

HF Group Plc posted a Kes. 702.89Mn profit before tax (PBT) in their earnings update for the first half of 2025. This is a 148.41% increase in PBT from Kes. 282.95Mn that was posted in the first half of 2024. The lenders profit after tax (PAT) increased by 134.48% from Kes. 266.27Mn in H1 2024 to Kes. 624.34Mn in H1 2025. The performance was supported by a 53.38% growth in net interest income from Kes. 1.33Bn in H1 2024 to Kes. 2.04Bn in H1 2025. The growth in the company's net interest income was largely driven by a loan book expansion from Kes. 37.92Bn in H1 2024 to Kes. 38.94Bn in H1 2025. With a dip in the lender's earnings per share (EPS) from Kes. 1.38 in H1 2024 to Kes. 0.66 in H1 2025, the lender's board of directors did not declare any dividend payment for the period.

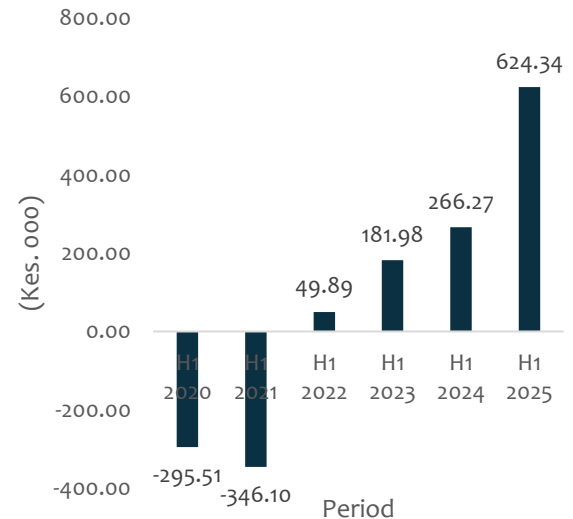
Income Statement

The group's operating income grew by 40.98% from Kes. 2.05Bn in H1 2024 to Kes. 2.89Bn in H1 2025 largely contributed by a 53.38% increase in net interest income from Kes. 1.33Bn in H1 2024 to Kes. 2.04Bn in H1 2025. Half-year operating expenses rose by 23.16% from Kes. 1.77Bn in H1 2024 to Kes. 2.18Bn in H1 2025. A 23.16% increase in operating expenses is proportionately lower than a 148.41% increase in PBT implying that the group employed effective cost management approaches during the period. It is also worth noting that the group's interest expense, a key determinant in the group's profitability, declined by 7.02% from Kes. 1.71Bn in H1 2024 to Kes. 1.59Bn in H1 2025.

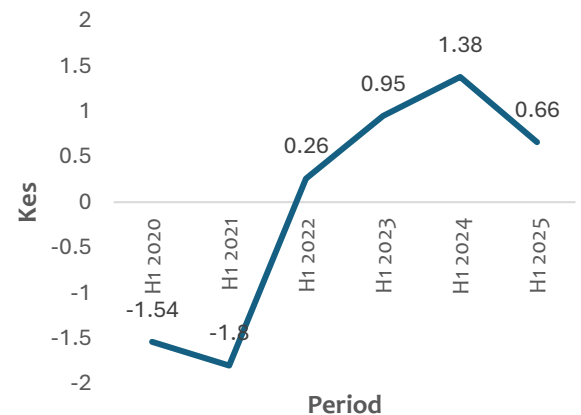
Balance Sheet

During the first half of 2025, the group's balance sheet showed a 20.64% growth in total assets from Kes. 63.75Bn in H1 2024 to Kes. 76.91Bn in H1 2025. The Kenyan government securities held by HF Group and are available for sale increased by 124.75% from Kes. 8.97Bn in H1 2024 to Kes. 20.16Bn in H1 2025. The lender's total liabilities increased by 10.53% from Kes. 54.43Bn in H1 2024 to Kes. 60.16Bn in H1 2025. During the period H1 2025, customer deposits grew by 16.59% from Kes. 45.03Bn to Kes. 52.50Bn. Total shareholder funds also grew 79.72% from Kes. 9.32Bn in H1 2024 to Kes. 16.75Bn at the end of H1 2025.

HF Group Plc H1 PAT



5-Yr Earnings per share



Aug 2025
Share Price Movement



Outlook

Earnings per share for HF Group declined from Kes. 1.38 in H1 2024 to Kes. 0.66 in H1 2025. The decline in EPS comes after the lender offered a rights issue to shareholders by way of renounceable rights in December 2024. The rights issue was oversubscribed by 38.00% with the company raising Kes. 6.40Bn in an initiative it was seeking to raise Kes. 4.60Bn. The rights issue adds value to shareholders by compensating them for future dilution of their shares' value. However, the rights issue has an effect of increasing the number of shares in the company. At HF Group Plc, the recent rights issue increased the number of shares spreading the company's earnings over a large number of shareholders resulting in a decrease in EPS during the first half of 2025.

Income Statement (Kes. Mn)	H1 2024	H1 2025	% Change
Interest Income	3042	3638	19.59%
Interest Expense	1709	1595	-6.67%
Net Interest Income	1333	2043	53.26%
Other Operating Income	716	844	17.88%
PBT	283	703	148.41%
Current Tax	16.69	17.18	2.94%
Deferred Tax	0	61.13	0.00%
PAT	266	624	134.59%
EPS (Kes)	1.38	0.66	-52.17%

Balance Sheet (Kes. Mn)	H1 2024	H1 2025	% Change
Total assets	63745	76909	20.65%
Loans to customers	37817	38938	2.96%
Customer deposits	45028	52499	16.59%
Total liabilities	54429	60156	10.52%
Shareholders funds	9316	16753	79.83%
Liabilities+shareholders funds	65745	76909	20.65%

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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 of both capital appreciation and the dividend yield

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