Societe Generale Ghana PLC 9M2026 Results

Ghana | 23 October 2026

Current rating: **UNDER REVIEW**

Current Price: **GHS 5.05 | Current Fair Value: Under Review**

Parked in Cash, Waiting for New Keys

Rating Summary

We place our rating on Societe Generale Ghana PLC ("SOGEGH") UNDER REVIEW as we monitor and evaluate the bank's performance amid its impending change in ownership. The 9M2026 results point to a bank in a holding pattern: profit after tax fell 56.4% y/y, and excess liquidity has yet to be redeployed ahead of the planned sale to Attijariwafa Bank. In our view, the new owner's strategic direction could materially change our earnings outlook and valuation, particularly on putting liquidity to work, resolving the NPL overhang and growing corporate banking and non-funded income. We will revisit our forecasts once the transaction and its implications are clearer, and will return with an updated rating and fair value soon.

9M2026 Earnings Update: Earnings Slide, Liquidity Waits

Societe Generale Ghana PLC (SOGEGH) released its 9M2026 results on 21 October 2026, with earnings remaining under significant pressure. Profit after tax declined by 56.4% y/y to GHS 150.0mn, trailing our forecast by 8.0%, with implied 3Q2026 profit after tax of only GHS 21.8mn which points to a further loss of momentum during the quarter. The earnings slump was mainly driven by a steep decline in net interest income, which offset the strong growth recorded in non-funded income. Net interest income fell by 32.4% y/y to GHS 624.0mn (11.0% below our forecast), as a moderate interest rate environment, coupled with a 44.5% y/y decline in investment securities, drove a 31.3% fall in interest income that far outweighed the 24.9% decline in interest expense, while loans and advances grew only modestly. Non-funded income was the bright spot, rising 54.0% y/y to GHS 173.1mn and edging our forecast by 5.0%, lifting its share of total income to 21.7% (vs 10.9% in 9M2025). Net fees and commissions rose 31.0% y/y to GHS 84.4mn, helped by lower fee expenses, and other operating income swung to GHS 14.8mn from a GHS 61.0mn loss in 9M2025. However, net trading revenue (a more repeatable revenue line) fell 37.9% y/y to GHS 59.7mn. Total operating income therefore declined by 23.0% y/y to GHS 797.1mn. Operating expenses were broadly flat (-0.2% y/y) at GHS 537.8mn, though 6.0% above our forecast, as an 18.3% rise in personnel costs and a 17.8% increase in depreciation were offset by a 22.2% cut in other operating expenses, signalling restraint on the cost front as the bank prepares for its change in ownership. With revenue falling, however, the cost-to-income ratio rose by 15.5pp to 67.5%. Impairments turned against the bank, with the 1H2026 net write-back reversing into a GHS 27.2mn net charge for 9M2026 (vs a GHS 33.0mn write-back in 9M2025), implying a GHS 36.6mn charge in 3Q2026 alone and confirming our view that the recovery cushion has run its course. Consequently, profit before tax declined by 56.2% y/y to GHS 232.1mn.

Balance sheet dynamics reflect a clear preference for liquidity preservation over deployment, likely implying a conservative stance in anticipation of strategic direction from the imminent new ownership. Total assets grew 7.1% y/y to GHS 11.1bn, while shareholders' funds rose by 1.1% y/y to GHS 2.6bn after a GHS 173.7mn dividend payment. Capital adequacy remained robust, with CAR rising 0.6pp y/y to 18.52% (down from 19.62% in 1H2026), comfortably above the regulatory minimum of 13.0%. Asset quality, however, deteriorated, with the NPL ratio rising 0.5pp y/y to 13.98%, above the Bank of Ghana's 10.0% limit as the FY2026 deadline approaches. The loan book expanded only 8.2% y/y to GHS 4.67bn, but remained broadly flat on 1H2026, while customer deposits grew 14.4% y/y to GHS 7.2bn, easing the loan-to-deposit ratio by 3.7pp to 65.3%. Investment securities portfolio fell by 44.5% y/y to GHS 1.31bn, cutting its ratio to the loan book to 27.9% from 54.5%. The liquidity has instead been parked in cash, with cash and cash equivalents surging 52.7% y/y to GHS 4.0bn (35.7% of total assets), well above the 20.0% cash reserve requirement.

Overall, the results point to a bank in a holding pattern, with earnings weighed down by margin compression, a sharp contraction in earning assets and the return of credit costs, as management appears to be preserving liquidity ahead of the takeover by Attijariwafa Bank. The balance sheet remains well capitalised and liquid, but meaningful earnings recovery will depend on the redeployment of idle cash into loans and securities, resolution of the NPL overhang and restored operating efficiency.

9M2026 Performance: Idling in Neutral.

Income and Margin Performance

- Net interest income fell 32.4% y/y to GHS 624.0mn, 11.0% below our forecast, as a 31.3% decline in interest income outweighed a 24.9% fall in interest expense.
- Non-funded income rose 54.0% y/y to GHS 173.1mn, 5.0% ahead of our forecast, driven by a 31.0% rise in net fees and commissions and a swing to positive other operating income, while net trading revenue fell 37.9% y/y.
- Non-funded income's share of total income rose to 21.7% from 10.9%.
- Total operating income declined 23.0% y/y to GHS 797.1mn.

Cost and Risk Management

- Total operating expenses were broadly flat (-0.2% y/y) at GHS 537.8mn but 6.0% above our forecast, as higher personnel (+18.3%) and depreciation (+17.8%) costs were offset by a 22.2% cut in other operating expenses.
- Cost-to-income ratio rose 15.5pp to 67.5%, reflecting the weaker revenue base.
- Impairments swung to a GHS 27.2mn net charge from a GHS 33.0mn write-back in 9M2025, implying a GHS 36.6mn charge in 3Q2026 alone.

Profitability and Balance Sheet Dynamics

- Profit before tax declined 56.2% y/y to GHS 232.1mn on weaker operating income and higher impairments.
- Profit after tax fell 56.4% y/y to GHS 150.0mn, 8.0% below our forecast; EPS fell 56.9% y/y to GHS 0.28.
- Total assets grew 7.1% y/y to GHS 11.1bn.
- Net loans and advances grew only 8.2% y/y to GHS 4.67bn, broadly flat on 1H2026.
- Investment securities declined 44.5% y/y (and 19.4% q/q) to GHS 1.31bn.
- Cash and cash equivalents surged 52.7% y/y to GHS 4.0bn, well above the 20.0% cash reserve requirement.
- Customer deposits grew 14.4% y/y to GHS 7.2bn, up 5.2% q/q.
- Borrowings declined 15.3% y/y to GHS 314.7mn.
- Loan-to-deposit ratio eased 3.7pp to 65.3%.

Asset Quality and Capital Solvency

- NPL ratio rose 0.5pp y/y to 13.98% (vs 13.85% in 1H2026), above the Bank of Ghana's 10.0% limit ahead of the FY2026 deadline.
- Shareholders' funds rose 1.1% y/y to GHS 2.6bn after a GHS 173.7mn dividend payment.
- Capital adequacy ratio (CAR) rose 0.6pp y/y to 18.52%, still comfortably above the regulatory minimum of 13.0%.

Investment Outlook

Inflation Is a Double-Edged Sword for Earnings, while Margin Pressure is Likely to Persist

- We expect funded income to remain under pressure in 4Q2026 with a drag on FY2026 results. We estimate inflation to land around the lower bound of the Bank of Ghana's 8.0% ± 2.0% target range, which could create modest upward pressure on interest rates. However, we believe the lower-rate environment has largely fed through to lending rates, keeping asset yields below the levels seen over the past two years. With funding costs already near their floor, we expect any recovery in net interest income to be driven more by balance sheet expansion than higher yields.
- In our view, this cuts both ways. Higher rates (occasioned by inflation upturn) would lift interest income on the bank's large, under-deployed liquidity pool, but they could also squeeze borrowers and lead to more NPLs at a time when the NPL ratio of 13.98% already sits well above the 10.0% limit, with the FY2026 deadline approaching.

Liquidity on Hold Until the Takeover

- We expect the bank to continue on its current trajectory through to the end of 2026. We do not expect a sharp swing in the growth of earning assets, as management appears to be holding on to cash pending the completion of the takeover. Liquidity released from the 44.5% y/y decline in investment securities has largely been parked in cash rather than redeployed into loans, which were broadly flat on 1H2026.
- Unlike most peers, SOGEGH is also adversely affected by the move to a uniform 20.0% cash reserve requirement (CRR). The bank previously benefited from a lower 15.0% CRR due to its historically high loan-to-deposit ratio, and the resulting 5.0pp increase absorbs part of its deployable liquidity. However, with cash holdings well above the 20.0% requirement, we believe the current non-deployment reflects a deliberate stance ahead of the change in ownership rather than a regulatory constraint.
- As a result, we expect funded income to remain subdued in the near term and earnings to stay well below FY2025 levels, with the dividend payout likely to moderate in line with lower earnings. Beyond FY2026, we maintain our forecast of 15.0% medium-to long-term loan growth as liquidity is reallocated toward higher-yielding earning assets, making credit expansion the key swing factor for medium-term profitability.

Attijariwafa Bank: A Catalyst for Corporate Banking and Non-Funded Income

- Attijariwafa Bank is the largest banking group in Morocco, with the largest branch network across the continent. It has deep universal banking expertise with particular strength in corporate banking. The group has committed to supporting the Ghanaian business in this regard, and we anticipate growth in the bank's corporate banking business once the takeover is complete.
- Attijariwafa Bank is also a leader in financial innovation, and we expect this to translate into stronger non-funded income over the medium term, building on the improvement in fees and commissions seen during 9M2026. However, we expect foreign exchange income to moderate as exchange rate volatility subsides. This is already reflected in the 37.9% y/y decline in net trading revenue, and it reduces an important earnings contributor seen in previous periods.
- We believe the redeployment of excess liquidity into earning assets under the new ownership will be the key swing factor for medium-term profitability, although we expect the benefits to be back-loaded beyond FY2026.

Valuation & Recommendation: UNDER REVIEW

- We place our rating on SOGEGH under review pending further clarity on the bank's impending change in ownership. We believe the planned sale to Attijariwafa Bank could materially change the bank's strategic direction and earnings trajectory. We will return with an updated rating once the new owner's plans for deploying idle liquidity and reaching the 10.0% NPL limit are clearer.

- SOGEGH is trading at a TTM P/E of 19.9x and P/B of 1.57x.

Key Risks to Our Rating

A faster-than-expected deployment of liquidity following the completion of the takeover, a rise in interest rates lifting funded income, a quicker resolution of the NPL overhang, and a speculative re-rating of the stock on the ownership change.

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