

KCB Group to sell National Bank of Kenya, report says

Kenyan lender KCB Group is set to announce the sale of its subsidiary National Bank of Kenya (NBK), the *Daily Nation* newspaper reported on Wednesday, citing unnamed sources.

By Duncan Miriri 20 Mar 2024



Source: @Twitter/KCB Group.

The value of the proposed deal has not been disclosed, the *Daily Nation* reported, adding the bank was likely to be sold to unidentified lender from Nigeria.

KCB Group shares rose in early trading, standing up 7% at 26.00 shillings (\$0.1970) at 0645 GMT on the Nairobi Securities Exchange.

KCB, which is the second-biggest lender in the East African nation, acquired NBK, a medium-sized lender that was then controlled by the state, in a rescue deal engineered by the central bank in 2019.

KCB did not respond to a request for immediate comment, nor did the central bank.

KCB, which is scheduled to hold an investor briefing at 1300 GMT on Wednesday, 20 March 2024, had initially indicated it was invested in NBK for the long haul. However, narrowing capital adequacy ratios in the last two years may have prompted a rethink, said Eric Musau, head of research at Nairobi-based Standard Investment Bank.

NBK's core capital to risk-weighted assets fell to 6.9% at the end of September last year, below the minimum requirement 10.5%.

"They would have needed to recapitalise NBK," Musau said, adding that KCB will be able to pay shareholders a return if the proposed sale is confirmed.

KCB has also acquired banks in other markets in the region in recent years, including an 85% stake in Trust Merchant Bank in the Democratic of the Congo completed in late 2022, which has put further pressure on its own reserves.

(\$1 = 132.0000 Kenyan shillings)

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