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**Common Market for Eastern
and Southern Africa**

Staff Paper No. 2016/06/JB/05

**Decision¹ of the Twenty Third Meeting of the Committee Responsible for
Initial Determination Regarding the Proposed Acquisition of I & M
Holdings Limited by CDC Group Plc**

ECONOMIC SECTOR: Banking

24th June 2016 – Johannesburg, South Africa

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 Where possible the information omitted has been replaced by ranges of figures or a general description.

Information and Relevant Background

1. On 25th May 2016, the COMESA Competition Commission (hereinafter referred to as "the Commission") received a notification for approval of a merger between I & M Holdings Limited (hereinafter referred to as "I & M") and CDC Group Plc (hereinafter referred to as "CDC").
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 of Initial Determination (hereinafter referred to as "the CID") noted that the Commission has jurisdiction on mergers primarily with a regional dimension. This therefore means that mergers that do not satisfy the regional dimension requirement should be assessed by the Member States concerned. Article 23(3)(a) establishes the regional dimension requirement when it provides 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. In the case under consideration the parties have operations in the Democratic Republic of Congo, Kenya, Mauritius, Rwanda and Uganda which are all COMESA Member States, thus, the regional dimension requirement has been established and consequently the Commission has the jurisdiction to review the merger.
5. In addition, regional dimension is established when the parties involved meet the merger notification prescribed thresholds under Rule 4 of the COMESA Competition Rules on 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\$² 50million; and

² One COM\$ is equivalent to one US\$.

(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”.

6. The Combined turnover of the parties exceeds COM\$ 50 million in the Common Market and each derive a turnover of more than COM\$ 10 million in the Common Market. Further, the parties do not derive 2/3 each of their turnover in one and the same Member thereby establishing the regional dimension of the transaction beyond doubt.

The Parties

CDC

7. CDC is the UK's development finance institution and is wholly owned by the UK government. CDC's mission is to support the building of business throughout Africa and South Asia, to create jobs and make a lasting difference to people's lives in the countries in which it invests. CDC aims to invest where their job creation focus can have the greatest impact: for example, in sectors where growth leads to jobs – directly and indirectly – such as manufacturing, agribusiness, infrastructure, financial institutions, construction, health and education. CDC invests in companies directly and indirectly by providing equity, debt, mezzanine finance and guarantees to businesses. Through its equity investment holdings, CDC is active in the following Member States in COMESA: the Democratic Republic of Congo, Mauritius, Rwanda, Kenya, and Uganda.

I & M

8. I&M is a public company listed on the Nairobi Securities Exchange and is regulated by the Capital Markets Authority and the Central Bank of Kenya as a non-operating holding company. I&M, through its subsidiaries I&M Bank Limited, Bank One Limited, I&M Bank (Rwanda) Limited and I&M Bank (T) Limited, provides a full commercial range of banking services in Kenya, Mauritius, Rwanda and Tanzania. I&M provides both personal and business banking services and has recently started to offer bancassurance products in Kenya through I&M Insurance Agency Limited as part of its full range offering.

Nature of the Transaction

9. Pursuant to a share purchase agreement entered into on 14 April 2016 ("SPA"), CDC intends to acquire 10.68% of the issued share capital of I&M.

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Competition Analysis

11. The CID defined the relevant markets as Real Estate and provision of banking services in Kenya. The CID observed that the market structure is likely to remain unaltered post-merger because the parties do not operate in the same relevant markets pre-merger.

Determination

12. 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 for Eastern and Southern Africa. The CID therefore decided to approve the transaction.
13. This decision is adopted in accordance with Article 26 of the Regulations.

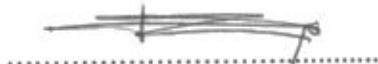
Dated this 24th day of June, 2016.



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Commissioner Thabisile Langa (Chairperson)



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Commissioner Patrick Okilangole (Member)
(Member)



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Commissioner Chilufya Sampa