ACCESS HOLDINGS PLC

... Profit Rise Despite Loan Yield Decline.

June 29, 2026. *Earnings Note*

Highlights

- Gross earnings remained relatively flat at ₦1.38 trillion in Q1 2026 compared to ₦1.38 trillion in Q1 2025.
- Net interest income increased by 54% Year-on-year (YoY) from ₦220.21 billion (Q1 2025) to ₦338.86 billion (Q1 2026).
- Profit after tax (PAT) increased by 18% YoY from ₦182.75 billion (Q1 2025) to ₦216.54 billion (Q1 2026).
- Earnings Per Share (EPS) declined from ₦4.88k (Q1 2025) to ₦3.69k (Q1 2026).

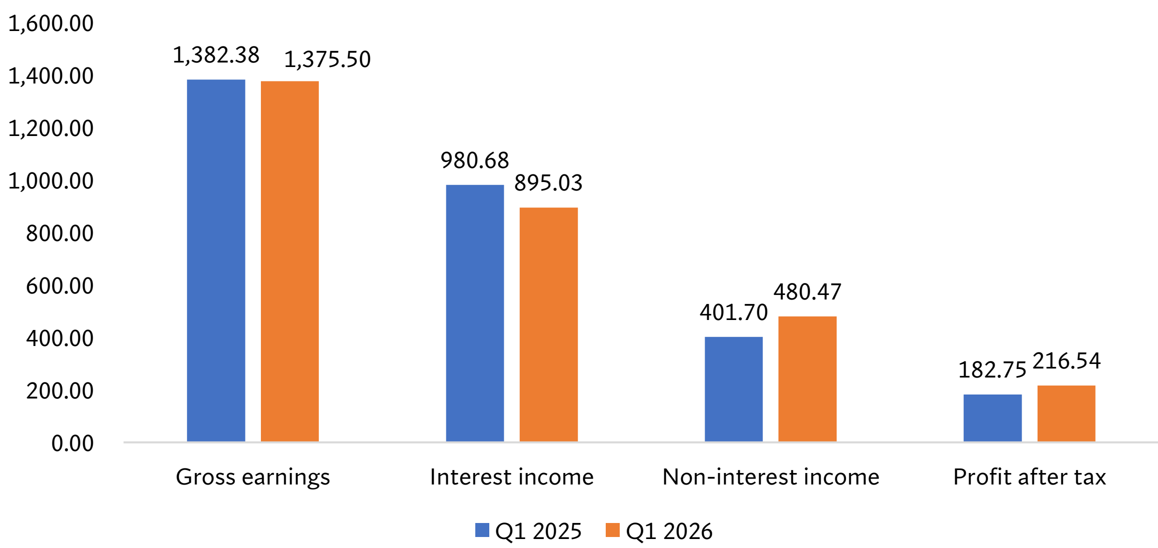
Income statement

Gross earnings remained relatively flat YoY at ₦1.38 trillion in Q1 2026 compared to ₦1.38 trillion recorded in Q1 2025. While interest income declined during the quarter, higher non-interest income supported gross earnings.

Interest income declined by 9% YoY from ₦980.68 billion (Q1 2025) to ₦895.03 billion (Q1 2026). However, Net interest income increased by 54% YoY. Interest on loans and advances to customers reduced by 27% YoY from ₦582.35 billion (Q1 2025) to ₦427.82 billion (Q1 2026). Despite the growth in the loan book of 23% YoY. This decline in interest income is most likely due to the weighted average interest rate on existing loans being considerably lower than the weighted average interest rate on loans in Q1 2025.

The Interest income from financial assets at fair value through other comprehensive income (FVOCI) also declined by 59% YoY from ₦164.33 billion (Q1 2025) to ₦67.23 billion (Q1 2026). This is due to the lower volume of Investment securities at FVOCI on the balance sheet, as it was reduced by 16% YoY from ₦4.06 trillion to ₦3.42 trillion (most likely treasury bills and bonds), and this significantly impacted the gross interest income.

Income statement (N'Billion)

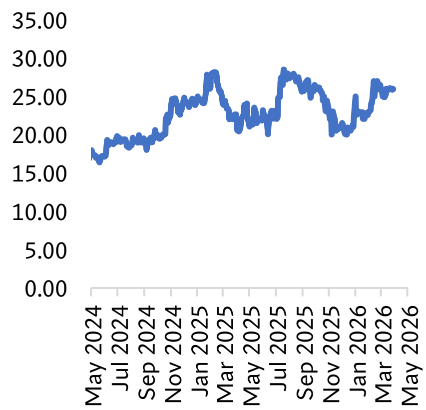


Source: Company Accounts, WSTC Research

Fair Value Estimate: ₦26.55

Stock Data	
Current price (N)	22.90
Shares Outstanding (mn)	54,376
Market Cap (N'mn)	1,245,206
52-week high (N)	36.00
52-week low (N)	19.90
Trailing EPS (N)	13.66
Forward EPS (N)	16.33
Forward PE (X)	1.45
Justified PE Multiple (X)	1.68

Price Movement



Stock Data	FY 2024	FY 2025	FY 2026F
P/E	1.94x	1.68x	1.45x
P/BV	0.33x	0.29x	0.26x
PBT Margin	18%	18%	21%
PAT Margin	13%	13%	15%
RoE	22%	18%	19%
Dividend Yield	11%	0%	8%

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Interest expense declined at a pace of 27% YoY from ₦760.47 billion (Q1 2025) to ₦556.17 billion (Q1 2026). This was driven by declines in both interest expense on financial institutions' deposits (58% YoY) and customer deposits (13% YoY) on the back of lower deposits from financial institutions and lower interest rates charged. This suggests funding efficiency in relation to the interest rate dynamic. As a result, net interest income increased by 54% YoY from ₦220.21 billion (Q1 2025) to ₦338.86 billion (Q1 2026).

Loan impairment charges increased by 239% YoY from ₦21.77 billion (Q1 2025) to ₦73.81 billion (Q1 2026). Management took the proactive step to increase provisions for bad loans, coupled with existing loans within their total loan impairment charge, as they saw pressure on the quality of assets (primarily in their loan book). This reflects management's cautious approach towards risk assets.

Despite the increase in impairment charges, net interest income after impairment grew by 34% YoY from ₦198.44 billion (Q1 2025) to ₦265.05 billion (Q1 2026).

Non-interest income increased by 20% YoY from ₦401.70 billion (Q1 2025) to ₦480.47 billion (Q1 2026). Fee and commission income increased by 18% YoY from ₦174.48 billion (Q1 2025) to ₦205.03 billion (Q1 2026), driven by growth in transaction volumes and E-business banking. However, fee and commission expenses also increased by 27% YoY from ₦28.25 billion to ₦35.79 billion. For this reason, net fee and commission income rose by 16% YoY from ₦146.22 billion (Q1 2025) to ₦169.24 billion (Q1 2026).

Net gain on financial instruments grew by 1,053% YoY. This grew from ₦4.11 billion (Q1 2025) to ₦47.33 billion (Q1 2026). This occurred from trading fixed-income instruments in a period which reflects a declining yield environment. As interest rates and prices tend to have an inverse relationship with regard to fixed income instruments. Net foreign exchange gains also declined by 16% YoY from ₦210.29 billion (Q1 2025) to ₦176.43 billion (Q1 2026). The decline in gains is evidence of a strengthening local currency, i.e. Naira over Dollar in the last 12 months.

As a result, operating income increased by 24% YoY from ₦571.88 billion (Q1 2025) to ₦709.74 billion (Q1 2026). Operating expenses rose by 25% YoY from ₦349.10 billion (Q1 2025) to ₦437.53 billion (Q1 2026), driven by personnel expenses (25% YoY) and AMCON surcharge (104% YoY).

Profit before tax increased by 22% YoY from ₦222.78 billion (Q1 2025) to ₦272.21 billion (Q1 2026). Following a tax expense of ₦55.67 billion, profit after tax increased by 18% YoY from ₦182.75 billion (Q1 2025) to ₦216.54 billion (Q1 2026). Earnings per share (EPS) declined by 24% from ₦4.88k to ₦3.69k. The decline in the EPS is attributable to the increase in the weighted average number of ordinary shares, i.e., from 32.54 billion units in Q1 2025 to 54.37 billion units in Q1 2026.

Outlook

A significant portion of Q1 2026's earnings came from gains on foreign exchange activities (non-core bank operations). The challenge: These gains are less predictable than earnings from lending, commission and fees (the bank's core operations). This is a marked improvement on last year, though as foreign exchange gains made up 94% contribution of earnings before tax (EBT or PBT) in Q1 2025. This year, 2026, it was 65% of total earnings.

WSTC research expects that these foreign exchange gains will decline over time as the local currency (Naira) has shown stability over the last 12 months.

Interest Income remains a cause of concern for Access Holdings Plc. The Group currently does not have a lot of room to grow its interest earnings via loans to customers and banks. The reason is simply its CAR (capital adequacy ratio). As at Q1 2026, it has a CAR of 17.25% (FY 2025: 18.09%). The CBN CAR regulatory limit for international banks is 15%. This means, for the loans to grow, Access Holdings Plc may need to raise capital in the not-too-distant future. However, their ability to raise capital is not a concern. This does dampen the speed of growth relative to their peer group, i.e. Tier 1 banks.

An Investor should look to their investment philosophy to decide what is their next best step, as a sale might be a missed opportunity in creating value, and a buy may be at a cost of losing value through other enterprising companies.

Q1 2026 Financial Performance

Income Statement	Q1 2026	Q1 2025	(%)
Gross earnings	**1,375,504**	**1,382,375**	**0%**
Interest income	**895,034**	**980,675**	**-9%**
Interest expense	(556,172)	(760,469)	-27%
Net interest income	**338,862**	**220,206**	**54%**
Net impairment charge	(73,810)	(21,770)	239%
Net interest income after impairment	**265,052**	**198,436**	**34%**
Non-interest income	**480,470**	**401,700**	**20%**
Fee and commission income	205,031	174,478	18%
Fee and commission expense	(35,787)	(28,254)	27%
Net fee and commission income	**169,244**	**146,224**	**16%**
Net gains on financial instruments at fair value	47,331	4,105	1053%
Net foreign exchange gain	176,430	210,286	-16%
Other operating income	51,678	12,831	303%
Operating income	**709,735**	**571,882**	**24%**
Personnel expenses	(131,641)	(105,563)	25%
Depreciation	(26,257)	(23,114)	14%
Amortisation and impairment	(8,056)	(6,661)	21%
Other operating expenses	(271,571)	(213,762)	27%
Operating expenses	**(437,525)**	**(349,100)**	**25%**
Profit before tax	**272,210**	**222,782**	**22%**
Income tax	(55,673)	(40,029)	39%
Profit after tax	**216,537**	**182,753**	**18%**

Source: Company Accounts, WSTC Research

Financial Projection

Income Statement (N' mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Gross earnings	4,876,853	5,528,761	5,883,301	6,655,347	7,483,271	7,880,989	8,305,339
Interest income	3,480,475	3,546,335	3,785,541	4,210,398	4,692,171	4,934,851	5,240,751
Interest expense	(2,212,447)	(2,189,444)	(2,344,310)	(2,758,615)	(3,043,963)	(3,091,399)	(3,221,898)
Net interest income after impairment	1,022,709	833,341	1,143,048	1,126,371	1,299,933	1,469,658	1,631,266
Non-interest income	1,396,378	1,982,426	2,097,761	2,444,949	2,791,100	2,946,138	3,064,588
Net Operating Income	2,320,195	2,646,199	3,040,112	3,353,197	3,855,150	4,163,832	4,433,939
Net Operating Expenses	(1,454,497)	(1,639,078)	(1,810,526)	(1,935,989)	(2,090,850)	(2,165,481)	(2,265,690)
Profit before income tax	867,020	1,007,121	1,229,585	1,417,208	1,764,300	1,998,351	2,168,249
Profit for the period	642,218	743,045	860,710	992,046	1,235,010	1,398,845	1,517,775
EPS	12.05	13.66	15.83	18.24	22.71	25.73	27.91
DPS	2.50	0.00	1.85	1.64	2.04	2.31	2.51

Balance Sheet (N'mn)	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Cash and cash balances	5,220,929	6,229,551	8,787,217	6,662,939	8,868,273	8,394,917	9,186,385
Loans and advances to banks	1,579,947	2,900,031	4,640,534	4,235,834	5,071,781	5,041,503	5,378,843
Loans and advances to customers	11,487,710	13,341,190	13,930,765	15,744,757	16,799,227	17,580,335	18,360,162
Investment securities	11,343,195	16,305,541	19,041,016	19,931,844	22,192,489	22,849,897	23,947,193
Property, plant, and equipment	857,895	984,325	1,040,270	1,221,914	1,255,237	1,301,920	1,369,149
Other assets	11,008,339	11,795,642	8,610,735	15,053,105	11,770,043	13,314,790	13,212,633
Total assets	41,498,015	51,556,280	56,050,537	62,850,394	65,957,049	68,483,363	71,454,365
Deposits from banks	9,308,256	3,732,294	4,433,004	4,898,279	5,306,391	5,538,449	5,764,918
Deposits from customers	22,524,925	34,562,147	36,068,570	39,854,228	43,174,777	45,062,883	46,905,521
Borrowings	3,391,992	2,948,721	4,332,676	4,530,096	4,541,607	4,981,798	5,089,436
Other liabilities	2,512,663	987,120	6,425,600	7,806,711	6,865,291	6,413,753	7,063,676
Total liabilities	37,737,836	42,230,282	51,259,850	57,089,314	59,888,066	61,996,884	64,823,550
Shareholder's Funds	3,760,179	9,325,998	4,790,687	5,761,080	6,068,983	6,486,479	6,630,815
BV/Share	70.52	79.56	88.10	105.95	111.61	119.29	121.94

Ratios	FY 2024	FY 2025	FY 2026F	FY 2027F	FY 2028F	FY 2029F	FY 2030F
Net margin	13.17%	13.44%	14.63%	14.91%	16.50%	17.75%	18.27%
RoE	21.60%	18.38%	18.88%	18.80%	20.88%	22.28%	23.14%
RoA	1.88%	1.60%	1.60%	1.67%	1.92%	2.08%	2.17%
Financial leverage	11.47x	11.51x	11.80x	11.27x	10.89x	10.71x	10.67x
Cost / Income	-62.69%	-61.94%	-59.55%	-57.74%	-54.24%	-52.01%	-51.10%
Loans / Deposit	51.00%	38.60%	38.62%	39.51%	38.91%	39.01%	39.14%

Source: Company Accounts, WSTC Research

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