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Equity Group Holdings 9M 2026 Earnings Note

Equity Group 9M 2026 PBT Rises 37.0% as Assets Reach Kes. 2.15Trn

Equity Group continues to strengthen its position as a leading regional banking franchise. In 9M 2026, PBT rose 37.0% y/y to Kes. 89.84Bn, while PAT increased 32.0% to Kes. 71.46Bn and EPS improved 31.9% to Kes. 18.22. Total assets expanded further to Kes. 2.15Trn, underscoring the Group's continued scale and growth.

Non-funded income grew strongly by 34.6% y/y to Kes. 84.35Bn, increasing its contribution to total operating income and reinforcing the Group's diversified earnings model alongside stronger regional operations and lending growth.

We recommend ACCUMULATE, supported by continued earnings growth and regional diversification. However, following the counter's strong rerating during the year, we favour gradual accumulation on price weakness rather than chasing elevated price levels.

Recommendation:	ACCUMULATE
Bloomberg Ticker:	EQTY KN
Share Stats	
Current Price	100.25
3-Month Av	99.78
6 Month Av	88.82
12 Month Av	80.87
52 Week High	109.00
52 Week Low	41.20
Issued shares (Bn)	3.77
Market Cap (KES Bn)	378.31
Market Cap (USD Mn)	2.93
P/E	5.53
PB	1.07
EPS	18.22

Income Statement

Total Income: Equity Group Holdings delivered solid top-line growth, with total operating income rising 12.8% y/y to Kes. 257.49Bn, from Kes. 228.20Bn, supported by continued growth across both funded and non-funded income streams.

Net interest income (NII) increased 4.6% y/y to Kes. 173.14Bn, from Kes. 165.52Bn. Despite the growth, NII contribution to total operating income declined to 67.2% from 72.5%, reflecting significantly stronger growth in non-funded income.

Non-funded income (NFI) remained the standout performer, rising 34.6% y/y to Kes. 84.35Bn, from Kes. 62.69Bn. Consequently, its contribution to operating income increased to 32.8% from 27.5%, underscoring continued diversification of the Group's revenue base.

Interest income grew 8.4% y/y to Kes. 140.42Bn, from Kes. 129.55Bn, despite the easing interest-rate environment. Meanwhile, interest expense declined 9.0% to Kes. 32.72Bn, from Kes. 35.97Bn, reflecting lower funding costs and providing additional support to net interest income.

Operating expenses: Total operating expenses increased 12.7% y/y to Kes. 102.21Bn, from Kes. 90.68Bn, broadly in line with operating income growth. Loan-loss provisions, however, declined 12.2% to Kes. 10.21Bn from Kes. 11.64Bn, reflecting easing credit-risk pressures. Excluding provisions, operating expenses increased 16.4% to Kes. 91.99Bn from Kes. 79.05Bn.

Profitability: Strong NFI growth, lower funding costs and reduced loan-loss provisions supported a 37.0% y/y increase in PBT to Kes. 89.84Bn, from Kes. 65.58Bn. PAT rose 32.0% to Kes. 71.46Bn, from Kes. 54.12Bn, while EPS improved 31.9% to Kes. 18.22, from Kes. 13.81.

Return Performance		
Periods	Equity Bank Kenya	NASI
3mtd Price	10.16%	-0.12%
6mtd Price	33.67%	17.17%
YTD	50.19%	29.11%
Y/Y	54.83%	28.23%

NII	4.61%
Provisions	(12.25%)
Opex	12.70%
Opex Excl. LLPs	16.38%
PBT	36.99%
PAT	32.03%
Loans	17.20%
Govt. Securities	14.77%
Deposits	20.28%
Shareholders' Funds	28.20%

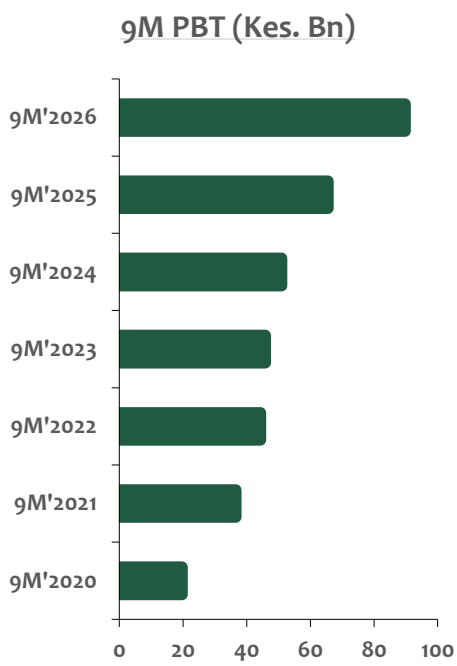
Balance Sheet

Total Assets: Equity Group's total assets expanded 18.3% y/y to Kes. 2,148.98Bn, from Kes. 1,817.02Bn, supported by continued growth in both the loan book and investment portfolio.

Investments increased 14.8% y/y to Kes. 612.21Bn, from Kes. 533.43Bn, although they declined 4.8% from H1 2026. Net loans and advances expanded strongly by 17.2% to Kes. 1,007.75Bn, from Kes. 859.82Bn, crossing the Kes. 1.0Trn mark and reflecting sustained credit growth across the Group's markets.

Customer deposits grew 20.3% y/y to Kes. 1,583.92Bn, from Kes. 1,316.83Bn, outpacing loan growth and providing a strong funding base for balance-sheet expansion. Consequently, the loan-to-deposit ratio eased to approximately 63.6% from 65.3%. Borrowings declined sharply by 50.4% to Kes. 59.79Bn, from Kes. 120.52Bn, indicating reduced reliance on external funding amid strong deposit mobilisation.

Shareholders' funds increased strongly by 28.2% to Kes. 369.70Bn, from Kes. 288.37Bn, supported by robust profitability and continued earnings retention. Total liabilities increased by 17.5% to Kes. 1,779.28Bn, broadly reflecting the growth in customer deposits.



Key Ratios

- **Return on average equity (ROaE)** improved to 28.2% from 24.5%, while return on average assets (ROaA) increased to 4.7% from 3.5%, reflecting stronger earnings generation and improved utilization of the Group's capital and asset base.
- **Net interest margin (NIM)** improved marginally to 8.0% from 7.9%, supported by a decline in the cost of funds to 2.8% from 3.6%. The yield on interest-earning assets remained broadly stable at 11.4% from 11.3%, indicating that margin expansion was largely supported by lower funding costs.
- **Revenue** diversification improved, with non-funded income increasing its contribution to operating income to 43.9% from 40.1%, while NII contribution eased to 56.1% from 59.9%, reflecting the significantly stronger growth in non-funded income.
- **Operational efficiency** strengthened, with the cost-to-income ratio improving to 53.2% from 58.0%, while CIR excluding loan-loss provisions improved to 48.6% from 50.6%, as income growth continued to outpace underlying operating expenses.
- **Cost of risk** declined notably to 5.3% from 7.4%, consistent with the reduction in loan-loss provisions and continued improvement in credit quality.
- **Asset quality** recorded a remarkable improvement, with the NPL ratio declining by 3.4 percentage points to 10.2% from 13.6%. Together with lower loan-loss provisions, this points to stronger credit performance and continued progress in reducing asset-quality pressures.
- **Loan-to-deposit ratio** increased to 68.1% from 65.3%, reflecting continued deployment of the Group's deposit base into lending, while remaining supportive of a comfortable funding position.

Subsidiaries Contribution

- **Banking Subsidiaries:** The Group's pan-African operations continued to gain prominence, with regional subsidiaries contributing 47% of Banking Group PBT, 50% of revenue, 54% of assets, 54% of deposits and 55% of loans in 9M 2026. Regional PBT increased 44% y/y to Kes. 41.2Bn, while PAT rose 32% to Kes. 29.4Bn, reinforcing the importance of geographic diversification to the Group's earnings profile.
- **Equity Bank Kenya** remained the largest individual contributor, with PBT increasing 30% y/y to Kes. 45.9Bn and PAT rising 31% to Kes. 40.7Bn. Deposits expanded by 10% to Kes. 817.2Bn, while loans grew 12% to Kes. 455.2Bn, indicating sustained credit growth in the Kenyan business.
- **Regional Performance:** Equity BCDC remained the largest regional subsidiary, with PBT rising 49% to Kes. 26.4Bn, while Equity Tanzania recorded strong PBT growth of 74% to Kes. 3.3Bn. Equity Rwanda and Equity Uganda also grew PBT by 11% and 9%, respectively, while Equity South Sudan recorded a particularly strong improvement, with PBT more than doubling to Kes. 1.6Bn.
- Overall, the regional subsidiaries now account for more than half of the Group's banking assets, deposits and loans, while contributing nearly half of Banking Group profitability. This continues to reinforce Equity Group's transition from a predominantly Kenyan lender into a diversified regional financial-services franchise.

P&L (Kes. Bn)	Q3'2025	H1 2026	Q3 2026	Δ Y/Y
Interest Income	129.55	91.20	140.42	8.4%
Interest Expense	(35.97)	(21.92)	(32.72)	(9.0%)
NII	**165.52**	**113.12**	**173.14**	**4.6%**
NFI	62.69	55.59	84.35	34.6%
Total Operating income	**228.20**	**168.71**	**257.49**	**12.8%**
Loan Loss provision (LLP)	(11.64)	(6.47)	(10.21)	(12.2%)
Total Operating expenses	(90.68)	(67.12)	(102.21)	12.7%
Opex excl Provision	(79.05)	(60.65)	(91.99)	16.4%
PBT	**65.58**	**57.75**	**89.84**	**37.0%**
PAT	**54.12**	**45.52**	**71.46**	**32.0%**
EPS	**13.81**	**11.61**	**18.22**	**31.9%**

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Balance Sheet (Kes. Bn)	Q3'2025	H1 2026	Q3 2026	Δ Y/Y
Investments	533.43	643.16	612.21	14.8%
Net Loans and Advances	859.82	981.04	1,007.75	17.2%
Total Assets	**1,817.02**	**2,155.55**	**2,148.98**	**18.3%**
Customer Deposits	1,316.83	1,589.42	1,583.92	20.3%
Borrowing	120.52	55.62	59.79	(50.4%)
Total Liabilities	**1,513.79**	**1,805.19**	**1,779.28**	**17.5%**
Shareholders Funds	**288.37**	**350.36**	**369.70**	**28.2%**

Key Ratios	Q3'2025	H1 2026	Q3 2026	Δ Y/Y
Yield from interest-earning assets	11.3%	11.1%	11.4%	0.0%
Cost of funds	**3.6%**	**2.8%**	**2.8%**	**(0.9%)**
Net Interest Margin	7.9%	7.8%	8.0%	0.1%
Net Interest Income as % of operating income	59.9%	55.5%	56.1%	(3.8%)
Non-Funded Income as a % of operating income	40.1%	44.5%	43.9%	3.8%
Cost to Income Ratio (CIR)	**58.0%**	**53.8%**	**53.2%**	**(4.8%)**
CIR without LLP	50.6%	50.6%	48.6%	(2.0%)
Cost to Assets	4.5%	1.4%	3.1%	(1.4%)
NPL Ratio	**13.6%**	**10.2%**	**10.2%**	**(3.4%)**
Loan to Deposit Ratio	65.3%	69.8%	68.1%	2.8%
Return on average equity	24.5%	28.2%	28.2%	3.7%
Return on average assets	3.5%	4.4%	4.7%	1.2%
Cost of Risk	7.4%	5.2%	5.3%	(2.1%)

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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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