



COMESA Competition Commission
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**Common Market for Eastern
and Southern Africa**

Case File No. CCC/MER/9/24/2020

Decision¹ of the Seventy-Forth (74th) Committee Responsible for Initial Determination Regarding the Proposed Merger Involving I&M Holdings Plc and Orient Bank Limited

ECONOMIC SECTOR: Banking and Financial Services

26th February 2021

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 Where possible, the information omitted has been replaced by ranges of figures or a general description.

T.P.D

Information and Relevant Background

1. On 23rd October 2020, the COMESA Competition Commission (the “**Commission**”) received a notification for approval of the proposed merger involving I&M Holdings Plc (“**I&M Holdings**”) and Orient Bank Limited (“**Orient Bank**”).
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 merger 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

I&M Holdings

4. It was submitted that I&M Holdings is a public company incorporated under the laws of Kenya and listed on the Nairobi Stock Exchange. Its registered business address is at 1 Park Avenue, Limuru Road, P.O. Box 30238-00100, GPO, Nairobi, Kenya. I&M Holdings is licensed and approved as a non-operating holding company under the Banking Act, Cap 488 Laws of Kenya. It is regulated by the Kenyan Capital Markets Authority and the Central Bank of Kenya. In the Common Market, I&M Holdings is active in Kenya, Rwanda, Mauritius and Uganda through its subsidiaries, affiliates and joint venture investments.

Orient Bank

5. It was submitted that Orient Bank is a private limited liability company incorporated under the laws of the Republic of Uganda and licensed as a bank by the Bank of Uganda. Orient Bank’s registered business address was at Orient Plaza, Plot 6/A, Kampala Road, Kampala, Uganda. Its core business is deposit taking and lending to retail and corporate clients. In the Common Market, Orient Bank is active in Uganda.

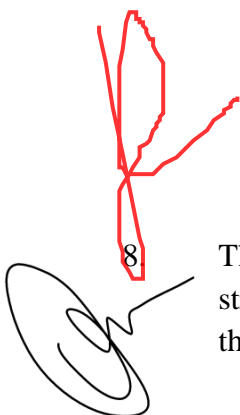
Nature of the Transaction

6. It was submitted that the proposed transaction involves the purchase of 90% of the total issued share capital of Orient Bank by I&M Holdings from certain shareholders of the target.

Competition Analysis

7. The CID defined the relevant product markets as follows:
 - a. **The provision of loan and deposit products to retail customers in Uganda;**
 - b. **The provision of loan and deposit products to corporate customers in Uganda;**
and
 - c. **Provision of insurance services in Uganda.**

8. The CID observed that the proposed transaction would not lead to a change in the market structure in the relevant markets due to the absence of horizontal overlaps in the activities of the parties in Uganda. The CID also noted that the relevant markets were competitive given



the presence of several banks and insurance service providers in Uganda who would continue to act as alternative service providers to the services of the merged entity.

Determination

- 9. The CID determined that the merger was 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 was unlikely to negatively affect trade between Member States. The CID concluded that the transaction was not likely to be incompatible with the COMESA Treaty objective of full market integration. The CID therefore approved the transaction.
- 10. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 26th of February 2021



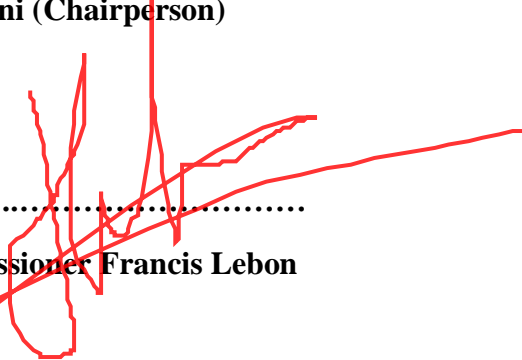
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Commissioner Thembelihle Precious Dube née Dlamini (Chairperson)



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Commissioner Islam Tagelsir Ahmed Alhasan



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Commissioner Francis Lebon