Conference Call transcript

FY 2025 RESULTS PRESENTATION

5 May 2026

Operator
Good day, ladies and gentlemen, and welcome to the Access Holdings full year 2025 earnings call. All participants will be in listen-only mode. There will be an opportunity to ask questions later during the call. If you should need assistance during the call, please signal an operator by pressing * then 0. Please note that this event is being recorded. I'll now hand over the conference to the CEO of Access Holdings Plc, Innocent C. Ike. Please go ahead, sir.

Innocent Ike
Thank you, Irene. Good afternoon, distinguished investors, analysts, and members of the investment community. Thank you for joining us today for the Access Holdings Plc financial year 2025 investors and analysts' call. We value your continued interest as we review our financial performance for the year ending 31st December 2025. Before delving into the details, let me briefly highlight the key themes that shaped our performance during the year.

Access Holdings delivered a resilient performance in 2025, reflecting the strength of its customer franchise and breadth of its revenue base and disciplined execution across its markets. The group also made significant progress in strengthening its capital position, enhancing its capacity to support balance sheet growth, sustain business momentum, and create long-term value for shareholders. Today, I will walk you through the following. One, who we are and how we create value. Two, our 2025 performance. And three, how we are positioning the business to drive accelerated returns in 2026 and beyond. In addition, I will share updates on key investor-related developments that have influenced expectations in 2025, while we continue to emphasise clear strategic direction, disciplined capital allocation, and creation of a long-term shareholder value.

On the call with me today are Mr Roosevelt Ogbonna, the MD/CEO of Access Bank Plc. Bolaji Agbede, Executive Director of Business Support, Access Holdings Plc. Mr Oluseyi Kumapayi, Executive Director, African Subsidiaries, Access Bank Plc. Mr Lanre Bamisebi, Executive Director, IT and Digitalisation, Access Holdings Plc. Mr Femi Jaiyeola, Chief Risk Officer, Access Bank Plc. Mr Emeka Ogbechie, Group CFO, Access Holdings Plc. Mrs Ibukun Oyedeji, Group CFO, Access Bank Plc. We also have the managing directors of our non-banking subsidiaries here present with us today.

First is just to remind us of our vision as a group. Our vision to be the world's most respected African financial services group, and this underpins most of the strategic initiatives that we take. So, I proceed with the presentation. Here on page two, you have the outline. The presentation is broken into four parts. First, the group information. Second, overview. And it also takes us through the outlook of our business. And finally, we'll have a question and answer session. So, we'll go to slide four.

Access Holdings today is a diversified financial services platform. Banking remains the largest part of the group with operations across Nigeria, rest of Africa, and international markets. But beyond banking, we now have great platforms in pension, insurance, brokerage, payments, and digital lending. The key message for investors is that Access is no longer just a bank. We are building a vertical financial ecosystem with multiple revenue engines. This gives us the opportunity to grow banking income, fee income, digital transaction income, asset management, income, and other capital light revenue streams over time.

So, having shown where the group is today, the next slide shows how we got here and how the group has evolved over time. Our joint result has been defined by transformation, leadership, leadership continuity, and scale building. The bank was incorporated in 1989 and commenced operations in 1990, and then listed on the Nigerian exchange in 1998. Emerging turning points came in 2002, with the leadership transition to [inaudible]. We entered a strong growth phase, supported by acquisition, capital raising, and expansion into key markets, including the United Kingdom, Ghana, DRC, Kenya, and South Africa.

The acquisitions in 2012 and 2019 were major milestones strengthening our scale and retail franchise. In 2022, we transitioned into a holding company structure, creating the platform for banking and non-banking financial services. And most recently, the focus has shifted from scale to consolidation and optimisation. Key message is simple. Access has built significant scale. The next phase is about converting that scale into stronger returns, better earnings quality, and sustainable shareholder value.

With this in our mind, I'll take us through the four strategic pillars that drive our engagement. The geographical footprint creates value when we convert presence across markets into trade flows, foreign exchange flows, payments, remittances, and diversified funding assets. Our corporate and commercial franchise creates value through risk-adjusted lending, trade finance, cash management, operating deposits, and deeper wallet share. customers.

Equally, the retail and digital penetration, as well as the non-banking businesses, creates opportunities for us to diversify and strengthen our business across various markets and segments. My main focus, therefore, is to convert scale into recurring income, lower funding costs, stronger fee income, and more diversified, predictable earnings.

On slide eight, we present the financial highlights for the year 2025. The financial year 2025 was a relatively strong year. Gross earnings increased by 13.3% to ₦5.5 trillion, supported by growth in net interest income, fees and commissions, and other income. Fees and commissions also showed strong momentum. increasing by 40.9% to ₦585 billion. Profit before tax crossed the ₦1 trillion mark for the first time, recording an increase of 16.2% to ₦1.01 trillion, whilst profit after tax increased by 15.7% to ₦743 billion.

Cost to income ratio also improved from 56.7% to 51.7%, reflecting better operating leverage. The overall message I want to convey to investors is that we have delivered positive headline growth, and management is now focused on enhancing earnings quality, improving asset productivity, and driving sustainable returns.

Next slide, on slide nine, we have the balance sheet for the group. The group continues to demonstrate relative strength and growth. Total assets increased by 24.2%, to ₦51.6 trillion, while customer deposits grew significantly by 53.4% to ₦34.6 trillion, driven largely by integration of subsidiaries acquired in the second half of 2025 financial year. Loans and advances to customers also increased by 16.1% to ₦13.3 trillion, showing more disciplined lending growth relative to the overall balance sheet growth. Shareholders' funds increased by 15% to ₦ 4.33 trillion, supporting balance sheet resilience and capital strength. The overall message is strong balance sheet growth and deposit momentum, with management now focusing on how to extract value from the growth that it has achieved.

Slide 10 provides a snapshot of performance across our operating companies. Our banking business continues to be the anchor, driving both revenue growth currently contributes about 97% of our total revenue. The banking business, of course, also drives the balance sheet growth. Our non-banking subsidiaries are also delivering strong profitability and attractive returns, reflecting the strength of our diversified model.

On slide 12, we present the performance of the banking group along the three geographical pillars I mentioned. First is, the performance, of course, continues to reflect the strength of our diversified franchise across markets. Gross earnings grew by 12% to ₦5.3 trillion, with Nigeria remaining the largest contributor at 62%, though it has a reduction from 65% in 2024. The rest of Africa and international businesses increased their share to 25% and 13% respectively, highlighting the growing importance of our Pan African and global footprint. Importantly, profit before tax rose 7% to ₦9.54 billion, its contribution becoming more balanced across the regions. Nigeria contributed 48% of profits, while the rest of Africa and international operations delivered a combined 52% on scoring the success of our geographic diversification strategy.

On slide 13, we present the balance sheet of the bank or the banking group along the geographical pillars. We delivered strong balance sheet growth with total assets increasing to ₦51.3 trillion, up by 19% year on year. Importantly, this growth is increasingly diversified beyond Nigeria. Nigeria remains a key contributor, accounting for 49% of total assets. We have seen strong traction across our international franchise. International operations now contribute 33% of loans and 23% of shareholders' funds, highlighting the quality and scale of earnings outside of our home market.

On slide 14, we'd compose the banking group's earnings for the year in two major components. First, interest income remained the primary driver of earnings, contributing ₦3.5 trillion and accounting for 66% of the income, the gross revenue for the year. Fees and commissions delivered strong growth, increasing by 48% year on year. Core income remained robust, with interest income and commissions and fees accounting for 79% of total gross earnings. Other income grew by 33% year on year to ₦1.14 trillion, supported by higher fair value. The key message here is that that stronger contributions will continue to come for the core business, with further consolidation of the recently merged subsidiaries and optimisation of operations across our footprint.

On slide 15, we broke down our fees and commission income just for more clarity. The message you take from here is simple. The group's strong fees and commissions closed highlight successful execution of the strategy to

deepen transaction banking, scale digital channels, and diversify revenue streams, supporting more stable and sustainable ends.

On slide 16, we provide a breakdown of the operating expense. Operating expenses increased by 12% year on year from ₦1.41 trillion in 2024 to ₦1.5 trillion in 2025 financial year. The main driver was personnel costs, which increased by 34%. But this is likely due to expanded footprints. Like I mentioned, the subsidiaries that were brought on board in the second half of last year. So, the key message is that cost growth was likely driven by the new acquisitions and expanded footprints. Disciplined cost management and optimisation of the new acquisitions resulted in reducing the cost to income ratio from 56.7 % to 51.7%. And of course, as we strengthen the consolidation process, we expect that there will still be further significant reduction in the cost to income ratio.

On slide 17, we speak to our credit provision and our asset quality. Overall, asset quality remained broadly stable. Our NPL ratio moved very slightly from 2.76% in 2024 to 2.82% in 2025 financial year, which means which remains within regulatory thresholds. In other terms, NPL increased from ₦367 billion to ₦468 billion, but the ratio remained well controlled relative to the size of the loan book. Coverage remained above 100%, closing the year at 108.2%.

The most significant movement in the year was in impairment charges, which increased from ₦99 billion in 2024 financial year to ₦303 billion in 2025 financial year. This was during largely by the impact of writing off of forbearance exposures, resulting in an increase in the cost of risk to 2.03% in 2025 financial year, compared to 0.89% in 2024 financial year. So, the key message is that asset quality remains broadly stable, provision coverage remains above 100%, while the higher impairment charge reflects the full impact of the write-off of the forbearance exposures.

On slide 18, we provide a further breakdown of our loan book. So, this slide shows the movement in gross loans and advances to customers broken down by operating segments. Overall, the loan book grew in 2025 to ₦16.2 trillion from ₦13.1 trillion in 2024, with the strongest growth coming from the corporate and institutional banking segment. Corporate loans increased by 45 % from ₦7 trillion in 2024 to ₦10.2 trillion in 2025, accounting for 63% of the total portfolio size. So, while the group continues to diversify its loan book across the three key segments and markets, corporate banking remains the main driver of the growth in 2025.

Commercial loans reduced by 18% from ₦5.2 trillion in 2024 to ₦4.3 trillion in 2025. This reflects the full impact of the write-off of the forbearance loans earlier mentioned. So, while the group's loan book records significant growth across its key markets and segments, this underpins its capacity to generate stable and sustainable revenue from lending business in the years ahead.

On slide 19, we present our deposit structure and funding. The slide highlights three key things. Low-cost deposits, i.e., current and savings deposits, remain the dominant funding source, contributing 16% of the entire customer deposits in 2025. Significant deposit growth was recorded across the three key market segments. Cost of funds reduced by 3.1%, that's 310 basis points, from 7.7% to 4.6%. Therefore, our deposit growth gives us a stronger

liquidity position, improves funding stability, and provides a foundation for future loan growth. On the next few slides, I will talk about capital.

So, on slide 21, we have presented the capital adequacy position of the group. Our capital equity ratio remained broadly stable at 18.3% in 2025 compared to 18.0% in 2024. This despite a strong balance sheet growth recorded in 2025. So, overall, all this shows a disciplined growth, maintaining a strong capital buffer, and remaining comfortably above regulatory requirements.

On slide 22, we share the same information on the banking group. So, at the banking subsidiary level, we see an even stronger position with capital adequacy improving from 20.2% to 21.0%. Overall, this reinforces the strength of the core banking franchise. The bank remains well capitalised with sufficient capacity to support future growth while maintaining regulatory buffers.

Slide 24, This slide addresses the rationale for the non-payment of dividend in 2025 financial year and the key events that shaped this between half year and H1 and the full year 2025. Let me speak clearly that Access Holdings has a strong track record of consistent payment of dividend to shareholders. And this remains a key priority. In 2025, the board recommended dividends both half year and full year, subject to regulatory approval. However, the required approvals were not obtained due to specific regulatory alignment methods.

At half year, the constraint related to Section 7.1 of the CBN guidelines for financial holding companies. This particular constraint has now been cured following the private placement we did towards the end of 2025, which has now been approved by the regulatory authorities. At full year 2025, a further matter was flagged under [unclear] Section 19, Subsection 8, Paragraph C, which limits investment in foreign banking subsidiaries to 10% of shareholders' funds.

Management has been given a 12-month window to fully remediate this, and we are fully engaging with the Central Bank of Nigeria to ensure this is resolved. Management is therefore taking necessary actions, together with the board, to achieve full alignment, and we believe that this is something that we should be able to resolve. We're also building appropriate capital and liquidity buffers to support the sustainable resumption of dividend payments once the required regulatory conditions are met and approval is secured.

On slide 26, looking ahead, therefore, we are targeting significant improvement in performance across all key metrics. We expect return on equity to exceed 20%, driven by stronger earnings from core operations, improved efficiency, and more optimal capital allocation. Return on assets is expected to increase to above 2%, supported by better asset yields and a more favourable revenue mix. We are targeting a reduction in cost of risk to below 3%, reflecting improved underwriting, enhanced risk management, and better recoveries following the elevated position in 2025.

Our cost to income ratio is expected to decline between 50% and 55% as revenue growth continues to outpace costs, supported by digital scale and ongoing efficiency initiatives. Net interest margin is expected to improve to up to above 5%, driven by better pricing discipline and continued optimization of our funding needs. At the same

time, we expect to maintain a strong capital position with a capital adequacy ratio in the range of 18% to 20% and a liquidity ratio above 40%, supported by continued deposit growth and proactive balance sheet management. Overall, these targets reflect our confidence in delivering stronger profitability, improved efficiency, and enhanced shareholder value in the year ahead. Thank you all for your time. I will now open the line for questions.

Operator

Thank you. Ladies and gentlemen, if you would like to ask a question, you may press * and then 1 on your touchtone phone or on the keypad on your screen. If you however wish to withdraw the question, you may press * and then 2 to remove it. from the question queue. Once again, if you would like to ask a question, you may press * and then 1. For the benefit of those on the webcast, if you wish to submit a question, you may use the text box at the bottom of your screen. We have a question from Timothy Wambu of Absa. Please go ahead.

Timothy Wambu

Yeah, thank you and good afternoon. Thank you very much for the presentation. Just and congratulations on the good results, particularly from your trading business. My first question is maybe if you could start off by addressing the delayed publication of the results. That's the first question.

My second question is, I know you've mentioned it, you did raise about ₦20 billion, I believe, from a private placement. I think in your financials for quarter one, it reads as a rights issue. And I believe, just to clarify, you say this is to address the challenge that was there with regards to your capital for the holdings company vis-à-vis for the bank. And I believe this addresses the question of dividends going forward. So, if I understood you correctly, does this mean that this hurdle has been passed and that you should be able to distribute dividends going forward?

My third question is around the capital position. So, despite the rights issue, I mean, the capital ratios still appear a bit tight. Are there plans to address this further? Do you plan to carry out another round of equity raising, perhaps even tapping onto your AT1 bond? I'm just curious about that.

My fourth question is on the failed acquisition of the Bidvest Bank in South Africa. I know you've mentioned that there was a regulatory constraint with regards to, I believe, 10% of your capital should not be invested in foreign subsidiaries. Maybe just clarify that. And does this mean that you've put off the Bidvest acquisition or any further planned acquisitions going forward?

And then just lastly, I guess, more of a compliment. You have the largest subsidiary in East Africa of all the Nigerian banks after you acquired NBK. A lot of your peers seem to be struggling to scale up in East Africa. So, congratulations on that. Just your current thoughts and plans around how you're consolidating NBK with Transnational Bank and how that is progressing. Thank you.

Roosevelt Ogbonna

So, how do you want us to do this, Irene? I think Timothy asked quite a number of questions. So, maybe we'll take the five questions he raised and then we can take another round of questions. I'll start from [unclear], Timothy,

and I'll let Innocent respond to some of the other points he raised at the start. So, East Africa, thank you for the kind comments. We've been fortunate in terms of our entry into the East African market, particularly with our last transaction in Kenya with NBK. We've gotten strong support from the regulator in the market, from the political leadership in Kenya, of course, from our customers. I think with Kenya and NBK, one of the things we're hoping to do is to use our Kenya operations as our anchor for our East Africa business. It will be our largest franchise within East Africa, with a balance sheet of about $1 billion.

And the time we aggregate the other markets, which include the likes of Rwanda, DRC, and what we're doing in Tanzania, our East Africa business will come closer to about $2 billion in size. And we hope that, given our view around cross-border trade, we can leverage that to push our East Africa business even further. If you look at the banking pool across Africa, outside of North Africa and Southern Africa, I think the third richest banking pool is in East Africa. So, our presence in that market, we hope, would drive significant optimisation of the investments that we put in the market.

One thing we're going to do differently in East Africa is that given the brand recognition that NBK has in both private and public sector, we're not in a hurry to try and change the name from NBK to Access Bank Kenya. There's no benefits. There's not an ego trip. It's about value realisation is what we are focused on. So, I think that franchise will remain as NBK, and I suspect even post-integration, that we might still have NBK as a surviving brand, with a tagline that suggests that it's a member of the Access banking group. And of course, underneath all of that, the holding company.

With respect to Bidvest, I think we made it clear that there's no longer any pursuits for that transaction. I think one of the things we had shared, Timothy, you're well aware, having followed that story for many, many years, is that we made it clear that by 2025, all pursuits around inorganic strategy stops. Our current five-year strategy has the investment phase to run between 2023 and 2025. At the end of 2025, we transition into a consolidation phase. And then by 2027, the optimisation phase. As Innocent shared in his presentation, the consolidation and optimisation phase has now been met. So, we are consolidating and optimising starting in 2026. So, there's no room for any further acquisition or any further M&A.

We know the regulatory constraints anyway. This is what we shared with the market in 2022, before the regulatory constraints have surfaced. Now, what exactly is a regulatory constraint? The section that Innocent referenced clearly states that banks are not allowed to invest more than 10% of their shareholders' funds in foreign subsidiaries. At the last count, we're at 19.4%. That ratio continues to come down. Each acquisition was done following central bank presentations and approval. But I think given the compliance stance of our current regulator, it is being seen as a flag over the existing 10% rule and that we've been given a time frame within which to come within the 10% rule as has been stated. And as Innocent rightly pointed out, the board and management are working towards ensuring that we cure that within the 12-month time period that the regulator has provided.

On capital position and the tightness of the capital position, I know you referenced AT1. As of December, our capital at bank Nigeria was 19.4%. As a banking group, was about 21%. That is about 600 base points over the regulatory capital threshold of 15%. So, I know in our minds, we are also traditional bankers. We don't believe

that there's anything like too much capital. Any amount of capital that a bank has, it can always optimise and create a buffer. What we have done following board guidance is that given our understanding of macro shocks, we've created counter cyclical buffers and we have internal capital thresholds for Nigeria and across all the subsidiaries that we have.

We continue to watch that closely towards ensuring that where capital is under pressure, we will do what we necessarily must do as has been fully articulated in the bank's ICAP [?] and our recovery and resolution plans. Where we are today is that we're capital sufficient. We have a decent buffer over the capital. We continue to watch it to ensure that we don't come under any capital pressure. Just point out though, that this is not a shareholder funds conversation. It's a capital adequacy conversation. So, if we need to scale back in the short term by using our notebook and then to grow after we've capitalised, that means we will do that. But I don't think that's where we are. given the strength of the institution and the earnings capacity that we've been able to generate. So, we will continue to look at the capital position as guided by both the bank and HoldCo board.

On the private placement and dividend, I think Innocent has spoken about the dividend. And I think to cure the 10% rule, I'm not sure that we'll be able to pay dividend until that has been cured. We have 12 months to try and do so and all hands are on deck to ensure that whilst the might have come to us as a new rule, it is still a compliance ratio that we have to fall in line with for us to be able to pay it out. Private placement has been closed. It was done as a private placement, not a rights issue, approved by the central bank. It was done at the HoldCo and not at the bank. And so what you now have is that the HoldCo capital stack is larger than or equal to the aggregate of the capital stack across the various verticals that it controls. Around delayed publication, I'll let Innocent answer that, but I think we've also shared with the market where we were through times.

Innocent Ike
Thank you very much, Roosevelt. The standard term for a group is to have a calendar, the guides, the audit process, and the personal account report. This year, we had just about a two week delay resulting from consolidation of the acquisitions that we did in 2025. Then, because the central bank took additional time to look at the accounts, so what happened was that there was an additional delay from the central bank end trying to look at the various accounts of the banks. And that's well understandable because all the banks close at the same time and you have a whole lot of work for the central bank to do.

We also are aware that they even took some steps earlier on by doing the risk asset review or something earlier before the close of the year. Again, I think because of the volume of work they had to do, there was a delay. And I think it's also something that was a market information. We're not the only band that so far is delayed in the approval of the financials. I just want to believe that it's something that's hopefully will not happen again as we all get better and better in managing the process. Thank you.

Roosevelt Ogbonna
Next set of questions, Irene.

Operator

Thank you. At this stage, we have no other questions on the conference call, and I will hand over to webcast questions.

Roosevelt Ogbonna

Okay, do you want to expand it so we can see what's on the webcast? All right, so there's a question around loan exposure to Nestoil and what's the status of the loan at the end of the forbearance. I think we shared with the market in 2025 June that we exited all forbearances, all COVID-related forbearances including SOL loan book, revisions, all of that has been exited in June of 2025, and nothing has changed since then. We shared with the market that at the start of the COVID forbearance, the likes of Nestoil and many other customers were in that book.

We did it from a sectorial perspective, and I think when we started, there were about 33 names, most of them in the oil and gas upstream business. At the end of 2023, that name was down to four names, and at the end of June of 2025, it came down to two names, and those two names were fully provided for, and nothing has changed with respect to that.

The next question says there's a little growth in Q1. Will it accelerate towards the rest of the full year 2026? Are there plans to unwind expensive deposits? I think if you look at the bank's interest expense, the heaviest cost has come from our Dollar balance sheet. In the past, our huge Dollar balance sheet was an asset, because that liquidity was deployed to trade loans, and we were optimising the yield on the book. Given the FX liquidity that exists in the market today, we're not getting the kind of returns that we'd expect. And so what we're doing is moderating our FCY Dollar balance sheet and liquidity to only those balances and deposits that have come through from collection mandates that we have. That process has started.

I think in Q1 alone, we paid back what is almost $500 million to depositors. We'll continue to manage that, move towards ensuring that interest expense is moderated. But I think beyond that, that the assets that are created are efficient, so that the NIM on the FCY book is stronger. Interest expense on the Naira book was flat, and I think it dropped slightly year on year. It was lower in 2005 by what is about 1.2%, versus what it was in 2024. What level of dividend per share have the board resolved at a board meeting to pay to shareholders? I'll let Innocent answer that, but I don't think that's relevant, to be honest, because as long as the board did not pay any what it is that was recommended by the board and not approved by CBN, it's an irrelevant conversation.

I think the point to take, though, is that we understand the implication this has from a market perspective. We understand the obligations we have as a management team and as a board to consistently reward shareholders who have believed in us from 2002 to date. And that is a responsibility that we take extremely seriously. During the presentation in May, we acknowledged that we will build capital and liquidity buffers, so that when we cover this ratio compliance, that we're in a stronger position to be able to pay a dividend to our shareholders. I don't Innocent wants to add anything to that point.

Innocent Ike

Thank you, Roosevelt. I think you've answered the question pretty much. What was important was that there was a commitment on the side of the board and management to pay the dividend and reward shareholders, like you said. To the extent that that was not approved and we're not going to the AGM to present that, I don't think it's actually material at this point. The next thing is the commitment of the board and management to ensure that whatever regulatory constraints or whatever challenges or difficulties there are, that we work with commitment to ensure that we resolve them or cure them so that shareholders will pay dividends as soon as we get those results. Thank you.

Roosevelt Ogbonna

Credit-related fees, what areas were the strong growth in credit-related fees? So, we started last year by sometime in the middle of the year to start doing lending to SMEs under very interesting structures. A lot of these are digital loans and we've scaled and we continue to lend. When we started, we had a limit of ₦5 billion. At the last count, when we closed last year, it was about ₦80 billion. The projection is that that book will get to about ₦300 billion by the end of the year. Of course, it's a profitable business. We're learning through the process, which is why we've been escalating at ₦5 billion, in tranches of ₦5 billion to where we are at ₦80 billion. I think we'll continue to scale in 2026 towards ensuring that we can deliver strong credit returns from that.

The significant value gain recorded in Q4, when the Naira appreciated by about 3.4%, what other factors drove the surge in the FX gain? I think FX gain is only a realisation of FX movement. There's no other factor other than the appreciation or depreciation of the currency that translates into the gains.

In Q1 2026 we saw a year on year decline in interest income from loans and advances despite a 3.4% expansion in the loan book. I think what you find is that you need to ask which jurisdictions are growing and what the margins in those markets are. We've grown in Cameroon. The margins in Cameroon are within the 3% to 4%, just given the inflation rates there and what the policy rates are. We've grown in our UK business. Those are Dollarised balance sheets. We've grown in Congo. DRC is also a Dollarised balance sheet.

We've grown in Kenya, given the solo single-digit interest rates that we're seeing in that market. We've also grown in Ghana. So, with Ghana growth and where the policy rates are today. So, while on the top line, nominal growth has been strong, the NIM has not expanded. The kind of growth we're seeing in this market, we want to see in Nigeria. And when it does happen in Nigeria, I think you see the impact of that year on year growth from the interest income perspective.

Towards the end of the year, just given the fact that we understood that our AT1 would be limited to just 0.75% of capital, we also had to moderate loan growth within Nigeria. Instead of replacing those that were paid back, we kept our loan book at the levels where we closed last year. So, Nigeria has not recorded any growth in 2026. We expect that given the consolidation of our capital following our full year of results, we can then begin to see a loan growth play out in Nigeria.

Shareholder value dilution. How does management justify the decline in earnings per share amid rising profits? What steps have been taken to ensure future growth translates into improved per share return? Innocent spoke

about this when he was presenting earlier around the impact that this will have on leveraging scale for performance. I think as we consolidated as of December last year, we had three or four subsidiaries that were consolidated in the second half of the year. The balance sheet impact and the capital that has come through from those subsidiaries you've seen in our full year balance sheet numbers, but not the earnings. The earnings will play out 12 months in 2026 and we will continue to leverage our scale towards ensuring that returns are strong.

Operational efficiency and asset utilisation. While loans and advances customers increase, shareholder funds rose apace, what strategy is in place to optimise asset quality, mitigate credit risk and ensure returns? From an asset quality perspective, as mentioned by NPL, we are still at 2.8%. It was a moderate movement. In fact, it stayed flat year on year. I need to move down so I can see the question and reference it.

The issue around managing credit risk is something we do. We have a three-pronged strategy around how credit risk is managed. We will make the provision, we will pursue recovery, we will restructure where cash flows can demonstrate that it's possible to do so. And then, of course, we will securitise the loan and sell down where we can find parties which will have a stronger appetite to hold on to credit portfolios and hold on to cash flows.

Some of the loans that might have been classified from a prudential perspective is just around timing. So, cash flows exist. The timing is such that you need to restructure the loans such you match the loan repayment and the cash flow streams. Given where we are today at the very conservative view of our regulator, that holding play might no longer be possible, and you will be forced to take a provision in the first instance and then drive recovery subsequently. I think once we are able to manage this as we've committed to, and I've cut the rates and I've cut the funds, we do expect to see stronger returns that come through.

Our cost to income ratio is something that has moderated, I think, over the course of the last five years. As you might recall, in 2022, our cost to income ratio was about 64.7%. roll forward to 2025, which is three years after, our cost to income ratio is down 14 percentage points to 51.7%. I think it's the only financial institution that has shown significant drop in cost to income ratio over the review period. And we'll continue to manage that toward bringing this within the threshold and the guidance that we provided.

Could you come back to the income statement page? Income from investments showed an increase momentum from 2025 into 2026. Could you shed more light on this? I'm not sure where that figure is coming from. If you can provide clarity so we can provide a robust answer. I think the point to be made around our earnings structure is that our core earnings represented by interest income and commissions and fees still represents 80% of our total earnings. It's been that way for the last five years. I know that in absolute nominal terms, it might have grown year on year, but as a percentage of our total earnings, core earnings still represent 80%.

Across the industry, I think what you find is that there's concentration on the profit books, depending on where your asset allocation was deployed. So, if you chose to deploy it in fixed income securities, or you chose to deploy it in loans, I think what you find is that for us, there's a clear balance, and our core earnings continues to provide what is 80% of our total earnings. And I think that's the strong message which was shared during Innocent's presentation.

How are you thinking about the bank's perpetual and senior bond in 2026? Are you coming to the market over the next 12 months? I think that's a determination that we will make before the end of May. Most likely those instruments will be… the senior will be refinanced at the end of the year, not because of the liquidity, but to ensure that the duration on our book continues to be elongated, given the funding that the senior loan is providing. On the perpetual, I think, as you well know, it is subject to the central bank approval. Depending on where the central bank lands, ultimately, we will share that with market, and it's a process that we're currently going through.

Next question. Congratulations on clearing ₦1 trillion. Thank you very much. We saw a significant increase in FX gains on the back of strengthening of the Naira. Would you mind putting more context? As I said, it might be significant on the face of it. It's still less than 20% of our total core earnings. FX gains was at the back of our balance sheet and the FX structure of our balance sheet, which we've shared for many years. That structure will change in 2026. the institution continues to reset. We're going to invest and reduce our Dollar liabilities and of course invest in loans and advances as against the instruments that we carry on our book today.

The acquisition of Bidvest failed, same for Finance Trust in Uganda. What's the outlook on that? I think we've shared a response to this is around ensuring we're in complete compliance with the regulatory issues, we're not going to push the envelope. 2025 was a closeout for our M&A strategy and our expansion and investment strategy. 2025 has come and gone. We look forward now towards optimising the geographic spread that we've built across multiple business segments, corporate banking, commercial banking, retail, public sector, financial markets, as well as treasury, across all our subsidiaries. Of course we will drive trade as a critical product that will help integrate the business and the footprint that we created within the continent and in our international markets as well.

Next question, why is management not targeting a significant improvement in cost to income ratio? We are. As I just shared, we've come down 14 percentage points between 2022 and now. I know that the guidance suggests 50% as a floor and 55%. If you look at every global bank, the average is anywhere between 45% and 55%. So, this is not really out of the band that you have for global banks. What is management's target? We definitely want to best 51%. So, we are under promising and hoping that we will overdeliver, but I think there's clear consciousness that one of the ways to optimise and leverage our scale economics is to ensure we better our cost to income ratio as we go into the future and that's work that we're fully committed to doing.

AT1 I've addressed, and the impact of CAR is only 0.75% of CAR, given the moderation by the central bank at the end of 2025. Given the Naira stability has the bank been making FX gains? I think we've addressed that. Can you give clarity on the interest expense line? As of full year, customer deposits grew strongly by 53.4%. Quite surprised [?] to see a decline in interest expense. As we said, we are optimising our FCY balance sheet, which is where the largest interest expense has come through. I stated earlier that even as a Q1, about $500 million has been paid back, so we can reduce that book. And then, of course, given the collection mandates that we have with several IOCs as well as governments, we'll be able to drive that liquidity when we do need it, and it's cheaper source of liquidity than the more wholesale deposits from corporate treasuries that we have for our FCY deposits.

What pay-out ratio related to EPS are you targeting? I'm not sure that's something we can share, but we will be happy to be a lot more expressive when we are resolved all the constraints that we have today that has limited our ability to be able to pay dividend. I think historically what you've seen that is our pay-out ratio has been anywhere between 26% and 33%. When we resume paying dividend, as we've guided in our investor call, our facts behind the rights in 2024, we had said that under the consolidation and optimisation phase we intend to best that a pay-out band that we had traditionally which was as I said anywhere between 26% and 33%.

What best means? Is it 40%? Is it higher? Is it slightly lower? I guess that is something that we will share with the market given that a capital eases out post the closure of the investment and consolidation phase, and capital return to shareholders is now, will now be a critical focus as we go into the future. How should investors integrate the dividend outlook with the recent capital raising? Should we expect a reset or a structured dividend pay-out? I think I've addressed that in several of the comments that we've produced.

Congratulations on the results. Thank you very much. We appreciate the comment. What is the profit conversion mix between banking and non-banking subsidiaries? Innocent addressed that. Banking is still about 97% and non-banking about 3% and continues to grow. If you go back 2024, it was 99% and 1%. It's now 97% and 3%. We expect that as the non-banking subsidiary continues to grow, that number will shrink.

How exposed is Access to systemic problem loans in the sector? I mean, we do business in Nigeria. I think there's one celebrated case, which is all about the press and all sorts of conversations around why you're not paying the dividend. It has nothing to do with that loan. Yes, we're exposed to that counterparty. We've taken the provision as a June. Just to recall that, I don't know if it's luck or if it's deliberate risk management at the time, but you will recall that the bank was not invested in the downstream asset sale from the IOCs when they were selling down their investments in their upstream assets.

We also did not participate aggressively in the power sector loans. Those usually are the more systemic banking risky loan sectors, and we are not heavy in power sector. We are not also heavy in oil and gas upstream. We did not participate at the time. So yes, we did have Nestoil and the related parties, and I think that's really the only systemic industry loan that we have on our books. We also have other loans that are turning that we're working through, but that has nothing to do with the systemic issues that are happening in the market.

Should we expect an interim dividend? I think I've addressed that. Until we cure the issue around the 10% investment in shareholders' funds, which the regulator has given us 12 months to resolve, just given the scale of the problem, I doubt very strongly that there will be a dividend pay-out in half a year. But we'll continue to work through. If it does happen, it will be a pleasant surprise. But where we stand today, we don't see that we'll cross that threshold before the half year.

How do you rate management's ability to anticipate possible regulatory issues? I think that's something we'll continue to work on. We now understand that regulatory compliance is no longer a tick box, it's a strategic capability, and we're investing very strongly within the holding company as well as the bank to build that capability

to be able to ensure that we're never blindsided by any regulatory ratio. Even those that might have been latent and have not been put to force, we are now not taking anything for granted. So, we'll continue to invest in that capability and I'm sure that we will ensure that there are no surprises as we go into the future.

Impairment charge appears elevated. I will assume that post-forbearance we should see lower impairment this year. The year you're referring to is 2025. That's where the forbearance was removed and of course the impairment charges have come through. But beyond that as well, loans continue to season. As loans season, we take the more conservative approach of making the provision and then, of course, pursuing recovery. We're not going to run away from taking the provision. We will do what you need to do. And as you well know, we have demonstrated through time that we have what it takes to be able to pursue recovery and close them out.

What is the range or percentage of the earnings of the company you look to pay out to shareholders as dividend in a normal year? I think I've addressed that in my earlier comments around our pay-out ratio. I hand over to Innocent. I think we've covered the questions that were in the chat. Innocent, back to you.

Innocent Ike
Thank you very much, Roosevelt. Irene?

Operator
Yes, sir. We have some questions on the conference call. The next question we have is from Nabila Mohamed of Chapel Hill Denham. Please go ahead.

Nabila Mohamed
Good afternoon and congratulations on your results. I guess most of my questions have really been answered. I just have two more. The first one is on what phase are you when we talk about consolidation? Have you consolidated on all the acquisitions? Because I'm just trying to wrap my head around consolidating and also making sure that the group is in line with that BOFIA regulatory constraints that was highlighted earlier as the reason for not paying the final dividend for full year 2025.

And also I'm trying to understand what would have birthed the ₦455 billion net foreign exchange gains in 2025, trying to see how to model that particular line going forward, what we should expect from that line item. Those are the two questions I have. Thank you.

Roosevelt Ogbonna
Are there any more questions that we can take them together? Irene, is there just one that we can address?

Operator
We do have another question in the queue, sir. We have a follow-up question from Timothy Wambu of Absa. Please go ahead.

Timothy Wambu

Yeah, thank you. Just a follow-up and then some new questions. So, just on the regulatory constraint that you mentioned, realistically, when do you think you're going to resolve this? Because you mentioned it's around 19%. It's coming down. And does this require you to maybe potentially raise capital or slow down on asset growth? I just want to get your thoughts on that.

My second question is that your loan growth was quite robust in quarter one, up 23%. I think I missed the guidance for full year, but maybe you can just I just remind us. But in the current environment, you could argue that it's a bit risk off again, given what's going on in the Middle East. I'm just curious about growing loans. I don't know whether this is aggressively in the current environment. Just your thoughts on that. And then just lastly, there was this impairment on financial assets that was quite significant of ₦259 billion separate from loans and advances. So, this was an impairment on financial assets. Could you just give us some more insights on that? Thank you.

Roosevelt Ogbonna
Okay, any more questions?

Operator
We have a question from Ifeanyi Osele of CardinalStone Securities Ltd. Please go ahead.

Ifeanyi Osele
Okay, so I think Timothy just asked one of my questions, so that's fine now, around the 10% limit.

Roosevelt Ogbonna
Okay, thank you. So, I'll take the questions that we have. So, on consolidation, Nabila, we've completed the consolidation phase. I think there's only one subsidiary that is just going through integration, and that's Kenya. As I said, at some point, we're waiting for final regulatory approval so those entities can be consolidated. We expect that approval from the Kenyan as well as the Nigerian regulator to come through within the course of the next quarter. So, consolidation is pretty much done.

When we refer to consolidation as part of our strategy, we're not talking about consolidation of the banks, we're talking about consolidation from the perspective that each of the standalone entities needs to now begin to make an impact in its own market and grow organically. So, it's organic growth is what we refer to by consolidation in the strategic phase. So, Kenya should grow in the Kenya market and grow scale as Gambia, Sierra Leone and every other market where and M&A might have taken place. So, that's what consolidation is talking about.

So, I think we would then say that consolidation and optimisation have now been merged. We're seeing more domestically in your market, but also leverage a larger group footprint and a larger group resources to be able to then scale up as well within the context of your market. So, in Kenya, you see a good transaction and you're limited by your balance sheet within the Kenya market, if the customer is a global customer, it means that Access Bank, possibly in London or wherever else, might back that customer. And why not go to that customer and offer one value proposition, but as three or four different sub-entities within the Access Group? That's what optimisation then begins to look like.

The gain on FX I think we've spoken about in the course of the meeting. I'm happy to have an off-the-line conversation with you on any specifics that you require. Timothy, on regulation constraints, do we need to raise capital? So, this is not a CAR issue. I's a shareholder response issue. The ratio is the percentage of your investment to total shareholders' funds. What we're doing is we're going through a simulation as to the level of divestment, which is something that was already on the cards before this conversation that needs to happen, so that we can bring down the percentage holding where we hold 100%. Even just for political risk cover, it would make sense to be down to 80% or 75%.

And of course, we need to realise some of the intrinsic value that has built up over the course of the last 15 to 18 years, when we started Africa expansion. A lot of value has been created, even just from a net book value basis, and we realised some of those values into the Nigerian book. And on the back of that, we began to moderate the value of the investment in subsidiaries. And of course, with the accretion to shareholders funds, we see that those ratios dropping. I think there's a question around realistically how long it's going to take us to close out this. So, it's really not like we have too much discretion. The regulator has drawn a line in the sand, and that's what we're going to have to work back towards, towards ensuring that we close out those numbers.

In terms of low growth, you're right. There is a bit of risk off in the market. But I think the loan growth you're going to see, as you've seen in the banking book, has come from international operations. A lot of that is correspondent banking relationships that we're driving across the African continent and globally. There's been moderate growth in some markets like Zambia. We've seen low growth in Kenya, given our opportunity in the G2G market that we're beginning to take advantage of. But these have been more trade finance type transactions.

I know that there have been opportunities for governments in more established markets, and that is markets like DRC, markets like Zambia, and that's something we want to continue to pursue. Markets like Botswana, where the governments are very strong and there's a lot of discipline in terms of credit quality within those markets. So, that's where you see the low growth. Even in Nigeria, the low growth that we've seen has been from both the top end of the market, of the corporate market, as well as public sector lending to sub-nationals.

Impairment of financial assets, I don't have those details. We can look at it and I'm happy for the finance team to share specifics with you. Okay. Can you talk about your fintech and [unclear] lending subsidiaries? How was Access Group able to boost its earnings from Hydrogen and Oxygen? Also, what are the transaction volume numbers like for the full year? We haven't seen your Access Hydrogen in the room. I don't want to steal her thunder, and I'm not sure Innocent wants to either. So, maybe we'll give her the opportunity to respond to the volumes, as well as the growth that we've seen in that business.

But I'll say something before Kemi jumps in. The Hydrogen has provided a defensive strategy for the banking group. So, our volumes, even with the incursion of the fintechs, our volumes have remained stable and grown slightly. We still control about 26% of market share from a collection perspective. And you see that income growth in our channel volumes and our business, as well as the commissions and fees that are beyond credit fees that accelerated by about 8%. So, Hydrogen continues to play a strong role in that.

Kemi Okusanya
Thank you very much. Flowing from that, it's largely from the market share gains. The business hasn't just focused on Access. It has really been a player, a key player in the market, supporting all the financial institutions. I think that has been the key determining factor. I know Oxygen isn't here right now, but I know that it's also been more of an outside play rather than just focusing on Access Bank alone. Thank you.

Roosevelt Ogbonna
Thank you. I think there's another question. Congratulations on the performance. Does this mean we'll no longer have subsidiaries in the United States of America in line with aspirations to have presence in key global markets? Well, it's a very good question you ask. I think where we are going today is that Nigeria is no longer going to be the one funding any global growth aspiration. Nigeria's participation in terms of capital externalisation to fund any global expansion, I think that phase is gone. It's not going to change. Given our governance architecture, our international business out of the UK, and following the PRA's own regulation, it's able to go into the U.S. market, which was always the intention. We're happy for them to do so.

But Nigeria and capital coming out of the Nigerian business to support growth in any market, I think that time has gone. So, you're not going to see any growth. Any international aspiration will be fronted and supported by markets outside of Nigeria with capital that is not coming from Nigeria and with the support of their own domestic regulator, which I hope they will get the approvals for.

On the limit of investment in subsidiaries of 10% shareholder, what is the current percentage? I think I've spoken about that. It's 19.3%. And what options are available? I think we're going through all the options, including capital recall and dividend, increasing dividend repatriation from the subsidiaries towards reducing our investment in subsidiaries. And then of course, increasing our shareholders funds based on income accretion. There's latent value that has been built in all of the subsidiaries, and I think what that should do is allow us to start monetising some of those benefits that we have accumulated in our CTA. Which subsidiary, in particular the bank, 10% shareholder funds fall below? It's not one subsidiary. It's an aggregate investment in subsidiaries versus the bank's total shareholders' funds.

I didn't hear the answer to my question regarding whether achieving below 10% is reasonable, or in shareholders' best interest as we've invested in Access because of the geographical diversification? I think it's a good question that you ask. I think we'll still be the controller of those entities. All we are doing is reducing our total equity holding. It doesn't change the institution's aspiration or the growth aspiration across each of these markets and the network effect that we hope to build. That will continue. I think all that happens is that we reduce our equity holdings across the markets. And I think the value creation story continues to be strong. Yes, it's for short-term regulatory compliance, but I think longer term, once we are well in compliance, if there's a need to scale up, we will. But I think control will still be resident within the holding company and the banking group sitting out of Nigeria.

Access South Africa returned to profit in Q1 numbers, what should we expect going forward? We are expecting the South Africa business will continue to be profitable. In 2026, we expect that at the end of the year, even if there are blips along the way, consolidated for a full year, that the business should not be lost making at the end of 2026. I think those are the questions. Thank you very much. I'll hand over to Innocent.

Innocent Ike
Thank you very much, Roosevelt. Irene?

Operator
We do have some questions on the conference call. The next question we have is from Nwachukwu Ndubuisi [?] as a shareholder. Please go ahead. Nwachukwu, your line is live. Please go ahead. It seems we have no response from that line. The next question we have is from Olamide Sole of Renaissance Capital. Please go ahead.

Olumide Sole
Good afternoon. Yeah, congratulations on the results once more. I think I asked the question earlier regarding the question on how the shareholders' funds, the 10% of the shareholders' funds regarding the… So, which of the foreign subsidiaries was in breach of that provision? So, the question is are you reducing the Nigerian bank subsidiary capital or reducing the foreign subsidiary capital? I'm trying to wrap my head around how you're going to resolve that problem now.

Roosevelt Ogbonna
Let me try and give a bit of context so the answer can be sharper. So, today our investment in subsidiaries is ₦446. Billion against a shareholders' funds that is ₦2.4 trillion. The ratio of the consolidated investment over time versus your shareholders' funds today is what the central bank is looking at. So, the ₦446 billion represents all the investments we have made. All $1.2 billion investments we have ever made in our subsidiaries is in that figure. That figure is what is now being compared to shareholders' funds at ₦2.4 trillion. That percentage today comes to 19.3%. So, what the central bank is saying is that you have to reduce that investment or you scale up your shareholders' funds to ensure that that ratio and the relationship between them stays at 10%.

You have two options, or three options. Scale down your investment and subsidiaries to ₦240 billion, so that is down 10% of ₦2.4 trillion. Grow your shareholders' funds to ₦4.4 trillion, so that becomes 10%. ₦440 billion becomes 10% of that. Or do a combination thereof. And I think where we will land is a combination thereof. There will be some divestment, which was always on the cards anyway. And then, of course, there will be accretion to shareholders' funds. And I think the ratio and the modelling based on the largest value accretion that we can get from which subsidiary and based on all the regulatory rules in each of these markets, we are going to have to work our way through.

Understand that this is something that has come to us in the last 30 days. So, this is not an issue we've been having to struggle with. Whilst it might have been flagged, we realise that all of these subsidiary acquisitions were done subject to central bank approval and we had their approval to do them. However, central bank has said strict compliance. And where you are today, you're above that ratio and you have to come within limits. So, both board

and management and bank and HoldCo are working through which combination will make us achieve that the fastest, with the least disruption of the business operations that we run today. I hope that gives clarity and answers the question sharp. Thank you.

Innocent Ike
Thank you very much, Roosevelt. Irene?

Operator
Thank you, sir. We do have some questions. We do have a follow up question from Nabila Mohamed of Chapel Hill Denham. Please go ahead.

Nabila Mohamed
So, I just heard Roosevelt mention that there are some divestments. If you can give us the names of the subsidiaries that you have to divest from. Thank you.

Roosevelt Ogbonna
As I said earlier, the subsidiaries and the combination thereof is something we're working through. I think what we have shared with the market in the past is that markets like DRC and the Gambia, where there were regulatory imperatives to try and divest, those were the markets we're already pursuing, working with some DFIs who were keen to invest equity into the markets. Beyond that, we have markets like Ghana. The oldest subsidiary is Ghana. the UK, Zambia, where we build significant value accretion through time, and those markets. I think we're going to have to work our way through, Nabila.

There is no firm answer today. I think what we're going to do as a board of management is to ensure that whatever combination we eventually trigger is one that does not change control across the subsidiary, is one that does not disrupt the value optimisation phase that we're under today, and it allows us to deliver the commitment that we've made to our shareholders and our stakeholders given the network effect that we hope to evaluate from our optimisation phase. So, that's where we are. Okay. I think we can bring it. There are no other questions, Innocent, so we can bring this to a close.

Innocent Ike
Hello, Irene.

Operator
Yes, sir. I'm just checking if Nabila has any other questions to ask. It seems she has no other questions to ask. We have no other questions in the queue.

Roosevelt Ogbonna
Shareholders' funds being compared is at book value, at historical cost, not market value. Thank you.

Innocent Ike

All right. Thank you very much, Roosevelt, for the answers. And thank you, Irene. And I'd like to also thank everybody who has been a part of this session. So, I think in the absence of questions, we'll just bring the session to a close. So, let me start by thanking all of you and everyone who has been a part of this session today for your time and for the insightful questions. Your continued engagement with Access Holdings, we deeply appreciate that.

In closing, therefore, our performance reflects deliberate strategy, discipline, execution, and the strength of a diversified platform. Notwithstanding the complex operating environment, we remain firmly focused on sustainable value creation, driving quality earnings, maintaining a strong capital position. Importantly, we're equally committed to delivering tangible returns to our shareholders, including consistent and well-considered dividend payments once we resolve the present constraints.

Looking ahead, our priorities remain clear, to enhance energy quality, optimise capital deployment, and unlock synergies across our business, while scaling our ecosystem in a disciplined and sustainable manner. We are confident in our ability to navigate the evolving landscape and deliver consistent, long-term value to our stakeholders. Thank you very much, and we look forward to engaging with you in the next analysts and investors call. Thank you and God bless all of you.

Operator
Thank you very much. Ladies and gentlemen, that concludes today's event. Thank you for joining us. You may now disconnect your lines.

END OF TRANSCRIPT