



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM077Jun17

In the matter between:

Grocapital Holdings (Pty) Ltd

Primary Acquiring Firm

and

South African Bank of Athens Ltd

Primary Target Firm

Panel	: Andiswa Ndoni (Presiding Member)
	: Enver Daniels (Tribunal Member)
	: Medi Mokuena (Tribunal Member)
Heard on	: 8 August 2017
Order Issued on	: 22 August 2017
Reasons Issued on	: 29 August 2017

Reasons for Decision

Approval

[1] On 8 August 2017, the Competition Tribunal ("Tribunal") unconditionally approved the merger between Grocapital Holdings (Pty) Ltd ("Grocapital") and South African Bank of Athens Ltd ("SABA").

[2] The reasons for approving the proposed transaction follow.

Parties to transaction

Primary acquiring firm

[3] The primary acquiring firm is Grocapital Holdings (Pty) Ltd. It is jointly controlled by AFGRI Holdings (Pty) Ltd and Fairfax Africa Investment (Pty) Ltd. Both companies are ultimately controlled by Fairfax Financial Holdings Limited. Collectively we refer to the acquiring group as the AFGRI Group.

[4] Grocapital is a shelf company which has not traded. The AFGRI Group through its subsidiaries operates as an agricultural commodity trading company whose operations comprise four primary business segments namely; AgriServices, financial services, foods and Investments.

Primary target firm

[5] The primary target firm, SABA is controlled by the National Bank of Greece S.A (NBG) which is a *société anonyme* organized and existing under the law of the Republic of Greece.

[6] SABA offers banking services to clients in three core business divisions namely; business, treasury and international business and alliance/retail banking.

Proposed transaction and rationale

[7] The proposed transaction involves GroCapital purchasing 99.81% of the issued share capital in SABA from NBG. In addition to this purchase, Grocapital would make a mandatory offer to remaining shareholders for the purchase of their shares. On completion of the transaction, GroCapital would control SABA.

[8] The Acquiring Group submitted that the proposed transaction was in order to grow its financial services offering by obtaining a banking license.

[9] The primary target firm has submitted that the proposed transaction arises out of increased economic pressure in Greece over the succeeding years which has constrained the capital conditions and growth of SABA.

Impact on competition

[10] The Commission identified the following markets which may result in overlaps, (i) the national market for the provision of wholesale financing to the agricultural industry and (ii) the national market for the provision of retail finance to the agricultural industry.

[11] In both of the identified markets the Commission found the percentage accretion to be less than 1% with the former markets combined market share to be less than 1% and the latter markets combined market share to be less than 10%. The Commission, considering the low market shares and the prevalence of other market players submitted that the proposed transaction would not result in substantially preventing or lessening competition. In addition, competitors and customers approached by the Commission did not raise concerns with the proposed transaction. As directed by Commission's Rule 36 the Commission served their investigation as well as its decision to the Minister of Finance. The Minister of Finance had not filed an intention to participate in these proceedings.

[12] We concur with the Commission's competition assessment, i.e. that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market as the market share accretion in the identified markets is low.

Public interest

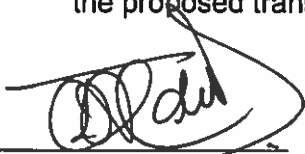
[13] The merging parties confirmed that the proposed transaction will not result in an adverse impact on employment.¹ The proposed transaction further raises no other public interest concerns.

Conclusion

[14] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, no

¹ *Inter alia* merger record page 9.

public interest issues arise from the proposed transactions. Accordingly, we approve the proposed transaction unconditionally



Ms Andiswa Ndoni

29 August 2017

DATE

Mr E Daniels and Ms M Mokuena concurring

Tribunal Researcher: Aneesa Ravat

For the merging parties: Janine Simpson of DLA Piper

For the Commission: Mogau Aphane