DTB-K Bank – Q3'2026

20th November, 2026

Below is a summary of DTB-K Bank's Q3'2026 performance (Kshs bn):

Balance Sheet Items	Q3'2025	Q3'2026	y/y change
Government Securities	159.3	188.0	18.0%
Net Loans and Advances	296.4	328.5	10.8%
Total Assets	**641.8**	**680.2**	**6.0%**
Customer Deposits	510.3	532.6	4.4%
Deposits/ Branch	3.2	3.4	8.4%
Total Liabilities	530.5	563.5	6.2%
Shareholders' Funds	**99.4**	**104.2**	**4.8%**

Balance Sheet Ratios	Q3'2025	Q3'2026	% Points change
Loan to Deposit Ratio	58.1%	61.7%	3.6%
Government Securities to Deposit ratio	31.2%	35.3%	4.1%
Return on average equity	11.2%	12.6%	1.4%
Return on average assets	1.6%	1.9%	0.4%

Income Statement	Q3'2025	Q3'2026	y/y change
Net Interest Income	25.1	30.3	20.5%
Net non-Interest Income	9.1	9.5	4.4%
Total Operating income	**34.3**	**39.8**	**16.2%**
Loan Loss provision	5.7	7.2	27.0%
Staff Costs	7.7	8.6	11.0%
Other Operating expenses	9.7	9.8	1.7%
Total Operating expenses	**23.1**	**25.6**	**11.0%**
Profit before tax	**11.2**	**14.2**	**26.4%**
Profit after tax	**8.4**	**10.5**	**25.8%**
Core EPS	**29.9**	**37.6**	**25.8%**

Income Statement Ratios	Q3'2025	Q3'2026	% points change
Yield from interest-earning assets	10.4%	11.5%	1.1%
Cost of funding	4.4%	4.7%	0.2%
Net Interest Spread	6.0%	6.8%	0.9%
Net Interest Income as % of operating income	73.3%	76.0%	2.7%
Non-Funded Income as a % of operating income	26.7%	24.0%	(2.7%)
Cost to Income Ratio (CIR)	67.3%	64.3%	(3.0%)
CIR without provisions	50.8%	46.2%	(4.5%)
Cost to Assets	5.2%	5.3%	0.2%
Net Interest Margin	6.2%	7.1%	0.9%

Capital Adequacy Ratios	Q3'2025	Q3'2026	% Points Change
Core Capital/Total Liabilities	15.3%	16.0%	0.7%
Minimum Statutory ratio	8.0%	8.0%	
Excess	**7.3%**	**8.0%**	**0.7%**
Core Capital/Total Risk Weighted Assets	14.8%	14.9%	0.1%
Minimum Statutory ratio	10.5%	10.5%	
Excess	**4.3%**	**4.4%**	**0.1%**
Total Capital/Total Risk Weighted Assets	16.2%	16.1%	(0.1%)
Minimum Statutory ratio	14.5%	14.5%	
Excess	**1.7%**	**1.6%**	**(0.1%)**
Liquidity Ratio	60.1%	55.4%	(4.7%)
Minimum Statutory ratio	20.0%	20.0%	
Excess	**40.1%**	**35.4%**	**(4.7%)**

Income Statement

- Core earnings per share (EPS) increased by 25.8% to Kshs 37.6 in Q3'2026 from Kshs 29.9 in Q3'2025, driven by the 16.2% growth in total operating income to Kshs 39.8 bn from Kshs 34.3 bn in Q3'2025, but was weighed down by the 11.0% increase in total operating expenses to Kshs 25.6 bn from Kshs 23.1 bn,
- The 16.2% increase in total operating income was mainly driven by a 20.5% growth in Net Interest Income (NII) to Kshs 30.3 bn, from Kshs 25.1 bn in Q3'2025, coupled with a 4.4% increase in Non-Funded Income (NFI) to Kshs 9.5 bn, from Kshs 9.1 bn in Q3'2025,
- Interest income increased by 8.6% to Kshs 48.9 bn in Q3'2026 from Kshs 45.0 bn in Q3'2025, supported by higher income deposits and placements, which grew significantly by 40.9% to Kshs 3.0 bn in Q3'2026 from Kshs 2.1 bn in Q3'2025, income from loans and advances, which rose by 9.7% to Kshs 27.2 bn in Q3'2026 from Kshs 24.8 bn in Q3'2025, and income from government securities, which increased by 3.5% to Kshs 18.7 bn in Q3'2026 from Kshs 18.1 bn in Q3'2025. Consequently, the yield from interest-earning assets increased by 1.1% points to 11.5% in Q3'2026 from 10.4% in Q3'2025, attributable to the 20.7% increase in trailing interest income to Kshs 64.9 bn in Q3'2026 from Kshs 53.7 bn in Q3'2025 which outpaced a 9.1% increase in average interest earning assets to Kshs 565.3 bn in Q3'2026 from Kshs 518.0 bn in Q3'2025,
- Interest expenses declined by 6.4% to Kshs 18.6 bn in Q3'2026 from Kshs 19.8 bn in Q3'2025, mainly driven by a 5.4% decrease in interest expense on customer deposits to Kshs 17.6 bn in Q3'2026 from Kshs 18.6 bn in Q3'2025, coupled with a 28.7% decrease in interest expense on deposits and placements to Kshs 0.5 bn in Q3'2026 from Kshs 0.7 bn in Q3'2025. However, the cost of funds increased by 0.2% points to 4.7% in Q3'2026 from 4.4% in Q3'2025, owing to an 11.2% increase in trailing interest expense to Kshs 24.8 bn in Q3'2026 from Kshs 22.3 bn in Q3'2025, compared to the 5.6% increase in average interest-bearing liabilities to Kshs 533.7 bn in Q3'2026 from Kshs 505.5 bn in Q3'2025,

- Net Interest Margin (NIM) increased by 0.9% points to 7.1% in Q3'2026 from 6.2% in Q3'2025, attributable to a 25.5% growth in trailing net interest income to Kshs 40.0 bn in Q3'2026 from Kshs 31.9 bn in Q3'2025, which outpaced the 9.1% increase in average interest-earning assets to Kshs 565.3 bn in Q3'2026 from Kshs 518.0 bn in Q3'2025,
- Non-Funded Income (NFI) increased by 4.4% to Kshs 9.5 bn in Q3'2026 from Kshs 9.1 bn in Q3'2025, mainly driven by a 25.6% increase in other income to Kshs 2.5 bn from Kshs 2.0 bn and an 8.2% increase in other fees to Kshs 3.3 bn from Kshs 3.0 bn in Q3'2025. This was, however, weighed down by a 10.9% decrease in fees and commissions on loans to Kshs 1.7 bn from Kshs 1.9 bn in Q3'2025 and a 6.8% decrease in FX trading income to Kshs 2.1 bn from Kshs 2.2 bn in Q3'2025. The revenue mix shifted to 76:24, from 73:27 for the funded to Non-funded income owing to the faster 20.5% growth in Funded Income which outpaced the 4.4% increase in the Non-Funded Income,
- Total operating expenses increased by 11.0% to Kshs 25.6 bn in Q3'2026 from Kshs 23.1 bn, driven by a 27.0% increase in loan loss provisions to Kshs 7.2 bn from Kshs 5.7 bn and an 11.0% increase in staff costs to Kshs 8.6 bn from Kshs 7.7 bn in Q3'2025,
- The cost-to-income ratio (CIR) decreased by 3.0% points to 64.3% from 67.3%, owing to the 16.2% increase in total operating income, which outpaced the 11.0% growth in total operating expenses. Notably, CIR without LLP decreased by 4.5% points to 46.2%, from 50.8% recorded in Q3'2025,
- Profit before tax increased by 26.4% to Kshs 14.2 bn in Q3'2026 from Kshs 11.2 bn in Q3'2025, with effective tax rate increasing to 25.9% in Q3'2026, from 25.5% in Q3'2025, leading to a 25.8% increase in profit after tax to Kshs 10.5 bn in Q3'2026, from Kshs 8.4 bn in Q3'2025,

Balance Sheet

- The balance sheet recorded an expansion, with total assets increasing by 6.0% to Kshs 680.2 bn in Q3'2026 from Kshs 641.8 bn in Q3'2025, driven by an 18.0% growth in government securities holdings to Kshs 188.0 bn in Q3'2026 from Kshs 159.3 bn in Q3'2025, coupled with a 10.8% increase in net loans and advances to Kshs 328.5 bn in Q3'2026 from Kshs 296.4 bn in Q3'2025.
- Total liabilities increased by 6.2% to Kshs 563.5 bn in Q3'2026 from Kshs 530.5 bn in Q3'2025, attributable to a 4.4% increase in customer deposits to Kshs 532.6 bn in Q3'2026 from Kshs 510.3 bn in Q3'2025. With 155 branches, compared to 161 branches in Q3'2025, deposits per branch increased by 8.4% to Kshs 3.4 bn, from Kshs 3.2 bn in Q3'2025.
- The 4.4% growth in customer deposits which was outpaced by the 10.8% increase in net loans, led to 3.6% points increase in the loan-to-deposit ratio to 61.7% in Q3'2026 from 58.1% in Q3'2025,
- Asset quality was broadly stable, with the gross NPL ratio declining by 0.1% points to 12.3% in Q3'2026 from 12.4% in Q3'2025, as gross loans increased by 12.0% to Kshs 354.9 bn in Q3'2026 from Kshs 316.9 bn in Q3'2025, outpacing the 11.0% increase in gross non-performing loans to Kshs 43.7 bn in Q3'2026 from Kshs 39.4 bn in Q3'2025.
- General Provisions increased by 28.2% to Kshs 24.4 bn in Q3'2026 from Kshs 19.0 bn in Q3'2025. The NPL coverage ratio increased by 8.2% points to 60.4% in Q3'2026 from 52.1% in Q3'2025, attributable to the increase in general provisions coupled with a 32.3% increase in interest in suspense to Kshs 2.0 bn in Q3'2026 from Kshs 1.5 bn in Q3'2025, which outpaced the 11.0% increase in gross non-performing loans,
- Shareholders' funds increased by 4.8% to Kshs 104.2 bn in Q3'2026 from Kshs 99.4 bn in Q3'2025, supported by a 13.9% growth in retained earnings to Kshs 78.9 bn in Q3'2026 from Kshs 69.3 bn in Q3'2025.

- DTB-K Bank remains well-capitalized, with the core capital to total risk-weighted assets ratio standing at 14.9% in Q3'2026, which is 4.4% points above the statutory minimum of 10.5%. Additionally, the total capital to total risk-weighted assets ratio came in at 16.1% in Q3'2026, exceeding the statutory requirement of 14.5% by 1.6% points.
- The bank currently has a Return on Average Assets (ROaA) of 1.9% in Q3'2026 from 1.6% in Q3'2025 and a Return on Average Equity (ROaE) of 12.6% in Q3'2026 from 11.2% in Q3'2025.

Key Take-Outs:

1. **Increased earnings** - Core earnings per share (EPS) increased by 25.8% to Kshs 37.6 in Q3'2026 from Kshs 29.9 in Q3'2025, driven by the 16.2% growth in total operating income to Kshs 39.8 bn from Kshs 34.3 bn in Q3'2025, but was weighed down by the 11.0% increase in total operating expenses to Kshs 25.6 bn from Kshs 23.1 bn.
2. **Improved asset quality** - The bank's asset quality was broadly stable, with the gross NPL ratio declining by 0.1% points to 12.3% in Q3'2026 from 12.4% in Q3'2025, as gross loans increased by 12.0% to Kshs 354.9 bn in Q3'2026 from Kshs 316.9 bn in Q3'2025, outpacing the 11.0% increase in gross non-performing loans to Kshs 43.7 bn in Q3'2026 from Kshs 39.4 bn in Q3'2025.
3. **Expanded Balance sheet** - The balance sheet recorded an expansion, with total assets increasing by 6.0% to Kshs 680.2 bn in Q3'2026 from Kshs 641.8 bn in Q3'2025, driven by an 18.0% growth in government securities holdings to Kshs 188.0 bn in Q3'2026 from Kshs 159.3 bn in Q3'2025, coupled with a 10.8% increase in net loans and advances to Kshs 328.5 bn in Q3'2026 from Kshs 296.4 bn in Q3'2025.
4. **Increased lending** - Customer net loans and advances increased by 10.8% to Kshs 328.5 bn in Q3'2026 from Kshs 296.4 bn in Q3'2025, 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 increased by 4.4% to Kshs 9.5 bn in Q3'2026 from Kshs 9.1 bn in Q3'2025. DTB is expanding its fee-generating offerings across diaspora banking (multi-currency accounts and a 16-currency prepaid card), MSMEs, trade finance, and bancassurance (life, medical, and general insurance). Transaction-based revenues are also scaling through merchant acquiring (Till Moja and POS), DTB Astra API partnerships, public-sector collections (eCitizen and SHA), and competitive PesaLink pricing (Kshs 20 flat fee). Continued growth across these ecosystems, alongside treasury and custodial services, should strengthen DTB's non-interest revenue base and diversify earnings.
- **Digital Transformation**: Continued investment in digital banking infrastructure provides DTB with an opportunity to deepen customer engagement, improve operational efficiency, and expand its market reach. Alongside core retail channels (m24/7 app, USSD, internet, and WhatsApp banking), the bank has expanded its ecosystem with DTB Astra (API banking), the Bidii Chama App, and SME payment tools (InfinitiPay, InfinitiLite, and Till Moja), alongside innovations like DTB NFC Wearables, Digital IPF, and short-term digital credit via DTB Weza and Safaricom's Taasi. Leveraging these platforms and customer data should accelerate credit decisions, improve retention, lower cost-to-serve, and drive higher transaction volumes and market share.

Valuation Summary

- We are of the view that DTB-K Bank is an "Accumulate" with a target price of Kshs 223.1 representing an upside of 19.1%, from the current price of Kshs 187.3 as of 20th November 2026.
- DTB-K Bank is currently trading at a P/TBV of 0.5x and a P/E of 4.9x vs an industry average of P/TBV of 1.2x and P/E of 6.4x respectively.