Guaranty Trust Bank plc
RC 152321

GTBank Cares

GUARANTY TRUST BANK

INVESTOR/ANALYST PRESENTATION

BASED ON **AUDITED IFRS** GROUP INTERIM RESULTS FOR THE HALF-YEAR JUNE 2014

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Outline

1 Macro Economic Overview

2 Banking Industry and Regulatory Overview

3 H1 2014 Results Overview

4 Conclusion

Outline

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1	Macro Economic Overview

Macroeconomic Overview

Economic growth and stability

ÅLargest GDP in Sub-Saharan Arica :

- ÅGDP rebasing exercise places Nigeria as No. 1 in Africa
- Å2013 GDP: Nigeria - $509bn vs S.A. - $350bn.
- Å2013 real GDP growth: Nigeria 5.49% vs S.A 1.89%
- ÅQ1 2014 Real GDP growth rate: Nigeria – 6.21% / S.A. – 1.80%
- ÅGDP growth continues to be driven by non-oil Sector
  - ÅOil sector has recorded six consecutive quarters of negative growth

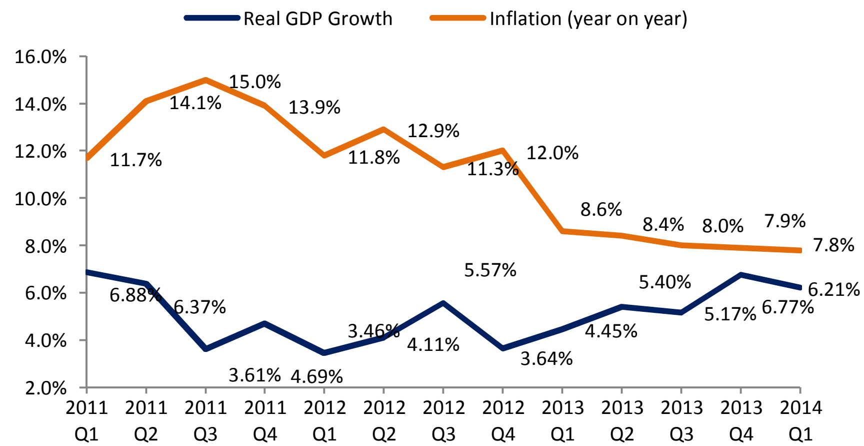
ÅCommitment to a Stable Currency

- ÅNewly appointed CBN Governor reiterates CBN commitment to exchange rate stability.
- ÅUSD/NGN(interbank) – 1.1% depreciation in 1H2014
  - ÅHigh volatility witnessed during transition between former CBN Governor Sanusi and current CBN Governor Emefiele
  - Å1H2014 Interbank range - $/N158.76 - $/N165.33

ÅStable and improving inflation

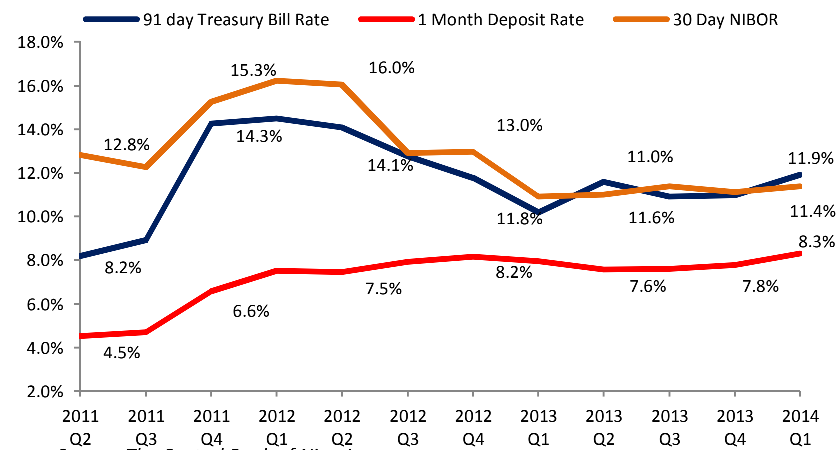
- ÅSingle digit inflation prevailed in 1H 2014
  - Å Averaged 7.9% in 1H-2014 compared to 8.9% in 1H-2013
  - ÅInflation currently at 8.3%

GDP Growth and Inflation



Source: National Bureau of Statistics

Interest Rates



Source: The Central Bank of Nigeria

Macroeconomic Overview continued…

ÅOil prices and production

ÅOil production dropped from 2.29mbpd in Q1 2013 to 2.26mbpd in Q1 2014. Bonny light crude averaged $112.11 in 2013 and $109.47 in Q1-2014

ÅGiven current international developments, we expect continued support for oil prices above $100/barrel through 2014

ÅFx reserves declined by 25% from a peak of $48.86bn in May 2013 to $36.70bn in June 2014.

- The CBN has resolved to block FX leakages and grow reserves. New Regulations for BDCs and disincentives to currency speculation are aimed at reducing the pressure on reserves.
- Fx reserves currently at $39.58bn

ÅPre-election year

ÅPre-election spend expected to keep the system relatively liquid

ÅPresidential elections – February 14th 2015

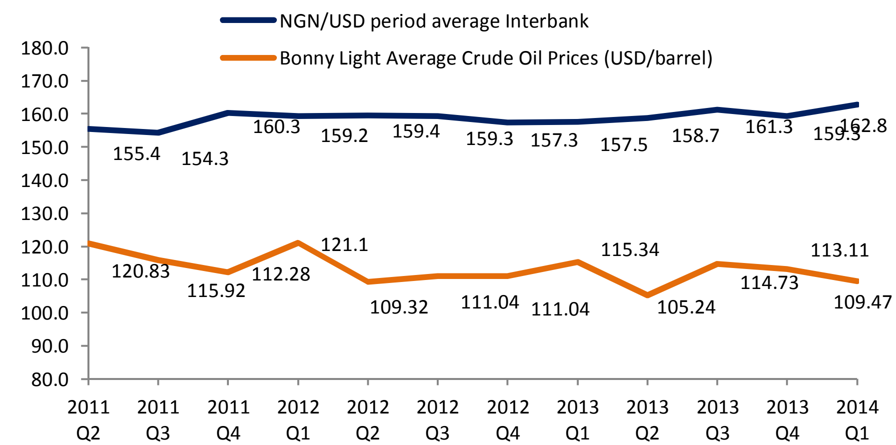
ÅReforms

ÅOngoing investment in Power sector expected in 2014

ÅFurther divestments of onshore assets by IOCs ongoing

ÅImport substitution reforms implemented to spur chosen sectors, Agriculture, Automotive etc

Exchange Rate and Crude Oil Price per Barrel



Source: The Central Bank of Nigeria, Bloomberg

Outline

2	Banking Industry and Regulatory Overview

Regulatory Overview

Regulatory Pronouncement	Effective Dates	Rationale
Godwin Emefiele appointed as new Central bank Governor	Effective June 2014	New Central Bank Governor (Godwin Emefiele) appointed on expiration of former CBN Governor (Lamido Sanusi)'s Tenor. New Governor re-iterates the Apex Bank's commitment to exchange rate stability
CBN issues fresh ownership and licensing guidelines to Bureau de Change (BDCs) operators	Effective July 2014	To curtail currency speculation
CBN revises charges on Deposits	Effective June 2014	To promote a cashless society
CBN rolls out cashless policy across Nigeria	Effective July 2014	To extend it's already successful test case study (effected in 5 states). CBN expects to promote trade, reduce transaction costs , fraud etc through its cashless initiative.
CBN introduces Outbound Remittance Platform	Effective August 2014	Provide a more regulated and user friendly means for remittances. To provide increased retail access to Fx at official rates.

Operating environment

Events	Regulator	Banking industry
Å CBN reinstitutes ATM charges for withdrawal on other Bank's ATMs (after three free withdrawals per month)	ÅTo ease the burden on banks who currently bear the cost of transactions via fees paid to switching companies and other banks ÅCBN able to preserve initial premise for eliminating the fee by making the ₦65 fee applicable only after the third withdrawal by the customer each month	ÅLower cost of operating ATM networks
Å CBN reiterates its commitment to fx price stability Å General stability in monetary policy	ÅEnsure macro stability leading up to elections ÅReduce distortions and currency speculation ÅMPR – 12%, CRR – 75% - public sector 15% - Private sector; minimum liquidity Ratio – 30%	ÅDistortions in fx rates expected to be short-lived ÅTight monetary policy expected in short to medium term
Å Continued US Fed QE tapering Å Lowered growth forecasts		ÅUpward volatility in interbank FX rates and Fixed income securities ÅIncreased Naira liquidity ÅIncreased opportunities for Fx trading income ÅIncrease in Fx speculative activity

Outline

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3	H1 2014 Results Overview

1H-2014 Financial Highlights

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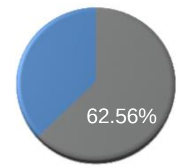
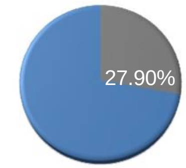
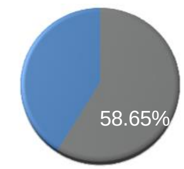
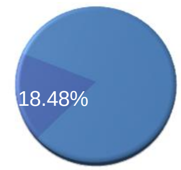
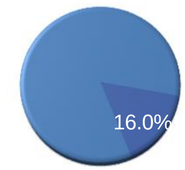
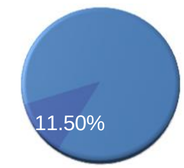
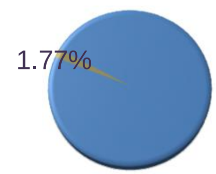
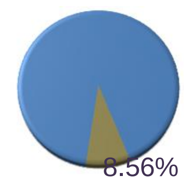
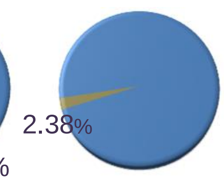
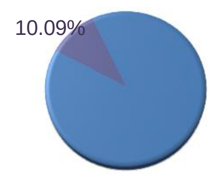
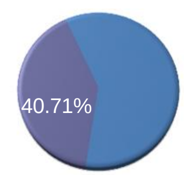
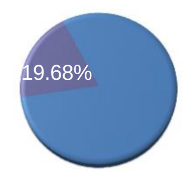
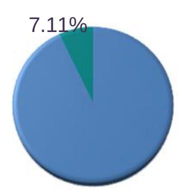
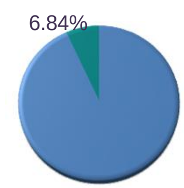
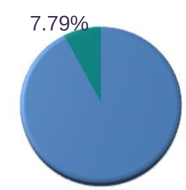
Financial Highlights *H1 2014*	• PBT: ₦53.40bn (June 2013 : ₦57.36bn) down 6.92% • PAT: ₦44.00bn (June 2013: ₦49.01bn) down 10.21% owing to declining yields on Tbills which impact tax deductible income • ROAE: 26.63% ROAA: 4.06% • EPS: 155k • Interim dividend - 25k
Revenue Generation *Robust and sustainable*	• Loan book (Net) – ₦1.039trn (December 2013: ₦1.008trn), up 3.05% • Deposits – ₦1.568trn (December 2013 : ₦1.442trn), up 8.72% • Interest Income – ₦99.72bn (June 2013 : ₦92.00bn), up 8.39% • Non Interest Income – ₦33.27bn (June 2013 : ₦32.20bn), up 3.31% • Loans to Deposits - 67.28% (December 2013: 70.61%)
Operational efficiency *Key factor for success*	• Cost-to-income ratio(CIR) – 45.93% (June 2013 : 42.02%) • Slight increase in Cost-to-Income by 3.9% and 9.13% growth in OpEx (from H1-2013) as a result of added OpEx from newly acquired subsidiaries, increase in CIR of few subsidiaries owing to the harsh operating environment in their jurisdiction, growth in regulatory charges i.e. AMCON levy premised on 18% growth in total asset y-o-y, rise in depreciation /amortization and staff expense caused a 2.2% rise in the parent's CIR for H1-2013.
Margins & Quality *Resilient*	• Net Interest Margin – 8.34% (June 2013: 8.56%), Margins remained strong amidst declining yields and regulatory headwinds • NPLs – 3.72% (December 2013: 3.58%) Cost of Risk: 0.97% (December 2013: 0.31%) • Coverage ratio –113.99% (December 2013 : 110.55%) • Significant provision taken on a customer in H1 2014 resulting in 305% in impairment charge
Subsidiaries *Strong growth potential*	• Fina Bank now fully rebranded to GTB Kenya, GTB Rwanda and GTB Uganda • Subsidiaries now account for 7.44% of GTBank's PBT from 6.01% in H1-2013.

Business Segmentation

GTBank

	Description	Key figures	Loans	Deposits	PBT
Institutional & Wholesale	• Multinationals and large corporates (turnover > ₦5bn) • Comprised of six segments: – Energy – Telecoms – Maritime – Corporate Finance – Corporate Banking – Treasury	• Over 400 customers • ₦596.15bn loans • ₦384.19bn deposits • ₦28.69bn PBT			
Commercial	• Middle market companies, with turnover between ₦500mm and ₦5bn • Extensive product range: tailor-made solutions and flexibility • Custom E-commerce solutions	• Over 50,000 customers • ₦176.05bn loans • ₦220.29bn deposits • ₦5.63bn PBT			
SME	• Small and medium enterprises with turnover under ₦500mm • Products tailored to cater to small, fledgling and other types of fairly unstructured businesses	• Over 150,000 customers • ₦16.83bn loans • ₦117.87bn deposits • ₦1.16bn PBT			
Retail	• Deposit drive focused on retail customer-base • Rapidly developing business line • 227 branches, 49 e-branches & 1,097 ATMs • Extensive leverage of all distribution channels	• Over 5.3million customers • ₦96.10bn loans • ₦560.56bn deposits • ₦9.63bn PBT			
Public Sector	• Focus on: • Federal government & Parastatal • State governments • Local governments [and customers] • Active in all government segments	• Customers include all tiers of government • ₦67.74bn loans • ₦94.20bn deposits • ₦3.81bn PBT			

Geographical Distribution

GTB UK
Â Established in 2008
Â 100% owned by parent
Â 1 branch
Â ₦7.82bn invested by parent
Â H1 2014 PBT: ₦14.00mm
Â ROE: 0.43%

GTB Gambia
Â Established in 2002
Â 77.81% owned by parent
Â 17 branches
Â ₦574.28mm invested by parent
Â H1 2014 PBT: ₦368.36mm
Â ROE: 48.21%

GTB Sierra Leone
Â Established in 2002
Â 84.24% owned by parent
Â 12 branches
Â ₦594.11mm invested by parent
Â H1 2014 PBT: ₦601.56mm
Â ROE: 43.36%

GTB Liberia
ÂEstablished in 2009
Â99.43% owned by parent
Â7 branches
Â N1.95bn invested by parent
ÂH1 2014 PBT: ₦170.16mm
ÂROE: 13.82%

GTB Cote D'Ivoire
ÂEstablished in 2012
Â98.98% owned by parent
Â3 branches
Â N3.49bn invested by parent
ÂH1 2014 PBT: (N215.61mm)
ÂROE: -16.34%

GTBank plc
ÂParent Company
ÂEstablished in 1991
Â227branches, 49e-branches
Â N329.80bn in shareholder's funds
ÂH1 2014 PBT: N51.08bn
ÂROE: 30.99% (bank only)

GTB Uganda
ÂAcquired in 2013
ÂSubsidiary of GTB Kenya
Â7 branches
ÂROE: 2.55%

GTB Kenya
ÂAcquired in 2013
Â70% owned by parent
Â14 branches
Â N17.13bn invested by parent
ÂH1 2014 PBT: N763.67mm
ÂROE: 11.47%

GTB Rwanda
ÂAcquired in 2013
ÂSubsidiary of GTB Kenya
Â18 branches
ÂROE: 10.54%

GTB Ghana
ÂEstablished in 2006
Â95.37% owned by parent
Â28 branches
Â N8.57bn invested by parent
ÂH1 2014 PBT: N2.27bn
ÂROE: 39.46%

H1 2014 Financial Statements

GTBank

Group Income Statements	Jun-14	Jun-13	% y-o-y
Interest income	99.7	92.0	8%
Interest expense	(28.2)	(23.5)	20%
Net interest income	**71.6**	**68.5**	4%
Loan impairment charges	(5.3)	(1.3)	305%
Net interest income after loan impairment charges	**66.2**	**67.2**	-1%
Fee and commission income	24.8	25.0	-1%
Fee and commission expense	(1.0)	(0.5)	97%
Net fee and commission income	**23.8**	**24.6**	-3%
Net gains/(losses) on financial instruments classified as held for trading	5.9	3.5	69%
Other income	2.6	3.6	-29%
Net impairment loss on financial assets	0.2	-	-
Personnel expenses	(13.4)	(11.0)	23%
General and administrative expenses	(12.5)	(11.8)	5%
Operating lease expenses	(0.5)	(0.4)	10%
Depreciation and amortization	(5.9)	(4.9)	19%
Other operating expenses	(13.1)	(13.4)	-2%
Profit before income tax	**53.4**	**57.4**	-7%
Income tax expense	(9.4)	(8.3)	12%
Profit for the year from continuing operations	**43.9**	**49.0**	-10%
Profit for the year from discontinued operations	-	-	
Profit for the year	**44.0**	**49.0**	-10%
Profit attributable to:			
Equity holders of the parent entity (total)	**43.7**	**48.8**	**-10%**
– Profit for the year from continuing operations	43.7	48.8	-10%
– Profit for the year from discontinued operations	-	-	
Non-controlling interests (total)	**0.3**	**0.2**	**50%**
– Profit for the year from continuing operations	0.3	0.2	50%
	44.0	**49.0**	-10%

Group Statement of Financial Position	Jun-14	Dec-13	Δ
Assets			
Cash and cash equivalents	364.1	307.4	18%
Loans and advances to banks	6.4	5.6	14%
Loans and advances to customers	1,032.3	1,002.4	3%
Financial assets held for trading	18.4	17.2	7%
Derivative financial assets	0.1	0.2	
Investment Securities:	-	-	
– Available for sale	349.7	374.7	-7%
– Held to maturity	75.5	84.7	-11%
Assets pledges as collateral	39.6	28.4	39%
Investment in subsidiaries	-	-	
Property and equipment	71.3	68.3	4%
Intangible assets	11.4	11.2	2%
Deferred tax assets	2.8	1.9	47%
Restricted deposits and other assets	262.9	200.8	31%
Total assets	**2,234.5**	**2,102.8**	6%
Liabilities			
Deposits from banks	24.6	15.2	62%
Deposits from customers	1,543.8	1,427.5	8%
Derivative financial liabilities	0.1	-	
Other liabilities	75.5	61.0	24%
Current income tax liabilities	12.3	13.1	-6%
Deferred tax liabilities	7.3	5.1	43%
Debt securities issued	159.3	156.5	2%
Other borrowed funds	83.0	92.1	-10%
Total liabilities	**1,905.9**	**1,770.5**	8%
Equity			
Capital and reserves attributable to equity holders of the parent entity			
Share capital	14.7	14.7	0%
share premium	123.5	123.5	0%
Treasury shares	(4.0)	(2.0)	100%
Retained earnings	42.2	55.2	-24%
Other components of equity	147.2	135.9	8%
Total equity attributable to owners of the Parent	**323.6**	**327.3**	-1%
Non-controlling interests in equity	5.1	5.1	0%
Total equity	**328.70**	**332.40**	-1%
Total equity and liabilities	**2,234.60**	**2,102.90**	6%

Income Statement evolution

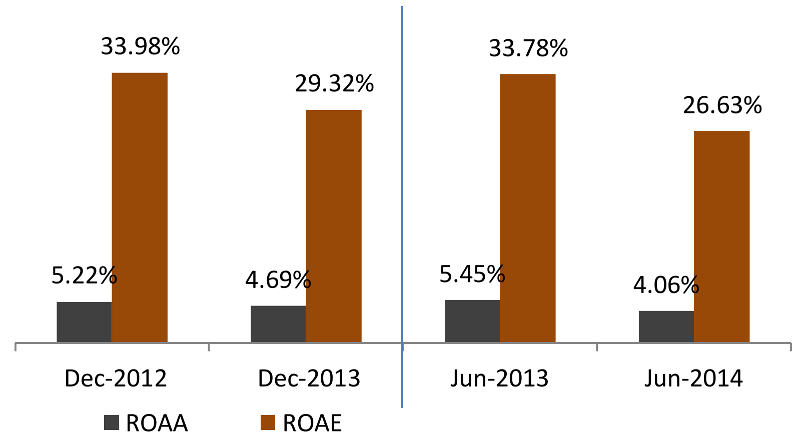
QoQ INCOME STATEMENT (GROUP)	Q1 2014	Q2 2014	1H 2014
	₦'bn	₦'bn	₦'bn
Gross Earnings	**67.6**	**65.4**	**133.0**
Interest income	48.5	51.2	99.7
Interest expense	(13.8)	(14.4)	(28.2)
Net interest income	**34.7**	**36.8**	**71.6**
Loan impairment charges	(1.3)	(4.1)	(5.3)
Net interest income after loan impairment charges	**33.5**	**32.8**	**66.2**
Fee and commission income	12.4	12.4	24.8
Fee and commission expense	(0.6)	(0.3)	(1.0)
Net fee and commission income	**11.7**	**12.1**	**23.8**
Net Trading Income	3.5	2.4	5.9
Other income	3.2	(0.6)	2.6
Net impairment loss on financial assets	0.0	0.2	0.2
Operating Income	**51.9**	**46.9**	**98.8**
Operating Expenses	(23.9)	(21.5)	(45.4)
Profit before income tax	**28.0**	**25.4**	**53.4**
Income tax expense	(4.9)	(4.5)	(9.4)
Profit after Tax	**23.1**	**20.9**	**44.0**

Profitability (Group)

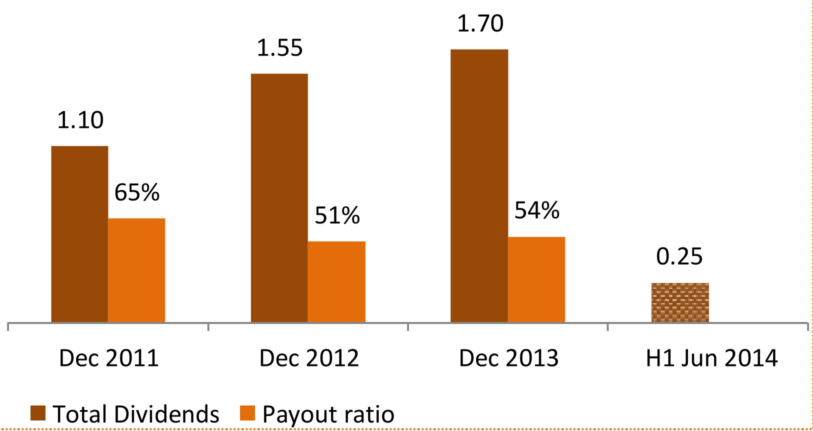
Strong H1 Profits

Å Salient points
    Å PBT driven by 8.39% increase in interest income
    Å Despite regulatory headwinds, non-interest income grew by 3.31%
    Å Subsidiary contribution to PBT grew from 6.01% to 7.44%.
    Å OpEx grew 9.13% largely as a result of newly acquired subsidiaries, growth in CIR from few subsidiaries and increase in regulatory charges i.e. AMCON levy.
    Å GTBank PBT declined by 6.92% (vs. June 2013) as a result of growth in OpEx and provision taken on a customer.
Å ROE and ROA remain above management's guidance for 2014

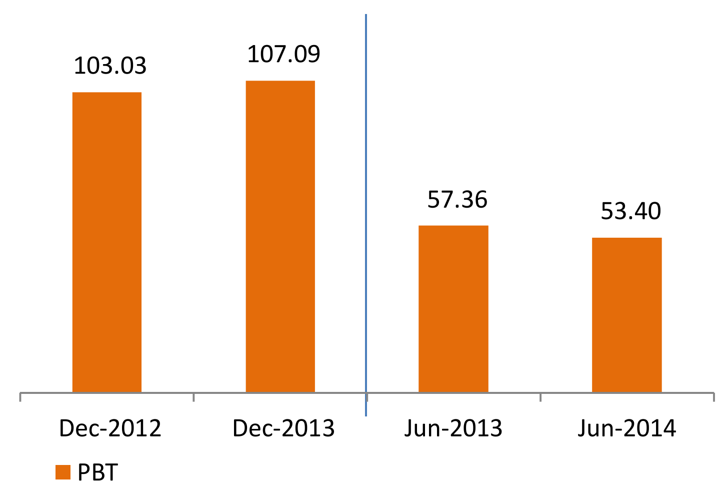
Annualized Returns on Average Assets/ Equity (ROAA/ROAE)



Consistent Dividend Payments (₦)



Half-Year Profits Before Tax (₦'bn)

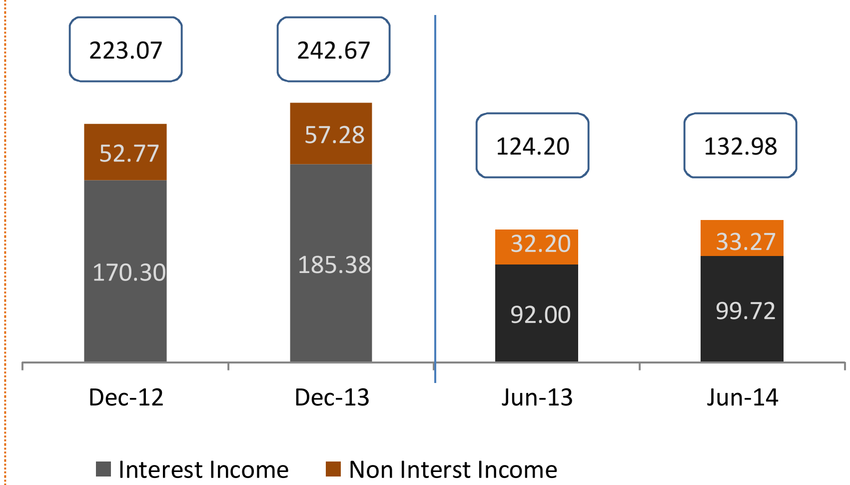


Profit Drivers - Revenues

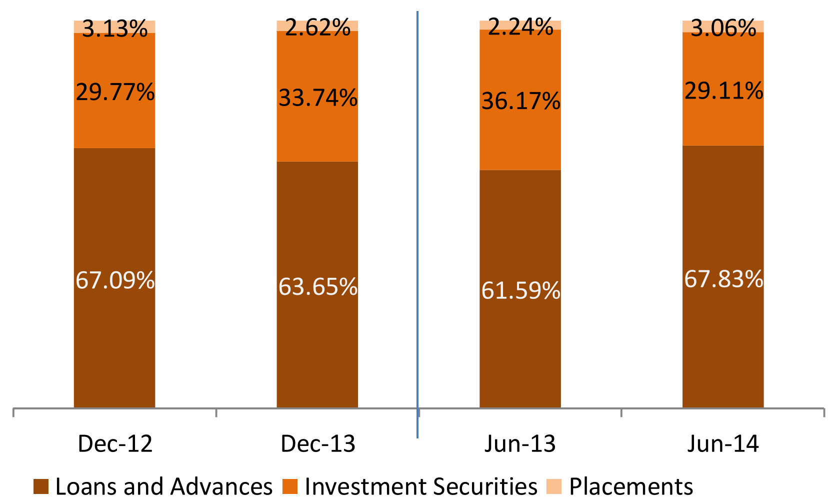
Strong revenues

- Growth in revenues driven primarily by interest income
- Interest Income –
  - 8.39% growth in interest income (compared to H1-2013) driven by larger loan book (compared to H1 2013).
  - Loan book grew 3.05% from December 2013 and 15.54% from June 2013
- Non interest Income
  - Despite increased regulatory restrictions on Non-interest income lines, Non interest income grew 3.31% owing to impressive showing on Fx trading income line, though robbed off by revaluation losses in Q2 2014.

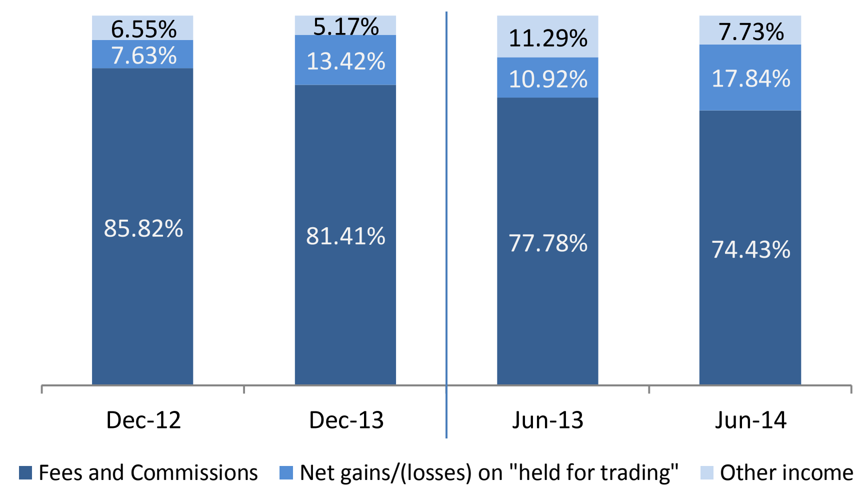
Revenue Mix (₦'bn)



Interest Income



Non Interest Income



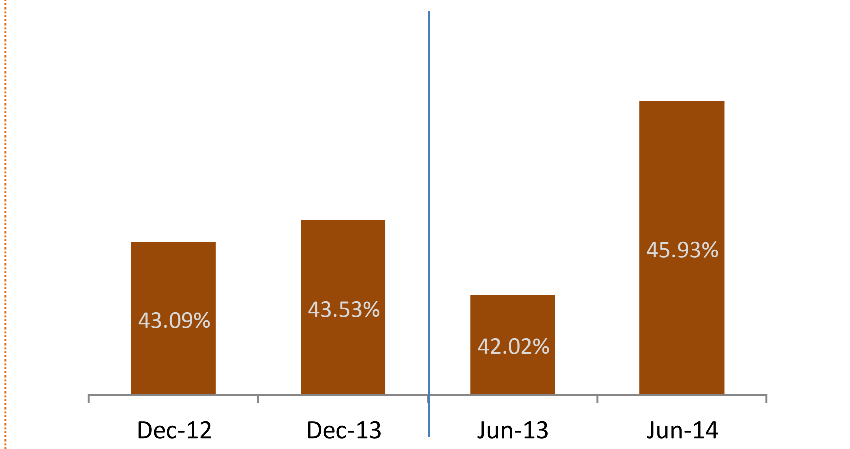
Profit Drivers – Cost Base

GTBank

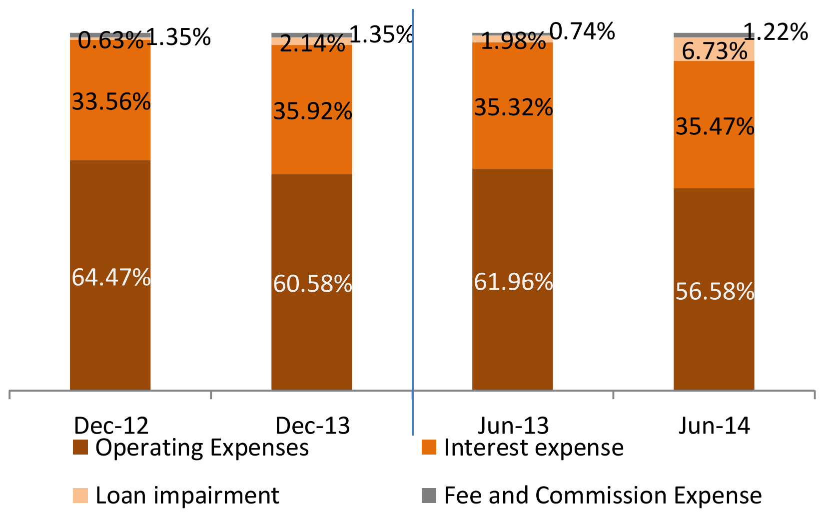
Conservative cost growth

- Cost to income increased slightly to 45.93% (compared to 42.02% in June 2013)
- 9.12% growth in Opex cost from June 2013
  - Growth in Opex cost is a result of the on-boarding of over 400 new staff from our newly acquired subsidiaries in Kenya, Rwanda and Uganda and increase in CIR of few subsidiaries.
  - Other factors contributing to Opex increase include AMCON Levy (on a larger Total Assets Base) and growth in Depreciation and amortization charges.
- Management remains committed to its goal of bringing cost to income ratio (CIR) to within 45% by 2016

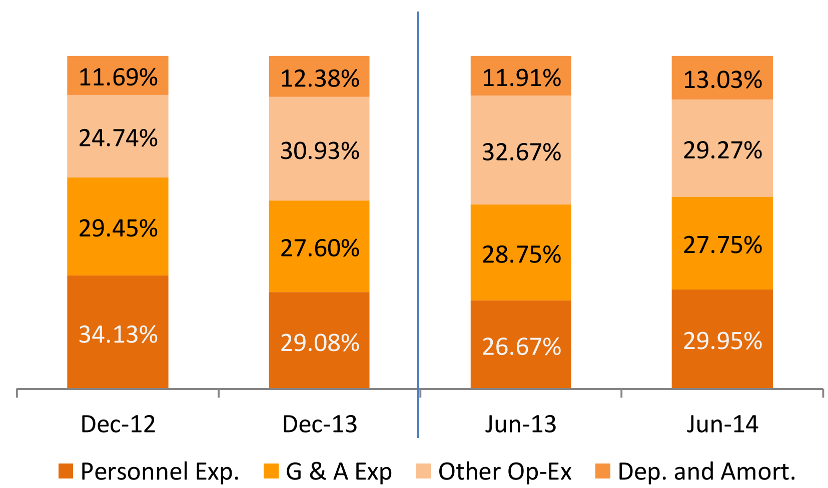
Cost-to-Income Ratio



Expense Overview



Operating Expenses



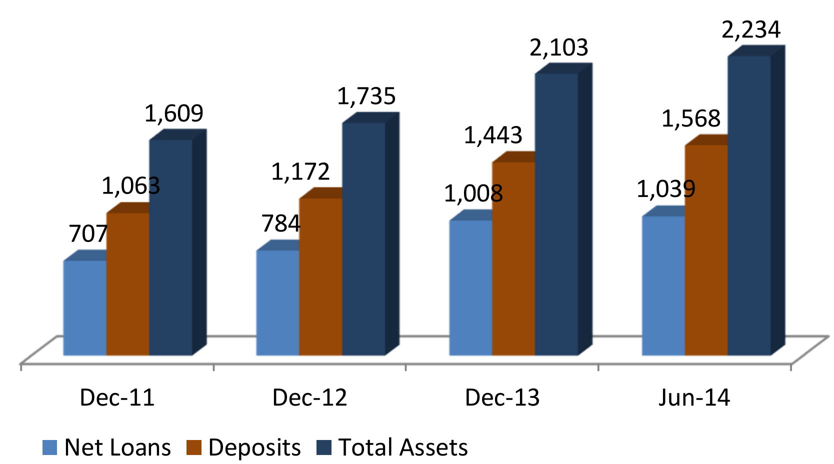
Balance Sheet Mix

GTBank

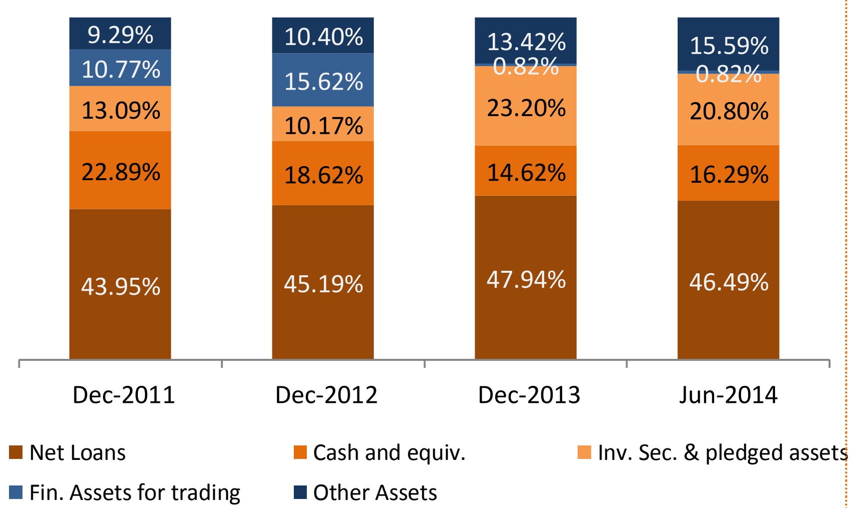
Balance Sheet

- Loans to deposits ratio: 67.28%
- Total net Loans of N1,039.00bn, up 3.05% from December 2013
- Liquidity ratio – 44.12%
- GTBank's adequate liquidity ratio has protected it from liquidity shocks brought about by regulatory and competiton
- Total Deposits of N1.568trn, up 8.72% from December 2013
- Continued success in raising low cost deposits despite rising interest rates

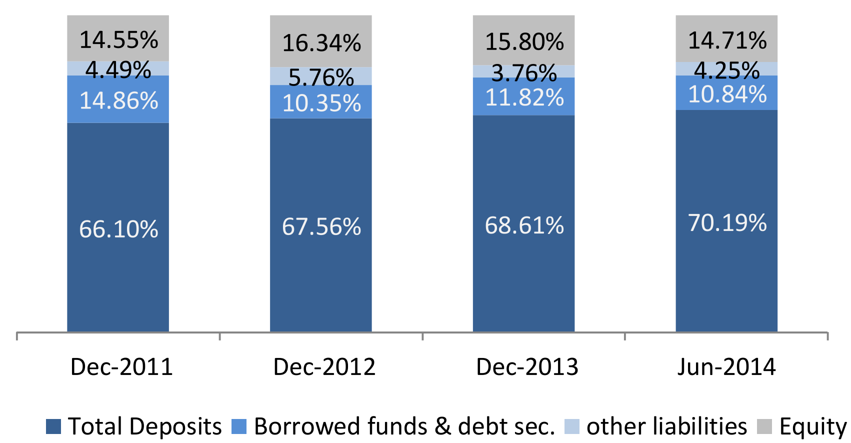
Loans, Deposits & Total Assets (N'bn)



Asset base & Components



Low Cost, Diverse Funding Mix



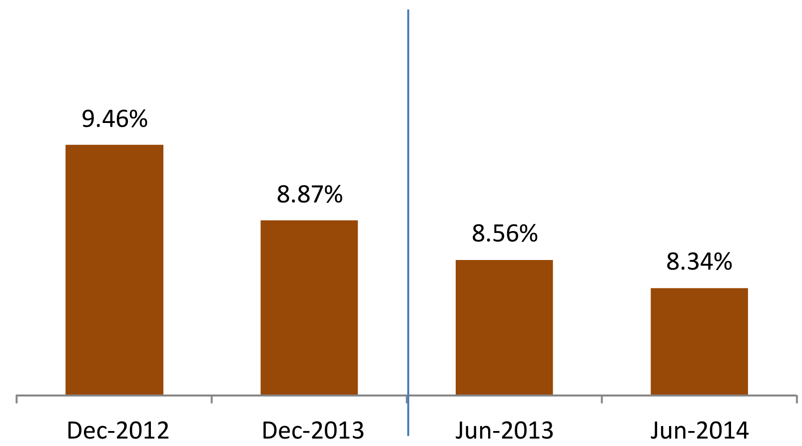
Net Interest Margins

GTBank

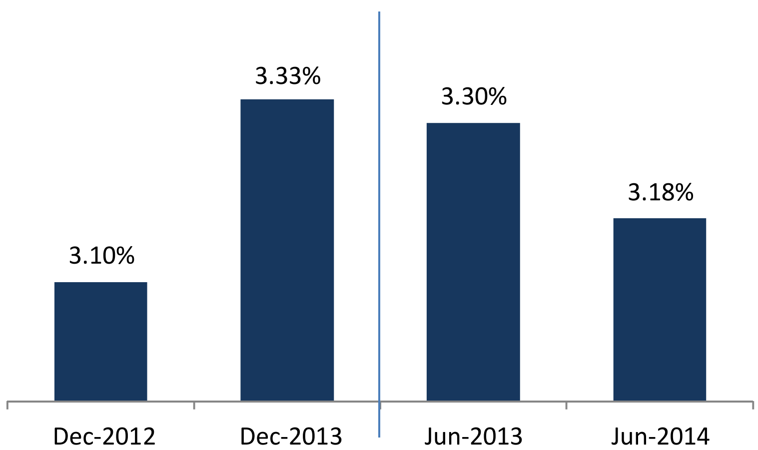
Strong margins

- Slight NIM compression to 8.34% in June 2014 (compared to 8.56% in June 2013)
- Margins compressed as a result of
  - Increased proportion of loan book comprised of dollar lending. Fx loans currently constitute 44.90% of loan book versus 38.04% as at June 2013
    - Increase in fx loans towards the end of 2013 were as a result of significant opportunities for quality loans
  - Lower yields on T-Bills and increased system liquidity
- GTBank grew deposits by 8.72%, while lowering cost of deposits in a period of increasing CRRs and rising cost of deposits

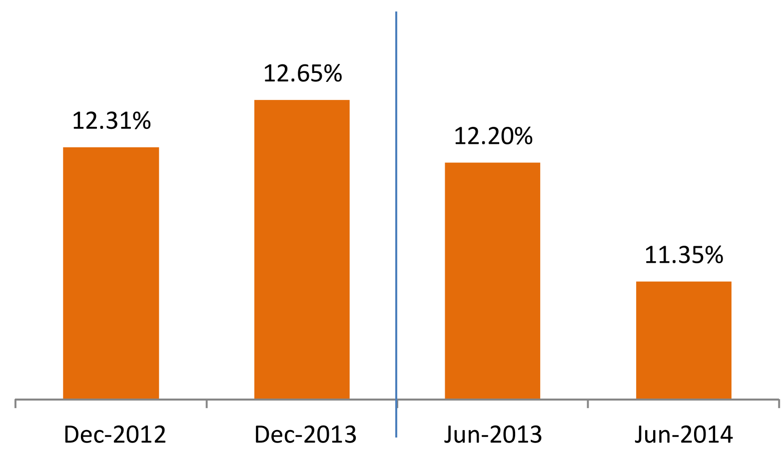
History of Strong NIMs



Cost of Interest Bearing Liabilities



Yields on Interest earning Assets



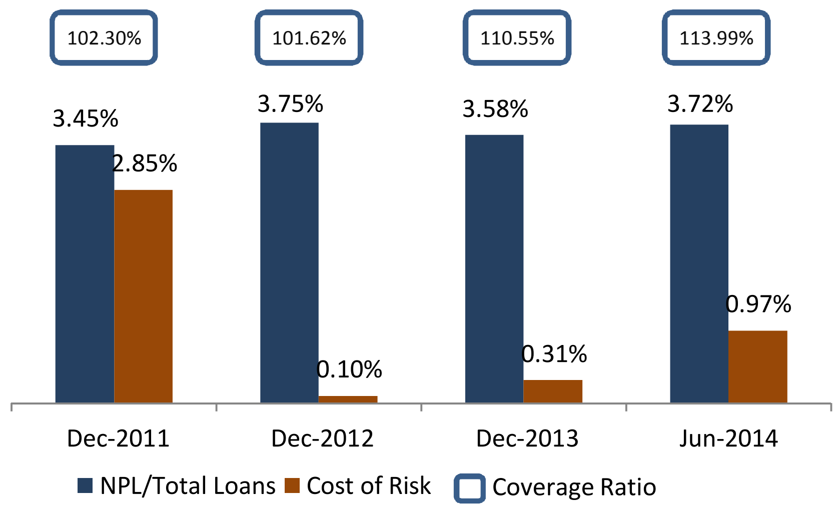
Asset Diversification & Quality

GTBank

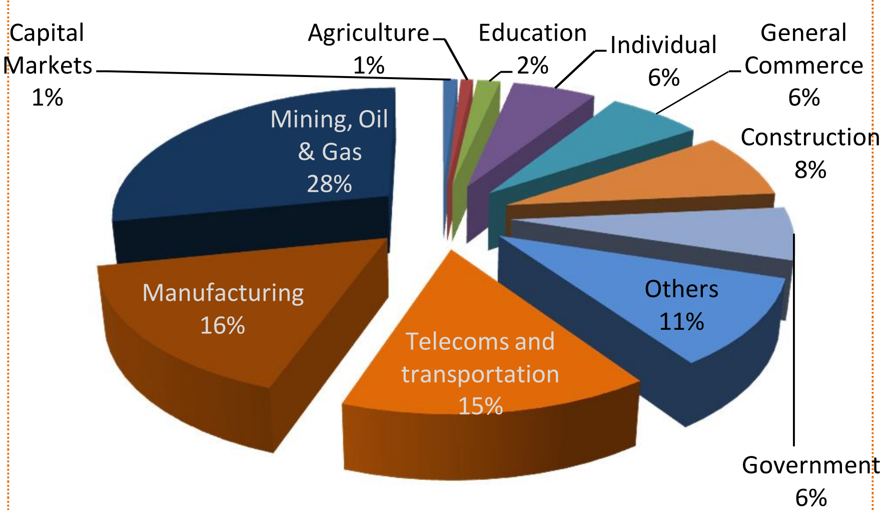
NPL, Coverage, COR

- NPL ratio – 3.72% (Dec 2013 – 3.58%)
- Coverage – 113.99% (Dec 2013 – 110.55%)
- Cost of risk – 0.97 % (Dec 2013 – 0.31%)
- Bulk of NPLs is from the manufacturing sector and attributable to a customer and bulk of NPLs in telecoms attributable to Hi Media group

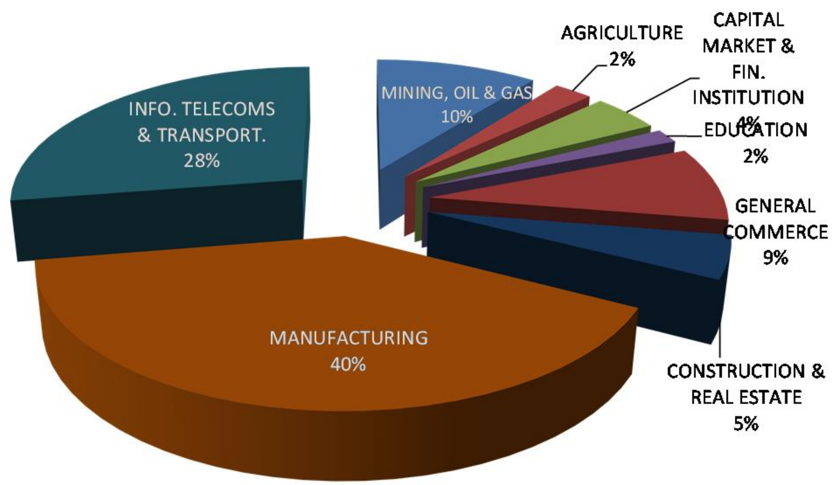
NPLs and Coverage



Loans by Industry



NPLs by Industry



Outline

4	Conclusion

In conclusion…

In spite of what has been a challenging 1st half ….

- Gross earnings growth will continue

- Loan growth will be much stronger in second half

- No other significant impairment expected

…therefore, we expect a much stronger second half for 2014.

Business Strategy and Objectives

GTBank

COMPASS STATEMENTS

To be one of the top three banks in Africa by 2016 (absolute profitability)

Dominate our chosen markets	African Expansion	Talent Management & Leadership
Aggressively grow market share in our chosen/priority sectors	Scale up our franchise in Africa	Knowledgeable and highly driven staff with deep industry skills
Leverage Technology	**Competitive Cost Containment**	**Enhanced Risk Management**
Scalable, fit for purpose technology platform	Continue to win on the basis of cost	Strong risk management practices with deep competencies in our key markets

Enablers

Deep Market Knowledge	Products and Solutions	Strategic Relationships

Thank you

Thank You