

# FIRST HOLDCO PLC

## 9M 2025

### RESULTS PRESENTATION\*

**Tolu Oluwole**

**Head, Investor Relations**

Good day, everyone, and thank you for joining us on the FirstHoldCo Nine months results conference call and we appreciate your continued interest. We will begin with an overview by the Group Managing Director, Wale Oyedeleji, and proceed to the Q&A session. If you have any questions, please use the raise hand function and you will be called upon to speak. The questions will be taken in batches, however, if you have any further questions, please feel free to indicate and you will be called upon again. Once you finish asking your question, please mute your audio. Also, questions will be taken from the Q&A section of the platform at intervals. Without further delay, I welcome Wale for his opening remarks. Please go ahead.

**Wale Oyedeleji**

**Group Managing Director**

Good day, ladies and gentlemen. I welcome you to today's call, where we will be discussing our Nine Months 2025 results. Joining me on this call are Segun Alebiosu, the CEO of FirstBank; Ini Ebong, the Deputy Managing Director of FirstBank, who will be joining online and Tolu Oluwole, Head, Investor Relations, who has already introduced himself. Also on the call are Wasiu Shafe and Yemi Adesanya, the financial controllers for FirstHoldCo and FirstBank, respectively.

I will begin by providing a brief overview of the key financial and operational highlights for this period and then we will proceed directly to the Q&A session.

On slide 5, I will share some insights into the key financial highlights for the period, which demonstrate the inherent strength of our Group. Gross earnings increased by 17.1% year on year to ₦2.6 trillion, driven by the growth in our core business, with net interest income up by

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\* Amended in places to improve accuracy and readability.

71.7% on the back of loan growth and optimisation of earning assets and an improvement in our cost of funds to 4.9% from 5.6% in the prior year.

The decline in profit before tax is directly attributable to the normalisation of fair value gains and the measures implemented to strengthen the balance sheet for the long term. Our strategic risk management initiatives are already yielding positive results, as evidenced by an improvement in the NPL to 8.5%. The strength of our business model is reflected in the improvement in gross fees and commission income, which is up 26.9% year on year, underpinned by robust growth in income from letters of credit, e-banking and funds transfer and intermediation.

We are pleased to announce that FirstBank, our flagship subsidiary, successfully redeemed its \$350 million Eurobond upon maturity on October 27, 2025. This redemption demonstrates the Group's strong foreign currency liquidity and sound liability management, further establishing our reputation as a preferred issuer within the international investment community.

During the period, leading credit agencies such as S&P and GCR reaffirmed their ratings for HoldCo and the Bank, which further validate the Group's robust and enduring credit quality and stability.

Additionally, we launched our seventh Digital Experience Centre, further strengthening FirstBank's position as a leader in innovation and customer-focused banking. Each centre is designed to enhance accessibility, efficiency and personalised service, providing an improved, seamless banking experience while upholding our commitment to serving and prioritising our customers.

We are proud to announce the successful integration of the Pan African Payment and Settlement System (PAPSS) into our digital platforms. This achievement expands our cross-border payment capabilities, strengthens our digital service offerings and facilitates intra-African trade under the African Continental Free Trade Area (AfCFTA).

Our network of agents continues to grow. We now have over 308,000 agents creating more than 700,000 jobs. These agents processed over 170 million transactions during the period.

To conclude on this slide, I want to reiterate that our financial targets and strategic approach for 2029 remain unchanged. The fundamentals of our business are solid, and we plan to continue growing and generating value for our stakeholders.

On Slide 6, I want to update you on our forborne facility and the recapitalisation process, as I know this is of interest to you. As mentioned previously, NPL improved to 8.5% following recoveries and progress in the performing status of the loan book. We are still on track to resolve the single obligor limit position by year end. Importantly, I want to emphasise that the obligors remain operationally active and continue to generate robust revenues.

We are pleased to confirm that the first phase of the private placement capital raise has commenced. We will obtain the regulatory approvals required to conclude the transaction and close out this first phase in November 2025. This means that FirstBank will comply with the minimum capital requirement by year-end. In the upcoming year, we intend to make progress on the balance of our ₦350 billion capital raise program. The funds obtained will be strategically allocated to advance our objectives and capture new value-accretive opportunities.

Before we proceed to the Q&A session, I want to take a moment to express my satisfaction with the Group's strong performance during this period. I would like to thank the team, as well as all our operating companies and their respective leadership, for their valuable contributions. We remain committed to achieving our strategic goals and are confident in our ability to deliver optimal value to our stakeholders. Thank you for your attention. I will now hand over to Tolu, who will moderate the Q&A session. Thank you.

### *Q&A Session*

#### **Tolu Oluwole- FirstHoldCo**

Thank you, GMD. As a reminder, please use the raise hand function to ask questions. The first question will be taken from Ahmad Buhari. Please go ahead.

#### **Ahmad Buhari- Chapel Hill Denham**

Good afternoon. Thank you very much for taking my questions. I have a few questions, please. The first one is what should we expect in dividends for full year 2025 and full year 2026?

Secondly, regarding the prudential regulations for holding companies to have the minimum paid up capital for the HoldCo to be greater than the sum of the minimum paid up capital of its

subsidiaries. Is FirstHoldCo currently in line with this regulation? And if not, what is the shortfall?

Next is regarding the NPL. What are Management's plans for reducing the NPL ratio? Has the sale of the Merchant Banking business been concluded? And if not, what is the status of this, please?

Finally, what are your thoughts on the pension recapitalisation and its implications for the PFC business? What is the shortfall, please? Furthermore, what are the plans around recapitalising?

Thank you.

**Wale Oyedele- FirstHoldCo**

Thank you very much. As we had reiterated to the market, the HoldCo will continue to pay dividends for 2025 and 2026.

Remember that we have non-bank subsidiaries within our Group that typically upstream dividends to us. Therefore, we will pay a decent dividend. In 2026, there will be a significant increase in dividends paid, on the back of all our operating entities upstreaming dividends to the HoldCo, which we will pay to our shareholders.

Regarding the minimum paid up capital regulation for holding companies, we will work towards it. If there are differences, we will work with the regulators to resolve them.

I will address the question regarding the Merchant Banking sale. I can confirm that it is closed and contingent upon regulatory approval. We have reached the conclusion of that transaction. The Bank's CEO will address the NPL issue and the pension capital implications for the PFC, which is a direct subsidiary of the Bank. Thank you.

**Segun Alebiosu – CEO, FirstBank**

Thank you for your question. To clarify, yes, HoldCo has capital that exceeds the total capital of its subsidiaries. It is important to note that HoldCo is a shareholder in the Bank, meaning that HoldCo's capital is invested in the subsidiary. The reverse situation, where the subsidiary's capital is deployed to HoldCo, does not occur.

When you review the figures, the aggregate capital is always accounted for. You may consolidate the numbers yourself, but ultimately, the consolidation process ensures accuracy.

In practice, under an operating HoldCo structure, CBN deducts subsidiaries' capital from the Group's capital before arriving at the Capital Adequacy Ratio. This addresses the concern and confirms our compliance.

Regarding NPLs, two to three obligors account for about 70% of our NPLs. We are actively working to resolve this. Within the next six months, and even before year end, there will be significant progress. However, it might not be possible to reclassify these accounts as performing before year end, as prudential guidelines require at least two consecutive quarters of consistent performance before such reclassification. While this makes year-end reclassification unlikely, however, by mid-next year, we expect either to have these accounts as performing or we take decisive action on them.

The last question relates to our pension custodian business. We are fully compliant with regulatory requirements, which stipulate a minimum of ₦25 billion and then 0.2% of assets under management. As of today, the PFC shareholders' fund exceeds ₦36 billion, well above the required threshold. The only implication we may see across the industry is that it could limit the size of dividends that can be upstreamed, not that dividends will not be paid.

Currently, we are solid and sound, and there is no need for us to invest additional funds in that business. Thank you.

#### **Tolu Oluwole- FirstHoldCo**

Thank you, CEO. We move on to the next question, from Stephen Chima, who requires clarification on the facilities or sectors that have seen the most recoveries in the Bank's loan book.

#### **Segun Alebiosu – CEO, FirstBank**

Recovery, in this context, refers to a reduction in NPLs. This was particularly evident in the manufacturing sector. Even when challenges did arise, the sector remains closely tied to the broader economy, and its business activities reflect this connection. As the economy improves, that positive momentum naturally filters into their activities. We have already begun to see positive progress in this area.

Regarding NPLs, the real problem has consistently stemmed from the oil and gas sector. The issues began around 2013, when the industry underwent indigenisation. Nigerian operators

acquired assets through funding which subsequently led to crises across the sector. A closer review of the industry's players reveals these patterns clearly. However, outside of oil and gas, sectors such as telecoms, manufacturing, trade and services have shown improvements. Thank you.

**Tolu Oluwole- FirstHoldCo**

We will move on to the next question from Ngozi, who asks about the progress of the private placement capital raise and the total amount expected to be raised.

**Wale Oyedele- FirstHoldCo**

Thank you, Ngozi. We have a ₦350 billion program that we seek to execute. Like I mentioned earlier in my opening remarks, we would conclude the entire ₦350 billion in 2026. Today, our focus is on raising funds through a private placement in the first tranche to take the Bank to the ₦500 billion capitalisation stipulated by the Central Bank. Put it this way: we would have all the funds required from the private placement, plus any other resources of FirstHoldCo, to meet the Bank's ₦500 billion capitalisation requirement. If I am not mistaken, that totals about ₦122 billion, which will make FirstBank compliant with the CBN minimum capital requirement. That will be achieved by the end of November 2025. Thank you.

**Tolu Oluwole- FirstHoldCo**

Thank you. We have a follow-up question from Stephen Chima regarding the expected year-end cost of risk.

**Segun Alebiosu- CEO, FirstBank**

Thank you, Stephen. The full-year cost of risk will be less than 5%. To further clarify, the GMD was being diplomatic in his response to the private placement. The reality is ₦122 billion is already secured. We are only waiting for regulatory clearance. The funds are already with FirstHoldCo.

**Tolu Oluwole- FirstHoldCo**

Thank you, CEO. We have a question on the FCY and LCY breakdown of the loan book, as well as the split for deposits and other liabilities.

**Segun Alebiosu- CEO, FirstBank**

For the loan book, given that all other exposures outside Nigeria will be denominated in foreign currency, the current split is 49% in foreign currency and 51% in local currency. Moreover, by the year end, we are likely to see a reduction in that position. For liabilities, about two-thirds of our deposits are in local currency and about one-third in foreign currency. Thank you.

**Tolu Oluwole- FirstHoldCo**

Thank you, CEO. Moving on to the next question. Gloria Fadipe wants to know what drove the significant moderation in interest expense over the Nine Months period and the status of the forbearance loans.

**Segun Alebiosu- CEO, FirstBank**

For Nine Months, we set out to reduce our interest expense by closing out expensive deposits. It was a deliberate plan by the Bank to pay down on expensive deposits. We wanted low-cost funding deposits to help us navigate next year; you will likely observe a similar trend. This is deliberate, and we are working to ensure that our cost of funds reduces further.

On forbearance. By the year end, we would have fully exited forbearance. Furthermore, the main issue at hand today is the Statement of Loss (SOL). As stated by the Group Managing Director, those accounts remain very active, and by year-end, the SOL breaches will be resolved. Thank you.

**Tolu Oluwole- FirstHoldCo**

Thank you, CEO. There is a question on the resolution of the GHL legal disputes.

**Wale Oyedeleji – FirstHoldCo**

There is also a question on Aiteo, and the CEO will take them together.

**Segun Alebiosu- CEO, FirstBank**

Yes, FirstBank is one of the banks that syndicated the Aiteo loan facility. Aiteo upstream has been undergoing restructuring, and as of June, all the banks resolved to reclassify the loan accordingly. Once the restructuring process is completed, the account will be regularised. On the General Hydrocarbon (GHL) legal issue, as you are aware, the Bank won the arbitration. In fact, the GHL case was dismissed, and FirstBank was described as beyond reproach to the client.

Secondly, the issue before the Court of Appeal is straightforward: FirstBank won and has a mandate to sell the crude. The Registrar of the Court of Appeal will act on the Court of Appeal's decision, so cash flow is imminent. I hope this clarifies your question.

Given these two judgements, the path is now clear for full resolution of the GHL issue. This is one of the NPLs we spoke about earlier. Once that is off our books, you will see the NPL ratio decline rapidly. Thank you.

**Tolu Oluwole- FirstHoldCo**

Thank you, CEO. We will now take the question from Juliet Ikuomola, who congratulated us on our Nine Months results and is seeking clarification on what drove the decline in the Group's non-interest income and the increase in impairment charges.

**Segun Alebiosu – CEO, FirstBank**

Non-interest income last year was high due to currency gains resulting from mark-to-market adjustments and fair value revaluations across the industry. In 2025, however, this has normalised, as you would have seen in the results published by other banks.

The increase in impairment charges reflects the end of forbearance, requiring banks to cover those exposures. You will observe across the industry, that banks are trying to cover those exposures to exit the forborne loans quickly. We are confident that by year-end, the NPL forbearance issues will be resolved.

**Tolu Oluwole- FirstHoldCo**

Thank you, CEO. On the same topic, we have a question from Olumide Sole. He noted that many banks have written off their forbearance exposures in their H1 2025 results. He further seeks clarification on how much FirstHoldCo has written off at this time.

**Segun Alebiosu- CEO, FirstBank**

I do not have an exact figure at hand, but I assure you we will be compliant by year end. Thank you.

**Tolu Oluwole- FirstHoldCo**

Thank you. There is a further question, although the Group Managing Director had already addressed the outlook for dividends. However, could you please repeat the outlook for dividends.

**Wale Oyedele- FirstHoldCo**

I answered that already. We are a Holding Company. Dividends will be upstreamed from our various businesses. There will be dividend payments in 2025, followed by a stronger, more robust dividend payout in 2026, when all our operating companies will be upstreaming dividends.

We missed a question regarding loan growth guidance for 2026. CEO, would you like to address that?

**Segun Alebiosu- FirstBank**

For 2026, depending on the variables and how the macro plays out, it is practically an election year. We expect rates to drop. We also expect currency to stabilise, barring any geopolitics factors that may affect the ecosystem. If that is correct, our loan growth for next year will not be less than 10%. Thank you.

**Tolu Oluwole- FirstHoldCo**

Thank you, CEO. We have another question from Gloria; she wants to know if you can also share the outlook for the cost of risk in 2026?

**Segun Alebiosu- CEO, FirstBank**

For 2026, the cost of risk will be less than 5%.

**Tolu Oluwole- FirstHoldCo**

Okay. Gloria, I hope that answers your question.

There is a question on interim dividends from Olumide regarding dividends and when to expect a return to interim dividends.

**Wale Oyedele- FirstHoldCo**

Thank you, Olumide. The jury is out on the significance or value of that, and we will decide at the appropriate time. However, honestly, we are committed to paying a substantial dividend to

our shareholders. As I mentioned earlier, dividends for the 2026 financial year will be quite strong. At that time, we will decide whether we want to pay interim dividends.

This year, we did not pay an interim dividend, but we can consider it for next year. However, honestly, the jury is out on the value in that. What we have observed at the AGMs is that when interim dividends are paid, people tend to forget about it and instead focus on the dividends declared at year end. Nevertheless, I want to assure you that we plan to return to paying substantial dividends to our shareholders in 2026. Thank you.

**Tolu Oluwole- FirstHoldCo**

Thank you, Wale. There is a follow-up question from Gloria, stating that a Cost of Risk range of less than 5% seems wide, and suggests that the cost of risk should be significantly lower, considering the largely de-risked balance sheet.

**Segun Alebiosu- CEO, FirstBank**

I cannot confirm whether it will be 1% or 2%, but it is safe to say it will be below 5%. At the beginning of this year, we did not expect to find ourselves in this situation; however, we are currently addressing forbearance and making significant provisions. What I can say with confidence is that by Q1 or Q2 next year, the guidance on the cost of risk will be clearer. We have seen many unexpected developments in the economy over the last 90 days. But they all indicate a positive direction. If you look at what has happened to FX rates, interest rates, inflation rates, and other macros, the overall outlook appears favorable, suggesting that next year could be better than we anticipated. The ratio may decrease faster than expected. Therefore, I would refrain from giving a specific figure but maintain that it would be less than 5%.

**Tolu Oluwole- FirstHoldCo**

Thank you, CEO.

**Wale Oyedele- FirstHoldCo**

Thank you Olumide, on capital raise utilisation, we had guided on the last investor call that the capital we will be raising will be injected to further strengthen the flagship subsidiary, FirstBank. We are also exploring new business adjacencies, and that capital will be deployed into those new areas of business that we are working on. To be candid, we are currently in advanced

stages of these discussions. We have clearly outlined and agreed upon how we will allocate the capital. At the appropriate time, we will come to the market to inform you of the transactions we have sealed and executed. I hope that addresses your question.

**Tolu Oluwole- FirstHoldCo**

Thank you, Wale. There is a question from Oluwadamilola Ige. He wants to know in which sectors most of the loan book growth of 9% occurred.

**Segun Alebiosu- CEO, FirstBank**

The 9% loan growth occurred across all the lines. Oil and gas contributed, driven by the increase in the cost of petroleum products in the last twelve months, which translated into higher values. We also saw translation impacts from both the manufacturing sector and the oil and gas upstream segment, not purely from new loan growth, but from currency translation effects that amplified exposures in those areas. In addition, we recorded growth in telecoms, as well as in general commerce and other sectors.

**Tolu Oluwole- FirstHoldCo**

Thank you, CEO. There is a question on how the CRR cut affect the Bank's loan growth and liquidity?

**Segun Alebiosu- CEO, FirstBank**

The CRR is across the industry and not specifically targeted at FirstBank. Yes, we have over ₦4 trillion CRR as a Bank. We must recognise that even if the entire fund were released to FirstBank, the economy might not be able to absorb more at the same time, particularly given inflationary pressures. I would not attribute this to loan growth, as credit demand has been subdued amid the high-interest-rate environment. Consumer purchasing power also declined. You know, inflation feeds on individuals' disposable income. On its own, it is effectively a tax on disposable income. High inflation has also impacted manufacturers, which in turn has reduced loan demand. Regarding liquidity, the 30% liquidity ratio indicates we hold excess liquidity. Nevertheless, we have managed this position effectively and continue to navigate through it successfully. Thank you.

**Tolu Oluwole- FirstHoldCo**

Thank you. There are no further questions at this time. I will then invite Wale to provide his closing remarks.

**Wale Oyedele- FirstHoldCo**

Thank you, everyone, for participating in this investor call. Our message to you is that our core business fundamentals are very strong. We have grown significantly and will continue to sustain that momentum while repairing and strengthening our balance sheet. As we have already indicated here, we would have addressed our forbearance loans by the end of the year, and 2026 looks to be a very promising year for the franchise.

Thank you for following us throughout the year and witnessing our transformation. We are committed to enhancing shareholder value and assured you that as we raise capital from the market, it will be deployed to enhance further value. I want to say a very big thank you and wish you a pleasant evening. Thank you for your time.

**Tolu Oluwole- FirstHoldCo**

Thank you for joining us for the FirstHoldCo Nine Months 2025 earnings call. This concludes our call, and we wish you a good day ahead. You may now disconnect.