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# DTB Group – H1 2026 Earnings Note

## Loan Growth and Margin Expansion Power a Stronger Earnings; DTB's H1 2026 EPS Jumps 34.1%

*Diamond Trust Bank's H1'2026 results point towards a solid loan book and contained underlying expenses, supporting a strong earnings trajectory. PBT rose 37.0% y/y to Kes. 9.84Bn, while PAT increased 35.8% to Kes. 7.29Bn and EPS grew 34.1% to Kes. 22.86 from Kes. 17.04 in H1'2025. The performance was underpinned by a 26.4% y/y increase in NII, supported by lower funding costs and continued loan growth. Although loan loss provisions increased by 36.5%, asset quality improved, with the NPL ratio declining to 12.20% from 13.46%.*

*At the bourse, DTB-K has significantly outperformed the broader market, gaining 96.28% YTD and 49.56% y/y, compared with NASI gains of 45.68% and 30.98%, respectively. The counter has also gained 13.04% over the past six months and 14.55% over the last three months. While the strong share price performance warrants some caution, the bank's accelerating earnings, expanding margins, improving asset quality and solid balance sheet growth provide further support for the investment case.*

*We therefore maintain our BUY recommendation on the counter. We believe the strong earnings momentum provides scope for further upside, particularly as improved margins, sustained loan growth and stronger profitability continue to support earnings.*

| Recommendation: | BUY |
|---|---|
| Bloomberg Ticker: | DTKL KN |
| Share Stats | |
| Current Price | 171.25 |
| 3-Month Av | 147.63 |
| 6 Month Av | 149.51 |
| 12 Month Av | 131.07 |
| 52 Week High | 171.25 |
| 52 Week Low | 87.25 |
| Issued shares (Bn) | 279.60 |
| Market Cap (KES Bn) | 47.88 |
| Market Cap (USD Mn) | 0.37 |
| P/E | 6.39 |
| PB | 0.40 |
| EPS | 22.86 |

### Income Statement

**Total Income:** DTB delivered a strong earnings performance in H1'2026, with total income rising 20.9% y/y to Kes. 26.51Bn from Kes. 21.93Bn in H1'2025, supported by robust growth in funded income. Net interest income (NII) increased 26.4% y/y to Kes. 20.04Bn from Kes. 15.86Bn, while non-funded income (NFI) grew by 6.6% y/y to Kes. 6.47Bn from Kes. 6.07Bn.

Interest income increased by 9.9% y/y to Kes. 32.28Bn from Kes. 29.37Bn, while interest expense declined by 9.5% to Kes. 12.23Bn from Kes. 13.52Bn, supporting significant margin expansion.

The growth in **interest income** was primarily driven by a 12.7% y/y increase in interest income from loans and advances to Kes. 18.18Bn from Kes. 16.13Bn. Income from placements also expanded sharply by 77.2% to Kes. 2.16Bn from Kes. 1.22Bn, partly offsetting the marginal 0.7% decline in interest income from government securities. On the funding side, **interest expense** on customer deposits declined by 8.0%, while interest expense on placements and other borrowings declined by 36.5% and 24.3%, respectively.

**Operating Expenses:** Total operating expenses increased by 12.6% y/y to Kes. 16.62Bn from Kes. 14.75Bn, largely reflecting higher loan loss provisions. Loan loss provisions increased by 36.5% to Kes. 4.43Bn from Kes. 3.24Bn, resulting in an elevated cost of risk despite continued improvement in asset quality.

Excluding loan loss provisions, operating expenses grew by a more moderate 5.9% y/y to Kes. 12.19Bn from Kes. 11.51Bn, highlighting relatively contained underlying cost growth. Staff costs increased by 10.4% to Kes. 5.71Bn from Kes. 5.17Bn.

| Periods | DTB-K | NASI |
|---|---|---|
| 3mtd Price Δ | 14.55% | 18.73% |
| 6mtd Price Δ | 13.04% | 16.44% |
| YTD Δ | 96.28% | 45.68% |
| Y/Y Δ | 49.56% | 30.98% |

| | |
|---|---|
| NII | 26.4% |
| Provisions | 36.5% |
| Opex | 12.6% |
| Opex Excl. LLPs | 5.9% |
| PBT | 37.0% |
| PAT | 35.8% |
| Loans | 13.7% |
| Govt. Securities | 13.0% |
| Shareholders' Funds | 13.4% |

## Balance Sheet

**Total Assets:** DTB's balance sheet expanded in H1'2026, with total assets growing 10.4% y/y to Kes. 675.09Bn from Kes. 611.51Bn in H1'2025. The growth was supported by continued expansion in both loans and advances and investments.

**Loans and advances** increased by 13.7% y/y to Kes. 327.99Bn from Kes. 288.47Bn, indicating sustained lending growth across key segments. **Government securities** also increased by 13.0% to Kes. 205.03Bn from Kes. 181.42Bn, reflecting continued growth in the bank's investment portfolio.

**Deposits**: Customer deposits increased by 10.6% y/y to Kes. 534.15Bn from Kes. 483.17Bn, highlighting continued deposit mobilization and franchise strength. Meanwhile, borrowings declined sharply by 86.2% to Kes. 0.35Bn from Kes. 2.50Bn, pointing to significantly lower reliance on external funding. Total liabilities rose by 9.7% y/y to Kes. 560.26Bn from Kes. 510.75Bn.

**Shareholders' funds** increased by 13.4% y/y to Kes. 102.38Bn from Kes. 90.31Bn, supported by improved profitability and earnings retention.

| Interest Income | H1'2025 | H1 2026 |
|---|---|---|
| Loans | 16.13 | 18.18 |
| Government Securities | 12.02 | 11.93 |
| Placements | 1.22 | 2.16 |
| **Total** | **29.37** | **32.28** |

| Interest Expenses | H1'2025 | H1 2026 |
|---|---|---|
| Deposits | 12.62 | 11.61 |
| Placements | 0.52 | 0.33 |
| Others | 0.37 | 0.28 |
| **Total** | **13.52** | **12.23** |

## Key Ratios

- Profitability strengthened, with return on average assets (ROaA) improving to 1.96% from 1.56%, while return on average equity (ROaE) increased to 13.11% from 11.31%, reflecting stronger earnings generation.
- Margins expanded significantly, with net interest margin (NIM) improving to 7.12% from 5.90%, supported by lower funding costs and stronger growth in funded income.
- Income mix shifted further towards funded income, with NII contribution to operating income increasing to 76.19% from 68.81%, while NFI contribution declined to 23.81% from 31.19%.
- Efficiency improved, with the cost-to-income ratio declining to 62.68% from 67.28%. Excluding loan loss provisions, CIR improved significantly to 45.98% from 52.50%, reflecting stronger underlying operating efficiency.
- The yield on interest-earning assets declined marginally to 11.65% from 11.76%, while the cost of funds improved to 2.28% from 2.65%, supporting the expansion in NIM.
- The loan-to-deposit ratio increased to 61.40% from 59.70%, reflecting faster growth in lending relative to customer deposits while remaining at a relatively moderate level.
- Cost to assets increased slightly to 5.38% from 5.09%, largely reflecting higher loan loss provisions during the period.
- Asset quality improved, with the NPL ratio declining to 12.20% from 13.46%, reflecting improved credit quality and recoveries. However, the cost of risk increased to 16.70% from 14.79%, driven by the 36.5% increase in loan loss provisions.

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| Balance Sheet | H1'2025 | H1 2026 | %Δ Y-Y |
|---|---|---|---|
| Investments | 181.42 | 205.03 | 13.01% |
| Loans and Advances | 288.47 | 327.99 | 13.70% |
| **Total Assets** | **611.51** | **675.09** | **10.40%** |
| Customer Deposits | 483.17 | 534.15 | 10.55% |
| Borrowing | 2.50 | 0.35 | -86.16% |
| Total Liabilities | 510.75 | 560.26 | 9.69% |
| **Shareholder's Funds** | **90.31** | **102.38** | **13.38%** |

| Income Statement | H1'2025 | H1 2026 | %Δ Y-Y |
|---|---|---|---|
| Interest Income | 29.37 | 32.28 | 9.9% |
| Interest Expense | (13.52) | (12.23) | -9.5% |
| NII | 15.86 | 20.04 | 26.4% |
| NFI | 6.07 | 6.47 | 6.6% |
| **Total Income** | **21.93** | **26.51** | **20.9%** |
| Loan Loss provision | (3.24) | (4.43) | 36.5% |
| Total Operating expenses | (14.75) | (16.62) | 12.6% |
| Opex excl Provision | (11.51) | (12.19) | 5.9% |
| **PBT** | **7.18** | **9.84** | **37.0%** |
| **PAT** | **5.37** | **7.29** | **35.8%** |
| **EPS** | **17.04** | **22.86** | **34.1%** |

| Ratios | H1'2025 | H1 2026 | pp. Δ Y-Y |
|---|---|---|---|
| Yield from interest-earning assets | 11.76% | 11.65% | -0.11% |
| Cost of funds | -2.65% | -2.28% | 0.37% |
| Cost of risk | 14.79% | 16.70% | 1.91% |
| **Net Interest Margin** | **5.90%** | **7.12%** | **1.23%** |
| Net Interest Income as % of operating income | 68.81% | 76.19% | 7.38% |
| Non-Funded Income as a % of operating income | 31.19% | 23.81% | -7.38% |
| Cost to Income Ratio | 67.28% | 62.68% | -4.60% |
| CIR without LLP | 52.50% | 45.98% | -6.51% |
| Cost to Assets | 5.09% | 5.38% | 0.29% |
| **NPL Ratio** | **13.46%** | **12.20%** | **-1.26%** |
| Loan to Deposit Ratio | 59.70% | 61.40% | 1.70% |
| Return on average equity | 11.31% | 13.11% | 1.80% |
| Return on average assets | 1.56% | 1.96% | 0.40% |

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Analysts' stock ratings are defined as follows:

- **Buy** – A buy rating reflects 1) An analyst has a bullish conviction on a stock 2) A 30% or greater expected return.
- **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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