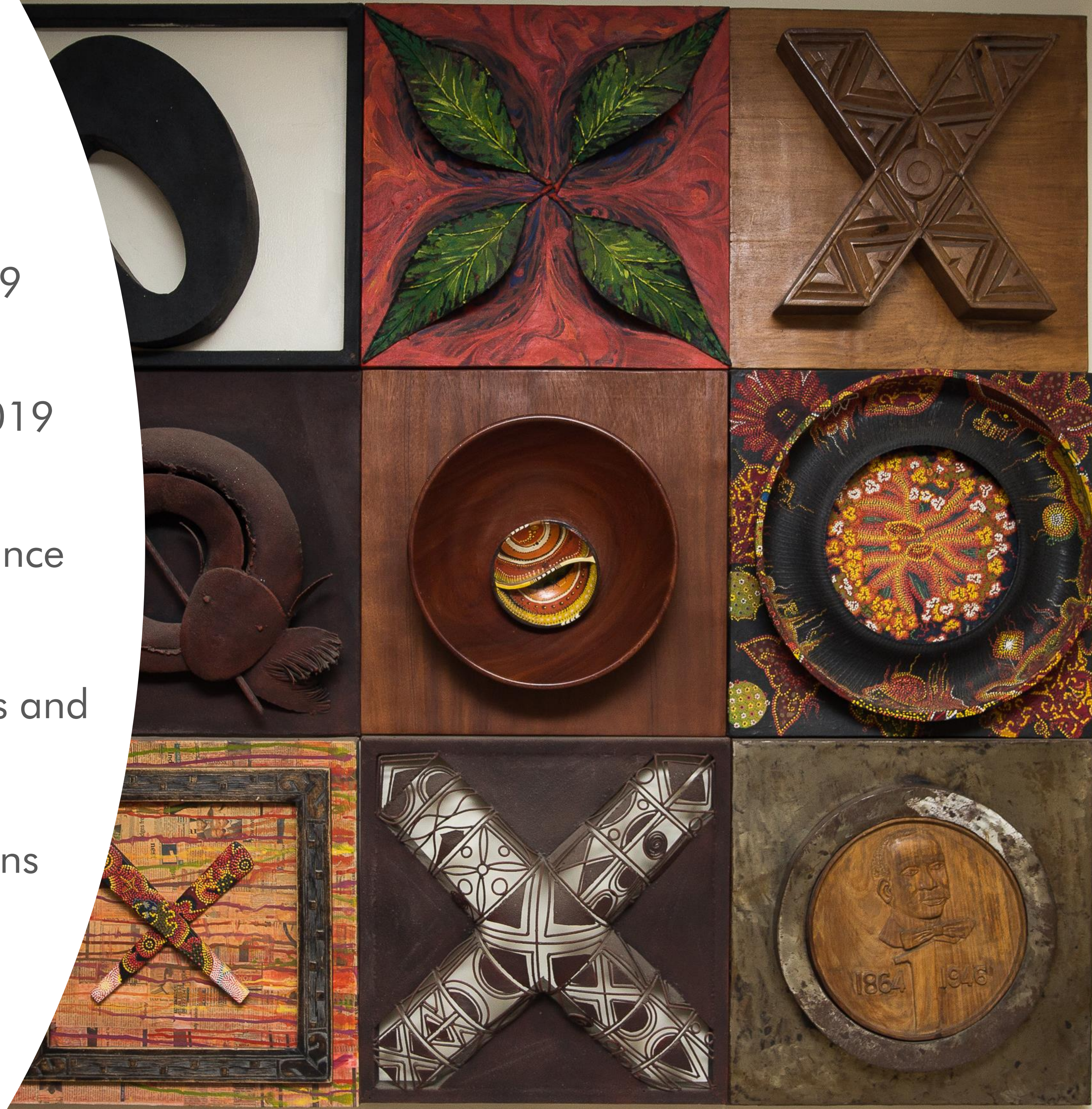

GTBank

# 2019 Full Year Investors/Analysts Presentation

Guaranty Trust Bank plc | March 2020

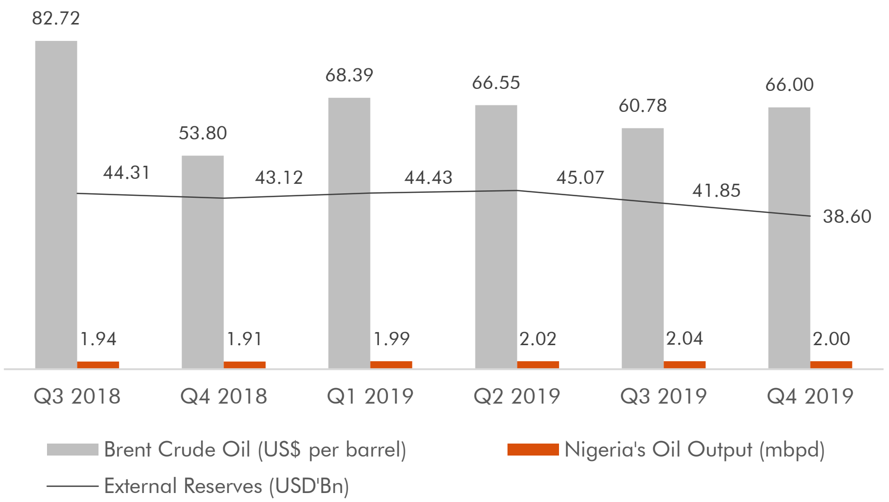
# OUTLINE

- Macro-economic Review for FY 2019
- Overview of FY 2019
- FY 2019 Performance Review
- Business Segments and Subsidiary Review
- Guidance and Plans for FY 2020

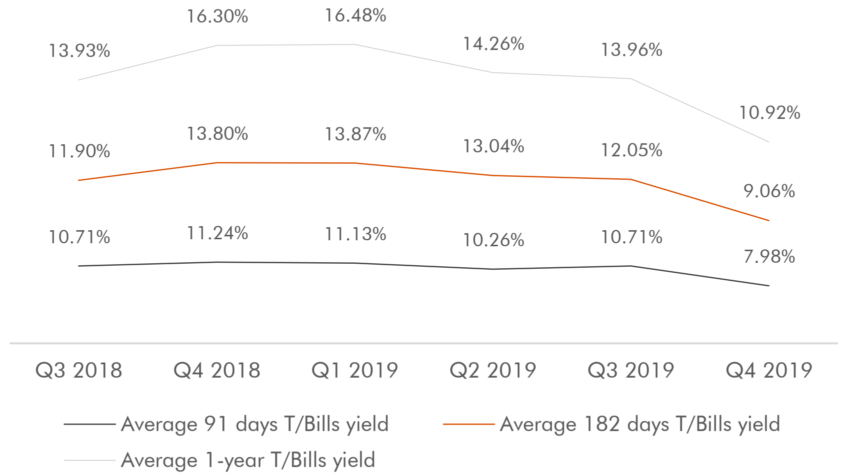


# Macro-economic Review (FY 2019)

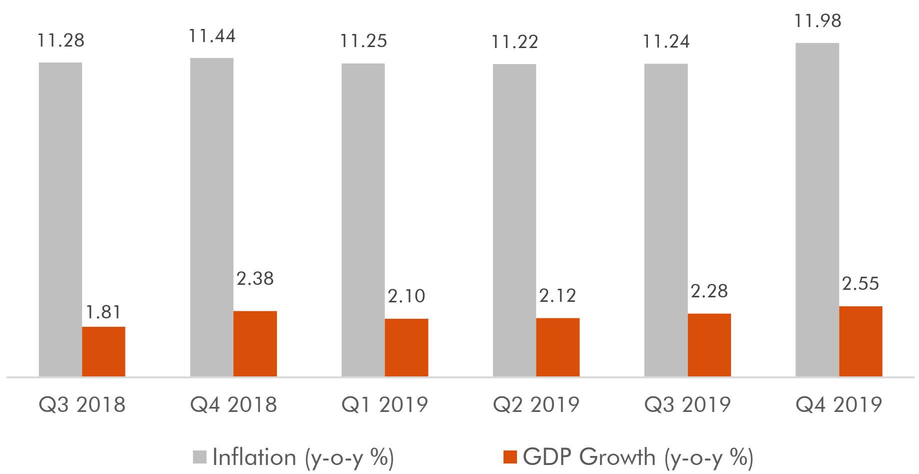
External reserves declined by 10.6% from US$43.2 bn in January 2019 to US$38.6 bn in December 2019 on the back of relatively lower oil prices and declining capital inflows.



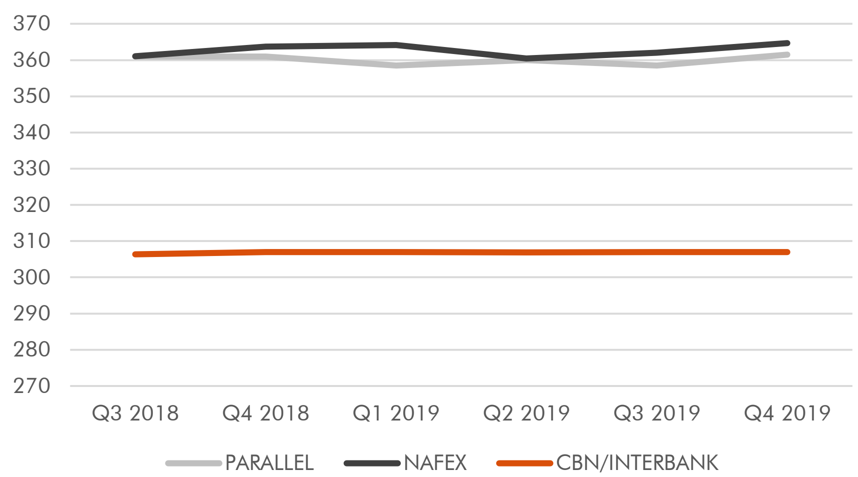

The CBN policy restricting domestic investors and non-bank corporates from investing in OMO instruments has seen yields on Nigerian Treasury Bills (NTBs) maintain a steady decline.




Headline inflation grew to a 20-month high of 12.13% y-o-y in January 2020 from 11.98% in December 2019 as the economy recorded its highest growth since the 2016 recession of 2.55% in Q4 2019




The Naira was fairly stable in 2019 relative to 2018 as the CBN continues to sustain the exchange rate of the naira in the face of recent decline in reserves



# Macro-economic Review for FY 2019

# Overview of FY 2019

## Q1

- CBN unveiled the new national financial Inclusion strategy to drive 80% access to banking and other financial services in the country.
- CBN approved automated operations for Bureau De Change (BDC) operators in the country.
- CBN included all forms of textile materials to the list of items that are not eligible for FX from the official window.
- CBN unveiled plans to re-introduce and extend the Cashless policy to every state in the country.
- CBN released IFRS 9 implementation guidelines for other financial institutions.
- CBN's Monetary Policy Committee (MPC) cut Monetary Policy Rate (MPR) by 50bps to 13.5% from 14%.

## Q2

- CBN introduced a special intervention fund for microfinance banks (MFB) amidst plans to increase micro credit.
- CBN introduced guidelines on the management of investment account holders of non-interest financial institutions in Nigeria.
- CBN launched the Shared Agent Network (SANEF) in line with its plan to drive financial inclusion.
- CBN's MPC hinted at implementing measures to limit bank's investments in Treasury Bills.
- Godwin Emefiele reappointed as CBN Governor for a 2nd five-year term.
- CBN's MPC maintained status quo on all monetary indicators.
- CBN directed Banks to block the accounts of suspected smugglers seen to be sabotaging the country's textile industry.
- CBN unveiled its 5-year (2019 – 2024) Strategic plan.
- Deposit Money Banks (DMB) commenced disbursement of creative industry loans under the CBN's Creative Industry Financing Initiative (CIFI).

## Q3

- CBN introduced a minimum Loan to Deposit ratio (LDR) of 60% for DMB effective September 2019 in a bid to drive credit growth in the country.
- CBN reduced the minimum remunerated daily placement for Standard Deposit Facility (SDF) from ₦7.5 billion to ₦2 billion.
- CBN gave consent for free operations of mobile wallets by DMBs without prior approval.
- CBN and the National Financial Inclusion Steering Committee introduced a 95% financial inclusion rate target for Nigeria by 2024.
- CBN banned DMBs from accepting Bills for Collection as a means of payment for milk importation.
- CBN amended guide to Bank Charges as it scraps interest rate caps on mortgage financing.
- CBN granted approval-in-principle to three (3) payment Service Banks (PSBs).

## Q4

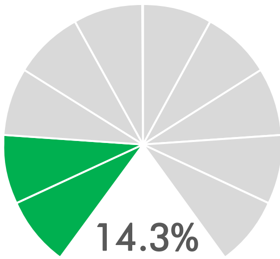
- CBN reviewed the LDR for banks upwards to 65% from 60% effective December 2019.
- CBN restricted individuals and local non-bank corporates from investing in Open Market Operations (OMO).
- CBN granted approval to banks to debit any defaulting debtor across the industry where the debtor has funds.
- CBN set new rules and minimum capital requirements for Currency Processing Companies (CPC) and Cash-In-Transit (CIT) companies.
- CBN amended its laws on anti-money laundering and combating the financing of terrorism through banks and other financial institutions in Nigeria (amendment regulations 2019).
- CBN's MPC maintained status quo on all monetary indicators.

# FY 2019 Financial Performance Review

# Key Performance Ratios

| December 31, 2018 | | December 31, 2019 |
|---|---|---|
| 9.23% | Net Interest Margin | 9.28% |
| 37.09% | Cost to Income | 36.11% |
| 23.39% | Capital Adequacy | 22.51% |
| 41.44% | Liquidity | 49.33% |
| 57.01% | Loans to Deposits and Borrowings (Bank) | 60.62% |
| 30.90% | Return on Equity (post tax) | 31.16% |
| 5.56% | Return on Assets (post tax) | 5.59% |
| 7.30% | NPL to Total Loans | 6.53% |
| 0.34% | Cost of Risk | 0.34% |
| 105.08% | Coverage (with Reg. Risk Reserve) | 126.58% |

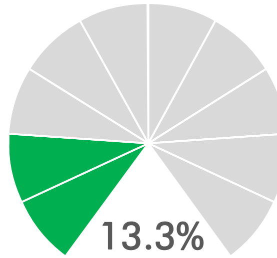
# Balance Sheet Snapshot - Group




₦3,758.9 Bn
FY 2019

₦3,287.3 Bn
FY 2018

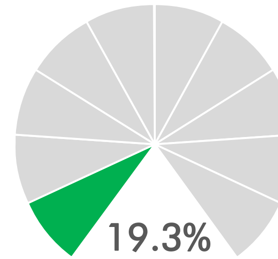
Total Assets




₦3,071.6 Bn
FY 2019

₦2,711.1 Bn
FY 2018

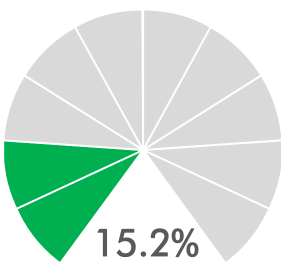
Total Liabilities




₦687.3 Bn
FY 2019

₦576.3 Bn
FY 2018

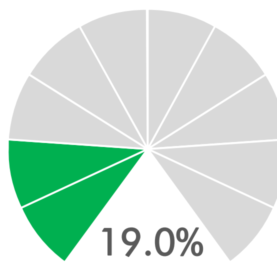
Total Equity




₦1,569.3 Bn
FY 2019

₦1,362.1 Bn
FY 2018

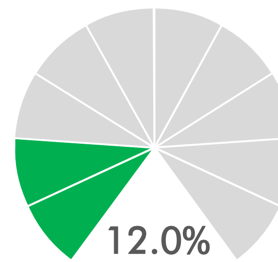
Gross Loans and Advances




₦1,502.1 Bn
FY 2019

₦1,262.0 Bn
FY 2018

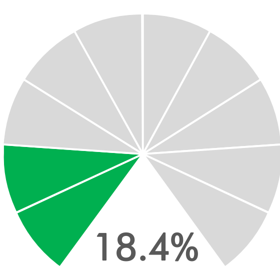
Net Loans and Advances




₦2,640.1 Bn
FY 2019

₦2,356.7 Bn
FY 2018

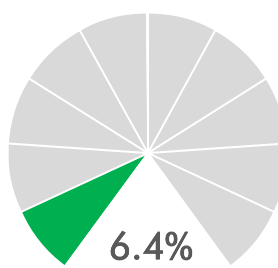
Total Deposits




₦822.1 Bn
FY 2019

₦694.1 Bn
FY 2018

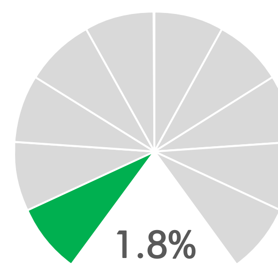
Investment Securities




696Kobo
FY 2019

654 Kobo
FY 2018

Earnings Per Share (EPS)




280 Kobo
FY 2019

275 Kobo
FY 2018

Total Dividend

# Balance Sheet

| | Group | Group | |
|---|---|---|---|
| In thousands of Nigerian Naira | Dec-2019 | Dec-2018 | % ytd change |
| **Assets** | | | |
| Cash and bank balances | 593,551,117 | 676,989,012 | (12%) |
| Financial assets held at fair value through profit or loss | 73,486,101 | 11,314,814 | 549% |
| Derivative financial assets | 26,011,823 | 3,854,921 | 575% |
| Investment securities: | 822,074,702 | 694,101,834 | 18% |
| – Fair Value through profit or loss | 33,084,367 | 2,620,200 | 1,163% |
| – Fair Value through other comprehensive income | 585,392,248 | 536,084,955 | 9% |
| – Held at amortised cost | 145,561,232 | 98,619,509 | 48% |
| Assets pledged as collateral | 58,036,855 | 56,777,170 | 2% |
| Loans and advances to banks | 1,513,310 | 2,994,642 | (49%) |
| Loans and advances to customers | 1,500,572,046 | 1,259,010,359 | 19% |
| Restricted deposits & other assets | 577,433,006 | 508,678,702 | 14% |
| Property and equipment | 141,774,863 | 111,825,917 | 27% |
| Intangible assets | 20,245,232 | 16,402,621 | 23% |
| Deferred tax assets | 2,256,570 | 2,169,819 | 4% |
| | 3,758,918,770 | 3,287,342,641 | 14% |
| Total assets | 3,758,918,770 | 3,287,342,641 | 14% |

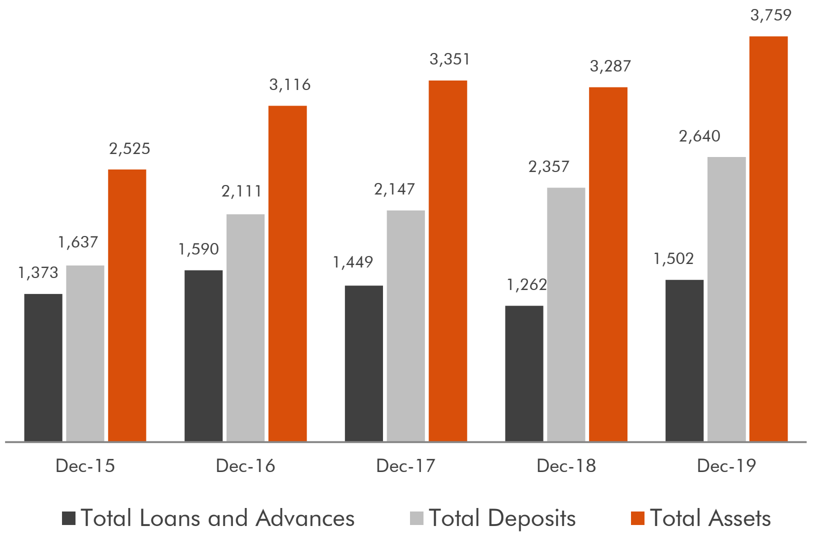
| | Group | Group | |
|---|---|---|---|
| In thousands of Nigerian Naira | Dec-2019 | Dec-2018 | % ytd change |
| **Liabilities** | | | |
| Deposits from banks | 107,518,398 | 82,803,047 | 30% |
| Deposits from customers | 2,532,540,384 | 2,273,903,143 | 11% |
| Financial liabilities at fair value through Profit or Loss | 1,615,735 | 1,865,419 | (13%) |
| Derivative financial liabilities | 2,315,541 | 3,752,666 | (38%) |
| Other liabilities | 233,425,713 | 140,447,508 | 66% |
| Current income tax liabilities | 20,597,088 | 22,650,861 | (9%) |
| Other borrowed funds | 162,999,909 | 178,566,800 | (9%) |
| Deferred tax liabilities | 10,568,534 | 7,075,950 | 49% |
| **Total liabilities** | **3,071,581,302** | **2,711,065,400** | **13%** |
| **Equity** | | | |
| Share capital | 14,715,590 | 14,715,590 | 0% |
| Share premium | 123,471,114 | 123,471,114 | 0% |
| Treasury shares | (6,531,749) | (5,583,635) | 17% |
| Retained earnings | 119,247,653 | 107,248,944 | 11% |
| Other components of equity | 422,704,836 | 323,991,767 | 30% |
| Total equity attributable to owners of the Parent | 673,607,444 | 563,843,780 | 19% |
| Non-controlling interests in equity | 13,730,024 | 12,433,461 | 10% |
| Total equity | 687,337,468 | 576,277,241 | 19% |
| Total equity and liabilities | 3,758,918,770 | 3,287,342,641 | 14% |

# Balance Sheet Composition

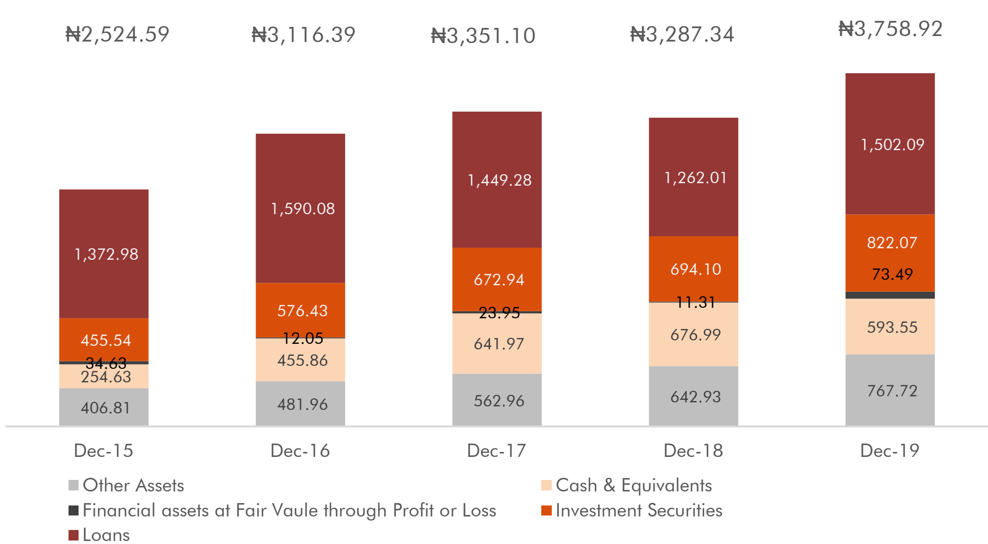
## Balance Sheet Management

- The Group continues to benefit from the optimal use of resources, well structured and efficient balance sheet. This led to improved earnings with Interest earning and non-interest earning assets closing at 68% and 32% respectively.
- Earning capacity was boosted by improved and well diversified funding base with deposits liabilities and equity accounting for 71.2% and 18.2% of total funding respectively.
- Deposit liabilities grew by 12% between FY 2018 and FY 2019. This growth enabled 19% growth in loans and advances and 18.4% growth in investment securities in the same period.
- Loan book grew from ₦1,262bn in Dec. 2018 to ₦1,502.1bn in Dec. 2019, while investment securities recorded an increase of ₦128bn from ₦694.1 bn in FY 2018 to ₦822.1bn in FY 2019. The increased loan book was largely on the back of increased facilities extended to the large corporates and retail customers.
- Retail strategy firmly anchored on focused innovative digital solutions served as catalyst for consistent low cost deposits drive with resultant 12% growth in customers' deposits with 85% being low cost.
- Liquidity position remained strong at 49.33%. This Liquidity is backed by robust Capital buffers with full IFRS 9 impact capital adequacy ratio of 22.5%, well above the regulatory minimum of 16%.
- In spite of the intense competitive environment, challenging market and continuous pressure on asset yields in 2019, the Group was able to deliver Post Tax ROE of 31.2%, Post Tax ROA of 5.6% and NIM of 9.3%.

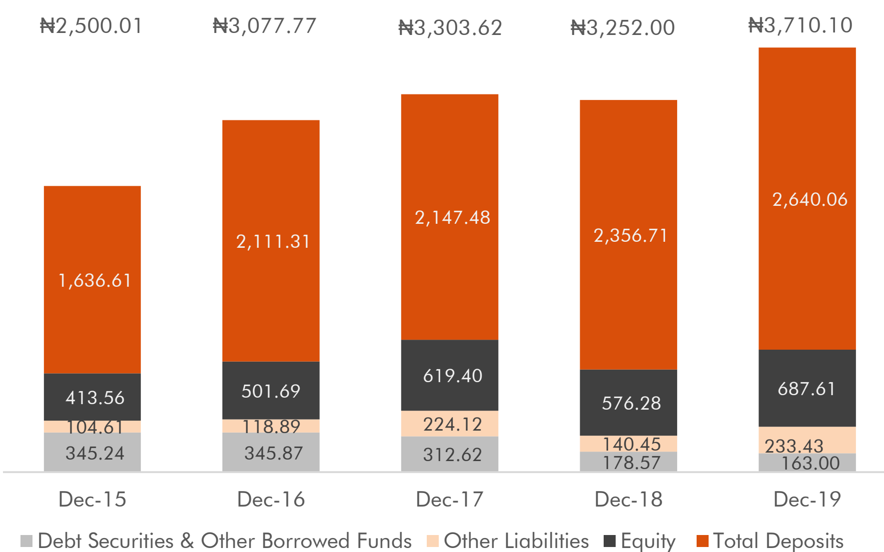
## Loans, Deposits & Total Assets (₦'Bn)



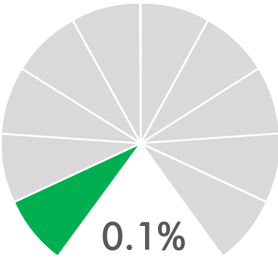

## Components of Asset Base (₦'Bn)




## Funding Mix (₦'Bn)



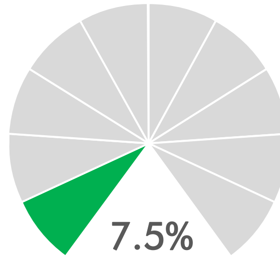
# Income Statement Snapshot - Group




₦435.3 Bn
FY 2019

₦434.7 Bn
FY 2018

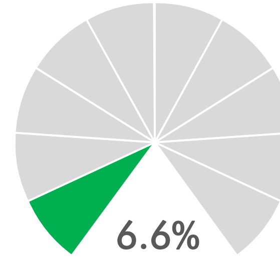
Gross Earnings




₦231.7 Bn
FY 2019

₦215.6 Bn
FY 2018

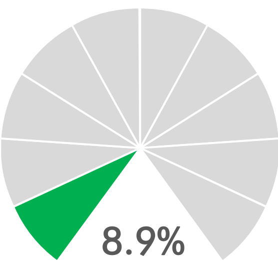
Profit Before Tax




₦196.8 Bn
FY 2019

₦184.7 Bn
FY 2018

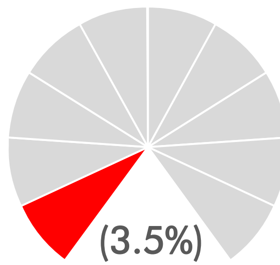
Profit After Tax




₦139.1 Bn
FY 2019

₦127.7 Bn
FY 2018

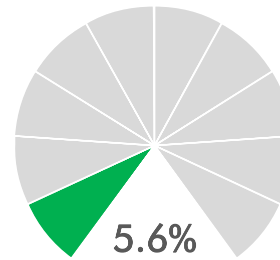
Non-Interest Income




₦296.2 Bn
FY 2019

₦307.0 Bn
FY 2018

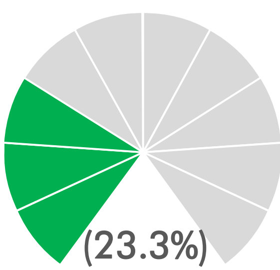
Interest Income




₦362.6 Bn
FY 2019

₦343.4 Bn
FY 2018

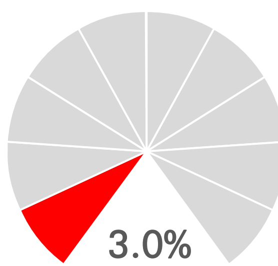
Operating Income




₦64.8 Bn
FY 2019

₦84.5 Bn
FY 2018

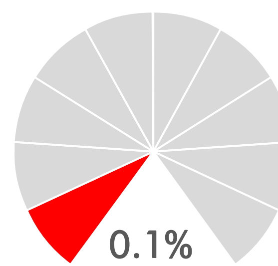
Interest Expense




₦131.0 Bn
FY 2019

₦127.1 Bn
FY 2018

Operating Expense




₦4.912 Bn
FY 2019

₦4.906 Bn
FY 2018

Loan Impairment

# Income Statement - Group

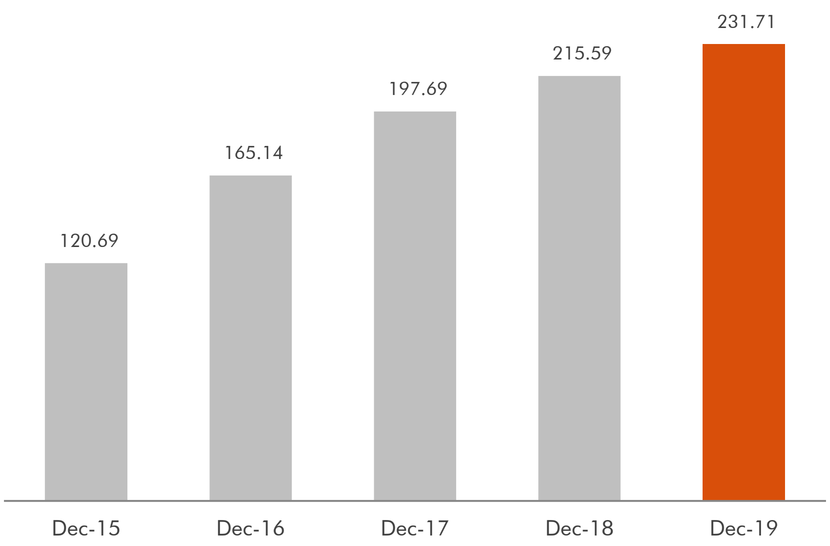
| | Group | Group | |
|---|---|---|---|
| In thousands of Nigerian Naira | Dec-19 | Dec-18 | % Change |
| | | | |
| Interest income calculated using effective interest rate | 291,658,237 | 303,435,736 | (4%) |
| Interest income on financial assets at fair value through Profit or loss | 4,546,462 | 3,527,746 | 29% |
| Interest expense | (64,841,597) | (84,529,681) | (23%) |
| **Net interest income** | **231,363,102** | **222,433,801** | **4%** |
| Loan impairment charges | (4,911,666) | (4,906,485) | 0.1% |
| **Net interest income after loan impairment charges** | **226,451,436** | **217,527,316** | **4%** |
| Fee and commission income | 62,418,779 | 52,367,605 | 19% |
| Fee and commission expense | (2,975,272) | (1,897,532) | 57% |
| **Net fee and commission income** | **59,443,507** | **50,470,073** | **18%** |
| Net gains on financial instruments held at fair value through Profit or Loss | 20,889,849 | 24,583,974 | (15%) |
| Other income | 55,793,214 | 50,783,908 | 10% |
| Net impairment reversal/(charge) on other financial assets | 100,473 | (650,015) | (115%) |
| Personnel expenses | (37,284,204) | (36,856,121) | (1%) |
| Right-of-use asset amortisation | (2,114,007) | - | 100% |
| Operating lease expenses | - | (2,085,035) | (100%) |
| Depreciation and amortization | (22,692,637) | (17,629,276) | 29% |
| Other operating expenses | (68,879,797) | (70,558,054) | (2%) |
| **Profit before income tax** | **231,707,834** | **215,586,770** | **7%** |
| Income tax expense | (34,842,168) | (30,875,741) | 13% |
| Profit for the year from continuing operations | 196,865,666 | 184,711,029 | 7% |
| Loss for the year from discontinued operations | (16,385) | - | (2%) |
| **Profit for the year** | **196,849,281** | **184,711,029** | **7%** |

# PBT Trend

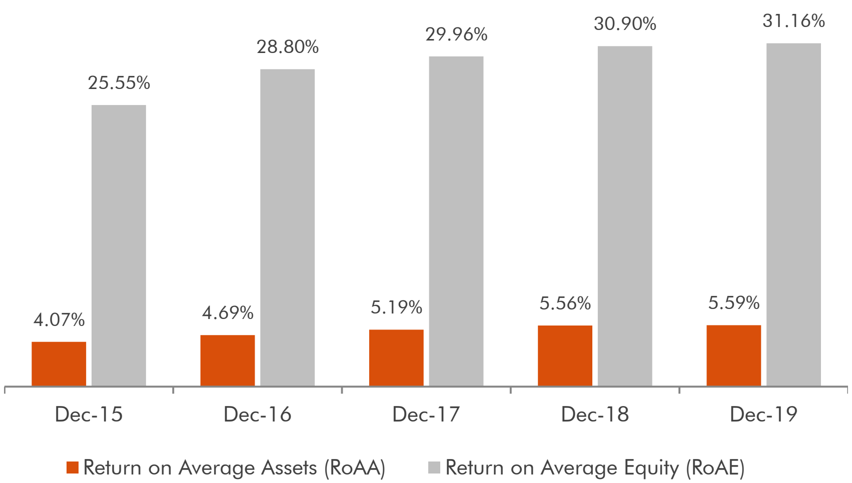
## FY 2019 PBT

- PBT growth of 7.5% resulted from efficient balance sheet management and increased transactional volumes arising from effective delivery of financial services.
- PBT margin improved to 53.2% in FY 2019 from 49.6% in FY 2018 owing to improved asset quality, cost efficiency and moderate Opex growth. These positives were adequate to offset the impact of continuing decline in asset yields and impact of regulatory caps on fees and commissions.
- Funded income declined by 3.5% due to 41bps drop in asset yield from 12.33% in FY 2018 to 11.92% in FY 2019. Dip in asset yield resulted primarily from average yields on Fixed Income Securities and Loans which contracted from 15.6% and 13.4% in FY 2018 to15.2% and 12.9% in FY 2019 respectively.
- Interest Expense improved by 23% as the Group benefitted from repricing of time deposits, sustained low cost deposit mix, cost savings impact from Eurobond redemption in November 2018 and repayment of expensive USD borrowed funds.
- Fee and commissions income grew by 19% on the back of increased transaction volumes across all our digital channels. Also, income earned from growth in volume of FX transactions and new loan bookings further complemented Fees and Commission Income line.
- Other income also recorded a 10% growth as a result of improved earnings from recoveries, gains from investment in foreign currency notes, growth on cross border card transaction volumes and improved discounts from transfers business.
- Net trading income declined 15% due to a reduction in trade transactions which impacted fx trading income.
- OPEX spend was well curtailed resulting in 3% growth amidst rising inflation which worsened to 11.98% in December 2019 from 11.44% in December 2018. The cost efficiency led to 98bps improvement in Cost to Income ratio from 37.1% in FY 2018 to 36.1% in FY 2019.
- Subsidiaries' contribution improved from 12.1% in FY 2018 to 14.9% in FY 2019 and this complemented the decent performance at Parent level.
- Overall, the Group closed FY 2019 with PBT of ₦231.7bn and impressive performance metrics as expressed by all key profitability and balance sheet ratios.

## PBT (₦'Bn)




## Return on Average Assets and Equity



# Revenue Generation

## Strong Revenue

- Gross earnings improved marginally by 0.14% largely as a result of 8.9% growth recorded on non-interest income which was strong enough to offset the 3.5% decline in interest income.

- 3.5% reduction in Interest income resulted from:
  - Declining yield environment in FY 2019 relative to FY 2018. Earning asset yield declined by 41bps from 12.33% in FY 2018 to 11.92% in FY 2019. the decline can be attributed to:

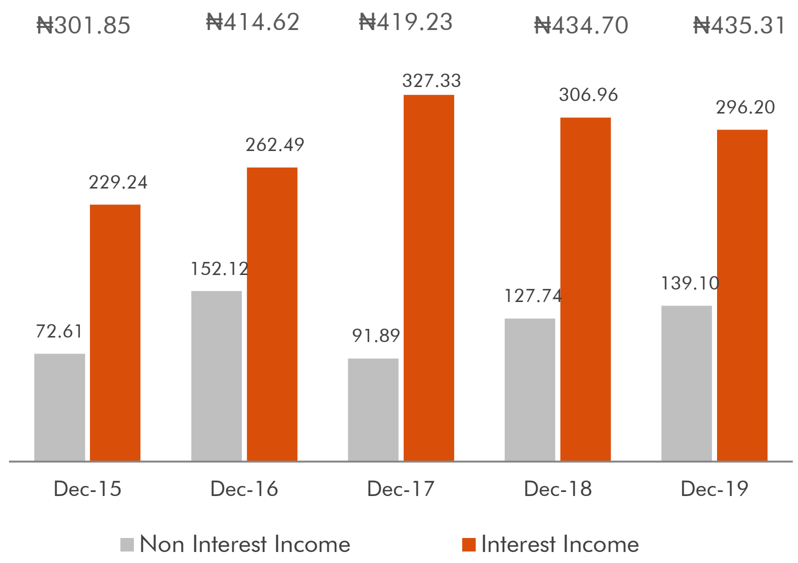
    a) Portfolio yield on T-bills which averaged 15.2% in FY 2019 as against 15.6% in FY 2018.

    a) Reduction in Yield on LCY Loan Portfolio from 16.5% in FY 2018 to 15.8% in FY 2019 amidst price war for investment grade names.

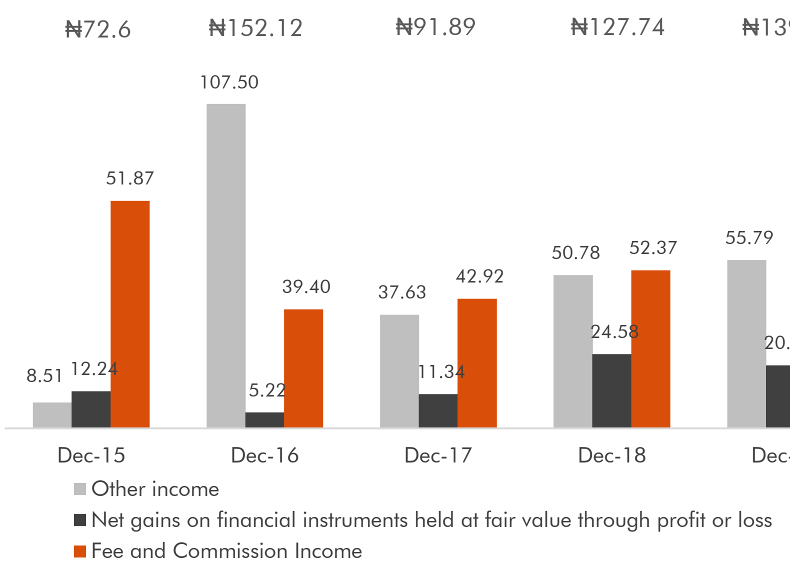
  - Dip in average volume of earning assets from ₦2,115bn in FY 2018 to ₦2,041bn in FY 2019 resulted principally from ₦82.9bn reduction in LCY term loan average volumes owing to scheduled pay-downs which weighed negatively on the new loans booked during the period.

- 8.9% growth in non-interest income contributed positively and ensured gross earnings grew by 0.1%. The growth on this line stems from combination of:
  - 19.2% growth on fees and commission income line attributed to growth from credit related and digital banking income.
  - 9.9% recorded in other income as a result of increase in loans recoveries from ₦6.53bn in FY 2018 to ₦15.63bn in FY 2019.
  - 15.3% decline in Net gain on financial instruments held for trading due to lower market yields, reduction in volume of fixed income trading deals, stable exchange rate, less volatility and reduction in FX transactions volume consummated in 2019 relative to 2018.

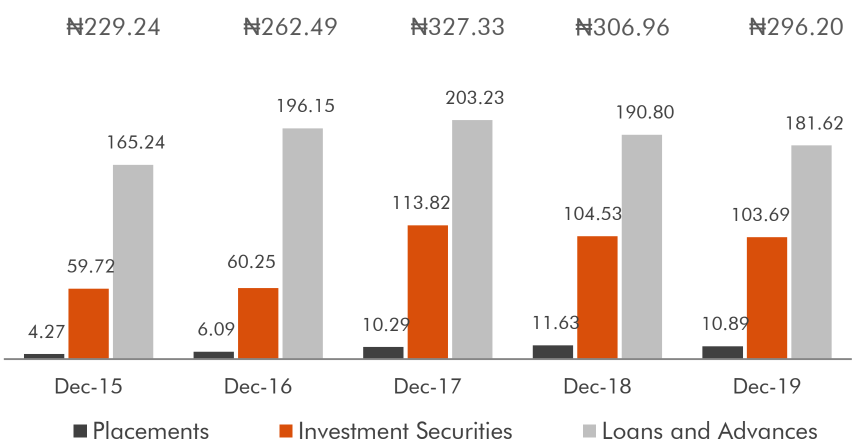
## Revenue Mix (₦'Bn)




## Non-Interest Income (₦'Bn)




## Interest Income (₦'Bn)

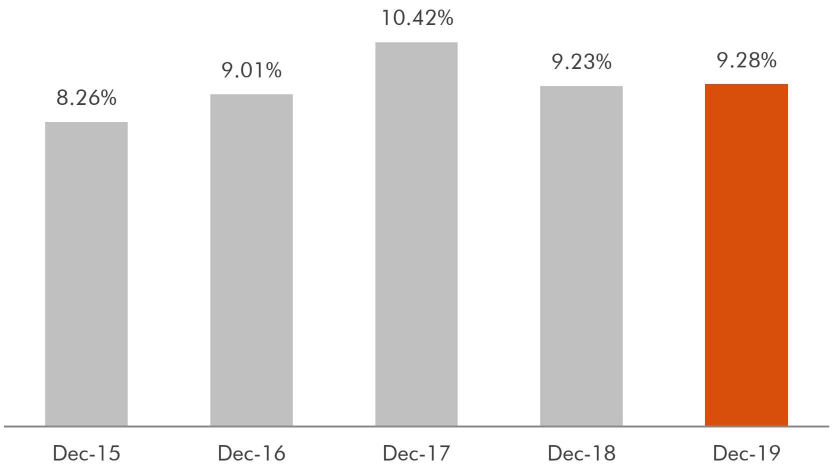


# Margin Metrics

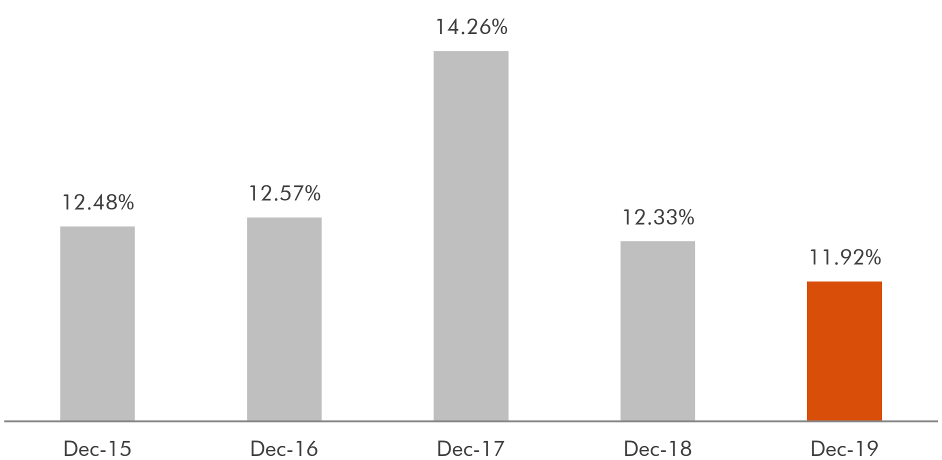
## Sustained Competitive Margins

- NIM improved marginally from 9.23% in FY 2018 to 9.28% in FY 2019 on the back of 70bps drop in cost of funds which offset 41bps decrease in asset yields.
- Sound treasury management weighed positively on asset yields thereby restricting the decline recorded to 41bps from 12.33% in FY 2018 to 11.92% in FY 2019.
- Sustained competitive cost advantage, well diversified funding base as well as optimal low cost deposit mix helped to improve FY 2019 cost of funds (CoF) and ensured 0.05% increase over FY 2018 NIM.

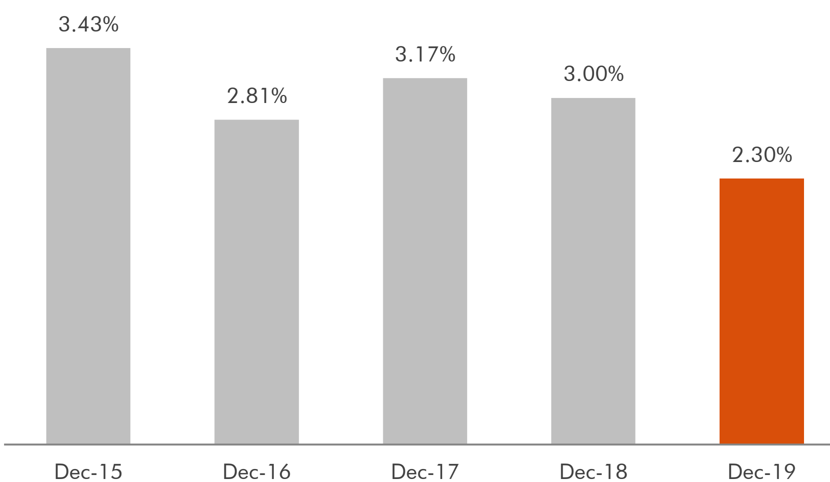
## Net Interest Margin




## Yields on Interest Earning Assets




## Cost of Funds

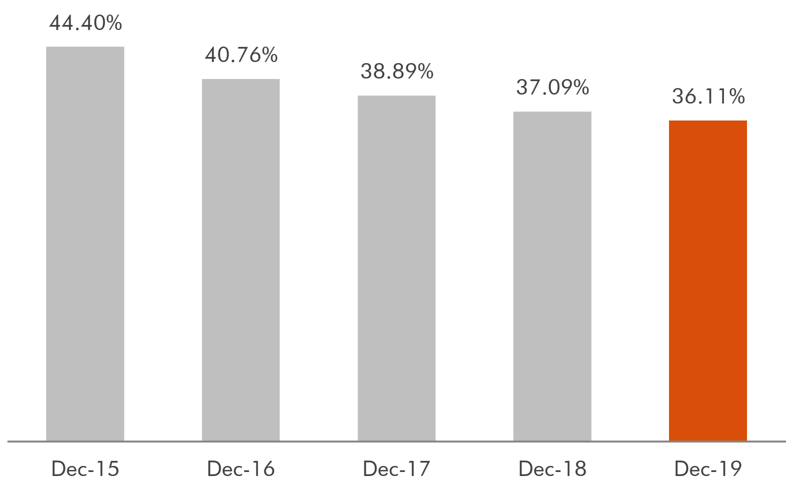


# Cost Efficiency

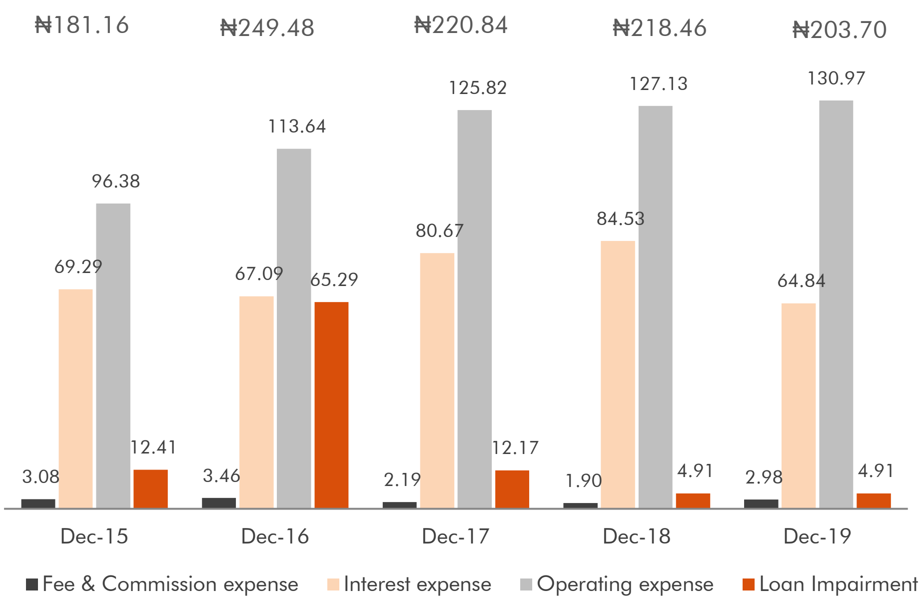
## Efficient Cost Management

- Consistent application of cost optimization strategies assisted in curtailing OPEX growth at 3.0% well below inflation rate of 11.98%. The outcome of the various cost initiatives adopted across the Group led to 100bps improvement in cost to income ratio (CIR) from 37.1% in FY 2018 to 36.1% in FY 2019.
- The Group recorded improvement in Cost of Funds, dropping by 70bps from 3.0% in FY 2018 to 2.3% in FY 2019, despite intense competition for liquidity from other financial institutions especially Fintechs and Pay Day Lenders.
- Cost efficiency was aided by our continued customer acquisition drive, (a key enabler under our retail strategy) this delivered a growth of 28.8% in our customer base from 14.4 million in FY 2018 to 18.5 million in FY 2019 as well as 7.6% growth in low cost Funds from ₦1,907bn in FY 2018 to ₦2,150bn in FY 2019.

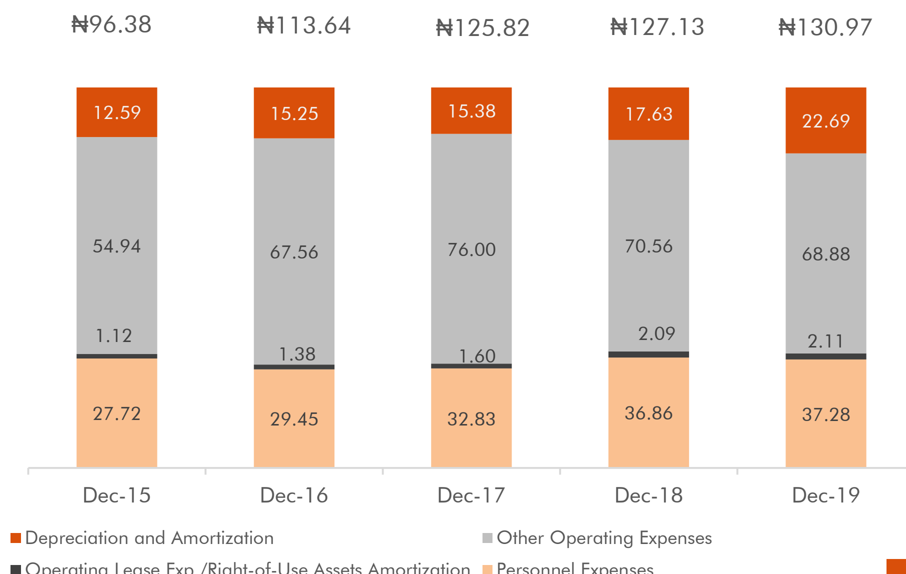
## Cost to Income (CIR)




## Overview of Expenses (₦'Bn)




## Operating Expenses (OPEX) (₦'Bn)



# OPEX Drivers

| | Group | Group | | |
|---|---|---|---|---|
| In billions of Naira | Dec-2019 | Dec-2018 | Change (Y-o-Y) | % Change (Y-o-Y) |
| AMCON Expenses | 15.49 | 16.31 | (0.82) | (5%) |
| Deposit & Other Insurance premium | 9.89 | 8.55 | 1.34 | 16% |
| Occupancy Costs and Repairs & Maintenance | 10.31 | 13.13 | (2.82) | (22%) |
| Depreciation and Amortization | 22.70 | 17.63 | 5.06 | 29% |
| Administrative Expenses | 6.10 | 4.92 | (1.17) | 24% |
| Outsourcing Services | 10.17 | 8.25 | 1.92 | 23% |
| | | | | |

## OPEX Drivers

- The Group incurred ₦131bn in FY 2019 on Operating Expense as against ₦127.1bn in FY 2018 representing 3.0% growth.
- The 3.0% growth was largely as a result of the Interplay of:.

a. 5% y-o-y decline in AMCON expenses due to impact on IFRS 9 adoption on the FY 2018 total Asset and Contingent Figures. IFRS 9 became effective January 1, 2018. The impact has been normalized in FY 2019 and it would be in FY 2020 income statement since AMCON levy is computed on preceding year's Total Asset and Contingent numbers. Contingents was introduced as part of the base for AMCON computation via a CBN circular which came into effect on September 21, 2018.

b. 16% increase in deposit insurance premium as a result of 12% growth in customers' deposits.

c. Depreciation and amortization grew by 29% as the Group continued with its capital spend on Furniture & Equipment, Computer Hardware and Software. This spend is in accordance with our digitalization strategies in Nigeria and across our subsidiaries.

d. Administrative Expenses grew by 24% purely in response to inflation which worsened to 11.98% in December 2019 from 11.44% in December 2018.

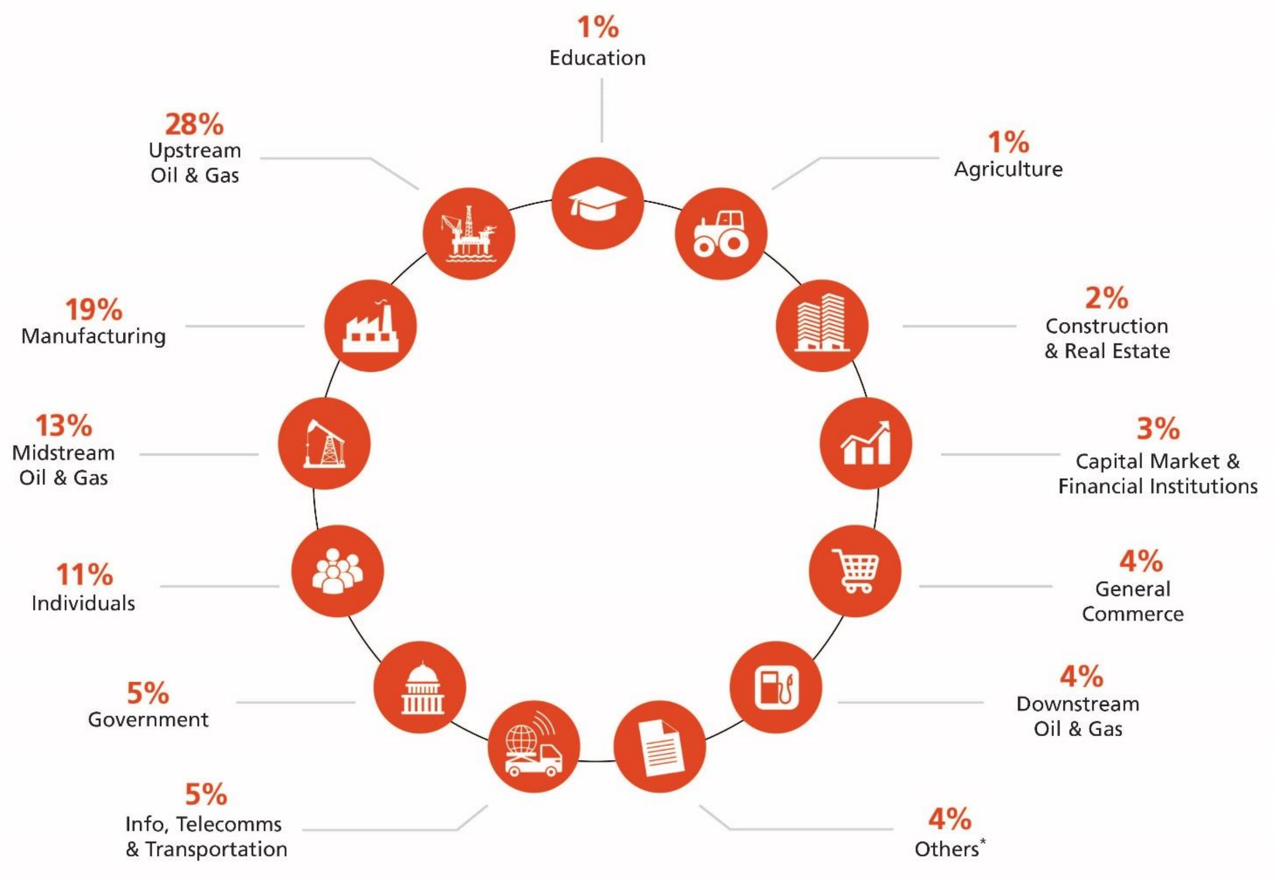
e. 10.5% increase in outsourcing services was due to 10% upward review in compensation to contract staff in response to inflationary pressure as well as impact of implementation of the ₦30,000 minimum wage.

# Risk Asset Mix

## Asset Diversification

- Well diversified loan book with specific focus on quality risk assets across all our select business segments.
- Proportional mix of Oil & Gas to the entire portfolio was largely influenced by the carry over effect of the depreciation of the Naira against the US Dollar in 2018 as 92.3% of the loan exposures within the Oil & Gas Sector are USD denominated.

## Gross Loans by Industry



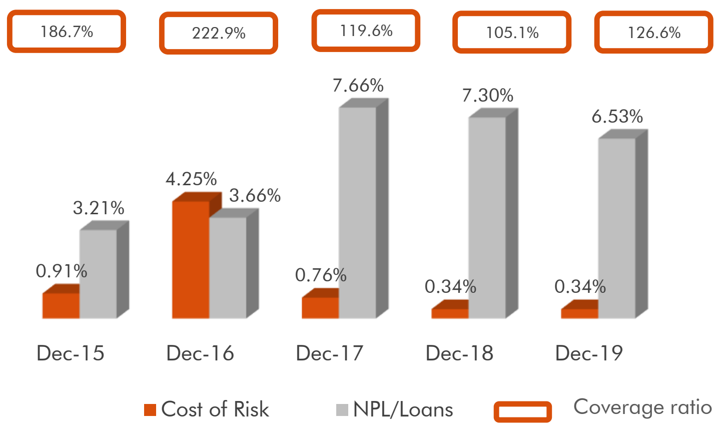

** Includes Fashion & Design, Religious Organizations, Hospitality, Clubs, co-operative societies, Unions, Engineering services etc.*

# Asset Quality

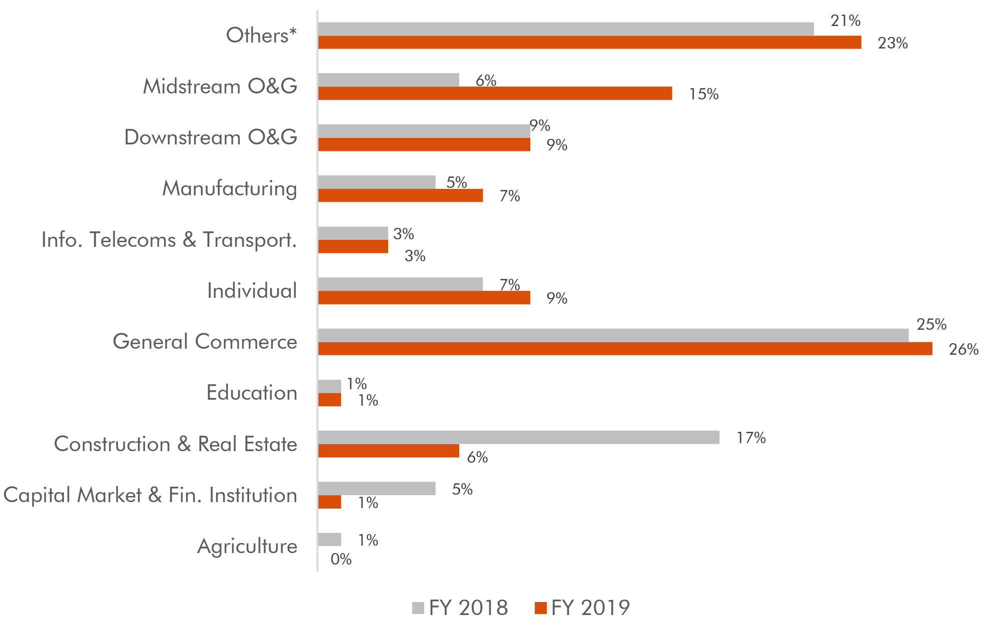
## Asset Quality

- Improved asset quality with very strong coverage for NPLs in-spite of 15.2% growth in Gross Loans to ₦1,569bn FY 2019 from ₦1,362bn in FY 2018.
- NPL ratio improved from 7.3% in FY 2018 to 6.5% in FY 2019 largely due to recoveries.
- NPLs under IFRS 9 refers to loans classified under Stage 3 Life-time Credit Impaired, and this stood at ₦102.4bn as at FY 2019 from ₦99.4bn in FY 2018.
- In aggregate terms, the Group has coverage of 126.6% for NPLs, this is consistent with the Group's maintenance of 100% coverage for its NPLs as depicted in the chart of 5-year NPLs and coverage trend.
- In addition, the Group's collateral value is in excess of the NPL figures.

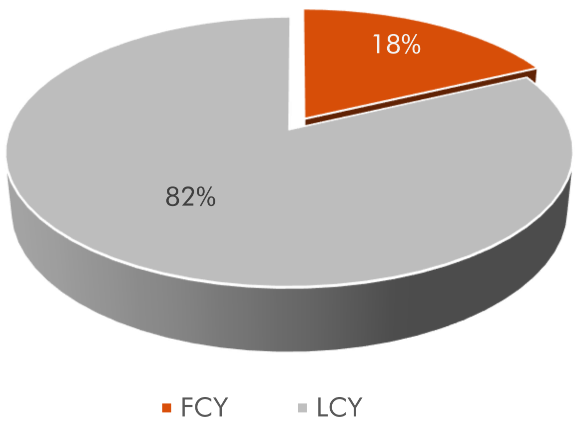
## NPL and Coverage




## NPL by Industry



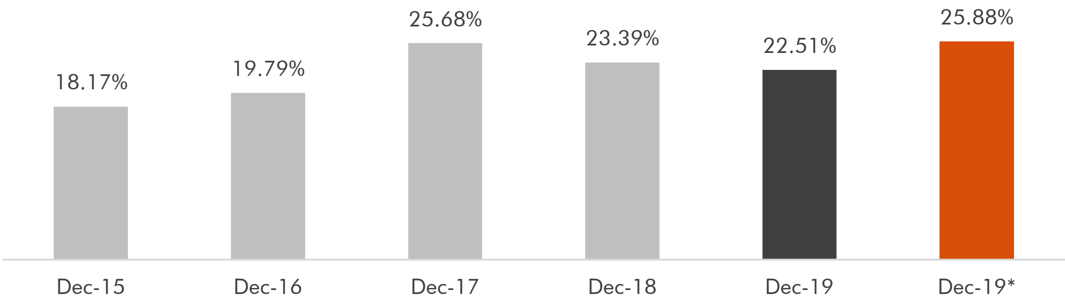

## NPL by Currency



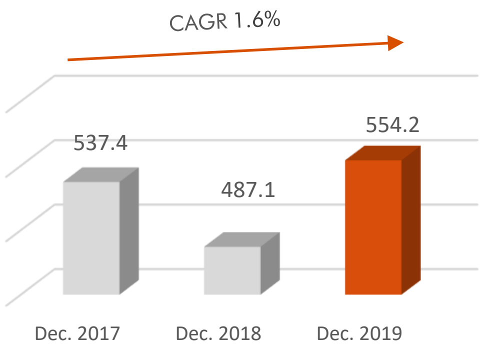

** Includes Engineering services, Fashion & Design, Religious Organizations, Hospitality, Clubs, co-operative societies, Unions etc.*

# Strong Capital Ratios – Group and Parent

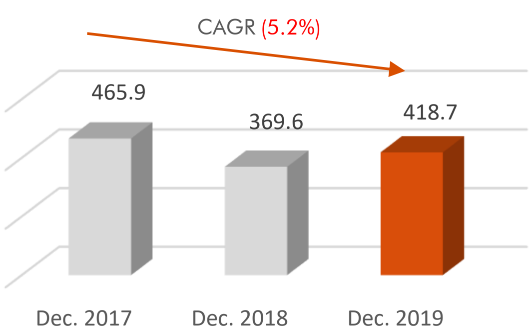
- The Group continued to maintain robust capital buffers with full IFRS 9 impact Capital Adequacy Ratio (CAR) of 22.51% well above the regulatory minimum of 15% and 16% for D-SIBs.
- CAR based on the CBN's transitional arrangement came in stronger at 25.88%.
- Tier 1 capital remained a very significant component of the Group CAR standing at 21.88% representing 97.2% of the Group Full IFRS 9 impact CAR of 22.51%.
- The robust capital position of the Group provides sufficient capacity for additional risk taking.




Regulatory Capital (Group) - Tier 1 & 2 (₦'Bn)




Regulatory Capital (Parent) - Tier 1 & 2 (₦'Bn)




Capital Adequacy Computation (Basel II)

| | Group | | | |
|---|---|---|---|---|
| | Transitional IFRS 9 Impact | | Full IFRS 9 Imapct | |
| In Millions of Naira | Dec. 19 | Dec. 18 | Dec. 19 | Dec. 18 |
| Net Tier 1 Capital | 638,806 | 587,393 | 538,760 | 470,069 |
| Net Tier 2 Capital | 15,390 | 17,006 | 15,390 | 17,006 |
| **Total Regulatory Capital** | **654,196** | **604,399** | **554,150** | **487,075** |
| **Risk Weighted Assets for:** | | | | |
| Credit Risk | 1,979,578 | 1,625,280 | 1,914,087 | 1,559,789 |
| Operational Risk | 539,464 | 487,938 | 539,464 | 487,938 |
| Market Risk | 8,522 | 34,327 | 8,522 | 34,327 |
| **Aggregate Risk Weighted Assets** | **2,527,564** | **2,147,545** | **2,462,073** | **2,082,054** |
| **Capital Adequacy Ratio:** | | | | |
| Tier 1 Risk Weighted | 25.27% | 27.35% | 21.88% | 22.58% |
| Tier 2 Risk Weighted | 0.61% | 0.79% | 0.63% | 0.82% |
| **Total Risk Weighted Capital Ratio** | **25.88%** | **28.14%** | **22.51%** | **23.39%** |

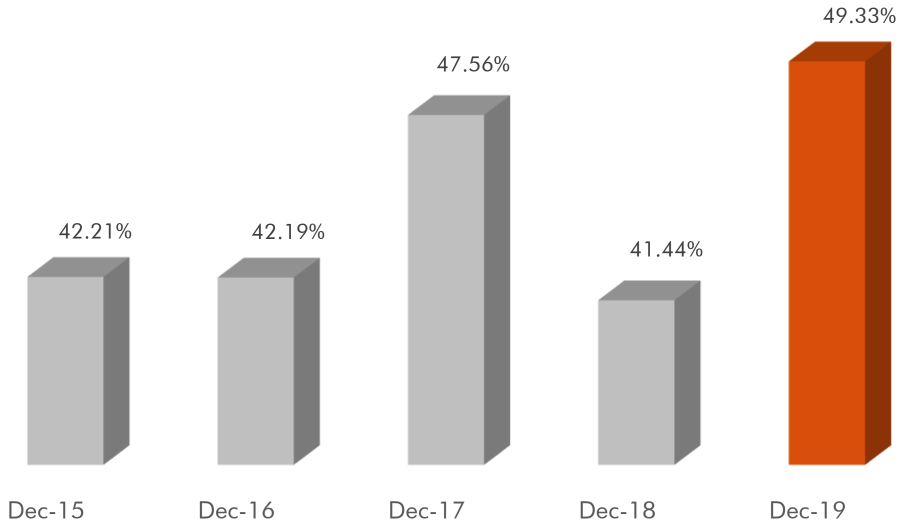
** Transitional Arrangement CAR (non-adoption of full Day 1 IFRS 9 Impact)*

# Liquidity Ratio

## Strong Liquidity Position

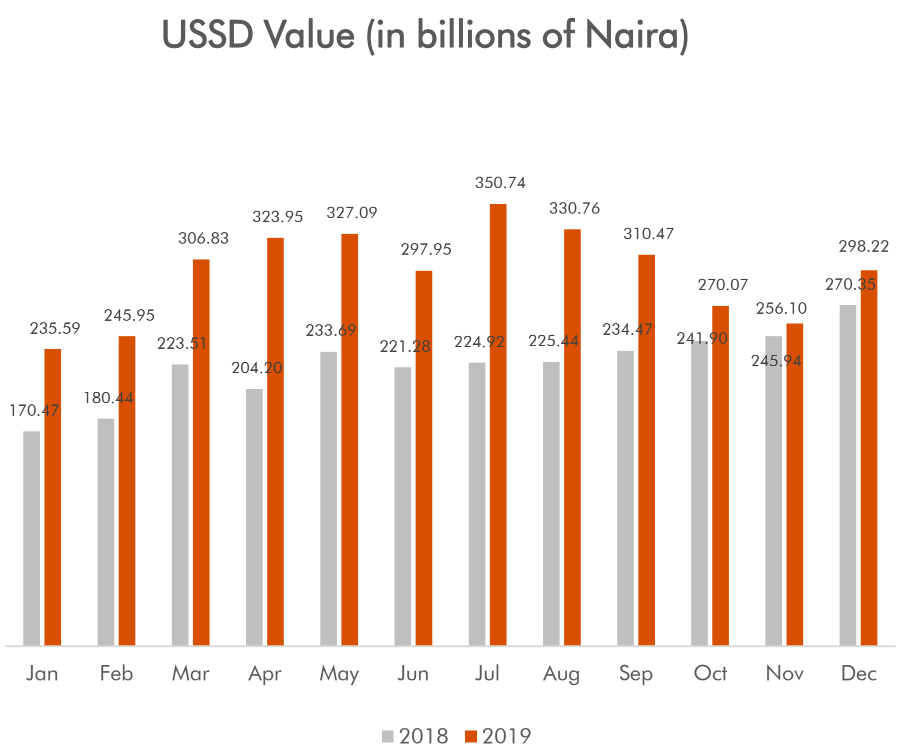
- Liquidity ratio remained strong at 49.33% in FY 2019 (FY 2018 : 41.44%) which is well above regulatory minimum of 30%.
- Average liquidity remained strong at 44.43% in FY 2019 (FY 2018 : 48.07%) reflecting the consistency and strength of our liquidity profile over the period.
- The strong liquidity positions in Naira and Foreign Currency provides the Group with headroom to leverage opportunities for risk assets creation and other investments.

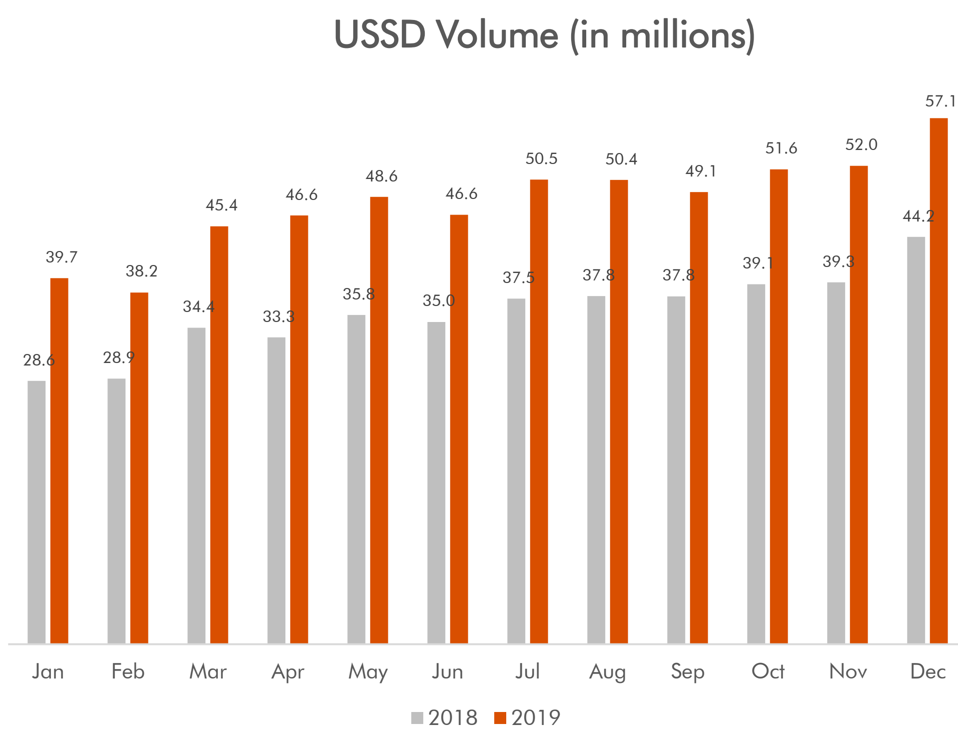
## Liquidity Trend



# Digital Banking and USSD Banking Performance

- Total number of USSD unique Users grew by 32.6% y-o-y from 4.6 million in Dec. 2018 to 6.1 million in Dec. 2019.
- Total number of active Users on the USSD platform also increased by 1.1 million users from 3.7 million in Dec. 2018 to 4.8 million in Dec. 2019.



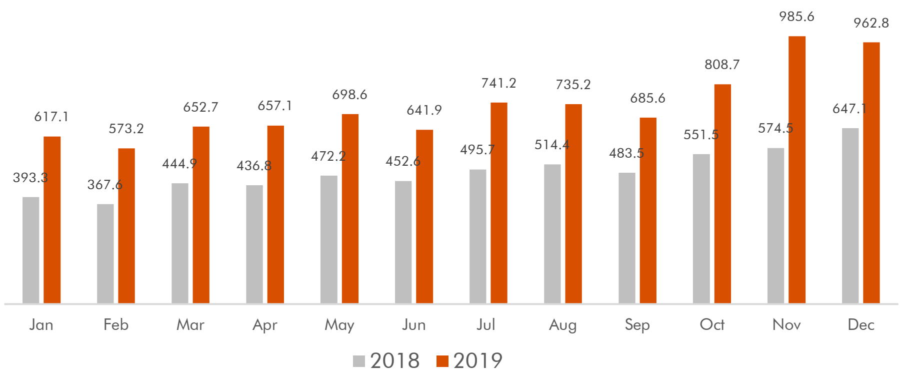




**Total Value in FY 2019** : ₦3,553.73 billion
**Total Value in FY 2018** : ₦2,676.61 billion
**% Growth (y-o-y)** : 32.8%

**Total Volume in FY 2019** : 575.8 million
**Total Volume in FY 2018** : 431.7 million
**% Growth (y-o-y)** : 33.4%

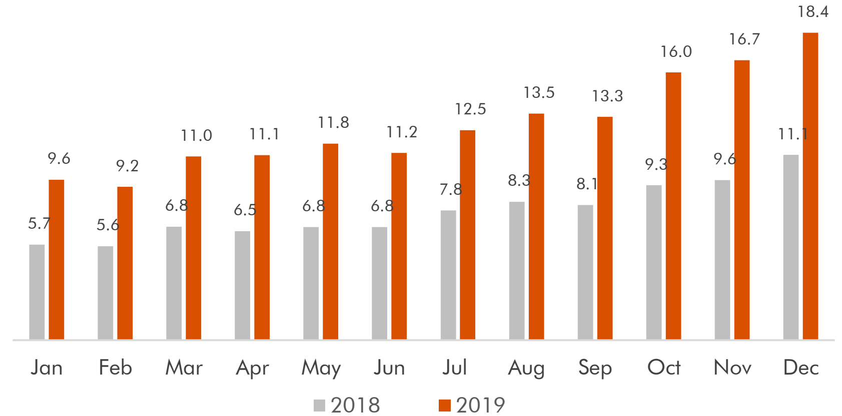
# Digital Banking and USSD Banking Performance Contd.

## Mobile Banking (Value in Billions of Naira)



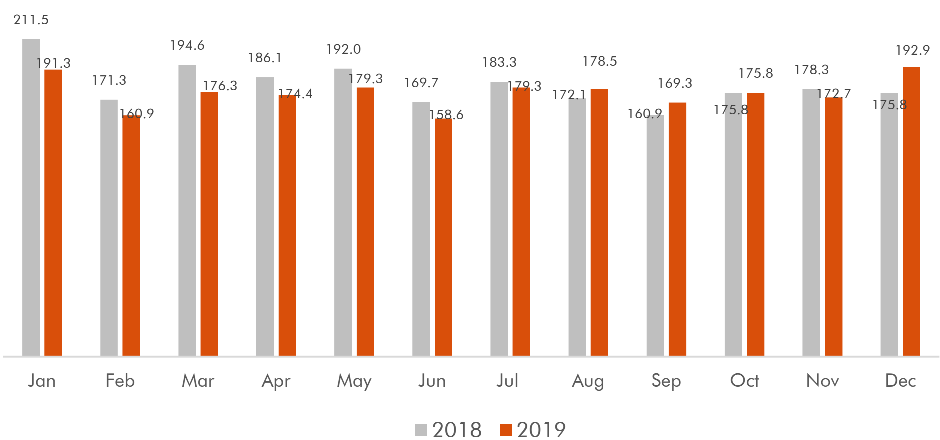

**Total Value in FY 2019** : ₦ 8,759.7 billion
**Total Value in FY 2018** : ₦ 5,834.0 billion
**% Growth (y-o-y)** : 50%

## Mobile Banking (Volume in Millions)



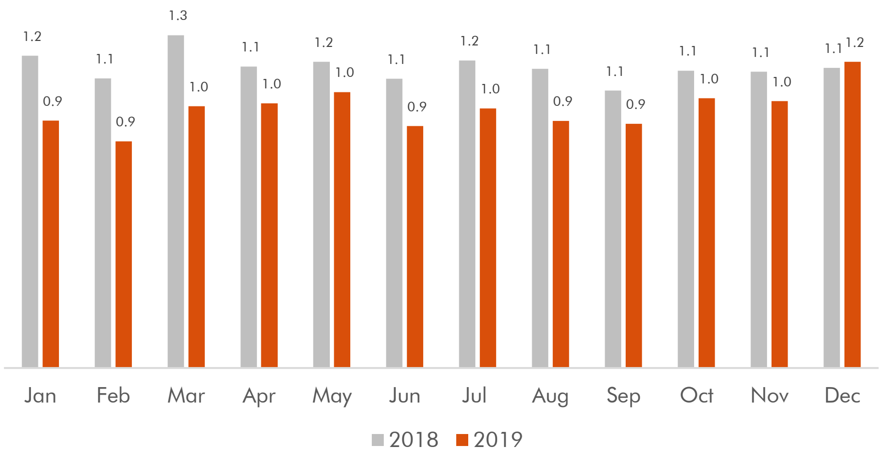

**Total Volume in FY 2019** : 154.3 million
**Total Volume in FY 2018** : 92.2 million
**% Growth (y-o-y)** : 67%

## Internet Banking (Value in Billions of Naira)




**Total Value in FY 2019** : ₦ 2,109.4 billion
**Total Value in FY 2018** : ₦ 2,171.3 billion
**% Growth (y-o-y)** : (2.9%)

## Internet Banking (Volume in Millions)




**Total Volume in FY 2019** : 11.8 million
**Total Volume in FY 2018** : 13.7 million
**% Growth (y-o-y)** : (14%)

# Digital Banking Income

| In billions of Naira | Group Dec-2019 | Group Dec-2018 | Change (Y-o-Y) | % Change (Y-o-Y) |
|---|---|---|---|---|
| Commission on NIP Transfer | 11.15 | 6.23 | 4.91 | 79% |
| USSD Convenience Fee | 2.13 | 1.58 | 0.54 | 34% |
| E-channel Income/Bills Payment | 1.92 | 1.26 | 0.65 | 52% |
| Earnings from Mastercard/Others | 3.23 | 2.53 | 0.70 | 28% |
| | | | | |
| Total | 18.42 | 11.61 | 6.81 | 59% |

# Business Segments & Subsidiary Review

# Business Segmentation (Group) – FY 2019

| | Description | | | | Loans | Deposits | PBT |
|---|---|---|---|---|---|---|---|
|  Institutional and Wholesale | 1,500+ Customers<br>₦1,124.1 billion Loans | ₦5 billion+ Turnover<br>₦704.4 billion Deposits | Large Corporates, Multinationals, Energy, Telecoms, Maritime etc. Sector Focused<br>₦162.6 billion PBT | | 74.8%<br>73.4%* | 26.7%<br>27.2%* | 70.6%<br>66.7%* |
|  Commercial | 132,000+ Customers<br>₦112.4 billion Loans | from N500 million and N5 billion Turnover<br>₦266.3 billion Deposits | Tailor-made Solutions and Flexibility for Middle Market Companies Extensive product range<br>₦6.9 billion PBT | | 7.5%<br>10.6%* | 10.1%<br>13.6%* | 3.0%<br>7.7%* |
|  SME | 850,000+ Customers<br>₦31.5 billion Loans | under ₦500 million Turnover<br>₦302.8 billion Deposits | Caters to small, fledging and fairly structured businesses Product range<br>₦0.42 billion PBT | | 2.1%<br>1.9%* | 11.5%<br>10.6%* | 0.2%<br>2.5%* |
|  Retail | 17.5 million+ Customers<br>₦153.7 billion Loans<br>228 Branches | Retail-focused Customer base Deposit Drive<br>₦1,340.6 billion Deposits<br>60 GTExpress Outlets | Consumer Lending Increase Retail Loan Proportion<br>₦58.0 billion PBT<br>30 e-branches & Cash Centres | 1,326 ATMs | 10.2%<br>9.0%* | 50.8%<br>48.1%* | 25.2%<br>21.4%* |
|  Public Sector | Federal, state & local governments Focus<br>₦80.4 billion Loans | Ministries, Departments. & Agencies (MDAs) Product Focus<br>₦25.9 billion Deposits | All segments of government Active Areas<br>₦2.5 billion PBT | | 5.4%<br>5.1%* | 1.0%<br>0.5%* | 1.1%<br>1.6%* |

* FY 2018

# Geographical Presence – FY 2019

## United Kingdom

- Established in 2008
- 100% owned by parent
- 1 branch
- ₦9.60bn invested by parent
- FY 2019 PBT: ₦985.48mn
- ROE: 4.90%

## Gambia

- Established in 2002
- 77.81% owned by parent
- 16 branches
- ₦574.28mm invested by parent
- FY 2019 PBT: ₦1.52bn
- ROE: 19.78%

## Sierra Leone

- Established in 2002
- 83.74% owned by parent
- 13 branches
- ₦594.11m invested by parent
- FY 2019 PBT: ₦3.71bn
- ROE: 25.85%

## Liberia

- Established in 2009
- 99.43% owned by parent
- 9 branches
- ₦1.95bn invested by parent
- FY 2019 PBT: ₦1.95bn
- ROE: 15.81%

## Cote D'Ivoire

- Established in 2012
- 100% owned by parent
- 4 branches
- ₦5.08bn invested by parent
- FY 2019 PBT: ₦1.31bn
- ROE: 18.04%

## GTBank plc

- Parent Company
- Established in 1990
- 228 branches, 16 e-branches & 60 GTExpress
- ₦605.9bn in SHF (Parent)
- FY 2019 PBT: ₦200.18bn (Parent)
- ROE: 31.38% (Parent)

## Kenya

- Acquired in 2013
- 70% owned by parent
- 8 branches
- ₦17.13bn invested by parent
- FY 2019 PBT: ₦2.97bn
- ROE: 8.27% (Parent : 3.99%)

## Uganda

- Acquired in 2013
- Subsidiary of GTB Kenya
- 8 branches
- ROE: 3.31%

## Rwanda

- Acquired in 2013
- Subsidiary of GTB Kenya
- 14 branches
- ROE: 18.58%

## Tanzania

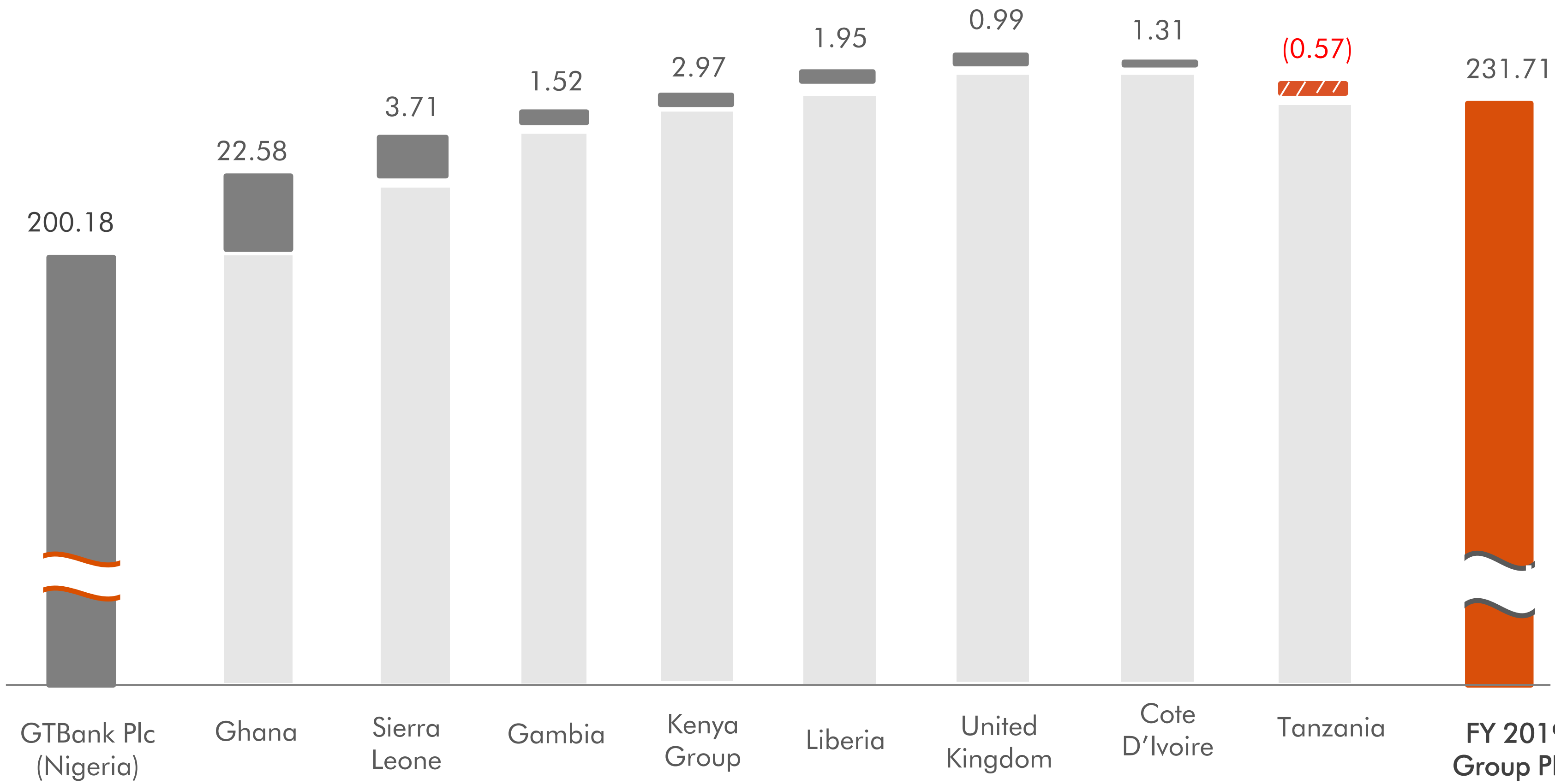
- Established in Dec. 2017
- 70% owned by Parent
- 1 branch
- ₦2.75bn invested by parent
- FY 2019 PBT: (₦573.14mn)
- ROE: (19.86%)

## Ghana

- Established in 2006
- 98.32% owned by parent
- 33 branches
- ₦18.14bn invested by parent
- FY 2019 PBT: ₦22.58bn
- ROE: 32.47%

# Group PBT Breakdown

## FY 2019 PBT – Group (N'bn)

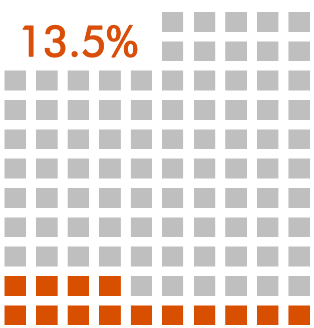


# Parent and Subsidiary Highlights

| Millions of Naira | Assets | | | Loans | | | Total Deposit | | | PBT | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | FY 2019 | FY 2018 | % Change | FY 2019 | FY 2018 | % Change | FY 2019 | FY 2018 | % Change | FY 2019 | FY 2018 | % Change |
| Cote D'Ivoire | 30,364 | 23,111 | 31% | 8,162 | 6,749 | 21% | 20,378 | 15,794 | 29% | 1,313 | 467 | 181% |
| Gambia | 49,735 | 44,312 | 12% | 7,714 | 5,093 | 51% | 42,422 | 36,699 | 16% | 1,519 | 1,095 | 39% |
| Ghana | 215,376 | 169,998 | 27% | 37,516 | 31,615 | 19% | 157,458 | 123,887 | 47% | 22,580 | 16,524 | 37% |
| Kenya Group | 153,060 | 133,668 | 15% | 74,435 | 69,417 | 7% | 118,797 | 104,998 | 13% | 2,972 | 1,478 | 101% |
| Liberia | 40,841 | 40,111 | 2% | 24,262 | 27,842 | (13%) | 29,484 | 28,827 | 2% | 1,954 | 1,743 | 12% |
| Sierra Leone | 45,170 | 42,828 | 5% | 16,778 | 16,906 | (1%) | 33,240 | 31,966 | 4% | 3,707 | 4,070 | (9%) |
| Tanzania | 5,196 | 4,234 | 23% | 2,621 | 1,045 | 151% | 2,455 | 1,005 | 144% | (573) | (665) | (14%) |
| United Kingdom | 202,596 | 213,641 | (5%) | 30,546 | 36,010 | (15%) | 183,144 | 195,342 | (6%) | 985 | 1,435 | (31%) |
| Nigeria | 3,097,248 | 2,712,521 | 14% | 1,300,893 | 1,068,045 | 22% | 2,086,825 | 1,866,552 | 12% | 200,178 | 189,971 | 5% |
| * Grand Total | 3,758,919 | 3,287,343 | 14% | 1,502,085 | 1,262,722 | 19% | 2,640,059 | 2,356,706 | 12% | 231,708 | 215,587 | 7% |

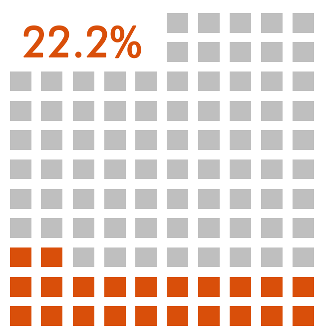
% Contribution of Subsidiaries to Group

Loans



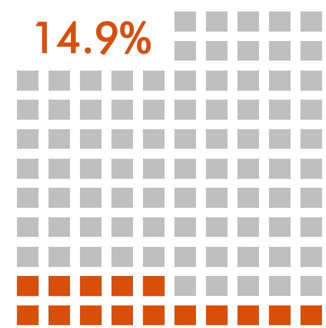

(FY 2018 – 15.4%)

Deposits




(FY 2018 – 22.4%)

PBT




(FY 2018 – 12.1%)

*post elimination entries*

# Non-Financial Highlights for FY 2019

## EMPLOYEES

**6,905**
Employees

**54%** Male
**46%** Female

**90%**
of employee received training in FY 2019

## CUSTOMERS

**18.5mm+**
Customers

**30**
e-Branches and Cash Centres

**21,540+**
active POS Terminals

**338**
International Branch Network

**1,326**
Automated Teller Machines

**60**
GT Express Locations

**435,000+**
Unique Users

**576mm+**
Unique Transactions

**5.39mm+**
active cards

## SHAREHOLDERS

**324,724**
Shareholders

**696 Kobo**
EPS

**No 1**
In Market Capitalization (Bank) and Best in Class Returns

## RATINGS

| | |
|---|---|
| FitchRatings | B+ |
| S&P Global Ratings | B |

## ACCOLADES

Euromoney Awards for Excellence 2019: Best Bank in Africa; Best Bank in Nigeria

The Banker, Bank of the Year 2018, Nigeria: Bank of the Year (Nigeria)

World Finance Banking Awards 2018: Best Banking Group (Nigeria); Best Retail Bank (Nigeria)

Corporate USA Today Annual Awards 2018 Winner: Managing Director of the Year (Nigeria)

Efficiency Awards 2018: Best Customer Experience; USSD Channel Champion

Global Business Outlook: Outstanding CEO's Contribution to the Banking Industry (Segun Agbaje)

Lawyer International Legal 100 Winner 2018: Managing Director of the Year (Nigeria)

africainvestor: Most Innovative Bank; CEO of the Year

African Development & Investment Convention: African CEO of the Year

## COMMUNITIES

**2019 — GTBank Masters Cup**
**35**
Schools participated in the 2019 editions of the Masters Cup

**2019 — GTBank Food & Drink**
**247,000+**
Participants
**150**
Vendors

**2019 — GTBank Fashion Weekend**
**103,540+**
Participants
**125**
Vendors

**9th Annual Autism Programme**
**572**
Children benefited from the annual autism child assessment and conference
**4,000+**
Attendees
**30,000+**
Online Impressions

**GTBank Cares**
**484**
bicycles distributed to students in Ondo, Enugu, Taraba and Sokoto empowering them under the Beat The Distance Initiative
**120+**
Bicycles per state
**16+**
Schools in 4 States

# Guidance and Plans for FY 2020

# FY 2020 Guidance

| | FY 2018 | FY 2019 | FY 2020 Guidance |
|---|---|---|---|
| PBT | ₦215.6 bn | ₦231.7 bn | ₦235bn |
| Deposit Growth | 10% | 12% | 12% |
| Loan Growth | (13%) | 19% | 13% |
| Coverage (with Reg. Risk Reserve) | 105.1% | 126.6% | 100% |
| Cost of Risk | 0.3% | 0.3% | Below 1% |
| NPL to Total Loans | 7.3% | 6.5% | Below 5% |
| Return on average Assets | 5.6% | 5.6% | 5% |
| Return on average Equity | 30.9% | 31.2% | Min. 25% |
| Loans to Deposits and Borrowings (Bank) | 57.01% | 60.62% | 63% |
| Liquidity Ratio | 41.4% | 49.3% | 40% |
| Capital Adequacy Ratio | 23.4% | 22.5% | 22% |
| Cost to Income Ratio | 37.1% | 36.1% | 40% |
| Net Interest Margin | 9.2% | 9.3% | 8% |

# Disclaimer

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