

## Kenya Mortgage Refinance Company (KMRC) financial performance FY' 2024

During the week, state-backed mortgage lender, Kenya Mortgage Refinance Company (KMRC) released its FY' 2024 financial results, which reported a 55.9% increase in Profit After Tax (PAT) to Kshs 1.3 bn from Kshs 847.8 mn recorded in FY'2023 majorly attributable to 33.9% increase in interest income to Kshs 3.2 bn in FY'2024 from 2.4 bn in FY'2023. Additionally, total assets increased by 24.5% to Kshs 32.3 bn from 26.0 bn posted in FY'2023, owing to the 41.4% and 25.0% increase in Loan and advances and Cash and Cash equivalents respectively. The table below shows a summary of KMRC's income statement for FY'2022 and FY'2023;

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Cytonn Report: Summary of KMRC Statement of Comprehensive Income			
	FY'2023	FY'2024	y/y Change
<b>REVENUE</b>			
Interest Income	2,400.7	3,214.9	33.9%
Interest expense	(1,016.1)	(1,055.7)	3.9%
<b>Net interest income</b>	<b>1,384.6</b>	<b>2,159.2</b>	<b>55.9%</b>
<b>EXPENSES</b>			
Net movement in expected credit losses	(1.6)	1.1	166.7%
Operating and administration expenses	(279.9)	(317.5)	13.5%
Depreciation and amortisation expenses	(27.7)	(24.8)	(10.6%)
<b>Total Expenses</b>	<b>(309.2)</b>	<b>(341.2)</b>	<b>10.4%</b>
<b>Net profit before income tax</b>	<b>1,075.5</b>	<b>1,818.0</b>	<b>69.0%</b>
Income tax expense	(227.7)	(495.9)	117.8%
<b>PROFIT AFTER TAX</b>	<b>847.8</b>	<b>1,322.1</b>	<b>55.9%</b>

Source: KMRC

The table below shows a summary of KMRC's balance sheet for FY'2023 and FY'2024;

Cytonn Report: Summary of KMRC Statement of Financial Position				
	FY'2022	FY'2023	FY'2024	y/y Change
<b>Assets</b>				
Loan and Advances	6,750.3	8,405.5	11,888.6	41.4%
Cash and Cash equivalents	9,007.1	11,891.4	14,860.5	25.0%
Other Assets	5,625.7	5,660.2	5,572.6	(1.5%)
<b>Total Assets</b>	<b>21,383.2</b>	<b>25,957.1</b>	<b>32,321.6</b>	<b>24.5%</b>
<b>Liabilities</b>				
Borrowings	16,820.1	20,662.6	25,731.2	24.5%
Debt securities in issue	1,459.2	1,331.1	1,144.2	(14.0%)
Lease Liabilities	31.7	23.5	14.7	(37.6%)
Other Liabilities	390.3	417.0	593.4	42.3%
<b>Total Liabilities</b>	<b>18,701.2</b>	<b>22,434.2</b>	<b>27,483.5</b>	<b>22.5%</b>
<b>Capital Resources</b>				
Share Capital	1,808.4	1,808.4	1,808.4	0.0%
Revenue reserves	792.8	1,624.2	2,911.8	79.3%
Other Revenues	13.9	7.1	0.3	(95.9%)

Statutory Reserve	66.9	83.2	117.7	41.4%
<b>Total Capital</b>	<b>2,682.0</b>	<b>3,522.9</b>	<b>4,838.2</b>	37.3%
<b>Total Liabilities and Equity</b>	<b>21,383.2</b>	<b>25,957.1</b>	<b>32,321.6</b>	<b>24.5%</b>

Source: KMRC

#### Income Statement:

- The profit after tax increased by 55.9% to Kshs 1.3 bn in FY'2024, from Kshs 847.8 mn in FY'2023 majorly attributable to a 33.9% increase in interest income to Kshs 3.2 bn in FY'2024 from Kshs 2.4 bn mn recorded in FY'2023. This was driven by an increase in lending activities with loans and advances to their customers reaching Kshs 11.8 bn in FY'2024 compared to Kshs 8.4 bn in FY'2023,
- The total expenses increased by 10.4% to Kshs 341.2 mn in FY'2024 from Kshs 309.2 mn recorded in FY'2023 mainly attributable to a 166.7% increase in net movement in expected credit losses to Kshs 1.1 mn in FY'2024 from Kshs (1.2) mn in FY' 2023, coupled by a 13.5% surge in operating and administration expenses, and,
- The net interest income recorded a 55.9 % increase to Kshs 2.2 bn in FY'2024 from Kshs 1.4 mn in FY'2023. This attributable to a 33.9% increase in interest income to Kshs 3.2 bn in FY'2024 from Kshs 2.4 bn mn recorded in FY'2023 as KMRC advanced its lending activities to Primary Mortgage Lenders (PMLs)

#### Balance Sheet:

- Total assets increased by 24.5% in to Kshs 32.3 bn in FY' 2024 from Kshs 25.9 bn in FY' 2023 mainly attributable 41.4% increase in loans and advances to Kshs 11.9 bn in FY' 2024 from Kshs 8.4 bn in FY' 2023. Additionally, Cash and Cash equivalents increased by 25.0% to Kshs 14.9 bn in FY' 2024 from Kshs 11.9 bn in FY'2023,
- Total liabilities posted a 22.5% increase to Kshs 27.5 bn in FY' 2024 from Kshs 22.4 bn in FY'2023 majorly on the back of an increase in borrowings by 24.5% to Kshs 25.7 bn in FY' 2024 from Kshs 20.6 bn in FY'2023. Additionally, other liabilities recorded a 42.3% surge to Kshs 593.4 mn in FY'2024 from Kshs 417.0 mn in FY'2023, and,
- The company borrowings increased by 24.5% to Kshs 25.7 bn in FY' 2024 from Kshs 20.6 bn in FY'2023 as the lender aimed to improve its capacity to support higher lending, initially at Kshs 8.0mn to [Ksh 10.5 mn](#) a move that was effective February 2024 to boost mortgage uptake earlier in the year.

We anticipate KMRC to continue disbursing more mortgages in line with governments goal of delivering approximately 200,000 mortgages through the company to boost homeownership in the country. Additionally, the company has demonstrated its ability to manage resources efficiently, as reflected in its financial statements, which builds confidence in its capacity to handle increased funding for stakeholders. We expect, the support to KMRC to continue growing as the company seeks partnerships with new primary mortgage lenders (PMLS) and as the company continues to initiate innovative financial products to further stimulate the mortgage market in Kenya.