

From
Adjustment
to
Balance

*Positioning for Opportunities in a Normalising Economy
Nigeria 2026 | Macros & Markets Outlook.*



Table of Contents

| | | | |
|----|----------------------------------|---|----|
| 3 | Executive Summary | Global Macroeconomy – Review and Outlook | 4 |
| 18 | Sub-Saharan Africa – Overview | Nigerian Macroeconomy – Review and Outlook | 23 |
| 29 | Nigerian Fixed Income Market | Nigerian Equities Market | 31 |

Executive Summary

Global economic conditions stabilised throughout 2025 following the sharp adjustments of the preceding two years. Growth was supported by front-loaded trade activity, selective fiscal support, and continued strength in parts of the advanced economies, allowing headline outcomes to hold despite tight financial conditions.

Looking into 2026, the global outlook points to moderate expansion with limited acceleration. Growth is expected to remain concentrated in a small number of economies, with policy direction, trade dynamics, and geopolitical developments playing a central role in shaping outcomes

In the advanced economies, the United States continued to anchor global growth in 2025, supported by consumption and investment tied to technology and infrastructure. Into 2026, growth is expected to moderate as financial conditions remain restrictive and fiscal impulse fades, though a sharp slowdown is not anticipated.

In Europe, economic activity remained subdued through 2025, reflecting weak industrial output and soft demand. The outlook for 2026 remains cautious, with modest growth dependent on gradual improvement in manufacturing and external demand. China's growth model continued to adjust in 2025, with exports and policy support offsetting weak domestic demand.

For 2026, growth is expected to remain stable but structurally lower than in previous cycles, limiting China's role as a driver of global acceleration.

Across Sub-Saharan Africa, macroeconomic conditions improved in 2025 following a period of elevated inflation and FX pressure.

Firmer commodity receipts and improved external balances supported recovery in several economies. Looking ahead to 2026, regional growth is expected to stabilise, with performance continuing to diverge across countries.

Economies with credible reform programmes, stronger external reserves, and commodity exposure

are expected to outperform, while those facing debt and FX constraints are likely to experience slower progress.

Nigeria's economy underwent a significant adjustment in 2025. GDP rebasing improved headline growth metrics, activity strengthened in services and agriculture.

While, inflation moderated following base effects and improved FX availability and FX market functioning improved alongside Nigeria's return to the international capital market.

Entering 2026, the outlook is one of continued stabilisation. Growth is expected to remain led by services, inflation risks persist, and macro-outcomes remain sensitive to oil production performance, and the execution of the fiscal budget.

Fiscal conditions remain a key constraint heading into 2026. The budget framework reflects persistent revenue weakness, high debt-service obligations, and reliance on oil production assumptions that leave limited room for underperformance.

The outlook therefore hinges on maintaining FX market stability, containing inflation pressures, and avoiding renewed fiscal slippage. Monetary policy is expected to remain cautious, with limited scope for aggressive easing until disinflation becomes more entrenched.

Capital market performance in 2025 reflected the broader adjustment process. Fixed income markets repriced sharply during the tightening cycle, restoring real yields and reinforcing income assets as a central component of portfolio allocation. Equity market gains were driven mainly by earnings growth, balance-sheet effects, and cash distributions.

Looking into 2026, market outcomes are expected to be more selective. Elevated real yields continue to set a high bar for equity risk, placing emphasis on earnings visibility, and dividend sustainability. Broad market re-rating appears unlikely, and returns are expected to be driven by careful positioning rather than directional exposure.





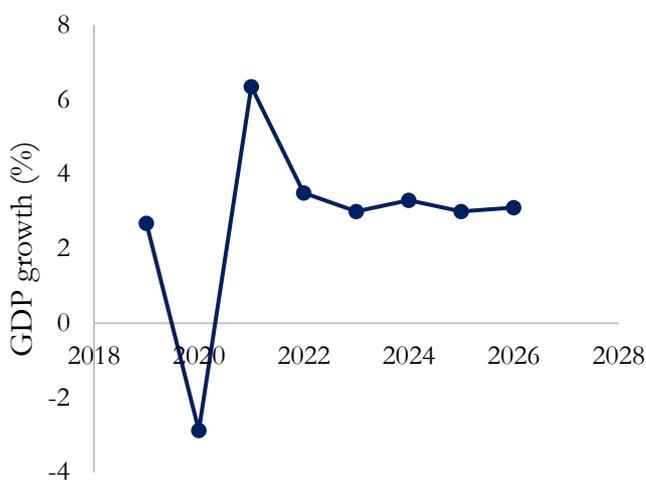
Global Economy Review

Global growth in 2025 stayed above early-year projections, but momentum was concentrated in a few economies. The IMF revised global GDP growth to 3.0% for 2025, up from 2.8%, largely reflecting front-loaded trade activities ahead of renewed US tariffs which occurred earlier in the year, temporary easing in global financial conditions during H1, and fiscal support in select economies. These factors lifted activity in the first half of the year, but momentum slowed into H2 as manufacturing activity weakened, private investment stayed subdued, and financial conditions tightened again following persistent inflation in advanced economies. As a result, growth held up at the headline level without a broad improvement in underlying demand or productivity.

Within advanced economies, growth result differed. The United States remained the largest contributor to global growth, supported by strong household demand (consumer spending +3.5% YoY) and selective investment in equipment and intellectual property products linked to AI. However, this strength was accompanied by persistent inflation and renewed trade actions, which kept monetary policy restrictive and limited spillovers to global demand. The Euro Area stabilised but failed expanding by around 1.3% YoY, with services growth being offset by continued contraction in manufacturing (manufacturing PMI below 50 by the end of the year).

In Asia, on the other hand Japan outperformed earlier expectations, recording 0.3% QoQ growth in Q2, driven by net exports and a temporary easing of US trade restrictions, though export momentum weakened later in the year as global trade conditions tightened. While, China's contribution to global growth weakened through 2025 despite improvement in exports. GDP growth slowed from 5.2% YoY in Q2 to 4.8% in Q3 and 4.5% in Q4, reflecting persistent weakness in domestic consumption and investment. Retail sales growth remained subdued at around 3-4.5% YoY, while deflationary pressures persisted in producer prices (PPI around -2% YoY for most of the year). Growth was supported by external demand, with China recording a record USD1.1–1.2 trillion trade surplus, driven by export expansion to non-US markets.

Global GDP Growth (2019-2026)



Source: IMF, Bancorp Research, 2025

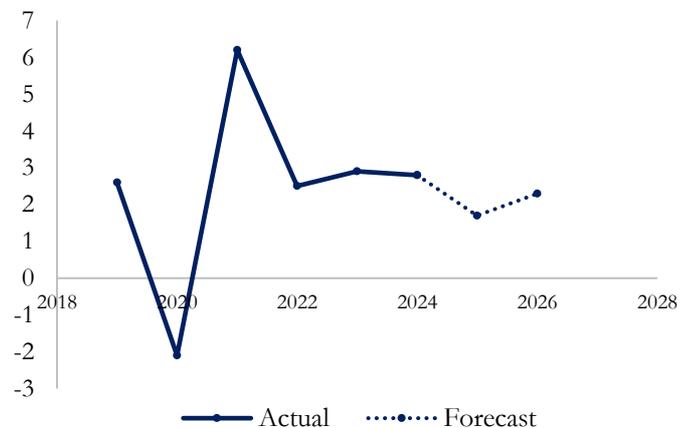


United States

In 2025, US growth recovered after a weak opening to the year, but remained narrow, anchored by household consumption and selective investment. Disinflation progressed slowly, with increase in services and tariff-related pressures limiting the Federal Reserve's room to ease, thus keeping financial conditions tighter than markets had expected, with clear spillovers to global capital flows.

Economic growth strengthened markedly through mid-2025. The real GDP contracted by 0.5% in Q1, before rebounding to 3.3% in Q2 and accelerating further to 4.3% (annualised) in Q3. Household demand was the primary driver of this recovery. Real consumer spending rose by 3.5% in Q3, supported by goods consumption (3.1%) and services (3.7%). Government consumption also turned supportive, increasing by 2.2%, helping to stabilise aggregate demand.

U.S. Real GDP Growth (2019–2026)



Source: FRED, BEA, Bancorp Research, 2025

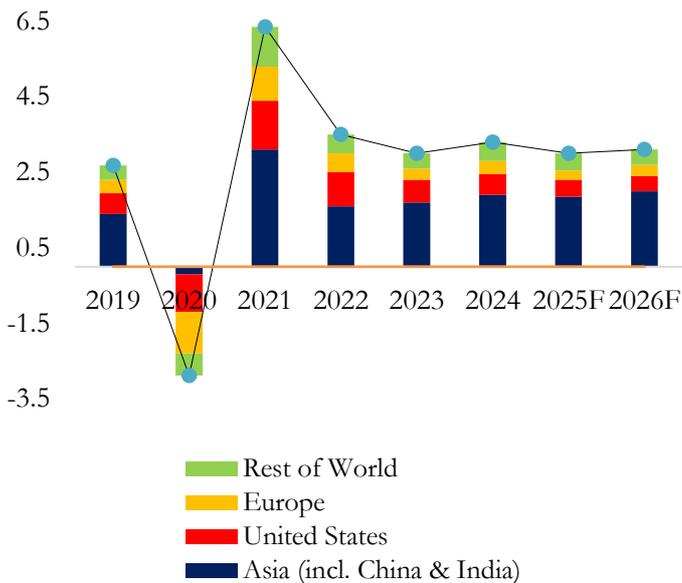
Beneath the headline GDP rebound, business activity indicators pointed to a more cautious environment. Business investment growth was concentrated in equipment and intellectual property products, particularly AI-related spending following increased investment in the AI space. Manufacturing activity stabilised but did not transition into a sustained expansion phase.

The ISM Manufacturing PMI averaged around 49-50 for much of the year and stood at 49.4 in Q3, remaining below the expansion threshold despite headline GDP growth. Services activity remained the backbone of expansion, consistent with the consumption-led growth profile.

This export-led improvement limited the downside to Chinese growth.

Emerging and frontier economies experienced a more constructive macro environment in 2025, though performance varied across economies. The World Bank raised Sub-Saharan Africa's growth forecast to 3.8%, up from 3.5%, supported by easing inflation, improved agricultural output, and stabilising exchange rates. Inflation declined to single digits across most of the region, allowing central banks to ease rates and shift focus toward growth support. However, elevated external debt, reliance on foreign portfolio inflows, and sensitivity to US yields continued to limit the pace of recovery, particularly in more import-dependent economies.

Global GDP Growth Contribution by Region



Source: IMF, Bancorp Research, 2025

Entering 2026, global growth is expected to remain positive but constrained. Consensus projections by IMF, World Bank place global GDP growth between 3.0% and 3.3%, marginally above 2025 levels. Advanced economies are expected to slow modestly as services momentum cools, while emerging economies should benefit from lower inflation and gradual easing in global financial conditions. However, the outlook remains sensitive to the pace of US monetary easing, the durability of China's export-led support. Growth in 2026 is therefore likely to continue.



United Kingdom

UK inflation was the dominant swing factor in 2025, repeatedly resetting the market's rate-cut timing and anchoring policy, growth, and financial conditions throughout the year. Headline CPI re-accelerated to 3.6% YoY in June (from 3.4% in May), signalling a pause in disinflation momentum forcing markets to push back expectations for monetary easing.

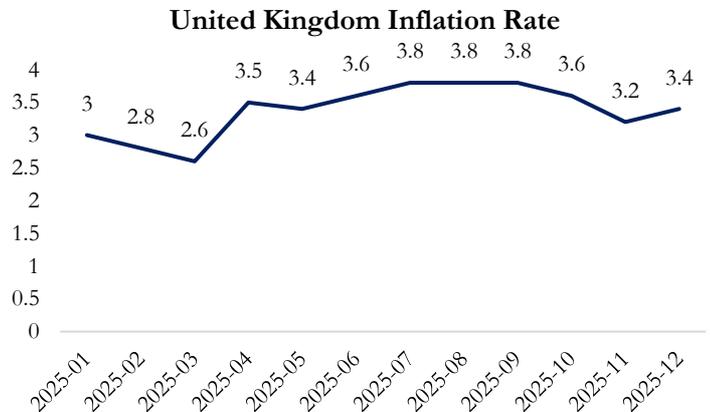
By September, inflation was still running at 3.8% YoY, with services inflation entrenched at 4.7%, showing the domestic nature of price pressures tied to transport, housing-related services, and labour-intensive sectors. A more convincing easing only emerged into November, when headline CPI slowed to 3.2% YoY and core inflation also moderated to 3.2%, helped by easing food inflation, lower energy costs.

This inflation backdrop directly shaped growth direction, which remained fragile and uneven through the middle of the year. The economy expanded by 0.3% QoQ in Q2 2025, slowing from Q1 as higher stamp duties introduced in April and renewed trade uncertainty weighed on activity. Growth was narrowly supported by the services sector, which rose 0.4% QoQ, driven in part by strong performance in computer programming and consultancy alongside a 1.2% QoQ increase in construction. However, production output declined 0.3% QoQ, reflecting continued weakness in energy and mining, while manufacturing managed only a modest 0.3% QoQ rise.

That loss of momentum became more evident in Q3 2025, when GDP growth slowed further to just 0.1% QoQ (1.3% YoY). Services growth eased to 0.2% QoQ, supported by financial services and real-estate but offset by declines in professional services. While, production output rose 0.3% QoQ, masking deeper stress beneath the surface as manufacturing contracted 0.8% QoQ and mining declined by 0.4% QoQ. A partial offset came from business investment, which rebounded 1.5% QoQ, likely reflecting deferred spending from earlier quarters, while household consumption improved modestly to +0.3% QoQ.

The divergence between the GDP growth and subdued employment data suggests that the economy

was operating above its minimum growth threshold, but without increase in demand and investment.



Source: ONS, Bancorp Research, 2025

Financial conditions reflected the tension between high inflation and slowing growth. Persistent price pressures and rising fiscal concerns pushed long-dated gilt yields sharply higher, with 30-year yields reaching about 5.75%, as investor appetite for long-term debt weakened. At the same time, labour-market conditions softened, with unemployment rising to 5.0% by Q3, job losses in manufacturing and retail, and wage growth easing to 4.6%, pointing to late-cycle cooling. Policy easing therefore moved slowly as inflation moderated in Q4, hence, the BOE decided to cut rates to 3.75% from 4.00% in November while signalling that further easing would depend on clearer disinflation in services and ease in the labour-market.

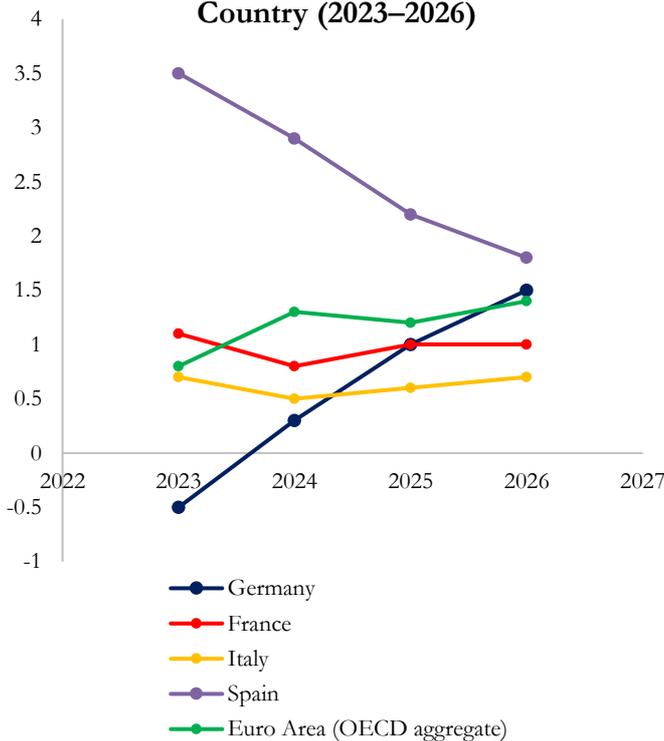
The UK economy is likely to retain its low expansionary momentum. Growth should stay positive but fragile, supported primarily by services and a gradual easing in inflation, while household spending remains constrained by weak real income growth, rising unemployment near 5.0%, and cautious consumer sentiment. Business investment is likely to stay restrained, as elevated gilt yields, and lingering trade uncertainty continue to weigh on capital expenditure decisions. While inflation has resumed a downward trend after repeatedly resetting rate-cut expectations earlier in the year, with inflation still above the 2.0% target and wage slow to normalise, the Bank of England is likely to maintain a cautious, incremental easing stand instead of an aggressive rate cuts.

Europe

The ECB kept its benchmark rate at 2.15% for most of 2025 as growth remained weak and global trade risks elevated. With inflation easing only gradually, ECB policy focused on maintaining stable financial conditions.

Output in the zone expanded by about 1.3% YoY, with Q3 growth of roughly 0.2% QoQ, driven mainly by services and household consumption in parts of Southern Europe. Industrial activity remained a drag, with Germany weighed down by weak manufacturing demand and exports, while France fluctuated between contraction and mild stabilisation despite some late-year improvement in export-linked sectors. The recovery lacked cross-sector reinforcement.

Euro Area: Real GDP Growth by Country (2023–2026)



Source: OECD, Bancorp Research, 2025

Composite PMI readings moved into expansion, reaching 52.5 in October, driven by services, but manufacturing failed to sustain improvement and slipped back into contraction by year-end (48.8 in December).

While the gains in Labour-market were concentrated in services, unemployment in the manufacturing sector continued to decline.

Wage pressures eased gradually, limiting second-round inflation risks but also constraining income growth and demand. Inflation outcomes supported policy restraint: headline inflation moved into the 2.0%–2.2% YoY range, returning to 2.0% YoY by late-2025, driven by energy deflation (-1.9% YoY) and softer non-energy goods prices. Services inflation moderated only slowly to around 3.4%, with core inflation at 2.3%–2.4% YoY, justifying the ECB's decision to maintain a pause.

By year-end, the Euro Area exited 2025 with price stability but limited growth traction. Subdued investment, industrial weakness, and exposure to external trade risks left the region reliant on sustained services resilience rather than a broad-based recovery heading into 2026.

The Euro Area economy is expected to record modest and uneven growth in 2026, with real GDP expansion likely to average around 1.0%, as easing inflation and a stable ECB policy stance support activity after a prolonged period of tight financial conditions. While lower inflation should gradually improve real incomes and financing conditions, the transmission to stronger investment and industrial output is expected to remain slow and selective across countries and sectors.

Inflation is expected to remain around the ECB target with headline CPI averaging around 2.0%, while services inflation is likely to ease only gradually, which will translate to limited scope for aggressive monetary easing, with any further ECB rate cuts likely capped at 25–50bps, aimed at preserving financial stability rather than driving a cyclical upswing.

While growth momentum is expected to remain led by services supported by household consumption and relatively resilient labour markets, particularly in Southern Europe. In contrast, industrial activity is likely to stay subdued, with manufacturing PMIs hovering around 48–50, reflecting weak global trade, cautious corporate investment, and lingering external risks. As a result, the recovery is expected to remain narrow, with limited spillover into exports or capital expenditure.



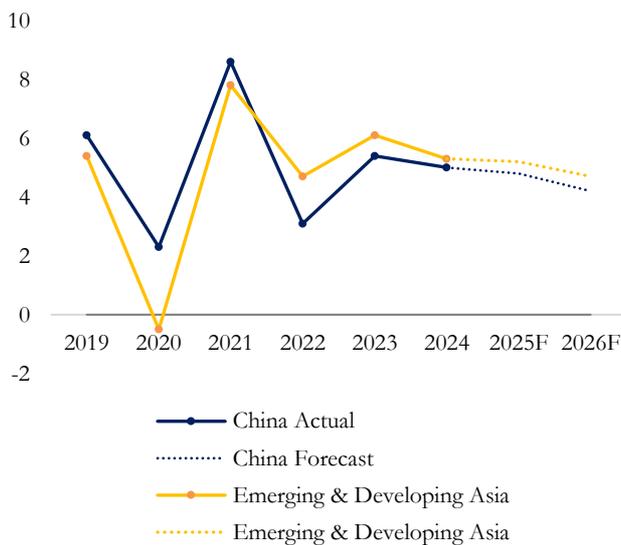
ASIA

Asia's economy expanded in 2025, though growth momentum softened over the course of the year, with regional GDP growth estimated at around 4.3%–4.5%, supported largely by external trade and targeted policy support.

China grew by 5.0% YoY, unchanged from 2024, driven by strong export volumes and a record trade surplus of over USD1.1 trillion, which offset continued weakness in household consumption, property investment, and ongoing producer-price deflation (PPI averaging about -2% YoY).

Growth momentum softened through the year, easing from about 5.2% YoY in Q2 to roughly 4.5% YoY by Q4, reflecting subdued domestic demand despite targeted fiscal and credit measures.

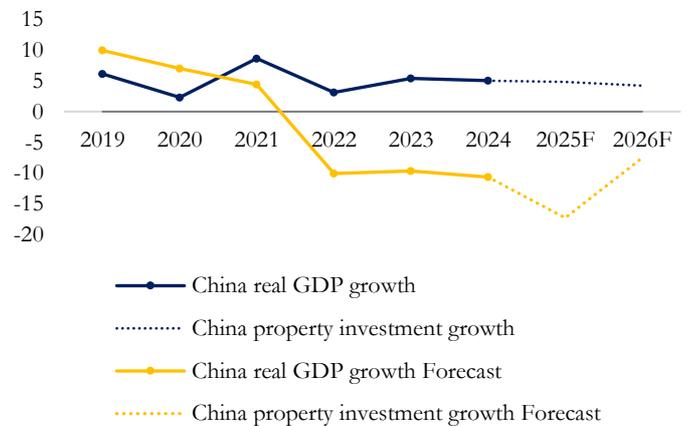
Asia GDP Growth – China vs Emerging Asia, 2019–2026F]



Source: IMF, Bancorp Research, 2025

China's growth in 2026 is expected to remain moderate at 4.0%-4.5%, constrained by structural deleveraging and a reduced role for property investment.

China GDP Growth vs Property Investment Growth (%), 2022–2026F]

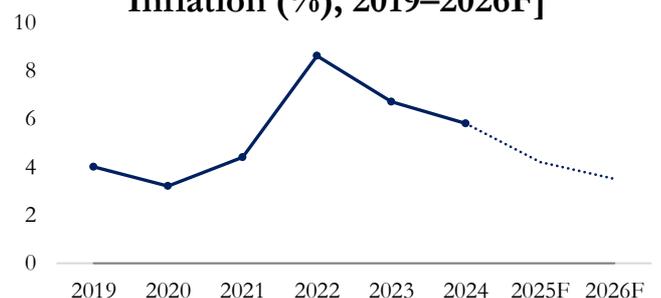


Source: IMF, Bancorp Research, 2025

In contrast, other parts of Asia have improved in contributing to the region's growth. India continues to outperform, with GDP growth averaging 6.5%–6.8% between 2023 and 2025, supported by strong domestic demand, public infrastructure investment, and rising foreign direct investment linked to diversification of supply-chain. Growth is projected to remain above 6.0% in 2026, making India the fastest-growing large economy globally.

Japan GDP expanded by around 1.0% YoY, supported by services sector, tourism, and wage gains, but constrained by weaker exports to the U.S. (down double-digit YoY in mid-2025 due to tariff pressures) and cautious corporate investment amid higher borrowing costs.

Japan Wage Growth vs CPI Inflation (%), 2019–2026F]



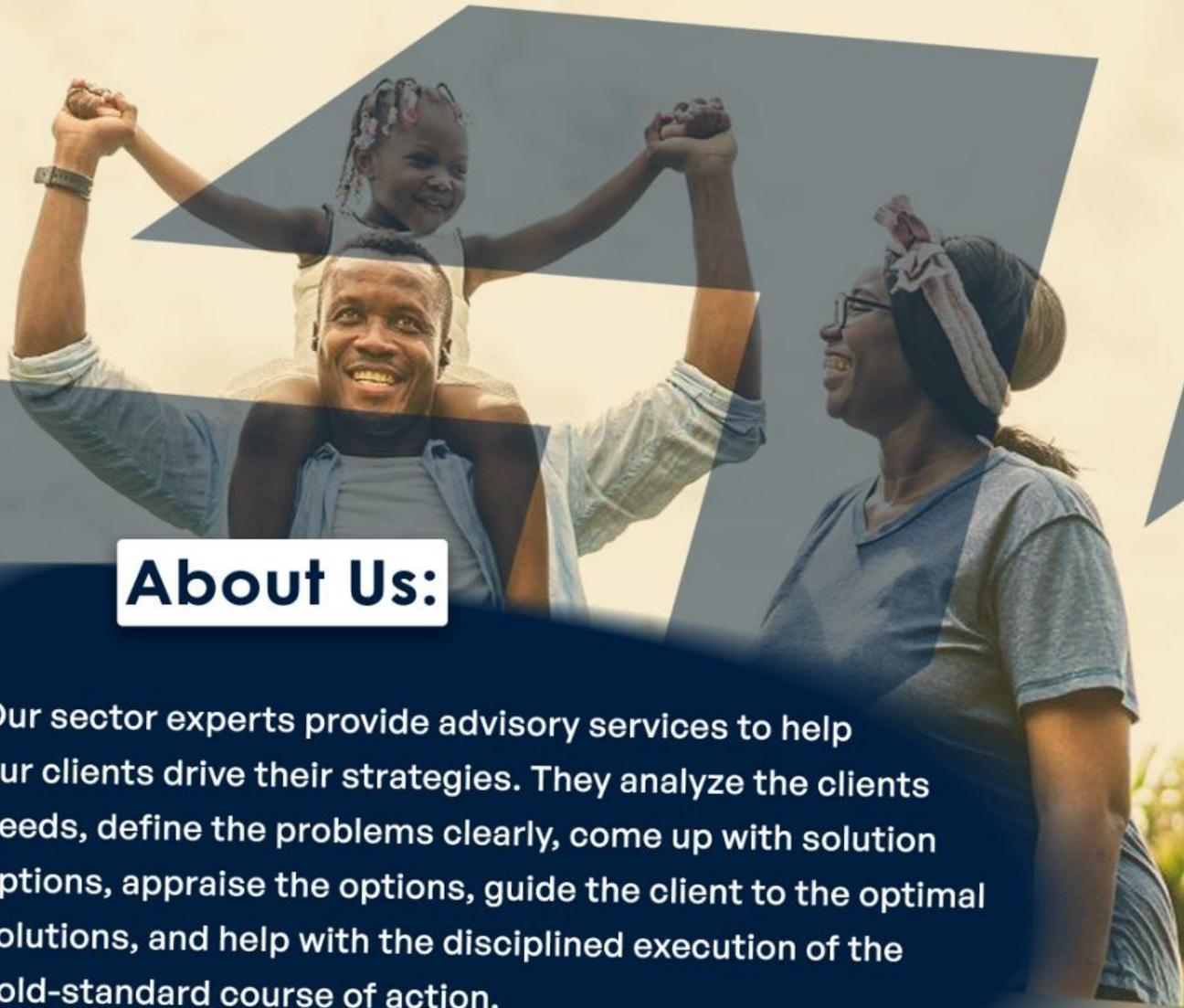
Source: IMF, Bancorp Research, 2025

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Energy Commodities

Global oil market fundamentals point to a looser crude balance heading into 2026. According to the IEA, global oil demand growth is expected to rise by about 0.8–0.9 mb/d in both 2025 and 2026, supported increasingly by petrochemical feedstocks, which are projected to account for more than 60% of incremental demand in 2026, up from around 40% in 2025. However, this demand growth remains modest relative to supply expansion.

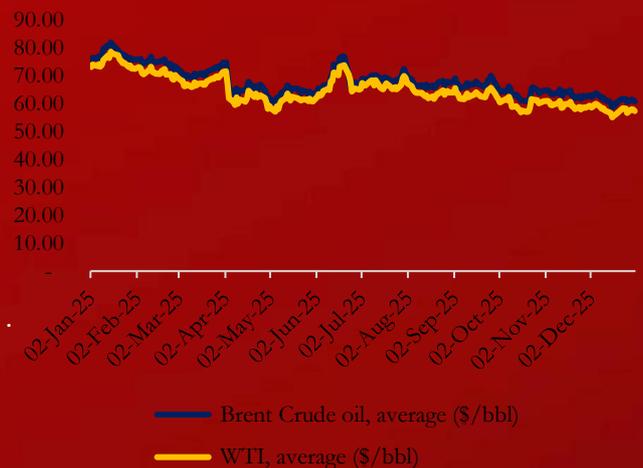
On the supply side, global oil output growth is projected at around 3.0 mb/d in 2025 and 2.4 mb/d in 2026, driven primarily by non-OPEC+ producers. While OPEC+ output has declined recently due to sanctions related disruptions and voluntary restraint—particularly among Russia and Venezuela these reductions have been insufficient to offset broader supply growth. As a result, total global production is expected to rise to above 106 mb/d in 2025 and close to 109 mb/d in 2026.

Through the year 2025 crude prices softening toward the low-60s USD region, with ample oil on water, elevated inventories, and subdued demand momentum limiting the market’s ability to sustain rallies despite geopolitical tension and strong refining margins.

While disruptions in supply and sanctions enforcement continue to generate short-term volatility, they have not materially tightened the underlying crude balance

Overall, crude oil prices trended lower in 2025 relative to the previous year, averaging USD69.70/bbl vs. USD80.53/bbl in 2024

Global Energy Performances



Source: Oil Prcie.com, Bancorp Research, 2025

Looking ahead, crude oil prices are expected to remain tilted to the downside, coupled with slowing demand growth and rising electric-vehicle penetration particularly in Europe and China limiting incremental consumption in 2026.

Thus, OPEC+ policy therefore remains central to price stability, with deeper or prolonged restraint required to offset surplus risk. Also, developments in Venezuela add further uncertainty on the supply side; any improvement in sanctions or operational capacity could increase export volumes and reinforce supply gluts, while renewed political or operational tensions would tighten balances modestly. Overall, prices are expected to remain driven by supply-side adjustments rather than increase in demand.





Commodities

Commodity prices in 2025 reflected weakening global demand and easing inflation pressures. Brent crude oil averaged around USD65–70/bbl, down roughly 15–20% YoY, weighed by slower global growth, softer Chinese demand, and rising non-OPEC supply, despite intermittent geopolitical risk premiums.

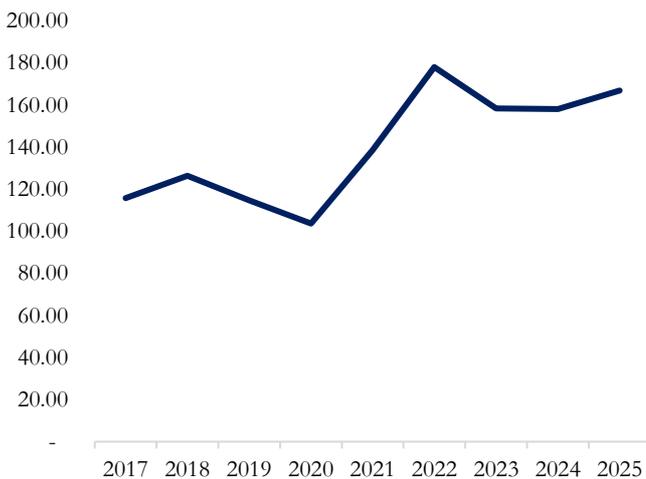
On the other hand, Gold prices strengthened, rising by about 15–20% over the year, supported by elevated geopolitical uncertainty, sustained central-bank purchases, and hedging demand amid volatile monetary policy expectations. In contrast, base metals underperformed, with prices for industrial metals such as copper and aluminium broadly flat to lower YoY, reflecting weak construction activity, subdued manufacturing demand, and persistent softness in China’s property sector.

Silver prices strengthened over 2024–2025 but remained notably more volatile than gold. While retaining its monetary and investment appeal, silver benefited increasingly from sustained industrial demand, particularly from photovoltaics, energy-transition technologies, and electronics.

Structural constraints in the physical market, driven by limited mine supply growth and persistent deficits, heightened the market’s responsiveness to shifts in investor positioning and macro sentiment.

As a result, price movements were more pronounced than in gold. Throughout the period, the interaction between cyclical industrial demand and investment flows remained the defining driver of silver’s market dynamics.

Global Commodity Price Index



Source: IMF, Bancorp Research, 2025

This shift in expectations can be traced to the extreme volatility across commodity markets in 2022, which marked a structural turning point. Price action during that period was characterised by repeated distortions, reflecting overlapping supply shocks, geopolitical escalation, and abrupt policy tightening.

Gold and Silver Prices



Source: IMF, Bancorp Research, 2025





Commodities

However, precious metals have been central to this regime change. Gold sustained rally through 2024 and 2025, reaching successive all-time highs despite positive real rates, and easing headline inflation, this reflected growing demand for protection against policy uncertainty which characterised early 2025. As central banks moved cautiously and fiscal constraints narrowed future policy flexibility, gold increasingly functioned as a hedge against policy uncertainty and geopolitical risk, rather than a simple inflation hedge..

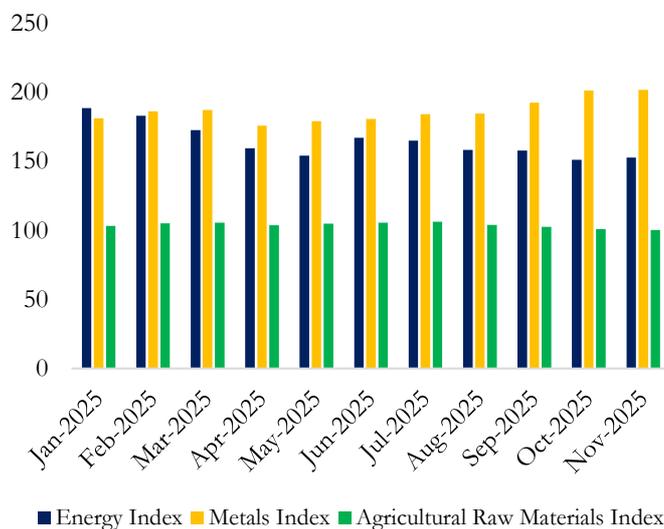
physical balances at a time when mine supply growth remained constrained by years of underinvestment and declining ore grades.

As monetary demand intersected with growing industrial scarcity, silver prices moved higher with greater volatility, reinforcing its dual role as both a monetary hedge and a strategic industrial input.

A similar divergence has emerged across the broader metals complex. Base metals closely tied to construction and traditional manufacturing remained constrained by subdued global growth and China’s property-sector adjustment. In contrast, metals with strategic importance such as copper, aluminium, and selected grid- and battery-related inputs proved more resilient. In these markets, pricing has increasingly reflected supply limitations rather than demand acceleration, as long project lead times, regulatory hurdles, ESG-driven capital discipline, and geopolitical considerations continue to constrain new supply.

China’s role within metals markets has also evolved. Rather than acting primarily as a source of incremental demand, China has increasingly influenced prices through supply-side management, inventory behaviour, and strategic stockpiling. At the same time, supply-chain diversification and industrial policy initiatives in advanced economies have created new sources of demand that are less sensitive to near-term growth fluctuations. Together, these forces have contributed to a metals environment that is structurally tighter and more policy-sensitive than in previous cycles.

Commodity Price Volatility by Sector – Energy, Metals, Agriculture



Source: FERD, Bancorp Research, 2025

Silver’s rally over the same period reflected a more complex set of expectations. While it continued to benefit from gold’s re-rating through its monetary role, price gains were increasingly reinforced by structural industrial demand.

Expansion in solar energy, electrification, and electronics through 2024 and 2025 tightened



In 2026, gold prices are expected to remain on the upward side rather than normalise sharply. Continued reserve diversification, lingering geopolitical risk, and a cautious global monetary environment are likely to sustain demand, limiting downside risk even if financial conditions ease further.

Silver prices in 2026 are expected to remain sensitive to shifts in industrial demand expectations and investor positioning. Structural demand from renewable energy, electrification, and electronics continues to provide support, while supply constraints limit downside risk. However, volatility is likely to remain elevated relative to gold, reflecting silver's dual exposure to both macro sentiment and industrial activity.



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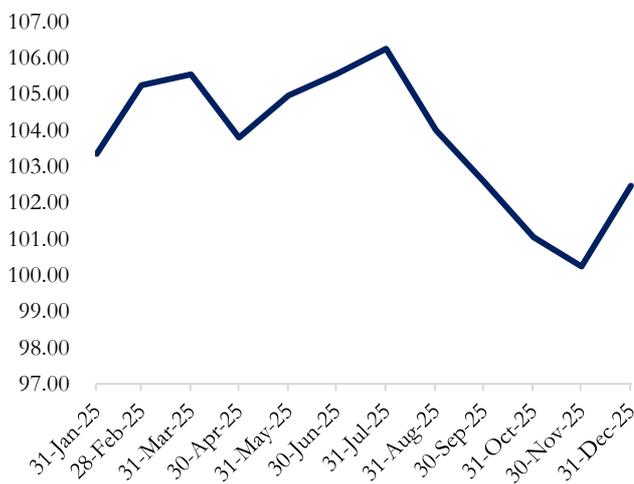
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Agricultural Commodities

Agricultural commodity prices recorded a modest increase in 2025, driven primarily by strong gains in beverage-related commodities and firmer raw material prices. Beverage prices rose sharply during the year, reflecting weather disruptions in key producing regions and supply concentration effects, while raw material costs increased moderately on tighter supply conditions. However, overall price growth was significantly tempered by continued weakness in food commodities. Food prices declined over the year, largely due to sustained corrections in grains and oils and meals, as improved harvest conditions, inventory rebuilding, and easing export restrictions weighed on prices. As a result, aggregate agricultural price performance in 2025 reflected offsetting movements across sub-sectors rather than broad-based inflationary pressure.

Agricultural Commodity Price Index



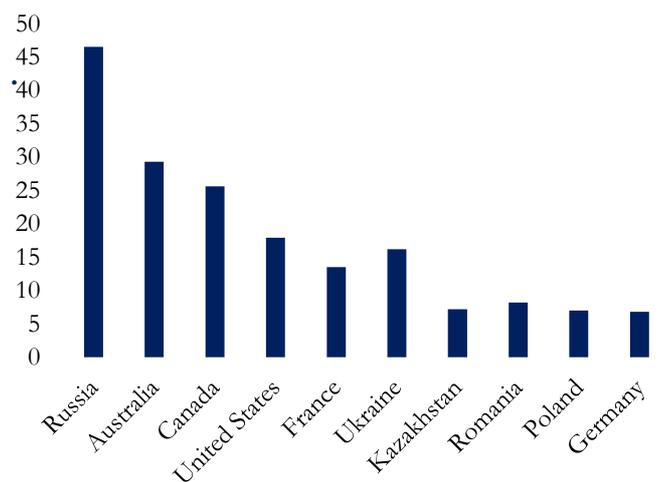
Source: The World Bank, Bancorp Research, 2025

Grains (Wheat and Related Cereals)

Grain markets remain heavily influenced by production and export decisions in the Black Sea region. Collectively, Black Sea producers account for roughly 30–35% of global wheat exports, giving the region significant influence over global pricing and availability. Export flows from this region have remained volatile, shaped by geopolitical risk, logistics constraints, and government interventions aimed at protecting domestic supply.

Russia, the largest wheat exporter globally, periodically introduced export quotas and floating export taxes to stabilise domestic prices. Any tightening of these controls typically reduces global supply availability, pushing prices higher, particularly for import-dependent regions in Africa and the Middle East. Conversely, announcements of quota relaxations or higher export ceilings tend to exert downward pressure, though often temporarily due to ongoing supply risk.

Export Volume (million metric tons)



Source: USDA, Bancorp Research, 2025



Maize markets was primarily driven by supply developments in the Americas, as the United States and Brazil together account for roughly 55–60% of global maize exports trailed by Argentina and Ukraine, giving production outcomes in both countries setting the tone for global pricing. In 2025, favourable weather and improved yields supported large harvests in both markets, contributing to a loosening of global balances.

In the United States, maize production in 2025 remained strong, supported by stable planted area and solid yields, while inventories stayed comfortable. Ethanol demand accounting for roughly 38-40% of U.S. maize use showed limited growth during the year, reflecting mature blending mandates and stable fuel consumption. As a result, domestic demand did not materially reduce balances, allowing for export availability to remain high and reinforcing a softer global price environment..

Brazil was a dominant supplier during the 2024/25 season. Total maize production remained elevated, estimated at over 130 million tonnes, supported by the continued expansion of second-crop planting, which now accounts for more than 75% of total output. While early-season anticipation was on a sharper rise in exports, strong domestic demand for animal feed and the rapid expansion of corn-based ethanol capacity resulted in export volumes being revised to a more moderate 40–46 million tonnes. Despite lower-than-initially-projected exports, Brazil’s large production base still intensified competition in global markets and exerted downward pressure on prices.

Against this backdrop, maize prices in 2025 specifically were shaped by a clear supply-led easing of market conditions. Large harvests in key exporting regions outweighed incremental demand from feed and biofuel sectors, keeping prices under pressure despite continued consumption growth in importing regions.

In 2026, maize prices are expected to be driven primarily by supply conditions, with early planting signals, favourable soil moisture in parts of Brazil, and stable acreage expectations in the United States pointing to the risk of another year of ample supply, though increased demand from feed and biofuel sectors may offset some of the supply gains. Import demand is expected to stay concentrated in structurally import-dependent regions such as North Africa, the Middle East, and parts of Asia, where limited arable land, water constraints, population growth, and expanding feed and livestock sectors sustain reliance on external supply. In this environment, major exporters with scalable volumes, efficient logistics, and competitive pricing particularly Brazil, Argentina, and Ukraine are well positioned to capture more market share

Maize Price, (\$/mt)



Source: FRED, Bancorp Research, 2025



Cocoa Market

Cocoa Prices Stay High as Supply Remains Constrained

Soft commodity markets remain among the most highly concentrated globally, making prices particularly responsive to supply developments in a small number of producing countries. Cocoa production is heavily dominated by Côte d'Ivoire and Ghana, which together account for close to 60 percent of global output. As a result, production disruptions, weather shocks, or policy changes in West Africa tend to affect global price movements quickly, as evidenced by the sharp cocoa price surge recorded in 2024 following severe supply shortfalls.

The outlook for cocoa improved during 2025, with expectations of a production recovery led by Côte d'Ivoire. Improved weather conditions and recovery efforts raised the prospect of a meaningful rebound in global output, with some projections pointing to a potential increase of up to 15 percent. If fully realised, this recovery would help ease the extreme tightness that characterised the market in 2024, improving the global stock-to-grind ratio and reducing the risk of further acute price spikes into 2026.

However, despite the more favourable supply outlook, cocoa prices are likely to remain elevated and volatile. Persistent uncertainty around weather patterns in West Africa continues to pose downside risks to production forecasts, while global inventories remain historically tight following multiple years of deficits. In addition, regulatory developments such as the European Union's Deforestation Regulation are expected to introduce higher compliance costs and potential trade frictions, adding further pressure to supply chains.

Cocoa prices are expected to ease in 2026 driven by the expected production recovery in Côte d'Ivoire but the downside remains constrained. With Côte d'Ivoire and Ghana still accounting for roughly 60% of global supply, even a normal harvest would only partially rebuild inventories after consecutive deficit years.

Global stocks remain well below historical averages, and alternative producers lack the scale to meaningfully offset disruptions in West Africa. In addition, higher compliance costs and potential trade frictions linked to the European Union's Deforestation Regulation are likely to cap supply responsiveness.

As a result, cocoa prices are likely to trade below the 2024 peaks but remain structurally higher than pre-2024 levels, with price direction in 2026 driven primarily by West African harvest outcomes rather than demand conditions.

Cocoa Price, (\$/mt)



Source: FRED, Bancorp Research, 2025



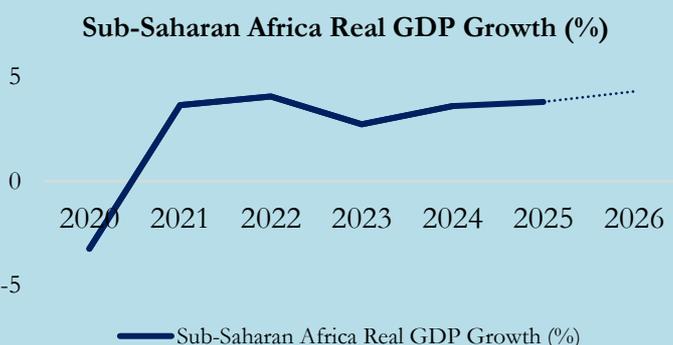
AFRICA



Sub-Saharan Africa Outlook

Economic conditions across Sub-Saharan Africa entering 2026 reflect a phase of stabilisation rather than a broad-based upswing. Regional GDP growth averaged 4.0-4.2% in 2025, according to the International Monetary Fund, broadly unchanged from around 4.1% in 2024. While this marked a continuation of post-shock recovery, growth remained marginally above population growth of 2.7%, implying per-capita income gains of 1.3-1.5% and underscoring the limited pace of income convergence across the region.

The quality of growth in 2025 was shaped by concentration rather than diffusion. Services and agriculture accounted for over 60% of incremental GDP growth, supporting stronger outcomes in economies such as Ethiopia, Rwanda, Benin, and Uganda, where domestic demand, public investment, and agricultural output remained resilient. By contrast, growth in several large, commodity-dependent economies including Angola remained closer to 3–4%, constrained by hydrocarbon production limits and operational disruptions. As a result, a relatively small group of faster-growing economies contributed disproportionately to regional expansion, while subdued performance in larger markets weighed on the aggregate outcome.

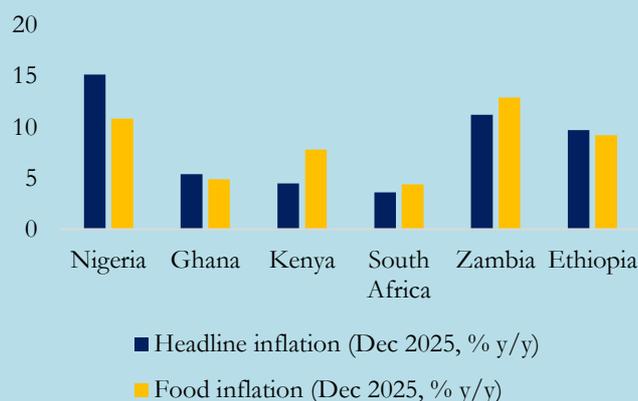


Source: World Bank Bancorp Research, 2025

Commodity dynamics reinforced this divergence. Higher prices for gold and cocoa improved export receipts and fiscal revenues in countries such as Ghana, Côte d'Ivoire, and South Africa, supporting external balances and currency stability. In contrast, food- and fuel-import-dependent economies including Kenya and Senegal continued to face pressure from high import bills, which weighed on household purchasing power and current account positions. These external price dynamics fed directly into domestic inflation outcomes across the region.

Inflation moderated across much of Sub-Saharan Africa in 2025, easing to an average of 9–10% from 11–12% in 2024, but remained elevated relative to historical norms. The sharpest disinflation occurred in economies such as Ghana, Zambia, and Angola, where tighter monetary policy, easing food prices, and currency stabilisation reduced cost pressures. However, inflation remained more persistent in parts of East and Central Africa, where food prices continued to account for 40–50% of headline inflation, reflecting weather variability, supply constraints, and logistics costs.

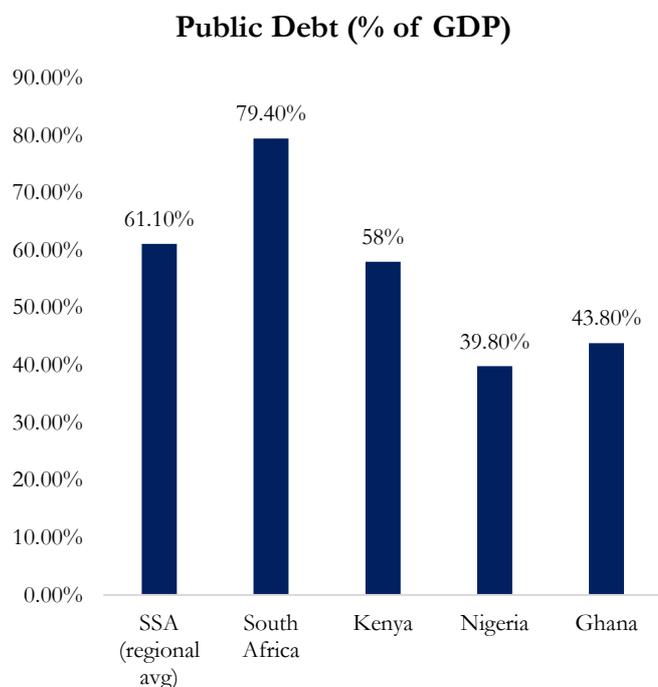
Inflation and Food Price Contribution (%)



Source: World Bank Bancorp Research, 2025



Against this backdrop, monetary policy remained restrictive across most of the region. Policy rates stayed 300–600 basis points above pre-pandemic levels, as central banks prioritised price stability and exchange-rate management. While some economies notably South Africa were able to begin cautious easing as inflation and currency conditions stabilised, others maintained tight stances due to reserve constraints and exposure to capital flow volatility.

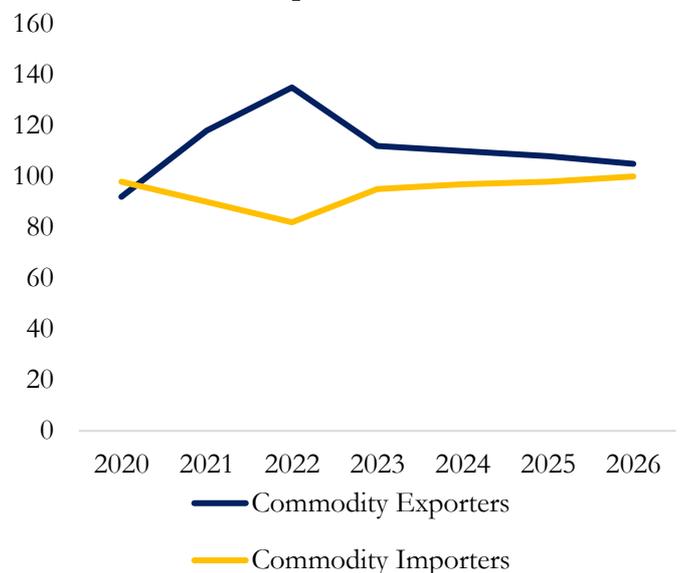


Source: IMF, Bancorp Research, 2025

External buffers remained uneven. Commodity exporters and economies with diversified foreign exchange inflows recorded relative improvements in current account positions, while others continued to rely heavily on remittances estimated at USD 90–100 billion annually and multilateral financing to stabilise external balances.

This reliance highlights ongoing structural limits to export diversification across parts of the region.

Terms of Trade – Commodity Exporters vs Importers in SSA



Source: IMF, Bancorp Research, 2025

Looking ahead to 2026, Sub-Saharan Africa's outlook remains characterised by cautious stabilisation rather than acceleration. Growth is expected to improve modestly where inflation continues to ease, macro adjustments are sustained, and external conditions remain supportive.

However, sensitivity to global financial conditions, commodity price movements, and climate-related shocks remains high. Economies with diversified growth bases, improving external buffers, and favourable commodity exposure such as Ghana, Côte d'Ivoire, and Rwanda are better positioned, while countries with high debt burdens, narrow export bases, and heavy import dependence remain more exposed to renewed external stress.

As a result, regional performance is likely to remain highly differentiated, with outcomes driven primarily by domestic fundamentals rather than regional momentum.





Regional Growth Outlook

Growth across Sub-Saharan Africa heading into 2026 is being shaped by a widening split between oil-exporting economies where output and fiscal space still hinge on crude volumes and non-oil economies, where domestic demand, reform execution, and financing conditions are doing most of the heavy lifting. At the regional level, the International Monetary Fund baseline points to GDP growth of around 4.0–4.2% in 2025, rising modestly toward 4.3–4.5% in 2026, but that steady headline masks materially different stories underneath.

Among oil exporters, the core set driving the regional oil narrative remains Nigeria, Angola, the Republic of Congo, Gabon, Equatorial Guinea, Chad, and South Sudan now joined at the margin by Senegal following the start-up of Sangomar. Collectively, these economies account for roughly 85–90% of Sub-Saharan Africa's crude oil production, making volume trends far more important than price movements for regional growth dynamics. The defining pattern through 2024–2025 was not a uniform recovery, but divergence between producers that stabilised operations and those facing structural decline from mature fields and underinvestment.

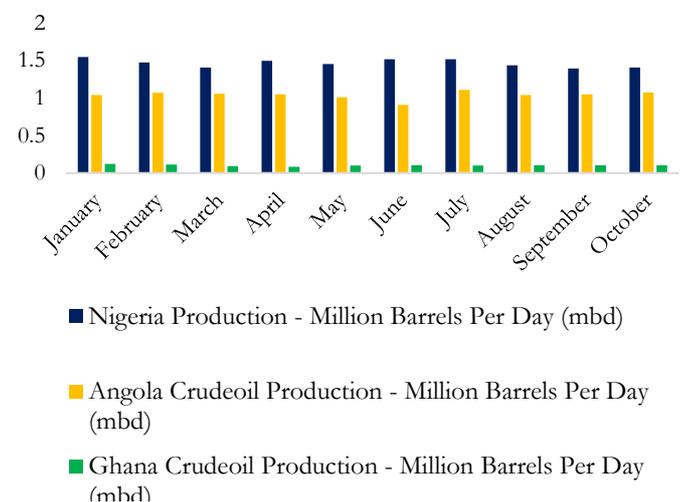
Nigeria is the clearest example of an operational recovery story. Output improved meaningfully during 2025, with official data showing production rising from around 1.3–1.4 million bpd in 2023 to above 1.8 million bpd by mid-2025, the highest level in several years.

This recovery, widely linked to improved security enforcement and reduced pipeline losses in the Niger Delta, materially strengthened export receipts and eased near-term external pressure in the region's largest economy, even as inflation and domestic demand dynamics remained constrained.

Angola represents the opposite side of the oil-exporter spectrum. Despite policy efforts to sustain output, production continued to trend lower in 2024–2025, drifting toward and at times below 1.0 million bpd, compared with levels above 1.4 million bpd a decade earlier. Because hydrocarbons still account for over 90% of export earnings and more than 50% of fiscal revenues, declining volumes have translated directly into weaker growth impulses, reinforcing a stabilisation rather than acceleration profile.

Ghana's oil sector added further drag in 2025, with first-half production reportedly down by more than 20% year-on-year, reflecting technical challenges and maintenance at key fields. While non-oil sector continued to recover, weaker hydrocarbon output reduced export receipts and fiscal flexibility, increasing the importance of domestic revenue mobilisation and expenditure discipline for macro stability.

Oil Production Trend – Nigeria vs Angola vs Ghana



Source: GH PETROCAM, NUPRC, Y Chart, Bancorp Research, 2025



Regional Growth Outlook

Senegal stands out as the region's new oil-driven growth impulse. The Sangomar field ramp-up lifted production to around 100,000 bpd in 2025, contributing to upward revisions to GDP growth estimates and materially improving the country's export and fiscal outlook. While Senegal remains a small producer in absolute terms, the addition of a new, scalable export stream reduces near-term external financing pressure and has the potential if managed prudently to support a stronger investment cycle than is typical for frontier producers.

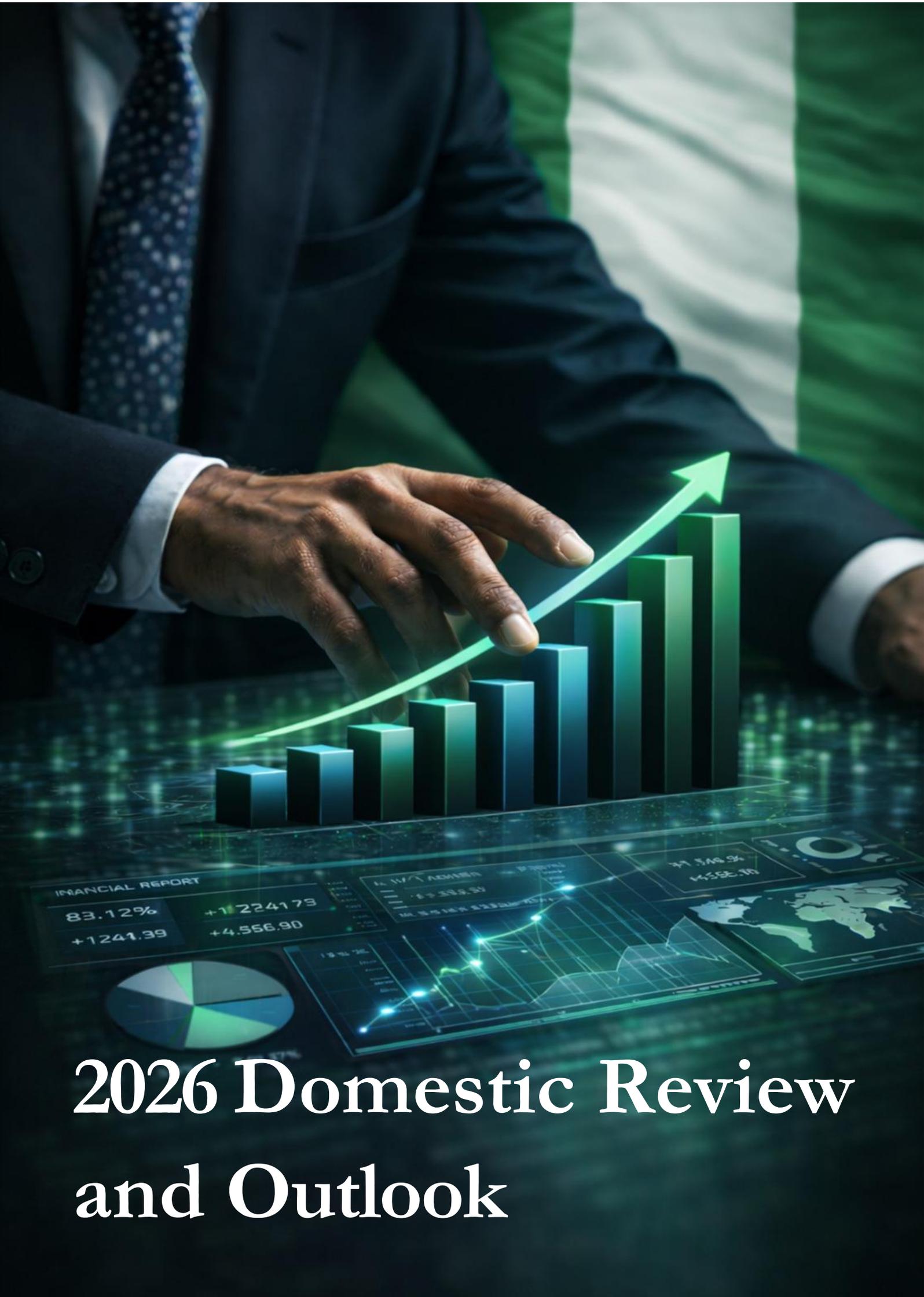
Non-oil economies, by contrast, have been shaped less by commodity volumes and more by domestic demand resilience, reform momentum, and access to financing. Stronger performers including Côte d'Ivoire, Rwanda, Senegal (pre-oil), and parts of East Africa maintained growth rates in the 5–7% range, supported by services expansion, agriculture, and infrastructure investment. Services alone accounted for over 50% of GDP growth in many of these economies during 2024–2025, reflecting trade, transport, telecoms, and financial services.

However, the non-oil growth story has not been frictionless. Food inflation remained a persistent drag on real incomes, with food accounting for 40–50% of headline inflation in several markets, while tighter global financing conditions lifted sovereign borrowing costs and constrained public investment. As a result, growth in many non-oil economies has been demand-supported but investment-light.

In 2026, three structural themes are becoming clearer. First, growth dispersion now matters more than regional averages, with capital increasingly allocated toward macro-stable reformers.

Second, new energy and resource projects such as Senegal's oil and gas developments are creating isolated growth accelerators but are not yet large enough to lift the region as a whole.

Third, debt restructuring and fiscal re-anchoring have become central to the growth narrative, as they determine whether economies can fund infrastructure, stabilise currencies, and crowd in private capital.



2026 Domestic Review and Outlook

Nigeria Macroeconomic Outlook – 2026

Following the GDP rebasing, output expanded by 3.13% year-on-year in Q1, improving from 2.27% in the same period of 2024, with growth overwhelmingly driven by the non-oil sector. That composition persisted through the year and became clearer by Q3, when GDP growth strengthened to 3.98% year-on-year, albeit moderating from the 4.23% peak recorded in Q2.

Within this environment, services consolidated its role as the primary growth driver. By Q3, the sector accounted for 53.02% of GDP, supported by sustained expansion in telecommunications, ICT, and financial and insurance activities, with financial and insurance services recording growth of 19.63% year-on-year.

Agriculture provided a second pillar of support, representing 31.27% of GDP and growing by 3.79%, aided by improved harvest while Industry remained the weakest link with manufacturing expanding by only 1.25% despite broader macro stabilisation. The importance of agriculture increased as improving food supply later in the year fed directly into easing food price.

Economic activity was consistently stronger in agriculture and services relative to manufacturing, aligning with their respective contributions to growth.

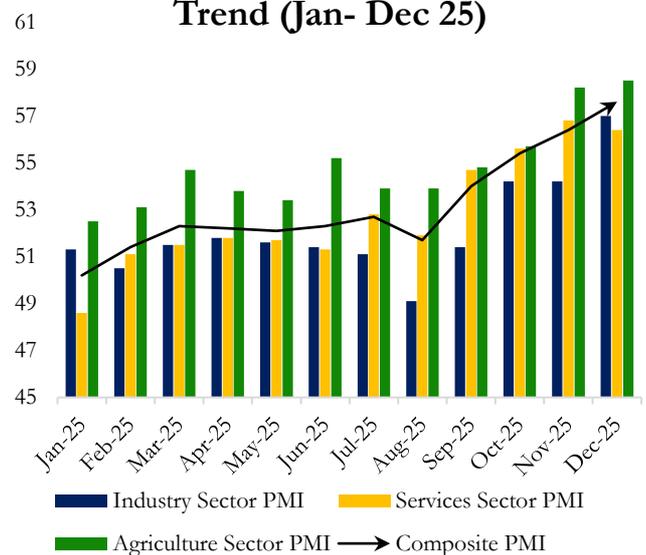
By the fourth quarter, business conditions improved materially, with PMI rising to 55.40 points in October and strengthening further to 57.60 points in December, the highest reading of the year.

Sectoral readings confirmed broad-based expansion, with agriculture (58.50), industry (57.00), and services (51.90) all in the positive zone.

Oil sector contribution to the GDP expanded by 5.84% year-on-year, supported by improved security around key assets, rising rig counts following an increase in licensing, and higher average crude production earlier in the year, estimated at about 1.64mbpd.

More recent data, however, showed some moderation toward year-end, with total oil production (including condensates) averaging closer to 1.58mbpd, and crude output around 1.40mbpd still below Nigeria's 1.50mbpd OPEC quota. While oil accounted for just 3.44% of GDP, incremental improvements in output continued to support export receipts and FX inflows.

**Purchasing Managers' Index
Trend (Jan- Dec 25)**



Source: CBN, Bancorp Research, 2025



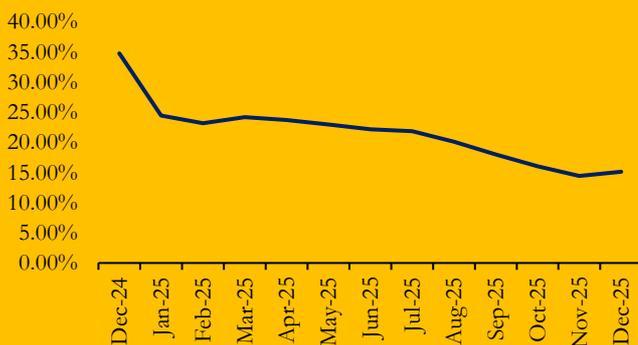


Can Disinflation Be Sustained?

The growth observed in 2025 was inseparable from the inflationary trend during the year. Moderation was observed in headline inflation; the pace of disinflation accelerated into the fourth quarter. By November, headline inflation had declined to 14.45% year-on-year, the lowest reading since 2020, driven by a sharp slowdown in food inflation to 11.08% and continued moderation in core inflation to 18.04%.

By contrast, core inflation declined more gradually, reflecting persistent pressures in transport, healthcare, clothing, and service-related costs.

Nigerian Inflationary Trend



Source: NBS, Bancorp Research, 2025

Energy prices remained the most volatile inflation driver. With PMS fully deregulated, global price movements fed directly into transport costs (around 7% of CPI), raising inflation risks via logistics and food distribution. However, these concerns were partly offset later in the year by improved domestic supply, lower pricing from the Dangote Refinery, the suspension of the proposed 15% import duty on PMS and AGO and FX stability.

By December, headline inflation rose to 15.15% following the NBS CPI rebasing to 2024. The exercise faced a distorted base when FX adjustments, energy prices and food shocks drove atypical price movements such that using December 2024 as the reference would have mechanically pushed inflation above 30%, overstating underlying momentum

To address this, the NBS adopted an averaging normalisation approach, setting the average index level of all twelve months of 2024 equal to 100. This adjustment stabilised the inflation series and preserved the observed deceleration in monthly price pressures, though at the cost of reduced comparability with earlier CPI rebasing exercises.

Subsequent reactions to Nigeria's December 2025 inflation revision show that international partners, including the IMF, welcomed the observed moderation in inflation and supported the use of averaging normalisation following the CPI rebasing, noting that the adjustment aligns with international practice and helps preserve macroeconomic stability. Back home, proponents argue that the NBS acted transparently to correct a recognised base-effect distortion, in consultation with the Central Bank and international stakeholders, thereby avoiding a mechanically induced inflation spike that would have distorted policy signals and real rate assessment.

International reactions to Nigeria's December 2025 inflation revision were largely favourable, with the IMF supporting the post-rebasing averaging normalisation as consistent with global practice. Domestically, the NBS is seen as acting transparently, in consultation with the CBN, to correct base-effect and avoid a mechanical inflation spike. However, the adjustment raises the question of whether statistical changes alter inflation or merely changes how the data is presented. ***While the normalisation prevented an artificial December spike, it does not address underlying inflation drivers such as food supply constraints, energy costs. Its credibility will ultimately depend on whether monthly inflation continues to ease in the coming months, validating the revised framework.***



Is Moderation Here to Stay?

Monetary policy responded to this shift in inflation. Throughout 2025, the Monetary Policy Committee maintained a restrictive stance, holding the policy rate around 27.50% to prioritise inflation control and FX stability. The more consequential adjustment came at the final MPC meeting of the year, when the asymmetric corridor was widened to +50bps/-450bps and policy rate cut to 27.00%. By lowering the Standing Deposit Facility rate relative to the MPR, the CBN reduced incentives for banks to park excess liquidity at the central bank, thereby encouraging credit creation while being cautious. This reflected growing confidence in the disinflation trajectory while recognising that excessive tightness was beginning to restrict industrial activity.

The liquidity conditions reinforced this cautious recalibration as growth in currency in circulation slowed materially into Q4, reflecting tighter liquidity management, increased OMO issuance, and the continued shift toward electronic payments. The policy stance late in the year suggested an attempt to remain within that narrow corridor. This poses a question as to how fast will the next rate cut come.

From Stress to Stability

The improvement in inflation conditions through 2025 would not have been possible without a parallel stabilisation in Nigeria's external position. FX availability, was a major contributor to the growth and relative stability recorded in the year. As external reserves strengthened and market functioning improved, FX pressure into domestic prices eased, allowing disinflation to broaden beyond food. Balance of payments data confirmed this gradual stabilisation.

The external reserve strengthened materially through the year as FX liquidity conditions improved. The external reserves rose sharply, Reaching USD45.50bn at year end recording 11.31% increase from 2024 close of USD 40.87bn, the highest level in nearly four years.

The accumulation reflected a combination of improved non-oil inflows and renewed portfolio investment. Notably, capital flows strengthened markedly toward year-end, reinforcing FX stability. Re-entry into the Eurobond market with a USD2.35bn issuance in November was met with strong demand, with subscriptions exceeding USD13bn even at relatively high coupon levels. The oversubscription signalled renewed investor confidence in Nigeria's macro direction and provided a near-term boost to reserves.

In parallel, Nigeria's placement on the FTSE Russell Watch List for potential reclassification to Frontier Market status marked a significant milestone, reflecting improvements in FX market functioning, repatriation timelines, and overall market accessibility for foreign investors. Beyond capital market access, external acceptance also strengthened on the financial integrity front. Nigeria's removal from the European Union's financial crime high-risk list, following its exit from the FATF grey list, marked an important qualitative shift in external standing.

Similarly, regulatory reforms complemented these external gains. The licensing of 82 Bureau De Change operators under a tighter regulatory framework improved control in the retail FX market, reduced arbitrage opportunities, and narrowed the gap between official and parallel segments. This enhanced transparency and strengthened the CBN's ability to monitor market activity.





Outlook for the Year

According to the IMF, Nigeria's economic growth strengthened through 2025, with real GDP estimated in the 3.9%-4.2% range. Growth was supported by sustained expansion in the services sector, improved agricultural output, and a gradual recovery in oil production. Looking ahead, the IMF has revised its 2026 growth forecast upward to 4.4%, from an earlier projection of 4.2%, reflecting increased confidence that recent macroeconomic adjustments are beginning to take effect. This outlook appears broadly consistent with the momentum carried over from 2025, alongside greater exchange rate stability and an improvement in external reserves.

However, fiscal conditions entering 2026 remain tight. The proposed federal budget sets total expenditure at NGN58.47 trillion against projected revenue of about NGN34.3 trillion, implying a deficit of roughly NGN24 trillion and continued reliance on deficit financing. Debt servicing, estimated at around NGN15.5 trillion, is expected to absorb more than a quarter of total spending, significantly limiting fiscal space despite the improvement in growth conditions.

Similarly, oil assumptions remain a key source of risk. While the budget oil price benchmark of USD64.85 per barrel is relatively conservative, the production assumption of 1.84 million barrels per day provides another risk. Actual output in 2025 was lower than projections, raising questions around the feasibility of the 2026 target. Any sustained production shortfall, particularly below the 1.5–1.7 million barrels per day range, would weaken revenue inflows, widen the fiscal deficit, and increase borrowing. These risks are further compounded by elevated geopolitical tensions in the Middle East, which remain a cause of volatility in the global oil markets.

As a result, non-oil revenue is expected to play a more prominent role in 2026. The tax framework implemented in January 2026 is intended to improve compliance and broaden the revenue base. Over time, this should strengthen fiscal sustainability. Higher effective tax incidence and tighter enforcement could weigh on profit of corporate bodies, particularly in sectors already adjusting to high borrowing costs, energy prices. The balance between revenue mobilisation and growth preservation will therefore be a key determinant of economic performance through the year.

While inflation moderated through 2025 cost of energy pricing remains a concern.

Early 2026 developments have already begun to test the durability of the disinflation achieved in 2025. The pilot fuel supply arrangement between the Dangote Petroleum Refinery and major downstream marketers; intended to stabilise domestic supply through monthly offtake of about 600 million litres of petrol broke down amid pricing disagreements. The disruption coincided with a renewed surge in fuel importation, with PMS imports rising to 1.56 billion litres in November 2025, according to data from the Nigerian Midstream and Downstream Petroleum Regulatory Authority, as reliance on imports extended into early 2026 of which higher import volumes increase FX demand and raise the risk of renewed pressure on the Naira.





2026

In Search of Alpha

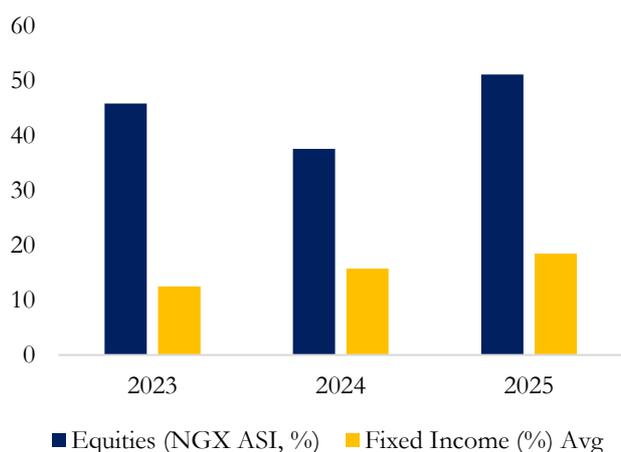


Nigerian Capital Markets – Equities and Fixed Income

Nigeria’s capital markets in 2025 adjusted to a disinflationary environment and improving financial conditions.

As inflation eased and yields declined from prior highs, pricing across fixed income and equities became more orderly, supporting selective risk-taking rather than broad-based reallocation. Market performance improved unevenly over the year, reflecting better functioning and confidence

Nigerian Capital Market Performance: Equities vs Fixed Income (2023–2025)



Source: NGX, Bancorp Research, 2025

Fixed-income markets absorbed the bulk of the adjustment, following cumulative policy tightening of about 600bps that pushed the Monetary Policy Rate to a cycle peak of 27.50% in 2025 before a modest easing to 27.00% as inflation began to moderate.

This tightening transmitted quickly across money-market and bond yields, with one-year Treasury bills trading in the high-teens to low-20s for much of the year, shorter tenors clearing at persistently moderate levels, and FGN bonds repricing aggressively mid-tenor yields in the lower-teens and long-dated bonds around 18% during peak tightening.

Equities: Earnings Growth Without Broad Re-rating

As inflation eased after CPI rebasing and FX conditions stabilised, yield volatility declined in the second half of 2025, encouraging selective demand for duration, particularly from pension funds and insurers.

By year-end, real yields across short- to medium-tenor government securities were clearly positive, though uneven across the curve.

Equities adjusted through earnings rather than valuations. Nominal profits expanded sharply in naira terms, driven by FX repricing effects, interest income growth in banking, and price pass-through in select consumer and telecom names, but elevated discount rates continued to cap valuation multiples.

By end-2025, the NGX All-Share Index traded at high-single-digit to low-double-digit trailing earnings multiples, below long-term averages, while dividend yields on large caps sat in the mid- to high-single-digit range, placing equities in direct competition with fixed income for income-focused investors.

Performance was increasingly concentrated in banking, telecommunications, and select industrial names with balance-sheet strength and pricing power, while discretionary consumer segments lagged, leaving returns driven more by improvement and cash distribution than broad-based multiple expansion.





Nigerian Capital Markets – Equities and Fixed Income

Liquidity, Participation, and Market Structure

Liquidity and participation trends reinforced this divergence. Domestic institutional investors remained the primary anchor of market activity. Pension funds continued to favour fixed-income instruments due to regulatory constraints and attractive yields, limiting incremental equity allocation despite compressed valuations. Retail participation remained volatile, constrained by elevated living costs and the opportunity cost of high-yielding government securities.

Foreign portfolio participation improved modestly during 2025 as FX market confidence stabilised, but flows remained tactical rather than strategic. Activity was concentrated in liquid large-cap equities and short-duration fixed-income instruments, with limited appetite for broader market exposure.

Fixed-income market liquidity improved meaningfully. Auction subscription levels for Treasury bills and bonds consistently exceeded offer sizes, reflecting strong domestic demand. Secondary-market trading volumes increased, supported by clearer price discovery and higher turnover among banks and asset managers. Equity-market liquidity, by contrast, remained concentrated, with a narrow set of stocks accounting for the majority of daily turnover

Corporate Financing Behaviour

Corporate financing behaviour mirrored these conditions. Issuers increasingly favoured short-tenor commercial paper and bonds to manage interest-cost risk, a preference reflected in the dominance of 180-day and 270-day CP issuances, frequent rollovers, and limited appetite for long-dated corporate debt at prevailing yields.

Issuance volumes were concentrated at the short end of the curve, with pricing clearing in the high-teens to low-20s percent range, while longer-tenor corporate bonds attracted weaker demand or required significant pricing concessions. Equity issuance remained subdued, reflecting valuation sensitivity and dilution concerns. Capital-raising was therefore largely defensive, focused on working-capital management and balance-sheet optimisation.

Asset-Class Positioning Entering 2026

Entering 2026, relative asset-class positioning remains yield-anchored. Fixed income continues to offer attractive nominal and real returns, particularly across short- to medium-tenor instruments.

Equities offer valuation support but require either further disinflation or credible policy easing to unlock broad-based re-rating. Under the base case, fixed income is expected to dominate early-2026 allocations, with gradual rotation toward equities contingent on declining yields, stable FX conditions, and sustained earnings delivery.

Overall, Nigeria's capital markets enter 2026 with clearer pricing, improved transparency, and more measurable income opportunities, but remain tightly linked to macro-outcomes.

The repricing phase is largely complete; the next phase will depend on the pace at which stabilisation translates into lower yields, stronger earnings quality, and broader participation across the market.



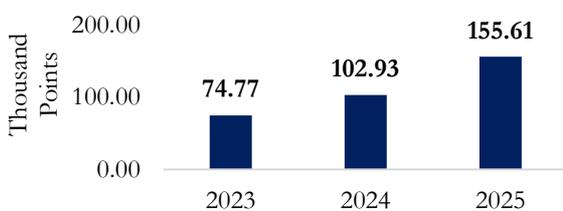
Nigerian Stock Exchange

Equity market performance on the Nigerian Exchange over the most recent cycle reflected the interaction between macro repricing, sector-level earnings resilience, and a gradual return of investor confidence following the dislocation of 2023–2024. Market performance through 2025 was uneven but directionally constructive, driven growth in large-cap stocks with strong balance sheets, pricing power, and dividends.

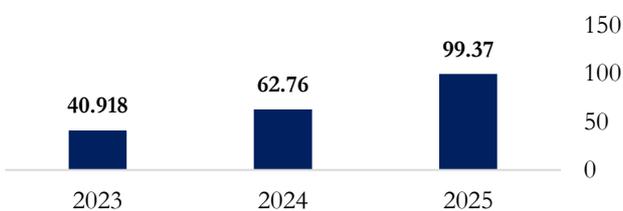
The NGX recorded a strong market-wide performance in 2025, with the All-Share Index (ASI) rising from about 102,926 points at the start of the year to approximately 155,613 points by year-end, translating into a full-year market return of 51.19%. This represented a clear growth relative to 2024 and placed the NGX among the strongest-performing equity markets globally over the period.

Market capitalisation expansion was equally striking in nominal terms: total equity market cap rose to about NGN99.38 trillion by year-end, implying an increase of roughly NGN36.6 trillion over the year.. The key analytical point is that the market’s “wealth effect” in 2025 was not only driven by price appreciation; it was also supported by a more active primary market and new listings within the year.

NGX All Share Index
(Year- End Levels)



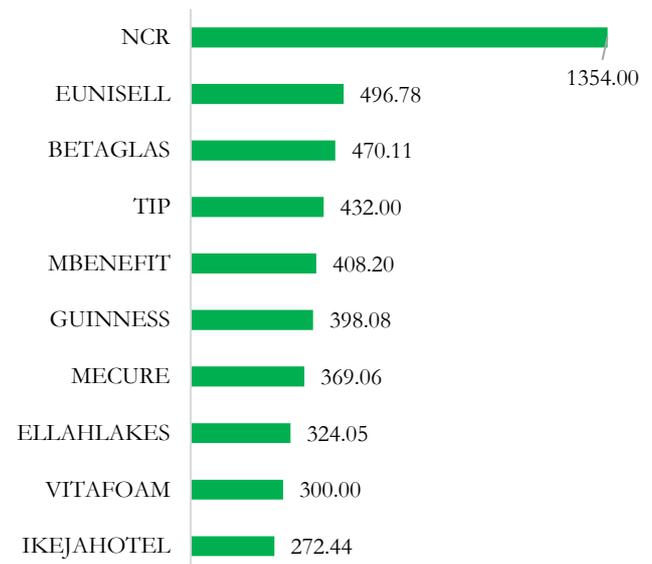
NGX Market Capitalisation (NGN, Trillion)



Source: NGX, Bancorp Research, 2025

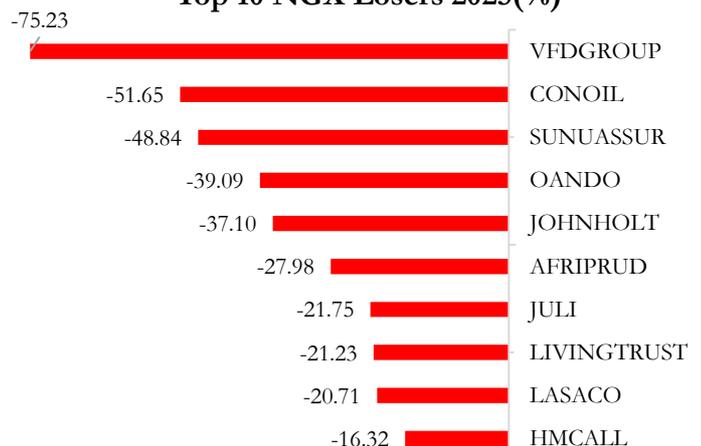
Activity was muted early in the year as elevated yields competed aggressively with equities and investors waited for clearer macro signals. That cautious tone began to shift meaningfully from May visible in stronger turnover, improving breadth, and a more consistent pattern of follow-through buying, particularly in liquid large caps. One indicator of this change in activity is CSCS’ report that securities transactions executed between May and August 2025 reached NGN2.112 trillion, up 138.44% versus the same period in 2024.

Top 10 NGX Gainers 2025 (%)



Source: NGX, Bancorp Research, 2025

Top 10 NGX Losers 2025(%)



Source: NGX, Bancorp Research, 2025



NOTABLE CORPORATIONS THE SHAPED THE YEAR

NEW LISTINGS

- ❑ Legend Internet Plc (LEGENDIT): Listed by introduction in April.
- ❑ Coronation Infrastructure Fund (CNIF) was listed in August.
- ❑ MOFI Real Estate Investment Fund ((MOFIREIF) Series 2 got listed on the Nigerian Exchange in November
- ❑ MOFI Real Estate Investment Fund ((MOFIREIF) Series 2 got listed on the Nigerian Exchange in November
- ❑ Nigeria Real Estate Investment Trust (NREIT) was listed on the Nigerian Exchange Limited (NGX) in December

DELISTINGS

- ❑ Tourist Company of Nigeria Plc (TOURIST): Delisted from the Nigerian Exchange in January.
- ❑ Union Homes Savings & Loans Plc (UNHOMES): Delisted from the Nigerian Exchange in January.
- ❑ Med-View Airline Plc (MEDVIEWAIR): Delisted from the Nigerian Exchange in April.
- ❑ Goldlink Insurance Plc (GOLDINSURE): Delisted from the Nigerian Exchange in April.
- ❑ Capital Oil Plc (CAPOIL): Delisted from the Nigerian Exchange in April.
- ❑ Notore Chemical Industries Plc (NOTORE): Delisted from the Nigerian Exchange in July.
- ❑ MRS Oil Nigeria Plc (MRS): Delisted from the Nigerian Exchange in July.
- ❑ Smart Products Nigeria Plc (SMURFIT): Delisted from the Nigerian Exchange in October.

REINTEGRATION

- ❑ Universal Insurance Plc (UNIVERSALINS): Trading was restored on NGX in September after the suspension was lifted once the company met regulatory filing requirements.
- ❑ Mutual Benefits Assurance Plc (MBENEFIT): Trading was reinstated on NGX in 2025 after the company satisfied reporting obligations and had the suspension lifted.
- ❑ Aso Savings and Loans Plc (ASOSAVINGS) resumed trading on the Nigerian Exchange in October 2025 after an eight-year suspension

CAPITAL RAISING

- ❑ Sterling Financial Holdings Company Plc (STERLINGNG) issued 12.58bn ordinary shares at NGN7.00 per share via a rights issue.
- ❑ United Bank for Africa Plc (UBA) initiated a rights issue of 3.16bn ordinary shares at NGN50.00 per share.
- ❑ First HoldCo Plc (FIRSTHOLDCO) raised fresh capital on the Nigerian Exchange in 2025 through a private placement of new ordinary shares.
- ❑ Wema Bank Plc (WEMABANK) raised capital through a rights issue of 14,286,785,417 ordinary shares at NGN10.45 per share.
- ❑ Ellah Lakes Plc (ELLAHLAKES) issued 18.80bn ordinary shares at NGN12.50 per share through a public offer, targeting approximately NGN235bn.
- ❑ Presco Plc (PRESCO) initiated a rights issue of 166.67mn ordinary shares at NGN1,420.00 per share.





NOTABLE CORPORATIONS THE SHAPED THE YEAR

CAPITAL RAISING

- ❑ Champion Breweries Plc (CHAMPION) issued 994.22mn ordinary shares at NGN16.00 per share through a rights issue.
- ❑ International Medical Group Plc (IMG) offered 199.79mn ordinary shares at NGN32.00 per share via a rights issue.
- ❑ Veritas Kapital Assurance Plc (VFGROUP) raised NGN50.67bn by issuing 50.67bn ordinary shares at NGN10.00 per share via a rights issue.
- ❑ FCMB Group Plc (FCMB) raised fresh capital on the Nigerian Exchange in 2025 through a private placement of new ordinary shares.

NEW ACQUISITION

- ❑ Aradel Holdings Plc (ARADEL) entered into an agreement to acquire an additional 40.00% equity stake in ND Western Limited, increasing its ownership to approximately 81.67%.
- ❑ UAC of Nigeria Plc (UACN) entered into an agreement to acquire of CHI Limited, bringing the company's dairy, beverages, and snacks portfolio fully under UACN's control.
- ❑ Presco Plc (PRESCO) announced plans in August 2025 to acquire 100.00% equity in Saro Oil Palm Limited for USD 46.71 million, subject to regulatory approvals.
- ❑ Presco Plc (PRESCO) also acquired approximately 10,000 hectares of oil-palm plantation assets in Nsadop and Boki, supporting its upstream capacity expansion drive.

DIVESTMENT

- ❑ First HoldCo Plc (FIRSTHOLDCO) completed the full divestment of its 100.00% equity stake in FBNQuest Merchant Bank Limited to EverQuest Acquisition LLP.
- ❑ Frigoglass Group completed its exit from the Nigerian market in December 2025, divesting its equity stake in Beta Glass Plc and other Nigerian operations as part of a group-wide restructuring.
- ❑ Nedbank Group Limited divested its entire c.20.0% equity stake in Ecobank Transnational Incorporated (ETI) in August 2025, resulting in a restructuring of ETI's shareholding structure.

EXPANSION

- ❑ Dangote Cement Plc (DANGCEM) advanced its Pan-African expansion strategy in 2025 by commissioning a 3.0 million metric tonnes per annum (MTPA) grinding plant in Côte d'Ivoire in Q3 2025.
- ❑ The company also announced a USD 400 million investment to double production capacity in Ethiopia and commenced construction of a second cement plant in Cameroon, reinforcing its footprint across key African growth markets..

OTHER CORPORATE NEWS

- ❑ Guaranty Trust Holding Company Plc (GTCO) listed on the London Stock Exchange.





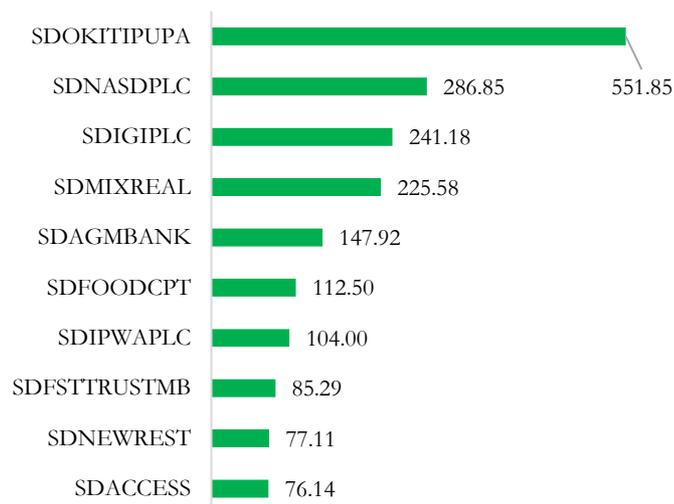
NASD OTC MARKET

Performance on the NASD OTC Exchange reflected a very different market dynamic, shaped by lower liquidity, longer investment horizons, and issuer-specific fundamentals rather than macro-driven flows. The NASD market continued to function as a platform for price discovery and capital access for unlisted public companies, particularly those in financial services, infrastructure-linked businesses, and select real-sector enterprises.

Market activity on NASD remained modest in volume terms but showed improving stability. Price movements were generally less volatile than on the NGX, reflecting a more concentrated investor base and lower trading frequency. Total market capitalisation recorded marginal growth, driven by price appreciation in a handful of actively traded securities rather than broad-based market momentum.

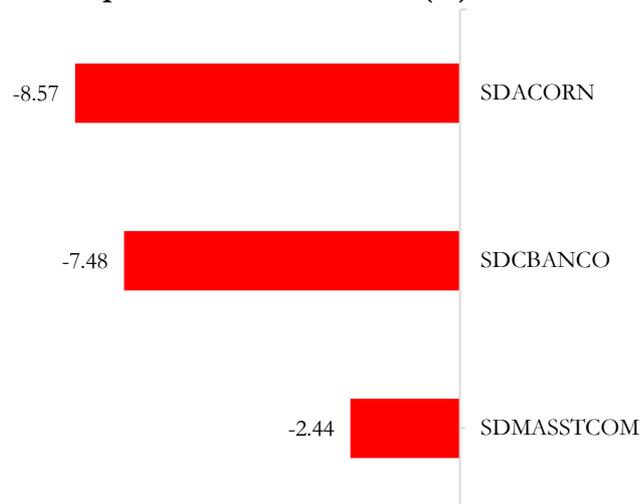
Sectoral performance on NASD was mixed. Financial services and investment holding companies attracted steady investor interest, benefiting from earnings visibility and asset-backed business models. Real-sector names linked to agriculture, infrastructure support services, and manufacturing recorded uneven performance, reflecting sensitivity to operating costs, FX exposure, and domestic demand conditions

Top 10 NASD Gainers 2025



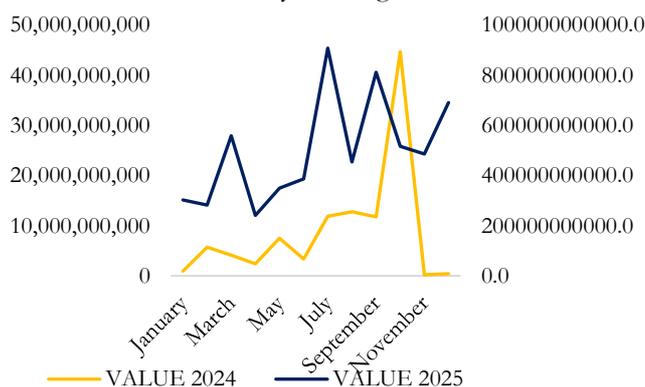
Source: NASD, Bancorp Research, 2025

Top 10 NASD Losers 2025(%)

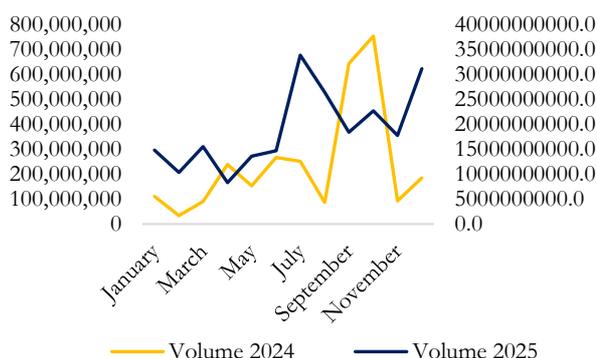


Source: NASD, Bancorp Research, 2025

NASD Monthly Trading Value Growth



NASD Monthly Trading Volume Growth



Source: NASD, Bancorp Research, 2025



NASD OTC MARKET

Corporate actions were a defining feature of NASD activity. The exchange recorded private placements, share restructuring exercises, capital raises, and preparatory steps by issuers positioning for eventual NGX listings.

These actions reinforced NASD's role as a transitional market bridging private ownership structures and public market readiness.

Dividend declarations were less frequent than on the NGX, reflecting reinvestment priorities among issuers

From a strategic perspective, NASD continued to benefit from growing institutional recognition as a venue for alternative equity exposure. Pension funds and long-term investors increasingly view NASD-listed securities as part of a broader private-public equity continuum, albeit with liquidity constraints.

The outlook for NASD in 2026 is stable but selective. Activity is expected to be driven by issuer-specific developments, corporate restructuring, and potential migration of mature issuers to the NGX. Liquidity is unlikely to improve materially without broader investor participation, but the exchange remains an important component of Nigeria's evolving capital market architecture.

NEW LISTINGS

- ❑ Paintcom Investment Nigeria Plc (SDPAINT): Listed in January.
- ❑ InfraCredit (SDINFRACREDIT): Listed in April.
- ❑ MRS OIL NIGERIA PLC (SDMRS) following its delisting from the NGX was listed on the NASD in August.

From a strategic perspective, NASD continued to benefit from growing institutional recognition as a venue for alternative equity exposure.

Pension funds and long-term investors increasingly view NASD-listed securities as part of a broader private-public equity continuum, albeit with liquidity constraints.





Sectors Review and Outlook



CONSUMER GOODS

Nigeria’s consumer goods sector over the recent cycle has been shaped by macroeconomic re-pricing. Inflation, sustained cost pressures, and FX fluctuation changed operating structures across the sector. Inflation intensified through 2024, peaking at 34.80% y/y in December before CPI rebasing reset the statistical base and headline readings stepped down materially in early 2025. While reported inflation moderated thereafter, underlying cost levels remained, and real income growth lagged price levels.

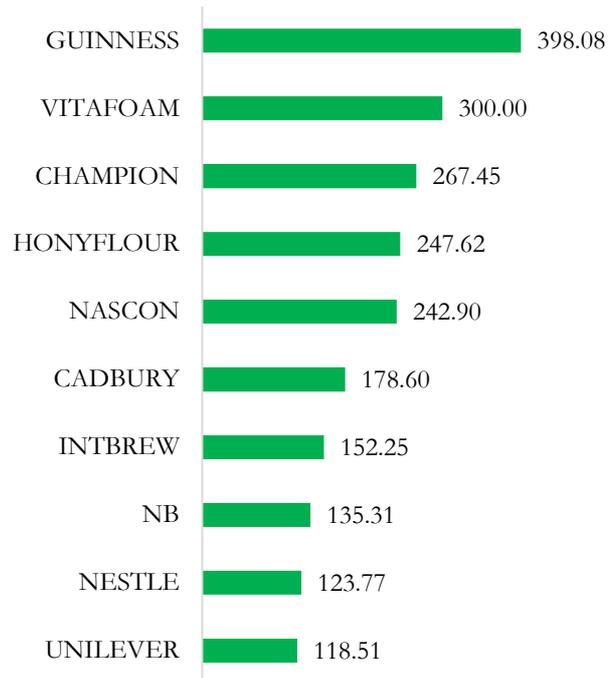
Following the relative stability in FX late-2024, official market rates traded within a narrower range through 2025, with year-end NFEM levels around the mid-NGN1,400/US\$ band. This reduced the frequency of cost shocks linked to imported inputs and allowed companies to operate within a more predictable cost framework.

At the aggregate level, Food, Beverage and Tobacco maintained a broadly stable share of nominal GDP, reinforcing the sector’s defensive role within the economy. NBS data show the segment accounted for 2.90% of nominal GDP in FY 2023 and 2.92% in FY 2024, with quarterly 2025 records remaining within a similar range (Q1: 3.75%, Q2: 2.23%, Q3: 2.72%). Beneath this headline stability, however, company-level results mirrored the recovery.

Sector Earnings Overview

Listed Companies in the sector recorded improvement during the year. The 2025 numbers showed revenue growth across the segment, as profitability was shaped by easing FX pressure and company-specific corporate action.

Top 10 Gainers In The Consumer Goods Sector Performance (%)



Source: NGX, Bancorp Research, 2025

Nigerian Breweries recorded revenue growth of 47.3% y/y, with topline expanding to NGN1.05tn in ‘9M 2025 from NGN710.9bn in ‘9M 2024. More significantly, the company swung back to profitability, posting NGN85.5bn net profit compared with a NGN149.5bn loss in the prior year. This improvement followed the rights issue executed in late-2024 and reflected in early-2025 numbers, which reduced financing drag and allowed operating performance to normalize.

International Breweries delivered revenue growth of 37.6% y/y to NGN472.6bn, while net profit turned positive at NGN57.8bn versus a NGN112.8bn loss in ‘9M 2024. The turnaround reflected, cost management and easing FX-linked pressures, supported by earlier capital and restructuring measures.



Guinness Nigeria recorded the strongest topline growth in the segment, with revenue rising by 71.4% y/y to NGN377.9bn, while returning to profitability with NGN6.7bn net profit, compared with a NGN61.7bn loss in 2024. This earnings recovery coincided with the news of Mandatory Takeover Offer at NGN81.60 per share, which reshaped ownership expectations however, there was no further development by year end.

On the other hand, Champion Breweries recorded revenue growth of 52.9% y/y, expanding to NGN21.4bn from NGN14.0bn, profitability surged sharply. Net profit increased to NGN21.5bn from NGN2.0bn, highlighting. The financial outcome coincided with significant corporate actions, including EnjoyCorp's increase in its ownership stake in 2024, a rights issue in late 2025 which was linked to the BULLET acquisition. Across the segment, earnings improvement in 2025 reflected reduced FX volatility

Outside brewers, earnings transmission was more direct. Revenue growth remained strong across most tickers, driven by pricing and mix, but profitability outcomes diverged based on scale and cost.

BUA Foods delivered revenue growth of 32.9% y/y to NGN1.42tn, while net profit more than doubled to NGN405.3bn, reflecting strong cost absorption and scale advantages. Nestlé Nigeria recorded revenue growth of 32.9% y/y to NGN884.5bn, while swinging to a NGN72.5bn profit from a NGN184.3bn loss, highlighting rapid earnings normalisation as FX and financing pressures eased. NASCON posted revenue growth of 46.9% y/y and profit growth of 171.5% y/y, reflecting effective cost containment.

Elsewhere, recoveries extended to other players in the industry. Cadbury returned to profitability but with thin margins, Unilever Nigeria also delivered modest profit growth, UACN saw profit decline despite revenue growth while the company announced the acquisition of CHI, and Dangote Sugar narrowed losses materially, signaling recovery in the sector.

The consumer goods sector is emerging from a period of macro disruption into a more stable operating phase, as relative stability in FX and inflation reduces the frequency of shocks that characterised the prior cycle. This stabilisation is being achieved gradually, but it has begun to create a more conducive environment in which companies can plan, price, and operate with greater predictability. This shift from instability to stability explains the earnings improvement recorded in 2025, as earlier pricing actions and easing FX and financing pressure filtered through financials.

The brewing segment illustrates this dynamic clearly, where recent profit recovery followed the easing of FX and financing pressure after a prolonged period of volatility. Across the wider sector, producers with integrated supply chains and stronger cost control have shown a clearer ability to convert revenue growth into earnings under a more predictable cost environment. In contrast, smaller operators and companies with heavier exposure to discretionary consumption continue to face tighter earnings conversion, reinforcing the widening dispersion within the sector.

Looking into 2026, the sector's trajectory points to steady, incremental progress. Revenue growth is expected to remain supported by pricing and gradual stabilisation in demand, while companies benefit from a more predictable cost base. As stability deepens, some companies that previously paused dividend payments to preserve liquidity may begin to reassess shareholder returns, particularly where cash flows and balance sheets have normalised. In this phase, outcomes will be driven less by macro direction and more particularly, by cost management and operating efficiency by the companies.



AGR CULTURE

Agriculture remained one of Nigeria’s most important real-sector anchors through 2025, contributing 31.21% of real GDP in Q3 2025 and ranking as the second-largest sector after services (53.02%), as food supply conditions and pricing dynamics continued to shape inflation and household consumption. In Q1 2025, real agricultural activity expanded modestly, even as food inflation ranged between 25.22% and 29.63% year-on-year, materially constraining real purchasing power and limiting volume-led demand growth. Sector performance during the quarter reflected stable crop production and sustained policy intervention; however, high input costs, logistics bottlenecks, and security-related disruptions continued to weigh on broader output acceleration.

Conditions improved into Q2 2025, supported by better harvest, expanded dry-season farming, and gradual normalization of supply-chain. These factors helped stabilise food availability and laid the groundwork for stronger real output performance, even as price effects continued to dominate nominal sector metrics.

By Q3 2025, the improvement in real activity became more pronounced. Agriculture expanded by 3.79% year-on-year, up from 2.55% in Q3 2024, while maintaining a 31.21% contribution to real GDP.

This strengthened agriculture’s role as a structural growth stabiliser, supporting headline GDP expansion and moderating inflation pressures at a time when sectoral performance across the economy remained uneven.

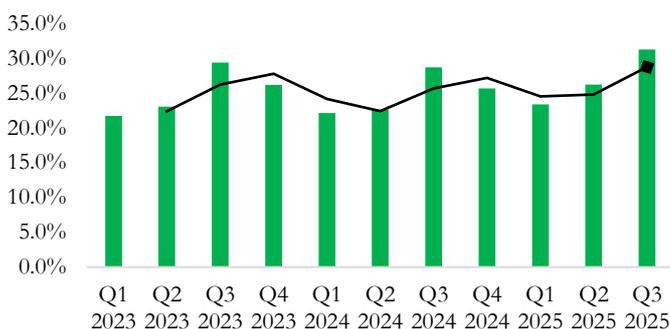
Sector Earnings Overview

The listed agriculture businesses experienced a pronounced earnings upswing in 2025, driven primarily by a favourable global pricing environment for palm oil. Average crude palm oil (CPO) prices rose to approximately USD1,035 per metric tonne in 2025, compared with USD865 per metric tonne in 9M 2024, reflecting supply tightness in key producing regions and increase global demand. This external price impulse transmitted directly into the earnings profile of domestic palm oil producers.

Local producers within the NGX-listed space, Presco Plc recorded revenue growth of +113.51% year-on-year to NGN274.50bn, while Okomu Oil Palm Plc delivered a +67.34% increase in revenue to NGN173.95bn. Top-line expansion reflected a combination of higher realised selling prices and improved sales volumes, underscoring the sector’s strong operating leverage to global commodity price cycles.

Nevertheless, cost pressures intensified across the sector during the year. Presco’s cost of sales rose by +100.69% year-on-year, effectively more than doubling from 2024 levels, driven by higher labour, energy, logistics, and processing input costs. Okomu’s cost of sales increased by a more moderate +38.68% year-on-year, highlighting stronger cost absorption and operating leverage relative to revenue growth.

Agriculture (% of GDP)



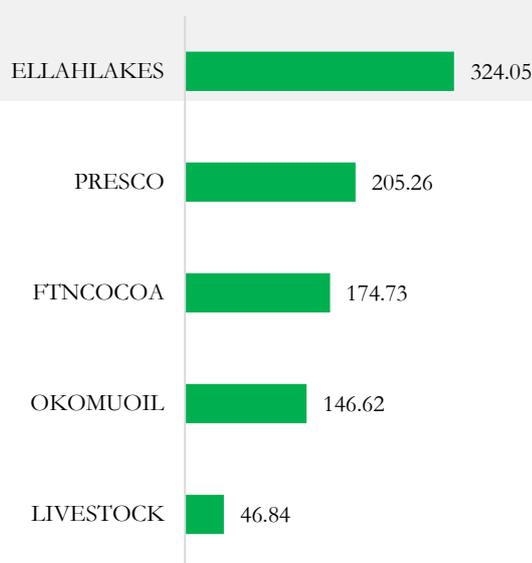
Source: NBS, Bancorp Research, 2025



Crucially, revenue expansion materially outpaced cost inflation, resulting in significant bottom-line improvement. Based on reported results, Presco Plc recorded profit after tax of NGN110.79bn, representing an approximate +114.00% year-on-year increase, while Okomu Oil Palm Plc delivered profit after tax of NGN60.33bn, reflecting an approximate +113.00% year-on-year increase.

The scale of profit growth underscores the strength of operating leverage achieved during the year and the effectiveness of cost pass-through amid a high-price commodity environment. The improvement in earnings translated directly into stronger shareholder returns. Presco declared a total dividend of NGN72.00 per share in 2025, compared with NGN24.30 per share in 2024, while Okomu Oil Palm paid NGN66.00 per share, up from NGN24.00 in the prior year.

Listed Agricultural Companies
Performance in 2025



Source: NGX, Bancorp Research, 2025

As at the end of 2025, the NGX agriculture sector had five listed companies, some of which undertook acquisitions and capital raising. Presco Plc was the most active name in the sector during the year. The company expanded its asset base through the acquisition of Nsadop and Boki Plantations, adding approximately 10,000 hectares of oil palm plantations to its land holdings and increasing its medium-term fresh fruit bunch supply capacity.

Shareholders also approved the acquisition of Ghana Oil Palm Development Company, through which Presco secured a 100% equity stake, extending its plantation footprint beyond Nigeria. In addition, approval was granted for the proposed acquisition of Saro Oil Palm Limited for approximately USD46.71 million, further consolidating its position in Nigeria's palm oil segment. To support these acquisitions and related expansion activities, Presco completed a NGN237.00 billion rights issue, issuing 166.67 million ordinary shares at NGN1,420 per share, on the basis of one new share for every six held. The offer was oversubscribed by 103%.

At the smaller-cap end, Ellah Lakes Plc announced the acquisition of Agro-Allied Resources & Processing Nigeria Ltd from Tolaram Africa and Valuestar. Elsewhere in the sector, FTN Cocoa Processors Plc and Livestock Feeds Plc did not record any major acquisitions or capital raising during the year, with corporate activity largely limited to existing operations.

In 2026, agriculture's contribution to the economy is expected to be driven mainly by increased agricultural output, following higher public funding and programme execution in 2025. The sector received NGN826.5 billion in budgetary allocation and a \$3.14 billion FAO-backed Hand-in-Hand investment framework, including \$1.75 billion from the Federal Government, alongside a NGN132 billion NADF loan scheme, over NGN100 billion in NIRSAL-guaranteed lending, and a \$134 million AfDB loan. As these funds move into implementation, 2026 performance should reflect higher output and improved food availability.

For listed companies, 2026 outcomes will depend on how effectively recent acquisitions and capacity additions translate into production and volumes. Plantation and asset purchases completed in 2025 are expected to begin reflecting in output, with variation in output and earnings across companies increasingly driven by execution, integration, and cost control rather than prices.



TELECOMMUNICATIONS

Telecommunications contributed more meaningfully to economic activity in 2025 as data services continued to drive sector growth. In Q3 2025, the broader ICT sector recorded real growth of 5.78% year-on-year, outpacing headline GDP growth of 3.98%, and contributed 9.10% to real GDP, with telecommunications accounting for the dominant share.

Sector performance during the year was driven primarily by data usage. Rising smartphone penetration and higher data consumption per user supported output and revenue growth, while voice revenues remained broadly stable. Improved FX stability in 2025 helped moderate cost pressures tied to imported network equipment and technology services, improving cost and cash generation despite the fact that energy and network maintenance expenses remained high.

A key regulatory development was the approval of an upward tariff review by the Nigerian Communications Commission.

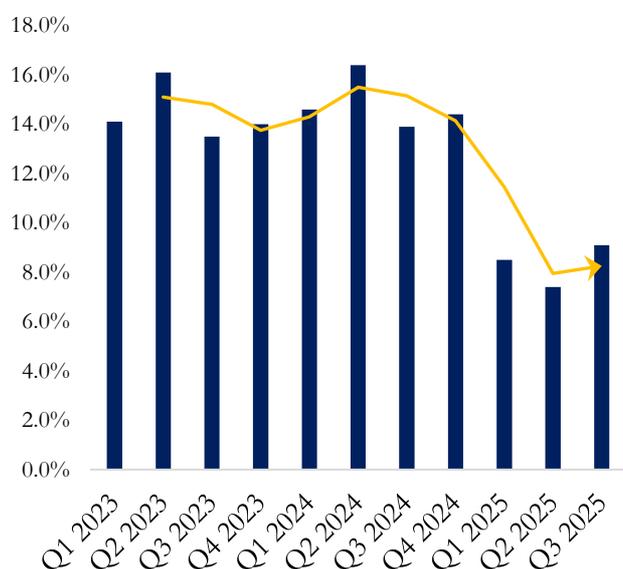
The review allowed operators to adjust tariffs within regulated limits. Implementation was phased to limit consumer impact, but the approval restored pricing flexibility and improved revenue quality, with the full effect expected to filter through billing cycles more clearly in 2026.

As at the end of 2025, the NGX telecommunications space remained concentrated, with exposure largely defined by MTN Nigeria Communications Plc and Airtel Africa Plc. MTN Nigeria remained the dominant player, with market capitalisation rising to approximately NGN9.80 trillion by November 2025 and its share price up 135.30%, supported by data-led revenue growth, FX stability, and improved cash generation. Airtel Africa recorded a 5.24% share price increase, with market value of approximately NGN8.50 trillion, reflecting its broader regional exposure and steadier earnings

The improved operating conditions translated into stronger cash flow for MTN Nigeria, enabling the company to declare an interim dividend of NGN5.00 per share, signaling improved balance-sheet strength and earnings confidence.

Beyond dividends, MTN advanced its longer-term digital infrastructure strategy with the launch of the first phase of its data centre project, positioning the business to expand enterprise services, cloud adoption, and data-intensive applications beyond traditional connectivity.

Telecoms Sector Contribution to GDP

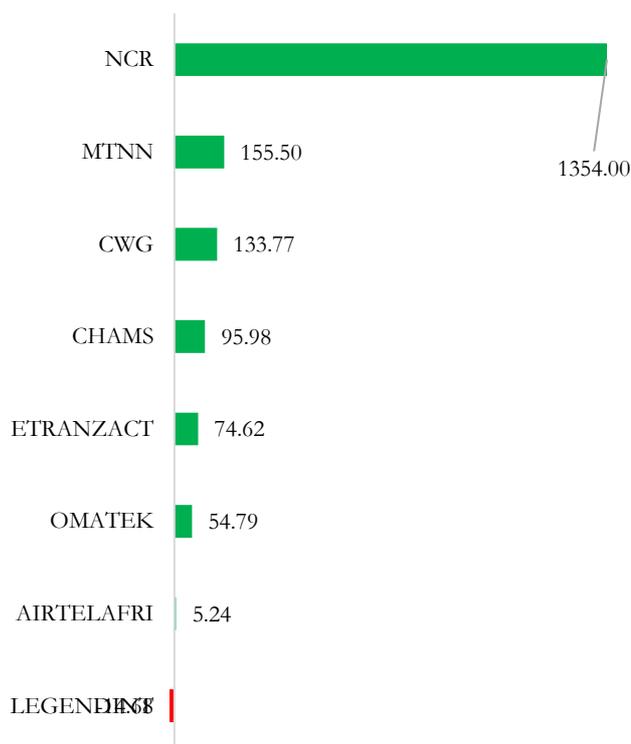


Source: NBS, Bancorp Research, 2025



Performance across listed ICT-related equities broadened materially in 2025, NCR (Nigeria) Plc led the rally following a period of corporate restructuring, operational realignment, and renewed focus on core ICT and payment infrastructure services. These actions materially improved earnings visibility and investor confidence, driving a 1354% share price increase from NGN5.00 to NGN72.70 by late December 2025.

ICT/TELECOMMUNICATION SECTOR PERFORMANCE



Source: NGX, Bancorp Research, 2025

Similarly, eTranzact International Plc benefited from an improved revenue outlook following the award of a Federal Inland Revenue Service (FIRS) e-invoice contract, strengthening its position within Nigeria's digital payments and tax infrastructure ecosystem.

The development reinforced medium-term transaction volume and cash flow expectations, contributing to a 74.62% rise in share price to NGN11.35 and supporting the declaration of a 12.5 kobo final dividend.

Other ICT names also participated in the rally, with CWG Plc gaining 133.77% and declaring a NGN1.00 final dividend, while Chams Holding Company Plc and Omatek Ventures Plc recorded notable price appreciation amid improving sector sentiment.

In 2026 telecommunications is expected to remain one of the stronger segments of the services economy in 2026, with revenue growth driven more by the gradual reflection of approved tariff adjustments, rising data intensity, and changes in service mix than by headline subscriber additions. As revised pricing takes effect across data and voice plans, realised revenues should improve even if subscriber growth remains modest, while higher usage per subscriber continues to support volume growth through larger data bundles, enterprise connectivity, and fibre-based services.

Beyond core connectivity, 2026 should see greater contribution from data centres, fibre infrastructure, and enterprise services, supporting a shift toward more stable and contract-based revenue streams. This is expected to improve revenue quality and reduce reliance on purely consumer-driven pricing cycles, particularly as enterprise demand for hosting, managed connectivity, and data-heavy services expands.

From a cost perspective, margins will depend on how effectively operators manage energy, site, and network maintenance costs, as these expenses are not expected to decline materially. This places emphasis on infrastructure sharing, network optimization to protect operating margins.



EN⚡RGY

Nigeria's oil and gas sector in 2025 operated within a macro environment characterised by gradual crude production recovery, an acceleration in domestic gas utilization even as output remained below official government targets. Crude oil production improved in 2025 but remained uneven and structurally constrained. National output fluctuated through the year, averaging roughly 1.5–1.7 million barrels per day (including condensates). However, production consistently fell short of the Federal Government's 2.0–2.1 million bpd fiscal benchmark, leaving a shortfall of roughly 400,000–600,000 bpd relative to budget assumptions.

In contrast, natural gas output recorded more durable momentum. Gas production rose toward 6.5–7.0 billion standard cubic feet per day by late 2025, reflecting increased utilisation of existing infrastructure, stronger domestic demand from power and industrial users, and continued LNG export flows. This reinforced the government's longer-term "Decade of Gas" strategy, positioning gas as a central pillar of Nigeria's energy and industrial policy.

Against this backdrop, government intervention in 2025 focused on restoring investment confidence and improving project economics rather than broad sector subsidies. Performance-based upstream incentives were introduced to lower operating costs and enhance post-tax returns for producers, signalling a shift toward commercially grounded support tied to output and efficiency.

Regulators also advanced preparations for a new oil licensing round under the Petroleum Industry Act framework, aimed at attracting fresh exploration and development capital.

While the production impact of this initiative lies beyond 2025, it played an important signalling role in reinforcing consistent regulatory policies. In parallel, government engagement increasingly favoured project-specific investment support, particularly for large offshore and gas-linked developments with clear production and FX implications.

Alongside upstream recovery and policy reforms, 2025 marked a structural inflection point in Nigeria's downstream oil and gas market. The expansion of domestic refining capacity materially altered long-standing supply dynamics, intensifying competition between local refiners and downstream marketers still reliant on imported products. This shift disrupted traditional trading patterns and reallocated market share across the value chain.

As locally refined products displaced imports, downstream marketers faced pressure on sales volumes and tighter pricing spreads, as imported inventory increasingly competed with domestic supply on both cost and availability. Margin compression became more pronounced, and profitability across the downstream segment grew more sensitive to logistics efficiency, scale, and working-capital discipline. These were clearly reflected in the earnings outcomes of several NGX-listed oil marketing companies in 2025.

Importantly, the expansion in local refining also repositioned Nigeria within regional petroleum product flows. For the first time on record, the country achieved meaningful exports of refined motor spirit, with petrol exports estimated at approximately NGN1.18 trillion in 2025.



This represented a structural break from Nigeria’s historical role as a net importer of refined products.

While this transition strengthens long-term energy security and export diversification, its near-term impact on listed downstream companies was disruptive, accelerating margin pressure and forcing adjustments in sourcing, pricing, and distribution strategies. The 2025 financial results therefore capture not just cyclical weakness, but a deeper change going on in Nigeria’s downstream oil and gas space

These macro and structural shifts was evident in the performance of listed companies. The sector was the lone decliner amongst the top five sectors covered as it ended 2025 with a (-1.54%) deficit.

Revenue result mirrored the uneven macro environment. Seplat Energy Plc reported revenue of approximately US\$809.3 million, up from US\$783.0 million, supported by higher production volumes and improved asset utilisation. Aradel Holdings Plc delivered the strongest growth, with revenue rising to NGN538.8 billion from NGN377.6 billion.

By contrast, companies more exposed to downstream trading dynamics recorded revenue declines. Oando Plc reported revenue of NGN2.54 trillion, down from NGN3.19 trillion, while TotalEnergies Marketing Nigeria Plc, Conoil Plc, and Eterna Plc all posted lower topline figures as competitive pressure from domestic refining reshaped volumes and pricing.

Operating profitability diverged more sharply than revenue. Seplat’s operating performance, assessed through EBITDA, strengthened materially. In 9M 2025, EBITDA rose to about US\$409.9 million from US\$367.8 million, with margins improving to approximately 51% from 47%, reflecting higher production, improved cost absorption, and gas infrastructure upgrades. Aradel similarly converted topline growth into operating leverage, with earnings scaling faster than revenue.

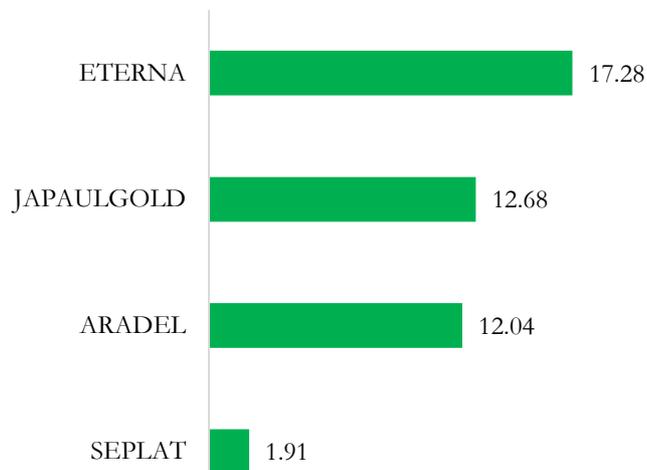
In contrast, operating profitability weakened for some companies due to identifiable cost pressures. Eterna’s operating profit declined sharply to NGN3.19 billion from NGN23.50 billion, driven by

by significant gross margin compression and higher general and administrative expenses, despite lower selling and distribution costs.

At the bottom line, earnings dispersion widened materially. Oando recorded a sharp rebound, with profit after tax rising to about NGN210 billion from NGN76 billion, despite lower revenue. Aradel more than doubled profit after tax to NGN245.1 billion from NGN110.6 billion, reinforcing its strong earnings momentum. Seplat’s earnings remained firmly supported by EBITDA growth and balance-sheet strength.

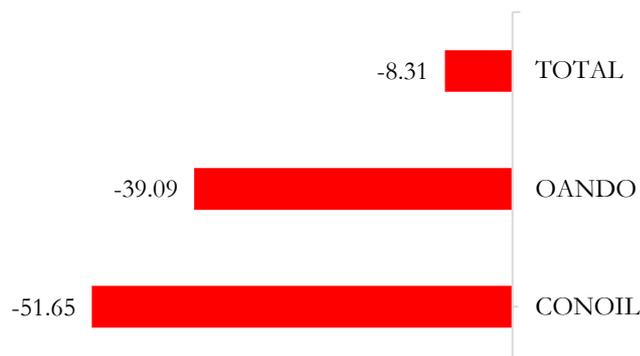
On the weaker end, TotalEnergies Marketing Nigeria swung to a net loss of about NGN14.1 billion from a prior-year profit, while Conoil’s profit declined to NGN1.46 billion from NGN12.12 billion. Eterna’s profit for the period increased to NGN325.9 million from NGN150.1 million, reflecting favourable FX movements and lower finance costs rather than an improvement in core operating profitability.

Listed Gainers in the Oil & Gas Sector (%)



Source: NGX, Bancorp Research, 2025

Listed losers in the Oil & Gas Sector (%)



Source: NGX, Bancorp Research, 2025

Operating cash flow emerged as the clearest signal of resilience. Seplat generated about US\$371.0 million in operating cash flow, up from US\$294.9 million. Aradel delivered NGN245.4 billion, up from NGN228.9 billion, even amid higher tax payments. TotalEnergies Marketing Nigeria improved operating cash flow to NGN23.6 billion from a prior-year outflow, highlighting improved working-capital discipline. Conoil and Eterna remained cash-positive, albeit at lower levels than in 2024.

Beyond financial performance, the sector's investable landscape narrowed following the voluntary delisting of MRS Oil Nigeria Plc.

Despite the negative close of the NGX Oil & Gas Index in 2025, our outlook for the sector remains positive, supported by improving production stability, supportive policy direction, and gradual strengthening at the operating level. Crude oil output is expected to trend higher from 2025 levels, aided by enhanced security coordination, alternative evacuation routes, and incremental infrastructure upgrades, even though gains are likely to remain measured rather than sharp.

Gas continues to provide the strongest structural support for the sector. Rising domestic consumption, export demand, and policy alignment under the Decade of Gas framework should continue to underpin volumes and cash flows, offering relatively better earnings visibility compared with crude-focused activity.

Beyond operating fundamentals, we also expect increased corporate activity within the sector, which could materially reshape the NGX oil and gas landscape. Market discussions and policy direction suggest potential new listings and capital-market transactions involving major industry players, including NNPC Limited and Dangote Refinery, among others. Any such developments would expand the sector's investable universe, deepen liquidity, and potentially improve investor engagement over the medium term.

That said, the positive outlook is not uniform across the value chain. Downstream performance is expected to remain constrained by elevated competition following the expansion of domestic refining capacity, keeping pricing tight and margins under pressure for import-reliant marketers





BANKING

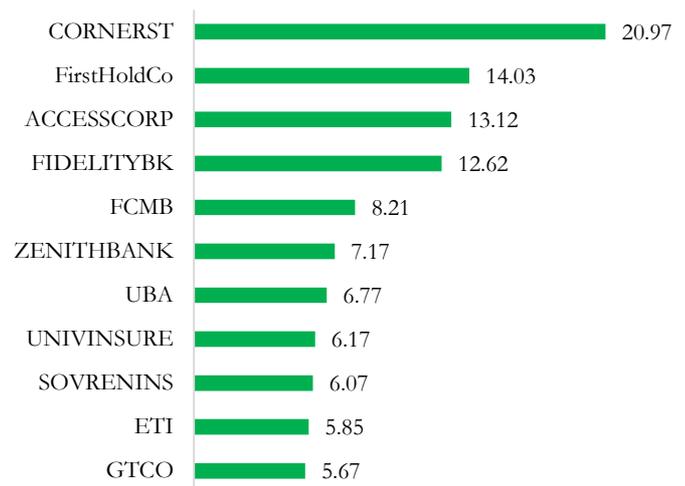
Following the Central Bank of Nigeria’s decision to set a new capital requirement in 2024, the dominant theme for the banking sector in 2025 was recapitalisation. Listed banks moved decisively to the equity market to strengthen their capital bases. This triggered a wave of rights issues, public offers, and private placements that defined trading activity in banking stocks for much of the year.

Large tier-1 and tier-2 institutions, including Access Holdings Plc, Guaranty Trust Holding Company Plc, United Bank for Africa Plc, Zenith Bank Plc, FBN Holdings Plc, FCMB Group Plc and Fidelity Bank Plc among others, approached the market either to raise fresh equity. The cumulative effect was a substantial increase in banking-sector equity supply on the NGX, making banks the single largest driver of new listings and capital mobilisation during the year.

From a market-wide perspective, the banking sector remained central to NGX performance and liquidity. Banks accounted for a significant share of daily trading value and were among the most widely held equities by both local and foreign investors. Even during periods of broader market volatility, banks served as liquidity anchors, absorbing portfolio rotations and acting as transmission channels for macroeconomic expectations around interest rates, exchange-rate policy, and credit growth.

Crucially, this recapitalisation-driven surge in equity supply reshaped how banking stocks were assessed through 2025. Investor focus shifted decisively toward earnings quality how efficiently banks converted operating momentum into shareholder returns after impairments, operating costs, taxes, and changes in share base

Liquidity Leaders on the NGX by Volume (2025, bn units)



Source: NGX, Bancorp Research, 2025

Across the NGX banking sector, the 9M 2025 results show that most banks grew their revenue. However, profit performance varied widely, mainly due to differences in efficiency levels, fluctuations in non-interest income, changes in impairment charges, and the impact of a strong or weak prior-year base.

Zenith Bank Plc’s 9M 2025 Profit before tax declined to NGN917.4bn from NGN1.0028tn, while profit attributable to equity holders eased to NGN763.9bn from NGN826.8bn. Despite the year-on-year decline, absolute earnings remained substantial, underscoring the bank’s scale and earnings capacity. The softer comparison largely reflects the normalisation of market-related income and higher cost and impairment absorption relative to an unusually strong 2024 base, which elevated year-earlier profitability across several banking names.

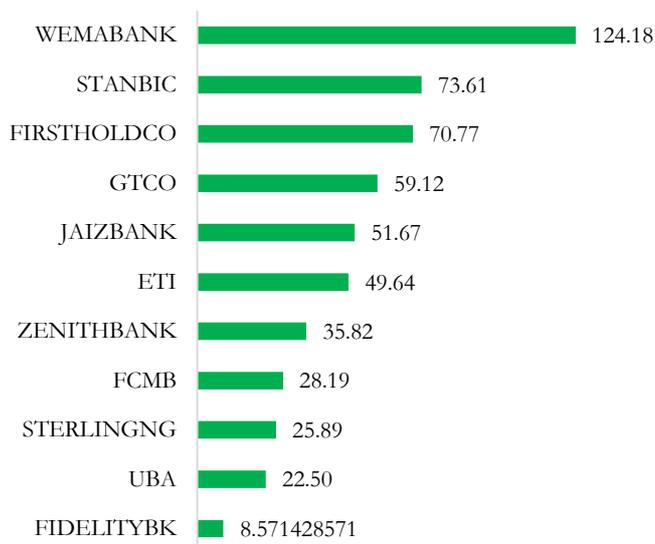
A different pattern emerged at Guaranty Trust Holding Company Plc, where operating momentum strengthened even as headline profitability. Net interest income expanded to NGN952.1bn from NGN781.5bn, reflecting, while loan impairment





BANKING

Banking Stocks Performance(%)



Source: NGX, Bancorp Research, 2025

charges increased modestly to NGN69.8bn from NGN63.6bn. Profit before income tax rose sharply to NGN299.9bn from NGN215.7bn on the income statement. However, profit for the period declined to NGN699.6bn from NGN1.085tn, highlighting the absence of unusually large market and revaluation gains that boosted 9M 2024 results.

At United Bank for Africa Plc, earnings outcomes were comparatively more stable. Gross earnings increased modestly to NGN2.469tn from NGN2.398tn, while profit before tax declined slightly to NGN578.6bn from NGN603.5bn. Despite this, profit for the period rose to NGN537.5bn from NGN525.3bn, supported by a sharp reduction in credit impairment charges. Net impairment losses fell to NGN56.9bn from NGN123.5bn, representing a meaningful improvement in asset-quality trends and enabling stronger earnings conversion even in the face of lower pre-tax performance.

Access Holdings Plc delivered one of the strongest expansions in balance-sheet earnings across the sector. Net interest income surged to NGN1.2579tn from NGN844.8bn, reflecting aggressive asset repricing and scale benefits. Profit before income tax increased to NGN616.2bn from NGN558.2bn. However, this operating momentum did not fully translate into shareholder returns, as profit for the period declined to NGN447.5bn from NGN457.7bn, while profit attributable to equity holders eased to NGN426.7bn from NGN440.6bn.

In contrast, Stanbic IBTC Holdings Plc delivered one of the clearest year-on-year profit expansions among listed banking stocks. Profit before tax rose to NGN393.8bn from NGN222.9bn, while profit for the period increased to NGN278.5bn from NGN182.9bn. The improvement was driven by stronger non-interest income, operating leverage, and relatively benign impairment dynamics across its diversified financial services platform. As a result, Stanbic IBTC's earnings profile proved less exposed to the volatility affecting traditional interest-spread banking models, raising questions more around sustainability and revenue mix sensitivity than balance-sheet risk.

Among mid-tier banks, Fidelity Bank Plc exhibited a familiar pattern of strong revenue growth with weaker earnings conversion. Gross earnings expanded to NGN1.1148tn from NGN772.5bn, while net interest income increased to NGN565.3bn from NGN470.5bn. However, profit before tax declined to NGN268.2bn from NGN284.1bn, and profit for the period eased to NGN211.7bn from NGN224.6bn. The outcome reflects rising operating and funding costs absorbing a larger share of operating gains, underscoring the importance of cost-to-income discipline as revenue growth alone proved insufficient to protect profitability.





HEALTH CARE

Financial performance across the Nigerian pharmaceutical sector strengthened materially in the first nine months of 2025 compared with the same period in 2024, marking a move from profits being eroded by FX volatility and higher costs to results driven by operational efficiency. The improvement was broad-based but uneven, with scale, manufacturing depth, and cost absorption emerging as the key differentiators. Revenue growth was strong across most listed names, but more importantly, margins expanded meaningfully as FX volatility eased.

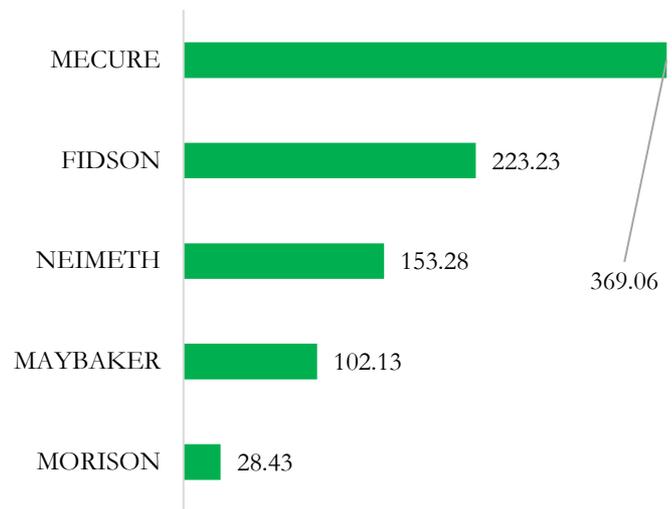
Policy developments also shaped the sector during the year, particularly the Federal Government’s suspension of tariffs on selected imported pharmaceutical products. The policy, introduced in 2024 as a temporary measure to improve affordability and address supply constraints, remained in force through 2025. While the policy moderated landed costs for imports, FX stabilisation reduced the volatility previously disrupting the players in the sector.

The most dramatic turnaround in the period came from the fast-growing end of the sector, where aggressive volume expansion translated into operating leverage. In this segment, McCure Industries Plc recorded revenue of NGN60.01 billion in 9M 2025, nearly doubling from NGN30.22 billion in 9M 2024. The scale of this growth fundamentally changed the earnings profile of the business. Profit before tax rose to NGN13.02 billion from NGN5.03 billion, while profit after tax expanded to NGN4.46 billion from NGN1.56 billion.

Earnings per share increased to NGN1.11 from NGN0.39.

This was not merely a cyclical rebound; the magnitude of margin expansion indicates that the company crossed a scale threshold where fixed costs were efficiently absorbed, allowing revenue growth to flow disproportionately into profit.

Healthcare Sector Performance



Source: NGX, Bancorp Research, 2025

At the upper end of the sector by size, performance in 9M 2025 confirmed the benefits of manufacturing depth and product diversification. Revenue expanded to NGN93.10 billion from NGN59.70 billion in the prior year period, while profit after tax increased sharply to NGN7.97 billion from NGN3.44 billion. Operating profit more than doubled to NGN16.90 billion, reflecting both improved gross margins and tighter overhead control. Earnings per share rose to NGN3.47 from NGN1.50.

A more measured but still constructive earnings trend was evident among other operators with established manufacturing and contract production exposure.



Operating profit improved to NGN5.08 billion from NGN2.89 billion. Margin expansion was moderate rather than aggressive, reflecting the stability of the business model rather than rapid expansion. The financial profile of May & Baker Nigeria Plc in this period reinforced its role as a steady earnings and cash-flow generator.

At the smaller end of the sector, recovery was visible. Revenue rose to NGN5.01 billion in 9M 2025 from NGN3.09 billion in 9M 2024, a solid top-line improvement for NEIMETH. However, profit after tax increased only marginally to NGN0.34 billion from NGN0.31 billion, reflecting the drag of finance costs and limited operating leverage. While gross and operating profitability improved, the flow-through to net earnings remained muted. Even so, the performance of Neimeth International Pharmaceuticals Plc represents a stabilisation relative to the stress conditions of 2024.

Beyond operating performance, 2025 was also characterised by selective corporate actions. Capital market activity was led by Fidson Healthcare, which launched a rights issue toward the end of the year to raise additional capital for manufacturing expansion and capacity enhancement. In contrast, Neimeth secured shareholder approval during the year to raise additional capital if required, providing flexibility to pursue future growth initiatives, although no immediate equity issuance was executed within the period.

Elsewhere in the sector, corporate Strategic deals and partnerships also featured selectively. Fidson advanced external collaborations during the year, including agreements and memoranda of understanding with foreign pharmaceutical partners focused on technology transfer and local manufacturing capability. These arrangements align with the broader industry push toward domestic production and reduced reliance on import.

Other listed players, including May & Baker, continued to benefit from existing contract manufacturing relationships

Dividend 2025 closely mirrored earnings growth. McCure Industries paid a dividend of 0.15k despite its sharp expansion in earnings, while May & Baker Nigeria paid dividends of NGN0.40k against NGN0.30k, supported by stable profits and predictable cash flows

Looking into 2026, the outlook for the Nigerian pharmaceutical sector remains positive. Demand is expected to remain stable given the essential nature of pharmaceutical products. Capacity expansion is expected to be a key driver of performance. Companies that raised capital or invested in manufacturing in 2025 enter 2026 with the ability to grow volumes. In this context, Fidson Healthcare Plc is positioned to benefit from higher utilisation rates and the rollout of additional product lines, supporting revenue growth driven more by volumes.

Similarly, export activity is likely to play a modest but increasingly relevant role. Early export sales recorded in 2025 and product tracking outside Nigeria suggest scope for gradual regional expansion. While exports will not materially change revenue composition in the near term, incremental traction would improve revenue and diversify earnings sources, particularly for faster-growing players such as McCure Industries Plc.

Nevertheless, cost pressures remain present given continued reliance on imported active pharmaceutical ingredients, but the operating environment is more predictable than in recent years. A relatively stable FX backdrop and gradual moves toward local sourcing should limit sharp input cost swings, allowing better production planning and inventory management. Thus, improvement of margin in 2026 is therefore expected to be incremental. The major adjustment occurred in 2025; further gains will come from higher capacity utilisation, improved product mix, and tighter cost control. While other players, including May & Baker Nigeria Plc, are likely to prioritise earnings stability and cash generation, while high-growth names focus on sustaining scale without eroding efficiency.



MANUFACTURING

Nigeria’s industrial goods sector recorded measurable activity growth through 2025, supported by higher construction output and sustained government investment in housing and transport infrastructure. Industry estimates indicate that construction output expanded by approximately 4.3% in 2025, reflecting increased execution of public-sector projects.

The translation of these activities into listed industrial goods earnings occurred in a phased manner. Sector earnings were shaped by pricing discipline and cost behaviour following FX stabilisation. Revenue growth was supported by construction activities and price adjustments, while profitability improved as growth in FX-linked and energy-related input costs lagged revenue.

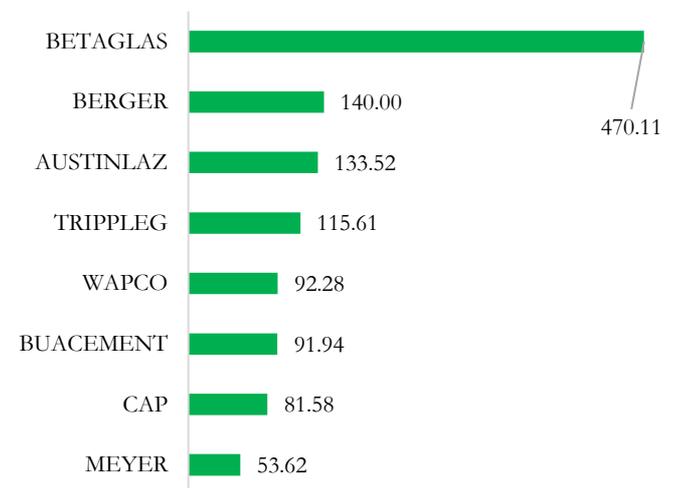
PMI readings corroborated the improvement in industrial activity. PMI readings remained below the 50.0 expansion threshold through much of 2024, reflecting contraction following FX repricing.

In 2025, PMI readings moved into expansion territory, averaging above 50.0 from Q2 2025 onward, signalling improvement in output, new orders, and supplier delivery conditions. The PMI expansion aligned with higher construction output and ongoing infrastructure execution, supporting industrial activity across cement and related building materials.

The moderation in FX volatility and energy cost translated into a measurable improvement in cost structures across the sector. Across listed industrial goods companies, cost-to-sales declined to approximately 42.7% in 9M 2025, from 51.7% in 9M 2024, reflecting slower growth in energy, logistics, and imported input costs relative to revenue.

This supported a recovery in profitability. Aggregate EBITDA margin expanded by approximately 750 basis points year-on-year to around 45% in 9M 2025, compared with the mid-30% range in the prior year. Earnings improvement was concentrated among large-scale producers with pricing power and efficient production assets.

Industrial Goods Sector Performance



Source: NGX, Bancorp Research, 2025

Cement remained the dominant earnings contributor within the industrial goods. Listed cement producers recorded combined revenue growth of approximately 31% year-on-year to about NGN1.8tn in 9M 2025, supported by construction and pricing.

BUA Cement recorded revenue growth of 47.2% YoY to NGN858.7bn, while COGS increased by only 6.7% YoY to NGN429.5bn. This divergence translated into strong operating leverage, with EBITDA rising by 148.0% YoY to NGN402.4bn from NGN162.3bn. EBITDA margin expanded to 46.9%, from 27.8%, while net income rose to NGN289.9bn from NGN14.7bn.



Lafarge Africa (WAPCO) delivered the strongest topline growth in the peer set, with revenue increasing by 62.6% YoY to NGN780.5bn. COGS rose by 34.2% YoY to NGN324.4bn, supporting margin expansion. EBITDA increased by 113.5% YoY to NGN323.9bn, from NGN151.7bn, while EBITDA margin improved to 41.5% from 31.6%. Net income rose by 245.9% YoY to NGN207.8bn.

Dangote Cement recorded revenue growth of 23.2% YoY to NGN3.15tn, while COGS increased by only 4.0% YoY to NGN1.29tn. This supported a 57.2% YoY increase in EBITDA to NGN1.43tn, from NGN908.7bn. EBITDA margin expanded to 45.3% from 35.5%, while net income rose by 166.3% YoY to NGN743.3bn.

Across the cement segment, EBITDA expansion in 9M 2025 was cost-led and structurally grounded, with revenue growth materially outpacing cost growth across all major producers

As part of its regional strategy, Dangote Cement commissioned its integrated cement plant in Attingué, Côte d'Ivoire, in October. The facility has an installed capacity of 3.0 million tonnes per annum, increasing exposure to coastal West African markets

Outside cement, Chemical and Allied Products recorded revenue growth supported by construction-related demand and pricing adjustments. Profitability improved modestly as FX stability reduced input cost volatility.

While Berger Paints Nigeria delivered revenue growth supported by housing and infrastructure activity, though margins remained constrained by competitive pricing and energy costs.

We expect 2026 to reflect a period of stabilised operating performance for Nigeria's industrial goods sector, following the price and cost adjustments implemented over the last two years. With cement prices already aligned to prevailing input costs, sector performance in 2026 will be driven by the pace of infrastructure spending and movements in input costs.

Cement demand in 2026 is expected to be supported by government-funded housing, and public works projects, alongside pre-election infrastructure spending.

In addition, the integrated cement plant commissioned by Dangote Cement in Attingué, Côte d'Ivoire in late 2025 is expected to contribute incrementally to revenue as utilisation improves, providing an additional regional source of earnings.

With pricing largely stable, revenue growth in 2026 is expected to reflect cement volumes supplied to infrastructure and housing projects, rather than further price adjustments. On the cost side, FX conditions are expected to remain relatively stable, limiting volatility in imported inputs, while energy and logistics costs are expected to increase more gradually than during the 2024 adjustment phase. This operating environment supports the maintenance of current operating margins.

At the net profit level, outcomes will depend on financing costs and capital structure. However, the combination of higher operating profit and contained leverage across major cement producers suggests profitability should remain above 2025 levels, as FX rate remains stable.

Overall, the 2026 outlook for industrial goods is shaped by infrastructure spending trends, stable pricing, and controlled input costs, with performance differences driven by scale, operating efficiency, and project exposure.





INSURANCE

The insurance sector emerged as one of the most active sectors on the Nigerian Exchange in 2025. The NGX Insurance Index returned 65.64% in 2025, materially outperforming the NGX All-Share Index's 51.19% gain and confirming a sustained shift in sentiment toward insurance equities. While this performance moderated from the exceptional 123.22% return recorded in 2024, it nonetheless underscored the durability of investor appetite following the prior year's rally.

Insurance stocks benefited from a combination of speculative inflows, regulatory-driven positioning, and renewed retail participation, with valuation expansion reflecting forward-looking reform expectations.

Performance dispersion remained wide but decisively positive. Smaller and mid-cap insurers recorded outsized gains, with names such as Regal Insurance Plc, Universal Insurance Plc, and Sovereign Trust Insurance Plc posting triple-digit returns at various points during the year. These moves reflected low base effects, thin liquidity, speculative positioning, and expectations that recapitalisation would unlock consolidation premiums across the sector.

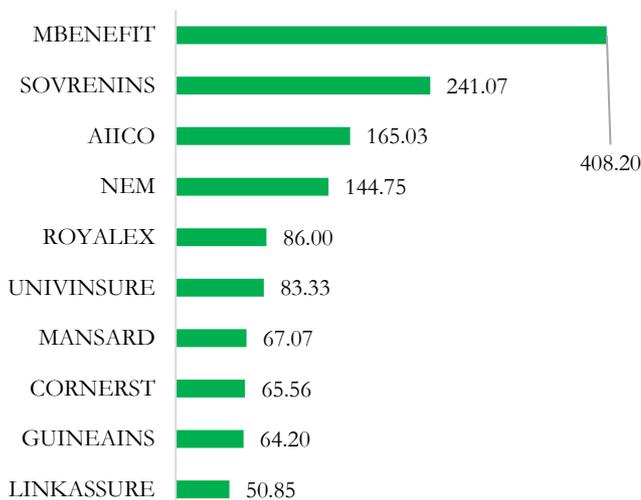
Larger and more established players also participated meaningfully in the rally. AIICO Insurance Plc and NEM Insurance Plc recorded strong share price appreciation, supported by relatively improved earnings and, financial position, and clearer strategic direction. This broadened the sector's appeal beyond purely speculative micro-caps and reinforced the view that insurance was transitioning into a more investable segment of the market.

Beneath the share price performance, financial results confirm that top-line momentum improved in 2025, although growth outcomes varied across players. On a nine-month basis, gross written premium (GWP) growth was broadly positive among the larger listed insurers, pointing to stronger business volumes and improved pricing conditions, even as profitability remained uneven.

Custodian Investment Plc grew gross written premium (GWP) from NGN55.80 billion in 9M 2024 to NGN61.37 billion in 9M 2025, representing a 9.98% year-on-year increase, reflecting steady expansion aligned with its conservative underwriting posture. NEM Insurance Plc recorded a sharper acceleration, with GWP rising from NGN108.39 billion to NGN128.89 billion, translating to an 18.91% year-on-year increase, underscoring stronger underwriting momentum and market share gains.

AIICO Insurance Plc similarly delivered robust top-line growth, with gross written premium increasing from NGN130.88 billion in 9M 2024 to NGN153.40 billion in 9M 2025, equivalent to a 17.22% year-on-year increase.

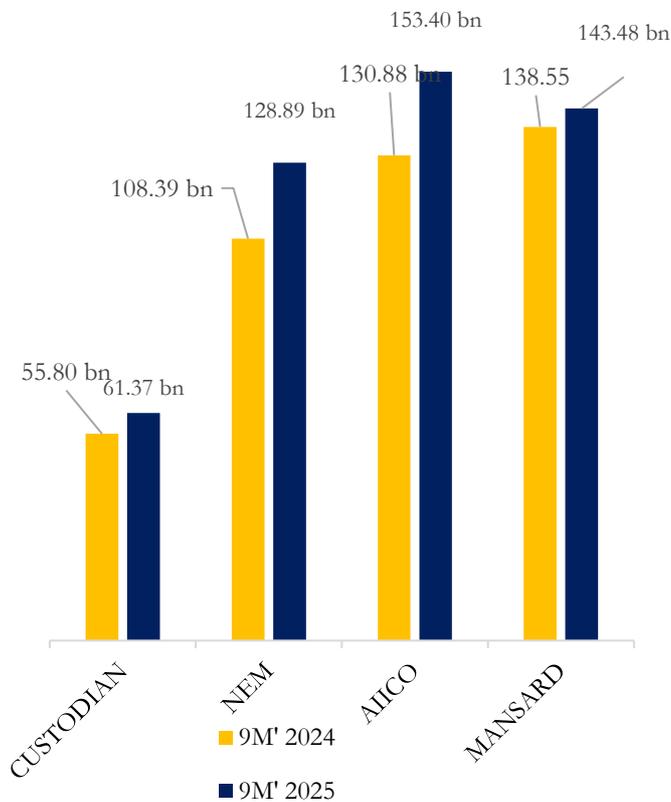
Insurance Sector Performance



Source: NGX, Bancorp Research, 2025

By contrast, AXA Mansard Insurance Plc recorded more modest growth, with GWP rising from NGN138.55 billion to NGN143.48 billion, representing a 3.56% year-on-year increase, consistent with a more conservative approach.

Insurance Gross Premiums by Segment (NGN'bn) 2024 V 2025



Source: NGX, Bancorp Research, 2025

The most important structural driver during the year was regulatory reform. The passage of the Nigerian Insurance Industry Reform Act (NIIRA) 2025 marked a turning point for the sector, introducing a risk-based capital framework and materially higher capital thresholds. This immediately shifted investor focus toward capital adequacy, solvency strength, and the likelihood of balance-sheet restructuring across listed insurers.

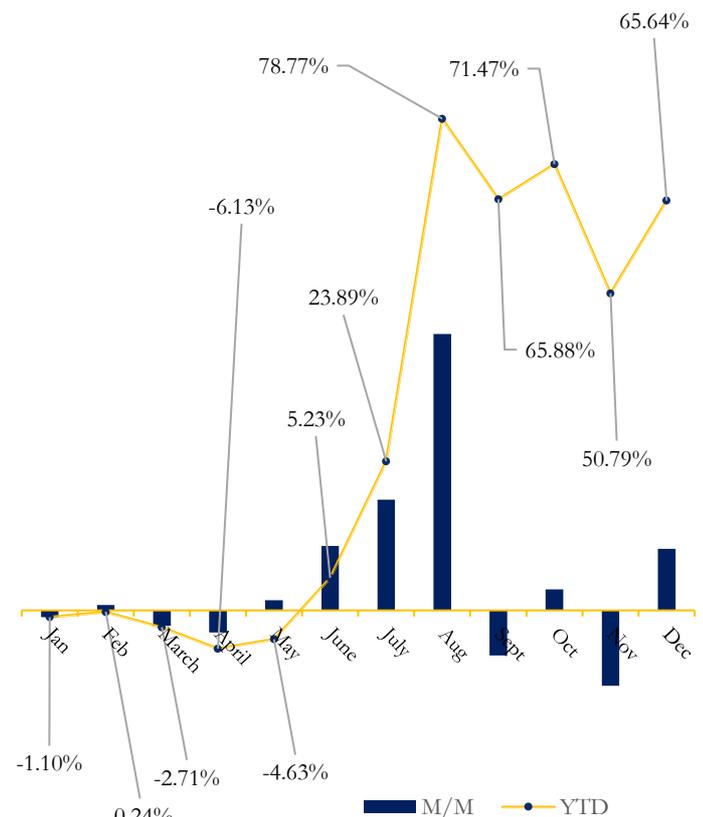
The market reacted to the signing of the act in August as the sector which closed the first month in the negative zone and was till below the 10% ytd return in June surged to 78.77% ytd in August after the signing of the Act.

In response, corporate actions became more prominent. Several insurers initiated or announced plans to strengthen their capital base through, rights -

issues, private placements, and authorised share capital increases.

LASACO Assurance Plc, for example, moved to expand its capital base following shareholder approvals, positioning itself ahead of tighter regulatory requirements. These actions signalled the early stages of a broader recapitalisation cycle expected to extend into 2026.

NGX Insurance Index – YTD and Month-on-Month Performance (2025)



Source: NGX, Bancorp Research, 2025

Alongside capital raising, governance-related actions also shaped sector dynamics. Annual general meetings, board reconstitutions, and approvals of audited accounts took on greater significance in a sector historically penalised for weak disclosure standards.

In parallel, the Nigerian Exchange stepped up enforcement, suspending trading in the shares of Regency Alliance Insurance Plc, International Energy Insurance Plc, and Universal Insurance Plc at various points due to filing defaults. While disruptive in the short term, these measures reinforced regulatory discipline and improved long-term investor confidence.



Deal activities during 2025 was largely preparatory as there were frequent strategic off market transaction in the sector, which was observed in names such as CONHALL, ROYALEX, SOVRENINS, CORNEST among others. Discussions around mergers, acquisitions, and strategic alliances intensified as smaller or weaker players assessed their ability to meet higher capital requirements independently.

Although few large transactions were completed during the year, the combination of recapitalisation pressure, valuation re-rating, and improving premium growth laid the groundwork for consolidation. Thus, investors increasingly priced insurance stocks with an implicit expectation of merger optionality, takeover premiums, or strategic investor entry over the medium

Structurally, 2026 is shaping up as a decisive year for the industry. With a fixed regulatory deadline for meeting higher capital requirements, a number of insurers are expected to return to the market in the first half of the year to strengthen their capital positions. This sets the stage for the insurance sector to become a major source market activity in 2026, as firms move to comply with new thresholds and reassess their long-term viability.

Therefore, capital raising is likely to be dominated by rights issues, as insurers are expected to prioritise funding from existing shareholders to preserve ownership structures or private placements and limit dilution in a relatively low-valuation environment. However, for smaller players with limited internal capacity to raise sufficient capital, broader market offerings or strategic combinations may become unavoidable. In parallel, consolidation pressures are expected to intensify, with mergers, portfolio transfers, and strategic stake sales emerging as practical alternatives for firms unable to meet requirements independently.

Against this backdrop, operating performance is expected to diverge further across the sector.

Premium growth should remain supportive, driven by pricing adjustments across motor, oil & gas, and corporate insurance lines, alongside tighter enforcement of compulsory policies. However, the ability to convert premium expansion into profits will increasingly depend on how effectively insurers manage risk, pricing, and growth within their capital constraints.

At the same time, operating costs and claims continue to weigh on performance, constraining the extent to which higher premium volumes can translate into stronger profits. As a result, profit growth is likely to trail premium expansion for many insurers, shifting investor attention away from sheer growth in business written toward the sustainability of returns generated from that growth.



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ANALYSTS' CERTIFICATION

We, the undersigned analysts, certify that the views expressed in this report reflect our independent assessments of economic conditions and trends. Our compensation is not influenced by the views or recommendations in this report, which complies with Nigerian SEC regulations and international best practices.

RESEARCH METHODOLOGY

This report is based on:

- **Primary Data:** Sources include the Central Bank of Nigeria (CBN), National Bureau of Statistics (NBS), Federal Reserve Economic Data (FRED) database, Nigerian Upstream Petroleum Regulatory Commission (NUPRC).
- **Secondary Data:** Reports from the Nigerian Exchange Group(NGX), NASD OTC Securities Exchange (NASD), African Development Bank (AfDB), and World Bank.
- **Analysis Tools:** Statistical modelling, historical trend analysis, and forward-looking projections based on key indicators like GDP growth, inflation forecasts, fiscal and monetary policies, and trade balances.

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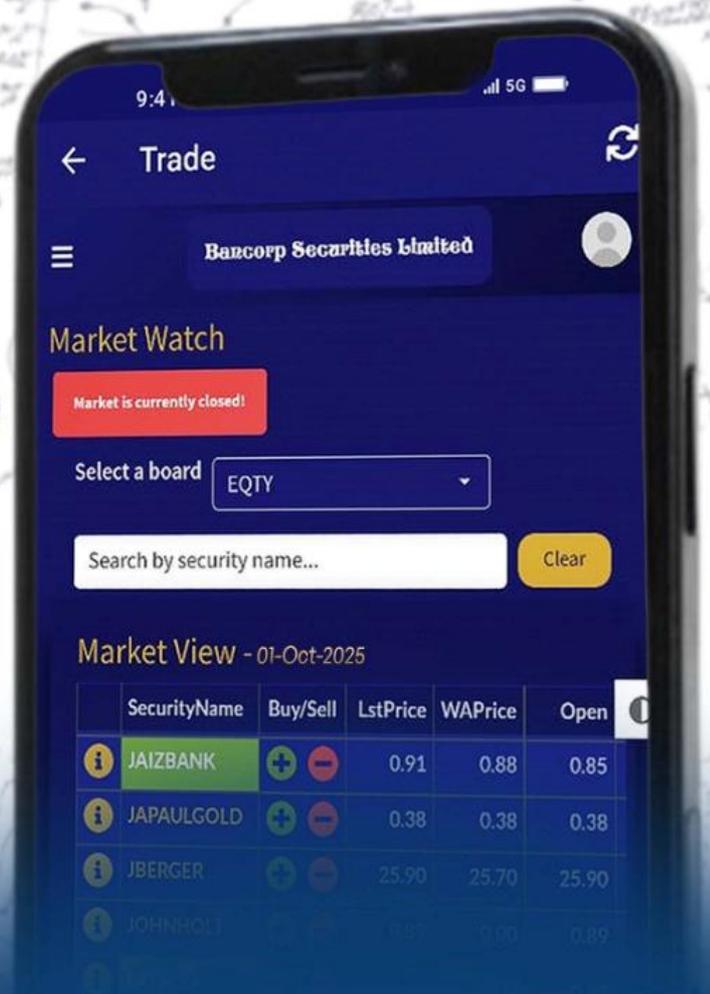
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