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DTB Group – 9M 2026 Earnings Note

DTB's PBT Rises 26.4% as Strong Funded Income and Efficiency Gains Support Earnings

Diamond Trust Bank Kenya sustained strong earnings momentum in 9M26, supported by robust funded income growth, improved operating efficiency and continued balance-sheet expansion. PBT rose 26.4% y/y to Kes. 14.19Bn, while PAT increased 25.8% to Kes. 10.52Bn and annualised EPS grew 24.0% to Kes. 44.20. The performance was underpinned by a 20.5% increase in NII to Kes. 30.29Bn, while the cost-to-income ratio improved to 46.2% from 50.8%. Asset quality also improved, with the Group NPL ratio declining to 11.6% from 12.4%, despite higher loan loss provisions.

The balance sheet remained resilient, with net loans and advances expanding 10.8% y/y to Kes. 328.47Bn, while total assets increased 6.0% to Kes. 680.15Bn and customer deposits grew 4.4% to Kes. 532.56Bn. At the bourse, DTB-K has maintained strong momentum, with the counter up approximately 63.5% YTD to Kes. 187.25 as at 20 November 2026. Despite the strong rally, valuation remains supportive, with the counter trading at approximately 0.50x P/B, while the latest Kes. 9.00 dividend per share provides further support to shareholder returns.

We therefore maintain an ACCUMULATE recommendation on the counter. Our positive view is supported by strong profit growth, a progressive dividend payout, continued balance-sheet expansion and attractive valuation. Despite higher credit provisions, improving margins and operating efficiency provide further support for upside.

Recommendation:	ACCUMULATE
Bloomberg Ticker:	DTKL KN
Share Stats	
Current Price	187.25
3-Month Av	186.89
6 Month Av	167.41
12 Month Av	152.49
52 Week High	198.50
52 Week Low	66.00
Issued shares (Mn)	279.60
Market Cap (KES Bn)	52.36
Market Cap (USD Bn)	0.40
P/E	4.24x
PB	0.50x
9M EPS	33.14

Income Statement

Total Income: DTB delivered a strong earnings performance in 9M26, with total income rising 16.2% y/y to Kes. 39.83Bn from Kes. 34.28Bn, supported by robust funded income growth. Net interest income (NII) increased 20.5% y/y to Kes. 30.29Bn from Kes. 25.13Bn, while non-funded income (NFI) grew 4.4% to Kes. 9.54Bn from Kes. 9.14Bn.

Interest income increased 8.6% y/y to Kes. 48.85Bn from Kes. 44.97Bn, while interest expense declined 6.4% to Kes. 18.56Bn from Kes. 19.84Bn, supporting the strong expansion in net interest income.

Operating Expenses: Total operating expenses increased 11.0% y/y to Kes. 25.61Bn from Kes. 23.07Bn, largely reflecting higher loan loss provisions. Loan loss provisions increased 27.0% to Kes. 7.20Bn from Kes. 5.67Bn, despite the improvement in the NPL ratio.

Excluding loan loss provisions, **operating expenses** grew by a more moderate 5.8% y/y to Kes. 18.41Bn from Kes. 17.40Bn, highlighting relatively contained underlying cost growth.

As a result, **PBT** increased 26.4% y/y to Kes. 14.19Bn, while PAT rose 25.8% to Kes. 10.52Bn. EPS similarly increased 24.0% to Kes. 33.14.

Periods	DTB-K	NASI
3mtd Price Δ	9.34%	-2.67%
6mtd Price Δ	25.25%	15.57%
YTD Δ	62.83%	26.58%
Y/Y Δ	63.54%	27.48%

NII	20.5%
Provisions	27.0%
Opex	11.0%
Opex Excl. LLPs	5.8%
PBT	26.4%
PAT	25.8%
Loans	10.8%
Govt. Securities	11.5%
Shareholders' Funds	4.8%

Balance Sheet

Total Assets: DTB's balance sheet expanded in 9M26, with total assets growing 6.0% y/y to Kes. 680.15Bn from Kes. 641.77Bn in 9M25. The growth was supported by continued expansion in both loans and advances and investments.

Loans and advances increased by 10.8% y/y to Kes. 328.47Bn from Kes. 296.40Bn, indicating sustained lending growth across key segments. Investments also increased by 11.5% to Kes. 220.02Bn from Kes. 197.40Bn, reflecting continued growth in the bank's investment portfolio.

Deposits: Customer deposits increased by 4.4% y/y to Kes. 532.56Bn from Kes. 510.26Bn, reflecting continued deposit mobilization. Meanwhile, borrowings declined sharply by 51.9% to Kes. 0.64Bn from Kes. 1.32Bn, pointing to lower reliance on external funding. Total liabilities rose by 6.2% y/y to Kes. 563.46Bn from Kes. 530.52Bn.

Shareholders' Funds: Shareholders' funds increased by 4.8% y/y to Kes. 104.24Bn from Kes. 99.45Bn, supported by continued profitability and earnings retention.

Interest Income	9M 2025	9M 2026
Loans	24.76	27.15
Government Securities	18.12	18.75
Placements	2.10	2.95
Total	**44.98**	**48.85**

Interest Expenses	9M 2025	9M 2026
Deposits	12.76	17.62
Placements	0.29	0.48
Others	0.33	0.47
Total	**13.38**	**18.56**

Key Ratios

- **Profitability** strengthened, with return on average assets (ROaA) improving to 2.10% from 1.80%, while return on average equity (ROaE) increased to 12.00% from 11.00%, reflecting stronger earnings generation.
- **Margins** expanded, with net interest margin (NIM) improving to 7.08% from 6.16%, 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 76.64% from 71.98%, while **NFI contribution** declined to 23.36% from 28.02%.
- **Efficiency** improved, with the cost-to-income ratio declining to 46.20% from 50.80%. Excluding loan loss provisions, CIR improved to 46.23% from 50.76%, reflecting stronger underlying operating efficiency.
- **Yield on interest-earning assets** eased marginally to 11.48% from 11.53%, while the cost of funds improved to 3.38% from 3.88%, supporting the expansion in NIM.
- **Loan-to-deposit ratio** increased to 61.68% from 58.09%, reflecting faster loan growth relative to customer deposits while remaining at a relatively moderate level.
- **Cost-to-assets** increased marginally to 5.34% from 5.18%, reflecting higher operating expenses during the period.
- **Asset quality** improved, with the NPL ratio declining to 11.60% from 12.40%. However, **cost of risk** increased to 2.90% from 2.60%, consistent with the higher loan loss provisions recorded during the period.

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Balance Sheet	Q3'2025	H1 2026	Q3 2026	%Δ Y-Y
Investments	197.40	205.03	220.02	11.46%
Loans and Advances	296.40	327.99	328.47	10.82%
Total Assets	**641.77**	**675.09**	**680.15**	**5.98%**
Customer Deposits	510.26	534.15	532.56	4.37%
Borrowing	1.32	0.35	0.64	-51.85%
Total Liabilities	530.52	560.26	563.46	6.21%
Shareholder's Funds	**99.45**	**102.38**	**104.24**	**4.81%**

Income Statement	Q3'2025	H1 2026	Q3 2026	%Δ Y-Y
Interest Income	44.97	32.28	48.85	8.6%
Interest Expense	(19.84)	(12.23)	(18.56)	-6.4%
NII	25.13	20.04	30.29	20.5%
NFI	9.14	6.47	9.54	4.4%
Total Income	**34.28**	**26.51**	**39.83**	**16.2%**
Loan Loss provision	(5.67)	(4.43)	(7.20)	27.0%
Total Operating expenses	(23.07)	(16.62)	(25.61)	11.0%
Opex excl Provision	(17.40)	(12.19)	(18.41)	5.8%
PBT	**11.22**	**9.84**	**14.19**	**26.4%**
PAT	**8.36**	**7.29**	**10.52**	**25.8%**
EPS	**26.72**	**22.86**	**33.14**	**24.0%**

Ratios	Q3'2025	H1 2026	Q3 2026	pp. Δ Y-Y
Yield from interest-earning assets	11.53%	11.65%	11.48%	-0.05%
Cost of funds	-3.88%	-2.28%	-3.38%	0.49%
Cost of risk	2.60%	2.70%	2.90%	0.30%
Net Interest Margin	6.16%	7.12%	7.08%	0.92%
Net Interest Income as % of operating income	71.98%	76.19%	76.64%	4.65%
Non-Funded Income as a % of operating income	28.02%	23.81%	23.36%	-4.65%
Cost to Income Ratio	50.80%	62.68%	46.20%	-4.60%
CIR without LLP	50.76%	45.98%	46.23%	-4.53%
Cost to Assets	5.18%	5.38%	5.34%	0.16%
NPL Ratio	12.40%	12.20%	11.60%	-0.80%
Loan to Deposit Ratio	58.09%	61.40%	61.68%	3.59%
Return on average equity	11.00%	13.11%	12.00%	1.00%
Return on average assets	1.80%	1.96%	2.10%	0.30%

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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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