



## External Relations Department

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### **Acting Governor SBP witnesses inking share subscription agreement of Pakistan Mortgage Refinance Company**

"House financing to GDP ratio in Pakistan is currently less than 1%. This is one of the lowest in the world. Unless we effectively promote house financing by using our existing financial institutions and also create enabling environment for specialised housing finance institutions, the dire shortage of housing will continue with its negative social consequences. "

These were the sentiments expressed by Saeed Ahmad, the Acting Governor, SBP while he witnessed inking share subscription agreement of Pakistan Mortgage Refinance Company. "By inking share subscription agreement of Pakistan Mortgage Refinance Company (PMRC), we are witnessing today a historical milestone on the path towards promotion of Mortgage Finance in Pakistan", he said.

Agreement was signed by representatives of Ministry of Finance and banks/DFI. Presidents/CEOs of the equity holding institutions also witnessed the signing ceremony. While highlighting growing demand of housing units in Pakistan in the backdrop of rapidly growing population and escalated real estate prices, Saeed Ahmad said that two key impediments in housing finance i.e non-availability of long term liquidity and issue of foreclosure laws have now been addressed and urged CEOs of the banks to contribute positively towards meeting unmet demand of low cost and affordable housing in the country. He referred to a World Bank report in terms of which there was an estimated backlog of 7.5 million housing units in 2009 which is increasing by 300,000 units annually.

He further said that apart from being the biggest asset of a common person, housing plays an important role in the long term economic development. More than 40 industries and 70 percent of the unskilled labor force are attached with the housing and construction sectors. Keeping in view the socio-economic benefits of housing and construction sectors, SBP has undertaken housing finance as a priority lending area. He acknowledged support provided by the Government in setting up PMRC which can act as a conduit to efficiently connecting long-term investors with Primary Mortgage Lenders generating long-term assets in Pakistan, thus helping develop a debt market and a longer term yield curve. Banks lauded the efforts made by SBP and GoP in conversion of concept into long-awaited reality.

Signing ceremony was attended by the representatives of Ministry of Finance and Presidents/CEOs of NBP, HBL, UBL, ABL, Bank-Alfalah, Bank Al-Habib, Askari Bank, Summit Bank and HBFCL. Senior officials of SBP, BOD of PMRC and a representative of IFC also participated in the event.

The role played by the SBP team including Samar Hasnain, ED and GM Abbasi, Director, Acting CEO of PMRC Mr Hasni together with other directors was appreciated by banks' Heads. Mr. Nouman Dar CEO of HBL, Mr. Wajahat Husain CEO of UBL and Mr. Atif Bajwa CEO of Alfalah showed their keen interest in the house finance sector and thanked State Bank for providing enabling environment for banks to participate in this important segment of the economy.

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