

Below is a summary of Equity Group's FY'2025 performance:

Balance Sheet Items	FY'2024	FY'2025	y/y change
Government Securities	300.9	335.3	11.4%
Net Loans and Advances	819.2	882.5	7.7%
Total Assets	1,804.6	1,971.0	9.2%
Customer Deposits	1,399.6	1,455.1	4.0%
Deposits per branch	3.5	3.6	1.4%
Total Liabilities	1,557.8	1,644.9	5.6%
Shareholders' Funds	234.0	309.5	32.2%

Balance Sheet Ratios	FY'2024	FY'2025	% y/y change
Loan to Deposit Ratio	58.5%	60.6%	2.1%
Government Securities to Deposits	36.7%	38.0%	1.3%
Return on average equity	22.1%	27.8%	5.7%
Return on average assets	2.7%	4.0%	1.3%

Income Statement	FY'2024	FY'2025	y/y change
Net Interest Income	108.7	126.9	16.8%
Net non-Interest Income	85.1	90.8	6.7%
Total Operating income	193.8	217.7	12.4%
Loan Loss provision	(20.2)	(14.5)	(28.2%)
Total Operating expenses	(133.0)	(125.6)	(5.6%)
Profit before tax	60.7	92.1	51.7%
Profit after tax	48.8	75.5	54.7%
Core EPS	12.3	19.1	54.5%

Income Statement Ratios	Fy'2024	FY'2025	y/y change
Yield from interest-earning assets	10.9%	10.6%	(0.2%)
Cost of funding	4.2%	3.1%	(1.1%)
Cost of risk	10.4%	6.7%	(3.8%)
Net Interest Margin	7.0%	7.8%	0.8%
Net Interest Income as % of operating income	56.1%	58.3%	2.2%
Non-Funded Income as a % of operating income	43.9%	41.7%	(2.2%)
Cost to Income Ratio	68.7%	57.7%	(11.0%)
CIR without LLP	58.2%	51.0%	(7.2%)
Cost to Assets	7.4%	6.4%	(1.0%)

Capital Adequacy Ratios	Fy'2024	FY'2025	% Points Change
Core Capital/Total Liabilities	18.0%	20.5%	2.5%

Equity Group – FY'2025
31st December, 2025

Minimum Statutory ratio	8.0%	8.0%	0.0%
Excess	10.0%	12.5%	2.5%
Core Capital/Total Risk Weighted Assets	17.3%	19.1%	1.8%
Minimum Statutory ratio	10.5%	10.5%	0.0%
Excess	6.8%	8.6%	1.8%
Total Capital/Total Risk Weighted Assets	19.0%	20.5%	1.5%
Minimum Statutory ratio	14.5%	14.5%	0.0%
Excess	4.5%	6.0%	1.5%
Liquidity Ratio	57.4%	64.7%	7.3%
Minimum Statutory ratio	20.0%	20.0%	0.0%
Excess	37.4%	44.7%	7.3%

Income Statement

- Core earnings per share grew by 54.5% to Kshs 19.1, from Kshs 12.3 in FY'2024, driven by the 12.4% increase in total operating income to Kshs 217.7 bn, from Kshs 193.8 bn in FY'2024, coupled with the 5.6% decrease in total operating expenses to Kshs 125.6 bn from Kshs 133.0 bn in FY'2024,
- The 12.4% increase in total operating income was mainly driven by a 16.8% increase in Net Interest Income (NII) to Kshs 126.9 bn from Kshs 108.7 bn in FY'2024, coupled with a 6.7% increase in Non-Interest Income (NFI) to Kshs 90.8 bn, from Kshs 85.1 bn in FY'2024,
- Interest income grew by 2.0% to Kshs 173.6 bn from Kshs 170.3 bn in FY'2024, mainly driven by 8.1% increase in interest income from deposits and placements to Kshs 6.0 bn, from Kshs 5.5 bn in FY'2024, coupled with a 7.9% increase in interest income from government securities to Kshs 61.0 bn from Kshs 56.5 bn in FY'2024, however weighed down by a 1.7% decline in interest income from loans and advances to Kshs 105.9 bn from Kshs 107.7 bn in FY'2024. The Yield on Interest-Earning Assets (YIEA) decreased by 0.2% points to 10.6% from 10.9% recorded in FY'2024, attributable to the slower 2.0% growth in trailing interest income to Kshs 173.6 bn, from Kshs 170.3 bn in FY'2024, compared to the faster 4.3% increase in average interest earning assets to Kshs 1,630.4 bn, from Kshs 1,563.1 bn in FY'2024,
- Interest expenses declined by 24.2% to Kshs 46.7 bn from Kshs 61.6 bn in FY'2024, mainly driven by a 69.3% decrease in interest expense on deposits and placements to Kshs 1.4 bn from Kshs 4.6 bn in FY'2024, coupled with a 26.4% decrease in interest expense on customer deposits to Kshs 35.7 bn, from Kshs 48.5 bn recorded in FY'2024. Consequently, Cost of funds (COF) decreased by 1.1% points to 3.1% from 4.2% recorded in FY'2024, owing to a 24.2% decrease in Trailing interest expense to Kshs 46.7 bn from Kshs 61.6 bn recorded in FY'2024, compared to a 1.9% increase in average interest-bearing liabilities to Kshs 1,506.9 bn from Kshs 1,479.5 bn in FY'2024. Trailing interest expense refers to the performance of the interest expense for the past 12 consecutive months. Net Interest Margin (NIM) increased by 0.8% points to 7.8% from 7.0% in FY'2024, attributable to a faster 16.8% increase in trailing net interest income to Kshs 126.9 bn from Kshs 108.7 bn recorded in FY'2024, compared to a slower 4.3% growth in average interest earning assets,
- Non-Funded Income (NFI) increased by 6.7% to Kshs 90.8 bn from Kshs 85.1 bn in FY'2024, mainly driven by an increase in Forex trading income by 24.3% to Kshs 15.7 bn in FY'2025 from Kshs 12.6 bn in FY'2024, coupled with a 7.0% increase in other fees and commissions income on loans to Kshs 11.3 bn, from Kshs 10.6 bn in FY'2024. Total fees and commissions increased by 7.9% to Kshs 59.8 bn from Kshs 55.4 bn in FY'2024. The

revenue mix shifted to, 58:42 from 56:44 for the funded to non-funded income owing to the faster 16.8% growth in Funded Income compared to a 6.7% increase in the Non-Funded Income,

- Total operating expense decreased by 5.6% to Kshs 125.6 bn in FY'2025, from Kshs 133.0 bn in FY'2024, mainly attributable to the 28.2% decrease in loan loss provisions expense to 14.5 bn from 20.2 bn in FY'2024. The decrease in provisioning comes amid improved business environment and reduced credit risk as evidenced by the average FY'2025 Purchasing Managers Index (PMI) of 51.0, up from an average of 49.6 in FY'2024. Notably, staff costs increased by 18.9% to Kshs 39.6 bn, from 33.3 bn in FY'2024,
- Cost to Income Ratio (CIR) decreased by 11.0% points to 57.7% from 68.7% in FY'2024, owing to the 5.6% decrease in total operating expenses, compared to the 12.4% increase in total operating income. Notably, CIR without LLP decreased by 7.2% points to 51.0%, from 58.2% recorded in FY'2024,
- Profit before tax increased by 51.7% to Kshs 92.1 bn, from Kshs 60.7 bn recorded in FY'2024, with effective tax rate decreasing to 18.0% in FY'2025, from 19.6% in FY'2024, leading to a 54.7% increase in profit after tax to Kshs 75.5 bn in FY'2025, from Kshs 48.8 bn in FY'2024.
- The Board of Directors recommended a dividend of Kshs 5.75, translating to a dividend yield of 7.4% and a dividend payout ratio of 30.2% for the FY'2025.

Balance Sheet

- The balance sheet registered an expansion as total assets increased by 9.2% to Kshs 1,971.0 bn in FY'2025, from Kshs 1,804.6 bn in FY'2024, mainly driven by the 11.4% increase in government securities to Kshs 335.3 bn, from Kshs 300.9 bn in FY'2024, coupled with a 7.7% increase in net loans to customers to Kshs 882.5 bn, from Kshs 819.2 bn in FY'2024. Total liabilities increased by 5.6% to Kshs 1,644.9 bn from Kshs 1,557.8 bn in FY'2024, mainly driven by a 13.8% increase in borrowings to Kshs 80.3 bn from Kshs 70.5, coupled with a 4.0% increase in customer deposits to Kshs 1,455.1 bn from Kshs 1,399.6 bn.
- The 4.0% growth in customer deposits, which was outpaced by the 7.7% growth in net loans led to an increase in the loan to deposits ratio to 60.6%, from 58.5% in FY'2024,
- The bank's Asset Quality improved, with Gross NPL ratio decreasing to 11.5% in FY'2025, from 13.6% in FY'2024, attributable to a 9.8% decrease in Gross non-performing loans to Kshs 110.1 bn, from Kshs 122.0 bn in FY'2024, as compared to the 6.6% increase in gross loans to Kshs 956.0 bn, from Kshs 896.9 bn recorded in FY'2024,
- General Provisions (LLP) decreased by 7.6% to Kshs 47.8 bn in FY'2025 from Kshs 51.7 bn in FY'2024. The NPL coverage increased to 66.8% in FY'2025, from 63.7% in FY'2024, attributable to the 7.6% decrease in general provisions coupled with the 0.9% decrease in interest in suspense to Kshs 25.8 bn from Kshs 26.0 bn in FY'2024 as which was outpaced by the 9.8 % decrease in Gross Non-performing Loans to Kshs 110.1 bn, from Kshs 122.0 bn in FY'2024.
- Shareholders' funds increased by 32.2% to Kshs 309.5 bn in FY'2025, from Kshs 234.0 bn in FY'2024, supported by a 19.6% increase in retained earnings to Kshs 278.5 bn, from Kshs 232.8 bn in FY'2024,
- Equity Group remains capitalized with a core capital to risk-weighted assets ratio of 19.1%, 8.6% points above the statutory requirement of 10.5%. In addition, the total capital to risk-weighted assets ratio came in at 20.5%, exceeding the statutory requirement of 14.5% by 6.0% points, and,
- The bank currently has a Return on Average Assets (ROaA) of 4.0%, and a Return on Average Equity (ROaE) of 27.8%.

Key Take-Outs:

- 1. Increased earnings** - Core earnings per share grew by 54.5% to Kshs 19.1, from Kshs 12.3 in FY'2024, driven by the 12.4% increase in total operating income to Kshs 217.7 bn, from Kshs 193.8 bn in FY'2024, coupled with the 5.6% decrease in total operating expenses to Kshs 125.6 bn from Kshs 133.0 bn in FY'2024,
- 2. Improved asset quality** – The bank's Asset Quality improved, with Gross NPL ratio decreasing to 11.5% in FY'2025, from 13.6% in FY'2024, attributable to a 9.8% decrease in Gross non-performing loans to Kshs 110.1 bn, from Kshs 122.0 bn in FY'2024, compared to the 6.6% increase in gross loans to Kshs 956.0 bn, from Kshs 896.9 bn recorded in FY'2024,
- 3. Expanded Balanced sheet** - The balance sheet registered an expansion as total assets increased by 9.2% to Kshs 1,971.0 bn in FY'2025, from Kshs 1,804.6 bn in FY'2024, mainly driven by the 11.4% increase in government securities to Kshs 335.3 bn, from Kshs 300.9 bn in FY'2024, coupled with a 7.7% increase in net loans to customers to Kshs 882.5 bn, from Kshs 819.2 bn in FY'2024,
- 4. Increased lending**- Customer net loans and advances increased by 7.7% to Kshs 882.5 bn, from Kshs 819.2 bn in FY'2024.
- 5. Declaration of dividends** - The Board of Directors recommended a dividend of Kshs 5.75, translating to a dividend yield of 7.4% and a dividend payout ratio of 30.2% for the FY'2025

Going forward, the factors that would drive the bank's growth would be:

- **Loan Book Expansion & Digital Enablement** - Future growth for Equity Group Holdings will be underpinned by its continued expansion in lending, supported by next-generation digital and AI-enabled capabilities. Through its 2030 strategy anchored in the Africa Recovery and Resilience Plan (ARRP), the Group is leveraging data-driven systems to enhance customer experience, strengthen risk management, and lower the cost-to-serve. These investments enable the bank to scale access to affordable credit, insurance, and investment solutions across diverse customer segments, while improving operational efficiency and staff productivity. As a result, Equity is able to grow its loan book while maintaining strong asset quality and delivering consistent earnings.
- **Regional Expansion & Ecosystem Development** - The Group's long-term growth is further driven by its ambition to expand its footprint across Africa, targeting operations in up to 15 countries and 100 million customers by 2030. Its regional presence supports cross-border trade and SME growth by providing integrated digital payments and transaction banking solutions that connect businesses to new markets, suppliers, and opportunities. Beyond traditional banking, Equity is evolving into a Transformation Finance Institution, leveraging blended finance, strategic partnerships, and ecosystem development to mobilize capital and drive inclusive growth. This diversified, Pan-African model strengthens revenue resilience and positions the Group as a key enabler of socio-economic transformation across the continent.

Valuation Summary

- We are of the view that Equity Group is a "hold" with a target price of Kshs 81.8 representing an upside of 6.9%, from the current price of Kshs 76.5 as of 19th March 2026,
- Equity Group is currently trading at a P/TBV of 1.2x and a P/E of 4.0x vs an industry average of 1.2x and 6.2x respectively.



Equity Group – FY'2025
31st December, 2025