



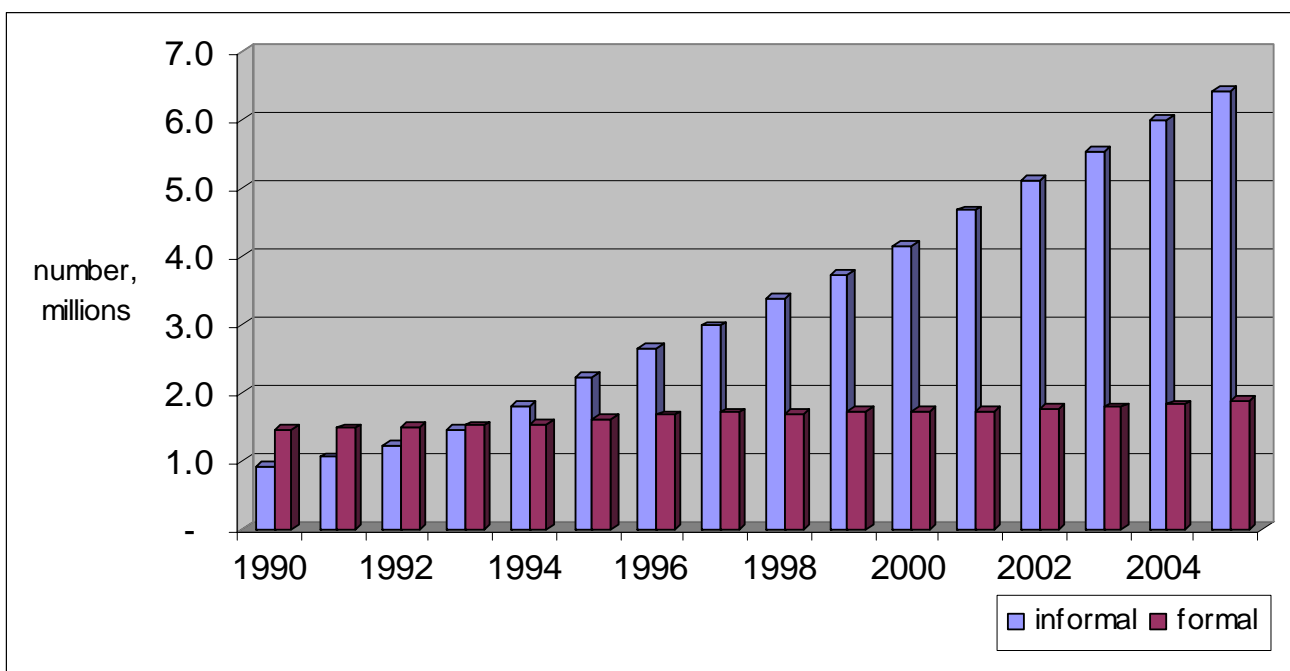
Kenya Facts

- **National population:** 36.9 million (2007 estimates)
- **Annual pop. growth rate:** 3.3% p.a
- **National urban pop.:** 6 Million
- **Annual urban pop.growth rate:** 6% p.a.
- Projected 4.3 million housing units will be required by 2030.
- 1.9 million units will be produced for low-income urban households.
- Annual urban housing production to increase from the current 35,000-87,000 by 2010, and 340,000 in 2030.

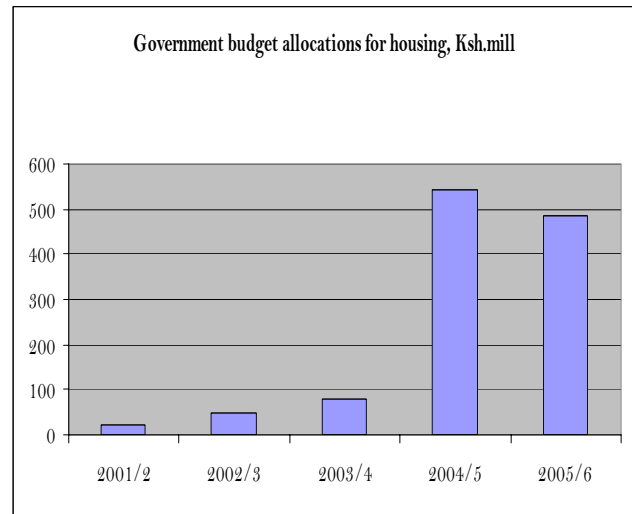
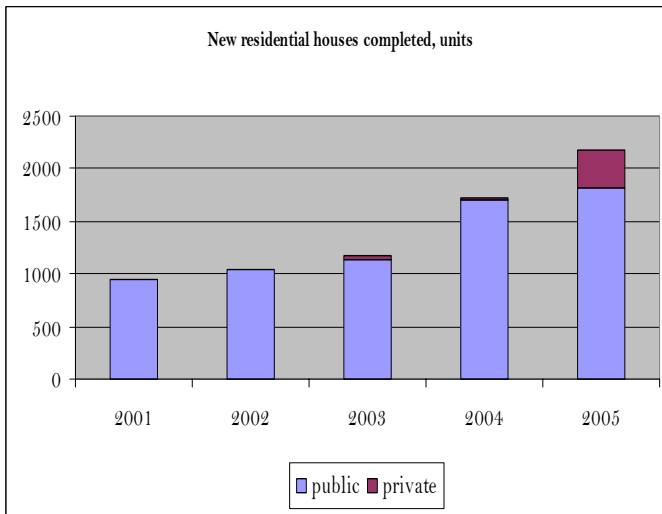
HOUSING FINANCE-KENYA

- Founded in 1964 as JV bwt Kenya Government & CDC.
- CDC Shares acquired by Equity Bank & Britac (2007) as anchor shareholders.
- Established leading supplier of housing & mortgage financing to mainly middle income salaried Kenyans.
- Financing & development of housing estates.
- In 1992, listed on Nairobi Stock Exchange
- Current operations; ten branches; 4 in Nairobi and 6 spread in main towns.

Increasing in-formalization of the economy



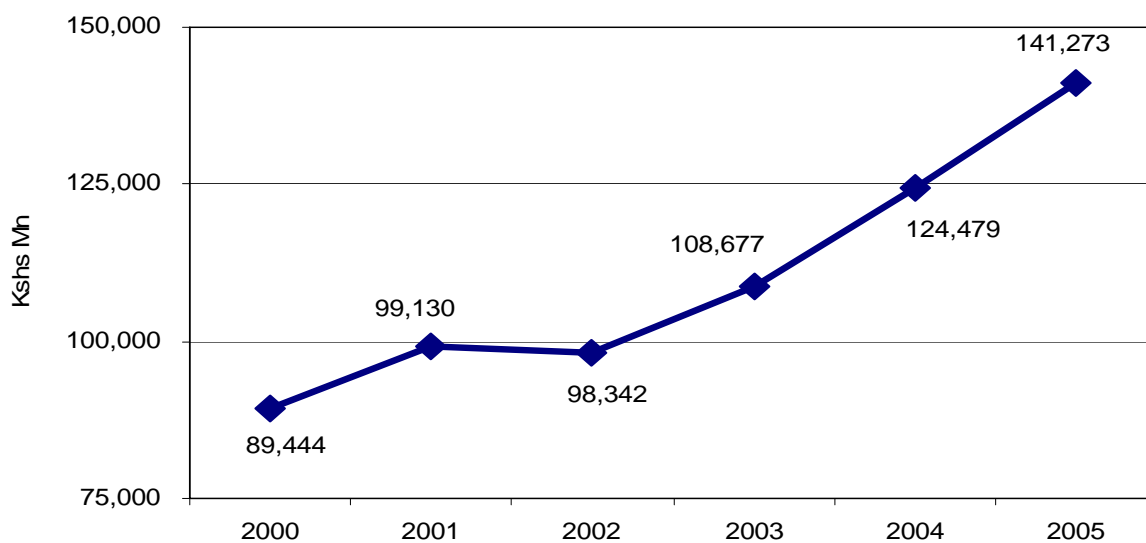
Public sector re-emerging as key player in housing development



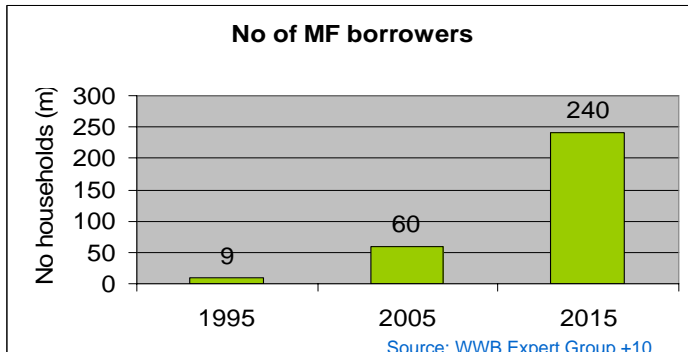
- Public sector re-emerging as key player in housing development:
 - NHC
 - Central Government (slum upgrading, Civil Service Housing Fund)

Increased Activity in the housing sector

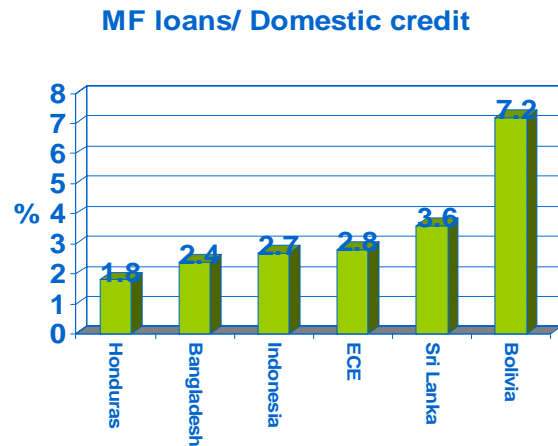
Growth in Construction Activity (2001 – 2005)



Microfinance surges...

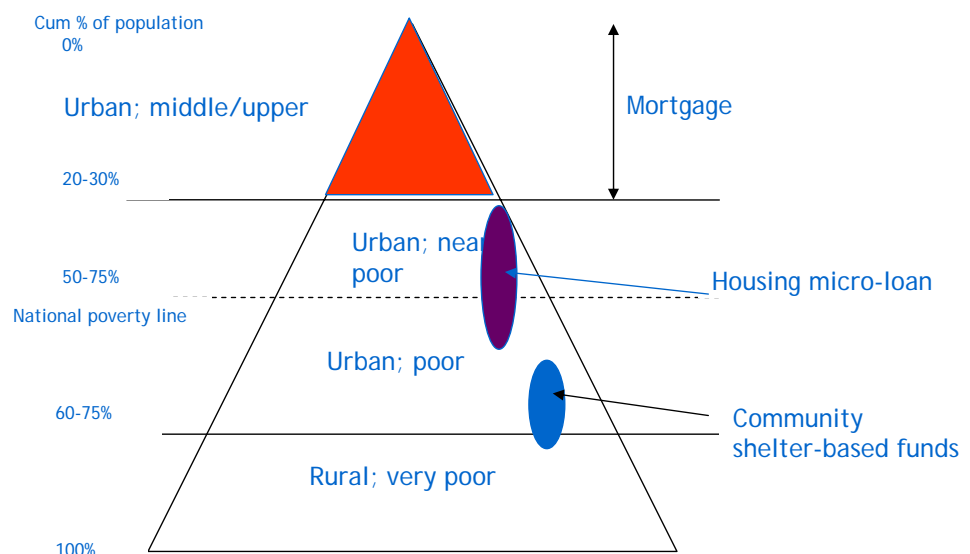


but remains relatively small...

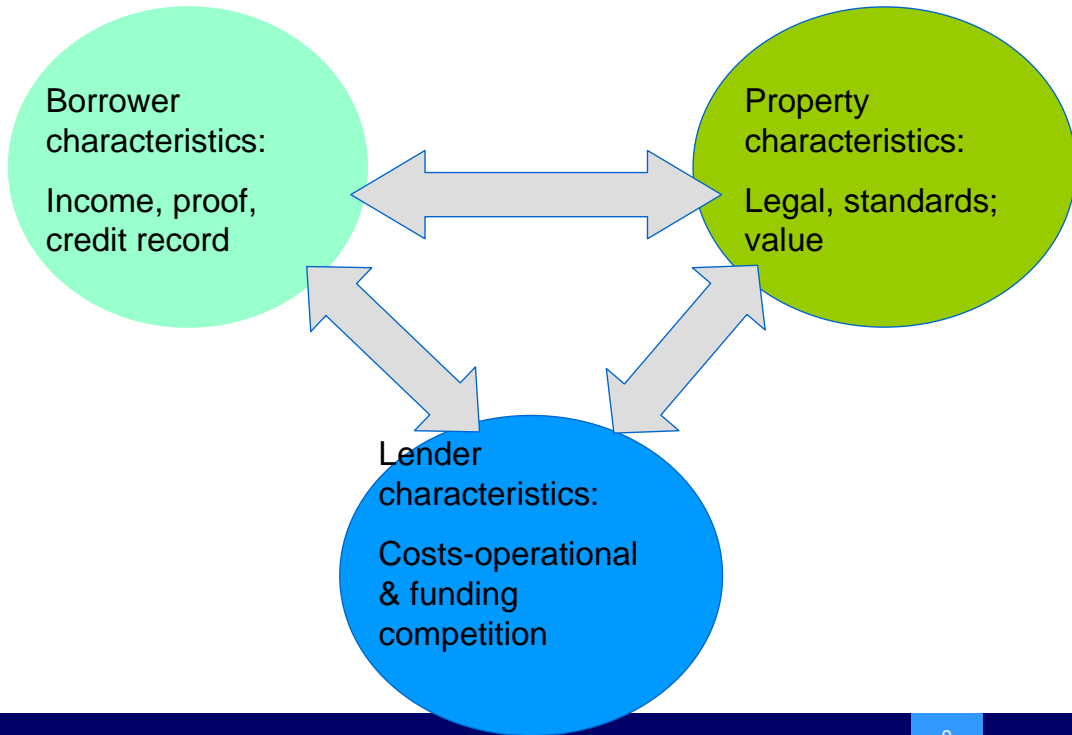


Source: Honohan, 2004: fig 4

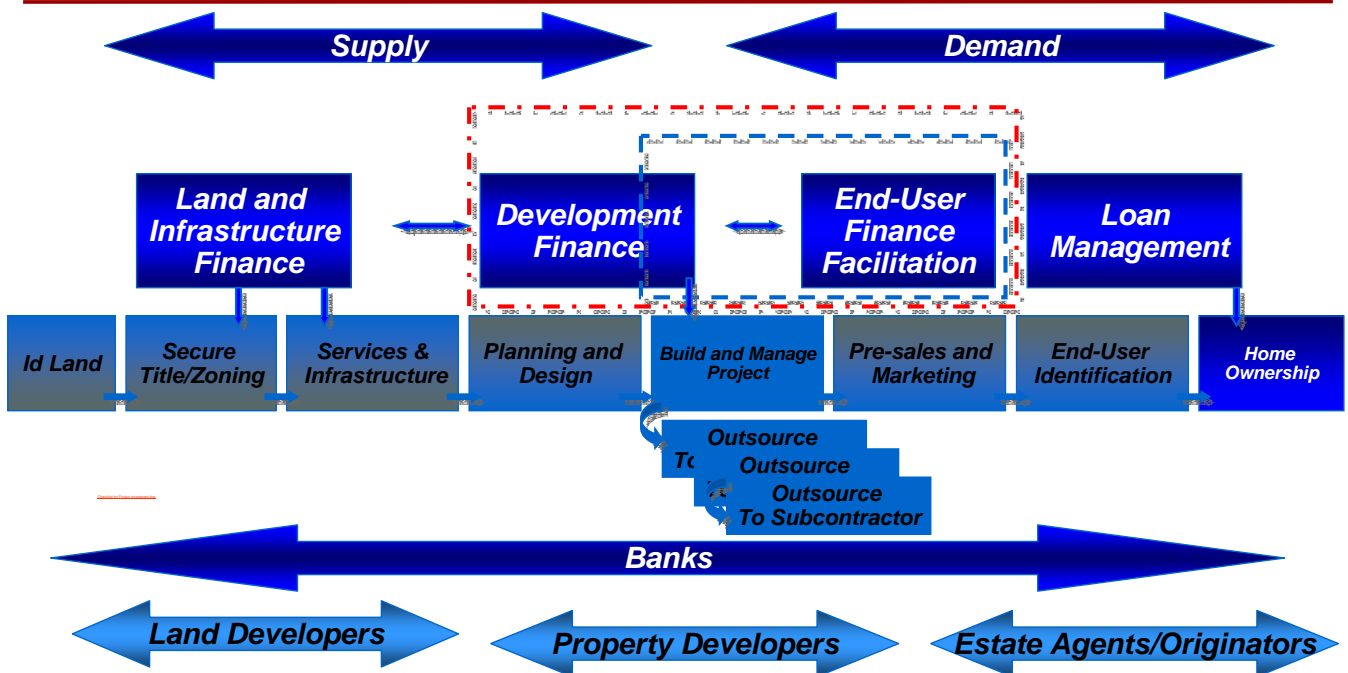
Combining the pieces



Defining the mortgage access frontier

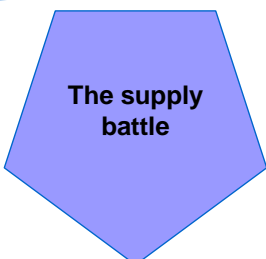
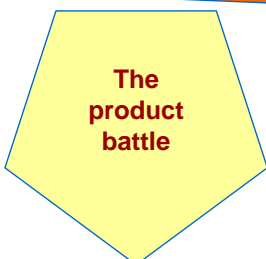
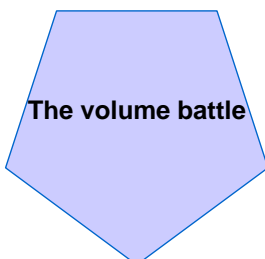


DVELOPMENT PROCESS



Strategy: HF's game plan

TRANSFORMATION WAR



Vision for victory:

- To attain 2/3 mortgage market share by 2011
- Maintain competitive prices with competitive peer group

Target

- Kshs 10 B sales pa (stretch target of Kshs 13 B pa)
- 85% disbursements

Vision for victory:

- To have the right product for each market segment

Target:

- To attain 2/3 market share by 2011
- Kshs 10 B sales pa (stretch target of Kshs 13 B pa)

Vision for victory:

- Supply HF's volume battle
- To be a key player in the supply of property (in-line with demand)

Target:

- Supply 70% of HF's volumes through own housing stock

Vision for victory:

- Appropriate mix, pricing and tenor of funds
 - Adequate volume to support projected growth
 - Capital adequacy, liquidity

Target:

- Asset matching improvement, competitive margin



Initiatives that support the 4 MWB's

| The Volume Battle | The Product Battle | The Supply Battle | The Funding Battle |
|---|--|--|--|
| 1. Understand HF's current and potential customer profile | 1. Develop HF's product centre of excellence <ul style="list-style-type: none"> Explore potential technical assistance relationships with centers of excellence in our chosen business lines Develop a transformation plan for HF | 1. Revive stalled Komarock projects. | 1. Develop a retail growth strategy |
| 2. Develop a sales strategy for entire product range (new and existing) | 2. Develop a customer segmentation system | 2. Revival plan for KBS | 2. Additional capital via Rights Issue |
| 3. Efficiencies – build confidence <ul style="list-style-type: none"> Disbursement efficiency Credit approval efficiency Operational efficiencies | 3. Develop internal capacity | 3. Alliances – grow supply from external sources (e.g. NHC, NSSF, Private Developers) | 3. Additional sources of funding strategy (e.g. Bond, Debt, REITS, Securitization, Strategic Partner – Based on 5 year projections) |
| 4. Lobbying | 4. Put systems in place to manage product cycles <ul style="list-style-type: none"> Develop an information and evaluation system to measure the effectiveness of: <ul style="list-style-type: none"> Sales team Product development team Customer service team | 4. Expand operations of the Property Point. | |
| 5. Enhance HF's image | 5. Explore potential sources of market intelligence | | |
| | 6. Support product innovation challenges with incentives and reward systems | | |