



For Immediate Release

KMRC Receives Capital Markets Authority's approval to Issue KES10.5 billion Medium Term Note Program to Raise Long-terms Funds

Funds raised to be blended with current credit lines' funds and disbursed to primary Mortgage lenders for onward lending to mortgagors

Nairobi, January 12, 2022- Kenya Mortgage Refinance Company (KMRC) has received Capital Markets Authority's (CMA) approval to issue a Medium-Term Note Program, through which it seeks to raise up to Kes10.5 billion in various tranches.

The cash raised from the issuance, whose first tranche is Kes 1.4 billion will be disbursed to participating primary mortgage lenders (PMLs), for onward lending to mortgagors.

This is the first time the Mortgage Refinance Company is issuing a Medium-Term Note Programme to raise long-term capital, in its quest to reduce mortgage interest rates and lengthen repayment tenors, thus, make housing affordable and improve the viability of home loans as a pathway to home ownership for Kenyans. Hitherto and since it started operations in 2019, KMRC has relied exclusively on concessional loans from the World Bank and African Development Bank (AfDB), the continental Development Finance Institution (DFI), for such funds.

"This is an important milestone for KMRC as it aims to blend and diversify its sources of funds. Through this issuance, KMRC seeks to build its profile as a regular issuer of bonds in the Kenyan Capital Market. as we work to raise more long-term capital, thereby re-financing more home loans and making them affordable and accessible for Kenyans," Said KMRC CEO Johnstone Oltetia.

The KMRC business model works by resolving the asset maturity mismatch that has contributed largely to high interest rates on home loans in Kenya. The company mobilizes long-term funds, which it then on-lends to participating PMLs, which include commercial banks, savings and credit cooperatives (SACCOs) and microfinance institutions (MFIs). The lenders are then able to match the maturities of the long-term credit available to them from KMRC with the home loans they offer to borrowers, resulting in lower interest rates, hence driving affordability. This issue follows KMRC's receipt of an issuer rating of AA- from GCR, the rating agency, which was granted in August 2021.

The participating PMLs, which are also KMRC shareholders include KCB, Co-operative, DTB, HF Group, NCBA, Absa, Stanbic and Credit Banks. The SACCO PMLs are Kenya Police, Mwalimu National, Safaricom, Ukulima, Bingwa, Imarisha, Unaitas Imarika, Tower, Stima and Harambee. The sole MFI is Kenya Women Finance Trust (KWFT).

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 by providing low interest, 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 for Kenyans.

A wholesale institution, KMRC's objectives include contributing to the growth of Kenyan capital markets through the issuance of KMRC bonds as a source of sustainable long-term fund, assisting in the standardization of mortgage practices in Kenya through enhanced capacity building to member institutions on the origination of mortgages and contributing to the growth of the mortgage market in Kenya through support to Primary Mortgage Lenders.

Additional information may be found at www.kmrc.co.ke

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