



## KMRC LENDS OUT SH.2.75B FOR AFFORDABLE HOUSING

**Nairobi: Thursday, December 17, 2020:** The Kenya Mortgage Refinancing Company (KMRC) has today disbursed Sh.2.75 billion to participating primary mortgage lenders (PMLs)

KCB Bank, HF Bank, Stima Sacco and Tower Sacco have each received Sh.2.13 billion, Sh.514million, Sh.69 million and Sh.29 million respectively, marking KMRC's debut lending since its start. This first disbursement is drawn from the World Bank line of credit.

This initial lending, provided at a fixed rate of 5% per annum, will help mortgage lenders create new mortgages in the market on long term-tenor within single digits rates.

The 4 institutions made successful applications and demonstrated a refinanceable mortgage portfolio of 1400 mortgages, which acts as the collateral for the funding.

According to KMRC's Chief Executive Officer Johnstone Oltetia, the Sh. 2.75 billion is part of a Sh.4.5 billion mortgage loan portfolios available for immediate refinancing to participating financial institutions. KMRC is drawing down funds from both the World Bank and African development Bank lines of credit thus participating financial institutions are encouraged to submit applications for refinancing.

"Today's disbursement of funds marks a historic new dawn in affordable housing finance in Kenya. It 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.

There are more participating institutions who are at an advanced stage of accessing funding from KMRC. They are presently preparing their mortgage portfolio based on KMRC's eligibility criteria, and once submitted KMRC will review and release more funding in due course" said Mr. Oltetia.

This refinancing will go a long way in making affordable housing a reality – with part of the funds earmarked for financing the Affordable Housing Programme's Park Road Housing Project. KCB and HF Bank are among the seven local banks that have committed to set aside Sh.365 billion worth of mortgages for the Affordable Housing Programme. Other shareholders that will be refinanced by KMRC include DTB, Absa, NCBA, Credit Bank and Kenya Women Microfinance Bank (KWFT) as well as Kenya Police, Mwalimu National, Safaricom, Ukulima, Bingwa, Imarisha, Unaitas, Imarika and Harambee Saccos.

Mr. Oltetia said KMRC will continue to innovate around fixed long-term financing to participating primary mortgage lenders to speed up growth in the uptake of home loans in Kenya.



"KMRC is preparing to raise additional funds to support home loans through a bond issue in the third quarter of 2021. Noting that KMRC does not have a track record in the market, an agreement has been reached with African Development Bank to provide a partial credit guarantee and with further support from World Bank group we expect this bond issue to be successful" said Mr. Oltetia.

He added that issuance of bonds will help cater for the market-based housing finance, beyond the refinancing of affordable mortgages which is capped at Sh.4 million within Nairobi metro; and Sh 3 million elsewhere in the Country.

KMRC was this year, September, issued with a license by Central Bank of Kenya, paving way for disbursement of funds by the World Bank and continental DFI (Development Finance Institution) African Development Bank (AfDB), to the tune of Sh. 35 billion in form of debt financing through the National Treasury.

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)