Q3 2025 UPDATES

Robert Kibaara | Group CEO

HF GROUP

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AGENDA

No.	ITEM
1	Operating Environment Review
2	About Us: Business Structure
3	Our True North: Themes of our Strategy and our Foundations
4	Q3 2025 Transformation Highlights
5	Q3 2025 Performance Highlights
6	Looking Ahead

Q3 2025 Macroeconomic Review

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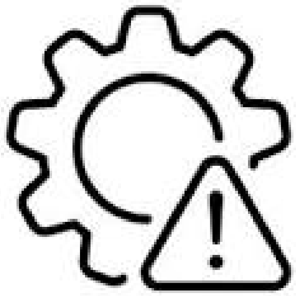
2025 Global macroenvironment landscape and impact on the Country

Key Global Trends that have shaped 2025



Global monetary easing but lingering rate pressure
The Central Bank of Kenya noted global inflation is projected to decline, but major central banks remain cautious in lowering rates.

Reduced global growth prospects and private-sector credit squeeze
The World Bank cut Kenya’s 2025 growth forecast to 4.5% citing depressed credit growth and high debt levels.

Geopolitical & regional trade re-alignment (US-China, BRICS, Tariff wars etc.)
Global trade tensions and shifting financial infrastructures are changing payment and funding flows.

Fintech acceleration & digital finance transformation
Kenya’s financial services sector is being impacted by global digital-finance advances, with local ecosystem developments noted. Adoption of technology infrastructure & compute frontiers

Sustainability, green finance & regulatory global norms
Globally, banks face rising expectations on ESG, climate risk disclosure and sustainable finance. Locally, Kenyan banks are establishing a centre for sustainable finance. *(the KBA Centre for Sustainable Finance and Enterprise Development (CSFED) on September 12, 2025 — in partnership with WWF-Kenya, GIZ and IUCN)*

Macro economic overview-Kenya

Key Developments in Kenya

- Real GDP growth averaged at 4.9% in the first quarter of 2025 and 5% in the second quarter, compared to 4.9% and 4.6% over a similar period in 2024. The **economy is projected to grow at 5.3% in 2026** driven by private consumption, investment and a stable macroeconomic environment.

- Inflation remained within the governments 5± 2.5% target range at 4.6% as of Oct 2025.

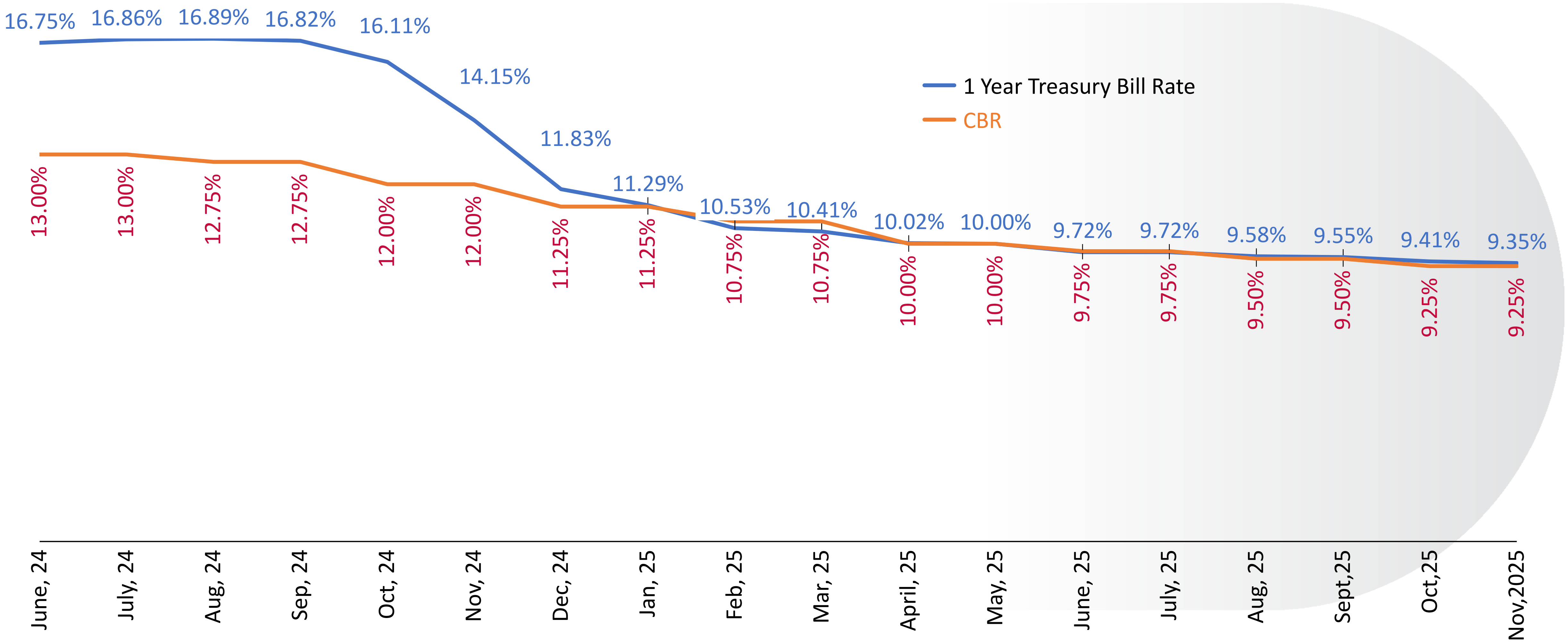
- The Central Bank of Kenya eased the CBR by 200 basis points from 11.2% in January 2025 to 9.25% in October 2025 and is **projected to retain the CBR at below 10% in 2026**

- The average interest rate for treasury bills stood at 8.5%, 8.7% and 10.1% for the 91day,182 day and 364 day respectively between January to October 2025 compared to the rates of 15.9%, 16.5% and 16.68% for the 91 day, 182 day and 364 day for a similar period in 2024. The **average deposit rate fell from 10.05% in January 2025 to 7.63% as of October 2025**

- The Kenya shilling remained stable trading at 129.24 against the USD for the most part of 2025 supported by adequate foreign exchange reserves. The **exchange rate is expected to remain stable in 2026**.

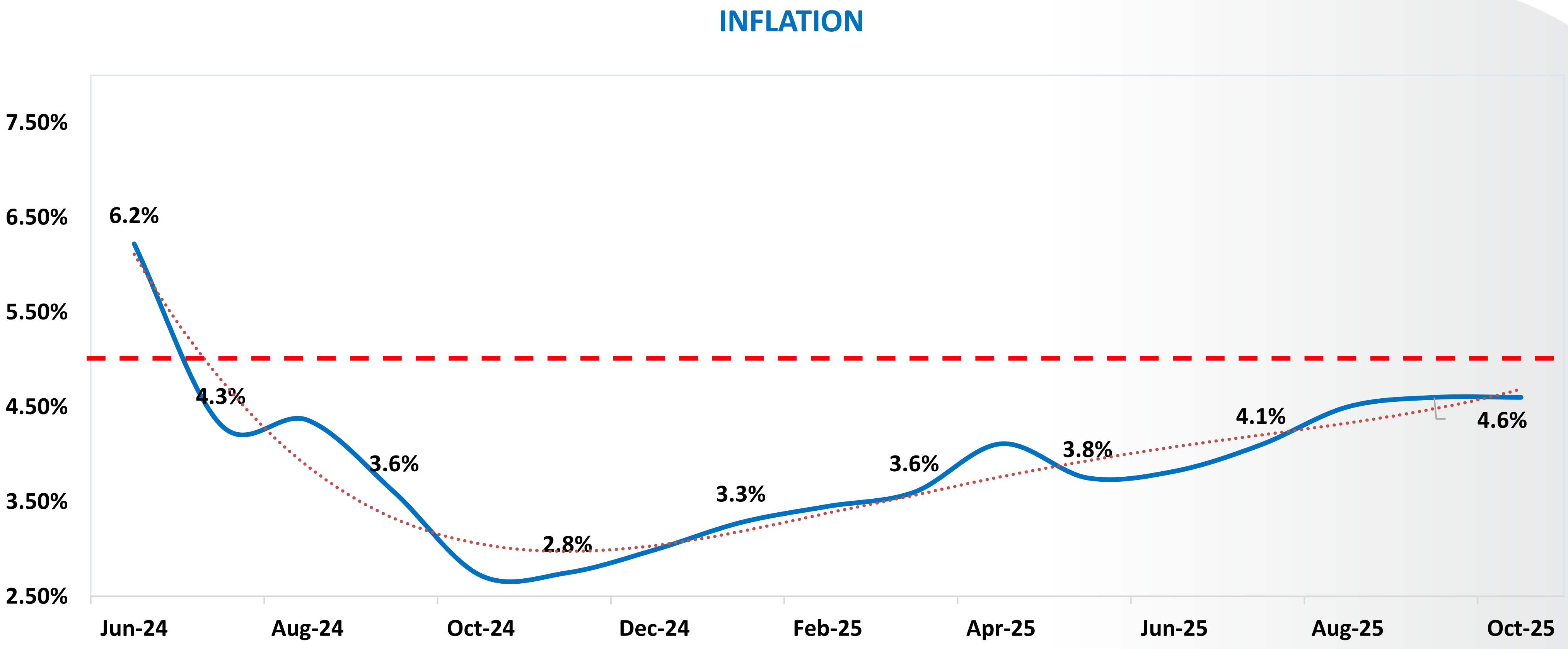
Macro Economic Environment: |Interest Rates Easing & T-Bill Rates symmetry good for efficient pricing of deposits and loans.

There has been a sustained convergence of CBR and Treasury Rates, indicating monetary and fiscal consistency that is necessary for monetary transmission



Macro Economic Environment: Inflation overview

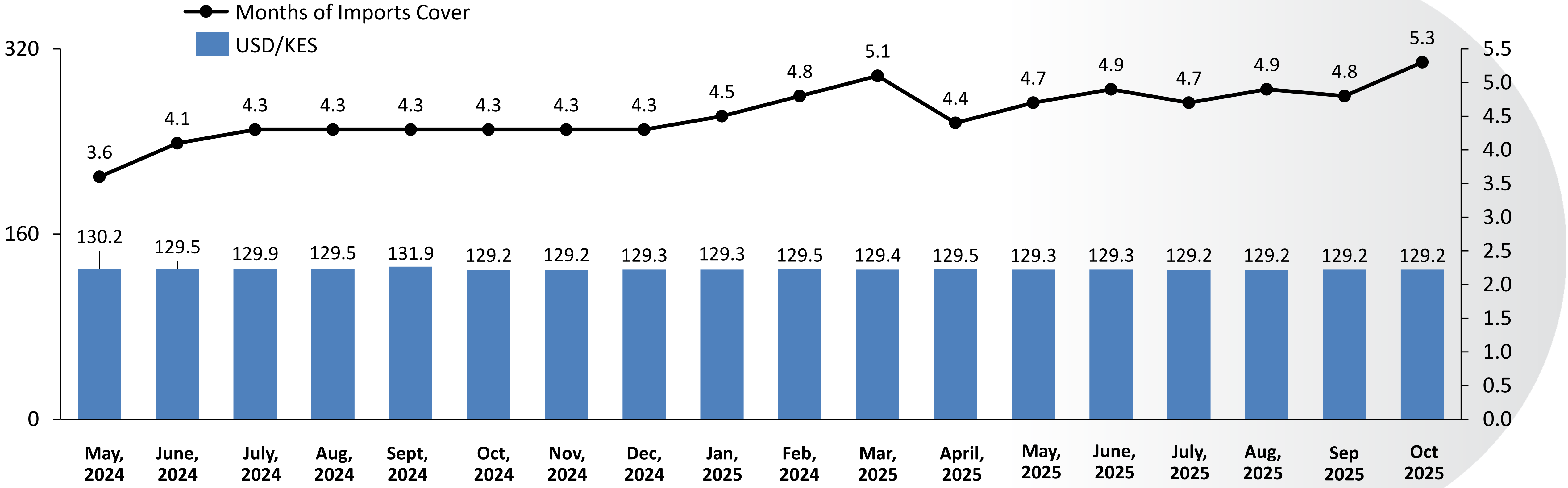
- Kenya's inflation rate has shown an upward trend in the latter half of 2025, reaching 4.6% in October 2025
- Inflation remained below the 5% midpoint of the central bank’s target range



Macro Economic Environment: Currency & FX Reserves

- USD reserves stood at USD 12.2 billion as at October 2025, equivalent to 5.3 months of import cover, signaling adequate buffer levels.

- The KES is expected to remain stable, buoyed by continued strong dollar inflows.



Kenya's GDP Projections

Gross Domestic Product by Activity

		Actual			Projected values			
	GDP(KES Million)	Q1/25	Q2/25	Q3/25	Q4/25	Q1/26	Q2/26	Trend
1	GDP Growth Rate (%)	0.80	1.00	1.00	1.30	1.00	1.00	
2	GDP Annual Growth Rate (%)	4.9	5.0	5.3	5.6	5.2	4.9	

Q2 2025 GDP: 5%.

Key growth drivers

- **Agriculture r**emained a strong contributor, especially in the first quarters, due to favorable weather conditions.
- **Services-** robust performance in Accommodation & Food Services, Information & Communication and Financial & Insurance sectors
- **Real Estate** demonstrated significant growth.

Source: Kenya National Bureau of Standards

About Us: Business Structure

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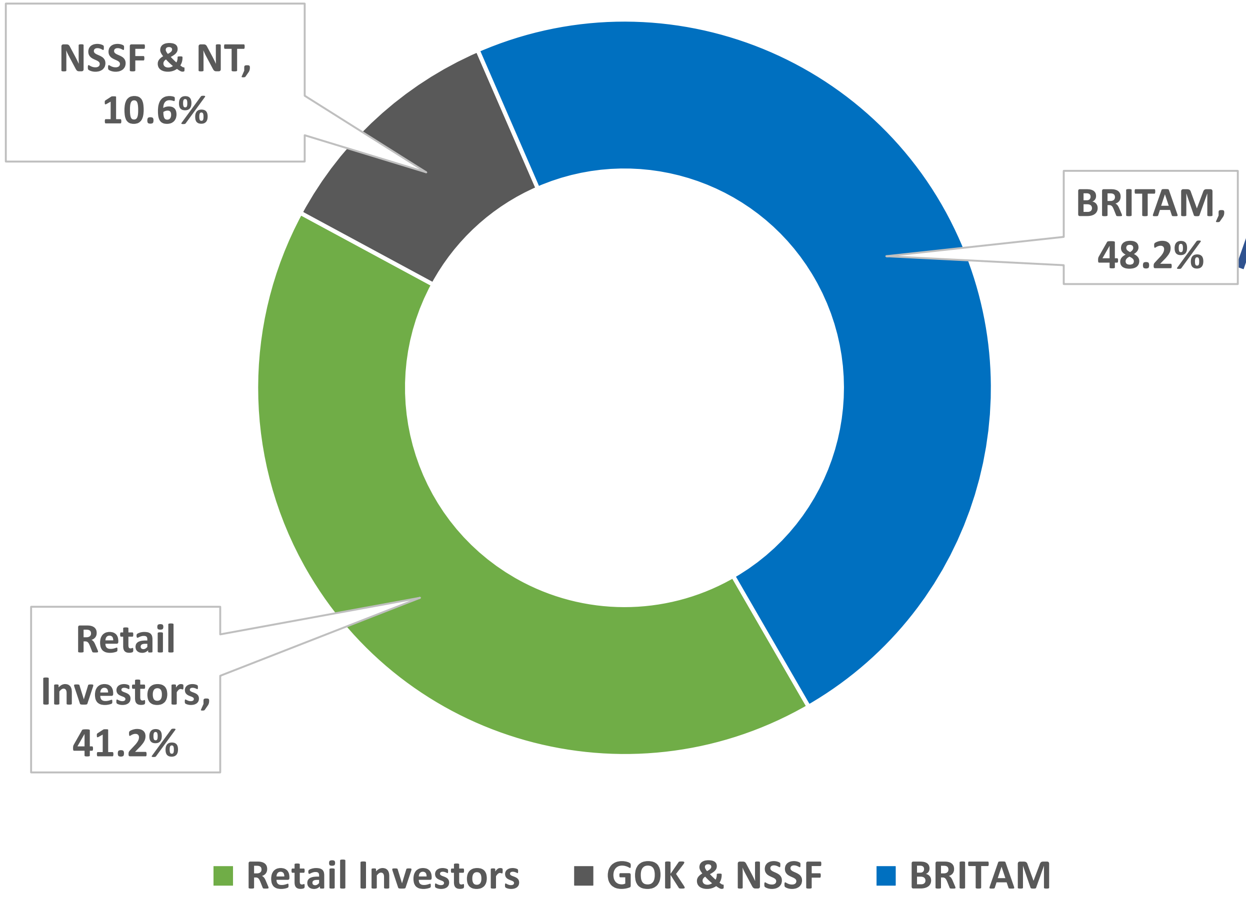
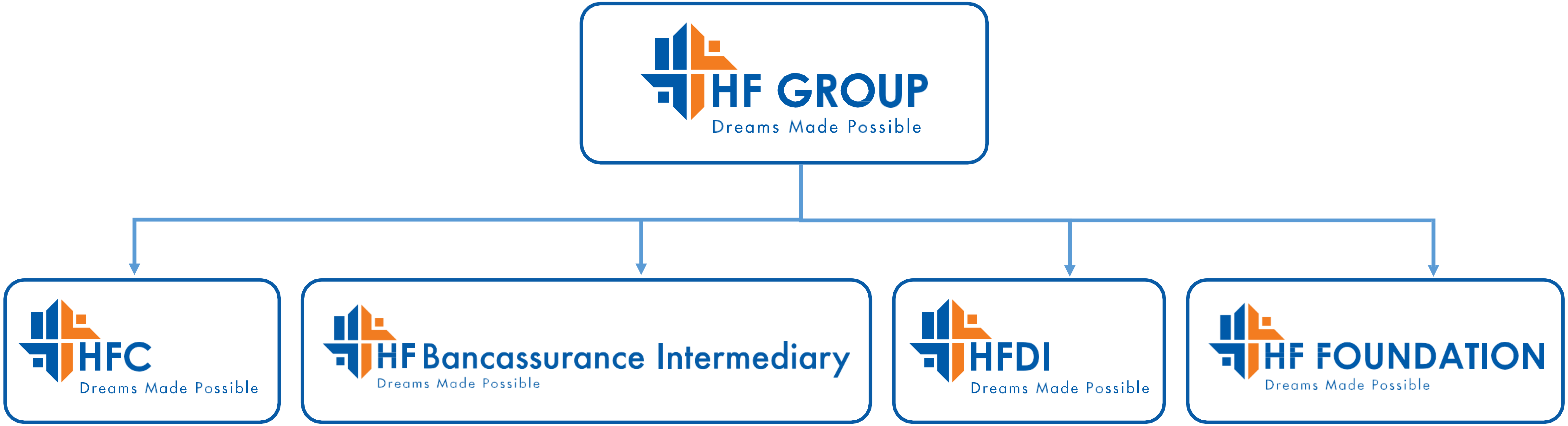
Our Shareholding Profile



Britam Shareholding

Equity Investment	16.05%
Afric Invest SPV	17.55%
Propaco	
FMO	
DEG	
Afric Invest	
Swiss Re	13.81%
NSSF	11.52%
IFC	8.88%
Others	32.19%

We are HF Group

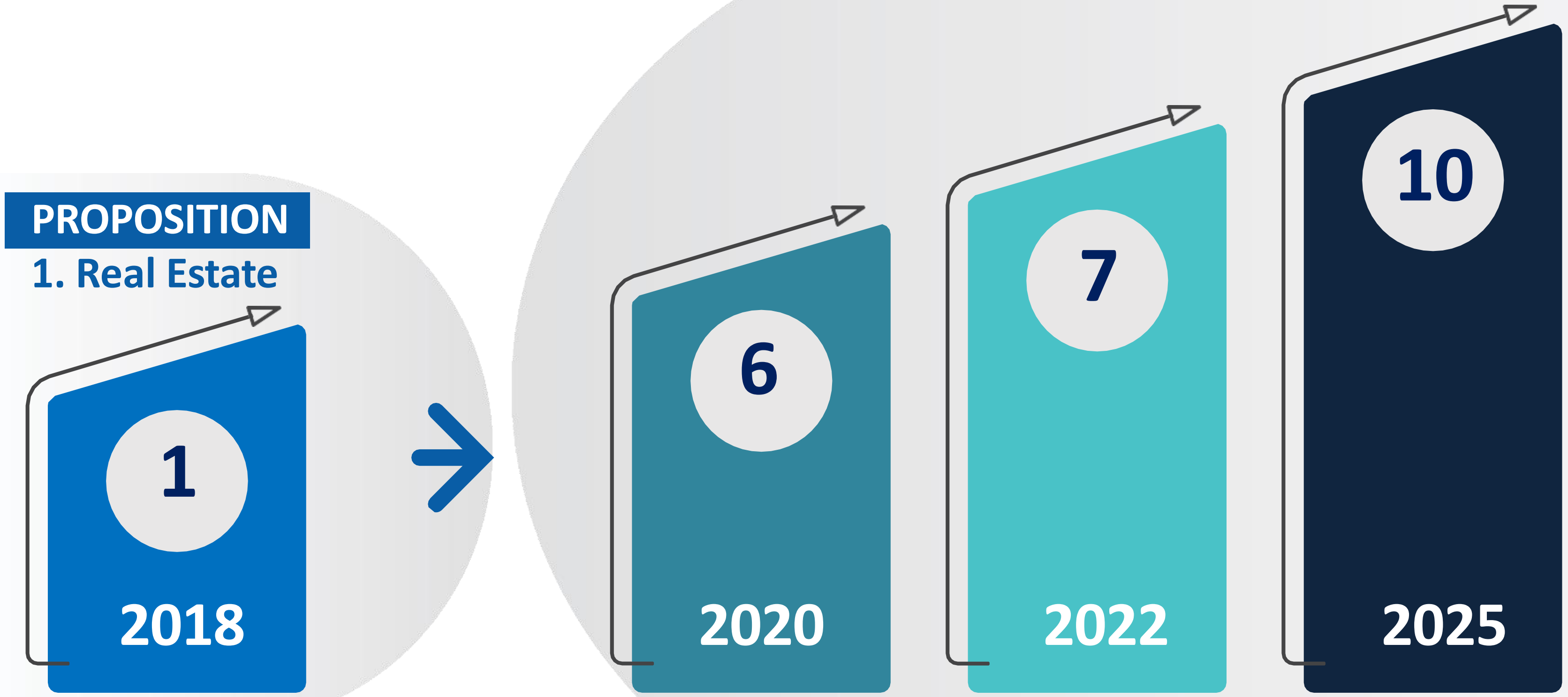


HF Group and HFC are regulated by the Central Bank of Kenya

HFC: Evolution of our customer value propositions tailored on evolving customer needs

PROPOSITION

1. Real Estate



PROPOSITION(S)

1. Mortgage Business
2. Personal Banking
3. Business Banking
4. Treasury
5. Custodial Services
6. Institutional Banking
7. Commercial Banking
8. Diaspora Banking
9. Ultimate Banking
10. Financial Institutions Banking

Our Banking Subsidiary (HFC) continue to diversify its business.

*Almost a **third** of the loan portfolio is non mortgage. Our traditional Personal Banking segment only accounts for **22%** of revenue*

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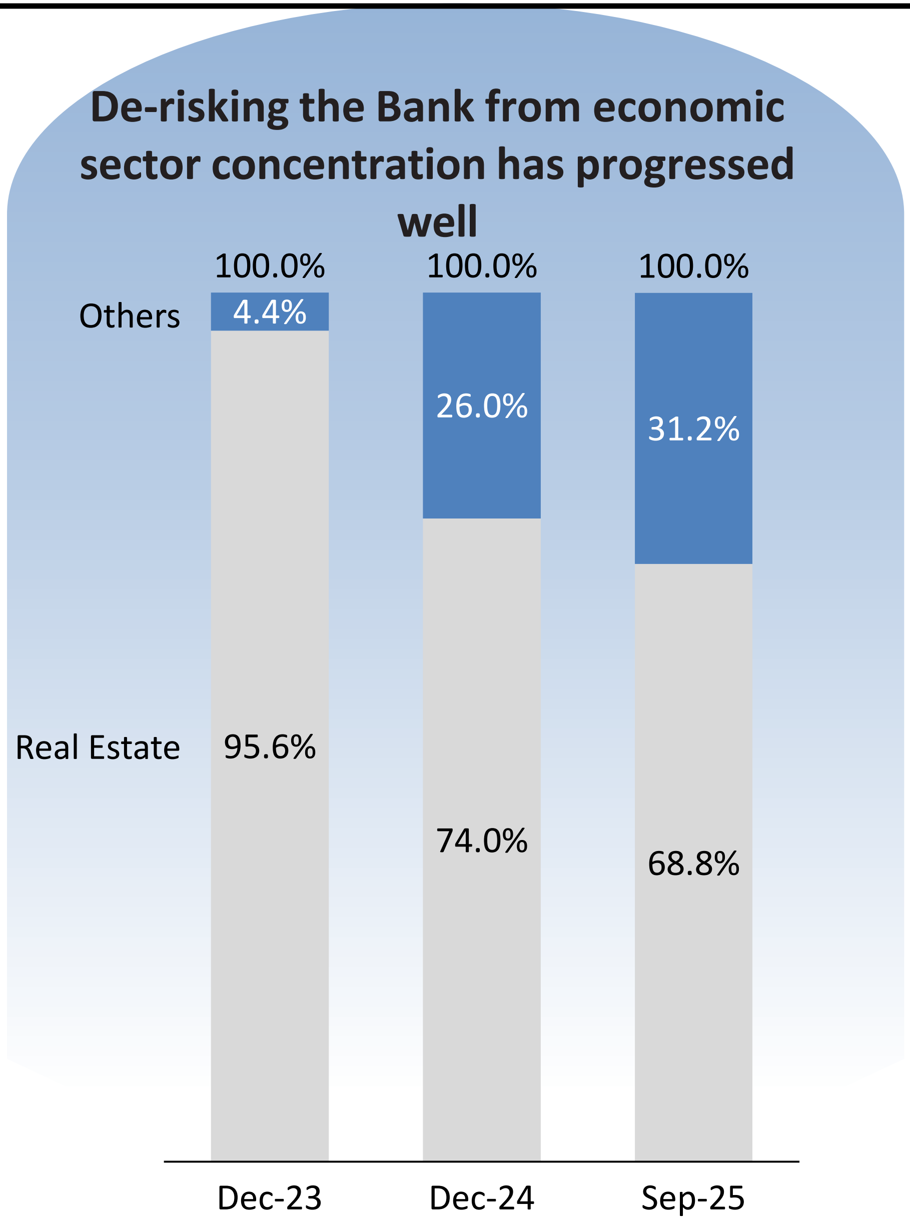

HFC Segments Performance - Q3 2025

	Kes "B"	Deposits	Gross Loans	Income Contribution
Good Bank	Personal Banking	19.65	14.82	22.0%
	Ultimate Banking	8.80	6.06	6.0%
	Business Banking	3.93	5.41	10.0%
	Commercial Banking	3.07	9.05	11.0%
	Diaspora Banking	1.51	1.15	2.0%
	Institutional Banking	8.64	0.00	7.0%
	Treasury, Custody & FI	8.47	0.00	41.0%
Bad Bank	Special Assets (Legacy Book)	0.09	7.96	
	HFC Total	54.15	44.45	

HFDI : We have innovated around our property business

- Land Owner Wealth Management Solutions
- Affordable Housing Partnerships
- Property Advisory and Sales Services
- Mortgage Origination

HFBI : We have enriched our Bancassurance proposition

Mortgage insurance only

INSURANCE SOLUTIONS

A variety of insurance solutions under one roof

- Motor Insurance
- Domestic Package Insurance
- Mortgage Life Protection Including Retrenchment Cover
- Personal Accident Insurance
- SME Package
- Travel Insurance
- Contractor All Risk Insurance
- Work Injury Insurance (WIBA)
- AfyaMed Individual Medical Insurance
- Education Insurance

Our Strategy

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Our Strategic Foundations: What we stand for and on

OUR PURPOSE

Enriching Lives

OUR VISION

To be a top ten banking group by being the most dependable and loved financial services provider

OUR MISSION

Enriching Lives Through Financial Empowerment

OUR VALUES

- Stewardship
- Teamwork
- Innovative
- Customer Centric
- Integrity

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This is how we are doing it : The execution themes of our Strategy

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1	**Reposition**	Achieve a complete shift of perception from a single product house to a **full service niche bank offering superior capabilities for the selected segments**
2	**Scale up the Engines of Growth**	Achieve the desired growth in **Commercial, SME, Institutional, affluent, mass affluent and Diaspora segments** to build a less concentrated, stable lower-cost funding base and **selectively increase exposure in segments with higher risk-return**
3	**Drive Efficiency Through Technology**	Provide **capabilities that will enable** delivery of the **brand promis**e to the customer **cost effectively**
4	**Beyond Service Excellence**	Deliver an **omni channel experience** with an **"all under one roof"** product & service suite for our chosen segments
5	**Solidify the Capital Base**	Set up the bank to be able to accommodate accelerated investment and returns in the selected segments by having a **healthy capital base (Tier I& II)**
6	**Culture and Capabilities**	Create a **Performance Culture** with a superior EVP **(Bias for Execution)** by investing in the people capabilities required to ensure sustained performance

Who we are becoming : Strategic Outcomes

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Highlights on Strategic priorities

Setting up the base for the future - Key ratios performance

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RATIOS	Regulatory Minimum	Sep-25	Compliance
Liquidity	20%	54.2%	✓
Core Capital (KShs M)	3,000 M	9,243 M	✓
Single Obligor Limit (KShs M)	25% of core capital	2,311 M	✓
Aggregate Insider Borrowing Limit	100% of core capital	24.2%	✓
Core Capital to RWA	10.5%	21.9%	✓
Total Capital to RWA	14.5%	24.6%	✓

Setting up the base for the future - HF Group's Strategic Transition to Tier II

Monday, August 18, 2025 | Companies & Industry | bdafrica.com | 7

Banking. |

HF upgraded to mid-tier bank on capital injection

George Ngigi

Listed mortgage lender Housing Finance (HF) has been upgraded back to a mid-tier bank after growing its market share following a capital injection by shareholders last year.

The Central Bank of Kenya disclosed that HF controlled one percent of the Kenyan banking market, which is the mark used to identify medium-sized banks.

HF's upgrade saw the number of banks classified as mid-sized rise to nine. HF had long been ranked as a mid-sized lender but was downgraded in 2020 after years of loss-making that ate into its core capital.

Mid-sized banks are those that control one to five percent market share and also include Prime Bank, Bank of Baroda, Citibank, Family Bank, National Bank of Kenya, Bank of India, Ecobank, and SBM Bank.

HF raised Sh5.99 billion last year through a rights issue that was oversubscribed by 38.3 percent as it moved to improve its capital position so as to push for more business.

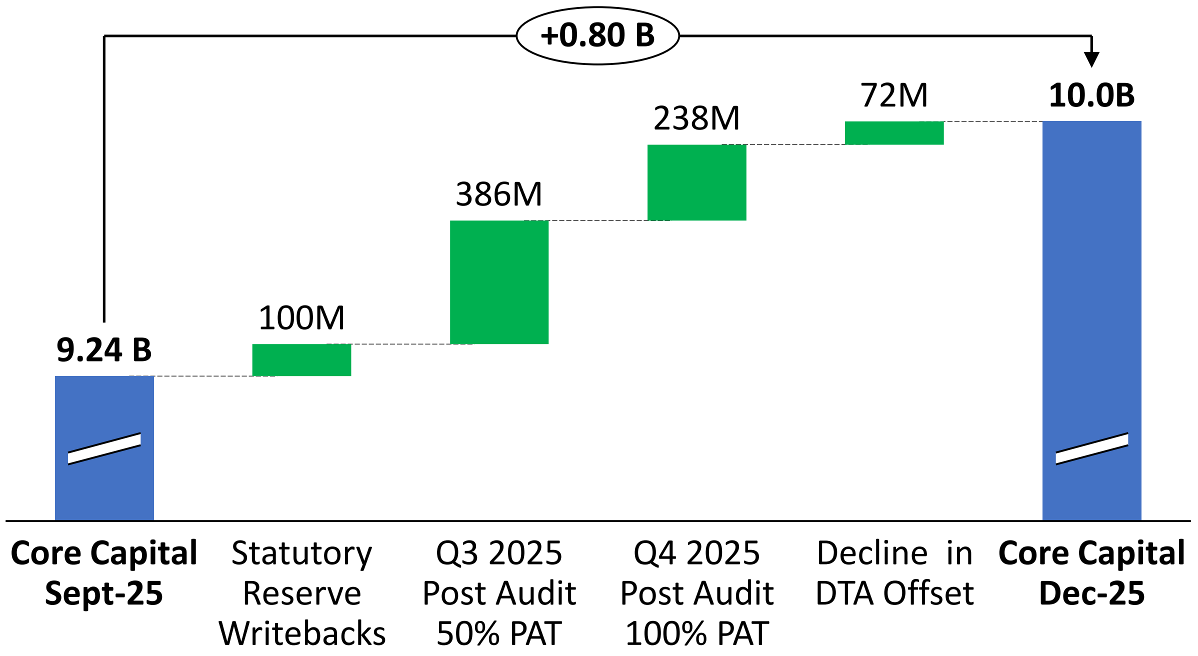
HF has posted growth in net profit for the last three years, hitting Sh524.6 million in 2024 from Sh388.15 million a year earlier. The lender had posted Sh126.22 million net profit in 2017 before sinking into back-to-back losses from 2018 to 2021, including the record net loss of Sh1.71 billion in 2020.

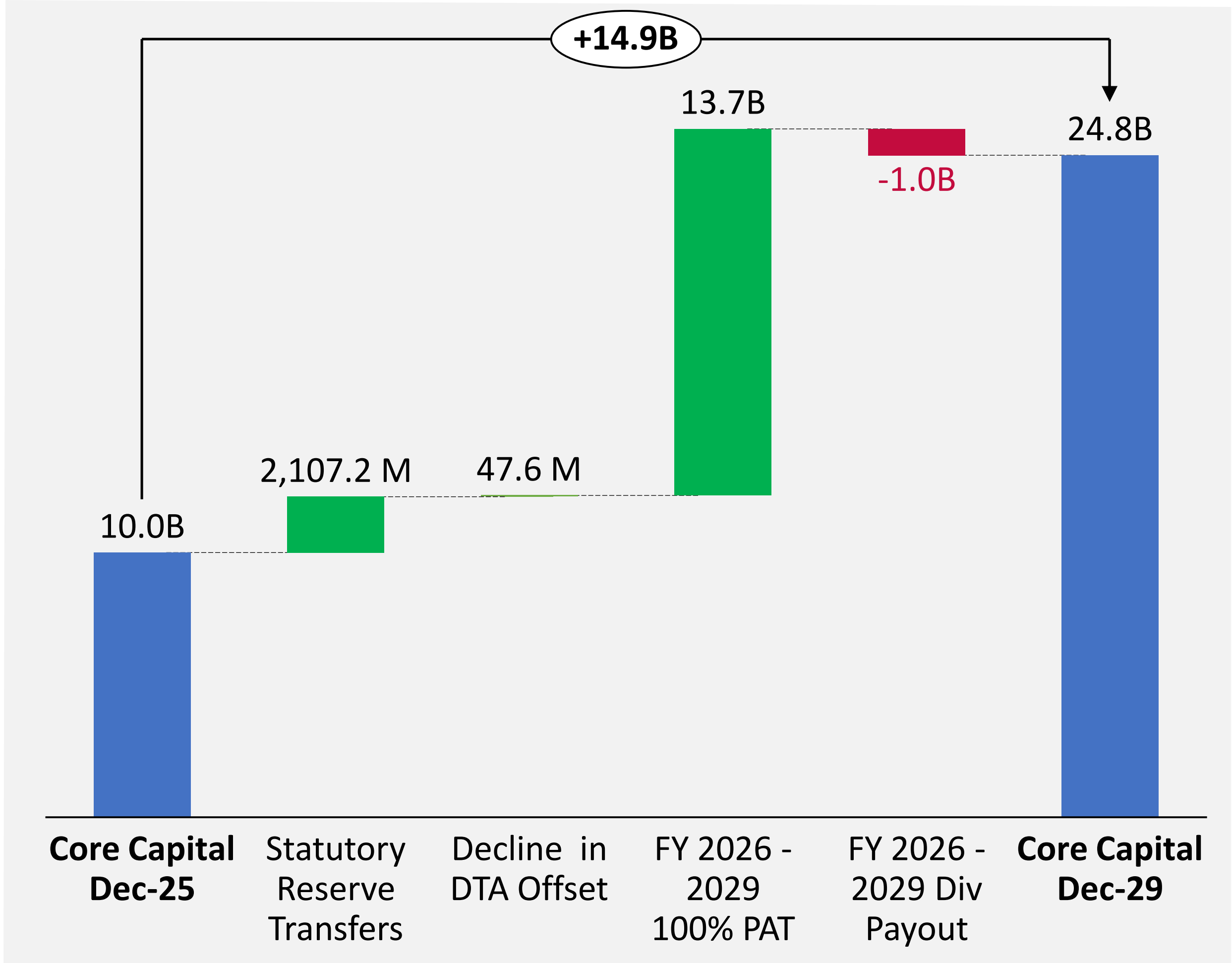
→ gngigi@ke.nationmedia.com

BD Business Daily

Core Capital Evolution and Projections

- Statutory transfers is net of prudential provisions for projected new lending and writebacks from legacy NPL recoveries.





Repositioning the Brand : Diaspora US Tour

Repositioning the Brand : Australia Tour

We continue to be recognized for excellence: Top 20 Companies in 2025

Monday, August 25, 2025

Top 20 companies in 2025

Company	Market cap(Sh bn)
Safaricom	1,131.85
Equity	207.55
KCB	173.53
EABL	172.39
StanChart	119.12
Absa	108.36
NCBA	102.56
Co-op Bank	101.80
Stanbic	72.64
I&M	66.47
KenGen	49.85
BAT Kenya	44.10
BK Group	35.24
Kenya Airways	26.65
DTB	24.54
Kenya Power	22.25
Britam	22.16
Jubilee	20.93
Bamburi	19.60
HF Group	17.64
	*As at 22 August

In
KenGen
BK Group
Kenya Airways
HF Group

Out
Centum
NMG
ARM Cement
Umeme

Market capitalisation for the top 20 companies rose by 33 percent to Sh2.539 trillion in a decade

SOURCE:NSE

The 20 most significant and traded firms on the NSE, based on market value and trading metrics

Source: Nairobi Stock Exchange

Think Business Insurance Awards 2025

Our Insurance Subsidiary bagged the following awards:

- **Number 2:** Most Customer-Centric Bancassurance Intermediary
- **Number 3:** Best Bancassurance Intermediary in Technology Application
- **Number 3:** The Risk Management Award – Bancassurance Intermediaries

Real Estate Awards 2025

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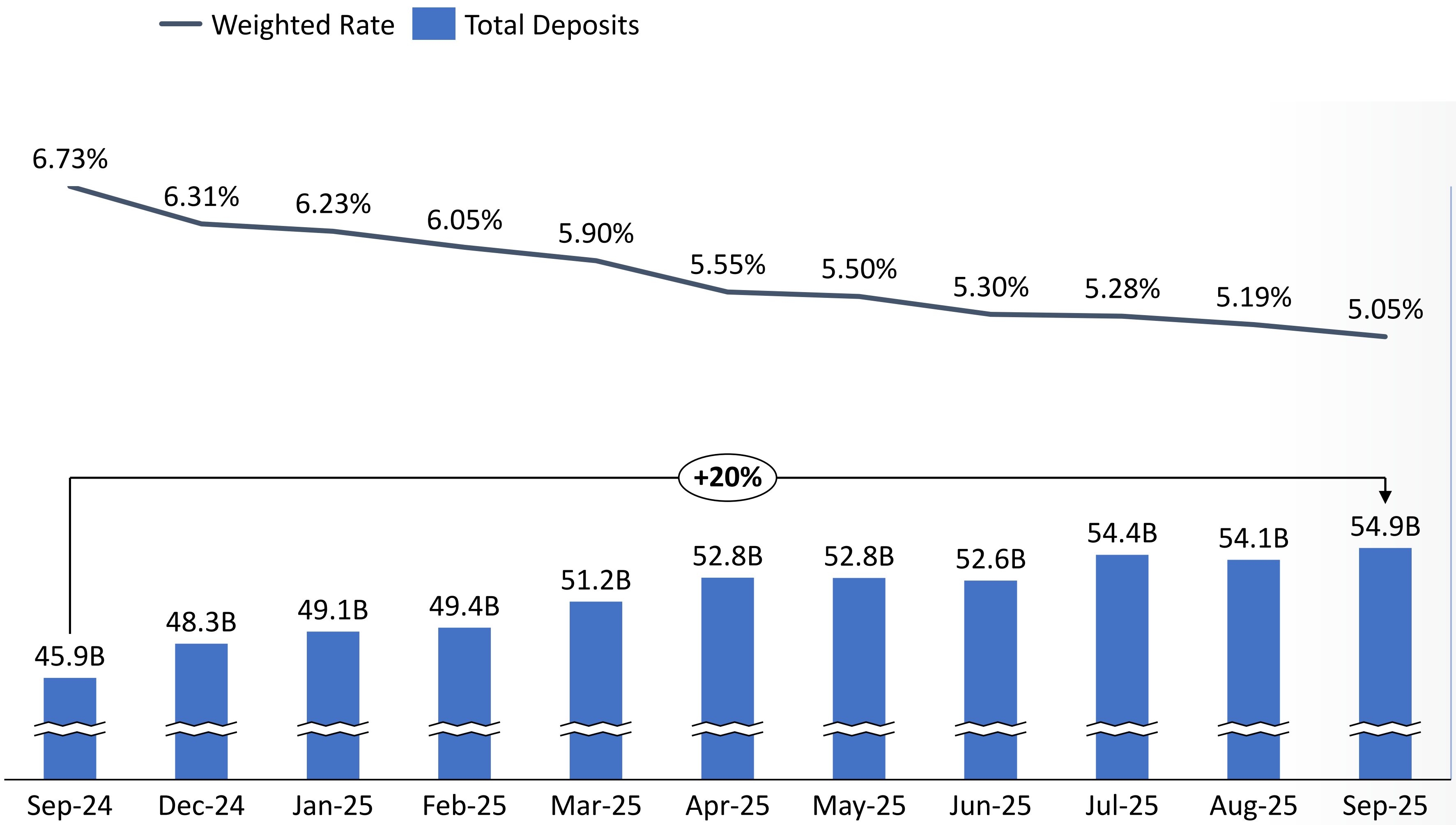
Service Excellence has remained our guiding mantra

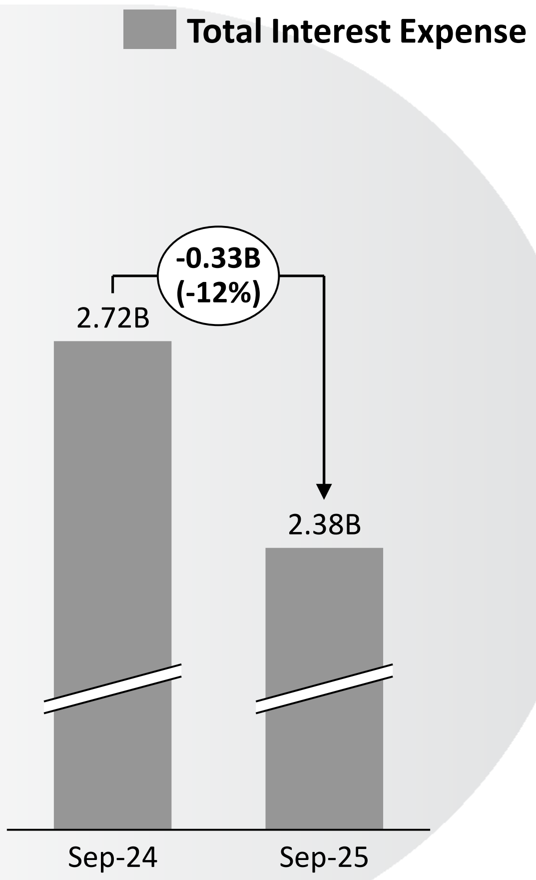
Kenya Bankers Awards 2024

Recognized for Excellence in Banking Customer Experience, 3rd Place

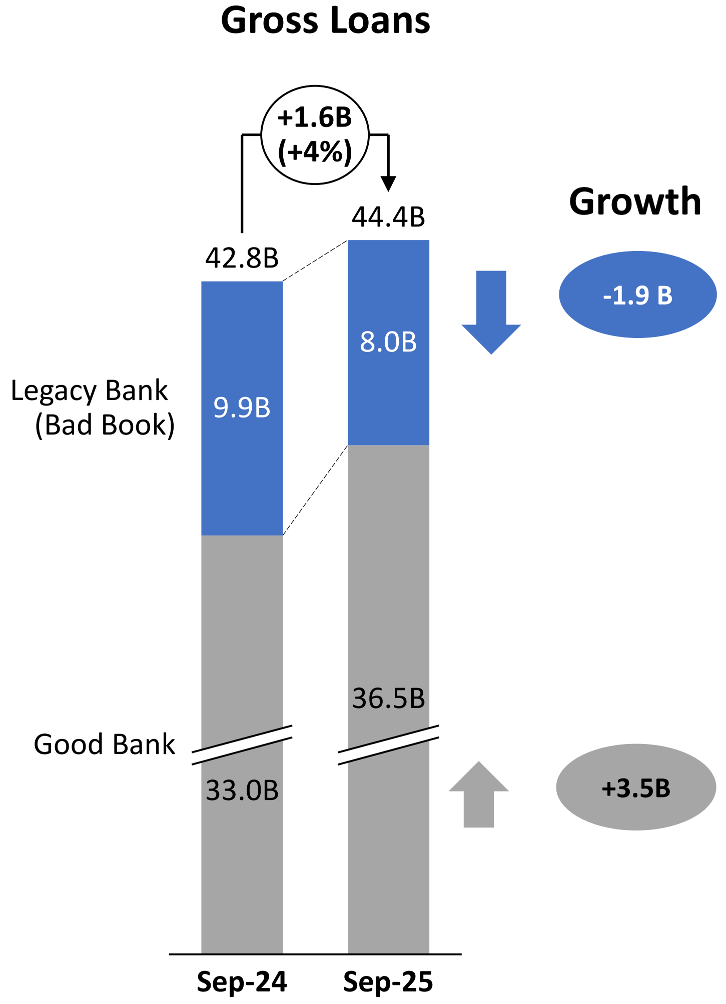
Q3
Performance Highlights

Key Performance Highlights – more depositors embracing the brand AND at a lower deposit rate

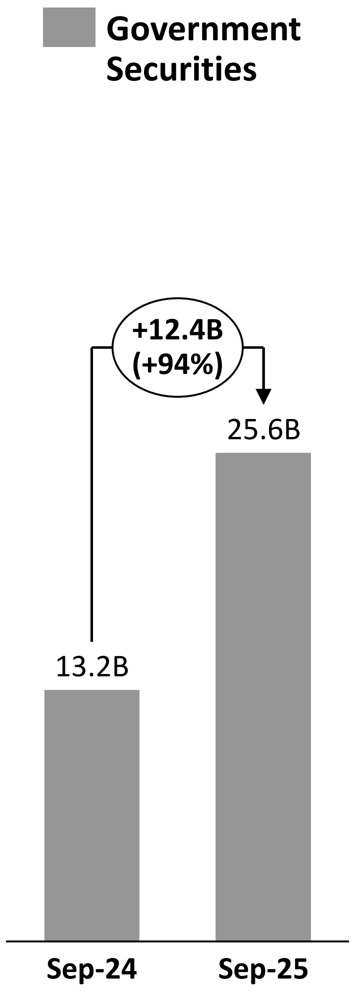




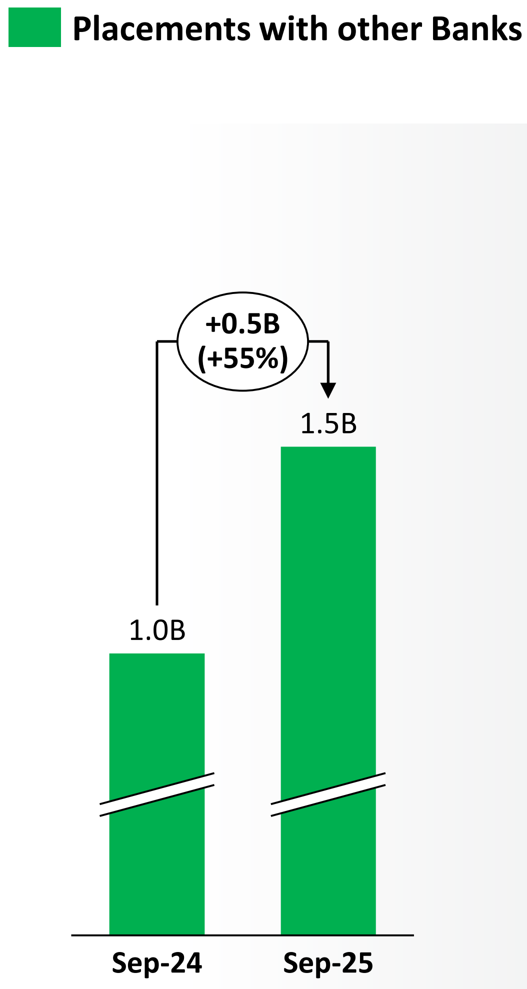
Key Performance Highlights – Net Interest income up by 1.2B due to a 3.5 B growth in the good bank loan portfolio, 12.4 B increase in government securities & 0.3B drop in int expense.



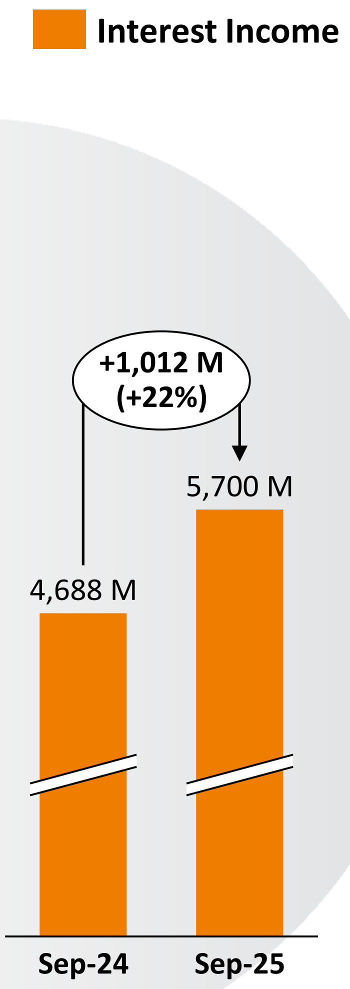
Yield on Net Loans: 12.3% | 12.1%



Yield on Govt Securities: 12.5% | 11.7%



Yield on Placements: 6.1% | 7.7%

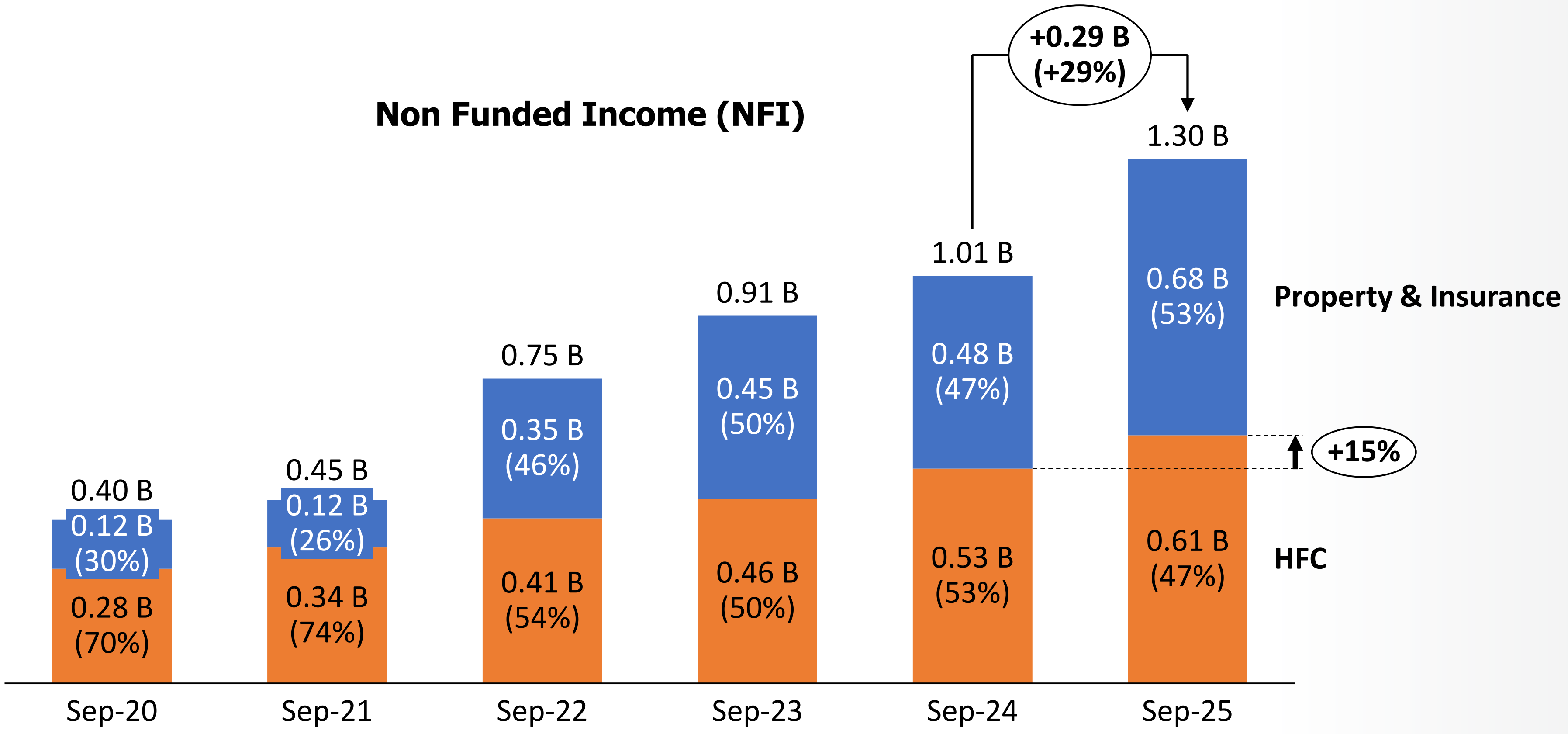


Yield on Earning Assets: 12.3% | 12.1%

Business Diversification Efforts-Non Funded Income

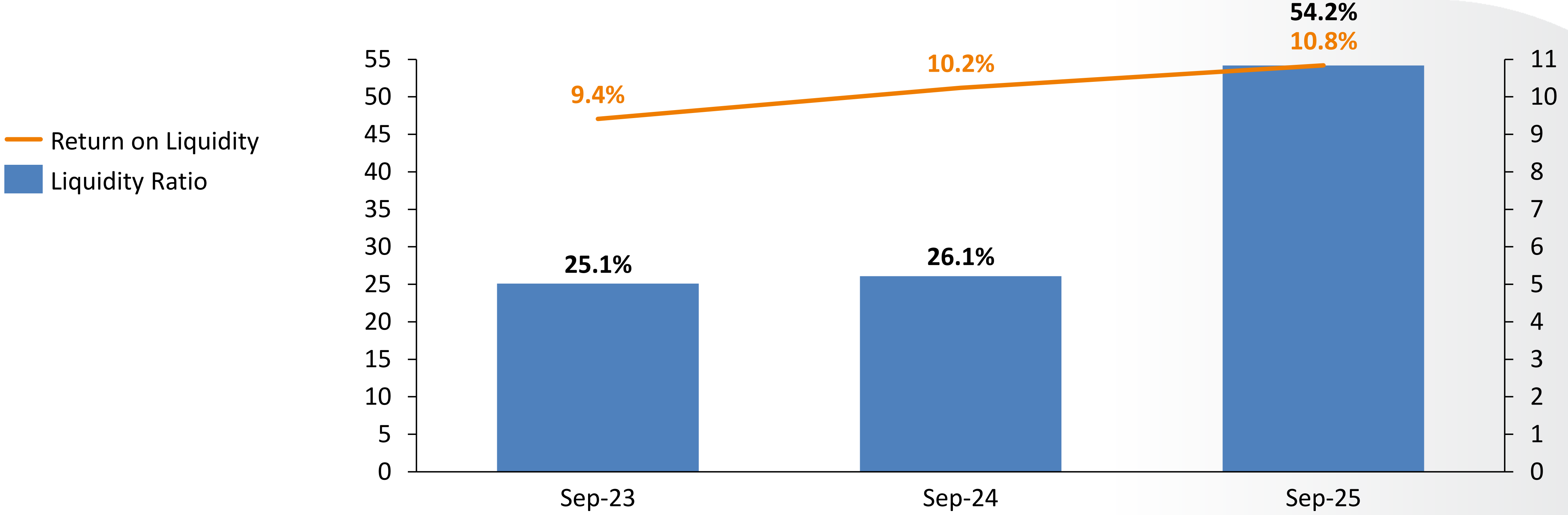
Diversification Highlights;

- **The full integrated financial, investment and property group** strategy has supported NFI growth
- **New business model for HFDI** has come in handy in growing NFIs
- **HFBI continues to take advantage of new opportunities** in other subsidiaries and externally, adding momentum to NFI growth



Liquidity Optimization

The Liquid Assets are Increasingly Becoming Agile, More Yielding & Capital Optimal

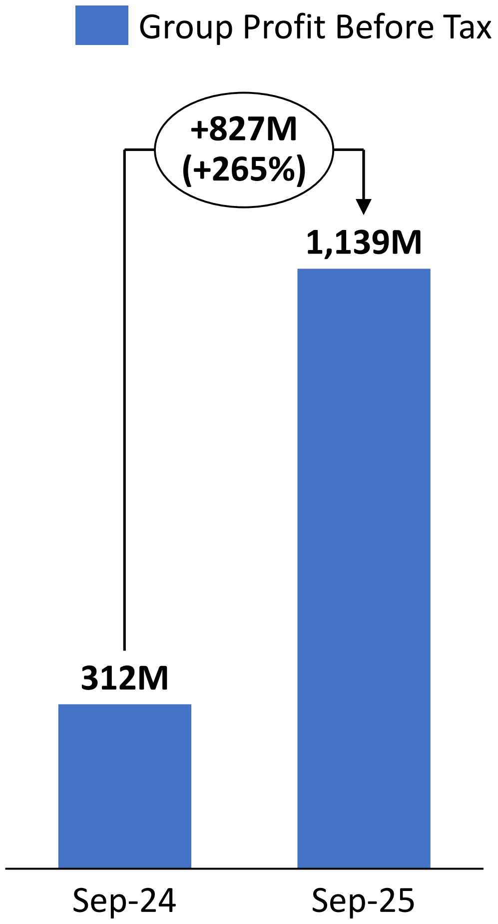


As the Bank's **liquidity profile improves** there is **less dependence on cash** as source of liquidity.

Treasury Division has evolved to be a **key profit center**

Group Income Statement in Summary *- Group registers a PBT of KES 1.1 Billion representing 265% growth.*

Key Highlights

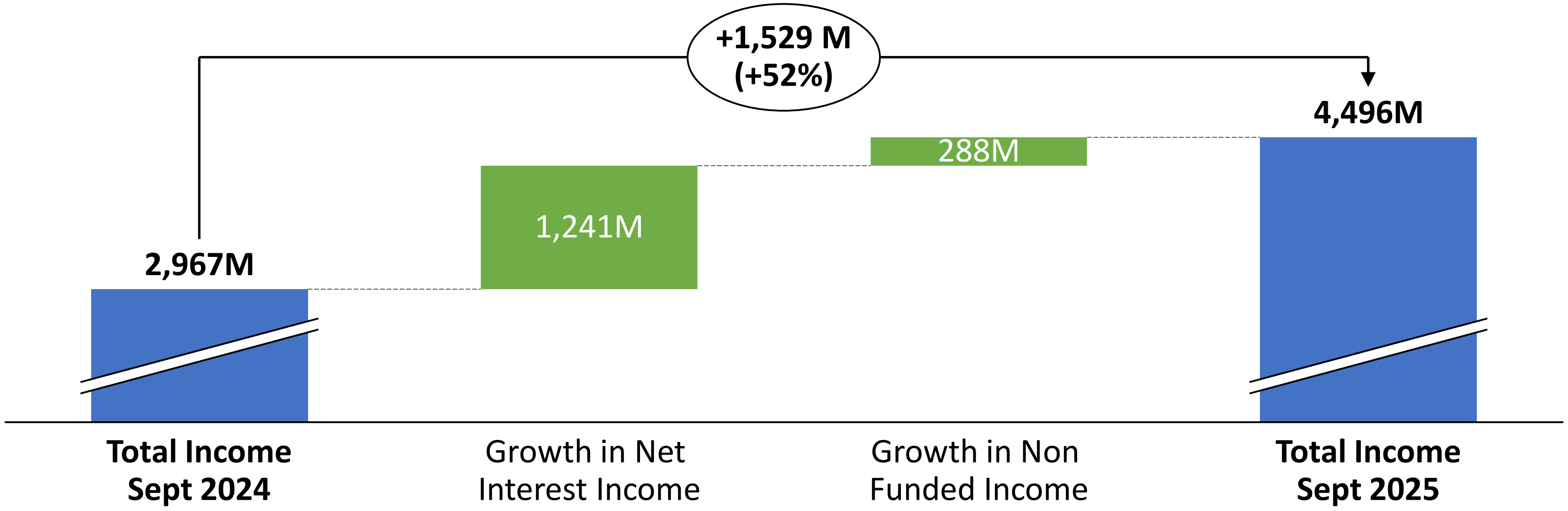


a) Net Interest Income grew by 1.24 B driven by;

- Additional investment in Government securities
- KES 3.5 B growth in the good bank loan portfolio
- KES 336M drop in interest expense even as customer deposits grew by 22%

b) Non Funded Income grew by 288 M driven by;

- Revenue diversification by both Bancassurance subsidiary (HFBI) & Property subsidiary (HFDI)
- Growth in custody income.
- Growth in government securities trading gains



Scaling Up Our Growth Engines :Performance Highlights as at Q3 2025

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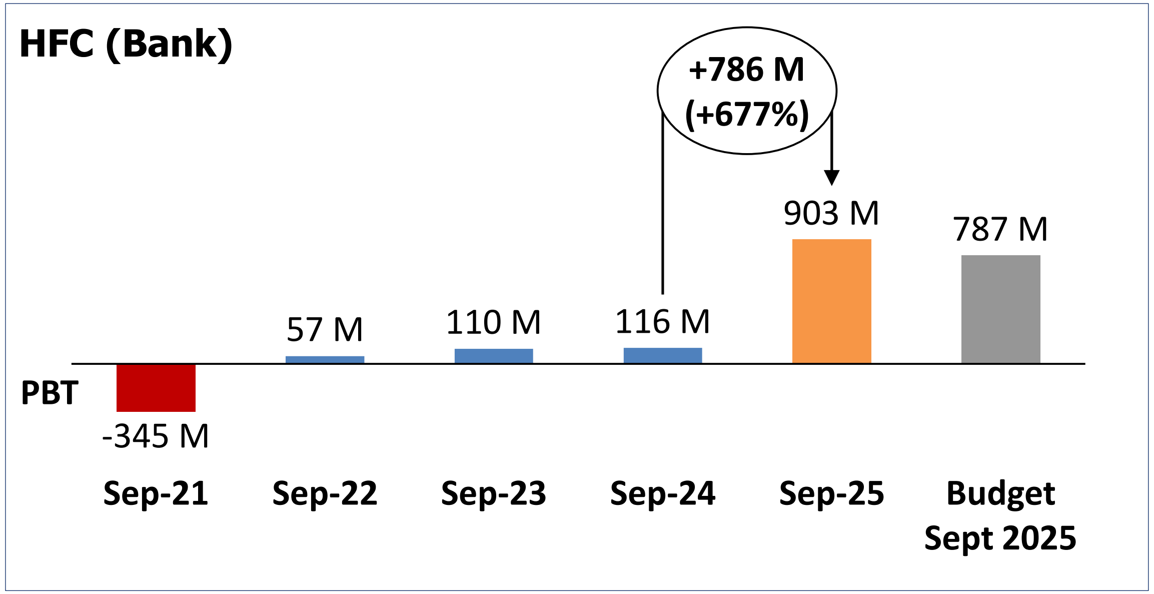
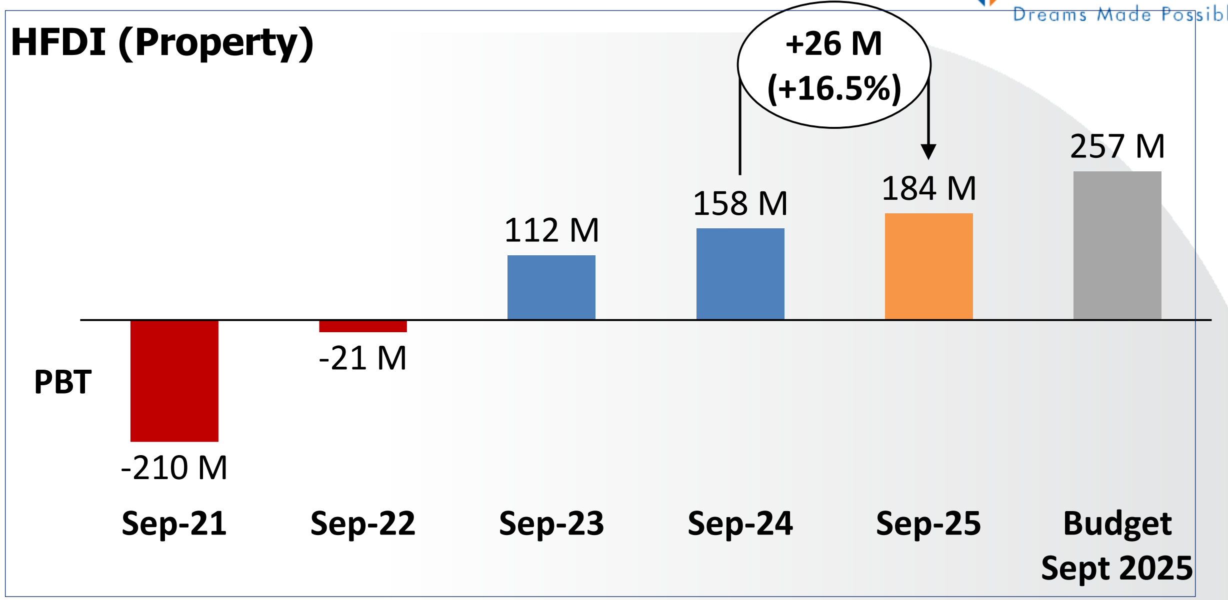
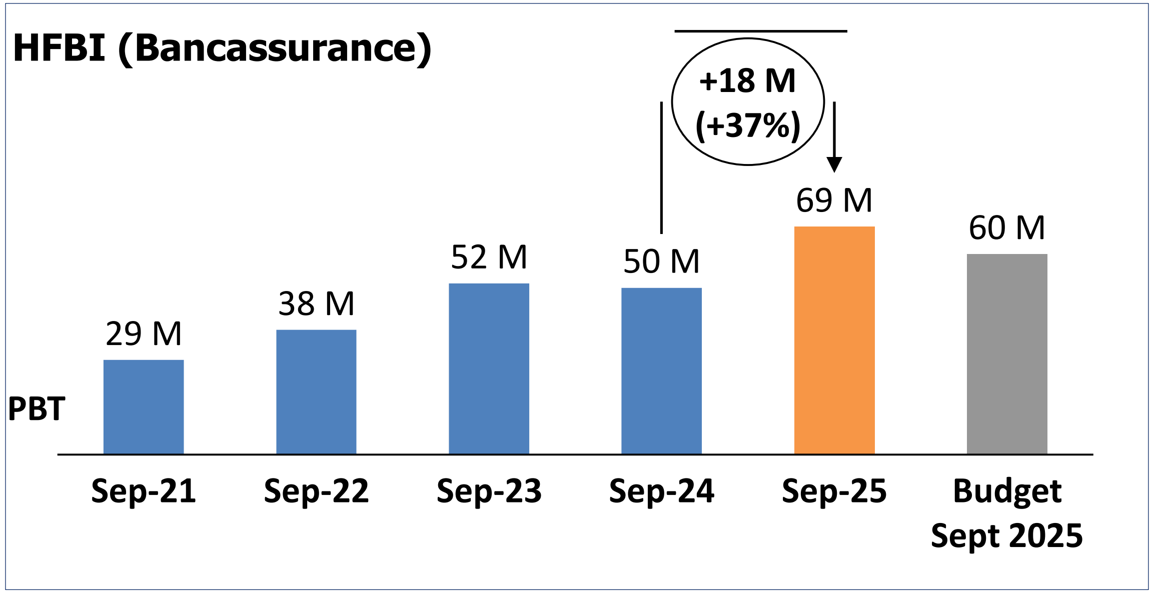
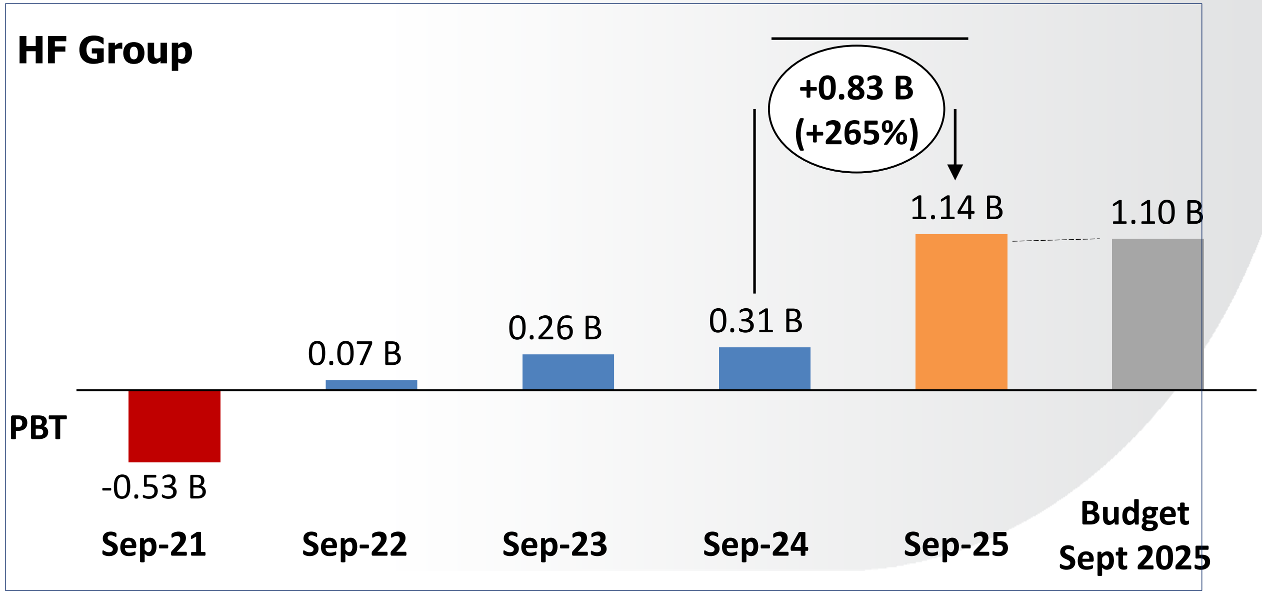
HFC	**903M** Profit Before Tax	**9B** Deposit YoY Growth	**8.2B** Loan Disbursements	**937M** Investment Income YoY Growth 85%
	17,700 New Accounts	**54.2%** Liquidity Ratio	**2.1B** NPL Collections	**+55** NPS
HFBI	**68.6M** Profit Before Tax	**525M** Q3 HFBI GWPs	**59.4M** Commissions YoY 7%	**69M** Other Income [Investment Income + Profit share + Retention
HFDI	**184M** Profit Before Tax	**1.8B** Q3 HFDI Collections	**Exit** of Legacy Projects	**322M** Land Owners' Wealth Management Revenue

We target to sustain the positive momentum into the future – PBT per company









YOY HIGHLIGHTS

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HF Group Q3 2025 Performance Highlights

	Sep-24	Sep-25	Movement
Profit Before Tax	Ksh. 0.31 B	Ksh. 1.14 B	265% ✓
Total Interest Income	Ksh. 4.67 B	Ksh. 5.58 B	19% ✓
Non Funded Income	Ksh. 1.01 B	Ksh. 1.30 B	29% ✓
Interest on Government Securities	Ksh. 1.11 B	Ksh. 2.04 B	85% ✓
Total Operating Income	Ksh. 2.97 B	Ksh. 4.50 B	52% ✓
Total Deposits	Ksh. 45.71 B	Ksh. 54.74 B	20% ✓
Total Assets	Ksh. 65.60 B	Ksh. 79.94 B	22% ✓
Core Capital Ratio	4.3%	21.9%	5.1 Times ✓
Liquidity Ratio	26.1%	54.2%	2.1 Times ✓

Regulated by the Central Bank of Kenya

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Going forward, we will...

Strengthen the base for the future

Remain ever so close to our stakeholders

Significantly Scale Up Our Growth Engines

Invest in Our People and Culture

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Thank You!

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