



Guaranty Trust Bank Ltd
RC 152321

Interim Report





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Group CEO's Letter to Shareholders

Dear Shareholders,

I am delighted to present our audited results for the first half of the 2021 financial year.

Coming into this year, we knew that many of the challenges of the previous year would persist, and that we would face even greater pressures as people, businesses and economies around the world continue to contend with the uncertainties brought on by the Covid-19 pandemic. In spite of these challenges, we stayed focused on delivering on our business objectives by strengthening customer relationships, enhancing service experience across all customer touchpoints and committing resources to support public health efforts against the pandemic.

During the period under review, we successfully completed our transition to a holding company structure in line with your mandate. It means that we are now better positioned to optimise the full benefits of the value we have worked so hard to create together in our 31 years of existence as a Proudly African and Truly International financial institution.

The present realities of the operating environment notwithstanding, we turned in a good financial performance in the first half of the year. A review of the results shows decent performance across key financial metrics, reaffirming the Bank's position as one of the best managed financial institutions in Nigeria. The Group reported profit before tax of ₦93.1billion, representing a dip of 15.2% compared to ₦109.7billion recorded in the corresponding period of June 2020. However, the Group's transactional income maintained an upward trajectory as shown in fees and commission income which grew by 44.7% from ₦26.5billion in H1 2020 to ₦38.3billion in H1 2021.

The structure and earning capacity of the Group's balance sheet remains strong and resilient with total assets closing at ₦5.017trillion, primarily driven by a

4% increase in deposit liabilities from ₦3.611trillion in December 2020 to ₦3.755trillion in June 2021 and a slight dip in loans (net) by 1.8% from ₦1.663trillion as at December 2020 to ₦1.632trillion in June 2021. Full Impact Capital Adequacy Ratio (CAR) remained very strong, closing at 24.0%, while Asset quality was sustained as NPL ratio and Cost of Risk (COR) closed at 6.0% based on IFRS and 0.27% in June 2021. Overall, Guaranty Trust Bank Plc continues to post one of the best metrics in the Nigerian Banking industry in terms of key financial ratios i.e., Post-Tax Return on Equity (ROAE) of 19.7%, Post-Tax Return on Assets (ROAA) of 3.2%, Full Impact Capital Adequacy Ratio (CAR) of 24.0% and Cost to Income ratio of 49.0%.

It has been a very busy first half of the year for all of us at Guaranty Trust Bank

With people and businesses keen to get back on track after one of the biggest threats to public health in recent history and the attendant slump in economic activities, we are pulling the full weight of our resources, expertise and market-leading financial solutions to ensure the best outcomes for all our customers.

All our branches are now fully operational and open to the public, following the success of our system of alternating branch openings to minimise the risk of spreading the virus during the height of the pandemic. Also, some new branches have been established to add to our existing branch network. With resumption of full operations, we have continued to enforce social distancing measures as well as all health and safety protocols necessary to curb the spread of the Covid-19 virus.

In line with our digital-first strategy, we have continued to automate in-branch processes to significantly cut down wait-times and accelerate the turnaround time for our walk-in customers. For example, we are installing Card Printing Machines across our branches to enable customers print and activate their debit cards by themselves and instantly too. This innovation has been

very effective in driving our cashless banking and card collection campaigns.

We are also enhancing service experience across all our digital channels to give customers as many options as they may need for every eventuality. When customers do not have their debit cards on them, they can still use any of our ATMs to withdraw cash, make transfers and complete other banking transactions using our Fingerprint Banking service. Bringing biometric authentication to our ATMs has made banking easier for our customers. Not only is it convenient and reliable, it is also a very secure technology; requiring a match of the mobile number and biometric information registered on a customer's unique BVN. Count and value of fingerprint-authenticated transactions on our ATMs during the first half of the year were in excess of 4,400,000 and ₦33billion, respectively, with an average of 511,000 unique users added monthly.

More customers are also choosing our online banking channels as their preferred way to access our products and services, especially our one-click personal loans. During the first half of the year, we disbursed over ₦47billion in QuickCredit facilities, predominantly via our mobile and online banking channels. During this half year, we processed transactions in excess of ₦19.8trillion via our online banking channels. We have continued to add more intuitive and convenient self-service options to give customers greater control over how they bank. The latest of these is our GTAssistant service — a free and secure automated email service that gives customers instant access to information about their accounts and prompt resolution to service issues. We know that people get more things done when they can do it easily on their own terms; hence, solutions like GTAssistant, enable us to not only simplify and streamline self-service processes for our customers, but also free up valuable time for them to attend to their other endeavours.

Beyond growing businesses and empowering people in our communities, we are also touching lives in more profound ways. Last year, we launched BetaHealth to offer health insurance that is affordable for every Nigerian and one which provides coverage for basic and essential health services. This year, we put the product to very special use: in honour of the 2021 International

Women's Day, we provided 1,000 self-employed women in low income and informal jobs, free access to healthcare coverage to last a whole year. Empowering these women, most of whom had limited or no access to health and financial services, is simply scratching the surface of what we aim to achieve with BetaHealth. With a subscription cost of just N500 per month (the cheapest coverage plan in Nigeria) and health services that are accessible at over 1,000 hospitals and pharmacies nationwide as well as remotely via telemedicine, our goal is to continue to create innovative solutions that extend essential human services to everyone, irrespective of income and geographical location.

Our leadership in the banking industry and efforts at empowering people and communities, has not gone unnoticed. During this half year, we were recognized as Africa's Best Bank and the Best Bank in Nigeria at the 2021 Euromoney Awards for Excellence. Guaranty Trust Bank Plc also retained its position as Africa's Most Admired Financial Services Brand in the 2021 ranking of The Brand Africa 100: Africa's Best Brands.

We are now a fully-fledged Financial Services Group

Our biggest step towards creating more value for customers and all our stakeholders this year has been our corporate reorganization into a holding company structure.

Following the reorganisation, the Bank has transitioned from a Publicly Listed Company ("**Guaranty Trust Bank Plc**") to a Limited Liability Company "**Guaranty Trust Bank Limited**" and is now a subsidiary of the new parent company - Guaranty Trust Holding Company Plc ("**GTCO Plc**"). Guaranty Trust Holding Company Plc is the entity listed on the Nigerian Exchange (NGX) Limited and the London Stock Exchange, replacing Guaranty Trust Bank Plc. GTCO Plc will operate as the parent company of all Guaranty Trust banking businesses in Nigeria, Ghana, Kenya, Côte d'Ivoire, Liberia, Sierra Leone, Uganda, Rwanda, Tanzania, The Gambia and the United Kingdom, as well as, other non-banking businesses which we will establish.

GTCO Plc is governed by a six-man Board of Directors with Mr Sola Oyinlola as the Chairman, and my humble self, as the Group Chief Executive Officer of the Holding Company. Guaranty Trust Bank Limited, our banking subsidiary in Nigeria, is governed by a seven-man board, with Mr Ibrahim Hassan as Chairman and Mrs Miriam Olusanya as the Managing Director of the Bank. All board appointments have been approved by the Central Bank of Nigeria and disclosed to the Securities and Exchange Commission and the Nigerian Exchange Group. I look forward to full introduction of the Holding Company board members to you in person at our next Annual General Meeting.

Now that the reorganization is complete, our work has just begun. To become Africa's leading financial services group, we will need to not only grow exponentially, but also diversify the value we create. We are focused now more than ever on growing and strengthening the Corporate, Commercial, Mass Retail and SME segments of our banking franchise in Nigeria as well as extracting more value from our international subsidiaries. We are relentless in our drive to continuously innovate and create multiple income streams, and in the coming months, we will share with you further details about the new businesses we are establishing including Payments, Asset Management and Pension Fund Administration. These new businesses will enable us to compete more effectively in our ever-evolving competitive landscape and ensure that our market valuation is a true reflection of the value inherent in the Group.

Indeed, the next phase of our corporate journey will introduce a new chapter of Guaranty Trust championing Africa's growth. We have a clear vision—to be Africa's leading financial services group, and guided by our founding values—of excellence, hard work and integrity, we are committed to delivering on our mission to make end-to-end financial services easily accessible to everyone in a way that generates long-term value for you, our shareholders.

Looking forward, the second half of the year will present real challenges as we forge ahead against the current economic headwinds, but we are very excited to take on the future considering that the rewards for us as

an organization are more promising than ever. We are positive that by focusing on the opportunities before us, maintaining our high standards in delivering superior customer experience, and leveraging our new corporate structure to best service our growing customer base, we will chart new frontiers of progress for our organization and continue to deliver sustainable growth in earnings for you, our esteemed shareholders.

Thank you for your continued trust.

Segun Agbaje

Group Chief Executive Officer



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Macroeconomic Review

In the first half of the year, the global economy recovered strongly from the pandemic-induced recession in 2020. The growth was largely buoyed by the resumption of industrial activities as most economies relaxed lockdown measures, following the rapid pace of vaccination around the world. Despite the successes in the rate of inoculation, some economies faced a third wave of the pandemic, while many others became more cautious over the growing concerns of the outbreak of the more infectious Delta variant.

The economic recovery in Advanced Economies was supported by the continuation of expansionary fiscal policies and large-scale quantitative easing measures. The use of these policies has fueled global inflationary pressures, while the interest rates in Advanced Economies remained at near zero levels. In Emerging Economies, the Central Banks began to normalize their monetary policy to combat inflationary pressures and induce capital inflows. This resulted in an uneven pace of growth between the Advanced and Emerging Economies.

In Nigeria, the lockdown measures remained relaxed, and economic growth was sustained by the continued support of both the monetary and fiscal authorities. In March 2021, the Central Bank of Nigeria (CBN) announced the addition of N150 billion to its Targeted Credit Facility, a stimulus programme for Micro-, Small- and Medium-Sized Enterprises (MSMEs) as well as households affected by the pandemic. The increase follows the success of this programme in boosting consumer expenditure, with over N149bn having been disbursed to 316,869 beneficiaries. Also, to mitigate the negative impact of Covid-19 on the domestic economy, the CBN extended the moratorium on principal payment on intervention loans for one year and directed that the reduction in the interest rate on these facilities remain at 5% (from previously 9%) till February 2022.

With the extension of key monetary stimulus, the recovery path of the Nigerian economy strengthened by recording a real growth of 0.51% in Q1-2021 and

5.01% in Q2-2021. The growth was largely propelled by the growth of the Non-Oil Sector, particularly the Trade, Telecommunications and Construction Sectors. The Trade and Manufacturing Sectors, which grew by 22.49% and 3.49% (respectively) in Q2-2021, was on the account of the recovery of the global supply chain, the reopening of the land borders and improvement in aggregate demand. The Construction Sector grew by 3.7% in Q2-2021 from 1.42% in Q1-2021, as the current administration remains very keen in reducing the Country's infrastructural deficit.

Conversely, the growth of the Oil Sector dipped to -12.65% in Q2-2021 from a contraction of 2.21% in Q1-2021. The Oil Sector continued to be beleaguered by the protracted OPEC's production cut, which keeps Nigeria's production quota at 1.4mb/d as the domestic production declined to 1.35mb/d in Q2-2021 from 1.47mb/d in Q1-2021 in a bid to effectively comply with OPEC's production quota. The pickup in crude oil price from \$48 per barrel in Q4-2020 to \$72 per barrel at the end of Q2-2021, was not adequate to compensate for the impact of production volume cut resulting in the fifth consecutive contraction.

The dwindling crude oil earnings exacerbated the pressure on the exchange rate. The CBN made concerted efforts to abate this pressure via offering cash incentives in Naira to improve diaspora remittances (₦5 for \$1). The CBN also ensured that only permissible transactions which qualifies for FX are funded through official windows. Despite the effort of the CBN, the Naira depreciated marginally in the Investors' and Exporters' (I&E) window to close at N411.5/\$ in June 2021 from N408/\$ in December 2020. Also, the external reserves declined from \$35.3bn in December 2020 to \$33.3bn in June 2021.

The pressure on the exchange rate largely contributed to the inflationary pressures during the year. The prices of exchange rate sensitive items rose at double digit rates, causing the inflation rate to rise to 17.75% in June 2021 from 15.75% at the beginning of 2020.

Furthermore, food inflation, which rose to 21.83% in June 2021 from 19.56% at the start of the year, was a significant contributor to the pick-up in price levels. Food inflation has been rising rapidly since 2020 as the lockdown impeded the easy flow of food from the rural to the urban areas. Also, the protracted farmer-herder crisis continued to negatively impact food production resulting in shortages and consequently increase in the price of food.

Given the negative real return based on rise in inflation rate, the CBN toned down on its unprecedented monetary accommodation by increasing the rate offerings on fixed-income securities which serve as an anchor for corresponding increase in risk assets pricing and consequently growth as the credit to the private sector grew to N32.6trillion in June 2021 from N30.1trillion in December 2020.

The fiscal stance was also supportive of growth as the Government remained responsive in addressing the infrastructural deficit in the Country. In February 2021, the Government established the Infrastructure Corporation of Nigeria (InfraCo), which aims to raise \$36.7bn for projects on the short-run, however, the massive roll out of infrastructural project has resulted in an increase in the total debt stock of the Country. The total debt stood at ₦35.5trillion in June 2021 from ₦32.9trillion in December 2020.

Outlook

In the next half of the year, we expect the Monetary and Fiscal Authorities to remain very supportive of economic growth. Also, we expect that Government will continue its massive infrastructural campaign, which has considerable multiplier effects on the domestic economy. On the monetary side, we expect that the Apex Bank will continue providing low-interest rate credits (through its intervention loans) to critical sectors of the economy, particularly the Manufacturing, Trade and Agriculture Sectors, whilst ensuring adequate control over system liquidity to contain inflation and exchange rate pressures.

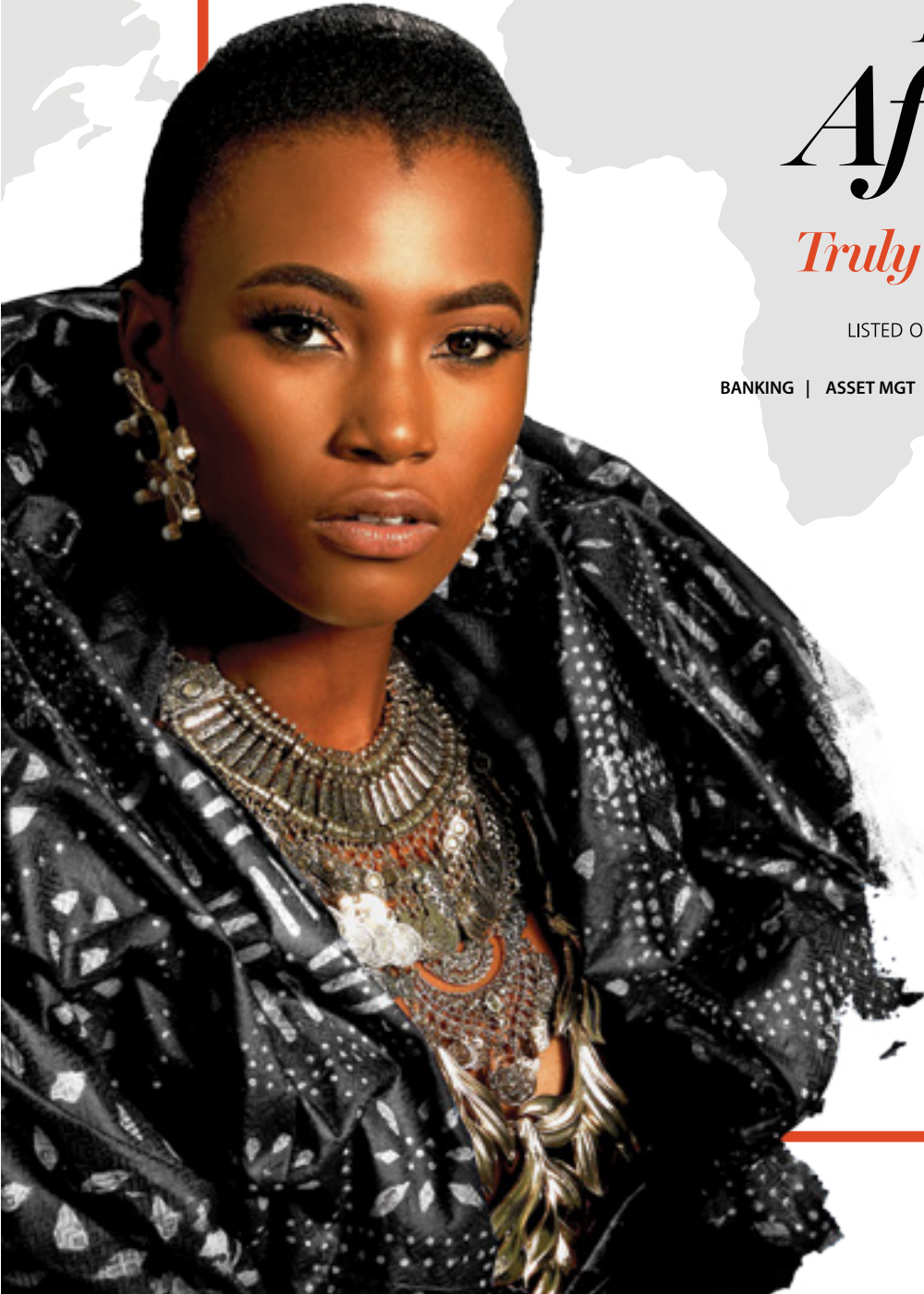
We also expect a turnaround for the Oil-Sector, with the projection that crude prices will remain stable at its current levels, and crude production will increase

as OPEC tapers its production quota (effective August 2021). Similarly, we expect the strengthening of the Non-Oil Sector, with the speedy recovery of the global supply chain and the rebounding domestic consumer and producer confidence, evidenced by improvements in the Manufacturing Purchasing Managers' Index (PMI), which stands at 45.5 index point in June 2021, compared with 41.1 index point in the comparable period of 2020.

The Bank will continue to take advantage of the opportunities presented by the expected improvement in the operating environment, in a bid to close the 2021 Financial year with a decent performance.



Guaranty Trust Holding Company Plc



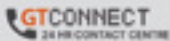
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Awards & Recognition

In 2021, Guaranty Trust Bank was named the Best Banking Group, the Best Retail Bank in Nigeria and the Most Innovative Bank in Nigeria by the World Finance Banking Awards. The World Business Outlook awarded Guaranty Trust Bank the Best Digital Bank as well as an award for the Best Mobile Banking App. The bank also retained its top spot as Brand 100's Most admired financial services brand in Nigeria and Africa in 2021.

Guaranty Trust Bank was named Africa's Best Bank 2021 by Euromoney, the premier information authority on global finance. The Bank was also recognised as Nigeria's Best Bank for a record 11th time at the awards.

 Africa's Best Bank 2021 Euromoney Awards for Excellence	 Nigeria's Best Bank 2021 Euromoney Awards for Excellence	 Most Admired Financial Services Brand in Africa Brand Africa 100	 African Banker of The Year 2021 World Finance Banking Awards
 Best Banking Group 2021 World Finance Banking Awards	 Best Retail Bank in Nigeria 2021 World Finance Banking Awards	 Most Innovative Bank in Nigeria 2021 World Finance Banking Awards	
 Best Digital Bank Award World Business Outlook	 Best Mobile Banking App World Business Outlook	 Most Admired Financial Services Brand in Nigeria Brand Africa 100	

Corporate Social Responsibility Report

In going beyond banking, we strongly believe that it is essential to give back to the communities in which we operate and see Corporate Social Responsibility (CSR) as a critical component for business sustainability. In line with our CSR mandate, we have continued to support several important causes this year; contributing our time, money and resources in ways that make a positive impact. This report highlights the various ways we are helping to safeguard lives and improve outcomes for people in our communities.

Going a Step Further With Vaccines

The COVID-19 pandemic put an overwhelming burden on healthcare systems around the world, hampering business operations, disrupting our ways of life and driving billions of people into further socio-economic distress. The development of vaccines means that we can dream of a return to normalcy, but access to vaccines remains a problem for many African countries.

To bridge this access gap, we gave the full strength of our support to the Nigerian government's relief efforts and played a leading role in the Private Sector Coalition against COVID-19, also known as CACOVID. CACOVID served as a vehicle for procuring vaccines for Nigerians.

1000 Women Have Beta Health

For the 2021 International Women's Day (IWD21), Guaranty Trust launched #GiveHerBetaHealth to draw attention to the need for essential healthcare coverage, especially for women in the informal sector. Through this initiative, we provided 1000 self-employed women with health insurance for a year at no cost.

Launched in 2020, BetaHealth is a low-cost healthcare package that provides coverage for essential health services such as malaria treatments, pre and postnatal care, accidents and medical emergencies as well as life insurance, all at a subscription fee of N500 per month.

Coming Together To Uplift Vulnerable Mothers And Children

In 2021, we continued our decade-long partnership with the Swiss Red Cross, donating 100,000CHF to support vulnerable women and children in Africa, Asia and Geneva Canton. Specifically, this funding will significantly impact all the critical aspects of maternal health, promoting health education and providing preventive and curative maternal and child care.

Our donation to this cause is consistent with our commitment to making a difference in maternal and child health. Over the years, we have provided medical care to stop mother-to-child HIV transmissions.

Keeping the Ball Rolling

After lockdown restrictions in 2020 put public gatherings on hold, we were as excited as our young football stars for the opportunity to get back to the pitch for the conclusion of the Masters Cup. The Masters Cup continues to be the leading grassroots tournament in the country, having produced stars who have gone on to play at top soccer academies across the world.

The finals of the Masters Cup lived up to its billing with Eko Boys High school emerging as winners of the male category. Anwar Ul Islam and Kings College emerged second and third-placed teams, respectively, for the male category. Lead Forte College, Lekki, were crowned champions for the first time in the school's history while Greensprings College and Queens College finished as the second and third-placed teams respectively in the female category.

Promoting Financial Literacy

Every year, our staff volunteer their time and contribute their knowledge to the greater good of the communities around them. This year, our team took out time to share the importance of financial empowerment with over 500

children across four states nationwide to mark Financial Literacy Day. Beyond pushing the Central Bank's mandate of financial inclusion forward, this outreach will teach children the culture of saving and enable them to make wise financial decisions as they grow older.

Encouraging the Culture of Reading

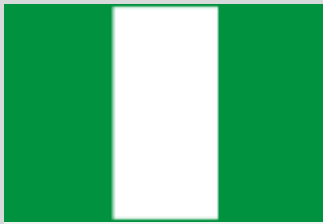
Remarkable stories and the people who tell them inspire us to read. This is why we put a literary spin to this year's Children's Day Celebration, hosting the 91-year-old iconic storyteller, sportswoman and broadcaster, Mrs. Mabel Segun, at a special event.

The event took place at the library in GTBank's Head Office, and children spoke with the author, probing into her literary work. The author of classics like "My Father's Daughter" and "Under the Mango Tree" also had the pleasure of being read to by the kids. She shared tidbits of her life with the children and practical lessons on writing and delivering the perfect poem.

Providing Spaces for Relaxation in Universities

Increasing the quality of education and boosting learning opportunities extends outside the classroom. During the half-year, we focused on improving the social wellbeing of students by providing spaces for relaxation and making connections. We provided benches across the campus grounds of six (6) universities in Nigeria, including UNIBEN, UNILAG, LASU, UNIZIK, UNN and Babcock University. These spaces will play a key role in improving the experiences of students while on the campus.

Our Business Locations



Nigeria

Capital - Abuja

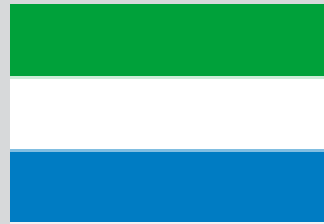
Official Language - English



Gambia

Capital - Banjul

Official Language - English



Sierra Leone

Capital - Freetown

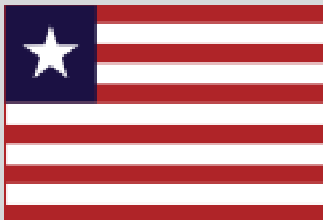
Official Language - English



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



Rwanda

Capital - Kigali

Official Language - Kinyarwanda, French, English



Uganda

Capital - Kampala

Official Language - English, Swahili



Tanzania

Capital - Dodoma

Official Language - English, Swahili