Equity Group – H1’2026

20th August, 2026

Below is a summary of Equity Group’s H1’2026 performance:

Balance Sheet Items	H1’2025	H1’2026	y/y change
Government Securities	321.2	342.7	6.7%
Net Loans and Advances	825.1	981.0	18.9%
Total Assets	**1,798.9**	**2,155.5**	**19.8%**
Customer Deposits	1309.3	1589.4	21.4%
Deposits per branch	3.3	3.9	18.4%
Total Liabilities	1,522.9	1,805.2	18.5%
Shareholders’ Funds	**261.9**	**332.0**	**26.8%**

Balance Sheet Ratios	H1’2025	H1’2026	% points change
Loan to Deposit Ratio	63.0%	61.7%	(1.3%)
Government Securities to Deposits	24.5%	21.6%	(3.0%)
Return on average equity	22.8%	29.1%	6.3%
Return on average assets	3.0%	4.4%	1.3%

Income Statement	H1’2025	H1’2026	y/y change
Net Interest Income	59.3	69.3	16.8%
Net non-Interest Income	40.9	55.6	35.9%
Total Operating income	**100.2**	**124.9**	**24.6%**
Loan Loss provision	(6.9)	(6.5)	(6.1%)
Total Operating expenses	**(58.7)**	**(67.1)**	**14.4%**
Profit before tax	41.5	57.8	39.0%
Profit after tax	**34.6**	**45.5**	**31.5%**
Core EPS	**8.8**	**11.6**	**31.5%**

Income Statement Ratios	H1'2025	H1'2026	% points change
Yield from interest-earning assets	11.1%	10.3%	(0.8%)
Cost of funding	4.0%	2.8%	(1.1%)
Cost of risk	6.9%	5.2%	(1.7%)
Net Interest Margin	7.5%	6.7%	(0.8%)
Net Interest Income as % of operating income	59.2%	55.5%	(3.7%)
Non-Funded Income as a % of operating income	40.8%	44.5%	3.7%
Cost to Income Ratio	58.5%	53.8%	(4.8%)
CIR without LLP	51.7%	48.6%	(3.1%)
Cost to Assets	2.9%	2.8%	(0.1%)

Capital Adequacy Ratios	H1'2025	H1'2026	% Points Change
Core Capital/Total Liabilities	18.9%	19.0%	0.1%

Minimum Statutory ratio	8.0%	8.0%	0.0%
Excess	**10.9%**	**11.0%**	**0.1%**
Core Capital/Total Risk Weighted Assets	16.5%	17.3%	0.8%
Minimum Statutory ratio	10.5%	10.5%	0.0%
Excess	**6.0%**	**6.8%**	**0.8%**
Total Capital/Total Risk Weighted Assets	18.1%	18.7%	0.6%
Minimum Statutory ratio	14.5%	14.5%	0.0%
Excess	**3.6%**	**4.2%**	**0.6%**
Liquidity Ratio	58.5%	60.9%	2.4%
Minimum Statutory ratio	20.0%	20.0%	0.0%
Excess	**38.5%**	**40.9%**	**2.4%**

Income Statement

- Core earnings per share grew by 31.5% to Kshs 11.6, from Kshs 8.8 in H1’2025, driven by the 24.6% increase in total operating income to Kshs 124.9 bn, from Kshs 100.2 bn in H1’2025, that outpaced the 14.4% increase in total operating expenses to Kshs 67.1 bn from Kshs 58.7 bn in H1’2025,
- The 24.6% increase in total operating income was mainly driven by a 35.9% increase in Non-Interest Income to Kshs 55.6 bn in H1’2026, from Kshs 40.9 bn in H1’2025, coupled with a 16.8% increase in Net-Interest Income to Kshs 69.3 bn in H1’2026, from Kshs 59.3 bn in H1’2025,
- Interest income grew by 8.2% to Kshs 91.2 bn from Kshs 84.3 bn in H1’2025, mainly driven by 9.7% increase in interest income from loans and advances to Kshs 54.5 bn, from Kshs 49.7 bn in H1’2025, coupled with a 7.7% increase in interest income from government securities to Kshs 33.2 bn from Kshs 30.9 bn in H1’2025, however weighed down by a 8.2% decline in interest income from deposits and placements to Kshs 2.7 bn from Kshs 2.9 bn in H1’2025. The Yield on Interest-Earning Assets (YIEA) decreased by 0.8% points to 10.3% from 11.1% recorded in H1’2025, attributable to the slower 6.4% growth in trailing interest income to Kshs 180.6 bn, from Kshs 169.7 bn in H1’2025, compared to the faster 14.8% Increase in average interest earning assets to Kshs 1,751.3 bn, from Kshs 1,525.3 bn in H1’2025,
- Interest expenses declined by 12.2% to Kshs 21.9 bn from Kshs 25.0 bn in H1’2025, mainly driven by a 19.7% decrease in interest expense on customer deposits to Kshs 16.3 bn from Kshs 20.3 bn in H1’2025. Consequently, Cost of funds (COF) decreased by 1.2% points to 2.8% from 4.0% recorded in H1’2025, owing to a 22.2% decrease in Trailing interest expense to Kshs 43.6 bn from Kshs 56.1 bn recorded in H1’2025, compared to the 8.5% increase in average interest-bearing liabilities to Kshs 1,532.4 bn from Kshs 1,412.5 bn in H1’2025. Trailing interest expense refers to the performance of the interest expense for the past 12 consecutive months. Net Interest Margin (NIM) decreased by 0.8% points to 6.7% from 7.5% in H1’2025, attributable to a slower 2.9% increase in trailing net interest income to Kshs 117.0 bn from Kshs 113.7 bn recorded in H1’2025, compared to a faster 14.8% growth in average interest earning assets,
- Non-Funded Income (NFI) increased by 35.9% to Kshs 55.6 bn from Kshs 40.9 bn in H1’2025, mainly driven by an increase in foreign exchange trading income by 40.4% to Kshs 7.3 bn in H1’2026 from Kshs 5.2 bn in H1’2025, coupled with a 19.3% increase in fees and commissions on loans to Kshs 6.4 bn, from Kshs 5.4 bn in H1’2025. Total fees and commissions increased by 29.7% to Kshs 36.1 bn from Kshs 27.8 bn in H1’2025. The revenue mix shifted to 55:45 from 59:41 for the funded to non-funded income owing to the slower 16.8% growth in Funded Income compared to a faster 35.9% increase in the Non-Funded Income,

- Total operating expense increased by 14.4% to Kshs 67.1 bn in H1’2026, from Kshs 58.7 bn in H1’2025, mainly attributable to 35.1% increase in staff cost to Kshs 23.8 bn from Kshs 17.6 bn in H1’2025. Notably, loan loss provision expense decreased by 6.1% to Kshs 6.5 bn, from Kshs 6.9 bn in H1’2025,
- Cost to Income Ratio (CIR) decreased by 4.8% points to 53.8% from 58.5% in H1’2025, owing to the 24.6% increase in total operating income that outpaced the 14.4% in total operating expense. Notably, CIR without LLP decreased by 3.1% points to 48.6%, from 51.7% recorded in H1’2025,
- Profit before tax increased by 39.0% to Kshs 57.8 bn, from Kshs 41.5 bn recorded in H1’2025, with effective tax rate increasing to 21.2% in H1’2026, from 16.6% in H1’2025, leading to a 31.5% increase in profit after tax to Kshs 45.5 bn in H1’2026, from Kshs 34.6 bn in H1’2025.

Balance Sheet

- The balance sheet registered an expansion as total assets increased by 19.8% to Kshs 2,155.5 bn in H1’2026, from Kshs 1,798.9 bn in H1’2025, mainly attributable to the 18.9% increase in net loans and advances to Kshs 981.0 bn, from Kshs 825.1 bn in H1’2025, coupled with a 6.7% increase in government securities to Kshs 342.7 bn, from Kshs 321.2 bn in H1’2025. Total liabilities increased by 18.5% to Kshs 1,805.2 bn from Kshs 1,522.9 bn in H1’2025, mainly driven by a 21.4% increase in customer deposits to Kshs 1,589.4 bn from Kshs 1,309.3 bn,
- The 21.4% growth in customer deposits, which outpaced the 18.9% growth in net loans led to decrease in the loan to deposits ratio to 61.7%, from 63.0% in H1’2025,
- The bank’s Asset Quality improved, with Gross NPL ratio decreasing to 10.2% in H1’2026, from 15.3% in H1’2025, attributable to a 22.2% decrease in Gross non-performing loans to Kshs 108.4 bn, from Kshs 139.4 bn in H1’2025, as compared to the 16.1% increase in gross loans to Kshs 1,058.6 bn, from Kshs 912.0 bn recorded in H1’2025,
- General Provisions (LLP) decreased by 11.6% to Kshs 50.9 bn in H1’2026 from Kshs 57.5 bn in H1’2025. The NPL coverage increased to 71.6% in H1’2026, from 62.4% in H1’2025, attributable to the 9.2% decrease in interest suspense to Kshs 26.7 bn from Kshs 29.4 bn coupled with the 11.6% decrease in general provisions which was outpaced by the 22.2% decrease in Gross Non-performing Loans to Kshs 108.4 bn, from Kshs 139.4 bn in H1’2025.
- Shareholders’ funds increased by 26.8% to Kshs 332.0 bn in H1’2026, from Kshs 261.9 bn in H1’2025, supported by a 20.6% increase in retained earnings to Kshs 318.3 bn, from Kshs 263.9 bn in H1’2025,
- Equity Group remains capitalized with a core capital to risk-weighted assets ratio of 17.3%, 6.8% points above the statutory requirement of 10.5%. In addition, the total capital to risk-weighted assets ratio came in at 18.7%, exceeding the statutory requirement of 14.5% by 4.2% points, and,
- The bank currently has a Return on Average Assets (ROaA) of 4.4%, and a Return on Average Equity (ROaE) of 29.1%.

Key Take-Outs:

1. **Increased earnings -** Core earnings per share grew by 31.5% to Kshs 11.6, from Kshs 8.8 in H1’2025, driven by the 24.6% increase in total operating income to Kshs 124.9 bn, from Kshs 100.2 bn in H1’2025, that outpaced the 14.4% increase in total operating expenses to Kshs 67.1 bn from Kshs 58.7 bn in H1’2025,

2. **Improved asset quality –** The bank’s Asset Quality improved, with Gross NPL ratio decreasing to 10.2% in H1’2026, from 15.3% in H1’2025, attributable to a 22.2% decrease in Gross non-performing loans to Kshs 108.4 bn, from Kshs 139.4 bn in H1’2025, as compared to the 16.1% increase in gross loans to Kshs 1,058.6 bn, from Kshs 912.0 bn recorded in H1’2025,
3. **Expanded Balanced sheet** - The balance sheet registered an expansion as total assets increased by 19.8% to Kshs 2,155.5 bn in H1’2026, from Kshs 1,798.9 bn in H1’2025, mainly attributable to the 18.9% increase in net loans and advances to Kshs 981.0 bn, from Kshs 825.1 bn in H1’2025, coupled with a 6.7% increase in government securities to Kshs 342.7 bn, from Kshs 321.2 bn in H1’2025,
4. **Increased lending**- Customer net loans and advances increased by 18.9% to Kshs 981.0 bn, from Kshs 825.1 bn in H1’2025.

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

- **Regional Momentum (Tanzania)** - Equity Bank Tanzania sustained strong business momentum in H1'2026, with profit after tax growing by 82.0% y/y, reflecting strengthening customer confidence in the market and reinforcing the Bank's role in supporting individuals, entrepreneurs, SMEs, corporates, and public-sector customers with practical financial solutions for payments, savings, lending, and day-to-day money management. A key driver has been Equity Lipa Namba, a merchant payment solution enabling instant, deduction-free settlement from any bank or mobile network, supporting faster collections, improved cash flow, and reduced cash-handling risk for traders and SMEs. Alongside continued growth in Equity Mobile digital transaction volumes and expanding insurance uptake, Tanzania's performance underscores the Group's broader regional expansion thesis as it advances toward its 2030 target of operating across 15 African countries.
- **SME & Trade Finance Expansion** - Equity Group continues to deepen its SME banking proposition through an expanded trade finance suite, working capital facilities, Letters of Credit, trade guarantees, post-import financing, invoice discounting, overdrafts, and supplier finance solutions positioning SMEs and corporates to take on larger contracts and scale operations. This is complemented by EazzyFX, a digital FX dealing platform offering real-time rates and execution for cross-border trade, alongside insurance premium financing and mobile loans of up to Kshs 3.0 mn. The push reinforces the Group's broader strategy of driving Non-Funded Income growth through fee-generating trade and transaction banking products, consistent with the 35.9% NFI growth recorded in H1'2026.

Valuation Summary

- We are of the view that Equity Group is a “Buy” with a target price of Kshs 109.7 representing an upside of 17.3%, from the current price of Kshs 93.5 as of 21st August 2026,

- Equity Group is currently trading at a P/TBV of 1.2x and a P/E of 4.7x vs an industry average of 1.3x and 6.5x respectively.