GTCO

GUARANTY Trust Holding Company Plc

INVESTMENT PITCH

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EXECUTIVE SUMMARY

INVESTMENT THESIS

GTCO is a leading financial group in Africa with a proven track record of strong profitability and robust capital with consistent shareholder returns. It operations extend beyond banking, overseeing non-banking subsidiaries that includes: **payment, pensions**, **fund management**. We initiate a rating **BUY** with target price of **₦145.60**

- Strong earnings growth driven by expanding interest and non-interest income.
- Healthy capital base with strong liquidity and regulatory compliance
- Diversified financial services platform across banking and non-banking business
- Consistent dividend payments and attractive shareholder returns

RECOMMENDATION	**BUY**
Company ticker	GTCO
Market Cap.	N4.26 trn
P/E Ratio	4x
Share Outstanding	36.55 units
Listing	NGX/LSG
Upside	12.7%
Current price	₦129.20
Target Price (NGN)	**₦145.60**

Sources: GTCO FY2025 Annual Report, Q1 2026 Unaudited Results, CBN Data, Analyst Estimates

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COMPANY OVERVIEW

Group CEO: SEGUN AJIBADE

Guaranty Trust Holding Company Plc (GTCO) is a leading African financial services group headquartered in Lagos, Nigeria. The group operates through a holding company structure that provides **banking**, **payment**s, **asset management**, and **pension services** across Africa and the United Kingdom with over 12,000 employees. GTCO's strategic focus is centered on sustainable growth, and operational efficiency.

Operational Scale

- Presence in 10 African countries and the United Kingdom.
- Diversified revenue model combining interest income, payment services, wealth management, and pension administration.

Strategic Focus

- Expanding digital financial services through HabariPay.
- Growing non-banking businesses to diversify earnings.
- Supporting cross-border trade and financial inclusion across key African markets.

Core Business Segments

- **GTBank**: Retail, commercial, corporate, and digital banking services.
- **HabariPay:** Digital payments and fintech solutions.
- **GT Fund Managers**: Wealth and asset management services.
- **GT Pension Managers**: Pension fund administration and retirement solutions.

Geographical Footprint

GTCO has it physical presence across 11 countries which includes: United Kingdom, Africa countries (**Nigeria, Ghana, The Gambia , Sierra Leone, Liberia, Cote d'ivoire , Kenya, Uganda, Rwanda, and Tanzania**)

Sources: CBN Communiqué, NDIC Reports, NSE Market Data, World Bank Nigeria Economic Update 2025

INDUSTRY ANALYSIS

Industry Overview

Nigeria's banking sector is undergoing recapitalization, with international banks required to maintain a minimum capital base of **₦500 billion**.
Tier-1 banks (FUGAZ) dominate the industry, controlling over 70% of market share and more than 80% of industry assets.

Growth Drivers

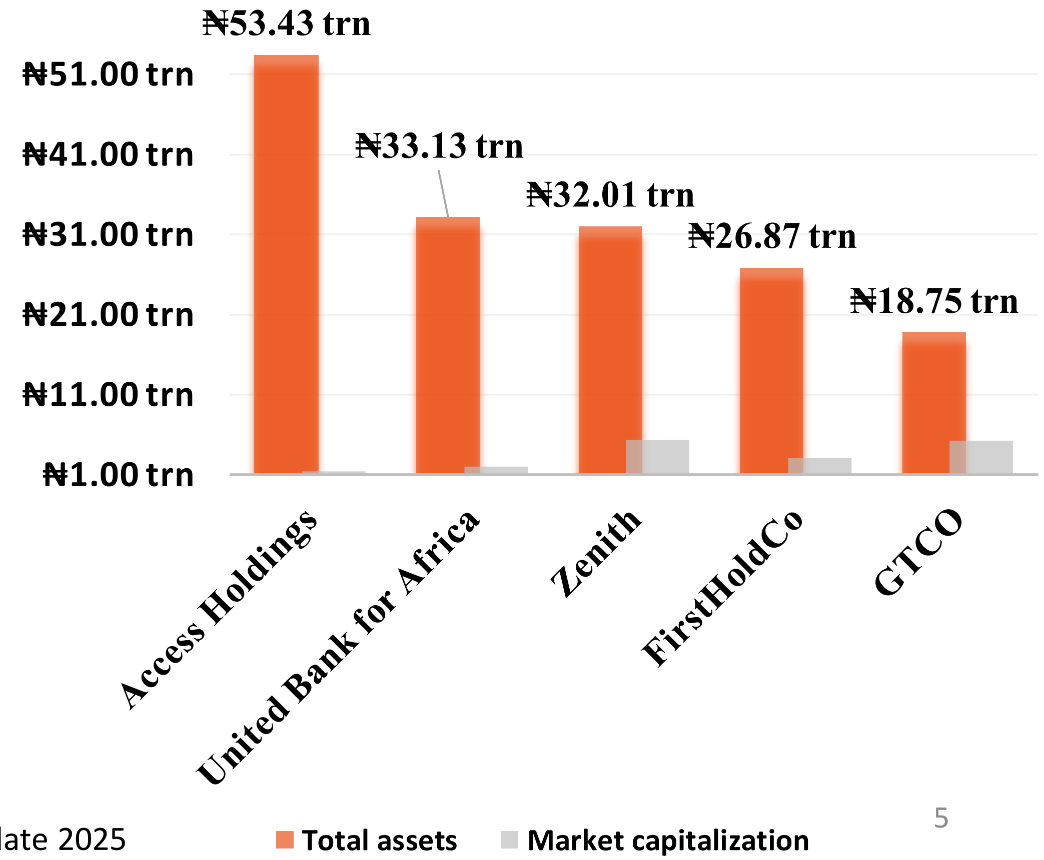
Strong capital position supports future loan growth.
High interest rates continue to support interest income and margins.
Expansion of HabariPay and digital banking is driving non-interest income growth.
Regional operations position GTCO to benefit from increasing cross-border trade.

Industry Outlook

Digitalization and fintech competition are reshaping the banking landscape.
Regulatory reforms are strengthening industry stability, while inflation and exchange rate volatility remain key risks.

Competitive Position

GTCO is a leading tier-1 bank competing with Access Bank, Zenith Bank, UBA, and First Bank.
Despite a smaller asset base than some peers, GTCO commands a premium valuation due to strong profitability, efficiency, and return on equity.



Sources: CBN Communiqué, NDIC Reports, NSE Market Data, World Bank Nigeria Economic Update 2025

MACRO ECONOMIC ANALYSIS

M

Monetary Policy

MPR at **26.5%** elevated lending yields and boosted bank interest income, though gradual rate cuts pose NIM compression risk across the sector.

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I

Inflation

Headline inflation moderated to **~22%** in 2025 from a peak of **34.8%,** easing cost pressures but still weighing on consumer purchasing power and credit quality.

O

Oil & Reserves

Brent crude at **~$80–85/barrel** supported FX reserves of **$49.5bn**, underpinning naira stability and reducing systemic risk across the financial sector.

C

Currency

Naira devaluation following the CBN's exchange rate unification in 2023 triggered significant FX volatility, reshaping earnings across the banking sector.

R

Recapitalization

CBN mandated a minimum capital requirement of **N500bn** for international banks by December 2026, forcing sector-wide capital raising and consolidation.

G

GDP Growth

Nigeria's economy grew **~3.4%** in 2025, driven by oil sector recovery and non-oil resilience, supporting loan demand and business activity.

Sources: CBN MPC Communiqués, GTCO FY2025 Annual Report, NBS Inflation Data, NSE

FINANCIAL HIGHLIGHTS

The table below summarises GTCO's key financial performance over the last five fiscal years. Figures are in N billions. FY2023 and FY2024 were exceptional years driven partly by FX revaluation gains following the naira's significant devaluation. FY2025 reflects normalisation of those gains and a cleaner, more recurring earnings base.

Income statement- historical and forecast

Metric	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E
Gross Earnings	447.8	539.2	1,186.5	2,148.3	2,410.0[1]	2,651.0	2,916.1	3,207.7
Net Interest Income	220.6	259.3	436.7	1,105.8	1,260.5	1,386.6	1,525.2	1,677.7
Non-Interest Income	82.5	98.1	205.3	311.4	380.0	437.0	502.6	577.9
Operating Expenses	77.9	91.3	178.6	394.5	457.3	490.0	519.4	551.0
Profit Before Tax	221.5	249.3	909.4	1,293.2	1,181.1	1,333.6	1,507.9	1,704.0
Profit After Tax	174.8	204.4	839.8	1,044.7	853.6	963.6	1,089.0	1,230.5
EPS (₦)	6.0	7.3	30.0	36.8	24.3	27.4	31.0	35.0
DPS (₦)	3.0	3.0	3.0	7.0	12.0	14.0	16.0	18.0

sources: GTCO Annual Reports FY2021–FY2025, GTCO Q1 2026 Investor Presentation, Analyst Estimates.

FINANCIAL HIGHLIGHTS

Balance sheet – Historical & Forecast

Metric	FY2022A	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E
Total Assets	5,436	6,447	9,691	14,795	17,761	20,426	23,490
Loans & Advances	1,848	2,190	3,248	5,480	6,560	7,872	9,446
Total Deposits	4,130	4,610	7,546	10,410	12,574	14,460	16,629
Shareholders' Funds	883	931	1,477	2,712	3,411	3,949	4,568
Loan-to-Deposit Ratio	44.8%	47.5%	43.1%	52.6%	52.2%	54.4%	56.8%
Capital Adequacy (CAR)	—	—	22.5%	39.5%	43.8%	42.0%	40.5%
NPL Ratio	—	—	—	~3.0%	~2.5%	~3.0%	~3.2%
Return on Assets	3.2%	3.2%	8.7%	7.1%	4.8%	4.7%	4.6%

Sources: GTCO Annual Reports FY2021–FY2025, GTCO Q1 2026 Investor Presentation, CBN Prudential Returns, Analyst Estimates.
E = Estimates based on management guidance issued Q1 2026 and CBN policy trajectory.

VALUATIONS

Using GTCO's Book Value of **₦3,411.4bn** sourced from the FY2025 Annual Report and dividing by **36.55bn** shares outstanding, we arrived at a **Book Value Per Share (BVPS) of ₦93.33**. We applied a **ROE of 30%** and a **retention ratio of 50%,** our sustainable growth rate (g) of **15%.**

Our Cost of Equity (Ke) of **24.6%** was derived using the CAPM formula, combining a **Risk-Free Rate of 16.8%** from the FGN **10-year bond yield**, an **Equity Risk Premium of 12.6%** from Damodaran's Nigeria 2025 estimate, and a **Beta of 0.62** calculated through an OLS regression of GTCO's monthly returns against the NSE All-Share Index over three years.

Applying the Justified P/B formula — (ROE-g) divided by (Ke-g) _produced a multiple of **1.56x**, which when applied to the BVPS of **₦93.33k** gives a target price of **₦145.60k**. ,against the current market price of **₦129.20k** on the Nigerian Stock Exchange.

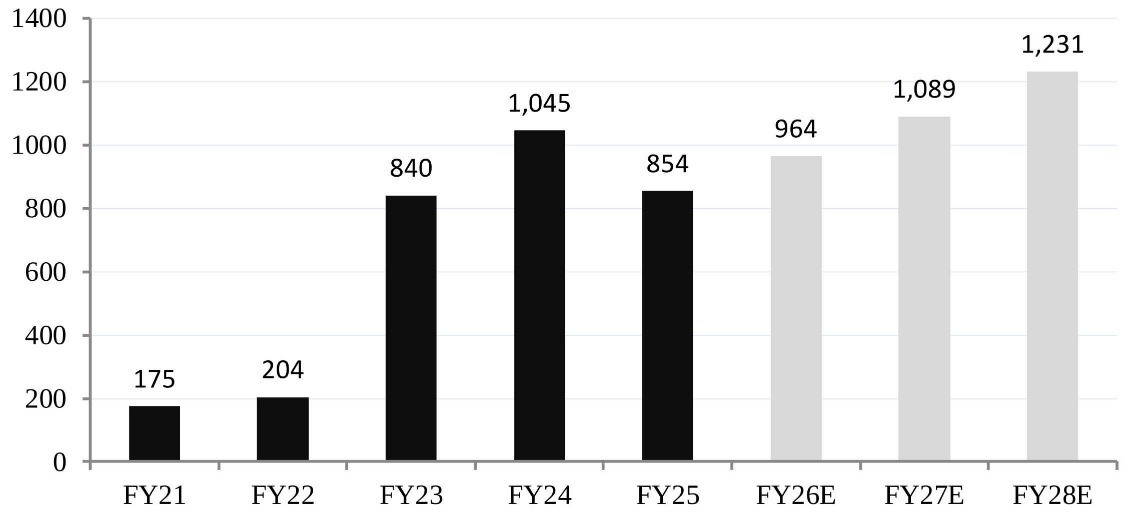
This implies an upside of **12.7%,** which exceeds our minimum **BUY** threshold of **10%,** and therefore we assign a **BUY** recommendation on GTCO.

Price to Book	Value
Book value	3,411.4
Share outstanding	36.55 bn
BVPS	**93.3**
ROE	30%
Payout Ratio	50%
Retention Ratio	50%
Growth Rate	**15%**
Risk Free Rate	16.8%
Current market Price	129.2%
Beta	0.62
Cost of Equity	**24.6%**
Justified P/B	**1.56x**
Current Market Price	**129.20**
Target Price	**₦145.60k**

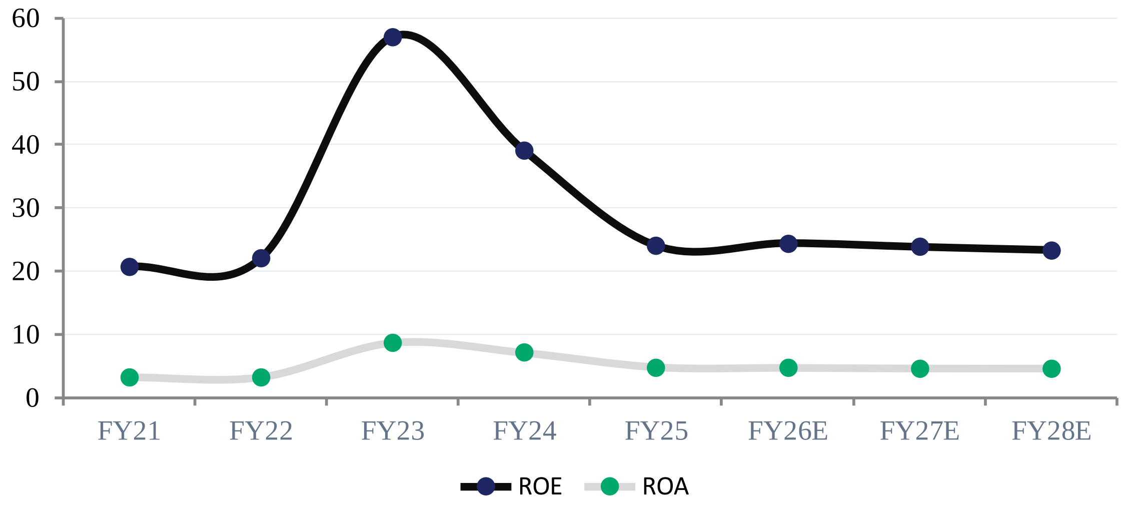
Target Price = 1.50x P/B × ₦114.2 BVPS = ₦171.3 | Current Price: ₦129.20 | Implied Upside: +32.6% ★ BUY | Sources: GTCO FY2025 Annual Report, CBN, Damodaran 2025, NSE peer data

FINANCIAL HIGHLIGHTS

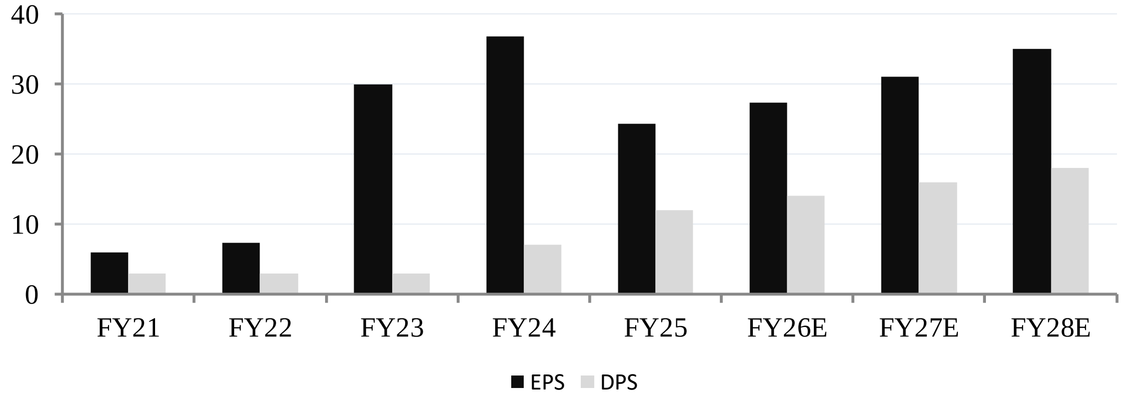
Profit After Tax (₦bn)



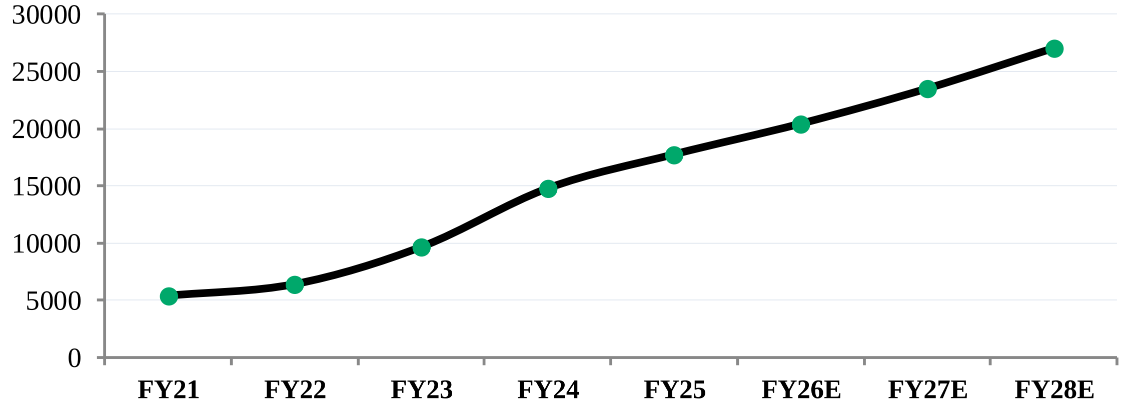
ROE & ROA (%)



EPS & DPS (₦)



Total Assets (₦bn)



Sources: GTCO Annual Reports FY2021–FY2025; FY2026E–FY2028E | Grey bars/lines = Forecast

COMPARABLE COMPANY ANALYSIS

Peer universe: Nigerian Tier-1 Banks (FUGAZ). Market prices as at close 20 June 2026 (estimated). Multiples based on FY2025A financials.

Company	Ticker	Mkt Cap (₦trn)	P/E (x)	P/B (x)	ROE (%)	CIR (%)	NPL (%)	DY (%)	Rating
GTCO ★	**GTCO**	**4.72**	**5.3x**	**1.38x**	**24.0%**	**27.9%**	**~2.5%**	**9.3%**	**BUY**
Zenith Bank	ZENITH	4.10	4.8x	1.22x	27.4%	43.2%	~3.1%	7.8%	—
Access Holdings	ACCESS	3.65	3.9x	0.88x	22.6%	55.0%	~4.2%	5.5%	—
UBA	UBA	3.30	4.1x	0.95x	23.1%	48.7%	~3.8%	6.0%	—
Fidelity Bank	FIDELITY	0.86	3.5x	0.72x	20.5%	60.1%	~5.0%	4.5%	—
Stanbic IBTC	STANBIC	0.72	9.2x	1.60x	17.4%	51.3%	~1.8%	3.2%	—
Peer Median	—	*3.30*	*4.5x*	*1.09x*	*22.9%*	*49.3%*	*~3.5%*	*5.8%*	—

VALUATION COMMENTARY

Premium Justified GTCO trades at 1.38x P/B vs. peer median of 1.09x — a 27% premium. This is justified by its industry-leading CIR of 27.9% (peers ~49%), superior asset quality (NPL ~2.5% vs. peers ~3.5%), and consistent dividend track record.

P/E Re-rating Potential GTCO's P/E of 5.3x is above the peer median of 4.5x. As FY2025 normalised earnings (PAT ₦853.6bn) recover toward ₦960bn+ in FY2026E, EPS will expand, offering further re-rating upside.

Dividend Yield Edge DY of 9.3% (₦12 DPS / ₦129.20 price) is among the highest in the peer group, supported by a 48% payout ratio and ₦3.4trn shareholders' equity base.

Implied Target from Comps At the peer median P/B of 1.09x applied to FY2025 BVPS of ₦93.3, intrinsic value = ₦102. At GTCO's own 5-year avg P/B of 1.5x, fair value = ₦145.

Sources: NSE market data, Bloomberg estimates (indicative), GTCO/peer FY2025 annual reports, Analyst estimates. ★ = Subject company.

RISK ANALYSIS

Investment Risk

FX & Currency Risk

₦477.8bn FX revaluation swing (gain→loss) demonstrates earnings sensitivity to naira direction. CBN reserves at **$49.5bn** provide defence. We model no FX gains in base case.

Regulatory & CBN Policy Risk

Rapid policy changes (WHT on investment securities, CRR adjustments) can shift earnings unexpectedly. Mitigation: **43.8%** CAR provides significant regulatory headroom.

Interest Rate / NIM Risk

CBN rate cuts **(MPR to 26.5%)** will compress NIM toward 10–11% by FY2028. Offset: lower rates stimulate loan demand; LDR at 37% is a major growth lever.

Credit Risk & Asset Quality

Hard economic landing could trigger NPL deterioration. Mitigation: **NPL ~2.5%,** conservative LDR, fully provisioned forbearance, diversified geography.

Fintech Disruption

OPay **(200M+ transactions/month),** PalmPay, Kuda, MoMo targeting retail segment. HabariPay **(₦81trn TPV)** positions GTCO as participant, not victim.

Macroeconomic Shock

Oil price collapse or geopolitical shocks could derail reform trajectory. Mitigation: **$49.5bn** reserves, CBN credibility, GTCO pan-African + UK diversification.

Sources: GTCO FY2025 Annual Report, CBN, NSE, Analyst Risk Assessment.

RECOMMENDATION

BUY

Target: ₦145.60 | Upside % 12.7

KEY UPSIDE DRIVERS

GTCO's share price could outperform expectations if the Group continues to deliver strong earnings growth driven by **increased loan volumes**, **higher net interest income**, **and growing fee-based revenue** from its digital banking and non-banking subsidiaries.

The bank's strong capital adequacy position, improving asset quality, and consistent dividend payments further enhance its investment appeal. Additionally, a stable macroeconomic environment, declining inflation, and sustained growth in financial services adoption could support higher profitability, stronger returns on equity, and a re-rating of the stock by investors.

KEY DOWNSIDE RISKS

GTCO's valuation could come under pressure if asset quality deteriorates, leading to higher non-performing loans and increased impairment charges. Regulatory changes, such as stricter capital requirements or higher banking levies, may also negatively impact profitability. Furthermore, adverse macroeconomic conditions, including slower economic growth, exchange rate volatility, and persistent inflation, could weaken loan demand and increase credit risk. Intensifying competition from other banks and fintech firms, as well as any potential shareholder dilution from future capital raises, could further constrain earnings growth and shareholder returns.

All figures sourced from publicly available GTCO filings, CBN data and analyst estimates.

EQUITY RESEARCH

TEAM GTCO

THANK YOU