



**Access Holdings FY 2023 and Q1 2024 Result: PBT Rises as Interest and Non-interest Incomes Gather Pace.**



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Against the backdrop of stronger global economies, higher global interest rates, and lower inflation rates, economies are gradually overcoming the blues of the immediate post-COVID-19 economic era. Banks are slowly showing stronger operating performances due to faster-paced global economic growth. African banks, however, have seen more mixed outcomes with Nigerian financial lenders, such as Access Corp, spudding new continental branches, with some showing appreciable profit and others dipping in losses.

The **Access Corp** still shows that it is a more profitable and efficient market operator in its home country, Nigeria, than in other continental locations, where it has seen both losses and profits. Its South African operation has been a dud due to higher domestic costs and relatively slower economic growth. Its East African operations have equally been underwhelming. Nevertheless, despite exposure to the country's defaulting treasuries, Ghana has proven profitable, and its United Kingdom (UK) business has also been gilt-edged. The pan-African franchise may need to work hard on operating numbers outside the West African and European markets.

Given a recent regulatory review of bank capital in Nigeria, Access Corp will have to come up with the cash to raise its common equity tier 1 (CET 1) capital. The Central Bank of Nigeria (CBN) has required that banks wishing to retain an international license in the country must have a minimum

share capital unencumbered by losses and outside retained earnings of N500bn.

Access Corp requires an additional N248.29bn to meet the statutory requirement. During an investor call held on March 28, 2024, the Holdco confirmed that shareholders had approved that the Holdco should raise an additional N365bn through a Rights Issue in 2024. The expected capital raise should cover the minimum capital requirement gap, allowing the Holdco to leverage its continental spread in Africa and raise capital outside the country.

Concerning the Holdco's operations, asset repricing induced by monetary policy rate (MPR) hikes and naira devaluation favoured the lender's performance in FY 2023, with significant growth in both interest income (+99.93%) and non-interest income (+67.9%) to N1.65trn and N940.39bn respectively. The non-interest income came from revaluation gains, accounting for 67%, while the remaining was from fees and commission at 30% and other operating income. The distribution of interest income was a 50% contribution from loans and advances, 44% from investment securities, and 6% from cash and balances with banks.

The stronger gross earnings cushioned the +43.97% growth in personnel expenses and +36.43% in operating expenses, raising profitability thrice above the FY 2022 amount. The pre-tax and post-tax profits increased to N729.00bn and N619.32bn in FY 2023 from N167.68bn and N152.90bn in FY 2022, respectively. The improved income statement line items improved ratios, with net interest margin rising to 5.40%, return on equity climbing to 36.20%, return on asset rising to 3.00%, NPL declining to 2.80%, and cost-to-income (CIR) dropping to 44.60%. Due to the high-risk environment, the group's impairment charge on loans and advances increased by +14.55% to N84.37bn, but the net impairment charge on financial assets declined by -29.46% to N139.53bn in FY 2023, suggesting less default risk.

The Holdco has aggressively pursued its 5-year strategic plan (2023-2027), by expanding to more countries with four countries left before 2027. During the Q1 2024 Investor call, the Holdco emphasised its plan to shift focus to consolidation in the next 2 to 3 years to drive higher returns and capital improvement. Analysts believe the consolidation plan intends to reduce risk and strengthen existing operating areas.

Meanwhile, analysts note that Cyberfraud and forgery have increased in Nigeria. In FY 2023, Access Holding lost N6.15bn to cyber fraud and forgery, +326.85% higher than the amount lost (N1.44bn) in FY 2022. This loss was classified under electronic, cash theft, transfer and withdrawals, fraudulent cash lodgement, armed robbery, and clearing, but Fraudulent transfers / withdrawal / reactivation had the highest amount at N6.01bn. This significant rise suggests that banking subsidiaries must tighten and improve cybersecurity techniques.

INVESTOR INDICATORS	
Market Capitalization as of March 27, 2024	N853.09bn
Current Share Price	N24.00
P/E	1.39x
P/B	0.39x
EPS	17.23
Dividend yield	8.75%
Payout ratio	21%

Source: Financial Statement, Proshare Research

## Board of Directors.

The passing of Access Holding's CEO (Dr Herbert Onyewumbu Wigwe, FCA) and Chairman (Mr Bababode Olukayode Osunkoya, FCA) reduced the members of the board of directors to eight (8). The Holdco appointed Ms Bolaji Olaitan Agbede as the acting CEO and Aigboje Aig-Imoukhuede as its Chairman in March 2024 (see table 1).

Table 1:

ACCESS HOLDING'S BOARD OF DIRECTORS		
Names	Position	
Mrs Fatimah Bintah Bello-Ismaill	Independent Non-Executive Director	
Mrs Ojinika Nkechinyelu Olaghere, FCA	Non-Executive Director	
Mr. Olusegun Babalola Ogbonnewo	Non-Executive Director	
Mr Roosevelt Michael Ogbonna, FCA, CFA	Non-Executive Director	
Mr. Oluseyi Kolawole Kumapayi, FCA	Non-Executive Director	
Ms Bolaji Olaitan Agbede	Acting Group Chief Executive Officer	
Mr. Lanre Babatunde Bamisebi	Executive Director	
Newly Appointed	Position	Date
Mr. Abubakar Aribidesi Jimoh, CFA	Chairman/Independent Non-Executive Chairman	December 19, 2023
Deceased	Position	Date
Mr. Bababode Olukayode Osunkoya, FCA	Chairman/Independent Non-Executive Director	November 21, 2023
Dr. Herbert Onyewumbu Wigwe, FCA	Group Chief Executive Officer	February 9, 2024

Source: Financial Statement, Proshare Research

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### Key Highlight in FY 2023.

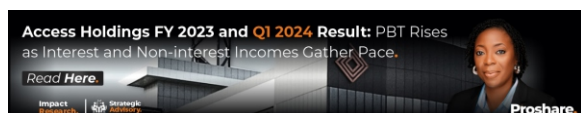
- Ⓟ Access Bank's gross earnings rose by **+86.95%** from N1.39trn in FY 2022 to N2.59trn in FY 2023. The high-interest rate environment and FX devaluation led to a **+99.93%** growth in interest income to N1.65trn and a **+67.9%** growth in non-interest income in FY 2023.
- Ⓟ In FY 2023, the Holdco's personnel expenses spiked by **+43.97%** to N167.90bn, and other operating expenses grew by **+36.43%** to N465.67bn, driven by the inflationary environment.
- Ⓟ Profit before tax increased by **+334.76%** from N167.68bn in FY 2022 to N729.00bn in FY 2023, and post-tax profit grew by **+305.05%** to N619.32bn in FY 2023 despite the **+642.16%** growth in income tax expense.
- Ⓟ The net impairment charge on financial assets declined by 29.46% from N198.79bn in FY 2022 to N139.53bn in FY 2023.
- Ⓟ The Holdco earned N207.78bn from net fee and commission income in FY 2023, **+42.57%** greater than N145.74bn in FY 2022.
- Ⓟ Total assets grew to **+77.94%**, from N15.00trn in FY 2022 to N26.69trn in FY 2023, driven by significant growth in restricted deposits and other assets, derivatives financial assets, and non-pledging trading assets.
- Ⓟ Loans and advances to customers rose by **+57.58%** to N8.04trn in FY 2023, and loans and advances to banks grew by **+93.22%** to N880.54bn in FY 2023.
- Ⓟ Access holding's customer deposits soared to N15.32trn in FY 2023 from N9.25trn in FY 2022, while deposits from institutions grew by **+121.27%** to N4.44trn in FY 2023.
- Ⓟ Shareholder's funds climbed by **+77.49%** to N2.19trn in FY 2023 from N1.23trn in FY 2022.
- Ⓟ Cash and balances with banks spiked by **+150.88%** to N3.60trn in FY 2023 from N1.43trn in FY 2022, driven by the **+285.72%** rise in unrestricted balances with the Central bank.
- Ⓟ Earnings per share increased to N17.23k in FY 2023 from N4.46k in FY 2022.

### Key Highlights in Q1 2024.

- Ⓟ Gross earnings rose by **+129.28%** to N974.24bn in Q1 2024 from N424.92bn in Q1 2023.
- Ⓟ Profit before tax increased by N202.74bn in Q1 2024 from N81.74bn in Q1 2023 making it a percentage increase of **+148.04%**.
- Ⓟ Total asset grew by **+106.90%** to N32570.32bn in Q1 2024 from N15742.02bn in Q1 2023.
- Ⓟ Loans and advances to customers reduced by **-99.81%** to N9.62bn in Q1 2024 from N5037.86bn in Q1 2023. similarly, Loans and advances to banks reduced by **-83.47%** by N1.28bn in Q1 2024 from N7.72bn in Q1 2023.
- Ⓟ Customers deposit rose to **+81.89%** by N18.08bn in Q1 2024 from N9.94bn in Q1 2023. Earnings per share increased to N435k in Q1 2024 from N206k in Q1 2023.
- Ⓟ In Q1 2024, the firm personnel expenses spiked by **+137.8%** to N79.85bn, and other operating expenses grew by **+69.75%** to N176.64bn, driven by the inflationary environment.
- Ⓟ Cash and balances with banks increased by **+9.52%** to N3.35trn in Q1 2024 from N3.06trn in Q1 2023, despite **-33.43%** decrease in unrestricted balances with the Central bank.
- Ⓟ Shareholder's funds climbed by **+82.42%** to N2.55trn in Q1 2024 from N1.40trn in Q1 2023.
- Ⓟ The high-interest rate environment and FX devaluation led to a **+183.07%** growth in interest income to N719.60bn and a **+49.05%** growth in non-interest income in FY 2023.
- Ⓟ The net impairment charge on financial assets increased by **+21.83%** from N18.71bn in Q1 2023 to N22.79bn in Q1 2024.

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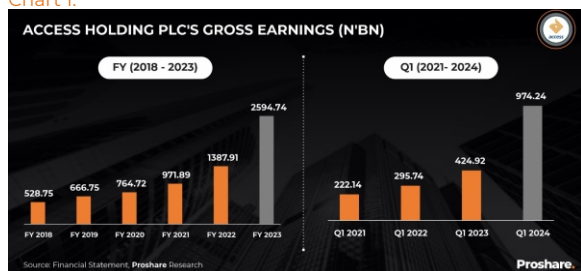
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- The net impairment charge on financial assets increased by +21.83% from N18.71bn in Q1 2023 to N22.79bn in Q1 2024.

### Gross earnings.

Access Holding’s gross earnings increased by N1.21trn or 86.95% to N2.59trn in FY 2023 from N1.39trn in FY 2022, driven by non-interest and interest income. The loan book and asset repricing spurred a +99.93% growth in interest income to N1.65trn in FY 2023 from N827.47bn in FY 2022. The non-interest income came from +87.44% increase from revaluation gains (induced by 50%-naira devaluation), +40.43% growth in fees and commission, and +23.41% in other operating income. Despite the significant growth in non-interest income, the non-interest income contribution to gross earnings reduced to 36% in FY 2023 from 40% in FY 2022, while interest income contribution increased to 64% from 60% in 2022. Analysts expect earnings growth to slow slightly in FY 2024 as recent policies suggest non-repetition of huge revaluation gains. However, the high-interest rate environment should sustain interest income growth.

Access Holdings' gross earnings increased by +129.28% to N974.24 in Q1 2024 from 424.92 in Q1 2023, leveraging similar drivers in FY 2023. The sizeable foreign exchange gains (N214.99bn), fees and commission income (N112.38bn), and interest income (N719.60bn) pulled up gross earnings (see chart 1).

Chart 1:

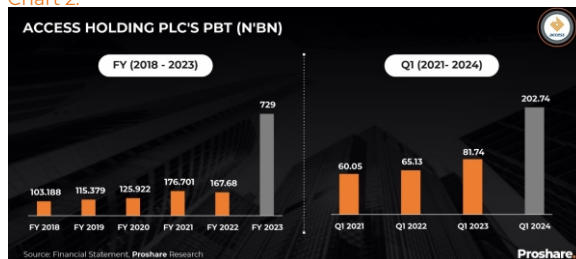


### Profitability.

Nigeria’s inflation maintained an uptrend in 2023, putting pressure on firms operating costs. Access holdings operating and personnel expenses increased by +36.43% and +43.97% to N167.90bn and N465.67bn in FY 2023 from N116.62bn and N341.32bn in FY 2022, respectively. Income generated from digital lending grew to N33.7bn in FY 2023 from N23.4bn in FY 2022 despite the marginal decline in value and volume, strengthening the income level. The robust gross earnings concealed the high cost, generating +334.76% in profit before tax to N729.00bn in FY 2023. The new finance act led to a +642.16% spike in income tax, eating the post-tax profit to N619.32bn. Nevertheless, the PAT grew by +305.05% from N167.68bn in FY 2022.

In Q1 2024, the group remained profitable as profit before and after tax grew by +148.47% and +121.85% to N202.74bn and N159.29bn, respectively. Net and non-interest income cushioned higher operating expenses during the period (see chart 2).

Chart 2:



### Financial Position.

The Holdco’s total assets increased to N26.69trn in FY 2023, retaining the position as the highest asset size in the industry. The asset growth came from improved loans and advances (+60.50% Y-o-Y), investment securities (+93.48%, Y-o-Y), derivatives financial assets (+444.48%, Y-o-Y), and restricted deposits and other assets (+105.29%, Y-o-Y). The interest rate hike and naira devaluation necessitated loan book repricing, accounting for 46.44% of the total loan growth, with 14.01% for real growth.

A further breakdown of the loan book showed a distribution of 12% allocated to retail and 88% to corporate entities. The retail loans increased by +95.83% to N943.26bn while Corporate Entities loans rose by +53.59% to N7.09trn in FY 2023. While these figures might have suggested increasing lending, the percentage of loans to total assets indicates a decline.

The loans to customers as a percentage of total assets have declined from 40% in FY 2018 to 30% in FY 2023, revealing a dilution in lending compared to previous years. This pattern might be due to the high default risk and strained macroeconomic environment to prevent bad loans. However, investment securities have risen from N501.07bn in FY 2018 to N5.34trn in FY 2023, showing a diversion into investment, specifically off-the-balance sheet assets.

The Holdco had N3.54trn total derivative assets in FY 2023, higher than N1.74trn in FY 2022. Access holding inorganic expansion has continued to drive customer deposit growth, rising to N15.32trn in FY 2023 from N9.25trn in FY 2022. Also, Deposits from financial institutions increased by +121.27% to N4.44trn in FY 2023 from N2.01trn in FY 2022. The +74.98% growth in retained earnings drove shareholder funds to N2.19trn in FY 2023 from N1.23trn in FY 2022. Under the non-banking verticals, the asset under management reached N1.1trn in FY 2023, rising by +23.8% from N896.00bn in FY 2022 for access pensions.

In Q1 2024, Access Holding increased by +106.91% to N32.57trn from N15.74trn in Q1 2023, driven by higher loans and advances, investment securities and derivative financial assets. The improved profitability raised the group's retained earnings to N884.94bn, feeding into higher shareholder's funds to N2.55trn in Q1 2024 (see table 2).

Table 2:

	FY 2022 (N'bn)	FY 2023 (N'bn)	Q1 2023 (N'bn)	Q1 2024 (N'bn)
Loans and advances to banks	455.71	880.54	772.04	1,276.28
Loans and advances to customers	5,100.81	8,037.72	5,037.86	9,623.82
Investment securities	2,761.07	5,342.15	3,513.61	8,521.36
Deposits from financial institutions	2,005.31	4,437.18	1,820.67	6,654.41
Deposits from customers	9.251	15,322.75	9,940.86	18,079.79
Retained earnings	408.70	715.13	436.87	884.94
Shareholder's Fund	1,231.39	2,185.63	1,396.24	2,463.96
Total Assets	14,998.40	26,688.83	15,742.02	32,570.32

### Financial ratios.

Access Holding's key financial ratios improved in FY 2023. Stronger revenue and profitability showed better asset utilisation, as the return on equity (ROE) and assets (ROA) increased to 36.30% and 3.00% in FY 2023 from 13.30% and 1.10% in FY 2022, respectively. Similarly, the net interest margin (NIM) increased to 5.40% in FY 2023 from 4.00% in FY 2022, as the dominance of demand and term deposits allowed for cheap lending with interest income outrunning interest expense.

The CBN's monetary policy tightening resulted in higher lending and savings rates, thereby increasing the cost of funds to 4.90% in FY 2023 from 4.00% in FY 2022. Despite the high default risk environment, the Holdco's asset quality improved, with NPL declining to 2.80% in FY 2023 from 3.10% in FY 2022. The robust income diluted increased operating costs, reducing the cost-to-income ratio to 44.60% in FY 2023 from 57.90% in FY 2022. The cost-to-income ratio (CIR) was the lowest in the last six years, showing improved cost efficiency.

Access Holding's key financial ratios improved in Q1 2024. ROE rose to 6.25% from 3.28% in Q1 2023. Similarly, the NIM rose to 1.21% from 0.53% in Q1 2023, as lower cost demand and term deposits allowed for cheaper borrowing as interest income outran interest expense (see table 3).

Table 3:

	FY 2022 (N'bn)	FY 2023 (N'bn)	Q1 2023	Q1 2024
Cost-to-Income (CIR)	57.90%	44.60%	55.97%	52.02%
NPL	3.10%	2.80%	0.53%	1.21%
Net Interest Margin	4.00%	5.40%	3.28%	6.25%
Cost of Funds	4.00%	4.90%	0.63%	0.58%
Return on Equity	13.30%	36.20%	3.28%	6.25%
Return on Asset	1.10%	3.00%	0.63%	0.58%
Loan book-to-total assets	37.05%	33.42%	56.65%	33.47%
Cost of Risk	1.40%	1.10%	75.83%	44.07%
Loan-to-deposit ratios	49.36%	58.40%		
Liquidity ratio	39.50%	51.80%		

### Valuation.

Nigerian banks are perceived to be undervalued compared to other global lenders, especially with the price-to-book (P/BV) value below N1.00K. The 2023 market rally favoured the banking sector, with the NGX banking index making a year-to-date (YTD) return of 115% as of December 30, 2023, and Access Holding with a YTD return of 172%.

Despite the double-digit share price growth, the price-to-book value stayed below N1.00k but rose to 0.39x in FY 2023 from 0.25x in FY 2022, suggesting the group was still priced below its potential liquidation value. The price-to-earnings (P/E) ratio fell to 1.39x in FY 2023 from 1.89x in FY 2022, or lower than the peer average of 2.9x. Access Holding's market capitalisation rose to N853.09bn on December 29, 2023, from N302.13bn on December 31, 2022, driven by a rising share price (see table 4).

Table 4:

VALUATION	
	FY 2023
Price-to-earnings (P/E)	1.39x
Price-to-book (P/B)	0.39x
Market Capitalisation	N853.09bn

Source: Financial Statement, Proshare Research

### Share Price Movement.

Access Holdco's share price saw a bullish run in 2023, rising from N8.50k on January 03, 2023, to N23.15k on December 29, 2023. The bank's share price was relatively low in Q1 2023 but picked up momentum immediately after its dividend announcement in April, rising steadily to N18.90k on July 11, 2023, before tumbling to N14.95k on July 17, 2023. Analysts suspect that Holdco's mergers and acquisitions (M&As) across Africa and the start of operations in Paris encouraged investors to go long (buy) the bank's shares in Q2 2023. The stock price rose in November to settle at N23.15k on December 29, 2023, with a YTD return of 172%. The rally persisted in Q1 2024 but had a minor pullback after the CEO's (Herbert Wigwe's) death and its recapitalisation announcement. The share price picked up shortly, rising from N19.35k on February 27, 2024, to N24.50k on March 28, 2024. The appreciation was attributed to investors taking position ahead of the April 19, 2024, dividend payout. However, the stock had a year-to-date return of 5.83% as of March 28, 2024 (see chart 3).

Chart 3:



### Subsidiaries Performance.

The banking business continues to dominate the Holdco's activities, accounting for over 90% of assets and gross earnings. The top three banking subsidiaries in gross earnings and profit are Access Bank Nigeria, Access Bank UK, and Access Bank Ghana in FY 2023. South Africa's energy crisis, slow growth and inflation reflected in Access Bank South Africa's performance, generating a loss of N6.21bn in FY 2023, the highest loss among subsidiaries.

Access Bank Mozambique and Kenya equally made losses in FY 2023 at N1.31bn and N1.11bn, respectively. Across the banking subsidiaries, Ghana had the most efficient use of assets with a ROA of 3.84% despite the bank's exposure to sovereign bond default and challenging macroeconomic indicators. Nigeria had the highest return on equity (ROE) of 34.97%, showing efficient use of shareholder funds. Analysts believe the dominance of African countries in the banking subsidiary exposes it to exchange rate risk, debt sustainability distress, and geopolitical risk.

Access Pension Limited made the second-highest contribution to the Holdco, with a total asset of N19.70bn in FY 2023 and an asset under management (AUM) of N1.1trn, which generated N5.72bn profit before tax and N3.78bn post-tax earnings. The Hydrogen payment service subsidiary performance improved in 2023, with N1trn payment processed to generate a +100% growth in gross revenue and N161.00m profit before tax in FY 2023 from N1.1bn loss in FY 2022. The total asset has grown to N9.72bn in FY 2023 from N1.93bn in FY 2022. Under the non-banking subsidiaries, Access Insurance Brokers Ltd had the highest return on assets and equity at 61.71% and 96.43%, while the Hydrogen payment had the lowest at 1.66% and 5.69%, respectively (see table 5).

Table 5:

ACCESS HOLDING SUBSIDIARIES							
Banking Subsidiaries (N mn)	Operating Income	PBT	PAT	ASSET	EQUITY	ROA	ROE
The Access Bank, Nigeria	1,181,343	569,143	535,683	20,649,117	1,531,985	2.59%	34.97%
The Access Bank, UK	135,860	98,422	73,331	4,213,823	670,103	1.74%	10.94%
Access Bank, Ghana	133,525	77,719	39,753	1,034,341	154,364	3.84%	25.75%
Access Bank Rwanda	10,865	5,476	3,833	190,954	25,507	2.01%	15.03%
Access Bank, Congo	24,131	9,575	6,702	350,052	52,987	1.91%	12.65%
Access Bank, Zambia	17,214	6,852	4,796	301,750	31,572	1.59%	15.19%
Access Bank, Gambia	3,135	1,155	1,077	58,264	9,321	1.85%	11.55%
Access Bank, Sierra Leone	6,253	2,763	2,072	60,582	10,737	3.42%	19.30%
Access Bank, Guinea	4,159	353	362	65,456	22,717	0.55%	1.59%
Access Bank, Mozambique	20,099	-1,111	-1,982	324,333	38,626	-0.61%	-5.13%
Access Bank, Kenya	4,806	-1,305	-1,305	105,154	6,248	-1.24%	-20.89%
Access Bank, South Africa	9,472	-6,212	-6,213	313,772	44,415	-1.98%	-13.99%
Access Bank Botswana	21,838	2,368	1,821	652,465	93,143	0.28%	1.96%
Access Bank, Cameroon	7,226	2,291	2,291	153,602	23,010	1.49%	9.96%
Access Bank, Angola	9,227	824	475	--	--	--	--
Non-Banking Subsidiaries (N mn)	Operating Income	PBT	PAT	ASSET	EQUITY	ROA	ROE
The Hydrogen Payment Service Ltd BV	2,083	161	161	9,715	2,830	1.66%	5.69%
Actis Gol	1,147	1,136	1,136	18,956	18,004	5.99%	6.31%
Access Pension Limited	12,333	5,715	3,776	19,704	14,036	19.16%	26.90%
Access Insurance Brokers Ltd	313	216	215	350	224	61.43%	95.98%

Source: Access Holdings Financial Statement, Proshare Research

### Peer Analysis in FY 2023: A Hard Tussle.

The banking industry players saw gross earnings and profitability climb to a record high, benefitting from monetary policy rate (MPR) hikes

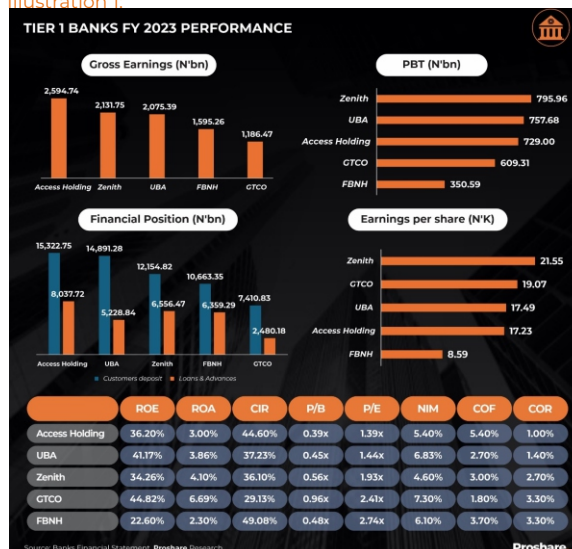
and naira devaluation. Among the tier 1 banks, Access Holding was first in gross earnings at N2.59trn, followed by other two banks with gross earnings above N2trn and FBNH and GTCO with earnings below N2trn at N1.59trn and N1.19trn respectively. The ranking was slightly different under profitability, with Zenith Bank taking the lead at N795.96bn, ahead of UBA (N757.68bn) and Access Holding (N729.00bn). FBNH was the lowest of the tier 1 banks at N350.59bn behind GTCO; despite GTCO being behind FBNH in gross earnings, GTCO was more profitable.

The bank's higher earnings nudged their earnings per share (EPS) to grow to double digits, except for FBNH, which had a single-digit growth at an EPS of N8.59k. However, Zenith had the highest EPS at N21.55k ahead of Access Holding, implying that Access Holding incurred high operating costs, eating into its profit numbers compared to Zenith Bank. However, Access Holding retained its position as the lender with the largest depositor base at N15.32trn ahead of UBA and Zenith, while GTCO had the lowest at N7.41trn.

Banks' financial ratios in 2023 were generally superior to the previous year, with GTCO seeing the highest net interest margin (NIM), return on equity (ROE), and return on asset (ROA). Also, GTCO was the most cost-efficient, with the lowest cost-to-income ratio (CIR) of 29.10%, while FBNH was the least efficient at 49.08%. The fundamental valuation of the banks showed that GTCO had the highest price-to-book value at 0.96x, but FBNH had the highest price-to-earnings (PE) at 2.74x, while Access Holding had the least at 0.39x and 1.39x, respectively. This implies that GTCO's market value reflected its underlying book value and earnings more than the remaining banks, while Access holdings might have more hidden value potential than others.

Despite the high-interest rate environment, GTCO had a 1.80% cost of funds, significantly lower than its peers, with Access Holding having the highest at 4.90%. However, Zenith had the highest Cost of risk at 7.30%, while Access Holding had the lowest at 1.00%. Regarding asset quality, Access Corp had the least non-performing loans (NPLs) ratio at 2.80%, and UBA had the highest ratio at 5.90%. GTCO shows better financial health than its tier 1 competitor based on financial ratios despite having the lowest gross earnings, profit, and asset size (see illustration 1).

Illustration 1:



## Closing Thoughts.

Nigerian banks had a profitable year in 2023, leveraging interest rate hikes and foreign asset holdings to post substantial gains. This outcome has stirred investor interest in the sector, reflected in the rise in the banking sector Index in the equities market as the NGX banking index has sustained an upward trend. The CBN's aggressive monetary tightening has indicated that bank earnings rally might persist with loan book repricing. However, the cap on banks' net open position (NOP) could reduce the growth of revaluation gains, as seen in 2023. Going forward in 2024, Nigerian banks' earnings might come mainly from interest income and off-the-balance sheet assets in 2024, suggesting tighter income channels than in 2023. Nevertheless, analysts expect Access Holding to sweat its large asset base through its strong participation in trade activities across Africa.

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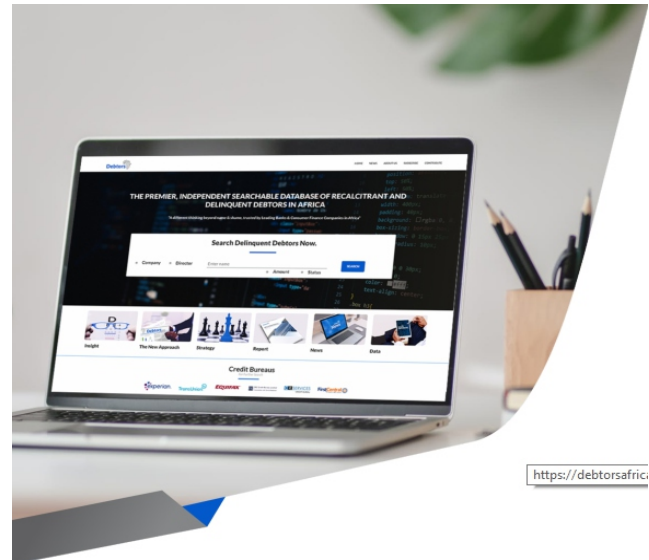
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