

## GUARANTY TRUST HOLDING COMPANY PLC

### Robust Q3'25 performance cushions 9M'25 earnings

Guaranty Trust Holding Plc (NGX: GTCO — TP: N115.93), in its unaudited 9M'25 financial results, reported a 35.5% YoY decline in profit after tax (PAT) to N699.6 billion, driven by lower Non-Interest Revenue (NIR) and higher income tax expense. However, the Group reported a solid Q3'25 performance (PAT +31.1% QoQ), which helped cushion 9M'25 earnings.

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In 9M'25, while interest income grew at a slower pace of 25.6% YoY to N1.2 trillion, following the 70bps moderation in asset yield to 14.8%, interest expense rose sharply by 40.2% YoY to N278.7 billion, following a 50bps uptick in cost of funds to 3.2%. Nevertheless, Net-Interest Income (NII) grew by 21.8% YoY to N952.1 billion, supported by the 15.2% YoY (or 21.1% YtD) expansion in Interest-Earning Assets (IEAs) to c. N12.1 trillion, albeit translating to a lower Net-Interest Margin (NIM) of 11.4% (from 12.3% in 9M'24).

NIR fell sharply by 56.5% YoY to N346.3 billion, primarily due to the 85.1% YoY decline in other income, which emanated from the unrealized fair value loss on financial instruments of N49.2 billion (from a gain of N523.2 billion in 9M'24).

Given the 11.3% expansion in operating expenses (OPEX) to N327.8 billion, and the 17.7% decline in operating income, the cost-to-income ratio (CIR) printed at 25.2% (vs. 18.7% in 9M'24). Further down, the 49.6% YoY increase in income tax expense to N201.2 billion— indicating an effective tax rate of 22.3% (vs 11.0% in 9M'24) weighed on earnings growth. The higher income tax expense can be attributable to the lower tax-exempt income (relative to 9M'24) in the review period.

Overall, the 9M'25 performance translated to a decline in annualized Return on Average Assets (ROAA) and Return on Average Equity to 5.9% (from 11.4% in 9M'24) and 30.7% (from 70.4% in 9M'24), respectively. Notably, EPS fell to N20.71 (-46.1% YoY), reflecting the relative weakness in earnings and the dilutive impact of the higher weighted average number of shares of 33,220,286,000 (from 28,008,658,000 in the prior period).

In Q3'25, GTCO made a rebound, primarily on the back of a 197.2% YoY surge in NIR due to the low base reported in Q3'24. More specifically, the Group reported net fair value gains of N14.9 billion compared to the fair value loss of N52.9 billion booked in Q3'24. Additionally, Q3'25 earnings saw some support from the 10.3% YoY growth in NII and the 8.3% YoY decline in loan impairment charges. Consequently, PBT and PAT rose to N299.9 billion (+39.0% YoY) and N250.6 billion (+39.7% YoY), respectively.

## 9M'25 Earnings breakdown

N'billions	9M'25	9M'24	YoY	FY'25E	% of FY'25E
<b>Gross Earnings</b>	<b>1,604.4</b>	<b>1,776.6</b>	<b>-9.7%</b>	<b>2,229.1</b>	<b>72.0%</b>
Interest income	1,230.9	980.3	25.6%	1,716.0	71.7%
Interest expense	(278.7)	(198.9)	40.2%	(343.1)	81.2%
Net interest income	952.1	781.5	21.8%	1,372.9	69.4%
Loan impairment charges	(69.8)	(63.6)	9.8%	(83.5)	83.6%
Non-interest income	346.3	796.2	-56.5%	513.1	67.5%
Operating Expenses	(327.8)	(294.7)	11.3%	(543.7)	60.3%
<b>Profit before tax</b>	<b>900.8</b>	<b>1,219.5</b>	<b>-26.1%</b>	<b>1,258.8</b>	<b>71.6%</b>
Income tax expense	(201.2)	(134.5)	49.6%	(314.7)	63.9%
<b>Profit for the period</b>	<b>699.6</b>	<b>1,085.0</b>	<b>-35.5%</b>	<b>944.1</b>	<b>74.1%</b>
<b>Ratio Analysis</b>					
Net-interest margin (NIM)	11.4%	12.3%			
Cost-of-risk (CoR)	3.0%	2.9%			
Cost to income (CIR)	25.2%	18.7%			
Annualized ROA	5.9%	11.4%			
Annualized ROE	30.7%	70.4%			
EPS (Naira)	20.7	38.4			
P/B	1.1x				
10-yr average P/B	1.2x				

## Q3'25 Earnings breakdown

N'billions	Q3'25	Q3'24	YoY	Q2'25	QoQ
<b>Gross Earnings</b>	<b>531.8</b>	<b>384.0</b>	<b>38.5%</b>	<b>549.4</b>	<b>-3.2%</b>
Interest income	418.5	362.5	15.5%	415.0	0.9%
Interest expense	(98.6)	(72.5)	36.0%	(101.1)	-2.5%
Net interest income	319.9	290.0	10.3%	313.9	1.9%
Loan impairment charges	(14.8)	(16.2)	-8.3%	(41.5)	-64.3%
Non-interest income	102.3	34.4	197.2%	164.2	-37.7%
Operating Expenses	(107.4)	(92.5)	16.1%	(135.8)	-20.9%
<b>Profit before tax</b>	<b>299.9</b>	<b>215.7</b>	<b>39.0%</b>	<b>300.7</b>	<b>-0.3%</b>
Income tax expense	(49.3)	(36.3)	35.9%	(109.5)	-55.0%
<b>Profit for the period</b>	<b>250.6</b>	<b>179.4</b>	<b>39.7%</b>	<b>191.1</b>	<b>31.1%</b>

Source: CapIQ, NGX, CardinalStone Research

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