

## PRESS STATEMENT

### Moody's accords Equity Bank Kenya first-time global ratings of B1 with a Stable Outlook

**Nairobi, Thursday 13<sup>th</sup> July, 2017.....** Equity Bank Kenya has been assigned first time ratings by Moody's Investors Service with a stable outlook based on the Bank's strength. The global local currency rating captures the Bank's strong credit profile which is closely aligned with the B1 (stable) rating of the Kenyan government. At the same time Moody's has assigned a national scale rating of Aa1 which ranks Equity Bank Kenya the best credit rated bank in Kenya.



Equity Bank has been rated by Moody's Investors Service as having strong brand recognition, established domestic franchise, and its extensive use of digital and alternative distribution channels which support high and resilient profitability. The Bank also has solid liquidity buffers and a resilient funding profile supported by its retail funded depositor base. As of March 2017, Equity Bank was the most profitable bank as per the published financial results.

Commenting on the achievement, Equity Group Holding CEO & MD, Dr. James Mwangi said that the ratings reflect on the Bank's strong market position within the regional banking space making it well positioned to take advantage of positive growth, infrastructure and other developments within the local economy.

"As the Bank enters the next phase of growth, there is a renewed need to mobilize funds to finance major infrastructural developments as well as local and regional SMEs. This is bolstered by the fact that we have continued to reinforce our corporate product offering, management team and IT reliability and capacity in order to improve customer service and offer a more complete product suite to cross-sell to existing and new customers in Kenya and the region," Dr. Mwangi said.

Moody's expects that Equity Bank's profitability metrics will remain strong, supported by its low cost funding, an increasing proportion of non-interest income, and an efficient cost structure with the extensive use of digital and alternative distribution channels. The Bank's net income to average assets stood at 4.3% during the first quarter of 2017 and its pre-provision income to average assets at 6.7%, both of which are amongst the highest in Kenya's banking system.

“The rating reflects the Bank’s intrinsic credit strength, significant market size, acceptable risk management practices, profitable business model, prudent capital levels and support from its shareholders. We continue to protect ourselves against slow business volumes by focusing on high margin plays and cutting on operational and funding costs”, Dr. Mwangi added.

With Equity Bank experiencing a strong deposit growth over the past 15 months, in conjunction with lower loan balances, the Bank’s liquidity ratios have improved significantly as of March 2017, with liquid assets at a strong 39% of total banking assets and net loans at a fairly low 72% of customer deposits.

The Bank recently rolled out its new set of digital products dubbed ‘EazzyBanking’. The products give customers a convenient, comprehensive and secure banking experience; in accordance with the customers’ evolving banking trends which are increasingly embracing self-service technology platforms that give them freedom, choice and control.

As of March 2017, EazzyBanking App transactions grew by 28%; EazzyBiz (a cash and liquidity management system for SMEs and Corporates) by 56%; EazzyNet (an online platform for retail and individuals) by 32%; EazzyPay an interoperable payment system by 171%. Additionally Equitel has taken up 23% of the mobile money transfer market share (Q3 CA Report Jan- March 2017).

Equity Bank remains well positioned to respond to emerging opportunities by focusing on SMEs particularly in the energy, infrastructure and export sectors. As at 31<sup>st</sup> March 2017 financial results, 72% of the loan book was to SMEs and Large Enterprise.

Equity Bank Kenya caters to SMEs and large corporates through its Supreme Banking offering with branches in key locations such as Nairobi’s (Upperhill, Gigiri, Lavington and Kilimani) ; Kisumu; Mombasa, Nakuru, Eldoret among many other major towns in Kenya.

**Ends...**