

FIRST HOLDCO PLC

Weaker NIR, higher impairments weigh on 9M'25 earnings

In its unaudited 9M'25 financial results, First Holdco Plc (NGX: FIRSTHOLDCO; TP: N35.31) delivered a softer earnings performance, as profitability weakened despite strong growth in core banking income. Specifically, Profit Before Tax (PBT) declined by 7.3% YoY to N556.5 billion, while Profit After Tax (PAT) fell by 15.5% YoY to N450.9 billion. The underwhelming performance was largely driven by the double-whammy of a steep drop in Non-Interest Revenue (NIR) and a sharp rise in impairment charges, which together offset the solid expansion in Net Interest Income (NII) during the period.

Net Interest Income (NII) rose by 71.7% YoY to N1.5 trillion, driven by the expansion in interest income (+40.4% YoY) and a tamer increase in interest expense (+4.3% YoY). The Group continues to benefit from a strong yield on its interest-earning assets (IEAs)—with its blended asset yield increasing by 2.5ppts to 17.2% in 9M'25, whilst attracting relatively cheap funding as cost of funds (CoF) tapered to 4.9% (vs 5.5% in 9M'24). Consequently, net-interest margin (NIM) soured to 11.2% (vs 7.9% in 9M'24).

In contrast, NIR declined significantly by 49.2% YoY to N296.9 billion, largely due to a fair value loss of N72.8 billion—a notable reversal from the N551.8 billion gain recorded in 9M'24. This masked positive contributions from foreign exchange-related gains (N71.5 billion from a loss in the prior period), and net fee & commission income (N213.7 billion) during the period.

Elsewhere, the Group's impairment charge for credit losses surged by 68.6% YoY to N288.9 billion, driven by higher loan provisioning (Q1'25 :N41.2 billion, Q2'25: N148.1 billion, Q3'25: N86.3 billion), causing cost of risk to rise to 3.8% (vs 2.7% in 9M'24). Additionally, operating expenses increased by 39.3% YoY— nudging cost-to-income ratio (CIR) to 52.4% (vs 46.4% in 9M'24).

Overall, the weaker earnings performance resulted in an annualized ROAE of 19.9% (9M'24: 32.3%) and ROAA of 2.3% (9M'24: 3.2%).

CardinalStone Research
research@cardinalstone.com

9M'25 Earnings Breakdown

N'billions	9M'25	9M'24	YoY	FY'25E	% of FY'25E
Gross Earnings	2,636.1	2,251.7	17.1%	3,363.3	78.4%
Interest income	2,292.4	1,633.0	40.4%	2,882.3	79.5%
Interest expense	(791.8)	(759.1)	4.3%	(1,049.1)	75.5%
Net interest income	1,500.6	873.9	71.7%	1,833.3	81.9%
Net impairment charges	(288.9)	(171.4)	68.6%	(450.6)	64.1%
Non-interest income	296.9	584.7	-49.2%	418.4	71.0%
Operating Expenses	(942.7)	(676.8)	39.3%	(1,125.8)	83.7%
Profit before tax	566.5	610.9	-7.3%	675.2	83.9%
Income tax expense	(108.5)	(84.6)	28.2%	(135.0)	80.3%
Gain/(Loss) from discontinued operations	(7.2)	7.6	NM	N/A	N/A
Profit for the period	450.9	533.9	-15.5%	540.2	83.5%

Ratio Analysis

Net-interest margin (NIM)	11.2%	7.9%
Cost-of-risk (CoR)	3.8%	2.7%
Cost to income (CIR)	52.4%	46.4%
Annualized ROAA	2.3%	3.2%
Annualized ROAE	19.9%	32.3%
EPS* (N)	10.65	14.64
P/B	0.5x	
10-yr average P/B	0.4x	

*attributable to owners of the parent

Q3'25 Earnings Breakdown

N'billions	Q3'25	Q2'24	YoY	Q2'25	QoQ
Gross Earnings	979.4	849.2	15.3%	913.3	7.2%
Interest income	855.0	685.3	24.8%	812.1	5.3%
Interest expense	(259.2)	(326.3)	-20.6%	(272.5)	-4.9%
Net interest income	595.8	359.0	65.9%	539.6	10.4%
Net impairment charges	(103.5)	(78.4)	32.0%	(148.1)	-30.1%
Non-interest income	107.6	149.0	-27.8%	85.3	26.0%
Operating Expenses	(389.8)	(231.1)	68.7%	(307.5)	26.8%
Profit before tax	210.4	198.9	5.8%	169.7	24.0%
Income tax expense	(36.1)	(32.9)	9.8%	(53.3)	-32.3%
Gain/(Loss) from discontinued operations	(13.2)	2.6	NM	2.3	NM
Profit for the period	161.1	168.6	-4.4%	118.7	35.7%

Source: CapIQ, NGX, CardinalStone Research

Click [here](#) to see results

Disclosure

Analyst Certification

The research analyst(s) denoted by an “*” on the cover of this report certifies (or, where multiple research analysts are primarily responsible for this report, the research analysts denoted by an “*” on the cover or within the document individually certifies, with respect to each security or issuer that the research analyst(s) cover in this research) that: (1) all of the views expressed in this report accurately articulate the research analyst(s) independent views/opinions, based on public information regarding the companies, securities, industries or markets discussed in this report. (2) The research analyst(s) compensation or remuneration is in no way connected (either directly or indirectly) to the specific recommendations, estimates or opinions expressed in this report.

Analysts’ Compensation: The research analyst(s) responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues, which include revenues from, among other business units, Investment Banking and Asset Management.

Investment Ratings

CardinalStone employs a 3-step rating system for equities under coverage: Buy, Hold, and Sell.

Buy \geq +15.00% expected share price performance

Hold +0.00% to +14.99% expected share price performance

Sell < 0.00% expected share price performance with weak fundamentals

A BUY rating is given to equities with strong fundamentals, which have the potential to rise by at least +15.00% between the current price and the analyst’s target price

An HOLD rating is given to equities with good fundamentals, which have upside potential within a range of +0.00% and +14.99%,

A SELL rating is given to equities that are highly overvalued or have weak fundamentals, where potential returns of less than 0.00% are expected between the current prices and the analyst’s target prices.

A NEGATIVE WATCH is given to equities whose fundamentals may deteriorate significantly over the next six (6) months, in our view.

A POSITIVE WATCH is given to equities whose fundamentals may improve significantly over the next six (6) months, in our view

Rating	Buy	Sell	Hold	Negative Watch
% of total recommendations	56%	19%	26%	0%
% with investment banking relationships	0%	0%	0%	0%

CardinalStone Research distribution of ratings/Investment banking relationships as of November 03, 2025

Valuation and Risks: Please see the most recent company-specific research report for an analysis of valuation methodology and risks on any security recommended herein. You can contact the analyst named on the front of this note for further details.

Frequency of Next Update: An update of our view on the company (ies) would be provided when next there are substantial developments/financial news on the company.

Conflict of Interest: It is the policy of CardinalStone Partners Limited and its subsidiaries and affiliates (individually and collectively referred to as “CardinalStone”) that research analysts may not be involved in activities that suggest that they are representing the interests of Cardinal Stone in a way likely to appear to be inconsistent with providing independent investment research. In addition, research analysts’ reporting lines are structured to avoid any conflict of interests. For example, research analysts are not subject to the supervision or control of anyone in CardinalStone’s Investment Banking or Sales and Trading departments. However, such sales and trading departments may trade, as principal, based on the research analyst’s published research. Therefore, the proprietary interests of those Sales and Trading departments may conflict with your interests.