ECOBANK GHANA PLC 1H2026 Results

Ghana | 10 August 2026

Current rating: **HOLD**

Current Price: **GHS 39.0 | Current Fair Value: GHS 41.25 | Upside: 5.8%**

Cutting Fat, Not Growing Muscle

Ecobank Ghana PLC (EGH) released its 1H2026 results, reporting a 13.8% y/y increase in profit after tax to GHS 868.6mn, supported by a 15.5% y/y rise in profit before tax to GHS 1.3bn. At the top line, interest income remained broadly flat, increasing marginally by 0.8% y/y to GHS 2.2bn as the declining interest rate environment continued to weigh on asset yields. However, interest expense declined 14.2% y/y to GHS 564.0mn as lower funding costs provided some relief from pressure on asset yields, supporting a 7.3% y/y increase in net interest income to GHS 1.7bn. Non-interest income remained under pressure, declining 15.1% y/y to GHS 708.4mn, driven by weaker net trading income and other operating income. Consequently, total income declined marginally by 0.6% y/y to GHS 2.4bn, highlighting the continued pressure on the bank's core revenue base. Cost containment remained a key earnings driver, with operating expenses declining 14.2% y/y to GHS 883.8mn amid a relatively stable FX and inflation environment. Impairment charges also fell 27.8% y/y to GHS 127.6mn, providing further support to earnings. The combination of lower funding costs, operating expenses and impairments more than offset the weakness in non-interest income, driving the 15.5% y/y increase in PBT and 13.8% y/y growth in PAT. On the balance sheet, loans and advances expanded 42.5% y/y to GHS 13.7bn as the bank increased lending to support interest income growth. Investment securities also surged 71.6% y/y to GHS 16.4bn, reflecting continued deployment into government securities even as yields remain depressed. Customer deposits grew 30.1% y/y to GHS 37.7bn, supported by strong growth in low-cost deposits, with CASA accounting for 87.4% of deposits. Despite the strong loan growth, the loan-to-deposit ratio remained low at 36.3%, leaving the bank with significant liquidity and room to further expand lending. The lower CRR requirement of 20.0% (vs the 25.0% compliance threshold for EGH prior to June 2026) should also provide greater flexibility to deploy excess liquidity into interest-earning assets.

Overall, EGH's 1H2026 results point to a gradual improvement in profitability, although earnings growth remains largely driven by balance sheet and cost efficiencies rather than stronger revenue generation. Lower operating expenses and impairment charges provided meaningful support, while strong deposit growth and a larger securities portfolio helped preserve earnings amid continued pressure on both funded and non-funded income. Looking ahead, a more sustainable recovery will require stronger core revenue growth, further improvement in asset quality, stabilisation in margins and a recovery in non-funded income.

Performance: Cost Containment Holds the Line as Top Line Lags

Income and Margin Performance
- Net interest income increased by 0.8% y/y to GHS 2.2bn.
- Net interest margin compressed by 0.98pp y/y to 6.7%.
- Non-interest revenue fell by 15.1% y/y to GHS 708.3mn.
- Net fees and commissions increased by 12.6% y/y to GHS 308.4mn.
- Net trading income declined by 9.1% y/y, totaling GHS 351.4mn for the period.
- Total operating income declined marginally by 0.6% y/y to GHS 2.4bn.

Cost and Risk Management
- Net impairment pulled back, declining by 27.8% y/y to GHS 127.6mn.
- Operating expenses plunged by 14.2% y/y to GHS 883.8mn.
- Cost-to-income ratio decreased to 37.5% (from 43.4% in 1H2025).

Profitability and Balance Sheet Dynamics
- Profit before tax increased to GHS 1.3bn (+15.5 y/y), supported by cost containment and reduced impairments.
- Profit after tax surged by 13.8% y/y to GHS 868.6mn.
- Total assets expanded by 31.4% to GHS 56.1bn, supported by expansion in investment securities and advances.
- Customer deposits grew by 30.1% y/y to GHS 37.7bn.
- Loans and advances expanded by 42.5% y/y to GHS 13.7bn.
- Loan-to-deposit ratio rose by 3.1pp y/y to 36.3%,

Asset Quality and Capital Solvency
- NPL ratio declined to 14.4% (from 24.9% in 1H2025).
- Capital adequacy ratio grew to 18.8% (from 16.9% in 1H2025).

Investment Thesis

Liquidity Rich, Growth Patient

- We believe EGH's earnings outlook remains constrained by weak top-line momentum, despite a meaningful improvement in asset quality and stronger balance sheet growth. The 1H2026 results reinforce our view that profitability remains more dependent on cost discipline and lower impairments than broad-based revenue expansion. In our view, the 42.5% y/y expansion in the loan book is encouraging and should provide some support to interest income going forward, although the elevated NPL ratio, despite its sharp improvement to 14.4%, is likely to keep management measured in accelerating risk asset growth. We believe that liquidity also remains a structural consideration. Despite the stronger loan growth, the loan-to-deposit ratio remains low at 36.3%, leaving the bank with significant excess liquidity. We anticipate the lower CRR requirement and stable FX environment would provide greater flexibility to deploy this liquidity into interest-earning assets, although the prevailing low-interest rate environment is likely to continue limiting asset yields. We expect this outlook to be supported by the bank's strong deposit franchise; the 87.4% CASA ratio should drive further reductions in funding costs and offer some protection to margins.
- We remain cautious about non-funded income, which would ordinarily provide a stronger earnings buffer but stayed soft, with trading income declining over the quarter. That said, we expect improving domestic macroeconomic conditions and renewed bond market activity to support a gradual recovery, particularly through trading opportunities and higher transaction volumes as economic activity strengthens. On costs and credit risk, we expect the favourable trends observed in 1H2026 to persist. We believe the stable FX environment and moderating inflation would support continued cost discipline, while the significant improvement in asset quality should help contain impairment charges. The decline in NPLs to 14.4% is encouraging, although the improvement was partly supported by the 42.5% expansion in the loan book and, if sustained, should reduce pressure on credit costs and provide greater scope for loan growth. However, we expect management to remain cautious given that NPLs remain above the Bank of Ghana's 10.0% target.
- Overall, we expect EGH's profitability to remain resilient throughout the remainder of 2026, supported by lower operating costs, contained credit charges, declining funding costs and gradual balance sheet growth. In our view, the improving macroeconomic environment provides a more favourable backdrop, but the earnings recovery is likely to remain gradual and largely efficiency-driven in the near term.

Valuation & Recommendation: HOLD

- Our HOLD rating is based on our weighted average fair value of GHS 41.25 per share, representing a downside of 5.8%, using the weighted average prices from our dividend discount (DDM), residual income (RI) and relative valuation models.
- EGH trades at a TTM P/E of 6.5x and P/B of 1.65x.

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