Guaranty Trust Bank plc
RC 152321

# Guaranty Trust Bank

## December 2013 Full Year results Investor Presentation

March 2014

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# Outline

GTBank

1. Macro economic overview
2. Banking industry and regulatory overview
3. FY 2013 results overview
4. 2014 Outlook

# Macro Economic overview

## Continued economic growth

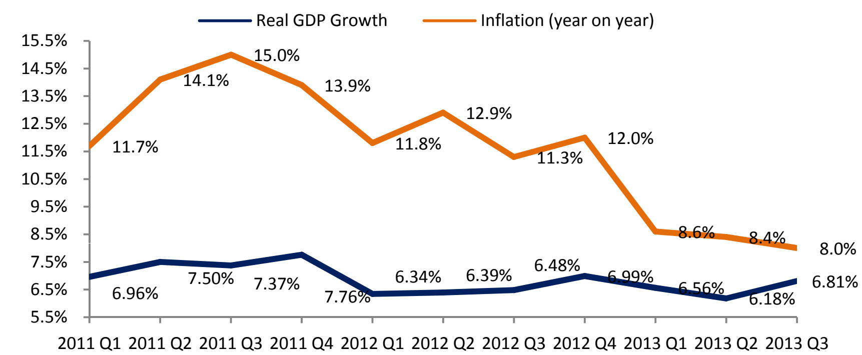
- **Second largest GDP in Sub-Saharan Arica** (after South Africa "S.A."):
  - 2012 GDP: Nigeria - $270bn / S.A. - $384bn
  - GDP rebasing exercise to be completed in 2014 expected to put Nigeria GDP closer to South Africa
  - Q3 2013 Real GDP growth rate: Nigeria – 6.81% / S.A. – 1.70%
  - GDP growth increasingly driven by non-oil Sector

- **Commitment to a Stable Currency**
  - CBN maintained a stable exchange rate regime: $/N155 +/- 3% in 2013
  - High degree of currency stability in light of QE tapering, when compared to peers :
  - Naira (interbank) – 3.2% depreciation in 2013

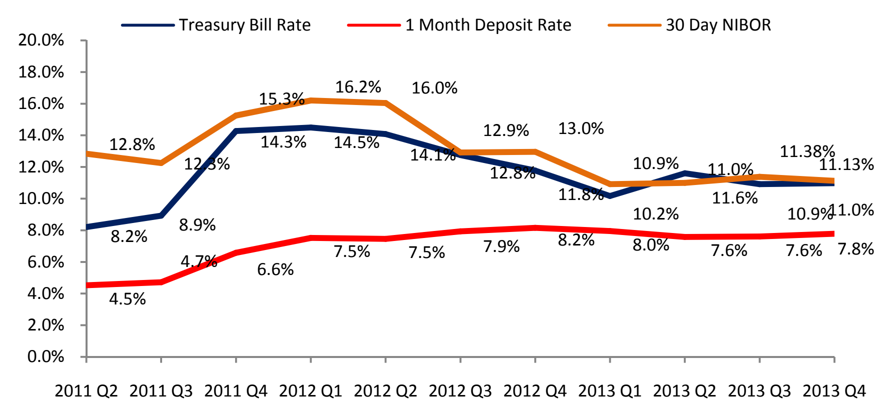
| | |
|---|---|
| Ghana – 25% depreciation | South Africa – 24% depreciation |
| Brazil – 15% depreciation | Russia – 8% depreciation |
| India – 13% depreciation | |

- **Stable and improving inflation**
  - Single digit inflation prevailed through 2013
  - Inflation averaged 8.5% in 2013

### GDP Growth and Inflation



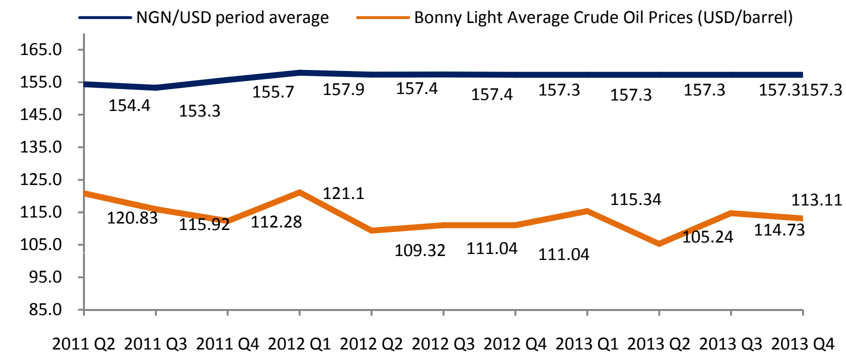

### Interest Rates



# Macro Economic overview (continued)

- **Oil prices and production**
  - Oil production dropped from 2.09mbpd in H1 2012 to 1.99mbpd in H1 2013. However, Oil prices remained above $100/barrel through 2013 (Bonny light averaged $112.11 in 2013).
  - Given current international developments, we expect continued support for oil prices through 2014
  - Fx reserves grew from $44.18bn to a peak of $48.46bn before declining to $44.58bn in 2013. Decline continued in 2014 with reserves currently at ≈$38.7bn
  - Dwindling fx reserves resulting in increased difficulty in CBN's bid to sustain Naira at current value
- **Pre-election year**
  - Presidential elections scheduled for February 14th 2015
  - Pre-election spend and resulting economic stimulation expected to increase system liquidity
- **Reforms**
  - Power sector divestment completed in 2013
  - Further investment in Power sector expected in 2014
  - Further divestments of onshore assets by IOCs ongoing
  - Import 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*

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# Regulatory Pronouncements

| Regulatory Pronouncement | Effective Dates | Rationale |
|---|---|---|
| CBN increases Cash Reserve Ratio (CRR) on all Public funds from 12% to 50%, while retaining the CRR on all other deposits at 12%. | Effective August 2013 | Aimed at curbing the excess liquidity in the banking system and protecting the Naira |
| Wholesale Dutch Auction System (WDAS) replaced by Retail Dutch Auction System (RDAS).<br><br>A limit of USD250,000 as maximum weekly sales to Bureaux de change (BDC) by authorized dealers was put in place by the CBN. | Effective October, 2013<br><br>Effective October, 2013 | To curtail currency speculation |
| Limit of USD250,000 as maximum weekly sales to BDCs lifted. | Effective January, 2014 | Previous limit had inadvertently widened the gap between the parallel and inter bank market, due to the reduced liquidity. |
| Authorized dealers required to fund their accounts with the CBN two working days before RDAS auctions. | Effective February, 2014 | To manage FX demand pressure with the aim of maintaining exchange rate stability. |
| CRR on public sector deposits increased from 50% to 75%. CRR on all other deposits remain at 12%. | Effective February 2014 | To reduce excess liquidity in the banking system with an aim to promoting price stability. |
| CBN governor suspended. Replaced in acting capacity by Sarah Alade (Deputy Governor for Economic Policy at the CBN). | Effective February 2014 | New CBN Governor elect Godwin Emefiele (Current CEO of Zenith Bank) to take over in June 2014 |

*Source: CBN MPC Minutes and CBN Circulars*

# Operating environment

| Events | Regulator | Banking industry |
| --- | --- | --- |
| • New Banker's Tariff<br>o COT reduction<br>o Minimum interest on savings deposits<br>o Reduction of Fx transfer charges<br>• Other regulatory<br>o Cancellation of ATM charges<br>o Reduction of International ATM charges<br>o Reduction of Internet token issuance fees<br>o Reduction of SMS alert charges | • New Banker's tariff implemented in Q2 2014 with a primary aim to promote financial inclusion through the reduction/elimination of transaction fees charged by banks<br>• CBN instituted other reductions outside of the Banker's tariff to further lower transaction costs to the customer | • Banker's Tariff resulted in<br>o Reduction in fee income<br>o Increase in interest expense<br>o Increase in operating expense due to costs previously being passed onto customers now being borne by Banks<br>• Banks sought to boost other income lines to compensate for income lost due to Banker's Tariff |
| • Increase in AMCON sinking fund charge from 0.3% to 0.5% | • To ensure AMCON liabilities are repaid as they fall due | • Increase in operating expenses for banks |
| • Public Sector CRR increased to 50% and then to 75%<br>• WDAS changed to RDAS<br>• Suspension of interest on CRR | • Reduction in market liquidity<br>• Reduction in speculative FX demand<br>• Stabilize/Protect Naira | • Reduced capacity to lend<br>• Rise in interbank rates. NIBOR hit 55% (September '13) in reaction to first hike in CRR<br>• Banks better prepared for second hike<br>• Increased competition for non-public sector deposits<br>• Loss of income from funds sterilized as CRR |
| • US Fed QE tapering | | • Upward volatility in interbank FX rates and Fixed income securities<br>• Increased Naira liquidity<br>• Outflow of portfolio investor funds<br>• Increase in FX speculative activity |

# Operating environment (cont'd)

| Events | Regulator | Banking industry |
|---|---|---|
| • Cashless policy<br>• Biometric ID system | • "Cashless" policy extended to 5 states<br>• Biometric ID to encourage retail lending | • Cashless policy expected to reduce cash handling costs and increase electronic banking<br>• Banks to acquire and integrate biometric registration devices |
| • MPR maintained at 12% | • Price stability<br>• Inflation kept in single digits | |
| • 2014 outlook<br>  • Price volatility<br>  • New CBN Governor: Regulatory policy uncertainty<br>  • Election build-up<br>  • Higher inflation (9.00% - 11.00%) | • Further tightening likely<br>  • Upward increase in MPR from 12%, or increase in ±200bps interest rate corridor<br>  • Increase in Public Sector CRR: 75% - 100%<br>  • Increase in Private sector CRR: 12% – 15%<br>• Possible review of the exchange rate benchmark | • Higher fixed income yields<br>• Increased competition for non-public sector deposits/Higher cost of funding<br>• Continued government borrowing at higher yields may "crowd out" private sector<br>  • Customers shifting from deposits to treasury instruments<br>  • Higher lending rates |

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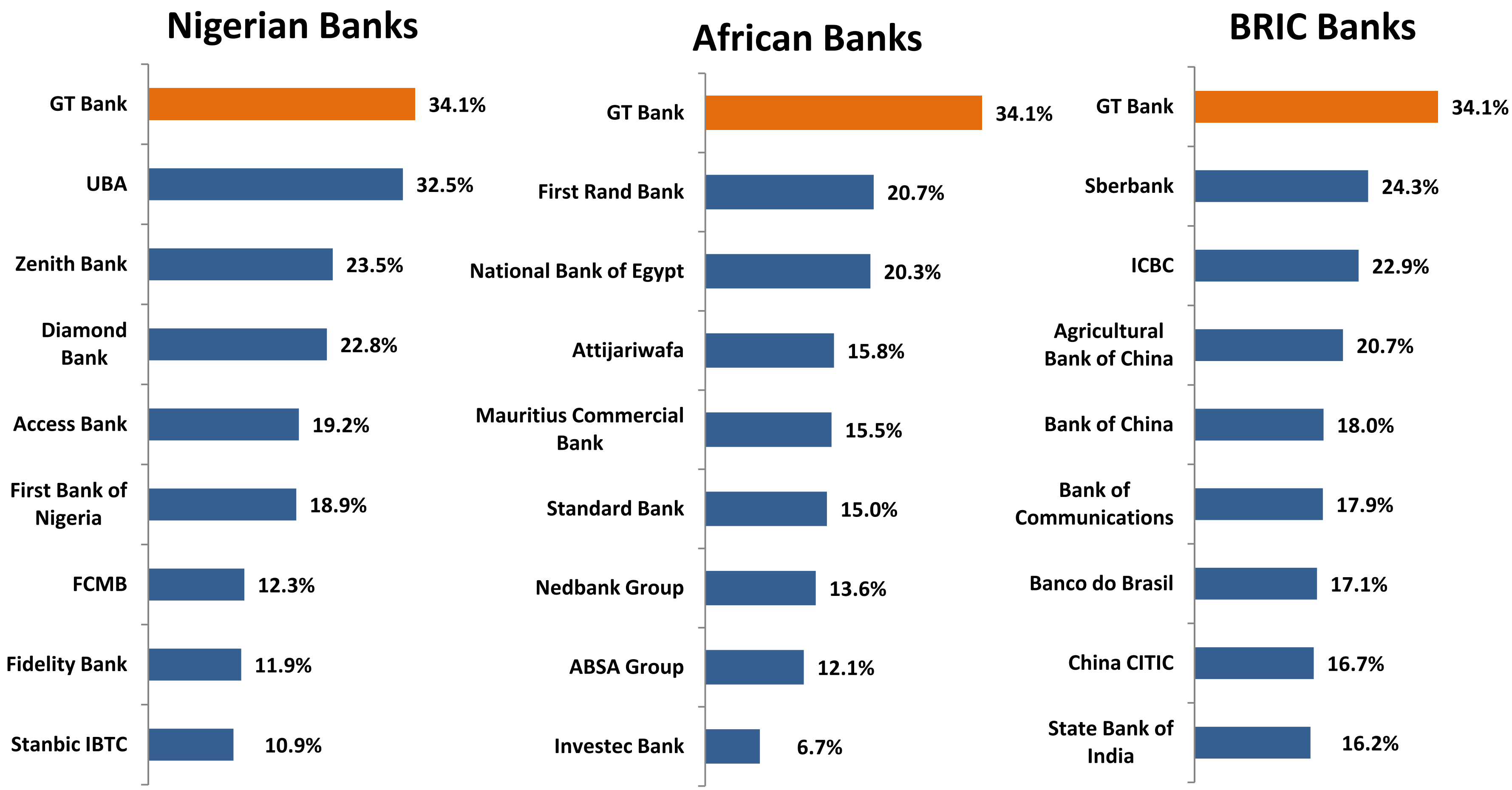
# Financial Highlights

| | |
|---|---|
| **Financial Highlights**<br>*December 2013* | • PAT: ₦90.02bn (December 2012: ₦87.30bn), 3.1% improvement<br>• PBT: ₦107.09bn (December 2012: ₦103.03bn), 3.9% improvement<br>• ROAE: 29.32% ROAA: 4.69%<br>• EPS: 317k<br>• Total Year Dividend: 170k per share *(145k final, 25k interim)* |
| **Revenue Generation**<br>*Robust and sustainable* | • Loan book (Net) – ₦1,007.97bn (December 2012: ₦783.91bn) up 28.58%<br>• Interest Income – ₦185.38bn (December 2012: ₦170.30bn), 8.86% improvement<br>• Non Interest Income – ₦57.28bn (December 2012: ₦52.77bn) up 8.58%<br>• Deposits – ₦1.44trn (December 2012 : ₦1.17trn) up 23.09% |
| **Operational efficiency**<br>*Key factor for success* | • Cost to income ratio – 43.53% (December 2012 : 43.09%)<br>• Absolute operating expenses up 5.8% from December 2012<br>• Management's current drive is for sustainable efficiency in operations with an aim to achieve 40% cost-to-income ratio by 2016 |
| **Margins & Quality**<br>*Resilient* | • Net Interest Margin – 8.87% (December 2012: 9.46%), a reflection of robust revenue generation and balance sheet efficiency in era of declining yields and regulatory headwinds<br>• NPLs – 3.58% (December 2012: 3.75%)<br>• Coverage ratio –110.6% (December 2012 : 101.6%) |
| ***Subsidiaries***<br>*Strong growth potential* | • GTBank successfully completed its acquisition of Fina Bank and its subsidiaries<br>• Fina Bank has now been rebranded to GTB Kenya, GTB Rwanda and GTB Uganda<br>• Fina Bank was already a profitable venture prior to acquisition and we are confident that it will be a lot more profitable, efficient and innovative under the GTBank umbrella |

# GT Bank remains highly competitive amongst peers

GTBank

## FY 2012 ROE compared to banks across pertinent regions

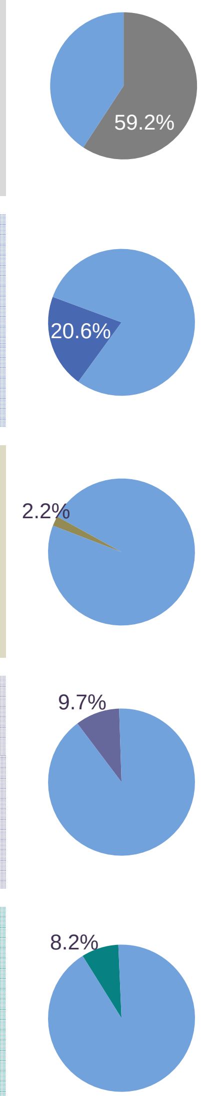



*Source: Bloomberg*

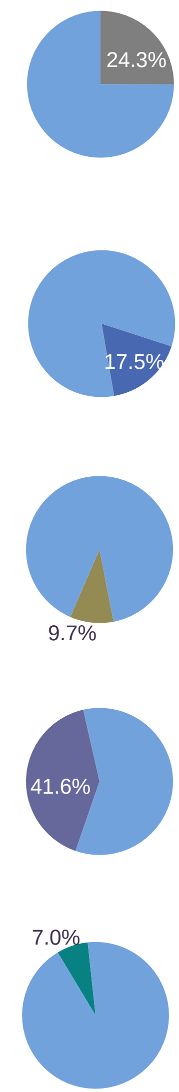
# Business segmentation

| | Description | Key figures |
|---|---|---|
| **Institutional and Wholesale** | • Multinationals and large corporates (turnover > ₦5bn)<br>• Comprised of six sectors:<br>• Energy • Telecoms • Maritime<br>• Corporate Finance • Corporate Banking • Treasury | • Over 400 customers<br>• ₦597.06n loans<br>• ₦349.86.1bn deposits<br>• ₦62.94bn PBT |
| **Commercial** | • Middle market companies, with turnover between ₦500mm and ₦5bn<br>• Extensive product range: tailor-made solutions and flexibility<br>• Custom E-commerce solutions | • Over 50,000 customers<br>• ₦208.06bn loans<br>• ₦252.11bn deposits<br>• ₦19.77bn PBT |
| **SME** | • Small and medium enterprises with turnover under ₦500mm<br>• Products tailored to cater to small, fledgling and other types of fairly unstructured businesses | • Over 150,000 customers<br>• ₦22.09bn loans<br>• ₦139.84bn deposits<br>• ₦5.0bn PBT |
| **Retail** | • Deposit drive focus for retail customer-base<br>• Rapidly developing business line<br>• 209 branches, 48e-branches & 1,051 ATMs<br>• Extensive leverage of all distribution channels | • Over 5million customers<br>• ₦98.23bn loans<br>• ₦600.16bn deposits<br>• ₦12.60bn PBT |
| **Public Sector** | • Focus on:<br>• Federal government<br>• State governments<br>• Local governments and customers<br>• Active in all government segments | • Customers include all tiers of government<br>• ₦82.51bn loans<br>• ₦100.73bn deposits<br>• ₦6.79bn PBT |

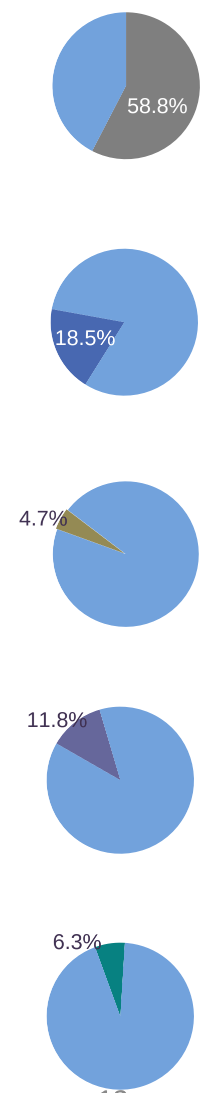
**Loans**




**Deposits**




**PBT**



# Geographical distribution

GTBank

**GTB UK**

- Established in 2008
- 100% owned by parent
- 1 branch
- ₦7.82bn invested by parent
- FY 2013 PBT: ₦54.84mm
- ROE: 0.87%

**GTB Gambia**

- Established in 2002
- 77.81% owned by parent
- 17 branches
- ₦574.28mm invested by parent
- FY 2013 PBT: ₦674.85mm
- ROE: 45.38%

**GTB Sierra Leone**

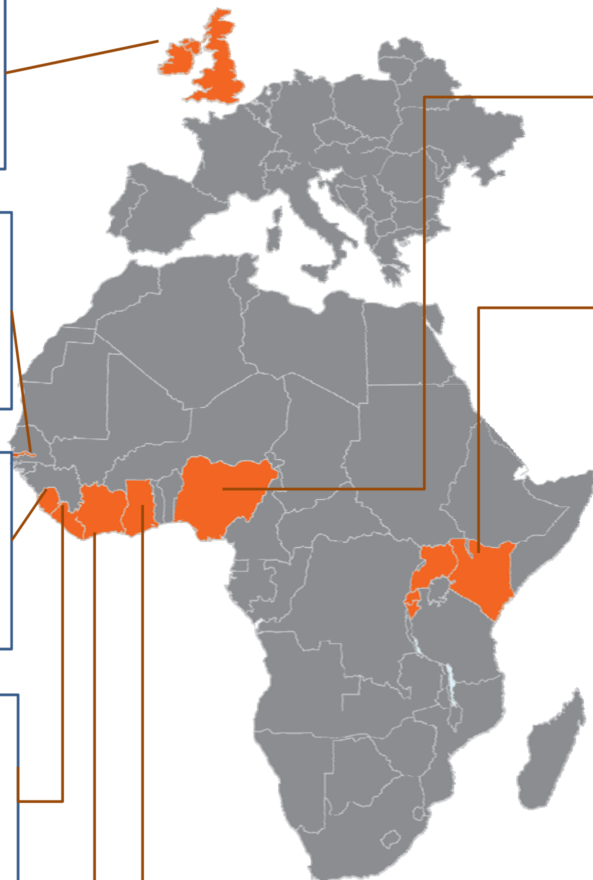
- Established in 2002
- 84.24% owned by parent
- 12 branches
- ₦594.11mm invested by parent
- FY 2013 PBT: ₦801.16mm
- ROE: 39.40%

**GTB Liberia**

- Established in 2009
- 99.43% owned by parent
- 7 branches
- N1.95bn invested by parent
- FY 2013 PBT: N262.50mm
- ROE: 12.76%

**GTB Cote D'Ivoire**

- Established in 2012
- 98.98% owned by parent
- 3 branches
- N3.49bn invested by parent
- FY 2013 PBT: (N355.67mm)
- ROE: -12.35%



**GTBank plc**

- Parent Company
- Established in 1991
- 241 branches, 48 e-branches
- N332.35bn in shareholder's funds
- FY 2013 PBT: N100.46bn
- ROE: 32.61% (bank only)

**GTB Kenya**

- Acquired in 2013
- 70% owned by parent
- 14 branches
- N17.13bn invested by parent
- FY 2013 PBT: N96.83mm
- ROE: 4.98%

**GTB Uganda**

- Acquired in 2013
- Subsidiary of GTB Kenya
- 7 branches

**GTB Rwanda**

- Acquired in 2013
- Subsidiary of GTB Kenya
- 17 branches

**GTBank Ghana**

- Established in 2006
- 95.37% owned by parent
- 26 branches
- N8.57bn invested by parent
- FY 2013 PBT: N6.01bn
- ROE: 44.18%

## Developments

- In 2013, GTBank purchased a 70% stake in Fina Bank for a total consideration of $110m
  - $30 by way of Offer for Subscription and
  - $80m by way of Offer for Sale
- In December 2013, GTBank received all regulatory approvals thus completing its acquisition of Fina Bank
- Acquisition of Fina Bank gives GTBank access into 3 East African countries: GTBank Kenya, GTBank Rwanda and GTBank Uganda
- GTBank now operates out of 10 locations across Africa and UK
- No acquisitions or entries into new countries planned for 2014

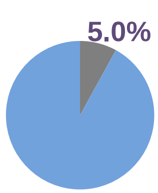
# Group presence per country

| ₦'bn | Assets | y-o-y | Loans | y-o-y | Deposits | y-o-y | PBT | y-o-y |
|---|---|---|---|---|---|---|---|---|
| **Cote D'Ivoire** | 4.9 | *36%* | 0.3 | *50%* | 1.7 | *467%* | -0.4 | *100%* |
| **Gambia** | 11.3 | *7%* | 3.5 | *-15%* | 9.8 | *11%* | 0.7 | *40%* |
| **Ghana** | 69.5 | *23%* | 22.0 | *9%* | 52.7 | *24%* | 6.0 | *36%* |
| **Liberia** | 12.0 | *36%* | 4.3 | *30%* | 8.8 | *57%* | 0.3 | *50%* |
| **Sierra Leone** | 17.8 | *30%* | 5.1 | *34%* | 15.1 | *37%* | 0.8 | *33%* |
| **United Kingdom** | 64.0 | *1%* | 13.5 | *23%* | 55.5 | *0%* | 0.1 | *0%* |
| **Kenya** *(includes Rwanda & Uganda)* | 69.0 | *N/A* | 0.0 | *N/A* | 55.0 | *N/A* | 0.1 | *N/A* |
| **Total Subsidiaries** | **248.5** | ***59%*** | **48.7** | ***15%*** | **199** | ***60%*** | **7.6** | ***36%*** |
| ***% of total*** | *12%* | | *5%* | | *14%* | | *7%* | |
| | | | | | | | | |
| **Nigeria** | 1,904.4 | *18%* | 927.0 | *25%* | 1,262.0 | *19%* | 100.5 | *0%* |
| ***% of total*** | *88%* | | *95%* | | *86%* | | *93%* | |
| | | | | | | | | |
| **Grand Total** | **2,152.9*#** | ***21%*** | **975.7*** | ***24%*** | **1,460.6*** | ***23%*** | **108.1*** | ***2%*** |

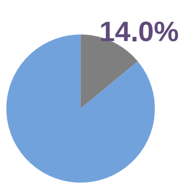
** Inclusive of elimination entries*
*#Exclusive of SIT and GTB B.V*

**Foreign Contribution to Group**

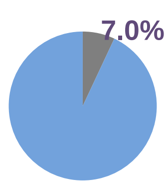
**Loans**




**Deposits**




**PBT**




- Management's aim is to increase foreign subsidiary contribution to PBT to 10% by 2016
- Income growth to be achieved through business development in existing subsidiaries and entry into target countries
- GTBank is **not** pursuing a Pan African expansion strategy

# Group B/S & P/L

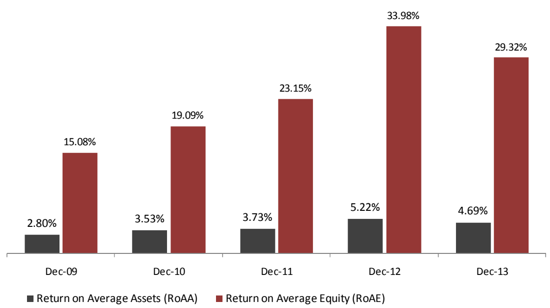
| Group Income Statements | | | |
|---|---|---|---|
| N'bn | **Dec-13** | **Dec-12** | **% y-o-y** |
| Interest income | 185.4 | 170.3 | 9% |
| Interest expense | (48.4) | (39.6) | 22% |
| **Net interest income** | **137.00** | **130.70** | 5% |
| Loan impairment charges | (2.9) | (0.7) | 314% |
| **Net interest income after loan impairment charges** | **134.10** | **130.00** | 3% |
| Fee and commission income | 46.6 | 45.4 | 3% |
| Fee and commission expense | (1.8) | (1.6) | 13% |
| **Net fee and commission income** | **44.80** | **43.80** | 2% |
| Net gains/(losses) on financial instruments classified as held for trading | 7.7 | 3.9 | 97% |
| Other income | 3.0 | 3.4 | -12% |
| Net impairment loss on financial assets | 0.1 | (0.1) | - |
| Personnel expenses | (23.8) | (23.7) | 0% |
| General and administrative expenses | (22.6) | (22.4) | 1% |
| Operating lease expenses | (0.8) | (0.8) | 0% |
| Depreciation and amortization | (10.1) | (8.9) | 13% |
| Other operating expenses | (25.3) | (22.2) | 13% |
| **Profit before income tax** | **107.1** | **103.0** | 4% |
| Income tax expense | (17.1) | (16.3) | 5% |
| **Profit for the year from continuing operations** | **90.0** | **86.7** | 4% |
| Profit for the year from discontinued operations | - | 0.6 | - |
| **Profit for the year** | **90.0** | **87.3** | 3% |
| **Profit attributable to:** | | | |
| **Equity holders of the parent entity (total)** | **89.6** | **86.7** | 3% |
| **Non-controlling interests (total)** | **0.4** | **0.6** | -33% |
| | **90.0** | **87.3** | 3% |

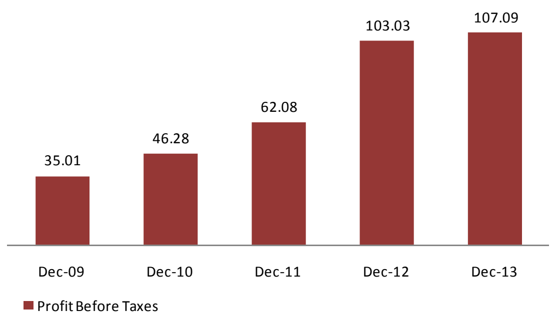
| Group Statement of Financial Position | | | |
|---|---|---|---|
| N'bn | **Dec-13** | **Dec-12** | **% y-o-y** |
| **Assets** | | | |
| Cash and cash equivalents | 307.4 | 276.9 | 11% |
| Loans and advances to banks | 5.6 | 4.9 | 14% |
| Loans and advances to customers | 1,002.4 | 779.1 | 29% |
| Financial assets held for trading | 17.2 | 271.1 | -94% |
| Derivative financial assets | 0.2 | - | |
| Investment Securities: | | | |
| – Available for sale | 374.7 | 15.8 | 2272% |
| – Held to maturity | 84.7 | 129.5 | -35% |
| Assets pledges as collateral | 28.4 | 31.2 | -9% |
| Property and equipment | 68.3 | 60.9 | 12% |
| Intangible assets | 11.2 | 1.8 | 522% |
| Deferred tax assets | 1.9 | 1.0 | 90% |
| Restricted deposits and other assets | 200.8 | 162.9 | 23% |
| **Total assets** | **2,102.8** | **1,735.1** | 21% |
| Liabilities | | | |
| Deposits from banks | 15.2 | 23.9 | 36% |
| Deposits from customers | 1,427.5 | 1,148.2 | 24% |
| Derivative financial liabilities | 0.004 | - | |
| Other liabilities | 61.0 | 83.3 | -27% |
| Current income tax liabilities | 13.1 | 15.6 | -16% |
| Deferred tax liabilities | 5.1 | 2.6 | 96% |
| Debt securities issued | 156.5 | 86.9 | 80% |
| Other borrowed funds | 92.1 | 92.6 | -1% |
| **Total liabilities** | **1,770.5** | **1,453.1** | 22% |
| **Equity** | | | |
| Share capital | 14.7 | 14.7 | 0% |
| share premium | 123.5 | 123.5 | 0% |
| Treasury shares | (2.0) | (2.0) | 0% |
| Retained earnings | 55.2 | 39.8 | 39% |
| Other components of equity | 135.9 | 104.7 | 30% |
| **Total equity attributable to owners of the Parent** | **327.3** | **280.7** | 17% |
| **Non-controlling interests in equity** | 5.1 | 1.3 | 292% |
| **Total equity** | **332.40** | **282.00** | 18% |
| **Total equity and liabilities** | **2,102.90** | **1,735.10** | 21% |

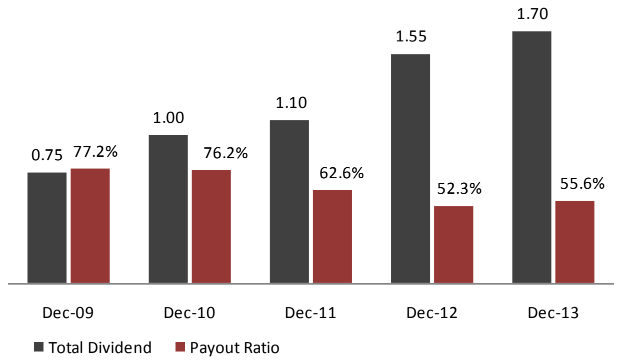
# Income Statement evolution

| N'bn | Q1 2013 | Q2 2013 | Q3 2013 | Q4 2013 | FY 2013 |
|---|---|---|---|---|---|
| **Gross Earnings** | **63.6** | **60.6** | **57.8** | **60.7** | **242.7** |
| Interest income | 45.3 | 46.7 | 45.0 | 48.4 | 185.4 |
| Interest expense | (11.8) | (11.6) | (11.6) | (13.4) | (48.4) |
| **Net interest income** | **33.4** | **35.1** | **33.4** | **35.0** | **136.9** |
| Loan impairment charges | (1.3) | (0.0) | (1.3) | (0.2) | (2.9) |
| **Net interest income after loan impairment charges** | **32.2** | **35.0** | **32.1** | **34.8** | **134.1** |
| Fee and commission income | 13.1 | 12.0 | 11.0 | 10.6 | 46.6 |
| Fee and commission expense | (0.3) | (0.2) | (0.2) | (1.1) | (1.8) |
| **Net fee and commission income** | **12.8** | **11.8** | **10.7** | **9.5** | **44.8** |
| Net Trading Income | 2.6 | 0.9 | 1.7 | 2.5 | 7.7 |
| Other income | 2.6 | 1.0 | 0.2 | (0.9) | 3.0 |
| Net impairment loss on financial assets | (0.2) | 0.2 | - | 0.1 | 0.1 |
| **Operating Income** | **50.0** | **49.0** | **44.7** | **46.0** | **189.6** |
| **Operation Expenses** | **(21.5)** | (20.1) | (19.6) | (21.3) | (82.5) |
| **Profit before income tax** | **28.5** | **28.9** | **25.0** | **24.7** | **107.1** |
| Income tax expense | (5.9) | (2.4) | (4.8) | (3.9) | (17.1) |
| **Profit after Tax** | **22.6** | **26.5** | **20.2** | **20.8** | **90.0** |

# Profitability (Group)




## Consistently strong returns

- **ROE: 29.32%**
  (Dec 2012 ROE: 33.98%)
- **ROA: 4.69%**
  (Dec 2012 ROA: 5.22%)
- **PAT: ₦107.10bn** up 3.9%
  (Dec 2012 PAT: 103.03bn)
- **PAT: ₦90.02bn** up 3.1%
  (Dec 2012 PAT: 87.30bn)
- Decent earnings growth considering impact of regulatory headwinds

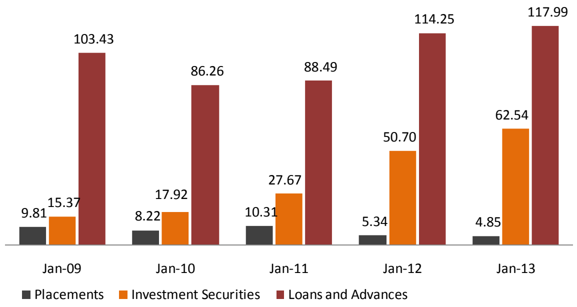
## Top rated absolute profitability

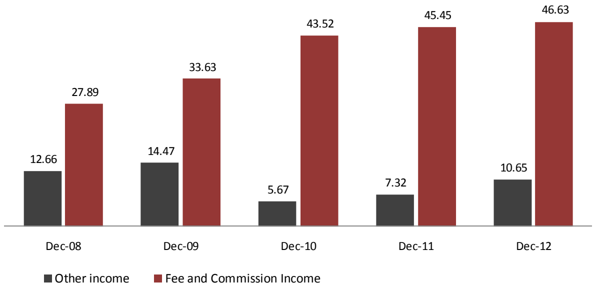
- **Profitability sustained by**
  - Investment in Securities (T-bills)
    - ₦11.8bn increase in income from investment securities
  - Loan book growth
    - The Bank grew its loan book by 28.6% to offset the impact of declining yields of -2%
  - Cost containment
    - Despite a 103.40% increase in AMCON charges borne by the Bank, the Bank's Operating expenses increased by 5.8% (lower than average inflation rate of 8.5%)

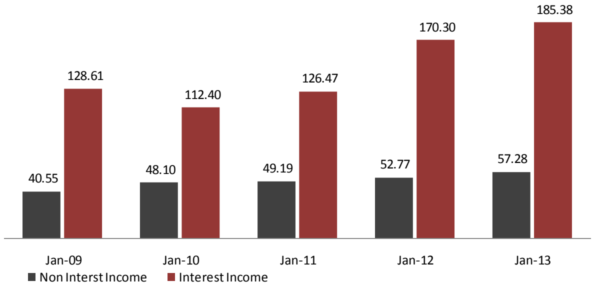
## Sustainable returns

- 9.68% increase in dividend value from 2012
- Total Year Dividend – 170k
  *Interim – 25k; final – 145k*
  *(2012 Total dividend – 155k)*
- *Dividend payout ratio – 55.6%*
  *(2012 – 52.3%)*

# Profit drivers




## Interest income

- Interest Income: ₦185.38bn up 8.9%
- Growth in Interest Income driven by
  - ₦11.8bn (23.2%) growth in Investment securities.
  - ₦3.7bn (3.3%) growth in income from Loans and Advances. Despite impressive growth in loan book (28.6%), interest income increased by 3.3% due to decreased yields on interest earned on risk assets by 2%.

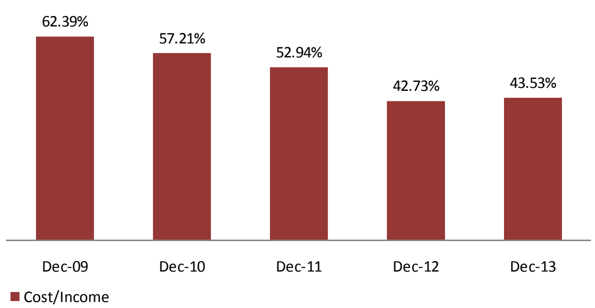
## Non-interest & Other income

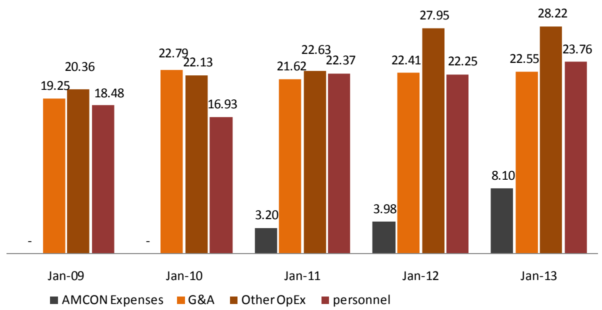
- Non interest income & other Income: ₦57.77bn up 8.55%
- Growth driven primarily by
  - Improvement on credit related fees
  - Improvement on Advisory related fees
  - Profit from sales of financial instruments held for trading
  - Fx trading income
  - Income from subsidiaries

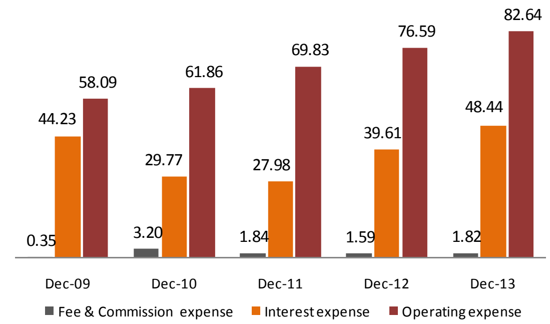
## Revenue mix

- Revenue mix consists of:
  - Interest Income: ₦185.38bn (76.4%)
  - Non Interest Income: ₦57.28bn (23.6%)
  - Revenue mix consistent with 2012

# Cost efficiency




## Cost-to-income

- Cost-to-income ratio of 43.53%
- Operating expenses grew 5.8% from 2012 despite 103.40% growth in AMCON levy from 2012.
- Impact of increase in AMCON levy muted by a flat 0.65% growth in General and Administrative expenses and 0.43% growth in personnel expenses

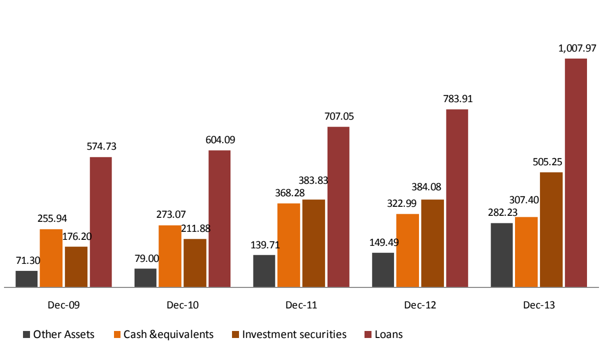
## Opex Breakdown

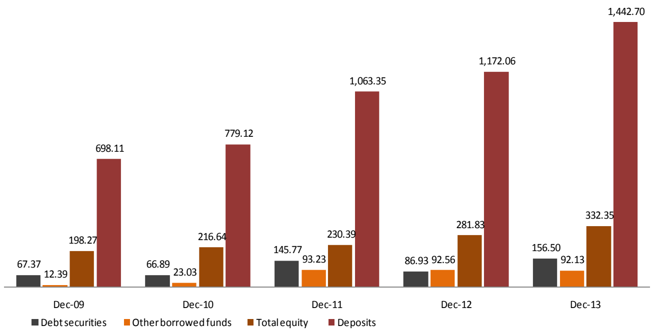
- Management has been able to consistently manage cost growth below inflation from 2009 to date.
- Personnel expenses grew 0.43% in 2013
- Management's goal is to promote sustainable efficiency across board.

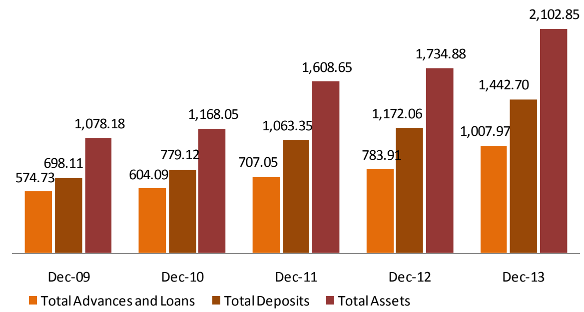
## Global expense summary

- Fee and commission expense grew 14.65% from 2012
- Interest expense grew by 22.2% due to growth in volume of deposits. Also rise in cost of savings deposits coupled with increase in cost of private deposits resulting from increase in CRR from government deposits

# Balance sheet




## Asset base

- Total net loans: ₦1,007.97bn up 28.6% (Dec 2012: ₦783.91bn)
- Interest income from loans and advances muted at 3.3% due to
  - decline in yields on loans,
  - timing of loan growth (majority of loan growth came towards the end of the year), and
  - majority of loan growth came from dollar lending.

## Funding mix

- Access to adequate sources of funding
- Total deposits - ₦1,442.70bn up 23.1% (Dec 2012: ₦1,172.06bn)
- Debt securities
  - $500m, 5yr, 7.5% note due 2016,
  - $400m, 5yr, 6% note due 2018,
  - ₦13.165bn, 5yr, 13.5% corporate bond due 2014.
- Other borrowed funds
  - Facilities from IFC, ADB, FMO, BOI (CBN sponsored intervention funds), CAC/Ministry of Agriculture and Propaco totaling ₦92.13bn

## Balance sheet mix

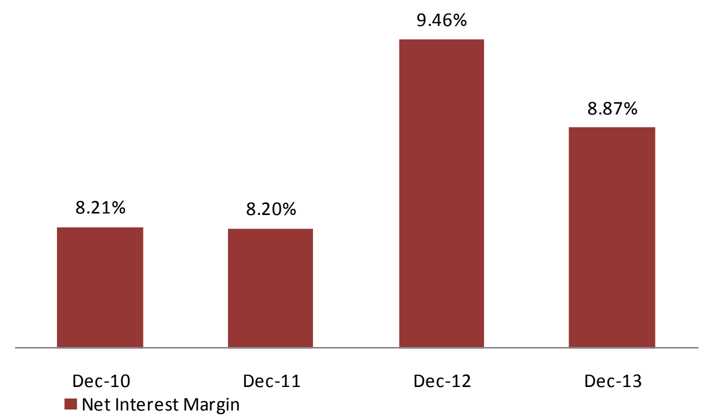
- Loans to deposits: 70.61% (Dec 2012: 68.27%)
- Loans to deposits+borrowings: 60.14% (Dec 2012: 59.04%)
- Liquidity Ratio: 50.31% (Dec 2012: 53.32%)
- Capital Adequacy Ratio: 21.85% (Dec 2012: 23.80%)
- Tier One Capital Adequacy Ratio: 23.64% (Dec 2012: 23.78%)
- Debt to Total Capital: 42.76% (Dec 2012: 38.77%)

# Net Interest Margins

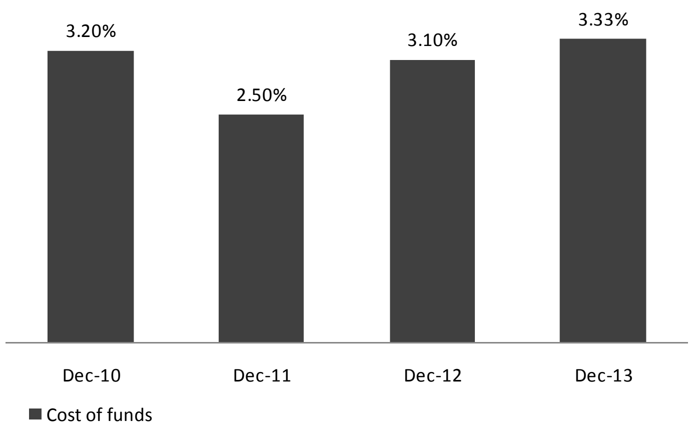
## Strong margins

- NIM compression to 8.87% from 9.46% in 2012
- Compressed NIMs as a result of
  - Lower yields on Tbills vs. 2012
  - Lower yields on interest on loans
  - Higher cost of funding due to increase competition for funds as sudden CRR increase in August impacted the liquidity of some banks, and increase regulatory minimum interest payment on savings deposits
  - Increased contribution of dollar loans to loan book

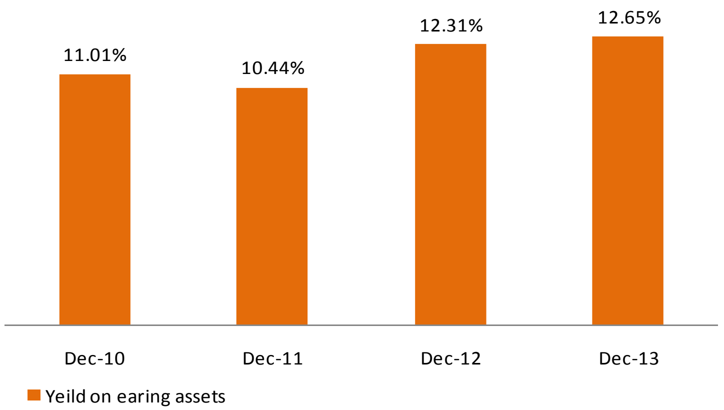
## History of strong NIMs




## Cost of interest bearing liabilities




## Yields on interest earning assets



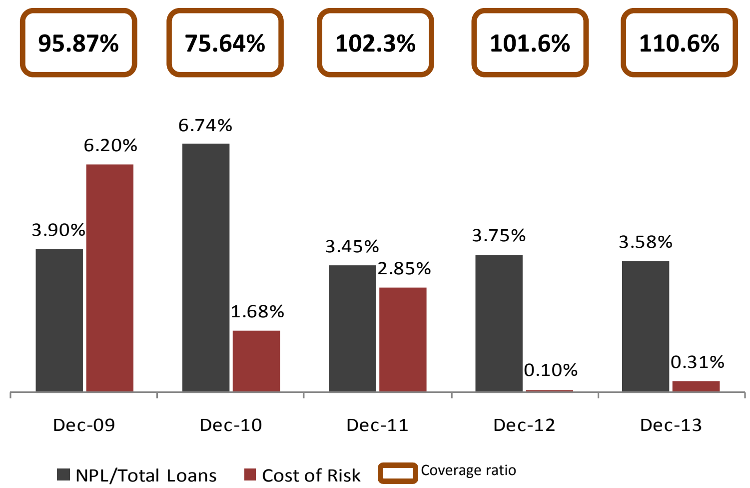
# Asset diversification & Quality

GTBank

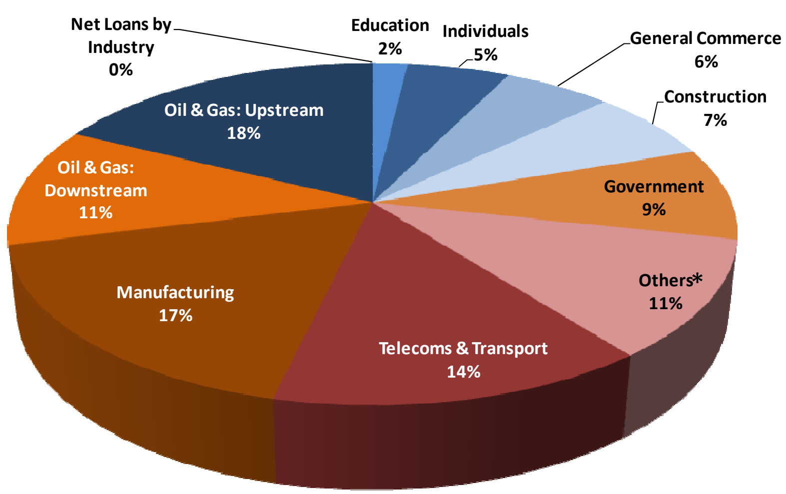
## NPLs, Coverage, COR

- NPL ratio - 3.58%
- Coverage ratio (with regulatory risk reserves) – 110.6%
- Coverage ratio (without regulatory risk reserves) - 64.39%
- Cost of risk - 0.31% (Dec 2012 – 0.10%)
- NPLs listed under "Manufacturing " is mainly comprised of one exposure with monetary value of 9bn for which 50% provision has during the financial year
- "Information Telecoms & Transport" accounts for 33.8% of NPLs with Hi Media accounting for the bulk of it.

## NPLs and coverage

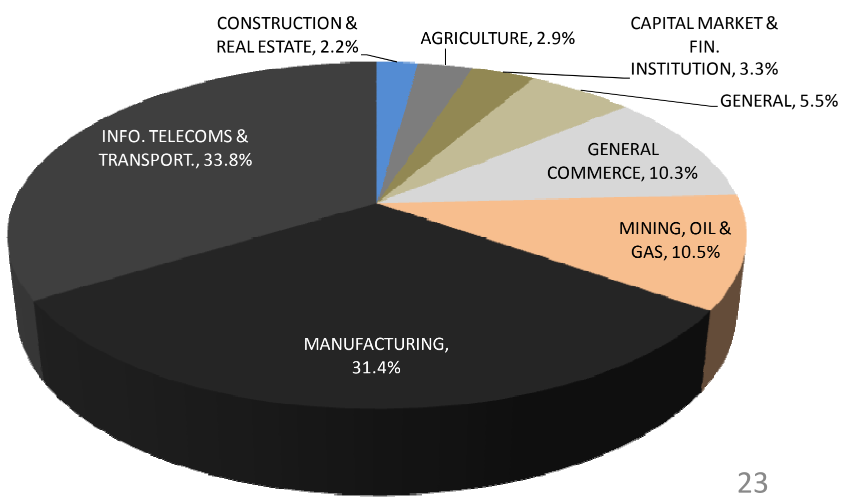



## Loans by Industry




* Others includes Agriculture, Fianncial institutions and other industries that account for less than 1% of loanbook

## NPLs by Industry



# Outline

1. Macro economic overview
2. Banking industry and regulatory overview
3. FY 2013 results overview
4. 2014 Outlook

# GTBank delivers as promised

GTBank

## GTBank's 2013 goals As stated in 2013 Investor Presentation

| Goals | Status | Comments |
| --- | --- | --- |
| Continue drive for increased operating efficiency | Achieved | The bank deepened its retail franchise to keep funding costs low, was quick to re-price assets as needed, and implemented innovative way to curb operating costs |
| Achieve 20% growth in quality risk assets | Achieved | The Bank recorded a strong growth of 28.58%. The Bank's strategy was to grow risk assets to offset drop in yields on risk assets |
| Continue plans for West Africa expansion and subsidiary development | Achieved | GTBank acquired Fina Bank giving it entry into 3 key countries in East Africa. The Bank's goal is to attain a contribution to PBT of 10% from international subsidiaries |
| Return >25% in sustainable RoEs, driven by anticipated increase in quality assets as economy expands | Achieved | Despite severe headwinds in 2013, GTBank was still able to deliver 29.32% ROE, a testament to the resilience of our returns. |
| Continue to drive Nigeria markets through retail focused products | Achieved | Our retail customer base grew from 4.3m in 2013 to 5.2m today. GTBank has put in place adequate structures to adequately accommodate twice our current retail customer base |
| Continue to enhance investor returns, investor relations, risk management and a central focus on the customer | Achieved | The improvement in our NPL ratio to 3.58% from 3.75% in 2012 are a testament to our continued focus on risk management and corporate governance. |

# GTBank in 2014

## GTBank's Goals and plans for 2014

| | | |
|---|---|---|
| Top Tier Corporate market | 15 - 20% loan book growth | |
| | GTBank growth sectors: Telecoms, Oil & Gas, Manufacturing & Maritime | |
| Solid Profitability and stable returns | Continued commitment to RoEs north of 25% | |
| | Profitability to be driven by loan growth, low costs & subsidiary growth | |
| Best Practices | Remain on the forefront of Industry best practices | |
| | Strong risk management, corporate governance | |
| Efficiency | Remain the industry leader with cost-to-income below 45% | |
| | Continue to drive retail deposits, technology, innovation to keep cost low | |
| Retail | Achieve a 20% growth in retail deposits to keep low cost of funding | |
| | Investment in technology & electronic banking as bedrock for retail base | |
| Subsidiaries | Increase contribution to PBT from subsidiaries | |
| | Digest GTB Kenya. Instill brand, culture, efficiency, corporate governance | |

# Business Strategy and Objectives

GTBank

**COMPASS STATEMENTS**

**Overall Aspiration**

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

**Our Strategic Pillars**

**Dominate our chosen markets**

Aggressively grow market share in our chosen/priority sectors

**African Expansion**

Scale up our franchise in Africa

**Talent Management & Leadership**

Knowledgeable and highly driven staff with deep industry skills

**Leverage Technology**

Scalable, fit for purpose technology platform

**Competitive Cost Containment**

Continue to win on the basis of cost

**Enhanced Risk Management**

Strong risk management practices with deep competencies in our key markets

**Enablers**

**Deep Market Knowledge** | **Products and Solutions** | **Strategic Relationships**

Thank you