

### Diamond Trust Bank EPS jumps 23.1%, Bank ups DPS to Kes 9.00, from Kes 7.00 in 2024

Diamond Trust Bank Kenya has released its FY2025 results, and the performance broadly mirrors sector trends with strong earnings growth anchored on margin expansion, improved efficiency, and solid balance sheet growth. Profit before tax rose 20.5% to Kes 13.40Bn, while earnings per share (EPS) increased 23.1% to Kes 33.65, underscoring robust bottom-line delivery.

Shareholder returns also improved, with dividend per share rising 28.6% to Kes 9.00 from Kes 7.00 in 2024, signaling confidence in earnings sustainability.

The counter has rallied strongly, outperforming the Nairobi All Share Index (NASI), reflecting positive investor sentiment and overall bullish season.

We maintain a Hold stance for recent entrants, while advising profit-taking for investors sitting on double-digit gains, as current valuations increasingly price in the earnings momentum.

Recommendation:	HOLD
Bloomberg Ticker:	DTKL KN
Share Stats	
Current Price	154.00
3-Month Av	136.95
6 Month Av	123.15
12 Month Av	101.08
52 Week High	162.00
52 Week Low	67.75
Issued shares (Bn)	279.60
Market Cap (KES Bn)	43.06
Market Cap (USD Mn)	0.33
P/E	3.40
PB	0.32
EPS	33.65

### Income Statement

**Total Income:** Diamond Trust Bank Kenya delivered a resilient earnings performance in FY2025, with total income rising 13.7% to Kes. 46.69Bn from Kes. 41.08Bn in FY2024, supported by strong growth in funded income despite softer non-funded income streams.

**Net interest income (NII)** grew robustly by 24.2% to Kes. 34.88Bn, driven by improved asset yields and a notable reduction in funding costs. Interest income increased modestly by 2.8% y/y to Kes. 61.00Bn from Kes. 59.31Bn in FY2024, while interest expense declined significantly by 16.3% to Kes. 26.11Bn from Kes. 31.21Bn, underpinning margin expansion.

The increase in NII was supported by a 3.7% growth in interest from loans and advances to Kes 33.36Bn, from Kes 32.17Bn in 2024 despite a 5.6% decline in interest from government securities to Kes 24.19Bn, from Kes 25.63Bn. this was complemented by a modest decline in interest paid on deposits and a notable drop in that paid to placements from banking institutions.

**Non-funded income (NFI)** however, softened by 9.1% to Kes. 11.81Bn from Kes. 12.99Bn on lower FX income.

**Operating Expenses:** Cost pressures remained elevated, with total operating expenses rising 9.4% to Kes. 32.74Bn. Excluding loan loss provisions, operating costs grew at a more moderate pace of 7.3% to Kes. 22.78Bn as loan loss provisions increased by 14.6% to Kes. 9.96Bn, indicating higher provisioning despite dissipating risks.

Periods	DTB-K	NASI
3mtd Price Δ(%ge)	35.09%	10.92%
6mtd Price Δ(%ge)	47.02%	16.81%
YTD Δ(%ge)	34.50%	9.14%
Y/Y Δ(%ge)	92.50%	56.94%

NII	24.1%
Provisions	14.6%
Opex	9.4%
Opex Excl. LLPs	9.4%
PBT	20.5%
PAT	21.4%
Loans	13.6%
Govt. Securities	7.5%
Shareholders' Funds	23.6%

### Balance Sheet

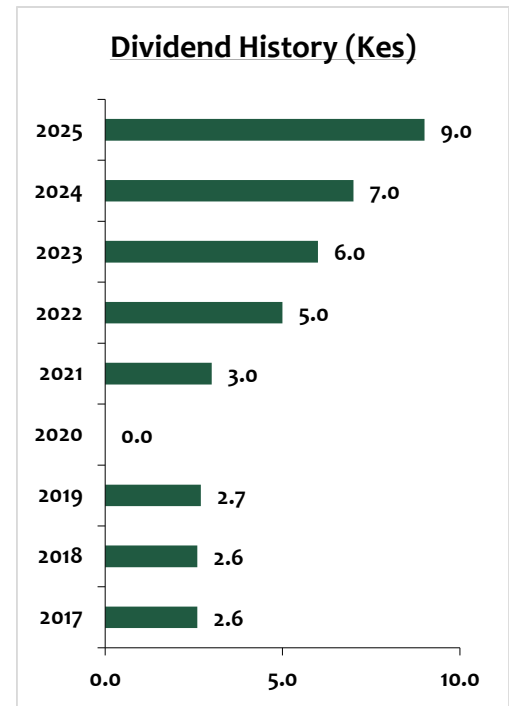
**Total Assets:** The bank's balance sheet expanded strongly in FY2025, with total assets growing 14.9% to Kes. 659.12Bn from Kes. 573.89Bn in FY2024, reflecting robust balance sheet momentum. This growth was underpinned by a 13.6% increase in loans and advances to Kes. 324.17Bn, indicating sustained lending across key segments.

**Investment** in government securities rose by 7.6% to Kes. 186.42Bn, pointing to continued allocation towards relatively lower-risk assets alongside loan book expansion.

**Deposits:** On the liabilities side, customer deposits increased 13.9% to Kes. 509.14Bn, signaling strong deposit mobilization and franchise strength. Meanwhile, borrowings declined sharply by 59.0% to Kes. 1.51Bn, suggesting reduced reliance on external funding.

**Shareholders' funds** grew significantly by 23.6% to Kes. 101.10Bn, supported by improved profitability and earnings retention. Overall, the balance sheet reflects a growth-oriented posture, supported by strong capital accumulation and stable funding.

**Asset quality:** Asset quality improved modestly, with the gross NPL ratio declining to 11.33% from 12.60%, indicating better credit risk management and recoveries, albeit within a still-elevated risk environment. The cost of risk edged up slightly to 21.32% from 21.15%, reflecting continued provisioning buffers.



### Key Ratios

- Profitability improved, with return on average equity (ROaE) rising to 11.71% from 11.26% in FY2024, while return on average assets (ROaA) increased to 1.74% from 1.46%, supported by stronger earnings.
- Margins strengthened, with net interest margin (NIM) expanding to 6.75% from 5.42%, driven by higher asset yields and a lower cost of funds.
- Efficiency improved, as the cost-to-income ratio declined to 70.12% from 72.81%, and further to 48.79% from 51.66% when excluding loan loss provisions, reflecting better cost management.
- Income mix shifted further towards funded income, with NII contribution rising to 74.71% from 68.39%, while non-funded income contribution declined to 25.29% from 31.61%.
- The cost of funds improved to 5.22% from 6.21%, while yields on interest-earning assets increased to 11.81% from 11.45%, supporting margin expansion.
- The loan-to-deposit ratio remained broadly stable at 63.67% from 63.79%, indicating balanced asset-liability deployment despite strong growth in both loans and deposits.

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Balance Sheet	FY'2024	FY'2025	%Δ Y-Y
Investments	173.34	186.42	7.55%
Loans and Advances	285.30	324.17	13.63%
<b>Total Assets</b>	<b>573.89</b>	<b>659.12</b>	<b>14.85%</b>
Customer Deposits	447.22	509.14	13.85%
Borrowing	3.67	1.51	-58.96%
Total Liabilities	481.53	546.08	13.41%
<b>Shareholder's Funds</b>	<b>81.78</b>	<b>101.10</b>	<b>23.63%</b>

Income Statement	FY'2024	FY'2025	%Δ Y-Y
Interest Income	59.31	61.00	2.84%
Interest Expense	(31.21)	(26.11)	-16.34%
NII	28.10	34.88	24.15%
NFI	12.99	11.81	-9.06%
<b>Total Income</b>	<b>41.08</b>	<b>46.69</b>	<b>13.65%</b>
Loan Loss provision	(8.69)	(9.96)	14.58%
Total Operating expenses	(29.91)	(32.74)	9.44%
Opex excl Provision	(21.23)	(22.78)	7.33%
<b>PBT</b>	<b>11.12</b>	<b>13.40</b>	<b>20.51%</b>
<b>PAT</b>	<b>8.82</b>	<b>10.71</b>	<b>21.40%</b>
<b>EPS</b>	<b>27.33</b>	<b>33.65</b>	<b>23.09%</b>
<b>DPS</b>	<b>7.00</b>	<b>9.00</b>	<b>28.57%</b>

Ratios	FY'2024	FY'2025	pp. Δ Y-Y
Yield from interest-earning assets	11.45%	11.81%	0.36%
Cost of funds	-6.21%	-5.22%	0.99%
Cost of risk	21.15%	21.32%	0.17%
Net Interest Margin	5.42%	6.75%	1.33%
Net Interest Income as % of operating income	68.39%	74.71%	6.32%
Non-Funded Income as a % of operating income	31.61%	25.29%	-6.32%
Cost to Income Ratio	72.81%	70.12%	-2.70%
CIR without LLP	51.66%	48.79%	-2.87%
Cost to Assets	4.95%	5.31%	0.36%
NPL Ratio	12.60%	11.33%	-1.27%
Loan to Deposit Ratio	63.79%	63.67%	-0.12%
Return on average equity	11.26%	11.71%	0.45%
Return on average assets	1.46%	1.74%	0.28%

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- **Accumulate** – An accumulate rating reflects 1) An analyst has a lesser bullish conviction on a stock 2) Expected return falls between 10% and 30%.
- **Hold** – A hold rating reflects 1) An analyst has a neutral conviction (lack of bullish or bearish conviction) on a stock 2) Expected return falls within the range of 5% to 10%.
- **Speculative Buy** – A speculative buy rating reflects 1) An analyst has a bullish conviction accompanied by a substantially higher than normal risk 2) Expected return falls above 10%.
- **Sell** – A sell rating reflects 1) An analyst has a bearish conviction on a stock 2) Expected return falls below 5%.

\*Expected Return (ER) represents the sum total of both capital appreciation and the dividend yield.

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