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GTCO Plc H1 2026 Result: Deposit-Led Balance Sheet Expansion Leads to Valuation Re-Rating.



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A Market Intelligence and Strategic Advisory Group Report

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GTCO's H1 2026 result shows a balance sheet growing faster than the earnings it generates. Total assets rose 11.53% year-on-year (YoY) to N18.62trn, led by customer deposits (+17.59% to N13.97trn) and investment securities (+40.90% to N6.76trn), while loans and advances contracted 6.28% to N3.15trn. The loan-to-deposit ratio (LDR) slipped to 22.66%, pointing to a clear preference for liquid government paper over credit expansion.

Risk discipline is the standout characteristic of the bank's performance. Cost of risk (CoR) fell to 0.58% from 1.72%, and capital adequacy ratio (CAR) of 34.86% sits well above regulatory minimums. Returns, however, thinned: net interest margin (NIM) narrowed to 11.80% from 12.27%, return on equity (ROE) declined to 24.63% from 31.47%, and earnings per share (EPS) slipped to N11.18 from N13.59. The non-performing loan (NPL) ratio edged up to 4.63% from 4.46% and remains the metric to watch.

The market has looked past softer earnings. At N137.00, the stock is up 51.05% year-to-date (YTD), lifting the price-to-book (P/B) ratio to 1.39x from 0.95x and market capitalisation to N5.01trn. With the discount to book largely closed, further upside now rests on earnings delivery rather than multiple expansion, specifically a return to loan growth, stabilising margins and dividend confirmation. The outlook remains constructive for medium- to long-term investors seeking exposure to Nigeria's banking sector.





Fundamentals

Guaranty Trust Holding Company Plc (GTCO)'s H1 2026 financial performance shows a group that is growing its balance sheet faster than its earnings power. The internationally licensed lender, one of the *10 large-cap constituents* among the 31 Nigerian stocks selected by FTSE Russell for its Frontier Index Series, grew total assets by 11.53% year-on-year to N18.62trn. Growth was led by customer deposits (+17.59% to N13.97trn) and investment securities (+40.90% to N6.76trn), while loans and advances contracted by 6.28% to N3.15trn. Borrowings were almost fully repaid, falling by 92.62% to N15.61bn. The group's asset base is increasingly funded by deposits deployed into securities rather than loans.

Risk management remains a main strength for the lender. Consequently, the non-performing loan (NPL) ratio mildly increased by 17bps to 4.63% in H1 2026 (4.46% in H1 2025), leaving asset quality broadly stable, while the cost of risk (CoR) fell sharply to 0.58% from 1.72%. Capital adequacy eased to 34.86% from 36.19% but remains far above the regulatory minimum of 15% for internally licensed lenders. On the other side of the ledger, the cost-to-income ratio rose to 31.51% (30.08%), net interest margin (NIM) narrowed to 11.80% (12.27%), and return on equity (ROE) declined to 24.63% from 31.47%, amid lower earnings per share of N11.18 (H1 2025: N13.59) on a larger equity base.

On the market, GTCO closed at N137.00 on September 28, 2026, valuing the group at N5.01trn. The stock is up 51.05% year-to-date and sits 10.5% below its 52-week high of N153.00

Illustration 1:

GTCO'S INVESTOR INDICATORS

Investor indicators				
Market cap as of September 28, 2026 (N'bn)	Share Price as of September 28, 2026 (N)	52-week high/ low price (N)	P/E (x)	EPS (N)
5,007	137	153.00/78.00	12.25402504	11.18

Source: Financial Statement, Proshare Research — Proshare.

How Nations Institutionalised Enterprise

With the CBN's recapitalisation deadline of March 2026 now behind it, GTCO reports shareholders' equity of N3.32trn, up +10.71% year on year. Share premium rose +52.05% to N500.60bn and share capital +7.06% to N18.28bn, consistent with the capital raise completed over the period, while retained earnings grew +11.79% to N1.62trn. Together with a capital adequacy ratio of 34.86%, the figures indicate the group is comfortably above the N500bn minimum capital base applicable to banks with an international licence.

GTCO's balance sheet grew by N1.92trn in twelve months. Investment securities were the biggest driver, adding N1.96trn to reach N6.76trn, or 36.3% of total assets, against 16.9% for loans. Customer deposits rose from N11.88trn to N13.97trn, funding 75.0% of total assets and underlining sustained confidence in the franchise. The loan-to-deposit ratio consequently eased to 22.66% (25.08% in H1 2025), pointing to cautious lending and a preference for liquid, high-yielding government paper

Table 1:

GTCO'S FINANCIAL POSITION

Financial position	H1 2025 (N'bn)	H1 2026 (N'bn)	Growth
Total assets	16,692.1	18,616.1	11.5%
Loans and advances	3,357.9	3,147.2	(6.3%)
Investment securities	4,794.3	6,755.2	40.9%
Customer deposits	11,877.7	13,967.5	17.6%
Shareholders' equity	2,994.6	3,315.3	10.7%
Share capital	17.1	18.3	7.1%
Share premium	329.2	500.6	52.1%
Retained earnings	1,445.3	1,615.6	11.8%
Borrowings	211.3	15.6	(92.6%)

Source: Financial Statement, Proshare Research — Proshare.

Margins and Efficiency

NIM narrowed by 47bps to 11.80%, even as the cost of funds fell to 1.83% from 2.17%, suggesting asset yields softened by more than funding costs. The cost-to-income ratio worsened by 143bps to 31.51%. Impairment pressure improved notably: CoR fell by 114bps to 0.58%, helping cushion the bottom line from the softer margin and higher cost base. The NPL ratio edged up to 4.63% from 4.46%.

Table 2:

GTCO'S FINANCIAL RATIOS

Financial ratio	H1 2025	H1 2026	Change (ppt)
Return on equity	31.5%	24.6%	-6.84
Return on assets	5.7%	4.6%	-1.15
Net interest margin	12.3%	11.8%	-0.47
Cost of risk	1.7%	0.6%	-1.14
Cost of funds	2.2%	1.8%	-0.34
Cost-to-income	30.1%	31.5%	1.43
Loan-to-deposit	25.1%	22.7%	-2.42
Capital adequacy ratio	36.2%	34.9%	-1.33
NPL to total loans	4.5%	4.6%	0.17

Source: Financial Statement, Proshare Research — Proshare.

Valuation

The price-to-earnings (P/E) ratio rose to 11.18x in H1 2026 from 5.98x in H1 2025, and the price-to-book (P/B) ratio to 1.39x from 0.95x. The re-rating reflects the reference share price rising 53.85% (N81.25 to N125.00) while EPS fell 17.73%. At N137.00, the P/E on H1 2026 EPS stands at 12.25x. GTCO no longer trades at a deep discount to book, so further upside now leans more on earnings delivery than on multiple expansion

Table 3:

GTCO VALUATION (H12025-H12026)

Valuation	H1 2025	H1 2026
Reference share price (N)	81.25	125.00
Price / earnings (x)	5.98	11.18
Price / book (x)	0.95	1.39
EPS (N)	13.59	11.18

Source: NGX, Proshare Research

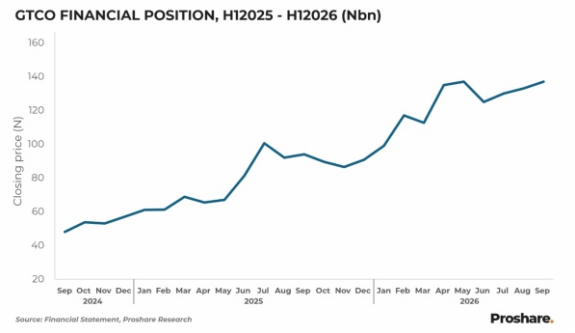
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What the Technology Decade Changes

GTCO's stock stayed bullish over the review period. Starting 2026 at N90.70, it closed H1 at N125.00 (+37.82%) and stood at N137.00 on September 28, 2026, a +51.05% year-to-date return and +9.60% since the half-year close. The 52-week high of N153.00 was set on May 11, 2026; the stock then pulled back to N115.55 on June 19, 2026, before recovering. Since the end of June, the price has traded within a N120.50-N137.50 range, consistent with consolidation after the rally. The 52-week low of N78.00 was recorded on November 11, 2025.

Liquidity is healthy: average daily volume was about 25.0m shares over the past twelve months, and about 26.7m in H1 2026. As of September 28, 2026, market capitalisation stood at N5.01trn.

Chart 1:

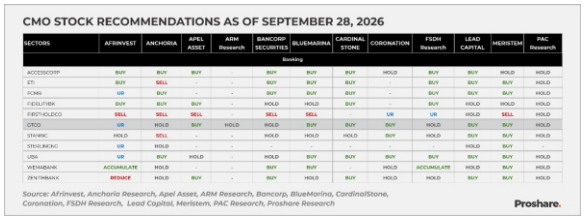


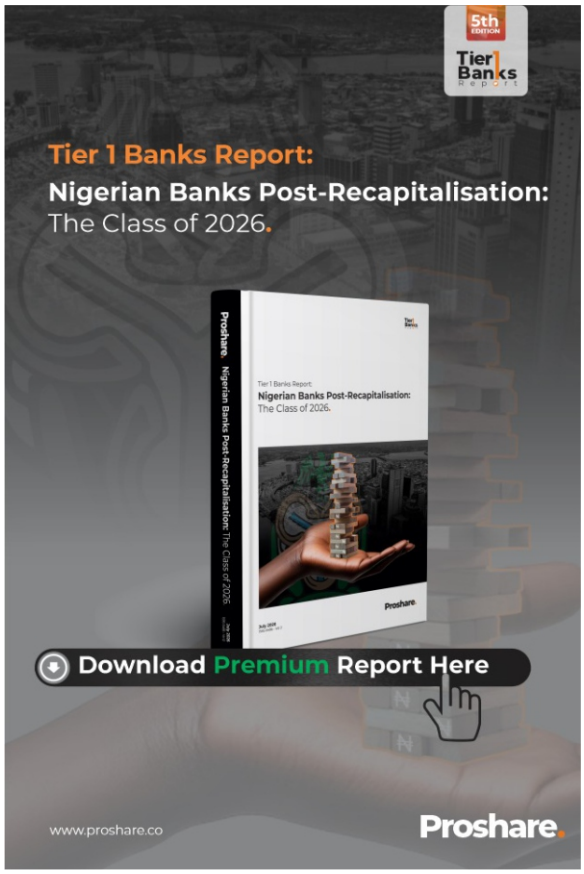
Opinion and Outlook

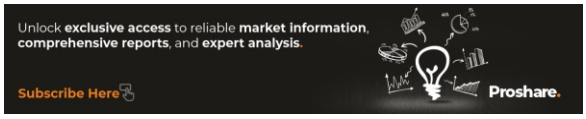
GTCO's H1 2026 result tells a story of balance-sheet strength and cost-of-risk discipline, set against thinner returns. Deposits and capital are building, debt has all but been retired, and the cost of risk has fallen to 0.58%. Against that, the loan book shrank, the loan-to-deposit ratio is 22.66%, and NIM, ROE, and EPS all fell, leaving earnings more dependent on yields from a securities book that now makes up over a third of assets. The NPL ratio, at 4.63%, is marginally higher year on year and remains the metric to watch.

Proshare's Tier 1 Banks brief profile had already flagged GTCO's capital-adequacy headroom, electronic-banking revenue share and board independence as among the strongest in the cohort, with the NPL ratio at about 5.00% supervisory reference as the main vulnerability. The H1 2026 reading of 4.63% sits below that reference, though the year-on-year trend needs monitoring. With the share price up over 50% year-to-date and P/B at 1.39x, the valuation cushion seen a year ago has narrowed.

The outlook remains constructive for medium- to long-term investors seeking exposure to Nigeria's banking sector, with the upside case resting on a return to loan growth, stabilising margins and dividend delivery once full-period results are confirmed. 6 of 12 CMOs recommended a ***buy*** for GTCO's stock this week, 6 recommended a hold, and none recommended a ***sell***.





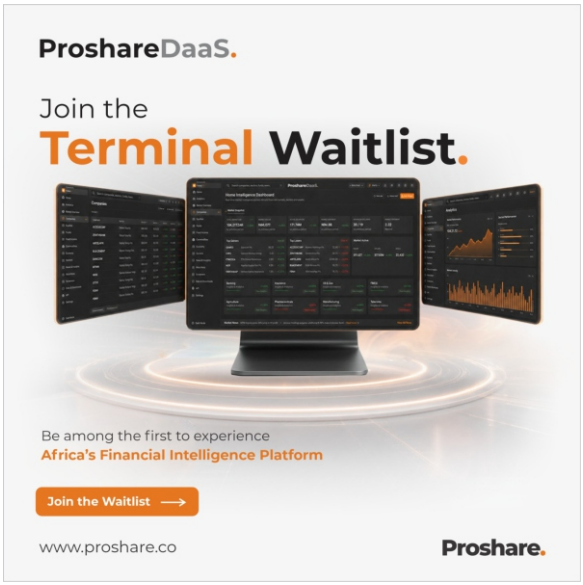


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