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Serving over 40 million customers in 5 countries the combined entity will be the largest bank in Africa by customers.

NIC Group PLC (“NIC”) and Commercial Bank of Africa Limited (“CBA”) wish to announce that their respective Boards of Directors have agreed to the merger of NIC and CBA.

The merger will be completed upon fulfilment of a certain set of conditions precedent, customary to transactions of this nature, including but not limited to, the parties obtaining applicable shareholder and regulatory approvals, and the parties entering into and completing various transactional agreements to complete the merger.

The proposed merger will create a bank with the financial strength, expertise, and regional reach to support Kenya’s and the regions’ economic growth aspirations. In particular, the merged entity will be in a strong position to play a key role in supporting Kenya’s economic ambitions, specifically facilitating implementation of the Big Four Agenda which focuses on food security, affordable housing, manufacturing and universal healthcare.

The combined bank will be amongst the largest financial institutions in the East Africa region with a total asset base in excess of KES 444 Billion and Shareholders’ Equity of KES 65 Billion. It will be the second largest bank in Kenya by customer deposits and third largest by total assets and a true market leader in Corporate Banking, Asset Finance and Digital Banking. The bank will operate a network of more than 100 branches across five regional economic centers including Nairobi, Kampala, Dar es Salaam, Kigali and Abidjan. Serving over 40 million customers, the combined entity will be the largest bank in Africa by customer numbers.

The proposed merger will be executed through a share swap, and it is proposed that the 34 shareholders of CBA will exchange their shares in CBA for new shares in NIC, which will be the holding company of the merged businesses and remain a publicly listed company quoted on the Nairobi Securities Exchange. It is envisioned that the share exchange ratio will be based on a 47:53 relative valuation of NIC and CBA respectively. As such, it is expected that the CBA shareholders will in aggregate own 53% of the then issued shares in NIC, whilst existing NIC shareholders will own 47% of the then issued shares in NIC.

The merged entity will be a universal bank providing a full range of financial products and services to corporate, institutional, SME and consumer banking customers, who will benefit from strong relationship management and customer service excellence. This institution will be a clear market leader in Asset Finance and Corporate Banking. On the digital front the bank will remain a clear leader in innovation, through well established brands such as M-Shwari and Fuliza (in partnership with Safaricom in Kenya), M-Pawa (in partnership with Vodacom in Tanzania), MoKash (in partnership with MTN in Uganda and Rwanda) and MoMoKash (in partnership with MTN and Bridge Group in Côte d’Ivoire), and will play a key role in supporting the financial inclusion agenda

in all these markets. The combined entity is firmly positioned to become, not just a significant player in the region, but the leading bank in Kenya.

The combined larger group will provide new and greater opportunities for employee development, advancement and growth.

Mr. James P M Ndegwa, Chairman of NIC, commented:

"The combined bank will be a very strong financial player in the region with the ability to drive growth and support Kenya's ambitious economic agenda and that of its neighbouring territories. Our enhanced capacity through capital and balance sheet consolidation, as well as combined product and service capabilities, will make us the preferred partner to anyone doing business in East Africa and beyond. It also presents an attractive prospect to our shareholders as the strategic benefits from the merged entity materialise and financial synergies are delivered."

Desterio A. Oyatsi, Chairman of CBA, commented:

"This merger presents us with the opportunity to play a critical role in the economies of the markets we operate in and the foundation to scale our business into other markets within our continent; leveraging our core strengths of innovation which have delivered considerably to our financial inclusion agenda and enabled us to provide access to financial services to over 40 million customers in 5 markets. We are well positioned to use our strong focus in relationship management, customer service and digital delivery to change the face of banking in our markets. These are exciting times indeed, for our staff, our customers and shareholders."

Up until the merger becomes effective the two entities will continue to operate independently. The merger is expected to be completed in the second half of 2019.

OTHER INFORMATION

1. Faida Investment Bank is acting as an independent financial adviser to NIC.
2. NIC Capital and CBA Capital are consulting Investment Banks on the transaction.
3. Coulson Harney LLP (Bowmans) and Iseme, Kamau & Maema Advocates (IKM) are acting as legal adviser to CBA and NIC, respectively.
4. Redhouse Group is acting as strategic communications adviser to CBA and NIC.

ABOUT NIC

NIC Group was incorporated in Kenya in 1959 and was amongst the first non-bank financial institutions to provide hire purchase and installment credit finance facilities in Kenya. It is currently quoted on the Nairobi Securities Exchange with approximately 26,000 shareholders. Its success over the years can be seen in the rapid growth of the Group's balance sheet and the expansion of its branch network across the region with 44 branches in Kenya, 5 branches in Tanzania and 3 branches in Uganda. The Group has also established Strategic Business Units that facilitate the provision of a complete suite of financial products and services. These are NIC Capital (Investment Bank); NIC Securities (Stock Brokerage); NIC Insurance Agents (Bancassurance); NIC Leasing LLP and NIC Ventures.

ABOUT CBA

CBA was incorporated in 1962 and originally commenced business as a subsidiary of Societe Financiere pour les pays D'Outre Mer, a Swiss based banking consortium comprising Bank of America, Banque National de Paris (BNP), Banque Bruxelles Lambert (BBL) and Dresdner Bank which was later replaced by Commerzbank. After becoming a subsidiary of Bank of America in 1981, CBA eventually became a wholly owned and managed Kenyan bank in 1992. CBA is recognised for its operational efficiency and quality service delivery in Kenya.

CBA has expanded its presence into Uganda, Tanzania and Rwanda through wholly owned banks and through a purely digital bank in partnership with Bridge Group in Côte d'Ivoire. Through its 46 branches and its Digital Platform, CBA currently serves over 40 million customers in its 5 markets, making it one of the largest banks in Africa by customer number. The group also offers corporate finance advisory, securities brokerage and wealth management services through CBA Capital its wholly owned investment banking subsidiary and insurance services through CBA Insurance Agency Limited. CBA pioneered the introduction of a completely digital banking service, CBA Loop© which has acquired over 100,000 customers within its first full year of operation.

FURTHER INFORMATION	
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