



THE PROPOSED ACQUISITION OF 93.57% ISSUED SHARES OF TRANSNATIONAL BANK PLC BY ACCESS BANK PLC

1. The Competition Authority of Kenya has approved the proposed acquisition of 93.57% of the issued shares of Transnational Bank by Access Bank Plc unconditionally.
2. Access Bank Plc (Access), the acquiring undertaking, is a company incorporated in Nigeria and is listed on the Nigerian Stock Exchange.
3. Access provides financial and monetary intermediation services such as money market products and services, retail banking, loans and advances, equipment leasing, corporate finance and foreign exchange operations.
4. The company operates in Rwanda, Zambia, Nigeria, Ghana, Gambia, Sierra Leone, and the Democratic Republic of Congo. It does not have presence in Kenya. Access is Nigeria's biggest bank with assets of \$13.6 billion as of 2018, net income of \$259 million and a customer base of over 27 million.
5. Transnational Bank Plc, the target undertaking, is incorporated in Kenya. The target is a banking institution involved in provision of banking services such as retail banking, loans and advances, corporate finance and foreign exchange operations.
6. The proposed transaction involves the acquisition of 93.57% of the issued shares of the target by the acquirer. The transaction therefore qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No. 12 of 2010.
7. The parties' combined and relevant turnover for the preceding year was **over Sh1 billion**. The transaction therefore met the threshold for full merger analysis as provided in the **Merger Threshold Guidelines**.
8. The merging parties' provide various financial services as described earlier. Therefore, the relevant product market for the purpose of this transaction is the market for provision of

banking services. These include; retail banking, loans and advances, corporate financing and foreign exchange operations, among others.

9. The acquirer operates in Rwanda, Zambia, Nigeria, Ghana, Gambia, Sierra Leone, and Democratic Republic of Congo. Access does not have presence in Kenya. Transnational Bank has presence in major urban areas in Kenya. Therefore, the relevant geographic market for the purpose of this transaction is national.
10. According to the Central Bank of Kenya data, there were 43 commercial banks in Kenya as of 2018, the relevant year of analysis. The CBK classifies banks into three peer groups using a weighted composite index that takes into consideration net assets, customer deposits, capital and reserves, deposit and loan accounts.
11. The market shares of the target in the various categories are: market size index (0.28%), total net assets (0.26%), total deposits (0.26%), total shareholders' funds (0.33%), total number of deposit accounts ((0.18%) and number of loans accounts (0.19%). These market shares are significantly low.
12. Post-merger, the transacting parties' market share will not change since the acquirer has no presence in Kenya. Additionally, the merged entity will face competition from the other banks who control a combined market share of over 90%.
13. From the forgoing, the proposed transaction is unlikely to substantially lessen or prevention in the market for banking services in Kenya.
14. Additionally, the transaction is unlikely to lead to any negative public interest concerns. The public interest concerns that the Authority considers during merger analysis include;
 - i. extent to which a proposed merger would impact employment opportunities;
 - ii. impact on competitiveness of small and medium enterprises (SMEs);
 - iii. impact on particular industries/sectors; and
 - iv. impact on the ability of national industries to compete in international markets.
15. Specifically, the acquirer intends to enter the Kenyan market and continue with the business of the target.
16. Based on the fact that the proposed merger will not lessen or prevent competition in the market for provision of banking services, and that it is unlikely to lead to any negative public interest issues, the Authority approved the transaction unconditionally.