tagged “#SimpleChangeBigImpact,” to work with members of the public in designing and executing community development projects that will enrich the lives of those in the community. Through this campaign, we are funding critical community development projects planned and executed by the local communities themselves. We are also leveraging partnerships to drive our advocacy for people living with Autism, reigniting the culture of reading with our YouRead Programme, nurturing future football talents through our Football Tournaments and supporting indigenous artists by providing them with free platforms to showcase their works. Ultimately, at the heart of these and several other Corporate Social Responsibility initiatives is our commitment to working together with those who share our values to enrich lives and uplift communities.

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 include, the Best Banking Group and Best Retail Bank in Nigeria from World Finance Magazine and The Best Mobile Payments Service from the Asian Banker Excellence in Retail Financial Services

Awards, amongst several others. Locally, we reaffirmed our position as Nigeria’s leading financial institution on e-payments, winning six of the twelve awards presented to Financial Institutions, Fin-Techs and other stakeholders at the 2017 Electronic Payment Incentive Scheme (EPIS) awards organised by the Central Bank of Nigeria and the Nigeria Inter-bank Settlement System. The EPIS Efficiency awards was established to reward and celebrate financial institutions, merchants and other stakeholders at the forefront of driving electronic payment in Nigeria. The awards include, the Best Bank for Customer Experience; Cashless Driver: Card usage on Point of Sale terminals; Cashless Driver: USSD channel champion; E-Reference operations, Point of Sale transactions acquiring efficiency and Cashless Driver: Real-time Payments.

Looking ahead, we know that the current socio-economic realities present real challenges to growth. However, we remain committed to creating value for our shareholders and delivering superior customer experiences to our customers. We also believe that we will continue to lead the future of banking not just by how we use technology to create better products and services, but also by staying true to the values of hard work, integrity and putting the customer at the center of everything that we do.

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

In 2018, the threat to global economy's growth was heightened by protectionist policies of the US government and retaliatory responses from other countries. In June, the US confirmed that US\$34bn-worth of Chinese goods would be subject to additional tariffs of 25%, while China responded in kind. The US also announced a tariff of 25% on steel import and 10% on aluminum import from Canada, Mexico and the European Union, setting the stage for a potential global trade war and causing detrimental impacts on business confidence, investment, diplomatic ties, and ultimately, growth of the global economy.

Growth in Emerging and Developing markets faced headwinds associated with rising crude-oil prices, higher interest rates in the US, appreciation of the US dollar and the negative sentiments from trade tensions and geopolitical conflicts. However, these drags on emerging markets were dampened by the impact of rising crude-oil prices on oil exporters' economies and accommodative monetary policies in most emerging markets, hence supporting growth.

In the Nigerian economy, growth remained fragile and recorded its first slowdown after emergence from its recession in the second quarter of 2017. Real GDP growth rate shrunk to 1.95% in the first quarter of 2018 from a growth rate of 2.11% recorded in the preceding quarter. Economic recovery was supported by the rebound in crude-oil prices and production volumes as well as improvement in crop production, resulting from the government's effort to revamp the country's agricultural sector.

Crude-oil prices remained high during the year on the account of strong demand, concerns of the growing trend in trade protectionism and the impact of US sanctions on Iran crude-oil exports, as well as the declining crude-oil production in troubled Venezuela. The country seized the opportunity to ramp up its crude-oil production by

maintaining a peaceful atmosphere in the Niger Delta Region, recording successes in the repair of vandalized pipelines and resuming crude-oil lifting activities in its major export terminals.

The rise in oil prices and improvement in crude oil production, complemented by the issuance of the US\$2.5bn Eurobond note in February, drove Nigeria's external reserves up by US\$8.9bn (22.9%) to US\$47.8bn at the end of June 2018 from US\$38.7bn in December 2017. This accretion in external reserves as well as the improvement in foreign exchange liquidity and high level of activity at the Investors' and Exporters' (I&E) window drove the stability of the foreign exchange market all through the first half of the year and led exchange rates towards convergence at all segments of the market. The NAFEX and parallel markets have effectively converged at N361.08/US\$ and N362/US\$ respectively, while the NIFEX rate stood at N344.94/US\$ at the end of the reporting period.

The exchange rate came under pressure in May, with the Naira depreciating to a seven-month low in the parallel market to N366/\$ from previous average of N362/\$ while the NAFEX rate inched up from N360.79/\$ to N361.18/\$. This pressure was swiftly abated by a series of interventions by the Central Bank, as well as the directive issued to all authorized dealers to continue selling foreign currency for travel related invisibles to customers and non-customers over the counter upon presentation of relevant travel document. To further maintain the stability of the Naira, enhance foreign exchange reserve management and provide adequate local currency liquidity to Nigerian and Chinese industrialists, the Central Bank entered a three year bilateral currency swap agreement valued at \$2.36billion with the People's Bank of China.

Headline inflation declined for the seventeenth consecutive month to 11.23% in June 2018 from its

peak at 18.72% in January 2017. In the second quarter of the year, month-on-month inflation rate started trending upwards, giving an indication that inflationary pressures were rebuilding in the economy. Based on the apex bank's views on the threats of inflationary pressures and the fact that inflation rate was still above its targeted single digit, a tight monetary policy stance was maintained, as the Central Bank kept its monetary policy rate at 14%.

Yields on fixed income securities continued to decline in tandem with the continuous moderation in inflation rate. The improving sentiment of the Nigerian economy and the government's redemption of local currency denominated debt which was replaced by foreign currency denominated debt also drove yields southwards. To further drive interest rates downwards and also to incentivise banks to increase lending to the real sector, the Central Bank announced a regime to direct cheap long term credits at 9% to employment elastic sectors of the Nigerian economy.

The government expanded its tax-base by increasing registered taxpayers from 14million in 2016 to more than 19million this year and also recovering over N30bn through back-duty assessment for corporate establishments and Voluntary Assets and Income Declaration Scheme (VAIDS) for individuals. Also, the rates and basis for levying excise duties on alcoholic beverages and tobacco was changed during the period,

thereby curbing the limitation of ad-valorem basis which is determined by a discrete, Unit Cost Analysis (UCA) and preventing revenue leakages to the government.


The National Assembly passed the 2018 Appropriation Bill in Mid-May 2018, which was described as a budget of consolidation to; reinforce and build on recent accomplishments, sustain reflationary policies and to ensure a diversified, sustainable and inclusive economy. However, a speedy implementation of the budget is necessary to support the fragile growth recovery.

OUTLOOK

Although rising crude-oil prices are expected to support the recovery of the Nigerian economy, it is expected that the economy will remain fragile as a result of political risks from the upcoming electoral activities as well as inflationary pressures from election spending and the late implementation of the 2018 budget. As a result, monetary policy will continue to remain restrictive which will in turn weaken private consumption and business investments.














Furthermore, the escalating trade war between the US and its major trading partners as well as the faster pace of monetary tightening in advanced economies could create disruptive portfolio adjustments and accelerate reversal of capital flows, which will in turn exacerbate threats to exchange rate stability.

2018 HALF YEAR AUDITED RESULT SUMMARY

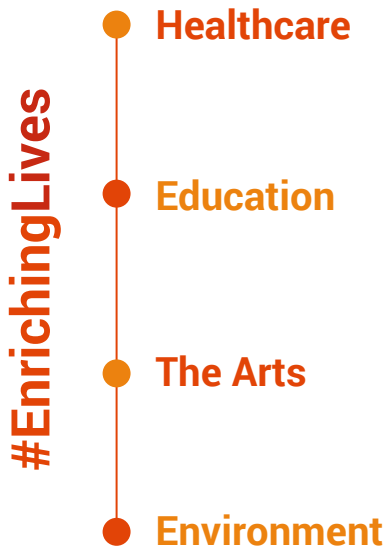
	Group Jun-18	Group Jun-17	Parent Jun-18	Parent Jun-17
	N'000	N'000	N'000	N'000
Gross Earnings	226,632,061	214,097,579	189,807,919	186,601,905
Profit before income tax	109,632,617	101,100,510	96,542,841	94,558,420
Income tax expense	(14,051,037)	(17,421,102)	(10,383,488)	(14,123,341)
Profit for the period	95,581,580	83,679,408	86,159,353	80,435,079

Awards & Recognition

As a platform for enriching lives, the value we bring to the communities we serve have not gone unnoticed. In recognition of our collective effort to building an enduring Proudly African and Truly International Bank, we received numerous International and National awards from reputable organizations for product and service innovation and sound corporate governance practices. Some of our international awards received include:

 <p>The Digital Wallet of The Year</p> <p>Asian Banker The Asian Banker Excellence In Retail Financial Services Awards</p>	 <p>The Best Mobile Payments Service</p> <p>Asian Banker The Asian Banker Excellence In Retail Financial Services Awards</p>	 <p>25 Top Ceo Award to Mr. Segun Agbaje</p> <p>Business Day 25 Top Ceo Awards</p>	 <p>Banking Group Lagos, Nigeria</p> <p>Lawyer International Lawyer International – Legal 100 – 2018 – Awards</p>	 <p>- Segun Agbaje - Guaranty Trust Bank Managing Director of The Year</p> <p>Nigeria Corporate USA Today Corporate USA Today – Law Awards – 2018</p>
 <p>Best Customer Experience</p> <p>CBN & NIBSS The CBN & NIBSS Electronic Payment Incentive Scheme (EPIS) Efficiency Awards</p>	 <p>Card Usage On POS</p> <p>CBN & NIBSS The CBN & NIBSS Electronic Payment Incentive Scheme (EPIS) Efficiency Awards</p>	 <p>USSD Channel Champion</p> <p>CBN & NIBSS The CBN & NIBSS Electronic Payment Incentive Scheme (EPIS) Efficiency Awards</p>	 <p>E-Reference Operations</p> <p>CBN & NIBSS The CBN & NIBSS Electronic Payment Incentive Scheme (EPIS) Efficiency Awards</p>	 <p>POS Transactions Acquiring Efficiency</p> <p>CBN & NIBSS The CBN & NIBSS Electronic Payment Incentive Scheme (EPIS) Efficiency Awards</p>
 <p>Real Time Payments</p> <p>CBN & NIBSS The CBN & NIBSS Electronic Payment Incentive Scheme (EPIS) Efficiency Awards</p>	 <p>Banker of The Year, Africa - Segun Agbaje</p> <p>World Finance World Finance Banking Awards</p>	 <p>Best Banking Group, Nigeria</p> <p>World Finance World Finance Banking Awards</p>	 <p>Best Retail Bank, Nigeria</p> <p>World Finance World Finance Banking Awards</p>	

Corporate Social Responsibility



1/2 Year Expenditure

Pillar	Amount (N)
Arts	42,813,606.96
Community Development	30,757,627.79
CSR Profiling	1,715,789.00
Education	134,026,198.19
Environment	405,118.00
Total	209,718,339.9

At Guaranty Trust Bank, we believe that we can only thrive as much as the community we serve. Hence, each year, our Corporate Social Responsibilities are geared towards areas where we can make the most impact and implement critical changes and development in the lives of people and the host communities where we serve. GTBank CSR are built on these four pillars: Education, Community Development, Arts and the Environment.

CHAMPIONING EDUCATION FOR ALL

One of the key ways through which we encourage growth and solve major challenges faced in our host communities is by promoting equal access to education for all irrespective of age, race, background or economic status. We believe that championing campaigns that boost learning opportunities is key to improving lives. Through our GTBankYouRead Initiative, we engage 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.

Rekindling the Culture of Reading

In furtherance of the bank's goal to rekindle interest in reading, once every month, book reading events that foster engaging conversations around books and promote Nigerian authors are organised. During the first half of the year, seven authors were hosted with a

record number of over 1500 persons in attendance.

In January, 19 year old author of Tales of uberminor and PhD student at the University of California, Nkechinyere Chidi-Mbolu, was hosted to a reading session with young students in Lagos.

Similarly, award winning author, Lesley Nneka Arimah for the first time was hosted to a book reading session in Nigeria where she interacted with Nigerian audience on her debut: "What it means when a man falls from the sky." Over 200 persons attended the event.

Other authors hosted at different occasions include: Bolatito Bez-Idakula, Lanre Olusola, TejuBabyFaceOyelakin, Mojisola-Cole and Jacqueline U Agweh.

Renovation of the Children's Section of the Herbert Macaulay Library

To mark the World Book Day and encourage reading activities amongst children at the remodelled Herbert Macaulay Library, the children section of the library was transformed to a more vibrant space for kid's reading and learning pleasure with appropriate furniture, interior fittings and children's books.

Books Rock

This year's Children's day Celebration was marked with a book reading session for kids tagged "Books Rock."

Book Reading sessions, Spelling Bee Competition, Arts & Craft work, Letter writing competition, were some of the activities earmarked for the year's celebration.

Read Aloud Marathon

To put Nigeria on the global map as a nation passionate about books, and also inspire Nigerians to maintain an active reading culture, GTBank sponsored 40-year-old Olubayode Treasures Olawunmi to attempt the Guinness World Record in the Longest Marathon Read Aloud. With the Bank's support, Bayode read over 15 Nigerian published books in 120 hours over a period of 6 days at the Herbert Macaulay Library, Yaba.

Fostering Learning Through Extracurricular Activities

Five Secondary Schools from the 2017 Principals Cup Football were treated to an all-expense paid excursion to iMax Cinemas where they gleaned lessons on diversity, race and global responsibility from the movie Black Panther. Over 150 students benefitted from this initiative.

Promoting Innovation and Academic Excellence

Inspired by the performance of a team of four Junior Secondary School students whose passion for innovation led them to create a Virtual Farm mobile app, the Bank sponsored the young innovators to the finale of the Conrad Challenge in Florida. The team (Neon) made history and won the globally renowned innovation competition.

Promoting Financial Literacy

In line with the mandate by Central Bank of Nigeria to achieve financial inclusion and enhance the knowledge of young people on finance, we marked the Financial Literacy Day in Abia, Benue, Cross-River, Gombe, Osun, Taraba & Zamfara states. Over 1330 students were positively impacted through these financial literacy trainings.

NURTURING THE NEXT LEAGUE OF FOOTBALL TALENTS

Over the years, our sports education program has served as a platform for identifying, nurturing and grooming young and talented players. This has helped identified players build a successful career in the future, whilst promoting camaraderie.

Our annual football tournaments include: Principals Cup tournament in Lagos and Ogun States, the Masters Cup tournament and the Super Cup.

- The Principals Cup football tournament: This competition currently runs in Lagos and Ogun and they are in their 9th and 6th seasons respectively. The tournament is for all Secondary Schools in the participating States and is coordinated in partnership with the State Ministry of Youth, Sports & Social development and the Ministry of Education.

The GTBank-Lagos State Principals Cup competition started in 2009/10 and has grown in the last nine years from 296 to over 500 competing teams in both the male and female category. The GTBank-Ogun state Principals Cup has also grown in six years to 380 participating teams.

- The Masters Cup football tournament: This tournament is for non-Government managed schools. The competition has a total of 42 teams in both the male and female categories and is in its 7th season of the competition.

The winners in all the tournaments - the Principals Cup Lagos and Ogun States and the Masters Cup usually play at the end of the season in the Super Cup match, to decide 'the champion' of the tournament champions.

Exceptional players discovered during the tournament season are coached and trained in our player's developmental programme – CAMP GTBank.

PROMOTING ARTS

Art plays a crucial role in helping communities thrive. Our art initiatives seek to connect, enrich, educate individuals, as well as promote cultural exchanges. We believe all forms of creative expressions can break societal barriers and build global relationships.

Promoting Creative Expressions through Writing

As part of our initiatives geared towards encouraging creativity and appreciation for Art, the Dusty Manuscript Contest was launched to give budding writers the opportunity to win publishing deals for their finished, yet-to-be published, manuscripts. Over 1000 submissions were received after a call for entry in February while the top three selected entries were rewarded with publishing contracts as well as cash prizes.

Harnessing Art for Economic Empowerment

One of the ways through which we harness the power of art for economic growth is by providing innovative platforms for artists to profit from their creative works. To achieve this, we launched an Art635 storefront on SME MarketHub to allow artists connect with art collectors and easily sell their art pieces.

Onboarding of New Artists on the Art635 Gallery

GTBank takes pride in promoting the cultural heritage of the markets it operates in by enhancing the prospects of local artisans and enriching their talents. On a daily basis, more artists are signed up to showcase their works for more visibility, appreciation and profitability through the Art635 Gallery.

Building the Capacity of Upcoming Female Photographers

For us, Corporate Social Responsibility goes beyond corporate philanthropy. We believe in

providing capacity building initiatives that serve to boost the expertise, exposure and business growth of entrepreneurs in the creative space. That is why we launched the Days of Dorcas Photography Workshop and Competition, an opportunity for talented female artists between the ages of 18 – 35 years, to enhance their career in visual arts and photography. This Art635 initiative served as an opportunity for budding female photographers to enhance their career in visual arts and photography through a workshop facilitated by renowned photographers.

Promoting Our Cultural Heritage

GTBank partnered with the Ogun State Government to celebrate cultural differences across Africa through drums. The festival brought together participants from across Nigeria, Africa and the world to showcase the rich cultural heritage of different ethnic groups through dance, exhibition, music and Drums.

Preserving Historical artefacts and monuments

In commemoration of the International Museum Day on May 18, the Bank worked with the National Commission for Museums and Monuments (NCMM) to raise awareness on the essence of history. An educational program targeted at secondary school students was organised to promote the importance of cultural exchange, enrichment of cultures; development of mutual understanding, cooperation and peace among people.

SUPPORTING OUR COMMUNITIES

Medical Outreach for Women with Disabilities

In line with our goal of touching lives, we partnered with a not-for-profit organisation called Empathy Driven Women International Initiative (EDWIN) to organise a medical outreach for women with disabilities. Through the support of medical personnel and volunteers, Medical care and consultations was provided to beneficiaries.

Supporting Families, celebrating Love

This year, to mark Valentine's Day, the Bank brought together 5 couples who have been married for over 20 years to celebrate love and promote family bonds. The couples were treated to an all-expense paid 3-day getaway, where they rekindled their love and build long-lasting friendship

ENVIRONMENT

Waste to Play Project

We supported a group of environmentalists called PP40 residing in Ibadan on a Waste-To-Play project. The focus of this project was to convert waste such as plastic and used tyres into Play equipment for secondary school students.



Guaranty Trust Bank plc
RC 152321

Proudly African

Truly International

LISTED ON THE LONDON STOCK EXCHANGE

COTE D'IVOIRE | GAMBIA | GHANA | KENYA
LIBERIA | NIGERIA | RWANDA | SIERRA LEONE
TANZANIA | UGANDA | UK



#EnrichingLives

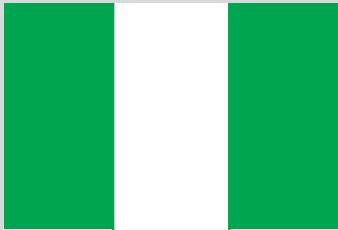


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Connect with us



Our Business Locations



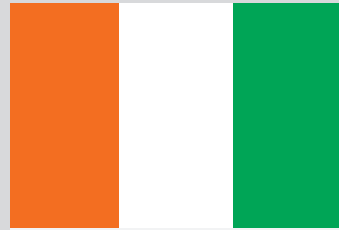
Nigeria

Capital - Abuja
Official Language - English



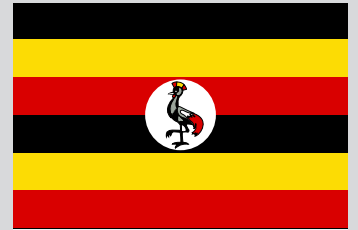
Gambia

Capital - Banjul
Official Language - English



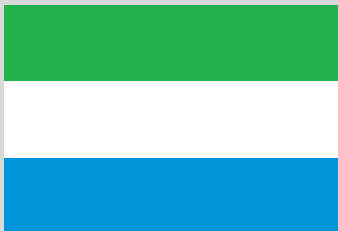
Cote D' Voire

Capital - Yamousoukro
Official Language - French



Uganda

Capital - Kampala
Official Language - English, Swahili



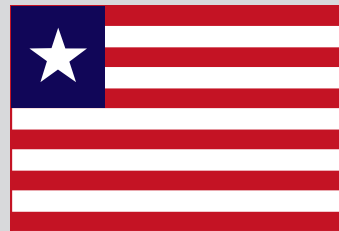
Sierra Leone

Capital - Freetown
Official Language - English



Ghana

Capital - Accra
Official Language - English



Liberia

Capital - Monrovia
Official Language - English



Kenya

Capital - Nairobi
Official Language - English, Swahili



United Kingdom

Capital - London
Official Language - English



Tanzania

Capital - Dodoma
Official Language - English, Swahili



Rwanda

Capital - Kigali
Official Language - Kinyarwanda, French, English



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