FIRST HOLDCO PLC
Q2 2026

Earnings Report Update

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Company Overview

First HoldCo Plc is a diversified financial services holding company providing commercial banking, corporate banking, investment banking, asset management, and insurance brokerage services to individuals, SMEs, corporates, financial institutions, governments, and public sector clients across Nigeria and selected international markets.

The Group's core operations span retail and commercial banking, corporate and merchant banking, treasury services, investment banking advisory, capital markets, asset and portfolio management, private equity, trusteeship, and financial advisory services. Through its integrated financial services platform, First HoldCo delivers lending, transaction banking, wealth management, investment, and financing solutions across key sectors of the Nigerian economy. Founded in 1894 and headquartered in Lagos, the Group is one of Nigeria's oldest and largest financial institutions, with a long-established presence in the country's banking and financial services industry.

Revenue by Geography

Billion Naira	Q2 2025	Q2 2026	YOY
Nigeria	1,234.66	1,513.34	22.57%
Outside Nigeria	422.17	419.50	-0.63%
Total	1,656.83	1,932.84	16.66%

Source: *Company's Financial Statement*

Revenue by Segment

Billion Naira	Q2 2025	Q2 2026	YOY
Commercial Banking	1,610.85	1,844.38	14.50%
Investment Banking	43.22	46.13	6.73%
Others	2.76	42.34	1433.95%

Source: *Company's Financial Statement*

The Commercial Banking Group remained First HoldCo's primary earnings driver in Q2 2026, contributing **95.4%** of external revenue and **90.3%** of Group profit before tax, compared with 97.2% and 93.0%, respectively, in Q2 2025. Performance was supported by stronger loan growth, expanding customer deposits, higher transaction income and a **36.4%** decline in impairment charges, reflecting improved asset quality. Despite pressure on net interest margins from elevated funding costs, the segment continued to underpin the Group's earnings and balance sheet strength.

The Investment Banking and Asset Management Group contributed **2.4%** of external revenue and **4.3%** of Group profit before tax. Earnings were driven by stronger advisory mandates, asset management fees, treasury activities and capital market transactions, while a **184%** impairment write-back reflected improved credit quality and disciplined risk management. Although relatively small, the segment continued to strengthen the Group's recurring fee-based income base.

The Others segment accounted for **2.2%** of external revenue, up from 0.2% in Q2 2025, and contributed **5.4%** of Group profit before tax, reversing the marginal loss recorded a year earlier. The improvement was driven by stronger earnings from FBNQuest Merchant Bank, First Insurance Brokers, Rainbow Town Development Limited, and other HoldCo businesses, highlighting the growing contribution of non-core operations to overall profitability.

Geographically, Nigeria remained the Group's largest market, contributing **78.3%** of external revenue, up from 74.5% in Q2 2025, supported by stronger lending activity, transaction volumes and customer growth. International operations accounted for the remaining **21.7%**, down from 25.5%, reflecting softer regional earnings and currency translation effects. Nonetheless, the Group's regional footprint continues to provide earnings diversification and supports its long-term growth strategy.

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Financial Summary

Billion Naira	Q2 2025	Q2 2026	YOY
Net interest income	539.64	440.37	-18.39%
Net fee and commission	74.59	99.60	33.53%
Operating profit	169.28	331.94	96.09%
Profit before tax	169.67	332.42	95.92%
Profit for the period	118.68	258.33	117.68%
Total assets	27,199.12	30,647.07	12.68%
Total liabilities	24,252.28	27,019.81	11.41%
Total equity	2,946.84	3,627.26	23.09%
Net cash flow from operations	(1,010.43)	502.01	149.68%
Net cash flow from investing	(154.37)	(869.27)	463.12%
Net cash flow from financing	313.02	(305.81)	-197.70%
Closing cash balance	4,866.07	3,603.58	-25.94%

Source: *Company's Financial Statement*

Performance Highlights

- First HoldCo reported a significant improvement in Q2 2026 earnings, with profit after tax (PAT) increasing **117.7%** YoY, while profit before tax (PBT) rose 95.9%. The increase in profitability was supported by higher non-interest income, lower impairment charges and stronger operating earnings. Consequently, earnings per share (EPS) increased 71.6% to ₦11.74 from ₦6.84 in Q2 2025, reflecting higher earnings attributable to shareholders.

- Core interest income moderated during the quarter as interest income declined **14.6%** YoY, while interest expense fell **7.1%**, resulting in an **18.4%** decline in net interest income. However, the impact on core banking earnings was partly offset by a **48.8%** reduction in impairment charges to ₦75.79 billion, limiting the decline in net interest income after impairment to **6.9%.** This reflects lower credit provisioning during the quarter despite a softer interest income environment.

- Non-interest income was the principal driver of earnings growth. Net fee and commission income increased 33.5% YoY, supported by higher transaction volumes across the banking franchise. In addition, the Group recorded a ₦39.74 billion foreign exchange gain, compared with a ₦6.94 billion loss in Q2 2025, while FVTPL gains improved to ₦20.52 billion from a ₦5.75 billion loss. Gains on investment securities increased to ₦14.06 billion, while other operating income rose to ₦93.51 billion from ₦6.08 billion, reflecting a broader contribution from treasury, investment and other operating activities.

- Operating expenses increased at a slower pace than earnings. Personnel expenses declined 12.0% YoY, while other operating expenses increased 6.4% and depreciation rose 18.6%, reflecting continued investment in infrastructure and technology. As revenue growth outpaced operating costs, operating profit increased 96.1% to ₦331.94 billion, indicating improved operating leverage during the quarter.

- The balance sheet expanded during the quarter, with total assets increasing 12.5% to ₦30.65 trillion from December 2025. Growth was driven by a 32.6% increase in investment securities, 93.2% growth in financial assets at FVTPL, and a 6.1% increase in customer loans. On the funding side, customer deposits grew 16.2%, while deposits from banks increased 42.3%, supporting liquidity. Borrowings declined 50.4%, reducing reliance on wholesale funding, while total equity increased 9.9% to ₦3.63 trillion, primarily reflecting higher retained earnings.

- Q2 2026 earnings reflected a broader contribution from non-interest income, with higher fee and commission income, foreign exchange gains, investment income, and treasury activities offsetting weaker net interest income. Lower impairment charges further supported profitability, while stronger deposits, higher equity, and continued balance sheet expansion reinforced the Group's financial position. Although earnings became more diversified, part of the improvement was driven by foreign exchange and investment gains, which may be more volatile than recurring core banking income.

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Concerns Raised

The most notable concern remains the **18.4%** decline in net interest income, despite healthy loan and deposit growth. The reduction reflects pressure on asset yields and suggests that core banking earnings remain sensitive to Nigeria's evolving interest-rate cycle. Sustained earnings growth may therefore become increasingly dependent on non-interest income if margin compression persists.

Another concern is the heavy contribution of relatively volatile revenue lines. The quarter benefited from a swing to ₦39.74 billion FX gains, strong FVTPL gains and a sharp jump in other operating income to ₦93.51 billion. These earnings sources are inherently less predictable than recurring lending income, raising questions about the sustainability of the exceptionally strong quarterly profit growth.

Although asset quality improved during the quarter, investors should continue monitoring credit costs as customer loans expanded above 6% and deposits increased rapidly. Future changes in monetary policy, exchange-rate volatility or macroeconomic conditions could influence provisioning requirements and earnings quality over subsequent quarters.

OUR INSIGHT

“First HoldCo's Q2 2026 results represent one of its strongest quarterly performances in recent years, demonstrating significant improvement in profitability, capital strength and earnings diversification. The combination of expanding deposits, lower borrowings, improving asset quality and strong operating leverage provides confidence in management's execution following the Group's restructuring into a holding company.

From a long-term investment perspective, the fundamentals remain constructive. The Group possesses one of Nigeria's largest deposit franchises, a strengthening capital base and multiple earnings streams spanning commercial banking, investment activities and treasury operations. These characteristics support sustainable earnings generation over the medium to long term, particularly as the Group continues to deepen non-banking businesses within the HoldCo structure.

Key watchpoints into the next quarter include the sustainability of non-interest income growth, recovery in core net interest income, future credit costs, regulatory capital requirements and the execution of the HoldCo diversification strategy. Investors should also monitor whether future earnings remain supported by recurring operating income rather than market-driven gains, as this will ultimately determine the durability of shareholder returns.”

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