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# The reset: Equity Bank's three-year turnaround

In 2023, Equity Bank found itself at an uncomfortable bend. On the surface, the bank appeared to be thriving.

Its total assets had expanded from Shs3.37 trillion to Shs3.75 trillion, deposits rose to Shs2.97 trillion, and its customer base grew to over 2.1 million.

Non-interest income surged by 37 percent, reflecting a strong shift toward diversified revenue streams.

But beneath this growth story lay a difficult truth. The bank reported total income of Shs569.6b, but expenses ballooned to Shs606.2b, driven largely by provisions for bad loans that more than doubled to Shs191.2b.

The result was a loss of Shs36.6b, a sharp reversal from the Shs45.8b profit recorded in the year ended December 2022.

It was a difficult bend for a bank that had at some point been named by Bank of Uganda as one of the country's domestic systemically important banks.

But this seemed to be the start of a reset and cleaning of a largely burdened balance sheet.

Equity chose not to defer its problems. Instead, it absorbed them fully.

The spike in provisions, from Shs90.7b in 2022 to Shs191.2b in 2023, was a deliberate move to clean up its loan book and recognize risks early.

Despite the loss, the bank maintained strong fundamentals. Total equity stood at Shs417b, and capital adequacy ratios remained comfortably above regulatory requirements, with total qualifying capital at Shs373.6b and a capital-to-risk-weighted-assets ratio of 17.25 percent.

This was not a bank in distress; it was a bank resetting its foundations.

Even as profits disappeared, the business itself continued to expand. Total income grew by over Shs100b, supported by strong fee and commission income of Shs67.4b and foreign exchange income of Shs49.6b.

Beyond financial metrics, the bank actively furthers its market, disbursing Shs63.3b to smallholder farmers and loans to over 3,600 refugees.

It also facilitated deposits from refugee communities exceeding Shs2b



Equity's financial performance overview (2021-25)



Equity Bank turned a painful 2023 loss into a disciplined reset, rebuilding strength and delivering strong, sustainable growth by 2025.

PHOTO/EDGAR R BATTE

and extended financial literacy programmes to more than 115,000 youth and trained over 70,000 farmers.

These were not side initiatives, but long-term investments in economic ecosystems that would eventually feed back into the bank's core business.

## The turnaround begins

By 2024, the results of that reset began to materialize. Profit before tax swung from a loss of Shs36.6b in 2023

to a profit of Shs13.1b. This recovery was not driven by expansion but by discipline. Total expenditure dropped from Shs606.2b to Shs552.7b, due to a reduction in loan loss provisions from Shs191.2b to Shs88.5b.

At the same time, the bank reduced its loan book from Shs1.61 trillion to Shs1.31 trillion, while assets dropped to Shs3.39 trillion. Deposits also eased to Shs2.8 trillion.

The strategy focused on rebuilding profitability on a cleaner, lower-risk balance sheet.

By December 2024, Equity had transformed, with non-performing loan exposures declining from Shs363.9b to Shs216b, while interest in suspense dropped from Shs59.2b to Shs38b, signaling improved asset quality.

Capital efficiency improved, with risk-weighted assets falling from Shs2.17 trillion to Shs1.75 trillion, while capital ratios strengthened, with total qualifying capital to risk-weighted assets rising to 18.55 percent.

The bank had not just recovered, it had become structurally stronger, and by 2025, the recovery had evolved into acceleration.

Within the Equity Group, according to results released by the Group on Wednesday, Uganda emerged as the fastest-growing subsidiary, with profit after tax increasing by 500 percent to Shs104.7b (KSh3.6b).

This surge was supported by improved efficiency, reduced loan loss provisions, and stronger revenue diversification, meaning that the earlier clean-up was now translating into real, scalable profitability.

In 2023, Equity absorbed a shock while aggressively provisioning and cleaning up its balance sheet, and by 2024, it had stabilized, cutting provisions by over 50 percent and returning to profitability, before accelerating further in 2025 to deliver bold growth rates within the Group.

This was not a random rebound; it was engineered through provisioning, reducing the loan book to improve asset quality and other fundamentals, which has delivered exponential profit growth within a stronger and more resilient structure.

This is a case study in disciplined banking, where short-term sacrifice laid the foundation for long-term profitability.