



MERGER DECISION NO 24: 2021

Notice in Terms of Section 53(4) (a) (ii) of the Competition Act 2018

DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF 78.15% OF THE ISSUED SHARE CAPITAL IN AFRICAN BANKING CORPORATION OF BOTSWANA LIMITED FROM ABC HOLDINGS LIMITED BY ACCESS BANK PLC

Introduction of the Merging Parties

Pursuant to section 53(4)(a)(ii) of the Competition Act of 2018 ("the Act"), notice is hereby given on the decision made by the Competition and Consumer Authority ("the Authority") in relation to the proposed acquisition of 78.15% of the issued share capital in African Banking Corporation of Botswana Limited ("BancABC" or the "Target Enterprise") from ABC Holdings Limited ("ABCH").

The proposed transaction involves the sale and transfer of 566,584,954 ordinary shares in the capital of the Target Enterprise, representing 78.15% of the issued share capital in BancABC, currently held by ABCH, to Access Bank Plc ("Access Bank" or the "Acquiring Enterprise"). The transaction was notified to the Authority on 26th May 2021 and the merger assessment was completed on 21st June 2021.

The Acquiring Enterprise, Access Bank, is a public company registered in accordance with the Laws of Nigeria and listed on the Nigerian Stock Exchange, carrying out its business as a commercial banking institution. There are no ultimate beneficial owners (natural persons) directly or indirectly owning nor controlling at least 5% or more shares in the shareholding structure of the Acquiring Enterprise. According to the register of shareholders/members, as at 31st December 2020, the only shareholder who held more than 5% of the issued share capital of Access Bank was Stanbic Nominees Nigeria Limited, which held shares in the Acquiring Enterprise as a custodian for various investors.

The Target Enterprise, BancABC is directly controlled by ABCH at 78.15% shareholding. The remaining 21.85% of the issued share capital is maintained by BancABC as free float on the Botswana Stock Exchange ("BSE"). ABCH has direct and indirect holdings in Botswana, Zimbabwe, Zambia, and Tanzania. BancABC wholly owns and controls Kaleu (Pty) Ltd ("Kaleu"), a company incorporated in accordance to the Laws of Botswana. Kaleu's core business activities involve the provision of insurance services in Botswana. BancABC is a full service commercial banking institution listed on the BSE.

Relevant Markets

The Acquiring Enterprise is a public company incorporated in accordance with the Laws of Nigeria and listed on the Nigerian Stock Exchange, carrying out its business as a commercial banking institution. Access Bank has operations in three (3) continents (Africa, Europe and Asia): 11 countries in sub-Saharan Africa, the United Kingdom (UK), and Dubai, United Arab Emirates.

Its subsidiaries comprise twelve full-service banks, three representative offices, each in China, Lebanon and India, a pension fund custodian and offshore special purpose vehicle (SPV) called Diamond Finance B.V. The Access Bank does not have assets in Botswana and has not derived any turnover/ revenue in, into or from Botswana to date.

The Target Enterprise, BancABC is incorporated in accordance with the Laws of Botswana and is listed on the Botswana Stock exchange, carrying out its business as a commercial banking institution. BancABC wholly owns and controls Kaleu, a company also incorporated in accordance with the Laws of Botswana and its business activities involve the provision of insurance services (corporate insurance agency/broker) in Botswana. BancABC has 12 branches & service centres and 13 Automated Teller Machines (ATMs) in nine (9) towns and villages across Botswana. BancABC operates across three (3) distinct business segments namely: Retail Banking; Commercial Banking; and Global Markets and Treasury Solutions.

The proposed transaction is therefore a horizontal merger. However, the Acquirer currently does not have operations locally nor does it derive any revenue from trading in Botswana. Thus, there is a lack of geographical overlap between the merging parties.

Geographic Market

The geographical market is national (Botswana).

Competitive Analysis and Public Interest

In the assessment of Substantial Lessening of Competition, the proposed transaction is not expected to reduce the level of competition in the market under consideration in Botswana. The Acquiring Enterprise is a new entrant into the Botswana banking industry and currently does not own or operate any banking business in Botswana. Therefore, the acquisition of the Target Enterprise by the Acquiring Enterprise will not affect competition in Botswana because the market share of the Target Enterprise will remain unchanged upon implementation of the proposed transaction. The Authority therefore does not expect the proposed transaction to give rise to any Substantial Lessening of Competition; restrict trade or the provision of services; or to endanger the continuity of supplies in the relevant market in Botswana.

The analysis further revealed a lack of geographical overlap in the activities of the Merging Parties, therefore the structure of the relevant market is not expected to change post-merger. The proposed transaction is not expected to result in a market share accretion of the merged entity or any other entity in Botswana. Thus, the merged entity will not attain any dominant position on account of the proposed transaction.

In terms of Public Interest Considerations, The proposed merger will not have any negative effects on public interest issues in Botswana. In particular, there will be no adverse effects on employment in Botswana. According to the information submitted by the Merging Parties, BancABC started in Botswana 10 years ago and it has already opened 12 branches with over 390 employees.

The proposed merger provides an opportunity to implement the Acquiring Enterprise's expansion strategy throughout the country and this will not only bring competition in the banking services but also employment. Therefore, no job losses are anticipated in Botswana on account of the proposed transaction and it has been submitted that the proposed transaction is likely to result in job creation in the long term. In that regard, the Authority does not foresee any detriment to matters of public interest that will arise as a result of the transaction under consideration.

The Determination

The Authority determined through the analysis of the facts of the merger that the structure of the relevant market is not expected to significantly change upon the implementation of the proposed merger and the proposed transaction is not likely to result in any adverse effects on competition, nor endanger the continuity of the supply of goods and services in the relevant market in Botswana. Furthermore, the proposed merger will not have any negative effect on public interest matters in Botswana as per the provisions of section 52(2) of the Competition Act 2018.

Pursuant to the provision of section 53 of the Act, the Authority has unconditionally approved the proposed acquisition of 78.15% of the issued share capital in African Banking Corporation of Botswana Limited from ABC Holdings Limited by Access Bank Plc.

However, as stated under section 61 of the Act, this approval does not override or negate any other mandatory statutory approvals or processes that any of the parties to this merger must comply with under the Laws of Botswana.

Dated at Gaborone on this 21st day of June 2021.

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