

GCB BANK PLC 9M2025 Results

Ghana | 23 October 2025

Current rating: **BUY**

Current Price: **GHS 15.62** | Current Fair Value: **GHS 19.76** | Upside: **26.5%**

No Let-Up, GCB Presses On with Relentless Strength

Rating Summary:

We maintain our “BUY” rating on GCB Bank PLC (“GCB”), reflecting sustained earnings strength, improved asset quality, and disciplined cost management. The 9M2025 results show continued momentum, with revenue outperforming our forecast by 9.0% and profit exceeding expectations by 14.1%. Earnings growth was driven by higher interest income, stronger trading gains, and a lower cost-to-income ratio. Asset quality improved, with the NPL ratio down to 10.8%, while the capital adequacy ratio (with relief) remained stable at 16.2%, supporting further growth capacity. We update our fair value estimate to GHS 19.76 per share, an upward revision driven by a lower risk-free rate of 15.60% (down from 17.74% at HY2025) in line with current yields on the restructured domestic bonds. We also refined our valuation inputs, adjusting the peer mean beta using the subset with stronger statistical validity and enhancing our multi-factor linear regression P/B model. These adjustments, combined with stronger-than-expected earnings delivery, improving credit metrics, and sustained balance sheet growth, reinforce GCB’s favorable outlook. We believe the bank remains well-positioned to extend its outperformance into year-end on the back of rotation into higher-yielding quality risk assets despite softer yields on Treasury and OMO instruments.

9M2025 Earnings Update: Momentum Builds as Earnings Outpace Forecasts

GCB Plc showed no signs of slowing down, sustaining its growth momentum through the third quarter of 2025. According to its unaudited 9M2025 results published 21st October 2025, the bank delivered another strong performance, with revenue, cost, and profit all outperforming expectations. Total revenue exceeded our forecast by 9.0%, driven by robust balance sheet growth and higher asset yields. Meanwhile, total cost trailed our forecast by 13.2% despite a year-on-year increase in operating expenses, reflecting the impact of easing inflation on underlying cost pressures. As a result, profit for the period outpaced our projections by 14.1%, surpassing the FY2024 outturn by 8.0%. Net interest income rose by 44.4% y/y to GHS 3.1bn, supported by a 46.8% y/y jump in interest income on the back of a 25.9% expansion in total assets. This lifted the bank’s net interest margin to 11.2% in 9M2025 from 10.7% in the prior year. Non-interest revenue surged by 60.6% y/y to GHS 1.2bn, underpinned by an 89.1% rise in net trading income to GHS 586.5mn as market activity remained strong. Together, these drove pre-impairment income up 48.5% y/y to GHS 4.3bn. Impairment charges on financial assets fell by 17.0% y/y to GHS 172.3mn, reflecting improved loan book quality and lower cost of risk. Operating expenses increased by 24.5% y/y to GHS 2.2bn due to higher personnel and technology-related costs, though the total remained below forecast amid moderating inflation. Consequently, profit after tax more than doubled to GHS 1.3bn (+117.2% y/y), underpinned by the strong revenue delivery, lower impairments, and disciplined cost execution. On the balance sheet, net loans and advances expanded by 34.8% y/y to GHS 13.8bn, lifting the loan-to-deposit ratio to 36.7% as management intensified efforts to reduce the 25.0% CRR cash drag. Investment securities climbed by 70.6% y/y to GHS 19.3bn, likely reflecting higher placements and holdings in more attractive OMO instruments while customer deposits rose by 22.4% y/y to GHS 37.4bn, reinforcing funding stability. The NPL ratio improved by 4.7pp y/y to 10.8%, partly suppressed by the faster base expansion in the loan book while the capital adequacy ratio (with relief) inched up 0.2pp y/y to 16.2%. Overall, GCB’s 9M2025 results reaffirm the bank’s strong earnings trajectory, marked by better-than-expected revenue, prudent cost control, and strengthening asset quality. With profit already surpassing the FY2024 level, we believe GCB remains firmly on course to close 2025 on an even stronger footing, brightening the dividend prospects in 2026.

Performance: Momentum reflected in broad-based earnings growth.

Income and Margin Performance

- Net interest income rose by 44.4% y/y to GHS 3.1bn, supported by a 46.8% y/y increase in interest income from higher asset yields.
- Net interest margin improved to 11.2% in 9M2025 from 10.7% a year earlier, reflecting stronger pricing on earning assets.
- Non-interest revenue surged by 60.6% y/y to GHS 1.2bn, anchored by an 89.1% jump in net trading income to GHS 586.5mn.
- Pre-impairment income expanded by 48.5% y/y to GHS 4.3bn, underscoring broad-based revenue strength.

Cost and Risk Management

- Operating expenses rose by 24.5% y/y to GHS 2.2bn, largely from higher staff and technology costs, but remained contained as inflation eased.
- Cost-to-income ratio improved to 49.5%, down from 59.0% in the prior year, reflecting strong operating leverage.
- Impairment charges declined by 17.0% y/y to GHS 172.3mn, while cost of risk eased to 1.3% from 2.0% in the previous period.

Profitability and Balance Sheet Dynamics

- Profit after tax jumped by 117.2% y/y to GHS 1.3bn, driven by solid revenue growth and lower impairment costs.

- Net loans and advances expanded by 34.8% y/y to GHS 13.8bn, pushing the loan-to-deposit ratio to 36.7% from 33.3% in 2024.
- Investment securities rose by 70.6% y/y to GHS 19.3bn as management optimized yields across earning assets.
- Customer deposits increased by 22.4% y/y to GHS 37.4bn, reinforcing balance sheet stability and liquidity strength.
- Total assets increased significantly, up 25.9% y/y to GHS 50.2bn, reinforcing the asset-driven income growth.

Asset Quality and Capital Solvency

- NPL ratio improved by 4.7pp y/y to 10.8%, reflecting high base effect from loan book growth, stronger credit risk controls and recoveries.
- Capital adequacy ratio edged up by 0.2pp y/y to 16.2% (with relief), maintaining comfortable regulatory buffers.

Investment Thesis

Positioned for Sustained Growth Amid Strengthening Macro Tailwinds

Loan Book Expansion to Drive Earnings Growth

- We believe GCB is poised to sustain earnings momentum into FY2026, supported by a steady expansion of its loan portfolio. With inflation having moderated to within the Bank of Ghana's medium-term target band of 6.0% – 10.0% and business confidence improving, we expect credit demand by SMEs and corporates to rise in the quarters ahead. The bank's healthy liquidity position, reinforced by the Bank of Ghana's revised Cash Reserve Ratio directive, allows it to extend more credit without straining funding capacity.
- Management remains disciplined, focusing lending on sectors with strong GDP linkages and solid risk profiles. With a loan-to-deposit ratio of 36.7%, GCB has ample room to grow its credit portfolio, and we forecast loan book expansion at a compounded annual rate of 22.8% over the medium term. This will be a key driver of topline growth and earnings resilience.
- On the funding side, we believe GCB will continue to scale up low-cost deposits through its extensive retail presence, helping to reduce reliance on expensive funding sources. This should enhance net interest margins while creating headroom for further loan book expansion.

Non-Funded Income to Gain Traction and Diversify Revenue Streams

- We expect non-interest income to accelerate meaningfully in the coming quarters, supported by expanding trade flows, digital adoption, and new partnerships. The strengthening Ghana-China trade presents a major opportunity and GCB's active participation in the mix of these bilateral trade engagements is reassuring. Higher import and export volumes will boost demand for trade finance, FX conversions, and cross-border payments. We note that the leadership of GCB joined a presidential delegation to China in October 2025 aimed at strengthening trade relations amid the US tariffs and global trade diversions.
- We anticipate recent partnerships such as Viamericas, which enhances U.S.-Ghana remittance flows, and potential collaborations with Alipay and WeChat Pay, will further support GCB's fee income.
- In our view, GCB is well-positioned to sustain its net trading income momentum, particularly with the potential return of the Ghanaian sovereign to the domestic debt market as indicated in the [4Q2025 Treasury debt issuance calendar](#). We also expect GCB's strategic partnerships such as those with the Electricity Company of Ghana (ECG) and TextGenesys Ltd to enhance fee-based income over time.
- Overall, GCB's diversified fee-generating activities position the bank for a projected five-year compounded annual growth of 28.1% in non-interest revenue.
- We note that GCB has been actively engaging in sell-buy back transactions with its institutional customers, which has boosted trading income. These short-term liquidity management deals allow the bank to generate steady gains from interest rate differentials while deepening client relationships in the money market segment.

Digital Transformation as a Core Growth Catalyst

- Digitalisation remains central to GCB's long-term competitiveness. The bank's mobile banking platform and G-Money fintech subsidiary are expanding low-cost customer acquisition channels and supporting scalable income growth. In our opinion, the appointment of [Patrick George Quantson as Chief Digital Officer](#) signals management's commitment to accelerating digital transformation, improving internal efficiency, and enhancing user experience.
- We expect the ongoing investments in automation and process optimisation to lower operating costs and improve margin stability. As the bank reduces reliance on branch expansion and focuses on digital delivery, we anticipate improved cost efficiency and stronger operating leverage over the medium term.

Supportive Macroeconomic and Policy Tailwinds Strengthening the Outlook

- Ghana's macroeconomic fundamentals are improving decisively. Inflation has eased to single digits, the cedi is strengthening, and GDP growth is accelerating, creating a favourable operating environment for credit expansion and profitability. The Bank of Ghana's policy alignment on reserve requirements has enhanced liquidity management, while falling inflation should moderate cost pressures and support margin preservation.
- These improving conditions, combined with restored capital buffers and renewed dividend announcements (albeit not paid), provide a solid foundation for sustainable earnings growth. We believe GCB's balance sheet strength, disciplined lending, and rising digital income streams position it as a resilient and yield-attractive investment in Ghana's evolving banking landscape.

Regulatory Tailwinds

Bank of Ghana’s New Net Open Position (NOP) Directive and Its Impact on Trading Income

- Effective 01 October 2025, the Bank of Ghana revised the single currency Net Open Position limit from $\pm 5\%$ to a narrower 0% to -10% on the US Dollar while retaining the status quo for other foreign currency positions. This directive restricts banks from holding long US Dollar positions, compelling them to unwind US Dollar buffers and maintain stronger Cedi positions. While the measure aims to stabilise the Cedi, we believe it will tighten US Dollar liquidity and reduce banks’ ability to profit from currency trading. Consequently, GCB’s trading income could come under pressure from 4Q2025 as this historically strong revenue stream is constrained by the new directive.

GCB’s Deferred 2024 Dividend Payment

- Despite strong FY2024 results, GCB could not pay its approved dividend in May 2025 due to a temporary regulatory breach. The Bank of Ghana objected to the payment after the reclassification of restructured cocoa bills as long-term bonds caused GCB’s exposure to COCOBOD to exceed the single obligor limit. We believe this restriction is temporary, and the bank should be able to resume dividend payments for the 2025 financial year. Given its solid earnings performance and strong capital position, we believe GCB is well-placed to absorb any lingering effects of the breach and restore its dividend track record.

Valuation & Recommendation: **BUY**

- Our BUY rating is based on our weighted average fair value of GHS 19.76 per share, representing an upside of 26.5%, using the weighted average prices from our dividend discount (DDM) residual income (RI) and relative valuation models. We see strong near-term upside for GCB given its robust fundamentals and promising outlook, and therefore recommend a BUY rating.
- GCB is trading at a TTM P/E of 2.2x and P/B of 0.73x.

Key Risks to Our Rating

Macroeconomic volatility, Unexpected asset quality deterioration, execution risk on digital strategy, regulatory and policy shift, sovereign risk and market fragility.

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