

TrustBond Mortgage Bank Plc

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Historical Milestones

- ✓ **TrustBond was formerly Intercontinental Homes Savings & Loans Plc which emerged from the 2005 recapitalization in the banking industry**
- ✓ **Intercontinental Homes Savings & Loans Plc became a subsidiary of Access Bank Plc upon the acquisition of Intercontinental Bank Plc by Access Bank Plc in 2011**

Historical Milestones (Cont.)

- ✓ **Access Bank Plc divested in 2013 to give room to new investors. This led to the change of name to TrustBond Mortgage Bank Plc**
- ✓ **TrustBond recapitalized to =N=5 billion in 2014 and obtained a national license to operate in all the states of the federation**

Industry Overview Pre-2011

Industry Overview

Pre – 2011

- ✓ Undercapitalized mortgage banks with N100m capital base
- ✓ Mortgage banks licensed as Primary Mortgage Institutions (PMIs)
- ✓ Ineffective foreclosure laws
- ✓ Bureaucratic and expensive title transfer procedures.

Industry Overview

- ✓ **Absence of long term funds**
- ✓ **Funding mismatch**
- ✓ **Illiquidity**
- ✓ **No clear focus by PMIs**
- ✓ **Absence of uniform underwriting standards**
- ✓ **Poor capacity development**

Industry Overview

- ✓ **No default insurance (credit life)**
- ✓ **Huge housing deficit of over 17 million**
- ✓ **Complex land laws**
- ✓ **Low savings and difficulties in providing equity for mortgages**
- ✓ **PMIs being quasi-real estate developers**
- ✓ **Inadequate housing stock**

Industry Overview Post-2011

Industry Overview and Prospects

In November 2011, the CBN issued the Revised Guidelines for Primary Mortgage Banks in Nigeria

- ✓ **The new guidelines include**
- ✓ **Recapitalization of mortgage banks**
 - **State mortgage banks – N2.5b capital base**
 - **National mortgage banks – N5b capital base**

Industry Overview and Prospects

- ✓ **Permissible activities**
 - **Mortgage finance**
 - **Real estate construction finance**
 - **Acceptance of savings and time deposits**
 - **Financial advisory services for mortgage customers**

Industry Overview and Prospects

Post 2011

- ✓ Size of the housing deficit in 2015 is now 21m representing huge business opportunities and market size
- ✓ Mortgage banks now licensed as Primary Mortgage Banks (PMBs)
- ✓ Mortgage banks now categorized into
 - National mortgage banks
 - State mortgage banks
- ✓ Uniform underwriting standards

Industry Overview and Prospects

- ✓ **NMRC was licensed in January 2014 and began operations in June 2014**
- ✓ **NMRC to address illiquidity and provide long-term funds**
- ✓ **Credit life insurance**
- ✓ **New initiatives – CRI to address equity**
- ✓ **25% RSA as equity (draft guidelines issued by Pencom)**

Industry Overview and Prospects

- ✓ **Continuing engagement and advocacy with the National and State Assemblies on review of land laws**
- ✓ **Reduction of title transfer cost by Lagos State from 15% to 3%**
- ✓ **MBAN actively involved in capacity development for staff of PMBs**
- ✓ **Lack of focus addressed by the new guidelines (permissible and non-permissible activities)**

Industry Overview and Prospects

- ✓ **Mortgage brokers now licensed by MBAN**
- ✓ **Exit of real estate development by PMBs and classification of stock as non-current assets (CBN Circular issued in October 2013)**

Financials

Revenue from co		
Overheads		

Financial Highlights Including 2015 YTD (Unaudited)

Performance :			
Gross earnings			
Net income			

Financials

- ✓ **Growth in banking business**
- ✓ **Reduced reliance on real estate**
- ✓ **Curtailed overheads despite the growths in inflation and exchange rates**
- ✓ **Sustainable business model**
- ✓ **Growth of risk assets by 229%**
- ✓ **Income from financial advisory increased by 282%**

Key Success Factors

- ✓ **State of the economy (macro economic indices e.g exchange rate, interest rate, inflation rate, direct foreign investment etc)**
- ✓ **Access to long-term funding**
- ✓ **Efficient service delivery**
- ✓ **Innovative products**

Business Strategy & Future Prospects

Access to long-term funding

- ✓ Key stakeholders for growth of mortgages
 - Sources of funding
 - FMBN
 - Maintenance of strategic partnership with FMBN
 - NMRC
 - Investment of N500m in the equity of NMRC
 - Access to N10b mortgage funding from NMRC

Business Strategy & Future Prospects

Innovative products

Products to address the demand and supply sides of home delivery

- ✓ **Mortgage creation and administration**
 - **Group mortgages**
 - **Direct deduction of mortgage repayment from salaries**
 - **Co-operative societies and HRD of multinationals**
 - **Working with developers with capacity**
 - **Financial advisory and other services**

Business Strategy & Future Prospects

Innovative products

Cradle to retirement (life cycle) financing

- ✓ **Individuals**
 - **Rent to Own**
 - **Target Savings**
 - **HomePlan**
 - **Home Owners Account**
 - **Home Improvement**

Business Strategy & Future Prospects

Innovative products

- **Home for Life**
- **Seniors Mortgage Account**
- **Mortgage Products for Widows (WIP)**
- ✓ **Corporate**
 - **Real Estate Account**
 - **Real Estate Account for Professionals**
 - **HEIR Account**

Business Strategy & Future Prospects

Efficient service delivery

- ✓ **Business model to mitigate inherent risks**
 - **Credit life to address subsequent incapacity**
 - **Group direct deduction to address unwillingness to repay**
 - **End-to-end finance (land acquisition, construction finance, mortgage)**
 - **Regulatory compliance on disposal of real estate assets**

Business Strategy & Future Prospects

Efficient service delivery

- ✓ **Build-up of mortgage portfolio for stable and sustainable income**
- ✓ **Partnering with major real estate developers**
- ✓ **Investment in IT infrastructure**
 - **Internet banking platform for funds transfer**
 - **Automatic Teller Machine (ATM)**
 - **Use of smart technologies and multi-channels with less reliance on branch banking for customers engagement**

Thank you