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**Common Market for Eastern
and Southern Africa**

Staff Paper No. 2016/03/24/02/RB

**Decision¹ of the Twenty First Meeting of the Committee Responsible for
Initial Determination Regarding the Proposed Merger between Finance
Bank Zambia Plc and Atlas Mara Limited**

ECONOMIC SECTOR: Banking and Financial Services

24th March 2016

¹ 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 2nd December 2015, the COMESA Competition Commission (hereinafter referred to as the "Commission") received a notification for approval of a merger between Atlas Mara Limited (hereinafter referred to as "Atlas Mara") and Finance Bank Zambia Limited (hereinafter referred to as "Finance Bank").
2. The transaction was notified with the Commission under 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 of Initial Determination (hereinafter referred to as "the CID") noted that the parties operate in two or more COMESA Member States. This, therefore, means that the regional dimension requirements under Articles 23(3) and 23(5) of the Regulations are satisfied and asserts jurisdiction of the Commission to assess the transaction. The parties to the transaction are currently operational in the following COMESA Member States:
 - Malawi
 - Rwanda
 - Zambia
 - Zimbabwe

The Parties

Atlas Mara

4. The parties submitted that the acquiring undertaking is Atlas Mara, a private company incorporated in accordance with the laws of the British Virgin Islands. Atlas Mara is a publicly traded company listed on the London stock exchange. As such, Atlas Mara is not controlled by any person or undertaking. Atlas Mara, a sub-Saharan African financial services group, entered into sale and purchase agreements pursuant to which it agreed, subject to certain conditions precedent and requisite regulatory approvals, to acquire 100% of the share capital of Finance Bank.

Finance Bank

5. Finance Bank is an independent financial institution exclusively active in Zambia and provides corporate and retail banking to customers in Zambia. It also operates leasing finance, micro-finance and mortgage finance subsidiaries in the country. Finance Bank is a medium-sized retail bank serving individuals and businesses across Zambia.

Nature of the Transaction

6. Atlas Mara intends to acquire sole control of Finance Bank by way of the acquisition of the entire issued share capital (comprising 110 million ordinary shares and 200 million preferred shares of Finance Bank currently held by the entities and individuals. Atlas Mara agreed to purchase the shares by way of:

- a share sale and purchase agreement dated 2 November 2015 and entered into between Atlas Mara, BancABC Zambia and entities and individuals pursuant to which Atlas Mara and BancABC Zambia agreed to acquire 85% of the shares; and
- a share sale and purchase agreement, to be entered into prior to completion under the Agreement between Atlas Mara, BancABC Zambia and Credit Suisse, pursuant to which Atlas Mara and BancABC Zambia agrees to acquire 15% of the shares.

Competition Analysis

7. The CID defined the relevant product market as wholesale and retail banking. The CID further established that the transaction will not result in an appreciable effect on trade between Member States and hence does not frustrate the single market objective of the Treaty Establishing the Common Market for Eastern and Southern Africa.

Determination

8. The CID determined that the merger is not likely to substantially lessen the degree of competition in the Common Market or any part thereof. The CID further determined that the merger is not likely to result in, or strengthen a position of dominance which is or will be contrary to the public interest.
9. This decision is adopted in accordance with Article 26 of the COMESA Competition Regulations.

Dated this 24th day of March, 2016.

Commissioner Matthews Chikankheni (Chairman)
(Signed)

Commissioner Thabisile Langa (Member)
(Signed)

Commissioner Georges Tirant (Member)
(Signed)