

By Simon Okitela

NCBA Group PLC has confirmed receipt of a Strategic Investment Proposal together with a Notice of Intention (NOI) from Nedbank Group Limited to acquire approximately 66% stake of the ordinary shares of NCBA.

Nedbank intends to acquire a controlling interest in NCBA, resulting in NCBA becoming a subsidiary of Nedbank and the remaining 34% of issued shares will remain listed on the Nairobi Securities Exchange (NSE).

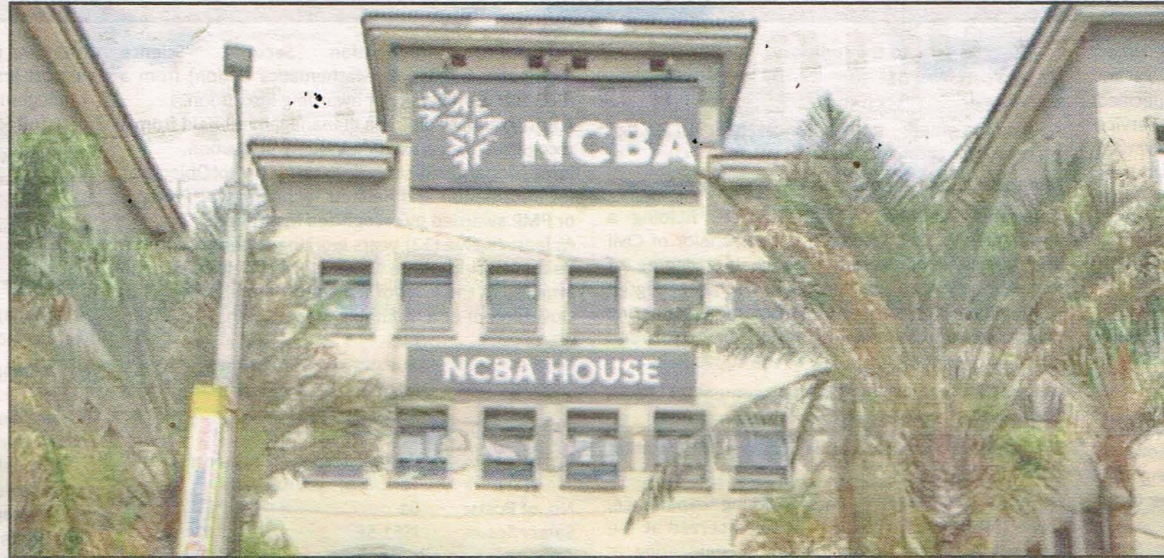
According to John Gachora, NCBA Group managing director, Nedbank is an ideal partner for the Group's growth in the East Africa region as it holds around 16 to 17% market share of loans and deposits in South Africa.

"Nedbank leads in vehicle and commercial property finance with 36% market shares each and their overall ESG ratings are in the top 10% among global peers. Their strong balance sheet will help us scale in our current markets, as well as explore the investment proposition that the DRC and Ethiopia have to offer," Gachora noted.

The proposed transaction structure will see NCBA shareholders who participate in the Tender Offer receive 20% of their consideration in cash, while the remaining 80% will be settled through the issuance of Nedbank ordinary shares listed on the Johannesburg Stock Exchange (JSE).

NCBA maintains operations across Kenya, Uganda, Tanzania, Rwanda, the Ivory Coast and Ghana, with 122 branches serving over 60 million customers.

NEDBANK TO ACQUIRE 66% STAKE IN NCBA GROUP PLC



NCBA bank head office in Kenya. With 122 branches across Africa, NCBA serves over 60 million customers

Headquartered in South Africa with a primary listing on the JSE and a secondary listing on the Namibia Securities Exchange, Nedbank is among Africa's largest financial institutions, with established footprints throughout Southern Africa

and internationally.

Formed following the merger of NIC Group PLC and Commercial Bank of Africa Limited, NCBA now holds KES665b in assets, disburses over KES1t in digital loans annually and averages an attractive 19% return on

equity since its 2021 financial year.

Jason Quinn, the chief executive of Nedbank, commented that Nedbank has a strategic objective to grow and diversify outside of its core Southern Africa market, with East Africa identified as a key growth region.

EXPANSION

With the potential investment, Nedbank and NCBA are poised to anchor Kenya as a gateway into the broader East African markets within which NCBA operates.

This represents a significant opportunity with a population of roughly 190 million people and GDP approaching \$300b. Ethiopia presents a further opportunity given its population of approximately 136m people and GDP of approximately \$135b while DR Congo presents an opportunity of 110m people and a GDP of approximately \$70b.

"We're excited to partner with a strong and leading financial services firm, such as NCBA to deliver on our growth ambitions," he said.

REGIONAL STRATEGY

Kenya's role as a regional financial hub, supported by strong institutions, sophisticated markets and a dynamic technology sector, makes it a natural anchor for Nedbank's East African ambitions, including Rwanda, Tanzania and Uganda. The region's stable operating environment, consistent macroeconomic performance, a young, growing urbanising population and vibrant business community further reinforce its attractiveness and growth potential," Quinn said.