

CAUTIONARY NOTICE



Equity Group Holdings Plc

Company Number C.4/2005 Equity Centre, 9th Floor, Hospital Road, Upper Hill
P.O. Box 75104-00200 Nairobi, Kenya
The Capital Markets Act, Chapter 485A of the Laws of Kenya
The Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002

PROPOSED PURCHASE OF BANKING BUSINESSES IN RWANDA, TANZANIA, ZAMBIA AND MOZAMBIQUE BY EQUITY GROUP HOLDINGS PLC ("EGH") IN EXCHANGE FOR ALLOTMENT OF SHARES IN EGH

EGH hereby announces to the public that its Board of Directors have agreed to the entry into a binding term sheet (the **Binding Term Sheet**) with Atlas Mara Limited (**ATMA**), pursuant to which EGH has, subject to completion of confirmatory due diligence, the entering of detailed transaction agreements and obtaining regulatory and shareholder approvals agreed through a share swap to exchange certain banking assets of ATMA in four countries for shares in EGH as follows: (i) 62% of the share capital of Banque Populaire du Rwanda Ltd (**BPR**); (ii) 100% of the share capital of African Banking Corporation Zambia Ltd (**ABCZam**); (iii) 100% of the share capital of African Banking Corporation Tanzania Ltd (**ABCTz**); and (iv) 100% of the share capital of African Banking Corporation Mozambique Ltd (**ABCMoz**) (the **Proposed Transaction**). Following the transaction, ATMA will become a shareholder in EGH.

BPR, ABCZam, ABCTz and ABCMoz (each a **TargetCo** and together the **TargetCos**) are subsidiaries of ATMA, a financial services company listed on the London Stock Exchange. The TargetCos are licensed by relevant central banks in the countries in which they are incorporated to provide banking services to third-party customers. ATMA's largest shareholder is Fairfax Africa Holdings Corporation, a Canadian company listed on the Toronto Stock Exchange, whose investment objective is to achieve long-term capital appreciation, while preserving capital, by investing in public and private equity securities and debt instruments of African businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, Africa.

The Proposed Transaction is subject to conditions that are customary to transactions of this nature, including but not limited to receipt of regulatory approvals from the Capital Markets Authority, the Central Bank of Kenya and respective competition regulators and the central banks in each of the jurisdictions involved.

EGH expects to allot approximately 252,482,300 new ordinary shares that represent six decimal two seven (6.27%) of the proforma expanded issued share capital of EGH on closing in consideration for the transfer of shares owned by ATMA in the TargetCos. This implies that the monetary value of the consideration to be paid is the equivalent of approximately Kenya Shillings 10.7 billion (equivalent to approximately US Dollars 105.4 million). The actual aggregate consideration ultimately payable will be that set out in the detailed transaction agreements negotiated following completion of the confirmatory due diligence and may be subject to adjustment (both positive and negative)

based on the performance of the TargetCos through consummation of the transactions and the net asset value of the banks at the time of closing relative to the net asset value they reported as at 31 December 2018. Further, actual aggregate consideration could include a conditional deferred amount.

EGH and ATMA also consider that it may be of mutual benefit for ATMA to invest further cash resources into EGH at the same time or shortly after consummation of the Proposed Transaction, which would increase ATMA's shareholding in EGH. The parties intend to further explore this and set out the final agreed position in the detailed transaction agreements, subject to obtaining the required regulatory and shareholder approvals.

EGH may also seek to purchase additional shares in BPR from some or all of the remaining shareholders of BPR. EGH will make further announcements and seek the required regulatory and shareholder approvals in respect of the purchase of additional shares in BPR at the appropriate time.

By acquiring the TargetCos, EGH will be able to expand its footprint in Africa. Further, through the Proposed Transaction EGH aims to provide access to competitive, tailored financial services to improve people's lives and livelihoods whilst also delivering significant value to its stakeholders and is an opportunity for EGH to deliver the vision of building sub-Saharan Africa's premier financial institution through delivering innovative products and services to customers, including, in particular, the effective use of technology.

EGH will, upon conclusion of the detailed transaction agreements, send a circular to its shareholders explaining the transaction in more detail. Until further announcements regarding the Proposed Transaction are made, the shareholders of EGH and other investors are advised to exercise caution when dealing in EGH ordinary shares on the Nairobi Securities Exchange, the Uganda Securities Exchange and the Rwanda Stock Exchange.

Dr. James Mwangi
Group Managing Director and Chief Executive Officer
Equity Group Holdings Plc
30 April 2019

DISCLAIMER: This announcement is for information purposes only. It has been issued with the approval of the Capital Markets Authority pursuant to the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations 2002 as amended. As a matter of policy, the Capital Markets Authority of Kenya assumes no responsibility for the correctness of the statements appearing in this announcement.

Advisors to EGH



Transaction Advisor:
Stanbic Bank Kenya Limited



Legal Advisor:
Anjarwalla & Khanna