DTB-K Bank – Q3’2025

20th November, 2025

Below is a summary of DTB-K Bank’s Q3’2025 performance:

Balance Sheet Items	Q3'2024	Q3'2025	y/y change
Government Securities	129.6	159.3	22.9%
Net Loans and Advances	275.0	296.4	7.8%
Total Assets	**590.6**	**641.8**	**8.7%**
Customer Deposits	441.9	510.3	15.5%
Deposits/ Branch	2.9	3.2	11.1%
Total Liabilities	506.6	530.5	4.7%
Shareholders’ Funds	**74.6**	**99.4**	**33.2%**

Balance Sheet Ratios	Q3'2024	Q3'2025	% Points change
Loan to Deposit Ratio	62.2%	58.1%	(4.2%)
Government Securities to Deposit ratio	29.3%	31.2%	1.9%
Return on average equity	11.8%	11.2%	(0.6%)
Return on average assets	1.5%	1.6%	0.1%

Income Statement	Q3'2024	Q3'2025	y/y change
Net Interest Income	21.3	25.1	17.9%
Net non-Interest Income	9.7	9.1	(5.8%)
Total Operating income	**31.0**	**34.3**	**10.5%**
Loan Loss provision	5.3	5.7	7.6%
Other Operating expenses	8.9	9.7	8.9%
Total Operating expenses	**21.1**	**23.1**	**9.5%**
Profit before tax	**9.8**	**11.2**	**14.4%**
Profit after tax	**7.4**	**8.4**	**12.3%**
Core EPS	**26.6**	**29.9**	**12.3%**

Capital Adequacy Ratios	Q3'2024	Q3'2025	% Points Change
Core Capital/Total Liabilities	17.5%	15.3%	(2.2%)
Minimum Statutory ratio	8.0%	8.0%	
Excess	9.5%	7.3%	(2.2%)
Core Capital/Total Risk Weighted Assets	16.3%	14.8%	(1.5%)
Minimum Statutory ratio	10.5%	10.5%	
Excess	5.8%	4.3%	(1.5%)
Total Capital/Total Risk Weighted Assets	18.0%	16.2%	(1.8%)
Minimum Statutory ratio	14.5%	14.5%	

Excess	3.5%	1.7%	(1.8%)
Liquidity Ratio	52.5%	60.1%	7.6%
Minimum Statutory ratio	20.0%	20.0%	
Excess	**32.5%**	**40.1%**	**7.6%**

Income Statement

- Core earnings per share (EPS) increased by 12.3% to Kshs 29.9 in Q3'2025 from Kshs 26.6 in Q3'2024, driven by the 10.5% growth in total operating income to Kshs 34.3 bn from Kshs 31.0 bn, which outpaced the 9.5% increase in total operating expenses to Kshs 23.1 bn from Kshs 21.1 bn.
- The 10.5% increase in total operating income was mainly driven by a 17.9% growth in Net Interest Income (NII) to Kshs 25.1 bn, from Kshs 21.3 bn in Q3'2024. However, this was weighed down by a 5.8% decline in Non-Funded Income (NFI) to Kshs 9.1 bn, from Kshs 9.7 bn in Q3'2024.
- Interest income increased marginally by 0.9% to Kshs 45.0 bn in Q3'2025 from Kshs 44.6 bn in Q3'2024, supported by higher income from loans and advances, which rose by 3.2% to Kshs 24.8 bn in Q3'2025 from Kshs 24.0 bn in Q3'2024, and deposits and placements, which grew significantly by 81.4% to Kshs 2.1 bn in Q3'2025 from Kshs 1.2 bn in Q3'2024. Income from government securities, however, declined by 6.6% to Kshs 18.1 bn in Q3'2025 from Kshs 19.4 bn in Q3'2024. Consequently, total interest income increased slightly to Kshs 45.0 bn in Q3'2025 from Kshs 44.6 bn in Q3'2024, while the yield from interest-earning assets improved by 0.4 percentage points to 11.3% in Q3'2025 from 10.9% in Q3'2024, supported by a 1.4% increase in trailing interest income to Kshs 60.1 bn in Q3'2025 from Kshs 59.3 bn in Q3'2024 and a 2.2% decline in average interest-earning assets to Kshs 532.2 bn in Q3'2025 from Kshs 544.3 bn in Q3'2024.
- Interest expenses declined by 14.6% to Kshs 19.8 bn in Q3'2025 from Kshs 23.2 bn in Q3'2024, mainly driven by a 78.6% decrease in interest expense on deposits and placements to Kshs 0.7 bn in Q3'2025 from Kshs 3.1 bn in Q3'2024 and a 66.5% decline in other interest expenses to Kshs 0.5 bn in Q3'2025 from Kshs 1.6 bn in Q3'2024. This was slightly offset by a 0.8% increase in interest expense on customer deposits to Kshs 18.6 bn in Q3'2025 from Kshs 18.5 bn in Q3'2024. Consequently, the cost of funds decreased by 0.6 percentage points to 5.5% in Q3'2025 from 6.1% in Q3'2024, owing to an 8.6% decline in trailing interest expense to Kshs 27.9 bn in Q3'2025 from Kshs 30.5 bn in Q3'2024, coupled with the 1.2% increase in average interest-bearing liabilities to Kshs 505.5 bn in Q3'2025 from Kshs 499.4 bn in Q3'2024.
- Net Interest Margin (NIM) increased by 0.8 percentage points to 6.1% in Q3'2025 from 5.3% in Q3'2024, attributable to an 11.8% growth in trailing net interest income to Kshs 32.2 bn in Q3'2025 from Kshs 28.8 bn in Q3'2024, coupled with a 2.2% decrease in average interest-earning assets to Kshs 532.2 bn in Q3'2025 from Kshs 544.3 bn in Q3'2024.
- Non-Funded Income (NFI) decreased by 5.8% to Kshs 9.1 bn in Q3'2025 from Kshs 9.7 bn in Q3'2024, mainly driven by a 40.5% decline in foreign exchange trading income to Kshs 2.2 bn from Kshs 3.7 bn, reflecting reduced FX margins. This was, however, partially supported by an 18.4% increase in fees and commissions on loans to Kshs 1.9 bn from Kshs 1.6 bn, a 6.4% increase in other fees to Kshs 3.0 bn from Kshs 2.8 bn, and a 33.3% rise in other income to Kshs 2.0 bn from Kshs 1.5 bn. Consequently, the revenue mix shifted further in favour of funded income to 73.0% in Q3'2025 from 69.0% in Q3'2024, with NFI representing 27.0% in Q3'2025 from 31.0% in Q3'2024.
- Total operating expenses increased by 9.5% to Kshs 23.1 bn in Q3'2025 from Kshs 21.1 bn, driven by an 11.6% increase in staff costs to Kshs 7.7 bn from Kshs 6.9 bn and an 8.9% increase in other operating expenses to Kshs 9.7 bn from Kshs 8.9 bn. Loan loss provisions increased by 7.5% to Kshs 5.7 bn from Kshs 5.3 bn. Despite higher expenses, the cost-to-income ratio improved by 0.6 percentage points to 67.3% from 67.9%, as total operating income increased by 10.5% to Kshs 34.3 bn from Kshs 31.0 bn, outpacing the growth in expenses.
- Profit before tax increased by 14.4% to Kshs 11.2 bn in Q3'2025 from Kshs 9.8 bn in Q3'2024, with tax expense rising by 21.6% to Kshs 2.87 bn in Q3'2025 from Kshs 2.36 bn in Q3'2024, reflecting an effective tax rate of 25.2%

in Q3’2025 from 24.1% in Q3’2024. Profit after tax grew by 12.3% to Kshs 8.4 bn in Q3’2025 from Kshs 7.4 bn in Q3’2024, resulting in a core earnings per share (EPS) growth of 12.3% to Kshs 29.9 in Q3’2025 from Kshs 26.6 in Q3’2024.

- The Board of Directors did not recommend an interim dividend for the period consistent with Q3’2024

Balance Sheet

- The balance sheet recorded an expansion, with total assets increasing by 8.7% to Kshs 641.8 bn in Q3’2025 from Kshs 590.6 bn in Q3’2024, driven by a 7.8% increase in net loans and advances to Kshs 296.4 bn in Q3’2025 from Kshs 275.0 bn in Q3’2024 and a 22.9% growth in government securities holdings to Kshs 159.3 bn in Q3’2025 from Kshs 129.6 bn in Q3’2024. Total liabilities increased by 4.7% to Kshs 530.5 bn in Q3’2025 from Kshs 506.6 bn in Q3’2024, largely due to a 15.5% increase in customer deposits to Kshs 510.3 bn in Q3’2025 from Kshs 441.9 bn in Q3’2024, with deposits per branch rising by 11.1% to Kshs 3.2 bn in Q3’2025 from Kshs 2.9 bn in Q3’2024. Shareholders’ funds grew by 33.2% to Kshs 99.4 bn in Q3’2025 from Kshs 74.6 bn in Q3’2024, supported by higher retained earnings, which increased to Kshs 7.5 bn in Q3’2025 from Kshs 6.5 bn in Q3’2024
- Total liabilities increased by 4.7% to Kshs 530.5 bn in Q3’2025 from Kshs 506.6 bn in Q3’2024, mainly driven by a 15.5% growth in customer deposits to Kshs 510.3 bn in Q3’2025 from Kshs 441.9 bn in Q3’2024. Borrowings, however, declined significantly, reflecting reduced reliance on external funding. With 158 branches in Q3’2025 compared to 152 branches in Q3’2024, deposits per branch increased by 11.1% to Kshs 3.2 bn from Kshs 2.9 bn. The 15.5% growth in customer deposits, which outpaced the 7.8% increase in net loans, led to a decrease in the loan-to-deposit ratio to 58.1% in Q3’2025 from 62.2% in Q3’2024, indicating improved liquidity and a stronger funding base,
- Asset quality improved, with the gross NPL ratio declining to 12.4% in Q3’2025 from 13.5% in Q3’2024, as gross loans increased by 9.2% to Kshs 316.9 bn in Q3’2025 from Kshs 290.3 bn in Q3’2024, outpacing the 0.7% increase in gross non-performing loans to Kshs 39.4 bn in Q3’2025 from Kshs 39.1 bn in Q3’2024. General provisions rose by 35.4% to Kshs 19.0 bn in Q3’2025 from Kshs 14.1 bn in Q3’2024, while interest in suspense increased by 19.5% to Kshs 1.5 bn in Q3’2025 from Kshs 1.2 bn in Q3’2024, resulting in an improved NPL coverage ratio of 52.1% in Q3’2025 from 39.1% in Q3’2024.
- General Provisions (LLP) increased by 35.4% to Kshs 19.0 bn in Q3’2025 from Kshs 14.1 bn in Q3’2024. The NPL coverage ratio improved significantly to 52.1% in Q3’2025 from 39.1% in Q3’2024, attributable to the increase in general provisions coupled with a 19.5% rise in interest in suspense to Kshs 1.5 bn in Q3’2025 from Kshs 1.2 bn in Q3’2024, which outpaced the 0.7% increase in gross non-performing loans to Kshs 39.4 bn in Q3’2025 from Kshs 39.1 bn in Q3’2024.
- Shareholders’ funds increased by 33.2% to Kshs 99.4 bn in Q3’2025 from Kshs 74.6 bn in Q3’2024, supported by a 14.8% growth in retained earnings to Kshs 7.5 bn in Q3’2025 from Kshs 6.5 bn in Q3’2024.
- DTB-K Bank remains well-capitalized, with the core capital to total risk-weighted assets ratio standing at 14.8% in Q3’2025, which is 4.3 % points above the statutory minimum of 10.5%. Additionally, the total capital to total risk-weighted assets ratio came in at 16.2% in Q3’2025, exceeding the statutory requirement of 14.5% by 1.7 % points
- The bank currently has a Return on Average Assets (ROaA) of 1.6% in Q3’2025 from 1.5% in Q3’2024 and a Return on Average Equity (ROaE) of 11.2% in Q3’2025 from 11.8% in Q3’2024

Key Take-Outs:

1. **Increased earnings -** Core earnings per share (EPS) grew by 12.3% to Kshs 29.9 in Q3’2025 from Kshs 26.6 in Q3’2024, driven by the 10.5% growth in total operating income to Kshs 34.3 bn in Q3’2025 from Kshs 31.0 bn

in Q3’2024, which outpaced the 9.5% increase in total operating expenses to Kshs 23.1 bn in Q3’2025 from Kshs 21.1 bn in Q3’2024.

2. **Improved asset quality –** The bank’s asset quality improved, with the Gross NPL ratio declining to 12.4% in Q3’2025 from 13.5% in Q3’2024, as the 9.2% growth in gross loans to Kshs 316.9 bn in Q3’2025 from Kshs 290.3 bn in Q3’2024 outpaced the marginal 0.8% increase in gross non-performing loans to Kshs 39.4 bn in Q3’2025 from Kshs 39.1 bn in Q3’2024,
3. **Expanded Balanced sheet** - The balance sheet expanded, with total assets increasing by 8.7% to Kshs 641.8 bn in Q3’2025 from Kshs 590.6 bn in Q3’2024, driven by a 7.8% increase in net loans and advances to Kshs 296.4 bn in Q3’2025 from Kshs 275.0 bn in Q3’2024, alongside a strong 22.9% increase in government securities to Kshs 159.3 bn in Q3’2025 from Kshs 129.6 bn in Q3’2024,
4. **Increased lending**- Customer net loans and advances increased by 7.8% to Kshs 296.4 bn in Q3’2025 from Kshs 275.0 bn in Q3’2024, despite elevated credit risk in the banking industry, reflecting the bank’s continued appetite to expand customer lending.

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

- **Revenue Diversification**: The lender has an opportunity to grow its non-funded income streams, which declined by 5.8% to Kshs 9.1 bn in Q3’2025 from Kshs 9.7 bn in Q3’2024. Over the years, DTB has launched various products and continues to offer differentiated solutions for diaspora clients, micro and small enterprises, home and vehicle insurance, bancassurance, and the DTB Weza platform, which makes overdrafts more accessible,
- **Digital Transformation**: The bank has developed digital initiatives, including a digital credit platform to streamline and enhance consumer lending processes. The rollout of a comprehensive digital banking platform with advanced mobile and online banking capabilities would improve customer convenience, attract tech-savvy clients, and boost retention. Combined with leveraging data analytics to optimize decision-making and enhance customer engagement, these initiatives position the bank to remain competitive in an increasingly digital financial landscape while unlocking new revenue streams and expanding market share.

Valuation Summary

- We are of the view that DTB-K Bank is a “buy” with a target price of Kshs 128.3 representing an upside of 17.6%, from the current price of Kshs 115.0 as of 21st November 2025.
- DTB-K Bank is currently trading at a P/TBV of 0.4x and a P/E of 3.4x vs an industry average of 1.6x and 4.1x respectively.