Investor firm to acquire stake in Kenya bank

By Carole Kimutai

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Equity Bank is set to become the biggest bank in Kenya in terms of capital base following plans by a Pan African based investment firm, Helios EB Investors to acquire over 90 million new shares.

The transaction will significantly improve Equity Bank's capital adequacy ratio to support its strong growth in Kenya and enable it take advantage of the unique growth opportunities in Rwanda, Tanzania and Uganda. The transaction is subject to regulatory and shareholders approval.

If the planned acquisition is given a green light by the relevant authorities, the bank shareholders funds is expected to increase to KSh21bn from KSh2.2bn in 2006. Early this year the bank obtained KSh8bn as subordinated debt.
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The planned purchase has received the nod from the bank board of directors. If the conditional sale is approved, Helios EB Investors will become the largest single shareholder with a holding of 24.99 per cent of the issued capital noted bank.

The conditional agreement is subject to the various industry regulators and shareholders giving their approval. Being a financial institution thus coming under the Banking Act, the bank is set to seek approval from the Central Bank of Kenya (CBK). Similarly, Equity Bank will seek the blessings of the Capital Market Authority (CMA).

Upon clearance from the above two bodies the bank must get its existing shareholders to agree through an extraordinary General Meeting (EGM) and finally the Nairobi Stock Exchange (NSE) from the additional shares to be listed.

The deal is expected to be concluded by the end of the year and Helios will be entitled to board representation.

ABOUT CAROLE KIMUTAI

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