



Guaranty Trust Bank plc

Financial Results – June 2010 *(Half Year)*



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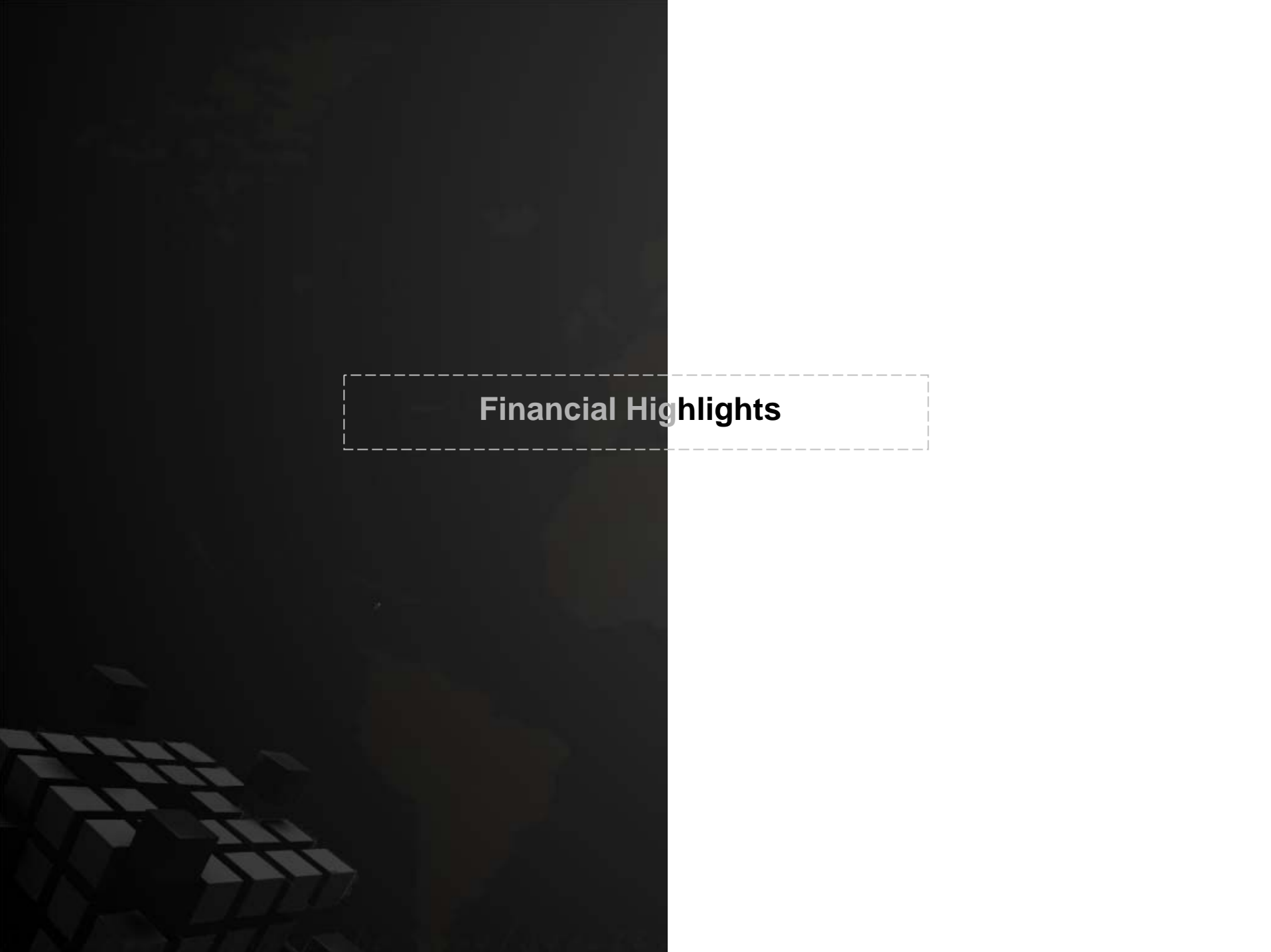
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Outline

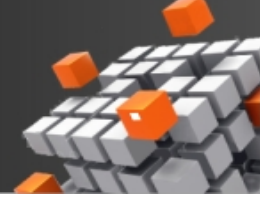


- Financial Highlights – June 2010
- GTBank Overview
- Business Strategy and Objectives



Financial Highlights

Financial Highlights



June 2010
6 months



- PBT of N24bn for Half year 2010, compared to N10bn for half year 2009 (However, H1 2009 PBT was dampened by heavy provisioning mandated for all banks by the Central Bank of Nigeria)
- Strong returns – ROAE of 19.5%; ROAA of 3.6%
- Half year dividend of 25k per share

Asset quality



- Improved NPL of 7.09% as at June 2010, down from 11.84% as at December 2009. Improved NPLs are a result of aggressive recovery measures, on a slightly reduced loanbook.
- Improved coverage ratio of 91.97%, up from 48.86% as at December 2009. We aim to return to coverage levels of over to 100% by December 2010.

Asset & liability
growth



- Loan to deposit ratio of 68.6%; compared to 72.7% as December 2009.
- Loan book of N560.5bn, down from N563.5bn as at December 2009 due to deliberate, conservative lending practices to quality names in challenging operating environment.
- Deposits from Customers of N721bn, up from N683.1bn as at December 2009 due to flight to safety/quality.

Margins



- Net Interest margin remains strong at 7.6%
- General market liquidity resulted in a lower average cost of liabilities of 4.3%%, and lower average yield on assets of 11.3%. Decline in Average cost was steeper than decline in Average yield for the first half of 2010 from the close of 2009.

Ratings &
Awards



- Upgraded from B to B+ with stable outlook by S&P
- Maintained B+ rating from Fitch
- Euromoney awards for Best Bank in Nigeria
- KPMG 2010 awards for Most Customer Focused Bank for Corporate and Retail clients

Balance sheet



	Group	Group	Bank	Bank
	<u>Jun-10</u>	<u>Dec-09</u>	<u>Jun-10</u>	<u>Dec-09</u>
	\$'m	\$'m	\$'m	\$'m
ASSETS				
Cash in hand and balances with CBN	249.81	239.52	217.37	232.85
Loans and advances to customers	3,740.55	3,760.60	3,553.07	3,591.41
Treasury bills	573.60	246.50	474.37	196.25
Due from other banks	1,934.99	1,503.80	1,754.43	1,353.51
Investment securities	484.98	908.93	464.87	895.13
Investment in subsidiaries	-	-	195.87	198.71
Other assets	163.33	147.99	71.91	63.27
Property and equipment	316.78	310.27	281.26	275.53
TOTAL ASSETS	7,464.06	7,117.62	7,013.15	6,806.67
LIABILITIES				
Customer's deposits	4,811.67	4,558.74	4,642.53	4,419.79
Due to other banks	135.27	99.98	23.23	7.23
Current income tax payable	67.60	23.25	62.01	15.84
Other liabilities	609.43	633.30	474.35	586.43
Debt securities in issue	433.60	437.04	437.86	437.24
Other borrowings	95.74	82.30	95.74	82.30
TOTAL LIABILITIES	6,153.31	5,834.61	5,735.73	5,548.82
NET ASSETS	1,310.75	1,283.00	1,277.42	1,257.85
CAPITAL AND RESERVES				
Share capital	77.81	62.25	77.81	62.25
Share premium	794.69	794.69	794.69	794.69
Retained earnings	91.45	102.94	110.10	124.41
Other reserves	308.55	288.81	294.82	276.50
SHAREHOLDERS' FUND	1,272.49	1,248.69	1,277.42	1,257.85
Non controlling Interest	38.26	34.32	-	-
TOTAL EQUITY	1,310.75	1,283.00	1,277.42	1,257.85
Guarantees and other commitments on behalf of customers	2,468.89	2,221.17	2,324.47	2,111.46

Income statement



Profit and Loss Accounts	Group	Group	Bank	Bank
	Jun 30, 2010	Jun 30, 2009	Jun 30, 2010	Jun 30, 2009
	6 Months \$m	6 Months \$m	6 Months \$m	6 Months \$m
GROSS EARNINGS	560.29	611.84	509.21	569.06
INTEREST AND DISCOUNT INCOME	408.94	437.85	375.55	410.59
Interest expense	(131.05)	(181.04)	(119.12)	(173.43)
NET INTEREST MARGIN	277.89	256.81	256.43	237.16
Fee and Commission income	118.36	117.44	109.69	109.01
Fee and commission expense	(2.79)	(2.28)	(2.75)	(2.28)
Net fee and commission income	115.57	115.16	106.94	106.73
Net foreign exchange income	8.74	27.15	5.48	24.10
Underwriting profit	4.81	8.58	-	-
Income from investments	12.83	13.60	12.47	18.64
Operating income	419.83	421.30	381.31	386.62
Operating expenses	(227.77)	(182.25)	(202.45)	(141.96)
Loan loss expenses	(19.30)	(161.84)	(18.67)	(160.93)
Diminution in other asset values	(1.09)	(21.64)	-	(16.87)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	171.66	55.56	160.20	66.86
Taxation	(50.04)	2.89	(47.25)	7.41
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	121.63	58.45	112.94	74.28
Non Controlling Interest	(1.87)	1.83	-	-
PROFIT ATTRIBUTABLE TO GROUP SHAREHOLDERS	119.76	60.28	112.94	74.28
APPROPRIATIONS				
Transfer to statutory reserves	36.61	22.28	33.88	22.28
Transfer to statutory contingency reserve	1.28	-	-	-
Transfer to retained earnings	81.87	38.00	79.06	51.99
	119.76	60.28	112.94	74.28



GTBank Overview

Business segment overview



Institutional Banking

Commercial Banking

Retail Banking

Public sector banking

Selected Highlights

Active Customers

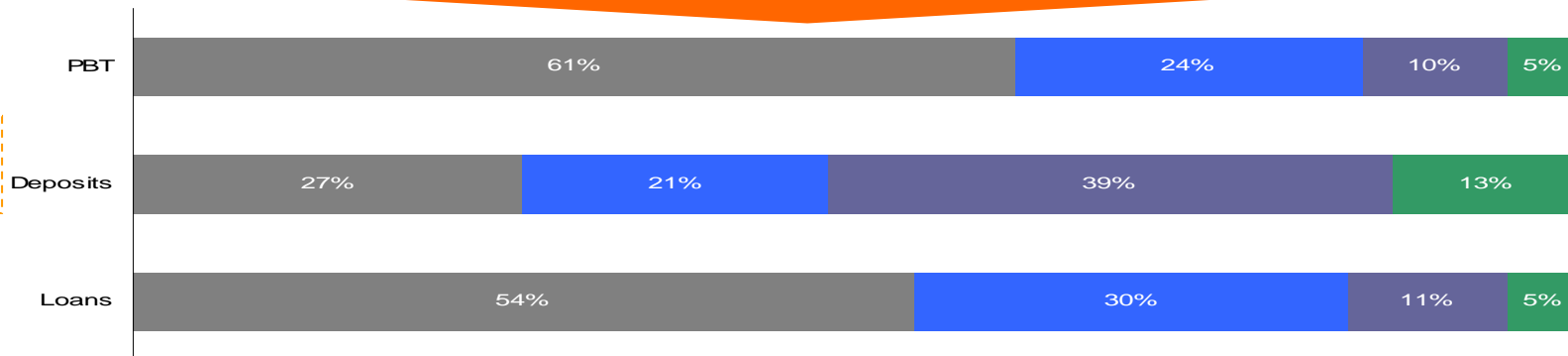
- Focus on multinationals and large corporates, with turnover in excess of US\$35m.
- Organised in 5 groups: Energy, Telecoms, Corporate Finance, Corporate Bank and Treasury
- Voted best bank in Nigeria at the Euromoney awards in UK in 2010
- **Over 400**

- Focus on small & medium companies, with turnover between US\$2m and US\$35m
- Extensive product range: tailor-made solutions and flexibility
- In-depth knowledge of local market
- **Over 50,000**

- Focus on retail customers
- Rapidly developing business
- **169 branches and 493 ATMs**
- Extensive leverage of alternative distribution channels
- **Over 2.5million customers**

- Focus on:
 - Federal government
 - State governments
 - Local governments and clients
- **Active in all government segments**

Contribution to GTBank



Supported by strong support centers



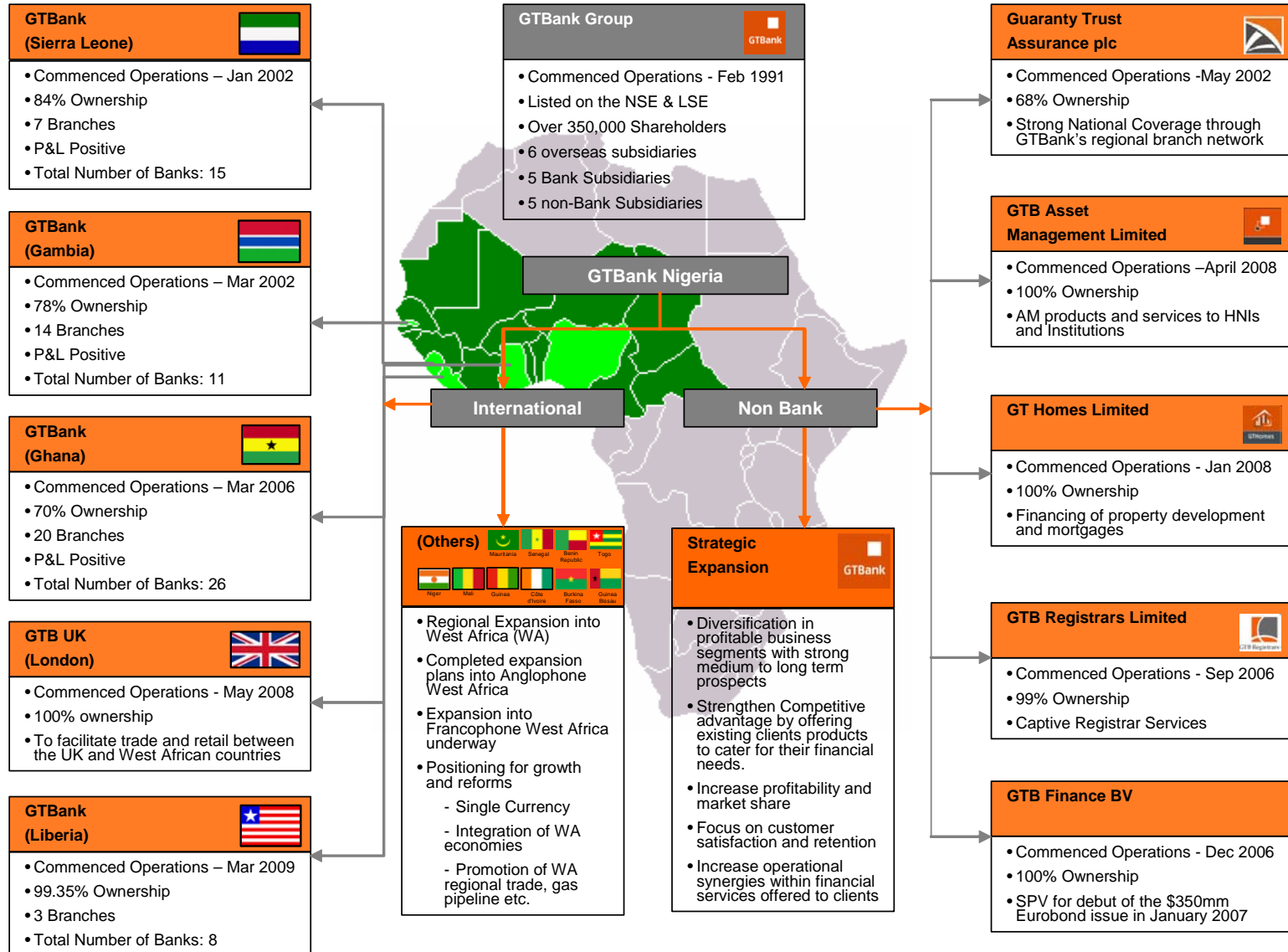
Financial control / Legal

Operations / HR

Risk management

Information technology

Regional Presence and Business Diversification



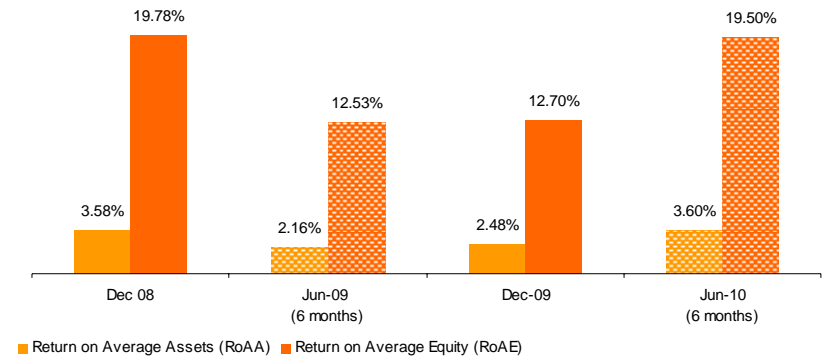
Profits



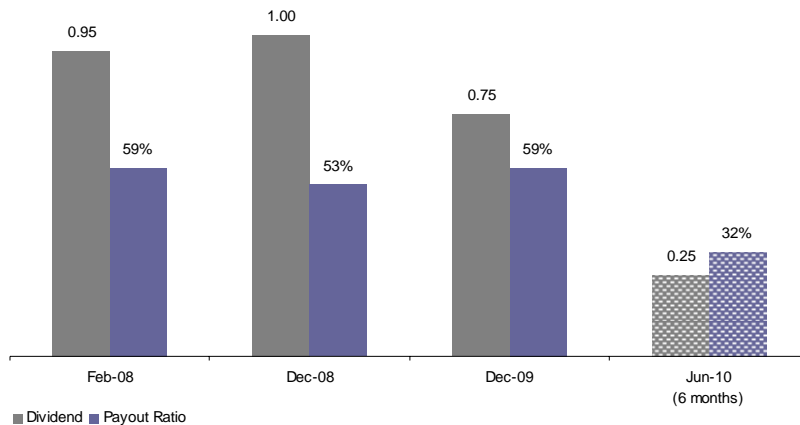
Comments

- Strong half year PBT of \$172m as at June 2010.
- ROAE of 19.5% and ROAA of 3.6%
- Earnings per share of 77kobo per share
- Half year dividend of 25kobo per share

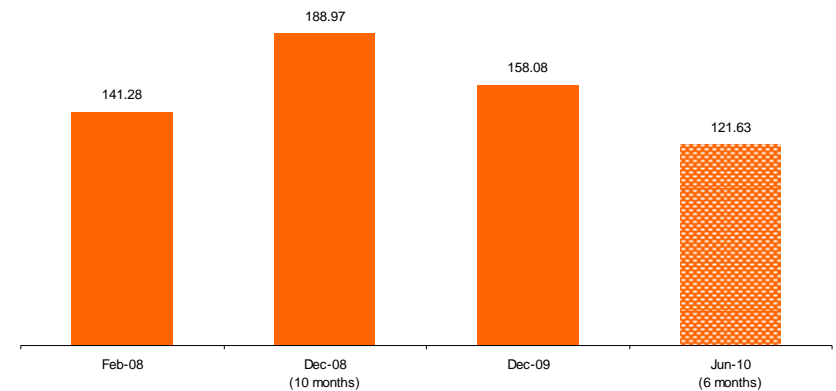
RoAA and RoAE



Dividends



Earnings [after tax] \$m

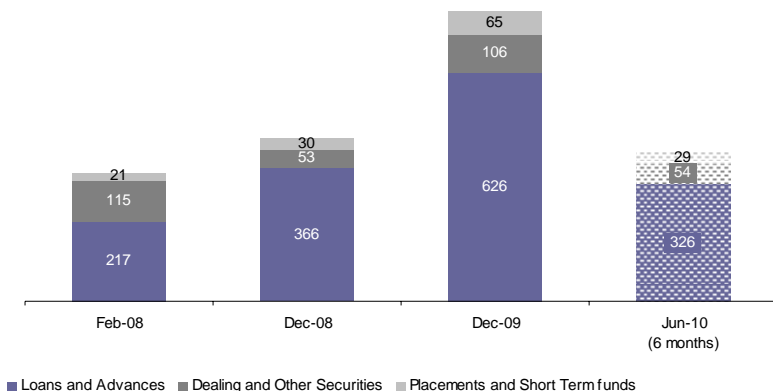


Revenues

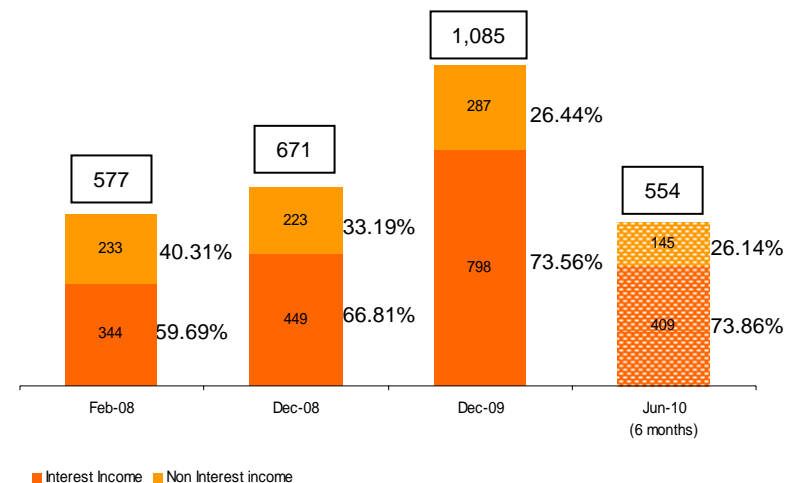
Impact of macroeconomic landscape

- Revenue growth hampered by slow economic recovery, excess liquidity and cautious lending approach;
- Interest income of \$409m, lower than \$438m as at June 2009. Drop in interest income was due to drop in prevailing market rates in banking sector albeit cushioned by steeper decline in deposit rates.
- Non interest income of \$145m, compared to \$167m as at June 2009. Non-interest income was lower in 2010 due to decreased, new lending activity and limited quality risk assets.
- We continue to focus on conservative lending to quality, top-end corporate names.

Interest Income Mix (\$'m)

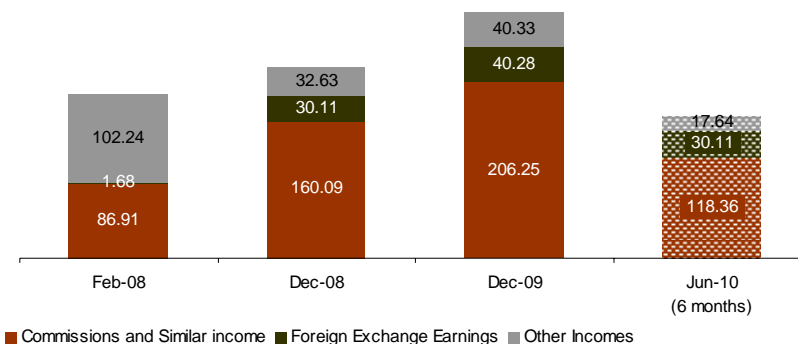


Revenue mix (\$'m)



■ Interest Income ■ Non Interest income

Non Interest Income Mix (\$'m)



■ Commissions and Similar income ■ Foreign Exchange Earnings ■ Other Incomes

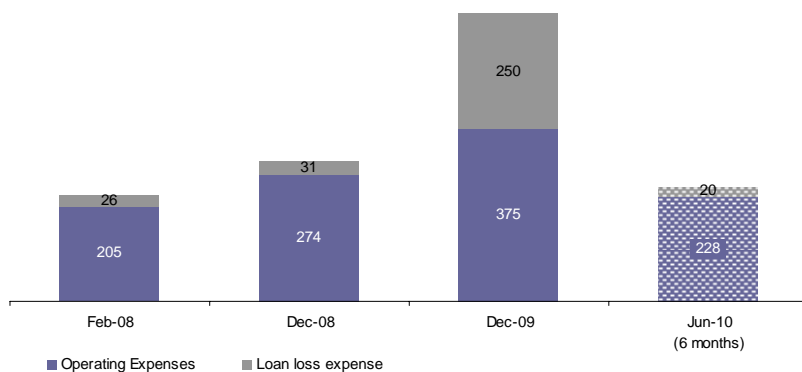
Expense



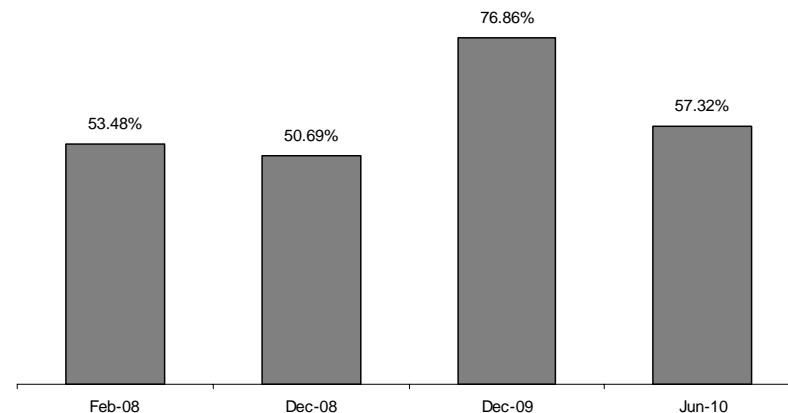
Expense

- Cost-to-income ratio of 57.32%, an improvement from 76.86% as at December 2009
- High Cost to income ratio of 2009 was due to extensive provisioning mandated by the CBN
- We are working towards bringing our cost to income ratio down to 50% by December 2010, barring any unforeseen circumstances which cause our operational forecast to vary significantly
- GTBank continues to maintain a strong focus on efficiency and controlled growth

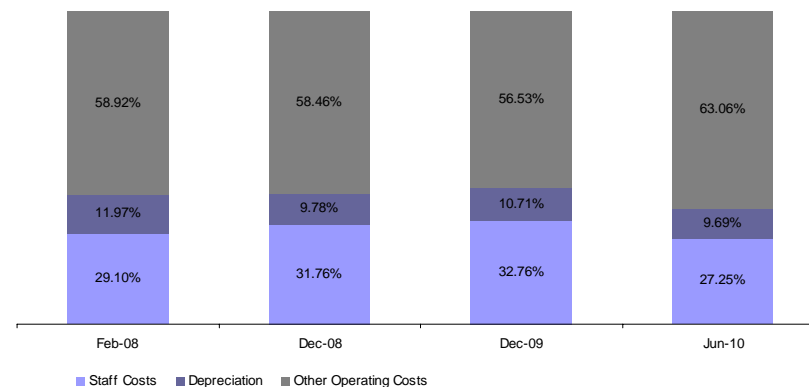
Expense summary



Cost to income



Operating expense summary



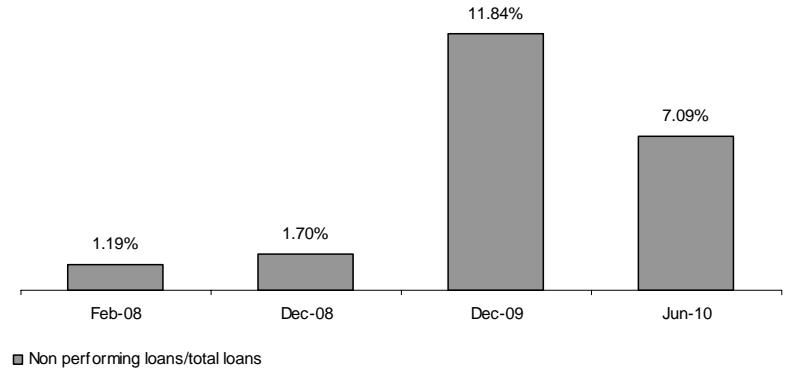
Asset quality



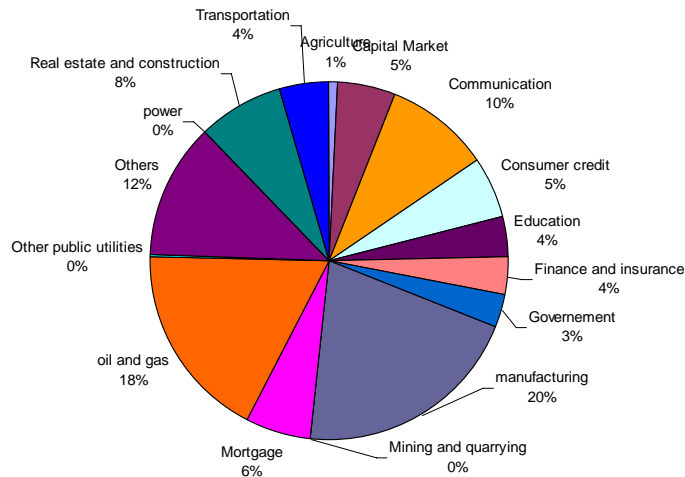
NPL

- NPL ratio of 7.09%, improved from 11.84% as at December 2009
- Improvement in NPLs driven by aggressive recoveries in the first half of 2010, following the second audit of all banks by the CBN
- We aim to bring NPLs back down to under 5% by the end of next year.
- Coverage ratio of 91.97%, up from 48.86% as at December 2009. We aim to be back to comfortable levels of over 100% by December 2010.

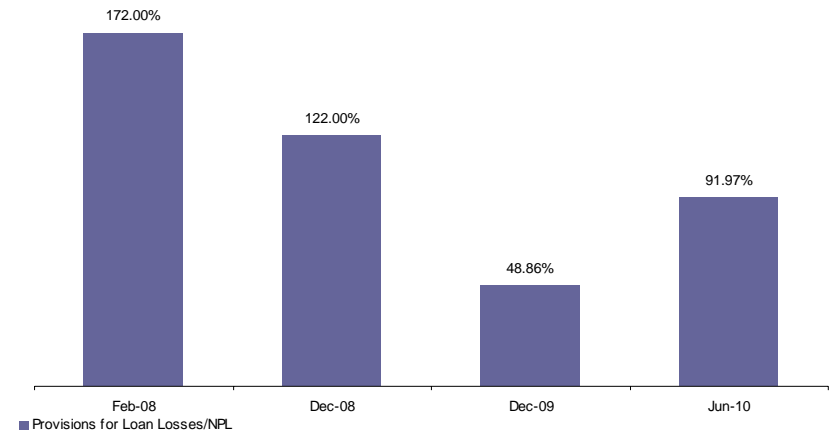
NPLs



NPLs by Industry



Coverage Ratio

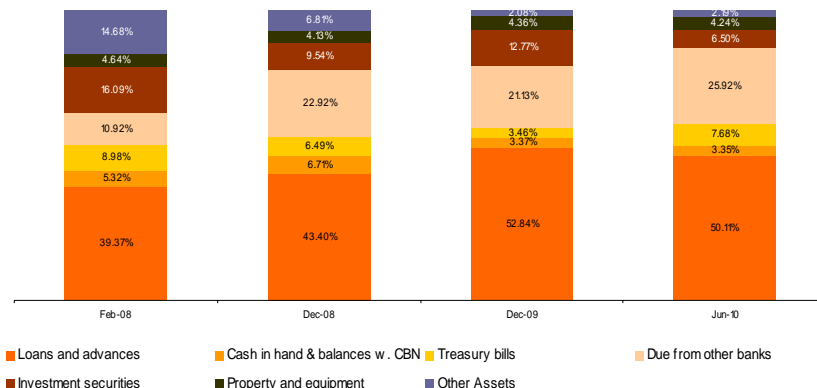


Balance Sheet

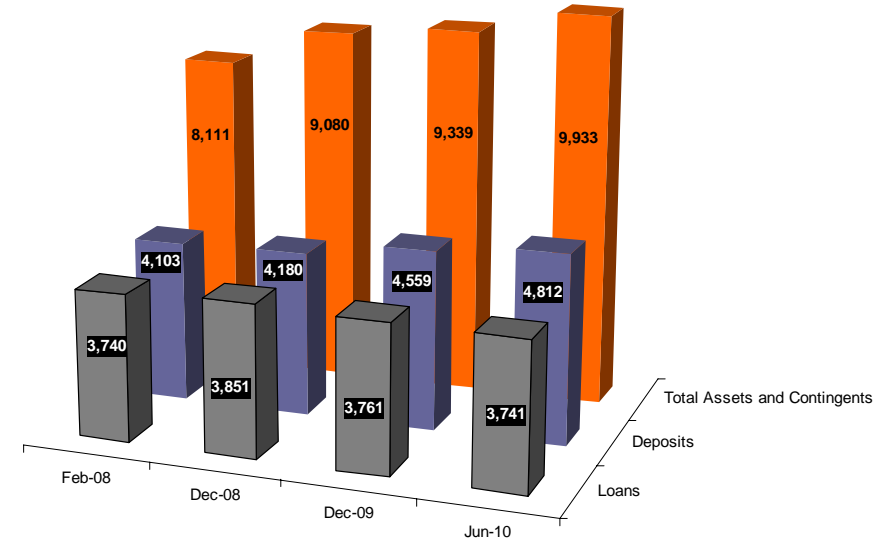
Comments

- GTBank continues to get a steady increase in deposits in a market awash with liquidity.
- GTBank continues to maintain a long term focus by striving to maintain an optimal mix of short term deposits and long term, more stable liabilities.
- We are conservative on deposit pricing to ensure that profitability is not sacrificed
- Loan book remained relatively flat due to continued cautious lending criteria given our current operating environment
- GTBank continues to lend to its market niche of top-end institutional clientele
- Loan growth - (0.53%)
- Deposit growth – 5.55%

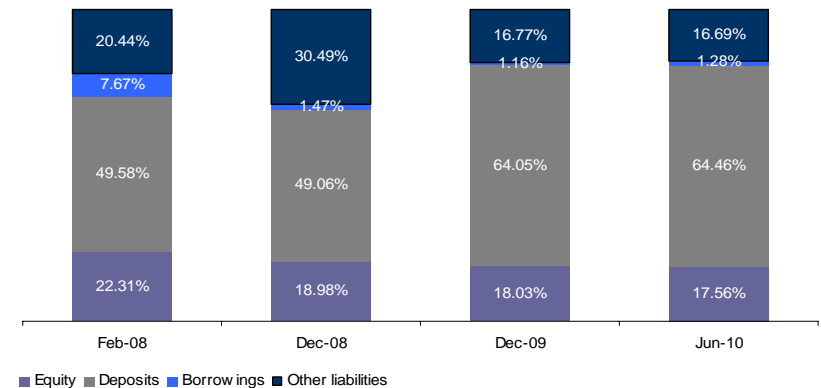
Asset Base and Components



Assets, Loans & Deposits



Funding Mix



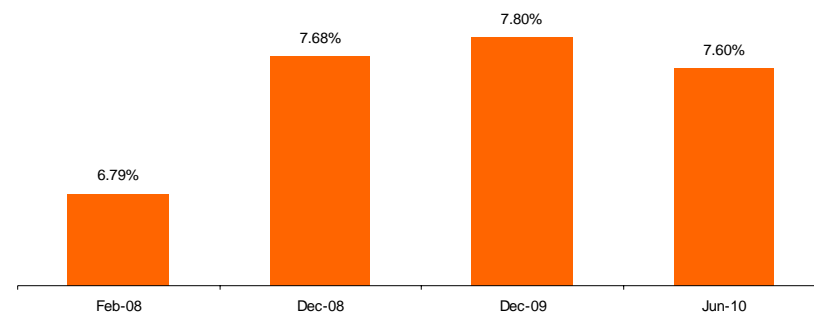
Margins



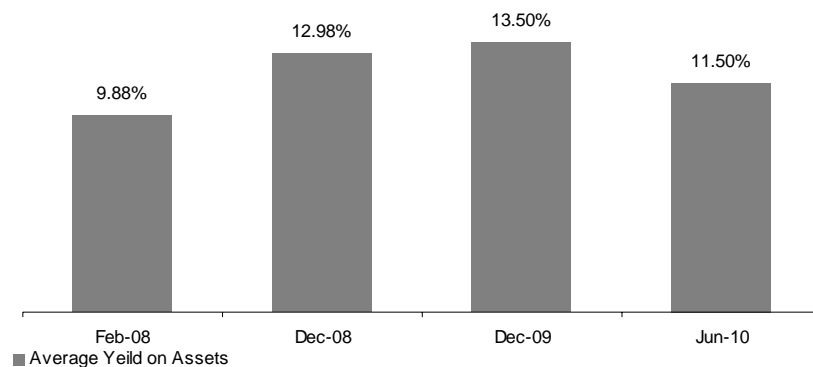
Sustainable net interest margins

- Consistently strong NIM
- Cost of liabilities and yield on assets were lower in the half year due to a crash in deposit rates fueled by excess system liquidity
- Decline in average cost of liabilities was much steeper than decrease in yield on assets
- We estimate that the current market liquidity will persist for of the remainder of this year

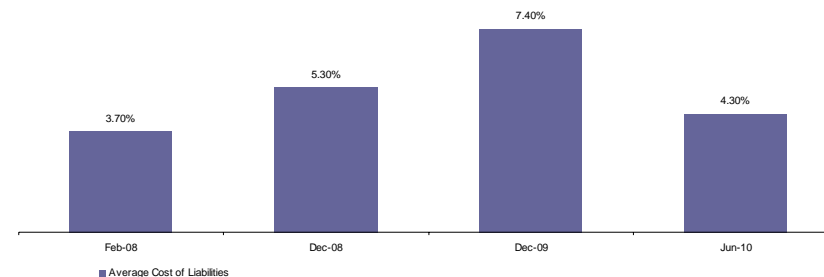
NIM



Average yield on interest earning assets



Average Cost of interest yielding liabilities



Key Ratios



Key Financials (\$'m)	31-Dec-08	31-Dec-09	30-Jun-09	30-Jun-10
Balance Sheet				
Total Advances and Loans to Customers	3,740.42	3,760.60	3,850.59	3,740.55
Total Deposits from Customers	4,102.72	4,558.74	4,180.18	4,811.67
Shareholders' Funds	1,214.86	1,214.86	1,214.86	1,214.86
Total Assets	7,363.38	7,117.62	6,915.81	7,464.06
Total Assets and Contingents	8,111.37	9,338.79	9,080.41	9,932.94
Profit and Loss Account				
	10 months	12 months	6 months	6 months
Interest Income	448.59	797.97	437.85	408.94
Non-Interest Income	222.83	286.86	166.77	144.73
Profit Before Taxes	235.78	186.62	55.56	171.66
Profit After Taxes	188.97	158.08	58.45	121.63
Performance Ratios				
Return on Average Assets (RoAA)	3.58%	2.48%	2.16%	3.60%
Return on Average Equity (RoAE)	19.78%	12.70%	12.53%	19.50%
Net Interest Margin	6.70%	7.80%	7.52%	7.60%
Cost/Income	50.69%	76.86%	68.52%	57.32%
Balance Sheet Ratios				
Loans Deposits	85.74%	72.70%	84.62%	68.60%
Liquidity Ratio	53.57%	43.50%	42.41%	50.52%
Capital Adequacy Ratio	22.11%	25.99%	18.27%	20.63%
Asset Quality Ratios				
NPL/Total Loans	1.72%	11.84%	3.69%	7.09%
Provisions for Loan Losses/NPL	121.62%	48.86%	147.39%	91.97%



Business strategy and Objectives

Strategy and Future Vision: Key Objectives



- 2012
- Goals

- **Remain No. 1** bank in Nigeria in terms of **Return on Equity / Profitability**
- **Remain Most efficient bank** by **Maintaining** Cost to Income stability via managing costs
- Attain **leadership position** across **West Africa**

Focus on Growth business

- Oil and Gas, Infrastructure
- Construction, Real Estate, Telecoms
- Power, etc
- Targeted retail expansion i.e. mortgage
- Increase in trading volumes
- Selected West African investments

Enhance product and service offering

- Mortgages
- Corporate Finance
- Asset Management
- Banking the entire value chain
- Increase penetration

Maintain operational efficiency

- Cost Control
- Investment in IT
- Efficient Distribution channels

Thank You

