Kenya Mortgage Refinance Company (KMRC) financial performance HY'2026

During the week, state-backed mortgage lender, Kenya Mortgage Refinance Company (KMRC) released its HY'2026 financial results, which reported a 35.6% decrease in Profit After Tax (PAT) to Kshs 350.7 mn from Kshs 544.2 mn recorded in HY'2025 majorly attributable to 27.6% decrease in net interest income to Kshs 671.7 mn in HY'2026 from 927.2 mn in HY'2025 as compared to the 14.0% increase in total operating expense to Kshs 170.7 mn from Kshs 149.8 mn. Additionally, total assets increased by 13.4% to Kshs 46.4 bn from 41.0 bn posted in HY'2025, owing to the 29.3% increase in Loan and advances to Kshs 24.3 bn from Kshs 18.8 bn.

The table below shows a summary of KMRC's income statement for HY'2025 and HY'2026;

Cytonn Report: Summary of KMRC Statement of Comprehensive Income			
	HY'2025	**HY'2026**	**y/y Change**
REVENUE			
Interest Income	1,576,934,875	1,549,514,475	(1.7%)
Interest expense	(649,776,334)	(877,856,422)	35.1%
Net interest income	**927,158,541**	**671,658,053**	**(27.6%)**
EXPENSES			
Net movement in expected credit losses	1,778,083	1,631,646	(8.2%)
Operating and administration expenses	(149,051,974)	(165,841,339)	11.3%
Depreciation and amortisation expenses	(2,482,166)	(6,489,322)	161.4%
Total Expenses	**(149,756,057)**	**(170,699,015)**	**14.0%**
Net profit before income tax	**777,402,484**	**500,959,038**	**(35.6%)**
Income tax expense	(233,220,745)	(150,287,711)	(35.6%)
PROFIT AFTER TAX	**544,181,739**	**350,671,327**	**(35.6%)**

Source: KMRC

The table below shows a summary of KMRC's balance sheet for HY'2025 and HY'2026;

Cytonn Report: Summary of KMRC Statement of Financial Position			
	HY'2025	HY'2026	y/y Change
Assets			
Loan and Advances	18,776,560,719	24,269,437,839	29.3%
Cash and Cash equivalents	16,154,723,082	16,031,077,748	(0.8%)
Other Assets	6,021,305,000	6,143,468,516	2.0%
Total Assets	**40,952,588,801**	**46,443,984,103**	**13.4%**
Liabilities			
Borrowings	33,960,291,420	35,916,662,086	5.8%
Debt securities in issue	936,690,400	3,742,132,394	299.5%
Lease Liabilities	14,662,432	60,821,009	314.8%
Other Liabilities	424,947,395	383,054,230	(9.9%)
Total Liabilities	**35,336,591,647**	**40,102,669,719**	**13.5%**
Capital Resources			
Share Capital	1,808,375,125	1,808,375,125	0.0%
Revenue reserves	3,689,553,059	4,337,903,947	17.6%
Other Revenues	132,035	28,745	(78.2%)
Statutory Reserve	117,936,935	195,006,567	65.3%
Total Capital	**5,615,997,154**	**6,341,314,384**	**12.9%**
Total Liabilities and Equity	**40,952,588,801**	**46,443,984,103**	**13.4%**

Source: KMRC

Income Statement:

- The profit after tax decreased by 35.6% to Kshs 350.7 mn in HY'2026, from Kshs 544.2 mn in HY'2025 majorly attributable to 27.6% decrease in net interest income to Kshs 671.7 mn in HY'2026 from 927.2 mn in HY'2025 as compared to the 14.0% increase in total operating expense to Kshs 170.7 mn from Kshs 149.8 mn,
- The net interest income decreased by 27.6% to Kshs 671.7 mn in HY'2026 from Kshs 927.2 mn in HY'2025. This is mainly attributable to the 1.7% decrease in interest income to Kshs 1,549.5 mn in HY'2026 from Kshs 1,576.9 mn as compared to the 35.1% increase in interest expense to Kshs 877.9 mn from Kshs 649.8 mn.
- The total expenses increased by 14.0% to Kshs 170.7 mn in HY'2026 from Kshs 149.8 mn recorded in HY'2025 attributable to the 11.3% increase in operating and administration expense to Kshs 165.8mn in HY'2026 from Kshs 149.1 mn in HY'2025. Additionally, depreciation and amortization increased by 161.4% to Kshs 6.5 mn from Kshs 2.5 mn, while net movement in expected credit losses decreased by 8.2% to Kshs 1.6 mn from Kshs 1.8mn,

Balance Sheet:

- Total assets increased by 13.4% to Kshs 46.4 bn in HY'2026 from Kshs 41.0 bn in HY'2025 mainly attributable 29.3% increase in loans and advances to Kshs 24.3 bn in HY'2026 from Kshs 18.8 bn in HY'2025. Notably, Cash and Cash equivalents decreased by 0.8% to Kshs 16.0 bn in HY'2026 from Kshs 16.2 bn in HY'2025,
- Total liabilities posted a 13.5% increase to Kshs 40.1 bn in HY'2026 from Kshs 35.3 bn in HY'2025 majorly on the back of a significant increase in debt securities in issue by 299.5% to Kshs 3.7 bn in HY'2026 from Kshs 0.9 bn in HY'2025 coupled with a 5.8% increase in borrowings to Kshs 35.9 bn from Kshs 34.0 bn. Additionally, lease liabilities recorded a 314.8% surge to Kshs 60.8 mn in HY'2026 from Kshs 14.7 mn in HY'2025, and,
- Debt securities in issue increased significantly by 299.5% to Kshs 3.7 bn in HY'2026 from Kshs 0.9 bn in HY'2025, following KMRC's return to the domestic debt market through the issuance of a Kshs 3.0 bn, eight-year amortising sustainability bond under its Kshs 10.5 bn Medium-Term Note programme. The issuance broadened KMRC's funding base while providing additional capital for the refinancing of eligible green and social housing loans.

We expect KMRC to continue disbursing more mortgages in line with the government's ongoing goal of expanding homeownership across the country, supported by its capacity to handle increased funding for stakeholders. This is further evidenced by the successful listing of its Kshs 3.0 bn Sustainability Bond on the Nairobi Securities Exchange in May 2026, which was oversubscribed by 312.8% having received bids worth 9.4 bn, with proceeds earmarked for refinancing green and social home loans under its Sustainable Finance Framework. We expect support for KMRC to continue growing as the company strengthens partnerships with new primary mortgage lenders (PMLs) and introduces additional innovative financial products and sustainable financing solutions to further develop Kenya's mortgage market.