

Safaricom taps Equity Bank for staff share loans

Safaricom, one of Kenya's leading mobile telephone service providers, has made a deal with Equity Bank to allow its staff to access loans for the acquisition of its IPO shares through the bank at a subsidised interest rate of 10%.

 By [Walter Wafula](#) 11 Apr 2008

Michael Joseph, Safaricom's CEO, said, "Safaricom staff can now borrow within their limits and finance the acquisition of the Safaricom shares".

Under the deal, Equity will provide 100% financing to Safaricom staff, to acquire the shares, with the repayment period set at five years. Employees will repay the loan through a monthly check-off system.

Equity Bank's CEO, Dr. James Mwangi, said, "This partnership is another milestone of achievement between Equity Bank and Safaricom which goes to show that our business engagement is growing by the day".

He also reiterated the bank's intention to tap into its vast branch network and grip on over 40% of Kenya's banking sector to ensure the issue is a success. Apart from being one of the country's leading banks, as a Central Depository Agent it is opening CDS accounts for an ever-growing number amongst its two million customers who intend to purchase shares in Kenya's biggest IPO.

The sale of 10 billion ordinary shares, which represents 25% of the Government's 60% stake in Safaricom kicked off on March 28. The move is causing ripples in Uganda, Tanzania, Rwanda and Burundi as citizens dash to apply for their shares from their brokers.

The community has been granted 65% of the total offer at Kshs5 per share, for a minimum of 2,000 share. The UK's Vodafone plc holds the remaining 40% and foreigners have been allotted 35% of the shares; in the event of over-subscription, this share could be reduced.

From the time of its establishment in 1997, the operator has prospered, connected over 10 million GSM subscribers to date and achieved in excess of 40% growth per annum over the last five years. Last year, it posted a record net profit above Ksh12bn, making it the most profitable company in East Africa.

The Safaricom IPO will be opened up until April 23, 2008. Thereafter, the results of the allocation will be announced on May 30 and trading in the Nairobi Stock Exchange will commence on 7 June 2008.

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