



THE MARKET

Kenya's banking sector is a cut-throat business arena, with 44 players including multinationals all scrambling for a slice of the pie. Equity Bank, however, revolutionised the banking concept in Kenya and made banking accessible to a majority of the Kenyan population who could not afford the exorbitant bank charges or meet the complex requirements demanded by other banks.

Equity Bank is a financial institution that largely operates as a microfinance commercial bank, targeting the middle and lower segment of the market that includes middle and small micro enterprise (MSMEs).

Equity has made banking simple and friendly. It has simple requirements to cater for different types of customers who need various bank services. The bank uses non-traditional securities like household goods and revenue streams to provide loans. This has allowed its customers to easily access financial services, thereby expanding its market reach.

Equity has the lowest/competitive charges in the market for bankers' cheques. There are also no minimum balance requirements and account holders need not have an opening or operating balance. These customer-friendly features have enhanced the image of the bank and it is seen as a "Mwananchi" (common man's) bank that listens and cares.

The customer base has grown through a robust information technology (IT) core banking system and infrastructure. The system has enabled the bank to develop specific products, tailor-made for various market segments. The bank's annual turnover in 2007 was KSh 5.8 billion.

Equity Bank has an impressive 39 percent of the banking industry accounts. The bank's conversion and its phenomenal growth as a result of retail banking have sharpened competition in the financial sector. More established players who initially ignored retail banking in favour of corporate banking have re-entered the market, thereby increasing competition.

Equity is the leading bank in both the country and the region in terms of customer base, total capital base and market capitalization. With

competition for the middle and lower market segment picking up, Equity strategy includes growing its customer base by opening branches across the country. With over 17 million Kenyans currently un-banked, Equity Bank is targeting them with flexible, simple and accessible banking services.

ACHIEVEMENTS

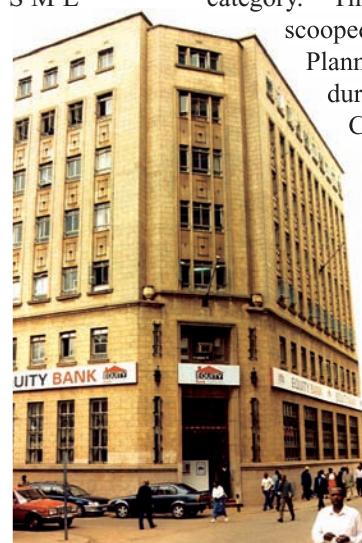
Equity has transformed the lives of many Kenyans through creating access to loans with cash-flow based lending to thousands of small and medium-scale entrepreneurs. The number of borrowing clients has risen from 9,000 in the year 2000 to over 390,000 in December 2007, translating to 42 percent of all loan accounts in the country.

Equity Bank has also been globally recognised: The bank received the Euromoney 2007 award as the Best Bank in Kenya. The award is given annually by *Euromoney*, the world's leading financial markets magazine.

Equity was also awarded the Global Vision award 2007 which was conferred on the bank's chief executive, Dr. James Mwangi alongside Nobel Peace Laureate Professor Mohammed Yunus of Grameen Bank, Bangladesh. This was awarded by Vision Summit 2007 in Germany and cited Equity as "initiators of the concepts of the future that will shape the world economy".

In the same year, Equity was rated the third best microfinance bank in the world by Micro Capital of the USA. Equity has also been highly ranked by the reputable Global Credit Rating (GCR) of South Africa with a rating of short term A1 and long term A+ in 2007.

The 2007 Kenya Banking Survey rated Equity the second best Kenyan bank, Best Microfinance Bank, Fastest Growing Bank, Best Retail Bank and runner-up in the Product Innovation and S M E category. The bank also scooped the Corporate Planning Award during the 2007 Company of the Year Awards.



HISTORY

Equity Building Society (EBS) began operations in 1984 with the objective of mobilising savings in order to provide building loans to small scale farmers.

1984 to 1993 were turbulent times for indigenous financial institutions in Kenya and a number of banks went out of business. The result was a lack of confidence in the sector and the closure of indigenous banks, most of them being placed under statutory management. Equity, too, had its fair share of trouble. Due to its small size and rural outlook, its deposits base and loan book remained stagnant and continued to post losses. In 1993, the Central Bank of Kenya (CBK) declared EBS technically insolvent.

Then Equity's board of directors presented CBK with a turnaround strategy that involved a change of business policy and the strengthening of management. EBS shifted its focus from a mortgage provider to deposit mobilisation and the efficient provision of loan facilities to the micro finance sector.

The turnaround also coincided with the liberalisation of the financial sector. Several large banks shifted focus from the retail to the corporate market segment, creating a gap in the retail sector. A number of banks closed their rural branches and rationalised their urban branches. This created a steady flow of new deposits to EBS. Between 2000 and 2004 the bank registered a 600 percent increase in gross loans.

In 2001, Planet Finance ranked EBS as a "high global performer, professionally advanced, technically self sufficient and a low-risk investment". These ratings encouraged AfriCap, a microfinance investment fund, to make EBS its first African investment by injecting capital and then becoming the single largest shareholder with 16 percent shareholding.

In 2004, EBS was recognised by the World Bank as a model institution for the impact its products and services made on reaching the un-banked population, as well as its success in poverty reduction. Over the years, Equity has partnered with networks, associations and development partners in various areas.





fanikisha imara

Fanikisha Imara Features

- Lending to individuals
- Access to loans from Kshs30,000/- to Kshs500,000/-
- Repayment period of up to 18 months
- Interest rate at 1.25% per month

- What you'll receive
- Access to discounted business improvement training
- Access to advisory services
- Flexible collateral requirement
- Fast loan processing
- Opportunity to graduate to the next level with relaxed security requirements



As the bank grew, customers began demanding additional products like trade finance, foreign exchange, cheques and overdrafts. To address these needs, the bank decided to convert to a commercial bank. On December 31st, 2004 the building society became a commercial bank under the Banking Act.

THE PRODUCT

Equity offers deposit/savings and loans facilities such as Equiloan, Biashara Imara to individuals, companies and groups. It has focused on

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- Balance Enquiry
- Cyber Receipts of Transfer
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- Deposit Modeling
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- Request
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customising the traditional banking model of intermediation to make it relevant to the micro, small and medium market segment.

Equity has leveraged its superior IT core banking system to enhance its product range to currently include SMS and internet banking, the recently launched CashBack service as well as custodial services that allow clients to trade in shares on the stock exchange.

Equity Bank's services are easily accessible via a large network of Automated Teller Machines (ATMs), point of sale (POS) facilities, an expansive branch network and an open banking concept with no restrictive requirements to hinder existing and potential customers from seeking services.

Services available under SMS banking include fund transfer, buying of airtime, balance enquiry and statement request. The CashBack service allows clients to access money from the point of sale: The first of its kind on the market, clients can pay for their merchandise in leading supermarkets and other retail outlets and withdraw cash from the till.

RECENT DEVELOPMENTS

Equity has launched the Fanikisha (It can be done) loans products portfolio with training for women entrepreneurs, both individuals and groups. The loans do not require the traditional types of collateral and are flexible to include collateral like household goods, business stocks and social capital. Social capital allows women to co-guarantee each other in their respective groups.

The bank plans to expand across the country to reach as many un-banked Kenyans as possible and more branches are set to be opened by the end of 2008. Equity Bank also partners with various private companies and organisations which facilitate farmers in selling and marketing their produce.

PROMOTION

Equity uses regular press adverts in print and electronic media to promote its products and services. The bank also sponsors business programs, a forum for successful entrepreneurs who have received various financial facilities from Equity to share their stories.

Through its 80 branches countrywide, Equity has ongoing marketing activities targeting potential clients. These take three to five days and involve educating customers on the bank's products and services. The bank also participates in farmers open field days and agricultural shows. The financial literacy, training and education public days are forums the bank uses to reach the public.

Product-specific promotional materials are used for particular events or products. Slogans for the various products and services are also used - the SMS banking slogan is "benki yako mkononi" (your bank in your hand) or "Eazzy Banking". Loan products have the slogan "Empowering Kenyans to drive Kenya". Other slogans widely used include: "Proudly Kenyan bank"; "Taking banking services to our people" and "Growing together in trust".

Potential and existing customers locally and in the Diaspora are also reached through telemarketing and direct mailing.



BRAND VALUES

Equity Bank is associated with:

- Professionalism
- Integrity
- Creativity and innovation
- Teamwork
- Unity of purpose
- Respect and dedication to customer care
- Effective corporate governance

The first letters of each of these values makes the acronym PICTURE.

Equity Bank promises to be the listening, caring financial partner and is committed to empowering Kenyans to drive Kenya. The bank's logo picturing a house indicates that it is able to offer all financial services under one roof.

THINGS YOU DIDN'T KNOW ABOUT EQUITY BANK

- Equity is the largest bank in Kenya and East Africa both in terms of total capital ,number of clients and market capitalization
- Equity Bank was the first microfinance institution in Africa to list on the stock exchange
- The brand's product range currently includes SMS and internet banking