

**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

Case No: 14/LM/Mar03

In the large merger between:

ABSA Group Limited

And

Meeg Bank Limited

Reasons for Decision

APPROVAL

On 9 April 2003 the Competition Tribunal issued a Merger Clearance Certificate approving the merger between ABSA Bank Limited **and Meeg Group Limited** in terms of section 16(2)(a). The reasons for the approval of the merger appear below.

The Parties

1. The primary acquiring firm is ABSA Group Limited (“ABSA”), one of the top four major banking groups in South Africa. The primary target firm is Meeg Bank Limited (“Meeg”), formerly the Bank of Transkei.

The Merger Transaction

3. ABSA currently holds 15.2% interest in Meeg. Following the transaction, its direct shareholding will increase to 49.8%. in terms of the requirements of the Securities Regulation Panel, ABSA is required to make a similar offer to all other minority shareholders of Meeg. ABSA intends to hold 100% of the issued share capital in Meeg.

Rationale for the Transaction

4. Meeg requires ABSA's operational and financial support to stay afloat in the banking industry.

The Relevant Market

5. Both parties are engaged in providing banking services at various levels. Each provides the services of retail, commercial and wholesale banking, therefore there is a product overlap in each of these three categories.

Geographic market

6. Approximately 80% of Meeg's banking activities are conducted in areas previously known as the Transkei. ABSA conducts its activities only in South Africa, to the exclusion of the former-Transkei area. There is some reciprocal use of facilities insofar as ABSA clients might access the bank through a Meeg branch in the former Transkei area, and vice versa.
7. The Commission accordingly defines the geographical market as the region of the Eastern Cape, formerly known as Transkei.

6.				

Impact on competition

8. No regional market shares were available. In any event, any overlap in geographical areas is insignificant enough not to raise any competition concerns.

Conclusion

We conclude that the merger will not lead to a substantial lessening of competition. There are no public interest concerns which would alter this conclusion. The merger is therefore approved unconditionally.

