PRESS RELEASE

Equity Group Launches Kshs. 678 billion (USD 6 Billion) Regional Private Sector Economic Recovery and Resilience Stimulus Plan

- *Targets Food and Agriculture, Manufacturing and Logistics, Trade and Investment, MSMEs, Social and Environmental Sectors*
- *To provide financing and capacity building to 5 million businesses comprising mostly MSMEs as well as 25 million individuals over the next 5 years*
- *To create 50 million jobs directly and indirectly*
- *Targets to enable young people to create jobs - Young Africa Works Program*
- *To partner with National Governments, UN, Development Banks, Africa Union, Commonwealth and European Union, European Commission, and other like-minded partners*

Nairobi, Monday 7th March 2022…. Equity Group has launched a private sector focused stimulus package to accelerate economic recovery and resilience in the Eastern and Central Africa region as it recovers from the devastating health, social, humanitarian, and economic impacts of the COVID-19 pandemic.

Equity's Eastern and Central Africa Recovery and Resilience plan is envisaged to provide financing of up-to 2% of the combined GDP of the six economies, in which the Group operates, to the private sector in the form of blended financing of short-term overdrafts, medium term loans and credit facilities which require long-term project and development financing.

While launching the Recovery and Resilience Plan Dr. James Mwangi, Equity Group Managing Director and CEO said, "A total of Kshs 678 billion (USD 6 billion) will be available to 5 million MSMEs and 25 million individual borrowers for the next 5 years. The plan conceives that the 5 million businesses largely comprising MSMEs will create 50 million jobs, 25 million jobs directly and an equal number of jobs indirectly as the ecosystems of business become more cohesive, connected, and ultimately synergize and grow."

"The recovery plan will have special focus on youth and women, supporting them to be the primary drivers of creating and expanding opportunities in the real economy. Under the Young Africa Works Initiative in partnership and collaboration with the Mastercard Foundation, the plan will build capacity in young people through financial literacy, entrepreneurship training and digital literacy. To ensure that no one will be left behind, lending to young people will be complemented with credit guarantee facilities to mitigate default through our credit risk pricing model that has opened inclusive credit access to all. Risk based credit pricing has enabled us to adopt a transparent, all-inclusive interest rate, at the current average central bank rate that ranges from 13% to 18.5% for the lowest risk and the highest risk categories respectively," added Dr. Mwangi. The Regional Development Plan through recovery and resilience initiatives focuses on five thematic areas:

- Primary sectors of Food and Agriculture, and extractive sectors
- Manufacturing and Logistics
- Trade and Investments
- Micro small and medium enterprises
- Social impact and Environmental investments

Under the primary sectors, principally Food and Agriculture, the focus will be on unlocking productivity gains and value addition ecosystems to achieve food security for the region while increasing value creation in the primary sectors, which are the highest employers, highest foreign exchange earners and the highest contributors of export goods. The plan targets agricultural transformation by enhancing value chain coordination, capacity building of smallholder farmers-anchoring them better to formal value chains, financing mechanisation and credible inputs. A significant plank of the plan is agro processing which adds and enhances the value of agricultural exports, while processing food for easy access by an urbanising population and production of building materials to support construction and housing development.

The recovery and resilience plan seeks to leverage on productive capacities and comparative advantages to transform the region into a manufacturing hub that converts agricultural raw material into finished products for export and national use. The plan covers value addition for all primary products including retaining value in mineral processing to export semi-finished and finished products. The plan targets financing of in-country manufacturing and regional supply chains to replace broken global supply chains following COVID-19 disruptions. This will build regional resilience against global supply chain shocks while contributing to economic recovery and growth of the region, creating employment opportunities for young people and markets for local producers.

“We learned and developed a lot of knowledge while setting up PPE production and manufacturing in Kenya during the early days of the COVID-19 pandemic. In order to replace the broken global PPE supply chains, Equity Group Foundation donated Kshs 1.1 billion (USD 11 million) jointly with its partners to protect doctors and medical staff of 116 national referral, county, and faith-based hospitals for the last two years. Through the initiative to establish and strengthen local production and manufacturing, Kenya has become self-sufficient in PPE and a leading African exporter of PPE. Our current plans include supporting the manufacturing and production of COVID-19 drugs, anti-infectives and vaccines in the region,” said Dr. Mwangi.

Focus on trade and investments will enable expansion of markets for the primary sectors of Food and Agriculture and the manufactured products, along with the realisation of investments to support growth of the two sectors. The East African Community, following the inclusion of DRC (Democratic Republic of the Congo), will provide an expanded regional market with similar characteristics and requirements. The African Continental Free Trade Area Agreement (AfCFTA) presents, with it opportunities that the Plan seeks to fully utilize by signing an implementation and collaboration partnership with the AfCFTA Secretariat to position Equity Group as an implementation partner. The plan also seeks to fully utilise existing Trade and Investment Agreements such as the European Union Trade Agreement, the United States of America's AGOA (African Growth and Opportunity Act) framework, and the capacities of the Commonwealth community. -Pilot testing of these initiatives was undertaken with the December 2021 Kenya DRC Trade Mission between the Governments of the DRC and the Government of Kenya with support of Equity Group. The mission which has generated a sizeable deal pipe provided us invaluable lessons on how to mobilise, organise and support the private sector in stimulating cross-border trade and investment for purposes of scaling,” said Dr. Mwangi.

Micro, Small and Medium Enterprises (MSMEs) are the largest vehicles for indigenous capital and entrepreneurship and will contribute significantly to local capital formation and employment. Mass market and MSME financing is a key strength of Equity Group with 72% of its loan and credit portfolio held in this segment. The Group has rolled out a plan to lend and advance loans to 5 million MSMEs and 25 million individuals to stimulate participation of the local community and population, with a bias to young people and women.

To enhance the success rate among MSMEs and young people, the plan involves credit risk sharing mechanisms and capacity building through financial literacy and entrepreneurship training.

“The Group has pilot tested lending to young people under the Young Africa Works in partnership with Mastercard Foundation with a resounding success rate of 436,000 MSMEs trained and funded to the tune of Kshs 136 billion, and 1.2 million jobs created by the enterprises as they expand and grow on access of financing,” said Dr. Mwangi. “The objective of the plan is to formalise the informal sector of MSMEs by linking them with formal manufacturing and primary food and agriculture sectors and by populating their value chains and ecosystems to achieve growth and resilience while accelerating recovery of the MSME sector,” added Dr. Mwangi.

The Regional Recovery and Resilience Plan seeks to enhance the social contract with society while targeting sustainability on the basis of resilience by including environmental and climate change considerations. The plan strives to achieve a social economic transformation of the region in a socially ethical and environmentally sustainable manner. Being a purpose driven plan, inclusion is at the centre of consideration to ensure nobody is left behind and the plan is fully anchored on sustainability.

“We seek to use our AAA+ rated finance brand to ensure the plan enhances its social contract with society by seeking partnership and collaboration with local communities to ensure their participation and involvement. The plan incorporates strong principles and practices to assure all stakeholders of transparency and openness, under ESG (Environmental Social Governance) considerations,” said Dr. Mwangi.

Equity Group recognises that it cannot single-handedly deliver the development of Africa. Cognisant of this fact, the Group has chosen to champion the socio-economic transformation of Africa jointly with like-minded partners and to seek their collaboration and partnership to synergise the combined capabilities and competencies of public-private partnerships, which will help mobilise the requisite strength to execute the Plan. The Group has socialised and negotiated partnership with the United Nations Resident Coordinators in the 6 countries in which it operates for collaboration and participation of all the UN Agencies operating in the region under the auspices and delivery of the Sustainable Development Goals (SDGs) collaboration framework.

The Plan has won the support and participation of IFC, AfDB, European Development Banks (Team Europe), the Commonwealth Secretariat, the African Continental Free Trade Area Agreement Secretariat and the European Union, as well as support from the national governments of the six countries the Group operates in. “We are grateful for the enthusiasm shown towards collaborating and partnering to jointly execute on the social and economic recovery and resilience of Eastern and Central Africa, particularly in mobilising USD 6 Billion in financing for the fund,” said Dr. Mwangi.

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About Equity Group Holdings

Equity Group Holdings Plc. is a systemic 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, DRC, Rwanda, Uganda, Tanzania, South Sudan, and a Commercial Representative office in Ethiopia. It has other subsidiaries in investment banking, insurance, telecom, fintech and social impact investments.

Equity Group is the largest financial services institution in the region with assets of Kshs 1.35 trillion (USD 13.5 billion). It is also the biggest bank in deposits, market capitalization of USD 2 Billion and with a customer base of over 16.4 million customers. The Group has a footprint of 337 branches, 58,756 Agents, 155,888 Pay With Equity (PWE) Merchants, 34,941 POS Merchants, 691 ATMs and an extensive adoption of digital and mobile banking channels. The Banker Top 1000 World Banks 2021 index ranked Equity Bank 22nd in Africa and 761 overall in its global ranking, 149th in soundness (Capital Assets to Assets ratio), 71st in terms of Profits on Capital and 39th on Return on Assets.

Brand Finance 2022 ranked Equity Group the 5th strongest banking brand in the world and 338 overall among the top 500 banking brands, with a Brand Strength Index (BSI) of 90.8 and a brand ranking score of AAA+, the highest rating that a brand can attain.

The Banker's Top 100 African Banks 2020 placed the Bank in position 7 overall among the top 10 Banks in Africa, 5th place on soundness, position 9 on growth performance, 8th on return on risk and position 6th in terms of profitability and on leverage category.

In the same year, Moody's gave the Bank a global rating of B2 with a negative outlook, the same as the sovereign rating of the Kenyan Government due to the Bank's strong brand recognition, solid liquidity buffers, resilient funding profile, established domestic franchise and extensive adoption of digital and alternative distribution channels.

Website Link: https://equitygroupholdings.com