



## **EQUITY GROUP, IFC EXPAND PARTNERSHIP AND INVESTMENT TO SUPPORT SMALL BUSINESS AND CLIMATE-SMART PROJECTS**

- ***IFC to support Equity's lending to SMEs under the 'Africa Recovery and Resilience Plan' with USD 165 million credit facility alongside other partners from the Netherlands (FMO), the UK (BII), and Switzerland (Symbiotics and ResponsAbility)***
- ***Expansion of relationship includes IFC and IFC Financial Institutions Growth Fund acquiring a minority shareholding stake in Equity Group***

**Nairobi, Kenya, 10<sup>th</sup> May, 2022....** Equity Group and the International Finance Corporation (IFC) have signed a partnership agreement in support of the sustainable development of Africa through supporting micro, small and medium sized businesses (MSMEs) from all sectors of the economy including climate-smart businesses.

The partnership has seen IFC and its partners including the Dutch Development Bank (FMO), British International Investment (BII) and Symbiotics, ResponsAbility from Switzerland commit USD 165 million (approx. Kes 19 billion) towards Equity's *'Africa Recovery and Resilience Plan'* that will see the Group, through its regional banking subsidiaries, finance at least 5 million MSMEs and 25 million households therefore creating 50 million direct and indirect jobs.

The credit facility of USD 165 million includes USD 50 million from IFC, USD 50 million from British International Investment (BII) and USD 65 million from Symbiotic, Responsibility and FMO, the Dutch entrepreneurial development bank and a long-time shareholder in Equity through Arise Investments.

Further to the agreement signing, IFC and the IFC Financial Institutions Growth Fund acquired a 6.71 percent stake in Equity Group, East Africa's largest banking group. The investment is IFC's first in Africa that aligns with the corporation's approach to increase green equity investments in financial institutions.

Through this equity investment, Equity Group commits to zero lending for coal related projects such as the development or expansion of coal-fired power plants, coal mines, transportation assets used exclusively for coal, or infrastructure assets exclusively dedicated to support coal mines and coal transportation, or any utility company that generates more than 20 percent of energy or revenues from coal, or have an annual coal production of 10 million tons or more; or have an installed coal-fired capacity of 5,000MW or more. Further, Equity Group has agreed to allocate USD 80 million equity towards climate related interventions covering all subsidiaries over the next 5 years.

Speaking during the partnership signing ceremony, Equity Group Managing Director and CEO Dr. James Mwangi said, "As Equity Group, we are delighted to welcome IFC, a member of the World Bank Group to the Equity family as our second largest shareholder. With IFC's reach as the largest global development institution focused on the private sector equity, we will be able to further advance economic development by empowering and catalyzing the transformation of the lives and livelihoods of the African people and will enhance the success and sustainability of Equity's *'Africa Recovery and Resilience Plan'*."



Equity's *Africa Recovery and Resilience Plan* has been built on five key pillars hinged on its twin engine: the social engine and the economic engine. Through its social impact initiatives, Equity will continue investing in the social transformation and environmental impact of communities within East and Central Africa to drive inclusive growth.

On the economic engine, the Group will leverage on its regional footprint, strong financial capability, and brand trust to accelerate Africa's growth by supporting MSMEs and driving their inclusion into formal value chains, championing access to trade and investment opportunities, leveraging on the region's productive capacities to catalyze the growth of manufacturing and logistics and promoting investment in agriculture and renewable energy by businesses.

Also speaking at the signing ceremony, IFC Vice President, Risk and Finance, Mohamed Gouled said, "Supporting small businesses, digital financial services and climate-friendly projects is central to IFC's strategy in Africa to help create jobs, respond to climate change, and leverage the opportunities afforded by the digital economy. IFC's deepening partnership with Equity Group reflects that strategy and will support economic growth in Africa as the continent recovers from the effects of the COVID-19 pandemic."

Speaking on behalf of British International Investment (BII) Head of Financial Services and Africa Coverage, Stephen Priestley said, "British International Investment is pleased to partner with the IFC in providing a new loan facility to Equity Group. This being our second investment in Equity, this funding will further increase working capital to more local businesses and help to fund climate eligible projects in Kenya. This climate finance facility demonstrates BII's ambition to scale climate finance across the African continent and our ongoing commitment to support sustainable, productive, and inclusive economic growth in Kenya."

This new agreement with IFC is the second one within a period of one year that Equity Group has entered into following the signing of a USD 50 million credit facility to EquityBCDC aimed at providing additional local currency loans to underserved MSMEs in the DRC cushioning MSMEs in the country from currency fluctuations.

In January 2021, Equity Group also signed a USD 100 million loan facility with UK's CDC (now BII) Group, and the Netherlands FMO (which included Germany's DEG) in its continued commitment to walk with MSMEs to survive the pandemic, recover, repurpose, and thrive during and after the COVID-19 crisis. FMO is also a long-term investor through Equity Group's majority shareholder Arise Investment.

**Ends/....**



### **About Equity Group Holdings**

Equity Group Holdings Plc. 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, 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 bank in the region in assets of Kshs 1.3 trillion (USD 13 billion). It is also the biggest bank in deposits, market capitalization of USD 2billion and with a customer base of over 16.6 million customers. The Group has a footprint of 337 branches, 61,061 Agents, 36,133 Merchants, 695 ATMs and an extensive adoption of digital banking channel.

Equity Group has also been named the 5th strongest banking brand in the world with a Brand Strength Index (BSI) of 90.8 and Brand Strength Rating (BSR) of AAA+ by the 2022 Brand Finance Banking Top 500 brands.

The Banker Top 1000 World Banks 2021 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. 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 same as the sovereign rating of the Kenyan government due to the Bank's strong brand recognition, solid liquidity buffers and resilient funding profile, established domestic franchise and extensive adoption of digital and alternative distribution channels.

**Website Link** – <https://equitygroupholdings.com/> **Flickr-** <https://www.flickr.com/photos/equitybank/>

### **About IFC**

IFC—a member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2021, IFC committed a record \$31.5 billion to private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity as economies grapple with the impacts of the COVID-19 pandemic. For more information, visit [www.ifc.org](http://www.ifc.org).

### **About IFC Asset Management Company**

IFC Asset Management Company (AMC), a division of IFC, mobilizes and manages capital to invest in businesses in developing and frontier markets. Created in 2009, AMC provides leading institutional investors with unique access to IFC's emerging markets investment pipeline and investment expertise, while providing positive development impact in the countries in which it invests. Investors in AMC managed funds include sovereign wealth funds, pension funds, and development finance institutions. It has raised over \$10 billion across 13 investment funds covering equity, debt, and fund-of-funds products. For more information, visit [www.ifcamc.org](http://www.ifcamc.org)

### **About the IFC Financial Institutions Growth Fund (FIG)**

The \$505 million IFC Financial Institutions Growth Fund is a follow-on fund to the IFC Capitalization Fund and makes equity and equity-like investments in financial institutions in emerging markets.



### **Stay Connected**

[www.facebook.com/IFCwbg](http://www.facebook.com/IFCwbg)

[www.twitter.com/IFC\\_org](http://www.twitter.com/IFC_org)

[www.youtube.com/IFCvideocasts](http://www.youtube.com/IFCvideocasts)

[www.ifc.org/SocialMediaIndex](http://www.ifc.org/SocialMediaIndex)

### **About British International Investment**

British International Investment is the UK's development finance institution and impact investor. British International Investment is a trusted investment partner to businesses in Africa, Asia, and the Caribbean.

It invests between £1.5 and £2 billion every year to support the UK Government's Clean Green Initiative and to create productive, sustainable, and inclusive economies in our markets. British International Investment plays a key role in the UK Government's wider plans to mobilise up to £8 billion a year of public and private sector investment in international projects by 2025.

Over the next five years, at least 30 per cent of BII's total new commitments by value will be in climate finance. This will make it one of the world's largest climate investors in Africa.

BII is also a founding member of the 2X Challenge which has raised \$10 billion to empower women's economic development.

For more information, visit [www.bii.co.uk](http://www.bii.co.uk)