CAPITAL BANCORP PLC

24TH NATIONAL LEASE CONFERENCE | NALCON 2026

De-risking Deals, Balancing Portfolio and Growth Opportunities in Leasing



Growth measured by the quality of transactions, the resilience of the portfolio and the sustainability of returns

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Thursday, 12 November 2026 | Equipment Leasing Association of Nigeria (ELAN) | Theme: Equipment Leasing in Nigeria: Maintaining Balance in a Changing Economy

Leasing is growing fast; the next phase will reward quality, not volume

NGN6.54tn

ELAN, Mar 2026

Nigeria's outstanding lease portfolio at end-2025, up 26.5%. New leases rose 40.7% to NGN1.37tn

>90%

ELAN, Mar 2026

of the portfolio sits with the top 20 lessors; 41.5% of lessors run books below NGN1bn

US$1.54tn

World Leasing Yearbook 2026

global new leasing in 2024. Africa grew 31.8% but is still under 0.5% of the world total

Operating environment: rates are easing, but credit is still expensive

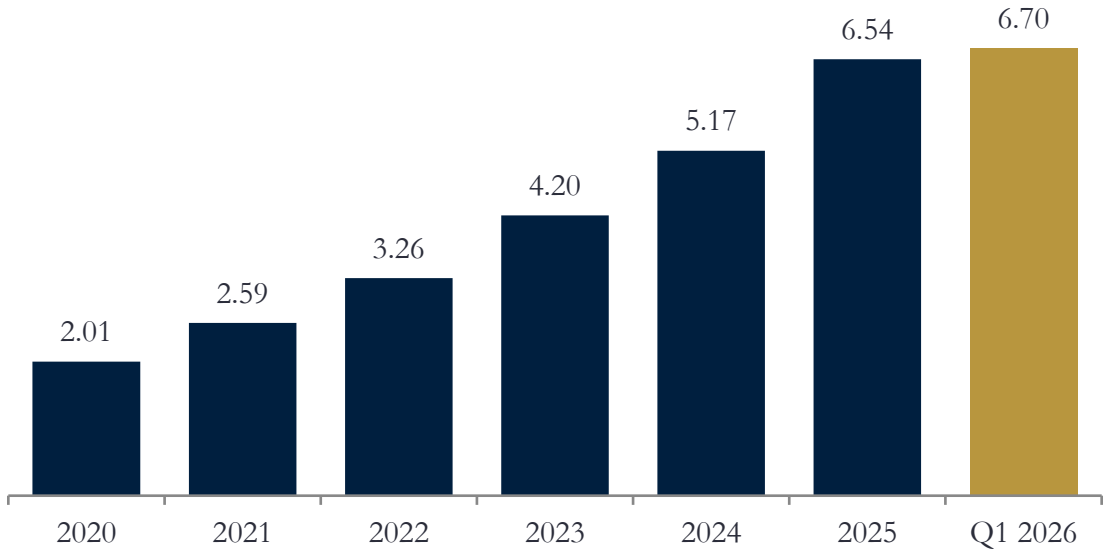
Indicator	Latest	What it means
Policy rate (MPR)	**23.0%**	Cut from 26.5% on 22 Sep 2026; cash reserve ratio held at 45%
Headline inflation	**14.63%**	Sep 2026, down from 20.98% a year earlier
Bank lending rates	**19.0% / 32.6%**	Average prime / maximum, Sep 2026
Naira (NFEM)	**NGN1,347/US$**	30 Oct 2026, from about NGN1,446 in January
Real GDP growth	**4.43%**	Q2 2026; IMF forecasts 4.2% for 2026

Three tests for the next phase: quality of deals | resilience of the portfolio | sustainable returns

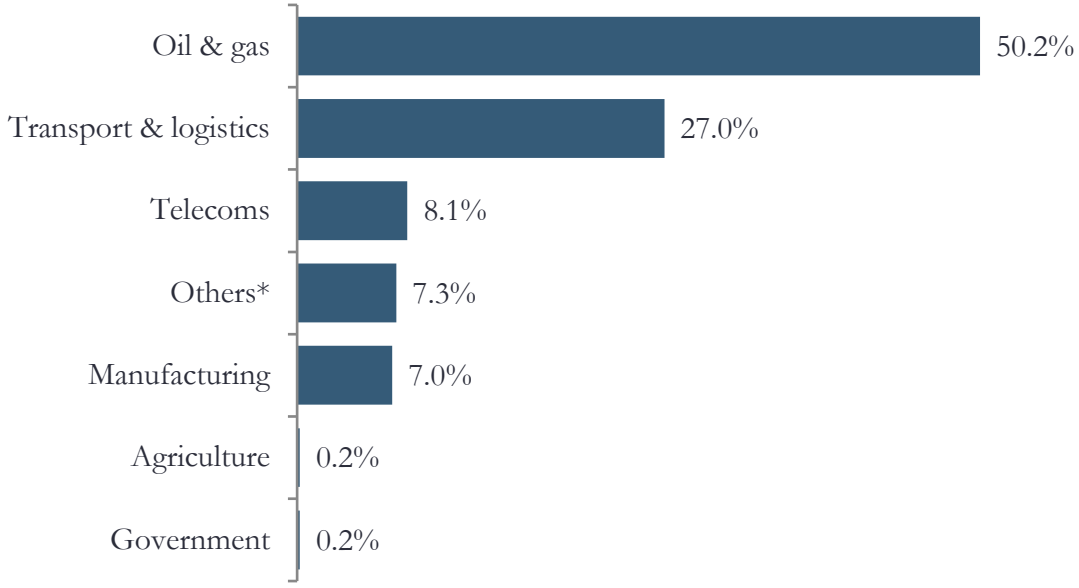
Sources: ELAN 2025 lease volume release (Mar 2026); World Leasing Yearbook 2026; CBN 307th MPC (Sep 2026); NBS CPI (Sep 2026) and GDP (Q2 2026); CBN lending rates via THISDAY (26 Oct 2026); NFEM via WithinNigeria (30 Oct 2026); IMF WEO (Oct 2026).

The book has tripled since 2020, but growth sits in a few sectors

Outstanding lease portfolio, NGN trillion



Share of 2025 new leases (NGN1.37tn), %



53%
of leased assets are cars and commercial vehicles

44%
of transactions are operating leases, so more residual value risk sits with lessors

0.2%
of 2025 new leases went to agriculture, about a quarter of GDP

+37%
growth in new leases in Q1 2026, year on year

*Others includes education, healthcare, construction and consumer. Nominal figures, largely from ELAN members. Sources: ELAN 2025 lease volume release (Mar 2026); ELAN Q1 2026 market review (Aug 2026); NBS GDP Q2 2026.

In Nigeria, leasing risks rarely arrive alone: they compound

Naira weakens or rates rise → Asset and spare-part costs rise → Lessee's cash flow is squeezed → Arrears rise as our funding reprices → Repossession into a thin resale market

Credit

The lessee's cash flow fails before the lease ends

Asset value

The asset is worth less than what is still owed

Funding

Multi-year leases funded with short-term money

Rates and FX

Fixed rentals, floating funding; dollar assets, naira rentals

Operations

Poor maintenance, misuse, uninsured loss

Legal

Unregistered leases, weak title, slow enforcement

Concentration

One sector shock hits many lessees at once

The profit impact

Every risk eats into the same thin margin between lease rate and funding cost. Two at once can turn a good deal into a loss.

Framework: Capital Bancorp. Context: ELAN cites high equipment prices, limited long-term funding and pressure on customers' cash flows (Q1 2026 market review).

Managing risk starts before the term sheet and lasts the life of the lease

1. Originate	2. Underwrite	3. Value the asset	4. Structure	5. Document and register	6. Monitor and recover
• Target sectors we understand • Check vendor, asset and price	• Lend on cash flow, not just collateral • Test the downside first	• Independent valuation • Residual below forced-sale value	• Lessee deposit • Repricing clause • Insurance assigned to lessor	• Clear title and covenants • Register with ELRA	• Track the asset • Agree the recovery plan up front

What the law requires

Equipment Leasing Act 2015, s.13: lease agreements must be registered with the Equipment Leasing Registration Authority (ELRA) within 14 days of commencement.

What government now asks

Since an August 2026 federal circular, proof of ELRA registration is required in public procurement involving equipment leasing.

What good practice adds

Lessee cash flow covering rentals about 1.3 times, independent valuation, insurance and tracking. A guide, not a legal rule.

Registration creates a public record of the lessor's ownership, which supports enforcement and repossession if the lessee defaults.

Sources: Equipment Leasing Act 2015, s.13; Secretary to the Government of the Federation circular of 12 Aug 2026, reported by NAN (Oct 2026). Not legal advice.

A lease must pay for its risk and its capital, not just earn revenue

1. The deal

20 trucks for a distributor
Cost NGN1.2bn

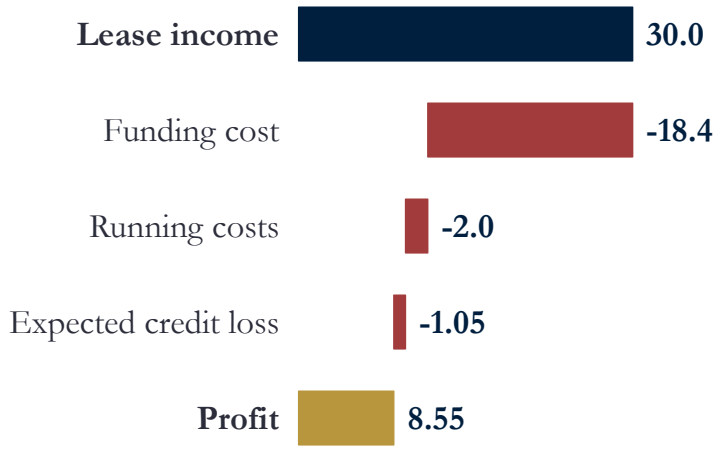
Lessee deposit
15%: NGN180m

Lessor finances
NGN1,020m

Funded by
80% borrowed at 23%
20% shareholders' capital

Lessee pays NGN35.4m a month for 48 months
then NGN120m to buy the trucks. Lease rate: 30% a year

2. Where each NGN100 goes, per year



Return on NGN20 of capital: **42.8%**
Risk-adjusted return on capital (RAROC): profit after expected losses, per naira of shareholders' money at risk.

3. What if things go wrong?

Scenario	Return	Hurdle
As planned	42.8%	Pass
Funding cost +3 pts	30.8%	Fail
Lessee weakens*	33.0%	Fail
Both at once	21.0%	Fail
Restructured, both**	38.5%	Pass

Hurdle: 35% minimum return to shareholders (illustrative). *Defaults double and recoveries fall. **Price 32% plus a cash deposit, with both shocks applied.

Why it matters A 30% lease rate can still destroy value when funding and credit go wrong at the same time.

What management should do Approve deals on the stressed case. Build in rate pass-through, deposits, insurance and tracking.

ILLUSTRATIVE: all deal terms are hypothetical, not market data. Expected loss = 3% default rate x 35% loss if default. Figures are pre-tax and annual. Calculations: Capital Bancorp.

Growth only creates value when it earns a return on capital

Per NGN100 of lease book, one year

Same pricing and funding. Lessor A grows 40% by taking weaker credits; Lessor B grows 20% and stays selective.

	Lessor A	Lessor B
Lease income	30.0	30.0
Less funding cost (23% on NGN80)	-18.4	-18.4
Less operating costs	-2.2	-2.2
Less credit losses	**-4.5**	**-1.2**
Profit before tax	**4.9**	**8.2**
Return on shareholders' NGN20	**24.5%**	**41.0%**

Starting from the same NGN100bn book

Lessor A

Book at year end
NGN140bn

Profit before tax
NGN5.9bn

Lessor B

Book at year end
NGN120bn

Profit before tax
NGN9.0bn

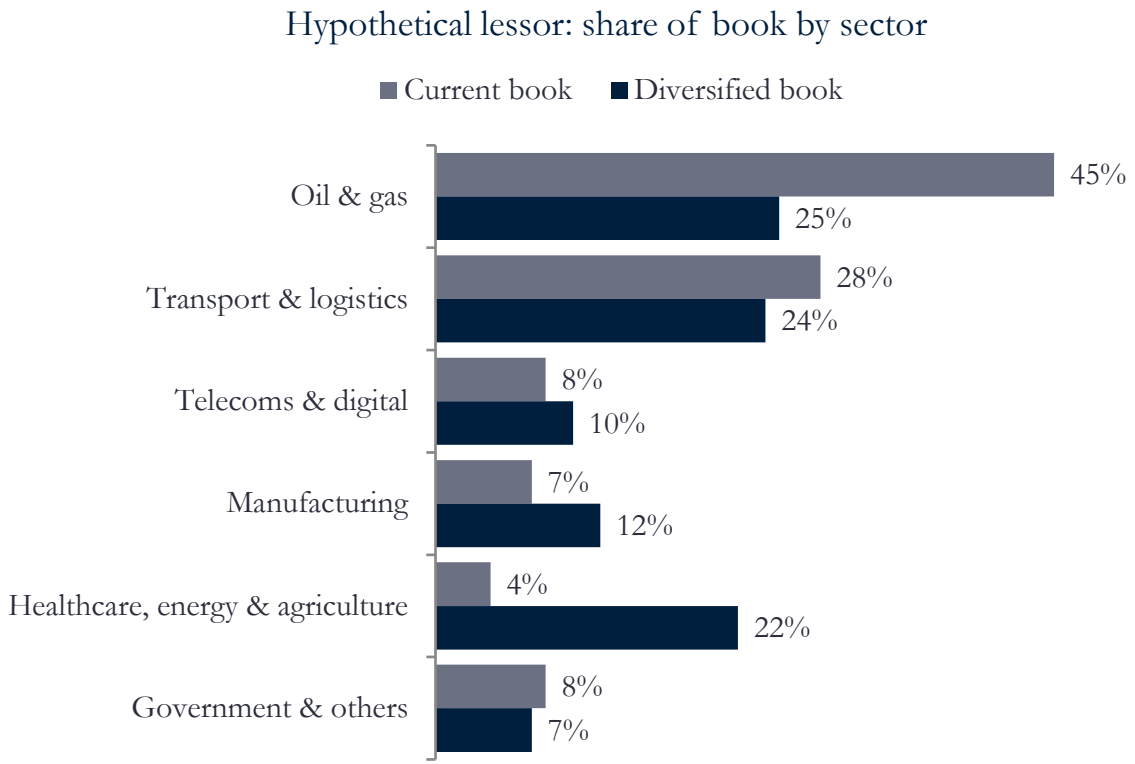
Lessor A grew twice as fast and earned about a third less.

Why it matters Each extra point of credit loss removes about 5 points of return to shareholders.

What management should do Judge growth by profit on capital, not book size. Report cost of risk by sector to the board monthly.

ILLUSTRATIVE: both lessors earn 30% on assets, pay 23% on borrowings, run 2.2% operating costs and fund 80% with debt. Profit on average book for the year; pre-tax. Calculations: Capital Bancorp.

Diversification protects earnings at almost no cost to yield



	Current	Diversified
Return Yield after expected credit losses	27.5%	27.8% *About the same*
Concentration Behaves like this many equal-sized sectors*	3	6 *Twice as spread*
Shock test Yield lost if oil & gas losses triple	-1.8 pts	-1.0 pt *Damage almost halved*

*Based on the Herfindahl-Hirschman Index (HHI), the sum of each sector's squared share: 2,978 current, 1,636 diversified. 10,000 means one sector only; 10,000 / HHI gives the equivalent number of equal-sized sectors.

Why it matters Bank NPL ratios rose to about 7% in 2025 as oil & gas forbearance ended. Oil & gas was half of leasing's 2025 new business.

What management should do Cap the largest sector at 25 to 30% of the book. Cap single customers against equity. Set limits by asset class and tenor.

ILLUSTRATIVE portfolio, not industry data. Assumed sector yields 26 to 33% and expected losses 0.8 to 3.5%; HHI on nine-sector detail. Bank NPLs: BusinessDay (3 Feb 2026). Sector share: ELAN 2025.

Fund multi-year leases with multi-year money

Funding source	Typical tenor	Latest cost signal	Best use
Bank borrowings	1 to 3 years	Prime 19.0%, max 32.6% (Sep 2026)	Bridge lines
Commercial paper	90 to 270 days	About 20 to 24% (2026)	Working capital
Corporate bonds	3 to 7 years	Over FGN 10-year at 16.6% (Oct 2026)	The core book
Private placements	Tailored	Negotiated with institutions	Sector or asset pools
Development finance	Up to 10 years	Long-term lines, e.g. DBN	MSME, agri, energy
Equity	Permanent	Highest cost; absorbs losses	Growth capacity

Match tenor

Long leases, long money

Match rates

Floating funding needs repricing clauses

Match currency

Dollar debt only against dollar earners, or hedged

A four-year lease funded with...

180-day paper



is refinanced about 8 times

a four-year bond



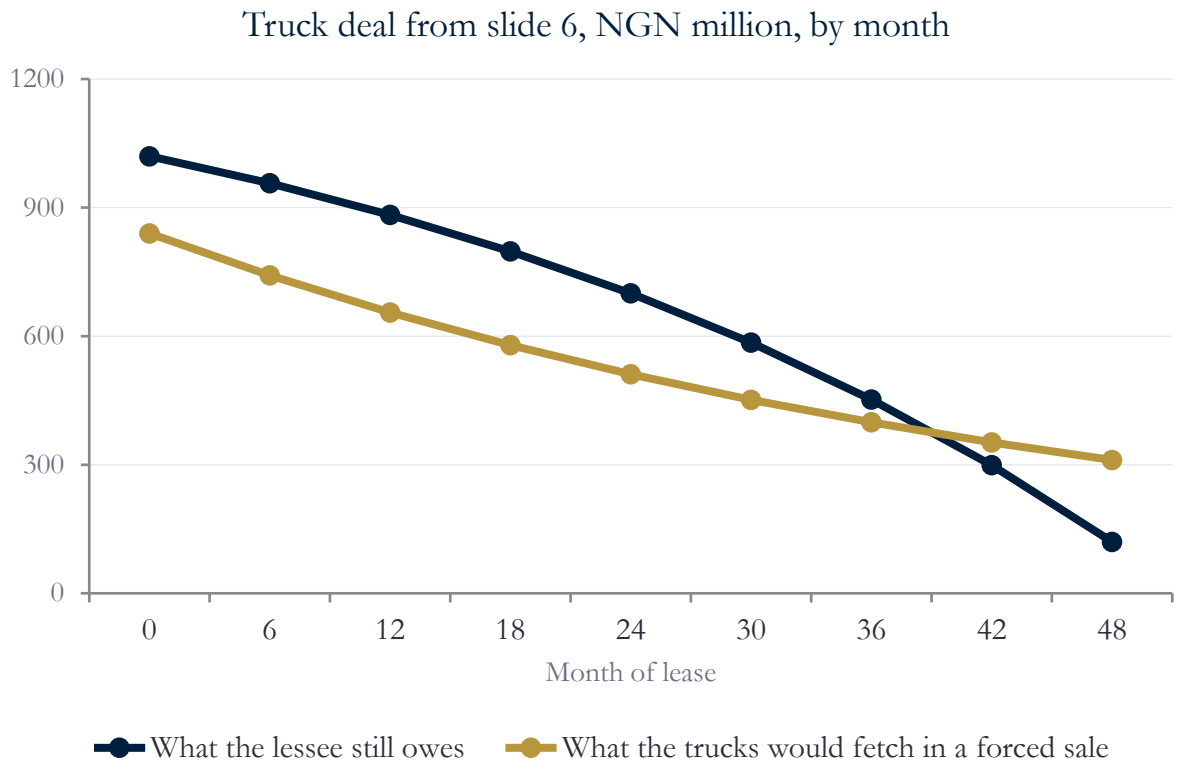
is refinanced once

Rates: do not bank on cheaper money

The September policy cut has not reached funding costs yet: bank lending rates rose in September and bond yields in October. Lock in term funding when windows open.

Sources: CBN lending rates via THISDAY (26 Oct 2026); CP rates via Leadership (Aug 2026); FMDA October 2026 report via Nairametrics (4 Nov 2026); DBN (devbankng.com). Refinancing comparison illustrative.

Recovery starts at origination, not at default



For about three years the debt exceeds the forced-sale value. Deposits, insurance and early action carry the risk.

1. Watch

Two late rentals in a row | falling account turnover | asset idle on tracker | insurance lapse

2. Act

Meet the lessee early | restructure if the business is viable | take extra security

3. Recover

Repossess a registered asset quickly | sell through OEM and dealer channels

Measure recovery like a business: days to repossess, recovery rate, and the stock of repossessed assets waiting for sale.

ILLUSTRATIVE: same hypothetical deal as slide 6. Trucks assumed to lose 22% of market value a year; forced sale at 70% of market value. Calculations: Capital Bancorp.

Technology is first a risk tool, then a growth tool

Data-driven credit

Score cash flow from bank, tax and invoice data

Risk Cost **Client**

Predictive analytics

Flag arrears and covenant stress months ahead

Risk **Cost** Client

Digital onboarding

Hours, not weeks: e-KYC and e-signatures

Risk **Cost** **Client**

Telematics

Location, usage and condition of every asset

Risk **Cost** **Client**

Payment monitoring

Direct debits and instant arrears alerts

Risk **Cost** Client

Asset management

Maintenance, insurance and value, asset by asset

Risk **Cost** Client

Embedded finance

Leasing offered at the dealer's point of sale

Risk **Cost** **Client**

Where to start

Telematics on every mobile asset and automated payment monitoring. Both pay for themselves through lower losses and faster recovery.

Tags show the main benefit: Risk = credit and asset risk; Cost = efficiency; Client = customer experience.

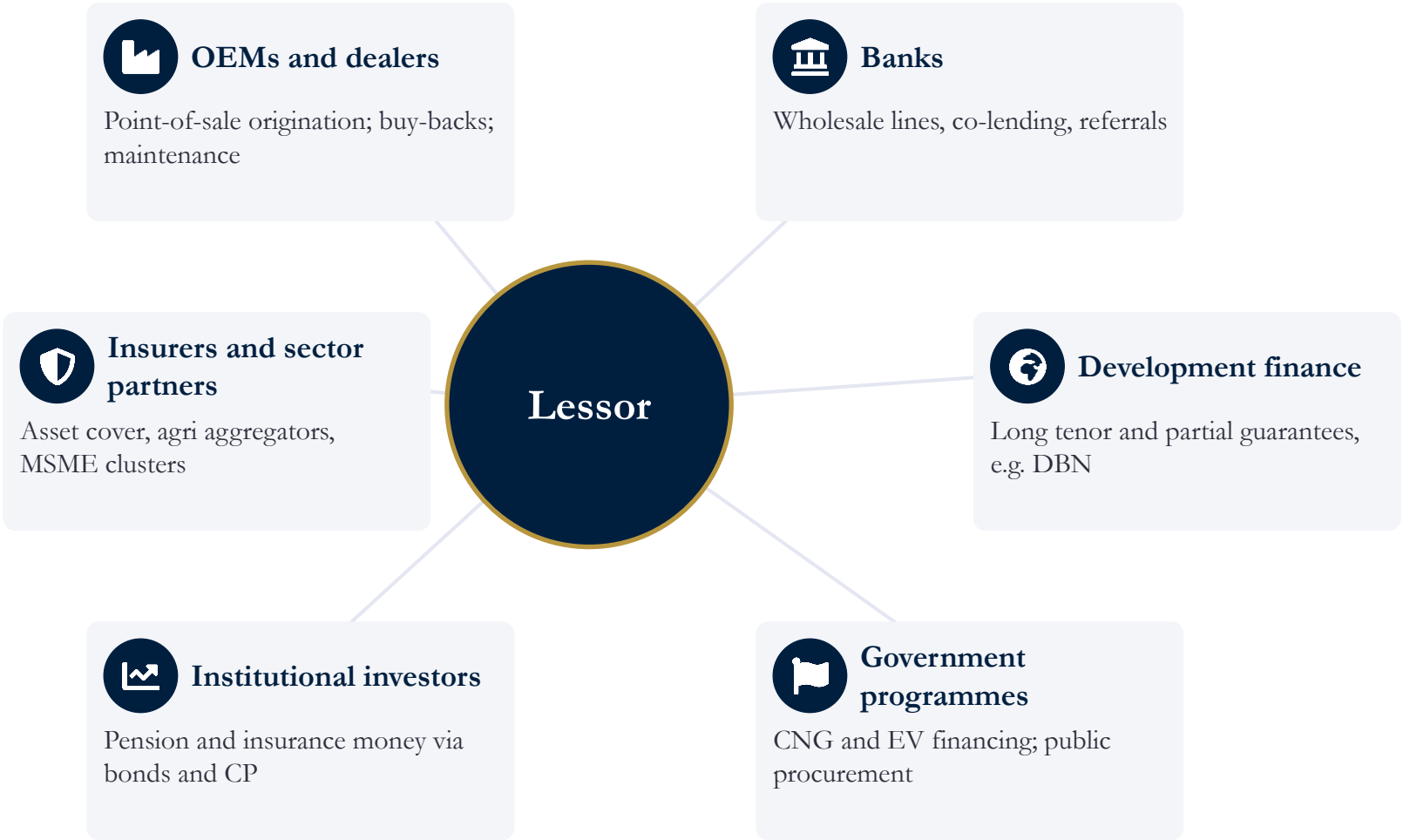
Grow where real demand meets assets we can track, value and resell

Sector	Why demand is real (evidence)	What to lease	Main risk	Appeal*
Transport and logistics	Vehicles are 53% of leased assets; over 120,000 vehicles converted to CNG	CNG and EV buses, trucks, fleets	Resale values; fuel policy	●●●●○
Technology and digital	ICT grew 9.62% in Q2 2026; telecoms took 8.1% of 2025 new leases	Towers, fibre, devices	Obsolescence	●●●●○
Renewable energy	DARES: 1.05m solar home systems against a 2.75m target (Aug 2026)	Solar, storage, mini-grids	Collections, FX	●●●●○
Manufacturing	Sector grew 3.24% in Q2 2026	Production lines, forklifts	Imported, dollar-priced assets	●●●○○
Healthcare	Private diagnostics demand; sits within 'others' (7.3% of 2025 new leases)	Imaging and lab equipment	Thin resale market	●●●○○
Agriculture	About 26% of real GDP, but 0.2% of 2025 new leases	Tractors, irrigation, cold chain	Seasonality, weather	●●●○○

The read-across: agriculture, healthcare and energy have the widest gaps, but need risk-sharing (guarantees, OEM buy-backs, offtake agreements) to be bankable at scale.

*Capital Bancorp's view of demand, ease of tracking and resale, and risk. Sources: ELAN 2025 and Q1 2026; NBS GDP Q2 2026; Pi-CNG via Legit (Aug 2026); DARES via Energy News Network (Aug 2026).

Partnerships grow reach faster than balance sheets, and share the risk



The capital-light model

Originate
through dealers, platforms and programmes

Share risk
with guarantees, buy-backs and insurance

Distribute
seasoned, registered portfolios to investors

Recycle
the freed capital into new deals

Sources: DBN schemes (devbankng.com); DBN, GIZ and ELAN MSME leasing initiative (THISDAY, Jun 2024); Pi-CNG and EV financing via Vanguard (Apr 2026); ELRA procurement circular via NAN (Oct 2026).

Seven practical actions for the Nigerian leasing industry

1	**Lessors**	Approve every lease on its return under stress, with repricing clauses as standard
2	**Lessor boards**	Set limits by sector, customer, asset and tenor; review cost of risk monthly
3	**Lessors and capital markets**	Build a funding ladder: CP for working capital, bonds and DFI lines for the core book
4	**ELRA and ELAN**	Make registration universal and turn the registry into shared default and asset data
5	**DFIs and government**	Offer partial guarantees for leasing into agriculture, healthcare and energy
6	**OEMs, lessors and ELAN**	Build a used-equipment market: standard valuations, buy-backs, resale channels
7	**Policymakers**	Review the tax treatment of leasing (capital allowances, VAT), as ELAN advocates

Recommendations are Capital Bancorp's views, not existing requirements. Item 4 builds on ELRA's functions under the Equipment Leasing Act 2015. Item 7 reflects ELAN's stated advocacy on tax.

CONCLUSION

Building a resilient and competitive leasing industry

Six disciplines that reinforce each other

1. **Originate better deals**
2. **Price for the downside**
3. **Diversify the book**
4. **Match the funding**
5. **Use technology and partners**
6. **Monitor and recycle capital**

Result: quality transactions | a resilient portfolio | sustainable returns

"The lessors who lead the next decade will not be those that financed the most assets. They will be those that financed the right assets, for the right customers, with the right money."

Thank you

Gbolahan Olojede | Group Managing Director/CEO, Capital Bancorp Plc