GTBank

2018 Full Year Investors/Analysts Presentation

Guaranty Trust Bank plc | March 2019

Outline

Macro-economic Review for FY 2018

Overview of FY 2018

FY 2018 Performance Review

Business Segments and Subsidiary Review

Guidance and Plans for FY 2019

Macro-economic Review for FY 2018

Macro-economic Review (FY 2018)

Economic Performance

- Nigeria's real GDP was up 1.09% points to 1.93% in 2018 from 0.82% recorded in 2017 driven largely by 1.14% and 2% expansion in the oil and non-oil sectors respectively.
- Whilst the growth recorded in the Oil sector was driven by improved oil prices and production output, the growth in the non-oil sector was largely as a result of improved performance in Information & Communication, Transportation & Storage, Art & Entertainment, Agriculture and Manufacturing sectors.

Oil Price and Oil Production

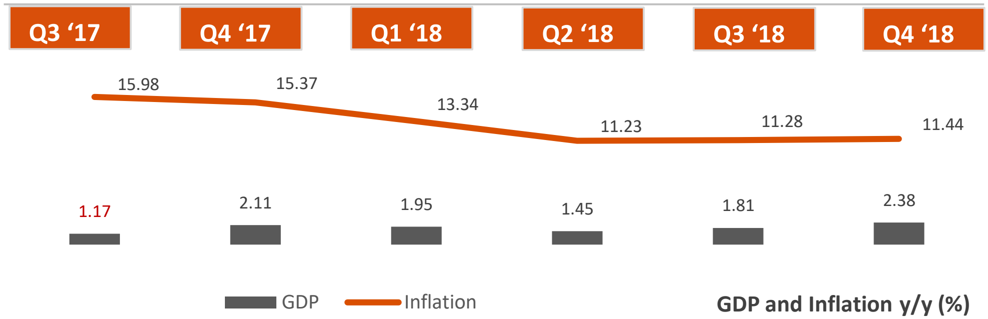
- Nigeria's oil production averaged 1.923 mbpd in 2018 compared to 1.898 mbpd reported in the 2017 comparative period which represents an increase of 1.32% (25,000 bpd).
- Brent oil price firmed up to levels only seen pre-2014 at US$80.94 pb in September 2018 amid lower oil production in Libya and Venezuela as well as the U.S sanction-induced supply loss from Iran.
- In view of the agreement to cut global oil production by 1.2 mbpd for six (6) months (Jan. – Jun. 2019) by OPEC and its allies, there are upsides for oil prices in 2019.

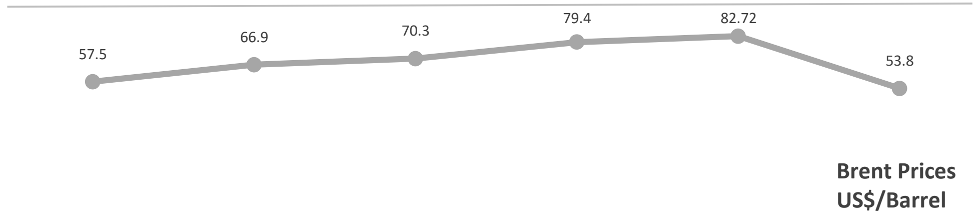
External Reserves and Capital Inflow

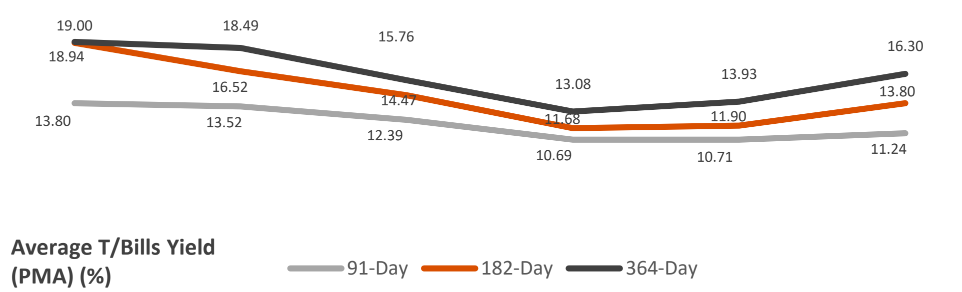
- Whilst the first quarter of 2018 witnessed an increase in capital flows by 594% y/y to US$6.3bn driven by portfolio investment, the subsequent quarters recorded continuous massive outflows on the back of interest rate hike in the U.S and U.K as well as uncertainty surrounding the 2019 elections.
- On the whole, total capital inflowed into the country in 2018 increased by 37.5% to US$16.8bn from US$12.2bn in 2017 largely as a result of attractive yields on money market instruments.
- External reserves grew by 13.3% in 2018 from US$38.1 bn in Dec. 2017 to US$43.1 bn in Dec 2018 following successful 2018 Eurobond issuances, higher oil price and improved capital flows.

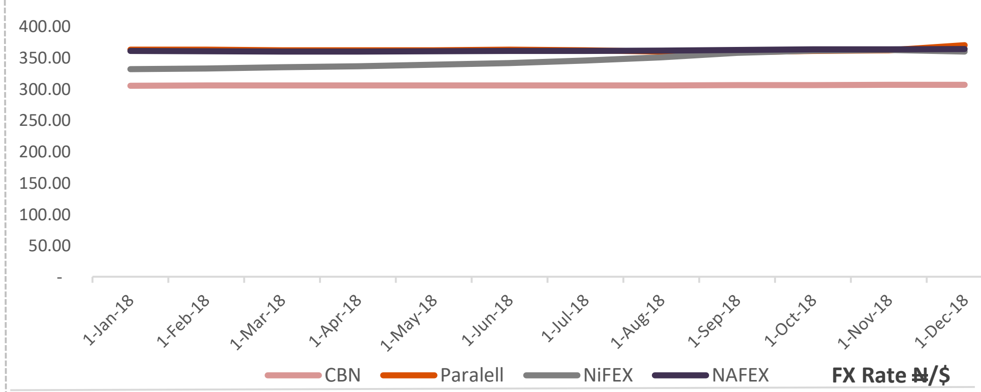
Inflation, Interest Rate and Exchange Rate

- The downward trend in headline inflation continued, declining from 15.37% y/y in Dec. 2017 to 11.44% y/y in Dec. 2018 largely on the back of base effects and relative improvement in food prices.
- Yields on fixed income securities rose by c.70 bps and 135 bps on the short and long ends between January and December 2018.
- Interest rate hike by the US Fed, financial crises in Emerging Markets (EM) including Turkey and Argentina as well as domestic political concerns about the 2019 general election drove investor apathy which forced aggressive tightening measures by the CBN.
- In the course of the year, the underlying rates for the NiFEX and NAFEX benchmarks converged at N360 – N362 level, which is also at par with the parallel rate. With the CBN official rate at N305 – N306, the hitherto multiple exchange rate regime is beginning to look like a two-rate regime.









Sources: CBN, Bloomberg, National Bureau of Statistics,

Overview of FY 2018

Overview of FY 2018

JANUARY

- CBN issued revised guidelines to commercial banks on internal capital adequacy and dividend pay-out policy.
- CBN set a new target for Deposit Money Banks (DMBs) and Microfinance Banks to achieve 80% financial inclusion target for the adult population by 2020.
- MPC meeting stalled over inability of the committee to form a quorum following the Senate's refusal to confirm CBN nominees.

FEBRUARY

- CBN revised the guidelines for the Commercial Agriculture Credit Scheme (CACS) to include Non-Interest Financial Institutions (NIFIs).
- CBN abolished commissions charged by DMBs on retail foreign exchange transactions i.e. Personal Travel Allowance (PTA), Medical and School Fees etc.
- CBN directed DMBs and Discount Houses with huge bad loans and low capital base to discontinue the payment of dividends to shareholders.
- The Federal Government (FGN) announced the offering of US$2.5 billion aggregate amount of dual series Eurobond notes.

MARCH

- CBN directed all banks to comply with the statutory provisions of remitting 0.005% levy on all electronic transactions.
- CBN introduced the Non-oil Export Stimulation Facility (NESF) to non-oil sector players.
- The senate confirmed the appointments of two CBN deputy governors and three MPC members.

APRIL

- CBN issued regulatory framework for DMBs and mobile operators on the usage of USSD service to stem the risk in the usage of the channel for financial services.
- The IMF forecasted a growth of 2.1% for Nigeria in 2018.
- President Buhari approved the extension of the Voluntary Assets and Income Declaration Scheme (VAIDS) to June 30, 2018.
- CBN maintained status quo on all monetary indicators citing persistent uncertain economic conditions and high inflation.

MAY

- CBN signed a currency swap deal worth US$2.5 billion with the People's Bank of China to facilitate trade between the two countries and enhance foreign reserve management.
- CBN directed all commercial banks and Bureau de Change (BDC) operators to sell foreign exchange to all eligible travellers irrespective of their customer status.

JUNE

- CBN postponed the Implementation of regulatory framework for the use of USSD to Oct. 2018.
- PENCOM introduced new Retirement Savings Account (RSA) multi-fund structure to create multiple asset allocation to different demography/age profile and risk appetite.
- CBN issued framework to authorised dealers for the Bilateral Currency Swaps Agreement (BCSA).
- President Buhari signed the 2018 Appropriation Bill into law.

JULY

- FGN placed a ban on importation of haulage vehicles that are over 10 years old from the date of manufacture.
- CBN's MPC retained MPR at 14% to curb inflationary pressures anticipated with election spending whilst encouraging large corporates to issue commercial paper.

AUGUST

- PENCOM suspended the payment of 20 % lump sum to retirees under the Contributory Pension Scheme and directed all Pension Funds Administration (PFA) to revert to 25%.
- CBN released the guidelines for accessing the Real Sector Support Facility (RSSF) aimed at channelling funds to the manufacturing and agricultural sectors.
- CBN imposed sanctions totalling N5.87 billion on four banks and asked same to refund the sum of US$8.1bn for alleged illegal repatriation of funds for MTN Nigeria.

SEPTEMBER

- Crude oil prices spiked by 2.7% to a four-year high of US$80.94 pb
- CBN and the Bureau of Public Enterprises (BPE) signed the instrument for the sale of 21% of the FGN's stake in the Nigeria Security Printing and Minting Company (NSPMC).
- Headline inflation inched up slightly to 11.28% from 11.23% in August 2018.

OCTOBER

- CBN announced the introduction of Mortgage Guarantee Companies (MGCs) aimed at reducing credit risk in the mortgage finance sector and increasing access to mortgage loans.
- CBN increased the capital requirements for microfinance banks to tackle the challenge of inadequate capital base in the sub-sector.
- The Senate approved the issuance of US$2.786 billion Eurobond

NOVEMBER

- CBN fixed N5 billion as minimum capital requirement for the Payment Service Banks (PSB).
- CBN introduced new code of corporate governance rules for BDC operators to become effective on December 1, 2018.
- CBN's MPC retained lending rate at 14% and all other monetary indicators for the 14th consecutive time

DECEMBER

- President Muhammadu Buhari presented the 2019 Budget of N8.83tn to a joint session of the National Assembly.
- CBN urged banks to enhance their reporting on fraud related cases in accordance with the laid down CBN provisions.
- CBN included fertiliser on the list of 41 import items classified as 'not valid for foreign exchange' in the Nigerian forex market.

Full Year 2018 Financial Performance Review

Key Performance Ratios

	Twelve months ended December 31, 2017	Twelve months ended December 31, 2018
Net Interest Margin	10.42%	9.23%
Cost to Income	38.89%	37.09%
Capital Adequacy	25.68%	23.39%
Liquidity	47.56%	41.44%
Loans to Deposits	67.49%	53.55%
Return on Equity (post tax)	29.96%	30.90%
Return on Assets (post tax)	5.19%	5.56%
NPL to Total Loans	7.66%	7.30%
Cost of Risk	0.76%	0.34%
Coverage (with Reg. Risk Reserve)	119.63%	105.08%

Balance Sheet Snapshot - Group

Total Assets (₦'Bn)
(1.9%)
FY 2018 – 3,287.3
FY 2017 – 3,351.1

Total Liabilities (₦'Bn)
(0.7%)
FY 2018 – 2,711.8
FY 2017 – 2,731.7

Total Equity (₦'Bn)
(7.1%)
FY 2018 – 575.6
FY 2017 – 619.4

Gross Loans and Advances (₦'Bn)
(10.2%)
FY 2018 – 1,362.1
FY 2017 – 1,517.1

Net Loans and Advances (₦'Bn)
(12.9%)
FY 2018 – 1,262.0
FY 2017 – 1,449.3

Customer Deposits (₦'Bn)
10.3%
FY 2018 – 2,273.9
FY 2017 – 2,062.0

Investment Securities (₦'Bn)
3.1%
FY 2018 – 694.1
FY 2017 – 672.9

EPS (Kobo)
10.1%
FY 2018 – 654
FY 2017 – 594

Total Dividend (Kobo)
1.9%
FY 2018 – 275
FY 2017 – 270

Balance Sheet

	Group	Group	
In thousands of Nigerian Naira	Dec-2018	Dec-2017	% y/y change
Assets			
Cash and bank balances	676,989,012	641,973,784	5%
Financial assets held for trading	11,314,814	23,945,661	-53%
Derivative financial assets	3,854,921	2,839,078	36%
Investment securities:	694,101,834	672,935,506	3%
– Fair Value through profit or loss	2,620,200	0	100%
– Fair Value through other comprehensive income	536,084,955	0	4%
– Available for sale	0	517,492,733	
– Held at amortised cost	98,619,509	0	
– Held to maturity	0	96,466,598	2%
Assets pledged as collateral	56,777,170	58,976,175	-4%
Loans and advances to banks	2,994,642	750,361	299%
Loans and advances to customers	1,259,010,359	1,448,533,430	-13%
Restricted deposits & other assets	508,678,702	444,946,897	14%
Property and equipment	111,825,917	98,669,998	13%
Intangible assets	16,402,621	14,834,954	11%
Deferred tax assets	2,169,819	1,666,990	30%
Total assets	**3,287,342,641**	**3,351,096,659**	-2%

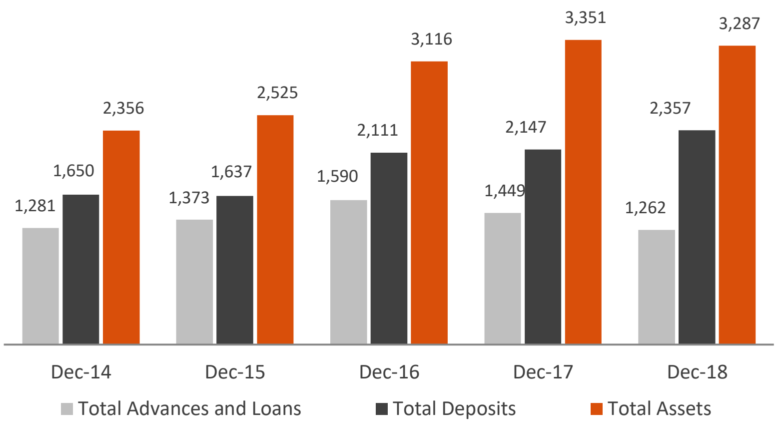
	Group	Group	
	Dec-2018	Dec-2017	% y/y change
Liabilities			
Deposits from banks	82,803,047	85,430,514	-3%
Deposits from customers	2,273,903,143	2,062,047,633	10%
Financial liabilities held for trading	1,865,419	2,647,469	-30%
Derivative financial liabilities	3,752,666	2,606,586	44%
Other liabilities	140,447,508	224,116,829	-37%
Current income tax liabilities	22,650,861	24,147,356	-6%
Debt securities issued	0	92,131,923	-100%
Other borrowed funds	178,566,800	220,491,914	-19%
Deferred tax liabilities	7,785,850	18,076,225	-57%
Total liabilities	**2,711,775,294**	**2,731,696,449**	-1%
Equity			
Share capital	14,715,590	14,715,590	0%
Share premium	123,471,114	123,471,114	0%
Treasury shares	(5,583,635)	(5,291,245)	6%
Retained earnings	106,539,050	122,618,621	-13%
Other components of equity	323,991,767	352,403,527	-8%
Total equity attributable to owners of the Parent	**563,133,886**	**607,917,607**	-7%
Non-controlling interests in equity	12,433,461	11,482,603	8%
Total equity	**575,567,347**	**619,400,210**	-7%
Total equity and liabilities	**3,287,342,641**	**3,351,096,659**	-2%

Balance Sheet Composition

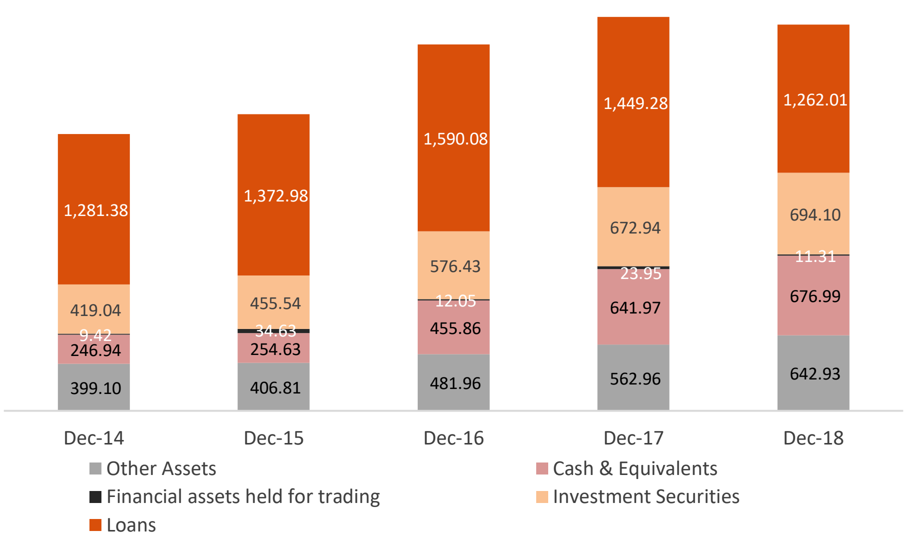
Balance Sheet Management

- Efficient and well structured balance sheet with strong earnings capacity. Interest earning assets and non-interest earning assets accounted for 70% and 30% respectively.
- Well diversified and improved funding source with low cost deposits accounting for 84% of the deposit base. Contribution of fixed income securities (FIS) to total assets improved to 21.3% from 20.7% in FY 2017.
- Loan book contracted by 12.9% due to scheduled pay-downs by some FX loan customers on account of improved FX liquidity in the market as well as impact of IFRS 9 implementation. The USD loan repayments resulted in a 24.5% growth in Money Market Placements. The dip in Loan book also enabled the Group to redeem its Eurobond.
- Retail strategy premised on focused innovative digital solutions provided the needed stimulus for consistent low cost deposits mobilization resulting in 10.3% growth in Customers' Deposits with low cost mix improving by 170 bps from 82.3% in FY 2017 to 84% in FY 2018.
- Strong liquidity position backed by robust capital buffers with full Impact IFRS 9 Capital Adequacy Ratio (CAR) of 23.4% well above regulatory requirement of 16%.
- In spite of Capital pressures, declining yield regime and continued crowding effect from Customer's preference for federal government Treasury Bills, the Group was able to deliver Post Tax ROE of 30.9%, Post Tax ROA of 5.6% and NIM of 9.2%.

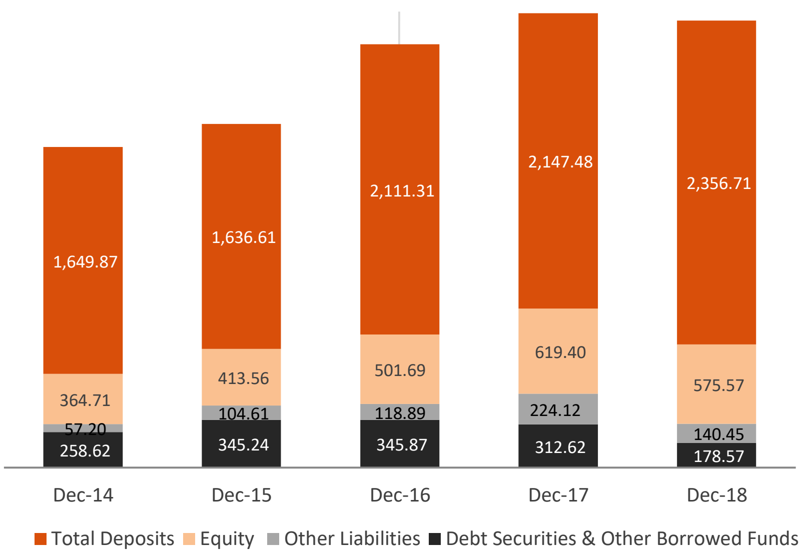
Loans, Deposits & Total Assets (₦'Bn)



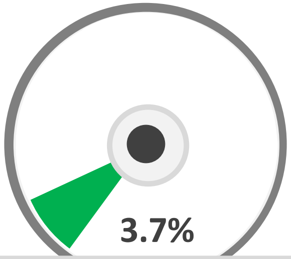
Components of Asset Base (₦'Bn)



Funding Mix (₦'Bn)



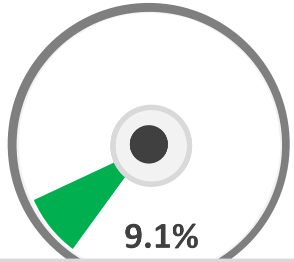
Income Statement Snapshot - Group



Gross Earnings (₦'Bn)

FY 2018 – 434.7

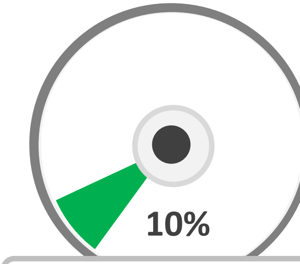
FY 2017 – 419.2



Profit Before Tax (₦'Bn)

FY 2018 – 215.6

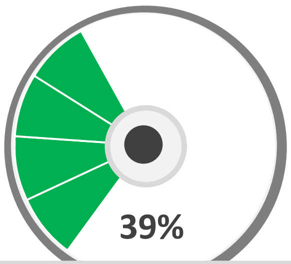
FY 2017 – 197.7



Profit After Tax (₦'Bn)

FY 2018 – 184.6

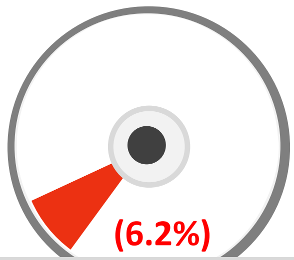
FY 2017 – 167.9



Non-Interest Income (₦'Bn)

FY 2018 – 127.7

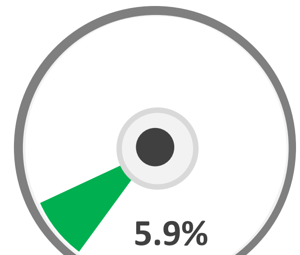
FY 2017 – 91.9



Interest Income (₦'Bn)

FY 2018 – 307.0

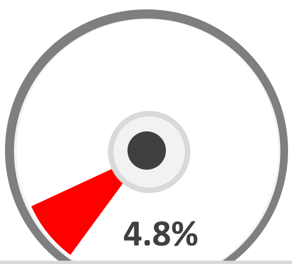
FY 2017 – 327.3



Operating Income (₦'Bn)

FY 2018 – 342.7

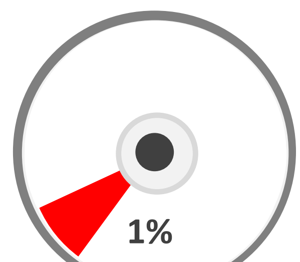
FY 2017 – 323.5



Interest Expense (₦'Bn)

FY 2018 – 84.5

FY 2017 – 80.7



Operating Expense (₦'Bn)

FY 2018 – 127.1

FY 2017 – 125.8

Income Statement - Group

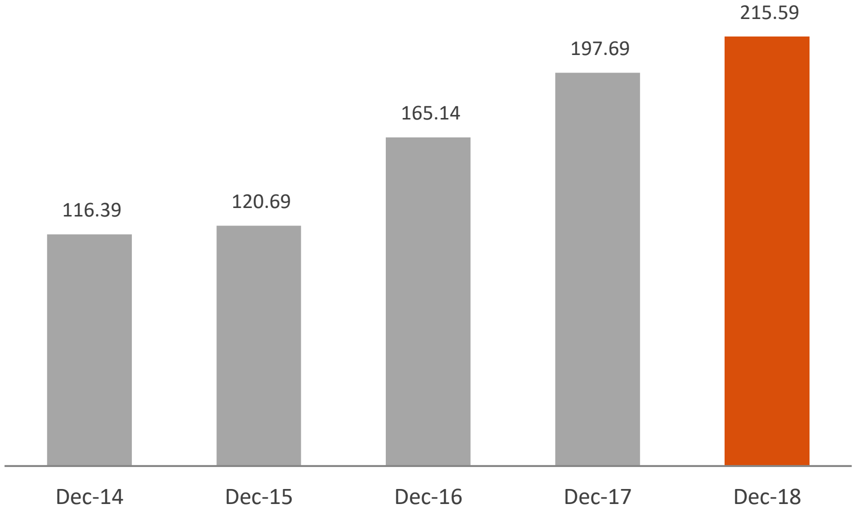
	Group	Group	
In thousands of Nigerian Naira	**Dec-2018**	**Dec-2017**	**% Change**
Interest income	306,963,482	327,333,512	-6%
Interest expense	(84,529,681)	(80,670,351)	5%
Net interest income	**222,433,801**	**246,663,161**	-10%
Loan impairment charges	(4,906,485)	(12,169,120)	-60%
Net interest income after loan impairment charges	**217,527,316**	**234,494,041**	-7%
Fee and commission income	52,367,605	42,921,857	22%
Fee and commission expense	(1,897,532)	(2,189,661)	-13%
Net fee and commission income	**50,470,073**	**40,732,196**	24%
Net gains on financial instruments classified as held for trading	24,583,974	11,338,819	117%
Other income	50,783,908	37,632,083	35%
Net impairment reversal/(loss) on financial assets	(650,015)	(696,680)	-7%
Personnel expenses	(36,856,121)	(32,832,341)	12%
Operating lease expenses	(2,085,035)	(1,596,413)	31%
Depreciation and amortization	(17,629,276)	(15,383,697)	15%
Other operating expenses	(70,558,054)	(76,002,963)	-7%
Profit before income tax	**215,586,770**	**197,685,045**	9%
Income tax expense	(30,947,176)	(29,772,387)	4%
Profit for the year	**184,639,594**	**167,912,658**	10%

PBT Evolution

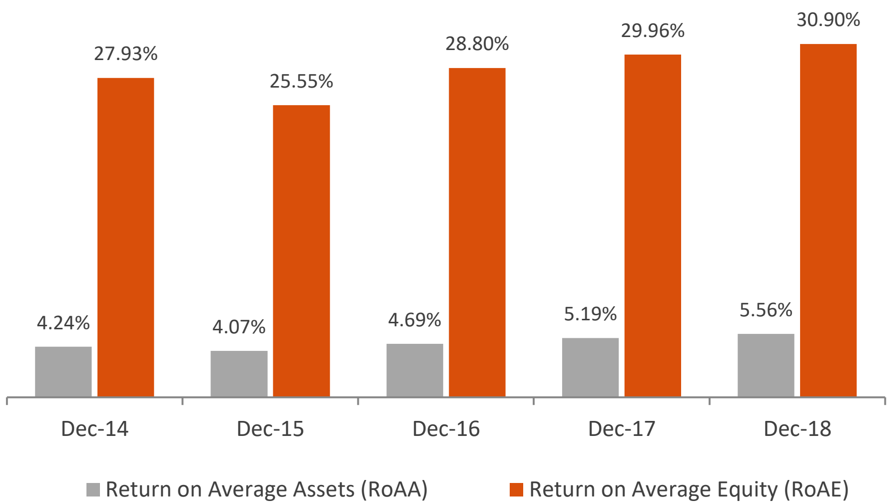
Robust FY 2018 PBT

- 9.1% growth in PBT largely driven by efficient balance sheet management, growth in transactional volumes arising from effective delivery of financial services, strong asset quality, cost efficiency and moderate OPEX growth.
- PBT margin closed 49.6% in spite of the declining yield environment and other regulatory caps on Fees and Commissions.
- Dealing room efficiency resulted in 117% growth in Trading Gains on Financial Instruments held for Trading. The Bank continued to benefit from long positions maintained on its Banking book. The Group did not record any derivative gains.
- Strengthened transactional base and increased traction recorded on our alternative channels and digital banking space delivered a growth of 22% on Fees and Commission income line.
- 6.2% decline in funded income resulted from declining yields on FIS and contraction of the loan books owing to scheduled pay-downs on the back of improved FX liquidity. The combined impact of declining yields and dip in loan volume caused a 200 bps drop in Asset yield from 14.3% in FY 2017 to 12.3% in FY 2018. T-bills Portfolio yield dipped by 420 bps from 20.0% in FY 2017 to 15.8% in FY 2018.
- Interest Expense growth of 4.8% as a result of intense competition for deposits among Banks and other Financial Institutions and continued customers' appetite for T-bills, which remained at elevated levels north of N370bn in both FY 2017 and FY 2018. The improved low cost deposit mix of 84%, Eurobond redemption and repayment of expensive USD borrowed funds assisted in mitigating interest expense growth and ensuring Cost of funds closed at 3.0%, an improvement of 17 bps from 3.17% of FY 2017.
- 1% growth in Operating Expenses evidenced our superior cost efficiency. The muted growth resulted in Cost to Income Ratio of 37.09% in FY 2018 from 38.8% in FY 2017.
- Subsidiaries contribution to Group PBT improved by 250 bps y-o-y from 9.3% in FY 2017 to 11.8% in FY 2018. In absolute terms, the performance of the subsidiaries complemented the decent performance at Parent level.
- Overall, the Group delivered good financial performance across all the key profitability metrics in FY 2018. With the FY 2018 PBT of N215.6bn, significantly from core banking activity amidst tough challenges, the Group's ability to continue to post sustainable earnings is not in doubt.

PBT (₦'Bn)



Return on Assets and Equity

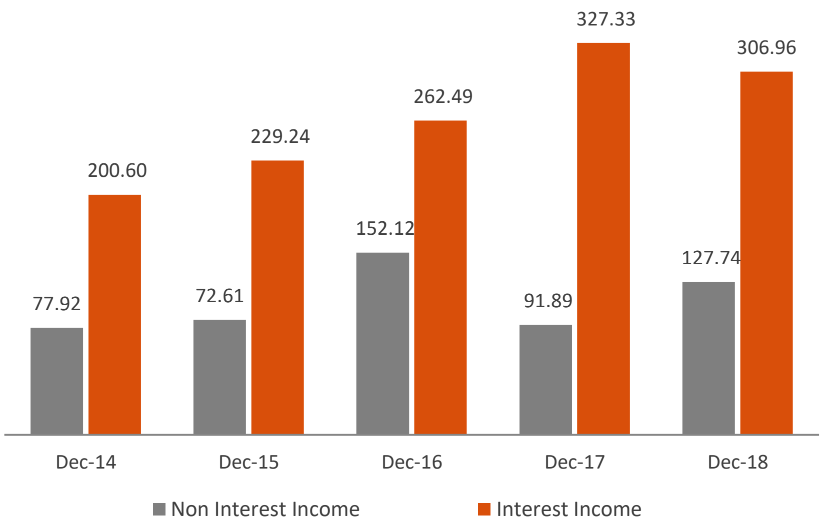


Revenue Generation

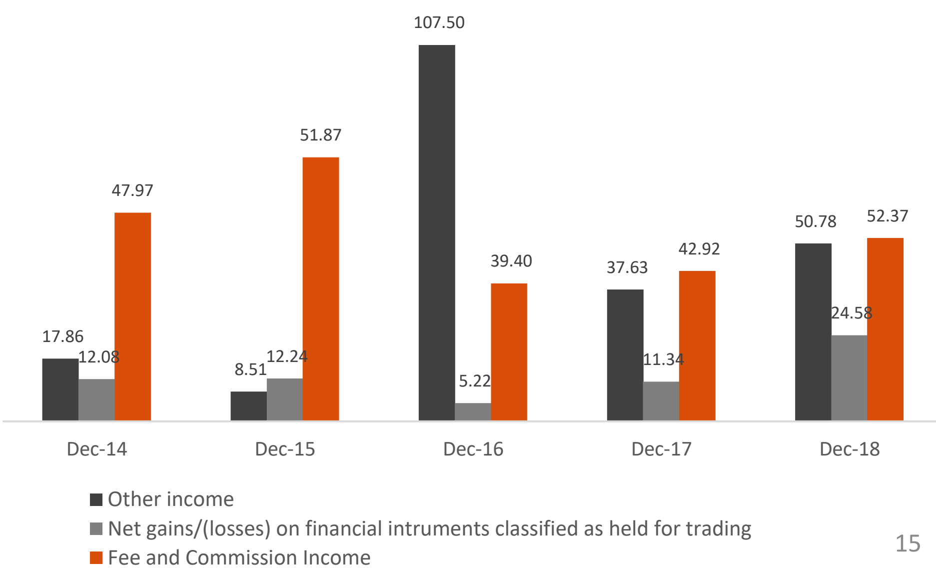
Strong Revenue

- Gross earnings improved by 3.7% largely as a result of growth in Non-Interest Income which compensated for the slight dip in Interest Income.
- Interest Income declined by 6.2% as a result of:
  - Declining yield environment in 2018 relative to FY 2017. Asset yield declined by 200 bps from 14.3% in FY 2017 to 12.3% in FY 2018.
  - Treasury Bills for 91, 182 and 364 days were sold at 10.9%, 13.1% and 14.45% respectively at Primary market auctions in December 2018 representing a decline of 205 bps, 190 bps and 112 bps from 12.95%, 15.0% and 15.57% respectively in FY 2017. T-bills yield averaged 15.8% in FY 2018 as against 20.0% in FY 2017.
  - Dip in Loan volume largely from scheduled FCY repayments also led to a dip in Interest Income though yield on FCY Loan improved marginally by 50 bps.
- 39% growth in Non-Interest Income compensated for the reduction in Interest Income. This growth stems from:
  - Efficient deployment of Naira and FCY liquidity and maintenance of appropriate positions in Fixed income and FX market led to marked growth of 116.8% on Income earned on Financial Assets held for Trading.
  - 22% growth recorded in Fees and Commission was on account of increase in advisory services and transactional volumes during the FY 2018 period. Products and service offerings via our digital channels and innovative solutions are the key drivers of this income line.
  - Gains from the Long banking book position contributed to the 34.9% recorded on Other Income line.

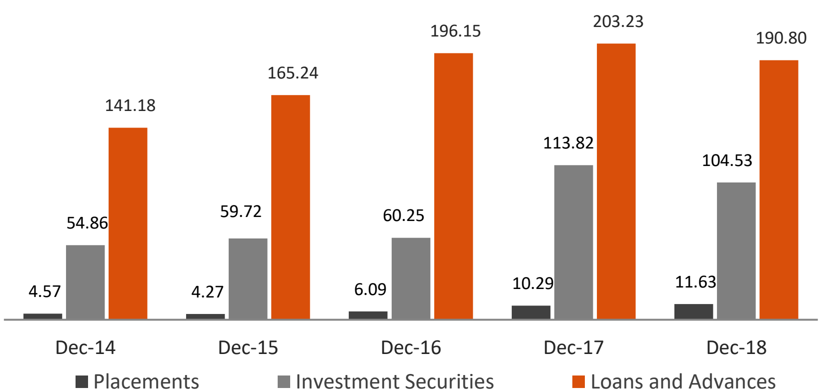
Revenue Mix (₦'Bn)



Non-Interest Income (₦’Bn)



Interest Income (₦’Bn)

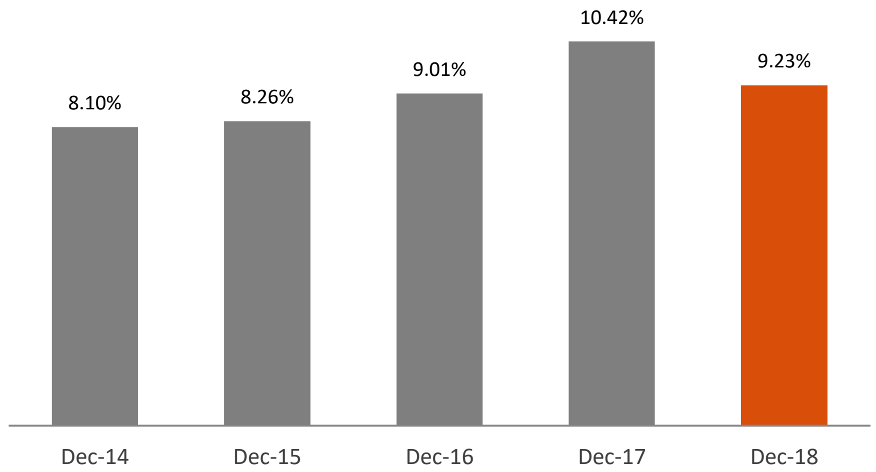


Margin Metrics

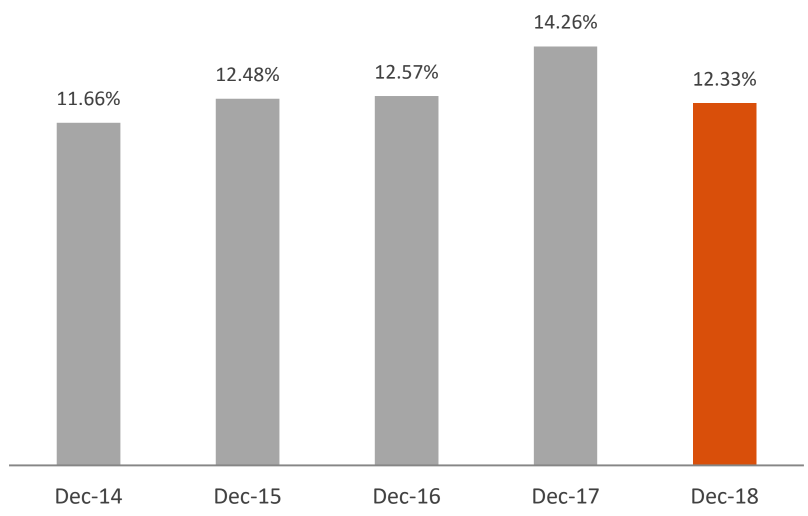
Sustained Competitive Margins

- 119 bps dip in NIM from 10.42% in FY 2017 to 9.23% in FY 2018 was as a result of declining asset yields.
- Sound Treasury Management weighed positively on asset yields thereby restricting the decline recorded in asset yield to 12.33% in FY 2018.
- Appropriate decision in terms of cost of borrowing coupled with well diversified funding base and optimal deposit mix helped to curtail the persistent pressure on Cost of Funds (CoF) and protected NIMs at 9.23%.

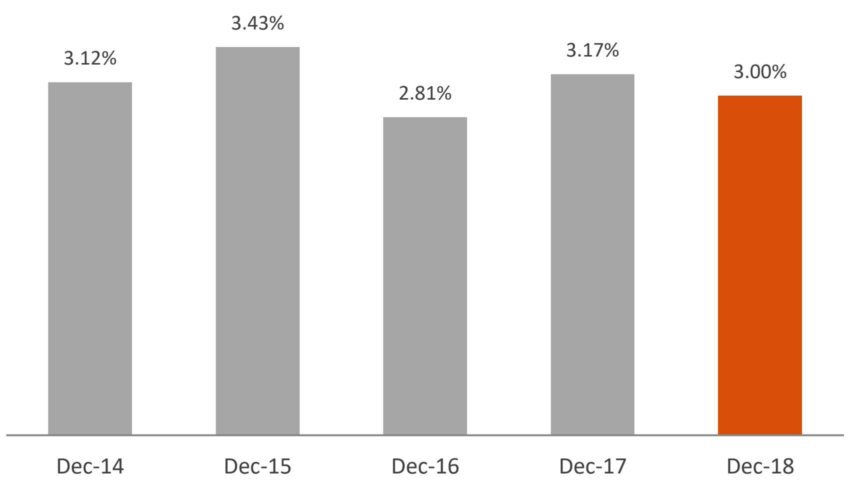
Net Interest Margin



Yields on Interest earning Assets



Cost of Funds

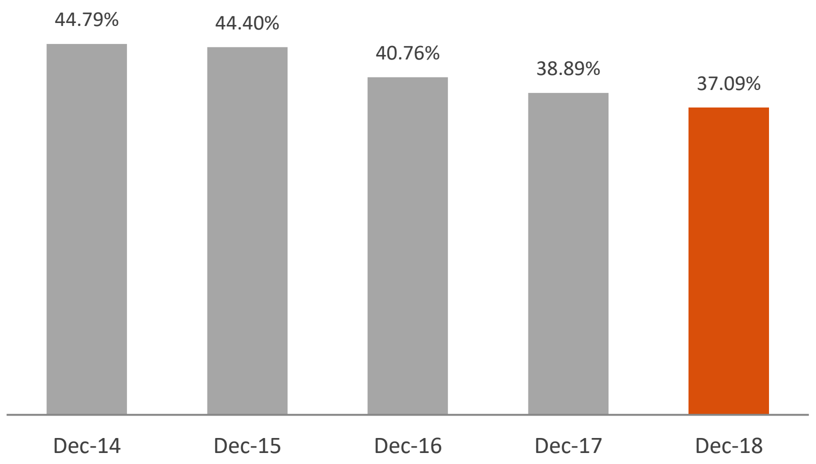


Effective Cost Management

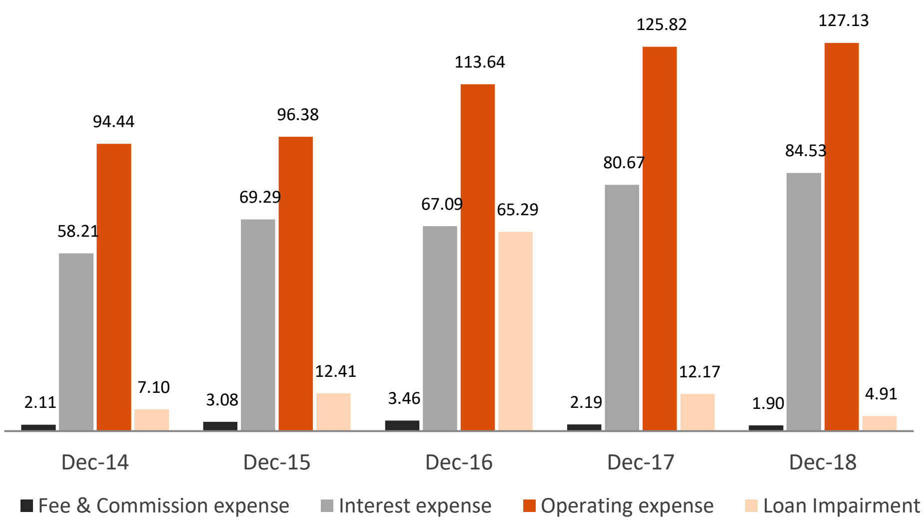
Cost Efficiency

- Consistent application of cost optimization strategies helped in curtailing OPEX growth at 1% well below inflation rate of 11.4%. The outcome of the various cost initiatives adopted across the Group led to 180 bps improvement in Cost to Income Ratio (CIR) from 38.89% in FY 2017 to 37.09% in FY 2018.
- The Group achieved marginal reduction in its Cost of Funds (CoF) improving by 17 bps from 3.17% in FY 2017 to 3.0% in FY 2018 despite competition for deposits from other Financial Institutions and sustenance of customers' appetite for Treasury Bills.
- The low cost deposits mix stood at 84% in FY 2018 as opposed to 82.3% in FY 2017.
- Cost efficiency complemented by Customer acquisition drive, an enabler under our Retail strategy, delivered growth of 20.1% in our customer base from 11.9 million in FY 2017 to 14.4 million in FY 2018 as well as 12.4% growth in low cost Funds from ₦1.697 trillion in FY 2017 to ₦1.907 trillion in FY 2018.

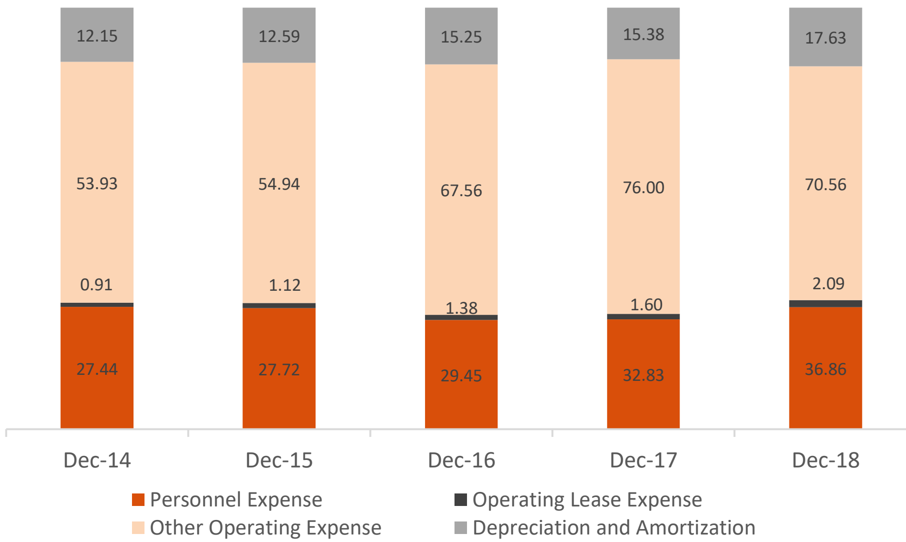
Cost to Income (CIR)



Overview of Expenses (₦'Bn)



Operating Expenses (OPEX) (₦'Bn)



OPEX Driver – Depreciation and Other Operating Expenses

	Group	Group		
In billions of Naira	Dec-2018	Dec-2017	Change (Y-o-Y)	% Change (Y-o-Y)
AMCON	16.31	15.62	0.69	4%
Deposit Insurance premium	7.89	7.94	(0.05)	(0.63%)
Occupancy Costs and Repairs & Maintenance	13.13	16.03	(2.9)	(18%)
Depreciation and Amortization	17.63	15.38	2.25	15%
Customer Service related Expenses	2.27	1.67	0.61	36%
Personnel Expenses	36.86	32.82	4.04	12%

OPEX Drivers

- The Group incurred ₦127.13bn in FY 2018 on Operating Expense as against ₦125.8bn in FY 2017 representing 1% growth.
- The 1% growth was largely as a result of the Interplay of:

a. 4% y-o-y growth in AMCON expenses due to increase in deposit and contingent base in 2017 relative to the values in 2016. AMCON levy is charged on a preceding year basis as 0.5% of deposit and contingent balances.

b. 12% y-o-y growth in Personnel expenses principally from devaluation impact of translating the subsidiaries staff costs from their original currency to Naira (average rate of ₦345.9/US$1 in FY 2018 vs. ₦318.8/US$1 in FY 2017) as well as full impact of salary reviews done in January 2018 in response to increased inflation rate.

c. Depreciation and amortization recorded moderate growth of 15% 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 the subsidiaries.

d. 36% increase in Customer Service related Expenses was largely as a result of the increased customer acquisition drive of the Group.

a. Marginal savings on Deposit Insurance Premium resulted from Deposit Premium rate applied by the regulator in the determination of the premium due from the Group.

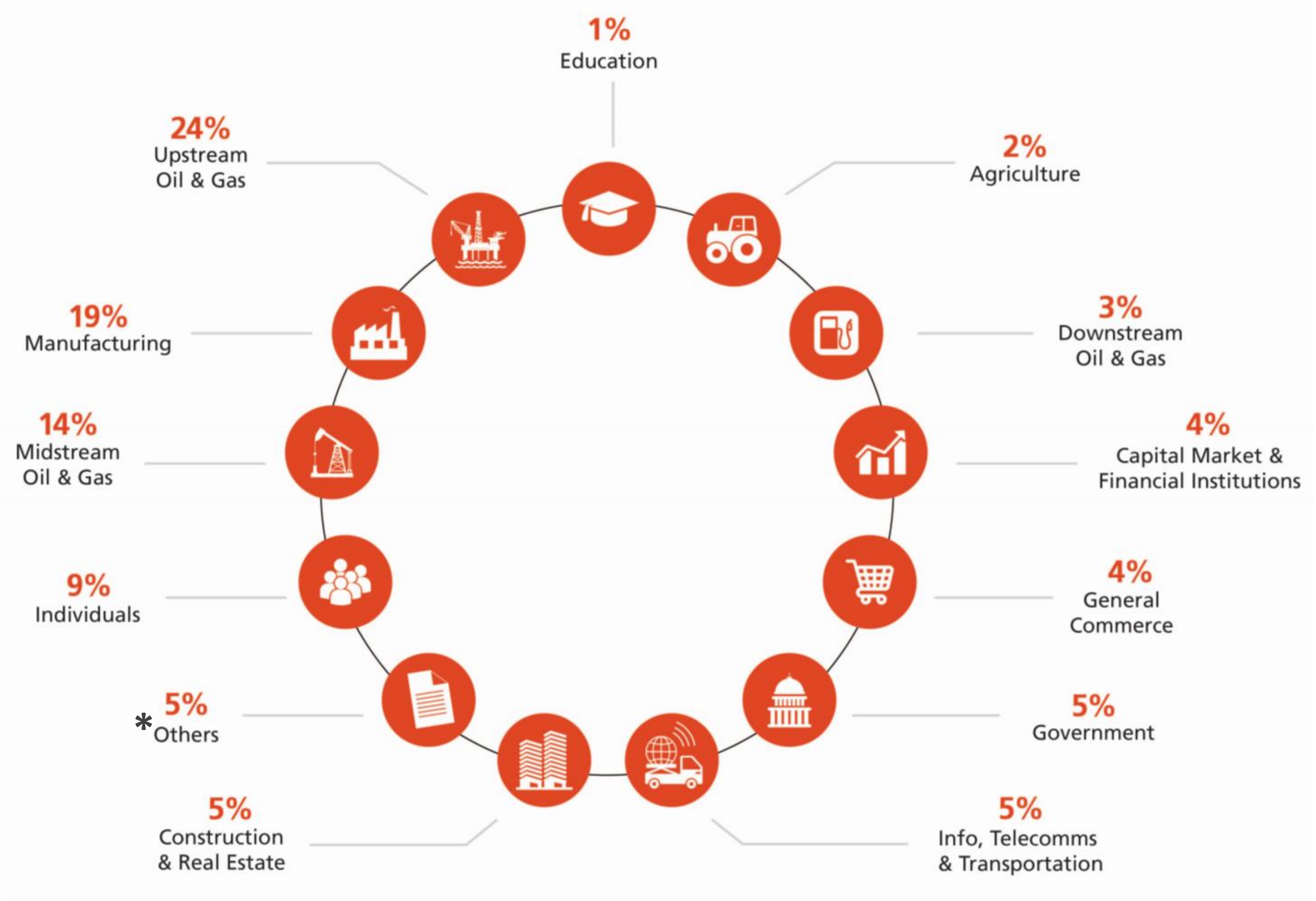
b. Occupancy Costs, Repairs & Maintenance Cost (i.e. costs incurred on petrol, Diesel, Electricity and ground rates) improved by 18% as a result of cost optimization strategies adopted by the Group.

Risk Asset Mix

Asset Diversification

- Well diversified Loan book with specific focus on quality risk assets across all the select business sectors / segments.
- Proportional mix of Oil & Gas to the entire Portfolio was largely influenced by the depreciation of the Naira against the USD in 2018 as 95% of the Loan exposures within the Oil & Gas Sector are USD denominated.

Loans by Industry



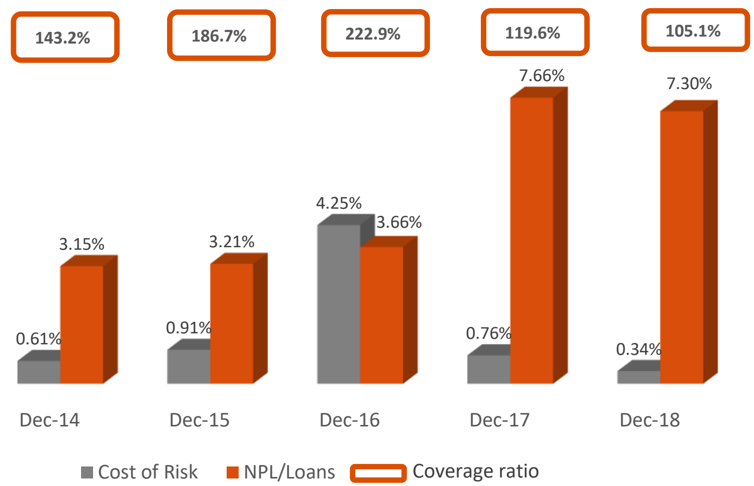
** Includes Fashion & Design, Religious Organizations, Hospitality, Clubs, co-operative societies, Unions, Engineering services etc.*

Asset Quality

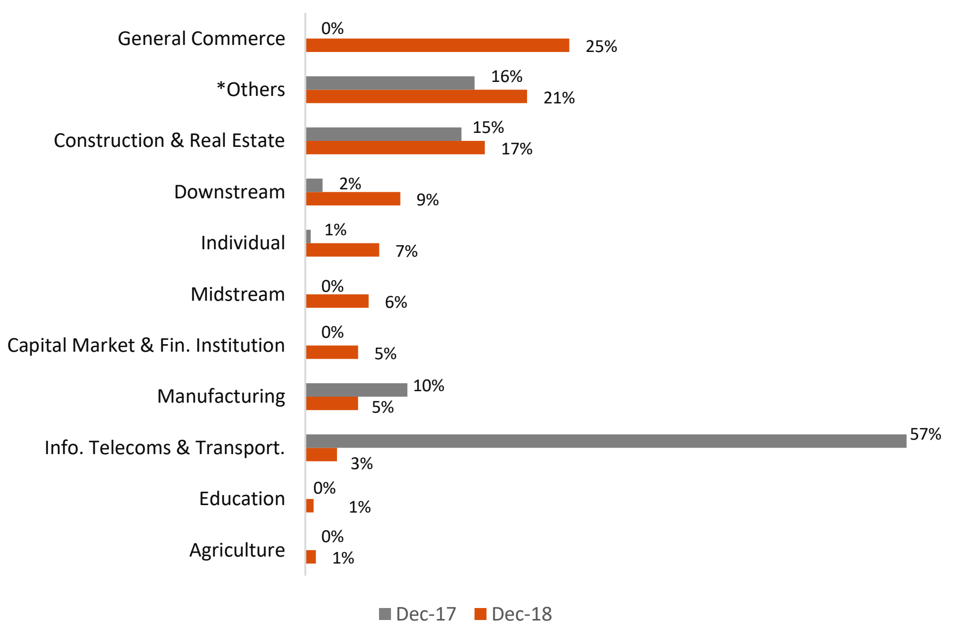
Asset Quality

- Improving Asset quality with very strong coverage for NPLs.
- NPL ratio improved from 7.7% in FY 2017 to 7.3% in FY 2018 due to assets de-recognition. The 7.3% NPL was as a result of the decision taken to classify 2 key names within the General Commerce, Construction and Real Estate Sectors under Stage 3 (Life-time Credit Impaired).
- The adequate provisioning and substantial credit risk buffers created in prior years, specifically in 2016, from the huge revaluation gains recorded during that period played a pivotal role in transition to IFRS 9.
- NPLs under IFRS 9 refers to Loans Classified under Stage 3 and this stood at ₦99.4bn as at FY 2018. The Impairment charge for Stage 3/Lifetime Credit Impaired exposures closed at ₦81.2bn representing 81.6% of Loans in this bucket.
- In aggregate terms, the Group has adequate coverage of 105.1% for NPLs, this is consistent with the Group's maintenance of 100% coverage for its NPLs as can be seen in the Chart of NPLs and Coverage 5-year trend analysis.

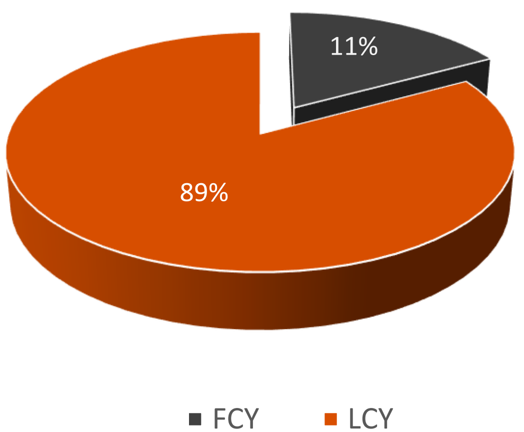
NPL and Coverage



NPL by Industry



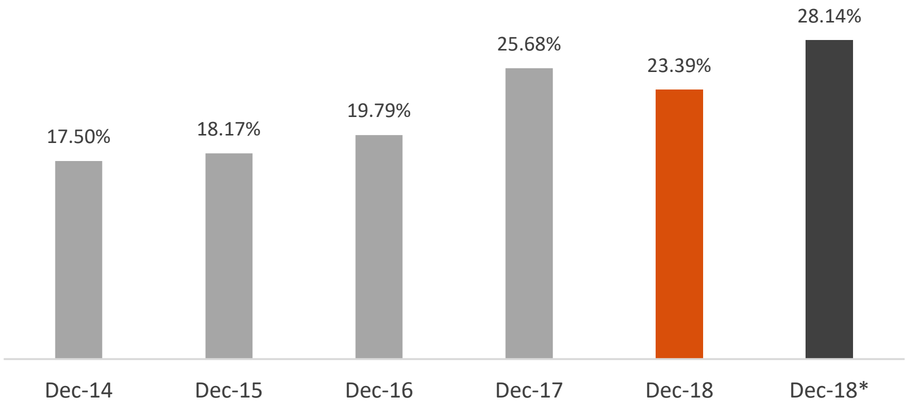
NPL by Currency



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

Strong Capital Ratios – Group and Parent

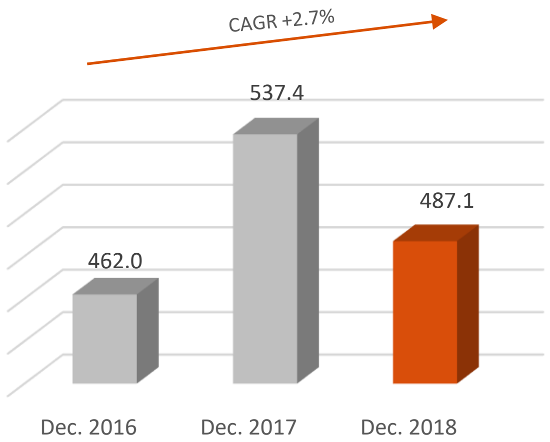
- The Group continued to have robust capital buffers with full IFRS 9 impact Capital Adequacy Ratio (CAR) of 23.4% well above the regulatory requirement of 16%, despite the global shocks resulting from transition to IFRS 9 Expected Credit Losses (ECL) from IAS 39 Incurred Credit Losses (ICL).
- CAR based on Transitional arrangement of the Regulator in Nigeria closed at 28.14% well above IAS 39 CAR of 25.68% of FY 2017.
- Tier 1 Capital remained a very significant component of the Capital Adequacy Ratio of the group at 22.58% which represents 96.5% of the Group Full IFRS 9 impact CAR of 23.4%.



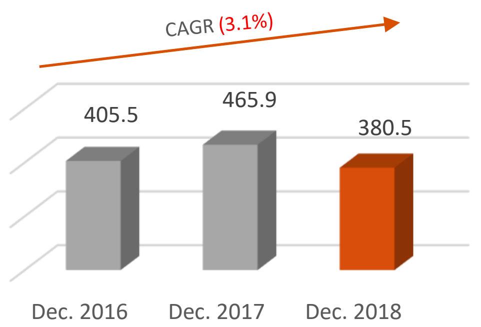
** Transitional Arrangement CAR (non-adoption of full Day 1 IFRS 9 Impact)*

Capital Adequacy Computation (Basel II)	Group		
In Millions of Naira	Transitional IFRS 9 Impact Dec. 18	Full IFRS 9 Imapct Dec. 18	IAS 39 Dec. 17
Net Tier 1 Capital	587,393	470,069	521,707
Net Tier 2 Capital	17,006	17,006	15,740
Total Regulatory Capital	**604,399**	**487,075**	**537,448**
Risk Weighted Assets for Credit Risk	1,625,280	1,559,789	1,626,093
Risk Weighted Assets for Operational Risk	487,938	487,938	458,408
Risk Weighted Assets for Market Risk	34,327	34,327	8,582
Aggregate Risk Weighted Assets	**2,147,545**	**2,082,054**	**2,093,083**
Capital Adequacy			
Tier 1 Risk Weighted Capital Ratio	27.35%	22.58%	24.93%
Tier 2 Risk Weighted Capital Ratio	0.79%	0.82%	075%
Total Risk Weighted Capital Ratio	**28.14%**	**23.39%**	**25.68%**

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



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

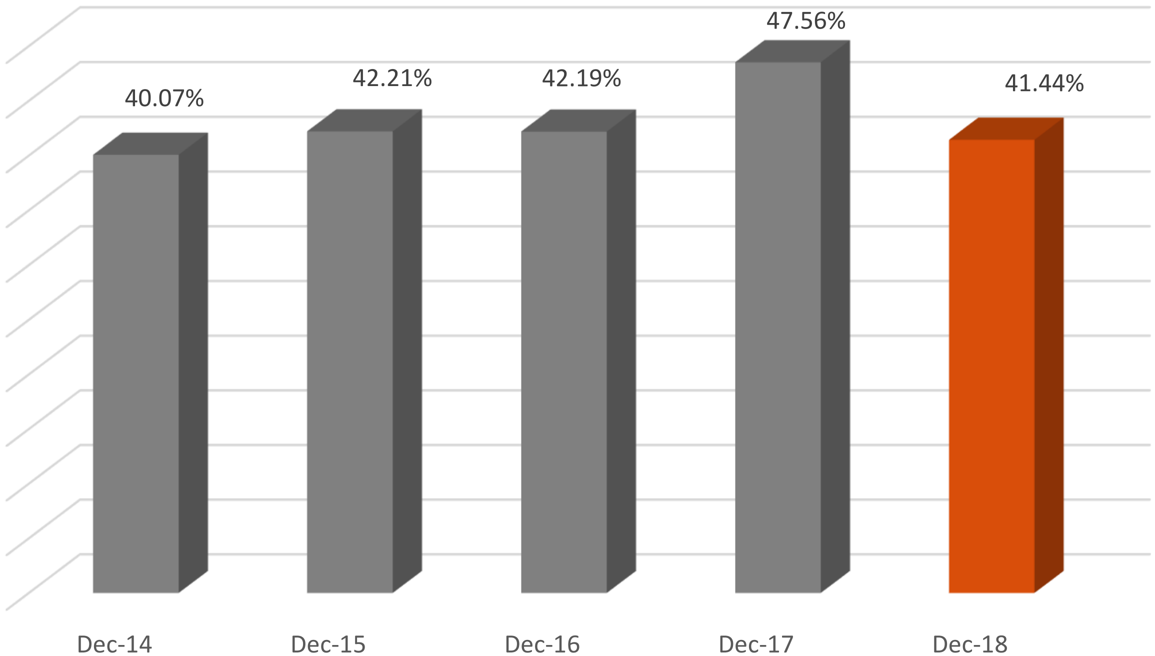


Liquidity Ratio

Strong Liquidity Position

- Liquidity ratio closed at 41.4% in FY 2018 (FY 2017 : 47.6%) which is well above the regulatory minimum of 30%.
- Lliquidity was under pressure throughout the 2018 financial year owing to multiplicity of factors including the CRR computation and crowding effect of Customers preference for higher yield on fixed income securities.
- Customer acquisition drive coupled with introduction of innovative products and service offerings resulting in 10.3% growth in Customers deposit assisted in the achievement of the 41.4% Liquidity ratio.

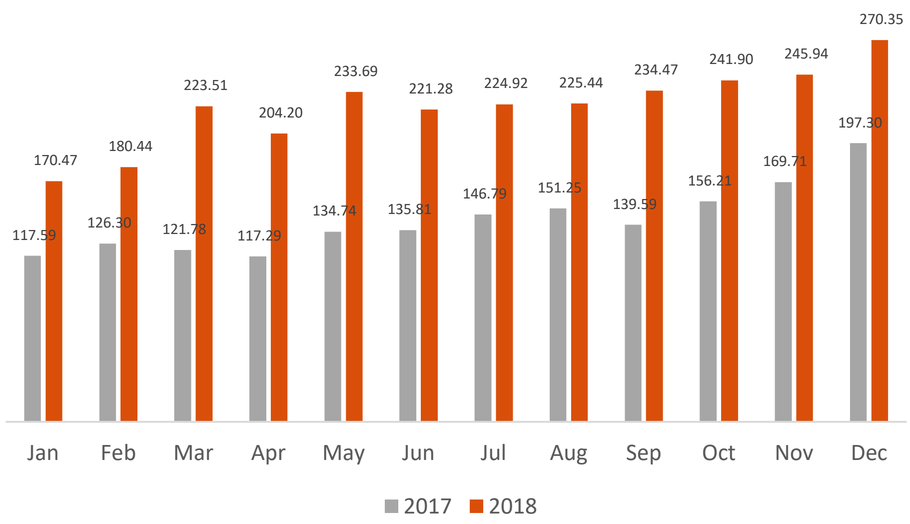
Liquidity Trend



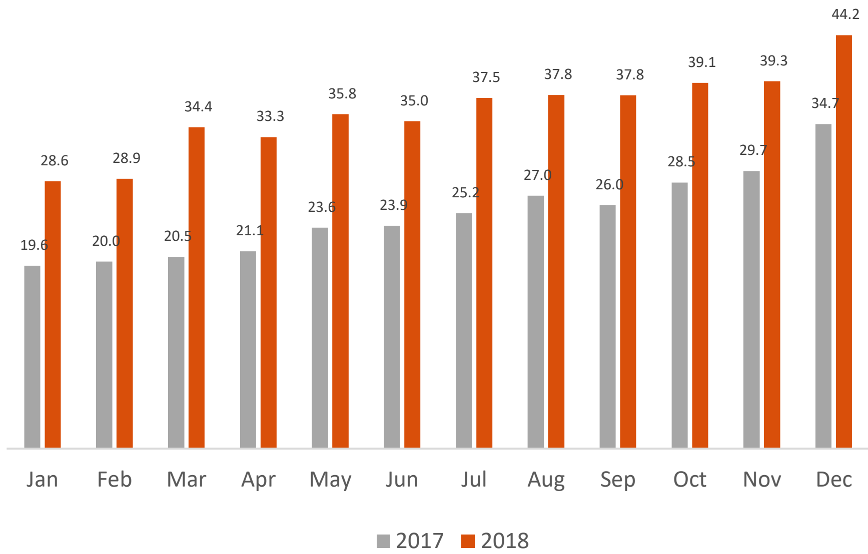
Digital Banking and USSD Banking Performance

- Continuous drive to grow the level of adoption of USSD has seen total USSD Users grow to 4.6 million with 3.7 million of them reported as active users as at December 31, 2018.
- Total number of USSD Active Users increased by 8.8% y/y from 3.4 million in FY 2017 to 3.7 million in FY 2018.
- In addition to the ease and simplicity, the continuous introduction of new service offerings and upgrade of existing ones has been the major attraction for new and existing customers to the USSD Platform.

USSD Value (in billions of Naira)



USSD Volume (in millions)

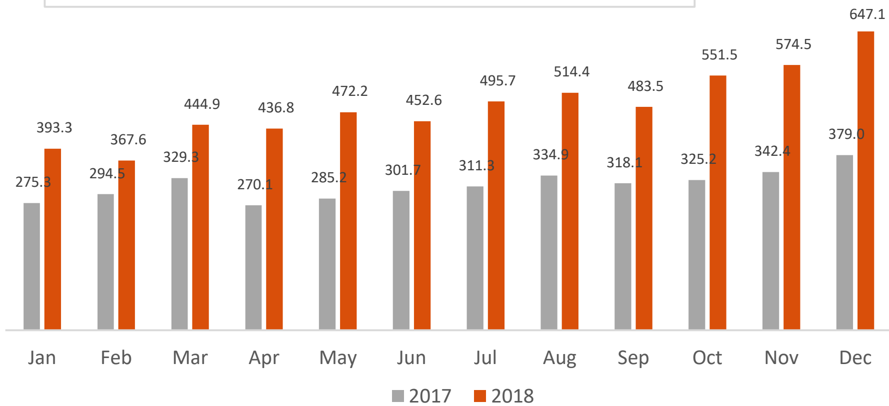


Total Value in FY 2018 – ₦2,676.6 billion
Total Value in FY 2017 – ₦1,714.4 billion
% Growth (y-o-y) – 56%

Total Volume in FY 2018 – 431.7 million
Total Volume in FY 2017 – 299.8 million
% Growth (y-o-y) – 44%

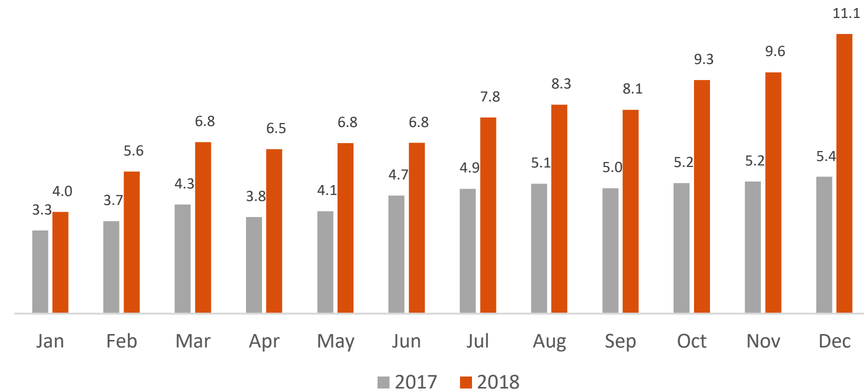
Digital Banking and USSD Banking Performance Contd.

Mobile Banking (Value in Billions of Naira)



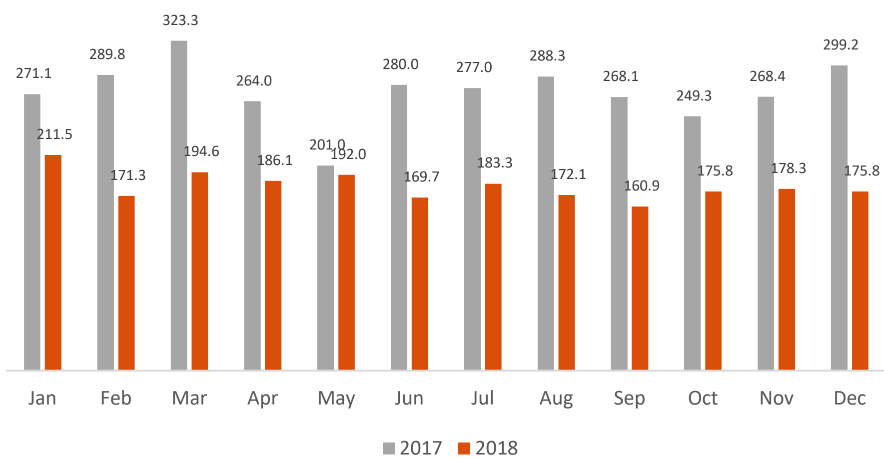
Total Value in FY 2018 – ₦5,834 billion
Total Value in FY 2017 – ₦3,767 billion
% Growth (y-o-y) – 55%

Mobile Banking (Volume in Millions)



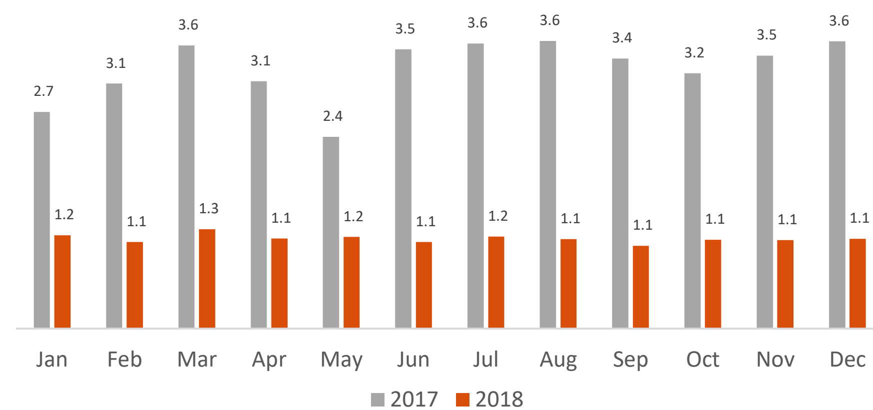
Total Volume in FY 2018 – 90.5 million
Total Volume in FY 2017 – 54.7 million
% Growth (y-o-y) – 65%

Internet Banking (Value in Billions of Naira)



Total Value in FY 2018 – ₦ 2,171.3 billion
Total Value in FY 2017 – ₦ 3,279.7 billion
% Growth (y-o-y) – (34%)

Internet Banking (Volume in Millions)



Total Volume in FY 2018 – 13.7 million
Total Volume in FY 2017 – 39.6 million
% Growth (y-o-y) – (65%)

Business Segments and Subsidiary Review

Business Segmentation (Group) – FY 2018

Segment	Description	Key figures	Loans	Deposits	PBT
Institutional and Wholesale	• Multinationals and large corporates (turnover ₦5bn) • Energy • Telecoms • Maritime • Wholesale Banking • Corporate Banking	Over 1,000 Customers • **Loans** – ₦907.5bn • **Deposits** - ₦557.9bn • **PBT** – ₦143.7bn	71.9% (FY 2017: 72.3%)	24.5% (FY 2017: 26.0%)	66.7% (FY 2017: 72.3%)
Commercial	• Middle market companies (turnover between ₦500mm and ₦5bn) • Extensive product range: tailor-made solutions and flexibility • Customized e-commerce solutions	Over 110,000 Customers • **Loans** – ₦133.8bn • **Deposits** – ₦319.9bn • **PBT** – ₦16.6bn	10.6% (FY 2017: 12.9%)	14.1% (FY 2017: 15.8%)	7.7% (FY 2017: 6.5)
SME	• Small and medium enterprises (turnover under ₦500mm) • Products tailored to cater to small, fledgling and other types of fairly unstructured businesses	Over 600,000 Customers • **Loans** – ₦24.5bn • **Deposits** – ₦250.4bn • **PBT** – ₦5.3bn	1.9% (FY 2017: 1.7%)	11% (FY 2017: 10.7%)	2.5% (FY 2017: 1.9%)
Retail	• Deposit drive focus for retail customer-base • Rapidly developing business line • 223 branches, 54 GTExpress locations, 17 e-branches & 1,303 ATMs • Extensive leverage of all distribution channels	Over 13.6 mil. Customers • **Loans** – ₦132.0bn • **Deposits** – ₦1,132.9bn • **PBT** – ₦46.2bn	10.5% (FY 2017: 9.1%)	49.8% (FY 2017: 46.5%)	21.4% (FY 2017: 18.3%)
Public Sector	• Focus on: • Federal government • State governments • Local governments and customers • Active in all government segments	All tiers of government • **Loans** – ₦64.3bn • **Deposits** – ₦12.9bn • **PBT** – ₦3.5bn	5.1% (FY 2017: 4.0%)	0.6% (FY 2017: 1.0%)	1.6% (FY 2017: 1.1%)

Geographical Presence – FY 2018

United Kingdom

- Established in 2008
- 100% owned by parent
- 1 branch
- ₦9.60bn invested by parent
- FY 2018 PBT: ₦1.43bn
- ROE: 7.4%

Gambia

- Established in 2002
- 77.81% owned by parent
- 16 branches
- ₦574.28mm invested by parent
- FY 2018 PBT: ₦1.10bn
- ROE: 16.6%

Sierra Leone

- Established in 2002
- 83.74% owned by parent
- 13 branches
- ₦594.11mm invested by parent
- FY 2018 PBT: ₦4.07bn
- ROE: 33.7%

Liberia

- Established in 2009
- 99.43% owned by parent
- 10 branches
- ₦1.95bn invested by parent
- FY 2018 PBT: ₦1.74bn
- ROE: 18.1%

Cote D'Ivoire

- Established in 2012
- 100% owned by parent
- 4 branches
- ₦5.08bn invested by parent
- FY 2018 PBT: ₦467.01mm
- ROE: 7.6%

GTBank plc

- Parent Company
- Established in 1990
- 223 branches, 17 e-branches & 54 GTExpress
- ₦511.8bn in SHF (Parent)
- FY 2018 PBT: ₦190.2bn (Parent)
- ROE: 30.6% (Parent)

Kenya

- Acquired in 2013
- 70% owned by parent
- 9 branches
- ₦17.13bn invested by parent
- FY 2018 PBT: ₦1.48bn
- ROE: 3 .3% (Parent : 2.8%)

Uganda

- Acquired in 2013
- Subsidiary of GTB Kenya
- 8 branches
- ROE: (23.0%)

Rwanda

- Acquired in 2013
- Subsidiary of GTB Kenya
- 13 branches
- ROE: 11.8%

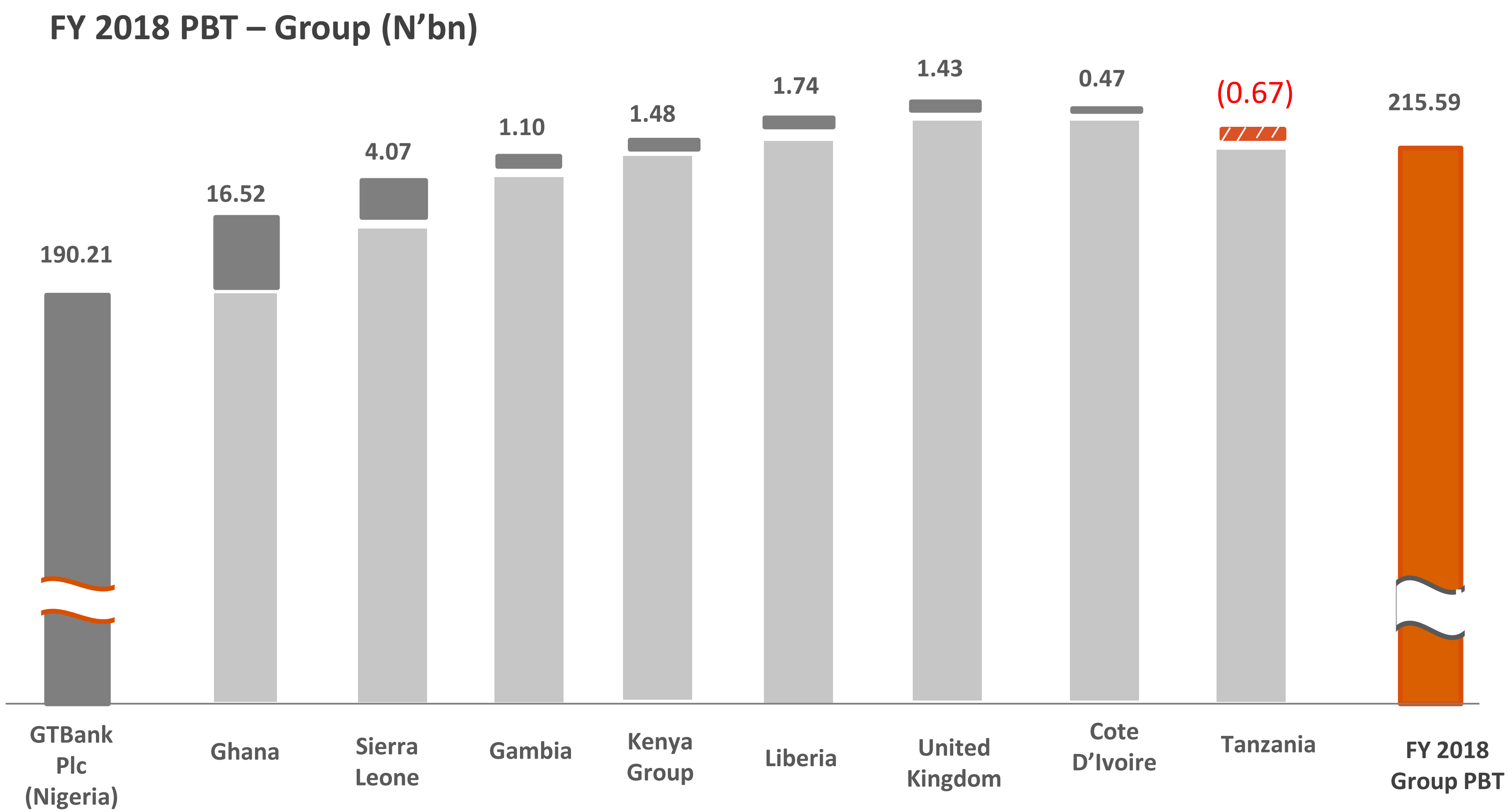
Tanzania

- Established in Dec. 2017
- 70% owned by Parent
- 1 branch
- ₦2.75bn invested by parent
- FY 2018 PBT: (₦665.27mm)
- ROE: (21.8%)

Ghana

- Established in 2006
- 98.32% owned by parent
- 34 branches
- ₦18.14bn invested by parent
- FY 2018 PBT: ₦16.52bn
- ROE: 34.1%

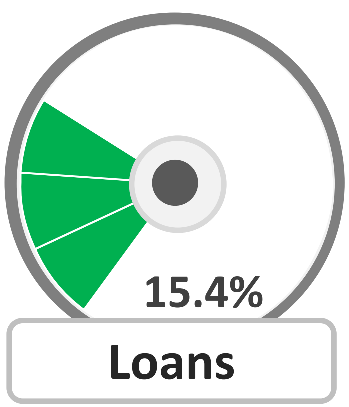
Group PBT Breakdown



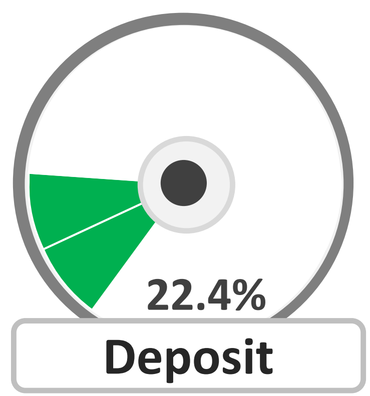
Parent and Subsidiary Highlights

Millions of Naira	Assets			Loans			Total Deposit			PBT		
	FY 2018	FY 2017	% Change	FY 2018	FY 2017	% Change	FY 2018	FY 2017	% Change	FY 2018	FY 2017	% Change
Cote D'Ivoire	23,111	18,350	26%	6,749	6,924	-4%	15,794	12,059	31%	467	144	223%
Gambia	44,312	35,086	26%	5,093	5,005	2%	36,699	28,812	27%	1,095	1,629	-33%
Ghana	169,998	140,581	21%	31,615	29,743	6%	123,887	110,066	13%	16,524	9,327	77%
Kenya Group	133,668	129,080	4%	69,417	65,895	5%	104,998	94,731	11%	1478	1047	41%
Liberia	40,111	36,523	10%	27,842	24,565	13%	28,827	27,980	3%	1,743	1,769	-2%
Sierra Leone	42,828	37,883	13%	16,906	13,870	22%	31,966	27,097	18%	4,070	2,916	40%
Tanzania	4,234	3,036	39%	1,045	-	100%	1,005	-	100%	-665	-342	95%
United Kingdom	213,641	204,772	4%	36,010	38,695	-7%	195,342	188,555	4%	1,434	926	55%
Nigeria	2,712,521	2,824,929	-4%	1,068,045	1,266,015	-16%	1,866,552	1,697,603	10%	190,209	183,648	4%
* Grand Total	3,287,343	3,351,097	-2%	1,262,005	1,449,284	-13%	2,356,706	2,147,478	10%	215,587	197,685	9%

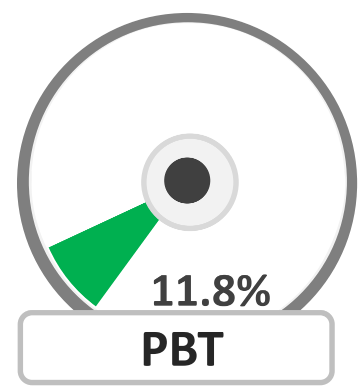
% Contribution of Subsidiaries to Group



FY 2017 – 12.7%



FY 2017 – 22.4%



FY 2017 – 9.3%

*post elimination entries

Non-Financial Highlights for FY 2018

EMPLOYEES

6,684
Employees

55% Male
45% Female

91%
of employee received training in FY 2018

CUSTOMERS

14mm+
Customers

17
E-Branches

16,500+
active POS Terminals

332
International Branch Network

1,303
Automated Teller Machines

54
GT Express Locations

GTWorld
536,560+
Unique Users

BANK *737#
431mm+
Unique Transactions

4.8mm+
active cards

SHAREHOLDERS

325,013
Shareholders

654 Kobo
EPS

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

RATINGS

FitchRatings B+

S&P Global Ratings B

ACCOLADES

ASIAN BANKING & FINANCE RETAIL BANKING AWARDS 2018
Digital Wallet and Best Mobile Payment Service of the Year

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)

Lawyer International LEGAL 100
Best Banking Group Lagos, Nigeria

EFFICIENCY AWARDS 2018
Best Customer Experience
USSD Channel Champion

The Banker Bank of the Year 2018 NIGERIA
Bank of the Year (Nigeria)

Lawyer International LEGAL 100 WINNER 2018
Managing Director of the Year (Nigeria)

Ai africainvestor
Most Innovative Bank
CEO of the Year

AFRICAN DEVELOPMENT & INVESTMENT CONVENTION
African CEO of the Year

COMMUNITIES

MASTERS CUP
784 **28**
Schools participated in the 2018 edition of the Principals' and Masters cup

572
Children benefited from the annual autism child assessment and conference

4,000+
Attendees
30,000+
Online Impressions

72
University undergraduates benefitted from the GTCrea8 eSavers Scholarship in the six geo-political zones of Nigeria

2018 GTBANK FOOD AND DRINK
250,000+
Participants
145
Vendors

2018 GTBANK FSHN WKND
150,000+
Participants
110
Vendors

Guidance and Plans for FY 2019

FY 2019 Guidance

	FY 2017	FY 2018	FY 2019 Guidance
PBT	₦198 bn	₦215.6 bn	₦220bn
Deposit Growth	4%	10%	12%
Loan Growth	(9%)	(13%)	10%
Coverage (with Reg. Risk Reserve)	119.6%	105.1%	Above 100%
Cost of Risk	0.8%	0.3%	Below 1%
NPL to Total Loans	7.7%	7.3%	Below 5%
Return on average Assets	5.2%	5.6%	Above 5%
Return on average Equity	30.0%	30.9%	Above 25%
Loans to Deposits and Borrowings	58.9%	49.8%	50%
Liquidity Ratio	47.6%	41.4%	40%
Capital Adequacy Ratio	25.7%	23.4%	22%
Cost to Income Ratio	38.9%	37.1%	40%
Net Interest Margin	10.4%	9.2%	9%

Disclaimer

This presentation is based on Guaranty Trust Bank Plc (“**GTBank**” or “**Bank**”)’s audited financial results for the full year ended December 31, 2018 prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (IASB). The Bank has also obtained certain information in this presentation from sources it believes to be reliable. Although GTBank has taken all reasonable care to ensure that such external information are accurate and correct, the Bank makes no representation or warranty, express or implied, as to the accuracy, correctness or completeness of such information.

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