



Guaranty Trust Bank plc
RC 152321

A 3D map of Europe, rendered in white, with several orange cubes placed on the map to indicate specific locations. The cubes are located in the British Isles, France, Germany, and Poland.

FY December 2011 Results presentation to investors and analysts



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Financial Highlights

December 2011

- PAT: N52.65bn (December 2010: N38.35bn)
- PBT: N65.60bn (December 2010: N48.46bn)
- ROAE: 23.42% ROAA: 3.77% NIM: 7.80%
- EPS: 169k per share
- Total Year Dividend: 110k per share

Revenue Generation

Robust and sustainable

- Loan book (Net) – N715.94bn (December 2010: N593.46bn) up 20.64%
- Interest Income - N130.14bn (December 2010: N112.52) up 15.66%
- Non Interest Income - N55.92bn (December 2010: N41.39bn) up 35.10%
- Deposits from Customers – N1.03trn (December 2010: N761bn) up 35.72%
- Poised to take advantage of opportunities in our operating environment

Operational efficiency

Through innovation

- Cost to income ratio – 50.82% (December 2010: 56.82%)
- Operating expenses up 10.78% in 2011 (below inflation)
- Interest expense – N28.46bn (December 2010: N30.15bn), down 5.62%
- GTBank's strategy for sustaining NIMs in a highly competitive banking environment includes increasing efficiency through innovation and forward thinking

Credit Quality

Focus on improvement

- NPLs – 3.73% (December 2010: 6.74%)
- AMCON – N77.01bn sold to AMCON in 2011. No further sales envisaged
- Coverage Ratio - 92.29%. Management's goal is to return to over 100%
- Zenon – Total Zenon exposure sold to AMCON
- GTBank continues to focus on building a high quality loan book

Subsidiaries

Strong growth potential

- Subsidiary focus now on developing off-shore banking franchise following divestment
- Francophone expansion to commerce in April 2012 with GTB Cote D'Ivoire
- Divested from three subsidiaries (Guaranty Trust Assurance Plc, GTB Asset Management Limited and GTB Registrars Limited)
- Fourth and final divestment (GTHomes Limited) to be completed in H1 2012

Profit and loss highlights



	Dec-11	Dec-10	
Income	N'bn	N'bn	y/y %
Interest and similar income	130.14	112.52	15.66%
Fee and Commission Income	44.17	34.91	26.50%
Net fx income	8.85	4.58	93.32%
Underwriting profit	1.37	1.17	16.63%
Income from Investments	1.53	0.72	111.71%
Total Income	186.06	153.91	20.89%
Interest and similar expenses	(28.46)	(30.15)	-5.62%
Fee and commission expense	(2.21)	(3.21)	
Operating expenses	(70.65)	(63.77)	10.78%
Loan loss expense	(19.00)	(8.09)	
Dimunition in other asset value	(0.14)	(0.23)	
Total expense	(120.46)	(105.45)	14.23%
Profits Before Tax	65.60	48.46	35.37%
Taxation	(15.71)	(10.11)	
PAT	49.89	38.34	
Extraordinary items	2.76		
PAT and Extraordinary Items	52.65	38.34	37.32%



	Dec-11	Dec-10	
	N'bn	N'bn	y/y %
ASSETS			
Cash & deposits with banks	430.69	279.04	
Treasury bills	256.82	157.29	63.27%
Loans & advances under finance lease	715.98	593.47	20.64%
Investment securities	109.39	51.84	111.02%
Property, equipment and intangible assets	58.52	48.69	
Other Assets	40.49	22.08	
Total Assets	1,611.88	1,152.41	
	Dec-11	Dec-10	
EQUITIES & LIABILITIES	N'bn	N'bn	
Equity	238.78	210.83	
Deposits	1,033.07	761.19	35.72%
Borrowings	236.74	87.84	169.52%
Other Liabilities	103.29	92.55	
	1,611.88	1,152.41	
Contingents	526.82	424.98	



GTBank

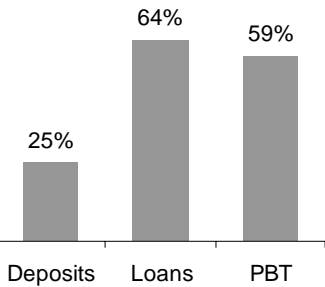
Institutional

- multinationals and large corporates, with turnover in excess of N5bn.
- Organised in 5 sections: Energy, Telecoms, Corporate Finance, Corporate Bank and Treasury
- Primary customer base

Client Base

Over 400 clients

Contribution to bank



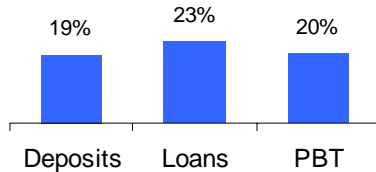
Commercial

- Middle market companies, with turnover between N250m and N5bn
- Extensive product range: tailor-made solutions and flexibility
- Custom E-commerce solutions

Client Base

Over 50,000 Clients

Contribution to bank



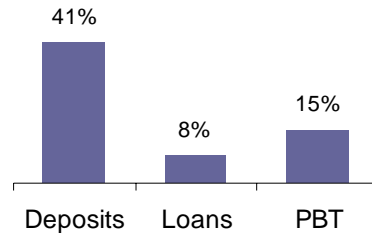
Retail

- Deposit drive focus for retail customer-base
- Rapidly developing business line
- 177 branches, 17 e-branches & 627 ATMs
- Extensive leverage of alternative distribution channels

Client Base

Over 3.3 million

Contribution to bank



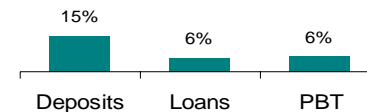
Public Sector

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

Client Base

All Tiers of Government

Contribution to bank



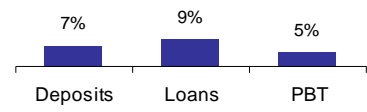
International

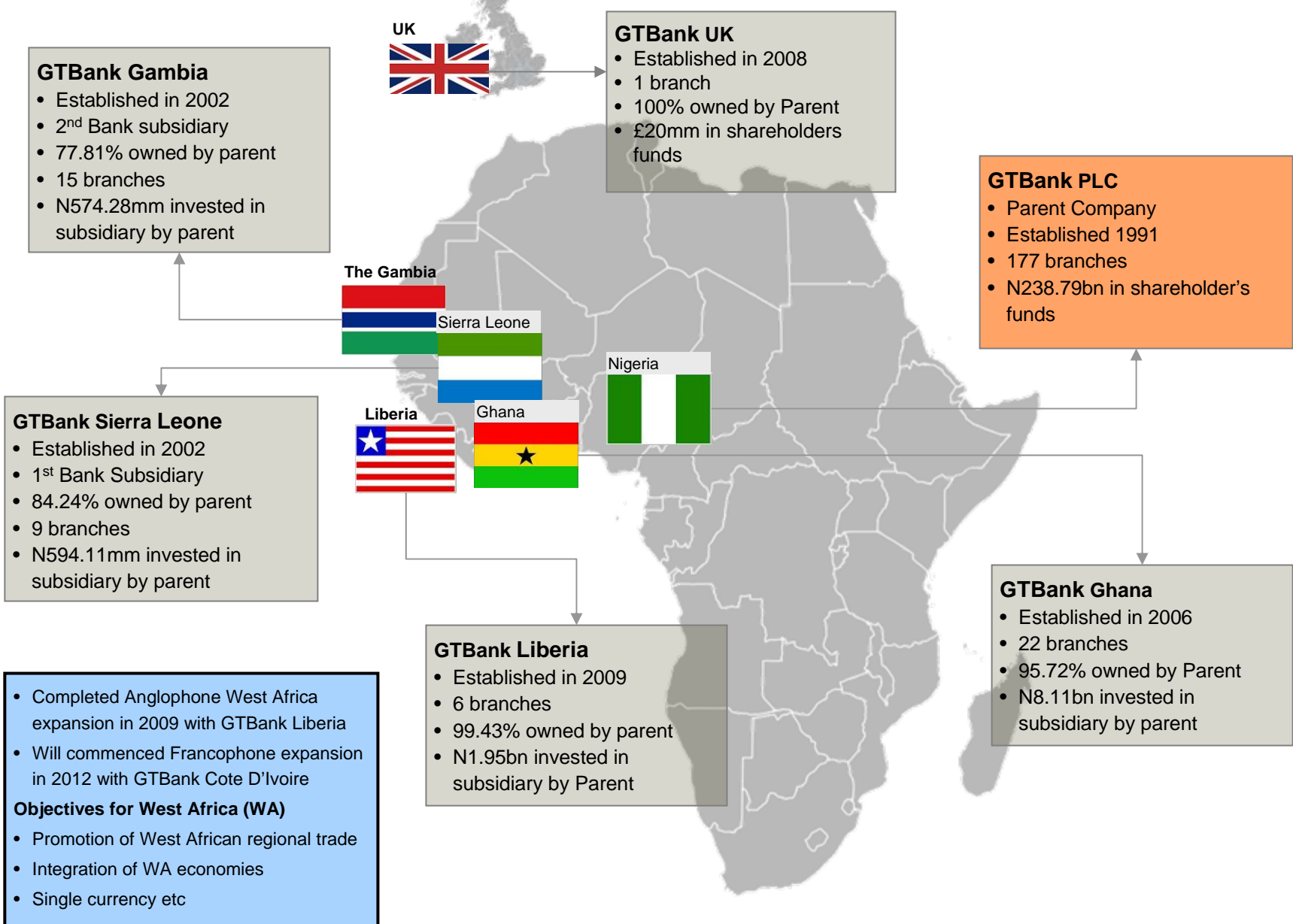
- Expansion into Anglophone West Africa
 - Sierra Leone (2002)
 - Gambia (2002)
 - Ghana (2006)
 - Liberia (2009)
- Also present in London, servicing trade finance and high net worth individuals

Client Base

Anglophone WA

Contribution to group



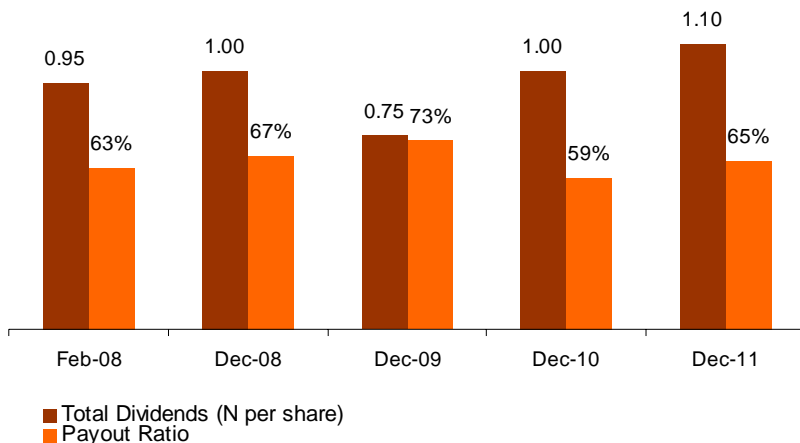




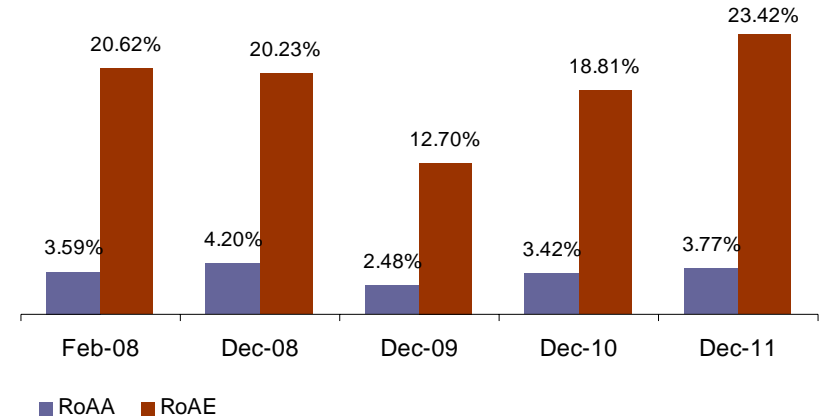
Continued drive for strong profitability

- ROAE of 23.42% ROAA of 3.77%
- PBT – N65.60bn, up 35.37% from 2011
- Earnings per share – 169k, a 30% increase from 2010 (after adjusting for 1 for 4 scrip issue in 2010)
- Profitability driven by
 - a concerted effort to improve efficiency in an increasingly competitive operating environment
 - return to positive real interest rates
 - growth in customer base and resulting increase in transaction fees
 - expense control (Interest expense & OpEx)
- Total Year dividend of 110k/share (25k interim and 85k FY)
- Capital adequacy ratio: 23.03%, adequately capitalized for near term expansion opportunities that may arise.

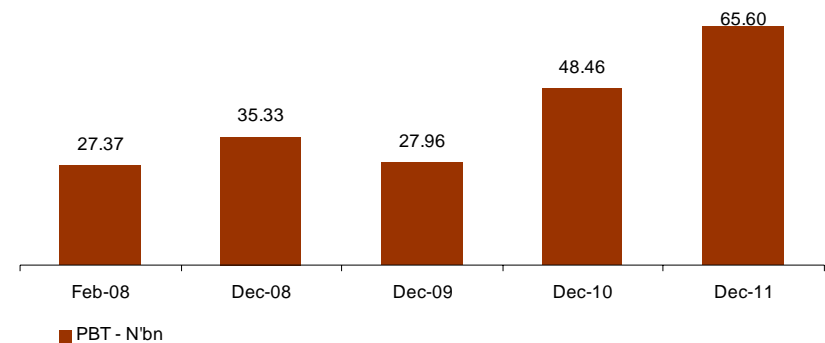
Consistent dividend payments



Returns on Average Assets/ Equity (ROAA/ROAE)



Profit before tax [N'bn]

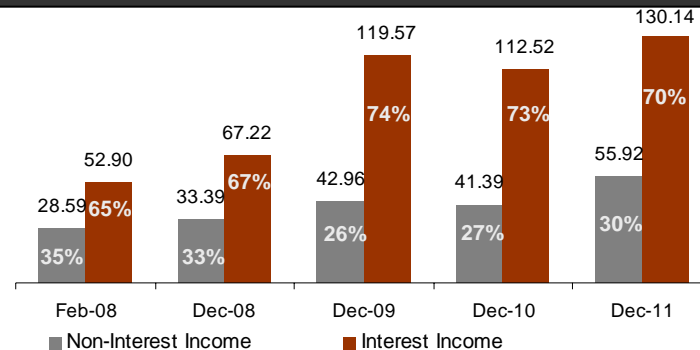




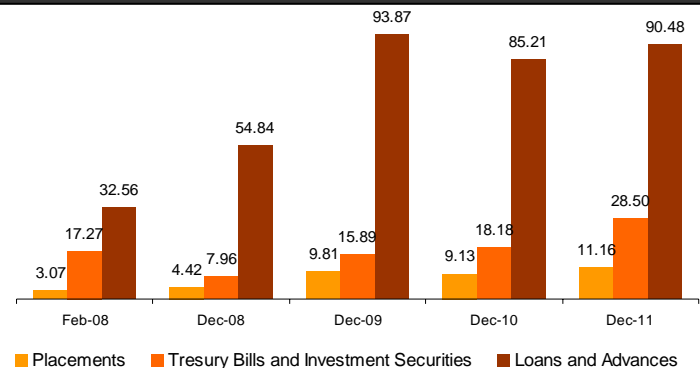
Growth across all revenue lines...

- Revenue mix consists of
 - Net Interest Income: N130.14bn (70%)
 - Non Interest Income: N55.92bn (30%)
- 15.66% increase in Interest Income from 2010 driven by
 - 6.19% growth in interest income from a larger loan book despite increased competition in the high-end banking space. Interest from loans and advances accounted for 70% of interest income
 - 56.76% growth in income from investments in government securities, enhanced by return to positive interest rates
 - 22.23% growth in Income from interbank placements. GTBank remained a net placer in the interbank market in 2011
 - Growth in interest income further enhanced by 5.62% drop in interest expense despite 35.72% growth in deposits
- 35.10% increase in Non-Interest Income driven by
 - Increased transaction fees and commissions driven by
 - 26.50% growth in fees and commissions attributable to
 - larger customer base
 - higher transaction volume
 - larger deposit base and loan book
 - Gains in fx trading income

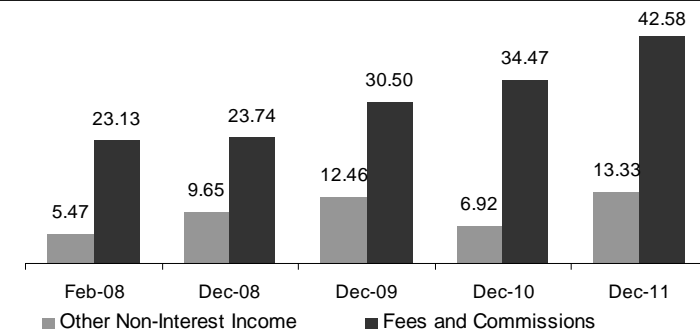
Revenue mix [N'bn]



Interest income [N'bn]



Non-Interest income [N'bn]

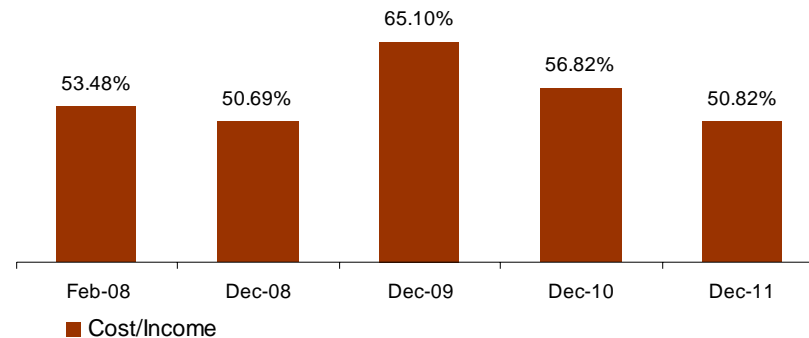




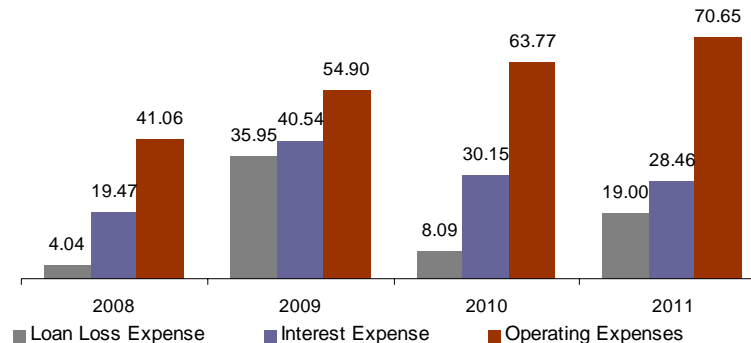
Increasingly efficient operations

- Cost to Income ratio improved from 56.82% in 2010 to 50.82% in 2011
- Expense performance highlights include
 - Over-all operating cost growth of 10.78% (below inflation)
 - Operating cost growth of 5.76%, after factoring out the AMCON charge (0.3% of total Assets for all banks) introduced by CBN in 2011
 - Operating cost performance largely attributed to
 - Relatively flat growth in non-staff and depreciation related expenses
 - GTBank's focus on increasing operational efficiency across board
 - GTBank's use of technology and innovation in servicing expanding customer base
 - Interest Expense, down 5.62% from 2010, due to
 - GTBank's concerted effort to grow its retail deposit base and other sources of low cost funding
 - Negative real interest rates in the early part of 2010
 - Increase in loan loss expense due to
 - Reinstatement of General Loan Loss Provisions
 - Additional provisioning taken on loans sold to AMCON (Zenon in particular)

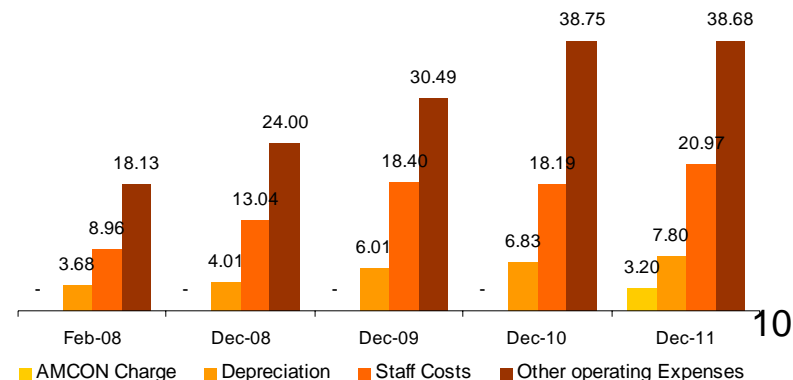
Cost-to-Income Ratio



Operating expense breakdown



Expense summary

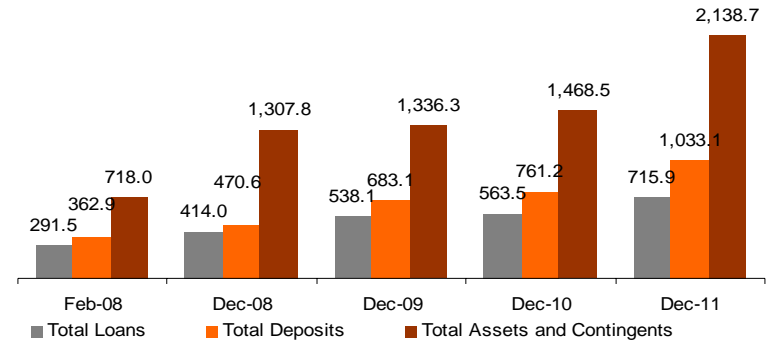




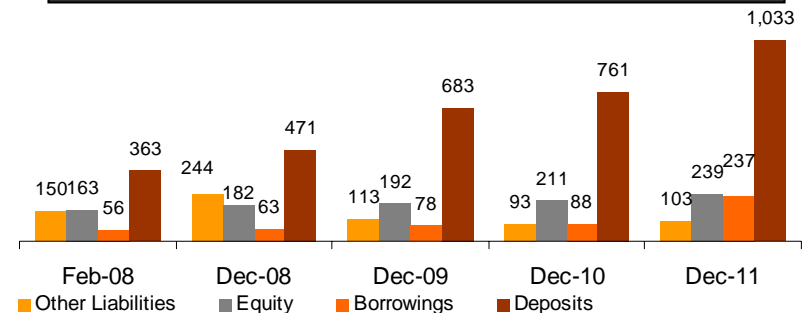
Strong, liquid balance sheet

- Loans to deposits ratio: 71.78%
- Loan-book of N715.94bn, up 20.64% from 2010
- Actual loan book growth of 33.61% (factoring in N77.01bn in loans sold to AMCON in 2011)
- GTBank has always maintained a focus on the high-end institutional client-base, hence 60% of the bank's loan-book is in the institutional banking segment
- Liquidity Ratio: 55.88% (GTBank plc)
- Deposits of N1.03trn – up 35.72% from December 2010
- Other sources of quasi deposits include:
 - Other Borrowings
 - \$500m 5yr 7.5% fixed notes aimed at dollar earning opportunities in the oil & gas, maritime and manufacturing industries
 - Funding from IFC, ADB, FMO and Propaco totaling N58.88bn aimed at mutually agreed dollar earning opportunities
 - Government sponsored and guaranteed sector development schemes
 - Debt Securities in Issue
 - N13.16bn 5yr 13.5% fixed unsecured bonds
- Total Deposits and Quasi deposits of N1.27trn.
- GTBank is well positioned to take advantage on business opportunities that may arise in the short to medium term.

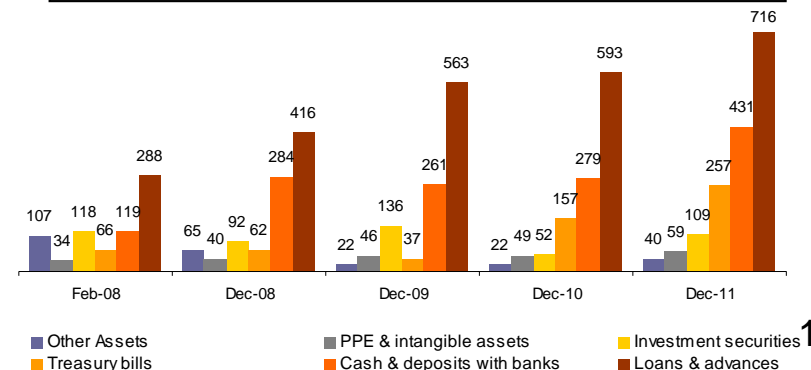
Total Assets, Loans and Deposits [N'bn]



Low cost, diverse funding mix [N'bn]



Asset base and components [N'bn]

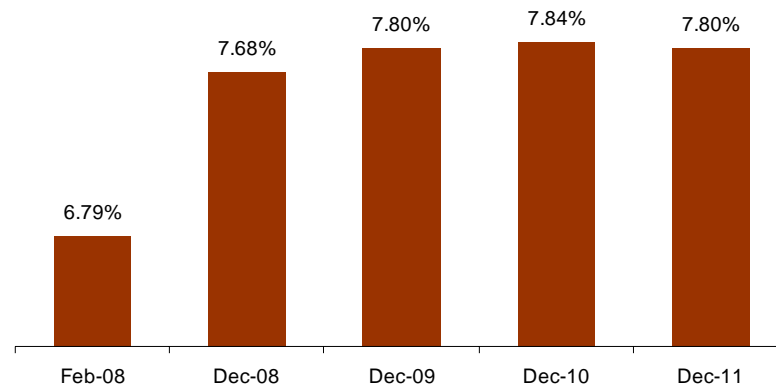




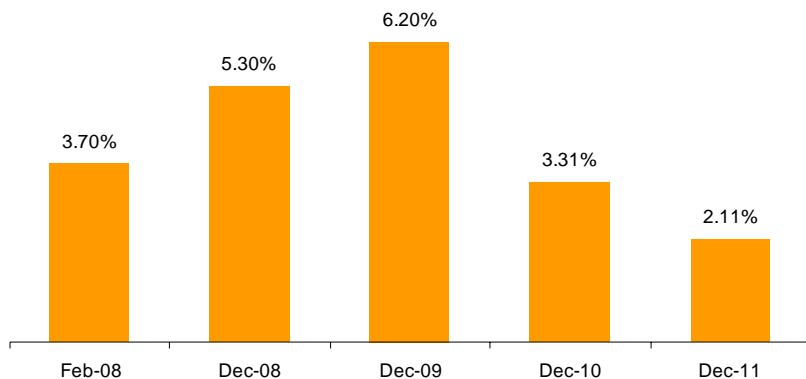
Strong, sustainable margins

- NIM of 7.80% (December 2010 – 7.84%)
- Competitive operating space in the high end market was further compounded by a negative real interest rate regime in early 2011
- NIMs sustained through aggressive drive to lower cost of funding and efficient Asset/Liability management (balance sheet efficiency)
- NIMs to be enhanced in short term by return to Positive interest rate regime

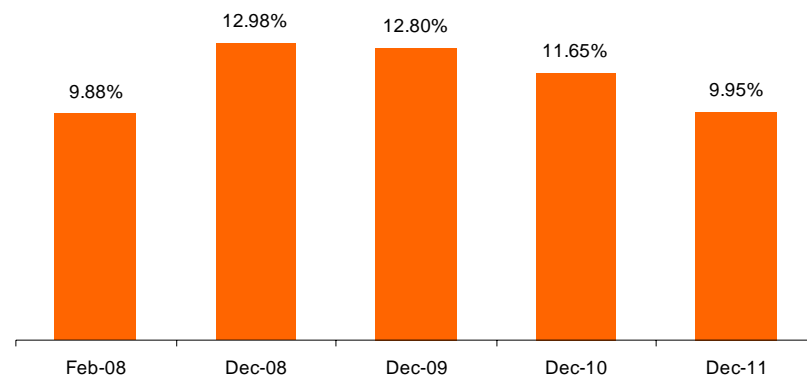
Strong net interest margins



Low cost of interest bearing liabilities



Competitive yields on interest earning assets

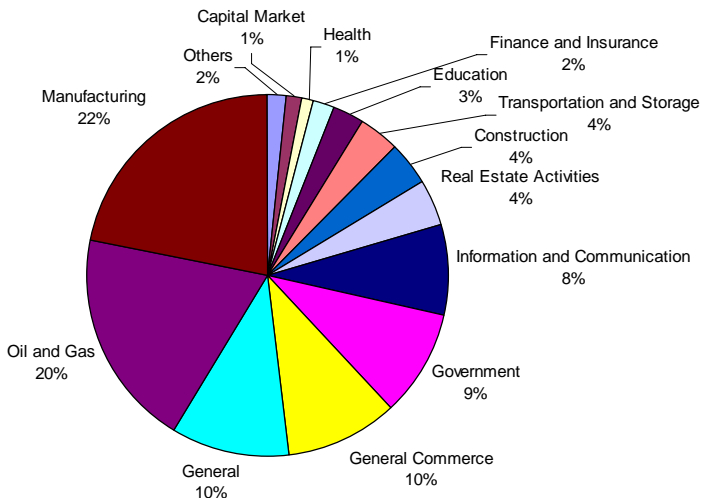




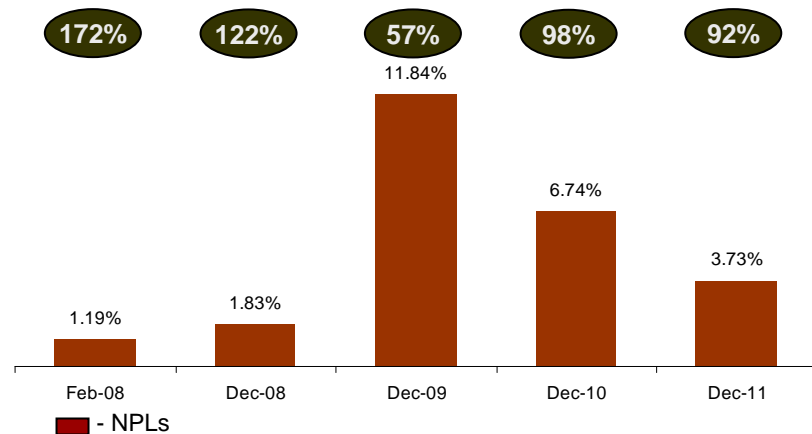
NPLs and Coverage

- NPL Ratio – 3.73% (December 2010 – 6.74%)
- Coverage Ratio – 92.29% Cost of Risk – 2.78%
- In 2011, GTBank sold a total of N77.01bn in loans to AMCON in exchange for bonds totaling N81.78bn (Discounted Value: N58.39bn). The net effect of sales to AMCON was added provisioning in the amount of N17bn
- Zenon accounted for N36.88bn of the amount taken to AMCON. The amount received from AMCON for Zenon totaled N30.13bn (discounted value)
- GTBank does not envisage any further sales to AMCON
- GTBank has taken a 50% provision on Hi-Media, which is currently in receivership. Hi Media accounts for the bulk of NPLs under “Information and Communication”. Further provisions will be taken when due

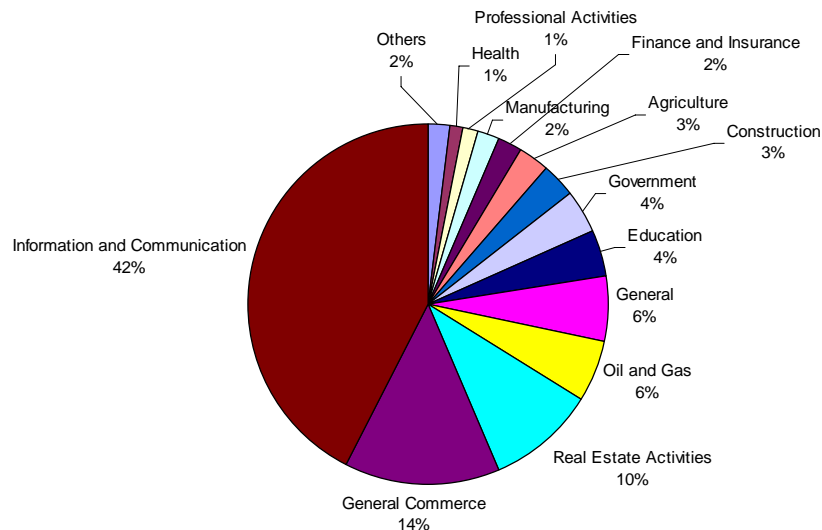
Loan breakdown by industry



NPLs and Coverage



NPLs by Industry





Key Financials (N'000) - Group	28-Feb-08	31-Dec-08	31-Dec-09	31-Dec-10	31-Dec-11
Balance Sheet					
Total Advances and Loans to Customers	288,152,339	416,318,640	563,488,164	593,463,860	715,944,065
Total Deposits from Customers	362,936,393	470,605,806	683,080,902	761,194,792	1,033,067,649
Shareholders' Funds	163,343,941	182,033,900	192,245,028	210,825,690	238,779,846
Total Assets	735,692,906	959,183,693	1,066,503,718	1,152,411,526	1,611,879,579
Total Assets and Contingents	851,975,137	1,284,784,099	1,399,323,978	1,577,399,730	2,138,701,378
Profit and Loss Account					
	12 months	10 months	12 months	12 months	12 months
Interest Income	52,898,466	67,217,099	119,567,654	112,520,923	130,136,922
Non-Interest Income	28,594,427	33,388,707	42,982,764	41,387,104	55,915,524
Profit Before Taxes	27,368,338	35,329,129	27,963,003	48,455,850	65,596,077
Profit After Taxes	20,800,447	28,315,561	23,686,843	38,346,622	52,653,436
Performance Ratios					
Return on Average Assets (RoAA)	3.59%	4.20%	2.48%	3.42%	3.77%
Return on Average Equity (RoAE)	20.62%	20.23%	12.70%	18.81%	23.42%
Net Interest Margin	6.79%	7.68%	7.80%	7.84%	7.80%
Cost/Income	53.48%	50.69%	65.10%	56.82%	50.82%
Balance Sheet Ratios					
Loans/Deposits	70.60%	81.70%	72.70%	69.91%	71.78%
Liquidity Ratio	51.86%	42.00%	43.50%	56.12%	55.88%*
Capital Adequacy Ratio	27.55%	22.11%	25.99%	23.41%	23.03%
Asset Quality Ratios					
NPL/Total Loans	1.19%	1.83%	11.84%	6.74%	3.73%
Provisions for Loan Losses/NPL	172.00%	122.00%	50.68%	98.24%	92.29%

* Liquidity ratio for GTBank plc



2012 Goals

In 2007 we set out to achieve the following by 2012:

- **No. 1** bank in Nigeria in terms of profit before tax and **Return on Equity / Profitability**
- **Maintain** Cost to Income stability through unparalleled efficiency
- Expand **leadership position** across West Africa

Focus on Growth business

Institutional

- **Capitalise on existing relationships**
 - Oil & Gas, Infrastructure, Telcos
- **Increase penetration in growing sectors**
 - Hospitality, Real Estate Construction, Power
- **West African Expansion** (Francophone)

Retail – Retail Deposit Drive

Enhance product and service offering

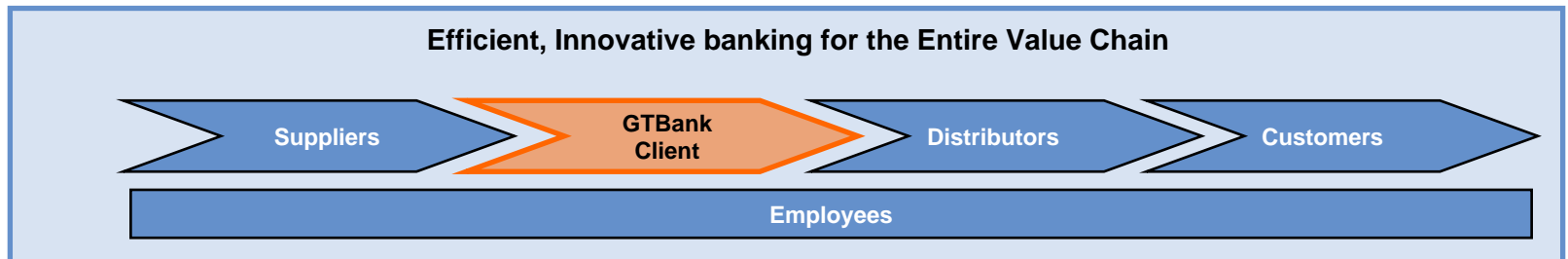
Opportunities

- **Advisory**
 - Advisory
 - Bonds
 - Project Finance
- **Increase market share in the Institutional banking space**

Cost Leadership

Cost Control

- Use of envelope budgeting system
 - Monthly performance review
 - Outsourcing of non-core functions
- 'Efficient'** distribution
- Invest in reliable technology**





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