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**Common Market for Eastern  
and Southern Africa**

**Staff Paper No. 2016/06/JB/01**

**Decision<sup>1</sup> of the Twenty Second Meeting of the Committee Responsible  
for Initial Determination Regarding the Proposed Acquisition of 45% of  
the Issued Share Capital of Banque Populaire du Rwanda by Atlas Mara**

**ECONOMIC SECTOR: Banking and Insurance Services**

**23<sup>rd</sup> June, 2016 – Johannesburg, South Africa**

<sup>1</sup> 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 22nd February 2016, the COMESA Competition Commission (hereinafter referred to as "the Commission") received a notification for approval of a merger from Atlas Mara Mauritius Limited (hereinafter referred to as "Atlas Mara") regarding the acquisition of 45% of the issued share capital of Banque Populaire du Rwanda (hereinafter referred to as "BPR"). Atlas Mara already owns 17.1% shares in BPR, therefore the proposed acquisition of 45% shares will increase their shareholding in BPR to 62.1%.
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 Responsible for Initial Determination (hereinafter referred to as "the CID") noted that the Commission has jurisdiction on the said merger because of its regional dimension as provided for under Article 23(3)(a) which states that:

***"This Article shall apply where both the acquiring firm and the target firm or either the acquiring firm or target firm operate in two or more Member States".***

4. Further, regional dimension is met where the merging parties satisfy the merger notification thresholds prescribed under Rule 4 of the COMESA Competition Rules on the Determination of Merger Notification Thresholds and Method of Calculation which stipulates that:

***"Any merger, where both the acquiring firm and the target firm, or either the acquiring firm or the target firm, operate in two or more Member States, shall be notifiable if:***

- (a) the combined annual turnover or combined value of assets, whichever is higher, in the Common Market of all parties to a merger equals or exceeds COM\$<sup>2</sup> 50million; and***
- (b) the annual turnover or value of assets, whichever is higher, in the Common Market of each of at least two of the parties to a merger equals or exceeds COM\$ 10 million,***

***unless each of the parties to a merger achieves more than two-thirds of its aggregate turnover or assets in the Common Market within one and the same Member State".***

5. In the case under consideration, the parties have operations in Rwanda, Zambia and Zimbabwe. The foregoing shows that the parties have operations in more than two Member States and therefore the regional dimension is satisfied in this merger as set out

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<sup>2</sup> One COM\$ is equivalent to one US\$

in Article 23(3)(a) of the Regulations. Further the parties have a combined turnover of more than COM\$ 50 Million and each has a turnover of more than COM\$ 10 million in the Common Market. This therefore means that the Commission has jurisdiction to review the merger.

### **The Parties**

#### **Atlas Mara**

6. Atlas Mara is the holding company of a number of subsidiaries trading under the brand name BancABC. Through the BancABC platform, Atlas Mara currently has banking operations in Botswana, Mozambique, Tanzania, Zambia and Zimbabwe and has a group service office located in Johannesburg, South Africa. Atlas Mara also ultimately owns through another platform, banking operations in Rwanda and Nigeria. The group's operations comprise diverse financial services activities in the areas of banking, asset management and stock broking among other banking services.

#### **BPR**

7. BPR is a commercial bank that is exclusively active in Rwanda and provides retail and corporate banking services. BPR's core focus is on agribusiness and rural development, and it offers a wide range of banking products including investment loans, mortgage finance, microfinance, SME loans, and equipment finance. In addition, BPR offers Life and General Insurance Services.

### **Nature of the Transaction**

8. Pursuant to a Subscription and Shareholders' Agreement entered into on 2 November 2015 by Atlas Mara, BPR and other shareholders of BPR, Atlas Mara acquired a 45% stake in BPR. Concurrently, Atlas Mara and BPR entered into a merger agreement on 2 November 2015 pursuant to which Atlas Mara sold its 100% stake in BRD to BPR in consideration of ordinary shares in BPR.

### **Competition Analysis**

9. The CID defined the relevant product market as the provision of general banking and insurance services. The relevant geographic market was defined as Kenya. The CID established that the transaction is not likely to result in an appreciable effect on trade between Member States and hence is not likely to frustrate the single market objective of the Treaty Establishing the Common Market for Eastern and Southern Africa.

### **Determination**

10. The CID determined that the merger is not likely to substantially prevent or lessen Competition in the Common Market and is compatible with the Treaty Establishing the Common Market.
11. However, the CID approved the transaction on condition that clients taking out loans from the merged entity should not be restricted to the insurance services provided by the merged entity. The CID determined that the merged entity should devise an objective

criteria of selecting insurance companies that would insure the loans taken out by their clients.

12. This decision is adopted in accordance with Article 26 of the COMESA Competition Regulations.


Dated this 23<sup>rd</sup> day of June, 2016.



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Commissioner Thabisile Langa (Chairperson)



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Commissioner Patrick Okilangole (Member)  
(Member)



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Commissioner Chilufya Sampa