FitchRatings

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Fitch Upgrades NCBA Group to 'B' on Nedbank Group Acquisition; Outlook Stable

Fitch Ratings - London - 27 Oct 2026: Fitch Ratings has upgraded NCBA Group PLC's and NCBA Bank Kenya Plc's Long-Term Issuer Default Ratings (IDRs) to 'B' from 'B-'. Their National Long-Term Ratings have also been upgraded to 'AAA(ken)' from 'AA(ken)'. The Long-Term IDRs and National Long-Term Ratings have been removed from Rating Watch Positive and their Outlooks are Stable.

The upgrade follows the acquisition of NCBA Group by South Africa-based Nedbank Group Limited (NBG; BB/Stable) and captures Fitch's view of the likelihood of extraordinary support from NBG, as expressed by the Shareholder Support Ratings (SSRs) of 'b' that Fitch has assigned to the issuers.

NCBA Group's Government Support Rating (GSR) of 'ns' (no support) and NCBA Bank's GSR of 'b-' have been affirmed and withdrawn as, following the acquisition by NBG, they are no longer relevant to Fitch's coverage.

Key Rating Drivers

NCBA Group's and NCBA Bank's Long-Term IDRs are driven by a limited probability of support from their ultimate parent, NBG, as expressed by their SSRs of 'b'. The Stable Outlook mirrors those on Kenya's Long-Term IDRs. NCBA Group's and NCBA Bank's Long-Term IDRs are at the level of Kenya's Country Ceiling of 'B', which captures transfer and convertibility risk in the country. Their National Long-Term Ratings of 'AAA(ken)' are the highest attainable on Kenya's national scale and consider potential support from NBG.

Shareholder Support: Fitch believes that NBG has a high propensity to provide support to NCBA Group and NCBA Bank due to their importance to its African growth and diversification strategy. NCBA Group's balance sheet is comparatively small (an estimated 6% of NBG's total assets) but its ability to use support provided by NBG is constrained by Kenya's Country Ceiling of 'B'.

VRs Equalised with Group VR: NCBA Group is a non-operating bank holding company (BHC). Its VR is equalised with the group VR of 'b-', derived from a consolidated assessment of the group, due to low double leverage and high fungibility of capital and liquidity. NCBA Bank represented 85% of group assets at end-1H26 and therefore its VR is also equalised with the group VR.

Strong Economic Growth: Fitch forecasts real GDP growth to increase to 4.9% in 2026 and 5.1% in 2027 (2025: 4.6%). Inflation (September 2026: 6.8%) has increased due to spillovers from the Iran conflict but we expect it to remain within the Central Bank of Kenya's (CBK) target range, supported by a stable exchange rate and government mitigation measures to limit the pass-through of higher fuel-

related costs.

New Foreign Shareholder: NCBA Group's main domestic operating entity, NCBA Bank, represented 7% of domestic banking sector assets at end-2025. Fitch expects NBG's acquisition of a 66% shareholding to provide some competitive advantages for NCBA Group in the near term.

Significant Sovereign Exposure: NCBA Bank's holdings of Kenyan government fixed-income securities are material, representing 217% of Fitch Core Capital (FCC) at end-1H26, and are primarily in the form of treasury bonds. Single-obligor and sectoral credit concentrations are moderate.

High NPLs: NCBA Group's regulatory non-performing loans (NPL) ratio increased slightly to 10.8% at end-1H26 (end-2025: 10.4%). Total loan loss allowance coverage of NPLs was 67% at end-1H26, reflecting a high reliance on collateral and recovery prospects. Fitch expects the NPL ratio to remain broadly stable in the near term, with new NPLs offset by strong loan growth, recoveries and write-offs. Stage 2 loans were a moderate 6% of gross loans at end-2025.

Strong Profitability: NCBA Group's operating returns on risk-weighted assets (RWAs) averaged 5.6% between 2022 and 2025. Strong profitability is supported by a wide net interest margin and substantial non-interest income in the form of fees and commissions and FX trading income.

Sound Capitalisation: NCBA Group's FCC ratio declined slightly to 23.4% at end-1H26 (end-2025: 23.9%). NCBA Bank has large buffers over its regulatory capital ratio requirements. Strong pre-impairment operating profit (2025: equivalent to 11% of average gross loans) provides a large buffer to absorb loan impairment charges without affecting capital. Fitch expects NCBA Group's FCC ratio to remain broadly stable in the near term.

High Term Deposits: NCBA Group's funding profile is dominated by customer deposits, which comprise a high percentage of price-sensitive term deposits (end-1H26: 38%). Depositor concentration is moderate. NCBA Group has limited cross-border and wholesale debt. Liquidity is healthy in local- and foreign-currencies.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/ Downgrade

A downgrade of the Long-Term IDRs and SSRs could result from an increase in the risk of the sovereign imposing restrictions on the issuers' ability to service their obligations, likely to be indicated by a downward revision of Kenya's Country Ceiling. A downgrade of the SSR could also result from a three-notch downgrade of NBG's Long-Term IDRs.

A sovereign downgrade could result in a downgrade of the VRs. Absent a sovereign downgrade, VR downgrades could result from greater-than-expected asset-quality pressure if this leads to a marked weakening in profitability and in regulatory capital ratios falling below their regulatory requirements.

A rise in double leverage to above 120% on a sustained basis or regulatory restrictions on NCBA Bank

channelling dividends or other cash flows to its bank holding company could result in a downgrade of NCBA Group's VR and Long-Term IDR.

A downgrade of the bank's National Ratings would result from a weakening of its creditworthiness relative to other Kenyan issuers'.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of the Long-Term IDRs and SSRs would require an upward revision of Kenya's Country Ceiling.

An upgrade of the VRs would require an upgrade of Kenya's Long-Term IDRs.

The issuers' National Ratings are the highest ratings attainable on Kenya's national scale and cannot be upgraded.

VR ADJUSTMENTS

The earnings and profitability score of 'b' is below the 'bb' category implied score due to the following adjustment reason: revenue diversification (negative).

The capitalisation and leverage score of 'b-' is below the 'bb' category implied score due to the following adjustment reason: risk profile and business model (negative).

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

Public Ratings with Credit Linkage to other ratings

NCBA Group's and NCBA Bank's IDRs and National Ratings are linked to NBG's Long-Term IDRs.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/topics/esg/products#esg-relevance-scores.

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Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
NCBA Group PLC	LT IDR	B	Upgrade	B-
	ST IDR	B	Affirmed	B
	Natl LT	AAA(ken)	Upgrade	AA(ken)
	Natl ST	F1+(ken)	Affirmed	F1+(ken)
	Viability	b-	Affirmed	b-
	Government Support	ns	Affirmed	ns

ENTITY/DEBT	RATING			RECOVERY	PRIOR
	Government Support	WD	Withdrawn		
	Shareholder Support	b	New Rating		
NCBA Bank Kenya Plc	LT IDR	B ●	Upgrade		B- ◆
	ST IDR	B	Affirmed		B
	Natl LT	AAA(ken) ●	Upgrade		AA(ken) ◆
	Natl ST	F1+(ken)	Affirmed		F1+(ken)
	Viability	b-	Affirmed		b-
	Government Support	b-	Affirmed		b-
	Government Support	WD	Withdrawn		
	Shareholder Support	b	New Rating		

RATINGS KEY	OUTLOOK	WATCH
POSITIVE	⊕	◆
NEGATIVE	⊖	◆
EVOLVING	◈	◆
STABLE	●	

Applicable Criteria

Bank Rating Criteria (pub.08 May 2026) (including rating assumption sensitivity)

National Scale Rating Criteria (pub.22 Dec 2020)

Additional Disclosures

Solicitation Status

Endorsement Status

NCBA Bank Kenya Plc	UK Issued, EU Endorsed
NCBA Group PLC	UK Issued, EU Endorsed

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