



Guaranty Trust Bank plc
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2019 HALF YEAR REPORT

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MD's Statement

Dear Shareholders,

It is my pleasure to present our audited results for the first half of the 2019 financial year.

These are uniquely challenging times for the Banking Industry, and the Bank. Not only is our business environment characterized with varying degrees of uncertainty and volatility, we are also facing unprecedented waves of disruption from new sources of competition and a rapidly changing competitive landscape. However, I am delighted to report to you, that by staying true to our values and remaining focused on flawlessly executing our retail strategy, we delivered a strong performance in the first half of the year. We made remarkable progress in deepening our relationships with customers and attracting new ones, and thanks to the digital transformation of our business, we continue to dominate the financial services sector in product leadership, service excellence, and operational efficiency.

Our financial performance demonstrates how we are building a valuable business for the long-term, pursuing a focused growth strategy in Nigeria, and across our 10 subsidiaries in Africa and the United Kingdom. Our half year result shows positive growth across key financial metrics and reflects GTBank's leading position as one of the best managed financial institutions in Africa. The Bank reported a Profit before Tax of N115.8billion, representing a growth of 5.6% over N109.6billion recorded in the corresponding period of 2018. The Bank's loan book grew by 1.0% from N1.262trillion recorded as at December 2018 to N1.274trillion in June 2019 and customer deposits increased by 6.3% to N2.418trillion

from N2.274trillion in December 2018.

The Bank closed the half year ended June 2019 with Total Assets of N3.598trillion and Shareholders' Funds of N603.0Billion. In terms of Asset quality, NPL ratio and Cost of Risk improved to 6.8% and 0.2% in June 2019 from 7.3% and 0.3% in December 2018 respectively. Overall, asset quality remains stable with adequate coverage of 84.7%, while Capital remains strong with CAR of 23.5%. On the backdrop of this result, Return on Equity (ROAE) and Return on Assets (ROAA) stood at 33.7% and 5.8% respectively. The Bank is proposing an interim dividend of 30kobo per ordinary share of 50 kobo each for period ended June 30, 2019.

A key part of assessing our performance over the first half of the year is to look at how we are playing a deeper role in our customers' lives, helping people and communities thrive, and building the bank of the future. Indeed, we have made significant strides across all three fronts, and in the course of this review I will share with you how, building on these commitments, we are becoming a platform for enriching lives in the communities we serve and beyond.

Playing a deeper role in our customers' lives goes beyond launching new products and services. For us at GTBank, it means reimagining the value that we can create for our customers as their trusted financial partner in all of their moments of need. That is why, understanding the growing need for consumer credit, and leveraging our robust digital capabilities, we are

expanding our digital lending product, Quick Credit, to offer instant, cheap and readily available loans to individuals and small business owners. Our approach to Quick Credit is simple. We have designed the product to make sure that whenever and wherever our customers need cash to fund a personal purchase, take care of an emergency, or just cover the running cost of their small businesses, they can get the money they need within 2 minutes, online, via USSD or at an ATM. We have also streamlined how we pre-qualify customers for Quick Credit, leaning on the benefits of our industry-leading data analytics solution to open up our digital lending platform to millions of customers, who traditionally have been excluded from such financial services.

We are not stopping there. Across the bank, we are constantly innovating to speed up our pace of service delivery and enhancing our entire value proposition. In our branches, we have digitized our on-desk services so that customers spend little to no time requesting and picking up their banking essentials, such as a new debit cards. Online, we have upgraded our web and mobile banking channels to offer more intuitive and convenient self-service platforms and give customers greater control over how they bank. For example, our customers can now, amongst other things, request for Foreign Exchange and get stamped account statements via our internet banking platform. For children, we do more than open children's savings accounts. Earlier this year, we launched a digital playground—the first in Africa—to help them build better communication and problem-solving skills, whilst exposing them to new and emerging digital technologies. Ultimately, whether we are streamlining how we onboard customers, providing more personalized offers, or extending the boundaries of our value-added services, our goal is to not only enrich every aspect of our customers' lives, but to help people and communities thrive.

Helping people and communities thrive is fundamental to who we are, and championing our customers' ambitions is a key part of our role in society.

It is the reason we continuously offer the full strength and depth of our networks, expertise and experience to support businesses, large and small, whilst creating lasting positive social impact in our communities. At the start of the year, we set out to remain the preferred banking partner for corporates, and we are bringing our scale, data and people together to deliver more insights, personalized advice and meaningful solutions for our institutional customers. We are also deepening our commitment to small businesses; working with the Development Bank of Nigeria (DBN) to disburse N25 billion in funding to entrepreneurs in Nigeria's Micro, Small and Medium Enterprises (MSMEs) sector, teaming up with the Central Bank of Nigeria (CBN) to expand access to finance for the country's vibrant Creative Industry, and reducing interest rates on short-term loans so that small business owners can efficiently cover their day-to-day running costs. Taken together, our goal is to transform our vibrant SME sector into a major source of high-quality jobs for our young population as well as drive economic growth.

Our support for small businesses goes beyond lending; we are propelling some of the most passionate and talented entrepreneurs in the continent to drive the emergence of Africa's food and fashion industries. Our free business platforms, the GTBank Food and Drink Festival and the GTBank Fashion Weekend, are now the major vehicles for accelerating the growth of small businesses in both industries. Through these platforms, we are empowering small business owners with the expertise and access to markets that they need to grow. This year, we held the 4th edition of the GTBank Food and Drink Festival for 4 days (from Sunday, 28th April to Wednesday, 1st May 2019), furthering our commitment to promoting enterprise in the SME sector by giving small businesses more opportunities to connect with consumers and business experts from around the world. We are already working towards the 4th edition of the GTBank Fashion Weekend, which is scheduled for November, and we will continue to focus on promoting enterprise in food and fashion, because we know that by investing in both sectors, we are propelling



local entrepreneurs to dominate two critical sectors of our economy whilst putting African talent, creativity and enterprising spirit on a global pedestal.

The same way we champion our customers' ambitions, we also uplift the hopes of people and communities on the margins of society. We continue to channel a significant portion of our profit into intervening in public education, investing in underserved communities, promoting the Arts and working to protect the environment. Our advocacy for children and adults living with Autism is 9 years strong, and this year, working with caregivers, medical experts from all around the world and organizations who share our values, we continued to build, through our Orange Ribbon Initiative, a world devoid of stigma and filled with support for people living with Autism. Our commitment to ensuring that every child has access to quality education remains just as strong. During the first half of the year we launched a new campaign, tagged #BeatTheDistance, to improve learning outcomes for children in rural communities by providing them with bicycles to ease the difficulties they face with mobility to school and back. Our goal is to empower the children most affected by these challenges to beat the distance, not just to school, but between their present realities and immense potential.

The value that we create today for all our stakeholders is down to the hard work of thousands of incredibly talented and totally dedicated GTBank staff. Their hard work, rooted in our values of excellence and integrity, and informed by our mission of building an oasis in Africa's financial services sector, is a big part of the reason GTBank was named "Best Bank in Africa" and "Best Bank in Nigeria" at the 2019 Euromoney Awards. It is also why we continue to be recognized by industry watchers in local and international circles as one of the best performing financial institutions on the continent. However, as our business landscape continues to change, we know that what has driven our success in the past will not guarantee the same level of success in the future. The disruption of the financial services sector is happening

more rapidly, now than ever, and we must embrace it; that is why we are building the bank of the future.

Building the bank of the future, for us, means responding to the blurring industry lines and our rapidly changing business landscape by completely redefining ourselves. Going into the year, we set out on becoming a single trusted, integrated digital platform, building and leveraging partnerships and collaborations to offer more essential products and services than a traditional bank can. Six months on, we are leveraging new and emerging digital technologies to build wider ecosystems around key customer experiences. For example, our digital platform, Habari, is bringing together service providers and consumers across entertainment, e-commerce and other retail services, to create more value for everyone. We are excited by how this can transform our business in the future, positioning us at the centre of our customer's most important digital interactions, and, thereby, ensuring that we become even more relevant in the long-term.

Looking ahead, we expect heightened competition from non-banks, regulatory headwinds and economic uncertainty to persist. On our part, we will continue to put a premium on building trust, leveraging new technologies to grow the value of our business, and improving operational efficiency, not just to keep costs down, but to create processes that are scalable and can deliver the sustainable long-term growth that you, our shareholders, deserve.

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

Thank you for your continued support.

SEGUN AGBAJE.



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Months Performance

During the year, the global economy continued to be threatened by protectionist policies of advanced economies. The protracted trade feud between the US and China escalated after trade negotiations broke down, leading to tariff hikes from both countries and a slowdown in manufacturing activities in China and US. Correspondingly, the political impasse in the UK parliament intensified the uncertainty around Brexit and led to the decline in both consumer spending and business investments in the UK. In response to the threats to growth, advanced economies made a shift from the hawkish monetary policy stance which was prevalent in the previous year, to a more accommodative stance.

The monetary easing in advanced economies cascaded to emerging and developing economies and provided the much-needed support to spur growth. Furthermore, geopolitical tensions in the Middle-East and the US decision to fully implement the sanctions imposed on the purchase of Iranian oil, supported crude-oil exporters' economies in the first half of the year.

In Nigeria, the general election was successfully conducted during the year and led to the re-election of the incumbent President. The President has reiterated his commitment to reforming education at all levels, improving healthcare delivery, tackling corruption, boosting food production, aggressive investment in infrastructure, encouraging investments to develop more natural gas-based petrochemical projects and addressing the rising spate of insecurity in the country.

Economic growth remained fragile, as real GDP growth

rate in the first quarter of 2019, slowed to 2.01% from 2.39% recorded in the previous quarter. Interestingly, growth was largely driven by the non-oil sector, particularly the telecommunications, agriculture and transportation sectors. Growth in the non-oil sector was buoyed by increasing investments in mobile internet network, the government's continued intervention in agricultural and manufacturing sectors and the increased supply of foreign exchange to growth-stimulating sectors of the economy.

Conversely, the oil sector remained in contraction during the year, despite the rebound of crude oil prices from the plunge recorded in the last quarter of 2018. Production was impacted by ruptures on pipelines that feeds major export terminals in the country, resulting in several force majeure by International Oil Companies. However, the oil sector is set for improvement, following the commencement of the newly commissioned ultra-deep offshore project (Egina Oilfield) with a capacity to contribute a further 200,000bpd to the nation's production volume.

Despite the dwindling oil revenues, Nigeria's external reserves continued to experience strong accretion. This was propelled by strong inflows from foreign portfolio investors, amid the improvement in the political risk sentiment, following the successful completion of the 2019 general elections. Consequently, external reserves rose from US\$43.1bn in December 2018 to US\$45.1bn in June 2019. The level of external reserves remains healthy, providing cover for up to 8 months of import of

goods and services or 14 months of import of goods only, based on the estimated value of import for the fourth quarter of 2018.

The strong accretion in external reserves provided sufficient headroom to maintain the stability of the exchange rate. The Central Bank achieved the stability by sustaining interventions at both the inter-bank and the BDC segments of the foreign exchange market and complimented by continuing its restrictive monetary stance. As a result, the naira appreciated in the autonomous foreign exchange market (NAFEX) to N360.56/\$ in June 2019 from N364.18/\$ in December 2018. Similarly, in the parallel market, the naira appreciated to N360/\$ from its closing rate of N365/\$ in December 2018.

During the year, the Central Bank toned-down on its tight monetary policy by reducing the policy rate by 50 basis points to 13.50% from the 14% which had been in effect since June 2016. However, the policy rate remains contractionary and the Apex Bank continued its close monitoring of system liquidity by sustaining its Open Market Operation, aimed at curtailing exchange rate instability and inflationary pressures.

The close monitoring of system liquidity kept Inflation within control during the year. This was complemented by exchange rate stability and the government's intervention in subsidizing agricultural inputs, which is geared at boosting food production. As a result, 12-month average inflation (headline) declined from 14.45% as at June 2018 to 11.31% in June 2019.

Yields on fixed income securities declined to reflect the moderation in inflation and an increased demand from foreign portfolio investors, following the dissipation of the political risk premium placed on the Nigerian market. In addition, the US Fed's dovish tone at the beginning of the year, helped fuel buy pressures and ultimately drove yields downwards.

During the 2019 fiscal year, the government approved the increase in the National minimum wage to alleviate the depressed purchasing power and to boost private consumption. The fiscal authorities made efforts to improve tax revenue by broadening the tax base, through well thought-out initiatives and various amnesty programmes. Furthermore, the government took measures to stabilise the economy and shore up the 2019 revenue, by directing the restructuring of its Joint Venture Oil Assets which is aimed at reducing the government shareholding in Joint venture arrangements with international oil companies.

Generally, the economy is still on the path of recovery from the 2016 recession and macroeconomic conditions are moderately improving to support economic recovery.

OUTLOOK

Looking ahead, the recovery of the Nigerian economy is projected to garner momentum in the second half of year. This will be supported by higher private consumption, induced by the minimum wage increase, and healthy investment activity, aided by the waning post-election uncertainty.

However, the continuous restrictive monetary policy, slow implementation of reforms, given the delay in formation of the government's cabinet, and commodity-price volatility pose key risks to the outlook.

In addition, the IMF has projected a weaker global growth as a result of the escalating US-China trade tension and prolonged uncertainty surrounding Brexit. The weakening growth prospect has the potential to soften commodity prices, which will in turn exacerbate threats to growth and exchange rate stability.

Giving the opportunities that the economy presents and notwithstanding the threats to growth, we remain resolute to achieving the metrics set in our 2019 financial guidance.

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Cardless Withdrawals	*737*3#
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Card Status	*737*6*3#
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Awards & Recognition

In recognition of our collective effort towards building an enduring Proudly African and Truly International Bank, we received several local and international awards from reputable organizations for product and service innovation and sound corporate governance practices. Some of the awards we have received in the first half of the year include:



**Best Bank,
Africa**

Euromoney

Euromoney Awards for Excellence



**Best Bank,
Nigeria**

Euromoney

Euromoney Awards for Excellence



**Best Banking
Group, Nigeria**

World Finance Magazine

World Finance Banking Awards



**Best Retail
Bank, Nigeria**

World Finance Magazine

World Finance Banking Awards



**Best Bank,
Nigeria**

Global Finance Magazine

Global Finance Magazine Awards



**Best
Mobile Banking
Application,
Nigeria**

**International Business
Magazine**

International Business Awards



Best CSR Bank, Nigeria

**International Business
Magazine**

International Business Awards



Best Customer Experience

CBN & NIBSS

The CBN & NIBSS Electronic Payment
Incentive Scheme (EPIS) Efficiency Awards



Real Time Payments Transaction

CBN & NIBSS

The CBN & NIBSS Electronic Payment
Incentive Scheme (EPIS) Efficiency Awards



E-Reference Operations

CBN & NIBSS

The CBN & NIBSS Electronic Payment
Incentive Scheme (EPIS) Efficiency Awards



POS Transaction Acquiring

CBN & NIBSS

The CBN & NIBSS Electronic Payment
Incentive Scheme (EPIS) Efficiency Awards



Direct Debit Driver

CBN & NIBSS

The CBN & NIBSS Electronic Payment
Incentive Scheme (EPIS) Efficiency Awards



ID Services Driver

CBN & NIBSS

The CBN & NIBSS Electronic Payment
Incentive Scheme (EPIS) Efficiency Awards



Card Usage on POS

CBN & NIBSS

The CBN & NIBSS Electronic Payment
Incentive Scheme (EPIS) Efficiency Awards



USSD Channel Champion

CBN & NIBSS

The CBN & NIBSS Electronic Payment
Incentive Scheme (EPIS) Efficiency Awards

Corporate Social Responsibility

At Guaranty Trust Bank, whether we are intervening in public education, investing in underserved communities, promoting the Arts or working to combat climate change, we are constantly looking for creative and impactful ways to give back to society. Driven by our commitment to enriching lives and guided by our clearly defined CSR policy, we are integrating Corporate Social Responsibility into our core business and reimagining the role we play in our communities.

The following are highlights of some of our CSR efforts in the first half of 2019.

Championing Education for All

Beyond funding programmes that increase access to quality education, we organize and support campaigns that boost learning opportunities, whilst driving initiatives that encourage young people to stay in school. During the first half of the year, we explored innovative ways to improve learning outcomes for students in rural areas and continued to drive initiatives that help reignite Nigeria's reading culture.

Improving Access to Education for Children in Rural Communities

During the first half of the year, we launched a nationwide initiative, tagged #BeatTheDistance, to improve educational outcomes for children in rural communities by easing the difficulties they face with mobility to school and back. Through this initiative, we are providing students in remote parts of the country with bicycles to reduce the time and energy they expend in getting to school thereby helping them focus better on their wacademics.

Impact Story - Jerry Hannatu

One of the beneficiaries of #BeatTheDistance is Jerry Hannatu, a student of the Government Technical Training School in Jalingo. Before receiving his bicycle, Jerry had to walk all of 10 kilometres to school every morning. He would spend an hour and a half on the road; meaning he needed to set out at least 2 hours before the bell for the first class was rung at school.

Now, thanks to the #BeatTheDistance campaign, Jerry spends less than a quarter of the time he used to, commuting to and from school.

Rekindling the Culture of Reading

Two years ago, we launched the YouRead initiative to encourage people to read, build capacity, gain exposure and connect with peers and educators around the world. Since then, we have been at the forefront of rekindling the culture of reading, and during the first six months of the year we continued to organize insightful and engaging book reading sessions to inspire the next generation of authors.

Book Reading Sessions with Nigerian Authors

Our first book reading of the year was with Bisi Adjapon, the author of the highly rated debut novel 'Of Women and Frogs,' at the GTBank YouRead Library, Yaba. Bisi's book has received very positive reviews from the public and her YouRead Book Reading Session served to further stimulate a culture of reading and encourage young people to embrace literature.

Award winning novelist, Oyinkan Braithwite, was the second writer we hosted at the YouRead library to read



and discuss her critically acclaimed book, 'My Sister, the Serial Killer'. The novel, a winner of the 2019 Rooster award and a favourite among book lovers, provided literature enthusiasts with an opportunity to connect with the author, learn about her writing process and gain so much more.

Nurturing the Next Generation of Football Talents

During the first half of the year, we continued our sponsorship of grassroots football tournaments, which serves as a platform for identifying, nurturing and grooming young talents, whilst promoting the values of excellence and fair play. We organized the 8th edition of the GTBank Masters Cup, bringing together over 30 secondary schools to compete for the prestigious trophy in the male and female categories. At the end of the competition, King's College and Leadforte Gate College, both in Lagos, emerged winners of the GTBank Masters Cup in the male and female categories respectively.

Building Nigeria's First Digital Play Centre

How and where children play contributes significantly to their cognitive and intellectual development, helping them build better communication and problem-solving skills. In the first half of 2019, we completed and launched the first digital playground for children in Nigeria. Equipped with a wide range of interactive games, the Play Centre gives children a fun and immersive digital experience whilst aiding their mental and intellectual development. Some of the features of the Play Centre include the Sketch Town, where kids can design cars, launch rockets, and bring all their sketches to life. At the playground,

children can also use the wide range of bricks available to build whatever excites their curiosity and also express themselves creatively by scribbling, writing and drawing on a digital chalkboard.

Simple Change Big Impact: Warri Library

In continuation of our #SimpleChangeBigImpact campaign, we sponsored an innovative Library Project in Warri, Delta State, which was carried out by NewWarri, a social reform organization. The project included providing a free community library with the aim of filling the gap in learning resources for children and adults in local communities.

Promoting Enterprise: The 2019 GTBank Food and Drink Festival

Created in 2016, the GTBank Food and Drink Festival has become the premier culinary event in Africa, bringing together more than 600,000 people from across the continent and beyond to support and celebrate Nigeria's vibrant and burgeoning small businesses in the food retail sector.

This year, we held the GTBank Food and Drink Festival for 4 days from Sunday, 28th April, Wednesday 1st May 2019, featuring over a dozen over a dozen food and drink experts from around the world and offering free retail spaces to 300 small businesses in Nigeria's food industry. By the end of the festival, we had not only put together Africa's biggest food and drink festival, we had also given hundreds of thousands of people the exposure, networks and inspiration to build the successful businesses that will power Africa's economic transformation.



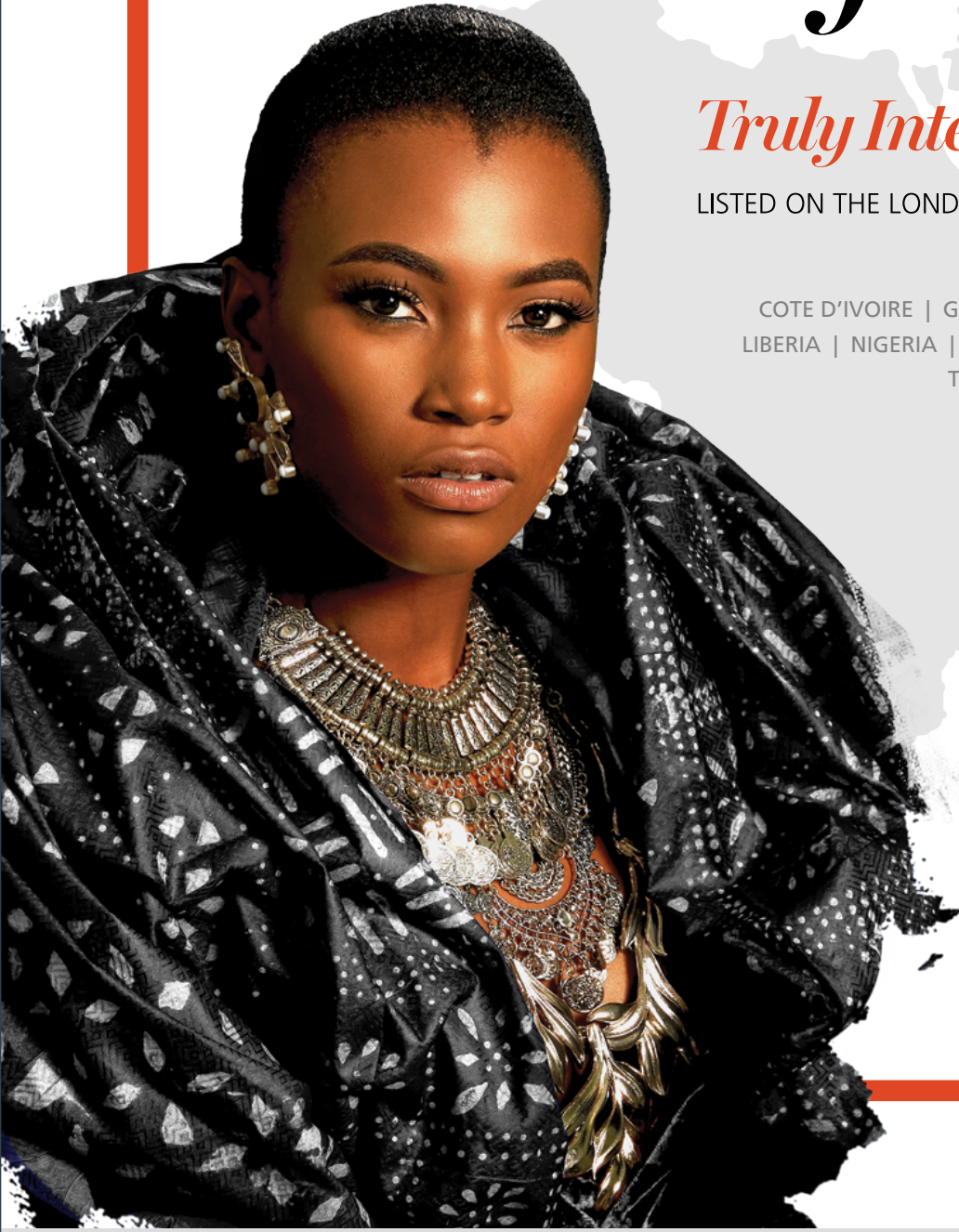
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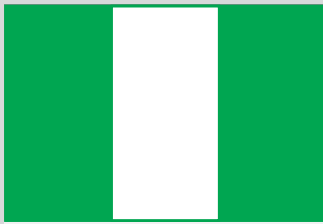


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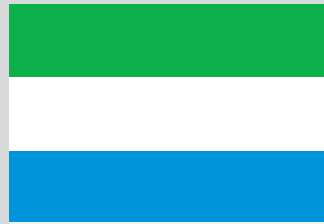
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Gambia

Capital - Banjul

Official Language - English



Sierra Leone

Capital - Freetown

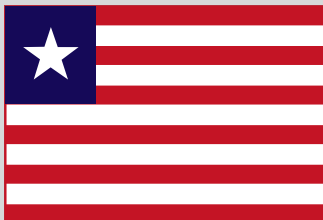
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Ghana

Capital - Accra

Official Language - English



Liberia

Capital - Monrovia

Official Language - English



United Kingdom

Capital - London

Official Language - English



Cote D' Voire

Capital - Yamousoukro

Official Language - French



Kenya

Capital - Nairobi

Official Language - English, Swahili



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Capital - Kigali

Official Language - Kinyarwanda, French, English



Uganda

Capital - Kampala

Official Language - English, Swahili



Tanzania

Capital - Dodoma

Official Language - English, Swahili