

GUARANTY TRUST HOLDINGS PLC

...Cost Management and Loan Growth Sustains BUY Recommendation

October 20, 2025



Earnings Note

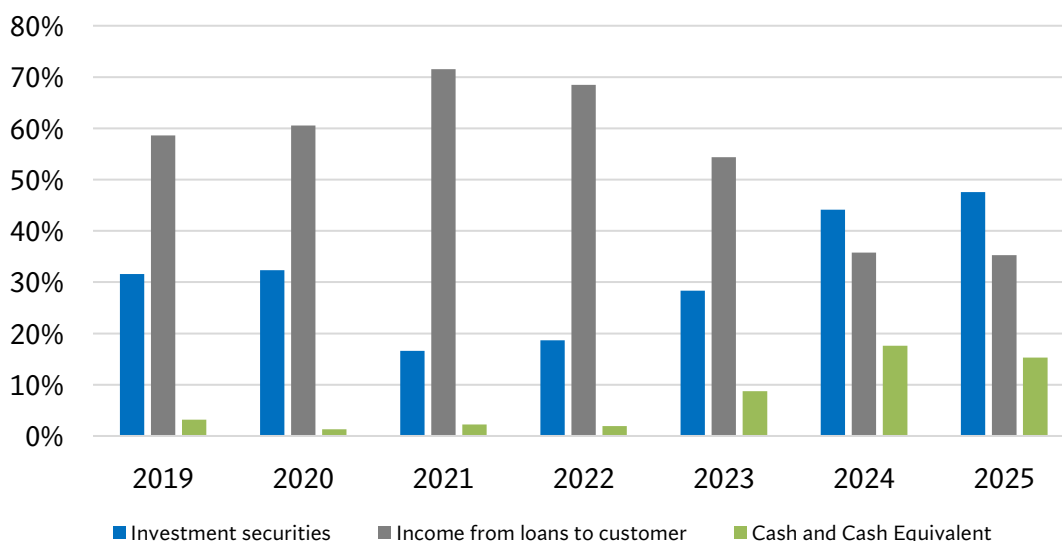
Event

GT HoldCo's second quarter results marked a sharp reset from last year's exceptional performance. Profit after tax fell by 57% year-on-year to N190.98bn from N448.55bn in Q2 2024, as the Group's non-interest income normalised following the absence of one-off FX and derivative gains that had inflated prior results. With unrealised FX gains down 93% and derivative income erased entirely, the Naira's appreciation turned last year's tailwind into a temporary drag.

Beneath the headline decline lies a different story. The core banking engine continued to strengthen as net interest income rose by 19% year-on-year to N313.88bn from N264.21bn, supported by robust loan growth, disciplined pricing, and a stronger balance sheet structure.

Interest income grew by 23% to N414.97bn from N336.24bn, reflecting higher earnings from loans and advances as well as investment securities, which expanded year-on-year by 22% and 33%, respectively. Income from investment securities continued to account for the largest share of total interest income as the Group deployed funds into higher yielding instruments.

Q2 Income Contribution Trend



Sources: Company's Account, WSTC Research

Investment securities and loans to customers rose by 16% and 21% on a year-to-date basis, while up by 24% and 8% year-on-year respectively, leading to a 6% year-on-year and 8% year-to-date 6% growth in earnings interest asset. Overall, average earnings yield grew to 6.68% in H1 2025 from 6.51% in H1 2024.

Interest expense grew by 40% to N101.10bn from N72.02bn, largely due to higher payments on customer deposits which climbed 59% in line with a 16% year-on-year expansion in customer deposits. However, interest expense on other borrowed funds moderated by 28% as the balance sheet value declined to N211.33bn from N310.02bn

BUY

Fair Value Estimate:

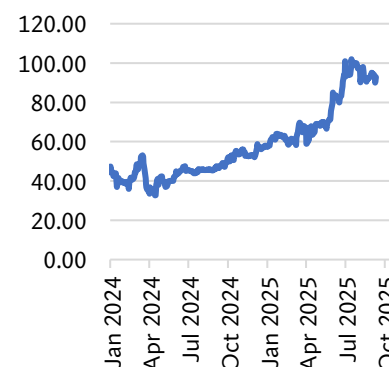
N108.05

Total Return: +25%

Stock Data

Current price (N)	93.25
Shares Outstanding (mn)	36,425
Market Cap (N'mn)	3,396,653
52-week high (N)	103.20
52-week low (N)	50.00
Trailing EPS (N)	29.47
Forward EPS (N)	25.59
Forward PE (X)	3.64
Justified PE Multiple (X)	4.22

Price Movement



Stock Data	FY 2023	FY 2024	FY 2025F
P/E	6.49x	2.73x	3.64x
P/BV	0.69x	0.57x	0.97x
PBT Margin	51%	59%	54%
PAT Margin	45%	47%	42%
RoE	45%	49%	31%
Dividend Yield	9%	9%	9%

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at FY 2024, reflecting repayments tied to outstanding cross-currency swaps at an effective rate of 17%. Nevertheless, cost of funds rose to 1.55% from 1.37% in H1 2024.

Loan impairment charges rose to N41.55bn, up 23% year-on-year. Management attributed this to a write-off related to a major oil and gas exposure, in line with the Group's conservative credit risk framework. Although, there is a possibility of write should there be an improvement.

Operating expenses reached N136.01bn from N102.42bn, representing a 33% uplift. Personnel costs rose by 40%, reflecting the full-year impact of salary adjustments implemented across the Group. AMCON levy and other operating expenses grew by 39% and 31% respectively, driven by the Group's expanding balance sheet and increased technology-related investments. With the absence of one-off FX gains, the cost-to-income ratio rose to 31% from 17% in Q2 2024 — though still below the five-year second-quarter average of 46% (excluding 2023).

Profit before tax stood at N300.52bn, a 39% decline year-on-year. The effective tax rate for Q2 2025 was 36%, compared to 9% in Q2 2024, reflecting a reduction in tax-exempt income such as FX transaction gains, dividends, and interest earned on FGN bonds.

Outlook

We revised our FY 2025 profit after tax forecast downward to N947.22bn (FY 2024: N1.02trn) from N1.11trn previously projected in our Q1 2025 report. The adjustment reflects a more conservative outlook for non-interest income, given the moderation in trading and revaluation gains. However, we see ample room for improvement in net interest income, which we project at N1.42trn, supported by effective cost of fund management and sustained growth in earning asset yields.

The Group's capital position has also been strengthened following the public offer, which provides additional liquidity to drive asset expansion. With management guidance pointing to increased loan book growth amid a declining yield environment, we expect earnings momentum to remain resilient.

Consequently, we raised our fair value estimate to N108.05 from N87.70, translating to a justified P/E of 4.22x and P/B of 1.13x. Based on the today's market close price of N93.25, this implies a potential total return of 25%, inclusive of a 9% dividend yield. We project a total dividend of N8.50 for FY 2025, which includes the N1.00 interim dividend already declared. Despite the significant rally in the share price since our last report, we maintain our **BUY** recommendation on the stock.

Q2 2025 Financial performance

Income Statement (N'mn)	Q2 2025	Q2 2024	(%)
Gross earnings	549,420	712,172	-23%
Interest income	414,971	336,235	23%
Interest expense	(101,095)	(72,024)	40%
Net interest income	313,876	264,211	19%
Loan impairment charges	(41,547)	(33,908)	23%
Net interest income after impairment	272,329	230,304	18%
Non-interest income	134,450	375,936	-64%
Fee and commission income	72,397	57,930	25%
Fee and commission expense	(8,523)	(9,112)	-6%
Net fee and commission income	63,874	48,818	31%
Net gains on financial instruments held at FVTPL	17,672	12,677	39%
Other income	44,381	305,329	-85%
Operating income	398,256	597,128	-33%
Personnel expenses	(26,966)	(19,224)	40%
Depreciation and amortization	(19,953)	(13,634)	46%
Net impairment charge on financial assets	38,276	(234)	-16436%
Other operating expenses	(89,088)	(69,610)	28%
Operating expense	(97,732)	(102,701)	-5%
Profit before tax	300,524	494,427	-39%
Income tax	(109,543)	(45,995)	138%
Profit after tax	190,981	448,432	-57%

Source: Company Accounts, WSTC Research

H1 2025 Financial performance

Income Statement (N'mn)	H1 2025	H1 2024	(%)
Gross earnings	1,072,664	1,392,550	-23%
Interest income	812,360	617,888	31%
Interest expense	(180,122)	(126,376)	43%
Net interest income	632,238	491,512	29%
Loan impairment charges	(54,971)	(47,395)	16%
Net interest income after impairment	577,267	444,117	30%
Non-interest income	260,304	774,662	-66%
Fee and commission income	151,461	113,919	33%
Fee and commission expense	(16,287)	(12,850)	27%
Net fee and commission income	135,174	101,069	34%
Net gains on financial instruments held at FVTPL	37,920	30,472	24%
Other income	70,923	630,271	-89%
Operating income	821,284	1,205,929	-32%
Personnel expenses	(54,399)	(41,501)	31%
Depreciation and amortization	(38,292)	(27,519)	39%
Net impairment charge on financial assets	38,106	(358)	-10758%
Other operating expenses	(165,799)	(132,775)	25%
Operating expense	(220,382)	(202,153)	9%
Profit before tax	600,901	1,003,776	-40%
Income tax	(151,890)	(98,208)	55%
Profit after tax	449,011	905,567	-50%
Balance Sheet (N'mn)	H1 2025	H1 2024	(%)
Assets			
Cash & balances with CBN	4,786,082	4,465,743	7%
Loans and advances to banks	84	88	-4%
Loans and advances to customers	3,357,921	3,112,247	8%
Investment securities	4,794,275	3,870,107	24%
Others	3,753,727	3,062,784	23%
Total Assets	16,692,089	14,510,969	15%
Liabilities			
Deposits from customers	11,877,730	10,254,142	16%
Deposits from banks	250,377	296,081	-15%
Borrowings	211,328	295,677	-29%
Others	1,358,041	1,265,442	7%
Total Liabilities	13,697,476	12,111,342	13%
Net Assets	2,994,614	2,399,626	25%

Source: Company Accounts, WSTC Research

Financial Projections

Income Statement (N' mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F
Gross earnings	1,186,465	2,148,337	2,264,834	2,693,956	3,103,595	3,493,506	3,949,641
Interest income	550,755	1,341,802	1,781,465	2,148,029	2,440,888	2,759,126	3,049,101
Interest expense	(114,059)	(283,215)	(359,917)	(411,366)	(460,045)	(523,364)	(583,860)
Net interest income	436,697	1,058,586	1,421,548	1,736,663	1,980,843	2,235,762	2,465,241
Non-interest income	540,717	778,868	442,395	535,187	679,793	748,175	915,785
Operating expense	(250,419)	(403,026)	(538,151)	(681,062)	(777,430)	(860,526)	(956,859)
Impairment charge	(102,953)	(136,662)	(86,711)	(65,119)	(53,992)	(53,384)	(49,813)
Profit before tax	609,308	1,266,246	1,199,014	1,477,359	1,774,317	2,007,973	2,305,779
Net profit after tax	534,425	1,006,220	932,278	1,158,298	1,386,910	1,575,920	1,807,044
EPS (N)	18.16	29.47	25.59	31.80	38.08	43.26	49.61
DPS (N)	3.20	8.03	8.50	10.13	12.20	17.31	22.32
Balance Sheet (N'mn)	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F
Gross loans	2,601,165	2,921,560	4,354,186	4,973,117	5,742,138	6,642,982	7,483,562
Net loans	2,480,250	2,785,752	4,151,782	4,741,943	5,475,216	6,334,185	7,135,691
Non-performing loans	109,582	151,152	245,741	280,672	324,074	374,915	422,356
Total assets	9,691,255	14,795,707	18,050,762	20,694,205	23,849,385	27,616,887	31,096,816
Customer deposits	7,410,834	10,013,021	12,576,901	14,418,725	16,617,102	19,242,116	21,666,763
Shareholder funds	1,447,642	2,655,258	3,432,409	3,943,381	4,553,269	5,281,518	5,954,180
BV/Share (N)	50.19	79.44	95.79	109.82	126.56	146.55	165.02
Ratio Analysis	FY 2023	FY 2024	FY 2025F	FY 2026F	FY 2027F	FY 2028F	FY 2029F
Net interest margin	7.1%	11.1%	10.9%	11.3%	11.3%	11.0%	10.6%
PAT margin	45.5%	47.4%	41.8%	43.7%	45.4%	45.7%	46.4%
RoE	44.8%	48.6%	30.5%	31.4%	32.7%	32.1%	32.3%
RoA	7.6%	9.9%	6.5%	6.5%	6.7%	6.6%	6.6%
Cost / Income	29.1%	24.1%	31.0%	31.6%	30.5%	30.0%	29.3%
Loans / Deposit	34.5%	28.1%	33.8%	33.7%	33.8%	33.7%	33.8%
NPL Ratio	5.96%	5.64%	5.64%	5.64%	5.64%	5.64%	5.64%

Source: Company Accounts, WSTC Research



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WSTC uses a 3-tier recommendation system for stocks under coverage: Buy, Hold, and Sell.

- Buy Rating: estimated total return is $\geq 20\%$ above current market price.
- Hold Rating: estimated change in total return is between -10% and 19% of current market price.
- Sell Rating: estimated change in total return is $\leq -10\%$ of current market price.

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