



Guaranty Trust Bank plc
RC 152321



GUARANTY TRUST BANK

INVESTOR/ANALYST PRESENTATION

BASED ON AUDITED IFRS GROUP INTERIM RESULTS FOR THE HALF-YEAR JUNE 2013

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Macro Economic Overview

Continued economic growth and stability

• Second largest GDP in Sub-Saharan Africa (after South Africa "S.A. ") :

- 2012 GDP: Nigeria - \$268.7bn/ S.A. - \$384.3bn
- 2012 Real GDP growth rate: Nigeria – 6.33% / S.A. – 2.55%
- (IMF World Economic Outlook forecast)

- GDP growth increasingly driven by non-oil sector

• Currency

- The Naira has remained relatively unchanged at N157.31/USD at the CBN window
- At the interbank, the Naira opened the year 2013 at N156.22/USD and closed at N162.58/USD in June resulting in a 3.91% depreciation

• Foreign Exchange reserves grow by over 8% in 2013

- Foreign exchange reserves grew from \$44.3bn in January 2013 to \$48.0bn in June 2013
- Strong growth in reserves expected to continue in 2013

• Improving inflation

- Inflation continues downward trend with single digit inflation expected to prevail in 2013 - CPI at 8.4% year on year in June

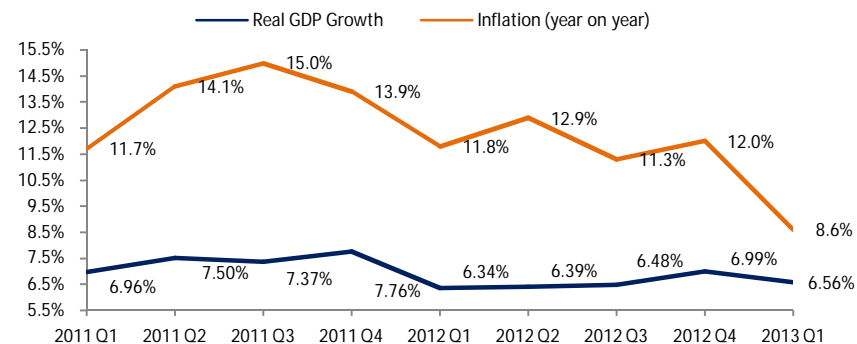
• Oil prices & production

- Oil prices at \$103.51/barrel in June 2013, down from \$113.01/barrel average over 2012
- Non oil sector growth expected to partially supplement decrease in oil revenues

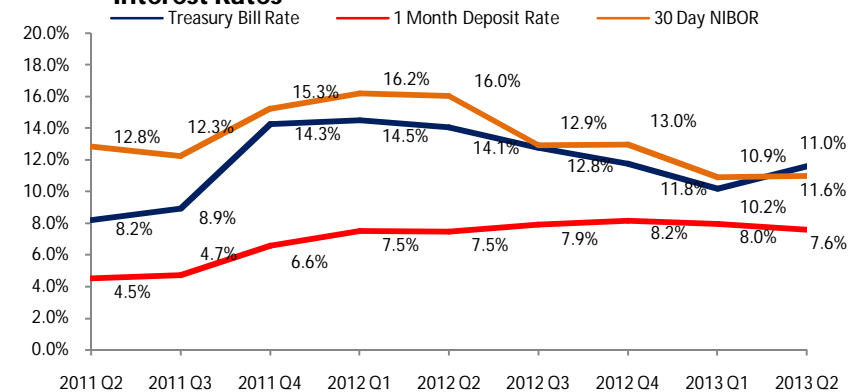
• Improving Economic profile

- Government driving several developmental policies and reforms ahead of 2015 elections
- Majority of current regime's reforms and policies e.g. Power, Agriculture, expected to be instituted this year

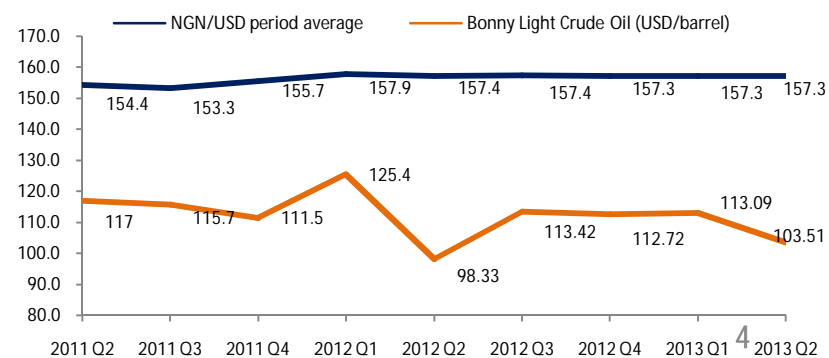
GDP Growth and Inflation



Interest Rates



Exchange Rate and Crude Oil Price per Barrel



Source: The Central Bank of Nigeria, Bloomberg

Regulatory Overview

	Regulatory Pronouncement	Effective Dates	Rationale
1	The MPC introduced a 50% Cash Reserve Ratio (CRR) on public sector deposits to be applied on Federal, State and Local Government deposits and all MDAs. CRR on all other deposits to remain at 12%.	Effective August 2013	To reduce perceived excess liquidity in the banking system with an aim to promote price stability and curb inflation.
2	The "Cash-less" Policy to be extended beyond Lagos to a further five states: Abia, Anambra, Kano, Ogun, Rivers and Abuja.	Effective July 2013	To increase transparency and improve payments systems
3	Extension of the N150,000 limit on over the counter cashing of 3 rd party cheques from Lagos to all bank branches nationwide.	Effective June 2013	To reduce the occurrence of fraud on cheques and to aid the National Financial Inclusion (NFI) strategy.
4	Inclusion of a 150% risk weight for exposure to a particular industry within a sector in excess of 20% of total bank credit facilities.	Effective January 2014	To reduce the excessive concentration of credit in the asset portfolios of banks.
5	<ul style="list-style-type: none"> AMCON Sinking Fund Contributions: Annual contribution increased from 0.3% to 0.5% of total bank assets. 33¹/₃ of contingents to be subject to AMCON Charge 	Effective 2013	To ensure that liabilities can be repaid as they fall due.

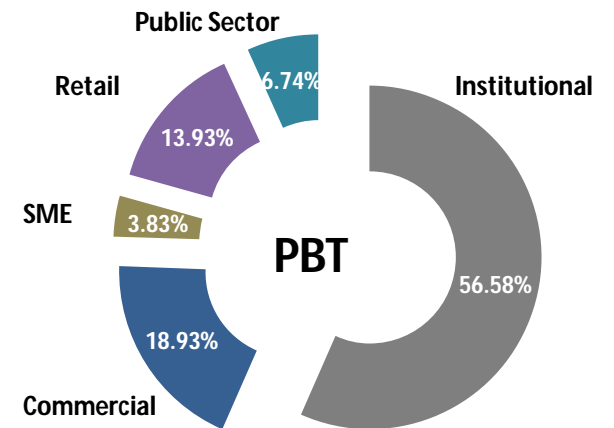
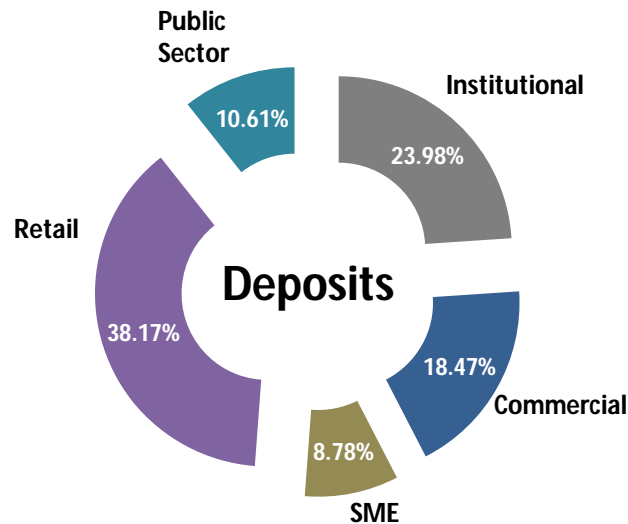
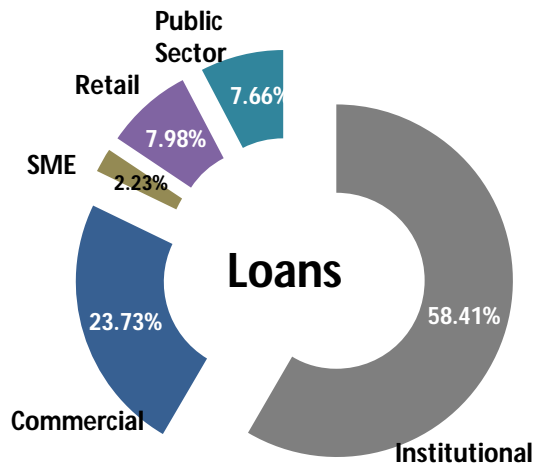
Financial Highlights (Group)

Key Financials (N'000) - Group	31-Dec-11	31-Dec-12	30-Jun-12	30-Jun-13
Balance Sheet				
Total Advances and Loans to Customers	706,893,133	779,050,018	794,700,467	894,862,976
Total Advances and Loans to Banks	158,616	4,864,824	2,455,770	4,143,418
Total Deposits from Customers	1,026,119,419	1,148,197,165	1,058,892,566	1,254,445,308
Total Deposits from Banks	37,229,029	23,860,259	13,268,619	17,657,973
Shareholders' Funds	230,393,154	283,441,120	252,179,044	296,949,381
Total Assets	1,608,652,646	1,734,877,860	1,595,676,984	1,860,494,404
Profit and Loss Account				
	12 months	12 months	6 months	6 months
Interest Income	126,471,509	170,295,193	83,176,926	92,000,395
Non-Interest Income	55,937,053	51,644,888	30,349,576	32,201,968
Profit Before Taxes	62,080,206	103,027,923	53,636,084	57,364,487
Profit After Taxes	51,741,620	87,295,957	45,551,716	49,014,861
Performance Ratios				
Return on Average Assets (RoAA)	3.73%	5.22%	5.45%	5.45%
Return on Average Equity (RoAE)	23.15%	33.98%	35.46%	33.78%
Net Interest Margin	8.20%	9.46%	8.26%	8.56%
Cost/Income	52.94%	42.73%	41.40%	42.02%
Balance Sheet Ratios				
Loans Deposits	66.49%	66.88%	74.35%	70.67%
Liquidity Ratio	52.65%	53.32%	43.83%	48.80%
Capital Adequacy Ratio	20.68%	24.23%	21.55%	21.53%
Asset Quality Ratios				
NPL/Total Loans	3.45%	3.43%	3.33%	3.41%
Cost of Risk	2.76%	0.10%	0.31%	0.15%
Provisions for Loan Losses/NPL	102.24%	69.90%	86.97%	64.60%

Business Segmentation

GTBank

Institutional	Commercial	SME	Retail	Public Sector
<ul style="list-style-type: none"> Multinationals and large corporates, with turnover in excess of ₦5bn. Comprised of six sectors: <ul style="list-style-type: none"> Energy, Telecoms, Maritime, Corporate Finance, Corporate Banking, and Treasury 	<ul style="list-style-type: none"> Middle market companies, with turnover between ₦250m and ₦5bn Extensive product range: tailor-made solutions and flexibility Custom E-commerce solutions 	<ul style="list-style-type: none"> Comprised of small and medium enterprises Products tailored to cater to small, fledgling and other types of fairly unstructured businesses 	<ul style="list-style-type: none"> Deposit drive focus for retail customer-base Rapidly developing business line 212 branches, 50 e-branches & 996 ATMs Extensive leverage of all distribution channels 	<ul style="list-style-type: none"> Focus on: <ul style="list-style-type: none"> Federal government State governments Local governments and clients Active in all government segments
Client Base	Client Base	Client Base	Client Base	Client Base
Over 400 clients	Over 50,000 Clients	Over 200,000 clients	Over 4 million	All Tiers of Government



International Distribution

GTBank Gambia



- Established in 2002
- 2nd Bank subsidiary
- 77.81% owned by parent
- 16 branches
- ₦574.28mm invested by parent
- H1 2013 PBT: ₦345mm

GTBank Sierra Leone



- Established in 2002
- 1st Bank Subsidiary
- 84.24% owned by parent
- 12 branches
- ₦594.11mm invested by parent
- H1 2013 PBT: ₦542mm

GTBank Ghana

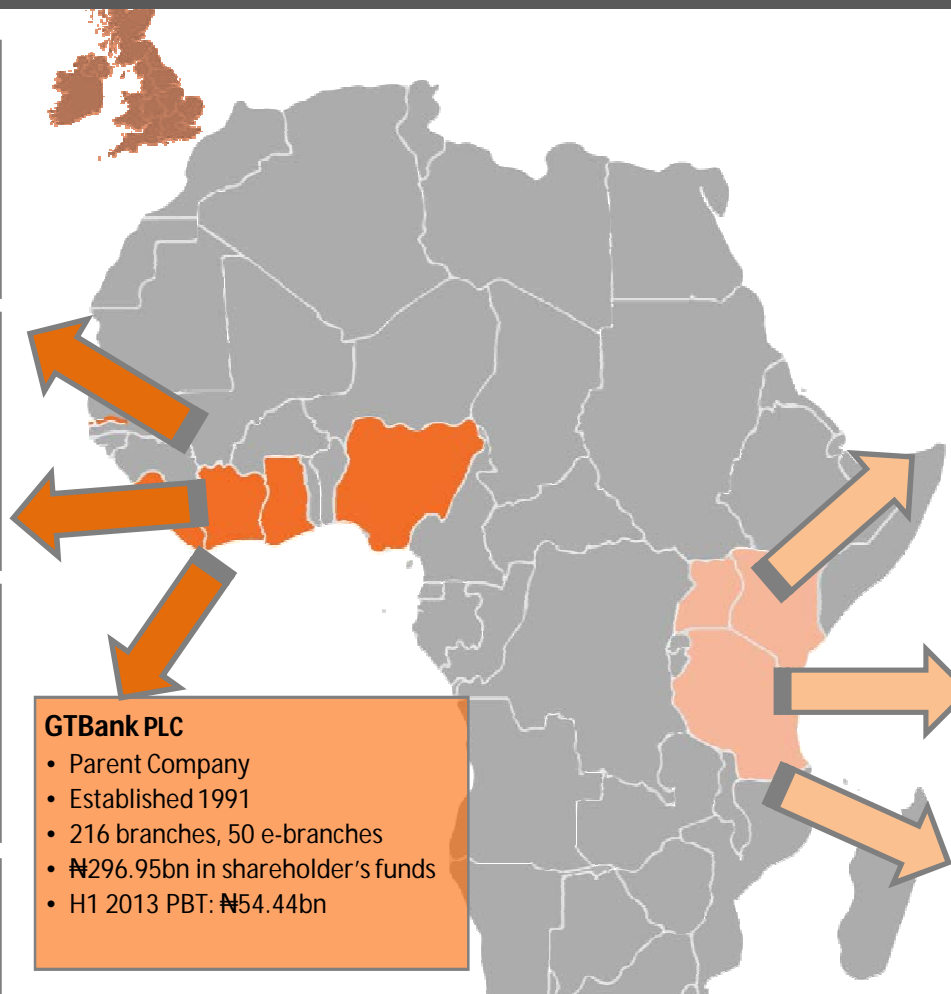


- Established in 2006
- 3rd Bank subsidiary
- 95.33% owned by Parent
- 24 branches
- ₦8.57bn invested by parent
- H1 2013 PBT: ₦2.52n

GTBank UK



- Established in 2008
- 4th Bank subsidiary
- 1 branch
- 100% owned by Parent
- ₦7.82bn invested by parent
- H1 2013 PBT: ₦20mm



GTBank PLC

- Parent Company
- Established 1991
- 216 branches, 50 e-branches
- ₦296.95bn in shareholder's funds
- H1 2013 PBT: ₦54.44bn

GTBank Liberia



- Established in 2009
- 5th Bank subsidiary
- 6 branches
- 99.43% owned by parent
- ₦1.95bn invested by Parent
- H1 2013 PBT: ₦176mm

GTBank Cote D'Ivoire



- Established in April 2012
- 6th Bank subsidiary
- 1 Branch
- ₦3.49bn invested by parent
- 98.98% owned by parent
- H1 2013 PBT: ₦(158mm)

Short term points of interest

Kenya

GDP growth: 5.1%
 GDP per capita: \$993
 Inflation: 9.6%
 Population 42.1m
 Tele-density: 72 per 100
 Investment (% of GDP): 22.3%

Rwanda

GDP growth: 7.7%
 GDP per capita: \$693
 Inflation: 9.2%
 Population : 10.4m
 Tele-density: 50 per 100
 Investment (% of GDP): 22.9%

Uganda

GDP growth: 4.2%
 GDP per capita: \$574
 Inflation: 14.6%
 Population 35.6m
 Tele-density: 48 per 100
 Investment (% of GDP): 26.9%

Profitability (Group)

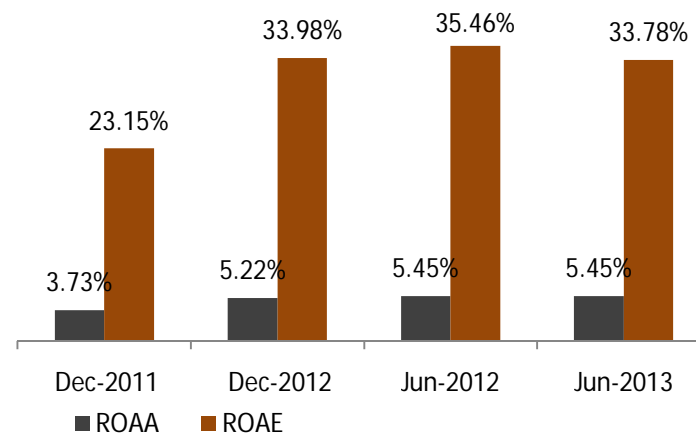
Strong H1 profits

- Strong H1 PBT of N57.36bn, up 6.95% compared to June 2012 (N53.64bn)
- Strong half year ROAE of 33.78% and ROAA of 5.45% (annualized)
- Earnings per share of N1.73
- 2013 Half year dividend of 25k per share
- Growth in profitability driven by
 - Growth in quality risk assets
 - Yields on fixed income securities
 - Fx appreciation gains
 - Cost control

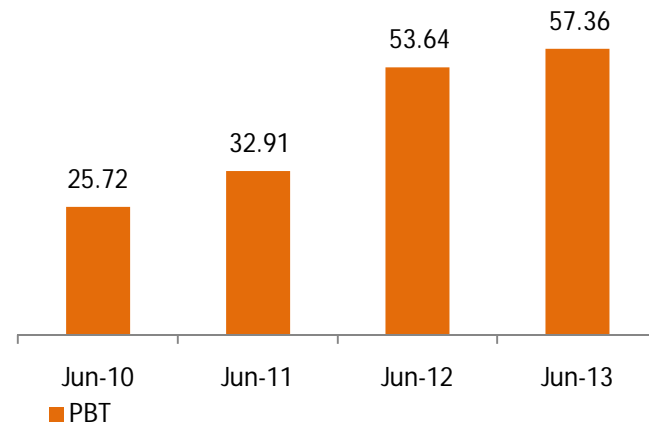
Consistent dividend payments



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



Half Year Profits before tax [N'bn]

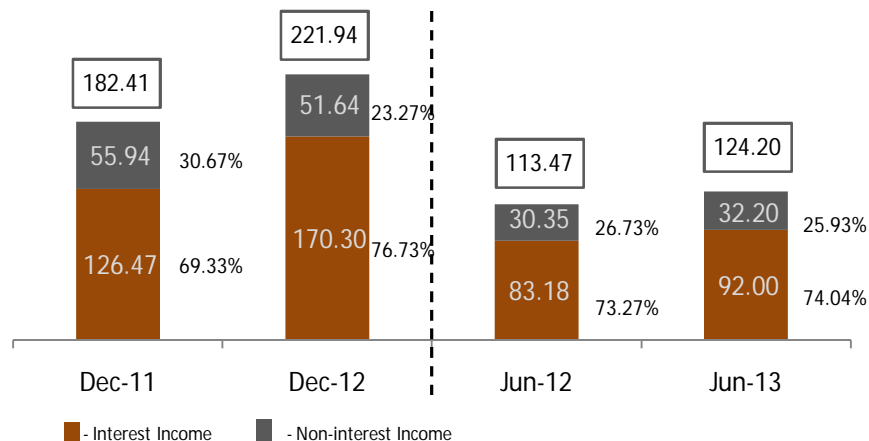


Profit Drivers – Revenues

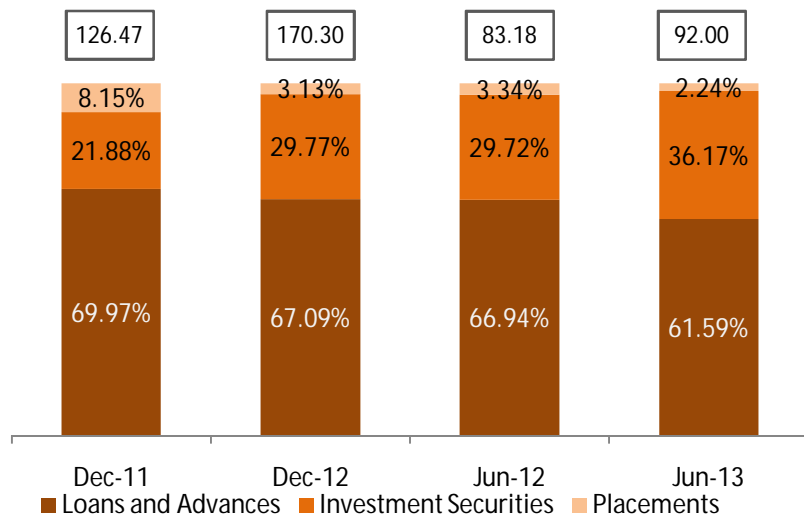
Strong revenue

- Growth in revenues sustained by growth in loan book, trading income and yields on investment securities.
- Interest income up 10.61% (compared to June 2012)
Growth in net interest income dampened by tight liquidity (Naira) and the impact of the new banker's tariff on savings deposits.
- Non-interest income up 6.10% (compared to June 2012)
Growth in non-interest income dampened by the impact of the new banker's tariff on commissions and fees chargeable by banks.

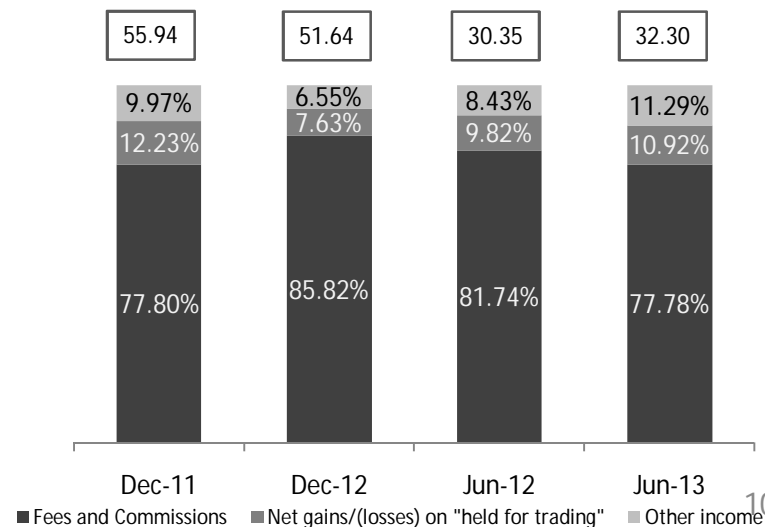
Revenue mix [N'bn]



Interest income [N'bn]



Non-interest income [N'bn]

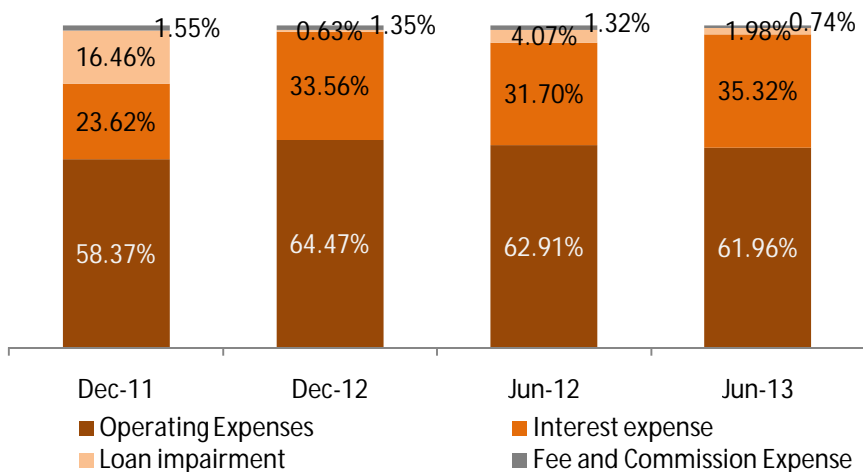


Profit Drivers – Cost Base

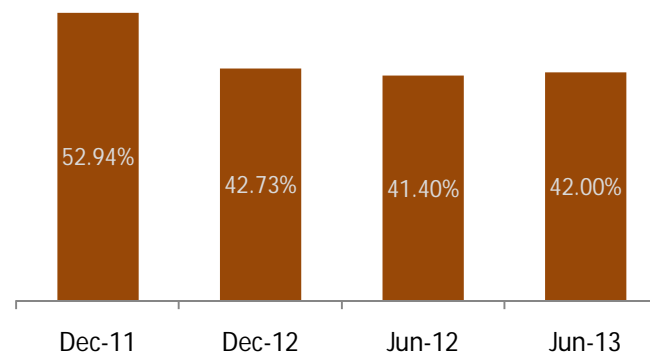
Continued focus on efficiency

- Cost-to-Income ratio of 42.02%
- Conservative 9.65% growth in operating expenses from H1 2012, despite 95.32% increase in AMCON expenses as a result of the effects of an upward review of the AMCON levy to 50bps of Total Assets on a larger balance sheet.
- AMCON levy constitutes 9.72% of total operating expenses
- 24.89% growth in interest expense over H1 2012 a reflection of a increased competition, regulatory minimum interest rate payments on savings deposits and bouts of market illiquidity.
- GTBank will continue to grow its retail deposit base and seek low cost, stable funding.

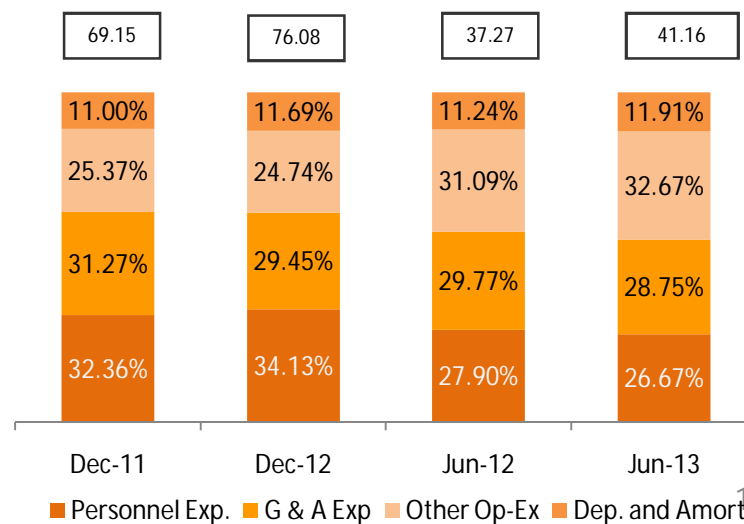
Expense overview



Cost-to-Income ratio



Operating expenses [N'bn]

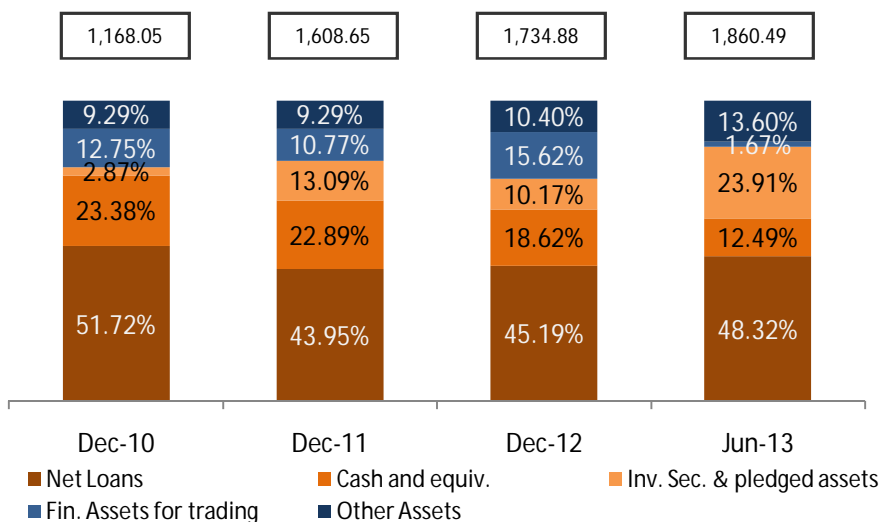


Balance Sheet Mix

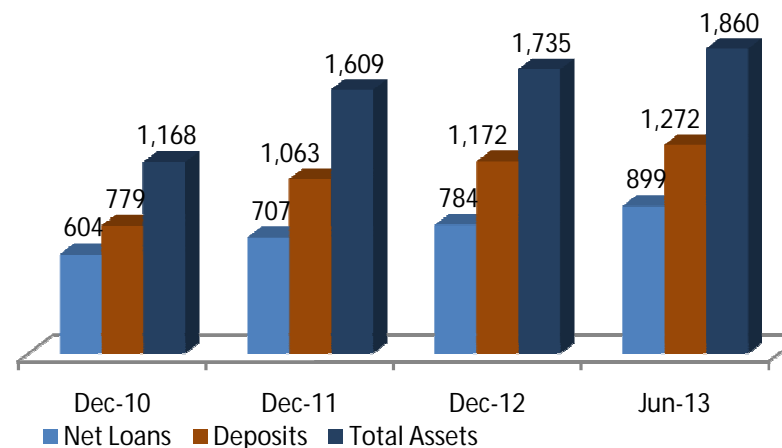
Balance sheet

- Loans to deposits ratio: 70.67%
- Total net Loans of N899.00bn, up 14.68% from December 2012
- GTBank continues to maintain a focus on the high-end institutional client-base, hence 58.41% of the bank's loan-book is in the institutional banking segment
- Liquidity ratio – 48.80%
- GTBank is well positioned to take advantage of business opportunities that may arise in the short to medium term.
- Total Deposits of N1.27trn, up 8.54% from December 2012
- GTBank continues to focus on maintaining balance sheet efficiency and protecting NIMs

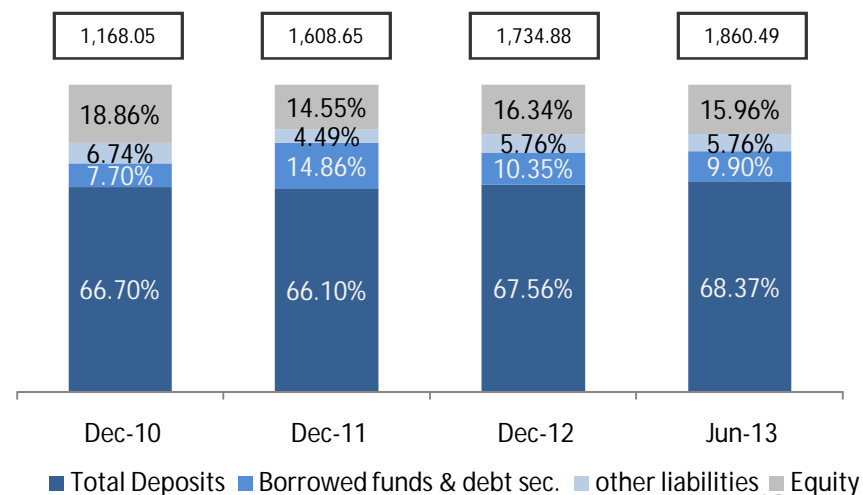
Asset base and components [N'bn]



Total Assets, Loans and Deposits [N'bn]



Low cost, diverse funding mix [N'bn]

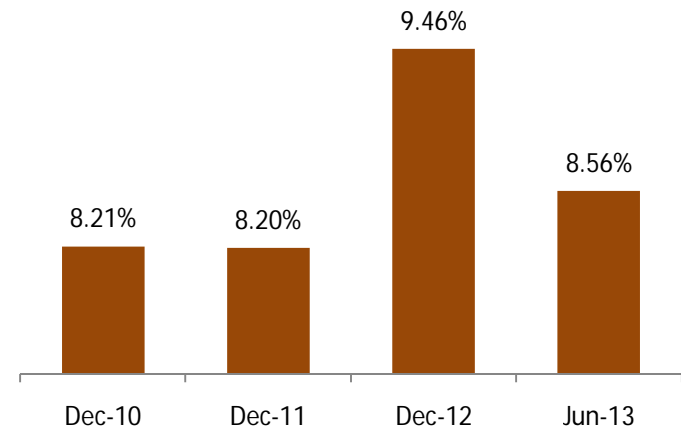


Net Interest Margins

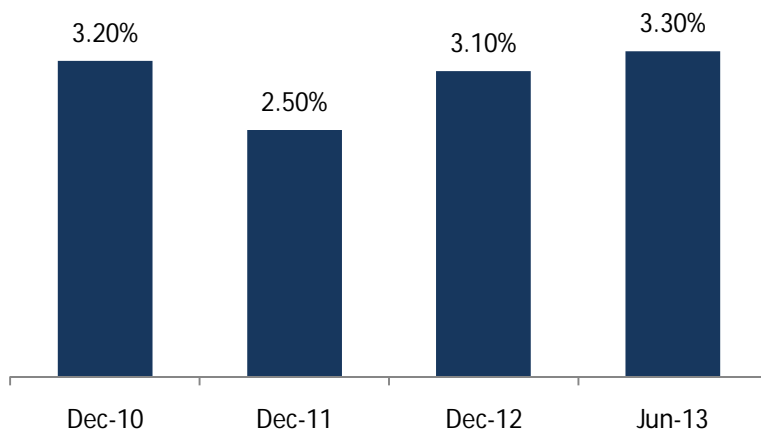
Strong margins

- NIM of 8.56% (Dec 2012 – 9.46%)
- NIM remains relatively strong despite slight compression from 2012 NIM levels
- NIM compression from 2012 reflects a drop in yields and rise in cost of funding (impact of new banker's tariff and general rise in costs and competition)

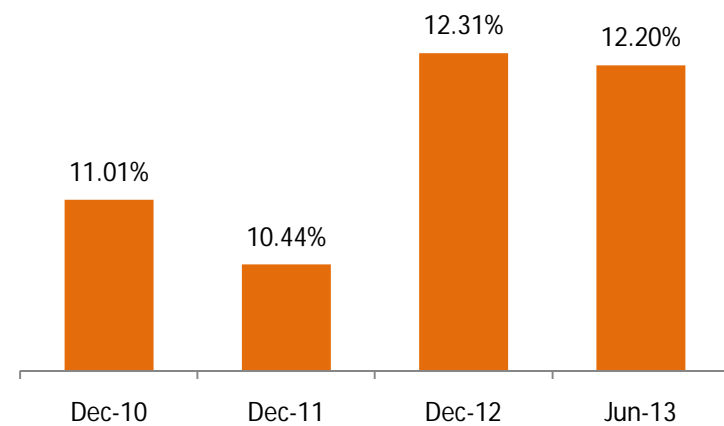
History of strong NIMs



Cost of interest bearing liabilities



Yields on interest earning assets

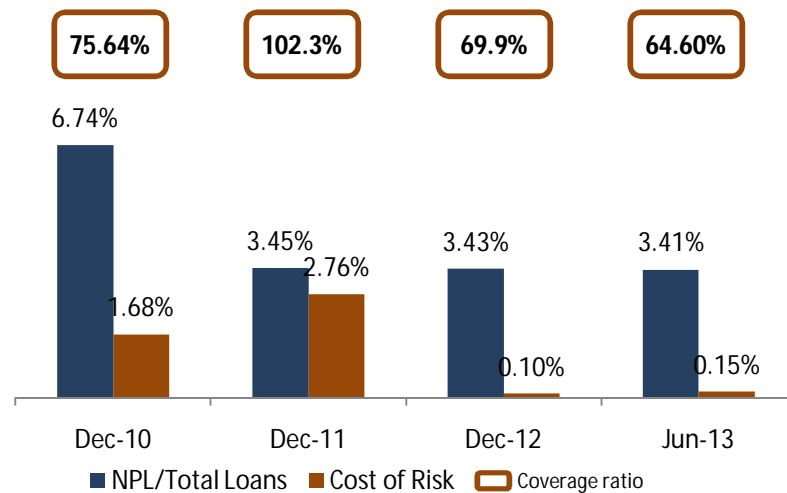


Asset Diversification & Quality

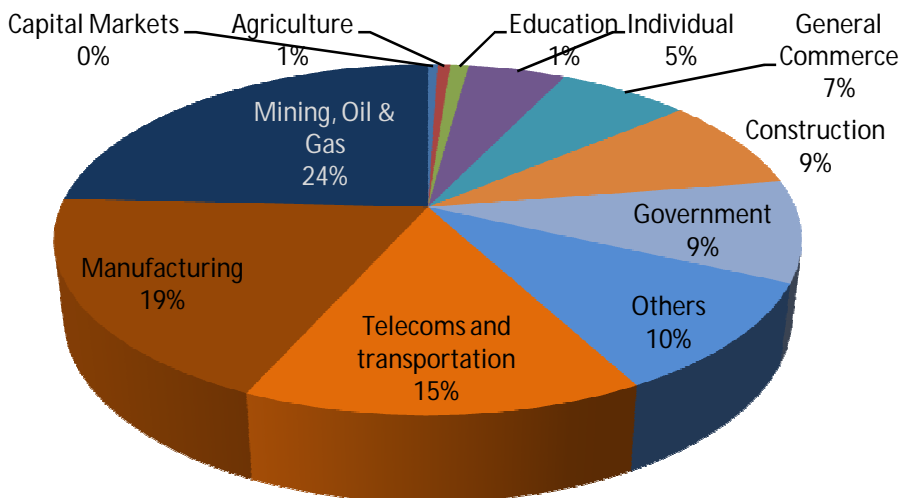
NPLs, Coverage, COR

- NPL ratio - 3.41% (Dec 2012 – 3.43%)
- Coverage
 - Without regulatory risk reserves – 64.60%
 - With regulatory risk reserves – 108.30%
- Cost of risk - 0.15% (Dec 2012 – 0.10%)
- Information, Telecoms and transport accounts for 36.50% of NPLs with Hi Media accounting for the bulk of it.

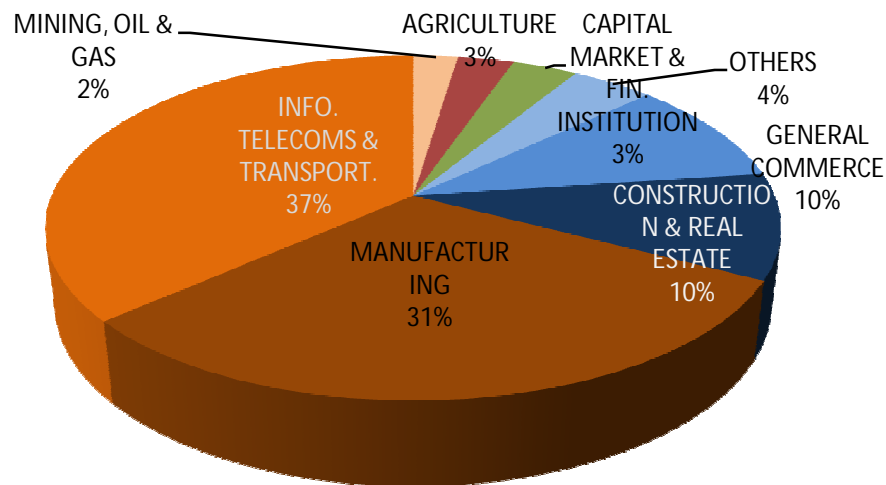
NPLs and coverage



Loans by Industry



NPLs by Industry



FCA fines GTBank UK, £525000 for inadequate money laundering checks

What happened

- GTBUK was fined by the FCA for “breaches of Principle 3 (management and control) of the Authority’s Principles for Businesses between 19 May 2008 and 19 July 2010;
- The infractions occurred in the period in which GTBank UK commenced operations as a new firm in the U.K.;
- GTBank UK was deemed to have failed to establish and maintain effective AML controls in relation to high risk individuals and Politically Exposed Persons (PEP);

GTBank’s position

- GTBank UK co-operated fully with the FCA during its investigation;
- The said infractions occurred when GTBank UK was starting its operations and developing the systems/processes required to meet the operating requirements of the new business environment;
- The FCA found no evidence that GTB UK did in fact handle any proceeds of crime
- All fines levied have been paid by GTBank UK and have been taken in the first-half of 2013;
- GTBank UK’s operations are ring-fenced;
- GTBank has since invested heavily in improving AML systems and controls

Measures taken

1. Since 2011, the following management changes were effected to strengthen GTBank UK’s operations:
 - a) Change of Head of Risk, and
 - b) Change of Head of Compliance;
2. GTBank UK’s new head of Compliance is experienced with regulations and requirements as it relates to banking operations, AML and other operating requirements for UK based financial institutions.
3. In 2011, GTBank UK engaged an AML Consultancy firm (Craig Brook), to review existing systems and procedures in GTBank UK and confirm strict adherence to internal SOPs and FCA requirements. The lessons learnt from this exercise are being applied across board in all of GTBank’s business locations.;
4. An annual AML review process has been instituted. A leading AML consultancy firm is being engaged for this year’s exercise to carry out a compliance review and reconfirm strict adherence to FCA requirements and the full adoption of the compliance measures/changes put in place since 2011;
5. GTBank UK no longer opens PEP accounts. Overall, GTBank remains committed to a higher level of corporate governance and compliance with the regulatory requirements of the various jurisdictions in which it operates

Business Strategy and Objectives

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-