Equity Group – Q3'2026

20th November, 2026

Below is a summary of Equity Group's Q3'2026 performance:

Balance Sheet Items	Q3'2025	Q3'2026	y/y change
Government Securities	310.4	320.3	3.2%
Net Loans and Advances	859.8	1,007.7	17.2%
Total Assets	**1,817.0**	**2,149.0**	**18.3%**
Customer Deposits	1,345.5	1,583.9	17.7%
Deposits per branch	3.4	3.9	14.8%
Total Liabilities	1,513.8	1,779.3	17.5%
Shareholders' Funds	**288.4**	**350.5**	**21.5%**

Balance Sheet Ratios	Q3'2025	Q3'2026	% points change
Loan to Deposit Ratio	63.9%	63.6%	(0.3%)
Government Securities to Deposits	23.1%	20.2%	(2.8%)
Return on average equity	24.5%	29.1%	4.5%
Return on average assets	3.5%	4.7%	1.2%

Income Statement	Q3'2025	Q3'2026	y/y change
Net Interest Income	93.6	107.7	15.1%
Non-Interest Income	62.7	84.4	34.6%
Total Operating income	**156.3**	**192.0**	**22.9%**
Loan Loss provision	(11.6)	(10.2)	(12.2%)
Total Operating expenses	**(90.7)**	**(102.2)**	**12.7%**
Profit before tax	65.6	89.8	37.0%
Profit after tax	**54.1**	**71.5**	**32.0%**
Core EPS	**13.8**	**18.2**	**31.9%**

Income Statement Ratios	Q3'2025	Q3'2026	y/y change
Yield from interest-earning assets	11.3%	10.5%	(0.8%)
Cost of funding	3.7%	2.8%	(0.9%)
Cost of risk	7.4%	5.3%	(2.1%)
Net Interest Margin	7.9%	8.0%	0.1%
Net Interest Income as % of operating income	59.9%	56.1%	(3.8%)
Non-Funded Income as a % of operating income	40.1%	43.9%	3.8%
Cost to Income Ratio	58.0%	53.2%	(4.8%)
CIR without LLP	50.6%	47.9%	(2.7%)
Cost to Assets	4.4%	4.3%	(0.1%)

Capital Adequacy Ratios	Q3'2025	Q3'2026	% Points Change
Core Capital/Total Liabilities	19.1%	19.8%	0.7%
Minimum Statutory ratio	8.0%	8.0%	0.0%
Excess	**11.1%**	**11.8%**	**0.7%**
Core Capital/Total Risk Weighted Assets	16.6%	18.2%	1.6%
Minimum Statutory ratio	10.5%	10.5%	0.0%
Excess	**6.1%**	**7.7%**	**1.6%**
Total Capital/Total Risk Weighted Assets	18.3%	19.5%	1.2%
Minimum Statutory ratio	14.5%	14.5%	0.0%
Excess	**3.8%**	**5.0%**	**1.2%**
Liquidity Ratio	58.5%	60.1%	1.6%
Minimum Statutory ratio	20.0%	20.0%	0.0%
Excess	**38.5%**	**40.1%**	**1.6%**

Income Statement

- Core earnings per share grew by 31.9% to Kshs 18.2, from Kshs 13.8 in Q3'2025, driven by the 22.9% increase in total operating income to Kshs 192.0 bn, from Kshs 156.3 bn in Q3'2025, however this was weighed down by the 12.7% increase in total operating expenses to Kshs 102.2 bn from Kshs 90.7 bn in Q3'2025,
- The 22.9% increase in total operating income was mainly driven by a 34.6% increase in Non-Interest Income to Kshs 84.4 bn in Q3'2026, from Kshs 62.7 bn in Q3'2025, coupled with a 15.1% increase in Net-Interest Income to Kshs 107.7 bn in Q3'2026, from Kshs 93.6 bn in Q3'2025,
- Interest income grew by 8.4% to Kshs 140.4 bn from Kshs 129.5 bn in Q3'2025, mainly driven by 9.4% increase in interest income from loans and advances to Kshs 85.6 bn, from Kshs 78.3bn in Q3'2025, coupled with a 10.3% increase in interest income from government securities to Kshs 50.5 bn from Kshs 45.8 bn in Q3'2025, however weighed down by a 10.5% decline in interest income from deposits and placements to Kshs 4.2 bn from Kshs 4.7 bn in Q3'2025. The Yield on Interest-Earning Assets (YIEA) decreased by 0.8% points to 10.5% from 11.3% recorded in Q3'2025, attributable to the slower 6.1% growth in trailing interest income to Kshs 184.5 bn, from Kshs 173.9 bn in Q3'2025, compared to the faster 14.3% Increase in average interest earning assets to Kshs 1,754.6 bn, from Kshs 1,534.7 bn in Q3'2025,
- Interest expenses declined by 9.0% to Kshs 32.7 bn from Kshs 36.0 bn in Q3'2025, mainly driven by a 14.7% decrease in interest expense on customer deposits to Kshs 24.5 bn from Kshs 28.7 bn in Q3'2025, however this was slowed down by the 77.6% Increase in deposits and placements to Kshs 1.7 bn from Kshs 1.0 bn in Q3'2025. Consequently, Cost of funds (COF) decreased by 0.9% points to 2.8% from 3.7% recorded in Q3'2025, owing to a 16.7% decrease in Trailing interest expense to Kshs 43.5 bn from Kshs 52.2bn recorded in Q3'2025, compared to the 9.3% increase in average interest-bearing liabilities to Kshs 1535.8 bn from Kshs 1405.4 bn in Q3'2025. Trailing interest expense refers to the performance of the interest expense for the past 12 consecutive months. Net Interest Margin (NIM) marginally increased by 0.1% points to 8.0% from 7.9% in Q3'2025, attributable to a 15.9% increase in trailing net interest income to Kshs 141.1bn from Kshs 121.7 bn recorded in Q3'2025, compared to a slower 14.3% growth in average interest earning assets,
- Non-Funded Income (NFI) increased by 34.6% to Kshs 84.4 bn from Kshs 62.7 bn in Q3'2025, mainly driven by an increase in foreign exchange trading income by 38.6% to Kshs 12.1 bn in Q3'2026 from Kshs 8.8 bn in Q3'2025, coupled with a 24.3% increase in total fees and commissions to Kshs 53.5 bn, from Kshs 43.0 bn in

Q3'2025. The revenue mix shifted to 56:44 from 60:40 for the funded to non-funded income owing to the slower 15.1% growth in Funded Income compared to a faster 34.6% increase in the Non-Funded Income,

- Total operating expense increased by 12.7% to Kshs 102.2 bn in Q3'2026, from Kshs 90.7 bn in Q3'2025, mainly attributable to 24.7% increase in staff cost to Kshs 35.6 bn from Kshs 28.6 bn in Q3'2025. Notably, loan loss provision expense decreased by 12.2% to Kshs 10.2 bn, from Kshs 11.6 bn in Q3'2025,
- Cost to Income Ratio (CIR) decreased by 4.8% points to 53.2% from 58.0% in Q3'2025, owing to the 22.9% increase in total operating income that outpaced the 12.7% increase in total operating expense. Notably, CIR without LLP decreased by 2.7% points to 47.9%, from 50.6% recorded in Q3'2025,
- Profit before tax increased by 37.0% to Kshs 89.8 bn, from Kshs 65.6 bn recorded in Q3'2025, with effective tax rate increasing to 20.5% in Q3'2026, from 17.5% in Q3'2025, leading to a 32.0% increase in profit after tax to Kshs 71.5 bn in Q3'2026, from Kshs 54.1 bn in Q3'2025.

Balance Sheet

- The balance sheet registered an expansion as total assets increased by 18.3% to Kshs 2,149.0 bn in Q3'2026, from Kshs 1,817.0 bn in Q3'2025, mainly attributable to the 17.2% increase in net loans and advances to Kshs 1,007.7 bn, from Kshs 859.8 bn in Q3'2025, coupled with a 3.2% increase in government securities to Kshs 320.3 bn, from Kshs 310.4 bn in Q3'2025. Total liabilities increased by 17.5% to Kshs 1779.3 bn from Kshs 1,513.8 bn in Q3'2025, mainly driven by a 17.7% increase in customer deposits to Kshs 1,583.9 bn from Kshs 1,345.5 bn,
- The 17.7% growth in customer deposits, which outpaced the 17.2% growth in net loans led to 0.3% decrease in the loan to deposits ratio to 63.6%, from 63.9% in Q3'2025,
- The bank's Asset Quality improved, with Gross NPL ratio decreasing to 10.2% in Q3'2026, from 13.6% in Q3'2025, attributable to a 14.4% decrease in Gross non-performing loans to Kshs 110.5 bn, from Kshs 129.2 bn in Q3'2025, as compared to the 14.3% increase in gross loans to Kshs 1,087.9 bn, from Kshs 951.7 bn recorded in Q3'2025,
- General Provisions decreased by 18.5% to Kshs 51.6 bn in Q3'2026 from Kshs 63.3 bn in Q3'2025. The NPL coverage increased to 72.5% in Q3'2026, from 71.1% in Q3'2025, attributable to the 0.2% decrease in interest suspense to Kshs 28.5 bn from Kshs 28.6 bn coupled with the 18.5% decrease in general provisions which outpaced the 14.4% decrease in Gross Non-performing Loans to Kshs 110.5 bn, from Kshs 129.2 bn in Q3'2025.
- Shareholders' funds increased by 21.5% to Kshs 350.5 bn in Q3'2026, from Kshs 288.4 bn in Q3'2025, supported by a 22.8% increase in retained earnings to Kshs 342.5 bn, from Kshs 279.0 bn in Q3'2025,
- Equity Group remains well capitalized with a core capital to risk-weighted assets ratio of 18.2%, 7.7% points above the statutory requirement of 10.5%. In addition, the total capital to risk-weighted assets ratio came in at 19.5%, exceeding the statutory requirement of 14.5% by 5.0% points, and,
- The bank currently has a Return on Average Assets (ROaA) of 4.7%, and a Return on Average Equity (ROaE) of 29.1%.

Key Take-Outs:

1. **Increased earnings -** Core earnings per share grew by 31.9% to Kshs 18.2, from Kshs 13.8 in Q3'2025, driven by the 22.9% increase in total operating income to Kshs 192.0 bn, from Kshs 156.3 bn in Q3'2025,

that outpaced the 12.7% increase in total operating expenses to Kshs 102.2 bn from Kshs 90.7 bn in Q3'2025,

2. **Improved asset quality –** The bank's Asset Quality improved, with Gross NPL ratio decreasing to 10.2% in Q3'2026, from 13.6% in Q3'2025, attributable to a 14.4% decrease in Gross non-performing loans to Kshs 110.5 bn, from Kshs 129.2 bn in Q3'2025, as compared to the 14.3% increase in gross loans to Kshs 1,087.9 bn, from Kshs 951.7 bn recorded in Q3'2025,
3. **Expanded Balance Sheet** - The balance sheet registered an expansion as total assets increased by 18.3% to Kshs 2,149.0 bn in Q3'2026, from Kshs 1,817.0 bn in Q3'2025, mainly attributable to the 17.2% increase in net loans and advances to Kshs 1007.7 bn, from Kshs 859.8 bn in Q3'2025, coupled with a 3.2% increase in government securities to Kshs 320.3 bn, from Kshs 310.4 bn in Q3'2025,
4. **Declaration of dividends -** The Board of Directors did not recommend an interim dividend, consistent with a similar period in Q3'2025**.**

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

- **Regional Momentum (Tanzania)** - Equity Bank Tanzania sustained strong business momentum in Q3'2026, with profit after tax growing by 60.0% 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 34.6% NFI growth recorded in Q3'2026.

Valuation Summary

- We are of the view that Equity Group is an "Accumulate" with a target price of Kshs 112.6 representing an upside of 15.5%, from the current price of Kshs 97.5 as of 20th November 2026,
- Equity Group is currently trading at a P/TBV of 1.3x and a P/E of 4.9x vs an industry average of 1.2x and 6.4x respectively.