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**Common Market for Eastern  
and Southern Africa**

**Staff Paper No. 2017/06/JB/05**

**Decision<sup>1</sup> of the Thirty Third Committee Responsible for Initial Determination on the Application for Authorisation of the Acquisition of Shareholding in DFCU Limited and Zambia National Commercial Bank by Arise B.V.**

**ECONOMIC SECTOR: Banking**

**23<sup>rd</sup> June, 2017 – Johannesburg, South Africa**

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<sup>1</sup> In the published version of this decision, some information has been omitted pursuant to Rule 73 of the COMESA Competition Rules concerning non-disclosure of business secrets and other confidential information. Where possible the information omitted has been replaced by ranges of figures or a general description.

## Information and Relevant Background

1. On 27<sup>th</sup> February 2017, the COMESA Competition Commission (hereinafter referred to as the "Commission") received a notification in relation to a merger involving Arise B.V. (hereinafter referred to as "Arise"), DFCU Limited (hereinafter referred to as "DFCU") and Zambia National Commercial Bank Plc (hereinafter referred to as "Zanaco").
2. The transaction was notified with the Commission in accordance with Article 24(1) of the COMESA Competition Regulations (hereinafter referred to as "the Regulations"). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the proposed transaction between the parties would, or is likely to have the effect of substantially preventing or lessening competition; or would be contrary to public interest in the Common Market.
3. The Committee Responsible for Initial Determination (hereinafter referred to as "the CID") established that the parties operate in more than one COMESA Member State. This therefore means that the regional dimension requirement under Article 23(3) of the Regulations is satisfied and asserts jurisdiction on the Commission to assess the transaction.

## The Parties

### Arise

4. Arise, is a private limited liability company incorporated under the laws of Netherlands as a special purpose investment and development vehicle created to facilitate the transaction. The shareholders in Arise are as follows:

a) Rabo Development B.V	25%
b) Nederlandse Financiering Maatschappij Voor	27%
c) Norfund	33.1%
d) Norfinance AS	14.9%

### DFCU

5. DFCU one of the target undertakings, is a public limited liability company incorporated in Uganda and listed on the Uganda Securities Exchange. The Parties have further submitted that DFCU is a holding company of a Ugandan financial institution, DFCU Bank Limited, which provides a broad range of banking services in Uganda. DFCU offers both personal and business banking services.

### ZANACO

6. ZANACO is a financial institution that provides a broad range of banking and financial services in Zambia.

### **Nature of the Transaction**

7. The transaction involves the acquisition of 55% interest in DFCU and 45.59% interest in ZANACO by Arise.

### **Competition Analysis**

8. The CID defined the relevant market as follows:
- a) the market for the provision of retail banking services;
  - b) the provision of corporate banking services;

in Uganda and Zambia.

9. The CID observed that the transaction involves an internal restructuring of the shareholding structure in DFCU and ZANACO. The CID further observed that the market shares will not change significantly as a result of the transaction. However, the CID noted public interest concerns raised by Zambia on employment and local supply contracts.

### **Determination**

10. The CID determined that the merger is not likely to substantially lessen competition in the Common Market and/or negatively affect trade between Member States. The CID therefore approved the transaction on condition that the parties commit to the following undertakings:
- a) The parties shall continue to honour the existing agreements that Zanaco have entered into with the local suppliers and other local (Zambian) third line industries; and
  - b) The parties shall ensure that no existing jobs for Zanaco, on both the operational and administrative side are lost by virtue of the transaction.
11. This decision is made in accordance with Article 26 of the Regulations.

Dated this 23<sup>rd</sup> day of June 2017

  
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**Commissioner Langa (Chairperson)**

  
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**Commissioner Patrick Okilangole**

  
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**Commissioner Chilufya Sampa**