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Why NCBA Bank has become EA's most sought-after banking prize

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On Wednesday. Nedbank offered to acquire 66 percent of NCBA through a cash-and-stock transaction. PHOTO / FILE

For years, consolidation in East African banking has been discussed more than it has been executed.

Many lenders looked attractive on paper, but few combined scale, profitability, digital reach, and regional balance-sheet depth in a way that justified a transformational cross-border bet. NCBA has changed that equation.

By October last year, when reports emerged that South Africa's Standard Bank Group was in talks about a potential merger with NCBA to build a pan-East African banking champion, the market read the moment clearly.

This was not a rescue conversation or speculative chatter. It was recognition that NCBA had matured into a strategically balanced regional bet, one with strong capital and operating franchises across multiple East African markets.

Three months later, that recognition has turned into a formal offer.

On Wednesday Nedbank Group made a decisive move, announcing its intention to acquire a 66 percent stake in NCBA through a cash-and-stock transaction that would give it effective control while keeping NCBA listed on the Nairobi Securities Exchange (NSE).

Reuters, a news agency, quoted the transaction value at about $855.5m (Shs2.97 trillion), based on Nedbank's share price of 250 rand (Shs53,442).

The consideration would be settled 20 percent in cash and 80 percent in newly issued Nedbank shares, with the remaining 34 percent of NCBA shares continuing to trade on the NSE.

If completed, NCBA would become a subsidiary of Nedbank, retaining its brand and separate listing, a structure that signals a partnership rather than absorption.

The appeal of NCBA lies as much in the quality of its balance sheet and footprint. From its Nairobi headquarters, the group operates subsidiaries in Kenya, Uganda, Tanzania, and Rwanda, supported by digital operations in Ghana and Ivory Coast.

Across these core East African markets, NCBA has built a reputation for disciplined lending, strong capital buffers, and asset-quality resilience, attributes that matter deeply to acquisitive banks seeking sustainable expansion.

Kenya remains the anchor, contributing the bulk of group assets and earnings, underpinned by a well-capitalised balance sheet and leadership positions in corporate banking, asset finance, and digital credit.

In Uganda and Tanzania, NCBA has steadily strengthened its loan books and deposit franchises, focusing on trade finance, SMEs, and corporate clients tied to regional commerce.

Rwanda, while smaller, offers a tightly regulated, high-quality balance sheet with low-risk growth characteristics and strategic positioning within EAC.

Collectively, these subsidiaries give NCBA a balance sheet that is diversified by geography, currency, and customer segment, a critical advantage in a region exposed to periodic macroeconomic and foreign exchange shocks.

Group-wide, NCBA holds about Ksh665b (Shs17.9 trillion) in assets, disburses more than Ksh1 trillion (Shs26.9 trillion) in digital loans annually, and has delivered an average return on equity of about 19 percent since 2021, reflecting both earnings power and prudent capital management.

That balance-sheet credibility explains why the October Standard Bank talks made strategic sense, and why Nedbank has now stepped forward with a formal bid.

In a notice, Nedbank described East Africa as a region of "significant strategic importance," citing strong macroeconomic fundamentals, a large and growing population, and the region's role as a trade corridor linking Africa with the Middle East, India, and Asia.

Partnering with NCBA allows Nedbank to plug into an already-capitalised, diversified banking group rather than building one market by market.

Nedbank Group chief executive Jason Quinn says: "By combining NCBA's substantial local presence and Nedbank's capital base, expertise and enduring commitment to Africa, we see a compelling platform for sustainable growth in the region."

On the other hand, NCBA group managing director John Gachora says offer would allow NCBA to deepen its balance sheets in existing markets while selectively expanding into new ones such as Ethiopia and DR Congo over time.

Taken together, the Standard Bank rumoured talks in October last year and the Nedbank offer mark a turning point in the next wave of banking consolidation that could be led by banks with strong, regionally diversified balance sheets, scalable digital engines and proven profitability.

NCBA has moved from being a strong regional lender to becoming one of the most sought-after banking prizes in East Africa, not because it needs a buyer, but because its balance sheet, reach and execution make it too strategic to ignore, yet not so large to become impossible to entertain an offer.

Key figures

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