

Big bank, bigger numbers – Equity Group’s EPS jumps 54.6% to KES 19.07 in 2025, from KES 12.34

The earnings season is hitting stride, and the heavyweights are showing up in force. Equity Group Holdings has dropped its FY2025 results, and the numbers are nothing short of emphatic.

Profit before tax (PBT) surged 51.7% y/y to KES 92.11Bn from KES 60.74Bn, while profit after tax (PAT) jumped 54.7% to KES 75.55Bn from KES 48.82Bn. The growth was supported by strong total income growth, amplified by a sharper decline in operating expenses. So far, this stands as the fastest growth print across the listed banks and the largest profit on the board.

Earnings per share (EPS) climbed 54.6% to KES 19.07 from KES 12.34, underpinning a proposed dividend of KES 5.75 per share, up 35.3% from KES 4.25 in 2024.

At current price levels, we maintain a **SPECULATIVE BUY**. Not for lack of growth prospects but because valuations are beginning to stretch for long-term positioning. With the ongoing rally and intermittent volatility, we still see tactical entry pockets ahead of book closure. Year-to-date, the counter is up 16.8%, comfortably outpacing the NASI (+13.1%).

Recommendation:	SPECULATIVE BUY
Bloomberg Ticker:	EQTY KN
Share Stats	
Current Price	78.00
3-Month Av	70.67
6 Month Av	65.99
12 Month Av	57.39
52 Week High	78.00
52 Week Low	42.50
Issued shares (Bn)	3.77
Market Cap (KES Bn)	294.35
Market Cap (USD Mn)	2.28
P/E	2.90
PB	0.71
EPS	20.02

Income Statement

Total Income: Equity Group Holdings delivered solid top-line growth, with total income rising 12.4% to KES 217.74Bn, from KES 193.78Bn, supported by expansion in both funded and non-funded streams.

Net interest income (NII) led the charge, climbing 16.8% y/y to KES 126.94Bn from KES 108.71Bn, driven by stronger interest earnings alongside a notable easing in funding costs.

Non-funded income (NFI) grew a more measured 6.7% y/y to KES 90.80Bn from KES 85.07Bn, pointing to steady performance in fees and commissions, even as FX income normalizes from prior highs. As a result, the contribution of NII to total income improved to 58.3% from 56.1% in 2024, while NFI’s contribution dropped to 41.7%.

Interest income: Interest from loans and advances edged down 1.7% y/y to KES 105.88Bn from KES 107.67Bn, reflecting the impact of gradually easing benchmark rates. Conversely, income from government securities rose 7.9% to KES 60.96Bn from KES 56.48Bn, pointing to a deliberate tilt toward higher-yielding fixed income instruments.

Interest expense: Interest expenses dropped a notable 24.2% y/y to KES 46.70Bn from KES 61.58Bn, largely driven by a 35.9% reduction in the cost of customer deposits. This reflects both the easing interest rate environment and deliberate balance sheet optimization.

Operating expenses: These were firmly on a downward trajectory, declining 5.6% to KES 125.63Bn. The moderation was anchored on a 12.4% drop in loan loss provisions alongside an 18.9% reduction in staff costs.

Periods	Equity Group
3mtd PriceΔ(%ge)	28.93%
6mtd PriceΔ(%ge)	44.44%
YTD Δ(%ge)	16.85%
Y/Y Δ(%ge)	64.04%

NII	16.8%
Provisions	-28.2%
Opex	-5.6%
Opex Excl. LLPs	-1.5%
PBT	51.7%
PAT	54.7%
Loans	7.7%
Govt. Securities	11.4%
Shareholders' Funds	32.1%

Balance Sheet

Total Assets: Equity Group’s total assets increased by 9.2% y/y to KES 1,970.99Bn from KES 1,804.62Bn, driven by strong growth in the loan book and investment portfolio, which expanded by 7.7% and 12.9%, respectively.

Investment in government securities rose by 11.4% to KES 335.31Bn from KES 300.91Bn in 2024, with the available-for-sale portfolio being the largest. This aligns with developments in the secondary bond market, where trading activity has remained robust as investors capitalize on a declining interest rate environment.

The **loan and advances** book expanded by 7.7% to KES 882.46Bn from KES 819.24Bn in 2024, largely supported by the Group’s subsidiaries, particularly the DRC, Rwanda and Tanzania units, whose loan book surged 16.8%, 22.3% and 61.2%, respectively. However, the Kenyan subsidiary registered a 3.1% contraction, reflecting an increase in short term capital lending, even as lending rates continue to decline.

The Group’s borrowings rose by 13.8% y/y growth to KES 80.26Bn from KES 70.52Bn as of 2024. Similarly, customer deposits grew but at a slower rate of 4.0%, to KES 1,455.14Bn, from KES 1,399.65Bn, in 2024.

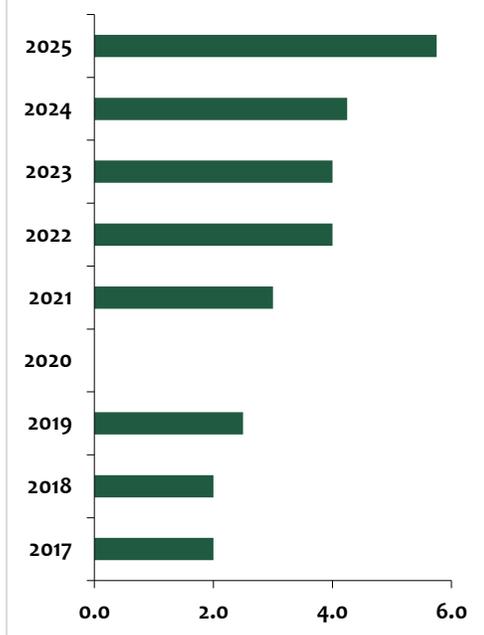
Shareholders’ funds rose sharply by 32.1% y/y to KES 326.10Bn from KES 246.87Bn, supported by higher retained earnings, which increased by 19.6% to KES 278.52Bn from KES 232.83Bn in 2024.

Asset quality: Equity Group Holdings reported a marked improvement in asset quality, with the gross NPL ratio declining to 11.5% from 13.6%. The largest contribution came from Equity Bank Kenya, while Equity Bank Uganda posted the most notable improvement across the subsidiaries. We attribute the recovery to a combination of stronger recoveries and improving macro conditions. Gross loans expanded 6.6%, even as gross NPLs declined by 9.8%—a clear signal of a cleaner, better-quality loan book.

Key Ratios

- Equity Group’s return on average equity (ROaE) stood at 27.8%, up from 22.1%, while return on average assets (ROaA) rose to 4.0% from 2.7% last year, reflecting consistent profitability across the balance sheet.
- The net interest margin (NIM) edged up to 7.8% from 7.0%, supported by higher interest income and a notable decline in the cost of funds, which improved to 3.1% from 4.1%.
- Yield from interest earning assets marginally dropped to 10.6%, from 10.9%, reflecting the increase in interest from government securities.
- The cost of risk also dropped to 6.7%, from 10.4% given the decline in loan loss provisions against growth in operating income.
- Operational efficiency strengthened, with the cost-to-income ratio improving to 57.7% from 68.7%, reflecting tighter expense management. Asset quality trends are very promising.

Equity Group Dividend History (Kes)



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Balance Sheet	FY'2024	FY'2025	%Δ Y-Y
Investments	511.98	577.78	12.9%
Loans and Advances	819.24	882.46	7.7%
Total Assets	1,804.62	1,970.99	9.2%
Customer Deposits	1,399.65	1,455.14	4.0%
Borrowing	70.52	80.26	13.8%
Total Liabilities	1,557.76	1,644.89	5.6%
Shareholder's Funds	246.87	326.10	32.1%

Income Statement	FY'2024	FY'2025	%Δ Y-Y
Interest Income	170.29	173.64	2.0%
Interest Expense	61.58	46.70	-24.2%
NII	108.71	126.94	16.8%
NFI	85.07	90.80	6.7%
Total Income	193.78	217.74	12.4%
Loan Loss provision	20.18	14.49	-28.2%
Total Operating expenses	133.04	125.63	-5.6%
Opex excl Provision	112.87	111.14	-1.5%
PBT	60.74	92.11	51.7%
PAT	48.82	75.55	54.7%
EPS	12.34	19.07	54.6%

Ratios	FY'2024	FY'2025	pp. Δ Y-Y
Yield from interest-earning assets	10.9%	10.6%	0.2%
Cost of funds	4.1%	3.1%	(0.2%)
Cost of risk	10.4%	6.7%	(4.2%)
Net Interest Margin	7.0%	7.8%	0.5%
Net Interest Income as % of operating income	56.1%	58.3%	3.1%
Non-Funded Income as a % of operating income	43.9%	41.7%	(3.1%)
Cost to Income Ratio	68.7%	57.7%	(10.1%)
CIR without LLP	58.2%	51.0%	(6.6%)
Cost to Assets	6.2%	4.2%	(3.3%)
NPL Ratio	13.6%	11.5%	1.7%
Loan to Deposit Ratio	58.5%	60.6%	4.0%
Return on average equity	22.1%	27.8%	0.7%
Return on average assets	2.7%	4.0%	0.3%

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Analysts' stock ratings are defined as follows:

- **Buy** – A buy rating reflects 1) An analyst has a bullish conviction on a stock 2) A 30% or greater expected return.
- **Accumulate** – An accumulate rating reflects 1) An analyst has a lesser bullish conviction on a stock 2) Expected return falls between 10% and 30%.
- **Hold** – A hold rating reflects 1) An analyst has a neutral conviction (lack of bullish or bearish conviction) on a stock 2) Expected return falls within the range of 5% to 10%.
- **Speculative Buy** – A speculative buy rating reflects 1) An analyst has a bullish conviction accompanied by a substantially higher than normal risk 2) Expected return falls above 10%.
- **Sell** – A sell rating reflects 1) An analyst has a bearish conviction on a stock 2) Expected return falls below 5%.

*Expected Return (ER) represents the sum total of both capital appreciation and the dividend yield.

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