



## Equity Bank Kenya and FMO-NASIRA sign guarantee program for COVID-19 support

- The funding will further support SMEs and MSMEs to recover and thrive from the pandemic

**Nairobi, Kenya: 25<sup>th</sup> March 2021** – Equity Bank Kenya (EBK) is delighted to announce its partnership with the Netherlands FMO development bank with the signing of a NASIRA loan portfolio guarantee facility. This USD 50 million (KShs 5.5 billion) facility is the second NASIRA guarantee signed with EBK with the support of EU funding.

With the funding Equity Bank Kenya will further support Kenyan entrepreneurs during these challenging times with a special focus on micro, small and medium enterprises (MSMEs). The FMO funding will provide a NASIRA loan portfolio guarantee covering loans provided to MSMEs affected by the COVID-19 crisis, including women and young entrepreneurs and companies in the agri-value chain. The guarantee mitigates Equity's risk in the MSME segment which has heavily borne the brunt of COVID-19 pandemic.

On signing the agreement Dr. James Mwangi Equity Group MD and CEO said "Equity is committed to continue supporting businesses to survive, recover and thrive post COVID-19 pandemic so as to protect lives and livelihoods. MSMEs are key players in driving the growth of the economy and this support in form of guarantee from our partners, FMO, will mitigate the risk Equity is exposed to as we continue to work with MSMEs navigate through this uncertain times. Some MSMEs require more funding as they repurpose their businesses while others require accommodation in loan repayments. This facility among others that Equity has signed will assist us to support MSMEs and keep the lights of the economy on as we look forward to the economy bouncing back with the development and rollout of the vaccine."

The NASIRA guarantee will be complemented with a bespoke Capacity Development project aimed at supporting EBK's offering towards companies and smallholder farmers in the agricultural value chains with a target to grow the Agriculture segment of Equity's loan book to 30%. The technical assistance will help in strengthening EBK's value proposition regarding financial and non-financial products and services for these customer segments.

Linda Broekhuizen, CEO (a.i.) of FMO stated, "We are very happy to be able to support Equity Bank Kenya in weathering the COVID-19 storm. Funding for MSMEs is essential in lessening the impact of the pandemic on people's livelihood and their communities. Together with the Capacity Development project we are confident small entrepreneurs will get much needed support."

"The NASIRA guarantee is part of the EU External Investment Plan. By investing €4.6 billion in EU funds, an additional €47 billion in total investment will be leveraged globally from the public and private sector. It will enable small business owners to access affordable loans through local banks, microfinance institutions and other non-banking financial institutions", underlined the EU Ambassador to Kenya, Simon Mordue.

"The guarantee supports Equity to mitigate and reduce risk in the MSME segment especially emanating from the pandemic that has slowed and reduced economic activity. The Bank's NPLs has traditionally been 40% lower than the industry. As we seek to build back better without leaving anyone behind, we will support MSMEs to adapt and fit in a new emerging global economy that is more resilient, agile and sensitive to sustainability," added Dr. Mwangi.

The guarantee complements Equity's program with Mastercard Foundation of creating 5 million jobs especially for youth by providing \$4.2bn in funding to MSMEs. The partnership with Mastercard Foundation is for \$73 million for loan guarantee, capacity building and technical assistance.

Equity Bank Kenya, a partner of FMO since 2007, is part of the Equity Group, one of the largest financial service groups in East Africa.

This is the seventh tranche for Equity Group after having signed a \$50 million USD (Kshs 5.5 Billion) loan facility with IFC in September; a \$100 million USD (Ksh 11.0 Billion) from Proparco in October and a EUR 125 million (Kshs 16.5 Billion) loan facility signed last week with the European Investment Bank, a US \$100 Million (Ksh 11 Billion) Credit Facility with

Leading European Development Banks DEG, FMO and CDC-UK; a USD 75 Million (Kshs 8.25 Billion) Loan Facility with the African Guaranty Fund; USD \$100 Million (Ksh 11 Billion) Loan from the African Development Bank (AfDB) and USD \$73 million (Kshs 8.03 Billion) facility from MasterCard Foundation to fortify credit flows and liquidity to MSMEs totaling Kshs 76.78 Billion.

### **About Equity Group Holdings**

Equity Group Holdings (EGHL) is a Pan-African financial services holding company listed at the Nairobi Securities Exchange, Uganda Securities Exchange, and Rwanda Stock Exchange. The Group has banking subsidiaries in Kenya, Rwanda, Uganda, South Sudan, Tanzania, and DRC and a representative office in Ethiopia. It has other subsidiaries in investment banking, insurance, telecom, fintech and social impact investments. Equity Group has an asset base of over \$ 10 billion. With over 14.2 million customers, the Group is one of the biggest banks in customer base in the region. Since 2008, the Group's corporate foundation, Equity Group Foundation (EGF), has delivered humanitarian programs in Education and Leadership, Food and Agriculture, Social Protection, Health, Clean Energy and the Environment, Enterprise Development and Financial Inclusion to millions of Africans. EGF has a networked health care provider, Equity Afia which has been supporting COVID-19 relief efforts.

**For more information, please visit:** <https://equitygroupholdings.com/>

### **About NASIRA**

NASIRA is an innovative financial program that supports young, female, and migrant entrepreneurs in Sub-Saharan Africa and countries neighboring Europe. As off April 2020 the scope is widened to also reach small COVID-19 affected entrepreneurs in the same regions. NASIRA uses guarantees to allow local banks to on-lend to underserved entrepreneurs. The goal is to allow local banks to provide loans to groups they normally perceive as too risky. By so-called 'risk-sharing' NASIRA reduces the perceived and real risks of lending to vulnerable and underserved parts of the population. The NASIRA guarantee is part of the EU External Investment Plan, which, by investing €4.6 billion in EU funds, is set to leverage an additional €47 billion in total investment from the public and private sector. It will enable small business owners to access affordable loans through local banks, microfinance institutions and other non-banking financial institutions.

### **About FMO**

FMO is the Dutch entrepreneurial development bank. As a leading impact investor, FMO supports sustainable private sector growth in developing countries and emerging markets by investing in ambitious projects and entrepreneurs. FMO believes that a strong private sector leads to economic and social development and has a 50-year proven track-record of empowering people to employ their skills and improve their quality of life. FMO focuses on three sectors that have high development impact: financial institutions, energy, and agribusiness, food & water. With a committed portfolio of EUR 9.7 billion spanning over 85 countries, FMO is one of the larger bilateral private sector developments banks globally.

For more information: please visit [www.fmo.nl](http://www.fmo.nl)