



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case no: LM170Dec20

In the matter between:

**Mercantile Bank, a division of
Capitec Bank Ltd**

Primary Acquiring Firm

And

**The Loan Book owned by Grobank
Ltd**

Primary Target Firm

Panel	: Y Carrim (Presiding Member)
	: F Tregenna (Tribunal Member)
	: I Valodia (Tribunal Member)
Heard on	: 24 February 2021
Order Issued on	: 24 February 2021
Reasons Issued on	: 25 February 2021

REASONS FOR DECISION

Unconditional approval

[1] On 24 February 2021, the Competition Tribunal (“Tribunal”) unconditionally approved the proposed transaction in terms of which Mercantile Bank (“Mercantile”) intends to acquire the Loan Book owned by Grobank Ltd (the “Loan Book”).

[2] The reasons for the approval of the proposed transaction follow.

Parties to the transaction

[3] The acquiring firm is Mercantile, a banking division of Capitec Bank.¹ Mercantile and its controllers will be referred to as the “Acquiring Group”.

¹ Capitec Bank Holdings is a public company listed on the JSE, and as such, is not controlled by any firm or individual.

[4] The Acquiring Group is active in the provision of business and commercial banking services in South Africa (SA). These services span from transactional and savings plans, forex services to electronic banking, borrowing solutions and retail banking.

[5] The target asset is the Loan Book owned by Grobank.² The Loan Book consists of loans owned by Grobank across three product categories, namely, **(i)** Commercial property loans; **(ii)** Instalment sales agreements; and **(iii)** Residential home loans.

Proposed transaction

[6] Mercantile intends to acquire the Loan Book from Grobank. Post-merger, Mercantile will own the Loan Book.

Competition Analysis

[7] The merger parties are both active in the provision of banking services in SA, particularly in narrower segments being the three product categories identified above. However, the merged entity will have minimal market shares in the implicated market segments, with commercial property <2%, instalment sales agreements <1%, and residential home loans <1%.³

[8] The merged entity will be constrained by larger banks like Nedbank Ltd, First National Bank⁴, ABSA Bank Ltd and Standard Bank Ltd post-merger. Accordingly, the transaction does not give rise to any competition concerns.

Public interest

[9] The proposed transaction does not give rise to any public interest concerns.⁵

² Grobank is wholly owned by GroCapital Holdings which is in turn owned by three shareholders, including the Government Employees Pension Fund.

³ Merger Record, pages 37-38.

⁴ A division of First Rand Ltd.

⁵ Merger Record, page 39.

Conclusion

[10] In light of the above, the proposed transaction was approved unconditionally.

Ms Yasmin Carrim

25 February 2021

Date

Prof. Imraan Valodia and Prof. Fiona Tregenna concurring.

Tribunal Case Manager : Kgothatso Kgobe

For the Merging Parties : M Griffiths of Norton Rose Fulbright

For the Commission : Y Okharedia and R Darji