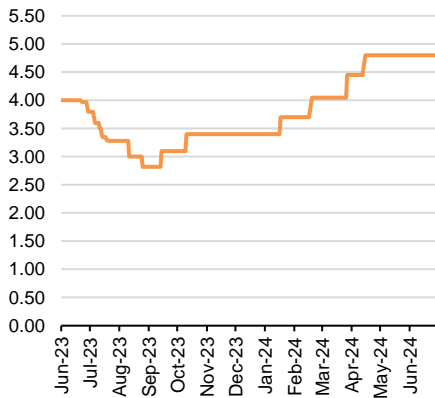




Ticker Information

GSE Code:	ACCESS
Issued Shares:	173.95Mn
52-week high:	GHS 4.80
52-week low:	GHS 2.82

Price Trend (Last 12 Months)



Last	1M	3M	6M	12M
Change	0.00%	7.87%	41.18%	26.32%

Analysts

Wisdom Asigbetse

wkasiqbetse@sicbrokerage.com

Amenuve Aweso

akaweso@sicbrokerage.com

Recommendation

Recommendation	Current Price	Target Price
BUY	GHS 4.80	GHS 6.06

Summary

• **Access Bank Ghana successfully achieved profitability targets marking a turnaround in financial results:** A marked growth of 282.90% in net profit y/y to GHS 618.47Mn was observed throughout 2023. The expansion in revenue was propelled by elevated interest rates and well controlled cost of risk. On the balance sheet, solid growth in both loans and deposits was observed while net Interest Margins widened to 11.0% on account of higher yields on interest earning assets.

• **The bank diversified offerings across its retail and corporate business to scale growth:** Over the course of the year, the bank set up foreign language desks for their Lebanese and German clientele, to tap into these underserved niche segments. Partnerships with Uber - for less costly rides and Volkswagen - for cheaper auto financing solutions for its retail clients all highlighted the bank's commitment to product portfolio diversification and its client-centricity. These, in part, contributed to the 40.2% growth in operating income.

Key Highlights

• **Robust growth in non-interest income lines shore up marginal decline in core income:** Net interest income recorded a 11.79% y/y growth which was 424bps slower than the 16.00% seen in the prior period. However, Total Operating income grew by 40.18% compared to the 38.24% growth for FY2022, with income from trading as well as from fees and commission contributing 45.62% and 15.44% respectively to shore up the revenue fall in net interest income.

• **Fairly pressurized asset quality:** Gross Non-Performing Loans (NPLs) increased by 64.95% y/y to GHS95.08Mn upping the NPL ratio 52bps y/y to 3.90% due to the residual effects of the macroeconomic strains seen in 2022 impacting the repayment ability of borrowers. As a safeguard, management raised credit impairment provisions by 41.32% y/y, demonstrating its cautious approach amidst considerable macroeconomic uncertainty. In spite of that, the cost of risk fell marginally by 2bps y/y to 4.71%.



Intra Balance sheet movements

Deposits grew 23.40% y/y to GHS 9.13Bn fueling the 42.85% y/y growth in loans and advances to GHS 2.34Bn. Total assets grew to GHS12.30Bn with loans to customers constituting 19.05% of total asset – 2.73 percentage points more than that seen in FY 2022. To take advantage of competitive yields on government bills, the bank bumped up its stock of government treasuries, increasing its non-pledged trading assets and investment securities by 54.00% and 29.38% y/y respectively. Investment securities thus made up 41.58% of total assets.

Improved Efficiency

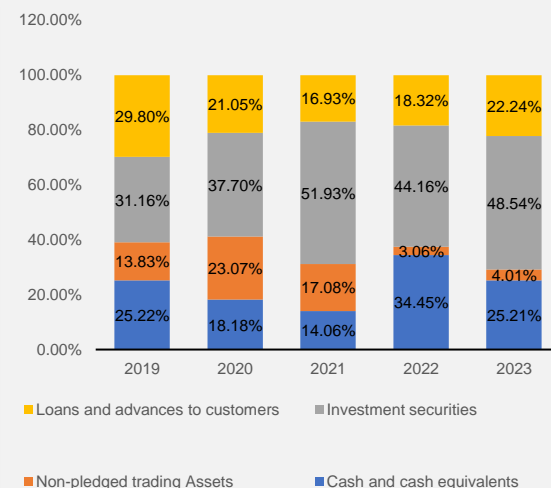
The Cost-to-Income ratio recorded a 167bps y/y climb to 69.95%. This was attributable to a higher 43.61% growth in operating expenses against a 41.58% growth in operating income y/y. However, expenses saw a narrower growth, bettering the 53.58% increase for FY 2022.

Outlook: As part of their 5-year strategic plan, the bank is prioritizing vigorous expansion and growth in its wholesale and retail banking. This it seeks to achieve through heavier infusing of AI and Machine learning into banking solutions to reduce turnaround time and customer experience, as well as providing tailored financing products. Again, we expect an increased emphasis on its mortgage and SME business that diversified its revenues in 2023. We expect the bank's treasury to sustain its high trade volumes recorded in FY 2023 in order to grow trade income. Given heightened use of Fintech services, we believe the bank will develop and strengthen existing business partnerships to tap into the growing value of that sub-sector. However, In spite of these growth prospects, the reduced but still-existent turbulence in the economic environment, leave asset quality concerns in view.

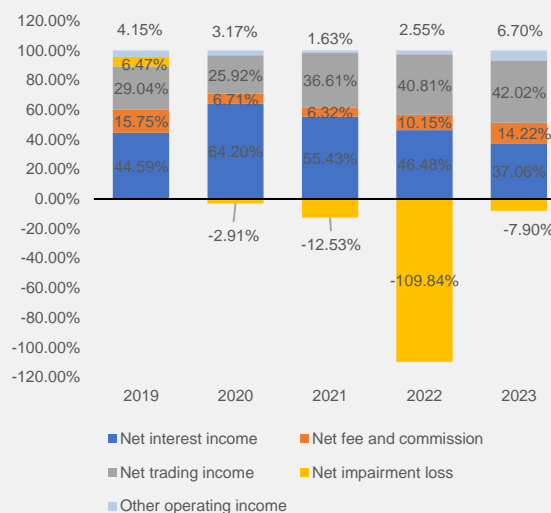
Recommendation

We recommend a BUY on Access Bank Ghana premised on its strong return on equity and a robust business case to sustain its profitability. The current market price, price-to-earning ratio and price to book ratio read GHS4.80, 1.2x and 0.6x respectively. Our one-year target price for ACCESS is GHS6.06 representing a 26.25% potential return for investors.

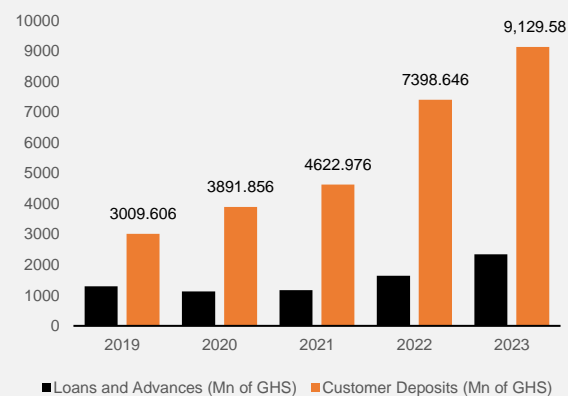
Investment Securities Dominates Financial Assets



Net trading income grows in proportion of operation income



Growing customer deposits



Source: SBL Research, ACCESS Annual Report 2023



Income Statement (000's of GHS)	FY'19	FY'20	FY'21	FY'22	FY'23
Net Interest Income	182,641	374,992	461,115	534,892	597,816
Net non-interest Income	226,965	192,050	266,492	(648,176)	887,940
Total Operating Income	409,606	567,042	727,607	(113,284)	1,485,756
Provision for Impairment	26,506	(17,018)	(104,228)	(1,264,063)	(127,400)
Total Operating Expenses	(404,401)	(476,118)	(511,613)	(785,716)	(1,128,377)
Profit before Tax	220,085	355,468	500,906	(440,600)	1,037,812
Profit after Tax	173,704	240,792	321,578	(338,135)	618,465
EPS (Annual)	1.00	1.36	1.85	(1.94)	4.00
DPS	-	-	0.79	-	-

Balance Sheet (000's of GHS)	FY'19	FY'20	FY'21	FY'22	FY'23
Government Securities	1,351,980	2,018,889	3,580,454	3,954,001	5,115,085
Loans and Advances	1,292,867	1,126,926	1,166,868	1,640,650	2,343,592
Total Assets	4,711,698	5,823,778	7,455,421	10,057,221	12,304,262
Customer Deposits	3,009,606	3,891,856	4,622,976	7,398,646	9,129,577
Total Liabilities	3,907,898	4,771,659	6,092,852	9,043,018	10,901,525
Shareholder's Funds	803,800	1,052,119	1,362,569	1,014,203	1,402,737

Ratio Analysis	FY'19	FY'20	FY'21	FY'22	FY'23
Spread Analysis					
Cost of Funds	7.87%	7.67%	6.69%	7.63%	8.23%
Net Interest Margin	5.63%	8.56%	7.78%	9.11%	7.58%
ROE	21.61%	22.89%	23.60%	-33.34%	44.09%
ROA	3.69%	4.13%	4.31%	-3.36%	5.03%

Operating Efficiency	FY'19	FY'20	FY'21	FY'22	FY'23
Cost to Income Ratio	98.73%	83.97%	61.50%	68.28%	69.95%
Loan to Deposit Ratio	42.96%	28.96%	25.24%	22.18%	26.67%
					1.67%

Asset Quality	FY'19	FY'20	FY'21	FY'22	FY'23
NPL Ratio	21.60%	18.50%	9.90%	3.38%	3.90%
Cost of Risk	13.47%	12.11%	17.73%	4.73%	4.71%

Capital Adequacy	FY'19	FY'20	FY'21	FY'22	FY'23
Capital Adequacy Ratio	21.75%	30.11%	35.68%	36.93%	23.47%
Liquidity Ratio	93.72%	94.49%	85.52%	65.93%	60.20%

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