



Equity Continues Its Commitment to MSMEs to Sustain and Scale Their Operations with Funds from Leading European Institutions

- European Investment Bank and the European Union Invest Kshs 16.5 Billion in Equity's Vision of Supporting MSMEs through the pandemic to recover and thrive.
- The long-term loan facility equivalent to EUR 125 Million will support MSMEs to recover sustain and scale their operations, allowing them to retool, repurpose and become more agile.
- Kshs 6.5 Billion goes to agriculture while Kshs 10 Billion goes to MSMEs.
- A further EUR 20 Million grant offered by EIB will support entrepreneurs with financing through capacity building to support MSMEs and the agriculture sector to easily access the credit facilities.

Nairobi, Kenya: March 3, 2021 - Equity Group Holdings Plc has signed a Kshs 16.5 Billion loan facility with the European Investment Bank (EIB) and the European Union (EU) in its continued commitment to strategically walk with MSMEs during the three years the COVID-19 pandemic is expected to adversely affect the business operating environment as a result of the adoption of COVID-19 coping and containment measures.

Equity Group, the EIB and the EU chose to have the loan facility in Kenya Shillings to match the operating currency of SME businesses and eliminate the risk of foreign exchange while the EUR 20 million grant allows capacity building on the borrowing clients to derisk lowering the risk of default and hence allowing affordability by adoption of low-risk priced interest rates.

In response to the COVID-19 crisis, Equity launched an offensive and defensive approach to support customers to sustain themselves while innovating alongside MSMEs who are leveraging on the opportunities that have presented within the crisis. The Group committed to loan repayment accommodation for up to 45% of the customers whose cashflows and operation cycle were deemed likely to be negatively impacted during the COVID-19 pandemic. Equity made the prudent decision to ensure cashflow was not impaired and in its third quarter 2020 results, Equity reported a 30% growth in its loan book in support of its customers who saw opportunities of green shoots and diversifications in the COVID-19 environment. Most of the new opportunities funded were in manufacturing of PPE's, logistics, online businesses, agro-processing, fast moving consumer goods and agriculture value chains.

In announcing the latest loan facility, Dr. James Mwangi, Managing Director and CEO of Equity Group Holdings Plc stated, "The impact of the COVID-19 pandemic started as a health crisis, which quickly became an economic and humanitarian crisis that has seen almost 40% of Kenyan small business owners negatively affected by the great economic mechanism of coping, managing, mitigating and containing COVID-19 during the shutdown in business. Equity's goal is to keep the lights of the economy on by ensuring firms and businesses remain open, sustain employment and by keeping markets open for goods and services thus facilitating a quick recovery of businesses and the economy at large. This funding adds oxygen to the real economy through funding of enterprises under the 'Young Africa Works' Program where Equity, Mastercard Foundation and the Government of Kenya are working to create 5 million jobs for women and young people through entrepreneurship over the next five years.

The facility extends over the entire period of the program's 5 years, ensuring the matching of long-term investment by SMEs to emerge stronger post the COVID-19 period.

The financing package through the EUR 20 Million grant covers amongst other initiatives, the provision of technical assistance to enhance Equity Bank's capacity to assess, execute and monitor longer-term investment projects in the agriculture value chains and further develop its longer-term agricultural financing activities with a focus on youth and woman while enhancing their capacity to lower their credit risk and hence the interest rate at which they will obtain credit.

Speaking on behalf of the European Investment Bank, Vice President Thomas Ostros said, "New EIB and EU support for leading Kenyan partner Equity Bank will help entrepreneurs, business and agricultural small holders across Kenya to access finance and better withstand the economic challenges and business uncertainties caused by COVID-19. Today's new agreements demonstrate Team Europe and Kenya joining forces to beat COVID-19 and help business flourish."

The ability of Equity to attract funding from global agencies such as the European Investment Bank and the European Union speaks to Equity's global standing, reputation and trust to support economic stability during the COVID-19 pandemic. Equity plays a central role in the global development agenda due to the interconnected nature of the economy and its ability to deliver strategic results due to its size and capacity. The facility also indicates the confidence that global lenders have in the Kenyan economy.

Equity not only wants to support export MSMEs but also those in the domestic economy and hence has borrowed in Kenya Shillings to ensure no mismatch in currency fluctuations which will further support the domestic market and protect it from exposure to the exchange rate.

Both European institutions will support Equity's lending to MSMEs, which acknowledges that the COVID-19 outbreak has been a shock to Kenya's MSMEs. MSMEs eligible for Equity's lending through the facility will be active in high-growth market sectors which serve to create new manufacturing or distribution activities in the economy as well as strengthen and develop eco-systems around existing industrial activities.

"As an inclusive regional financial institution these facilities strengthen Equity's position to further enhance the strength of MSMEs who are key actors in value chains and ecosystems of the real economy in agriculture, trade, manufacturing, health and MSME sectors. By ensuring their survival and growth the MSMEs will continue to protect jobs, create more jobs and support lives and livelihoods in society, serving to create resilience as the pandemic subsides, as vaccines become available in Kenya, and as market growth returns," said Dr. Mwangi. "We value our long-term partnership with the EIB and the European Commission who have walked with us and our customers on our path for sustained human development for many years including their investment to scale our focus in agriculture through Kilimo Biashara. We thank them for supporting our efforts to strengthen the role of MSMEs to stimulate the economy back to prosperity, and hence support lives and livelihoods through market growth."

The guarantee complements Equity's program with Mastercard Foundation, Young Africa Works, of creating 5 million jobs especially for youth by providing \$4.2bn in funding to MSMEs coupled with capacity building in Financial Literacy, Entrepreneurship, Digital Literacy and business development services including mentorship, coaching and market linkages support. Equity is collaborating with MSME support organizations such as the Kenya National Chamber of Commerce and Industry (KNCCI), Kenya Association of Manufacturers (KAM), Kenya Private Sector Alliance (KEPSA) as well as Micro and Small Enterprises Authority (MSEA).

This is the third tranche for Equity Group after having signed a USD \$50 Million facility with IFC in September and a USD \$100 Million facility from Proparco in October bringing the total to USD \$275 Million, USD \$150 Million and EUR 125 Million – an equivalent of bringing Kshs 33 Billion to fortify credit flows and liquidity to MSMEs.

About Equity Group Holdings, Plc:

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 organization is Kenya's first trillion-shilling balance sheet bank. 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 USD \$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.

Find more information: www.equitygroupholdings.com

About the European Investment Bank:

Since its establishment in 1958, the EU bank has invested over a trillion euros in activities focused on the following priority areas: climate and environment, development, innovation and skills, small and medium-sized businesses, infrastructure and cohesion. The EIB works closely with other EU institutions to foster European integration, promote the development of the EU and support EU policies in over 140 countries around the world offering loans, guarantees, equity investments and advisory services.

Find more information: <https://www.eib.org/>

About Young Africa Works:

Young Africa Works is a public-private partnership between the Mastercard Foundation, the private sector, Equity Group Foundation, Equity Bank Group, the Government of Kenya and others. The initiative aims to support five million young Kenyans to access dignified and fulfilling work over the next five years, providing billions of shillings in capital, business development services, and market linkages to MSMEs to support their growth. This partnership is part of the Mastercard Foundation's ambitious strategy, Young Africa Works, to enable 30 million young people in Africa to secure dignified and fulfilling work by 2030. So far Equity has trained 191,305 MSMEs in Entrepreneurship and disbursed KES 57.5B to 141,106 MSMEs under the Young Africa Works Program.