



**WHO WE ARE | WHAT WE DO | OUR PARTNERS | BENEFITS**



**PRESENTATION TO the Association of Chief Audit Executives of Banks in Nigeria  
BY NMRC, BUSINESS DEVELOPMENT  
MARCH 2019**



# WHO WE ARE



**A private sector-driven mortgage refinancing company with a public purpose of promoting home ownership for Nigerians, while deepening the primary and secondary mortgage markets.**



**Our vision is to be the dominant housing partner in Nigeria**



**Our mission is to break down barriers to home ownership by providing liquidity, affordability, accessibility and stability to the housing market in Nigeria.**

**NMRC was incorporated on 24<sup>th</sup> June 2013 and obtained its final operating license from the Central Bank of Nigeria on 18<sup>th</sup> February 2015.**



# WHO WE ARE

## SHAREHOLDING STRUCTURE

### Tier 1 Capital

₦13.19 Billion



27 Investors\*

### Tier 2 Capital

₦37.3 Billion\*\*

\* Ministry of Finance Incorporated  
Nigeria Sovereign Investment Authority  
5 Commercial Banks  
20 Primary Mortgage Banks

\*\* Includes a subordinated loan of US\$ 250 Million, a World Bank IDA loan to the Federal Government of Nigeria, negotiated in 2014 for the funding of the Nigeria Housing Finance Program (NHFP).  
NMRC drew a total of US\$170 Million.

Our core function is to leverage funding for enhanced mortgage access, promote affordable home ownership in Nigeria and unlock its multiplier effects on the Nigerian economy.



**WHAT WE  
DO**

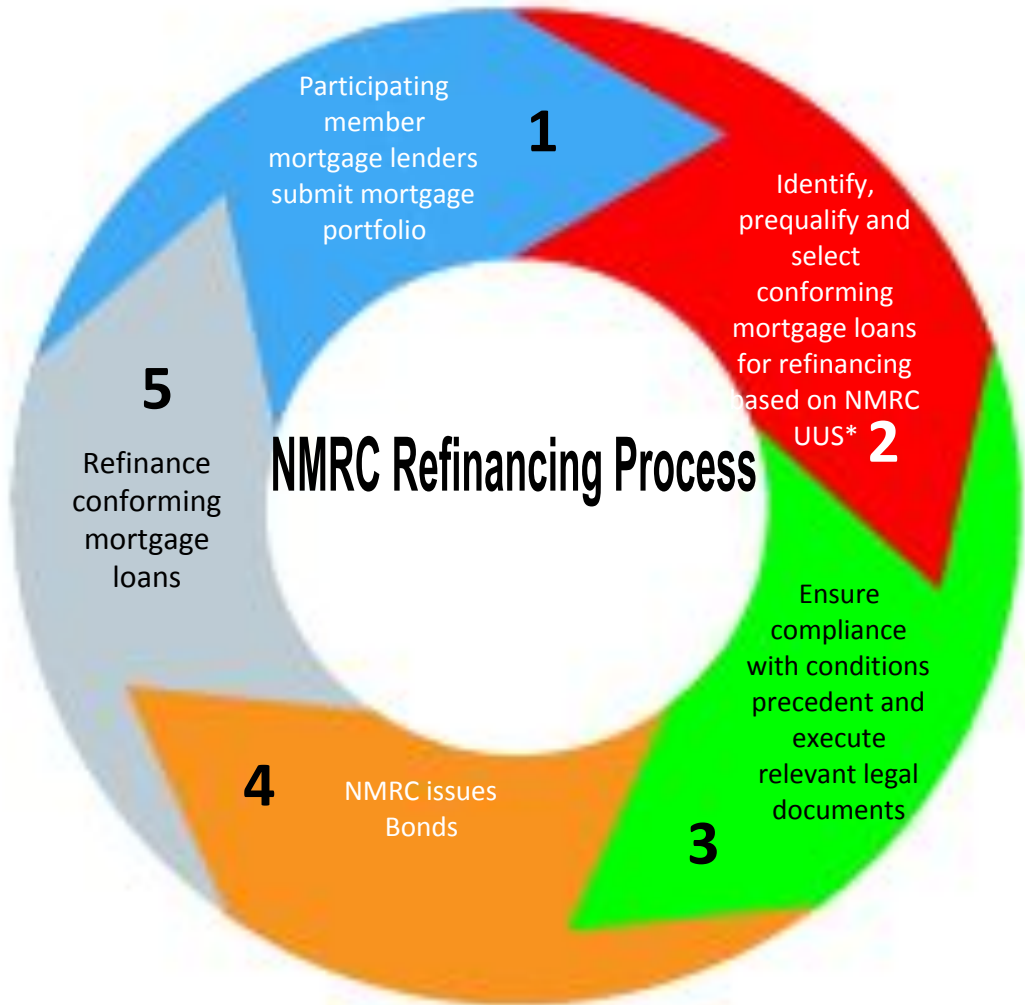
## BUSINESS OBJECTIVES

- ✓ Encourage financial institutions to increase their mortgage lending by providing them with long term funding.
- ✓ Increase the maturity structure of mortgage loans and assist to reduce mortgage interest rates.
- ✓ Increase the efficiency of mortgage lending by taking a lead role in proposing changes to the enabling environment for mortgage lending as well as by standardizing mortgage lending practices of financial institutions.
- ✓ Introduce a new class of high quality long-term assets to the pension funds and other investors.



**WHAT WE  
DO**

# NMRC REFINANCING PROCESS



**WHAT WE DO**

\*UUS: Uniform Underwriting Standards

# ACHIEVEMENTS

## ✓ Introduction of a New Debt Instrument into the Housing Market – Mortgage Bond Issuance

- July 2015 - Successfully issued a 15-year N8 Billion Series 1 Bond with a coupon rate of 14.9% under its N140 Billion Medium Term Note (MTN)\* programme, making NMRC the first mortgage refinance facility in Africa to issue bonds to finance its refinancing operations. It was 105.5% oversubscribed.
- June 2018 – Completed issuance of its N11 Billion Series 2 Bond with a coupon rate of 13.80%. The order book was oversubscribed by 200%

The Bond issuance reinforces NMRC's commitment to encourage and promote homeownership in Nigeria by linking the capital markets with the housing sector and establishing an operating and viable secondary mortgage market to support the primary mortgage market.

- NMRC's Bond issuance program is unconditionally and irrevocably guaranteed by the Federal Government of Nigeria. The Series 1 Bond was ascribed a "AAA" rating by Global Credit Rating Co. (GCR), and the Series 2 Bond a "AAA" rating also by both Global Credit Rating Co. and Agosto & Co.



**WHAT WE  
DO**

# ACHIEVEMENTS

## ✓ Listing of NMRC Bonds

- ❑ In September 2015, the NMCR Series 1 Bond was formally admitted by FMDQ on its official list and trading by its dealing members. \*
- ❑ In addition, NMRC listed its N11 billion 13.80 per cent Series 2 Fixed Rate Bonds on the Nigerian Stock Exchange (NSE), paving the way for bondholders to trade on their investments.

## ✓ Listing of NMRC Shares

- ❑ Following the successful listing of NMRC's 1.76 billion ordinary shares in November 2018, these securities are now tradeable on the NASD OTC.



**WHAT WE  
DO**

\* The successful listing of NMRC Bonds on FMDQ enhances access to much-needed liquidity for these instruments, price formation for the issuance of new bonds, price discovery for investors in these securities and fosters market transparency.



# ACHIEVEMENTS

## ✓ Increased Liquidity for Mortgage Origination through Refinancing

- The NMRC Series 1 and Series 2 Bonds proceeds have been channeled to refinancing qualifying mortgage loans originated by NMRC member mortgage lending institutions, thereby providing these institutions with the liquidity to originate new mortgages.

As at December 2018, NMRC had successfully refinanced the mortgage loans of Mortgage Lenders to the tune of ₦18 Billion.



**WHAT WE  
DO**

- *Thus far, conforming mortgage loans of 11 mortgage lenders have been refinanced, while mortgage portfolios are being reviewed/awaited from several others.*

# ACHIEVEMENTS

## ✓ Cutting-Edge Technology-based Housing Market Ecosystem

- NMRC developed and deployed a Housing Market System (HMS)\*, a technology ecosystem to help de-risk all the processes along the housing value chain.

The HMS platform integrates the financing operations of the key components of the entire housing value chain – from construction finance, primary mortgage origination and administration, to secondary mortgage refinancing.

The Housing Market Information Portal (HMIP)\*\*, an integral part of the HMS, helps to address the critical gap in credible data on the mortgage and housing market in Nigeria.



**WHAT WE  
DO**

\* The HMS is expandable to accommodate more modules as they come on stream.

\*\*The HMIP was developed in collaboration with the National Bureau of Statistics, the Central Bank of Nigeria, Federal Mortgage Bank of Nigeria and Mortgage Bankers Association of Nigeria.

# ACHIEVEMENTS

## ✓ Market Development

- Uniform Underwriting Standards (UUS)\*  
In a bid to standardize the mortgage origination and administration process, NMRC in collaboration with major industry stakeholders, which include Central Bank of Nigeria, Mortgage Bankers Association of Nigeria, Federal Mortgage Bank of Nigeria, developed the first UUS for the Formal Sector in 2014.

To widen mortgage access and enhance financial inclusion, NMRC, again in collaboration with industry stakeholders launched the UUS for the Informal Sector in February 2018.

This was followed by the UUS for Diaspora Mortgages, to cater for Nigerians in diaspora who want to own houses in Nigeria, some of whom had been swindled in the past while depending on people back home to procure houses for them.



**WHAT WE  
DO**

\* The UUS promote uniformity, efficiency and mitigate mortgage financing risks by ensuring strict compliance with defined lender and borrower eligibility criteria.

# ACHIEVEMENTS

## ✓ Market Development contd.

- Model Mortgage & Foreclosure Law (MMFL) NMRC , through advocacy with State governments proposes the adoption and passage of the Mortgage and Foreclosure Law by the States.\*

The proposed law advocates for creation of State Mortgage boards as one-stop-shops for facilitating mortgage administration, property registration and title perfection processes in addition to the instituting of a non-judicial foreclosure process.



**WHAT WE  
DO**

\* In July 2017, Kaduna State became the first State in Nigeria to pass the law, and this resulted in its being ranked very high on "ease of Doing Business" index, among other benefits.



# OUR PARTNERS

## Mortgage Lending Institutions:

### □ 5 Commercial Banks

NMRC has refinanced conforming mortgages of four (4) out of these.

### □ 21 Primary Mortgage Banks

NMRC has refinanced conforming mortgages of seven (7) out of these, while awaiting mortgage portfolios from others.



# OUR PARTNERS

## State Governments:

### □ Lagos State Government

In October 2017, NMRC signed a tripartite agreement with Lagos State and a consortium of five (5) developers to build and deliver 20,000 housing units by 2020, under the State's Lagos Affordable Public Housing (LAPH) initiative.



# OUR PARTNERS

## State Governments contd.:

### □ Kaduna State Government

As part of its drive to deepen mortgage penetration and promote home ownership in Nigeria, NMRC in March 2017 executed Memorandum of Understanding with the government of Kaduna State.

The MoU serves as a framework for various collaborations between NMRC and the State government in its pursuit of a strong investment climate for affordable home ownership for its citizens; its planned development - the Millennium City Project to provide affordable housing for citizens as well as a commitment to support the provision of single digit mortgages through the creation of a sinking fund for citizens and public servants in Kaduna State.



# OUR PARTNERS

## State Governments contd.

### □ Ogun State Government

In July 2017, NMRC and three of its member-banks signed a Memorandum of Understanding with Ogun State Property & Investment Corporation provision of mortgages for subscribers to its various housing estates across the State.

*One of such estates being the MTR Garden, Isheri which presently has 182 completed 2-bedroom and 3-bedroom apartments.*





# OUR PARTNERS

## Real Estate Developers:

- Echostone Nigeria
- Brains & Hammers
- Urban Shelter
- Etc.



# BENEFITS

**There are many benefits to a Bank that partners with NMRC. These include but are not limited to:**

- ✓ **Access to long-term liquidity (up to 20 years) by refinancing mortgages of the Bank up to 20 times the amount invested in NMRC (for member-banks).**
  - ✓ **Access to cheaper long-terms fixed rate funds via NMRC's FGN Guaranteed Bonds.**
    - ✓ **Elimination of Assets-Liabilities mismatch in Bank's balance sheet.**
    - ✓ **Access to NMRC's investment funds that NMRC places with Banks.**
- ✓ **Opportunities to significantly grow the Bank's mortgage portfolio by leveraging NMRC's partnership/engagements with Federal and State governments as well as corporate entities on housing projects.**



# BENEFITS

- ✓ **Opportunity to grow Bank's diaspora mortgages through NMRC's workshops and other programs for Nigerians in diaspora.**
- ✓ **Opportunity for portfolio diversification as the Bank will leverage on NMRC's relationships/partnerships to have access to creating mortgages from different sectors/regions of the economy/country.**
- ✓ **Enhancement of creation of quality risk asset portfolio for the Bank, using the Uniform Underwriting Standards (UUS).**
- ✓ **NMRC provides the ecosystem for the Mortgage Market infrastructure and system in Nigeria, thereby serving as a spring-board in stimulating, standardizing and stabilizing the mortgage market.**
- ✓ **NMRC plans to commence Securitization transactions in the near future, so that the assets are removed from the Bank's balance sheet.**



**So, let**

**refinance your Bank's mortgages**

**Thank you!**