FIRST HOLDCO PLC
H1 2025
RESULTS PRESENTATION[1]

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Head, Investor Relations

Good afternoon, ladies and gentlemen. Welcome to the First HoldCo Plc half year 2025 results conference call. My name is Tolu Oluwole. We will begin with an overview by the Group Managing Director, Wale Oyedeji. Following that, we will proceed to a question-and-answer session. To ask a question, please indicate by using the "Raise Hand" icon. Once acknowledged, your microphone will be unmuted. Kindly remember to mute your microphone after speaking. Without further delay, I will now hand over the call to the Group Managing Director, Wale Oyedeji, for his overview. Please go ahead.

Adebowale (Wale) Oyedeji

Group Managing Director

Good day, ladies and gentlemen. I welcome you to today's call, where we will be discussing our H1 2025 results. Joining me on this call are Segun Alebiosu, the CEO FirstBank; Ini Ebong, Deputy Managing Director, FirstBank; Wale Ariyibi, the Executive Director/CFO FirstHoldCo; Patrick Akhidenor, the CRO, FirstBank and Tolu Oluwole, Head, Investor Relations, who has already introduced himself.

Specifically on slide five, I will outline our H1 2025 financial highlights, where we sustained our revenue momentum driven by robust growth in our core banking activities. Let me share some insights into the key financial highlights for the period, which demonstrate the inherent strengths of our Group. Gross earnings increased by 18.1% year-on-year to ₦1.7 trillion, primarily driven by growth in our core business. Notably, net interest income rose by 75.7% due to the growth and optimisation of our earning assets, supported by a favourable interest rate environment.

[1] Amended in places to improve accuracy and readability.

Profit before tax closed at ₦356.1 billion, influenced by the normalisation of foreign exchange gains and an increase in impairment charge as we strengthen our balance sheet for potential unresolved forborne loans. When adjusting for revaluation and fair value gains and losses, PBT would have increased by 147.2%.

We recorded strong net interest margins of 10.4% and an earning yield of 16.5%, while our cost of funds declined to 4.8% from 5.6% the previous year, as we continue to focus on profitability.

Further affirming the strength of our underlying business, gross fees and commissions grew by 30% boosted by a 25% increase in electronic banking fees. Additionally, electronic banking continues to contribute impressively to fees and commissions. Other notable growth areas include funds transfer and intermediation, which grew by 80.4% and income from letters of credit, which increased by 34%.

On slide six, you will see that the Group's underlying business model remains fundamentally strong and resilient. I want to share some key operational highlights that demonstrate the solid foundations of our Group. We continue to be the industry leader in Retail Banking. Since our inception in August 2019 to date, we have processed over ₦1 trillion in unsecured consumer lending on the fully AI automated First Advance platform. Additionally, we hold a leading position in electronic payments, with a 20% market share of commercial banking volume. We have processed more than 1.3 billion electronic banking transactions, indicating that our digital business remains robust. Our innovative capabilities, digital experience enhancements and our presence across various digital channels support this strength.

Our asset management subsidiary has retained its top position in the industry in terms of Collective Investment Schemes. We continue to invest in our agency banking offering to foster financial inclusion in the country. Currently, we have a large banking network of over 300,000 agents nationwide, who processed 121 million transactions valued at over ₦4.1 trillion in the first half of the year. FirstHoldCo remains a fundamentally strong business, and as a testament to this, Fitch Ratings has reaffirmed its long-term ratings of "B" for both HoldCo and FirstBank during the review period.

Concerning our strategic approach, I want to emphasise that our 2029 financial targets remain unchanged, reflecting the solid fundamentals of our business. This year, our immediate

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priorities include strengthening our earnings profile, completing FirstBank's recapitalisation well before the March 2026 deadline, and fully resolving forbearance loans by the end of 2025.

Our strategic focus is on expanding our service offerings across various customer segments, establishing new revenue streams, deepening our franchise penetration both locally and regionally, and digitalising and automating core processes to minimise human intervention.

The first pillar of our strategy is to continue to defend and extend our leadership position in our core businesses. In terms of digital banking, we plan to increase our market share by enhancing the customer's digital experience, increasing the reliability of our platforms and building our transaction capacity. For our Trusteeship and Asset Management services, our key goal is to protect our leadership position by leveraging institutional trust, track record and regulatory alignment. At the same time, we continue to maintain our market share in agency banking through scale and partnerships.

The second pillar of our strategic approach is to grow by increasing our services to more customers across different customer segments and by expanding geographically, not only in Nigeria, but also in selected regional markets. We plan to form new strategic partnerships that will enable us to access new markets and innovative technologies. We remain committed to driving digital innovation and technology adoption to improve efficiency and accelerate our agility and speed to market, allowing us to respond promptly to market dynamics and regulatory requirements.

Looking ahead, we have identified several key opportunities. Our focus is on developing customer-centric products and digital-first solutions to meet the diverse needs of different sectors of the population.

Concurrently, we will leverage the strengths of our franchise to enter new markets that offer an attractive risk-reward profile. Partnerships remain vital as we explore these new opportunities. Finally, we will continue to enhance our operational agility to respond swiftly to the dynamic and evolving market in which we operate.

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In concluding, I would like to address some recent developments that you may already be aware of. As you know, the Central Bank of Nigeria (CBN) has issued temporary restrictions on dividend payments, bonuses to Directors and Senior Management, and investments in foreign subsidiary banks for those banks under regulatory forbearance.

The forbearance loan facilities on our books primarily consist of syndicated loans to industry-wide sectors. As mentioned, the Group's Single Obligor Limit breach stems from two foreign currency loans that have been adversely affected by the Naira depreciation against the USD. The companies involved are operational and generating revenues. We are currently restructuring to amend the tenor of the facilities to align with the borrowers' cash flows. Any forborne loans that cannot be restructured will be fully provisioned by year-end.

Please recall that in 2024, the CBN mandated a new minimum capital requirement for banks, which also applies to FirstBank. We have successfully raised ₦147 billion and are currently in the process of raising an additional ₦350 billion through a phased private placement of shares. We expect FirstBank to comply with the minimum capital requirement by the end of Q3 2025.

Regarding the recent shareholder divestment, I want to emphasise that we obtained all necessary regulatory approvals for this transaction in a timely manner. The buyer, RC Investment Management Limited, is a Bridge Holder. This transaction will not impact our capitalisation plans or strategic direction. As a Group, we are committed to continuing dividend distribution in 2025 and beyond, and we remain focused on delivering sustainable value to our shareholders.

Before we begin the Q&A session, I want to take a moment to express my satisfaction with the strong performance of the Group in H1 2025. I want to thank the entire team, all our operating companies and their leadership for their outstanding contributions. We remain committed to our strategic goals and are confident in our ability to deliver optimal value to our shareholders.

On this note, I appreciate your time and will now hand it over to Tolu to moderate the Q&A session.

Thank you.

[1] Amended in places to improve accuracy and readability.

Tolu Oluwole – FirstHoldCo

Thank you, Wale. We will now proceed to the Q&A session. If you have questions, please use the "Raise Hand" icon. The first question comes from Olumide Sole. Olumide, please go ahead with your question.

Olumide Sole- Rencap

Good afternoon, everyone. Congratulations on the impressive results, especially when compared to my estimates for interest income and non-interest revenue; the results exceeded my expectations. To my question, I would like to start with forbearance. You mentioned that some of the assets are performing, while some unresolved forbearances will be provided for, which you have already provisioned in Q2.

What is the current balance or the value of the unresolved forbearances that the Bank will be providing for? This information will help us adjust our estimates and guide investors' expectations. Besides that, the NPL ratio is up to 12.9% in H1 2025 from 10.1% as at the end of December 2024. What was the reason for the increase in the NPLs? Is this still related to the same single obligor NPL mentioned during full-year 2024 earnings call?

Lastly, I did not see any growth in the loan book in H1 2025 compared to H1 2024. What is the reason for this? Are we seeing a reallocation to government securities, which is why the loan book growth has been limited? These are my questions for now.

Wale Oyedeji – GMD FirstHoldCo

Thank you for your questions and your kind remarks. I would now like to invite the Bank CEO, Segun, to address the comments you raised.

Segun Alebiosu- CEO FirstBank

Thank you. I noticed from the chat room that Nabila's questions are quite similar so that I will put them together. As we have communicated, we plan to exit forbearance by the end of the year. For SOL forbearance, as expected to raise about ₦350 billion, ₦125- ₦130 billion will be coming in this quarter. The remaining amount will be raised by the end of the year, which will help resolve the SOL breach.

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Some of the accounts under forbearance are currently undergoing restructuring, and they still have cash flow. Therefore, not all accounts under forbearance are classified as NPLs. Some of these accounts have receivables that are higher than their exposure to the banking industry, and they have cash flow backed by the Federal Government guarantees. For example, players in the power sector that recently received government approvals to be paid about ₦ 4 trillion, and of course, since this cash flow is coming in, it is not something that you want to classify as NPLs. By the end of the year, we are optimistic that the situation surrounding the forborne loans will be clearer and we will fully exit forbearance. These efforts are in progress, and I assure you that by year-end, it will be evident that FirstHoldCo will continue to pay dividends. The cost of risk will be higher than 3% by the end of the year, and we will address any outstanding issues that could impede our exit from forbearance. Importantly, this is a one-off situation as we address the challenges.

Regarding our dividend policy for 2025/2026, we intend to resume active dividend payment. In terms of the financial targets for 2029, as shown in slide 7, all our ratios, including capital adequacy, remain strong alongside our profits. The worst-case scenario would involve dedicating a portion of our profits to loan impairment, which can sometimes affect our capital. We will work to mitigate this and successfully exit forbearance.

Additionally, there was a question regarding the elevated NPL ratio. This is largely due to two forborne loans that we have previously downgraded, as there is currently no immediate action or cash flow associated with those transactions. Otherwise, the NPL ratio would have been below 10%.

Tolu Oluwole – FirstHoldCo

Thank you, CEO. We take the next question from Stephen Chima.

Stephen Chima – CardinalStone

Good afternoon. I have two quick questions. What is the update on the Bank's oil and gas exposure that triggered the initial spike in NPLs last year? Also, are there any expectations for booking additional windfall taxes this year? Thank you.

[1] Amended in places to improve accuracy and readability.

Segun Alebiosu- CEO FirstBank

Thank you. On the oil and gas loans that contributed to the NPL spike last year, we are actually working towards a resolution, and there is a high possibility that the issues will be resolved before the end of this year. If not this year, it will be next year. All parties are collaborating to ensure it is promptly resolved. As for a windfall tax, it seems unlikely given the current FX direction, where the currency is relatively stable.

Wale Oyedeji – GMD FirstHoldCo

There are some questions in the chatroom. The first question is regarding how we plan to raise capital. We have mentioned several times that this will be done through a private placement program. We will raise ₦350 billion in tranches; the first ₦125 billion is expected to be concluded by Q3 2025.

Another question pertains to the conclusion of the sale of the Merchant Banking business. We are currently awaiting final regulatory approval to conclude the transaction. Thank you.

Tolu Oluwole – FirstHoldCo

Okay, we will take the next question now, and that is from Nik. Please go ahead with your question.

Nik Dimitrov – Morgan Stanley

Hi there. Good afternoon. I have a couple of questions, and you may have covered this already, but I might have missed it. Currently, the NPLs stand at 12.9%. Your guidance indicates that you plan to reduce NPLs to 5% or below by year-end. How do you intend to achieve this? Is it through restructuring or write-offs?

Secondly, I know you have a Eurobond maturing in October, so we have a few months left. I would like to know your plans regarding that; do you intend to repay it or refinance it? If you plan to repay it, do you have the necessary funds available? Thank you.

[1] Amended in places to improve accuracy and readability.

Wale Oyedeji – GMD FirstHoldCo

I will have the Bank's CEO address the second question. The first one is straightforward. We initially set a target for 2029, which is the end of our strategic planning period. However, we are aiming to reduce NPL materially from the current levels. CEO, please respond.

Segun Alebiosu- CEO FirstBank

Thank you. As mentioned earlier in this call, we will repay the Eurobond. We also have sufficient foreign currency liquidity; in fact, if you required the funds today, we could repay them immediately. Our guidance for the Capital Adequacy Ratio (CAR) in 2025 is that it will be above 17%. Currently, we are above 17%, and it cannot go lower.

Tolu Oluwole – FirstHoldCo

There is a question here from Iyanuoluwa. We noted that the asset yield rose to 14.3%, largely due to the repricing of customer loans. Could you provide more details on what specifically drove this significant increase? Was it across the entire loan book, or was it concentrated in certain segments? Also, considering that the broader yield environment has not exactly been particularly favourable, we need to understand what materially supported this rise.

The second question states that the allowance for loan losses has declined by about 20% this year. Should we interpret this as an improvement in asset quality, or were there significant write-offs that impacted the allowance?

Segun Alebiosu- CEO FirstBank

Thank you, Iyanuoluwa. As at H1 2024, our cost of funds was above 5%. Today, it stands at about 4.8%. For a bank of our size, you can imagine what that would mean. The yield environment has increased, impacting not just the repricing of loans but also our overall ALM to ensure we maximise the rates. Regarding our loan loss allowance, we have seen improvement this year. The perceived increase observed is primarily due to a write-off in H2 and the removal of one of the legacy loans. While we continue to pursue recovery on these loans, we have accelerated our impairment provisions, which is why the numbers are up, despite having made an impairment of nearly ₦184 billion in H1.

[1] Amended in places to improve accuracy and readability.

Tolu Oluwole – FirstHoldCo

We have some questions in the chat room. Do we think that the provisioning towards the end of the year, as we approach the end of the forbearance period, will not have any impact on the balance sheet? Is it safe to assume that we will see similar levels of impairment in the first half as in the second half?

Segun Alebiosu- CEO FirstBank

Thank you. Yes, we can safely assume that there will be no negative impact on the balance sheet, and it is reasonable to expect the same level of impairment in H1 as in H2.

Tolu Oluwole – FirstHoldCo

There is a question in the chatroom asking how the Bank is benefiting from the current fluctuations in the fixed income space, especially considering that yields on T-bills have contracted significantly. Thank you

Ini Ebong- Deputy Managing Director, FirstBank

The changes in interest rates have indeed been beneficial for the Bank. One of the things we pride ourselves on at FirstBank is our ability to optimise and extract value from our treasury function. We strive to position ourselves advantageously to benefit from market movements. Yes, the rising rate environment at the beginning of the year has worked in our favour. Moreover, we are actively identifying significant market opportunities as pricing and rates evolve. We will continue positioning our balance sheet to capitalise on these advantages. Thank you.

Tolu Oluwole – FirstHoldCo

Now, we will take the next question from Sodiq Safiriyu.

Sodiq Safiriyu – SBG Securities

Good afternoon. Thanks for taking my questions. It was mentioned that RC Investment Management Limited is acting as a Bridge Holder. Does this imply that it is a temporary holding? Will we receive clarity on the future implications for the structure of shareholder holdings?

[1] Amended in places to improve accuracy and readability.

Secondly, could you provide guidance on the cost of risk and the NPL ratio? I know you mentioned in one of the responses that guidance for the NPL ratio below 5% is set for 2029, but it would be helpful to have specific guidance for 2025 as well.

Lastly, what is the expected dividend payout ratio for 2025? I understand that the Bank intends to continue paying dividends in 2025 and beyond.

Wale Oyedeji – GMD FirstHoldCo

Thank you, Sodiq, for your questions. Indeed, you have answered the question: RC Investment Management is a Bridge Holder, meaning this is a temporary arrangement. Ultimately, the shares will be disposed, and there are a range of options available. As previously mentioned, this transaction was conducted under regulatory approvals, and our plans have been communicated to the regulators. Ultimately, you will see that those shares will be sold in the retail market.

Regarding dividend payout, please note that dividends are paid out of FirstHoldCo. Historically, we have achieved a payout ratio close to 90% and will continue to operate within that range. It is also important to recognise that we have a Group with diversified income streams. Aside from the Bank, we have the asset management business, an investment banking business, and a trusteeship business. Dividends from these businesses will continue to be paid, and we expect stronger contributions from them, so we will be able to maintain a robust dividend payout. Now, I will allow the Bank's CEO to provide guidance on the cost of risk and NPL. Thank you.

Segun Alebiosu- CEO FirstBank

Thank you. Regarding the cost of risk, the guidance is that it will be above 3%. Currently, we will be unable to provide complete guidance on the cost of risk because, as I stated earlier, we need to exit forbearance. Also, we expect the NPL ratio to be above 5%, based on current data. Our primary focus is to ensure that we successfully exit forbearance.

Tolu Oluwole – FirstHoldCo

We will now take the next question from Isaac.

[1] Amended in places to improve accuracy and readability.

Isaac Osaro- WSTC

Good afternoon. My first question is about the balance sheet. Year-to-date, your loans and advances to customers have grown by just 1%, while your customer deposits have increased by 4%. Should we expect this growth trend to remain sluggish in the second half of the year?

My second question relates to the potential for a rate cut before the end of 2025. This could impact both your borrowings and your loans. Will there be any repricing when that happens? Furthermore, we have observed declining yields in the market. If your loans to customers are not increasing, what other avenues are you considering? Do you expect to grow your loan book, or will you be repricing your loans to customers? Please provide some clarity on this matter.

Ini Ebong- Deputy Managing Director, FirstBank

That is a good question. As the GMD mentioned earlier, the key factor is how efficiently we manage our Asset-Liability Management (ALM) operations. We have witnessed the unwinding of unorthodox monetary policies, the normalisation of interest rates, and an increase in interest rates. With the Central Bank's shift toward market-determined operations, we expect the markets to respond. While yields have been trending down due to increasing demand for securities, which has created some volatility, we will position our balance sheet to maximise our potential. Regarding the overall direction of rates, the outlook on inflation remains uncertain, though it is still relatively high. I do not anticipate a significant change in the CBN's monetary policy bias. With elections approaching, it seems likely that fiscal measures will be implemented. My perspective is that CBN might try to stay ahead of these developments. It is premature to expect a fundamental change at this stage, considering the challenges that may arise. Nevertheless, our focus at FirstBank is to position ourselves to capitalise on available opportunities. Thank you.

Wale Oyedeji – GMD FirstHoldCo

There is a question on the platform about the NPL coverage.

[1] Amended in places to improve accuracy and readability.

Segun Alebiosu- CEO FirstBank

Thank you. On NPL coverage, there is no cause for concern. We assure you that by the end of the year, you will see a minimum of 70% coverage. The current decline in the coverage ratio is due to some loans being classified as stage 3.

There is another question on the increase in salary/personnel costs. Last year, inflation in Nigeria was 34%, prompting employers to adjust salaries accordingly. In H1 2024, you will not see the impact of this adjustment, as it will take effect in the second half of 2024. This is why you are observing the impact in the first half of this year. Thank you.

Tolu Oluwole – FirstHoldCo

Thank you. I believe we have a follow-up question from Isaac.

Isaac Osaro- WSTC

The question regarding the slow growth in deposits and loans to customers was not fully addressed. Should we expect the same trend to continue in the second half of 2025, or do we expect to see an improvement in those numbers?

Segun Alebiosu- CEO FirstBank

Yes, we anticipate growth in loans in H2 as the interest environment moderates. When the Monetary Policy Rate (MPR) was 27.5%, many customers with investment-grade ratings turned to the Commercial Paper (CP) market to raise funds. As the interest rates begin to moderate, the CPs will mature within 90 to 180 days, and banks will use loans to replace the CPs.

Again, as rates moderate in H2, there will be an increased appetite for bank loans. On deposits, we foresee a similar trend because last year, foreign deposits were being revalued at around ₦1,600. However, the current exchange rate has moderated towards ₦1,500. The ₦100 difference has a significant impact on a large foreign deposit base.

Wale Oyedeji – GMD FirstHoldCo

Also, it is worth noting that our Naira deposits have grown by 18% this year, which is quite strong. As previously mentioned, we are focusing on deepening our core operations. Our ability

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to generate liabilities in local currency is crucial to our business, and we have performed well in that area. Thank you, Isaac

Tolu Oluwole – FirstHoldCo

That partly answers Stephen Chima's question about any unique strategies in place to support non-interest revenue growth going forward. I will allow the Bank's CEO to elaborate on that, but you can already see it manifest in the current year. In terms of transactional velocity in the payments space among commercial banks, we ranked number one. However, I will allow the Bank's CEO to provide specifics.

Segun Alebiosu- CEO FirstBank

Thank you. I am sure you know that in the banking industry, FirstBank is a leader in transaction enabling services, the statistics can be verified on our FirstMobile money and agency banking.

Wale Oyedeji – GMD FirstHoldCo

Thank you. There is a question I think we addressed earlier on the status of the Bridge Holder. It is indeed a temporary arrangement. Those shares will be disposed of in an orderly manner in line with our agreements with the regulatory authorities, as mentioned earlier. Thank you.

Tolu Oluwole – FirstHoldCo

There are no further questions at this time. I will now hand over to the GMD, Wale Oyedeji, for the closing remark. Thank you.

Wale Oyedeji – GMD FirstHoldCo

Thank you again for attending this investor call. We appreciate the time you have spent with us during this session. We remain committed to strengthening our leadership in the business areas. We will focus on the core to ensure we come out first. We are also evaluating new business adjacencies that will help us reach a number of customer segments. You will be hearing very soon about what we are doing in that space. We are committed to being a strong organisation. You can see from our results at the end of the first half of 2025 that the robust growth is in our core business. We hope to sustain that and work out the issues mentioned about forborne loans. We are committed to the aspirations that we shared last year. We look

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forward to a more interesting, more exciting and more rewarding second half of the year. Thank you very much once again for your time. We appreciate you. Thank you.

Tolu Oluwole – FirstHoldCo

Thank you, GMD. That concludes the FirstHoldCo half-year financial results conference call. Thank you all for your time. Bye for now.

[1] Amended in places to improve accuracy and readability.