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Ecobank

The Pan African Bank

ECOBANK TRANSNATIONAL INCORPORATED Q1 2026

Earnings Report Update

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Company Overview

Ecobank Transnational Incorporated is a leading pan-African financial services group providing retail, commercial, corporate, and investment banking solutions across Africa, with a strong presence in Nigeria and other key markets.

The Group operates through three core segments: Corporate & Investment Banking, Commercial Banking, and Consumer Banking, offering a broad range of services including deposits, lending, payments, trade finance, treasury solutions, and wealth management.

Founded in 1985 and headquartered in Lomé, Togo, Ecobank leverages its extensive regional footprint, diversified client base, and integrated banking platform to drive financial inclusion and support economic growth across the continent.

Segmental and Geographic Performance

Billion NGN	Q1 2025	Q1 2026	YOY
Corporate & Investment	400.79	480.80	19.96%
Commercial banking	218.78	214.77	-1.83%
Consumer	193.11	195.94	1.47%
Nigeria	52.76	69.76	32.21%
UEMOA	253.82	245.95	-3.10%
AWA	227.22	256.29	12.80%
CESA	276.67	320.67	15.90%

Income Analysis

Billion NGN	Q1 2025	Q4 2025	Q1 2026	YOY
Interest Income	694.52	863.20	777.50	11.95%
Net Interest Income	451.33	589.08	540.39	19.73%
Non-interest revenue	337.34	432.70	341.25	1.16%
Operating income	788.67	1,021.78	881.63	11.79%
Profit before tax	267.30	204.80	270.24	1.10%
Profit after tax	187.11	202.31	197.53	5.57%
EPS (Kobo)	520.40	572.49	521.85	0.28%

Ecobank delivered a 12% YoY growth in operating income, driven primarily by a 20% increase in net interest income, reflecting improved asset yields across loans and investment securities. Non-interest revenue remained relatively flat, as growth in fee and commission income (+8% YoY) was offset by declines in trading and FX income (-5% YoY) and other operating income (-55% YoY). This indicates that earnings expansion remains largely balance sheet-driven rather than fee-led.

By segment, Corporate & Investment Banking (CIB) led with over 54% of income, supported by treasury and large corporate activities. Commercial Banking contributed 24%, driven by SMEs, while Consumer Banking accounted for 22%, reflecting stable retail income. The “Others” segment remained minimal, weighed by adjustments.

Geographically, earnings were diversified, with CESA contributing 36%, AWA 29%, and UEMOA 28%, while Nigeria accounted for 8%. Growth was supported by higher interest income and transaction volumes, though group-level adjustments moderated overall performance.

Cost Analysis

Billion NGN	Q1 2025	Q4 2025	Q1 2026	YOY
Interest expense	243.19	274.12	237.12	-2.50%
Operating expenses	407.05	502.74	432.15	6.17%
Impairment charges	114.32	313.85	179.24	56.80%
Taxation	80.19	2.62	72.71	-9.33%

Cost pressures remained evident, although relatively contained compared to revenue growth, with total operating expenses rising 6% YoY. Staff costs increased by 4% YoY to ₦183.8bn, reflecting wage adjustments and expansion across key markets, while depreciation remained flat, indicating stable capital expenditure intensity.

Other operating expenses rose by 8% YoY to ₦221.6bn, driven by inflationary pressures, technology investments, and higher administrative costs across the Group’s pan-African operations. Despite this increase, cost growth remained below operating income expansion, enabling a modest improvement in pre-provision profitability.

However, the most significant cost pressure came from impairment charges, which surged 57% YoY, reflecting deteriorating asset quality and elevated credit risk exposure. This sharp increase in provisions effectively eroded much of the operating profit gains, limiting profit before tax growth to just 1% YoY, and highlighting credit cost as the primary drag on overall profitability.

Balance Sheet and Cash Flow Summary

Billion NGN	Q1 2025	Q4 2025	Q1 2026	YOY
Total assets	44,539.58	49,659.17	48,828.52	9.63%
Total liabilities	41,539.59	45,535.90	44,858.13	7.99%
Total equities	2,999.99	4,123.27	3,970.39	32.35%
Net cash from operations	336.70	1,000.45	1,626.22	382.98%
Net cash from financing	-73.38	-197.57	-181.82	-147.80%
Net cash from investing	-345.97	-645.53	231.31	166.86%
Net change in cash	-82.64	157.35	1,675.70	2127.60%

Ecobank's balance sheet reflects a cautious repositioning, with total assets declining 1.7% QoQ. Liquidity improved, as cash rose 10.8% to ₦9.38trn and trading assets increased 35.8%, signaling a shift to short-term instruments. Loans fell 5.9% and investment securities declined 10.1%, indicating tighter risk appetite and portfolio rebalancing.

Funding dynamics remained stable but evolving. Customer deposits grew modestly by 1.0%, reinforcing their role as the primary funding base, while deposits from banks dropped sharply by 34.1%, reflecting reduced interbank dependence. Borrowings increased slightly and other liabilities rose, but total liabilities declined broadly in line with assets. Equity weakened by 3.7% QOQ due to pressure on retained earnings, highlighting capital sensitivity to earnings volatility.

Cash flow performance strengthened significantly, with operating cash flow rising to ₦1.63trn, supported by strong deposit inflows and working capital efficiency. Investing activities generated a net inflow of ₦231.3bn, driven by portfolio liquidations, while financing outflows persisted due to debt repayments. Overall liquidity improved, with cash balances reaching ₦9.36trn, providing a strong buffer, although sustainability hinges on asset quality stability and continued deposit growth.

Investor Concerns

Ecobank's asset quality risk is rising, with impairment charges surging significantly, indicating increasing credit stress across loan portfolios. This is reinforced by the contraction in loans to customers, suggesting a more defensive lending stance amid deteriorating risk conditions. If sustained, this could weigh on earnings quality and limit future interest income growth.

Profitability resilience is weakening beneath the surface. While earnings remain positive, growth is modest relative to the sharp increase in impairments and operating costs. Additionally, large negative other comprehensive income, driven by FX translation losses and fair value declines, signals exposure to currency volatility and market risk, which is eroding total shareholder returns.

Capital and balance sheet pressures are also evident. Equity declined due to weaker reserves, while reliance on customer deposits remains high, with limited diversification as interbank funding dropped sharply. Although liquidity is strong, the sustainability of cash flow improvements depends heavily on deposit growth and asset quality stabilization, leaving the bank exposed to macroeconomic and funding shocks.

Our Insight

"Ecobank Transnational Incorporated presents a cautiously constructive investment case, supported by its diversified pan-African footprint, strong deposit franchise, and improving liquidity position. The bank continues to benefit from solid net interest income growth and resilient operating cash flow, reflecting underlying strength in core banking operations. However, the near-term outlook remains pressured by elevated impairment charges, FX-induced valuation losses, and subdued loan growth, which collectively signal rising asset quality risks and earnings volatility beneath headline performance.

From a portfolio perspective, the stock warrants a neutral to selective positioning, balancing its long-term structural relevance against near-term execution risks. Key watchpoints include impairment trajectory, asset quality stabilization, FX exposure management, loan book recovery, and sustainability of deposit-driven funding, all of which will be critical in shaping earnings durability and valuation re-rating."

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