



**For Immediate Release**

## **KMRC RECEIVES LICENSE FROM THE CBK TO COMMENCE LENDING BUSINESS**

- *License unlocks Sh35 billion in debt and equity capital for refinancing of home loans*
- *KMRC has fulfilled all the licensing requirements enabling granting of license by the regulator*
- *Mortgage product to target majority of Kenyans in the middle to lower income segment*

**Nairobi, September 18, 2020** - The Kenya Mortgage Refinance Company (KMRC), the public-private partnership (PPP) firm formed by the Government to drive the affordable housing finance in Kenya, has today received a license from the Central Bank of Kenya (CBK).

The license gives the mortgage refinancing firm the greenlight to commence its core business of providing fixed long-term financing to participating banks, microfinance banks and Saccos for onward lending to borrowers seeking long-term home loans at affordable rates.

The financial institutions that are participating in KMRC and who are also shareholders of the Company include KCB, Cooperative Bank, DTB, HF Group, NCBA, Absa Bank Kenya, Stanbic Bank Kenya and Credit Bank. Kenya Women Microfinance Bank (KWFT) is the sole MFB (Micro Finance Bank) while SACCOs include Kenya Police, Mwalimu National, Safaricom, Ukulima, Bingwa, Imarisha, Unaitas, Imarika, Tower, Stima and Harambee.

According to KMRC Chief Executive Officer Johnson Oltetia, the issuance of the license paves way for disbursement of funds by the World Bank and continental DFI (Development Finance Institution) African Development Bank (AfDB), to the tune of Ksh. 35 billion in form of debt financing through the National Treasury.

“This license not only marks a historic new dawn in affordable housing finance in Kenya, but it also illustrates the legal, structural and strategic foundations that we have been putting in place since inception for a fit-for-purpose mortgage refinance company,” said Mr. Oltetia.

KMRC was incorporated under the Companies Act, with a required minimum paid up capital of Sh1 billion. The institution has however surpassed this threshold. Its board of directors, comprising of six non-executive and one executive director; significant shareholders’ and senior officers have been successfully vetted by the CBK and passed the fit and probity requirement. Mr. Oltetia also said that the company’s first strategic plan 2020-2024 sets its priorities right to provide long term funds, catalyzing growth in the uptake of home loans in Kenya as a pathway to home ownership in the short to medium term.

The company has finalized setting up its internal policies and procedures, onboarded a highly competent management team, implemented a robust ICT system, and secured physical premises from where to run its day to day operations.

“We have also formulated a Master Refinancing Agreement (MRA) that will govern the lending operations between KMRC and the participating institutions. Significantly, we have already carried out a portfolio review of the participating Banks and Saccos mortgage books to determine availability of eligible portfolio

that qualify for KMRC refinancing. A mortgage portfolio of Kes. 4.5 billion is available for refinancing subject to the necessary due diligence,” added Mr. Oltetia.

The licensing of KMRC and the expected release of long-term funds to participating banks and sacco is timely for the affordable housing finance agenda in Kenya, especially with the Covid-19 pandemic having severely impacted the mortgage market. With reduced household incomes triggering increase in non-performing loans and liquidity squeeze especially in the Sacco Sector, KMRC is part of the solution to mitigate the effects of the Covid-19 pandemic in the financial market.

“We are confident that, in the short-term, KMRC will support emergency interventions that can help stabilize the housing market post the Covid-19 pandemic. KMRC is able to protect primary mortgage lenders with long-term funds that will offer a transition path back to growth and profitability, while improving the uptake of home loans,” said Mr Oltetia.

KMRC was established two years ago to support the Affordable Housing Pillar of the Government’s Big Four Agenda. It will actualize this by providing secure, long term finance to PMLs, who are then supposed to advance the same to individual borrowers. The idea is to address the shortage of long-term finance in the Kenyan financial market, while addressing the problem of asset maturity mismatch, which is responsible for the high cost and general inaccessibility of home loans to many Kenyans.

**Ends...**

### **About KMRC**

Established in April 2018 as a Public-Private Partnership (PPP), under the supervision of the Central Bank of Kenya (CBK), Kenya Mortgage Refinance Company’s role is to provide long-term funds to primary mortgage lenders (Banks, Micro Finance Banks and Saccos) in order to increase the availability and affordability of home loans to Kenyans. KMRC provides concessional fixed rate, long term finance to mortgage financiers so that they can transfer the same benefits to individual borrowers, making home loans more accessible and affordable to a majority of Kenyans. A wholesale financial institution, KMRC’s objectives include contributing to the growth of Kenyan capital markets through the issuance of bonds as a source of sustainable long-term funding, assisting in the standardization of mortgage practices in Kenya through enhanced capacity building to member institutions on the underwriting of mortgages and generally contributing to the growth of the mortgage market in Kenya.

Additional information may be found at [www.kmrc.co.ke](http://www.kmrc.co.ke)

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