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Common Market for Eastern
and Southern Africa

9th October 2020

CCC Merger Inquiry Notice No. 27 of 2020

Notice of Inquiry into the Proposed Merger Involving Access Bank (Zambia) Limited and Cavmont Bank Limited

It is hereby notified in terms of Article 26(6) of the COMESA Competition Regulations (the “**Regulations**”) that the COMESA Competition Commission (the “**Commission**”), after receiving a notification in terms of Article 24 of the Regulations on the proposed merger involving Access Bank (Zambia) Limited (“**ABZL or the acquiring undertaking**”) and Cavmont Bank Limited (“**CBL or the target undertaking**”), intends to embark on an inquiry in terms of Article 26 of the Regulations.

The parties have submitted that ABZL and CBL will execute a tiered transaction to achieve the amalgamation of their businesses. According to the executed Share Purchase Agreement (“SPA”) and upon satisfaction of the requisite conditions precedents, ABZL will acquire all the shares in CBL that are held by Cavmont Capital Holdings Zambia Plc and Mr. Guy Phiri. It has been submitted that following the acquisition of all ordinary shares in CBL, ABZL and CBL will amalgamate into a single banking entity, following which the business will trade under the Access Bank brand.

The parties have submitted that following the amalgamation, the second tier of the transaction will involve the settlement of Capricorn Group Limited (“CGL”) interest in CBL. CGL currently holds 17,600 preference shares in CBL. However, immediately prior to completion of the SPA, CBL will, subject to the Bank of Zambia issue additional preference shares to CGL by the conversion of intergroup borrowings of US\$ 10 million and by the injection of an amount necessary to achieve at least ZMW 300 million in preference share capital (US\$ 10 million + balance in ZMW) plus any deficit below ZMW 0 (Zero Kwacha) in Adjusted Book Value of CBL. Once completed CGL’s interest in CBL will then be settled by ABZL’s allotment of non-voting preference shares in ABZL to CGL, in exchange for the cancellation of CGL’s preference shares held in CBL.

The parties have also submitted that CGL is obligated to sell and Access Bank Plc is obligated to purchase the non-voting preference shares five (5) years after the date of allotment of the preference shares in ABZL to CGL; and a pre-determined price per share.

The parties have submitted that upon amalgamation, the enhanced/enlarged ABZL will be a member of the Access Bank Group which has built a strong brand through cutting-edge technology and diversified, well qualified and trained workforce. It has also been submitted

that the amalgamation presents an outstanding opportunity for two smaller banks in Zambia to combine their balance sheets and explore their synergies to the benefit of customers as well as expanding the business in Zambia.

The Parties

ABZL

The parties have submitted that ABZL is a company incorporated in Zambia and registered as a bank under the Banking and Financial Services Act No. 7 of 2017. ABZL is engaged in the business of providing banking and financial services including activities incidental to, or in connection with, such business. The parties have submitted that ABZL operates in the following COMESA Member States: Democratic Republic of Congo, Kenya, Rwanda, and Zambia.

CBL

The parties have submitted that CBL is a company incorporated in Zambia and registered as a bank under the Banking and Financial Services Act No. 7 of 2017. CBL is engaged in the business of providing banking and financial services including activities incidental to or in connection with such business. The parties have submitted that the target undertaking operates in one COMESA Member State namely Zambia.

The Commission will, in accordance with the provisions of the Regulations, determine among other things whether or not the merger is likely to substantially prevent or lessen competition within the Common Market and whether the merger is or would be contrary to the public interest as provided for under Article 26 of the Regulations. In view of this, the Commission hereby gives notice to all interested stakeholders, including competitors, suppliers and customers of the merging parties to submit written representations to the Commission with regard to the subject matter of the proposed inquiry by emailing them to: akamanga@comesa.int. All written representations should be sent to the Commission not later than **23rd October 2020**.

If you wish to seek further details and/or clarifications on any aspect of this proposed transaction or need assistance you may get in touch with **Mr. Ali Kamanga, Senior Analyst - Mergers and Acquisitions on Tel: +265 (0) 1 772 466 or E-mail akamanga@comesa.int**.

All written representations submitted to the Commission will be treated with the strictest confidentiality and will only be used for the purpose of this inquiry.