



# DTB-K Q3 2025 Earnings Note

**Analyst:**

Catherine Muriuki  
[catherine.muriuki@fib.co.ke](mailto:catherine.muriuki@fib.co.ke)

**Team Email:**

[research@fib.co.ke](mailto:research@fib.co.ke)

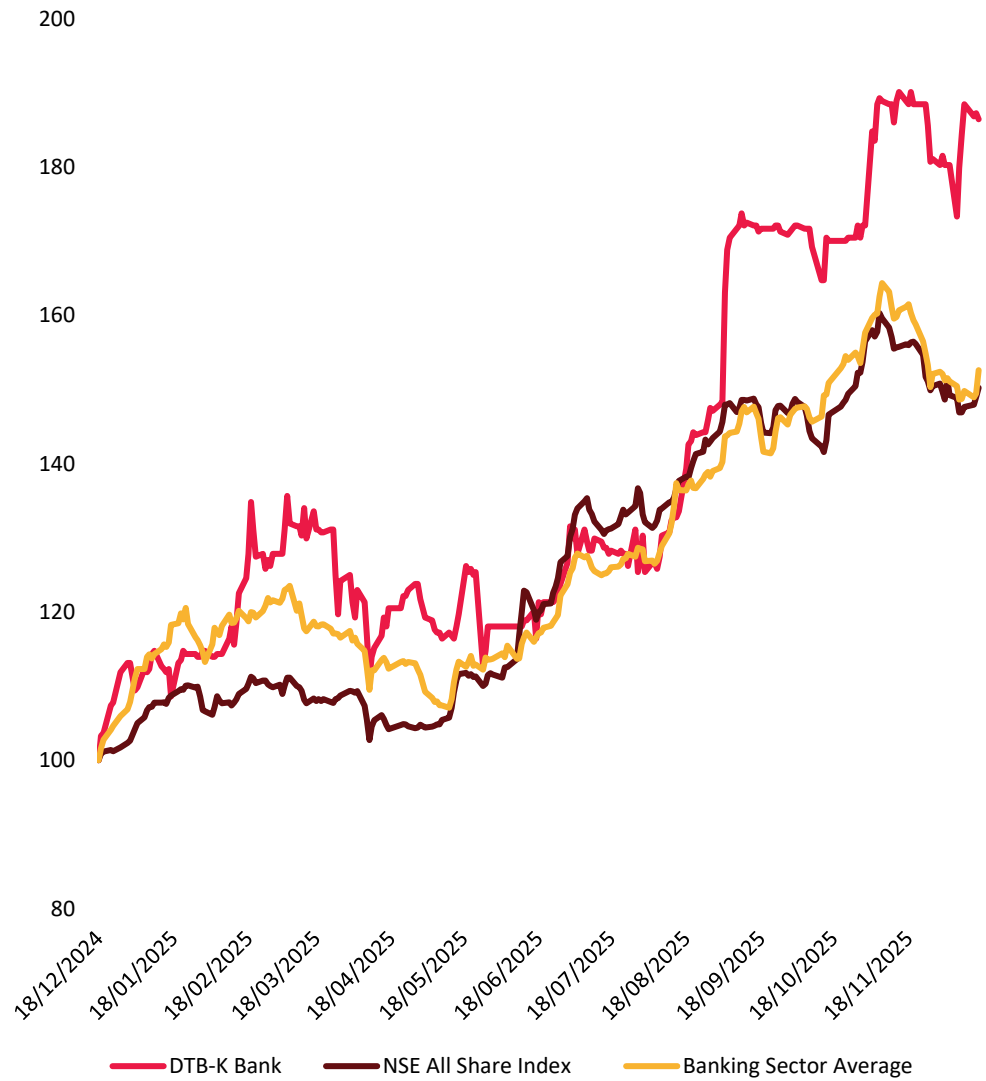
Crawford Business Park  
Ground Floor  
State House Road

Tel: 0207606026-37  
P.O. Box 45236-00100 Nairobi  
Website: [www.fib.co.ke](http://www.fib.co.ke)



# Summary

Normalised Share Price Movement of DTB-K vs Bank Stocks and the Market.



Source: Bloomberg

Last Price – 17 <sup>th</sup> December 2025 in KES	113.75
Valuation Estimate in KES :	125.00
<b>Upside</b>	<b>9.9%</b>
<b>Recommendation</b>	<b>HOLD</b>
52-Week High	118.00
52-Week Low	60.25
52-Week Price Return	105.5%
<b>Year-to-Date Price Return</b>	<b>81.6%</b>
Price to Earnings Ratio (P/E)	4.26
Price to Book Ratio (P/B)	0.32

Source: Bloomberg and Faida Analysis

We recommend a **HOLD** on DTB Bank with a fair value of KES 125.00, representing an **upside of 9.9%** on 17<sup>th</sup> December 2025 closing price of KES 113.75.

The recommendation is supported by DTB Bank’s solid Q3 2025 performance, driven by improving asset quality, steady earnings growth, and disciplined cost management. Additionally, the **recent CBR rate cut to 9.00%** is expected to support loan demand, ease debt-servicing pressures for borrowers, and improve asset quality trends, **with a potential short-term pressure on net interest margins.**

# Interest Income

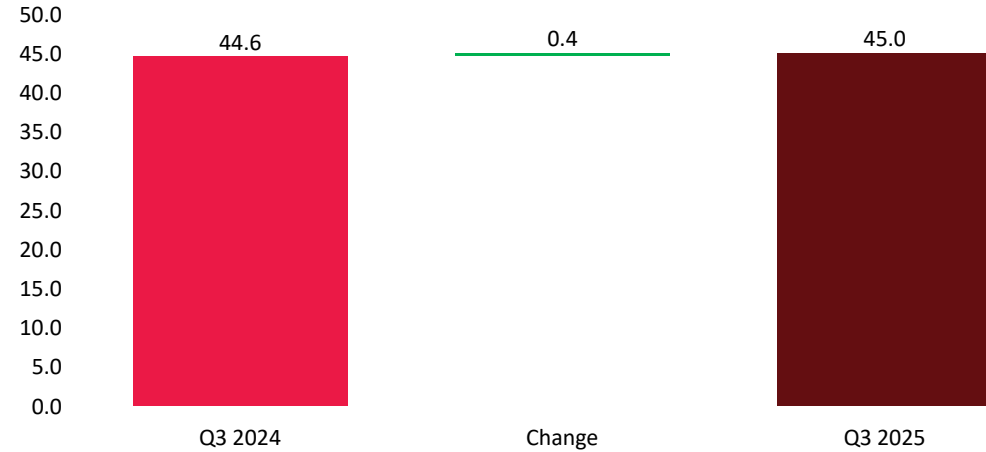
Interest income remained relatively stable, edging up by 0.9% to KES 45.0 billion in Q3 2025 from KES 44.5 billion in Q3 2024.

Loans and advances grew by 3.2% to KES 24.8 billion from KES 24.0 billion in Q3 2024.

Income from government securities contracted by 6.6% to KES 18.1 billion from KES 19.4, a reduction of KES 1.3 billion.

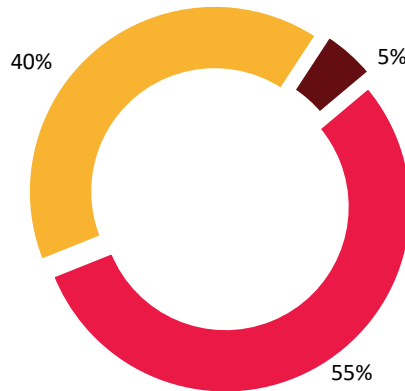
Deposits and placements within banking institutions surged by 81.4% to KES 2.1 billion in Q3 2025 from KES 1.2 billion in Q3 2024, reflecting an increase of KES 940.1 million.

Development in interest income (KES billions)



Source: Company Financials

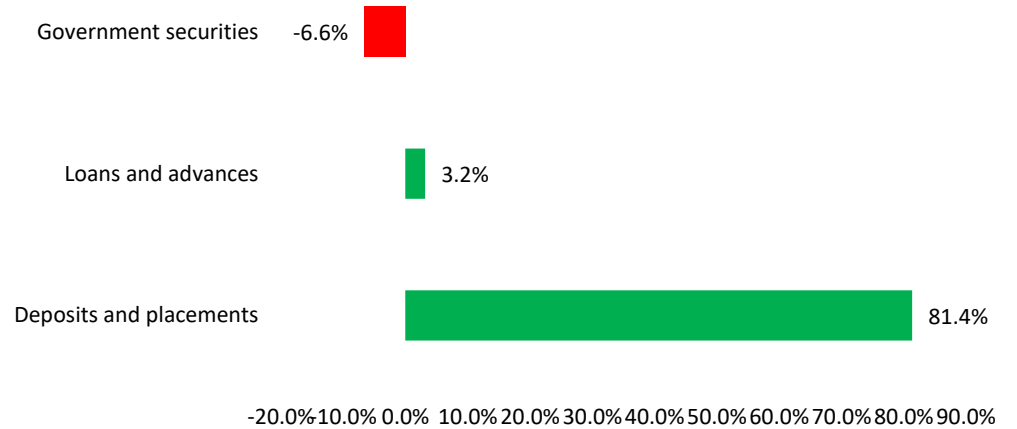
Interest income composition (%)



Loans and advances    Government securities    Deposits and placements

Source: Company Financials

Interest income growth rate (%)



Source: Company Financials

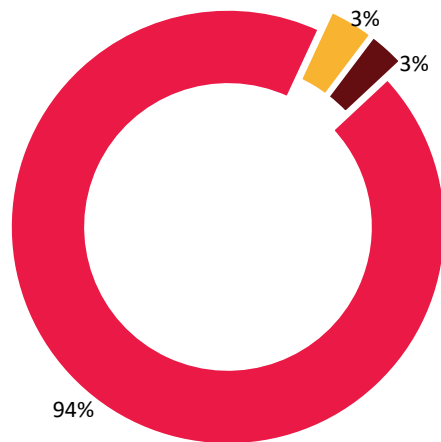
# Interest Expense

Total interest expense declined by 14.6% to KES 19.8 billion in Q3 2025 from KES 23.2 billion in Q3 2024, reflecting a decrease of KES 3.4 billion. This was largely driven by a significant 78.6% drop in interest on deposits and placements with banking institutions to KES 671.1 million from KES 3.1 billion in Q3 2024, reflecting a decrease of KES 2.5 billion.

Interest on customer deposits edged up by 0.8% to KES 18.6 billion from KES 18.5 billion.

Other interest expenses contracted by 66.5% to KES 547.6 million from KES 1.6 billion.

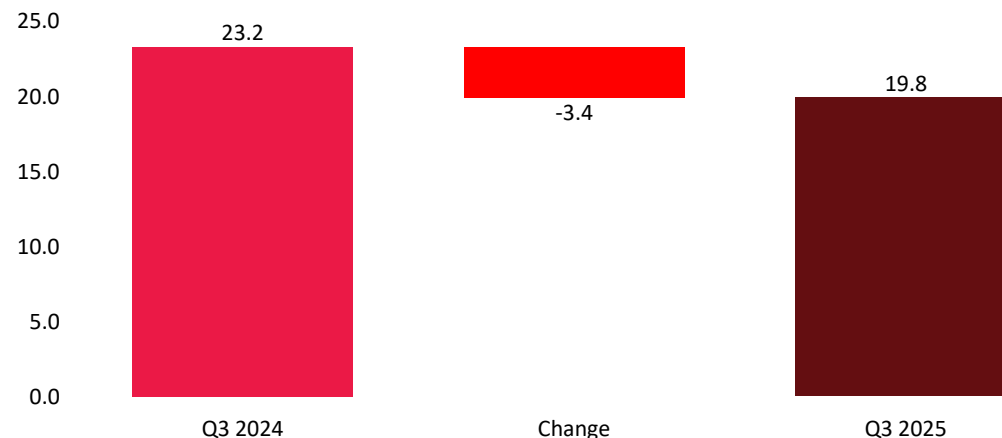
Interest expense composition (%)



■ Customer deposits ■ Deposits and placements ■ Other interest expense

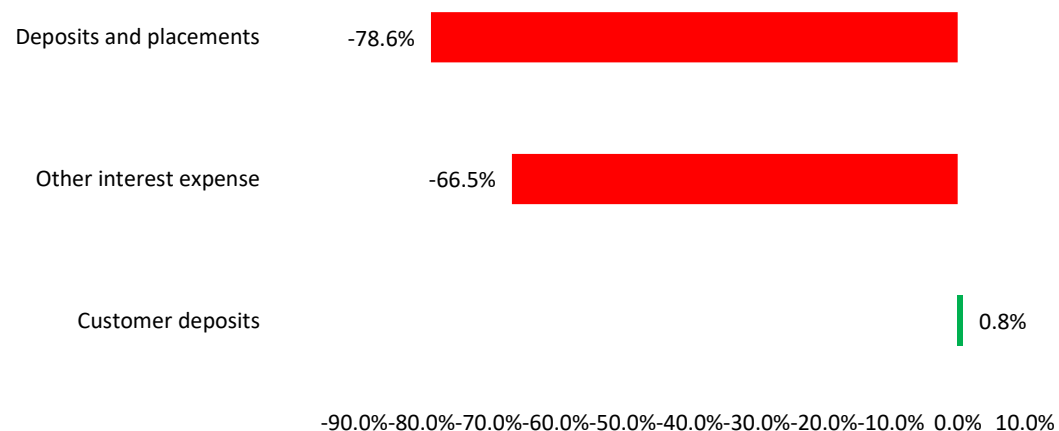
Source: Company Financials

Decline in interest expense (KES billions)



Source: Company Financials

Interest expense growth rate (%)



Source: Company Financials

# Net Interest Income & Non-funded income



Net interest income (NII) rose 17.9% to KES 25.1 billion in Q3 2025 from KES 21.3 billion in Q3 2024. This growth was largely attributed to the 14.6% decline in total interest expenses.

Non-funded income (NFI) contracted by 5.8% to KES 9.1 billion in Q3 2025 from KES 9.7 billion. This was primarily driven by a significant 40.4% decline in foreign exchange trading income which fell to KES 2.2 billion from KES 3.7 billion, a reduction of KES 1.5 billion.

Fees and commissions income on loans and advances edged up 18.4% to KES 1.9 billion from KES 1.6 billion.

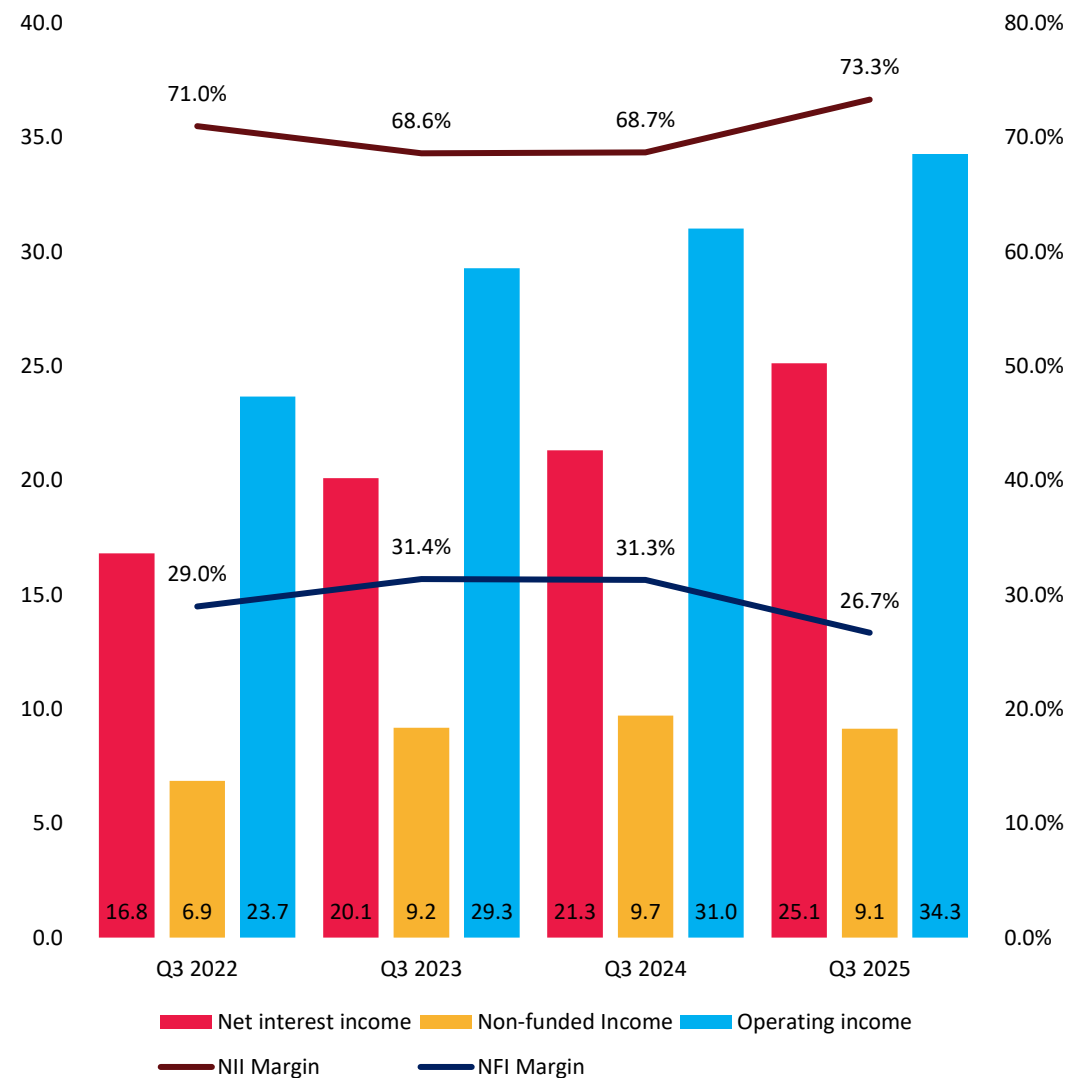
Other fees and commissions climbed 6.4% to KES 3.0 billion from KES 2.8 billion.

Other income surged 31.2% to KES 9.1 billion in Q3 2025 from KES 1.5 billion in Q3 2024.

As a result, total operating income increased by 10.5% to KES 34.3 billion from KES 31.0 billion in Q3 2024.

The Net Interest Income (NII) Margin rose by 4.6 percentage points to 73.3% from 68.7%, reflecting higher interest earnings. In contrast, the Non-Funded Income (NFI) Margin eased to 26.7% from 31.3% in Q3 2024.

Net Interest Income, Non-funded Income & Operating Income (KES billions)



# Operating expenses

Total operating expenses rose by 9.5% to KES 23.1 billion in Q3 2025 from KES 21.1 billion in Q3 2024, reflecting an increase of KES 2.0 billion. This was largely driven by significant 11.5% in staff costs to KES 7.7 billion from KES 6.9 billion.

Loan loss provisions climbed 7.6% to KES 5.7 billion in Q3 2025 from KES 5.3 billion in Q3 2024.

Director emoluments expanded by 83.1% to KES 381.6 million from KES 208.4 million.

Rental charges edged up by 17.9% to KES 462.5 million from KES 392.4 million.

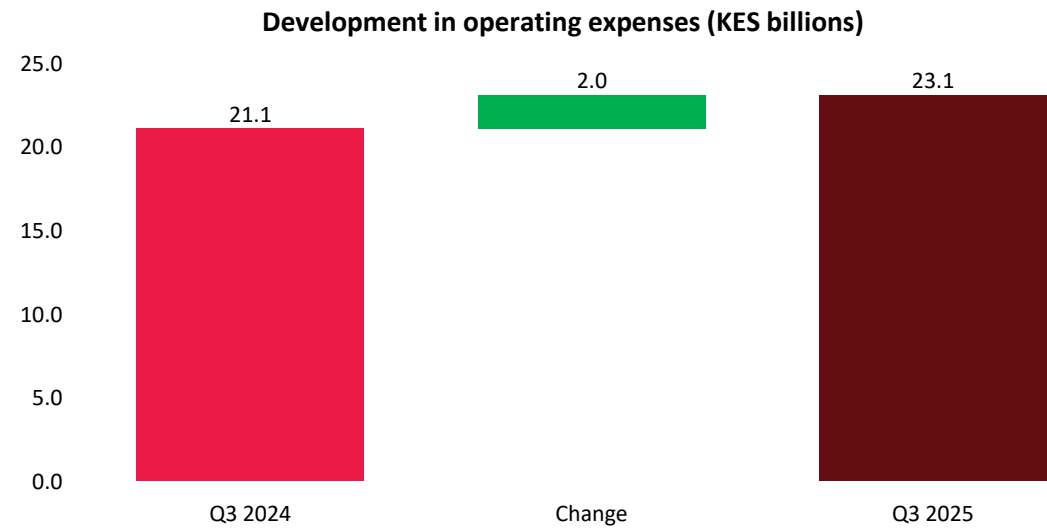
Depreciation on property and equipment contracted by 8.5% to KES 1.3 billion from KES 1.4 billion.

Amortization charges grew by 20.5% reaching KES 471.0 million from KES 390.9 million.

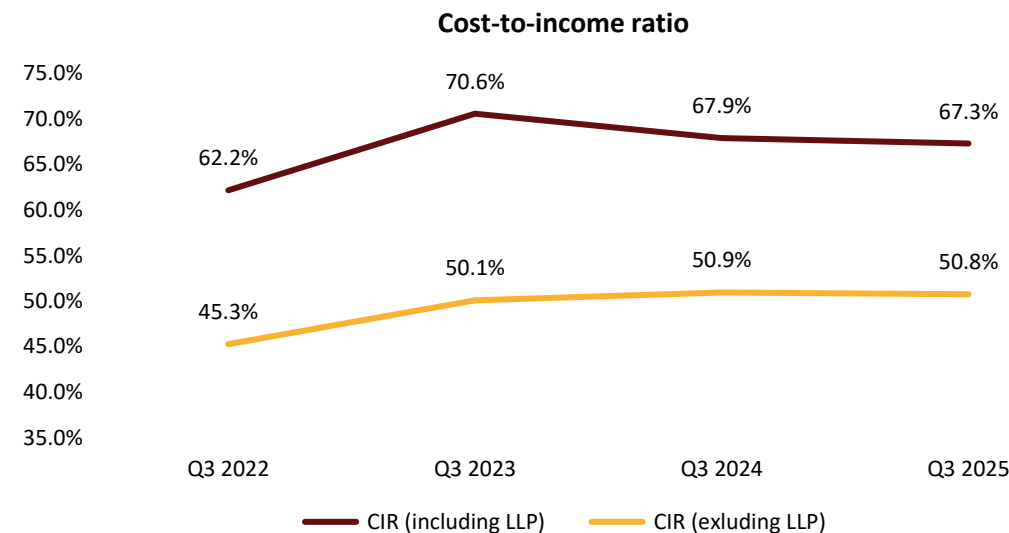
Other operating expenses increased by 9.1% to KES 7.0 billion from KES 6.4 billion.

The cost-to-income ratio (including loan loss provisions) edged down to 67.3% in Q3 2025 from 67.9% in Q3 2024. Excluding provisions, the ratio recorded a marginal decline to 50.8% from 50.9%.

*\*The cost-to-income ratio measures operational efficiency, indicating the proportion of operating income consumed by operating expenses. A lower ratio reflects improved efficiency, with the bank generating higher income relative to its costs.*



Source: Company Financials



Source: Company Financials

# Profitability

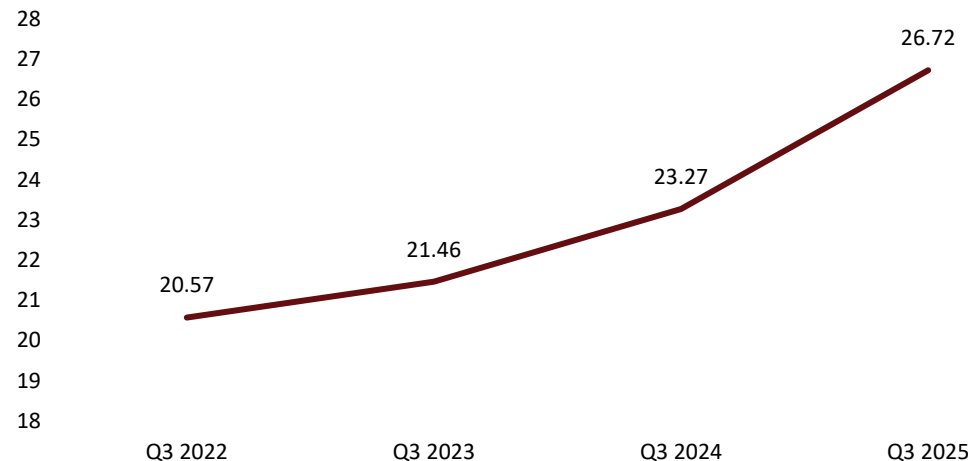
Profit before tax rose by 14.4% to KES 11.2 billion in Q3 2025 from KES 9.8 billion in Q3 2024.

Profit after tax increased by 12.3% to KES 8.4 billion from KES 7.4 billion, reflecting a rise of KES 914.3 million.

Total comprehensive income recorded a remarkable turnaround, surging by 3407.6% to KES 21.2 billion in Q3 2025 from a loss of KES 640.2 million in Q3 2024.

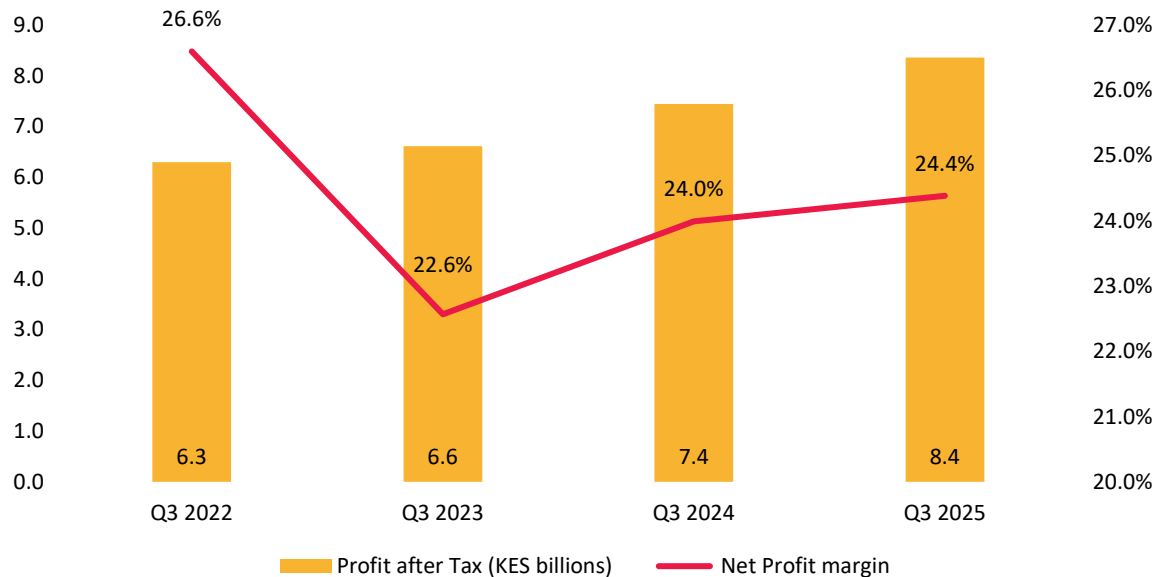
Basic earnings per share improved by 14.8% to KES 26.72 from KES 23.27, reflecting enhanced shareholder returns.

Earnings per share (KES)



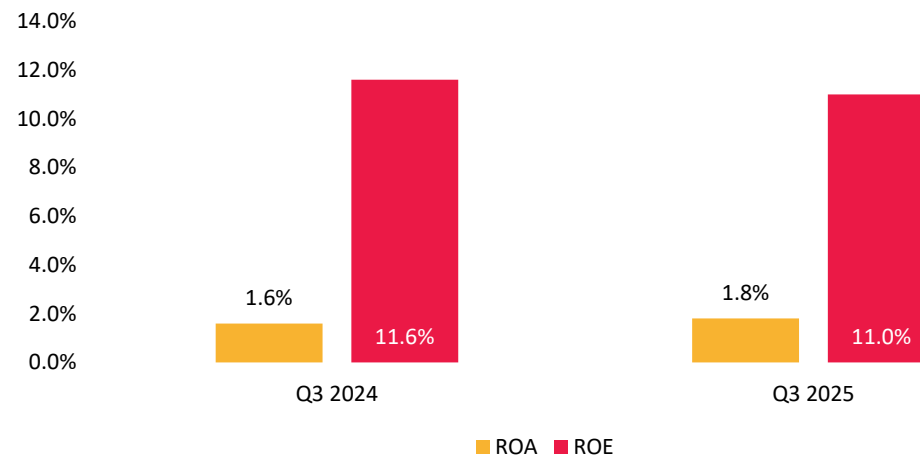
Source: Company Financials

Profit after Tax (KES billions) and Net Profit margin (%)



Source: Company Financials

Profitability Ratios (%)



Source: Company Financials

# Balance Sheet Rundown



Total assets grew by 8.7% to KES 641.8 billion in Q3 2025 from KES 590.6 billion in Q3 2024, reflecting an increase of KES 51.1 billion. This was largely driven by a significant 7.8% increase in loans and advances which rose to KES 296.4 billion from KES 275.0 billion, reflecting an increase of KES 21.4 billion.

Deposits and balances due from local banking institutions significantly dropped by 90.1% to KES 99.1 million from KES 999.6 million.

Deposits and balances due from foreign banking institutions edged down by 24.9% to KES 35.5 billion from KES 47.2 billion, a decrease of KES 11.7 million.

Other assets contracted by 10.2% to KES 4.9 billion from KES 5.4 billion.

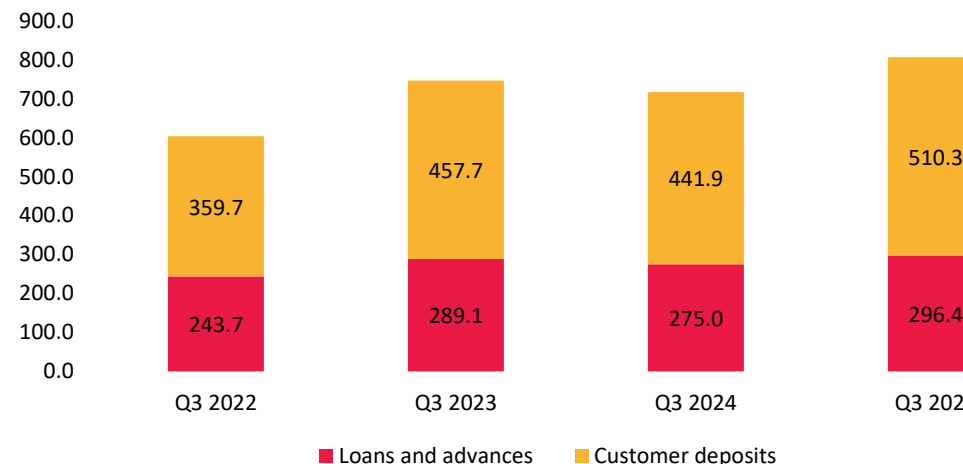
Total liabilities expanded by 4.7% to KES 530.5 billion from KES 506.6 billion while other liabilities recorded 11.8% increase to KES 8.5 billion from KES 7.6 billion.

Customer deposits grew by 15.5% to KES 510.3 billion in Q3 2025 from KES 441.9 billion in Q3 2024, representing a significant growth of KES 68.4 billion.

As a result, the loan –to-deposit ratio dropped from 62.2% in Q3 2024 to 58.1% in Q3 2025, indicating that customer deposits have been growing at a faster pace than loan disbursements.

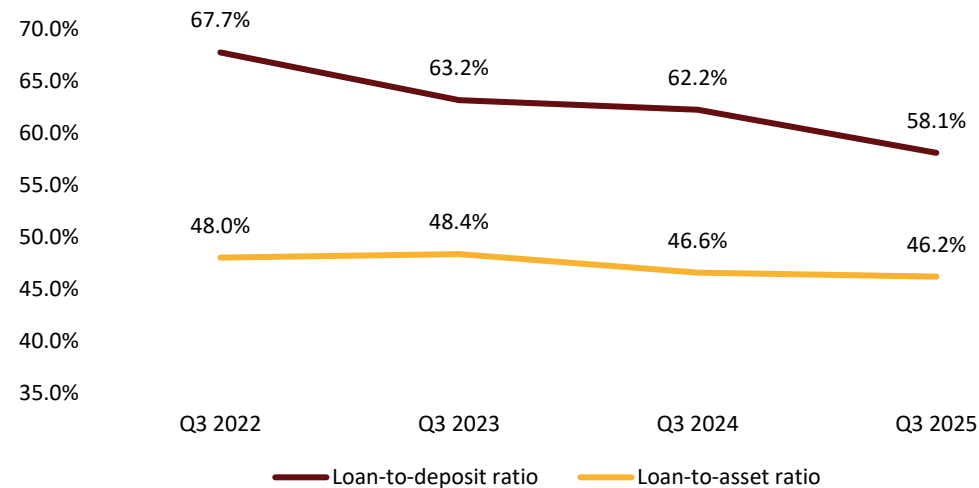
Total shareholders’ funds advanced by 34.1% to KES 99.4 billion from KES 74.2 billion in Q3 2024. This was driven by a significant 8.4% increase in retained earnings to KES 71.4 billion from KES 65.9 billion.

Loan book and customer deposits (KES billions)



Source: Company Financials

Loan-to-deposit & Loan-to-asset ratio



Source: Company Financials

# Asset Quality

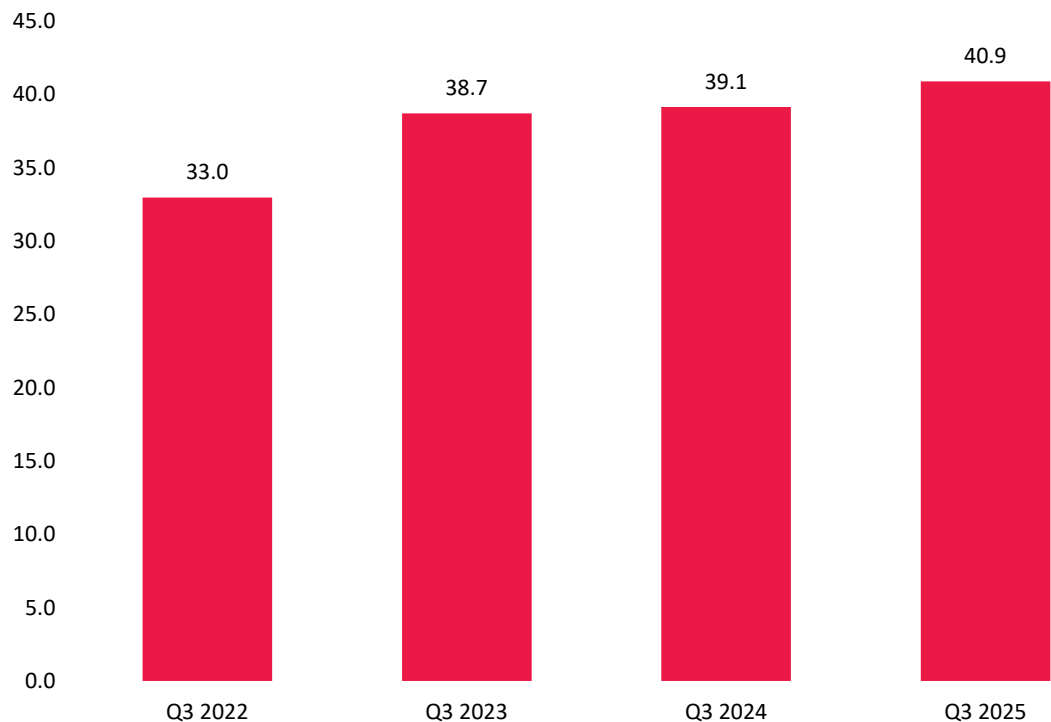


Gross non-performing loans (NPLs) grew by 4.5% to KES 40.9 billion in Q3 2025 from KES 39.1 billion in Q3 2024, reflecting an increase of KES 1.7 billion.

Asset quality improved, with the NPL ratio easing to 12.9% in Q3 2025 from 13.5% in Q3 2024, remaining well below the industry average of 16.5%.

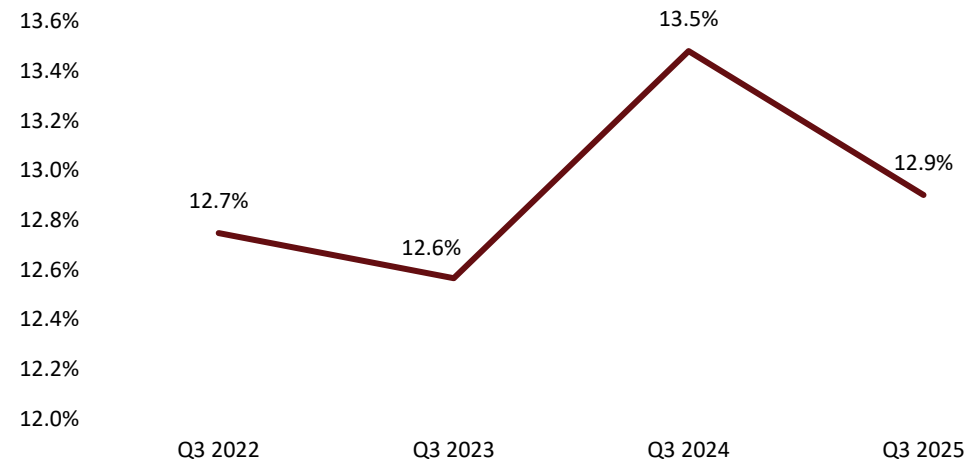
The NPL coverage ratio increased to 50.2% from 39.1%, showing that the bank is strengthening its buffer against potential loan losses.

Gross Non-performing loans (KES billions)



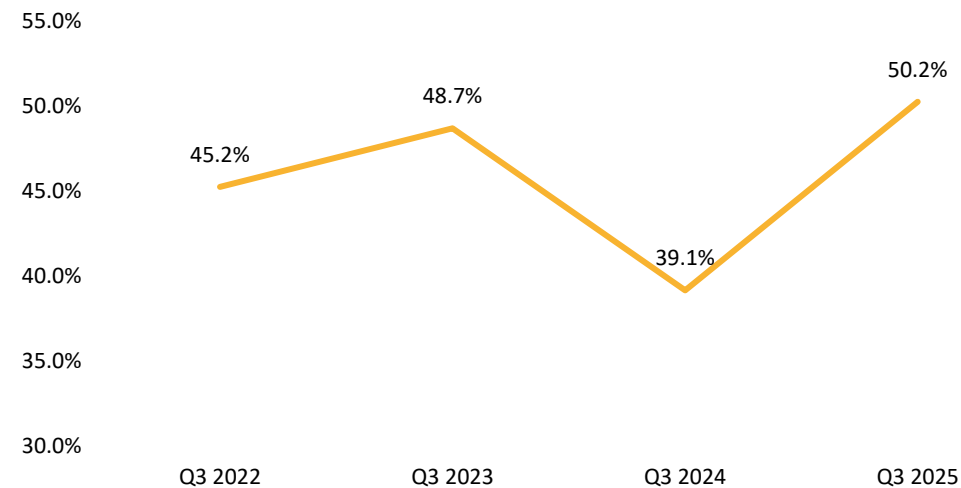
Source: Company Financials

Gross NPL Ratio (%)



Source: Company Financials

NPL Coverage Ratio (%)



Source: Company Financials

# Outlook and Recommendation

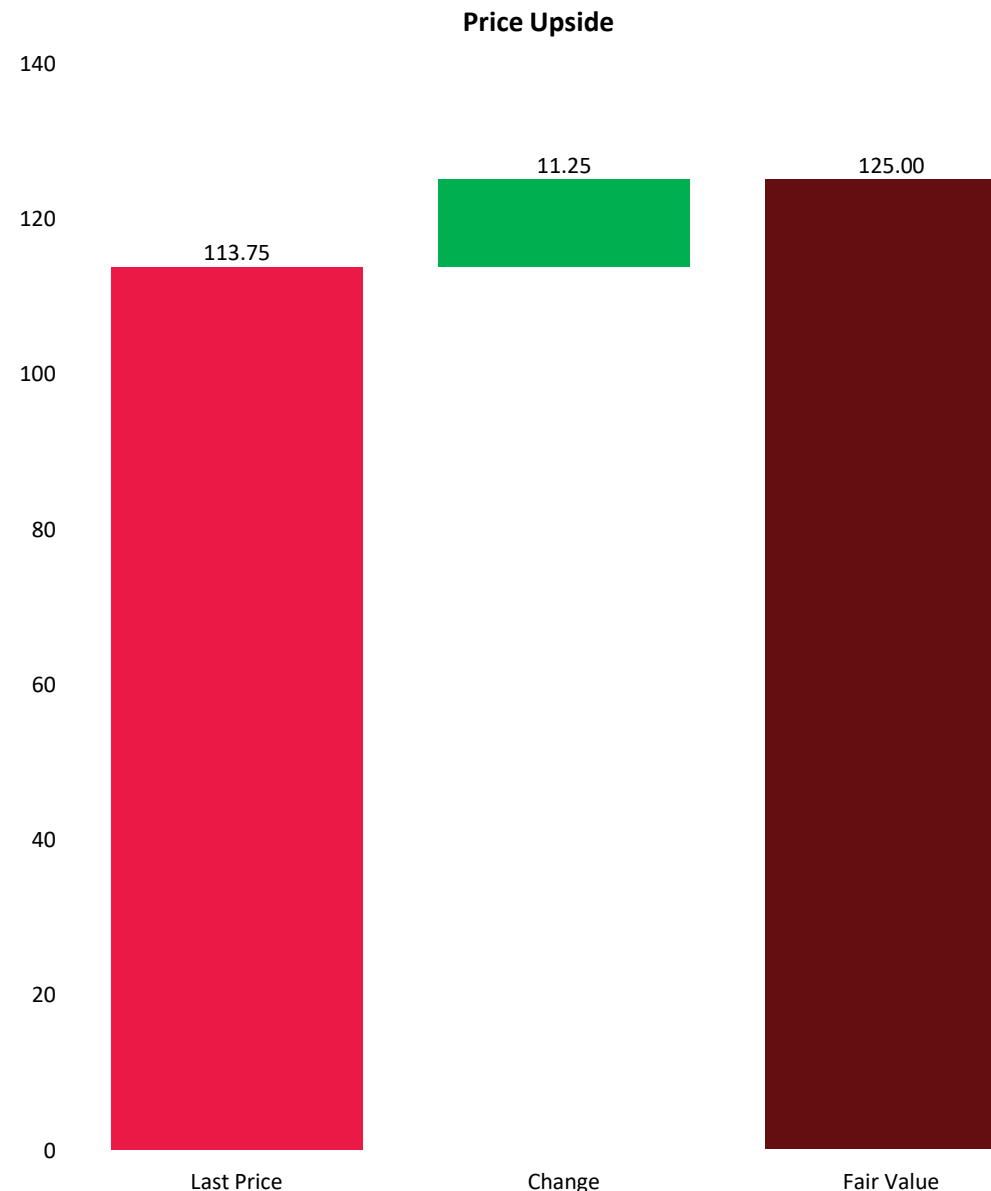
DTB Group delivered a solid performance in Q3 2025, underpinned by improving asset quality, steady earnings growth, and disciplined cost management. Profit after tax increased by 12.3% to KES 8.4 billion from KES 7.4 billion. Earnings quality strengthened, with total comprehensive income recording a sharp turnaround to KES 21.2 billion in Q3 2025 from a loss of KES 640.2 million in Q3 2024, supported by improved profitability and valuation gains. Basic earnings per share rose by 14.8% to KES 26.72 from KES 23.27, underscoring enhanced shareholder returns.

Asset quality improved as NPL ratio eased to 12.9% from 13.5% in Q3 2024, remaining comfortably below the industry average of 16.5%, reflecting enhanced credit risk management amid a challenging operating environment.

Operational efficiency improved modestly, with the cost-to-income ratio (including loan loss provisions) edging down to 67.3% from 67.9%, while the ratio excluding provisions declined marginally to 50.8% from 50.9%, signalling stable underlying cost discipline.

The Bank's 3.0 strategy underpins its growth trajectory, with rigorous execution across corporate, business, and retail segments. Initiatives under this strategy are designed to drive sustainable revenue growth, deepen client relationships, and enhance operational efficiency, positioning DTB for a resilient performance amid evolving market conditions.

Looking ahead, DTB is well positioned to sustain earnings momentum, supported by improving asset quality, stable cost structures, and stronger earnings generation. The **recent CBR rate cut to 9.00%** is expected to support loan demand, ease debt-servicing pressures for borrowers, and improve asset quality trends, **with a potential short-term pressure on net interest margins.**



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### Glossary of Terms

Target Price – Analyst estimate of the fair value or intrinsic value of the company.

Cost of Funds - This is the effective average interest rate paid on interest-earning liabilities. It is calculated as Total Interest Expense/Average Interest Earning Liabilities.

Loan Yield - This is the effective average interest rate received on average loans and advances. It is calculated as Interest on Loans and Advances/Average Loans and Advances.

Cost of Risk – This ratio measures the amount of risk involved in lending. It is calculated as Net Impairment Provisions/Average Gross Loans in the period.

Non-Performing Loans -These are loans that have been classified as impaired. The CBK classifies loans into five categories i.e. Normal, Watch, Substandard, Doubtful, and Loss depending on the performance of the loan. The last three i.e. sub-standard, doubtful, and loss are referred to as non-performing loans. Under IFRS, these are classified as stage 3 loans.

Non-Performing Loans (NPL) Ratio - This is the proportion of NPLs in the loan book. It is calculated as Gross NPLs/Gross Loans.

Non-Funded/Non-Interest Income– This represents income that is not classified as interest income.

### Recommendation

BUY – Minimal risks to catalysts.

SELL- Risks outweigh the catalysts.

NEUTRAL – This is where the positives and negatives in a company almost balance out. You can accumulate for the long term