KMRC
KENYA MORTGAGE REFINANCE COMPANY

Unlocking Liquidity for Affordable Housing

KMRC : Single Digit Finance and Lending to Informal Earners

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OUTLINE OF PRESENTATION

KMRC
KENYA MORTGAGE REFINANCE COMPANY

01 Context: Housing And Housing Finance Market

02 Blended Finance Approach

03 Our Value Proposition

04 Refinancing Impact

05 Risk Sharing Facility (RSF)

06 RSF Key Features

1. CONTEXT: HOUSING AND HOUSING FINANCE MARKET

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01

Asset-liability mismatch due to short-term funding envelope

- Duration risk due to the short-term funding for long-term assets
- **70.1%** loans-to-deposit ratio in the banking sector (2024)
- **112.8%** loans-to-deposit ratio in SACCO sector (2024)

02

Housing finance penetration remains low

- **1.7%** mortgage-to-GDP ratio in the banking sector (2024) translating to 30,016 mortgages
- **0.34%** housing loans -to-GDP ratio in the SACCO sector (2024)

03

Tenor and price:- Key affordability consideration

- Average mortgage rates in double-digit territory: 14.9% in 2024, compared to 15.8% in 2023
- Variable-rate mortgages dominance albeit on a decline at 85.1% in 2024
- Mortgage NPL rate due to dominance of variable rates high at 16.5% in 2024
- Average tenor remains low at 11.1 years in 2024

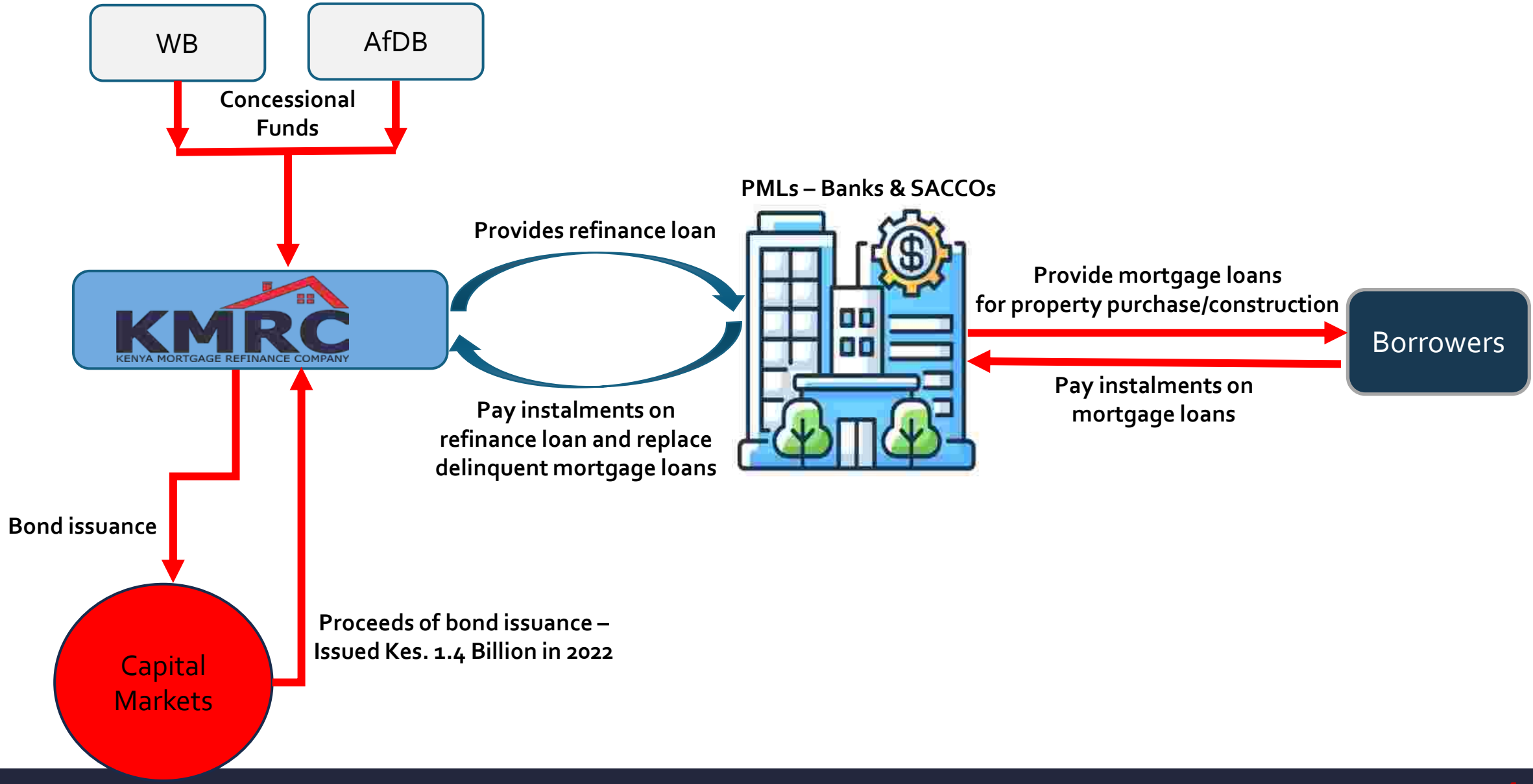
04

Widening the pool of mortgage providers & capital market development

- Mortgages have predominantly been issued by banks, KMRCs approach widened the pool to include SACCOs
- Catalytic role of capital market development

- Homeownership rate stands at 61.3%, with 28.5% in urban areas compared to 82.7% in rural areas and 25.6% of households face a housing cost burden (spending over 30% of income on housing).

2. OUR BLENDED FINANCE APPROACH



3. OUR VALUE PROPOSITION

Long Repayment Period - up to 25 Years; increases repayment ability

Financing up to 105%: Reduce entry barriers (Financing covers incidental costs including valuation and legal fees)



Fixed Interest Rate: Reduces default on loan repayments

Loans up to Kes. 10.5 million: Outright purchase, buy-and-build, takeover and conversion

Single Digit Interest Rate (below 10%) - Makes home loans more affordable and accessible

Mortgage Relief: Tax relief for bank and SACCO borrowers

4. OUR REFINANCING IMPACT

1

Refinanced Home loans

- Addresses the asset-liability mismatch
- **Kes. 23.6 Billion** (approximately **USD 182.9 million**) refinanced loans as of October 2025.
- **4,915 home loans** refinanced as of October 2025.
- Loan tenor lengthening from **8 years in 2021 to 14.4 years in 2024**

2

Contribution to housing finance

- **12.8%** KMRC's share of the outstanding number of mortgages in the banking sector in 2024
- **5.1%** KMRC's share of the value of outstanding mortgages in the banking sector in Kenya in 2024
- **3.3%** KMRC's share of lending by SACCOs towards housing construction and purchase in 2024.

3

Inclusivity and outreach

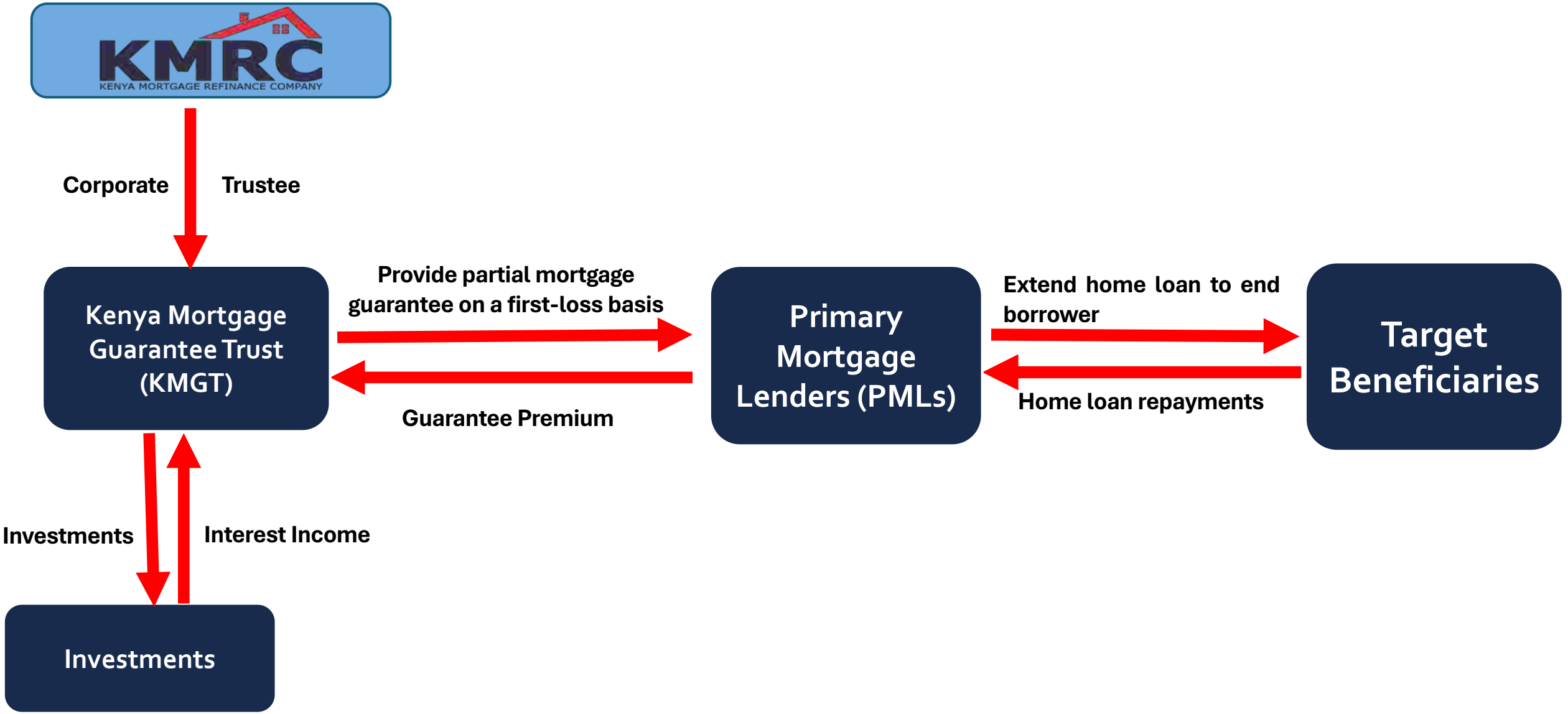
- Opened refinancing to non-shareholder primary mortgage lenders in 2024.
- **48% KMRC's refinance being to women**, bridging the gender gap
- **39 counties** refinanced to date.

5. RATIONALE FOR RISK SHARING FACILITY (RSF)

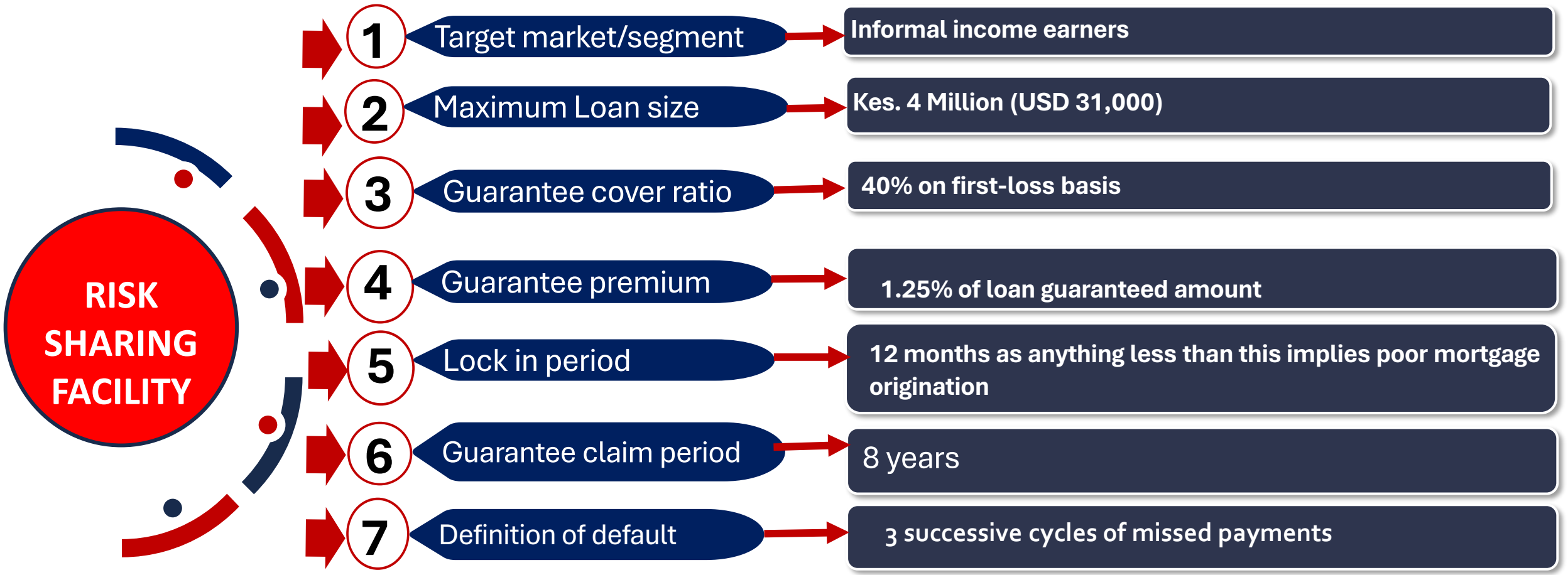
	Market Constraints	Unlocking constraints
Limited Inclusion & Access	▪ Approximately 84% of Kenya's workforce are employed in the informal sector. ▪ Lenders avoid informal earners due to income verification gaps, credit history limitations, and perceived default risk.	▪ RSF provides Partial Credit Guarantees on eligible loans. ▪ Shares losses between KMGT and lenders, encouraging financing for informal and low-income borrowers.
Credit Risk & Informality	▪ Mortgage markets serve mostly salaried and upper-income borrowers. ▪ Mortgage-to-GDP ratios below 2%.	▪ RSF broadens inclusion to informal income earners who are unserved/underserved segments.

Rationale for Intervention

6. OUR APPROACH TO RISK SHARING FACILITY (RSF)



7. RISK SHARING FACILITY KEY FEATURES



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