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Common Market for Eastern
and Southern Africa

Case File No. CCC/MER/12/44/2019

**Decision¹ of the Sixty-Ninth (69th) Committee Responsible for
Initial Determination Regarding the Proposed Merger between
Equity Group Holdings Plc and Banque Commerciale du Congo**

ECONOMIC SECTOR: Banking and Financial Services

9th March 2020

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 Where possible, the information omitted has been replaced by ranges of figures or a general description.

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Information and Relevant Background

1. On 7th January 2020, the COMESA Competition Commission (hereinafter referred to as the “**Commission**”) received a notification for approval of the proposed merger between Equity Group Holdings Plc (“**the acquirer**”) and Banque Commerciale du Congo (“**the target**”).
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 (the “**Regulations**”). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the 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 (the “**CID**”) established that the parties operate in more than one COMESA Member State and they meet the prescribed notification thresholds. 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

Equity Group Holding Plc (the Acquirer)

4. It was submitted that the acquirer is a public limited liability company established under the laws of the Republic of Kenya. It is listed on the Nairobi Securities Exchange, Uganda Securities Exchange and Rwanda Stock Exchange. The acquirer currently has six (6) banking subsidiaries which provide an extensive menu of financial services in the countries where it has operations. It also has six (6) non-banking subsidiaries engaged in providing investment banking and stock-broking; custodial services; insurance agency; consulting; infrastructure services; and social initiatives and interventions. The parties submitted that the acquirer has operations in the following Member States of COMESA: Democratic Republic of Congo, Kenya, Rwanda and Uganda.

Banque Commerciale du Congo (the Target Undertaking)

5. It was submitted that the target undertaking is a leading financial institution incorporated in the Democratic Republic of Congo. It commenced its operations in 1952. Its services extend to large local, international, corporate and institutional players, small and medium enterprises, traders and active professionals in the formal sector of the economy along with private individuals, companies and state agents. The target has one subsidiary, Immobiliere De La Agence De La Gombe whose main activity is holding real estate properties. It has also been submitted that the target maintains and develops a network of 29 branches spread throughout the Democratic Republic of Congo to sustain its clients in the areas of economic growth. The parties submitted that the target undertaking has operations in one COMESA Member State namely, Democratic Republic of Congo.

Nature of the Transaction

6. The parties submitted that the proposed transaction involved an acquisition of 66.53% of the total issued share capital of Banque Commerciale du Congo by Equity Group Holdings Plc.

Competition Analysis

7. The CID defined the relevant market as follows:
 - a) Provision of deposit products to retail customers in Democratic Republic of Congo;
 - b) Provision of lending products to retail customers in Democratic Republic of Congo;
 - c) Provision of deposit products to corporate customers in Democratic Republic of Congo;
 - d) Provision of lending products to corporate customers in Democratic Republic of Congo; and
 - e) Provision of foreign exchange services in Democratic Republic of Congo.
8. The CID observed that the transaction leads to accretion of market shares in the identified relevant markets in the Democratic Republic of Congo. However, the market share accretion is not likely to raise competition concerns since it does not lead to a creation of a monopoly and the merged entity continues to face competition from other players in the market.

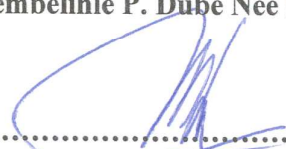
Determination

9. The CID determined that the merger is not likely to substantially lessen or prevent competition in the Common Market or any substantial part of it. The CID further determined that the transaction is unlikely to negatively affect trade between Member States. The CID therefore approved the transaction.
10. This decision is adopted in accordance with Article 26 of the Regulations.


Dated this 9th March, 2020



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Commissioner Thembelihle P. Dube Nee Dlamini (Chairperson)



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Commissioner Deshmuk Kowlessur



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Commissioner Brian M. Lingela