

## DTB PLC KENYA HY25 EARNINGS UPDATE

DTB Bank Kenya released HY25 results posting an **11%** increase in PAT to KES 5Bn driven by 11.7% increase in net interest income to KES 16Bn, supported by increased lending activities.

**Earnings Per Share** rose to **KES 17.04** from KES 15.54 in the previous financial year.

Looking ahead, growth is expected to be driven by the lender leveraging position as a leading SME bank along with focus on new sectors such as education, agriculture, public sector and technology. Consolidation of new ecosystems will add impetus to customer and Balance Sheet Growth

At the current market price of **KES 88.00**, the stock is trading slightly above its fair value range, with a target price of KES 90.67. Given the lender's strong topline and bottom-line growth, along with stable dividend payments, DTB represents a suitable long-term investment opportunity. We recommend a **BUY** on the stock, with an upside potential of 3.00%.

### PERFORMANCE HIGHLIGHTS

➤ **Earnings:** The bank's operating income grew by 7% to KES 22Bn driven by an 12% uptick in net interest income to KES16Bn partly offset by a 5% drop in non-interest income to KES6Bn, FX income dropped by 41% to KES 1Bn due to a stable local currency and thinner margins. income from government securities fell to KES 12Bn, down from KES13Bn, as the lender and peers continue to navigate a lower rate regime.

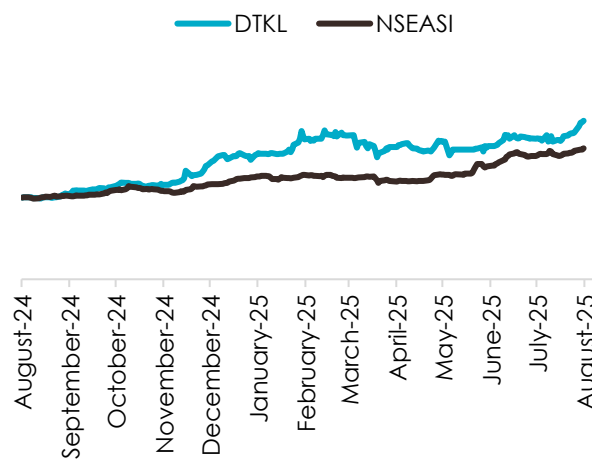
➤ **Loan Book:** The bank's loans and advances grew by **8% y/y** to KES 288Bn impacting overall assets, which increased by 5% to KES 611Bn. The expansion in the loan book is notable, especially particularly in a market where peers have posted marginal increases.

Digital lending continues to underpin loan book growth, with strong contributions from personal loans in Kenya, as well as solutions in Tanzania and Uganda. The launch of Taasi Till for merchants in May 2025 further broadened the offering, reinforcing the bank's strategy of leveraging digital platforms to deepen retail and SME credit penetration across the region.

Share Data	DTB
Ticker	DTKL
Recommendation	BUY
Current Price (KES)	88.00
Target Price (KES)	90.67
Upside	3.0%
52WK High (KES)	90.00
52WK Low (KES)	43.05
Market Cap (KES Bn)	24,60
P/E(An)	2.58x
P/B	0.27x
current Price = VWAP as of 21 <sup>st</sup> August 2025	

Source: Bloomberg, NSE, NCBA IB Research

### DTB Share Price



Source: NSE, NCBA IB Research

**Analyst:** Anjali Patel

[Anjali.patel@ncbagroup.com](mailto:Anjali.patel@ncbagroup.com)

- **Customer deposits:** Deposits from customers increased by **12%** to KES 483Bn, as the customer base grew by 120% from KES1.9Bn to 4.1Mn across East Africa as the bank continues to leverage on digital proposition and expansion of their branch network. DTB plans to open four new branches in Kenya in the second half of the year
- **Efficiency:** Expenses were up 4% y/y to KES 15Bn, a reflection of investments in digital platforms, expanded branch footprint and talent to support the group's delivery of the business growth strategy. The cost-to-income ratio (excluding provisions) inched up to 36.39% from 35.77%, driven primarily by strategic investments in talent and technology
- **Asset Quality:** Non-performing loans increased by **5%** to **KES40Bn**, the lender continues to implement multiple resolution strategies, including enhanced recoveries, loan rehabilitation. The NPL ratio improved marginally to **112.34%**, lower than the industry average of 17.04%.
- **Subsidiary Contribution:** The banking subsidiaries in Tanzania, Uganda and Burundi continues to be a major contributor to the balance sheet and bottom-line. Following its drive to enhance its regional footprint, subsidiaries will continue to anchor the Group's performance. For the period ended HY25, the subsidiaries contributed 25% of the net profit at KES1.1Bn.
- **Stable Balance Sheet:** Total assets grew by 5% to KES 612Bn, the balance sheet remains strong, highly liquid and well capitalized.

### Key Financial metrics.

HY 25 DTB Group PLC	Key Metrics Y/Y
Loans and Advances	Up 8% to KES 288Bn
Customer Deposits	Up 12% to KES 483Bn
Government Securities	Up 57% to KES 167Bn
<b>Net Interest Income</b>	<b>Up 12% to KES 16Bn</b>
<b>Non-Funded Income</b>	<b>Down 5% to KES 6Bn</b>
Forex trading income	Down 41% to KES 2Bn
Loan Loss Provisions	Down 10% to KES 3Bn
PBT	Up 13% to KES 7Bn
<b>PAT</b>	<b>Up 11% to KES 5Bn</b>

DTB Group PLC	Key Ratios Y/Y
Loan Deposit ratio	Down to 60% from 62%
<b>Net Interest Margin</b>	<b>Up to 2.6% from 2.4%</b>
Cost to Income	Up to 53% from 52%
<b>NPL Ratio</b>	<b>Down to 12.34% from 12.59%</b>
ROA	Up to 0.88% from 0.83%
<b>EPS</b>	<b>Up to KES 17.04</b>
Current Market Price	KES 88.00
P/E (Annualized)	2.58x
P/B	0.27x

Source: Company financials, NCBA IB Research

### Outlook

We expect DTB to record steady growth boosted by:

1. **Regional and sectoral expansion drive:** The bank continues to expand regionally with strategy hinged on a two-strand approach which includes use of the traditional brick-and-mortar infrastructure and the deployment of new technology to deepen penetration and provide convenience and access to our customers.

The bank, which is mainly in the trade, manufacturing, and transport sectors, has widened its reach to new sectors to accommodate the new client base. The bank is now in agriculture, especially tea, and

the public sector, having been accredited to receive government payments such as Social Health Authority (SHA) collections and E-citizen revenues.

- 2. Strong performance of regional subsidiaries:** Subsidiaries in Tanzania, Uganda and Burundi continue to be an anchor in the Group's performance with their contribution to pretax profits improving, reflecting enhanced performance, particularly in Tanzania. The improved performance reflects increased diversity and the group's growing strength in markets outside Kenya
- 3. Digital transformation:** The group scaled up its investment in digital technology and know-how to KES 3.5Bn between 2022-2024. This investment has been a precursor to diversified revenue streams reported by the Group. The bank's newly launched 'Astra' and 'infiniti pay' programs which support the small and medium enterprises are expected to increase the trade flows, as SMEs are critical drivers of the economy. 92% of the bank's transactions were conducted on digital platforms in the year to June, up from 87% in a similar period the previous year.

## DISCLAIMER AND DISCLOSURES

### 1. General Disclaimer

This research report (Report) has been prepared by NCBA Investment Bank (NCBA-IB) and contains detailed industry analyses, statistics and forecasts exclusively for informational purposes and is intended solely for the use of NCBA-IB clients and may not be distributed, published, or reproduced, in whole or in part, nor may its contents be disclosed to any other party without the express written consent of NCBA-IB. While this Report contains analyses and insights aimed at assisting customers in making investment decisions regarding various securities, it does not constitute an offer, solicitation, or recommendation to buy or sell any securities, and it is not intended to provide the basis for any evaluation of the securities discussed herein. NCBA-IB expressly disclaims any responsibility for errors and omissions in this Report. The Information set forth in this Report has been obtained from sources believed reliable and developed through the application of independent judgement, but NCBA-IB does not warrant its completeness or accuracy. Opinions expressed in this Report are current viewpoints as of the date of issue and are subject to change without notice. Furthermore, NCBA-IB is under no obligation to update or keep the information current. While every effort has been made to ensure the accuracy and completeness of the information provided, no representation or warranty, express or implied, is made as to the accuracy or completeness of the information contained herein, and nothing contained herein is, or shall be relied upon as, a promise or representation as to the future performance of any securities or financial product and market conditions which may change and this might materially impact the accuracy and validity of such analysis.

### 2. Use of Information

The information presented in this Report is intended solely for informational purposes and is not a comprehensive treatment of the topic at hand. NCBA-IB makes every effort to use reliable, comprehensive information, but we do not represent that the information is accurate or complete. NCBA-IB is not responsible for errors or omissions nor for results obtained from the use of this information. All information is provided "as is", without warranty of any kind, express or implied.

### 3. No Guarantees on Performance

NCBA-IB, its affiliates, employees, or any associated entities provide no guarantee, warranty, or representation regarding the potential performance or expected outcomes of any investment or financial transaction referenced within this document. Investment values can fluctuate, and the past performance of a security, industry, sector, market, financial product, trading strategy, or individual investment does not guarantee future results or returns.

### 4. Independent Decision Making

Recipients of this Report are strongly advised to make investment decisions based on their own investment objectives, careful consideration of their financial situation, operational capacity, and the availability of resources. It is recommended that all clients conduct thorough due diligence and, where appropriate, consult independent financial, legal, tax, or other professional advisors to assess the suitability of any potential investment.

### 5. Limitation of Liability

The Bank, its affiliates, and their respective officers, directors, employees, or agents accepts no liability whatsoever for any direct or consequential loss or damage arising from the use of this Report or the information contained herein. Past performance is not necessarily indicative of future results, and NCBA-IB does not undertake that the recipient of this report will obtain profits or avoid incurring losses. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in these reports is suitable for their particular circumstances and, if necessary, seek professional advice, including tax advice.

### 6. Authority to Enter Contracts

Please be advised that legally binding obligations on behalf of NCBA-IB can only be established through formal written agreements, duly signed by authorized representatives of NCBA-IB. No electronic communications or implied agreements through informal communications shall be considered binding under any circumstances.

### 7. Disclosure Statement

NCBA-IB may, from time to time, participate or invest in transactions with the companies mentioned herein, perform services for or solicit business from company(s) mentioned, and/or have a position or effect transactions in the securities or options thereof. Members of NCBA-IB, its principals or affiliates, may have a financial interest in securities of the companies mentioned in this report.

#### **8. Conflicts of Interest**

NCBA-IB may engage in transactions in a manner that is inconsistent with the recommendations made in this Report, and it may have commercial relationships with entities mentioned in this Report. NCBA-IB may have provided advice or investment services relating to the investments concerned or a related investment to any company mentioned in this Report prior to its publication. Further, NCBA-IB may receive compensation for these services and acts as a market maker or liquidity provider in the securities that are the subject of this report. NCBA-IB does not prepare research on entities within its corporate group ("the NCBA Group") or other entities where a real or perceived conflict of interest may exist.

#### **9. Confidentiality**

This Report is confidential and is intended only for the person or entity to which it is addressed. It may contain confidential, proprietary, or legally privileged information. No confidentiality or privilege is waived or lost by any misdelivery or transmission errors. If you are not the intended recipient, please immediately delete it and all copies of it from your system, destroy any hard copies of it, and notify the sender. You must not, directly or indirectly, use, disclose, distribute, print, or copy any part of this report if you are not the intended recipient.

#### **10. Intellectual Property Rights**

All content, data, analyses, graphics, and logos provided in this Report are the exclusive property of NCBA-IB and/or its affiliates, unless otherwise noted, and cannot be copied, distributed, transmitted, displayed, published, or broadcast without the prior written permission of NCBA-IB.

#### **11. Regulatory Compliance**

This Report is also subject to regulatory restrictions and obligations that may affect its use. NCBA-IB produces research reports which adhere to regulatory standards. This document may not be distributed in any jurisdiction where its distribution may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.

#### **12. Use and Distribution**

These materials are intended only for clients of NCBA-IB, and may not be reproduced, redistributed, or copied in whole or in part for any purpose without the express written consent of NCBA-IB

*© 2024 NCBA-IB. All rights reserved. This document contains intellectual property belonging to NCBA-IB. Unauthorized use is prohibited. For further information regarding the methodologies used or data in the report, contact NCBA-IB at [ncbaresearch@ncbagroup.com](mailto:ncbaresearch@ncbagroup.com)*

